

HIGHRIDGE IMPROVEMENT DISTRICT

FINAL PLAN

**Prepared for the
Schuylkill County Industrial Development Authority
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INTRODUCTION

The Highridge Business Park was opened in 1997 with the completion of a 1.2 million square foot Lowe's Distribution Center. Other distribution centers that have since located at Highridge include Wegmans Food Markets, Electrolux Major Appliances, Sara Lee Food & Beverage, Jones Stephens Corp. and Gordon Food Service, while JELD-WEN operates a 350,000-square-foot door manufacturing plant and Fanelli Trucking and Warehousing operates a logistics center. Wal-Mart's distribution center sits adjacent to the business park.

The original financing for the Highridge Business Park was a Tax Increment Financing (TIF) District. Under TIF, a portion of the new taxes generated from development of the park in the participating jurisdictions---Cass and Foster Townships, the Minersville Area School District and Schuylkill County---was used to fund improvements. Construction of Keystone Boulevard, the main access through the park, and installation of utilities were completed with TIF funds.

During the initial 20-year development phase, the park has been managed by the Schuylkill Industrial Development Authority (SCIDA), with day-to-day operations handled by the Schuylkill Economic Development Corporation (SEDCO).

Since the loans that financed the initial improvements have been satisfied, the future maintenance of the capital improvements in the park needs to be addressed. Given the large scale scope of development that has already taken place and the desire on the part of the four taxing bodies to see future development continue and grow the property tax base, a new management authority will have to be created to take the place of the expiring TIF District, which sunsets at the end of calendar year 2016. One possible way to address this need is through the creation of a Neighborhood Improvement District.

A Neighborhood Improvement District (NID) is a legal mechanism created by the state legislature under Act 130 of the Neighborhood Improvement District Act, P.L. 949 (Act). It allows property owners to create a designated improvement area and work together to effectively address common concerns. The NID is defined in the statute thusly:

Neighborhood improvement district: A Limited geographic area within a municipality, in which a special assessment is levied on all designated property, other than tax-exempt property, for the purpose of promoting the economic and general welfare of the district and the municipality hereinafter referred to as NID. Such districts shall be referred to generally as neighborhood improvement district (NID) and specifically: as business improvement district (BID), residential improvement district (RID), industrial improvement district (IID), institutional improvement district (INID) or mixed-use improvement district (MID), depending on the type district established. A designated property may not be included in more than one neighborhood improvement district.

A NID may utilize tax funds for a wide range of activities defined in the statute:

For services provided within any residential, industrial, institutional or mixed-use neighborhood improvement district, the term shall include, but not be limited to, those services which improve the ability of property owners to enjoy a safer and more attractive neighborhood through the provision of increased or expanded services, including street lighting, street cleaning, street maintenance, parks, recreational equipment and facilities, open space and/or security services.

I. CREATION OF A NEIGHBORHOOD IMPROVEMENT DISTRICT

A municipality, or group of municipalities, may create a NID with the approval of more than 60% of the property owners in the affected area. To create a NID, the municipality must follow the process outlined in the Act and provide a summary of this process to the affected property owners.

Creation of a NID:

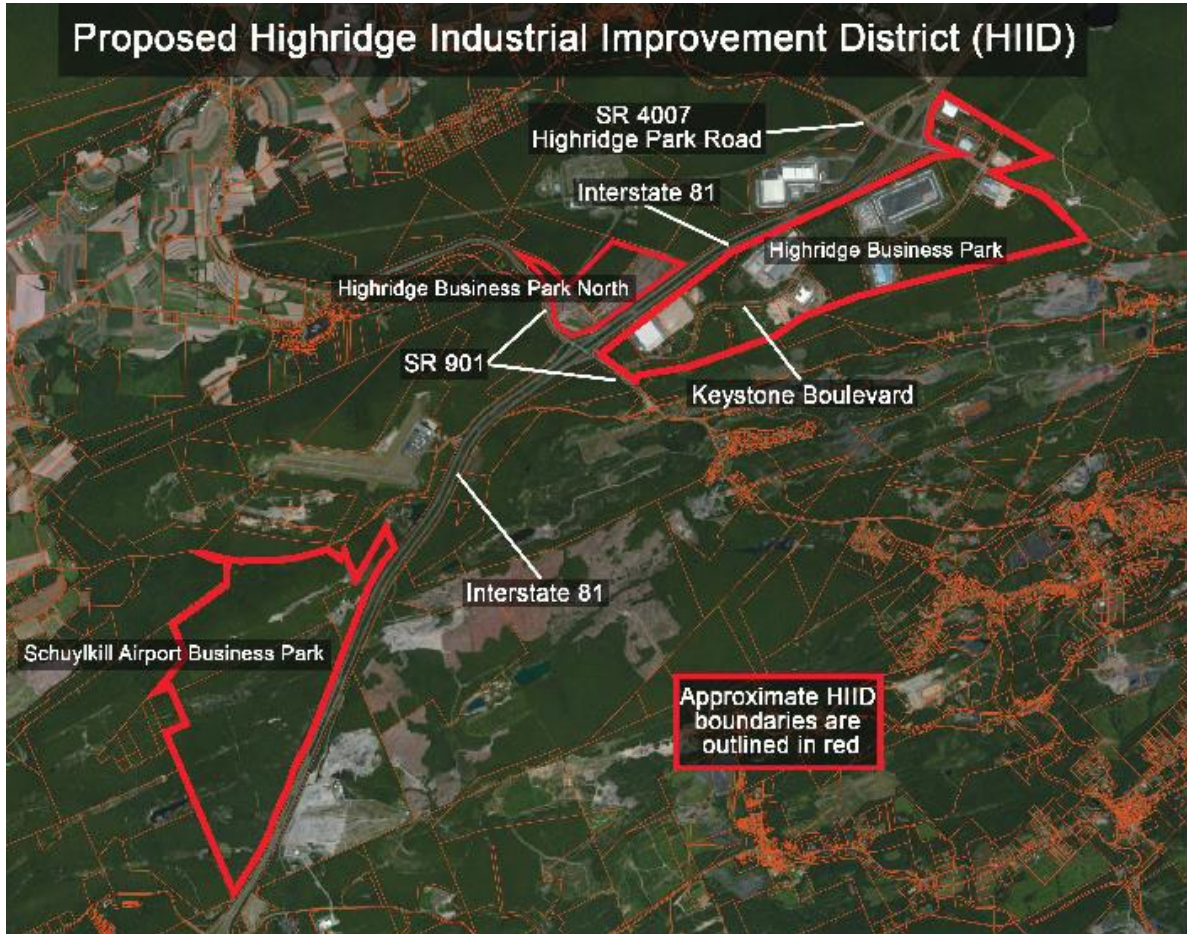
- ▶ A copy of all documents related to the creation of the NID and the date, time and place of the required public hearing shall be provided to all property owners and lessees of the property owners located in the proposed NID at least 30 days prior to the public hearing.
- ▶ At least one public hearing concerning the NID and proposed NID Plan shall be held before the establishment of the NID.
- ▶ Notice of the public hearing must be published at least 10 days prior to the hearing.
- ▶ Objections must be in writing. If 40% or more of the property owners in the affected area object to the creation of the NID, it may not be established.

If fewer than 40% of the property owners in the affected area object to the creation of the NID, then the municipality may adopt an ordinance creating the NID and notification and a public hearing is held:

Adoption of a NID:

- ▶ Provide for a second public hearing at least 15 days after the first public hearing to review any changes to the preliminary plan.
- ▶ Advertise at least 10 days prior to hearing.
- ▶ Provide a 45-day comment period after the public hearing.
- ▶ Unless 40% or more of the property owners in the affected area object to the final plan or any amendments to the plan, the municipality (ies) may adopt an ordinance creating the NID.
- ▶ Substantial changes to the NID Plan must be approved by the municipality(ies) **and ratified by an affirmative consent of at least 61% of the property owners in the district at the time of the proposed change.**

II. MAP OF NID



III. NAME OF THE PROPOSED DISTRICT

The name Highridge Improvement District (HID) has been selected for this NID.

IV. DETAILED DESCRIPTION OF THE SERVICE AREAS OF THE PROPOSED DISTRICT

The boundaries of the existing Highridge Business Park, along with the areas known as the Highridge Business Park North and the Schuylkill Airport Business Park, more accurately described in Section V, shall make up the service area of the HID.

