

TIF DISTRICTS & CIP SUMMARY

TAX INCREMENT FINANCE (TIF) DISTRICTS

The City currently has three Tax Increment Finance (TIF) districts. These districts were enacted in accordance with NH RSA 162-K. In accordance with State Law, the City has the ability to capture and retain tax revenues generated by new development constructed within each TIF District after their enactment. These captured revenues are used to support debt service incurred for infrastructure improvements within the TIF Districts, as well as operating and administrative costs.

Combined, these TIF Districts encompass approximately 137 acres of land. Since their inception, the City has made a combined investment of \$25.2 +/- million in infrastructure improvements within these Districts. These investments have served as a catalyst for \$90,946,850 in new assessed value generated by several real estate development projects (FY 2018 estimate).

An overview of each TIF District follows. More specific information concerning the financial details for each TIF District is included elsewhere in this document.

- 1) The **North End Opportunity Corridor Tax Increment Finance District (NEOCTIF)** was established on March 23, 1998, and most recently amended on April 14, 2014. This district was established to facilitate cleanup and redevelopment of the former Concord Lumber property and surrounding parcels in the vicinity of Horseshoe Pond and Exit 15 on Interstate 93. Since 1998, the City's total capital investment in the NEOCTIF District has been \$7,796,200, including \$1.05 million for the acquisition of the Tsunis Holdings property and related expenses. To date, this investment has yielded \$51,079,200 in new private development (FY 2018 estimate). Presently, the NEOCTIF District encompasses approximately 67.7 acres.
- 2) The **Sears Block (a.k.a. "Capital Commons") Tax Increment Finance District (SBTIF)** was established on September 8, 2003, and most recently amended on July 30, 2014. This district was established to facilitate cleanup and redevelopment of the former Sears Block and surrounding properties located in downtown Concord. The former Sears Block is now occupied by the Capital Commons Office Building and Parking Garage. Since 2003, the City's total capital investment in the SBTIF District has been \$20,815,341. To date, this investment has served as a catalyst for \$38,122,050 in new private development (FY 2018 estimate). This figure includes incremental assessed value associated with the Smile Building at 49 South Main Street, as well as the commercial portion of the Endicott Hotel, due to the expiration of RSA 79-E Community Tax Relief Incentive benefits which expired on April 1, 2017. Presently, the SBTIF District encompasses approximately 21 acres.
- 3) The **Penacook Village Tax Increment Finance District (PVTIF)** was established on June 14, 2010, and most recently amended on June 9, 2014. This district was established to facilitate cleanup and redevelopment of the former Allied Leather Tannery Site and surrounding properties in Penacook Village. Since 2010, the City's total capital investment in the PVTIF District has been \$1,354,040. This figure excludes \$3.673 +/- million for acquisition and cleanup of the Allied Leather Tannery and Amazon Realty sites. To date, the City's investment in TIF improvements has yielded \$1,745,600 in new private development (FY 2018 estimate). Presently, the PVTIF District encompasses approximately 47.1 acres.

TIF DISTRICTS & CIP SUMMARY

NEOCTIF FUND SUMMARY

	2017 Budgeted	2017 Estimated	2018 Budget
Revenue	\$474,854	\$497,658	\$493,156
Expense	\$210,815	\$206,715	\$213,480
Net Income (Loss)		\$290,943	\$279,676
Beginning Working Capital		\$733,552	\$1,024,495
Ending Working Capital		\$1,024,495	\$1,304,171

NEOCTIF FUND DETAIL

	2015 Actual	2016 Actual	2017 Budgeted	2017 Estimated	2018 Budget
Revenue					
Property Taxes-NEOCTIF	\$646,416	\$460,960	\$473,854	\$494,118	\$490,156
Investment Income	\$1,093	\$2,321	\$1,000	\$3,540	\$3,000
Total Revenue	\$647,509	\$463,281	\$474,854	\$497,658	\$493,156
Expense					
Outside Services	\$0	\$1,320	\$18,100	\$14,000	\$19,000
Debt Service	\$359,565	\$200,984	\$47,030	\$47,030	\$41,480
Transfer Out	\$132,140	\$138,749	\$145,685	\$145,685	\$153,000
Total Expense	\$491,705	\$341,053	\$210,815	\$206,715	\$213,480

TIF DISTRICTS & CIP SUMMARY

NORTH END OPPORTUNITY CORRIDOR TAX INCREMENT FINANCE DISTRICT (continued)

The FY 2018 projected total incremental assessed value of new development constructed within the NEOCTIF District since its establishment in 1998 is \$51,079,200.

