

Town of Windsor Locks
Tax Increment Financing Policy
Adopted October 4, 2016



Adopted by the Windsor Locks Board of Selectman -----

Introduction

Tax Increment Financing (TIF) is a local economic development tool, permitted under Connecticut law, that allows municipalities to use all, or a portion of the tax revenues generated from a new capital investment to assist in that project's financing. TIF is designed to encourage industrial, commercial, retail or mixed-use development; increase employment opportunities; and broaden the tax base of the Town of Windsor Locks.

The purpose of this Policy is to provide a framework for the Town by which applications for TIF can be evaluated. Notwithstanding compliance with any or all of the guidelines below, the creation of a TIF District is a policy choice to be evaluated on a case-by-case basis by the Windsor Locks Economic and Industrial Development Commission and the Board of Selectmen.

The burden of establishing the public value of a TIF shall be placed upon the applicant and the application must substantially meet the criteria contained herein. The Board of Selectmen, however, reserves the right to consider any TIF proposal provided a majority of the Board believes that acceptance of the TIF is in the best interest of the Town of Windsor Locks.

The authority for creation of Tax Increment Financing Districts is established in State Law, P.A. 15-57 – An Act Establishing Tax Increment Financing Districts.

General Provisions

Applications for Tax Increment Financing (whether initiated by the Town or requested by a developer or business) will be considered by Town staff and the Economic and Industrial Development Commission (EIDC), with all final approvals vested with the Board of Selectmen and Town Meeting. Amendments to existing TIFs will follow this process. The terms and specific details of each TIF agreement are developed on a case by case basis. The First Selectman and the Selectman's designated departments will negotiate for the Town based on the merits of the project and this policy, following the process laid out in the Application Requirements Section. In developing the application, the applicant (the Town or the developer) shall meet the following basic provisions, as well as the policies and requirements stipulated in subsequent sections.

TIF Agreements. TIF is a tool that permits a municipality to participate in local project financing by using some or all of the new property taxes from a capital investment within a designated geographic district. The Town has the right to retain TIF proceeds for public infrastructure improvements or TIF eligible expenses. The municipality has the option of using the "incremental" taxes to fund eligible municipal economic development activities, retire bonds it has issued for the project, or reimburse a developer or business for development project costs (via a Credit Enhancement Agreement) .

TIF Districts may be designated for up to 50 years. The designation of a TIF district requires proper notice, a local public hearing, an advisory opinion of the Planning and Zoning

Commission, Board of Selectmen approval, and the majority vote of the municipal legislative body (Town Meeting).

- Eligible Expenses. Eligible TIF expenses include but are not limited to: (A) capital costs, including, but not limited to, (i) the acquisition or construction of land, improvements, infrastructure, public ways, parks, buildings, structures, railings, street furniture, signs, landscaping, plantings, benches, trash receptacles, curbs, sidewalks, turnouts, recreational facilities, structured parking, transportation improvements, pedestrian improvements and other related improvements, fixtures and equipment for public use, (ii) the acquisition or construction of land, improvements, infrastructure, buildings, structures, including facades and signage, fixtures and equipment for industrial, commercial, residential, mixed-use or retail use or transit-oriented development, (iii) the demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures and fixtures; (iv) environmental remediation; (v) site preparation and finishing work; and (vi) all fees and expenses associated with the capital cost of such improvements, including, but not limited to, licensing and permitting expenses and planning, engineering, architectural, testing, legal and accounting expenses; (B) financing costs, including, but not limited to, closing costs, issuance costs, reserve funds and capitalized interest; (C) real property assembly costs; (D) costs of technical and marketing assistance programs; (E) professional service costs, including, but not limited to, licensing, architectural, planning, engineering, development and legal expenses; (F) maintenance and operation costs; (G) administrative costs, including, but not limited to, reasonable charges for the time spent by municipal employees, other agencies or third-party entities in connection with the implementation of a district master plan; and (H) organizational costs relating to the planning and the establishment of the tax increment district, including, but not limited to, the costs of conducting environmental impact and other studies and the costs of informing the public about the creation of tax increment districts and the implementation of the district master plan.
- Documentation. The applicant is required to provide all documentation associated with the application. This documentation becomes the basis by which the project's implementation is reviewed for compliance with final approvals.
- Geographic Boundaries. The Town reserves the right, during the application process, to establish the size of the district necessary to meet the needs of the applicant or to meet the needs of infrastructure or other municipal improvements deemed necessary by the community.
- Personal Property. Personal property shall not be included in the calculations for the TIF.
- Excess Funds. TIF agreements that include a CEA shall include a provision that directs any excess funds after the CEA is satisfied to be directed to what is outlined in the Development Program.

