

**Town of Stratham New Hampshire
Route 108 Corridor - Infrastructure
Tax Increment Finance (TIF) District
Development Program and Financing Plan
March 2018**



Adopted by the Town of Stratham

March 16, 2018

Stratham Route 108 Corridor – Infrastructure TIF Plan March 2018

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I. Definitions and Authorizations

- A. Definitions herein are as defined in the statute, 162-K: 2
- B. Authorization:

In accordance with the provisions of RSA 162-K, *Municipal Economic Development and Revitalization Districts*, and after making a determination of public purpose and benefit, the Town of Stratham has authorized:

- The Town's adoption of the Local Option to adopt Development Districts within the town, per Section 162-k:1, at a Town Meeting and vote held on March 16, 2018, and
- The establishment of the **Route 108 Corridor – Infrastructure Tax Increment Financing (TIF) District**, as follows, at a town meeting and vote as held on March 16, 2018.

II. Purpose and Objectives

A TIF is an economic and tax base development tool. It is designed to be self-financing and is used to accelerate the pay down of municipal debt for infrastructure improvements. A TIF requires that a plan be adopted by the Town.

The purpose of the plan is to encourage economic development, enhance life-quality of residents, as well as improve the environmental management of natural resources.

The purpose of the Route (Rte.) 108 Tax Increment Financing District [also referred to as the "District"] is to allow by subsequent vote(s) specific, and limited, public infrastructure improvements. This District will construct infrastructure upgrades necessary to attract and advance desirable development and private investment along the Rte. 108 Gateway Corridor to the Town Center. The objectives of this Development Program within the TIF Plan are to:

- Stimulate the development of commercial properties within the district by providing infrastructure that encourages and creates opportunities for businesses to locate and expand within the district.
- Enhance employment and earnings opportunities for area residents.
- Expand the property tax base.
- Encourage other businesses to locate or expand within the community.
- Encourage better land-use development.
- Protect natural resources.
- Reduce the negative environment potential of increased subsurface-based sewage treatment.
- Limit sprawl of the commercial corridor.
- Encourage diversity of business types.
- Prepare the Town for economic change.

Achievement of these objectives will occur through the investment in public facilities and amenities including the municipal wastewater collection system and water distribution system, the construction of

storm water management networks, and other public amenities directly required by this infrastructure. Per statute and per this Plan, TIF financing may not be used for financing purposes not identified in this Plan, nor for general town services.

III. Background

The Town leadership seeks to improve the economic, fiscal and environmental quality of the Stratham community by encouraging the growth of new or expanded properties along the existing Route 108 corridor. By focusing growth in this area, and encouraging a higher density than currently exists, economic and job-growth opportunities will result. New development will be built, and the local property tax base will expand via upgraded sites, contained sprawl, and retained businesses that were contemplating leaving for other locations at competing communities that offer infrastructure. (See Appendix E—Route 101 Exit Analysis)

The District compliments prior adopted Town plans, planning and policies, including:

1998 Master Plan:

Chapter 8, Section 5, *C Portsmouth Avenue*:

- *Prevent Further linear expansion of the Commercial Zone: ‘...commercial development should occur only within established commercial corridors... although market forces for expanding the commercial strip will remain strong, the Town should remain steadfast in holding this line.’* To preserve overall rural and residential character and overall quality of life in Stratham.... To protect groundwater recharge areas, and to complement regional open space plans.
- Town should revise Site Plan regulations work to improve architectural design, landscape architecture, site landscaping, parking etc. to make Portsmouth Ave more visually appealing and more compatible with the character of the community
- Planning Board should emphasize and encourage development that discourages future development that devotes a significant portion of developed sites to outside storage of merchandise such as automotive retail establishments.

Gateway Master Plan (2008):

- Prepared to provide guidance for site and structural development of the commercial business district including streetscapes and public spaces, and to prepare for the inevitability of municipal water, sewer, and fire suppression in the district. To create a more desirable destination for residents and visitors.
- The lack of a municipal sewer and water system places significant limitations on the scale and diversity of future development.
- Lack of infrastructure and a defined plan resulted in lack of cohesive aesthetic and limited variety of options available for development.
- Full development without infrastructure has strong, negative implications: increased traffic congestion, reduced air quality, unflattering community image potentially resulting in decreasing home values, and lack of revenue to finance town capital improvements and efforts on behalf of land conservation and historic preservation.
- Without infrastructure, Town will lose opportunity to develop a district that serves as the gateway to the Town and as a center for commercial and social life.
- Sets stage for performance-based zoning: promotes intersections connectivity and design, enhancement items (planting, signage), structures and lighting, streetscapes

IV District Boundaries

The boundary of the district generally follows the Route 108 /101 intersection to the Town Center. To facilitate planning, the Plan will include three Areas (A, B and C) and the rights-of-way (ROWs) that emanate from the District as required to connect the TIF financed infrastructure to sources of either water supply, or groundwater or sewerage treatment and release (Areas D and E) Total number of parcels in the District equals 97.

The Boundary Map is attached in Appendix A—District Boundaries.

V. Conformance with Limitations of the District

Per statute, the District must meet **one** of the following two criterion:

The size of the district is 483.28 acres. The Town of Stratham has a total of 9,664 acres. Therefore, the district represents 4.9 % of the overall acreage of the Town and meets the thresholds contained in RSA 162-K:5. I (i.e. no one district can include more than 5% of a community's land area and all districts combined within a town cannot exceed 10% of a community's land area). There are no other TIF Districts in the Town.

The District meets this criterion.

