

Draft Schedule for Remaining Steps

Date	Activity	Category
11-Sep	Special Committee of the Whole and Planning Commission meet to consider the EIS and receive public comment.	EIS
23-Sep	Finance Committee - Review existing Development Agreement and possible changes	Agreement
23-Sep	Common Council - Resolution to create TIF Project Plan	TIF
13-Oct	Planning Commission - Certified Survey Map (CSM) - Recommendation to Council	CSM
13-Oct	Plan Commission meets to consider approval of Specific Implementation Plan (SIP) for Walmart, Kwik Trip and Retail Building and deviations or exceptions	SIP
13-Oct	Planning Commission - Review TID Budget and Project Plan and Set Public Hearing for Planning Commission meeting on October 27, 2014	TIF
14-Oct	Common Council - Consider Amendments to Development Agreement	Agreement
27-Oct	Plan Commission holds public hearing on proposed boundaries of TID and the Project Plan. **SPECIAL PLAN COMMISSION MEETING**	TIF
27-Oct	Plan Commission - Continued review of SIP's for Walmart, Kwik Trip, and Retail building and deviations or exceptions as necessary	SIP
28-Oct	Common council - Certified Survey Map	CSM
28-Oct	Common Council - Consider deviations or exception recommendations from Planning Commission	SIP
11-Nov	Common Council - Review and Approval TID Project Plan	TIF
25-Nov	Joint Review Board - Final Meeting on TID Creation	TIF





TAX INCREMENT FINANCING

An Intergovernmental/Private Partnership



KETTLE PARK WEST

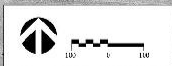


JSD Professional Services, Inc.
• Engineers • Surveyors • Planners

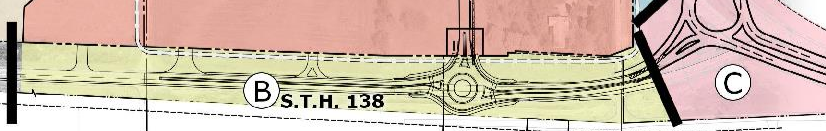
LEGEND

- KETTLE PARK WEST COMMERCIAL CENTER
- FUTURE KETTLE PARK WEST DEVELOPMENT
- STORMWATER INFILTRATION
- (A) JACKSON ST. - COMPLETE OCT. 2014
- (B) USH 51 & STH 138 COMPLETE OCT. 2015 (INCL. TEMPORARY SIGNALS AT USH 51 & STH 138)
- (C) USH 51 & STH 138 ROUNDABOUT COMPLETE OCT. 2017 (PENDING FUNDING)
- (D) WINDOT USH 51 REHAB PROJECT DATE TO BE DETERMINED

REVISED 01-15-2014



PUBLIC INFRASTRUCTURE IMPROVEMENT EXHIBIT



WHAT IS TIF?

- 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.
- Before TIF, when a community installed public improvements to promote development, its property owners bore these costs, but all taxing entities that shared the increased tax base benefitted.
- All Taxing entities become partners to promote expansion of their tax base.



TAX INCREMENT FINANCING: WHAT TIF IS

- Financing Tool to Accomplish Specific Objectives:
 - Eliminate Blight
 - Conserve Neighborhoods
 - Promote Industrial Development
 - Promote Mixed-Use Development



TAX INCREMENT FINANCING: WHAT TIF IS

- Public/Private Partnership
 - Partnership of taxing entities to promote public benefits that flow from development
 - Public and private sectors work together to stimulate economic growth by creating conditions that attract private investment to an area



HOW TIF WORKS

- City/Village creates a TID
 - Finding must be made that development objectives would not occur without TIF (“but for” test)
 - Boundary established within which costs are incurred and new tax base is created
- Tax allocation is modified
 - Tax allocation on “base value” is unaffected: revenue continues to flow to taxing jurisdictions
 - Tax Increment District (City/Village) receives 100% of tax revenue from *increased* tax base
- Tax revenue on new development is used to pay for development costs in TID boundary





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THE “BUT FOR” TEST

TIF law requires the Joint Review Board (JRB) to make the “but for” finding

JOINT REVIEW BOARD

Each tax district involved participates in the TIF partnership and has representation on the Joint Review Board

- Municipal Representative
- School District Representative
- Technical College Representative
- County Representative

If it can be concluded that growth **would not** have occurred without the assistance of TIF, it is ultimately beneficial to all taxing jurisdictions finances.

