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AMESBURY CITY CLERK

**CITY OF AMESBURY  
IN THE YEAR TWO THOUSAND TWENTY**

SPONSORED BY: *Kassandra Gove* BILL No. 2020-101  
*Kassandra Gove, Mayor*

**AN ORDER to authorize a Tax Increment Financing (TIF) Incentive for Archgrove Hospitality**

**Summary:** Archgrove Hospitality, Inc. is seeking a Tax Increment Financing (TIF) Incentive from the City of Amesbury for the 295-297 Elm Street Economic Opportunity Area.

**Be it Ordained** by the City Council of the City of Amesbury, assembled, and by the authority of the same, as follows: that the Amesbury City Council hereby votes to approve and authorize the Mayor to take action on the following: Designation of the 295-297 Elm Street Economic Opportunity Area, located at 295-297 Elm Street in Amesbury, Amesbury Assessors Map 80 parcels 11 and 12 located on 1.57 acres (hereafter referred to as the "PROPERTY"), a Tax Increment Financing Zone Application and Tax Increment Financing ("TIF") Plan, a Tax Increment Financing Agreement, by and Between the City of Amesbury and Archgrove Hospitality Inc., a New Hampshire corporation with a principal place of business at 75 Tilton Road, Tilton NH, 03276, represented by Director Shailesh Patel CEO (hereinafter referred to as "COMPANY").

**WHEREAS**, the COMPANY wishes to improve and thereby increase the value of the property located at 284 Elm Street, Amesbury, hereafter known as PROPERTY as shown in Attachment "Exhibit A";

**WHEREAS**, pursuant to the City of Amesbury Guidelines for Incentives the CITY is willing to grant a tax concession to offset the project's site-specific development constraints in return for guarantees by the COMPANY as cited in the Tax Increment Financing Agreement Exhibit B;

**WHEREAS**, the COMPANY is seeking a Tax Increment Financing Exemption from the CITY through the execution of the agreement as provided in Exhibit B, in order to enhance the financial viability of the proposed project to be established at the PROPERTY, in accordance with the Massachusetts Economic Development Incentive Program and Chapter 23A and Chapter 19 of the Acts of 1993 and 402 CMR 2.00;

**WHEREAS**, the COMPANY by construction, occupancy, and operations of the proposed project will create employment opportunities;

**WHEREAS**, the proposal by the COMPANY will create additional taxation above the current values of the PROPERTY; and

**WHEREAS**, the Amesbury City Council voted to adopt the Amesbury Incentive Guidelines, contained in the report titled *"The City of Amesbury Economic Incentives Strategy: An Approach to Leverage Positive Economic Growth March 2014"*, as a means to support the use of Tax Increment Financing as a tool to encourage economic development within the City;

NOW, THEREFORE BE IT Ordered by the City Council and the City of Amesbury that:

1. The City Council hereby authorizes the Mayor of the City of Amesbury to file an application and seek approval with the state Economic Assistance Coordinating Council (EACC) to establish an Economic Opportunity Area (EOA) for the PROPERTY, to be known as the 295-297 Elm Street Economic Opportunity Area;
2. The City Council hereby approves the TAX INCREMENT FINANCING ZONE AND PLAN CITY OF AMESBURY, MASSACHUSETTS and ARCHGROVE HOSPITALITY \_\_\_\_\_ 2020 which is attached hereto and incorporated herein by reference.
3. The City Council hereby authorizes and requests the Mayor to execute on behalf of the City a TIF Agreement, attached hereto and incorporated herein by reference, and submit the TIF Agreement, Zone and Plan to the EACC for its approval and certification pursuant to 402 CMR 2.18 and 751 CMR 11.06.
4. The City Council hereby designates the area known the PROPERTY as a TIF Zone pursuant to M.G.L. c.40 Sec. 59 and 751 CMR 11.04.
5. The Mayor shall be authorized to submit any and all required materials to the Commonwealth of Massachusetts Economic Assistance Coordinating Council and take such other action and execute any such documents on behalf of the City as may be necessary to carry out this order, the TIF Plan and the TIF Agreement.

First Read: June 9, 2020

Approved: \_\_\_\_\_

\_\_\_\_\_  
Council Clerk

\_\_\_\_\_  
Council President

Date: \_\_\_\_\_

Approved: \_\_\_\_\_

Kassandra Gove  
Mayor



COMMONWEALTH OF MASSACHUSETTS  
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**Economic Development Incentive Program (EDIP)**  
**PRELIMINARY APPLICATION**

The following information is required by the Massachusetts Office of Business Development (MOBD) and the Economic Assistance Coordinating Council (EACC) to make a preliminary determination on the eligibility of a project under the Economic Development Incentive Program. This application must be returned in electronic form to your MOBD Regional Director and a hardcopy with original signature(s) mailed to: EDIP Manager, MOBD, 136 Blackstone Street, 5<sup>th</sup> Floor, Boston, MA 02109. Please refer to the EDIP Guidelines, [www.mass.gov/hed/edip](http://www.mass.gov/hed/edip) and your MOBD Regional Director for assistance with this application.

