



AGENDA

TOWN FINANCE COMMITTEE

Thursday – October 10, 2024

Hybrid

5:00 P.M.

LINK TO PARTICIPATE REMOTELY:

<https://scarboroughmaine.zoom.us/j/82638794593>

TO VIEW MEETING ONLY:

<https://www.youtube.com/channel/UCD5Y8CFy5HpXMftV3xX73aw>

Item 1. Call to Order.

Item 2. Those Present.

Item 3. Approval of Minutes: September 12, 2024

Item 4. Discussion: Financial Modeling of Capital Projects – Debt Rating Impact & Tax Impact.

Item 5. Discussion and action on the proposed changes to the CEA Policy.

Item 6: Discussion and action on the proposed changes to the Fiscal Policy on Unassigned Fund Balance and Credit Rating.

Item 7. Public Comments.

Item 8. Adjourn.

FINANCE COMMITTEE: OCT. 10, 2024

CAPITAL PLAN – DEBT MODELING SCENARIOS

KEY TAKE-AWAYS & METRICS

A) Town Fiscal Health & Responsibility

- Capacity for Total Debt
- Maintain Investment Grade Debt Rating
- Debt Service as a Percentage of Prior Year Operating Budget

B) Taxpayer Impacts

- Estimated \$ Per Household Increase to Tax Bills

MODELING SCENARIOS

Scenario 1a

- Community Center = June 2025 Ballot
- K-2 School Solution = November 2025 Ballot
- Library Expansion = 2028 Ballot

		Amounts to be Borrowed						
		Estimated Cost	FY26	FY27	FY28	FY29	FY30	FY31
K-2 School Solution	→	105 M	35 M	35 M	35 M			
Community Center	→	85 M	42.5 M	42.5 M				
Library Expansion	→	25 M*				10 M	10 M	

Scenario 2a

- K-2 School Solution = November 2025 Ballot
- Community Center = 2029 Ballot
- Library Expansion = 2028 Ballot

		Amounts to be Borrowed						
		Estimated Cost	FY26	FY27	FY28	FY29	FY30	FY31
K-2 School Solution	→	105 M	35 M	35 M	35 M			
Community Center	→	100 M**					50 M	50 M
Library Expansion	→	25 M*				10 M	10 M	

* Note: Library 22-25M Est Cost, less est 20% sourced by private donations (Est 20M Borrowed)

** Note: CCenter Est Cost, Assuming Annual % Increase

<i>Debt Service Modeling - Summary of Assumptions</i>		<i>Assumption Detail</i>
Each 5yr after 2025 Revaluation "Bump"	0.105	
Annual Operating Budget Escalator (up to 2030)	4.9%	Tempered by .05 to match reduction in growth assumption in those years
Annual Operating Budget Escalator (2030 forward)	4.4%	
Essential Programs & Services Cost per Pupil Escalator	4.3%	5yr Avg
State Funding for EPS Total Allocation	55.0%	Current
Annual Non-Operating Expense Escalator	5.4%	Avg from 2016 to 2021
Annual Revenue & Other Credit Escalator	3.2%	Avg from 2016 to 2021
Baseline Non-Major CIP Debt Issuance	5 M	Per year, beginning in FY2026.
Non-Major CIP Debt Escalator	4%	Annual increase: non-major Debt Service
Non Major CIP Interest Rate	4%	Interest rate: non-major Debt Service
Non Major CIP Avg Term	10	Term for non-major Debt Service
Real Growth due to New Development (to 2030)	2.00%	
Real Growth due to New Development (2030 forward)	1.50%	
TIF District Capture Rate	100%	
% of Scarborough Real Growth Within TIF Districts	60%	
Library Interest Rate	0.04	Scenario 1a & 2a: 2029 Start
Library Term	30	
Community Center Interest Rate	0.04	Scen. 1a: 2027 Start / Scen. 2a: 2030 Start
Community Center Term	30	
K-2 School Solution Interest Rate	0.04	Scenario 1a & 2a: 2027 Start
School Term	30	
Cost of Capital for NPV Calculations	0.025	
Other assumptions:		
K-2 School Solution project cost	105 M	<i>if 2025 Ballot</i>
Community Center project cost	85 M	<i>if 2025 Ballot</i>
	100 M	<i>if 2029 Ballot</i>
Library Expansion project cost, less private donations	20 M	<i>if 2028 Ballot</i>

Debt Modeling - Fiscal Health Metrics Review

Debt Service as % of Prior Year Operating Budget

(Target Goal has been Below 15%)

Fiscal Year	Scenario 1a	Scenario 2b
2025	10.0%	10.0%
2026	9.6%	9.6%
2027	13.9%	11.3%
2028	17.9%	13.0%
2029	18.5%	14.0%
2030	18.2%	16.6%
2031	17.6%	18.6%
2032	16.9%	17.9%
2033	16.3%	17.2%
2034	14.8%	15.6%
2035	13.7%	14.5%
2036	12.8%	13.5%
2037	12.1%	12.8%
2038	11.5%	12.2%
2039	11.0%	11.7%
2040	10.6%	11.2%
2041	10.1%	10.6%
2042	9.6%	10.2%
2043	9.0%	9.5%
2044	8.5%	8.9%
2045	8.2%	8.6%
2046	7.9%	8.3%
2047	7.6%	8.0%
2048	7.4%	7.7%
2049	7.0%	7.3%
2050	6.7%	7.1%
2051	6.5%	6.8%
2052	6.4%	6.6%
2053	6.2%	6.4%
2054	6.0%	6.3%
2055	5.8%	6.1%
2056	5.7%	5.9%
2057	5.0%	5.5%
2058	4.3%	5.1%
2059	4.3%	5.0%
2060	4.2%	4.5%

Debt Modeling - Tax Impact Comparison

Est. Taxes: Current Assessed Value of 600,000

(Detail on following pages)

Est. Total Taxes			YoY Taxes Change		
Fiscal Year	Scenario 1a	Scenario 2a	Fiscal Year	Scenario 1a	Scenario 2a
2025	6,558	6,558	2025	5.56%	5.56%
2026	6,773	6,773	2026	3.29%	3.29%
2027	7,348	7,115	2027	8.48%	5.05%
2028	7,976	7,523	2028	8.55%	5.73%
2029	8,278	7,841	2029	3.78%	4.23%
2030	8,528	8,366	2030	3.02%	6.68%
2031	8,756	8,856	2031	2.67%	5.86%
2032	8,985	9,083	2032	2.62%	2.56%
2033	9,172	9,267	2033	2.08%	2.03%
2034	9,323	9,415	2034	1.64%	1.59%
2035	9,500	9,590	2035	1.90%	1.86%
2036	9,725	9,813	2036	2.37%	2.33%
2037	9,953	10,039	2037	2.35%	2.30%
2038	10,175	10,258	2038	2.23%	2.19%
2039	10,380	10,460	2039	2.01%	1.97%
2040	10,317	10,393	2040	-0.60%	-0.64%
2041	10,524	10,598	2041	2.01%	1.97%
2042	10,763	10,834	2042	2.27%	2.23%
2043	10,945	11,014	2043	1.69%	1.66%
2044	11,168	11,235	2044	2.04%	2.01%
2045	11,399	11,465	2045	2.07%	2.04%
2046	11,698	11,762	2046	2.62%	2.59%
2047	11,960	12,021	2047	2.24%	2.21%
2048	12,257	12,316	2048	2.48%	2.45%
2049	12,503	12,561	2049	2.01%	1.98%
2050	12,671	12,725	2050	1.34%	1.31%
2051	13,004	13,057	2051	2.63%	2.60%
2052	13,332	13,383	2052	2.52%	2.50%
2053	14,032	14,082	2053	5.25%	5.22%
2054	14,749	14,796	2054	5.10%	5.07%
2055	15,492	15,538	2055	5.04%	5.01%
2056	15,924	15,969	2056	2.79%	2.77%
2057	16,229	16,338	2057	1.91%	2.32%
2058	16,553	16,723	2058	2.00%	2.35%
2059	17,009	17,170	2059	2.75%	2.67%
2060	17,478	17,556	2060	2.76%	2.25%

