



TOWN OF RICHMOND

26 Gardiner Street
Richmond, ME 04357

Office: 207-737-4305

Facsimile: 207-737-4306

www.richmondmaine.com

MEMORANDUM

TO Selectboard Members
FROM Jim Chandler, Town Manager *JNC*
COPY Darryl Sterling, Economic Development Coordinator
Laurie Boucher, Finance Director
DATE November 25, 2025
REFERENCE: Item 6.1 – Request for Action on the FY2026 TIF Budget

Purpose

The Fiscal Year 2026 Operating Budget was approved via Articles passed in the 2025 Annual Town Meeting Warrant at the June 3rd Richmond Town Meeting. The FY26 Budget Articles include supplemental Tax Increment Financing (TIF) funds from the anticipated Pipeline and Downtown TIF District Program revenues, as determined when the 2025 mil rate was set for Commitment.

Background

Since the creation of the two TIF Districts, the town has benefitted in substantial ways from TIF Program Funds for eligible expenses within the Downtown District boundary, and for eligible townwide expenses from the Pipeline Program. TIF Programs have funded position salary and benefits for staff, public safety infrastructure, Public Works Salt Shed, Richmond Days and other community events, Lane Field, Houdlette Field, Waterfront Park and other community development projects, newsletters, trail, road, and facility improvements, private building and grounds Façade Grants, Waterfront and Swan Island access programs, and subsidized the purchase of emergency and public works vehicles.

TIF Program Revenues vary from year-to-year because they are calculated using variables that often change annually. They are determined by multiplying the increased assessed value within each district by the mil rate, and then by the TIF district capture percentage. As a result of the 2025 Revaluation, TIF revenues were adversely impacted by the reduction from the 2024 mil rate of 23.60 to 11.20 in 2025.

Historically, the Pipeline TIF was the larger of the two revenue streams, despite capturing less than 100% of available sheltered values. However, because of the lowered mil rate and property value of the Pipeline District remaining static (relative to the increased property values in the Downtown District) this is now reversed. A summary for historical context is provided here, and a detailed fiscal impact analysis is provided below.

FY2025 TIF Revenues totaled \$907,273

Pipeline = \$624,073

Downtown = \$283,200

FY2026 TIF Revenues total \$546,461

Pipeline = \$ 139,317

Downtown = \$407,140

Investigation, Alternatives & Justification

The recommended changes for FY26 were evaluated by the Economic Development Director, Finance Director, and Town Manager – based on the criteria below and with input from Recreation, Police, Fire, Public Works and Facilities senior staff to determine the most appropriate recommendations for adjusting the current TIF Program revenues. TIF Program Funding adjustments were prioritized using the following criteria:

- Public Safety (including Hydrants, Street Lights)
- Public Safety Ambulance Contract subsidy
- Credit Enhancements funded per contract obligation

- FY26 Events continue at current levels (Trunk or Treat, Christmas Tree Lighting & Richmond Days)
- Community Improvement Projects already underway will continue at current levels (Trails)
- Approved Façade grants will continue at current levels
- Payroll and Benefits paid by TIF continue at current levels, with increase in DPW to support Schools plowing and service requests

The attached FY26 TIF Budget details the amounts allocated to support the line items presented in the 2025 Town Meeting and are summarized below in the Fiscal Impact section.

Staff evaluated alternatives that included maintaining the TIF funded general economic development and business recruitment activities; however, until a more focused program is adopted and/or the 2016 comprehensive plan is updated in conjunction with focused economic and community development plans that support Richmond School Department and Community Facilities that reflect the community's values and priorities – the recommendation is to maintain the existing public safety and community development projects, and consider changes to the funding formulas for staff costs historically taken from the TIF Programs.

Fiscal Impact

As a result of the 2025 Revaluation, changes in property values in each of the TIF Districts, and the reduced mil rate for the 2025-2026 tax year, the attached recommended FY26 TIF Budget will be reduced from the anticipated level of \$929,539 to \$546,461. This reflects a reduction of \$383,078, which is a 41% loss of anticipated revenues.

Comparing year-to-year reductions:

FY2024 TIF Budget revenues = \$826,662

FY2025 TIF Budget revenues = \$907,273

FY2026 TIF Budget revenues = \$546,461

This is a reduction of \$360,816, which is a 40% loss in revenue from FY25 to FY26

The Town Meeting Warrant anticipated allocating \$359,974 to supplement the assigned line items; however, due to the changes in fund streams and restrictions on the Downtown TIF revenues, staff has reallocated these funds, and the additional \$186,483 in unassigned revenue according to the attached budget worksheets, per the criteria described above. The other important change is the transfer of costs from the Pipeline to the Downtown TIF Program as noted in the Budget Descriptions and Comments.

A detailed fiscal impact analysis is provided below.

FY2025 TIF Revenues totaled \$907,273

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In addition, TIF Carryover Amounts for each TIF Program District are noted here and included for specific, previously approved assignments, per Selectboard Actions as noted below.

