

PUBLIC NOTICE  
TAX INCREMENT FINANCING  
CITY OF BURLINGTON  
DOWNTOWN TAX INCREMENT FINANCING DISTRICT

This Public Notice is prepared by the City of Burlington to provide certain information to the public relating to the proposed ballot question seeking authorization to pledge the credit of the City to borrow, to finance, or otherwise pay for improvements within the City's Downtown TIF District using tax increment financing (TIF). If approved by the voters, the City expects to use tax increment revenues from within the Downtown TIF District in order to pay for the indebtedness and direct and related costs for the improvements. This notice is intended to provide the voters with additional information concerning the proposed projects, the improvements to be made, the terms of indebtedness to be incurred, the related costs that may be incurred by the City, and the expected source of payment for such indebtedness and direct and related costs.

WARNING and PUBLIC VOTE

The City Council at its January 12, 2015 meeting passed a resolution relating to "March 3, 2015 Annual City Meeting – Pledging the Credit of the City to Secure Indebtedness for Public Improvements Within the Downtown TIF District." By resolution, the City Council requested that the following question be placed on the ballot at the March 4, 2014 Annual City Meeting:

"Shall the City Council be authorized to pledge the credit of the City to secure indebtedness or make direct payments for the purpose of funding one or more public improvements and related costs attributable to projects serving the Downtown Tax Increment Financing (TIF) District, specifically:

- (a) **Main Street Streetscape Upgrades:** (the two blocks between Church Street and Pine Street inclusive of all intersections) to include streetscape, stormwater, utility, lighting and transportation upgrades;
- (b) **St. Paul Street Streetscape Upgrades:** (the two blocks between Main Street and Maple Street inclusive of all intersections) to include streetscape, stormwater, utility, lighting and transportation upgrades;
- (c) **Brownfields Remediation/Brown's Court:** relating to preparation of site for redevelopment;
- (d) **Marketplace Garage Improvements and Repair:** as a supplement to other funding for this project;
- (e) **Related Costs:** reimbursement for TIF eligible related costs incurred by the City for the creation, implementation and administration of the Downtown TIF District, including direct municipal expenses such as departmental or personnel costs related to creating or administering the district to the extent they are paid from the municipal and not education taxes and are otherwise reimbursed in accordance with law;

in a total principal amount not to exceed \$10,000,000 (which will bring the total Downtown TIF District debt approved since the Downtown TIF District's creation to \$10,000,000), and to issue bonds, notes or make interfund loans for such purpose with the understanding that tax increment from the properties within the Downtown TIF District shall be pledged and appropriated for the payment of such indebtedness or direct costs of

the improvements; and with the further understanding that the City may utilize more than the statutory minimum requirement of 75 % of all municipal increment, up to and including 100 % of same, in meeting the financial obligations of the district?"

#### FINANCING OF PUBLIC IMPROVEMENTS – INDEBTEDNESS

Subject to the receipt of necessary voter approvals, the City intends to finance these public improvements principally by the issuance of bonds or notes, in one or more instances, for a total principal amount not exceeding \$10 million. Issuance of the bonds, notes or other evidence of indebtedness will be subject to City Council authorization. The City would issue these 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, as may be determined by the City Council. The terms of repayment would not exceed twenty years and the interest rate would be determined based upon market conditions at the time of incurring such debt. interest to do so.

#### PROJECTED TAX INCREMENT REVENUES

The City estimates that the Tax Increment Revenue from the Downtown TIF District will be sufficient to pay the costs of the proposed improvements and the related costs of the projects, and the repayment of any indebtedness incurred to finance the improvements. The forecasts are dependent upon the expected development that will occur in the Downtown TIF District. The projections presented to the City Council, as well as the memo which accompanied it, are attached to this notice. The projections are based on assumptions and expectations that the City believes to be reasonable. There is no guarantee, however, that such development will occur or occur in the time frame currently expected.

