



# TIF Project Examples

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# Presenters

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**Mike Davis, Middleton City Administrator**

**Bill Burns, Middleton Finance Director**

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## TIF in Middleton

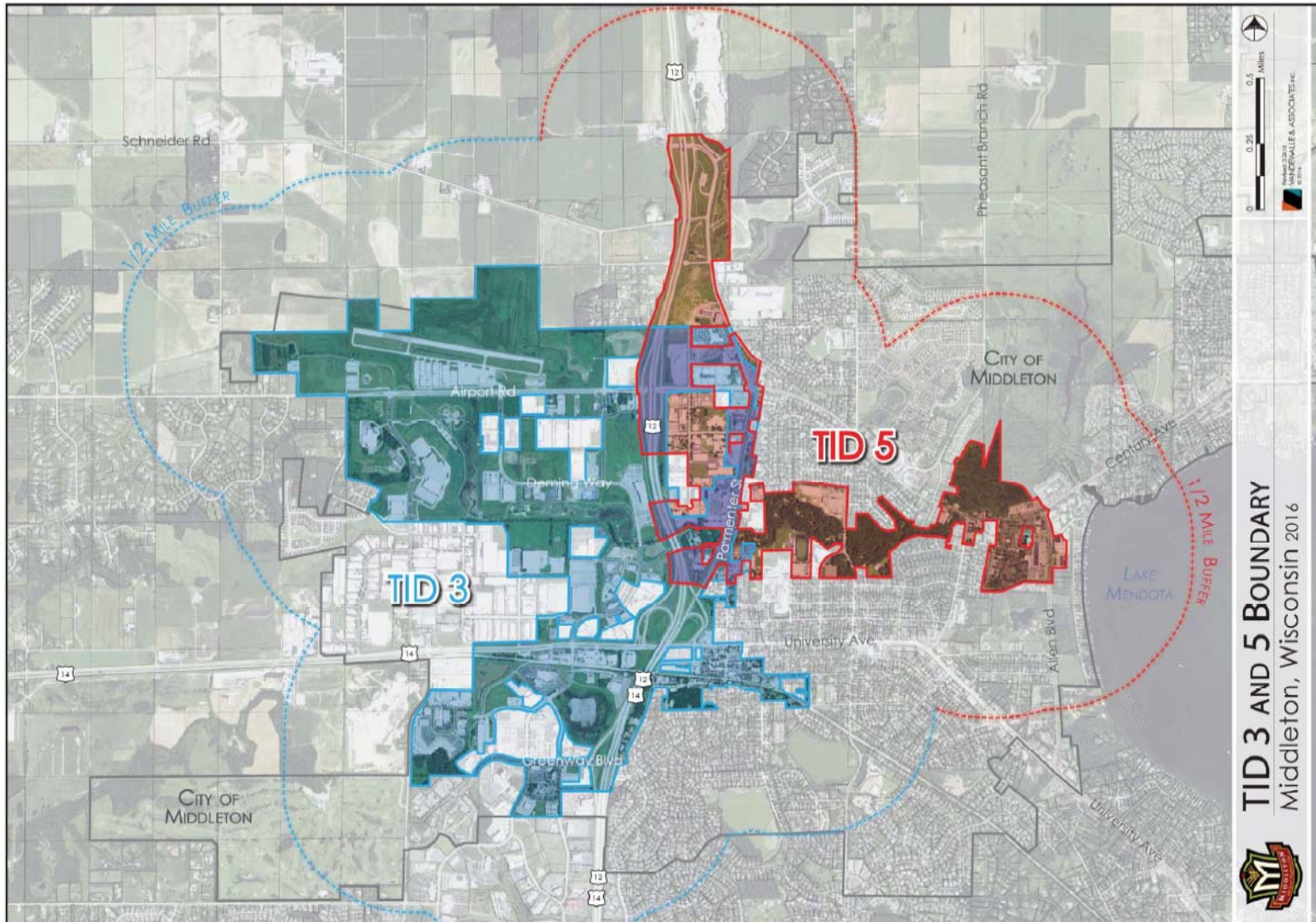
# Use of TIF in Middleton

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- Middleton has two active TIF Districts (#3 & #5)
- Both districts cover a large area rather than specific projects
- TID #3 has been amended nine times including four subtractions to remove \$350 million in value from the district
- TID #3 also received a special legislative provision to extend its maximum life from 27 to 37 years
- Currently 15% of the equalized value of the City is located in TIF districts

