

CITY COUNCIL TIF WORKSHOP
January 19, 2016 - 5:30 P.M.

Councilors Pepin, Dumont, Messier, Cameron and Paradis were present.

Councilor Witham joined the meeting at 5:50pm and Councilor McCallion at 6:05pm.

Mayor Hilliard opened the TIF Workshop at 5:30 pm. He welcomed the Director of Planning and Economic Development, Dave Sharples, to start the presentation.

Mr. Sharples discussed each of the slides of the included power point presentation.

After the presentation, Mr. Sharples answered questions.

City Manager Belmore stated there are 2 required Resolutions; one to adopt the RSA and a second one to actually adopt the TIF. Mr. Sharples responded by saying that is correct.

Councilor Messier said, for example, if we did Main Street, and extended the project to the Rollinsford town line. You couldn't do that with TIF money because it's going to extend out of that district.

Mr. Sharples explained that the district would extend around the project if a project were to expand.

Councilor Messier mentioned that other communities got in trouble for spending out of their TIF accounts. He wants to ensure that this won't happen in Somersworth.

Mr. Sharples said that the City would institute controls that Finance Director, Scott Smith would be involved in, as well as an advisory board.

Councilor Paradis asked if there was an end date to receiving the funds from the TIF District.

Mr. Sharples said there would be a finite period of time determined, to finance the development project has have been identified in the plan. There is some flexibility. There are limitations on size of the district according to state law, but there is some flexibility.

Assistant City Manager of Dover, Chris Parker, who oversees planning and strategic initiatives, addressed the Mayor and Council. He said the TIF is the City's program. The State Law is clear that it allows you to do this, but the authority rests with the City Council. Whether it be how long the bonds are for, or how long the project will be around or how big the district is, that is all up to the City Council. It is all part of the plan. The components of that plan are:

1. Financing plan – addresses how long to let the bonds or funds exist for.
2. Development plan – projects.
3. Administrative plan – report the progress.

The City Manager gave a copy of the Dover feasibility study to the Council. In that, you will see those components in there.

Chris Parker said one thing that he thinks is paramount in the decision to adopt a TIF is reinvestment. We are ultimately asking people if they want a successful downtown. What better way to encourage growth and redevelopment than to say, we are going to reinvest. We have value in our downtown and we are going to take the next steps. We are going to show the reinvestment as a community. Outline the projects so the community can see. In Dover it was a parking garage as well as some utility and other street infrastructure.

Mr. Parker continued by saying, one of the things Somersworth needs to do as we work through the feasibility study is to outline what hypothetical projects we have. The next step would be to determine the cost for the projects, including the debt service. That is a fundamental part of this process.

The finance side is really an accounting measure. He described it as, when a person pays their property tax bill, it is divided into 4 pots: the school, the state, the county and the city. All you are doing is adding a fifth pot, which is the increment finance. One of the beauties of this process is, that the City can say, not only is the increment of the City's pot going into that bucket, but the increment of the school and the county will go into that bucket as well. You can't short change the state, but the other 3 portions can fully go to that fifth pot.

The funds can be renewed annually. It might turn out that the increment is so much that the City Council can take on other projects and/or pay off the debt sooner. It is a really good tool if used wisely.

The more discussion you have now will lead to a smarter, better plan later on. Dover backed into their project. They needed a parking garage. They did the math backwards, starting with what it will cost, determining the incremental growth they would need, discussed if value would be improved because of the garage, and then decided if it was feasible.

Mr. Parker advise that Somersworth tie things to the Capital Improvements Program. See this not as an Economic Development tool, but as a way to help finance capital improvements.

Councilor Witham asked how invested the property owners need to be to make this work. Mr. Parker said his point was, if he was a property owner, why would he invest if things are deteriorating. By putting our best foot forward as a community and saying, we the public, want to reinvest in the city's infrastructure, that spurs private reinvestment. As with all tax assessment items, the market drives the assessments.

Councilor Witham asked how important the feasibility study is in this process.

Mr. Parker said it is an absolute must have. By not doing the feasibility study, the city will miss a huge opportunity. That is the point where you can really crunch numbers. It is an in depth look at the process and what will work, specifically for Somersworth.

Councilor Witham asked if Dover arrived at the feasibility study through some kind of RFQ process.

Mr. Parker replied that, yes, they did go out to bid, and he plans to send their RFP to Dave Sharples.