In the event that the tax increment received by the City from within the Downtown TIF District is insufficient to pay the principal and interest on the indebtedness in any year, for whatever reason, including a decrease in property value or repeal of a State of Vermont property tax source, unless determined otherwise at the time of such repeal, the City shall remain liable for the full payment of the principal and interest for the term of indebtedness.

#### INTERFUND TRANSFERS

In lieu of borrowing through the issuance of bonds or notes, the City, in the event that it determines it is prudent to do so, may use interfund transfers among the City's funds and accounts. For example, the Community and Economic Development Office (CEDO) might cover design costs for a project through an interest-free loan (by statute, no interest can be charged for TIF interfund loans) from the City Clerk's Office, and the loan would be repaid via a documented City Council approved agreement utilizing tax increment according to a set schedule. These authorizations are allowed under the TIF statutes and any and all interfund transfer moneys utilizing TIF would need to be authorized by City Council and reported as such for municipal and state TIF audit purposes. To the extent, that interfund transfers are utilized, the total principal amount of bond or note issuance would be reduce accordingly from its allowance of \$10 million. Under applicable law, no interest may be charged on interfund transfers.

#### RELATED COSTS

The City may use its TIF revenues for broad category of items which are defined as "related costs." Related costs can be City expenditures related to the specific public

improvements or they can be related to the City's overall implementation and administration of its TIF district.

The following are expected "related costs" to be paid from TIF Revenues:

(i) the City's costs in complying with the State audits and reporting requirements as may be required by the TIF statutes;

(ii) reimbursement for the City's allocable costs and expenses which already incurred and paid by creating the Downtown TIF District, including reimbursement of such costs for same as were paid to outside consultants, and also including reimbursement of departmental or personnel costs identified as related to creating or administering the Downtown TIF District;

(iii) reimbursement for the City's allocable costs and expenses which were already incurred and paid by the City, including reimbursement of departmental or personnel costs identified as related to creating or administering the Downtown TIF District.

(iv) the City's allocable costs and expenses in the years ahead for the administration of its Downtown TIF District and the projects identified herein; including departmental or personnel costs identified as relating to creating or administering the Downtown TIF District.

(v) those allocable related costs attributable to the individual projects identified herein as approved by City Council in the applicable debt authorizations issued for the respective projects.

The City expects to utilize up to \$378,000 of TIF Revenues in order to cover these related costs. It is understood that if related costs exceed that amount, City Council may need to adjust budget allocations so as not to exceed the requested authorization of \$10 million in indebtedness for public improvements within the TIF District.

Some of the foregoing “related costs” can wholly utilize tax increment revenues, while others by law may only utilize the portion of the municipal tax increment and not the portion for the education taxes.

The City has maintained and will continue to maintain records of such related costs, the reimbursement of related costs, and the allocation of costs of personnel related to the creation and administration of the Downtown TIF District and/or the projects relating thereto.

### THE PROJECTS

- **Main Street Streetscape Upgrades:** (the two blocks between Church Street and Pine Street inclusive of all intersections) to include streetscape, stormwater, utility, lighting and transportation upgrades with an estimated budget of ~\$3,750,000 ;
- **St. Paul Street Streetscape Upgrades:** (the two blocks between Main Street and Maple Street inclusive of all intersections) to include streetscape, stormwater, utility, lighting and transportation upgrades with an estimated budget of ~\$4,066,000 ;
- **Brownfields Remediation/Brown’s Court:** relating to site work and remediation of soils at this city owned parking site in preparation for redevelopment of the site with an estimated budget of ~\$806,000 ;
- **Marketplace Garage Improvements and Repair:** rehabilitation of a public garage built in 1975 with an estimated total budget of ~\$4.3 million in needed repairs with an estimated TIF contribution of ~\$1million;

Categories of expenditures for TIF public improvements shall include:

- Environmental assessment and remediation;
- Building stabilization and construction;
- Utility infrastructure, connections and relocation (water, sewer, electrical; IT; stormwater)