PART I. COMPANY OVERVIEW				
1. COMPANY INFORMATION				
Company Name:	ARCHGROVE HOSPITALITY INC			
Project Location Address:	Street Address:	295-297 ELM STREET		
	City:	AMESBURY	MA	Zip Code: 01913
Company Headquarters Location:	City:	TILTON	State:	NH
FEIN (Federal Employer Identification Number):	46-5411679			
DUA # (Dept. of Unemployment Assistance #):	22016056			
Type of Organization:	<b>(a) Type of Organization:</b> Corporation			
Company's Taxable Year End:	12/31			
NAICS Code:	721110			
Is the applicant classified as a MA Department of Revenue Manufacturer?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			
Company's outside of Massachusetts sales as a percentage of total sales: (a) currently (b) projected upon completion of proposed project:	<b>(a) Current Outside of MA sales as of 12/31/2019 : 0%</b> <b>(b) Projected Outside of MA sales upon completion of project: 60%</b> Additional Information (if necessary):			
2. COMPANY CONTACT				
Executive Officer/ Company Designee:	Full Name:	Shailesh Patel	Title:	President
Contact (if different from above):	Full Name:	Shailesh Patel	Title:	President
Contact Address:	Street Address:	3 Country Way		

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	City:	Hopkinton	State:	MA	Zip Code:	01748
Telephone Number:	603-289-1509					
Email Address:	s.patel@archgrovehospitality.com					

**3. COMPANY DESCRIPTION & HISTORY**

**Please provide a brief description and history of the company.**

Archgrove Hospitality, Inc. was established in 2000 and is one of the region's leading hospitality companies that owns and operates 13 trademarked hotels and inns, which cater to business and leisure travelers in Connecticut, Maine, Rhode Island, Massachusetts and New Hampshire.

**PART II. ECONOMIC DEVELOPMENT PROJECT**

**1. PROPOSED BUSINESS EXPANSION PROJECT**

**Please provide a description of the proposed expansion project.**

Archgrove Hospitality, Inc. is proposing to construct and operate a 115-room hotel with meeting space at 295/297 Elm Street in Amesbury, MA. The proposed development would be a trademarked hotel similar to those in our existing portfolio. The hotel, as proposed, would require an investment of more than \$16.0 million and be approximately 65,000 square-feet, and, include the 115 rooms, a meeting space, gym, breakfast room and indoor pool.

**(a) Do you plan to use MA-based contractors and suppliers for this project? Please list names and locations of contractors/suppliers already identified.**

No contractors and suppliers have been identified at this early stage.

**2. PROJECT TIMELINE**

<b>(a) Please indicate the date a Letter of Intent was sent to the municipality and cc: MOBD Regional Director:</b>	<b>(b) Date the applicant expects to begin the project:</b>	<b>(c) Date the applicant expects to complete the project:</b>	<b>(d) Date the applicant expects to open the facility:</b>
4/30/2020	10/1/2020	1/31/2021	3/31/2021

**Additional Information (if necessary) on Project Timeline:**

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**3. INCENTIVE NEED**

**Please provide a description of your project's need for this incentive.**

The project requires the purchase of a portion of Old Elm Street land and lawn parcels in order to accommodate the proposed development. Old Elm Street parcel is encumbered with Utilities, especially overhead Electric cables that cannot be relocated due to extensive cost. The DoT land is encumbered by the Bike/Rail Trail Path and the agreement requires the developer at his cost to provide 12 parking spots for use by bike path users.

There is an issue with high underground water which requires the site to be built up to accommodate the porous pavement and under drainage infrastructure. The building up of the grade level necessitates the need for retaining walls along the northern boundary of the site.

These are all costs that are outside the typical site development costs.

**4. INVESTMENT BREAKDOWN**

**Please provide a breakdown of the expected investment required and associated costs.**

Land: \$ 1,500,000  
 Construction: \$12,000,000  
 Machinery & Equipment: \$ 200,000  
 FF & E: \$ 2,300,000  
 Total Projected Investment: \$16,000,000

**Additional Information (if necessary) on Investment:**

**5. MASSACHUSETTS EMPLOYMENT**

<b>(a) Is the applicant new to Massachusetts?</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<b>(i) If no, where are the existing Massachusetts facilities?</b>	Hampton Inn, 284 Elm Street, Amesbury MA 01913	N/A <input type="checkbox"/>
<b>(ii) If no, what is the applicant's full-time, permanent employment in Massachusetts (total of all MA facilities)?</b>	18 full-time permanent MA employees as of 2/14/2020	N/A <input type="checkbox"/>

**6. PROJECT LOCATION EMPLOYMENT, JOB CREATION & WORKFORCE ANALYSIS**

**Please complete the below sections providing current employment information, a job creation timeline and an analysis of the jobs to be created. See: "[Definition of a Permanent Full-Time Employee](#)".**

**Please note:** If project is approved, these job retention and creation numbers and dates will become part of the executed EDIP Tax Incentive contract, and will be used to measure the applicant's future program compliance.

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(a) MASSACHUSETTS & FACILITY EMPLOYMENT			
(i) Company-wide Permanent Full-Time Employment in Massachusetts (Total of all MA Facilities) at Date of Application:	(ii) Permanent Full-Time Employment at Project Location at Date of Application:	(iii) Permanent Full-Time Employees to be transferred from other Massachusetts Locations to Project Site (if any):	(iv) Total Permanent Full-Time Existing Jobs to be Retained at Project Location (Sum of questions 6. (a) ii & iii):
18	0	0	0

Please complete the Permanent Full-Time Employee 3-Year History below.

