

VERMONT ECONOMIC PROGRESS COUNCIL

Phase filing under Master TIF District Determination

**CITY OF BURLINGTON:
DOWNTOWN TIF DISTRICT**

On June 23, 2011, the Council approved a TIF District application for the City of Burlington utilizing the [Master TIF District Determination Policy and Procedure](#). This policy and procedure allowed for the approval of applications with complex TIF Plans that are expected to proceed in phases or have a great degree of implementation variability. In order for VEPC to consider a Master TIF Plan Determination, the applicant filed a complete application in accordance with the established application requirements and procedures and provided evidence sufficient for the Council to make positive determinations, demonstrating at least *general* compliance with all approval criteria. Determinations regarding some criteria may be partial and not conclusive. Subsequently, the municipality must file information regarding phases as they are ready to proceed and the phase must be considered and approved, finalizing that portion of the application. Only the Burlington Downtown and Hartford TIF District applications were considered in this manner.

The only determinations left open with the Burlington application were the Transportation Project Criteria and fiscal viability. Nexus and proportionality would also have to be reconsidered if any infrastructure projects are included with a Phase Filing that were not in the original Plan.

The requirements of the Phase Filing were included in the Final Determination document, as follows:

- *The Council has determined that the following approval criteria are met:*
 - *Statutory Purpose*
 - *But For Criteria*
 - *Process Criteria*
 - *Location Criteria*
 - *Project Criteria: Need*
 - *Project Criteria: Affordable Housing*
 - *Market Viability*
- *Each subsequent development phase must be consistent with the approved TIF District Plan and TIF Financing Plan and, if appropriate to the phase, address the following criteria which were partially approved:*
 - *Nexus: For only new infrastructure projects, parcels, or real property developments not included in the approved TIF District Plan.*

- *Proportionality*
- *Project Criteria- Transportation*
- *Fiscal Viability*
- *Financial Plan*
- *Each subsequent development phase filing must include, at a minimum:*
 - *Identification of the infrastructure project(s) included in the phase, including description, cost, construction schedule, and proportionality information;*
 - *Identification of the real property development(s) included in the phase;*
 - *Identification of the type and amount of debt that will be incurred for the phase, including financing costs;*
 - *The anticipated schedule for a public vote on the debt for the phase; and*
 - *Recalculation of the TIF debt and revenue spreadsheets to reflect the impact of the actual data from the phase (Tables 6M, 6N, 6O, 6P, 6Q, 6AA, and 6BB).*

The complete *Final Determination Document* for the Burlington Downtown TIF District issued by the Council, [click here](#) or open it on Sharepoint. For all the Burlington TIF District documents, [click here](#).

Burlington is planning to go to the voters at the March 4, 2015 Town Meeting with a ballot question giving the City permission to incur several instances of debt to carry out the first phase of their TIF improvements, which they are calling the “Downtown Great Streets Project.” The request will ask for overall approval for the project by the voters. The City Council approved moving forward with the phase filing on November 10. Further action and public hearings will occur after VEPC approval and before the vote in March.

The Great Streets Project involves about \$20 million in improvements and related costs that are consistent with the approved TIF Plan. The project is laid out for eight City blocks and includes utility upgrades, storm water controls, pedestrian and transit improvements and street scape improvements for each block. Additionally, the phase includes a brownfield remediation to allow for the development of a parking structure by a developer, and the rehabilitation of the Church Street Marketplace Garage. These projects were also part of the approved TIF Plan.

Infrastructure Improvement Costs:

Project:	Total Cost:	TIF Revenue:
Eight City Blocks- Great Streets	\$14,687,500	\$14,687,500
Brown’s Court Remediation	\$ 987,500	\$ 987,500
Church St. Marketplace Parking Rehab	\$ 4,380,000	\$ 3,333,750
Total	\$20,055,000	\$19,008,750

The City also projects incurring related costs totaling about \$728,100. This includes the costs of CEDO staff to administer the TIF and TIF projects, which is now allowed by statute. However, this type of related cost must be paid for with municipal increment only. To help cover these costs, the City is proposing to increase the level of municipal increment that is retained from 75%, as approved in the original TIF Plan, to 100%. The Phase filing includes notice of this increase and public vote information and ballot question will include this request.

Private development such as the Hilton Garden Hotel, the Stratos complex, and the Champlain College housing project are all in active development in part due to assurances by the City that streetscape improvements will occur. The Brown's Court parcel will also be developed only if the site is remediated. As stated in the TIF Plan, many of the expected new commercial and residential projects cannot be built or would not be built to the full development potential without more structured parking within the TIF District.

The total debt to be incurred for this phase will be about \$30.4 million (\$19.1M principal and \$11.2M interest). The City projects that they would issue eleven bonds between 2016 and 2018 incurring the debt for the projects in this phase.

Future phases are expected to involve \$6.4 million in infrastructure costs and \$3.7 million in financing costs, for another \$10.2 million in debt. A total of \$40.6 million in debt is projected (\$25.6 principal and \$15 million in interest).

The original taxable value of the properties under development and to be developed was \$11.1 million and the expected value after development is \$131.2 million, an increase of \$120 million. The projected total incremental revenue over twenty years is \$65.5 million. With the increment split 100%/0% on the municipal side and 75%/25% on the education side, \$53.8 million in incremental revenue would be available to service the infrastructure debt and pay related costs.

DETERMINATIONS:

Is the Phase consistent with the approved TIF District Plan?

The proposed infrastructure improvements were included in the original plan. The approved TIF Plan included:

- **Structured Parking:** Development, expansion, or renovation of structured parking facilities for projects that will provide public parking spaces for the Downtown TIF district.
- **Utility Upgrades and Renovations:** Upgrades, renovations and relocations, including, but not limited to, sanitary sewer, water, and storm water management facilities.
- **Street Side Streets Project:** Transportation, traffic, pedestrian, bicycle and transit capacity improvements.
- **Streetscape Improvements:** Development of functional streetscapes and public spaces for pedestrians and bicyclists.

Is the Phase financially viable?

The costs of the infrastructure are consistent with the costs for the same improvements presented in the original plan, with appropriate increases due to implementation in later years. The development will generate revenues sufficient to service the debt proposed for this phase and projected future phases. The filing includes the detail needed on the debt plan to meet the TIF Financial Plan requirement. The City projects revenue deficits in the first five years of debt service, which the City will have to cover.

Do Nexus and Proportionality need to be considered?

The filing does not include any new infrastructure, real property development, or parcels, so Nexus is not an issue. Similarly, no new improvements are added. The Council approved 100% proportionality for these projects.

Is the Transportation Project Criteria met?

The Transportation Project Criteria states:

“The development will enhance transportation by creating improved traffic patterns and flow or creating or improving public transportation systems.”

The Council’s determination stated that this criteria was generally met, but would depend on the transportation projects actually implemented by the City. The projects included in this filing involve improvements to public and multi-modal transportation infrastructure, infrastructure to improve pedestrian walkways and crossings, and generally improvements in accordance with the “[complete streets](#)” concept, a state policy objective.

RECOMMENDATION

Staff recommends that the Council find that the Phase Filing is consistent with the approved TIF District Plan, that it is financially viable, that it addresses the Transportation Project Criteria, and therefore approve the Phase.