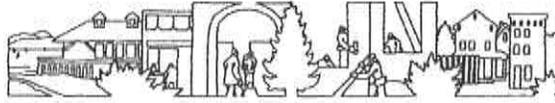
- Public Accessibility Improvements;
- Preparation of Street Design guidelines associated with the projects;
- Bike Amenities; Public Amenities; Public Art and Place-making; Wayfinding and signage;
- Engineering, Design, and Permitting (including Historic Preservation if needed) ;
- Surveying;
- General Site work ( including site preparation and stabilization);
- Landscape Improvements; Walls and Stonework;
- Road, sidewalk, crosswalk, lighting, landscaping and parking infrastructure;
- Intersection signalization for all modes;
- Garage reconstruction and improvements (decks, lighting access, signage and technology);

and eligible related costs associated with the above categories, or as attributable to the projects generally where permitted for inclusion as eligible related costs for administration of the Downtown TIF District.

### **PLEDGE OF THE CREDIT OF THE CITY**

Although the City projects sufficient TIF increment to service all obligations of the City authorized by the March 3, 2015 ballot question referenced herein, voters are reminded that, by approving the ballot question, the City Council will be authorized to pledge the credit of the City for the indebtedness and obligations incurred for the improvements within such Downtown TIF District. If the tax increment received by the City from within the Downtown TIF District is insufficient to pay the principal and interest on the debt in any year, for whatever reason, including a decrease in property tax or repeal of a state property tax source, unless otherwise determined at the time of such repeal, the City shall remain liable for payment of the principal and interest for these obligations for the term of indebtedness until fully paid.





## COMMUNITY & ECONOMIC DEVELOPMENT OFFICE

149 CHURCH STREET • ROOM 32 • CITY HALL • BURLINGTON, VT 05401  
(802) 865-7144 • (802) 865-7024 (FAX)  
[www.burlingtonvt.gov/cedo](http://www.burlingtonvt.gov/cedo)

### MEMO

January 9, 2015

To: Board of Finance and City Council

From: Peter Owens, CEDO Director

CC: Bob Rusten, CAO; Richard Haesler, City Attorney; Mayor's Office

**RE: Downtown TIF District Ballot Question for March 3, 2015 Annual City Meeting.**

I respectfully request the Board of Finance to recommend City Council approval of the resolution authorizing the placement of the above referenced item on the March 3, 2015 annual City meeting ballot. I further request that the full City Council approve the same.

As background to the resolution, please recall that we received your approval this past November to proceed with a Downtown TIF District phased filing before the Vermont Economic Progress Council (VEPC). We did so at their December 17, 2014 meeting. Our phased filing, which was unanimously approved, included some \$20 million of TIF public improvements. At this point in time, we are prepared to ask the voters to approve the City's proposed investment of up to \$10 million of those TIF public improvements and related costs supporting development projects within the District (Eagle's Landing, Hilton Garden, Stratos, 151-157 S Champlain, et al).

Specifically these improvements include:

- (a) Main Street Improvements between Church Street and Pine Street including streetscape, stormwater, utility lighting and transportation upgrades.
- (b) St Paul Street Improvements between Maple Street and Main Street including streetscape, stormwater, utility, lighting and transportation.
- (c) Brownfield remediation on Brown's Court parcel related to preparation of site for redevelopment.
- (d) Marketplace Garage Improvements and repairs as a supplement to additional funding sources for this project.
- (e) Costs pertaining to eligible related costs incurred by the City for the creation, implementation and administration of the Downtown TIF District.

