

**ECONOMIC DEVELOPMENT
NORTH YARMOUTH, MAINE**

*An Application for a Municipal Development and
Tax Increment Financing District Development Program*

**VILLAGE OMNIBUS MUNICIPAL DEVELOPMENT AND
TAX INCREMENT FINANCING DISTRICT
DEVELOPMENT PROGRAM**

*Approved by:
Town of North Yarmouth Town Meeting*

April 6, 2019

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I. Introduction – Village Omnibus Municipal Development District

The Maine Legislature established tax increment financing as an economic development tool to be used by municipalities to: (a) provide new employment opportunities; (b) improve and broaden their tax bases; and (c) improve the general economy of the State. The Town of North Yarmouth (the “Town” or “North Yarmouth”), following a period during which the Board of Selectmen, the Economic Development and Sustainability Committee, and others in the community learned about the advantages and opportunities associated with tax increment financing, has now undertaken the process to designate a Tax Increment Financing (“TIF”) district to be known as the “**Village Omnibus Municipal Development and Tax Increment Financing District**” (the “District”) and adopt this Development Program therefor. This District will contain properties located in the village center of the Town centered around Walnut Hill Road. The District is meant to capture locations where the Town hopes to see development occur as well as areas which need investment or infrastructure, and to foster the types of goals the Town’s planning and economic development efforts have produced.

Anticipated revenues generated from the District will be used to leverage additional investment in the District to attract new businesses and expand existing businesses, support construction of new commercial buildings and rental apartments, further growing the Town’s tax base. The Municipal Approved Project Cost Table, attached hereto as Exhibit A, includes such activities as public safety expenditures related to development and improving utilities, streets, and sidewalks.

II. Development Program Narrative

A. The Development Program

This Development Program is structured and proposed pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended (the “TIF Statute”). The Town’s designation of the District, combined with the adoption of the Development Program (the “Development Program”), creates a single municipal TIF district. The District captures the value of the taxable real property improvements made within the District, enabling the use of TIF revenues for various municipal and other economic development projects of the Town. The District encompasses approximately 231.21 acres of real property. The District is shown in Exhibit B and a list of parcels included in the District is provided in Exhibit D attached hereto, which contains the certification of original assessed value for the District.

Under the Development Program, the Town is permitted to capture one hundred percent (100%) of the new real property value located in the District for a total of thirty (30) years. The Town may retain one hundred percent (100%) of the tax revenues generated by the captured assessed value (the “TIF Revenues”) to fund infrastructure improvements and other administrative costs, all as further described in attached hereto as Exhibit A.

By adopting this Development Program, the Town puts in place an action plan to achieve the following goals, among others listed in Exhibit A hereto:

3. Relocation of Displaced Persons

It is not anticipated that any persons will be relocated; however, the Town has provided that if, in the future, relocation of persons is necessary to accommodate future redevelopment within the District, the relocation costs of such displaced persons could be paid for with TIF Revenues.

4. Transportation Improvements

The specific transportation improvements to be financed through the Development Program are described in Exhibit A attached hereto.

5. Environmental Controls

The improvements made under the proposed Development Program will meet or exceed all federal and state environmental regulations and will comply with all applicable land use requirements for the Town.

6. Plan of Operation

During the term of the District, the Town Manager of North Yarmouth or his/her designee will be responsible for all administrative matters within the purview of North Yarmouth concerning the implementation and operation of the District.

III. Physical Description

The 231.21-acre District consists of many lots located along and in the area of Walnut Hill Road from the intersection with Country Lane to the area where Gray Road begins. The District is shown on Exhibit B and a list of the individual parcels is included in Exhibit D.

IV. Financial Plan

A. Financial Characteristics

Encompassing 231.21 acres of property, the original assessed value of the property in the District was sixteen million six hundred thirty thousand two hundred dollars (\$16,630,200.00) as of March 31, 2019 (April 1, 2018). Please see the Assessor's certificate of the original assessed value attached as Exhibit D.

The Town may capture one hundred percent (100%) of the increased assessed value of the taxable real property located within the District for the duration of the 30-year term of the District, starting in the fiscal year 2019-2020 and ending on June 30, 2049. The TIF Revenues so collected will fund and/or contribute to the funding of the approved projects, including any of the projects described in Exhibit A. All taxable and assessed real property value captured in the District will be added to the general tax rolls at the end of the District's term. Please note that at any time during the term of the District, the municipal officers may vote to reduce the captured

- Fund capital expenditures related to public safety and fire protection;
- Improve village-area amenities; and
- Fund sidewalk and streetscape projects.

In addition, by creating the District, the Town “shelters” the increase in municipal valuation that development in the District brings. This tax shift benefit mitigates the adverse effect that the District’s increased assessed property value has on the Town’s share of state aid to education, contribution to the local school district, municipal revenue sharing and its county tax assessment. An estimate of the tax shift benefit is shown as Exhibit E-2 attached hereto.

