

Downtown Dover TIF District Development Program

The following Development program will guide development that occurs within the Downtown Dover Tax Increment Finance District (TIFD) as per RSA 162-K:6.

The City’s initial activities in developing the Downtown TIF District will include the construction of a parking facility. It may include public infrastructure development, marketing and promotion of the District, negotiation of development agreements, and the sale of property for commercial and infill development.

Property Disposition & Reuse of Private Property

The City may convey all or a portion of public parking lots located within the TIFD to private developers under the terms of specific development agreements designed to promote the objectives of the Development Program. The terms of purchase and sale agreements or development agreements pertaining to properties transferred by the City must be approved by the City Council. Although not anticipated, should the City need to acquire private property within the TIFD, it shall be accomplished only with approval of the City Council as required by law and be reused for public purposes.

Public Facilities to be constructed

The initial public facilities to be constructed include a 339 space parking garage which includes 290 public parking spaces and 49 spaces for police staff and police vehicles. The garage will be located on an existing surface parking lot within downtown Dover. The additional spaces created will provide much needed parking for various users as well as attract investors to the downtown area. Infrastructure improvements, associated with this garage, may include street lighting, traffic control devices, water, wastewater, storm drainage and road systems anticipated for the completion of the parking ~~structure~~garage.

Following the capital investment in a parking ~~facility~~garage, future public infrastructure within the TIFD, as outlined in the City’s Capital Improvement’s Program and subject to final approval by the City Council, may include the following elements, which center on improvements necessary to encourage positive economic development within Dover’s urban core:

- Relocating existing private utility transmission lines underground;
- Expansion or replacement of public utility infrastructure;
- Improvements to public streetscape and lighting, seasonal and permanent;
- Upgrading existing portions of sidewalk and road way infrastructure as needed for anticipated development;
- Establishment of public open space including public parks and pathways;
- Maintenance and administrative costs.

In addition to the guidelines already described, the construction of the public facilities will adhere and comply with the following guidelines:

- Facilities constructed will not create any additional open space;
- All relevant rules and regulations related to environmental controls;
- Facilities constructed will not involve the reuse of private property; and
- Facilities constructed will are anticipated to be operated and maintained by the City of Dover during and following the completion of capital improvements within the TIFD.

Public Utilities

The City of Dover operates and maintains municipal water, wastewater and storm water utilities within Dover’s downtown.

Private Utilities

In addition to the above referenced Public Utilities, Natural gas service is provided to Dover’s downtown by Unutil, which has a policy of extending service lines at its own cost to provide service to new development sites. Public Service Company of New Hampshire (PSNH) is the provider of electric service to all areas of the City of Dover.

The City’s land development regulations require new development to place all utilities underground. The Master Plan encourages the City to look at placing existing utilities underground as well. All public facility programs will meet this goal.

Land Use Regulations

As established by the City’s development practices, public and private property within the TIFD, consistent with the City’s Master Plan, shall be developed or redeveloped in accordance with the goals, objectives, and standards set by the following City documents, as amended:

- ~~The City’s Master Plan~~
- Zoning ordinance;
- Subdivision of land-land regulations;
- Site plan review regulations;
- Building and life safety codes;
- All applicable state and federal laws.

In addition to applicable regulations, during the Planning Board review process, other pertinent limits on development may be defined by the terms of development agreements between the City and individual private parties. An example of these terms may be found within the Land Development Agreement signed by the City and First Street at Garrison LLC for the development of the city-owned First Street parking lot. Elements of this agreement include guidelines for the development of the lot, as well as tax revenue guarantees.

