



# City of Madison

City of Madison  
Madison, WI 53703  
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## Meeting Minutes TIF POLICY REVIEW AD HOC COMMITTEE

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Tuesday, July 9, 2013

5:00 PM

215 Martin Luther King, Jr. Blvd.  
Room 260  
(Madison Municipal Building)

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### 1. CALL TO ORDER / ROLL CALL

**Present – Clear, Ellingson, Bidar-Sielaff, Schmidt,**

**Absent – Verveer**

**Staff – Gromacki, Rolfs, Zellhoefer, Marx, Olver, Mikolajewski,**

**Meeting called to order at 5:05 PM**

**Present: 4 -**

Mark Clear; Sue Ellingson; Chris Schmidt and Shiva Bidar-Sielaff

**Absent: 1 -**

Michael E. Verveer

### 2. APPROVAL OF MINUTES

**This was Approve the Minutes**

**Verveer arrived at 5:14 PM.**

**Present: 5 -**

Michael E. Verveer; Mark Clear; Sue Ellingson; Chris Schmidt and Shiva Bidar-Sielaff

### 3. PUBLIC COMMENT

**Sue Pastor (Madison, WI) – Spoke in opposition to the proposed EDC policy. Said that she feels this is a fundamental shift in priorities for the City. Concerned that the proposed policy was out of touch with poverty in the City.**

**T.J. Mertz (Madison, WI) – Mertz was attending as a school board member, but not on behalf of the school district or the school board. He noted that approximately 45% of the funds used in TIF were from MMSD. He said MMSD was interested in opening and closing TIFs quickly. He noted that as more property went into TIDs, it put more burden on other tax payers. He said that he felt that TIF could leverage additional community benefits for the school district as a whole, but that the proposed revisions weakened the existing community benefits. Bidar-Sielaff asked Mertz what specific things were removed from the proposed EDC policy. Mertz said that there were many items**

in the proposed policy that were removed from the current policy, and he would like to see the City add items to the community benefits portion of the policy like paid sick leave, etc. Bidar-Sielaff asked Mertz what process he would recommend for these revisions. Mertz indicated they would appreciate a report and a staff member to present that report to MMSD. Mertz indicated that he was the designated representative to the Joint Review Board. Clear asked for Mertz to expand upon his point that MMSD was losing tax base in a TID. Mertz said that MMSD viewed increment that was generated without TID input as "lost", for the purposes of funding MMSD's service provision

Verveer arrived at 5:14 PM.

Dave Carrig (Madison, WI) – He felt that job creation through the use of TIF was vital, particularly industrial jobs that were available to people with limited technical and educational background. He objected to changing the 12 year expenditure period. He objected to the elimination of the 50% rule.

Carole Schaffer (Oregon, WI – on behalf of Smart Growth Greater Madison) – Spoke in support of the proposed EDC Policy. She noted that her membership felt it was more difficult to use TIF in Madison versus surrounding communities. She spoke in support of the EDC policy as a more flexible policy. Schmidt asked for examples of issues in the policy that were a problem. Schaffer indicated that the equity participation payment and the 50% rule were major concerns to her members.

Gary Peterson (Madison, WI) – Peterson spoke in support of the proposed EDC Policy. He indicated that TIDs created a large amount of spin-off or ancillary development. He spoke in support of using pay-as-you-go TIF financing. He noted that school districts do not have a legal authority to object to TIFs, only to review it based upon statutes and "but-for". Peterson stated that the City should realize that TIF is not taxpayers money. Ellingson asked Peterson what would be required to allow TIF funds to flow to schools. Peterson responded that the legislature would have to make a change to allow this sort of expenditure in a TID. Ellingson asked Peterson about how schools received increased State aid, based upon TIDs. Peterson noted that they did not get an increase in total dollars but saw an increase in aid to offset.

Phil Salkin (Madison, WI – on behalf of the Realtor's Association of South Central, WI) – Salkin indicated his organization was supportive of the proposed EDC policy. Salkin said that his organization currently neither supports or opposes the proposals. Salkin said that the City should consider providing TIF to businesses that want to relocate within the City. He said that they supported the inclusion of affordable housing as an eligible expense.

Joe Boucher (Madison, WI) – Boucher noted that he was chair of the EDC and of the EDC subcommittee that considered this report. He distributed prepared remarks to the Committee. Boucher spoke off of his prepared remarks. Schmidt asked Boucher what specific items in the existing policy were an issue. Boucher referred to the presentation made by A. Olver in September, specifically calling out the 50% rule, the Equity Participation Rule, and others identified in the hearings.

Susan Schmitz (Madison, WI – on behalf of Downtown Madison Inc.) – She indicated that her Board strongly supported the proposed EDC policy. She

thanked the EDC for creating the goals at the beginning of the proposed EDC policy. Schmidt asked Schmitz what specific items in the existing policy were an issue. She noted that DMI would like to see the elimination of both the 50% rule and the equity participation payment, and the inclusion of clearer goals.

Thomas Kozlovsky (Madison, WI) – Spoke in opposition to the proposed EDC Policy. He also indicated concerns with the existing policy.

Edward Kuharski (Madison, WI) – He said he was concerned that TIF was being used to concentrate wealth in the hands of those who already had it. He felt that the City did not need to compete with the surrounding communities as it was in a class by itself. He spoke in support of a requirement that every TIF project have a specific line item for support of eliminating homelessness.

Delora Newton (Madison, WI – on behalf of Greater Madison Chamber of Commerce) – She spoke in support of the proposed EDC policy. She noted the Chamber would like to see the elimination of the 50% rule and the equity participation clause. She also noted that the “if-but-for” clause was an issue from her perspective, that it did not provide flexibility to the City.

