

Approved by City Council on January 3, 2017



City Council Special Workshop Meeting November 28, 2016

Call to Order

Mayor Merrifield called the meeting to order in the Council Chambers, Franklin City Hall at 6:30 p.m.

In Attendance

Councilor Clarenbach, Councilor Starkweather, Councilor Barton, Councilor Desrochers, Councilor Wells, Councilor Zink, Councilor Dzujna, City Manager Dragon and Mayor Merrifield.

Absent

Councilor Boyd, Councilor Giunta.

Mayor Merrifield explained that one of the investment spurs the City has used in the past is Tax Increment Financing (TIF) District. This meeting is for the Council to discuss and get information about a revised plan for the TIF District.

Franklin Falls Mixed Use TIF Plan Discussion

City Manager Dragon stated that Neil Cannon, Downtown Coordinator, helped in preparation with the plan and Planning Director Lewis was the main writer of the plan. Franklin has two (2) current TIF districts, the one here downtown and the one in the business industrial park. Neither one has been very active and the industrial park is at \$22K. The downtown TIF district was to spur growth in the mill buildings and the downtown area. Economic Development and increasing the tax base is really the only way to bring in more money to support the budget for the City and school. With the increase in tax deeding happening, we know that raising taxes would only make it more difficult for families who are already having trouble paying their bills. Developers of the mill buildings would not be interested in redeveloping them without tools like TIF districts because the numbers do not work alone. The Catch program only worked because they were able to access a bunch of different funding sources and when renovated it will be approximately a \$12M building. It will be a building that will help develop the rest of the downtown corridor. There are other projects in the downtown area that have contemplated the TIF funds for their projects as well. The document you received is a modified version of the TIF plan that Franklin currently has. The new plan was made to be as flexible to the City Council as possible so that projects will be viewed and voted on by the City Council before money would be allocated. City Manager Dragon stated that Planning Director Lewis handed out a sheet that had a revision for page 9.

City Manager Dragon asked if everyone understands how a TIF district works. There were a few no's. She explained that a TIF district is based on using new revenue or new increased value in the district

you have set. You have a district and you have an assessed value that you have set for the district, which is the starting value. In Franklin that value was set in 2008 for the downtown TIF district. As new development comes on board and the assessed values increase that new value and taxes go into the TIF fund and that money is allocated for economic development projects. In this new TIF document the revision to page 9 gives the Council the most latitude as to what to do with the funds.

City Manager Dragon gave an example of a project: if someone wants to do a project in the mill building and the project will create a new value of \$20M and let's say the current value is \$10M so the new value would be \$10M. They say they can't make the project work without parking. That is an infrastructure project that would support economic development that would bring the project to fruition. The parking issue would go to the advisory board and they would bring that to the Council to see if that can be paid for by a bond or if that could be paid with TIF funds depending on how much is needed. A developer says he needs the parking to make this work and it can be funded through the new value of \$10M the money you would get from the \$10M would pay for the parking project. The developer would be willing to sign a development agreement with the City that states if you build the parking and borrow those funds, I will guarantee this building will happen and guarantee this increase will happen of new value that will pay for that bond. That in general is how a TIF district works.

City Manager Dragon stated that Planning Director Lewis has spent a lot of time on this and has prepared a handout of talking points that was given to the Council. She stated that having a TIF plan and developers knowing you have a TIF plan sets a tone for development, especially for larger projects.

Mayor Merrifield stated he remembers a meeting in 2008 where he had a conversation with Eric Shinberg and told him they already had a TIF district plan in place and he was very excited about that concept. City Manager Dragon added that we have a project that positions Franklin well. The Catch project will increase value in the downtown TIF district. It gives us an opportunity to use those funds to bring in additional dollars. To increase the value of a property and to reinvest in the district. There has been a lot of time spent to bring investors into the City and if you pull back now it will send a mixed message. There are investors that are relooking at Franklin based on all the changes that are happening to possibility invest in the community. City Manager Dragon stated she feels this is low risk to the Council as if a year from now they want to use these funds they have the ability to do that and all projects have to be authorized by the Council.

Councilor Dzujna stated that being involved in the Franklin for a Lifetime workshop he saw how important it is to have a private public partnership. Councilor Barton asked if there was anybody who might come forward soon. City Manager Dragon stated that in her evaluation conversation she mentioned a potential developer.

Councilor Zink asked what is the lifespan of the new value or how many years does it go into the TIF before it can be moved to the general fund. City Manager Dragon stated that it goes into the TIF until you no longer have the TIF. Councilor Zink asked that any new revenue always goes into the TIF. City Manager Dragon stated yes until you make a change. Councilor Zink stated it looks like it is reviewed

every three (3) years. Councilor Zink then asked about projects that get relief after five (5) years on page 10. City Manager Dragon stated that was a different RSA 79E, which the Council adopted. The project owner can come to the Council and ask for relief from the new value for up to five (5) years. Mayor Merrifield stated it is not associated with the TIF but they do intersect with one another if it is used within a TIF district. Councilor Wells stated that it looks like property was added on the Winnepesaukee River property on the east side to the Northfield line. City Manager Dragon stated that is correct they added the abutment to the river that the City currently owns. If you look at appendix B the City properties have no value but it broadens the scope of where the district lies. Councilor Wells states that most of that property is unbuildable and has no value and is not sure why it is included. City Manager Dragon stated that she will be asking for a workshop in the next Council packet to talk about development projects that are in the works and will address that. Councilor Wells heard that TIF funds can be used to fix roads. A section of the road at the Industrial park in that TIF district is in really bad shape and can we use funds to fix that. City Manager Dragon stated that the road at the Industrial Park was a highly debated topic a few years back but she will talk to MSD Director Sullivan about improvements in that area. Mayor Merrifield stated in order to use TIF funds on any project you have to have increased value.