In 2005, the City began to release a portion of the captured tax revenues generated by the new development within the District to support the City's General Fund, as well as those of other taxing authorities such as the County and Concord School District. This had no negative impact on the District's ability to meet debt service or maintenance cost obligations, as real estate development within the District has significantly surpassed the expectations of the City's original financial pro forma. The amount of increment initially allocated to support the General Fund in FY 2005 was \$16,462,800. In FY 2018, the City will allocate \$33,712,272 (or 66% of total incremental assessed valuation) to be used in determining the amount needed to be raised through taxation, thereby retaining \$17,366,928 in value to support the NEOCTIF's debt service and operating costs.

The NEOCTIF District was originally set to terminate at the end of FY 2019. However, this date was extended due to the appropriation of \$1,050,000, including \$600,000 in bonds, to acquire the former Tsunis property for the extension of Storrs Street to Constitution Avenue, as proposed in the City's Capital Improvement Program (CIP #18). The \$600,000 bond issuance was sold in January 2015 with a 20-year term, thereby extending the District's sunset date to FY 2037. As part of the FY 2017 Budget, the City appropriated \$400,000 for CIP #18 Storrs Street Extension North. However, these funds were not appropriated pending subsequent amendment of the NEOCTIF District's Development Program and Financing Plan as required by RSA 162-K. However, the anticipated amendments were not brought forward during FY 2017, as City Administration determined it would be premature to proceed with final design of Storrs Street Extension North (CIP #18) given ongoing efforts by the State of New Hampshire concerning future widening of Interstate 93 and potential impacts associated therewith for CIP #18. The FY 2018 CIP tentatively includes \$6,000,000 in FY 2020 for final design and construction of the new roadway; all to be supported by the funds generated by the TIF District. Timing of funding for CIP #18 remains subject to final design of the I-93 Bow / Concord Widening Project by the State of New Hampshire.

TIF DISTRICTS & CIP SUMMARY

SBTIF FUND SUMMARY

	2017 Budgeted	2017 Estimated	2018 Budget
Revenue	\$753,272	\$776,730	\$1,076,103
Expense	\$882,077	\$891,062	\$978,809
Net Income (Loss)		(\$114,332)	\$97,294
Beginning Working Capital		\$208,037	\$93,705
Ending Working Capital		\$93,705	\$190,999

SBTIF BUDGET DETAIL

	2015 Actual	2016 Actual	2017 Budgeted	2017 Estimated	2018 Budget
Revenue					
Property Taxes-Sears Block TIF	\$851,757	\$738,208	\$752,972	\$776,610	\$1,075,903
Investment Income	\$609	\$781	\$300	\$120	\$200
Finance Charges	\$7,021	\$2,365	\$0	\$0	\$0
Total Revenue	\$859,388	\$741,353	\$753,272	\$776,730	\$1,076,103
Expense					
Outside Services	\$2,425	\$2,425	\$9,550	\$9,550	\$10,030
Debt Service	\$246,316	\$250,987	\$253,800	\$262,785	\$293,767
Transfer Out	\$552,780	\$673,355	\$618,727	\$618,727	\$675,012
Total Expense	\$801,521	\$926,767	\$882,077	\$891,062	\$978,809

TIF DISTRICTS & CIP SUMMARY

SEARS BLOCK TAX INCREMENT FINANCE DISTRICT (continued)

The FY 2018 projected total incremental assessed value of new development constructed within the Sears Block TIF (SBTIF) District since its establishment in 2003 is \$38,122,050.

Property tax revenues generated by the incremental assessed value are retained by the District to support debt service and operating expenses. This value includes all new development within the District, including new assessed value recently realized by the District due to the expiration of RSA 79-E Community Revitalization Tax Relief Incentive abatements for the SMILE Building at 49 South Main Street, as well as commercial portions of the Endicott Hotel Redevelopment Project at 1-5 South Main Street, as both developments have received RSA 79-E Community Revitalization Tax Relief Abatements. RSA 79-E abatements for the residential portion of the Endicott Hotel will expire on April 1, 2019 (FY 2020).

