

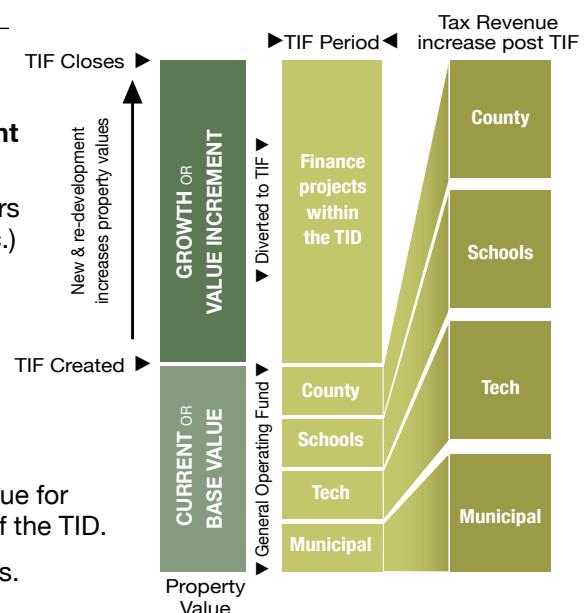
What is a TID/TIF?

A TID is **the most powerful tool for economic development** in the municipal toolkit!

1. A TID is a defined area or district which needs **economic development** and/or **public improvement**.
2. The value of the land before the TID is the **base value**. Property owners continue to pay taxes to the taxing entities (school district, county, etc.) on the **base value** throughout the life of the TID.
3. When a property is improved, its value goes up. The value (above the base) is the **value increment** which is diverted to the TID and used to finance projects within the TID for the life of the TID (27 years).
4. A TID is created where “but for” the TID the type, value and timing of development would not occur.
5. A win-win. The taxing entities **forgo taxes on annual increases** in value for the life of the TID in **anticipation of increased revenue** at the close of the TID.

TID - Tax Incremental District is the land area associated with the projects.

TIF - Tax Incremental Financing is how the city funds the projects.



What are Benefits of a TID?

TIDs help the City fund economic development and public improvement projects that:

- ✓ Eliminate / prevent blight
- ✓ Increase and diversify tax base
- ✓ Create jobs
- ✓ Remove social hazards
- ✓ Assist with environmental clean-up
- ✓ Improve transportation / utility services

A TID is NOT...

- ✓ A way to increase/change property values/assessments.
- ✓ A tool the City can use to condemn properties or give the City more eminent domain power.
- ✓ A way for property owners within TID boundaries to avoid paying taxes.

 **Seller's Advantage:** Increased funding options, provided by a TID, are a welcomed incentive to help property buyers finance redevelopment plans.

What is the Criteria for Funding Projects?

Every project is evaluated on its own merits

FEASIBILITY

- ✓ Is there market demand for the project?
- ✓ Can it meet City code requirements?
- ✓ Are the development costs reasonable for a project of this type?

NEED

- ✓ Is there a gap in the proposed financing structure?
- ✓ Are there “extraordinary costs” specific to this site?
- ✓ “But for” the use of TIF, would this development succeed?

IMPACT

- ✓ What other benefits does the project provide to the City (jobs, visitors, affordable housing, etc.)?
- ✓ Are there any adverse impacts/costs (increased parking demand, public services and infrastructure) that should be considered as well?

Awards subject to project-specific agreement approved by City Council.



How many TIDs can a City have?

State law requires a limit of no more than 12% of the total equalized value of a City to be in a TID. Watertown is at about 4.5%.

Currently, the City has four active TIDs:

- | | |
|------------------------------|---------------------------------------|
| #4 - west side business park | #5 - central riverfront |
| #6 - old hospital site | #7 - industrial area north of airport |

Proposed Boundaries for TID #8

- 18 acres
- 100 parcels
- Predominantly mixed-use
- 73 overlapping parcels with TID #5
- 68.5% of TID #8 needs rehabilitation or conservation which far exceeds the 50% threshold.

