



Stratham Route 108 Corridor Infrastructure Financial Analysis

Applied Economic
Research

May 3, 2019

Stratham Route 108 Corridor Infrastructure Financial Feasibility Analysis

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This analysis was completed by Applied Economic Research under contract to the Town of Stratham. Its purpose is to analyze the financial feasibility of introducing municipal sewer and water within the town's Gateway Corridor, which extends from Route 101 to the Stratham town center (Winnicutt Road).

The conclusion of the analysis is that there is sufficient financial support for the town to take the next steps in bringing sewer and water service to the Gateway Corridor. Those steps include (1) identifying the cost of tying into the Exeter sewer and water systems, and (2) identifying the willingness of current and prospective Corridor property owners to participate in sharing the cost of bringing sewer and water to the corridor. Once those elements are identified and analyzed, a vote of town residents will be both appropriate and necessary.

Introduction

For the past decade Stratham has examined methods to increase commercial assessment valuations to reduce the cost of providing municipal services born by its residential property owners.

Beginning in the early 2000's, the Town investigated concepts including extending the then *General Commercial Zoning* District north-easterly to the Greenland Town line. When that concept was largely rebuked by residents, the Town contemplated increasing the depth of the General Commercial zone from 800 feet to 1200 feet (measured from the NH 108 right-of-way edge); this too was declined by the Town. The remaining option was to consider increasing the commercial density of the existing commercial corridor. The Town's desire to centralize commercial development and eliminate commercial sprawl away from the corridor was now clear.

In 2008, the Town adopted the "Gateway Commercial District Master Plan" which led directly to the 2009 adoption of the Gateway Commercial Business District. Despite the adoption of both the Master Plan and the supporting zoning, which were predicated largely on the inclusion of municipal water and sewer infrastructure, the Town had yet to resolve the source of such infrastructure.

In January of 2016, Stratham secured an Intermunicipal Water Agreement with the Town of Exeter, which abuts the Gateway Zoning District's southern edge. In March, of that same year, the Legislative Body voted down Municipal Bonding Authority which requested those funds adequate to proceed with the Exeter/Stratham water agreement. In 2017, the Town authorized an economic analysis of various development options and sought guidance from Arnett Development Group (ADG Associates), which completed its analysis in November of 2017. Following a public forum presentation of ADG's findings which generated several major questions from resident attendees, a Gateway Corridor Study Committee was formed in December 2017, to evaluate the Gateway Commercial District Master Plan vision which was broadened to contemplate the entire Route 108 Corridor generally extending from the Exeter Town line to Winnicutt Road, along NH 108, and encompassing the Gateway Commercial, Professional/Residential, and Town Center Zoning Districts.

Essentially all of the studies of the Corridor reviewed by AER have found Stratham's commercial corridor to be underimproved, relative to its market potential, effectively shifting the cost of town services to the community's residential tax base. Further, the reports indicate the Town is missing an opportunity to diversify its tax base and reduce residential tax bills within the growing—and otherwise prosperous—Seacoast commercial market development. In response to the voluminous study history and with the guidance of the ADG findings, late in 2017, a Tax Increment Financing ordinance was drafted. What the Route 108 Corridor Study Committee determined was still lacking, were succinct answers to certain citizen questions posed both at and following the 2016 vote related to bonding authority. The Committee then committed themselves to addressing those questions.

In mid-2018 the Gateway Corridor Study Committee surveyed residents to identify if there was interest for further investigations into whether there was support within the town for bringing infrastructure (sewer and water) to the Gateway Corridor. Among the findings, presented at a town forum on September 12, 2018 was that 74% of respondents felt that “So long as developers pay their share, some investment from the town makes sense”. Further, “A 65% majority responded that “Taxpayers will benefit in the long term from town infrastructure investment.” On a more focused level, 70% agreed that “Investment in water and sewer infrastructure will pay off over the next 10-15 years”. Only 30% felt “No town funds should go toward water and sewer infrastructure.”

Following analysis and two public forums presenting the survey’s results, the Route 108 Corridor Study Committee broadened its perspectives on behalf of the Town by commissioning in mid-2018 two parallel and more detailed investigations of infrastructure options for the Gateway Corridor. Those studies were:

- An analysis by Weston-Sampson of the costs and engineering issues of bringing sewer and water services to the Gateway Corridor, including tying into the Exeter systems, developing a free-standing system within Stratham, and hybrid systems, including tying into Newmarket’s sewer system;
- A financial feasibility analysis by Applied Economic Research of the various Weston and Sampson alternatives and their costs.

This report sets forth the latter analysis.

Applied Economic Research has the most extensive experience in the State in measuring the impact of new development on community finances and tax rates in a diversity of settings. AER has also conducted peer review studies of analyses completed by others. AER has found that new and existing non-residential development generates a significant surplus of revenues over costs as compared to residential development.

Having examined the prior studies and inspected the corridor’s current condition, it is AER’s observation that in the absence of new non-residential development, the cost of supporting municipal services in Stratham will fall heavily on its residential taxpayers. Stratham’s residents have supported quality public services. As of this writing, Stratham’s tax base is more heavily dependent on residential properties—in 2018, 84% of the tax burden fell upon residential tax payers—as compared to an average of 75% among Rockingham County communities. The 2017 ADG analysis found that Stratham is not getting its fair share of a growing and prosperous Seacoast non-residential market and AER concurs with that observation.

Further, apart from the Gateway Corridor, Stratham has not identified any other viable option to broaden its tax base—its industrial park is successful, but lacks land to accommodate new users. There is no other viable commercial corridor or zoning district within the community.

The Gateway corridor, however, is not reaching its potential to broaden the town’s tax base. Stratham is missing a significant opportunity within the affluent, growing Seacoast market. In comparison to the adjacent Route 108 corridor in Exeter, private investment within the Stratham corridor is older (and therefore more depreciated), is at a lower density because of the need for on-site well and septic systems and is not attracting its share of new investment because of the lack of appropriate infrastructure. In 2013 Market Basket abandoned plans to upgrade its offerings in Stratham, because of a lack of sewer and water infrastructure in the corridor. An estimated \$40,000-\$60,000 in additional property tax revenue was forgone. The Market Basket experience is not unique in this regard.

The introduction of sewer and water into the corridor will enable existing and new non-residential properties to maximize their building potential and the tax revenue paid to the Town. These commercial investments are more highly valued and taxed than their residential counterparts, but impose lower costs on the town.

Without sewer and water infrastructure, however, the Gateway Corridor will remain underimproved and will continue to generate sub-par tax revenues to the town, resulting in a continuing disproportionate reliance on the town's residential taxpayers.

Study Summary

The conclusion of the analysis is that there is sufficient financial support for the town to take the next steps in bringing sewer and water service to the Gateway Corridor by tying into the Exeter sewer and water systems. The next steps Stratham needs to pursue are:

- Identifying if Exeter is willing to impose reasonable tie-in fees;
- Identifying if existing and new property owners in the Gateway Corridor are willing to share infrastructure costs;
- The cost of corridor land acquisition for pump stations etc. in Stratham is reasonable.

AER has modeled the financial dimensions of bringing sewer and water to the Gateway Corridor, based on cost estimates prepared by Weston and Sampson in late 2018 and early 2019. The engineering study found substantially higher cost if the town provided its own water/sewer infrastructure than if it tied in with Exeter. For example, the engineers estimated it would cost \$51.4 million for Stratham to provide its own water and sewer service to the Gateway Corridor, versus the most cost-effective alternative—tying into the Exeter water and sewer systems-- at a cost of \$29.3 million¹. Both approaches would service the same corridor to essentially the same degree.

AER has analyzed two scenarios:

1. ***Extending sewer and water throughout the corridor in a single phase.*** This option does more than pay its way over the 30-year bonding horizon, generating an estimated surplus of just over \$82 million in property tax revenues. However, taking on the complete \$29.3 million investment as a single phase requires 12 years to break-even under the assumptions in the analysis. Based on the assumptions in this analysis, such an outlay may not be advisable due to the long-term payback. This nonetheless demonstrates that the overall TIF concept generates a positive outcome--eventually;
2. ***Extending water and sewer on a phased basis,*** with the first phase running from Route 101 northerly to Market Basket. This phase, with a cost of \$10.7 million, is financially viable, generating a surplus of incremental property taxes over and above principal and interest payments of \$47 million over the life of the bond issue, with significantly less risk to the town and reaching break-even in 8 years. This first phase would not be initiated until costs to tie into the Exeter sewer and water systems are known and until Corridor property owners commit at least \$500,000+/- in up-front sharing of the infrastructure capital costs.

AER is in agreement with ADG's earlier study, which reached a positive conclusion regarding the introduction of water and sewer service to the Corridor. AER believes Stratham's corridor is prime for commercial development and redevelopment in the spirit of the zoning adopted by the Town in 2009. Providing infrastructure is the key to stabilizing Stratham's residential tax rate.

AER recommends utilizing Tax Increment Financing to potentially shorten the life of any bond issue and to provide a mechanism to share infrastructure costs with the private sector.

¹ The engineering costs do not include the cost of tying into the Exeter system or the cost of any land acquisition with Stratham to provide this infrastructure. Such costs should be calculated and incorporated into the financial model prior to the town pursuing bonding authority to re-evaluate the viability of introducing infrastructure to the corridor.

Stratham Route 108 Corridor Infrastructure Financial Feasibility Analysis

This analysis was completed by Applied Economic Research under contract to the Town of Stratham. Its purpose is to analyze the financial feasibility of introducing municipal sewer and water within the town's Gateway Corridor, which extends from Route 101 to the Stratham town center (Winnicutt Road).

As the analysis evolved of the oversight of the Corridor Study Committee, the financial feasibility of utilizing Tax Increment Financing ("TIF") became the primary focus of the analysis. A TIF, is a method of capturing the increase in property tax revenues within a designated district over a base year and applying that increase (tax increment) to retire the principal and interest on bonds issued to fund infrastructure improvements—in this case the phased provision of municipal sewer and water within the Gateway Corridor.

This analysis incorporates cost estimates prepared on behalf of the Town by Weston and Sampson Engineers. In their analysis of infrastructure costs ² Weston and Sampson identified several potential phases for the extension of infrastructure within the Gateway Corridor:

- **Phase A (1)**, Extending from Route 101 to Market Basket;
- **Phase A (2)**, Extending from Market Basket to Frying Pan Lane;
- **Phase B**, Extending from Frying Pan Lane to Bunker Hill Avenue;
- **Phase C**, Extending from Bunker Hill Avenue Town Center (Winnicutt Road).

A map depicting the proposed TIF District and these phases is on the following page. This analysis considers the costs and revenues emanating from serving the district as whole, as well as the likely phasing of the introduction of municipal sewer and water beginning at Route 101 and moving northerly as justified by demand, feasibility and need (initially phase A (1).