Calendar Year End	Permanent Full-Time Employee Headcount in Massachusetts	Permanent Full-Time Headcount at Facility
2017	17	0
2018	18	0
2019	18	0

Please explain any fluctuation in employment:

**(b) JOB CREATION SCHEDULE AT PROJECT LOCATION**

Please indicate the number of Permanent Full-Time Jobs to be created in total and by year. If job creation timeline exceeds five years, please complete the "Extended Job Creation Schedule" and attach as an addendum.

Permanent Full-Time Jobs to be Created (net new to facility and Massachusetts):	2021	2022	2023	Select Year 4	Select Year 5
18	8	5	5		

**(c) WORKFORCE ANALYSIS**

For the full-time permanent jobs to be created, please fill-in the chart below:

Category of Job:	Number of Jobs	Average Annual Salary of Each Job	Does the Employer provide healthcare benefits?		Does the employer provide a pension, IRA, and/or 401K?	
			Yes	No	Yes	No
Management	2	\$55,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Professional		\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Skilled-labor	8	\$29,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Unskilled-labor	8	\$27,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other		\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Notes on Employment:

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7. FACILITY		
(a) Will the applicant own or lease/rent the facility where the business expansion/relocation will occur?	Lease <input type="checkbox"/> Own <input checked="" type="checkbox"/>	
(i) If leasing/renting, identify the developer/landlord and state who will be the taxpayer of record for purpose of paying local real estate taxes?		N/A <input checked="" type="checkbox"/>
8. INCENTIVES & FINANCING		
(a) Please indicate which incentives the applicant is seeking in relation to the expansion project.	State Investment Tax Credit	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	Local Real Estate Tax Incentive	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	State Abandoned Building Renovation Deduction *Building must be 75% or more vacant and have been vacant for a minimum of 2 years.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
(b) Is the applicant seeking tax incentives from the Massachusetts Life Science Center?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If, yes please explain:	
(c) Please provide detailed information on any other sources of public or quasi-public funding that has been received or will be sought to contribute towards the financing of the proposed expansion.	None	
(d) Has the applicant or related businesses or any shareholder of applying entity previously been approved as a "Certified Project" by the Economic Assistance Coordinating Council (EACC)?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
If yes, what is the Project (i) name; (ii) municipality; (iii) approval date?	(i) Project Name: Hampton Inn, 284 Elm Street (ii) Project Municipality: Amesbury MA (iii) Project Approval Date: 12/17/2014	N/A <input type="checkbox"/>
(e) Please indicate whether the applicant has utilized other sources of public or quasi-public funding in the past. If applicable, please explain specific uses of funding and amount. If other, please give details on the funding source.	Select Funding Source	N/A <input checked="" type="checkbox"/>
	Select Funding Source	N/A <input checked="" type="checkbox"/>
	Select Funding Source	N/A <input checked="" type="checkbox"/>
	If applicable or other, please explain:	N/A <input checked="" type="checkbox"/>

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**PART III. LABOR AFFIRMATION**

**1. CERTIFICATION OF STATE & FEDERAL EMPLOYMENT LAWS**

- As an applicant requesting Certified Project approval, Shailesh Patel, affirms (**check box**) that this business will not unlawfully misclassify workers as self-employed or as independent contractors, and certifies compliance with applicable state and federal employment laws and regulations, including but not limited to minimum wages, unemployment insurance, workers' compensation, child labor, and the Massachusetts Health Care Reform Law, Chapter 58 of the Acts of 2006, as amended.
- As an applicant requesting Certified Project approval, Shailesh Patel, affirms (**check box**) that this business will not knowingly employ developers, subcontractors, or other third parties that unlawfully misclassify workers as self-employed or as independent contractors, or that fail to comply with applicable state and federal employment laws and regulations, including but not limited to minimum wages, unemployment insurance, workers' compensation, child labor, and the Massachusetts Health Care Reform Law, Chapter 58 of the Acts of 2006, as amended.

**2. COMPANY DISCLOSURE**

**Within the past five years, has the applicant or any of its officers, directors, employees, agents, or subcontractors of which the applicant has knowledge, been the subject of (if yes, please provide details):**

<p><b>(a)</b> an indictment, judgment, conviction, or grant of immunity, including pending actions, for any business-related conduct constituting a crime under state or federal law;</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p><b>Details:</b></p>
<p><b>(b)</b> a government suspension or debarment, rejection of any bid or disapproval of any proposed contract subcontract, including pending actions, for lack of responsibility, denial or revocation of prequalification or a voluntary exclusion agreement; or</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p><b>Details:</b></p>
<p><b>(c)</b> any governmental determination of a violation of any public works law or regulation, or labor law or regulation or any OSHA violation?</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p><b>Details:</b></p>

