About the Proposed DOWNTOWN TIF BOND

How much is the proposed TIF bond?

The City is asking voters to authorize additional borrowing up to $25,920,000. If approved, this will bring the cumulative total authorized by voters to $35,920,000. This includes $5.4 million of previously completed downtown TIF projects and ~$30 million for Main Street Great Streets and the ravine sewer.

Why is the City proposing this work?

The strength of Burlington largely rests on the vitality of its downtown. Our downtown is the core of the City's economy and is a huge element in what makes Burlington a great place to live and attractive for investment. The investments the City has made through TIF and other funding sources directly and indirectly make it a place where property owners are willing to invest.

Main Street is the gateway to downtown, whether someone is coming from the Interstate, Route 7, or from the waterfront. Yet it hasn't had any substantial improvements in decades. TIF provides a once-in-a-generation opportunity to redevelop Main Street.

What will the TIF bond be used for?

The City proposes to use the funds for the Main Street "Great Streets" project and the "ravine sewer" project. This request is unrelated to the CityPlace project.

The **Main Street** upgrades will meet the Great Streets standards that were adopted by the City Council in April 2018. The work will begin with underground utilities being upgraded, extended, relocated, and reconstructed, as needed. But Great Streets is so much more than that. Great Streets will create a more livable environment along Main Street designed to focus on people while still accommodating cars. It will incorporate environmental benefits such as rain gardens to pre-treat stormwater runoff. Bicycle lanes will create safer and more inviting travel for cyclists. Wider sidewalks with street trees, street furniture and other landscaping will create a more appealing environment for pedestrians.

The **ravine sewer** is a very large and very deep stormwater sewer line that runs through an old ravine that bisects the public parking lot at the corner of Main St. and Winooski Ave. It then passes under Main Street as it continues generally south-west. It was built in the 1860s, more than 150 years ago!

Today, a building could not be constructed on top of the ravine sewer. If the public parking lot at the corner of Main and S. Winooski is ever to be redeveloped, the ravine sewer must be relocated or re-built. The City is including this work in the overall TIF project so the parking lot can be redeveloped and to avoid the risk of re-building Main Street and the intersection with South Winooski Ave. only to return at some later point to dig up the work to deal with the inevitable need to rebuild the ravine sewer line.

Why are these improvements needed now?

A fundamental role of the City is to ensure that all public infrastructure is in good working condition. For this portion of Main Street, the following facts formed the basis for the project scope of work:

- The primary water and wastewater infrastructure under Main Street is over 130 years old – far beyond its expected life span.
- The 16" water main is a key transmission pipe for the entire City and was installed in 1887.
- The 14 galvanized water services along this corridor are at a high risk of failure.
- The 160 year old ravine sewer under the City property at the northeast corner of Main and South Winooski must be relocated or renewed in some fashion before that parcel can be redeveloped and added to the City's list of taxable properties.

What happens if the TIF bond doesn't pass?

With annual funding for capital projects limited to $2 million, the City will be limited to selective replacement of the streets, sidewalks, trees, water and wastewater and stormwater infrastructure only after there are failures. There will be insufficient annual funding to upgrade these items and the opportunity to enhance Main Street will be lost. Stormwater upgrades needed to reduce the pollution of Lake Champlain will only occur if the voters approve a future capital bond by the required super-majority (66.6%).

What is TIF?

Tax Increment Financing (TIF) is an economic development tool designed to foster the types of development Vermont has been encouraging for years, in the places we want it to occur – downtowns, industrial parks, and compact village centers.
Using TIF, cities borrow to invest in public infrastructure that helps make the TIF district more attractive to private development. New private development generates new property tax revenue (the 'tax increment') that is used to pay the debt service on the City's borrowing.

How does the municipality pay for the public infrastructure investments?

At the time a TIF district is established, the total taxable value of the properties in the district is determined and is called the "Original Taxable Value" or OTV. During the life of the TIF district, all taxes generated by the OTV continue to go to the funds they have always gone to – principally the City's general fund and the state education fund. New incremental taxes generated by the new incremental grand list value created by the new private development goes to the TIF fund, but not all the new taxes. In the case of Burlington's downtown TIF district, 100% of the new incremental municipal taxes and 75% of the state education taxes go to the TIF fund. The other 25% of the state education taxes go to the education fund.

These new incremental taxes in the TIF fund are used to pay the debt service on the City's bond. The money in the TIF fund also pays for costs to plan and manage the construction of the public infrastructure projects, and the costs to set up and operate the TIF district. These are referred to as "Related Costs".

What is the purpose of TIF?

Every state that allows a TIF district has its own program goals and objectives. In Vermont the TIF enabling statute (Title 2VSA, Chapter 53, Sub-chapter 5, § 1893) says:

"The purpose of tax increment financing districts is to provide revenues for improvements that serve the district and related costs, which will stimulate development or redevelopment within the district, provide for employment opportunities, improve and broaden the tax base, or enhance the general economic vitality of the municipality, the region, or the State."

What is the Downtown TIF District?

The purpose of the Downtown TIF is to promote economic and public infrastructure development in a portion of Burlington's Designated Downtown. In 2012, the voters gave broad approval for pledging of the City's credit to finance Downtown Tax Increment Financing District improvements. This authorized using TIF to fund stormwater, utility, streetscape, public parking and transportation/pedestrian improvements, but incurring specific debt requires separate approval by voters.

Burlington's downtown TIF district was established and approved by VEPC in 2011. The final date on which the City is allowed to incur debt is March 31, 2023. The Downtown TIF is separate from Burlington's Waterfront TIF district which began in 1996.

What has the Downtown TIF district been used for so far?

To date the Downtown TIF district has paid for several key upgrades:

- St. Paul Street – the Great Streets improvements between Maple Street and Main Street
- Marketplace Garage repairs
- Browns Court parking brownfield cleanup
- Stormwater management upgrades on Main Street adjacent to City Hall Park
- Design work for Main Street upgrades from South Union to Battery

How is the Downtown TIF performing now?

The Downtown TIF District is covering its debt. Since the District was established in 2011, the assessed value has increased by $115 million (from $170 million to $285 million), which amounts to over 6% average growth per year. For projecting the ability to repay the TIF bond, the City conservatively estimates background growth of only 1%. The expectation is that much more growth in the District will be stimulated and will occur.

- Original Taxable Value (OTV) in the Downtown TIF District: $170 million
- Current taxable value: $285 million
- Incremental Value in the downtown TIF district to date: $115 million
- In 2015 voters approved up to $10 million bonding
- Debt incurred to date: $5,420,000 with $4,580,000 not yet borrowed
- Debt balance (as of 7/1/21) $4,565,000 (already paid off $855,000)
- TIF Fund Balance (as of 7/1/21) $1,790,524

In brief, the TIF fund has sufficient revenue to pay its debt and has a current surplus of nearly $1.8 million without the addition of any new growth in taxable values.

Where can I get more information?

The City has prepared a **Public Notice** which contains additional information about the TIF District, the development that has occurred to date, and the proposed bond financing, that can be downloaded here:
Downtown TIF Ballot Information

Information regarding the **Great Streets** program is here: greatstreetsbtv.com
Information on the **ravine sewer** here: The Burlington Ravine

The CEDO website includes more information on:
Downtown TIF district: burlingtonvt.gov/CEDO/Downtown-TIF-District
Tax Increment Financing: burlingtonvt.gov/CEDO/Tax-Increment-Financing