

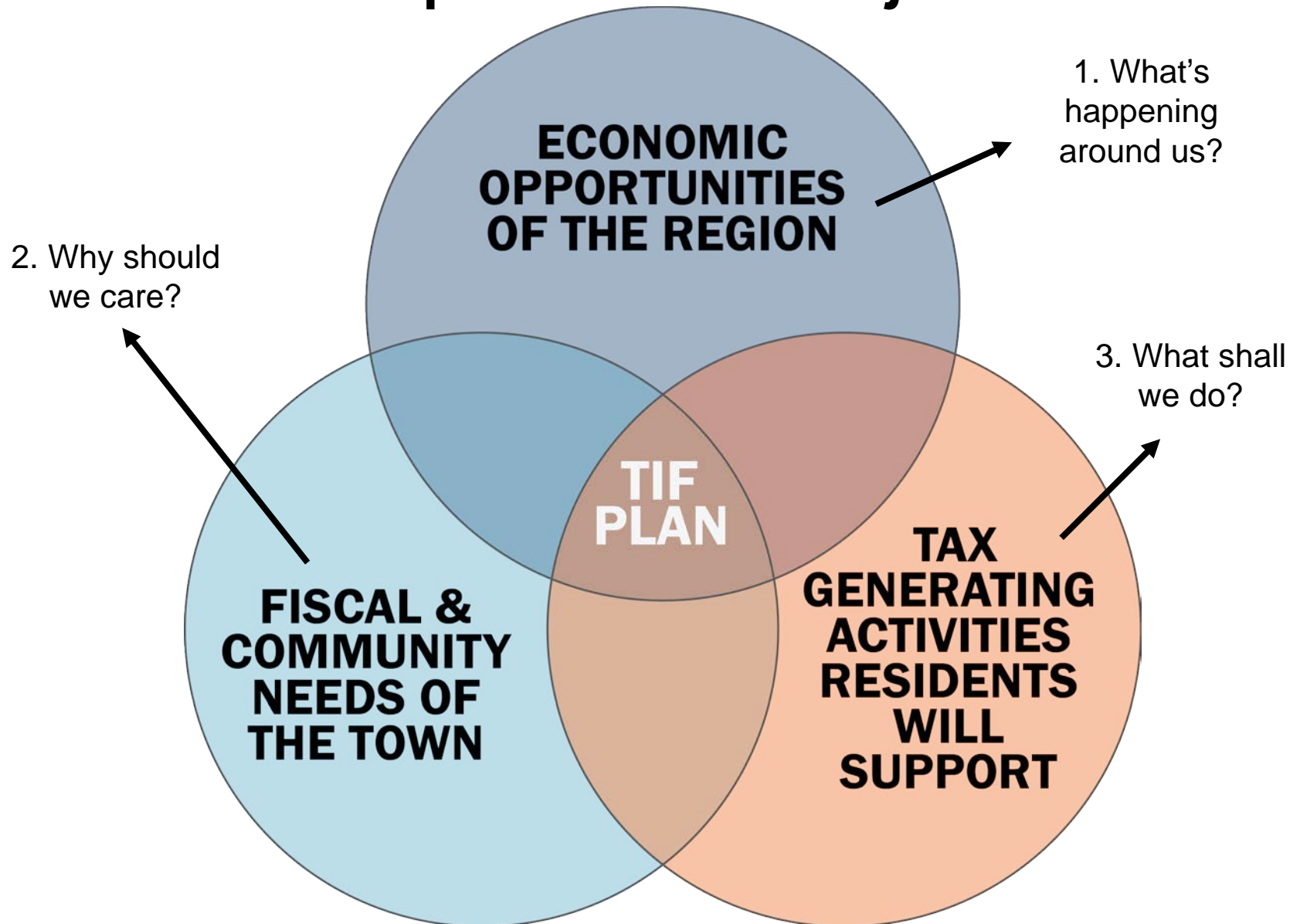
Eliot TIF Alternatives Committee

Progress Report

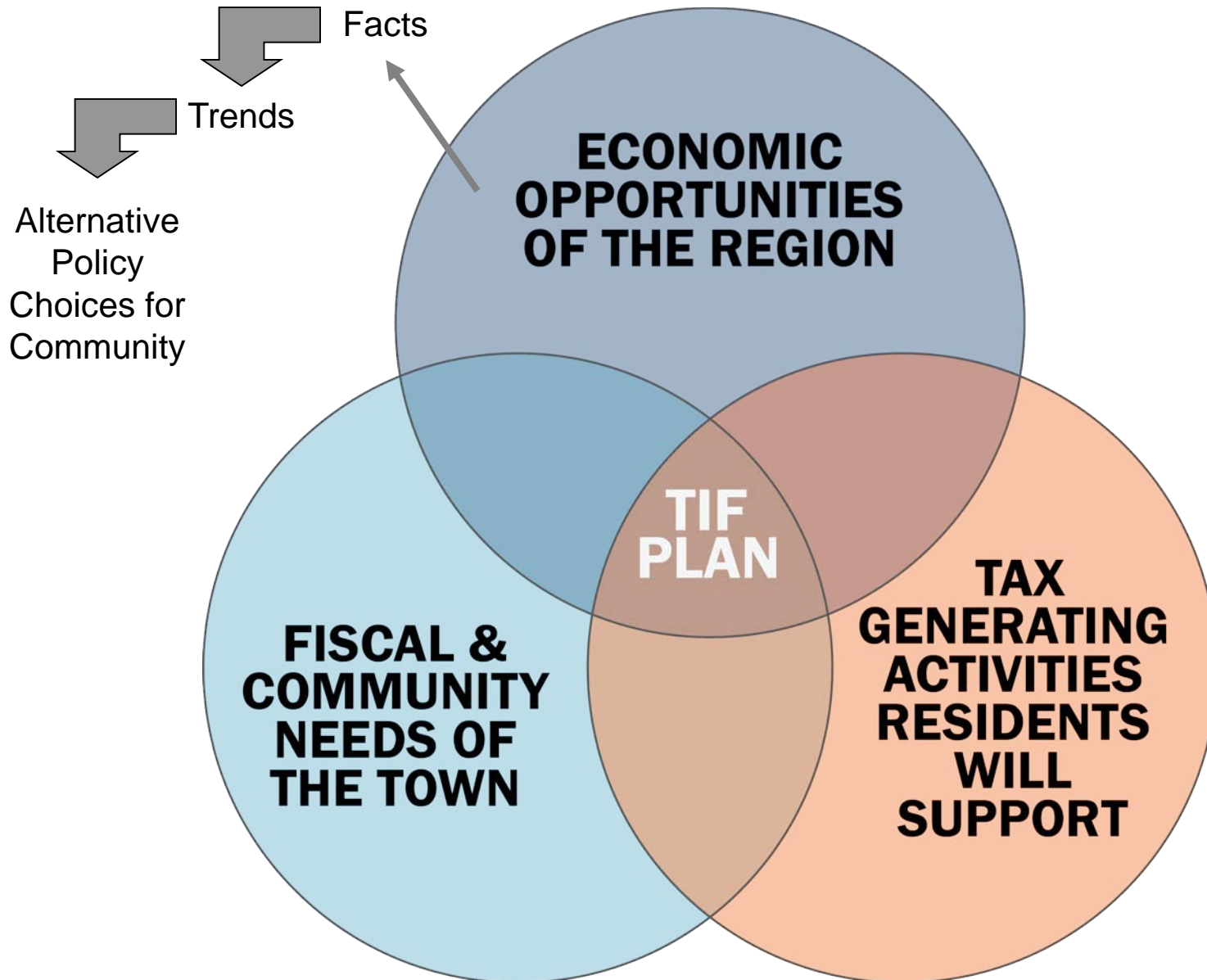
April 18, 2016

Revised April 20, 2016

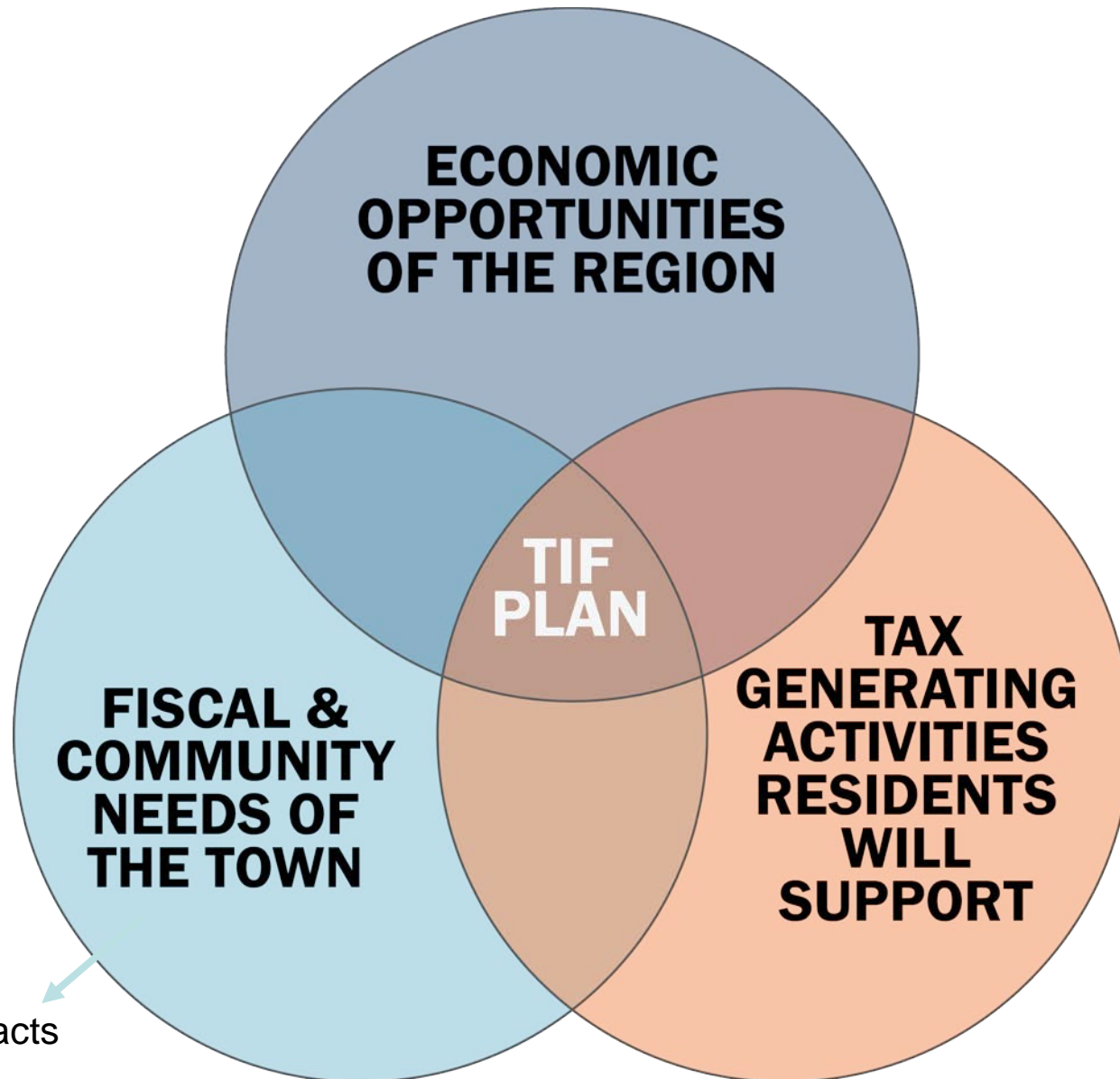
Purpose of Project



