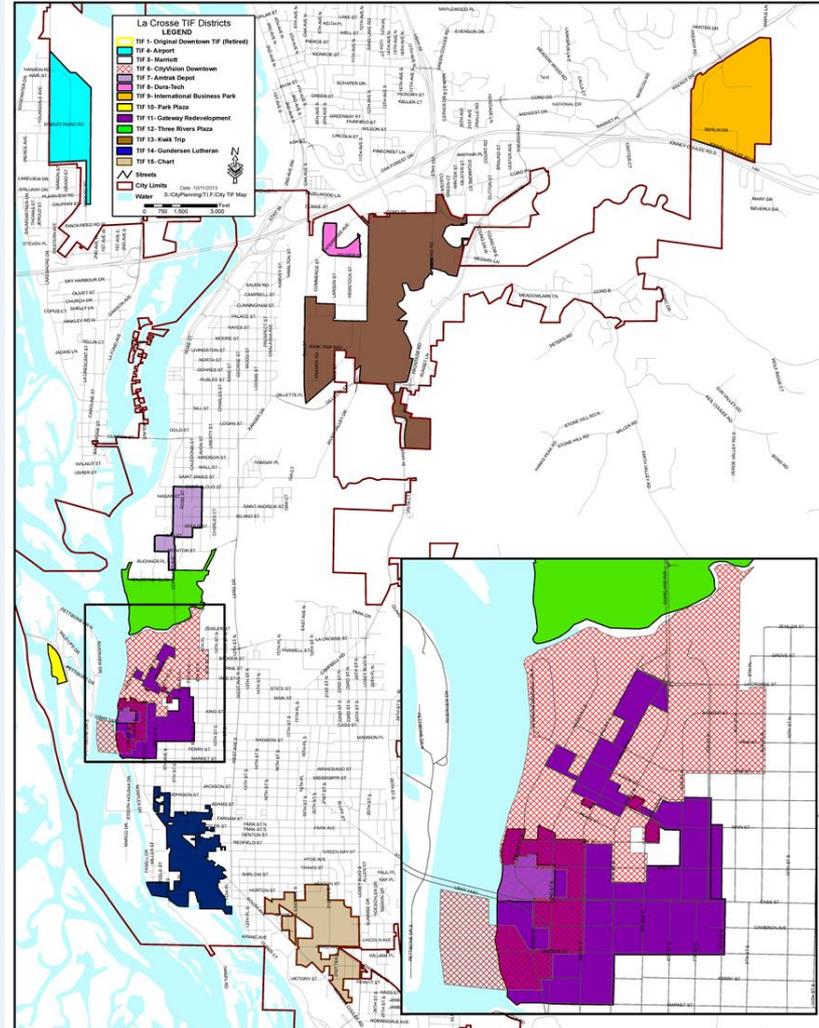


# Tax Incremental Finance 101

January 17, 2014

# TID 101 Outline

- TIF law basics
- The purpose of TIF's
- La Crosse TIF capacity
- Process & Timeline
- La Crosse TIF project example



# TID Law Basics

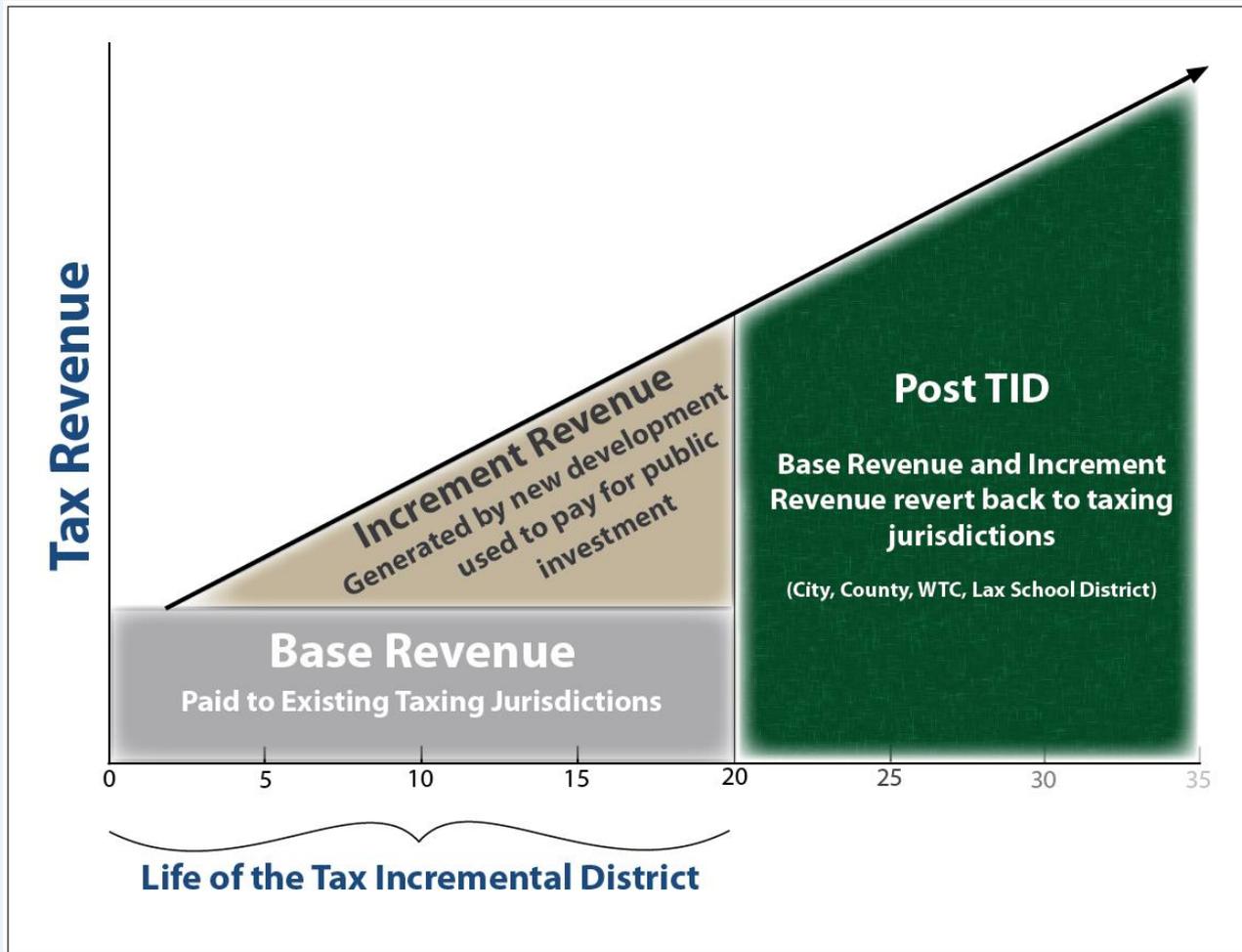


- Tax Incremental Financing (TIF), were allowed by the State of Wisconsin in 1976.

