

Final Report:

Town of Eliot

TIF Alternatives Project

June 20, 2016



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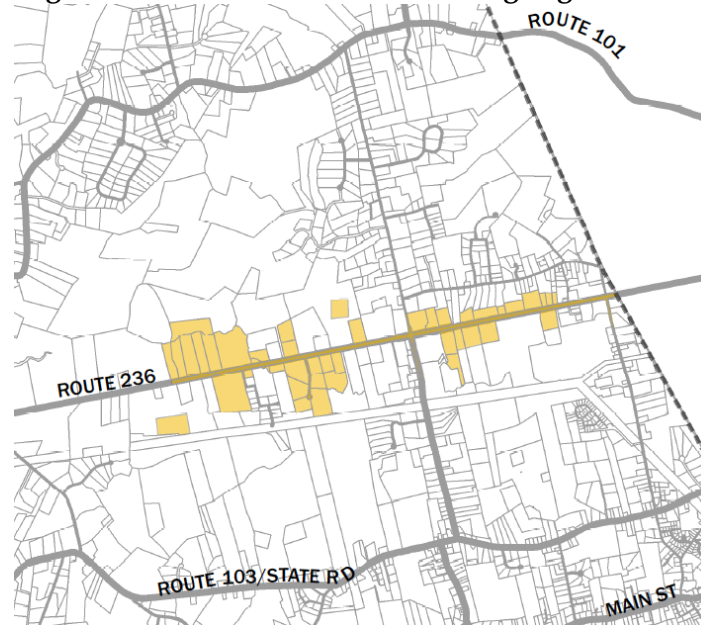
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1. PROJECT BACKGROUND & PURPOSE

A: PROJECT BACKGROUND

In February 2009, Eliot voters approved creation of a TIF District and Development Plan for an area along Rt. 236.

Figure 1 Eliot Rt. 236 TIF District (highlighted area)



Source: Town of Eliot Assessor.

Since that time, Town officials have offered four proposals to the voters seeking approval for use of TIF funds. Each proposal has been defeated. The last proposal—presented at the annual Town Meeting in June 2014—asked voters to remove a sewer project (that had been defeated in the three previous votes) from the TIF Development Plan, approve an “alternative project” within eighteen months or dissolve the TIF altogether. Even this proposal was defeated.

Table 1 below summarizes this electoral history.

Table 1 Summary of Eliot Votes on Rt.236 TIF Projects, 2009-2014

Vote #	Date	Event	Question	Financing	Yes	No
1	Feb. 11, 2009	Open Meeting, Show of Hands Vote	Approve Route 236 Municipal Development & TIF District and its boundaries & Development Plan.	not applicable	197 (72%)	75 (28%)
2	June 12, 2012	Annual Town Meeting, Secret Ballot	Approve the design, construction and equipping of the proposed Route 236 Municipal TIF Sewer Expansion Project.	\$6.5 million bond	634 (49%)	650 (51%)
3	June 11, 2013	Annual Town Meeting, Secret Ballot	Approve the design, construction and equipping of the proposed Route 236 Municipal TIF Sewer Expansion Project.	\$1.0 million from TIF Reserve Fund & \$5.5 million bond	648 (45%)	806 (55%)
4	Nov. 5, 2013	Special Town Meeting, Citizen Initiative, Secret Ballot	Approve the design, construction and equipping of the proposed Route 236 Municipal TIFD Sewer Expansion Project.	\$1.0 million from TIF Reserve Fund & \$5.5 million bond	615 (41%)	886 (59%)
5	June 10, 2014	Annual Town Meeting, Citizen Initiative, Secret Ballot	Remove sewer project and funding for sewer projects from the Route 236 TIF, and approve an alternative project within 18 months or terminate this TIF.	not applicable	515 (46%)	610 (54%)

