

**TAX INCREMENT FINANCING (TIF) PLAN  
FOR THE  
SMITHFIELD TAX INCREMENT DISTRICT**

**TOWNSHIP OF SMITHFIELD  
EAST STROUDSBURG AREA SCHOOL DISTRICT  
COUNTY OF MONROE**

**MONROE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**March 2018**

**SMITHFIELD TAX INCREMENT DISTRICT  
TAX INCREMENT FINANCING PLAN**

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## I. INTRODUCTION

In accordance with the Tax Increment Financing Act of 1990, Act 113, as amended by Act 164 of 1992, the Monroe County Industrial Development Authority (“Authority”) is proposing to create the Smithfield Tax Increment District (the “TIF District”). The Plan for this TIF District has been prepared to comply with the Tax Increment Financing Act.

The TIF plan will be reviewed by the following taxing bodies: Township of Smithfield, East Stroudsburg Area School District and the County of Monroe.

The County of Monroe and the East Stroudsburg Area School District are proposed to “opt in” to the TIF Plan and the Township of Smithfield will be the public body that creates the TIF District by ordinance. The role of the Monroe County Industrial Development Authority will be to administer the Tax Increment Financing Plan for the Smithfield Tax Increment District.

**The Township of Smithfield, the East Stroudsburg Area School District, the County of Monroe will not be required to provide any guarantees for any financing related to this TIF Project.**

The Proposed TIF District consists of approximately 91.24 acres. The TIF District includes 13 tax parcels as described in Exhibit A. Development of the TIF District is proposed in two phases. Phase 1 will include 65 acres and is planned to be developed with 9 commercial buildings and 8 residential buildings. The total square footage of the commercial buildings is 199,200 SF. 236 one and two bedroom apartments are proposed on 25.92 acres.

Phase 2 is projected to encompass the construction of 124,000 square feet of commercial buildings. Phase 2 development is identified on the two Proposed Uses and Improvements Maps as sections 2B, 2C, 2D and 2E. Although these sections are included in the TIF District all real estate taxes generated from these development areas will be retained 100% by each of the three taxing bodies. These four areas are identified in Exhibits L and M.

**The only development areas, as depicted on the Proposed Uses and Improvement Maps, Exhibits L and M that will allocate real estate taxes to help finance public improvements are sections 1A, 1B, and 2A. These three areas are identified as Phase 1 throughout this TIF Plan.**

## **II. TAX INCREMENT DISTRICT BOUNDARY**

The 91.24 acres comprising the TIF District includes the 13 tax parcels listed in Exhibit A. Exhibit B, the Location Map of the TIF District, shows the general location of the project and identifies all the streets and roads near or bordering the TIF District. The TIF District boundaries are also depicted on the Existing Land Use and Conditions Map, Exhibit K, and the Proposed Uses and Improvements Maps, Exhibits L and M.

The TIF District is generally bounded by Seven Bridge Road-US 209 on the south, Music Center Drive on the east, Silo Lane and Independence Road-Pa 447 on the west. On the north, the TIF District is bounded generally by new residential development.

The TIF District is just one-half mile north of the Interstate 80 Marshalls Creek Exit 309. The TIF District has 2,000 feet of frontage on Route 209 and has accessibility from Route 447.

## **III. APPROVAL PROCEDURE FOR TAX INCREMENT FINANCING**

Listed below is an outline of the steps and procedures required for the creation and implementation of a Tax Increment Financing District as required by the Act:

- The Monroe County Industrial Development Authority shall make a formal presentation to the governing bodies of the Township of Smithfield, East Stroudsburg Area School District and the Monroe County Board of Commissioners. The data presented to these public bodies shall include a description of the proposed boundaries of the TIF District, the tentative plans for the development or redevelopment of the TIF District, and an estimate of the general impact of the proposed TIF District on property values and revenues. (Formation of the TIF Committee)
- The Township of Smithfield, the East Stroudsburg Area School District and the County of Monroe shall designate a representative to meet with the Monroe County Industrial Development Authority to discuss the plan and tax increment financing concept and shall notify the Monroe County Industrial Development Authority of its designated representative. Representatives of the TIF Committee shall also be included in the

discussion of the plan and the tax increment financing concept. The Monroe County Industrial Development Authority shall meet with the designated representatives to discuss the creation of the TIF District, the boundaries of the TIF District, development within the TIF District, the tax increment that the taxing bodies would contribute to the tax increment fund, tax collection for the TIF District and any other matter relevant to the proposed TIF District.

