

TOWN OF RANDOLPH
BOARD OF SELECTMEN
Tuesday, February 4, 2014
5:00 p.m.

BOS PRESENT:

Edward F. Gorham
Mark E. Roberts

OTHERS PRESENT:

Lynn R. Mealey, Town Clerk
John Larouche, Town Attorney
Bruce Holmes, representing Damariscotta Hardware
Janet M. Richards, Treasurer/Tax Collector
Ron Cunningham, Fire Chief
Rob Gardner, Damariscotta Hardware
Shana Cook Mueller, Attorney for Damariscotta Hardware

Meeting was called to order at 5:02 p.m.

Mark Roberts filled in as Chair for the meeting.

Ed Gorham made a motion to accept the minutes of the January 21, 2014 meeting. Mark Roberts seconded the motion. **VOTE – UNANIMOUS.**

Attorney Mueller from Bernstein Shur, gave all present with a handout basically explaining in simpler terms an overview of **Tax Increment Financing** which Damariscotta is asking the Town of Randolph to consider. This was explained from the point of view of the potential buyer and the town and what the benefits are to making TIF's work. A TIF allows the town to put arms around an area in town and say this is your TIF district and from that point it freezes the assessed value in that area and any value that is added to that district is called "captured value" and all taxes paid on that captured value go into a separate TIF fund as opposed to the general fund and they can be used on economic development. There are a variety of ways to use these funds but they all have to be put towards economic development purposes and one of the ways is to provide an incentive to a particular developer to do a project so in the end it is a property tax reimbursement which is an incentive.

A **credit enhancement agreement** is an agreement between the developer and the town that lays out how the reimbursement is to happen. The TIF statute allows for TIF districts to run for a maximum of 30 years. The town can capture increased value in a TIF district at 100% or any percentage capture in between. The town may want to only capture the amount that is going to be reimbursed to the developer and have the rest of it go into the general fund or use it for some other project that qualifies as economic development.

The financial benefit for the municipality was explained as: the town has a "State Valuation" from the State and that number drives calculations for other things - General Purpose Aid to Education, State revenue sharing, County Taxes and Additional Local Education. She showed a graphic regarding "Lost Revenue in Every New Tax Dollar which showed that Randolph has 74% lost revenue from every new tax dollar.

There was discussion about Summit and the gas lines in the ground and there is flexibility on the dates for putting in place possible TIFs. Perhaps this could be determined to be in a TIF zone which would benefit the town.

The TIF Statute requires a Public hearing and a town meeting vote with a 10 day notice of the hearing. After this is approved it must be sent to the State Department of Economic and Community Development for their review. They look at all aspects of the application to make sure it fits the statute.

The first step is for the Town to create a "**TIF Zone**" or zones within the town. This must be accomplished by holding a public hearing and a special town meeting. The total cost of the project is unknown at this time. It may be upwards of 1.2 to 1.5 million. Damariscotta Hardware feels that this would be good for the town as it will bring around 22 jobs to the town and tax revenue to the community. It was felt that TIFs will be good for the

developer and for the town. Ron Cunningham said that it will have to be explained to the taxpayers in detail that it can be a good thing. It can also be an incentive for other businesses to come into the area.

John Larouche feels that representing the Town, he can point out the features of bringing other businesses in to the town and there can be more than one TIF and there can be a variety of districts and can be tailored to the particular development. A great deal of the Water Street area is in the flood zone and makes development more difficult. There was discussion about working together with the City of Gardiner on the TIFs and their administration.

Next step for Damariscotta is to get the costs and other information needed and come back to the Town in March and try to set May or June as the time for a town meeting vote. There are a few other issues and we might be able to combine these into one special town meeting. The financing for the architecture and engineering design for building a new fire department is somewhat related and may be combined for this special meeting. They will come back to the town in about a month.

The Comprehensive Plan was discussed. It has been updated, sent to the State and approved and now needs to go to a public hearing and town meeting for final approval. Peter Coughlan wants to check with Chris Huck at KVCOG again but will get this procedure in motion. John Larouche feels that this plan should be in place before having the special town meeting on the TIFs.

Peter also asked if the Board would give him approval to put a video on the website that has come out of MMA regarding the impact of revenue sharing losses on the towns and cities. They gave their oral permission.

The representatives of Damariscotta Hardware left the meeting at 6:35 p.m. TIFs with regard to the Pipeline can be brought into this. Originally Summit said that the worth of the project was around 3.75 million dollars in equipment. It is very high cost equipment and materials and if the town can go back and capture that, they should. John said he will call Attorney Mueller and double check that the town can go back and capture this.

Financing for the new fire station was discussed. Before financing can be pursued, there will need to be architectural and engineering studies done and they will cost money. John looked into a CDBG grant but the funding has dried up, so there can be no funding for the initial studies in this form. It can be borrowed by a bond anticipation note if it is authorized by the voters. He got in touch with a Portland architect he is familiar with and told them the details and they said it would be around 5,000 to 6,000 square feet of building. It should cost roughly \$150 –\$200 per square foot for a prefab steel building with an overlay of brick.

They said all of this could possibly be done for \$10 or \$15,000. Once that is done the design work once ready to go out to bid would be around \$75,000.00 The Town could go through the Maine Municipal Bond Bank to and just bond the entire project. They issue twice a year, in May and October. Part of the bond in October will be for the expenses incurred for the A & E work. This could be off the ground pretty quickly. This will probably be approximately \$800,000 for the entire project. It was discussed how this could all work together with the TIFs.

John Larouche left the meeting.

Ed Gorham made **a motion to adjourn** the meeting. Mark Roberts seconded the motion. **VOTE – UNANIMOUS.**

Meeting was adjourned at 6:55 p.m. Next regular meeting is Tuesday, February 18, 2014 @ 5:00 p.m.

Respectfully submitted,

Lynn Mealey, Town Clerk