

Development Program and Tax Increment Financing Plan

Soucook River Tax Increment Financing District

Pembroke, New Hampshire

Introduction

As authorized by RSA 162-K the Town of Pembroke proposes to establish a Tax Increment Financing District ("TIF District") in the Soucook River Development District and neighboring properties. The purpose of this Development Program and Tax Increment Financing Plan is to comply with the provisions of New Hampshire RSA 162-K: 6, 162-K:9 and 162- K:10. Specifically, these statutes require:

- ◆ Municipal adoption of a development program as a condition of establishing a TIF District. (RSA 162-K:6).
- ◆ Municipal adoption of a development and financing plan that allocates use of tax increments for retirement of bonds and notes, operation, maintenance and improvements in the district and for general municipal purposes (RSA 162-K:9 and K:10).

I. Objectives

The objectives of the Development Program and Tax Increment Financing Plan are to:

- ◆ Create opportunities for business expansion within the district.
- ◆ Enhance employment and earnings opportunities for area residents.
- ◆ Stimulate increases in the commercial tax base within the Town, thus reducing, or at least stabilizing, the residential tax burden

These objectives will be achieved by improving access to the Soucook River Development District, which was established in 2002. The proposed improvements are more specifically defined in Section III, below.

II. District Boundaries

A. List of Properties

The TIF district shall include those 9 properties indicated in EXHIBIT A, which is appended hereto. A map of the proposed district is appended as EXHIBIT B.

B. Land Area and Assessed Values

As indicated in EXHIBIT A, the proposed TIF district contains 242.87 acres, which represents 1.7% of the total land area in the Town of Pembroke (14,493 acres). The total assessed value of taxable property in the proposed district is \$6,333,912, or 1.2% of the total assessed value of taxable property in the Town (\$519,555,803). Thus, the district complies with the size standards of RSA 162-K:5, as amended.¹

III. Proposed Development Activities in the TIF District

The Town of Pembroke proposes to construct the following improvements within the Soucook River Development District:

- ◆ A paved access roadway commencing at the intersection of Route 106 and Route 3 and continuing southerly and easterly for a distance of approximately 2,010 linear feet to a connection with the roadway to be constructed by Associated Grocers of New England (AGNE). The proposed alignment of this roadway is depicted in Exhibit C.
- ◆ Intersection improvements and signalization at Route 106
- ◆ Storm water drainage associated with the roadway.
- ◆ Extensions of municipal water lines within the roadway.
- ◆ Extensions of municipal gravity sewer lines.

¹ As amended by HB 803 (effective July 31, 2004) RSA 162-K:5 requires that: (a) the total land area included in any one development district when designated shall not exceed 5 percent of the total land area of the municipality, and when added to the total current land area within all development districts for which bonds remain outstanding shall not exceed 10 percent of the total acreage of the municipality; or (b) the total taxable assessed value included in any one development district when designated shall not exceed 8 percent of the taxable assessed value of the municipality, and when added to the total taxable assessed value within all development districts for which bonds remain outstanding shall not exceed 16 percent of the total taxable assessed value of the municipality.

- ◆ Extension of underground electric utilities within the roadway right-of-way.
- ◆ Street lighting.

The estimated cost of these activities is included in Section X, below.

IV. Open Space

Significant open space will be preserved within the Soucook River Development District.

The Town of Pembroke and owners of the three (3) properties within the District are working with the New Hampshire Fish and Game Department to define a conservation area for the Hognose Snake. In addition, the recently approved zoning regulations for the District provide for protections of the river bluff and encourage open space retention by allowing greater density on portions of those lots approved for development.

V. Environmental Controls

In constructing the planned public improvements described in Section III, above, The Town of Pembroke, as well as private parties, will be required to comply with appropriate environmental regulations. These regulations may include any or all of the following:

- ◆ State and federal regulations regarding the protection of wetlands, shorelands, aquifers, floodplains and storm water treatment.
- ◆ State permits regarding soil disturbance/filling.
- ◆ State and federal regulations regarding air, water, and noise pollution.
- ◆ Applicable building codes, zoning ordinance, subdivision and site planning regulations.

VI. Proposed Re-Use of Private Property

TIF proceeds will not be utilized for the purpose of purchasing rights-of-way and easements for the roadway and associated municipal utilities. No improved property will be purchased and/or re-used.

