



ECONOMIC DEVELOPMENT COMMITTEE

DATE: September 4, 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 July 17, 2018.**
2. **Review, discuss, and EDC direction on possible amendments to the following area-wide TIF Districts:**
 - a. Bayside TIF District to possibly fund workforce training, along with other possible public investment options;
 - b. Downtown Transit Oriented Development TIF District to possibly increase capture rates and possibly fund workforce training, along with other possible public investment options; and,
 - c. Waterfront TIF District to possibly expand the geographic area and fund workforce training, along with other possible public investment options.
Note: See enclosed memo from Greg Mitchell
3. **Review and vote to forward to the City Council as a communication item the FYE2018 TIF Report.**
 - a. See enclosed Annual Report
4. **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. Real estate negotiations related to possible sale of City-owned property adjacent to Maine Turnpike.
Note: See enclosed confidential material from Greg Mitchell.

Councilor Justin Costa/Chair

NOTE: No public comment will be taken on non-action items.

Next Meeting: September 18, 2018

Minutes
Economic Development Committee
July 17, 2018

NOTE: These meetings are now live-streamed, which can be viewed at this link:

<http://www.portlandmaine.gov/1695/Economic-Development-Committee> These

Minutes provide a record of those in attendance, general discussion taking place, and motions made.

A meeting of the Economic Development Committee (EDC) of the Portland City Council was held on Tuesday, July 17, 2018 at 5:30 p.m. in Room 209 of Portland City Hall. Present from the Committee was its Chair Councilor Justin Costa and members Councilors Nicholas Mavodones and Spencer Thibodeau. Present from the City staff were Business Programs Manager Nelle Hanig, Economic Development Director Greg Mitchell, Office of Economic Opportunity Director Julia Trujillo, Senior Executive Assistant Lori Paulette, and Parking Manager John Peverada.

Item #1: Review and accept Minutes of previous meeting held on June 19, 2018.

On motion made by Councilor Mavodones, seconded by Councilor Thibodeau, the Committee voted unanimously to accept the Minutes as presented.

Item #2: Presentation and Feedback on Amendments to Outdoor Dining Regulations Pursuant to Section 25-28 of the Code of Ordinance Allowing for Use of Non-Contiguous Areas – Jeff Levine

Mr. Levine said that due to State law changes, outdoor dining now does not have to be contiguous to a food service establishment and an establishment could use a parking spot if it outweighs that use, and alcohol can be served. Mr. Levine then handed out updated proposed

regulations, which by Ordinance are promulgated by City Manager, copy attached. These proposed amendments are the result of various Departments meeting and discussing thoughts and concerns. Mr. Levine then went over the proposed amendments, noting that such use of parking spots would not be on high travel roads and would not be permitted within 15 feet of an intersection. The City would have a per day charge and insurance requirements, with a pilot program run for the first year. He also noted that restaurants cannot have both sidewalk dining and a parking spot dining.

Mr. Peverada noted that it is intended at this time to exclude Congress Street and Forest Avenue for this use, and maybe Center Street.

Councilor Mavodones said that, although he likes the concept, parking is an issue in the downtown and the Old Port, and he has concerns about taking away parking spots for this purpose. He would like there to be public input and also noted concerns of noise.

Councilor Thibodeau thanked staff for bringing this forward for discussion, and it is broad enough to make practical sense, and a pilot program also make sense and should be done on the peninsula. The proposed \$20 daily fee may be too low, which Mr. Levine noted that this came from Corporation Counsel; otherwise, it would require an ordinance amendment.

Councilor Mavodones asked how many could take advantage of these new regulations, and Mr. Levine noted that to be approximately 20 who don't use sidewalks. Councilor Mavodones said that he would be interested to see that list.

Chair Costa agrees with what has been said, noting that this was tried at the Press Hotel and needs exploration.

Mr. Mitchell noted that these regulations would be promulgated and managed administratively.

The Committee discussed this, particularly to have a public process, with consensus being that Portland Downtown and the City Manager could manage that public process – noting that a thorough outreach would be needed.

Item #3: EDC Workshop related to Workforce Training System Programs and policy discussion, including Possible Organization Changes and City Funding.

Chair Costa noted the Committee spent some time the past year with selling Public Works Bayside Properties, with the next subject to take on is work force development, determining what the public sector is doing and engaging the business community. Funding sources would then need to be identified.

Mr. Mitchell said that representatives from Greater Portland Workforce Initiative (GPWI), Portland Adult Education (PAE), and the City’s Office of Economic Opportunity (OEO) will provide an update to the Committee on their work, and then he would follow-up on the funding side.

Ms. Moore from GPWI said that it represents approximately 20 organizations which have growing sectors of employment, and GPWI focuses on breaking down barriers to employment and works with all populations. She then described GPWI’s goals and strategies, working with PAE, with all trying to leverage resources and identifying what employers need in hiring. Ms. Moore then handed out the attached listing of most of the organizations she works with, noting that many have funding restrictions; unrestricted funding is needed.

Ms. Trujillo of OEO said that she has been part of GPWI for five years. She then described the grants landscape as competitive and needing to be approached in a coordinated fashion. A bigger challenge she has seen includes the under-employment rate. She noted that the immigrant population may have an Engineer’s background and credentials from their

country of origin, but transferring them here is an issue and costs a lot of money. Ms. Trujillo said that this is an issue in many cities across the states.

Ms. St. Onge of PAE said that PAE has less than 2% of the school budget, and concentrates on workforce development and individual learning plans, and it too serves all populations and works with New Mainers Resource Center as well – see attached summary of NMRC. Ms. St. Onge said that English as a Second Language (ESL) takes a long time for individuals, which serves as an impediment to transferring credentials from a foreign country, noting as well the issue of under-employment. PAE offers an English learning lab if ESL classes are full. This can help with resume writing and job skills. She closing noting that more funding is needed.

A discussion followed on the need for ESL and credentialing.

Councilor Mavodones thanked all and asked what is needed and how can the City assist. Overall, the response was unrestricted funding, with Ms. Trujillo adding that a database is also needed so people do not fall through the cracks.

Councilor Thibodeau asked what success would look like, and Ms. Moore said immediate assistance to individuals. Ms. Trujillo added that employers would find talented employees and vice versa. Ms. St. Onge said that additional classes for populations that need them, together with more case management/career advisors/translators.

Regarding funding sources, Mr. Mitchell said that workforce training investment is an allowable use of Tax Increment Financing (TIF) funds. The City of Westbrook just included that use in one of their TIF districts. Mr. Mitchell recommended that he sit down the City Manager and Finance Director to craft recommendations to bring to this Committee.

Chair Costa asked about statutory limits on TIFs, and Mr. Mitchell said that there are no

geographic restrictions for work force training investment. Limits would be based on the numbers of years left in a TIF District. He also noted that once a TIF District has expired, the City could re-establish it a new Original Assessed Value.

Councilor Mavodones asked about a timeline for Council action on the proposed amendments to the area-wide TIF Districts to have workforce training an allowable use. Mr. Mitchell said that his plans are to present recommendations this Fall to the EDC and City Council, and then these would need to be forwarded to the ME Dept. of Economic and Community for final approval.

Chair Costa said TIF revenue funds could provide for more flexibility for workforce training, particularly in that they can be used City-wide; Committee members concurred.

Chair Costa wrapped up this item noting the need for the business community to be engaged with workforce training providers and future program changes.

Item #4: 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. **Real estate negotiations related to a possible sale in the Portland Technology Park.**

A motion was made by Councilor Thibodeau, seconded by Councilor Mavodones, to go into executive session pursuant to 1 M.R.S.A. 405(6)(C) to provide staff guidance related to real estate negotiations for a possible sale in the Portland Technology Park. Chair Costa asked for a vote on the motion and it passed unanimously at 7:30 p.m. At approximately 8:00 p.m., the Committee came out of executive session and the meeting was then adjourned.

Respectfully, Lori Paulette

Dining Areas in Public Spaces other than Sidewalks or Public Parks

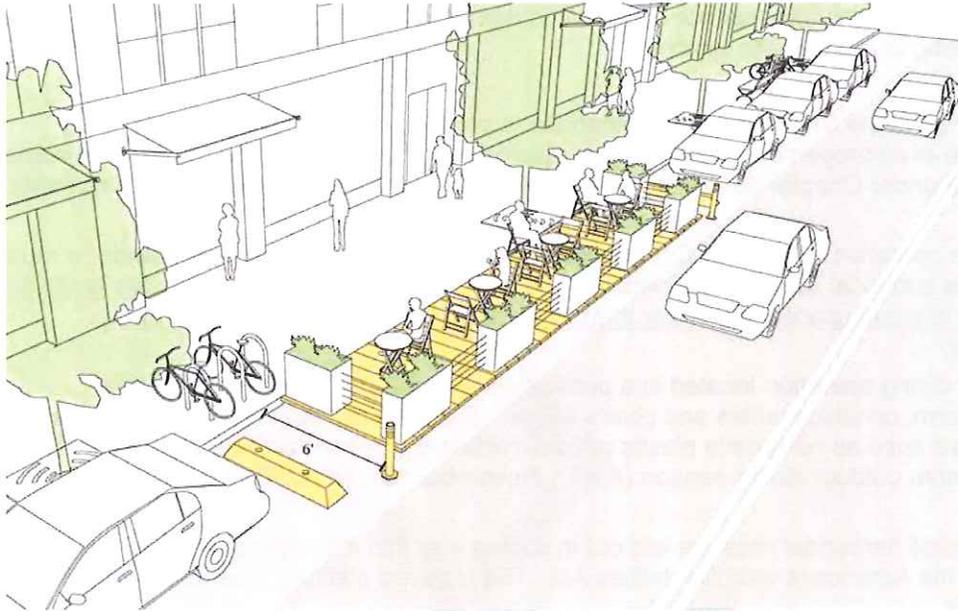
The City has determined that, in some areas of the City where there are businesses that are unable to locate outdoor dining on City sidewalks or public parks abutting their businesses and there is adequate space in the street to accommodate outdoor dining without compromising safety, dining may be offered in public parking or other public spaces.

Pursuant to Chapter 25 of the City's Code of Ordinances, a permit is required for expanding food service to the outside of all properties. Outdoor dining permits for parking and other alternative public spaces will be issued under Chapter 25 and these regulations pursuant to the following requirements.:

- Any food service operation located on City property pursuant to a permit issued hereunder must comply with state and local laws with respect to service of food and/or alcohol. [State law limits the hours of service in these spaces to no later than 11 pm. or 1 hour after food service ends, whichever is first;](#)
- For any outdoor dining operation located in a public parking space, the permit holder shall construct a platform, on which tables and chairs will sit. The platform must be built of durable, slip resistant materials such as composite plastic or construction-grade lumber. This platform may remain for the entire outdoor dining season (April 1-November 15) but must be removed upon conclusion;
- Any space occupied hereunder must be laid out in such a way that it complies with the requirements of the Americans with Disabilities Act. The required platform must be flush with any abutting sidewalk.
- Any movable items on the outdoor dining area must be secured against wind and theft and locked or removed when the business is closed.;
- Any outdoor dining spaces permitted hereunder must be located immediately in front of the business. Where parking spaces are not striped (such as in multispace meter areas) the location of any outdoor dining space must be located to minimize loss of effective parking spaces. The precise boundaries of outdoor dining spaces will be determined by the City in its sole discretion.
- Any outdoor dining space must provide railings or other substantive barriers along the edges to protect patrons;
- Wheel stops satisfactory to the Permitting & Inspections Director must be placed at the front and rear sides of the outdoor dining platform, no less than 4 feet from the edges of the platform. In addition, flexible bollards shall be provided at the corners of the platform (see illustration);
- Construction of the platform must allow water runoff to easily flow under platform [or not otherwise impede stormwater runoff in the roadway;](#)
- No attachments to the pavement or curbing are permitted;
- No covers are permitted over the outdoor dining space other than umbrellas;
- No advertising other than labels identifying the business is permitted on the outdoor dining space;
- No permit shall be issued for outdoor dining in these locations if there is a feasible alternative space on the sidewalk or an appropriate public park;
- No outdoor dining space in the vehicular right of way is permitted within 15' of an intersection;
- No outdoor dining space will be permitted within the vehicular right of way on a roadway that has over 2,000 ADT as determined by the City Traffic Engineer or on a street that does not have 12' clear in the middle after all parking and platforms are accounted for.

