

CITY OF ROCHESTER, NH
Granite State Business Park
Tax Increment Finance District (RSA 162K)

Tax Increment Financing: Overview

Cutbacks in federal and state infrastructure aid over the last two decades have minimized the amount of financing available to municipalities for infrastructure, increasing the use of tax increment financing (TIF), an economic development tool that has been around since the 1950's. The creation of TIF districts are crucial to New England towns and cities that compete with the financial incentives offered in other regions of the United States.

The underlying concept of a TIF District is that an area with development potential that is blighted or otherwise in need of economic improvement, becomes designated by a municipality as a tax increment financing district. The improvements made to the infrastructure stimulate development or redevelopment, which in turn generates incremental tax revenues. These revenues are then directed to the infrastructure debt service incurred by the municipality for the improvements.

The taxable valuation of the district is tabulated at the time of its creation, referred to as the original taxable value (OTV) or simply "base." Tax revenues from the base value continue to go to the general fund tax base. As the TIF district matures and private sector development and redevelopment occurs due to improvements, the City retains the incremental tax revenues generated above the base. The annual "tax increment" is used to pay the public expenditures on improvements in the district. The duration of a TIF district is typically limited by the time required to amortize bonded debt and the recovery of other municipal costs incurred in creating the TIF district and provide public infrastructure.

Public infrastructure investments typically include water supply, sewer expansion and repair, storm water drainage, street and sidewalk construction, street lighting, park improvements, and parking structures. These improvements are intended to make the area more attractive for development and reduce infrastructure costs to private developers.

Granite State Business Park TIF District- (RSA 162K)

District Activity for 2012:

The Granite State Business Park (GSBP) is located in the southeastern portion of Rochester adjacent to the Skyhaven Airport. The main road into the park from Rochester Hill Road (Route 108) was changed from Airport Drive to Innovation Drive in May, 2012. The extension of the new "Innovation Drive", coupled with the construction of a bridge will provide better access to the Northeast end of the Business Park, the future home of Safran Aerospace Composites. Airport Drive still exists and is now comprised of the original road that curves around to the Northwest where several lots are already occupied by businesses including Albany Engineered Composites, Phase 2 Medical, Spectex and the new site for Newport Computers. Map (ATTACHMENT 1) reflects the changes in roads and buildings in 2012.

In June, 2012, the sale of Lot 1 to Newport Computers was completed and construction on the 30,000-square foot building (expandable to 45,000 square feet) is in progress. The new building will be constructed to LEED standards, and as such will be the first of its kind in the city. LEED stands for Leadership in Energy and Environmental Design and was developed by the U.S. Green Building Council (USGBC) to set a benchmark for design, construction, and operation of high-performance green buildings. Newport Computers currently has about 30 employees in Rochester that will move to this new location.

Between July, 2012-December, 2012 there were extensive internal improvements made to several buildings in the Granite State Business Park. Improvements at the Albany building located at 216 Airport Drive included the installation of new heating, cooling and ventilation equipment and exhaust, renovation of three restrooms, a new sprinkler system install, extensive electrical, mechanical and fire protection work. Improvements were also made at the Albany building located at 112 Airport Drive including replacement of rooftop heating and cooling systems, installation of new exhaust blowers, duct work and placement of underground conduits for future new service. The foundation was laid for the new Safran building at 85 Innovation Drive and underground electric, underground plumbing, wiring and fire protection work was completed on this building as well.

An Advisory Board has been appointed and their duties adopted by the Rochester City Council. The Board will meet to review the Annual Report and make recommendations on next year's activity to the Mayor and City Council.

Goals for the Next Year:

Water system improvements needed for future expansion and water security for investors in the park include connecting or "looping" the water system from 216 Airport Drive, extending up Shaw Drive and connecting to the water system in Whitehall Road. This will be an FY15 CIP request and if undertaken as a TIF project, will require changes to the TIF Map and Financing Plan.

As businesses such as Albany Engineered Composites, Safran Aerospace Composites, Newport Computers and Phase 2 Medical grow within the Granite State Business Park, so will the need to accommodate the employees of the GSBP who already have a 24/7 presence. Albany and Phase 2 Medical are already working on 3 shifts and Safran will be adding a 3rd shift shortly.

The business park currently lacks street lights and sidewalks from Rochester Hill Road (Route 108), up Innovation Drive to the bridge, and along Airport Drive into the park, creating an unsafe commute for those employed in the business park. The only bus stop available to those taking public transportation is located outside the GSBP on Route 108.

To best accommodate the growth of these businesses and to encourage new business in the GSBP, the following projects will be priority for the next year.

- Water Loop to Whitehall Road
- Street Lights installed on Airport Drive
- Sidewalks constructed within the park
- Identification of a location and construction of a safe and sheltered bus stop inside the GSBP

Land has been identified to create a Phase 3 to the Granite State Business Park. This is currently being pursued outside the confines for the TIF District Map or Financing Plan.

Life to Date Financial Report:

TIF 162-K - Granite State Business Park
Financial Report as of Tax Year 2012

Assessment Information:	
Date of Adoption/Modification (mm/dd/yy)	07/05/11
A Original Assessed Value	13,292,007
B - Unretained Captured Assessed Value	(345.00)
C = Amounts Used on P2 (for tax rate purposes)	13,291,662
D + Retained captured assessed value	-
E = Current Assessed Value	13,291,662

Tax Rate Information:	
2012 Tax Rate per 1000 assessed value	25.68

Revenues	
Tax Increment District (Retained captured assessed value / 1000 * tax rate)	-
Investment Interest	-
Other	
Total Revenues:	-

Expenditures	
Long Term Dept Payments	-
Principal	-
Interest	-
Outside Services	
Other	-
Total Expenditures	-

Long-Term Debt Payable	
Principal	-
Interest	-
Total Long-Term Debt Payable	-

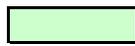
Beginning of Period - Fund Balance	-
------------------------------------	---

Excess (Deficiency) of Revenue	-
--------------------------------	---

End of Period - Fund Balance	-
------------------------------	---

Fund Balance Reserved for Debt Service	-
--	---

Deficit to be Raised by Tax Increment District	-
--	---

 <== Test Data