Relocation of persons, businesses or others:

The City’s proposed development of public infrastructure, does not anticipate the displacement of any persons, businesses or others. ~~As the~~ The area of initial and planned future public infrastructure development is municipal owned property, therefore, no plan for relocation is necessary. ~~If, the City were to work with a private property owner to develop other property within the District, and relocation is required, the City of Dover will ensure that the safety and well-being of those affected by relocation is maintained. Furthermore, the City shall be required to act ethically and with integrity in all dealings.~~

Powers and authorities:

In conformity with the Ddevelopment Pprogram, within the district, the City, ~~via actions of~~ the City Council, may, ~~by virtue of the statute,~~ invoke the various powers and authorities as set forth stated in RSA 162-K:6 III.

District changes and modifications:

The area of the TIFD may be enlarged-amended following the date of the designation, subject to further public hearings and vote of the City Council, in accordance with RSA 162K:5.

The tax increment financing plan may be modified by the approval of the City Council in accordance with 162-K:9 IV.

Downtown Dover TIF Financing Plan

New Hampshire's Revised Statutes Annotated (RSA) govern the State's wellbeing and authorities allowed local communities. RSA 162-K:9 requires that the City of Dover adopt a Tax Increment Financing Plan (TIFP), prior to establishing a TIF district.

Objective

It is the objective of the City of Dover to use the tax increment financing district (TIFD) to help provide downtown parking for various users and; support infill and economic development in the downtown by providing public parking facilities and other public infrastructure improvements. In order to assist in that endeavor, it is necessary that the City of Dover fund public improvements necessary to attract private investors to the center of the community. and, In turn, those private investors and their projects will provide needed taxable assessment, business revenue, and cultural and social activities to the downtown and the community as a whole. With the development of the proposed TIFD, some of the parking requirements of the downtown are met, along with the inclusion of public improvements such as water, wastewater, storm water infrastructure and road systems within the TIFD. Without the creation of the TIFD, long standing parking issues and public infrastructure needs in the downtown will not be resolved, the City will not be the beneficiary of millions of dollars of private investments and the opportunity to benefit from the additional taxable value those private investments generate to fund the aforementioned parking structure-garage and public improvements will be lost.

Additionally, the creation of the TIFD is contemplated by the Master Plan Visioning Chapter adopted by the Planning Board on August 28, 2012 as well as the recommendation from the Land Use Chapter of the Master Plan from 2007 that specifically states the City of Dover should "Designate areas as Business Investment Districts to improve infrastructure and streetscape by taking advantage of income created by an increased tax assessment." The Master Plan also endorses the justification that parking garages be constructed recognizing parking is not just a private sector issue but must be fortified through strong public-private partnership in order for the downtown to prosper.

Sale of City-Owned Real Estate within the TIF District

As part of the Development Program, the City may convey individual properties to private entities for the purposes of development consistent with the purposes of the TIFD. Net revenues generated from the sale of these parcels shall be used to reimburse the City's Parking Activity Fund for its prior investments within the TIFD.

The publicly owned properties, or portions thereof, within the TIFD which are anticipated to be conveyed include:

- The Third Street Parking Lot
- The Orchard Street Parking Lot
- The School Street Parking Lot

As part of the sale of public property for redevelopment, the City shall enter into a development agreement with the purchaser. At a minimum a development agreement will document:

- An agreed construction timeline
- A minimum post development value for the property
- Requirements for a payment in lieu of taxes should the assessed value for the project fall below an agreed upon value

In 2013, the City of Dover entered into a similar agreement with First Street at Garrison, LLC for the sale and redevelopment of the First Street parking lot. The agreement calls for the construction of a ten million one hundred

thousand dollar (\$10,100,000.00) development, over two phases. Said development includes tax guarantees for both phases of development. This anticipated tax revenue is included in the pro forma presented for the parking garage.

Cost of Public Improvements

As part of the Fiscal Year 2015 Capital Improvement's Program adopted in January 2014, the City Council approved the creation of a downtown parking ~~structure~~garage. In conjunction with that vote, the City Council authorized the issuance of General Obligation bonds, pledging the City's full faith and credit in accordance with New Hampshire RSA 33, to finance the parking ~~structure~~garage. This ~~structure~~garage is anticipated to accommodate approximately 339 spaces, with one (1) below grade level of 49 spaces for use by the Dover Police Department and four (4) above grade decks containing a total of 290 public parking spaces. The cost of the parking ~~structure~~garage and related infrastructure improvements will be approximately \$11.5 million. The amount financed will be \$11.5 million.