Method of Review: Identification of appropriate locations for outdoor dining is ultimately at the discretion of the Director of Permitting & Inspections. Permits issued under these regulations are revocable at the City's discretion for any reason, including but not limited to, the permit-holder's failure to comply with these regulations, any unforeseen safety concerns, and City operational concerns or needs. No more than one of these spaces will be permitted on each side of a city block. [There shall be](#)

no more than [X] such spaces in the City at one time. If that number is reached, new applications for spaces will not be accepted until one is removed.



Source: National Association of City Transportation Officials.

Note that in Portland only one space per block side may be occupied.

[\(https://nacto.org/publication/urban-street-design-guide/interim-design-strategies/parklets/\)](https://nacto.org/publication/urban-street-design-guide/interim-design-strategies/parklets/)

Renewal applications will get priority, provided the requested space satisfies the City's public safety review and the applicant has complied with the requirements outlined herein. After that, applications will be approved on a first come, first-served basis,.

Additional Requirements: If a location is approved under this section, the following financial and insurance requirements shall apply:

1. The permit fee shall be \$20.00 per day for each day that the parking space is occupied (which amount will be determined at the time the permit is issued)) from a parking space in addition to any applicable licensing fees;
2. The Applicant shall procure and maintain occurrence-based Commercial General Liability Insurance coverage in amounts of not less than One Million Dollars (\$1,000,000.00) per occurrence for bodily injury, death and property damage, naming the City as an additional insured thereon, and also Workers' Compensation Insurance coverage to the extent required by law. With respect to the Liability Insurance, the Applicant shall name the City as additional insured for coverage only in those areas where government immunity has been expressly waived by 14 M.R.S. A. § 8104-A, as limited by § 8104-B, and § 8111. This provision shall not be deemed a waiver of any defenses, immunities or limitations of liability or damages available to the City under the Maine Tort Claims Act, other Maine statutory law, judicial precedent, common law, or any other defenses, immunities or limitations of liability available to the City. The Applicant will provide the City and thereafter maintain a certificate of insurance evidencing such coverage, which certificate shall guarantee thirty days' notice to the City of termination of insurance from the insurance provider or agent. The Applicant shall also provide a copy of any endorsement naming the City as additional insured. The Workers' Compensation insurance shall include an endorsement waiving all rights of subrogation against the City of Portland, its officers or employees.

Overview of Selected Workforce Development Training/Employment Services Programs

This list is intended to demonstrate some of the “static” workforce development programming currently available to eligible jobseekers in Greater Portland. It is not meant to be an exhaustive list of all services and programs available to support jobseekers in their pursuit of training and other workforce development activities.

Program Name	Source of Funding	Administered by	Purpose	Target Population(s)	Eligibility Requirements	Notes/Additional Information
Workforce Innovation and Opportunity Act (WIOA)	Federal (Dept of Labor)	Workforce Solutions 190 Lancaster St Portland, ME http://workforcesolutionsme.org	Assess, then match, individual's interests and abilities to good jobs in the marketplace. Career Coaches help clients identify work interests, develop goals, pursue training, and connect to employment. Possible services include; on-the-job training, job coaching, one-on-one counseling and other support services to ensure employment success.	Three programs serving three populations: <ul style="list-style-type: none"> Dislocated/Laid Off Workers Adults Youth 16-24 with specified barriers to employment 	<ul style="list-style-type: none"> Income restrictions and/or other eligibility requirements apply to each of the programs Work authorization Registration for selective service (if applicable) 	Coastal Counties Workforce Inc. (CCWI-the local Workforce Development Board) has contracted Workforce Solutions to serve eligible individuals in their 6 Coastal County area (Cumberland, Knox, Lincoln, Sagadahoc, Waldo, and York).
Competitive Skills Scholarship Program (CSSP)	State (Maine Dept of Labor)	Greater Portland CareerCenter 151 Jetport Blvd Portland, ME http://www.mainecareercenter.gov/cssp.shtml	<p>Helps workers learn new skills and Maine businesses access a qualified workforce to succeed in the changing economy.</p> <p>The program is open to eligible Maine residents with access to post-secondary education (including certificate programs and two- and four-year degrees), training for industry recognized credentials, and support leading to skilled, well-compensated jobs with anticipated high employment demand.</p>	(see eligibility requirements)	<ul style="list-style-type: none"> At least 18 years old and live in Maine Legally eligible to work in the U.S. Seeking education or training for a job in a high wage, in demand occupation- list of jobs Do not have a marketable post-secondary degree Have household <u>income of less than 200% of the federal poverty level</u> Have the ability to undertake and complete the education or training program 	
Maine Quality Centers (MQC)	State (Maine Community College System)	Southern Maine Community College (SMCC) 8 Broadway South Portland, ME https://www.mccs.me.edu/business-resources/training/main-quality-centers/	<p>Grants for businesses to help cover the cost of customized training for workers or recruits. Benefits include:</p> <ul style="list-style-type: none"> Incumbent worker training Recruitment assistance—advertising/screening <u>Pre-hire training for potential hires</u> Post-hire training for new hires Targeted training for industry certifications Customized training, consultation, and curriculum 	(see eligibility requirements)	<p>For <u>pre-hire training</u>, prerequisites may include:</p> <ul style="list-style-type: none"> Maine residency High School diploma, GED or HiSet Unemployed or Under-employed Accuplacer/related testing Proof of authorization to work in the U.S. 	Training opportunities are varied and are dependent on employer need.

Program Name	Source of Funding	Administered by	Purpose	Target Population(s)	Eligibility Requirements	Notes/Additional Information
ASPIRE/TANF	Federal (Dept of Health and Human Services)	FedCAP- Breaking the Cycle 220 Maine Mall Rd, South Portland, ME	ASPIRE/TANF is a program that helps TANF recipients find employment that will pay enough to make it possible for them to get off welfare.	(see eligibility requirements)	Must receive Temporary Assistance for Needy Families (TANF)	
Food Supplement Employment and Training (FSET) Program	Federal (Dept of Health and Human Services)	Goodwill Industries of Northern New England- Job Connection 190 Lancaster St Portland, ME https://www.maine.gov/dhhs/ofi/services/home.html	Food Supplement Employment and Training (FSET) is a program that helps Food Supplement recipients find employment and training.	(see eligibility requirements)	Must receive benefits through the Federal Food Supplement program.	
TechHire Maine	Federal (Dept of Labor)	Workforce Solutions 190 Lancaster St Portland, ME http://www.projectlogin.com/techhire-maine	TechHire Maine's focus is to recruit, assess, train, and place young adults and underserved individuals into Maine's IT industry. Participants take part in training and work experiences tailored to their career goals using a customized track approach. All of the tracks are driven by employer demand and provide opportunities to obtain the specific competencies or experiences participants need to meet their employment objectives.	Individuals aged 17 to 29 who are: <ul style="list-style-type: none"> • Out of secondary school; • Have an interest in information technology and computing; and • Lack the educational attainment, work experiences, and/or skill level to secure full-time employment in middle or high-skill tech-based jobs. 	Specific participation requirements include: <ul style="list-style-type: none"> • Maine resident • 17 to 29 years of age • Have HS diploma or HiSET equivalent • Unemployed or underemployed • Authorized to work in the U.S. Seeking employment in an IT related occupation • Has a barrier to employment 	A 4 million dollar project fully funded by a U.S. Department of Labor Employment and Training Administration grant awarded to and managed by Coastal Counties Workforce, Inc. Additional partners include: Educate Maine, Maine Dept. of Education, Workforce Solutions, Central Western Workforce Development Board, and Northeastern Workforce Development Board.
Vocational Rehabilitation	Federal (Dept of Education)	Division of Vocational Rehabilitation 151 Jetport Blvd Portland, ME https://www.maine.gov/rehab/dvr/index.shtml	The Division of Vocational Rehabilitation, also known as "VR," is a Department of Labor program that helps people who have disabilities to get and keep a job. VR helps people who have physical, mental, or emotional disabilities.	People with disabilities and related barriers to employment	To be eligible for VR, you must apply for services. To be eligible you must: <ul style="list-style-type: none"> • have a disability that keeps you from getting or keeping a job; and • need VR services to find or keep a job. 	

Veterans Services	Federal (Dept of Labor)	Greater Portland CareerCenter 151 Jetport Blvd Portland, ME http://www.mainecareercenter.com/employment/veterans.shtml	The CareerCenter offers specialized employment and training services for Veterans. If you served in the U.S. Armed Forces, a CareerCenter Representative can help you find a job, obtain new skills, or access other state or federal resources available to Veterans. Job Seeker Services <ul style="list-style-type: none"> • Help with your job search, resume writing and interview skills. • Guidance to help you translate your military skills to good jobs in the civilian workforce. • Referrals to other state and federal resources available to Veterans. 	(see eligibility requirements)	Individuals who served the U.S. Armed Forces, Veterans, and transitioning service members.	
Parents as Scholars (PaS)	State (Maine Dept of Health and Human Services)	Maine Department of Health and Human Services 151 Jetport Blvd Portland, ME https://www.maine.gov/dhhs/ofi/	Parents as Scholars is a program for parents involved in a two year or four year postsecondary program. It offers a monthly benefit based on guidelines for the Temporary Assistance for Needy Families (TANF) program.	(see eligibility requirements)	You are eligible for the PaS program if all of the following are true: <ul style="list-style-type: none"> • You are eligible for TANF; • You are "matriculating " (enrolled) in a two or four-year post-secondary degree program; • You do not already have a bachelor's degree in a field where there is work available to you; • You do not have the skills to earn at least 85% of Maine's median wage; • The degree you will be receiving will improve your ability to support your family; and • You have the aptitude to complete the educational program that you have chosen. 	



DID YOU KNOW?

- 438 people received services in 2017; 261 were new in 2017; 171 continued from previous years
 - 317 people received case management/career advising
 - 81% of those eligible to work and receiving case management/career advising services found jobs
 - Job class students report higher wages than area minimum wages, receiving an average of \$12.84
 - NMRC program participants are successful at getting jobs in all sectors
 - In 2017 NMRC programmatic offerings designed to help immigrants overcome barriers and engage with employers had 566 participants
 - A majority of new Mainers served by NMRC have a bachelor's degree or higher
- For more information and to read the NMRC 2017 Annual Report, visit our website at: <https://nmrcmaine.org/>*



Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: Economic Development Committee

FROM: Greg Mitchell

DATE: August 29, 2018

SUBJECT: Proposed Amendments to City Area-wide Tax Increment Financing Districts

This memo outlines the rationale and public benefits associated with the three existing large approved Area-wide Tax Increment Financing (TIF) Districts (Bayside, Downtown Transit, and Waterfront), along with City staff recommended amendments. The goal of the proposed amendments is to maximize utilization of the TIF revenue by adding more investment options for use of TIF revenue, increasing the capture rate of the Downtown Transit TIF District, and expanding the Waterfront TIF District.

EXISTING AREA-WIDE TAX INCREMENT FINANCING (TIF) DISTRICTS

There are three area-wide existing City of Portland and State approved TIF Districts. See attached map. The three area-wide TIF Districts include:

Bayside (Existing and Proposed Amendments)

Geography. 129.18 acres bounded by Franklin Street, Cumberland Street, 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 excerpt of the 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.

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 excerpt of the 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.

Waterfront (Existing and Proposed Amendments)

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.

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 excerpt of the 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 discussion and EDC direction. Adding more properties to the Waterfront TIF District will increase the amount of TIF funds to support waterfront public infrastructure needs. If there is support to add properties to the Waterfront TIF District, City staff will complete research to include property size, municipal assessed property values, timing, and estimated increased value of new private sector investment, along with estimated property tax revenue for the remaining TIF District term. This information will be available at your next EDC meeting.

No change is proposed to the capture rate.

PUBLIC BENEFITS

Private Sector Investment and Job Creation. The city of Portland has utilized TIF districts to prioritize attention to areas requiring area wide public infrastructure investment to attract private sector investment and associated job creation.

Planned Public Infrastructure Investment. Each Area-wide TIF District includes a list of allowable uses of TIF District revenue to prioritize and plan public investment.

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. Portland's estimated total tax shelter savings for all active TIF Districts is just over \$1.2 Million for FYE2018.

