



**TOWN OF HARTFORD SELECTBOARD & SCHOOL BOARD OF DIRECTORS PUBLIC HEARINGS AGENDA  
FOR PROPOSED BOND FOR THE RENOVATION OF THE WILDER SCHOOL, PROPOSED PURCHASE  
PROPERTY ADJACENT TO THE SUPERINTENDENT'S OFFICE ON HIGHLAND AVENUE AND  
PROPOSED TAX INCREMENT FINANCING DISTRICT IMPROVEMENTS BOND.**

Tuesday, February 5, 2019 @ 6:00 P.M.

Hartford Town Hall

171 Bridge Street

White River Junction, Vermont 05001

- I. Call to Order the Public Hearing for Proposed Bond for The Renovation of The Wilder School.
- II. Proposed Bond for the Renovation of the Wilder School.
- III. Close the Public Meeting for the Proposed Bond for the Renovation of The Wilder School.
- IV. Call to Order the Public Hearing for the Voter Authorization to Purchase Property Adjacent to the Superintendent's Office on Highland Avenue.
- V. Proposed Voter Authorization to Purchase Property Adjacent to the Superintendent's Office on Highland Avenue.
- VI. Close the Public Meeting for the Proposed Voter Authorization to Purchase Property Adjacent to the Superintendent's Office on Highland Avenue.
- VII. Call to Order Public Hearing Tax Increment Financing District Improvement Bond.
- VIII. Proposed Tax Increment Financing District Improvement Bond.
- IX. Close Public Hearing for Tax Increment Financing District Improvement Bond.



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# **Hartford's Tax Increment Financing (TIF) District for Downtown White River Junction**

## **2019 First Public Hearing for TIF Projects and Bond**

### **February 5, 2019**



# What is Tax Increment Financing (TIF)?

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- ❖ A way for the Town to stimulate private investment in Downtown WRJ, and generate new local and state education property tax revenue.
- ❖ New public infrastructure is needed for that private development to occur.
- ❖ The Town uses 75% of the new Town and State property tax revenue generated from growth in private property values in an approved TIF District to finance, over time, the cost of the public infrastructure. This is the “Increment”
- ❖ Allows the Town to leverage a portion of the growth in State property tax revenue that would not be available otherwise.







# How Hartford's TIF District Works

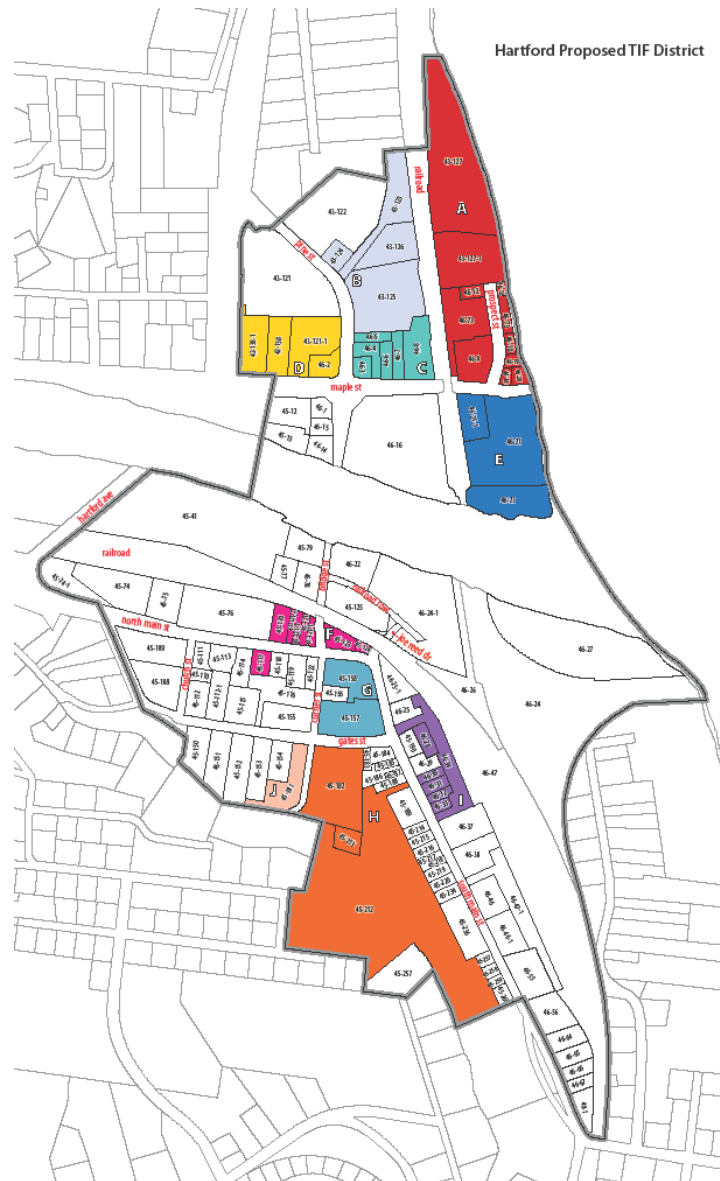
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- ❖ Hartford's White River Junction TIF District became effective as of April 1, 2011.
- ❖ The State approved the TIF District based on the Town's plan for \$13 million of public infrastructure improvements needed for anticipated redevelopment in Downtown White River Junction.



# Hartford Downtown WRJ TIF District





# How Hartford's TIF District Works

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- ❖ Town and State education property values in the TIF District were set when the TIF District became effective. These were:
  - ❖ Municipal = \$31,842,000
  - ❖ State = \$31,799,200
- ❖ The net increase in these values is the basis for calculating the 75% of new Town and State tax revenue “increment” that goes into the Hartford TIF District fund.



# Example TIF Revenue Distribution



## FY 2019 TIF District Revenue

In FY 2019 the Town Grand List property values in the TIF District increased to \$55,644,300, a growth of \$23,751,500 since 2011.

