



Vermont Economic Progress Council

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**Agency of Commerce and
Community Development**

July 26, 2013

Ms. Ilona Blanchard
Project Director
City of South Burlington
575 Dorset Street
South Burlington, VT 05403

Dear Ilona,

As you know, on July 25, 2013, the Vermont Economic Progress Council approved the TIF District Plan submitted by the City of South Burlington, authorizing the City of South Burlington New Town Center TIF District to utilize incremental property taxes to finance infrastructure debt. Congratulations on a successful application.

An approval document containing the final Council determinations, exclusions and conditions is enclosed for your information and review. Also enclosed is a document for the City to certify and accept the TIF District approval, conditions, exclusions and obligations. Please carefully review all documents, have the certification signed, and return it to us within 60 days of receipt.

VEPC is authorized to contract with a third party to provide analysis of financial and technical aspects of a TIF Application, with the costs being charged to the applicant municipality. The municipality may then claim those costs as "Related Expenses" which can be reimbursed from future TIF District revenue. VEPC exercised that option with the South Burlington TIF District application and contracted with EPR, Inc. The billing for those services, less the application deposit, has been processed. Further billing for additional services may be forthcoming, depending on the contractor's billing cycle.



After authorization of a TIF District, there are several reporting requirements:

- The Vermont Department of Taxes, PVR Division will be in touch with you regarding utilization of the TIF module for annual 411 Grand List reporting.
- VEPC requires notification whenever there is a vote by the City Council, a public vote, or **any** type of debt obligation related to the TIF District. For details, see the [Notice of Vote or Debt Obligation Policy and Procedure](#).
- The City is also required to obtain City Council approval and then report to VEPC to make any substantial change to the TIF District. See the [Substantial Change Policy and Procedure](#) for details.
- The City must include certain TIF data and information in the Annual Report to the voters.
- Finally, statute requires annual reporting to VEPC and the Tax Department by January 15th each year. The information and data included in these annual reports will be included in the [annual report to the General Assembly](#) submitted by VEPC and the Department of Taxes.

Of course, before any of this occurs, the City must submit a TIF Finance Plan to VEPC for approval.

Please contact my office if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Fred Kenney".

Fred Kenney
Executive Director

Enclosures

cc: Michelle Wilson, Vermont Department of Taxes, PVR

VERMONT ECONOMIC PROGRESS COUNCIL (FY13-TIF-07)

Application for Authorization to Utilize Incremental Municipal Property Tax and Incremental State Education Property Tax Revenue for a Tax Increment Financing District:

CITY OF SOUTH BURLINGTON**FINAL DETERMINATIONS, EXCLUSIONS, CONDITIONS AND OBLIGATIONS**

Any references to infrastructure projects, real property development, parcels, values, increments, etc. contained in this document are as represented in the South Burlington TIF District application filed with VEPC on August 28, 2012 (and amended with subsequent filings), considered by the Council on October 25, and December 13, 2012 and January 27, March 28, April 25, and June 27, 2013, and which may be adjusted by the subsequent filing of a TIF Finance Plan and/or substantial change filings, which must be approved by the South Burlington City Council, in accordance with the Vermont Economic Progress Council [Substantial Change Policy and Procedure](#).

Note regarding Hyperlinks: This document contains hyperlinks that link to the application documentation, which is posted on the VEPC [TIF website](#). Hyperlinks are indicated when a word is underlined and in blue. To go to the link, put your cursor on the word that is hyperlinked, hold "Ctrl" and click your mouse. You will be taken to the document.

I. Project Summary:

A. Description:

On August 27, 2012, the City of South Burlington created a Tax Increment Financing District that is within and almost exactly the same as the Designated New Town Center boundaries originally designated by the State of Vermont (Downtown Board) in January 2010 and extended, with a small boundary change, in July 2012.

A New Town Center designation is made by the Vermont Downtown Board based on the following criteria:

- The regional organizations have been notified of the municipality's intent to apply for designation.
- The municipality has a confirmed municipal planning process and municipal plan that has been reviewed and approved by the Regional Planning Commission.
- The municipality has developed a municipal center plan and regulations to implement the plan, including a map and a design review district.
- The municipality has a Community Reinvestment Agreement signed by the municipality, business and property owners within the district, the organization taking the lead on the revitalization effort, and community groups with an articulated purpose supporting new town center interests. The agreement must show that the following elements are in place:
 - Map of New Town Center, with boundaries
 - Regulations enabling high densities greater than those allowed in any other part of the municipality.
 - Regulations enabling multistory and mixed use buildings and mixed uses enabling development of buildings in a compact manner.
 - A capital improvement program or budget
 - A clear plan for mixed income housing in the NTC.
 - Evidence that civic and public buildings exist, or will exist in the center, as shown by the capital improvement plan or budget.
 - State compliant water and sewage systems or evidence they will be built within 10 years of approval.
 - Evidence that unallocated reserves for water and wastewater are dedicated to the NTC development.

The benefits of a new town center designation are:

- The authority to create special assessment districts for water and sewage use.
- Special priority consideration (following consideration of a designated downtown) by BGS for the location or lease of space for state government purposes.
- Meeting the Location Criterion for approval of a TIF District.

The primary area of the TIF District is an undeveloped area bounded on the north by Williston Road, the east by Hinesburg Road and west by Dorset Street. The TIF also extends into a developed area along Dorset Street and around San Remo Drive, which is expected to be redeveloped.

This District differs from most of the previous Districts considered in the sense that it does not represent primarily urban infill. It is similar to the Colchester application in that the primary area of development is currently vacant and undeveloped and the infrastructure contemplated and the public and private development projected attempts to establish a town center for the municipality. A major difference when compared to the Colchester and other applications is the proposed use of TIF revenue to build brick and mortar public facilities.

The TIF District is approximately 106 acres, includes 57 parcels, and represents \$36.307 million in current total Grand List value (2012). Some parcels (2) are not taxable. The total original taxable value (2012) for the 55 taxable parcels is \$36.228 million. The following compares these figures to the totals for the entire City of South Burlington:

TIF District Attributes						
		TIF District		Total City		TIF Dist Percent of City
Acres	Total	106		10,600		1.0%
Parcels	Total	57		7,359		0.8%
GL Value	Total	\$36,307,600	% of TIF GL	\$2,798,310,471	% of Ttl GL	1.3%
	Homestead (#)	7	12%	5,127	70%	0.1%
	Homestead (\$)	\$1,654,900	5%	\$1,483,104,550	53%	0.1%
	Non-Homestead (#)	48	84%	2,232	30%	2.2%
	Non-Homestead (\$)	\$34,573,800	95%	\$1,282,023,921	46%	2.7%
	Non-Taxable (#)	2	4%	50	1%	4.0%
	Non-Taxable (\$)	\$78,900	0.2%	\$33,182,000	1%	0.2%

The largest parcel in the TIF District - just over 33 acres - is mainly an undeveloped wooded area which historically contained a race track and a small quarry. This has been held for nearly thirty years by South Burlington Realty in anticipation of the future ability to build City Center. Approximately 15 acres are required by the New Town Center designation to be permanently preserved as a stream buffer to "Tributary 3," a stream that feeds into Potash Brook. Eleven acres of the TIF District are owned by the South Burlington School District and is the site of the Rick Marcotte Central School. The Village Green apartments, the only multi-family property on the site, comprises 4.2 acres. Five and a half acres are in use as single family homes. A little less than six acres are in commercial use by the Blue Mall, while south of the Blue Mall and also on Dorset Street, is a commercial site of similar size owned by Pat Malone.

The remainder of the District (primarily around San Remo Drive) is developed with a variety of commercial uses, including a hotel, retail, several food service businesses, two

oil companies, medical offices, a radio station, movement studios and several residual industrial uses.

Zoning in the TIF District is currently “Central District” which contains sub-districts 1, 2, 3 and 4. This is a mixed-use design district. The purpose of this zone is to support mixed-use infill development adjacent to Dorset Street which supports pedestrian circulation and minimizes vehicular traffic.

It has been very difficult for the projects that have been proposed within this zone to redevelop as it requires a significant departure from the existing development market. Only one property owner has completed a project within the Central District, redeveloping a car dealership into a natural foods store. This project underwent a three year review process prior to approval. This same developer is now proposing to redevelop an adjacent set of parcels, currently with two residential structures, into a small specialty food store (Trader Joes) and build a third building with, as yet, undesignated commercial use spaces. The review process for this project is expected to be shorter. It is in the sixth month of sketch plan review, having had several meetings with the Development Review Board.

In response, and in order to facilitate redevelopment of existing older automobile-oriented developments on commercial properties adjacent to the Central District, the City is working to rezone the area with a form based code. In the fall of 2011, the City developed a vision for the City Center area encompassing both sides of Williston Road and Dorset Street. As a result of the vision, a consultant developed a rough draft for a Form Based Code for City Center. Now, a task force composed of many stakeholders is working with the concept plan vision to refine the draft City Center Form Based Code for the Planning Board and City Council's consideration.

The Form Based Code, once adopted, will replace the current zoning and clarify for developers and community members the acceptable development outcomes. This new code is expected to significantly reduce the time required to obtain project approval and reduce developer and community uncertainty.

This year, the City Council also passed an interim zoning ordinance. While this adds an additional layer of review during the time it takes to update the zoning code, this will allow the City Council to ensure that consideration may be given to the anticipated rezoning throughout the City (excluding industrial zoned land) during the review process. Once the form based codes are adopted for City Center (anticipated in the summer of 2013), it is expected that the Interim Zoning will be lifted for this area. The Interim Zoning expires in 2014.

The City Center area is served by the Airport Parkway wastewater treatment plant which was recently upgraded with sufficient capacity to allow for the construction of City Center. Existing gravity and pressurized sewer lines beneath Market Street will transport wastewater to an existing pump station located off Market Street. Wastewater is then pumped to a sewer main under Hinesburg Road, which flows by gravity to the Airport Parkway wastewater treatment plant.

City Center will be served by the Champlain Water District facility which has sufficient capacity to accommodate growth within and in the vicinity of City Center. The water service infrastructure has already been built for Market Street and additional water service infrastructure will be added with the remainder of the streets as they are built.

The South Burlington City Center project is located in the Potash Brook watershed. The current City Center area does not contain treatment for stormwater runoff, although the City has been working with the Army Corp of Engineers and upstream property owners to design and construct an infrastructure system that catches and treats the run off created by existing developments northeast of City Center.

The development of City Center may require a stormwater overlay district. As part of City Center development, the City will design and construct stormwater drainage and treatment systems as required by the Vermont Agency of Natural Resources. The system is expected to include stormwater drainage piping, large stormwater detention ponds, and small scale stormwater treatment/infiltration practices. The proposed stormwater management system will provide treatment for the entire City Center area, though a potential future zoning overlay district may require that some small scale stormwater treatment/infiltration practices be installed by future development. Once constructed, the large scale stormwater treatment system will be maintained by the South Burlington Stormwater Utility. The City also has two approved special assessment districts to fund stormwater improvements for neighborhoods which have yet to go into effect.

The entire City is within the Chittenden Solid Waste District, which will supply services to City Center.

The site is also served by South Burlington's Fire Station #1, which provides fire protection, EMT and rescue services. The City's Police Station also provides coverage for this area. Both have sufficient capacity to serve expected growth within the TIF District.

