



284 Elm Street Hotel Project Economic Incentive Proposal

An Approach to
Leverage Positive Growth

Mayor Ken Gray

William Scott, Director OCED
City of Amesbury
Office of Community
and Economic Development

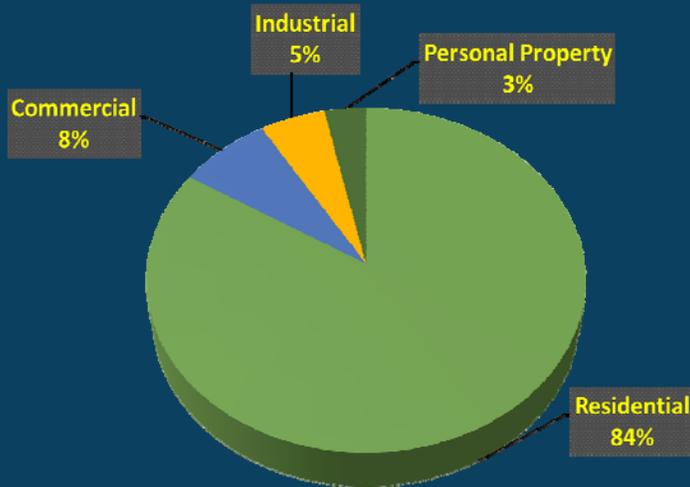


Economic Incentives: An Approach to Leverage Positive Growth

The Council Packet

- *Introductory letter from the Mayor*
- *Order to take steps required of TIF Approval*
- *Attachments for Order*
- *Introduction Letter from Community Development Director*
- *Report: Tax Increment Financing Proposal 284 Elm Street - Archgrove Hospitality - Hotel Project – City of Amesbury – October 2014*
- *Attachments to support above report*

Economic Incentives: An Approach to Leverage Positive Growth



A limited and costly mix

What is the issue we want to address; lack of tax diversity

2011 Assessed Values

Need to diversify the City's land use to create a broader tax base share the burden with new economic growth.

Economic Incentives: An Approach to Leverage Positive Growth



284 Elm Street Hotel Project – Archgrove Hospitality

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.

Economic Incentives: An Approach to Leverage Positive Growth



284 Elm Street Hotel Project – Archgrove Hospitality

The companies 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
- Holiday Inn Express in Biddeford , ME.

Economic Incentives: An Approach to Leverage Positive Growth

284 Elm Street Hotel Project – The Project

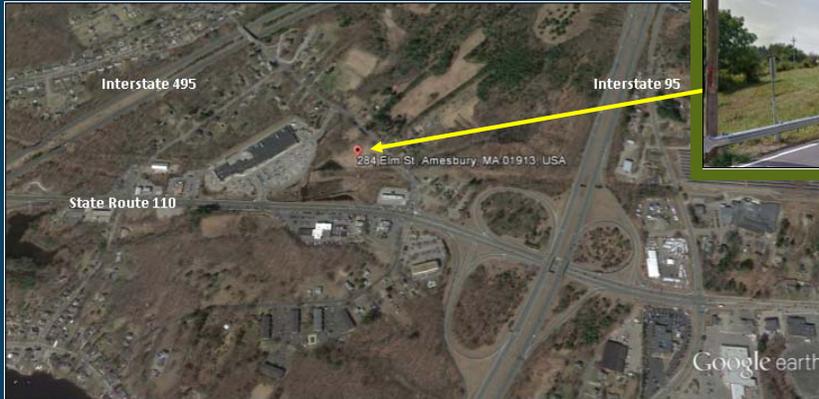
- Archgrove Hospitality, Inc. is proposing to construct and operate a **ninety-three room hotel with meeting space** at 284 Elm Street in Amesbury, MA.
- The proposed development would be a **trademarked hotel similar to those in our existing portfolio**.
- The hotel, as proposed, would require an **investment of in excess of \$10.5 million**.
- Approximately **fifty-four thousand (54,000) square feet**.
- **Includes**, a meeting space, gym, breakfast room and indoor pool.
- The project site at **284 Elm Street has many extraordinary costs** and is therefore prohibitive to development.



Economic Incentives: An Approach to Leverage Positive Growth



284 Elm Street Hotel Project – The Project - Site

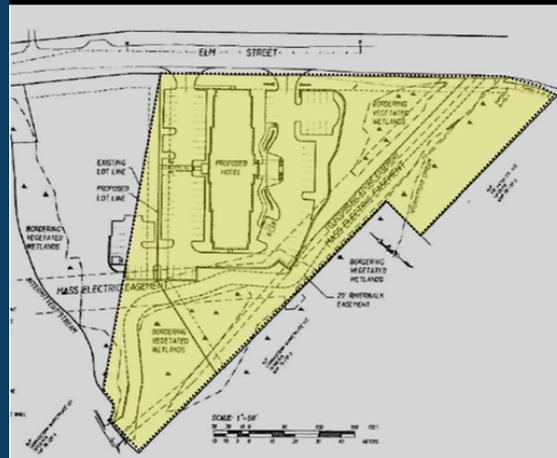


Economic Incentives: An Approach to Leverage Positive Growth



284 Elm Street Hotel Project – The Project Site

City of Amesbury—284 Elm Street—Hotel Project - Property Location with Site Plan



Economic Incentives: An Approach to Leverage Positive Growth



284 Elm Street Hotel Project – The Project



Front Elevation

Land:	\$1,100,000
Construction:	\$7,645,000
Machinery & Equipment:	\$1,395,000
Other :	\$ 453,800
Total Projected Investment:	\$10,593,800

