

TOWN OF GREENVILLE, MAINE

A ****DRAFT**** Application for a Municipal Tax Increment Financing District

GREENVILLE OMNIBUS COMMUNITY & ECONOMIC DEVELOPMENT
MUNICIPAL TAX INCREMENT FINANCING DISTRICT

DEVELOPMENT PROGRAM

FOR CONSIDERATION AT REGULAR TOWN MEETING
June 3, 2019

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Introduction

The Town of Greenville's Comprehensive Plan, adopted in 2013, calls out in its first recommendation the need to establish a tax increment financing district for its industrial and commercial zones to better utilize existing economic development assets and to make future investments to support economic activity. The Comprehensive Plan delineates several goals and activities that could be realized with the creation of an Omnibus TIF District, including investments in telecommunications, utilities, public amenities, business assistance and retention programs. The recommendation to develop a municipal TIF districts is also consistent with the Downtown Master Plan, and regional initiatives including the Future iQ Strategic Action Plan and the Roger Brooks International Branding, Development & Marketing Action Plan.

JMC Engineering (UK) LTD has committed to re-opening the long-dormant steam plant on Spruce Street, with a plan to utilize wood biomass to produce steam for energy production and other biomass products for the consumer market. This project, once all phases are completed, will provide the proposed TIF district with an incremental captured assessed value of \$15,000,000. In an effort to capture new tax revenue for the purposes of local investment in programs and infrastructure to assist the growth of commercial enterprise, the Town of Greenville seeks to create a TIF district to meet the goals consistent with the Comprehensive Plan of 2013.

Funding

The Town of Greenville estimates that \$253,500 in new tax revenue will be generated for the District once the full value of the completed facility is on the tax rolls on April 1, 2024, with the new tax revenue growing to \$415,893 by the end of the TIF District term. The TIF term will be for 30 years, commencing on April 1, 2020. The Town intends to capture 100% of the new assessed value of the district for TIF revenues.

Real Property Captured

The incremental revenue generated by taxable property within the district shall be real property only. The exception to this is contained within the steam-plant: the incremental revenue generated by both the real and personal property of this facility will be included in the TIF.

TIF District Boundaries

The proposed TIF district includes the real property (and personal property at the Steam Plant) in the following general areas: properties in the commercial and industrial zone adjacent to the downtown village zone; significant properties in and around the municipal airport with development potential; properties in and around the Indian Hill area; properties adjacent to the major corridors of Pritham Avenue and Moosehead Lake Road; properties in and around the area of Greenville Junction and the former rail depot; and properties adjacent to the Central Maine & Quebec Railroad suitable for rail-side commercial development. Specific parcels are identified in the Appendix (see TIF District Map in Appendix [XX]).

The TIF district also includes the roadway and public right of way areas designated on the TIF District Map in Appendix [X]. Generally speaking, the roadways and public right of way areas that connect the various parcels form a contiguous district are included. These roadways and right-of-way areas include: Moosehead Lake Road (bounded by the Indian Hill area to the south, Pritham Avenue to the north), Pritham Avenue (bounded by Moosehead Lake Road to the south, Greenville town line to the north), Spruce Street (bounded by Pritham Avenue to the north, the sewer treatment plant to the south), South Green Street (bounded by Pritham Avenue to the north, the CMQ Railroad to the south), Village Street (in its entirety), and Lily Bay Road (bounded by Village Street to the north, Pritham Avenue to the south).

Operational Components

1. Public Facilities: See “Public Projects & Activities” Table
2. Relocation of Displaced Persons: Not applicable
3. Transportation Improvements: All changes and improvements to transportation systems under the Development Program will meet or exceed all applicable federal and state transportation regulations and will comply with all applicable municipal ordinances and regulations
4. Environmental Controls: All changes and improvements made under the Development Program will meet or exceed all applicable federal and state environmental regulations and will comply with all applicable municipal ordinances and regulations.
5. Operations: For the duration of the District, the Greenville Town Manager and town administrative staff shall be responsible for administrative matters related to the implementation and operation of the TIF District and Development Program. The Town Manager may contract with legal, financial, and other consultants as needed for administration of the TIF District.
6. Municipal Indebtedness: The town reserves the right to issue municipal bonds in order to pay for infrastructure improvements outlined in the “Public Projects & Activities” table. Any municipal bond requires approval at a regularly scheduled annual town meeting or special town meeting.