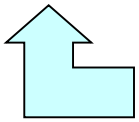
Process #1



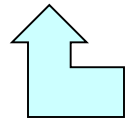
Process #2



Alternative
Policy
Choices for
Community

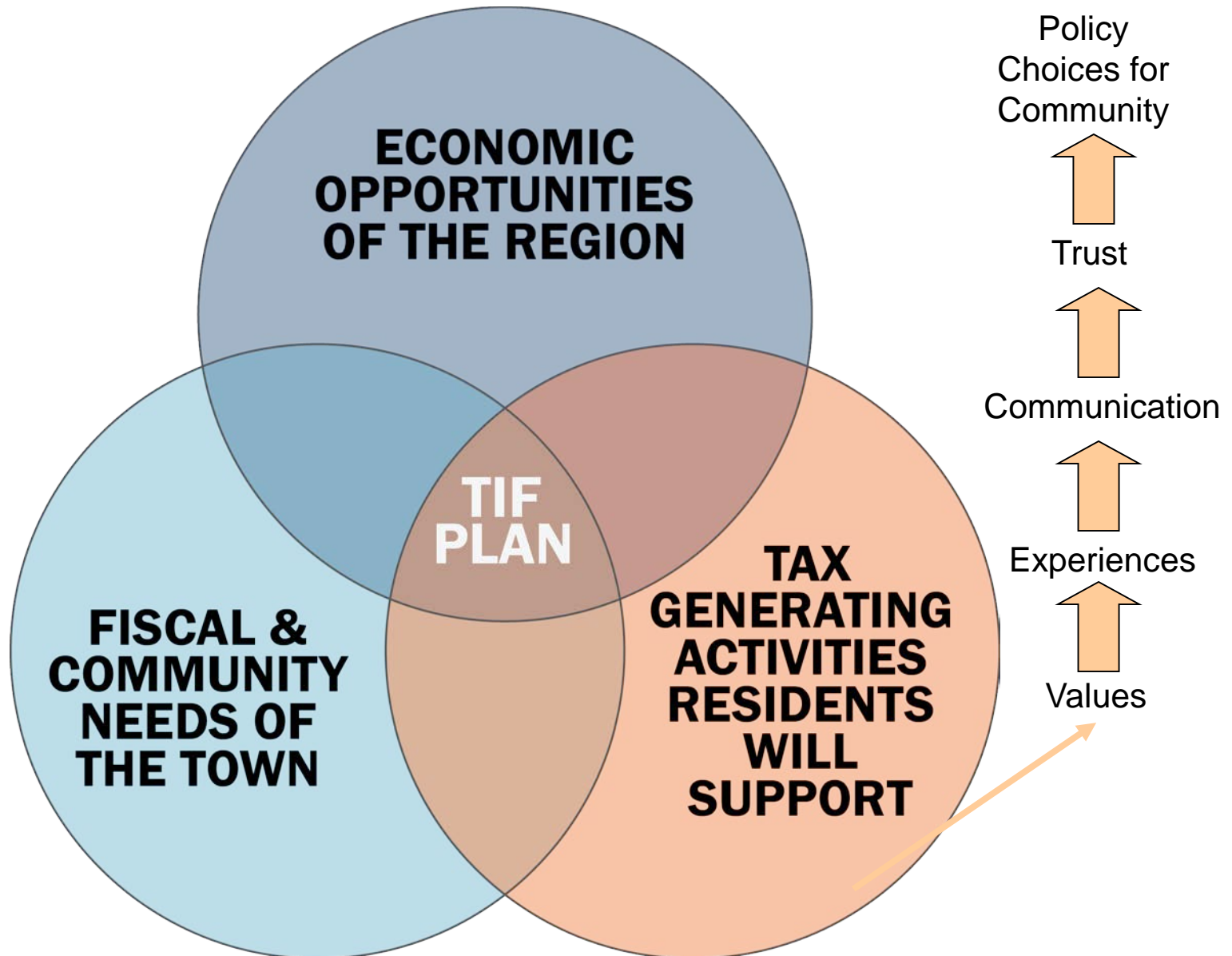


Trends

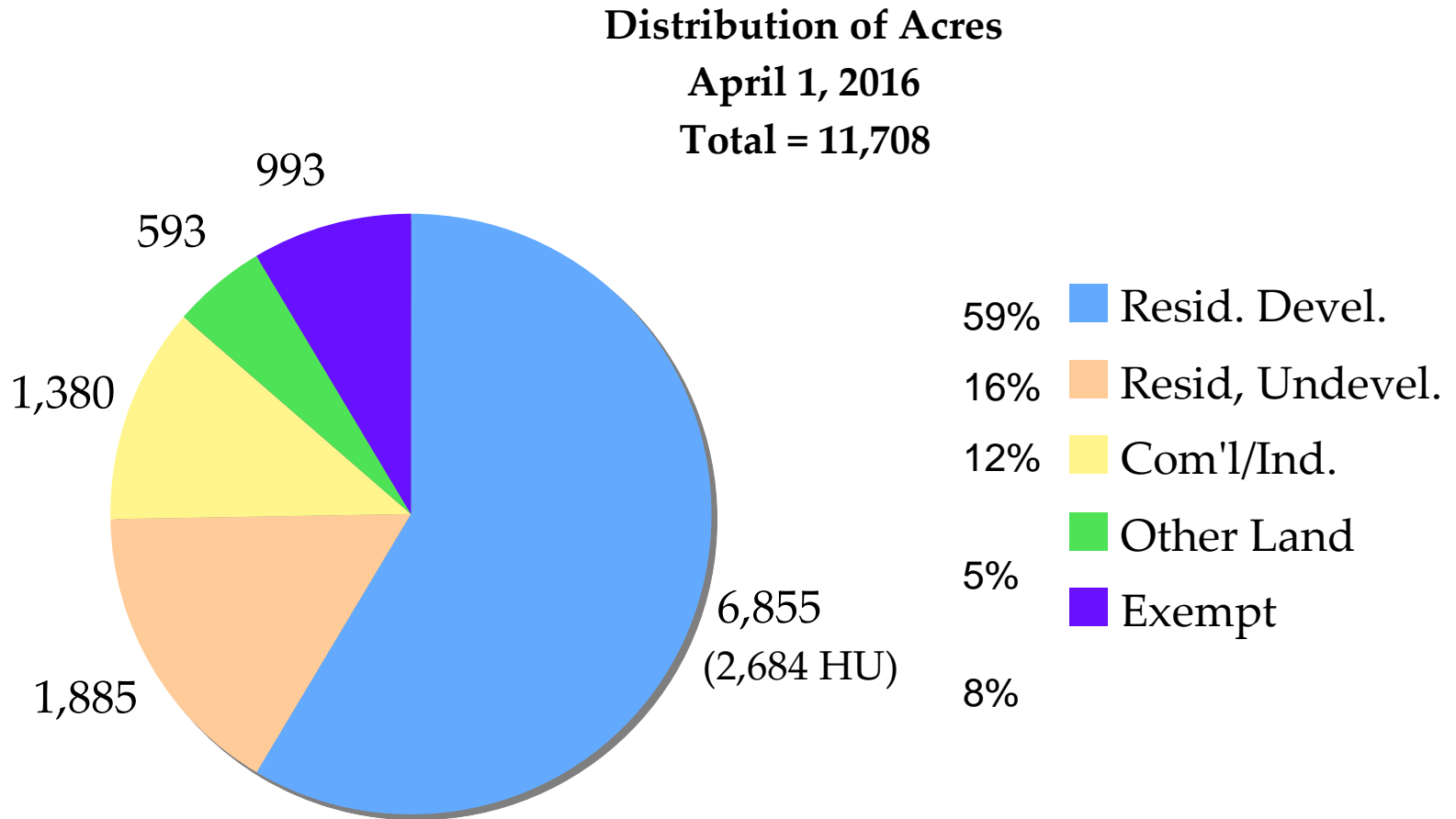


Facts

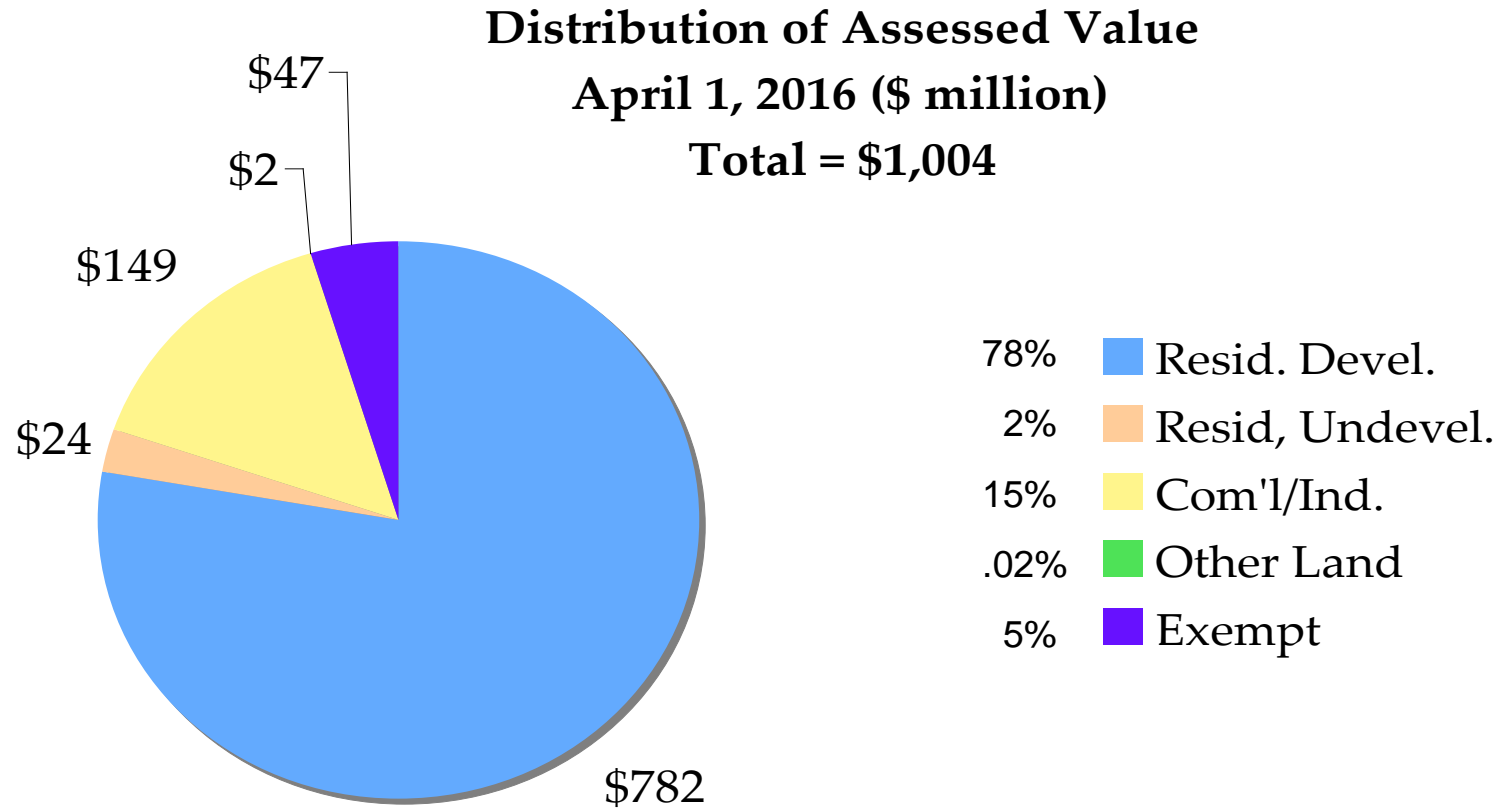
