



City of Madison

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

Thursday, August 1, 2013

5:00 PM

215 Martin Luther King, Jr. Blvd.
Room 300
(Madison Municipal Building)

1. CALL TO ORDER / ROLL CALL

Present – Clear, Ellingson, Schmidt, Verveer

Absent –Bidar-Sielaff,

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

Meeting called to order at 5:05 PM

Present: 4 -

Michael E. Verveer; Mark Clear; Sue Ellingson and Chris Schmidt

Absent: 1 -

Shiva Bidar-Sielaff

2. APPROVAL OF MINUTES

Motion by Clear, second Ellingson, by to approve the minutes. Motion carried.

3. PUBLIC COMMENT

In support - Chad Whiteside (United Food and Commercial Workers Union, Local 1473) – Spoke in support of an additional policy item to be added to the EDC Policy. The suggested addition stated, “The City of Madison will encourage Project Labor Agreements for developers and their tenants to remain neutral during Union organizing activity in order to receive TIF funds, which foster family supporting jobs and job retention. Labor organizations will have access to the worksite. However, no Labor organization will interfere with production or duties of employees.” Verveer noted that City TIF agreements were with a developer and not tenants. Whiteside said that their language “encouraged” the developers and their tenants to abide by this language.

Joe Boucher (Madison, WI – Chair of EDC and Chair of EDC Subcommittee that reviewed TIF Policy) – He said that it is false that tax dollars are being used. He said the goal was to increase property tax revenue. He said there were plenty of limits on TIF such as zoning, urban design, and other policies. He said that the proposed EDC policy was meant to help the City compete with surrounding communities.

David Branson (Building Trades of SCWI) – He spoke in support of the

proposed EDC policy. He indicated that the EDC was balanced, while providing transparency and considering every project on its merits.

Phil Salkin (South Central WI Association of Realtors) – He noted that the real estate market has returned to 2007 levels. He felt that this type of market inhibits affordable housing. He noted that a TIF project that provided market rate homes would help add more housing to the area and ensure that more housing would be affordable. He also noted that the proposed EDC policy would allow things like WHEDA funds to be used to enhance a wider inventory of housing in the City.

Brad Hutter (Madison, WI) – Hutter spoke in support of the proposed EDC Policy changes. He said that there are many projects in the City that require a small amount of additional assistance. He noted that the Arbor Gate development, that got TIF assistance, now employs approximately 2,200 people. He said that the City TIF involvement in this project was critical to the success of this project. These kinds of projects allow more revenue to be collected for City functions and additional outreach.

Opposing – Sue Pastor (Madison, WI) – Pastor spoke in opposition to the proposed EDC policy. She said that the existing policy is straightforward and the proposed policy is not easily measured. Items such as “competitive factor”, “career ladder jobs”, “extraordinary cases”, “targeted development areas”, etc. were murky and difficult if not impossible to measure. She wanted to see tax payers, the school district, and the public interest protected, while ensuring equity.

David Carrig (Madison, WI) – He indicated that he had problems with the proposed EDC TIF policy. Carrig said that he wanted a TIF policy that supported jobs in the City. Carrig said he would like to see a TIF project that created jobs for low skill workers.

Thomas Kozlovski (Madison, WI) – He opposed the proposed changes to the TIF Policy. He felt that applications should be reviewed and based upon the balance sheet and overall wealth of an applicant. Kozlovski felt that personal guaranties should be given on all projects to protect the tax payer.

Cheryl Elkinton (Madison, WI) – She invited the Committee to come across the street to the Human Services Board meeting to look at where some of these funds are spent. She said she was a victim of the public housing system and wanted to see the process address poverty and homelessness in the City.

In Support – Not Wishing to Speak: Jake Bailey (UFCW); Carole Schaeffer (Smart Growth Greater Madison); Joanna Burish (Madison, WI); Rod Meyer (Madison, WI); Corey McGovern (Madison, WI); Jake Bailey (UFCW);

In Opposition – Not Wishing to Speak: David Williams (Madison, WI)

[31137](#)

TIF Policy Review Ad Hoc Committee - 2013 (08-01) Public Comment Registrations

Attachments: [2013 08-01 TIF Policy Review Ad Hoc Com - Registrations.pdf](#)

4. DISCLOSURES AND RECUSALS

None.

5. OLD BUSINESS

- a) [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 File #30799 - Comparison Matrix of Existing TIF Policy to EDC Prop](#)
[Mertz ltr - 2013 07-10.pdf](#)
[Mertz ltr - 2013 07-31 Members of the TIF Revision Committee.pdf](#)
[Pastor e-mail ltr 2013 08-01.pdf](#)
[Olver TIF Ad Hoc Com presentation - 2013 08-01.pdf](#)
[JRB TIF Presentation - OLVER 2013 08-26.pdf](#)
[Pastor e-mail comments 2013 08-29.pdf](#)
[Pastor e-mail\(2\) 2013 08-29.pdf](#)
[Kozlovsky email 2013 08-29.pdf](#)
[Mertz email - 2013 08-29.pdf](#)
[Creation vs Capture Exvaluating the True Costs of TIF - Carig Handout 2013 2013 08-29 TIF Policy Review Ad Hoc Com - Registrations .pdf](#)