- The Monroe County Industrial Development Authority shall recommend the boundaries of the TIF District to be created and shall submit the recommendation to the Township of Smithfield for creation of the TIF District.
- The Monroe County Industrial Development Authority shall prepare a TIF Plan for the TIF District and submit the TIF Plan to the Township of Smithfield, East Stroudsburg Area School District and the County of Monroe.
- The Township of Smithfield shall hold at least one public hearing at which interested parties are afforded a reasonable opportunity to express their views on the concept of tax increment financing, on the proposed boundaries, on the proposed adoption of a TIF Plan for the TIF District and the benefits to the municipality. Notice of the public hearing shall be published in accordance with the terms of the Sunshine Act, P.L. 388 No. 84, and said Notice shall be provided by first class mail, postage prepaid, to East Stroudsburg Area School District and the County of Monroe. This Notice must be provided not less than 30 days before the date of the hearing.
- In order to create the TIF District and adopt a TIF Plan, the Township of Smithfield shall enact, not earlier than three weeks after the public hearing described above, an ordinance creating the TIF District pursuant to the Act.
- The governing bodies of the East Stroudsburg Area School District and the County of Monroe shall, by ordinance or resolution agree to participate or opt not to participate in whole or in part in the TIF District. Such ordinance or resolution shall be adopted or enacted and a copy thereof delivered to the Township of Smithfield on or before the date of the Township's required public hearing on the TIF Plan.

#### IV. TAX INCREMENT FINANCING PLAN

##### A. Proposed Public Works or Improvements and Commercial Development Improvements

**1. Commercial Development Improvements.** The project involves the construction of approximately 323,200 square feet of commercial buildings and 236 one and two bedroom apartments. 199,200 SF of commercial development and the apartments will be subject to the allocation of TIF funding and represents Phase 1 of this TIF District. This phase includes the planned areas identified as 1A, 1B and 2A on the Proposed Uses and Improvements Maps, Exhibits L and M. Each of these three development areas will have their own subdivision plan. Map 2, Proposed Uses and Improvements list in red the general location of new buildings within each planning area. For example Phase 1 A shows one building on the north side of the new loop road (yellow area on maps) and 4 more new buildings on the south side of the new loop road.

Phase 1 is planned to include a hotel, supermarket, retail stores, fast food restaurant, gas/convenient store and sports bar and the 236 apartments. Area 1A is planned for 376 parking spaces, Area 1B will have 675 parking spaces and 354 parking spaces are planned for Area 2A, the apartment buildings.

**All other planned commercial areas that is, 2B, 2C, 2D and 2E, will not allocate any tax increments to the TIF Financing. These planning areas are known as Phase 2. They are located within the TIF District but any tax revenues generated from these development areas will not be allocated to TIF tax increments.**

The developer of the TIF Area has completed an overlay zoning approval for the entire site.

**2. Proposed public works or improvements** The project involves a significant range of transportation improvements. Improvements to US 209 and PA. 447 are needed regardless of the proposed commercial development planned for the area.

**US 209.** The route 209 corridor off Route I-80 is very dangerous because it only has two lanes. Traffic is always backed up. Making left turns on and off this highway to local businesses is difficult. Traffic counts on 209 report 25,000 vehicles per day. It is proposed to widen this road to five lanes to permit left turn lanes in each direction. Some of the improvements to US 209 are beyond the boundaries of the TIF District.

Traffic signals will also be installed at two locations as indicated on the Proposed Uses and Improvements, Map 2.

**Loop Road** A new road will be constructed through the heart of the TIF District. It will connect US 209 with PA 447 and improve traffic flow on these two main roads. The general location of the loop road is shown in yellow on Maps 1 and 2, Proposed uses and Improvements. The loop road will also provide an inter-connection with Phase 1 and Phase 2 of the development.

**PA 447** Significant improvements are also planned to this State highway including new traffic signals at the intersection with the loop road.

