



**Eliot Route 236 TIF District
Sewer Extension
Economic Impact Analysis**

April 11, 2012

Route 236 TIF District Overview

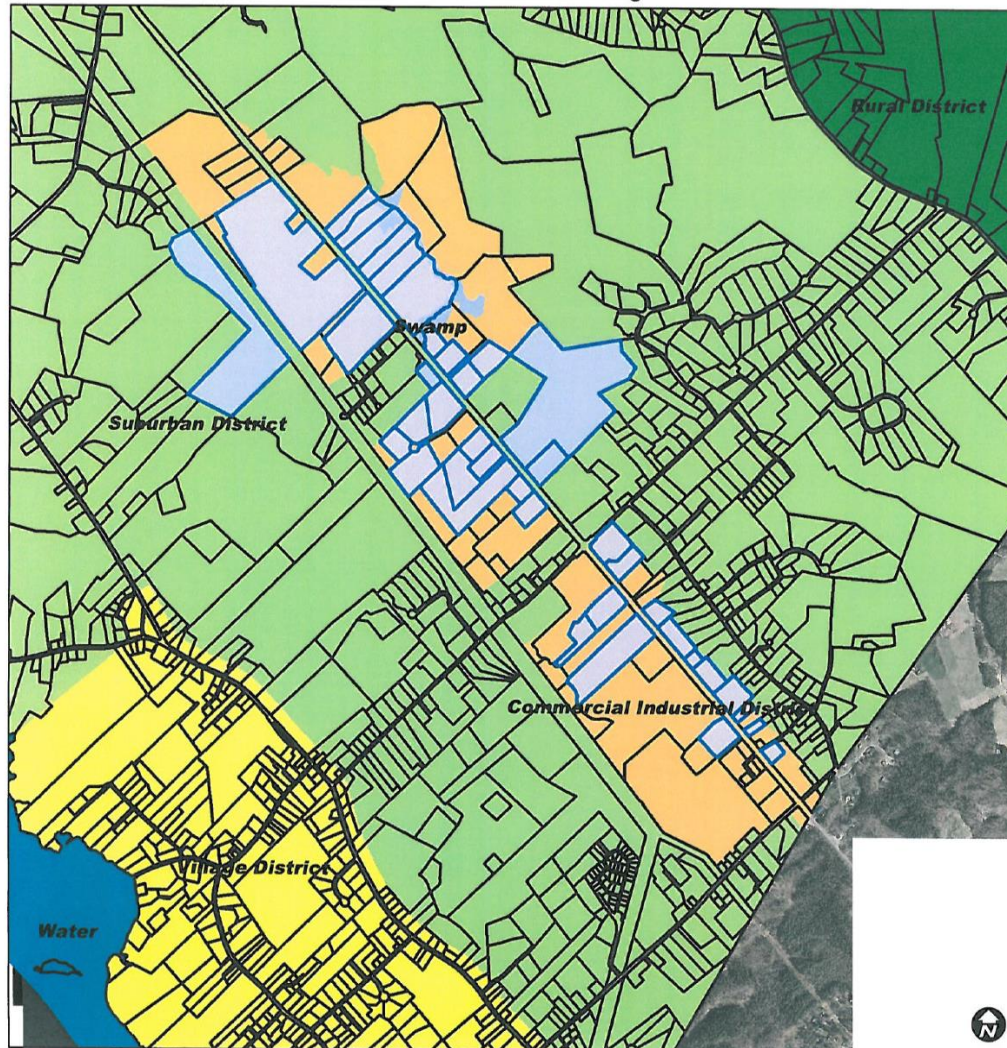
- Eliot approves Route 236 TIF on 2/11/09
- State approves Route 236 TIF on 3/31/09
- 30-year term; 192.32 acres; \$14.9 million of original assessed value
- \$35.7 million initial new value
- Projected “Total Tax Shift Benefits” over 30 years is \$8,289,020 at 74.26% of projected revenues from new valuation
- Sewer extension an approved use for all TIF proceeds
- Engineers preliminary opinion of probable cost for sewer upgrade and extension is \$6.5 million
- Selectmen recommend financing with TIF reserves and bonds

Study Focus & Purpose

- A comparative analysis of probable economic development benefits with and without the proposed sewer extension to Route 236
- Assess capacity of TIF to finance proposed sewer extension
- Provide background information to Town leaders and the general public to inform future deliberations
- The end user is the Town of Eliot voters

TIF Parcels with Zoning

Eliot, Maine



Legend

- Selected Parcels
- Parcels
- Commercial Industrial District
- Rural District
- Suburban District
- Swamp
- Village District
- Water

0 1,000 2,000 4,000
Feet

This map was generated by the Town of Eliot's online GIS. This information has been compiled from various public and private sources. While every attempt has been made to provide accurate information, neither the municipality nor the service host guarantee the accuracy of information provided herein.