Debt Modeling - Scenario 1a

Est. Tax Impacts: K-2 School Solution, Community Center, & Library

Est. Taxes Per 100k Assessed Value					Est. Tax Impact Illustrations Current Assessed Value		
Fiscal Year	\$105M School	\$85M CCenter	\$20M Library	Total per 100k Value	400k	600k	800k
2025	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2026	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2027	\$32	\$38	\$0	\$70	\$280	\$421	\$561
2028	\$62	\$75	\$0	\$136	\$545	\$818	\$1,090
2029	\$73	\$72	\$9	\$154	\$615	\$922	\$1,230
2030	\$70	\$69	\$17	\$156	\$625	\$937	\$1,249
2031	\$68	\$67	\$16	\$151	\$604	\$905	\$1,207
2032	\$65	\$65	\$16	\$146	\$582	\$873	\$1,165
2033	\$62	\$63	\$15	\$140	\$561	\$842	\$1,123
2034	\$60	\$60	\$15	\$135	\$541	\$812	\$1,082
2035	\$58	\$58	\$14	\$130	\$521	\$782	\$1,042
2036	\$55	\$56	\$14	\$126	\$502	\$753	\$1,004
2037	\$53	\$54	\$13	\$121	\$483	\$724	\$966
2038	\$51	\$52	\$13	\$116	\$464	\$696	\$928
2039	\$49	\$50	\$12	\$111	\$446	\$669	\$891
2040	\$47	\$49	\$12	\$107	\$428	\$643	\$857
2041	\$45	\$47	\$12	\$103	\$411	\$617	\$823
2042	\$43	\$45	\$11	\$99	\$395	\$592	\$789
2043	\$41	\$43	\$11	\$94	\$378	\$567	\$756
2044	\$39	\$42	\$10	\$90	\$362	\$543	\$724
2045	\$37	\$40	\$10	\$86	\$346	\$519	\$692
2046	\$35	\$38	\$10	\$83	\$331	\$497	\$662
2047	\$33	\$37	\$9	\$79	\$316	\$474	\$632
2048	\$31	\$35	\$9	\$75	\$301	\$452	\$602
2049	\$30	\$34	\$8	\$72	\$287	\$430	\$574
2050	\$28	\$32	\$8	\$68	\$273	\$409	\$546
2051	\$27	\$31	\$8	\$65	\$260	\$390	\$519
2052	\$25	\$29	\$7	\$62	\$246	\$370	\$493
2053	\$23	\$28	\$7	\$58	\$233	\$350	\$467
2054	\$22	\$27	\$7	\$55	\$221	\$331	\$442
2055	\$20	\$25	\$6	\$52	\$208	\$313	\$417
2056	\$19	\$24	\$6	\$49	\$197	\$296	\$394
2057	\$8	\$12	\$6	\$26	\$104	\$156	\$208
2058	\$0	\$0	\$6	\$6	\$22	\$33	\$44
2059	\$0	\$0	\$3	\$3	\$11	\$16	\$21
2060	\$0	\$0	\$0	\$0	\$0	\$0	\$0

<p style="text-align: center;"><u>Debt Modeling - Scenario 1a</u></p> <p style="text-align: center;">Est. Taxes: Current Assessed Value of 600,000</p>												
A		Debt Service								B	<i>Current Value = 600K</i>	
Fiscal Year	Non Debt Expense less Revenues	Wentworth School Project	High School Reno Project	Public Safety Building Project	Prior Non Major Cap.Imp. Debt	\$20M Library Expansion	\$105M School	\$85M Community Center	Annual Cap.Imp. \$5M/yr +4.0%	Total Debt Service	Est Total Taxes (A + B)	YoY Taxes Change
2025	5,730	159	123	93	310	-	-	-	143	828	6,558	5.56%
2026	5,938	152	128	89	274	-	-	-	191	835	6,773	3.29%
2027	6,111	146	127	86	219	-	190	231	239	1,237	7,348	8.48%
2028	6,335	139	124	82	191	-	369	448	287	1,641	7,976	8.55%
2029	6,525	133	121	79	163	52	439	432	335	1,752	8,278	3.78%
2030	6,757	126	119	75	130	101	420	415	383	1,769	8,528	3.02%
2031	6,987	119	117	73	119	98	405	402	433	1,766	8,756	2.67%
2032	7,239	112	115	71	88	95	390	389	484	1,744	8,985	2.62%
2033	7,440	105	67	68	112	92	375	375	536	1,731	9,172	2.08%
2034	7,709	100	32	66	94	89	360	362	508	1,612	9,323	1.64%
2035	7,956	97	-	63	80	86	346	350	520	1,542	9,500	1.90%
2036	8,248	94	-	61	33	83	332	338	534	1,475	9,725	2.37%
2037	8,513	90	-	60	16	80	318	326	547	1,438	9,953	2.35%
2038	8,762	87	-	58	9	77	305	314	561	1,410	10,175	2.23%
2039	8,987	83	-	55	8	74	292	303	575	1,390	10,380	2.01%
2040	8,947	80	-	53	6	72	279	291	589	1,370	10,317	-0.60%
2041	9,174	77	-	51	-	69	267	281	604	1,349	10,524	2.01%
2042	9,437	34	-	45	35	67	255	270	619	1,325	10,763	2.27%
2043	9,668	-	-	43	31	64	243	259	635	1,276	10,945	1.69%
2044	9,933	-	-	41	-	62	232	249	651	1,235	11,168	2.04%
2045	10,174	-	-	39	-	59	221	239	667	1,225	11,399	2.07%
2046	10,479	-	-	38	-	57	210	230	684	1,218	11,698	2.62%
2047	10,748	-	-	36	-	55	199	220	701	1,211	11,960	2.24%
2048	11,051	-	-	34	-	52	189	211	719	1,204	12,257	2.48%
2049	11,329	-	-	6	-	50	179	202	737	1,173	12,503	2.01%
2050	11,507	-	-	-	-	48	169	193	755	1,164	12,671	1.34%
2051	11,840	-	-	-	-	46	159	184	775	1,164	13,004	2.63%
2052	12,169	-	-	-	-	44	150	176	794	1,164	13,332	2.52%
2053	12,869	-	-	-	-	42	140	168	814	1,164	14,032	5.25%
2054	13,583	-	-	-	-	40	132	160	834	1,165	14,749	5.10%
2055	14,325	-	-	-	-	38	123	152	855	1,167	15,492	5.04%
2056	14,752	-	-	-	-	37	114	144	877	1,173	15,924	2.79%
2057	15,175	-	-	-	-	35	51	70	899	1,054	16,229	1.91%
2058	15,607	-	-	-	-	33	-	-	921	954	16,553	2.00%
2059	16,049	-	-	-	-	16	-	-	944	960	17,009	2.75%
2060	16,511	-	-	-	-	-	-	-	968	968	17,478	2.76%

