VERONA TIF DISTRICTS

MAYOR JON HOCHKAMMER

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Downtown Business District

TIF 4: Downtown Business District Redevelopment and Expansion
District Site and Objective

Objective: To eliminate blight and rehabilitate declining property

- South Main Street to Paoli Street and Verona Avenue from Shuman Street to Lincoln Street
TIF District Creation

TIF Parameters:
- TIF District created in 1996
- 27 year life – required closure by 2023
- Project costs must be completed by September 22, 2018
- Base value: $8,842,400

TIF Development Objectives:
- Provide Streetscape Improvements
- Provide financial assistance for building and business owners
Development Initiatives

City Involvement:

- 1997 --- $870,000 borrowed for streetscape improvements and for building and business owner financial assistance
- 2001 --- $1,080,000 borrowed for acquisition and development of Brunsell Lumber Site
- 2003 --- $440,000 borrowed to reconstruct Railroad Street, relocate shelter and improve plaza area
- 2004 --- Applied for and received a BUILD Grant from Dane County; $310,000 borrowed from State Trust Fund for Real Estate Investment incentive for office space development
Economic Development Loans

- Twin Pines Furniture & Gifts- $55,000 Economic Development Loan – East Verona Avenue
- WWW Enterprises- $45,000 Economic Development Loan – Town Pump – South Main Street
- BAB LLP- $5,000 Economic Development Loan- S. Shuman Street
- Alexander Company- $575,000 to construct a mixed-use retail/residential project on former Brunsell Lumber site
- Avanti’s Italian Restaurant- $50,000 façade and interior improvements – South Main Street
301-305 South Main Street

- 6,704 square foot commercial building
- Sara Investment Real Estate- $300,000 to acquire and develop an office building on S. Main Street
City Centre Condos

- 28-unit condominium building
- Keller-Burke- $1M pay-as-you-go TIF Bond to create residential condominium units- S. Main Street
Verona Vision Care

- 4,100 square foot commercial building
- Verona Vision Care- $85,000 Loan -S. Main Street
Matts House

- Oldest structure in the City of Verona
- City acquired property for ROW purposes
- Recently sold structure to developer for $1 for rehabilitation
Veterans Memorial Fountain

- Enhanced improvements to Hometown Junction Park
- Fountain to be completed in early November 2016
• 231 South Main Street – opened in 2015
• Award winning micro-brewpub
• Destination for residents and visitors
District Valuation & Incremental Revenue Collected

Development & Tax Increment

- Added Valuation
  $ 25,275,200

- Tax Incremental Revenue Collected to date
  $ 6,873,819
District Site:

- 290 acres located adjacent to USH 18/151 bypass on the Southeast side of the City

- Two Development Areas – Livesey Development Tech Park and Liberty Business Park
TIF District Creation

TIF Parameters:
- TIF District created in 2000
- 23 year life – required closure by 2023
- Project costs must be completed by May 7, 2018
- Base value: $475,200

TIF Development Objectives:
- Commercial and Industrial Site Development
Development Initiatives

- 2000 --- $700,000 borrowed to partially fund new water tower and booster station which will serve the TIF District
- 2004 --- $2,900,000 borrowed to construct major roadway through Verona Tech Park ($1.65M) and for development incentive granted to Latitude Corporation ($500,000) for site acquisition/development
2008 – Pay-as-you-go TIF Note up to $1,172,980 (over 7 years) to assist SAFC, Inc. for 15 acre site acquisition and a new $20M pharmaceutical manufacturing plant

SAFC expanded in 2013 creating additional space and 15-20 additional jobs
• 2013 – $600,000 State Trust Fund Loan for WI Brewery development assistance guaranteed with incremental value generated
• Future expansion plans include onsite bottling
• Destination for residents and visitors
United Vaccines

- Development incentive for this project. City borrowed $700,000 from the State Trust Fund.
- 75 employees relocating to Verona, will be completed in late 2016.
Standard Electric Supply

- Completed in 2016
- Warehouse office building for 8-10 employees
Liberty Business Park

- State certified 240-acre business park
- 2011 – $2,725,000 borrowed for utility and street improvements related to Phase I of Liberty Business Park
Northeast corner of Liberty Drive and CTH M
17,000 square foot multi-tenant building
Tenants include Sugar River Pizza
Liberty Business Park – Mixed-Use #2

- Northwest corner of Liberty Drive and CTH M
- 17,500 square foot multi-tenant commercial building
- The Verona Woods restaurant opening late 2016
Hyatt Place