VII. Impacts on Other Taxing Jurisdictions

The estimated impact of tax increment financing on the assessed values of all other taxing jurisdictions within the Town of Pembroke is minimal, since:

- ◆ The proposed district contains only 1.2% of the total assessed value of the Town.
- ◆ The proposed improvements are designed to encourage commercial investment and lessen the residential tax burden. The spin-off effects of additional commercial development will likely benefit all taxing jurisdictions (municipal, county, local education) in the long term since the proposed improvements will enable the commercial tax base to increase at a faster rate than could otherwise be achieved.
- ◆ A significant portion of the captured assessed value (as much as 50%) will not be utilized to finance the proposed improvements.

VIII. Proposed Operations of the District

A. Maintenance and Operations

The Town will maintain the roadway. The water and sewer districts will maintain the public water and sewer facilities. Incremental maintenance costs are minimal.

B. Records and Reports

Pursuant to the requirements of Section 162-K:11, the Town of Pembroke's Annual Report shall contain a financial report for the Development District. This report shall contain:

- ◆ The amount and source of revenue of the District;
- ◆ The amount and purpose of expenditures;
- ◆ The amount of principal and interest on any outstanding bonded indebtedness;
- ◆ The original assessed value of the District;
- ◆ The captured assessed value retained by the District;
- ◆ The tax increments received; and
- ◆ Any additional information necessary to demonstrate compliance with the tax increment financing plan.

IX. Relocation and Displacement

The planned development program will not result in the relocation and/or displacement of persons, families, business concerns, or others.

X. Estimated Cost of the Development Program

As indicated in EXHIBIT D, attached, the total estimated cost of the proposed project, including associated non-construction costs (legal, administrative, engineering design, etc.) is \$3,081,048.

Prior to settling on this option the Board of Selectmen considered other less expensive approaches, including the elimination of underground electrical service and lighting standards. By utilizing overhead electrical service and pole-mounted lighting the project cost is reduced to \$2,711,640, a savings of \$369,408. In order to lessen project costs the Board of Selectmen will require the owners of the benefiting properties to enter into development agreements by which they agree to contribute the incremental cost of underground electric utilities and lighting standards, or \$369,048.

These improvements will be financed by a general obligation bond or other borrowing instruments over the period of 20 years. At an interest rate of 5%, the annual debt service payments are estimated to be \$247,231 for the larger project (\$3,081,048) or \$217,589 for the smaller (\$2,711,640) project.

XI. Uses of Incremental Revenues

A. Captured Assessed Value

Pursuant to state statute, "incremental property tax revenues" are those additional tax revenues (excluding the State education tax) collected from increases in assessed values that are attributable to new development and/or redevelopment *subsequent to adoption of the TIF District*. "Incremental property tax revenues" reflect "captured assessed value" that occurs after the establishment of a TIF District.

It is currently estimated that, upon completion, the proposed facility to be constructed by Associated Grocers of New England will have an assessed value of approximately \$22,000,000. Construction is due to commence in the winter of 2005 and be completed prior to the tax year commencing on April 1, 2006.

B. Projected Revenues

By applying projected property tax rates² to "captured assessed value" we can determine the incremental revenues that may be available to support the project. Since it is possible that the portion of the captured assessed value that may not be used for this project could result in a *reduction* of the current rate we are using a rate of \$19.77/\$1,000, or 97% of the 2004 rate excluding State Education Tax (\$20.38).

It is not presently known how abutters that are benefiting from the project will provide their contribution to the project. Options include:

1. Payments via as a condition of road lay-out assessments.
2. Contributions to the Town's debt service payments as roadway is being constructed.
3. Payments after the roadway is constructed and development occurs on adjoining parcels.

In the event payments occur before or during the roadway construction the Town would borrow the lesser amount. However, in the event that contributions are made after the roadway is constructed the Town would borrow the entire project and subsequent developer payments would be contributed to the General Fund, thus reducing tax burden.³

These options are presented in Table 1 on page 7. As indicated, borrowing for the entire project (OPTION 1) would require utilizing 56.8% of the captured assessed value while \$187,678 of the increased assessed value would not be utilized. In addition, abutter payments of \$369,408 would be contributed to the General Fund following construction of the project. In the event that abutters could make up-front payments the Town would borrow for the less costly project (OPTION 2) and utilize only 50% of the captured assessed value while \$217,320 of the increased assessed value would not be utilized.