Councilor Clarenbach stated regardless what has been said, he is not against the TIF and a TIF is a good start. He feels we are only doing it to part of the community, 3-5%, and not the whole community. We need to be able to build on this momentum but build it past the not for profit businesses. He feels we are missing the overall discussion of how we get Franklin for a Lifetime and the TIF becomes part of the overall plan. We are missing the big picture of how we get to the overall plan because the schools are an integral part. City Manager Dragon stated the school is going through a financial crisis and decreasing enrollment and they need to look at reorganizing. City Manager Dragon stated the City has little control as to how much money it gets from the State but the City advocates for more from the State as often as it can. To make improvements in the City is to make more funds available all around. By creating a TIF district you are creating opportunity for that specific area. City Manager Dragon stated prior to her arrival the TIF district was the industrial park area but there is not a lot of room for growth so the area shifted to downtown as you have 20K cars passing through with no real reason to stop and support the local businesses. Councilor Clarenbach stated the problem is what is the priority and how do we get Franklin for a Lifetime with steps. How do we prioritize our funds and dedicate our resources to not just one part of our community but to our whole community.

Councilor Starkweather stated he agrees with Councilor Clarenbach and Vision 2000 is 16 years old and needs to be updated. City Manager Dragon stated that Planning Director Lewis is in the process of updating the master plan for the City.

Councilor Wells asked about increasing the TIF to Green St and Central St. (near Crowley) and should that be included in the TIF area. Planning Director Lewis stated there has been a discussion ongoing for several months but it may be more of a natural resource. Councilor Zink stated that if 4&10 Pleasant St. were to make improvements they would go into the TIF as it is weird that there are a few

residential intermixed in the TIF. Planning Director Lewis stated they can adjust the line and it would change the figures a bit which are far below the thresholds.

Councilor Clarenbach stated you have to notify the school and county but other than that they have no impact on the decision. Planning Director Lewis stated the public hearing is their opportunity to speak. Councilor Clarenbach asked that they have no way of intervening after a decision is made and Planning Director Lewis stated no. Councilor Clarenbach asked if there is a limit on the number as he knows there is a limit on percentages. City Manager Dragon and Planning Director Lewis stated you can have as many TIFs as you want as long as you stay under the cumulative number. Councilor Zink asked about the state and local taxes and are TIF plans designed where only the municipal part of taxes are put into the TIF or is it always the total revenue put into the TIF. City Manager Dragon stated it could be done either way but was unsure any set up that way. Neil Cannon, Downtown Coordinator, interjected and stated that you have the decision to amend and appropriate funds. You can set the policy at that time as to how much you want to go where. Councilor Clarenbach clarified that the county never sees new money from the TIF. Councilor Barton asked that when you close or end the TIF it just becomes part of it. City Manager Dragon stated they are looking to reset the TIF as of April 1. Mayor Merrifield asked that a significant portion of Catch Housing will not be in the TIF for the first year. Planning Director Lewis stated that the Catch project value by April 1 will be minimal for the assessed value.

Councilor Zink stated that vision 2000 plan stated the value of this plan was to be \$25M but it is only \$15M. City Manager Dragon stated values dropped everywhere in the great recession of 2008-10.

Neil Cannon stated he has done economic development for 40 years and there is not a lot the State does so you have to take advantage of this as it will say a lot. If you don't have a TIF most people won't meet with him.

Councilor Zink stated that on page 12 of the TIF plan it states that there is a seven (7) member advisory board and the majority must include owners/occupiers and how many business owners currently live in Franklin. Planning Director Lewis stated this is statute based and there is no board currently but will create one if this is adopted. Councilor Zink asked that there are two (2) majorities that are needed. Mayor Merrifield stated that this language comes from the RSA and City Manager Dragon stated that it also states adjoining property. Councilor Zink asked how is this board selected do they apply or are appointed and the Mayor stated yes. Mayor Merrifield stated on page 11 under section 17 it talks about the City Council setting the 2016 tax rates but the DRA does that. Councilor Clarenbach stated that they should omit the one residential property on Pleasant St from the map. Councilor Zink asked that there are residential buildings and should those be removed. Planning Director Lewis stated just because they are on there doesn't hinder them or devalue their property in anyway. (City Manager Dragon stated that someone in the TIF would be hard pressed to convince the advisory board of the economic development value of the work on a sidewalk in front of a residential home, the impact is not big enough).

Councilor Dzujna asked does it hinder a developer if we have to much flexibility and Planning Director Lewis stated he didn't think so as it should weed out the fly by night plans. Neil Cannon stated he felt it strengthens Franklin's ability to negotiate. Councilor Zink asked how much property value and acres are in the business district. What percent of the \$6M of the total of the two districts added together? Planning Director Lewis stated the acreage and assessed value is \$15.29M for the Industrial Park. The total for both TIF plans is \$31M and a total tax of \$537M so 1.7% is going into the TIF and up to 8% can be put into TIF.

Motion to adjourn made by Councilor Clarenbach and seconded by Councilor Desrochers. All in favor; meeting adjourned at 7:46 p.m.

Respectfully Submitted,

Lauraine G. Paquin