As of tax year 2017, the total assessed value of all taxable property within the TIF boundary is \$109,214,777. The total of all taxable property within the Town of Stratham is \$1,260,707,559. Therefore, the properties within the TIF represent 9% of the overall value of the Town and does not meet the thresholds contained in RSA 162-K: 5.II (i.e. no one district can include more than 8% of a community's assessed value and all districts combined cannot exceed 16% of a community's assessed value).

This Rte. 108 Corridor Infrastructure TIF District shall be approved, and enacted upon, prior to April 1, 2018, to include the 2018 valuation increments.

A listing of included Areas and their corresponding acreage and values is included in Appendix B—District Properties.

VI. Development Program and Proposed Improvements

Over time, the Town of Stratham has utilized several tactics to encourage tax-base growth, economic development and desired changes in land-uses including:

1. The adoption of the Gateway District Zone
2. Various design and planning exercises to determine the corridor's possible future
3. The Town has implemented performance standards for streetscapes, connectivity (vehicular and non-vehicular), lighting, architectural standards, landscaping, public spaces (parks, boulevards) and enabled density bonuses to accommodate maximum growth potential of cohesive design schema within those zoning districts designated by Town vote since 2009.
4. Physical improvements have been started in the Town Center District (sidewalk, street lights, trees, pedestrian amenities) and several projects (BMW, Subaru, Kennebunk Savings, Audi, etc) have been granted approval subject to conditions of incorporating the performance standards posed by the 1998 Master Plan, and Gateway Master Plan.
The major hurdle to achieving the vision of decades of study: *Infrastructure*.
5. Assessing the feasibility of providing a municipal water supply, municipal sewage treatment, and enhanced storm water management for the corridor. These three elements of water, sewer and storm water are the focus of the Route 108 Corridor Infrastructure Plan.

As infrastructure has significant capital costs, and the results from this investment are not immediately realized, this Plan has adopted tactics to realize the benefits of a District immediately while minimizing the fiscal risks to the Town and its tax-payers:

- A. To **adopt this Tax Incremental Financing (TIF) Plan and District in 2018**, to capture new incremental revenue, and accelerate the Town's ability to pay-down any authorized costs, and any related debt faster, thereby reducing the costs to all tax-payers.
- B. To implement the TIF District Plan recommendations in **two phases**:
 1. **A discovery and commitment phase** to determine exactly the interest in connections, financial commitments, private participation and operating issues resulting from the financing and construction of this infrastructure, and if that discovery is positive and adequate commitments are received;
 2. **A Design and Implementation phase**, by requesting adequate bonding authority at a future Town meeting, having the systems designed, enter into private and inter-municipal agreements, obtain required permits, procure bided-contractors, and oversee the system's construction, on-going operations and the utilization of this TIF District Plan as one of the means of financing the infrastructure.
- C. To **seek access from adjoining towns** to existing water and sewer facilities, to lower capital costs, and determine and ensure on-going operating requirements.
- D. To **assess if any local solution for either water or waste water treatment** would be feasible and preferable.
- E. To **seek private sector participation** in the capital costs, and to obtain binding pledges via Developer Agreements before determining if the projects goes to the second phase of design, construction and funding.
- F. To seek **other sources of funding**, including granting sources.

As outlined in this Plan, the ideas for the district go back many years. This Plan is structured to allow and encourage private cost-sharing of the infrastructure that would benefit both property owners and the community at-large.

The specific components of the phases need to be flexible. The Town needs to retain the ability to react to outside economic forces to segment, phase and sequence the improvements in a reasonable fashion that makes sense for the overall re-development goals of the Town for the TIF District, and respects and balances the overall budget needs of the Town.

Through the adoption of this Plan, it is the intent and understanding of the Stratham Town Selectmen that the individual work activities of the different phases may be adjusted by the District Administrator [see Section XIX] without the requirement for additional Town votes or a formal public hearing, if the Administrator finds that the changes comply and conform with the overall limitations, budget, goals and purpose of the Plan.

Design and Construction of the Infrastructure Improvements:

If subsequently authorized in Phase 2, the Town will initiate, oversee and construct the utility & infrastructure improvements, and related district upgrades. This work will be performed by hiring qualified contractors.

Maximum assumed costs for the TIF Route 108 Corridor Infrastructure activities are up to \$30,000,000.

This does not preclude funding above this level from private or other, non-TIF financed sources. Rather, this sets a “ceiling” on this TIF Plan for using public TIF funding sources.

For planning purposes, each Phase is represented below to cost approximately one-third of this total, recognizing that the actual amounts per Area will be different based upon final designs and phasing decisions.

See following chart: Infrastructure Improvements (next page).

Infrastructure Improvements

Infrastructure Type	Sewer	Water	Storm water	Fees	Total
Phase 1 - Discovery and Commitments				\$300,000	\$300,000
Phase 2 – Design and Construction					\$30m total
Area A	\$4m	\$3m	\$2m	\$1m	\$10m
Area B	4m	3m	2m	1m	\$10m
Area C	4m	3m	2m	1m	\$10m
Area D (ROW)					Included
Area E (ROW)					Included

VII. Economic Benefits of the Overall TIF Project

The improvements described herein are anticipated to service the existing property owners, citizens and voters by encouraging future growth in the economic base of the Town.

The proposed improvements under the two phases will provide the incentive and be the catalyst for new investors. We estimate that the proposed improvements put forth by the Town, taken together with the private investments have the potential to generate new property values within two to seven years.

This forecast is based on a 2016 market review (see Appendix F—Market Opportunity Chart) of the development capability of the existing vacant and underutilized properties within the District and examination of competing sites along Route 101. (Appendix E—Route 101 Exit Analysis)

VIII. Open Space

Any infrastructure development could result in the creation of additional open space because of the development of the properties within the TIF District. It is not a purpose of this TIF District to create public open space and is not part of the budgeted activities.