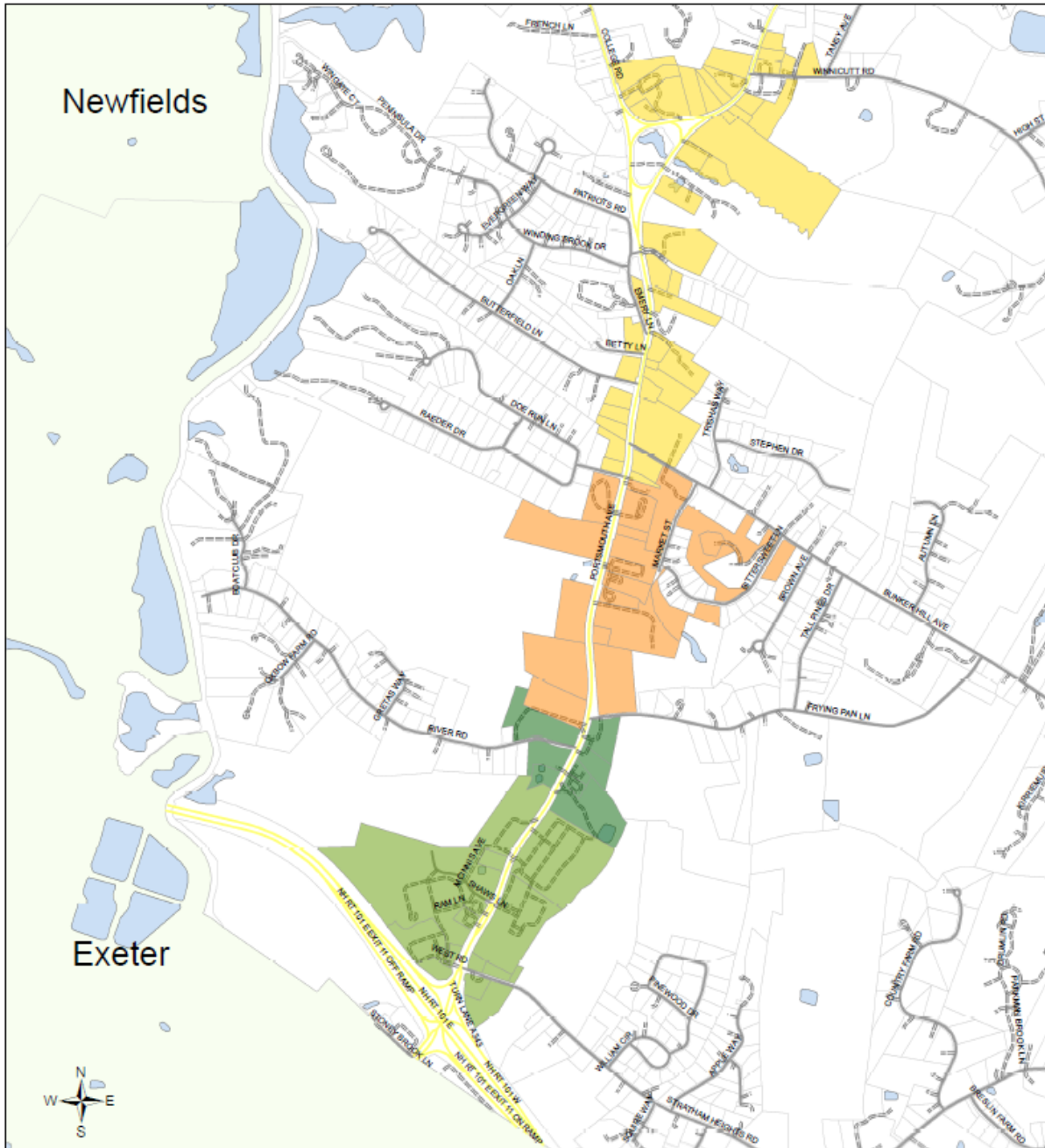
AER has incorporated Weston and Sampson's phasing and cost estimates into this TIF financial feasibility analysis. The Gateway corridor was also the subject of a prior analysis prepared by ADG Associates dated November 2016.³ The current analysis expands and updates the ADG study, incorporated herein by reference.

² See Weston and Sampson memorandum dated 1/23/2019 to David Moore et al.

³ See "Route 108 Corridor Study for Stratham New Hampshire" ADG Associates, November 2016.



TOWN OF STRATHAM TAX INCREMENT FINANCE DISTRICT (TIF) DRAFT 12/21/2018



This map created expressly to display proposed Tax Increment Finance District (TIF) for purposes of economic modeling study concurrently being completed by Applied Economic Research (AER), under contract with the Town of Stratham, Route 108 COrridor Study Committee.

LEGEND

TIF District Parcels



The Corridor Today

The gateway corridor TIF District today has the following major characteristics:

Area Subtotal Data							
Area	Land Acres	Building Total Square Feet	Assessment				
			Building	Features	Subtotal Building +Features	Land	Total
A1	111	535,230	\$ 19,867,500	\$ 3,002,000	\$ 22,869,500	\$ 21,291,736	\$ 44,161,236
A2	33	85,144	\$ 3,826,600	\$ 438,100	\$ 4,264,700	\$ 8,054,900	\$ 12,319,600
Subtotal	143	620,374	23,694,100	3,440,100	27,134,200	29,346,636	56,480,836
B	101	323,294	\$ 11,970,000	\$ 966,200	\$ 12,936,200	\$ 12,308,931	\$ 25,245,131
C	134	386,890	\$ 14,786,500	\$ 1,447,800	\$ 16,234,300	\$ 11,856,552	\$ 28,090,852
Total	379	1,330,558	50,450,600	5,854,100	56,304,700	53,512,119	109,816,819
C:\Users\owner\Documents\Stratham corridor analysis\2019 05\[201801 district properties per 2019 12 21 map amended 2019 05 01.xlsx]Thibeault Request							

The properties included in the proposed TIF district by Subarea are set forth in Addendum A.

TIF districts are enabled by the State of New Hampshire, RSA 162-K:1 – 15. The RSA sets limits on the maximum amount of assessed value or land area, permissible within the combined TIF districts in a community. The proposed Gateway Corridor TIF district is the only TIF in Stratham. The statute requires that either the land area or assessed valuation within the community's TIF district fall below the respective maximums.

The proposed District's figures relative to the statutory limits are:

Test of TIF RSA Limits	
2019 01 22 per 2018 12 21 map	
TIF Total Assessed Value	\$ 109,816,819
Town Assessed Value (Inc. Utilities)	\$ 1,276,160,504
Corridor as % of Town	8.6%
Statutory Limit	8%
Corridor Acreage	379
Town Acreage (per Prior TIF)	9,664
Corridor % of Town	3.9%
Statutory Limit	5.0%
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Although the assessed valuation within the proposed district modestly exceeds the statutory limit, the proposed district is in accord with the RSA limitations because it encompasses only 3.9% of the town's land area, which is less than the 5.0% maximum RSA limit.

Development Rationale

Stratham is more dependent on its residential tax base than the overall average of Rockingham County communities:

Share of Assessed Value By Property Type

Community	Residential	Commercial	Public Utilities
Stratham	84%	14%	2%
Rockingham County Average	75%	18%	7%
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The underlying rationale for introducing sewer and water in to the Stratham 108 corridor is that the corridor is currently underimproved, at least partially because of a lack of municipal sewer and water service. As a result, the burden of paying for town and school functions falls disproportionately on residential properties.

Stratham has few viable options to broaden its tax base. More intense use of the Gateway Corridor is the prime opportunity available to the community.

As part of this analysis, AER compared assessed valuation per acre within the Stratham TIF district with that of the immediately abutting Route 108 corridor in Exeter, with the following result. The assessed valuation per acre in Exeter, including land and buildings is 60% greater than the comparable figure in Stratham:

Comparative Assessments		
	Stratham Zone A-1 and A-2	Exeter Portsmouth Ave**
Non Residential Land Value	\$ 29,346,600	\$ 32,778,900
Non Residential Land Area	143	114
Non Residential Land Value per Acre	\$ 205,000	\$ 288,000
Total Non Residential Bldg Assessment***	\$ 27,134,200	\$ 39,691,900
Non Residential Land Area	143	114
Building Assessment per Acre	\$ 190,000	\$ 348,000
Total Non Residential Assessment	\$ 56,480,800	\$ 72,470,800
Non Residential Land Area	143	114
Total Assessment per Acre	\$ 395,000	\$ 636,000
*/See Addendum A		
**//exeter assessments portsmouth ave sorted by use code		
***includes assessed features		
C:\Users\owner\Documents\Stratham corridor analysis\2019 05 01\[comparative corridor		

The assessed valuation per acre within the Stratham 108 Corridor is significantly lower than along Route 108 in Exeter because:

- The density of buildings per acre is lower in Stratham than in Exeter, partially because land must be set aside for wells and septic systems in Stratham.
- The character of development in Stratham tends to be of lower value per acre (car dealerships, for example) than higher valued uses in Exeter—retail, office, lodging, etc.), which are more common in Exeter than Stratham;
- The Gateway Corridor has not captured its fair share of new, higher density regional market development, because of a lack of sewer and water services;
- Land values per acre in the Stratham Corridor are lower than along Portsmouth Ave in Exeter because of the lack of sewer and water;

This finding is consistent with that of the previously cited ADG study. The experience of Exeter and other New Hampshire communities (Route 3 in Bedford, and Pettengill Road in Londonderry for example) indicates that if municipal sewer and water utilities are available within Stratham's Gateway Corridor, the value of the underlying land will rise, new investment will be attracted, and existing improvements will be renovated, upgraded and expanded. The TIF concept has been successfully deployed in several New Hampshire communities including Concord, Franklin, Jaffrey, Claremont, Laconia, Keene, Dover and Peterborough.

In 2013 Market Basket, submitted a site plan application to the town to upgrade their Stratham store. That upgrade would require municipal sewer and water to do so. An illustrative comparison of the Stratham Market Basket to the newer free-standing Market Basket in Tilton, New Hampshire indicates that if a similar Market Basket was developed in Stratham, the assessed value of the parcel would be \$2-3 million higher.

	Stratham	Tilton	Difference
Building	\$ 1,804,600	\$ 4,216,500	\$ 2,411,900
Features	\$ 132,100	\$ 741,200	\$ 609,100
Subtotal	\$ 1,936,700	\$ 4,957,700	\$ 3,021,000
Building Area	63,398	68,029	\$ 4,631
Subtotal per Square Foot	\$ 30.55	\$ 72.88	\$ 42
Land Value	\$ 2,813,400	\$ 2,122,000	\$ (691,400)
Acres	10.67	30.94	\$ 20
Land Value per Acre	\$ 263,674	\$ 68,584	\$ (195,089)
Total Value	\$ 4,750,100	\$ 7,079,700	\$ 2,329,600
E:\Stratham corridor analysis\[market basket tilton and Stratham.xlsx]Sheet1			

There are other existing improvements within the corridor that would likely be upgraded if municipal sewer and water were available, based on preliminary discussions with the town planner. Also, if sewer and water were available, new private investment on vacant or underutilized sites would likely occur based on market analysis in the previously mentioned ADG analysis. The Seacoast market, of which Stratham is a part, is one of the most affluent and fastest growing regional markets in the State.