TID #8 centers around new development projects

TID #8 centers around the City's new downtown development projects including:

- Town Square
- Future development
South of Town Square, North Water Street, and south of the former Johnsonville site
- Library Remodel and Expansion
- Riverwalk
- Bridge Reconstruction

Why is TID #8 being created now?

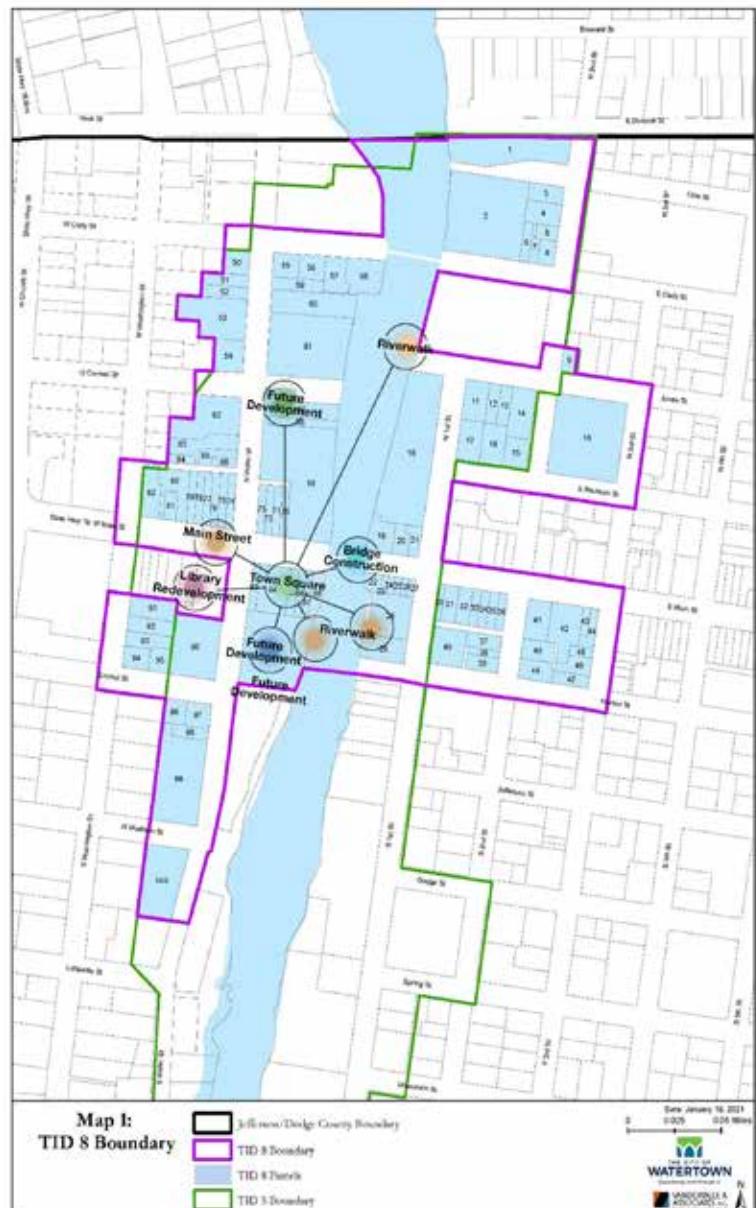
TID #8 is the **only tool** the City has to stimulate economic development within the targeted geographical area outlined in the TID #8 proposal.

Without TID #8, projects will not occur nor move forward at the pace and magnitude needed to revitalize Watertown's downtown area to take full advantage of the RDA and City's investment in the new **town square and main street business redevelopment**.

A number of developers and local investors are asking the City to create a TID to help finance key projects. **If TID #8 is not created, developers will not proceed with projects.** Opportunity for Watertown will be lost.