IX. Environmental Controls

In constructing the planned public improvements described in Section III, above, The Town of Stratham, as well as private parties, will be required to comply with all appropriate environmental regulations. These regulations may include, but are not limited to, any or all the following:

- State and federal regulations, including the protection of wetlands and floodplains.
- State standards for design of public sewer systems.

- State permits regarding soil disturbance/filling.
- State and federal regulations regarding air, water, and noise pollution.
- Applicable Town building codes, zoning ordinance, subdivision and site planning regulations.

X. Proposed Re-Use of Private Property

The Town could assume ownership of property via donation or purchase or obtain easements that will be necessary for the construction of the infrastructure improvements. All public and private uses, whether through lease agreements, outright sales, or other appropriate mechanism will be conducted in conformance with all applicable sections of the RSA 162-K, especially Section 162-k: 6.III. (i) and in accordance with all federal and state regulations.

XI. Relocation and Displacement

The development program is not anticipated to require relocation or displacement of any persons, families, business concerns or others. Should circumstances change as the project unfolds, the Town of Stratham will work to minimize the impacts of relocation for any residents or businesses within the District boundary. All relocation and dislocation activities will be in conformance with RSA 162-K, and federal and state regulations.

XII. Operations and Maintenance of the District

The District will establish operating guidelines for connections, including a fee structure. It will also examine possible maintenance agreements with surrounding municipalities; or possibly entertain a service contract through privatization for ongoing operations and maintenance, within permit restrictions. These activities are part of the Phase 1 discovery actions.

The added cost for operation and maintenance associated with the infrastructure improvements including the extended water and wastewater systems will be reflected in the user fees assessed against the end users for service provided. Maintenance of municipal roadways and other public spaces will be incorporated in the normal operations of the Town's Public Works Department.

XIII. Estimated Costs of the Development Program

As outlined in Section VI, the estimated engineering and construction costs for Town TIF financed wastewater and water infrastructure improvements for all phases of the Rte. 108 TIF District are up to \$30,000,000. Phasing, private partnership, and outside revenues could reduce this amount.

XIV. Other Funding Sources

The Town's portion of funding these activities will come from the issuance of municipal bonds. Appendix C—Estimated Bond Payment Schedule outlines the costs associated with the issuance of these bonds and the anticipated yearly obligations for the Town, per each \$1 million of debt.

The Plan's intent is to attract **as much as 40% of its capital costs contributed by the private sector** through connection fees, capacity reserve escrows, pre-payments of operating costs, or other private sector

revenues in addition to the normal revenues for operating costs of these services. It is a target for private sector contributions to make-up the gap between what the new Captured Value finances with new tax revenues, and what the early stages of debt service will require. The Private funds can either reduce the cap total, or finance costs above the cap once the final infrastructure costs are determined and private-sector interest and commitments are made.

The Town of Stratham intends to use multiple funding sources to complete the proposed development program for work discussed above. A combination of municipal bonding, state or federal funding, private investment, foundation grants, municipal appropriations, leases, off-site improvement charges, and betterment / special assessments may be utilized. Additionally, to reduce the amount of municipal bonding, the Town may seek funding from other sources that may include, but is not limited to, the following:

- Community Development Block Grant Program (CDBG);
- Rural Development Grants
- NHDES Financial Assistance Water or Wastewater Grant Program
- NHDOT Enhancement Grants
- Private sector owners, users, developers or investors

For any grant or funding program that requires the Town match or pay another proportional share, the funding for shall either come from authorized bonding, general appropriation, gift, grant, private match or other appropriate funding source.

It is the overall intent of the Plan to be partially funded through the generation of tax increments as described and defined in RSA 162-K:10. III (a)(1).

All the tax increments shall be directed annually towards, and dedicated to, the retirement of all the outstanding bonds issued for the improvements associated with this Plan. All tax increments shall be set aside and placed into the dedicated TIF fund. The baseline values used to determine tax increments will be as of April 1, 2018.

If there are available tax increments in excess of what is necessary to fund the outstanding financial obligations for the bond payments in each year, then the excess amount shall either be used to make additional payments towards the outstanding financial obligations or be placed under the control of the Town Selectmen in escrow until sufficient funds are available to complete any other work approved in the Plan, or as an amendment to this Plan by the Town Selectmen.

Pursuant to RSA 162-K, the Town of Stratham may issue bonds or other appropriate debt instruments to pay for the proposed work and improvements outlined in this Plan. Any bonding for subsequent phase activities shall be approved at the Town Meeting prior to the issuance of any bonds. Said approval of subsequent phase bonding does not constitute an amendment to this Plan.

The adoption of this Plan does not commit the Town to any appropriation or bonding. Any commitment to fund the Plan's infrastructure will require subsequent authorizations per Town Meeting Warrant vote(s).

The work activities for the different phases need to be flexible so the Town can react to any changed external circumstances and effectively move the goals and objectives forward. The Town Selectmen, in consultation with the Administrator, shall ultimately determine the initiation, pace and final scale of the District within the limits set herein, including if the level of tax increments in the District, combined with any other grant funds or private investment, justifies additional borrowing or the implementation of specific work activities or improvements, if authorized by town vote.

The enactment of this District **allows for the infrastructure but does not authorize the infrastructure.** That can only result from subsequent vote on bonding and acceptance of construction designs and build contracts.

Once the discovery phase is completed, better cost projections can be made. Once private and non-TIF revenues are pledged, new revenues can be forecast. Both will be key to any decision on future bonding requests at a future Town Meeting.

