



**Town of Cumberland
Finance Committee Budget Meeting
Monday, April 4, 2022
6:00 P.M.
Council Chambers**

- I. Tax Increment Financing (TIF)**
- II. ARP Funds**
- III. Additional comments and/or items for follow-up**
- IV. Other Business**
 - Final Meeting
 - Saturday, April 9th 8:00 a.m. to completion
- V. Adjournment**

TAX INCREMENT FINANACING TIF

► OVERVIEW BY

► WILLIAM R. SHANE
TOWN MANAGER
APRIL 4, 2022

Tax Increment Financing

- ▶ **Property Taxes – Paid by all property owners based upon the assessed value of the property.**

Property Tax Breakdown 2023

70.41% to operate the Schools

26.37% to operate the Town

3.31% for County Taxes

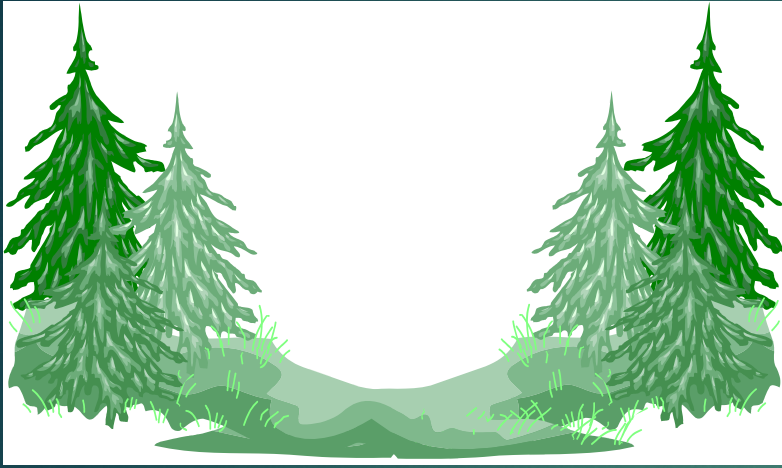
Property Tax Breakdown

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As value goes up

- ▶ County Taxes go up
- ▶ State Aid for Education goes down
\$ 7.10 mils for Education 2023

Cumulatively these three components result in 40% to 50% loss of revenues to a Town every time a new structure is built.



Before

Land Value Prior to Building

\$100,000 No Improvements



After

Land & Building

\$3,100,000

INCREMENT VALUE = 3,000,000

\$100,000 Value

\$3,000,000

Taxes

Taxes

$100,000 \times \$20.55/1000 = \$2,055$

$\$20.55 / 1k = \$61,650$

to General Fund

to TIF Fund

What can be done with the money?

- ▶ **Money must be used for Economic Development Purposes:**
 - a. Tax Incentives to Businesses
 - b. Infrastructure within the District
 - c. Economic Development Initiatives
 - d. Environmental remediation
 - e. Affordable Housing (via MSHA)
 - f. Fire equipment
 - g. Public Works Equipment



Why give away any Tax Breaks?

- ▶ Positive Business Attitude
- ▶ Partnership- Offset of Capital Investment
- ▶ Approved by the State DECD

Long Term Shift of the Tax Base – 98.5% to 90 %
(92% today)Goal

Total Control of the funds by the Town Council

Encourage Economic Growth on the
Rt 1 & Rt 100 Corridor

Give me some examples of How the money has been used

► Road Improvements

Range Road Reconstruction

Skillin, Tuttle, Main & Blanchard Road

Rt One Center Turning Lane

Infrastructure Improvements – Fire Protection

Skillin, Rt 100, Range & Blanchard Road Water Line

Twin Brook Park Improvements

Partial Fire Station & Paramedic Funding

► Future Improvements

Rt 100 Economic Development Corridor

Rt 100 Round About

Town Wide Paving – Throughout ALL TIF Districts

Affordable Senior Housing and possibly Assisted Care Living

Spending Overview and Future Status

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	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Revenues	2,793,185	2,880,023	2,989,074	3,102,076	3,219,167	2,299,544
Bond Payments	(865,059)	(790,428)	(768,588)	(762,216)	(587,431)	(597,140)
CEA Payments	(214,198)	(220,623)	(191,679)	(148,732)	(153,194)	(105,599)
Economic Development	(986,220)	(1,020,597)	(1,056,173)	(1,092,990)	(1,131,091)	(815,615)
Capital Expenses	(720,000)	(720,000)	(720,000)	(720,000)	(812,000)	(812,000)
Ending Fund Balance	(708,957)	(580,583)	(327,949)	50,189	585,639	554,829
Change in Fund Balance	7,708	128,374	252,634	378,137	535,451	(30,810)

