



2019 Annual Town Meeting – Tax Increment Finance (TIF) District Reauthorization (Article 14)

March 16, 2019



Article 14 – TIF District Reauthorization

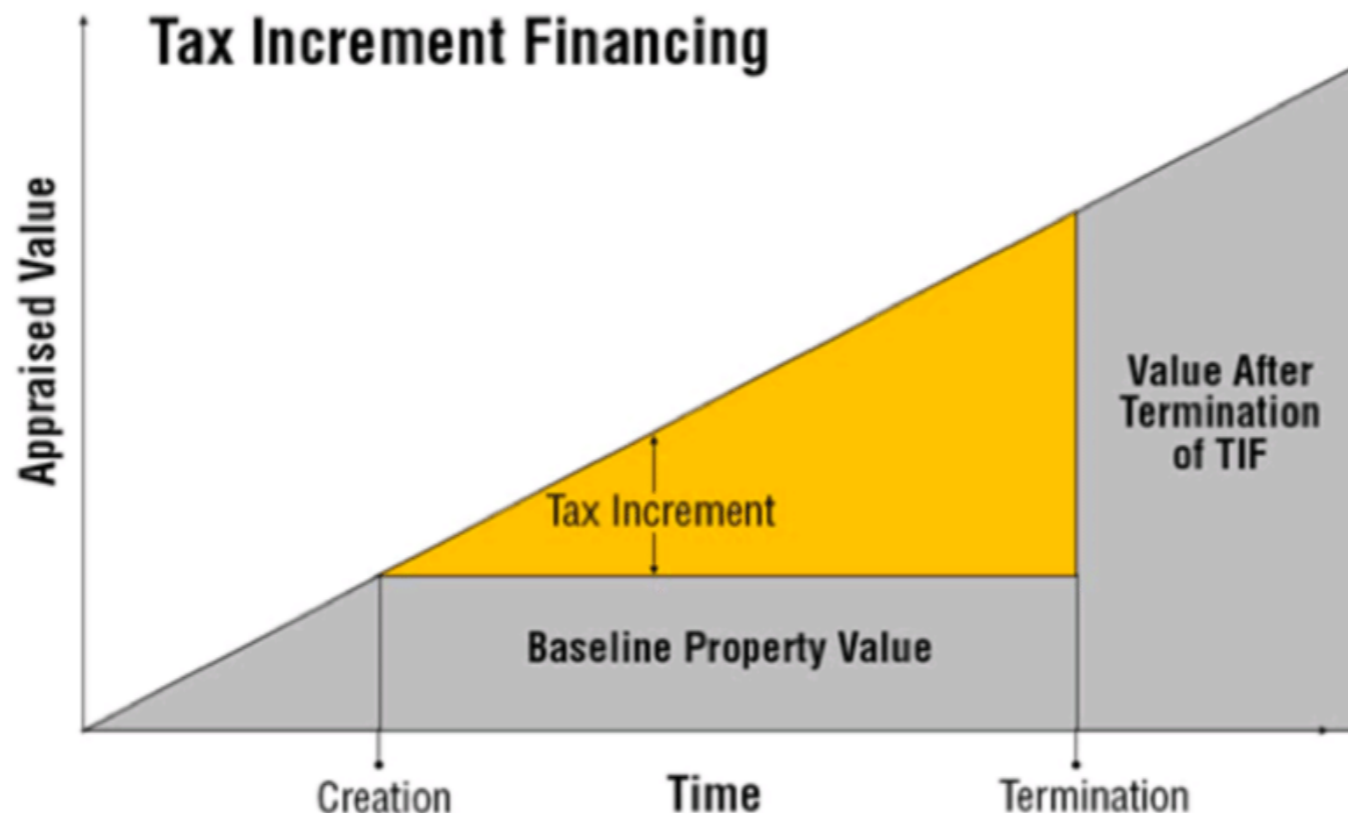
To see if the town will vote pursuant to RSA 162-K:9, IV to extend the term of the current Enfield Tax Increment Finance District and tax increment financing plan, which is scheduled to expire on February 8, 2020, to February 8, 2030. (Majority vote required)



What is Tax Increment Financing (TIF)?

Tax Increment Financing (TIF) is a method of financing public improvements with the incremental taxes created by new construction, expansion, or renovation of property within a defined area of the community.