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IV. AUTHORIZATION & CERTIFICATIONS	
1. CERTIFICATE OF GOOD STANDING	
<p><b>Provide proof of good tax standing in the Commonwealth of Massachusetts via a <u>Massachusetts Department of Revenue</u> Certificate of Good Standing for each of the businesses intending to take advantage of the state tax incentives.</b></p> <p><i>*Applications will not advance to the supplemental round until a Certificate of Good Standing is received. The certificate must be dated within 6 months of the anticipated EACC meeting that the project is coming forth for review.</i></p> <p>To obtain a Certificate of Good Standing visit: <a href="https://www.mass.gov/how-to/request-a-certificate-of-good-standing-tax-compliance-or-a-corporate-tax-lien-waiver">https://www.mass.gov/how-to/request-a-certificate-of-good-standing-tax-compliance-or-a-corporate-tax-lien-waiver</a></p>	<p>Attached <input checked="" type="checkbox"/></p> <p><b>Date of DOR Application for Certificate of Good Standing:</b> <i>Select mm/dd/yyyy</i></p> <p><b>Notes:</b> From NH as it is a NH registered company</p>
2. CERTIFICATE OF COMPLIANCE	
<p><b>Provide proof of good standing with the <u>Massachusetts Department of Unemployment Assistance</u> by obtaining a Certificate of Compliance for each of the businesses intending to take advantage of the state tax incentives.</b></p> <p><i>*Applications will not advance to the supplemental round until a Certificate of Compliance is received.</i></p> <p>To obtain a Certificate of Compliance visit: <a href="http://www.mass.gov/lwd/unemployment-insur/employers/">http://www.mass.gov/lwd/unemployment-insur/employers/</a></p> <p>From here, log into your DUA account and click on "Payment Information" and then you will see a link for "Request Employer Certificate of Compliance."</p>	<p>Attached <input type="checkbox"/></p> <p><b>Date of DUA Application for Certificate of Compliance:</b> <i>Select mm/dd/yyyy</i></p> <p><b>Notes:</b></p>

COMMONWEALTH OF MASSACHUSETTS  
ECONOMIC ASSISTANCE COORDINATING COUNCIL  
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**3. APPLICATION AUTHORIZATION, CERTIFICATION & ACKNOWLEDGEMENT**

*I/We, Shailesh Patel (names and titles) of the applicant business applying for "Certified Project" status from the Commonwealth of Massachusetts, Economic Assistance Coordinating Council hereby certify that I/we have been authorized to file this application and to provide the information within and accompanying this application and that the information provided herein is true and complete and that it reflects the applicant's intentions for investment, job creation and sales to the best of my/our knowledge after having conducted reasonable inquiry. I/We understand that the information provided with this application will be relied upon by the Commonwealth in deciding whether to approve "Certified Project" status and that the Commonwealth reserves the right to take action against the applicant or any other beneficiary of the Certified Project if the Commonwealth discovers that the applicant intentionally provided misleading, inaccurate, or false information. I/We make this certification under the pains and penalties of perjury.*

*The signatories also hereby acknowledge that, under the Public Records law of the Commonwealth of Massachusetts, this application and all documents submitted in support thereof are public records under the provisions of Massachusetts G. L., Ch. 4, sec. 7 (26).*

**Signed:**

	President	April 30, 2020
Name	Title	Date

		Select mm/dd/yyyy
Name	Title	Date



**75 Tilton Road, Tilton NH 03276**

Date: April 28, 2020

Municipal Chief Executive

City / Town of Amesbury

62 Friend Street

Amesbury MA 01913

***RE: Intent to Apply For Massachusetts Economic Development Program (EDIP)  
in Amesbury MA - 295/297 Elm Street.***

Dear Mayor Gove,

This letter is Archgrove Hospitality Inc's letter of intent as required pursuant to the Economic Development Incentive Program, (EDIP).

On February 28, 2020, I met with Angela Cleveland, Director of Economic Development and Joe Fahey, Interim Director of Economic Development to discuss the EDIP Program and the various incentives available.

Archgrove Hospitality Inc owns and operates a number of hotels in the northeast, including a Hampton Inn in Amesbury and are looking to build another 115 room select service upscale hotel in Amesbury on a site at 295/297 Elm Street. The hotel will create employment opportunities for about 18 full time positions. The total project cost would be in the range of \$16M. The majority of the hotel guests will be from out of State and will further positively impact the local economy. It will serve the potential increase in hotel room demand created by other future developments in the area.

Archgrove Hospitality Inc is therefore requesting that you accept this letter as the formal letter of intent required under the Economic Development Incentive Program, (EDIP).

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Shaifesh Patel', written over a faint, illegible stamp.

Shaifesh Patel

President & CEO

cc: Angela Cleveland, Director of Economic Development, City of Amesbury

Peter Milano, Senior Regional Director, MOBD

## **Draft Timeline for Archgrove Hospitality TIF May 2020**

April 30<sup>th</sup> – Archgrove Hospitality files letter of intent and application to the City of Amesbury (Angela Cleveland)

May 1 - 8<sup>th</sup> – Negotiations, TIF Agreement, and other documents created by OCED

May 18/19 – Amesbury Economic Incentives Committee Meeting to make a recommendation for next steps to the Mayor

May 25-29<sup>th</sup> – Mayor recommends to the Council. Prepare City Council Packet for 1<sup>st</sup> reading (Due June 1<sup>st</sup>)

June 4<sup>th</sup> – Amesbury Chamber Economic Development Committee Meeting and recommendation

June 9<sup>th</sup> – City Council meets for 1<sup>st</sup> reading

June 16<sup>th</sup> – City Council Ordinance Committee review & recommendation

June 23<sup>rd</sup> – City Council Finance Committee review & recommendation

June 29-July 3<sup>rd</sup> - prepare City Council Packet for 2<sup>nd</sup> reading (Due July 6<sup>th</sup>)

July 14<sup>th</sup> – City Council meets for 2<sup>nd</sup> reading and vote

July 15<sup>th</sup> – Order Completed and package sent to EACC to meet July 15<sup>th</sup> deadline for the preliminary application to be on September 17<sup>th</sup> meeting (if applicable)

July 15-31<sup>st</sup> – File appropriately with City Clerk and CFO and set up internal tracking system.