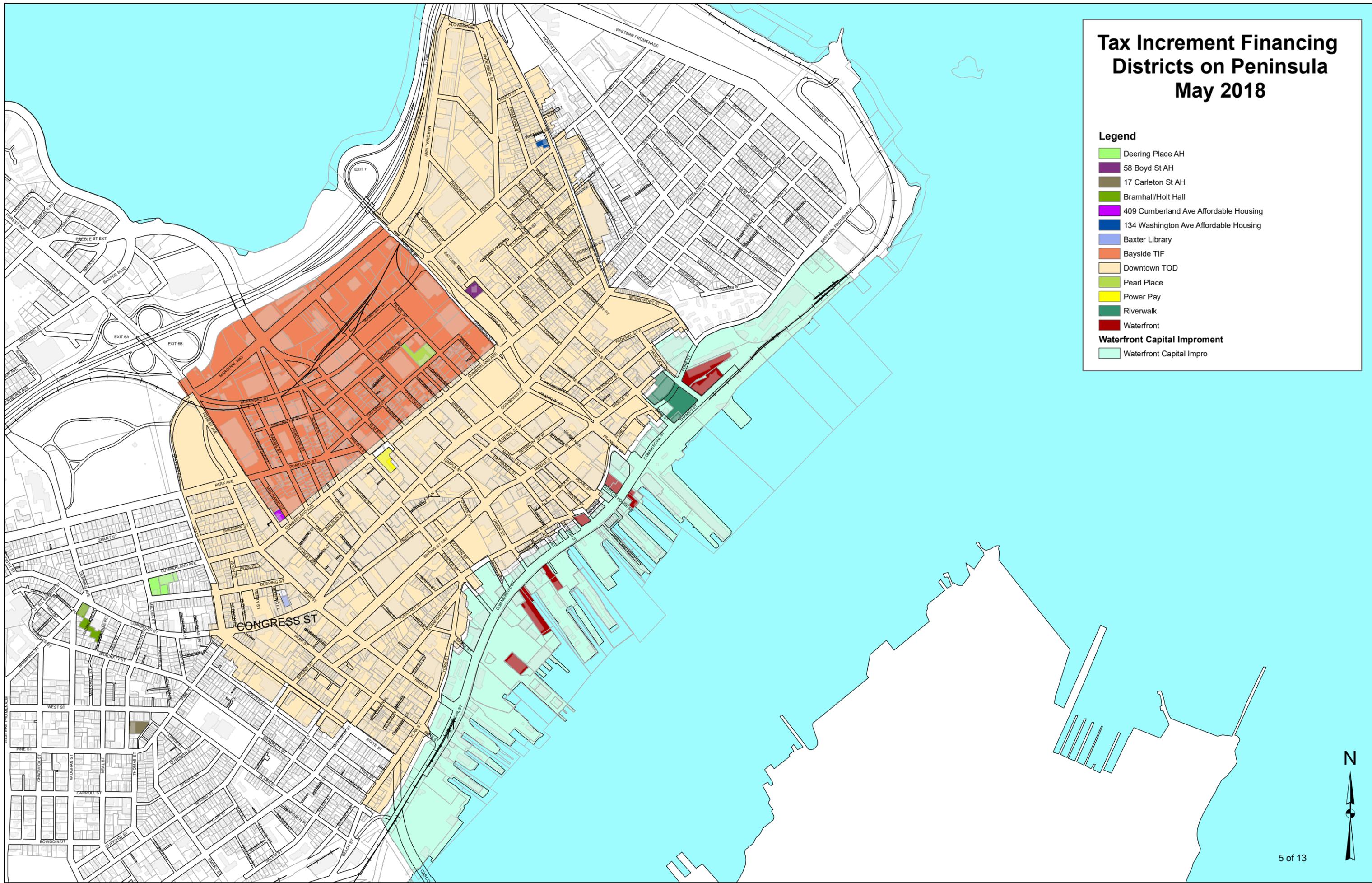
Attachments:

- TIF Map
- Bayside TIF Excerpt – Redlines for Uses
- Downtown TOD TIF Excerpt – Redlines for Uses
- Waterfront TIF Excerpt – Redlines for Uses
- Map of Proposed Waterfront TIF Amendment

Tax Increment Financing Districts on Peninsula May 2018

Legend

- Deering Place AH
- 58 Boyd St AH
- 17 Carleton St AH
- Bramhall/Holt Hall
- 409 Cumberland Ave Affordable Housing
- 134 Washington Ave Affordable Housing
- Baxter Library
- Bayside TIF
- Downtown TOD
- Pearl Place
- Power Pay
- Riverwalk
- Waterfront
- Waterfront Capital Improvment**
- Waterfront Capital Impro



**8/22/2018 PROPOSED BAYSIDE TIF DISTRICT CITY INVESTMENT OPTIONS
AMENDMENTS**

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 \$680,307 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)	\$10,000,000
In District: Existing Credit Enhancement Agreements; others as negotiated, executed with public process per City of Portland TIF Policy as may be amended from time to time Section H-A	(1)(A)	\$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)	T/B/D
In District: Infrastructure and financing costs (roadway, sidewalk, and transportation improvement projects) located in District	(1)(A)	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)	\$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)	T/B/D

**8/22/2018 PROPOSED BAYSIDE TIF DISTRICT CITY INVESTMENT OPTIONS
AMENDMENTS**

In District: Funding the Economic Development Department, including salaries, to market and prepare for Bayside Redevelopment <u>and professional service costs</u>	(1)(A)	\$500,000
In and out of District:		
a.) Cover the City’s Economic Development Department costs, including <u>pro-rated salaries of City Manager, Finance Director, and Planning and Urban Development Director and Planning staff*</u> ;	(1)(A) and (1)(C)(1)	\$250,000/annual or \$4,500,000 over life of TIF District
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
e-)d.) <u>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.</u>	(1)(C)(4)	<u>T/B/D</u>
Total:		\$27,150,000

*This item is not unique to this TIF District; it is also included in the Riverwalk 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*, 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.

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
- Economic Development Department administrative costs and staff salaries, and prorated salaries of the City Manager and Planning and Urban Development Director

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 Development Program lists particular projects, the 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, <u>including Financing Costs</u>, for example: - <u>Multi-modal surface and structured parking</u> - Sidewalk and Other Pedestrian Enhancements - Roadway Realignments/Paving	8, 19 19, 205, 6, 7, 9, 34, 35 19-205, 6, 34, 35	 (1)(A) (1)(A)	 <u>\$1,000,000</u> \$200K annually;

8/22/2018 PROPOSED DOWNTOWN/TRANSIT TIF CITY INVESTMENT OPTIONS AMENDMENTS

<ul style="list-style-type: none"> - <u>Crosswalks</u> - <u>Traffic Signals</u> - Intersection Redesigns - Bicycle Infrastructure - Stormwater Management, including water and sewer upgrades - Communications Infrastructure improvements/enhancements - Wayfinding (signage) - Public plaza intersection improvements 	<p><u>19,20,34,355,6</u></p> <p><u>195, 9, 1134</u></p> <p><u>195, 334</u></p> <p><u>195, 363</u></p> <p><u>195, 9, 353, 47</u></p> <p><u>228, 324</u></p>	<p>(1)(A)</p> <p>(1)(A)</p> <p>(1)(A)</p> <p>(1)(A)</p> <p>(1)(A)</p> <p>(1)(A)</p>	<p>\$6 Million over life of District</p>
<p>In and out of District: New and Enhanced Transit Services, including operational costs, for example (see Exhibit K – Transit Map):</p> <ul style="list-style-type: none"> - Creation of high frequency bus service on Congress Street at 15-minute intervals between the Portland Transportation 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. - <u>Shuttle service to downtown businesses.</u> 	<p><u>317, 20, 21, 6, 32, 33</u></p> <p><u>20</u></p> <p><u>20</u></p> <p><u>20</u></p> <p><u>8, 17, 20</u></p>	<p>(1)(A) and (1)(C)(7)</p>	<p>\$110K annually; \$3.3 Million over life of District</p>
<p>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):</p>	<p><u>20, 21, 477</u></p>	<p>(1)(C)(1)</p>	<p>Up to \$100K annually; \$3</p>

8/22/2018 PROPOSED DOWNTOWN/TRANSIT TIF CITY INVESTMENT OPTIONS AMENDMENTS

<p>- 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.</p>	<p align="center">20, 21,47</p>		<p>Million over life of District</p>
<p>In and out of District: - Economic Dev. Dept. administrative costs and staff salaries at 100%, and prorated salaries of City Manager, <u>Finance Director</u>, and Planning Urban Development Director, <u>and Planning staff</u>*, <u>including</u> - <u>Professional services costs;</u> - <u>Workforce training funds.</u> <u>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.</u></p>	<p align="center">217</p> <p align="center">30, 31</p>	<p align="center">(1)(A)(5) and (1)(C)(1)</p> <p align="center">(1)(C)(4)</p>	<p>\$250K annually; \$7.5 Million over life of District</p> <p align="center">T/B/D</p>
<p>In District: Small Public Capital Infrastructure and Equipment, for example (Downtown Plan pp. 6 and 7) - Parking meters - Vehicles for <u>Public Services Dept.</u> (formerly Public Works Dept.), and Fire Dept., including ambulances</p>	<p align="center">197 21, 36 to 44</p>	<p align="center">(1)(A)(1)(a)</p>	<p>\$100K</p>
<p>In District: Relocation of Displaced Persons (TIF Application, p. 6)</p>	<p>(see TIF application, p. 6)</p>	<p align="center">1(A)(6)</p>	<p>Not budgeted/not anticipated at time of TIF application</p>
<p>In District: CEAs as Approved by City Council (TIF application p. 2)</p>	<p>(see TIF application p. 2)</p>	<p align="center">(1)(A)</p>	<p>Unknown at time of TIF application</p>
<p>Total Estimate of TIF Revenue Expenditure over 30 year term:</p>			<p align="center">\$2019,900,000</p>

*This item is not unique to this TIF District, it is also included in the Bayside TIF District, Waterfront TIF District, and Riverwalk TIF District.

**8/22/2018 PROPOSED WATERFRONT TIF DISTRICT CITY INVESTMENT OPTIONS
AMENDMENTS**

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.

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 <u>and financing costs, for example:</u>		
Pier and Wharf Structural Repair	(1)(A)	\$3,200,000
Local Match for Ocean Gateway Project	(1)(A)	\$1,000,000
Street <u>Studies and</u> Improvements (Remedy Traffic Congestion)	(1)(A) (1)(A)	\$5,000,000
Pedestrian <u>and Multi-Modal</u> Circulation and Amenity Improvements	(1)(A)	\$750,000
Dredging		\$10,000,000
<u>New Publicly Owned Pier</u>	<u>(1)(A)</u>	<u>\$4,000,000</u>
<u>Multi-Modal Surface and Structured Parking</u>		
Credit Enhancement Agreements	<u>(1)(A)</u>	Per Each Individual CEA Project
In and out of District:		
<u>(a) Funding the City-Economic Development Department, including prorated salaries of City Manager, Finance, and Planning Urban Development Director and Planning staff; Staff</u>	(1)(A) and (C)(1)	\$50,000 Annually effective 7/1/2010 for 22 years, or \$1,100,000 total.
<u>(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;</u>	(1)(C)(4)	
<u>(c) Costs of funding economic development programs or events; and,</u>	(1)(C)(1)	T/B/D
<u>(d) Costs of funding environmental improvements projects</u>	(1)(C)(2)	T/B/D

**8/22/2018 PROPOSED WATERFRONT TIF DISTRICT CITY INVESTMENT OPTIONS
AMENDMENTS**

<p><u>for commercial use, including sea level adaptation studies and infrastructure improvements; and</u> <u>(e) Professional services costs.;</u> <u>(f) Dredging sediment disposal</u> Total Estimate of TIF Revenue Expenditure over 30-year term:</p>		<p><u>T/B/D</u></p> <p align="right"><u>T/B/D</u> \$212,050,000 – excluding CEA Projects</p>
---	--	--

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 the five Original TIF Districts described in the Original 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.

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 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.