By creating a TIF District that encompasses the town’s numerous commercial development assets, and adopting a Development Program that targets TIF resources for infrastructure upgrades, quality-of-life amenities, and business assistance programs, the Town will be able to maximize the benefits JMC’s private investment and better position itself as a community of choice for residents and businesses alike.

Financial Plan

The TIF district will encompass approximately 400.36 acres of property. The original assessed value of the real property in the proposed TIF district is \$10,795,900 as of April 1, 2019. The

captured assessed value (CAV) of the real property in the TIF district in year 1 is estimated to be \$5,000,000, generating \$84,500 in TIF revenues. The CAV in year 30 is estimated to be \$24,609,089 generating \$415,893 in TIF revenues. These estimates are intended to be conservative with the assumption that: municipal mil rate remains fixed over the life of the TIF at \$16.90; and private, non-JMC investment within the TIF district is realized steadily over time, approximately 2% year-over-year growth.

Omnibus Option for Credit Enhancement Agreements

With the proposed development program, adopted by the Town at the regular town meeting, the town will capture 100% of the increased assessed value of taxable real property only over the original assessed value of the District and retain the tax revenues generated by the captured assessed value for economic development purposes allowable pursuant to M.R.S.A. 30-A Ch. 206. The Town intends to consider the use of Credit Enhancement Agreements with persons or entities that own properties within the TIF district. The Town, by approving this development program, authorizes the Board of Selectmen at their sole discretion, in consultation with the Town Manager, attorneys, and consultants, if necessary, to negotiate and execute Credit Enhancement Agreements up to the reimbursement level of 100% of property taxes paid on new assessed value of real taxable property.

Accounting

TIF Revenues will be segregated into three separate sub-accounts of the Development Program Fund: a sinking fund account from which debt service for TIF development projects will be paid; a project cost account from which public projects outlined in the Development program not paid for with municipal indebtedness will be paid; and dedicated accounts from which each credit enhancement agreements reimbursed to individuals/companies will be paid.

Municipal Indebtedness

The town reserves the right to issue municipal bonds in order to pay for infrastructure improvements outlined in the "Public Projects & Activities" table. Any municipal bond requires approval at a regularly scheduled annual town meeting or special town meeting.

Private Investment

An individual or entity that owns or will own property within the TIF District will pay for and/or finance all private improvements located within the TIF District, unless otherwise agreed to in credit enhancement agreements. The private entity may receive project loans and/or grants for private improvements.