Infrastructure Alternatives

Stratham has several options to bring municipal sewer and water service to the Gateway corridor. Weston and Sampson Engineers have estimated capital costs⁴ as follows:

	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alternative 5
Water	Exeter	Stratham	Exeter	Stratham	Exeter
Sewer	Exeter	Stratham	Newmarket	Newmarket	Stratham
Area					
A-1	\$ 10,700,000	\$ 34,000,000	\$29,800,000	\$ 40,800,000	\$ 23,400,000
A-2	\$ 2,400,000	\$ 7,300,000	\$ 2,400,000	\$ 1,500,000	\$ 8,200,000
B	\$ 7,800,000	\$ 7,100,000	\$ 7,600,000	\$ 2,100,000	\$ 12,600,000
C	\$ 8,400,000	\$ 3,000,000	\$ 6,700,000	\$ 6,700,000	\$ 10,600,000
Total	\$ 29,300,000	\$ 51,400,000	\$46,500,000	\$ 51,100,000	\$ 54,800,000
	Source: Weston and Sampson 12/7/2018				

AER has modeled the financial feasibility of bringing sewer and water to the Gateway Corridor under each these alternatives. Upon conclusion of AER's modeling, AER has determined the only scenario that is financially viable for Stratham to consider is Alternative 1, which would bring sewer and water service to the corridor by tying into the Exeter systems. Costs for other alternatives are significantly higher than Alternative 1. The cost of serving the entire corridor under Alternative 1, is \$29.3 million versus \$46.5-54.8 million under the alternative concepts. The latter costs exceed the incremental revenues likely to be realized if sewer and water service are extended within the corridor. Alternatives 2-5 would require substantial private funding that does not appear likely at this time.

⁴ The cost estimates developed by Weston and Sampson do not include any land acquisition costs or the costs other communities, (Exeter, Stratham, or Newmarket) might impose to grant access to their utility systems. These costs include the cost of installing gravity and forced main piping within the Gateway Corridor.

The breakdown of phased costs within the corridor presuming tie-ins to Exeter as estimated by Weston and Sampson are:

		Alternative 1		
				Total
Area	Description	Utility	Capital Cost	
A-1	Stratham Exeter Town Line to Market Basket	Exeter Water	\$ 3,600,000.00	
		Exeter Sewer	\$ 7,100,000.00	\$ 10,700,000.00
A	Market Basket to Frying Pan Lane	Exeter Water	\$ 900,000.00	
		Exeter Sewer	\$ 1,500,000.00	\$ 2,400,000.00
B	Frying Pan Lane to Bunker Hill Avenue	Exeter Water	\$ 5,500,000.00	
		Exeter Sewer	\$ 2,300,000.00	\$ 7,800,000.00
C	Bunker Hill Avenue to Town Center (Winnicutt Road)	Exeter Water	\$ 3,000,000.00	
		Exeter Sewer	\$ 5,400,000.00	\$ 8,400,000.00
		Exeter Water Total	\$ 13,000,000.00	
		Exeter Sewer Total	\$ 16,300,000.00	

Financial Analysis

AER has developed a financial model analyzing the viability of providing municipal sewer and water service within the Gateway Corridor. Two scenarios were analyzed:

1. Providing sewer and water service to the entire Gateway Corridor in a single phase;
2. Phasing the introduction of sewer and water to Area A-1 (from Route 101 to Market Basket).

The model incorporates proposed TIF financing contemplated by the Town since 2017. The model considers a variety of factors likely to influence the ultimate viability of introducing sewer and water service to the TIF District in addition to the above costs. The assumptions incorporated into the model are set forth in Addenda B and C. Discussions with Weston and Sampson and the Gateway Study Committee indicate that the improvements will most likely be phased, with an initial phase extending services from the Exeter-Stratham town line to Market Basket

Narratively speaking these assumptions presume:

- That the Stratham infrastructure costs will be as estimated by Weston and Sampson in December 2018;
- That the community will not initiate the infrastructure improvements until commitments for \$500,000 in front-end private tie-in fees are secured;
- That an average of 15,000 square feet per year in new construction will be built presuming Phase A-1, and 20,000 square feet per year presuming the entire corridor is served-- at an assessed value of \$100 per square foot will be developed per year. These figures are consistent with a prior build-out analysis performed for the town taking zoning and physical land characteristics into account;
- That assessed land values per acre will increase by 25% upon extension of sewer and water within the corridor, consistent with the Portsmouth Avenue Exeter assessments;
- That current assessments and the Stratham tax rate will rise in lock-step with anticipated inflation—currently 2% per year;
- That the town will bond the proposed improvements at prevailing municipal bond rates (currently 4%) with a 30-year level payment bond;
- That 100% of the Stratham tax rate will be applied to retire the TIF bonds
- That 10% of annual debt service will be paid for through tap fees from new development and sewer/water user fees from users within the corridor;
- That Exeter will impose reasonable tie-in fees to access their sewer and water infrastructure.

Within the range of possible assumptions for this analysis, these assumptions are viewed as lying at the conservative end of the possible range of assumptions.

Long -Term Viability of Bringing Infrastructure to the Entire Gateway Corridor

The fundamental test of the desirability and viability of providing sewer and water service to the utilizing TIF financing is to (1) compare the incremental revenues (Tax Increment) resulting from bringing sewer and water to the Gateway Corridor to (2) the cost of principal and interest on the bonds issued to pay for the sewer and water infrastructure costs. The results of the analysis examining the revenues and costs within the District over the presumed 30-year life of the bond issue are detailed in Addendum B to this report. Briefly stated, over the life of the 30-year bond the major factors structuring the flow of funds are:

Infrastructure Costs	\$ 29,300,000
Less: Initial Tie-In Fee (Market Basket or Other)	\$ (500,000)
Initial Bond Principal Amount	\$ 28,800,000
Total Debt Principal and Interest (30 years)	\$ 49,980,000
Less: Private Share (Tap and User Fees @10%)	\$ (4,998,000)
Municipal Share of Principal and Interest	\$ 44,982,000
Total Increase in Tax Revenues (Tax Increment)	\$ 127,529,000
Less:Muncipal Share of Debt Service	\$ (44,982,000)
30 Year Surplus (Deficit)	\$ 82,547,000
First Year of Positive Cash Flow	7
Break Even Year	12
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The figures indicate that over the 30-year life of the bond, the increase in tax revenues exceeds the municipal cost of the bond issue by just over \$82 million. Under the assumptions in this analysis the annual cost of principal and interest exceed incremental revenues until year 7. Thereafter, the increment in tax revenues is greater than the annual debt service. By year 12, the cumulative incremental revenues exceed the cumulative debt service costs and continue to build in subsequent years.

These calculations presume that the town elects to bring sewer and water service to the entire Gateway Corridor in one single phase. While demonstrating that the TIF district is viable over an extended time frame, the calculations point to the desirability of phasing the introduction of infrastructure to the Corridor, because it would take 12 years for cumulative incremental revenues to exceed cumulative principal and interest costs. Given the inherent uncertainty in long term projections, a 12-year payback period carries with it significant risks. While new investment and incremental revenues may grow faster than presumed in this analysis, the converse is also true—the pay-back period could be longer than projected herein. Phasing is probably preferable as a means to mitigate risks.

Viability of Bringing Infrastructure to Phase A-1

AER has also analyzed the financial feasibility of a phased improvement program, bringing sewer and water from Route 101 to Market Basket (Phase A-1) as a first phase of the overall introduction of sewer and water to the entire district. The town could extend these utilities in subsequent phases as demand and financial feasibility warrant. The calculations for this first-phase analysis are in Addendum C. As previously noted, the town would be able to begin this phase once private entities (possibly Market Basket or other Corridor property owners) agree to an initial buy-in-- \$500,000 is presumed in this scenario-- and costs to tie into the Exeter system are identified

The results of the analysis examining bringing sewer and water from Route 101 to Market Basket (Phase A-1) indicate:

Infrastructure Costs	\$ 10,700,000
Less:Initial Tie-In (Market Basket or Other	\$ (500,000)
Initial Bond Principal Amount	\$ 10,200,000
Total Debt Principal and Interest (30 Years)	\$ 17,700,000
Less Private Share (Tap and User Fees@10%)	\$ (1,770,000)
Municipal Share of Principal and Interest	\$ 15,930,000
Total Increase in Tax Revenues (Tax Increment)	\$ 64,078,000
Less: Municipal Share of Debt Service	\$ (15,930,000)
30 Year Surplus (Deficit)	\$ 48,148,000
First Year of Positive Cash Flow	5
Break Even Year	8
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The results indicate that extending service to Market Basket under the assumptions in this analysis is financially feasible⁵, with tax increment revenues exceeding principal and interest payments to extend sewer and water by just over \$48 million. The tax increment begins to exceed debt service payments in year 5 and the overall cumulative cash flow becomes positive in year 8 of the analysis. As such, considering the shorter payback period, phasing the introduction of sewer and water is preferable to serving the entire corridor initially.

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⁵ Presuming Exeter fees are reasonable and current Corridor property owners participate in \$500,000 +/- of the up-front costs.