Reference Documents:

[Map 9F1: Official Map of City of South Burlington](#)

[Map 9F2: Form Based Code Concept Plan](#)

[Map 9A: Zoning](#)

[Map 9D: Sewer Service](#)

[Map 7D1: City, Designated New Town Center, and TIF District](#)

[Map 7D2: Designated New Town Center](#)

[Map 7D3: TIF District](#)

[Attachment 6G: All Parcels Listing](#)

[Attachment 9D: Zoning Regulations](#)

[Attachment 9F6: Interim Zoning Bylaw](#)

[Attachment 6D: TIF District Overview](#)

[Attachment 7E: New Town Center Designation Application](#)

[Transportation Projects to Alleviate Traffic](#)

B. Infrastructure Improvements

Generally, the infrastructure improvements, which would occur after 2014, include environmental, place-making, and circulation improvements, all aimed at encouraging and allowing the development of City Center and redevelopment along San Remo Drive.

ENVIRONMENTAL IMPROVEMENTS

The planned environmental infrastructure projects are required to support the envisioned infill development. As part of the New Town Center designation and a Federal Environmental Assessment for Market Street and City Center, the City has committed to these improvements coincidental with any redevelopment of the area.

This TIF District is part of the Potash Brook watershed, which drains into Lake Champlain. The protection and enhancement of this watershed, which is currently an impaired waterway, is required to mitigate any development within the proposed City Center area.

The proposed environmental projects include the development of a unified stormwater treatment system capable of handling excess waters from sites, the use of street and other public realm areas for infiltration during rain events, the restoration of the stream bed for Tributary 3, and onsite and off-site restoration of wetlands.

Furthermore, the City proposes to integrate stormwater treatment into passive recreational areas. To the greatest extent feasible, stormwater facilities will be designed as a downtown amenity to increase the value and attractiveness of the downtown.

The City states that these environmental infrastructure improvements will increase the development yield on individual properties through a unified stormwater system managed by the City of South Burlington Stormwater Utility. This infrastructure will improve the quality of the waters in the Lake Champlain Basin and mitigate the impact of the impervious surfaces that would be added by the development. As this stormwater infrastructure allows for a more efficient land use, it will facilitate higher development intensity close to transportation, housing and jobs, while preserving valuable environmental resources elsewhere in South Burlington. It is estimated that the combined stormwater system, stream restoration, and wetland mitigation will cost approximately \$3.7 million.

In order to design the storm water infrastructure, the City will be estimating the total treatment need for City Center as part of the City's Market Street reconstruction project. A conceptual plan will be developed from this figure that addresses the need of development and conceptually explores place-making opportunities. As part of this project, the City will fully design any portion of stormwater and wetland mitigation required to complete the reconstruction of Market Street.

In addition to the concept and design work as part of the Market Street Restoration project, the City has programmed \$744,450 into the adopted Capital Improvement Program for the Stormwater Utility to cover design, engineering permitting, and construction costs. The City intends to have engineering for the entire system complete by 2015 in order to fund construction and plan implementation by 2016-2017. Stormwater Utility fee-funded revenues will cover the portion of the project which relates to public infrastructure, and the TIF District revenue financed debt will be used to fund the development-related portion.

PLACEMAKING IMPROVEMENTS

According to the City, an essential component of the public infrastructure envisioned is the creation of a place that residents, businesses and developers recognize as a successful downtown for South Burlington. This includes building out a central green, restoring the environmental integrity of natural areas such as Dumont Park and the area around Tributary 3, installing nature trails and bikeways that connect City Center to adjoining neighborhoods, interpreting their importance through signage and way-finding, and building civic structures that will serve as anchors for the downtown.

The central green was a very popular element in the most recent concept plan when it was presented during public forums on the TIF. Primarily green, this area at the heart of the downtown may also be designed to host a market structure to

support farmer's markets, concerts and fairs. This green is intended to be surrounded on two sides by streets featuring higher quality pavers that may be closed off for festivals and other events. The central green may also be used for the storage and infiltration of stormwater and is estimated to cost \$2.7 million. Future development on at least one side of the central green is expected to be mixed-use with commercial uses on the ground floor. The green will host events on a regular basis to attract visitors.

The attraction of many people on foot will increase visibility of commercial spaces adjacent to the green and support the ability of property owners to build the ground floor for, and lease the ground floor to, restaurant and retail establishments.

The development of this green is expected to be contiguous with the design and installation of the stormwater infrastructure as it is one of the larger infiltration areas upland of Tributary 3.

The installation of Dumont Park area including the Tributary 3 trail network, restoration of flora and fauna and development of passive recreation spaces with interpretive signage along pathways will support residential and commercial development in the area. Developable lots are expected to be relatively small, with non-built land used for circulation infrastructure such as sidewalks, parking, and public parklands to support the well-being of future residents and employees. Restored and accessible natural areas along the Tributary 3 and within Dumont Park will ensure that every new structure is within walking distance of a park.

These passive recreational areas will increase safe routes to nearby schools and neighborhoods. They will both knit surrounding communities with City Center (with trails and expanded access to shared natural areas) and buffer residents (through established forest) in adjacent established single-family neighborhoods. Well-constructed trails will also allow adjacent neighborhood residents to visit and shop in City Center without using a car.

The development of this natural park system will be contiguous with the stream restoration and stormwater system design. It is estimated to cost \$1,839,975, including infrastructure for a pedestrian bridge to cross Tributary 3, interpretive signage, public art, and native landscaping. While considerably larger in land area than the central green, this park, as a primarily natural area, does not include lighting fixtures, as many hardscape paths, or any structures, all of which contribute to lower costs.

The creation of civic infrastructure (municipal public facilities) in the heart of City Center will include the design and construction of a city hall, library, and recreational facilities. According to the applicant, these amenities will draw residents and visitors

to the core of the new town center. The City estimates that these facilities (in their current locations) generate approximately 700 visitors each weekday. It is estimated that the amount of foot traffic these buildings generate will increase significantly due to additional residents and businesses, improved facilities and a more convenient location. Through excellence in design, the continued delivery of quality services, and the expansion of event offerings, non-City Center residents will become familiar with the new town center. In concentrating these civic resources in the new downtown, the TIF District benefits from the purchasing power of visitors who combine visits to city facilities with other errands.

[Appendix A](#) contains additional information from the City regarding why these buildings are “essential to the creation of a vibrant downtown and mixed-use development,” how they “directly contribute to the development value of the district,” and therefore, why they should be financed, in part, using TIF revenue.

The development of civic facility infrastructure is expected to cost \$23 million. Existing studies will need to be updated, locations selected, land negotiated for, and the structure(s) designed. Updating the studies, site selection, and design are expected to bring down the costs. Current plans envision these facilities as separate structures. The City will need to secure funds for the percentage of construction costs and 100% of design costs that are the non-TIF proportion.

CIRCULATION IMPROVEMENTS

The City will be using TIF District funds to finance the development of circulation infrastructure. This includes a street network built along “[complete street principles](#)” (See also [Vermont Department of Health Complete Streets Guide](#)). The projects to which the City proposes that TIF District financing contribute are estimated to cost \$41.6 million when completed, with \$21 million of the cost proposed to be covered by TIF revenue, while the City is projected to contribute \$5.3 million, and \$15.3 million provided by secured and unsecured grants and impact fees (some approved and some not).

The City intends to use TIF District financing to provide matching funds for the reconstruction of Market Street and Street A. Street A will start at Dorset Street at Healthy Living, cross Market Street at the Central Green and reconstruct Midas Drive to Williston Road. The White Street intersection will be reconfigured to meet Street A in order to improve traffic flow and safety and provide alternative transportation mode access.

Street B has three segments:

- 1) From Williston Road to Market Street. There are three competing alignments for this section, therefore it will be built by the private sector.

- 2) From Market to Street A, behind the Blue Mall. Also to be built by the private sector, this could be a Street or an Alley, depending on adjacent development. and
- 3) From Street A to San Remo Drive, through the most environmentally sensitive area, therefore more likely to be a bike path rather than a street.

A boulevard south of Williston Road running south to a central green is expected to be constructed by the private sector should the school district decide to relocate the Rick Marcotte Central School and sell the parcel. Counting these future developer contributions, the entire street network concept for City Center including both sides of Dorset and Williston Road represents a public and private investment in excess of \$71 million.

The City states that parking garages will be essential to the ability of City Center properties to support development that is constructed with downtown type buildings – the most efficient use of this property. The total future need for structured parking is estimated to be in excess of \$40 million. The City intends to use TIF District debt to build one public parking structure of approximately 350 spaces, less than 25% of the estimated future need. This will be constructed to coincide with and serve the parking needs of the civic structures. Parking built with TIF revenue that is in excess of the public need will also be available to lease to smaller properties which are unable to develop to the desired density or develop at all if they are required to provide parking onsite. Due to the experience with recent construction related to parking garages in the vicinity, the City states there is some certainty that this cost will not go down.

The TIF District contribution for circulation costs is \$21 million. The district will finance the construction of Street A, the streets adjoining the central green, a streetscape on Williston Road, and the proposed parking garage. The bulk of the City funds needed for this portion of the infrastructure are related to the Williston Road streetscape and the parking garage. The City would provide design and engineering and half the construction costs of the streetscape on Williston Road.

A Transportation Demand Management District will be established to assist in building the remaining parking structures and otherwise manage parking, improvements in alternative transportation mode access, and other transportation needs within the City Center. These projects, including the additional parking garages, would be public/private partnerships and funded primarily by the private sector with no TIF District financing.

A bicycle/pedestrian bridge contained in the City of South Burlington Official Map is to be requested this year for an alignment study by the Chittenden County Regional Planning Commission. The City states that TIF District Funds would be used to finance the preliminary engineering while other funds will be secured to complete

engineering and permitting and construct the project. According to the City, Interstate 89 currently creates a barrier to pedestrians and bicyclists that are risk adverse, reducing the attractiveness of walking and biking between City Center and the two largest population drivers within a mile – Fletcher Allen Hospital and the University of Vermont.

City Center will add new traffic to an intersection which already has significant pressure. A connected street network and access management along Williston Road will increase the overall systems efficiency; however, some mode shifts will be necessary, at least for short trips such as between City Center and the UVM/Fletcher Allen Campuses.

Such a bridge is estimated to cost \$10 million from design to construction. TIF funds will be used to complete the concept, any studies which are required to satisfy federal funding requirements and design, permitting and engineering. Additional funds will be secured for engineering completion and construction which would be expected in 2021 or 2022. As this bridge has regional importance and is in line with transportation and active living goals, the City is not likely to provide any significant funds to this project, and the bulk of funding for project construction will be sought from the Federal Government and other partners.

Another piece of circulation infrastructure to be financed through the TIF District is streetscape on Williston Road. Estimated to cost \$3.7 million, including easement acquisition, access adjustments, sidewalk relocation, and street furniture and landscaping. It will extend the identity of the new downtown to Williston Road. This section of roadway carries over 27,000 vehicles on average per day, and attractive improvements on Williston Road will “signal that City Center has arrived and is a great place to be.”

