SHL Enterprise Solutions

To: Denise Garland, DECD Deputy Commissioner
Lee Umphrey, LDA Board Chair
Jonathan Judkins, LDA President and CEO

From: SHL team

Date: October 26, 2026

Subject: Public Work Assessment Models

As you are aware, Verrill Dana has opined (attached) that the LDA enabling legislation allows the LDA to charge a fee for the maintenance services it provides on public infrastructure styled assets at Loring, provided the fee is appropriately structured and administered.

In addition to its role as an economic development and real estate organization, the Loring Development Authority has assumed responsibility for providing a substantial range of municipal-type infrastructure and public services throughout the Loring campus. These services are generally the types of functions that, at a conventional municipality, would be supported through property taxes and other municipal revenues; an option not available to the LDA. The infrastructure and services provided by LDA include approximately 48 miles of roadway maintenance and repair, line striping, esplanade maintenance and mowing, sidewalk maintenance and repair, winter road operations - including snowplowing, salting and sanding - street signs, stormwater system cleaning and maintenance, and maintenance of public fire hydrants.

LDA's financial distress cannot be addressed solely through better leasing, cost reductions, or additional economic development. The underlying funding structure for the campus' municipal-type infrastructure and services also needs to be addressed.

The legal opinion noted that the central principle for any fee mechanism should be that the assessment is tied reasonably to the benefit received and/or the burden imposed on the LDA infrastructure system. Maine law provides examples of assessment systems that can be apportioned using formulas reflecting the benefits accruing to properties, and Maine's development-district statute specifically permits maintenance assessments on property receiving benefits from public facilities. Maine municipal assessment practices also demonstrate that acreage, frontage and building characteristics are all recognizable property measures.

Any new system should consider following these general principles:

1. The assessment should not exceed the reasonable cost of the services provided.
2. Properties receiving comparable benefits should be treated comparably.
3. The formula should be transparent and relatively easy to administer.

4. The assessment should not discourage redevelopment or productive reuse of vacant buildings.
5. Non-building assets or activities should contribute something if it benefits from the infrastructure system.
6. Major infrastructure users should bear an appropriate share of costs.
7. The assessment should be reviewed periodically as the campus develops.
8. Capital replacement should be distinguished from routine operating/maintenance costs.

Please find below four possible models that should be considered in structuring a fair and efficient method of funding the public infrastructure and maintenance.

1. Building and Other Infrastructure Square Footage Model

This is probably the simplest model and one that is similar to the Common Area Maintenance (CAM) fees in operation at Brunswick Landing (the former Naval Air Station Brunswick facility).

Formula:

Annual assessment = (building square feet + other non-building infrastructure) × rate per square foot

Information on square footage on buildings is available from the Town of Limestone's assessment files, LDA staff measurements or as built construction plans. The Loring Development Authority (LDA) should also recognize the distinct operating characteristics of non-building infrastructure and special use facilities such as solar energy and telecommunication facilities when establishing their contribution to the Public Works Assessment. Such non-building infrastructure may include, but not limited to the following:

- Solar farms
- Telecommunications towers and facilities
- Electrical substations
- Rail infrastructure
- Fuel storage facilities
- Water and wastewater infrastructure
- Transmission lines
- Outdoor storage yards
- Wind energy facilities
- Stormwater management systems
- Utility easements
- Cell towers and antenna sites

Unlike traditional industrial, commercial, and manufacturing properties, these non-building facilities generally employ relatively few on-site personnel and generate limited routine vehicle traffic. Their day-to-day use of campus roadways, sidewalks, and other amenities is therefore generally less intensive than that of conventional employment-generating businesses. Nevertheless, such facilities benefit from the continued availability and maintenance of the infrastructure and services provided by the LDA. Non building facilities also rely on reliable campus access for periodic inspections,

equipment maintenance, vegetation management, emergency response, and eventual equipment replacement or decommissioning.
Accordingly, non-building facilities should not be exempt from the Public Works Assessment merely because they have relatively few employees. An exemption would shift a disproportionate share of the cost of maintaining the campus infrastructure to other property owners, despite the fact that such facilities benefit from that infrastructure and its continued availability.

