



Town of Kittery, Maine
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ISSUES & ANSWERS

November 30, 2010

Tax Increment Financing Districts

1. What is Tax Increment Financing and a TIF District?

TIF is a project financing technique authorized by the State of Maine that permits a municipality to pay for publicly beneficial development projects (e.g. sewer or water lines, streets, street trees, etc) that promote job creation and local economic development. TIF enables using some or all of the property taxes raised from the increase over the original assessed value from development capital investments (i.e. the tax increment) within a designated geographic district to pay for the projects. The municipality has the option of using the "incremental" taxes to retire bonds it has issued for the project improvements, or fund eligible municipal economic development activities. TIF districts may be designated for up to 30 years and bonds issued for projects in a district may be issued for up to 20 years. The designation of a TIF district requires proper notice, a local public hearing, the majority vote of the municipal legislative body, and state approval.

To review Kittery's proposed TIF documents and District maps see:

["http://www.kittery.org/Pages/KitteryME_WebDocs/docs"](http://www.kittery.org/Pages/KitteryME_WebDocs/docs), or visit the Planning Department office.

2. What are the benefits of the TIFs?

Many, TIFs are intended to create the following benefits for the Town:

- (a) new tax revenues for the Town from new development in the Town in the designated districts;
- (b) jobs and improvement of the economy;
- (c) new public facilities and infrastructure; and
- (d) saving 50% of tax revenues otherwise sent to the State due to reduction in state revenue sharing and school funding, and increase in county taxes.

3. Do TIFS change development in Town (e.g. create large-scale, box stores, strip malls)?

No, Development is not planned, created, or controlled by TIF. TIF only enables the financing of publically beneficial projects that are consistent Kittery's long-standing Comprehensive Plan. The Plan, as implemented by ordinance, most particularly Title 16, Land Use and Development,

along with extensive state and Federal regulatory controls, controls development. Kittery's zoning area designations, with their permitted uses and related standards, including the Design Handbook, have long been "planned" and exist to allow only certain types of development, under which "large scale" commercial development is unfeasible or not allowed.

The Zone Permitted and Special Exception Uses related to each TIF District (#1 = Mixed Use; #2 = Commercial-1, Mixed Use, Business-Local, Commercial Fisheries and Maritime Uses, and Residential -Rural; #3 = Business Park, Commercial 2 & 3, and Residential - Suburban) are appended (enclosure 1). Change to those criteria must go through both a Planning Board and Council Public Hearing process. Complete indices of the current Comprehensive Plan and Title 16 are available in the "Attachments" folder and the documents are also found on the Town website. That folder also contains the initial Attorney TIF overview presented in February and the Ordinance Review Committee Report to the Town Council.

Actual development is only created when an entity with a vested interest in a property wishes to make investment for an allowed use that results in improvement to the owner's benefit. No owner/developer has come forth desiring to promote a TIF for a specific project, as occurs with around 95% of TIFs in Maine. The approach for Kittery is to create a flexible, adaptable, TIF program that would be able to support municipal improvements necessitated by whatever development does arise by reserving taxes raised on certain properties from their increase in value in the future.

The TIF parcels proposed are targets for development or related public infrastructure improvement consistent with the current Comprehensive Plan and permitted land use zoning. Thus, they are parcels that could be more likely to increase in value than other property in Town. Accordingly, while they would pay the at same tax rate as everyone else, with any increase over today's valuation, their taxes would be no different than a parcel outside a TIF district that appreciated whether development occurred or not. However, a developed parcel would generate higher revenues, a portion of which, could be used to help pay for the public improvement that facilitated the development.

4. What tax dollars are involved? Why does this new tax income not go into the Town budget's general fund like the property taxes the rest of us pay?

TIF Development Programs only apply to the "tax increment" meaning the property taxes on the increased assessed value of the Districts. The property taxes on the "Original Assessed Value" will continue to be deposited in the Town's general fund.

5. Do TIF district projects need to be planned in exacting detail for specific developments before implementation?

No, Most are, where a developer and a Town's timely interest coincides for specific development projects. The "framework" approach on Kittery's proposal is based on the success stories of similar programs in Eliot, Kennebunk, and Cumberland. Folder # 2 contains

Cumberland's complete approved document set.

Kittery's proposed approach should be considered as a proactive, preemptive preparation for future development in reserving funds to pay for municipal improvements necessitated by actual development as it may occur. Not having TIFs in place means that if a development investment is made, the property increases in value; all added taxes paid go to the general fund and 50% is lost due to reduction in state revenue sharing and school funding, and increase in county tax; and the improvements would still have to be paid for.

A preliminary review was conducted by the Maine Department of Economic and Community Development (DECD) that identified only five items for attention for approval compliance which have been corrected.

6. How and why were the proposed parcels selected?

See the Parcel Data explanation page appended (enclosure 2). Including Town parcels is at the Town's discretion. DECD would prefer they be included where TIF funding is permitted on Town owned land for public infrastructure/development related improvements. TIF funding is prohibited for projects to benefit the "general conduct of government like town halls and parks and open space. It is acceptable if linked to development and jobs creation. The parcels would be listed, may have no assessed value appreciation, but should be included in the acreage calculation. Same applies to the Route 1 right of way.

As noted above, the TIF parcels proposed are targets for development or related public infrastructure improvement consistent with the current Comprehensive Plan and permitted land use zoning. Thus, they are parcels that could be more likely to increase in value than other property in Town. Accordingly, this includes properties completely or partially zoned for commercial development as well as properties with no or limited development potential but appropriate for beneficial town infrastructure improvement e.g. community septic system or town pier improvements.)