**Tax Increment Financing Proposal  
295/297 Elm Street – Archgrove Hospitality  
Hotel Project  
City of Amesbury, MA  
May 2020**

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**Mayor Kassandra Gove**

Angela J. Cleveland, AICP  
Director  
Office of Community and Economic Development  
City of Amesbury, MA  
[clevelanda@amesburyma.gov](mailto:clevelanda@amesburyma.gov)

## **Introduction**

This document provides a detailed overview of the proposal for a Tax Increment Financing Agreement with Archgrove Hospitality for the property at 295-297 Elm Street. The intent of this document is to create a single coordinated overview of the proposal to facilitate an informed process for review and action at the local level by all of the parties necessary, including Mayor Cassandra Gove, the Amesbury Economic Incentives Committee, the Amesbury Chamber of Commerce Economic Development Committee and the City Council.

### **Section 1: Introduction – the Need for Incentives in Amesbury**

#### **1. Mutual Goals**

Back in September 1998, Amesbury completed the *Economic Diversification Strategy*, which was followed by the *2002 Redevelopment Plan - Lower Mill Yard*. In 2007 the Golden Triangle study articulated the development potential of properties adjacent to I-495 and I-95. Both the Lower Millyard and the Golden Triangle represent development opportunities for two of Amesbury's most constrained, but ideally located, sites. The Golden Triangle is undeveloped land that requires roadway improvements, connections to local roads, and consideration of environmental constraints in order to fully utilize the site. The constraints in this area pose some challenges to development and, as a result, a successful project on this site will require more aggressive financial approaches to facilitate economic and job growth.

Developers want a location that meets their needs as expressed in a transparent, cost effective project. Sites with extraordinary costs, such as off-site traffic improvements, brownfields, and environmental constraints, generally do not attract development proposals. While companies want readily developable sites, the City needs businesses that respond to criteria such as: job creation, additional tax revenue, minimal municipal service impacts, and a business mix that meets the needs of the community. These needs – site suitability for the developer and preferred land use for the City – are not mutually exclusive; in fact, they align well when the correct incentive package is established.

A Tax Increment Financing Program (or a TIF) should level the playing field to attract uses that the community needs and prefers while meeting the capital needs of compatible new development projects. Therefore, the TIF program is not an outright subsidy, but rather it is a tool to overcome constrained sites so that the City can attract business, create jobs, and accomplish their community development goals.

#### **2. Using the TIF to Overcome Extraordinary Costs**

The TIF program is a financial tool that provides a community with a competitive edge to attract business, create investment opportunities and create jobs. The program allows a reduction of taxes for the value of the new development improvement – called the incremental increase – and not for the current values of the property, the base value. The current taxes on the property are not lost, only the taxes on the additional new value, which can be reallocated temporarily to help a developer cover extraordinary development costs. The incremental increase is represented by the improvements made to a property which are necessary to create the economic opportunity.

The tax incentive can run for a period up to twenty years. The plan that accompanies the TIF advocates how the incentives can be used to relocate a percentage of new tax payments to mitigate the additional site costs that are above a typical development of a similar type. The City will work with the developer to explore how a TIF can be used to make a project work financially, to overcome extraordinary costs and share in the burden and reward. A TIF allows the growth to happen sooner as the incentive changes the physical, and therefore financial, viability of a site. This places the development in the hands of the City as a partner as favorable opportunities arise.

To create support for a TIF program and incentivize priority sites, the City developed the *City of Amesbury Economic Incentives Strategy* which was approved in April 2014. The intent of these guidelines is to create an organized, equitable, and rational process to achieving the economic goals of the City. This plan outlines the conformance of the proposal with the guidelines.

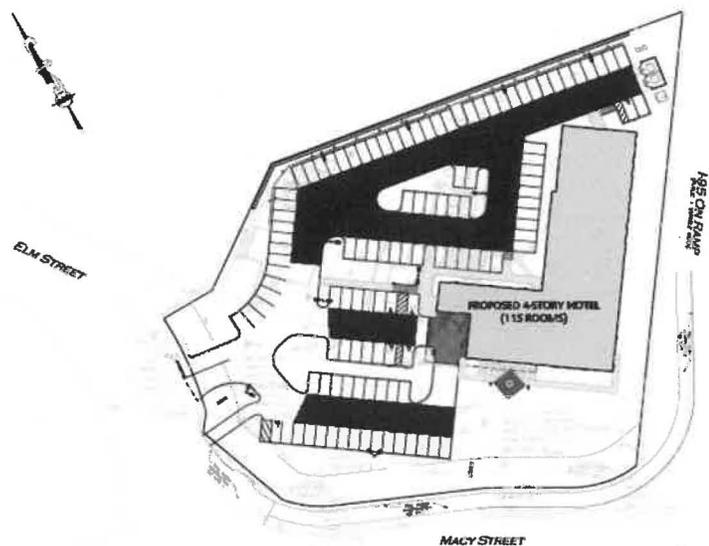
## Section 2: 295/297 Elm Street Hotel Project Overview

### Introduction

In April 2020, the Archgrove Hospitality submitted a letter of intent for a TIF to develop a second Hotel at 295/297 Elm Street (see adjacent figure). The description of the project and company background is provided below, followed by the comparison of the project with the applicable criteria using the *City of Amesbury Economic Incentives Strategy*. It is important to note that Archgrove Hospitality received a TIF in 2015 for the Hampton Inn project at 284 Elm Street.