	FY2045
Revenues	1,641,523
Bond Payments	-
CEA Payments	-
Economic Development	(615,442)
Capital Expenses	(612,000)
Ending Fund Balance	10,470,052
Change in Fund Balance	414,082



Future Considerations

- Road Reconstruction
- Water & Sewer Lines
- Roundabout Rt 100
- Sidewalk Extensions
- Public Safety & PW Equipment
- Affordable Housing
- Affordable Assisted Care

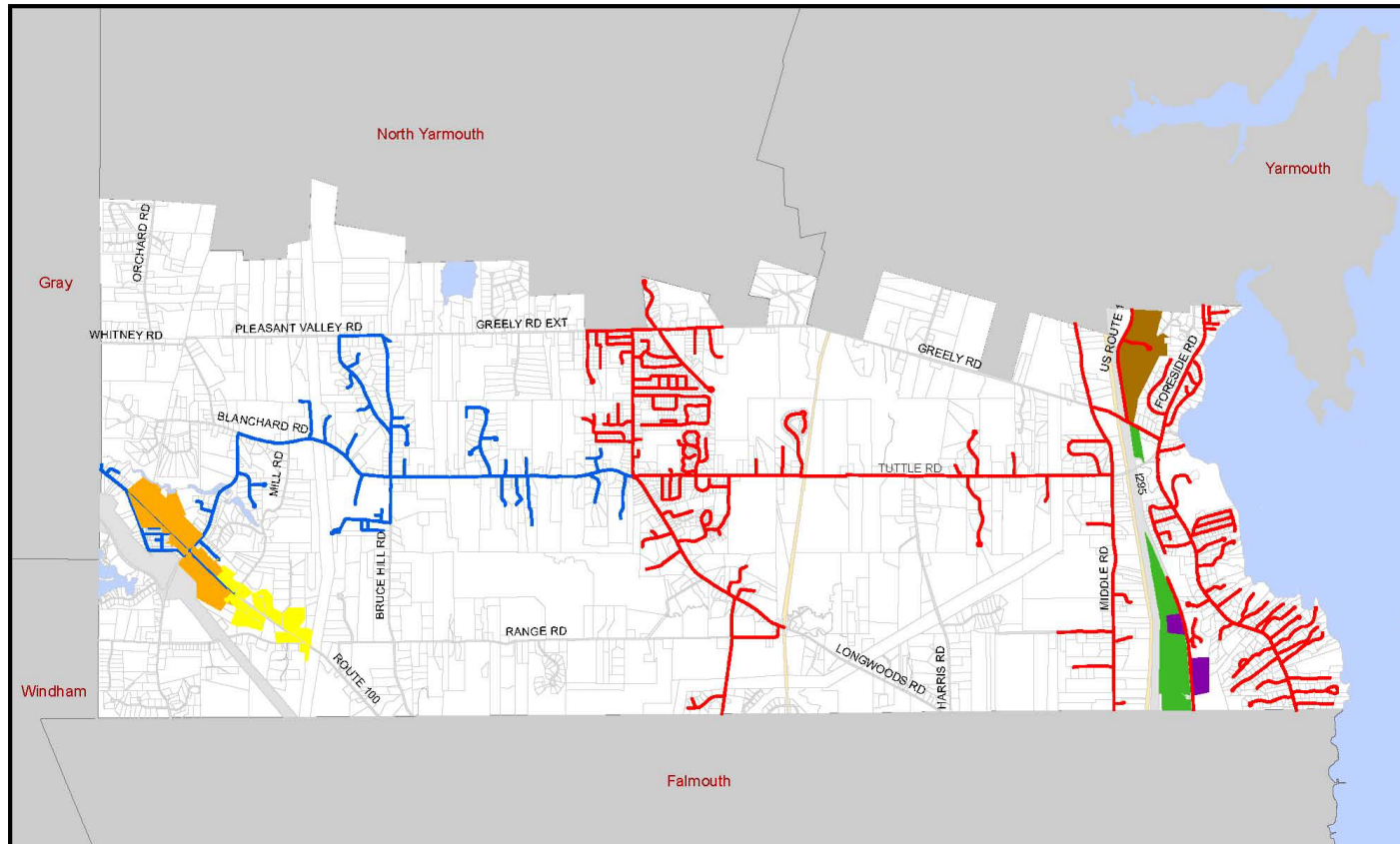
District Overview and Permitted Uses

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District Number	Potential Public Facilities, Improvements and Programs	ACRES
District #1	(a) Sewer, road and sidewalk improvements along Route 1 to facilitate commercial development.	86 Acres = 83.11 Acres
	(b) Portion of the costs of a new fire station and related apparatus on Route 1 reasonably allocable to serving new commercial development along Route 1.	
	(c) Extensions of water lines and other environmental improvement projects and improvements to roads and traffic signals to areas suitable for commercial development (including Route 100 in order to facilitate diversification of the Town's tax basis by increasing commercial development in such commercially zones areas of the Town	
EXP 6/2027	(d) Master Plan for Route 100 Economic Development	Total: 92.11 Acres
	(e) Economic Development Direction and ongoing administrative expenses associated with this development effort.	Completed 12/2017
District #2	(a) Sewer, road and sidewalk improvements along Route 1 to facilitate commercial development.	22.3 Acres
	(b) Portion of the costs of a new fire station on Route 1 reasonably allocable to serving new commercial development along Route 1.	
	(c) Extensions of water lines and other environmental improvement projects and improvements to roads and traffic signals to areas suitable for commercial development (including Route 100) in order to facilitate diversification of the Town's tax basis by increasing commercial development in such commercially zoned areas of the Town.	
EXP 3/2035	(d) Master Plan for Route 100 Economic Development	
	(e) Economic Development Director and ongoing administrative expenses associated with this development effort.	
District #3	(a) Sewer, road and sidewalk improvements along Route 1 to facilitate commercial development	94.99 Acres
	(b) Extensions of water lines and other environment improvement projects and improvements to roads and traffic signals to areas suitable for commercial development (including Routes 1 and 100, and Tuttle, Blanchard and Skillins Road) in order to facilitate diversification of the Town's tax basis by increasing commercial development in such commercially zoned areas of the Town.	
	(c) Master Plan for Route 100 Economic Development	
EXP 3/2038	(d) Economic Development Director and ongoing administrative expenses associated with this development effort.	
District #4	(a) Environmental improvement and remediation in the area of Upper Methodist Road and Goose Pond Road	93.04 Acres
	(b) Road and sidewalk improvements along Route 100 to facilitate commercial development	
	(c) Extensions of water lines and other environmental improvement projects and improvements to roads and order to facilitate diversification of the Town's tax basis by increasing commercial development in such commercially zoned areas of the Town	
EXP 3/2038	(d) Master Plan for Route 100 Economic Development	
	(e) Economic Development Director and ongoing administrative expenses with this development effort	