- ❖ \$231,501 increase in TIF District Town property taxes in FY19

75% = \$173,626 goes to Hartford TIF District Fund

25% = \$ 57,875 goes to Hartford General Fund

- ❖ \$388,693 increase in TIF District State property taxes in FY 19

75% = \$291,520 goes to Hartford TIF District Fund

25% = \$ 97,173 goes to State Education Fund

**In FY 2019, \$465,145 added to the TIF District Fund**



# How Hartford's TIF District Works

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- ❖ Town has 10 years to incur debt for TIF District infrastructure projects – deadline is March 31, 2021.
- ❖ Town has 20 years from the first debt incurred to collect (retain) State TIF funds and Town TIF funds to cover the loan payments – deadline is June 2034.
- ❖ After March 31, 2021 the Town submits revised TIF District Finance Plan to State to determine how much of the projected State and Town TIF revenue retained through 2034 is needed to retire the debt incurred and related cost incurred and planned –
  - ❖ i.e., if last debt incurred in 2021 and was for 20 years, last payment from TIF funds could be in 2041.
- ❖ State funds remaining after all debt and related costs are satisfied are returned to the State.



# How Hartford's TIF District Works

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- ❖ As Town infrastructure projects in the TIF District Plan are ready to be implemented:
  - ❖ Hartford Selectboard authorizes specific projects and costs, related costs and financing mechanisms for consideration at a publically warned town vote. Funding can be through a voter approved bond and/or other voter approved financing mechanisms.
  - ❖ The Vermont Economic Progress Council approves specific projects for consistent with the approved Hartford TIF District Plans prior to each Town vote.



# Use of TIF Funding to Date

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- ❖ Hartford's approved TIF District Financing Plan is for \$13,000,000 of infrastructure improvement projects.

- ❖ To date, have approved

FY 2014	\$ 900,000
FY 2016	\$ 900,000
<u>FY 2017</u>	<u>\$1,926,000</u>
TOTAL	\$3,726,000

Balance in TIF Finance Plan = \$9,274,000





# Approved TIF Projects to Date

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In 2014, voters approved:

- ❖ \$900,000 bond for the first TIF project – reconstruct and realign Prospect Street, including utilities, pedestrian walkways, lighting and landscaping.
- ❖ Infrastructure project is completed.
- ❖ 2 new office buildings are completed, generating new TIF tax revenue to pay the bond note.
- ❖ Potential for development of 1 additional new building.



# Approved TIF Projects to Date

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In 2016, voters approved:

- ❖ \$700,000 for related costs, engineering, permitting and construction of stormwater and wastewater improvements serving North Main Street, from Church Street across to Currier Street, to address stormwater system capacity and wastewater issues. Project in design.
- ❖ \$200,000 for related costs and improvements to Town parking lot (behind former Legion Building) that serves businesses, residents and visitors in the downtown. Small expansion underway and proceeding with engineering analysis for improvements and future expansion



# Approved TIF Projects to Date

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In 2017, voters approved:

- ❖ Extension of Currier Street from Gates Street to Town parking lot (behind former Legion Building) to South Main Street. Completion anticipated in 2019.
- ❖ Sidewalk, curbing, streetlights & street trees along North Main Street, from Bridge Street to Joe Reed Drive. Completed
- ❖ Design & engineering of water line, Gates Street from South Main Street to Church Street; North Main Street from Bridge Street to Joe Reed Drive; South Main Street from Joe Reed Drive to Nutt Lane. Substantially completed.
- ❖ Design & engineering of stormwater, sewer line, road, retaining wall and sidewalk on South Main Street, between Joe Reed Drive and Nutt Lane. Substantially completed



# Overview Proposed 2019 TIF Project



## South Main St, North Main St & Gates St Construction, and Related Costs - Estimate Cost = \$5,477,000

- ❖ Rehabilitation or replacement of very old underground sanitary sewer, stormwater, and water infrastructure systems.
- ❖ Installation of Green stormwater infrastructure and landscaping reduces impact on system, improves water quality and streetscape.
- ❖ Reconstruction of the roadway, including new and replacement sidewalk, curbing, lighting, bike lanes, crosswalks, and other improvements where needed for improved vehicular, pedestrian and bicycle circulation and safety.

South Main St: ~2,200 ft; North Main St: ~200 ft; Gates St: ~920 ft

- ❖ South Main Street Retaining Wall Repairs for vehicular and pedestrian safety.
- ❖ Related costs include such items as, permitting, legal, audits, outside consultants, District administration, project development, and financing estimated at \$100,000 in aggregate.













03.25.2016





03.25.2016





03.25.2016





03.25.2016







# Stormwater Improvements - Need



- ❖ Mainline on South Main Street  
36", 30", and 27" Reinforced Concrete
- ❖ 12" to 18" diameter pipe elsewhere
- ❖ Inlet structures are a mix of brick and concrete



- ❖ Hydrological Analysis of the existing systems indicated the system can convey a 100-year Storm Event over 24hrs.



# Stormwater Recommended Improvements

- ❖ Combination of replacement and rehabilitation
- ❖ South Main Street
  - ~895 ft of new stormwater pipe
  - ~18 structures will be replaced
  - ~16 structures will be added to help address ponding
- ❖ North Main Street
  - 1 structure will be replaced
- ❖ Gates Street
  - ~340 ft of new stormwater pipe
  - ~9 structures will be replaced
- ❖ Supports redevelopment of properties in TIF District along South Main and North Main Streets.



# Sanitary Sewer - Need

- ❖ Mainline on South Main Street
  - Original 12", 15", and 18" diameter Vitrified Clay
  - Structures are mainly brick



- Early 1900's construction
- Ground and surface water infiltrates into system increasing wastewater treatment volumes