ADDENDUM

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ADDENDUM A

STRATHAM TIF DISTRICT PROPERTIES

STRATHAM TIF DISTRICT PROPERTIES

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Study Area Zone	Map	Lot	Sub	Street#	Street	Zone	Land Use	Acres	Building Assessment	Features Assessment	Land Taxable Assessment	Total Taxable Assessment
A1	4	8	0	1	WEST ROAD	G CBD	L-CI	1.67	\$ 1,574,600	\$ 30,100	\$ 1,150,200	\$ 2,754,900
A1	4	9	0	4	WEST ROAD	G CBD	L-CI	6.11	\$ 1,756,300	\$ 48,200	\$ 1,238,500	\$ 3,043,000
A1	4	10	1	17	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 568,500	\$ 55,300	\$ -	\$ 623,800
A1	4	10	2	19	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 762,500	\$ 40,800	\$ -	\$ 803,300
A1	4	10	0	100	SHAW'S LANE	G CBD	L-CI	43.83	\$ 5,166,300	\$ 630,400	\$ 3,508,636	\$ 9,305,336
A1	4	11	0	9	PORTSMOUTH AVENUE	G CBD	L-CI	0.78	\$ 510,000	\$ 48,900	\$ 673,200	\$ 1,232,100
A1	4	12	0	15	PORTSMOUTH AVENUE	G CBD	L-CI	1.26	\$ 195,500	\$ 17,800	\$ 648,200	\$ 861,500
A1	4	13	0	23	PORTSMOUTH AVENUE	G CBD	L-CI	1.39	\$ -	\$ 7,500	\$ 657,300	\$ 664,800
A1	4	14	0	20	PORTSMOUTH AVENUE	G CBD	L-CI	15.79	\$ 2,399,700	\$ 252,600	\$ 3,803,400	\$ 6,455,700
A1	4	15	0	12	PORTSMOUTH AVENUE	G CBD	L-CI	0.75	\$ 142,400	\$ 2,600	\$ 582,000	\$ 727,000
A	4	16	0	5	STRATHAM HEIGHTS RD	G CBD	L-R2	0.96	\$ 176,900	\$ 3,000	\$ 205,200	\$ 385,100
A1	4	19	0	10	STRATHAM HEIGHTS RD	G CBD	L-CI	4.24	\$ 281,800	\$ -	\$ 476,700	\$ 758,500
A1	4	20	0	2	STRATHAM HEIGHTS RD	G CBD	L-CI	1.81	\$ 430,800	\$ 230,700	\$ 756,700	\$ 1,418,200
A1	5	1	0	28	PORTSMOUTH AVENUE	G CBD	L-CI	21.27	\$ 3,437,800	\$ 448,200	\$ 4,778,300	\$ 8,664,300
A1	5	1	1	28	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 307,000	\$ 555,800	\$ -	\$ 862,800
A1	5	1	2	28	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 352,800	\$ 498,000	\$ -	\$ 850,800
A1	8	2	0	27	PORTSMOUTH AVENUE	G CBD	L-CI	10.67	\$ 1,804,600	\$ 132,100	\$ 2,813,400	\$ 4,750,100
Subtotal A1								110.53	\$ 19,867,500	\$ 3,002,000	\$ 21,291,736	\$ 44,161,236
A2	9	1	0	35	PORTSMOUTH AVENUE	G CBD	L-CI	1.41	\$ 186,100	\$ 11,500	\$ 714,400	\$ 912,000
A2	9	2	0	37	PORTSMOUTH AVENUE	G CBD	L-CI	3.53	\$ 979,700	\$ 22,000	\$ 1,120,500	\$ 2,122,200
A2	9	4	0	41	PORTSMOUTH AVENUE	G CBD	L-CI	8.28	\$ -	\$ -	\$ 1,809,600	\$ 1,809,600
A2	9	114	0	46	PORTSMOUTH AVENUE	G CBD	L-CI	4.07	\$ 480,500	\$ 236,200	\$ 807,500	\$ 1,524,200
A2	9	115	0	40	PORTSMOUTH AVENUE	G CBD	L-CI	0	REMOVED DUPLICATE			
A2	9	115	0	42	PORTSMOUTH AVENUE	G CBD	L-CI	0				
A2	9	115	0	40-42	PORTSMOUTH AVENUE	G CBD	L-CI	2.72	\$ 415,400	\$ 14,400	\$ 934,800	\$ 1,364,600
A2	9	116	0	38	PORTSMOUTH AVENUE	G CBD	L-CI	1.14	\$ 275,700	\$ 14,600	\$ 495,200	\$ 785,500
A2	9	117	0	36	PORTSMOUTH AVENUE	G CBD	L-CI	0.96	\$ 261,500	\$ 91,700	\$ 649,800	\$ 1,003,000
A2	9	118	0	34	PORTSMOUTH AVENUE	G CBD	L-CI	10.65	\$ 1,227,700	\$ 47,700	\$ 1,523,100	\$ 2,798,500
Subtotal A2								32.76	\$ 3,826,600	\$ 438,100	\$ 8,054,900	\$ 12,319,600
B	9	5	0	45	PORTSMOUTH AVENUE	G CBD	L-CI	6.61	\$ 2,065,200	\$ 48,000	\$ 2,106,800	\$ 4,220,000
B	9	6	0	57	PORTSMOUTH AVENUE	G CBD	L-CI	6.57	\$ 650,700	\$ 51,200	\$ 1,030,900	\$ 1,732,800
B	9	7	0	69	PORTSMOUTH AVENUE	G CBD	L-R1	12.9	\$ 355,700	\$ 108,000	\$ 381,749	\$ 845,449
B	9	7	0	69	PORTSMOUTH AVENUE	G CBD	L-R1	0	REMOVED DUPLICATE			
B	9	8	0	72	PORTSMOUTH AVENUE	G CBD	L-CI	4.51	\$ 27,200	\$ (27,200)	\$ -	\$ -
B	9	8	101	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 82,200	\$ -	\$ -	\$ 82,200
B	9	8	102	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 82,200	\$ -	\$ -	\$ 82,200
B	9	8	103	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 87,100	\$ -	\$ -	\$ 87,100
B	9	8	104	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 87,100	\$ -	\$ -	\$ 87,100
B	9	8	105	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 82,200	\$ -	\$ -	\$ 82,200
B	9	8	106	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 82,200	\$ -	\$ -	\$ 82,200
B	9	8	107	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 87,100	\$ -	\$ -	\$ 87,100

STRATHAM TIF DISTRICT PROPERTIES

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Study Area Zone	Map	Lot	Sub	Street#	Street	Zone	Land Use	Acres	Building Assessment	Features Assessment	Land Taxable Assessment	Total Taxable Assessment
B	9	8	108	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 87,100	\$ -	\$ -	\$ 87,100
B	9	8	109	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 82,200	\$ -	\$ -	\$ 82,200
B	9	8	110	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 125,400	\$ -	\$ -	\$ 125,400
B	9	8	111	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 127,800	\$ -	\$ -	\$ 127,800
B	9	8	112	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 82,200	\$ -	\$ -	\$ 82,200
B	9	8	113	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 113,800	\$ -	\$ -	\$ 113,800
B	9	8	114	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 82,200	\$ -	\$ -	\$ 82,200
B	9	8	115	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 125,400	\$ -	\$ -	\$ 125,400
B	9	8	116	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 125,400	\$ -	\$ -	\$ 125,400
B	9	8	117	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 82,200	\$ -	\$ -	\$ 82,200
B	9	8	118	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 87,100	\$ -	\$ -	\$ 87,100
B	9	8	119	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 82,200	\$ -	\$ -	\$ 82,200
B	9	8	120	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 82,200	\$ -	\$ -	\$ 82,200
B	9	8	121	72	PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 82,200	\$ -	\$ -	\$ 82,200
B	9	8	201	70	PORTSMOUTH AVENUE	G CBD	L-CI	1.07	\$ 422,800	\$ -	\$ 562,500	\$ 985,300
B	9	10	0	68	PORTSMOUTH AVENUE	G CBD	L-CI	3.62	\$ 52,600	\$ 2,200	\$ 791,700	\$ 846,500
B	9	12	0	64	PORTSMOUTH AVENUE	G CBD	L-CI	2.92	\$ 932,600	\$ 172,800	\$ 888,400	\$ 1,993,800
B	9	13	0	62	CL PORTSMOUTH AVENUE	G CBD	L-CI	2.96	\$ -	\$ -	\$ -	\$ -
B	9	13	1	62	U1 PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 150,000	\$ 80,000	\$ -	\$ 230,000
B	9	13	3	62	U3 PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 79,300	\$ 40,000	\$ -	\$ 119,300
B	9	13	4	62	U4 PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 94,700	\$ 40,000	\$ -	\$ 134,700
B	9	13	5	62	U5 PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 103,100	\$ 40,000	\$ -	\$ 143,100
B	9	13	6	62	U6 PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 120,100	\$ 81,200	\$ -	\$ 201,300
B	9	13	8	62	U8 PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 90,800	\$ 40,000	\$ -	\$ 130,800
B	9	13	9	62	U9 PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 95,100	\$ 40,000	\$ -	\$ 135,100
B	9	13	10	62	10 PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 123,700	\$ 40,000	\$ -	\$ 163,700
B	9	13	11	62	11 PORTSMOUTH AVENUE	G CBD	L-CI	0	\$ 111,900	\$ 80,000	\$ -	\$ 191,900
B	9	14	0	60	PORTSMOUTH AVENUE	G CBD	L-CI	1.93	\$ 710,100	\$ 18,000	\$ 732,600	\$ 1,460,700
B	9	15	0	58	PORTSMOUTH AVENUE	G CBD	L-CI	10.9	\$ 1,056,700	\$ 74,700	\$ 2,048,000	\$ 3,179,400
B	9	15	0	58	PORTSMOUTH AVENUE	G CBD	L-CI	0	REMOVED DUPLICATE			
B	9	16	0	56	PORTSMOUTH AVENUE	G CBD	L-CI	1.03	\$ 108,400	\$ -	\$ 562,100	\$ 670,500
B	9	17	0	50	PORTSMOUTH AVENUE	G CBD	L-CI	9.08	\$ 431,400	\$ 15,300	\$ 1,492,000	\$ 1,938,700
	9	49		32	BUNKER HILL AVENUE	G CBD		19.08	\$ -	\$ -	\$ -	
B	9	51		28	BUNKER HILL AVENUE	RA	EXEMPT TOWN	2.09				
B	9	119	0	47	PORTSMOUTH AVENUE	G CBD	L-CUFL	11.03	\$ -	\$ -	\$ 2,782	\$ 2,782
B	13	1	0	71	PORTSMOUTH AVENUE	G CBD	L-CI	5	\$ 2,041,700	\$ 22,000	\$ 1,709,400	\$ 3,773,100
Subtotal B								101	\$ 11,970,000	\$ 966,200	\$ 12,308,931	\$ 25,245,131
C	13	128	0	78	PORTSMOUTH AVENUE	PRE	L-R1	0.62	\$ 286,900	\$ 3,100	\$ 202,200	\$ 492,200
C	13	20	0	81	PORTSMOUTH AVENUE	PRE	L-CI	2.02	\$ 153,800	\$ 2,800	\$ 340,300	\$ 496,900
C	13	21		85	PORTSMOUTH AVENUE	PRE	L-CI	1.92	\$ 259,300	\$ 27,200	\$ 334,300	\$ 620,800
C	13	22	0	89	PORTSMOUTH AVENUE	PRE	L-CI	1.44	\$ 330,600	\$ 4,500	\$ 331,600	\$ 666,700
C	13	23	0	91	PORTSMOUTH AVENUE	PRE	L-CI	1.68	\$ 454,500	\$ 10,600	\$ 326,000	\$ 791,100