Process #3



Land Use in Eliot



Tax Base of Eliot

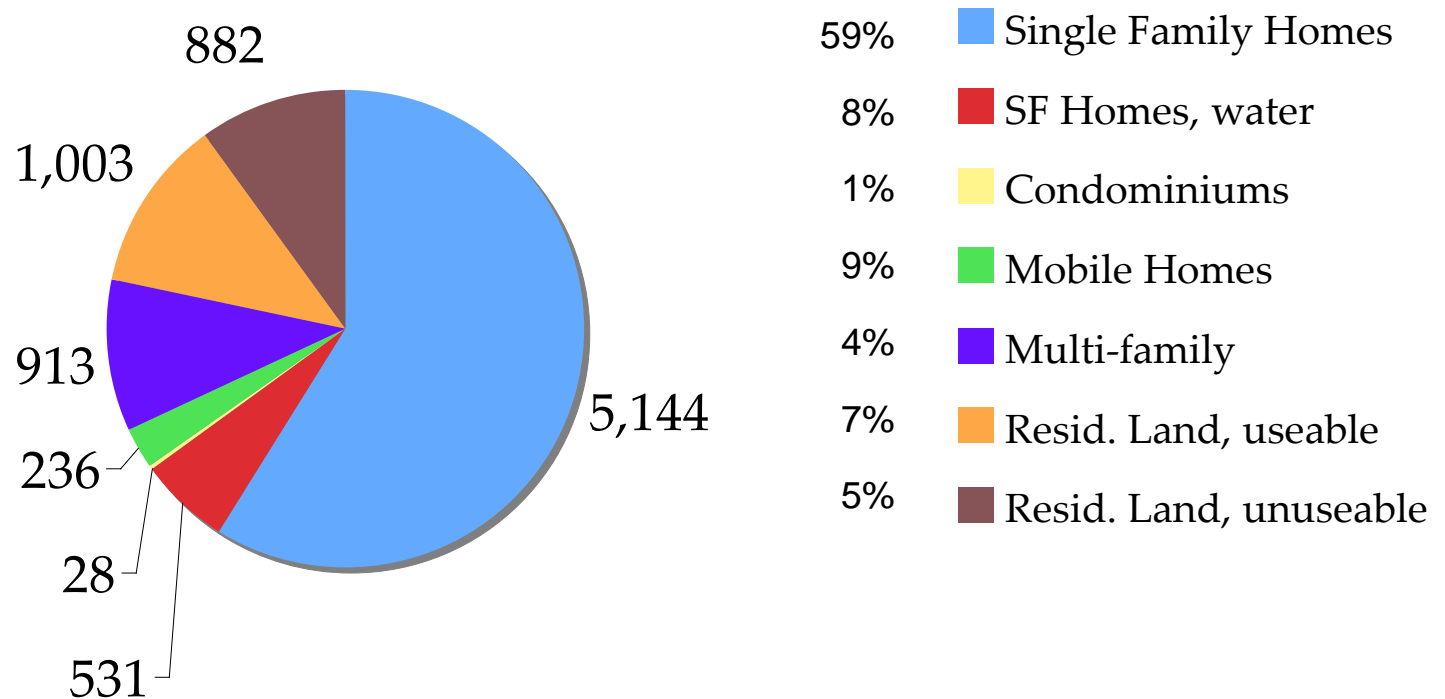


Residential Detail, acres

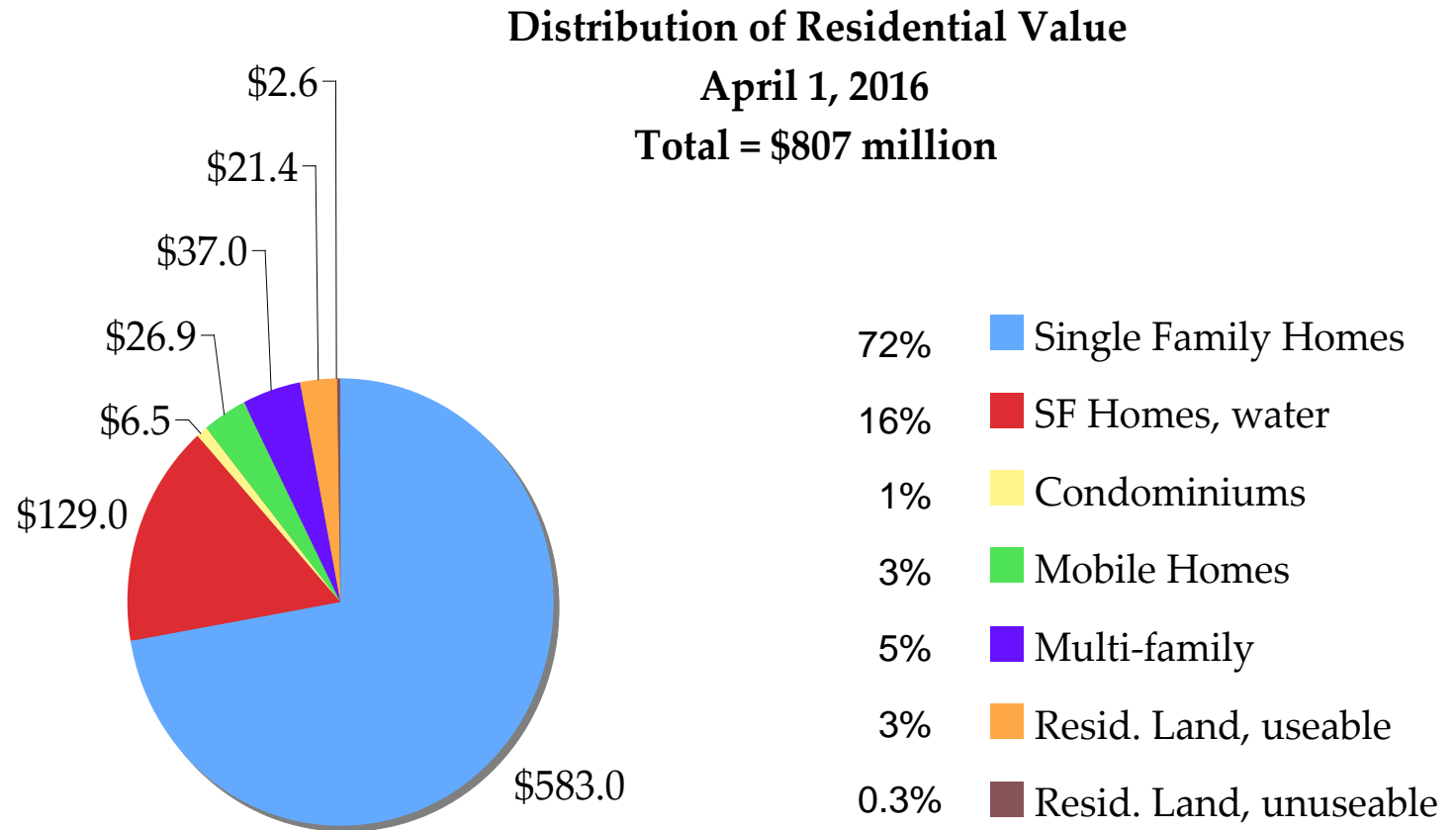
Distribution of Residential Acres

April 1, 2016

Total = 8,740

