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AMESBURY CITY CLERK

**CITY OF AMESBURY  
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BILL No 2018-017

Amesbury City Council Resolution to support the following steps by the City of Amesbury as outlined below:

Summary: A Resolution to support the following:

The City Council hereby resolves that economic development is an integral component of the current and future success for the City and that the proactive steps taken by the City to facilitate economic development are necessary to ensure positive and timely growth. The City Council hereby offers this resolution to confirm the support for economic development by establishing objectives for the South Hunt area.

Be it Resolved by the City Council of the City of Amesbury assembled and by the authority of the same, considers this matter as follows:

**WHEREAS**, the developers of Global Properties Incorporated are proposing a 420,000 square foot forty million dollar athletic facility, known as the Atlantic Center, off South Hunt Road; and

**WHEREAS**, the site of the Atlantic Center is one of the few available in the community to accommodate a facility of this size, the complexity of the facility requires an investment of \$12,000,000 to overcome site constraints, and given the site constraints, job creation, and taxation value, the Atlantic Center will qualify for the City's Tax Increments Financing program; and

**WHEREAS**, beyond the taxation value the Atlantic Center represents an economic magnet bringing visitors for tournaments and events from around the nation, representing an economic ripple effect with a positive impact for local businesses supplying goods, services, and accommodations; and

**WHEREAS**, the City has been fortunate to benefit from new growth, and has new opportunity with vacant City owned land in the area of South Hunt Road and route 150 such as: Amesbury Heights, Hatters point, Baileys Pond, Arc Technologies, Trader Allens, and Margret Rice, all of which will create traffic impacts the area of South Hunt; and

**WHEREAS**, South Hunt Road is the primary roadway for access to the Atlantic Center, it serves other industrial and commercial properties, and is connected to Route 150 and interchanges off 495 and yet it has not seen any major improvement by the City in decades; and

**WHEREAS**, the City established the LEAD program (Leverage Economic Access for Development) to establish a proactive approach to creating access to development sites by addressing off-site constraints: and

**WHEREAS**, the Mayor recommended, and the City Council approved, funding for traffic studies for the South Hunt Road Corridor, matched by Global Properties, to facilitate planning, which will address the needs for current and future growth in the City; and,

**WHEREAS**, the City has, and will continue to be, a partner with the economic development process and will make use of innovative methods, such as the Tax Increment Financing, District Improvement Financing and State Grants; and,

**NOW, THEREFORE**, be it resolved that the City Council does hereby support the below South Hunt Area Objectives, to offset the site constraints of the Atlantic Center, to provide traffic mitigation from recent growth, to enable future possibilities on City owned land, and to facilitate the substantial opportunities of the Atlantic Center:

**South Hunt Area Objectives:**

1. Amortization of Site Constraints: The Atlantic Center Developer has requested the support of the City, through Tax Increment Financing (TIF), to aid the Atlantic Center in the amortization of a reasonable portion of the considerable site constraints. The City will work with the Atlantic Center to establish and adopt a reasonable TIF proposal. Such approval, and the details of a TIF, will be pursuant to the process, as required by the Commonwealth, including local approval by the City Council.
2. Traffic Plans: The City, with consultants, will develop plans and seek approvals for the South Hunt, Route 150, 495 area (known as the Project Area) to address traffic mitigation for the past years of disinvestment, for impacts caused by recently approved developments, for future developments, and for the Atlantic Center.
3. Traffic Improvements DIF: The City will develop a DIF district in the Project Area, with anticipated revenues from the Atlantic Center, to facilitate funding for traffic improvements. Such DIF will be appropriately balanced with the above TIF to ensure that the City receives sufficient tax revenue commensurate with other approved TIF projects. The approval and details of a DIF will be pursuant to the process requiring local approval by the City Council.
4. Grant Traffic Improvements: The City will seek grants for the traffic improvements to offset the project costs and to offset the amount for a DIF, to facilitate a sufficient TIF to support the Atlantic Center. If the City does not qualify then the City will use the DIF to address the traffic improvements.
5. Traffic Improvements: Following the development of plans, approval of plans, establishment of a DIF District, application and receipt of funds through grants, the City will finalize a funding plan with the City Council and implement the traffic plans in a phased manner appropriate to mitigate the demands of growth.
6. Objectives Foundation: The basis and background for the above Objectives is a memorandum from William Scott, Community Development Director to Mayor Ken Gray dated February 5<sup>th</sup>, 2018, titled Development Objectives South Hunt Area, which is attached hereto and incorporated herein.