Debt Modeling - Scenario 2a

Est. Tax Impacts: K-2 School Solution, Community Center, & Library

Est. Taxes Per 100k Assessed Value					Est. Tax Impact Illustrations Current Assessed Value		
Fiscal Year	\$105M School	\$100M CCenter	\$20M Library	Total per 100k Value	400k	600k	800k
2025	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2026	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2027	\$32	\$0	\$0	\$32	\$127	\$190	\$253
2028	\$62	\$0	\$0	\$62	\$246	\$369	\$492
2029	\$73	\$0	\$9	\$82	\$327	\$491	\$654
2030	\$70	\$43	\$17	\$130	\$518	\$777	\$1,037
2031	\$68	\$83	\$16	\$167	\$669	\$1,004	\$1,339
2032	\$65	\$81	\$16	\$162	\$646	\$969	\$1,292
2033	\$62	\$78	\$15	\$156	\$623	\$935	\$1,247
2034	\$60	\$75	\$15	\$150	\$601	\$902	\$1,203
2035	\$58	\$73	\$14	\$145	\$580	\$869	\$1,159
2036	\$55	\$71	\$14	\$140	\$559	\$838	\$1,118
2037	\$53	\$68	\$13	\$135	\$538	\$807	\$1,076
2038	\$51	\$66	\$13	\$129	\$518	\$777	\$1,035
2039	\$49	\$63	\$12	\$124	\$498	\$747	\$995
2040	\$47	\$61	\$12	\$120	\$479	\$718	\$958
2041	\$45	\$59	\$12	\$115	\$460	\$690	\$921
2042	\$43	\$57	\$11	\$111	\$442	\$663	\$884
2043	\$41	\$55	\$11	\$106	\$424	\$636	\$848
2044	\$39	\$53	\$10	\$102	\$407	\$610	\$813
2045	\$37	\$51	\$10	\$97	\$389	\$583	\$778
2046	\$35	\$49	\$10	\$93	\$373	\$559	\$746
2047	\$33	\$47	\$9	\$89	\$357	\$535	\$713
2048	\$31	\$45	\$9	\$85	\$340	\$510	\$680
2049	\$30	\$43	\$8	\$81	\$325	\$487	\$649
2050	\$28	\$41	\$8	\$77	\$310	\$464	\$619
2051	\$27	\$40	\$8	\$74	\$295	\$443	\$590
2052	\$25	\$38	\$7	\$70	\$281	\$421	\$561
2053	\$23	\$36	\$7	\$67	\$267	\$400	\$533
2054	\$22	\$35	\$7	\$63	\$253	\$379	\$506
2055	\$20	\$33	\$6	\$60	\$239	\$359	\$479
2056	\$19	\$32	\$6	\$57	\$227	\$341	\$454
2057	\$8	\$30	\$6	\$44	\$177	\$266	\$355
2058	\$0	\$29	\$6	\$34	\$136	\$204	\$272
2059	\$0	\$27	\$3	\$30	\$119	\$179	\$238
2060	\$0	\$13	\$0	\$13	\$52	\$79	\$105

<p><i>Debt Modeling - Scenario 2a</i></p> <p>Est. Taxes: Current Assessed Value of 600,000</p>												
A		Debt Service								B	<i>Current Value = 600K</i>	
Fiscal Year	Non Debt Expense less Revenues	Wentworth School Project	High School Reno Project	Public Safety Building Project	Prior Non Major Cap.Imp. Debt	\$20M Library Expansion	\$105M School	\$100M Community Center	Annual Cap.Imp. \$5M/yr +4.0%	Total Debt Service	Est Total Taxes (A + B)	YoY Taxes Change
2025	5,730	159	123	93	310	-	-	-	143	828	6,558	5.56%
2026	5,938	152	128	89	274	-	-	-	191	835	6,773	3.29%
2027	6,109	146	127	86	219	-	190	-	239	1,006	7,115	5.05%
2028	6,331	139	124	82	191	-	369	-	287	1,192	7,523	5.73%
2029	6,521	133	121	79	163	52	439	-	335	1,320	7,841	4.23%
2030	6,757	126	119	75	130	101	420	256	383	1,609	8,366	6.68%
2031	6,991	119	117	73	119	98	405	501	433	1,865	8,856	5.86%
2032	7,244	112	115	71	88	95	390	484	484	1,839	9,083	2.56%
2033	7,443	105	67	68	112	92	375	468	536	1,824	9,267	2.03%
2034	7,713	100	32	66	94	89	360	453	508	1,702	9,415	1.59%
2035	7,960	97	-	63	80	86	346	438	520	1,630	9,590	1.86%
2036	8,253	94	-	61	33	83	332	423	534	1,560	9,813	2.33%
2037	8,518	90	-	60	16	80	318	409	547	1,521	10,039	2.30%
2038	8,767	87	-	58	9	77	305	394	561	1,491	10,258	2.19%
2039	8,992	83	-	55	8	74	292	380	575	1,468	10,460	1.97%
2040	8,947	80	-	53	6	72	279	367	589	1,446	10,393	-0.64%
2041	9,176	77	-	51	-	69	267	354	604	1,422	10,598	1.97%
2042	9,437	34	-	45	35	67	255	341	619	1,397	10,834	2.23%
2043	9,669	-	-	43	31	64	243	328	635	1,345	11,014	1.66%
2044	9,934	-	-	41	-	62	232	316	651	1,301	11,235	2.01%
2045	10,176	-	-	39	-	59	221	304	667	1,289	11,465	2.04%
2046	10,481	-	-	38	-	57	210	292	684	1,281	11,762	2.59%
2047	10,749	-	-	36	-	55	199	281	701	1,272	12,021	2.21%
2048	11,053	-	-	34	-	52	189	270	719	1,263	12,316	2.45%
2049	11,331	-	-	6	-	50	179	259	737	1,230	12,561	1.98%
2050	11,506	-	-	-	-	48	169	248	755	1,219	12,725	1.31%
2051	11,839	-	-	-	-	46	159	238	775	1,218	13,057	2.60%
2052	12,168	-	-	-	-	44	150	227	794	1,215	13,383	2.50%
2053	12,868	-	-	-	-	42	140	217	814	1,214	14,082	5.22%
2054	13,583	-	-	-	-	40	132	208	834	1,213	14,796	5.07%
2055	14,324	-	-	-	-	38	123	198	855	1,214	15,538	5.01%
2056	14,751	-	-	-	-	37	114	189	877	1,218	15,969	2.77%
2057	15,173	-	-	-	-	35	51	180	899	1,165	16,338	2.32%
2058	15,598	-	-	-	-	33	-	171	921	1,125	16,723	2.35%
2059	16,047	-	-	-	-	16	-	163	944	1,123	17,170	2.67%
2060	16,510	-	-	-	-	-	-	79	968	1,046	17,556	2.25%

TOWN OF SCARBOROUGH, ME

Debt Service

General Obligation

Schedule	Maturity Dates
Profile as Of	06/30/2024
Frequency	Annual
First Period End	06/30/2025
End Date	06/30/2049