**Interior Roads.** The Proposed Uses and Improvement Maps, Exhibits L and M, identify several new interior roads planned in areas such as 1A and 1B. Another road improvement will be constructed between Area 2B and that part of 1A that abuts Music Center Drive. At the end of Music Center Drive near 209, the road will be turned into a cul-de-sac.

**Other extraordinary road improvement costs.** In addition to the improvements listed above, there are significant additional costs for additional rights of way acquisitions beyond the boundaries of the TIF District. In addition, in order to widen US 209 certain properties will require adjustments to their parking lots and/or relocation of a building on their site to accommodate the road widening.

**Storm Drainage Improvements** There are significant storm drainage improvements needed. A major storm drainage system from 209 to a stream discharge point beyond the TIF District boundaries is required. An estimated cost of \$500,000 will be incurred to construct the storm water pipe under US 209. An additional cost of \$1,830,260 will be incurred to construct the storm drainage system from Route 209 to the stream discharge point

**Utility Capacity Upgrades** The project will upgrade utility services such as water, sanitary sewer, gas lines.

## **B. Economic Feasibility Study and Fiscal Effects on the Municipal Tax Base**

The Authority, assisted by the TIF Consultant, Mullin & Lonergan Associates, Mechanicsburg, Pa. has performed an extensive review and analysis of the Project. The Authority has concluded that the Project is feasible for the following reasons:

- 1. Valuation and Millage Rate Assumptions** The County Assessor has been provided with detailed information on the construction of the 9 commercial buildings and the 236 apartments that comprise Phase 1 of the TIF District. The County Assessor has provided

a breakdown for each building of the estimated and included a valuation for the land. The County Assessor's estimate is attached as Exhibit F.

The County Assessor has also provided a certification of the tax increment base for the entire TIF District. Exhibit C states the present assessed value of the TIF District is \$556,580. The Authority has verified the applicable millage rates and attached these rates as Exhibit E.

- 2. Project Cost Assumptions** Project cost estimates are based on comprehensive civil and traffic engineering performed by Langan Engineers and cost estimates provided by a road contractor, Morrissey. The Developer has reviewed these plans and coordinated the design with Penn DOT and DEP.
- 3. Feasibility and Market Study** A feasibility and market study has been prepared for the new development in the TIF District. A copy is attached as Exhibit N. This report addresses the location, market, trade area and the impact of tourism business in the Poconos.
- 4. Strong Sponsorship** DEPG Smithfield Associates, L.P. ("DEPG") was formed by a company that has specialized in retail shopping center development with a particular emphasis on the Pocono Mountain Region. The DEPG is affiliated with Legend Properties, a full service commercial brokerage company specializing in retail leasing.

The Developer has closed over \$75,000,000 of commercial loans and construction in the Pocono Region. Representative projects by the developer in the Poconos are listed below:

- **Bartonsville Plaza-** Route 611 (north side) Stroud Township. In 2008 DEPG built Bartonsville Plaza, a site approved for a 50,000 square foot retail center.
- **Bartonsville Square-**(south side across from Bartonsville Plaza. In 2010, a 110 unit Hampton Inn & Suites was built and in 2012 DEPG built a 40,000 square foot office building. Other uses include Dick's Sporting Goods and a 6,000 square feet Mexican restaurant.
- **Summit Square-**Routes 715 & I-80, Tannersville, Pocono Township. This project includes development of an 80 acre site. Twenty acres were sold to Lehigh Valley Medical for construction of a 250,000 SF hospital.
- **Dingman Plaza-** Route 739 & Log Tavern Road, Dingman Township, Pike County. In 2014 DEPG assembled 280 acres for a mixed use development to include retail, medical and residential uses.

The Developer has assembled multiple urban properties on Route 30 in Downtown Coatesville, Chester County. This project is a redevelopment project. A new train

station is planned and buildings are scheduled for demolition. New development will include two restaurants as well as retail and office space and a secure parking area.

In Medford, NJ. The Developer was retained to redevelop the Village at Taunton Forge. DEPG obtained approvals for redevelopment and expansion of an 83,000 SF Center including uses such as a Rite Aid, Liquor Store, Restaurant and other uses.

