

City of Verona TIF Guidelines

August 2020

These guidelines are intended to provide general direction on the creation of TIDs and the use of TIF funds. The City recognizes that each development area and project is unique and should be considered on a case by case basis. The Common Council may deviate from these guidelines for projects that are providing extraordinary benefits to the community in terms of tax base, job creation or retention, are of community interest or other clear advantage to the local economy.

Purpose:

The purpose of these guidelines are to provide guidance regarding the City of Verona's use of Tax Increment Financing (TIF).

TIF Objectives:

The City considers using Tax Increment Financing to meet the following objectives:

- Promote economic development in the following industry sectors including but not limited to:
 - Agriculture
 - Food and beverage production
 - Advanced manufacturing
 - Healthcare
 - Information communications technology
 - Bioscience
- Facilitate the redevelopment and revitalization of Downtown.
- Encourage the construction of mixed-use developments;
- Leverage State and Federal investment funds, public-private partnerships, and private equity of existing businesses or new small businesses.

Implementation

City staff shall be responsible for implementation of these economic development guidelines as directed by the Mayor and Common Council.

With direction from the Common Council, Staff shall negotiate the types and level of development incentives needed in accordance with the provision of these guidelines. Both the staff and the Common Council shall maintain the confidentiality of all such negotiations as permitted by the requirements of Wisconsin Open Meetings laws. Staff will then forward its recommendation to the Common Council.

Commitments of financial assistance by the City shall be presented in the format of a formal development agreement that clearly indicates the nature of the assistance and

the anticipated performance requirements, obligations, and other terms and conditions of both the City and the applicant.

The Common Council shall have the final authority to review, amend and approve all negotiated agreements in accordance with Wisconsin State Statutes.

Financing

The City will use the “pay as you go” (PAYGO) TIF Districts as a method to help reduce the financial exposure of the City. Under this financing method the developer pays for the upfront costs of the project. The City would provide a Municipal Revenue Obligation (MRO) which establishes the criteria for the City to provide payments to the developer from future tax increment to allow them to recoup a portion of their initial investment. This shall be the standard means of providing TIF assistance. The incentive period shall not exceed the life of the TID. The City shall favor shore TIDs and TIDs that are limited in scope to protect the City and the public from projects that are too big to fail.

The City will consider the reimbursement of specific project costs or public infrastructure if the applicant can clearly demonstrate a need for upfront funding, or the traditional assistance method. No direct TIF assistance will be provided without formal written development agreement. The pay-back period of a development incentive shall not exceed the life of the TID. In order to receive direct TIF assistance, a developer must agree to the following:

1. Provide guarantees to the City to cover any shortfall in costs not paid by increment. These may include construction guarantees, letters of credit, personal or corporate guarantees and/or minimum payment agreements.
2. The property owner shall agree not to protest to the Board of Review or Circuit Court the Assessor's determination of the property value for the properties for which the grant is requested until the development incentive agreement has expired.

The City will retain a portion of any tax increment received from the project as a reimbursement for administrative costs.

Applying for TIF Assistance

The provision of TIF assistance will be evaluated on a case-by-case basis by the Common Council. Each project is unique and each application for TIF assistance shall be reviewed and evaluated on its own merits, impact upon City services, contribution to the local economy, and consistency with City planning documents. Meeting statutory requirements, guidelines or other criteria listed herein does not guarantee the provision of TIF assistance nor does the approval or denial of one project set precedent for approval or denial of another project.

- The City of Verona will consider utilizing Tax Increment Financing to assist private development in instances where there is a demonstrated financial gap.
- The request for financial assistance will be the minimum necessary to make the project feasible and not to unduly enrich the developer.
- Applicants must demonstrate probability of financial success and that “but for” the use of Tax Incremental Financing, the project would not occur.
- Applicants requesting TIF assistance shall demonstrate a significant public benefit to the community including but not limited to the following:
 - Reduction or elimination of neighborhood blight;
 - Strengthening of the economic and employment base of the City;
 - Increase of property values and the tax base;
 - Creation of new jobs or retention of existing jobs;
 - Implementation of the Comprehensive Plan.

TIF Process

1. A pre-application meeting is held between the developer and the City. The developer submits a TIF request to the City.
2. The City will determine completeness of the request and whether the proposed project is eligible under the City’s guidelines and statutory requirements.
3. An analysis of the TIF Plan and financial pro formas will be conducted by outside consultants.
4. Common Council will meet in closed session to discuss the project and their level of interest in facilitating its development.
5. Should the Council chose to move forward, a Development Agreement is drafted and negotiated between the City and Developer.
6. Once general agreement has been reached on the terms of the Development Agreement, it will require approval by the Common Council in open session.
7. Execution of the Development Agreement between the City and Developer.

Eligible Types of Development

- Business Development – attraction, retention, and expansion
- Mixed-Use Development – projects that integrate commercial and retail into a residential development
- Revitalization of deteriorated buildings
- Projects that promote industrial development
- Projects that include a significant amount of workforce housing
- Projects that involve environmental cleanup and removal or reduction of blight
- Projects that contribute to the implementation of other public policies, as

adopted by the City

Ineligible Types of Development

- Speculative office development
- Relocation of offices, retail, or commercial uses within the City for purposes other than retaining or expanding business
- Projects inconsistent with the Comprehensive Plan
- Market-rate multi-family residential development

Eligible Expenses

Development incentives may include but are not limited to the following:

- Site Acquisition
- Site Preparations
- Land Write-Down
- The Implementation Of Off-Site Streetscape Improvements
- The Provision Of Off –Street Parking
- The Relocation Of Existing Water, Sewer, Storm Sewer, Electric, Gas And Telecommunications Utilities
- Reimbursements To The Developer For Specified Redevelopment Costs
- Low/No Interest Project Financing
- Site Environmental Remediation.

TIF Assistance Criteria

1. Equity is required
2. The project's internal rate of return with assistance will be a justified incentive for the developer to commit to the project rather than making an alternative investment
3. Increase in taxable valuation