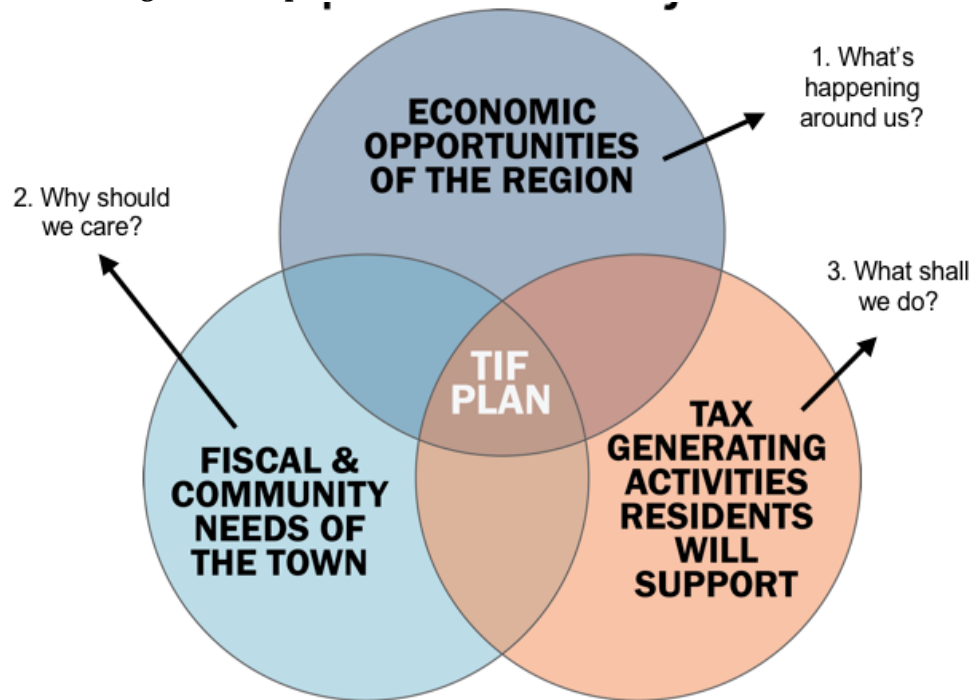
Source: Eliot Town Clerk

Following the 2014 vote, Town officials established a citizens committee, called The TIF Alternatives Committee, to explore the reasons for the electoral defeats noted above, to survey citizens to see what sort of economic development they wanted, and to try to find some “alternate” formulations of possible TIF projects that would meet three criteria:

1. meet some regional economic need, i.e., have some likelihood of being commercially successful;
2. serve the fiscal needs of the Town; and
3. be more likely to pass muster with town voters than the previous proposals noted above.

Conceptually and visually, the purpose of The TIF Alternatives Committee is best understood as an effort to find the common ground among the three criteria noted above. This is most easily seen in Figure 2.

Figure 2 Purpose of the Eliot TIF Alternatives Committee



B: PROJECT PURPOSE

The purpose of this report is to describe the tasks the TIF Alternatives Committee with the assistance of its consultant, Planning Decisions, Inc. (PDI), took to meet its assignment and to explain its findings. The report consists of a description of:

1. the economic opportunities in the region, an effort to answer the question, “What’s happening around us?”
2. the fiscal and community needs of the Town, an effort to answer the question, “Why should we care?”
3. the potential TIF activities the Committee thinks Eliot voters are likely to support, an effort to answer the question, “What should we do about it?”

The report concludes with recommendations that the Committee believes fall in the common ground labeled TIF Plan in Figure 2.

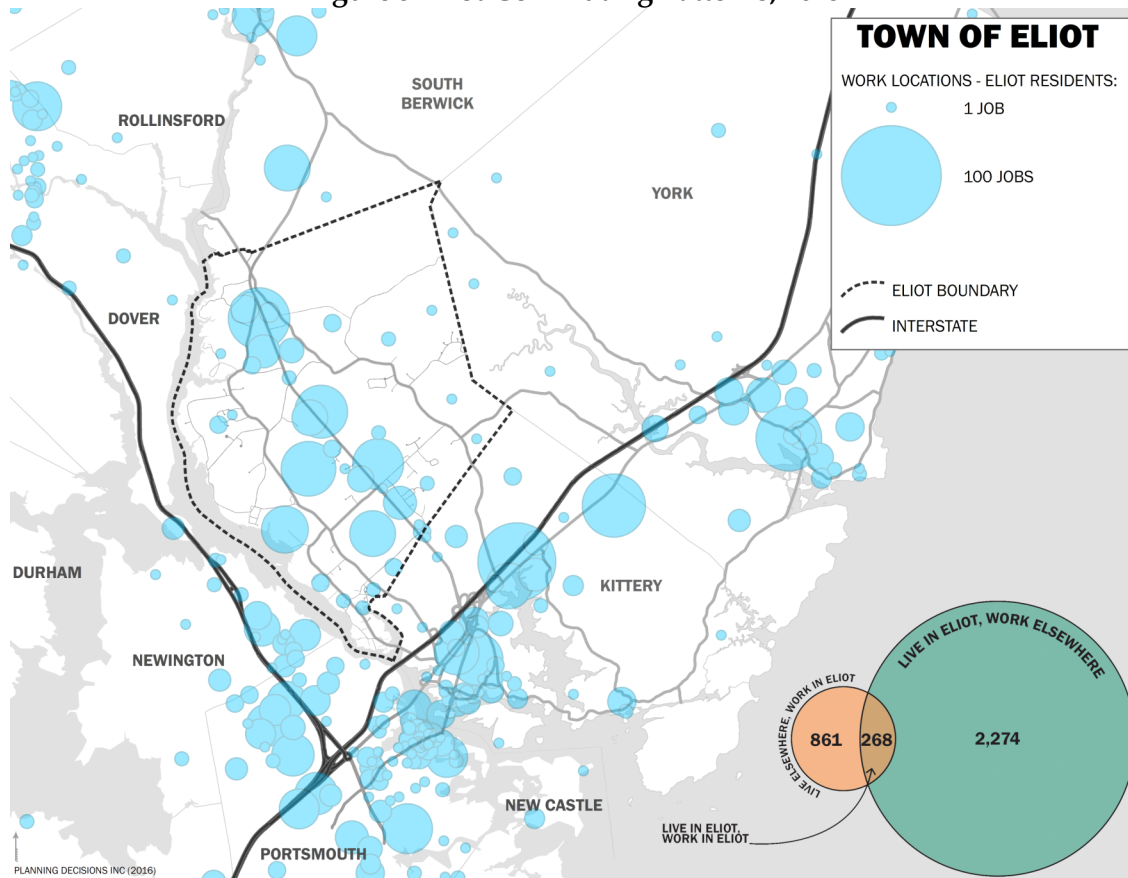
2. REGIONAL OPPORTUNITIES

A: CENTRAL FACTS ABOUT ELIOT

1. *Eliot is a bedroom community.*

According to recent Department of Labor data, 2,274 Eliot residents commute to jobs outside Eliot, while only 268 live and work in Eliot. 861 workers who live outside Eliot commute to jobs in Eliot. Figure 3 illustrates this commuting pattern.