City Manager Belmore said he had a few questions, without getting too technical, he asked Mr. Parker to explain the “pot” and why we wouldn’t receive 100% of the increment.

Mr. Parker said that the way he understands it, the way the law is written, the school and county would still receive their portion of the tax increment, unless they concur and say the City can keep their portion as part of the TIF.

City Manager Belmore went on to ask if Dover has implemented the 79e, and if that has complemented or clashed with the TIF.

Mr. Parker stated that Dover adopted the TIF first and then the 79e. They made provisions in the 79e to ensure that it would not negatively impact the TIF. Based on their analysis, they knew they had to increase the value of the building by 220%. Since Somersworth is already on the 79e program we can just factor that in while planning the TIF.

Councilor Messier asked how long it took Dover to get the RFQ out and what the timeline was for the feasibility study? Based on that, it could help us with our 79e and when they sunset.

Mr. Parker said that they went out to bid in April or May and the report was due in January, so about a 6 month period. Then the Council took a couple of months to digest it.

With there being no further questions for Mr. Parker, Director Sharples returned to the podium and thanked Mr. Parker.

Mr. Sharples discussed projects. He said it makes a lot of sense, in Somersworth, to focus on the downtown. The main reason being, the City Council has been very proactive for the last couple of years, and with the downtown improvement project and the bridge, but it’s not quite done yet. When he thought of projects, he went right to the CIP. One of the projects would be to continue the downtown infrastructure improvements on Government Way, John Parsons, Washington Street, and Main Street. It is in the CIP as a big project. He recommends paring that down and making it into multiple projects. He said this would be a logical place to start and continue with the downtown momentum. The second project that would tie this together would be the Constitutional Way construction which is also in the CIP.

He wants to encourage conversation to focus on these projects, breaking them down into smaller projects to tie in to what has already been done in the downtown area.

Councilor Witham said, obviously, we would tackle the utilities below grade, as part of an overall streets project. Typically, these are funded by the enterprise fund. The TIF doesn't impact that portion of the project, is that correct?

Director Sharples said the TIF could be used so it doesn't have an impact on the enterprise fund. His understanding is that you can use it to pay for utilities.

City Manager Belmore asked if, since we already did High Street, if it could be added to the TIF for additional improvements such as streetscaping or maintenance issues.

Mr. Sharples said, as long as you identify it as an improvement project, it could certainly go into the TIF district and be included.

Chris Parker suggested not using the TIF for maintenance. He said he wouldn't want to get into a scenario of bonding for operations, which is essentially what this would be.

Councilor McCallion thanked Mr. Parker for attending the meeting and helping in this matter. In our case, to give a little bit more in the downtown corridor, for us to have to repave that or do repairs, it is a big expense for us. We don't want to use it for operations, but to get more bang for our buck in that area, because that is an area that will grow.

Mr. Parker said when he looks at maintenance, he looks at it as landscaping and improvements. He doesn't look at it as paving and plowing. If it is to keep something from deteriorating, then that is an acceptable use of the TIF.

Councilor Paradis asked if these TIF projects could be used to improve CIP projects at the school level.

Mr. Parker said, if it's a public improvement you could. It would be difficult to prove the rational connection that an improvement to a school is going to raise the property values around it.

Councilor Paradis said we need to improve the front of the elementary school, it needs security and the office needs to be moved to the front.

It would need to be investigated further, said Mr. Parker. The TIF district would essentially be the area around Maplewood School.

Councilor Messier said, just so he is clear, he understood a TIF to be taking care of projects, and he is thinking major projects. He doesn't want this to be a fund to augment the Highway Department. We designate High Street, so we plant a tree, then we can send over \$500,000. If that is the case, he will not support it.

City Manager Belmore said it is not for operational costs. We just want to make sure the Council and community is fully educated. He is sure the feasibility study will get into the weeds and clarify the issues and when we report back to Council, the issues will be clearer and more definitive.

Councilor Witham said he is assuming in Concord, with several TIF Districts, they must have started with one, found it to be successful and continued with other TIF districts. He said the crawl, walk, run theory makes a lot of sense with this since there are so many variables.

Mayor Hilliard, thanked Mr. Sharples for his presentations and Mr. Parker for attending.

The presentation ended at 6:25pm.

Respectfully submitted,

Trish Harris, City Clerk