

**Town of North Yarmouth  
Select Board Workshop  
Tuesday, June 22, 2021 - 6:00 PM**

**Purpose:**

- The principal purpose of workshops is to provide the Select Board with the opportunity to focus on specific subjects benefiting the overall process in providing town leadership.
- It is not a business meeting of the Select Board. No action will be taken.
- The purpose of this workshop is to learn about the Town of North Yarmouth's Village Omnibus Tax Increment Financing District.

**COVID-19: Face coverings are required at all town gatherings.**

**Agenda**

**I. Introduction**

**II. Shana Mueller, Town Attorney**

- a) **Introduction to the North Yarmouth Village Omnibus Municipal Tax Increment Financing District**
- b) **Eligible Project Costs**
- c) **Credit Enhancement Agreements**
- d) **Financial Impacts/Tax Shifts**
- e) **Budget Process – Allocating Tax Increment Financing (TIF) Revenues to Project Costs**
- f) **TIF Oversight and Management**

**III. Brian Sites, Select Board**

- a) **Fiscal Year 2022 Town Meeting TIF Approved Budget Expenses**

**IV. Questions and Answers**

# Village Omnibus Tax Increment Financing District – Select Board Workshop

June 22, 2021

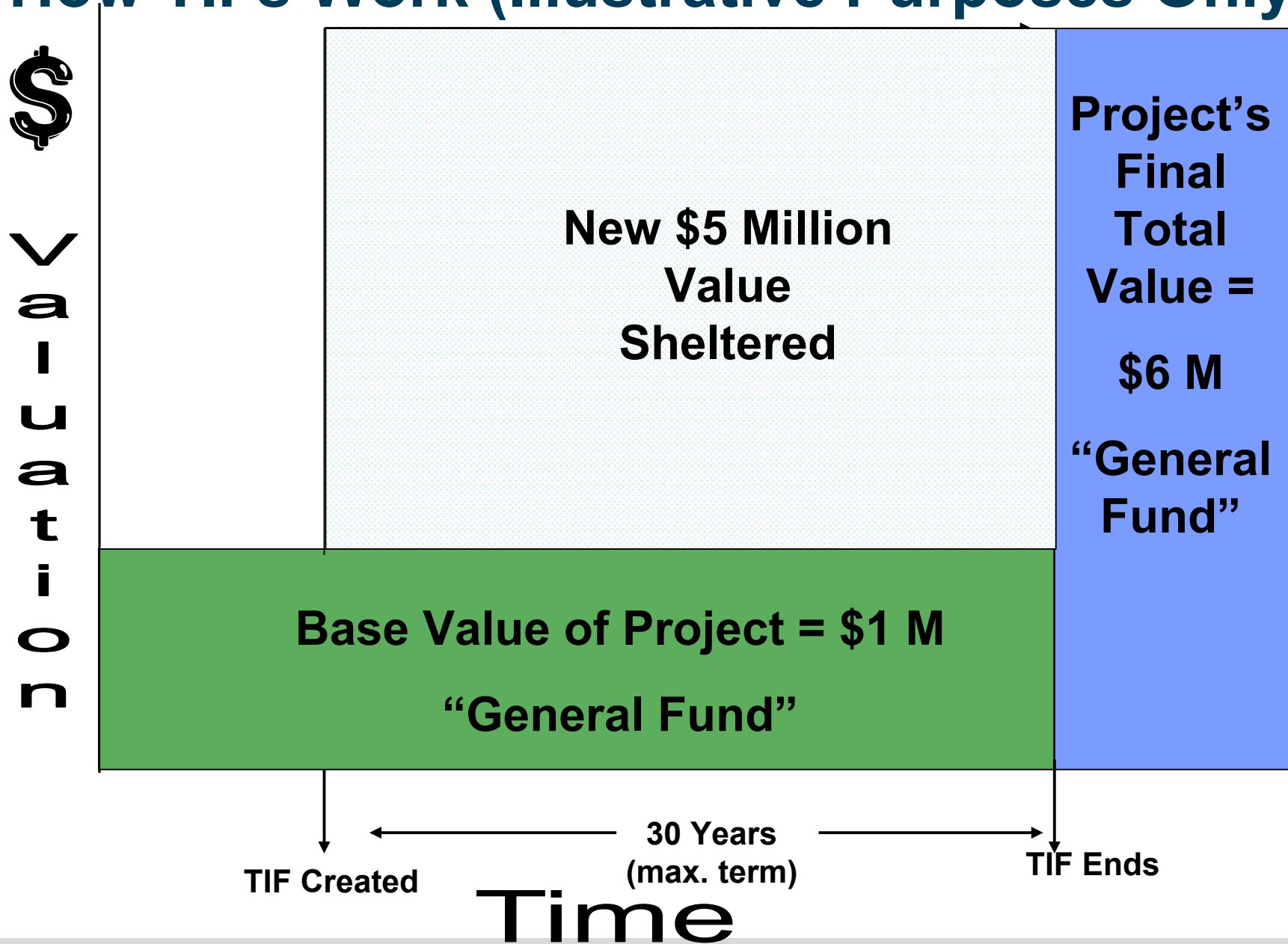
Shana Cook Mueller, Esq.  
Bernstein, Shur, Sawyer & Nelson P.A.

