

A TIF 101 Update

Presentation to the Kennebunk Board of Selectmen

January, 2015
Updated: 10/15

Kennebunk Economic Development Committee

Tax increment financing defined:

- The Town established four TIF districts, each with a development program and financial plan.
- At the start, the Town established the “original assessed value”
- Subsequent new development creates new value
- This new “captured assessed value” is then used to fund the development program for the Kennebunk TIF Districts

TIF Programs are locally managed. Kennebunk manages four Maine DECD approved districts:

Lower Village

Route 1

Alfred Road

Alfred Road (Utility only)

There are generally three types of program assistance

Credit enhancement made between the Town
and the business (Pythian)

Infrastructure improvements made by the town
(Downtown and Lower Village)

Support of economic development programs

Tax Shifts

- Captured assessed value does not go into the Town's general fund.
- Captured assessed value is also said to be sheltered or hidden: the new value is not included in the tabulation of value when considering:
 - State revenue sharing
 - Education subsidies
 - County tax subsidies
 - This is known as the “tax shift”

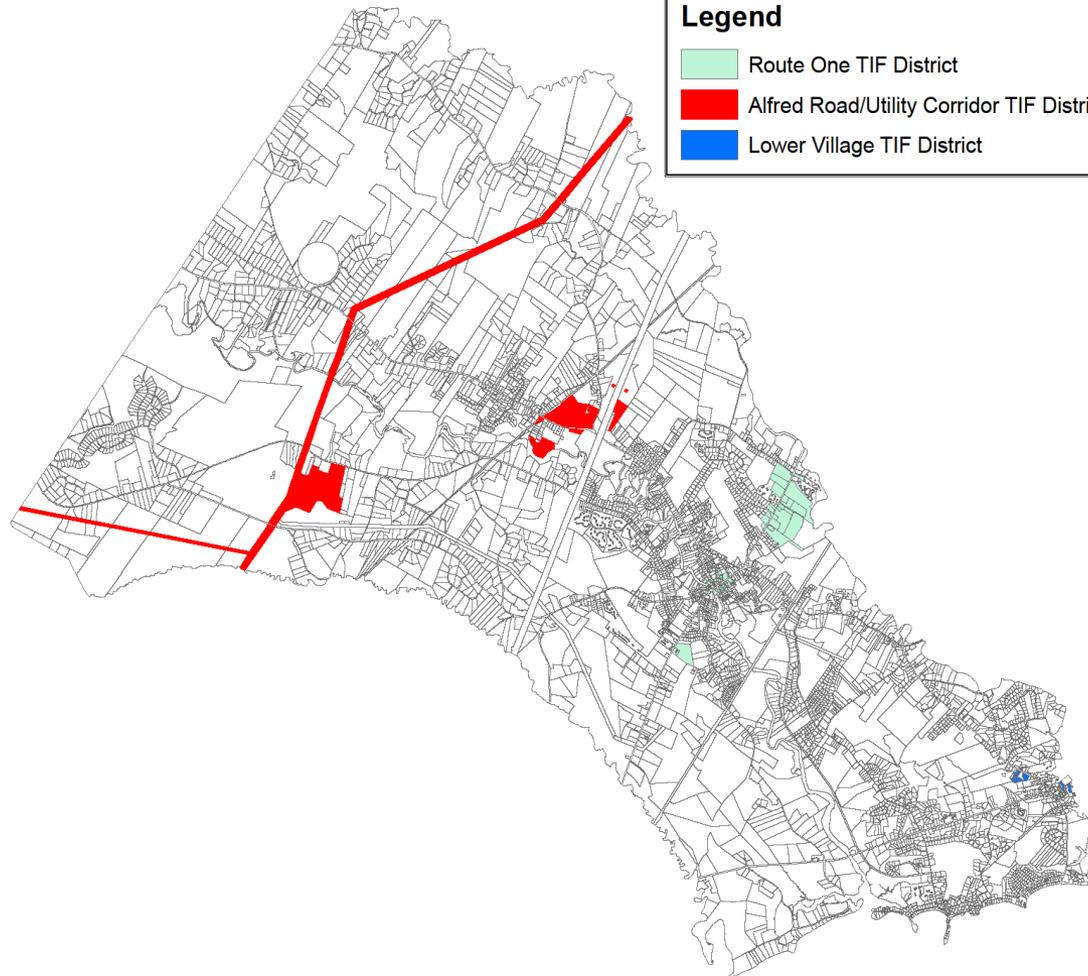
Present Tax Shift

	Total Incremental Property Value in TIF at 4/1/2014	TIF District Revenue for FY14-15	RSU 21 Increased State Aid (Estimated)	State Revenue Sharing Increased State Aid (Estimated)	York County Assessment (Cost) Reduction (Estimated)	Total Benefit Realized Due to TIF Districts (ESTIMATED)
FY14-15 Tax Rate ---->		\$14.90	\$8.10	17,879	32,082	
Rt 1 TIF	44,073,700	656,698	356,997	12,620	22,646	392,263
West K TIF	6,780,100	101,023	54,919	1,942	3,484	60,345
West K - Utility Corridor	7,630,732	113,698	61,809	2,185	3,921	67,915
Sub-total West K TIF	14,410,832	214,721	116,728	4,127	7,405	128,260
Lower Village TIF	3,952,472	58,892	32,015	1,132	2,031	35,178
Total	62,437,004	930,311	505,740	17,879	32,082	555,701

Authorized Project Costs

- Tier 1: Infrastructure, buildings or equipment
- Tier 2: Infrastructure needed for a project outside the district; i.e. sewer upgrades
- Tier 3: Economic Development Efforts
- Tier 4: Cost of improvements to be leased to the State or municipal Government

So what has happened here?



Legend

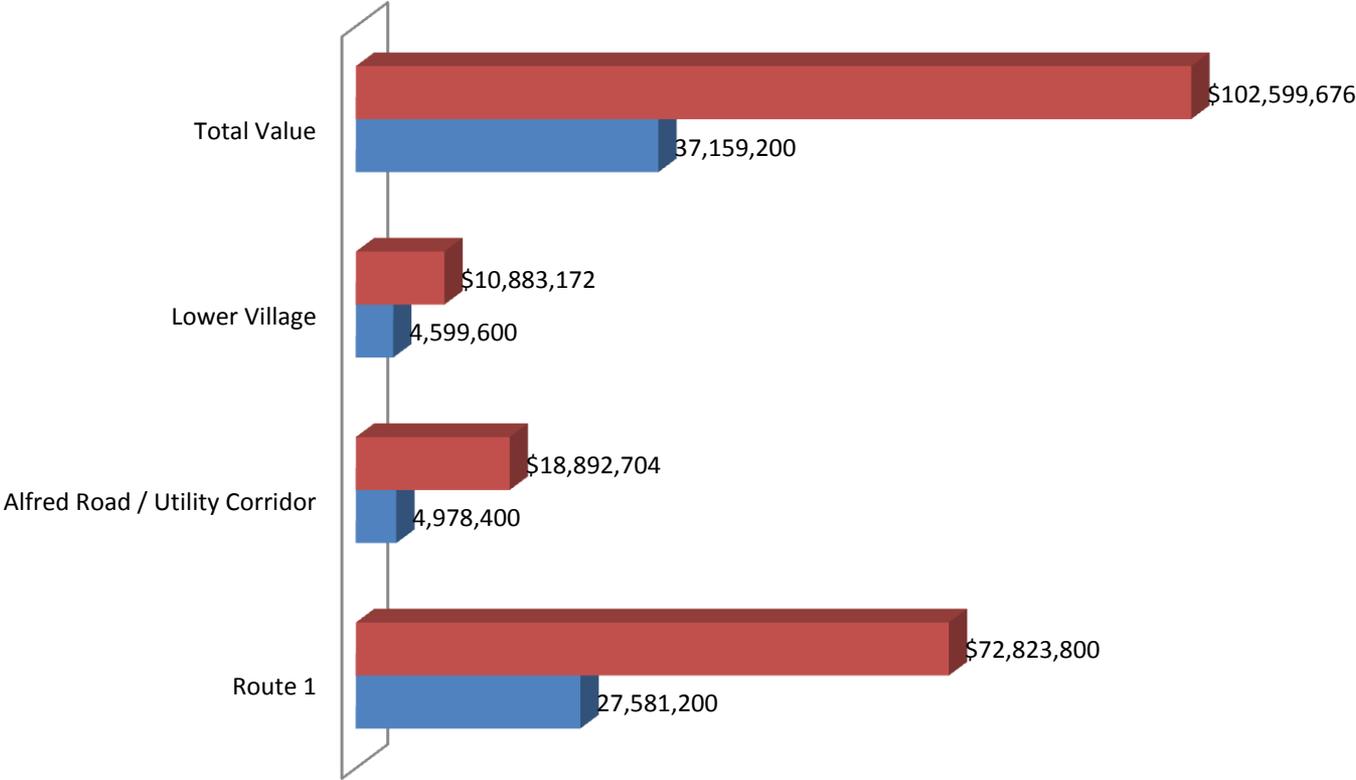
- Route One TIF District
- Alfred Road/Utility Corridor TIF District
- Lower Village TIF District