7. How will the TIF revenues be used?

TIF Development Programs create certain categories of eligible uses. The Programs do not constitute an appropriation or decision to expend those funds. The actual expenditure of the TIF funds can only be authorized by subsequent action of the Town Council in accordance with the ordinary budgetary process of the Town. No funds will be used unless warranted by actual development as required in the Town Code Title 3 amendment proposed.

8. Can the funds from a District be used outside the District?

Yes, as justified. Any improvements to roads, sewer and water systems outside of the District need to be explained as to how they are related to or made necessary by the District as shown in TIF Section 5.3.4.2:

a. that portion of the costs reasonably related to the construction, alteration or expansion of

any facilities not located within the District that are required due to improvements or activities within the District, including, but not limited to, sewage treatment plants, water treatment plants or other environmental protection devices; storm or sanitary sewer lines; water lines; improvements to fire stations and amenities on streets;

b. costs of public safety improvements made necessary by the establishment of the District; and

c. costs of funding to mitigate any adverse impact of the District upon the Town and its constituents.

Facilities financed by the tax increment may not include any facilities, buildings or portions of buildings used predominantly for the general conduct of government or for public recreational purposes, including, Town halls and other headquarters of government where the governing body meets regularly, courthouses, jails, police stations and other state and local government office buildings, recreation centers, athletic fields and swimming pools.

9. Would these TIFS “lock” us in and severely limit the Town for 30 years?

No, TIFs may be established for up to 30 years or less and related improvement bonds let for up to 20 years. There are no arbitrary restraints or restrictions, beyond legislature program compliance, that prevent amendment to district area location, parcels included, improvement plan requirements, acreage and value (total percentage limitations), or even the repeal of a District and/or creation of others.

10. Are these the only TIF districts we can ever have?

No. Kennebunk has had five, only two of which remain. Again, Districts may be amended, repealed, or added, subject to meeting the legislative criteria.

11. Can the district boundaries, selected parcels, or even entire districts, be changed?

Yes, As growth occurs, or zoning changes, or a district is “built out” perhaps, the flexible nature of Kittery’s framework facilitates adaptation to presently unforeseeable circumstances, whereas project specific TIFs can address only such projects.

12. These TIFs use up 3.03% (359.49ac) of the state allowable 5% (593.35 of 11,867ac) of included acreage. Why restrict all of the future to no more than 233.86 acres?

As a for instance, the 234 acres could encompass parcels for the Foreside area (e.g. proposed District #2 has the largest acreage of selected parcels at 146.77 acres), should a long-term redevelopment concept be established for “Old Town Kittery”. Again, at any later point time, if amendments seem warranted in the proposed TIFs, change is a rather simple process.

13. What if the taxes reserved are not used?

The Town Code Title 3 ordinance proposed for this program would only allow use of the funds

if a development actually occurs, meaning that they can't be piecemealed out for other projects not connected to specific development. If they are unused for any reason, they would be transferred to the general fund. Penalties would be applied for revenue sharing, school aid, and county tax, if that should happen.

14. Do TIFs put millions of dollars in developer's pockets?

This is not the intent. Developer investment creating a profitable return puts money in their pockets. The developer would be obligated for all the tax on property value assessed, original and increased. The developer must also pay the costs of gaining approval, now at little or no actual cost to the Town, and may be required to pay a public safety impact fee; and potentially, development exaction fees and sewer impact fees. They may also be assessed fees for the number of police responses to alarms. Comparatively, businesses use significantly fewer municipal services than they pay for and have a lesser impact on the general fund than residential development.

15. Will Credit Enhancement Agreements actually use the reserved taxes to pay developers?

This is a program option. It is unknown whether such may be requested, nor if the features would be acceptable to the Town via council approval. A 'what if' scenario to explain how that feature works:

"The municipality agrees to a fifteen year CEA and, after the developer invests \$1,800,000 in property and pays taxes, returns a portion of TIF revenues to the developer to assist in financing the new building".

The most probable Kittery scenario in the framework approach is that the developer's taxes will fund Town improvements that the Town would be obliged to undertake connected to that development.

16. Why would Kittery want a new Town square/center?

This is simply an unfortunate choice of words. There was/is no intention of doing anything in the literal interpretation of this statement to create a new Town center. Conceptually, it might be better described as a "public open or gathering space", such as mass transit exchange location.

17. Why are the Downtown and historic development areas not included?

They are not now, but could be in the future. Improvement activities over the past decade; the state of existing Town-supported infrastructure (water/sewer/streets/sidewalks/etc); current approved development plans; and an urgent (bridge closure) need for immediate economic support activity in the "old Town" area that could not be funded by a TIF in timely fashion; make a fourth TIF a lesser priority.

The three proposed districts are all designed for types of commercial development, and if long-term growth management planning deems redevelopment of the downtown as a need, it could

readily be added as a TIF, or connected to the business park, including the Bypass area. Council has a proposal to consider establishing an Economic Development Committee expected to give focused attention on this area.

18. Why do we not do specific growth planning, so we know what would happen, before these are established?

Kittery has a long history of progressive growth planning and implementation consistent with the adopted Comprehensive Plan. Proposing and implementing TIF districts with a “framework” to be proactive and facilitate desired type of development is part of that process. Lost dedicated revenue and state budget deficit projections coupled with the uncertain economic climate make it impossible to predict what development may occur and what resulting municipal improvements may be needed. Thus a flexible adaptable framework with actual development and program controls per Title 16 (Land Use and Development regulations) and Title 3 (TIF authorization) is recommended.

19. Why are there no specifics for jobs to be created?

Specifics of this question would be answered when a developer proposes a Credit Enhancement Agreement project. Not postulating, or speculating at this point allows concentrated attention to project details when presented for Council approval.