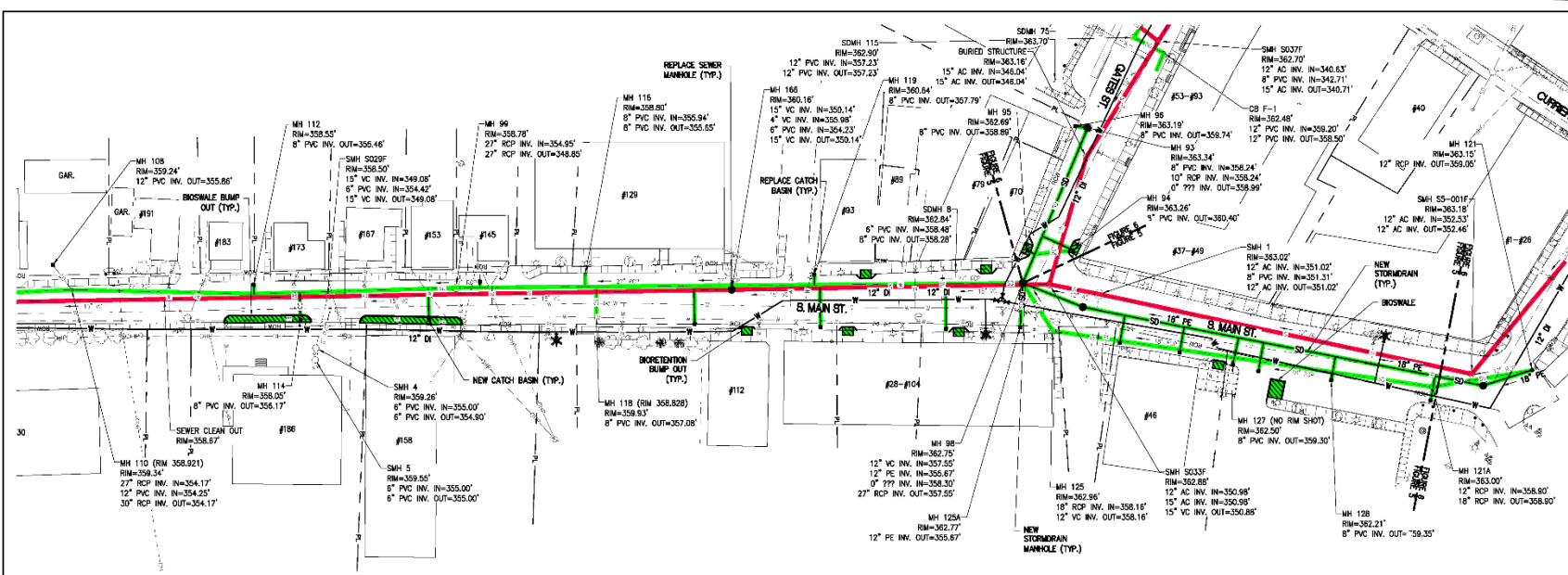
# Sanitary Sewers Recommended Improvements

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- ❖ Combination of Replacement and Rehabilitation
- ❖ South Main Street
  - ~2000 ft of Sewer pipe will be lined
  - ~10-12 structures will be rehabilitated
  - ~1 structure will be replaced
- ❖ North Main Street
  - ~110 ft of Sewer pipe will be lined
  - ~2 structures will be rehabilitated
- ❖ Gates Street
  - ~885 ft of Sewer pipe will be lined
  - ~8-10 structure will be rehabilitated
  - ~2 structures will be replaced
- ❖ Supports redevelopment of properties in TIF District along South Main and North Main Streets.





**AE**  
Aldrich & Elliott  
WATER RESOURCE ENGINEERS  
6 Main Street, Suite 2  
Lewiston, VT 05467  
P: 802.879.7733  
Aldrich@ae.com

DATE	NO.	DESCRIPTION	REVISION

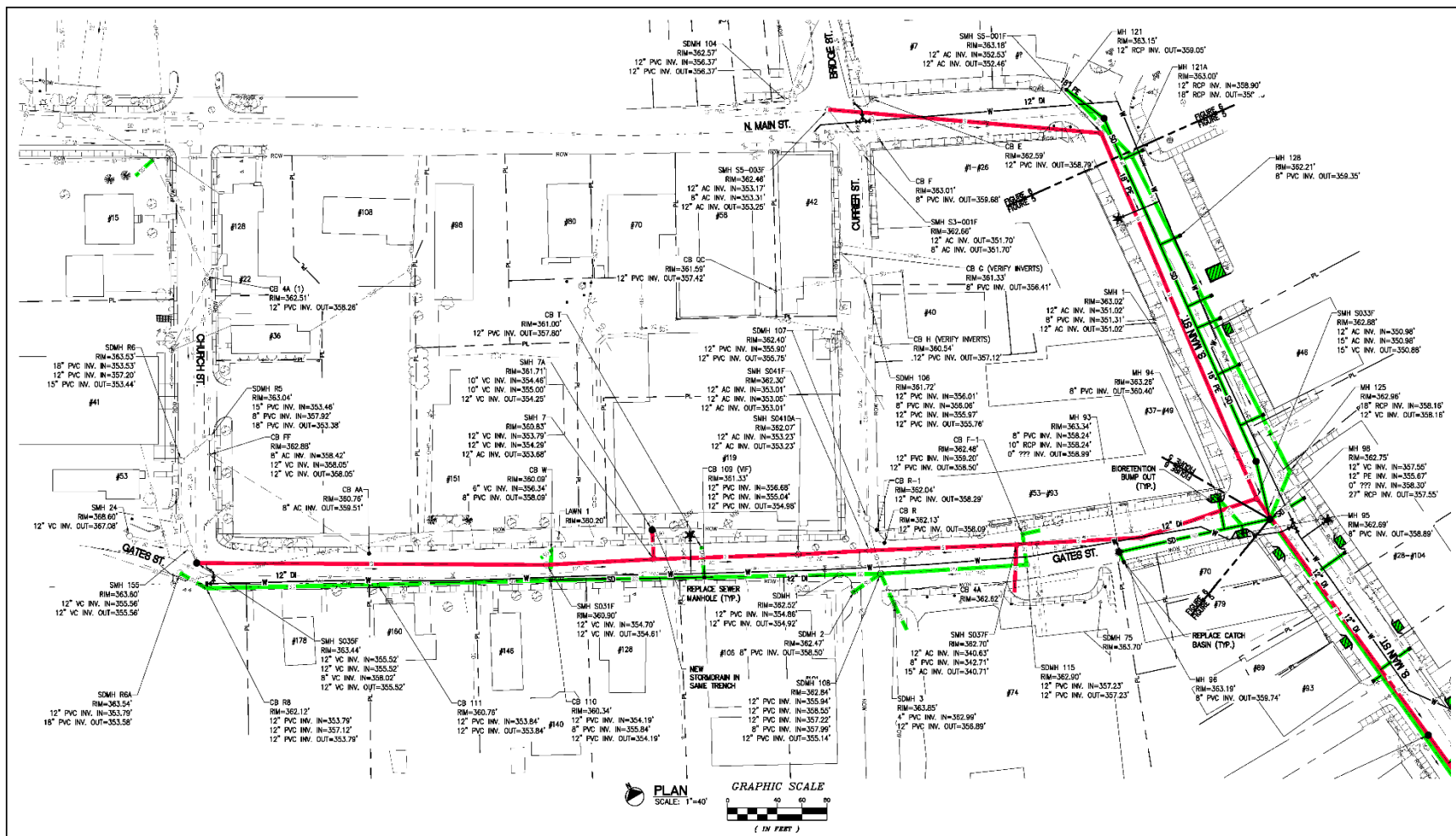
TOWN OF  
HARTFORD,  
VERMONT

SOUTH MAIN,  
NORTH MAIN, AND  
GATES STREET

SOUTH MAIN STREET  
PROPOSED PLAN

DESIGNED BY	PROJECT NO.
CHK	18018
DRAWN BY	
CHK	
CHECKED BY	
WAT	
DATE	
AUG. 2018	





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P. 802.879.7733  
AE@engr.com