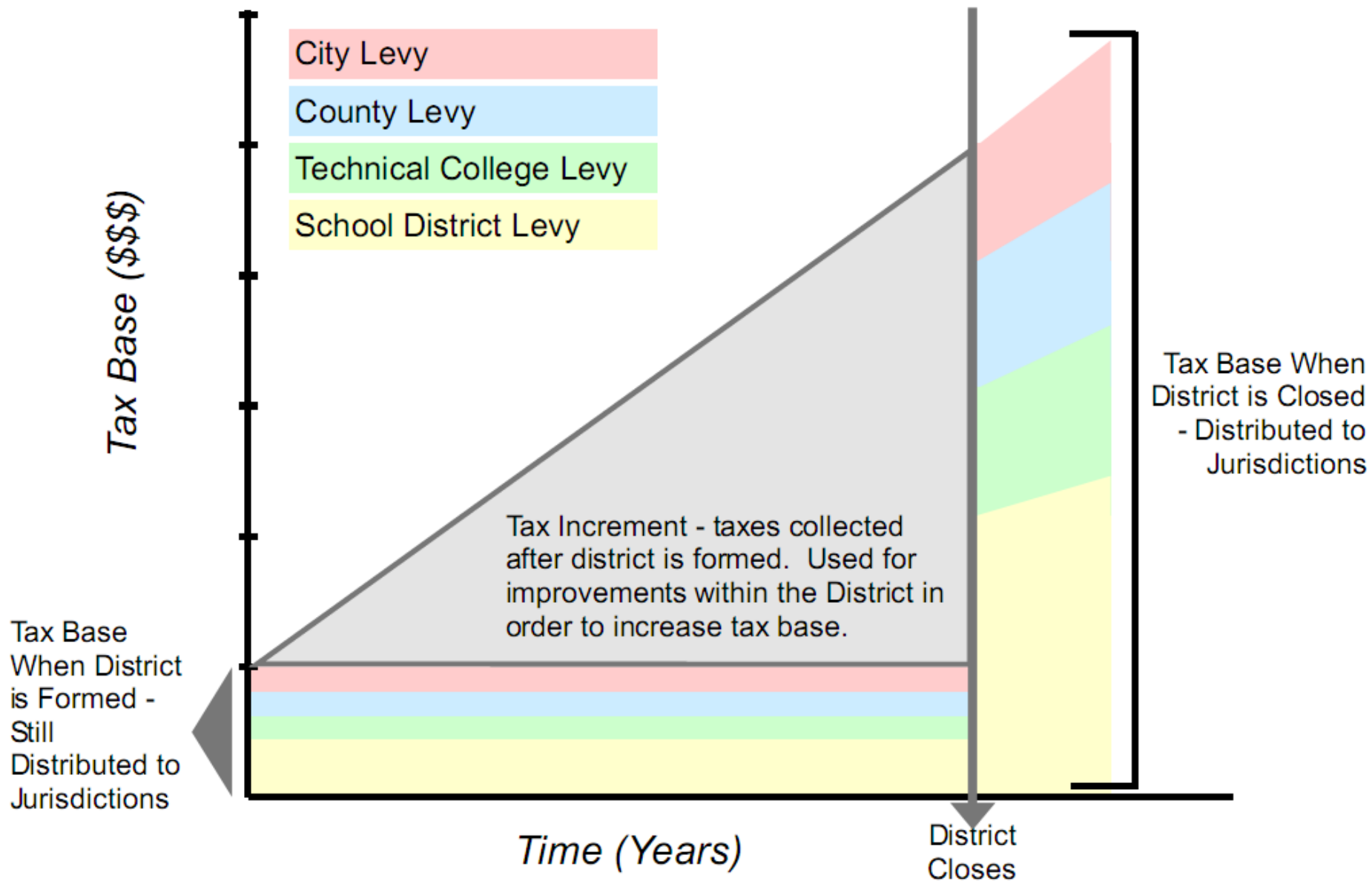


HOW ARE OTHER TAXING ENTITIES AFFECTED?

- Creating a TID affects all levels of local government
- Local governments agree to forego their ability to raise revenue in that specific district for a number of years, in exchange for higher property values in the future.
- Because all units of local government will ultimately benefit from higher property values, they too should share in repaying the costs of the development.



Example of Tax Allocation



HOW DOES TIF WORK?

- Normal operations of taxing jurisdictions are supported by existing tax base.
- Tax increment does not increase taxes for property owners.
- Generated within the TID from the increase in those property values (tax increment).
- TIF is not a tax freeze nor a tax increase, but a special allocation method for taxes collected on property value within the district.