20. Why are streets, Town properties, and at least one with a deed restriction on building, included?

It was understood that municipal property where improvement projects would need to take place are to be included although, they are not taxable and have no effect on the value calculations. Selected development restricted taxable properties will continue to be taxable at the same rate as for all others in Town. It may be anticipated that their value would increase (e.g. neighborhood value changes; municipal revaluation). The Pepperrell Cove parcel was included as a possible site for Town pier and community infrastructure improvement.

21. The fiscal impact of this development is \$75,000,000 and \$21,000,000 would be spent on development. Why should that commitment be made without any plans?

There is no commitment beyond establishing the districts; reserving the tax revenues on the increase in value; and establishing a fiscally prudent mechanism to deal with the effects of growth. The \$75M quoted is a cumulative amount of increase in value that would serve to generate the \$21M of funds over a 30 year period.

An overview of Fiscal Data on those figures is appended (enclosure 3). Note that the estimates are theoretical, based on a beginning mil rate of \$14.44/\$1,000 (FY11 actual \$14.28) and an annual increase in value of 3% for the entire 30 years. That makes the figures a useful frame of reference to display a possibility, but actual numbers will be a function of year-to-year reality. Some TIFs in Maine raise more than projected (e.g. Eliot) and many do not. The Town manager’s initial valuation increase estimate for FY12 is 0.9% (nine-tenths of one percent).

The figures are most useful to demonstrate a comparison to the theoretical estimates of the postulated candidate municipal improvements adding up to \$33,230,000. Meaning that the reserved \$21M, if realized, would not cover the entire cost of possibly needed improvements, if actually needed.

22. Who is entitled to a Credit Enhancement Agreement?

The Council would determine, after public hearing on the project, which would require Planning Board and possibly Board of Appeals approval, whether it is appropriate to enter any Credit Enhancement Agreement. No Developer is entitled to any Credit Enhancement Agreement.

23. This is a large setaside of tax dollars for development.

The TIFs shelter increased tax revenues from the Districts from the adverse structure of State formulas for aid to education, revenue sharing and County tax.

The Town currently loses about 50% of all new property tax revenues because the resulting increase in State Valuation of the Town from new development ordinarily results in a requirement of a higher local share of education costs, higher County tax and less State revenue sharing, because those amounts are calculated based on State Valuation.

When a TIF is adopted the increased assessed valuation of the TIF Districts is excluded from the State Valuation of the Town, and thus the new development does not negatively impact the education, County tax and revenue sharing funding formulas. The result in Kittery is that, in effect, the State will subsidize about 50% of the TIF Development Program expenditures.

The postulated \$75M in added value at year 30 would represent 2.13% of total Town valuation at that time. Using the same straightline assumption formula, the Town budget in FY41 would be \$63,398,512 with \$52,513,748 coming from property taxes. The amount of taxes raised for annual budgets for the 30-year period would be \$1,123,204,245. \$21M is 1.87% of that.

24. A majority of these parcels are owned by out-of-Town developers. Why should our taxes benefit them?

56% of the proposed TIF parcels are owned by Kittery residents, with 89% of owners from the nearby area. Two are owned by Irving Oil Corporation of St. John, New Brunswick, generally seen as a good corporate citizen by all regards. The selected parcel owned by Stephen A. Hynes Trust of West Vancouver, British Columbia is one of five under his ownership since 1996.

25. Will we have to pay for fire, police and other Town services these new commercial developments will need through 2040?

No. Aside from the original public safety impact fee; and potentially, development exaction and/or sewer impact fees paid before the original development is constructed, the property

owner would pay the annual mil rate on the entire increased value property. The portion of any property tax bill allocated to a given Town department, including schools, is a function of the annual approved budget allocated proportionately to the assessed value of every property in Town, resulting in fair share for all.

26. What opportunities have there been for public input?

This concept was discussed in two Council 2010 goal setting sessions in January; at a publicized workshop in February; a second in September; the third in October; and the final proposals were the focus of three Public Hearings on Monday, Nov 22nd, all of which were publicized and written about in the local news. Had the Council approved the program, another Public hearing was to be scheduled, for the December 13th meeting to consider the ordinance enacting the program formally. A Maine DECD review delayed posting of the documents to the Town website (not a technical requirement), but draft versions were available at Town Hall since the August workshop.

The topic was addressed, among others, in two Growth Management Program public overview presentations, a rebroadcast of which was televised several times; one for all Town Boards, Commissions & Committees; one for local business and industry leaders; one for regional neighboring partners; and, two planning-listening exercises for public invitees. The subject is also Question #8 on the Growth Management Program Community Survey distributed to all residents in the Kittery Quarterly, with more than 1,200 handed out on election day.

Council scheduled another workshop for December 6th, 6:00pm at Town hall. It will then have the Public Hearing and further deliberation on December 13th as to how to proceed on the question.

27. Will there be more information on the projects and a chance for citizens to express opinions?

All development in Kittery must follow the protocols established in the Land Use Code through the Planning Board. Dependent on circumstances a proposal may also have to be considered by the Board of Appeals. Any proposed use of TIF funds and any proposed Credit Enhancement Agreement must be approved by the Council. Public Hearings are required before a body may vote on any of those actions.

28. Should there not be planning and growth management criteria for prospective businesses before these are established?

Again, Title 16 and other state and Federal regulatory requirements contain the permitted uses and standards for any development. No change to those is proposed. If we wait until there is an actual project, we lose the benefit of any appreciation derived in the intervening period as well as the 50% state subsidy. Folder #3 contains a number of document files related to the present Growth management Program effort underway.

