

CITY OF PRESQUE ISLE

Downtown Tax Increment Financing (TIF) Policy

(Downtown District Redevelopment)



Adopted by the City Council: September 3, 2008

Amended: March 2, 2009 (Map)

Amended by the City Council: July 7, 2021

Attest:


Kim Finnemore, City Clerk

City Seal

CITY OF PRESQUE ISLE

TAX INCREMENT FINANCING (TIF)

Downtown District Redevelopment Policy

TIF Program Intent - "This Downtown TIF Policy statement describes the means and objectives to improve the quality of life, the physical facilities in the designated Downtown area and helps to conserve and preserve infrastructure within the downtown as well as encourage economic and community development through the City's 30-year Redevelopment Plan..."

BACKGROUND SUMMARY

The purpose of designating the Downtown Tax Increment Financing District is multi-faceted, but is ultimately designed to motivate investment from Downtown building owners and businesses into revitalization of existing buildings, many of which are important and interesting structures which contribute to the overall „community character“ of the City's downtown district. Specifically, the purpose of the proposed new Downtown Tax Increment Finance (TIF) District is to provide a means to expedite the investment of public funds in the following areas without impacting property taxes and without burdening the general funds of City of Presque Isle.

Rejuvenating investment in downtown Presque Isle properties will require incentives for both the building owners and retail businesses. Once investments in downtown buildings and businesses are completed, the City should benefit by increased valuations, greater business attraction potential and increased tourism to the community.

By creating a Tax Increment Financing District that encompasses the downtown area, the City of Presque Isle, Maine can capture incremental new assessed tax revenue from the district to help finance necessary public infrastructure and assist in financing individual projects through Credit Enhancement Agreements or municipal bonds. The Presque Isle Development TIF Program should be monitored and be amended as the anticipated projects and activities become more defined in terms of priority and cost.

FINANCIAL PLAN

Anticipated Investment for District Development Projects

The City of Presque Isle has recently undertaken and completed a Downtown Redevelopment Plan in August 2020 by an ad-hoc committee comprised of downtown businesses, planning board and city officials.

It is the intention of the City's "Downtown TIF" to create a TIF Revenue Fund, which can be used for approved projects within the adopted Downtown TIF District or areas outside the area that are stipulated in the Maine Department of Economic & Community Development approval letter. The City may also issue bonds for infrastructure projects that will increase investment within the TIF District. Presque Isle Development Loan funds will be available to stimulate private reinvestments and building repairs as needed.

- The City will apply 100% of the "new" Captured Assessment Value (CAV) (based upon true property improvements, not normal Assessor's schedule adjustments) to the District's Development Program described above. This will shelter the TIF revenues to the maximum possible degree and thereby ensure that the City maintains its present position with respect to State subsidies (receivables) and County taxes (payables), all other things being equal.

Guidelines that Determine Level of Municipal Participation

The following will be used to determine the level of participation, if any, by the City of Presque Isle:

1. The City's participation is economically necessary and involvement by the City is needed in order for the project to be undertaken. Justification for economic need and City involvement must be demonstrated by:
 - a. A need to offset infrastructure costs unique to the site; or
 - b. The project creates long-term, permanent, and quality employment opportunities of over three full time jobs; or
 - c. A need to offset economic advantages available to the entity if it should build (or expand) outside of Presque Isle; or
 - d. The unavailability of sufficient private or other public funding sources to meet the full capital investment needs of the entity seeking assistance; or
 - e. The private investment carries with it a need or desire for publicly owned improvements that the applicant and the city wish to include; or
 - f. The project improves a blighted area in need of redevelopment or an area identified as a priority by the City of Presque Isle (See attached Downtown area map); or
 - g. The project helps stimulate other business(es) within the City or offers presently unavailable economic benefits;

THE DURATION OF THE PROGRAM

It is anticipated that the duration of the program will be for a period of thirty (30) years to fully realize the potential for additional projects that may have significant economic impact to the city and region, and to capitalize permanent funding for revolving loan and investment funding mechanisms.

