Route 3A Infrastructure Inter-Agency Task Force Report and Recommendations

For the
Town of Hooksett Town Council, New Hampshire

By
ADG- Arnett Development Group LLC

October 28, 2016 REVISED
The Beginnings: What and Why

Master Plan encourages:

- 3A commercial development
- Infrastructure for sewer collection
- Environment enhancements

Community Development issues RFPs for Tax Increment Financing (TIF) Plan Dec 2015 with Master Plan funding ADG LLC selected to produce options and plan for Town meeting 2016 ($11,700)

- Due to lack of better engineering cost estimates and options, ADG-Town agree to use contract to improve information.
- Plan rescheduled for 2017 to get better information, policies, consensus
- Sewer Commission agrees to fund planning-options work ($12,500)
- Sewer enhancements along Route 3 and other possibilities considered and declined
- Water improvements along 3A are an added consideration
Initial Q&As, Findings

• Focus on 3A, town line (exit 10 area) to exit 11 area
• Sewer primary issue
• Determine sewer treatment capacity and Sewer Commission interest
• Do inventory of buildings, sites and development potential
• Residential properties excluded
• Assess funding strategies including:
  • TIF bonding
  • Grants
  • Private funds
  • Sewer Commission
What is a TIF: Tax Incremental Financing District?

- A financial tool to help pay for public infrastructure faster
- Faster pay-off of any debt means less total interest
- Not a:
  - Grant
  - Tax increase
  - Tax decrease
  - Revaluation
  - Fix for a bad idea
| Property | Address | Use | Assessed Value | Taxable Value | Location | Yearly | Total | Taxable | Mediation | Restoring End Date | Redevelopment Cost | Total | Budgeted | FYA | FYB | FYC | FYD | FYE | FYF | FYG | FYH | FYI | FYJ | FYK | FYL | FYM | FYN | FYP | FYQ | FYR | FYS | FYS | FYT | FYZ | FYZ |
|----------|---------|----|----------------|---------------|----------|--------|-------|---------|----------|------------------|------------------|-------|---------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Property 1 | Address 1 | Use 1 | Assessed Value 1 | Taxable Value 1 | Location 1 | Yearly 1 | Total 1 | Taxable 1 | Mediation 1 | Restoring End Date 1 | Redevelopment Cost 1 | Total 1 | Budgeted 1 | FYA 1 | FYB 1 | FYC 1 | FYD 1 | FYE 1 | FYF 1 | FYG 1 | FYH 1 | FYI 1 | FYJ 1 | FYK 1 | FYL 1 | FYM 1 | FYN 1 | FYP 1 | FYQ 1 | FYR 1 | FYS 1 | FYS 1 | FYT 1 | FYZ 1 | FYZ 1 |

At 2015 tax rate of $24.72
$656,054.97 | $328,027.48 | $164,013.74
Potential Project(s)

• Sewer Commission sub-contracts engineers for options

• Sewer connection to Treatment Facility - Five (5) options:
  1. To Manchester
  2. Sewer at exit 10 and pump under river nearby
  3. Pump mid-route for exit 10 ($9M) or:
  4. Pump mid-route for exit 11 (9M), or
  5. Both exits 10 and 11 in two phases
     • $9M to $18M range (Option 5)

• Several presentations of Findings

• Report submitted and accepted
Options

Option 1

Option 2

Community Outreach - October 19, 2016
Options

Option 3

Option 4
Moving Toward Implementation

- Task Force established for review and recommendation:
  - Planning Board
  - Economic Development Committee
  - Sewer Commission
  - Town Council
  - Private owners

- Village Water District Invited mid-way and has participated

- New contract to ADG ($7,000) and engineers (@ $7,000) to find **cost-sharing formula** acceptable to all entities

- Fast-Track Meeting schedule:
  - Aug, Sept and Oct
  - Task Force w ADG and/or Engineer
  - October
  - Joint Planning Board and Economic Development Committee
  - Public Meeting
  - November
  - Public meeting
  - Town Council
## Cost Sharing Spreadsheet

Full e-version with Town

Several formulas provided
Revenue and Costs Research & Findings
Non-Residential Only

