



2015 TIF PHASE FILING—DOWNTOWN GREAT STREETS PROJECT

Planning efforts over the past five years have confirmed a broad community agreement that a well-designed, multi-use, multi-modal downtown street network is linked to growing a more economically vibrant and inviting public realm at the heart of our City.

- The *Downtown Tax Increment Finance (TIF) Plan* (approved 2011) called for about \$33,000,000 in street, parking and infrastructure public improvements to incent new downtown development
- *PlanBTV Downtown and Waterfront* (adopted in June 2013) promotes street investment to promote economic vibrancy, downtown housing, sustainability, green infrastructure, multi-modal transportation, parking and public life.
- The TIF Plan anticipates linkage between development projects in the Main / St Paul area to expected streetscape & infrastructure improvements.
- The TIF Plan anticipates linkage of development projects related to the City controlled property on the Gateway Block and related private development in the Main / South Winooski area to expected streetscape & infrastructure improvements.
- The TIF Plan anticipates Parking Garage Construction or Renovation to support the overall economic vitality of the District as a whole and to provide the necessary infrastructure to meet

the parking needs of the City in light of the above referenced private development Grand List growth occurring in the District.

Proposed Phase Filing for March 2015 ballot

The City of Burlington is submitting its first phase filing request pursuant to the conditions of the Vermont Economic Progress Council’s (VEPC’s) Master Determination for the Downtown TIF District issued on June 23, 2011.

1. **VEPC Approval:** The Downtown TIF District was approved subject to the condition that the City must submit requests for VEPC approval of all development phases for infrastructure projects that were included in the approved TIF District Plan and TIF Financing Plan prior to implementation.
2. **Phased Filing / Substantial Change:** Each development phase must be consistent with the approved TIF District Plan and TIF Financing Plan. If the phase information includes a substantial change from the approved Plan, the City will need to also file for Substantial Change approval. This phase filing does not constitute a substantial change from the approved plan.
3. **Approved Projects in TIF Plan:** Based on the Vermont Economic Progress Council’s June 23, 2011 Master Determination for Burlington’s Downtown TIF District, Burlington received conditional approval of some \$33 million of infrastructure projects proposed to support anticipated development in the district. Please note that the tables and worksheets submitted by the City reflect the District OTV as adjusted in 2012 by VEPC and that figure therefore is approximately \$700,000 less than the number referenced in the Master Determination of 2011. The tables otherwise have only been updated or modified to accomplish the requisite tasks of this particular phase filing. With that as the background, the City classified its projects in its original application in six broad categories;

a. Streetscape Projects	\$1,850,000
b. Utility Upgrades	\$2,125,000
c. Storm Water Controls	\$1,425,000
d. Transportation – Side Street Project	\$7,150,000
e. Transportation – Pedestrian/Transit	\$2,037,500
f. Structured Parking Projects	\$18,800,000

Financing Costs and Related Costs brought the project Total Estimated TIF Revenue Required in order to finance proposed Downtown TIF District improvements to \$46,882,389. The Master Determination found that projected incremental revenues and non-TIF infrastructure funding would be sufficient to fund the projects.

4. **Proposed Phase Filing:** Burlington has submitted a phase filing request for a slate of proposed infrastructure projects which contemplate a budget of approximately \$20 million for construction

and related costs. The proposed projects are consistent with the approved TIF District Plan and TIF District Financing Plan, and are to be made in support of development which was contemplated in the City's TIF District application.

5. **Consolidation of Categories:** Please note that the City has collapsed the streetscape, utility, storm water and transportation categories. These categories are listed above at 3 a – e and totaled \$14,687,500. The City has now established project budgets for each of the City blocks where the proposed improvements will be made. Each City block budget factors in utility upgrades, storm water controls and all the other elements of the original listed categories. The new budgets utilize all of those original categories in amounts nearly commensurate with original projections. Therefore, no substantial change to the TIF District Plan or the TIF District Financing Plan is necessary for this aspect of the phase filing approval.

