



**Minutes of the Joint Meeting of the Community Development Authority,
Common Council and Plan & Architectural Review Commission**

May 20, 2021

The joint meeting of the **Common Council**, Plan Commission, and Community Development Authority was called to order at 6:00 p.m. by Council President Lynn Binnie. COUNCILMEMBERS PRESENT: Binnie, McCormick, Allen, Dawsey Smith, Brown, Majkrzak. COUNCILMEMBERS ABSENT: None.

The **CDA meeting** was called to order by CDA Director Cathy Anderson. (CDA members present: Dawsey Smith, Allen, Singer, Gleason, Jon Kachel, Meyer).

The **Plan Commission** meeting was called to order by Neighborhood Services Director Chris Bennett. Members Present: Binnie, Stone, Brown (alternate).

TAX INCREMENT FINANCING OVERVIEW. City Manager Clapper gave a brief overview of TIF regulations. Clapper presented maps showing zoning at sites anticipated for future development. Also shown were economic development projects, retired TIF districts, capital projects, parcel assessment data, new market tax credit areas and immediate and future TID area layers.

TIF DISTRICT BOUNDARIES AND FEASIBILITY OF WHITEWATER TIF PLANS A THROUGH E. Ehlers completed a brief feasibility analysis on each of the TID priority areas. Objectives are to comply with district type and statutory requirements, including the requirement that TIF district values may not exceed 12% of the City's equalized value. Clapper stated that Ehlers has been asked to do a brief feasibility analysis on each of the TID priority areas. Greg Johnson from Ehlers indicated that the objective is to comply with statutory requirements, including the 12% limit on value vs. the City's equalized value. For most mixed use districts, at least 50% of the area must be suitable for a combination of commercial, industrial, or newly platted residential development. Two of the three are required to qualify as mixed use, but newly-platted residential cannot exceed 35% of the total area of the TID. Ehlers has determined the initial amount of project costs able to be supported. Johnson noted that the 12% valuation test has been satisfied in each proposal. Each area is less than \$388,896,288 in base value. All areas have an expenditure period that ends five years prior to the end of the life of the TID. The only costs that can occur after this are debt service, signed contracts, direct costs of the TID, and projects agreed to in developer agreements. The expenditures should match the pace of development in order for a TID to be financially stable. Johnson reminded all that there is always a two- year lag between construction and generation of increment. Johnson continued by stating that any construction happening this year would result in the first tax increment revenue payment being experienced in 2023, and that a project is TID eligible if it is in the project plan; if it is TID feasible; and if there is sufficient increment to pay for it. Johnson confirmed that if there is not adequate increment, the cost will fall back on the City.

TIF A: Johnson indicated that proposed TIF A is a mixed-use district, and meets required criteria. The estimated base value is \$46.4 million, with the initial projects estimated to generate about \$12.6 million of

new increment over the life of the TID. The initial total project costs are estimated to be about \$6.1 million, and the initial increment is estimated to support project costs of almost \$2.3 million, with the TID expenditure period ending in 2036. Specific project costs include expenses inside and outside the TID, which would have some benefit for the TID area such as infrastructure, water, or sewer improvements. Projects that benefit the TID, but lie within a certain distance outside of the TID, are statutorily allowed as TID projects.

In addition to core infrastructure project costs, there are also administrative costs. The City along with the approval of the Joint Review Board, would ultimately decide which of the projects would go ahead as a TID expense. CDA member Kachel asked about the half mile rule. Johnson replied that the rule applies to project costs within a half mile of the boundary of the TID district. Kachel asked if a street resurface in the TID area would be a TID eligible cost. Johnson indicated that a street resurfacing project in a TID area would be TID eligible, as long as it is identified in the project plan and either falls within the TID area or within the half mile radius outside the TID area. Kachel asked whether projects currently planned to be completed in the TID area this year would be included in the TID increment. Johnson replied that as long as the TID districts are created before September 30 of this year, the base value would be as of January 1, 2021. This means that any construction that occurs this year would generate increment value. The staff has taken those projects into account so as to immediately generate increment.