# Use of TIF in Middleton

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# TIF Review Process

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- No formal TIF policy, except for TID project plans which are comprehensive in focus – consider projects on a case-by-case basis within the plans' contexts.
- Project Management Team (PMT)
  - ▣ Administration, Planning, Finance, Other Staff as Needed, and Consulting Planners & Engineers
- Staff Review Process
  - ▣ Meet with staff / PMT
  - ▣ Project Review (Planning)
  - ▣ Project Valuation (City Assessor)
  - ▣ TIF Eligible Costs (Consulting Engineer)
  - ▣ Financial & Proforma Review (Finance)

# Benefits of TIF

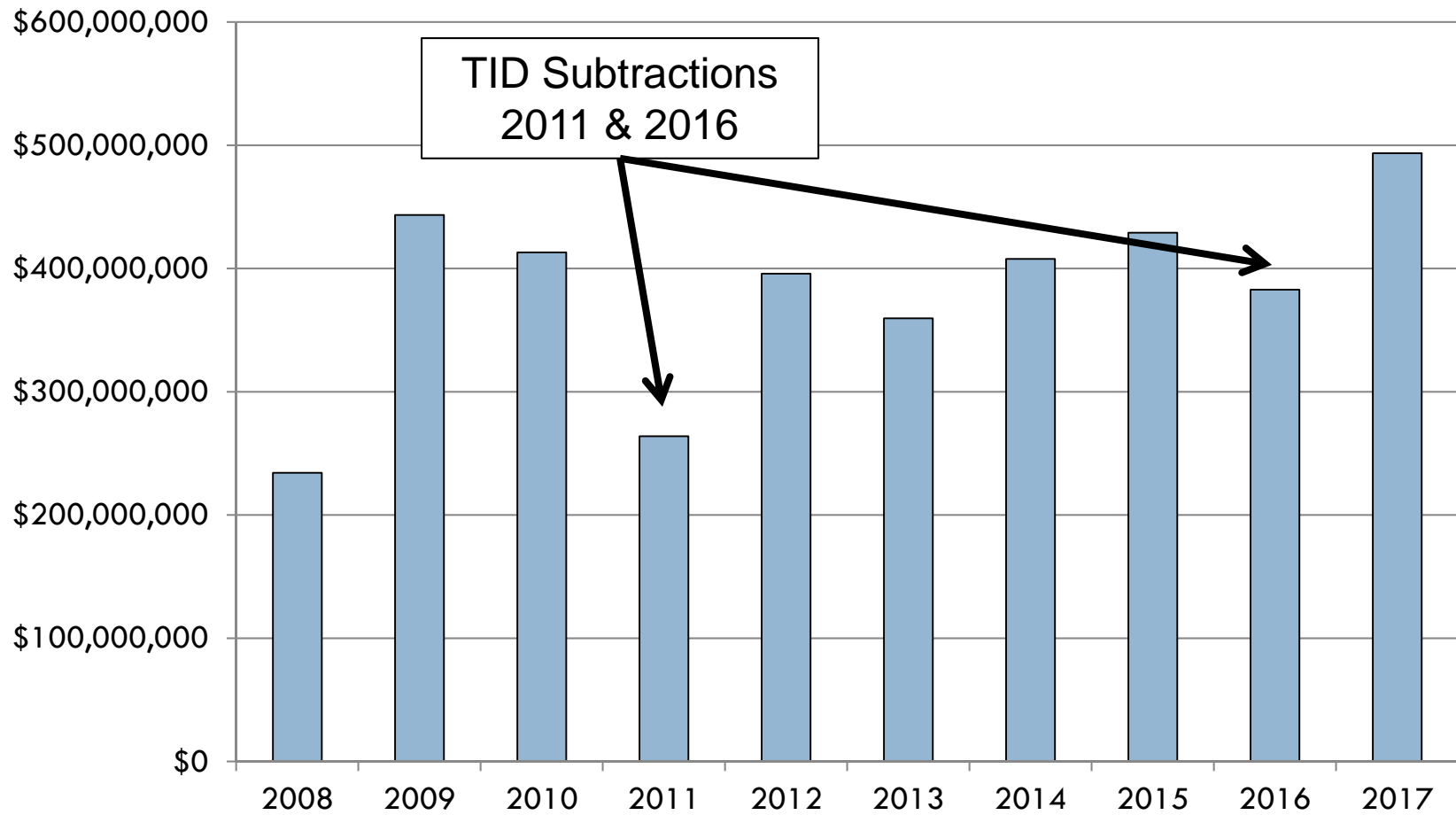
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- Economic Development / Tax Base Growth
  - ▣ Over \$800 million increase in equalized value
- Job Creation & Retention
  - ▣ Thousands of jobs / Net importer of workers
- Community Infrastructure
  - ▣ Major street & utility projects to support development
- Sustainability Initiatives
  - ▣ Incentives for solar, geothermal, purple pipe, etc.
- Workforce Housing
  - ▣ 217 income-restricted units incentivized with TIF