CHECKED	DATE
DESCRIPTION	DATE

TOWN OF  
HARTFORD,  
VERMONT

SOUTH MAIN,  
NORTH MAIN, AND  
GATES STREET

GATES AND NORTH  
MAIN STREET  
PROPOSED PLAN

DESIGNED	PROJECT NO.
JSK	18018
DRAWN	FIGURE
JEN	6
CHECKED	DATE
WAC	AUG. 2018



# Water - Need

- ❖ Original 1900's cast iron waterlines still in service.
- ❖ South Main & North Main Streets have hydraulic deficiency.
- ❖ New larger waterlines will complete a hydraulic loop in the system for redundancy.
- ❖ S. Main St has 2 original parallel 8" cast iron & ductile iron lines.
  - 5 fire hydrants serviced by ductile iron waterline
  - Customers serviced by cast iron waterline
- ❖ North Main Street serviced by 8" cast iron waterline
  - 0 fire hydrants
- ❖ Gates Streets is serviced by 8" cast iron waterline
  - 2 fire hydrants



# Water Recommended Improvements

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## ❖ South Main Street

- ~2,200 ft of new 12" waterline
- New fire hydrants
- New water services

## ❖ North Main Street

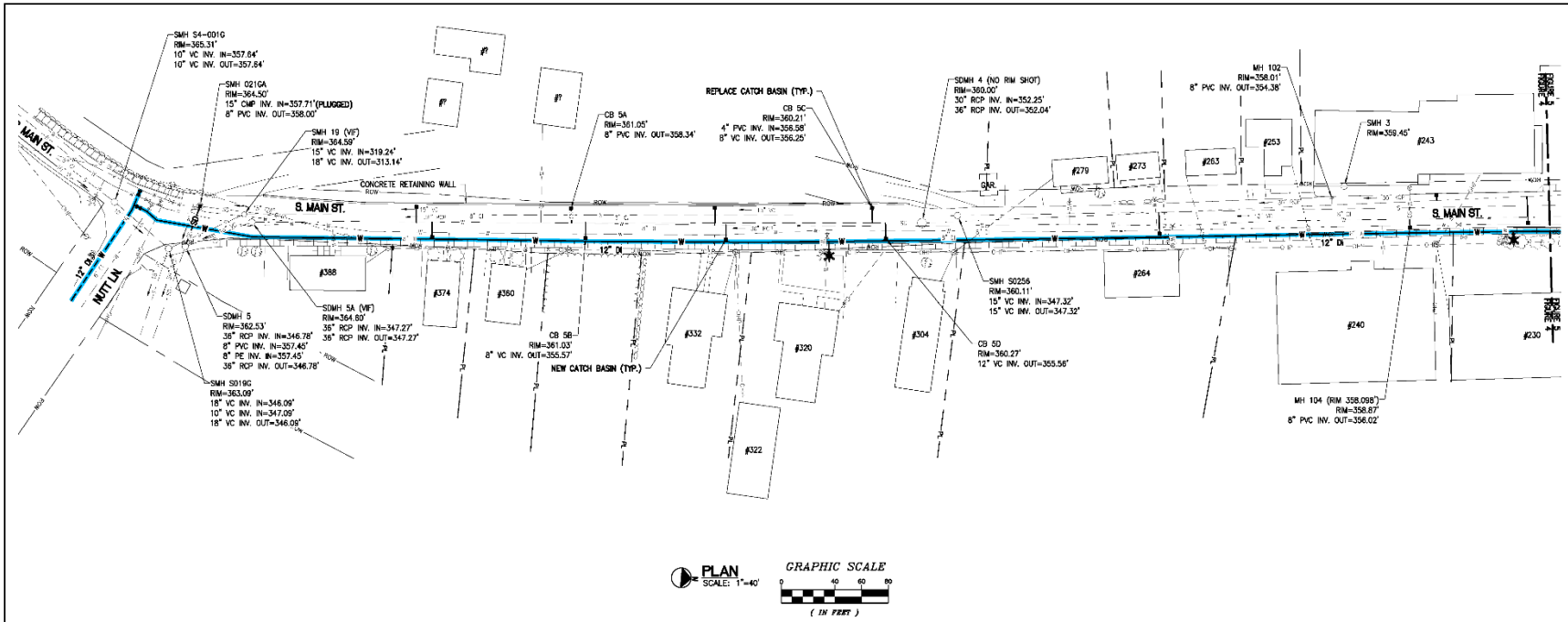
- ~200' of new 12" waterline
- New water services