	Total General Obligation			
Date	Principal	Interest	Total	Outstanding Balance
06/30/2025	7,079,000.00	3,092,596.76	10,171,596.76	74,750,000.00
06/30/2026	6,930,000.00	2,792,921.76	9,722,921.76	67,820,000.00
06/30/2027	6,435,000.00	2,517,762.38	8,952,762.38	61,385,000.00
06/30/2028	6,235,000.00	2,256,409.25	8,491,409.25	55,150,000.00
06/30/2029	6,020,000.00	1,996,684.25	8,016,684.25	49,130,000.00
06/30/2030	5,570,000.00	1,752,321.75	7,322,321.75	43,560,000.00
06/30/2031	5,555,000.00	1,506,065.50	7,061,065.50	38,005,000.00
06/30/2032	5,245,000.00	1,258,115.50	6,503,115.50	32,760,000.00
06/30/2033	5,030,000.00	1,033,840.50	6,063,840.50	27,730,000.00
06/30/2034	4,370,000.00	831,190.50	5,201,190.50	23,360,000.00
06/30/2035	3,395,000.00	685,694.50	4,080,694.50	19,965,000.00
06/30/2036	2,700,000.00	595,511.50	3,295,511.50	17,265,000.00
06/30/2037	2,470,000.00	513,379.50	2,983,379.50	14,795,000.00
06/30/2038	2,365,000.00	432,179.75	2,797,179.75	12,430,000.00
06/30/2039	2,350,000.00	354,035.50	2,704,035.50	10,080,000.00
06/30/2040	2,025,000.00	285,571.75	2,310,571.75	8,055,000.00
06/30/2041	1,870,000.00	227,338.50	2,097,338.50	6,185,000.00
06/30/2042	1,780,000.00	172,479.50	1,952,479.50	4,405,000.00
06/30/2043	1,170,000.00	127,346.00	1,297,346.00	3,235,000.00
06/30/2044	635,000.00	98,556.25	733,556.25	2,600,000.00
06/30/2045	620,000.00	77,450.00	697,450.00	1,980,000.00
06/30/2046	620,000.00	56,350.00	676,350.00	1,360,000.00
06/30/2047	620,000.00	35,250.00	655,250.00	740,000.00
06/30/2048	620,000.00	14,150.00	634,150.00	120,000.00
06/30/2049	120,000.00	1,800.00	121,800.00	0.00
Total	81,829,000.00	22,715,000.90	104,544,000.90	

TOWN OF SCARBOROUGH, ME

Debt Service
General Obligation

Schedule	Maturity Dates
Profile as Of	06/30/2024
Frequency	Annual
First Period End	06/30/2025
End Date	06/30/2049

Date	2023 GO	2021 GO	Refunding 2020A GO	Refunding 2020B GO	2020 GO	2019 GO	2018 GO	2017 GO	2016 GO	2015 GO	2014 GO	TOTAL
06/30/2025	1,239,862.50	464,750.00	423,237.50	3,927,603.00	930,100.00	615,550.00	1,216,050.00	221,625.00	456,625.00	382,443.76	293,750.00	10,171,596.76
06/30/2026	1,195,012.50	447,250.00	405,787.50	3,856,003.00	892,850.00	482,925.00	1,181,300.00	212,375.00	444,775.00	318,393.76	286,250.00	9,722,921.76
06/30/2027	1,154,262.50	435,000.00	213,843.75	3,871,403.00	489,975.00	468,175.00	1,146,550.00	203,125.00	378,750.00	312,928.13	278,750.00	8,952,762.38
06/30/2028	1,103,762.50	374,000.00	204,512.50	3,769,303.00	471,475.00	453,425.00	1,106,925.00	67,675.00	361,950.00	307,131.25	271,250.00	8,491,409.25
06/30/2029	1,063,512.50	359,000.00	195,293.75	3,622,903.00	452,975.00	438,675.00	1,072,425.00	66,025.00	181,950.00	300,175.00	263,750.00	8,016,684.25
06/30/2030	891,637.50	344,000.00	191,131.25	3,576,103.00	434,475.00	423,925.00	987,475.00	64,375.00	77,675.00	272,525.00	59,000.00	7,322,321.75
06/30/2031	858,137.50	329,000.00	182,025.00	3,522,853.00	415,975.00	409,175.00	962,075.00	62,725.00	75,725.00	186,375.00	57,000.00	7,061,065.50
06/30/2032	824,637.50	315,500.00	0.00	3,467,228.00	246,350.00	397,375.00	885,675.00	61,075.00	73,775.00	176,500.00	55,000.00	6,503,115.50
06/30/2033	794,487.50	83,750.00	0.00	3,353,728.00	238,825.00	388,525.00	868,275.00	39,725.00	71,825.00	171,700.00	53,000.00	6,063,840.50
06/30/2034	764,337.50	82,250.00	0.00	2,565,978.00	234,525.00	379,675.00	847,975.00	38,675.00	69,875.00	166,900.00	51,000.00	5,201,190.50
06/30/2035	379,837.50	80,750.00	0.00	2,005,082.00	230,225.00	370,825.00	756,175.00	37,625.00	67,925.00	152,250.00	0.00	4,080,694.50
06/30/2036	364,337.50	79,250.00	0.00	1,460,174.00	225,925.00	327,500.00	735,775.00	36,575.00	65,975.00	0.00	0.00	3,295,511.50
06/30/2037	348,837.50	77,750.00	0.00	1,398,317.00	87,875.00	319,700.00	715,375.00	35,525.00	0.00	0.00	0.00	2,983,379.50
06/30/2038	333,337.50	21,800.00	0.00	1,349,092.25	86,075.00	311,900.00	694,975.00	0.00	0.00	0.00	0.00	2,797,179.75
06/30/2039	319,387.50	21,400.00	0.00	1,300,298.00	84,275.00	304,100.00	674,575.00	0.00	0.00	0.00	0.00	2,704,035.50
06/30/2040	17,868.75	21,000.00	0.00	1,251,934.25	77,531.25	296,300.00	645,937.50	0.00	0.00	0.00	0.00	2,310,571.75
06/30/2041	17,231.25	20,600.00	0.00	1,204,001.00	75,843.75	150,600.00	629,062.50	0.00	0.00	0.00	0.00	2,097,338.50
06/30/2042	16,593.75	20,200.00	0.00	1,156,498.25	0.00	147,000.00	612,187.50	0.00	0.00	0.00	0.00	1,952,479.50
06/30/2043	15,956.25	0.00	0.00	542,677.25	0.00	143,400.00	595,312.50	0.00	0.00	0.00	0.00	1,297,346.00
06/30/2044	15,318.75	0.00	0.00	0.00	0.00	139,800.00	578,437.50	0.00	0.00	0.00	0.00	733,556.25
06/30/2045	0.00	0.00	0.00	0.00	0.00	136,200.00	561,250.00	0.00	0.00	0.00	0.00	697,450.00
06/30/2046	0.00	0.00	0.00	0.00	0.00	132,600.00	543,750.00	0.00	0.00	0.00	0.00	676,350.00
06/30/2047	0.00	0.00	0.00	0.00	0.00	129,000.00	526,250.00	0.00	0.00	0.00	0.00	655,250.00
06/30/2048	0.00	0.00	0.00	0.00	0.00	125,400.00	508,750.00	0.00	0.00	0.00	0.00	634,150.00
06/30/2049	0.00	0.00	0.00	0.00	0.00	121,800.00	0.00	0.00	0.00	0.00	0.00	121,800.00
Total	11,718,356.25	3,577,250.00	1,815,831.25	47,201,179.00	5,675,275.00	7,613,550.00	19,052,537.50	1,147,125.00	2,326,825.00	2,747,321.90	1,668,750.00	104,544,000.90