*“TIF is a financing tool that allows municipalities to invest in infrastructure and other improvements, and pay for these investments by capturing property tax revenue from the newly developed property.”*

- Financing can come in the form of front-end or back-end grants/loans.
  - Grant or loan
  - Reverse TID

# Life Cycle of Tax Incremental Financing



# Statutory Requirements But for...



- Assurance that the development would not otherwise occur without the use of TIF. “But for Clause”
- TIF must be authorized by:
  - Common Council
  - Joint Review Board
    - JRB consists of a representative from each taxing jurisdiction
      - City of La Crosse
      - County
      - School District
      - Western Technical College
      - Plus a citizen member, appointed by JRB

# TID Process

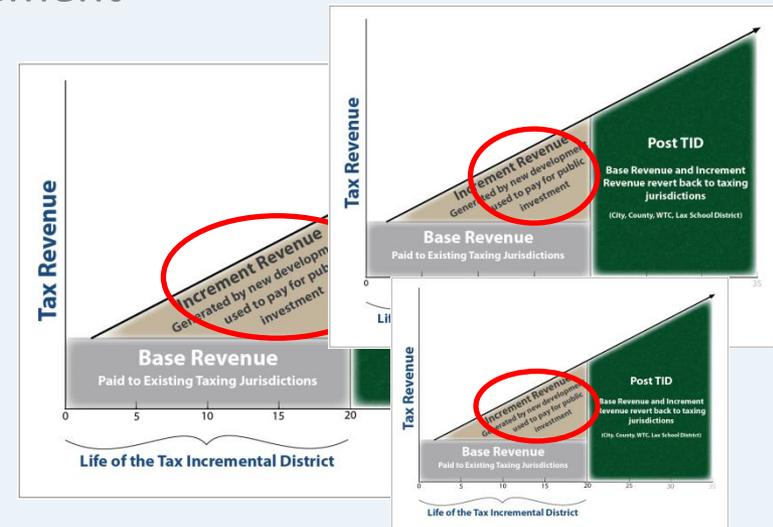
## Type & Assessments



- **Determine Type of TID** (20 year max, w/ potential 3 yr. extension)
  - Mixed-use (3)
  - Industrial (3)
  - Blighted (6)
  - Rehabilitation or Conservation
- **Establish district boundary & assessment values**
  - Focus on potential infill sites
  - Parcels must be contiguous
  - Land-use limitations exist dependent on type of TID

# Calculate TIF Capacity

- 12% Cap on Equalized Value
  - TID Increment Value of all existing TID's
  - If TID created/modified the assessment value of the added parcels are included in the 12% calculations. Thereafter, reverts to increment value.



# Current TIF Capacity



City's 2014 estimates:

\$100 million in cap room

City's typical standing ranges from:

**7.5% to 10.5%**

Average TID Increment Value = \$25 million

Range of City's Portfolio (TIDs increment values):

\$500K – \$67M

TID 4 will close in 2015: increment value \$36M

Next TID closure: 5 years (2019)

# TID Process

## Financial Projections



- Projected revenue model
  - Including catalyst development, natural market changes, bonds
- Projected expenditure model & debt service
  - Grants/loans for catalyst dev., debt service, inflation, other projects, & admin.
  - Phase-in public improvement projects and estimate feasibility
    - Prioritized by existing plans & department head meetings
    - \*not all projects are required to be funded
- Projected cash flow of revenue/expenditures
  - Annually & at termination

# Example Project Table



TABLE III Project Cost & Balance Sheet

Project List	Rank	2013 Cost Estimate	Feasible Expenditures	% Feasible	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
Chart Grant	High	1,275,000	1,275,000	100%			275,248	366,997	370,300	262,456																	
Future Manuf. Reverse TID Grant	High	1,275,000	1,275,000	100%							127,500	127,500	127,500	127,500	127,500	127,500	127,500	127,500	127,500	127,500							
<b>Public Works</b>																											
Street Paving	Med	1,000,000	0	0%																							
Railroad Crossings	High	1,200,000	800,000	67%									400,000			400,000											
Traffic Control Signal	Med	750,000	0	0%																							
Intersection curb, sidewalk, pavement mkg.	High	400,000	300,000	75%			150,000			75,000		75,000															
Streetscaping Mormon Coulee/Ward	Med	750,000	750,000	100%			150,000	150,000	150,000	150,000	150,000																
Stormwater Management	High	500,000	300,000	60%				150,000	150,000																		
<b>Ped/Bike Plan</b>																											
Island on Ward/M. Coulee Intersection	High	50,000	50,000	100%		50,000																					
Wayfinding Signage	High	10,000	10,000	100%			10,000																				
Bike Boulevard	High	80,000	80,000	100%							80,000																
Bike Lane- East Ave from Shelby to Ward	High	48,000	48,000	100%			48,000																				
Bike Lane- Gladys to VIP Trail	High	36,000	36,000	100%				36,000																			
Bike Lane- Ward from Losey to Pammel Creek	Med	10,000	10,000	100%					10,000																		
Shared Bike Lane- East Ave from Ward to Green Bay	Med	19,000	19,000	100%			19,000																				
Shared Bike Lane- Weston	Med	13,000	13,000	100%				13,000																			
Shared Bike Lane- Green Bay St	Med	18,000	18,000	100%					18,000																		
Shared Bike Lane- 21st St	Med	19,000	19,000	100%						19,000																	
Shared Bike Lane- 15th St	Med	19,000	19,000	100%									19,000														
<b>Scenic Corridor Enhancements &amp; Sign Program</b>																											
Billboard acquits... burial of wires, screening, landscp.	Med	500,000	0	0%																							
<b>Housing Revitalization Programs</b>																											
Housing Demolition and/or Replacement	High	1,000,000	800,000	80%			100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
Paint & Fix-Up (100 units x \$700 ea.)	High	70,000	70,000	100%			5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Development Incentives (Reinvest La Crosse)	High	500,000	428,571	86%					38,714	35,714	35,714	35,714	35,714	35,714	35,714	35,714	35,714	35,714	35,714	35,714	35,714	35,714	35,714	35,714	35,714	35,714	
<b>Commercial Revitalization</b>																											
Land Assembly, Development Incentives	High	1,000,000	0	0%																							
<b>Park &amp; Rec</b>																											
Erickson Park	High	1,000,000	500,000	50%		250,000	250,000																				
Trane Park	Med	600,000	300,000	50%						150,000			150,000														
Diagonal Park	Low	300,000	75,000	25%										75,000													
<b>Administrative &amp; Professional Services</b>																											
Planning, Legal, Administrative, Marketing, Engineering, Con	High	460,000	460,000	100%	5,000	5,000	48,573	64,764	65,347	46,316	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	
<b>Total Manuf. Grants</b>																											
		2,550,000	2,550,000	100%																							
<b>Total Project Costs (2013 Dollars)</b>																											
		9,892,000	4,645,571	47%																							
<b>Total Administrative &amp; Professional Services</b>																											
		460,000	460,000	100%																							
<b>Grand Total</b>																											
		12,902,000	7,655,571	59%																							
<b>Expenditures</b>																											
Chart & Other Manuf. Grants					0	0	275,248	366,997	370,300	262,456	127,500	127,500	127,500	127,500	127,500	127,500	127,500	127,500	127,500	127,500	127,500	0	0	0	0	0	
Administrative & Professional Services					5,000	5,000	48,573	64,764	65,347	46,316	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	0	0	0	0	0	
Project Costs					0	0	772,000	714,000	450,714	383,714	539,714	215,714	709,714	215,714	40,714	440,714	40,714	40,714	40,714	40,714	40,714	0	0	0	0	0	
Inflation Costs 2.526% Compounded Annually (Excluding Chart & Manuf. Grant, and Admin. & Prof. Services)					0	0	19,783	18,754	12,134	10,589	15,266	6,254	21,091	6,571	1,271	14,104	1,336	1,369	1,403	1,438	0	0	0	0	0	0	
Debt Service Sinking Fund					0	0	110,416	220,832	331,248	386,457	441,873	496,873	607,289	662,497	717,705	828,121	717,705	607,289	496,873	441,873	386,457	331,248	220,832	165,624	110,416		
<b>Total Expenditures</b>					5,000	5,000	1,226,019	1,385,347	1,229,744	1,089,531	1,146,645	868,841	1,488,094	1,034,782	909,690	1,432,939	909,755	799,372	688,990	633,817	386,457	331,248	220,832	165,624	110,416		
<b>Revenue</b>																											
Bond (City Surplus Loan)							1,000,000	1,000,000	1,000,000	500,000	500,000	500,000	1,000,000	500,000	500,000	1,000,000											
Balance from Previous Year					(5,000)	(10,000)	37,801	151,637	376,845	248,088	68,092	171,825	162,287	112,094	193,081	256,962	(149,774)	(439,873)	(613,279)	(725,145)	(583,226)	(379,617)	(59,050)	323,324			
Chart Development					323,871	431,761	435,647	439,568	443,524	447,516	451,543	455,607	459,708	463,845	468,020	472,232	476,482	480,770	485,097	489,463	493,868	498,313	0	0	0	0	
New Housing Program					0	0	1,727	3,470	5,228	7,002	8,792	10,598	12,421	14,259	16,115	17,987	19,876	21,782	23,705	25,645	27,603	29,579	0	0	0		
Natural Increase in Base Value					0	17,421	17,578	17,736	17,896	18,057	18,220	18,384	18,549	18,716	18,885	19,054	19,226	19,399	19,574	19,750	19,928	20,107	0	0	0		
<b>Total Revenue</b>					(5,000)	1,313,821	1,536,984	1,606,589	1,337,619	1,214,736	1,040,666	1,650,380	1,146,876	1,102,771	1,689,901	759,981	359,499	75,711	(91,328)	(196,770)	(48,368)	161,782	488,948	323,324			
<b>Annual Balance</b>																											
					(5,000)	(10,000)	87,801	151,637	376,845	248,088	68,092	171,825	162,287	112,094	193,081	256,962	(149,774)	(439,873)	(613,279)	(725,145)	(583,226)	(379,617)	(59,050)	323,324	212,908		

