

**SPECIAL FREEPORT TOWN COUNCIL MEETING
TOWN HALL COUNCIL CHAMBERS
FEBRUARY 24, 2004 – 6:00 P.M.**

CHAIRPERSON'S CALL TO ORDER

PRESENT ABSENT EXCUSED

Rod Regier, South Street	x		
Thomas Rumpf, P.O. Box 819, S. Freeport	x		
John Arsenault, Prout Road	x		
Charlotte Bishop, Maquoit Drive	x		
Rich DeGrandpre, Timber Ridge Road	x		
Frederick White, 45 Pleasant Hill Road			x
James Cassida, 5 Timber Ridge Road	x		

Chair Regier called the special meeting to order. He explained that there will not be a public comment period tonight. The workshop immediately following this special meeting will be televised.

Chair Regier noted that this is the first time since January 6 that four people that attended that Council meeting are here.

FIRST ORDER OF BUSINESS: Accept the minutes of Meetings #01-2004 held on January 6, 2004 and #03-2004 held on February 3, 2004.

MOVED AND SECONDED: To amend Minutes #01-2004 Held on January 6, 2004 to reflect that Councilor DeGrandpre notified the public that dog licenses expired on December 31 not Councilor Cassida. (Cassida & Arsenault)
VOTE: (5 Ayes) (1 Abstained—Regier) (1 Excused—White).

MOVED AND SECONDED: To accept Minutes #01-2004 held on January 6, 2004 as amended. (Cassida & Arsenault)
VOTE: (5 Ayes) (1 Abstention—Regier) (1 Excused—White).

MOVED AND SECONDED: To accept Minutes #03-2004 held on February 3, 2004 as printed. (Cassida & Arsenault)
VOTE: (5 Ayes) (1 Abstention—Rumpf) (1 Excused—White).

ANNOUNCEMENTS:

Chair Regier advised that Citizen of the Year Nomination forms are available again. The deadline is April 1.

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There is some storm water drainage work that began on Park Street yesterday. Citizens should use caution while driving on Park Street.

SECOND ORDER OF BUSINESS: Take action on the following items of business as read by the Council Chairperson.

ITEM#30-2004: To consider action relative to proposed amendments to the Destination Freeport Municipal Development and Tax Increment Financing District for U.S. Route #1 South. **(Public Hearing).**

MOVED AND SECONDED: That the Public Hearing be opened. (Cassida & Arsenault) **VOTE:** (6 Ayes) (1 Excused—White).

Mr. Olmstead explained that the Town Planner has a PowerPoint presentation outlining the purpose and goals of the amendments. He thanked Donna Larson, Greg L'Heureux and Bob Conczal for the tremendous amount of work they put into preparing these amendments. It is the first time that a TIF document has been handled in-house.

Ms. Larson explained the TIF district and the purpose of the proposal. By using this tool, the Town will be able to make capital improvements over a number of years. The proposal is to add another ten years to the existing district. Rather than expiring in 2008, the proposal will expire in 2018. There are three properties to be added: The Gatehouse Conference Center and two properties south of Comfort Suites. She explained the map that is in the application and the properties involved. The original proposal suggested capturing personal property and this has not happened. Instead personal property has gone into the General Fund. Discussion followed. The original projection was to capture approximately \$245,000 per year. In 2005 the Town will actually get \$131,500 with the Conference Center addition. The best guess projection in the proposal before the Council tonight is to be able to capture \$206,400. The improvements identified in this proposal are over \$4mm and they include things such as sidewalk improvements, equipment needed to maintain sidewalks and the village, Administrative costs, etc. The funds will be used to complete the improvements recommended in the 1978 Townscape Study and to begin the improvements outlined in Vision 2010. They will come before the Council during every Capital Budget to approve certain specific improvements during a given year. The benefit of the TIF is that it avoids a decrease in State subsidy for education, as well as avoiding a decrease in the State Revenue Sharing payment. It also avoids an increase in the County Tax payment. It ensures constant improvement.

Greg L'Heureux, Finance Director, explained the formulas that are involved and answered questions for Councilors on calculations and assumptions.

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Ed Bonney, President of the Freeport Economic Development Corporation, explained how important it is to keep up Freeport's commercial tax base. During the past three years there has been a decrease in the ratio between residential and commercial property tax bases. FEDC views the extension of this TIF as an opportunity to strengthen the Town's commitment to the economic engine of Freeport. They have worked closely with Ms. Larson and Mr. L'Heureux to help bring the TIF forward. He mentioned that equipment such as a snowplow and a snowblower have been purchased for use downtown and believes there is still \$300,000 still available from the first five years of the TIF.