## ❖ Gates Street

- ~920 ft of new 12" waterline
- New fire hydrants
- New water services

## ❖ Supports redevelopment of properties in TIF District along South Main, North Main and Gates Streets.





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NO.	DATE	REVISION	DESIGNED

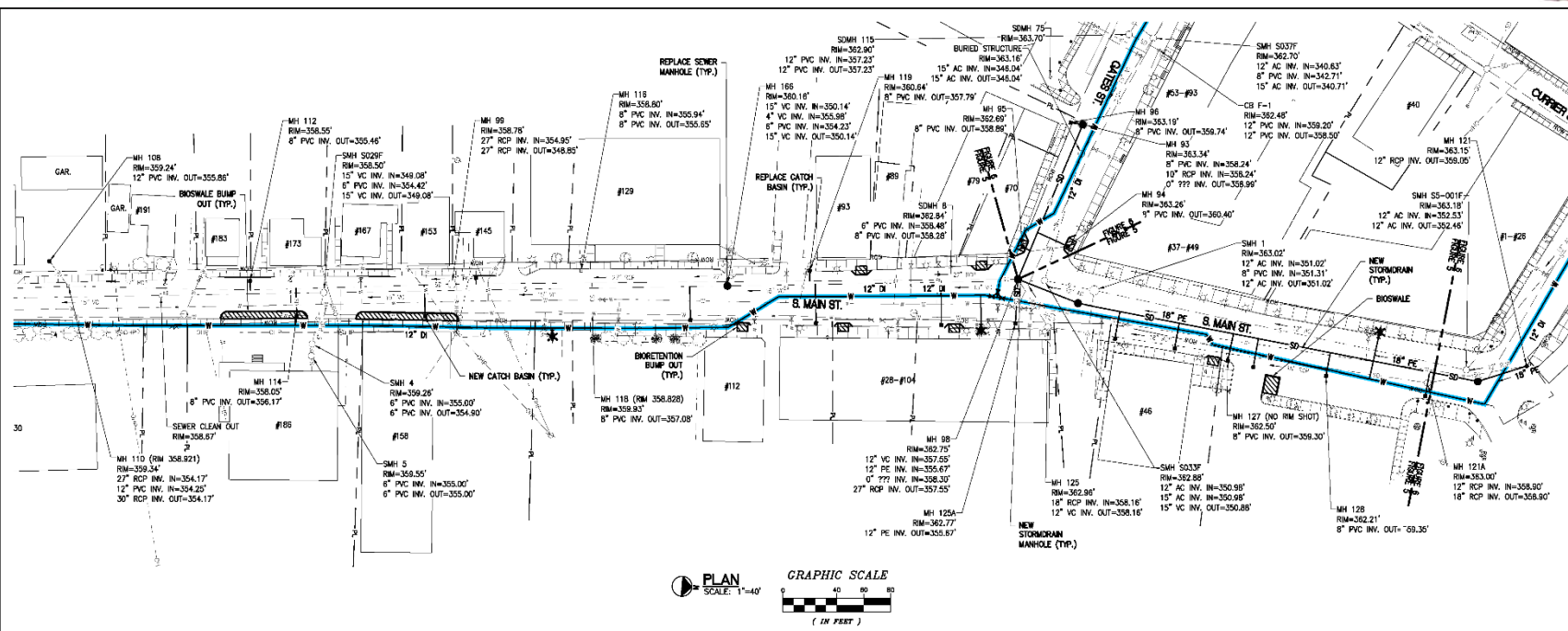
TOWN OF  
HARTFORD,  
VERMONT

SOUTH MAIN,  
NORTH MAIN, AND  
GATES STREET

SOUTH MAIN STREET  
PROPOSED PLAN

DESIGNED	APPROVED
JSK	18018
DRAWN	JEH
CHECKED	WAE
DATE	AUG. 2018

FIGURE  
4



**AE**  
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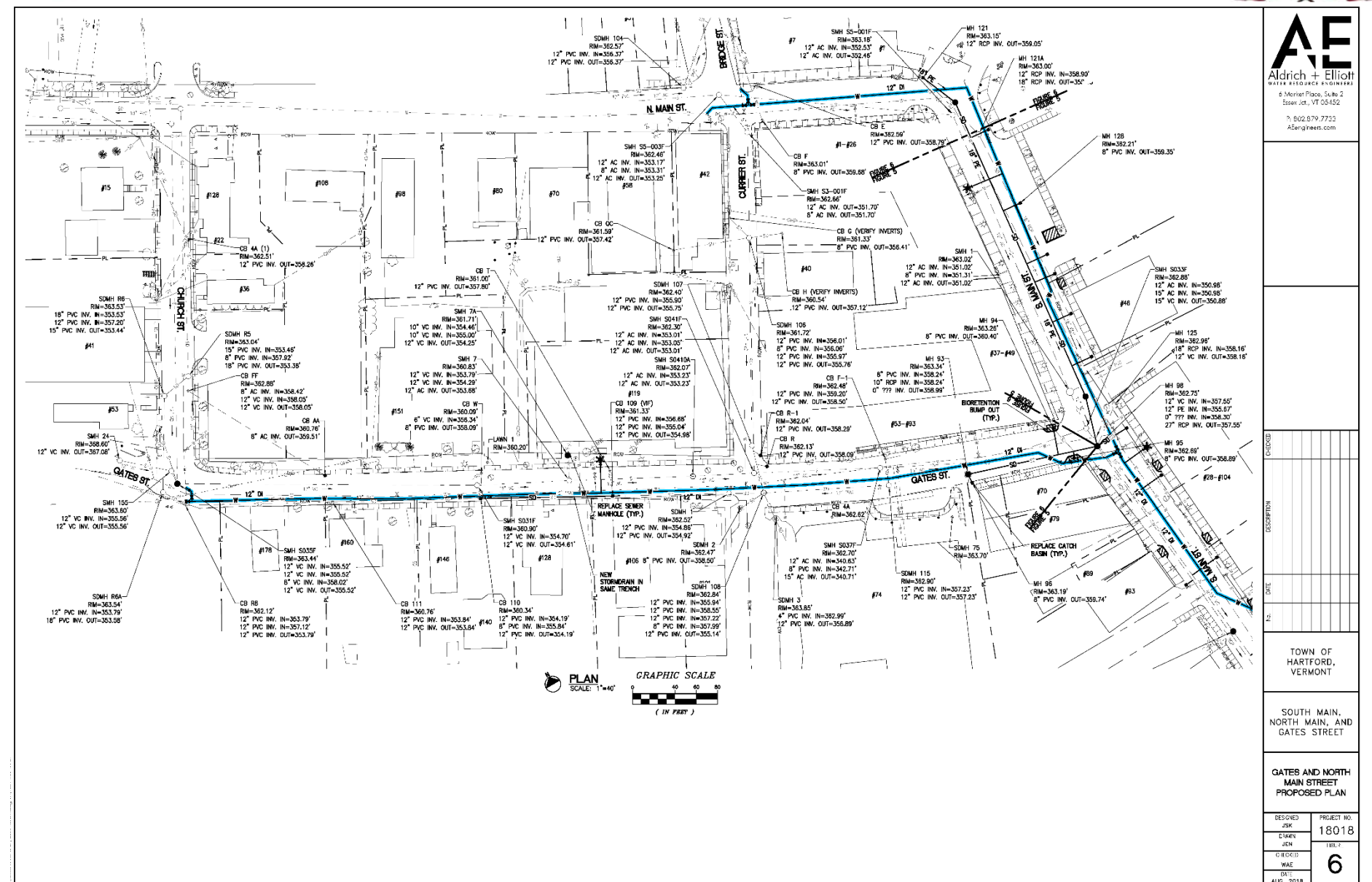
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TOWN OF  
HARTFORD,  
VERMONT