**BERN  
STEIN  
SHUR**

## Workshop Topics

- a) Introduction to the North Yarmouth Village Omnibus Municipal Tax Increment Financing District
- b) Eligible Project Costs
- c) Credit Enhancement Agreements
- d) Financial Impacts/Tax Shifts
- e) Budget Process – Allocating TIF Revenues to Project Costs
- f) TIF Oversight and Management

# How TIFs Work (Illustrative Purposes Only)





# Tax Shift Benefit

- TIFs shelter new assessed value from a municipality's state valuation.
- The “state valuation” = equalized total assessed value in a municipality.
- The state valuation impacts:
  - state education subsidies,
  - county taxes,
  - state revenue sharing subsidies, and
  - local education contributions to the school district

# Lost Revenue in Every New Tax Dollar



**67% Lost Revenue**

**33% Available to Town**

**4% County Tax**

**9% Additional Local Education**

**4% State Revenue Sharing**

**50% State Aid to Education**

# \$400,000 Property Example

- Property located outside TIF (\$6,620 Tax Bill at 16.55 mil rate)
  - \$265 goes to pay additional County Taxes
  - \$596 goes to pay additional local education budget expenditures
  - \$265 goes to pay governmental expenditures that would otherwise have been funded with State Revenue Sharing subsidy
  - \$3,310 goes to pay educational expenditures that would otherwise have been funded with State Aid to Education
  - \$2,185 available to be spent by Town
- Property located inside TIF (\$6,620 Tax Bill at 16.55 mil rate)
  - \$6,620 available to be spent by Town on approved project costs in the TIF Development Program.



**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.

|    | <b>Project <sup>1</sup></b>   | <b>Cost Estimate</b> | <b>Statutory Citation</b>                          |
|----|---|----------------------|--|
| 1. | <b>Capital Expenditures Related to Public Safety and Fire Protection:</b> 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. | <b>Recreational Trails:</b> 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. | <b>Street-related Public Safety Measures and Village Area Amenities:</b> 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)            |

<sup>1</sup> 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**

|     | <b>Project <sup>1</sup></b>  | <b>Cost Estimate</b> | <b>Statutory Citation</b>               |
|-----|--|----------------------|---|
| 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**

|     | <b>Project <sup>1</sup></b>   | <b>Cost Estimate</b> | <b>Statutory Citation</b>               |
|-----|---|----------------------|---|
| 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) |
|     | <b>TOTAL:</b>   | <b>\$20,650,000</b>  |   |

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).

Village Center District Project Planning / Expenditures

|                   |          |             | P1                                  | P2                  | P3  | P4                               | P5             | P6                                   | P7                   | P8                      | P9                                 | P10                          | P11  | P12                                   | P13   | P14                             | Total Expenditures | Ending Balance |            |
|-------------------|----------|-------------|-------------------------------------|---------------------|---|----------------------------------|----------------|--------------------------------------|----------------------|-------------------------|------------------------------------|------------------------------|--|---------------------------------------|---|---------------------------------|--------------------|----------------|------------|
| Fiscal Year       | TIF Year | TIF Revenue | CIP Public Safety & Fire Protection | Recreational Trails | Street-Related Public Safety Measures & Village Area Amenities          | Sidewalks & Streetscape Projects | Welcome Center | Wireless / Broadband / 3-Phase Power | Water Infrastructure | Relocation of Utilities | Environmental Improvement Projects | Grants & Revolving Loan Fund | Professional Service Costs                 | Administrative Costs                  | Economic Dvlpmnt Programs & Other Costs             | Land Assembly for Redevelopment |                    |                |            |
| 2020              | 1        | \$ 40,362   | NO EXPENDITURES                     |                     |   |                                  |                |                                      |                      |                         |                                    |                              |  |                                       |   |                                 |                    |                |            |
|                   | Beg Bal  | \$ 40,362   | \$ -                                | \$ -                | \$ -  | \$ -                             | \$ -           | \$ -                                 | \$ -                 | \$ -                    | \$ -                               | \$ -                         | \$ -                                       | \$ -                                  | \$ -  | \$ -                            | \$ -               | \$ -           | \$ 40,362  |
| 2021              | 2        | \$ 230,454  |                                     |                     | Traffic Calming VC Engineering  |                                  |                |                                      |                      |                         |                                    |                              | Economic Consultant Legal Services / Other | Town Manager, PWD, CEO, Support Staff | EDSC Brochures, other; Mathching Grant Funds, Misc. |                                 |                    |                |            |
|                   | Beg Bal  | \$ 270,816  |                                     |                     | \$ 20,000   |                                  |                |                                      |                      |                         |                                    |                              | \$ 83,000                                  | \$ 76,000                             | \$ 7,000  |                                 |                    | \$ 186,000     | \$ 114,064 |
| FY21 Expenditures |          |             |                                     |                     | \$ 13,709   |                                  |                |                                      |                      |                         |                                    |                              | \$ 66,248                                  | \$ 75,948                             | \$ 848  |                                 |                    | \$ 156,752     |            |
| 2022              | 3        | \$ 369,074  | Public Safety Building Study        | Park Amenities      | Street Beautificaion, VC Engineering, Rt. 9 to former Hazelton Property | Pedestrian Safety Sidewalks      |                |                                      |                      |                         |                                    |                              | Economic Consultant Legal Services / Other | Town Manager, PWD, CEO, Support Staff | EDSC Brochures, other; Mathching Grant Funds, Misc. |                                 |                    |                |            |
|                   | Beg Bal  | \$ 483,138  | \$ 20,000                           | \$ 5,500            | \$ 100,000  | \$ 100,000                       |                |                                      |                      |                         |                                    |                              | \$ 92,000                                  | \$ 65,000                             | \$ 25,000   |                                 |                    | \$ 407,500     | \$ 75,638  |