The financing model (*1-9-14 DT\_TIFCapacity\_City\_Council.xls*) has been reviewed by a variety of people including the Clerk Treasurer's office and all concur that the anticipated increment will be sufficient to pay off the debt using very conservative financial assumptions.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
1	<b>4% Bond for Downtown TIF</b>																	
2	*The figures in this spreadsheet document are subject to review and approval of CAO's office and the City Attorney's office, with review from Bond Counsel																	
3	NOTE: All projected revenues are 75% of projected tax revenues, for both City and State																	
4																		
5																		
6	Fiscal Year	Revenue from Previous Growth in TIF District(2011-FY2016)	Projected Revenue from Stratos (City)	Projected Revenue from Stratos (State)	Projected Revenue from Hilton Hotel (City)	Projected Revenue from Hilton Hotel (State)	Projected Revenue from 151-157 Champlain (City)	Projected Revenue from 151-157 Champlain (State)	Projected Revenue from Eagles (Champlain) (City)	Projected Revenue from Eagles (Champlain) (State)	Total Projected Revenue TIF Revenue	Included Costs (Administration and PM - CEDO - through FY 2015)	Total Projected Debt Payments	Annual Net Revenue (loss)				
7																		
8	2009	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
9	2010																	
10	2011																	
11	2012																	
12	2013																	
13	2014																	
14	2015																	
15	2016	279,061	12,588	27,204	63,977	142,416					525,258							
16	2017	288,204	12,724	28,637	64,816	148,115	103,753	237,780	104,771	247,291	864,068	128,100	\$ 384,421	\$ 384,421	371,487			
17	2018	297,700	12,851	30,567	65,263	154,040	12,264	29,059	104,771	247,291	953,805		\$ 384,421	\$ 384,421	509,384			
18	2019	307,564	12,978	32,401	65,915	160,201	12,387	30,513	105,818	257,182	984,962		\$ 789,971	\$ 789,971	184,991			
19	2020	317,811	13,109	34,345	66,574	166,509	12,511	32,043	106,876	267,470	1,017,349		\$ 789,971	\$ 789,971	227,378			
20	2021	321,631	13,240	35,932	67,240	168,276	12,636	32,528	107,945	270,144	1,028,672		\$ 789,971	\$ 789,971	238,701			
21	2022	325,497	13,373	36,732	67,913	169,956	12,762	33,020	108,025	272,946	1,040,126		\$ 789,971	\$ 789,971	250,155			
22	2023	329,410	13,506	36,447	68,592	171,658	12,890	33,521	110,115	275,574	1,051,712		\$ 789,971	\$ 789,971	261,741			
23	2024	333,369	13,641	37,176	69,276	173,375	13,019	34,030	111,216	278,330	1,063,433		\$ 789,971	\$ 789,971	273,462			
24	2025	337,376	13,778	37,919	69,970	175,103	13,148	34,547	112,328	281,113	1,075,290		\$ 789,971	\$ 789,971	285,319			
25	2026	341,432	13,916	38,678	70,670	176,859	13,286	35,074	113,451	283,925	1,087,205		\$ 789,971	\$ 789,971	297,314			
26	2027	345,536	14,055	39,451	71,377	178,628	13,413	35,609	114,586	286,764	1,099,149		\$ 789,971	\$ 789,971	309,448			
27	2028	349,690	14,195	40,240	72,090	180,414	13,547	36,154	115,732	289,631	1,111,594		\$ 789,971	\$ 789,971	321,723			
28	2029	353,902	14,337	41,045	72,811	182,218	13,683	36,707	116,889	292,528	1,124,111		\$ 789,971	\$ 789,971	334,140			
29	2030	358,148	14,481	41,866	73,540	184,041	13,820	37,270	118,058	295,453	1,136,874		\$ 789,971	\$ 789,971	346,703			
30	2031	362,451	14,626	42,704	74,275	185,881	13,956	37,842	119,239	298,403	1,149,382		\$ 789,971	\$ 789,971	359,411			
31	2032	366,803	14,772	43,558	75,016	187,740	14,097	38,425	120,431	301,392	1,162,239		\$ 789,971	\$ 789,971	372,298			
32	2033	371,217	14,919	44,429	75,768	189,617	14,238	39,017	121,635	304,405	1,175,246		\$ 789,971	\$ 789,971	385,275			
33	2034	375,678	15,069	45,317	76,526	191,513	14,381	39,619	122,852	307,450	1,188,404		\$ 789,971	\$ 789,971	398,433			