STRATHAM TIF DISTRICT PROPERTIES

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Study Area Zone	Map	Lot	Sub	Street#	Street	Zone	Land Use	Acres	Building Assessment	Features Assessment	Land Taxable Assessment	Total Taxable Assessment
C	13	36	0	95	PORTSMOUTH AVENUE	PRE	L-CI	1.69	\$	175,500	\$	506,900
C	13	36	0	95	PORTSMOUTH AVENUE	PRE	L-CI	0	REMOVED DUPLICATE			
C	13	38	0	16	EMERY LANE	RA	L-R1	2.16	\$	155,800	\$	307,400
C	13	44	0	7	EMERY LANE	PRE	L-R1	1.38	\$	395,100	\$	734,800
C	13	44	0	7	EMERY LANE	PRE	L-R1	0	REMOVED DUPLICATE			
C	13	68	0	138	PORTSMOUTH AVENUE	PRE	L-R1	3.4	\$	426,800	\$	563,400
C	13	69	0	118	PORTSMOUTH AVENUE	PRE	L-CI	8.96	\$	1,910,600	\$	2,843,700
C	13	69	0	118	PORTSMOUTH AVENUE	PRE	L-CI	0	REMOVED DUPLICATE			
C	13	82	0	2	MILLBROOK DRIVE	PRE	L-CUFL	2	\$	-	\$	752
C	13	83	0	108	PORTSMOUTH AVENUE	PRE	L-R3	3.62	\$	187,200	\$	505,900
C	13	86	0	100	PORTSMOUTH AVENUE	PRE	L-CI	1.47	\$	158,300	\$	517,400
C	13	86	0	100	PORTSMOUTH AVENUE	PRE	L-CI	0	REMOVED DUPLICATE			
C	13	87	0	98	PORTSMOUTH AVENUE	PRE	L-CI	0.39	\$	194,900	\$	396,300
C	13	88	0	96	PORTSMOUTH AVENUE	PRE	L-R1	4.07	\$	154,000	\$	475,700
C	13	89	0	94	PORTSMOUTH AVENUE	PRE	L-CI	1.34	\$	321,100	\$	646,600
C	13	90	0	7	BUNKER HILL AVENUE	PRE	L-R1	10.78	\$	538,900	\$	958,300
	13	127	0	82	PORTSMOUTH AVENUE	PRE	L-EX-M	2.43	\$	-	\$	-
	13	129	0	10	BUNKER HILL AVENUE	GCB	L-EX-M	8.92	\$	-	\$	-
	13	129	0	76	PORTSMOUTH AVENUE	GCB	L-EX-M	0	\$	-	\$	-
C	17	34	0	4	COLLEGE ROAD	TC	L-CI	4.22	\$	72,900	\$	470,100
C	17	35	0	2	COLLEGE ROAD	TC	L-CI	2.51	\$	582,700	\$	930,400
C	17	36	0	137	PORTSMOUTH AVENUE	TC	L-CI	1.67	\$	993,300	\$	1,304,900
C	17	37	0	139	PORTSMOUTH AVENUE	TC	L-CI	5.73	\$	592,600	\$	1,043,600
C	17	38	0	145	PORTSMOUTH AVENUE	TC	L-CI	3.01	\$	661,100	\$	957,000
C	17	39	0	149	PORTSMOUTH AVENUE	TC	L-R1	1.42	\$	-	\$	291,300
C	17	40	0	151	PORTSMOUTH AVENUE	TC	L-CI	1.48	\$	78,000	\$	329,700
C	17	40	0	147	PORTSMOUTH AVENUE	TC	L-CI	0	\$	6,300	\$	329,700
C	17	41	0	157	PORTSMOUTH AVENUE	TC	L-CI	1.84	\$	-	\$	-
C	17	41	1	157	PORTSMOUTH AVENUE	TC	L-CI	0	\$	694,300	\$	1,173,000
C	17	41	2	157	PORTSMOUTH AVENUE	TC	L-CI	0	\$	116,100	\$	238,900
C	17	41	3	157	PORTSMOUTH AVENUE	TC	L-CI	0	\$	609,200	\$	817,500
C	17	41	4	157	PORTSMOUTH AVENUE	TC	L-CI	0	\$	121,000	\$	223,800
C	17	42	0	159	PORTSMOUTH AVENUE	TC	L-CI	4.2	\$	370,700	\$	762,400
C	17	87	0	166	PORTSMOUTH AVENUE	TC	L-R1	1.4	\$	255,600	\$	432,100
C	17	88	0	164	PORTSMOUTH AVENUE	TC	L-CI	0.99	\$	161,600	\$	469,100
C	17	89	0	160	PORTSMOUTH AVENUE	TC	L-CI	1.34	\$	245,400	\$	658,200
C	17	90	0	7	WINNICUTT ROAD	TC	L-R1	1	\$	209,300	\$	345,600
C	17	92	0	9	WINNICUTT ROAD	TC	L-R1	2.239	\$	291,200	\$	459,000
C	17	113	0	8	WINNICUTT ROAD	TC	L-R1	4.35	\$	446,100	\$	800,900
C	17	115	0	156	PORTSMOUTH AVENUE	TC	L-CI	1.36	\$	240,000	\$	548,700
C	17	116	0	154	PORTSMOUTH AVENUE	TC	L-R1	0.98	\$	91,800	\$	397,200
C	17	117	0	152	PORTSMOUTH AVENUE	TC	L-CI	0.49	\$	197,700	\$	409,500
C	17	117	0	152	PORTSMOUTH AVENUE	TC	L-CI	0	REMOVED DUPLICATE			

ADDENDUM B

**STRATHAM ROUTE 108 CORRIDOR
INVESTMENT MODEL – ENTIRE TIF DISTRICT**

Stratham Route 108 Corridor Investment Model	
Entire TIF District	
ASSUMPTIONS	
New Private Investment	
First Year Private Pay/Hookup Fee	\$ 500,000
Annual New Construction Square Feet	20,000
Assessment Increment/\$F	\$ 100
Annual New Investment Assessment	\$ 2,000,000
First Year New Investment (Market Basket, Etc.)	\$ 3,000,000
Year 1 Incremental Land Valuation-%	25%
Year 1 Incremental Land Valuation-\$	\$ 13,378,000
Total TIF District Values	\$ 118,053,931
Annual Value Appreciation Rate	2.0%
Corridor Assessments	
Beginning Building Values	\$ 50,450,600
Beginning Extra Features Value	\$ 5,854,100
Beginning District Non Residential Taxable Land Value	\$ 53,512,119
Beginning District Total Taxable Value	\$ 109,816,819
Bond Terms	
Interest Rate	4%
Bond Term in Years	30.00
Annual Financing Constant (Principal+Interest)	5.78%
2018 Tax Rate	
Town	\$ 3.95
County	\$ 1.05
Local School	\$ 13.75
State Education	\$ 2.25
Total	\$ 21.00
% of Tax Rate Assigned to TIF	100.0%
Annual Tax Rate Inflation Increase	2.0%
Infrastructure Costs	
Water	\$ 13,000,000
Sewer	\$ 16,300,000
Total Infrastructure Cost	\$ 29,300,000
Less: First Year Private Pay Hookup Fee	\$ (500,000)
Bonded Amount	\$ 28,800,000
Private Share of Debt Service	10%
Municipal Share of Infrastructure Cost	90%
Municipal Share of Infrastructure Cost-\$	\$ 23,440,000

Revenues		Year:				
		0	1	2	3	4
Beginning TIF District Taxable Value	\$ 118,053,931	\$ 118,053,931	\$ 138,793,010	\$ 143,568,910	\$ 148,440,310	\$ 153,409,110
Year 1 Land Value Increase as a result of available utilities		\$ 13,378,000				
First Year New Investment (Market Basket, Etc.)		\$ 3,000,000				
Ongoing Inflation Increase in Total Assessment		\$ 2,361,079	\$ 2,775,900	\$ 2,871,400	\$ 2,968,800	\$ 3,068,200
Annual New Investment		\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Ending Assessed Value	\$ 118,053,931	\$ 138,793,010	\$ 143,568,910	\$ 148,440,310	\$ 153,409,110	\$ 158,477,310
Tax Rate	\$ 21.00	\$ 21.42	\$ 21.85	\$ 22.29	\$ 23	\$ 23.19
Taxes Generated	\$ 2,479,000	\$ 2,973,000	\$ 3,137,000	\$ 3,308,000	\$ 3,487,000	\$ 3,674,000
Incremental Revenues	\$ -	\$ 494,000	\$ 658,000	\$ 829,000	\$ 1,008,000	\$ 1,195,000
Investment Supportable (At Annual Constant)		\$ 8,542,000	\$ 11,378,000	\$ 14,335,000	\$ 17,430,000	\$ 20,664,000
C:\Users\owner\Documents\Stratham corridor analysis\2019 05 01\2018 12 20 financial feasibility entire district 32.0.xlsx\Sheet1						
DEBT SERVICE CALCULATIONS						
		0	1	2	3	4
Beginning Principal Balance*	Total	\$ 28,800,000	\$ 28,286,000	\$ 27,751,000	\$ 27,195,000	\$ 26,617,000
Annual Interest	\$ 21,155,000	\$ 1,152,000	\$ 1,131,000	\$ 1,110,000	\$ 1,088,000	\$ 1,065,000
Annual Principal	\$ 28,825,000	\$ 514,000	\$ 535,000	\$ 556,000	\$ 578,000	\$ 601,000
Total Debt Service	\$ 49,980,000	\$ 1,666,000	\$ 1,666,000	\$ 1,666,000	\$ 1,666,000	\$ 1,666,000
Municipal Share	\$ 44,982,000	\$ 1,499,400	\$ 1,499,400	\$ 1,499,400	\$ 1,499,400	\$ 1,499,400
Private Share	\$ 4,998,000	\$ 166,600	\$ 166,600	\$ 166,600	\$ 166,600	\$ 166,600
Year End Balance		\$ 28,286,000	\$ 27,751,000	\$ 27,195,000	\$ 26,617,000	\$ 26,016,000
Total Increase in Property Tax Revenues	\$ 127,529,000	\$ 494,000	\$ 658,000	\$ 829,000	\$ 1,008,000	\$ 1,195,000
Municipal Share of Debt Service	\$ 44,982,000	\$ 1,499,400	\$ 1,499,400	\$ 1,499,400	\$ 1,499,400	\$ 1,499,400
Surplus (Deficit)	\$ 82,547,000	\$ (1,005,400)	\$ (841,400)	\$ (670,400)	\$ (491,400)	\$ (304,400)
Cumulative Cash Flow		\$ (1,005,400)	\$ (1,846,800)	\$ (2,517,200)	\$ (3,008,600)	\$ (3,313,000)

Revenues		0	1	2	3	4	5
Year:							
Beginning TIF District Taxable Value	\$ 118,053,931	\$ 118,053,931	\$ 138,793,010	\$ 143,568,910	\$ 148,440,310	\$ 153,409,110	
Year 1 Land Value Increase as a result of available utilities		\$ 13,378,000					
First Year New Investment (Market Basket, Etc.)		\$ 3,000,000					
Ongoing Inflation Increase in Total Assessment		\$ 2,361,079	\$ 2,775,900	\$ 2,871,400	\$ 2,968,800	\$ 3,068,200	
Annual New Investment		\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	
Ending Assessed Value	\$ 118,053,931	\$ 138,793,010	\$ 143,568,910	\$ 148,440,310	\$ 153,409,110	\$ 158,477,310	
Tax Rate	\$ 21.00	\$ 21.42	\$ 21.85	\$ 22.29	\$ 23	\$ 23.19	
Taxes Generated	\$ 2,479,000	\$ 2,973,000	\$ 3,137,000	\$ 3,308,000	\$ 3,487,000	\$ 3,674,000	
Incremental Revenues	\$ -	\$ 494,000	\$ 658,000	\$ 829,000	\$ 1,008,000	\$ 1,195,000	
Investment Supportable (At Annual Constant)		\$ 8,542,000	\$ 11,378,000	\$ 14,335,000	\$ 17,430,000	\$ 20,664,000	
C:\Users\owner\Documents\Stratham corridor analysis\2019 05 01\2018 12 20 financial feasibility entire district 32.0.xlsx[Sheet1]							
DEBT SERVICE CALCULATIONS							
Beginning Principal Balance*	Total	\$ 28,800,000	\$ 28,286,000	\$ 27,751,000	\$ 27,155,000	\$ 26,617,000	\$ 5
Annual Interest	\$ 21,155,000	\$ 1,152,000	\$ 1,131,000	\$ 1,110,000	\$ 1,088,000	\$ 1,065,000	
Annual Principal	\$ 28,825,000	\$ 514,000	\$ 535,000	\$ 556,000	\$ 578,000	\$ 601,000	
Total Debt Service	\$ 49,980,000	\$ 1,666,000	\$ 1,666,000	\$ 1,666,000	\$ 1,666,000	\$ 1,666,000	
Municipal Share	\$ 44,982,000	\$ 1,499,400	\$ 1,499,400	\$ 1,499,400	\$ 1,499,400	\$ 1,499,400	
Private Share	\$ 4,998,000	\$ 166,600	\$ 166,600	\$ 166,600	\$ 166,600	\$ 166,600	
Year End Balance	\$ -	\$ 28,286,000	\$ 27,751,000	\$ 27,195,000	\$ 26,617,000	\$ 26,016,000	
Total Increase in Property Tax Revenues	\$ 127,529,000	\$ 494,000	\$ 658,000	\$ 829,000	\$ 1,008,000	\$ 1,195,000	
Municipal Share of Debt Service	\$ 44,982,000	\$ 1,499,400	\$ 1,499,400	\$ 1,499,400	\$ 1,499,400	\$ 1,499,400	
Surplus (Deficit)	\$ 82,547,000	\$ (1,005,400)	\$ (841,400)	\$ (670,400)	\$ (491,400)	\$ (304,400)	
Cumulative Cash Flow	\$ -	\$ (1,005,400)	\$ (1,846,800)	\$ (2,517,200)	\$ (3,008,600)	\$ (3,313,000)	