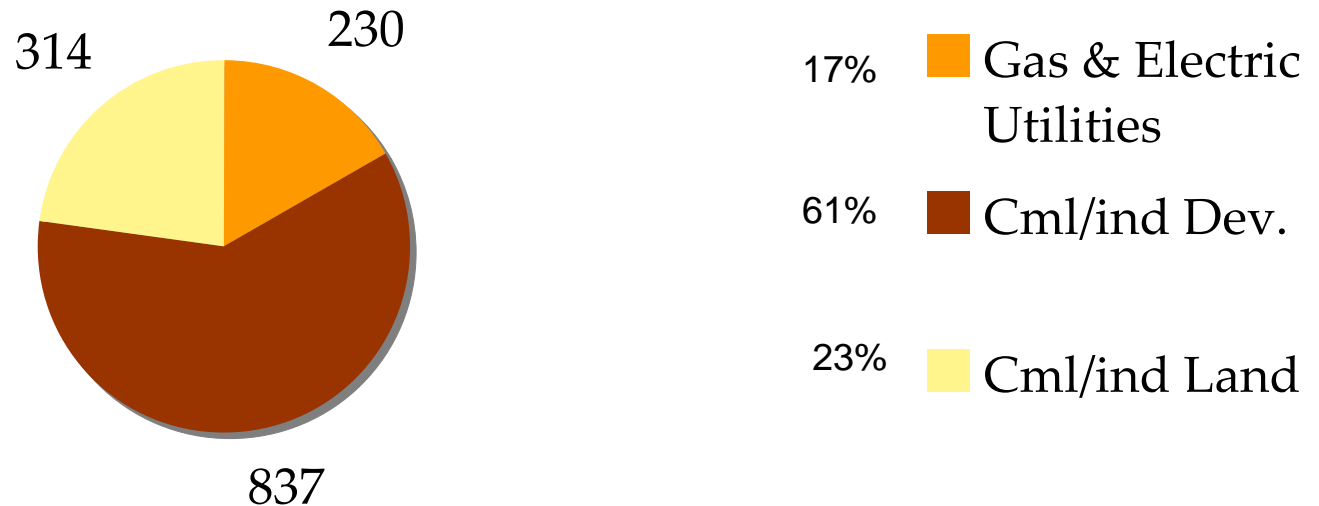


Residential Detail, value



Commercial/Industrial Detail, acres

Distribution of Commercial/Industrial
Acres
April 1, 2016

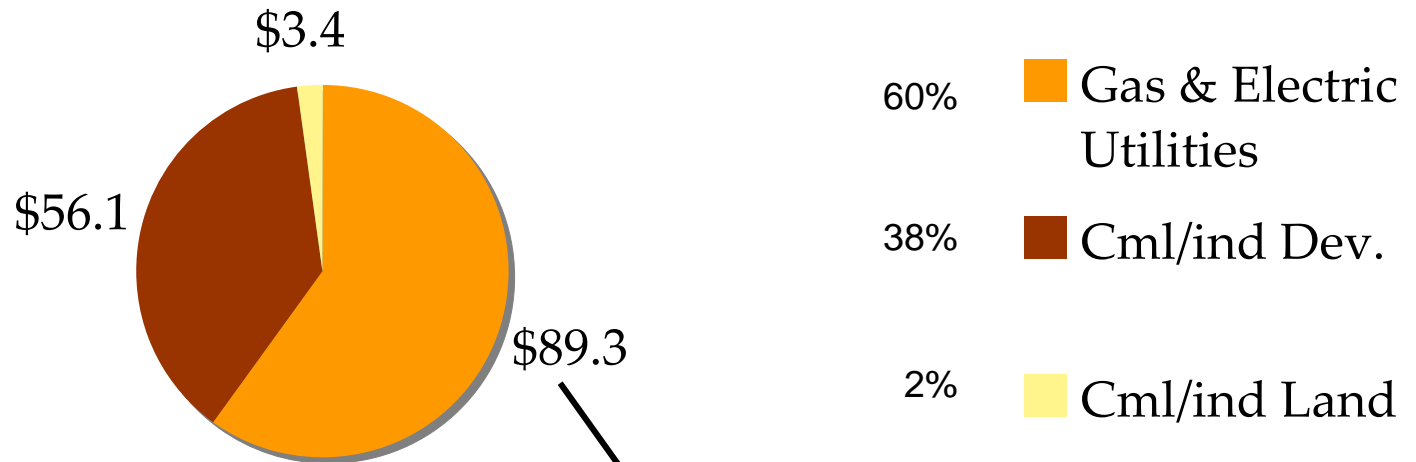


Commercial/Industrial Detail, value

