



**City of Madison**  
**Minutes - Approved**  
**Economic Development Commission**  
**TIF Policy Subcommittee**

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

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November 3, 2008

8:00 a.m.

Room LL110 MMB  
215 Martin Luther King Jr. Blvd.

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**1. CALL TO ORDER / ROLL CALL**

**The meeting was called to order at 8:02 a.m. by Chairperson Nelson**

Present: Douglas Nelson (Chairperson), Ed Clarke, Peng Her.

Also Present: Delora Newton, Greater Madison Chamber of Commerce; Carole Schaeffer, Smart Growth Greater Madison; Susan Schmitz, Downtown Madison, Inc. (DMI); Curt Brink; Alder Brenda Konkel; Dan Rolfs, ED Division; Joe Gromacki, TIF Coordinator; Matthew Mikolajewski, Manager OBR; Don Marx, Supervisor, Real Estate Services; Peggy Yessa, OBR.

**3. #11531: CITY OF MADISON TIF OBJECTIVES AND POLICIES REPORT**

Mr. Mikolajewski explained that at the October 29<sup>th</sup> subcommittee meeting it was agreed discussion would be based on the "Adopted in a Perfect World" version; however, that the EDC must ultimately act on the Aug. 19, 2008 version that was referred to the EDC.

Ms. Schmitz explained the written comments from DMI, such as removing the job creation requirements, removing the subjective terminology and recognizing the Comprehensive Plan as the overall planning document.

Chairperson Nelson clarified that the pay-as-you-go option was always in place however, not the preferred method of repayment.

Mr. Clarke asked Ms. Schmitz for clarification on DMI's comment regarding the legality of the small cap TIF program under the proposed policy.

Ms. Schmitz explained that small cap TIF programs do not pay for themselves and the current policy notes that TIF revenues cannot supplement development elsewhere in the same TIF district.

Chairperson Nelson said we would do further checking into this. He would like to keep the TIF policy options as open as possible. Chair Nelson distributed copies of the email he received from Urban Land Interests, Mr. Paul Muench. He asked for comments on the email, in particular, on the sentence asking for discussion of TIF policy after the hiring of the new Economic Development Director.

Mr. Clarke said he is looking at a TIF policy that is flexible, simple and robust.

Ms. Schaeffer said that her organizations members want to remove the equity kicker and job creation requirements from the TIF policy.

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Mr. Rolfs noted Mr. Muench's email is incorrect on the 100% lump repayment. He noted the final draft divided it up into thirds. He further noted the job guarantee is asked for but not required and applicants can choose to not check this on their application.

Chairperson Nelson said the Subcommittee wants to eliminate job creation entirely from the TIF policy.

Ms. Newton said her interpretation of Mr. Muench's email is that each project requires an equity kicker. (?)

Chairperson Nelson said the subcommittee wants to take their final recommendations to the EDC on Wednesday, Nov. 5.

Mr. Clarke said his point is developers are not just competing in the City of Madison but in a broader region.

Alder Konkol noted, as a member of the TIF Policy Committee, that Alder Zach Brandon was the EDC's representative on the TIF Policy Committee and he wanted accountability and pushed for job creation as the Council already measures applications by this. Alder Konkol noted it would be better to have job creation within the policy, rather than surprising applicants.

Mr. Clarke would like the City staff to do a good faith effort as negotiating for a project. We cannot go back in hindsight and penalize a development that has occurred. Staff are tough negotiators and TIF is an economic development tool and not a way to recoup profit.

Chairperson Nelson reiterated this was the consensus at the last meeting. He said the business world is uncertain and to build in unbalanced penalties pushes development to other communities.

Alder Konkol said we do not live in a perfect world, TIF money could be used elsewhere, and the Council must be fiscally responsible. She wants predictability and no surprises from applicants.

Mr. Brink said the first version of the TIF policy was punitive by not giving TIF until after the jobs were created.

Ms. Schaeffer noted the job creation is not mandatory so making it voluntary is even more unpredictable. This is a disincentive to development.

Chairperson Nelson said the objective is to create a policy that is open to possibilities for developers from other parts of the State and Country. The policy should encourage developers to use TIF.

Mr. Her asked if on average the developers check the job creation option?

Mr. Rolfs said that this is a new option that has not been asked for in the past. In the past accountability was not traced to job creation.

Ms. Newton asked how industrial property is assessed? Is job creation a factor?

Mr. Rolfs said the State of Wisconsin assesses industrial property and their assessment are usually lower than the purchase prices. This is often seen as an incentive to manufacturers.

Mr. Marx noted that state assessments are not based on number of jobs created.

Mr. Clarke would like the subcommittee to recommend to the EDC to recommend to the TIF Policy Committee to adopt the "Perfect World" TIF Policy. If this does not happen, then eliminate

the career ladders reference as in his experience first jobs need to be created and a career ladder program comes into existence at a later time.

