

CITY OF WATERLOO TAX INCREMENT FINANCE POLICY

PURPOSE

The purpose of this policy is to set forth the City's approach to the use of tax incremental financing (TIF) for private development. This policy will be used to process and review requests for tax incremental finance assistance. TIF supported projects must comply with applicable state statutes. The City of Waterloo is governed by the limitations established in Wisconsin Statutes 66.1105, the Wisconsin Tax Increment law.

CITY'S OBJECTIVES FOR USE OF TAX INCREMENTAL FINANCING

This program exists to achieve the following objectives, in no particular order:

1. Remove blight and/or encourage redevelopment in the commercial and industrial areas of the City in order to encourage high quality development or redevelopment and private investment.
2. To retain and/or increase the number and diversity of quality jobs (e.g. stable employment and/or attractive wages and benefits).
3. To encourage additional unsubsidized private development in the areas, either directly, or through secondary "spin-off" development.
4. To offset increased costs of redevelopment (e.g. contaminated site clean-up), over and above those costs that a developer would incur in normal urban or suburban development.
5. To achieve development on sites which would not be fully developed to the full potential envisioned by the Waterloo Comprehensive Plan without this assistance.
6. To increase and diversify the tax base of the City to ensure the ability of the City to provide adequate services for its residents while reducing reliance on the residential property tax base.
7. To meeting other uses of public policy, as adopted by the City Council from time to time, including the promotion of quality urban design, quality architectural design, mixed use new urbanism development consistent with the adopted comprehensive plan, energy conservation, protection and conservancy of green space, decreasing the capital and operating costs of local government, etc.

PROGRAM ELIGIBILITY CRITERIA

1. The project must be consistent with the City's Comprehensive Plan, zoning ordinances and other municipal ordinances.
2. The project must meet at least two of the City objectives listed above.
3. It must be demonstrated that the project would not be financially feasible "but for" the public assistance to be provided.
4. The developer must agree to provide guarantees to the City to cover any shortfalls in costs not paid by the increment, unless the project is a "pay as you go" agreement. These may include assessment agreements, letters of credit, personal or corporate guarantees and minimum payment agreements.
5. A minimum ratio of private development increment to tax increment expenditure of 3:1 is generally expected. At a minimum, the Net Present Value (NPV) of TID revenue should equal two times the amount of any redevelopment assistance requested.
6. For projects in Redevelopment Districts, preference will be given to those that constitute rehabilitation, and those that enhance overall value and appearance of the district as well as specific removal of undesirable situations.

PROJECT COSTS WHICH MAY QUALIFY FOR TAX INCREMENTAL FINANCING ASSISTANCE

1. Property acquisition

2. Land clearance
3. Relocation and demolition of structures
4. Site preparation
5. Soils correction, removal of hazardous wastes or remediation of site contamination
6. Installation of utilities, including fiber optics and digital technologies
7. Construction of public or private improvements
8. Administrative costs directly related to the identified parcels
9. Design fees
10. Surveys
11. Environmental studies
12. Relocation of building occupants
13. Special assessments and TIF application filing fee
14. Promotions and marketing
15. Other costs allowed by Wisconsin Statutes

TAX INCREMENT PROJECT EVALUATION PROCESS

The following four methods of analysis for all proposals will be used:

- A) Consideration of project meeting basic qualifications.
- B) Consideration of project meeting desired qualifications.
- C) Project meets "but-for" analysis and statutory qualifications.
- D) Project is deemed consistent with City adopted plans.

APPLICATION PROCESS

The City's tax increment financing program will be administered by the Waterloo Common Council with the assistance from the Plan Commission and the Community Development Authority as directed. The Waterloo Common Council will require a non-refundable application fee in the amount of \$200 for its processing of the application. The fee shall be payable to the City of Waterloo at the time of an application submittal. Fees and applications are accepted in the Clerk/Treasurer's office and are subject to change without notice.

Step 1

- Complete and submit a TID Application (application requirements found below) with supporting documents (Initial submittal may be in rough form for preliminary discussion purposes) to Clerk/Treasurer's office, 136 North Monroe Street, Waterloo, Wisconsin 53594
- Schedule a meeting with staff for initial review of the application.

Staff will work with applicant to develop the most appropriate TID application according to City adopted policies. Once a developer and/or staff believe the initial application is ready, the request is sent to the Common Council for review and comments. A resolution from the Council will approve, deny, or approve with stipulations the conceptual tax incremental district proposal. Stipulations found as part of conceptual approvals will usually relate to adopted policies and may or may not consist of the following: Further solidification of numbers (Appraisals, Letters of Intent, Developer Agreements, etc); Making the TID proposal payoff in a lower number of years; and/or higher ratio of Developer dollars to TID dollars, etc.

NOTE: The Common Council will determine what body (Plan Commission, CDA or Council) will be the future recommending authority for the proposal TID at the time of concept approval.

Step 2

- Complete and submit a Final TID Application with supporting documents.
- Schedule a meeting with staff for review of the application.

- Staff then begins the TID approval process by taking it to the recommended body and beginning the statutory TID process.
- Developer must comply with requirements of all approving bodies (Plan Commission, Community Development Authority, Common Council and Joint Review Board) throughout the process.

Application Requirements

- General Information including: date, project name, tax parcel numbers involved and the TID district number the project is affiliated with, if within an existing TID.
- Applicant information including: legal business name, title, company, address, phone and email contact purposes. Include a list of all owners, officers, directors, investors, members and/or partners. Also include information about all support firms working on the project (attorney, engineer, etc...).
- Project plan information including: project incentives that are to result from the TID. These incentives must in turn demonstrate that they will be paid back once completed by an increase in tax increment within the district. The project plan must outline the following:
 - Developer vision
 - How the project relates to the variables found in the City's adopted TIF policy.
 - Detailed outline of the TID incentive requests
 - Incentive requests/costs
 - Reasons why the incentives pass the "but for" test
 - Anticipated project costs
 - Base values (appraisals will be required to support base values)
 - Anticipated value added to TID as result of the project
 - A Pro Forma analysis for the life span of the project showing proposed annual property taxes paid, debt service on TIF loans and debt outstanding
 - Timeline
 - Project narrative, site plan, landscaping plan, grading plan and infrastructure plan
 - Job creation information