SOUTH MAIN,  
NORTH MAIN, AND  
GATES STREET

SOUTH MAIN STREET  
PROPOSED PLAN

DESIGNED JKK	PROJECT NO. 18018
DRAWN JEN	
CHECKED WAE	
DATE AUG. 2018	



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DATE	DESCRIPTION

TOWN OF  
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VERMONT

SOUTH MAIN,  
NORTH MAIN, AND  
GATES STREET

GATES AND NORTH  
MAIN STREET  
PROPOSED PLAN

DESIGNED JMK	PROJECT NO. 18018
DRAWN JEN	
CHECKED WAE	6
DATE AUG. 2018	





# Street - Need

- ❖ Pavement integrity has been compromised
- ❖ Curbing and sidewalks are damaged
- ❖ Existing grades create low areas and ponding during rainfall events
- ❖ Portions of the existing retaining wall shows signs of movement and instability





# Street Recommended Improvements

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- ❖ New Pavement Surface
- ❖ Curb and Sidewalk replacement in select areas
- ❖ Lighting Improvements in select areas
- ❖ Landscaping
- ❖ Retaining Wall Repairs
- ❖ Supports redevelopment of properties in TIF District along South Main, North Main and Gates Streets.



# Funding: TIF District Property Values

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Since the establishment of the TIF District in 2011:

- ❖ Actual TIF District property value growth in FY 2019 = \$23,751,500
- ❖ Projected TIF District property value growth for FY 2020 = \$28,735,300 (increase of \$4,983,800)





# Funding: TIF Property Tax Revenue

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\$504,179 TIF tax revenue fund balance July 1, 2018 (FY 19)  
- \$237,262 FY 2019 annual TIF project debt payments  
\$266,917 FY 2019 TIF tax revenue carryover to FY 2020  
+\$560,144 Est. FY 2020 TIF tax revenue added to TIF fund  
\$827,061 Est. TIF tax fund balance for use in FY 2020  
- \$234,271 FY 2020 annual TIF project debt payments  
- \$ 42,552 2016 stormwater project debt payment begins  
\$550,238 Estimated TIF Fund Balance in FY 2020



# 2019 Proposed Project Cost/Debt Details



Two financing scenarios for the proposed 2019 TIF Project showing the TIF tax revenue fund cash flow over the life of the financing plan:

1. Using bond funds for the entire \$5,477,000\* project cost if the State RLF loans are not obtained.
  - ❖ 3.54% net interest (projected)
  - ❖ 20-year term, debt payments to begin Fall 2019 or Spring 2020 (FY 2021) depending on bond float date.
  - ❖ Total estimated debt over the life of the debt is estimated at \$7,596,226 including principal, interest and fees.

\*Engineers Estimate



# Proposed TIF Project Cost & Debt Details

2. Using a combination of bond funds and State revolving loan funds. Total estimated debt over the life of the debt is estimated at \$7,172,365 including principal, interest and fees.

## **Sewer and Stormwater Improvements** (\$1,975,000\*)

- ❖ Complete Engineering and Bid Process in 2019 for construction in 2020
- ❖ Use State CWSRF Revolving Loan Fund at 2% interest, 20-year term, debt payments to begin Fall 2021 (FY 2022)

## **Water Improvements** (\$1,767,000\*)

- ❖ Complete Engineering and Bid Process in 2019 for construction in 2020
- ❖ Use State DWSRF Revolving Loan Fund at +3% interest, 20-year term, debt payments to begin Fall 2021 (FY 2022)

## **Street, Streetscape, Lighting, Landscaping, Retaining Wall Improvements** (\$1,735,000\*)

- ❖ Complete Engineering and Bid Process in 2019 for construction in 2020
- ❖ Use VT Bond Bank at 3.54% interest, 20-year term, debt payments to begin Fall 2019 or Spring 2020 (FY 2021) depending on bond float date





# Cash Flow



- ❖ 20-year retention of State TIF Education property tax revenue ends June 2034 (FY 2034)
- ❖ Debt for proposed projects ends in FY 2040 or FY 2041 depending on funding scenario.
- ❖ Based just on new property value growth since 2011 from development already or expected to be completed in 2020 (no new projects), projected cash flow through the end of the 20-year debt period shows \$927,058 to \$1,350,918 shortfall depending on funding scenario.
- ❖ Projected cash flow through end of debt period shows \$927,058 to \$1,350,918 shortfall depending on funding scenario.
- ❖ Although some Town funds may be needed at the very end of the debt period, by using the TIF program, the Town is able to cover approximately 82% to 87% of cost (depending on the financing) for infrastructure improvements that eventually need to be done.
- ❖ By doing the improvements now the Town is providing infrastructure needed for increased private development that will generate additional new tax revenue.



# Cash Flow



- ❖ If TIF revenue received is insufficient to pay the principal and interest on the TIF debt in any year, for whatever reason, including a decrease in property value or repeal of the education property tax source, unless determined otherwise at the time of such repeal, the Town is liable for the full payment of the principal and interest for the term of debt.
- ❖ Some options to address shortfall:
  - ❖ New tax revenue from potential new development in the future such as redevelopment of the RT 14/Pine Street Area, development on South Main Street, 3<sup>rd</sup> Prospect Street building.
  - ❖ Use of Town enterprise funds for portion or all of water improvements or loan payments now or in the future.
  - ❖ Continuing retention of Town increment beyond 2034 (TIF required absent other options) for 3-5 years projected to retire the debt.



# Warrant Language



ARTICLE 27. Shall the Selectboard be authorized to pledge the credit of the Town of Hartford to secure indebtedness evidenced by general obligation bonds or notes, and to make direct payments from the tax increment and other revenue generated within the Hartford White River Junction Tax Increment Financing District in an aggregate amount not to exceed \$5,477,000, for the purpose of (1) funding public infrastructure and capital improvements, and paying related costs attributed to such District improvements, namely, the engineering, design, permitting and construction of public sidewalk, road, streetscape, lighting, water, stormwater, sanitary sewer, retaining wall and on South Main Street, North Main Street, and Gates Street, and (2) paying or reimbursing eligible related costs, District administrative costs, audits, advances, interfund loans and third party public infrastructure costs for such improvements and any previously approved District improvements, (3) pledging and appropriating the District's tax increment in the amount of \$5,477,000 plus allowable interest





# Warrant Language



and fees, for the payment of such indebtedness, related costs, advances and reimbursements for the South Main Street, North Main Street, and Gates Street improvements, and any previously approved District improvements, and (4) using any unexpended proceeds of bonds or notes previously issued or voter authorized, to finance the cost of District improvements and related costs for the South Main Street, North Main Street, and Gates Street improvement and any previously approved District improvements.

