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ECONOMIC DEVELOPMENT COMMITTEE

DATE: **September 18, 2018 (Tuesday)**
TIME: **5:30 – 7:30 p.m.**
LOCATION: **Room 209**
Portland City Hall

1. **Review and accept Minutes of previous meeting held on September 4, 2018.**

2. **Review and discuss possible Portland Impact Fee Ordinance.**
   a. See enclosed memo from Jeff Levine and possible impact fee ordinance.

3. **Review and Vote to Recommend to City Council Assignment of the McAuley Place/Baxter Woods Tax Increment Financing Credit Enhancement Agreement**
   a. See enclosed memo from Greg Mitchell

4. **Review and Vote to Recommend to the City Council the Proposed Real Estate Option to sell Lot 1 located in the Portland Technology Park.**
   a. See enclosed memo from Greg Mitchell.
   NOTE: Pursuant to 1 M.R.S.A. 405(6)(C), the Committee may go into executive session to discuss negotiations for the sale of this real estate.

5. **Review and Vote to Recommend to City Council Proposed Amendments to the following Three Area-wide Tax Increment Financing (TIF) Districts and Ordinance:**
   a. Bayside TIF District to expand allowable public investment options of TIF District revenue;
   b. Downtown Transit Oriented Development TIF District to increase the annual TIF District capture rate and expand allowable public investment options of TIF District revenue;
   c. Waterfront TIF District to expand allowable public investment options of TIF District revenue and geographic expansion of the TIF District; and,
   d. Ordinance Amendment to Waterfront Capital Improvement and Economic Redevelopment Zone to expand the "growth" area for future Waterfront TIF District expansion to include the western waterfront from the Casco Bay Bridge to Sprague Energy.
   Note: See enclosed three memos from Greg Mitchell – one for each TIF District.

6. **Executive Session:** Pursuant to 1 M.R.S.A. 405(6)(C), the Committee will go into executive session to provide staff guidance related to the following:
   a. Negotiations for extension of Lease Agreement with Casco Bay Island Transit District.
   Note: See enclosed confidential material from Brendan O'Connell and Greg Mitchell.

Councilor Justin Costa/Chair

NOTE: No public comment will be taken on non-action items.
Next Meeting: October 2, 2018

Economic Development Committee
Draft Meeting Minutes
September 4, 2008, 5:30pm
City Hall, Room 209

Committee Members attending:
- Justin Costa, Chair, District 4
- Nick Mavodones, at Large

Councilors attending:
- Mayor Ethan Strimling
- Pious Ali, at Large
- Kim Cook, District 5

Staff attending:
- Jon Jennings, City Manager
- Greg Mitchell, Economic Development Director
- Brendan O'Connell, Finance Director
- Bill Needelman, Waterfront Coordinator (Notes)

Outside TIF Counsel:
- Jim Saffian, Pierce Atwood

Additional attendees:
- Amy Geren, Portland Downtown

Chair Costa (JC) brought the meeting to order at 5:30

1. Accepting Minutes of Previous Meeting.

Councilor Mavodones (NM) moved to accept the minutes from the 7/17/18 meeting, 2nd by JC, Vote 2-0 by all present, motion passed.

2. TIF Amendments:

The Chair noted that the TIF amendments proposed would not be acted on at the meeting, but this was the first of a series of meetings on the topic.

Greg Mitchell (GM) introduced the topic by noting the goal was to increase utilization of TIF District financing for City uses. This was not a proposal to increase so-called Credit Enhancement Agreements (CEA.)

GM described the maps and districts that were included in the packet: Bayside, Downtown Transit , Waterfront. GM referred to a table in the packet that described uses and potential changes to uses.

Bayside: 130 acres, runs to year 2033, currently at 100% capture. Changes proposed to uses include workforce training, infrastructure financing, prorated contribution to staffing. No changes proposed to capture or geography.
Downtown Transit: 421 acres, runs to year 2045. Changes to allowable uses proposed (pages 8-10 of packet) are comparable to Bayside, with parking, transit services added. No changes to geography, but increase in capture from 22% to 100%.
Waterfront: Runs to year 2032. Proposed changes (described on pages 11and 12 of the packet) include comparable financing and staffing provisions as proposed for Bayside and Downtown. Additionally, add multi-modal transit, new pier construction, environmental studies, climate change planning and infrastructure, and dredging. Keep the 100% capture.

The Waterfront is also proposed to add 15 specific sites and to expand the potential growth area to include the Western Waterfront. The 15 sites were chosen due to on-going or near-term construction plans, including public streets. The sites were listed with reference to the map.

GM also provided a primer on "why TIF?" describing district wide infrastructure advantages and the cost savings created through "sheltering" new taxes from County taxes, State school funding formula penalties, and State revenue sharing penalties. Two recent additions to the Waterfront TIF District were noted (WEX and Union Wharf) as examples. Municipal sites were added due to zero valuation and planned or potential projects.

Brendan O'Connell (BO) circulated supporting material describing the magnitude of the "sheltering" effect.

Committee members asked clarifying questions on the magnitude of sheltering potential and dollar value savings. BO noted that other communities are more aggressive in using TIFs to maximize the sheltering effect.

City Manager, Jon Jennings (JJ) noted the use of such tools to finance critical infrastructure, as was done in South Portland with sewer projects. The City Manager recommended the changes.

The Committee and Attorney Saffian (JS) clarified the distinction between capture rate and basis valuation.

NM asked if property owners of effected parcels would see any impacts?

GM: No, payments would be the same to tax payer with funds set aside in a district specific TIF account.

The Committee and staff discussed the origin of the Waterfront Growth Area lines.

Mayor Strimling (ES) asked clarifying questions regarding the location of data and the distinction between "in district", "out of district" and City wide. GM clarified.

ES looked to confirm that workforce training was available city-wide. GM confirmed.

JC noted that majority of use of funds to date has been for infrastructure and these changes look to expand use of funds.

ES, JC, GM, and JS held a discussion on use of funds allowed for training and education under state restrictions. It was clarified that apprentice programs would qualify under the general category of "skills development." A general discussion on adult ed followed where it was noted that State review would likely influence outcomes. The need for English language training was noted.

GM noted the need for broad, flexible use categories.

ES requested clarification on why, in the Waterfront, "maritime industry" was added as a qualifier in the use table for training. A discussion followed exploring both state rules and the city Waterfront TIF ordinance.

ES requested a description of the tradeoffs between sheltered funds from TIF capture versus impacts to the general fund.

GM noted that the Council can always reduce the capture from budget to budget.

JJ followed by noting the constriction of CIP funding and the opportunity to offset the squeeze on the CIP by using TIF dollars. A general discussion related to sheltering and offsets to the general fund followed. The City Manager concluded by noting the importance of establishing value now so that new value moving forward can be captured.

ES questioned whether the potential for the City to become a "minimum receiver" community under state school funding might offset the capturing advantages. Others noted the county and revenue sharing issues.

Following statements from ES describing a hope for use of funds for affordable housing, the committee and staff discussed the distinction between Affordable Housing TIFs and Commercial TIF Districts. GM noted the practice of removing projects from Commercial TIFs to create or add them to AH TIFs. The committee and JS explored the use of TIF funds for affordable housing, concluding that Commercial TIFs were not likely suitable.

JS clarified that Waterfront training was likely mostly a local issue.

Councilor Cook (KC) asked for a breakdown of capture rates historically.

BO noted 22% Downtown, 66% Bayside, 71 % Waterfront.

KC followed with a question regarding use of funds for finance costs versus project costs.

BO described the potential to bond projects through the CIP and then pay the debt service with TIF funds.

GM added that the proposed changes would allow finance costs to be paid by TIF in all 3 districts.

KC asked if that included Portland Landing and redevelopment of the POT.

GM replied that Ocean Gateway and the POT, yes. Portland Landing, only partially as "parks" were excluded from use of TIF funds under state rules.

Councilors concluded with thanks to staff and support for continued conversations on the topic.

3. Annual TIF Report

JC noted the good timing of the report to allow the Finance Committee to benefit from the information.

GM: Noted that this is the 5th year of an annual report. The report is a high level look at the program for the Council and the public providing a complete list of TIF fund uses. While CEAs get most of the attention, there are only 12 active single site TIFS; 6 affordable housing (AH), 6 Commercial – 3 of which will expire within the next fiscal year, returning those tax $ to the general fund. GM drew attention to Page 10 of the packet explaining base value and non-capture value. Within the appendix, there is a project by project breakdown for every TIF. GM concluded by noting the transparency of the reporting and staff's pride in the work.

JC noted the constituent value of the report.

Other Councilors thanked staff for the work.

ES thanked staff and inquired if the performance of projects, such as job creation/retention, was tracked and reported?

GM noted that would be additional work.

ES requested results of such inquiries be reported in the table. GM agreed. There followed a general discussion by members on reporting.

Councilor Ali (PA) asked what remedy was in place to address non-performance?

GM noted that there was no "claw back" provision in the agreements. Additional research would be needed, noting that such provisions were more typically required in a sale of property and not in a TIF agreement.

ES inquired on the Imucell TIF and valuation totals.

GM noted the Personal Property was not subject to TIF, but will look into potential discrepencies.

KC asked if the City was maximizing value and if there was room for expansion?

GM clarified the size of the areas was totaled (page 6 of packet) and that there was room to expand currently and more so after TIFs expire.

JJ noted the potential to expand to off-peninsula areas such as Woodfords Corner after cleaning up issues on the peninsula.

Committee and staff held a general discussion on expansion potential.

MOTION: Councilor Mavodones made a motion to recommend forwarding to the City Council for approval. 2nd by JC. VOTE: 2-0, passed by all present. Motion passed.

4. Executive Session to discuss potential sale of City land near the Westbrook Line

ES asked for disclosure of location of site.

GM described that the subject parcel was located along the boundary of Westbrook adjacent to the Pike Industries site. Committee discussed the location and it was confirmed that the site was not along Rand Road.

MOTION: Councilor Mavodones made a motion to go into executive session, consistent with state statute cited. 2nd by JC. VOTE: 2-0, passed by all present. Motion passed.
Committee went into executive session. No additional motions were made prior to adjournment.

Respectfully submitted.
Bill Needelman, Waterfront Coordinator

MEMORANDUM
PLANNING AND URBAN DEVELOPMENT DEPARTMENT
PLANNING DIVISION

To:	Economic Development Committee
From:	Nell Donaldson, Senior Planner, Department of Planning & Urban Development
Date:	September 13, 2018
Re:	Impact Fee Study Update
Meeting Date:	September 18, 2018

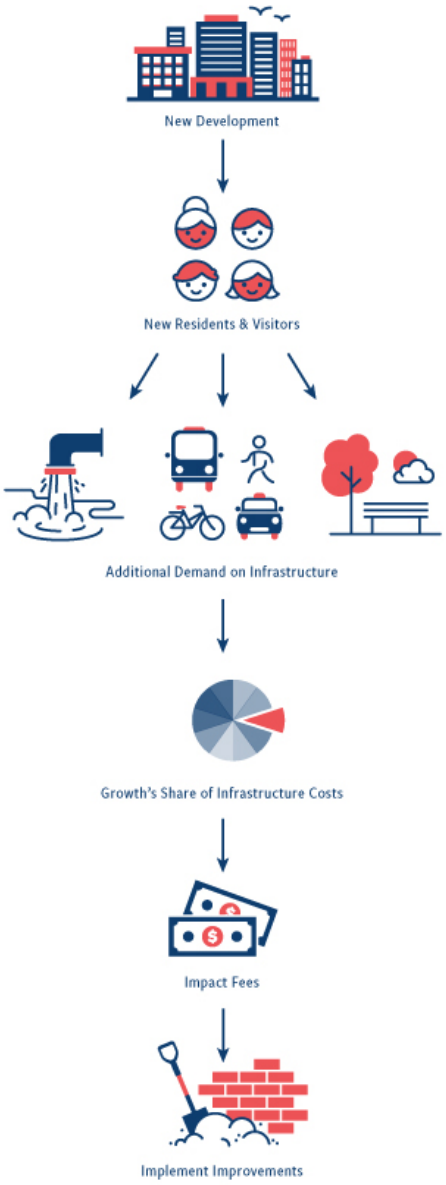


Figure 1: Impact fee process

I. INTRODUCTION

Earlier this year, the city's Planning Division, with the assistance of the Department of Public Works and the Department of Parks, Recreation, and Facilities, began the process of developing an impact fee study for the city. The intent of the study is to explore the potential for three municipal impact fees, for parks and recreation facilities, transportation, and wastewater, as a means of establishing a predictable, transparent, and equitable system for mitigating the impacts of development as it occurs in Portland over the next 10 years.

Planning Division staff met with the Economic Development Committee to introduce the *Impact Fee Study* in June of this year. That meeting included an overview of impact fees, a discussion on the ways that the city currently addresses mitigation of development impacts, and a brief synopsis of the scope of work for the study *(Attachment 2).* The purpose of this second EDC meeting is to provide an update on the study, present a set of preliminary maximum defensible fee calculations, share draft ordinance language, and gather committee feedback prior to presenting to the full Council in a workshop scheduled for September 24.

2. BACKGROUND ON IMPACT FEES

A. What are impact fees?

Impact fees are charges paid by new development to fund the cost of providing municipal facilities to serve that development. This idea is premised on the concept that when development occurs, it can bring many benefits, but it also affects the existing infrastructure around it by adding more cars, bikes, and pedestrians to the streets, increasing sewer and stormwater flows into city systems, and infusing additional visitors into the city's parks and open spaces. In turn, these facilities require additional capital investment. As a result of this thinking, impact fees are widely used throughout the United States. Impact fees have been used in some communities in the United States for the past 50+ years.

Table 1: Sample of Maine Communities with Impact Fees

	Transportation	Sewer/Water	Open Space/Recreation	Fire/EMS	Schools
Brewer	●	●			
Brunswick		●	●		
Freeport	●				
Gorham		●	●		
Lewiston	●	●			
Pownal			●	●	
Saco		●	●	●	
Scarborough	●				●
Windham	●		●		
York		●			●

B. Where are impact fees?

Although impact fees are particularly common in U.S. states that have experienced rapid population growth in the west and south, they are found in the majority of states nationwide. Concord and Manchester, NH have impact fees, as does Burlington, VT. In Maine, the legislature laid the foundation for impact fees with the Comprehensive Planning and Land Use Regulation Act of 1987. In the time since, communities across the state, mostly in southern Maine, have developed and implemented impact fee ordinances *(Table 1)*.

C. How may impact fees be used?

The uses of impact fees vary widely, depending on state enabling legislation, but in all cases impact fees *may only be used on capital projects to construct, expand, or replace infrastructure required to serve new development*. In Maine, impact fees may be used for transportation projects, public safety facilities, sewer and water systems, parks and open space, and school improvements. *Impact fees may not be used to pay for operations or maintenance, and may not be used to address existing deficiencies in these systems.*

3. MAXIMUM DEFENSIBLE FEE CALCULATIONS

Regardless of where impact fees are used, courts have established that there must be a rational nexus and rough proportionality between the type and scale of development and the fee imposed. Per guidance from the former Maine State Planning Office, "the expansion of the facility and/or service must be necessary and must be caused by the development; the fees charged must be based on the costs of the new facility/service apportioned to the new development; and the fees must benefit those who pay" *(Maine State Planning Office, 4)*. Given these standards, in order for impact fees to be charged, a community must conduct an analysis that identifies growth-related infrastructure costs and apportions those costs to projected development, often by development type, on a square foot, unit, or per trip basis.

The City of Portland's *Impact Fee Study* is meant to provide such an analysis. To date, the study has included the following work:

A. Development of population, employment, and land use assumptions. The first step of the study involved the development of 10-year growth projections (i.e. the projected change in population, employees, trips, and wastewater flows for which impacts could potentially be assessed) *(Attachment 3)*. This step included the collection of background data on population, employment, land use, and wastewater flows in the city, a review of trends, and a survey of data from other sources (e.g. estimates from GPCOG, PACTS).

B. *Determination of capital facility needs and current levels of service.* The second step of the study involved the collection of data necessary to identify capital costs associated with projected growth:

- The Department of Parks, Recreation, and Facilities provided an inventory of current parks and recreation facilities and identified replacement costs for each. This inventory was used to calculate existing level of service for parks and recreation facilities on a per capita and per job basis.
- The Department of Public Works generated capital transportation and wastewater project lists based on recent Capital Improvement Plan (CIP) requests. Given the volume of the transportation projects, projects were subsequently categorized as high-, medium-, and low-readiness. DPW staff then determined the proportion of these capital projects, if any, attributable to future growth, based on project location and project type.

C. *Development of maximum defensible fee calculations.* In the third step of the study, different commonly-used impact fee methodologies were reviewed for suitability with respect to the three impact fee categories under consideration. Subsequently, maximum defensible fee calculations were developed:

- The existing parks and recreation inventory, replacement cost figures, and growth factors from the demographic analysis were combined to calculate maximum defensible parks fees for residential and non-residential land uses. This fee is based on an incremental expansion model, which is premised on the concept that, as growth occurs, it pays to maintain existing levels of service for parks and recreation facilities.
- Transportation fees were calculated using a plan-based approach. The share of high-readiness capital projects that could be attributed to growth was allocated across projected increases in person trips associated with population and employment projections, resulting in maximum defensible transportation fees for both residential and non-residential land uses.
- Likewise, for the wastewater fee calculations, a plan-based approach was used. Again, the share of capital project costs that could be attributed to growth was apportioned over projected increases in wastewater flows, resulting in maximum defensible wastewater fee calculations based on meter size.

D. *Stakeholder outreach.* In late July, these initial maximum supportable fee calculations were shared with the study's stakeholder group, consisting of neighborhood representatives, developers, and representatives of organizations with a stake in economic development in the community more broadly. This group reviewed the calculations and provided valuable feedback on methodology, assumptions, and the level of the maximum defensible fee calculations.

E. *Revisions to maximum defensible fee calculations.* In response to these comments, DPW, Parks and Recreation, and Planning staff met to discuss ways in which to respond to comments and modify assumptions to develop a revised set of fees. As a product of these discussions, several changes were made to the assumptions, including:

- Adding additional non-residential uses to the parks fee
- Eliminating parks vehicles and recreation facilities for which the city is unlikely to expand capacity in the future
- Modifying assumptions regarding future MaineDOT/federal funding
- Modifying city/growth shares for some transportation capital projects
- Broadening land use categories on the transportation fee
- Modifying the wastewater fee to include a credit for future stormwater and wastewater fees that will cover existing debt service

The resulting fee calculations are those presented here *(Attachment 4)*. These revised fee calculations are significantly lower than the calculations prepared in the early summer and originally presented to the

stakeholder group. This means that the fees will not go as far as those initially calculated in terms of covering growth-related infrastructure costs in the city. As a result, the City will need to look to the General Fund and other sources to cover a larger portion of these costs.

F. *Analysis of maximum defensible fee calculations.* In addition to gathering feedback on the revised maximum supportable fee calculations from this committee, the Planning Board, and the full City Council over the coming week, staff has shared the revised fee calculations with the stakeholder group and offered to meet with members of the group to review and discuss. Staff has also engaged a third party to assess the potential impact of the fee calculations on various development types. Last, the impact fee consultant has begun an analysis to examine the effect of the maximum supportable fee calculations on housing affordability within the city.

4. DRAFT ORDINANCE

In order to collect impact fees, municipalities must have enacted a council-adopted ordinance that meets a series of requirements established by state statute. These requirements include the provision of language to address the relationship between fees and growth's share of infrastructure costs, the treatment of revenues generated from impact fees, timely use of impact fees, and refunds *(Title 30-A MRSA §4354).* Staff has used the state statute, impact fee ordinances from communities in Maine and nationwide, and guidance from the former State Planning Office to develop draft ordinance language to accompany the fee calculations *(Attachment 5).* This ordinance language addresses not only the technical requirements of the statute but issues critical to the administration of impact fees:

A. *Applicability.* The draft ordinance is written such that any development on a site that generates an increase in impact would be subject to impact fees. This would include new development, additions to existing buildings which result in net new residential units, non-residential square footage, or wastewater meters, and changes of use which result in a net increase in impact per the impact fee schedule.

B. *Impact fee schedule and basic guidelines for the calculation of the fee.* The draft ordinance includes language designed to clarify methods for calculating fees for mixed-use development, redevelopment, additions, and changes of use.

C. *Provisions for the modification of the fee amount.* The draft ordinance has been written to allow the Planning Board, based on a property-owner's application, to grant a credit against required impact fees for any infrastructure improvements made by a developer which are part of or equivalent to the projects for which impact fees are being collected. Likewise, the draft ordinance includes language allowing the Planning Board to modify or waive impact fees for developers that can prove that a proposed use will have no or significantly-diminished demands on the capital facilities for which impact fees are being collected.

D. *Waivers for affordable housing.* The draft ordinance includes a reference to Division 30, which provides for fee reductions for affordable housing developments. Under the draft ordinance, the existing fee reductions granted in Division 30 would apply to impact fees.

E. *Administration of funds.* Lastly, the draft ordinance language also addresses the timing of impact fee collection, accounting procedures, and procedure for refunds as necessary.

The draft ordinance has been reviewed by Corporation Counsel. It is anticipated that Corporation Counsel will continue to review as future revised drafts are developed. Simultaneously, staff has begun discussions with Finance and Inspections on how fees would be collected and administered.

5. COMPARISON WITH THE CURRENT SYSTEM

At previous meetings on the *Impact Fee Study,* questions have been raised about the city's current system for collecting mitigation for projects that have impacts on municipal infrastructure. The City of Portland's existing site plan ordinance allows the city to require mitigation "so as to be consistent with City Council approved master plans and facilities plans and with off-premises infrastructure, including but not limited to sewer and stormwater, streets,

trails, pedestrian and bicycle network, environmental management or other public facilities" *(City of Portland Land Use Code 14-526(c)1.a)*. Further, the city's *Technical Manual* requires that developments that generate more than 100 passenger car equivalents obtain a Traffic Movement Permit (TMP) under the city's delegated review authority. The issuance of a TMP includes a "summary of findings and recommendations for improvements and other impact mitigation measures" *(City of Portland Technical Manual, 2).* Under these regulations, the city negotiates mitigation on a case-by-case basis predicated on an analysis of impacts identified through the site plan or subdivision review process.

As a product of this process, in some cases, developers make in-kind physical improvements, upgrading a traffic light or installing pedestrian signalheads and ramps at a nearby intersection. In other cases, developers are required to make financial infrastructure contributions proportionate to their impacts. These contributions are held in separate "infrastructure accounts" until they can be drawn down to pay for the improvement identified through the review process. For reference, data shows that, as mitigation of impacts for site plans approved between May of 2013 and May of 2018, the Planning Board and/or the Planning Authority required infrastructure contributions totaling just over $1 million. It should be noted that this figure does not include in-kind work completed by developers and some substantial contributions yet to come, including that from the Portland Company redevelopment. The majority of infrastructure contributions collected as mitigation during that timeframe were for traffic improvements.

Our current system for collecting mitigation has some significant weaknesses:

- It involves a negotiated process that creates uncertainty for developers, neighbors, and the City. This negotiation process takes additional time, and also involves expending costs that could otherwise be put directly into mitigation.
- The staff audit of infrastructure contributions over the past five years indicates that the City is not adequately planning for growth. Projects are generally not fully mitigating their impacts and allowing the City's plan for growth to be implemented in a timely fashion. As a result, the backlog of needed infrastructure projects increases without a financial plan to adequately fund the work.

6. NEXT STEPS

1. Presentation to Planning Board at workshop on 9/20/18;
2. Presentation to City Council at workshop on 9/24/18;
3. Completion of analysis and revisions to fee calculations and draft ordinance as necessary;
4. Planning Board and Council hearings

7. ATTACHMENTS

1. Memo to the Economic Development Committee, Jeff Levine, Director, Planning & Urban Development Department, 8/31/17
2. Memo to the Economic Development Committee, Nell Donaldson, Planning & Urban Development Department (without attachments), 6/5/18
3. Demographic Data and Development Projections for Impact Fee Study, Tischler Bise, 6/5/18
4. Revised Preliminary Maximum Defensible Fee Calculations, TischlerBise, 9/12/18
5. Draft Impact Fee Ordinance, 9/13/18

Portland, Maine Yes. Life's good here.

Jeff Levine, AICP
Director, Planning & Urban Development Department

Memorandum

To: Economic Development Committee

From: Jeff Levine, Director, Planning & Urban Development

Date: August 31, 2017

Re: Impact Fees

One of the recommendations of the Comprehensive Plan is to look at a system of Impact Fees for the City as a way of both funding city infrastructure, and providing predictability for developers. This memo outlines what Impact Fees are, how they have been applied elsewhere, and a general approach to an Impact Fee system for Portland.

<u>What Are Impact Fees?</u>
Impact Fees are a systematic way of having new development pay for the infrastructure demands it creates. Cities that use Impact Fees choose certain types of infrastructure they feel needs to be improved and develop a baseline and needs assessment for each of them. Costs are developed for future needs and then assigned to new development as it comes in. When sufficient funds have been collected, the improvements are made. Often there is a feedback system in place – as improvements are made, a new needs assessment is conducted and the Impact Fee system is revised accordingly.

Impact fees can be a logical and fair way to address public impacts of new development. Developers are able to plug a mitigation cost into their pro forma and plan for it, rather than having to negotiate mitigation and deal with the uncertainty of that process. The City is able to devote energy into implementing these improvements, rather than into extensive negotiations with each developer based on their documented impacts. Neighbors and community groups will know what projects in their neighborhood are being funded and more confidence that they will be completed.

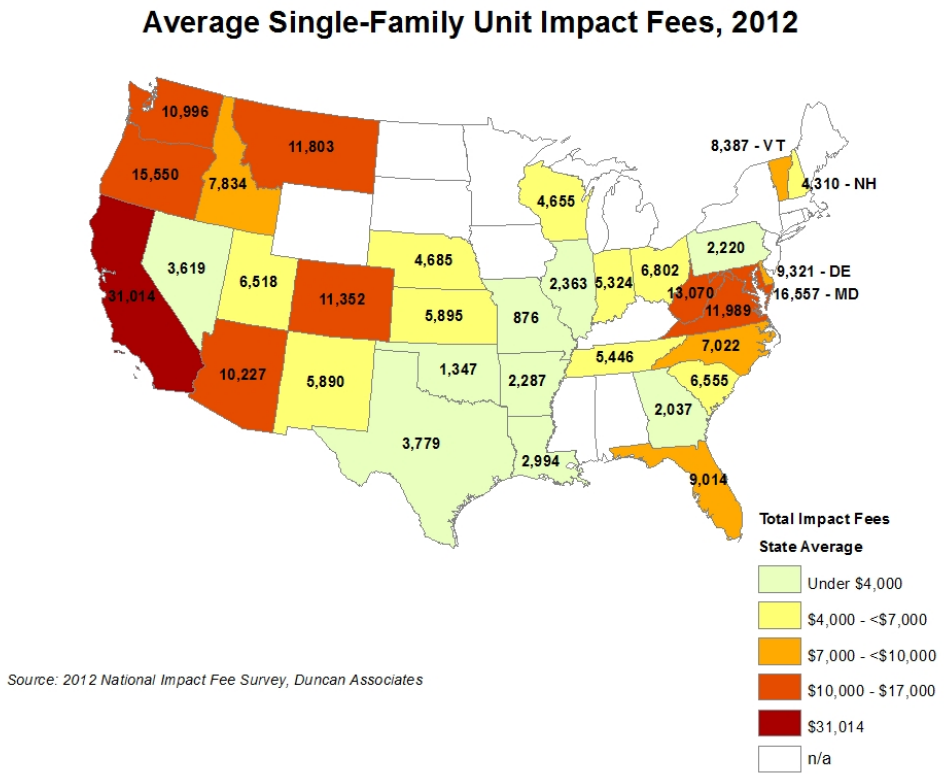
Commonly, impact fees are collected to mitigate impacts on transportation systems; parks & open space; schools; and stormwater/sewer systems. Costs are charged on either a square foot basis or on a per unit basis. For example, Concord, NH, has an impact fee for transportation improvements that charges $2,110 per new single family home, $1,449 per multifamily unit, and $1.70 per square foot of office space. Concord also charges a per unit fee for recreational facilities and for schools.

It is critical that any impact fee system be based on solid data regarding current and future needs, as well as meeting tests established by the U.S. Supreme Court related to the fees having a *rational nexus* to the development (*Nollan v. California Coastal Commission*, 483 U.S. 825 (1987)) and have *rough proportionality* to the actual impact of the project (*Dolan v. City of Tigard*, 512 U.S. 374 (1994).)

The American Planning Association has a policy guide on impact fees that provides a solid basis for thinking about their utility:

> "Impact Fees, when based on a comprehensive plan and used in conjunction with a sound capital improvement plan, can be an effective too for ensuring adequate infrastructure to accommodate growth where and when it is anticipated"

<u>Where Are They Used Nationally?</u>
Impact fees are used in a majority of states nationwide. A 2015 survey looked at 270 communities using impact fees as part of their development review process in 29 states and found the average impact fee for single family homes was $11,868 and the average impact fee for office development was $4,356/1000 square feet.[1]



[1] *National Impact Fee Survey 2015*, Clancy Mullen, Duncan Associates, Austin, TX

Impact fees are most common in Florida, Colorado, the southwest, and the far west. However, communities in Maine, New Hampshire and Vermont use Impact Fees. Municipalities in Massachusetts are not permitted to charge impact fees for development, except in very limited cases.

Only 10 states (including Maine) have specific state legislation authorizing the use of impact fees generally. In many other states, local governments have pursued impact fees, either through home rule authority or other mechanisms.

Some communities similar to Portland have well established impact fee systems, including Concord, NH; Manchester, NH; and Burlington, VT. Generally larger cities have not implemented impact fee systems, although Chicago has an impact fee system for parks and open spaces.

In Oakland, California, there is a proposed impact fee system that is a useful example for Portland, in that it is comprehensive in approach and does not tie the fees to specific improvements. Their zone approach is an interesting methodology for a densely-developed city.

<u>What About in Maine?</u>
Maine's legislature authorized the use of impact fees in 1987 as part of an overall update to the state's planning and land use laws. Title 30-A M.R.S. §4354allows cities to pass an ordinance to require collection of impact fees for a variety of uses, including wastewater collection and treatment; solid waste facilities; fire protection; transportation; and parks and open space. While public education is not listed as an explicitly authorized purpose, it has been accepted as another authorized use for impact fees in Maine.

Several communities in Maine have adopted impact fees for a variety of uses. These include:

- York, where they collect impact fees for schools, water, and sewer infrastructure;
- Scarborough, where they collect impact fees for specific transportation improvements and for schools;
- Gorham, where they collect impact fees for water improvements; open space and recreation; and schools; and
- Saco, where they collect impact fees for wastewater improvements.

<u>What Types of Impact Fees are Used?</u>
As mentioned above, impact fees are used for a variety of public infrastructure needs. The most common fees are for:

- Schools
- Wastewater and Stormwater

- Water Supply
- Transportation Infrastructure
- Parks, Recreation and Open Space
- Libraries
- Public Safety

Fees were traditionally charged at a uniform level for each use. More recently there has been some stratification of fees. For example, some communities charge school impact fees for homes with three or more bedrooms only, or charge a lower fee for smaller units. Similarly, some impact fee systems charge less or nothing for developments utilizing existing infrastructure, such as in a traditional town center.

Table 1. Average Fees by Land Use and Facility Type, 2015

Facility Type	Single-Family (Unit)	Multi-Family (Unit)	Retail (1,000 sf)	Office (1,000 sf)	Industrial (1,000 sf)
Roads	$3,256	$2,201	$5,605	$3,403	$2,063
Water	$4,038	$1,387	$647	$606	$627
Wastewater	$3,694	$1,777	$663	$640	$642
Drainage	$1,397	$784	$1,056	$891	$1,097
Parks	$2,812	$2,099	**	**	**
Library	$403	$314	**	**	**
Fire	$472	$347	$388	$339	$211
Police	$365	$283	$403	$259	$171
General Government	$1,689	$1,200	$745	$751	$436
Schools	$4,769	$2,562	**	**	**
Total Non-Utility*	$8,298	$5,484	$6,165	$4,214	$2,751
Total*	$11,868	$6,870	$6,346	$4,536	$3,150

* Average of total fees charged by jurisdictions, not sum of average fees by facility type (non-utility excludes water and wastewater

** rarely charged to nonresidential land uses, with the exception of school fees in California

Source: National Impact Fee Survey 2015, *Clancy Mullen, Duncan Associates, Austin, TX*

<u>What Current City Policies and Ordinances are Similar to Impact Fees?</u>

As part of the City's site plan review process, and as delegated by the state to issue Traffic Movement Permits (TMP) for the Maine Department of Transportation, mitigation is currently negotiated on a case-by-case basis. Applicants submit a transportation study, stormwater analysis, and other documentation outlining their estimates of the impact of the development on City infrastructure. Sometimes these studies suggest mitigation proposals, and sometimes they find that no mitigation is required. City staff and consultants review these studies and offer a response. As part of the process, a mitigation package is approved as part of the site plan approval and TMP process.

Sometimes the mitigation involves a physical improvement, such as a new traffic light. Sometimes they involve an in-kind contribution to a future improvement. These contributions are held in discrete accounts in the City system until sufficient funds have been found to complete these improvements. These contributions have some similarity to impact fees but are not as comprehensive. As a result, the City may have half of the cost of a particular improvement in an account for some time, but does not have the funds needed to complete that improvement.

The current system, particularly for TMP's, is based on a "first past the threshold" trigger. In other words, until an intersection fails, developers are not asked to fund any improvements. Once the intersection fails, the cost of addressing that failure falls to the developer whose project created that last increment of impact. While that can both help and hurt the same development, it creates conflict and is not as fair as an impact fee system that would have been collecting funds from developers all along.

There is a limited form of impact fees in effect in Portland for projects that wish to reduce their parking requirement. This voluntary fee-in-lieu-of parking system in effect on the Peninsula in certain zones. That system, created in 2010, allows developers to pay a fee rather than provide some of their parking on-site. That fee goes into the Sustainable Transportation Fund and is used to fund transportation alternatives, such as transit improvements, bike parking, and sidewalks. While this ordinance has had some successes, it is very limited in scope. Similarly, the inclusionary zoning ordinance is based on a study that connects new housing development and affordable housing needs.

At present City mitigation efforts are limited to transportation, sewer and stormwater, and, very occasionally, school impacts. There is no systematic process for funding mitigation for the other categories listed above. As part of the 58 Fore Street TMP, staff negotiated a pilot impact fee system for transportation improvements. That methodology worked well, though it was isolated in that case to improvements specific to that geographic area.

<u>What is the Process to Create an Impact Fee System?</u>
While it is tempting to simply create an impact fee system and implement it, there are several important steps that must be taken to establish the public policy and legal framework for an effective program.

1. A city should first complete a Comprehensive Plan or comparable document that establishes the planning goal of an impact fee system and, as much as possible, sets city goals for infrastructure baselines. The recently approved Comprehensive Plan does much of this work, as do other studies completed in the past few years, such as the Trust for Public Land parks and open space study.

2. The City needs to determine in what areas impact fees will be pursued. Currently Portland only seeks mitigation for transportation and stormwater impacts in most cases. The more areas in which impact fees will be implemented, the more

upfront work will be needed. The cost to developers will also be higher, but greater public benefit will be provided.

3. Those infrastructure baselines need to be refined and turned into a set of public improvements that will be needed based on expected development. The City's Capital Improvement Plan does a good job at outlining these improvements, but it is fiscally constrained based on the City's existing financial resources and bonding capacity. A more extensive list of needs, with estimated costs attached, will need to be developed. This can be very simple, as in the case of Scarborough where they simply sought to fund a few specific roadway projects, or more complicated. Alternatively, they can be comprehensive and address a number of impacts at once, as Oakland is doing. That would be our current recommendation.

4. An impact fee study needs to be completed to link these costs and project new development. While it is tempting to skip the study phase, this study is especially important given U.S. Supreme Court rulings in *Nolan* and *Dolan* regarding establishing a rational nexus and rough proportionality for impact fee systems.

5. The City needs to approve an impact fee ordinance with a fee schedule, and amend any other ordinances that may need changing to create such a system in accordance with 30-A M.R.S. §4354.

6. Staff needs to be educated on the new system, and educate the development and neighborhood groups on it as well, to ensure that everyone is familiar with the new process.

7. Staff needs to track the various accounts and complete the funded improvements when collections are sufficient.

8. The list of projects and fee structure will need regular revisiting and updating. At a minimum, this should be completed every few years. Ideally this work would be ongoing as part of the CIP process.

<u>What are our Next Steps?</u>
With the approval of the Comprehensive Plan, the policy basis is in place for next steps. The planned rewrite of Chapter 14 into an updated Unified Development Code is compatible with replacing the current process with a more systematic impact fee system.

Our next step is to complete the nexus study that will document the rationale for the amount of the Impact Fees. Staff has completed a Request for Proposals for a consultant to complete that study with the $25,000 appropriated in the FY18 budget for this purpose. Planning has been working with Public Works; Economic Development; Parks, Recreation & Facilities, and other departments to prepare for this work. We hope to have a consultant selected in September and the nexus study completed this calendar year. We will then submit a proposed ordinance for Planning Board and City Council review.

MEMORANDUM
PLANNING AND URBAN DEVELOPMENT DEPARTMENT
PLANNING DIVISION

To:	Economic Development Committee
From:	Nell Donaldson, Senior Planner, Planning & Urban Development Department
Date:	June 1, 2018
Re:	Impact Fee Study Update
Meeting Date:	June 5, 2018

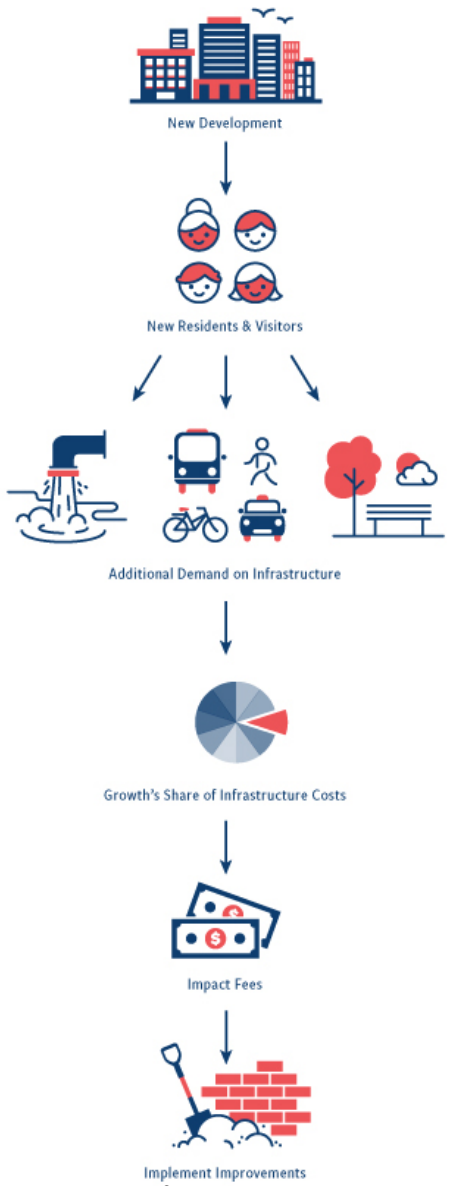


Figure 1: Impact fee process

I. INTRODUCTION

In late 2017, on the recommendation of the city's recently-adopted comprehensive plan, at the request of the City Manager, and with the support of the Council's Economic Development Committee, the city's Planning Division began an investigation into the "potential of a more robust framework for assessing development-related impacts" in the city (Portland's Plan, 67). The purpose of this exploration, as stated in Portland's Plan, is to "generate additional funding [for facilities and services], while also adding clarity and predictability to existing [review] procedures." This investigation began in earnest with staff research and engagement of a consultant with national experience in impact fee design. This Economic Development Committee meeting will provide an introduction to this consultant and to the scope of work for the Impact Fee Study.

2. WHAT ARE IMPACT FEES?

Impact fees are charges paid by new development to fund the cost of providing municipal facilities to serve that development. This idea is premised on the concept that when development occurs, it can bring many benefits, but it also affects the existing infrastructure around it by adding more cars, bikes, and pedestrians to the streets, increasing sewer and stormwater flows into these city systems, and infusing additional visitors into the city's parks and open spaces, which, in turn, require additional capital investment. As a result of this thinking, impact fees are widely used throughout the United States to assess the cost of new development's share of growth-related infrastructure needs. Impact fees have been used in some communities in the United States for the past 50+ years.

3. WHERE ARE IMPACT FEES?

Although impact fees are particularly common in states that have experienced rapid population growth in the west and south, they are found in the majority of states nationwide. Concord and Manchester, NH have impact fees, as does Burlington, VT. In Maine,

Table 1: Sample of Maine Communities with Impact Fees

	Transportation	Sewer/Water	Open Space/Recreation	Fire/EMS	Schools
Brewer	●	●			
Brunswick		●	●		
Freeport	●				
Gorham		●	●		
Lewiston	●	●			
Pownal			●	●	
Saco		●	●	●	
Scarborough	●				●
Windham	●		●		
York		●			●

the legislature laid the foundation for impact fees with the Comprehensive Planning and Land Use Regulation Act of 1987. In the time since, communities across the state have developed and implemented impact fee ordinances *(Table 1)*.

4. HOW ARE IMPACT FEES USED?

The uses of impact fees vary widely, depending on state enabling legislation, but in all cases impact fees may only be used to construct, expand, or replace infrastructure required to serve new development. Many communities use impact fees to address growth-related capital costs associated with roads, parks, water, and sewer infrastructure. Fire and police-related impact fees are also fairly common, as are school impact fees. In Maine, impact fees may be used for transportation projects, public safety facilities, sewer and water systems, parks and open space, and school improvements. Impact fees may not be used to pay for operations or maintenance, and may not be used to address existing deficiencies in these systems.

5. HOW MUCH ARE IMPACT FEES?

Regardless of where impact fees are used, courts have established that there must be a rational nexus and rough proportionality between the type and scale of development and the fee imposed. Per guidance from the former Maine State Planning Office, "the expansion of the facility and/or service must be necessary and must be caused by the development; the fees charged must be based on the costs of the new facility/service apportioned to the new development; and the fees must benefit those who pay" *(Maine State Planning Office, 4)*. Given these standards, in order for impact fees to be charged, a community must conduct an analysis that identifies growth-related infrastructure costs and apportions those costs to projected development, often by development type, on a square foot, unit, or per trip basis. The resulting fees must be established through a council-adopted ordinance that meets a series of state requirements around the provision of language to address the relationship between fees and growth's share of infrastructure costs, the treatment of revenues generated from impact fees, timely use of impact fees, and refunds *(Title 30-A MRSA §4354)*.

As a product of the great variation in communities that have adopted impact fees, and the great variation in uses of impact fees, the amount of impact fees varies widely from state to state and community to community. A 2015 study of impact fees across the country by Duncan Associates, a national firm specializing in impact fee work, found that state-wide average non-utility (i.e. excluding water and wastewater) impact fees for single-family residential projects ranged from less than $1,000 in Arkansas to almost $25,000 in California *(Duncan Associates)*. In New Hampshire, the study found total residential fees ranging from approximately $3,000 for a 3-br single-family home in Manchester to $5,000 in Concord. In Burlington, the study estimated a $5,000 fee for a 3-br single-family home. The same study found that fees across the country averaged approximately $6,000 per KSF for retail uses, approximately $4,000 per KSF for office uses, and approximately $3,000 per KSF for industrial uses.

6. HOW DOES THIS RELATE TO PORTLAND'S CURRENT ORDINANCE?

The City of Portland's existing site plan ordinance allows the city to require mitigation "so as to be consistent with City Council approved master plans and facilities plans and with off-premises infrastructure, including but not limited to sewer and stormwater, streets, trails, pedestrian and bicycle network, environmental management or other public facilities" *(City of Portland Land Use Code 14-526(c)1.a)*. Further, the city's *Technical Manual* requires that developments that generate more than 100 passenger car equivalents obtain a Traffic Movement Permit (TMP) under the city's delegated review authority. The issuance of a TMP includes a "summary of findings and recommendations for improvements and other impact mitigation measures" *(City of Portland Technical Manual, 2).* Under these regulations, the city negotiates mitigation on a case-by-case basis predicated on an analysis of impacts identified through the site plan or subdivision review process.

As a product of this process, in some cases, developers make in-kind physical improvements, upgrading a traffic light or installing pedestrian signalheads and ramps at a nearby intersection. In other cases, developers are required to make financial infrastructure contributions proportionate to their impacts. These contributions are held in separate "infrastructure accounts" until they can be drawn down to pay for the improvement identified through the review process.

Because this process is conducted on a case-by-case basis, it is neither as systematic or predictable as many would prefer. Further, the system often penalizes the "last one in," whose development causes an intersection level of service to fail, rather than addressing the incremental impact of all prior developments*. An impact fee framework for the City of Portland would establish a more predictable, transparent, and equitable way of assessing the impact of incremental growth on public facilities and services. An impact fee system would also provide the city with some measure of efficiency.*

7. IMPACT FEE STUDY SCOPE & SCHEDULE

In mid-2017, the City Council adopted *Portland's Plan 2030*, a new comprehensive plan designed to guide the city's growth and change over the next ten years. Among the plan's recommendations is a strong commitment to exploring new ways of funding our critical facilities and services, particularly as they are used by a growing number of residents, workers, and visitors. The plan anticipates future population and employment growth in the city and suggests an exploration of impact fees as a means of assessing capital costs associated with that growth.

In August 2017, the Economic Development Committee met to review the impact fee concept *(Attachment 1)*. With the support of the committee, and working with the Departments of Public Works and the Parks, Recreation, and Facilities, Department of Planning & Urban Development staff released an RFP for an Impact Fee Study in October of 2017. The purpose of the study, as written in the RFP, is to develop impact fee systems for multi-modal transportation infrastructure, parks and open space, and wastewater infrastructure. In January 2018, the Planning & Urban Development Department, with the assistance of DPW and the Department of Parks, Recreation, and Facilities, hired TischlerBise, a consulting firm with national experience in impact fee design, to complete the Impact Fee Study.

The study's first step is to compile the data, including population and employment growth projections, that will serve as the foundation for the impact fee analysis. In late April, Tischler developed a final draft memo summarizing demographic and development assumptions for the study (*Attachment 2*). This memo was based on data provided by the Department of Planning & Urban Development, the Department of Public Works, and the Department of Parks, Recreation, and Facilities, and includes discussion of population, development, employment, traffic, and wastewater usage trends in the city.

Figure 2: Impact Fee Study timeline

The next phase of the study will determine capital facility needs and desired service levels for each of the three fee types under consideration. The study will explore various standard methodologies for deriving fees on a per unit, per trip, or per square foot basis and identify the most appropriate methodology for each fee type. The last step of the study will analyze projected funding and cash flow to understand the likely revenue stream and capital expenditures associated with the fees. Draft and final impact fee reports, including potential impact fee schedules, will be prepared. Ultimately, a draft impact fee ordinance, including fee structures based on these reports, will be presented to the Planning Board and City Council.

8. PUBLIC INVOLVEMENT

Throughout the process, the Impact Fee Study will include a public involvement component designed to engage key stakeholders at major points in the process:

A. *Stakeholder Group* – In mid-May, staff gathered an informal group of stakeholders for an introduction to the Impact Fee Study. This informal stakeholder group is meant to include a range of community members with a stake in the outcome of the study – from developers to neighborhood association representatives to those with a broad interest in economic development in the city. The purpose of the group is to provide feedback on major work products over the course of the study. At the May meeting, Tischler gave an overview of the study and the demographic and land use assumptions that will underpin the analysis in future phases. Subsequent workshops will address capital needs, fee calculation methodologies, and potential fees.

B. *Planning Board* – Also in mid-May, the Planning Board met for the first of several workshops on the Impact Fee Study. This workshop, like the first stakeholder group meeting, focused on providing an overview of the study and presenting early demographic and land use assumptions. Subsequent workshops will address capital needs, fee calculation methodologies, and potential fees. Ultimately, the Planning Board will be responsible for reviewing not only the technical elements of the Impact Fee Study, but also reviewing ordinance language for potential adoption by the City Council.

C. *Economic Development Committee* – Updates will be provided to the EDC at important study milestones.

D. *City Council* – For impact fees to be implemented, the Council would need to adopt ordinance language, including a set of fees as generated by the Impact Fee Study.

E. *Other* - A project website has also been developed (https://www.recodeportland.me/impact-fee-study/). This website will be updated over the course of the Impact Fee Study.

Early engagement with both the stakeholder group and with the Planning Board has yielded important feedback, focused primarily on large questions around the city's existing capital funding mechanisms and the economic implications of impact fees. Questions arising from these early meetings included:

A. How would impact fees fit within the city's existing framework for funding capital projects?

- How do we fund capital improvements for each of the three impact fee categories now?
- What is our financial exposure with a plan-based approach to impact fees (i.e. the way we're thinking about transportation and wastewater projects), and do we have a funding strategy for filling any gaps?
- What is our broader strategy for filling capital funding gaps in the city?
- What happens if growth slows or we enter a recession?

- Can we quantify how development is/isn't 'paying for itself' with tax revenue right now? (and related, if developers are paying taxes, isn't this double-dipping?) What about the revaluation?

B. How would impact fees compare to our current system of collecting mitigation?

- Will it *really* replace the existing system?
- Will it cost developers more out-of-pocket?
- How much time and money will it cost the city to administer? Do we have the capacity for this?
- How will revenues compare to what we're generating in mitigation right now?

C. How will this affect the economy, housing choice, etc. down the line?

- Who actually bears the cost of impact fees?
- Will an impact fee have a negative impact on housing affordability?
- Will an impact fee have a negative effect on the pace of growth and the city's economy more broadly?

Continued discussion on these topics is expected at the next round of meetings on the study.

9. NEXT STEPS

1. Staff and the consultant to continue work on the needs analysis phase of the study;
2. Staff to schedule a second round of meetings with the Planning Board and stakeholder group to review work products and, ultimately, a draft impact fee ordinance.

10. ATTACHMENTS

1. Memo to the Economic Development Committee, Jeff Levine, Director, Planning & Urban Development, 8/31/17 *(Not included in attachments for 9/13/18 memo.)*
2. Draft Demographic Data and Development Projections for Impact Fee Study, Tischler Bise, 4/23/18 *(Not included in attachments for 9/13/18 memo.)*

TischlerBise
FISCAL | ECONOMIC | PLANNING

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MEMORANDUM

TO: Helen Donaldson, City of Portland, Planning and Urban Development

FROM: Carson Bise, AICP, TischlerBise
Colin McAweeney, TischlerBise

DATE: June 5, 2018

RE: **DRAFT** Demographic Data and Development Projections for Impact Fee Study

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As part of our Work Scope, TischlerBise has prepared documentation on demographic data and development projections that will be used in the Impact Fee Study for Transportation, Parks and Open Space, and Wastewater. The data estimates and projections are used in the study's calculations and to illustrate the possible future pace of service demands on the City's infrastructure. Furthermore, the memo demonstrates the history of development and base year development levels in Portland. The base year assumptions are used in the impact fee calculations to determine current levels of service.

The factors provide assumptions for the final impact fee model and, once finalized, this memo will become part of the final report and/or model documentation.

This memo includes discussion and findings on:

- Household/ Housing Unit Population
- Current population and housing unit estimates
- Residential projections
- Current employment and nonresidential floor area estimates
- Nonresidential projections
- Current and projected person vehicle trips
- Current and projected wastewater flows

Note: calculations throughout this technical memo are based on an analysis conducted using Excel software. Results are discussed in the memo using one-and two-digit places (in most cases), which represent rounded figures. However, the analysis itself uses figures carried to their ultimate decimal places; therefore, the sums and products generated in the analysis may not equal the sum or product if the reader replicates the calculation with the factors shown in the report (due to the rounding of figures shown, not in the analysis).

POPULATION AND HOUSING CHARACTERISTICS

Impact fees often use per capita standards and persons per housing unit or persons per household to derive proportionate share fee amounts. Housing types have varying household sizes and, consequently, a varying demand on City infrastructure and services. Thus, it is important to differentiate between housing types and size.

When persons per housing unit (PPHU) is used in the fee calculations, infrastructure standards are derived using year-round population. In contrast, when persons per household (PPHH) is used in the fee calculations, the fee methodology assumes all housing units will be occupied, thus requiring seasonal or peak population to be used when deriving infrastructure standards. From the Maine Office of Tourism, the Greater Portland and Casco Bay region saw 5.4 million visitors in 2016. As a result, it is not just permanent residents occupying housing units in Portland. In response, City infrastructure and operating service levels are sized to accommodate not just permanent residents, but seasonal residents, seasonal workers, and visitors as well. Thus, TischlerBise recommends that fees for residential development in the City of Portland be imposed according to the persons per household (PPHH).

Persons per household (PPHH) will be held constant over the projection period since the study represents a "snapshot approach" of current levels of service and costs. Based on household characteristics, TischlerBise recommends using two housing unit categories for the impact fee study: (1) Single Family and (2) Multifamily. "Single family/Duplex" units include single family detached, single family attached, duplexes, and mobile homes, as defined in the City's land use code. Multifamily units include structures with more than 2 units. Figure 1 shows the US Census, American Community Survey 2016 5-Year Estimates data for the City of Portland. Single family/Duplex units have a household size of 2.38 persons per unit and multifamily units have a household size of 1.59 persons per unit.

Additionally, single family/duplex units have a vacancy rate of 9.8 percent and are 70 percent of the housing stock in Portland. Multifamily units have a vacancy rate of 9.4 percent and are 30 percent of the housing stock in Portland.

Figure 1. Persons per Household

Type of Structure	Persons	House-holds	Persons per Household	Housing Units	Persons per Housing Unit	Housing Mix	Vacancy Rate
Single Family/Duplex Unit[1]	50,010	21,052	**2.38**	23,338	2.14	69.8%	9.8%
Multifamily Unit[2]	14,542	9,149	**1.59**	10,098	1.44	30.2%	9.4%
Total	64,552	30,201	**2.14**	33,436	1.93		9.7%

Source: TischlerBise analysis; U.S. Census Bureau, 2012-2016 American Community Survey, 5-Year Estimates
[1] Includes detached, attached, duplexes, and mobile home units.
[2] Includes structures with more than 2 units.

BASE YEAR POPULATION AND HOUSING UNITS

Permanent Residents

Along with the population estimate for residents in single family and multifamily units, the American Community Survey provides population estimates for those residing in group quarters (i.e. student housing and military residents). Found in Figure 2, the household population and group quarters are considered the City's permanent population. In 2016 it is estimated that the permanent population was 66,627.

Figure 2. Permanent Population, 2016

Type of Structure	Persons	%
Single Family/Duplex Unit	50,010	75.1%
Multifamily Unit	14,542	21.8%
Group Quarters	2,075	3.1%
Total	**66,627**	**100.0%**

Source: U.S. Census Bureau, 2012-2016 American Community Survey, 5-Year Estimates

In the recently published *Portland's Plan 2030,* several population growth scenarios, modeled by the Greater Portland Council of Governments (GPCOG), are played out. The comprehensive plan shows that a medium-level growth scenario would result in a 2030 population of 71,374. Using this projection for the impact fee study, by 2030 the City of Portland is forecasted to have a permanent population of 71,374. To estimate the City's population in the interim years, a straight-line approach is used. Figure 3 illustrates the growth in permanent population. In the base year, 2018, there is estimated to be 67,305 permanent residents in Portland.

Figure 3. Base Year Permanent Population

				5-Year Increments				
	2016	2017	Base Year 2018	2019	2020	2025	2030	Total Increase
Permanent Population	66,627	66,966	67,305	67,644	67,983	69,679	71,374	**4,747**
Percent Increase		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	**7.1%**

Source: U.S. Census Bureau, 2012-2016 American Community Survey, 5-Year Estimates; City of Portland Planning Department; TischlerBise analysis

Seasonal Residents

As mentioned, the impact fee study will be using a peak population of Portland because of the large tourism industry. It is assumed that City infrastructure and services are sized to serve a peak population not just the permanent population. In this case, two additional populations need to be calculated: seasonal and visitor. The seasonal population includes residents who have second homes in Portland and the seasonal labor influx during peak tourism months. The visitor population includes overnight and day visitors.

To calculate the seasonal population, the study assumes full occupancy of the housing units in the city. From the US Census data, in 2016, there were 2,286 vacant single family/duplex homes and 949 vacant multifamily homes. The seasonal population is calculated by multiplying the units by the corresponding the persons per household factor (PPHH). In 2016, there was a seasonal population of 6,950.