THE FOLLOWING 4 ITEMS MAY APPLY TO TIFs THAT INCLUDE CREDIT
ENHANCEMENT AGREEMENTS ONLY

Credit Enhancement Agreement

If the TIF funds are to be used to reimburse a developer or business for development project costs, a Credit Enhancement Agreement (CEA) is created. The CEA, or contract between the municipality and developer or business, is a mechanism to assist the development project by using all, or a percentage of, the tax revenues generated by the new investment to pay certain authorized project costs with payment made directly to the developer or business.

- Amount of Funds. The TIF funds reimbursed/returned to the developer (via a CEA) will not exceed, over time, the amount of funds agreed to in the TIF document. The applicant is required to submit all documentation that will justify the expenditure to be reimbursed as estimated in the TIF agreement.
- Terms. Terms shall be negotiated between the Town and the applicant on a case-by case basis.
 - Agreements can extend between 1 and 10 years; and up to 100% of the incremental value can be captured depending upon the merits
- Suspension and Recapture of Benefits. The Credit Enhancement Agreements shall contain provisions for the suspension, termination, and/or recapture of benefits to the applicant. These actions will occur when the applicant does not meet the compliance standards outlined in this document. This would also include any statements or representations made by the applicant which would have a bearing on the Board of Selectmen's decision to participate in a TIF and at what level. The agreements shall also provide for the termination and/or recapture of benefits from the applicant if the applicant relocates all or a substantial portion of the Windsor Locks operation outside the town, during the term of the agreement.
- Level of Funding Adjustments. During the application process and during the life of the TIF (and CEA), the applicant shall demonstrate that the funds are being used at appropriate levels for the purpose intended. If the level of funds the applicant receives exceeds the projected need, the amount returned to the applicant shall be adjusted.

Level of Municipal Participation

The Town will use various criteria to determine participation including those listed below:

- The value of the proposed public infrastructure
- The project creates public infrastructure facilities that have application beyond the particular development, such as improvements to traffic patterns, parking facilities, access to water, the incorporation of sustainable technologies, green space, or environmental remediation

- The project is generally consistent with goals and actions stated in the Town's Plan of Conservation and Development
- The project assists an established business in the Town of Windsor Locks, thus retaining existing employment opportunities
- The project brings a new business to the community that is consistent with one of the business sectors identified below
- The project supports, or will support, local efforts and programs that assist in the development of the following business sectors: light manufacturing, the creative economy, medical industry, lodging, eco-tourism, manufacturing, advanced technologies for forestry & agriculture, biotechnology, composite materials technology, environmental technology, financial services, information technology
- The project creates long-term, permanent, and quality employment opportunities
- The project contributes to the unique quality of the Main Street area, commercial and industrial districts or other areas in need of redevelopment
- The project improves a blighted building site that will benefit from rehabilitation
- The project supports or will support community projects, provides job training, provides student internships, supports local contractors and suppliers

Application Requirements for projects that include a Credit Enhancement Agreement

Applicants for a Credit Enhancement Agreement should demonstrate that the Town of Windsor Locks' participation is economically necessary and that participation is needed to undertake the project. Such justification is demonstrated by:

- The financial need to offset public infrastructure costs unique to the project or site
- The project is one that is supported in Windsor Locks' Plan of Conservation and Development, in its capital improvement program, or in other supporting documents recognized by the community
- The developer demonstrates the financial capacity to undertake the project and provides evidence in support of this capacity. Evidence will include but is not limited to:
 - o Development budget and pro-forma
 - o Financial commitments of project lenders
 - o A project implementation plan and schedule

All such information shall be kept confidential. Town staff and Board of Selectmen will agree to a non-disclosure agreement, if deemed necessary.