Without these improvements, these drivers that do not now live or shop in South Burlington might only ever identify the area with strip commercial. Although they might hear about how great City Center is, if all they ever have seen of South Burlington is Williston Road, they might never choose to visit. Access management, as mentioned earlier, will also increase efficiency and capacity on Williston Road which is important to growth in City Center. Pedestrian and bicycle facilities will also facilitate access to the TIF District from existing strip commercial, hotels, and neighborhoods to the north.

Total infrastructure costs, including inflation factors and soft costs are estimated to be \$69 million. The City estimates about half (\$34.281 million) will be financed with TIF revenue and half (\$34.724) paid for with a combination of previously budgeted funds (\$744,450 in Stormwater Utility funds in CIP budget), impact fees (\$9.1 million - some of which are not yet designated by ordinance), state and federal transportation earmarks

and grants (\$14.3 million – some secured and some not), and other sources not identified at this time (\$11 million). Related costs, as allowed by statute, are estimated at \$54,000. Total TIF debt is estimated at \$53 million (\$34.281 million in principal and \$18 million in interest).

Summary of Infrastructure Costs and Revenue Sources:

Major Infrastructure Categories	Infrastructure Subcategory (Project)	Total Cost	Portion Paid by Non-TIF Revenue Sources (Proposed by Applicant)	Percent of Total	Description of Non-TIF Revenue Sources	Portion Financed and Paid By TIF Revenue (Proposed by Applicant)	Percent of Total
Environmental		\$3,722,250	\$744,450			\$2,977,800	
	Consolidated Stormwater control and quality treatment system including streambed and wetland restoration and mitigation	\$3,722,250	\$744,450	20%	In City CIP for Stormwater Utility	\$2,977,800	80%
Placemaking		\$26,780,763	\$14,094,245			\$12,686,518	
	City Center Park (Dumont & Tributary 3)	\$1,839,975	\$366,100	20%	Impact Fees/Trans Grant	\$1,473,875	80%
	Central Green	\$2,180,788	\$253,314	12%	Impact Fees	\$1,927,474	88%
	City Hall	\$6,375,000	\$3,774,255	59%	Unknown	\$2,600,745	41%
	Library	\$7,496,250	\$4,438,080	59%	Unknown	\$3,058,170	41%
	Recreation Center	\$8,888,750	\$5,262,496	59%	Unknown	\$3,626,254	41%
Circulation		\$38,502,963	\$19,885,381			\$18,617,581	
	Central Green associated streets	\$1,472,536	\$224,279	15%	Impact Fees	\$1,248,257	85%
	Market Street	\$6,600,000	\$5,707,565	90%	Impact Fees/Federal Grant	\$892,435	10%
	Street A between Dorset Street & Williston Road	\$5,453,822	\$830,659	15%	Impact Fees	\$4,623,163	85%
	Williston Road Streetscape	\$3,716,604	\$2,023,647	54%	Unknown	\$1,692,957	46%
	Parking Garage (350 spaces)	\$11,260,000	\$1,599,231	14%	Unknown	\$9,660,769	86%
	Ped/Bike Bridge	\$10,000,000	\$9,500,000	95%	Federal Grants	\$500,000	5%
TOTALS:		\$69,005,976	\$34,724,076			\$34,281,900	
	Summary of Non-TIF Revenue Sources:						
	Impact Fees (Some not yet designated by ordinance)		\$9,114,816				
	State and Federal Grants (Only Market St Funds Secured)		\$14,400,000				
	Already Included in Municipal Budgets		\$744,450				
	Unknown		\$10,464,810				

Reference Documents:

- [TIF Plan Overview](#)
- [6H: Infrastructure Projects](#)
- [6I: Infrastructure, By Type](#)
- [6J: Infrastructure, by Year](#)
- [6K: Nexus](#)
- [6O: Summary of All Revenue Sources](#)
- [6R: Related costs](#)
- [Appendix A: Public Facilities Nexus and Proportionality](#)
- [Library Feasibility Study](#)
- [Library Strategic Plan](#)
- [Recreation Center Feasibility Study](#)

C. Real Property Developments

The City has included nine potential real property projects that would be developed/redeveloped during the TIF period because of the proposed infrastructure projects. The projects would result in about 1.3 million new square feet of property (776,000 residential and 568,000 commercial).

The City expects most property owners to complete permitting for the construction of buildings during the year prior to construction. Any Act 250 Master Plan permits would be obtained or in process by 2016. Trader Joes, which is in the permitting process now, is the first expected redevelopment.

Many buildings along San Remo Drive are owner occupied or have small businesses that may be interested in expansion. It is expected that at least one would normally have chosen to build an addition by 2016 as well. During this year other developments, such as on Mary Street, LLC, the Poon Trust property, the Sonrise Partnership and the Chastenay Estates will have started the design and permitting stage of their projects in response to the projected availability of public parking, stormwater improvements, parks and streets.

South Burlington Realty, the owners of the South Burlington City Center property, upon obtaining District 4 (Act 250) approval for the Master Plan will begin building out their site with one or two buildings per year. It is estimated that in at least two years out of 20, no building will be completed. In most years, one building will be completed, while in good years, two may be completed. The first South Burlington Realty projects will most likely be built off of Street A, close to Healthy Living and the proposed Trader Joes.

It is expected that as commercial spaces lease out much more slowly than residential, these types of developments will be built to accommodate one to four small businesses or as commissioned. This is due to lower market demand, higher rents required by new building construction costs, and the location of most new construction not only away from arterials but also foot traffic initially.

By 2019, three additional parcels may develop in addition to the South Burlington Realty development along Street A and the Trader Joe's. These include the Blue Mall, which currently has a parcel available for redevelopment. As this Blue Mall parcel is located along Market Street, with a reconstructed street, this site will be attractive to development. The property owned by the Poon Trust will be able to redevelop as residential and possibly retail on the ground floor as soon as the stormwater and parking infrastructure is in place.

Several parcels on Mary Street are under the control of one company. Once parking and offsite stormwater infrastructure are available it will be feasible to redevelop them, most likely with residential. Sites that are approximately two acres in size are especially dependent upon the development of public parking and stormwater infrastructure in order to develop.

By 2019, the City facilities are expected also to have been constructed and programming would be occurring on a regular basis in the City building and on the adjacent or nearby green.

Once the City facilities and central green are constructed, it is expected that limited retail/restaurants will be located on the green. The City facilities and events will drive traffic and create excitement in this area sufficient to provide the customer base to support the first businesses and to prove City Center generates commercial success. South Burlington Realty will begin construct buildings around the green at the same time or just after the City builds the civic structures.

The Chastenays previously submitted a proposal to redevelop their property that was never pursued. Given favorable residential market conditions and the redevelopment of Market Street to facilitate access they would be reasonably expected to resubmit for permits.

Around this time, and by 2025, the Sunrise Partnership property may be developed with additional residential units in a more compact development pattern. The eastern legs of Market Street and Street A would be expected to develop in the second decade of the TIF District.

With the development of the new urban development pattern, the addition of parks, recreation trails, and activities, and more traffic on foot, periphery areas will become more popular. More companies would want to locate on Dorset Street and San Remo Drive. As property owners see the value of their property rise, or leasing rates rise, some with infill capacity will decide to redevelop, some businesses will decide to expand or build a new building, and others might be sold to companies looking to locate in the area and desiring a lot on which to place a larger or newly renovated building, such as Healthy Living did when it reconstructed the old Buick showroom.

If the Rick Marcotte Central School property, over 11 acres just south of Williston Road, were to redevelop as a complete parcel, the new owner would be required to build a boulevard that bisects the property and link the central green to Williston Road. As this would only occur once the local market would support this added development cost as part of the overall project and the school would have to want to

move, it is not likely to occur until after the rest of the area around the green is built out and only if the school decides that it would prefer another location.

There is a small section of the Rick Marcotte Central School property that is currently undeveloped. If the Central School decides to stay, this smaller section would likely be sold in order to fund improvements once the land becomes more valuable. This would likely be redeveloped as or after the eastern portion of City Center is redeveloped.

Reference Documents:

[TIF Plan Overview](#)

[6K: Nexus](#)

[6L: Real Property Developments](#)

D. TIF Debt and Revenue

The City expects to pay for all costs related to improvements contained in the financing plan until 2017, at which point bonds to be financed by the South Burlington TIF District will be issued. The items that the City will pay for or secure additional funding for independent of the TIF District revenues are the feasibility studies and updates, design, and part to all of the engineering and permitting costs with the exception of the pedestrian/bicycle bridge over I-89. As proposed by the applicant, the City has, or plans to secure funds to participate in the construction costs on the following projects: Market Street (80%; secured Federal Grant), Williston Road Streetscape (50%; not yet sought), Civic Buildings (53%; not yet sought), bicycle/pedestrian bridge over I-89 (100%; not yet sought, expected to be majority Federal participation).

The verified base taxable value (OTV- 2012) of the properties located within the TIF District is \$36,228,700. This value, and the parcel boundaries, has been verified by the Vermont Department of Taxes/PVR. The current taxable value of the properties expected to be developed and improved because of the TIF infrastructure is \$22.568 million. The estimated assessed value after the infrastructure improvements and redevelopment is projected to be \$206 million, for a \$183.432 million incremental value. South Burlington estimates the generation of \$75 million in incremental property taxes during the 20 year retention period (2018-2037). The applicant is proposing that the maximum allowable 75% of the increment (both municipal and education property tax) go to the TIF District debt and costs, for a total of **\$56.2 million** (\$12 million municipal and \$44.2 million EPT).

The City anticipates applying for several federal and state transportation grants to help cover the total costs of infrastructure. Total revenues from grants are estimated at \$14.4 million. The City has secured a \$5.5 million federal earmark for Market Street and has

budgeted about \$744,000 in the Stormwater Utility Capital Improvement Plan. The City has impact fees in place for City Center streets and Dumont/Tributary 3 Park. The City has the option to impose impact fees for a portion of the costs of other projects. There is also the possibility that certain developers will participate in the development of certain infrastructure, in which case they do not have to pay impact fees or the fees can be reduced. At this time the City projects that impact fees will bring in \$9.1 million over the 20 year TIF retention period. The remaining costs (\$10M) will be covered by the City or through as-of-yet unidentified sources.

Total infrastructure costs are estimated at \$69 million. At this point, the City plans to finance \$34.2 million with TIF revenue, including an estimated \$18 million in finance costs (Total \$52.2 million). TIF revenues are projected to be \$56.3 million, giving a projected revenue excess of \$4.1 million. The balance of the costs, \$34.7 million will be financed with additional non-TIF bonds (approximately \$18.5 m, plus interest), state and federal grants, impact fees, and as-of-yet unidentified sources of revenue.

The City's financing plan will be provided in more detail when they file a TIF District Finance Plan for consideration.

