

Arundel Economic Development Committee

Minutes

November 5th, 2013 at 6:00 PM

Mildred L. Day School Library

600 Limerick Road

Members in Attendance: Ira Camp, John Bell, Jen Burrows, Sam Hull, Linda Zuke

Other Attendees: Todd Shea, Town Manager, Jim Damicis (Camoin Associates) Rick Licht (Licht Environmental Design, LLC), Joe Paolini (Arundel Kennebunkport Cottage Preserve), Jim Booth, Arundel Resident

Call to Order: Chairman Camp called the meeting to order at 6:10 pm.

I. Presentation of Proposed TIF District for Arundel Seasonal Cottages

A presentation was made to the Committee for a proposed TIF district for the Arundel Kennebunkport Cottage Preserve by Mr. Jim Damicis, assisted by Mr. Joe Paolini and Mr. Rick Licht. An outline of the presentation is attached to and will become part of these minutes.

Mr. Damicis started by explaining the impact of TIF Financing on State aid to education, State & Municipal revenue sharing, and the County tax. He explained that one of the advantages of a TIF district was to shield municipal revenue from State and County fiscal formulas. The drawback of a TIF is that municipal revenues do not accrue to the town's general fund, but instead have to be used for specific State approved economic development purposes.

The funds generated by a TIF can be allocated to the town or the developer, and can be spent on any item related to economic development which is not specifically disallowed by the State. TIF districts are limited in acreage to 5% of the municipality's total acreage and 5% of the town's total valuation. A TIF district can exist for up to thirty years.

The proposed TIF district for the Arundel Kennebunkport Cottage Preserve involves approximately 195 acres located between Route 1 and Mountain Road, and is to be used for seasonal cottages and related amenities. The proposal is to develop this area over a period of seven to ten years. Because of the seasonal nature of the cottages there would be no impact on RSU 21. The project envisions approximately 260 units valued at an average of \$220,000. The full build-out of the project is estimated at \$58,390,000 and a 25 year TIF agreement with Arundel is proposed. A 9.2 acre parcel adjacent to Route 1 is planned for business or retail/service development of approximately 40,000 square feet.

Mr. Hull enquired if there were any such proposed developments presently existing in Maine. Mr. Paolini referred him to Summer Villages in Wells, Seaglass Cottages in Wells, and Summer Winds in Old Orchard Beach, as being similar seasonal types of development.

Mr. Paolini also stated that very few units would be built during the first two years of the project because of the necessity of first improving the access area from Route 1, constructing an access road between Route 1 and Mountain Road, and building other infrastructure for the development such as water lines and fire hydrants.

Mr. Damicis noted that under the terms of the proposal, approximately 51% of the tax revenue would be retained by the town and 49% would be returned to the developer. Returning funds to the developer is necessary in this case because of the high cost of construction due to the amount of ledge in the area. Mr. Damicis stated that even with the TIF arrangement there would be a net gain to the town of approximately \$12.5 million over the proposed twenty five year period. He also stressed that the town would be limited to using those funds for economic development purposes.

Mr. Hull asked if a financial plan for the project was available. The Town Manager stated that he had been unable to send this financial information to Committee members because of problems with the server at the Town Hall, but that the information would be forthcoming as soon as the computer problems were resolved.

Mr. Hull asked if the TIF district were not approved by Arundel voters, would the project go ahead anyway? Mr. Paolini replied that because of the construction costs associated with this particular project, the development could not be profitable without the TIF arrangement.

Mr. Paolini then showed architect's renderings of the type of construction that was planned, including two proposed swimming pools. He also noted that building permits have been issued for the development.

Mr. Hull asked how much money would be spent during the initial phase of the development and where would the money be coming from. Mr. Paolini replied that upwards of \$1 million would be required for improvements to Route 1, an access road and other infrastructure, and that the developer would front this money. Mr. Damicis stressed that any monies generated by the TIF for the developer would only be a return of taxes paid by the developer, and that the Town would not be fronting any development costs.

Mr. Hull then asked what would be the worst thing that could happen to the project from the Town's point of view. The Town Manager stated that if the Town were to bond other

economic development projects based on anticipated income from the proposal at hand, and then the current project were abandoned by the developer, the Town would then have a liability for the bond. He also stated that the Town had no intention of taking on such a liability. Mr. Paolini added that the only liability the town had under the proposal was to supply ambulance service, and fire and police protection for the development.

Mr. Hull asked where was the target market for this project. Mr. Paolini replied that the primary market area was Massachusetts, Connecticut and New York.

