

PUBLIC NOTICE  
TAX INCREMENT FINANCING  
CITY OF BURLINGTON  
WATERFRONT 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 tax increment financing (TIF) improvements within the City's Waterfront TIF District. If approved by the voters, the City expects to use tax increment revenues from within the Waterfront TIF District in order to pay for the indebtedness and direct and related costs for the TIF Improvements. This notice is intended to provide the voters with additional information concerning the proposed projects, 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 27, 2014 meeting passed a resolution relating to "March 4, 2014 Annual City Meeting – Pledging the Credit of the City to Secure Indebtedness for Public Improvements Within the Waterfront 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 Public Investment Action Plan (PIAP) projects serving the Waterfront Tax Increment Financing (TIF) District, specifically

- (a) **New Moran:** mixed-use redevelopment of the building with a focus on multi-purpose arts and events space, local foods, and green energy innovation;

- (b) **Waterfront Park Upgrades:** site improvements to electrical and water infrastructure to enhance Vermont's most visited public park;
- (c) **Lake Champlain Community Sailing Center:** site improvements for a permanent home and new building for the Community Sailing Center;
- (d) **Burlington Harbor Marina:** construction of a marina on our northern waterfront to meet the burgeoning need for boat slips in our harbor;
- (e) **Sustainability Park:** construction of new outdoor amenities, educational installations, and lake protection facilities on land surrounding the ECHO Lake Aquarium and Science Center, Leahy Center for Lake Champlain; and
- (f) **Waterfront Access North:** site improvements increasing access to the northern waterfront, landscaping, environmental remediation, lake protection, and utility relocation

in a total principal amount not to exceed \$9,600,000, (with the total outstanding TIF debt for the Waterfront TIF district approved to date of \$8,421,238), and to issue bonds, notes or make interfund loans for such purpose with the understanding that tax increment from the properties within the Waterfront TIF District shall be pledged and appropriated for the payment of such indebtedness, direct or related costs of the improvements; and with the further understanding that in the event that, upon the recommendation of the Mayor, the City Council determines that the proposed New Moran project cannot be reasonably accomplished, the City Council shall be authorized to utilize tax increment funds from the Waterfront TIF District for payment of indebtedness, direct or related costs of the demolition of the Moran building and site stabilization in accordance with the public trust doctrine?"

#### 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 \$9.6 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. The terms of repayment would not exceed twenty years and the interest rate would be determined based upon market conditions at the time of securing the debt. The city has historically sold its general obligations 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. The City may also issue notes to the US Department of Housing and Urban Development, if approval is obtained. Historically, loans from HUD can carry a lower interest rate.

### PROJECTED TAX INCREMENT REVENUES

The City estimates that the Tax Increment Revenue from the Waterfront TIF District will be sufficient to pay the costs of the proposed improvements and the related costs of the projects. The forecasts are dependent upon the expected development that will occur in the Waterfront TIF District. The projections presented to the City Council, as well as the memo which accompanied it, are attached to this notice.

In the event that the tax increment received by the City from within the Waterfront 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 \$9.6 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 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 and administering the Public Investment Action Plan (PIAP), including reimbursement of departmental or personnel costs identified as related to creating or administering the Waterfront TIF District;

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

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

(v) those allocable related costs attributable to the individual PIAP 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 \$500,000 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 \$9.6 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 will maintain records of such related costs, the reimbursement of related costs, and the allocation of costs of personnel related to administration of the Waterfront TIF District.

## THE PROJECTS

1.

**New Moran:** an approximately \$25 million mixed-use redevelopment of the building with a focus on multi-purpose arts and events space, local foods, and green energy innovation. The City will utilize up to \$6.3 million in TIF related borrowings for the funding of public improvements to the building and site. These improvements will allow for, and are tied to the

New Moran redevelopment project (see attached “Public Investment Action Plan – Project Summaries” memo prepared by Burlington’s Community and Economic Development Office (CEDO)). The City will proceed with its expenditures via a Memorandum of Understanding to be executed between the City and New Moran, if the ballot measure is passed. The Memorandum will set forth the timeline for benchmarks to be met by New Moran, which if met, will serve as the basis for City Council authorizations to incur TIF debt, and expend funds to be paid with TIF increments, as well as reimburse qualified City expenditures via interfund transfers by utilizing TIF increment. Approximately \$2.1 million of TIF indebtedness will be incurred through the issuance of notes to the U.S. Department of Housing and Urban Development (HUD). If HUD approval of such borrowing is obtained, the balance of the \$4.2 million costs for New Moran public improvements would be funded through one or more bond issuances, or by interfund transfers as approved by City Council. If some or all of the \$2.1 million projected to be funded through HUD does not occur, the City may fund the balance through issuance of bonds or through interfund transfers to make up the balance of the funding for the New Moran project.

Categories of expenditures for TIF public improvements at New Moran, subject to further City Council approval, include:

- Environmental assessment and remediation of the building and the property;
- Site stabilization and site work;
- Building stabilization and construction;
- Utility infrastructure and connections (water, sewer, electrical; IT; stormwater)
- Public Accessibility Improvements – both inside and outside the building;
- Architectural and Engineering costs associated with stabilizing the building;

- Civil Engineering, Commissioning, Certifications and Energy Modeling costs;
- Historic Preservation costs;
- Marine Infrastructure and Flood Resiliency costs at the site;
- Permit Application and Hearing costs
- Landscaping; Public Amenities; Site Lighting; Public Art installation; Wayfinding and Signage;

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

The Ballot measure contemplates that in the event that the benchmarks and timeline criteria called for by the prospective Memorandum as between the City and New Moran are not met and, upon the Mayor's recommendation, the City Council determines that the proposed New Moran project cannot be reasonably accomplished, the City Council can authorize use of tax increment funds for the payment of indebtedness, direct or related costs, for the demolition of the Moran building and site stabilization in accordance with the public trust doctrine. The City received an estimate for demolition of the building in 2007 for an approximate cost of \$2 million. A new estimate would be needed but City Council approval for expenditures would remain within the \$6.3 million proposed limitation for the New Moran project.