Figure 3 Eliot Commuting Patterns, 2013

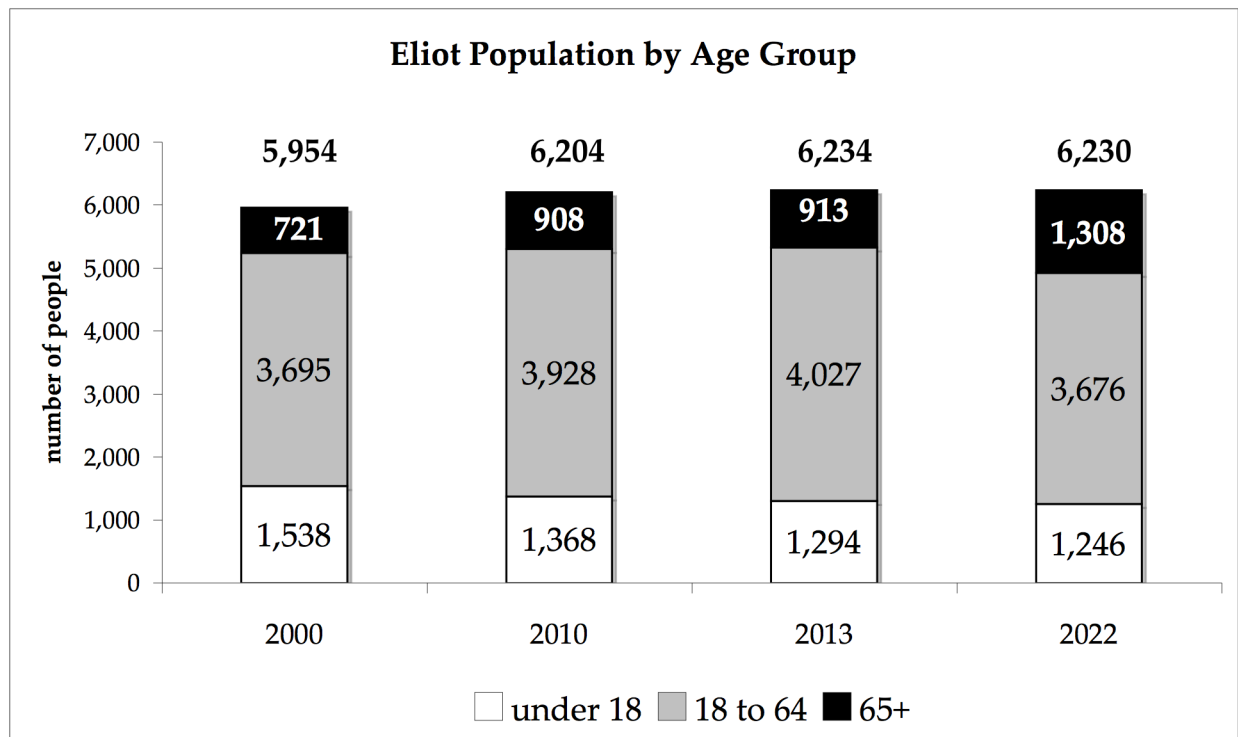


Source: <http://onthemap.ces.census.gov/>.

2. *Eliot is an aging community*

Under current trends, Eliot's population is likely to remain about the same as it is today (approximately 6,230 people). But the sizes of the under 18 cohort and the 18 to 64 cohort are expected to fall while the size of the 65+ age cohort is expected to grow dramatically. Figure 4 illustrates this trend.

Figure 4



Source: Maine Governor's Office of Policy & Management.

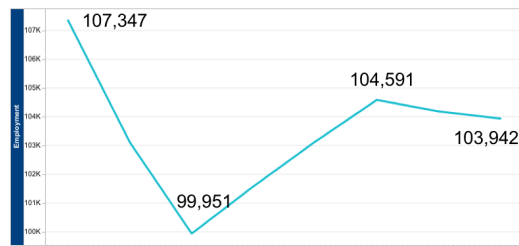
B: CENTRAL FACTS ABOUT REGIONAL ECONOMY

1. *The aging population is diminishing the labor force, reducing unemployment, limiting employment growth and putting upward pressure on wage rates.*

During the “Great Recession,” lost over 7,000 jobs. Between 2010 and 2013, the county gained back about 5,000 jobs, but since then has lost nearly another 1,000 jobs.

