

TOWN OF NAPLES
Board of Selectpersons Special Meeting
Wednesday, February 6, 2008
Minutes

In attendance: Christine Powers, Robert Caron Sr, Dana Watson, Karen Thompson, Rick Paraschak, Derik Goodine, Noreen Norton (Eaton Peabody), Chris Pond.

Mrs. Powers called the Special Board of Selectpersons meeting to order at 6:11 pm.

NEW BUSINESS

The first item on the agenda was the TIF District. Mr. Goodine received the draft and finalized brochures. Noreen Norton from Eaton Peabody presented TIF information. TIF is a way of financing investments that are designed to increase economic development; to increase retail, commercial, and industrial types of uses to decrease the burden on the individual taxpayers. The Town chooses the point in time to begin and sets the Original Assessed Value (OAV). The OAV continues to be taxed for municipal use at the current mil rate during the time of the TIF and never changes. Over time, when values increase in the TIF district, the Tax Increment (TI) values go into a special fund, which pays for the specific projects set up within the development program. A TIF makes a lot of sense in funding the projects the community wishes to see happen in the TIF districts. A major benefit of a TIF is the “sheltered” values that a TIF creates in keeping those values out of the State calculations of Town value for School subsidy and State Revenue Sharing. The same benefit happens on the County level when they calculate the County Tax. There are limitations on the amount of geographic area that can be captured in a TIF for all but a Downtown TIF. A TIF can be as specific as a piece of equipment in a building and as broad as entire parcels of property in many cases. An area-wide TIF is comprised of multiple parcels, which is what Naples has proposed. Instead of one district, the proposed TIF has been done in two districts because of the size of the area being done. The projected investments for the 302 Corridor for a 10-year period are 15.6 million, generating revenues at a mil rate of 15.6. The Downtown and Waterfront District is projected at 6.5 million for the first 10-years of the 25 year period. The geographic areas and proposed projects for each District are outlined in the brochure and final draft. The projects were generalized so that if changes needed to be made, they could be done without amendments on the local and State level. Mr. Paraschak reviewed the paperwork beforehand and asked about the TIF calculation process. Ms Norton explained that if a property had a 200,000.00 OAV at the time of the TIF, and then increased to 700,000.00, then the TI would be on the 500,000.00 **only** while the 200,000.00 of value would be taxed for the municipal’s General Fund. Mr. Paraschak commented on not seeing Public Safety projects in the appropriate section. Ms Norton agreed to add those to the lists, but only as allowable by the regulation, which states, that Public Safety projects, while normally exempt from TIF projects, may be allowed only when needed as a direct result of other TIF projects done in the District. Mr. Paraschak then asked about the possibility of TIF funding being used for Public Works projects in the same way. Ms Norton noted that they would be considered on a case-by-case basis. Mr. Caron asked for clarification

on TIF calculation process. Ms Norton explained the calculation process splitting the General Fund and TIF Fund taxes. Chris Pond asked where the TIF funds go and if the tax bills that the taxpayer receives will look different. Ms Norton explained that it is the Assessors job to recognize TIF Funding versus General Funding and take care of it during the Calculation process. The taxpayer will not see anything different in their calculations and the way they are to pay their taxes. Mr. Goodine asked Ms Norton to explain the Credit Enhancement Agreement (CEA). Ms Norton replied that a CEA is an agreement with a property owner or developer that wishes up to 100% of the TI tax to be given back in order to get established and make developments. Each CEA Application would need approval by the Town for which criteria can be established in as little or as much detail as the Town desires. Mr. Caron asked about the time period of the TIF. Ms Norton stated that the TIFs proposed have been set up for a period of 25 years, but a letter can be submitted to the State in order to get rid of the TIF Districts before the period is over. Mr. Watson asked about a possible advantage for purchasing property and developing it within a TIF District or without. Ms Norton explained that outside of the possibility of a CEA, there is no difference either way as far as the total amount of taxes being paid by the taxpayer. Mr. Caron asked about the CEA purpose for the property/business owner. Ms Norton answered that the CEA funds would have to be used for property/business investment purposes, as they would have to state in the application for the CEA. Mr. Paraschak noted that other local communities have instituted TIFs in order to increase local stability and economic growth as well. A member of the public asked about the potential risks of a TIF. Ms Norton answered that the only potential risk is when General Obligation Bonds are involved. Mr. Paraschak wanted clarification on what types of projects are allowed to be done with TIF funding; specifically, if such projects may benefit the entire community by relieving the General Fund tax burden since the TIF funds can be used for an expense normally carried by the Municipal Budget. Ms Norton referred to the State Statute which is summarized as, "any physical investments within the District boundaries are allowable as long as they are indentified; any improvements needing to be made outside the District which support the District are allowable; anything that is considered economic development for the District is allowable." The projects allowed are what the Town proposes as projects during the TIF submission to the State after the Public Hearing and Town Meeting approval. Ms Norton's recommendation is to list a project, even if the project doesn't eventually get funding, since it is difficult to add a project after State approval. Mr. Caron asked about possible investment of TIF money so that the funds are being put to use when they are not being expended. Ms Norton affirmed that they could be invested as long as the principal balance ultimately applies to economic development purposes. The decision on whether interest earned on TIF funds should go into the General Fund or the TIF Fund balance has not yet been determined. The TIFs need to be submitted to the State by March 1, 2008 in order to have the OAVs where they are set now. *Mr. Paraschak made a motion to set a Public Hearing for the approval of the 302 Corridor District and TIF and Downtown & Waterfront District and TIF on February 25, 2008 at 6:30 pm; seconded by Mr. Watson. All were in favor.*

The next item on the agenda was additional Warrant Items for the Special Town Meeting: additional Town Maintenance funds, Fire Department Grant funds

acceptance, Kent's Landing and Ambulance Reserve balance, and Ambulance sale proceeds. Mr. Goodine doesn't believe that the Kent's landing issue will be included in this Special Town Meeting because of further research and information needed. Salt and sand supplies need to be replenished at a proposed 30,000.00 for the remainder of the fiscal year. Building maintenance projects in the Post Office area are being required, with a proposed 3,000.00 or 4,000.00. The Fire Department received a Grant for an Exhaust Removal System, which should be approved. Chris Burnham has requested the utilization of sale proceeds from the ambulance in order to purchase a cot for transportation.

Payroll and Payables were signed.

Mrs. Thompson made a motion to adjourn at 7:16 pm; seconded by Mr. Watson. All were in favor.

Respectfully Submitted,

Cathy Markavich