- 74 commercial properties for full Option 5 area
- 650 Developable acres
- 1.2m existing sq ft
- $132m assessed non-residential valuation
- Range of assessed values, @ 3 scenarios:
  - + 5% $6.6m = $164,014
  - + 10% $13.3m = $328,027
  - + 20% $26.5m = $656,055
- *This is not projection, but only to show a range of possible effects*
- Existing commercial properties assessments range from under $10,000 to up to $16m

- At $24.72 combined tax-rate, and at 50% of potential realized, combined revenues would be:
  - + 5% X $6.6m = Rev of $82,000
  - + 10% $13.3m = $164,000
  - + 20% $26.5m = $328,000

- Town Assessor states that new sewer access will not inherently increase assessed values, but may if market values increase (see statement)
# Research - Findings - Projections: Non-Residential Only

<table>
<thead>
<tr>
<th>Bond Description</th>
<th>Term Years</th>
<th>Principal and Interest</th>
<th>Principal Interest</th>
<th>Potential Revenues</th>
<th>Tax Impact/yr</th>
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<tbody>
<tr>
<td>$645,000 (Preliminary Engineering Study)</td>
<td>5</td>
<td>$135,000</td>
<td>$16.17</td>
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<td>$16.17</td>
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<td>$9M (Phase 1 Construction)</td>
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<td>$720,000</td>
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<td>$9M less 40% development fee = $5.4M (Phase 1 Const)</td>
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<td>$69.30</td>
<td>$164K</td>
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<td>$18M (Full Buildout)</td>
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<td>$1,440,000</td>
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<td>$328K</td>
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<td>$864,000</td>
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Costs and Revenues

• Costs:
  • Town bonding and action required to initiate new development
  • General Obligation bond required
  • Manchester least expensive Option but:
    • Leaves exit 11 area out
    • $3M connection fee
    • Operating revenues do not go to Hooksett
  • First Phase $9M +/- including mid-route pump station (Options 3 or 4)
  • Second Phase $6M to $9M +/- (Option 5)
  • Pre-design planning, project management
    • $625,000

• Revenues
  • New TIF revenue not enough to cover 100% of debt service of full project without new significant, non-residential development
  • Good development potential at both exits
  • Private sector should help finance
  • Target 60% public/40% private
  • Growth in TIF revenue over time to pay-back the 60% if the District is successful
  • Sewer line construction cost-sharing formula proposed for private funding:
    • Existing sq footage (50%)
    • Developable acres (40%)
    • Project use-gallons (10%)
  • Paid ONLY if connection made
  • User also pays usual sewer fees
Possible Results

Negative:
• Voters approve either the Planning budget, or either construction budget and TIF does not generate enough new funds, increases taxes
• Without significant development, the TIF revenues will not be adequate; there will be an increase in taxes
• Town-School-County Operating budgets defer revenue gains until bonds paid-off
• New infrastructure causes traffic problems or other growth-related issues
• New 3A development is competition for other Hookset businesses
• New 3A development makes properties higher assessed
• Increase development in exists10/11 area may require new Town facilities such as Police and Fire Facilities
• Water District may need to extend water main to be paid by users of water.

Positive:
• When TIF bond is paid off, town-schools–county then realize 100% of new tax revenue
• New development not lost to other communities, existing businesses stay-expand
• New jobs
• Better land-use due to better utilization of sites without septic
• Shift of tax-burden from Residential to Commercial
• Residential neighborhoods may elect to also connect...
3A Task Force Findings & Recommendations

- **Findings:**
  - 3A needs sewer infrastructure
  - Targeted area should be as designed for TIF including exit 10 and exit 11 area, no Residential
  - TIF District Plan should be drafted and adopted by Town Council before next assessment date (April 1, 2017)
    - WITHOUT any funding commitments but
    - WITH $ Cap (ex: $18m) if approved by voters in subsequent Warrants
  - Build and finance in two phases

- **Recommend:**
  - 60/40 Public/Private is target
  - Cost-sharing formula agreed upon
  - Warrant pre-construction planning-engineering work at $645,000 Town Meeting 2017
  - Fund the $645,000 so that it is TIF reimbursement eligible
  - Work with private owners in 2017 for pledges
  - Be ready to make a “go” or “no go” decision for Town Meeting 2018
  - IF “go”, proceed with the exit that is most ready, 40% match committed
Questions and Comments?