

CITY OF ROCHESTER, NH
Granite State Business Park
Tax Increment Finance District (RSA 162K)
Fiscal Year 2016 FINAL Report

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 2017:

The Granite State Business Park (GSBP) is located in the southeastern portion of Rochester adjacent to the Skyhaven Airport. Previous GSBP financing reports have been calculated on a calendar year basis, the most prior report being calendar year 2015. This report and reports moving forward will be calculated on a fiscal year basis. This report includes January 2016-June 2016 to bring the reports up to date. FY 2017 projects started and future development is as follows:

Improvements have been made to three buildings in FY 2017, those are as follows:

The Albany Engineered Composites building located at 216 Airport Drive pulled permits and estimated \$13,000 in FY16 for sprinkler and heating system upgrades. In FY 17 spent approximately \$205,000 installing some underground electrical and renovating their lobby and

conference room area. The Albany International Techniweave building located at 112 Airport Drive also submitted an estimated \$10,000 in permits for sprinkler system updates and adding gas piping for a parts oven. NCS Global located at 32 Innovation Drive spent approximately \$25,000 on their exterior canopies in FY16. The condos at 61 Airport Drive completed electrical service in the amount of \$25,000 and \$3000 in interior renovations.

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. The Kane Company currently has it listed for \$299,000 with several interested parties.

The TIF District was expanded by 47 acres on February 7, 2017. This land was acquired by the City of Rochester in FY2017 and is being marketed for industrial development. Please see flyer attached. Also being marketed by the City is a 50 acre parcel formerly under option by Safran Aerospace Composites, who released the option in June 2017.

An Advisory Board met on April 15, 2016 and minutes were taken and reviewed by the Rochester City Council. The Board will meet again in October 2017 to review the Annual Report to make new recommendations on next year's activity to the Mayor and City Council.

Advisory Committee Endorsement:

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 FY17 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, 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. Safran Aerospace Composites has additional impacts on the traffic and safety of the park because their entrance to the site is through the main entrance of the park and they will also be adding additional employees and a 3rd shift. Currently the FY2016 CIP Budget appropriated \$70,000 for a bus stop, lighting and sidewalks.

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. The only bus stop available to those taking public transportation is located outside the GSBP on Route 108, which is quite a distance from most of these buildings. Adding additional lighting, sidewalks and a bus stop will enhance both vehicular and foot traffic in the park.

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 sheltered and well lit bus stop inside the GSBP

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