



Freeport Economic Development Corporation

## MEMORANDUM

TO: Peter Joseph, Town Manager  
Freeport Town Council

FROM: Keith A. McBride, FEDC Executive Director  
FEDC Board of Directors

DATE: February 4, 2020

RE: **TIF Workshop on February 4**

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This memo serves to help in the preparation for our workshop between FEDC, the Freeport Town Council and L.L. Bean on Tuesday, February 4. This workshop is taking place pursuant to the requirements of Freeport's TIF policy. As per the policy, the purpose of the workshop is for the council to get more information on the TIF proposal, and to make a determination of whether or not this is an appropriate use of TIF. FEDC's role is to participate as independent advisors and providers of information.

There will be an additional public hearing and discussion on the TIF proposal in its entirety in late February, which would include specific use of TIF funds, terms of a credit enhancement agreement and boundaries of the district. All these matters are under consideration and have not yet been fully determined by the town and applicant. This workshop will evaluate whether or not the construction project being undertaken by L.L. Bean is appropriate for participation by the town by way of a TIF.

In preparation for this workshop, a committee appointed by FEDC has been working to gather information and analyze the proposal. In this memo, I am sharing with you our thoughts on the question of whether or not this is an appropriate use of TIF. Again, this is the question on which this workshop should focus.

Applying the town's policy on TIFs as well as state laws and regulations, in combination with other official policy statements on the town's priorities and goals, it is FEDC's position that this is an appropriate use of TIF. The town's TIF policy states ten "criteria" for the town to utilize in determining participation in the proposed TIF. The policy suggests that these should each be given consideration, but not all the criteria will apply in every TIF situation.

Still, the majority of these points suggest that this TIF fits well within the type of projects for which the town would want to utilize TIF as a funding mechanism:

**Bullet #1: “The value of the proposed public infrastructure”**

This is a bit subjective, as it requires the council to determine whether or not the public benefit of the proposed TIF outweighs any costs. In this case, we can start by looking at the value of the 5 public infrastructure/benefits as outlined in LL Bean’s presentation to the council on January 7. They are:

- L.L. Bean remains in Freeport, contributing over 10% of property taxes in town
- 900 seat conference and events center, available for community events
- Stormwater improvements to help reverse Concord Brook’s status as an urban impaired stream (both on and off-site)
- Expanded trail system: multi-use trail connecting Pine Street to West Street
- New Little League ballfield at Pownal Road.

L.L. Bean makes note that the total cost of these improvements equal more than the \$10 million requested for the credit enhancement agreement. Stormwater improvements are an enormous portion of those costs. Their value is mitigated by the fact that some small portion of their on-site upgrades will be required pursuant to their permit from Maine DEP. However, there is value in having stormwater improvement at this site operating at above-and-beyond the current requirements for stormwater. Without the TIF, the company would most likely not pay for more than the minimum of what is required by DEP. Furthermore, without the TIF, they would not include additional allocations for Concord Brook repair/remediation efforts outside of their construction project scope and off of their property.

This bullet point gets to the town’s priority. According to Adam Bliss, Town Engineer, reversing the “urban impaired” designation of Concord Brook and stormwater improvements should be a major priority for the town. When the U.S. EPA designated Concord Brook as an “urban-impaired” stream, it immediately put the town on the hot seat to see that improvements are being made. An action plan was developed, but there has not been any solution to the question of how it could be funded, and this TIF comes in at a time when this problem is desperately in need of a solution.

Likewise, the issue of off-road pedestrian trails is one that Active Living, the project review board, Freeport Conservation Trust, and others have tapped into as a major priority and opportunity for Freeport. It became the town’s battle cry for the redevelopment of the Cousin’s River Bridge, and similar feedback was heard in preliminary discussions about overpass improvements at Exit 20 (Desert Road) and 22 (Mallett Drive).

If these two particular public infrastructure projects tap directly into high priorities for the town, there is a great deal of “value” to the proposed TIF. The assessment of priority and value is an important step the council has yet to take in evaluating this TIF.

**Bullet #2: “The project creates public infrastructure facilities that have application beyond the particular development, such as improvements to traffic patterns, parking facilities, access to water, the incorporation of sustainable technologies, green space, or environmental remediation.”**

Environmental remediation jumps off the page in this bullet. As mentioned above, Concord Brook is a major environmental remediation priority for Freeport. The question of “green space” suggests a connection to the proposed walking trails, the creation of the new little league field at Pownal Road.

The TIF policy also instructs FEDC to reach out to other town department heads for their feedback on this proposal and the project. Chief Nourse has made mention of how changes to the traffic pattern at Double L Street (where the sight distance is limited because of the railway overpass) could make that intersection safer. This was also raised in a public meeting with DOT, and representatives from L.L. Bean had no objections to exploring solutions to this issue.

**Bullet #3: “The project is generally consistent with goals and actions stated in the Town’s Comprehensive Plan”**

The town’s Comprehensive Plan mentions TIF, but only as a method that Freeport has historically used to plan an active role in expanding the local economy. It does not make a recommendation about future uses of TIF.