Figure 4. Seasonal Population, 2016

Type of Structure	Vacant Units	Persons per Household	Seasonal Population
Single Family/Duplex Unit[1]	2,286	2.38	**5,441**
Multifamily Unit[2]	949	1.59	**1,509**
Total	3,235	2.15	**6,950**

Source: TischlerBise analysis; U.S. Census Bureau, 2012-2016 American Community Survey, 5-Year Estimates
[1] Includes detached, attached, duplexes, and mobile home units.
[2] Includes structures with more than 2 units.

Seasonal Visitors

The visitor population for Portland is found by first analyzing the state and regional totals. In 2016, there were 41.2 million visitors to Maine. The majority of the visitors came in the summer, resulting in the average daily number of visitors in the summer being 185 percent of the annual average.

Figure 5. State of Maine Visitor Totals, 2016

Season	Total Visitors	Average Daily Visitors	Percent of Annual Ave.
Winter	5,615,670	46,156	41%
Summer	25,328,066	208,176	**185%**
Fall	10,230,660	84,088	75%
Total	41,174,396	112,807	100%

Source: Maine Office of Tourism, *2016 Calendar Year Annual Report*

According to the Maine Office of Tourism (MOT), there were 5,360,000 visitors (overnight and day visitors) to the Greater Portland and Casco Bay Region in 2016. Results of the MOT's visitor survey indicate that the Portland's Waterfront was the top attraction for 33 percent of overnight visitors and for 30 percent of day visitors. The study will use a conservative method and use these percentages to allocate the regional visitor total to the City of Portland.

In Figure 6, the City of Portland's daily peak visitor population is calculated. The estimated total of overnight visitors to Portland is 745,800. The estimated total of day visitors to Portland is 930,000. As a result, the total annual visitors to the City of Portland is 1,675,800, or an average of 4,591 per day. Found above, during the summer statewide, the visitor population spikes to 185 percent of the annual average. This factor is applied to the City's average to calculate the daily peak season visitor total. As a result, in 2016, it is estimated that the City of Portland's daily peak season visitor population was 8,473.

Figure 6. City of Portland Peak Season Visitor Population, 2016

Overnight Visitors to Region	2,260,000
City's Proportion of Region	33%
Overnight Visitors to Portland	**745,800**
Day Visitors to Region	3,100,000
City's Proportion of Region	30%
Day Visitors to Portland	**930,000**
Total Annual Visitors to Portland	**1,675,800**
Average Daily Visitors	4,591
Peak Season Multipler	185%
Daily Peak Season Visitor Total	**8,473**

Source: Maine Office of Tourism, 2016; TischlerBise Analysis

The study assumes that the visitor population will have a positive relationship and follow the permanent population's growth. From 2016 to 2018 there is a 1.02 percent increase in permanent population in Portland; this is applied to the visitor population to calculate the base year total. It is assumed that during the peak seasonal period the City's seasonal population (seasonal residents and workers) occupies the vacant housing units. As a result, the seasonal population is calculated based on housing growth, described in the next section of the report. In 2018, it is estimated that the peak population for the City of Portland is 83,250.

Figure 7. Base Year Peak Population

	2016	2017	Base Year 2018
Peak Population			
Permanent	66,627	66,966	**67,305**
Seasonal	6,950	7,168	**7,386**
Visitor	8,473	8,516	**8,559**
Total	82,049	82,650	**83,250**

Source: TischleBise analysis

Base Year Housing Stock

To understand the housing growth in the City of Portland, the building permit data from the last five years is collected in Figure 8. Over the past 5 years there has been an increase of 1,435 housing units in Portland and, on average, there have been 33 single family/duplex and 254 multifamily housing units constructed annually. It is assumed this trend will continue and the averages are used to project housing development in the City of Portland.

Figure 8. Permitted Housing Units

Housing Type	2013	2014	2015	2016	2017	Total	Average
Single Family/Duplex	26	53	23	38	26	166	**33**
Multifamily	168	97	187	611	206	1,269	**254**
Total	194	150	210	649	232	1,435	**287**

Source: City of Portland Planning Department

By examining parcel data provided by the City with a GIS (Geographic Information System) software, the base year housing stock is estimated in Figure 9. In total, 56 percent of the housing in the City of Portland is single family/duplex and 44 percent multifamily. Consistent with the City's land use code, single family units include single family detached, single family attached, duplexes, and mobile homes. Multifamily units include structures with 3 or more units.

Figure 9. Base Year Housing Stock (Housing Units)

Housing Type	Base Year 2018	%
Single Family/Duplex	21,047	56%
Multifamily	16,575	44%
Total	**37,622**	**100%**

Source: City of Portland GIS Data

POPULATION AND HOUSING UNIT PROJECTIONS

Illustrated in Figure 10, by using the projections from *Portland's Plan 2030* for permanent population, a growth of 3,391 residents is projected by 2028. The seasonal population is assumed to grow with housing development. The vacancy rates found in Figure 1 are assumed to hold through the projection period and the seasonal population is found by combining the estimated vacant units with the corresponding PPHH factor. Lastly, to project the daily peak visitor population growth, the annual percent increase in permanent population is applied. Overall, there is a peak population increase of 4,279. Of the total population in 2028, 81 percent is permanent, 9 percent is seasonal, and 10 percent is visitor population.

To project the housing unit growth in Portland, the five-year annual average of building permits is used (see Figure 8). Over the ten-year projection period, the housing stock in the city is estimated to increase by 2,870 units (88 percent multifamily units).

Figure 10. City of Portland Annual Residential Development Projections

	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Peak Population												
Permanent	67,305	67,644	67,983	68,322	68,661	69,001	69,340	69,679	70,018	70,357	70,696	**3,391**
Seasonal	7,386	7,432	7,478	7,523	7,569	7,615	7,660	7,706	7,752	7,797	7,843	**457**
Visitor	8,559	8,602	8,645	8,688	8,731	8,775	8,818	8,861	8,904	8,947	8,990	**431**
Total	83,250	83,678	84,106	84,534	84,962	85,390	85,818	86,246	86,673	87,101	87,529	**4,279**
Housing Unit												
Single Family/Duplex	21,047	21,080	21,113	21,147	21,180	21,213	21,246	21,279	21,313	21,346	21,379	**332**
Multifamily	16,575	16,829	17,083	17,336	17,590	17,844	18,098	18,352	18,605	18,859	19,113	**2,538**
Total	37,622	37,909	38,196	38,483	38,770	39,057	39,344	39,631	39,918	40,205	40,492	**2,870**

Source: Portland's Plan 2030; TischlerBise analysis

CURRENT EMPLOYMENT AND NONRESIDENTIAL FLOOR AREA

The impact fee study will include nonresidential development as well. According to the U.S. Census Bureau's web application, OnTheMap, there were 65,203 jobs in Portland in 2015. The education, health care, and social assistance services accounted for the largest percentage of the total (26.2 percent).

Figure 11. Employment by Industry Sector, 2015

Industry Sector	Employment	%
Agriculture, forestry, fishing and hunting, and mining	18	0.0%
Utilities	395	0.6%
Construction	2,015	3.1%
Manufacturing	2,714	4.2%
Wholesale trade	2478	3.8%
Retail trade	5,302	8.1%
Transportation and warehousing, and utilities	2,065	3.2%
Information	1,529	2.3%
Finance and insurance, and real estate and rental and leasing	8,114	12.4%
Professional, scientific, mgmt. , admin., and waste mgmt. services	11,893	18.2%
Educational services, and health care and social assistance	17,057	26.2%
Arts, entertainment, recreation, accommodation, and food services	7,354	11.3%
Other services, except public administration	2,475	3.8%
Public administration	1,794	2.8%
Total	**65,203**	**100.0%**

Source: U.S. Census Bureau, OnTheMap 2015

The fourteen industry sectors in Figure 11 have been compiled into four industries: retail, office, industrial, and institutional. The City of Portland's employment is pretty well dispersed between the industries, with the institutional and office industries accounting for the highest percentages of employment, Figure 12.

Figure 12. Employment by Industry, 2015

Industry	Jobs	%
Retail	12,656	19%
Office	24,011	37%
Industrial	9,685	15%
Institutional	18,851	29%
Total	**65,203**	**100%**

Source: U.S. Census Bureau, OnTheMap 2015

Since the breakdown is for 2015, a projection is necessary to estimate the job totals for the base year. To estimate the current employment in the City of Portland, employment projections from Portland Area Comprehensive Transportation System (PACTS) are used. Based on employment projections at the Traffic Analysis Zone (TAZ) level, PACTS forecast an employment increase of 27.5 percent from 2014 to 2040. The annual percent increase of the PACTS projection is used to calculate the employment growth in Figure 13. The breakdown by industry in Figure 12 is then applied to total increase to calculate the growth in each industry. In the base year, it is estimated that there are 67,270 jobs in Portland.

Figure 13. Base Year Employment

	2015	2016	2017	Base Year 2018
Employment				
Retail	12,656	12,790	12,923	13,057
Office	24,011	24,265	24,518	24,772
Industrial	9,685	9,787	9,890	9,992
Institution	18,851	19,050	19,249	19,449
Total	**65,203**	**65,892**	**66,581**	**67,270**

Source: Portland Area Comprehensive Transportation System (PACTS); TischlerBise analysis

Base year nonresidential floor area for the retail, office, industrial, and institutional industry sectors are calculated with GIS parcel data provided by City staff. In Figure 14, there is a total of 35.3 million square feet of nonresidential floor area in Portland in 2018, with all sectors accounting for at least 20 percent. Additionally, the figure lists the City's land use categories used to determine the floor area of each industry.

Figure 14. Base Year Nonresidential Floor Area

Industry	Nonresidential Sq. Ft.	%	Land Use Categories
Retail	9,816,540	28%	Multiuse Commercial, Retail & Personal Services
Office	9,317,766	26%	Office & Business Services, Communications, Commercial Condos
Industrial	7,224,665	20%	Manufacturing & Constr., Multiuse Ind., Transport., Warehouse, Wholesale
Institutional	8,909,498	25%	Charitable, Government, Scientific Inst., Religious, Other Exempt by Law
Total	**35,268,468**	**100%**	

Source: City of Portland GIS data

NONRESIDENTIAL FLOOR AREA AND EMPLOYMENT PROJECTIONS

To project nonresidential floor area, square feet per employee factors from the Institute for Transportation Engineer's Trip Generation (2017) are used. To estimate the factor for retail, the shopping center factor is used, for office the general office factor is used, for industrial the manufacturing factor is used, and for institutional the hospital factor is used (Figure 16).

Figure 15. Institute of Transportation Engineers Nonresidential Land Use Factors

ITE Code	Land Use	Demand Unit	Emp Per Dmd Unit	Sq Ft Per Emp
110	Light Industrial	1,000 Sq Ft	1.63	615
130	Industrial Park	1,000 Sq Ft	1.16	864
140	Manufacturing	1,000 Sq Ft	1.59	628
150	Warehousing	1,000 Sq Ft	0.34	2,902
254	Assisted Living	bed	0.61	na
320	Motel	room	0.13	na
520	Elementary School	1,000 Sq Ft	0.93	1,076
530	High School	1,000 Sq Ft	0.63	1,581
540	Community College	student	0.08	na
550	University/College	student	0.18	na
565	Day Care	student	0.19	na
610	Hospital	1,000 Sq Ft	2.83	354
620	Nursing Home	1,000 Sq Ft	2.28	438
710	General Office (avg size)	1,000 Sq Ft	2.97	337
760	Research & Dev Center	1,000 Sq Ft	3.42	292
770	Business Park	1,000 Sq Ft	3.08	325
820	Shopping Center (avg size)	1,000 Sq Ft	2.34	427

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017)

Found in Figure 17, job growth over the next ten years is projected to follow PACTS' annual percentage increase forecast. In total, 6,890 new jobs are projected by 2028. Each industry sector is projected to have an increase over 1,000 jobs, with office topping the four with an increase of 2,537 jobs.

To project floor area, the square foot per job factors are applied to the corresponding job totals. Over the next ten years, it is projected that there will be a growth of 2.8 million nonresidential square feet in the City of Portland. The office and institutional industries are projected to have the largest increases in floor area, both over 700,000 square feet.

Figure 16. Employment and Nonresidential Floor Area Projections

Industry	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Employment												
Retail	13,057	13,191	13,325	13,458	13,592	13,726	13,860	13,993	14,127	14,261	14,395	**1,337**
Office	24,772	25,026	25,280	25,533	25,787	26,041	26,295	26,548	26,802	27,056	27,309	**2,537**
Industrial	9,992	10,094	10,197	10,299	10,401	10,504	10,606	10,708	10,811	10,913	11,015	**1,023**
Institution	19,449	19,648	19,847	20,046	20,245	20,445	20,644	20,843	21,042	21,241	21,441	**1,992**
Total	67,270	67,959	68,648	69,337	70,026	70,715	71,404	72,093	72,782	73,471	74,160	**6,890**
Nonresidential Floor Area (1,000 sq. ft.)												
Retail	9,817	9,874	9,931	9,988	10,045	10,102	10,159	10,216	10,273	10,330	10,387	**571**
Office	9,318	9,403	9,489	9,574	9,660	9,745	9,830	9,916	10,001	10,087	10,172	**854**
Industrial	7,225	7,289	7,353	7,418	7,482	7,546	7,611	7,675	7,739	7,804	7,868	**643**
Institution	8,909	8,980	9,050	9,121	9,191	9,262	9,332	9,402	9,473	9,543	9,614	**704**
Total	35,268	35,546	35,823	36,100	36,378	36,655	36,932	37,209	37,487	37,764	38,041	**2,773**

Source: Portland Area Comprehensive Transportation System (PACTS); City of Portland; TischlerBise analysis

PERSON TRIP GENERATION

Portland is a unique community with residents and workers using varying modes to travel. In general, an impact fee study calculates future developments' impact on the City's transportation infrastructure. In suburban, greenfield communities that concentrate on roadway expansion to accommodate new vehicles, a development's impact is best estimated by calculating the new vehicle trips or vehicle miles traveled (VMT) generated by the development. However, based on the urban environment and residents' travel behaviors, a multimodal approach is necessary for the City of Portland. This is also consistent with the capital improvements identified in the City's Capital Improvement Plan. As such, the multimodal approach will calculate the daily person trips generated by the varying development types in the study. To encompass the varying modes of travel used in Portland, the methodology includes persons per vehicle trip, transit trip, and non-motorized trips.

Person Trip Methodology

According to the Institute of Transportation Engineers (ITE), there are several elements necessary to calculate person trips. The following equation is provided in the ITE's Trip Generation Handbook (2017):

Person trips = [(vehicle occupancy) x (vehicle trips)] + transit trips + walk trips + bike trips

To create a more streamlined approach, this study uses "non-motorized trips" as the sum of walk trip and bike trips. The Trip Generation Handbook outlines the general approach to calculating person trips (further detail of methodology used is described in following sections):

1. **Estimate vehicle trips generated by development type.**
    a. This study uses the vehicle trip rates found in ITE's Trip Generation Manual (2017).

2. **Determine mode share and vehicle occupancy.**
    a. Trip survey data from the National Household Transportation Survey (2017) is used to calculate needed factors.
3. **Convert vehicle trips to person trips.**
    a. This conversion calculates the total person trips by combining the vehicle trip mode share and vehicle occupancy.
4. **Calculate the estimated person trips by mode.**
    a. The mode share split is applied to the total person trip rate to calculate the specific person trip rate for vehicle, transit, and non-motorized trips per land use.

Residential Vehicle Trips

A customized vehicle trip rate is calculated for the single family and multifamily units in the City of Portland. In Figure 18, the most recent data from the American Community Survey is inputted into equations provided by the ITE to calculate the vehicle trip ends per housing unit factor. A single family/duplex unit is estimated to generate 7.6 trip ends on an average weekday and a multifamily unit is estimated to generate 3.6 trip ends on an average weekday.

Figure 17. Customized Residential Vehicle Trip End Rates

		Households (2)			Vehicles per
	Vehicles Available (1)	Single Family/Duplex	Multifamily Units	Total HHs	Household by Tenure
Owner-occupied	23,000	12,312	680	12,992	1.77
Renter-occupied	17,976	8,740	8,469	17,209	1.04
TOTAL	**40,976**	**21,052**	**9,149**	**30,201**	**1.36**
Housing Units (6) =>		23,338	10,098	33,436	
Persons per Housing Unit =>		2.14	1.44	1.93	

	Persons (3)	Trip Ends (4)	Vehicles by Type of Housing	Trip Ends (5)	Average Trip Ends	**Trip Ends per Housing Unit**
Single Family/Duplex	50,010	154,055	30,926	202,330	178,192	**7.60**
Multifamily	14,542	33,220	10,050	39,892	36,556	**3.60**
TOTAL	**64,552**	**187,275**	**40,976**	**242,222**	**214,748**	**6.40**

(1) Vehicles available by tenure from Table B25046, 2012-2016 American Community Survey 5-Year Estimates.
(2) Households by tenure and units in structure from Table B25032, American Community Survey, 2012-2016.
(3) Persons by units in structure from Table B25033, American Community Survey, 2012-2016.
(4) Vehicle trips ends based on persons using formulas from Trip Generation (ITE 2017). For single family housing (ITE 210), the fitted curve equation is EXP(0.89*LN(persons)+1.72). To approximate the average population of the ITE studies, persons were divided by 286 and the equation result multiplied by 286. For multifamily housing (ITE 221), the fitted curve equation is (2.29*persons)-81.02.
(5) Vehicle trip ends based on vehicles available using formulas from Trip Generation (ITE 2017). For single family housing (ITE 210), the fitted curve equation is EXP(0.99*LN(vehicles)+1.93). To approximate the average number of vehicles in the ITE studies, vehicles available were divided by 485 and the equation result multiplied by 485. For multifamily housing (ITE 220), the fitted curve equation is (3.94*vehicles)+293.58 (ITE 2012).
(6) Housing units from Table B25024, American Community Survey, 2012-2016.

Nonresidential Vehicle Trips

Vehicle trip generation for nonresidential land uses are calculated by using ITE's average daily trip end rates found in their recently published 10th edition of Trip Generation. To estimate the trip generation in Portland, the weekday trip end per 1,000 square feet factors highlighted in Figure 19 are used. To estimate the trip generation for retail the shopping center factor is used, for office the general office factor is used, for industrial the manufacturing factor is used, and for institutional the hospital factor is used.

Figure 18. Institute of Transportation Engineers Nonresidential Land Use Factors

ITE Code	Land Use	Demand Unit	Wkdy Trip Ends Per Dmd Unit	Wkdy Trip Ends Per Employee
110	Light Industrial	1,000 Sq Ft	4.96	3.05
130	Industrial Park	1,000 Sq Ft	3.37	2.91
140	Manufacturing	1,000 Sq Ft	3.93	2.47
150	Warehousing	1,000 Sq Ft	1.74	5.05
254	Assisted Living	bed	2.60	4.24
320	Motel	room	3.35	25.17
520	Elementary School	1,000 Sq Ft	19.52	21.00
530	High School	1,000 Sq Ft	14.07	22.25
540	Community College	student	1.15	14.61
550	University/College	student	1.56	8.89
565	Day Care	student	4.09	21.38
610	Hospital	1,000 Sq Ft	10.72	3.79
620	Nursing Home	1,000 Sq Ft	6.64	2.91
710	General Office (avg size)	1,000 Sq Ft	9.74	3.28
760	Research & Dev Center	1,000 Sq Ft	11.26	3.29
770	Business Park	1,000 Sq Ft	12.44	4.04
820	Shopping Center (avg size)	1,000 Sq Ft	37.75	16.11

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017)

Mode Share and Vehicle Occupancy

Data from the National Household Travel Survey (NHTS) is used to approximate the percentage split of total person trips by transportation modes in the City of Portland. NHTS has been conducting stratified, random surveys for nearly 50 years with the aim to understand the modes and purposes of travel in the US. For this study, the most recent survey, 2017, is refined to create a database of survey responses that is both from similar cities to Portland and statistically significant. Initially, the national database of responses is refined by location and population, the results are limited to New England metropolitan statistical areas (ME, NH, VT, CT, MA, RI) with less than 1 million residents. The City of Portland is within the Portland-South Portland-Biddeford, Maine metropolitan statistical area that had a population of 523,874 in 2016 (US Census American Community Survey, 2016). The database is further filtered to only include responses from urban areas and urban clusters. Lastly, only responses for trips on weekdays are included. As a result, there are 2,656 NHTS responses in the database that are used to approximate the mode splits and vehicle occupancy.

Data from NHTS indicates the purpose of a trip which allows for the mode share and vehicle occupancy to be calculated for residential and nonresidential land uses separately. It is assumed that trips for residential and nonresidential purposes have different characteristics, so by calculating separately the analysis results in more accurate trip factors. There are 1,447 survey responses that are attributed to residential and 1,209 responses attributed to nonresidential land uses. Both databases are well within a 95 percent confidence level with a confidence interval (margin of error) of less than 3.[1]

The transportation mode split for residential purpose trips is listed in Figure 20. Of the 1,447 total trips, 86 percent are by vehicle, 1 percent transit, and 13 percent non-motorized. Additionally, during the vehicle trips there were 1,877 passengers, resulting in an average vehicle occupancy of 1.51 passengers per vehicle trip.

Figure 19. Residential Purpose Person Trips by Mode

Mode	Trips	%
Vehicle	1,246	86%
Transit	18	1%
Non-Motorized	183	13%
Total	**1,447**	**100%**

Source: National Household Travel Survey, 2017; TischlerBise analysis

The transportation mode split for nonresidential purpose trips is listed in Figure 21. Of the 1,209 total trips, 82 percent are by vehicle, 2 percent transit, and 16 percent non-motorized. Additionally, during the vehicle trips there were 1,669 passengers, resulting in an average vehicle occupancy of 1.69 passengers per vehicle trip.

Figure 20. Nonresidential Purpose Person Trips by Mode

Mode	Trips	%
Vehicle	989	82%
Transit	22	2%
Non-Motorized	198	16%
Total	**1,209**	**100%**

Source: National Household Travel Survey, 2017; TischlerBise analysis

[1] A confidence level expresses the certainty that the true mean of the population falls within the confidence interval, the margin of error of the results.

Vehicle Trip Ends to Find Total Person Trip Ends

The total person trip end rate for each land use can be calculated using the vehicle trip end rate, vehicle occupancy rate, and vehicle mode share. The following formula to calculate vehicle trip ends is provided in the ITE's Trip Generation Handbook (2017):

Vehicle trip ends = [(person trip ends x (vehicle mode share)]/(vehicle occupancy)

This is rearranged to calculate total person trips:

Person trip ends = [(vehicle trip ends) x (vehicle occupancy)]/(vehicle mode share)

By inputting the vehicle trip rate, vehicle occupancy, and vehicle mode share factors found in earlier sections, the daily person trip rate for each land use is found. For example, the daily vehicle trip rate for a single family/duplex housing unit is 7.60 (Figure 18), the vehicle occupancy is 1.51, and the vehicle mode share is 86 percent (Figure 20). By inputting these factors into the formula, a daily person trip end rate of 13.34 is calculated ([7.60 vehicle trips x 1.51 occupancy rate] / [86% vehicle mode share] = 13.34). Figure 22 lists the calculated daily person trip end rate for each land use.

Figure 21. Daily Person Trip End Rate by Land Use

Development Type	Daily Vehicle Trip Ends	Vehicle Occupancy Rate	Vehicle Mode Share	Daily Person Trip Ends
Single Family/Duplex	7.60	1.51	86%	**13.34**
Multifamily	3.60	1.51	86%	**6.32**
Retail	37.75	1.69	82%	**77.80**
Office	9.74	1.69	82%	**20.07**
Industrial	3.93	1.69	82%	**8.10**
Institutional	10.72	1.69	82%	**22.09**

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017); National Household Travel Survey data, 2017; TischlerBise analysis

Residential Trips Adjustment Factors

A person trip end is the out-bound or in-bound leg of a trip. As a result, so to not double count trips, a standard 50 percent adjustment is applied to trip ends to calculate a person trip. For example, the out-bound trip from a person's home to work is attributed to the housing unit and the trip from work back home is attributed to the employer.

However, an additional adjustment is necessary to capture residents' work bound trips that are outside of the City. The trip adjustment factor includes two components. According to the NHTS (2009), home-based work trips are typically 31 percent of out-bound trips (which are 50 percent of all trip ends). Also, utilizing the most recent data from the Census Bureau's web application "OnTheMap", 49 percent of the

City of Portland's workers travel outside the city for work. In combination, these factors account for 8 percent of additional production trips (0.50 x .31 x 0.49 = 0.08). Shown in, the total adjustment factor for residential housing units includes attraction trips (50 percent of trip ends) plus the journey-to-work commuting adjustment (8 percent of production trips) for a total of 58 percent.

Figure 22. Trip Adjustment Factor for Commuters out of the City

Employed Portland Residents (2015)	35,405
Portland Residents Working in the City (2015)	17,958
Portland Residents Commuting Outside of the City for Work	17,447
Percent Commuting out of the City	49%
Additional Production Trips	**8%**

Standard Trip Adjustment Factor	**50%**
Residential Trip Adjustment Factor	**58%**

Source: U.S. Census, OnTheMap Application, 2015

To calculate nonresidential trips, the standard 50 percent adjustment is applied to office, industrial, and institutional. A lower trip adjustment factor is used for retail uses because this type of development attracts person trips while they pass-by. Pass-by trips do not generate further traffic as it is only a stop on a trip for ultimately a different purpose. For example, when someone stops at a convenience store on their way home from work, the convenience store is not their primary destination.

Person Trips by Mode

In Figure 24, the trip adjustment factor and mode share are applied to the person trip end rate of each land use to calculate the person trips. For example, for single family/duplex housing units the trip adjustment factor is 58 percent and the vehicle mode share is 86 percent, resulting in a daily person trip rate of 6.66 for the vehicle mode (13.34 person trip ends x 0.58 trip adjustment factor x 0.86 vehicle mode share = 6.66 person trips).

Figure 23. Person Trips by Mode

Development Type	Person Trip Ends	Trip Adjustment Factor	Person Trips/Unit			
			Total	Vehicle	Transit	Non-motorized
Single Family/Duplex	13.34	58%	7.74	6.66	0.08	1.01
Multifamily	6.32	58%	3.67	3.16	0.04	0.48
Retail	77.80	38%	29.56	24.24	0.59	4.73
Office	20.07	50%	10.04	8.23	0.20	1.61
Industrial	8.10	50%	4.05	3.32	0.08	0.65
Institutional	22.09	50%	11.05	9.06	0.22	1.77

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017); National Household Travel Survey data, 2017; TischlerBise analysis

Note: Trip rates are shown per housing unit for residential land uses and per 1,000 square feet of floor area for nonresidential land uses.

VEHICLE TRIP PROJECTION

The base year person trip totals and trip projections are calculated by combining the person trip factors and the residential and nonresidential assumptions for housing stock and floor area. Found in Figure 25, in the base year, residential land uses generate 223,734 person trips (30 percent) and nonresidential land uses generate 511,437 person trips (70 percent) in the City of Portland. Through 2028, there will be an increase of 47,721 daily person trips in Portland with retail, multifamily, and office development being the three largest contributors to the increase.

In the base year, 83 percent of the person trips are by vehicle, 2 percent is by transit, and 15 percent is by non-motorized modes. The majority of the person trip increase over the 10-year projection period is from vehicles as well.

Figure 24. Total Daily Vehicle Trip Projections

	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Residential Person Trips												
Single Family/Duplex	162,904	163,161	163,418	163,675	163,932	164,189	164,446	164,703	164,960	165,216	165,473	**2,570**
Multifamily	60,830	61,762	62,693	63,625	64,556	65,487	66,419	67,350	68,282	69,213	70,145	**9,314**
Subtotal	223,734	224,922	226,111	227,299	228,488	229,676	230,865	232,053	233,241	234,430	235,618	**11,884**
Nonresidential Person Trips												
Retail	290,177	291,864	293,551	295,238	296,925	298,612	300,299	301,987	303,674	305,361	307,048	**16,871**
Office	93,550	94,408	95,266	96,124	96,982	97,840	98,698	99,555	100,413	101,271	102,129	**8,579**
Industrial	29,260	29,520	29,781	30,041	30,302	30,562	30,823	31,083	31,344	31,604	31,865	**2,605**
Institutional	98,450	99,228	100,006	100,785	101,563	102,341	103,119	103,897	104,676	105,454	106,232	**7,782**
Subtotal	511,437	515,021	518,604	522,188	525,772	529,356	532,939	536,523	540,107	543,690	547,274	**35,837**
Grand Total Person Trips	735,171	739,943	744,715	749,487	754,260	759,032	763,804	768,576	773,348	778,120	782,892	**47,721**

Person Trips by Transportation Mode

Total Vehicle Person Trips	611,790	615,750	619,711	623,672	627,632	631,593	635,554	639,514	643,475	647,436	651,396	**39,607**
Total Transit Person Trips	12,466	12,550	12,633	12,717	12,800	12,884	12,967	13,051	13,135	13,218	13,302	**836**
Total Non-Motorized Trips	110,915	111,643	112,371	113,099	113,827	114,555	115,283	116,011	116,738	117,466	118,194	**7,279**
Grand Total Person Trips	735,171	739,943	744,715	749,487	754,260	759,032	763,804	768,576	773,348	778,120	782,892	**47,721**

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017); National Household Travel Survey data, 2017; TischlerBise analysis

BASE YEAR WASTEWATER USAGE

Water and sewer account data has been provided by the Portland Water District (PWD) and the City's Department of Public Works. Within the database, residential, commercial, industrial, and institutional wastewater usage is calculated. Additionally, with account data, the wastewater usage of an Equivalent Residential Unit (ERU) is calculated as well. The ERU is the estimate of the daily average wastewater usage from a household with a water meter that is 5/8 inches. In the impact fee calculation, a capacity ratio factor is applied when calculating the wastewater usage and resulting impact fee for developments with larger meters.

Base Year Estimates

Shown in Figure 26, on average there is a total of 5.7 million gallons per day of wastewater flowing through the City's sewer system from these four development types. The majority of the wastewater flows from residential development, but commercial development creates a significant demand as well.

Figure 25. City of Portland Daily Wastewater Usage, 2018

Development Type	Base Year (gals/day)	%
Residential	2,933,364	52%
Commercial	1,998,656	35%
Industrial	542,244	10%
Institutional	187,205	3%
Total	**5,661,470**	**100%**

Source: City of Portland Public Works Department

Equivalent Residential Unit

The wastewater component of the impact fee study will use the wastewater flow calculated for residential units that have a water meter of 5/8 inches to represent the Equivalent Residential Unit (ERU). To calculate the ERU, the wastewater account database is filtered by active residential accounts that use the City's sewer system. Additionally, the database is further limited by only year-round accounts. These accounts are occupied households that reside in Portland permanently. Year-round accounts are approximated by accounts that have activity every month. Illustrated in Figure 27, there is an average of 61 hundred cubic feet (HCF) of wastewater per year from a year-round active residential account flowing into the City's sewer system. That equates to an average of 126 gallons per day, rounded.

Figure 26. Equivalent Residential Unit

Meter Size (inches)	Total Water (HCF)	Active Accounts	Annual Average per Account (HCF)	Annual Average (gallons)	Daily Average (gallons)
5/8	866,230	14,134	61	45,846	**126**

Source: City of Portland Public Works Department; TischlerBise analysis
Note: Provided data measured wastewater totals in hundred cubic feet (HCF), equal to 748.05 gallons

WASTEWATER PROJECTIONS

To project wastewater flows, is it assumed that the average consumptions will stay constant. As a result, the wastewater from residential accounts will increase at the same rate as the projected housing units and wastewater from nonresidential accounts will increase at the same rate as the projected growth in floor area for the respective industry. Over the next ten years, a total increase of 500,000 gallons per day is projected. Residential and commercial land uses account for the majority of the projected increase.

Figure 27. Wastewater Projections, Million Gallons Per Day (MGD)

Development Type	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Residential	2.93	2.96	2.98	3.00	3.02	3.05	3.07	3.09	3.11	3.13	3.16	**0.22**
Commercial	2.00	2.02	2.04	2.06	2.08	2.10	2.12	2.14	2.16	2.18	2.20	**0.20**
Industrial	0.54	0.55	0.55	0.56	0.56	0.57	0.58	0.58	0.59	0.59	0.60	**0.06**
Institutional	0.19	0.19	0.19	0.19	0.19	0.20	0.20	0.20	0.20	0.20	0.21	**0.02**
Total	5.66	5.71	5.76	5.81	5.86	5.91	5.96	6.01	6.06	6.11	6.16	**0.50**

Source: City of Portland Public Works Department; TischlerBise analysis

Impact Fee Study Overview

REVISED PRELIMINARY MAXIMUM DEFENSIBLE FEE CALCULATIONS

City of Portland, ME

September 12, 2018

TischlerBise

FISCAL | ECONOMIC | PLANNING

City of Portland Impact Fee Study

- Impact Fee Fundamentals
- Changes Made Based on Comments of 1st Draft Fees
- Parks & Recreation
- Transportation
- Wastewater

Impact Fee Fundamentals

- Authorized under the Comprehensive Planning and Land Use Regulation Act of 1987, Title 30-A MRSA, Section 4354
- One-time payment for growth-related infrastructure, usually collected at the time buildings permits are issued
- Can't be used for operations, maintenance, or replacement
- Not a tax but more like a contractual arrangement to build infrastructure, with three requirements:
  - Need (system improvements, not project-level improvements)
  - Benefit
    - Short range expenditures
    - Geographic service areas and/or benefit districts
  - Proportionate
- Compared to negotiated agreements, streamlines approval process with known costs (predictability)

Changes Since 1st Draft

- Parks & Recreation
  - Incremental expansion methodology has been expanded to include nonresidential demand on facilities.
    - Workers use Parks & Recreation facilities during breaks and lunch.
  - The vehicle component was removed.
  - Adjusted facilities included in the level of service calculations.

Development Type	Parks & Rec 1st Draft	Parks & Rec Revised Draft	Increase/ Decrease
Residential (per housing unit)			
Single Family/Duplex	$2,442	$1,126	($1,316)
Multifamily	$1,631	$752	($879)
Nonresidential (per 1,000 square feet)			
Retail & Service	-	$534	$534
Office	-	$677	$677
Industrial	-	$363	$363
Institutional	-	$645	$645
Accommodation (per hotel room)			
Hotel	$1,898	$875	($1,023)

Changes Since 1st Draft

- Transportation
  - Revised methodology to include five nonresidential land use categories.
  - Adjusted the multimodal projects included in the plan-based methodology.

Development Type	Transportation 1st Draft	Transportation Revised Draft	Increase/ Decrease
Residential (per housing unit)			
Single Family/Duplex	$3,698	$2,159	($1,539)
Multifamily	$1,752	$1,023	($729)
Nonresidential (per 1,000 square feet)			
Hospital	$5,280	-	-
Congregated Care/Assisted Living	$2,065	-	-
School	$9,615	-	-
Place of Assembly	$3,422	-	-
Retail & Personal Services	$14,132	-	-
Recreational	$14,197	-	-
Office	$4,797	-	-
Industrial	$2,443	-	-
Industrial Transportation	$691	-	-
Retail & Service	-	$8,248	-
Office	-	$2,800	-
Industrial	-	$1,130	-
Institutional	-	$3,082	-
Accommodation (per hotel room)			
Hotel	$4,118	$2,404	($1,714)

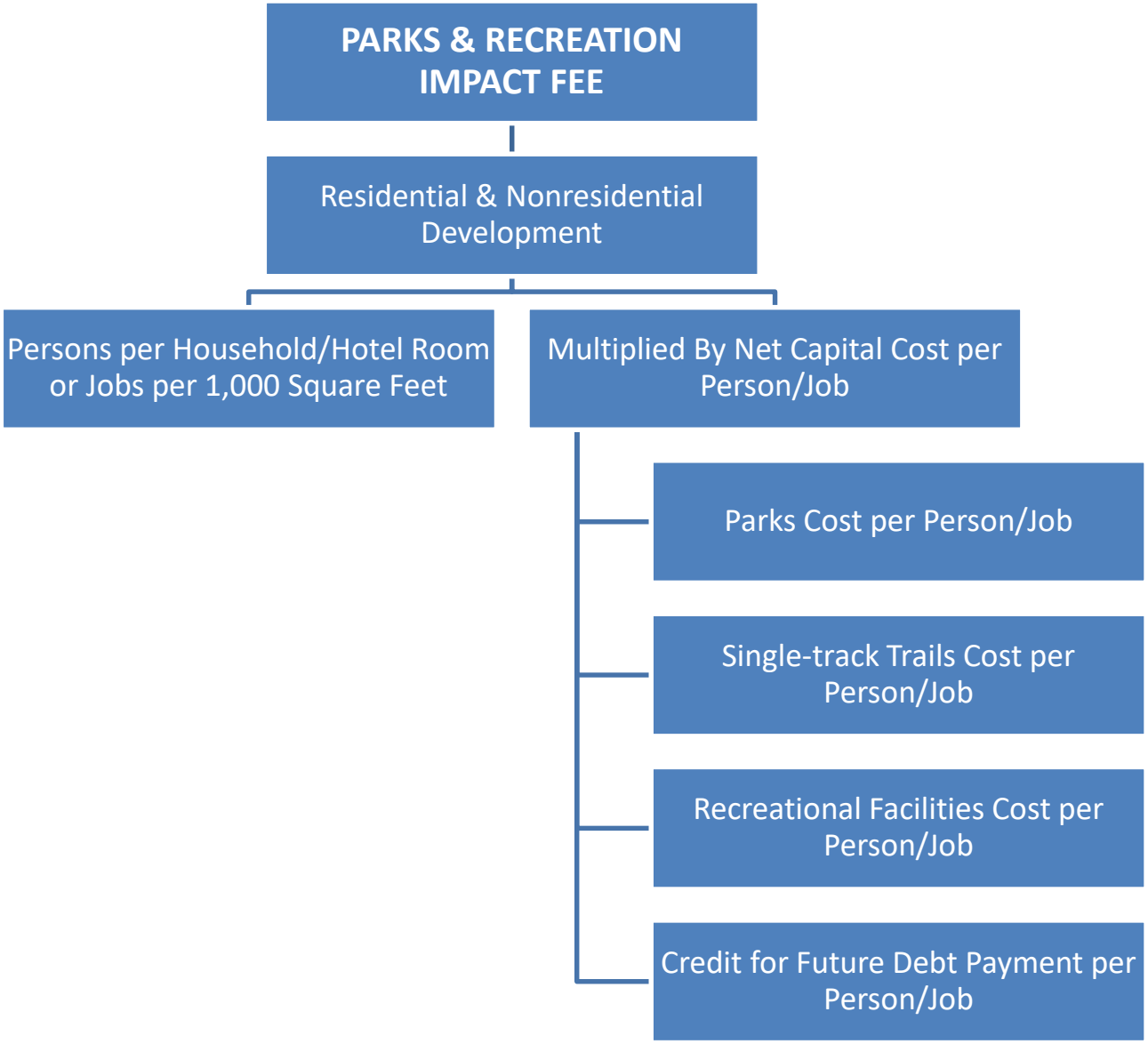
Changes Since 1st Draft

- Wastewater
  - Included additional projects into future debt payments, increasing the Debt Service Credit.

Meter Size (inches)	Wastewater 1st Draft	Wastewater Revised Draft	Increase/ Decrease
All Development (per meter)			
5/8	$2,069	$1,886	($183)
3/4	$3,104	$2,829	($275)
1	$5,173	$4,715	($458)
1.5	$10,345	$9,430	($915)
2	$16,552	$15,088	($1,464)
3	$33,104	$30,176	($2,928)
6	$103,450	$94,300	($9,150)
8	$165,520	$150,880	($14,640)

Parks & Rec Impact Fee Analysis

- Consumption-Based/Incremental Expansion Methodology



Parks & Rec Impact Fee Analysis

- Park Component – Existing Level of Service & Cost per Demand Unit

	Acres	Athletic Field	Baseball Field	Basketball Courts	Community Gardens	Dog Park Area	Base/Softball Fields	Pickleball Courts
City of Portland Total	316.3	5.0	11.0	10.0	8.0	2.0	2.0	4.0
Average Replacement Cost	$59,172	$350,000	$175,000	$45,000	$30,000	$50,000	$175,000	$45,000
Replacement Cost Subtotal	$18,716,104	$1,750,000	$1,925,000	$450,000	$240,000	$100,000	$350,000	$180,000

	Picnic Tables	Playgrounds	Pools	Skate Park	Softball Fields	Splashpads	Tennis Courts	Volleyball Courts
City of Portland Total	22.0	18.0	1.0	1.0	4.0	5.0	15.0	2.0
Average Replacement Cost	$750	$175,000	$2,000,000	$350,000	$175,000	$30,000	$45,000	$45,000
Replacement Cost Subtotal	$16,500	$3,150,000	$2,000,000	$350,000	$700,000	$150,000	$675,000	$90,000

Land Replacement Cost	$18,716,104
Improvement Replacement Cost	$12,126,500
Total Replacement Cost	$30,842,604

Total Park Acres	316.3
Total Replacement Cost	$30,842,604
Replacement Cost per Park Acre	$97,511

Source: City of Portland Parks and Recreation; Assessor's Office

Residential Level-of-Service (LOS) Standard

Share of Impact Days	72%
Share of Park Acres	227.7
2018 Peak Population	83,250
LOS: Acre per 1,000 Persons	**2.74**

Nonresidential Level-of-Service (LOS) Standard

Share of Impact Days	28%
Share of Park Acres	88.6
2018 Jobs	67,270
LOS: Acre per 1,000 Jobs	**1.32**

Share of Impact Days calculation found in Appendix.

Cost Analysis

Replacement Cost per Acre	$97,511
LOS: Acre per 1,000 Persons	2.74
Replacement Cost Per Capita	**$267**

Cost Analysis

Replacement Cost per Acre	$97,511
LOS: Acre per 1,000 Jobs	1.32
Replacement Cost Per Job	**$129**

Parks & Rec Impact Fee Analysis

- Single-Track Trail Component – Existing Level of Service & Cost per Demand Unit

Trail	Single-Track Trail (miles)
Citywide Passive Trails	36.2
Total	**36.2**

Source: City of Portland Parks and Recreation

Residential Level-of-Service (LOS) Standard

Share of Impact Days	72%
Share of Trail Miles	26.1
2018 Peak Population	83,250
LOS: Miles per 1,000 Persons	**0.31**

Nonresidential Level-of-Service (LOS) Standard

Share of Impact Days	28%
Share of Trail Miles	10.1
2018 Jobs	67,270
LOS: Miles per 1,000 Jobs	**0.15**

Cost Analysis

Costs per mile	$15,000
LOS: Miles per 1,000 Persons	0.31
Replacement Cost per Person	**$5**

Cost Analysis

Costs per mile	$15,000
LOS: Miles per 1,000 Jobs	0.15
Replacement Cost per Job	**$2**

Parks & Rec Impact Fee Analysis

- Recreational Facility Component – Existing Level of Service & Cost per Demand Unit

Recreational Facilities	Square Feet	Replacement Cost
East End Community Center	23,500	$5,875,000
Peaks Island Community Center	2,000	$550,000
Portland Ice Arena	29,273	$3,125,896
Reiche Community Center	25,000	$8,750,000
Riverton Community Center	31,500	$11,970,000
Total	**111,273**	**$30,270,896**

Source: City of Portland Parks and Recreation

Residential Level-of-Service (LOS) Standard

Share of Impact Days	72%
Share of Rec. Square Feet	80,117
2018 Peak Population	83,250
LOS: Square Feet per Person	**0.96**

Nonresidential Level-of-Service (LOS) Standard

Share of Impact Days	28%
Share of Rec. Square Feet	31,156
2018 Jobs	67,270
LOS: Miles per 1,000 Jobs	**0.46**

Cost Analysis

Costs per Square Foot	$272
LOS: Square Feet per Person	0.96
Replacement Cost per Person	**$261**

Cost Analysis

Costs per Square Foot	$272
LOS: Miles per 1,000 Jobs	0.46
Replacement Cost per Job	**$125**

Parks & Rec Impact Fee Analysis

- Credit for Future Debt Payment Component
  - To avoid future growth double paying for Parks & Rec facilities, a credit is necessary for future debt payments.

Residential Credit

Fiscal Year	Payment	Projected Population	Payment/ Capita
Base Year	$617,060	83,250	$7.41
2019	$715,720	83,678	$8.55
2020	$676,719	84,106	$8.05
2021	$628,339	84,534	$7.43
2022	$606,452	84,962	$7.14
2023	$554,947	85,390	$6.50
2024	$478,117	85,818	$5.57
2025	$461,771	86,246	$5.35
2026	$434,672	86,673	$5.02
2027	$386,672	87,101	$4.44
2028	$364,280	87,529	$4.16
Total	**$5,924,749**		**$69.62**
		Discount Rate	3.00%
		Total Credit	**$60**

Source: City of Portland Finance Department

Nonresidential Credit

Fiscal Year	Payment	Projected Jobs	Payment/ Job
Base Year	$239,968	67,270	$3.57
2019	$278,336	67,959	$4.10
2020	$263,169	68,648	$3.83
2021	$244,354	69,337	$3.52
2022	$235,842	70,026	$3.37
2023	$215,813	70,715	$3.05
2024	$185,935	71,404	$2.60
2025	$179,578	72,093	$2.49
2026	$169,039	72,782	$2.32
2027	$150,372	73,471	$2.05
2028	$141,665	74,160	$1.91
Total	**$2,304,071**		**$32.81**
		Discount Rate	3.00%
		Total Credit	**$28**

Source: City of Portland Finance Department

Parks & Rec Impact Fee Analysis

- Maximum Defensible Fee

Fee Component	Cost per Person	Cost per Job
Parks	$267	$129
Single-Track Trails	$5	$2
Rec. Facilities	$261	$125
Debt Service Credit	($60)	($28)
TOTAL	**$473**	**$228**

Residential (per housing unit)

Type of Unit	Persons per Household	Maximum Defensible Fee
Single Family/Duplex	2.38	**$1,126**
Multifamily	1.59	**$752**

Nonresidential (per 1,000 square feet)

Type of Unit	Jobs per 1,000 Square Feet	Maximum Defensible Fee
Retail & Service	2.34	**$534**
Office	2.97	**$677**
Industrial	1.59	**$363**
Institutional	2.83	**$645**

Nonresidential (per room)

Type of Unit	Persons per Room	Maximum Defensible Fee
Hotel	1.85	**$875**

Parks & Rec Impact Fee Analysis

- Parks & Recreation Fee Revenue

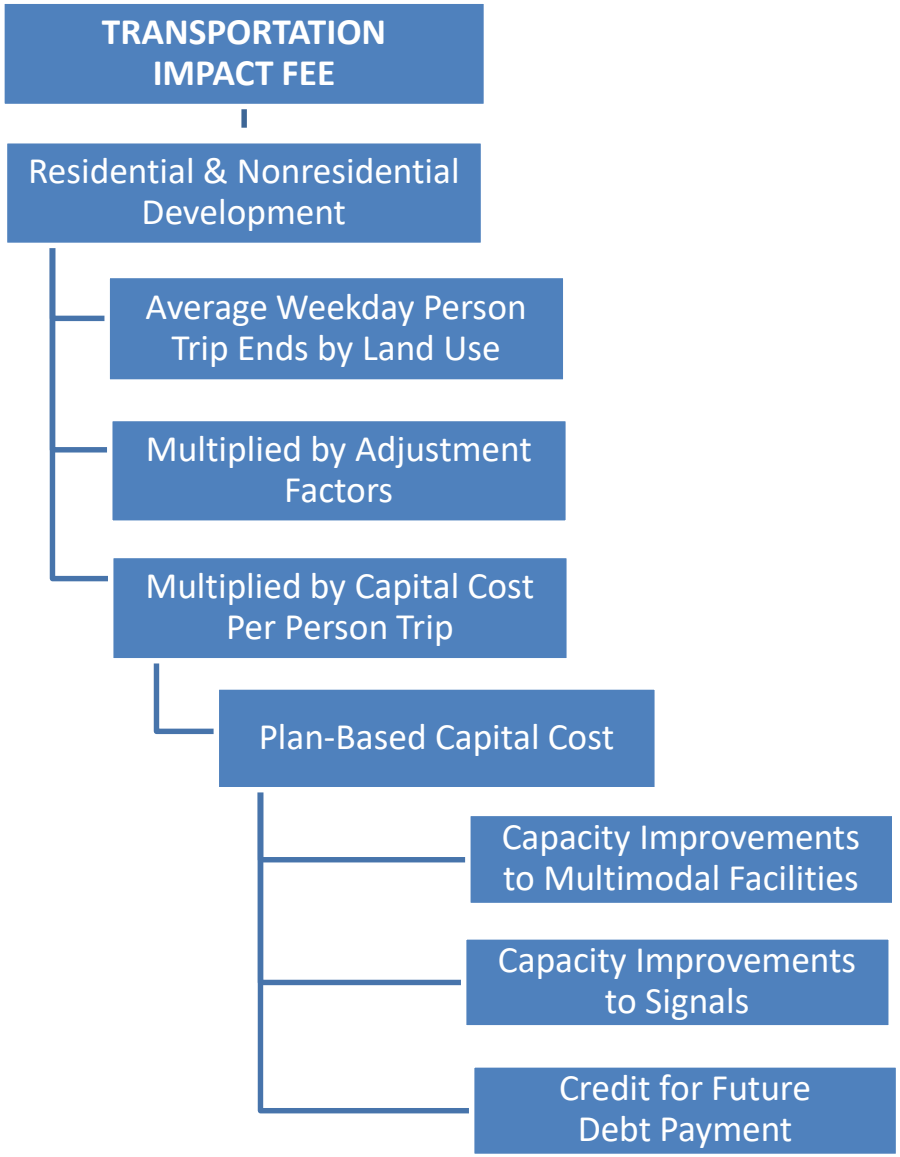
	Total Cost to Maintain LOS	Cost Attributable to Growth
Parks	$1,950,220	$1,950,220
Single-Track Trails	$34,500	$34,500
Rec Facilities	$1,979,344	$1,979,344
Total Expenditures	**$3,964,064**	**$3,964,064**

Projected Development Impact Fee Revenue

		Capital Cost per Person $473	Capital Cost per Job $228
Year		**Population**	**Jobs**
Base	2018	83,250	67,270
Year 1	2019	83,678	67,959
Year 2	2020	84,106	68,648
Year 3	2021	84,534	69,337
Year 4	2022	84,962	70,026
Year 5	2023	85,390	70,715
Year 6	2024	85,818	71,404
Year 7	2025	86,246	72,093
Year 8	2026	86,673	72,782
Year 9	2027	87,101	73,471
Year 10	2028	87,529	74,160
	Ten-Year Increase	4,279	6,890
	Projected Revenue =>	$2,023,810	$1,570,948
		Projected Revenue =>	**$3,594,757**
		Total Expenditures =>	**$3,964,064**
		General Fund's Share =>	**$369,307**

Transportation Impact Fee Analysis

- Plan-Based Methodology – Person Trips



Transportation Impact Fee Analysis

- Multimodal Component – **High Readiness Projects**

Project	Readiness	Length of Project (linear feet)	Total City Cost	Growth's Share	Growth's Cost
W. Commercial Street Path	High	5,000	$750,000	50%	$375,000
Thames Street	High	1,200	$1,450,000	25%	$362,500
Franklin Street: I-295 to Somerset	High	700	$4,050,000	75%	$3,037,500
Congress Square Intersection Construction	High	650	$1,300,000	25%	$325,000
Marginal Way: Hanover to Plowman	High	5,600	$1,000,000	25%	$250,000
Kennebec Street Realignment at Forest Avenue	High	450	$500,000	50%	$250,000
Somerset Street	High	1,800	$1,500,000	50%	$750,000
Forest Avenue (Morrill's Corner Intersections)	High	1,600	$2,280,000	50%	$1,140,000
Brighton Avenue	High	13,000	$1,100,000	25%	$275,000
Washington Avenue Rehabilitation	High	1,500	$2,000,000	25%	$500,000
	TOTAL	31,500	$15,930,000		$7,265,000

Growth's Cost of Transportation Projects	$7,265,000
10-Year Increase in Average Daily Person Trips	47,721
Capital Cost per Trip	**$152**

Transportation Impact Fee Analysis

- Signal Component – **High Readiness Projects**

Project	Readiness	Total Cost	Growth's Share	Growth's Cost
Modernize Signal Systems	High	$9,375,000	75%	$7,031,250
Arterial Street Crossings	High	$2,000,000	50%	$1,000,000
	TOTAL	$11,375,000		$8,031,250

Growth's Cost of Transportation Projects	$8,031,250
10-Year Increase in Average Daily Person Trips	47,721
Capital Cost per Trip	**$168**

Transportation Impact Fee Analysis

- Credit for Future Debt Payment Component
  - To avoid future growth double paying for Transportation facilities, a credit is necessary for future debt payments.