### Applicant Overview

Archgrove Hospitality, Inc. is one of the region's leading hospitality companies, owning and operating eight trademarked hotels and inns catering to business and leisure travelers in Connecticut, Maine and New Hampshire. The company's sites include: Hampton Inn and Suites in Tilton, NH, Hampton Inn in Wallingford CT, Holiday Inn Express and Suites in Winsor Locks, CT, Holiday Inn Express and Suites in Smithfield, RI, Holiday Inn Express and Suites in Seabrook, NH, Holiday Inn Express and Suites in Tilton, NH, Holiday Inn Holiday Inn Express and Suites in Freeport, ME and a Holiday Inn Express in Biddeford, ME.



<http://www.archgrovehospitality.com/>

## Section 2: 295/297 Elm Hotel Project TIF Proposal

### Project Overview and Rationale

Archgrove Hospitality, Inc. is proposing to construct and operate a hotel with meeting space and a bistro at 295/297 Elm Street in Amesbury, MA (see Appendix for Site Location). The proposed development would be a trademarked hotel similar to their existing location at 284 Elm Street. The hotel, as proposed, would require an investment of \$16 million and be approximately 65,000 square feet to accommodate the 115 rooms, a meeting space, gym, breakfast room and indoor pool. The project site has environmental challenges which make it costly to development. Archgrove Hospitality, Inc. is seeking tax incentives associated with the TIF program to help defray these costs and increase the project feasibility. The applicant is currently before the Planning Board for site plan approval and is finalizing the purchase of two properties to support the development of this project. If all approvals and purchases are finalized by August 31, 2020, Archgrove anticipates starting the project in October 2020, with a completion date of January 31, 2021.

There are several challenges related to the site that are adding to the cost of development:

- *Retaining Wall:* required along the Northern boundary to build the site up with fill because of the high underground water and to maintain a minimum 2 feet clearance from the underground water system.
- *Porous Pavement:* Due to the high groundwater level, the drainage system has been designed with porous pavement in lieu of standard pavement and drainage system.
- *Underdrainage System:* due to the use of porous pavement, the underdrain system associated with the pavement is outside the typical site development costs.

The project has some extraordinary costs due natural resources and overcoming property ownership challenges to make the site viable for the proposed use. The project requires the purchase of a portion of Old Elm Street land and lawn parcels in order to accommodate the proposed development. Old Elm Street parcel is encumbered with utilities, specifically overhead electric cables that cannot be relocated due to prohibitive costs. The and is therefore prohibitive to development. Archgrove Hospitality, Inc. is seeking benefits associated with the local incentives and the Massachusetts Economic Development Incentive Program (EDIP) to help defray these costs and increase the project feasibility.

The project investment will be in excess of \$16 million dollars. This investment value could translate into an increase in the assessed value of the property from \$937,000 to \$9,000,000 once the project is complete. This represents an incremental increase in value for the property of \$8.06 million (Assessed Value – Base Value = Increment). While the project has not been approved by the Planning Board, a final impact assessment has not been developed. However, since the constraints on this site are similar to the previous Archgrove project, ***the applicant is requesting a total incentive package of \$834,419 over 15 years.***

The City through the Office of Community and Economic Development worked with the

developer to achieve a program that addresses multiple objectives. During that process it was determined that both parties required a term shorter than 15 years. The developer wanted more incentive in the first five years during the risk period of the hotel business, and the City viewed the front-loading as positive to get to full value taxation sooner.