Figure 5

York County Employment, 2008-15

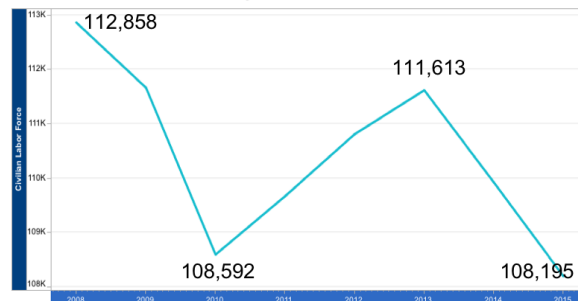


Source: Maine Department of Labor (DOL). Same source for Figures 6 and 7.

Over the same period, the change in York County’s labor force (those holding jobs plus those looking for jobs) has fluctuated even more. Today, the county’s total labor force is less than at the lowest point of the Great Recession in 2010.

Figure 6

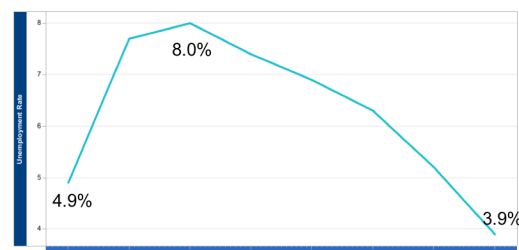
York County Labor Force, 2008-15



As a result, the county’s unemployment rate has fallen below the level usually called “full employment.”

Figure 7

York County Unemployment Rate, 2008-15



2. *Selected sectors are experiencing rapid employment growth in the Seacoast Area.*

Despite the trends noted above, several sectors in the region saw employment growth over the 2010 to 2014 period. Some businesses in these groupings might—with the right preparation and recruitment—provide opportunities for economic development in Eliot.

Table 2
Highest growth sectors in Seacoast Area (Rockingham, Strafford and York counties)

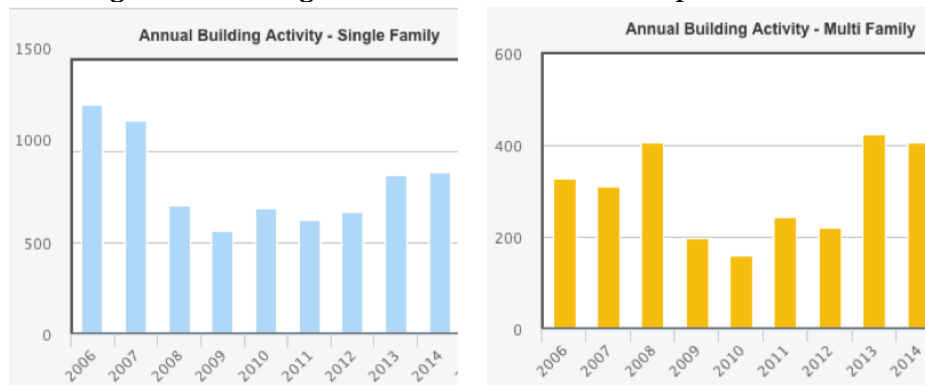
Sector	Change 2010-14	
	#	%
Food Services and Drinking Places	14,742	13.5%
Administrative and Support Services	8,595	13.0%
Professional, Scientific, and Technical Services	6,193	12.0%
Ambulatory Health Care Services	5,364	11.2%
Fin Services & Real Estate	5,336	10.1%
Food and Beverage Stores	5,176	10.1%
Social Assistance	3,380	15.1%
Wholesale Electronic Markets, Agents, Brokers	2,522	16.2%
Merchant Wholesalers,	2,477	8.4%
Data Processing, Hosting, and Related Services	2,436	109.7%
Heavy and Civil Engineering Construction	2,100	29.6%
Plastics and Rubber Products Manufacturing	2,031	19.6%
Textiles, Apparel, Leather	1,974	48.0%
Repair and Maintenance	1,846	16.1%
Motor Vehicle and Parts Dealers	1,765	9.3%
Transportation Equipment Manufacturing	1,500	19.1%
Building Material and Garden Equipment and Supplies Dealers	1,447	8.3%
General Merchandise Stores	1,351	4.4%
Accommodations	1,176	5.3%
Support Activities for Transport	1,083	38.3%
Health and Personal Care Stores	1,074	14.2%
Chemical Manufacturing (medical)	857	18.4%
Couriers and Messengers	824	21.4%
Electrical Equipment, Appliance, and Component Manufacturing	738	25.6%
Beverage Product Manufacturing	703	26.1%
Furniture and Related Product Manufacturing	661	27.7%
Wood Product Manufacturing	287	13.2%
Mining (Sand & Gravel)	206	23.4%
Petroleum and Coal Products Manufacturing (asphalt)	80	10.7%

Source: U.S. Census and Department of Labor, <http://qwiexplorer.ces.census.gov/#x=0&g=0>.