- 136 room hotel
- Will be completed in early 2017
Fisher King Winery

- Business relocating to Verona from Mount Horeb
- Opening in late 2016/early 2017
- Destination for residents and visitors
Flex Buildings

- Flex building #1 – 30,000 square feet
- Flex building #2 – 26,500 square feet
Development & Tax Increment

- Added Valuation
  $ 54,097,400

- Tax Incremental Revenue Collected to date
  $ 7,424,284
TIF 7: Westside/Epic Systems
Epic Systems Corporation
Epic Systems Corporation

About Epic:

- Leading health care software company founded in 1979
- Moved to the Verona campus in 2005
- Currently approximately 10,000 employees
- Four campuses with 16 buildings and more under construction
- Valuation approximately $750 million as of 1/1/2015 with annual property tax payment of over $15 million
- Valuation approximately $900 million as of 1/1/2016
- User Group Meeting (UGM) drew approximately 9,000 visitors in 2015
Initial Site:

- 345 acres on the west side of Verona
- Original TIF District boundary
TIF District Creation

TIF Parameters:
- TIF District created in 2002
- 23 year life – required closure by 2025
- Project costs must be completed by 2020
- Base value: $320,400

Initial Assumptions:
- 300,000 square foot facility
- $45 million valuation
- 1,200 – 1,500 employees
- 900 stall underground parking structure
Development Agreement

City Commitments:

- $1.2 million site preparation grant
- $7 million infrastructure improvements:
  - On-Off ramps to STH 18/151
  - North-South road (Northern Lights)
  - Sewer and water utilities
- $9 million pay-as-you-go TIF note for first underground parking structure
- Potential for second TIF note for a second underground parking structure
Epic Development

- Campus 1: 5 office buildings and parking structure
- Learning Center: 460,000 square foot training facility
- Campus 2: 4 office buildings and parking structure
- Farm Campus: 3 office buildings and parking structure
- Deep Space: 11,000 seat underground auditorium
- Campus 4: 5 office buildings and parking structure
- Campus 5: 5 office buildings and parking structure
TIF District Territory Detachment

- 2005 Learning Center parcel detached from the TIF District
- $128 million valuation
- Provided City with non-TIF tax base to assist with facility projects including a new library
Additional TIF Projects

- Epic chose not to ask for a second TIF note for the construction of additional underground parking structures.
- In lieu of the additional TIF note, the City has participated in additional infrastructure projects:
  - Well #5 and reservoir
  - Reconstruction of Nine Mound Road/Northern Lights
  - Improvements at CTH PD and Nine Mound Road
- Nine Mound/Northern Lights:
  - 2015 Design and Right-of-Way Acquisition
  - 2016 Construction
Epic – Farm Campus

- 900 offices in three buildings
- 760 underground parking stalls
- $64 million valuation
Epic – Deep Space

- 11,000 seat auditorium with offices and break-out rooms
- Built underground with exposed rock face and green roof
- Over $200 million valuation
• 478,000 square feet of office space
• 1,580 new offices in five office buildings
• 1,500 underground parking stalls
Construction started in 2015

Will add five office buildings, 1,600 offices, and approximately 500,000 square feet of office space with an additional underground parking structure.
TIF District Closure

Timeline
- Required Closure: 2025
- Closure: 2016

Development & Tax Increment
- Added Valuation: $393 million
- Percent of City’s Total Value: 18.8%

Residual Funds ($21.2 million already collected above what is necessary to fund projects within the TIF which will be distributed to taxing jurisdictions in early 2017)
- MATC: $868,664 (estimated)
- Dane County: $2,946,654 (estimated)
- City of Verona: $6,153,731 (estimated)
- Verona Area School District: $11,232,743 (estimated)
TIF District Closure

**Levy Limit Impact**
- One-time 12.05% allowable increase available for the 2017 budget

**Property Tax Impact**
- If the 2017 Budget is approved as presented to the Finance Committee, city residents will receive an estimated 10% reduction in the city portion of their property taxes
Key Takeaways from Epic TIF

- Amount and timing of development exceeded everyone’s expectations
- City and Epic established a strong partnership based on mutual trust
- Flexibility has been critical for both the City and Epic
- Epic did not have an immediate impact on other commercial development
- Over time, more Epic employees are choosing to live in Verona and residential and commercial demand have increased
Key Takeaways in General

- TIF is a useful tool to attract and retain business.
- Don’t have a restricted TIF policy — will reduce potential for future development.
- Encourage pay-as-you-go/developer financed TIF
- Protect the City with developer guarantees.
- Be careful with the “if you TIF it, they will come” approach.
- “All roads (conversations) lead to TIF” — not all TIF requests are appropriate.