It speaks to the importance of L.L. Bean to the town, saying “Without a doubt, L.L. Bean is the cornerstone of Freeport’s economy. Bean is the biggest employer, the highest tax payer and the largest landowner.” It follows, then, that the town would foster its relationship with Bean as responsible economic development, but the comp plan does not make this specific recommendation. It does, however, recommend expanding opportunities for outdoor recreation, and even suggests land acquisition to help connect new trail networks:

“As Mainers, we embrace and value outdoor recreation. In the next decade, developing stewardship plans for land already publicly owned may be as important as acquiring new land. Some new land acquisition may target places where connections between trails are needed. In these cases, a narrow band of land may be all that we need to acquire. Specific trail locations have not been identified; however, any and all links or potential links should be considered.” (page 8)

**Bullets #4 & 5: The project assists an established business in the Town of Freeport, thus retaining existing employment opportunities. (OR) The project brings a new business to the community that is consistent with one of the business sectors identified below.**

Obviously, supporting L.L. Bean which is “without a doubt ... the cornerstone of Freeport’s economy,” meets this criteria. It retains the existing employment opportunities at the Casco Street/ Double L Street facilities, and according to the company, they plan to consolidate some other positions currently at locations into this new facility, and will also have room for some growth in the future.

**Bullet 6: “The project supports, or will support, local efforts and programs that assist in the development of the following business sectors: light manufacturing, the creative economy, medical industry, lodging, eco-tourism or the State’s targeted industries consistent with Pine Tree Zone standards (manufacturing, advanced technologies for forestry & agriculture, aquaculture & marine technology, biotechnology, composite materials technology, environmental technology, financial services, information technology) “**

This bullet point is minimally applicable to this TIF. However, it is worth noting that the existence of a conference/events center at the L.L. Bean facility could be used to attract state/regional and even national groups to hold their conferences in Freeport, which would support lodging and eco-tourism in town.

**Bullet #7: “The project creates long-term, permanent, and quality employment opportunities.”**

As mentioned above, while the project expands the office space at the Casco Street facility, it largely consolidates existing jobs from other locations, with room for potential future expansion. It does not, by itself, create new jobs. The positions at the Casco Street facility, though, certainly qualify as “quality” jobs.

**Bullet #8 & 9: The project contributes to the unique quality of the Village, commercial and industrial districts or other areas in need of redevelopment. The project improves a blighted building site that will benefit from rehabilitation.**

The existing site is 50 years old, and will have significant redevelopment and rehabilitation, including façade improvement, utilities and stormwater (among others). For example, the primary focus of the re-development is an existing warehouse building that will be re-invented as a modern office environment. However, it is a stretch to say that this site is “blighted.” We are fortunate that Freeport doesn’t experience much (if any) “blight.”

**Bullet #10: The project supports or will support community projects, provides job training, provides student internships, supports local contractors and suppliers.**

The proposed TIF adds a new little league field at Pownal Road, and the company is pledging to work with the Freeport Conservation Trust to complete a trail from West Street to Pine Street, and to continue exploring the further connection of this trail all the way to South Freeport Road. This has been a project explored by the community for many years, including a public input session in 2018 held by Donna Larson with Route 1 South property owners/residents, businesses, project review board members, planning board members and FEDC. The town’s Active Living Plan speaks directly to the need for pedestrian/bike-friendly pathways and trails, and the former Active Living Committee (recently incorporated into the new Complete Streets Committee) has been working on this project for years. It is also well documented that L.L. Bean has financially supported many other community projects throughout the years. Bean has also hired Zachau Construction, a Freeport-based contractor, to do the construction project.

The TIF Policy includes 5 additional bullet points which set out how an applicant should demonstrate that the town's participation via a credit enhancement agreement is "economically necessary." The policy suggests they can demonstrate justification for a CEA by showing:

**Bullet #1: "The financial need to offset public infrastructure costs unique to the project or site."**

The company has not yet publicly released the full project costs or construction budget. Without that information, it is hard to assess this properly. Likewise, we are not privileged to any information regarding the company's "financial need" to offset these costs.

**Bullet #2: "The project is one that is supported in Freeport's Comprehensive Plan, in its capital improvement program, or in other supporting documents recognized by the community."**

Previously discussed above. This bullet is met.

**Bullet #3: "The developer demonstrates the financial capacity to undertake the project and provides evidence in support of this capacity. Evidence will include but is not limited to: Development budget and pro-forma, Financial commitments of project lenders, A project implementation plan and schedule. (All such information shall be kept confidential. Town staff and Town Council will agree to a non-disclosure agreement, if deemed necessary.)"**

Financial commitments from lenders have not been made available. Whether or not L.L. Bean would submit these documents, or a construction budget and pro-forma to the town under terms of a non-disclosure agreement has not yet been discussed. However, the Project Review Board has already seen full development plans and a schedule for the various phases of completion.

**Bullet #4: "The project creates incremental tax value equal to or greater than \$1 million, excluding personal property."**

The project is expected to increase taxable value of the property by far more than \$1 million.

**Bullet #5: "The developer is compliant with all statutory and regulatory guidelines of the Town of Freeport and the State of Maine."**

The company assured the town that they are taking all necessary steps to ensure compliance with DOT, DEP, State Fire Marshall, and other state regulatory bodies. At the local level, they still need some approvals before they can be fully permitted for all phases of construction, but all parties remain in close communication and are aware of this. The project not currently out of compliance. I have confirmed this with Nick Adams and Caroline Pelletier.

Taking all these criteria into account, the TIF proposal from LL Bean seems, in FEDC's view, an appropriate use of TIF to accomplish both the town's and company's goals. This memo also highlights some areas of continuing info-gathering efforts on our part, and also highlights some questions for more information which could be raised at the workshop.

I look forward to an in-depth conversation on this matter. Thank you.