V. A LIST OF ALL PROPERTIES TO BE INCLUDED

Highridge Improvement District (HID) Property List

Highridge Business Park

| <u>PROPERTY OWNER</u> | <u>TAX PARCEL</u> | <u>ACREAGE</u> |
|-----------------------|-------------------|----------------|
| Lowe's | 5-2-5 | 161 |
| Wegman's | 5-4-1 | 118 |
| Fanelli | 5-2-6 | 28 |
| Jeld-Wen | 5-5-1(13) | 42 |
| Prologis | 11-2-5(2) | 37.4 |
| Prologis | 11-2-5(4) | 51.3 |
| Country Inn & Suites | 5-2-2(3) | 20 |
| Robert Pattillo LLP | 11-2-5(3) | 40 |
| Gordon Food | 5-5-1(4) | 44 |
| SEDCO | 11-2-5 | 132 |
| SEDCO | 5-5-1 | 407 |
| Miller Brothers | 5-2-2(8) | 13 |
| Sara Lee | 5-2-2(7) | 41 |
| SEDCO | 5-2-2 | 47 |
| Trillium | 5-5-1 (14) | 1.36 |

Highridge Business Park North

| <u>PROPERTY OWNER</u> | <u>TAX PARCEL</u> | <u>ACREAGE</u> |
|-----------------------|-------------------|----------------|
| Coal Products | 11-02-1(1) | 29 |
| Coal Products | 11-02-2(2) | 72 |
| SCIDA | 11-02-1(2) | 28.7 |

Schuylkill Airport Business Park

| <u>PROPERTY OWNER</u> | <u>TAX PARCEL</u> | <u>ACREAGE</u> |
|---------------------------------------|-------------------|----------------|
| Commonwealth Environmental Systems | 11-05-6(1) | 543.8 |
| County of Schuylkill | 11-05-1 | 573 |

VI. A LIST OF PROPOSED IMPROVEMENTS WITHIN THE HID AND THEIR ESTIMATED COST

The HID is being created for the maintenance of the Highridge Business Park. No capital improvements are planned at this time. Before the HID is created, a portion of the TIF District funding will be expended to repave Keystone Boulevard and make other improvements for the long term maintenance of the HID. Neither TIF nor HID funding will be used for the development of the Highridge Business Park North or the Schuylkill Airport Business Park properties. **No special assessment of properties within the HID has been incorporated into the Final Plan and any future changes to the Plan are subject to the approval of both the participating municipalities and an affirmative consent of at least 61% of the property owners in the district at the time of the proposed change.**

Under SCIDA’s management, maintenance costs for the Highridge Business Park have been approximately \$150,000 each year over the past five years. Funds have been used to pay for items such as: snow removal, landscaping and grounds maintenance, maintenance of street lighting and traffic signals, road repairs, and hydrant testing and maintenance. This work will be continued under the HID.

VII. BUDGET

The following is a proposed budget for the first fiscal year.

Highridge Improvement District

Estimated Annual Budget

| Budget Item | Amount |
|-----------------------------------|-------------------|
| Snow Removal and Road Maintenance | \$ 66,245 |
| Landscape Maintenance | \$ 7,699 |
| Supplies / Miscellaneous Projects | \$ 45,200 |
| Street Lighting | \$ 13,493 |
| Administration | \$ 12,000 |
| Contingency | \$ 9,362 |
| TOTAL | \$ 154,000 |

The budget above represents the initial annual operating budget for the HID. The inter-municipal agreement will allow for increases to the budget amount based on the accumulated rate of inflation as measured by the Consumer Price Index. The new inter-municipal authority will vote on such increases no more frequently than every five years. **Any funds remaining in the account at the end of the calendar year will be booked as a capital reserve for future capital projects.**

VIII. PROPOSED REVENUE SOURCES

Each of the four taxing bodies---the Minersville Area School District (MASD), the County of Schuylkill, and Cass and Foster Townships---shall contribute a proportional share of the property taxes they each collect from the Highridge Business Park to finance proposed maintenance, operations, programs and services in the HID.

Each entity’s contribution is based on the original TIF allocation of costs as indicated in the following chart.

| Budget \$154,000 | Allocation of costs | Cash equivalent on a \$154,000 budget | Total tax receipts estimated 2014 |
|-------------------------|----------------------------|--|--|
| MASD | 35% | \$53,900 | \$1,340,000 |
| County of Schuylkill | 35% | \$53,900 | \$ 505,000 |
| Cass Township | 17% | \$26,180 | \$ 132,000 |

| | | | |
|-----------------|-----|----------|-----------|
| Foster Township | 13% | \$20,020 | \$ 55,000 |
|-----------------|-----|----------|-----------|

At such time as each the Highridge Business Park North and Schuylkill Airport Business Park are developed, taxes from those properties and cost of services for those areas shall be incorporated into the budget. **In the event of state wide tax reform that shifts school funding from property tax to another form of taxation, the same funding level will continue on the contingency that if ,and only, if the new system of taxation allows for a dollar for dollar replacement of the revenues derived from property taxes.**

IX. ESTIMATED TIMEFRAME FOR COMPLETION OF ACTIVITIES

The proposed timeframe for implementation of the HID is 30 years, the maximum allowed by law.