**5. Grant Funding** With the assistance and support of the Authority and local elected officials, the Project has secured the following grants which will be used for road construction and related costs:

|   |                    |
|---|--------------------|
| • Local Share Account (LSA)               | \$ 925,000         |
| • Penn DOT                                | \$2,074,563        |
| • Commonwealth Finance Authority          | \$ 700,000         |
| • Redevelopment Capital Assistance (RACP) | <u>\$1,500,000</u> |
| TOTAL                                     | \$5,199,563        |

**6. Sub-Market Rate Debt Programs** The Project is actively seeking to participate in Commonwealth lending programs that offer sub-market interest rates to eligible projects. Where TIF debt is involved, such programs require formal applications to be made usually after the governing bodies have adopted the TIF Plan. Pennsylvania Infrastructure Bank is a Penn DOT Program that offers 10 year loans at an interest rate based 50% of the prime rate for eligible transportation projects.

A second program that may provide a low interest rate benefit to the Project is administered by the Department of Community and Economic Development (DCED), provides 20-year loans at interest rate between 2% and 3%. This loan program is known as Business in our Sites.

**7. State TIF Guaranty Program** This Program, administered by the Commonwealth Finance Authority (CFA) guarantees up to \$5 million of TIF debt service per Project. The TIF Guaranty Program is limited to smaller communities. Recent discussions with CFA indicated that they have \$40,000,000 available in this Program. Under the program guidelines, the Monroe County Industrial Development Authority cannot submit a formal application until the taxing bodies have adopted the TIF Plan. The Commonwealth TIF Guaranty could reduce the interest rate on the TIF bonds or notes.

**8. Underwriting Assumptions** Exhibit J includes two TIF amortization schedules. The first schedule illustrates how a Pennsylvania Infrastructure Bank Loan (“PIB”) of \$4,000,000 can be amortized over a ten year period. It assumes that there will be no tax increments generated for the first eighteen months of this TIF Plan. Accordingly, the

loan amortization for a PIB loan is based on eight years and a half years. The PIB loan would be guaranteed by the TIF tax increments and by the Developer. The PIB will have a fixed interest rate based on 50% of the prime rate at the time of closing on the loan. The Developer will pay interest only on the PIB loan for the first eighteen months, a time when the private development is under construction and is assessed by the County. A second TIF loan is anticipated in the amount of \$2,000,000. The amortization of this loan is included in Exhibit J. This second loan is proposed to have a twenty year term. From the proceeds of the \$2 million loan, capitalized interest for the first eighteen months will be set-aside as well as a debt reserve fund. The loan is amortized over the following eighteen and a half years. Payments on both loans will be made on a semi-annual basis. It is proposed to establish with the tax increment funds a debt coverage ratio of 1.10 for all TIF debt. The maximum TIF debt is stated at \$6,000,000.

The loan terms, interest rates and other factors have not been established, and are subject to market conditions. The TIF Plan recognizes that the Monroe County Industrial Development Authority will seek the lowest possible interest rate and the most favorable terms available in the market in order to achieve the \$6,000,000 of TIF funds. Notwithstanding the foregoing, the maximum amount of TIF debt shall not exceed \$6,000,000. Note 1 below

Note 1. County and Township bills are for the calendar year. School tax bills are for the fiscal year-July 1 to June 30. County and Township taxes are billed on March 1 and the 2% discount ends on April 30, the base period ends on June 30. School taxes are billed on August 1 and the 2% discount period ends on September 30. The base period ends on November 30.

**Fiscal Effects on the Municipal Tax Base**

**(a) Quantification of the Tax Increment Base** The TIF District contains thirteen tax parcels. Exhibit A lists the acreage of each parcel and assessed value of each parcel. Total assessed value of the entire TIF District is \$556,580.