Review of Projects Completed Thus Far

Summary of Recent Development Projects in Kennbunk			
Development Area	Project area	Cost	Source of Funds
Downtown/Rt. 1	Downtown Enhancement: Phase 1	\$ 1,360,000	TIF
	Downtown Enhancement: Phase 2	\$ 740,000	TIF
	Scotsman Brook Storm Drain	\$ 650,000	TIF
	Bridge sidewalk and lights	\$ 80,000	TIF
	Business Assistance	\$ 300,000	TIF-Pythian block
Alfred Rd.	Alfred road, sidewalks,bike lane, lighting	\$ 500,000	TIF
Lower Village	Lower Village enhancement	\$ 600,000	TIF

Changes in TIF District Values

■ Current ■ Original Assessed Value (2004)



For every \$1,000 invested, we are creating almost \$8,000 in new value

New Value per Thousand Dollars of Investment		
Route 1	\$	9,565
Alfred Road / Utility Corridor	\$	3,909
Lower Village	\$	10,473

We are spending \$17,500 per job creation—federal grant standard is \$30,000

Total Value Per Investment for:		
	All jobs	Tif jobs
route 1	\$ 10,725	\$ 6,034
alfred	\$ 40,455	
lower village	\$ 8,333	\$ 8,333

TIF Balance As Of	Fiscal Year Net Activity	Route 1			Alfred Rd - Utility Excl			Alfred Rd - Utility ONLY			Lower Village			
		Increment Yr	Net Incr/Decr	Balance	Increment Yr	Net Incr/Decr	Balance	Increment Yr	Net Incr/Decr	Balance	Increment Yr	Net Incr/Decr	Balance	
6/30/2008				152,995			1,134							
	2009	5	(77,921)		4	38,707				ASSUMES CMP builds:			ASSUMES:	
6/30/2009				75,075			39,841							
	2010	6	1,552,331		5	40,774				4/1/15: Add \$12.3M x 33% @ \$14.90/k			4/1/16: Add \$500k @ \$14.90/k	
6/30/2010				1,627,406			80,615			Total value of \$33M			Total value of \$4.55M	
	2011	7	(1,337,937)		6	36,488		6	0		0	0	0	
6/30/2011				289,469			117,103						(44,013)	
	2012	8	32,603		7	40,057		7	0			1	(480,839)	
6/30/2012				322,072			157,161				0		(524,852)	
	2013	9	12,344		8	(18,462)		8	(263,951)			2	(219,629)	
6/30/2013			Audited	334,416		Audited	138,699		Audited	(263,951)			Audited	(744,481)
	2014	10	640,722		9	31,383		9	486,720			3	630,711	
6/30/2014		Projected hereafter		975,138	Projected hereafter		170,082	Projected hereafter		222,769	Projected hereafter		(113,769)	
	2015	11	(801,766)		10	46,660		10	(171,300)			4	3,084	
6/30/2015		<i>Excludes Wtrhouse Ctr</i>		173,372			216,742				51,470		(110,685)	
	2016	12	189,098		11	46,660		11	58,402			5	5,963	
6/30/2016				362,471			263,402				109,872		(104,722)	
	2017	13	195,444		12	46,660		12	62,204			6	15,057	
6/30/2017				557,914			310,062				172,076		(89,665)	
	2018	14	237,309		13	84,573		13	65,874			7	16,582	
6/30/2018				795,223			394,635				237,950		(73,083)	
	2019	15	247,117		14	84,573		14	69,906			8	18,260	
6/30/2019				1,042,340			479,209				307,856		(54,823)	
	2020	16	254,848		15	84,573		15	128,086			9	19,228	
6/30/2020				1,297,189			563,782				435,942		(35,596)	
	2021	17	264,198		16	84,573		16	128,816			10	20,006	
6/30/2021				1,561,387			648,356				564,758		(15,590)	
	2022	18	271,879		17	84,573		17	129,568			11	20,706	
6/30/2022				1,833,266			732,929				694,326		5,117	
	2023	19	285,134		18	84,573		18	166,442			12	22,336	
6/30/2023				2,118,400			817,503				860,768		27,453	
TIF Life - Tax Assess't Dates		4/1/03 through 4/1/33			4/1/04 through 4/1/34			4/1/04 through 4/1/34			4/1/10 through 4/1/40			

Role of EDC:

Recommend TIF Funding
allocations

Obtain committee and citizen input

Report findings to Town Manager
and Staff

Report to the Board of Selectmen

Business Success Stories

Downtown's *former* Five and Dime, 22-24 Main Street



Now home to three vibrant businesses:
Kennebunk Toy Company, Restless Threads and Becoming