Draft Credit Enhancement Agreement – Policy Update

Finance Committee Comments from August

- 1) Keep the new language in the draft that explains the basics of TIF's and CEA's
- 2) Add an annual assessment by staff of the captured value in each TIF and CEA to ensure that the approved development program costs match up with the amount of taxes generated. If there is a discrepancy, then the Council may choose to revise the development program (if there are additional eligible expenses) or return the funds to the general fund.
- 3) All CEA's will be Performance-Based Contracts with stipulations that address, as appropriate, the intended use of the funds and associated costs, the timing of projects, and the level of development. All contracts will stipulate the performance measures and the consequences of not meeting a stipulation.
- 4) A status report to the Council will be required of projects on a semi regular basis in such detail that the Town can determine if performance standards have been met.
- 5) Shelter benefits will be estimated by staff on a regular basis
- 6) CEA's may be anywhere from ten to the maximum allowed by state statute.
- 7) The Town Manager will begin negotiations on draft proposals to the Council. Should additional negotiations be required, the Council may appoint a council member or members to work with the Town manager.
- 8) For projects over \$5 Million in returned property taxes to a project, there shall be a robust public process that may include additional steps beyond workshop, first reading, second reading and approval.
- 9) For Housing Projects, the Planning Director will advise the Council on available permits under the Rate of Growth ordinance.

Housing Alliance Suggestions – Should be an affirmative process – not discouraging

- 1) Housing Alliance would prefer to meet with the applicant at the Housing Alliance Meetings. Comments would then be sent to the Council with a representative from the Alliance attending a workshop with the Council to articulate their findings. (No Joint workshop)
- 2) A request for information on number of children living in units is likely not allowed by Federal Law, so the request will be more generic – tell us about your demographics and your target market.
- 3) Language regarding the number of units serving the 40 to 60% of AMI should be strengthened.
- 4) Consider all types of equity including below market financing. Project would also attract and consider below market financing. We don't want to make housing harder – do we need all of these requirements?
- 5) Review the requirements in the QAP
- 6) Should add benefit to locating in downtown area
- 7) Ensure that workforce housing is included
- 8) What about a more conventionally financed project- would we consider this?
- 9) Remove finance Committee from Housing CEA's
- 10) Housing Alliance would prefer not to use a scoring form, but it could be a way to ensure the application is complete. Should be encouraging people to use this. If Finance Committee is removed, there is no reason for scoring.

- 11) Housing Alliance makes a recommendation to Council, then it goes to Council Workshop.
After workshop- final application is submitted, then Council approval process starts.

SEDCO Feedback

- 1) Reaffirmed that SEDCO Board will participate in a joint workshop with the Council, rather than at a regular board meeting to hear the initial proposals
- 2) Since the process will be robust for public input, the SEDCO Board will have time to meet as a Board to discuss the final application, which will theoretically address the issues that come up after the joint workshop.

Draft Scarborough TIF/CEA Policy Updates

I. Benefits of Creating Tax Increment Financing Districts

The Town of Scarborough invests in economic development and affordable housing through the State's Tax Increment Financing (TIF) District program.

Under this program, the Town may create districts for a specified period of time within the municipal borders where property taxes paid on new value associated with development can be segregated and used for specific purposes. The use of the funds is regulated by State Statute.

In addition to creating a way for the Town to invest in the community, the TIF District designation also allows the Town to "shelter" new value from State funding formulas which determine how much financial aid the Town receives each year. Within the State funding formulas, the more value from properties within a town, the less that town will receive from the State. With a TIF district in place, all new value generated is not counted in the funding formula, thus increasing the amount of funds received from the State each year. Value is also a factor in the amount assessed to the Town from County government. With sheltered value, the County tax is lower.

Within an established district, the Town MAY choose to partner with a developer, company, organization or other private entity under a contract known as a Credit Enhancement Agreement (CEA). With a CEA in place, the Town may return a percentage of property taxes collected on new development to the partner. The CEA agreement outlines the period of time covered by the agreement, the purpose of the funds and may include performance standards. All CEA's must be part of a Town and State approved TIF District.

The Town may also choose to invest the segregated funds for their own purposes such as infrastructure or services to support new development.

II. Purpose of Policy

The purpose of this policy is to outline the policies, standards and processes that the Town of Scarborough will use in initiating, ~~or considering~~ reviewing, and potentially approving applications for Tax Increment Financing Districts (TIF) and any Credit Enhancement Agreements (CEA) associated with an existing or proposed district. ~~Notwithstanding this policy The creation of a TIF district and/or an associated CEA adoption of a development program~~ is a decision made on a case-by-case basis by the Scarborough Town Council. This policy will apply to TIF Districts and CEA agreements for both economic development and housing projects. The Policy applies to both area wide and site-specific designations.

In addition to the Town review process, all TIF District applications must be consistent with State statutes regulating Affordable Housing Development Districts (30-A M.R.S.A. §§5245-5250-G) and Economic

Development Districts (30-A M.R.S.A. Chapter 206). reviewed and approved by the appropriate State agencies.

~~and the Maine Department of Economic & Community Development (Maine DECD) must also review all TIF districts for statutory compliance.~~

Receiving a **TIF designation** or CEA credit enhancement agreement is not a right under Maine law and meeting the standards contained in this policy should not be interpreted as creating any rights or entitlements in any application.

Scarborough's TIF & CEA Policy supports investment in municipal economic development, **affordable housing, and** infrastructure investment (which is general through the establishment of area wide or neighborhood TIF districts) in **area wide** and individual **specific sites**. TIF districts to support either infrastructure or individual private project financing needs. Consistent with MRSA Title 30-A Chapter 206, this does not include purely residential development projects.

III. Establishment of TIF Districts

The Town Council may establish and/or amend any district within municipal borders. Guidance for the Council on the creation of Districts include the following.

1. **Time Frame:** TIF Districts may be designated for up to 30 years. The designation of a TIF district requires, **at a minimum**, legal notice, a public hearing, the majority vote of the municipal legislative body, and state approval.
2. **Eligible Expenses:** Eligible TIF expenses are defined by the State of Maine in the relevant State statutes found in Title 30-A of the Maine Revised Statutes in Sections 5221 through 5235 and Sections 5245 through 5250-G and in regulations related thereto (which may be amended from time to time).
3. **Comprehensive Plan:** The Town Council ~~will~~ **should** consider proposals that further economic development **or affordable housing** goals endorsed **consistent with** by the **most recent** Comprehensive Plan. Designated Growth Areas should be considered as part of consistency with the current Comprehensive Plan.
4. **CEA Approval:** Documentation. The applicant is required to provide all documentation associated with the application. This documentation becomes the basis by which the project's implementation is reviewed for compliance with final approvals. ~~Should there be a CEA component of the establishment of a District, the CEA will need to be approved as part of the CEA portion of this policy.~~ A CEA may be considered simultaneously with a newly established or amended TIF by the Council.
5. **Boundaries:** District boundaries and size ~~will be established by the Town Council taking into consideration any specific needs of an applicant under the CEA section of the policy and/or~~ **The Town reserves the right during the application will process to establish the size of the district necessary to meet the needs of the applicant or to meet the needs of infrastructure improvements deemed necessary by the**

Comprehensive Plan, the Town's capital improvement program, or in other supporting documents recognized by the community.