Map generated on: 3/7/2013

Cost Recovery Assumptions

- 74.26% of new value under TIF is sheltered and would otherwise be lost to Town without TIF
- An estimated \$1.16 million in upgrades are required with or without the extension for 17.85% of the total estimated cost of \$6.5 million (excluding interest payments)
- Financing includes principal and interest of \$7,169,888 @ 2.5 % for 20 years plus \$1 million from current TIF balances to total \$8,169,888

Property Tax Recovery Target Calculation

Total Financing Cost	\$8,169,888
Less Unavoidable Cost @ 17.85%	<u>\$1,458,325</u>
Avoidable Cost (sewer extension)	\$6,711,563
 TIF Balance After First Four Years	 \$1,584,478
Projected TIF Revenues Next Twenty Years	\$7,409,451
 Total	 \$8,993,929
	<u>X 74.26%</u>
TIF Sheltered Share of Revenues	\$6,678,892

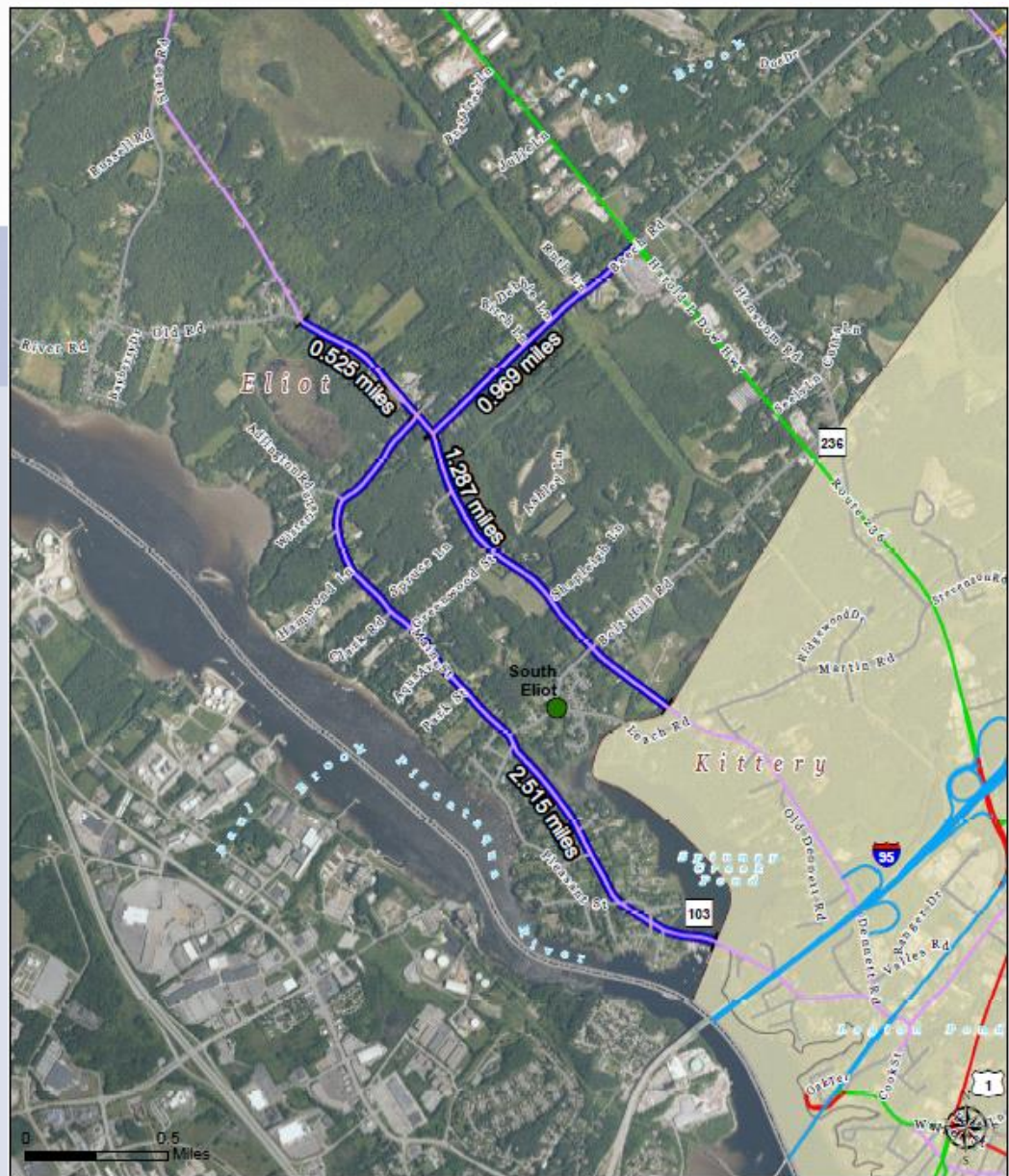
Economic Development Property Valuation Growth Target