At the same time, applying the full assessment rate used for conventional buildings may not fairly reflect the comparatively modest routine service demands of operations. The LDA should therefore establish a separate assessment classification for non-building facilities, initially set at twenty percent (20.0%) of the standard assessment rate, using a clearly defined measure of the facility's developed footprint rather than conventional building square footage.

The proposed reduced rate recognizes the lower routine intensity of non-building facility operations while preserving the principle that all commercial users of Loring Commerce Centre should contribute appropriately to the costs of maintaining the campus. The rate should be reviewed periodically against actual public works expenditures, documented service demands, and the relative contributions of other property classes.

This approach provides a reasonable starting point for allocating public works costs, recognizes differences in property use, and supports the LDA's objective of developing a fair, transparent, and financially sustainable system for funding infrastructure maintenance at Loring Commerce Centre.

Using an example of the FY 2027 budget, if the Public Works District needed to raise the $505,388 noted in the draft budget and there are 2,534,722 improved building square feet across all buildings and an additional 1,640,360 square feet of non-building assets of which 20% or 328,072 square feet would be included in the square foot calculation. This brings the total square footage in the model to 2,862,794 square feet. The total Public Works Assessment Fee would be $0.1765 per square foot.

$505,388 ÷ 2,862,794 = $0.1765 per building sq. ft.

As an example under this scenario, a 50,000-square-foot building would pay $8,825 per year.

Advantages

- Very easy to understand and administer.
- Closely related to the intensity of development.
- Large commercial/industrial users generally pay more.
- Encourages development of otherwise vacant land without imposing a large charge simply because someone owns a lot.

2. *Acreage Model*

Formula:

Annual assessment = land acreage × rate per acre

This recognizes that LDA must maintain roads, rights-of-way, drainage, mowing, signs and other infrastructure across a very large geographic area.

Advantages

- Particularly appropriate for Loring's unusually large campus.
- Captures the burden created by extensive land holdings.
- Relatively easy to administer.
- Vacant land that receives infrastructure benefits contributes something toward the system.

Problem: A 100-acre property with one small building could pay substantially more than a 10-acre property containing a major industrial facility. That could discourage land acquisition or penalize properties that simply happen to have large undeveloped areas.

This model relies on acreage data and is not readily available and we are unable to provide a realistic model.

3. Street Frontage Model

Formula:

Annual assessment = linear feet of frontage × rate per foot

This is particularly logical for road-related costs. A property with 2,000 feet of roadway frontage arguably receives more direct benefit from the road system - and potentially imposes more maintenance responsibility - than a property with two hundred feet. The difficulty with this formula is that there is currently not a map with definitive lot lines and street frontage measurements per lot.

Advantages

- Strong connection to roadway infrastructure.
- Easy to explain.
- Particularly appropriate for road maintenance, snowplowing, street signs and line striping.

Problem: It does not capture buildings, occupancy, stormwater or the amount of land served.

Once again, street frontage data is also not available and will not be considered further.

4. Hybrid Assessment Model: Building and Non-Building Asset Square Footage Area + Per Parcel Charge

The final model is a hybrid model using the square footage model to raise 85% of the Public Works Assessment budget and the remaining 15% from an equalized per parcel charge for the overhead and administrative costs of staff related to the LDAs cost to manage municipal like public infrastructure.

