



City of Madison

City of Madison
Madison, WI 53703
www.cityofmadison.com

Meeting Minutes TIF POLICY REVIEW AD HOC COMMITTEE

Friday, November 15, 2013

1:00 PM

215 Martin Luther King, Jr. Blvd.
Room LL-110 (Madison Municipal Building)

1. CALL TO ORDER / ROLL CALL

Call to Order

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

Absent – Verveer

Staff – Gromacki, Rolfs, Cover, Monks,

Meeting called to order at 1:06 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.

Motion by Clear, second Bidar-Sielaff, by to approve the minutes. Motion carried.

3. PUBLIC COMMENT

None.

4. DISCLOSURES AND RECUSALS

None.

Present: 5 -

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

5. OLD BUSINESS

- a) [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 Referred to the TIF POLICY REVIEW AD HOC COMMITTEE due back on 12/9/2013.

Motion to refer to the next meeting by Ellingson, second by Clear.

Schmidt provided an overview of his vision for how the remainder of the process would play out.

Consensus was to keep gap analysis as a component of TIF Reports.

Discussion took place on the TIF Report and what should be contained therein.

Consensus was to maintain the section titled "Equity Greater than, Equal to TIF" as drafted.

Consensus was to remove the requirement that Non-Profits have a specific equity contribution for a project.

Consensus was to indicate in the Policy that Non-Profit applications for TIF assistance would be analyzed on a case-by-case basis.

Bidar-Sielaff said that the 50% Rule had served the City well to provide a baseline for future analysis. She said a TIF Report should include a specific reference to where a project falls relative to the 50% Rule. Ellingson asked where projects are generally coming in at. Gromacki said that projects have been all over the board, from 19% up to 70%. Bidar-Sielaff asked what triggered Staff bringing an exception forward to Council. Gromacki said that this occurred when both sides determine when they have come as far as they can toward reducing the gap. Clear indicated that he felt that it was important for the ratio to be known, whether that was above or below 50% of the tax increments generated, but that the rule itself did not serve the City well in that it set up a scenario where a project would be "red flagged" by this type of analysis. Gromacki provided an overview of where the 50% Rule came from when the original TIF Policy was generated. He noted that the Comptroller at the time the TIF Policy was created felt that a lower number should be used, as it helped to reduce risk, and most requests would always be above that. He said this would provide the City with a stronger bargaining position. Cover said that every TIF request for a project was different, and every project was different. He said that 50% was a number that was just out there. He said that not all projects that came in under 50% were automatically good projects. He said no matter what happened, there would be an analysis from Staff on that project. Schmidt asked how Staff would deal with this issue if there was no set standard, and all projects would come in maxing out their requests to 100%.

Verveer arrived at 1:38 PM.

Cover said that this would then fall to Staff to identify what the actual gap was and to recommend an appropriate number. Bidar-Sielaff said that she was concerned that she would like to see a balance and to set a parameter around this type of analysis. She said it was good to have an expectation for both sides, and it would allow Staff to negotiate on this issue from a position of strength. Ellingson asked if it will be obvious, once the Policy is completed,

what is a good project and what isn't. Clear said that the guidelines could prove counter-productive in that a poor project that did meet the guidelines and ask for TIF. Bidar-Sielaff said that this was only one of many criteria that would be looked at when a project was evaluated. Discussion took place around developing a point system for the review of TIF applications. Bidar-Sielaff said that having an objective criteria to review projects was critical, and that everything was going to be filtered through each decision maker's perspective. Clear indicated that he had a draft matrix for the evaluation that was discussed at EDC. Verveer said that the 50% Rule provided a solid foundation for the redevelopment of infrastructure. Clear was asked to provide the draft scoring matrix to the Committee members for the next meeting.

Bidar-Sielaff described a potential scoring matrix that would outline the 8 goals identified in the Goals, Objectives, and Process document and how a plan did or did not achieve those goals.

Schmidt said without a number, it would be very likely that the request for TIF in new projects would increase. Gromacki said that having a firm "line in the sand" provided Staff with the ability to look at a request and to push back when appropriate. Cover said that City Staff had the expertise to identify when a TIF request was legitimate or not. Bidar-Sielaff asked Cover how the City could prevent TIF requests from increasing if the 50% Rule was eliminated; how could the City negotiate from a position of strength without this Rule.

Olver arrived at 2:08 PM.

Cover reiterated that he had confidence in Staff to analyze projects and to identify the appropriate gap. Ellingson said she liked that "bands" that were identified in Olver's memo of November 30, 2012.