Reference Documents:

[TIF Overview](#)

[6M: Incremental Value](#)

[6N: TIF Revenue Projections](#)

[6O: Summary of Revenue From All Sources](#)

[6R: Related Costs](#)

II. Summary of Original Taxable Value, Revenue and Debt Projections:

City of South Burlington TIF District			
Summary of Revenue and Debt			
Original Taxable Value (2012):			
Total Base Taxable Value (Original Taxable Value)			\$36,228,700
Homestead			(\$1,654,900)
Non-Homestead			(\$34,573,800)
Total Base Annual Property Tax Revenues			\$661,843
Municipal			(\$146,400)
Education Total			(\$515,443)
Homestead			(\$23,354)
Non-Homestead			(\$492,089)
Projected Revenue:			
Total Estimated Incremental Property Tax Revenue			\$75,044,973
Municipal Increment			(\$16,090,069)
Total Education Increment			(\$58,954,904)
Homestead			(\$9,730,247)
Non-Homestead			(\$49,224,657)
Incremental Revenue Split:			
Total Incremental Revenue to Service TIF Debt			\$56,283,730
Municipal to TIF (75%)			(\$12,067,551)
Education Homestead to TIF (75%)			(\$7,297,686)
Education Non-Homestead to TIF (75%)			(\$36,918,493)
Total Incremental Revenue to Municipal General Fund (25%)			\$4,022,517
Total Incremental Revenue to Education Fund			\$14,738,726
Homestead (25%)			(\$2,432,562)
Non-Homestead (25%)			(\$12,306,164)
Projected Debt:			
TIF Financed Debt			
Infrastructure Costs to be Financed with TIF Revenue			\$34,281,901
Cost of Financing (Interest)			\$18,000,000
Related Costs			\$54,019
Total Estimated TIF Financed Debt:			\$52,335,920
Potential Excess TIF Revenue:			\$3,947,810
Non TIF-Financed Debt and Revenue:			
Infrastructure Costs to be Financed with non-TIF Revenue			\$34,724,075
Cost of Financing (Estimated)			\$18,200,000
Total Estimated non-TIF Financed Debt:			\$52,924,075
Known Non-TIF Sources of Revenue			
Federal & State Transportation Grants (\$5.5 m Secured)			\$14,400,000
Dedicated Funds in Stormwater Utility CIP			\$744,450
Impact Fees (Not all yet required or obligated)			\$9,114,816
Difference			(\$28,664,809)

III. Timeline and Power and Life of TIF District:

A. Application Timeline:

VEPC Staff meeting with Town Officials:	11/9/11, 1/20/12
Municipal Notice of Intent to Apply Filed:	December 8, 2010
Earliest Date Application Could be Filed:	February 11, 2011
Municipal legislative Body Vote on Finding	June 18, 2012
Municipal Notice of Hearing on TIF District Plan:	August 9, 2012
Municipal Hearing(s) on TIF District Creation and Plan:	August 27, 2012
Municipal Legislative Body Vote on TIF District Creation:	August 27, 2012
Municipal Legislative Body Vote on TIF District Plan:	August 27, 2012
TIF Plan Filed and Recorded with Town Clerk:	August 28, 2012
Assessed Values Certified by Town Assessor:	August 23, 2012
Life of TIF District Starts:	April 1, 2012
TIF District Application Filed with VEPC:	August 28, 2012
Application Certified as Administratively Complete:	September 10, 2012
Preliminary Review and fact-finding by VEPC:	October 25, 2012
Public Comment Session Held by VEPC:	October 25, 2012
Continued Review of Application by VEPC:	December 13, 2012
Continued Review of Application by VEPC:	January 27, 2013
Continued Review of Application by VEPC:	March 28, 2013
Approval of Proportionality Methodology for Civic Buildings by VEPC:	April 25, 2013
Act 60 Signed into law:	June 7, 2013
Final Consideration of Determinations by VEPC:	June 27, 2013
Final Determination Document Approved by VEPC:	July 25, 2013

B. Power and Life of District:

Date TIF District Created by Vote of Municipal Legislative Body:	August 27, 2012
Date TIF District Life Began: (12:01 a.m. on):	April 1, 2012
Deadline to Incur Debt to Avoid Termination (Unless extended by VEPC):	March 31, 2017
Deadline to Incur Debt That Can be Paid with Incremental TIF District Revenues:	March 31, 2022
Period During Which Any TIF Debt Must be Retired:	As Authorized by City Council
Length of Debt Service for each Debt instrument:	As Authorized by City Council
Twenty Year Period During Which Incremental Municipal and Education Property Tax Revenues May be Retained to Finance TIF District Debt:	20 years from the year first TIF debt incurred
Date TIF District Ends	Date/Hour all TIF debt is retired

IV. TIF District Review Criteria – Summary of Recommendations

(Note that this is a summary only and each determination is subject to the conditions, limitations, and/or exclusions detailed in Section V)

- A. Purpose:** The Council determines that the South Burlington TIF District meets the statutory purpose of a TIF District as stated in 24 VSA §1893. The Council conditions this determination with a requirement that the annual reporting on this TIF District include job creation data with detailed information on the employers that locate within the TIF District, such as type of business, number of employees, and previous location.
- B. But For Criteria:** The Council determines that the South Burlington TIF District meets the But For criteria as stated in 32 VSA §5404a(h)(1).
- C. Nexus:** The Council determines that for the South Burlington TIF District nexus exists between all proposed public infrastructure projects, all parcels, and all expected private sector developments in the South Burlington TIF District, as presented in the application.
- D. Proportionality:** The Council determines that the maximum proportionality for each of the infrastructure projects, as presented in the South Burlington TIF District application, is set as follows:
- Consolidated Stormwater Control: 100%
 - City Center Park: 95%
 - Central Green: 100%
 - Central Green Associated Streets: 100%
 - Market Street: 100%
 - Street A: 100%
 - Williston Road Streetscape: 50%
 - Parking Garage: 100%
 - Pedestrian/Bicycle Bridge: 30%
 - City Hall: 10%
 - Library: 30%
 - Recreation Center: 30%
- E. Process Criteria:** The Council determines that the Process Criteria as stated in 32 VSA §5404a(h)(2) for a TIF District have been met by South Burlington.
- F. Location Criteria:** The Council determines that the South Burlington TIF District is entirely within a designated New Town Center approved under 24 V.S.A. § 2793b and, therefore, Location Criterion as stated in 32 VSA §5404a(h)(3)(B) is met.
- G. Project Criteria:** The Council determines that the “Need” Project Criterion as stated in 32 VSA §5404a(h)(4)(A), the “New Business” Project Criterion as stated in 32 VSA §5404a(h)(4)(D), and the “Transportation” Project Criterion as stated in 32 VSA §5404a(h)(4)(E), are met.

H. Viability: The Council determines that the TIF District Plan, as presented and amended, indicate reasonable market viability to the extent possible at the time of review by the Council. However, as submitted, the TIF District Plan lacks adequate infrastructure cost detail and financial plan detail to determine fiscal viability and therefore, the Council approves this TIF District Plan subject to the submission and consideration of a TIF Financing Plan with adequate detail to determine fiscal viability of the entire plan.

FINAL DETERMINATION

V. TIF District Application Review Criteria – Criteria Detail

A. Purpose: 24 VSA §1893

“...to provide revenues for improvements that serve the district and related costs, which will stimulate development or redevelopment within the district, provide for employment opportunities, improve and broaden the tax base, or enhance the general economic vitality of the municipality, the region, or the state.”

Act 80:

This determination was not directly amended or impacted by Act 80. However, Section 2 of the bill redefined “Financing” to include any kind of debt or direct payment for improvements. This change could mean that the retention period is triggered earlier than the City previously planned (2017) as any types of financing or outlay now would trigger the retention period. Also, at the time of the initial application review (December 2012), staff questioned the inclusion of civic structures as eligible “improvements.” Section 2 of Act 80 also redefined “improvements” as *“infrastructure that will serve a public purpose and fulfill the purpose of tax increment financing districts as stated in section 1893...including...public facilities and amenities...”* The statute is now clear that civic structures are eligible.

Evidence:

[Statement of Purpose](#)

[Attachment 4D: Employment Profile](#)

[Attachment 8K: New Business and Employment](#)

[Attachment 6D: TIF Narrative](#)

[October testimony](#)

Tables:

[6K: Nexus](#)

[6L: Real Property Development](#)

[6M: Incremental Value](#)

[6N: TIF Revenue Projections](#)

[6O: Summary of Revenue From All Sources](#)

[6P: Summary of Annual Debt](#)

[6Q: Total Cash Flow](#)

[6Qa: TIF Cash Flow](#)

“provide revenues:” The municipality projects that during the 20 year retention period (estimated to be 2017-2036 because South Burlington plans to incur first debt in 2017, which triggers the retention period), the development that is expected to occur will generate a total of \$75 million in incremental property tax revenues. The municipality proposes to split the incremental revenues with 75% going to service the TIF infrastructure debt and 25% going to the taxing authorities (municipality and the education fund). At this rate, and based on the projected build out schedule,

\$56.3 million in incremental property tax revenue would be generated to service TIF infrastructure debt and pay related costs during the 20-year retention period. The total debt service and related costs are estimated to be \$52.3 million, which can be covered by the expected TIF revenue. However, *total* infrastructure and related costs are estimated to be \$87 million. The City expects to make up the \$34.8 million difference with state and federal grants (some secured), funds that are already dedicated in the City's budget, impact fees (some established and some not), and other yet-to-be identified funds. See chart on Page 12 for more detail.

The City's projections - based on their assumptions regarding the scope and schedule of the real property development, tax rates, revenue split percentage (75/25%), infrastructure costs, and financing costs and terms – **do appear** to generate incremental revenues sufficient to service the debt planned to be incurred and paid with TIF revenues. However, to fully build the planned infrastructure, the City is relying on almost \$35 million in non-TIF revenue to make up the difference, the majority of which is unsecured. About \$10 million is not even identified.

“improvements that serve the District:” The majority of the public investments proposed are located entirely within the TIF District. City officials, developers, and others providing comments to the Council have stated that the investments are necessary to encourage, and in some cases enable, the projected private developments within the TIF District. For example, the new town center cannot be developed without further stormwater controls. The streets provide the basic structure of the new downtown area and provide connectivity. The parking garage provides the parking capacity necessary to allow for commercial, retail, residential, and civic developments.

The City states that 100% of all the public investments *serve* the TIF District. Tables [6K](#) and [6L](#) detail the nexus and the impact of each public infrastructure project on the TIF overall and specific development projects. There is evidence, and common sense indicates, that some of the infrastructure will serve other parts of the City and will serve employers, employees, visitors, and others who do not live or work within the TIF District. The proposed municipal facilities certainly will serve the entire City. However, it is also evident that the proposed infrastructure will “serve” the TIF District.

“stimulate development and redevelopment within the District:” The expected development includes a mix of municipal, retail, service, commercial, and residential. The plan includes the development of a new city center, include city services and parks. The application includes letters from developers, a cross-reference of the infrastructure that is required for each project and testimony was

also provided at the October hearing regarding the need for public infrastructure to stimulate and encourage these projects to occur.

“provide for employment opportunities:” According to data provided by the applicant, there are currently about 700 jobs within the TIF District, primarily in retail, finance and insurance, health care, social services, hospitality, and government. These jobs are primarily located in the Blue Mall and the San Remo Drive area of the District. The TIF plan projects the development of about 1.349 million square feet of *new* space (about 776,000 sf new commercial/retail/govt and 574,000 sf new residential). There will also be redevelopment projects on about 34 parcels, primarily around San Remo Drive. The commercial/retail space is expected to create office, medical, restaurant, hotel and other service jobs. There will also be a few new municipal positions created. Total new job creation is conservatively estimated at 150-200 positions.