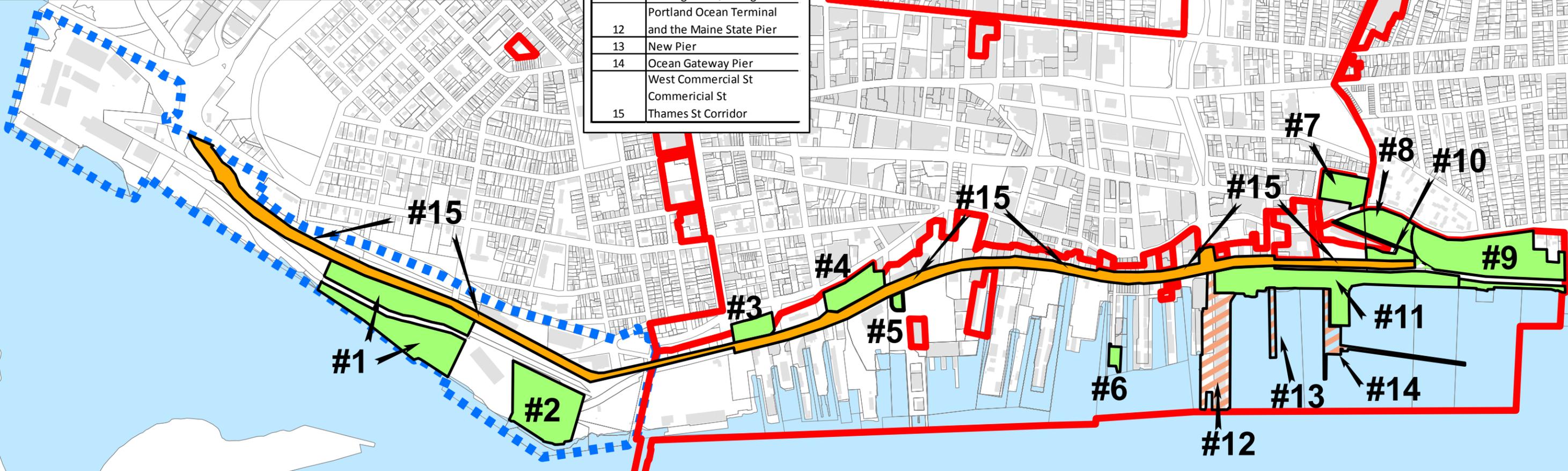
Dredging

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

Legend

-  Potential Expansion of Growth Area
-  Current TIF Districts and Growth Areas
-  Potential Property for TIF District Inclusion
-  Pier Infrastructure
-  Public Roadway

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 Commercial St Thames St Corridor



Portland Waterfront TIF Program Potential Expansion

DRAFT

Map produced by the City of Portland Economic Development Department. Intended for discussion purposes only. Boundaries and area calculations are estimates and require validation prior to implementation. Do not use for valuation. August 2018



FY19 Budget Challenges (January 2018 Workshop Presentation Revisited)

- **State of Maine Valuation – City of Portland**
- \$8.50B for 2017, rose to over \$9.0B in 2018 (6.45% increase)
- State of Maine Valuation has several impacts on City budget
- *Impact #1 – Cumberland County Tax Assessment will increase*
- Portland's share of county tax increasing from 20.17% to 20.55%
- Cumberland County Total FY19 Tax rising to \$30.6M (4.5% increase)
- Portland's overall estimated increase is \$381k (6.5% increase)
- Equates to an 5 cent increase in FY19 tax levy (0.23%)

FY19 Budget Challenges (January 2018 Workshop Presentation Revisited)

- **State of Maine Valuation – City of Portland**
- \$8.50B for 2017, rising to \$9.05B in 2018 (6.45% increase)
- State of Maine Valuation has several impacts on City budget

- *Impact #2 – School Educational Subsidy*
- Impact / EPS estimates typically calculated by PPS staff
- Assuming everything else remained constant, decrease in PPS educational subsidy estimated to be **\$4M** due to valuation only
- Actual change in FY19 funding still unknown – many factors to be considered including formula changes and additional State funds

FY19 Budget Challenges (January 2018 Workshop Presentation Revisited)

- **State of Maine Valuation – City of Portland**
- \$8.50B for 2017, rising to \$9.05B in 2018 (6.45% increase)
- State of Maine Valuation has several impacts on City budget

- Impact #3 – State Revenue Sharing Formula
- Impact #4 – Portland Water District Assessment

Illustrative Example: Impact of \$500M of TIF Sheltering on Budget Items – County Tax

	<u>No TIF</u>	<u>TIF</u>
Beginning Assessed Value (A)	\$9,049,500,000	\$9,049,500,000
Increases in TIF Assessed Value (B)	\$500,000,000	\$500,000,000
TIF Capture Rate	0%	100%
Sheltered Property Value (C)	\$0	\$500,000,000
New City Taxable Valuation (A+B-C)	\$9,549,500,000	\$9,049,500,000
Total Cumberland County Tax (2018)	30,612,625	
Portland % of Cumberland County Tax*	21.68%	20.54%
Portland Share of Cumberland County Tax*	\$ 6,636,389	\$ 6,288,916
Total TIF Sheltering Savings - County Tax*	347,473	
Total TIF Sheltering Savings to Mil Rate	\$	0.04

*Note: Examples above assumes a \$500M increase in Portland valuation only to isolate the impact from a non-sheltered increase in valuation. There are many other variables which would impact each of these example. Most notably, they each would be impacted by changes in the valuations within other municipalities. The Revenue Sharing and State Educational Subsidy examples are each subject to formulas which have many variables outside of valuation (although valuation is the Maine driver of each). These examples are for illustrative purposes only in an attempt to illustrate the impact of sheltering and are not to be used for budgeting purposes.

Illustrative Example: Impact of \$500M of TIF Sheltering on Budget Items – Revenue Sharing

	<u>No TIF</u>	<u>TIF</u>
Beginning Assessed Value (A)	\$9,049,500,000	\$9,049,500,000
Increases in TIF Assessed Value (B)	\$500,000,000	\$500,000,000
TIF Capture Rate	0%	100%
Sheltered Property Value (C)	\$0	\$500,000,000
New City Taxable Valuation (A+B-C)	\$9,549,500,000	\$9,049,500,000
Revenue Sharing*	\$ 3,852,071	\$ 4,064,904
Total TIF Sheltering Savings - Revenue Sharing *	212,833	
Total TIF Sheltering Savings - Impact to Mil Rate	\$	0.03

*Note: Examples above assumes a \$500M increase in Portland valuation only to isolate the impact from a non-sheltered increase in valuation. There are many other variables which would impact each of these example. Most notably, they each would be impacted by changes in the valuations within other municipalities. The Revenue Sharing and State Educational Subsidy examples are each subject to formulas which have many variables outside of valuation (although valuation is the Maine driver of each). These examples are for illustrative purposes only in an attempt to illustrate the impact of sheltering and are not to be used for budgeting purposes.

Illustrative Example: Impact of \$500M of TIF Sheltering on Budget Items – School EPS Subsidy

	<u>No TIF</u>	<u>TIF</u>
Beginning Assessed Value (A)	\$9,049,500,000	\$9,049,500,000
Increases in TIF Assessed Value (B)	\$500,000,000	\$500,000,000
TIF Capture Rate	0%	100%
Sheltered Property Value (C)	\$0	\$500,000,000
New City Taxable Valuation (A+B-C)	\$9,549,500,000	\$9,049,500,000
State Educational Subsidy*	\$ 16,091,694	\$ 16,980,788
Total Estimated Revenue Sharing Savings*	889,093	
Total TIF Sheltering Savings - Impact to Mil Rate	\$ 0.11	

*Note: Examples above assumes a \$500M increase in Portland valuation only to isolate the impact from a non-sheltered increase in valuation. There are many other variables which would impact each of these example. Most notably, they each would be impacted by changes in the valuations within other municipalities. The Revenue Sharing and State Educational Subsidy examples are each subject to formulas which have many variables outside of valuation (although valuation is the Maine driver of each). These examples are for illustrative purposes only in an attempt to illustrate the impact of sheltering and are not to be used for budgeting purposes.



Tax Increment Financing

Fiscal Year End (FYE) 2018 Annual Report
(July 1, 2017 through June 30, 2018)

Prepared by the Economic Development Department

(Report prepared 8/2018)

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1. **Introduction**

City TIF Policy requires an annual report, to the City Council Committee and full City Council, regarding TIF District activity. This Report provides an overview of the TIF District Program, Portland’s utilization of TIF Districts to date, and TIF District financial value impacts.

2. **Definitions**

Commonly used terms, included in this Report, include:

“***Captured Assessed Value***” means increased assessed value retained in a TIF District each year during its term.

“***Credit Enhancement Agreement (CEA)***” means the agreement between the City and the site specific TIF District Developer whereby it includes the terms under which the City will provide a portion of the Retained Tax Increment Revenue back to the Developer.

“***Current Assessed Value***” means the then current assessed value of the property located in the TIF District to be determined by the City Assessor as of April 1 of each year during the term of the District.

“***District***” means that portion of property depicted on a map to apply to the TIF.

“***Increased Assessed Value (IAV)***” means the valuation amount by which the Current Assessed Value exceeds the Original Assessed Value (OAV). If the Current Assessed Value is less than or equal to the OAV, there is no Increased Assessed Value in that year.

“***Infrastructure***” is defined, but not limited to: traffic upgrades, public parking facilities, roadway improvements, lighting, sidewalks, water and sewer utilities, storm water management improvements, and placing above ground overhead electric and telecommunications lines underground.

“***Non-Captured Value (NCV)***” means the value over and above the OAV (defined below) that is not captured by TIF percentage capture rates, with associated taxes from NCV returned to the General Fund.

“***Original Assessed Value (OAV)***” means the assessed value of the property in the TIF District as of March 31 of the year that it was created. For instance, if a TIF District was approved as of the date of this report, or November 2017, the OAV would be the assessed value of the property on March 31, 2017. All taxes from the OAV go into the City’s General Fund for any City use.

“***Property Taxes***” means any and all ad valorem property taxes levied, charged or assessed against the property by the City or on its behalf and actually paid to the City, but excluding any county, state, or special District taxes that are separately levied, charged, or assessed against the property.

“Retained Tax Increment Revenues” means that portion of the Property Taxes paid with respect to the Captured Assessed Value.

“Tax Year” means April 1 to March 31.

3. **Revised TIF Policy Adopted by City Council on November 20, 2017**

Pursuant to City Council Order 61 passed September 19, 2016, the City Council referred to the Economic Development Committee (EDC) consideration of amendments to the current TIF policy, including, but not limited to provisions for:

- A. Local Hire;
- B. Ethnic and Gender Diversity;
- C. Economically Disadvantaged Participation;
- D. Veteran Preference;
- E. Adherence to State or Federal Prevailing Wages; and,
- F. Participation in a Job Training or Apprenticeship Program.

The Order further requested the EDC report their findings and recommendation on amending the current TIF Policy to the City Council.

The EDC began its review for possible amendments to the TIF policy in April 2017. On November 20, 2017, the City Council reviewed the EDC’s recommendation and adopted revised City Tax Increment Financing (TIF) Policy (Item A in Appendix) in support of both private development projects and public investment in municipal economic development programs and infrastructure investment. Revised City Policy includes:

- A. Addition of State prevailing wage requirements in the construction phase of a TIF CEA;
- B. Equal employment opportunities and nondiscrimination;
- C. Increasing the capture rate and the term for affordable housing projects; and,
- D. Housekeeping amendments.

The EDC also recommended that the City look into establishing and sponsoring a Workforce Job Training program to be funded by area-wide TIF Districts, as well as having the City Manager and/or his/her designee undertake an analysis of the costs associated with the City undertaking an Employment Disparity Study.

4. **Tax Increment Financing Overview and Value**

Tax Increment Financing (TIF) is the most flexible economic development program available to municipalities. TIFs support municipal investment, as well as can be associated with private sector or affordable housing investment. TIFs are flexible municipal financing tools to fund the following types of activities to support public and private sector investment:

- public infrastructure projects;
- economic development programs, including municipal marketing and staff; and,
- support of individual private commercial and affordable housing project financing needs.

The three property tax components associated with TIF Districts include:

- A. ***New Property Taxes***. TIF revenue is generated from new increased municipal assessed value and associated new property taxes. TIFs can be established for up to thirty (30) years and new or “captured assessed value” in the TIF District can range from 1% to 100% of the amount of new property taxes.
- B. ***Original Assessed Property Value (OAV)***. The taxes from property base or “Original Assessed Value” reverts to the municipal general fund and is not captured in a TIF District.
- C. ***Flow of TIF CEA Funds***: The flow of taxes to return to the developer through a CEA is as follows.
 - i. The City sends its yearly tax bills for payments due in September and March of each fiscal year;
 - ii. Developer pays the taxes;
 - iii. In April and May of each year, for each CEA, a check is made to be sure the Developer’s taxes are current. If current, the Economic Development Department proceeds to process that fiscal year TIF payment to return a portion of the taxes to the developer according to the CEA. If not current, the Economic Development Department will not move forward with the payment until current.

5. **TIF District Approval Process**

There is a three step process to approve establishment of a TIF District. The three steps include:

- A. Economic Development Committee recommendation for approval to the City Council for commercial TIFs, or Housing Committee for affordable housing TIFs;
- B. City Council approval; and,
- C. State of Maine Department of Economic Development Department approval for commercial TIF districts or Maine State Housing Authority approval for affordable housing TIF Districts.