6. **Transportation Criteria:** The Master Determination required that the City address transportation criteria, where applicable, in its phase filing because, in its 2011 TIF District application, the City had not sufficiently identified the project scope for its streetscape, utility upgrades, storm water control and transportation projects. The City has since completed Plan BTV which specifically calls for Downtown street improvements in accordance with among other things, the “complete streets” approach to planning, design, construction and maintenance of the improvements. A complete streets policy for Vermont was implemented by Act 34 of the 2011 Vermont legislature. Burlington's Great Streets project looks to be at the forefront of introducing multi-modal improvements though out the City with a goal of helping to bring about a more livable City through better, cleaner, safer transportation traffic patterns and flow. The Great Street improvements on core downtown streets are specifically designed to enhance all aspects of the multi-modal experience for vehicular, pedestrian and cyclist travel. The streets are designed to incent increased use of the existing and evolving public transportation systems as well.

7. **Projects—Streets & Infrastructure:** Approximately \$14.4 million in streetscape, storm water, and utility upgrade improvements are needed for the eight City blocks identified for inclusion in this phase filing for the City's Downtown Great Street Project. The identified City blocks are Main Street from South Union Street down to Pine Street (4 blocks) as well as along South Winooski from College Street to King Street (2 blocks) and along St. Paul Street from Main Street to Maple Street (2 blocks). This maximum limiting amount would be called out in phases internal to the project which would be compatible with development occurring on these City blocks. For example, Main Street from Church Street to Pine Street along with St. Paul Street from Main Street to Maple Street could bond shortly after the March vote as they could be done in support of the Hilton Garden, Champlain College/Brown's Court and the Stratos projects. Main Street from South Union Street to Church Street and South Winooski Street from College Street to King Street would be a part of a separate bond at some point to the future in order to tie in with Gateway block redevelopment. All together these comprise eight blocks of improvements. As referenced above, the City has collapsed the Streetscape, Utility, Storm water and Transportation categories to create budgets by city block in order to re-employ the budgeting models for two city blocks which were previously accomplished

primarily with Federal grant funding, and the budgets have then been adjusted for inflation (see supporting tables and maps). These street and infrastructure projects will likely all be included in an anticipated FY 2016 issuance of bonds or notes with City Council authorization.

8. **Proposed Projects—Brownfields:** Brownfields expenditures were originally included as a TIF-eligible cost for the City in Parking Structure improvements to the Brown's Court site approved for development in the TIF plan. The actual Parking Structure cost will now be borne by the developer of the project subject to a condition that the City (which owns the Brown's Court parcel) must fully remediate the site. Projected cost of remediation of the site – \$937,500. This will be included in an anticipated FY 2016 issuance of bonds or notes with City Council authorization.
9. **Proposed Projects—Parking Structure:** The Church Street Marketplace Garage is in need of rehabilitation. A July 2014 estimate placed the cost of the rehab at approximately \$4.1 million – the City projects FY2016 cost of \$4.38 M. Parking Garage construction or renovation was approved in the Master Determination. The City seeks \$3,333,750 TIF allocation for the project. While the garage is in the District and its improvement directly serves the District, so that both proportionality and nexus tests are fully met, the City is not seeking to fully fund this project with TIF. The remaining \$1.05 million cost is expected to be funded by parking revenues. This project will be included in anticipated FY 2016 issuance of bonds or notes with City Council authorization.
10. **Proposed Related Costs:** The City seeks specific approval of its costs in creating the Downtown TIF District insofar as these costs become reimbursable to the City upon incurrence of first debt by the District (for which the City now seeks authorization). The City also seeks additional approval for its costs for administering the District, including such municipal staff time which qualifies for reimbursement and are not otherwise funded. It should be noted that 2012 legislation permitted these related costs to be eligible for reimbursement for the first time. Therefore the City understands that their inclusion in this request is permissible despite their not having been included in either the TIF District Plan or the TIF Financing Plan. In so seeking, the City also provides notice to VEPC of its intention to utilize municipal increment in excess of the statutory minimum requirement of 75 % and in fact reserves the right to utilize up to 100 % of its municipal increment generated by the Downtown TIF District to reimburse these municipal staff time related costs. The City further reserves the right to adjust, lessen or discontinue utilization of such additional amounts of municipal increment at such times as the City deems fit so long as the City provides notice to VEPC of its adjustments and is in compliance with statutory requirements relating to percentages of utilization otherwise. Total related costs approval sought of \$728,100. These costs are anticipated to be accomplished by inter-departmental loan (without interest as per statutory requirements).
11. **Proposed Debt Instrument:** The City will issue bonds or notes through either a competitive or negotiated sale or may seek to sell the bonds or notes through the Vermont Municipal Bond Bank. The terms of repayment will not exceed twenty years and the interest rate will be determined based upon market conditions at the time of securing the debt. The city has historically sold its general obligation bonds through a competitive bidding process but may reserve the right to sell them in a negotiated sale if the City Council determines it is in the City's interest to do so.