34	2035	380,194	15,216	46,224	77,291	193,428	14,525	40,231	124,080	310,524	1,201,717		\$ 789,971	\$ 789,971	411,746			
35	Total	3,137,624	137,800	335,660	811,617	1,011,617					21,060,787		14,582,770	14,582,770	6,349,917			
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NOTE: The City has reserved the right to retain municipal increment above 75% for eligible TIF expenditures; for example, the \$150,000 expense to CEDO for TIF management shown on the related costs summary sheet.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
	<b>5% Bond for Downtown TIF</b>																	
	*The figures in this spreadsheet document are subject to review and approval of CACO's office and the City Attorney's office, with review from Bond Counsel																	
	NOTE: All projected revenues are 75% of projected tax revenue, for both City and State																	
	Revenue from Previous Growth in TIF District(2011-FY2016)	Projected Revenue from Stratos (City)	Projected Revenue from Stratos (State)	Projected Revenue from Hilton Hotel (City)	Projected Revenue from Hilton Hotel (State)	Projected Revenue from 151-157 Champlain (City)	Projected Revenue from 151-157 Champlain (State)	Projected Revenue from Eagles (Champlain) (City)	Projected Revenue from Eagles (Champlain) (State)	Projected Revenue from Champlain (State)	Total Projected Revenue	Reimbursed Costs (Administration and PMT - CEDA - through FY 2016)	Total Projected Debt Payments	Annual Net Revenue (loss)				
1																		
2																		
3																		
4																		
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6																		
7																		
8	2009	\$																
9	2010																	
10	2011																	
11	2012																	
12	2013																	
13	2014																	
14	2015																	
15	2016	275,031	12,506	27,204	63,977	142,418					525,258							
16	2017	288,204	12,724	28,837	64,616	148,115					684,000	128,100		\$ 478,788				
17	2018	297,700	12,851	30,597	65,253	154,040	12,264				763,805			\$ 478,788				
18	2019	307,594	12,978	32,401	65,915	160,201	12,387				849,363			\$ 849,363				
19	2020	317,811	13,108	34,245	66,574	166,608	12,511				934,882			\$ 849,363				
20	2021	321,531	13,240	35,032	67,240	173,276	12,636				1,020,418			\$ 849,363				
21	2022	325,497	13,373	35,782	67,973	179,958	12,762				1,106,950			\$ 849,363				
22	2023	329,410	13,508	36,547	68,702	186,671	12,889				1,193,489			\$ 849,363				
23	2024	333,359	13,641	37,310	69,428	193,375	13,019				1,280,037			\$ 849,363				
24	2025	337,376	13,778	37,919	70,150	200,068	13,149				1,366,592			\$ 849,363				
25	2026	341,432	13,916	38,578	70,878	206,759	13,280				1,453,143			\$ 849,363				
26	2027	345,536	14,055	39,251	71,611	213,458	13,413				1,539,700			\$ 849,363				
27	2028	349,689	14,195	40,240	72,350	220,167	13,547				1,626,263			\$ 849,363				
28	2029	353,892	14,337	41,045	73,094	226,886	13,683				1,712,832			\$ 849,363				
29	2030	358,146	14,481	41,808	73,843	233,615	13,820				1,800,407			\$ 849,363				
30	2031	362,451	14,626	42,704	74,597	240,354	13,959				1,888,987			\$ 849,363				
31	2032	366,808	14,772	43,568	75,356	247,103	14,099				1,978,572			\$ 849,363				
32	2033	371,217	14,919	44,429	76,121	253,862	14,240				2,069,162			\$ 849,363				
33	2034	375,679	15,069	45,317	76,891	260,631	14,381				2,160,757			\$ 849,363				
34	2035	380,194	15,218	46,224	77,664	267,411	14,525				2,253,356			\$ 849,363				
35	Total	3,137,624	131,800	335,660	101,617						21,060,787			\$ 15,875,538				
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NOTE: The City has reserved the right to retain municipal increment above 75% for eligible TIF expenditures; for example, the \$150,000 expense to CEDA for TIF reorganization shown on the related costs summary sheet