A 2010 & 2013 Façade & Grant Recipient - \$50,000

Downtown's former Pythian Block, 76-84 Main Street



- \$1.5k renovation

- A 2010 Façade Grant Recipient - \$25,000

- Credit Enhancement

- 75 of new Value to General Fund

Now, home to: *The Main Street Barber Shop, The Hive and Capital Resort's 4-Star Condominiums!*

Downtown's 30 Main Street



Now home to:
Gorham Savings Bank

- A 2013 Façade Grant Recipient - \$11,700

Business Success Stories

West Kennebunk's former "Cummings Market at 110 Alfred Road



Now, the Village Tavern, a dream come true for owners Rich and Tina Lemoine and a very popular eatery in West Kennebunk!

- \$210k in renovations
- A 2010 Façade Grant Recipient \$25,000

Business Success Stories

Route 1 North's *former* "Manufacturing facility" at 2 Livewell Drive

Now a one-stop shop for health-related business, some of which include:
Southern Maine Health Care, Marty Lane
Audiology, Kennebunk Center for Dentistry,
Quest Fitness and many more...



Downtown's former gas station and vacant space



Now, home of
The Waterhouse Center,
a true community space
that creates healthy
activities and
programming for youth
and families...

not to mention a
positive economic
impact
to business.



Projects Still to Be Completed

Projects to Be Completed- Alfred Road Projects	
Industrial Park Development; land, infrastructure	\$ 1,000,000
Economic Development Corporation	\$ 300,000
Economic Development Services	\$ 750,000
	\$ 2,050,000
Projects to Be Completed- Alfred Road Utility Projects	
Public Safety Equipment	\$ 2,259,000
Public Services Equipment	\$ 390,000
Facility Utilization	\$ 550,000
Training	\$ 300,000
	\$ 3,499,000
Projects to Be Completed- Lower Village	
Utilities, Infrastructure, Parking, Visitor Center	\$ 5,120,000
Marketing, staff, events	\$ 680,000
	\$ 5,800,000
Note: Financial Estimates are for a 30 Year Period	

Projects Still to Be Completed

Projects to Be Completed-Route 1 Municipal Development District	
Road Sidewalk and Utility Plan	\$ 3,500,000
Route 1 north, south, downtown	
Townwide specific Sites	
Downtown Parking/Signals	\$ 2,500,000
Economic Development	\$ 150,000
Marketing	\$ 250,000
GIS	\$ 125,000
Downtown Cultural Center	\$ 100,000
Revolving Loan Fund	\$ 500,000
Professional Services	\$ 150,000
Municipal Communications Network	\$ 500,000
Technology Business Incubator	\$ 1,500,000
Trail/Path system	\$ 75,000
Special Downtown Events	\$ 300,000
Train Station	\$ 500,000
Route 1 Rest Area Conversion	\$ 250,000
	\$ 10,400,000
Note: Financial Estimates are for a 30 Year Period	

Town of Kennebunk, Maine



Mathew Eddy
Economic Development Director

Tel: (207) 604-4366
Fax: (207) 985-4609
Email: maceddy@kennebunkmaine.us

Economic Development Committee

January 20, 2015

Kennebunk Board of Selectmen
1 Seawater Street
Kennebunk, Maine 04043

Dear Board of Selectmen:

At its December, 2014 meeting, the Economic Development Committee (EDC) passed the following resolution:

- The EDC is in support of the existing Tax Increment Financing program, as it is presently constituted, and will continue to work with the Board of Selectmen, staff and committees, to identify and implement projects utilizing available revenue from existing TIF districts.

To this end, the EDC will continue to monitor the flow of revenue and expenditures for each of the district and present annually, to the Selectmen, its recommendation for expenditures. This will include covering existing bond repayments and, when revenue is available, adding eligible projects to the TIF list in the future. We will do this while maintaining consistency with existing state statutes and approved rules.

In January, the EDC would like to provide a workshop session on TIF programs that would be televised for the community (and recorded). In our meetings with various members of the community, it became clear that we needed to help citizens (and ourselves) better understand how TIF districts work. It seems equally important that we talk about the success of our TIF programs, demonstrating the importance they have to economic development. During that session we will cover the basic rules and look at how our TIF districts have performed, in terms of creation, economic development and the creation or increase in property values.

We look forward to hearing when that session is to be scheduled and will, working with staff, prepare the presentation.

Sincerely,

L. Blake Baldwin
Chair

- QUESTIONS?