

MEMORANDUM

www.whitewater-wi.gov
Telephone: (262) 473-0104
Fax: (262) 222-5901

To: Community Development Authority
From: John Weidl, City Manager
Date: 6/18/2024

Re: **Subject: Implementation of the "But For" Test Evaluation Worksheet for TIF Projects**

Dear Members of the Community Development Authority,

In our ongoing effort to promote transparency, fairness, and consistency in evaluating potential Tax Increment Financing (TIF) projects, I am pleased to introduce the "But For" Test Evaluation Worksheet. This tool has been developed in accordance with best practices outlined by state law and aims to provide a structured, objective framework for assessing the viability and necessity of TIF assistance for proposed development projects.

Purpose and Rationale

The "But For" Test Evaluation Worksheet is designed to help determine whether a proposed development project meets the "but for" standard required for TIF approval in Wisconsin. This standard ensures that TIF support is granted only to projects that would not proceed without such assistance. By implementing this worksheet, we aim to enhance our decision-making process, address the concerns of critics, and ensure that public funds are used effectively to support meaningful economic development.

Evaluation Criteria

The worksheet includes ten key criteria, each rated on a scale from 1 to 10, to comprehensively assess a project's need for TIF support and its potential benefits to the community. The criteria are as follows:

1. **Necessity of TIF for Development:** Evaluates whether the project would proceed without TIF support.
2. **Economic and Community Impact:** Assesses the project's alignment with the municipality's economic strategy and land-use plans.
3. **Benefits to Taxpayers:** Measures the feasibility of TIF expenditure and benefits to taxpayers.
4. **Management and Oversight:** Evaluates the clarity of roles and responsibilities for managing the TIF.
5. **Impact on Local Services:** Assesses the potential strain on local services and mitigation plans.
6. **Risk Assessment:** Evaluates financial and operational risks and mitigation strategies.
7. **Job Creation:** Measures the number and quality of jobs the project will create.
8. **Developer's Public Subsidy Needs:** Assesses the justification for the developer's need for public subsidy.
9. **Assurances and Guarantees:** Evaluates the assurances and guarantees provided by the developer to ensure project success.
10. **Documentation and Compliance:** Measures adherence to statutory requirements and completeness of documentation.

Scoring and Threshold

Each criterion is rated from 1 to 10, with the total possible score being 100 points. A project must score at least 70 points to be considered as meeting the "but for" standard. This threshold ensures that only projects with a demonstrated need for TIF support and substantial benefits to the community receive assistance.

Benefits of the Worksheet

1. **Transparency:** Provides a clear, documented process for evaluating TIF projects, addressing concerns about the decision-making process.
2. **Fairness:** Ensures all projects are assessed using the same criteria, promoting an equitable evaluation process.
3. **Consistency:** Standardizes the evaluation process, making it easier to compare different projects and make informed decisions.

Conclusion and Application


The introduction of the "But For" Test Evaluation Worksheet marks a significant advancement in our commitment to responsible fiscal management and strategic economic development. This robust framework ensures that public funds are used judiciously and effectively for TIF projects. I strongly recommend that the CDA adopts this worksheet for future evaluations to promote transparency, fairness, and consistency.

To illustrate its practical application, I used the worksheet to evaluate two projects with information available in the CDA packet. The Slater Project, a multifamily development at Moraine View Parkway, scored 77 out of 100 points, demonstrating feasibility with TIF support due to high construction costs and interest rates. This project aligns well with the city's land-use plan and promises significant economic and community benefits. Similarly, the Park Crest Project, a development of 19 single-family homes, scored 80 out of 100 points, showing a high necessity for TIF assistance due to financial infeasibility without it and significantly contributing to community housing needs and local economic growth.

These evaluations exemplify how the worksheet supports developments that align with Whitewater's strategic goals and provide long-term community benefits. Moving forward, staff will be using this worksheet, and I highly suggest the CDA adopt its use as well. Please see the attached worksheets for detailed evaluations.

Thank you for your continued dedication to the economic development of Whitewater. Should you have any questions or require further clarification on the worksheet, please do not hesitate to contact me.

Warmest Regards,



John S. Weidl, City Manager