**Expenditures**

- Chart & Other Manuf. Grants
- Administrative & Professional Services
- Project Costs
- Inflation Costs 2.526% Compounded Annually
- Debt Service Sinking Fund

**Total Expenditures**

**Revenue**

- Bond (City Surplus Loan)
- Balance from Previous Year
- Chart Development
- New Housing Program
- Natural Increase in Base Value

**Total Revenue**

# TID Process

## Other



- Creation and Adoption of a “Project Plan”
- Project Plan has specific statutory requirements
- Opinion of Attorney
- Public Notice/Public Hearing and Adoption By City Plan Commission
- Common Council Approval
- Joint Review Board Review/Approval
- Filing of Base Year Packet

# Timeline



- Negotiate Development Incentives, establish development agreement & draft resolution: **2-3 months**
- Determine Public Improvements & Costs, establish boundary map, legal description, & other maps: **1 month**
- Revenue & Expenditure Tables & Project Plan text: **1 month**
- Letters to Taxing Jurisdictions & establish JRB members, and list of potential citizen candidate members: **2 weeks**
- JRB meeting #1 & #2 & Public Meeting: **1 week each**
- Generate DOR TID package: **1 week**
- Total timeframe **5-6 months**

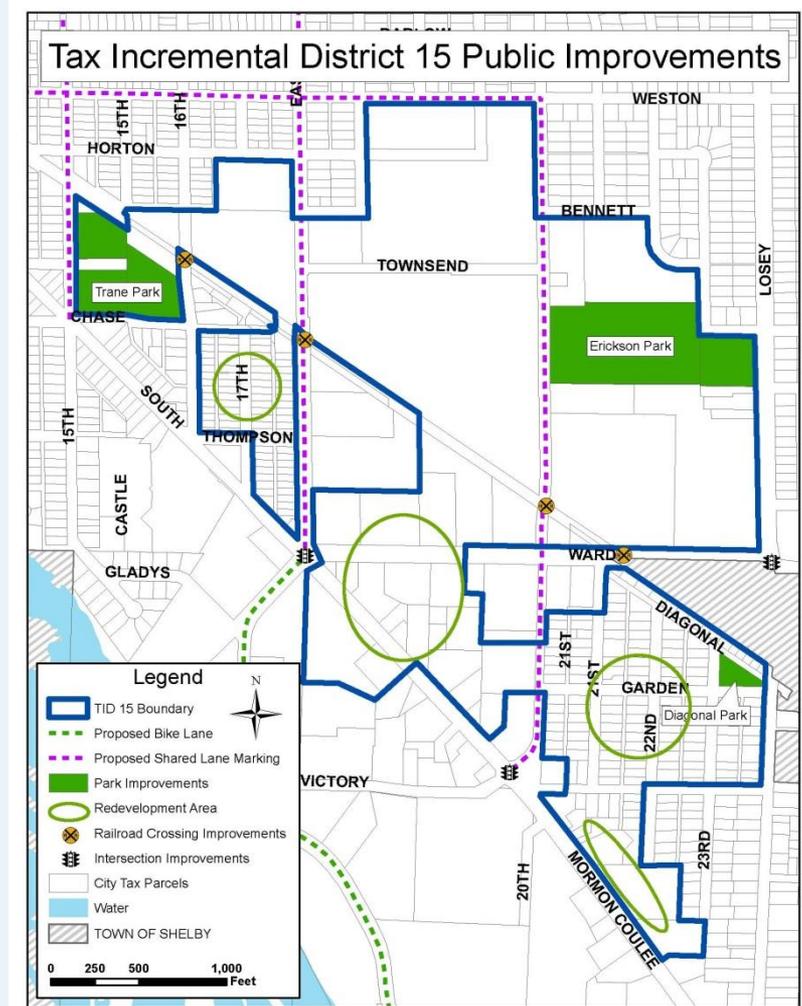
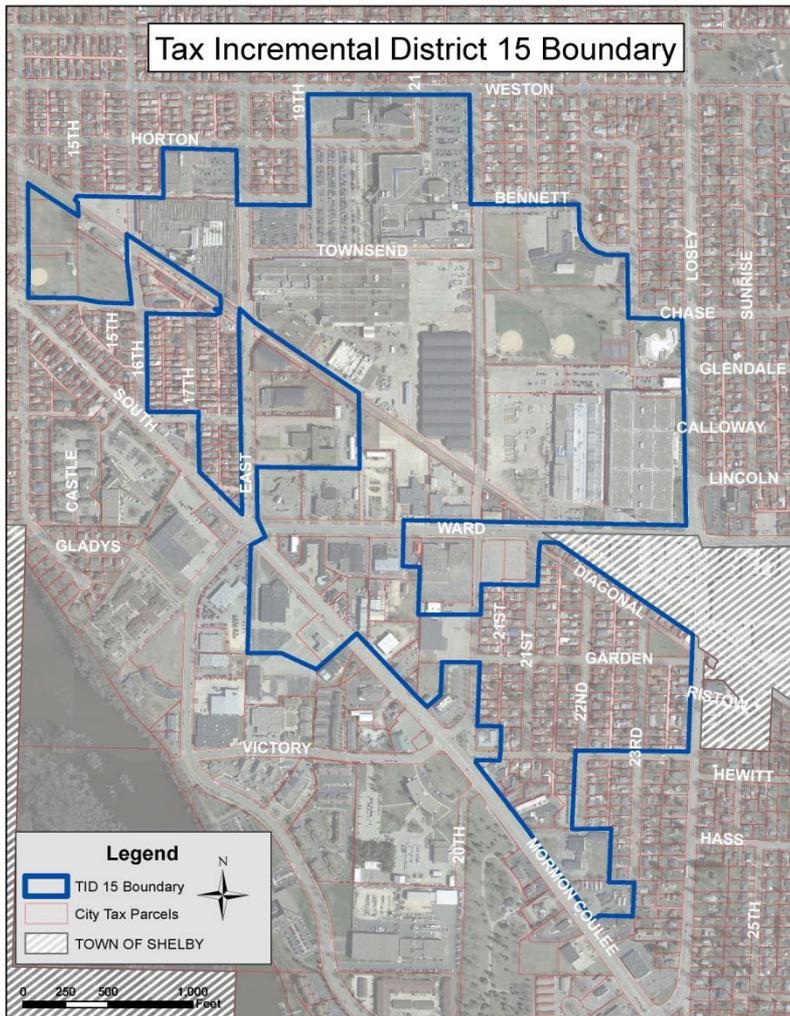
# Example Schedule