29. Isn't this a massive tax reallocation scheme to benefit developers?

No, 1.54% of total valuation and an estimated 1.87% of taxes raised in the next 30 years to be dedicated to municipal improvements cannot be considered "massive". Developers benefit indirectly and derivatively from the municipal improvements, as does the Town as a whole. Any proposal that could benefit a developer directly must be approved by the Town Council.

30. What about the many questionable components and potentially significant negative impacts on the quality of life and economy in Town.

Thus far, no "questionable components", or "potentially significant negative impacts" have been specifically identified. Should any surface, they would certainly be addressed.

31. Other Towns in Maine have implemented very specific TIF project plans, why isn't Kittery looking to implement a "master plan"?

TIFs are not "master plans". Reiterating, they are a mechanism to set aside revenues to the Town's fiscal benefit to pay for Town improvements needed because development does occur.

The proposed TIFs are within the context of implementing the adopted Comprehensive Plan and Town Code Land Use and Development ordinances.

3 ENCLOSURES

1. Zone Permitted and Special Exception Uses related to each TIF District
2. Parcel Data explanation
3. TIF-related Fiscal Data

TIF ISSUES & ANSWERS

Enclosure 1, Zone Permitted & Special Exception Uses related to each TIF District

DEVELOPMENT USES – TIF DISTRICT #1

16.3.2.13 Mixed Use MU.

A. Purpose.

To provide opportunities for a mix of office, service, and limited residential and retail uses, to alter the pattern of commercial activity on Route 1, to serve Kittery's needs, and to minimize traffic congestion. A mix of uses on a site is desired and in some cases, required; a continuation of strip development is not encouraged in this district. The mixed use zone is recognized as an area of the Town intended to accommodate growth.

The purpose of large lot sizes, open space standards, and frontage requirements is to limit the number of access points along U.S. Route 1, to encourage the development of service roads which may serve several developments, and to create development that will retain the predominant rural character of the zone. Other objectives are to encourage an orderly and safe traffic flow along U.S. Route 1, pedestrian safety, and an attractive site design enhanced by landscaping, open space, and restrictions on the locations of parking.

NOTE: Notwithstanding the provisions of Title 1 M.R.S. §302, and regardless of the date on which it is approved by the voters, this amendment is effective from September 30, 1999, and shall govern any and all applications for permits or approvals required under the land use and development code that were or have been pending before any officer, Board or agency on or at any time after September 30, 1999.

B. Permitted Uses.

1. Agricultural uses and practices, except a piggery or the raising of poultry for commercial purposes;
2. Art studio/gallery;
3. Boat yard;
4. Building materials and garden supplies;
5. Business and professional offices;
6. Church or institution of religion;
7. Commercial parking lot or garage;
8. Day care facility;
9. Dwellings, limited to the following:
 - a. Single-family dwellings on lots of record as of April 1, 2004,
 - b. Dwelling units on the upper floors of a mixed-use building that is served by public sewerage;
10. Funeral home;
11. Grocery store, food store, convenience store or neighborhood grocery;
12. Hospital;
13. Inn;
14. Institution of education, which is not used for residential or overnight occupancy;
15. Mass transit station;
16. Municipal or state building or use;
17. Convalescent care facility, long-term nursing care facility;
18. Institution of philanthropic, fraternal, political, or social nature, which is not used for residential or overnight occupancy;
19. Personal services;
20. Public open space or recreation;
21. Restaurant;

22. Research and development;
23. Repair service;
24. Retail use, a single use not to exceed fifty thousand (50,000) square feet in gross floor area;
25. Selected commercial recreation;
26. Theater;
27. Timber harvesting;
28. Veterinary hospital;
29. Accessory buildings and uses including minor or major home occupations;
30. Eldercare facility; and
31. Accessory dwelling units.

C. Special Exception Uses.

1. Campground or trailer park;
2. Commercial kennel;
3. Commercial greenhouses;
4. Drive-in theater;
5. Gas service station;
6. Housing for elderly as part of a mixed use project;
7. Industry, light;
8. Mechanical service;
9. Motel or hotel;
10. New motor vehicle sales;
11. Public utility facilities including substations, pumping stations, and sewage treatment facilities;
12. Repair garage;
13. A single retail use greater than fifty thousand (50,000) square feet in gross floor area and less than one hundred fifty thousand (150,000) square feet in gross floor area;
14. Shop in pursuit of trades;
15. Transportation terminal;
16. Warehousing/storage;
17. Wholesale business; and
18. Construction services.

DEVELOPMENT USES – TIF DISTRICT #2

16.3.2.11 Commercial (C-1, C-2, C-3).

A. Purpose.

To provide general retail sales, services, and business space within the Town in locations capable of conveniently serving community-wide and/or regional trade areas, and oriented primarily to automobile access. To reflect the differing character of various parts of the commercial areas, it is divided into three zones that are shown on the zoning map:

| | |
|-----|---------------------------------------|
| C-1 | Route 1 commercial zone. |
| C-2 | Route 236 commercial zone. |
| C-3 | Bypass/Old Post Road commercial zone. |

Where the standards or requirements for the zones vary, the provisions for the zone in which the parcel is located apply.