X. ADMINISTRATIVE BODY

As provided by the Act, an administrative body must be indentified to manage the operation of a NID. An Inter-Municipal Authority will be established to govern and administer the HID. This authority shall be named the Highridge Improvement District Authority (HIDA). The HIDA will be governed by the provisions of the Articles of Incorporation as prescribed by the Municipal Authorities Act of 1945 (P.L. 382, No. 164).

Upon approval of the creation of the HID, the municipalities will act to create the HIDA and execute the Articles of Incorporation taking the following required actions:

A. Publish a notice of intent to create a municipal authority – 30 days prior to a hearing as provided in paragraph B.

B. Public Notice: Municipalities publish a notice at least one time in the legal periodical of the county or counties in which the authority is to be organized and at least one time in a newspaper published and in general circulation. The notice shall contain a brief statement of the substance of the resolution or ordinance, including the substance of the articles making reference to this chapter. In the case of authorities created for the purpose of making business improvements or providing administrative services, if appropriate, the notice shall specifically provide that the municipality or municipalities have retained the right which exists under this chapter to approve any plan of the authority.

C. Resolution of intent.--Whenever the municipal authorities of any municipality singly or of two or more municipalities jointly desire to organize an authority, they shall adopt a resolution or ordinance signifying their intention to do so.

D. General Notice of Adoption – Notice shall be published as in paragraph B, above, in a legal journal and newspaper of general circulation. In addition to the description provided in paragraph B above, the notice shall state that on a day certain, not less than three days after publication of the notice, articles of incorporation of the proposed authority shall be filed with the Secretary of the Commonwealth.

E. Articles of Incorporation shall be filed with the Secretary of the Commonwealth.

F. Execution of the articles – Each incorporating municipality shall execute and affix its seal.

G. Certification of Incorporation – Upon approval of form, the Secretary of the Commonwealth shall endorse his approval and issue a certification of incorporation.

H. Certification of officers.--

When an authority has been organized and its officers elected, its Secretary shall certify to the Secretary of the Commonwealth the names and addresses of its officers as well as the principal office of the authority. Any change in the location of the principal office shall likewise be certified to the Secretary of the Commonwealth within ten days after such change.

XI. HIGHRIDGE IMPROVEMENT DISTRICT GOVERNANCE

HIDA shall be governed by a five-member board composed of one representative of each of the four taxing bodies and one representative of the property owners of the HID. SCIDA shall designate a property owner to serve on the HIDA Board.

XII. THE METHOD OF DETERMINING THE AMOUNT OF THE ASSESSMENT FEE TO BE LEVIED ON PROPERTY OWNERS WITHIN THE HID

Initially, revenue for the HID will be provided from a portion of the property taxes generated by the Highridge Business Park, and no additional levy will be placed on the HID property owners. If the HIDA determines that capital improvements require additional financing mechanisms, an assessment fee may be levied on HID property owners. The HIDA will determine the amount of the assessment fee based on one of the methods listed in Section 7(b)(5) of the Act.

XIII. DUTIES AND RESPONSIBILITIES OF THE HIDA AND MUNICIPAL CORPORATIONS

In accordance with the Act, each of the four taxing bodies shall have powers and authorities reserved to it respectively under Section 4 of the Act, and the HIDA shall have the authorities listed under Sections 6(c) and 7 of the Act.

The municipal powers identified in Section 4 of the Act include:

Every municipal corporation shall have the power:

- (1) To establish within the municipality an area or areas designated as a NID.
- (2) To establish an authority to administer the HID or to designate an existing community development corporation or other non-profit corporation to administer same or to create a community development corporation or other non-profit corporation to administer same under Sections 6 and 7 of the Act.
- (3) To appropriate and expend, in accordance with the specific provisions of the municipal enabling ordinance, municipal funds as may be required to:
 - (i) Acquire by purchase or lease real or personal property deemed necessary to effectuate the purposes of the HID.
 - (ii) Prepare or have prepared preliminary planning or feasibility studies to determine needed improvements in the HID, including, but not limited to, capital improvements, traditional streetscape and building renovations, retaining walls, street paving, street lighting, parking lots, parking garages, trees and shrubbery, pedestrian walks, sewers, water lines, rest areas, acquisition, rehabilitation or demolition of blighted buildings and structures, graffiti removal, security, marketing, promotions, advertising, business retention and recruitment activities, master leasing and property management, joint advertising, research and planning as well as the provision of additional services to supplement, not replace, existing municipal services provided within the HID.
- (4) To advance funds to the HIDA as may be required to carry out the purposes of the Act.
- (5) To collect special property assessments on behalf of the HIDA levied on designated property owners within the HID and to employ any legal methods to insure collection of the assessments.
- (6) To acquire by gift, purchase or eminent domain, land, real property or rights-of-way which may be needed for the purposes of making physical improvements within the HID.
- (7) To issue bonds, notes or guarantees, in accordance with the provisions of general laws in the amounts and for the periods necessary, to finance needed improvements within the HID.
- (8) To review all proposed expenditures of funds within the HID by the HIDA.
- (9) To include a sunset provision of no less than five years in the municipal enabling ordinance creating the HID and in the contract with the HIDA.

- (10) To levy an assessment fee on property owners located within the HID needed to finance additional supplemental programs, services and improvements to be provided or made by the HIDA.

The HIDA powers identified in Section 7 of the Act include:

- (a) General powers.--A HIDA shall have, in addition to any other powers provided pursuant to the act of May 2, 1945P.L.382, No.164, known as the Municipality Authorities Act of 1945, the power to:
 - (1) Sue or be sued, implead or be impleaded, complain and defend in all courts.
 - (2) Employ an executive director or administrator and any necessary supporting staff or contract for the provision of same.
 - (3) Prepare planning or feasibility studies or contract for the preparation of same to determine needed capital improvements or administrative programs and services within the HID
 - (4) Make capital improvements or provide administrative programs and services within the HID.
 - (5) Purchase, own, construct, renovate, develop, operate, rehabilitate, manage, sell and/or dispose of real property.
 - (6) Contract with existing businesses within the HID.
 - (7) Contract for the provision of products or services by the HIDA to clients located inside and outside of the HID, including billing and collection of assessment fees by another NIDMA.
 - (8) Appropriate and expend HID funds, which would include any Federal, State or municipal funds received by the HIDA. The funds shall be expended in accordance with any specific provisions contained in the municipal enabling ordinance establishing the HID and may be used:
 - (i) To acquire by purchase or lease real or personal property to effectuate the purposes of the Act, including making common improvements within the HID, including, but not limited to, sidewalks, retaining walls, street paving, parks, recreational equipment and facilities, open space, street lighting, parking lots, parking garages, trees and shrubbery, pedestrian walks, sewers, water lines, rest areas and the acquisition, rehabilitation or demolition of blighted buildings or comparable structures.
 - (ii) To provide free or reduced-fee parking for customers of businesses within the HID, transportation-related expenditures, public relations programs, group advertising and HID maintenance and security services.
 - (iii) To impose special assessment fees.
 - (9) Solicit in-kind services or financial contributions from tax-exempt property owners within the HID in lieu of property assessment fees. This may include entering into voluntary multiyear agreements (VMAS) between the HIDA and tax-exempt property owners located within the HID for the provision of same.

- (10) Impose liens on property for the nonpayment of property assessments.
 - (11) Hire additional off-duty police officers or private security officers whose patrol area responsibilities would be limited to the geographical area incorporated within the designated HID service area and whose responsibility would be to support existing municipal and volunteer efforts aimed at reducing crime and improving security in the HID.
 - (12) Designate a district advisory committee, referred to as the DAC, for each NID established within the municipality. Each DAC shall consist of an odd number of members, between five and nine, who shall be representative of the neighborhood's character, including, but not limited to, age, sex and cultural diversity.
- (b) Assessments.--
- (1) The HIDA shall, upon approval by the governing bodies of the municipalities, have the power to assess property owners within the HID a special property assessment fee. Revenues from the fee shall be accounted for and used by the HIDA to make improvements and provide programs and services within the HID as authorized by the Act.
 - (2) All assessments authorized under this section shall be calculated using January 1 as the first day of the fiscal year.
 - (3) All special property assessment fees shall be based upon the estimated cost of the programs, improvements or services to be provided in the HID as stated in the final plan under section 5(d) of the Act. In no case shall the aggregate amount of all fees levied by the HIDA during the year exceed the estimated cost of proposed programs, improvements and services for the year.
 - (4) The total costs of improvements, programs and administrative services provided by the HIDA shall be assessed to all designated properties within the HID by one of the following methods:
 - (i) An assessment determined by multiplying the total service and improvement costs by the ratio of the assessed value of the benefited property to the total assessed valuation of all designated benefited properties in the HID.
 - (ii) An assessment upon the several properties in the HID in proportion to benefits as ascertained by viewers appointed in accordance with law.
 - (iii) Any method that equitably apportions costs among benefiting properties.
 - (iv) In the case of improvements benefiting properties abutting the HID by the front-foot method, with equitable adjustments for corner properties and other cases provided for in the municipal ordinance. Any property which cannot be equitably assessed by the front-foot method may be assessed by any of the above methods.

