

**Chapter 10  
Planning**

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## **Chapter 10 Planning**

### **ARTICLE I PLANNING BOARD**

#### **Sec. 10-101 Planning and Code Enforcement Offices**

To assist in carrying out the policies of the Planning Board, there shall be an office with appropriate staffing to provide planning and code enforcement. These objectives may be accomplished by one or more staff persons.

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**Historical Note:** formerly Chapter 6, 1956 Code; replaced June 4, 1980; amended July 11, 1988; January 7, 1991; November 22, 1993; June 24, 1996; April 13, 1998; Section 10-102 adopted by City Council on May 9, 2011; Section 10-102 Community & Economic Development was repealed by City Council on November 27, 2012.

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**Historical Note:** Section 10-103 adopted by City Council on May 9, 2011; Section 10-103 Chamber of Commerce repealed by City Council November 25, 2013, effective December 31, 2013.

### **ARTICLE II TAX INCREMENT FINANCING**

#### **Sec. 10-201 Introduction**

State of Maine law establishes Tax Increment Financing (TIF) as one of the few tools cities can use to assist in economic development activities. TIFs provide partnering opportunities between private developers and local government to realize greater economic benefits for the community. These efforts may include new developments, redevelopment, or expansion of existing business operations. While TIFs provide the potential for cash influx to projects, other tools may also be beneficial and should be seriously considered when requests for TIF designation are made. These other tools may include changing zoning or land use regulations, streamlining review processes, helping to get funding through other economic agencies, private funding or city revolving loan funds, utility services programs, etc.

The City of Caribou will generally consider use of TIFs for all areas zoned for commercial development in an effort to build community and economic growth through public-private partnerships with both existing and new businesses. Special consideration will be given to projects proposed in the Downtown District.

#### **Sec. 10-202 Purpose**

The purpose of these guidelines is to outline standards that the City of Caribou will use in considering applications for tax increment financing. These guidelines are intended to be consistent with State laws, as they may be updated from time to time. State laws shall be utilized when any specific conflict between the two occurs. Notwithstanding these guidelines, the creation of a TIF agreement is a policy decision made on a case-by-case basis by the Caribou City Council and the Maine Department of Economic & Community Development. Tax Increment Financing is not a right under Maine law and meeting these guidelines should not be interpreted as creating any rights or entitlements in any application.

### **Sec. 10-203 Definitions**

The following terms, as may be used within this Article, shall have the following meanings. Those terms which are not included herein, but which are found in Maine Revised Statutes, Title 30-A, pertaining to Development Districts within Municipalities, shall have the same meaning as provided in the state statutes.

Commercial and Industrial Zones: Those land use zones adopted by the City of Caribou which allow for uses of a primarily non-residential nature.

Retail: Those establishments identified as Retail Trade and Wholesale Trade under the 2017 North American Industry Classification System

### **Sec. 10-204 General Considerations**

Economic development projects are eligible for consideration when they meet the following standards:

- Would not occur otherwise;
- Create or retain employment opportunities;
- Expand significantly the City's tax base; and
- Conform to the quality and types of development sought by the City as outlined in the Zoning ordinance, Comprehensive Plan, and other policies enacted by the City Council

### **Sec. 10-205 Basic Provisions**

Once a TIF district is created, the City of Caribou can utilize increment funds in two ways; first, the City may bond for and install public infrastructure to be paid for with any generated tax increment funds, and second, the City may return tax increment funds directly to the investing business to cover project costs. This second option is formalized through a Credit Enhancement Agreement (CEA) between the City and the benefiting parties. Because of the potential risk to the City in either of these cases, special consideration needs to be given to the following:

1. Tax Increment Financing shall be revenue neutral, or better, to the City over the life of the district.
2. Applicants must provide all documentation deemed necessary by the City to substantiate the TIF requirements and protect the City's economic and financial position.
3. The applicant is obligated to apply for any State reimbursement programs for personal property and/or real estate taxes.
4. All applicants will be required to sign a Professional Fee Consent Form agreeing to reimburse the City for all out-of-pocket expenses including outside professional consulting costs (e.g. legal, accounting and advertising) and expenses related to calling special Council meetings, printed documents, travel, postage, etc., which may be incurred as a result of the Tax Increment Financing proposal. Such reimbursement is to occur whether or not Tax Increment Financing is approved.