² Current (2004) property tax rates/\$1,000 are Local Education: \$12.64; County: \$2.04; Municipal: \$5.70. The State Education Tax (\$2.67) is not utilized in tax increment financing.

³ A \$369,408 contribution to the General Fund would be the equivalent of a one-time \$.71 reduction the municipal portion of the tax rate (currently \$5.70).

Table 1

Summary of TIF Options

Estimated Captured Assessed Value:	\$	22,000,000	
Effective Tax Rate :	\$	0.02038 (1)	
Adjusted Tax Rate:	\$	0.01977 (1,2)	
Estimated Captured Revenue @ 100%:	\$	434,909	
Debt Term:		20 Years	
Debt Interest Rate:		5.0%	
		<u>OPTION 1</u>	<u>OPTION 2</u>
AMOUNT BORROWED:	\$	3,081,048	\$ 2,711,640
ANNUAL DEBT SERVICE:	\$	247,231	\$ 217,589
REQUIRED % OF CAPTURED VALUE:		56.8%	50.0%
UNUTILIZED CAPTURED ASSESSED VALUE:	\$	187,678	\$ 217,320
ABUTTERS' CONTRIBUTION TO GENERAL FUND	\$	369,408	\$ -

Annual TIF revenues will be allocated as follows:

- ◆ For the 2005 tax year it is expected that a minimal amount of construction of the Associated Grocers facility will be completed. Captured assessed value is expected to be between \$1,000,000 and \$4,000,000. This translates to revenues of between \$19,770 and \$79,090. For this period only, subject to approval at the March 2005 Town Meeting, the TIF revenues will be encumbered and appropriated to pay expenses for pre-construction planning and engineering. These activities are required in order to finalize roadway alignment and confirm costs.
- ◆ For the 2006 tax year and thereafter until the termination of this Plan (see Section XIII, below) TIF revenues will be restricted solely for the payment of debt service (principal and interest) on bonds associated with the project.

XII. Plan Amendments

Prior to approving any bonding authorization the Town Meeting may amend this plan to reflect more precise data regarding Estimated Cost of the Development Program (Section X) and Uses of Incremental Revenues (Section XI).

XIII. Duration of Program

The Development District will exist until all debt issued to fund the development program is retired or until this Plan is amended to reflect a different termination date.

XIV. District Administration

The District shall be administered by the Town Administrator.

XV. Advisory Board

An Advisory Board shall advise the Town Administrator and Board of Selectmen on planning, construction and implementation of the development program and on maintenance and operation issues within the District after the development program described herein has been completed. The Advisory Board shall consist of not less than five (5) persons appointed by the Board of Selectmen upon adoption of this Plan and establishment of the TIF District. A majority of the members of the Advisory Board shall be owners or occupants of real property located within or adjacent to the TIF District.

XVI. Plan Implementation

This Plan does not authorize the Town to borrow the funds discussed herein. All borrowing must be approved at a Town Meeting.