Distribution of Commercial/Industrial Value

April 1, 2016

Total = \$149 million



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

Eliot's Fiscal Structure

| 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 |

* excluding gas/electric

What drives demand for services?

- number, location & characteristics of households & businesses.
- number of students.

To estimate future fiscal costs:

- project number of HH & BU.
- project number of students.

Education Example

| 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% | | | | | |

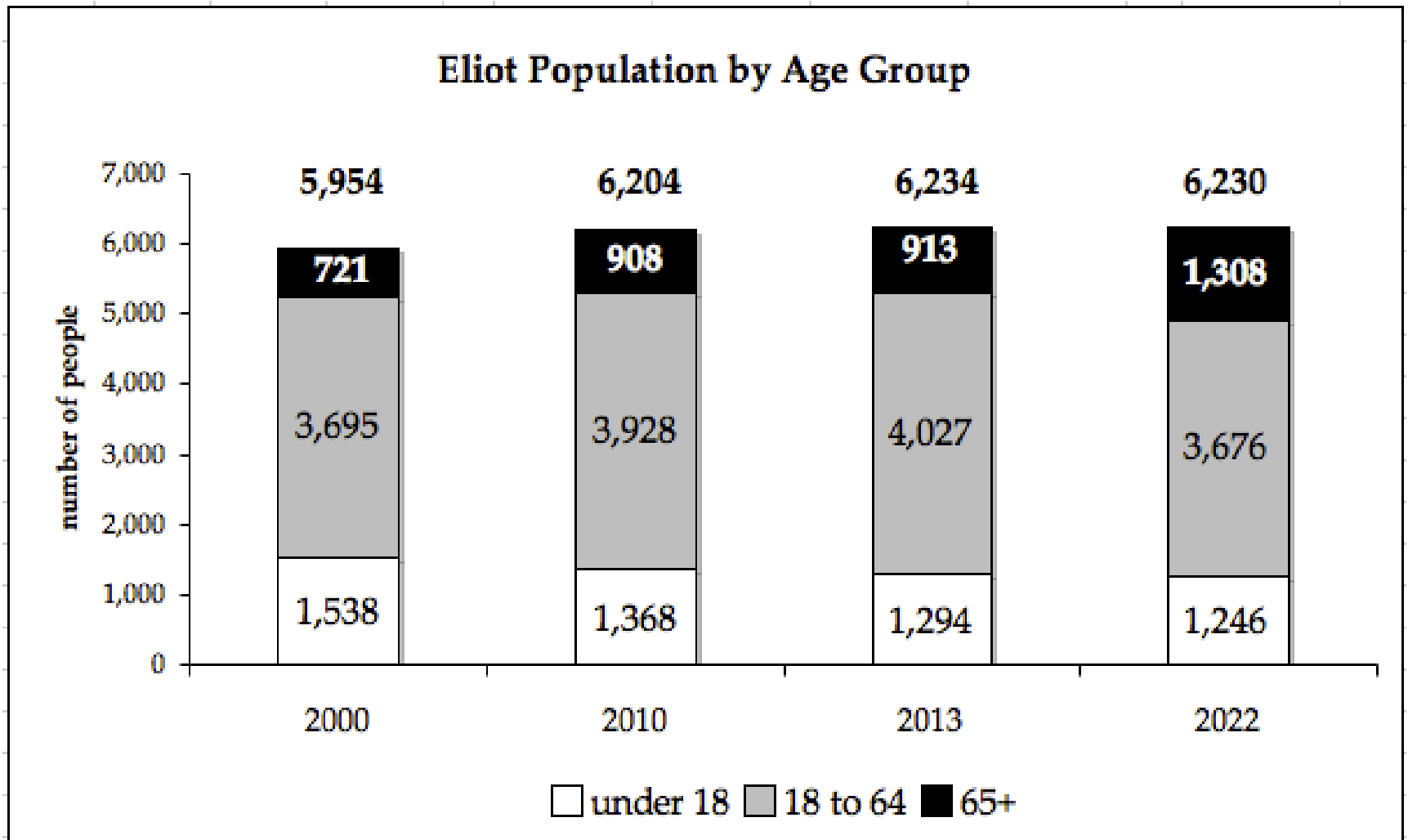
Assumptions:

Cost per student rises at the average annual rate of FY10-FY17;

Housing units increase by 20 per year;

Students per household ratio declines at rate of -1.5% per year.