B. Permitted Uses.

1. C-1 Permitted Uses.

- a. Public open space recreational uses, recreational facilities, and selected commercial recreation;
- b. School (including nursery school), hospital, long-term nursing care facility, convalescent care facility, municipal or state building or use, church; or any other institution of educational, religious, philanthropic, fraternal, political, or social nature;
- c. Accessory uses and buildings including minor or major home occupations;
- d. Business and professional offices;
- e. Mass transit station;
- f. Commercial parking lot or parking garage;
- g. Retail uses and wholesale businesses excluding used car lots and junkyards;
- h. Service establishments;
- i. Public utility facilities including substations, pumping stations, and sewage treatment facilities;
- j. Restaurant;
- k. Veterinary hospital;
- l. Motel, hotel, rooming house, inn;
- m. Art studio/gallery;
- n. Grocery, food store, convenience store;
- o. Day care facility;
- p. Business service;
- q. Personal service;
- r. Building materials and garden supply;
- s. Conference center; and
- t. Repair services.
- u. Accessory dwelling unit.

2. C-2 Permitted Uses.

- a. Public open space recreational uses, recreational facilities, and selected commercial recreation;
- b. School (including nursery school), hospital, long-term nursing care facility, convalescent care facility, municipal or state building or use, church; or any other institution of educational, religious, philanthropic, fraternal, political, or social nature;
- c. Accessory uses and buildings including minor or major home occupations;
- d. Business and professional offices;
- e. Mass transit station;

- f. Commercial parking lot or parking garage;
- g. Retail uses and wholesale businesses excluding used car lots and junkyards;
- h. Service establishments;
- i. Public utility facilities including substations, pumping stations, and sewage treatment facilities;
- j. Restaurant;
- k. Veterinary hospital;
- l. Motel, hotel, rooming house, inn;
- m. Art studio/gallery;
- n. Grocery, food store, convenience store;
- o. Day care facility;
- p. Business service;
- q. Personal service;
- r. Building materials and garden supply;
- s. Conference center;
- t. Repair services;
- u. New motor vehicle sales;
- v. Boat yard;
- w. Mechanical services, excluding junkyard;
- x. Commercial boating and fishing uses and facilities, provided only incidental cleaning and cooking of seafood occur at the site; and
- y. Aquaculture.
- z. Accessory dwelling unit.

3. C-3 Permitted Uses.

- a. Public open space recreational uses, recreational facilities, and selected commercial recreation;
- b. School (including nursery school), hospital, eldercare facility, long-term nursing care facility, convalescent care facility, municipal or state building or use, church; or any other institution of educational, religious, philanthropic, fraternal, political, or social nature;
- c. Accessory uses and buildings including minor or major home occupations;
- d. Business and professional offices;
- e. Mass transit station;
- f. Commercial parking lot or parking garage;
- g. Retail uses and wholesale businesses excluding used car lots and junkyards;
- h. Service establishments;
- i. Public utility facilities including substations, pumping stations, and sewage treatment facilities;
- j. Restaurant;
- k. Veterinary hospital;
- l. Motel, hotel, rooming house, inn;
- m. Art studio/gallery;
- n. Grocery, food store, convenience store;
- o. Day care facility;
- p. Business service;
- q. Personal service;
- r. Building materials and garden supply;
- s. Conference center;
- t. Repair services;
- u. New motor vehicle sales;
- v. Boat yard;
- w. Mechanical services, excluding junkyard;
- x. Commercial boating and fishing uses and facilities, provided only incidental cleaning and cooking of seafood occur at the site; and
- y. Aquaculture.
- z. Accessory dwelling unit.

C. Special Exception Uses.

1. C-1 Special Exception Uses.

- a. Used car lot not connected with new car sales;
- b. Gasoline sales: (i) not located within one thousand (1,000) feet of an existing station or private residence, and (ii) not located within one hundred fifty (150) feet of an existing structure;
- c. Funeral home;
- d. Place of assembly, including theater;
- e. Transportation terminal excluding truck stops;
- f. Warehousing and storage;
- g. Mini storage;
- h. Research and development;
- i. Manufacturing operations that conform to the provisions of Section 16.1.3.2.2 and Chapters 16.8 and 16.9;
- j. Repair garages not located within one hundred fifty (150) feet of a private dwelling or existing structure;
- k. Buildings and structures over forty (40) feet that conform to the provisions of Chapters 16.8 and 16.9. Buildings and structures higher than forty (40) actual feet from the lowest point of grade to the highest point of the building or structure must have side, rear and front yards of sufficient depth to adequately protect the health, safety and welfare of abutting properties, and which may not be less than current standards or
- l. Temporary, intra-family dwelling unit;
- m. New motor vehicle sales;
- n. Mechanical services, excluding junkyard; and
- o. Aquaculture.

2. C-2 Special Exception Uses.

- a. Used car lot not connected with new car sales;
- b. Gasoline sales: (i) not located within one thousand (1,000) feet of an existing station or private residence, and (ii) not located within one hundred fifty (150) feet of an existing structure;
- c. Funeral home;
- d. Place of assembly, including theater;
- e. Transportation terminal excluding truck stops;
- f. Warehousing and storage;
- g. Mini storage;
- h. Research and development;
- i. Manufacturing operations that conform to the provisions of Section 16.1.3.2.2 and Chapters 16.8 and 16.9;
- j. Repair garages not located within one hundred fifty (150) feet of a private dwelling or existing structure;
- k. Buildings and structures over forty (40) feet that conform to the provisions of Chapters 16.8 and 16.9. Buildings and structures higher than forty (40) actual feet from the lowest point of grade to the highest point of the building or structure must have side, rear and front yards of sufficient depth to adequately protect the health, safety, and welfare of abutting properties, and which may not be less than current standards or fifty percent (50%) of actual height, whichever is greater;
- l. Temporary, intra-family dwelling unit;
- m. Commercial greenhouses;
- n. Adult entertainment establishment not located within one thousand (1,000) feet of an existing private residence, school or place of worship;
- o. Shops in pursuit of trade; and
- p. Construction services.

