

# Public Funding – Current Trends & Successful Strategies

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Presented By:  
Kurt Muchow

vierbicher  
planners | engineers | advisors



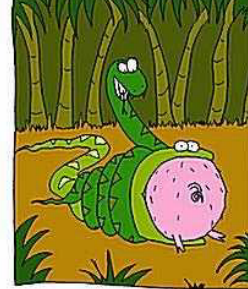
vision to reality

## Session Agenda

- Trends in Public Funding
- Funding Opportunities
- Funding Strategies
- Example Projects

## Trends in Public Funding

- Funding Roller Coaster
- Significant Increase in Funding
  - American Recovery & Reinvestment Act (ARRA)
  - 2008 Flood Recovery
- Regular Programs Stimulated
  - Urgency to Allocate Funds
  - Relaxation of Program Rules
- “Post Stimulus” Funding Era



NOPE, I'M SQUEEZING AS HARD  
AS I CAN, THAT IS ONE  
STUCK PIG.

## Trends in Public Funding

- Municipal Revenue Trends
  - General Fund Revenue Very Limited
  - Shift to Non-Tax Levy Sources of Revenue
    - Sewer & Water Utilities
    - Stormwater Utilities
    - User Fees
    - Impact Fees
  - Why? Additional Revenue & More Equitable



## Trends in Public Funding

- Private Development Relies More On Public Funding
  - Private Financing is Difficult to Access
  - Developers Need Public Funding to Make Projects Feasible
  - Sources of Funding
    - Tax Incremental Financing (TIF)
    - Grants & Tax Credits
    - Municipal Funded Private Development Secured with Special Assessments

## Trends in Public Funding

### State of Wisconsin

- Emphasis on Economic Development
- Wis. Economic Development Corp.
  - Community Development
    - Infrastructure
    - Redevelopment
    - Disaster Recovery
    - Wisconsin Main Street Program
  - Business Development
    - Direct Business Loans
    - Economic Development Tax Credits
    - Jobs Tax Credits
    - Training Grants



## Trends in Public Funding

### Tax Incremental Financing (TIF) Multiple Law Changes which have Enhanced Program

- 2004 Law Changes
- 2008 Law Changes
- 2010 Law Changes
- 2011 Law Changes



## Public Funding Opportunities

### WDNR Safe Drinking Water Loan (SDWL)

- 2013 Allocation
  - \$56.298 million of Loan
  - \$4.642 million of Principal Forgiveness
- 2013 Applications = \$38.454 million
- 2013 Surplus Funds
  - \$24.5 million of Loan
  - \$0 of Principal Forgiveness
- Surplus of Funds, Can Apply Until March 31, 2013
- Need ITA & PERF Submitted by 12/31/11, or Get Emergency Waiver
- *Note: WDNR currently does not have authority to distribute Principal Forgiveness. Expects Legislature to approve in Spring of 2013. Until then, communities who have been allocated Principal Forgiveness have to wait, or proceed at risk of it not being there.*

## Public Funding Opportunities

### WDNR Safe Drinking Water Loan (SDWL)

- 2014 Program
  - “Business as Usual”
  - Expect Stable Funding Levels
  - Expect to have Principal Forgiveness Again
  - ITA & PERFs by 12/31/2012
  - Application Deadline: June 30, 2013
  - Reduced Interest Rate Subsidy & Hardship Assistance (Interest Rates Range from 3.5% to 1.15%)
  - Expect to have Principal Forgiveness Again



### Recent Changes

- Davis Bacon Applies to All Projects

## Public Funding Opportunities

### WDNR CWF Program

- “Business as Usual”
- 2014 Program
  - Expect Stable Funding Levels
  - Expect to have Principal Forgiveness Again
  - ITA & PERFs by 12/31/2012
  - Application Deadline (Hardship Assistance): June 30, 2013
  - Application Deadline (Principal Forgiveness): Sept. 30, 2013
  - Interest rates range from 3.5% to 1.155%
- Recent Changes
  - Davis Bacon Applies to All Projects



## Public Funding Opportunities



### Transportation Programs

- State Funding Levels are Increasing
- Federal Funding Levels Reduced
- Funding Cycles
  - STP – Urban – January 2013
  - Local Road Improvement Program – Nov. 1, 2012
  - Transportation Economic Assistance (TEA) - Continuous

## Public Funding Opportunities

### Federal Surface Transportation Bill (MAP-20)

- Signed into law July 6, 2012
- New “Transportation Alternatives Program”
- Replaces:
  - Transportation Enhancement
  - Safe Routes to Schools
  - Scenic Byways
  - Recreational Trails

## Public Funding Opportunities

### Transportation Alternatives Program

- Funding Allocation Reduced from \$1.2 billion per year to \$808 million
- 50% is allocated directly to larger metropolitan areas and other areas with capacity
- 50% is allocated to smaller communities, however, if funding is not used, states can spend money on other state needs.
- Specific programs will be developed in upcoming months.