3. *there is a growing demand in the region for housing.*

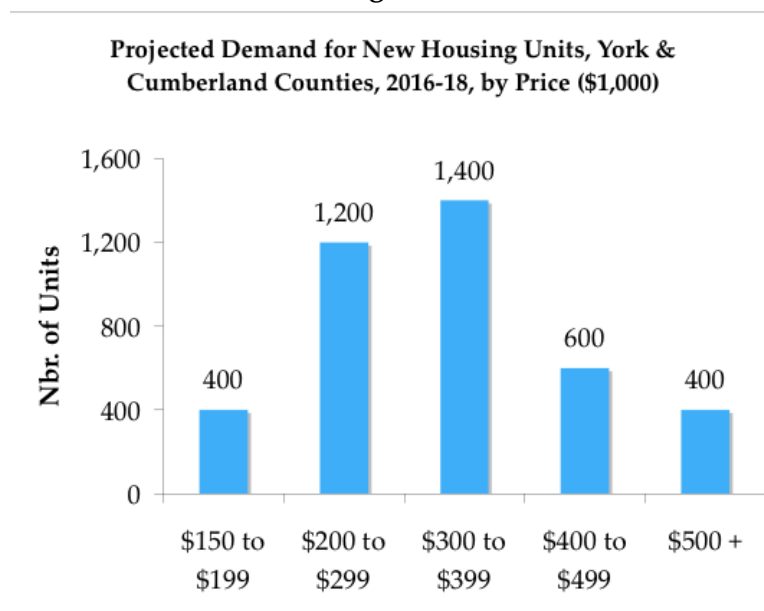
In spite of the slowing employment growth evident in the numbers above, the demand for housing has been rising significantly in the Seacoast region in recent years. Since the low point in 2009-10, both single-family and multi-family housing construction has risen rapidly in New Hampshire, and demand for new housing in York and Cumberland counties is projected to grow by 4,000 units over the next three years.

Figure 8 Housing Construction in New Hampshire, 2006-14



Source: U.S. Department of Housing & Urban Development,
<https://www.huduser.gov/portal/MCCharts/metroDivCharts>.

Figure 9



Source: U.S. Department of Housing & Urban Development,
<https://www.huduser.gov/portal/MCCharts/metroDivCharts>.

3. FISCAL CONTEXT

A: PART TWO OUTLINE

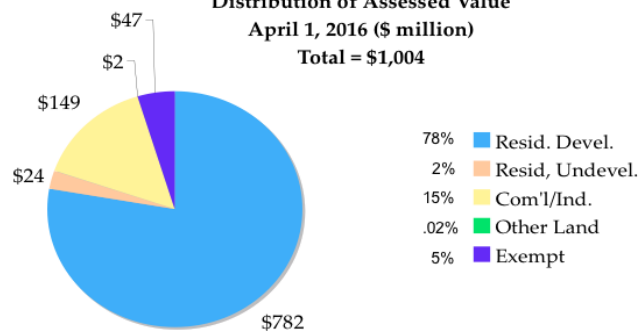
Part One attempted to answer the question, “What opportunities for economic development in Eliot appear to exist in the Greater Seacoast region?” Part two attempts to answer the question, “Why should the citizens of Eliot care about economic development?” The overall answer to this question is, “Because without significant increases in its tax base, the Town of Eliot faces continuing increases in its property tax rate, increases that would threaten the ability of current residents to continue to enjoy the quality of life they say they want to maintain in the town.” Part Two of this report describes the Town’s current fiscal structure and the trends that indicate coming fiscal difficulties without some explicit effort to address economic development.

B: ELIOT’S CURRENT TAX BASE

1. *In keeping with its status as a bedroom community, Eliot is heavily dependent on residential property.*

Figure 10

Distribution of Assessed Value
April 1, 2016 (\$ million)
Total = \$1,004

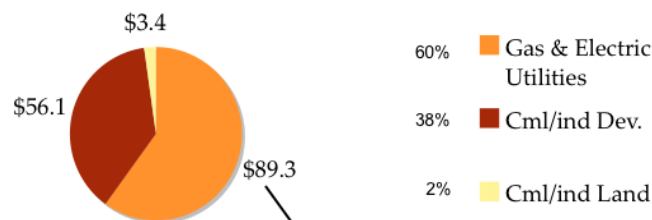


Eliot Assessor’s Office.

2. *Eliot’s non-residential property is heavily concentrated in gas & electric utilities.*

Figure 11

Distribution of Commercial/Industrial Value
April 1, 2016
Total = \$149 million



In FY13 & FY14, gas/elect valuation increased by \$26 million.

Eliot Assessor’s Office.

C: TRENDS IN ELIOT'S PUBLIC SPENDING

1. Eliot's demand for local services has been driven by a slowly growing population, a declining student enrollment and a relatively stable number of business units.
2. Eliot's public spending has increased significantly over the past seven years, both absolute terms and in terms of spending per unit (person, business unit or student).