6. **Personal Property:** Personal property shall not be included in the calculation of revenues available for CEA purposes captured TIF.
7. **Excess Funds in A CEA:** TIF districts and development programs that include one or more CEAs shall include a provision that directs any excess funds after the CEA is satisfied to qualified project costs as defined by the District/State or to the Town's general fund. depending upon the Council determination.
8. **Staff Analysis:** Staff shall produce an annual assessment of the captured value and revenues associated with each district. This assessment will compare the revenues generated to the approved development program expenses to ensure there is alignment. If there is a gap between revenues generated and current development program expenses, Council may choose to revise the development program or return funds to the Town's general fund.
9. **Shelter Benefit Analysis:** Staff shall monitor the shelter benefit of all TIF's on a regular basis and report to Council.
10. **Percent Modification of Retained Taxes:** The Town by vote of Council majority may modify the portion of tax revenue to be retained in the designated development districts.
11. **Amendments:** Some amendments made by the Town Council to an established District will require State approval.

IV. Credit Enhancement Agreements (CEA)

If a project within a TIF district seeks assistance from the Town in the form of a reimbursement of a portion of their property taxes, then the Town may enter into a partnership through a Credit Enhancement Agreement (CEA).

If TIF funds are to be used to reimburse a developer, organization or business for development project costs, a Credit Enhancement Agreement (CEA) is created. The

A CEA, or contract between the municipality and developer or business, is a mechanism to assist the development project by using all, or a percentage of, the tax revenues generated by the new investment to pay certain authorized project costs with payments made directly to the developer or business.

General Considerations for CEA's

- 1) **Application:** The requester must make application under the guidelines outlined in this policy
- 2) **Amount of Funds:** The TIF funds reimbursed/returned to the developer (via a CEA) will not exceed, over time, the amount of funds agreed to in the CEA. During the application process the applicant is required to submit all documentation that will justify the expenditure to be reimbursed as estimated in the TIF development program and CEA. The CEA will stipulate the percentage reimbursement and the specific years

in which the reimbursement will be in effect. A specific dollar cap may be established that governs the CEA. Once met, reimbursements will halt.

- 3) **Minimum Threshold of Development:** Economic Development CEA's must create at least \$2,000,000 in new taxable valuation at buildout.
- 4) **Use of Funds:** ~~The CEA should outline the specific uses of the funds to be reimbursed.~~ **Performance Based Contracts:** All CEA's will be performance-based contracts with stipulations that address, as appropriate, the intended use of the funds and associated costs, the timing of projects, and the level of development. All contracts will stipulate the performance measures and the consequences of not meeting a stipulation.
- 5) **Terms of Agreement:** ~~Terms shall be negotiated between the Town and the applicant on a case-by-case basis. Terms should include:~~
 - a. ~~Agreements shall~~ **should** extend between ~~1 five~~ ten and 30 years **depending on the length of the** associated **TIF District**
 - b. Up to 100% of the incremental value created by the project ~~can~~ **may** be captured, depending upon the merits of the project
 - c. Terms shall be consistent with state statute
 - d. ~~The CEA partner will report annually to the Town on the status of the project, the use of funds and the progress toward any contract performance measures outlined in the CEA. The partner will also~~ **Terms shall have performance measures that will be assessed regularly and, if adopted, whose assessment will be provided to the Town in an annual report by the developer.**
 - e. ~~Terms may include a reimbursement cap, in dollars, that the CEA will not exceed over the life of the agreement.~~ o
 - f. ~~To the degree the Town is interested in frequent reporting from the developer such~~ **Additional expectations on reporting will be negotiated as part of the credit enhancement agreement.**
 - g. Assignments will be allowed only for conventional commercial financing purposes or where the proposed assignee agrees to be bound by the same terms and conditions as the original applicant unless otherwise amended by agreement
- 6) **Suspension, Reduction, and/or Termination of Benefits:** Credit Enhancement Agreements may contain provisions for the suspension and/or termination of benefits to the applicant as provided for in the CEA. This may include penalties for not meeting agreed upon targets, performance thresholds and/or timing. The Town Manager will make a determination each year regarding whether a CEA contract is in good standing. If the Town Manager determines that a contract is not in good standing, Council will be informed and make the final determination of any Town action.
- 7) ~~Level of Funding Adjustments. The Council may consider including a requirement in a CEA that during the application process and during the life of the TIF (and CEA), the applicant shall demonstrate that the funds are being used at appropriate levels for the purpose intended. If the level of funds the applicant receives exceeds the projected need, the amount returned to the applicant shall be adjusted.~~
- 8) **Financial Analysis:** The applicant will include an analysis of how the requested funds will be used and why Town investment is needed. ~~A comprehensive~~ cost to serve analysis **and a** tax shift analysis should also

be developed. ~~disclosure. Town staff will assist the applicant in the preparation of this information. and expert analysis.~~ For projects over \$10,000,000 in total reimbursement, 5,000,000, the Town will require a third-party financial analysis. For projects under \$5,000,000, \$10,000,000 staff will work with applicants to review and assist with the preparation of needed financial analysis requested by the Council. Applicants may request a waiver of the third party analysis. Council may request additional expert analysis. Expert analysis will not be required for proposed CEAs under \$2,000,000. Proposed CEAs between \$2,000,000 and \$5,000,000 will have a staff provided analysis. Proposed CEAs greater than \$5,000,000 will have an external expert analysis completed.

- 9) For any project involving housing, the Planning Director will advise the Council on available permits under the Rate of Growth ordinance.

V. CEA Application Process

~~SEDCO and the~~ The Executive Department will coordinate all activities regarding applications for economic development tax increment financing with possible for all CEAs and CEA Amendments. The Town Manager will include the Housing Alliance, the SEDCO Board, SEDCO staff or other relevant staff to assist in working with an applicant, coordinating the process and /or producing requested analysis needed by the Council as part of their decision-making process. Each applicant shall be assigned a staff coordinator.

It is understood that The CEA process can ~~may~~ precede other local approvals, however, the final CEA approval can make receipt of such approvals as a condition. Working with applicants, the designated staff coordinator will coordinate the following process:

Step 1: ~~SEDCO~~ An applicant will begin the process by contacting the Town Manager's office or the SEDCO Executive Director regarding interest in a CEA. If the request starts at SEDCO, SEDCO will inform the Town Manager. The Town manager then designates a staff coordinator. The designated staff coordinator will provide information on Scarborough's TIF/CEA policy program to the applicants and will then be point of contact for the applicant throughout the process.

Step 2: The applicant will prepare a letter to the Town Manager outlining the basics of the proposed project and which thresholds the project meets from Section VI of this policy.

Step 3: The Town Manager reviews the letter and makes a determination on whether the project meets the required thresholds outlined in Section VI and whether or not proposed project fits within an existing TIF District. The Manager will inform the applicant in a letter either 1) that the project has met the initial threshold standards and may continue in the process or 2) that they have not met the threshold standards, and the process stops. Applicants may resubmit. The Town Manager shall have final authority to invite an application. If an application is determined viable, the Town Manager shall notify the Town Council that an application is forthcoming. If the application is for a Housing CEA, the Town Manager will also inform the Housing Alliance.