6. City Council Actions During FY2018:

The City Council passed five items relating to TIFs, specifically:

- A. As noted in Section 2, the City Council adopted a revised TIF Policy, which is attached hereto as Appendix A.
- B. The Downtown Transit Oriented Development (TOD) and TIF District was amended to take out a property from the District, 58 Boyd Street, so that that property could then be its own freestanding Affordable Housing TIF District.
- C. Approved an Affordable Housing TIF District for 58 Boyd Street for a term of 30 years (FY2019 through FY2048), with 50% capture to the Developer and 50% into the City's General Fund. This District supports the development of a 55 unit, mixed income, multi-family rental apartment building. TIF revenues will be used by Developer to pay for operating costs for the project.
- D. Approved an Affordable Housing TIF District for Deering Place, located at 61 Deering Street and 510 Cumberland Avenue, for a term of 30 years (FY2019 through FY2048), with 75% capture to the Developer and 25% into the City's General Fund. This Affordable Housing TIF District supports the development of 75 units of residential rental housing. TIF revenues will be used by Developer to pay for operating costs for the project.
- E. Approved adding parcels to the Waterfront TIF District as there are two projects under construction in the District that would provide additional TIF revenue, approximately \$490,000 annually, as well as additional tax sheltering savings at approximately \$145,000 annually. Those projects are the WEX office construction project at Hancock and Thames Streets, and the mixed use development at Union Wharf which includes office, restaurants, food court, and open market.

7. Statutory Limits for TIF Districts

There are two State statutory limitations which include:

- A. **Acreage:** No single TIF District, including Affordable Housing Districts, can be larger than 2% of a municipality's total acreage, or in the case of Portland, 2% of Portland's 12,386 acres is 247 acres. Also, all active TIF Districts have to be less than 5% of a municipality's total acreage, or in the case of Portland, 5% is 619 acres. Based upon active TIF Districts, including Affordable Housing TIF Districts, as of FYE2018, Portland has the ability to include 466 additional acres in TIF Districts.
- B. **Value:**
 - i. **Commercial/Area Wide TIF Districts:** The OAV of all these TIF Districts in a municipality cannot be more than 5% of its total aggregate value (FY18 aggregate value: \$9,049,500,000), or in the case of Portland, 5% is

\$452,475,000. Based upon active TIF Districts as of FYE2018, Portland has the ability to include an additional \$318.5 Million of property value in TIF Districts.

- ii. **Affordable Housing TIF Districts:** The OAV of all Affordable Housing TIF Districts cannot be more than 5% of the total aggregate value (FY18 aggregate value: \$9,049,500,000), or in the case of Portland, 5% is \$452,475,000. Based upon active Affordable Housing Districts as of FYE2018, Portland has the ability to include an additional \$450.6 Million of property value in Affordable Housing TIF Districts.

It is noted that the amount of acreage and value to include in TIF Districts fluctuates as TIF districts are created, expired, and/or terminated.

There are exemptions from State limitations for Transit Oriented Development (TOD) and Downtown TIF Districts, for which Portland now has two: Thompson's Point TOD TIF, and the Downtown TOD and Omnibus TIF.

8. **Tax Sheltering 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. Portland's estimated total tax shelter savings for all active TIF Districts is just over \$1.2 Million for FYE2018.

9. **TIF Districts in Portland**

A listing of all approved TIF Districts as of FYE2018 is provided as Item B in the Report Appendix. This listing includes four expired TIF Districts – Auto Europe, Shipyard Brewery, Nichols Portland, and UNUM. It is noted that FYE2018 also ends the Credit Enhancement Agreement for the Bayside Student Housing project, with FY2018 being the last year of TIF payments. This listing also includes two TIF Districts which were terminated by the City Council during FY15 – those being the Village at Oceangate (Bay House), and the Fore India Middle LLC TIF District.

It is noted that after expiration and termination of the above TIF Districts, 100% of their property tax revenue reverts to the City's General Fund.

Also, this listing provides the following information for each TIF District:

- A. TIF District duration;
- B. percentages of taxes allocated to the Recipient/Developer, City, and General Fund;
- C. TIF District location; and
- D. brief description.

Item C in the Appendix provides a map showing the location for each active TIF District.

A listing of approved active individual site specific TIF Districts, area-wide TIF Districts, Downtown TOD TIF, Thompson's Point TOD TIF, non-active TIF Districts, and terminated TIF Districts by name are provided below.

Active Approved Individual Site Specific TIF Districts

As of FYE2018, the City has twelve, single site active TIF Districts with associated CEAs, namely:

- Holt Hall
- Riverwalk/Ocean Gateway
- PowerPay/Portland Public Market
- Baxter Library
- McAuley Place
- ImmuCell
- Avesta/Pearl Place Affordable Housing TIF
- 409 Cumberland Avenue Affordable Housing TIF
- 134 Washington Avenue Affordable Housing TIF
- 17 Carleton Street Affordable Housing TIF
- Deering Place Affordable Housing TIF
- 58 Boyd Street Affordable Housing TIF

Active Approved Area Wide TIF Districts and Associated CEAs

The City has two active area wide TIF Districts, for which the City retains a portion of the TIF funds for public infrastructure projects, with a portion of the TIF funds targeted to CEAs within those Districts, namely:

- Bayside
 - Capital LLC CEA
 - Bayside Student Housing CEA (expires FY2018)
- Waterfront
 - Waterfront Maine CEA

Approved Downtown and/or Transit-Oriented Development (TOD) TIF Districts

- Downtown TOD TIF

The City retains a portion of the TIF funds for public infrastructure, Creative Portland, and transit projects for the Downtown TOD TIF. This Downtown TOD TIF was approved during FY2015 and was activated with FY2016. There is no CEA associated with it at this time.

- Thompson's Point TOD TIF and CEA

For the Thompson's Point TOD TIF, the City retains a portion of TIF Funds for transit projects. This TOD TIF also has an associated CEA with Thompson's Point Development Company, Inc. for development of Thompson's Point.

Terminated TIF Districts

The City Council has terminated two TIF Districts, namely:

- Fore India Middle LLC – This TIF project had not come to fruition and, therefore, was terminated by the City Council in November 2014; and,
- The Village at Oceangate, LLC (Bay House) – This TIF District was also terminated by the City Council in November 2014 due to this District's use being converted into residential condominiums which is not an allowable TIF District use.

Three TIF Credit Enhancement Agreements to Expire at the end of FY2019

It is noted that three TIF CEAs will expire at the end of FY2019, namely:

- Holt Hall
- Baxter Library
- Riverwalk/Ocean Gateway

10. TIF District Financial Overview for FYE2018, including FY2014, FY15, FY16, and FY17:

See below for financial comparison of FYE2017, FYE2016, FYE2015, FYE2014, and FY2013 for then active TIF Districts:

	FYE2014	FYE2015	FYE2016	FYE2017	FYE2018
City General Fund-Taxes from OAV	\$6.1 Million	\$6.3 Million	\$22.8 Million	\$23.38 Million	\$23.98 Million
City General Fund-Taxes from Non-Captured Value	\$341,000	\$720,000	\$2.4 Million	\$2.2 Million	\$3.6 Million
Total TIF Taxes From Captured Value	\$3.5 Million	\$3.2 Million	\$1.8 Million	\$2.09 Million	\$2.7 Million
- TIF Taxes to CEAs	\$2.0 Million	\$2.0 Million	\$1 Million	\$1.08 Million	\$1.187 Million
- TIF Taxes to Public Infrastructure/Arts/Staff	\$1.5 Million	\$1.2 Million	\$.8 Million	\$1.01 Million	\$1.54 Million
Total Tax Sheltering Value	\$180 Million	\$160 Million	\$87 Million	\$99.6 Million	\$126 Million
Estimated Annual Average Tax Sheltering Savings	\$1.6 Million	\$1.3 Million	\$.7 Million	\$.831 Million	\$1.2 Million

Table Explanations:

City General Fund-Taxes from OAV - The above table shows a yearly increase in taxes from the OAV into the General Fund. For FYE 2014 and FYE2015, this is based on increases in tax rates. FYE2016's higher increase is due to the Downtown TOD TIF Activation, where the OAV is just under \$1 Billion, and associated taxes with that OAV at \$20 Million. As noted earlier in the definition section, all taxes from the OAVs go to the General Fund.

City General Fund-Taxes from Non-Captured Value – The number fluctuates based on each CEA, as well as the City's budget needs for public infrastructure/Economic Development Department staff salaries/debt service. The captured value percentages for the area wide TIF Districts - Bayside and Waterfront - are adjusted yearly based on those needs. The captured value percentage for the Downtown TOD TIF was set at 12% for the first year (FY2016) and then set at 22% for years 2 through 30. The decrease in this table for FYE2017 is due to capturing 22% from the Downtown TOD TIF and having the remaining non-captured 78% go into the General Fund. The increase for FYE2018 of \$1.4 Million is due to an IAV in the Downtown TOD TIF and area wide TIF Districts increasing by over \$52 Million over FYE2017, and the Ocean Gateway/Riverwalk IAV increasing by over \$9 Million and associated capture percentages for each district. Non-captured increased assessed value taxes flow into the General Fund.

Total TIF Taxes From Captured Value – The percentage of captured value varies yearly based on CEAs and the City’s financial needs. This TIF Revenue is then allotted to the various CEAs, and then to the City public infrastructure projects/arts/staff investments.

Total Tax Sheltering Value – This number represents the total percentage of the increased assessed of value (IAV) all TIF Districts that has been captured. It is noted that the captured value percentage for area TIFs is adjusted yearly based on City use of TIF funds needed for public infrastructure projects, staff, as well as debt service for payment of the Bayside HUD loan and for Ocean Gateway associated debt expenses.

Estimated Tax Sheltering Savings – This number increased by just over \$37K from FYE2017. This is due to the IAVs and associated capture percentages.

Appendix D is a spreadsheet showing the FYE 2018 TIF Districts funding allocation and individual CEA annual payments.

11. Example of a Performing TIF

An example will be provided annually.

Performing TIF District: Baxter Library LLC

Duration: 9 year term (FY11 through FY19)

Percentages: Lesser of annual 65% to return to Developer or amount necessary to service project debt; 35% to General Fund.

Location: 621 Congress Street

The City entered into the CEA in order to assist with the reuse, redevelopment, and preservation of a hallmark downtown building built in 1888, where adaptive reuse of this former library was challenging and expensive to support the relocation and retention of the The VIA Group. With over \$4 Million invested by the Developer, this Project added \$2.5 Million (which was estimated in new value when approved) in new municipal assessed commercial valuation and generates an average of \$14,000 annually, in funds, for the City’s General Fund. The reuse of this building accommodated the relocation of The VIA Group, retaining its 64 employees to this upper Congress Street area of downtown Portland, with anticipated creation of an additional 30 jobs within the next 5 years.

This CEA was originally in the Creative Portland Development and Arts (CPDA) TIF District from its inception in FY11. The CPDA TIF District was then reduced and renamed the Baxter Library TIF District by the Council in January 2015, and subsequently approved the MDECD June 2015.

It is noted that the CPDA TIF District geography, minus the Baxter Library TIF, was included in the Downtown TOD TIF beginning with FY16.

The subsequent investment and increases in assessed value is as follows:

Assessed Values	Real Estate	Total Value
OAV 4/1/2007	\$0	\$0
4/1/2010	\$1,240,800	\$1,248,800
4/1/2012	\$2,502,600	\$2,502,600
4/1/2017	\$2,502,600	\$2,502,600

Through the life of this District, through FY19, the Developer will realize just over \$273,000 in TIF revenue funds, and the City will realize approximately \$155,500 in General Fund revenue from the project. With the expiration of this TIF District in FY19, beginning with FY20, the City will realize 100% of real estate taxes from this project into the General Fund, or approximately \$55,000 in FY20.

This TIF District provided economic stability in this area of the downtown, providing economic vitality which has resulted in an economic boost to that upper area of Congress Street.

12. Strategies and Recommendations to Optimize use of TIF Districts

- ***Future public infrastructure investment and staff expenses.*** Align the City's future Capital Improvement Program investments, including public utility and transportation investment, staff expenses; and,
- ***Future Growth Areas.*** Decide where the City wants to direct investment by location and type (i.e. commercial and affordable housing).

13. Summary

TIF CEAs are driven by development occurring and increasing the assessed value. With no development, the assessed value remains the same and no TIF dollars are returned to the developer. On the other hand, when the development moves forward and the assessed value increases, that is when TIF dollars can be returned to the Developer. It is performance based.