The current millage rates for each governing body are listed below:

| <b>Governing Body</b>                 | <b>Mills</b>  |
|---------------------------------------|---------------|
| Township of Smithfield                | 4             |
| County of Monroe                      | 22.35         |
| East Stroudsburg Area School District | 177.86        |
| <b>TOTAL</b>                          | <b>204.21</b> |

The Tax Increment Base is quantified in the Table below:

| <b>Governing Body</b>  | <b>Real Estate taxes</b> |
|------------------------|--------------------------|
| Township of Smithfield | \$ 2,183                 |
| County of Monroe       | \$12,197                 |

|                                       |                  |
|---------------------------------------|------------------|
| East Stroudsburg Area School District | \$97,060         |
| <b>Total Tax Increment Base</b>       | <b>\$111,440</b> |

The real estate taxes listed above reflect the application of the 2% discount for early payment. Over the 20-year term of the TIF District, the governing bodies will continue to receive the Tax Increment Base each year. (The amount of the Tax Increment Base will be adjusted as millage rates change over the 20-year term of the TIF District.) Assuming no millage changes, the aggregate Tax Increment Base during the 20-year term of the TIF District will be \$2,228,800.

**(b) Projected Increase in Assessed Valuation from the Project** The County Assessor reviewed the development plan for the first phase of the Project, that is planning areas 1A, 1B and 2A which represent 65 acres of the total 91 acres that comprise the TIF district.

Based on that review, the Assessor provided the Authority with the projected assessed value of the initial 65 acres proposed for development (See Exhibit F.) The projected assessment is \$5,552,310, an increase of \$4,995,730 over the tax increment base assessment of \$556,850. The net increase in assessment from the first 65 acres, identified throughout this TIF Plan is \$4,995,730. This amount represents the tax increment that will be shared for the TIF financing. The net tax increment in real estate taxes is \$1,020,178, or \$999,774 after the two percent discount.

**(c) Portion of tax increment to be applied to TIF Debt.** The TIF Plan proposes that the Township of Smithfield, the East Stroudsburg Area School District and the County of Monroe each agree to apply 79.5% of the net Tax Increments to repayment of the TIF debt for the first ten years of the TIF District and 20.5% will be retained by the three taxing bodies. The 20.5% of the tax increment retained by the taxing bodies is estimated at \$204,953 beginning in year three of the TIF District. (See Table 3, Exhibit G) The 79.5% of the tax increment to be applied to TIF debt through years 10 of this TIF Plan amounts to \$794,821 each year. From years three through ten of the TIF District, the tax increment retained by the taxing bodies of \$204,953 per year generates a total of \$1,639,624 to be retained by the three taxing bodies.

From years 11 through 20 the governing bodies are proposed to allocate 22.5% of the tax increment to TIF financing and 77.5% of the tax increment shall be retained by the three governing bodies. Beginning in Year 11, the amount of TIF Debt outstanding will be significantly reduced. Thus, it will enable the tax increment to increase to 77.5% of the tax increment to the three taxing bodies or \$774,825 per year. (Table 3, Exhibit G)

**In addition, 100% of the real estate taxes generated by the development of planning areas 2B, 2C, 2D and 2E are excluded from the allocations of real estate taxes to the TIF debt. All real estate taxes from these planning areas will be retained by the**

**governing bodies. The above listed four planning areas within the TIF District are identified on Map 1: Proposed Uses and Improvements, Exhibit L.**

Table 1, Exhibit G lists the development planned in this second phase for these four development areas. The Developer has projected that the buildings in Area 2B will be completed in 2021 and the last area to be developed, 2E, will be completed in 2024. Phase 2 developments are projected to add another \$2,207,739 in real estate assessments. Table 2, Exhibit G, lists the additional real estate taxes to be retained 100% by the three taxing bodies will total \$7,260,027 over the term of the TIF District.

Table 3, Exhibit G estimates all real estate taxes over the life of the TIF District retained by the taxing bodies and totals \$19,193,094 Table 4 breaks down the total real estate taxes generated from the TIF District for each taxing body during the 20 year term of the TIF District. It is summarized below

|                                       |              |
|---------------------------------------|--------------|
| Township of Smithfield                | \$ 375,986   |
| East Stroudsburg Area School District | \$16,716,418 |
| County of Monroe                      | \$ 2,100,690 |

Other revenues calculated include rollback taxes, wage, or earned income taxes and local services tax. Exhibit I contains an Executive Summary - Economic Impact of the Smithfield Gateway. This Summary was prepared by NEPA, Northeastern Pennsylvania Alliance.