Witness my hand and seal for the City of Amesbury this \_\_\_\_\_ day of \_\_\_\_\_, 2018

\_\_\_\_\_  
Christine Dixon, City Clerk

\_\_\_\_\_  
Date



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2018-017  
**Amesbury**

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## Memorandum

To: Mayor Gray  
Christian Scorzoni, City Council President

From: William Scott, Community Development Director  
RE: Development Objectives South Hunt Area  
Date: February 5, 2018

## Introduction

The Atlantic Center represents the largest, single economic opportunity the City has seen in decades. The Atlantic Center has a distinct advantage to Amesbury by building upon the infrastructure of the tourist economy, and by providing a more consistent visitor market. In that sense, it is not the retooling of an economy, rather, the Atlantic Center provides the new growth for the expansion of an economy that Amesbury already offers.

The project is more than the tax revenue from the estimated forty-million-dollar value, the Atlantic Center brings new visitors to the community creating a ripple effect through the economy. Hotel stays, restaurants, gas stations, groceries, clothing, and a myriad of other business will benefit. As the development moves forward there have been ideas for additional support businesses, such as more hotel rooms, longer stay opportunities for teams, training facilities, the development of other sports facilities, better transportation options for visitors and a myriad of other opportunities. The ripple effect not only provides for business expansion, it fuels the possibilities for new business growth.

While the Atlantic Center represents the primary magnet for these opportunities, the City is already realized new growth. Once the facility comes online, the City will face additional pressure from businesses wanting to be in the City, benefiting from the new visitor. As we move forward, impact mitigation issues will be beyond the Atlantic Center impacts. The next iteration of public improvements should address recently approved projects, potential projects (especially those on City Land), The Atlantic Center, and potential new growth. This paper will review the issues of a City-led, proactive mitigation package.

## Mitigation Share

Every development is an opportunity to leverage private investment to further the investments for public infrastructure. This approach gets misinterpreted when a community believes that new private development is responsible for all of the City improvements. In reality, infrastructure is owned by the City, and a City with updated infrastructure that is ready to

accept the demands of growth will be able to attract development. A City with poor infrastructure, and a penchant to require that private development solve those issues, loses economic opportunity to another community that is ready for development. The approach outlined herein will use the proactive paradigm to invest to stimulate private investment.

South Hunt Road represents an area where the lack of investment is evident if we are to assume it is a roadway for industrial uses. New development should not be expected to overcome all of the costs of prior disinvestment. Additionally background growth from recently approved projects creates new demands are placed on infrastructure. Assigning impact mitigation to a development based on their impacts is commonly referred to as proportionate share. This is a term that sets standards for impact fees to make sure they are limited to the mitigation necessary for the development. It also sets a nexus for contributions to offsite mitigation to a reasonableness associated with the development's impacts. A problem occurs when small projects may not trigger public improvements yet the aggregate of these projects creates an impact requiring mitigation.

An existing intersection that needs an upgrade to handle disinvestment, new growth, background increase in traffic, is not an issue that would be solely the responsibility of one development. This warrants a sharing of the demand. When a large development is asked to address prior disinvestment, current growth, and new growth unrelated to their development this becomes a burden.

## **Leveraging Development**

The Mayor proposed the LEAD program, or Leverage Economic Access for Development, to create a clear path to enabling actions which will provide access to prime development sites. This approach was supported by the City Council with a Resolution. The City realized that the majority of obstacles to economic development remain as access issues. The principals of this local LEAD program are as follows:

Identify the options available to provide access to prime development sites.

1. Create partnerships with property owners to facilitate access to prime development sites.
2. Create partnerships with prospective development teams to facilitate leverage opportunities to access prime development sites.
3. Identify City-owned property that can enhance access to prime development sites and determine the steps necessary to employ the use of those sites.
4. Create financing plans that will leverage outside funding to develop access opportunities for prime development sites.
5. Work with the City Council and the public to take the required action to facilitate the above.

The key to the Atlantic Center development is the ability to leverage a considerable tax revenue from a forty million dollar value. In addition the job creation and economic ripple effect address many of the criteria of many Commonwealth grant opportunities. In essence, the development is providing the opportunity as facilitated by the DIF and Commonwealth, and without the development, there is no opportunity to improve public infrastructure, other than the current general fund.

## **The Role of the DIF**

The second possible source of funding for development mitigation is the use of the additional tax revenue generated by the new growth from a development. The District Improvement Financing (DIF) option provides that ability. In this case, the DIF funds are essentially the City's contribution to the project, from the new taxes, to match the grant funds and create a more

competitive application. Again without the new revenue from the private development there is no DIF, and no ability to create improvements for public assets. The resulting proposal is first, a DIF that will improve the competitiveness of a grant, and second, the grant which will leverage the development's positive economic outcome. Grants are not guaranteed, in the absence of the grant the DIF becomes a primary means to fund the offsite improvements.