## Public Funding Opportunities

### WEDC – Community Development Programs

- CDBG – Economic Development
  - Annual Allocation = \$8.5 million
  - WEDC no longer uses this program
  - Reallocated Funds to CDBG-PF
- CDBG-Public Facilities (PF)
  - Annual Allocation:  
\$8.5 million + \$8.5 million = \$17 million

## Public Funding Opportunities

### WEDC – Community Development Programs

- CDBG – PF Categories
  - Public Infrastructure (70%)
  - Community Facilities (25%)
  - Downtown Revitalization (5%)
  
- CDBG National Objectives
  - Low- to Moderate-Income Benefit (>51%)
  - Slum and Blight Removal
  - Local Urgent Need

## Public Funding Opportunities

### CDBG PF Allocation of Funds

- Minimum of 70% must go to LMI Projects
- 30% can go to Blight & Urgent Need
- Allocation for Local Urgent Need = \$1.5M
- Communities can do Income Survey to Document LMI
  - Roughly 7-8 communities per year
  - Survey usually results in raising % by a few points



## Public Funding Opportunities

- WEDC – Community Development Program
  - Emphasis on Downtown Revitalization
    - Greatest impact on local economy
    - Incorporate Main Street Program ideas
  - Preference for “Community-Wide” Projects
    - Can still do “target areas”, but will be lower priority
  - Preference for Infrastructure Projects that increase capacity vs. maintenance
  - Will be updating application in December

## What Communities Can Do



- Capital Improvements Planning
  - 3 to 5 Year Planning Period
  - Develop Financing Strategy
  - Update Each Year at Budget Time
- Combine Multiple Funding Sources
- Public/Private Partnership
- Creative
- Realistic
- Be Persistent

## What Communities Can Do

- Take Advantage of TIF Law Changes
  - Extended Expenditure Periods
  - Multiple TIF District Amendments (4)
  - One-half Mile Expenditure Radius
  - Distressed TID Designations
- TIF Law Changes Can Open Up Significant Opportunities



## What Communities Can Do

- Use Non General Fund Sources of Funding
- Tax Incremental Financing
  - Sewer & Water Utilities
  - Stormwater Utilities
  - User Fees
  - Impact Fees