- Assume tax rate of 13.1 mils and a 20 year average new valuation growth of \$6,162,500
- $.0131 \text{ tax rate} \times \$6,162,500 \text{ average new taxable value/year} \times 20 \text{ years} = \$1,614,575$
- New property valuation growth of \$616,250 per year over twenty years at 13.1 mils meets property tax recovery target of \$1,614,575
- Target assumes TIF valuation projections which so far are too conservative
- Assumes 24.74% of TIF revenues not available which is not the case

Development Density and Sewer Service

- Eliot is one of 75 communities having over 2.5 “compact” State Highway center line miles
- All but 3 of these 75 communities have sewer
- Sewer locates within compact miles – see local examples of Biddeford, Kennebunk, Kittery, North Berwick, South Berwick, Wells and York
- Adjacent land uses vary to include residential, offices, traditional downtowns, new retail centers, services, manufacturing and government
- Route 236 compact designation ends just south of Eliot at Kittery Town line and sewer ends south of I-95

Compact Area



**Eliot
FUA**

— Principal Interstate
 — Principal Other Freeway or Expressway
 — Other Principal Arterial
 — Minor Arterial
 — Major Urban Collector
 — Minor Collector
 — Minor Urban Collector or Local
 — Rural Major Collector

Total Logical Miles: 5.4
 Total Geometric Miles: 5.382
 Scale: 1:27,400

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Relative Economic Standing

- Of the top 75 communities for compact mileage, Eliot ranks 45th with 5.38 compact miles, 46th in population and 42nd in average vehicle miles traveled off of the Interstate
- The 75 compact communities produce 73% of all taxable retail sales and 80% of all jobs in Maine
- Of the 75 compact communities Eliot ranks 73rd for retail sales – Kittery ranks 17th
- Eliot ranks 68th out of 75 for jobs outperforming only Dexter, Greenville, Hallowell, Livermore Falls, Mexico, Ogunquit and Van Buren

Relative Economic Standing Within Interstate Corridor

- Of the 75 compact communities 45 are within the interstate corridor and this subset produces a disproportionately high 59% of taxable retail sales and 66% of jobs in Maine
- Of these 45 compact communities Eliot ranks 44th for retail sales and 43rd for jobs
- The Eliot TIF District boundary is 1.5 miles from an I-95 Interstate interchange

York County Non-Interstate High Traffic Corridors

<u>Community</u>	<u>Route</u>	<u>Highest 2010 AADT*</u>
Arundel	111	18,760
Biddeford	111	24,830
Eliot	236	17,490
Kittery**	1	18,730
Old Orchard Beach	5	18,690
Saco	1/5	26,130
Sanford	4-A/109	18,080
Wells	1	20,120
York	1	22,180

* Average Annual Daily Traffic

** AADT I-95 southbound at NH State Line 37,010

Eliot TIF District Assets

- Proximity to I-95 interchange – averaging two ways about 75,000 vehicles per day on I-95
- 17,490 Average Annual Daily Traffic in 2010 on Route 236 at Eliot-Kittery Town line
- Predominately zoned Commercial and Industrial
- Proximity to public water service
- Proximity to compressed natural gas
- Land available for development
- Established TIF district

[illegible]

Eaton
CONSULTING
GROUP, LLC Peabody

Eliot TIF District Constraints

- Proximity to New Hampshire retail opportunities and more favorable tax treatment
- Wetlands and resource protection areas that reduce land availability
- Existing Route 236 land uses that reduce land availability
- Land needed for subsurface disposal lost to highest and best use development opportunity
- Discharge limits

Conclusions

- Development is particularly attracted to:
 - ✓ high traffic corridors located in proximity to an interstate interchange
 - ✓ High quality public roads, water and sewer service matched with natural gas, electric and communication utilities
 - ✓ Available land and the capacity to maximize land utilization
 - ✓ Proximity to markets and labor
- Eliot possesses critical development assets and can correct for some of its deficiencies

Conclusions

- Ranked 45th out of the top 75 compact mileage communities, Eliot is an underperformer in retail sales (73rd) and jobs (68th)
- Among the 45 communities with high compact mileage on the Interstate corridor, Eliot ranks nearly last in retail sales (44th) and jobs (43rd)
- This data shows significant upside opportunity for economic development in Eliot

Reaching the Target

- Annual valuation growth inside the TIF district equal to or greater than \$616,250 or just .069% of Eliot's current valuation is needed
- One 10,000 square foot equipped grocery store is \$2.0 to \$2.3 million
- One 10,000 square foot professional office/bank building is in the range of \$2.2 million
- One 50,000 square foot warehouse is in the range of \$2.15 million
- The sooner the better
- Implementation of a targeted marketing plan would enhance prospects

Summary

- Eliot's relative economic development position holds considerable upside for growth
- Eliot possesses most of the hard and soft assets needed for Route 236 corridor development
- The major missing asset is sewer service
- The Eliot TIF revenue projections are proving conservative – already exceeding projections by 24.6%
- It is reasonable to conclude that existing new TIF value can finance the sewer extension