- The project creates incremental tax value equal to or greater than \$50,000 over the life of the agreement, excluding personal property.
- The developer is compliant with all statutory and regulatory guidelines of the Town of Windsor Locks and the State of Connecticut
 - Windsor Locks and the State of Connecticut

Application Process

The EIDC, in consultation with the Planning Department, will coordinate all activities regarding applications for Tax Increment Financing Districts, possible CEAs, and TIF Amendments. It is understood that the TIF process can precede other local approvals; however, the final TIF approval may be conditioned on receiving such approvals. Working with applicants, the EIDC will coordinate the following process:

- Phase 1: The EIDC Staff will provide information on Windsor Locks' Tax Increment Financing program to the applicants and discuss the merits of the project proposal(s). Where appropriate, the staff will reach out to obtain preliminary input from Town departments, including the First Selectman, Tax Assessor, Town Attorney, Town Planner, Code Enforcement Officer, Director of Public Works, Director of Public Safety, and advise applicants on the findings of Town staff.
- Phase 2: The applicant shall file an application with the Town including the District Master Plan. The District Master Plan should include all of the information required under State law. EIDC staff shall review the application for completeness and then submit the application to the EIDC for their review and recommendation to the Board of Selectman.
- Phase 3: The Board of Selectmen will determine whether the application is an appropriate use of TIF funding or not. If so, the Board of Selectmen will schedule at least one public hearing on the proposed District approval and at least ninety days prior to establishing a tax increment district transmit the district master plan to the Planning and Zoning Commission for a written advisory opinion.
- Phase 4: The Board of Selectmen will consider recommending the District Master Plan to Town Meeting.
- Phase 5: Present the District Master Plan to Windsor Locks Town Meeting for its action.
- Phase 6: During implementation, the designated departments will monitor ongoing public and private investments in the particular development project to insure their compliance with Findings of Fact and the policies contained herein.

Application Fee.

All developer or business applicants are required to:

- Submit a non-refundable application fee at the time of final submission to the Town
- Reimburse the Town of Windsor Locks for all legal, staff, and consulting costs and any additional expenses whether or not an application is approved.
- At the time of final application submission, a deposit of \$1,500 will be made by the applicant into a fund to be used to reimburse the Town for staff time and any other direct expenses like required legal fees. Any funds not used during that time may be returned when the construction project is completed.
- Applications will be provided by the Windsor Locks Economic and Industrial Development Commission, Windsor Locks Town Hall, 50 Church Street, Windsor Locks, CT 06096

Waiver Provisions

The Board of Selectmen may waive the provisions of this policy. The decision to do so shall be made by applying the intent of the following guidelines to insure that the project remains within the general parameters of Windsor Locks' economic and community development vision.

Criteria to be considered when granting the waiver include:

- Consistency with the Windsor Locks Plan of Conservation and Development;
- Consistency with the Town's economic and community development vision;
- Consistency with other local, state and federal rules;
- Evidence of need; and,
- Capacity to carry out the project.

Modifications to the TIF Policy

This Policy may be modified at any time by a majority of the Board of Selectmen after the Board has entertained comments and concerns at a properly advertised public hearing to be held prior to, or simultaneously with, the Board meeting at which the proposed amendment will be considered.

Appendix 1 - TIF/Credit Enhancement Agreement Application (requested by developer)

Name of Applicant:	
Applicant's Address:	
Applicant's Phone:	Applicant's e-mail:
Business Contact Person:	
Principal Place of Business:	
Company Structure (e.g. corporation, sub-chapter S, etc.):	
Names of Officers:	
Principal Owner(s) Name:	
Place of Incorporation:	
Location of Project: (map/lot)	
Brief Project Description: (new building, square footage, use)	
Reason for the TIF and Credit Enhancement Request:	
Estimated project cost:	
Current value of land and existing development:	
Public benefit anticipated:	
Preferred duration of credit enhancement benefit:	
Preferred amount of credit enhancement benefit:	
Projected project completion date:	
Estimated completion percentage for next two years:	
Anticipated additional development within the next 5 years:	
Waivers requested if any:	