3. C-3 Special Exception Uses.

- a. Used car lot not connected with new car sales;
- b. Gasoline sales if not located within:
 - (i) one thousand (1,000) feet of an existing station or private residence, and
 - (ii) one hundred fifty (150) feet of an existing structure;
 - (iii) Manufacturing operations that conform to the provisions of Section 16.1.3.2.2 and Chapters 16.8 and 16.9
- c. Funeral home;
- d. Place of assembly, including theater;
- e. Transportation terminal excluding truck stops;
- f. Warehousing and storage;
- g. Mini storage;
- h. Research and development;
- i. Manufacturing operations that conform to the provisions of Section 16.1.3.2.2 and Chapters 16.8 and 16.9
- j. Repair garages not located within one hundred fifty (150) feet of a private dwelling or existing structure;
- k. Buildings and structures over forty (40) feet that conform to the provisions of Chapters 16.8 and 16.9. Buildings and structures higher than forty (40) actual feet from the lowest point of grade to the highest point of the building or structure must have side, rear and front yards of sufficient depth to adequately protect the health, safety and welfare of abutting properties, and which may not be less than current standards or
- l. Temporary, intra-family dwelling unit;
- m. Commercial greenhouses;
- n. Adult entertainment establishment not located within one thousand (1,000) feet of an existing private residence, school or place of worship;
- o. Shops in pursuit of trade; and
- p. Construction services.

16.3.2.18 Commercial Fisheries/Maritime Activities Overlay Zone OZ-CFMU.

A. Purpose.

1. The purpose of the Commercial Fisheries/Maritime Uses Overlay Zone is to provide for the development and expansion of water-dependent commercial fisheries/maritime activities. Commercial fisheries/maritime activities and other areas suitable for functionally water-dependent uses, considers:

- a. Shelter from prevailing winds and waves;
- b. Slope of the land within two hundred fifty (250) feet, horizontal distance, of the normal high-water line;
- c. Depth of the water within one hundred fifty (150) feet, horizontal distance, of the shoreline;
- d. Available support facilities including utilities and transportation facilities; and
- e. Compatibility with adjacent upland uses.

2. Authority.

These provisions have been prepared in accordance with the provisions of 38 M.R.S. §435-449.

3. Applicability and Boundaries.

The provisions of this Section apply to all uses, lots and structures within areas where the existing predominant pattern of development is consistent with the allowed uses for this overlay zone, where consistent with dimensional requirements of the underlying base zone, and where the active use of lands, buildings, wharves, piers, floats, or landings with the principal intent of such activity is the production of

income by an individual or legal business entity through the operation of a vessel(s) as shown on the Zoning Map. The activity may be either a principal or accessory use as defined in this Code.

B. Permitted Uses.

Functionally water dependent commercial fisheries/marine uses.

C. Special Exception Uses. None

16.3.2.8 Business – Local B-L. (Note – Pepperrell Cove Area)

A. Purpose.

To provide local sales, services, and business space within the Town.

B. Permitted Uses.

1. Dwellings or modular homes, exclusive of mobile homes;
2. Public open space recreational uses;
3. School or educational facility (including nursery schools), day care facility, eldercare facility, hospital, long-term nursing care facility, convalescent care facility, municipal, county, or state building or use, church; or any other institution of educational, religious, philanthropic, fraternal, political or social nature;
4. Accessory uses and buildings including minor or major home occupations;
5. Retail business and service establishments, but excluding those of which the principal activity entails outdoor sales and/or storage and excluding those specifically mentioned under subsection C of this Section;
6. Business and professional offices;
7. Mass transit station;
8. Commercial parking lot or parking garage;
9. Restaurant;
10. Art studio or gallery;
11. Convenience store, food store, grocery store;
12. Personal service;
13. Business service;
14. Building materials, but excluding those of which the principal activity entails outdoor sales and/or storage;
15. Garden supply;
16. Conference center;
17. Commercial boating and fishing uses and facilities, provided only incidental cleaning and cooking of seafood occur at the site;
18. Aquaculture; and
19. Accessory dwelling units.

C. Special Exception Uses.

1. Motel, hotel, inn, or rooming house;
2. Funeral home;
3. Gasoline sales: (a) not located within one thousand (1,000) feet of an existing station, (b) not located within one thousand (1,000) feet of any private residence, and (c) not located within one hundred fifty (150) feet of any existing structure;
4. Place of public assembly, including theater;
5. Public utility facilities including substation, pumping stations, and sewage treatment facilities;
6. Apartment building;
7. Temporary, intra-family dwelling unit;
8. Mechanical service; and
9. Residential dwelling units as part of a mixed-use building.

DEVELOPMENT USES – TIF DISTRICT #3

16.3.2.10 Business – Park B-P.

A. Purpose.

To encourage investment that promotes development of a high quality park-like setting for both the business and residential communities. Cluster mixed-use development must be used on larger tracts of land where offices, retail sales, services, lodging, open space, housing and light manufacturing space are blended with residential and moderate entertainment to foster general business growth and a sense of community. The intent of cluster mixed-use development is to provide a more efficient use of land than might be obtained through segregated development procedures.