Table 3 Trends in Eliot's Fiscal Structure, FY 2010 to FY 2017

Item	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
1. Elements of Community								
Households (HH)	2,575	2,584	2,580	2,588	2,601	2,622	2,653	2,684
Students	1,041	1,033	1,025	991	975	981	975	974
Cm'l/Ind. Business Units (BU)*	159	163	162	161	161	157	158	158
2. Cost of Service								
Municipal Spending (\$ million)	\$4.34	\$4.99	\$5.48	\$5.88	\$6.52	\$5.98	\$5.93	\$6.40
Cost per HH + BU (\$ million)	\$1,588	\$1,816	\$1,997	\$2,140	\$2,361	\$2,153	\$2,110	\$2,251
Education Spending (\$ million)	\$6.91	\$7.00	\$7.32	\$7.88	\$8.23	\$8.63	\$8.85	\$9.17
Cost per Student	\$6,641	\$6,774	\$7,143	\$7,949	\$8,440	\$8,801	\$9,081	\$9,413

Source: Eliot Financial Reports and Budget Documents; Office of Policy & Management; Department of Education.

3. Projecting current trends forward implies a 22% increase in required property tax revenues by FY22 and a 17% increase in the property tax cost per household and business unit..

Table 4 Projections of Eliot School Enrollment and Spending, FY 2010 to FY 2022

Item	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Education Expenditure (\$ million)	\$6.91	\$7.00	\$7.32	\$7.88	\$8.23	\$8.63	\$8.85	\$9.17	\$9.56	\$9.97	\$10.40	\$10.84	\$11.31
Student Enrollment	1,041	1,033	1,025	991	975	981	975	974	967	959	952	944	937
Cost per student	\$6,641	\$6,774	\$7,143	\$7,949	\$8,440	\$8,801	\$9,081	\$9,413	\$9,893	\$10,398	\$10,928	\$11,486	\$12,071
						projection estimate	5.1%						
Housing Units	2,575	2,584	2,580	2,588	2,601	2,622	2,653	2,684	2,704	2,724	2,744	2,764	2,784
						projection estimate	20						
Students/HU	0.404	0.400	0.397	0.383	0.375	0.374	0.368	0.363	0.357	0.352	0.347	0.342	0.336
		-1.1%	-0.6%	-3.6%	-2.1%	-0.2%	-1.8%	-1.3%					
						projection estimate	-1.5%						

Source: Eliot Financial Reports and Budget Documents; Office of Policy & Management; Department of Education.

Table 5 Projections of Eliot Municipal Spending & Tax Rate, FY 2010 to FY 2022

Item	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Municipal Expenditure (\$ million)	\$4.34	\$4.99	\$5.48	\$5.88	\$6.52	\$5.98	\$5.93	\$6.40	\$6.72	\$7.07	\$7.43	\$7.81	\$8.20
		projection estimate = FY11 - FY17 avg. annual increase						5%					
Housing Units	2,575	2,584	2,580	2,588	2,601	2,622	2,653	2,684	2,704	2,724	2,744	2,764	2,784
						projection estimate		20					
Cm'l/Ind Parcels (BU)*	159	163	162	161	161	157	158	158	158	158	158	158	158
						projection estimate		0					
Excise Tax Revenue	\$1.00	\$1.10	\$1.20	\$1.30	\$1.30	\$1.12	\$1.21	\$1.21	\$1.25	\$1.28	\$1.32	\$1.36	\$1.40
\$/HU + BU	\$366	\$400	\$438	\$473	\$471	\$403	\$430	\$426	\$436	\$446	\$456	\$466	\$477
		\$374	\$383	\$392	\$401	\$410	\$419	\$429	1.023				
		projection estimate = FY11 - FY17 avg. annual increase						2.3%					
Other Revenue	\$0.73	\$0.78	\$0.80	\$1.00	\$0.79	\$1.81	\$1.27	\$1.47	\$1.63	\$1.80	\$1.99	\$2.20	\$2.44
\$/HU + BU	\$267	\$284	\$292	\$364	\$286	\$651	\$452	\$517	\$568	\$625	\$687	\$755	\$829
		\$293	\$322	\$354	\$390	\$428	\$470	\$517	1.099				
		projection estimate = FY11 - FY17 avg. annual increase						10%					
Municipal Spending from Property Tax (\$ million)	\$2.61	\$3.11	\$3.48	\$3.58	\$4.43	\$3.05	\$3.45	\$3.72	\$3.85	\$3.98	\$4.11	\$4.24	\$4.36
Education Spending (\$ million)	\$6.91	\$7.00	\$7.32	\$7.88	\$8.23	\$8.63	\$8.85	\$9.17	\$9.56	\$9.97	\$10.40	\$10.84	\$11.31
Total required from Property Tax (\$ million)	\$9.52	\$10.11	\$10.80	\$11.46	\$12.66	\$11.69	\$12.31	\$12.89	\$13.41	\$13.96	\$14.51	\$15.08	\$15.67
\$/HU + BU	\$1,588	\$1,816	\$1,997	\$2,140	\$2,361	\$4,205	\$4,378	\$4,534	\$4,687	\$4,842	\$5,001	\$5,162	\$5,326