Fiscal Year	Payment	Projected Ave. Daily Person Trips	Payment/ Person Trip
Base Year	$3,751,763	735,171	$5.10
2019	$4,314,139	739,943	$5.83
2020	$4,060,134	744,715	$5.45
2021	$3,772,123	749,487	$5.03
2022	$3,633,359	754,260	$4.82
2023	$3,323,658	759,032	$4.38
2024	$2,916,044	763,804	$3.82
2025	$2,815,726	768,576	$3.66
2026	$2,591,944	773,348	$3.35
2027	$2,374,976	778,120	$3.05
2028	$2,147,023	782,892	$2.74
Total	**$35,700,889**		**$47.24**
		Discount Rate	3.00%
		Total Credit	**$41.00**

Transportation Impact Fee Analysis

- Maximum Defensible Fee – **High Readiness only**

Input Variables	Cost per Trip for Multimodal Projects =>		$152
	Cost per Trip for Signals =>		$168
	Debt Service Credit per Trip =>		($41)
	Capital Cost per Person Trip		**$279**
Development Type	**Avg Wkdy Person Trip Ends**	**Trip Rate Adjustment**	**Maximum Defensible Fee**
Residential (per housing unit)			
Single Family/Duplex	13.34	58%	**$2,159**
Multifamily	6.32	58%	**$1,023**
Nonresidential (per 1,000 square feet of floor area)			
Retail & Service	77.80	38%	**$8,248**
Office	20.07	50%	**$2,800**
Industrial	8.10	50%	**$1,130**
Institutional	22.09	50%	**$3,082**
Nonresidential (per room)			
Hotel/Motel	17.23	50%	**$2,404**

Transportation Impact Fee Analysis

- Transportation Impact Fee Revenue

	Total Cost	Cost Attributable to Growth
Multimodal Projects	$15,930,000	$7,265,000
Signals	$11,375,000	$8,031,250
Total Expenditures	**$27,305,000**	**$15,296,250**

Projected Transportation Impact Fee Revenue

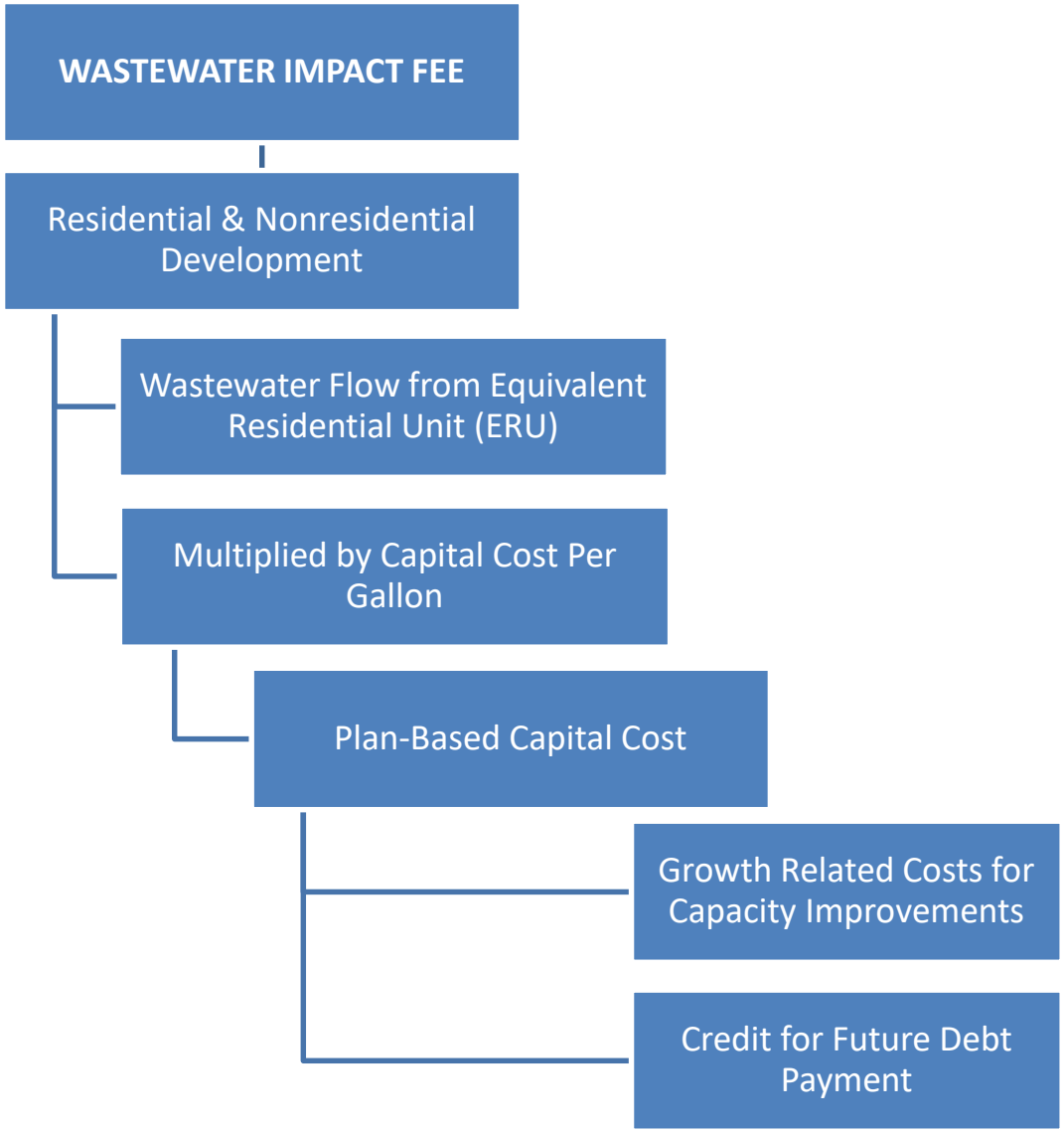
Year		Single Family Housing Units	Multifamily Housing Units	Retail & Service 1,000 Sq. Ft.	Office 1,000 Sq. Ft.	Industrial 1,000 Sq. Ft.	Institutional 1,000 Sq. Ft.
Base	2018	21,047	16,575	9,817	9,318	7,225	8,909
Year 1	2019	21,080	16,829	9,874	9,403	7,289	8,980
Year 2	2020	21,113	17,083	9,931	9,489	7,353	9,050
Year 3	2021	21,147	17,336	9,988	9,574	7,418	9,121
Year 4	2022	21,180	17,590	10,045	9,660	7,482	9,191
Year 5	2023	21,213	17,844	10,102	9,745	7,546	9,262
Year 6	2024	21,246	18,098	10,159	9,830	7,611	9,332
Year 7	2025	21,279	18,352	10,216	9,916	7,675	9,402
Year 8	2026	21,313	18,605	10,273	10,001	7,739	9,473
Year 9	2027	21,346	18,859	10,330	10,087	7,804	9,543
Year 10	2028	21,379	19,113	10,387	10,172	7,868	9,614
Ten-Year Increase		**332**	**2,538**	**571**	**854**	**643**	**704**
Transportation Impact Fee		$2,159	$1,023	$8,248	$2,800	$1,130	$3,082
Revenue Subtotal		**$716,788**	**$2,596,374**	**$4,709,608**	**$2,391,200**	**$726,590**	**$2,169,728**

Source: TischlerBise analysis

Projected Revenue =>	**$13,310,288**
Total Expenditures =>	**$15,296,250**
General Fund's Share =>	**$1,985,962**

Wastewater Impact Fee Analysis

- Plan-Based Methodology



Wastewater Impact Fee Analysis

- Sewer & Stormwater Component – Future Wastewater Projects

Project Title	Total	Growth's Share	Growth's Cost
CSO - Close CSO #42	$2,000,000	10%	$200,000
CSO - Mackworth Street and Ocean Avenue Sewer Separation Project	$6,850,000	10%	$685,000
CSO - Dartmouth Street Sewer Separation Project	$2,520,000	10%	$252,000
CMOM - Inflow and Infiltration Program	$4,050,000	50%	$2,025,000
CMOM - Pump Station Rehabilitation	$3,350,000	25%	$837,500
Eastern Waterfront Sewer / Stormwater Extension & Outfall (Thames St)	$1,025,000	85%	$871,250
Franklin Street Storm Drain	$5,300,000	75%	$3,975,000
Warren Ave Storm Drain - 517 Warren Ave to 659 Warren Ave	$990,000	10%	$99,000
TOTAL	$26,085,000		$8,944,750

Growth's Cost of Wastewater Projects	$8,944,750
10-Year Increase in Wastewater Flow (gallons)	403,049
Capital Cost per Gallon	**$22.19**

Wastewater Impact Fee Analysis

- Credit for Future Debt Payment Component
  - To avoid future growth double paying for wastewater facilities, a credit is necessary for future debt payments on past sewer and stormwater projects.

Fiscal Year	Payment	Projected Wastewater Flow (gals)	Payment/ Gallon
Base Year	$4,984,702	5,661,470	$0.88
2019	$5,301,355	5,701,775	$0.93
2020	$5,185,898	5,742,080	$0.90
2021	$5,039,052	5,782,385	$0.87
2022	$4,943,283	5,822,690	$0.85
2023	$4,435,393	5,862,995	$0.76
2024	$4,084,329	5,903,299	$0.69
2025	$4,023,542	5,943,604	$0.68
2026	$3,924,669	5,983,909	$0.66
2027	$3,833,159	6,024,214	$0.64
2028	$3,671,719	6,064,519	$0.61
Total	**$49,427,101**		**$8.47**
		Discount Rate	3.00%
		Total Credit	**$7.22**

Wastewater Impact Fee Analysis

- Maximum Defensible Fee

Growth Capital Cost per Gallon =>		$22.19
Debt Service Credit per Gallon =>		($7.22)
Capital Cost per Gallon of Capacity =>		**$14.97**
Max Daily Gallons per ERU =>		**126**
Meter Size (inches)	**Capacity Ratio**	**Maximum Defensible Fee**
All Development (per meter)		
5/8	1.00	**$1,886**
3/4	1.50	**$2,829**
1	2.50	**$4,715**
1.5	5.00	**$9,430**
2	8.00	**$15,088**
3	16.00	**$30,176**
6	50.00	**$94,300**
8	80.00	**$150,880**

Source: American Water Works Association, Principles of Water Rates, Fees, and Charges, M1, 7th ed., 2017; TischlerBise analysis

Wastewater Impact Fee Analysis

- Wastewater Impact Fee Revenue

	Total Cost	Cost Attributable to Growth
Wastewater Facilities	$26,085,000	$8,944,750
Total Expenditures	**$26,085,000**	**$8,944,750**

Projected Wastewater Impact Fee Revenue

		Residential	Nonresidential
Year		**Population**	**Jobs**
Base	2018	83,250	67,270
Year 1	2019	83,678	67,959
Year 2	2020	84,106	68,648
Year 3	2021	84,534	69,337
Year 4	2022	84,962	70,026
Year 5	2023	85,390	70,715
Year 6	2024	85,818	71,404
Year 7	2025	86,246	72,093
Year 8	2026	86,673	72,782
Year 9	2027	87,101	73,471
Year 10	2028	87,529	74,160
Ten-Year Increase		**4,279**	**6,890**
Water Demand, per Pop./Job		35.2	40.6
Cost per Gallon		$14.97	$14.97
Revenue Subtotal		**$2,254,793**	**$4,187,618**

Source: TischlerBise analysis

Projected Revenue =>	**$6,442,411**
Total Expenditures =>	**$8,944,750**
General Fund's Share =>	**$2,502,339**

Comments/Questions

Comparables

- Impact fees from comparable communities compared to Portland's Maximum Defensible Fee

Development Type	Maximum Supportable Fee	Burlington, VT	Concord, NH	Freeport, ME	Bozeman, MT	Boulder, CO	Eugene, OR	National Averages (2015)*
Parks and Recreation (per housing unit/hotel room/1,000 square feet)								
Single Family/Duplex	$1,126	$1,486	$1,094	-	-	$5,603	$4,246	$2,812
Multifamily	$752	$743	$664	-	-	$3,936	$2,686	$2,099
Retail	$534	$418	-	-	-	-	$413	n/a
Office	$677	$418	-	-	-	-	$1,134	n/a
Industrial	$363	$422	-	-	-	-	$694	n/a
Institutional	$645	$418	-	-	-	-	$1,134	n/a
Hotel	$875	$418	-	-	-	-	$1,697	n/a
Transportation (per housing unit/hotel room/1,000 square feet)								
Single Family/Duplex	$2,159	$386	$2,110	$1,500 for the	$4,497	$216	$2,113	$3,256
Multifamily	$1,023	$196	$1,450	first 2,500 GFA	$3,053	$149	$1,226	$2,201
Retail	$8,248	$736	$3,330	plus $300 for	$10,476	$540	$5,093	$5,605
Office	$2,800	$676	$1,700	each additional	$4,535	$220	$3,212	$3,403
Industrial	$1,130	$262	$1,090	250 GFA. Not	$2,866	$140	$2,050	$2,063
Institutional	$3,082	$676	$2,207	exceeding	$5,435	$180	$1,965	n/a
Hotel	$2,404	$676	$1,817	$30,000.	$2,315	$168	$1,268	n/a
Wastewater (per meter)								
Single Family/Duplex	$1,886	-	-	-	$775	-	$2,396	$3,694
Multifamily	$2,829	-	-	-	$1,545	-	$2,040	$1,777
Retail	$4,715	-	-	-	$3,556	-	$683	$663
Office	$4,715	-	-	-	$3,556	-	$1,036	$640
Industrial	$4,715	-	-	-	$3,556	-	$687	$642
Institutional	$4,715	-	-	-	$3,556	-	$2,163	n/a
Hotel	$4,715	-	-	-	$3,556	-	$2,817	n/a

*Source: National Impact Fee Survey: 2015, Duncan Associates, November, 2015

Note: Single family units are assumed to be 2,000 square feet and multifamily units to be 1,000 square feet. A 5/8 inch meter is shown for single family development, 3/4 inch for multifamily development, and a 1 inch meter is shown for nonresidential development, however, the wastewater fee will be assessed based on the development's meter size. To estimate general transportation fees for Scarborough, ME the PM peak hour trip generation rates from Trip Generation, Institute of Transportation Engineers, 10th Edition (2017) are used.

Not shown in the figure are the additional impact fees the comparable communities assess including school, fire, and police.

Appendix

- Share of Impact Days Calculation
  - The calculation multiples the number of peak season residents (permanent, seasonal, and visitors) and inflow commuters by the number of days within the City of Portland.
  - Local workers are included within the total for residents.

Residents and Inflow Commuters in 2015

		Cumulative Impact Days per Year			Cost Allocation for Parks	
Residents	Inflow Commuters	Residential[1]	Nonresidential[2]	Total	Residential	Nonresidential
82,049	47,245	29,948,016	11,811,250	41,759,266	72%	28%

1. Days per Year = 365
2. Days per Year = 250 (5 Days per Week x 50 Weeks per Year)

Source: U.S. Census Bureau, OnTheMap 6.1.1 Application and LEHD Origin-Destination Employment Statistics.

Appendix

- Residential Development Projections
  - To capture the full demand on City facilities, projections include seasonal and visitor populations
    - The seasonal population is considered those that have a second home in Portland
    - The visitor population includes overnight and day visitors to the City

	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Peak Population												
Permanent	67,305	67,644	67,983	68,322	68,661	69,001	69,340	69,679	70,018	70,357	70,696	3,391
Seasonal	7,386	7,432	7,478	7,523	7,569	7,615	7,660	7,706	7,752	7,797	7,843	457
Visitor	8,559	8,602	8,645	8,688	8,731	8,775	8,818	8,861	8,904	8,947	8,990	431
Total	83,250	83,678	84,106	84,534	84,962	85,390	85,818	86,246	86,673	87,101	87,529	4,279
Housing Unit												
Single Family/Duplex	21,047	21,080	21,113	21,147	21,180	21,213	21,246	21,279	21,313	21,346	21,379	332
Multifamily	16,575	16,829	17,083	17,336	17,590	17,844	18,098	18,352	18,605	18,859	19,113	2,538
Total	37,622	37,909	38,196	38,483	38,770	39,057	39,344	39,631	39,918	40,205	40,492	2,870

Source: Portland's Plan 2030; TischlerBise analysis

Appendix

- Nonresidential Development Projections

Industry	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Employment												
Retail	13,057	13,191	13,325	13,458	13,592	13,726	13,860	13,993	14,127	14,261	14,395	1,337
Office	24,772	25,026	25,280	25,533	25,787	26,041	26,295	26,548	26,802	27,056	27,309	2,537
Industrial	9,992	10,094	10,197	10,299	10,401	10,504	10,606	10,708	10,811	10,913	11,015	1,023
Institution	19,449	19,648	19,847	20,046	20,245	20,445	20,644	20,843	21,042	21,241	21,441	1,992
Total	67,270	67,959	68,648	69,337	70,026	70,715	71,404	72,093	72,782	73,471	74,160	6,890
Nonresidential Floor Area (1,000 sq. ft.)												
Retail	9,817	9,874	9,931	9,988	10,045	10,102	10,159	10,216	10,273	10,330	10,387	571
Office	9,318	9,403	9,489	9,574	9,660	9,745	9,830	9,916	10,001	10,087	10,172	854
Industrial	7,225	7,289	7,353	7,418	7,482	7,546	7,611	7,675	7,739	7,804	7,868	643
Institution	8,909	8,980	9,050	9,121	9,191	9,262	9,332	9,402	9,473	9,543	9,614	704
Total	35,268	35,546	35,823	36,100	36,378	36,655	36,932	37,209	37,487	37,764	38,041	2,773

Source: Portland Area Comprehensive Transportation System (PACTS); City of Portland; TischlerBise analysis

Appendix

o Projected Average Daily Person Trips

	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Residential Person Trips												
Single Family/Duplex	162,904	163,161	163,418	163,675	163,932	164,189	164,446	164,703	164,960	165,216	165,473	2,570
Multifamily	60,830	61,762	62,693	63,625	64,556	65,487	66,419	67,350	68,282	69,213	70,145	9,314
Subtotal	223,734	224,922	226,111	227,299	228,488	229,676	230,865	232,053	233,241	234,430	235,618	11,884
Nonresidential Person Trips												
Retail	290,177	291,864	293,551	295,238	296,925	298,612	300,299	301,987	303,674	305,361	307,048	16,871
Office	93,550	94,408	95,266	96,124	96,982	97,840	98,698	99,555	100,413	101,271	102,129	8,579
Industrial	29,260	29,520	29,781	30,041	30,302	30,562	30,823	31,083	31,344	31,604	31,865	2,605
Institutional	98,450	99,228	100,006	100,785	101,563	102,341	103,119	103,897	104,676	105,454	106,232	7,782
Subtotal	511,437	515,021	518,604	522,188	525,772	529,356	532,939	536,523	540,107	543,690	547,274	35,837
Grand Total Person Trips	735,171	739,943	744,715	749,487	754,260	759,032	763,804	768,576	773,348	778,120	782,892	47,721

Person Trips by Transportation Mode

Total Vehicle Person Trips	611,790	615,750	619,711	623,672	627,632	631,593	635,554	639,514	643,475	647,436	651,396	39,607
Total Transit Person Trips	12,466	12,550	12,633	12,717	12,800	12,884	12,967	13,051	13,135	13,218	13,302	836
Total Non-Motorized Trips	110,915	111,643	112,371	113,099	113,827	114,555	115,283	116,011	116,738	117,466	118,194	7,279
Grand Total Person Trips	735,171	739,943	744,715	749,487	754,260	759,032	763,804	768,576	773,348	778,120	782,892	47,721

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017); National Household Travel Survey data, 2017; TischlerBise analysis

Appendix

- Average Daily Person Trips by Development Type

Development Type	Person Trip Ends	Trip Adjustment Factor	Person Trips/Unit			
			Total	Vehicle	Transit	Non-motorized
Single Family/Duplex	13.34	58%	7.74	6.66	0.08	1.01
Multifamily	6.32	58%	3.67	3.16	0.04	0.48
Retail	77.80	38%	29.56	24.24	0.59	4.73
Office	20.07	50%	10.04	8.23	0.20	1.61
Industrial	8.10	50%	4.05	3.32	0.08	0.65
Institutional	22.09	50%	11.05	9.06	0.23	1.76
Hotel	17.23	50%	8.62	7.07	0.17	1.38

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017); National Household Travel Survey data, 2017; TischlerBise analysis

Note: Trip rates are shown per housing unit for residential land uses and per 1,000 square feet of floor area for nonresidential land uses, except Hotel is shown per hotel room.

Appendix

- Water Meter Capacity by Size

Meter Size (inches)	Meter Capacity	Capacity Ratio
5/8	20	1.00
3/4	30	1.50
1	50	2.50
1 1/2	100	5.00
2	160	8.00
3	320	16.00
6	1,000	50.00
8	1,600	80.00

Capacity ratios are based on meter capacity standards published by American Water Works Association, *Principles of Water Rates, Fees, and Charges, M1,* 7th ed., 2017

City of Portland Impact Fee Ordinance
9/13/18 DRAFT

1. Authority

This ordinance is enacted pursuant to the authority of 30-A M.R.S.A. § 4354 and 30-A M.R.S.A. § 3001.

2. Purpose

The purpose of these impact fee provisions is to ensure that new development in the City of Portland bears a proportional or reasonably-related share of the cost of new, expanded, or replacement infrastructure necessary to service that development through: 1) the payment of impact fees dedicated to funding improvements made necessary by development, or 2) the construction of improvements as provided for herein.

3. Applicability

The following shall be subject to impact fees:

1. Any new building or addition to existing buildings which results in net new residential dwelling units, non-residential building square footage, or water/wastewater meters, and
2. Any change of use which results in a net increase in impact fee per Section 5F.

4. Impact Fee Schedules[1]

Table of Parks & Recreation Facilities Impact Fees

Land Use Type	Unit of Measure	Impact Fee
Single-family/Two-family	per unit	
Multi-family (3+ units)	per unit	
Retail/Service	per 1,000 SF gross floor area	
Office	per 1,000 SF gross floor area	
Industrial	per 1,000 SF gross floor area	
Institutional	per 1,000 SF gross floor area	
Hotel/Motel	per room	

Table of Transportation Impact Fees

Land Use Type	Unit of Measure	Impact Fee
Single-family/Two-family	per unit	
Multi-family (3+ units)	per unit	
Retail/Service	per 1,000 SF gross floor area	
Office	per 1,000 SF gross floor area	
Industrial	per 1,000 SF gross floor area	
Institutional	per 1,000 SF gross floor area	
Hotel/Motel	per room	

[1] Land use types included in the impact fee schedule correspond to those in the city's most recent *Impact Fee Study.*

Table of Wastewater Impact Fees

Meter Size	Capacity Ratio	Impact Fee
5/8 inches	1.00	
¾ inches	1.50	
1 inch	2.50	
1 ½ inches	5.00	
2 inches	8.00	
3 inches	16.00	
6 inches	50.00	
8 inches	80.00	

5. Calculation of Impact Fee

Impact fees shall be calculated as follows:

A. Impact fees shall be calculated based on the impact fee schedule in effect at the time of submittal of a complete application for a building permit.

B. **Determination of Use:** The determination of the applicable land use category in the impact fee schedule shall be made by the [Department of Permitting and Inspections] with reference to the City of Portland's most recent *Impact Fee Study.* If the proposed development is of a type not listed in the impact fee schedule, then the impact fees applicable to the most nearly comparable type of land use listed in the impact fee schedule shall be used.

C. **Mixed-Use Development:** In the event there is more than one principal use within a building, impact fees will be calculated separately for each principal use.

D. **Redevelopment:** In calculating the impact fee for new development that involves the full or partial demolition of a building housing an existing, legally established use or uses, such new development shall be credited with an amount equal to the fee that would have been charged to the use or uses which occupied the structure at the time of demolition permit. If the impact fee calculation for the post-development condition is greater than the credit, the applicant shall pay the difference. If the impact fee calculation for the post-development condition is less than the credit, then the applicant shall not be required to pay an impact fee. The City shall not grant credits for demolitions not associated with new development or demolitions for which a permit was issued more than 12 months prior to the complete application for a building permit.

E. **Building Additions:** In calculating the impact fee for building additions, each developed property shall be credited with an amount equal to the fee that would have been charged to the existing use at the time of the addition of floor area. If the impact fee calculation for the post-development condition is greater than the credit, the applicant shall pay the difference. If the impact fee calculation for the post-development condition is less than the credit, then the applicant shall not be required to pay an impact fee.

F. **Changes of Use:** In calculating the impact fee for changes of use, each developed property shall be credited with an amount equal to the fee that would have been charged to the existing use at the time of application for building permit. If the impact fee calculation for the proposed use is greater than the credit, the applicant shall pay the difference. If the impact fee calculation for the proposed use is less than the credit, then the applicant shall not be required to pay an impact fee. The City shall not grant credits for uses which have been discontinued for a period of 12 months or more prior to the complete application for a building permit.

6. Annual Adjustment of Impact Fee

To account for inflation, there shall be an automatic annual increase in the impact fee schedule reflected in this ordinance every January 1 based on the change in the construction cost index as published by *Engineering News Record*. The fee adjustment shall be calculated by dividing the index amount published on January 1 of the current year by the index amount published on January 1, 2018 [XXXX] and multiplying the resulting ratio by each fee amount. Adjusted fees shall be made available for public reference.

7. Modification of Impact Fees

The Planning Board may by formal vote waive the payment of a required impact fee, in whole or in part, in the following instances:

A. Any site plan, subdivision, or building permit applicant may formally request a credit against impact fees otherwise due, up to but not exceeding the full obligation of impact fees to be paid pursuant to the provisions of this chapter, in the following instances:
    a. The developer or property owner who would otherwise be responsible for the payment of the impact fee voluntarily agrees to make infrastructure improvements for which the impact fee would be collected or an equivalent improvement approved by the Planning Board, or
    b. The developer or property owner is required, as part of a development approval by the City or a state or federal agency, to make or to pay for infrastructure improvements for which the impact fee would be collected or an equivalent improvement approved by the Planning Board.

    Credit amounts shall be determined based on plans, details, and cost estimates for the proposed infrastructure improvements for which the credit is requested. Such plans, details, and cost estimates shall be prepared by a licensed professional engineer and submitted at the time of site plan or building permit application. On-site improvements required under subdivision or site plan regulations shall not be considered eligible under this section.

B. Any site plan, subdivision, or building permit applicant may formally request a modification of impact fees, up to but not exceeding the full obligation of impact fees to be paid pursuant to the provisions of this chapter, where documentation is provided to demonstrate that a proposed use will impose no or substantially-reduced demands on capital facilities for which impact fees have been adopted. Such documentation shall be prepared by a licensed professional engineer and include an analysis of the demand for capital facilities generated by the proposed use based on industry standards and the most recent *Impact Fee Study*. Documentation shall be submitted at the time of site plan or building permit application.

8. Affordable Housing Waiver

Any residential development including low-income or workforce housing units and qualifying as an eligible project under Division 30 shall be eligible for a reduction of fees in accordance with *Section 14-486.*

9. Collection of Impact Fee

The City of Portland shall not issue any certificate of occupancy required under the Land Use Code until the applicant has paid any impact fees required by this ordinance.

10. Segregation of Impact Fees from General Revenues

Impact fees collected pursuant to this ordinance shall be maintained in separate, non-lapsing impact fee accounts for each of the facilities for which impact fees are assessed, and shall be segregated from the City's general revenues. These accounts shall be dedicated for funding of the improvements for which the fee is collected, as determined through the City's most recent *Impact Fee Study*. Funds from these accounts shall be

distributed to City departments, upon authorization by the City's Finance Department, solely for the purpose of capital projects identified in the City of Portland's most recent *Impact Fee Study*.

11. Use of Impact Fees

Impact fees collected by the City pursuant to this ordinance may be used only for financing facility improvements which the City Council, through the City of Portland's most recent *Impact Fee Study*, has determined are made necessary by new development. The City Council has determined that fees imposed by schedules in this ordinance are reasonably related to the demands created by new development. Impact fees collected pursuant to this ordinance shall be used exclusively for capital improvements, and the City of Portland shall expend funds collected from impact fees solely for the purposes for which they were collected.

12. Refund of Unused Impact Fees

Impact fees collected pursuant to this ordinance shall be used by the City according to the timeline specified in the City of Portland's most recent *Impact Fee Study* for the completion of specific capital improvements, but in no event later than ten years after the date upon which the impact fee was collected. Any impact fees which are not so used and any impact fees collected which exceed the City's actual costs of implementing the infrastructure improvements for which such fees were collected shall be refunded. Refunds shall be paid to the owner of record of the property for which the impact fee was collected, determined as of the date the refund is made.

13. Review and Revision

The impact fees established in this ordinance are based upon the best estimates of the costs of the construction of the facilities for which the fees are collected as determined through the City's most recent *Impact Fee Study*. The Council may, by amendments to this ordinance, change the amounts of the impact fees from time to time as warranted by new information or changed circumstances.

Portland, Maine Yes. Life's good here.

MEMORANDUM

DISTRIBUTE TO: Members of the Economic Development Committee

FROM: Brendan T. O'Connell - Finance Director
Chris Huff - Assessor

DATE: August 12, 2018

SUBJECT: **Impact Fee - Questions and Answers from Finance Director & Assessor**

Several questions have been passed along from the Planning and Urban Development Department on behalf of residents and businesses in regards to impact fees, the existing tax levy and City budget, property valuation growth and the upcoming revaluation, and building permit fees and stormwater service charges. This memo is intended to summarize responses to many of the frequently asked questions ("FAQ").

Frequently Asked Impact Fee Questions for Finance and Assessors

1. I read the FY19 budget includes $100M of new estimated valuation and I know property values continue to grow. Why are my impact fees necessary during a time when there is so much new value in the City of Portland? Isn't the existing growth enough to cover all City needs?

2. Will the upcoming revaluation help alleviate budget pressure and provide more tax dollars for City needs?

3. Building permit fees were increased recently. Wasn't this increase intended to fund some of the same things impact fees are intended to fund (i.e. growth related infrastructure)?

4. What about the Stormwater Service Charge? Was that created in response to growth-related infrastructure needs?

Question 1: I read the FY19 budget includes $100M of new estimated valuation and I know property values continue to grow. Why are my impact fees necessary during a time when there is so much new value in the City of Portland? Isn't the existing growth enough to cover all City needs?

Property valuation has grown by $100 million in the current year due to significant new projects breaking ground and continues our upward trajectory in overall valuation. This $100 million of new property valuation creates an additional approximately $1,133,000 in tax revenue for municipal use. While this may seem like a significant amount, it represents only a 0.128% overall increase to our FY18 valuation of approximately $7.8 billion, and can only fund a fraction of the cost increases and budget challenges we face in FY19, many of which are outside of City control. These include the increases in Cumberland County tax ($381k), increases in pension obligation bond debt service ($872k and increasing by around $1M annually through 2026), contractually obligated union compensation increases (approximately $3.2M) and health insurance cost increases ($2M). As you can see, the increase in valuation can only fund a fraction of the cost increases that are outside of City control.

Question 2: Will the upcoming revaluation help alleviate budget pressure and provide more tax dollars for the City needs?

Staff Response: No – the revaluation has no impact on total funds collected for the budget. Each year the City Manager will recommend a budget, calling for the required amount of tax dollars to be levied on property owners. <u>The revaluation will have no impact on the dollar amount levied – the total amount of tax dollars required for City / School operations will be the same both before and after the revaluation</u>. The revaluation will only impact how the dollars levied are split between City taxpayers. In general about 1/3 of the residents will pay more after the revaluation, 1/3 of the residents will pay the same amount, and 1/3 of the residents will pay less, but in total the amount of tax dollars collected will remain the same. When property values rise overall as a result of the revaluation, the mil rate will see a corresponding drop. For example, if total City property value increased 25% during the revaluation from $8B to $10B as a result of the revaluation (i.e. adjusting property values to their just values) the mil rate would then see a corresponding 25% percentage decrease.

EXAMPLE:

Pre-City Revaluation:
Total City Valuation: $8,000,000,000
Mil Rate: $20.00
*Total Tax Levy Needed for City/School Operations: $160,000,000 ($8,000,000,000 / 1000 * $20.00)*

Post-City Revaluation:
Total City Valuation: $10,000,000,000
Mil Rate: $16.00 (drops because we still only need a tax levy of $160,000,000)
*Total Tax Levy Needed for City/School Operations: $160,000,000 ($10,000,000,000 / 1000 * $16.00)*

Question 3: Building permit fees were increased recently. Wasn't this increase intended to fund some of the same things impact fees are intended to fund (i.e. growth related infrastructure)?

Staff Response: In 2017 a separate Permitting & Inspections Department was created. The new Department was created in direct response to the 2016 City Council goal to create a more efficient permitting process, including online functionality. This new Department including significant levels new staff and a new Department Head, a new software system (EnerGov) and new policies and procedures, was funded by an increase in Building Permit fees. No part of the previous increase in building permit fees was intended to fund growth-related infrastructure. Additionally, there are no excess building permit revenues available to address growth-related infrastructure.

Question 4: What about the Stormwater Service Charge? Was that created in response to growth-related infrastructure needs?

Staff Response: No. The Stormwater Service Charge was created to fund and implement projects related to the Department of Environmental Protection ("DEP") mandate for combined sewer overflow requirements. Instituting a stormwater charge more fairly and equitably distributes costs among the users of the sewer and stormwater systems rather than putting the burden entirely on sewer users. Stormwater service charges will raise approximately $7M towards the DEP mandate in FY19. The City estimates between $20M and $30M will be spent annually over the next 5-10 years to address the DEP mandate (revenues from both sewer fees and stormwater service charges will support this effort). There will be no excess of either Stormwater Service Charges or Sewer Fees to address growth related infrastructure needs.

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: **Economic Development Committee**

FROM: **Gregory A. Mitchell, Economic Development Director**
Mary Davis, Housing and Community Development Division Director

DATE: **September 10, 2018**

SUBJECT: **Request to Assign the McAuley Place Tax Increment Financing District Credit Enhancement Agreement**

I. ONE SENTENCE SUMMARY

The request is to consent to the assignment of a portion of the McAuley Place Tax Increment Financing (TIF) District Credit Enhancement Agreement (CEA) from Sea Coast at Baxter Woods Associates, LLC to DC Baxter Woods LLC, DC Baxter Woods II LLC, and DC Baxter Woods III LLC due to changes in ownership associated with property located in the TIF District.

II. AGENDA DESCRIPTION

Changes in corporate entities are taking place to support the redevelopment of the Motherhouse Project and surrounding property located in the McAuley Place TIF District. This necessitates City Council approval to Assign the McAuley Place TIF CEA which is permitted under the existing City Council approved CEA per Section 7.3.

III. BACKGROUND

The City Council approved the McAuley Place TIF District on May 16, 2009. The terms of this TIF District include returning sixty (60) percent of the new property taxes to the Motherhouse Project developer for a period of thirty (30) years and the remaining forty (40) percent will be placed in the City's General Fund. It is noted that this property was originally tax exempt because it was owned by St. Joseph Convent and Hospital. Also, it is noted that the TIF District approval date started the TIF District term in 2009, but it was not activated at that time because the planned redevelopment project investment did not occur at that time.

The City Council, on August 3, 2015 approved the investment of $426,262 in HOME funding to support the redevelopment of the Motherhouse Project to create senior affordable housing.

Motherhouse Project Overview (2016 Low Income Housing Tax Credit Senior Project)

- 88 total (66 with affordable restrictions and 22 market rate) units located in the Motherhouse; and,
- 21 market rate residential units located between the Motherhouse and Baxter Woods.
- TIF funds dedicated to the operation of the Motherhouse Project were an essential leverage source to secure the Maine State Housing Authority Low Income Housing Tax Credit financing.

TIF District Gross Property Tax Estimates

Years	Capture Rates	
	60% Project	40% City
1-30	$4.156 Million	$2.770 Million

Non TIF District Property Tax Estimates

It is noted that 140 residential units are planned to be located on the remainder of the former McAuley Campus which are located outside the TIF District. The estimated total taxable value for this portion of the project when complete is $37,100,000 with property taxes at a 22.48 mil rate equals $834,008 per year on previously tax exempt property. These units and their corresponding tax revenues were not a part of the 2009 Development Plan.

IV. INTENDED RESULT OR COUNCIL GOAL ADDRESSED

City Council approval of the Assignment of the McAuley Place TIF District CEA.

V. FINANCIAL IMPACT

There is no financial impact related to City Council approval to assign the McAuley Place TIF District CEA.

VI. STAFF ANALYSIS AND BACKGROUND THAT WILL NOT APPEAR IN THE AGENDA DESCRIPTION

Staff reviewed the request and determined that the requested McAuley Place TIF District CEA assignment is allowed under the City Council approved CEA. Consenting to the assignment will affirm the investment of $426,262 in HOME funding to the project which was approved by the City Council at its August 3, 2015 meeting (Council Order 35-15/16).

VII. RECOMMENDATION

The Economic Development Committee is asked at their September 18, 2018 meeting to vote, in the form of a recommendation to the City Council, approval of the requested TIF CEA Assignment.

VIII. LIST ATTACHMENTS

- Consent of City of Portland
- Agreement and Consent (Collateral Assignment of CEA)
- McAuley Place TIF CEA

Prepared by: Greg Mitchell

Date: September 10, 2018

CONSENT OF CITY OF PORTLAND

The undersigned City of Portland (the "City") hereby acknowledges and consents to the assignment of that certain Credit Enhancement Agreement dated May 2009 (the "Agreement") between the City and McAuley Place at Baxter Woods Retirement Community, Inc., a Maine nonprofit corporation ("MPBWRC"), as assigned by MPBWRC to Sea Coast at Baxter Woods Associates, LLC, a Maine limited liability company ("SCBWA") by Assignment and Assumption dated December 16, 2016 (the "Assignment;" collectively with the Agreement, the "CEA") by SCBWA to DC Baxter Woods LLC, DC Baxter Woods II LLC and DC Baxter Woods III LLC (collectively, "Assignee"), each a Maine limited liability company.

The City hereby represents that the CEA is valid and has not been modified to date other than by Partial Assignment of the CEA by SCBWA to Motherhouse Associates LP dated June 1, 2017, and that, to the City's knowledge, SCBWA is not in default under the CEA. The City agrees hereafter to look solely to Assignee for performance under the CEA

Duly executed as of _____ ____, 2018.

WITNESS: CITY OF PORTLAND

_____ By:_____

Jon P. Jennings, its City Manager

O:\MAS\20981 DC Predevelopment LLC\Sea Coast Buyout\Transfer documents\Consent to assignment of TIF_City.docx

AGREEMENT and CONSENT

Re: Collateral Assignment of Credit Enhancement Agreement dated May, 2009

THIS AGREEMENT AND CONSENT is made and entered into by and among **CITY OF PORTLAND, MAINE**, a Maine body corporate and politic (the "City") with a mailing address of 389 Congress Street, Portland Maine 04101 Attn: Jon Jennings, City Manager, and **DC BAXTER WOODS LLC, DC BAXTER WOODS II LLC, and DC BAXTER WOODS III LLC**, each a Maine limited liability company with a mailing address of 100 Commercial Street, Suite 414, Portland, Maine 04101 (collectively the "Borrower"), and **BATH SAVINGS INSTITUTION**, a Maine banking organization with a mailing address of 105 Front Street, P.O. Box 548, Bath, Maine 04530 ("Lender").

RECITALS:

A. The City entered into a Credit Enhancement Agreement with McAuley Place at Baxter Woods Retirement Community, Inc. dated on or about May, 2009 (the "TIF Agreement"), which was assigned by McAuley Place at Baxter Woods Retirement Community, Inc. to Sea Coast at Baxter Woods Associates, LLC by Assignment dated December 16, 2016, and further assigned by Sea Coast at Baxter Woods Associates, LLC to the Borrower by Assignment and Assumption Agreement of near or even date herewith, with respect to the Borrower's property located at 605 Stevens Avenue, in the City of Portland, Maine (the "Property").

B. Borrower has acquired title to the Project as defined in the TIF Agreement, being Lot #2 and Lot #4 as shown on the Overall Subdivision Plan 605 Stevens Avenue, Stevens Avenue and Walton Street, Portland, Cumberland County, Maine, and the real estate located at Units 2 & 3 in 605 Steven Avenue Condominium, 605 Stevens Avenue, Portland, Cumberland County, Maine, all more particularly described in the attached Exhibit A.

C. Lender has agreed to extend a loan in the amount of $3,200,000.00, evidenced by a certain Promissory Note in the amount of $3,200,000.00 from Borrower to Lender of near or even date herewith (together with any extensions, renewals or replacements thereof, the "Loan"), which is to be secured, inter alia, by a Collateral Assignment of Credit Enhancement Agreement encumbering the TIF Agreement and related rights (all collectively together with any amendments, extensions, renewals or replacements thereof, the "Loan Documents"), which Loan is to fund Project Costs as defined in the TIF Agreement.

D. The extension of the Loan by the Lender is based in part upon the agreement of City to enter into this Agreement, expressly consenting to the Collateral Assignment of the Credit Enhancement Agreement to Lender and providing various assurances to Lender as set forth herein.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Status of TIF Agreement. City and Borrower hereby represent to Lender that the TIF Agreement has been duly executed, is presently in full force and effect, that the TIF Agreement constitutes the valid and binding obligations of the City and, to the City's knowledge, Borrower, that the Borrower is entitled to payment of amounts payable to the owner of the Property in accordance with the terms of the TIF Agreement, and that the TIF Agreement has not been subsequently modified or amended, except for the partial Assignment thereof to Borrower and the partial assignment of the TIF Agreement to Motherhouse LP with respect to the real estate owned by Motherhouse Associates LP, which assignments have been approved by the City.

No notice of default is outstanding from City to Borrower regarding in default in the performance of Borrower's obligations to City under the TIF Agreement.

To the best of City's knowledge, to date the Borrower has complied with and fulfilled its obligations to the City under the TIF Agreement and no events of default are outstanding.

2. Consent to Assignment. City acknowledges receipt of a copy of and consents to the Borrower's Collateral Assignment of the TIF Agreement to Lender, its successors and assigns, as security for Borrower's obligations to Lender, with right of reassignment (the "Assignment").

Upon an Event of Default in Borrower's obligations to Lender, which is not cured within any applicable grace period, Borrower hereby authorizes Lender to collect all payments from City arising or accruing under that portion of the TIF Agreement then held by Lender as Collateral as they become due, and hereby irrevocably authorizes and directs the City to pay all amounts thereafter arising or accruing under the TIF Agreement and assigned to Lender to Lender and to continue to do so until otherwise directly notified by Lender. Borrower further agrees that the City shall have the right to conclusively rely upon such demand by Lender without any obligation or right to inquire as to whether any Event of Default exists and notwithstanding any assertion, demand or claim of Borrower to the contrary, and that Borrower shall have no right or claim against the City for any amounts paid by the City to Lender following receipt of such demand by Lender.

Upon written certification and demand from Lender based on the foregoing, the City agrees to pay and perform the City's obligations under the TIF Agreement to Lender, its successors and assigns, including without limitation, a receiver, a purchaser of the Project as defined in the TIF Agreement at a mortgage foreclosure/secured party's sale, or assignee pursuant to an assignment entered into by Borrower with the express written consent of Lender (all collectively the "Assignee"), which obligations of the City shall include the payments due from the Company TIF Account established under the TIF Agreement, provided that the preconditions to the City's obligations to make payments established under the TIF Agreement have been satisfied. Such payment shall be forwarded to Lender, its successors and assigns, or Lender's designee even if the Lender's right to receive the payment is disputed by Borrower.

Any sale or transfer of Assignee's interest in the TIF Agreement, by mortgage foreclosure/secured party's sale, assignment or otherwise, shall release such Assignee from any and all liability under the TIF Agreement provided however, that the subsequent Assignee shall assume and agree to perform Borrower's obligations under the TIF Agreement arising thereafter.

The Lender and the City acknowledge that the Lender has previously consented to a transfer of a portion of the rights under the TIF Agreement to Motherhouse Associates LP and that Lender has released its security interest in the portion of the TIF Agreement assigned to Motherhouse Associates LP. The amounts payable to Lender or any Assignee under the TIF Agreement following an Event of Default by Borrower to Lender shall be only those amounts related to the portion of the TIF Agreement that Lender now holds as Collateral for the Loan.

3. Modifications, etc. City agrees not to alter, modify, terminate or change the terms of the TIF Agreement without the prior written consent of Lender, which consent shall not be unreasonably withheld, delayed or conditioned.

4. Defaults under the TIF Agreement. City agrees that so long as the Assignment or any extension or renewal thereof remains outstanding, the following provisions shall apply:

(a) City shall serve upon Lender copies of any written notice of any default given to Borrower under the TIF Agreement, either as provided in the TIF Agreement for a notice of default to Borrower, or in any event, not less than thirty (30) days prior to any termination of the TIF Agreement for failure to perform Borrower's obligations thereunder, provided that if the City does not serve Lender with such copies, then the Lender's cure period shall be automatically extended by one day for each day in which the notice was not served on Lender.

(b) In case Borrower shall be in default under the TIF Agreement, beyond any applicable grace or cure period, Lender or any Assignee shall have the right to remedy such default or cause the same to be remedied, and City shall accept such performance by or at the instance of Lender or Assignee as if the same had been made by Borrower.

(c) No event of default under the TIF Agreement shall be grounds for termination as against Lender if steps shall, in good faith, have been commenced within the time permitted therefor to rectify the same and shall be prosecuted to completion with diligence and continuity, including without limitation, time (i) to obtain possession of the Property (including possession by a receiver), or (ii) to institute, prosecute and complete foreclosure proceedings or otherwise acquire Borrower's interest in the Property with diligence. Provided, however, that: (i) Lender or an Assignee shall not be obligated to continue such possession or to continue such foreclosure proceedings after such defaults shall have been cured; (ii) nothing herein contained shall preclude the City, subject to the provisions of this Agreement, from exercising any rights or remedies under the TIF Agreement with respect to any other default by Borrower during the pendency of such proceedings other than termination of the TIF Agreement; and (iii) Lender or such Assignee shall agree with City in writing to comply during the period of such forbearance with such of the terms, conditions and covenants of the TIF Agreement as are reasonably susceptible of being complied with by Lender. Any default by Borrower not reasonably susceptible of being cured by Lender on account of insolvency or voluntary and involuntary insolvency or reorganization proceedings, receivership, or an assignment for the benefit of creditors or the like shall be deemed to have been waived by City upon completion of such

foreclosure proceedings or upon such acquisition of Borrower's interest in the TIF Agreement, except that any of such events of default which are reasonably susceptible of being cured after such completion and acquisition shall then be cured with reasonable diligence.

5. Notices. Any notice or other communication which is required under the TIF Agreement shall be in writing and shall be served by certified mail, addressed as set forth in this Agreement or at such other address as shall be designated by notice in writing given by certified mail.

6. General.

(a) **Waiver**. No waiver of any of the terms or conditions of this Agreement, and no waiver of any default or failure of compliance, shall be effective unless in writing, and no waiver furnished in writing shall be deemed to be a waiver of any other term or provision or any future condition of this Agreement.

(b) **Miscellaneous**. This Agreement will be governed by the laws of the State of Maine. The invalidity or unenforceability of any provision of this Agreement will not affect any other provision. The captions of the Paragraphs of this Agreement are for convenience only and do not limit any terms or provisions.

IN WITNESS WHEREOF, the Lender, City and the Borrower have executed this Agreement under seal as of August 15, 2018.

City:

CITY OF PORTLAND, MAINE

_____
Witness

By: _____
Jon Jennings
Its City Manager

Additional signature page follows.

Lender:

BATH SAVINGS INSTITUTION

By: _____
Mara K. Pennell
Its Vice President

_____
Witness

Borrower:

DC BAXTER WOODS LLC

By: _____
Kevin R. Bunker
Its Manager

_____
Witness

TO

DC BAXTER WOODS II LLC

By: _____
Kevin R. Bunker
Its Manager

_____
Witness

THESE

THREE

DC BAXTER WOODS III LLC

By: _____
Kevin R. Bunker
Its Manager

_____
Witness

EXHIBIT A

Certain lots or parcels of land together with all buildings and improvements thereon located in the City of Portland, County of Cumberland and state of Maine, being Lot # 2 and Lot # 4 as shown on the Overall Subdivision Plan 605 Stevens Avenue, Stevens Avenue and Walton Street, Portland, Maine, made for Seacoast at Baxter Woods Associates, LLC by Titcomb Associates dated June 24, 2015, has revised through June 15, 2016 and recorded in the Cumberland County Registry of Deeds, Plan Book 216, Page 433, as amended by First Amended Overall Subdivision Plan 605 Stevens Avenue, Stevens Avenue and Walton Street, Portland, Maine, dated April 10, 2017, recorded in the Cumberland County Registry of Deeds in Plan Book 217, Page 151.

Said premises are subject to and have the benefit of, as applicable, the following:

1. Such state of facts as shown on the Overall Subdivision Plan 605 Stevens Avenue, Stevens Avenue and Walton Street, Portland, Maine, made for Sea Coast at Baxter Woods Associates, LLC by Titcomb Associates, dated June 24, 2015, as revised through June 15, 2016, and recorded in the Cumberland County Registry of Deeds, Plan Book 216, Page 433, as amended by the First Amended Overall Subdivision Plan, 605 Stevens Avenue, Stevens Avenue and Walton Street, Portland, Maine, made for Sea Coast at Baxter Woods Associates, LLC by Titcomb Associates, dated April 10, 2017, and recorded in the Cumberland County Registry of Deeds, Plan Book 217, Page 151, and on the Plan of Lot 3 Sectional Subdivision Plat Motherhouse-88 Units made for Motherhouse Associates LP by Titcomb Associates, dated June 24, 2015 recorded in the Cumberland County Registry of Deeds in Plan Book 216, Page 434, as amended by the First Amended Plan of Lot 3 Sectional Subdivision Plat Motherhouse-88 Units made for Motherhouse Associates LP by Titcomb Associates, dated April 10, 2017 recorded in the Cumberland County Registry of Deeds in Plan Book 217, Page 152, and on the ALTA/NSPS Land Title Survey 605 Stevens Avenue, made for Sea Coast at Baxter Woods Associates LLC by Titcomb Associates, dated March 24, 2016, as revised through March 16, 2017.

2. City of Portland Certificate of Subdivision Waiver Approval, dated September 8, 2015 and recorded in the Cumberland County Registry of Deeds, Book 32584, Page 153.

3. Rights and easements excepted and reserved by St. Joseph's Convent and Hospital in its deed to Sea Coast at Baxter Woods Associates, LLC, dated December 16, 2016 and recorded in the Cumberland County Registry of Deeds, Book 33698, Page 187.

4. Rights, covenants and easements set forth in the Stormwater Drainage System Maintenance Agreement from Sea Coast at Baxter Woods Associates, LLC to the City of Portland, dated December 23, 2016 and recorded in the Cumberland County Registry of Deeds, Book 33752, Page 170, as amended by an Addendum, dated June 1, 2017 and recorded in said Registry, Book 34050, Page 80.

5. Rights, easements and covenants set forth in the Declaration of Covenants and Easements dated May 5, 2017 and recorded in the Cumberland County Registry of Deeds, Book 33992, Page 172.

Also certain condominium units in Portland, Maine, designated as Units 2 and 3 (collectively the "Units") of 605 Stevens Avenue Condominium located in the City of Portland, County of Cumberland and State of Maine (the "Condominium") created pursuant to the provisions of the Maine Condominium Act (the "Act") by the Declaration of Condominium of 605 Stevens Avenue Condominium dated May 5, 2017 and recorded in the Cumberland County Registry of Deeds in Book 34016, Page 205, as the same may be amended from time to time (hereinafter called the "Declaration") and by the Plats and Plans incorporated into the Declaration and recorded in the Cumberland County Registry of Deeds, Plan Book 217, Pages 180-182, and Plan Book 217, Pages 183-186, as same may be amended from time to time (the "Plats and Plans") together with the Allocated Interests, Limited Common Elements and Limited Common Expenses allocated to the Units as defined and described in the Declaration. The Units are subject to and have the benefit of the Declaration, the Plats and Plans and the Act, which are incorporated herein by reference, to which reference is hereby made for a more particular specification of the definition, location and description of the real property hereby conveyed and of the rights, obligations, easements, development rights, special declarant rights, restrictions, covenants and conditions pertaining thereto.

The Units are conveyed with the benefit of and subject to all easements, rights, covenants, obligations, conditions, restrictions, reservations and encumbrances contained in or referred to in the Declaration, including, but not limited to, those referenced in the description of the property attached as Schedule A to the Declaration, and all provisions of the Declaration, the By-laws of 605 Stevens Avenue Condominium Association and the Plats and Plans recorded and filed simultaneously with and as part of the Declaration, as the same may be duly amended or modified from time to time and evidenced by instrument recorded or filed in the Cumberland County Registry of Deeds, which shall constitute covenants running with the land and shall bind any person having at any time any interest or estate in the Unit, its agents, servants and visitors, as if those provisions were recited and stipulated at length herein.

Being a portion of the premises conveyed to Sea Coast at Baxter Woods Associates, LLC by deed of St. Joseph's Convent and Hospital dated December 14, 2016, and recorded in said Registry of Deeds in Book 33698, Page 187.

CREDIT ENHANCEMENT AGREEMENT

This Credit Enhancement Agreement, dated as of this ____ of May, 2009, between the City of Portland, Maine, a municipal body corporate and politic and a political subdivision of the State of Maine (the "City"), and McAuley Place at Baxter Woods Retirement Community, Inc., a Maine nonprofit corporation ("McAuley Place").

W I T N E S S E T H T H A T

WHEREAS, the City designated the McAuley Place Municipal Development District and Tax Increment Financing District (the "District") pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended, by vote at City Council Meeting held on March 16, 2009 and pursuant to the same City Council Meeting action adopted a development program and financial plan for the District (the "Development Program") and Maine Department of Economic and Community Development has reviewed and approved the District and the Development Program, and

WHEREAS, the Development Program contemplates the execution and delivery of a credit enhancement agreement between the City and McAuley Place and the City approved the execution and delivery of a credit enhancement agreement as described in the Development Program pursuant to such City Council Meeting approval, and the City and McAuley Place desire and intend that this Credit Enhancement Agreement be and constitute the Credit Enhancement Agreement contemplated by and described in the Development Program;

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual promises and covenants set forth herein, the parties hereby agree as follows:

ARTICLE I: DEFINITIONS

Section 1.1. Definitions. The terms defined in this Article I shall, for all purposes of this Agreement, have the meanings herein specified, unless the context clearly requires otherwise:

"Agreement" means this Credit Enhancement Agreement between the City and McAuley Place.

"City" means the City of Portland, Maine, a municipality duly organized and existing under the laws of the State of Maine, its successors and assigns.

"Current Assessed Value" means the assessed value of the District certified by the municipal assessor as of April 1st of each year that the District remains in effect.

"Development Program" means the Development Program for the District as adopted by the City at a City Council Meeting held on March 16, 2009.

"Development Program Fund" means the development program fund described in the Development Program.

"District" means the McAuley Place Municipal Development District and Tax Increment Financing District designated by the City pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended, by vote at its City Council Meeting held on March 16, 2009.

"Financial Plan" means the financial plan described in the Development Program.

"Fiscal Year" means July 1 to June 30 each year or such other fiscal year as the City may establish.

"Increased Assessed Value" means the valuation amount by which the Current Assessed Value of the District exceeds the Original Assessed Value of the District. If the Current Assessed Value is equal to or less than the Original Assessed Value, there is no Increased Assessed Value.

"McAuley Place" means McAuley Place, its successors and assigns, including any assignee of its rights under this Agreement.

"Original Assessed Value" means the taxable assessed value of the District as of March 31, 2008, which amount was $0.

"Project" means the design, planning, development, acquisition, construction, financing and installation of the Capital Program described in the Development Program.

"Project Costs" means any expenditures or monetary obligations incurred or expected to be incurred that are authorized by section 5225, subsection 1 of title 30-A of the Maine Revised Statutes and included in the Development Program.

"Project Cost Account" means McAuley Place Project Cost Account described in the Development Program.

"Property Taxes" means any and all ad valorem property taxes levied, charged or assessed against real property by the City or on its behalf.

"Qualified Investments" means any and all securities, obligations or accounts in which municipalities may invest their funds under applicable Maine law.

"Tax Increment" means all Property Taxes assessed by the City, in excess of any state, county or special district tax, upon the Increased Assessed Value of all real property property in the District.

"Tax Increment Revenues (McAuley Place Share)" means that percentage of the Tax Increment, for each year during the term of this Agreement, with respect to real property in the District as described in Section 3.1 of this Agreement, which revenues shall be deposited by the City in the McAuley Place Project Cost Account and paid to McAuley Place pursuant to this Agreement.

"Tax Payment Date" means the date(s) on which Property Taxes levied by the City are due and payable from owners of property located within the City.

Section 1.2. Interpretation and Construction. In this Agreement, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Agreement, refer to this Agreement, and the term "hereafter" means after, and the term "heretofore" means before the date of delivery of this Agreement.

(b) Words importing a particular gender mean and include correlative words of every other gender and words importing the singular number mean and include the plural number and vice versa.

(c) Words importing persons mean and include firms, associations, partnerships (including limited partnerships), limited liability companies, trusts, corporations and other legal entities, including public or governmental bodies, as well as any natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not affect its meaning, construction or effect.

(e) All notices to be given hereunder shall be given in writing and, unless a certain number of days is specified, within a reasonable time.

(f) If any clause, provision, Article or Section of this Agreement shall be ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision, Article or Section shall not affect any of the remaining provisions hereof.

ARTICLE II: MCAULEY PLACE PROJECT COST ACCOUNT OF THE DEVELOPMENT PROGRAM FUND AND FUNDING REQUIREMENTS

Section 2.1. Creation of McAuley Place Project Cost Account of the Development Program Fund. The City hereby confirms the creation and establishment of (a) the McAuley Place Development District and Tax Increment Financing District Development Program Fund; and (b) a segregated fund within such Development Program Fund designated as the "McAuley Place Project Cost Account" (the "McAuley Place Project Cost Account") pursuant to, and in accordance with the terms and conditions of the Development Program. The Development Program Fund shall consist of the McAuley

Place Project Cost Account as described in the Development Program. The City's Share of the Tax Increment Revenues as described in the Development Program is not subject to this Agreement.

Prior to the commencement of construction, McAuley Place shall submit to the Economic Development Division of the City, for review and final approval, documentation of final project sources and uses demonstrating continued need for the level of TIF financing provided herein.

Section 2.2. Deposits into McAuley Place Project Cost Account. The City shall deposit into the McAuley Place Project Cost Account contemporaneously with each payment of Property Tax during the term of the District an amount equal to that portion thereof constituting the Tax Increment Revenues (McAuley Place Share) for the period or year to which the payment relates and shall allocate the amount so deposited to fund fully and pay the payments due to McAuley Place under Article III of this Agreement.

Section 2.3. Use of Monies in McAuley Place Project Cost Account of the Development Program Fund. Monies deposited in the McAuley Place Project Cost Account shall be used and applied exclusively to fund the City's payment obligation described in Article III hereof.

Section 2.4. Monies Held in Trust. All monies required to be deposited with or paid into the McAuley Place Project Cost Account to fund payments of the McAuley Place under the provisions hereof and the provisions of the Development Program shall be held by the City in trust, for the benefit of the McAuley Place.

Section 2.5. Investments. The monies in the McAuley Place Project Cost Account shall be invested and reinvested in Qualified Investments as determined by the City. The City shall have discretion regarding the investment of such monies, provided such monies are invested in Qualified Investments. As and when any amounts thus invested may be needed for disbursements, the City shall cause a sufficient amount of such investments to be sold or otherwise converted into cash to the credit of such account. The City shall have the sole and exclusive right to designate the investments to be sold and to otherwise direct the sale or conversion to cash of investments made with monies in the McAuley Place Project Cost Account.

Section 2.6. Liens. The City shall not hypothecate or grant or create any liens, security interests, encumbrances, or other interests of any nature whatsoever, with respect to the McAuley Place Project Cost Account or any funds therein, other than the interest granted to the McAuley Place hereunder in and to the amounts on deposit therein.

