

MEMORANDUM

TO: Mayor David Cieslewicz and Members of the Common Council of the City of Madison

FR: Joe Gromacki, TIF Coordinator

DATE: February 16, 2009

SUBJECT: Report of the TIF Policy Committee – Final Draft of TIF Policy

Background

The TIF Policy Committee submitted its initial report to the Common Council on August 18, 2008. The Common Council referred the report to the Board of Estimates where it was considered on August 25 and September 8, 2008.

The BOE report to Council recommended that the report be accepted. The Council then referred the report to the Economic Development Commission (EDC) and back to the TIF Policy Committee.

On October 21, the Mayor recommended that a shortened version of the policy submitted by staff to the Mayor in July (also known as the “Perfect World” draft) be submitted to the EDC and TIF Policy Committee for consideration.

On December 8, 2008, the EDC made recommendations to the TIF Policy Committee in a document entitled “EDC TIF Memo to TIF Policy Committee 12-8-08” using the shortened version of TIF Policy as its model. The TIF Policy Committee met several times, heard testimony and concluded its report on January 22, 2009 to submit a final report to the Common Council on February 24, 2009 (Legistar No. 11531).

The following is a general summary of the changes proposed in the TIF Policy Committee final draft:

EDC Recommendations

The EDC utilized the shortened TIF Policy version to make its recommendations. Those recommendations involved some document organization changes and proposed to eliminate the Equity Participation Payment and Job Creation Guaranty sections of the draft.

TIF Policy Committee Recommendations

The TIF Policy Committee reviewed EDC’s recommendation and heard more EDC and other testimony. The committee also decided to adopt the shortened version, with many of the EDC document organization changes but focusing on policy that applied to private developers in the main body of the document and creating two appendices – one for staff operating procedures and the other as a catch-all for other TIF Policy that was not useful to private developers. The changes adopted by the TIF Policy committee are underlined in blue text.

Of note, in response to EDC testimony, the TIF Policy Committee added language to the Job Creation Guaranty that the City may require this measure at its option on a case-by-case basis. The Equity Participation Payment remains unchanged, with the changes proposed in the Committee’s August 18 report to the Common Council that change the excess proceeds formula from 50-50 to 1/3 to the TID, 1/3 to the Affordable Housing Trust Fund and 1/3 to the developer.

The final report of the TIF Policy Committee is hereby submitted for your consideration.