- b) EDC Presentation Concerning TIF Policy (Aaron Olver)

Olver made a presentation to the TIF Policy Committee. It was a modified presentation of the original presentation that was made to the EDC. Olver stated that in the EDC's opinion, TIF Policy filtered projects that were "in" versus "out". EDC's proposal offered alternatives for more projects to qualify for TIF under extraordinary circumstances. Olver noted that the Judge Doyle Square project, which would exceed 100% of the TIF generated, was an example of a civic project that could meet the EDC's proposed definition of an "extraordinary... civic project". Clear asked about the ULI proposal for East Washington Ave and if this should have been filtered out prior to coming to policy makers for decisions. He noted that the City "never knows who didn't call", based on the City's approval process and reputation. Olver said that the economics of the ULI proposal were so challenging that both sides, the City and ULI, felt that there was too much risk and not enough benefit to either side. Schmidt asked if, when a developer was told by Staff that their project was not feasible, could the developer still submit an application that would ultimately be forwarded on to Council. Discussion took place around what happens when Staff disagrees on whether or not to advance a proposal to Council. Ellingson asked what the risk of TIF, in general. Olver said that the longer a TID stays open, the longer the overlying taxing jurisdictions have to wait to regain the new development value to their tax roles. He said the City also has risk if it makes a development loan to a project that fails, and there is also risk in how the project is financed (regular financing versus pay-as-you-go). Alder Ahrens asked how City TIF Policy affected the overlying taxing jurisdictions. Olver said that State policy made up some of the differences to school districts due to TIF in differing levels of State aid. He said that the County and Technical College were slightly different from the school district in that their levies were not impacted by TIF. Verveer said that the current TIF policy calls

for closed session at the Board of Estimates (BOE) to review TIF deals. Olver said that one of the challenges of doing this is that it is a negotiation, and that new iterations of this process come along very quickly. Verveer asked Olver for his interpretation of the Community Benefits elements of the proposed EDC Policy. Olver said, his best guess was that the EDC would say the more regulation you put into a policy, the more you narrow a band of the projects that you can do. This then narrows the City's ability to fund other projects.

c) [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](#)

The Committee reviewed the previously handed out document that compared the adopted and EDC proposed policy. Referencing the EDC Proposal, Ellingson asked Olver where a Targeted Development Area (TDA) might be. Olver said many municipalities create a TID and then wait for a generator or a project. Olver said that the far west side was a potential location to create a TDA to help attract new development. Clear said that the EDC thought that a TDA could be something like a "pre-TID", where the City would give priority to the creation of a TID. Schmidt asked if a TDA concept should be in the Comp Plan. Rolfs and Gromacki said that many of these areas are already identified in other plans like the Comp Plan, Neighborhood Plans, or Special Area Plans. Gromacki said that this kind of concept could be moved to another document such as a TIF Master Plan. Ellingson said that the Comp Plan ordinance was difficult to amend and afforded the adjacent taxing jurisdictions the opportunity to comment on the Comp Plan. Gromacki said that any TDA that was put in would need to have protections for the City and a measured approach to spending until a generator was secured.

Consensus was to move the TDA discussion to the section of the Policy discussing the creation and amendment of a TID.

Discussion took place around how to condense the goals and objectives in the Policy document. Discussion took place around which version of Goals and Objectives to use as a starting point. Schmidt suggested splitting the Policy items from the City's underwriting criteria. Gromacki noted that the Policy portion could focus on the when, how, and why the City would create TIDs. He said an underwriting portion could be used to ensure security for the City and consistency for developers.

Consensus was to go with the EDC's proposed goals and move the Goals to a TID Creation Manual.

Discussion took place on the Ineligible Development items. Staff was asked to further refine what was meant by "luxury housing".

Consensus was to eliminate the simultaneous land use and TIF approval in the Adopted Policy.

Schmidt asked if the Application Fee language should be in an ordinance. Discussion took place on how to handle the Application Fee, and when to collect it. Gromacki and Olver noted that the current policy on the Application

Fee was meant to also discourage applicants from making outrageous TIF requests and to discourage "tire kickers".

Consensus was to put the Application Fee, using the Adopted Policy language, into an ordinance.

Gromacki noted that the Application Fee went into the General Fund. The TIF Application Without a TID portion of both policies are mostly identical.

Consensus was to better define the EDC phrase "but may bear additional risk to the developer".

Discussion took place on the Term Sheet. Gromacki said that the Term Sheet is a very practical item, and allowed consistency and transparency in the process. He said that the term sheet was the time to ensure that the resolution that went to Council accurately reflected what both sides had agreed to in negotiations. Paragraph 3.1(6) of the existing policy was amended to strike the first sentence and the words "prior to the closed session meeting..." Consensus was to continue to use a Term Sheet per existing policy, adding that Staff "may present its findings to BOE, if needed.

Consensus was to eliminate the requirement in existing policy that a TIF have a 12 year expenditure period.

6. FUTURE MEETING DATE(S) DISCUSSION

The next meeting was set for 5:30 PM on August 29, 2013

7. ADJOURNMENT

Motion to adjourn by Clear, second by Ellingson. Motion carried at 8:15 PM