Timetable for TID 15 – Chart

Step	TIF Creation Activity	Action Date	Notes
i.	Draft Development Agreement	<b>February</b>	Set parameters via Econ. Cmtee. months prior to the department head meeting? (Minimum 2 mos)
ii.	Request input to project plan from department heads, and establish TID boundary. Request legal description, project cost estimates, begin project plan	<b>15-Feb-13</b>	Once the DA is drafted (give two -4 weeks to accomplish)
iv.	Start drafting letters to JRB and begin drafting the project plan. All JRB meetings are to be held in the Mayor's Conference Room. Ensure Mayor is available on JRB dates.	<b>1-April-13</b>	The day after the department head meeting
v.	Finalize TID Legal Description / Boundary;	<b>1-May-13</b>	Two weeks after the department head meeting
17	Reserve Conference Rooms for JRB	<b>30-May-13</b>	After the TID Boundary is finalized
19	Finalize Legal Notices for JRB #1, JRB Letter and CPC - Public Hearing Notice	<b>15-May-13</b>	One week after legal description is established.
18	Send Letter and Legal Notice by <u>Certified Mail</u> to all other taxing jurisdictions (County, WTC, Lax-SD)	<b>06-Jun-13</b>	After legal notices and JRB letter is drafted, and prior to PH-Legal notice published in Tribune
12	Email Legal Notice of JRB #1 to Tribune, and email Legal Notice of CPC-PH to the Tribune	<b>10-Jun-13</b>	(send at least 4 days prior to publication)
13	Send out Joint Review Board Agenda	<b>10-Jun-13</b>	(inform of electronic packets & info) (ensure agendas list JRB members)
14	Draft Plan Commission Resolution	<b>10-Jun-13</b>	Certification (at least 3 wks prior to CPC-PH)
15	Send out staff memo about Public Hearing	<b>10-Jun-13</b>	(at least 3 wks prior to CPC-PH)
16	Confirm list of citizens willing to serve on JRB	<b>10-Jun-13</b>	(at least 3 wks prior to CPC-PH)
8	Notify property owners of public hearing. (only for blight or rehab TIDs)	<b>N/A</b>	(at least 15 days before public hearing is held)
	Finalize the Project Plan	<b>14-Jun-13</b>	Prior to 1st Publication of 2nd Class Legal Notice
6	1st Publication of CPC-PH Legal Notice (Class 2 1/2)	<b>14-Jun-13</b>	(1st and 2nd notice must be on consecutive weeks, but the 1st notice could be published within seven days from 2nd notice's publication date...2nd notice needs to be published seven days prior to the PH)
7	2nd Publication of CPC-PH Legal Notice (Class 2 2/2)	<b>21-Jun-13</b>	(1st and 2nd notice must be on consecutive weeks...see above...2nd notice needs to be published seven days prior to the PH)
10	Publication of JRB Legal Notice (Class 1) and City Notice	<b>20-Jun-13</b>	(at least 5 days prior to JRB meeting but no more than 14 days...shoot for a week prior to JRB date)
11	Confirm JRB member attendance	<b>25-Jun-13</b>	(two days prior to JRB)
9	Joint Review Board meeting #1, chair is elected and citizen member is appointed	<b>26-Jun-13</b>	(prior to CPC-PH...pick a date the week prior to the CPC-PH)
5	Plan Commission & <u>Public Hearing</u> and approval of resolution	<b>1-Jul-13</b>	At least a month after the legal description and Development Agreement has been drafted. (can be on the same Common Council cycle if amending the project plan and not amending the territory)
4	Send Resolution to Legistar for resolution introduction	<b>02-Jul-13</b>	(By first week of the month)(project plan completed)
3	Request Legal opinion	<b>05-Jul-13</b>	Dated prior to CC approval; on letterhead
2	Introduction of Council Resolution approving boundary, Project Plan and TIF District per 66.1105(4)(h)1.&2.	<b>11-Jul-13</b>	(read-in at CC a month prior CC's adoption)
1	Common Council Meeting approving Project Plan and adoption of "resolution".	<b>8-Aug-13</b>	The date must be at least 14 days after Plan Commission Public Hearing when creating a district or amending a territory (adding or subtracting parcels) of a TID.
24	Complete documents to be sent to JRB #2 agenda	<b>14-Aug-13</b>	same date as sending agenda/letter to members
23	Make changes to project plan per any amendments	<b>14-Aug-13</b>	same date as sending agenda/letter to members
22	Send out Joint Review Board Agenda & Letter	<b>14-Aug-13</b>	(try for least 7 days prior to meeting JRB #2)
21	Publish JRB agenda (Class 1 publication and City Notice)	<b>15-Aug-13</b>	(at least 5 days prior to JRB meeting)
20	Joint Review Board Meeting #2	<b>22-Aug-13</b>	(must pass JRB resolution within 30 days of receipt of document...maximum day threshold)