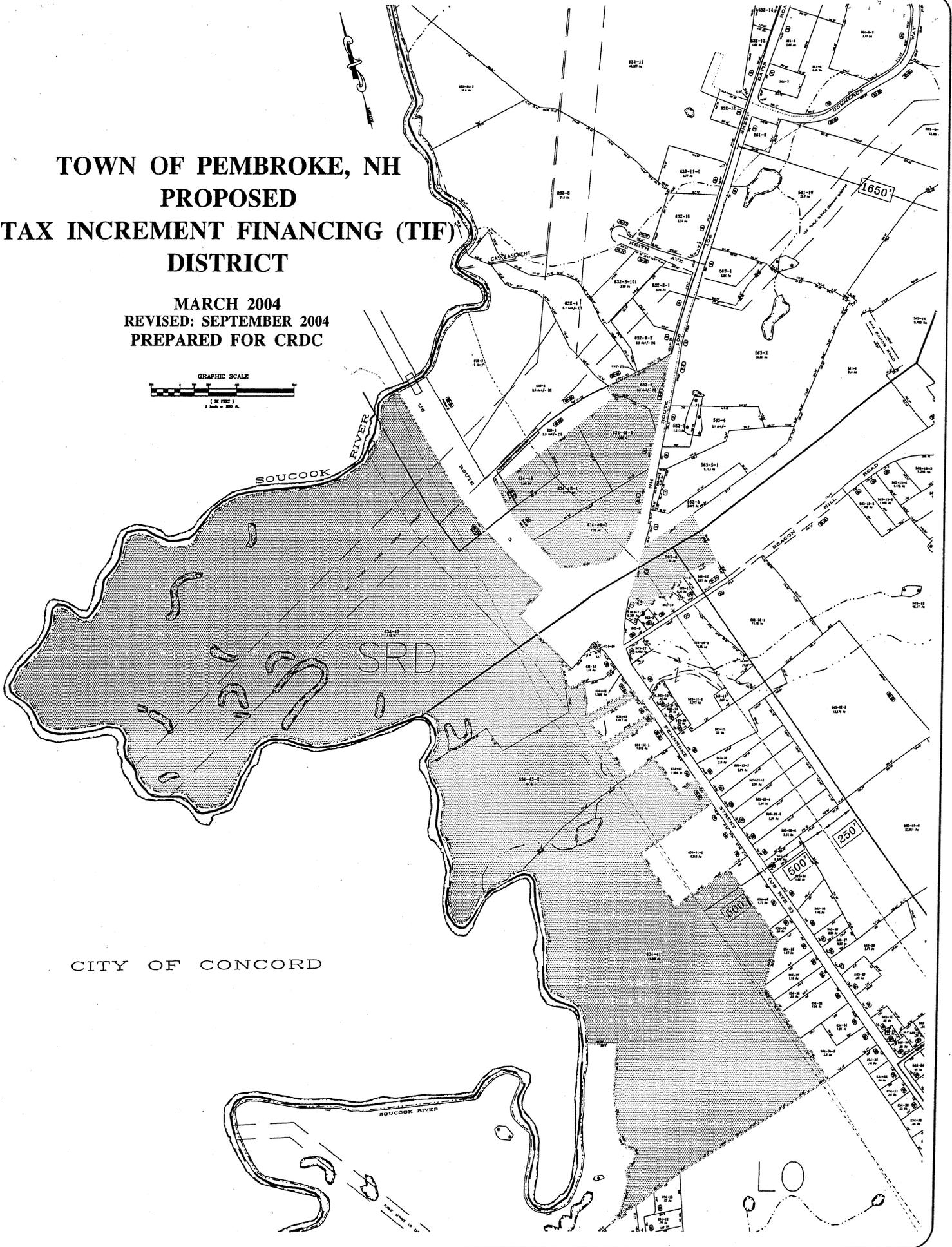
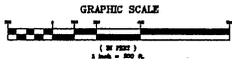
**EXHIBIT A
PROPOSED TIF DISTRICT
PEMBROKE, NEW HAMPSHIRE**

Map/Lot #	Owner	2004 Assessed Value			Total	Size (Acres)
		Land	Building(s)			
634-41	Manchester Sand, Gravel, Cement	1,627,100	\$ -	\$	1,627,100	74.04
634-43-2	D'Agnese & Keeler Leasing, LLC	264,537	\$ -	\$	264,537	26.00
634-47	Chickering, Willard et al, Trustees	18,375	\$ -	\$	18,375	115.00
634-48-3	Pembroke Commercial Group, Inc.	252,500	\$ -	\$	252,500	7.73
634-48-1	Merrill / Dennison, LLC	177,200	864,600	\$	1,041,800	5.77
634-48-2	McCarthy G., Inc.	182,000	1,507,100	\$	1,689,100	6.06
634-48	Jolin, Donald L.	38,300	108,500	\$	146,800	2.00
632-5	Lavoie, Roger & Gloria	59,200	103,500	\$	162,700	1.65
563-6	Hodges - Pembroke LLC	158,700	972,300	\$	1,131,000	4.62
TOTAL:	9 Properties	2,777,912	\$ 3,556,000	\$	6,333,912	242.87

ASSESSED VALUATION, TOWN:	\$ 519,555,803
ACREAGE, TOWN:	14,493
DISTRICT AS %:	1.2%
	1.7%

**TOWN OF PEMBROKE, NH
PROPOSED
TAX INCREMENT FINANCING (TIF)
DISTRICT**

MARCH 2004
REVISED: SEPTEMBER 2004
PREPARED FOR CRDC



TURNER GROUP	
THE TURNER GROUP, INC. CONSTRUCTION SERVICES • DESIGN SERVICES 1000 WEST 10TH AVENUE DENVER, COLORADO 80202 TEL: (303) 733-1111 WWW.TURNERGROUP.COM	
ISSUED FOR	PROPOSALS
DESIGNED BY	CONCEPTUAL DESIGN
SCHEMATIC DESIGN	DESIGN DEVELOPMENT
NO	CONSTRUCTION
NOT FOR CONSTRUCTION	