XV. Development Agreements

The Town acknowledges that the creation of a public-private partnership to further the goals and objectives of the TIF District and the Plan involves some level of risk on the part of both parties. At the same time, the Town recognizes that development risks with public funds are not in the best interest of the citizens and taxpayers of Stratham. It is not the intent of the Town, acting through the Town Selectmen, to vote to authorize the issuance of any bonds or other financial obligation notes without the execution and recording of the appropriate Development Agreements to protect the interests of the Town and its residents.

The Town Selectmen may require the developer, or developers to execute a clearly enforceable Developer's Guarantee Agreement with the Town. This agreement will require the developer(s) to pay any proportional and agreed upon deficiency between the Town's actual annual cost for bond debt service and incremental tax revenues generated in the District. The Town Selectmen shall have final approval of the language of any Agreement negotiated by the Administrator. All Agreements shall be executed and recorded in the County Registry of Deeds.

XVI. Impacts on Other Taxing Jurisdictions

- A. Property taxes applied to incremental assessed value in the TIF District will include the municipal, school, county, and precinct taxes currently collected by the Town.
- B. The 2017 applicable tax rates are as follows:
 - Municipal \$3.83/ \$1,000
 - County \$1.03/ \$1,000
 - Local School \$13.10/ \$1,000
 - State School \$2.34/ \$1,000

- **Total \$20.30/ \$1,000**

The estimated impact of tax increment financing on the assessed values of all other taxing jurisdictions within the Town of Stratham is negligible, since the proposed improvements are designed to encourage commercial investment and lessen the residential tax burden. Thus, these activities are anticipated to contribute to a long-term increase in the non-residential tax base, and at a faster rate than would otherwise be achieved.

Per RSA 33, the indebtedness of a TIF District is not included when calculating net debt of the municipality.

XVII. Plan Amendments

Pursuant to RSA 162-K:9, this Plan may be amended by a vote of the Town in conformance with all applicable time frames and notice requirements.

XVIII. Duration of Program

The TIF District will exist until all debt issued and borrowing initiated to fund the development program is retired and all improvements anticipated within the Plan for the District as originally adopted or subsequently amended by action of the Town Selectmen have been completed. Upon full repayment of the outstanding bonds, the TIF will be closed.

TIF District financed bonding is allowed for up to 30 years.

XIX. TIF District Administration

Unless otherwise decided by the Selectmen in any year, the Town Administrator shall be the Administrator of the District. The District Administrator shall have the following powers:

- 1) Negotiate for the acquisition of real property or easements, and sign options and / or purchase and sales agreements to acquire said property or easements subject to final approval by the Town Selectmen;
- 2) Negotiate and sign, upon the approval of the Town Selectmen, any contracts relative to the design, engineering, construction or operations of any phase or component of the activities proposed under this Plan;
- 3) Apply for, and accept and execute, upon the approval of the Town Selectmen, grants from any private or public organization or corporation, or from any state or federal agency for any work associated with this Plan;
- 4) Negotiate any Development Agreements and present the Agreements to the Town Selectmen for final approval;
- 5) Certify to the Town Selectmen, for acquisition through eminent domain, property that cannot be acquired by negotiation, but is required for implementation of the Plan; and
- 6) Certify to the Town Selectmen the amount of funds, if any, which must be raised through the sale of bonds to finance the activities associated with this Plan. The Town Selectmen may grant through an affirmative vote of the Selectmen, additional powers, as deemed necessary and

appropriate, to implement the goals, purpose, work and improvements outlined in this Plan or any future amendment.

XX. Advisory Board

In accordance with 162-K: 14, the Selectmen shall create, by resolution, an Advisory Board for the District and delineate its advisory roles and responsibilities. The Advisory Board shall consist of five (5) members appointed by the Selectmen. A majority of the membership will include owners or occupants of real property within or adjoining the district. A majority of the membership shall be residents of the Town. The function of the Advisory Board shall be to advise the Town Selectmen and the Town Administrator in planning, construction and implementation of the development program along with maintenance and operation of the district after it has been completed.

The role of Advisory Board shall be limited to review of plans and recommendation to the District Administrator on matters related to scheduling of infrastructure improvements. In instances where a majority of the Advisory Board believes that the Administrator has not sufficiently considered the Advisory Board's recommendation, they may, by majority vote, refer the matter along with their written recommendations and explanations therefore to the next regularly scheduled meeting of the Town Selectmen. In such instances the Administrator shall delay implementation pending Town Selectmen review and determination on the matter.

XXI. Annual Report

Pursuant to RSA 162-K: 11, the Town, by and through the Administrator of the District, in consultation with the Advisory Board, shall prepare an annual report containing the following:

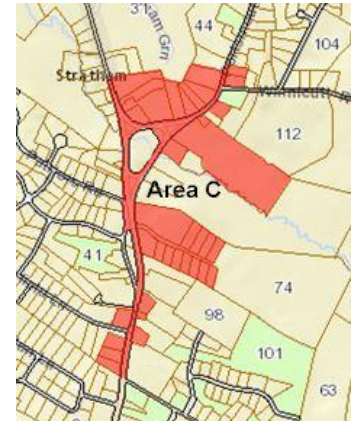
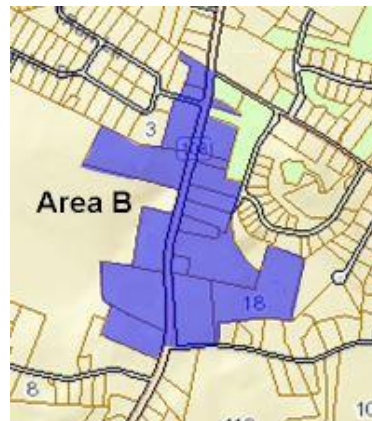
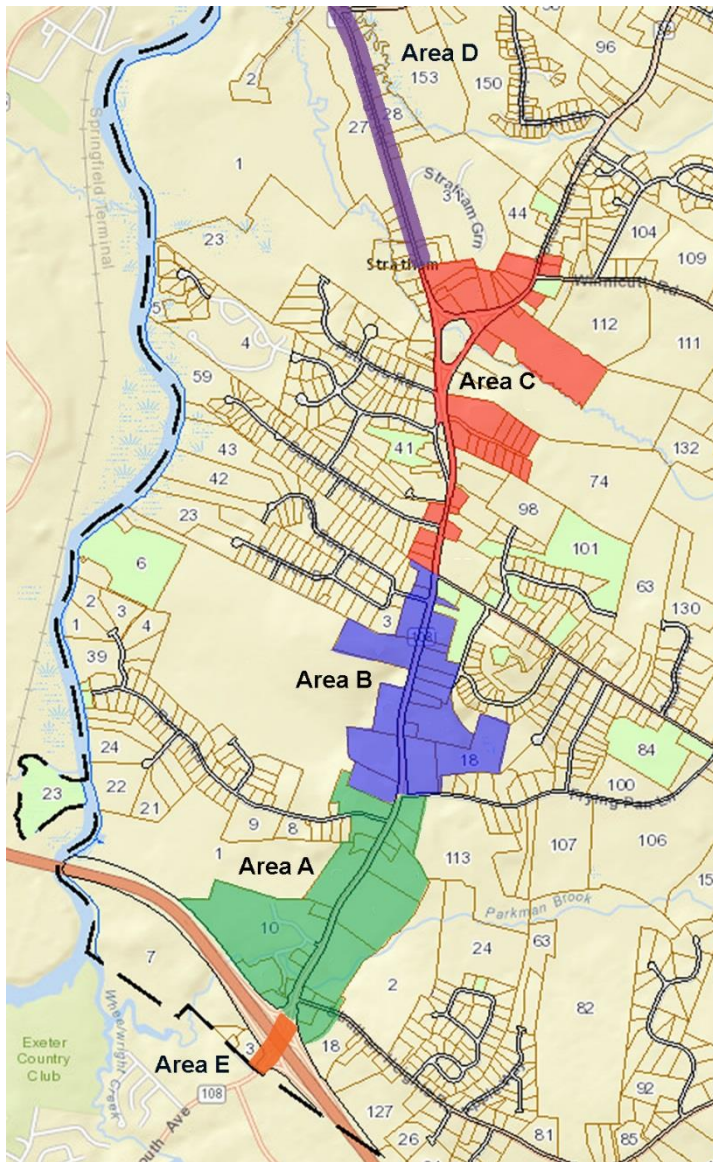
- A Narrative Report on the status of the implementation of the Plan and a summary of the work that has been completed within the previous year;
- The amount and source of revenue of the District;
- The amount and purpose of expenditures;
- The amount of principal and interest on any outstanding bonded indebtedness;
- The original assessed value of the District;
- The captured assessed value retained by the District;
- The tax increments received; and
- Any additional information necessary to demonstrate compliance with the tax increment-financing plan.

XXII. Adoption of the Plan

Adoption of this Plan has been carried out through the following actions:

- The holding of a public hearing by the Stratham Town Selectmen regarding the adoption of Chapter 162-K on February 12, 2018. Per 162-K: 9.III, at that hearing there was reasonable opportunity for the County Commissioners and the SAU 16 School District and individual School Districts to meet with the Town Selectmen to discuss these matters and offer their recommendations. The hearing was held more than the required fifteen (15) days before an action was taken.
- Adoption of the enabling Local Option (RSA 162-K:1) and the Development Program and Tax Increment Financing Plan (and 162-K: 9) for the Stratham Rte. 108 Corridor TIF District occurred by an affirmative vote of the Town at their town meeting on March 16, 2017.
- Appointment of the Advisory Board, pursuant to 162-K:14, by a vote of the Town Selectmen before April 1, 2019.

Appendix A- District Boundaries



Appendix B- District Properties, Acreages, and Values

VALUATION CALCULATIONS			
Stratham Statistics	Valuation		
Total Valuation	\$1,260,707,559.00		
<i>Total</i>			
Area A			
Total Valuation	\$52,131,274.00	4.1%	
Area B			
Total Valuation	\$29,257,191.00	2.3%	
Area C			
Total Valuation	\$28,210,329.00	2.2%	
Area D			
Total Acreage			
Area E			
Total Acreage			
Entire TIF District (A+B+C)			
Total Valuation	\$109,598,794.00	9%	
TIF Area not to exceed 8% by Statue	\$100,856,604.72	8%	
To comply TIF will need to be reduced by:	\$12,607,075.59	1%	

AREA CALCULATIONS			
Stratham Statistics	SqMi	Acres	%
Total Acreage			
Total Land Acreage	15.1	9664.00	
Total Water Acreage	0.4	256.00	
<i>Total</i>	15.5	9920.00	100.0%
Area A			
Total Acreage		142.33	1.4%
Area B			
Total Acreage		109.67	1.1%
Area C			
Total Acreage		209.44	2.1%
Area D			
Total Acreage		0.00	0.0%
Area E			
Total Acreage		0.00	0.0%
Entire TIF District (A+B+C)			
Total Acreage		461.44	4.7%
TIF Area not to exceed 5% by Statue			
Total Allowable Area for TIF District in Stratham		496.00	5.0%