# Example: TID 15 Chart Chemicals



# Example:

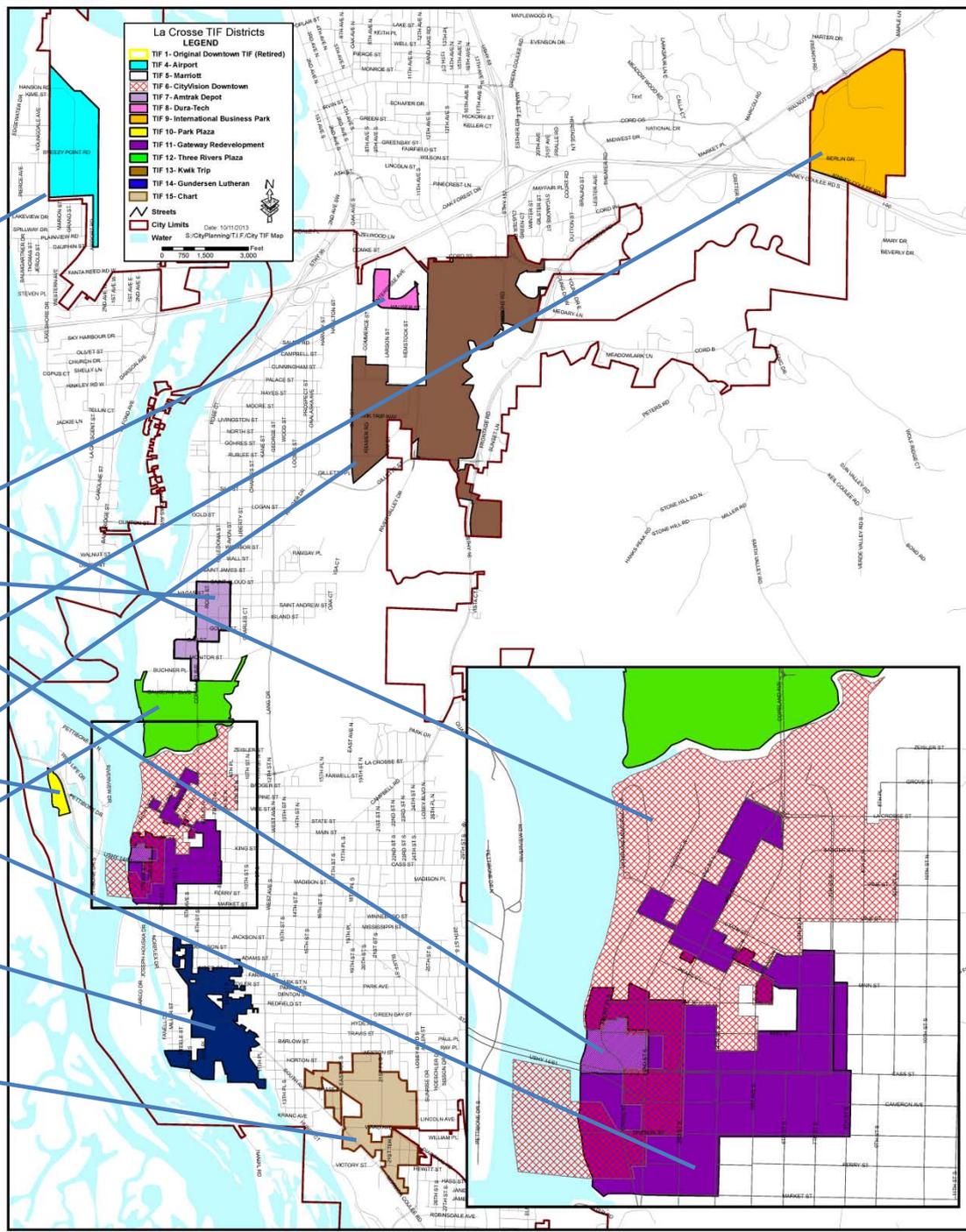
## TID 15 Chart Chemicals



- **Development Agreement Guarantees**
  - Assessment Value over life of the TID
  - Development Grant based on Assessment Value
  - Administrative expenditures based on Assessment Value
  - Claw backs in case the development or private financing falls through
- **Chart Scenario**
  - Assessment Value \$15,000,000
  - Grant = 8.5% of value ➡ \$1,275,000
  - Admin = 1.5% of value ➡ \$225,000
  - Remainder of Chart revenue, and all other tax revenues in the district, fund projects listed in the project plan

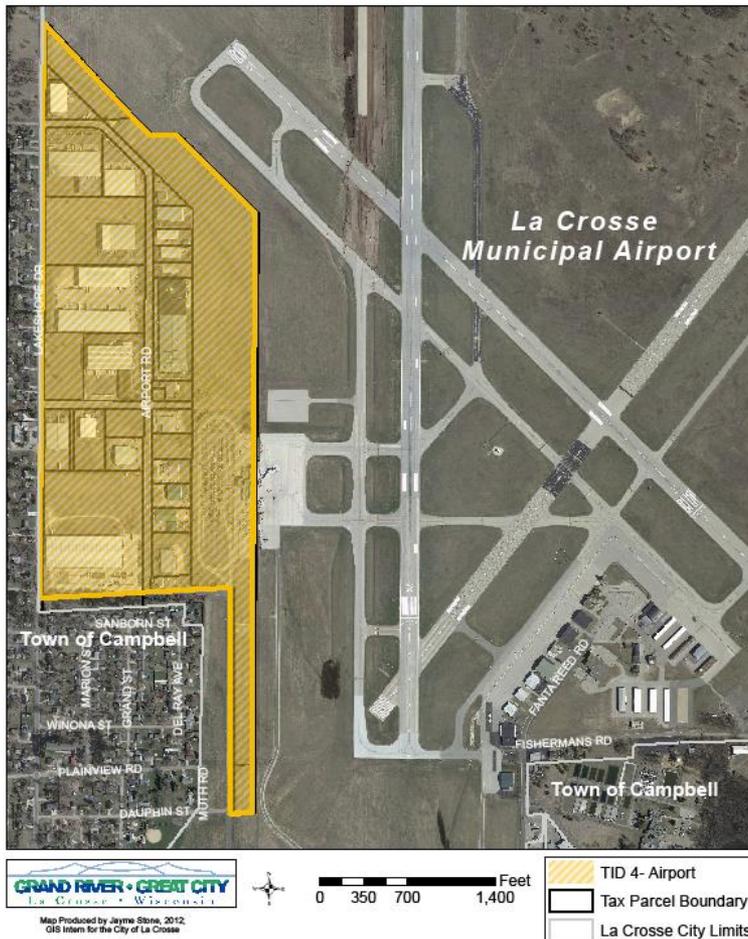
# Summary of Each TID

- TID 4 – Airport
- TID 5 – Marriot
- TID 6 – City Vision Downtown
- TID 7 – Amtrak Depot
- TID 8 – Dura-Tech
- TID 9 – Intrntnl. Bus. Park
- TID 10 – Park Plaza
- TID 11 – Gateway Redev.
- TID 12 – Three Rivers Plaza
- TID 13 – Kwik Trip
- TID 14 – Gundersen Lutheran
- TID 15 – Chart