Thus, the Town’s designation of the District and pursuit of this Development Program constitutes a good and valid public purpose pursuant to Chapter 206 of Title 30-A because it represents a substantial contribution to the economic well-being of both the Town and the region by providing jobs, contributing to property taxes, and diversifying the region’s economic base.

The Town reserves the right to capture less than the full one hundred percent (100%) depending on the then-current needs of the Town with respect to the approved project costs. Any reduction in the captured value percentage shall adjust the amount of assessed value eligible for sheltering with a corresponding effect on the tax shift benefit. Please see an estimate of the annual captured assessed values and TIF Revenues, as well as tax shift benefits in Exhibit E-1 and Exhibit E-2.

The District is hereby established as an Omnibus District. Future Credit Enhancement Agreements (CEAs) can be used to attract new business, encourage business expansion, and will be subject to approval at a Town Meeting following a public hearing. The Town may approve CEAs of up to 100% reimbursement to a developer or company up to the full term of the District.

B. The Approved Project Costs

Please see attached Exhibit A for a list of projects the Town is permitted to undertake with TIF revenues.

C. Operational Components

1. Public Facilities

The Town may use TIF Revenues to fund certain public facilities projects approved within the District, as outlined in Exhibit A attached hereto.

2. Commercial Improvements Financed Through Development Program

The specific improvements to be financed through the Development Program are described in Exhibit A hereto and all private development in the District is currently planned to be funded with private sources of revenue.

value percentage and instead deposit the tax revenues into the general fund, as long as the municipality does not receive the tax shift benefit associated with the tax revenues so deposited.

Upon each payment of property taxes for property located inside the District, the Town will deposit into a development program fund (the "Development Program Fund") the entirety of the property tax payments constituting TIF Revenues. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner and in the order provided in 30-A M.R.S.A. § 5227(3). The Development Program Fund will consist of a development sinking fund account (the "Sinking Fund Account") to the extent municipal bonded indebtedness is used to pay for project costs, and a project cost account (the "Project Cost Account"). From the Development Program Fund, the Town will deposit one hundred percent (100%) of the TIF Revenues into the Town's Sinking Fund Account and/or the Project Cost Account to be used to fund the projects listed in Exhibit A.

Estimates of the increased assessed property values of the District, the anticipated TIF Revenues generated by the District, and the estimated tax shifts are shown in Exhibits E-1 and E-2.

B. Costs and Sources of Revenues

The current and future developers owning or leasing properties located within the District are intended to pay for and/or finance all private improvements located in the District through private sources. Exhibit A provides estimated costs of the municipal project costs to be undertaken with TIF Revenues.

C. Indebtedness

The Town reserves the option to fund the project costs through public indebtedness, and to make debt service and other financing payments thereon from TIF Revenues.

V. Statutory Requirements and Thresholds

The statutory requirements and thresholds for approval required by Section 5223(3) of Title 30-A of the Maine Revised Statutes are set forth in Exhibit C hereto.

VI. Municipal Approvals

A. Notice of Public Hearing

Attached as Exhibit F is a copy of the Notice of Public Hearing held in accordance with the requirements of 30-A M.R.S. § 5226(1) on March 5, 2019. This notice was published in The Northern Forecaster on a date at least ten (10) days prior to a public hearing.

B. Minutes of Public Hearing

Attached as Exhibit G is a copy of the minutes of the public hearing held on March 5, 2019, during which this Development Program was discussed by the public.

C. Town Meeting Warrant Article & Vote Results

Attached as Exhibit H is a copy of the North Yarmouth Town Meeting Warrant Article designating this District and approving this Development Program. Exhibit H also contains the results of the vote of the Town Meeting duly called and held on April 6, 2019.

MUNICIPAL APPROVED PROJECT COST TABLE

Note: Please note that while this Exhibit A to the Development Program lists particular projects, the Development Program shall not serve as an appropriation of TIF Revenues for any of these specific purposes, nor shall it commit the Town to completing any particular project. The projects will only be undertaken following proper appropriation through the annual budget process and any other applicable required approvals.

	Project ¹	Cost Estimate	Statutory Citation
1.	<u>Capital Expenditures Related to Public Safety and Fire Protection:</u> The cost of a fire truck or other public safety/fire equipment attributable to commercial/industrial development within the District. Includes any other capital cost relating to public safety and fire protection, including potentially a prorated portion of the cost of a facility to the extent such capital cost or facility is needed due to commercial/industrial District development.	\$4,000,000	30-A M.R.S.A. §5225(1)(A)(1); (1)(B)(2)
2.	<u>Recreational Trails:</u> This project would include the construction and maintenance of recreational trails and amenities thereon, including but not limited to improving access to parking areas for trails, parking area improvements for trails and benches for trails, in any Town location so long as such trails have the effect of either attracting tourists to the Town and/or facilitating transportation to the Town's village businesses. This project could potentially include property acquisition costs or real property assembly costs.	\$1,000,000	30-A M.R.S.A. §5225(1)(A)(1); (1)(A)(3); (1)(C)(6)
3.	<u>Street-related Public Safety Measures and Village Area Amenities:</u> In order to address potential safety issues resulting from village area development and to improve the village area environment, this project could include but is not limited to street calming measures, improvements to sidewalks and curbing, street and walkway lighting, roadway improvements including but not limited to any potential drainage and stormwater improvements, bike lanes, parking improvements and lots, feasibility studies to test safety improvements and equipment to serve the District such as a sidewalk plow or capital expenditures related to such equipment. These projects must either be located in the District or must be directly related to or made necessary by the District development.	\$3,500,000	30-A M.R.S.A. §5225(1)(A)(1); (1)(B)(1)