Mr. Camp asked if the units would be modular or stick-built. Mr. Paolini replied that they would be stick built. Mr. Camp also asked about financing, to which Mr. Paolini replied that mortgage financing was available, but possibly not from local banks. He said that he anticipated a sizeable percentage of buyers would pay cash.

Ms. Burrows enquired about the impact on Fire and Police protection. Mr. Paolini stated that the impact was expected to be minimal. The Town Manager noted that funds from the TIF could be used for fire and ambulance equipment, but that police protection probably would not qualify.

Mr. Licht noted that a town-wide vote was required to approve the TIF and enquired of the Committee if the EDC was in favor of the project, and if so could the Committee help sway voters in favor of the project.

Ms. Burrows asked if Mr. Licht thought the Biddeford Airport would be a plus factor for the Development. Mr. Licht said he thought a nearby facility for private planes would be a plus factor.

Mr. Hull asked what the time frame was for the project. The Town Manager said the Selectmen were anticipating a February vote on the TIF.

Ms. Burrows asked if the developers would be hiring any local contractors, and Mr. Paolini replied that all the bids he had received for infrastructure projects had been from Maine people, and that he anticipated using local contractors during the life of the project to the extent possible.

Ms. Zuke asked if the proposed trails on the development property would be accessible from the Eastern Trail. Mr. Paolini replied that because of insurance requirements, any trails his company developed would probably remain gated off and would not be accessible by the general public.

Mr. Licht stated that the developer would like to make a presentation to the business community, possibly through the Chamber of Commerce, and to the general public, to provide some understanding of the project before the development goes to a vote.

Mr. Bell asked if any of the land being developed could be set aside to provide access for the general public to the Eastern Trail. Mr. Licht replied that the land contiguous to the Eastern Trail was owned by Shawn Douston, not the Arundel Kennebunkport Cottage Preserve, and that the developer only had the right to use this access in case of emergency.

Ms. Zuke and Mr. Hull questioned the use of “Kennebunkport” in the project name. Mr. Paolini said this was necessary in marketing the project because of the widespread name recognition of Kennebunkport. Mr. Licht emphasized that “Arundel” would continue to be the first name of the development.

Mr. Bell asked if the developers were planning on spending any money on a marketing effort to try to effect the outcome of a vote on the TIF. Mr. Licht answered in the affirmative but said that any such effort would have to be a “soft sell”, and that tonight’s meeting was part of that effort. He asked if the Committee had any suggestions to further this effort, and Mr. Hull suggested the Historical Society and the Chamber of Commerce.

After some further discussion of financing details, the Town Manager thanked the developers for their presentation and they left the meeting.

II. Progress Reports

2.1 Marketing & Branding Study: The Town Manager reported that TCG was in the process of finishing revisions to their report and that a telephone call was scheduled for Wednesday, November 6th with Mr. Kohn. Mr. Shea said he would notify Committee members of the results of this conversation by e-mail.

2.2 Zoning & Comp Plan Updates: The Town Manager notified the EDC that a combined meeting was scheduled for 7:00 pm on November 14 for the Planning Board, the CPRC, and any members of the EDC who choose to attend. The meeting is to coordinate the efforts of the Planning Board and the CPRC. Mr. Shea reported that Planning Board and CPRC meetings to date had been focused on business zones in the Route 1 Corridor, Route 111, and the Town House Corner District, and the concern of some residents in preserving the rural nature of Arundel. He noted the difficulty of defining just what the “rural nature” of Arundel is. Mr. Shea said he would e-mail the agenda for this meeting as soon as possible.

2.3 Zip Code: The Town Manager noted that he expected to hear from the Postal Service within sixty days regarding the Town’s appeal of the recent Post Office decision to not allow Arundel its own zip code.

III. New Business

Mr. Hull asked the Town Manager if it was his intention to fully analyze the financial implications of the Arundel Kennebunkport Cottage Preserve, in order to ascertain the worst case scenario for the town as the project moves forward. Mr. Shea assured him that the Selectmen had approved the hiring of a legal firm specializing in TIF Districts to analyze the project before the town commits to the development.

IV. Approval of Minutes

Ms. Burrows moved to accept the minutes of the meeting of 9/10/13. Mr. Camp seconded and the motion passed unanimously.

V. Adjournment

Mr. Hull moved to adjourn the meeting, seconded by Mr. Bell, and the meeting was adjourned at 8:15 pm.

I hereby certify that the above is a true and accurate record of the Economic Development Committee meeting of November 5th, 2013.

John Bell, Secretary