

BOARD OF SELECTMEN INFORMATIONAL FACT SHEET – MARCH 14, 2013

ROUTE 236 Sewer Expansion Project

This June, Eliot will be voting on the Route 236 Sewer Expansion Project. Adding sewer service in the Commercial/Industrial (C/I) zone along Route 236 provides an incentive for companies to locate here, allows companies already here to grow beyond the capacity of their septic systems, and opens up more land for commercial development which is limited by septic system requirements. Of 45 communities with similar traffic flow/opportunities, Eliot ranks 44th for retail sales, and 43rd for jobs. We need to change that for the economic future of Eliot. An active and growing C/I zone will help keep our tax rates stable and relatively low, while potentially providing job opportunities for our citizens. The Route 236 Sewer Expansion Project thus forms the basis for possible further expansion of sewer services in the future. Based on the information compiled from various sources, the Board of Selectman unanimously and wholeheartedly endorse the sewer expansion project as proposed.

In 2009 the Town of Eliot established a Tax Increment Financing (known as the TIF) District. This was established through a town meeting vote. Prior to the vote, in an effort to make an informed decision, the Board of Selectmen established a TIF implementation committee and contracted the services of legal, professional, and technical firms.

The financial impacts affect only any new assessed valuation within the limits of the TIF district. This sheltered revenue is to be used in support of business development projects. The Board of Selectmen moved forward with a sewer extension project that would service the commercial and industrial zone. This project was approved by the Department of Economic and Community Development of the State of Maine.

The TIF plan costs the taxpayers no additional tax dollars. What it does do is make some of our most expensive commercial properties essentially “invisible” to the State when it comes to evaluating the Town’s total value, used to determine what State Aid we receive as well as what the Town’s portion of the SAD35 tax bill is for the school year. The result is higher State funding assistance, and a slightly lower Eliot portion of the school bill relative to South Berwick. If these TIF tax revenues were NOT sheltered but instead were added to the Town’s revenues there would have been a tax relief of approximately \$35.00 per year on the average property owner’s \$250,000.00 assessed valuation. This was reaffirmed in 2012 by the State of Maine revenue service.

The Town of Eliot has engaged the assistance of the following groups as they relate to the potential sewer improvement project, known as the Route 236 Sewer Expansion Project, in technical, financial, and legal areas:

- Bernstein Shur – Legal/financial
- Underwood Engineers – Technical
- CDM –Sewer contract review
- TIF Implementation Committee – Advisory
- CLD Engineers – Technical
- Eaton Peabody Consultants – Development potential
- Sewer Committee – Advisory
- Administrative Assistant – Acting TIF administrator
- Sewer contract negotiation committee – Contract review advisory
- Department of Public Works – Director Involvement in all aspects
- Board of Selectmen (BOS) – Final review of all material, and decision maker of what to put in front of voters

The Route 236 Sewer Expansion Project is slated for a referendum vote in June at the annual Town Meeting. Public Hearings are scheduled that include many of the groups listed above, to answer resident questions.

Engineering preliminary designs are available for review at the Town Hall. These plans were produced by Underwood Engineers in April of 2012, and referenced Value Engineering and Preliminary Design Reports. In designing the Route 236 Sewer Expansion Project, the engineers were tasked to work with the town’s Sewer Committee to identify areas within the Town that potentially would require sewer service, and accommodate those potential needs within the design in regards to pump station locations, etc.. All bond debt that covers engineering, construction, administration, and legal is to be self-supported by the TIF, thus no additional taxes should be needed to be raised.

All future operation and maintenance of the municipal sewer will be funded solely by the users of this system through their individual sewer bills, and will not be part of the Town of Eliot’s general taxes with the exception of a portion of the Department of Public Works salary and some clerical assistance for the sewer billing, which is how the town handles any municipal sewer currently. The Route 236 Sewer Expansion Project will also take care of \$1.16 million

in badly needed maintenance costs that would otherwise be saddled on the current 641 sewer users in the Town, by replacing and improving the sewer infrastructure to meet TIF requirements.

Please note that in spite of the best and most careful financial planning, the “outside world” of banks, technology, corporations, and government can intrude into our perfect little town. If the Route 236 Sewer Expansion Project is approved, there will be a bond issue with scheduled payments. If the Route 236 Sewer Expansion opportunity is not accepted by the voters, in all probability there will be another bond issue to repair the current municipal system at the expense, primarily, of its current (and future) users. In both cases, the Town of Eliot must stand behind the bond issue, and if the careful financial planning in either case is upset by outside events in the financial world, then the town taxpayers as a whole may have to take on some or all of that debt.

Within the TIF development area along Route 236 (from Bolt Hill Road north to near the Transfer Station), there are some 60-odd parcels. In the original preparation of our TIF application for State approval, our TIF legal consultants working with our Assessor selected 42 of these parcels and all of the Route 236 right-of-way as comprising our TIF District. Interspersed among the 42 TIF parcels are some 20-odd non-TIF parcels. Whether an available parcel is a TIF parcel or non-TIF parcel should make no financial or investment difference to a new business coming to Eliot. When there is new development on a TIF parcel, the resulting increment in property tax (increase in “tax value”, without increasing the Town’s overall valuation from the State’s and SAD35’s perspective) would go to the TIF account, where the revenue could be used to pay off the sewer bond or to finance additional infrastructure in the TIF District. Should there be new development on a non-TIF parcel, the resulting increment (increase) in property value would go to increase the Town’s valuation, and the resulting increase in property tax would go to the Town’s General Fund, where it could help to reduce taxes. It is worth pointing out that new development does not necessarily have to come in the form of a new entity to the town. It could be from the owner of an existing parcel who has previously been unable to grow because of limitations imposed by the septic system, who would now have access to sewer.

Again, based on the information that has been received, the Board of Selectman unanimously and wholeheartedly endorse the sewer expansion project as proposed. The following are important dates for discussion and voting on this and other issues of importance to Eliot:

Tuesday, May 28, 2013 – Additional Public Informational Meeting, 6:30 PM, Eliot Elementary School. Technical and financial information session as it relates to the proposed Route 236 Sewer Expansion Project. Underwood Engineers, Eaton Peabody Consultants, Sewer and Business Development Committees to attend.

Tuesday, June 11, 2013 – Get out to vote! Referendum/Elections, 8:00 AM – 8:00 PM, Marshwood Middle School

Saturday, June 15, 2013 – Open Floor Town Meeting, **5:00 PM** (new time!), Marshwood Middle School