	(f) Infrastructure in Castle Rock Business Park (waterline, sidewalks and esplanade)	
District #5	(a) Environmental improvement and remediation in the area of Upper Methodist Road and Goose Pond Road	130.61 Acres
	(b) Road and sidewalk improvements along Route 100 to facilitate commercial development	
	(c) Extensions of water lines and other environmental improvement projects and improvements to roads and traffic signals to areas suitable for commercial development (including Route 100 and Range Road) in order to facilitate diversification of the Town's tax basis by increasing commercial development in such commercially zoned areas of the Town.	
EXP 3/2038	(d) Master Plan for Route 100 Economic Development	
	(e) Economic Development Director and ongoing administrative expenses associated with this development effort	
	(f) Infrastructure in Castle Rock Business Park (waterline, sidewalks and esplanade)	
District #6	(a) Roadway/Sidewalk improvements including pavement shims/overlay/grinding and associated grant matching \$2.1 million	105.52 Acres
	(b) Improvements/equipment including backhoes, trucks, plows, emergency vehicles and personnel training, prorated costs of Central Fire Station improvements \$4.5 million	
EXP 6/2045		
District #7	(a) Roadway/Sidewalk improvements including pavement shims/overlay/grinding and associated grant matching \$1.6 million.	35.19 Acres
	(b) Improvements/equipment related to natural gas project public safety/equipment including backhoes, trucks, plows, emergency vehicles and personnel training, prorated costs of Central Fire Station improvements and associated grant matching \$4.5 million.	
EXP 6/2045		
District #8	(a) Roadway improvements, including repair, pavement and reconstruction of roads and sidewalks, within the District and outside the operation of the District, including new pavement, pavement shims, pavement overlay and pavement grinding.	104.24 Acres
	(b) Acquisition of equipment and public safety improvements, as described below, outside the District made necessary by the establishment and operation of the District.	
	Acquisition of equipment and public safety improvements shall consist of acquisition of equipment used to provide certain public services as made necessary by the development within the District, specifically that which targets a population that traditionally utilizes public safety services on a more frequent and regular basis. Public safety equipment made necessary by the District includes that which is necessary for serving and responding to the residents and patrons of the development within the District and may include the costs of additional public safety personnel made necessary by the increase in residents, employees or patrons within the Town as a result of the development within the District.	
EXP 6/2048	(c) Financing costs, including, but not limited to, closing costs, issuance costs, and interest paid to holders of evidences of bonds and indebtedness issued to pay for project costs.	
	(d) Costs, including prorated municipal staff salaries, related to Town economic development activities directed at business retention and attraction.	
	(e) Organizational costs relating to the establishment of the District, including, but not limited to, the costs of conducting environmental impact and other studies and the costs of informing the public about the creation of development districts and the implementation of project plans.	
	(f) Staff, assessor and consultant time to conduct annual update of TIF district data.	