The legal voters of the Town are notified that, of the \$3,726,000 of tax increment secured obligations, including related costs, authorized on March 4, 2014, March 1, 2016 and March 7, 2017, to date \$3,026,000 of the tax increment has been pledged, as evidenced by the Town's July 1, 2014 \$900,000 and August 2, 2017 \$2,126,000 Tax Increment Financing District Improvement Bonds.



# Questions or Comments

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Contact your Selectboard Members  
or

Lori Hirshfield, Director,  
Department of Planning and  
Development Services

802-295-3075

[Lhirshfield@hartford-vt.org](mailto:Lhirshfield@hartford-vt.org)

[www.hartford-vt.org](http://www.hartford-vt.org)

## **Public Information Notice Hartford White River Junction Tax Increment Financing (TIF) District Article # 27 on March 5, 2019**

**This year's Town Meeting warning will contain a warrant item for a \$5,477,000 TIF Project, financed with a Bond or other financing mechanisms, and/or using TIF revenues directly to pay for the engineering, design, permitting and construction of public sidewalk, road, streetscape, lighting, water, stormwater, sanitary sewer, and retaining wall improvements on South Main Street, North Main Street, and Gates Street, and for TIF related costs including legal, District administration, project development and financing, within the Hartford White River Junction Tax Increment Financing (TIF) District.**

### **What is TIF?**

An important piece of revitalizing Downtown WRJ is public investment in public infrastructure, such as sidewalks, roads, sewer and water lines, streetlights, landscaping and parking. Tax Increment Financing, TIF, is a way for the Town to stimulate private investment in Downtown WRJ, and generate new local and state education property tax revenue.

New public infrastructure is needed for that private development to occur. Knowing that the Town has a plan to invest in public infrastructure in an approved TIF District, property owners and developers decide to invest in developing or renovating their properties.

The Town uses 75% of the new Town and State property tax revenue generated from the private investment and the resulting growth in private property values in the TIF District to finance, over time, the cost of the public infrastructure. This is the "Increment".

TIF allows the Town to leverage a portion of this new growth in State property tax revenue that would not be available otherwise.

### **How does this work in Hartford's Downtown White River Junction TIF District?**

Town and State education property values in the TIF District were set when the TIF District became effective in 2011. These were: Municipal = \$31,842,000 State = \$31,799,200

The net increase in these values is the basis for calculating the 75% of new Town and State tax revenue "increment" that goes into the Hartford TIF District fund.

TIF projects, related costs and the mechanism for financing these costs must be approved by Town wide vote.

**In 2014**, voters approved a \$900,000 bond for the first TIF project – reconstruction and realignment of Prospect Street, including the roadway, utilities, pedestrian walkways, lighting and landscaping for phase one of a multi-phase private redevelopment project. That Town road is now completed. The new 38,600 sq ft private office building, valued at \$5,388,700, is constructed and a second 10,000 sf building was constructed and occupied in 2016. The private development of two new buildings covers the debt payments for the Prospect Street bond payments. A third building is expected in the future.

**In 2016**, voters approved:

- \$700,000 for related costs, engineering, permitting and construction of stormwater and wastewater improvements serving North Main Street, from Church Street across to Currier Street, to address stormwater system capacity and wastewater issues. The project is in design.
- \$200,000 for related costs and improvements to Town parking lot (behind former Legion Building) that serves businesses, residents and visitors in the downtown. A small expansion is underway and proceeding with engineering analysis for improvements and future expansion.



In 2017, voters approved:

- Extension of Currier Street from Gates Street to the Town parking lot (behind former Legion Building) to South Main Street. Completion anticipated in 2019.
- Sidewalk, curbing, streetlights & street trees along North Main Street, from Bridge Street to Joe Reed Drive are completed.
- Design & engineering of water line, Gates Street from South Main Street to Church Street; North Main Street from Bridge Street to Joe Reed Drive; South Main Street from Joe Reed Drive to Nutt Lane are substantially completed.
- Design & engineering of stormwater, sewer line, road, retaining wall and sidewalk on South Main Street, between Joe Reed Drive and Nutt Lane are substantially completed.

### **What are the details for the 2019 proposed TIF public infrastructure projects?**

#### **South Main, North Main & Gates St Construction, and Related Costs - Estimate Cost = \$5,477,000**

- Rehabilitation or replacement of very old underground sanitary sewer, stormwater, and water infrastructure systems.
- Installation of Green stormwater infrastructure and landscaping to reduce the impact on the system, improve water quality and support the streetscape.
- Reconstruction of the roadway, including new and replacement sidewalk, curbing, lighting, bike lanes, crosswalks, and other improvements where needed to improve vehicular, pedestrian and bicycle circulation and safety.
- South Main Street: ~2,200 ft
- North Main Street: ~200 ft
- Gates Street: ~920 ft
- South Main Street Retaining Wall repairs for vehicular and pedestrian safety.

#### **Stormwater Recommended Improvements**

- Combination of replacement and rehabilitation
- South Main Street
  - ~895 ft of new stormwater pipe
  - ~18 structures will be replaced
  - ~16 structures will be added to help address ponding
- North Main Street
  - 1 structure will be replaced
- Gates Street
  - ~340 ft of new stormwater pipe
  - ~9 structures will be replaced
- Supports redevelopment of properties in TIF District along South Main and North Main Streets.

#### **Sanitary Sewers Recommended Improvements**

- Combination of Replacement and Rehabilitation
- South Main Street
  - ~2000 ft of Sewer pipe will be lined
  - ~10-12 structures will be rehabilitated
  - ~1 structure will be replaced
- North Main Street
  - ~110 ft of Sewer pipe will be lined
  - ~2 structures will be rehabilitated
- Gates Street
  - ~885 ft of Sewer pipe will be lined
  - ~8-10 structure will be rehabilitated
  - ~2 structures will be replaced.
- Supports redevelopment of properties in TIF District along South Main and North Main Streets.

#### **Water Recommended Improvements**

- South Main Street
  - ~2,200 ft of new 12" waterline
  - New fire hydrants
  - New water services

- North Main Street
  - ~200' of new 12" waterline
  - New water services
- Gates Street
  - ~920 ft of new 12" waterline
  - New fire hydrants
  - New water services
- Supports redevelopment of properties in TIF District along South Main, North Main and Gates Sts.