Appropriation Process

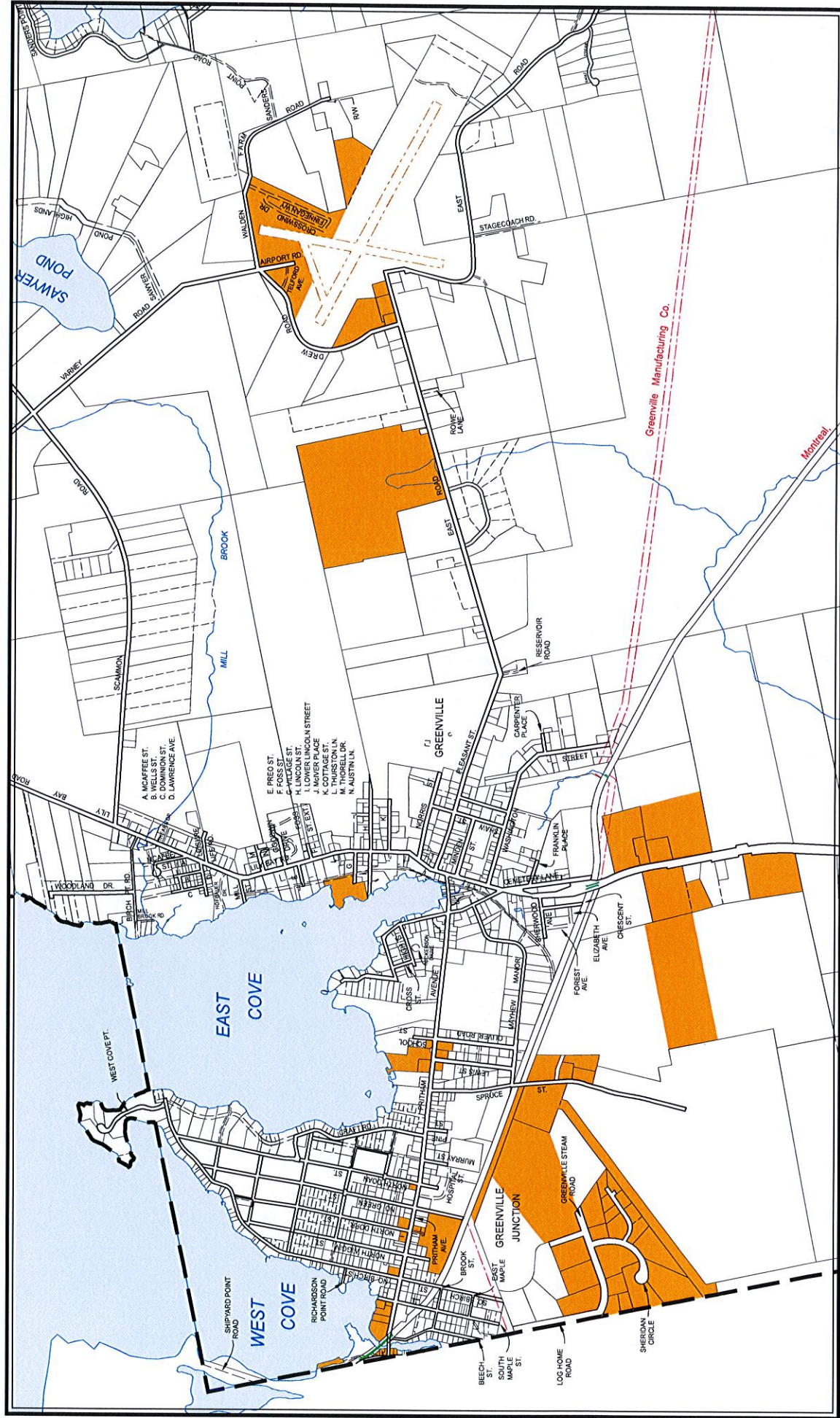
TIF budget appropriations under the Development Program, with the exception of Credit Enhancement Agreements, must be approved as warrant articles at the regularly scheduled annual town meeting or special town meeting.

Greenville Omnibus Development Tax Increment Financing District Development Program

Development Program Components	Cost Estimate	Statutory Citation
Costs of improvements made within the district		
Capital costs associated with the acquisition of land, improvements, public ways, buildings, structures, fixtures, and equipment	\$ 1,500,000.00	30-A MRSA §5225.1.A(1)(a)
Capital costs for public ways including, but not limited to, signs, railing, sidewalks, and other pedestrian improvements	\$ 50,000.00	30-A MRSA §5225.1.A(1)(a)(iii)
Costs associated with the demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures, fixtures	\$ 100,000.00	30-A MRSA §5225.1.A(1)(b)
Costs associated with site preparation and finishing work	\$ 100,000.00	30-A MRSA §5225.1.A(1)(c)
Financing costs, including, but not limited to, closing costs, issuance costs and interest or premiums paid	\$ 100,000.00	30-A MRSA §5225.1.A(2)
Real property assembly costs	\$ 100,000.00	30-A MRSA §5225.1.A(3)
All fees and expenses related to capital costs cited above or related to improvements made within the district including, but not limited to, licensing, permitting, planning, architectural, engineering, testing, legal, consulting, and accounting expenses	\$ 100,000.00	30-A MRSA §5225.1.A(1)(d) and §5225.1.A(4)
Administrative costs including, but not limited to, charges for the time spent by municipal employees in connection with implementation of this development program	\$ 100,000.00	30-A MRSA §5225.1.A(5)
Organizational costs relating to the establishment of the district including, but not limited to, the costs of conducting environmental impact and other studies and the costs of establishing the district and implementing project plans	\$ 10,000.00	30-A §5225.1.A(7)
Costs of improvements made outside the district but are directly related to made necessary by the district		
Costs related to the construction, alteration or expansion of outside facilities outside the district but that are required due to improvements or activities within the district, including, but not limited to, water and sewer lines and treatment facilities, electric and telecommunication utility equipment, fire protection facilities, and street amenities	\$ 250,000.00	30-A §5225.1.B(1)
Costs of public safety improvements made necessary by the establishment of the district	\$ 50,000.00	30-A §5225.1.B(2)
Costs of funding to mitigate any adverse impact of the district upon the municipality or plantation and its constituents. This funding may be used for public facilities and improvements if: 1) the public facilities or improvements are located in a downtown tax increment financing district; and 2) the entire tax increment from the downtown tax increment financing district is committed to the development program of the tax increment financing district;	\$ 4,000,000.00	30-A §5225.1.B(3)