**Table 1: Tax Increment Financing Proposal for 295/297 Elm Street**

Tax Increment Financing Proposal for 295/297 Elm Street										
# Yrs.	Year	A	B	C	D1	D2	E	F	G	
		Tax Pre Development	Tax Post Development	Incremental Increase	Tax Reallocation To Capital Plan Cost	Less Personnel Property	Est Tax added with TIF	A + E Tax w Tif and Pre	Savings Est	
1	2021	\$ 16,097.66	\$ 154,620.00	\$ 138,522.34	\$ 103,891.76		\$ 34,630.59	\$ 50,728.25	\$ 103,891.76	First Five
2	2022	\$ 16,500.10	\$ 158,485.50	\$ 141,985.40	\$ 106,489.05		\$ 35,496.35	\$ 51,996.45	\$ 106,489.05	\$ 103,891.76
3	2023	\$ 16,912.60	\$ 162,447.64	\$ 145,535.03	\$ 109,151.28		\$ 36,383.76	\$ 53,296.36	\$ 109,151.28	\$ 106,489.05
4	2024	\$ 17,335.42	\$ 166,508.83	\$ 149,173.41	\$ 111,880.06		\$ 37,293.35	\$ 54,628.77	\$ 111,880.06	\$ 109,151.28
5	2025	\$ 17,768.80	\$ 170,671.55	\$ 152,902.74	\$ 114,677.06		\$ 38,225.69	\$ 55,994.49	\$ 114,677.06	\$ 111,880.06
6	2026	\$ 18,213.02	\$ 174,938.34	\$ 156,725.31	\$ 54,853.86		\$ 101,871.45	\$ 120,084.48	\$ 54,853.86	\$ 114,677.06
7	2027	\$ 18,668.35	\$ 179,311.80	\$ 160,643.45	\$ 56,225.21		\$ 104,418.24	\$ 123,086.59	\$ 56,225.21	\$ 546,089.19
8	2028	\$ 19,135.06	\$ 183,794.59	\$ 164,659.53	\$ 57,630.84		\$ 107,028.70	\$ 126,163.75	\$ 57,630.84	Next Five
9	2029	\$ 19,613.44	\$ 188,389.46	\$ 168,776.02	\$ 59,071.61		\$ 109,704.41	\$ 129,317.85	\$ 59,071.61	\$ 54,853.86
10	2030	\$ 20,103.77	\$ 193,099.19	\$ 172,995.42	\$ 60,548.40		\$ 112,447.02	\$ 132,550.80	\$ 60,548.40	\$ 56,225.21
11	2031	\$ 20,606.37	\$ 197,926.67	\$ 177,320.31	\$ -		\$ 177,320.31	\$ 197,926.67	\$ -	\$ 57,630.84
12	2032	\$ 21,121.52	\$ 202,874.84	\$ 181,753.31	\$ -		\$ 181,753.31	\$ 202,874.84	\$ -	\$ 59,071.61
13	2033	\$ 21,649.56	\$ 207,946.71	\$ 186,297.15	\$ -		\$ 186,297.15	\$ 207,946.71	\$ -	\$ 60,548.40
14	2034	\$ 22,190.80	\$ 213,145.38	\$ 190,954.58	\$ -		\$ 190,954.58	\$ 213,145.38	\$ -	\$ 288,329.91
15	2035	\$ 22,745.57	\$ 218,474.01	\$ 195,728.44	\$ -		\$ 195,728.44	\$ 218,474.01	\$ -	Last Five
		\$ 288,662.06	\$ 2,772,634.50	\$ 2,483,972.44	\$ 834,419.10		\$ 1,649,553.34	\$ 1,938,215.40	\$ 834,419.10	\$ -
				(C-A)	(C* tax reallocation)		(C-D)			\$ -
Tax rate		\$ 17.18	\$ 17.18							\$ -
Property Value		\$ 937,000.00	\$ 9,900,000.00	\$ 0.10						\$ -
Tax Bill		\$ 16,097.66	\$ 154,620.00	10%						\$ -
Tax Increase / Yr. (2.5%)		102.50%	102.50%							\$ -
Tax reallocation %				1st five	75.00%					
				2nd five	35.00%					
				3rd five	0.00%					
										TAX INCENTIVE FINANCING TOTAL \$ 834,419.10

**Proposal Incentive Schedule**

The spreadsheet in Table 1 addresses the issues of both the City and the developer. With a 75% incentive in the first five years the developer obtains \$546,089 of incentives which provides the funds necessary to get through the more difficult years of a hotel project. Despite the tax incentive over the first five years the revenue to the City is more than three times the current revenue. Front loading the incentive provides a fifteen-year term shorter than the allowable 20 years. The result is that the City is able to get to the full tax value sooner. After the first five years the incentive is lowered to 35% which has far less impact providing an additional \$288,330 incentive. At the end of ten years the revenue climbs to the full amount of over \$218,000. Without the incentive over the fifteen-year term of the TIF, assuming the current undeveloped site value, the City would receive just over \$22,000 per year in revenue. Providing the TIF incentive would provide an additional \$196,000 in tax revenue per year to the City, which is less than the annual tax relief proposed for any year between Year 1 to 5.

**Section 3: Project Compliance with Local Criteria**

The proposal for the Hotel proposed for 295/297 Elm Street, as outlined in the EDIP application dated April 30, 2020, represents a project which meets the criteria outlined by *City of Amesbury Economic Incentive Guidelines*. The following sections represent a review of the proposal as it relates to the City’s goals and guidelines.

## **A. City of Amesbury's Economic Incentive Goals**

City of Amesbury *Economic Incentive Guidelines* outline several goals that guide the City's review and assessment of projects:

- Provide a means to stimulate private capital investment in commercial and industrial properties resulting in a substantive increase in net taxable property value.
- Encourage qualifying existing businesses to expand within the City of Amesbury.
- Attract new businesses that are compatible with the City of Amesbury.
- Foster reconstruction and renovation of vacant or underutilized commercial properties.
- Provide private funds to leverage public improvements that are mutually beneficial and necessary for the City and business community.
- Diversify the tax base and reduce the burden on residential properties.
- Stimulate the creation of jobs paying above the area median income for Amesbury.
- Increase the expediency at which redevelopment occurs by changing the financial options to development in a manner that favorably alters the financial feasibility.

## **B. Criteria**

The following criteria result from the *City of Amesbury Economic Incentive Guidelines*. This is a review to determine compliance with those incentives.

