



Paul R. LePage
GOVERNOR

STATE OF MAINE
DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT



George C. Gervais
COMMISSIONER

May 14, 2014

Michael Starn,
City Manager
CITY OF HALLOWELL
1 Winthrop Street
Hallowell, ME 04347

COPY

RE: Downtown & Arts District Omnibus Municipal Tax Increment Financing (TIF) District and Development Program

Dear Mr. Starn,

The Maine Department of Economic and Community Development (Department) has reviewed and **EFFECTIVE TODAY APPROVED** the above referenced Municipal TIF District and Development Program. Based on your original designation application, the Department notes:

- a. District term of 30 years starting July 1, 2014 (FY2014-15) and ending June 30, 2044 (FY2043-44);
- b. District taxable Original Assessed Value of \$30,497,600 as of March 31, 2014 (April 1, 2013)—acreage 195;
- c. Increased Assessed Value (IAV) capture of up to 100% of real property improvements. Please note § 5225(1)(B)(3)(b) allows portage of revenue from other Hallowell Municipal TIF districts into this District only while capture remains 100% and such portage is an allowable project cost in Commissioner-approved development program for other districts;
- d. District revenues deposited/held in dedicated accounts and applied ONLY toward approved activities/projects to be completed **BEFORE/BY** June 30, 2044,
 - i) Project Cost account[s] to reimburse companies/developers for costs of economic development activities authorized by 30-A M.R.S. § 5225 (1)(A) and Department rules as amended from time to time AND/OR fund public activities/projects;
 - ii) Sinking Fund Account to retire associated public debt;
- e. Company/Developer payments within sole Council discretion are limited to incremental taxes from NEW actual value and may include up to 100% reimbursement during District term;
- f. **AFTER EXECUTION CITY MUST FORWARD COPY** of any credit enhancement agreement linked to this District to the Department—with corresponding **Application Cover Sheet** (if Company or Developer) including detailed private project description and (if Company) **Employment Goals Form**;
- g. Any non-captured incremental property values resulting in General Fund revenue/deposits **MUST** be included/reported with City equalized assessed value;
- h. Any future amendment **MUST** comply with 30-A M.R.S. §§ 5221-5235 and Department rules;
- i. **CITY MUST NOTIFY DEPARTMENT IN WRITING** when District expires or is otherwise terminated.

City revenue allocation projected at \$2.3 million may facilitate funding for an estimated \$8.1 million in public costs and associated debt **as further described in Development Program**. This funding **MUST** comply with already established City appropriation process—with activities/projects **COMPLETED BEFORE/BY** June 30, 2044:

WITHIN DISTRICT

- j. Roads, sidewalks, storm water infrastructure including construction/repair, safety upgrades and traffic signals \$1 million;
- k. Street lighting upgrades/replacement \$200,000;
- l. Municipal parking lots resurfacing and associated improvements/upgrades including land acquisition \$150,000;

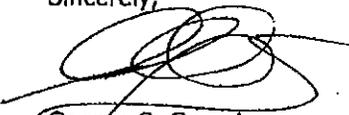
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- m. Lots/Buildings acquisition/Improvement \$500,000; leased by State or City government \$100,000;
- n. Arts District facilities renovation/Improvement including Gas Light Theater upgrades and museum creation based on future municipal guidelines established within scope of § 5225 \$200,000;
INSIDE/OUTSIDE DISTRICT
 - aa. Public safety equipment including vehicles and rescue equipment \$500,000; ±◇
 - bb. Public Works equipment \$500,000; ◇
- o. Public restrooms within Downtown Center and adjacent to trails \$80,000; Φ
- p. Business Gateways landscaping Improvements \$20,000; ✕
- q. Downtown Center WI-Fi \$150,000;
- r. Professional services \$150,000;
- s. Administrative costs including prorated municipal salaries \$22,500;
- t. Streetscape Improvements \$75,000; ✕
- u. Organizational costs \$40,000;
- v. Stevens Schools property Improvements to attract commercial development \$2.5 million;
- w. Waterfront development including Buckeye Energy property acquisition/renovation/demolition, parking lot, amphitheater and associated professional service costs \$243,000; ✕
- x. Fire safety building renovation \$500,000;
- y. Downtown Center and Arts District revitalization planning including Stevens School property re-use \$100,000;
- z. Building construction/upgrades for facilities
INSIDE DISTRICT/WITHIN MUNICIPALITY
 - cc. Erosion control measures including rip-rap and bulkheads \$125,000;
 - dd. Kennebec Rail Trail enhancement/expansion including land acquisition \$200,000; ✕**THROUGHOUT MUNICIPALITY**
 - ee. Marketing/Promotion of Downtown Center, Arts District and Stevens School property as business/arts location \$60,000;
 - ff. Permanent Business revolving loan fund capitalization, investment funds and grants per § 5225(1)(C)(3) for costs of economic development activities authorized by 30-A M.R.S. § 5225 and Department rules as amended from time to time \$500,000;
 - gg. Implementation of District activities within scope of Development Program Table 1 by municipal staff/consultants \$50,000;
 - hh. Economic Development membership dues \$120,000;
 - ii. Grant matching \$50,000.

The Department encourages City to review/consider Maine Department of Agriculture, Conservation and Forestry (MDOACF) and Maine Department of Transportation (MDOT) downtown-designation advisories **ahead of public projects/activities implementation** for this District and prior to any future update of existing downtown redevelopment plan ("Make Yourself at Home In Hallowell 2011 Downtown Plan" and "An Update: The Hallowell Downtown Plan 2014").

MAINE IS OPEN FOR BUSINESS. Please contact Municipal Tax Increment Financing Program Director Laura Santini-Smith with questions about this certification letter or Department review. With this certification of designation, the Department extends an open ended offer of assistance and best wishes for the success of your District.

Sincerely,


George C. Gervais
Commissioner

CG COPY

cc: Senator Patrick Flood (SD-21) and Representative Sharon Treat (HD-79), 126th Legislature; David Ledew, MRS Director Property Tax Division; Brian Mulligan, Governor's Account Executive; Ruta Dzenis, DOACF Senior Planner Municipal Planning Assistance Program; Duane Scott, MDOT Director Bureau of Planning Outreach Division; Noreen Norton, Starboard Leadership Consulting

- ◇ CITY must prorate/allocate costs not directly related to or made necessary by establishment/operation of this District to other funding sources.

EXCLUSIVE OF FOLLOWING COSTS/FUNDING:

- Φ Public park(s).
- ‡ Law enforcement (police).
- κ Items beyond § 5222(1) scope, i.e.: holiday decorations, flower pots.