

FUNDING OPTIONS FOR PUBLIC FACILITY AND INFRASTRUCTURE PROJECTS



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Prepared by: Hancock County Planning Commission,
395 State Street
Ellsworth, ME 04605
www.hcpeme.org
voice: 207-667-7131 Fax: 207-667-2099

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MATCHING AND/OR ALTERNATIVE SOURCES OF FUNDING FOR POTENTIAL CDBG PROJECTS

March 2015

Introduction

Towns frequently contact the Hancock County Planning Commission regarding funding for Community Development Block Grant projects that either require matching sources of funds or are not eligible for funding. This document presents some alternative funding sources. It is by no means inclusive and is subject to change. Feel free to contact Tom Martin at the HCPC (207-667-7131) or tmartin@hpcme.org if you have any questions or if you need help finding other funding sources.

I. MAINE MUNICIPAL BOND BANK

Web site: <http://www.mainebondbank.com/Index.aspx>

Telephone: 1-800-821-1113

Postal Address: 127 Community Drive, PO Box 2268, Augusta, ME 04338

Agency Overview

The Maine Municipal Bond Bank provides Maine's cities, towns, school systems, water and sewer districts, and other governmental entities access to low cost capital funds through the sale of its tax-exempt bonds. Established as an independent agency, the Bond Bank is administered by a board of commissioners appointed by the Governor. The Bond Bank works closely with its municipal clientele to provide unique, cost effective, and competitive financing programs.

Agency Programs

1. GENERAL BOND FUND RESOLUTION PROGRAM

For municipalities, schools districts, water districts, sewer districts and other local governments requesting loan financing through the General Resolution program. Under this tax-exempt bond financing program, the proposed debt will be paid from a General Resolution pledge of the municipality or municipalities. For details, see:

<http://www.mainebondbank.com/GBR.aspx>

2. CLEAN WATER SRF PROGRAM

The Maine Municipal Bond Bank serves as financial manager of the Clean Water State Revolving Loan Fund in cooperation with the Maine Department of Environmental Protection. Examples of eligible projects include, but are not limited to, wastewater treatment facilities, infiltration and inflow correction, interceptors, pumping stations, force mains, and abatement of combined sewer overflows. Certain sewer extensions and areas of failing septic systems also qualify. For more information see: <http://www.mainebondbank.com/CWSRF.aspx>

3. DRINKING WATER SRF PROGRAM

Created by the Safe Drinking Water Act of 1996, the Maine Municipal Bond Bank serves as the financial manager of the Drinking Water State Revolving Loan Fund. The Maine Department of Health and Human Services serves as the project manager. Examples of eligible projects include, but are not limited, to treatment facilities, aging infrastructure, and main replacement. For more information, see: <http://www.mainebondbank.com/DWSRF.aspx>

4. SCHOOL REVOLVING RENOVATION PROGRAM

Created by the Legislature in 1998, the Maine Municipal Bond Bank serves as financial manager of the School Renovation Revolving Loan Fund in cooperation with the Maine Department of Education. It provides interest free loans and partial loan forgiveness to eligible school systems for health, safety, and compliance projects, as well as other Maine Department of Education-approved projects. For more information, see: www.mainebondbank.com/SRRF.aspx

5. LEASE PURCHASE PROGRAM

Lease Option Financing is a cost-effective and tax-exempt alternative for financing capital equipment and technology purchases. Securing a capital lease through the Maine Municipal Bond Bank can save thousands of dollars in interest costs over the life of the lease while preserving available cash. For more information: <http://www.mainebondbank.com/LP.aspx>

6. GARVEE BOND PROGRAM

Working in cooperation with the Maine Department of Transportation (MaineDOT), the Bank issues revenue bonds where the principal and interest of which is repaid with revenues paid to the state by the Federal Highway Administration. Bond proceeds from the sale of GARVEE bonds are used at the direction of MaineDOT to pay for eligible

projects around the state. For more information, see:
<http://www.mainebondbank.com/Investors.aspx>

7. TRANSCAP BOND PROGRAM

Working in cooperation with MaineDOT, the Bank issues revenue bonds where the principal and interest of which is repaid with state revenues dedicated to the program in state statute. Bond proceeds from TransCap bonds are used at the direction of MaineDOT to fund eligible projects around the state. For more information, see:
<http://www.mainebondbank.com/Investors.aspx>

II. USDA RURAL DEVELOPMENT

Web site: <http://www.rd.usda.gov/me>

Mail address: 967 Illinois Avenue, Suite 4, Bangor, ME 04402-0405.

Telephone: (207) 990-9160.

Agency Overview:

Rural Development is a division of the United States Department of Agriculture. It provides programs in housing, community facilities, and business assistance. The agency's goal is to work with other federal, state, and local groups to enhance the quality of life in rural Maine. It provides financing for many different programs that benefit the citizens of rural Maine. The water and sewer loan and grant programs have financed improvements in numerous communities servicing thousands of households and providing them with safe drinking water and modern sewage disposal systems. Hundreds of families have become homeowners, most for the first time. Businesses have received financing that allowed them to expand, creating and saving rural employment opportunities. Fire, rescue, and medical services, as well as daycare centers and nursing homes, have benefited from USDA Rural Development programs.

Agency Programs

USDA offers the following public facility and infrastructure programs:

1. Community Facilities Direct Loan & Grant Programs

This program provides affordable funding to develop essential community facilities in rural areas. An essential community facility is defined as a facility that provides an essential service the orderly development of the community in a primarily rural area, and does not include private, commercial or business undertakings. For more

information, see: <http://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program/me>

2. WATER & WASTE DISPOSAL LOAN & GRANT PROGRAM

Provides funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage to households and businesses in eligible rural areas. For more information, see:

www.rd.usda.gov/programs-services/water-waste-disposal-loan-grant-program/me

III. FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) –Fire Fighting Grants

Website: <https://www.fema.gov/welcome-assistance-firefighters-grant-program>

Funding and grant categories change rapidly. It is best to refer to the website for the latest information.

IV. TAX INCREMENT FINANCING

Web site: http://www.maine.gov/decd/start-grow/tax-incentives/tax_increment_financing.shtml

Telephone: 207-624-7487 **Fax:** 207-287-5701

Address: Business and Community Development, Maine Department of Economic and Community Development, 59 State House Station, Augusta, ME 04333-0059

Program Overview:

Tax increment financing (TIF) uses property tax revenue that is generated by new development and applies some or all of that revenue to the project. For example, a town may establish a business park using TIF funds to pay for the cost of installing utilities such as stormwater drainage and public water and sewer. The area subject to the TIF is known as a development district. Towns interested in TIF's should contact the Business and Community Development Office of the Maine Department Economic and Community Development (see contact information above).

Economic development TIF's must follow state requirements and require state approval. (There are separate rules for affordable housing TIF's). These requirements specify the maximum size of a single development district. They also limit the combined size of all development districts and percentage of a town's valuation that can be placed in a TIF. For details on the state requirements see: <http://mainelegislature.org/legis/statutes/30-A/title30-Asec5242.html>.