1. **Job retention and/or creation:** The project will generate 18 jobs as outlined in the Preliminary EDIP application. Under local guidelines (one job for every \$50,000) the project could be eligible for up to \$900,000 in incentives. In all projects the minimum level of jobs created must be consistent with state requirements for Certified Projects. Where extenuating circumstances that benefit the community are clearly evident as determined by the City, the City may waive the above. This amount will be finalized before final approval.
2. **Business Loss of Opportunity to City:** The applicant has indicated that in the absence of a TIF incentive that they will not proceed with the project. The site has been vacant for many years and has not seen a viable proposal other than this developer. As cited from the Preliminary Application: *"The project has many extraordinary costs and is therefore prohibitive to development."*
3. **Company Risk:** The nature of the economy, site, and type of business indicate that the applicant is willing to take reasonable risks to move forward with the project. Inherent in a hotel site is the occupancy risk associated with a daily tenancy cycle. The lack of tenant commitment introduces substantial risk for hotel investors, given the variable demand for hotel rooms. Taken together, changes in rate and occupancy cause hotel income—and the cash flow—to be quite volatile over the course of a business cycle. This problem is further complicated by the nature of hotel cash flows and their dependence on the cost of wages and supplies, as well as the cost of financing. Hotels' volatility, which is a common measure of risk, gives rise to the perception of hotels as a risky type of investment property. The use of an incentive with a higher percentage in the first five years can provide a measure of fiscal security against risk taken by the developer.

4. **Incentives Limited and Required:** Based on a review with the applicant no other incentives are available within the timeframe of the developer's rapid construction schedule, beyond the applicants financing, to address the additional costs associated with the site development.
5. **Offsite Impacts and Mitigation:** The project will not overburden or harm the City's existing infrastructure. The site plan review process addressed issues of infrastructure with the coordination of review through multiple departments. The impacts are therefore known and accounted for.
6. **On-Site Impacts Mitigation:** The project will invest in on-site mitigation representing extraordinary costs which are required to overcome development constraints. These items are confirmed as required investments to develop the site in accordance with the pending site plans. The project is still going through Planning Board approval, but the developer will forward all additional development-related costs associated with this site once the site plan has been approved.
7. **Project Capacity to Leverage Investments and Economic Development:** The project will create an economic ripple effect as a result of, but not limited to, the following:

***Direct Impact***

Direct impact includes all projected revenues that will be generated from consumers at the new hotel. This will include all room revenues. Direct impact also includes total payroll paid out to employees hired at the hotel as well as all payroll paid out to temporary construction workers who construct the hotel. Archgrove Hospitality, Inc.'s marketing analysis anticipates that approximately 70% of the proposed facility's annual revenues will be derived from out-of-state travelers visiting Amesbury and Greater Essex County on leisure, tourism and business travel.

***Fiscal Impact***

Fiscal impact refers to all federal, state, and local taxes that will be collected from the development and operations of the new hotel. Taxes include all sales taxes collected in association with the hotel generated revenues, as well as all payroll related taxes collected from full-time hotel employees and temporary construction workers. The City will also collect revenues through lodging taxes. In FY2019 the revenues to the City from Hotel/Motel taxes for existing facilities was \$393,783.59. This will continue to increase given the additional rooms from this proposed project.

***Indirect Impact***

The indirect impacts include all jobs and income generated by businesses that supply goods and services to the hotel. Examples of businesses that will indirectly benefit from the development of a hotel include suppliers of room-related goods (housekeeping supplies, room amenities, etc.), telecommunication vendors (internet, cable, etc.), utility companies, food and beverage suppliers, and other

hotel related vendors.

8. **Project Compatibility with City:** The proposed Hotel is an allowed use for the zoning district and for the Priority Development Area, the Golden Triangle.
9. **Project Scale and Coordination:** The project will make full use of the site. The City is in the process of updating the entire length of the Elm Street Corridor with necessary traffic signals and amenities. Further the site will accommodate an easement to facilitate the construction of a segment of the Ghost Trail, a regional bikeway system.

10. **Applicants Readiness and Profile:** Archgrove Hospitality, Inc. is one of the region's leading hospitality companies, owning and operating eight trademarked hotels and inns catering to business and leisure travelers in Connecticut, Maine and New Hampshire. The project has received permits from the Conservation Commission and has already begun the development process with the Planning Board.

11. **Use Eligibility:** The City of Amesbury recognizes the relationship between zoning as a means to manage land use, and incentives as a means to then attract preferred uses. The hotel project meets the requirements as a preferred use within the *Amesbury Economic Incentive Guidelines*.

12. **Preferred Location:** The City is particularly interested in TIF Agreements that support projects that are located in our Priority Development Areas. The Hotel project is located in the area between Interstates I-95 and I-495 as shown on the map titled Golden Triangle: Preferred Location for an EOA1 Commercial Zones. This area is in the zoning districts Elm Street Overlay District (ESOD) and Office Park (OP).



<sup>1</sup> EOA = Economic Opportunity Area

**Appendix A**  
**EDIP Tax Increment Financing Application**

***Appendix B***  
***Archgrove Letter of Intent and Preliminary Application***

## ***Appendix D***

***Letter Indicating Site Costs from Contractor (TBD)***

## ***Appendix E***

### ***Amesbury Economic Incentives Committee Recommendation***

At their meeting on Tuesday, May 19, 2020, the Amesbury EIC recommended that the City pursue next steps for the TIF negotiation process for Archgrove Hospitality. The concerns that should be considered in those negotiations include:

- The Planning Board decision in June/July (they are scheduled for the June 8th PB meeting, so it could be sooner than later)
- Issues with water and sewer lines in that area. Should we consider what/if any upgrades need to be made to address potentially defective lines? Angie will follow up with DPW on this.
- Is the 75%/25% split over the 10 years (75% the first 5 years, 25% final 5 years) too uneven? Considering the potential reduction in tax revenue due to COVID, should we balance that out so we are getting more revenue those first five years?

***Appendix F***  
***TIF Agreement Proposal (TBD)***

**Appendix G**  
**City Council Order Draft**