

PRESS RELEASE
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Edgecomb's Board of Selectmen and Planning Board Unanimously
Support Davis Island Tax Increment Financing Proposal

On Saturday October 23, 2004, at the first of two public informational meetings being held by the Town of Edgecomb, members of Edgecomb's Board of Selectmen and Planning Board announced their unanimous support for the Davis Island Environmental Protection Development District and Tax Increment Financing District.

Under the Tax Increment Financing (TIF) proposal, the owner of the Sheepscoot River Inn & Restaurant plans to construct a forced sewer main from the Town of Wiscasset's sewer treatment plant and a water line from the Wiscasset Water District to the Sheepscoot property in Edgecomb. The lines will cross and run along the bottom of the Sheepscoot River. If the Edgecomb voters approve the TIF at a Special Town Meeting scheduled for November 4, 2004, the property owner will transfer the water and sewer lines, valued at approximately \$1.25 million dollars, to the Town of Edgecomb in exchange for the ability to use TIF funds to reimburse itself for the cost of constructing the lines. Importantly, the Town of Edgecomb will not incur any financial risk in getting the lines constructed and extended into Edgecomb.

Edgecomb officials are currently negotiating interconnection agreements with the Town of Wiscasset and the Wiscasset Water District, which will be executed only if the TIF is approved by the Edgecomb voters. If the TIF is approved, and once the Town owns the water and sewer lines, the Town will be in the position to extend municipal water and sewer service up Route 1 in Edgecomb. The TIF is designed so that the Town will be able to pay for the cost of this line extension through money the Town will receive under the TIF.

Town officials stated at the October 23 Informational Meeting that the TIF proposal presents the Town with a window of opportunity that would allow the Town to obtain over a million dollars worth of water and sewer infrastructure without incurring any financial debt or risk.

Further, the proposal creates a unique opportunity that allows the Town to extend the water and sewer service northward along Route 1 in Edgecomb sometime in the future without incurring municipal debt to fund the line extension.

Asked why this TIF proposal could not be presented to the voters at the Town's next Annual Town Meeting in May 2005, Town officials indicated that the unique circumstances surrounding this TIF make a Special Town Meeting necessary in this case. The timing of the owners' financing and construction of the project require the project to go forward by early winter 2004. The owner is willing to upgrade the capacity of the water and sewer lines to accommodate the Town's future needs if a TIF is in place when the construction goes forward, but the property owner cannot take the significant financial risk of upgrading the water and sewer lines this winter without knowing that the TIF will be approved by the voters next spring. If the Town waits to consider the TIF at its Annual Town Meeting, the Town will miss this window of opportunity to have input in the construction project and specify sewer and water line requirements without having to pay for the improvements. Additionally, the complexity of the issues presented in this TIF warrant special attention. The Town needs to discuss and vote on the TIF, a new sewer ordinance, and to authorize the Selectmen to enter into Interlocal Agreements with the Town of Wiscasset for the sewer service and with the Wiscasset Water District for the water service. It makes sense to discuss these important items at a Special Town Meeting devoted entirely to these related issues.

Maine law allows a municipality to create a tax increment financing (TIF) district that "shelters" the new property value created by the TIF project so that the new value is not counted against the Town for school funding, state revenue sharing, and county tax purposes, and allows the municipality and the developer to use the taxes paid on the increased property values (TIF funds) to pay for the project improvements. The property owner, in this case the owner of the Sheepscot River Inn & Restaurant, will continue to pay taxes on the property as it exists today and the Town will continue to keep 100% of those taxes for municipal use. The TIF funds are only derived from the taxes paid on the new property value that is created by the investments made under the TIF.

The primary benefit to the municipality of most TIFs, including this one, is the potential for new tax revenues that would be created by the property owner's investment and new development within the TIF District. This TIF also creates future economic development

opportunities along the Route 1 corridor in Edgecomb. There is no adverse impact on the existing tax base, and the TIF does not create any financial risk for the Town.

In order for this TIF to be created, the TIF proposal must be approved by the Edgecomb voters. Edgecomb voters will have the opportunity to vote on whether to approve the TIF at a Special Town Meeting scheduled for November 4, 2004, at 7:00 P.M. at the Edgecomb Town Hall. In order to provide voters with information about the unique benefits of this TIF proposal, Town officials are hosting a number of Informational Meetings and a Public Hearing on the TIF and the related issues surrounding the sewer and water connections with Wiscasset. The next Town of Edgecomb sponsored public Informational Meeting is scheduled for Thursday October 28, 2004, 7:00 P.M. at the Edgecomb Town Hall. Additionally, the official public hearing on the TIF is scheduled for Monday, November 1, 2004, at 7:00 P.M. More information on this TIF proposal can be found at the Town of Edgecomb's website: www.edgecomb.org