Soucook River Development District	
Plan 3 Pembroke 600 Corporation	
DATE	NOV 19 2003
SCALE	AS SHOWN
PROJECT NO.	03-001
DRAWN BY	W. J. WILSON
CHECKED BY	W. J. WILSON
DATE	NOV 19 2003

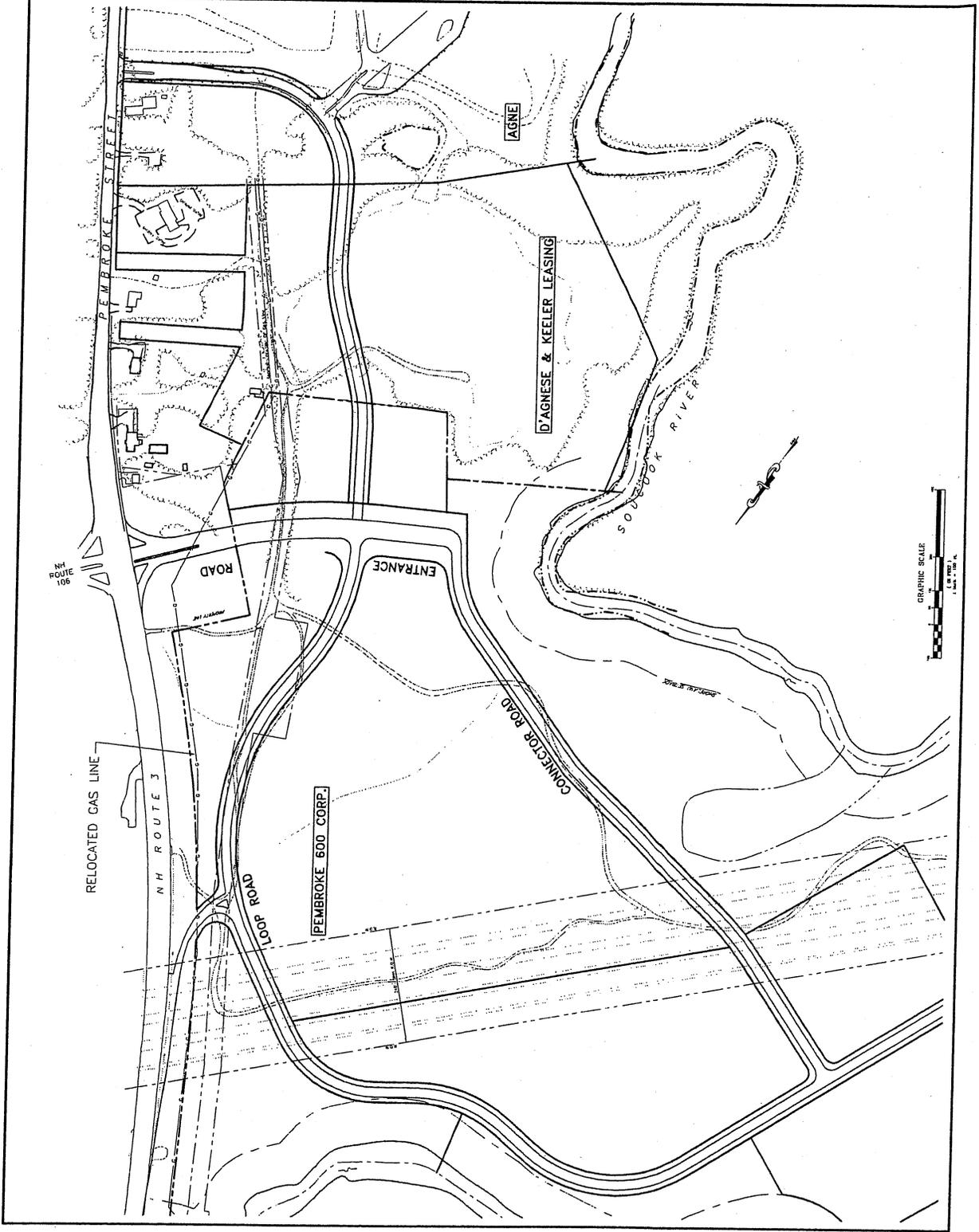


EXHIBIT D

**Estimated Costs for Public Infrastructure
Soucook River Development District**

Cost Item	Loop Road w/ Infrastructure						Total					
	D'Agnese - Keeler			Pembroke 600			Quantity	Unit Price	Est. Cost			
	Quantity	Unit Price	Est. Cost	Quantity	Unit Price	Est. Cost						
Construction												
Entrance Roadway (P-600) 4 lanes				750 LF	\$ 510	\$ 382,500	750 LF	\$ 510	\$ 382,500			\$ 382,500
Internal Roadway (DK & P-600) 2 lanes	860 LF	\$ 205	\$ 176,300	400 LF	\$ 205	\$ 82,000	1,260 LF	\$ 205	\$ 258,300			\$ 258,300
Enclosed Drainage - Internal Road	900 LF	\$ 110	\$ 99,000	400 LF	\$ 110	\$ 44,000	1,300 LF	\$ 110	\$ 143,000			\$ 143,000
Drainage Detention/Treatment							1 LS		\$ 75,000			\$ 75,000
Water	1000 LF	\$ 110	\$ 110,000	1250 LF	\$ 110	\$ 137,500	2,250 LF	\$ 110	\$ 247,500			\$ 247,500
Sewer (gravity)	800 LF	\$ 155	\$ 124,000	1100 LF	\$ 155	\$ 170,500	1,900 LF	\$ 155	\$ 294,500			\$ 294,500
Sewage Pump Station	0.00 EA	\$ 135,000	\$ -	0.00 EA	\$ 135,000	\$ -	0		\$ -			\$ -
Sewer Force Main	0.00 EA	\$ 227,500	\$ -	0.00 EA	\$ 227,500	\$ -	0		\$ -			\$ -
Drainage/Detention/Treatment	1 LS	\$ 35,000	\$ 35,000	850 LF	\$ 120	\$ 102,000	851 LF	\$ 120	\$ 102,000			\$ 102,000