## **The TIF and Relationship to Leverage**

Tax Increment Financing (TIF) has been an advantage to the City as multiple developments moved forward when they previously (without the TIF) would have either not moved forward or located elsewhere. The premise of the TIF is that the tax incentive is a necessary component of the development financing, to overcome high site costs. Essentially the TIF statement is "if not for the TIF, the development would not occur". With this approach the comparison of revenue is between the current taxation (undeveloped state) and the possible taxation of the development (developed state) after the TIF is applied. The leverage, in this case, is for site work and not offsite (the DIF is used for offsite). The use of the TIF program is also advantageous during a positive real estate market, as the ability to move projects to development is enhanced. In a community which has had vacant land between two interstates for decades, the possibility exists that the land could remain vacant. A vacant site that misses a positive real estate market extends the vacancy for the tenure of the downturn, regardless of a TIF. When land remains undeveloped for thirty-years the question is: how much tax revenue was lost over that time? In most cases that number well exceeds the TIF benefit. Therefore a TIF ends the vacancy cycle, targets the incentive for the uses the City wants, and returns revenues that could be postponed for another decade or more. One could argue that we could wait for a development that does need a TIF, however during that wait the development might not be as favorable as the one at hand, and tax revenues are lost while we wait.

## **The TIF and DIF together**

A unique circumstance occurs when you combine both a TIF and DIF incentives in the same project. There is a need to balance both products to make sure there is not a substantial loss of taxation (TIF incentive to the Developer, DIF allocation to offsite improvements) when both incentives are applied. When a development uses both products, the TIF is lowered to adjust for the use of the DIF. This is assumed to be the development's contribution, along with the ability to leverage grants, to the public infrastructure. There is a hierarchy to these decisions: without the TIF there is no development, without the development there is no DIF and public infrastructure investment.

## **The Traffic Program**

The Atlantic Center has already invested in two traffic studies and provided \$40,000 to match City funds to move those studies forward. The first traffic study covers the demands of the Atlantic Center, and, the second traffic study addresses the lack of investment, the current developments, and future possibilities (including City-owned land). The developer has set the foundation for improvements beyond their proposal and set the stage for the City (with incentive programs) to create the capacity for current and future development. Given much of the offsite obligation is spread across many developments, the lead role of the City makes sense to combine these impacts into a solution which is more comprehensive. If the Atlantic Center development builds to only their obligation, then the City would have to come back to the improvements and make improvements to accommodate other growth, such as City-owned sites. Therefore the City, with funds from private development taxation, and the possibility of grants, will take the lead in creating the improvements to make sure that the outcome addresses past, present, and future development.

## The Financing Approach

Let's put together the options to move forward with Infrastructure improvements. The below items are represented in the objectives for a City Council Resolution.

1. Amortization of Site Constraints: This step is necessary to create the private investment opportunity that leverages funds for the public improvements. Without the TIF all of the below items are moot. The Atlantic Center Developer has requested the support of the City, through Tax Increment Financing (TIF), to aid the Atlantic Center in the amortization of site constraints. Such approval, will be pursuant to the process, as required by the Commonwealth, including local approval by the City Council.
2. Traffic Plans: The developer has already provided the studies necessary to address the project's needs and the overall community needs. The City, with consultants, will develop traffic plans and seek approvals for the South Hunt, Route 150, 495 area (known as the Project Area) to address traffic mitigation for the past years of disinvestment, for impacts caused by recently approved developments, for future developments, and for the Atlantic Center.
3. Traffic Improvements DIF: The DIF will leverage the funds from the private sector investments to improve public assets. The City will develop a DIF district in the Project Area, with anticipated revenues from the Atlantic Center, to facilitate funding for traffic improvements. Such DIF will be appropriately balanced with the above TIF to ensure that the City receives sufficient tax revenue commensurate with other approved TIF projects. The approval and details of a DIF will be pursuant to the process requiring local approval by the City Council.
4. Grant Traffic Improvements: This is a possibility, and not a guarantee. If the grants are not available then the City would leverage more funds out of the DIF. That would then reduce the TIF even more. Considering the TIF necessary, as outlined in item one above, then the grant becomes an integral component of the project. The City will seek grants for the traffic improvements to offset the project costs and to offset the amount for a DIF, to facilitate a sufficient TIF to support the Atlantic Center.
5. Traffic Improvements: The City has already begun this process as the City Council approved matching funds to take the developer traffic studies through an implementation process. Engineering proposals are due on February 5<sup>th</sup> for engineering firms to complete the design work and move through the permitting process. Following the development of plans, approval of plans, establishment of a DIF District, application and receipt of funds through grants, the City will finalize a funding plan with the City Council and implement the traffic plans in a phased manner appropriate to mitigate the demands of growth.

## Conclusions

New investments generate new dollars to address old problems, which in turn facilitate the new investments. It is a cycle that begins with the private investment, to create public improvements, and without the shared private investments the public improvements are not possible, which in turn limits the ability for development and the resulting private investments. The public investments based on new revenue from private investments only happens when the guarantee of development occurs. Therefore the resolution by the City Council provides assurances to grant and permitting agencies that the program is conceptually acceptable without making a commitment too early in the process. As the project moves forward, the specific steps, such as TIF and DIF approval, will be taken with sufficient protections to make sure the investments by the City are supported by the progress of the private sector investment.