Demographic Projection

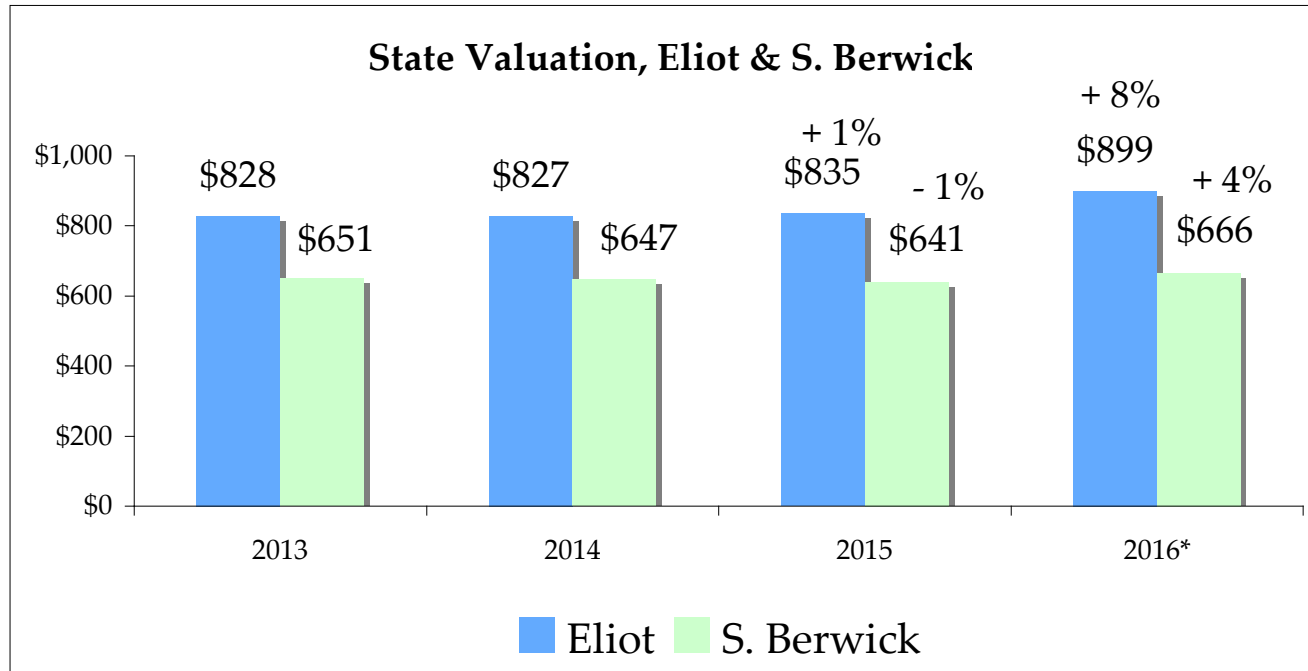


Policy Questions

Promote housing for young families to utilize existing capacity.
(Will cost/student stabilize if enrollment stabilizes?)

Promote more non-residential property tax base.

Be aware of fiscal implications of state valuation.



Municipal Services Example

| 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 |
| | | <i>projection estimate = FY11 -FY17 avg. annual increase</i> | | | | | | 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 | | | | |
| | | <i>projection estimate = FY11 -FY17 avg. annual increase</i> | | | | | | 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 | | | | |
| | | <i>projection estimate = FY11 -FY17 avg. annual increase</i> | | | | | | 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 |

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.

No Change Policy Forecast

| Item | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 |
|--|-------------|-----------|-----------|-----------|-----------|-----------|
| Property Tax Required | \$12.89 | \$13.41 | \$13.96 | \$14.51 | \$15.08 | \$15.67 |
| Housing Value (\$ million) | \$782.0 | \$788.44 | \$795.86 | \$803.30 | \$810.78 | \$818.28 |
| units total | 2,684 | 2,704 | 2,724 | 2,744 | 2,764 | 2,784 |
| avg. value | \$291,000 | \$291,582 | \$292,165 | \$292,749 | \$293,335 | \$293,922 |
| <i>% increase (FY11-17 avg. annual</i> | <i>0.2%</i> | | | | | |
| avg. acres | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 |
| Residential Land (buildable) (\$ million) | \$21.4 | \$19.8 | \$18.6 | \$17.4 | \$16.2 | \$15.0 |
| acres | 1,003 | 945 | 887 | 829 | 771 | 713 |
| avg. value | \$21,000 | \$21,000 | \$21,000 | \$21,000 | \$21,000 | \$21,000 |
| <i>% increase (FY11-17 avg. annual</i> | <i>0%</i> | | | | | |
| Gas & Elect Value (\$ million) | \$89.0 | \$89.9 | \$90.8 | \$91.7 | \$92.6 | \$93.5 |
| % increase estimate | 1% | | | | | |
| Other Cml/Ind (\$ million) | \$59.0 | \$59.3 | \$59.6 | \$59.9 | \$60.2 | \$60.5 |
| <i>% increase (FY11-17 avg. annual</i> | <i>0.5%</i> | | | | | |
| Total Taxable Valuation (\$ million) | \$951.4 | \$957.5 | \$964.9 | \$972.3 | \$979.8 | \$987.3 |
| Tax rate (\$/\$1,000) to raise tax required | \$13.54 | \$14.01 | \$14.46 | \$14.93 | \$15.40 | \$15.87 |

Policy Questions

How close to full capacity is current use of capital assets and equipment?

What form of non-residential development does the community wish to undertake?

Who will take responsibility for generating support in the community?

Community Support

Requires a different approach from steps 1 & 2.

Review statements of community opinion:

- Comprehensive Plan;
- citizen survey results;
- interviews

Identify implementation process for decisions coming from steps 1 & 2:

- citizens & staff responsible;
- zoning, subdivision, ordinances changes;
- milestones & monitoring process

Prepare and carry out communications plan.