PORTLAND TIF POLICY

November 20, 2017

I. INTRODUCTION

Tax Increment Financing (TIF) is an economic development program authorized under state law to support municipal projects. The TIF program allows municipalities to provide financial assistance to local economic development projects and programs – from infrastructure, municipal economic development programs and staff, to business expansions - by using new property taxes that result from new commercial or residential investment associated with the corresponding increase in property value.

Portland TIF Policy supports investment in municipal economic development programs, infrastructure investment (which is generally through the establishment of area wide or neighborhood TIF districts) and individual project site specific TIF districts to support either infrastructure or individual private project financing needs.

The City is committed to invest in infrastructure located within the public rights-of-way that encourage economic development. Use of TIF investment to invest in infrastructure recognizes the savings which occurs through the TIF Program tax sheltering benefits.

“Infrastructure” is defined, but not limited to: traffic upgrades, public parking facilities, roadway improvements, lighting, sidewalks, water and sewer utilities, storm water management improvements and placing above ground overhead electric and telecommunications lines underground.

II. STATE TIF LIMITATION

There are acreage and value caps limitations for municipalities to establish TIF along with term limits. Term limits include bonds which may be issued for a maximum of 20 years (anticipation notes for three years). TIF districts may be designated for a maximum of 30 years.

III. PURPOSE

The primary purposes of the TIF Policy include:

- A. To support Portland Economic Development and Housing Plans and Policies;
- B. To stimulate expansion of the City’s commercial and industrial tax base;
- C. To stimulate new affordable and market rate housing investment;
- D. To retain and create quality employment;
- E. To support Portland’s Capital Improvement Plan; and,
- F. To establish standards upon which the City Council will authorize TIF.

IV. GENERAL PRINCIPLES

The three primary general principles for the City Council to establish TIF districts include:

A. Investment

Minimum Real Property Investment. A minimum of \$1 million in new taxable investment property value for commercial and industrial development and \$500,000 for affordable housing development is needed to qualify for a TIF. This is the minimum amount which makes practical sense to consider use of the TIF program due to the amount of new municipal property tax revenue generated from new private investment.

B. Jobs Associated with Commercial and Industrial Development

Applicants for TIF participation will be required to provide a plan outlining the number and quality of jobs retained or created associated with each TIF district. While there is not a specific formula for the numbers of jobs associated with the amount of TIF financial assistance, the number and quality of the jobs will be taken into consideration for each TIF district. It is recognized that housing projects do not create many permanent jobs.

C. Maximize Tax Sheltering Benefits

A municipality's total equalized assessed value is used to calculate General Purpose Aid to Education (subsidy), State Revenue Sharing (subsidy) and County taxes (expense). When a municipality's equalized assessed value increases, State Aid for Education decreases, municipal revenue sharing decreases, and the municipality pays a greater portion of County taxes. TIF allows municipalities to "shelter" new value resulting from private investment from the calculation of its State subsidies (education and revenue sharing) and County taxes. In other words, specific municipal shelter benefits, for the term of the TIF, include:

- 1) No reduction in State aid for education,
- 2) No reduction in municipal revenue sharing and
- 3) No increase in County taxes.

Annually, the Council Committee with jurisdiction over housing and community development and City Council will evaluate available TIF district capacity related to State acreage and value limitations to determine whether existing TIF districts need amending and/or new TIF district establishment. Scheduled public infrastructure investments included in the City's Capital Improvement Plan will inform decisions about adjustments to existing TIF districts or establishment of new TIF districts.

V. APPROACH, POLICY, and TERM REQUIREMENTS

Must meet or exceed the below requirements.

A. Approach

There are three approaches to consider establishing TIF districts. They include:

- 1) ***Municipal Economic Development Programs funded directly through a pay-as-you-go approach.***

Examples of municipal economic development programs include paying for economic development staff, annual funding to Creative Portland for city marketing/branding, and other TIF law allowable activities.

- 2) ***Area wide TIF districts financed by City Bond/Debt Issuance***

Issuance of municipal general obligation bonds or limited obligation bonds is a mechanism that may be used to fund a TIF district program. Allowable uses are spelled out in state TIF law. Generally, municipalities will issue debt to cover the cost of infrastructure investment.

- 3) ***Individual Site Specific TIF districts utilizing Credit Enhancement Agreements (CEAs)***

A CEA is a contract between a municipality and developer to assist an individual development project by using a percentage or all of the tax revenue generated by the investment to pay certain authorized project costs which could include site specific infrastructure or private individual project financing needs. Allowable project costs are spelled out in state TIF law.

B. Policy for the Three Approaches

1. **Policy for Municipal Economic Development Programs.**

Requires annual review and City Council financial appropriations.

2. **Policy for Area wide TIF District Locations (for City Bond/Debt Issuance)**

- a) Area wide TIF will be established for infrastructure investment which has applications beyond one individual project.
- b) City TIF emphasis will be placed upon the following general "Priority Revitalization Areas" to support commercial development, housing development, redevelopment, or to support buildings in need to redevelopment, address blight or historic preservation:

- Affordable housing projects off peninsula;
- Riverside Street commercial and industrial zoned areas;
- Forest Avenue corridor from I-295 to Woodfords Corner;
- Washington Avenue corridor from Congress Street to I-295;
- Portland Technology Park ;
- Areas in which future significant wastewater and/or stormwater infrastructure investments are planned;
- West Commercial Street vacant property;
- Libbytown;
- St. Johns Street Valley;
- Other areas based upon scheduled public infrastructure investment included in the City’s Capital Improvement Plan.

The above list of general priority revitalization areas serve as guides to establish specific boundaries for TIF districts at time of district establishment.

- c) Market Rate Housing. Market rate rental housing projects must be located in priority revitalization areas to stimulate housing investment for the purpose of attracting 24/7 pedestrian activity. Pursuant to State Law, TIF for condominium projects are not allowed.
- d) Affordable Housing. Affordable Housing TIF (AHTIF) may be designated on an area wide or site specific basis.

The relevant City Council Committee will complete an annual assessment of housing needs and priorities. This assessment will include a determination regarding designation of an area wide AHTIF. Site specific AHTIF requests submitted by developers will be considered on a case-by-case basis. Area wide or site specific AHTIF designations must address an identified community need.

State law requires that at least 25% of the district area must be suitable for residential use, development must be primarily residential, and at least 1/3 of the units must be for households at or below 120% of area median income which allows for individual mixed income projects or area wide affordable housing TIF districts.

Allowable uses of AHTIF revenues are defined by State law.

- e) City preference is to invest in area wide public infrastructure TIF districts versus establishing individual private site specific TIF districts.

- f) Area wide TIF districts also should seek to maximize the benefit of downtown and transit oriented development (TOD) districts which are exempt from State TIF law for acreage and value limitations.
- g) Terms for area wide TIF districts will be considered for up to 100% of new tax revenue and upwards of thirty (30) years, the maximum allowed by State law, due to the long-term need to invest in neighborhood infrastructure.

NOTE 1: As of this Amended TIF Policy date, there are two existing area wide TIF Districts, i.e., Bayside and Waterfront TIF Districts.

NOTE 2: As of this Amended TIF Policy date, there also exists two Transit Oriented Development (TOD) District, namely the Thompson Point TOD TIF District and the Downtown TOD TIF District to support new or expanded transit services and improved transit connections between the Portland Transportation Center, Jetport and Downtown.

3. Policy for Individual Site Specific TIF Districts Utilizing Credit Enhancement Agreements (CEAs)

- a) CEAs for individual site specific TIF districts will be considered for investment in infrastructure or project financing need and cannot be applied to any agreed upon public infrastructure improvements associated with a City Council approved conditional rezone agreement. Additional provisions related to CEAs include:

- i) City Green Building Code

Compliance with the City's Green Building Code is required when TIF assistance is provided to individual private project CEAs.

- ii) Affordable Housing

Affordable Housing TIF (AHTIF) may be designated on an area wide or site specific basis. Developments are encouraged to promote economic diversity.

The City Council Committee will complete an annual assessment of housing needs and priorities. This assessment will include a determination regarding designation of an area wide AHTIF. Site specific AHTIF requests submitted by developers will be considered on a case-by-case basis. Area wide or site specific AHTIF designations must address an identified community need.

State law requires that at least 25% of the district area must be suitable for residential use, development must be primarily residential, and at least 1/3 of the units must be for households at or below 120% of area median income which allows for individual mixed income projects or area wide AHTIF districts.

Allowable uses of AHTIF revenues are defined by State law.

(iii) State Prevailing Wage Requirement

Any firms employed in the construction phase of a TIF-assisted project must compensate all employees the current wage rates and fringe benefits as required under applicable state prevailing wage law under 26 M.R.S.A. §1306, or Portland City Ordinance Ch. 33, §33-1 to 33-12, whichever is greater.

City staff shall provide to the relevant City Council Committee an annual update on:

- a) the impact of this prevailing wage requirements on CEAs;
- b) feasibility of construction firms to pay prevailing wages and benefits; and
- c) compliance with this section.

(iv) Equal Employment Opportunities and Nondiscrimination

The developer and its contractors employed in the construction phase of a TIF-assisted project shall adhere to a policy of non-discrimination in all employment actions, practices, policies, procedures, phases, and conditions of employment. All employment-related decisions (including but not limited to hiring, discharge, transfers, promotions, discipline, training, job opportunities, and wage and salary levels) will be made without discrimination based on an individual's race or color, religion, age, sex (including pregnancy), sexual orientation, gender identity or expression, ancestry or national origin, physical or mental disability, veteran status, genetic information, previous assertion of a claim or right under Maine's Workers' Compensation Act, previous actions taken protected under Maine's Whistleblowers' Protection Act, or any other protected group status as defined by applicable law. Provisions in applicable laws providing for bona fide occupational qualifications, business necessity, or age limitations will be adhered to by the developer and its contractors where appropriate. This policy shall not be construed to prohibit any employment action or policy which is required by federal law, rule or executive order.

b) Applicants for CEA participation must demonstrate and pay the following:

i) Financial Necessity.

The applicant must demonstrate the City's participation is financially necessary in order for the project to proceed.

ii) Financial Capacity.

The applicant must demonstrate financial capacity to support their project.

iii) Fees

A financial underwriting analysis will be conducted by a third party on all projects requesting CEA participation. Applicants for CEA assistance will be responsible for reimbursing the City for all project third party legal and financial underwriting costs.

C. Terms for CEA Projects

1) Maximum Percentages.

A maximum average percentage of 65% for the entire term associated with individual project CEAs. Notwithstanding the previous sentence, the maximum average percentage for the entire term associated with individual project CEAs for affordable housing shall be 75%. For the purposes of this policy, the term affordable housing shall be defined as in "V. Approach, Policy, and Term Requirements" Section B(2)(d) (Affordable Housing) of the Portland TIF Policy.

2) Maximum Number of Years.

Up to twenty (20) years to match individual private sector commercial financing terms; for Affordable Housing projects, up to thirty (30) years. The term of a TIF may start upon agreed trigger event, such as an increased assessed value. This would be included in a CEA on that negotiated triggering event.

3) Use of Maine Services for CEA Projects Encouraged.

VI. TIF APPLICATION AND ADMINISTRATION PROCESS

A. Application Information and Contact.

The Economic Development Department and the Housing and Community Development Division (for affordable housing projects) handle all TIF inquires and processes requests for TIF. An applicant must submit a letter to either the Economic Development Department for commercial projects or the Housing and Community Development Division for affordable housing projects outlining the proposed project, including TIF project financial information, a plan outlining both the number of permanent and construction jobs associated with the proposed project, as well as a demonstrated ability to meet the requirements under Section B(3)(a) of this policy.

B. Approval Process.

There is a two step approval process which includes obtaining a recommendation from the City Council Committee and City Council approval. Two meetings (or readings) by the City Council are needed. The City Council vote on the TIF occurs at the second meeting.

C. Post-Construction Report to City Council.

The Economic Development Department and the Housing and Community Development Division shall provide a post-construction report to the City Council Committee and City Council regarding each TIF-assisted project which shall include, but not be limited to, an analysis of the adherence to Section (V)(B)(3)(a) of this policy.

D. Annual Report to City Council.

The Economic Development Department and the Housing and Community Development Division shall provide annual reports to the City Council Committee and City Council regarding TIF district activity.



SUMMARY OF ALL APPROVED
TAX INCREMENT FINANCING (TIF) DISTRICTS
IN THE CITY OF PORTLAND A/O FYE2018 (June 30, 2018)

This provides an overview of tax increment financing districts (TIF's) approved by the City of Portland.