“improve and broaden the tax base and enhance general economic vitality of the municipality, the region, or the state.” As a result of the implementation of the TIF District and the resultant private real property development, the tax base will expand considerably over the next twenty years and South Burlington and the State will realize incremental tax revenues. Prior to the TIF, the annual base of property tax revenue from the TIF District going to South Burlington and the Education Fund is \$0.6 million per year (\$146,400 municipal and \$515,443 education). During the 20-year TIF retention period, because of the 75/25 share of the increment, the 25% share will send an estimated \$4 million in total incremental property tax revenues to the municipality and \$14.7 million to the Education Fund. After the retention period, the annual property tax revenue to the municipality and the education fund will be approximately \$5.7 million each year (+\$5.1 million annually). The added commercial and retail activity will also provide additional state tax revenues through income, sales and use, and payroll taxes. The plan will also create a downtown and city center for the City of South Burlington where one does not currently exist, providing a hub of economic, social, and cultural activity for the City.

Determination to be made:

Will the District generate incremental revenues sufficient to finance public infrastructure that serves the District and which stimulates real property development that will add jobs, broaden the tax base, or enhance the general economic vitality of the municipality, region, or state?

Determination:

The City's projections - based on their assumptions regarding the scope and schedule of the real property development, tax rates, revenue split percentage (75/25%), infrastructure costs, and financing costs and terms - appear to generate incremental revenues sufficient to service the debt the City plans to finance with TIF revenues.

The infrastructure projects appear to serve the District and evidence indicates that the private real property development is dependent, in part, on the infrastructure being built. Further evidence shows the potential creation of a substantial level of employment, an enhanced tax base, and an improvement to the economic vitality of the municipality and region, if the development proceeds as planned.

As with all TIF applications, the possibility exists that the private sector development will not occur or will be delayed, or commercial and retail space, and residential space, could be developed and remain unfilled. There is also the further concern, as with any TIF District, that existing businesses and jobs could move into the District to the detriment of another part of town or another municipality.

Therefore, based on the South Burlington TIF District Plan, as presented and amended, and testimony before the Council, the Council determines that the South Burlington TIF District meets the statutory purpose of a TIF District as stated in 24 VSA §1893. The Council conditions this determination with a requirement that, for tracking purposes only, the annual reporting on this TIF District include job creation data with detailed information on the employers that locate within the TIF District, such as type of business, number of employees, and previous location.

TIF District Application Review Criteria - Criteria Detail (Cont.)

B. But For: 32 VSA §5404a(h)(1)

“Review each application to determine that the new real property development would not have occurred or would have occurred in a significantly different and less desirable manner but for the proposed utilization of the incremental tax revenues. A district created in a designated growth center under 24 V.S.A. § 2793c shall be deemed to have complied with this subdivision. The review shall take into account:

(A) The amount of additional time, if any, needed to complete the proposed development within the tax increment district and the amount of additional cost that might be incurred if the project were to proceed without education property tax increment financing.

(B) How the proposed development components and size would differ, if at all, without education property tax increment financing.

(C) The amount of additional revenue expected to be generated as a result of the proposed development; the percentage of that revenue that shall be paid to the education fund; the percentage that shall be paid to the municipality; and the percentage of the revenue paid to the municipality that shall be used to pay the municipal tax increment bonds.”

Act 80:

Section 12a of Act 80 repealed the exemption from the But For as applied to TIF Districts that are within a Growth Center. This amendment does not impact the South Burlington application.

Evidence:

[TIF District Plan Overview](#)

[Statement of Need](#)

[Municipal Budget Summary](#)

[Capital Budget Summary](#)

[Current Debt Service Summary](#)

Can the City build this level of infrastructure without the incremental property tax revenues?

According to data published by the Department of Taxes/PVR for 2011 effective tax rates, South Burlington’s Homestead rate (\$1.3315) is just above average (\$1.2365) and the Non-homestead rate (\$1.3704) is average (\$1.3625) is average for Chittenden County. The 2011 municipal effective tax rate (\$0.3709) is below average for the county (0.4168).

The current annual municipal budget (FY13; which includes general operating, school, and several other enterprise funds) is \$70.5 million and averaged \$55 million over the past ten years (See [Table 5D](#)). The City's current annual capital budget is \$3.6 million and averaged \$5.4 million over the past ten years (See [Table 5E](#)). The current level of annual debt service paid by South Burlington voters is \$3.6 million and has averaged \$2.4 million per year since 2003 (See [Table 5E](#)).

The total infrastructure costs in the application that the City plans to finance with TIF revenue, plus cost of financing, are \$52.3 million. Average annual debt service would be about \$2.5 million per year for 20 years (actual payments would be graduated from \$1 million to \$6 million per year). The costs outlined in the TIF application would add 3.5% to the City's annual budget, 70% to the normal debt service, or double the current annual capital budget.

Third Party Analysis:

EPR concluded: "Overall, the data...generally support the City's contention that these TIF District infrastructure expenditures are beyond the capacity of the City to undertake within their annual operating budget or within their annual capital budget without the TIF tool. The data indicate the City does have relatively high expenditure burden levels, and debt levels. As such, the evidence supports a conclusion that the applicant does not appear to be in a position to undertake investments of this scale without placing a very large additional fiscal burden on the City's taxpayers. Considering those relatively high debt levels and high tax rate burdens, infrastructure development expenditures on this scale would in fact represent a substantial public investment over and above the normal municipal or bonded debt expenditures without approval of the City's TIF District.

Would the private development and redevelopment occur without the proposed infrastructure?

One way to view this question is the length of time the potential developer has been holding the property that will become the city center. The majority (33 acres) of the area to be developed has been held by South Burlington Realty for thirty years. Unless the City builds the infrastructure required to develop the city center, the land will remain undeveloped.

The City argues that without the public investment in the infrastructure, the city center might occur, but it would occur in a significantly different and less desirable manner ([See Attachment 5C](#)). To summarize, the City states that:

- But for the development of structured parking and offsetting future structured parking costs with the provision of a connected street network and other infrastructure

improvements, larger properties would not be able to develop beyond two to three stories and smaller properties might not find it cost effective to develop at all.

- But for the development of a complete street network to reduce parking need, development costs would be too high given structured parking and the higher cost of mixed use infrastructure. Development would be suburban in nature. It would not meet the vision for a downtown, and would be 25-30% the assessed value.
- But for the development of a sense of place, there would be less market demand for retail and office. There would be less support for the premium lease rates. Primarily residential development would occur. This would result in a lower tax value, and no vitality to drive development in surrounding areas over time, or create the local and regional appreciation and pride inherent in a downtown that drives future values and supports future projects.
- But for the development of a sense of place, it might be decades before office and retail seek to locate in City Center. In addition, it is possible that but for the TIF district revenues, over time, South Burlington will cease to grow significantly as a retail destination and that City Center will fail to support additional restaurants.
- But for these office and retail uses, revenues would be less than projected. Retail square footage assessed at 70% more per square foot than rental properties and 26% more than condominiums. Office floor area, although assessed at a less than retail, has a value greater than residential by almost \$20 per square foot.
- But for the investment in a public realm using TIF district funds, the total projected retail and office development is not likely to occur. Within the district, less commercial development directly results in a yearly reduction of approximately 6% or more of revenue. However, the loss of vitality results in a reduction of assessed value for residential properties as well. There are also the indirect effects of the loss of this vitality on surrounding properties as these will develop more slowly without a real downtown to drive the market and attract development investment. Absorption rates for apartments and condominiums will be lower too as without the added vitality, less people will be attracted to live in the area.
- But for the TIF district financed infrastructure, buildings would be 25% to 50% the square footage that they would otherwise be, and some parcels would never develop.
- But for the TIF district financing, a greater portion of the development would be less likely to contain the office and business uses that generate new higher salaried jobs.

Determination to be made:

A positive But For determination means that the state is getting infrastructure and development, and more importantly, the resulting incremental revenues, which would not have occurred without the ability of the applicant to utilize incremental property tax revenue. Therefore, the Council must determine:

- Whether the infrastructure development would occur without the utilization of the incremental property tax revenues; and
- Whether the real property development would occur without the infrastructure development.

Both findings can also be met if the development would occur in a significantly different and less desirable manner.

Determination:

Therefore, based on the South Burlington TIF District Plan as presented and amended, third party analysis, and testimony before the Council, the Council determines that it is very unlikely that the proposed infrastructure would be built without the use of incremental property tax revenue and without the public provision of certain infrastructure, most, if not all, of the expected private development would not occur or would occur in a significantly different and less desirable manner, and therefore, the But For is met.

TIF District Application Review Criteria - Criteria Detail (Cont.)

C. Nexus: VSA 24 §1897

“ The legislative body may pledge and appropriate in equal proportion any part or all of the state and municipal tax increments received from properties contained within the tax increment financing district for the *financing for improvements and for related costs in the same proportion by which the infrastructure or related costs directly serve the district at the time of approval of the project financing by the council, and in the case of infrastructure essential to the development of the district that does not reasonably lend itself to a proportionality formula, the council shall apply a rough proportionality and rational nexus test...*”

Act 80:

Act 80 did not change the nexus determination.

Evidence:

[TIF Overview](#)

[Table 6K: Infrastructure Nexus Information](#)

[Table 6L: Real Property Development Projects](#)

Most of the projected infrastructure projects would be located entirely within the TIF District (See Proportionality Analysis for detail). The following are not entirely within the District, but in some way serve the District and will need appropriate proportionality applied:

- City Center Park: 65% within
- Street A: 66% within
- Williston Road Streetscapes; 5% within
- Pedestrian/Bike Bridge over I89: 0% within

There do not appear to be any areas that are developed to their full market potential or which would not benefit from the infrastructure to be built. All areas have the potential for some level of development or redevelopment. Likewise, none of the expected real property developments appear to be occurring despite the TIF District. The only project that is close to development is the lot adjacent to the Healthy Living Market, on which a Trader Joe's is expected to be developed. The site has applied for permits and is in the DRB review stage.

Determination to be made:

The actual location of expected infrastructure improvements does not matter. Infrastructure can be located outside the TIF District as long as the Council determines

that there is nexus to the projected real property development and/or the purpose and goals of the TIF District. However, the portion of the infrastructure costs that can be paid with TIF revenues must be in proportion to the extent that the infrastructure *serves* the District. There must be nexus or connection between the proposed infrastructure and the development that is expected to occur.

Nexus can be viewed from several perspectives:

First, from the infrastructure perspective: What areas within the TIF District are being served by which proposed infrastructure projects? If there is infrastructure proposed that does not serve the TIF District or would not have anything to do with causing the development to occur, the Council should question whether it be financed, in any proportion, by TIF revenues?

Second, from the TIF area perspective: Are there areas (parcels) included in the TIF District that apparently are not being served by any of the infrastructure projects? Or are there areas that are already developed to their full market potential? If so, the Council asked why those areas are included in the TIF District.

Finally, from the development perspective: Are there private development projects that are expected to occur regardless of the infrastructure improvements? If so, there may be an issue with the But For, if it must be met, and the Council should ask whether there is truly any nexus between the infrastructure and the development project if the project is already developed or started.