This report was prepared using IMPLAN. IMPLAN or Impact Analysis for Planning, is a software package that was developed by the Department of Applied Economics at the University of Minnesota and the U.S Forest Service Land Management Planning Unit in Fort Collins, Colorado. IMPLAN estimates direct and indirect (supplier) and impacts in terms of number of jobs, personal income and output or economic activity as determined by the model.

Page 4 of the NEPA Summary reports that Employee compensation during construction will be \$67.6 million and indirect income is estimated at \$5.1 million. Total jobs during the construction over a three year period total 1,279 full and part time jobs. State and local taxes are projected by NEPA at \$7.3 million.

Phase I of the development is projected to create 977 full and part time jobs. IMPLAN assumes that 2.5 part time jobs are equivalent to one full time job. No breakdown of part time jobs are stated in the NEPA report. Employee Compensation for the jobs created is listed by IMPLAN at \$29,000,000 or \$29,683 per employee. Using the IMPLAN report for the estimate of the 1% of the earned income tax gives an annual earned income tax at build out of Phase 1 of \$290,000.

The County of Monroe is reported in the latest census data as having a labor force of 80,000. The Township of Smithfield has a labor force equal to 63.1% of their population

of 7,314 or a labor force of 4,615. Thus, the Township’s labor force represents 5.76% of the County’s labor force. Based on this data, it is presumed that 5.76% of the 977 jobs created in Phase 1 will come from Township residents. Thus 56 Township residents are projected to be employed in Phase 1 of the Development. Using the average wage of \$29,683 the Township’s share of the earned income tax per year is estimated at \$8,311.

The East Stroudsburg Area School District serves five communities in Monroe County and two communities in Pike County. The communities served in Monroe County are East Stroudsburg Borough, Middle Smithfield, Smithfield, Price and Delaware Basin. These communities have a total population of 32,351. Based on Census data, it is assumed that 63.1% of the total population is in the labor force or 20,413. A labor force of 20,413 would represent 25.5% of the County labor force. It is estimated that 25.5% of the 977 jobs will represent employees who reside in these five Monroe County communities for a School District job creation of 249 jobs. 249 jobs at the shared 1% earned income tax will generate \$36,955 per year in income taxes to the School District at completion of Phase 1. No projections of the earned income tax for the Township and School District have been made with respect to the Phase 2 development which is projected to create an additional 434 jobs. This is due to the fact that the four development areas that comprise Phase 2 will be completed over a four year period. The NEPA Report provides the total number of jobs created in Phase 2 but does not breakdown the jobs created for each of the four development areas.m9

The Local Services tax is projected to generate \$45,919 per year at completion of Phase 1 and an additional \$20,398 per year at completion of Phase 2. The School District receives \$5 from the Local Services Tax. The School District will receive \$4,885 and \$2,170 each year from Phases 1 and 2 at full build out.

The first phase of the TIF District will create the following additional taxes to the Township and School District during the 20 year term of the TIF district: (No taxes are projected for the first two years of the TIF District.)

|                                |           |
|--------------------------------|-----------|
| Township EIT                   | \$149,598 |
| Township Local Services        | \$826,542 |
| School District EIT            | \$665,190 |
| School District Local Services | \$ 24,425 |

It is noted that fiscal and job creation impacts is not a precise science. The conclusions in this TIF Plan analysis are not intended to be precise data. They are intended to be reasonable estimates that will give the Township and School District a general indication of the employment data and fiscal impacts of such employment.

Several properties in the TIF District were placed under Act 315. With the change in Land use from agricultural to commercial uses there is a “Roll Back” of these taxes. Exhibit H contains data from the County Assessment Office that details the payments

with interest due each taxing body. The amounts due, including interest, for each taxing body are listed below and rounded to the nearest dollar:

|                                       |           |
|---------------------------------------|-----------|
| County of Monroe                      | \$ 40,533 |
| East Stroudsburg Area School District | \$341,784 |
| Township of Smithfield                | \$ 7,630  |

In addition, there are the library taxes and Tax Claim Bureau fees due.