Cost related to economic development

Costs of funding economic development programs or events developed by the municipality or funding the marketing of the municipality as a business, arts, and tourism location	\$ 1,500,000.00	30-A §5225.1.C(1)
Costs of funding environmental improvement projects developed by the town for commercial or arts district use or related to such activities	\$ 250,000.00	30-A §5225.1.C(2)
Funding to establish permanent economic development revolving loan funds, investment funds and grants	\$ 500,000.00	30-A §5225.1.C(3)
Quality child care costs, including finance costs and construction, staffing, training, certification and accreditation costs related to child care	\$ 100,000.00	30-A §5225.1.C(5)
Costs associated with new or existing recreational trails, including, but not limited to, costs for multiple projects and project phases that may include planning, design, construction, maintenance, grooming and improvements with respect to new or existing recreational trails, which may include bridges that are part of the trail corridor, used all or in part for all-terrain vehicles, snowmobiles, hiking, bicycling, cross-country skiing or other related multiple uses	\$ 318,000.00	30-A §5225.1.C(6)
	\$ 9,128,000.00	



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OVERALL TIF DISTRICT MAP
 OF
GREENVILLE
 MAINE

- LEGEND**
- TOWN LINE
 - WATER
 - RAILROAD
 - PROPERTY LINE
 - RIGHT-OF-WAY
 - UTILITY easement
 - TIF DISTRICT

NOTES

This map is based on the Town of Greenville Property Maps and is intended for reference and planning purposes only.

PROPERTY LINES CURRENT TO: APRIL 1, 2018

Revenue Projection

TIF Year	Tax Year	TIF Captured Valuation	TIF Revenue	General Purpose Aid to Education Shelter Benefit	State Municipal Revenue Sharing Shelter Benefit	County Tax Shelter Benefit	Total Sheltering Benefit
1	2020-2021	\$ 5,000,000.00	\$ 84,500.00		\$ 1,982.39	\$ 6,778.03	8,760
2	2021-2022	\$ 7,500,000.00	\$ 126,750.00		\$ 2,948.09	\$ 10,167.04	13,115
3	2022-2023	\$ 10,000,000.00	\$ 169,000.00		\$ 3,897.35	\$ 13,556.05	17,453
4	2023-2024	\$ 12,500,000.00	\$ 211,250.00		\$ 4,857.57	\$ 16,945.07	21,803
5	2024-2025	\$ 15,000,000.00	\$ 253,500.00		\$ 5,815.05	\$ 20,334.08	26,149
6	2025-2026	\$ 15,300,000.00	\$ 258,570.00		\$ 6,203.33	\$ 20,740.76	26,944
7	2026-2027	\$ 15,606,000.00	\$ 263,741.40		\$ 6,589.66	\$ 21,155.58	27,745
8	2027-2028	\$ 15,918,120.00	\$ 269,016.23		\$ 6,974.07	\$ 21,578.69	28,553
9	2028-2029	\$ 16,236,482.40	\$ 274,396.55		\$ 7,356.55	\$ 22,010.26	29,367
10	2029-2030	\$ 16,561,212.05	\$ 279,884.48		\$ 7,737.12	\$ 22,450.47	30,188
11	2030-2031	\$ 16,892,436.29	\$ 285,482.17		\$ 8,115.78	\$ 22,899.48	31,015
12	2031-2032	\$ 17,230,285.01	\$ 291,191.82		\$ 8,492.56	\$ 23,357.47	31,850
13	2032-2033	\$ 17,574,890.72	\$ 297,015.65		\$ 8,867.45	\$ 23,824.62	32,692
14	2033-2034	\$ 17,926,388.53	\$ 302,955.97		\$ 9,240.46	\$ 24,301.11	33,542
15	2034-2035	\$ 18,284,916.30	\$ 309,015.09		\$ 9,611.61	\$ 24,787.13	34,399
16	2035-2036	\$ 18,650,614.63	\$ 315,195.39		\$ 9,980.90	\$ 25,282.88	35,264
17	2036-2037	\$ 19,023,626.92	\$ 321,499.29		\$ 10,348.35	\$ 25,788.53	36,137
18	2037-2038	\$ 19,404,099.46	\$ 327,929.28		\$ 10,713.96	\$ 26,304.30	37,018
19	2038-2039	\$ 19,792,181.45	\$ 334,487.87		\$ 11,077.74	\$ 26,830.39	37,908
20	2039-2040	\$ 20,188,025.07	\$ 341,177.62		\$ 11,439.71	\$ 27,367.00	38,807
21	2040-2041	\$ 20,591,785.58	\$ 348,001.18		\$ 11,799.86	\$ 27,914.34	39,714
22	2041-2042	\$ 21,003,621.29	\$ 354,961.20		\$ 12,158.21	\$ 28,472.62	40,631
23	2042-2043	\$ 21,423,693.71	\$ 362,060.42		\$ 12,514.77	\$ 29,042.08	41,557
24	2043-2044	\$ 21,852,167.59	\$ 369,301.63		\$ 12,869.55	\$ 29,622.92	42,492
25	2044-2045	\$ 22,289,210.94	\$ 376,687.66		\$ 13,222.56	\$ 30,215.38	43,438
26	2045-2046	\$ 22,734,995.16	\$ 384,221.42		\$ 13,573.79	\$ 30,819.68	44,393
27	2046-2047	\$ 23,189,695.06	\$ 391,905.85		\$ 13,923.28	\$ 31,436.08	45,359
28	2047-2048	\$ 23,653,488.96	\$ 399,743.96		\$ 14,271.01	\$ 32,064.80	46,336
29	2048-2049	\$ 24,126,558.74	\$ 407,738.84		\$ 14,617.01	\$ 32,706.09	47,323
30	2049-2050	\$ 24,609,089.92	\$ 415,893.62		\$ 14,961.28	\$ 33,360.22	48,321
	30 Year Total		\$ 9,127,074.60		\$ 286,161.01	\$ 732,113.15	1,018,274