Basic Provisions

1. Tax increment financing agreement of ten (10) years or less are highly preferred by the City when structured as a CEA. Projects involving bonds for public infrastructure may be considered for the maximum time allowed by law.
2. The Credit Enhancement Agreement will provide for the recapture of the benefits if the project should move to another municipality. Assignments, at the sole discretion of the City, will be allowed only for conventional commercial financing purposes or where the proposed assignee agrees to be bound by the same terms and conditions as the original applicant.
3. The applicant must provide any and all documentation deemed necessary by the City of Presque Isle and the Maine Department of Economic and Community Development to substantiate the TIF requirements and to protect the City's economic and financial position.
4. Invoices, cancelled checks, lien waivers and other documentation supporting cost reimbursement proportional to the captured value must be substantiated with documentation from non-affiliated companies.
5. The City of Presque Isle will consider only increases to the value of real estate (land and buildings) in determining the tax increment.
6. All applicants will sign a Professional Fee Consent Form agreeing to directly pay or reimburse the City for all outside professional costs, such as application preparation by a consultant, legal, accounting, and advertising, incurred as a result of the Tax Increment Financing proposal, whether or not Tax Increment Financing is approved. Applicants also will agree to reimburse all out-of-pocket expenses incurred by the City of Presque Isle, such as photocopying, postage, travel, etc., again whether or not Tax Increment Financing is approved.
7. The City will not entertain a CEA agreement for a Maine businesses' relocating to Presque Isle within a 25-mile radius.
8. The project creates new incremental real estate tax value equal to, or greater than, Fifty-thousand dollars (\$50,000). The value of new, incremental personal property tax value may be considered if the value is equal to, or greater than, the value of the new incremental real estate tax value.
9. The applicant must provide evidence of financial capability to undertake the project by submitting one of the following.
 - a. A letter from a financial institution, government agency, other funding agency, or private investors, indicating a commitment to provide a specified amount of funds, and the uses for which the funds may be utilized.
 - b. In cases where funding is required but there can be no commitment of money until approvals are received, a letter of "Intend to Fund" from the

appropriate funding institution indicating the amount of funds and their specified uses.

c. The applicants' most recent corporate (or other entity) annual report indicating availability of sufficient funds to finance the development, together with explanatory material interpreting the report.

d. Evidence indicating availability of funds if the developer will personally finance the development.

e. The developer has a responsible history with personal/corporate property tax payment and pledges to continue that responsibility

10. At least five percent (5%) of the District's Development Funds on an annual basis will be earmarked for use by the Downtown Revitalization Committee for marketing and event promotion of downtown events.

11. At least five percent (5%) of the District's Development Funds on an annual basis will be earmarked for the use of the City's Department of Economic & Community Development to be used for economic development operations.

Standard Operating Procedures

The City of Presque Isle will coordinate all activities regarding applications for tax increment financing. Working with applicants, the City will undertake the following preliminary steps:

1. Provide information on tax increment financing;
2. Discuss project proposals and accept preliminary applications;
3. Review preliminary application based upon Downtown TIF policy guidelines with City Manager, Finance Director, Director of DECD, and legal counsel;
4. Advise applicants on the findings of the municipal and legal review;
5. City staff, and the City Solicitor will make written recommendations to the TIF Review Committee comprised of a City Councilor, Downtown Revitalization Committee member, City Finance Director, PI DECD Director and Appointed Citizen-at-Large;
6. Based upon TIF Review Committee's recommendation, the City Council will approve, deny, or propose amended terms to an application in a public meeting.
7. Based upon the City Council's direction and approval, the City will prepare and submit applications for tax increment finance downtown district designation and project approval to the Maine Department of Economic and Community Development;
8. The City will monitor on-going public and private investments in the particular development project;

9. Applicants approved for CEA or other public investment by program funds must provide the City with employment, sales and other economic data to be presented to the Council in a summarized annual report justifying the TIF District funding
10. The City Council of the City of Presque Isle will determine from time-to-time the location(s) where preliminary applications for tax increment financing may be obtained.
11. Any out-of-pocket expenses, incurred by the City, in connection with the Tax Increment Financing proposal will be reimbursed by the applicant, whether or not the TIF is approved.