Marsha Rummel (Madison, WI) – Rummel indicated that she served on the last City TIF Policy Committee. She noted that the adopted TIF Policy was a document that required a lot of effort. She said that during her service on that Committee, she learned that TIF was really a real estate tool, and that it was more difficult to use this program for job creation. She was concerned that the terms that were included in the proposed EDC policy threw out standards that were included in the current TIF policy. She indicated that she was concerned with the “cost-per-job”, if TIF was being used for job creation. She also wanted to ensure that job guarantees and performance were included in any final policy. Rummel asked to have an annual report on TIF and its uses in the City.

In Support – Not Wishing to Speak: James Meicher (Madison, WI), Rod Meyer (Madison, WI), Corey McGovern (Madison, WI), Dave Brunson (Madison, WI).

#### 4. DISCLOSURES AND RECUSALS

None.

[30912](#)

TIF Policy Review Ad Hoc Committee Registrations (2013 07-09 mtg)

Attachments: [TIF Policy Review Ad Hoc Com - Registrations \(2013 07-09 mtg\)](#)

#### 5. NEW BUSINESS

##### a) OVERVIEW OF TIF POLICY AND PROGRAM COMPARISONS

Gromacki and Rolfs made a presentation on the status of the TIF program over time, including the total number of loans in recent years and over the life of the

program, how surrounding communities are using TIF, how much land was left in the City that could be put in TIDs, and how the City is currently doing with new and proposed development projects. Schmidt asked if the initial policy considered projects that were multi-phase. Gromacki said that the projects at that time were single parcels and single phase developments. Schmidt asked if the surrounding communities were doing primarily greenfield or redevelopment loans. Gromacki noted that most were doing greenfield TIDs. Schmidt asked if Staff had any knowledge of how much Federal and State DOT funds were involved in these projects. Staff did not know the answer to this. Clear asked how greenfield development differed from redevelopment. Gromacki said that redevelopment was generally cheaper for infrastructure purposes, while also mentioning the difference in assessment policies. Clear asked Gromacki to discuss the infrastructure issues relative to Union Corners. Clear asked whether Gromacki felt the existing policy worked or not. Gromacki said that the existing policy could use some modification, for instance, eliminating the equity participation payment and making it more brief. Ellingson asked what was vital for success. Gromacki said the 50% rule, personal guaranties, requiring generators for the creation of TIDs, gap analysis of projects. He also brought forward the idea of leveraging jobs with TIF through the use of end loans. Verveer asked Gromacki to explain any projects that applied for TIF but walked away from a deal. Gromacki said that there were two projects; one that walked away from TIF after realizing that leveraging more equity and not building (affordable housing legislation) and another that did not want to pay prevailing wages.

Ellingson left at 7:04 PM.

Olver noted that the Committee should consider potential projects that do not come to the City based upon policy. Olver indicated that he felt that there were two types of projects; downtown / redevelopment projects and more suburban style / greenfield development projects. He noted that there appeared to be development area for greenfield TIDs, but there was no guidance on existing policy on how to deal with companies that want to locate in Madison commercial and industrial areas but want TIF assistance. Verveer asked if there was any analysis of existing deals and what level of exception was generally seen. Gromacki noted that most exceptions to the 50% rule were within 5%-10% of the 50% rule. He noted that other exceptions were with Gorman on Union Corners and the personal guaranty. Bidar-Sielaff asked how exceptions were made, with specific reference to affordable housing. Gromacki indicated that affordable housing was difficult to work with in TIF, given that an affordable project had lower rents and therefore a lower value. Gromacki noted that what attracted development was the market. Olver noted that in his observation, TIF policy was flexible when it was applied by Staff, but there were several cases where the adopted policy was silent such as the condition of the TID or when WHEDA funds were included in a project. Clear asked if having clear policies provided the City a stronger negotiating position. Gromacki noted that the specific numbers allowed the City a fallback position, while also allowing for exceptions.

[30913](#)

Communications and Reports of the 2013 TIF Policy Review Ad Hoc Committee

**Attachments:** [2013 TIF Ad Hoc Com presentation - 07-09.pdf](#)  
[Legistar File #29153 - EDC Recommended Policy](#)  
[Legistar Fiel #30799 - Comparison Matrix of Existing TIF Policy to EDC Prop](#)

Ellingson left at 7:04 PM.

**Present:** 4 -  
Michael E. Verveer; Mark Clear; Chris Schmidt and Shiva Bidar-Sielaff

**Absent:** 1 -  
Sue Ellingson

- b) [30799](#) Comparison Matrix of Existing TIF Policy to EDC Proposal

**Attachments:** [2013 07-09 Adopted Policy / EDC TIF Policy Comparison - FINAL.pdf](#)  
[Proposed EDC TIF Policy](#)

Schmidt suggested that the next meeting start with the comparison matrix. Bidar-Sielaff asked each member to review the matrix and point out the areas where they have concerns / issues on both policies. Consensus was to start the next meeting with the presentation by Olver, and then follow up with the discussion on the matrix.

- c) **STAFF ANALYSIS OF EDC PROPOSAL**

- d) [29485](#) Accepting the revised TIF Policy approved by the Economic Development Committee on February 20, 2013 for Common Council consideration and adoption.

**Attachments:** [TIF Policy by EDC Feb 20 2013.pdf](#)  
[Comparison Matrix of Existing TIF Policy to EDC Proposal](#)

This Resolution was Refer to the TIF POLICY REVIEW AD HOC COMMITTEE due back on 8/1/2013

6. **FUTURE MEETING DATE(S) DISCUSSION**

August 1, 2013 was set as the next meeting date, with a start time of 5:00 PM. Staff was asked to look for two additional meeting dates in August.

7. **ADJOURNMENT**

Motion to adjourn by Clear, second by Bidar-Sielaff. Motion carried at 7:44 PM