ARTICLE III: PAYMENT OBLIGATIONS

Section 3.1. Credit Enhancement Payments. The term of this Agreement shall commence on July 1, 2009 and shall end on June 30, 2039. The City agrees to pay to McAuley Place within 30 days following each Tax Payment Date or the date payment of

Property Tax is actually received by the City with respect to real property in the District, whichever is later, payments equal to the Tax Increment Revenues (McAuley Place Share), as hereafter defined, for each Fiscal Year of the City beginning with the first Fiscal Year of the City after the designation and approval of the District by the Maine Department of Economic and Community Development, being the Fiscal Year beginning July 1, 2009 and ending June 30, 2010 and continuing with each Fiscal Year of the City thereafter through and including the Fiscal Year ending June 30, 2039. The Tax Increment Revenues (McAuley Place Share) for each Fiscal Year during the term of this Agreement shall mean 60% of the entire Tax Increment for each Fiscal Year for the period from July 1, 2009 through June 30, 2039, all determined with respect to all real property located in the District. Such percentages for each year for the "Tax Increment Revenues (McAuley Place Share) are based on the fact that no property taxes are currently assessed in the District and thus the Original Assessed Value is equal to zero, due to the fact that the property in the District is currently exempt from taxation; if the City determines to ascribe any amount in excess of zero to the Original Assessed Value, the percentage of the Tax Increment Revenues (McAuley Place Share) set forth in this Section 3.1 for each year shall be increased to an amount so that the Tax Increment Revenues (McAuley Place Share) for each year is equal to 60% of the sum of the Increased Assessed Value plus the Original Assessed Value. The City shall make all such payments of the Tax Increment Revenues (McAuley Place Share) to the McAuley Place, its successors and assigns. The City shall retain up to 1% of the Tax Increment Revenues (McAuley Place Share) to pay administrative costs of the City relating to this Development Program.

The obligation of the City to make such payments shall be a limited obligation payable solely from that portion of the Tax Increment Revenues (McAuley Place Share) payable to McAuley Place hereunder, and any earnings thereon, whether or not actually deposited into the McAuley Place Project Cost Account, and shall not constitute a general debt or obligation on the part of the City or a general obligation or charge against or pledge of the faith and credit or taxing power of the City, the State of Maine or any political subdivision thereof. The Tax Increment Revenues (McAuley Place Share) is computed based on the total Tax Increment of the District; thus the amount to be paid by the City to McAuley Place hereunder for any year shall be equal to the Tax Increment Revenues (McAuley Place Share) percentage set forth above of the total Tax Increment of the District for such year, which total Tax Increment amount includes any portion of the Tax Increment that is not retained or captured in the District.

Section 3.2. Tax Payments. McAuley Place shall pay when due all real property taxes assessed by the City on property owned by McAuley Place unless contested by the Company by appropriate proceedings pursuant to Maine law. No payments shall be made by the City under this Agreement unless McAuley Place has paid in full all real property taxes assessed by the City on McAuley place property when due.

Section 3.3. Failure to Make Payment. In the event the City should fail to, or be unable to, make any of the payments required under Section 3.1 hereof, the item or installment so unpaid shall continue from year-to-year, as a limited obligation of the City,

under the terms and conditions hereinafter set forth, until the amount unpaid shall have been fully paid and the City agrees to pay the same with interest thereon at the rate equal to the rate payable to the City by property tax payers on delinquent property taxes, as adjusted annually, but only from Tax Increment Revenues (McAuley Place Share) paid to the City by McAuley Place from time to time, and any earnings thereon, whether or not deposited into the McAuley Place Project Cost Account of the Development Program Fund. Payments shall be applied first against accrued interest and then against principal. McAuley Place shall have the right to initiate and maintain an action to specifically enforce the City's obligations hereunder, including without limitation, the City's obligation to deposit all Tax Increment Revenues (McAuley Place Share) to the McAuley Place Project Cost Account and its obligation to make payments to McAuley Place.

Section 3.4. Manner of Payments. The payments provided for in this Article III shall be paid in available funds directly to McAuley Place in the manner provided hereinabove for its own use and benefit.

Section 3.5. Obligations Unconditional. The obligations of the City to make the payments described in this Agreement in accordance with the terms hereof shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against McAuley Place. The City shall not suspend or discontinue any such payment or terminate this Agreement for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration or frustration of purpose or any damage to or destruction of the Project or any change in the tax or other laws of the United States, the State of Maine or any political subdivision of either thereof, or any failure of McAuley Place to perform and observe any agreement or covenant, whether expressed or implied, or any duty, liability or obligation arising out of or connected with this Agreement or the Development Program.

Section 3.6. Limited Obligation. The City's obligations of payment hereunder shall be limited obligations of the City payable solely from monies on deposit in the McAuley Place Project Cost Account, and any earnings thereon, pledged therefore under this Agreement. The City's obligations hereunder shall not constitute a general debt or a general obligation or charge against or pledge of the faith and credit or taxing power of the City, the State of Maine, or of any municipality or political subdivision thereof, but shall be payable solely from that portion of the Tax Increment Revenues (McAuley Place Share) payable to McAuley Place hereunder, and any earnings thereon, whether or not actually deposited into the McAuley Place Project Cost Account. This Agreement shall not directly or indirectly or contingently obligate the City, the State of Maine, or any other municipality or political subdivision to levy or to pledge any form of taxation or to levy or to make any appropriation for their payment, excepting the City's obligation to levy Property Taxes upon the property in the District and the pledge of the Tax Increment Revenues (McAuley Place Share), and earnings thereon, established under this Agreement.

Section 3.7. Administrative Fee. McAuley Place shall pay to the City an annual administrative fee equal to 1% of the Tax Increment Revenues (McAuley Place Share).

Such payment shall be deducted pursuant to Section 3.1 of this Agreement contemporaneously with the payment by the City to McAuley Place.

ARTICLE IV: PLEDGE AND SECURITY INTEREST

Section 4.1. Pledge of McAuley Place Project Cost Account. In consideration of this Agreement and other valuable consideration and for the purpose of securing payment of the amounts provided for hereunder to McAuley Place by the City, according to the terms and conditions contained herein, and in order to secure the performance and observance of all of the City's covenants and agreements contained herein, the City does hereby grant a security interest in, and pledge to McAuley Place, the McAuley Place Project Cost Account to the extent of McAuley Place rights under this Agreement to receive funds from the McAuley Place Project Cost Account and all sums of money and other securities and investments now or hereafter therein.

Section 4.2. Perfection of Interest. The City authorizes McAuley Place to file and, if necessary, shall cooperate with the McAuley Place in causing appropriate financing statements and continuation statements naming McAuley Place as pledgee of all amounts from time to time on deposit in the McAuley Place Project Cost Account to be duly filed and recorded in the appropriate state offices as required by and permitted under the provisions of the Maine Uniform Commercial Code or other similar law as adopted in the State of Maine and any other applicable jurisdiction, as from time to time amended, in order to perfect and maintain the security interests created hereunder. To the extent deemed necessary by McAuley Place, the City will at such time and from time to time as requested by McAuley Place establish the McAuley Place Project Cost Account as a segregated fund under the control of an escrow agent, trustee or other fiduciary so as to perfect McAuley Place interest therein.

Section 4.3. Further Instruments. The City shall, upon the reasonable request of McAuley Place, from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the provisions of this Agreement; provided, however, that no such instruments or actions shall pledge the credit of the City.

Section 4.4. No Disposition of McAuley Place Project Cost Account. Except as permitted hereunder, the City shall not sell, lease, pledge, grant a security interest in, assign or otherwise dispose, encumber or hypothecate any interest in the McAuley Place Project Cost Account and will promptly pay or cause to be discharged or make adequate provision to discharge any lien, charge or encumbrance on any part hereof not permitted hereby.

Section 4.5. Access to Books and Records. All books, records and documents in the possession of the City relating to the District, the Development Program, this Agreement and the monies, revenues and receipts on deposit or required to be deposited into the McAuley Place Project Cost Account shall at all reasonable times be open to inspection by McAuley Place, its agents, lenders, designees and employees.

ARTICLE V: DEFAULTS AND REMEDIES

Section 5.1. Events of Default. Each of the following events shall constitute and be referred to in this Agreement as an "Event of Default":

(a) any failure by the City to pay any amounts due to McAuley Place when the same shall become due and payable and any failure by the City to make deposits into the Development Program Fund or the McAuley Place Project Cost Account as and when due;

(b) any failure by the City or McAuley Place to observe and perform in all material respects any covenant, condition, agreement or provision contained herein on the part of the City or McAuley Place to be observed or performed, provided, however, that failure of McAuley Place to pay Property Taxes when due shall not constitute an event of default hereunder; or

(c) if a decree or order of a court or agency or supervisory authority having jurisdiction in the premises of the appointment of a conservator or receiver or liquidator of, any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding up or liquidation of the City's affairs shall have been entered against the City or the City shall have consented to the appointment of a conservator or receiver or liquidator in any such proceedings of or relating to the City or of or relating to all or substantially all of its property, including without limitation, the filing of a voluntary petition in bankruptcy by the City or the failure by the City to have a petition in bankruptcy dismissed within a period of ninety (90) consecutive days following its filing or in the event an order for release has been entered under the Bankruptcy Code with respect to the City.

Section 5.2. Remedies on Default. Whenever any Event of Default referred to in Section 5.1 hereof shall have occurred and be continuing, the non-defaulting party may take any one or more of the following remedial steps: (a) the non-defaulting party may take whatever action at law or at equity as may appear necessary or desirable to collect any amount then due and thereafter to become due, to specifically enforce the performance or observance of any obligations, agreements or covenants of the non-defaulting party under this Agreement and any documents, instruments and agreements contemplated hereby or to enforce any rights or remedies available hereunder; and (b) McAuley Place shall also have the right to exercise any rights and remedies available to a secured party under the laws of the State of Maine. Neither party has the right to terminate this Agreement.

Section 5.3. Remedies Cumulative. No remedy herein conferred upon or reserved to any party is intended to be exclusive of any other available remedy or remedies but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute. Delay or omission to insist upon the strict performance of any of the covenants

and agreements herein set forth or to exercise any rights or remedies upon the occurrence of an Event of Default shall not impair any relinquishment for the future of the rights to insist upon and to enforce, from time to time and as often as may be deemed expedient, by injunction or other appropriate legal or equitable remedy, strict compliance by the City with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such Event of Default be continued or repeated.

Section 5.4. Agreement to Pay Attorneys' Fees and Expenses. Notwithstanding the application of any other provision hereof, in the event any party should default under any of the provisions of this Agreement and the non-defaulting party shall require and employ attorneys or incur other expenses or costs for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the City or McAuley Place herein contained, the defaulting party shall, on demand thereof pay to the non-defaulting party the reasonable attorneys fees, costs and expenses so incurred by the non-defaulting party.

ARTICLE VI: EFFECTIVE DATE, TERM AND TERMINATION

Section 6.1. Effective Date and Term. This Agreement shall become effective upon its execution and delivery by the parties hereto and shall remain in full force from the date hereof for the entire term of this Agreement and shall expire upon the payment of all amounts due to McAuley Place hereunder and the performance of all obligations on the part of the City and McAuley Place hereunder.

Section 6.2. Cancellation and Expiration of Term. At the termination or other expiration of this Agreement and following full payment of all amounts due and owning to McAuley Place hereunder or provision for payment thereof and of all other fees and charges having been made in accordance with the provisions to this Agreement, the City and McAuley Place shall each execute and deliver such documents and take or cause to be taken such actions as may be necessary to evidence the termination of this Agreement.

ARTICLE VII: ASSIGNMENT AND PLEDGE OF MCAULEY PLACE INTEREST

Section 7.1. Consent to Pledge and/or Assignment. The City hereby acknowledges that it is the intent of McAuley Place to pledge and assign and to grant security interests in and to this Agreement and the amounts payable to McAuley Place hereunder and McAuley Place right, title and interest in, to and under this Agreement as collateral for financing for the Project, although no obligation is hereby imposed on McAuley Place to make such assignment or pledge or to grant such security interests. Recognizing this intention, the City does hereby consent and agree to the grant of such security interests and to pledge and assignment of all of McAuley Place (or the pledge and assignment by any one McAuley Place of its) right, title and interest in, to and under this Agreement and in, and to the payments to be made to McAuley Place hereunder, to third

parties as collateral or security for indebtedness and other obligations or otherwise, on one or more occasions during the term hereof.

Section 7.2. Pledge, Assignment or Security Interest. The City hereby consents to the pledge, assignment or granting of a security interest by McAuley Place (or the pledge and assignment by McAuley Place) of its right, title and interest in, to and under this Agreement. The City agrees to execute and deliver any assignments, pledge agreements, consents or other confirmations required by the prospective secured party, pledgee or assignee, including without limitation, recognition of the secured party, pledgee or assignee as the holder of all right, title and interest herein and as the payee of amounts due and payable hereunder and any and all such other documentation as shall confirm to such secured party, pledgee or assignee the position of such secured party, assignee or pledgee and the irrevocable and binding nature of this Agreement and provide to the secured party, pledgee or assignee such rights and/or remedies as it may deem necessary for the establishing, perfection and protection of its interest herein.

Section 7.3. Assignment. McAuley Place also shall have the right to transfer and assign to any person or entity all or any portion of its rights in, to and under this Agreement, at any time, and from time to time, as McAuley Place may, in its sole discretion, deem appropriate and said right shall not be unreasonably withheld by the City.

ARTICLE VIII: MISCELLANEOUS

Section 8.1. Successors. The covenants, stipulations, promises and agreements set forth herein shall bind and inure to the benefit of the respective successors and assigns of the parties hereto.

Section 8.2. Severability. In case any one or more of the provisions of this Agreement shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 8.3. No Personal Liability of Officials of the City. No covenant, stipulation, obligation or agreement of the City contained herein shall be deemed to be a covenant, stipulation or obligation of any present or future elected or appointed official, officer, agent, servant or employee of the City in his individual capacity and neither the members of the City Council of the City nor any official, officer, employee or agent of the City shall be liable personally with respect to this Agreement or be subject to any personal liability or accountability by reason hereof.

Section 8.4. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same Agreement.

Section 8.5. Governing Law. The laws of the State of Maine shall govern the construction and enforcement of this Agreement.

Section 8.6. Notices. All notices, certificates, requests, requisitions or other communications by the City or McAuley Place pursuant to this Agreement shall be in writing and shall be sufficiently given and shall be deemed given when hand delivered or mailed by first class mail, postage prepaid, addressed as follows:

If to the City: City Manager
City of Portland
389 Congress Street
Portland, ME 04101

If to McAuley Place: McAuley Place at Baxter Woods Retirement Community, Inc.
c/o Sea Coast Management Company
30 Governor's Way, Suite 100
Topsham, ME 04086

Any of the parties may, by notice given to the other, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent hereunder.

Section 8.7. Amendments. This Agreement may be amended only with the concurring written consent of the parties hereto.

Section 8.8. Net Agreement. This Agreement shall be deemed and construed to be a "net agreement," and the City shall pay absolutely net during the term hereof all payments required hereunder, free of any deductions, and without any abatement, deductions or setoffs.

Section 8.9. Benefit of Assignees or Pledgees. The City agrees that this Agreement is executed in part to induce secured parties, assignees or pledgees to provide financing for the Project and accordingly all covenants and agreements on the part of the City as to the amounts payable hereunder are hereby declared to be for the benefit of any such secured parties, assignee or pledgee from time to time of McAuley Place right, title and interest herein.

Section 8.10. Valuation Agreement. The Development Program makes certain assumptions and estimates regarding valuation, depreciation of assets, tax rates, estimated amounts of the Increased Assessed Value and the Tax Increment, estimated amounts of the Tax Increment Revenues (McAuley Place Share), estimated development costs and other estimates. The City and McAuley Place hereby covenant and agree that the assumptions, estimates, analysis and results set forth in the Development Program shall in no way (a) prejudice the rights of any party to be used, in any way, by any party in either presenting evidence or making argument in any dispute which may arise with respect to

McAuley Place property for purposes of ad valorem property taxation or any tax abatement proceeding or (b) modify or change in any way the terms of this Agreement even if the actual results differ substantially from the estimates, assumptions or analysis.

Section 8.11. Integration. This Agreement completely and fully supersedes all other prior or contemporaneous understandings or agreements, both written and oral, between the City and McAuley Place relating to the specific subject matter of this Agreement and the transactions contemplated hereby.

IN WITNESS WHEREOF, the City and McAuley Place have caused this Agreement to be executed in their respective names and their respective seals to be hereunto affixed and attested by the duly authorized officers, all as of the date first above written.

WITNESS

City of Portland

By: _____
Joseph E. Gray, Jr.
Its City Manager

McAuley Place at Baxter Woods Retirement Community, Inc.

By: _____
Sr. Michele Aronica, RSM
Its President

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: **Economic Development Committee**

FROM: **Greg Mitchell**

DATE: **September 10, 2018**

SUBJECT: **Real Estate Option for Lot 1 in the Portland Technology Park**

I. ONE SENTENCE SUMMARY

Proposed real estate option to sell Lot 1 located in the Portland Technology Park to Capricorn Products, LLC for $420,000.

II. AGENDA DESCRIPTION

The sale of Lot 1, with 3.47 acres, located in the Portland Technology Park, for $420,000 to Capricorn Products, LLC to support their relocation and retention in Portland.

At present, Patron's Oxford Insurance Company is the first tenant in the Portland Technology Park. Three additional lots served by public infrastructure and all utilities are available for sale.

III. BACKGROUND

Phase I infrastructure, including the road and stubbed utilities, was completed at the Portland Technology Park in October of 2013 with Federal grant public infrastructure assistance from the US Department of Commerce Economic Development Administration. One tenant, Patron's Oxford Insurance, constructed a 19,000 square foot new office building on Lot 4 that was completed in July 2017. Three additional lots are available for sale. Capricorn Products is interested in acquiring Lot 1. See attached aerial photo of the Portland Technology Park for Lot references.

Capricorn Products, LLC is a primary manufacturer and supplier of bulk immunodiagnostic raw materials to in-vitro diagnostic, biotechnology, and veterinary diagnostic test kit manufacturers based in Europe, Asia, and the Americas.

Product lines include: goat polyclonal antisera for turbidimetric and nephelometric serum protein assays; standard and custom calibrators and controls; OEM reagents manufactured to customer specifications; and, an extensive range of monoclonal and polyclonal antibodies and antigens used in immunochemistry and infectious disease testing.

Jane Havey, President, established Capricorn Products LLC in 1994. The Company is ISO 9001 certified and observes FDA Good Manufacturing Practices.

Company headquarters and laboratories are located at 12 Rice Street, Portland, Maine, 04103. The company 10-acre USDA-registered farm facility is located in a nearby rural agricultural community and houses their substantial goat herd.

IV. INTENDED RESULT AND/OR COUNCIL GOAL ADDRESSED

City Council approval of the real estate option for Lot 1 located in the Portland Technology Park.

V. FINANCIAL IMPACT

Highlights of the real estate Option include:

Purchase Price: $420,000

Cost of Option: $5,000 non-refundable, but applicable to purchase price

Term of Option: Twelve (12) months

Purchase and Sale Agreement Terms: See Exhibit 1 to Real Estate Option

Additionally, Capricorn is proposing to construct a 15,000-18,000 square foot building and create additional employment. New construction will generate new property taxes to the City, in addition to new spending power associated with new employment.

VI. STAFF ANALYSIS AND BACKGROUND

Staff recommends approval of the Proposed Real Estate Option.

VII. RECOMMENDATION

Seeking the EDC vote, in the form of a recommendation to the City Council, to approve the Proposed Real Estate Option.

VIII. LIST ATTACHMENTS

- Aerial Map of Portland Technology Park
- Proposed Real Estate Option between the city of Portland and Capricorn, LLC.

Rand Road
Maine T'pike, Exit 47
Site #1
Site #2
Site #3
Site #4
Patron's Oxford

OPTION AGREEMENT FOR PURCHASE OF PURCHASE REAL ESTATE

KNOW ALL PERSONS BY THESE PRESENTS that, the CITY OF PORTLAND, a body politic and corporate with a mailing address of 389 Congress Street, Portland, Maine 04101 (the "City" or "Seller"), for and in consideration of the sum of Five Thousand Dollars ($5,000.00), the receipt of which is hereby acknowledged, herby grants to CAPRICORN PRODUCTS LLC, a Maine limited liability company with a mailing address of _____ ("Buyer"), its successors and assigns, the exclusive option and right to purchase certain premises owned by the City and described in the attached Exhibit 1, located in Portland, Cumberland County, Maine (the "Premises"), subject to the following terms and conditions:

1. Purchase Price. The purchase price for the Premises shall be Four Hundred Twenty Thousand Dollars ($420,000.00).

2. Consideration for Option. Consideration for the option set forth herein shall be Five Thousand Dollars ($5,000.00) (the "Option Consideration"), which Buyer shall pay to the City upon execution of this Option. The Option Consideration shall be nonrefundable but shall be credited to the Buyer against the Purchase Price at the closing of the sale of the Premises.

3. Term of Option. Buyer may exercise this Option at any time on or before the date that is twelve (12) months after the Effective Date set forth below. Such 12-month period is referred to herein as the "Option Period."

   Prior to the expiration of the Option Period, Buyer, at its sole option, may terminate this Option at any time and for any reason by delivering a written notice of termination to the City.

4. Exercise of Option. To exercise this Option, Buyer must give written notice to the City of its intent to do so (the "Option Notice") by Certified U.S. Mail, return receipt requested, or hand delivery, to the address set forth below. Such notice must be received by the City by the end of the Option Period.

5. Purchase and Sale Terms and Conditions. Upon exercise of the Option, the parties shall be bound by the Terms and Conditions for the Purchase and Sale of Condominium Unit at Portland Technology Park Condominium, which is attached hereto as Exhibit 1 and made a part hereof (the "Terms and Conditions of Sale").

6. Inspections.

   a. During the Option Period, Buyer and its employees, consultants, contractors and agents shall have the right, at Buyer's expense, to enter on the Premises at reasonable times in order to (i) inspect the same, (ii) conduct engineering studies, percolation tests, geotechnical exams, environmental assessments, and other such studies, tests, exams, and assessments, and (iii) do such other things as Buyer determines, it is sole discretion, to be required to determine the suitability of the

Premises for Buyer's intended use (collectively, the "Inspections"). The City acknowledges that such Inspections may include the digging of test pits, which the City hereby approves.

b. Buyer agrees to defend, indemnify and hold harmless the City against any mechanics liens that may arise from the activities of Buyer and its employees, consultants, contractors and agents on the Premises.

c. Buyer shall exercise the access and inspection rights granted hereunder at its sole risk and expense, and Buyer hereby releases the City from, and agrees to indemnify, defend, and hold the City and the Portland Technology Park Condominium Association harmless against, any and all losses, costs, claims, expenses and liabilities (including without limitation reasonable attorney fees and costs) (collectively, "Damages") suffered by the City or the Portland Technology Park Condominium Association on account of any injury to person or damage to property arising out of the exercise by Buyer of its rights hereunder, except to the extent that such Damages result from the act or omission of the City.

d. Buyer shall cause any contractors, consultants or any other party conducting the Inspections to procure automobile insurance, if applicable, and general public liability insurance coverage in amounts of not less than Four Hundred Thousand Dollars ($400,000.00) per occurrence for bodily injury, death and property damage, listing the City and Portland Technology Park Condominium Association as an additional insured thereon, and also Workers' Compensation Insurance coverage to the extent required by law; the forms of all such insurance to be subject to City's Corporation Counsel's reasonable satisfaction.

e. In the event that Buyer does not exercise this Option, Buyer agrees to either return the Premises as nearly as possible to its original condition after conducting the Inspections, or, at the City's option, reimburse the City for any physical damage caused to the Premises in connection with the Inspections.

7. Recording of Option. The parties agree that this Option Agreement will not be recorded, but that Buyer may record a memorandum of this Option in a form satisfactory to the parties.

8. Release of Option. If Buyer does not exercise this Option within the Option Period, or if the parties fail to timely close on the purchase and sale of the Premises in accordance with the attached Terms and Conditions of Sale, Buyer shall, on request of the City, execute and deliver to the City a written release or other instrument in the form reasonably satisfactory to the City, evidencing Buyer's non-exercise and release of the option and all other rights hereunder. The instrument shall be signed and acknowledged in recordable form by Buyer. In the event Buyer refuses or fails to deliver such instrument to the City, Buyer acknowledges and agrees that the City may execute and record an affidavit stating that Buyer failed to timely exercise its option to purchase the Premises and that this Agreement

is terminated and all of Buyer's rights under this Agreement are therefore terminated and released.

9. Notices. Any notice under this Option Agreement shall be delivered or sent by certified, postage prepaid, return receipt requested, and addressed as follows:

If to Buyer, to:	Dwight G. Havey Capricorn Products LLC 12 Rice Street Portland, Maine 04103
With a copy to:	Charles Katz-Leavy, Esq. Jensen Baird Gardner & Henry 10 Free Street P.O. Box 4510 Portland, Maine 04112-4510
If to City, to:	Jon P. Jennings, City Manager City of Portland 389 Congress Street Portland, ME 04101
With a copy to:	Office of the Corporation Counsel (at the same address).

10. Miscellaneous Provisions.

a. This Agreement shall be binding upon and shall inure to the benefit of the successors, administrators and assigns of the parties hereto, except that Buyer will not assign its interest in this Agreement to anyone other than a related entity without the written consent of the City, in its reasonable discretion. As used in this Agreement, the term "Related Entity" shall mean any entity other than Buyer (i) which owns beneficially, directly or indirectly, a majority of the shares of stock or partnership interests in Buyer, or (ii) which controls or is under common control with Buyer. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise.

b. This Agreement represents the entire and complete agreement and understanding between the parties and supersedes any prior agreement or understanding, written or oral, between the parties with respect to the acquisition or exchange of the Premises hereunder. This Agreement cannot be amended except by written instrument executed by Seller and Buyer.

c. This Agreement may be simultaneously executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all of which together shall constitute one and the same instrument.

d. This Agreement shall be construed in all respects in accordance with, and governed by, the laws of the State of Maine. All parties hereto hereby consent to the exclusive jurisdiction of the Superior Court for the County of Cumberland in the State of Maine, for all actions, proceedings and litigation arising from or relating directly or indirectly to this Agreement or any of the obligations hereunder, and any dispute not otherwise resolved as provided herein shall be litigated solely in said Court.

e. If any provision of this Agreement is found to be invalid or unenforceable, such finding shall not affect the validity or enforceability of any other provision hereof.

f. No waiver of any breach of any one or more of the conditions of this Agreement or its attachments by either party shall be deemed to imply or constitute a waiver of any succeeding or other breach hereunder.

g. The City and Buyer each confirm and agree that each of the time periods set forth herein are essential provisions of the terms of this Agreement.

Signature pages follow.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the ____ day of _____, 2018 (the "Effective Date").

CITY OF PORTLAND

_____ By:_____

WITNESS Jon P. Jennings
Its City Manager

STATE OF MAINE
COUNTY OF CUMBERLAND _____, 2018

Personally appeared the above-named Jon P. Jennings, City Manager of the City of Portland, as aforesaid, and acknowledged the foregoing to be his free act and deed in his said capacity, and the free act and deed of said City of Portland.

Before me,

_____
Attorney-at-Law/Notary Public
Commission Expires:
Print Name:

Approved as to form:

_____
City Corporation Counsel

Approved as to funds:

_____
City Finance Director

CAPRICORN PRODUCTS LLC

_____ By:_____
WITNESS Print Name:_____
Its _____

STATE OF MAINE
COUNTY OF CUMBERLAND _____, 2018

Personally appeared the above-named _____, _____ of Capricorn Products LLC, as aforesaid, and acknowledged the foregoing to be his/her free act and deed in his/her said capacity, and the free act and deed of said Capricorn Products LLC.

Before me,

_____
Attorney-at-Law/Notary Public
Commission Expires:
Print Name:

EXHIBIT 1

TERMS AND CONDITIONS
FOR THE PURCHASE AND SALE
OF CONDOMINIUM UNIT AT
PORTLAND TECHNOLOGY PARK CONDOMINIUM

1. Premises to be Sold. Seller agrees to sell and Buyer agrees to buy Unit 1 at the Portland Technology Park Condominium located on Rand Road, Portland, Maine, together with said Unit's percentage allocated interest in the Common Elements and Limited Common Elements, all as more particularly described in the Declaration of Condominium, Portland Technology Park (the "Declaration") dated March 10, 2016, and recorded in the Cumberland County Registry of Deeds in Book 32969**,** Page 97**,** and as shown on the Condominium Plat pertaining thereto; said Plat being recorded in the Cumberland County Registry of Deeds in Plan Book 216, Pages 62-63; and subject to such state of facts and conditions as shown on a First Amended Subdivision Plat of Portland Technology Park Condominium prepared by SGC Engineering, LLC dated September 29, 2011 and revised through May 1, 2015, as recorded in the Cumberland County Registry of Deeds in Plan Book 215, Page 250. The Premises to be conveyed is hereinafter called the "Unit." Title reference is made to a Deed from Simon A. Snyder et alia to the City of Portland dated December 7, 1999 and recorded in the Cumberland County Registry of Deeds, Book 15211, Page 31. The Premises are more particularly described in Schedule A attached hereto and made a part hereof.

2. Purchase Price. Subject to any adjustment and prorations hereinafter described, Buyer agrees to pay for the Unit the sum of Four Hundred Twenty Thousand Dollars ($420,000.00), payable to the City at closing by wire transfer.

3. Title. City shall convey the Unit to Buyer at the closing in fee simple with good and marketable or insurable title that is acceptable to Buyer, subject to: (a) easements, privileges, restrictions, conditions, development rights, special declarant rights, and agreements created by or referred to in the Declaration, as well as the matters showed or disclosed on the plats or plans mentioned above; (b) provisions of (i) the Maine Condominium Act, and all amendments thereto; (ii) the Declaration, the By-Laws and the Plats for The Portland Technology Park Condominium Association and all amendments or modifications thereto; (iii) building, zoning and land use ordinances; (c) all restrictions required because the Premises were improved, in part, with funding from the United States Economic Development Administration (EDA), United States Department of Commerce, a draft of which restrictions is attached hereto as Schedule B; and (d) such taxes and assessments, including Common Expenses allocable to the Unit, if any, as are not due and payable on the date of delivery of the deed, and (e) a deed restriction stating that in the event that the Premises or any portion thereof shall be exempt from real and personal property taxes, by transfer, conversion, or otherwise, then the then-owner of the exempt portion shall make annual payments to the City in lieu of taxes in the amount equal to the amount of property taxes that would have been assessed on the exempt portion of the real and personal property situated on the Premises had such property remained taxable; such restriction shall also confirm that Buyer and its successors and assigns shall possess and be vested with all rights and privileges as to abatement and appeal of valuations, rates, and the like as are accorded owners of real and personal property in Maine. At the closing, Seller shall execute and deliver to Buyer, against payment of the balance of the

purchase price, a Municipal Quitclaim Deed without Covenant (the "Deed"). In the event that Seller is unable to convey title as aforesaid, Seller shall be given a reasonable period of time in which to remedy any title defects. In the event that said defects cannot be corrected or remedied or in the event that Seller elects not to remedy same, then this Agreement, and Seller's and Buyer's obligations hereunder, will terminate. Buyer may, at Buyer's option elect to close notwithstanding such defects as may exist. Seller and Buyer understand and agree that any mortgages and liens on the Premises shall not be considered title defects provided that the same shall be discharged at or prior to closing at Seller's expense. Seller may use purchase money proceeds for this purpose. The Unit shall be sold and conveyed strictly on an "as is, where is, and with all defects" basis, without representation, warranty or covenant, express, implied or statutory, of any kind whatsoever, including, without limitation, representation, warranty or covenant as to condition, past or present use, tax ramifications or consequences, compliance with law, merchantability or fitness or suitability for any purpose, all of which are hereby expressly disclaimed. Acceptance by Buyer of the deed at closing and payment of the purchase price shall be deemed to be full performance and discharge by the City of every agreement and obligation contained herein.

4. Closing. This transaction shall be closed on or before the day that is 30 days after Seller receives Buyer's Option Notice at a time mutually agreeable to the parties (the "Closing Date") at the offices of Buyer's counsel, or if the Seller and Buyer shall mutually agree in advance at another time and place. At the closing:

(a) Seller shall deliver to Buyer an executed Quitclaim Deed without Covenant to the Premises and such other customary instruments, documents and affidavits as may be associated with said closing in form satisfactory to Seller;

(b) Buyer shall deliver to Seller the Purchase Price, less the $5,000.00 Option Consideration, by wire transfer;

(c) Buyer shall deliver to Seller such other documents, certificates and the like as may be required herein or as may be necessary to carry out the obligations under this Agreement.

(d) Buyer shall deliver evidence, reasonably satisfactory to City's Corporation Counsel, that the entity receiving title to the Premises is in good standing under Maine law, and that the individuals acting and executing documents on behalf of Buyer are authorized to do so, and such other documents, certificates and the like as may be required herein or as may be necessary to carry out the obligations under this Agreement.

5. Risk of Loss, Damage, Destruction and Insurance. Before closing, Seller shall bear the risk of any loss to the Premises by fire or otherwise.

6. Possession. Seller shall deliver the Premises to Buyer at closing free and clear of all leases, tenancies and occupancies by any person.

7. Adjustments, Proration and Closing Costs.

(a) Real estate taxes, assessments, and utilities shall be prorated as of the closing.

(b) The Condominium Association assessments for the Unit's Allocated Interest, as defined in the Declaration, shall be prorated as of the closing.

(c) The Maine real estate transfer tax shall be paid by Buyer in accordance with 36 M.R.S.A., §4641-A. Seller is exempt from Maine real estate transfer tax.

(d) The recording fee for the deed of conveyance and any expenses relating to any Buyer's financing or closing shall be paid for by Buyer.

8. Default and Remedies. In the event that Buyer fails to close hereunder for a reason other than the default of the Seller, Seller shall have available to it all remedies at law and in equity. In the event Seller defaults under this Agreement, other than the default of Buyer, Buyer shall have available to it all remedies at law and in equity, including, without limitation, the remedy of specific performance.

9. Brokers. Seller and Buyer each represents and warrants that neither has dealt with a real estate broker in connection with this transaction. Buyer agrees to indemnify and hold harmless Seller from any claims made by any broker should Buyer's representation in this paragraph be false. Subject to the immunities, defenses, and limitation available to Seller pursuant to the Maine Tort Claims Act, Seller agrees to indemnify and hold harmless Buyer from any claims made by any broker should Seller's representation in this paragraph be false. The foregoing indemnities shall include all legal fees and costs incurred in defense against any such claim, and shall survive closing.

SCHEDULE A
(Legal Description of Premises)

The Unit designated as Unit 1 (the "Unit") of Portland Technology Park Condominium, located in the City of Portland, County of Cumberland and State of Maine ("Condominium") created pursuant to the provisions of the Maine Condominium Act (the "Act") by the Declaration of Condominium, dated March 10, 2016 and recorded in the Cumberland County Registry of Deeds in Book 32969, Page 97, as the same may be amended from time to time (hereinafter called the "Declaration") and by the Condominium Plat of Portland Technology Park Condominium prepared by SGC Engineering, LLC dated March 17, 2014, as revised March 9, 2016, incorporated into the Declaration and recorded in the Cumberland County Registry of Deeds, Plan Book 216, Page 62. The Unit is subject to and has the benefit of the Declaration, the Plats, Plans and the Act which is incorporated herein by reference, to which reference is hereby made for a more particular specification of the definition, location and description of the real property hereby conveyed and of the rights, obligations, easements, common elements, limited common elements, development rights, special declarant rights, restrictions, covenants and conditions pertaining thereto. The Unit is conveyed subject to such taxes and assessments, including Common Expenses, allocable to the Unit, if any, as are not due and payable on the date of delivery of this deed and subject to all terms, easements, covenants, obligations, conditions, restrictions, reservations and encumbrances contained in or referred to in the Declaration. Said Unit is conveyed together with an undivided interest in the Common Areas of the Condominium and the interest in the Limited Common Areas allocated thereto.

SCHEDULE B

COMPLIANCE WITH EDA RESTRICTIVE COVENANTS

The Seller and Buyer acknowledge that the premises were improved, in part, with funding from the United States Economic Development Administration (EDA), United States Department of Commerce, EDA Project Number 01-01-08630 and are subject to the terms and conditions of the EDA financial assistance award. Consequently, all recipients or owners and/or their successors and assigns, agree as follows:

Real Property or tangible Personal Property acquired or improved with EDA Investment Assistance must be used in a manner that is consistent with the authorized general and specific purposes of the Award, in this case, industrial purposes and EDA policies concerning adequate consideration and environmental compliance; and any applicable provisions of 13 CFR §314. It may not be used in violation of the nondiscrimination requirements set forth in 13 C.F.R. §302.20 or for inherently religious activities prohibited by applicable federal law.

Buyer agrees to provide Seller and/or EDA with any document, evidence or report required to assure compliance with federal and state law, including, but not limited to, applicable federal and state environmental laws.

Any deeds or instruments of conveyance shall contain a covenant which shall prohibit the use of the subject property for any purpose other than the authorized purpose of the EDA grant, which in this case, are commercial uses. This covenant shall remain in effect for a period of twenty (20) years.

Portland, Maine Yes. Life's good here.

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: **Economic Development Committee**

FROM: **Greg Mitchell**
Brendan O'Connell

DATE: **September 11, 2018**

SUBJECT: **Proposed Amendments to City Bayside Area-wide Tax Increment Financing District**

I. ONE SENTENCE SUMMARY

A public hearing will be held at the September 18, 2018, EDC meeting for a vote, in the form of a recommendation to the City Council, to approve the Proposed Amendments to the Bayside TIF District.

II. AGENDA DESCRIPTION

Amendments to the Bayside Tax Increment Financing (TIF) District are proposed to maximize utilization of the TIF District revenue by adding more public investment options for use of TIF revenue. It is noted that the City staff proposed amendments do not involve credit enhancement agreements.

III. BACKGROUND

Bayside (Existing and Proposed Amendments)

Geography. 129.18 acres bounded by Franklin Street, Cumberland Avenue, Forest Avenue and I-295.

TIF Term. Fiscal Years 2004-2033

Capture Rate. 100%

Overview of TIF District Expenditures FY2016 to Date:

Bayside TIF Expenditures From FY2016 thru FY2018	
Uses	**Expenditures**
Public Infrastructure	$541,950
Credit Enhancement Agreements	$1,376,957
Debt Service	$1,208,616
Total Invested:	**$3,127,524**

Existing and Proposed Amendments to Uses of Revenue. See attached Bayside TIF District Program which shows existing and proposed amendments to allowable uses of TIF District revenue in a strike through and underline format. Adding additional uses of TIF revenue creates the maximum flexibility to use TIF revenue.

There are no proposed amendments to the capture rate or geography.

IV. INTENDED RESULT AND/OR COUNCIL GOAL ADDRESSED

City Council approval of the proposed amendments to the Bayside TIF District to support increased private sector investment and associated job creation.

V. FINANCIAL IMPACT

TIF District Estimates. See attached spreadsheet for estimated property revenue funds available to the City General Fund and one Credit enhancement Agreement which expires in FY2023.

Tax Shelter (Financial Benefits). Probably the most important, but least understood public benefit associated with TIF districts, is the tax shelter or local financial benefits.

Municipalities realize "savings" from the tax sheltering effect of TIF Districts. The following direct financial impacts occur when municipal valuation increases:

A. State Education Aid is reduced,
B. State Municipal Revenue Sharing is reduced, and
C. A municipality pays a higher percentage of the County budget.

This amount of "savings" is significant and one of the most important benefits of establishing TIF Districts.

For Portland, tax shelter savings is conservatively estimated at 30%, meaning that for every new tax dollar, Portland saves 30 cents which would otherwise be lost for property tax value not included in a TIF District. The estimated tax shelter savings for the remainder of the Bayside TIF District term – FY2020 through FY2033 - at a 100% capture rate is just under $13 Million, or a yearly average of $927,000.

Net Impact to the General Fund

The savings referenced above is a direct benefit to the general fund – both to the City and the School Department via an increase in revenue from the State of Maine for education,

increased revenues for the City from municipal revenue sharing, and decreased expenses for county tax. It is important to note that whenever the TIF capture rate is adjusted upward there will change in how property tax revenue flows between the general fund and the area TIFs. Via careful TIF budgeting, subject to annual budget approval by City Council, certain types of approved expenditures can be moved from the general fund into area TIFs. If the impact of the revenue shift is able to be fully offset the end result is the 30 cent savings on the dollar. A good example is what was done in the FY19 budget. TIF capture rates were adjusted upward by approximately 5% in the Waterfront and Bayside TIF. Although this resulted in slightly less revenue to the general fund, expenses related to Economic Development Department staff, in an amount approximately equal to the revenue shift, were shifted into the TIF. The net result was an increased capture rate in both TIFs, more sheltering savings (approximately 30% in benefits) and no other negative impact on the City or School budgets. It is this type of calculated TIF budgeting which is expected to continue to be utilized moving forward to increase capture rates, maximize sheltering, and ensure only positive impacts to the City and School budgets.

VI. STAFF ANALYSIS AND RECOMMENDATION

City staff recommends approval of the proposed amendments to the Bayside TIF District.

VII. LIST ATTACHMENTS

- Updated Spreadsheets for Actual and Estimated TIF Revenue and Tax Shelter Savings
- Marked Revision and Clean Version of TIF Narrative and updated Spreadsheets; additional attachments noted in the Narrative are available upon request.

City of Portland - Bayside TIF Model

Total OAV ao 4/1/2001:	$1,608,190
Total OAV ao 4/1/2006:	$44,066,380
Total OAV ao of 4/1/2013:	$122,318,180

Note: These numbers are actuals through FY2019 (Tax Year 4/1/2018); estimates for FY2020 through End of FY2033 (Tax Year 4/1/2032).
9/7/2018

Bayside TIF

TIF Years 1 (FY2004) through 16 (FY2019) Actual Numbers; Years 17 (FY2020) through 30 (FY2033) Estimates

TIF Year	Tax Year-April 1	City Fiscal Year	Increased Assessed Value Real Prop.	% of Value Captured	Captured Valuation	Projected Mill Rate	Total Projected New Taxes Captured	Captured Revenue to Municipal Project and CEAs Account	City Non-Captured General Fund Revenues	OAV General Fund Revenue	Captured Revenue to Municipal Project Account	Capture Revenue to CEAs	
1	2003	FY2003/2004	$5,468,950	1.00%	$54,690	26.80	$1,466	$1,466	$145,102	$43,099	$1,466		
2	2004	FY2004/2005	$7,295,740	1.00%	$72,957	26.53	$1,936	$1,936	$191,620	$42,665	$1,936		
3	2005	FY2005/2006	$9,171,480	54.16%	$4,967,274	20.13	$99,991	$99,991	$84,631	$32,373	$99,991		
4	2006	FY2006/2007	$11,052,960	27.74%	$3,066,091	16.31	$50,008	$50,008	$130,266	$718,723	$50,008		
5	2007	FY2007/2008	$23,657,250	1.00%	$236,573	17.10	$4,045	$4,045	$400,494	$753,535	$4,045		
6	2008	FY2008/2009	$49,496,900	100.00%	$49,496,900	17.74	$878,075	$878,075	$0	$781,738	$452,194	$425,881	
7	2009	FY2009/2010	$69,217,260	78.00%	$53,989,463	17.74	$957,773	$957,773	$270,141	$781,738	$602,773	$355,000	
8	2010	FY2010/2011	$68,355,920	71.00%	$48,532,703	17.92	$869,706	$869,706	$355,232	$789,670	$395,064	$474,642	
9	2011	FY2011/2012	$62,808,110	73.00%	$45,849,920	18.28	$838,137	$838,137	$309,996	$805,533	$483,137	$355,000	
10	2012	FY2012/2013	$66,477,790	47.00%	$31,244,561	18.82	$588,023	$588,023	$663,089	$829,329	$141,688	$446,335	
11	2013	FY2013/2014	$65,716,350	97.72%	$64,218,017	19.41	$1,246,472	$1,246,472	$29,083	$855,328	$800,235	$446,237	
12	2014	FY2014/2015	$65,131,890	83.00%	$54,059,469	20.00	$1,081,189	$1,081,189	$221,448	$881,328	$634,952	$446,237	
13	2015	FY2015/2016	$67,362,090	54.58%	$36,766,229	20.63	$758,487	$758,487	$631,193	$2,523,424	$294,738	$463,749	
14	2016	FY2016/2017	$70,121,790	54.97%	$38,545,948	21.11	$813,705	$813,705	$666,566	$2,582,137	$349,899	$463,806	
15	2017	FY2017/2018	$82,037,690	58.27%	$47,803,362	21.65	$1,034,943	$1,034,943	$741,173	$2,648,189	$571,631	$463,312	
16	2018	FY2018/2019	$80,301,620	63.27%	$50,806,835	22.48	$1,142,138	$1,142,138	$663,043	$2,749,713	$817,138	$325,000	**Actual Above This Line**
17	2019	FY2019/2020	$82,327,818	100.00%	$82,327,818	22.93	$1,887,744	$1,887,744	$0	$2,804,707	$1,562,744	$325,000	**Estimates Below This Line**
18	2020	FY2020/2021	$84,374,278	100.00%	$84,374,278	23.39	$1,973,362	$1,973,362	$0	$2,860,801	$1,648,362	$325,000	
19	2021	FY2021/2022	$86,441,203	100.00%	$86,441,203	23.86	$2,062,138	$2,062,138	$0	$2,918,017	$1,737,138	$325,000	
20	2022	FY2022/2023	$88,528,796	100.00%	$88,528,796	24.33	$2,154,178	$2,154,178	$0	$2,976,377	$1,829,178	$325,000	
21	2023	FY2023/2024	$90,637,266	100.00%	$90,637,266	24.82	$2,249,593	$2,249,593	$0	$3,035,905	$2,249,593		
22	2024	FY2024/2025	$92,766,821	100.00%	$92,766,821	25.32	$2,348,497	$2,348,497	$0	$3,096,623	$2,348,497		
23	2025	FY2025/2026	$94,917,671	100.00%	$94,917,671	25.82	$2,451,007	$2,451,007	$0	$3,158,556	$2,451,007		
24	2026	FY2026/2027	$97,090,029	100.00%	$97,090,029	26.34	$2,557,245	$2,557,245	$0	$3,221,727	$2,557,245		
25	2027	FY2027/2028	$99,284,111	100.00%	$99,284,111	26.87	$2,667,335	$2,667,335	$0	$3,286,161	$2,667,335		
26	2028	FY2028/2029	$101,500,134	100.00%	$101,500,134	27.40	$2,781,408	$2,781,408	$0	$3,351,884	$2,781,408		
27	2029	FY2029/2030	$103,738,317	100.00%	$103,738,317	27.95	$2,899,595	$2,899,595	$0	$3,418,922	$2,899,595		
28	2030	FY2030/2031	$105,998,882	100.00%	$105,998,882	28.51	$3,022,036	$3,022,036	$0	$3,487,301	$3,022,036		
29	2031	FY2031/2032	$108,282,053	100.00%	$108,282,053	29.08	$3,148,872	$3,148,872	$0	$3,557,047	$3,148,872		
30	2032	FY2032/2033	$110,588,055	100.00%	$110,588,055	29.66	$3,280,250	$3,280,250	$0	$3,628,187	$3,280,250		
30 Year TIF Total			**$2,150,149,224**		**$1,876,186,426**		**$45,849,352**	**$45,849,352**	**$5,503,077**	**$62,620,736**	**$39,884,153**	**$5,965,199**	
30 Year Average			**$71,671,641**		**$62,539,548**		**$1,528,312**	**$1,528,312**	**$183,436**	**$2,087,358**	**$1,329,472**	**$198,840**	

City of Portland Bayside TIF Model
9/7/2018

Tax Shifts-Avoided Formula Impacts from Sheltering of Valuation: City of Portland- Bayside TIF Model

TIF Years 1 (FY2004) through 16 (FY2019) Actual Numbers with Varying Percentage Captures; Years 17 (FY2020) through 30 (FY2033) Estimates at 100% Capture

					Avoided Formula Impacts from Sheltering of Valuation			
TIF Year	Tax Year-April 1	City Fiscal Year	Total Added Valuation	Sheltered Valuation	Avoided Loss of State Aid to for Education	Avoided Loss of State Municipal Revenue Sharing	Avoided Increase in County Tax	Total Avoided Impacts
1	2003	FY2003/2004	$5,468,950	$54,690	$0	$32	$30	$62
2	2004	FY2004/2005	$7,295,740	$72,957	$0	$43	$40	$83
3	2005	FY2005/2006	$9,171,480	$4,967,274	$0	$2,906	$2,742	$5,649
4	2006	FY2006/2007	$11,052,960	$3,066,091	$13,046	$1,794	$1,693	$16,533
5	2007	FY2007/2008	$23,657,250	$236,573	$2,013	$138	$131	$2,282
6	2008	FY2008/2009	$49,496,900	$49,496,900	$421,219	$28,959	$27,300	$477,478
7	2009	FY2009/2010	$69,217,260	$53,989,463	$459,450	$31,587	$29,775	$520,813
8	2010	FY2010/2011	$68,355,920	$48,532,703	$413,013	$28,395	$26,769	$468,177
9	2011	FY2011/2012	$62,808,110	$45,849,920	$390,183	$26,825	$25,291	$442,299
10	2012	FY2012/2013	$66,477,790	$31,244,561	$265,891	$18,280	$17,240	$301,412
11	2013	FY2013/2014	$65,716,350	$64,218,017	$546,495	$37,572	$35,408	$619,475
12	2014	FY2014/2015	$65,131,890	$54,059,469	$460,046	$31,628	$29,814	$521,488
13	2015	FY2015/2016	$67,362,090	$36,766,229	$312,881	$21,511	$20,284	$354,676
14	2016	FY2016/2017	$70,121,790	$38,545,948	$328,026	$22,552	$21,266	$371,843
15	2017	FY2017/2018	$82,037,690	$47,803,362	$406,807	$27,968	$26,367	$461,142
16	2018	FY2018/2019	$80,301,620	$50,806,835	$432,366	$29,725	$28,022	$490,113
17	2019	FY2019/2020	$82,327,818	$82,327,818	$700,610	$48,167	$45,375	$794,152
18	2020	FY2020/2021	$84,374,278	$84,374,278	$718,025	$49,365	$46,500	$813,890
19	2021	FY2021/2022	$86,441,203	$86,441,203	$735,615	$49,365	$47,637	$832,616
20	2022	FY2022/2023	$88,528,796	$88,528,796	$753,380	$51,795	$48,785	$853,961
21	2023	FY2023/2024	$90,637,266	$90,637,266	$771,323	$53,029	$49,945	$874,297
22	2024	FY2024/2025	$92,766,821	$92,766,821	$789,446	$54,275	$51,116	$894,836
23	2025	FY2025/2026	$94,917,671	$94,917,671	$807,749	$55,533	$52,298	$915,581
24	2026	FY2026/2027	$97,090,029	$97,090,029	$826,236	$56,804	$53,493	$936,533
25	2027	FY2027/2028	$99,284,111	$99,284,111	$844,908	$58,088	$54,699	$957,695
26	2028	FY2028/2029	$101,500,134	$101,500,134	$863,766	$59,384	$55,917	$979,067
27	2029	FY2029/2030	$103,738,317	$103,738,317	$882,813	$60,694	$57,147	$1,000,654
28	2030	FY2030/2031	$105,998,882	$105,998,882	$902,050	$62,016	$58,389	$1,022,456
29	2031	FY2031/2032	$108,282,053	$108,282,053	$921,480	$63,352	$59,644	$1,044,476
30	2032	FY2032/2033	$110,588,055	$110,588,055	$941,104	$64,701	$60,911	$1,066,717
30 Year TIF Total			**$2,150,149,224**	**$1,876,186,426**	**$15,909,942**	**$1,096,484**	**$1,034,030**	**$18,040,457**
30 Year Average			**$71,671,641**	**$62,539,548**	**$530,331**	**$36,549**	**$34,468**	**$601,349**

I. Introduction/Updated 2018

East and West Bayside continue to be gateways to Portland's peninsula. A lot of changes to East and West Bayside have occurred since the Bayside (West) TIF District was adopted by the City Council on March 17, 2003. Relocation of one scrap yard and the addition of new medical office buildings, new housing for college students, , two new grocery stores, pharmacies, and financial institutions have transformed West Bayside's industrial heritage to a more compact urban development pattern, which extends the Central Business District to I-295. Additionally, City Council approval, during 2017 and 2018, of the sale of six Bayside properties formerly occupied by the Public Works Department will continue to support area wide economic revitalization.

East Bayside has been experiencing its own transformation with new coffee shops, artist studios, and new housing. Continued attention to the West Bayside TIF District is needed to fulfill the *Bayside Vision*.

History

In 1996, the process began when the City of Portland obtained funding from the Environmental Protection Agency (EPA) to undertake a Brownfield's Pilot Project in Bayside. The City designated a ten-lot, 14-acre parcel between Oxford Street and Marginal Way as the Bayside Brownfield's Project Area and has since created a $500,000 loan fund for the express purpose of cleaning up the site to clear the way for future development. The study area was subsequently enlarged to incorporate the area from Congress Street to I-295, and from Franklin Arterial to Forest Avenue, which is approximately 129 acres.

Since 1996, the City of Portland has been working with a team of consultants on planning for opportunities for the reuse of the Bayside land. An extensive public participation process, which involved hundreds of participants, produced a plan entitled "A New Vision for Bayside". The Bayside plan identifies the following eleven development principles and five critical actions in order to transform this area into a vital, productive and diverse urban neighborhood:

Development Principles

- Urban Gateway
- Economic and Employment Opportunities
- A Walkable District
- A Critical Mass of Dwellings
- Transit Oriented Development
- Multi-level Parking Structures
- A Neighborhood Center
- Recreation and Open Space
- A Social Service Network
- Environmental Remediation
- Scrap yard Redevelopment

Critical Actions

- Acquire the Railroad Property
- Redevelop the Scrap yard Parcels
- Build More Housing
- Create Transit Oriented Development
- Secure the Future of Portland's Social Service Network

Public participation continues to be an ongoing aspect of the Plan's implementation. The Bayside Neighborhood Association and the Bayside Community Development Corporation include neighborhood property owners, residents, commercial owners and tenants.

Since adopting the Bayside Vision Plan in December 1999 as a part of the Comprehensive Plan, the City has moved forward on several of the identified critical actions. After several years of complex negotiations with Guilford Transportation and the Maine Department of Transportation, the City purchased the Railroad property. Using Housing and Urban Development ("HUD") and Economic Development Administration ("EDA") funding, this 6+ acre parcel made the City a major property owner in the area of Bayside slated primarily for commercial redevelopment.

EDA and City Capital Improvement Funds have been used to rebuild the sewer system along Somerset Street, adjacent to the railroad parcel, as well as to extend Chestnut Street from Somerset Street to Marginal Way. These improvements were key infrastructure investments for new development in Bayside. The City continues to be committed to investing in Bayside as funding becomes available, but clearly a variety of financing mechanisms have been and will continue to be needed.

With these first actions completed, attention has been focused on the need for structured parking associated with the Federated Midtown Project. At meeting after meeting, then Bayside Development Committee (BDC) members stated unequivocally that the Bayside Plan cannot be implemented to its fullest without structured parking; and that the entire redevelopment plan hinges upon the relocation of the scrap metal recycling facilities. Furthermore, it is clear that the private sector cannot afford to make new investments in Bayside that include the cost of creating structured parking, nor can the market alone bear the cost of relocating the scrap metal recycling facilities.

The first such private development project which included constructing garages occurred on property that was sold by the City to two private developers (Capital, LLC and Southern Maine Student Housing, LLC) who planned a then estimated $38,400,000 in new taxable commercial investment. The project consisted of a 72,000 sq. ft. office building, perched upon a 430 space parking garage with ground floor retail, alongside a 405 bed student housing facility with a 130 space parking garage. The cost of constructing the structured parking added more costs to the project than market rents could support, so financing relief was sought through the use of Credit Enhancement Agreements (Exhibit 5) so that the project moved forward with the density sought for

Bayside. This entire investment occupies just over 3 acres by reducing the footprint and allowing for vertical expansion.

Amendment #7 Approved by MDECD March 28, 2016

The purpose of ~~this~~ Amendment #7 to this TIF application ~~is~~was to amend the Development Program to include municipal use of TIF funds for costs of public transportation improvement projects – including traffic signals, costs associated with environmental site assessment and remediation work to support commercial development, costs associated with environmental sea level adaptation planning and public infrastructure to support commercial development, as well as other development principles and critical actions items contained in the *Bayside Vision Report I and II*

The public benefits associated with an amended Bayside TIF District include:

- Provide support for Portland's **continued economic development;**
- Help increase the **vibrancy and stability of the Bayside neighborhood;**
- Create **employment opportunities** for area residents;
- Produce **tax shift benefits** averaging an estimated savings to the City of $680,307 annually at that time;
- Improve the general economy of Portland and the State of Maine;
- Improved public transportation infrastructure investment;
- Clean up contaminated property to support commercial development;
- Planning for environmental sea level adaptation, and public infrastructure to support commercial development.