Pipeline Carryover = \$263,380

Balance of Carryover = \$112,838

- 41% Cost-share of 2024 DPW Truck = \$ 50,542

- Beedle Road Supplement = \$100,000

Downtown Carryover = \$249,022

Balance of Carryover = \$130,692

- 24% Cost-share of DPW Truck = \$33,695

- Façade transfer from Pipeline = \$69,635

- Payroll Supplement from Pipeline = \$15,000

Additionally, the changes in levels of funding from each of the respective TIF Program Districts will limit use of the funds in ways that required moving a number of items (totaling \$307,516) from the Pipeline to the Downtown Program, and will likewise require different assignments of these funds in future years.

FY27 TIF Budget projected expenditures will be addressed in the upcoming budget preparations, with the above priorities continuing to guide staff recommendations to the Selectboard and community at large for how these funds are used.

Selectboard Alternative Direction

Should the Selectboard request changes to the proposed budget, the fiscal impacts will be varied, and staff will return a revised budget that reflects that direction and provide any appropriate analysis depending on the changes directed by the Selectboard.

Recommendation

The attached FY26 TIF Budget includes assignments of TIF revenues from the current fiscal year and additionally, recommendations for use of eligible carryover funds for each of the TIF Programs as detailed above for both anticipated and unanticipated expenses incurred in FY26.

After considering the alternatives above, staff recommend the Selectboard approve and adopt the FY26 TIF Program Budget as presented and authorize transfer of TIF funds to the respective municipal budget line items to supplement costs as anticipated at the 2025 Town Meeting, and the additional items identified in the subsequent actions above. Recommended Motion:

Motion to Approve and Adopt the FY26 TIF Program Budget as presented and authorize the transfer of TIF Revenues as needed to supplement assigned line items in the FY26 municipal budget, as approved at the 2025 Town Meeting.

Staffing Impact

No staff changes are associated with this Action; however, existing staff salary and benefits are included, per the approved 2025 Town Meeting, and TIF funds are used for paying Overtime and Part-time wages for numerous departments' support of Events, winter storm response, and other unanticipated needs throughout the year.

Additionally, FY26 TIF funds may be used in combination with Richmond School Department funds to convert the DPW part-time position to full-time; however, this action will not occur until presented to the Selectboard for consideration at a future meeting.

Failure to authorize expenditure of the TIF funds for these purposes would result in the elimination of one full-time and four part-time staff, unless alternative funds are allocated from Reserve Accounts.

Regional Impacts

No direct Regional Impacts, however, numerous Richmond community events and facilities provide a direct benefit to visitors and neighboring towns in both the mid-coast and mid-Maine regions.

Legal Review

No legal counsel required.

FY26 PROPOSED Downtown TIF Program Budget					
Title	Details of Assigned Funds in Downtown TIF Program	24-25 Budget	25-26 Prop Budget		Comments
FICA	FICA match 7.65%	0	10,710		Moved from Pipeline to Downtown
Insurance Benefits	MMEHT insurance/Group Dynamics/Wellness	0	16,162		Moved from Pipeline to Downtown
Retirement	MainePers = 10.2% employer match (Laurie)	0	0		
Payroll	Econ Devel, Admin, Peacock Beach, DPW Reg, OT & PT	0	140,000		Moved from Pipeline to Downtown
Contracted Services	Consultant: TIF, Engineering, Business Strategies, etc.	10,000	0		Eliminated
Advertising/Marketing	Business attraction targeted media publications, promotions	500	0		Eliminated
Training	Workshops, seminars, MMA convention, trade shows, exhibits	0	0		Eliminated
Audit	TIF Audit	2,500	0		Eliminated, Included in Regular Audit
Hydrant Rental	44% of the annual bills (36-362)	0	40,410		Moved from Pipeline to Downtown
Street Lights	44% of the annual bills (36-363)	0	8,800		Moved from Pipeline to Downtown
Lane Field	Electric, Portable RR, Security, Supplies, Playground Maint	0	3,784		Moved from Pipeline to Downtown
Waterfront Park	Utilities, Restrooms, Security, Building Maint/Rep, Floating docks, Moorings, Buoy Maint	0	12,750		Portion Moved from Pipeline to Downtown
Streetlights & Banners	New Purchases and/or repairs	10,000	0		Eliminated
Sand & Salt Shed	New Infrastructure	109,847	0		Completed
Newsletter	Printing-avg 12pgs/\$6,000, postage/350 x 6=\$2,100, less ads	0	8,100		Moved from Pipeline to Downtown
Community Investment Projects	Town parks, Community infrastructure, Sidewalks, Trott Trails, Swan Island Access	56,553	50,383		Combined with Pipeline Projects
Grant Leverage	Grants & leverage amounts to be determined	0	0		Eliminated
Public Safety	Gardiner Ambulance Contract (Other Items to DPW)	0	65,000		Portion Moved from Pipeline to Downtown
Website	Website Hosting	0	1,800		Moved from Pipeline to Downtown
Program CEA's	Purington (2)	3,300	2,375		Contracted Amount Required
Facade Grants	Façade improvements for downtown buildings	59,000	6,866		Adjust Commitments from Carryover
Events	Richmond Days, Halloween, Tree Lighting & Events	30,000	40,000		Formerly Richmond Days, Now All Events
Legal	TIF reviews,credit enhancement agreements	1,500	0		Eliminated
TOTALS	Moved \$307,516 from the Pipeline to Downtown TIF	283,200	407,140		Adjusted following TIF Program Reductions