Appendix C- Estimated Bond Payment Schedule for Each \$1,000,00 in debt, in dollars

Year		Remaining Balance	Principal	Interest at 3%	Total Annual in \$s
2020		1,000,000	50,000	30,000	80,000
2021		950,000	50,000	28,500	78,500
2022		900,000	50,000	27,000	77,000
2023		850,000	50,000	25,500	75,500
2024		800,000	50,000	24,000	74,000
2025		750,000	50,000	22,500	72,500
2026		700,000	50,000	21,000	71,000
2027		650,000	50,000	19,500	69,500
2028		600,000	50,000	18,000	68,000
2029		550,000	50,000	16,500	66,500
2030		500,000	50,000	15,000	65,000
2031		450,000	50,000	13,500	63,500
2032		400,000	50,000	12,000	62,000
2033		350,000	50,000	10,500	60,500
2034		300,000	50,000	9,000	59,000
2035		250,000	50,000	7,500	57,500
2036		200,000	50,000	6,000	56,000
2037		150,000	50,000	4,500	54,500
2038		100,000	50,000	3,000	53,000
2039		50,000	50,000	1,500	51,500
2040		0			

Payments Calculated at a rate of 3.0%

Appendix D – Findings and Reasons to Provide Water and Sewer Infrastructure (*Route 108 Gateway Study November 2016, pages 5-10, by ADG LLC, Concord NH*)

FINDINGS

1. There is no immediate reason why the Town must do anything about Rte. 108 Gate- way infrastructure. The route functions "as is", and our research indicates that a unique niche of this corridor- the premium auto-dealership- still has unmet regional demand for additional facilities. Fortunately, there are no court or administrative orders to remove pollutants or pre-treat water supplies. The community has the good fortune of consid-

ering what it should do for the best interests of the community, versus what it must do to meet the terms of a decree or judgment.

2. There are conflicting scenarios that the town leadership and residents have faced for some time, which our research reinforces:
 - To not provide infrastructure along the Gateway Corridor exposes the community to risks of tax and job losses, and lowers the possibility of positioning Stratham for future, positive economic trends.
 - To commit to several millions in public investment in the expectation that "if we build it, they will come" also carries with it risks. The financing costs are known, the resulting business development and tax-base growth is less certain.
3. For the Town to not continue to lose ground to competing sites and communities, and to meet other community goals (see inset below), the research shows that water and sewer will be eventually required within the Gateway to retain and attract significant commercial investment and encourage economic vitality.
4. By presenting the low-medium-high effort options, we have sought a method whereby the risks of doing nothing are negated, while the financial-tax risk of a municipal system(s) not utilized and potentially paid for by private investment is also minimized

REASONS TO PROVIDE WATER AND SEWER INFRASTRUCTURE

1. Retention of Existing Tax Base and Commercial Vitality:

Existing and future businesses may choose from many competing sites within the general region, and along Rte. 101 specifically. Many of these sites either offer municipal water, sewer or both. (Exhibit B - 101 Exits Analysis)

Sewer and water supply serviced sites are attractive to developments and businesses as it allows for:

- Lower costs:
 - The maintenance and repeated repair/replacement of ground water and ground treatment systems is eliminated.
 - The business can better focus on its operations without the distractions of water and/or sewer maintenance and regulatory reporting.
 - Insurance for both fire protection (water pressure) and disruption of business would be lower. Buildings connected to a functional municipal system will experience lower costs for these coverages.

- Less Liability:
 - Privately operated systems increase the risk of legal actions from residents, clients or regulatory agencies.
 - Greater re-sale, and refinance ability:
 - An owner of a property connected to a municipal system need not discount the property's value due to system depreciation for sale or reinvestment. If the sale or reinvestment includes any regulated lender-bank, a private system "re-fi" will make that refinancing more expensive and harder to secure, as lenders seek to avoid real-estate risks in their portfolios.
2. Improve Stratham's Competitive Position for Retaining Business and Encouraging New Favorable Developments:
- As the research shows, there are many alternatives to the Gateway in this market place, so a retention strategy should consider making the Gateway either equal to - or preferably better - than the competition.
- Retaining Business
 - There are many areas that also offer non-serviced sites at prices similar to Stratham non-serviced sites. This limits the Gateway's market appeal and exposes it to significant regional and Rte. 101 competition.
 - For the strong economic markets of the Manchester area and Southern New Hampshire, the Rte. 108 Gateway in Stratham is at the "end of the pipeline."
 - The Town and land owners can anticipate ever-increasing on-site septic treatment requirements for future and renewal permitting for non-residential properties.
 - The existing conditions require site owners or the tenants to operate - and receive permitting for - public water systems and/or commercial sewage disposal systems, an added cost and a diversion from their core business.
 - Without new market demand for goods and services, and with the added costs of operating on-site water or sewer services, and with significant availability of undeveloped sites at other exits, there is little incentive for existing owners to reinvest into existing commercial sites.
 - Recruitment Issues "As Is":
 - There are many sites along Route 101 and in the region, that also offer non-serviced (public water or sewer) sites that are competitive to Stratham's non-serviced sites. (see enclosed map of Rte. 101 exits). A high supply equates to lower valuations, unless the site can offer unique, positive attributes.

- For developments seeking to capture the growing economic markets of the Manchester area and Southern New Hampshire, the Rte. 108 Gateway in Stratham is at the furthest end of Route 101.
- There are not many significant land-tracks available in the Corridor, due to on-site sewage and/or water requirements, zoning designations and conservation designations and easements.