For example:

Public Works District Assessment Budget					
Loring Commerce Center Fire Hydrants (PUC Tarriff Rate Sheet)	$284,388	Square Footage	56.27%		
Snow Plowing, Sanding & Ice Control, and Cleanup, Grounds Maintenance, Storm Drains, Roadway and Sidewalk Maintenance	$145,000	Square Footage	28.69 %		
Administration - President/CEO at Loring Commerce Centre/LDA - Jonathan Judkins time (20%)	$21,900	Square Footage	4.23%		
Administration - Chief Financial Officer at Loring Commerce Centre/LDA - Michael Beaulieu's time (20%)	$18,200	Equal Parcel Charge	3.69%		15.038%
Administration - Facilities & Operations Director at Loring Commerce Centre/LDA -- Alan Mulherin's time (50%)	$35,900	Equal Parcel Charge	7.10%		
Total	**$505,388**		**100.00%**		

The equal parcel charge represents the relatively similar amount of time spent setting the system up, administration, billing, collections and communications with each tenant or property owner. This model recognizes that every property gets some basic benefit from the existence of roads, emergency access, signage, snow removal, stormwater infrastructure, etc. It also prevents undeveloped parcels from paying nothing while receiving the benefit of the infrastructure network.

Under this model, 85% of the fee will be determined by square footage or $429,388 of the Public Works Assessment budget – at a rate of $0.1694 per square foot and 15% of the fee collected on a per parcel basis to cover overhead costs of $503.31 per parcel, which would raise $76,000.

Parcel Total Budget	$76,000.00	$503.31 per parcel
Per Square Foot Budget	$429,388.00	$0.1500 per square foot
	$505,388.00	

The Hybrid Assessment Model (Model 4) is the preferred approach because it recognizes that the costs associated with maintaining the campus are driven by multiple factors. Building square footage provides a reasonable and readily measurable basis for allocating the principal share of the assessment, reflecting the scale of development and the benefits properties derive from access to the campus infrastructure network. A uniform per-parcel charge recognizes that every property receives a baseline benefit from the availability of roads, emergency access, signage, snow removal, and other public infrastructure, regardless of the size of its buildings or the extent of its development. The parcel

charge also provides a practical means of recovering a portion of the administrative costs associated with establishing, administering, billing, and collecting the assessment.

The hybrid model also offers important administrative advantages. Building square footage and parcel counts are more readily obtainable than comprehensive acreage and street-frontage measurements, allowing the LDA to establish an assessment system without first undertaking an extensive and potentially costly property-mapping exercise. The model is straightforward to explain, calculate, and administer, and its underlying methodology can be reviewed and refined as better infrastructure and property data become available.

From a financial perspective, the hybrid model establishes a dedicated revenue source for essential public works. This is particularly important given the LDA's financial condition and its responsibility to maintain infrastructure that would ordinarily be supported through municipal taxation or other public revenues. The assessment would help ensure that properties benefiting from the campus infrastructure contribute toward its ongoing maintenance, reducing the extent to which these costs must be absorbed by the LDA's general operating resources.

Finally, the hybrid approach is consistent with the central principle identified in legal counsel's opinion: an assessment should be reasonably related to the benefits received by properties or the burdens they impose on the infrastructure system. By combining measures of development intensity with a baseline parcel contribution, the model provides a rational framework for allocating costs while recognizing the distinctive circumstances of Loring. Subject to confirmation by legal counsel that the final methodology and its implementation comply with applicable law, Option No. 4 offers the best starting point for establishing a sustainable Public Works Assessment. I have attached an excel spread sheet that reports all property owners and calculations of models 1 and model 4.

The hybrid model is the best starting point, but the LDA should not assume that every public works expense is driven by building area or that every parcel receives an identical level of benefit. As better information becomes available, the LDA should consider allocating identifiable costs - particularly stormwater management and unusually intensive infrastructure demands—using more directly relevant measures where legally permissible and administratively practical.

That refinement would strengthen the connection between the assessment and the benefits received or burdens imposed, while retaining the simplicity of the hybrid model as the foundation of the system.

The LDA should also reserve the right to recover extraordinary, demonstrable costs attributable to a particular facility, including roadway damage associated with construction, heavy-equipment deliveries, major repairs, or decommissioning. Such costs should be addressed separately from the recurring assessment to avoid requiring other campus property owners to subsidize expenses directly attributable to a specific project.

This approach provides a reasonable starting point for allocating public works costs, recognizes differences in property use, and supports the LDA's objective of developing a fair, transparent, and financially sustainable system for funding infrastructure maintenance at Loring Commerce Centre.