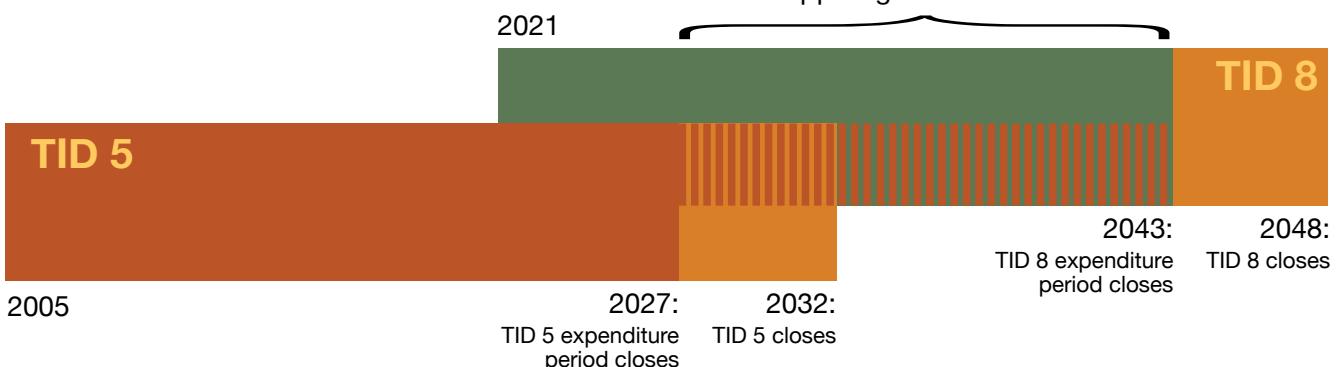
The City and RDA are using the TID to actively pursue businesses and developers to locate in the TID.

Timing is everything. Because there's a limit to the number of years a TID can be open and produce funding, the City didn't want to create a TID too early and waste valuable financing years or too late and lose potential developers who benefit from the TID.

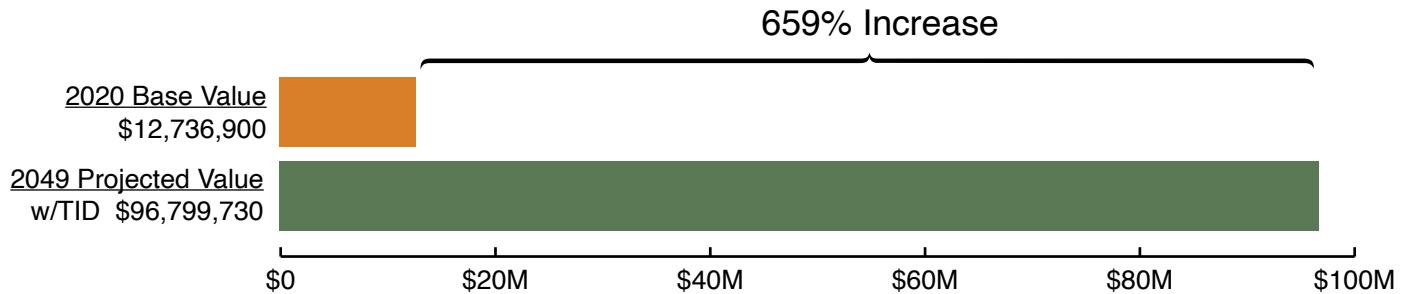


Why does TID #8 overlap TID #5?

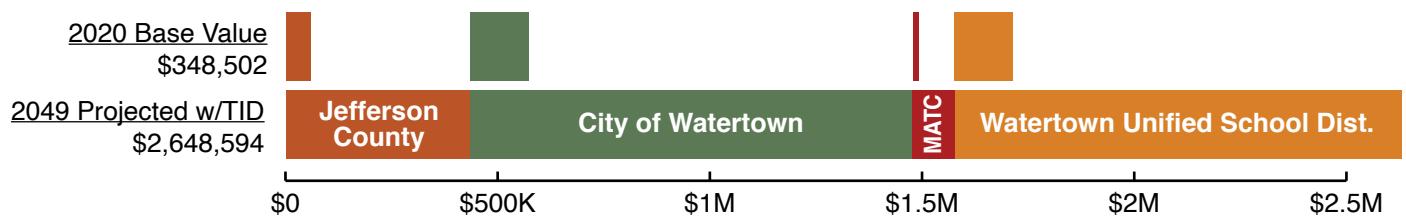
TID #5 still has **great potential but only 6 years left in the expenditure period**. TID #8 will extend funding to 73 property owners in TID #5 to receive an **additional 16 years** of access to funding for redevelopment, repairs, and new construction.