Revenues		11	12	13	14	15
Year:						
Beginning TIF District Taxable Value	\$	185,379,810	\$	191,087,410	\$	202,847,310
Year 1 Land Value Increase as a result of available utilities						
First Year New Investment (Market Basket, Etc.)						
Ongoing Inflation Increase in Total Assessment	\$	3,707,600	\$	3,821,700	\$	4,056,900
Annual New Investment	\$	2,000,000	\$	2,000,000	\$	2,000,000
Ending Assessed Value	\$	191,087,410	\$	196,909,110	\$	208,904,210
Tax Rate	\$	26.11	\$	26.63	\$	27.71
Taxes Generated	\$	4,989,000	\$	5,244,000	\$	5,789,000
Incremental Revenues	\$	2,510,000	\$	2,765,000	\$	3,310,000
Investment Supportable (At Annual Constant)	\$	43,403,000	\$	47,812,000	\$	57,237,000
C:\Users\owner\Documents\Stratham corridor analysis\2019 05 01\2018 12						
DEBT SERVICE CALCULATIONS						
	11	12	13	14	15	
Beginning Principal Balance*	\$	22,630,000	\$	21,078,000	\$	19,399,000
Annual Interest	\$	905,000	\$	875,000	\$	843,000
Annual Principal	\$	761,000	\$	791,000	\$	823,000
Total Debt Service	\$	1,666,000	\$	1,666,000	\$	1,666,000
Municipal Share	\$	1,499,400	\$	1,499,400	\$	1,499,400
Private Share	\$	166,600	\$	166,600	\$	166,600
Year End Balance	\$	21,869,000	\$	21,078,000	\$	19,399,000
Total Increase in Property Tax Revenues	\$	2,510,000	\$	2,765,000	\$	3,310,000
Municipal Share of Debt Service	\$	1,499,400	\$	1,499,400	\$	1,499,400
Surplus (Deficit)	\$	1,010,600	\$	1,265,600	\$	1,810,600
Cumulative Cash Flow	\$	(702,400)	\$	563,200	\$	3,905,400

Revenues	Year:	16	17	18	19	20
Beginning TIF District Taxable Value		\$ 215,082,310	\$ 221,383,910	\$ 227,811,610	\$ 234,367,810	\$ 241,055,210
Year 1 Land Value Increase as a result of available utilities						
First Year New Investment (Market Basket, Etc.)						
Ongoing Inflation Increase in Total Assessment		\$ 4,301,600	\$ 4,427,700	\$ 4,556,200	\$ 4,687,400	\$ 4,821,100
Annual New Investment		\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Ending Assessed Value		\$ 221,383,910	\$ 227,811,610	\$ 234,367,810	\$ 241,055,210	\$ 247,876,310
Tax Rate		\$ 28.83	\$ 29.41	\$ 29.99	\$ 30.59	\$ 31.20
Taxes Generated		\$ 6,382,000	\$ 6,699,000	\$ 7,029,000	\$ 7,375,000	\$ 7,735,000
Incremental Revenues		\$ 3,903,000	\$ 4,220,000	\$ 4,550,000	\$ 4,896,000	\$ 5,256,000
Investment Supportable (At Annual Constant)		\$ 67,491,000	\$ 72,972,000	\$ 78,679,000	\$ 84,662,000	\$ 90,887,000
C:\Users\owner\Documents\Stratham corridor analysis\2019 05 01\2018 12						
DEBT SERVICE CALCULATIONS						
		16	17	18	19	20
Beginning Principal Balance*	\$	18,509,000	\$ 17,583,000	\$ 16,620,000	\$ 15,619,000	\$ 14,578,000
Annual Interest	\$	740,000	\$ 703,000	\$ 665,000	\$ 625,000	\$ 583,000
Annual Principal	\$	926,000	\$ 963,000	\$ 1,001,000	\$ 1,041,000	\$ 1,083,000
Total Debt Service	\$	1,666,000	\$ 1,666,000	\$ 1,666,000	\$ 1,666,000	\$ 1,666,000
Municipal Share	\$	1,499,400	\$ 1,499,400	\$ 1,499,400	\$ 1,499,400	\$ 1,499,400
Private Share	\$	166,600	\$ 166,600	\$ 166,600	\$ 166,600	\$ 166,600
Year End Balance	\$	17,583,000	\$ 16,620,000	\$ 15,619,000	\$ 14,578,000	\$ 13,495,000
Total Increase in Property Tax Revenues	\$	3,903,000	\$ 4,220,000	\$ 4,550,000	\$ 4,896,000	\$ 5,256,000
Municipal Share of Debt Service	\$	1,499,400	\$ 1,499,400	\$ 1,499,400	\$ 1,499,400	\$ 1,499,400
Surplus (Deficit)	\$	2,403,600	\$ 2,720,600	\$ 3,050,600	\$ 3,396,600	\$ 3,756,600
Cumulative Cash Flow	\$	8,409,600	\$ 11,130,200	\$ 14,180,800	\$ 17,577,400	\$ 21,334,000

Revenues		Year:	21	22	23	24	25				
Beginning TIF District Taxable Value		\$	247,876,310	\$	254,833,810	\$	261,930,510	\$	269,169,110	\$	276,552,510
Year 1 Land Value Increase as a result of available utilities											
First Year New Investment (Market Basket, Etc.)											
Ongoing Inflation Increase in Total Assessment		\$	4,957,500	\$	5,096,700	\$	5,238,600	\$	5,383,400	\$	5,531,100
Annual New Investment		\$	2,000,000	\$	2,000,000	\$	2,000,000	\$	2,000,000	\$	2,000,000
Ending Assessed Value		\$	254,833,810	\$	261,930,510	\$	269,169,110	\$	276,552,510	\$	284,083,610
Tax Rate		\$	31.83	\$	32.47	\$	33.11	\$	33.78	\$	34.45
Taxes Generated		\$	8,111,000	\$	8,504,000	\$	8,914,000	\$	9,341,000	\$	9,787,000
Incremental Revenues		\$	5,632,000	\$	6,025,000	\$	6,435,000	\$	6,862,000	\$	7,308,000
Investment Supportable (At Annual Constant)		\$	97,389,000	\$	104,185,000	\$	111,274,000	\$	118,658,000	\$	126,370,000
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DEBT SERVICE CALCULATIONS											
Beginning Principal Balance*		\$	13,495,000	\$	12,369,000	\$	11,198,000	\$	9,980,000	\$	8,713,000
Annual Interest		\$	540,000	\$	495,000	\$	448,000	\$	399,000	\$	349,000
Annual Principal		\$	1,126,000	\$	1,171,000	\$	1,218,000	\$	1,267,000	\$	1,317,000
Total Debt Service		\$	1,666,000	\$	1,666,000	\$	1,666,000	\$	1,666,000	\$	1,666,000
Municipal Share		\$	1,499,400	\$	1,499,400	\$	1,499,400	\$	1,499,400	\$	1,499,400
Private Share		\$	166,600	\$	166,600	\$	166,600	\$	166,600	\$	166,600
Year End Balance		\$	12,369,000	\$	11,198,000	\$	9,980,000	\$	8,713,000	\$	7,396,000
Total Increase in Property Tax Revenues		\$	5,632,000	\$	6,025,000	\$	6,435,000	\$	6,862,000	\$	7,308,000
Municipal Share of Debt Service		\$	1,499,400	\$	1,499,400	\$	1,499,400	\$	1,499,400	\$	1,499,400
Surplus (Deficit)		\$	4,132,600	\$	4,525,600	\$	4,935,600	\$	5,362,600	\$	5,808,600
Cumulative Cash Flow		\$	25,466,600	\$	29,992,200	\$	34,927,800	\$	40,290,400	\$	46,099,000

Revenues		26		27		28		29		30	
Year:											
Beginning TIF District Taxable Value		\$	284,083,610	\$	291,765,310	\$	299,600,610	\$	307,592,610	\$	315,744,510
Year 1 Land Value Increase as a result of available utilities											
First Year New Investment (Market Basket, Etc.)											
Ongoing Inflation Increase in Total Assessment		\$	5,681,700	\$	5,835,300	\$	5,992,000	\$	6,151,900	\$	6,314,900
Annual New Investment		\$	2,000,000	\$	2,000,000	\$	2,000,000	\$	2,000,000	\$	2,000,000
Ending Assessed Value		\$	291,765,310	\$	299,600,610	\$	307,592,610	\$	315,744,510	\$	324,059,410
Tax Rate		\$	35.14	\$	35.84	\$	36.56	\$	37.29	\$	38.04
Taxes Generated		\$	10,253,000	\$	10,739,000	\$	11,246,000	\$	11,775,000	\$	12,327,000
Incremental Revenues		\$	7,774,000	\$	8,260,000	\$	8,767,000	\$	9,296,000	\$	9,848,000
Investment Supportable (At Annual Constant)		\$	134,428,000	\$	142,832,000	\$	151,599,000	\$	160,747,000	\$	170,292,000
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DEBT SERVICE CALCULATIONS											
Beginning Principal Balance*		\$	7,396,000	\$	6,026,000	\$	4,601,000	\$	3,119,000	\$	1,578,000
Annual Interest		\$	296,000	\$	241,000	\$	184,000	\$	125,000	\$	63,000
Annual Principal		\$	1,370,000	\$	1,425,000	\$	1,482,000	\$	1,541,000	\$	1,603,000
Total Debt Service		\$	1,666,000	\$	1,666,000	\$	1,666,000	\$	1,666,000	\$	1,666,000
Municipal Share		\$	1,499,400	\$	1,499,400	\$	1,499,400	\$	1,499,400	\$	1,499,400
Private Share		\$	166,600	\$	166,600	\$	166,600	\$	166,600	\$	166,600
Year End Balance		\$	6,026,000	\$	4,601,000	\$	3,119,000	\$	1,578,000	\$	(25,000)
Total Increase in Property Tax Revenues		\$	7,774,000	\$	8,260,000	\$	8,767,000	\$	9,296,000	\$	9,848,000
Municipal Share of Debt Service		\$	1,499,400	\$	1,499,400	\$	1,499,400	\$	1,499,400	\$	1,499,400
Surplus (Deficit)		\$	6,274,600	\$	6,760,600	\$	7,267,600	\$	7,796,600	\$	8,348,600
Cumulative Cash Flow		\$	52,373,600	\$	59,134,200	\$	66,401,800	\$	74,198,400	\$	82,547,000