Amendment #8 ~~Proposed to~~Approved by the Portland City Council July 16, 2018/MDECD Approval Pending

Amendment #8 includes a single property in the Expanded Bayside TIF District located at 178 Kennebec Street, Assessor Chart, Block, and Lot Number 034 F001001. The City is in the process of selling this property to a private developer. This developer proposes an elderly affordable housing project on that property with two condominium units. Unit 1 would be ground level commercial space and Unit 2 (air rights above Unit 1) is proposed to be an elderly affordable housing project.

The amendments will exclude all floors above the first floor in a multi-story building to be constructed on a parcel of approximately 0.22 acres presently owned by the City of Portland located at 178 Kennebec Street, Portland and to be conveyed to 100 Parris Street, LP or its designee (the "Developer"), together with all rights appurtenant thereto including without limitation in the land comprising said parcel. It is the intention of the Developer to declare this specified area as Unit 2 in the Furman at Bayside Condominium following acquisition of the land from the City of Portland. Such specified area is referred to below as "178 Kennebec Street Unit 2" or "Unit 2".

The amendments will provide that the following specified area will remain: the first floor in a multi-story building to be constructed on a parcel of approximately 0.22 acres presently owned by the City of Portland located at 178 Kennebec Street, Portland and to be conveyed to 100 Parris Street, LP or its designee (the "Developer"), together with all rights appurtenant thereto including without limitation in the land comprising said parcel. It is the intention of the Developer to declare this specified area as Unit 1 in the Furman at Bayside Condominium following acquisition of the land from the City of Portland.

II. Amended Development Program

A. The Amended Project

Amendment #8/Pending with MDECD

With this amended and restated Development Program, the City of Portland seeks to amend the Bayside Redevelopment Tax Increment Financing District to allow for 178 Kennebec Street, Condominium Unit 1 on the ground level/commercial space to remain in the Bayside TIF District; and, Condominium Unit 2, floors above the ground level commercial space, to be an Affordable Housing TIF District.

The amendments will exclude all floors above the first floor in a multi-story building to be constructed on a parcel of approximately 0.22 acres presently owned by the City of Portland located at 178 Kennebec Street, Portland and to be conveyed to 100 Parris Street, LP or its designee (the "Developer"), together with all rights appurtenant thereto including without limitation in the land comprising said parcel. It is the intention of the Developer to declare this specified area as Unit 2 in the Furman at Bayside Condominium following acquisition of the land from the City of Portland. Such specified area is referred to below as "178 Kennebec Street Unit 2" or "Unit 2".

The amendments will provide that the following specified area will remain: the first floor in a multi-story building to be constructed on a parcel of approximately 0.22 acres presently owned by the City of Portland located at 178 Kennebec Street, Portland and to be conveyed to 100 Parris Street, LP or its designee (the "Developer"), together with all rights appurtenant thereto including without limitation in the land comprising said parcel. It is the intention of the Developer to declare this specified area as Unit 1 in the Furman at Bayside Condominium following acquisition of the land from the City of Portland.

Municipal uses of TIF revenue consistent *Bayside Vision Plans I and II* are detailed in Table 1 in Section II(D) below.

The success of these efforts will enhance the City's ability to attract new investment to Bayside, leading to a densely developed commercial district, which will create new taxable value and provide expanded opportunities for employment and housing.

The City's Economic Development Department will continue to market other City land as potential building sites to prospective businesses and developers, in addition to promoting Bayside as a whole.

Amendment #9 – Proposed to Portland City Council

Amendment #9 would increase and clarify the allowable uses of Municipal TIF Revenue in the District. Proposed additional uses include:

- Professional service costs to administer the TIF District Program and to assist the City's Economic Development Department to market and prepare for Bayside Redevelopment;
- Pro-rated salaries of the City's Finance Director, and the City's Planning staff;
- Workforce training funds.

B. The Development District

Properties that are to be designated as part of the TIF District are shown on the attached map (Exhibit 4), containing approximately 129.18 acres with an original assessed value as shown on Exhibit 11 as $122,318,180

The TIF District will apply to only new value generated within the District and will not affect the current property tax base.

C. The Amended Development Program

The City of Portland, by designating the Amended Bayside Redevelopment TIF District, will capture all new investments made within the Amended District. The City is projecting to capture up to 100% of the new assessed value over the original assessed value, and retain from the district the new tax revenues generated from that captured assessed value. These revenues will be allocated to the Project Cost Account for the purposes described in II.A. above and further detailed in Section II(D) below. Each year, the City Council may adjust the specific amount to be captured and retained for purposes of this Amended TIF, based upon the needs of the Amended District, and the commitments made through Credit Enhancement Agreements, collateral for loan or bond repayment, and the like.

D. The Projects

The projects/public benefits associated with an amended Bayside TIF District include:

- Provide support for Portland's **continued economic development;**
- Help increase the **vibrancy and stability of the Bayside neighborhood;**
- Create **employment opportunities** for area residents;
- Produce **tax shift benefits** averaging an estimated savings to the City of $1.3 Million annually;

- Improve the general economy of Portland and the State of Maine;
- Improved public transportation infrastructure investment;
- Clean up contaminated property to support commercial development;
- Planning for environmental sea level adaptation, and public infrastructure to support commercial development.

The City of Portland seeks authorization to utilize the revenues generated from the Amended Bayside TIF District to support economic development in Bayside, all as more detailed in Table 1 below: See Table 1 Below for Municipal Use of TIF Revenues, Statutory Citation, and Cost Estimates – Citations all refer to Title 30-A, Chapter 206, Section 5225.

Table 1

Municipal Use of TIF Revenues	Statutory Citation	Cost Estimate
In District: Create Additional Parking ~~Structures~~	(1)(A)(1)(2)(3)(6)(7)	$10,000,000
In District: Existing Credit Enhancement Agreements; others as negotiated, executed with public process per ~~Section II A~~City of Portland TIF Policy as may be amended from time to time	(1)(A)(1)(2)(3)(6)(7)	$6,000,000 over life of TIF District for existing CEAs
In District: Relocate one remaining scrap metal recycling facility and acquisition of scrap metal yard site	(1)(A)(1)(2)(3)(6)(7)	T/B/D
In District: Infrastructure and financing costs (roadway, sidewalk, and transportation improvement projects) located in District	(1)(A)(1)(2)(3)(6)(7)	T/B/D
In District: Pledging TIF revenue as a repayment source to HUD or any other agency or entity that finances public Bayside investment	(1)(A)(2)	$6,000,000 over life of TIF District
In District: Public infrastructure improvements for both pedestrians and transit, lighting, and open space/trails	(1)(A))(1)(2)(3)(6)(7)(8)	T/B/D
In District: Funding the Economic Development Department, including salaries, to market and prepare for Bayside Redevelopment and professional service costs to administer the TIF District Program	(1)(A)(4)(5)	$500,000
In and out of District: a.) Cover the City's Economic Development Department costs, including pro-rated salaries of City Manager, Finance Director, and	(1)(A)(5) and (1)(C)(1)	$250,000/annual or $~~4~~7,500,000 over life of TIF District (30 Years)

Planning and Urban Development Director and Planning staff*;		
b.) Environmental site assessment and remediation to support commercial development;	(1)(C)(2)	$150,000
c.) Environmental sea level adaptation planning and public infrastructure to support commercial development;	(1)(C)(2)	T/B/D
d.) Workforce training funds. Costs of services and equipment to provide skills development and training, including scholarships to in-state educational institutions or to online learning entities when in-state options are not available, for jobs created or retained.	(1)(C)(4)	T/B/D
~~c.)~~e.) Professional services costs.	(1)(A)(4); (1)(C)(1)	T/B/D
Total:		**$~~27~~30,150,000**

*This item is not unique to this TIF District; it is also partially included in the Riverwalk TIF District, and is proposed to be fully included Downtown TIF District and the Waterfront TIF District.

E. Operational Components

1. Public Facilities

The City will invest in projects to further goals of the *Bayside Vision*, and as outlined in Table 1 above.

2. Uses of Private Property

The Amended Bayside Economic Redevelopment Program and TIF District includes both public and private property. The funds generated from this district will be used to support commercial investment on both public and private land, the latter through the use of CEA as noted II.(D) above.

3. Plans for relocation of persons displaced by development activities.

Though not contemplated at this point, any possible relocation costs of displaced persons resulted from one or more City projects funded through this Amended Development Program shall be covered by the City as required.

4. Transportation Improvements

A description of the transportation-related improvements to be financed through this Amended Development Program is set forth above in Table 1 of the Development Program Section II(D).

5. Environmental Controls

The Amended Development Program proposes improvements that will comply with all federal, state and local rules and regulations and applicable land use requirements.

6. Plan of Operation of Amended District

During the life of the Amended Tax Increment Financing District, the City of Portland, City Council, or their designee, will be responsible for the administration of the District.

III. Physical Description

As noted previously, properties that are to be designated as part of the Amended TIF District are shown on the attached map (Exhibit 4), totaling 129.18 acres
The statutory threshold limits addressing the conditions for approval mandated by 30-A M.R.S.A. Section 5223(3) are set forth in Exhibit 6.

Proposed Amendment #8 does not change the acreage numbers for the Bayside TIF District because the 178 Kennebec Street Unit 1 (ground level commercial space) will remain in the Bayside TIF District and Unit 2 (affordable residential units located in the upper floors) is proposed to be an Affordable Housing TIF District.

Enclosed municipal maps:

1. Area map showing site location of the Amended TIF District in relation to geographic location of municipality (see new Exhibit 3(A)).

2. Site map showing tax map locations of the Amended TIF District (see new Exhibit 4(A)).

IV. Financial Plan

A. Costs and Sources of Revenues

With Amendment #6 to this TIF District, the acreage was increased to 129.18 acres, with an associated OAV set at $122,318,180 as set forth in Exhibit 11. Exhibit 11 details the OAV from the inception of the Bayside TIF District, to its 1st expansion

via Amendment 1, and 2nd expansion via Amendment 6. Exhibit 4 is the map which highlights the District encompassing the entire 129.18 acres.

The Amended Development Program provides for the new tax revenues generated by the increase in assessed value of the District to be captured and designated as TIF Revenues. The City will apply the retained revenues to the economic development activities described in the Amended Development Program. To date, these activities are included in Table 1, Section II(D) above.

The attached Revised Exhibit 1, as revised and updated for Amendment 9, details the actual numbers from its inception – Tax Year 2003/City Fiscal Year 2003/2004 – through Tax Year April 1, 2018/City Fiscal Year 2018/2019; and estimates beginning Tax Year April 1, 2019/City Fiscal Year 2019/2020 through the life of District ending with Tax Year April 1, 2032/City Fiscal Year 2032/2033. The projections of retained revenues is based upon the anticipated assessed value increases within the District~~.~~ for the remainder of the District term. Revised Exhibit 1 is a projection based upon best available information and is included for demonstration purposes only. No assurances are provided as to the results reflected therein.

B. Development Program Account

This Development Program requires establishment of a Development Program Account pledged to, and charged with, the payment of the project costs in the manner outlined in 30-A M.R.S.A. §5227(3).

The Bayside TIF Development Program Account is established consisting of a project cost account ("Project Cost Account") pledged to, and charged with, payment of project costs. The Project Cost Account shall consist of Company Cost Subaccounts (Company Cost Subaccount), pledged to and charged with payment to authorized companies under the terms of an approved Credit Enhancement Agreement for reimbursements for eligible project costs, and a City Cost Subaccount (the "City Cost Subaccount") pledged to, and charged with, payment to the City for the cost of approved economic development expenses.

C. Financing Plan

The original TIF District comprised an area of approximately 11 acres of real and personal property. The value of the real and personal property within the district as of March 31, 2002 was established as the original assessed value. With the subsequent expansion (Amendment 1), the value of the additional real and personal property within the district expansion as of March 31, 2007 was established as the original assessed value, with that value being $44,066,380. With the additional expansion via Amendment 6 from 62.18 to add 67 acres to the District, for a total of 129.18 acres, the value of real property within the expanded District of 67 acres has a March 31, 2014 date established as the original assessed value, or $78,251,800 as detailed in Section IV.A. above, for a total OAV of the District at $122,318,180.

The developments within the described Amended Bayside TIF District will add significant new taxable value in the City of Portland. TIF revenues will be allocated as described on revised Exhibit 1 to finance the costs described in the Amended Development Program. Actual payments to the Project Cost Account will be adjusted based upon the applicable annual percentage retained, or a specific amount to be retained within the Amended District, and the actual annual assessed value within the Amended District, to be determined by the City Council on a yearly basis.

V. Amended Financial Data (See Statutory Requirements & Thresholds, Exhibit 6)

A. Estimate of increased assessed value by year after implementation of the development program: See Revised Exhibit 1

B. Percentage of increased assessed value to be applied to the development program fund: See Revised Exhibit 1

C. Estimated annual tax increment: $1,~~717,654~~528,312 (Average)

D. Total average annual value of development program fund: $1,~~717,654~~528,312 (Average)

E. Annual principal and interest payment of bonded indebtedness: ~~N/A at this time~~$400,000

F. Financial assumptions and safeguards: The City of Portland is under no obligation to repay any bonds that would involve a pledge of the City's full faith and credit.

VI. Tax Shifts (See Revised Exhibit 2)

A. Average Annual Amount:

General Purpose Aid to Education Tax Shift: $~~593,812~~530,331

Municipal Revenue Sharing Tax Shift: $~~47,751~~36,549

County Tax Shift: $~~38,745~~34,468

Total Average Annual Savings: ~~$680,307~~$601,349

VII. Municipal Approvals

A. Public Hearing Notice

The City of Portland did giver proper Notice of Public Hearing in accordance with the requirements of 30-A M.R.S.A. §~~5253.~~5226(1). The notice was published on ~~July 3,~~ _____, 2018, in a newspaper of general circulation (see new Exhibit 8).

B. *Public Hearing*

A Public Hearing at which the proposed Amended Bayside Municipal Tax Increment Financing District was discussed was held on ~~July 16,~~ _____, 2018, in the Portland City Council Chambers. A copy of the minutes of that meeting is included as new Exhibit 9.

C. Authorizing Votes

An attested copy of the resolution of the Portland City Council designating the Amended Municipal TIF district created for the implementation of the Bayside Redevelopment Program is included as new Exhibit 10.

D. Assessor's Certification

An attested copy of the certification by the City of Portland Tax Assessor as to the revised Original Assessed Value of the expanded Bayside Municipal Tax Increment Financing District is included as Exhibit 11.

City of Portland

Bayside Economic Redevelopment Program and Tax Increment Financing Program

Prepared by:

The City of Portland Economic Development Department

Enacted by the Portland City Council March 17, 2003

Amendment #1 from MDECD Includes City Council Actions on:
July 6, 2005 – Expand Footprint and Amend OAV;
November 21, 2005 – Reduce Footprint for Pearl Place Affordable Housing TIF;
June 5, 2006 – Authorizing Credit Enhancement Agreements (CEA) with Capital LLC; and, Southern Maine Student Housing, LLC

Amendment #2 from MDECD Includes City Council Action on:
June 4, 2007 to Amend CEA with Atlantic Bayside Trust LLC (formerly Capital LLC)

Amendment #3 from MDECD Includes City Council Action on:
November 17, 2008 to Extend Term additional Ten Years to FY2033, and amended public projects.

Amendment #4 from MDECD Includes City Council Action on:
May 18, 2009 Amending Captured Value For FY10

Amendment #5 from MDECD Includes City Council Action on:
May 17, 2010 Amending Captured Value For FY11

Amendment #6 from MDECD Includes City Council Action on:
November 17, 2014 Expanding Bayside TIF Area

Amendment #7 from MDECD Includes City Council Action on:
July 20, 2015 Amending Bayside TIF District for expanded Municipal allowable uses for TIF Revenue Investments

Amendment #8 Approved by City Council 7/16/2018 for Amended District Regarding 178 Kennebec Street/MDECD Approval Pending

Proposed Amendment #9 to City Council for Additional Municipal TIF Revenue Investment Options

I. Introduction/Updated 2018

East and West Bayside continue to be gateways to Portland's peninsula. A lot of changes to East and West Bayside have occurred since the Bayside (West) TIF District was adopted by the City Council on March 17, 2003. Relocation of one scrap yard and the addition of new medical office buildings, new housing for college students, , two new grocery stores, pharmacies, and financial institutions have transformed West Bayside's industrial heritage to a more compact urban development pattern, which extends the Central Business District to I-295. Additionally, City Council approval, during 2017 and 2018, of the sale of six Bayside properties formerly occupied by the Public Works Department will continue to support area wide economic revitalization.

East Bayside has been experiencing its own transformation with new coffee shops, artist studios, and new housing. Continued attention to the West Bayside TIF District is needed to fulfill the *Bayside Vision*.

History

In 1996, the process began when the City of Portland obtained funding from the Environmental Protection Agency (EPA) to undertake a Brownfield's Pilot Project in Bayside. The City designated a ten-lot, 14-acre parcel between Oxford Street and Marginal Way as the Bayside Brownfield's Project Area and has since created a $500,000 loan fund for the express purpose of cleaning up the site to clear the way for future development. The study area was subsequently enlarged to incorporate the area from Congress Street to I-295, and from Franklin Arterial to Forest Avenue, which is approximately 129 acres.

Since 1996, the City of Portland has been working with a team of consultants on planning for opportunities for the reuse of the Bayside land. An extensive public participation process, which involved hundreds of participants, produced a plan entitled "A New Vision for Bayside". The Bayside plan identifies the following eleven development principles and five critical actions in order to transform this area into a vital, productive and diverse urban neighborhood:

Development Principles

- Urban Gateway
- Economic and Employment Opportunities
- A Walkable District
- A Critical Mass of Dwellings
- Transit Oriented Development
- Multi-level Parking Structures
- A Neighborhood Center
- Recreation and Open Space
- A Social Service Network
- Environmental Remediation
- Scrap yard Redevelopment

Critical Actions

- Acquire the Railroad Property
- Redevelop the Scrap yard Parcels
- Build More Housing
- Create Transit Oriented Development
- Secure the Future of Portland's Social Service Network

Public participation continues to be an ongoing aspect of the Plan's implementation. The Bayside Neighborhood Association and the Bayside Community Development Corporation include neighborhood property owners, residents, commercial owners and tenants.

Since adopting the Bayside Vision Plan in December 1999 as a part of the Comprehensive Plan, the City has moved forward on several of the identified critical actions. After several years of complex negotiations with Guilford Transportation and the Maine Department of Transportation, the City purchased the Railroad property. Using Housing and Urban Development ("HUD") and Economic Development Administration ("EDA") funding, this 6+ acre parcel made the City a major property owner in the area of Bayside slated primarily for commercial redevelopment.

EDA and City Capital Improvement Funds have been used to rebuild the sewer system along Somerset Street, adjacent to the railroad parcel, as well as to extend Chestnut Street from Somerset Street to Marginal Way. These improvements were key infrastructure investments for new development in Bayside. The City continues to be committed to investing in Bayside as funding becomes available, but clearly a variety of financing mechanisms have been and will continue to be needed.

With these first actions completed, attention has been focused on the need for structured parking associated with the Federated Midtown Project. At meeting after meeting, then Bayside Development Committee (BDC) members stated unequivocally that the Bayside Plan cannot be implemented to its fullest without structured parking; and that the entire redevelopment plan hinges upon the relocation of the scrap metal recycling facilities. Furthermore, it is clear that the private sector cannot afford to make new investments in Bayside that include the cost of creating structured parking, nor can the market alone bear the cost of relocating the scrap metal recycling facilities.

The first such private development project which included constructing garages occurred on property that was sold by the City to two private developers (Capital, LLC and Southern Maine Student Housing, LLC) who planned a then estimated $38,400,000 in new taxable commercial investment. The project consisted of a 72,000 sq. ft. office building, perched upon a 430 space parking garage with ground floor retail, alongside a 405 bed student housing facility with a 130 space parking garage. The cost of constructing the structured parking added more costs to the project than market rents could support, so financing relief was sought through the use of Credit Enhancement Agreements (Exhibit 5) so that the project moved forward with the density sought for Bayside. This entire investment occupies just over 3 acres by reducing the footprint and allowing for vertical expansion.

Amendment #7 Approved by MDECD March 28, 2016

The purpose of Amendment #7 to this TIF application was to amend the Development Program to include municipal use of TIF funds for costs of public transportation improvement projects – including traffic signals, costs associated with environmental site assessment and remediation work to support commercial development, costs associated with environmental sea level adaptation planning and public infrastructure to support commercial development, as well as other development principles and critical actions items contained in the *Bayside Vision Report I and II*

The public benefits associated with an amended Bayside TIF District include:

- Provide support for Portland's **continued economic development;**
- Help increase the **vibrancy and stability of the Bayside neighborhood;**
- Create **employment opportunities** for area residents;
- Produce **tax shift benefits** averaging an estimated savings to the City of $680,307 annually at that time;
- Improve the general economy of Portland and the State of Maine;
- Improved public transportation infrastructure investment;
- Clean up contaminated property to support commercial development;
- Planning for environmental sea level adaptation, and public infrastructure to support commercial development.

Amendment #8 Approved by the Portland City Council July 16, 2018/MDECD Approval Pending

Amendment #8 includes a single property in the Expanded Bayside TIF District located at 178 Kennebec Street, Assessor Chart, Block, and Lot Number 034 F001001. The City is in the process of selling this property to a private developer. This developer proposes an elderly affordable housing project on that property with two condominium units. Unit 1 would be ground level commercial space and Unit 2 (air rights above Unit 1) is proposed to be an elderly affordable housing project.

The amendments will exclude all floors above the first floor in a multi-story building to be constructed on a parcel of approximately 0.22 acres presently owned by the City of Portland located at 178 Kennebec Street, Portland and to be conveyed to 100 Parris Street, LP or its designee (the "Developer"), together with all rights appurtenant thereto including without limitation in the land comprising said parcel. It is the intention of the Developer to declare this specified area as Unit 2 in the Furman at Bayside Condominium following acquisition of the land from the City of Portland. Such specified area is referred to below as "178 Kennebec Street Unit 2" or "Unit 2".

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be conveyed to 100 Parris Street, LP or its designee (the "Developer"), together with all rights appurtenant thereto including without limitation in the land comprising said parcel. It is the intention of the Developer to declare this specified area as Unit 1 in the Furman at Bayside Condominium following acquisition of the land from the City of Portland.

II. Amended Development Program

A. The Amended Project

Amendment #8/Pending with MDECD

With this amended and restated Development Program, the City of Portland seeks to amend the Bayside Redevelopment Tax Increment Financing District to allow for 178 Kennebec Street, Condominium Unit 1 on the ground level/commercial space to remain in the Bayside TIF District; and, Condominium Unit 2, floors above the ground level commercial space, to be an Affordable Housing TIF District.

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In and out of District: a.) Cover the City's Economic Development Department costs, including pro-rated salaries of City Manager, Finance Director, and Planning and Urban Development Director and Planning staff*;	(1)(A)(5) and (1)(C)(1)	$250,000/annual or $7,500,000 over life of TIF District (30 Years)

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e.) Professional services costs.	(1)(C)(1)	T/B/D
Total:		**$30,150,000**

*This item is not unique to this TIF District; it is also partially included in the Riverwalk TIF District, and is proposed to be fully included Downtown TIF District and the Waterfront TIF District.

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   The City will invest in projects to further goals of the *Bayside Vision*, and as outlined in Table 1 above.

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The Amended Development Program provides for the new tax revenues generated by the increase in assessed value of the District to be captured and designated as TIF Revenues. The City will apply the retained revenues to the economic development

activities described in the Amended Development Program. To date, these activities are included in Table 1, Section II(D) above.

The attached Revised Exhibit 1, as revised and updated for Amendment 9, details the actual numbers from its inception – Tax Year 2003/City Fiscal Year 2003/2004 – through Tax Year April 1, 2018/City Fiscal Year 2018/2019; and estimates beginning Tax Year April 1, 2019/City Fiscal Year 2019/2020 through the life of District ending with Tax Year April 1, 2032/City Fiscal Year 2032/2033. The projections of retained revenues is based upon the anticipated assessed value increases within the District for the remainder of the District term. Revised Exhibit 1 is a projection based upon best available information and is included for demonstration purposes only. No assurances are provided as to the results reflected therein.

B. Development Program Account

This Development Program requires establishment of a Development Program Account pledged to, and charged with, the payment of the project costs in the manner outlined in 30-A M.R.S.A. §5227(3).

The Bayside TIF Development Program Account is established consisting of a project cost account ("Project Cost Account") pledged to, and charged with, payment of project costs. The Project Cost Account shall consist of Company Cost Subaccounts (Company Cost Subaccount), pledged to and charged with payment to authorized companies under the terms of an approved Credit Enhancement Agreement for reimbursements for eligible project costs, and a City Cost Subaccount (the "City Cost Subaccount") pledged to, and charged with, payment to the City for the cost of approved economic development expenses.

C. Financing Plan

The original TIF District comprised an area of approximately 11 acres of real and personal property. The value of the real and personal property within the district as of March 31, 2002 was established as the original assessed value. With the subsequent expansion (Amendment 1), the value of the additional real and personal property within the district expansion as of March 31, 2007 was established as the original assessed value, with that value being $44,066,380. With the additional expansion via Amendment 6 from 62.18 to add 67 acres to the District, for a total of 129.18 acres, the value of real property within the expanded District of 67 acres has a March 31, 2014 date established as the original assessed value, or $78,251,800 as detailed in Section IV.A. above, for a total OAV of the District at $122,318,180.

The developments within the described Amended Bayside TIF District will add significant new taxable value in the City of Portland. TIF revenues will be allocated as described on revised Exhibit 1 to finance the costs described in the Amended Development Program. Actual payments to the Project Cost Account will be adjusted based upon the applicable annual percentage retained, or a specific amount to be

retained within the Amended District, and the actual annual assessed value within the Amended District, to be determined by the City Council on a yearly basis.

V. Amended Financial Data (See Statutory Requirements & Thresholds, Exhibit 6)

A. Estimate of increased assessed value by year after implementation of the development program: See Revised Exhibit 1

B. Percentage of increased assessed value to be applied to the development program fund: See Revised Exhibit 1

C. Estimated annual tax increment: $1,528,312 (Average)

D. Total average annual value of development program fund: $1,528,312 (Average)

E. Annual principal and interest payment of bonded indebtedness: $400,000

F. Financial assumptions and safeguards: The City of Portland is under no obligation to repay any bonds that would involve a pledge of the City's full faith and credit.

VI. Tax Shifts (See Revised Exhibit 2)

A. Average Annual Amount:

General Purpose Aid to Education Tax Shift: $530,331

Municipal Revenue Sharing Tax Shift: $36,549

County Tax Shift: $34,468

Total Average Annual Savings: $601,349

VII. Municipal Approvals

A. Public Hearing Notice

The City of Portland did giver proper Notice of Public Hearing in accordance with the requirements of 30-A M.R.S.A. §5226(1). The notice was published on _____, 2018, in a newspaper of general circulation (see new Exhibit 8).

B. *Public Hearing*

A Public Hearing at which the proposed Amended Bayside Municipal Tax Increment Financing District was discussed was held on _____, 2018, in the Portland

City Council Chambers. A copy of the minutes of that meeting is included as new Exhibit 9.

C. Authorizing Votes

An attested copy of the resolution of the Portland City Council designating the Amended Municipal TIF district created for the implementation of the Bayside Redevelopment Program is included as new Exhibit 10.

D. Assessor's Certification

An attested copy of the certification by the City of Portland Tax Assessor as to the revised Original Assessed Value of the expanded Bayside Municipal Tax Increment Financing District is included as Exhibit 11.

City of Portland - Bayside TIF Model

Total OAV ao 4/1/2001:	$1,608,190
Total OAV ao 4/1/2006:	$44,066,380
Total OAV ao of 4/1/2013:	$122,318,180

Note: These numbers are actuals through FY2019 (Tax Year 4/1/2018); estimates for FY2020 through End of FY2033 (Tax Year 4/1/2032).
9/7/2018

Bayside TIF

TIF Years 1 (FY2004) through 16 (FY2019) Actual Numbers; Years 17 (FY2020) through 30 (FY2033) Estimates

TIF Year	Tax Year-April 1	City Fiscal Year	Increased Assessed Value Real Prop.	% of Value Captured	Captured Valuation	Projected Mill Rate	Total Projected New Taxes Captured	Captured Revenue to Municipal Project and CEAs Account	City Non-Captured General Fund Revenues	OAV General Fund Revenue	Captured Revenue to Municipal Project Account	Capture Revenue to CEAs	
1	2003	FY2003/2004	$5,468,950	1.00%	$54,690	26.80	$1,466	$1,466	$145,102	$43,099	$1,466		
2	2004	FY2004/2005	$7,295,740	1.00%	$72,957	26.53	$1,936	$1,936	$191,620	$42,665	$1,936		
3	2005	FY2005/2006	$9,171,480	54.16%	$4,967,274	20.13	$99,991	$99,991	$84,631	$32,373	$99,991		
4	2006	FY2006/2007	$11,052,960	27.74%	$3,066,091	16.31	$50,008	$50,008	$130,266	$718,723	$50,008		
5	2007	FY2007/2008	$23,657,250	1.00%	$236,573	17.10	$4,045	$4,045	$400,494	$753,535	$4,045		
6	2008	FY2008/2009	$49,496,900	100.00%	$49,496,900	17.74	$878,075	$878,075	$0	$781,738	$452,194	$425,881	
7	2009	FY2009/2010	$69,217,260	78.00%	$53,989,463	17.74	$957,773	$957,773	$270,141	$781,738	$602,773	$355,000	
8	2010	FY2010/2011	$68,355,920	71.00%	$48,532,703	17.92	$869,706	$869,706	$355,232	$789,670	$395,064	$474,642	
9	2011	FY2011/2012	$62,808,110	73.00%	$45,849,920	18.28	$838,137	$838,137	$309,996	$805,533	$483,137	$355,000	
10	2012	FY2012/2013	$66,477,790	47.00%	$31,244,561	18.82	$588,023	$588,023	$663,089	$829,329	$141,688	$446,335	
11	2013	FY2013/2014	$65,716,350	97.72%	$64,218,017	19.41	$1,246,472	$1,246,472	$29,083	$855,328	$800,235	$446,237	
12	2014	FY2014/2015	$65,131,890	83.00%	$54,059,469	20.00	$1,081,189	$1,081,189	$221,448	$881,328	$634,952	$446,237	
13	2015	FY2015/2016	$67,362,090	54.58%	$36,766,229	20.63	$758,487	$758,487	$631,193	$2,523,424	$294,738	$463,749	
14	2016	FY2016/2017	$70,121,790	54.97%	$38,545,948	21.11	$813,705	$813,705	$666,566	$2,582,137	$349,899	$463,806	
15	2017	FY2017/2018	$82,037,690	58.27%	$47,803,362	21.65	$1,034,943	$1,034,943	$741,173	$2,648,189	$571,631	$463,312	
16	2018	FY2018/2019	$80,301,620	63.27%	$50,806,835	22.48	$1,142,138	$1,142,138	$663,043	$2,749,713	$817,138	$325,000	**Actual Above This Line**
17	2019	FY2019/2020	$82,327,818	100.00%	$82,327,818	22.93	$1,887,744	$1,887,744	$0	$2,804,707	$1,562,744	$325,000	**Estimates Below This Line**
18	2020	FY2020/2021	$84,374,278	100.00%	$84,374,278	23.39	$1,973,362	$1,973,362	$0	$2,860,801	$1,648,362	$325,000	
19	2021	FY2021/2022	$86,441,203	100.00%	$86,441,203	23.86	$2,062,138	$2,062,138	$0	$2,918,017	$1,737,138	$325,000	
20	2022	FY2022/2023	$88,528,796	100.00%	$88,528,796	24.33	$2,154,178	$2,154,178	$0	$2,976,377	$1,829,178	$325,000	
21	2023	FY2023/2024	$90,637,266	100.00%	$90,637,266	24.82	$2,249,593	$2,249,593	$0	$3,035,905	$2,249,593		
22	2024	FY2024/2025	$92,766,821	100.00%	$92,766,821	25.32	$2,348,497	$2,348,497	$0	$3,096,623	$2,348,497		
23	2025	FY2025/2026	$94,917,671	100.00%	$94,917,671	25.82	$2,451,007	$2,451,007	$0	$3,158,556	$2,451,007		
24	2026	FY2026/2027	$97,090,029	100.00%	$97,090,029	26.34	$2,557,245	$2,557,245	$0	$3,221,727	$2,557,245		
25	2027	FY2027/2028	$99,284,111	100.00%	$99,284,111	26.87	$2,667,335	$2,667,335	$0	$3,286,161	$2,667,335		
26	2028	FY2028/2029	$101,500,134	100.00%	$101,500,134	27.40	$2,781,408	$2,781,408	$0	$3,351,884	$2,781,408		
27	2029	FY2029/2030	$103,738,317	100.00%	$103,738,317	27.95	$2,899,595	$2,899,595	$0	$3,418,922	$2,899,595		
28	2030	FY2030/2031	$105,998,882	100.00%	$105,998,882	28.51	$3,022,036	$3,022,036	$0	$3,487,301	$3,022,036		
29	2031	FY2031/2032	$108,282,053	100.00%	$108,282,053	29.08	$3,148,872	$3,148,872	$0	$3,557,047	$3,148,872		
30	2032	FY2032/2033	$110,588,055	100.00%	$110,588,055	29.66	$3,280,250	$3,280,250	$0	$3,628,187	$3,280,250		
30 Year TIF Total			**$2,150,149,224**		**$1,876,186,426**		**$45,849,352**	**$45,849,352**	**$5,503,077**	**$62,620,736**	**$39,884,153**	**$5,965,199**	
30 Year Average			**$71,671,641**		**$62,539,548**		**$1,528,312**	**$1,528,312**	**$183,436**	**$2,087,358**	**$1,329,472**	**$198,840**	

City of Portland Bayside TIF Model
9/7/2018

Tax Shifts-Avoided Formula Impacts from Sheltering of Valuation: City of Portland- Bayside TIF Model

TIF Years 1 (FY2004) through 16 (FY2019) Actual Numbers with Varying Percentage Captures; Years 17 (FY2020) through 30 (FY2033) Estimates at 100% Capture

					Avoided Formula Impacts from Sheltering of Valuation			
TIF Year	Tax Year-April 1	City Fiscal Year	Total Added Valuation	Sheltered Valuation	Avoided Loss of State Aid to for Education	Avoided Loss of State Municipal Revenue Sharing	Avoided Increase in County Tax	Total Avoided Impacts
1	2003	FY2003/2004	$5,468,950	$54,690	$0	$32	$30	$62
2	2004	FY2004/2005	$7,295,740	$72,957	$0	$43	$40	$83
3	2005	FY2005/2006	$9,171,480	$4,967,274	$0	$2,906	$2,742	$5,649
4	2006	FY2006/2007	$11,052,960	$3,066,091	$13,046	$1,794	$1,693	$16,533
5	2007	FY2007/2008	$23,657,250	$236,573	$2,013	$138	$131	$2,282
6	2008	FY2008/2009	$49,496,900	$49,496,900	$421,219	$28,959	$27,300	$477,478
7	2009	FY2009/2010	$69,217,260	$53,989,463	$459,450	$31,587	$29,775	$520,813
8	2010	FY2010/2011	$68,355,920	$48,532,703	$413,013	$28,395	$26,769	$468,177
9	2011	FY2011/2012	$62,808,110	$45,849,920	$390,183	$26,825	$25,291	$442,299
10	2012	FY2012/2013	$66,477,790	$31,244,561	$265,891	$18,280	$17,240	$301,412
11	2013	FY2013/2014	$65,716,350	$64,218,017	$546,495	$37,572	$35,408	$619,475
12	2014	FY2014/2015	$65,131,890	$54,059,469	$460,046	$31,628	$29,814	$521,488
13	2015	FY2015/2016	$67,362,090	$36,766,229	$312,881	$21,511	$20,284	$354,676
14	2016	FY2016/2017	$70,121,790	$38,545,948	$328,026	$22,552	$21,266	$371,843
15	2017	FY2017/2018	$82,037,690	$47,803,362	$406,807	$27,968	$26,367	$461,142
16	2018	FY2018/2019	$80,301,620	$50,806,835	$432,366	$29,725	$28,022	$490,113
17	2019	FY2019/2020	$82,327,818	$82,327,818	$700,610	$48,167	$45,375	$794,152
18	2020	FY2020/2021	$84,374,278	$84,374,278	$718,025	$49,365	$46,500	$813,890
19	2021	FY2021/2022	$86,441,203	$86,441,203	$735,615	$49,365	$47,637	$832,616
20	2022	FY2022/2023	$88,528,796	$88,528,796	$753,380	$51,795	$48,785	$853,961
21	2023	FY2023/2024	$90,637,266	$90,637,266	$771,323	$53,029	$49,945	$874,297
22	2024	FY2024/2025	$92,766,821	$92,766,821	$789,446	$54,275	$51,116	$894,836
23	2025	FY2025/2026	$94,917,671	$94,917,671	$807,749	$55,533	$52,298	$915,581
24	2026	FY2026/2027	$97,090,029	$97,090,029	$826,236	$56,804	$53,493	$936,533
25	2027	FY2027/2028	$99,284,111	$99,284,111	$844,908	$58,088	$54,699	$957,695
26	2028	FY2028/2029	$101,500,134	$101,500,134	$863,766	$59,384	$55,917	$979,067
27	2029	FY2029/2030	$103,738,317	$103,738,317	$882,813	$60,694	$57,147	$1,000,654
28	2030	FY2030/2031	$105,998,882	$105,998,882	$902,050	$62,016	$58,389	$1,022,456
29	2031	FY2031/2032	$108,282,053	$108,282,053	$921,480	$63,352	$59,644	$1,044,476
30	2032	FY2032/2033	$110,588,055	$110,588,055	$941,104	$64,701	$60,911	$1,066,717
30 Year TIF Total			**$2,150,149,224**	**$1,876,186,426**	**$15,909,942**	**$1,096,484**	**$1,034,030**	**$18,040,457**
30 Year Average			**$71,671,641**	**$62,539,548**	**$530,331**	**$36,549**	**$34,468**	**$601,349**

Portland, Maine Yes. Life's good here.

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: **Economic Development Committee**

FROM: **Greg Mitchell**
Brendan O'Connell

DATE: **September 11, 2018**

SUBJECT: **Proposed Amendments to City Downtown Transit Oriented Development Area-wide Tax Increment Financing District**

I. ONE SENTENCE SUMMARY

A public hearing will be held at the September 18, 2018 EDC meeting for a vote, in the form of a recommendation to the City Council, to approve the Proposed Amendments to the Downtown Transit Oriented Development Tax Increment Financing (TIF) District.

II. AGENDA DESCRIPTION

Amendments to the Downtown Transit Oriented Development TIF District are proposed to maximize utilization of the TIF District revenue by adding more public investment options for use of TIF revenue, along with increasing the TIF District Annual Capture Rate from 22% to 100%. It is noted that the City staff proposed amendments do not involve credit enhancement agreements.

III. BACKGROUND

Downtown Transit (Existing and Proposed Amendments)

Geography. 421.52 acres generally bounded by State Street, Bayside TIF District and I-295, Washington Avenue, and the Waterfront TIF District.

TIF Term. Fiscal Years 2016-2045

Overview of TIF District Expenditures to Date.

Downtown TOD TIF Expenditures from FY2016 thru FY2018	
Uses	**Expenditures**
Public Infrastructure	$346,595
Creative Portland	$300,000
Staff	$20,000
Total Invested:	**$666,595**

Existing and Proposed Amendments to Uses of Revenue. See attached Downtown Transit TIF District Program which shows existing and proposed amendments to allowable uses of TIF District revenue in a strike through and underline format.

Capture Rates

>Existing. 22%

>Proposed. 100%. City staff's recommendation is to increase the "allowable" capture to enable maximum use of TIF revenue. It is noted that increasing the "allowable" capture rate does not require the City to annually capture the full amount. Final decisions related to use of TIF revenue are made annually through the City budget process.

There are no proposed changes to the geography of the Downtown Transit TIF District.

IV. INTENDED RESULT AND/OR COUNCIL GOAL ADDRESSED

City Council approval of the proposed amendments to the Downtown Transit Oriented Development TIF District to support increased private sector investment and associated job creation.

V. FINANCIAL IMPACT

TIF District Estimates. See attached spreadsheets for estimates of property tax revenue and funds available to the General Fund. Tax projections are provided for 22% and 100% TIF capture rates for the remainder of the Downtown Transit TIF District term.

Tax Shelter (Financial Benefits). Probably the most important, but least understood public benefit associated with TIF districts, is the tax shelter or local financial benefits.

Municipalities realize "savings" from the tax sheltering effect of TIF Districts. The following direct financial impacts occur when municipal valuation increases:

A. State Education Aid is reduced,
B. State Municipal Revenue Sharing is reduced, and
C. A municipality pays a higher percentage of the County budget.

This amount of "savings" is significant and one of the most important benefits of establishing TIF Districts.

For Portland, tax shelter savings is conservatively estimated at 30%, meaning that for every new tax dollar, Portland saves 30 cents which would otherwise be lost for property tax value not included in a TIF District. The estimated tax shelter savings for the remainder of the Downtown Transit TIF District term is as follows:

22% - $18,600,000, or $715,000 Annually
100% - $84,500,000 or $3,250,000 Annually

Net Impact to the General Fund

The savings referenced above is a direct benefit to the general fund – both to the City and the School Department via an increase in revenue from the State of Maine for education, increased revenues for the City from municipal revenue sharing, and decreased expenses for county tax. It is important to note that whenever the TIF capture rate is adjusted upward there will change in how property tax revenue flows between the general fund and the area TIFs. Via careful TIF budgeting, subject to annual budget approval by City Council, certain types of approved expenditures can be moved from the general fund into area TIFs. If the impact of the revenue shift is able to be fully offset the end result is the 30 cent savings on the dollar. A good example is what was done in the FY19 budget. TIF capture rates were adjusted upward by approximately 5% in the Waterfront and Bayside TIF. Although this resulted in slightly less revenue to the general fund, expenses related to Economic Development Department staff, in an amount approximately equal to the revenue shift, were shifted into the TIF. The net result was an increased capture rate in both TIFs, more sheltering savings (approximately 30% in benefits) and no other negative impact on the City or School budgets. It is this type of calculated TIF budgeting which is expected to continue to be utilized moving forward to increase capture rates, maximize sheltering, and ensure only positive impacts to the City and School budgets.

VI. STAFF ANALYSIS AND RECOMMENDATION

City staff recommends approval of the proposed amendments to the Downtown Transit Oriented TIF District.

VII. LIST ATTACHMENTS

- Updated Spreadsheets for Actual and Estimated TIF Revenue and Tax Shelter Savings
- Marked Revision and Clean Version of TIF Narrative and updated Spreadsheets; additional attachments noted in the Narrative are available upon request.

City of Portland - Downtown TOD TIF Model
Actual IAV FY2016 through FY2019
Estimates FY2020 through FY2045

Annual mil rate increase FY2020 through FY2045: 2%
Annual valuation increase FY2020 through FY2045: 1%

Original Assessed Value ao 4/1/2013: $968,136,850

9/6/2018

City of Portland - Downtown TOD TIF Projection Table

TIF Year	Tax Year- April 1	City Fiscal Year	Increased Assessed Value Real Prop.	% of Value Captured	Captured Valuation	Projected Mill Rate	Total Projected New Taxes Captured	Captured Revenue to Business Project Account	Captured Revenue to Municipal Project Account	City Non-Captured General Fund Revenues	OAV General Fund Revenue	
1	2015	FY2015/2016	$72,245,340	12.00%	$8,669,441	20.63	$178,851	$0	$178,851	$1,311,571	$19,972,663	
2	2016	FY2016/2017	$84,092,870	22.00%	$18,500,431	21.11	$390,544	$0	$390,544	$1,384,656	$20,437,369	
3	2017	FY2017/2018	$126,688,910	22.00%	$27,871,560	21.65	$603,419	$0	$603,419	$2,139,396	$20,960,163	
4	2018	FY2018/2019	$169,840,880	22.00%	$37,364,994	22.48	$839,965	$0	$839,965	$2,978,058	$21,763,716	Actuals Above
5	2019	FY2019/2020	$181,220,655	22.00%	$39,868,544	22.93	$914,170	$0	$914,170	$3,241,147	$22,198,991	Estimates Below
6	2020	FY2020/2021	$192,714,227	22.00%	$42,397,130	23.39	$991,592	$0	$991,592	$3,515,645	$22,642,971	
7	2021	FY2021/2022	$204,322,735	22.00%	$44,951,002	23.86	$1,072,349	$0	$1,072,349	$3,801,965	$23,095,830	
8	2022	FY2022/2023	$216,047,328	22.00%	$47,530,412	24.33	$1,156,561	$0	$1,156,561	$4,100,535	$23,557,747	
9	2023	FY2023/2024	$227,889,167	22.00%	$50,135,617	24.82	$1,244,353	$0	$1,244,353	$4,411,796	$24,028,901	
10	2024	FY2024/2025	$239,849,425	22.00%	$52,766,873	25.32	$1,335,853	$0	$1,335,853	$4,736,206	$24,509,479	
11	2025	FY2025/2026	$251,929,285	22.00%	$55,424,443	25.82	$1,431,195	$0	$1,431,195	$5,074,237	$24,999,669	
12	2026	FY2026/2027	$264,129,943	22.00%	$58,108,588	26.34	$1,530,516	$0	$1,530,516	$5,426,376	$25,499,662	
13	2027	FY2027/2028	$276,452,609	22.00%	$60,819,574	26.87	$1,633,959	$0	$1,633,959	$5,793,128	$26,009,656	
14	2028	FY2028/2029	$288,898,501	22.00%	$63,557,670	27.40	$1,741,670	$0	$1,741,670	$6,175,014	$26,529,849	
15	2029	FY2029/2030	$301,468,851	22.00%	$66,323,147	27.95	$1,853,802	$0	$1,853,802	$6,572,570	$27,060,446	
16	2030	FY2030/2031	$314,164,906	22.00%	$69,116,279	28.51	$1,970,510	$0	$1,970,510	$6,986,355	$27,601,655	
17	2031	FY2031/2032	$326,987,921	22.00%	$71,937,343	29.08	$2,091,958	$0	$2,091,958	$7,416,941	$28,153,688	
18	2032	FY2032/2033	$339,939,166	22.00%	$74,786,616	29.66	$2,218,312	$0	$2,218,312	$7,864,924	$28,716,762	
19	2033	FY2033/2034	$353,019,923	22.00%	$77,664,383	30.26	$2,349,745	$0	$2,349,745	$8,330,915	$29,291,097	
20	2034	FY2034/2035	$366,231,488	22.00%	$80,570,927	30.86	$2,486,437	$0	$2,486,437	$8,815,549	$29,876,919	
21	2035	FY2035/2036	$379,575,169	22.00%	$83,506,537	31.48	$2,628,571	$0	$2,628,571	$9,319,479	$30,474,457	
22	2036	FY2036/2037	$393,052,286	22.00%	$86,471,503	32.11	$2,776,338	$0	$2,776,338	$9,843,382	$31,083,946	
23	2037	FY2037/2038	$406,664,175	22.00%	$89,466,118	32.75	$2,929,936	$0	$2,929,936	$10,387,956	$31,705,625	
24	2038	FY2038/2039	$420,412,182	22.00%	$92,490,680	33.40	$3,089,568	$0	$3,089,568	$10,953,922	$32,339,738	
25	2039	FY2039/2040	$434,297,670	22.00%	$95,545,487	34.07	$3,255,443	$0	$3,255,443	$11,542,025	$32,986,532	
26	2040	FY2040/2041	$448,322,013	22.00%	$98,630,843	34.75	$3,427,779	$0	$3,427,779	$12,153,035	$33,646,263	
27	2041	FY2041/2042	$462,486,598	22.00%	$101,747,052	35.45	$3,606,800	$0	$3,606,800	$12,787,746	$34,319,188	
28	2042	FY2042/2043	$476,792,830	22.00%	$104,894,423	36.16	$3,792,738	$0	$3,792,738	$13,446,980	$35,005,572	
29	2043	FY2043/2044	$491,242,124	22.00%	$108,073,267	36.88	$3,985,831	$0	$3,985,831	$14,131,583	$35,705,684	
30	2044	FY2044/2045	$505,835,911	22.00%	$111,283,900	37.62	$4,186,327	$0	$4,186,327	$14,842,431	$36,419,797	
30 Year TIF Total			**$9,216,815,087**		**$2,020,474,785**		**$61,715,093**	**$0**	**$61,715,093**	**$219,485,523**	**$830,594,035**	
30 Year TIF Average			**$307,227,170**		**$67,349,160**		**$2,057,170**	**$0**	**$2,057,170**	**$7,316,184**	**$27,686,468**	

Tax Shifts-Avoided Formula Impacts from Sheltering of Valuation: City of Portland- TIF Model

30 years: Year 1 - 12% to Municipal Project Account, 88% to City General Fund; Years 2 through 30: 12% to Municipal Project Account, 78% to City General Fund

					Avoided Formula Impacts from Sheltering of Valuation			
TIF Year	Tax Year- April 1	City Fiscal Year	Total Added Valuation	Sheltered Valuation	Avoided Loss of State Aid to for Education	Avoided Loss of State Municipal Revenue Sharing	Avoided Increase in County Tax	Total Avoided Impacts
1	2015	FY2015/2016	$72,245,340	$8,669,441	$0	$5,072	$4,786	$9,858
2	2016	FY2016/2017	$84,092,870	$18,500,431	$0	$10,824	$10,211	$21,035
3	2017	FY2017/2018	$126,688,910	$27,871,560	$0	$16,307	$15,380	$31,687
4	2018	FY2018/2019	$169,840,880	$37,364,994	$158,988	$21,861	$20,615	$201,464
5	2019	FY2019/2020	$181,220,655	$39,868,544	$339,281	$23,326	$21,995	$384,602
6	2020	FY2020/2021	$192,714,227	$42,397,130	$360,800	$24,805	$23,388	$408,993
7	2021	FY2021/2022	$204,322,735	$44,951,002	$382,533	$26,299	$24,796	$433,628
8	2022	FY2022/2023	$216,047,328	$47,530,412	$404,484	$27,808	$26,217	$458,509
9	2023	FY2023/2024	$227,889,167	$50,135,617	$426,654	$29,333	$27,652	$483,639
10	2024	FY2024/2025	$239,849,425	$52,766,873	$449,046	$30,872	$29,102	$509,020
11	2025	FY2025/2026	$251,929,285	$55,424,443	$471,662	$32,427	$30,566	$534,655
12	2026	FY2026/2027	$264,129,943	$58,108,588	$494,504	$33,997	$32,044	$560,545
13	2027	FY2027/2028	$276,452,609	$60,819,574	$517,575	$35,583	$33,537	$586,695
14	2028	FY2028/2029	$288,898,501	$63,557,670	$540,876	$37,185	$35,044	$613,106
15	2029	FY2029/2030	$301,468,851	$66,323,147	$564,410	$38,803	$36,567	$639,780
16	2030	FY2030/2031	$314,164,906	$69,116,279	$588,180	$40,438	$38,104	$666,722
17	2031	FY2031/2032	$326,987,921	$71,937,343	$612,187	$42,088	$39,657	$693,932
18	2032	FY2032/2033	$339,939,166	$74,786,616	$636,434	$43,755	$41,225	$721,415
19	2033	FY2033/2034	$353,019,923	$77,664,383	$660,924	$43,755	$42,809	$747,488
20	2034	FY2034/2035	$366,231,488	$80,570,927	$685,659	$47,139	$44,408	$777,206
21	2035	FY2035/2036	$379,575,169	$83,506,537	$710,641	$48,857	$46,023	$805,520
22	2036	FY2036/2037	$393,052,286	$86,471,503	$735,872	$50,592	$47,654	$834,118
23	2037	FY2037/2038	$406,664,175	$89,466,118	$761,357	$52,344	$49,301	$863,001
24	2038	FY2038/2039	$420,412,182	$92,490,680	$787,096	$54,113	$50,964	$892,173
25	2039	FY2039/2040	$434,297,670	$95,545,487	$813,092	$55,900	$52,644	$921,636
26	2040	FY2040/2041	$448,322,013	$98,630,843	$839,348	$57,706	$54,340	$951,394
27	2041	FY2041/2042	$462,486,598	$101,747,052	$865,867	$59,529	$56,053	$981,449
28	2042	FY2042/2043	$476,792,830	$104,894,423	$892,652	$61,370	$57,782	$1,011,804
29	2043	FY2043/2044	$491,242,124	$108,073,267	$919,704	$63,230	$59,529	$1,042,463
30	2044	FY2044/2045	$505,835,911	$111,283,900	$947,026	$65,108	$61,293	$1,073,428
30 Year TIF Total			**$9,216,815,087**	**$2,020,474,785**	**$16,566,850**	**$1,180,428**	**$1,113,685**	**$18,860,963**
30 Year TIF Avg.			**$307,227,170**	**$67,349,160**	**$552,228**	**$39,348**	**$37,123**	**$628,699**

City of Portland - Downtown TOD TIF Model
Actual IAV FY2016 through FY2019
Estimates FY2020 through FY2045

Annual mil rate increase FY2020 through FY2045: 2%
Annual valuation increase FY2020 through FY2045: 1%

Original Assessed Value ao 4/1/2013: $968,136,850

9/6/2018

City of Portland - Downtown TOD TIF Projection Table

TIF Year	Tax Year-April 1	City Fiscal Year	Increased Assessed Value Real Prop.	% of Value Captured	Captured Valuation	Projected Mill Rate	Total Projected New Taxes Captured	Captured Revenue to Business Project Account	Captured Revenue to Municipal Project Account	City Non-Captured General Fund Revenues	OAV General Fund Revenue	
1	2015	FY2015/2016	$72,245,340	12.00%	$8,669,441	20.63	$178,851	$0	$178,851	$1,311,571	$19,972,663	
2	2016	FY2016/2017	$84,092,870	22.00%	$18,500,431	21.11	$390,544	$0	$390,544	$1,384,656	$20,437,369	
3	2017	FY2017/2018	$126,688,910	22.00%	$27,871,560	21.65	$603,419	$0	$603,419	$2,139,396	$20,960,163	
4	2018	FY2018/2019	$169,840,880	22.00%	$37,364,994	22.48	$839,965	$0	$839,965	$2,978,058	$21,763,716	Actuals Above
5	2019	FY2019/2020	$181,220,655	100.00%	$181,220,655	22.93	$4,155,317	$0	$4,155,317	$0	$22,198,991	Estimates Below
6	2020	FY2020/2021	$192,714,227	100.00%	$192,714,227	23.39	$4,507,237	$0	$4,507,237	$0	$22,642,971	
7	2021	FY2021/2022	$204,322,735	100.00%	$204,322,735	23.86	$4,874,314	$0	$4,874,314	$0	$23,095,830	
8	2022	FY2022/2023	$216,047,328	100.00%	$216,047,328	24.33	$5,257,096	$0	$5,257,096	$0	$23,557,747	
9	2023	FY2023/2024	$227,889,167	100.00%	$227,889,167	24.82	$5,656,149	$0	$5,656,149	$0	$24,028,901	
10	2024	FY2024/2025	$239,849,425	100.00%	$239,849,425	25.32	$6,072,060	$0	$6,072,060	$0	$24,509,479	
11	2025	FY2025/2026	$251,929,285	100.00%	$251,929,285	25.82	$6,505,432	$0	$6,505,432	$0	$24,999,669	
12	2026	FY2026/2027	$264,129,943	100.00%	$264,129,943	26.34	$6,956,893	$0	$6,956,893	$0	$25,499,662	
13	2027	FY2027/2028	$276,452,609	100.00%	$276,452,609	26.87	$7,427,088	$0	$7,427,088	$0	$26,009,656	
14	2028	FY2028/2029	$288,898,501	100.00%	$288,898,501	27.40	$7,916,684	$0	$7,916,684	$0	$26,529,849	
15	2029	FY2029/2030	$301,468,851	100.00%	$301,468,851	27.95	$8,426,372	$0	$8,426,372	$0	$27,060,446	
16	2030	FY2030/2031	$314,164,906	100.00%	$314,164,906	28.51	$8,956,865	$0	$8,956,865	$0	$27,601,655	
17	2031	FY2031/2032	$326,987,921	100.00%	$326,987,921	29.08	$9,508,899	$0	$9,508,899	$0	$28,153,688	
18	2032	FY2032/2033	$339,939,166	100.00%	$339,939,166	29.66	$10,083,236	$0	$10,083,236	$0	$28,716,762	
19	2033	FY2033/2034	$353,019,923	100.00%	$353,019,923	30.26	$10,680,660	$0	$10,680,660	$0	$29,291,097	
20	2034	FY2034/2035	$366,231,488	100.00%	$366,231,488	30.86	$11,301,985	$0	$11,301,985	$0	$29,876,919	
21	2035	FY2035/2036	$379,575,169	100.00%	$379,575,169	31.48	$11,948,050	$0	$11,948,050	$0	$30,474,457	
22	2036	FY2036/2037	$393,052,286	100.00%	$393,052,286	32.11	$12,619,720	$0	$12,619,720	$0	$31,083,946	
23	2037	FY2037/2038	$406,664,175	100.00%	$406,664,175	32.75	$13,317,892	$0	$13,317,892	$0	$31,705,625	
24	2038	FY2038/2039	$420,412,182	100.00%	$420,412,182	33.40	$14,043,490	$0	$14,043,490	$0	$32,339,738	
25	2039	FY2039/2040	$434,297,670	100.00%	$434,297,670	34.07	$14,797,468	$0	$14,797,468	$0	$32,986,532	
26	2040	FY2040/2041	$448,322,013	100.00%	$448,322,013	34.75	$15,580,814	$0	$15,580,814	$0	$33,646,263	
27	2041	FY2041/2042	$462,486,598	100.00%	$462,486,598	35.45	$16,394,547	$0	$16,394,547	$0	$34,319,188	
28	2042	FY2042/2043	$476,792,830	100.00%	$476,792,830	36.16	$17,239,718	$0	$17,239,718	$0	$35,005,572	
29	2043	FY2043/2044	$491,242,124	100.00%	$491,242,124	36.88	$18,117,414	$0	$18,117,414	$0	$35,705,684	
30	2044	FY2044/2045	$505,835,911	100.00%	$505,835,911	37.62	$19,028,757	$0	$19,028,757	$0	$36,419,797	
30 Year TIF Total			**$9,216,815,087**		**$8,856,353,513**		**$273,386,936**	**$0**	**$273,386,936**	**$7,813,681**	**$830,594,035**	
30 Year TIF Average			**$307,227,170**		**$295,211,784**		**$9,112,898**	**$0**	**$9,112,898**	**$260,456**	**$27,686,468**	