Projected Property Value Growth of TID #8



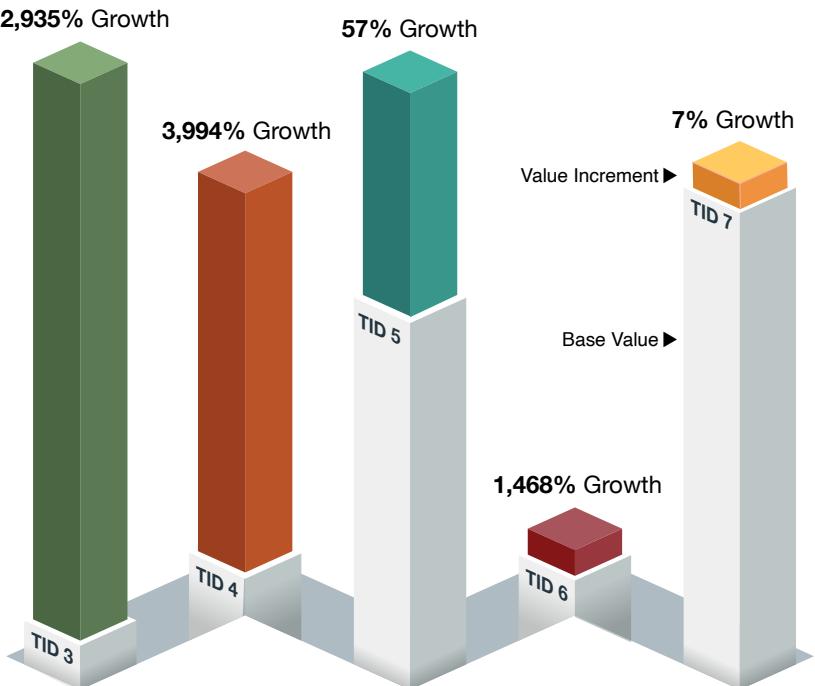
Projected Tax Revenue Growth of TID #8



Watertown TID Performance

TID	Closing Year	\$ Base Value	\$ Value Increment	\$ Total Value
#3	2018	2,081,800	61,110,500	63,192,300
#4	2025	1,047,600	41,843,800	42,891,400
#5	2032	39,631,000	22,885,800	62,516,800
#6	2032	225,800	3,316,300	3,542,100
#7	2042	42,443,600	3,082,000	45,525,600

These compare to a growth in value of **2% for the City of Watertown** as a whole over the last decade.



FAQ - TID/TIF Myths

- Creating a TID alone will drive incremental tax revenues.
NO - Active recruitment and management are required.
- Properties in the TID don't pay taxes.
NO - They pay the same taxes as all others in the City.
- Schools & other taxing bodies don't get taxes from TID.
NO - Taxing bodies receive taxes from the TID base.
- Taxes on the rest of the City go up because of TIDs.
NO - Expenditures in TID are paid with TID revenues.

- Creating a TID requires the City to spend money and issue bonds.
NO - Expenditures & borrowings are optional, not required.
- Money from TIDs can be spent elsewhere in the community.
NO - Expenditures are only permitted within or adjacent to the TID.
- When a TID closes, the municipality gets to keep all of the money.
NO - Any remaining funds are split with all taxing bodies.

City Council Approves a TID for Downtown Growth Corridor

The Watertown Common Council unanimously approved Tax Incremental District (TID) 8 which targets 18 acres in downtown Watertown for redevelopment and private development investment. Parcels, numbering 100, are predominantly mixed-use with 65.8% needing rehabilitation or conservation, a number that far exceeds the 50% threshold set by the State.