B. Permitted Uses.

1. The following land uses are permitted for projects that are cluster mixed-use developments:
 - a. Art studio/gallery;
 - b. Building materials and garden supply;
 - c. Business and professional offices;
 - d. Business services;
 - e. Commercial parking lot or parking garage;
 - f. Conference center;
 - g. Cluster residential development;
 - h. Grocery, food store, convenience store, including gas station;
 - i. Light industry;
 - j. Mass transit station;
 - k. Mechanical services, excluding junkyard;
 - l. Motel, hotel, rooming house, inn;
 - m. Personal service;
 - n. Place of public assembly, including theater;
 - o. Public open space recreational uses, recreational facilities, and selected commercial recreation;
 - p. Public utility facilities including substations, pumping stations, and sewage treatment facilities;
 - q. Repair services;
 - r. Research and development;
 - s. Restaurant;
 - t. Retail uses and wholesale businesses excluding used car lots and junkyards;
 - u. School (including day nursery), university, museum, hospital, municipal or state building or use, church, or any other institution of educational, religious, philanthropic, fraternal, political or social nature;
 - v. Shops in pursuit of trade;
 - w. Veterinary hospital; and
 - x. Warehousing and storage.
2. The following land uses are permitted for projects that are not cluster mixed-use developments:
 - a. Business and professional offices;
 - b. Accessory uses and buildings; and
 - c. Business services.

C. Special Exception Uses. None

Enclosure 2

| Map-Blk # | Owner | Location |
|-------------|----------------------------|-------------------|
| 6 Lot 15B | William Cullen | Eliot |
| 6 Lot 16A | William Cullen | Eliot |
| 6 Lot 17A | Glenwood Allen | Chula Vista, CA |
| 12 Lot 03-1 | William Dennett | Kittery |
| 13 Lot 04 | William Cullen | Eliot |
| 13 Lot 5-9 | William Wyman | Kittery |
| 13 Lot 5-10 | William Wyman | Kittery |
| 13 Lot 14 | Town of Kittery | Kittery |
| 21 Lot 18 | North Star Medical | Kittery |
| 22 Lot 09 | Michael Boccia | Kittery |
| 22 Lot 13 | Rowell LLC | Springvale |
| 22 Lot 14 | Megan Paine | Kittery |
| 27 Lot 2-A | Frisbee Holdings LLC | Lancaster, NH |
| 27 Lot 49 | Frisbee Holdings LLC | Lancaster, NH |
| 27 Lot 49-A | Town of Kittery | Kittery |
| 27 Lot 50 | Frisbee Holdings LLC | Lancaster, NH |
| 29 Lot 01 | Lapierre Properties LLC | Kittery |
| 30 Lot 41 | Kittery Trading Post | Kittery |
| 38 Lot 13-A | Weathervane | Kittery |
| 38 Lot 13-B | Terry Gagner | Kittery |
| 38 Lot 13-C | Spruce Creek Acquisitions | Kittery |
| 38 Lot 13-D | Gagner Children Trust | Kittery |
| 38 Lot 13-E | Spruce Creek Acquisitions | Kittery |
| 50 Lot 08 | Harrison Lemont | Kittery |
| 50 Lot 13 | Hilda Wilson | Kittery |
| 60 Lot 22 | Andrew Siegel | York |
| 60 Lot 24 | DSS Land Holdings | York |
| 61 Lot 27A | Durgin Trust | Kittery |
| 66 Lot 25 | Hynes Trust | Vancouver, BC, CA |
| 66 Lot 26 | Ferguson Trust | Springvale |
| 66 Lot 26A | Wilson Five Service Co | Kittery |
| 66 Lot 26B | Kevin Inc | Kittery |
| 67 Lot 02 | Landmark Properties | York |
| 67 Lot 04 | M&T Realty | York |
| 67 Lot 08 | Cobalt Properties (Irving) | St. John, NB, CA |
| 67 Lot 08B | Cobalt Properties (Irving) | St. John, NB, CA |

36 Properties**1 - Owner - California****3 - Owners - Canada****3 - Owners - NH****3 - Owners - Eliot****2 - Owners - Springvale****4 - Owners - York****20 - Owners - Kittery**

| | | | |
|--------------------------------|---------------------|---------------------|-----------------------------------|
| Total Valuation 2010 | | \$1,368,185,340 | |
| Total Acres | | 11,867 | |
| Original Assessed Value | | Acreage | |
| District 1 | \$3,156,500 | 0.23% | 79.94 0.67% |
| District 2 | \$15,919,000 | 1.16% | 146.77 1.24% |
| District 3 | \$1,945,700 | 0.14% | 132.78 1.12% |
| Totals | \$21,021,200 | 1.54% | 359.49 3.03% |
| 2.5% OAV ALLOWED = | | \$34,204,634 | \$13,183,434 OAV REMAINING |
| 5% ACRES ALLOWED = | | 593.35 | 233.86 ACRES REMAINING |

NOTE: THESE ARE ESTIMATED VALUATION AND MIL RATE INCREASES

TIF ASSUMPTIONS

| | | | |
|-------------------------|------------------------|-----------------------------------|--------------------------|
| Mil Rate | \$14.44 | with 3% increase each year | |
| ACTUAL FACTORS | FY11 | FY06 | |
| Mil Rate (FY11) | \$14.28 | \$13.39 | Avg Incr Per Year |
| Variance | \$0.89 | \$ - Five Years | \$0.18 |
| Variance | 6.6% | % - Five Years | 1.3% |
| Valuation (FY11) | \$1,368,185,340 | \$1,262,680,300 | |
| Variance | \$105,505,040 | \$ - Five Years | \$21,101,008 |
| Variance | 8.4% | % - Five Years | 1.7% |

ASSUMPTION CALCULATION- RESERVED TAX REVENUES - 30 YEAR TOTAL - ALL

| | | |
|--------------|-----------|-------------------|
| District 1 | \$ | 4,350,412 |
| District 2 | \$ | 9,065,215 |
| District 3 | \$ | 8,648,766 |
| TOTAL | \$ | 22,064,393 |