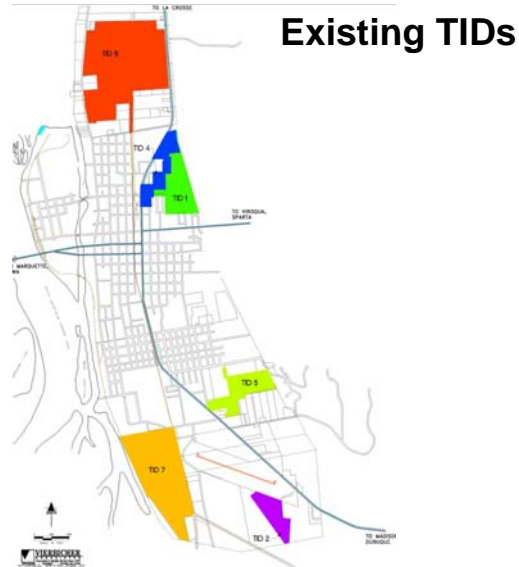


# What Communities Can Do

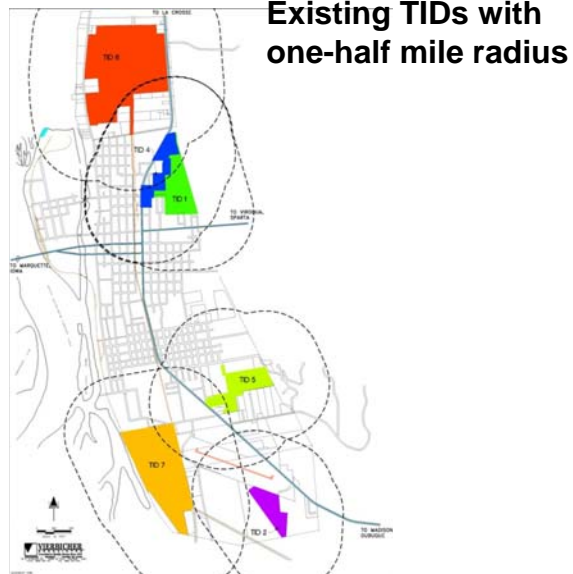
## Municipal Funded Private Development

- Municipality Funding Strategy
  - Generally Located in TID
  - Municipal Borrowing: G.O. Bonds or Special Assessment Bonds
  - Secure with Special Assessment
- Developer Commitments
  - Create Economic Benefits: Tax Base & Jobs
  - Repay Municipal Debt: TIF Revenue and/or Special Assessments
  - Guarantee Repayment
- Development Agreement
  - Community Must Avoid Putting Public Funds at Risk!
  - Be Sure Developer & Project are Solid
  - Use Professionals to Assist with Project

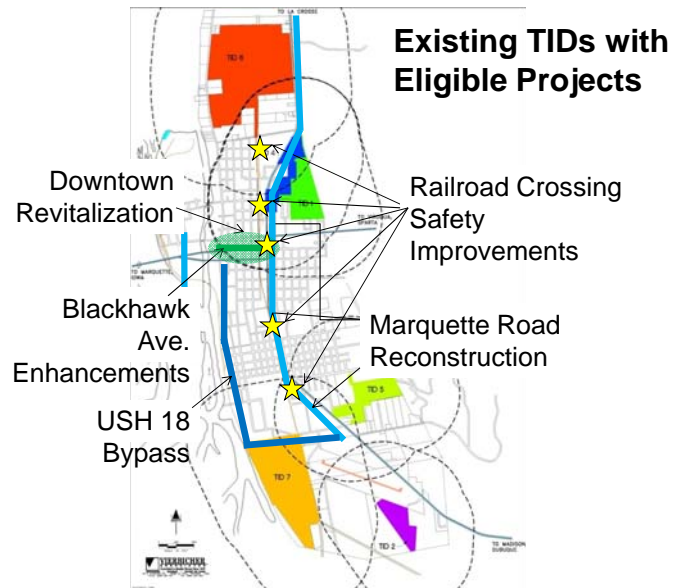
## Example Project: TIF Program



## Example Project: TIF Program



## Example Project: TIF Program



## Example Project

- Rural City < 10,000 Population (Not LMI)
- City Infrastructure Reconstruction
  - 10,000 LF of Street & Utility Reconstruction
  - Downtown Enhancement
  - Total Project Cost = \$4.3 Million
    - \$1.5 M WDNR CWF Loan
    - \$1.7 M WDNR SDWL Loan
    - \$660,000 WDOT Enhancement Grant
    - \$300,000 CDBG Grant
    - \$105,000 Tax Incremental Financing
    - \$50,000 Fundraiser



## Example Project

- Urban Village (Non-LMI)
- Municipal Funded Private Development
  - Project Summary
    - Private Business Park, 100 acres
    - \$5,000,000 Development Cost
  - Village Obligations
    - Execute Development Agreement
    - Create TID & Special Assessment
    - Issue Bonds to Fund Infrastructure
    - Design & Construct Infrastructure
  - Developer Obligations
    - Execute Development Agreement
    - Implement Private Development
    - Repay Village Bond through TIF Revenue & Special Assessment Payments



## Example Project

- Rural Village (LMI)
- Project Summary
  - New Water Tower
  - Water Distribution System Improvements
  - Well Rehab & Emergency Generator
- Total Project Cost = \$1,820,000
  - \$600,000 CDBG-PF Grant
  - \$1.22M WDNR SDWL Loan



## Example Project

- Rural Village (Non-LMI)
- Project Summary
  - 80-acre Business Park
  - Creation of \$9.0M new tax base
  - Creation of 150 jobs
- Total Project Cost = \$3.5M
  - \$250,000 CDBG-PFED Grant
  - \$530,000 DOT-TEA Grant
  - \$2,720,000 TIF



## Questions & Answers

Kurt Muchow  
Vierbicher Associates, Inc.  
400 Viking Drive  
P.O. Box 379  
Reedsburg, WI  
(608) 524-6468  
Email: [kmuc@vierbicher.com](mailto:kmuc@vierbicher.com)