CREDIT ENHANCEMENT AGREEMENT (CEA)

Credit Enhancement Agreements are designed to create a tax refund structure on FUTURE investments in the Downtown TIF District that result in significant increased valuation. The objective of the Credit Enhancement Agreement is to encourage private capital investments for the purpose of rejuvenating district structures and generating new occupancies. Credit Enhancement Agreements to return a portion of TIF revenues from assessed value of building improvements to the owners based on the assessment and improvement strategy previously outlined. Such CEA will comply with terms stated herein.

1. A CEA agreement is anticipated to be no greater than ten (10) years for development and twenty (20) years for public infrastructure
 - a. A general CEA (non-public infrastructure) terms will be staggered to decrease over a period of years of no greater than 50% for four (4) years, 35% for three (3) more years, and 20% for another three (3) years of CAV
 - b. Public infrastructure CEA projects may be bonded by the City at 100% of CAV
 - c. The term limits do not preclude additional years for an amended agreement where economic expansion is occurring by the applicant.
2. An additional 5% may be added to the general CEA for job creation of 3-9 jobs and an additional 10% for 10 plus jobs created by a business
 - a. This amount will not decrease by staggered term outlined in section 1.a. above
 - b. If the business cuts jobs in the future, this bonus will decrease if it falls below the requirements in subsection 2.
3. An additional 5% may be added to a general CEA that relocates to Presque Isle with an additional 5% if the business can justify future cluster development within the next 5 years.
 - a. Failure for new development to follow will decrease the cluster development bonus.

Downtown Food & Drink Establishment Program

In an effort to encourage a downtown restaurant and night scene, the City of Presque Isle will offer to pay state and city license fees through the District's Development Program Fund for restaurant establishments located in the Downtown Area (see map). All establishments must be in compliance with all state and local laws and in good standing

with taxes and rental agreements (if applicable).

1. A simple application form will be developed by the City and records maintained by the City of Presque Isle's Department of Economic & Community Development

ADMINISTRATIVE COSTS & APPLICATION FEES

The City will assess a 1% annual reimbursement to the City for administration of programs & CEAs funded through the TIF. Applications for CEA will be \$250 plus reimburse city for all legal costs to draft and administer agreement.

- a. Food & Restaurant License Program is exempt from the application fee and consent form. Instead, the City will charge a \$5 application fee and create a simple application form