5. If Tax Increment Financing is approved, an annual Administrative Fee, equal to 1% of the incremental taxes reallocated back to the project, will be charged.
6. Credit Enhancement Agreements must provide for a recapture of the benefits if the project should move to another municipality. 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.
7. Invoices, cancelled checks, lien waivers, and other documents supporting cost reimbursement proportional to the captured value, must be substantiated with documentation from non-affiliated companies.
8. Tax Increment Financing Agreements of five years or less are highly preferred by the City when structured as a CEA. Increased duration may be considered depending upon the magnitude of increased tax value, job creation, or economic benefits. Projects involving bonds for public infrastructure may be considered for the maximum time allowed by law (30 years).
9. The City will not entertain requests from retail enterprises for Credit Enhancement Agreements as a means of tax increment financing for onsite activities within a TIF district unless such businesses or developments will create a minimum of 10 new Full Time Equivalent (FTE) jobs which pay 100% of the area median income; the City may however, at its sole discretion, consider requests from all retail enterprises for Credit Enhancement Agreements to assist in the financing of necessary off-site public infrastructure improvements, installed by the investing business and for which detailed financial documentation is provided.
10. The City will not return to any investing business under any Credit Enhancement Agreement more than eighty (80) percent in any one (1) given year.
11. The City may deviate from provisions 8-10 when working with a project that will redevelop or repurpose properties held by a non-taxed entity for at least 5 years immediately prior to application for TIF designation (e.g. tax acquired properties, school sites, state holdings, etc.).

### **Sec. 10-206 Mandatory Guidelines**

In all instances, applicants for tax increment financing must demonstrate that the City of Caribou's participation is economically necessary, and that participation is needed to undertake the project. Such justification is demonstrated by:

1. A need to offset infrastructure costs unique to the site; or
2. A need to offset economic advantages available to a corporate entity if it should develop a project (or expand operations) outside of Caribou; or
3. A lack of sufficient private or other public funding sources to meet the full capital investments needed to undertake a project.
4. If the project creates significant new tax value equal to or greater than \$50,000 dollars and creates or retains jobs throughout the City's planned development, commercial, industrial zones and Pine Tree Zones, including projects located in the Downtown District. Retail projects must demonstrate a new tax value equal to or greater than \$1.5Million dollars.

5. The developer is financially capable to undertake the project.
6. The developer is compliant with all statutory and regulatory guidelines of the City of Caribou and the State of Maine.

### **Sec. 10-207 Guidelines that Determine Level of Municipal Participation**

In addition to the above guidelines, the City will use the following criteria to determine the level and duration of participation by the City of Caribou:

1. The project assists an established business in the City of Caribou, thus retaining existing employment opportunities;
2. The project creates long-term, permanent and quality employment opportunities which will provide wages exceeding the area median income;
3. The project contributes to the revitalization of the Downtown District, Commercial and Industrial Zones, designated Growth Areas or Pine Tree Zone District.
4. The project improves a blighted building or site in need of rehabilitation;
5. The project creates public infrastructure facilities that have application beyond the particular development such as improvements to utilities, telecommunications, traffic patterns, parking facilities, green space, etc.;
6. The project supports or will support community projects, provides job training, provides student internships, supports local contractors and suppliers; and
7. The project supports or will support local efforts and programs that assist those who are under-employed or low to moderate income (LMI).
8. The developer has a responsible history with personal properly tax payment and pledges the continued responsibility.
9. The project helps stimulate other business(es) within the City or offers presently unavailable economic benefits;
10. The project does not require direct borrowing by the City, and tax increment revenues are not obligated or pledged as collateral for third-party project financing but simply are reimbursed to the project;
11. Projects seeking Credit Enhancement Agreements conform to the business categories established for the State of Maine's Pine Tree Business Zone program, i.e., manufacturing businesses, financial services business, and the targeted technology business (composite materials, biotechnology, aquaculture and marine technology, environmental technology, information technology, advanced technologies for forestry and agriculture, and precision manufacturing technology;

### **Sec. 10-208 Standard Operating Procedure**

The City of Caribou will coordinate all activities regarding applications for tax increment financing. Working with applicants, the City will undertake the following steps when reviewing applications:

- A. Preliminary Evaluation
  1. Provide information on tax increment financing to potential business/developers;
  2. Discuss project proposals and accept preliminary applications; (applications for tax increment financing will be provided by the Department of Community

- Development). All applicants must pay a \$250.00 non-refundable application fee at the time of submission.
3. Review preliminary applications based on policy guidelines with the City Manager, Tax Assessor, Code Enforcement Officer, Director of Community Development, Director of Public Works; Director of Public Safety, Utilities District or other applicable departments.
  4. Advise applicants on the findings of city staff.
  5. The City staff will review applications and makes recommendations to the Caribou City Council. The City Council will determine the appropriateness of the request and provide direction to staff for continued evaluation under Final Review.
- B. Final Review
1. Based on the City Council's direction, the City staff will coordinate with the business/developers to determine full compliance with all basic and mandatory review criteria. Staff will prepare credit enhancement agreements and/or agreements for consideration by the Council.
  2. The City Council will review and grant approval for any agreements to be associated with the TIF. Such approval must be contingent upon final acceptance and approval of the TIF plan and documents by the State of Maine.
  3. City staff will prepare and submit applications for tax increment financing to the State of Maine and will monitor ongoing public and private investments in the particular development project.

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**Historical Note:** Article II adopted by Ordinance No. 1, 2018 Series on May 14, 2018; effective June 13, 2018. Current ordinance replaced original ordinance adopted September 13, 2004.