3. Community Benefits:

The business or developer is not the only entity that gains. A serviced site also has potential value to the community:

- Higher tax assessments - Failed or questionable systems can negatively affect a property-tax assessment. A connection to an approved municipal system removes that issue and allows for greater density and property value.
- Enhanced public safety - The positioning of municipal water will provide access for fire fighters to utilize in the case of a fire along the route.
- Regulatory Assurance
 - As noted earlier, there is not an existing environmental requirement for the community to provide infrastructure for the Corridor. However, the regulatory trend has been toward ever-higher requirements for both water quality and ground-based sewage treatment discharges. The connection to either an approved municipal water or sewer system will alleviate this future concern and its high remedial costs.
- Better land use planning and environmental safeguards:
 - Provided municipal water and sewer systems allow for better land uses, including the clustering of building, enhanced views, conservation space, and shared (less) paved parking.
 - Conversely, the soil-determined model for regulating land use requires that significant portions of a site are reserved for uses such as septic systems. This requires larger development sites than land with municipal services, resulting in less density and higher development costs. Once sewer and water systems are in place, the Planning Board will be able to reissue its regulation to reflect "best practices" with reduced lot-size options.
 - Greater density that is permissible with municipal systems also reduces the cost per unit, making housing more affordable for workforce level residents.
 - Greater density can be abused if it is not controlled by thoughtful and enforced land-use regulation. If systems are built, the current land use and zoning regulation for the Rte. 108 Gateway should be revised.

4. Greater accountability to the public:

- A municipal system allows the local government a way of deciding what is - and what is not - permissible for either water drawn-down and the disposal of sewage wastes. Private systems that are abused are usually not discovered until the system is failed, and the contamination is in-ground and spreading. Failed systems are also difficult to remedy when the violating owner abandons or sells the property, which leaves the municipality "holding the bag" with the cleanup.

5. New opportunities to attract sought investments, including:

- Skilled younger workforce
- Commercial and public amenities Including better retail and dining
- Diversity and affordability of housing choices
- Better entertainment and recreation

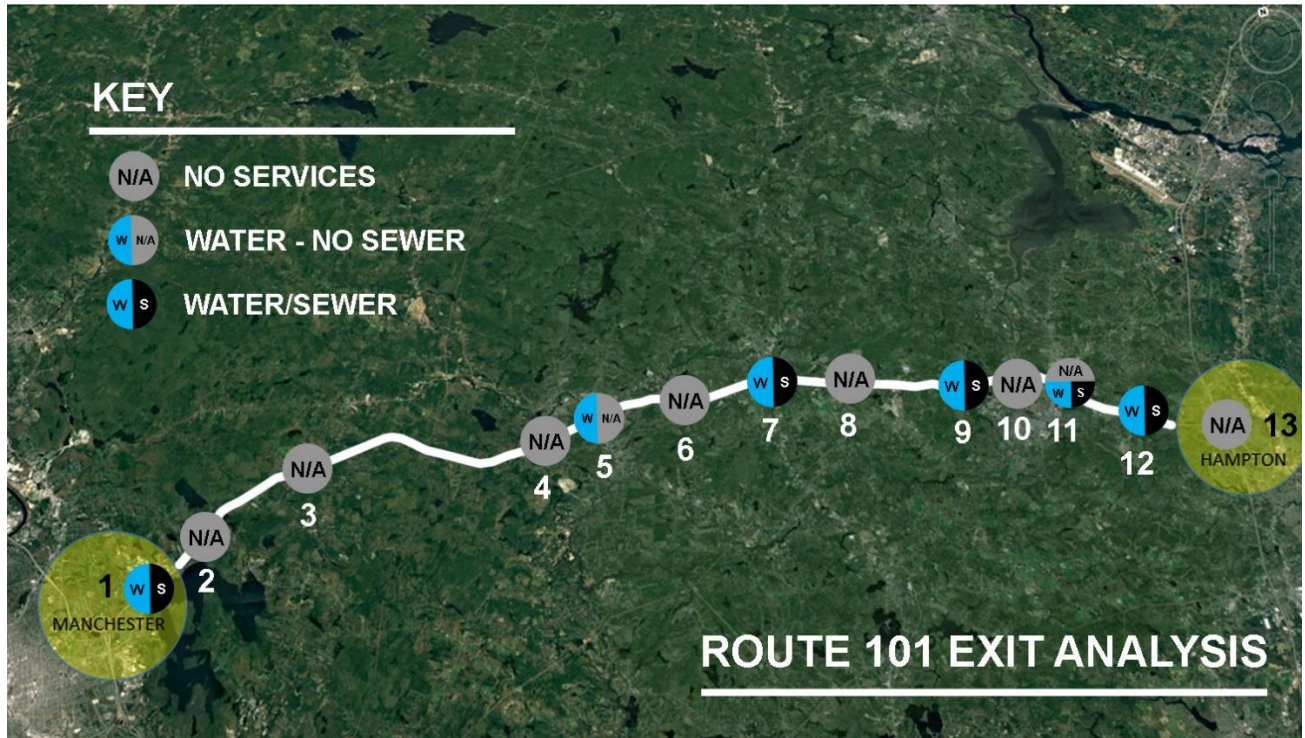
6. The current opportunity for new resident and residential wealth:

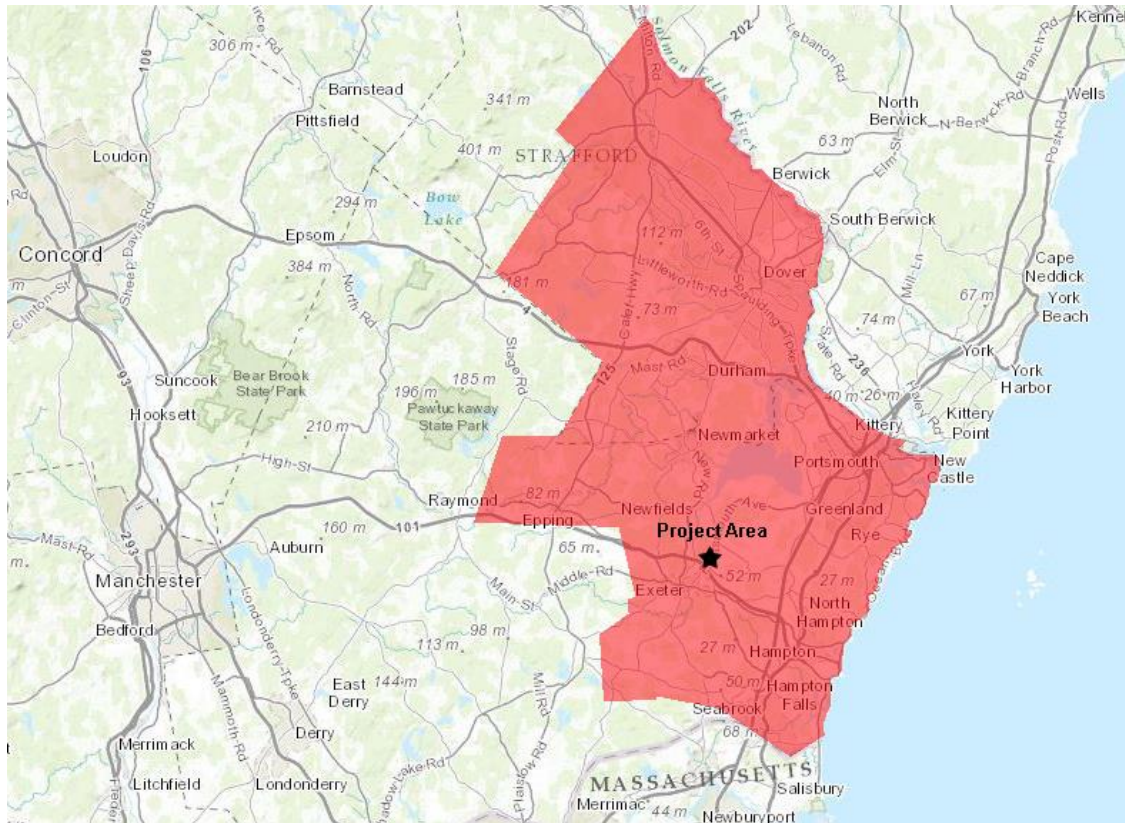
- While Exit 11 is at the end of the pipeline for the markets west and south, it is the closest exit with services and amenities to the strong Portsmouth, Durham Newmarket and Exeter markets that surround Stratham. The market analysis shows there are several goods or services being consumed within this Stratham-Seacoast area but provided outside of the area.
(See Exhibit C: Market Analysis Area)
- Two market opportunities are strategic for the development of the Rte. 108 Gateway and Stratham:
 - Providing a range of diverse mid-to-high market rate housing options for multiple work-life stages that also offer high resident and public-access amenities.
 - Professional and technology-sector office and related space - again in high amenity settings - that can attract the UNH-technology business, as well as other professional services that seek to be in the Seacoast market but at lower per-square-foot costs.
- Positioning the Rte. 108 Gateway as an attractive location for these growing markets has several community-wide benefits:
 - High assessed value tax base.
 - Accessible amenities, such as restaurants, bike paths, dog parks and

"pocket parks" will be sought and built into developments.

- o The attraction of needed mobile, younger and educated individual workers and early-stage families will add community and economic viability.
- o Municipal water and sewer services make the development of higher-end professional spaces, and mid-to-high end rentals more likely, and affordable. These new professional workers, and these new residents can provide the new markets needed to justify private sector reinvestment into the Corridor.

Appendix E – Route 101 Exit Analyses





Appendix F – Market Opportunity Chart

Portsmouth 30 Mile Drive

Demand	Leakage	% Leakage	Total Demand
Finance and Insurance	\$1,694,487,295	68.8%	\$2,461,912,511
Health Care and Social Assistance	\$636,670,817	36.6%	\$1,738,233,766
Professional, Scientific, and Technical Services	\$873,949,420	64.6%	\$1,353,405,913
Retail Trade	\$545,452,800	46.1%	\$1,183,484,205
Information	\$738,205,987	67.0%	\$1,101,172,050
Real Estate and Rental and Leasing	\$615,499,048	56.6%	\$1,087,841,877
Wholesale Trade	\$846,637,409	79.2%	\$1,068,416,378
Construction	\$558,567,686	67.3%	\$830,164,803
Accommodation and Food Services	\$273,174,309	37.7%	\$725,326,784
Transportation and Warehousing	\$563,193,360	84.4%	\$667,032,504
Administrative and Support and Waste Management and Remediation Services	\$349,879,889	52.7%	\$663,585,506
Management of Companies and Enterprises	\$404,313,500	76.0%	\$531,792,601
Other Services (except Public Administration)	\$282,703,974	59.5%	\$475,102,344
Utilities	\$154,062,884	47.8%	\$322,049,436
Educational Services	\$207,326,839	77.4%	\$268,017,030
Arts, Entertainment, and Recreation	\$171,651,079	75.6%	\$227,182,215
Mining, Quarrying, and Oil and Gas Extraction	\$202,081,934	97.3%	\$207,699,049
Crop and Animal Production	\$144,216,398	93.4%	\$154,452,221