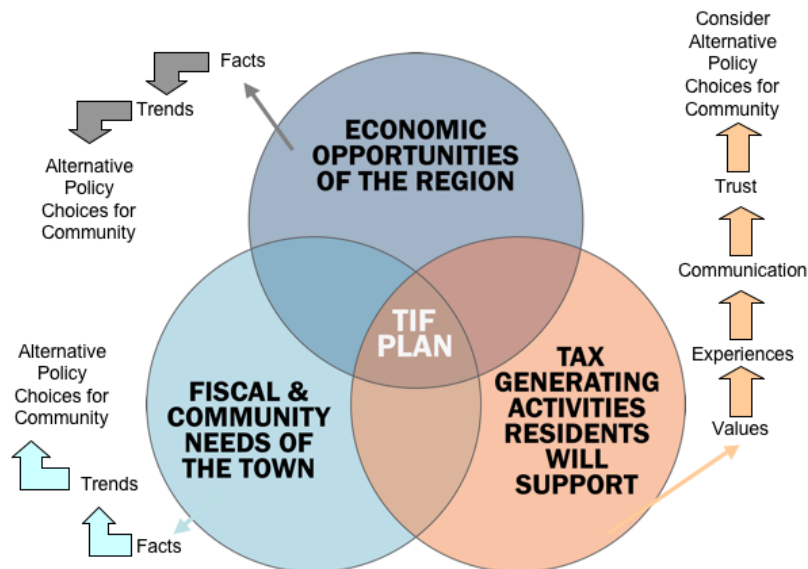
Eliot Financial Reports and Budget Documents; Maine Office of Policy & Management; Maine Department of

4. EXPRESSED COMMUNITY ATTITUDES

A: PART THREE OUTLINE

Completing the tasks in Part One and Part Two were largely a question of gathering and analyzing facts and presenting conclusions. Part Three—figuring out which of the various economic opportunities available to the citizens of Eliot are likely to be supported by a majority of voters is a different matter. This step involves outreach to citizens for their opinions—both through interviews and surveys—a careful search for the meaning of what citizens have said in the Town’s Comprehensive Plan and in the opinions expressed at various town meetings and forums.

Figure 12



B: WHAT HAVE ELIOT CITIZENS SAID THEY WANT?

1. In the Comprehensive Plan

Preservation of “rural character” and “high quality of life for residents,” p. 4.

Ensure that “new development is carefully integrated into the Town’s rural landscape.” p. 4

Future of Eliot “**could** include a village area where a community center, municipal buildings and small businesses could co-exist along with increased density of housing.” p. 4, p. 178.

Commercial demands on Rt. 236 “**seem** to be growing and are **likely** to continue,” but will require zoning change and sewer. P. 30.

No mention of types of commercial/industrial development desired or of strategy to create it; closest is p. 178 reference to decreased lot size, need to control access and p. 30 “preferably on sewer.”

2. In Citizen Surveys

Very strong support for at least some business growth.

Questions	Responses	%
Q.1 Favor Business Growth?	937	100%
Modest business growth	662	71%
No business growth	145	15%
Robust business growth	118	13%
No opinion	12	1%
Q.3 Favor Business / Commercial Development?	933	100%
Yes, but limited	546	59%
Not really	141	15%
Yes, very much	138	15%
Not at all	108	12%
No opinion	4	0%

Strong support for spending money for economic development.

Q. 18 Support TIF funds for capital spending in support of economic development?	930	100%
Yes	540	58%
No	299	32%
No opinion	91	10%

9

Job creation is not so important.

	Responses	%
Q.2 Importance to Create Jobs?	947	100%
Quite important	413	44%
Not important	381	40%
No opinion	130	14%
No response?	23	2%

Strong support for economic development along Rt. 236.

Q. 4 Where would you support economic development?	1,205	100%
Along the Rte 236 Corridor	694	58%
Within the Village	214	18%
Outside the Village	149	12%
Not at all	125	10%
No opinion	23	2%

Very strong support for infrastructure.

Q.8 Use TIF funds for infrastructure?	923	100%
Yes	679	74%
No	180	20%
No Opinion	64	7%

Very strong opposition to funding private entities.

Q. 10 Support using TIF funds for incentives to private developers?	913	100%
No	607	66%
Yes	211	23%
No opinion	95	10%

Q. 17 Support kinds of businesses in Village Center?	4,740	100%
Restaurant	559	12%
Bakery / Coffee Shop	558	12%
Small Business (Mom & Pop)	514	11%
Small Retail	356	8%
Office/Professional /Medical	324	7%
Pharmacy	323	7%
Salon / Barber	319	7%
Farm/Agricultural	310	7%
Supermarket	300	6%
Entertainment/Recreation	256	5%
High Tech	240	5%
Industrial (light)	187	4%
Manufacturing/Warehousing	150	3%
Convenience Store	100	2%
None	86	2%
Larger Retail	68	1%
Gas Station	53	1%
No opinion	37	1%

3. Observations on the expression of citizen opinion in Eliot.

- ✓ *Even the vote to define alternatives or abolish the TIF was rejected.*
- ✓ *The Eaton Peabody study in 2012 was largely a restatement with more regional examples of the potential development to be achieved on Rt. 236. “Eliot possesses critical developmental assets and can correct for some of its deficiencies.” But there is no mention of any specific industry or implementation strategy.*
- ✓ *The idea that some “correct alternative”—a use, a location, an amount—can somehow be found, like the missing piece to a puzzle, that will be immediately obvious and thus pass muster with the voters is mistaken.*
- ✓ *The votes reflect a lack of confidence and involvement in an open and coherent development process accompanied by a clear assignment of responsibility and measurable metrics of success.*
 - *See numbers supporting “moderate” business growth;*
 - *See interviews expressing skepticism re Eliot commons (no hotel, convenience store draining the village) and dislike of existing development trends along Rt. 236 (dirty, fire hazard, lots of curb cuts, lots of traffic).*
- ✓ *In short, the planning process is bypassed on one’s peril.*