12. **Main / St Paul Development:** The Hilton Garden hotel, the Stratos complex and the Champlain College housing project are all in active development and have been incented by City assurances of streetscape improvements. Four City blocks of the City's Street and Infrastructure Project (Main Street from Church Street to Pine Street along with St. Paul Street from Main Street to Maple Street) could be bonded for shortly after the March vote. They can be done in support of (and financed by the increment from) the Hilton Garden, Champlain College/Brown's Court and the Stratos projects.

13. **Main / South Winooski Development:** The City also plans to redevelop the Gateway block within the debt window of the Downtown TIF District, and can comfortably project that timeline since the City controls the bulk of that block. A forthcoming RFP will solicit development proposals. Additional complementary growth from the Free Press building redevelopment is included in projections. Additional adjacent block development included in the City's original application is also projected but for a timeline coinciding with a future phase filing. The City presents this phase filing as a request to be authorized to make all of the street improvements contemplated above because known projected development will provide increment to support the street improvements the City is seeking approval for now. For example, the Gateway block may well ultimately generate greater increment than is presently projected but because the City actually owns the surface parking lot at the northeast corner of South Winooski Avenue and Main Street, it can project development of that site in 2018 in order to include the surrounding street improvements in this request. A future phase filing where the redevelopment of surrounding properties which the City does not control has become better understood may support additional projects such as parking structures if the City can project that such redevelopment is supported by sufficient increment. This type of analysis supports the City's methodology of seeking approval now for street improvements which will be made in distinct timelines. The City included in its original application the explanation that in order to incent redevelopment of downtowns, certain infrastructure improvements like streetscapes now need to be done by the City even though traditionally such costs were historically borne by the developer. Furthermore, this will enable the City to coordinate upgrades to its streetscapes, thereby enhancing the downtown generally and stimulating additional redevelopment.

