

**MINUTES
WORKSHOP
DOVER CITY COUNCIL
CITY COUNCIL CHAMBERS
WEDNESDAY
JULY 27, 2005
7:00 P.M.**

Present: Mayor Scott Myers, Mayor Pro Tem Jason Hindle, Councilor Robert Lewis, Councilor Dean Trefethen, Councilor Doug DeDe, Councilor Bob Keays, Councilor Matt Mayberry and Councilor Darlene Colwell Ellis. Absent: Councilor Otis Perry

1. **Pledge of Allegiance**
2. **Presentation Regarding Tax Increment Financing Districts**

Mayor Myers began by thanking the Planning Board and Cochecho Waterfront Task Force members in attendance.

Next, Economic Development Director Beth Thompson introduced Jack Dugan President of the Monadnock Economic Development Corp which has implemented the TIF in the City of Keene. Mr. Dugan began by explaining that the first step required to be able to participate in a TIF is the adoption of RSA 162-K, entitled, Municipal Economic Development and Revitalization Districts which the City of Dover has recently done. (See 07/27/05 handout for Text of Chapter 162-K). He then reviewed the steps necessary to implement the TIF as follows:
(See 07/27/05 for full text of power point presentation).

What is TIF:

A powerful economic development tool for funding desirable public purpose improvements to stimulate community development, business growth and new job creation.
Uses NEW taxes created by NEW increment (increased assessed value) resulting from new construction, expansion, renovation of property, or appreciation within a defined district to pay for public improvements to benefit the district.

What can TIF be used for:

All activities undertaken must be consistent with a TIF District Development Plan. TIF funding can be used for but not limited to:

Acquire land or easements; build/improve roads, bridges and transportation systems linking commercial areas; extend/improve water, sewer, utilities to the development district; install lighting, street signs, landscaping and pedestrian ways construct parking structures, plazas or other traffic and parking control features; planning or engineering for public improvements or projects; fund administration, reserves, maintenance and upkeep of the TIF district and TIF funded projects

How Does TIF work:

- A district is created with boundaries that include areas where public improvements are needed and areas where new development or redevelopment is likely to take place.
- An inventory of the properties is done, establishing the base value of the district. Taxes on the base value continue to get distributed in the usual way.
- As properties in the district are developed or redeveloped there will be an increase in the taxable value. The difference between the base value and the new value is the incremental value.

- The taxes derived from the new incremental value are dedicated for use to benefit the TIF district and/or to service debt on a bond rather than the usual distribution.
- If desired, the City Council may reallocate a portion of the revenues back to the general fund.

Bond or Pay-as-you-go

TIF revenue is set aside to either - service the debt on a bond issued by the City for improvements associated with the TIF District; or complete the improvements in the development plan in phases; or is saved until sufficient annual increment is available to support a bond for the entire project.

Bonds issued in this manner do not count against a city's debt capacity and bonds with a dedicated revenue source will not raise the tax rate in the manner to GO bonds will.

Discussion ensued regarding various scenarios of the TIF program including a parking garage and eminent domain which was raised by CWAC member Steve Brewer, which is permitted under RSA 162K, Section 13, Article VII.

Mayor Myers asked how much fiscal autonomy does the committee have if they decide to reinvest to TIF and not to the general fund and if they deviate from the original plan do they need to come back before the Council. Dugan explained that there is some leeway as the law was recently changed.

Planning Director Steve Stancel reviewed the map (see 07/27/05 meeting folder) of what a TIF district could look like in Dover, but emphasized that this is a concept plan only. He explained that they began to identify needs in downtown Dover based on the Rizzo Traffic Study report which outlines things to do over the next 10-12 years including a parking garage located near the transit center.

Mayor Myers clarified that this is a loose concept and there will be no adverse effect on taxes or restrictions on property by being included or not being included in the TIF area.

Stancel explained that there would be many public forums held once the actual process began.

Mayor Myers asked what is the reaction of the County and State when they aren't getting their piece of the pie.

Dugan explained that it is merely a delayed gratification once the bond has been realized and the goal of this is to get more bang for the bucks.

Finance Director Jeff Harrington then presented his explanation from a financial perspective. (see 07/27/05 folder). TIF is essentially an automated reserve funding process. The financing could be accomplished with the same tax impact with annual appropriations to a reserve account. TIF automates this process by dedicating tax revenues to a project without the need for annual appropriations. The city would use TIF to make a long term commitment to an economic development project that it could not guarantee through future annual appropriations to a reserve account. It would make sense to use TIF when the city wanted to accumulate funding over time for a development project. It wouldn't make sense if the tax revenue were to be dedicated solely to pay off principal and interest on a bond to fund improvements. The City would use TIF in areas where economic growth and revitalization is needed but where incentive may be needed to stimulate the growth. Where growth is occurring or anticipated, TIF may not be necessary.

He continued that there may be a perception issue to using TIF in that any time tax revenues are used to benefit a specific area of the city, the non-district taxpayers may feel that their needs are secondary and that their area also needs improvements. Regarding whether TIF cost taxpayers money, TIF equals appropriations and the question is will the development project derive enough additional growth to offset the investment. He concluded by stating that any economic development project first needs to be analyzed on the merits of the project and the benefits derived from it, not on the basis of its financing.

Attorney Malcolm MacNeill stated that this has been a valuable presentation of an alternative development tool which he feels any community should have as many tools as possible and the adoption of the legislation for this has no downside and is analogous to betterment districts and provides the city with creativity.

Hindle asked if Atty. MacNeill has worked with this program before and if so, how do the developers view the program.

MacNeill stated he has not worked with a TIF only a betterment district but that the developers like the opportunities for creativity.

Joyal thanked Mr. Dugan and everyone in attendance stating this has been a long time coming. He asked the Council to think about infrastructure to support the waterfront and downtown area. He stated the CWAC doesn't want to alienate the downtown area and mill buildings, but there is a need to discuss a parking structure as recommended by the Rizzo Traffic study and would like the Council to allow proposals to be brought forth this fall.

Mayor Myers stated there is a strong need for this and public/private partnerships.

Joyal stated that the CIP process is currently at the department level and will be coming to the Council soon.

Lewis stated that if we are going to look into adding more parking he would like to see it tied to downtown transportation.

3. Other

4.

4. Adjourn

Hindle moved to adjourn at 8:30 p.m, seconded by DeDe. Passed unanimously.



Valerie A. French
Deputy City Clerk