STATUTORY REQUIREMENTS & THRESHOLDS

A. ACRE LIMITATION		
1. Total Acreage of Municipality		27,091.2
2. Total Acreage of Proposed Municipal TIF District		400.36
3. Total Downtown acres contained in the Proposed Municipal TIF District		0
4. Total Transit acres contained in the Proposed Municipal TIF District		0
5. Total acreage of Proposed Municipal TIF District counted towards 2% cap (A2-A3-A4)		400.36
6. Percentage of total acreage in proposed municipal TIF District (cannot exceed 2%) Divide A5 by A1		1.48%
7. Total acreage of all existing and proposed municipal TIF districts in the municipality. Add A2 to sum of all existing TIF district acreage.		400.36
8. Total acreage of an existing or Proposed Downtown TIF District in the municipality.		0
9. Total acreage of all <u>existing</u> Pine Tree Development Zone TIF Districts in the municipality.		0
10. Total acreage of all existing or Proposed Transit TIF Districts in the municipality.		0
11. Total acreage of all existing and Proposed Municipal TIF Districts in the municipality counted toward 5% cap. Subtract A8+A9+A10 from A7.		400.36
12. Percentage of total acreage in all existing and proposed Municipal TIF Districts (cannot exceed 5%) Divide A11 by A1.		1.48%
13. Total Acreage of all real property in the Proposed Municipal TIF District that is:		
(Note: a, b, or c must be at least 25%)	Acres	%
a. Blighted (Divide acres by A2)		
b. In need of rehabilitation/conservation (Divide acres by A2)		
c. Suitable for industrial/commercial site (Divide acres by A2)	400.36	100%
TOTAL		
B. VALUATION LIMITATION		
1. Total Aggregate Value of Municipality (TAV) <i>Use most recent April 1st</i>		291,551,300
2. Original Assessed Value (OAV) of Proposed Municipal TIF District. <i>Use March 31st of tax year preceding date of municipal designation</i>		10,795,900
3. Total OAV of all existing and Proposed Municipal TIF Districts in the municipality. <i>Add b2 to sum of all existing TIF district OAVs</i>		10,795,900
4. OAV of an existing or proposed Downtown TIF District in the municipality.		0
5. OAV of all <u>existing</u> Pine Tree Development Zone TIF Districts in the municipality.		0
6. OAV of all existing or Proposed Transit TIF Districts in the municipality.		0
7. Total OAV of all existing and Proposed Municipal TIF Districts in the municipality counted toward 5% cap <i>Subtract B4+B5+B6 from B3</i>		10,795,900
8. Percentage of total OAV to TAV in all existing and Proposed Municipal TIF Districts (cannot exceed 5%) <i>Divide B7 by B1</i>		3.70%