Susie Saunders, Co-Chair of Vision 2010 Implementation Team, explained that in 1978 the Townscape Report was presented. At that time the Town Council promised to bring a new look to the downtown with brick sidewalks, street trees, benches and trash receptacles. That promise is approximately 65% complete at this time and maintenance over the years has been limited since it was included in the annual Public Works Sidewalk repairs. Private property owners downtown have completed other repairs. In November of 2002 the Vision 2010 Report was presented to help revitalize the downtown. No one can set the Capital Improvement Budget except the Town. She explained what was included in the Vision 2010. She along with Town Staff walked the streets in December and developed a prioritized sidewalk inventory. Jim Plummer will be presenting this as part of the Capital Plan for this Council's consideration. Her team has provided recommendations straight out of the Vision 2010 Report. She answered questions for Councilors.

Kevin Sullivan, Executive Director of FMMA, explained that 3.6 million visitors came to Freeport in 2003. While Freeport is known as a retail destination, there has been increased competition from Kittery and the Maine Mall. He encouraged Councilors to look at ways to make Freeport a multi day destination. He mentioned a Main Street Visitor Center. He encouraged Councilors to pass this resolution and ensure the economic health of our Town.

Bob Lyman, Superintendent of Schools, asked if the Town dedicates dollars for different projects or do we look at the entire budget of the Town as to what the needs are and allocate funds from that. He believes this is part of what a TIF district would do. It made a lot of sense when the Bean project was done. Value was taken off of the books and the Town got more State funding. He noted that zero percent of nothing is still zero percent. Mr. L'Heureux explained how he arrived at his calculations.

Betsy Ruff, FEDC, explained that she is very committed to the economic health of our community. She noted that the Town needs to maintain its tax base while encouraging businesses as well as customers to come to our community. In the past, merchants footed the bill for downtown improvements and now it's time for

the Town to take some responsibility in moving forward in this area. This proposal is one way to begin to assure the economic viability of our community.

Chair Regier read an email addressed to the Town Manager from Jay Yilmaz in support of the Destination Freeport TIF.

MOVED AND SECONDED: That the Public Hearing be closed. (DeGrandpre & Bishop) **VOTE:** (6 Ayes) (1 Excused—White).

Town of Freeport , Maine

**ORDER DESIGNATING AN EXPANDED DESTINATION
FREEPORT MUNICIPAL DEVELOPMENT AND TAX
INCREMENT FINANCING DISTRICT AND ADOPTING THE
DEVELOPMENT PROGRAM FOR THE DISTRICT**

WHEREAS, the Town of Freeport, Maine (the "Town") is authorized pursuant to Chapter 207 of Title 30-A of the Maine Revised Statutes, as amended, to designate specified areas within the Town as Municipal Development Districts and Tax Increment Financing Districts and to adopt a Development Program for such Districts; and

WHEREAS, there is a need to provide continuing employment opportunities for the citizens of Freeport and the surrounding region; to improve and broaden the tax base of the Town; and to improve the general economy of the Town, the surrounding region and the State of Maine; and

WHEREAS, the designation of additional Municipal Development and Tax Increment Financing Districts will help to provide continued employment for the citizens of Freeport and the surrounding region; improve and broaden the tax base in the Town and improve the economy of the Town and the State of Maine; and

WHEREAS, there is a need to encourage the development, expansion and improvement of commercial facilities within the Town through the establishment of Municipal Development Districts and Tax Increment Financing Districts in accordance with the provisions of Chapter 207 of Title 30-A; and

WHEREAS, the Town has held a public hearing on the question of establishing the District in accordance with the

requirements of 30-A M.R.S.A. S 5253, upon at least ten (10) days prior notice published in a newspaper of general circulation within the City; and

WHEREAS, the Town desires to expand the Destination Freeport Municipal Development District and Tax Increment Financing District and adopt a Development Program for such District; and

WHEREAS, it is expected that approval will be sought and obtained from the Maine Department of Economic and Community Development, approving the designation of the District and the adoption of the Development Program for the District;

NOW, THEREFORE, BE IT HEREBY ORDERED BY THE FREEPORT TOWN COUNCIL AS FOLLOWS:

Section .1. The Town hereby finds and determines that:

(a) At least 25%, by area, of the real property within the District, as hereinafter designated, is acreage in need of rehabilitation, redevelopment or conservation as defined in 30-A M.R.S.A. S 5253; and

(b) The total area of the District does not exceed 2% of the total acreage of the Town, and the total area of all development districts within the Town (including the District) does not exceed 5% of the total acreage of the Town; and

(c) The aggregate value of equalized taxable property of the District as of April 1, 2003 does not exceed 5% of the total value of equalized taxable property within the Town as of April 1, 2003; and

(d) The designation of the District and pursuit of the Development Program will generate substantial economic benefits for the Town and its residents, including employment opportunities, broadened and improved tax base and economic stimulus, and therefore constitutes a good and valid public purpose.