Since its inception in 2003, the City has appropriated \$20,845,341 for infrastructure improvements and other investments within the District. This figure excludes \$100,000 carried in CIP #529 in FY 2017 as “asterisked funds” for masonry repairs for the Storrs Street (formerly Capital Commons) Parking Garage.

The FY 2018 budget continues the practice of transferring TIF revenues to the General Fund and Parking Fund for the purposes of: 1) reimbursing these funds for past investments in the Capital Commons Parking Garage project, and 2) transferring debt service costs traditionally supported by the General Fund and Parking Fund for the Capital Commons Project to the SBTIF.

Specifically, in FY 2018, the SBTIF will transfer \$229,412 for current and past debt service associated with the \$2,281,500 General Fund supported bond issued for the Capital Commons Project in 2007. Also, \$183,345 shall be transferred to the General Fund to support the \$2.5 million bond for the Complete Streets Project (CIP #460). In addition, \$20,635 will be transferred to the General Fund to defray costs for administration of the SBTIF.

The SBTIF will also transfer \$205,130 to the Parking Fund in FY 2018. As initiated in FY 2016, the SBTIF will continue to absorb a portion of debt service payments associated with \$3,186,000 in Parking Fund supported bonds previously issued for the Capital Commons Project in 2005 and 2007. This amount will be \$197,370 in FY 2018.

During FY 2017, the SBTIF began supporting a portion of a new full-time maintenance position for the Downtown Services Team. This practice will continue in FY 2018 and beyond. The TIF will support this position in the amount of \$36,490 in FY 2018. Approximately 53% of the Complete Streets Project is located within the SBTIF; therefore, financial support, to the extent the TIF can afford to make such investments, is appropriate.

Use of the SBTIF District fund balance to support transfers to the General Fund and Parking Fund will result in negative net operating income for FY 2018.

The cost of maintaining the landscaping and plaza at the Storrs Street (Capital Plaza) Parking Garage is included within the SBTIF, as are the costs of maintaining the grounds at the former NH Employment Security building at 32 South Main Street.

When created in 2003, it was anticipated that the SBTIF District would terminate when debt service was to be fully repaid on June 30, 2027. However, this date has been extended to FY 2035 with the appropriation of \$1,990,000 in bonded debt for redevelopment of the NH Employment Security Property at 32-34 South Main Street, \$1.71 million in bond debt for installation of underground utilities within a section of South Main Street, and \$2.5 million in bonded debt for the construction of CIP #460 Downtown Complete Streets Project. It is anticipated the District will terminate on or about FY 2035.

TIF DISTRICTS & CIP SUMMARY

PVTIF FUND SUMMARY

	2017 Budgeted	2017 Estimated	2018 Budget
Revenue	\$57,328	\$58,458	\$59,365
Expense	\$59,470	\$51,720	\$54,430
Net Income (Loss)		\$6,738	\$4,935
Beginning Working Capital		\$77,131	\$83,869
Ending Working Capital		\$83,869	\$88,804

PVTIF BUDGET DETAIL

	2015 Actual	2016 Actual	2017 Budgeted	2017 Estimated	2018 Budget
Revenue					
Property Taxes-Penacook TIF	\$56,352	\$56,126	\$57,248	\$58,198	\$59,165
Investment Income	\$102	\$225	\$80	\$260	\$200
Total Revenue	\$56,454	\$56,351	\$57,328	\$58,458	\$59,365
Expense					
Outside Services	\$0	\$6,570	\$17,700	\$9,950	\$12,825
Debt Service	\$20,971	\$35,800	\$35,080	\$35,080	\$34,580
Transfer Out	\$1,240	\$6,618	\$6,690	\$6,690	\$7,025
Total Expense	\$22,211	\$48,988	\$59,470	\$51,720	\$54,430

TIF DISTRICTS & CIP SUMMARY

PENACOOK VILLAGE TAX INCREMENT FINANCE DISTRICT (continued)

The FY 2018 projected total incremental assessed value of new real estate development within the Penacook Village TIF (PVTIF) District, since its enactment in 2010, is \$1,745,600. This amount is largely associated with the new medical office building located at 4 Crescent Street. This amount is captured by the PVTIF District and is available to support the District's operating, administration, and debt service costs.