### Projected Increases in Tax Rates and Projected Revenue from Previous Growth in District

after 2020

1%

4.00%

2%

6.00%

1.00%

Projected annual rate of increase in education tax rates "Non":

Projected annual rate of increase in education tax rates:

Projected annual rate of increase of municipal tax rate:

Year	Projected Non-homesite Education Tax			Projected Homesite Education Tax			Projected Municipal Tax Rate	Projected "Effective" Municipal Tax Rate for the District for previous growth*	New Increment Non-Homesite Property value (2% annual growth)	Revenue from previous growth in district:				Tax Increment \$/75% for both state and city	
	Rate	Rate	Rate	Rate	Rate	120% Factor				Basic 75% New Formula Non-Homesite	Basic 75% New Formula Homesite	Property value			
2009	1.4560	1.1090	0.8700	0.8700	0.4115										
2010	1.5334	1.2394	0.7120	0.7120	0.4415										
2011	1.5390	1.2820	0.7200	0.7200	0.7200										
2012	1.5441	1.3019	0.7280	0.7280	0.7280										
2013	1.5684	1.4302	0.7153	0.7153	0.7153										
2014	1.6055	1.6257	0.7584	0.7584	0.7584										
2015	1.7187	1.6358	0.7950	0.7950	0.7950			14,335,200						270,258	
2016	1.7674	1.7339	0.8030	0.8030	0.8110			14,363,270						278,061	
2017	1.8589	1.8380	0.8110	0.8110	0.8191			14,392,568						286,204	
2018	1.9333	1.9483	0.8191	0.8191	0.8273			14,421,393						297,700	
2019	2.0106	2.0652	0.8273	0.8273	0.8356			14,450,276						307,564	
2020	2.0911	2.1891	0.8356	0.8356	0.8439			14,479,127						317,811	
2021	2.1120	2.2329	0.8439	0.8439	0.8523			14,508,066						321,631	
2022	2.1331	2.2775	0.8523	0.8523	0.8609			14,537,101						329,410	
2023	2.1544	2.3231	0.8609	0.8609	0.8695			14,566,175						333,369	
2024	2.1760	2.3695	0.8695	0.8695	0.8782			14,595,308						337,378	
2025	2.1977	2.4169	0.8782	0.8782	0.8870			14,624,498						341,432	
2026	2.2197	2.4652	0.8870	0.8870	0.8958			14,653,747						345,536	
2027	2.2419	2.5146	0.8958	0.8958	0.9048			14,683,065						349,689	
2028	2.2643	2.5648	0.9048	0.9048	0.9138			14,712,421						353,892	
2029	2.2870	2.6161	0.9138	0.9138	0.9230			14,741,846						358,146	
2030	2.3098	2.6685	0.9230	0.9230	0.9322			14,771,329						362,451	
2031	2.3329	2.7218	0.9322	0.9322	0.9415			14,800,872						366,808	
2032	2.3563	2.7763	0.9415	0.9415	0.9509			14,830,474						371,217	
2033	2.3798	2.8319	0.9509	0.9509	0.9604			14,860,135						375,670	
2034	2.4036	2.8884	0.9604	0.9604	0.9701			14,889,855						380,184	
2035	2.4277	2.9462	0.9701	0.9701				14,919,636							

12,132,240

100.20%

\*The figures in this spreadsheet document are subject to review and approval of CAO's office and the City Attorney's office, with review from Bond Counsel