Determination:

South Burlington has provided evidence of the relationships between the planned public infrastructure improvements and the expected real property development within the TIF District. They explain how the infrastructure is directly and indirectly linked to each real property development project, how it will serve the development, and is, in many cases, essential for the development to occur. The improvements are also required to achieve the overall goals of the TIF District as expressed in the Purpose Statement.

Therefore, based on the South Burlington TIF District Plan as presented and amended, and testimony before the Council, the Council determines that nexus exists, to a sufficient degree, between the proposed public infrastructure projects, the included parcels, and the expected private sector developments.

TIF District Application Review Criteria - Criteria Detail (Cont.)

D. Proportionality: 24 VSA §1897

“ The legislative body may pledge and appropriate in equal proportion any part or all of the state and municipal tax increments received from properties contained within the tax increment financing district for the *financing for improvements and for related costs in the same proportion by which the infrastructure or related costs directly serve the district at the time of approval of the project financing by the council, and in the case of infrastructure essential to the development of the district that does not reasonably lend itself to a proportionality formula, the council shall apply a rough proportionality and rational nexus test...*”

Act 80:

Act 80 did not change the proportionality determination.

Evidence:

[Table 6H: Infrastructure Project Costs](#)

[Table 6K: Infrastructure Nexus Information](#)

[Table 6L: Real Property Development Projects](#)

[Table 6M: Real Property – Incremental Value](#)

[City of Burlington Rationale for higher civic facility proportionality Proportionality Matrix](#)

South Burlington has proposed that about half of the total infrastructure costs be covered by TIF revenue. The City provides narrative evidence and data to support their position (See files linked above).

The Council’s [scoring matrix](#) shows the following:

- Level 1: **Inter Municipal** – Except in the sense that the South Burlington City Center will serve as a destination area for the residents of several surrounding communities and municipalities in the region, the infrastructure will serve only the City of South Burlington, with the exception of the Pedestrian/Bike Bridge over I89. While that project would be located entirely within South Burlington, it will serve as an alternative mode of transportation for people coming from the UVM and FAHC area in Burlington.
- Level 2: **Location** – Most of the infrastructure projects are physically located entirely within the TIF District, with the following exceptions:
 - City Center Park: 65% within
 - Street A: 66% within
 - Williston Road Streetscapes: 5% within
 - Pedestrian/Bike Bridge over I89: 0% within

- **Level 3: Utilization** – This criterion is the most uncertain. To some extent, the infrastructure will benefit and be utilized by developers, local and transient public, and residents other than the clients, residents, and persons utilizing the specific real property projects expected to be developed because of the TIF. The projects that will primarily serve a larger proportion of people/activities that are not TIF-related are the Williston Road Streetscapes, the Ped/Bike Bridge, and the civic facilities. Using the methodology developed for the civic facilities, approximately 8% of the increase in the cost of city services will be due to the increase in grand list value within the TIF District.
- **Level 4: Scoring** – Using the Council’s informal scoring matrix, most projects fall within the scores (9-16) that the Council determined could be considered for 100% proportionality. The Pedestrian/Bike Bridge scored in the 17-22 point range and therefore falls in the 75%-99% range. The civic facilities all scored 23, and fall in the 0%-74% range.

Third Party Analysis:

The EPR analysts concluded: “The EPR team’s review to-date, has not determined anything to be in conflict with the proportionality scoring from VEPC staff. However, some of the costs associated with the Central Green and Market Street portions of the infrastructure improvements were represented as nearly double that of independently produced cost estimates. In other instances, independent analysts lacked sufficient detail on relevant aspects of the infrastructure improvements, preventing them from creating their own estimates. However, this is in line with the applicant’s previous admissions to incomplete infrastructure cost estimates. Regardless, as of this writing, the EPR review team has found no information or facts to be in conflict with a 100% proportionality determination by the Council. In fact, the EPR sub-consultant team has suggested that the initial proportionality scoring could conceivably be even more supportive of a 100% proportionality score than initially determined by VEPC staff (i.e. the ped/bike bridge). Therefore, EPR believes the Council could make a positive finding on the applicant’s 100% proportionality request.”

Determination to be made:

What proportion of infrastructure costs can be attributed to the TIF District, and therefore financed with TIF revenue?

Determination:

The following summarizes the request and Final Determination of the maximum proportionality for each infrastructure project:

INFRASTRUCTURE PROJECT	ESTIMATED TOTAL COST	TIF Proportion Proposed by Municipality	Approximate Cost Paid with TIF Revenue	TIF Proportion Approved by VEPC	Maximum Cost Paid with TIF Revenue	POTENTIAL ALTERNATIVE REVENUE SOURCES			PORTION OF COSTS FINANCED BY TIF	PORTION OF COSTS FINANCED BY OTHER REVENUE SOURCES
						TIF	Other	Source		
Stormwater	\$3,722,250	100%	\$3,722,250	100%	\$3,722,250	80%	20%	Already included in City's Capital Improvement Budget	\$2,977,800	\$744,450
City Center Park	\$1,839,975	95%	\$1,747,976	95%	\$1,747,976	80%	20%	Impact Fees (already in ordinance) and Transportation Funds for Pathways (Not Yet Applied for)	\$1,471,980	\$367,995
Central Green	\$2,180,788	100%	\$2,180,788	100%	\$2,180,788	90%	10%	Impact Fees (Ordinance needs to be updated)	\$1,962,709	\$218,079
Central Green Associated Streets	\$1,472,536	100%	\$1,472,536	100%	\$1,472,536	85%	15%	Impact Fees (already included in ordinance)	\$1,251,656	\$220,880
Market Street	\$6,600,000	100%	\$6,600,000	100%	\$6,600,000	10%	90%	Federal Earmark (Secured) and Impact Fees (already included in ordinance)	\$660,000	\$5,940,000
Street A	\$5,453,822	100%	\$5,453,822	100%	\$5,453,822	85%	15%	Impact Fees (already included in ordinance)	\$4,635,749	\$818,073
Williston Road Streetscape	\$3,716,604	50%	\$1,858,302	50%	\$1,858,302	46%	54%	Impact Fees (already included in ordinance)	\$1,709,638	\$2,006,966
Parking Garage (350 spaces)	\$11,260,000	100%	\$11,260,000	100%	\$11,260,000	83%	17%	As yet undesignated nor secured	\$9,345,800	\$1,914,200
Ped/Bike Bridge	\$10,000,000	30%	\$3,000,000	30%	\$3,000,000	5%	95%	As yet undesignated nor secured	\$500,000	\$9,500,000
City Hall	\$6,375,000	47%	\$2,996,250	10%	\$637,500	10%	90%	As yet undesignated nor secured	\$637,500	\$5,737,500
Library	\$7,496,250	47%	\$3,523,238	30%	\$2,248,875	10%	90%	As yet undesignated nor secured	\$749,625	\$6,746,625
Recreation Center	\$8,888,750	47%	\$4,177,713	30%	\$2,666,625	10%	90%	As yet undesignated nor secured	\$888,875	\$7,999,875
TOTALS	\$69,005,975		\$47,992,874		\$42,848,674				\$26,791,331	\$42,214,644

Therefore, based on the South Burlington TIF District Plan as presented and amended, third party analysis, and testimony before the Council, the Council determines that the maximum proportionality is set as indicated above for each infrastructure projects as presented in the TIF District application. The Council emphasizes that this application and utilization of TIF financing presented unique factors for consideration in that the TIF District will enable the development of a New Town Center for the municipality. This unique situation was an additional factor in the Council's consideration to determine the appropriate proportionality, in addition to the normal matrix of proportionality factors and the development and application of a proportionality methodology for civic facilities.

In accordance with the [Proportionality Policy and Procedure](#) adopted by the Council, the Council expects that the City of South Burlington will utilize any and all non-TIF revenue funding to offset the total costs of the infrastructure costs and to continue to pursue any further non-TIF funding that may be available or become available during the life of the TIF.

TIF District Application Review Criteria - Criteria Detail (Cont.)

E. Process Criteria: 24 VSA §1892

“(a) Upon a finding that such action will serve the public purposes of this subchapter, the legislative body of any municipality may create within its jurisdiction, special district or districts to be known as tax increment financing districts. They shall describe the district by its boundaries and the properties therein and shall show the district boundary on a plan entitled “Proposed Tax Increment Financing District (municipal name), Vermont.” The legislative body shall hold one or more public hearings, after public notice, on the proposed plan.

(b) When adopted by the act of the legislative body of that municipality, the plan shall be recorded with the municipal clerk and lister or assessor.

And...

32 VSA §5404a(h)(2)

“Process requirements. Determine that each application meets all of the following four requirements:

(A) The municipality held public hearings and established a tax increment financing district in accordance with 24 V.S.A. §§ 1891-1900.

(B) The municipality has developed a tax increment financing district plan, including: a project description; a development financing plan; a pro forma projection of expected costs; a projection of revenues; a statement and demonstration that the project would not proceed without the allocation of a tax increment; evidence that the municipality is actively seeking or has obtained other sources of funding and investment; and a development schedule that includes a list, a cost estimate, and a schedule for public improvements and projected private development to occur as a result of the improvements.

(C) The municipality has approved or pledged the utilization of incremental municipal tax revenues for purposes of the district in the same proportion as the utilization of education property tax revenues approved by the Vermont economic progress council for the tax increment financing district.

(D) The proposed infrastructure improvements and the projected development or redevelopment are compatible with approved municipal and regional development plans, and the project has clear local and regional significance for employment, housing, and transportation improvements.”

Act 80:

Section 3 of Act 80 amended the language of 24 VSA §1892, but not in a substantive manner that would impact this determination. The Act did not amend 32 VSA §5404a(h)(2).

Evidence:

- ✓ Copy of municipal [finding of purpose](#).
- ✓ Copy of municipal [public hearing notice](#), [agenda](#), [resolution](#), and [minutes](#).
- ✓ [Physical description](#) and a [map](#) of TIF District, and [listing of properties](#) within District.
- ✓ Copy of [minutes](#) of municipal legislative body meeting at which TIF District plan was adopted.
- ✓ Copy of [certification of original taxable](#) value including date and time established and certified.
- ✓ [Certification that plan was recorded](#) including a copy of [TIF District Plan](#), which must include:
 - ✓ A map of the municipality with the TIF District indicated.
 - ✓ A description of the district by its boundaries and properties located within the District.
 - ✓ Statement of costs and sources of revenue, including sources other than incremental tax revenues.
 - ✓ Estimates of assessed values within the District.
 - ✓ Estimated tax increments in each year.
 - ✓ Amount of bonded indebtedness to be incurred.
 - ✓ Duration of the plan.
 - ✓ Amount of additional revenue expected to be generated as a result of the proposed development, and:
 - The percentage of that revenue that will be paid to the education fund.
 - The percentage of that revenue that will be paid to the municipality.
 - The percentage of that revenue that will be paid to the municipality and used to pay the municipal tax increment bonds.
 - ✓ A general project overview.
 - ✓ A detailed project description, including:
 - Bonding and other debt instrument approval and financing schedules.
 - Infrastructure development schedule including description, costs, and build out schedule.
 - Development and redevelopment schedule including description, costs, and information on who will accomplish development.
 - ✓ Pro forma projection of related costs that will be paid for by incremental tax revenues including description and amounts. Should include any payments to a designated coordinating agency and any costs incurred prior to approval that will be recouped by the municipality.
 - ✓ Evidence that the municipality is seeking or has obtained other sources of funding and investment.
- ✓ Written [statement](#) from top municipal official stating whether the projected development and/or redevelopment are compatible with municipal plan.

