

St. Albans, VT  
Tax Increment Financing

Public Hearing

8/26/13

Information

for

September 10, 2013

Bond Vote



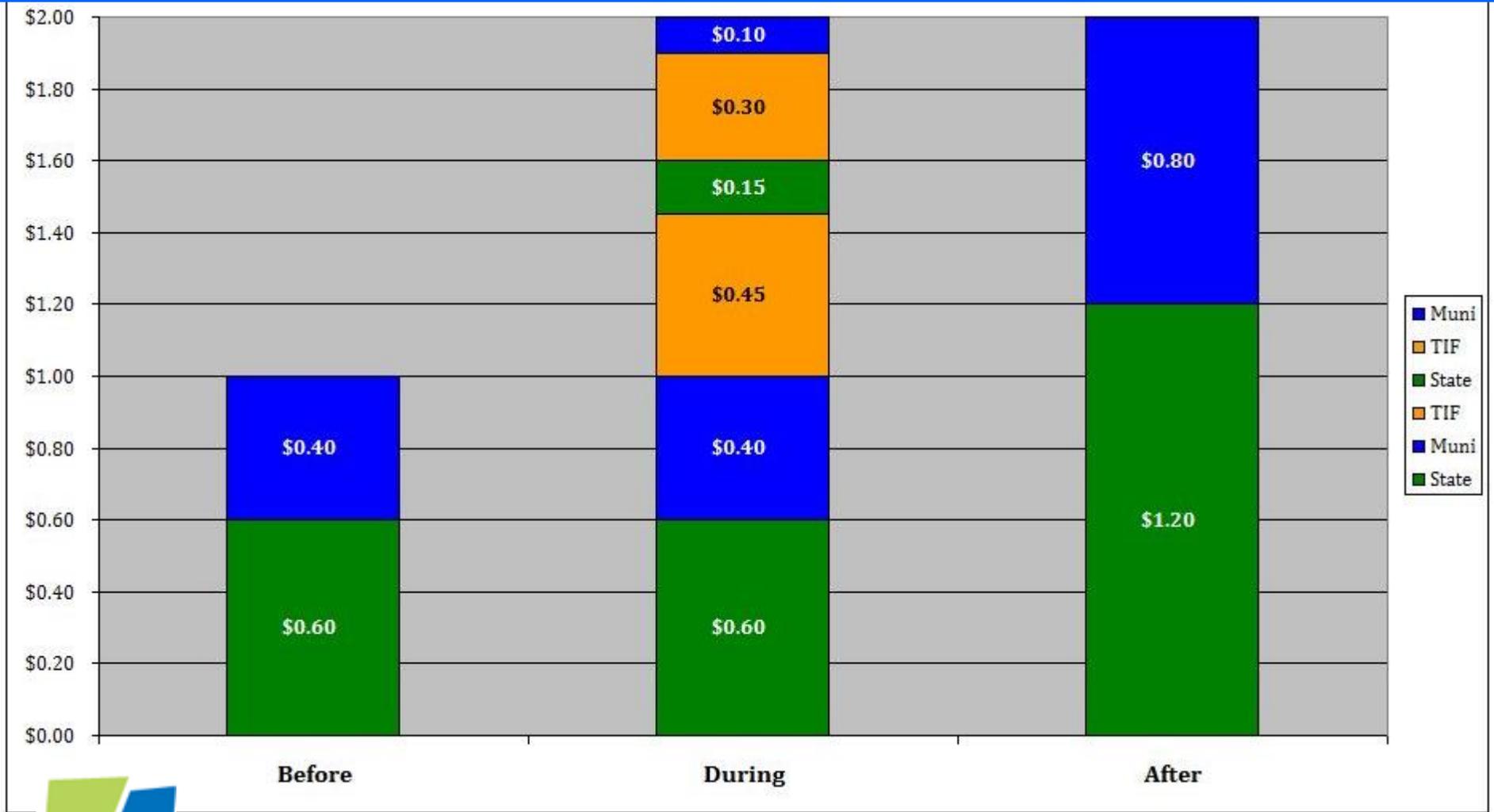
White + Burke Real Estate Investment Advisors, Inc.