Please note that the City approved twenty-two TIF's, with three of these TIFs having separate Credit Enhancement Agreements (CEA) for various projects included in the respective TIF Districts. These two TIF Districts are the Bayside TIF, Waterfront TIF, and Creative Portland Development and Arts TIF District. The separate CEAs are detailed in the listing below.

1. Nichols Portland (Economic Development TIF) (Expired FY14)

Duration: 20 year term (FY95 through FY14)

Percentages: Years 1 to 5, 90% to Recipient, 10% to City General Fund; years 6 to 10, 75% to Recipient, 25% to City General Fund; years 11 to 20, 50% to Recipient, 50% to City General Fund.

Location: 2400 Congress Street

This TIF was created to support Nichols Portland expansion of its existing manufacturing facility at 2400 Congress Street and retain 450 jobs.

2. Shipyard/Longfellow (Economic Development TIF) (Expired FY07)

Duration: 12 year term (FY96 through FY07). Please note this TIF has expired and the City General Fund is receiving 100% of the real estate taxes.

Percentages: 90% to Recipient, 10% to City General Fund Years 1 through 6; 50% to Recipient; 50% to City General Fund Years 7 through 11; 1% to Recipient, 99% to City General Fund Year 12.

Location: Newbury Street

This TIF was used to transform the former Crosby-Laughlin site on Newbury Street into the Shipyard Brewing Company.

3. Auto Europe (Economic Development TIF) (Expired FY11)

Duration: 15 year term (FY97 through FY11). Please note this TIF has expired and the City General Fund is receiving 100% of the real estate taxes.

Percentages: 75% to Recipient; 25% to City General Fund

Location: Commercial Street across the street from Casco Bay Lines, former Galt Block building.

This TIF was used to renovate the former Galt Block Building into the headquarters for Auto Europe. The Galt Block Building had been vacant for over 10 years.

4. Bramhall/Holt Hall (Economic Development TIF)

Duration: 20 year term (FY00 through FY19)

Percentages: 75% to Recipient; 25% to City General Fund, plus a Payment in Lieu of Taxes (PILOT) associated with first floor space.

Location: 794 Congress Street

This TIF was used to renovate Holt Hall, built in the 1860's, and then vacant in excess of 10 years, into 36 market rate rental apartments and office space on the ground floor at a cost of almost \$4 Million.

5. UNUM (Economic Development TIF) (**Expired FYE15**)

Duration: 15 year term (FY01 through FY15)

Percentages: 100% capture of increased value with 75% going to the Recipient, and 25% going to economic development projects for the City.

Location: Outer Congress Street.

This TIF was utilized to support expansion of UNUM offices and to build a 1,200 space parking garage.

6. Waterfront TIF (Economic Development TIF)

Duration as originally approved March 18, 2002: 10 year term (FY03 to FY12)

Duration Extended as of June 7, 2010 for a 30-year term: FY03 to FY32

Percentage: 100% TIF capture. Annually, the City Council has adjusted this TIF capture rate to place a portion of the property tax revenue in the City General Fund.

Location: Selected waterfront properties.

This is a municipal TIF to be used for waterfront projects.

6a. Waterfront Maine LP (Cumberland Cold Storage Building) on Commercial Street (Economic Development TIF)

Duration: 20-year term (FY12 through FY31)

Percentage: 63% years 1 through 5; 64% years 6 through 10; 55% years 7 through 15; 45% years 16 and 17; 40% years 18 and 19; and, 35% year 20 – with a maximum cumulative TIF payment numeric cap not to exceed \$2,870,058.

Location: 252 Commercial Street on the Portland waterfront.

The City entered into the TIF in order to support the renovation of the Cumberland Cold Storage building into a Class A office building, with continued marine uses on the first floor and berthing according to zoning regulations. The reuse of this building will accommodate the relocation of Pierce Atwood, bringing its 175 employees to the Portland waterfront.

7. Bayside TIF (Economic Development TIF)

Duration: 30 year term (FY04 through FY33)

Percentages: 100% TIF capture. Annually, the City Council has adjusted this TIF capture rate to place property tax revenue in the City General Fund.

The geographic area of this TIF District was expanded by City Council vote on November 17, 2014, expanding it from 62 acres, to 129 acres, to align with the area of Bayside contained in the *Bayside Vision Plans I and II*.

This is a municipal TIF to be used for public infrastructure improvements, relocation of the one remaining scrap metal recycling facility and acquisition of the scrap metal yard site, business recruitment marketing for the Bayside area, pledging TIF revenue as a repayment source to HUD or any other agency or entity that finances Bayside investment, and administrative and staff costs for the Economic Development Department. Investments from this TIF also include two Credit Enhancement Agreements (CEA's) with the following:

7a. Capital LLC (Intermed Building) on Marginal Way (Economic Development TIF)

Duration: 15 year term (FY09 through FY23)

Percentage: 100% to return, to Developer, to an annual maximum cap of \$355,000 and annual debt service threshold test.

Location: Bayside next to I-295

The City entered into the CEA in order to assist with the development of a parking structure in connection with the office building.

7b. Southern Maine Student Housing on Marginal Way (Economic Development TIF)

Duration: 11 year term (FY08 through FY18) (**Expired FY18**)

Percentage: 100% to return, to Developer, to a maximum annual cap of \$120,000 and annual debt services threshold test.

Location: Bayside next to I-295

The City entered into the CEA in order to assist with the development of a parking structure in connection with the student housing development.

8. Riverwalk/Ocean Gateway (Economic Development TIF)

Duration: 13 year term (FY07 through FY19)

Percentages: Formula based percentages in Credit Enhancement Agreement

Location: Hancock and Fore Street area

The TIF was entered into to assist with the construction of a parking structure for the development plan for the area adjacent to Hancock Street.

9. **Avesta/Pearl Place** (Affordable Housing TIF)

Duration: 30 year term (FY08 through FY37)

Percentages: Various percentages captured value to return to Developer based on Maine State Housing Authority Certificate of Approval, to a maximum of \$22,000 annual cap.

Location: Oxford and Pearl Streets

This TIF is an affordable housing TIF to assist in the creation of affordable housing in the City's Bayside area along Oxford and Pearl Streets.

10. **Creative Portland Development and Arts** (Economic Development TIF)

NOTE: *This area wide TIF District was reduced/renamed by the City Council on February 19, 2015, reducing the geography to just the Baxter Library property (see #10a below), and renaming it the Baxter Library TIF District with the term ending FY19; this will take effect with FY16).*

Original Duration: 15-year term (FY10 through FY24); **Term amended as noted above to end FY19.**

Original Percentages: 100% capture; annually, the City Council may adjust this TIF capture rate to place property tax revenue in the City General Fund; **Percentage amended to reflect the 65% capture for the Baxter Library project.**

Original Location: Multiple properties included in the Downtown Area; **Location amended as noted above to be only the Baxter Library property.**

This TIF was **originally** created to assist in maintaining the creative economy businesses through the creation of the Creative Portland Corporation and TIF funds to assist in funding its administrative personnel and program of activities up to a maximum of \$100,000 annually. ***This element of the original TIF District is now included in the recently created Downtown Transit Oriented Development (TOD) TIF District – See Item #18 below.***

10a. **Baxter Library LP at 621 Congress Street** (Economic Development TIF)

Duration: 9-year term (FY11 through FY19)

Percentage: Lesser of annual 65% to return to Developer or amount necessary to service project debt. Adjustments to annual payment if project refinancing occurs.

Location: 621 Congress Street

The City entered into the CEA in order to assist with the reuse, redevelopment, and preservation of a hallmark downtown building built in 1888, where adaptive reuse of this former library is challenging and expensive. This Project added \$2.5 Million in new municipal assessed commercial valuation and generate an average of \$14,000 annually, in funds, to support the Creative Economy TIF Program or

the City's General Fund as directed by the City Council. The reuse of this building will accommodate the relocation of the VIA Group, bringing its 64 employees to this upper area of downtown Portland.

11. McAuley Place (Economic Development TIF)

Duration: 30 year term (FY10 through FY39)

Percentages: 60% to Recipient; 40% to City General Fund.

Location: 605 Stevens Avenue

This TIF was created to assist in the renovation of the former Mother House/Convent (built over 100 years ago) on Stevens Avenue into a market rate independent senior living community, including 45 to 50 apartments in the renovated Convent; 25 to 30 apartments (new construction) in an addition to the Convent; and, 36 units (new construction) located in three townhouse/cottages adjacent to the Convent.

12. PowerPay/Portland Public Market (Economic Development TIF)

Duration: 30 year term (FY11 through FY40)

Percentages: Years 1 through 8 – 75% to Developer, 25% to City General Fund; Years 9 through 30 – 50% to Developer, 50% to City General Fund.

Location: 25 Preble Street

This TIF district was created to support the retention and expansion of PowerPay along with redeveloping an important asset in Portland's Downtown that was formerly known as the Portland Public Market. Because of the complex renovation issues and the high cost associated with redeveloping the Portland Public Market property, PowerPay requested TIF assistance to cover the Project financing gap. PowerPay renovated and moved its headquarters to this location with well over 150 employees.

13. Thompson's Point Development Company, Inc. (Transit-Oriented TIF)

Duration: 30 year term (FY15 through FY44).

Percentages:

Phase One of Project: Years 1 through 10 – 75% to Developer and 25% to City transit-oriented projects; years 11 through 15 – 60% to Developer, 25% to City transit-oriented projects, and 15% to City's General Fund; years 16 through 20 – 50% to Developer, 25% to City transit-oriented projects, and 25% to City's General Fund; years 21 through 30 – 40% to Developer, 25% to City transit-oriented projects, and 35% to City's General Fund.

Phases Two and Three of Project: Years 1 through 30 – 0% to Developer; 25% to City transit-oriented projects; 75% to City's General Fund.

Location: Thompson's Point

This Transit-Orient Development (TOD) Tax Increment Financing (TIF) District was created to support Thompson's Point Development Company Inc.'s redevelopment of

Thompson's Point into the **Forefront at Thompson's Point**. Additionally, the TOD will assist to expand and improve transit connections between Thompson's Point and key commercial locations within Portland (i.e. Jetport, Portland Transportation Center and Portland's Downtown) and around the region.

Thompson's Point consists of approximately 30 acres of real estate adjacent to the Portland Transportation Center that is home to the Northern New England Passenger Rail Authority, which runs the Amtrak Downeaster and Concord Trailways bus company.

The Forefront at Thompson's Point is a proposed mixed-use development that will transform a blighted and grossly underutilized 30-acre parcel located along Interstate 295 into a highly visible gateway destination event center that is expected to generate significant economic activity within the District and throughout Portland. The Company plans to redevelop Thompson's Point in a manner that includes a substantial investment in public infrastructure, including construction of an above-ground parking garage with approximately 700 spaces, road extensions and widenings, rail crossings upgrade, utility investments, and expanded walking and biking trails.

14. The Village at Oceangate, LLC (Bay House) (Economic Development TIF)

This TIF was terminated by the City Council on November 3, 2014 due to the conversion of market rate apartments into condominiums which is not allowable use of TIF funds.

Duration: 11 year term (FY14 through FY25)

Percentages: Years 1 through 5 – 75% to Developer, 25% to City General Fund; Years 6 through 10 - 65% to Developer, 35% to City General Fund. Total revenue to developer is capped at \$647,971 over the term of the District.

Location: Hancock Street, between Newbury and Middle Streets.

This TIF district was created to support the development of The Bay House Project. The Project includes the construction of two new buildings that will contain ninety-four (94) market rate apartments, a parking garage, and approximately 5,700 square feet of commercial retail space. Use of TIF proceeds is directed to support public infrastructure investments.

15. Fore India Middle, LLC (former Jordan's Meat Site) (Economic Development TIF)

This TIF was terminated by the City Council on November 3, 2014 due to the project not coming to fruition.

Duration: 4 year term (FY14 through FY17)

Percentages: Years 1 and 2 – 50% to Developer, 10% to City TIF Project; 40% to City General Fund; Year 3 - 40% to Developer, 10% to City TIF Project; 50% to City General Fund; Year 4 – 40% to Developer, 60% to City General Fund. Total revenue to developer is capped at \$650,000 over the term of the District.

Location: Portion of block surrounded by Fore, India, and Middle Streets.