Disclosure

1. Check the public purpose that will be met by the business using this incentive (any that apply):		
<input type="checkbox"/> job creation	<input type="checkbox"/> job retention	<input type="checkbox"/> capital investment
<input type="checkbox"/> training investment	<input type="checkbox"/> tax base improvement	<input type="checkbox"/> public facilities improvement
<input type="checkbox"/> other (list):		
2. Check the specific items for which TIF revenues will be used (any that apply):		
<input type="checkbox"/> real estate purchase	<input type="checkbox"/> machinery & equipment purchase	<input type="checkbox"/> training costs
<input type="checkbox"/> debt reduction	<input type="checkbox"/> other (list):	

EMPLOYMENT GOALS

List the company's goals for the number, type and wage levels of jobs to be created or retained as part of this TIF development project.

A. Job Creation Goals			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical			\$
2. Administrative Support, inc. Clerical			\$
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing			\$
5. Maintenance, Construction, Production, & Transportation			\$
B. Job Retention Goals			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical			\$
2. Administrative Support, inc. Clerical			\$
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing			\$
5. Maintenance, Construction, Production, & Transportation			\$
<i>* Please use the Occupational Cluster descriptions on the next page to complete this form.</i>			

INSTRUCTIONS

A. Job Creation Goals. Please list the number, type and wage level of jobs created as a result of the economic development incentive. NOTE: For this form, “full-time” employment means 30 hours or more; “part-time” employment means less than 30 hours. “Wage level” means the average annual wage paid for jobs created within an occupational cluster, e.g. either their annual salary, or their hourly wage times their annual hours. Also, “type” means “occupational cluster” which refers to the 12 categories defined below. Please include the number of your

employees (both full-time and parttime) working within the category that most closely reflects their job duties.

B. Job Retention Goals. Please list the number, type and wage level of jobs retained as a result of the economic development incentive. Part B should be completed using same definitions in Part A.

OCCUPATIONAL CLUSTERS

1. EXECUTIVE, PROFESSIONAL & TECHNICAL

Executive, administrative and managerial. Workers in executive, administrative and managerial occupations establish policies, make plans, determine staffing requirements, and direct the activities of businesses and other organizations. Workers in management support occupations, such as accountant and auditor or underwriter, provide technical assistance to managers.

Professional specialty. This group includes engineers; architects and surveyors; computer, mathematical, and operations research occupations; life, physical, and social scientists; lawyers and judges; social, recreational, and religious workers; teachers, librarians, and counselors; health diagnosing, assessment, and treating occupations; and communications, visual arts, and performing arts occupations.

Technicians and related support. This group includes health technologists and technicians, engineering and science technicians, computer programmers, tool programmers, aircraft pilots, air traffic controllers, paralegals, broadcast technicians, and library technicians.

2. ADMINISTRATIVE SUPPORT, INCLUDING CLERICAL

Administrative support, including clerical. Workers in this group prepare and record memos, letters and reports; collect accounts; gather and distribute information; operate office machines; and handle other administrative tasks.

3. SALES AND SERVICE

Marketing and sales. Workers in this group sell goods and services, purchase commodities and property for resale, and stimulate consumer interest.

Service. This group includes a wide range of workers in protective, food and beverage preparation, health, personal, private household, and cleaning and building services.

4. AGRICULTURE, FORESTRY AND FISHING

Agriculture, forestry and fishing. Workers in these occupations cultivate plants, breed and raise animals, and catch fish.

5. MAINTENANCE, CONSTRUCTION, PRODUCTION AND TRANSPORTATION

Mechanics, installers, and repairers. Workers in this group adjust, maintain, and repair automobiles, industrial equipment, computers, and many other types of machinery.

Construction trades and extractive. Workers in this group construct, alter, and maintain buildings and other structures or operate drilling and mining equipment.

Production. These workers set up, adjust, operate, and tend machinery and/or use hand tools and hand-held power tools to make goods and assemble products.

Transportation and material moving. Workers in this group operate the equipment used to move people and materials. This group also includes handlers, equipment cleaners, helpers, and laborers who assist skilled workers and perform routine tasks.