City of Portland - Downtown TOD TIF Model
Actual FY2016 through FY2019
Estimates FY2020 through FY2045

Annual mil rate increase FY2020 through FY2045:	2%
Annual valuation increase FY2020 through FY2045:	1%
Original Assessed Value ao 4/1/2013:	$968,136,850

Tax Shifts-Avoided Formula Impacts from Sheltering of Valuation: City of Portland- TIF Model

30 years: Year 1 - 12% to Municipal Project Account, 88% to City General Fund; Years 2 through 4: 12% to Municipal Project Account, 78% to City General Fund; Years 5 through 30: 100% to Municipal Project Account

					Avoided Formula Impacts from Sheltering of Valuation			
TIF Year	Tax Year-April 1	City Fiscal Year	Total Added Valuation	Sheltered Valuation	Avoided Loss of State Aid to for Education	Avoided Loss of State Municipal Revenue Sharing	Avoided Increase in County Tax	Total Avoided Impacts
1	2015	FY2015/2016	$72,245,340	$8,669,441	$0	$5,072	$4,786	$9,858
2	2016	FY2016/2017	$84,092,870	$18,500,431	$0	$10,824	$10,211	$21,035
3	2017	FY2017/2018	$126,688,910	$27,871,560	$0	$16,307	$15,380	$31,687
4	2018	FY2018/2019	$169,840,880	$37,364,994	$158,988	$21,861	$20,615	$201,464
5	2019	FY2019/2020	$181,220,655	$181,220,655	$1,542,188	$106,026	$99,656	$1,747,869
6	2020	FY2020/2021	$192,714,227	$192,714,227	$1,639,998	$112,751	$105,948	$1,858,697
7	2021	FY2021/2022	$204,322,735	$204,322,735	$1,738,786	$119,542	$112,301	$1,970,630
8	2022	FY2022/2023	$216,047,328	$216,047,328	$1,838,563	$126,402	$118,714	$2,083,679
9	2023	FY2023/2024	$227,889,167	$227,889,167	$1,939,337	$133,330	$125,187	$2,197,854
10	2024	FY2024/2025	$239,849,425	$239,849,425	$2,041,119	$140,328	$131,722	$2,313,168
11	2025	FY2025/2026	$251,929,285	$251,929,285	$2,143,918	$147,395	$138,318	$2,429,632
12	2026	FY2026/2027	$264,129,943	$264,129,943	$2,247,746	$154,534	$144,977	$2,547,256
13	2027	FY2027/2028	$276,452,609	$276,452,609	$2,352,612	$161,743	$151,698	$2,666,053
14	2028	FY2028/2029	$288,898,501	$288,898,501	$2,458,526	$169,025	$158,483	$2,786,034
15	2029	FY2029/2030	$301,468,851	$301,468,851	$2,565,500	$176,379	$165,332	$2,907,211
16	2030	FY2030/2031	$314,164,906	$314,164,906	$2,673,543	$183,807	$172,246	$3,029,596
17	2031	FY2031/2032	$326,987,921	$326,987,921	$2,782,667	$191,310	$179,224	$3,153,201
18	2032	FY2032/2033	$339,939,166	$339,939,166	$2,892,882	$198,887	$186,268	$3,278,038
19	2033	FY2033/2034	$353,019,923	$353,019,923	$3,004,200	$198,887	$193,379	$3,396,466
20	2034	FY2034/2035	$366,231,488	$366,231,488	$3,116,630	$214,270	$200,556	$3,531,456
21	2035	FY2035/2036	$379,575,169	$379,575,169	$3,230,185	$222,077	$207,801	$3,660,063
22	2036	FY2036/2037	$393,052,286	$393,052,286	$3,344,875	$229,962	$215,114	$3,789,951
23	2037	FY2037/2038	$406,664,175	$406,664,175	$3,460,712	$237,926	$222,496	$3,921,133
24	2038	FY2038/2039	$420,412,182	$420,412,182	$3,577,708	$245,969	$229,947	$4,053,623
25	2039	FY2039/2040	$434,297,670	$434,297,670	$3,695,873	$254,093	$237,467	$4,187,433
26	2040	FY2040/2041	$448,322,013	$448,322,013	$3,815,220	$262,298	$245,058	$4,322,577
27	2041	FY2041/2042	$462,486,598	$462,486,598	$3,935,761	$270,585	$252,720	$4,459,067
28	2042	FY2042/2043	$476,792,830	$476,792,830	$4,057,507	$278,955	$260,454	$4,596,916
29	2043	FY2043/2044	$491,242,124	$491,242,124	$4,180,470	$287,409	$268,260	$4,736,140
30	2044	FY2044/2045	$505,835,911	$505,835,911	$4,304,664	$295,948	$276,139	$4,876,750
30 Year TIF Total			**$9,216,815,087**	**$8,856,353,513**	**$74,740,178**	**$5,173,902**	**$4,850,458**	**$84,764,538**
30 Year TIF Avg.			**$307,227,170**	**$295,211,784**	**$2,491,339**	**$172,463**	**$161,682**	**$2,825,485**

I. Introduction – Portland Downtown Transit Oriented Municipal Development and Omnibus Tax Increment Financing District Amendment #2

On February 19, 2015, the City of Portland (the "City") designated the Portland Downtown Transit Oriented Municipal Development and Omnibus Tax Increment Financing District (the "District") and adopted this Development Program (the "Development Program") for the District in an effort to fully realize the visions and goals of the City of Portland Downtown Revitalization Investment Plan ("Downtown Plan"); the Downtown Plan is attached as Exhibit A. The duration of this District will be 30 years beginning July 1, 2015 (Tax Year 4/1/2015; FY2015-16) ending June 30, 2045 (Tax Year 4/1/2044; FY2044-45).

a. District Amendment #1 Approved by MDECD February 27, 2018: The purpose of this District amendment ~~is~~ was to remove the parcel designated by the City Assessor as 22-F-1 at 54 Lancaster – a tax exempt parcel (so no value attributed to the Original Assessed Value) with approximately .48 acres, which will be turned into a free-standing Affordable Housing TIF District. Portland's amended District remained~~s~~ the same at approximately 422 acres and ~~is~~ bounded by Washington Avenue to the east, State Street to the west, following the edges of the adjacent Bayside and Waterfront Capital Improvement TIF Districts to the north and south. The District encompasses the central business district of Portland and the abutting east and west ends of the District. In creating the District, the outlying residential areas of the Eastern and Western Promenades have been purposely excluded.

b. Proposed District Amendment #2: District Amendment #2 is to increase the allowable uses for Municipal TIF Revenue and increase the percentage capture from 22% to 100%, all as more detailed in Section II below.

The Downtown Plan includes a listing of current projects and categories of future investment. It is recognized that meeting the infrastructure needs of Portland's downtown will be a dynamic process that will be updated locally on an annual basis or as needed. Though the specific public projects prioritized and undertaken from year to year will change, with the exception of this District funding up to $100,000 annually for the Creative Portland Corporation, categories of investment for the purpose of eligible uses of the TIF Revenues will remain consistent. Actual project selections and prioritization for funding will continue to be made on an annual basis during the City budget and Capital Improvements Plan (CIP) process, based on categories contained in Table 1 hereinbelow. The CIP is the document that presents the City's capital needs in the current year and plans for capital needs in future years. As a five year plan that is annually updated, the CIP is a dynamic planning document; the FY2015 to 2019 CIP document is included in the Downtown Plan as an appendice.

II. Development Program Narrative

A. The Development Program as Amended with Amendment #2

The Amended Development Program for the Downtown Transit Oriented Municipal Development and Omnibus TIF District is structured and proposed pursuant to Chapter 206 of Title 30-A of the Maine Revised TIF Statutes, as amended (the "TIF Statute")~~, and remains the same~~. The City's designation of the District, combined with the adoption of this Amended Development Program, creates a single municipal TIF district in order to capture the value of the real property improvements made within the District and enable the use of TIF revenues for various municipal and other development projects.

Under this Amended Development Program, the City ~~may~~ captured ~~up to~~ 12% in year one, ~~and up to~~ and 22% in years 2 through ~~30~~4. This Amended Development Program would now allow for the City to capture up to 100%~~,~~ of the new real property value located in the District for remainder of the term of the District, or through Tax Year April 1, 2044/City Fiscal Year 2044/2045.~~a total of thirty (30) years~~. The City may retain those tax revenues generated by the captured assessed value (the "TIF Revenues") to fund infrastructure improvements and other administrative costs, all as further described in Table 1 hereinbelow. The City reserves the right to capture less than the full 100~~12~~% in ~~year one and less than the 22% in~~ years ~~2~~5 through 30, depending on the then-current needs of the City with respect to the approved project costs. Any reduction in the captured value percentage shall adjust the amount of assessed value eligible for sheltering with respect to the tax shift benefit correspondingly. Although all TIF Revenues will be retained by the City at this time, the City reserves the right in the future to negotiate and execute commercial credit enhancement agreements pursuant to City Council approved TIF Policy as may be amended from time to time. CEAs would be limited, however, to the ~~of up to twenty years, or limited to the~~ balance of District term at that time.~~, and up to sixty-five percent (65%) of the TIF Revenues, within sole Council discretion.~~ Such future credit enhancement agreements would require a public hearing and City Council approval.

~~Proposed Amendments to City TIF Policy is attached as Exhibit B, and they were approved by the City Council on November 20, 2017. Amendments include allowing Affordable Housing TIF District credit enhancement agreements to have a maximum term allowed as 30 years (or if in this District limited to balance of District term at that time), and also allowing up to 75% capture for the term.~~

In designating the District and adopting this Amended Development Program, the City can accomplish the following goals:

- Maintain existing tax revenues;
- Invest in the Downtown public infrastructure;
- Invest in the Creative Portland Corporation annually;
- Invest in new and enhanced transit services;
- Enjoy enhanced future tax revenues generated by new development within the District; and
- Create long-term, stable employment opportunities for area residents because of these TIF investments.

In addition, by creating the District, the City will "shelter" the increase in municipal valuation that development in the District will bring about. This tax shift benefit mitigates the adverse effect that the District's increased assessed property value has upon the City's share of state aid to education, municipal revenue sharing, and its county tax assessment. An estimate of the tax shift benefits is shown in Revised Exhibit D-2 attached hereto.

The City's designation of the District and pursuit of this Amended Development Program constitute a good and valid public purpose pursuant to Chapter 206 of Title 30-A because it represents a substantial contribution to the economic well-being of both the City and the region by providing jobs, contributing to property taxes, and diversifying the region's economic base.

B. The Projects

Development within the District will provide a revenue source for the City's economic development projects. The City intends to use TIF Revenues to further its overall plan to attract and retain businesses that want to take advantage of Portland's business-friendly location, while offering their employees a rich, dynamic, and high quality of life. This includes funding of Creative Portland Corporation, of which the City of Portland is the Corporator, of up to $100,000 annually, as well as City plans to invest in its public infrastructure in these investment focus areas:

- Sidewalk and Other Pedestrian Enhancements
- Streetscape
- Lighting
- Street Alignment
- Utilities
- Bicycle Improvements
- Public Transit
- Wayfinding
- Multi-modal surface and structured parking
- Work force training
- Professional service costs
- Economic Development Department administrative costs and staff salaries, and prorated salaries of the City Manager, Finance Director, ~~and~~ Planning and Urban Development Director, and Planning staff.

The District projects at this time are highlighted in Table 1 below:

TABLE 1

NOTE 1: All Citations refer to Title 30-A, Chapter 206, Section 5225

NOTE 2: While this Amended Development Program lists particular projects, the Amended Development Program shall not serve as an appropriation of TIF Revenues for any of these specific purposes, nor shall it commit the City to completing any particular project. The projects will only be undertaken following proper appropriation through the annual budget process and any other applicable required approvals.

Project	Downtown Revitalization Plan Reference by page no.	Statutory Citation	Estimated Cost
In District: Capital Infrastructure Investments, including Financing Costs, for example:			
- Multi-modal surface and structured parking	19, 47	(1)(A)(1)(2)(3)(6)(7)	$1,000,000
- Sidewalk and Other Pedestrian Enhancements	19, 20~~5, 6, 7, 9~~, 34,35, 48	(1)(A)(1)(2)(3)(6)(7)	$200K annually; $6 Million over life of District
- Roadway Realignments/Paving	19,20~~5, 6~~,34,35	(1)(A)(1)(2)(3)(6)(7)	
- Crosswalks	19, 46	(1)(A)(1)(a)(i)	
- Traffic Signals	34, 46	(1)(A)(1)(2)(3)	
- Intersection Redesigns	19,20,34,35~~5, 6~~	(1)(A)(1)(2)(3)(6)(7)	
- Bicycle Infrastructure	19~~5~~, ~~9, 11~~34,47	(1)(A)(1)(a)(i)	
- Stormwater Management, including water and sewer upgrades	19~~5~~, 3~~4~~	(1)(A)(1)(2)(3)(6)(7)	
- Communications Infrastructure improvements/enhancements	19~~5~~, 36~~3~~	(1)(A)(1)(2)(3)(7)	
- Wayfinding (signage)	19~~5,9~~,23, 35~~3~~,47	(1)(A)(1)	
- Public plaza intersection improvements	22~~8~~, 46	(1)(A)(1)(2)(3)(6)(7)	
In and out of District: New and Enhanced Transit Services, including operational costs, for example (see Exhibit K – Transit Map):			
- Creation of high frequency bus service on Congress Street at 15-minute intervals between the Portland Transportation	~~3~~17, 20, 21, ~~6, 32, 33~~	(1)(A) and (1)(C)(7)	$110K annually; $3.3 Million over life of District

Center (PTC) and Washington Avenue; - Enhancing Stevens Avenue- Allen Avenue- Congress Street bus service areas; - Corresponding costs for these enhancements, including transit operator salaries; transit vehicle fuel, and transit vehicle parts replacements. - Transit capital costs including transit vehicles and related equipment; bus shelters and other related structures; benches; signs, and other transit-related infrastructure. - Shuttle service to downtown businesses.	20 20 20 17, 20	(1)(A)(1)(a) and (1)(C)(7) (1)(A)(1)(a) and (1)(C)(7) (1)(A)(1)(a) and (1)(C)(7) (1)(A)(1)(a) and (1)(C)(7)	T/B/D T/B/D T/B/D T/B/D
In and out of District: City Marketing and Promotion through Creative Portland Corporation (CPC), for example (see Exhibit M Arts District Map within Downtown TOD TIF District): - In District: Center for the Arts, including rental residential space; - In District: capital, financing, real property assembly and professional service costs; - **In and out of District:** CPC staffing, administrative and marketing expenses; revolving loan or investment fund.	20, 21,47~~7~~ 20, 21,47 20, 21, 47	(1)(C)(1)(2) (1)(C)(1)(2) (1)(C)(1)(2)	Up to $100K annually; $3 Million over life of District
In and out of District: - Economic Dev. Dept. administrative costs and staff salaries at 100%, and prorated salaries of City Manager, Finance Director, and Planning	21~~7~~, Also TIF App. P. 3	(1)(A)(5) and (1)(C)(1)	$250K annually; $7.5 Million over life of District

Urban Development Director, and Planning staff *;~~, including~~ - P~~p~~rofessional services costs; - Workforce training funds. Costs of services and equipment to provide skills development and training, including scholarships to in-state educational institutions or to online learning entities when in-state options are not available, for jobs created or retained.	See TIF App. P.3 See TIF App. P. 3	(1)(A)(4);(1)(C)(1) (1)(C)(4)	T/B/D T/B/D
In District: Small Public Capital Infrastructure and Equipment, for example (Downtown Plan pp. 6 and 7) - Parking meters - Vehicles for ~~Public Services Dept. (formerly~~ Public Works Dept.~~)~~, and Fire Dept., including ambulances	19~~7~~ 21, 36 to 44	(1)(A)(1)(a) (1)(A)(1)(a)	$100K
In District: Relocation of Displaced Persons (TIF Application, p. 6)	(see TIF application, p. 6)	1(A)(6)	Not budgeted/not anticipated at time of TIF application
In District: CEAs as Approved by City Council (TIF application p. 2)	(see TIF application p. 2)	(1)(A)(1)(2)(3)(6)(7)	Unknown at time of TIF application
Total Estimate of TIF Revenue Expenditure over 30 year term:			**$20~~19~~,900,000**

*This item is not unique to this TIF District, it is also included in the Bayside TIF District, Waterfront TIF District, and partially included Riverwalk TIF District.

C. Strategic Growth and Development

This Amended Development Program and the Downtown Plan meld various studies and plans for the District into one document, thereby promoting those studies and plans and making investments at the appropriate time. The studies and plans noted in the Downtown Plan represent a series of community initiatives, both completed and underway, or in planning process. The Amended Development Program and Project List (Table 1) noted hereinabove represents the best thinking of City staff about current opportunities for realizing the City's longstanding, evolving vision for its Downtown.

D. Improvements to the Public Infrastructure

As further set forth in Table 1 hereinabove, the City may use certain TIF Revenues for sidewalk and other pedestrian improvements including crosswalks, roadway realignments/paving, intersection redesigns, traffic signals, bicycle infrastructure, stormwater management improvements (including water and sewer maintenance), communications infrastructure improvements/enhancements, wayfinding, multi-modal surface and structured parking, and public plaza intersection improvements that are directly related and made necessary by development in the District.

E. Operational Components

1. **Public Facilities**

The City may use a portion of the TIF Revenues to fund certain projects approved within the District, outlined in Table 1 hereinabove.

2. **Commercial Improvements Financed through the Development Program**

At this time, no commercial improvements will be financed through the Development Program. The City may, in the future, reimburse a percentage of the TIF Revenues from any particular lot within the District to future developers through a credit enhancement agreement. Future credit enhancement agreements are authorized only if the City Council meets and holds a public hearing and votes to authorize, negotiate, and execute the credit enhancement agreement pursuant to City Council approved TIF Policy. Such credit enhancement agreements would be approved under the City's TIF Policy, as may be amended from time to time~~may provide a reimbursement of up to sixty-five percent (65%) of the TIF Revenue for up to twenty (20) years in the District~~, but limited to the balance of the term of this District.

3. **Relocation of Displaced Persons**

It is not anticipated that any persons will be relocated; however, the City has provided that if, in the future, relocation of persons is necessary to accommodate future redevelopment within the District, the one-time relocation costs of such displaced persons can be paid for with TIF Revenues, exclusive of rent.

4. **Transportation Improvements**

The City may fund road/transportation improvements made necessary by the increased traffic to the District. Please see Table 1 hereinabove for more details.

5. **Environmental Controls**

The improvements made under this Development Program will meet or exceed all federal, state, and local environmental laws, regulations, and ordinances and will comply with all applicable land use requirements for the City.

6. **Plan of Operation**

During the term of the District, the City Manager or his designee will be responsible for all administrative matters within the purview of the City concerning the implementation and operation of the District.

III. Physical Description

The 422-acre District is bounded by Washington Avenue to the east, State Street to the west, following the edges of the adjacent Bayside and Waterfront Capital Improvement TIF Districts to the north and south. The District encompasses the central business district of Portland and the abutting east and west ends of the District. In creating the District, the outlying residential areas of the Eastern and Western Promenades have been purposely excluded. The ~~amended~~ District is shown on Exhibit C. The statutory threshold limits addressing the conditions for approval mandated by 30-A M.R.S.A. Section 5223(3) are set forth in Exhibit E.

IV. Financial Plan

A. Amended Financial Characteristics

The collective original assessed value of the real property in the District is $968,136,850 as of March 31, 2014 (Tax Year April 1, 2013) remains unchanged. Please see the Assessor's certificate of the original assessed value attached as Exhibit F. It is noted that Downtown TOD/TIF acreage and value calculations are exempt from State TIF law limits.

The City ~~may~~ captured ~~up to~~ 12% in year 1, and ~~up to~~ 22% in years 2 through 4~~30~~, of the increased assessed value of the real property located within the District. This Amendment would provide for the City to capture up to 100% for the duration of the 30-year term of the District. Personal property tax value will not be captured within the District. The TIF Revenues so collected will fund and/or contribute to the funding of the approved projects, including each of the projects described on Table 1 hereinabove, which collectively increase the City's ability to stand out in a competitive marketplace as a dynamic municipality in which to grow a business. All assessed real property value captured in the District will be added to the general tax rolls at the end of the District's term. Please note that at any time during the term of the District, the municipality can vote to reduce the captured value percentage and instead deposit the tax revenues into the General Fund so long as the municipality does not receive the tax shift benefit associated with the tax revenues so deposited.

Upon each payment of real property taxes for property located inside the District, the City will deposit into a development program fund (the "Development Program Fund") the entirety of the property tax payments constituting TIF Revenues. The percentage of increased assessed value of real property within the District that will be captured shall be determined annually during the municipal budget process; however, the City may capture up to 100% in Years 5 through 30~~12% in year one, and up to 22% in years 2 through 30,~~ of the increased assessed value of real property as captured assessed value. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner and in the order provided in 30-A M.R.S.A. Section 5227(3). The Development Program Fund will consist of a development sinking fund account (the "Sinking Fund Account") to the extent municipal bonded

indebtedness is used to pay for projects costs, and a project cost account (the "Project Cost Account"). From the Development Program Fund, the City will deposit the TIF Revenues into the City's Sinking Fund Account and/or the Project Cost Account to be used to fund projects listed in Table 1 hereinabove. If future credit enhancement agreements are approved by the City Council, then a subaccount within the Project Cost Account shall be created for any payments required to be made by the City pursuant to such credit enhancement agreement, dedicated to each credit enhancement agreement.

Estimates of the increased assessed property values of the Amended District, the anticipated TIF Revenues generated by the District, and the estimated tax shifts are shown in Revised Exhibit D-1 and Revised Exhibit D-2.

B. Costs and Sources of Revenues

The current and future developers owning or leasing properties located within the Districted are intended to pay for and/or finance all private improvements located in the District through private sources. Table 1 hereinabove provides estimated costs of the municipal projects costs to be undertaken with TIF Revenues.

C. Indebtedness

The City reserves the option to fund the project costs through public indebtedness.

V. Statutory Requirements and Thresholds

The statutory requirements and thresholds for approval required by Section 5223(3) of the TIF Statute are set forth in Exhibit E.

VI. Municipal Approvals

A. Notice of Public Hearing

Attached as Exhibit G hereto is a copy of the Notice of Public Hearing regarding amending the Development Program for the District, published in the *Portland Press Herald,* a newspaper of general circulation in the City, on _____~~November 9, 2017~~, a date at least ten (10) days prior to the public hearing. The public hearing on the amended District was held on _____~~November 20, 2017~~, in accordance with the requirements of 30-A M.R.S.A. Section 5226(1).

B. Minutes of Public Hearing Held by City Council

Attached as Exhibit H hereto is a certified copy of the minutes of the public hearing held on _____~~November 20, 2017~~, at which time this amended District was discussed by the public.

C. Authorizing Votes

Attached as Exhibit I hereto is an attested copy of the City of Portland Order approving this amended District with the results of the vote noted on this Order duly called and held on _____ ~~November 20, 2017~~.

City of Portland

Downtown Transit Oriented Development and
Omnibus Municipal Tax Increment Financing
And Development Program

Enacted by the Portland City Council on February 9, 2015.

Amendment #1: Approved by the Portland City Council on November 20, 2017, To Take Out Parcel 22-F-11

Amendment #2: Proposed to City Council October 2018 to Increase Allowable Uses of Municipal TIF Revenue and Increase Capture Rate up to 100%

Prepared by:

The City of Portland Economic Development
Department

I. Introduction – Portland Downtown Transit Oriented Municipal Development and Omnibus Tax Increment Financing District Amendment #2

On February 19, 2015, the City of Portland (the "City") designated the Portland Downtown Transit Oriented Municipal Development and Omnibus Tax Increment Financing District (the "District") and adopted this Development Program (the "Development Program") for the District in an effort to fully realize the visions and goals of the City of Portland Downtown Revitalization Investment Plan ("Downtown Plan"); the Downtown Plan is attached as Exhibit A. The duration of this District will be 30 years beginning July 1, 2015 (Tax Year 4/1/2015; FY2015-16) ending June 30, 2045 (Tax Year 4/1/2044; FY2044-45).

a. District Amendment #1 Approved by MDECD February 27, 2018: The purpose of this District amendment was to remove the parcel designated by the City Assessor as 22-F-1 at 54 Lancaster – a tax exempt parcel (so no value attributed to the Original Assessed Value) with approximately .48 acres, which will be turned into a free-standing Affordable Housing TIF District. Portland's amended District remained the same at approximately 422 acres and bounded by Washington Avenue to the east, State Street to the west, following the edges of the adjacent Bayside and Waterfront Capital Improvement TIF Districts to the north and south. The District encompasses the central business district of Portland and the abutting east and west ends of the District. In creating the District, the outlying residential areas of the Eastern and Western Promenades have been purposely excluded.

b. Proposed District Amendment #2: District Amendment #2 is to increase the allowable uses for Municipal TIF Revenue and increase the percentage capture from 22% to 100%, all as more detailed in Section II below.

The Downtown Plan includes a listing of current projects and categories of future investment. It is recognized that meeting the infrastructure needs of Portland's downtown will be a dynamic process that will be updated locally on an annual basis or as needed. Though the specific public projects prioritized and undertaken from year to year will change, with the exception of this District funding up to $100,000 annually for the Creative Portland Corporation, categories of investment for the purpose of eligible uses of the TIF Revenues will remain consistent. Actual project selections and prioritization for funding will continue to be made on an annual basis during the City budget and Capital Improvements Plan (CIP) process, based on categories contained in Table 1 hereinbelow. The CIP is the document that presents the City's capital needs in the current year and plans for capital needs in future years. As a five year plan that is annually updated, the CIP is a dynamic planning document; the FY2015 to 2019 CIP document is included in the Downtown Plan as an appendice.

II. Development Program Narrative

A. The Development Program as Amended with Amendment #2

The Amended Development Program for the Downtown Transit Oriented Municipal Development and Omnibus TIF District is structured and proposed pursuant to Chapter 206 of Title 30-A of the Maine Revised TIF Statutes, as amended (the "TIF Statute"). The City's designation of the District, combined with the adoption of this Amended Development Program, creates a single municipal TIF district in order to capture the value of the real property improvements made within the District and enable the use of TIF revenues for various municipal and other development projects.

Under this Amended Development Program, the City captured 12% in year one, and 22% in years 2 through 4. This Amended Development Program would now allow for the City to capture up to 100% of the new real property value located in the District for remainder of the term of the District, or through Tax Year April 1, 2044/City Fiscal Year 2044/2045.. The City may retain those tax revenues generated by the captured assessed value (the "TIF Revenues") to fund infrastructure improvements and other administrative costs, all as further described in Table 1 hereinbelow. The City reserves the right to capture less than the full 100% in years 5 through 30, depending on the then-current needs of the City with respect to the approved project costs. Any reduction in the captured value percentage shall adjust the amount of assessed value eligible for sheltering with respect to the tax shift benefit correspondingly. Although all TIF Revenues will be retained by the City at this time, the City reserves the right in the future to negotiate and execute commercial credit enhancement agreements pursuant to City Council approved TIF Policy as may be amended from time to time. CEAs would be limited, however, to the balance of District term at that time.Such future credit enhancement agreements would require a public hearing and City Council approval.

In designating the District and adopting this Amended Development Program, the City can accomplish the following goals:

- Maintain existing tax revenues;
- Invest in the Downtown public infrastructure;
- Invest in the Creative Portland Corporation annually;
- Invest in new and enhanced transit services;
- Enjoy enhanced future tax revenues generated by new development within the District; and
- Create long-term, stable employment opportunities for area residents because of these TIF investments.

In addition, by creating the District, the City will "shelter" the increase in municipal valuation that development in the District will bring about. This tax shift benefit mitigates the adverse effect that the District's increased assessed property value has upon the City's share of state aid to education, municipal revenue sharing, and its county tax assessment. An estimate of the tax shift benefits is shown in Revised Exhibit D-2 attached hereto.

The City's designation of the District and pursuit of this Amended Development Program constitute a good and valid public purpose pursuant to Chapter 206 of Title 30-A because it represents a substantial contribution to the economic well-being of both the City and the region by providing jobs, contributing to property taxes, and diversifying the region's economic base.

B. The Projects

Development within the District will provide a revenue source for the City's economic development projects. The City intends to use TIF Revenues to further its overall plan to attract and retain businesses that want to take advantage of Portland's business-friendly location, while offering their employees a rich, dynamic, and high quality of life. This includes funding of Creative Portland Corporation, of which the City of Portland is the Corporator, of up to $100,000 annually, as well as City plans to invest in its public infrastructure in these investment focus areas:

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- Lighting
- Street Alignment
- Utilities
- Bicycle Improvements
- Public Transit
- Wayfinding
- Multi-modal surface and structured parking
- Work force training
- Professional service costs
- Economic Development Department administrative costs and staff salaries, and prorated salaries of the City Manager, Finance Director, Planning and Urban Development Director, and Planning staff.

The District projects at this time are highlighted in Table 1 below:

TABLE 1

NOTE 1: All Citations refer to Title 30-A, Chapter 206, Section 5225

NOTE 2: While this Amended Development Program lists particular projects, the Amended Development Program shall not serve as an appropriation of TIF Revenues for any of these specific purposes, nor shall it commit the City to completing any particular project. The projects will only be undertaken following proper appropriation through the annual budget process and any other applicable required approvals.

Project	Downtown Revitalization Plan Reference by page no.	Statutory Citation	Estimated Cost
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- Sidewalk and Other Pedestrian Enhancements	19, 20, 34,35, 48	(1)(A)(1)(2)(3)(6)(7)	$200K annually; $6 Million over life of District
- Roadway Realignments/Paving	19,20,34,35	(1)(A)(1)(2)(3)(6)(7)	
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- Bicycle Infrastructure	19, 34,47	(1)(A)(1)(a)(i)	
- Stormwater Management, including water and sewer upgrades	19, 33	(1)(A)(1)(2)(3)(6)(7)	
- Communications Infrastructure improvements/enhancements	19, 36	(1)(A)(1)(2)(3)(7)	
- Wayfinding (signage)	19,23, 35,47	(1)(A)(1)	
- Public plaza intersection improvements	22, 46	(1)(A)(1)(2)(3)(6)(7)	
In and out of District: New and Enhanced Transit Services, including operational costs, for example (see Exhibit K – Transit Map):			
- Creation of high frequency bus service on Congress Street at 15-minute intervals between the Portland Transportation Center (PTC) and Washington Avenue;	17, 20, 21,	(1)(A) and (1)(C)(7)	$110K annually; $3.3 Million over life of District

- Enhancing Stevens Avenue- Allen Avenue- Congress Street bus service areas; - Corresponding costs for these enhancements, including transit operator salaries; transit vehicle fuel, and transit vehicle parts replacements. - Transit capital costs including transit vehicles and related equipment; bus shelters and other related structures; benches; signs, and other transit-related infrastructure. - Shuttle service to downtown businesses.	20 20 20 17, 20	(1)(A)(1)(a) and (1)(C)(7) (1)(A)(1)(a) and (1)(C)(7) (1)(A)(1)(a) and (1)(C)(7) (1)(A)(1)(a) and (1)(C)(7)	T/B/D T/B/D T/B/D T/B/D
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In and out of District: - Economic Dev. Dept. administrative costs and staff salaries at 100%, and prorated salaries of City Manager, Finance Director, and Planning Urban Development Director, and Planning staff*;	21, Also TIF App. P. 3	(1)(A)(5) and (1)(C)(1)	$250K annually; $7.5 Million over life of District

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This Amended Development Program and the Downtown Plan meld various studies and plans for the District into one document, thereby promoting those studies and plans and making investments at the appropriate time. The studies and plans noted in the Downtown Plan represent a series of community initiatives, both completed and underway, or in planning process. The Amended Development Program and Project List (Table 1) noted hereinabove represents the best thinking of City staff about current opportunities for realizing the City's longstanding, evolving vision for its Downtown.

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As further set forth in Table 1 hereinabove, the City may use certain TIF Revenues for sidewalk and other pedestrian improvements including crosswalks, roadway realignments/paving, intersection redesigns, traffic signals, bicycle infrastructure, stormwater

management improvements (including water and sewer maintenance), communications infrastructure improvements/enhancements, wayfinding, multi-modal surface and structured parking, and public plaza intersection improvements that are directly related and made necessary by development in the District.

E. Operational Components

1. **Public Facilities**

The City may use a portion of the TIF Revenues to fund certain projects approved within the District, outlined in Table 1 hereinabove.

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The City may fund road/transportation improvements made necessary by the increased traffic to the District. Please see Table 1 hereinabove for more details.

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A. Amended Financial Characteristics

The collective original assessed value of the real property in the District is $968,136,850 as of March 31, 2014 (Tax Year April 1, 2013) remains unchanged. Please see the Assessor's certificate of the original assessed value attached as Exhibit F. It is noted that Downtown TOD/TIF acreage and value calculations are exempt from State TIF law limits.

The City captured 12% in year 1, and 22% in years 2 through 4, of the increased assessed value of the real property located within the District. This Amendment would provide for the City to capture up to 100% for the duration of the 30-year term of the District. Personal property tax value will not be captured within the District. The TIF Revenues so collected will fund and/or contribute to the funding of the approved projects, including each of the projects described on Table 1 hereinabove, which collectively increase the City's ability to stand out in a competitive marketplace as a dynamic municipality in which to grow a business. All assessed real property value captured in the District will be added to the general tax rolls at the end of the District's term. Please note that at any time during the term of the District, the municipality can vote to reduce the captured value percentage and instead deposit the tax revenues into the General Fund so long as the municipality does not receive the tax shift benefit associated with the tax revenues so deposited.

Upon each payment of real property taxes for property located inside the District, the City will deposit into a development program fund (the "Development Program Fund") the entirety of the property tax payments constituting TIF Revenues. The percentage of increased assessed value of real property within the District that will be captured shall be determined annually during the municipal budget process; however, the City may capture up to 100% in Years 5 through 30 of the increased assessed value of real property as captured assessed value. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner and in the order provided in 30-A M.R.S.A. Section 5227(3). The Development Program Fund will consist of a development sinking fund account (the "Sinking Fund Account") to the extent municipal bonded indebtedness is used to pay for projects costs, and a project cost account (the "Project Cost Account"). From the Development Program Fund, the City will deposit the TIF Revenues into the City's Sinking Fund Account and/or the Project Cost Account

to be used to fund projects listed in Table 1 hereinabove. If future credit enhancement agreements are approved by the City Council, then a subaccount within the Project Cost Account shall be created for any payments required to be made by the City pursuant to such credit enhancement agreement, dedicated to each credit enhancement agreement.

Estimates of the increased assessed property values of the Amended District, the anticipated TIF Revenues generated by the District, and the estimated tax shifts are shown in Revised Exhibit D-1 and Revised Exhibit D-2.

B. Costs and Sources of Revenues

The current and future developers owning or leasing properties located within the Districted are intended to pay for and/or finance all private improvements located in the District through private sources. Table 1 hereinabove provides estimated costs of the municipal projects costs to be undertaken with TIF Revenues.

C. Indebtedness

The City reserves the option to fund the project costs through public indebtedness.

V. Statutory Requirements and Thresholds

The statutory requirements and thresholds for approval required by Section 5223(3) of the TIF Statute are set forth in Exhibit E.

VI. Municipal Approvals

A. Notice of Public Hearing

Attached as Exhibit G hereto is a copy of the Notice of Public Hearing regarding amending the Development Program for the District, published in the *Portland Press Herald*, a newspaper of general circulation in the City, on _____, a date at least ten (10) days prior to the public hearing. The public hearing on the amended District was held on _____, in accordance with the requirements of 30-A M.R.S.A. Section 5226(1).

B. Minutes of Public Hearing Held by City Council

Attached as Exhibit H hereto is a certified copy of the minutes of the public hearing held on _____, at which time this amended District was discussed by the public.

C. Authorizing Votes

Attached as Exhibit I hereto is an attested copy of the City of Portland Order approving this amended District with the results of the vote noted on this Order duly called and held on _____.

City of Portland - Downtown TOD TIF Model
Actual IAV FY2016 through FY2019
Estimates FY2020 through FY2045

Annual mil rate increase FY2020 through FY2045: 2%
Annual valuation increase FY2020 through FY2045: 1%

Original Assessed Value ao 4/1/2013: $968,136,850

9/6/2018

City of Portland - Downtown TOD TIF Projection Table

TIF Year	Tax Year-April 1	City Fiscal Year	Increased Assessed Value Real Prop.	% of Value Captured	Captured Valuation	Projected Mill Rate	Total Projected New Taxes Captured	Captured Revenue to Business Project Account	Captured Revenue to Municipal Project Account	City Non-Captured General Fund Revenues	OAV General Fund Revenue	
1	2015	FY2015/2016	$72,245,340	12.00%	$8,669,441	20.63	$178,851	$0	$178,851	$1,311,571	$19,972,663	
2	2016	FY2016/2017	$84,092,870	22.00%	$18,500,431	21.11	$390,544	$0	$390,544	$1,384,656	$20,437,369	
3	2017	FY2017/2018	$126,688,910	22.00%	$27,871,560	21.65	$603,419	$0	$603,419	$2,139,396	$20,960,163	
4	2018	FY2018/2019	$169,840,880	22.00%	$37,364,994	22.48	$839,965	$0	$839,965	$2,978,058	$21,763,716	Actuals Above
5	2019	FY2019/2020	$181,220,655	100.00%	$181,220,655	22.93	$4,155,317	$0	$4,155,317	$0	$22,198,991	Estimates Below
6	2020	FY2020/2021	$192,714,227	100.00%	$192,714,227	23.39	$4,507,237	$0	$4,507,237	$0	$22,642,971	
7	2021	FY2021/2022	$204,322,735	100.00%	$204,322,735	23.86	$4,874,314	$0	$4,874,314	$0	$23,095,830	
8	2022	FY2022/2023	$216,047,328	100.00%	$216,047,328	24.33	$5,257,096	$0	$5,257,096	$0	$23,557,747	
9	2023	FY2023/2024	$227,889,167	100.00%	$227,889,167	24.82	$5,656,149	$0	$5,656,149	$0	$24,028,901	
10	2024	FY2024/2025	$239,849,425	100.00%	$239,849,425	25.32	$6,072,060	$0	$6,072,060	$0	$24,509,479	
11	2025	FY2025/2026	$251,929,285	100.00%	$251,929,285	25.82	$6,505,432	$0	$6,505,432	$0	$24,999,669	
12	2026	FY2026/2027	$264,129,943	100.00%	$264,129,943	26.34	$6,956,893	$0	$6,956,893	$0	$25,499,662	
13	2027	FY2027/2028	$276,452,609	100.00%	$276,452,609	26.87	$7,427,088	$0	$7,427,088	$0	$26,009,656	
14	2028	FY2028/2029	$288,898,501	100.00%	$288,898,501	27.40	$7,916,684	$0	$7,916,684	$0	$26,529,849	
15	2029	FY2029/2030	$301,468,851	100.00%	$301,468,851	27.95	$8,426,372	$0	$8,426,372	$0	$27,060,446	
16	2030	FY2030/2031	$314,164,906	100.00%	$314,164,906	28.51	$8,956,865	$0	$8,956,865	$0	$27,601,655	
17	2031	FY2031/2032	$326,987,921	100.00%	$326,987,921	29.08	$9,508,899	$0	$9,508,899	$0	$28,153,688	
18	2032	FY2032/2033	$339,939,166	100.00%	$339,939,166	29.66	$10,083,236	$0	$10,083,236	$0	$28,716,762	
19	2033	FY2033/2034	$353,019,923	100.00%	$353,019,923	30.26	$10,680,660	$0	$10,680,660	$0	$29,291,097	
20	2034	FY2034/2035	$366,231,488	100.00%	$366,231,488	30.86	$11,301,985	$0	$11,301,985	$0	$29,876,919	
21	2035	FY2035/2036	$379,575,169	100.00%	$379,575,169	31.48	$11,948,050	$0	$11,948,050	$0	$30,474,457	
22	2036	FY2036/2037	$393,052,286	100.00%	$393,052,286	32.11	$12,619,720	$0	$12,619,720	$0	$31,083,946	
23	2037	FY2037/2038	$406,664,175	100.00%	$406,664,175	32.75	$13,317,892	$0	$13,317,892	$0	$31,705,625	
24	2038	FY2038/2039	$420,412,182	100.00%	$420,412,182	33.40	$14,043,490	$0	$14,043,490	$0	$32,339,738	
25	2039	FY2039/2040	$434,297,670	100.00%	$434,297,670	34.07	$14,797,468	$0	$14,797,468	$0	$32,986,532	
26	2040	FY2040/2041	$448,322,013	100.00%	$448,322,013	34.75	$15,580,814	$0	$15,580,814	$0	$33,646,263	
27	2041	FY2041/2042	$462,486,598	100.00%	$462,486,598	35.45	$16,394,547	$0	$16,394,547	$0	$34,319,188	
28	2042	FY2042/2043	$476,792,830	100.00%	$476,792,830	36.16	$17,239,718	$0	$17,239,718	$0	$35,005,572	
29	2043	FY2043/2044	$491,242,124	100.00%	$491,242,124	36.88	$18,117,414	$0	$18,117,414	$0	$35,705,684	
30	2044	FY2044/2045	$505,835,911	100.00%	$505,835,911	37.62	$19,028,757	$0	$19,028,757	$0	$36,419,797	
30 Year TIF Total			**$9,216,815,087**		**$8,856,353,513**		**$273,386,936**	**$0**	**$273,386,936**	**$7,813,681**	**$830,594,035**	
30 Year TIF Average			**$307,227,170**		**$295,211,784**		**$9,112,898**	**$0**	**$9,112,898**	**$260,456**	**$27,686,468**	

City of Portland - Downtown TOD TIF Model
Actual FY2016 through FY2019
Estimates FY2020 through FY2045

Annual mil rate increase FY2020 through FY2045:	2%
Annual valuation increase FY2020 through FY2045:	1%
Original Assessed Value ao 4/1/2013:	$968,136,850

Tax Shifts-Avoided Formula Impacts from Sheltering of Valuation: City of Portland- TIF Model

30 years: Year 1 - 12% to Municipal Project Account, 88% to City General Fund; Years 2 through 4: 12% to Municipal Project Account, 78% to City General Fund; Years 5 through 30: 100% to Municipal Project Account

					Avoided Formula Impacts from Sheltering of Valuation			
TIF Year	Tax Year-April 1	City Fiscal Year	Total Added Valuation	Sheltered Valuation	Avoided Loss of State Aid to for Education	Avoided Loss of State Municipal Revenue Sharing	Avoided Increase in County Tax	Total Avoided Impacts
1	2015	FY2015/2016	$72,245,340	$8,669,441	$0	$5,072	$4,786	$9,858
2	2016	FY2016/2017	$84,092,870	$18,500,431	$0	$10,824	$10,211	$21,035
3	2017	FY2017/2018	$126,688,910	$27,871,560	$0	$16,307	$15,380	$31,687
4	2018	FY2018/2019	$169,840,880	$37,364,994	$158,988	$21,861	$20,615	$201,464
5	2019	FY2019/2020	$181,220,655	$181,220,655	$1,542,188	$106,026	$99,656	$1,747,869
6	2020	FY2020/2021	$192,714,227	$192,714,227	$1,639,998	$112,751	$105,948	$1,858,697
7	2021	FY2021/2022	$204,322,735	$204,322,735	$1,738,786	$119,542	$112,301	$1,970,630
8	2022	FY2022/2023	$216,047,328	$216,047,328	$1,838,563	$126,402	$118,714	$2,083,679
9	2023	FY2023/2024	$227,889,167	$227,889,167	$1,939,337	$133,330	$125,187	$2,197,854
10	2024	FY2024/2025	$239,849,425	$239,849,425	$2,041,119	$140,328	$131,722	$2,313,168
11	2025	FY2025/2026	$251,929,285	$251,929,285	$2,143,918	$147,395	$138,318	$2,429,632
12	2026	FY2026/2027	$264,129,943	$264,129,943	$2,247,746	$154,534	$144,977	$2,547,256
13	2027	FY2027/2028	$276,452,609	$276,452,609	$2,352,612	$161,743	$151,698	$2,666,053
14	2028	FY2028/2029	$288,898,501	$288,898,501	$2,458,526	$169,025	$158,483	$2,786,034
15	2029	FY2029/2030	$301,468,851	$301,468,851	$2,565,500	$176,379	$165,332	$2,907,211
16	2030	FY2030/2031	$314,164,906	$314,164,906	$2,673,543	$183,807	$172,246	$3,029,596
17	2031	FY2031/2032	$326,987,921	$326,987,921	$2,782,667	$191,310	$179,224	$3,153,201
18	2032	FY2032/2033	$339,939,166	$339,939,166	$2,892,882	$198,887	$186,268	$3,278,038
19	2033	FY2033/2034	$353,019,923	$353,019,923	$3,004,200	$198,887	$193,379	$3,396,466
20	2034	FY2034/2035	$366,231,488	$366,231,488	$3,116,630	$214,270	$200,556	$3,531,456
21	2035	FY2035/2036	$379,575,169	$379,575,169	$3,230,185	$222,077	$207,801	$3,660,063
22	2036	FY2036/2037	$393,052,286	$393,052,286	$3,344,875	$229,962	$215,114	$3,789,951
23	2037	FY2037/2038	$406,664,175	$406,664,175	$3,460,712	$237,926	$222,496	$3,921,133
24	2038	FY2038/2039	$420,412,182	$420,412,182	$3,577,708	$245,969	$229,947	$4,053,623
25	2039	FY2039/2040	$434,297,670	$434,297,670	$3,695,873	$254,093	$237,467	$4,187,433
26	2040	FY2040/2041	$448,322,013	$448,322,013	$3,815,220	$262,298	$245,058	$4,322,577
27	2041	FY2041/2042	$462,486,598	$462,486,598	$3,935,761	$270,585	$252,720	$4,459,067
28	2042	FY2042/2043	$476,792,830	$476,792,830	$4,057,507	$278,955	$260,454	$4,596,916
29	2043	FY2043/2044	$491,242,124	$491,242,124	$4,180,470	$287,409	$268,260	$4,736,140
30	2044	FY2044/2045	$505,835,911	$505,835,911	$4,304,664	$295,948	$276,139	$4,876,750
30 Year TIF Total			**$9,216,815,087**	**$8,856,353,513**	**$74,740,178**	**$5,173,902**	**$4,850,458**	**$84,764,538**
30 Year TIF Avg.			**$307,227,170**	**$295,211,784**	**$2,491,339**	**$172,463**	**$161,682**	**$2,825,485**

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: **Economic Development Committee**

FROM: **Greg Mitchell**
Brendan O'Connell

DATE: **September 11, 2018**

SUBJECT: **Proposed Amendments to City Waterfront Tax Increment Financing District, including Proposed Amendments to the Waterfront Capital Improvement and Economic Redevelopment Zone and Ordinance**

I. ONE SENTENCE SUMMARY

A public hearing will be held at the September 18, 2018 EDC meeting for a vote, in the form of a recommendation to the City Council, to approve the Proposed Amendments to the Waterfront Tax Increment Financing (TIF) District, including the Waterfront Capital Improvement and Economic Redevelopment Zone and Ordinance.

II. AGENDA DESCRIPTION

Amendments to the Waterfront TIF District and Growth areas are proposed to maximize utilization of the TIF District revenue by adding more public investment options for use of TIF revenue, along with adding additional properties to expand the Waterfront TIF District.

Also, Amendments to the Waterfront Capital Improvement and Economic Redevelopment Zone and Ordinance are proposed to expand the future "growth" area for the Waterfront TIF District. Housekeeping and clarifying amendments to the ordinance are also proposed to align the ordinance with current practice and avoid confusion with other sections of the Land Use Code. To promote clarity within the ordinance and to avoid confusion with other sections of the Land Use Code, the amendments include changing the title of the program from the *Waterfront Capital Improvement and Economic Redevelopment Zone and Ordinance* to **WATERFRONT DEVELOPMENT GROWTH AREA ORDINANCE**

Lastly, it is noted that the City staff proposed amendments do not involve credit enhancement agreements.

III. BACKGROUND

Geography. 6.62 acres. This District includes seven non-contiguous properties. It is noted the Waterfront Capital Improvement and Economic Redevelopment Zone (WREZ) and Ordinance establishes the area on Portland's waterfront which is "reserved" for future expansion of the Waterfront TIF District. If the attached amendments are adopted, this area will be referred to as the *Waterfront Development Growth Area*. Individual properties selected within the *Growth Area* that are included within the TIF program will continue to be referred to as parcels within the *Waterfront TIF District.*

TIF Term. Fiscal Years 2003-2032.

Capture Rate. 100%

Overview of TIF District Expenditures to Date:

Waterfront TIF Expenditures from FY2016 thru FY2018	
Uses	**Revenue**
Public Infrastructure	$46,100
Credit Enhancement Agreement	$574,646
Debt Service	$549,650
Staff	$319,467
Total Invested:	**$1,489,863**

Existing and Proposed Amendments to Uses of Revenue. See attached Waterfront TIF District Program which shows existing and proposed amendments to allowable uses of TIF District revenue in a strike through and underline format.

Proposed Amendments - New Geography. See attached map for additional properties to expand the Waterfront TIF District to increase the amount of TIF funds to support waterfront public infrastructure needs.

No change is proposed to the capture rate

<u>Waterfront Capital Improvement and Economic Redevelopment Zone and Ordinance (Existing and Proposed Amendments)</u>

The existing Waterfront Capital Improvement and Economic Redevelopment Zone and Ordinance was adopted in 2001 to implement those provisions of the Waterfront Economic Development Task Force Report entitled "Investing in Our Working Waterfront: Final Report to the Mayor's Waterfront Task Force on Economic Development," dated September 2000, as adopted by the City Council on June 4, 20001 and as amended by the City Council on December 1, 2008.

Proposed Amendments include:

Area. Expanding the growth area for the Waterfront TIF District to add the entire western waterfront from the Casco Bay Bridge to include Sprague Energy.

Individual Parcels. Within the existing and expanded *Waterfront Development Growth Area* (currently the *WREZ*), staff is recommending individual parcels for inclusion within the Waterfront TIF District. Each of these highlighted parcels has an anticipated development program. Private parcels and developments would be subject to new tax value capture. City parcels and infrastructure highlighted would be eligible for "in district" use of funds as outlined in the development program improvements.

Reporting Amendments. The current ordinance requires that an extensive set of reports be prepared. Multiple City departments are active in the areas listed providing input to the Council on a project-by-project basis. Staff recommends that the Waterfront TIF ordinance limit reporting requirements to the financial activity of the program, as is provided in the Annual TIF District Activity Report.

Housekeeping Revisions. Title changes and terminology consistency is applied to create a more unified document and avoid duplicative uses of terms such as "zone" within the ordinance. The metes and bounds description of the Growth Area is replaced with a map within the ordinance.

Note: At the request of the Planning and Urban Development Director, it is proposed that this Ordinance be relocated out of the Land Use Chapter of the City Code.

IV. INTENDED RESULT AND/OR COUNCIL GOAL ADDRESSED

City Council approval of the proposed amendments to the Waterfront TIF District, including amendments to the Waterfront Capital Improvement and Economic Redevelopment Ordinance, to support increased public and private sector investment and associated job creation.

V. FINANCIAL IMPACT

TIF District Estimates. See attached spreadsheet for estimates of property tax revenue, funds available to the City General Fund, and one credit enhancement agreement included in the Waterfront TIF District.

Tax Shelter (Financial Benefits). Probably the most important, but least understood public benefit associated with TIF districts, is the tax shelter or local financial benefits.

Municipalities realize "savings" from the tax sheltering effect of TIF Districts. The following direct financial impacts occur when municipal valuation increases:

A. State Education Aid is reduced,
B. State Municipal Revenue Sharing is reduced, and
C. A municipality pays a higher percentage of the County budget.

This amount of "savings" is significant and one of the most important benefits of establishing TIF Districts.

For Portland, tax shelter savings is conservatively estimated at 30%, meaning that for every new tax dollar, Portland saves 30 cents which would otherwise be lost for property tax value not included in a TIF District. The estimated tax shelter savings for the remainder of the Waterfront TIF District term – FY2020 through FY2032 - (including all additional properties to expand the Waterfront TIF District) is $34,485,000, or a yearly average of $2,652,000.

Net Impact to the General Fund

The savings referenced above is a direct benefit to the general fund – both to the City and the School Department via an increase in revenue from the State of Maine for education, increased revenues for the City from municipal revenue sharing, and decreased expenses for county tax. It is important to note that whenever the TIF capture rate is adjusted upward there will change in how property tax revenue flows between the general fund and the area TIFs. Via careful TIF budgeting, subject to annual budget approval by City Council, certain types of approved expenditures can be moved from the general fund into area TIFs. If the impact of the revenue shift is able to be fully offset the end result is the 30 cent savings on the dollar. A good example is what was done in the FY19 budget. TIF capture rates were adjusted upward by approximately 5% in the Waterfront and Bayside TIF. Although this resulted in slightly less revenue to the general fund, expenses related to Economic Development Department staff, in an amount approximately equal to the revenue shift, were shifted into the TIF. The net result was an increased capture rate in both TIFs, more sheltering savings (approximately 30% in benefits) and no other negative impact on the City or School budgets. It is this type of calculated TIF budgeting which is expected to continue to be utilized moving forward to increase capture rates, maximize sheltering, and ensure only positive impacts to the City and School budgets.

VI. STAFF ANALYSIS AND RECOMMENDATION

City staff recommends approval of the proposed amendments to the Waterfront TIF District, including amendments to the Waterfront Capital Improvement and Economic Redevelopment Ordinance.

VII. LIST ATTACHMENTS

- Map of Proposed Expansion Area
- Spreadsheet of Proposed Properties to be Added
- Updated Spreadsheets for Actual and Estimated TIF Revenue and Tax Shelter Savings
- Proposed Amendments to WREZ Ordinance
- Marked Revision and Clean Version of TIF Narrative and updated Spreadsheets; additional attachments noted in the Narrative are available upon request.