# TID 4 - Airport

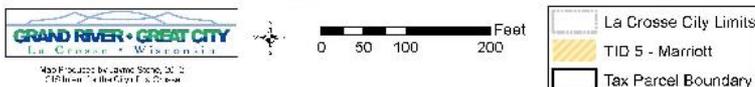
## Tax Incremental District No. 4 - La Crosse, Wisconsin



- **Type:** Industrial TID
- **Created:** 1987
- **Closure:** 8/2015 (28 yrs)
- **Increment Value:** \$36,801,600
- **Highlights:** Build out industrial park, TID extended 1 year for low income housing projects, approved in 2013

# TID 5 - Marriott

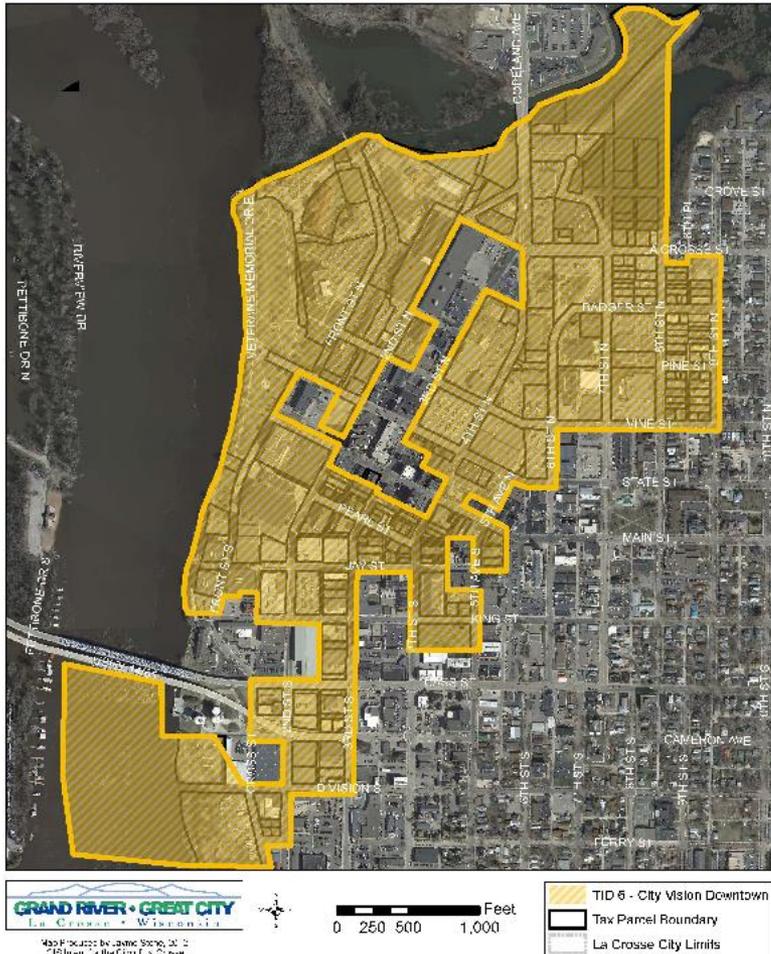
## Tax Incremental District No. 5 - La Crosse, Wisconsin



- **Type:** Blighted
- **Created:** 1992
- **Closure:** 3/2019 (27 yrs)
- **Increment Value:** \$7,664,500
- **Highlights:** Marriott Hotel construction, River Crossing Building - 2 Story office, Donor to TID 6 through year 2015

# TID 6 – City Vision Downtown

Tax Incremental District No. 6 - La Crosse, Wisconsin



- **Type:** Blighted
- **Created:** 4/1994
- **Closure:** 4/2021 (27 yrs)
- **Increment Value:** \$48,006,400
- **Highlights:** Market Square \$9.3M, La Crosse River Trail \$1.3M, Relocation of Frank Liquors & Hoeschler-Robers, Cass Street Bridge \$6.1M, Riverwalk, La Crosse Center \$13M, Center Ramp \$3.2M

# TID 7 – Amtrak Depot

## Tax Incremental District No. 7 - La Crosse, Wisconsin

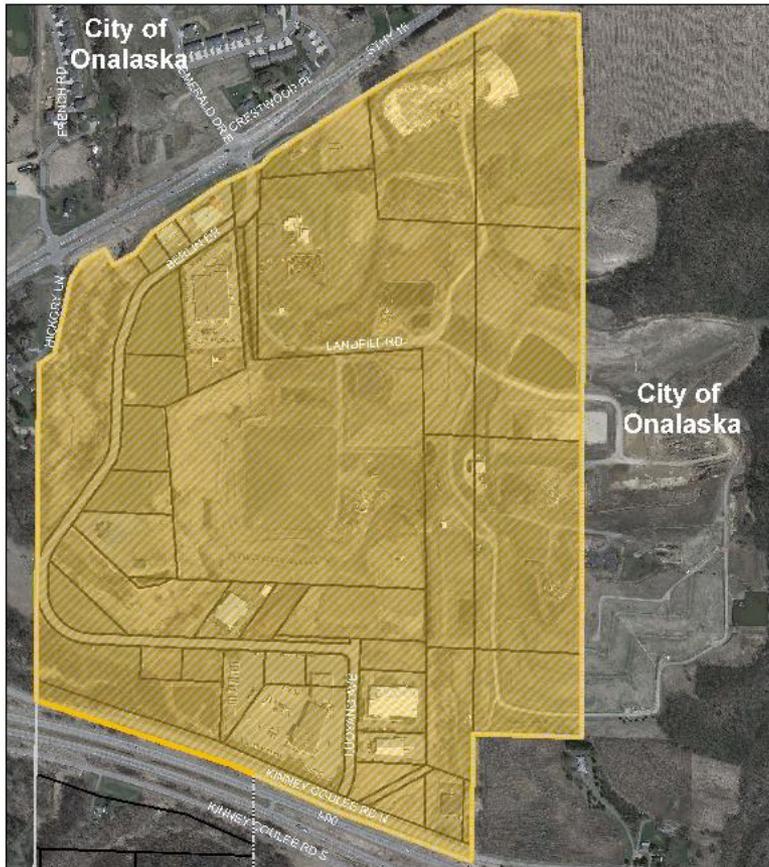


- **Type:** Blighted
- **Created:** 8/1997
- **Closure:** 8/2024 (27 yrs)
- **Increment Value:** \$9,029,500
- **Highlights:** Depot restoration, Fowler & Hammer expansion