ADDENDUM C

**STRATHAM ROUTE 108 CORRIDOR
INVESTMENT MODEL
PHASE A-1 ROUTE 101 TO MARKET BASKET**

Stratham Route 108 Corridor Investment Model		
Phase A-1 Route 101 to Market Basket		
ASSUMPTIONS		
New Private Investment		
First Year Private Pay/Hookup Fee	\$	500,000
Annual New Construction Square Feet		15,000
Assessment Increment/Sf	\$	100
Annual New Investment Assessment	\$	1,500,000
First Year New Investment (Market Basket, Etc.)	\$	3,000,000
Year 1 Incremental Land Valuation-%		25%
Year 1 Incremental Land Valuation-\$	\$	5,323,000
Total TIF District Values		
	\$	110,348,031
Annual Value Appreciation Rate		2.0%
Sub Area Values		
Beginning Building Values	\$	19,867,500
Beginning Extra Features Value	\$	3,002,000
Beginning District Non Residential Taxable Land Value	\$	21,291,736
Beginning District Total Taxable Value	\$	44,161,236
Bond Terms		
Interest Rate		4%
Bond Term in Years		30.00
Annual Financing Constant (Principal+Interest)		5.78%
2017 Tax Rate		
Town	\$	3.95
County	\$	1.05
Local School	\$	13.75
State Education	\$	2.25
Total	\$	21.00
% of Tax Rate Assigned to TIF		100.0%
Annual Tax Rate Inflation Increase		2.0%
Infrastructure Costs		
Water	\$	7,100,000
Sewer	\$	3,600,000
Total Infrastructure Cost	\$	10,700,000
Less: First Year Private Pay/Hookup Fee	\$	(500,000)
Amount to Be Bonded	\$	10,200,000
Private Share of Debt Service		10%
Municipal Share of Debt Service-%		90%
Municipal Share of Debt Service-\$	\$	8,560,000
C:\Users\owner\Documents\Stratham corridor analysis\2019 05 01\2018 12 20 Alternative 1 Zone A-1 Route 101 to Market Basket.xlsx\Sheet1		

Revenues	Year	0	1	2	3	4	5
Beginning TIF District Taxable Value		\$ 44,161,236	\$ 44,161,236	\$ 54,867,461	\$ 57,464,761	\$ 60,114,061	\$ 62,816,361
Year 1 Land Value Increase as a result of available utilities			\$ 5,323,000				
First Year New Investment (Market Basket, Etc.)			\$ 3,000,000				
Ongoing Inflation Increase in Total Assessment			\$ 883,225	\$ 1,097,300	\$ 1,149,300	\$ 1,202,300	\$ 1,256,300
Annual New Investment			\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Ending Assessed Value		\$ 44,161,236	\$ 54,867,461	\$ 57,464,761	\$ 60,114,061	\$ 62,816,361	\$ 65,572,661
Tax Rate		\$ 21.00	\$ 21.42	\$ 21.85	\$ 22.29	\$ 23	\$ 23.19
Taxes Generated		\$ 927,000	\$ 1,175,000	\$ 1,256,000	\$ 1,340,000	\$ 1,428,000	\$ 1,520,000
Incremental Revenues		\$ -	\$ 248,000	\$ 329,000	\$ 413,000	\$ 501,000	\$ 593,000
Investment Supportable (At Annual Constant)			\$ 4,288,000	\$ 5,689,000	\$ 7,142,000	\$ 8,663,000	\$ 10,254,000
C:\Users\owner\Documents\Stratham corridor analysis\2019 05 01\2018 12 20 Alternative 1 Zone A-1 Route 101 to Market Basket.xlsx\Sheet1							
DEBT SERVICE CALCULATIONS							
		0	1	2	3	4	5
Beginning Principal Balance	Total	\$ -	\$ 10,200,000	\$ 10,018,000	\$ 9,829,000	\$ 9,632,000	\$ 9,427,000
Annual Interest	\$ 7,497,000	\$ -	\$ 408,000	\$ 401,000	\$ 393,000	\$ 385,000	\$ 377,000
Annual Principal	\$ 10,203,000	\$ -	\$ 182,000	\$ 189,000	\$ 197,000	\$ 205,000	\$ 213,000
Total Debt Service	\$ 17,700,000	\$ -	\$ 590,000	\$ 590,000	\$ 590,000	\$ 590,000	\$ 590,000
Municipal Share	\$ 15,930,000	\$ -	\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000
Private Share	\$ 1,770,000	\$ -	\$ 59,000	\$ 59,000	\$ 59,000	\$ 59,000	\$ 59,000
Year End Balance	\$ 177,165,000	\$ -	\$ 10,018,000	\$ 9,829,000	\$ 9,632,000	\$ 9,427,000	\$ 9,214,000
Total Increase in Property Tax Revenues	\$ 64,078,000	\$ -	\$ 248,000	\$ 329,000	\$ 413,000	\$ 501,000	\$ 593,000
Municipal Share of Debt Service	\$ 15,930,000	\$ -	\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000
Surplus (Deficit)	\$ 48,148,000	\$ -	\$ (283,000)	\$ (202,000)	\$ (118,000)	\$ (30,000)	\$ 62,000
Cumulative Cash Flow		\$ -	\$ (283,000)	\$ (485,000)	\$ (603,000)	\$ (633,000)	\$ (571,000)

Revenues	Year	6	7	8	9	10
Beginning TIF District Taxable Value		\$ 65,572,661	\$ 68,384,161	\$ 71,251,861	\$ 74,176,861	\$ 77,160,361
Year 1 Land Value Increase as a result of available utilities						
First Year New Investment (Market Basket, Etc.)						
Ongoing Inflation Increase in Total Assessment		\$ 1,311,500	\$ 1,367,700	\$ 1,425,000	\$ 1,483,500	\$ 1,543,200
Annual New Investment		\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Ending Assessed Value		\$ 68,384,161	\$ 71,251,861	\$ 74,176,861	\$ 77,160,361	\$ 80,203,561
Tax Rate		\$ 23.65	\$ 24.12	\$ 24.60	\$ 25.10	\$ 25.60
Taxes Generated		\$ 1,617,000	\$ 1,719,000	\$ 1,825,000	\$ 1,936,000	\$ 2,053,000
Incremental Revenues		\$ 690,000	\$ 792,000	\$ 898,000	\$ 1,009,000	\$ 1,126,000
Investment Supportable (At Annual Constant)		\$ 11,932,000	\$ 13,695,000	\$ 15,528,000	\$ 17,448,000	\$ 19,471,000
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DEBT SERVICE CALCULATIONS						
		6	7	8	9	10
Beginning Principal Balance		\$ 9,214,000	\$ 8,993,000	\$ 8,763,000	\$ 8,524,000	\$ 8,275,000
Annual Interest		\$ 369,000	\$ 360,000	\$ 351,000	\$ 341,000	\$ 331,000
Annual Principal		\$ 221,000	\$ 230,000	\$ 239,000	\$ 249,000	\$ 259,000
Total Debt Service		\$ 590,000	\$ 590,000	\$ 590,000	\$ 590,000	\$ 590,000
Municipal Share		\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000
Private Share		\$ 59,000	\$ 59,000	\$ 59,000	\$ 59,000	\$ 59,000
Year End Balance		\$ 8,993,000	\$ 8,763,000	\$ 8,524,000	\$ 8,275,000	\$ 8,016,000
Total Increase in Property Tax Revenues		\$ 690,000	\$ 792,000	\$ 898,000	\$ 1,009,000	\$ 1,126,000
Municipal Share of Debt Service		\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000
Surplus (Deficit)		\$ 159,000	\$ 261,000	\$ 367,000	\$ 478,000	\$ 595,000
Cumulative Cash Flow		\$ (412,000)	\$ (151,000)	\$ 216,000	\$ 694,000	\$ 1,289,000

Revenues Year		11	12	13	14	15
Beginning TIF District Taxable Value	\$	80,203,561	\$ 83,307,661	\$ 86,473,861	\$ 89,703,361	\$ 92,997,461
Year 1 Land Value Increase as a result of available utilities						
First Year New Investment (Market Basket, Etc.)						
Ongoing Inflation Increase in Total Assessment	\$	1,604,100	\$ 1,666,200	\$ 1,729,500	\$ 1,794,100	\$ 1,859,900
Annual New Investment	\$	1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Ending Assessed Value	\$	83,307,661	\$ 86,473,861	\$ 89,703,361	\$ 92,997,461	\$ 96,357,361
Tax Rate	\$	26.11	\$ 26.63	\$ 27.17	\$ 27.71	\$ 28.26
Taxes Generated	\$	2,175,000	\$ 2,303,000	\$ 2,437,000	\$ 2,577,000	\$ 2,723,000
Incremental Revenues	\$	1,248,000	\$ 1,376,000	\$ 1,510,000	\$ 1,650,000	\$ 1,796,000
Investment Supportable (At Annual Constant)	\$	21,580,000	\$ 23,794,000	\$ 26,111,000	\$ 28,532,000	\$ 31,056,000
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DEBT SERVICE CALCULATIONS						
		11	12	13	14	15
Beginning Principal Balance	\$	8,016,000	\$ 7,747,000	\$ 7,467,000	\$ 7,176,000	\$ 6,873,000
Annual Interest	\$	321,000	\$ 310,000	\$ 299,000	\$ 287,000	\$ 275,000
Annual Principal	\$	269,000	\$ 280,000	\$ 291,000	\$ 303,000	\$ 315,000
Total Debt Service	\$	590,000	\$ 590,000	\$ 590,000	\$ 590,000	\$ 590,000
Municipal Share	\$	531,000	\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000
Private Share	\$	59,000	\$ 59,000	\$ 59,000	\$ 59,000	\$ 59,000
Year End Balance	\$	7,747,000	\$ 7,467,000	\$ 7,176,000	\$ 6,873,000	\$ 6,558,000
Total Increase in Property Tax Revenues	\$	1,248,000	\$ 1,376,000	\$ 1,510,000	\$ 1,650,000	\$ 1,796,000
Municipal Share of Debt Service	\$	531,000	\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000
Surplus (Deficit)	\$	717,000	\$ 845,000	\$ 979,000	\$ 1,119,000	\$ 1,265,000
Cumulative Cash Flow	\$	2,006,000	\$ 2,851,000	\$ 3,830,000	\$ 4,949,000	\$ 6,214,000

Revenues Year		16	17	18	19	20
Beginning TIF District Taxable Value	\$	96,357,361	\$ 99,784,461	\$ 103,280,161	\$ 106,845,761	\$ 110,482,661
Year 1 Land Value Increase as a result of available utilities						
First Year New Investment (Market Basket, Etc.)						
Ongoing Inflation Increase in Total Assessment	\$	1,927,100	\$ 1,995,700	\$ 2,065,600	\$ 2,136,900	\$ 2,209,700
Annual New Investment	\$	1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Ending Assessed Value	\$	99,784,461	\$ 103,280,161	\$ 106,845,761	\$ 110,482,661	\$ 114,192,361
Tax Rate	\$	28.83	\$ 29.41	\$ 29.99	\$ 30.59	\$ 31.20
Taxes Generated	\$	2,877,000	\$ 3,037,000	\$ 3,205,000	\$ 3,380,000	\$ 3,563,000
Incremental Revenues	\$	1,950,000	\$ 2,110,000	\$ 2,278,000	\$ 2,453,000	\$ 2,636,000
Investment Supportable (At Annual Constant)	\$	33,719,000	\$ 36,486,000	\$ 39,391,000	\$ 42,417,000	\$ 45,582,000
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DEBT SERVICE CALCULATIONS						
		16	17	18	19	20
Beginning Principal Balance	\$	6,558,000	\$ 6,230,000	\$ 5,889,000	\$ 5,535,000	\$ 5,166,000
Annual Interest	\$	262,000	\$ 249,000	\$ 236,000	\$ 221,000	\$ 207,000
Annual Principal	\$	328,000	\$ 341,000	\$ 354,000	\$ 369,000	\$ 383,000
Total Debt Service	\$	590,000	\$ 590,000	\$ 590,000	\$ 590,000	\$ 590,000
Municipal Share	\$	531,000	\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000
Private Share	\$	59,000	\$ 59,000	\$ 59,000	\$ 59,000	\$ 59,000
Year End Balance	\$	6,230,000	\$ 5,889,000	\$ 5,535,000	\$ 5,166,000	\$ 4,783,000
Total Increase in Property Tax Revenues	\$	1,950,000	\$ 2,110,000	\$ 2,278,000	\$ 2,453,000	\$ 2,636,000
Municipal Share of Debt Service	\$	531,000	\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000
Surplus (Deficit)	\$	1,419,000	\$ 1,579,000	\$ 1,747,000	\$ 1,922,000	\$ 2,105,000
Cumulative Cash Flow	\$	7,633,000	\$ 9,212,000	\$ 10,959,000	\$ 12,881,000	\$ 14,986,000