#### **Street Recommended Improvements**

- New Pavement Surface
- Curb and Sidewalk replacement in select areas
- Lighting Improvements in select areas
- Landscaping
- Retaining Wall Repairs
- Supports redevelopment of properties in TIF District along South Main, North Main and Gates Streets.

#### **Related Costs**

- These include such items as, permitting, legal, audits, outside consultants, District administration, project development, and financing.
- Estimated amount is \$100,000 in aggregate.

### **What are the proposed TIF project cost & debt details?**

There are two financing scenarios for the proposed 2019 TIF Project showing the TIF tax revenue fund cash flow over the life of the financing plan:

1. Using bond funds for the entire \$5,477,000\* project cost if the State RLF loans are not obtained.
  - 3.54% net interest (projected)
  - 20-year term, debt payments to begin Fall 2019 or Spring 2020 (FY 2021) depending on bond float date.
  - Total estimated debt over the life of the debt is estimated at \$7,596,226 including principal, interest and fees.
2. Using a combination of bond funds and State revolving loan funds. Total estimated debt over the life of the debt is estimated at \$7,172,365 including principal, interest and fees. (\* Engineer's Estimate)

#### **Sewer and Stormwater Improvements (\$1,975,000\*)**

- Complete Engineering and Bid Process in 2019 for construction in 2020
- Use State CWSRF Revolving Loan Fund at 2% interest, 20-year term, debt payments to begin Fall 2021 (FY 2022)

#### **Water Improvements (\$1,767,000\*)**

- Complete Engineering and Bid Process in 2019 for construction in 2020
- Use State DWSRF Revolving Loan Fund at +3% interest, 20-year term, debt payments to begin Fall 2021 (FY 2022)

#### **Street, Streetscape, Lighting, Landscaping, Retaining Wall Improvements (\$1,735,000\*)**

- Complete Engineering and Bid Process in 2019 for construction in 2020
- Use VT Bond Bank at 3.54% interest, 20-year term, debt payments to begin Fall 2019 or Spring 2020 (FY 2021) depending on bond float date

### **What is the current TIF revenue and debt payment cash flow?**

- FY 2019 actual TIF District property value growth since the 2011 TIF District approval = \$23,751,500
- Projected TIF District property value growth for FY 2020 = \$28,735,300 (increase of \$4,983,800)

\$504,179	TIF tax revenue fund balance July 1, 2018 (FY 2019)
- \$237,262	FY 2019 annual TIF project debt payments
\$266,917	FY 2019 TIF tax revenue carryover to FY 2020
<u>+ \$560,144</u>	<u>Est. FY 2020 TIF tax revenue added to TIF fund</u>
\$827,061	Est. TIF tax fund balance for use in FY 2020
- \$234,271	FY 2020 annual TIF project debt payments
<u>- \$ 42,552</u>	<u>2016 stormwater project debt payment begins</u>
\$550,238	Estimated TIF Fund Balance in FY 2020

### What is the projected cash flow and debt repayment plan for the proposed 2019 TIF project?

- 20-year retention of State TIF Education property tax revenue ends June 2034 (FY 2034).
- Debt for proposed project ends in FY 2040 or FY 2041 depending on the funding scenario.
- Projected TIF revenue through FY 2034 covers debt through FY 2036 or 2038 depending on the funding scenario.
- Based just on new property value growth since 2011 from development already completed or expected to be completed in 2020 (no new projects), projected cash flow through the end of the 20-year debt period shows \$927,058 to \$1,350,918 shortfall depending on the funding scenario.
- Although some Town funds may be needed at the very end of the debt period, by using the TIF program, the Town is able to cover approximately 82% to 87% of cost (depending on the financing) for infrastructure improvements that eventually need to be done.
- By doing the improvements now the Town is providing infrastructure needed for increased private development that will generate additional new tax revenue.
- If TIF revenue received is insufficient to pay the principal and interest on the TIF debt in any year, for whatever reason, including a decrease in property value or repeal of the education property tax source, unless determined otherwise at the time of such repeal, the Town is liable for the full payment of the principal and interest for the term of debt.
- Some options to address shortfall:
  - New tax revenue from potential new development in the future such as redevelopment of the RT 14/Pine Street Area, development on South Main Street, 3<sup>rd</sup> Prospect Street building.
  - Use of Town enterprise funds for a portion or all of the water improvements or loan payments now or in the future.
  - Continuing retention of Town increment beyond 2034 (TIF required absent other options) for 3-5 years is projected to retire the debt.

### What is the Warrant language?

**ARTICLE 27:** Shall the Selectboard be authorized to pledge the credit of the Town of Hartford to secure indebtedness evidenced by general obligation bonds or notes, and to make direct payments from the tax increment and other revenue generated within the Hartford White River Junction Tax Increment Financing District in an aggregate amount not to exceed \$5,477,000, for the purpose of (1) funding public infrastructure and capital improvements, and paying related costs attributed to such District improvements, namely, the engineering, design, permitting and construction of public sidewalk, road, streetscape, lighting, water, stormwater, sanitary sewer, retaining wall and on South Main Street, North Main Street, and Gates Street, and (2) paying or reimbursing eligible related costs, District administrative costs, audits, advances, interfund loans and third party public infrastructure costs for such improvements and any previously approved District improvements, (3) pledging and appropriating the District's tax increment in the amount of \$5,477,000 plus allowable interest and fees, for the payment of such indebtedness, related costs, advances and reimbursements for the South Main Street, North Main Street, and Gates Street improvements, and any previously approved District improvements, and (4) using any unexpended proceeds of bonds or notes previously issued or voter authorized, to finance the cost of District improvements and related costs for the South Main Street, North Main Street, and Gates Street improvement and any previously approved District improvements.

The legal voters of the Town are notified that, of the \$3,726,000 of tax increment secured obligations, including related costs, authorized on March 4, 2014, March 1, 2016 and March 7, 2017, to date \$3,026,000 of the tax increment has been pledged, as evidenced by the Town's July 1, 2014 \$900,000 and August 2, 2017 \$2,126,000 Tax Increment Financing District Improvement Bonds.



*For questions or more information, contact your Selectboard Members or Lori Hirshfield, Director of the Hartford Department of Planning and Development Services, at 802-295-3075 or [Lhirshfield@hartford-vt.org](mailto:Lhirshfield@hartford-vt.org), or the Town's Website at [www.hartford-vt.org](http://www.hartford-vt.org).*