~~While estimates of The infrastructure improvements included in the \$11.5 million project cost costs are in progress, it is anticipated that those costs may will~~ encompass street lighting, traffic control devices, water, wastewater, storm water infrastructure and roadway systems. The debt service for the first five (5) years of the garage will be limited to interest-only payments. It is anticipated that these payments will be approximately \$575,000 per year. For the remaining twenty (20) years of the bond, the anticipated payments, including principal and interest, will be approximately \$925,000 per year. For forecasting purposes, the pro forma for the garage financing utilizes an interest rate of five percent (5%) over the life of the twenty five (25) year bond.

As part of the annual development of the City's Capital Improvement's Program, further public improvements will be analyzed and approved by the City Council in accordance to existing and future financial policies. Said public improvements will be tied to the overall growth and enhancement of downtown Dover and should contribute to the economic viability and health of the City, and will be within the parameters of revenue generated by the district. ~~While there is no expectation of bonding at this time for public improvements, financing for improvements, whether through future bond issuances or other sources of funded by TIFD revenues,~~ will be scheduled as increment becomes available, and as the City Council approves.

Revenue Potential from Captured Assessed Valuation in District

A pro forma is attached ~~in Appendix C~~ that demonstrates how the plan would finance a 339 space parking ~~structure~~garage. As described above, the project will be financed with a twenty-five (25) year general obligation bond backed by the full faith and credit of the City. The repayment of the bond will include five (5) years of interest only payments and twenty (20) years of principal and interest payments to fully amortize the debt. The debt is structured with interest only being paid for the first five (5) years, to allow for a period of development to occur to create the incremental revenue needed to finance the ongoing principal and interest payments. As reflected in the attached pro forma, ~~It~~ is anticipated that the cost to repay the debt along with ongoing administration, maintenance and capital improvement costs will be satisfied each year from a combination of sources including new tax increment derived from new captured assessed value within the TIFD, parking revenues, and the sale of City-owned parcels.

The computation of the Captured Assessed Valuation in the TIFD shall be done in accordance with the Administrative Plan.

Annual TIF District Revenues

TIF revenues will be generated by property taxes levied on the incremental assessed valuation within the District after the date of its creation. Long term projections of infill development build-out within the TIFD indicate the following annual tax revenue potential generated by one hundred percent (100%) retention of captured assessed

value.

Tax Year Ending	Annual Tax Revenue Potential From Incremental Assessed Valuation
2020	\$620,468
2025	\$774,761
2030	\$910,837
2035	\$1,053,858
2039	\$1,173,507

The above revenue estimates rely on assumptions that include development commitments, such as the First Street parking lot redevelopment, the proposed infill development plan for the Orchard Street, School Street, and Third Street parking lots, and an assumed annual pace of growth in assessed value of ranging from one percent (1%) to two percent (2%) growth in annual assessments due to market forces for the initial seven years. After year 5-7 the assumed percentage of growth is estimated at a value of one percent (1%). Various factors, including the actual pace and character of new development within the TIFD, actual valuations assigned to TIF properties, and property tax rate may alter the captured assessed valuation. Furthermore, the assumptions utilize a fixed tax rate of twenty five dollars and ninety-seven cents (\$25.97) over the life of the pro forma. Actual increments shall be calculated based upon the adopted tax rate, as certified by the New Hampshire Department of Revenue Administration.

Revenue projected from the Parking Activity Fund assumes a combination of projected increase in activity and/or meter rate increases in future years. Assuming no increase in activity, the pro forma assumptions reflect a meter rate increase of \$0.25 per hour in 2017 and again each five (5) year period thereafter. The need for a rate increase and its implementation will occur as part of the adoption of the municipal budget by the City Council. Through the budget adoption process, the City Council may review other elements of the parking fee structure (permit rates etc), as well.