- (c) Payment.--The governing body may by ordinance authorize the payment of the assessment in equal annual or more frequent installments over such time and bearing interest at the rate specified in the municipal ordinance. If bonds have been issued and sold or notes or guarantees have been given or issued to provide for the cost of the services and improvements, the assessment in equal installments shall not be payable beyond the term for which the bonds, notes or guarantees are payable.
- (d) Liens.--
- (1) Notwithstanding the filing of the claims, all assessments which are made payable in installments shall constitute liens and encumbrances upon the respective benefited properties at the beginning of each calendar year, except as provided in subsection (c), and only in an amount equal to the sum of:
 - (i) the annual or other installments becoming payable in such year, with interest and penalties, if any, thereon; and
 - (ii) the total of all installments, with interest and penalties thereon, which became due during prior years and which remain due and unpaid at the beginning of the current year.
 - (2) In the case of default in the payment of any installment and interest for a period of 90 days after the payment becomes due, the assessment ordinance may either for the entire assessment, with accrued interest and penalties, to become due and become a lien from the due date of the installment or may provide solely for the enforcement of the claim as to the overdue installment, with interest and penalties, in which case the ordinance shall further provide that if any installment or portion thereof remains due and unpaid for one year after it has become due and payable, then the entire assessment with accrued interest and penalties shall become due and become a lien from the due date of the installment.
 - (3) No action taken to enforce a claim for any installment or installments shall affect the status of any subsequent installment of the same assessment, each of which shall continue to become a lien upon the property annually pursuant to paragraph (1).
 - (4) The ordinance may contain any other provision relating to installment assessments which is not inconsistent with applicable law.
 - (5) Any owner of property against whom an assessment has been made may pay the assessment in full at any time, with accrued interest and costs thereon, and such a payment shall discharge the lien of the assessment or installments then constituting a lien and shall also release the claim to any later installments.
 - (6) Claims to secure the assessments shall be entered in the prothonotary's office of the county at the same time and in the same form and collected in the same manner as municipal tax claims are filed and collected, notwithstanding the provisions of this section as to installment payments.

XIV. CONTENT OF WRITTEN AGREEMENT BETWEEN THE MUNICIPAL CORPORATIONS AND THE HIDA

The Inter-Municipal Agreement establishing the HIDA shall detail its respective duties and responsibilities as follows:

- (i) Identify in detail the specific duties and responsibilities of both the HIDA and the municipal corporations with respect to the HID.
- (ii) Require that a written agreement be signed by the municipal corporation and the HIDA describing in detail their respective duties and responsibilities.
- (iii) Allow for and encourage tax-exempt property owners located within the HID to provide in-kind services or a financial contribution to the HIDA, if not assessed, in lieu of a property assessment fee.
- (iv) Require in the agreement between the municipal corporations and the HIDA that the municipalities must maintain the same level of municipal programs and services provided within the HID before HID designation as after HID designation.
- (v) Allow the municipal corporations the right to include in the agreement with the HIDA and in the enabling ordinance establishing the HID a sunset provision of no less than five years for renewal of the agreement.
- (vi) Require in the agreement with the HIDA that the municipalities establishing an HID shall be responsible for the collection of all property assessment fees levied within the HID if so desired by the HIDA.
- (vii) Provide that a negative vote of at least 40% of the property owners within the HID proposed in the final plan shall be required to defeat the establishment of the proposed HID by filing objections with the clerks for the governing bodies of the municipalities within 45 days of presentation of the final plan where the governing bodies of the municipalities are inclined to establish the HID. A property owner is defined as a parcel owner in the HID. Each parcel counts as one property owner. For example, an owner of 10 parcels shall be counted as 10 property owners for the purposes of calculating the 40% of property owners referred to in this paragraph. Jointly owned parcels are considered as having just one property owner for these purposes.

A draft intergovernmental agreement with the HIDA can be found in Appendix I.