The TIF is typically used as a funding mechanism for infrastructure improvements intended to foster business growth and new development, as well as cleaning up existing dilapidated development (thereby increasing the commercial tax base).





When and how was TIF adopted in Enfield?

2005 Annual Town Meeting (Article 9)

To see if the town will vote to establish a municipal economic development and revitalization district for an area as shown on the map entitled “Enfield Tax Increment Finance District dated February 9, 2005” per revised state statutes Chapter 162-K. This district formation and plan proposes several public infrastructure projects that would be instrumental in contributing to new investment and reinvestment in the area. Further this plan authorizes the Board of Selectmen to appoint a five-member (5) Advisory Board for such a District and to delegate administration of the plan to the Community Development Director in cooperation with the Advisory Board and Board of Selectmen. Said District to be in existence for a period of 15 years unless rescinded or extended by Town Meeting.

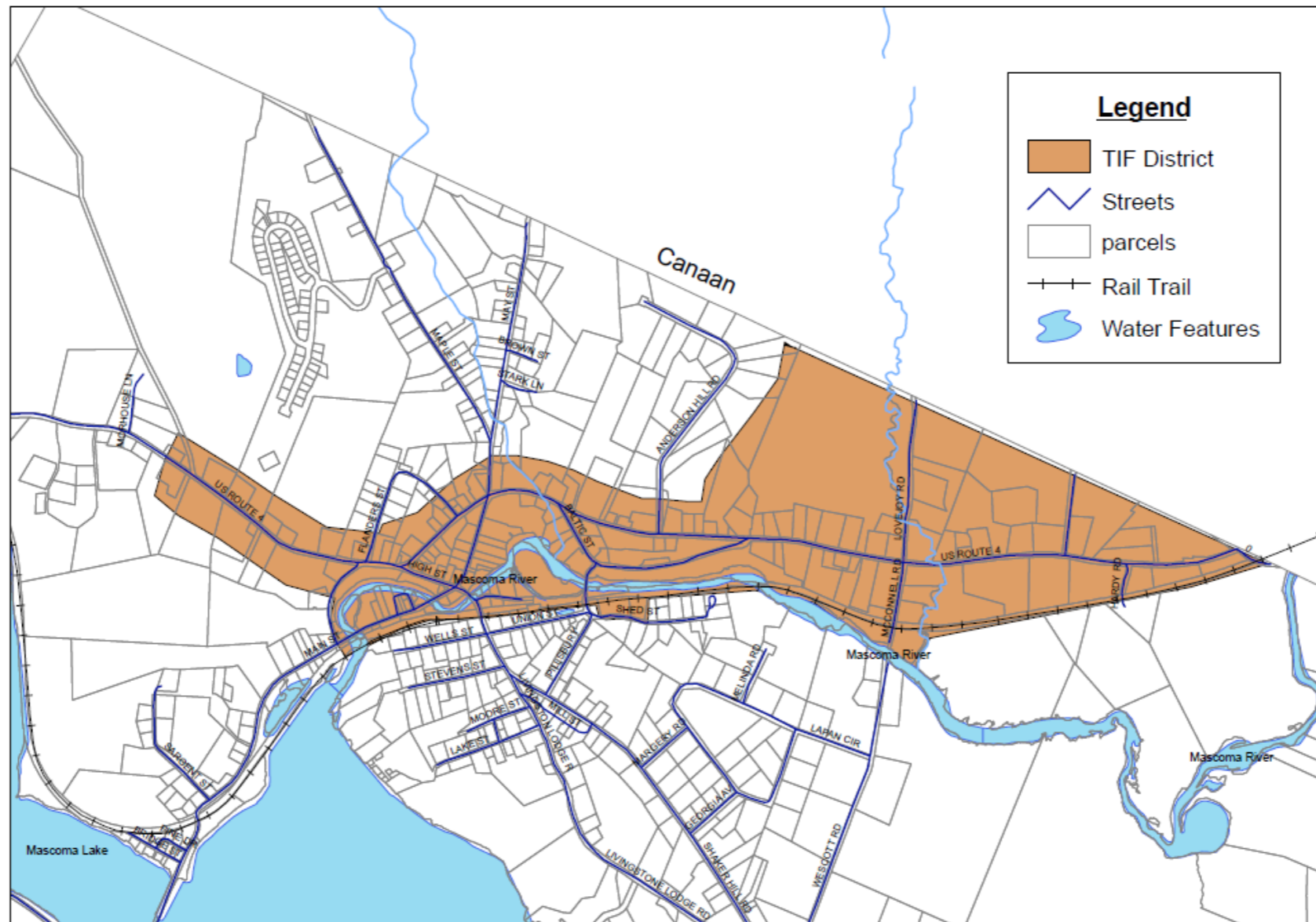


Where is Enfield's TIF District?