The assumptions above do not anticipate the use of grant funding, or the allocation of unexpended bond proceeds to offset development program costs within the TIFD. The pro forma includes conservative estimates on the sale price of public land, and does not reflect any anticipated redevelopment of specific private property in the TIFD which would generate increased tax incremental revenue. As future development agreements are negotiated as part of the sale of public land, specific tax revenue expectations will be built into the agreement allowing for redevelopment of the property.

Annual Allocation of Captured Value

Where annual tax increment revenues from the TIFD, together with unexpended balances of such revenues from prior years exceed the amount necessary for annual debt service payments, such revenues will accumulate within a capital reserve to be used to retire bond debt incurred for public improvements within the TIFD. Through the annual adoption of the Capital Improvements Program and the adoption of the annual municipal budget, the City Council may also authorize their use for future public improvements, secured by developer agreements.

Subject to current and future debt obligations being satisfied, the balance of any unobligated tax increment revenues may be allocated for the operation, maintenance replacement and/or upgrades of public infrastructure within the TIFD or returned in whole or part to the General Fund following a vote of the City Council and adoption of the annual municipal budget.

Impact of RSA 162-K TIF District on Related Taxing Jurisdictions

In accordance with RSA 162-K:10, all property tax revenues generated by the original assessed value (base value) of the TIFD will continue to accrue to the City’s general fund.

In accordance with RSA 162-K:9, Strafford County and Dover School Board will specifically be provided an opportunity to meet with the City Council, the governing body of the City of Dover, so they also can be informed of the TIF plan and proposed district prior to adoption. They will also be allowed to contribute comments during the public hearing on the establishment of the proposed TIFD.

Operation and Maintenance

The City will be responsible for the operation and maintenance of all public facilities, including the parking ~~facility~~garage. As recommended by Walker Parking Consultants, the projected annual expense of the parking facilitygarage for maintenance and operating expenses will be approximately \$110,000 per year. The funding of maintenance and operating expenses for the parking garage will be provided for with adoption of the Parking Activity Budget as part of the annual municipal budget adopted by the City Council.

~~The Dover City Council may also establish capital reserve accounts for the replacement or upgrades of public infrastructure within the TIFD using TIF incremental revenues.~~

Duration

The Downtown Tax Increment Financing District will expire at the conclusion of the bond repayment schedule associated with the planned public improvements within the TIFD which currently consists of the parking garage structure and related infrastructure improvements. This bond repayment is anticipated to be complete in no more than twenty-five (25) years. Upon expiration of the TIFD, all incremental valuation that has been created within the TIFD becomes available generated as new property tax revenues for the City’s general fund.

Downtown Dover TIF Limitations

Dover’s Tax Increment Financing District must meet certain guidelines and restrictions in its formation, and utilization. In accordance with RSA 162-K:5, the Dover City Council understands that any individual Tax Increment Financing District (TIFD) must demonstrate that the taxable valuation must not be more than eight percent (8%) of the City’s taxable value. Furthermore, the land area within the TIFD encompass no more than five percent (5%) of the City’s land area.

Dover’s Downtown TIF District is proposed to meet the following guidelines:

	<i>Taxable Valuation</i>	<i>Land Area in Acres</i>
City Total 2013	\$2,697,318,050	18,857
Maximum Allowable - Individual TIF District <i>(8% of Taxable Value; 5% of Acreage)</i>	\$215,785,444	942.85
Downtown Dover TIF Baseline <i>As Percent of City Total</i>	\$88,737,200 3.28%	58.467 .31%
Maximum Cumulative TIFs Allowable <i>(16% of Taxable Value; 10% of Acreage)</i>	\$431,570,888	1,885.70
Downtown Dover TIF	\$11,500,000	58.467
Total Cumulative District Values 2013 <i>As Percent of City Total</i>	\$11,500,000 .43%	58.467 .31%

This proposed plan has a total valuation that is just over three percent (3%), thus below the mandated eight percent (8%) of the City’s taxable value. The proposed land area of 58 acres, is less than one percent (1%) of the City’s land area, thus the TIFD conforms to the requirement not be more than five percent (5%).