¹ The Town does not anticipate the need to relocate any displaced persons; however, if such a circumstance occurs in the future during the District term, the Town reserves its right to spend TIF revenues on such relocation pursuant to 30-A M.R.S.A. Section 5225(1)(A)(6). The cost estimate for such project is \$0.

EXHIBIT A

	Project ¹	Cost Estimate	Statutory Citation
4.	<u>Sidewalks and Streetscape Projects</u> : This project would include the construction or reconstruction of sidewalks within the District and/or leading to the businesses in the District from residential and commercial areas immediately adjacent to the District, including any and all other streetscape amenities. This project may include, but is not limited to, seating, street trees and other amenities to create village atmosphere.	\$1,000,000	30-A M.R.S.A. §5225(1)(A)(1); (1)(B)(1)
5.	<u>Welcome Center</u> : Capital and programmatic costs associated with welcome center for tourists and patrons of local businesses, to be located in the District. This project would be prorated to relate to the welcome center portion of such a facility if it also serves other functions.	\$400,000	30-A M.R.S.A. §5225(1)(A)(1); (1)(C)(1)
6.	<u>Wireless Service/Broadband/3-Phase Power</u> : Capital costs to install wireless service in the village area, to be used as a marketing tool and to support businesses. Capital costs of Broadband and 3-Phase Power improvements could also be paid for with TIF revenues to the extent such improvements serve the Town's businesses. Proration of costs related to commercial/industrial use as opposed to residential use may be utilized as appropriate.	\$750,000	30-A M.R.S.A. §5525(1)(A)(1); (1)(C)(1)
7.	<u>Water Infrastructure</u> : Capital costs to construct a water service expansion project for commercial/business users including all costs related thereto. This project would have to be located within the District or be directly related to or made necessary by District development.	\$1,500,000	30-A M.R.S.A. §5225(1)(A)(1); (1)(B)(1)
8.	<u>Relocation of utilities</u> : All costs associated with such project within the District to address safety and aesthetic issues for District purposes.	\$750,000	30-A M.R.S.A. §5225(1)(A)(1); (1)(B)(1)
9.	<u>Environmental Improvement Projects</u> : This project would include improvements relating to clean-up efforts of pollution and other impairment of any commercial District areas that may be found. Such environmental improvement projects would need to relate to District improvements and commercial impacts.	\$750,000	30-A M.R.S.A. §5225(1)(C)(2)
10.	<u>Grants and Revolving Loan Fund</u> : This project would allow the Town to establish permanent economic development revolving loan funds, investment funds and grants for economic development. The project would also allow for TIF revenue to serve as the local match for grant programs to fund otherwise approved project costs herein.	\$3,000,000	30-A M.R.S.A. §5225(1)(C)(3); §5230

EXHIBIT A

	Project ¹	Cost Estimate	Statutory Citation
11.	<u>Professional Service Costs:</u> This project would include, but would not be limited to, licensing, architectural, planning, engineering, and legal expenses associated with the District.	\$750,000	30-A M.R.S.A. §5225(1)(A)(4); (1)(A)(7)
12.	<u>Administrative Costs:</u> This project would include, but would not be limited to, reasonable charges for time spent by municipal employees in connection with the implementation of the Development Program.	\$750,000	30-A M.R.S.A. §5225(1)(A)(5)
13.	<u>Economic Development Programs and Other Costs:</u> This project would fund municipal economic development budget items (including, but not limited to, appropriate prorated staff salaries, economic development planning efforts and the development of economic development planning documents), economic development programs and events, marketing of the municipality as a business location, signage, advertising costs, and the support of economic development efforts through enhancement of technology systems such as updating and improving the Town's geographic information system ("GIS") software and upgrading computers and assessing software. Any costs of the software/computers that relate to economic development generally in the Town are intended to be paid for with TIF revenue. There will be a proration applied to the total cost of software/computers for the proportional amount to be utilized by TIF district and business-related areas of the municipality. This project needn't be related only to this district.	\$1,500,000	30-A M.R.S.A. §5225(1)(C)(1)
14.	<u>Land Assembly for Redevelopment:</u> Preparing/acquiring land for redevelopment to be sold and redeveloped/used by a business entity.	\$1,000,000	30-A M.R.S.A. §5225(1)(A)(1); (1)(A)(3)
	TOTAL:	\$20,650,000	

Please note that any of the projects in Table 1 may be funded with municipal bonds, the Town's intention is to be able to pay financing costs associated with that indebtedness with TIF revenues pursuant to 30-A M.R.S.A. § 5225(1)(A)(2).