- ✓ Copies of relevant sections of [municipal plan](#) with which project is compatible.
- ✓ A [written explanation](#) from top municipal official describing how the project has clear local significance for employment, housing, and transportation improvements.
- ✓ Written [confirmation](#) by appropriate regional planning commission explaining how the projected development and/or redevelopment is compatible with approved regional plan and an explanation of how the project has clear regional significance for employment, housing and transportation improvements.
- ✓ Copies of relevant sections of the [regional plan](#).
- ✓ Written explanation from top municipal official indicating whether additional local or state [permits](#) will be required for the project, which permits will be required and a timeline for approval of the permits.

Determination to be Made:

Were statutory steps taken by municipality to create a TIF plan and a TIF District, including public input? Are all required elements included in the TIF Plan?

Determination:

Based on the evidence provided in the application, as indicated above with a checkmark, the Council has determined that all process criteria were met. The municipality voted on a finding of purpose, followed by several public hearings, preparation of a TIF District Plan, and then a vote to create the TIF District and application to VEPC. The Original Taxable Value and TIF District Plan were appropriately certified and recorded by the City Clerk.

The TIF District Plan includes all required elements. The municipality has certified that it is pledging the same ratio (75%) of incremental municipal property taxes as requested from incremental education property taxes. The municipality and regional planning commission certify, and the plans submitted support, that the proposed infrastructure improvements and the projected development are compatible with the approved municipal and regional development plans.

Also, the municipality and regional planning commission certify, and the plans submitted support, that the District has clear regional significance for employment, housing and transportation improvements.

Therefore, based on the South Burlington TIF District Plan as presented and amended, and testimony before the Council, the Council determines that the Process Criteria as stated in 32 VSA §5404a(h)(2) for a TIF District have been met.

TIF District Application Review Criteria - Criteria Detail (Cont.)

F. Location Criteria: 32 VSA §5404a(h)(3)

“Location criteria. Determine that each application meets one of the following criteria:

- (A) The development or redevelopment is compact, high density, and located in or near existing industrial areas.*
- (B) The proposed district is within an approved growth center, designated downtown, designated village center, or new town center.*
- (C) The development will occur in an area that is economically distressed, which for the purposes of this subdivision means that the area has experienced patterns of increasing unemployment, a drop in average wages, or a decline in real property values.*

Act 80:

Act 80 did not amend the location criteria.

Evidence:

[Attachment 7D: Map showing designated New Town Center and TIF Boundaries](#)
[New Town Center Approval](#)
[New Town Center Application](#)

Determination to be made:

Does the TIF District meet one of the statutory location criteria?

Determination:

The Council reviewed the New Town Center designation and the maps submitted with the application and requested a review of both boundaries by an ACCD GIS professional and confirmation by ACCD Vermont Downtown staff that boundaries are the same. Therefore, based on the South Burlington TIF District Plan as presented and amended, and testimony before the Council, the Council determines that the South Burlington TIF District is wholly within the New Town Center designated and approved under 24 V.S.A. § 2793b, and therefore the Location Criterion as stated in 32 VSA §5404a(h)(3)(B) is met.

TIF District Application Review Criteria - Criteria Detail (Cont.)

G. Project Criteria: 32 VSA §5404a(h)(4)

“Project criteria. Determine that the proposed development within a tax incentive financing district will accomplish at least three of the following five criteria:

(A) The development within the tax increment financing district clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures.

(B) The development includes new housing that is affordable to the majority of the residents living within the municipality and is developed at a higher density than at the time of application. “Affordable” has the same meaning as in 10 V.S.A. § 6001(29).

(C) The project will affect the mitigation and redevelopment of a brownfield located within the district. For the purposes of this section, “brownfield” means an area in which a hazardous substance, pollutant, or contaminant is or may be present, and that situation is likely to complicate the expansion, development, redevelopment, or reuse of the property.

(D) The development will include at least one entirely new business or business operation or expansion of an existing business within the district, and this business will provide new, quality, full-time jobs that meet or exceed the prevailing wage for the region as reported by the department of labor.

(E) The development will enhance transportation by creating improved traffic patterns and flow or creating or improving public transportation systems.”

South Burlington is addressing Project Criteria A, D, and E:

Act 80:

Act 80 did not amend the Project Criteria.

Project Criteria A: *“The development within the tax increment financing district clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures.”*

Evidence:

[TIF District Plan Overview](#)

[Public Investment Narrative](#)

[Municipal Budget Summary](#)

[Capital Budget Summary](#)

[Current Debt Service Summary](#)

According to data published by the Department of Taxes/PVR for 2011 effective tax rates, South Burlington's Homestead rate (\$1.3315) is just above average (\$1.2365) and the Non-homestead rate (\$1.3704) is average (\$1.3625) is average for Chittenden County. The 2011 municipal effective tax rate (\$0.3709) is below average for the county (0.4168).

The current annual municipal budget (FY13; which includes general operating, school, and several other enterprise funds) is \$70.5 million and averaged \$55 million over the past ten years (See [Table 5D](#)). The City's current annual capital budget is \$3.6 million and averaged \$5.4 million over the past ten years (See [Table 5E](#)). The current level of annual debt service paid by South Burlington voters is \$3.6 million and has averaged \$2.4 million per year since 2003 (See [Table 5F](#)).

The total infrastructure costs in the application that the City plans to finance, plus cost of financing, are \$52.3 million. Average annual debt service would be about \$2.5 million per year for 20 years (actual payments would be graduated from \$1 million to \$6 million per year). The costs outlined in the TIF application would add 3.5% to the City's annual budget, 70% to the normal debt service, or double the current annual capital budget.

Third Party Analysis:

EPR concluded: "Overall, the data...generally support the City's contention that these TIF District infrastructure expenditures are beyond the capacity of the City to undertake within their annual operating budget or within their annual capital budget without the TIF tool. The data indicate the City does have relatively high expenditure burden levels, and debt levels. As such, the evidence supports a conclusion that the applicant does not appear to be in a position to undertake investments of this scale without placing a very large additional fiscal burden on the City's taxpayers. Considering those relatively high debt levels and high tax rate burdens, infrastructure development expenditures on this scale would in fact represent a substantial public investment over and above the normal municipal or bonded debt expenditures without approval of the City's TIF District. Therefore, EPR finds that the Council could make a positive finding on the 'need criterion' for this application.

Determination to be made:

Does the proposed infrastructure development within the TIF District clearly require substantial public investment over and above the normal budget of the municipality or the normal bonded debt service of the municipality?

Determination:

Based on the South Burlington TIF District Plan as presented and amended, third party analysis, and testimony before the Council, the Council determines that the Project Criterion as stated in 32 VSA §5404a(h)(4)(A) is met.

Project Criteria D: *“The development will include at least one entirely new business or business operation or expansion of an existing business within the district, and this business will provide new, quality, full-time jobs that meet or exceed the prevailing wage for the region as reported by the department of labor.”*

Evidence:

[Attachment 8K – Business Narrative](#)

The information provided by South Burlington conservatively estimates that there will be between 150-200 jobs created within the TIF District, most of which will be new, while some will likely be relocations from within South Burlington or other locales in Vermont. These are the jobs that meet average DOL hourly wage standards for the South Burlington region. Overall job creation is expected to be much higher.

A few new public sector jobs are projected because of relocating the City Hall and Library to the District and locating the recreation facility in the District.

The build out projections estimate about 184,000 sf of new office space on the upper floors generating about 114 non-medical professional jobs and 32 medical jobs. The build out is expected to generate 337,000 sf of ground floor space for retail, commercial, and restaurant generating another 22 jobs.

The one known new business that is expected to locate within the District is Trader Joes. The operation is expected to create several new jobs including a store manager (\$80,000) and an assistant store manager (\$68,000). Trader Joe’s offers benefits, including medical, dental, vision, a 401k, and store discount to most employees, even for part time employees.

The DOL median wage for these positions in South Burlington are:

Store Manager: \$84,770

First line supervisor: \$39,440

Third Party Analysis:

EPR analysts concluded: “The EPR Team undertook an assessment of the new business development or business expansion criterion in order to determine whether or not the TIF Capital Plan’s private development plan would create at least one entirely new

business, business operation, or expansion of an existing business, which will provide new, quality jobs in the TIF district. Based on our review, we found the TIF District private development plan would provide “at least one entirely new business, business operation, or expansion of an existing business, which will provide new, quality jobs.” As a result, the EPR Team recommends that the VEPC Board could make a fully-supported positive finding on this TIF District application criterion. The private development and related projects—if executed as planned—will provided at least one entirely new business, business operation, or expansion of an existing business within the TIF District, and potentially facilitate new, quality jobs within the TIF region.”

Determination to be made:

Will the real property development result in at least one new business operation within the TIF District, or an expansion of an existing business that is already within the District. Will the business create new, quality, full-time jobs that meet or exceed the prevailing wage for the South Burlington region as reported by the Department of labor?

Determination:

Based on the South Burlington TIF District Plan as presented and amended, third party analysis, and testimony before the Council, the Council determines that the Project Criterion as stated in 32 VSA §5404a(h)(4)(D) is met.

Project Criteria E: *“The development will enhance transportation by creating improved traffic patterns and flow or creating or improving public transportation systems.”*

Evidence:

[Attachment 8L: Transportation narrative](#)
[Market Street Environmental Assessment](#) (Note: Large file)
[White Street Intersection Concept](#)
[Parking Management Strategies Evaluation](#)
[Cars to People Study](#)
[Market Street Memo and Resolution](#)
[Transportation Enhancement Grant Information](#)
[List of Planned Transportation Projects to Alleviate Traffic](#)

South Burlington proposes transportation improvements including installing new streets using the “[complete street principles](#)” (See also [Vermont Department of Health Complete Streets Guide](#)), a public parking structure, creating walking and biking paths, and retrofitting two streets - Market Street and Williston Road - so that they are also “complete streets.” These enhancements add capacity to an area which is already

developed and will facilitate additional built structures, housing, employment, services and retail in close proximity to the existing transit services.

The City states that the proposed grid system “will disperse traffic more evenly across multiple street light signals, reducing bottlenecks. Complete streets, and new pathways will allow mode shifts from single occupancy vehicles. A bridge across I-89 will allow more people to eschew vehicles in favor of walking and biking, reducing pressure on Williston Road. Access management on Williston Road, the reconstruction of White Street and related Williston Road/Hinesburg Road improvements will improve the operations of Williston Road, which controls access to City Center from the northwest.”

Third Party Analysis:

EPR analysts concluded: “EPR Team member RSG undertook an assessment of the transportation infrastructure improvements in order to determine whether or not the TIF Capital Plan’s transportation projects would enhance transportation in the TIF district. Based on this review, RSG found the TIF District transportation plan would provide a “dramatic enhancement to transportation within the TIF district.” As a result, the EPR Team recommends that the VEPC Board could make a fully-supported positive finding on this TIF District application criterion. The transportation, parking and related projects—if executed as planned—will enhance transportation within the TIF District, and potentially facilitate significant commercial and industrial development within the TIF region.”