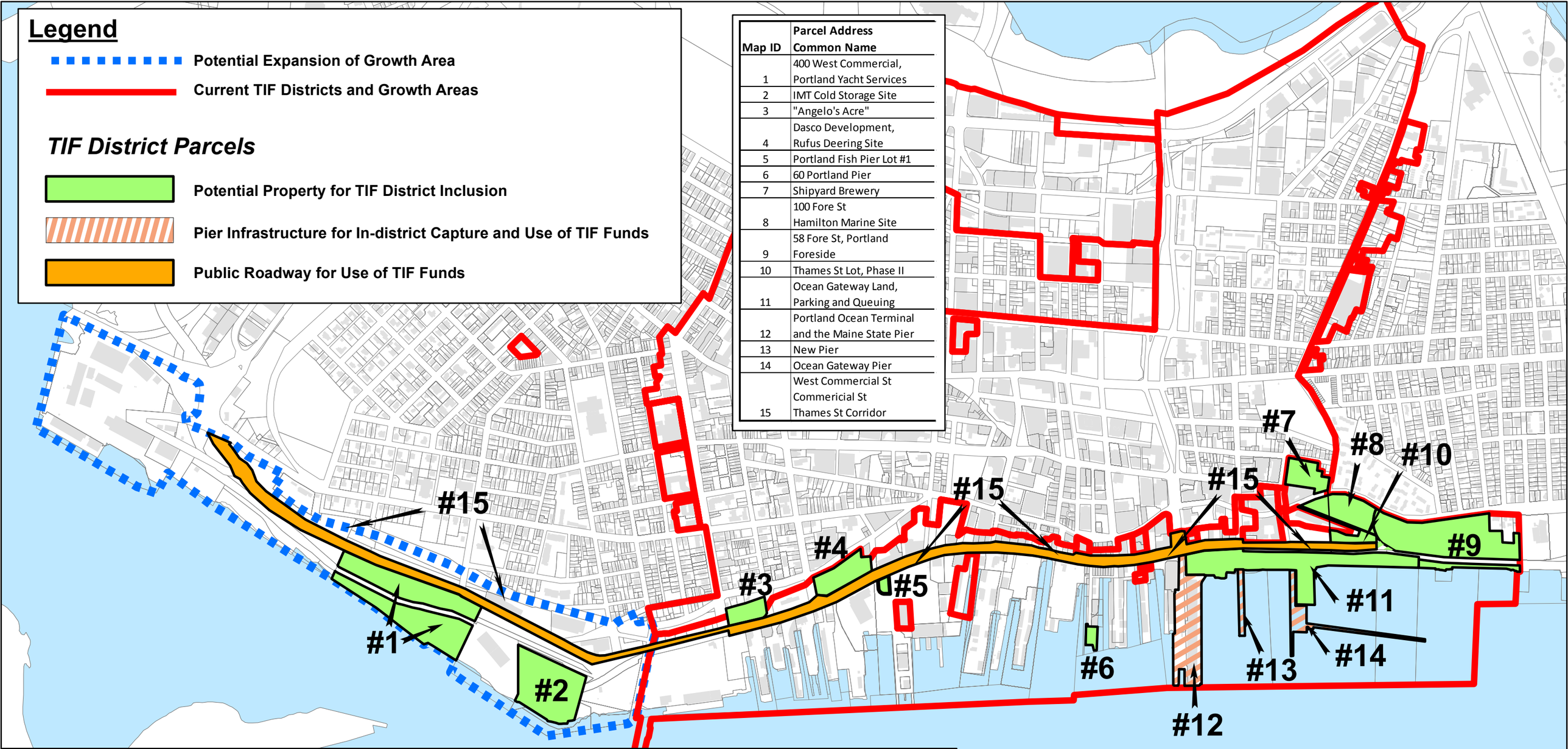
Legend

- Potential Expansion of Growth Area
- Current TIF Districts and Growth Areas

TIF District Parcels

- Potential Property for TIF District Inclusion
- Pier Infrastructure for In-district Capture and Use of TIF Funds
- Public Roadway for Use of TIF Funds

Map ID	Parcel Address Common Name
1	400 West Commercial, Portland Yacht Services
2	IMT Cold Storage Site
3	"Angelo's Acre"
4	Dasco Development, Rufus Deering Site
5	Portland Fish Pier Lot #1
6	60 Portland Pier
7	Shipyard Brewery
8	100 Fore St Hamilton Marine Site
9	58 Fore St, Portland Foreside
10	Thames St Lot, Phase II
11	Ocean Gateway Land, Parking and Queuing
12	Portland Ocean Terminal and the Maine State Pier
13	New Pier
14	Ocean Gateway Pier
15	West Commercial St Commericial St Thames St Corridor



Portland Waterfront Development Growth Area
Potential Waterfront TIF District Expansion

Map produced by the City of Portland Economic Development Department. Intended for discussion purposes only.
Boundaries and area calculations are estemates and require validation prior to implementation. Do not use for valuation.
September 2018

2,500 1,250 0 2,500 Feet

N

DRAFT

Waterfront TIF District Expansion: Current and Future Values DRAFT 9-13-18

Map ID	Parcel Address Common Name	CBL	Land Area +/- SF	Ownership	Assessed Value a/o 4/1/2017	Notes	Development Program Total Build Out	Phasing Assumption:	Future Year New Value Year 2020	Future Year New Value Year 2025	Future Year New Value Year 2030
1	400 West Commercial, PYS	060 F001	234,384	Private	$2,314,500	Portions of larger holdings / assessed value based on CBLs 060 F001 and 060 F003.Planning applications uner 059-A003	Marine Industrial 81,000q ft Marine Retail 31,000sq ft More Developent potential on site	2 phases	$ 5,000,000	$ 7,500,000	Same
"	"	060 F003	258,772	Private	$1,956,300				$ 4,000,000	$ 6,000,000	Same
2	IMT Cold Storage Site	Multiple, inlcuding: 059 A002, 059 A005	270,500	State of Maine	$0	Lot to be divided by lease. Area may change	Marine Industrial 60,000sq ft Marine Office 10,000sq ft	1 phase	$ -	$ 10,000,000	Same
3	"Angelo's Acre"	043 C009, plus others	60,175	City of Portland	$0	Currently used for pay parking and recycling	No current plans	NA	$ -	$ -	$ -
4	Dasco Development, Rufus Deering Site 383 Commercial Street	042 A001	106,331	Private	$2,336,860	Development pending/may not use entire sf of CBL/assessed value based on entire holdings.	469,000 gross sq ft Residential, Hotel, Retail, Office, Parking	3 phases	$ 30,000,000	57,000,000	85,000,000
5	Portland Fish Pier Lot #1	041 A013	15,000	City of Portland	$0	Active interest by multiple parties	Marine Industrial 8,000 sq ft Restaurant/Retail 2000 sq ft	1 phase	$ 1,200,000	Same	Same
6	60 Portland Pier	030 B004, plus others	19,220	Private	$1,273,400	Area includes addition of to be discontinued ROW/assessed value based on CBL 030 B004 only.	Marine Industrial Restaurant	1 phase	$ 1,775,000	Same	Same
7	Shipyard Brewery	020 C009, plus others	93,786	Private	$4,283,010	Development pending/assessed value based on CBL 020 C009.	258,000 gross sq ft Retail , brewery, office, pharmacy, tech, hotel, residential	3 phases	$ 16,000,000	$ 28,000,000	$40,000,000
8	100 Fore St Hamilton Marine Site	019 A010	130,232	Private	$2,820,600	Development pending/assessed value based on CBL 019 A010.	290,000 gross sq ft Parking Garage, Office	2 phases	$ 20,000,000	$ 38,000,000	Same
9	58 Fore St, Portland Foreside	018 A001, plus others	394,014	Private	$5,065,200	Development pending. Hashed "triangle" of City land to be added/assessed value based on CBL 018 A001.	960,000 gross sq ft Residential, Hotel, Retail/Restaurant Office Parking	3 phases	$ 47,000,000	$ 88,000,000	$130,000,000
10	Thames St Lot, Phase II	019 A014, Portion	46,209	City of Portland	$0	Remnant of lot after WEX divison and Thames St Expansion	No current plans		$ -	$ -	$ -
11	Ocean Gateway Land, Parking and Queuing	444 A003 445 A001 446 A001	378,349	City of Portland	$0	Excluding "park" development	No current plans		$ -	$ -	$ -
12	Portland Ocean Terminal and the Maine State Pier	444 A001, plus others	248,488	City of Portland	$0	Including portions of CBITD Leasehold. Excluding "park" Development	No current plans		$ -	$ -	$ -
13	New Pier	444 A004	30,000	City of Portland	$0	Including associated dredging. Design and size TBD	Public Facility		$ -	$ -	$ -
14	Ocean Gateway Pier	445 A002	81,748	City of Portland	$0	Including associated dredging. Image is approximate	Public Facility		$ -	$ -	$ -
15	West Commercial St Commericial St Thames St Corridor	NA	963,091	City of Portland	$0	ROW and Area are approximate	Public Facility		$ -	$ -	$ -
			Above is 76 Acres.								

NOTES: Current assessed values are taken from April 2017 tax assessments. Future values are broad estimates based on conservative evaluations of publicly reported development programs. Phasing of new value provided to reflect long-term build out of complex developments on larger sites. Phasing is not based on known schedules. Actual assessed value and timing of new development will vary significantly from these estimates depending on market conditions, program evolution, tenant needs, and private developer decisions. Future site-by-site assessments with up to date information on development program and timing will be conducted prior to use of this information for budgeting and tax assessment purposes.

City of Portland - Waterfront TIF Model
Actual FY03 thru FY19; Estimates FY20 thru FY32

OAV at Beginning ao 4/1/2001:	$6,716,410
OAV added FY11 for Subdistrict ao 4/1/2	$950,930
OAV added FY19 for Wex/Union Wharf:	$616,430
OAV added FY20 for Additional Parcels ao 4/1/2017:	$20,049,870
	$28,333,640

TIF Years 18 through 30 - Annual mil rate increase:	2%
TIF Years 18 through 30 - Annual valuation increase:	1%

9/6/2018

Waterfront TIF

TIF Years 1 (FY2003) through 17 (FY2019) Actual Numbers; Years 18 (FY2020) through 30 (FY2032) Estimates

TIF Year	Tax Year-April 1	Increased Assessed Value Real Prop.	% of Value Captured	Captured Valuation	Projected Mill Rate	Total Projected New Taxes Captured	Captured Revenue to Municipal & Subdistrict* Project AccountProject Account	City Non-Captured General Fund Revenues	OAV General Fund Revenue	Captured Revenue to Municipal Project Account	Captured Revenue to Subdistrict Project Account	
1	2002	$11,533,350	1.00%	$115,334	25.72	$2,966	$2,966	$293,671	$172,746	$2,966		
2	2003	$8,966,860	1.00%	$89,669	26.80	$2,403	$2,403	$237,909	$180,000	$2,403		
3	2004	$11,941,350	1.00%	$119,414	26.53	$3,168	$3,168	$313,636	$178,186	$3,168		
4	2005	$14,041,400	35.38%	$4,967,847	20.13	$100,003	$100,003	$182,651	$135,201	$100,003		
5	2006	$18,576,750	1.00%	$185,768	16.31	$3,030	$3,030	$299,957	$109,545	$3,030		
6	2007	$20,681,160	100.00%	$20,681,160	17.10	$353,648	$353,648	$0	$114,851	$353,648		
7	2008	$20,050,110	62.00%	$12,431,068	17.74	$220,527	$220,527	$135,162	$119,149	$220,527		
8	2009	$20,010,560	79.00%	$15,808,342	17.74	$280,440	$280,440	$74,547	$119,149	$280,440		
9	2010	$18,984,350	58.00%	$11,010,923	17.92	$197,316	$197,316	$142,884	$137,399	$197,316		
10	2011	$24,027,810	74.00%	$17,780,579	18.28	$325,001	$325,001	$114,189	$140,159	$280,783	$44,218	
11	2012	$30,830,260	74.00%	$22,814,392	18.82	$429,367	$429,367	$150,859	$144,299	$285,529	$143,838	
12	2013	$30,953,530	91.00%	$28,167,712	19.41	$546,735	$546,735	$54,073	$148,823	$397,188	$149,547	
13	2014	$32,962,740	73.00%	$24,062,800	20.00	$481,256	$481,256	$177,999	$153,347	$313,301	$167,955	
14	2015	$33,758,670	69.00%	$23,293,482	20.63	$480,545	$480,545	$215,897	$158,177	$295,498	$185,047	
15	2016	$33,959,500	66.00%	$22,413,270	21.11	$473,144	$473,144	$243,741	$161,858	$280,805	$192,339	
16	2017	$34,620,320	66.00%	$22,849,411	21.65	$494,690	$494,690	$254,840	$165,998	$297,431	$197,259	
17	2018	$39,176,210	71.48%	$28,003,155	22.48	$629,511	$629,511	$251,170	$186,219	$424,690	$204,821	Actuals Above
18	2019	$168,968,680	100.00%	$168,968,680	22.93	$3,874,384	$3,874,384	$0	$649,690	$3,665,463	$208,922	Estimates Below
19	2020	$174,052,250	100.00%	$174,052,250	23.39	$4,070,767	$4,070,767	$0	$662,724	$3,857,655	$213,113	
20	2021	$176,076,109	100.00%	$176,076,109	23.86	$4,200,464	$4,200,464	$0	$676,041	$4,013,640	$186,824	
21	2022	$178,120,206	100.00%	$178,120,206	24.33	$4,334,212	$4,334,212	$0	$689,357	$4,143,708	$190,504	
22	2023	$180,184,745	100.00%	$180,184,745	24.82	$4,472,138	$4,472,138	$0	$703,241	$4,277,797	$194,341	
23	2024	$294,769,929	100.00%	$294,769,929	25.32	$7,462,434	$7,462,434	$0	$717,408	$7,264,178	$198,256	
24	2025	$298,000,964	100.00%	$298,000,964	25.82	$7,695,116	$7,695,116	$0	$731,575	$7,492,945	$202,171	
25	2026	$301,264,310	100.00%	$301,264,310	26.34	$7,934,971	$7,934,971	$0	$746,308	$7,766,228	$168,744	$2,847,897
26	2027	$304,560,290	100.00%	$304,560,290	26.87	$8,182,220	$8,182,220	$0	$761,325	$8,160,059	$22,161	
27	2028	$307,889,229	100.00%	$307,889,229	27.40	$8,437,087	$8,437,087	$0	$776,342	$8,437,087		
28	2029	$393,251,458	100.00%	$393,251,458	27.95	$10,991,793	$10,991,793	$0	$791,925	$10,991,793		
29	2030	$397,467,309	100.00%	$397,467,309	28.51	$11,331,823	$11,331,823	$0	$807,792	$11,331,823		
30	2031	$401,725,318	100.00%	$401,725,318	29.08	$11,682,284	$11,682,284	$0	$823,942	$11,682,284		
30 Year TIF Total		**$3,981,405,728**		**$3,831,125,125**		**$99,693,442**	**$99,693,442**	**$3,143,184**	**$12,062,776**	**$96,823,384**	**$2,870,058**	
30 Year Average:		**$132,713,524**		**$127,704,171**		**$3,323,115**	**$3,323,115**	**$104,773**	**$402,093**	**$3,227,446**	**$95,669**	

*Subdistrict is Waterfront Maine CEA with maximum cumulative TIF payments set at $2,870,058.

Tax Shifts-Avoided Formula Impacts from Sheltering of Valuation: City of Portland- TIF Model

TIF Years 1 (FY2003) through 17 (FY2019) Actual Numbers w Varying Percentage Captures; Years 18 (FY2020) through 30 (FY2032) Estimates with 100% Capture Rates.

				Avoided Formula Impacts from Sheltering of Valuation			
TIF Year	Tax Year-April 1	Total Added Valuation	Sheltered Valuation	Avoided Loss of State Aid to for Education	Avoided Loss of State Municipal Revenue Sharing	Avoided Increase in County Tax	Total Avoided Impacts
1	2002	$11,533,350	$115,334	$0	$67	$64	$131
2	2003	$8,966,860	$89,669	$0	$52	$50	$102
3	2004	$11,941,350	$119,414	$0	$70	$66	$136
4	2005	$14,041,400	$4,967,847	$21,138	$2,907	$2,743	$26,788
5	2006	$18,576,750	$185,768	$1,581	$109	$103	$1,792
6	2007	$20,681,160	$20,681,160	$175,997	$12,100	$11,414	$199,511
7	2008	$20,050,110	$12,431,068	$105,788	$7,273	$6,862	$119,924
8	2009	$20,010,560	$15,808,342	$134,529	$9,249	$8,726	$152,504
9	2010	$18,984,350	$11,010,923	$93,703	$6,442	$6,078	$106,224
10	2011	$24,027,810	$17,780,579	$151,313	$10,403	$9,814	$171,530
11	2012	$30,830,260	$22,814,392	$194,150	$13,348	$12,591	$220,089
12	2013	$30,953,530	$28,167,712	$239,707	$16,480	$15,544	$271,731
13	2014	$32,962,740	$24,062,800	$204,774	$14,078	$13,280	$232,132
14	2015	$33,758,670	$23,293,482	$198,228	$13,628	$12,855	$224,711
15	2016	$33,959,500	$22,413,270	$190,737	$13,113	$12,370	$216,220
16	2017	$34,620,320	$22,849,411	$194,448	$13,368	$12,610	$220,427
17	2018	$39,176,210	$28,003,155	$238,307	$16,384	$15,453	$270,143
18	2019	$168,968,680	$168,968,680	$1,437,923	$98,858	$92,944	$1,629,725
19	2020	$174,052,250	$174,052,250	$1,481,185	$98,858	$95,729	$1,675,772
20	2021	$176,076,109	$176,076,109	$1,498,408	$103,016	$96,838	$1,698,262
21	2022	$178,120,206	$178,120,206	$1,515,803	$104,212	$97,957	$1,717,973
22	2023	$180,184,745	$180,184,745	$1,533,372	$105,420	$99,088	$1,737,880
23	2024	$294,769,929	$294,769,929	$2,508,492	$172,460	$161,683	$2,842,635
24	2025	$298,000,964	$298,000,964	$2,535,988	$174,350	$163,443	$2,873,782
25	2026	$301,264,310	$301,264,310	$2,563,759	$176,260	$165,221	$2,905,240
26	2027	$304,560,290	$304,560,290	$2,591,808	$178,188	$167,016	$2,937,012
27	2028	$307,889,229	$307,889,229	$2,620,137	$180,136	$168,829	$2,969,102
28	2029	$393,251,458	$393,251,458	$3,346,570	$230,078	$215,222	$3,791,870
29	2030	$397,467,309	$397,467,309	$3,382,447	$232,545	$217,509	$3,832,501
30	2031	$401,725,318	$401,725,318	$3,418,682	$235,036	$219,818	$3,873,536
30 Year TIF Total		**$3,981,405,728**	**$3,831,125,125**	**$32,578,976**	**$2,238,488**	**$2,101,918**	**$36,919,383**
30 Year Average		**$132,713,524**	**$127,704,171**	**$1,085,966**	**$74,616**	**$70,064**	**$1,230,646**

ARTICLE XV. WATERFRONT ~~CAPITAL IMPROVEMENT AND ECONOMIC REDEVELOPMENT ZONE~~DEVELOPMENT GROWTH AREA ORDINANCE

Sec. 14-905. Title.

This ordinance shall be known as the Waterfront ~~Capital Improvement and Economic Redevelopment~~Development Growth Area Ordinance.
(Ord. No. 249-01, 6-4-01)

Sec. 14-906. Purposes.

The purpose of this ordinance is to implement those provisions of the Waterfront Economic Development Task Force Report, (Waterfront II) entitled "Investing in Our Working Waterfront: Final Report of the Mayor's Waterfront Task Force on Economic Development," dated September 2000, as adopted by the Portland City Council on June 4, 2001 which create a capital improvement plan for redevelopment on the Portland Waterfront. That plan includes funding the loan fund described in that report, the financing and installation of infrastructure to support the economy of that area of the City of Portland, such as parking facilities, utilities, traffic and congestion management installations, operating facilities for the cargo, fishing and other water-dependent, marine related industries, environmental protection and improvement, including the management and abatement of combined sewer overflows, appropriate assistance in the permitting and completion of dredging of siltation at piers, wharfs and weirs, and such other matters, such as climate change adaptation, ~~—~~as the City Council shall approve from time to time. These activities shall be collectively known as the redevelopment program.
(Ord. No. 249-01, 6-4-01)

Sec. 14-907. Creation of the Waterfront ~~Redevelopment Economic Zone (WREZ)~~Development Growth Area (WDGA)~~.~~*

The Waterfront ~~Red~~Development Growth Area~~Economic Zone~~ is hereby created and shown on the attached map titled the ***Portland Waterfront Development Growth Area***, which is incorporated as a component of this ordinance, as may be amended from time to time.~~.~~

~~Beginning at a point on the southerly side of the Eastern Promenade at the intersection of the Westerly side of the Portland~~

~~House~~

~~Condominium and the Easterly sideline of land now or formerly of~~

~~Dan Haley.~~

~~Thence Southwesterly along the Southerly side of Eastern Promenade to Fore Street.~~

~~Thence Westerly along the Southerly side of Fore Street to the intersection of Fore Street and Mountfort Street.~~

~~Thence Northerly along Mountfort Street to the Southeast corner of the lot referenced as 20-C-2 on City of Portland Tax maps as of April first, 2001.~~

Editor's Note: The WDGA replaces the Waterfront Redevelopment Economic Zone (WREZ) as originally named within this ordinance.

~~Thence Westerly along lot 20-C-2 about 72 feet. Thence Northerly along 20-C-2 to 20-C-5.~~

~~Thence Westerly along 20-C-5 to the south corner of 20-C-5.~~

~~Thence Northwesterly along 20-C-5 to Newbury Street.~~

~~Thence Southwesterly along Newbury Street to Hancock Street.~~

~~Thence Southeasterly along Hancock Street to Middle Street.~~

~~Thence Southwesterly along Middle Street to 20-C-27.~~

~~Thence Southeasterly along the Northeast sideline of 20-C-27 about 99.99 feet.~~

~~Thence Southwesterly along the Southeast sideline of 20-C-27 to India Street.~~

~~Thence South along India Street to the Northern corner of 29-N-26. Thence Westerly along the Northern side of lot 26 to lot 24.~~

~~Thence Westerly, Northerly, Westerly, and Southerly along 29-N-24 to Bradbury Court.~~

~~Thence Westerly along Bradbury Court to the Franklin Street Arterial.~~

~~Thence Northerly along Franklin Street Arterial to Fore Street. Thence Westerly along Fore Street to Pearl Street.~~

~~Thence Southerly along Pearl Street to Gold Street.~~

~~Thence Westerly along Gold Street to Silver Street. Thence Northerly along Silver Street to Fore Street. Thence Westerly along Fore Street to Market Street.~~

~~Thence Southerly along Market to the dividing line between 32-S-3 and 32-S-4 & 5.~~

~~Thence Northerly along Moulton Street to Wharf Street.~~

~~Thence Westerly along Wharf Street to a passage between Assessor's map 32 blocks "T" and "U" leading to Commercial Street.~~

~~Thence Southerly along said passage about 28 feet to the dividing line between lots 32-U-3 and 32-U-5.~~

~~Thence Westerly, Southerly, and Westerly along the Southerly line of lot 5 to Dana Street.~~

~~Thence Westerly across Dana Street and following the Northern boundary of lots 32-V-2, 4, 5, 8, and 12 to Union Street.~~

~~Thence Northerly on Union Street to Fore Street. Thence Westerly on Fore Street to parcel 38-F-8.~~

~~Thence Southerly along the Easterly sideline of 38-F-8.~~

~~Thence Westerly along the Southerly sideline of 38-F-8 to Cross Street.~~

~~Thence Northerly to Fore Street~~

~~Thence Westerly along Fore Street to 38-G-7.~~

~~Thence Southerly along the Easterly sideline of 38-G-7.~~

~~Thence Westerly along the Southerly sideline of 38-G-7 to the Easterly sideline of Center Street.~~

~~Thence Northerly along Center Street to the Southerly sideline of 40-F-11.~~

~~Thence Southwesterly along the Southerly sideline of 40-F-11 and 40-E-1.~~

~~Thence Westerly along the South side of 42-A-8.~~

~~Thence Northerly along the Westerly line of 42-A-7 to York Street. Thence Westerly along the Southerly side of York Street to High Street.~~

~~Thence Southerly along High Street 44 feet ± to Southern sideline of 42-B-7.~~

~~Thence Westerly along the Southerly sideline of 44-B-2 to Park Street.~~

~~Thence Westerly across Park Street to the Southerly sideline of 43- C-7.~~

~~Thence Westerly along the Southern sideline of 43-C-7 to the edge of proposed State Street.~~

~~Thence Westerly across proposed State Street to the Southerly sideline of 43-E-8.~~

~~Thence Westerly along the Southerly sideline of 43-E-8 to the Casco Bay Bridge.~~

~~Thence Southeasterly along the Casco Bay Bridge to the Harbor Commissioner's Line.~~

~~Thence Northeasterly along the Harbor Commissioner's line to a point which is the intersection of the Harbor Commissioner's line and a line which is the extension of the lot line between the Southeasterly line of land now or formerly of Dan Haley and the Southwesterly line of the Portland House Condominium.~~

~~Thence Northwesterly along said line to the Southerly side of the Eastern Promenade at the point of beginning.~~

~~All as shown on a map dated April 13, 2001 entitled "Proposed Waterfront Redevelopment Area" on file in the Planning Office.~~

~~Any inconsistencies between this description and the map shall be controlled by the map.~~

~~(Ord. No. 249-01, 6-4-01)~~

Sec. 14-908. Financing Activities.

The following financing activities are authorized for the creation of funds to be used for the activities approved for funding by this ordinance:

(a) Tax Increment Financing Districts Revenues.

1. Within the Waterfront ~~Redevelopment Economic Zone (WREZ)~~Development Growth Area (WDGA) all activity except minor changes as defined below, which results in an increase in assessed value due to new construction, development or redevelopment, renovation, refitting or other physical change to structures or uses~~, including acquisition of equipment,~~ shall be subject to designation as a Tax Increment Finance (TIF) District to support redevelopment activities within the ~~WREZ~~ WDGA pursuant to 30-A M.R.S.A. §§ 251-526, as amended.

   Minor changes shall mean those physical changes, minimal in scope or purpose, which when accumulated with previous and anticipated other changes, over a period of two years, increase the assessed value of the affected property by a cumulative total of $400,000 or less.

2. Affected properties shall mean those properties within the WGDA~~zone~~ which through revaluation or by undertaking~~ke~~ activity, except minor changes as defined above, which results in a change in assessed value due to new construction, development or redevelopment, renovation, refitting or other physical change to structures or uses, including acquisition of equipment.

   Affected properties within the ~~WREZ~~ WDGA shall be designated for inclusion in this redevelopment program as a TIF District, and the tax increment from the captured assessed value shall be applied to the redevelopment program purposes, subject to approval by the City Council on a TIF-by-TIF basis.

   A property is an affected property if it otherwise so qualifies, and the total aggregate amount of captured assessment in the TIF Districts devoted to this redevelopment program does not exceed 1.25% (.0125) of the total taxable valuation of the City of Portland, when adjusted as necessary to reflect 100% valuation, as determined by the City Assessor.

3. Paragraphs (1) and (2) notwithstanding, the Council may by Council order determine that the increases in assessed value that would otherwise be designated for the first time as TIF districts under (1) and (2) above for the next succeeding fiscal year shall not be so designated.

4. The redevelopment program shall be that series of investments, expenditures, guarantees and supports which are planned for project fund expenditures.

(b) Program Income and Other Revenues.

The City Manager will budget and implement the program activities, including the program income and expense, of the redevelopment program annually for approval ~~and implementation~~ by the City Council. The redevelopment program is authorized to receive program income, grants, participations, joint ventures, investments and other revenues for the purposes of the redevelopment program as approved by the City of Portland from time to time.

(c) Updates to development plan and annual TIF District reporting.

Periodically, the city manager shall evaluate and propose updates to the Development Plan, and identify properties developed in the redevelopment zone which qualify as additional TIF District properties. The city manager shall report to the council on conditions and changes in conditions addressing the economic circumstances of the waterfront economy~~, and shall include in said report detail on at least the following issues~~ when proposing the addition of properties for inclusion in the Waterfront TIF District. ~~:~~

Additionally, the City Manager through the Economic Development Department shall report to the City Council on financial activity related to the Development Program within an Annual TIF District Activity Report~~Program report~~.

~~1. The utilization, adequacy and capital and operating position of the enterprise loan fund designed to assist water-dependant, marine-related properties and businesses;~~

~~2. The state of the fishing industry, the adequacy and demand for berthing space and operating facilities, financing, local markets and opportunities, and the operations of public operations pertaining to the fishing industry;~~

~~3. The status of other water dependant industries and operations along the Portland waterfront, including opportunities to develop or promote water dependent and marine resource dependant economic opportunities;~~

~~4. The status of dredge operations and needs at public and private piers, the nature of impediments to maintaining full depths at all working Portland piers;~~

~~5. The status of cargo operations in the Port of Portland, including analysis of surface transportation capacities serving the Port cargo operations, whether public or private;~~

~~6. The status of parking availability, public access to the waterfront and to water dependent recreational activities and pursuits;~~

~~7. The status of environmental concerns, programs and issues along the Portland waterfront, and particularly in the inner harbor; and~~

~~8. Such other information, data or findings concerning conditions as affects the economic and environmental health of the waterfront area, or recommendations concerning the operations of the loan fund or the capital improvement program.~~

(d) Recommendations.

As often as he or she deems prudent, the city manager shall submit to the city council a recommended capital improvement plan, utilizing the revenues of the ~~WREZ~~WDGA. The finance committee of the city council or such other committee as the Council shall designate shall conduct public hearings on the recommended plan and refer the matter to the council for action.

(e) Adoption.

The City Council shall adopt amendments to the ~~WREZ~~WDGA, designate TIF Districts and authorize expenditures and take such other actions as are necessary each year to implement this redevelopment plan and administer its revenues and expenses.

(Ord. No. 249-01, 6-4-01; Ord. No. 151-02/03, 2-3-03; Ord. No. 116-08/09, 12-1-08)

***Editor's Note:** Sec. 14-909 *Waterfront economic development advisory committee* was repealed in its entirety per council order no. 116-08/09 and passed on 12/1/08.

City of Portland

Waterfront Economic Redevelopment Program

Application for FY02 and FY10 Amended Waterfront Tax Increment Financing Development District Approved by City Council March 18, 2002

AMENDMENTS:

1. AMENDED AND RESTATED PER CITY COUNCIL APPROVAL ON JUNE 7, 2010 – INCREASE TERM AND CREATE SUBDISTRICT;

~~1.~~2. AMENDED AND RESTATED PER CITY COUNCIL APPROVAL ON MARCH 6, 2018 – ADD ADDITIONAL PROPERTIES

~~2.~~3. AMENDMENTS TO INCREASE INVESTMENT OPTIONS, ADD ADDITIONAL PROPERTIES, AND INCREASE GEOGRAPHICAL BOUNDARY – SEPTEMBER 2018

Prepared by:

The City of Portland Economic Development Department
March 13, 2002/Amended and Restated as of June 7, 2010; Amended and Restated March 6, 2018; Amended and Restated _____

9/2018 – AMENDMENT #3 TO WATERFRONT TIF: INCREASE CITY INVESTMENT OPTIONS, ADD ADDITIONAL PROPERTIES, AND INCREASE GEOGRAPHICAL AREA

I. Introduction

The Portland City Council on March 18, 2002, designated five properties as tax increment financing districts (the "Original TIF Districts") as more specifically described below and adopted the Waterfront Tax Increment Financial Development District Program (the "Original Development Program"). The Original TIF District~~s~~ program was designed for the City to capture 100% of the tax increment for specified allowable uses.

Amendment #1: On June 7, 2010, the Portland City Council ~~amended~~ approved the Amended and Restated the Original Development Program ("Amended Development Program"), which was approved by the Maine Department of Economic Development and Community Development ("MDECD) on June 28, 2010, as follows:

- Extend the term by twenty (20) years;
- Reduce the number of TIF investment options;
- Authorize the use of Credit Enhancement Agreements within the Waterfront Central Zone; and
- Establish a Sub-District (the "Sub-District") within the District and to authorize a Credit Enhancement Agreement with the Developer with respect to the Sub-District in furtherance of the Cumberland Cold Storage Project.

Amendment #2: On March 6, 2018, the Portland City Council further amended the Original TIF Districts to add three properties with the following Chart, Lot, and Block (CBL) numbers ("Added TIF District Properties of 2018"):

- 019-A-014001;
- 031-K-003001; and,
- 031-K-103001.

The three additional properties include two projects under construction as follows:

WEX Headquarters (019-A-014001)

Union Wharf Mixed Use Development (031-K-003001 and 031-K103001)

MDECD approved Amendment #2 on May 29, 2018.

History:

The history of the City of Portland is inextricably tied to the waterfront. From tourism to shipbuilding to national defense, the waterfront has been a vital part of the social and economic fabric of Portland. Always, Portland has worked to recognize the unique needs of the harbor, to protect its authentic marine heritage and to provide public access. The product of this commitment comes from the work of a Mayoral Taskforce report entitled "Investing in Our Working Waterfront – Final Report of the Mayor's Waterfront Task Force on Economic Development", dated October 2000 (herein referred to as the "Task Force II Report"). An excerpt from its

Executive Summary is included here, and the full Report is attached to this application labeled as Attachment #1.

> *"Portland is a waterfront city. Its harbor is one of the deepest on the East Coast and served as the staging area for the Atlantic Fleet during World War II. Today, it accommodates the largest petroleum trans-shipment operation on the East Coast. The inner harbor is very limited in geography; it is only about two miles in length from Bath Iron Works to Merrill's Marine Terminal. The wharves that serve the needs of water-dependent businesses are both publicly and privately owned. Over the course of its long history, the Portland waterfront has served as a center of commerce, shipbuilding, cargo and passenger transport, fishing and defense. It has also supported a range of mixed uses, the character of which has changed over time as the City of Portland and its waterfront have evolved.*
>
> *Portland has a 30-year history of commitment to its working waterfront. The City began planning the future of its waterfront in the early 1970's, culminating in 1982 with multi-faceted development strategies, including zoning amendments, construction of public facilities, and policies to address berthing and public access. Despite these initiatives, the emergence of the Old Port as a vital retail center and tourist attraction threatened to drive traditional industries from their waterfront locations. A citizen-initiated referendum in 1987 passed by a 2-1 margin, clearly demonstrating the public's commitment to a working waterfront, and significant limitations were placed on development of the water side of Commercial Street.*
>
> *Before the development moratorium expired in 1992, the City asked waterfront interests to review the zoning and recommend any changes that might provide more flexibility in renting space, while protecting water-dependent and marine-related uses (The Waterfront Alliance Report, 1992). While some may argue otherwise, the existing zoning structure, based on the 1992 Report, strikes a reasonable balance between preserving the "working waterfront" and allowing property owners necessary flexibility in managing their assets. Since the 1980's, Portland and the State of Maine have invested significant public dollars in supporting traditional waterfront activities such as ship repair, commercial fishing, and cargo transfer. At the same time, some private property owners have, for a variety of reasons, lacked the revenues to maintain their piers, resulting in a serious infrastructure problem, which threatens the viability of certain piers as elements of the waterfront economy.*
>
> *Despite investments in publicly owned waterfront facilities, the City has done little to assist private owners of waterfront property, the uses of which have been limited by public policy, as noted above. This report is the result of a charge issued by then-Mayor Tom Kane to "focus on economic support for the waterfront…and to make the working waterfront work." It is the second of a three-phase process for defining the City's vision for its waterfront."*

The Task Force II Report was presented to the City Council and the public, and the Council voted to incorporate it into the Comprehensive Plan on June 4, 2001.

The Task Force II Report identified the unique needs of the waterfront from both an infrastructure and a business development perspective, and several recommendations were made. In order to turn these recommendations into waterfront economic development opportunities, a program to create a funding mechanism through Tax Increment Financing ("TIF") Districts was put in place.

Since the adoption of Waterfront Task Force II report, the City has systematically conducted area specific planning and re-zoning processes for the three waterfront sub-areas identified in the 1992 Waterfront Alliance Report: Eastern Waterfront, Central Waterfront, and Western Waterfront. These processes have resulted in an updated framework of regulation that reflects the industries, infrastructures, water depths, and ownership patterns on the Portland Waterfront. Current regulations continue to prioritize and protect water dependent uses while allowing reasonable flexibility to promote investment. While new zoning promotes waterfront investment, barriers remain. Deferred pier maintenance, shifting industry needs, dredging needs, traffic congestion, and parking shortages continue to challenge public and private piers and the industries that depend on them.

II. Development Program

A. Amended Development Program

With the incorporation of the Task Force II Report into the Portland Comprehensive Plan, the City Council formally recognized the unique business development needs of the waterfront. Since a funding mechanism was required to implement the recommendations of the Report, the City began crafting what ultimately became the Waterfront Capital Improvement and Economic Redevelopment Zone ("WREZ") Ordinance (see Attachment #2 as passed June 4, 2001, ~~and~~ Attachment #3 as amended December 1, 2008; and Attachment 3(A) as amended _____~~,~~) whereby any property within the WREZ geographic area, delineated on the attached map (see Revised Attachment #4), that increased in value by an amount greater than $400,000 over a two-year period would be subject to inclusion in a TIF application.

By adopting the WREZ Ordinance, the City Council recognized that the non-marine commercial development that has occurred in the Old Port and the surrounding area has benefited through the years from the authenticity of the working waterfront. Said another way, Portland's downtown became a desirable destination for tourists, retailers, restaurants and high-end office users in part because of the vibrant business of those that depend upon the water for their living. Portland blends a perfect mix of fishing vessels, shipbuilding, chandlery, cargo operations and the like with the lawyers, bankers, dot-com entrepreneurs and tourists. So when a revenue stream was required to maintain and improve the economic vibrancy of the Portland waterfront, the City Council acted in such a way as to nurture this symbiotic relationship by directing the incremental revenues of the new commercial development back to the working waterfront. The result of that action was the adoption of the WREZ Ordinance.

The WREZ Ordinance is intended to be in effect for several years. As such, the designation of the five Original TIF Districts described in the Original Development Program were the first in what the City hopes to be a multiple year program where several additional TIF Districts will

Editor's Note: As of 9/14/2018, attachments need to be renumbered.

be created. The common theme underlying the Original Development Program, this Amended Development Program, and future TIF applications is the implementation of the Task Force II Report findings. As such, the projects described in the Original Development Program and this Amended Development Program are intended to be greater in scope than the five Original TIF Districts could support by themselves.

1. Amendment #2 – Three Added Parcels Approved by City Council March 16, 2018

   T~~herefore, t~~he Original Development Program ~~-~~and the three Added TIF District Properties of March 2018 (CBLs 019-A-014001, 031-K003001, and 031-K-103001) will serve as the model for future amendments to the Original Development Program, as amended, as properties become eligible through the WREZ Ordinance.

2. Amendment #3 – Additional Parcels to be Added – September 2018

   Additional Parcels to be added include those listed in Section II(D)(4).

   In addition, this proposed Amendment increases City TIF revenue investment options, as well as increases the geographic area by amending and renaming the WREZ to the "Waterfront Development Growth Area Ordinance". See proposed amendments to the WREZ as noted on Attachment #____.

The activities to be funded through the Original Development Program and~~,~~ this Amended Development Program~~, and the three Added TIF District Properties of 2018~~ will be specifically determined on an annual basis upon recommendation by the City Manager for action by the City Council. Therefore, the City of Portland seeks authorization to fund all the activities described in this Amended Development Program so that each year the City Council could prioritize which specific activities to fund.

B. The Projects

The projects to be undertaken are derived from the recommendations of the Task Force II Report which are:

1. Encourage private and public waterfront investments;
2. Provide support to maintain a working waterfront;
3. Support clean, working harbor.

Editor's Note: As of 9/14/2018, attachments need to be renumbered.

9/2018 – AMENDMENT #3 TO WATERFRONT TIF: INCREASE CITY INVESTMENT OPTIONS, ADD ADDITIONAL PROPERTIES, AND INCREASE GEOGRAPHICAL AREA

Generally, the activities to be undertaken and the approximate cost associated with each activity are described in Table 1 below.

TABLE 1

Note 1: All citations refer to Title 30-A, Chapter 206, Section 5225

Project	Statutory Citation	Estimated Cost
In District: Capital Infrastructure Investments and financing costs, for example:		
Pier and Wharf Structural Repair	(1)(A)(1)(2)(3)(6)(7)	$3,200,000
Local Match for Ocean Gateway Project	(1)(A)(2)	$1,000,000
Street Studies and Improvements (Remedy Traffic Congestion)	(1)(A)(1)(2)(3)(6)(7)	$5,000,000
Pedestrian and Multi-Modal Circulation and Amenity Improvements	(1)(A)(1)(2)(3)(6)(7)	$750,000
Dredging	(1)(A)(1)(2)(6)(7)	$1~~0~~,000,000
New Publicly Owned Pier	(1)(A)(1)(2)(3)(6)(7)	T/B/D
Multi-Modal Surface and Structured Parking	(1)(A)(1)(2)(3)(6)(70	T/B/D
Credit Enhancement Agreements	(1)(A)	$4,000,000 Per Each Individual CEA Project
In and out of District:		
(a) Funding the ~~City~~ Economic Development Department, including prorated salaries of City Manager, Finance, and Planning Urban Development Director and Planning staff;~~Staff~~	(1)(A)(5) and (C)(1)	$50,000 Annually effective 7/1/2010 for 22 years, or $1,100,000 total.
(b) Workforce training funds. Costs of services and equipment to provide skills development and training, including scholarships to in-state educational institutions or to online learning entities when in-state options are not available, for jobs created or retained, of value to marine industry;	(1)(C)(4)	T/B/D
(c) Costs of funding economic development programs or events; ~~and,~~	(1)(C)(1)	T/B/D
(d) Costs of funding environmental improvements projects for commercial use, including sea level adaptation studies and infrastructure improvements; ~~and~~	(1)(C)(2)	T/B/D
(e) Professional services costs.~~.~~	(1)(A)(4); 1(C)(1)	T/B/D
(f) Dredg sediment disposal and CAD Cell development.	(1)(A) and (1)(C)(2)	T/B/D
Total Estimate of TIF Revenue Expenditure over 30-year term:		**$~~2~~12,050,000 – excluding CEA Projects**

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The City recognizes that the full scope of the needs of the Waterfront Economic Redevelopment Program is beyond the funds anticipated to be generated through this ~~e five Original TIF Districts described in the Original~~Amended Development Program~~ and the three Added TIF District Properties of 2018~~. Since the Original Development Program, this Amended Development Program~~, and the three Added TIF District Properties of 2018~~ will serve as the template for future TIF District applications, however, the City again seeks authorization for the full "menu" of economic development activities described above. This is necessary to maintain flexibility and adaptability as the needs of the waterfront are prioritized throughout the life of this Amended Development Program.

In District Use of Funds

Pier and Wharf Structural Repair

The waterfront infrastructure needs are considerable. The Task Force II Report estimates the need for $1.4 million in repairs to 14 wharves within three years, with an additional $1.8 million needed over the next 20 years.

Local Match for Ocean Gateway Project

The voters of the State of Maine approved an allocation of roughly $15 million for the construction of a marine passenger facility, requiring a local match of nearly $1 million.

Street Studies and Improvements (Remedy Traffic Congestion)

With the development of the Ocean Gateway facility, significant transportation improvements will be required to accommodate the increased traffic on the street network along and around the waterfront, with particular emphasis on Franklin Arterial, Commercial Street and India Street.

Pedestrian Circulation and Amenity Improvements

Invest in pedestrian and multi-modal infrastructure to support the working waterfront and improve public access to the waterfront.

Dredging

This recommendation recognizes the environmental and financial burdens caused by combined sewer overflows and storm water pipes that discharge into the harbor. The cost associated with disposing the contaminated dredge material jumps to more than $100 per cubic yard vs. as little as $12 per cubic yard for uncontaminated dredge disposal costs. Placing an additional financial burden on the marine industry, the significant cost of the disposal of the contaminated dredged material allows only a limited ability to recover those costs through increased berthing fees. Since there are public health and ecological benefits associated with removing contaminated sediment, the Report recommends that the City devise a strategy to dispose of contaminated

sediments and to subsidize a portion of the costs of the dredging. See CAD Cell Development discussion below.

New Publicly Owned Pier

Located between the Portland Ocean Terminal and Ocean Gateway, a new deep-water pier will offer expanded berthing supporting cruise ship, home porting, tug boat, and transient berthing for current and future marine transportation industries.

Multimodal surface and Structured Parking

Existing and future waterfront industries and developments require shared parking resourcses to promote continued growth and opportunities for transportation choice.

Economic Development Staffing, and prorated salaries of the Finance Director, Planning and Urban Development Director, and Planning Staff

Fund a portion of the cost of City economic development staff involved in supporting waterfront business development activities and administration of the Original Development Program and this Amended Development Program, and prorated salaries of the Finance Director, Planning and Urban Development Director, and Planning staff.

Credit Enhancement Agreements

The City Council may approve credit enhancement agreements within the Waterfront Central Zone (as depicted on Attachment #5) within the remaining term of the Amended Development Program to support important private sector projects in compliance with adopted City TIF Policy and where the City Council determines that the public benefits associated with individual projects meet or exceed the current or net present value of the project's share of the TIF proceeds for activities consistent with State law. City Council approved City TIF Policy limits the Credit Enhancement Agreements to not exceed 65% of the incremental taxes up to a 20-year term.

In and Out of District Use of Funds

Workforce Training Funds

Marine Industries are increasingly challenged to find qualified workers to fill open positions and to capitalize on opportunities for growth. TIF funding can help expand the pool of applicants for current and future employment while improving employment options.

Economic Development Programs and Events

Job fairs, technology conferences, industry open houses, and other such events to market and promote the waterfront and its industries.

Environmental Improvement Projects

Waterfront industries, such as fisheries and tourism benefit from water quality improvement studies and projects. Likewise, sea level rise and other climate change related stresses on industries will increasingly require studies and infrastructure improvements to adapt to changing conditions and promote resiliency.

Professional Services Costs

Waterfront TIF funds may be used to support consulting and professional services needed for special projects and to conduct the everyday ongoing work implementing the development program.

Dredged Sediment Disposal Costs and CAD Cell Development

While the dredging of piers and wharfs is considered "in-district," disposal options for dredged sediments will all be located beyond the limits of the Waterfront TIF districts and growth areas. The City is working with State and local partners to construct a Contained Aquatic Disposal (CAD) cell in Portland Harbor to address the needs of pier dredging for both public and private piers.

C. Sub-District Development Program

The twenty (20) year Sub-District Development Program supports the redevelopment of the Cumberland Cold Storage 100,000± square foot building into a Class A office building. A twenty (20) year Credit Enhancement Agreement with the property owner and developer assists with project costs.

D . The Development District Property

The City Council created the WREZ Ordinance (see Attachments #2, ~~and~~ #3, and #3A) whereby any property within the geographic area, delineated on the attached map (see Revised Attachment #4), that increased in value by an amount greater than $400,000 over a two-year period would be considered for inclusion in a TIF application subject to the City Council approval.

NOTE: This Amendment #3 also proposes to amend the WREZ Ordinance to expand the geographic area and rename the Ordinance the "Waterfront Development Growth Area Ordinance", as noted on Attachment #___.

1. Original Development District Property

Editor's Note: As of 9/14/2018, attachments need to be renumbered.

Five such properties were given a TIF District designation by the City Council in 2002 as part of the Original Development Program.

MAP	BLOCK	LOT
019	A	008
029	K	001
029	S	001
030	D	001
041	A	005

2. Sub-District Property

Properties 041-A-016 (0.17 acres) and 041-A-17-18 (1.38 acres) are the Sub-District for the purposes of establishing the original assessed value and allocating tax increment pursuant to the Credit Enhancement Agreement with the Developer.

The TIF Districts will apply to only new value generated within the Districts and will not affect the current property tax base.

3. Three Added TIF District Properties of March 2018

MAP	BLOCK	LOT
019	A	014001
031	K	003001
031	K	103001

4. Added TIF District Properties of September ~~Fall~~ 2018

Additional Parcels to be added include: NOTE: a/o 9/14/2018, City is confirming the various parcel~~s~~ sizes, assessed values, and CBLs. A map, however, is attached showing the location of the subject properties.

E. Municipal Use of TIF Revenues

The City of Portland seeks authorization to utilize the revenues generated from this Amended Development Program~~e five Original TIF Districts, the Sub-District, and the three Added TIF District Properties of 2018~~ that are created in the WREZ in support of the economic development activities called for in described in this Amended Development Program, and specifically, the activities outlined in Section II-A of this application.

F. Operational Components

1. Public Facilities

See Section IIA of this application.

Editor's Note: As of 9/14/2018, attachments need to be renumbered.

2. Uses of Private Property

   Subject to the approval of the City Council, the City will consider entering into credit enhancement agreements to support private projects located in the Waterfront Central Zone which meet the criteria set forth in this TIF District Program.

3. Plans for relocation of persons displaced by development activities.

   No displacement or relocation of persons is associated with this TIF District.

4. Transportation Improvements

   See Section IIA of this application.

5. Environmental Controls

   Thi~~s Original Development Program and this~~ Amended Development Program proposes improvements that will comply with all federal, state and local rules and regulations and applicable land use requirements.

6. Plan of Operation

   During the life of this Amended Distric~~t five Original Districts, the Sub-District, and the three Added TIF District Properties of 2018~~, the City of Portland, City Council, or their designee, will be responsible for the administration of the Districts.

III. Original Development Program Physical Description

A. Total acreage of the municipality: 12,386 (taxable acres)

B. Total acreage of five Original TIF Districts: 3.4 acres

C. Percent of line B of line A (line B divided by line A cannot exceed 2%): 0.03%

D. Total acreage of all existing and Original TIF Districts in the municipality: 77.6 acres

E. Percent line D of line A (cannot exceed 5%): 0.63%

F. Not less than 25%, by area, of the real property within a development district shall meet at least one of the following criteria:

   1. Blighted acres N/A . Line F1 divided by line B = _____.

   2. Acreage in need of rehabilitation, redevelopment or conservation N/A . Line F2 divided by line B = _____.

Editor's Note: As of 9/14/2018, attachments need to be renumbered.

3. Acreage suitable for commercial siting = 3.4 . Line F3 divided by line B = 100% .

G. Enclosed municipal maps:

1. Area map showing site location of the five Original TIF Districts in relation to geographic location of municipality (Attachment #6).

2. Site map showing tax map locations and the five Original TIF Districts (Attachments #7A through 7E).

III-A. Sub-District Physical Description

A. Total acreage of the municipality: 12,386 (taxable acres)

B. Total acreage proposed for Sub-District: 1.55

C. Percent of line B of line A (line B divided by line A cannot exceed 2%): 0.01%

D. Total acreage of all existing and proposed TIF Districts in the municipality: 189.92

E. Percent line D of line A (cannot exceed 5%): 1.53%

F. Not less than 25%, by area, of the real property within a development district shall meet at least one of the following criteria:

1. Blighted acres N/A . Line F1 divided by line B = _____.

2. Acreage in need of rehabilitation, redevelopment or conservation N/A . Line F2 divided by line B = _____.

3. Acreage suitable for commercial siting = ___. Line F3 divided by line B = 100% .

III-B. Added TIF District Properties of March 2018 Physical Description

The total acreage of the three Added TIF District Properties of March 2018 is 1.675 acres. Exhibit 16 contains financial and statistical information relating to this Amendment required as a prerequisite to designation of the Amended District by the City and approval by MDECD.

Enclosed municipal maps:

1. Area map showing site location of the Sub-District, and the three Added TIF District Properties of 2018, in relation to geographic location of municipality (Attachment #8)

Editor's Note: As of 9/14/2018, attachments need to be renumbered.

2. Tax maps showing locations of the three Added TIF District Properties of March 2018 (Attachment #9).

III-C. Added TIF District Properties of September 2018 Physical Description

The total acreage of the added September 2018 TIF District Properties is estimated at 76 acres. Exhibit 16 contains financial and statistical information relating to this Amendment required as a prerequisite to designation of the Amended District by the City and approval by MDECD.

Enclosed municipal maps:

1. Area map showing site location of the Added September 2018 TIF District Properties, in relation to geographic location of municipality (Attachment #-_____).

2. Tax maps showing locations of the added September 2018 TIF District Properties (Attachments #_____).

IV. Original Development Program Financial Plan

A. Costs and Sources of Revenues

The five Original TIF Districts comprise an area of approximately 3.4 acres of taxable real and personal property with an original assessed value of $6,716,410 as of March 31, 2001. The development within the Original TIF Districts is estimated to add an additional $26,221,692 of new assessed value to the City over the 30 years.

The Original Development Program and this Amended Development Program provides for the new tax revenues generated by the increase in assessed value of the Original TIF Districts to be captured and designated as TIF Revenues. The City will apply the portion of retained revenues to the economic development activities described in the Amended Development Program, with the understanding that the City Council will, on an annual basis, determine which specific projects to undertake that have been outlined in the Amended Development Program.

The City of Portland reserves the right to amend this Financial Plan, subject to DECD approval, to undertake a different activity that is allowable under the Amended Development Program.

Attachment #10 details the projections and proposed TIF revenue allocation based upon the anticipated assessed value increases within the Amended~~Original~~ TIF District~~s~~. Attachment #10 is a projection based upon best available information and is included for demonstration purposes only. No assurances are provided as to the results reflected therein.

B. Development Program Account

Editor's Note: As of 9/14/2018, attachments need to be renumbered.

The Original Development Program and this Amended Development Program requires establishment of a Development Program Account pledged to, and charged with, the payment of the project costs in the manner outlined in 30-A M.R.S.A. §5254 (3)(A)(2).

The Waterfront TIF Development Program Account is established consisting of a project cost account ("Project Cost Account") pledged to, and charged with, payment of project costs. The Project Cost Account shall consist of a City Cost Subaccount (the "City Cost Subaccount") pledged to, and charged with, payment to the City for the cost of approved economic development expenses and Developer Cost Subaccount (the "Developer Cost Subaccount") pledged to, and charged with, payment by the City under any credit enhancement agreement.

C. Financing Plan

The developments within the described Original TIF Districts will add approximately $26.2 million of new taxable value in the City of Portland over 30 years. TIF revenues will be allocated as described on Attachment #10 to finance the costs of this Amended Development Program. Actual payments to the Project Cost Account will be adjusted based upon the applicable annual percentage retained and the actual annual assessed value within the Districts.

IV-A. Sub-District Financial Plan

A. Cost and Sources of Revenue

The one TIF Sub-District comprises an area of 1.55 acres of taxable real property with an original assessed value of $950,900 as of March 31, 2010. The development within the sub-district is estimated to add an additional $12,000,000 of new assessed value to the City.

This Amended Development Program provides for the new tax revenues generated by the increase in assessed value of the Sub-District to be captured and designated as TIF Revenues. The City will apply the portion of retained revenues to a credit enhancement agreement with the Developer and the balance of retained revenues to the economic development activities described in this Amended Development Program, with the understanding that the City Council will, on an annual basis, determine which specific projects to undertake that have been outlined in the Amended Development Program.

The City of Portland reserves the right to amend this Financial Plan, subject to DECD approval, to undertake a different activity with its allocable share of retained revenues that is allowable under the Amended Development Program.

Attachment #11 details the projections and TIF revenue allocation schedule based upon the anticipated assessed value increases within the Sub-District. Attachment #11 is a projection based upon best available information and is included for demonstration purposes only. No assurances are provided as to the results reflected therein.

B. Development Program Account

Editor's Note: As of 9/14/2018, attachments need to be renumbered.

This Amended Development Program requires establishment of a Development Program Account pledged to, and charged with, the payment of the project costs in the manner outlined in 30-A M.R.S.A. §5254 (3)(A)(2).

The Cumberland Cold Storage TIF Development Program Account is established consisting of a project cost account ("Project Cost Account") pledged to, and charged with, payment of project costs. The Project Cost Account shall consist of a City Cost Subaccount (the "City Cost Subaccount") pledged to, and charged with, payment to the City for the cost of approved economic development expenses and a and Developer Cost Subaccount (the "Developer Cost Subaccount") pledged to, and charged with, payment by the City under the credit enhancement agreement to be entered into with the Developer.

C. Financing Plan

The developments within the Sub-District will add approximately $12 million of new taxable value in the City of Portland. TIF revenues will be allocated as described on Attachment #11 to finance the costs of this Amended Development Program and to fund the City's payment obligations to the Developer pursuant to the credit enhancement agreement to be entered into with the Developer. Actual payments to the Project Cost Account will be adjusted based upon the applicable annual percentage retained and the actual annual assessed value within the Districts.

IV-B Added TIF District Properties of March 2018 Financial Plan

A. Costs and Sources of Revenues

The three Added TIF District Properties of March 2018 comprise an area of approximately 1.675 acres of taxable real property with an original assessed value of $616,430 as of March 31, 2017. The development within the three Added TIF District Properties of March 2018 is estimated to add an additional $20.7 Million of new assessed value to the City over the remainder of the term through June 30, 2032.

