

## 1. DEVELOPMENT PROGRAM

### A. Program Narrative

In July of 2005, the City of Belfast established the Northport Avenue Municipal Development and Tax Increment Financing District, a tax increment financing district comprised of certain contiguous properties located along Northport Avenue, Perkins Road and Woodrow Lane, pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended.

The initial, primary purpose of this TIF district designation was to facilitate an expansion of the Mathews Brothers Company (Mathews Brothers), a 159-year old manufacturer of wood frame and hollow vinyl windows located on the Perkins Road.

All increased value and revenues generated by the tax increment within the entire district over its twenty (20) year life are currently being used to help retire a \$350,000 general obligation bond, which paid for the improvement of existing sewer lines and construction of new ones along Northport Avenue, Perkins Road, and Woodrow Lane; this project was a crucial piece of infrastructure that was necessary for the expansion of Mathews Brothers to take place.

Credit enhancement agreements, if any, will be made separately to individual companies/developers, and may include up to one hundred percent (100%) of the incremental increase in tax revenues reverting back to the company/developer. Credit enhancement agreements may be made for up to the remaining term of the TIF district. Each credit enhancement agreement will be negotiated and executed at the sole discretion of the Belfast City Council, using the City of Belfast's Tax Increment Financing Policy for guidance. (The City of Belfast's Tax Increment Policy is included as Exhibit B.)

### B. Financial Plan

The sewer line improvement/expansion contemplated by the original development program was funded through a \$350,000 general obligation bond issued to the City of Belfast. This 20-year bond has a 4% interest rate, with an annual debt service of \$25,754. All projections regarding captured assessed values, TIF revenues and tax shifts with respect to real property remain unchanged from the original development program attached as Exhibit A hereto. This First Amendment to the development program begins the 100% capture of all increased assessed value relating to personal property in the TIF district; however, the inclusion of personal property is not likely to result in a substantial change in the projected captured assessed value or tax shift impacts.

The City may utilize revenues from other TIF districts (including the Northport Avenue TIF) within Belfast to help fund projects included in the Downtown TIF's development plan, as allowed under Maine Revised Statutes, Chapter 206, Title 30-A §5225.1.B(3).

### C. Description of Public Facilities to be Constructed

The project included the construction of sewer lines along Northport Avenue, Perkins Road, and Woodrow Lane. Sewer service was provided to the property line; the cost to connect to the public sewer line was (and will continue to be) the responsibility of the property owner. Any and all projects listed in the Downtown Waterfront Municipal Development and Tax Increment Financing District Development Program, as amended, can also be funded with TIF revenues from the Northport Avenue Municipal Development and Omnibus Tax Increment Financing District.

D. Uses of Private Property

Tax increment financing is a proven method of encouraging investment in the community. Mathews Brothers, along with neighboring sites, buildings, and personal property along Northport Avenue, Perkins Road, and Woodrow Lane are privately owned. Properties within the district include primarily commercial or industrial uses or property suitable for such uses.

In order to foster economic development, the City has proposed to provide individual companies/developers with credit enhancement agreements on a case-by-case basis. Credit enhancement agreements, if any, will be made separately to individual companies/developers, and may include up to one hundred percent (100%) of the incremental increase in tax revenues reverting back to the company/developer. Credit enhancement agreements may be made for up to the remaining duration of the TIF district term. Each credit enhancement agreement will be negotiated and executed at the sole discretion of the Belfast City Council, using the City of Belfast's Tax Increment Financing Policy for guidance.

### **E. Captured Assessed Values to be Applied to the Development Program**

The City of Belfast plans to capture 100% of the assessed value to be applied to the development program. Annual debt service on the \$350,000 general obligation bond is estimated to be \$25,754. Over the life of the TIF it is expected that these revenues will exceed \$470,520. Shortfalls in captured revenues needed to make the annual debt service on the bond will be provided by the City out of the general fund.

Any captured revenues in excess of the annual bond payment will be placed in an economic development account to be used for future economic development initiatives including promotion and personnel costs. As funds allow, the City would look to hire an Economic Development Director (\$40,000 annually, including benefits); and would earmark funds to be used for marketing (\$10,000). It is anticipated that it will be at least three (3) years before either of these would be considered.

## **SPECIFIC USES OF TIF REVENUES**

To facilitate the expansion of Mathews Brothers Company, as well as foster continued economic development, the City of Belfast proposes to install sewer lines along Northport Avenue, Perkins Road and Woodrow Lane. The City of Belfast proposes to fund the cost of the installation of the sewer lines through the issuance of a general obligation bond. Estimated cost of the project is \$350,000. At 4% interest it is estimated that the annual debt service on the bond would be \$25,754.

The municipal tax revenues generated by new investment within the TIF District over the twenty (20) year term will be used to retire the \$350,000 bond. Additional revenues generated beyond the annual bond payment will be placed in an Economic Development Fund for the City of Belfast, to finance future economic development initiatives including promotion and personnel costs throughout the City of Belfast.