The Council found that while the design and function of the new street grid in the TIF will improve traffic patterns and flow *within* the TIF District, the Council had concerns that the development that is planned to occur within City Center will add further congestion and gridlock to an already congested area.

The City states (Page 15 of [TIF Plan](#)) that “City Center will add new traffic to an intersection which already has significant pressure.” The only apparent mitigation planned as part of the TIF District is the reconstruction of the White Street Intersection (part of Street A project) and the transportation “mode shifts” expected to result from the pedestrian/bike bridge construction.

The [2010 Environmental Assessment for the Market Street Improvements](#) (*Note: large file*) includes adverse traffic effects from the proposed City Center project. The report states that the level of service at the Williston Road/Dorset Street intersection are very unstable and long vehicle queues can form quickly blocking adjacent intersections. Under a 2010 “Build condition,” the operation of this intersection continues to deteriorate and operations at the Williston Road/Hinesburg Road intersection also deteriorate. Under a 2030 “build condition” operations at these intersections worsen.

The report continues by stating, “However, with the improved access to Hinesburg Road with the City Center street connections, as well as the future interchange along I-89 at Hinesburg Road, traffic would be better dispersed throughout the area.”

The Council was concerned that the TIF Plan may not meet the “transportation enhancement” Project Criterion because:

- 1) The plan does not include any improvements to the public transportation system; and
- 2) While the plan may “improve traffic patterns and flow” within the TIF District, the development encouraged by the TIF plan may degrade traffic patterns and impair traffic flow in the area immediately adjacent to the City Center. In effect the development and resulting traffic flow within the City Center would enable further deterioration of the traffic flows around the City Center.

The Council required further information regarding what actions the City intends to undertake to mitigate the traffic issues identified by the Market Street Environmental Assessment (EA), determine if the TIF Plan includes all the actions the City committed to in the EA, and whether there will be sufficient revenue to finance those actions.

The Council heard testimony from the City and from [Joe Segale](#) from Vtrans on December 13, 2012. The Council also heard testimony and received [documentation](#) from the City regarding the projects in design, planning, and implementation stages that will help alleviate the traffic issues in the immediate vicinity of the TIF District.

Determination to be made:

Will the public infrastructure projects and the overall TIF development create improved traffic patterns and flow *or* create improved public transportation systems?

Determination:

Based on the South Burlington TIF District Plan as presented and amended, third party analysis, and testimony before the Council, the Council determines that the Project Criterion as stated in 32 VSA §5404a(h)(4)(E) is met.

TIF District Application Review Criteria - Criteria Detail (Cont.)

H. Market and Fiscal Viability:

Act 80:

Section 4 added the following language to the TIF Statute:

(d) Approval of tax increment financing plan. The Vermont Economic Progress Council shall approve a municipality's tax increment financing plan prior to a public vote to pledge the credit of that municipality under subsection (h) of this section. The tax increment financing plan shall include all information related to the proposed financing necessary for approval by the Council and to assure its viability and consistency with the tax increment financing district plan approved by the Council pursuant to 32 V.S.A. § 5404a(h).

Evidence:

[Real Estate Market Analysis](#)

Tables:

[6N: TIF Revenue Projections](#)

[6O: Summary of Revenue From All Sources](#)

[6P: Summary of Annual Debt](#)

[6Q: Total Cash Flow](#)

[6Qa: TIF Revenue Cash Flow](#)

As discussed in Section I, D, South Burlington's projections - based on their assumptions regarding the scope and schedule of the real property development, tax rates, revenue split percentage (75/25%), infrastructure costs, and financing costs and terms - *do* appear to generate enough incremental revenues to service the debt to be incurred to build the proposed infrastructure projects which the City plans to finance with TIF revenue. As with most TIFs, there will be deficits in the early years which will have to be covered by inter-fund loans or short-term debt until sufficient increment is generated. By year 20, the City will see a positive revenue flow and by the end of the retention period, have an excess of \$14 million. The City is investigating the use of a graduated payment plan, which will put them in the black by year 7. The Finance Plan presented is pro forma at this point and the City will submit a formal TIF Finance plan for approval at a later date.

Under the current plan, the City relies on \$35 million in non-TIF revenues, including state and federal grants, impact fees, budgeted funds, and about \$10 million in unidentified funds. About \$6 million is currently secured, although some of the impact fees are already approved and included in ordinance.

Regarding market viability, the Council heard several witnesses testify to the readiness and willingness of developers to begin and implement development and redevelopment projects in the District if the infrastructure is developed.

The City contracted for a [market analysis](#) prepared by Allen & Brooks, which concluded:

- "...it is likely that newly built office space in the TIF District will be absorbed at a rate commensurate with the typical absorption in South Burlington," which, at an average of 76% over the past 18 months is above the 69% average for the county.
- "It is likely that the newly built retail space in the TIF District will be well received by the market and be absorbed at a rate similar to what South Burlington has experience for the past 18 months," which was 96% compared to 93% for the county.
- "With demand historically outpacing new apartment construction in Chittenden County, new apartments built with the benefit of infrastructure improvements brought about by the TIF district (structured parking, new streets, streetscape, walking/bike trails, improved bus service) will likely be well received by the market...With the very low level of vacancy, demographic trends which favor apartment occupancy, and historic new construction which has not kept pace with growth in renter households, it is probable that future apartment development in South Burlington will be rapidly absorbed by the market.
- "While the condominium market remains weak, it is likely that it will strengthen in the future as the economy recovers and the housing market improves...The TIF district is well suited to high density condominium construction... Its close proximity to transportation arteries, major retail centers and employment will support demand for condominium ownership. The "walkable" character of the planned city center will enhance the appeal of the condos built in the TIF district. With improvement in the local housing market, it is likely that condominiums built in the TIF district will receive strong demand from the market."

Third Party Analysis:

EPR found the calculations and assumptions to be valid and conservative, the revenue projections to be valid, reasonable and supported, and the percentage requested (75%) to be reasonable. However, greater detail will be required to determine the validity and reasonableness of the construction cost estimates in order to fully determine viability. In some cases (Central Green and Market Street), the analyst cost estimates were *half* of the City's projections. Further detail will be required on these elements. Also, "...the application as presented lacks vital details regarding the servicing of the required debt and estimation of infrastructure improvement costs. While it is true that the application did not request approval of a financial plan at this time, it is important to note that, in

its current format and at its current level of estimated TIF revenues, there are significant gaps in the finances of this TIF proposal. EPR acknowledges that the applicant is clearly on a direct path toward coming up with a financially sustainable and viable plan for a TIF district, but the revenue gap has yet to be managed in a transparent, tangible way presented in the application process. For this reason, our final conclusion regarding Viability is not for a “failing” grade, but for an “incomplete.” Approving this criterion at this point means that the council will have to be comfortable with the applicant’s lack of a financially verifiable plan to service the debt it intends to incur.”

Determination to be made:

Does the TIF Plan have fiscal viability? That is, will the proposed private sector development generate sufficient tax revenues to cover the costs of infrastructure? Does the TIF Plan have market viability? That is, what is the likelihood that the proposed development /redevelopment will occur at the scope and on the timeline presented, thereby generating sufficient incremental revenue during the retention period?

Determination:

Based on the South Burlington TIF District Plan as presented and amended, testimony before the Council, and third party analysis, the Council determines that the TIF District Plan, to the extent that a determination can be made at the time of application, has reasonable market viability. However, as submitted, the TIF District Plan lacks adequate infrastructure cost detail and financial plan detail to allow the Council to determine fiscal viability. Therefore, the Council approves this TIF District Plan, subject to the submission and consideration of a TIF Financing Plan with adequate detail to determine fiscal viability of the entire plan.

In addition to providing further detail on project costs and financing, the Finance Plan must:

- Adjust all revenue plans to reflect the maximum proportionality approved by the Council;
- Identify the non-TIF revenues expected to be raised to complete the improvements in the TIF District Plan.
- Provide further detail on the potential to secure any non-TIF revenue, including state and federal grants, and the degree of difficulty the City will face to impose new impact fees.
- Identify the potential sources for the remaining financing required and the likelihood of securing those funds.
- Discuss contingency plans to contend with the variations that can occur during the implementation phase of the District.

TIF District Application Review Criteria - Criteria Detail (Cont.)

Approval of TIF District Plan Submitted by the City of South Burlington:

Therefore, in accordance with 32 V.S.A. §5404a(h) and 24 V.S.A. Subchapter 5, on July 25, 2013 the Vermont Economic Progress Council voted 7-0-0 to approve the South Burlington New Town Center TIF District Plan and authorized the TIF District to utilize incremental property tax revenues to finance public infrastructure debt incurred for the South Burlington New Town Center TIF District in accordance with statute and rules, as described and conditioned above, and subject to the submittal and approval of a TIF District Finance Plan.



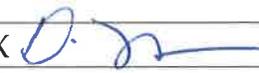
CITY OF SOUTH BURLINGTON
 NEW TOWN CENTER TAX INCREMENT FINANCING DISTRICT
 CERTIFICATION DOCUMENT

CERTIFICATION OF UNDERSTANDING: We, the undersigned, have read the "Final Determinations, Exclusions, Conditions and Obligations" document for the City of South Burlington New Town Center TIF District and the applicable Vermont statute and certify that we understand the determinations, conditions, exclusions, and obligations made by the Vermont Economic Progress Council, the requirements of Vermont statute contained in 32 VSA §5404a(h) and 24 VSA §§ 1891 – 1901 and 32 VSA §§ 5404a(f)-(j), as amended by Act 80 (2013), and the TIF District reporting requirements.

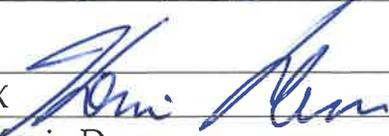
We hereby accept the determinations, conditions, exclusions, obligations, and reporting requirements upon which this authorization for the utilization of incremental property tax revenue to finance TIF District infrastructure are based, and assure that the City of South Burlington will abide by these conditions, the applicable provisions of Vermont statute, and any current or future rules promulgated for the Tax Increment Financing District program by the Vermont Economic Progress Council, Vermont Department of Taxes, or other state agency or entity.

We further certify our understanding that in case any of the public officials of the municipality whose signatures appear on this certification and/or the TIF District application shall cease to be such officials before the end of the life of the TIF District, such signatures shall, nevertheless, be valid and sufficient for all purposes, the same as if such officials had remained in office.

Signature 1:

Signature of Elected Official:	X 
Printed Name:	Pam Mackenzie
Title:	Chair, South Burlington City Council
Date:	8/5/2013

Signature 2:

Signature of Town Officer:	X 
Printed Name:	Kevin Dorn
Title:	Interim City Manager
Date:	8/5/2013

ASSIGNMENT OF REPORTING RESPONSIBILITY

Please indicate below whom will be responsible for completing and filing the annual TIF District report required by 24 VSA §1901 and other reporting requirements:

Name:	Kevin Dorn
Title:	Interim City Manager
Mailing Address:	575 Dorset Street
Phone:	802-846-4107
Fax:	802-846-4101
Email:	kdorn@sburll.com