# Benefits of TIF

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### Equalized Value of TIF Increment





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## Examples of TIF Projects

# Electronic Theatre Controls

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- World leader in theatrical lighting systems
- Over 800 employees
- Facility constructed in 2003
- 75,000 sq. ft. expansion in 2017



# Electronic Theatre Controls

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## 2017 Expansion

- Expansion Size: 75,000 sq. ft.
- Projected Incremental value: \$9.2 million average
- TIF Incentive: \$2.7 to \$3.6 million
- TIF Eligible Costs
  - ▣ Site costs / poor soils
  - ▣ Sustainability / LED lighting, electric car charging stations
  - ▣ Use of recycled shipping containers
- Job Maintenance Agreement
  - ▣ Reduces incentive if the number of jobs decreases

# Electronic Theatre Controls

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## Unique Items / Challenges

- Developer-financed TIF incentive
- TIF bond used to allow payments after the end of the expenditure period
- Challenge: property is valued as manufacturing & the recycling shipping container offices are assessed as personal property
- Difficult to determine future value & increment
  - ▣ Discussed with ETC management
  - ▣ Agreement provides a range of TIF assistance
  - ▣ TIF payments based on actual value & job creation

# Meadow Ridge Apartments

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- 95-unit apartment building
- Infill project
- 76 units restricted to families earning below 60% of area median income



# Meadow Ridge

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- Construction Cost: \$10.0 million
- Projected Incremental Value: \$6.35 million
- TIF Incentive: \$2.10 million
- TIF Eligible Costs:  
Capitalized loss of rental income for 76 income-restricted units for a 15-year period

# Meadow Ridge

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## Unique Items / Challenges

- ❑ Since this is a workforce housing project, the assessed value and TIF increment are projected to be lower than for a market-rate housing project
- ❑ Use of WHEDA financing required an up-front TIF incentive
- ❑ City financed the \$2.1 million TIF incentive with a State-Trust Fund Loan
- ❑ TIF Agreement includes a \$6.35 million valuation guarantee secured by the ability to specially assess for shortfalls and a personal guarantee from the developer

# Middleton Center



- Mixed-use development in downtown Middleton
- Three phases with a total of 220 apartments and 58,000 sq. ft. of office & retail





# Middleton Center

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- Total Project Value: \$50.3 million
- Projected Incremental Value: \$47.1 million
- TIF Incentive: \$10.8 million
- TIF Eligible Costs:
  - ▣ Demolition and environmental clean-up
  - ▣ Tenant relocation
  - ▣ Soil conditions (143+ pilings required)
  - ▣ Underground Parking (to promote increased density)

# Middleton Center

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- ❑ Developer-financed TIF incentive
- ❑ TIF bond used to allow payments after the end of the expenditure period
- ❑ Three phase project – master agreement with individual TIF bonds for each phase
- ❑ Redevelopment project with high costs – more TIF eligible expenses than projected increment
- ❑ Phase 2 agreement was amended due to changes in residential/commercial mix and projected value
- ❑ Need for flexibility to respond to changes

# Questions?

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## Contact Information

Mike Davis: [mdavis@ci.middleton.wi.us](mailto:mdavis@ci.middleton.wi.us)

Bill Burns: [bburns@ci.middleton.wi.us](mailto:bburns@ci.middleton.wi.us)