Begin Bal	FY26 Downtown Reserve Balance & Carryover Adjustments				
\$	249,021.72	Details of Funds from Downtown Carryover		Amounts	Comments
\$	179,386.72	Façade Transfer = \$69,635		69,635	Committed from Carryover Balance
\$	164,386.72	Payroll Transfer = \$15,000		15,000	Committed from Carryover Balance
\$	130,691.92	DPW Truck \$174,237 (\$90,000 Veh Res) + 24% of \$84,237 = \$33,695		33,695	Committed from Carryover Balance

FY26 PROPOSED Pipeline TIF Program Budget					
Title	Details of Assigned Funds	24-25 Budget	25-26 Prop Budget		Comments
FICA	FICA match 7.65%	10,392	0		Moved from Pipeline to Downtown
Insurance Benefits	MMEHT insurance/Group Dynamics/Wellness	16,636	0		Moved from Pipeline to Downtown
Retirement	MainePers = 10.2% employer match (Laurie)	0			Moved from Pipeline to Downtown
Payroll	Econ Devel, Admin, Peacock Beach, DPW Reg, OT & PT	135,836	0		Moved from Pipeline to Downtown
Contracted Services	Consultant, Engineers, Architects, Professional Services	10,000	0		Eliminated
Postage	other than newsletter	200	0		Deleted
Office Supplies	paper, ink cartridges, envelopes	800	800		Maintained
Office Equipment	Computers, printers, repairs	900	900		Maintained
Advertising/Marketing	Business attraction targeted media publications	12,000	7,900		Adjusted to reflect spent funds, remainder cut
Training/Profess. Dev	Workshops, seminars, classes, MMA convention	600	600		Maintained
Memberships & Subs	MCDA, IEDC, etc.	400	400		Maintained
Mileage	Meetings; workshops; seminars	400	400		Maintained
Hydrant Rental	44% of the annual bills (36-362)	40,410	0		Moved from Pipeline to Downtown
Street Lights	44% of the annual bills (36-363)	10,000	0		Moved from Pipeline to Downtown
Lane Field	Electric, Portable RR, Security, Supplies, Playground Maint	3,900	0		Moved from Pipeline to Downtown
Houdlette Field	Utilities, Restroom Holding Tank, Security/Internet, Building Maint/Rep, Ground treatments, Insect Control, Ice Rink	4,500	5,400		Adjusted Amount Not eligible to be Moved to Downtown TIF Program
Waterfront Park	Utilities, Restrooms, Security, Building Maint/Rep, Floating docks, Moorings, Buoy Maint	13,600	0		Moved from Pipeline to Downtown
Sand & Salt Shed	New Infrastructure	100,000	0		Completed
Newsletter	Printing-avg 12pgs/\$6,000, postage/350 x 6=\$2,100, less ads	8,100	0		Moved from Pipeline to Downtown
Arts, Culture, Events	Halloween, Christmas Tree Lighting, Other Community Events	12,000	0		Combined in Downtown with Richmond Days
Community Investment Projects	Community infrastructure, roads, sidewalks, Trott trails, culverts, Peacock, Forest, signage - Swan Island Access	47,191	48,180		Adjusted Amount for Projects Outside the Downtown TIF District
Grant Leverage	Grants & leverage amounts to be determined	20,000	0		Deleted
Public Safety	Gardiner Ambulance Contract (Other Items to DPW)	109,600	0		Moved from Pipeline to Downtown
Website	Website upgrades & Email hosting	2,000	0		Moved from Pipeline to Downtown
Façade Improvements	Improve blighted properties	62,608	74,237		Committed Grants for FY26
Legal	TIF reviews,credit enhancement agreements for development	2,000	500		Adjusted
TOTALS	Moved \$307,516 from the Pipeline to Downtown TIF	624,073	139,317		Adjusted following TIF Program Reductions

Begin Bal	FY26 Pipeline Reserve Balance & Carryover Adjustments				
\$ 263,380.43	Details of Assigned Funds from Pipeline Carryover		Amounts		Comments
\$ 212,838.43	DPW Truck \$174,237 (\$90,000 Veh Res) + 41% of \$84,237 = \$50,542		50,542		Committed from Carryover Balance
\$ 112,838.43	Beedle Road Cost Share for Phase I = \$100,000		100,000		Committed from Carryover Balance
Note for Project Funds Owed from RSD	Paving of HS Roads and Parking Lot		37,457		Receivable in July 2026 (FY27)