**C. Detailed list of estimated project costs** The estimated cost of public improvements are listed below. These public improvements and their related costs may be changed from the listing that follows:

**Road Improvement Costs**

|  |                           |
|--|---------------------------|
| <b>Off- site improvements Routes 209 &amp; 447<br/>Including storm sewer under Route 209<br/>and traffic signals</b> | <b>\$6,146,650</b>        |
| <b>Construction of new loop road within the<br/>TIF District</b>   | <b>\$3,063,200</b>        |
| <b>Road B, Main Entrance to Area 1A</b>  | <b>\$ 737,290</b>         |
| <b>Road C Music Center Road Relocation</b>   | <b>\$ 216,650</b>         |
| <b>Road D Interconnecting Road</b>   | <b>\$ 353,385</b>         |
| <b>Right of Way land costs, Marvin, Staples,<br/>Prorated share of Moser, Morrissey</b>                              | <b><u>\$3,399,000</u></b> |
| <b>Total public improvement costs</b>  | <b>\$13,916,175</b>       |

In addition to these costs there are costs to adjust some property owners' buildings and/or parking lots for the widening of state highways as well as a cost for the Music Center cul-de-sac. In addition to the costs listed above, the estimated cost of \$1,830,260 to construct the storm drainage system from Route 209 to the stream discharge point

will be the responsibility of the developer. The total of the road and drainage costs is \$15,746,435. The Authority will determine which of these needed improvements will be funded with TIF funds, grants funds and developer equity/debt.

**D. Description of the Methods of Financing All Estimated Project Costs and the Time when related costs of Monetary Obligations are to be incurred.**

The following table sets forth the sources of all estimated Project Costs

|                         |                    |
|-------------------------|--------------------|
| • Approved Grants       | \$5,199,563        |
| • Tax Increment funds   | \$5,600,000        |
| • Developer equity/debt | <u>\$4,946,872</u> |
| TOTAL FUNDS             | \$15,746,435       |

The following notes accompany the table above and are hereby incorporated in the TIF Plan:

1. Annual Authority Administrative Costs will be paid from annual tax increment revenues. The Authority will also incur legal costs for the TIF and other administrative costs to be reimbursed to the Authority.
2. The Authority is the party issuing the TIF debt. It is not a taxing body. The Authority can only look to the Tax Increment to retire TIF debt. The Authority has no obligation to pay TIF debt from any other revenue source. *Smithfield Township, the County of Monroe and the East Stroudsburg Area School District also have no obligation to pay the TIF debt from any other revenue source.*
3. The amount of debt issued under this TIF Plan is presently estimated to be \$6,000,000. If the Authority's TIF financing does not include State funding as described in Section (b) 5 & 6, the amount of TIF debt may be reduced due to a higher interest rate. The Authority may use the State Guarantee Program for a TIF debt in conjunction with other sources of TIF funding.
4. The \$5,199,563 in Commonwealth grants comes from different programs. Each of these grants has different terms and conditions governing the use of funds. In addition, some grants require private matching funds; other Commonwealth grant funds cannot be used as a match.

5. In consideration of Commonwealth grant conditions and possible changes in costs at the time of project implementation, the Authority will allocate TIF funds to some or all of the following activities: traffic improvements and utility upgrades. Final determination on the allocation of TIF funds will be made by the Authority at the time of closing on TIF funding and the execution of construction contracts for public improvements.
6. An estimated amount of \$400,000 of TIF funds will be needed to establish a Debt Reserve Fund and related closing costs for the project.

### **Timing of Monetary Obligations and Related Costs**

TIF debt will close based on the timing of several issues or concerns. These are:

- The Developer of the Smithfield Gateway requires the construction of improvements such as the work on Routes 209 and 447 to commence concurrently with the start of building construction in Phase1. It is presently estimated that the need to start construction on these two major State highways will be in the summer of 2018.
- State funding of all or part of the TIF debt is secured.
- The TIF debt may be broken into two borrowings. One TIF debt may be for less than twenty years while the second loan will be for twenty years. The construction of the new loop road within the TIF District may be built in two stages. The first stage that will serve Planning Areas 1A, 1B and 2A will also require funding in the summer of 2018. If the loop road is built in two stages, a second loan long term TIF debt may not be closed until the need for funding the second phase of the loop road.

In any event the tax increments generated from this TIF District will be captured for a period of twenty years following the closing of any TIF debt.