SUMPTION TAX DOLLAR REVENUES AVAILABLE EACH OF 30 YEARS - ALL DISTRICTS

| | | | |
|------|-----------|---------------|---------------------|
| 2012 | \$0 | 2028 | \$870,083 |
| 2013 | \$14,873 | 2029 | \$888,673 |
| 2014 | \$81,802 | 2030 | \$907,265 |
| 2015 | \$208,225 | 2031 | \$925,857 |
| 2016 | \$252,844 | 2032 | \$944,448 |
| 2017 | \$416,449 | 2033 | \$963,040 |
| 2018 | \$461,069 | 2034 | \$981,631 |
| 2019 | \$520,562 | 2035 | \$1,000,223 |
| 2020 | \$684,168 | 2036 | \$1,018,814 |
| 2021 | \$721,351 | 2037 | \$1,037,406 |
| 2022 | \$758,533 | 2038 | \$1,055,998 |
| 2023 | \$777,125 | 2039 | \$1,074,588 |
| 2024 | \$795,716 | 2040 | \$1,093,180 |
| 2025 | \$814,308 | 2041 | \$1,111,772 |
| 2026 | \$832,899 | Total: | \$22,064,393 |
| 2027 | \$851,491 | | |

ESTIMATED COST OF PUBLIC FACILITIES, IMPROVEMENTS & PROGRAMS**DISTRICT #1 (MIXED USE)**Facilities, Improvements and Programs described in Section 5.3

| | |
|---|--------------------|
| -Landmark Hill (Town line to Ledgewood Road) | \$1,500,000 |
| -Ledgewood to Maine State Information Center Entrance | \$700,000 |
| -Interest Expense on Bonds | \$1,800,000 |
| -Economic Development Administration | <u>\$750,000</u> |
| Total: | \$4,750,000 |

DISTRICT #2 (RT 1 SHOPPING CORRIDOR)Facilities, Improvements and Programs described in Section 5.3

| | |
|--|---------------------|
| -RT 1 North (Haley Road to Rt. 1 south 3000'-Spruce Creek Bridge) | \$1,300,000 |
| -RT 1 Square at Spruce Creek | \$200,000 |
| -RT 1 South (Spruce Creek to Rt. 1 south 1600') | \$1,000,000 |
| -RT 1 South (Rt 1 south of Spruce Creek 3300' to Memorial Circle) | \$2,500,000 |
| -Lewis Road (intersection with Route 1, north 600' and south 1100 | \$650,000 |
| -Pinetree Center-Cutts Road Intersection (Route 1 north 500' and south 1200') | \$1,000,000 |
| -Trolleys, trolleys stops and related facilities and improvements | \$500,000 |
| -Trolley operations (\$50,000 per year) | \$1,250,000 |
| -New Town Square or Center construction | \$150,000 |
| -Upgrade of Pepperrell Cove piers, docking and related local lobstering/fishing and support facilities; | \$80,000 |
| -Interest Expense on Bonds | \$2,350,000 |
| -Economic Development Administration | <u>\$750,000</u> |
| Total: | \$11,730,000 |

DISTRICT #3 (BUSINESS PARK)Facilities, Improvements and Programs described in Section 5.3

| | |
|---|---------------------|
| -Installation of sewer lines (Dennett Road-I95 west 2,000' and Park Road 6,000') | \$3,000,000 |
| -Improvements to Roads (Route 236 west from Memorial Circle west 7000' to Eliot) | \$5,000,000 |
| -Improvements to Roads (Dennett Road-I95 west 2,000' and Park Road 6,000') | \$3,000,000 |
| Interest Expense on Bonds | \$5,000,000 |
| Economic Development Administration | <u>\$750,000</u> |
| Total: | \$16,750,000 |

Grand Total: \$33,230,000

ESTIMATED SAVINGS FROM TAX SHIFT

| <u>Tax Shift Item</u> | <u>Estimated Average Annual Amount</u> | <u>Estimated Total Amount (30 years)</u> |
|-----------------------|--|--|
| DISTRICT #1 | | |
| Educational Aid | \$55,190.67 | \$1,655,720.00 |
| County Tax | \$12,377.00 | \$371,310.00 |
| Revenue Sharing | <u>\$5,402.43</u> | <u>\$162,073.00</u> |
| Total: | \$72,970.10 | \$2,189,103.00 |
| DISTRICT #2 | | |
| Educational Aid | \$115,398.67 | \$3,461,960.00 |
| County Tax | \$25,772.43 | \$773,173.00 |
| Revenue Sharing | <u>\$11,171.40</u> | <u>\$335,142.00</u> |
| Total: | \$152,342.50 | \$4,570,275.00 |
| DISTRICT #3 | | |
| Educational Aid | \$110,097.33 | \$3,302,920.00 |
| County Tax | \$24,694.23 | \$740,827.00 |
| Revenue Sharing | <u>\$10,667.83</u> | <u>\$320,035.00</u> |
| Total: | \$145,459.39 | \$4,363,782.00 |
| ALL DISTRICTS | | |
| Educational Aid | \$280,686.67 | \$8,420,600.00 |
| County Tax | \$62,843.66 | \$1,885,310.00 |
| Revenue Sharing | <u>\$27,241.66</u> | <u>\$817,250.00</u> |
| Total: | \$370,771.99 | \$11,123,160.00 |

SUMMARY - ALL DISTRICTS - ALL FACTORS

| | |
|-----------------------------------|---------------------|
| TIF RESERVED REVENUES - 30 YEARS | \$22,064,393 |
| TAX SHIFT SAVINGS - 30 YEARS | \$11,123,160 |
| TOTAL: | \$33,187,553 |
| COST OF PUBLIC IMPROVEMENTS, etc. | \$33,230,000 |
| VARIANCE: | (\$42,447) |