# TID 9 – International Business Park

Tax Incremental District No. 9 - La Crosse, Wisconsin



- **Type:** Industrial
- **Created:** 6/1999
- **Closure:** 6/2022 (23 yrs)
- **Increment Value:** \$17,325,800
- **Highlights:** Creation of the 53 ac. industrial park

# TID 10 – Park Plaza

Tax Incremental District No. 10 - La Crosse, Wisconsin

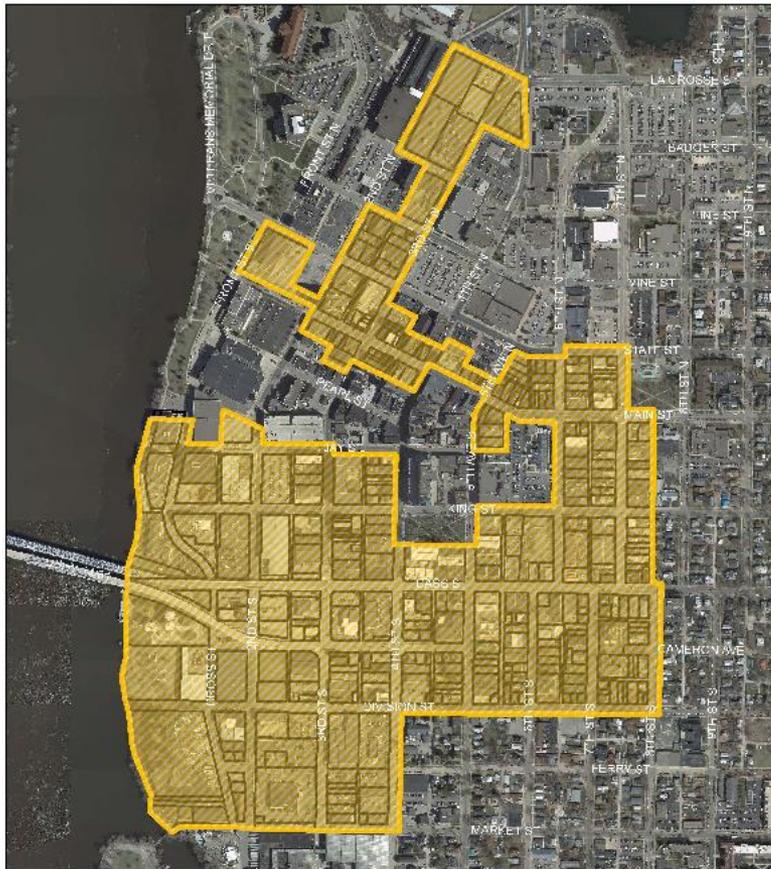


- **Type:** Blighted
- **Created:** 6/2003
- **Closure:** 6/2030 (27 yrs)
- **Increment Value:** \$446,100
- **Highlights:** Site prep.  
At the Former Holiday Inn site and BYC.  
County land



# TID 11 – Gateway Redevelopment

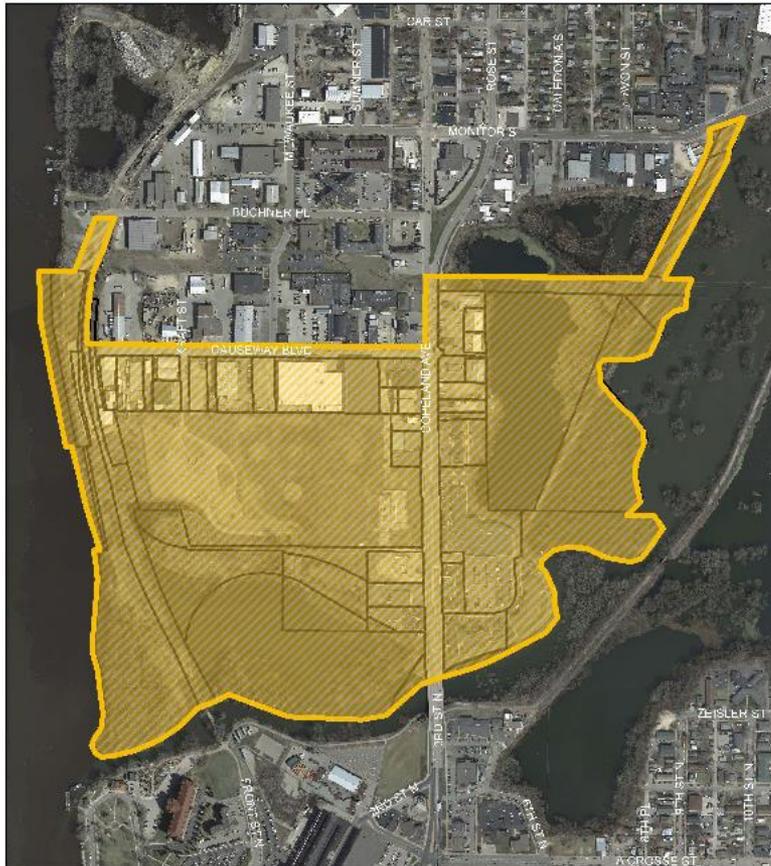
Tax Incremental District No. 11 - La Crosse, Wisconsin



- **Type:** Blighted
- **Created:** 10/2004
- **Closure:** 10/2031 (27 yrs)
- **Increment Value:** \$66,578,600
- **Highlights:** Riverside Center I, II & III, Transit Center, People's Food Co-op, parking ramp, streetscaping

# TID 12 – Three Rivers Plaza

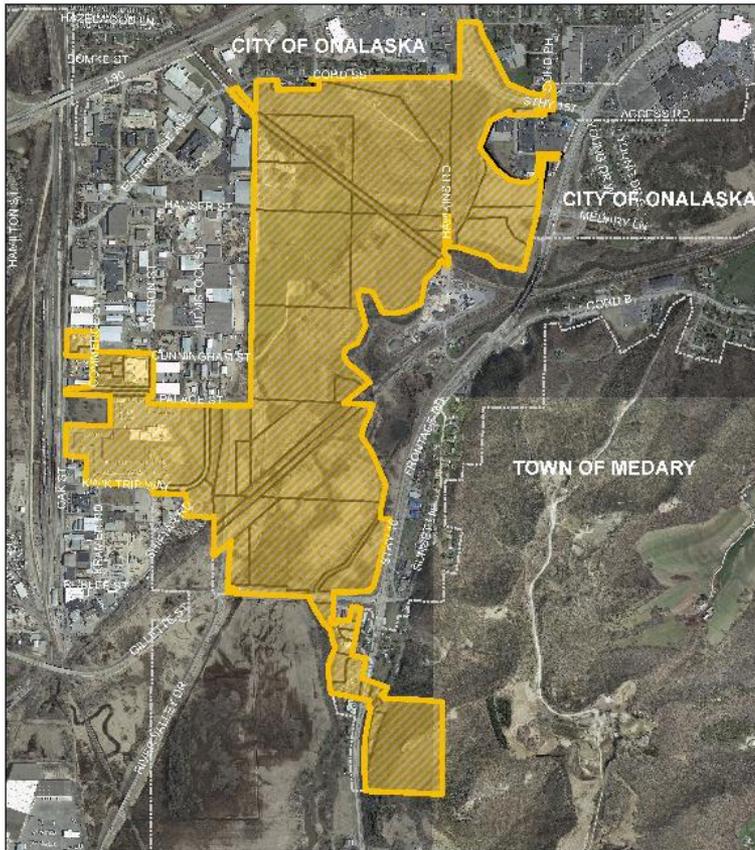
## Tax Incremental District No. 12 - La Crosse, Wisconsin



