

CITY OF ROCHESTER, NH
Granite State Business Park
Tax Increment Finance District (RSA 162K)
Fiscal Year 2019 Report – Final Draft

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 FY 2019:

The Granite State Business Park (GSBP) is located in the southeastern portion of Rochester adjacent to the Skyhaven Airport.

Albany Engineered Composites located at 216 Airport Drive pulled permits and estimated \$1,800,000 in FY19 including the breakdown and relocation of modular offices within the plant, removal and replacement of a section of concrete floor to increase the load the floor can take for a new piece of equipment new sprinkler coverage.

NCS Global located at 21 Innovation Drive pulled permits for approximately \$70,000 to complete installation a 122KW ground mounted solar array.

HM Machine, a CNC machining company located at 9 Great Falls Avenue in Rochester, purchased two lots on Airport Drive and received Planning Board approval in 2015 for a two-

phase 40,000 square foot building. HM Machine was unable to acquire adequate financing for the construction of the first phase and put the project up for sale early 2016. Collier's International currently has the lots for sale for \$166,000 and was still available all through FY 2019.

The TIF District was expanded by 47 acres on February 7, 2017. The land was acquired by the City of Rochester in FY2017 and is being marketed for industrial development. The 55 acre parcel which was released from their option in June 2017 is currently under agreement with an undisclosed business. Due diligence for the purchase are proceeding.

The finance committee supported the appropriation of the water loop at the October 9, 2018 meeting and recommended for approval to the full City Council. The City Council approved a \$1.6 million dollar appropriation which will go out to bid in the fall of 2019, with anticipated construction before the end of 2019.

Advisory Committee Recommendations:

1. Continue with surveying of 47 city owned acres plus any additional lands purchased by the city to encourage new development.
2. Continue working with the undisclosed business to develop the 55 acre parcel near the bridge and any new potential new developers looking to build in the park.
3. Work with Coast to continue conversation on extending the bus route into the GSBP and not just stopping on Rochester Hill Road.
4. Safety: Look into continuing sidewalks from Airport Drive to Rochester Hill Road, or extend shoulders. Add additional lights on Innovation Drive. Lights were added to the park but only on Airport Drive.

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