The Original Development Program and this Amended Development Program provides for the new tax revenues generated by the increase in assessed value of the Original TIF Districts to be captured and designated as TIF Revenues. The City will apply the portion of retained revenues to the economic development activities described in the Amended Development Program, with the understanding that the City Council will, on an annual basis, determine which specific projects to undertake that have been outlined in the Amended Development Program.

The City of Portland reserves the right to amend this Financial Plan, subject to DECD approval, to undertake a different activity that is allowable under the Amended Development Program.

Attachment #12 details the projections and proposed TIF revenue allocation based upon the anticipated assessed value increases within the three Added TIF District Properties of March

2018. Attachment #12 is a projection based upon best available information and is included for demonstration purposes only. No assurances are provided as to the results reflected therein.

B. Development Program Account

The Original Development Program and this Amended Development Program requires establishment of a Development Program Account pledged to, and charged with, the payment of the project costs in the manner outlined in 30-A M.R.S.A. §5254 (3)(A)(2).

The Waterfront TIF Development Program Account is established consisting of a project cost account ("Project Cost Account") pledged to, and charged with, payment of project costs. The Project Cost Account shall consist of a City Cost Subaccount (the "City Cost Subaccount") pledged to, and charged with, payment to the City for the cost of approved economic development expenses and Developer Cost Subaccount (the "Developer Cost Subaccount") pledged to, and charged with, payment by the City under any credit enhancement agreement.

C. Financing Plan

The developments within the three Added TIF District Properties of March 2018 will add approximately $20.7 Million of new taxable value in the City of Portland over the remainder of the term through June 30, 2032. TIF revenues will be allocated as described on Attachment #12 to finance the costs of this Amended Development Program. Actual payments to the Project Cost Account will be adjusted based upon the applicable annual percentage retained and the actual annual assessed value within the Districts.

IV-C Added TIF District Properties of September 2018 Financial Plan

A. Costs and Sources of Revenues

The Added TIF District Properties of September 2018 comprise an area of approximately 76 acres of taxable real property with an original assessed value of $20,049,870 as of March 31, 2018. The development within the Added TIF District Properties of September 2018 is estimated to add an additional $300 Million of new assessed value to the City over the remainder of the term through June 30, 2032.

The Original Development Program and this Amended Development Program provide for the new tax revenues generated by the increase in assessed value of the Original TIF and Amended Districts to be captured and designated as TIF Revenues. The City will apply the portion of retained revenues to the economic development activities described in the Amended Development Program, with the understanding that the City Council will, on an annual basis, determine which specific projects to undertake that have been outlined in the Amended Development Program.

The City of Portland reserves the right to amend this Financial Plan, subject to DECD approval, to undertake a different activity that is allowable under the Amended Development Program.

Editor's Note: As of 9/14/2018, attachments need to be renumbered.

Attachment #13 details the projections and proposed TIF revenue allocation based upon the anticipated assessed value increases within the Added TIF District Properties of September 2018. Attachment #13 is a projection based upon best available information and is included for demonstration purposes only. No assurances are provided as to the results reflected therein.

B. Development Program Account

The Original Development Program and this Amended Development Program requires establishment of a Development Program Account pledged to, and charged with, the payment of the project costs in the manner outlined in 30-A M.R.S.A. §5254 (3)(A)(2).

The Waterfront TIF Development Program Account is established consisting of a project cost account ("Project Cost Account") pledged to, and charged with, payment of project costs. The Project Cost Account shall consist of a City Cost Subaccount (the "City Cost Subaccount") pledged to, and charged with, payment to the City for the cost of approved economic development expenses and Developer Cost Subaccount (the "Developer Cost Subaccount") pledged to, and charged with, payment by the City under any credit enhancement agreement.

C. Financing Plan

The developments within the Added TIF District Properties of September 2018 will add approximately $300 Million of new taxable value in the City of Portland over the remainder of the term through June 30, 2032. TIF revenues will be allocated as described on Attachment #13~~2~~ to finance the costs of this Amended Development Program. Actual payments to the Project Cost Account will be adjusted based upon the applicable annual percentage retained and the actual annual assessed value within the Districts.

V. Original TIF Districts Financial Data

A. Total 2001 value of equalized property in the municipality: $3,873,900,000.

B. Original assessed value of all properties in all existing and proposed Original TIF districts:

Existing	$20,961,460
Proposed	$6,716,410
Total	$27,677,870

Line B divided by line A = 0.71% (cannot exceed 5%).

C. Estimate of increased assessed value by year after implementation of the Original Development Program: See Attachment #10

D. Percentage of increased assessed value to be applied to the Original Development Program fund: See Attachment #10

Editor's Note: As of 9/14/2018, attachments need to be renumbered.

E. Estimated annual tax increment: $400,113 (Average)

F. Total average annual value of development program fund: $400,113 (Average)

G. Annual principal and interest payment of bonded indebtedness: N/A

H. Financial assumptions and safeguards: Under the Original Development Program, the City of Portland only sought to implement its own Waterfront Economic Redevelopment Program and is under no obligation to repay any bonds that would involve a pledge of the City's full faith and credit. The City's participation in this development program is voluntary and notwithstanding any approvals from the appropriate state entity, can revoke its desire to implement the plan.

I. Statement of impact of TIF on taxing jurisdictions within the county: See Attachment #13.

V-A. Sub-District Financial Data

A. Total 2010 value of property in the municipality: $8,196,900,000.

B. Original assessed value of all properties in all existing TIF Districts and proposed sub-district:

Existing	$305,455,220
Proposed	$950,900
Total	$306,406,120

Line B divided by line A = 3.73% (cannot exceed 5%).

C. Estimate of increased assessed value by year after implementation of the development program: See Attachment #11

D. Percentage of increased assessed value to be applied to the development program fund: See Attachment #11

E. Estimated annual tax increment: $143,503 (Average)

F. Total average annual value of development program fund: $143,503 (Average)

G. Annual principal and interest payment of bonded indebtedness: N/A

H. Financial assumptions and safeguards: The City of Portland seeks to implement its own Waterfront Economic Redevelopment Program and to fund its payment obligations to the Developer under the credit enhancement agreement with the Developer and is under no obligation to repay any bonds that would involve a pledge of the City's full faith and credit. The City's participation in this development program is voluntary and notwithstanding any approvals from the appropriate state entity, can revoke its desire to implement the plan.

I. Statement of impact of TIF on taxing jurisdictions within the county: See Attachment #14.

V-B. Added TIF District Properties of March 2018 Financial Data

A. Total 2018 value of taxable property in the municipality: $9,049,500,000.

B. Original assessed value of all properties in all existing and proposed Amended TIF districts:

Existing	$1,106,422,670
Proposed	$616,430
Sub-Total	$1,107,059,100
Less Exempt	-$973,107,320
Total	$133,951,780

Line B divided by line A = 1.48% (cannot exceed 5%).

C. Estimate of increased assessed value by year after implementation of the three Added TIF District Properties of 2018: See Attachment #12.

D. Percentage of increased assessed value to be applied to the three Added TIF District Properties of 2018 Development Program fund: See Attachment #12

E. Estimated annual tax increment: $491,204 (Average)

F. Total average annual value of development program fund: $491,204 (Average)

G. Annual principal and interest payment of bonded indebtedness: $200,000 ~~N/A~~

H. Financial assumptions and safeguards: Under the Original Development Program, the City of Portland only sought to implement its own Waterfront Economic Redevelopment Program and is under no obligation to repay any bonds that would involve a pledge of the City's full faith and credit. The City's participation in this development program is voluntary and notwithstanding any approvals from the appropriate state entity, can revoke its desire to implement the plan.

II. Statement of impact of TIF on taxing jurisdictions within the county: See Attachment #15.

V-C. Added TIF District Properties of September 2018 Financial Data

A. Total 2018 value of taxable property in the municipality: $9,049,500,000.

B. Original assessed value of all properties in all existing and proposed Amended TIF districts:

Editor's Note: As of 9/14/2018, attachments need to be renumbered.

Existing	$1,107,059,100~~6,422,670~~
Proposed	$20,049,870
Sub-Total	$1,127,108,970
Less Exempt	-$973,107,320
Total	$154,001,650~~133,951,780~~

Line B divided by line A = 1.7% (cannot exceed 5%).

C. Estimate of increased assessed value by year after implementation of the ~~three~~ Added TIF District Properties of September 2018: See Attachment #13~~2~~.

D. Percentage of increased assessed value to be applied to the ~~three~~ Added TIF District Properties of September 2018 Development Program fund: 100%

E. Estimated annual tax increment: $7,282,000 (Average)

F. Total average annual value of development program fund: $7,282,000 (Average)

G. Annual principal and interest payment of bonded indebtedness: $200,000

H. Financial assumptions and safeguards: Under the Original Development Program, the City of Portland only sought to implement its own Waterfront Economic Redevelopment Program and is under no obligation to repay any bonds that would involve a pledge of the City's full faith and credit. The City's participation in this development program is voluntary and notwithstanding any approvals from the appropriate state entity, can revoke its desire to implement the plan.

III. Statement of impact of TIF on taxing jurisdictions within the county: See Attachment #16~~5~~.

VI. Original Development Program Tax Shifts (See Attachment #13)

A. Average Annual Amount:

General Purpose Aid to Education Tax Shift: $137,700

Municipal Revenue Sharing Tax Shift: $17,004

County Tax Shift: $7,855

Total Average Annual Savings: $162,560

VI-A Sub-District Tax Shifts (See Attachment #14)

General Purpose Aid to Education Tax Shift: $49,822

Editor's Note: As of 9/14/2018, attachments need to be renumbered.

Municipal Revenue Sharing Tax Shift: $6,183

County Tax Shift: $2,856

Total Average Annual Savings: $58,860

VI-B. Added TIF District Properties of March 2018 Tax Shifts (See Attachment #15)

A. Average Annual Amount:

General Purpose Aid to Education Tax Shift: $122,721

Municipal Revenue Sharing Tax Shift: $11,772

County Tax Shift: $10,522

Total Average Annual Savings: $145,015

VI-C. Added TIF District Properties of September 2018 Tax Shifts (See Attachment #16)

A. Average Annual Amount:

General Purpose Aid to Education Tax Shift: $2,341,121

Municipal Revenue Sharing Tax Shift: $160,724

County Tax Shift: $150,869

Total Average Annual Savings: $2,652,714

VII. Amended Development Program Municipal Approvals

A. Public Hearing Notice

The City of Portland did give proper Notice of Public Hearing in accordance with the requirements of 30-A M.R.S.A. §5226. The notice was published on _____~~February 22~~, 2018 in a newspaper of general circulation (see Attachment #17).

B. Public Hearing

A Public Hearing at which the proposed Amended Development Program for adoption was held on _____~~March 6~~, 2018 in the Portland City Council Chambers. A copy of the minutes of that meeting is included as Attachment #18.

Editor's Note: As of 9/14/2018, attachments need to be renumbered.

C. Authorizing Votes

An attested copy of the resolution of the Portland City Council amending the Waterfront Redevelopment Program is included as Attachment #19.

City of Portland

Waterfront Economic Redevelopment Program

Application for FY02 and FY10 Amended Waterfront Tax Increment Financing Development District Approved by City Council March 18, 2002

AMENDMENTS:

1. **AMENDED AND RESTATED PER CITY COUNCIL APPROVAL ON JUNE 7, 2010 – INCREASE TERM AND CREATE SUBDISTRICT**

2. **AMENDED AND RESTATED PER CITY COUNCIL APPROVAL ON MARCH 6, 2018 – ADD ADDITIONAL PROPERTIES**

3. **AMENDMENTS TO INCREASE INVESTMENT OPTIONS, ADD ADDITIONAL PROPERTIES, AND INCREASE GEOGRAPHICAL BOUNDARY – SEPTEMBER 2018**

Prepared by:

The City of Portland Economic Development Department

March 13, 2002/Amended and Restated as of June 7, 2010; Amended and Restated March 6, 2018; Amended and Restated _____

9/2018 – AMENDMENT #3 TO WATERFRONT TIF: INCREASE CITY INVESTMENT OPTIONS, ADD ADDITIONAL PROPERTIES, AND INCREASE GEOGRAPHICAL AREA

I. Introduction

The Portland City Council on March 18, 2002, designated five properties as tax increment financing districts (the "Original TIF Districts") as more specifically described below and adopted the Waterfront Tax Increment Financial Development District Program (the "Original Development Program"). The Original TIF District program was designed for the City to capture 100% of the tax increment for specified allowable uses.

Amendment #1: On June 7, 2010, the Portland City Council approved the Amended and Restated the Original Development Program ("Amended Development Program"), which was approved by the Maine Department of Economic Development and Community Development ("MDECD) on June 28, 2010, as follows:

- Extend the term by twenty (20) years;
- Reduce the number of TIF investment options;
- Authorize the use of Credit Enhancement Agreements within the Waterfront Central Zone; and
- Establish a Sub-District (the "Sub-District") within the District and to authorize a Credit Enhancement Agreement with the Developer with respect to the Sub-District in furtherance of the Cumberland Cold Storage Project.

Amendment #2: On March 6, 2018, the Portland City Council further amended the Original TIF Districts to add three properties with the following Chart, Lot, and Block (CBL) numbers ("Added TIF District Properties of 2018"):

- 019-A-014001;
- 031-K-003001; and,
- 031-K-103001.

The three additional properties include two projects under construction as follows:

WEX Headquarters (019-A-014001)

Union Wharf Mixed Use Development (031-K-003001 and 031-K103001)

MDECD approved Amendment #2 on May 29, 2018.

History:

The history of the City of Portland is inextricably tied to the waterfront. From tourism to shipbuilding to national defense, the waterfront has been a vital part of the social and economic fabric of Portland. Always, Portland has worked to recognize the unique needs of the harbor, to protect its authentic marine heritage and to provide public access. The product of this commitment comes from the work of a Mayoral Taskforce report entitled "Investing in Our Working Waterfront – Final Report of the Mayor's Waterfront Task Force on Economic Development", dated October 2000 (herein referred to as the "Task Force II Report"). An excerpt from its

Executive Summary is included here, and the full Report is attached to this application labeled as Attachment #1.

> *"Portland is a waterfront city. Its harbor is one of the deepest on the East Coast and served as the staging area for the Atlantic Fleet during World War II. Today, it accommodates the largest petroleum trans-shipment operation on the East Coast. The inner harbor is very limited in geography; it is only about two miles in length from Bath Iron Works to Merrill's Marine Terminal. The wharves that serve the needs of water-dependent businesses are both publicly and privately owned. Over the course of its long history, the Portland waterfront has served as a center of commerce, shipbuilding, cargo and passenger transport, fishing and defense. It has also supported a range of mixed uses, the character of which has changed over time as the City of Portland and its waterfront have evolved.*
>
> *Portland has a 30-year history of commitment to its working waterfront. The City began planning the future of its waterfront in the early 1970's, culminating in 1982 with multi-faceted development strategies, including zoning amendments, construction of public facilities, and policies to address berthing and public access. Despite these initiatives, the emergence of the Old Port as a vital retail center and tourist attraction threatened to drive traditional industries from their waterfront locations. A citizen-initiated referendum in 1987 passed by a 2-1 margin, clearly demonstrating the public's commitment to a working waterfront, and significant limitations were placed on development of the water side of Commercial Street.*
>
> *Before the development moratorium expired in 1992, the City asked waterfront interests to review the zoning and recommend any changes that might provide more flexibility in renting space, while protecting water-dependent and marine-related uses (The Waterfront Alliance Report, 1992). While some may argue otherwise, the existing zoning structure, based on the 1992 Report, strikes a reasonable balance between preserving the "working waterfront" and allowing property owners necessary flexibility in managing their assets. Since the 1980's, Portland and the State of Maine have invested significant public dollars in supporting traditional waterfront activities such as ship repair, commercial fishing, and cargo transfer. At the same time, some private property owners have, for a variety of reasons, lacked the revenues to maintain their piers, resulting in a serious infrastructure problem, which threatens the viability of certain piers as elements of the waterfront economy.*
>
> *Despite investments in publicly owned waterfront facilities, the City has done little to assist private owners of waterfront property, the uses of which have been limited by public policy, as noted above. This report is the result of a charge issued by then-Mayor Tom Kane to "focus on economic support for the waterfront…and to make the working waterfront work." It is the second of a three-phase process for defining the City's vision for its waterfront."*

The Task Force II Report was presented to the City Council and the public, and the Council voted to incorporate it into the Comprehensive Plan on June 4, 2001.

The Task Force II Report identified the unique needs of the waterfront from both an infrastructure and a business development perspective, and several recommendations were made. In order to turn these recommendations into waterfront economic development opportunities, a program to create a funding mechanism through Tax Increment Financing ("TIF") Districts was put in place.

Since the adoption of Waterfront Task Force II report, the City has systematically conducted area specific planning and re-zoning processes for the three waterfront sub-areas identified in the 1992 Waterfront Alliance Report: Eastern Waterfront, Central Waterfront, and Western Waterfront. These processes have resulted in an updated framework of regulation that reflects the industries, infrastructures, water depths, and ownership patterns on the Portland Waterfront. Current regulations continue to prioritize and protect water dependent uses while allowing reasonable flexibility to promote investment. While new zoning promotes waterfront investment, barriers remain. Deferred pier maintenance, shifting industry needs, dredging needs, traffic congestion, and parking shortages continue to challenge public and private piers and the industries that depend on them.

II. Development Program

A. Amended Development Program

With the incorporation of the Task Force II Report into the Portland Comprehensive Plan, the City Council formally recognized the unique business development needs of the waterfront. Since a funding mechanism was required to implement the recommendations of the Report, the City began crafting what ultimately became the Waterfront Capital Improvement and Economic Redevelopment Zone ("WREZ") Ordinance (see Attachment #2 as passed June 4, 2001, Attachment #3 as amended December 1, 2008; and Attachment 3(A) as amended _____) whereby any property within the WREZ geographic area, delineated on the attached map (see Revised Attachment #4), that increased in value by an amount greater than $400,000 over a two-year period would be subject to inclusion in a TIF application.

By adopting the WREZ Ordinance, the City Council recognized that the non-marine commercial development that has occurred in the Old Port and the surrounding area has benefited through the years from the authenticity of the working waterfront. Said another way, Portland's downtown became a desirable destination for tourists, retailers, restaurants and high-end office users in part because of the vibrant business of those that depend upon the water for their living. Portland blends a perfect mix of fishing vessels, shipbuilding, chandlery, cargo operations and the like with the lawyers, bankers, dot-com entrepreneurs and tourists. So when a revenue stream was required to maintain and improve the economic vibrancy of the Portland waterfront, the City Council acted in such a way as to nurture this symbiotic relationship by directing the incremental revenues of the new commercial development back to the working waterfront. The result of that action was the adoption of the WREZ Ordinance.

The WREZ Ordinance is intended to be in effect for several years. As such, the designation of the five Original TIF Districts described in the Original Development Program were the first in what the City hopes to be a multiple year program where several additional TIF Districts will

be created. The common theme underlying the Original Development Program, this Amended Development Program, and future TIF applications is the implementation of the Task Force II Report findings. As such, the projects described in the Original Development Program and this Amended Development Program are intended to be greater in scope than the five Original TIF Districts could support by themselves.

1. Amendment #2 – Three Added Parcels Approved by City Council March 16, 2018

   The Original Development Program and the three Added TIF District Properties of March 2018 (CBLs 019-A-014001, 031-K003001, and 031-K-103001) will serve as the model for future amendments to the Original Development Program, as amended, as properties become eligible through the WREZ Ordinance.

2. Amendment #3 – Additional Parcels to be Added – September 2018

   Additional Parcels to be added include those listed in Section II(D)(4).

   In addition, this proposed Amendment increases City TIF revenue investment options, as well as increases the geographic area by amending and renaming the WREZ to the "Waterfront Development Growth Area Ordinance". See proposed amendments to the WREZ as noted on Attachment #____.

The activities to be funded through the Original Development Program and this Amended Development Program will be specifically determined on an annual basis upon recommendation by the City Manager for action by the City Council. Therefore, the City of Portland seeks authorization to fund all the activities described in this Amended Development Program so that each year the City Council could prioritize which specific activities to fund.

B. The Projects

The projects to be undertaken are derived from the recommendations of the Task Force II Report which are:

1. Encourage private and public waterfront investments;
2. Provide support to maintain a working waterfront;
3. Support clean, working harbor.

9/2018 – AMENDMENT #3 TO WATERFRONT TIF: INCREASE CITY INVESTMENT OPTIONS, ADD ADDITIONAL PROPERTIES, AND INCREASE GEOGRAPHICAL AREA

Generally, the activities to be undertaken and the approximate cost associated with each activity are described in Table 1 below.

TABLE 1

Note 1: All citations refer to Title 30-A, Chapter 206, Section 5225

Project	Statutory Citation	Estimated Cost
In District: Capital Infrastructure Investments and financing costs, for example:		
Pier and Wharf Structural Repair	(1)(A)(1)(2)(3)(6)(7)	$3,200,000
Local Match for Ocean Gateway Project	(1)(A)(2)	$1,000,000
Street Studies and Improvements (Remedy Traffic Congestion)	(1)(A)(1)(2)(3)(6)(7)	$5,000,000
Pedestrian and Multi-Modal Circulation and Amenity Improvements	(1)(A)(1)(2)(3)(6)(7)	$750,000
Dredging	(1)(A)(1)(2)(6)(7)	$1,000,000
New Publicly Owned Pier	(1)(A)(1)(2)(3)(6)(7)	T/B/D
Multi-Modal Surface and Structured Parking	(1)(A)(1)(2)(3)(6)(70	T/B/D
Credit Enhancement Agreements	(1)(A)	$4,000,000 Per Each Individual CEA Project
In and out of District:		
(a) Funding the Economic Development Department, including prorated salaries of City Manager, Finance, and Planning Urban Development Director and Planning staff;	(1)(A)(5) and (C)(1)	$50,000 Annually effective 7/1/2010 for 22 years, or $1,100,000 total.
(b) Workforce training funds. Costs of services and equipment to provide skills development and training, including scholarships to in-state educational institutions or to online learning entities when in-state options are not available, for jobs created or retained, of value to marine industry;	(1)(C)(4)	T/B/D
(c) Costs of funding economic development programs or events;	(1)(C)(1)	T/B/D
(d) Costs of funding environmental improvements projects for commercial use, including sea level adaptation studies and infrastructure improvements;	(1)(C)(2)	T/B/D
(e) Professional services costs.	(1)(A)(4); 1(C)(1)	T/B/D
(f) Dredged sediment disposal and CAD Cell development.	(1)(A) and (1)(C)(2)	T/B/D
Total Estimate of TIF Revenue Expenditure over 30-year term:		**$12,050,000 – excluding CEA Projects**

Editor's Note: As of 9/14/2018, attachments need to be renumbered.

The City recognizes that the full scope of the needs of the Waterfront Economic Redevelopment Program is beyond the funds anticipated to be generated through this Amended Development Program. Since the Original Development Program, this Amended Development Program will serve as the template for future TIF District applications, however, the City again seeks authorization for the full "menu" of economic development activities described above. This is necessary to maintain flexibility and adaptability as the needs of the waterfront are prioritized throughout the life of this Amended Development Program.

In District Use of Funds

Pier and Wharf Structural Repair

The waterfront infrastructure needs are considerable. The Task Force II Report estimates the need for $1.4 million in repairs to 14 wharves within three years, with an additional $1.8 million needed over the next 20 years.

Local Match for Ocean Gateway Project

The voters of the State of Maine approved an allocation of roughly $15 million for the construction of a marine passenger facility, requiring a local match of nearly $1 million.

Street Studies and Improvements (Remedy Traffic Congestion)

With the development of the Ocean Gateway facility, significant transportation improvements will be required to accommodate the increased traffic on the street network along and around the waterfront, with particular emphasis on Franklin Arterial, Commercial Street and India Street.

Pedestrian Circulation and Amenity Improvements

Invest in pedestrian and multi-modal infrastructure to support the working waterfront and improve public access to the waterfront.

Dredging

This recommendation recognizes the environmental and financial burdens caused by combined sewer overflows and storm water pipes that discharge into the harbor. The cost associated with disposing the contaminated dredge material jumps to more than $100 per cubic yard vs. as little as $12 per cubic yard for uncontaminated dredge disposal costs. Placing an additional financial burden on the marine industry, the significant cost of the disposal of the contaminated dredged material allows only a limited ability to recover those costs through increased berthing fees. Since there are public health and ecological benefits associated with removing contaminated sediment, the Report recommends that the City devise a strategy to dispose of contaminated

sediments and to subsidize a portion of the costs of the dredging. See CAD Cell Development discussion below.

New Publicly Owned Pier

Located between the Portland Ocean Terminal and Ocean Gateway, a new deep-water pier will offer expanded berthing supporting cruise ship, home porting, tug boat, and transient berthing for current and future marine transportation industries.

Multimodal surface and Structured Parking

Existing and future waterfront industries and developments require shared parking resources to promote continued growth and opportunities for transportation choice.

Economic Development Staffing, and prorated salaries of the Finance Director, Planning and Urban Development Director, and Planning Staff

Fund a portion of the cost of City economic development staff involved in supporting waterfront business development activities and administration of the Original Development Program and this Amended Development Program, and prorated salaries of the Finance Director, Planning and Urban Development Director, and Planning staff.

Credit Enhancement Agreements

The City Council may approve credit enhancement agreements within the Waterfront Central Zone (as depicted on Attachment #5) within the remaining term of the Amended Development Program to support important private sector projects in compliance with adopted City TIF Policy and where the City Council determines that the public benefits associated with individual projects meet or exceed the current or net present value of the project's share of the TIF proceeds for activities consistent with State law. City Council approved City TIF Policy limits the Credit Enhancement Agreements to not exceed 65% of the incremental taxes up to a 20-year term.

In and Out of District Use of Funds

Workforce Training Funds

Marine Industries are increasingly challenged to find qualified workers to fill open positions and to capitalize on opportunities for growth. TIF funding can help expand the pool of applicants for current and future employment while improving employment options.

Economic Development Programs and Events

Job fairs, technology conferences, industry open houses, and other such events to market and promote the waterfront and its industries.

Environmental Improvement Projects

Waterfront industries, such as fisheries and tourism benefit from water quality improvement studies and projects. Likewise, sea level rise and other climate change related stresses on industries will increasingly require studies and infrastructure improvements to adapt to changing conditions and promote resiliency.

Professional Services Costs

Waterfront TIF funds may be used to support consulting and professional services needed for special projects and to conduct the everyday ongoing work implementing the development program.

Dredged Sediment Disposal Costs and CAD Cell Development

While the dredging of piers and wharfs is considered "in-district," disposal options for dredged sediments will all be located beyond the limits of the Waterfront TIF districts and growth areas. The City is working with State and local partners to construct a Contained Aquatic Disposal (CAD) cell in Portland Harbor to address the needs of pier dredging for both public and private piers.

C. Sub-District Development Program

The twenty (20) year Sub-District Development Program supports the redevelopment of the Cumberland Cold Storage 100,000± square foot building into a Class A office building. A twenty (20) year Credit Enhancement Agreement with the property owner and developer assists with project costs.

D . The Development District Property

The City Council created the WREZ Ordinance (see Attachments #2, #3, and #3A) whereby any property within the geographic area, delineated on the attached map (see Revised Attachment #4), that increased in value by an amount greater than $400,000 over a two-year period would be considered for inclusion in a TIF application subject to the City Council approval.

NOTE: This Amendment #3 also proposes to amend the WREZ Ordinance to expand the geographic area and rename the Ordinance the "Waterfront Development Growth Area Ordinance", as noted on Attachment #___.

1. Original Development District Property

Five such properties were given a TIF District designation by the City Council in 2002 as part of the Original Development Program.

MAP	BLOCK	LOT
019	A	008
029	K	001
029	S	001
030	D	001
041	A	005

2. Sub-District Property

Properties 041-A-016 (0.17 acres) and 041-A-17-18 (1.38 acres) are the Sub-District for the purposes of establishing the original assessed value and allocating tax increment pursuant to the Credit Enhancement Agreement with the Developer.

The TIF Districts will apply to only new value generated within the Districts and will not affect the current property tax base.

3. Three Added TIF District Properties of March 2018

MAP	BLOCK	LOT
019	A	014001
031	K	003001
031	K	103001

4. Added TIF District Properties of September 2018

Additional Parcels to be added include: NOTE: a/o 9/14/2018, City is confirming the various parcel sizes, assessed values, and CBLs. A map, however, is attached showing the location of the subject properties.

E. Municipal Use of TIF Revenues

The City of Portland seeks authorization to utilize the revenues generated from this Amended Development Program that are created in the WREZ in support of the economic development activities called for in described in this Amended Development Program, and specifically, the activities outlined in Section II-A of this application.

F. Operational Components

1. Public Facilities

See Section IIA of this application.

2. Uses of Private Property

Subject to the approval of the City Council, the City will consider entering into credit enhancement agreements to support private projects located in the Waterfront Central Zone which meet the criteria set forth in this TIF District Program.

3. Plans for relocation of persons displaced by development activities.

   No displacement or relocation of persons is associated with this TIF District.

4. Transportation Improvements

   See Section IIA of this application.

5. Environmental Controls

   This Amended Development Program proposes improvements that will comply with all federal, state and local rules and regulations and applicable land use requirements.

6. Plan of Operation

   During the life of this Amended District, the City of Portland, City Council, or their designee, will be responsible for the administration of the Districts.

III. Original Development Program Physical Description

A. Total acreage of the municipality: 12,386 (taxable acres)

B. Total acreage of five Original TIF Districts: 3.4 acres

C. Percent of line B of line A (line B divided by line A cannot exceed 2%): 0.03%

D. Total acreage of all existing and Original TIF Districts in the municipality: 77.6 acres

E. Percent line D of line A (cannot exceed 5%): 0.63%

F. Not less than 25%, by area, of the real property within a development district shall meet at least one of the following criteria:

   1. Blighted acres N/A . Line F1 divided by line B = _____.

   2. Acreage in need of rehabilitation, redevelopment or conservation N/A . Line F2 divided by line B = _____.

   3. Acreage suitable for commercial siting = 3.4 . Line F3 divided by line B = 100% .

G. Enclosed municipal maps:

1. Area map showing site location of the five Original TIF Districts in relation to geographic location of municipality (Attachment #6).

2. Site map showing tax map locations and the five Original TIF Districts (Attachments #7A through 7E).

III-A. Sub-District Physical Description

A. Total acreage of the municipality: 12,386 (taxable acres)

B. Total acreage proposed for Sub-District: 1.55

C. Percent of line B of line A (line B divided by line A cannot exceed 2%): 0.01%

D. Total acreage of all existing and proposed TIF Districts in the municipality: 189.92

E. Percent line D of line A (cannot exceed 5%): 1.53%

F. Not less than 25%, by area, of the real property within a development district shall meet at least one of the following criteria:

1. Blighted acres N/A . Line F1 divided by line B = _____.

2. Acreage in need of rehabilitation, redevelopment or conservation N/A . Line F2 divided by line B = _____.

3. Acreage suitable for commercial siting = ___. Line F3 divided by line B = 100% .

III-B. Added TIF District Properties of March 2018 Physical Description

The total acreage of the three Added TIF District Properties of March 2018 is 1.675 acres. Exhibit 16 contains financial and statistical information relating to this Amendment required as a prerequisite to designation of the Amended District by the City and approval by MDECD.

Enclosed municipal maps:

1. Area map showing site location of the Sub-District, and the three Added TIF District Properties of 2018, in relation to geographic location of municipality (Attachment #8)

2. Tax maps showing locations of the three Added TIF District Properties of March 2018 (Attachment #9).

III-C. Added TIF District Properties of September 2018 Physical Description

The total acreage of the added September 2018 TIF District Properties is estimated at 76 acres. Exhibit 16 contains financial and statistical information relating to this Amendment required as a prerequisite to designation of the Amended District by the City and approval by MDECD.

Enclosed municipal maps:

1. Area map showing site location of the Added September 2018 TIF District Properties, in relation to geographic location of municipality (Attachment #-_____).

2. Tax maps showing locations of the added September 2018 TIF District Properties (Attachments #_____).

IV. Original Development Program Financial Plan

A. Costs and Sources of Revenues

The five Original TIF Districts comprise an area of approximately 3.4 acres of taxable real and personal property with an original assessed value of $6,716,410 as of March 31, 2001. The development within the Original TIF Districts is estimated to add an additional $26,221,692 of new assessed value to the City over the 30 years.

The Original Development Program and this Amended Development Program provides for the new tax revenues generated by the increase in assessed value of the Original TIF Districts to be captured and designated as TIF Revenues. The City will apply the portion of retained revenues to the economic development activities described in the Amended Development Program, with the understanding that the City Council will, on an annual basis, determine which specific projects to undertake that have been outlined in the Amended Development Program.

The City of Portland reserves the right to amend this Financial Plan, subject to DECD approval, to undertake a different activity that is allowable under the Amended Development Program.

Attachment #10 details the projections and proposed TIF revenue allocation based upon the anticipated assessed value increases within the Amended TIF District. Attachment #10 is a projection based upon best available information and is included for demonstration purposes only. No assurances are provided as to the results reflected therein.

B. Development Program Account

The Original Development Program and this Amended Development Program requires establishment of a Development Program Account pledged to, and charged with, the payment of the project costs in the manner outlined in 30-A M.R.S.A. §5254 (3)(A)(2).

The Waterfront TIF Development Program Account is established consisting of a project cost account ("Project Cost Account") pledged to, and charged with, payment of project costs. The Project Cost Account shall consist of a City Cost Subaccount (the "City Cost Subaccount") pledged to, and charged with, payment to the City for the cost of approved economic development expenses and Developer Cost Subaccount (the "Developer Cost Subaccount") pledged to, and charged with, payment by the City under any credit enhancement agreement.

C. Financing Plan

The developments within the described Original TIF Districts will add approximately $26.2 million of new taxable value in the City of Portland over 30 years. TIF revenues will be allocated as described on Attachment #10 to finance the costs of this Amended Development Program. Actual payments to the Project Cost Account will be adjusted based upon the applicable annual percentage retained and the actual annual assessed value within the Districts.

IV-A. Sub-District Financial Plan

A. Cost and Sources of Revenue

The one TIF Sub-District comprises an area of 1.55 acres of taxable real property with an original assessed value of $950,900 as of March 31, 2010. The development within the sub-district is estimated to add an additional $12,000,000 of new assessed value to the City.

This Amended Development Program provides for the new tax revenues generated by the increase in assessed value of the Sub-District to be captured and designated as TIF Revenues. The City will apply the portion of retained revenues to a credit enhancement agreement with the Developer and the balance of retained revenues to the economic development activities described in this Amended Development Program, with the understanding that the City Council will, on an annual basis, determine which specific projects to undertake that have been outlined in the Amended Development Program.

The City of Portland reserves the right to amend this Financial Plan, subject to DECD approval, to undertake a different activity with its allocable share of retained revenues that is allowable under the Amended Development Program.

Attachment #11 details the projections and TIF revenue allocation schedule based upon the anticipated assessed value increases within the Sub-District. Attachment #11 is a projection based upon best available information and is included for demonstration purposes only. No assurances are provided as to the results reflected therein.

B. Development Program Account

This Amended Development Program requires establishment of a Development Program Account pledged to, and charged with, the payment of the project costs in the manner outlined in 30-A M.R.S.A. §5254 (3)(A)(2).

The Cumberland Cold Storage TIF Development Program Account is established consisting of a project cost account ("Project Cost Account") pledged to, and charged with, payment of project costs. The Project Cost Account shall consist of a City Cost Subaccount (the "City Cost Subaccount") pledged to, and charged with, payment to the City for the cost of approved economic development expenses and a and Developer Cost Subaccount (the "Developer Cost Subaccount") pledged to, and charged with, payment by the City under the credit enhancement agreement to be entered into with the Developer.

C. Financing Plan

The developments within the Sub-District will add approximately $12 million of new taxable value in the City of Portland. TIF revenues will be allocated as described on Attachment #11 to finance the costs of this Amended Development Program and to fund the City's payment obligations to the Developer pursuant to the credit enhancement agreement to be entered into with the Developer. Actual payments to the Project Cost Account will be adjusted based upon the applicable annual percentage retained and the actual annual assessed value within the Districts.

IV-B Added TIF District Properties of March 2018 Financial Plan

A. Costs and Sources of Revenues

The three Added TIF District Properties of March 2018 comprise an area of approximately 1.675 acres of taxable real property with an original assessed value of $616,430 as of March 31, 2017. The development within the three Added TIF District Properties of March 2018 is estimated to add an additional $20.7 Million of new assessed value to the City over the remainder of the term through June 30, 2032.

The Original Development Program and this Amended Development Program provides for the new tax revenues generated by the increase in assessed value of the Original TIF Districts to be captured and designated as TIF Revenues. The City will apply the portion of retained revenues to the economic development activities described in the Amended Development Program, with the understanding that the City Council will, on an annual basis, determine which specific projects to undertake that have been outlined in the Amended Development Program.

The City of Portland reserves the right to amend this Financial Plan, subject to DECD approval, to undertake a different activity that is allowable under the Amended Development Program.

Attachment #12 details the projections and proposed TIF revenue allocation based upon the anticipated assessed value increases within the three Added TIF District Properties of March 2018. Attachment #12 is a projection based upon best available information and is included for demonstration purposes only. No assurances are provided as to the results reflected therein.

B. Development Program Account

The Original Development Program and this Amended Development Program requires establishment of a Development Program Account pledged to, and charged with, the payment of the project costs in the manner outlined in 30-A M.R.S.A. §5254 (3)(A)(2).

The Waterfront TIF Development Program Account is established consisting of a project cost account ("Project Cost Account") pledged to, and charged with, payment of project costs. The Project Cost Account shall consist of a City Cost Subaccount (the "City Cost Subaccount") pledged to, and charged with, payment to the City for the cost of approved economic development expenses and Developer Cost Subaccount (the "Developer Cost Subaccount") pledged to, and charged with, payment by the City under any credit enhancement agreement.

C. Financing Plan

The developments within the three Added TIF District Properties of March 2018 will add approximately $20.7 Million of new taxable value in the City of Portland over the remainder of the term through June 30, 2032. TIF revenues will be allocated as described on Attachment #12 to finance the costs of this Amended Development Program. Actual payments to the Project Cost Account will be adjusted based upon the applicable annual percentage retained and the actual annual assessed value within the Districts.

IV-C Added TIF District Properties of September 2018 Financial Plan

A. Costs and Sources of Revenues

The Added TIF District Properties of September 2018 comprise an area of approximately 76 acres of taxable real property with an original assessed value of $20,049,870 as of March 31, 2018. The development within the Added TIF District Properties of September 2018 is estimated to add an additional $300 Million of new assessed value to the City over the remainder of the term through June 30, 2032.

The Original Development Program and this Amended Development Program provide for the new tax revenues generated by the increase in assessed value of the Original TIF and Amended Districts to be captured and designated as TIF Revenues. The City will apply the portion of retained revenues to the economic development activities described in the Amended Development Program, with the understanding that the City Council will, on an annual basis, determine which specific projects to undertake that have been outlined in the Amended Development Program.

The City of Portland reserves the right to amend this Financial Plan, subject to DECD approval, to undertake a different activity that is allowable under the Amended Development Program.

Attachment #13 details the projections and proposed TIF revenue allocation based upon the anticipated assessed value increases within the Added TIF District Properties of September 2018. Attachment #13 is a projection based upon best available information and is included for demonstration purposes only. No assurances are provided as to the results reflected therein.

B. Development Program Account

The Original Development Program and this Amended Development Program requires establishment of a Development Program Account pledged to, and charged with, the payment of the project costs in the manner outlined in 30-A M.R.S.A. §5254 (3)(A)(2).

The Waterfront TIF Development Program Account is established consisting of a project cost account ("Project Cost Account") pledged to, and charged with, payment of project costs. The Project Cost Account shall consist of a City Cost Subaccount (the "City Cost Subaccount") pledged to, and charged with, payment to the City for the cost of approved economic development expenses and Developer Cost Subaccount (the "Developer Cost Subaccount") pledged to, and charged with, payment by the City under any credit enhancement agreement.

C. Financing Plan

The developments within the Added TIF District Properties of September 2018 will add approximately $300 Million of new taxable value in the City of Portland over the remainder of the term through June 30, 2032. TIF revenues will be allocated as described on Attachment #13 to finance the costs of this Amended Development Program. Actual payments to the Project Cost Account will be adjusted based upon the applicable annual percentage retained and the actual annual assessed value within the Districts.

V. Original TIF Districts Financial Data

A. Total 2001 value of equalized property in the municipality: $3,873,900,000.

B. Original assessed value of all properties in all existing and proposed Original TIF districts:

Existing	$20,961,460
Proposed	$6,716,410
Total	$27,677,870

Line B divided by line A = 0.71% (cannot exceed 5%).

C. Estimate of increased assessed value by year after implementation of the Original Development Program: See Attachment #10

D. Percentage of increased assessed value to be applied to the Original Development Program fund: See Attachment #10

E. Estimated annual tax increment: $400,113 (Average)

F. Total average annual value of development program fund: $400,113 (Average)

G. Annual principal and interest payment of bonded indebtedness: N/A

H. Financial assumptions and safeguards: Under the Original Development Program, the City of Portland only sought to implement its own Waterfront Economic Redevelopment Program and is under no obligation to repay any bonds that would involve a pledge of the City's full faith and credit. The City's participation in this development program is voluntary and notwithstanding any approvals from the appropriate state entity, can revoke its desire to implement the plan.

I. Statement of impact of TIF on taxing jurisdictions within the county: See Attachment #13.

V-A. Sub-District Financial Data

A. Total 2010 value of property in the municipality: $8,196,900,000.

B. Original assessed value of all properties in all existing TIF Districts and proposed sub-district:

Existing	$305,455,220
Proposed	$950,900
Total	$306,406,120

Line B divided by line A = 3.73% (cannot exceed 5%).

C. Estimate of increased assessed value by year after implementation of the development program: See Attachment #11

D. Percentage of increased assessed value to be applied to the development program fund: See Attachment #11

E. Estimated annual tax increment: $143,503 (Average)

F. Total average annual value of development program fund: $143,503 (Average)

G. Annual principal and interest payment of bonded indebtedness: N/A

H. Financial assumptions and safeguards: The City of Portland seeks to implement its own Waterfront Economic Redevelopment Program and to fund its payment obligations to the Developer under the credit enhancement agreement with the Developer and is under no obligation to repay any bonds that would involve a pledge of the City's full faith and credit. The City's participation in this development program is voluntary and notwithstanding any approvals from the appropriate state entity, can revoke its desire to implement the plan.

I. Statement of impact of TIF on taxing jurisdictions within the county: See Attachment #14.

V-B. Added TIF District Properties of March 2018 Financial Data

A. Total 2018 value of taxable property in the municipality: $9,049,500,000.

B. Original assessed value of all properties in all existing and proposed Amended TIF districts:

Existing	$1,106,422,670
Proposed	$616,430
Sub-Total	$1,107,059,100
Less Exempt	-$973,107,320
Total	$133,951,780

Line B divided by line A = 1.48% (cannot exceed 5%).

C. Estimate of increased assessed value by year after implementation of the three Added TIF District Properties of 2018: See Attachment #12.

D. Percentage of increased assessed value to be applied to the three Added TIF District Properties of 2018 Development Program fund: See Attachment #12

E. Estimated annual tax increment: $491,204 (Average)

F. Total average annual value of development program fund: $491,204 (Average)

G. Annual principal and interest payment of bonded indebtedness: $200,000

H. Financial assumptions and safeguards: Under the Original Development Program, the City of Portland only sought to implement its own Waterfront Economic Redevelopment Program and is under no obligation to repay any bonds that would involve a pledge of the City's full faith and credit. The City's participation in this development program is voluntary and notwithstanding any approvals from the appropriate state entity, can revoke its desire to implement the plan.

II. Statement of impact of TIF on taxing jurisdictions within the county: See Attachment #15.

V-C. Added TIF District Properties of September 2018 Financial Data

A. Total 2018 value of taxable property in the municipality: $9,049,500,000.

B. Original assessed value of all properties in all existing and proposed Amended TIF districts:

Existing	$1,107,059,100
Proposed	$20,049,870
Sub-Total	$1,127,108,970
Less Exempt	-$973,107,320
Total	$154,001,650

Line B divided by line A = 1.7% (cannot exceed 5%).

C. Estimate of increased assessed value by year after implementation of the Added TIF District Properties of September 2018: See Attachment #13.

D. Percentage of increased assessed value to be applied to the Added TIF District Properties of September 2018 Development Program fund: 100%

E. Estimated annual tax increment: $7,282,000 (Average)

F. Total average annual value of development program fund: $7,282,000 (Average)

G. Annual principal and interest payment of bonded indebtedness: $200,000

H. Financial assumptions and safeguards: Under the Original Development Program, the City of Portland only sought to implement its own Waterfront Economic Redevelopment Program and is under no obligation to repay any bonds that would involve a pledge of the City's full faith and credit. The City's participation in this development program is voluntary and notwithstanding any approvals from the appropriate state entity, can revoke its desire to implement the plan.

III. Statement of impact of TIF on taxing jurisdictions within the county: See Attachment #16.

VI. Original Development Program Tax Shifts (See Attachment #13)

A. Average Annual Amount:

General Purpose Aid to Education Tax Shift: $137,700

Municipal Revenue Sharing Tax Shift: $17,004

County Tax Shift: $7,855

Total Average Annual Savings: $162,560

VI-A Sub-District Tax Shifts (See Attachment #14)

General Purpose Aid to Education Tax Shift: $49,822

Municipal Revenue Sharing Tax Shift: $6,183

County Tax Shift: $2,856

Total Average Annual Savings: $58,860

VI-B. Added TIF District Properties of March 2018 Tax Shifts (See Attachment #15)

A. Average Annual Amount:

General Purpose Aid to Education Tax Shift: $122,721

Municipal Revenue Sharing Tax Shift: $11,772

County Tax Shift: $10,522

Total Average Annual Savings: $145,015

VI-C. Added TIF District Properties of September 2018 Tax Shifts (See Attachment #16)

A. Average Annual Amount:

General Purpose Aid to Education Tax Shift: $2,341,121

Municipal Revenue Sharing Tax Shift: $160,724

County Tax Shift: $150,869

Total Average Annual Savings: $2,652,714

VII. Amended Development Program Municipal Approvals

A. Public Hearing Notice

The City of Portland did give proper Notice of Public Hearing in accordance with the requirements of 30-A M.R.S.A. §5226. The notice was published on _____, 2018 in a newspaper of general circulation (see Attachment #17).

B. Public Hearing

A Public Hearing at which the proposed Amended Development Program for adoption was held on _____, 2018 in the Portland City Council Chambers. A copy of the minutes of that meeting is included as Attachment #18.

C. Authorizing Votes

9/2018 – AMENDMENT #3 TO WATERFRONT TIF: INCREASE CITY INVESTMENT OPTIONS, ADD ADDITIONAL PROPERTIES, AND INCREASE GEOGRAPHICAL AREA

An attested copy of the resolution of the Portland City Council amending the Waterfront Redevelopment Program is included as Attachment #19.

City of Portland - Waterfront TIF Model
Actual FY03 thru FY19; Estimates FY20 thru FY32

OAV at Beginning ao 4/1/2001:	$6,716,410
OAV added FY11 for Subdistrict ao 4/1/2	$950,930
OAV added FY19 for Wex/Union Wharf:	$616,430
OAV added FY20 for Additional Parcels ao 4/1/2017:	$20,049,870
	$28,333,640

TIF Years 18 through 30 - Annual mil rate increase:	2%
TIF Years 18 through 30 - Annual valuation increase:	1%

9/6/2018

Waterfront TIF

TIF Years 1 (FY2003) through 17 (FY2019) Actual Numbers; Years 18 (FY2020) through 30 (FY2032) Estimates

TIF Year	Tax Year-April 1	Increased Assessed Value Real Prop.	% of Value Captured	Captured Valuation	Projected Mill Rate	Total Projected New Taxes Captured	Captured Revenue to Municipal & Subdistrict* Project AccountProject Account	City Non-Captured General Fund Revenues	OAV General Fund Revenue	Captured Revenue to Municipal Project Account	Captured Revenue to Subdistrict Project Account	
1	2002	$11,533,350	1.00%	$115,334	25.72	$2,966	$2,966	$293,671	$172,746	$2,966		
2	2003	$8,966,860	1.00%	$89,669	26.80	$2,403	$2,403	$237,909	$180,000	$2,403		
3	2004	$11,941,350	1.00%	$119,414	26.53	$3,168	$3,168	$313,636	$178,186	$3,168		
4	2005	$14,041,400	35.38%	$4,967,847	20.13	$100,003	$100,003	$182,651	$135,201	$100,003		
5	2006	$18,576,750	1.00%	$185,768	16.31	$3,030	$3,030	$299,957	$109,545	$3,030		
6	2007	$20,681,160	100.00%	$20,681,160	17.10	$353,648	$353,648	$0	$114,851	$353,648		
7	2008	$20,050,110	62.00%	$12,431,068	17.74	$220,527	$220,527	$135,162	$119,149	$220,527		
8	2009	$20,010,560	79.00%	$15,808,342	17.74	$280,440	$280,440	$74,547	$119,149	$280,440		
9	2010	$18,984,350	58.00%	$11,010,923	17.92	$197,316	$197,316	$142,884	$137,399	$197,316		
10	2011	$24,027,810	74.00%	$17,780,579	18.28	$325,001	$325,001	$114,189	$140,159	$280,783	$44,218	
11	2012	$30,830,260	74.00%	$22,814,392	18.82	$429,367	$429,367	$150,859	$144,299	$285,529	$143,838	
12	2013	$30,953,530	91.00%	$28,167,712	19.41	$546,735	$546,735	$54,073	$148,823	$397,188	$149,547	
13	2014	$32,962,740	73.00%	$24,062,800	20.00	$481,256	$481,256	$177,999	$153,347	$313,301	$167,955	
14	2015	$33,758,670	69.00%	$23,293,482	20.63	$480,545	$480,545	$215,897	$158,177	$295,498	$185,047	
15	2016	$33,959,500	66.00%	$22,413,270	21.11	$473,144	$473,144	$243,741	$161,858	$280,805	$192,339	
16	2017	$34,620,320	66.00%	$22,849,411	21.65	$494,690	$494,690	$254,840	$165,998	$297,431	$197,259	
17	2018	$39,176,210	71.48%	$28,003,155	22.48	$629,511	$629,511	$251,170	$186,219	$424,690	$204,821	Actuals Above
18	2019	$168,968,680	100.00%	$168,968,680	22.93	$3,874,384	$3,874,384	$0	$649,690	$3,665,463	$208,922	Estimates Below
19	2020	$174,052,250	100.00%	$174,052,250	23.39	$4,070,767	$4,070,767	$0	$662,724	$3,857,655	$213,113	
20	2021	$176,076,109	100.00%	$176,076,109	23.86	$4,200,464	$4,200,464	$0	$676,041	$4,013,640	$186,824	
21	2022	$178,120,206	100.00%	$178,120,206	24.33	$4,334,212	$4,334,212	$0	$689,357	$4,143,708	$190,504	
22	2023	$180,184,745	100.00%	$180,184,745	24.82	$4,472,138	$4,472,138	$0	$703,241	$4,277,797	$194,341	
23	2024	$294,769,929	100.00%	$294,769,929	25.32	$7,462,434	$7,462,434	$0	$717,408	$7,264,178	$198,256	
24	2025	$298,000,964	100.00%	$298,000,964	25.82	$7,695,116	$7,695,116	$0	$731,575	$7,492,945	$202,171	
25	2026	$301,264,310	100.00%	$301,264,310	26.34	$7,934,971	$7,934,971	$0	$746,308	$7,766,228	$168,744	$2,847,897
26	2027	$304,560,290	100.00%	$304,560,290	26.87	$8,182,220	$8,182,220	$0	$761,325	$8,160,059	$22,161	
27	2028	$307,889,229	100.00%	$307,889,229	27.40	$8,437,087	$8,437,087	$0	$776,342	$8,437,087		
28	2029	$393,251,458	100.00%	$393,251,458	27.95	$10,991,793	$10,991,793	$0	$791,925	$10,991,793		
29	2030	$397,467,309	100.00%	$397,467,309	28.51	$11,331,823	$11,331,823	$0	$807,792	$11,331,823		
30	2031	$401,725,318	100.00%	$401,725,318	29.08	$11,682,284	$11,682,284	$0	$823,942	$11,682,284		
30 Year TIF Total		**$3,981,405,728**		**$3,831,125,125**		**$99,693,442**	**$99,693,442**	**$3,143,184**	**$12,062,776**	**$96,823,384**	**$2,870,058**	
30 Year Average:		**$132,713,524**		**$127,704,171**		**$3,323,115**	**$3,323,115**	**$104,773**	**$402,093**	**$3,227,446**	**$95,669**	

*Subdistrict is Waterfront Maine CEA with maximum cumulative TIF payments set at $2,870,058.

Tax Shifts-Avoided Formula Impacts from Sheltering of Valuation: City of Portland- TIF Model

TIF Years 1 (FY2003) through 17 (FY2019) Actual Numbers w Varying Percentage Captures; Years 18 (FY2020) through 30 (FY2032) Estimates with 100% Capture Rates.

				Avoided Formula Impacts from Sheltering of Valuation			
TIF Year	Tax Year-April 1	Total Added Valuation	Sheltered Valuation	Avoided Loss of State Aid to for Education	Avoided Loss of State Municipal Revenue Sharing	Avoided Increase in County Tax	Total Avoided Impacts
1	2002	$11,533,350	$115,334	$0	$67	$64	$131
2	2003	$8,966,860	$89,669	$0	$52	$50	$102
3	2004	$11,941,350	$119,414	$0	$70	$66	$136
4	2005	$14,041,400	$4,967,847	$21,138	$2,907	$2,743	$26,788
5	2006	$18,576,750	$185,768	$1,581	$109	$103	$1,792
6	2007	$20,681,160	$20,681,160	$175,997	$12,100	$11,414	$199,511
7	2008	$20,050,110	$12,431,068	$105,788	$7,273	$6,862	$119,924
8	2009	$20,010,560	$15,808,342	$134,529	$9,249	$8,726	$152,504
9	2010	$18,984,350	$11,010,923	$93,703	$6,442	$6,078	$106,224
10	2011	$24,027,810	$17,780,579	$151,313	$10,403	$9,814	$171,530
11	2012	$30,830,260	$22,814,392	$194,150	$13,348	$12,591	$220,089
12	2013	$30,953,530	$28,167,712	$239,707	$16,480	$15,544	$271,731
13	2014	$32,962,740	$24,062,800	$204,774	$14,078	$13,280	$232,132
14	2015	$33,758,670	$23,293,482	$198,228	$13,628	$12,855	$224,711
15	2016	$33,959,500	$22,413,270	$190,737	$13,113	$12,370	$216,220
16	2017	$34,620,320	$22,849,411	$194,448	$13,368	$12,610	$220,427
17	2018	$39,176,210	$28,003,155	$238,307	$16,384	$15,453	$270,143
18	2019	$168,968,680	$168,968,680	$1,437,923	$98,858	$92,944	$1,629,725
19	2020	$174,052,250	$174,052,250	$1,481,185	$98,858	$95,729	$1,675,772
20	2021	$176,076,109	$176,076,109	$1,498,408	$103,016	$96,838	$1,698,262
21	2022	$178,120,206	$178,120,206	$1,515,803	$104,212	$97,957	$1,717,973
22	2023	$180,184,745	$180,184,745	$1,533,372	$105,420	$99,088	$1,737,880
23	2024	$294,769,929	$294,769,929	$2,508,492	$172,460	$161,683	$2,842,635
24	2025	$298,000,964	$298,000,964	$2,535,988	$174,350	$163,443	$2,873,782
25	2026	$301,264,310	$301,264,310	$2,563,759	$176,260	$165,221	$2,905,240
26	2027	$304,560,290	$304,560,290	$2,591,808	$178,188	$167,016	$2,937,012
27	2028	$307,889,229	$307,889,229	$2,620,137	$180,136	$168,829	$2,969,102
28	2029	$393,251,458	$393,251,458	$3,346,570	$230,078	$215,222	$3,791,870
29	2030	$397,467,309	$397,467,309	$3,382,447	$232,545	$217,509	$3,832,501
30	2031	$401,725,318	$401,725,318	$3,418,682	$235,036	$219,818	$3,873,536
30 Year TIF Total		**$3,981,405,728**	**$3,831,125,125**	**$32,578,976**	**$2,238,488**	**$2,101,918**	**$36,919,383**
30 Year Average		**$132,713,524**	**$127,704,171**	**$1,085,966**	**$74,616**	**$70,064**	**$1,230,646**