Gas Distribution	0 LF	\$ 65	\$ -	0 LF	\$ 65	\$ -	0 LF	\$ 65	\$ -			\$ -
Gas relocation	0	\$ -	\$ -	160 LF	\$ 250	\$ 40,000	160 LF	\$ 250	\$ 40,000			\$ 40,000
Electrical/Communications	860 LF	\$ 80	\$ 68,800	1150 LF	\$ 80	\$ 92,000	2,010 LF	\$ 80	\$ 160,800			\$ 160,800
Street Lighting Standards	950 LF	\$ 56	\$ 53,200	1300 LF	\$ 56	\$ 72,800	2,250 LF	\$ 56	\$ 126,000			\$ 126,000
Intersection Improvements w/ signalization @ Rte 3/106				1 LS		\$ 201,000	1 LS		\$ 201,000			\$ 201,000
Sub-Total:			\$ 666,300			\$ 1,324,300			\$ 2,065,600			\$ 2,065,600
Construction Contingency (15%)			\$ 102,945			\$ 205,605			\$ 308,550			\$ 308,550
Total Construction			\$ 769,245			\$ 1,529,905			\$ 2,374,150			\$ 2,374,150
Other Fees and Expenses												
Preliminary Engineering/Planning	2.0% of construction		\$ 13,326	2.0% of construction		\$ 26,486			\$ 39,812			\$ 39,812
Engineering & Permitting	12.0% of construction		\$ 79,956	12.0% of construction		\$ 158,916			\$ 238,872			\$ 238,872
Construction Services	17.0% of construction		\$ 113,271	17.0% of construction		\$ 225,131			\$ 338,402			\$ 338,402
Capitalized Interest	2.0% of construction		\$ 13,326	2.0% of construction		\$ 26,486			\$ 39,812			\$ 39,812
Legal, Fiscal, Admin.									\$ 50,000			\$ 50,000
Sub-Total:									\$ 706,898			\$ 706,898
TOTAL DEVELOPMENT COST:												\$ 3,081,048

Assumptions

- 1 Water in paved roadways
- 2 Gravity sewer in paved roadways
- 3 Gas installed by provider adjacent to roadway when needed