Step 4: The applicant shall file a preliminary application with the Town through SEDCO ~~or other~~ the designated staff coordinator. The staff coordinator shall review the application for completeness and then submit a complete application, to include a complete Financial Analysis (see Section II above), to the Town Manager for joint discussion.

Step 5a: For Economic Development Applications, the Town Manager, in consultation with the Town Council Chair, will schedule a joint workshop with the Town Council and SEDCO Board. Applications. The workshop should result in feedback about whether the application is an appropriate use of TIF funding through a CEA. At the joint meeting:

- a. The applicant shall provide an overview of the development project
- b. The Town Manager and SEDCO staff coordinator shall provide any preliminary input.
- c. The Town Council and SEDCO Board ~~or Housing Alliance Board~~ shall provide appropriate comment, as appropriate
- d. There should be a preliminary discussion of terms including those involved with a CEA

Step 5b: For Housing CEA Applications, the Town Manager will work with the Housing Alliance chair to schedule a Housing Alliance workshop with the applicant to review the application. The workshop should result in feedback to the applicant on the appropriate use of TIF funding through a CEA. At the meeting with the Housing Alliance:

- a. The applicant shall provide an overview of the development project
- b. The Town Manager and staff coordinator shall provide any preliminary input.
- c. The Housing Alliance shall provide comment, as appropriate
- d. There should be a preliminary discussion of terms

Step 6: Using the comments from Council workshop or Housing Alliance, the applicant may apply for final application approval (the application is a separate document). The Town Manager and SEDCO staff coordinator shall proceed with the following:

- a. Meet and obtain input from appropriate department heads, specifically Finance and Assessing
- b. Unless otherwise specified by the Town Council, the applicant may be asked to obtain Master Plan approval, preliminary subdivision or preliminary site plan approval
- c. Applicant will, in consultation with Manager and other appropriate representatives, develop a draft agreement specifying all terms
- d. Revise, and renegotiate with the applicant as necessary

Step 7: Present the final application to following items to the Finance Committee with any staff comments

- a) Applicant will highlight how the final application addresses workshop comments
- b) A summary of all staff, SEDCO Board or Housing Alliance comments including financial impacts and proposed terms
- c) Finance Committee reviews and accepts the Financial Analysis
- d) Finance Committee reviews and accepts draft agreement, should there be unresolved concerns over the terms, the Town Manager and a member of the Finance committee will negotiate with applicant.
- e) Finance Committee SCORES the application based on CEA standards
- f) Finance Committee makes recommendation to the Council including composite scores.

Present the analysis of the factors identified in section IV above, generated by Town Departments and the SEDCO Board of Directors, to the Finance Committee who shall score the application in accordance with the scoring criteria in Appendix C. The Finance Committee shall present a composite score (based on individual member's scores) to the Town Council along with a recommendation. If the Town Council agrees that the application has met the established thresholds, then Council will vote to allow the Town Manager to form a negotiating team to include a Town Council member.

Step 8: Council starts final approval process

- a) Reviews Finance Committee Recommendation
- b) Final TIF/CEA proposal brought to Council for approval using a full public process including a public hearing, and a second reading prior to the final vote. At the Town Council's discretion, the public hearing and final action may occur at the same meeting.

VI. CEA Application Thresholds and Preliminary Applications

A. Economic Development CEA's

- a) Projects requesting an Economic Development CEA must meet at least 3 of the following objectives/thresholds:
 1. The Project is consistent with the current Comprehensive Plans as well as other strategic planning documents
 2. Assistance supports public infrastructure projects typically funded through municipal budgeting
 3. The infrastructure project is identified as needed and or determined to deliver a public benefit
 4. Development project cannot move forward without specified investment and/or infrastructure
 5. Development project will create or retain sustainable employment opportunities
 6. Development project will enhance environmental protections
 7. Development project is financially advantageous to the Town
 8. Development project provides partnership with and support of the School Department through internships or other investments
 9. Development project supplies other local businesses with needed resources and inputs.
 10. The project is located in an existing TIF district.
- b) The Applicant will draw upon this list to develop a letter to the Town Manager to initiate a CEA project as outlined in Step 2 of the process.
- c) Narrative in the Preliminary Application must include:
 1. How the project will attract, retain or expand the Town's economic base
 2. How the project will implement specific recommendations from the Town's strategic planning documents including the Comprehensive Plan
 3. How the project is consistent with the current Comprehensive Plan

4. A projection of new or retained employees
 5. How the project will create at least \$2,000,000 in new taxable valuation
 6. How the project will provide infrastructure beyond the current project
 7. How the project will enhance streetscape and the pedestrian experience
 8. How the quality of development and overall aesthetics goes beyond minimum requirements
 9. How the project adheres to higher standards of building design, materials, and energy efficiency.
 10. How the project will enhance environmental protections resulting in a more sustainable community or will enhance/increase access to natural resources.
 11. How the project makes financial and economic sense for the Town
 12. An accounting of value created, tax revenues generated and percentage of reimbursement of tax revenues requested by year
 13. A brief description of what is extraordinary about the project.
- d) Narrative in the Final Application must include:
1. All information in the preliminary application
 2. Any additional Financial Analysis not provided in the preliminary application including a cost to serve analysis and a tax shift analysis.
 3. Revisions or additional information based on comments from the joint workshop
 4. A draft contract

B. Affordable Housing Projects

- a) For Housing CEA's, the applicant must meet the following State Requirements:
 - 1) At least 33% of the housing units in the project must be for households earning no more than 120% of area median income.
 - 2) The affordability of rental units must be maintained for at least 30 years, and the affordability of homeownership units must be maintained for at least 10 years.
- b) Applications that need approval for a specific round of competition for funding at Maine Housing must submit at least 3 months before the deadline.
- c) In addition to these requirements by the State, The project will meet at least 4 of the following objectives:
 - 1) The project will increase the supply of affordable housing units, including workforce housing, in the Town of Scarborough.
 - 2) The project will demonstrate consistency with the Town's Comprehensive Plan and other Policy documents.
 - 3) The project will leverage additional funding that is equal to or greater than the CEA request, including all types of equity and/or market financing.
 - 4) The project will target at least 25% of units to those with incomes meeting 40% to 60% of AMI.
 - 5) The project will demonstrate a long-term commitment to affordability.
 - 6) The project meets a specific housing goal of the Town Council.