2.

**Waterfront Park Upgrades:** site improvements and public infrastructure to enhance Vermont's most visited park (see attached "Public Investment Action Plan – Project Summaries")

memo prepared by CEDO). These Waterfront Park upgrades will enable the City to better serve waterfront events while mitigating the impacts of events on neighbors and other users of the park and Bike Path. The City projects using \$800,000 in TIF related borrowings for public infrastructure improvements at Waterfront Park.

Categories of expenditures for TIF public improvements for Waterfront Park, subject to future City Council approval, include:

- General Site Prep;
- Utility Services; Light Fixtures and Infrastructure; Sanitary Infrastructure; Water Infrastructure; Stormwater Infrastructure
- Boardwalk; Shoreline Stabilization; Landscaping;
- Stairs and Handrails; Water level Deck Structure; Paths and Walkways;
- Bike Amenities; Public Art and Place-making; Wayfinding;
- Engineering, Design, and Permitting;

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

3.

**Lake Champlain Community Sailing Center (CSC):** Public Infrastructure and Site work. It is projected that the City will use \$500,000 in TIF related borrowings for the funding of public improvements to prepare the site for the CSC's proposed sailing center. Along with the City's share of such funding, it is expected that CSC will make an investment of \$4.5 million to construct a new sailing center facility which will in turn expand its programs and services at

Burlington's Waterfront (see attached "Public Investment Action Plan – Project Summaries" memo prepared by CEDO).

Categories of expenditures for TIF public improvements at the Lake Champlain Community Sailing Center , subject to future City Council approval, include:

- Engineering, Design and Permitting costs associated with preparation of the site;
- Environmental Remediation of the site;
- Utility infrastructure (water, electrical, sewer and stormwater);
- Site prep and Site work; Public Paths and Walkways; Fencing;
- Shoreline Stabilization and Improvements;
- Road, sidewalk and parking infrastructure;

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

4.

**Burlington Harbor Marina:** The City projects incurring \$500,000 of TIF indebtedness for TIF public infrastructure improvements to leverage approximately \$4.5 million in private investment for a new marina (see attached "Public Investment Action Plan – Project Summaries" memo prepared by CEDO). The Burlington Harbor Marina project will include public piers stretching into Lake Champlain, and constructing breakwater protection for the marina and the CSC sailing center.

Categories of expenditures for TIF public improvements at the Burlington Harbor Marina site, subject to future City Council approval, include:

- Engineering, Design and Permitting costs associated with preparation of the site;
- Environmental Remediation of the site;
- Utility infrastructure (water, electrical, sewer and stormwater);
- Site prep and Site work; General Site work
- Landscape Improvements
- Marina Infrastructure (Docks, Pier, Breakwater protection)
- Shoreline Stabilization and Improvements;
- Road, sidewalks and parking infrastructure;

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

5.

**ECHO Center Sustainability Park:** A projected \$500,000 of proposed TIF related indebtedness will be used for public improvements to support the creation of new outdoor amenities, educational installations, and lake protection facilities on land surrounding ECHO. New plantings, a boardwalk extension, stormwater mitigation, and educational installations will be constructed in a first phase of a projected \$3.8 million enhancement to the ECHO site (see attached “Public Investment Action Plan – Project Summaries” memo prepared by CEDO)

Categories of expenditures for TIF public improvements at the ECHO Center Sustainability Park, subject to future City Council approval, include:

- Engineering, Design and Permitting costs associated with preparation of the site;
- Utility infrastructure (water, electrical, sewer and stormwater);

- Site prep and Site work; General Site work
- Landscape Improvements; Walls and Stonework;
- Public Art installation; Public Amenities; Bike Amenities;
- Road, sidewalk and parking infrastructure;

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

6.

**Waterfront Access North:** It is expected that \$500,000 of TIF related borrowings will be used for public infrastructure improvements to provide increased access to the northern waterfront. The Waterfront Access North project is currently in construction after receiving TIF funding support from the voters in November, 2012, though those funds have yet to be accessed. The City received voter approval to use TIF increment to pay for up to \$6.05 million in public improvements for the bike path and for Waterfront Access North. That indebtedness has not yet been incurred but is expected to be incurred, if the ballot question passes, contemporaneously with the bond issuances anticipated herein. This additional investment will enable the project to support the use of the Moran site, the CSC site, and the Burlington Harbor Marina site.

Categories of expenditures for these additional TIF public improvements relating to the Waterfront Access North project, subject to future City Council approval, include:

- Landscaping;
- Environmental Remediation,
- Lake protection;

- Utility infrastructure and relocation;

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

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

Finally, even though the City projects sufficient TIF increment to service all obligations of the City authorized by the March 4, 2014 ballot question referenced herein, voters are reminded here once again that, by authorizing with passage of this ballot question the City Council to pledge the credit of the City, if the tax increment received by the City from its source for the tax increment, the Waterfront 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 municipality shall remain liable for payment of the principal and interest for these obligations for the term of indebtedness; that is until fully paid.