District Map – TIF #8 Oceanview (not mapped)

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The roads and rights of way designated on this map to be included in proposed TIF Districts 6 and 7 are not included in the previously approved and existing TIF Districts 1, 2, 3, 4 and 5.

To the extent any roads or rights of way are included within those existing districts, they are not shown on this map as being, nor proposed to be included in the new TIF Districts 6 and 7.

Town of Cumberland TIF Districts

Acreages from Original TIF Approvals

TIFs (4.59% area)

- TIF #1: 195 ac
- TIF #2 (Route 1 South): 22.3 ac
- TIF #3 (Cumberland Foreside Village): 98.71 ac
- TIF #4 (Route 100): 93.03 ac
- TIF #5 (Route 100): 130.60 ac
- TIF #6 (Natural Gas East): 105.00 ac
- TIF #7 (Natural Gas West): 35.82 ac

Where's the Downside?

► There Isn't One.

The Town Council Controls the funds. At anytime during the contract the Town can divert its portion to the General fund but will lose the shelter value.

The Town Council controls the types of business and the amounts of TIF money we will share

*The projects we are looking to fund
are needed today and would be
100% on all the Taxpayers.*

American Rescue Plan Funds	(\$866,000)			
	Category I	Category II	Category III	Category IV
Administration				
Senior Tax Relief FY 22	\$50,000			
Senior Tax Relief FY 23	\$50,000			
Public Mental Wellness	\$20,000			
Public Glass Counter Dividers	\$10,000			
Employee Mental Wellness Checks	\$20,000			
	\$150,000			
Premium Pay		\$58,000		
Infrastructure				
Bruce Hill Road- PDR - Drillig- Testing- Cost (50%)			Not approved	\$100,000
Regional Broad Band			\$86,000	\$0
Stormwater Repairs- Foreside			Not approved	\$558,000
Wildwood, Ole Musket, Long Meadows				
Updated 4/4/22		Projects Approved	Total	\$208,000
		Balance		(\$658,000)