# TIF 101

- TIF Districts – Economic development tool for a municipality to fund infrastructure projects to stimulate development
- Purpose – To eliminate barriers and challenges to development, to increase tax base
- Mechanism – Retain portions of local & state property taxes to pay down infrastructure debt



# Increment Breakdown



# The Life of a TIF District

This diagram is intended for educational purposes only. The following timeline reflects an example of how a TIF District functions under the current State Statute and explains how the various windows and lifespan of a TIF overlap.

The example below is for a TIF District that:

- Is established by municipality in 2010,
- First incurs infrastructure debt in 2012, and
- Chooses to use a 30-year bond to finance the infrastructure investment.

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
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TIF District Lifespan - Until All Debt is Paid (2010-2042)

Municipal Tax Increment Retained - 20 Years (After First Incremental Grand List: 2012-2032)

State Education Fund Increment Retained - 20 Years (2012-2032)

Debt Incurring Period - 10 Years (2010-2020)

\*Debt instrument repayment may extend beyond the 20 year period, however, the increment cannot be retained after their specific 20 year window expires.

Debt Repayment Period - 20 Years (2012-2042)

The payments on the debt would continue until 2042. The remaining payments would be made with the incremental tax revenue captured during the 20 year window(s). Any new incremental municipal and State tax revenue would be sent to the General Fund and Education Fund after 2031.

# How it Works

- Municipality estimates incremental property taxes, incurs debt based on those estimates
- Public-private partnership



# St. Albans

## TIF Infrastructure Costs

- Previously Approved (March 2013)
  - Brownfield remediation & site improvements – Ace Hardware site
  - Professional services for core block project
  - Garage design & site improvements for core block project
  - Downtown streetscape improvements



# September Bond Vote

## TIF Infrastructure Costs

- Property Acquisition, abatement & demolition
- Brownfield remediation
- Design, engineering, legal, other professional services & other soft costs
- Garage Construction
- Site Improvements
- Lake & Federal intersection improvements
- Working capital reserve fund
- Contingency



# TIF Budget

Property acquisition, abatement & demo	900,000
Brownfield remediation	300,000
Design, engineering & other soft costs	1,450,000
Garage construction	6,850,000
Site Improvements	1,900,000
Lake & Federal intersection	260,000
Ace Hardware	1,700,000
Downtown Streetscape Project	400,000
Working Capital reserve	1,250,000
Contingency	990,000
<b>Total TIF Expenditures</b>	<b>16,000,000</b>
Previously Approved (March 2013)	3,000,000
<b>Net For September Bond Vote</b>	<b>13,000,000</b>



# New Private Taxable Projects

- Conservative Assumptions: only included known projects
- Sale of current state office building
- New state office building
- Mylan expansion
- St. Albans Creamery expansion
- Ace Hardware
- St. Albans House
- Jeff Davis renovations



# Added Tax Base

- Estimated taxable value of known new projects:  
\$35,000,000
- (Incremental Value)



# Debt Costs

- Total debt may be less than maximum authorized amount
- Annual debt payments will be based on debt amount, interest rate, term of loan, etc.
- May range between approx. \$750,000/yr and \$1,100,000/yr
- Incremental taxes from new development projected to be sufficient to pay debt



# Safety Valves

- May not need contingency
- Working capital fund (covers shortfall in early years)
- Retain up to 100% of municipal increment
- Other future growth (including hotel)
- Allocate other funds, such as
  - Incremental new personal property taxes
  - Parking revenues



# Steps

- Voters approve bond on Sept 10th
- City, State, and State's developer (ReArch) continue to refine projects
- Construction bids
- City Council review final costs & incremental tax projections
- City Council final approval