The TIF District was adopted March 12, 2005 at Town Meeting and redefined/amended on March 14, 2009. The amendment removed what has been known as the "Ironman Development". The Ironman Development was never realized, but was a proposed housing development in an area with frontage on Route 4 and Maple Street.



Enfield Tax Increment Finance (TIF) District Base Map





What is the TIF District intended to do?

2005 TIF District Plan Excerpt:

The purpose of the district is to fund public improvements to roads, intersections, sidewalks, sewer, water, drainage, lighting, signage, utility poles and lines, broadband telecommunications, landscaping, or other associated improvements that will help create and support development of mixed land uses, typical of New England Villages and consistent with Enfield's own traditions.

It is recognized that this area is the core commercial area in the Town that provides a substantial number of jobs and services, and also represents an important part of the non-residential Tax base of the community.



(Re)development in the TIF District

(since its inception)

New Buildings

- Shaker Granite
- Hale's Garage
- Family Dollar
- Hess Landscaping
- Jake's Market

Significant Improvements

- Over a dozen other commercial and residential properties

Total Rehab Projects

- 18 High Street
- Greeley House
- Energy Emporium
- Action Overhead Door Barn
- 323 US Rte 4
- 335 US Rte 4
- 32 Baltic Street
- 8 Flanders Street
- 18 Flanders Street



What projects have been completed with TIF funding to date?

The TIF District Fund has financed the following projects since inception:

1. 2013 Route 4 sewer and water extension - \$3.2 million
(annual principal & interest of \$162,247; loan paid off by 2042)
2. 2013 Route 4 sewer & water extension - \$636,000
3. 2013 Engineering - \$23,000
4. 2014 Route 4 sewer & water extension - \$7,500
5. 2016 Route 4 sewer & water extension - \$4,400
6. 2016 Huse Park improvements - \$16,500
7. 2016 Lovejoy Brook Road bridge project - \$9,000
8. 2017 Lovejoy Brook Road bridge - \$250,000



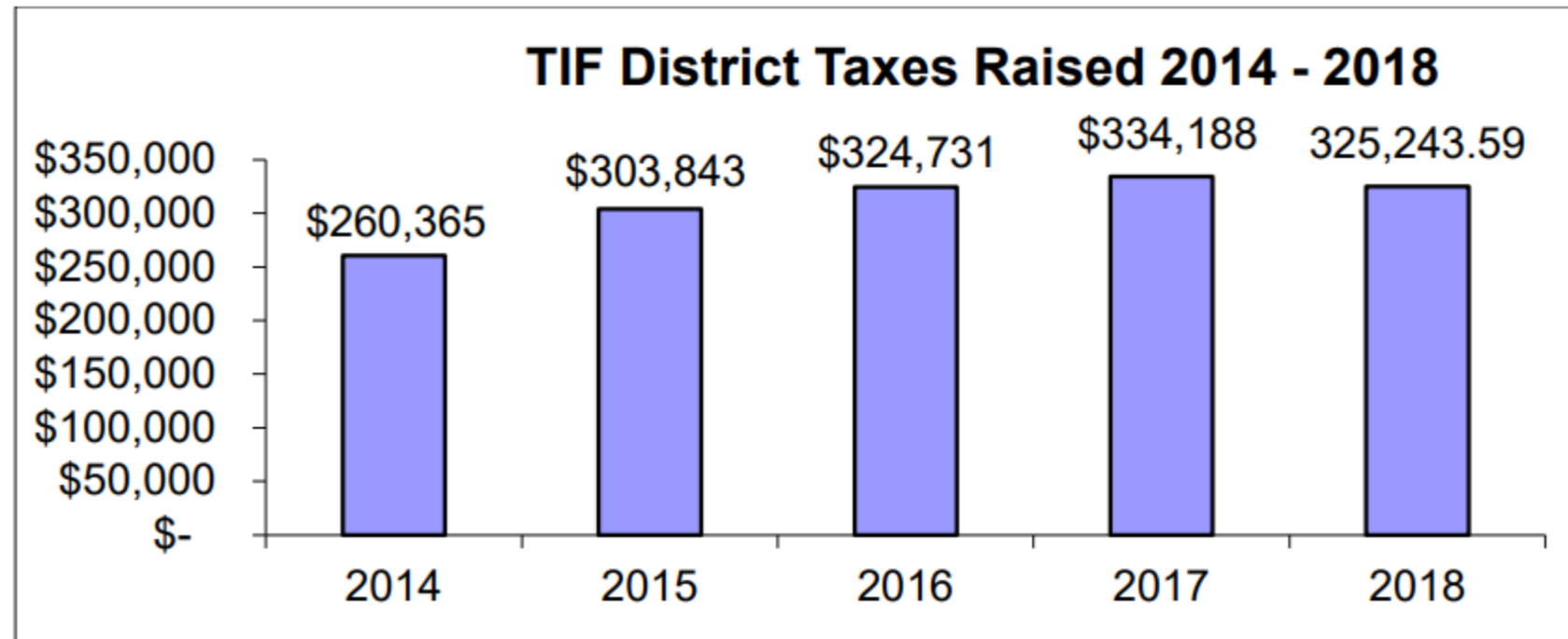
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Tax Dollars Retained for TIF District