- **Type:** Blighted
- **Created:** 7/2005
- **Closure:** 7/2032 (27 yrs)
- **Increment Value:** \$18,837,100
- **Highlights:** Three Rivers Plaza Construction (Hotel, grocery, strip mall, high density residential, corridor enhancements)

# TID 13 – Kwik Trip

## Tax Incremental District No. 13 - La Crosse, Wisconsin

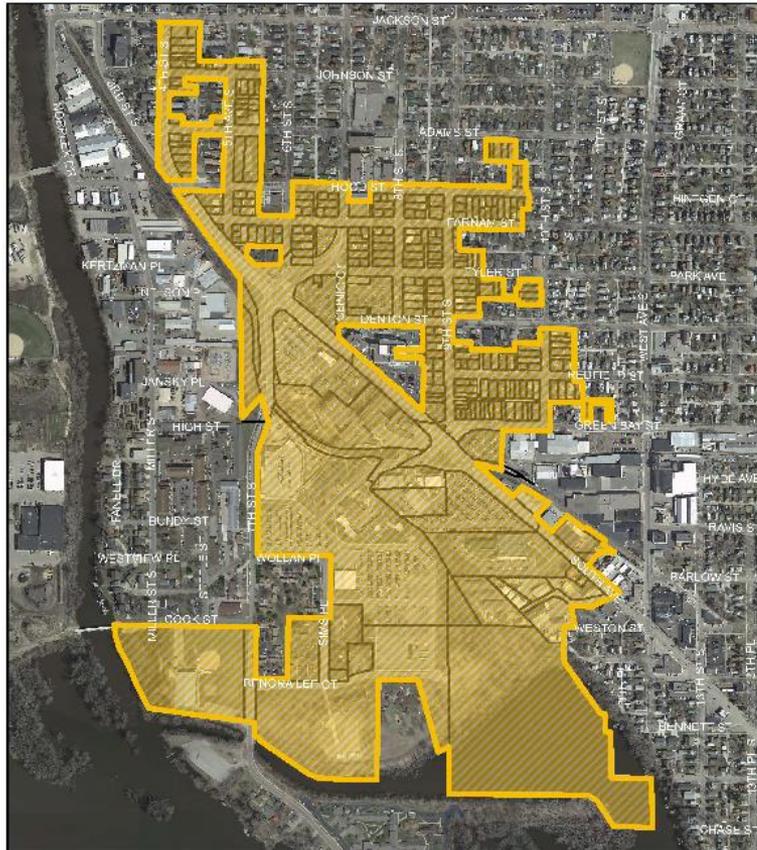


- **Type:** Mixed-Use
- **Created:** 5/2006
- **Closure:** 5/2026 (20 yrs)
- **Increment Value:** \$24,649,400
- **Highlights:** Road-sanitary-sewer improvements, expansion of Kwik Trip's commissary, freezer, dairy, and bakery facilities, sunset condominiums



# TID 14 – Gundersen Health System

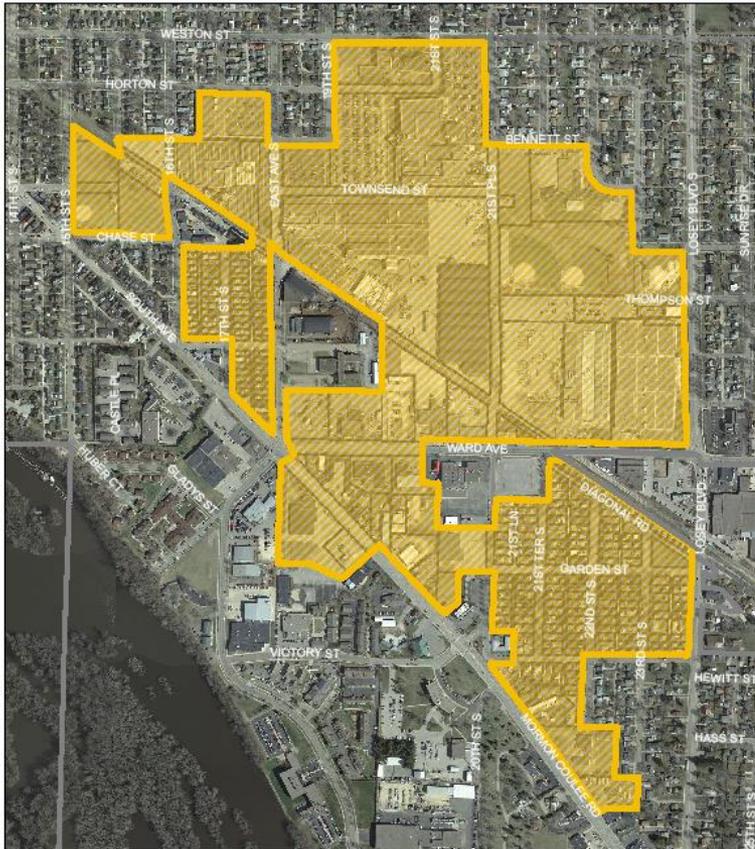
## Tax Incremental District No. 14 - La Crosse, Wisconsin



- **Type:** Mixed-Use
- **Created:** 8/2006
- **Closure:** 8/2026 (20 yrs)
- **Increment Value:** \$8,438,000
- **Highlights:** Parking Ramp I & II, Cline, Gund Lofts, Data Center, GB Building, Housing Redevelopment

# TID 15 – Chart

## Tax Incremental District No. 15 - La Crosse, Wisconsin



- **Type:** Mixed-Use
- **Created:** 2013
- **Closure:**
- **Increment Value:** \$0
- **Highlights:** Chart expansion will create 100 new jobs and \$15,000,000 in new tax base, & neighborhood revitalization. Trane will stay in La Crosse

# TID 16 – Trane Plant 6 Creation 2014



- **Type:** Mixed-Use
- **Created:**
- **Closure:**
- **Base Value:** \$20-25M
- **Highlight:** 12 ac. redevelopment site. The majority of the residential parcels are in the 100 yr. flood zone.



# Future Amendments

## TID 14 - Gundersen



- This amendment will consolidate projects from the latest TID Amendment and the Gundersen – Neighborhood Plan
- Project Highlights Include:
  - Corridor Improvements along South Avenue and 4<sup>th</sup> Street
  - Redevelopment of Armory Building
  - Hotel
  - Mixed-Use Development along corridor
  - Bike/Ped connections throughout the neighborhood & waterfront