Accounting for debt service and operating costs, the District will generate a modest surplus, which shall be retained by the PVTIF to finance additional improvements, as well as to provide a financial reserve to offset potential fluctuations in property tax revenues that may result from appeals of assessed valuations in the future.

Presently, the PVTIF District is scheduled to terminate when existing debt service is fully repaid on June 30, 2032. This date is unchanged despite \$170,000 in additional debt service, which was authorized on June 9, 2014, to support environmental cleanup of the former Allied Leather Tannery site. However, this date will likely be extended should the City Council approve any additional appropriations to support redevelopment of the remaining City-owned portion of the former Allied Leather Tannery (CIP #508), or any other privately owned property within the District.

TIF DISTRICTS & CIP SUMMARY

CIP INTRODUCTION & OVERVIEW

Municipalities are empowered by NH RSA 674:5 to create a Capital Improvement Program (CIP) for the purpose of planning for the orderly and coordinated implementation of capital investments in facilities, infrastructure, and equipment for a period of at least six years. In Concord, capital projects are funded by a variety of sources, including, but not limited to, the General Fund (general obligation bonds, capital transfers/outlays, and reserve funds); impact fees, bonds and capital transfers supported by Enterprise Funds (airport, arena, golf, parking, water and sewer funds); and State and Federal grants. The City has been diligently preparing a CIP as part of its annual budget process since the early 1990s. In Concord, the process of preparing a CIP is governed, in part, by Article 2-2 of the City Code of Ordinances.

Since FY 2011, the City has employed a 10 year planning horizon for the CIP. This approach allows the City to better schedule major capital expenditures in order to help avoid spikes in the City's tax rate, as well as rates and charges assessed by the City's various enterprise funds.

Although the CIP includes projects scheduled over the next 10 years, the FY 2018 budget only appropriates funding for those projects scheduled for the upcoming fiscal year. Specifically, cash outlays and transfers from the General Fund, various reserve funds, as well as enterprise funds are appropriated as part of the City's annual budget adoption process. The bonded capital budget resolution appropriates most bonded projects alleviating the need to have separate appropriation actions throughout the year. Funding for certain projects has been omitted from the capital resolution – as denoted by an asterisk – as these projects require funds from the State/Federal government, or from donations, in order to move forward. Such projects will be presented for future City Council approval when confirmation for outside funding has been received. In other cases, asterisked projects are still preliminary in nature or are subject to ongoing discussions or negotiations with regulators or other third parties. In addition, projects supported by Tax Increment Financing are also asterisked due to statutorily mandated public hearing processes for appropriations, which shall occur separately from the budget adoption process. Funding commitments for the ensuing "out years" of the CIP (FY 2019 – 2027) will be reviewed as part of the budget adoption process for those respective fiscal years.

The proposed CIP runs from FY 2018 to FY 2027 and totals \$324,431,223 all funding sources combined.

SELECTION AND PRIORITIZATION OF CAPITAL PROJECTS

The proposed CIP for FY 2018 totals \$17,285,674. This amount includes capital outlay and several projects that have been omitted from the capital resolution. Omitted projects include: CIP #361 Hooksett Turnpike Bridge Replacement, CIP #498 Birchdale Road Bridge Replacement, CIP #51 White Park, CIP #571 I-393 Horseshoe Pond Drainage Improvements, CIP #582 Manor Road / Abbott Road Roundabout, CIP #468 Reconstruct Airport Taxiway A and Itinerant Ramp, and CIP #75 General Airport Repairs. Excluding capital outlay and these projects, the net amount to be appropriated for the FY 2018 CIP is \$13,048,674.

In keeping with past practice, all capital projects proposed for FY 2018 were reviewed and recommended for funding if they satisfied one or more of the following criteria:

- 1) Project maintains or improves health, safety, or welfare of the general public or City personnel;
- 2) Project affects critically needed maintenance for key infrastructure, facilities, or equipment whereby deferred maintenance would severely impede municipal operations;
- 3) Project results in significant efficiencies or cost savings for delivery of municipal services;
- 4) Project better positions the City to undertake certain priority projects in the future;
- 5) A significant portion of the project can be financed by outside sources other than the General Fund, Special Revenue Funds, or Enterprise Funds; or,
- 6) Project implements a City Council goal or priority.