Section 2. Pursuant to Chapter 207 of Title 30-A of the Maine Revised Statutes, as amended, the Town hereby designates the Expanded Destination Freeport Tax Increment Financing Districts, designated and described as

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more particularly set forth in the document entitled "Destination Freeport Tax Increment Financing Districts Expansion" presented to the Town Council in the form attached hereto and such Development Program is hereby incorporated by reference into this resolution as the Development Program for the District (the "Development Program").

Section 3. Pursuant to the provisions of 30-A M.R.S.A. 5254, the Town hereby adopts the statement of the percentage of Assessed Value to be retained by the Town set forth in the Development Program for purposes of said Section 5254.

Section 4. The Town Manager be, and hereby is, authorized, empowered and directed to submit the proposed designation of the District and the proposed Development Program for the District to the State of Maine Department of Economic and Community Development for review and approval pursuant to the requirements of 30-A M.R.S.A. §5253(l)(F).

Section 5. The foregoing designation of the District and the adoption of the Development Program for the District shall automatically become final and shall take full force and effect upon receipt by the Town of approval of the designation of the District and adoption of the Development Program by the Department of Economic and Community Development, without requirements of further action by the Town, the Town Council or any other party. (Cassida & Arsenault)

MOVED AND SECONDED: that in Section I, (a) S 5253 should be changed to Section 5253. (Cassida & Arsenault)
VOTE: (6 Ayes) (1 Excused—White).

Chair Regier asked Councilors if they wanted to talk about this in general and focus on a proposal to expand the existing TIF by time and there is a proposal to expand the existing TIF by geography. He asked what the Council's preference would be in beginning conversations.

Councilor DeGrandpre advised that the Council is challenged to educate children and keep the downtown healthy and vibrant. There are taxpayers who have suffered through big tax increases every year and the Council is challenged to make its best guess for their future.

Chair Regier asked Councilors how they felt about going from 10 years to a 20 year TIF. Councilor DeGrandpre indicated he has no problem and Councilor

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Bishop agreed. Councilor Rumpf indicated that the two questions are not separable because the purpose of the extension and the expansion is to generate a certain amount of revenue in the TIF. The policy question is really whether this is the appropriate way to dedicate money towards certain improvements in Town which many people feel are needed. Mr. L'Heureux explained that there is a mechanism to change the captured percent. More discussion followed.

Chair Regier indicated he has no hesitation in extending the TIF to 20 years so it appears there is agreement in the time extension. As for extending it to the geographic properties, he asked Councilors for their input. He asked Mr. L'Heureux to prepare a financial projection of what would happen to the TIF if these properties were not included. This information was provided to Councilors and members of the public. Mr. L'Heureux explained the information he computed. Chair Regier also asked him if he had to make suggestions, what would they be. He suggestion something the Council might like to take into consideration is placing a cap on the total captured value within the district. He put together the numbers on that model and distributed a copy to Councilors and members of the public. The \$10mm cap would mean that if we had the development of the Steele site or any of the two lots south of the Comfort Suites, any of these lots would bring the Town almost up to the cap. This scenario would bring in a total revenue stream of about \$3,150,000. These models are based upon assumptions. If the mill rate is substantially more, the tax will be substantially more. He used the current mill rate. He used the ten million cap because it is a nice round number but it can be raised at some later time going back through the approval process. He answered questions for Councilors.

Mr. Olmstead indicated that caps are not foreign to Freeport in approving TIFs. The first L.L. Bean TIF was capped. More discussion followed. Ms. Bishop noted that the \$2.4mm was for 10 years of projects and we couldn't fully fund them. Now we are going to go 20 years. She recalled that part of the TIF was going to pay for the FEDC administrative costs and there was never enough money generated to do this. She would like to see this money come out of the TIF money if possible rather than the operating budget. Mr. Bonney noted that FDEC has never asked for that money because the Council makes a decision on an annual basis on what will be funded out of the TIF and never took the opportunity to fund that level from the TIF. He wanted the public to understand this.

Councilor DeGrandpre pointed out that the \$2.4mm is not enough. He noted that Mr. L'Heureux's suggested \$10mm cap would be the middle ground and the revenue wouldn't start for years until these properties come on line. Councilors Cassida, Arsenault and Bishop indicated they would be willing to support a \$10mm cap. More discussion followed. Councilor Rumpf agreed to the \$10mm cap.

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MOVED AND SECONDED: To amend the original order as presented by Councilor Cassida to implement a \$10mm cap on the captured valuation within the TIF and to allow that captured valuation to be adjusted in the event of a re-valuation within Town by the overall increase in the total commercial valuation. (Rumpf & Arsenault) **ROLL CALL VOTE:** (6 Ayes) (1 Excused—White).

ROLL CALL VOTE ON AMENDED ORDER: (6 Ayes) (1 Excused—White)

Adjournment

MOVED AND SECONDED: To adjourn at 9 p.m. (Cassida & Arsenault) **VOTE:** (5 Ayes) (2 Excused—Rumpf & White).

Respectfully Submitted,



Sharon Coffin
Council Secretary