Financing Commercial and Industrial Sewer Infrastructure

Presented to the Town of Hooksett Planning Board
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Financing Commercial and Industrial Sewer Infrastructure to Exits 10 and 11 and the Tax Increment Financing (TIF) District Option

**Tax:** Local Property Taxes: Town, School, County, State Education

**Increment:** The Total local taxes received above what is now received

**Financing:** A tool to accelerate debt pay-down and lower debt-service costs to taxpayers

**District:** A temporary designation by Council of a desired growth area, that does not impact any other uses
A TIF District:

- **Is not – does not:**
  - Change anyone’s tax rate, tax assessment, obligations, form or timing of tax-payment to Town
  - Reduce or effect bond rating or capacity
  - Require any public spending, ever
  - Effect zoning, allowable uses, or other Town-designated districts
  - Last forever, or get too large
  - Change capital budgeting procedures
  - Expand or amend easily
  - Apply to private property

- **Is – does:**
  - Instrument of the Town and controlled by Council and Town Administrator
  - Allow up to 100% capture of new, incremental property-tax revenue for paying debt, vs 20% +/- Town portion.
  - Saves Interest costs for taxpayers
  - Terminates when all IOUs are paid
  - Invisible to tax-payer if “in or out” of the District
  - Strictly limits uses of financing and revenues
  - For town-owned infrastructure only
Planning Policy Questions

• Is it a good idea to provide municipal sewer services to:
  • Exit 10 area
  • Exit 11 area
  • The section of Route 3a that connects both?

• If “yes” or “maybe”:
  • Where?
  • When?
  • For Who?
  • How much?
    • What are capital and operating costs?
    • What are operating and potential new property tax revenues?
  • What is the best way to finance the public infrastructure?
    • Private funding
    • Public funding: debt, fees, TIF increment saving
Exits 10 and 11 and 3a Sewer Extensions

• Possible “Why not”:
  • Cost to tax-payers
  • Growth happening anyway  
    • See Exit 10 to-date
  • Too much growth already  
    • Negative impacts
  • Existing ground based systems are working, don’t duplicate
  • Lowers sewer treatment capacity for elsewhere
  • It is seen as a business subsidy
  • Wait: see what happens

• Reasons to Invest:
  • Tax incremental revenues are greater than all costs during debt-period
  • No loss of existing revenues
  • 100% gain to tax-payer once paid-off
  • Encourages better growth by higher density
  • Growth along 3a corridor a Master Plan goal
  • Existing septic at Exit 10 inadequate
  • Property-value added to Ex 10, 11 and 3a lands, and Town-owned parcel
  • Sewer treatment capacity is adequate  
    • Generates positive operating cash flow
  •Jobs for residents, help local business
  • Waiting may be a lost opportunity, lose significant Increments forever
  • Local business and investors go elsewhere
The TIF Development Plan
Questions and Answers:

• Where?
  • Along 3a
  • Not along Route 3
  • Commercial and non-residential zones

• When?
  • Design and Engineering- 2016
  • Construction- 2017

• For Who?
  • Commercial and Industrial zones
  • New and existing business
  • Residential may hook-up, not required

• How much?
  • What are capital and operating costs?
  • What are operating and potential new property tax revenues?

• What is the best way to finance the Infrastructure?
  • Private funding
    • Wal-Mart Escrow
    • Connection Fees
  • Public funding
    • State loan funds and grants
    • Sewer Commission escrows
    • Public bonding via TIF
    • TIF Escrow- save and invest later
Possible Actions and Key Considerations

- **Key Considerations:**
  - Costs and Revenue Projections
  - New development potential
  - Timing:
    - Town Meeting deadlines and Warrant language
    - 2 years to design and build
    - Opportunities lost if delayed or rejected
    - Borrowing costs
    - Other bonding requests
  - Voter education and concerns
  - Sewer Commission operating issues

- **Good idea?**
- **Now or later?**
- **Determine participation of:**
  - Sewer Commission
  - Private Investment Funds
    - Wal-Mart, new exit 11 proposals
  - Strategy to get adoption
- **Submit a TIF Development Plan to Town Council and adopt, or reject**
Next Steps and Decisions

• Adopt a TIF District to either:
  1. Start building up the Increment “just in case”
  2. Fund additional planning and design
  3. Fund full engineering drawings
  4. Authorize bond - or save- then:
     • RFP for build
     • Escrow private contributions
     • Escrow any new TIF revenues
     • Establish the required Advisory-Oversight Committee via Council
     • Monitor compliance

• Votes: Determine boundaries
  • Amend current District Boundaries, or
  • New District
• Allowable uses proscribed
• Prohibited uses listed
• Costs: “Not to exceed”
• Revenue forecasts over time
• Differences over time
• Decide excess TIF revenue to debt versus General Fund (ex: 50/50)
• Set Conditions required for vote
Questions?

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