**THIS TIF PLAN WILL HAVE A TERM OF TWENTY YEARS. THE TIF DISTRICT WILL BEGIN ON THE DATE THE AUTHORITY CLOSSES ON ALL OR SOME OF THE TOTAL \$6,000,000 IN LOANS FOR THIS PROJECT.**

#### **E. Map showing existing land uses and conditions of property in the TIF District.**

Exhibit K is attached and shows existing land uses and conditions in the TIF District.

#### **F. Map showing proposed uses and improvements in the TIF District.**

Exhibits L and M are attached as exhibits and reflect proposed land uses, as well as the phases of development, that is, Phase 1 includes planning areas 1A, 1B and 2A. All other planning

areas are in Phase 2. The new loop road through the TIF District is also highlighted on these maps as well as Routes 209 and 447. The general location of traffic signals are also shown on Exhibits M.

**G. Proposed changes of any zoning ordinance, master plan, map, building code or ordinance.**

A zoning overlay has been granted by the Township for this project. No other zoning changes are projected. The Project is consistent with the Monroe 2030 County Comprehensive Plan and the Smithfield Township Comprehensive Plan. It is identified in both of the adopted plans as a targeted site for development. As part of the application for State grants for this TIF District letters from both the Township and County were provided indicating compliance with the respective Comprehensive Plan. Thus, no changes are proposed to the Comprehensive Plans or Maps. No changes are proposed to the Township Building Code or Ordinances.

**H. List of estimated non-project costs**

Non-Project costs are those costs that are not funded with TIF. Such costs are in addition to the costs listed in (c) detailed list of project costs. Listed below are the non-project costs for this TIF District:

**NON-PROJECT COSTS**

**PHASE ONE**

|   |                   |
|---|-------------------|
| Property Acquisition and closing costs-total area | \$10,373,334      |
| Site work-Planning area 1A                        | \$ 3,128,400      |
| Site work-Planning area 1B                        | \$ 4,200,000      |
| Site work-Planning area 2B                        | \$ 3,500,000      |
| Building construction costs Planning area 1A      | \$24,879,500      |
| Building construction costs Planning area 1B      | \$15,500,000      |
| Building construction costs Planning area 2A      | \$31,502,000      |
| Soft costs, Planning area 1A                      | \$ 1,200,000      |
| Soft costs, Planning area 1B                      | \$ 980,000        |
| Soft costs, Planning area 2A                      | \$ <u>800,000</u> |

**SUB TOTAL** **\$96,063,234**

**PHASE TWO**

|  |              |
|--|--------------|
| Site work-Planning area 2B                   | \$ 2,200,000 |
| Site work-Planning area 2C                   | \$ 2,857,250 |
| Site work-Planning area 2D                   | \$ 1,845,185 |
| Site work-Planning area 2E                   | \$ 1,118,337 |
| Building construction costs Planning area 2B | \$ 2,145,000 |
| Building construction costs Planning area 2C | \$ 7,361,200 |
| Building construction costs Planning area 2D | \$ 4,638,000 |
| Building construction costs Planning area 2E | \$ 1,800,000 |
| Soft costs Planning area 2B                  | \$ 995,225   |

|                             |                          |
|-----------------------------|--------------------------|
| Soft costs Planning area 2C | \$ 2,375,560             |
| Soft costs Planning area 2D | \$ 1,303,900             |
| Soft costs Planning area 2E | <u>\$ 689,150</u>        |
| <b>SUB TOTAL</b>            | <b>\$29,328,807</b>      |
| <br><b>TOTAL COSTS</b>      | <br><b>\$125,392,041</b> |

The total estimated non-project costs for this TIF District may be modified during the construction periods for both phases.

**I.Statement of a proposed method for the relocation of families, persons and businesses to be temporarily or permanently displaced from housing or commercial facilities in the project area by implementation of the TIF Plan.**

As noted in Section C. detailed list of estimated project costs, the project developer will expend funds to help relocate/adjust their business properties mainly for the widening of Route 209. Some of this work is beyond the boundaries of the TIF District.

The project developer owns all the residential homes in the TIF District. Residents of three housing units are on month to month leases. The Developer is allowing them to stay until the warm weather months. These units will be unoccupied at the time the TIF Plan is adopted by the Township