

## CITY OF VERONA 2009 BUDGET SUMMARY

### TIF 4

TIF 4 was created September 23, 1996 to promote the redevelopment and expansion of the downtown business district. The district includes South Main Street to Paoli Street and Verona Avenue from Shuman Street to Lincoln Street. TIF 4 may continue to incur project costs through September 22, 2018 and the district must be dissolved no later than September 22, 2023.

In 1997, the City borrowed \$870,400 to provide streetscape improvements and financial assistance for both building and business owners. Borrowing proceeds of \$86,201 are restricted for the life of the district.

In 2001, the City borrowed \$1,080,000 to implement planned improvements on the former Brunzell Lumber site which was acquired by the City in 2000. Approximately \$320,000 was used for the construction of public infrastructure related to the site (Railroad and Franklin Street improvements, public parking, etc.), \$575,000 was loaned to the Alexander Company for construction of a mixed-use retail/residential project on the site, and \$185,000 has been applied to develop a public plaza/veteran's memorial area in the bike trail corridor on the west side of Main Street. Work on the Alexander project began in summer, 2003 and was completed in summer, 2004. Work on the public plaza was completed in 2005 with a construction budget of \$350,000.

In 2003, the City borrowed \$440,000 including \$150,000 to be applied to the plaza area and relocate the shelter, and \$290,000 for the reconstruction of Railroad Street between South Main Street and Shuman Street.

In 2004, the City received a BUILD grant from Dane County. The grant was used to develop a plan for streetscape improvements along both Main Street and Verona Avenue and to examine ways to improve pedestrian and traffic flow as well as parking opportunities. Although no construction plans have been developed to implement the plans, \$220,000 has been placed in the 2006 budget to make streetscape improvements including new street lights and terrace improvements.

Also in 2004, the City borrowed \$310,000 from the State Trust Fund and made a grant to Sara Investment Real Estate to acquire and redevelop the properties at 305 and 307 S. Main Street into an office building. The grant carries a guarantee for value and will be completely repaid through increased increment in 12 years.

In 2005, the City made a similar economic development loan to the owners of Avanti's Restaurant. The loan was for \$50,000 and will be repaid within 5 years at 5% annual interest. In addition, the Hometown Junction project was completed with expenses totaling \$350,000.

In 2006, the City approved a \$450,000 grant along with a \$1 million pay-as-you-go TIF bond to complete what is known as the "Keller/Burke" project. The first phase of the

project created 28 residential condominium units. The next phase will result in 4000 square feet of commercial space on the west side of Main Street south of the bike trail. The pay-as-you-go TIF bond is not an indebtedness of the City; rather, the funds will be paid to the developer from increment generated from the projected \$5.4 million development. While the Bond payment schedule started in 2007, the first significant payment (from the project's increment value) was realized in 2008.

In 2007, the City reconstructed East Verona Avenue from Lincoln Street to Horizon Drive. The reconstruction created an urban section (curb/gutter/sidewalk), signalization at the intersection with Enterprise Drive and a subsequent signalization at the newly created Hometown Circle development. "Streetscape" improvements were added including: an access point into Community Park, installation of a bike trail segment, burial of overhead utilities and decorative streetlight poles to match W. Verona Avenue. Collectively, these "streetscape" amenities are designated improvements in the TIF Project Plan. Funding for these amenities came from General Obligation bond proceeds, in which TIF #4 will pay the proportionate share of the debt service for the life of the TIF.

In 2008, the remaining section of East Verona Ave was reconstructed (Hometown Circle to Old PB/Maple Grove Rd) with additional streetlights and traffic signals at the intersection of Hometown Circle, the site of the Farm & Fleet which also opened in 2008. Farm & Fleet participated on the cost of the E. Verona Avenue reconstruction. TIF #4 will participate on the debt service attributed to the streetscape amenities. In addition, City staff will continue to review commercial redevelopment projects to determine eligibility for financial assistance for the redevelopment to occur.

As part of the Comprehensive Plan process, additional evaluation and planning occurred relative to the intersection of Main Street and Verona Avenue. Transportation issues, redevelopment opportunities and the initial development of an overall "downtown redevelopment plan" was conceived. As this important intersection lies within the boundaries of TIF #4, further investigation, planning and design is expected to occur in the completion of this downtown plan. Therefore, 2009 expense include consultant fees related to this project.

The current status and budget for TIF 4 is as follows:

| TID Equalized Value                  |                            | Tax Incremental                     |
|--------------------------------------|----------------------------|-------------------------------------|
| Increase (Increment)<br>As of 1/1/08 | Base Value<br>As of 1/1/96 | Revenue Collected<br>Through 1/1/08 |
| \$27,365,900                         | \$8,842,400                | \$2,283,945                         |

**TIF 4-SOUTH MAIN STREET & EAST VERONA AVENUE (FUND 080)**

|                       | 2007<br>Year End<br>Actual | 2008<br>6/30<br>Actual | 2008<br>Adopted<br>Budget | 2008<br>Projected<br>Year End | 2009<br>Proposed | Change<br>from<br>2008 |
|-----------------------|----------------------------|------------------------|---------------------------|-------------------------------|------------------|------------------------|
| <b>REVENUES</b>       |                            |                        |                           |                               |                  |                        |
| TIF Increment         | 466,056                    | 470,890                | 471,000                   | 470,890                       | 578,000          |                        |
| State Aid/Grants      | 60,089                     | 0                      | 2,000                     | 3,411                         | 4,000            |                        |
| Investment Income     | 26,492                     | 11,892                 | 22,000                    | 22,000                        | 18,000           |                        |
| Note Proceeds         | 450,000                    | 545,919                | 0                         | 545,919                       | 0                |                        |
| Note Payment          | 7,076                      | 2,820                  | 6,278                     | 6,278                         | 7,196            |                        |
| Interest on Notes     | 2,035                      | 684                    | 1,605                     | 1,605                         | 1,214            |                        |
| <b>Total Revenues</b> | <b>1,011,748</b>           | <b>1,032,205</b>       | <b>502,883</b>            | <b>1,050,103</b>              | <b>608,410</b>   | <b>+20.98%</b>         |
| <b>EXPENSES</b>       |                            |                        |                           |                               |                  |                        |
| Prof Services Planner | 0                          | 0                      | 0                         | 0                             | 10,000           |                        |
| Attorney              | 3,242                      | 0                      | 2,000                     | 0                             | 2,500            |                        |
| Auditor               | 400                        | 0                      | 5,500                     | 450                           | 5,500            |                        |
| Engineer              | 0                          | 0                      | 20,800                    | 2,000                         | 5,000            |                        |
| Administration        | 8,921                      | 0                      | 9,200                     | 9,200                         | 9,500            |                        |
| Construction          | 0                          | 0                      | 0                         | 0                             | 0                |                        |
| Pay-Go KB             | 0                          | 0                      | 0                         | 0                             | 106,000          |                        |
| CDA Loans/Grants      |                            |                        |                           |                               |                  |                        |
| Bond Issue Exp        | 0                          | 21,675                 | 0                         | 21,675                        | 0                |                        |
| Principal             | 147,547                    | 723,949                | 246,298                   | 849,248                       | 285,973          |                        |
| Interest              | 109,649                    | 102,820                | 160,413                   | 175,305                       | 130,856          |                        |
| <b>Total Expenses</b> | <b>269,759</b>             | <b>848,444</b>         | <b>444,211</b>            | <b>1,057,878</b>              | <b>555,329</b>   | <b>+25.01%</b>         |