Verveer said that he supported modifying, not replacing, the 50% Rule, potentially with the approach suggested by Olver. Clear suggested that in the "bands of investment" approach, the higher the percentage of TIF requested, the higher the expectations would be for a project. Verveer indicated that the Committee should have a discussion of Community Benefits, as to how it may apply for "extra credit" on a project. Olver outlined his memo on "bands of investment" of TIF percentage, as it relates to how the criteria would apply. Olver noted that the definitions in the "bands" memo would need to be further refined, but that things may not get to an objective standard. Schmidt noted that things such as Project Labor Agreements and Card Check Neutrality could be incorporated into this. He noted that he would like to see Community Benefits with defined numbers.

Verveer left at 2:21 PM.

Ellingson asked if it would make sense to add incentives to specific Community Benefits type of requirements. Consensus was to craft a flexible series of "increment bands" based upon the Nov 30, 2012 memo that Olver drafted for the EDC. Ellingson and Bidar-Sielaff indicated that they were concerned with the policy objectives and wanted to see where these would fit into the project review. Gromacki, Olver and Rolfs were directed to draft this memo on "increment bands" for the next meeting.

Discussion took place around the issue of rent write downs. Gromacki noted that when rents go down, values go down, which is counter to the purposes of TIF. Consensus was to keep the language regarding the prohibition of rent write downs.

Discussion took place around whether or not to require TIF projects to be self supporting. Consensus was to keep the existing language regarding self supporting projects.

Consensus was to maintain the existing mortgage guaranty language.

Discussion took place around the personal guaranty. Gromacki noted that, to date, the City had not had an exception to the personal guaranty. He said that only one developer had an issue with providing a personal guaranty for projects in the City. He noted that personal guaranty put a physical person behind a project, as opposed to an LLC that usually did not have large assets backing it. It was noted that the existing personal guaranty applied to both the increment guaranty and the project guaranty. Bidar-Sielaff asked to have the City Attorney to draft language on contractual guaranties and one for increment guaranties, which would be more flexible. Olver noted that with a specific developer there should be a personal guaranty.

Consensus was to request the City Attorney to investigate, relative to the section on Real Estate Taxes, what the status of PILOT language is in State Statutes.

Discussion took place around the section on "Private Development Projects Used by Government Units" in the adopted policy. Consensus was to keep the existing adopted language in the policy.

Consensus was to remove the Equity Participation Payment requirement. Consensus was to remove the language regarding ADA Compliance and Living Wage Ordinance, as this was already a requirement under City Ordinances. Consensus was to maintain the existing language regarding land use contract violations.

Discussion took place around the Acceptable Methods for TIF Funding. Consensus was to move this to the TIF Goals, Objectives, and Process document. Consensus was to use the proposed EDC language.

Motion for referral carried.

Present: 4 - Mark Clear; Sue Ellingson; Chris Schmidt and Shiva Bidar-Sielaff

Absent: 1 - Michael E. Verveer

6. REPORTS

- 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](#)
[TIF Policy IV But for Rewrite - 9-12-13.pdf](#)
[Alternatives to 50 Percent Rule Slide.pdf](#)
[Memo on Business Incentive Programs.pdf](#)
[2013 09-19 TIF Policy Review Ad Hoc Com - Registrations.pdf](#)
[TIF Policy IV But for Rewrite - matrix.pdf](#)
[Pastor e-mail 2013 10-03.pdf](#)
[2013 10-03 TIF Policy Review Ad Ho Com - Registrations.pdf](#)
[Sample TIF Report - Facility Gateway 4-24-13.pdf](#)
[Sample TIF Report - 309 W Johnson 5-29-13.pdf](#)
[Sample TIF Report - Gebhardt 3-6-12.pdf](#)
[Sample TIF Report - University Crossing Phase II 6-21-12.pdf](#)
[Sample TIF Report - Wingra Clinic 12-13-11.pdf](#)
[DRAFT TIF Goals and Objectives - 2013 10-28.pdf](#)
[DRAFT TIF Underwriting Policy - 2013 10-28.pdf](#)
[Pastor e-mail 2013 11-04.pdf](#)
[2013 11-25 TIF Policy Review Ad Hoc Com - Registrations.pdf](#)
[TIF Goals, Objectives and Process - 2013 12-06.pdf](#)
[TIF Underwriting Policy - 2013 12-06.pdf](#)
[TIF_scoring_concept - 12-06.pdf](#)
[2013 12-09 TIF Policy Review Ad Hoc Com - Registrations.pdf](#)
[2013 12-09 Schmiedicke PILOT handout - TIF Policy Review Ad Hoc Com.pc](#)

7. DISCUSSION OF FUTURE MEETING DATES

Consensus was for the next meeting on Nov 25, 2013 at 2:00 PM.

8. ADJOURNMENT

Motion to adjourn by Clear, second by Bidar-Sielaff. Motion carried at 3:19 PM