4. The nature of economic development and planning.

Economic development is more a planning process than a legal or engineering process. Voters need confidence that whatever body is coming up with development plans:

- ✓ *It understands what they want:*
 - *Rural character of neighborhoods;*
 - *Scenic beauty of roadways;*
 - *Easy access to surrounding workplaces;*
 - *Relatively affordable housing & taxes.*
- ✓ *It has procedures in place to protect what they want.*
- ✓ *It understand why planned development is necessary to keep what voters have said they want.*
 - *Sprawling rural development;*
 - *Traffic congestion along Rt 236;*
 - *Aging population & rising cost of services.*

5. RECOMMENDATIONS

The ultimate task of the Eliot TIF Alternatives Committee is to define alternative choices to present to town voters. These alternatives are essentially three:

1. Do Nothing:

- Let existing TIF's exist as legislation in place available for anyone who chooses to apply to use them;
- Review any proposals on an ad hoc basis;
- Let existing trends on Rt. 236 continue;
- Let existing demographic & fiscal trends continue.

2. Prepare a long-term implementation plan for Rt. 236 development:

- Appoint an implementation committee;
- Do subdivision and zoning ordinance review (include lot size, curb cuts, design standards, signage, traffic flow);
- Conduct survey of existing businesses along Rt. 236;
- Set "target" sectors and identify their expansion/relocation criteria;
- Prepare a 10-year *pro forma* absorption schedule.
- Include funding for planning staff/consultants to work on the tasks above as TIF-eligible spending categories.

3. Prepare an "omnibus, downtown, transportation-oriented" TIF for a defined Village Area:

- Define geographic area;
- Reduce lot size with water & sewer;
- Ensure a variety of housing types (elderly, singles, young families);
- Allow receipt of Rt. 236 and Eliot Commons TIF funds;
- Appoint implementation committee.
- Include funding for planning staff/consultants to work on the tasks above as TIF-eligible spending categories.

The overarching rationale for these alternatives is:

- ✓ Alternative #2 (Rt. 236) is a **commercial/industrial strategy**; it is based on Eliot's natural advantage as an accessible space that "could" be developed to meet any number of regional business needs. It is based on:

- Eliot's relatively undervalued commercial/industrial values.

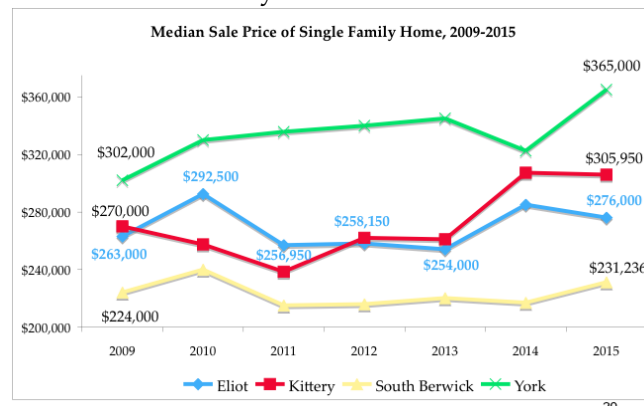
Commercial Industrial	Eliot	Kittery
Acres	837	1,409
Assessed Value (\$ million)	\$56.1	\$624.7
Value per Acre	\$67,059	\$443,364
Acres per Parcel	8.1	4.5
< 1 acre parcels	16	45
Value per Acre	\$467,114	\$942,662

- The confidence that careful local planning could ensure that any development along Rt. 236 (including utility extensions) could be achieved in ways that would not impair the town's quality of life and could be achieved with reasonable cost and offsetting revenue projections.

- ✓ Alternative #3 (Village Development) is a **quality of life strategy**; it is based on Eliot's natural advantage as a beautiful place to live and play combined with easy access to regional employment opportunities; it depends on utility and zoning changes to allow greater density and the mutual supporting interplay between more people living in a concentrated area and small businesses designed to sell to those people.

- ✓ Both alternatives are based on taking advantage of and trying to shape trends that are already in progress.

- The relative disparity in industrial/commercial values in the region coupled with the growing demand for industrial/commercial space in the region;
 - The growing demand for housing of all types in the region coupled with Eliot's relative affordability.



○ Source: Maine Housing Authority

- The virtuous cycle between bringing more people into a village area who create more potential sales for businesses Eliot citizens have said they would like to see in their town.
- ✓ Both alternatives require intensive people power--citizen volunteers, town staff, consultants;
- ✓ Meeting this human labor (research & communication) need should be the first priority use of any TIF funds.
- ✓ Alternatives #2 and #3 could work in concert if the transportation linkages (roadways & signage) are carefully integrated into a single plan.