HOW IS TIF USED?

TIF use varies from project to project.

- Municipal Led Projects
 - Municipality designs and constructs improvements
 - Marketing
 - Business Park North
- Developer Led Projects
 - Developer identifies a site they want to locate
 - TIF is used to fund public improvements



POTENTIAL BENEFITS OF TIF USE

- Increased property value
- Employment
- Catalyst for further development



HOW DO YOU JUSTIFY GIVING \$5 MILLION IN TIF MONEY TO A LARGE CORPORATION?

- Its important to understand the City is not giving funds to any large corporation or developer.
- The City is funding the actual costs of public infrastructure improvements and safety enhancements to benefit not only the development area but the entire community.
- This development is about so much more than just the large retail store.



WHO STANDS TO BENEFIT IF THIS DEVELOPMENT IS APPROVED?

- The benefit will be to the citizens of the City of Stoughton. This development will provide the positive growth and progression greatly needed for the Stoughton Community.
- Unlike other Dane County communities, Stoughton is becoming unattractive to young families, its population is aging and it is impacting the city and the schools.
- We need to attract young families to Stoughton. Young families need and want good schools and local, convenient access to the things families need..... Groceries, diapers, toilet paper, school supplies, house wares, etc.



IS IT REALLY TRUE THAT WE WOULD GET NO DEVELOPMENT IF NO PUBLIC FUNDING?

- In this case it is true. The land area has been identified in the Comprehensive Plan as appropriate for Commercial/mixed use development for over 10 years.
- No developer has attempted to begin a project here.
- The site needs highway and traffic safety improvements in order to make it ready for development.
- These are costs that cannot be absorbed by a developer.



WHAT IS THE TOTAL AMOUNT FUNDED PLUS INTEREST?

- Total Off-Site infrastructure costs=\$3,011,373
- Total On-Site Regional Storm Water costs=\$1,593,368
- Based on interest of 3.5% on the 2014 borrowing and 4.0% on the 2015 borrowing, interest costs over 17 years is estimated to be \$2,037.652
- Total = \$6,642,393.
- All Debt service costs including interest will be paid by tax increment revenues.
- Any additional development will reduce the years and interest for debt service.



WHAT IS THE EFFECT ON STOUGHTON TAXPAYERS?

- There will be no effect on the City of Stoughton taxpayers for this development. All costs will be recovered from the taxable value of the new development.
- Increased service costs will come from the base value of the TIF district parcels.
- Stoughton Citizens will see NO increases to their property taxes for this development.



USE REASONABLE CONDITIONS TO HELP MITIGATE MUNICIPAL RISK.

- Ensure municipal development is consistent with existing comprehensive plans
- Use well-crafted developer agreements with project specific conditions are recommended during negotiations.
- Municipalities should always consider worst case scenarios regarding TIF performance (e.g. no property value growth) to weigh the potential fiscal impact of new TIF deals.



COMPARE

TIF 3 – Business Park

- City purchased the land
- City funds all on-site improvements-Streets, water, sewer, storm water, electric \$2,300,000.
- City has no tenants ready to move in
- City responsible for marketing lots
- TIF 3 starts with NO increment revenue. Shares increment from TIF 2 (\$1,041,310), General fund paid debt (\$181,240), until 2011.
- Now is successful and is funding Williams Drive improvements.
- Will soon close.

Proposed new TIF - KPW

- Developer purchases the land \$5,053,753
- Developer installs and pays for on site improvements (except regional storm water)
- Developer has tenant contracts
 - 1 large retail
 - 3 other commercial
- Increment value will be \$18,000,000 at build out in 2016.



SUMMARY

- In a TIF district, public investments are made to encourage growth and redevelopment.
- Because TIF spreads the cost of development out to all of those who will enjoy it, it is considered by many to be the most equitable means of stimulating and financing new infrastructure and development.
- TIF debt is viewed positively by Credit Rating Bureau's in part because of use of TIF districts to stimulate industrial and commercial development.
- Careful planning and the use of Development Agreements help to mitigate the risk to the Municipality.
- As TIF districts mature, the incremental tax revenue gained from new developments is applied to the tax levy providing a benefit for every taxpayer.



R-85-2014

- Tonight's resolution # R-85-2014
- Approval is to begin work on the project plan for TIF #7
- The project plan then goes to the Planning Commission
- The Planning Commission holds a public hearing and makes a recommendation to Council.
- Council gets final decision on whether to create the TIF district.