3-Year TIF District Revenue History

	2016	2017	2018
Current Assessed Value	\$44,334,894	\$44,947,780	\$44,414,524
Taxes Raised to be Retained for the TIF District	\$324,731.00	\$334,187.50	325,243.59
Total Taxes Raised Since Inception	\$ 2,561,271.18		



TIF Fund Balance

Audited Balance as of Year End 2017	\$	899,519
Plus Taxes Raised in 2018		325,244
Less Expenses		<u>(167,121)</u>
Un-Audited Balance as of Year End 2018		\$1,057,642



TIF District Debt Service

Current TIF District debt service can be summarized as follows:

- Lending institution: Mascoma Bank
- 2013 loan with a 30-year term (2042)
- 2.95% interest rate (rate is fixed thru 2022 and then may be adjusted)
- Original loan balance: \$3,200,000
- Outstanding principal balance as of 1/1/2019: **\$ 2,787,814.38**
- Minimum annual payments: \$162,247



Why reauthorize the TIF District? (1 of 2)

If Article 14 does not pass, and the TIF District is not reauthorized, then the Town will be required to use the roughly \$1 million in existing TIF fund balance to make a payment on the existing loan debt for the US Route 4 water/sewer extension project in 2020.

→ this would still leave over \$1.7 million in loan debt.

Due to insufficient cash on hand the Town would be required to do short-term borrowing to meet regular operating expenses.

Even with this payment to principal, there would still be over **15 years** of debt service payments (assuming the Town made the minimum \$162,247 annual payment) before the debt was eliminated.



Why reauthorize the TIF District? (2 of 2)

Extending the term of the TIF District to a time when the Town's general financial condition is stabilized would allow additional payments to principal thereby reducing the term of repayment and also reducing the amount of interest paid.

Reauthorizing the TIF District would help avoid likely cash flow problems that would result from taking the available fund balance out of the Town's general operating account.

If such a large amount of money were taken out of the Town's operating account it is likely that the Town would ultimately need to engage in short-term borrowing to meet regular operating expenses for the General Fund, Water and Sewer.



In Closing

Reauthorization to 2030 should allow sufficient time for the Town to realize an improved financial position.

It is the intent of the Town to apply additional payments to debt principal as soon as possible in order to retire the loan at an earlier date.

In the interest of sound financial practices, it is the recommendation of the Board of Selectmen and Budget Committee to extend the term of the TIF District to 2030.

At the time of the expiration of the TIF District the remaining TIF District fund balance will first be used to pay down any outstanding TIF District debt and any remaining funds will be deposited into the undesignated fund balance of the General Fund.