This TIF district was created to support the development of a portion of the former Jordan's Meats site. This development project includes a five-story, approximately 180,000 sf. of mixed-use consisting of 12,300 sf. of retail space on Middle Street, 9,800 sf. of retail space on Fore Street, three levels of office space comprising 63,900 sf. on Middle Street, and 18 residential condominium units along Fore Street and India Street. In addition, there will be two "internal" parking garages behind the retail spaces (not visible from the street), one 110-space garage at the Fore Street level, and another 63-space garage one story above at the Middle Street Level. The Developer expects to have an urban grocery on Middle Street with a variety of produce, meats, food, and household items, with an emphasis on natural, organic and healthy items. The other retail users and the office users have not been identified yet. Use of TIF proceeds is directed to support public infrastructure investments.

16. 409 Cumberland Avenue (Affordable Housing TIF)

Duration: 22 year term (FY14 through FY35)

Percentage: 50% to Developer; 50% to City Housing Affordable Housing Revolving Loan Fund

Location: 409 Cumberland Avenue

This Affordable Housing TIF District supports the development of 46 affordable units and 11 market rate units of rental housing. TIF revenues will be used by Developer to pay operating costs for the project; City TIF revenues will be used for the establishment of an affordable housing revolving loan fund.

17. 134 Washington Avenue (Affordable Housing TIF)

Duration: 20 year term (FY15 through FY34)

Percentages: 50% to Developer; 50% to City General Fund.

This Affordable Housing TIF District supports the development of an 18-unit residential rental project. TIF revenues will be used by Developer to pay for operating costs for the project.

18. Downtown Transit Oriented Development (TOD) TIF (Economic Development TIF District)

Duration: 30 year term (FY16 through FY45)

Percentages: 12% Year One; 22% years 2 through 30; 88% to General Fund Year One; 78% to General Fund Years Two through Thirty.

This Downtown TOD TIF will support various municipal and other development projects, including sidewalk and pedestrian enhancements, streetscape, lighting, yearly funding of up to \$100,000 for Creative Portland to assist in funding its administrative personnel and program of activities (see Item #10 above), street alignment, utilities, bicycle improvements, public transit, wayfinding, and administrative and staff costs for the Economic Development Department.

19. 17 Carleton Street (Affordable Housing TIF)

Duration: 22 year term (FY16 through FY37)

Percentages: Years 1 and 2: 0% to Developer; 100% to City. Years 3 through 22: 65% to Developer; 35% to City General Fund.

This Affordable Housing TIF District supports the development of a 37-unit residential rental project. TIF revenues will be used by Developer to pay for operating costs for the project.

20. ImmuCell (Economic Development TIF)

Duration: 12 year term (FY18 through FY29)

Percentages: Years 1 through 11: 65% to Developer, 35% to City General Fund; Year 12: 30% to Developer, 70% to General Fund.

This Economic Development TIF supports ImmuCell Corporation's expansion from its existing facility at 56 Evergreen Drive to a new two-story, 12,625 sq. ft. (est.) production facility on Caddie Lane off of Riverside Street. ImmuCell Corporation is a growing animal health company that develops, manufactures, and sells products that improve animal health and productivity in the dairy and beef industry. Over the last nearly 16 years, the Company has invested in excess of \$11 Million in the R&D of a product that addresses mastitis, the most significant cause of economic loss to the dairy industry. This lead product in development is **Mast Out**, a novel, ground-breaking treatment for mastitis in lactating dairy cows. Completion of construction of this new facility is expected in 2017.

21. Deering Place (Affordable Housing TIF)

Duration: 30 year term (FY19 through FY48)

Percentages: 75% to Developer, 25% to City General Fund for 30 year term.

This Affordable Housing TIF District supports the development of 75 units of residential rental housing. TIF revenues will be used by Developer to pay for operating costs for the project.

22. 58 Boyd Street (Affordable Housing TIF)

Duration: 30 year term (FY19 through FY48)

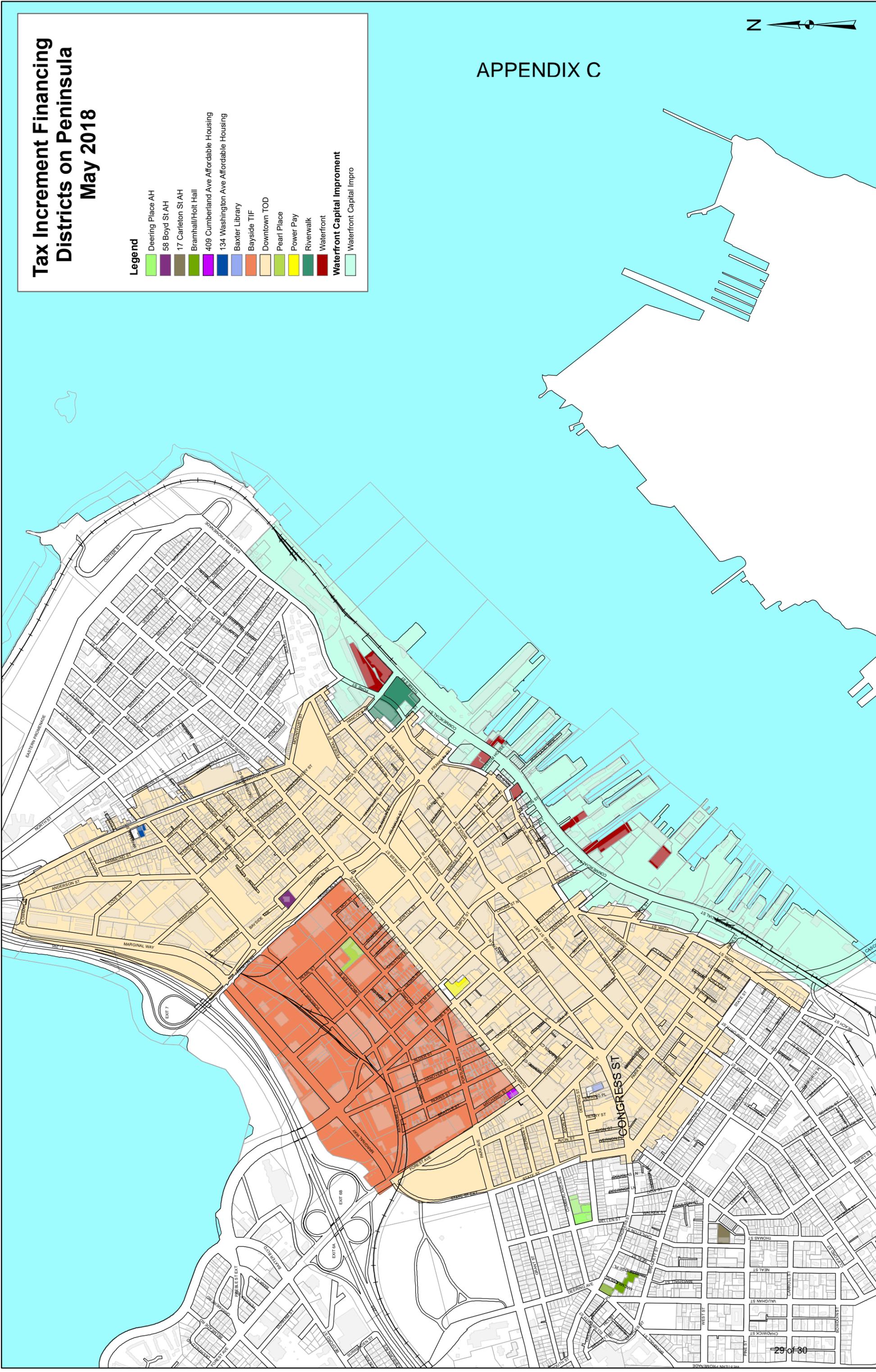
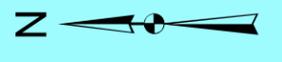
Percentages: 50% to Developer, 50% to City General Fund for 30 year term.

This Affordable Housing TIF District supports the development of a 55 unit, mixed income, multi-family rental apartment building. TIF revenues will be used by Developer to pay for operating costs for the project.

Tax Increment Financing Districts on Peninsula May 2018

- Legend**
- Deering Place AH
 - 58 Boyd St AH
 - 17 Carleton St AH
 - Bramhall/Holt Hall
 - 409 Cumberland Ave Affordable Housing
 - 134 Washington Ave Affordable Housing
 - Baxter Library
 - Bayside TIF
 - Downtown TOD
 - Pearl Place
 - Power Play
 - Riverwalk
 - Waterfront
 - Waterfront Capital Improvement**
 - Waterfront Capital Impro

APPENDIX C



FYE2018 Report

FY 18 Tax Rate: 0.02165

TIF Name	Starts/		TIF PLAN	TOTAL	ORIGINAL	Increased	PERCENT	Total Cpt.	PROCEEDS	City TIF	City General Fund
SITE Specific with CEA:	Ends-FY	TERM	YEAR	ASSESSED	ASSESSED	Assessed value	APPLIED	Value	TO OWNER	Funds	(OAV and Non-Captured Taxes from IAV)
HOLT HALL	00/19	20 YEARS	19	4,956,760	349,110	4,607,650	67%	3,070,538	66,477	0	40,837
- FY18 Taxes				107,314	7,558	99,756		66,477			
Baxter Library (f/k/a Arts)	11/19	9 YEARS	8	2,502,600	0	2,502,600	65%	1,626,690	35,218	0	18,963
- FY18 Taxes				54,181	0	54,181		35,218			
AVESTA/Pearl Place	08/37	30 YEARS	11	3,578,360	646,050	2,932,310	34%	996,985	21,585	0	55,887
- FY18 Taxes				77,471	13,987	63,485		21,585			
OCEAN GATEWAY/Riverwalk	07/19	13 YEARS	12	22,448,600	1,085,550	21,363,050	33%	7,105,350	153,814	0	332,198
- FY18 Taxes				486,012	23,502	462,510		153,831			
PowerPay/Ptld Pub Mkt	11/40	30 YEARS	8	6,259,500	1,862,600	4,396,900	75%	3,297,675	71,395	0	64,124
- FY18 Taxes				135,518	40,325	95,193		71,395			
McAuley	10/39	30 YEARS	9	1,345,700	0	1,345,700	60%	807,420	17,481	0	11,654
- FY18 Taxes				29,134		29,134		17,481			
Thompson's Point TOD	15/44	30 YEARS	4	10,298,470	4,970,470	5,328,000	100%	5,328,000	86,513	28,838	107,611
- FY18 Taxes				222,962	107,611	115,351		115,351			
409 Cumberland Ave. AH	14/35	22 YEARS	5	3,717,960	470,200	3,247,760	100%	3,247,760	35,157	35,157	10,180
- FY18 Taxes				80,494	10,180	70,314		70,314			
134 Washington Ave. AH	15/34	20 YEARS	4	1,079,400	155,600	923,800	50%	461,900	10,000	0	13,369
- FY18 Taxes				23,369	3,369	20,000		10,000			
17 Carleton St. AH	16/37	22 YEARS	3	757,500	261,600	495,900	65%	322,335	6,979	0	9,421
- FY18 Taxes				16,400	5,664	10,736		6,979			
ImmuCell	18/29	12 YEARS	1	1,651,100	52,600	1,598,500	65%	1,039,025	22,495	0	13,251
- FY18 Taxes				35,746	1,139	34,608		22,495			
Area-Wide TIFs, with CEA											
BAYSIDE	04/33	30 YEARS	15	204,355,870	122,318,180	82,037,690	58%	47,803,362	463,312	571,631	3,389,362
FY18 Taxes				4,424,305	2,648,189			1,034,943			
- CEA/Atlantic Bayside Trust	09/23	15 YEARS	10	31,005,420	0	31,005,420	Formula		355,000		
- CEA/Blue Atlantic	08/18	11 YEARS	11	16,248,030	0	16,312,380	Formula		108,312		
WATERFRONT	03/32	30 YEARS	16	42,287,660	7,667,340	34,620,320	66%	23,015,589	197,259	301,028	417,240
FY18 Taxes				915,528	165,998			498,287			
- CEA/Waterfront Maine	12/31	20 YEARS	7	15,187,300	950,930	14,236,370	64%	9,111,277	197,259		
DOWNTOWN TOD TIF	16/45	30 YEARS	3	1,094,825,490	968,136,850	126,688,640	22%	27,871,501		603,418	23,099,554
FY18 Taxes				23,702,972	20,960,163	2,742,809		603,418			

Total Value:				1,400,064,970	1,107,976,150	292,088,820		125,994,130			
Total Taxes:				30,311,407	23,987,684	6,323,723		2,727,773	1,187,684	1,540,072	27,583,651