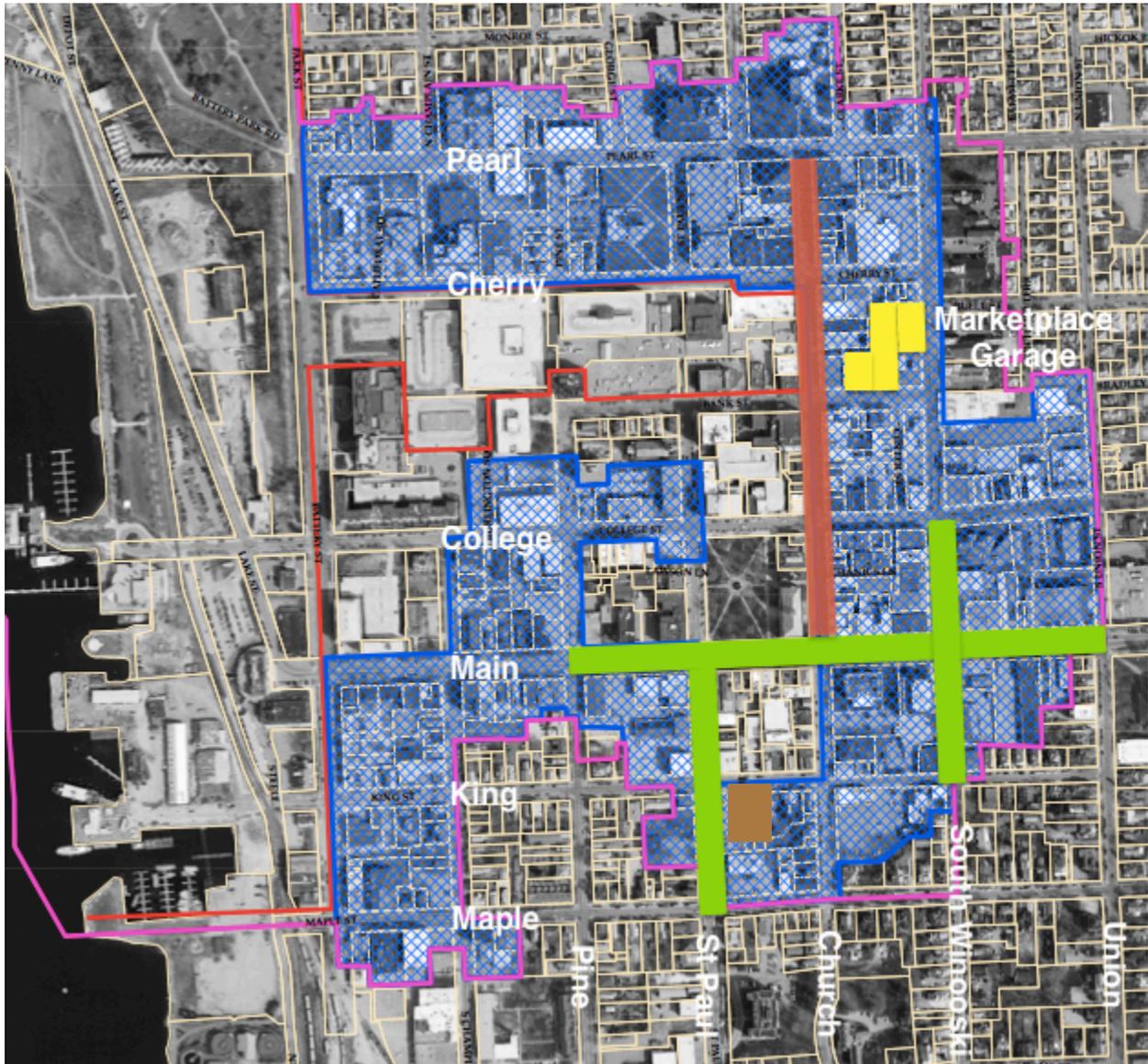
14. **Financial Growth Updates:** The City can now update its financial plan to show how the grand list growth generated by the three new projects online (Hilton, Stratos, Champlain College) will provide sufficient increment to service the debt for its first round of improvements (the streetscape improvements for Main Street from Church Street to Pine Street as well as St. Paul Street from Main Street to Maple Street). Similarly, the City will bond for the other blocks as the Gateway Block and other projects go to construction; taking advantage of synergies with those projects to efficiently upgrade as they come online. The City will continue to verify sufficiency of increment for debt service in each instance of ballot items being presented for voter approval and when seeking City Council approvals for bond (or other debt) issuance.

15. **Maximum Limiting Amount Authorization:** Approval for TIF expenditures of up to \$20 million is sought for the improvements and related costs associated with this phase. It is due to the staging of

prospective development that the City is asking approval for something resembling a maximum limiting amount; i.e. the City will be authorized to make the improvements but will not be obligated to make the improvement unless the development occurs and creates the necessary additions to the grand list to support the debt issuances for the improvements the City will make. This authorization will be of enormous benefit to the City in that it will place the City in a position whereby it can provide assurances of its ability to make certain improvements as it works to incent the prospective development projects needed to keep the City's downtown vital.

In conclusion, please note that this phase filing request is focused on the above-referenced infrastructure improvements and the development projects that are directly related to those improvements, but there will be other improvements and other development projects addressed in future filings. As our tables and spreadsheets indicate, the private development not included in this filing is still expected to occur. Additional incremental revenues are therefore also expected. The City anticipates that as those projects gain greater clarity and the City's specific infrastructure improvements are also clarified, the City will come forward with additional phase filing requests. Additionally, the City understands its obligation to seek approval via a substantial change request were the City to seek to make infrastructure improvements which go beyond the scope of the existing approved plan.

LOCATION OF PUBLIC PROJECTS / IMPROVEMENTS



PROJECT: STREETS AND INFRASTRUCTURE (see #7 in narrative)



PROJECT: PARKING STRUCTURE-- (see #9 in narrative)



PROJECT: BROWNFIELDS (see #8 in narrative)



CHURCH STREET MARKETPLACE