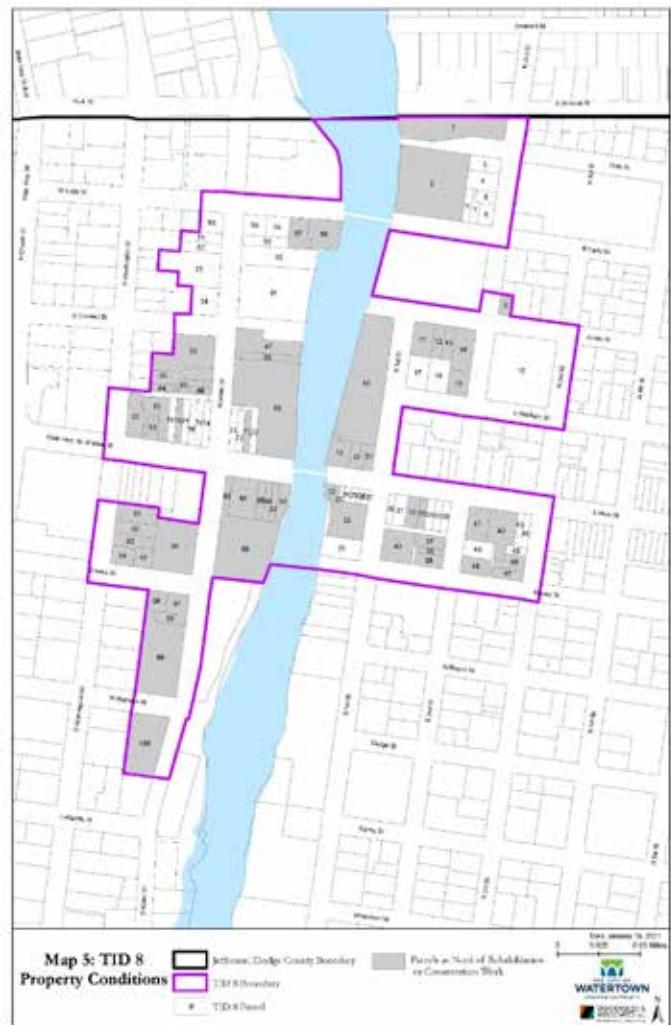
TID 8, which will include 73 parcels in TID 5, centers around downtown redevelopment projects including the town square, planned developments to the south of the town square, along North Water Street, south of the former Johnsonville site, the Library remodel and expansion, the Riverwalk, and Bridge reconstruction.

"The best way to position ourselves [City of Watertown] for projects coming down the pike is to create TID 8," said Mayor Emily McFarland, "TID 8 is being created in order to encourage the development and redevelopment in areas where we are seeing a lot of public investment and private development interest. However, without TID 8, we likely will not see the private development come to fruition."

When a city has a large amount of public interest and a large amount of high value improvements to be made, a TID is one of the few tools a city has in its toolbox to incentivize and assist in filling the gap that could exist in a project. "We, as a City, don't create TIDs where they don't make sense," she continued. "We feel with the resources municipalities have, this is the next best step for us in order to make sure that the interest percolating around this area of town has the best chance of success."

Watertown TIDs are successful as evidenced by recently released statistics. TID 3, which closed in 2018, reported a 2,935% growth in value. TID 4, closing in 2025, is on track with a 3,994% growth in total value to date. TID 5 has seen a 57% growth in value since its inception in 2005 and TID 6, set to close in 2032, reported a 1,468% growth in value. TID 7, the City's newest TID, has grown 7% in value so far. It is set to close in 2042. These compare to a growth in value of only 2% for the City as a whole over the last decade.

The base value of TID 8 is \$12,736,900. Its value increment (increase above its base value) is



projected to be \$84,062,830 with a total end value of \$96,799,730. Projected tax revenue growth is a 660% increase or \$2,300,092.

"My biggest message to share is...we don't expect you to understand the ins and outs of TIDs. What I do want, and what I would ask of you, is to ask us questions. We want you to feel empowered with answers. We don't want you to have concerns that go unaddressed. We want the opportunity to explain what a TID can provide you as a business, land owner, and resident. We want to help you operate from a position of knowledge versus concern," concluded McFarland.

Scott Harrington, AICP, Principal Planner with Vandewalle & Associates, Inc. is assisting the City in creating and implementing TID 8.