Economic Incentives: An Approach to Leverage Positive Growth



284 Elm Street Hotel Project – The Project



Rear Elevation

Economic Incentives: An Approach to Leverage Positive Growth



284 Elm Street Hotel Project – The Project



Side Elevation

Economic Incentives: An Approach to Leverage Positive Growth



284 Elm Street Hotel Project – The Project



Economic Incentives: An Approach to Leverage Positive Growth



284 Elm Street Hotel Project – The Project



Economic Incentives: An Approach to Leverage Positive Growth



284 Elm Street Hotel Project – The AEIC Guidelines Criteria

1. **Job Retention or Creation:** 15 Jobs
2. **Business Loss of Opportunity:** No TIF No Project the project requires an incentive to work.
3. **Company Risk:** The nature of the economy, site, and type of business requires risks to move forward with the project. Inherent in a Hotel site is the occupancy risk associated with a daily tenancy cycle.
4. **Limited Incentives:** No other program to address these circumstances.
5. **Offsite Impacts:** Limited impacts to municipal infrastructure.
6. **Capacity to Leverage other investments:**
 - **Direct Impact:** 70% of visitors out of state with no full service restaurant on-site.
 - **Fiscal Impact:** State, local taxes. Hotel tax revenue current \$125,000.
 - **Indirect Impact:** Contractors and suppliers.
 - **Induced Impact:** Spending by employees in local economy.
7. **Compatibility with City:** Planning Board and Conservation Approved. Riverwalk easement.
8. **Scale and Coordination:** Makes full use of the site.
9. **Readiness to Proceed:** Permitted; start construction March 2015 complete April 2016. Contractor ready.
10. **Use Eligibility:** Allowable for a TIF under guidelines.
11. **Location:** Located within a preferred location.

Economic Incentives: An Approach to Leverage Positive Growth



284 Elm Street Hotel Project – The Cost Constraints



Wetlands, High Water Table, Lot Shape *Construction Requirements to Address Constraints*

- Utilities to Site from Road not stubbed.
- Retaining Walls to facilitate fill and raising of site above water table and allow space for Riverwalk.
- Porous Pavement for drainage system.
- Underdrain system to accommodate pavement methods.
- Extensive Landscape installation.
- Required upgraded site lighting above normal projects
- Invasive Species Plan.
- **Additional Costs \$891,856**

Economic Incentives: An Approach to Leverage Positive Growth



284 Elm Street Hotel Project – The Background for the TIF

- The project investment will be in excess of \$10.5 million dollars.
- This investment value could translate into a \$7.5 million assessed value.
- With the current property value for 284 Elm Street at \$542,000 the incremental increase for the property is \$6.95 million (Assessed Value – Base Value = Increment).
- The site has constraints that represents over \$890,000 in additional development costs. The City wants a shorter term than 15 years.
- The developer more incentive in the first five years during the risk period of the hotel business.
- The City viewed the front-loading as positive to get to full value taxation sooner.

Economic Incentives: An Approach to Leverage Positive Growth



284 Elm Street Hotel Project – The TIF Bird in the hand....

- The fluctuation in the economy does **not provide consistent opportunities** for economic development,
- The **lack of development for properties over the past thirty years in the Golden Triangle**, (routes I-95, I-495, and State 110) is indicative of the lack of potential for multiple opportunities.
- The **highly preferred nature of a Hotel use** and the need to address site constraints creates a defensible rationale to provide an incentive.
- Waiting for another project that can fulfill these same outcomes will only serve to **annually lose the revenue that can be gained by this proposal**.

Economic Incentives: An Approach to Leverage Positive Growth



284 Elm Street Hotel Project – The TIF No Action vs Action

No Action: Without the incentive over the ten year term of the TIF, assuming the current undeveloped site value, the City would receive **\$113,657.40**, with less than \$12,000 per year in revenue.

Action TIF and Project: During the same ten year period, with the Hotel investment the City could realize over **\$770,000 in revenue**. These numbers are dependent on several factors such as existing estimated values.

**Permitted, ready to go, better taxes,
positive economic impact,
proven developer**

Economic Incentives: An Approach to Leverage Positive Growth



284 Elm Street Hotel Project – The Schedule

1. October 25th developer files letter of intent to City and State.
2. October 20th to November 2nd Negotiations and TIF Agreement, EOA and other Documents created by OCED.
3. November 3rd AEIC meets to recommend project to Mayor. Mayor Recommends to Council via this packet.
4. November 5th Council meets for first Reading
5. Novembers 5th to 18th City Council Ordinance and Finance Committee meeting as per Council.
6. November 18th City Council Meeting hearing and 2nd reading.
7. November 20th Order completed and package sent to EACC for November 25th deadline. Additional time necessary to overcome any missing materials.
8. December 17th Hearing EACC for consideration and approval.