Revenues Year		21	22	23	24	25
Beginning TIF District Taxable Value	\$	114,192,361	\$ 117,976,161	\$ 121,835,661	\$ 125,772,361	\$ 129,787,761
Year 1 Land Value Increase as a result of available utilities						
First Year New Investment (Market Basket, Etc.)						
Ongoing Inflation Increase in Total Assessment	\$	2,283,800	\$ 2,359,500	\$ 2,436,700	\$ 2,515,400	\$ 2,595,800
Annual New Investment	\$	1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Ending Assessed Value	\$	117,976,161	\$ 121,835,661	\$ 125,772,361	\$ 129,787,761	\$ 133,883,561
Tax Rate	\$	31.83	\$ 32.47	\$ 33.11	\$ 33.78	\$ 34.45
Taxes Generated	\$	3,755,000	\$ 3,955,000	\$ 4,165,000	\$ 4,384,000	\$ 4,613,000
Incremental Revenues	\$	2,828,000	\$ 3,028,000	\$ 3,238,000	\$ 3,457,000	\$ 3,686,000
Investment Supportable (At Annual Constant)	\$	48,902,000	\$ 52,360,000	\$ 55,992,000	\$ 59,779,000	\$ 63,738,000
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DEBT SERVICE CALCULATIONS						
		21	22	23	24	25
Beginning Principal Balance	\$	4,783,000	\$ 4,384,000	\$ 3,969,000	\$ 3,538,000	\$ 3,090,000
Annual Interest	\$	191,000	\$ 175,000	\$ 159,000	\$ 142,000	\$ 124,000
Annual Principal	\$	399,000	\$ 415,000	\$ 431,000	\$ 448,000	\$ 466,000
Total Debt Service	\$	590,000	\$ 590,000	\$ 590,000	\$ 590,000	\$ 590,000
Municipal Share	\$	531,000	\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000
Private Share	\$	59,000	\$ 59,000	\$ 59,000	\$ 59,000	\$ 59,000
Year End Balance	\$	4,384,000	\$ 3,969,000	\$ 3,538,000	\$ 3,090,000	\$ 2,624,000
Total Increase in Property Tax Revenues	\$	2,828,000	\$ 3,028,000	\$ 3,238,000	\$ 3,457,000	\$ 3,686,000
Municipal Share of Debt Service	\$	531,000	\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000
Surplus (Deficit)	\$	2,297,000	\$ 2,497,000	\$ 2,707,000	\$ 2,926,000	\$ 3,155,000
Cumulative Cash Flow	\$	17,283,000	\$ 19,780,000	\$ 22,487,000	\$ 25,413,000	\$ 28,568,000

Revenues	Year	25	26	27	28	29	30
Beginning TIF District Taxable Value		\$ 129,787,761	\$ 133,883,561	\$ 138,061,261	\$ 142,322,461	\$ 146,668,861	\$ 151,102,261
Year 1 Land Value Increase as a result of available utilities							
First Year New Investment (Market Basket, Etc.)		\$ 2,595,800	\$ 2,677,700	\$ 2,761,200	\$ 2,846,400	\$ 2,933,400	\$ 3,022,000
Ongoing Inflation Increase in Total Assessment		\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Annual New Investment		\$ 133,883,561	\$ 138,061,261	\$ 142,322,461	\$ 146,668,861	\$ 151,102,261	\$ 155,624,261
Ending Assessed Value		\$ 34.45	\$ 35.14	\$ 35.84	\$ 36.56	\$ 37.29	\$ 38.04
Tax Rate							
Taxes Generated		\$ 4,613,000	\$ 4,852,000	\$ 5,101,000	\$ 5,362,000	\$ 5,635,000	\$ 5,920,000
Incremental Revenues		\$ 3,686,000	\$ 3,925,000	\$ 4,174,000	\$ 4,435,000	\$ 4,708,000	\$ 4,993,000
Investment Supportable (At Annual Constant)		\$ 63,738,000	\$ 67,871,000	\$ 72,177,000	\$ 76,690,000	\$ 81,411,000	\$ 86,339,000
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DEBT SERVICE CALCULATIONS							
		25	26	27	28	29	30
Beginning Principal Balance		\$ 3,090,000	\$ 2,624,000	\$ 2,139,000	\$ 1,635,000	\$ 1,110,000	\$ 564,000
Annual Interest		\$ 124,000	\$ 105,000	\$ 86,000	\$ 65,000	\$ 44,000	\$ 23,000
Annual Principal		\$ 466,000	\$ 485,000	\$ 504,000	\$ 525,000	\$ 546,000	\$ 567,000
Total Debt Service		\$ 590,000	\$ 590,000	\$ 590,000	\$ 590,000	\$ 590,000	\$ 590,000
Municipal Share		\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000
Private Share		\$ 59,000	\$ 59,000	\$ 59,000	\$ 59,000	\$ 59,000	\$ 59,000
Year End Balance		\$ 2,624,000	\$ 2,139,000	\$ 1,635,000	\$ 1,110,000	\$ 564,000	\$ (3,000)
Total Increase in Property Tax Revenues		\$ 3,686,000	\$ 3,925,000	\$ 4,174,000	\$ 4,435,000	\$ 4,708,000	\$ 4,993,000
Municipal Share of Debt Service		\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000
Surplus (Deficit)		\$ 3,155,000	\$ 3,394,000	\$ 3,643,000	\$ 3,904,000	\$ 4,177,000	\$ 4,462,000
Cumulative Cash Flow		\$ 28,568,000	\$ 31,962,000	\$ 35,605,000	\$ 39,509,000	\$ 43,686,000	\$ 48,148,000

Gateway Corridor Analysis Supplemental Observations

May 10, 2019

Applied Economic Research has submitted its analysis of the financial feasibility of bringing sewer and water services to the Gateway Corridor. This report presents supplemental observations requested in the Scope of Services in the Agreement between AER and the town dated August 23, 2018.

Will water and sewer infrastructure pay off?

Yes. This point is fully addressed in AER's analysis. It will pay off if tie-ins to Exeter can be secured at a reasonable cost and if property owners in the corridor participate in the funding of the introduction of sewer and water to the corridor.

How long might it take?

This point is fully addressed in AER's analysis—8 to 12 years, depending on phasing.

What happens to homeowner tax burden with and without the Gateway infrastructure?

AS noted in AER's report and in the previous ADG analysis, Stratham does not have a viable option, other than the Gateway Corridor to diversify its tax base. Stratham is more heavily dependent on its residential tax base than the average Rockingham County community (84% versus 75%). AER has analyzed the impact of new development in a variety of New Hampshire settings over the past 40 years. Generally, nonresidential development more than pays its way, lightening the burden of residential taxpayers.

What happens if we do nothing?

The tax burden will continue to fall heavily on residential taxpayers, who will either see rising taxes or reduced service levels. Moreover, the Town will need to address its current zoning within Gateway district as it proposes a development pattern (uses and densities) that cannot be achieved without water and sewer infrastructure.

What happens to Route 108 traffic volume with and without Gateway infrastructure recognizing the new street layouts with the Gateway Plan?

Traffic will increase as development activity occurs. It is typical that as major new development is proposed, developers are required to provide a traffic impact analysis and mitigate traffic impacts. Many communities impose traffic impact fees to offset the impact of new development.

What is the current and future commercial demand for the type of zoning Stratham can offer?

The ADG analysis found significant support for nonresidential development within the corridor. AER concurs, noting that the Seacoast region is among the fastest growing and most populous in the State. Portsmouth Avenue in Exeter is essentially fully developed, while there are development parcels available within the Gateway Corridor in Stratham and more will open up if municipal sewer and water are provided, displacing the need for on-site septic systems and wells.

Are there other development options that would better achieve our objectives that we have not considered?

No. The industrial park cannot accommodate new users and there is no other prime development corridor in the town.

What is the projected long-term tax revenue with and without Gateway infrastructure development?

AER's analysis found a 30-year surplus of \$82 million in tax revenue over and above the cost of providing sewer and water in the Corridor. Without the infrastructure revenues from corridor properties will grow slowly because sewer and water services support higher density development and higher land values.

What are current commercial development trends?

Commercial development in the Seacoast is active, but the Gateway Corridor is not achieving its fair share of new, quality development, partly because of the lack of municipal sewer and water. This point was highlighted in the ADG analysis and is confirmed by AER.

What commercial mixes are working best in this type of zoning?

Many New Hampshire communities (Bedford, Dover, Rochester, etc.) are adopting performance zoning rather than relying on more tightly confined, 'traditional zoning'. The Gateway Corridor has performance zoning, but unlike its municipal counterparts, does not have the infrastructure to the proportionately sized New higher quality developments along transportation corridors are occurring in the State which present the mixture of retail, office and residential uses on a single, generally large, site. Comparable development to Stratham's corridor is illustrated by Mashpee Commons (in what community) and even, to a degree, 'The Brickyard' in Epping. Mixed use developments of this type and scale would be permitted under current Corridor zoning if provided the adequate municipal services to support them.

Do we need to adjust our zoning in order to be successful?

Ensuring the current zoning will achieve its most full potential with water and sewer in place, some adjustment may be needed. One distinct observation AER made, was the very limiting nature of the 15,000 square foot maximum building footprint restriction within the Gateway Central District. Stratham should consider revising this regulation to better accommodate development options which will help ensure greater use. Conway, NH once had a similar restriction within one of their commercial corridors. The corridor struggled to develop. Once the zoning was amended to remove the footprint restriction, corridor development in Conway flourished.

What approaches to funding this type of infrastructure have been shown to be successful?

The AER analysis found Tax Increment Financing to be a viable way to fund sewer and water, provided a tie-in to Exeter's system is achieved at a reasonable cost and that property owners participate in the funding of this new infrastructure. There are limited sources of outside funding, however funds for providing safe and reliable drinking water are expected to become available. Similarly, focus on infrastructure investment by the federal government is garnering wide support in recognition of the need to update aging infrastructure and also modernize systems to meet regulatory goals and better steward the environment. The Town would be well positioned to compete for resources as our project aligns with these goals.