Ms. Schaefer questioned how tying TIF to housing would work?

Chairperson Nelson suggested eliminating the filters and change wording to "might include" type of language. He called for other comments on the TIF policy.

Ms. Schaeffer said the 12-year expenditure period would not work if there were a market slow-down.

Mr. Clarke said 12 years has served the City well but the phrase "when possible" could be added.

Ms. Schmitz asked if this is policy or a have-to-do item?

Mr. Rolfs explained this is new. Previously it was 15-24 years, but that then shortens the time for loan repayments. Twelve years is fiscally conservative and builds in a cushion and gives predictability to all of the taxing entities.

Mr. Marx noted exceptions could be made to the policy. It is policy not ordinance.

Ms. Schaeffer asked if language could be added to say exceptions are possible.

Chairperson Nelson asked if this has been a problem in the past? Alder Konkel said the State law changed and it is now the opinion of the Comptroller to be fiscally prudent.

Mr. Rolfs said this is a built-in window for fiscal restraint for payback to all taxing jurisdictions.

Ms. Schaeffer suggested including sustainability and energy costs as eligible TIF costs.

Chairperson Nelson asked for a motion by the subcommittee.

Mr. Mikolajewski clarified that a motion could include a report to the EDC at their Wednesday meeting that would go to the TIF Policy Committee.

**Mr. Clarke moved, seconded by Mr. Nelson, that the EDC TIF Policy Subcommittee recommend the streamlined version of the TIF policy (Adopted in a Perfect World version) and that the equity kicker; job creation and career ladder references be removed, and to encourage the committee to make edits like those submitted from organizations like DMI, such as making the TIF policy consistent with the Comprehensive Plan.**

Ms. Newton asked why industrial TIF is tied to housing when there could be light, smell and traffic issues between industry and housing?

Mr. Clarke suggested taking out the word industrial in the text.

Alder Konkel said this was done so as not to create traffic problems in case TIF was used to create housing.

Mr. Clarke said to use the phrase "whenever feasible".

Chairperson Nelson said to add "whenever feasible" to the text.

Ms. Schaeffer asked for clarification if the career ladder reference would be removed and Chairperson Nelson said yes it would be.

Mr. Her inquired why non-profit developers are ineligible?

Mr. Gromacki said in the past nine years non-profit proposals have never been submitted. He said the two problems with non-profit proposals are:

1. They are tax exempt so they do not generate an increment
2. They are completely leveraged and are high-risk.

**Mr Her left the meeting at 9:04 am.**

## **ROLL CALL:**

Present: Douglas Nelson, Ed Clarke  
Also present: all others remained present.

Alder Konkol asked why some of the process language was taken out?

Mr. Gromacki said the developer does not need to see staff reports to the Council; this is standard operating procedure, not policy.

Ms. Schaeffer asked about staff reports to the Board of Estimates?

Mr. Gromacki explained this has always been done and in the flow chart of staff analysis. He said the June 15<sup>th</sup> deadline was confused by many with the April 15<sup>th</sup> tax deadline. He reiterated that the TIF Policy Committee did not see the simplified staff version.

**The Subcommittee took a break at 9:06 a.m..**

**The meeting reconvened at 9:08 a.m..**

## **ROLL CALL:**

Present: Douglas Nelson, Ed Clarke  
Also present: all others remained present.

Mr. Gromacki explained that historic revitalization has always been considered, neighborhood plans are enforced and higher standards of building design are regulated elsewhere.

Alder Konkol is concerned that if these references are omitted their existence elsewhere is not known by the applicant.

Mr. Gromacki said the land underwriting criteria is redundant in 5.3(1) due diligence in land costs and 5.4(1) excessive land costs. He mentioned assessable infrastructure, operating costs and city fees are all in the State Statutes.

Alder Konkol liked these items in the City's policy so people do not have to refer to the state law.

Mr. Gromacki notes that not all State law is in the City Policy. When he writes a term sheet for applicants all of this is in it and the applicant has to sign it at several stages of review.

Alder Konkol said it is better to have it all upfront.

Ms. Schaeffer asked if fees are still eligible costs?

Mr. Gromacki said fees paid to the City are not project costs.

Mr. Clarke said he is looking at the policy as economic development.

Chairperson Nelson said it was the consensus of the subcommittee to streamline the policy.

Alder Konkell said eliminating the fair warning of some issues does not make sense.

Mr. Clarke said ease of use and eliminating redundancy is important.

Mr. Gromacki suggested separating policy and ordinance. The State TIF Statute is twenty pages and complex.

**Chairperson Nelson reiterated Mr. Clarke's earlier motion. The vote to approve was unanimous.**

#### **4. ADJOURNMENT**

**The meeting was adjourned at 9:27 a.m. by Chairperson Nelson.**