Reimbursement & Transfer of Ownership

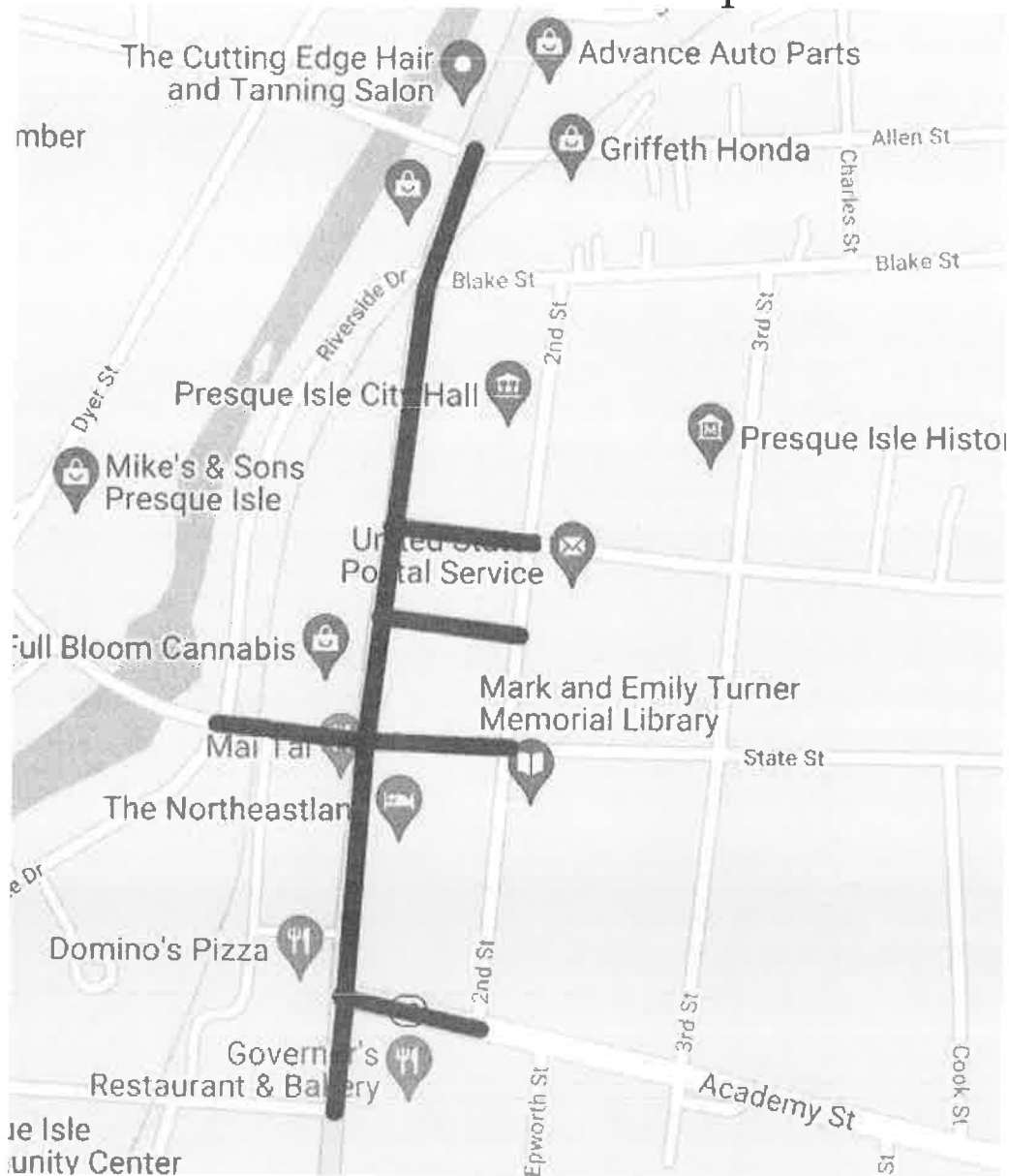
The credit enhancement agreement (CEA) shall provide for a recapture of the benefits if the project should move to another municipality prior to the end of the TIF term. CEA assignments will be allowed only for conventional, commercial financing purposes and where the proposed assignee agrees to be bound by the same terms and conditions as the original applicant. The initial application shall contain a written statement confirming that:

1. The applicant agrees, if the TIF District is approved, to notify the Town in writing prior to any transfer of ownership of real or personal property within the District and,
2. The applicant will obtain from the new owner a written agreement to accept the provisions of the TIF and credit enhancement agreement as presented to and approved at Town Meeting.

Suspension of the Downtown Policy Rules

The City Council may suspend the rules outlined in this policy on a case by case basis only by an affirmative vote of five councilors in a public meeting.

Downtown Area Map



Includes the properties on:

- Main Street from Chapman Road to Park Street
- Academy Street from Main to Second Street
- State Street from Second Street to Riverside Drive
- Hall Street from Main to Second Streets
- Church Street from Main to Second Streets

Downtown TIF District Map