The statute also limits the cumulative land area and taxable valuation within all TIF districts of a municipality to sixteen percent (16%) of assessed valuation and ten percent (10%) of total land area. Dover has no other existing TIF districts, thus the proposed point forty three percent (.43%) and sub one percent (.31%) allotments meet this cumulative requirement.

Downtown Dover TIF Administration Plan

Proper administration of the Tax Increment Financing District (TIFD) is of paramount importance. Strict adherence to the Development and Financing Plan as well as proper fiscal controls, and oversight of the use of a TIF to promote economic activity must be consistent and constant. In accordance with RSA 162-K, the following administrative processes will govern the TIFD.

Administrator

By designation of the City Council, and consistent with the responsibilities for municipal administration established by the Dover City Charter, the Aadministrator of the Downtown Dover TIF District shall be the City Manager, who shall make an annual financial report to the City Council, as per RSA 162-K:-11.

Advisory Board

In accordance with RSA 162-K:-14, and in conformance with Chapter 5 of the City of Dover Code, the Dover City Council shall create an Advisory Board for the TIFD, which shall have operating rules. The Advisory Board shall consist of five-seven (7) voting members including the a City Councilor, two (2) Citizen Representatives, who do not own or occupy real property within or adjacent to the district, Manager (or designee), one (1) Parking Commission designee, one-four (1/4) property owners or occupants of real property within or adjacent to the district to be designated by the City Council, one (1) property owner or occupant of real property within or adjacent to the district to be including one (1) designated recommended by the Greater Dover Chamber of Commerce, and one (1) property owner or occupant of real property within or adjacent to the district to be designated recommended by Dover Main Street. The City Manager shall be an ex-officio non-voting member. The Advisory Board shall be known as the "Downtown Dover TIF Advisory Board."

The Board shall operate under the provisions of 162-K:-14 which governs the powers and authority of the Advisory Board. The purpose of the Advisory Board shall be to advise the City Council on the policies and actions for the administration of the district relating to planning, construction and implementation of the Development Program and the operation and maintenance of the District after the program is completed.

The Advisory Board shall meet either as determined by the chair of the Board or request by the Mayor or the City Manager to examine operation and maintenance of the TIFD.

The Advisory Board shall have 30 days to appeal any decision of the district administrator to the City Council for review and appropriate action.

Amendments

Amendments to the boundaries of the TIFD, the Development Program or Financing Plan shall be undertaken in accordance with the public hearing process set forth within RSA 162-K:4, including its requirements for reasonable notification to the Dover School District and Strafford County Commissioners, in accordance with RSA 162-K:9.

Duration of Program

The Downtown Tax Increment Financing District will expire at the conclusion of the bond repayment schedule associated with public improvements made within the TIFD including that associated with the parking garage structure and related improvements which is anticipated to be twenty-five (25) years.

Computation of tax increments:

Upon formation of a development district, the Dover Tax Assessor shall determine the current assessed value of the real property within the District in conformity with RSA 162-K:10. The current assessed value shall be known as the “Ooriginal Aassessed Vvalue.” Each year thereafter, the Assessor(s) shall determine the amount by which the assessed value has increased or decreased from the Ooriginal Aassessed Vvalue. Any amount by which the current assessed value of the district exceeds the original assessed value will be referred to as the “Captured Aassessed Vvalue.” This amount will be determined annually.

Captured assessed value dedication:

The City of Dover shall expend the tax increments received in accordance with the tax increment financing plan. Tax increments shall be used only to pay the costs (including debt service) and administrative expenses incurred in developing and maintaining the public facilities and infrastructure to be constructed within the District TIFD.