- 7) The project is located in an area with sufficient access to local services and job opportunities.
 - 8) The project provides a walkable environment for residents.
 - 9) The project is located in an established TIF District.
- d) The Applicant will draw upon this list to develop a letter to the Town Manager to initiate a CEA project as outlined in Step 2 of the process
- e) The Narrative in the Preliminary Application must include:
1. Documentation on which of the above objectives are met by the project
 2. How the project will affect the current housing supply in Scarborough
 3. An accounting of all units by type and affordability classification
 4. An explanation of how the affordable units will be held as affordable into the future
 5. A description of the applicant's experience, technical capacity, initiative and creativity in the development of affordable housing
 6. An accounting of what role the CEA plays in the overall financing of the project
 7. A description of how the project will implement specific recommendations from the Town's strategic planning documents other than the Comprehensive Plan, if relevant.
 8. How the project is consistent with the current Comprehensive Plan
 9. ~~The number of residents expected, including school age children~~ A description of your target market for the units.
 10. An accounting of value created, tax revenues generated and percentage of reimbursement of tax revenues requested by year
 11. Whether the project will provide infrastructure beyond the current project
 12. Whether the project will enhance streetscape and the pedestrian experience beyond the project
 13. How the project adheres to higher standards of building design and energy efficiency.
 14. How the project will embrace sustainable practices
 15. An explanation of how the CEA fulfills different point values in the Maine Housing application.
 16. A brief description of what is extraordinary about the project.
- f) Narrative in the Final Application must include:
- 1) All information in the preliminary application
 - 2) Any additional Financial Analysis not provided in the preliminary application including a cost to serve analysis and a tax shift analysis.
 - 3) Revisions or additional information based on comments from the joint workshop
 - 4) A draft contract

Credit Enhancement Objectives Housing

Objectives	Rating Scale	Applicant Score	Finance Committee Score
Directly implement specific recommendations of the Town's strategic planning documents such as the Comprehensive Plan	0 to 5		
Increases the supply of affordable and workforce housing	0 to 5		
Extraordinary development /redevelopment costs making it impossible to move forward without assistance	0 to 5		
Additional Funds Leveraged	0 to 5		
Project includes 40% to 60% AMI Housing opportunities	0 to 5		
Demonstration of long-term commitment to keeping homes affordable	0 to 5		
Enhances the streetscape or pedestrian experience	0 to 5		
Project located in area with services and job opportunities	0 to 5		
Project located in existing TIF District	0 to 5		

Credit Enhancement Objectives Economic Development

Objectives	Rating Scale	Applicant Score	Finance Committee Score
Directly implement specific recommendations of the Town's strategic planning documents such as the Comprehensive Plan	0 to 5		
Supports needed public infrastructure	0 to 5		
Extraordinary development /redevelopment costs making it impossible to move forward without assistance	0 to 5		
New/retained employment potential	0 to 5		
Project is financially advantageous to the Town	0 to 5		
Infrastructure beyond the current project	0 to 5		
Enhance the streetscape or pedestrian experience	0 to 5		
Preserve or rehabilitate a locally significant historic structure	0 to 5		
Project will enhance environmental protections	0 to 5		
Project supports Schools	0 to 5		
Project helps retain other businesses	0 to 5		
Project located in existing TIF District	0 to 5		

SECTION I. DEBT MANAGEMENT

PURPOSE

The Policy Statement sets forth comprehensive guidelines for the financing of capital expenditures. It is the objective of this policy that (1) the Town obtains financing only when desirable, (2) the process for identifying the timing and amount of debt financing be as efficient as possible (3) obtain and then retain a high grade or above~~the highest possible~~ credit rating (See Definitions Section IV), (4) obtain the most favorable interest rate and other related costs and (5) comply with full and complete financial disclosure and reporting, as required.

Debt financing includes general obligation bonds, special assessment bonds, temporary notes, lease/purchase agreements, debt guaranteed by the Town, and other Town obligations permitted to be issued or incurred under Maine statute and should only be used to purchase capital assets that will not be acquired from current resources. The useful life of the asset or project needs to equal or exceed the payout schedule of any debt the Town assumes for that project. This allows for a closer match between those who benefit from the asset or project and those that pay for it.

To enhance creditworthiness and prudent financial management, the Town is committed to systematic capital planning, intergovernmental cooperation and coordination, and long-term financial planning. Evidence of this commitment to capital planning will be demonstrated through adoption and periodic adjustment of the Town's Capital Improvement Plan (the CIP) and the annual adoption of a multiyear Capital Improvement Budget.

Section III. Fund Balance

Unassigned Fund Balance

Unassigned Fund Balance is the residual amount of Fund Balance in the General Fund. It represents the resources available for future spending. An appropriate level of Unassigned Fund Balance should be maintained in the General Fund in order to cover unexpected expenditures and revenue shortfalls.

In the event of projected revenue shortfalls, it is the responsibility of the Town Manager to report the projections to the Town Council's Finance Committee on a quarterly basis and will include an outline of recommended Management actions to address any shortfall.

~~The Town aspires to reach an Unassigned Fund Balance of 16.67% (two months or 1/6) of the prior year's Operating Budget. Until the Town reaches this goal, the minimum Fund Balance Policy shall be set to maintain the level of Unassigned Fund Balance equal to 10.00% of its Unassigned Fund Balance, consideration should be given to raise the minimum level of Unassigned Fund Balance until the aspirational goal is met. The Town has set a goal, through this Fund Balance Policy, to maintain the level of Unassigned Fund Balance equal to 10.0% of the Town's Operating Budget for the prior fiscal year and to not fall below 8.33% (or 1/12) of the Town's Operating Budget.~~

Once the Town achieves an unassigned fund balance greater than equal to 10.0%- but less than .67% of Scarborough's Operating Budget, any excess above 12% ~~may~~ must be assigned by any combination to one of the following:

- Retained in non-spendable and restricted accounts that offset unfunded liabilities, and/or
- Retained in assigned accounts that may be used in future budget cycles as a property tax rate stabilization; available for use during a catastrophic event, and/or

~~Once the Town achieves an Unassigned Fund Balance greater than 16.67% of the Town's Operating Budget, any excess above 16.67% must be assigned by any combination to one above.~~

In the event that the balance drops below the established minimum level, the Town Council will develop a plan to replenish the fund balance to the established minimum level within two years.

~~Policy statement: Unrestricted Fund Balance as a Percentage of Revenues: The level of unrestricted fund balance will not be allowed to drop below 8% of annual revenues with a goal of building unrestricted fund balance to 12% of annual revenues.~~

Section IV. Capital Planning

Definitions

CREDIT RATINGS (add the following immediately below this heading in the Debt Management section of the Fiscal and Financial Policy)

Credit Rating Scale. S&P Global uses an alphabetic rating scale to rate the creditworthiness of debt. Their scale ranges from “AAA” (Prime) to “D” (Default) ⁽¹⁾. A S&P rating equal to or above “BBB-“ is considered investment grade. Moody’s uses a similar alphabetic rating scale. Their scale ranges from “Aaa” (Prime) to “C” (Default) ⁽²⁾. A Moody’s rating equal to or above “Baa3” is considered investment grade. Fitch uses an alphabetic rating scale to rate the creditworthiness of debt. Their scale ranges from “AAA” (Prime) to “D” (Default) ⁽³⁾. A Fitch rating equal to or above “BBB-“ is considered investment grade.

The table below provides a comparative illustration of the various ratings agencies and their credit ratings scales.

Moody's	S&P	Fitch	
Aaa	AAA	AAA	Prime
Aa1	AA+	AA+	High grade
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	Upper medium grade
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	Lower medium grade
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	Non-investment grade speculative
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	Highly speculative
B2	B	B	
B3	B-	B-	
Caa1	CCC+	CCC	Substantial risk
Caa2	CCC		Extremely speculative
Caa3	CCC-		Default imminent with little prospect for recovery
Ca	CC	CC	
	C	C	
C	D	D	In default
/			
/			

"Junk"



⁽¹⁾ <https://www.spglobal.com/ratings/en/about/understanding-credit-ratings>

⁽²⁾ https://www.moodys.com/sites/products/productattachments/ap075378_1_1408_ki.pdf

⁽³⁾ <https://www.fitchratings.com/products/rating-definitions>