Johnson described some of the planned projects in Area A and indicated their estimated increment. An increment chart showing the estimated tax revenue from known projects was also reviewed. Construction year, valuation year, and first revenue collection years were identified. Johnson provided an illustration describing the manner in which the proposal could work in the proposed TID area.

Councilmember Binnie asked whether all projects need to be determined now, or whether projects can be added later. Johnson replied that projects can be added later, but would have to be added through a formal project plan amendment. Johnson explained that there is no limit as to how many amendments there can be, but the same process would need to be followed as that used for creation of a TID. Plan Commissioner David Stone asked why it is being created as a mixed use TID and not an industrial TID. Johnson referred to an area where there is the potential for residential development on the west side of the proposed TID. An Industrial TID would not allow for residential development costs.

AREA B: Proposed TIF B: is a mixed use with commercial and residential development with a base value of approximately \$4.4 million. Johnson reported that the initial incremental value is about \$3.2 million; the initial project costs are almost \$6.3 million; and the costs supported by the initial increment value is \$1.4 million, with an expenditure period ending in 2036. A list of projects proposed for this area and accompanying funding year were provided. An overview of the revenue stream generated by the increment from the various development projects was provided, along with a cash flow projection. City Manager Clapper stated that the summaries shown are only showing projects that are certain to be taking place, and that they will change over time. Clapper indicated that the numbers are intended to be conservative. CDA member Kachel questioned what would happen if the revenues projected do not materialize, asking whether another TID district could help to fund a district whose revenues are not generating at the level expected. Johnson confirmed that a donor/recipient TID is allowable under Statutes, but a recipient TID must be a rehabilitation or blighted TID district. Johnson explained that the only TID that can be a recipient under this proposal is Area C. Territory can be added or subtracted from a TID, but compliance with the 12% rule must be maintained.

AREA C: The proposed Area C district is a rehabilitation district, which requires that 50% of the area must meet statutory criteria for rehabilitation or conservation. The criteria generally used for this type of district consists of carrying out a plan of voluntary or compulsory repair and rehabilitation of building or other

improvements. The proposed district exists for 27 years, and has a base value of \$18.5 million. The initial incremental value is \$1.5 million with total project costs of \$722,500. Costs supported by the initial increment value are approximately \$620,000, and the expenditure period ends in 2043. Johnson presented a list of planned projects and projected costs; tax revenue generated; and a possible cash flow projection. Johnson also explained that if a TID does not show a surplus at the end of its life, any shortfall is the responsibility of the City and the City alone, to make up. Should there be a surplus, those funds are divided among the taxing jurisdictions. Plain Commissioner Stone hopes that the City focuses on the preservation of the historic buildings in Area C, and not demolish those buildings with historic significance.

AREA D: The proposed area is located on the southwest side of the City, near the Highway 59 and Highway 12 bypass intersection. The district is a mixed use with a small amount of industrial, with a larger percentage of commercial use and some residential use. The estimated base value of the area is almost \$7.7 million; the initial increment value is \$2.6 million; total project costs are \$8.6 million; and costs supported by the initial increment value are about \$987,500. The expenditure period ends in 2036. Planned projects, associated costs, and tax revenue generation were provided.

AREA E: The proposed district is located on the northwest and western portions of the City. The area is a mixed use area, consisting of mostly commercial use, with some residential. The estimated base value of this district is about \$19.8 million; initial increment value is \$13.0 million; total initial project costs are almost \$6.8 million; costs supported by the initial increment value around \$3.3 million, with an expenditure period ending in 2036. The water tower project is allocated to this as well as other TIF districts. It was noted that some other infrastructure projects, as well as the Arch Development project (Ryan Hughes – Tratt Street development) are also located in this district. Johnson showed projected costs; tax revenue generations, and possible cash flow projection for the district. Stone asked if the road construction includes an east-west corridor to support the new development. City Manager Clapper said that there would be some consideration on how to alleviate congestion on Tratt Street, but does not know if it would be a true east-west corridor. Johnson reiterated that the more development that can occur early in the life of the TID, the better the performance of the TID as the increment value accumulates over the life of the TID.

It was noted that the intent of the presentation was to show potential increment from known projects in the proposed TIDs, illustrate what could be financially supported from those projects, and make sure the areas are in line with the statutory tests. All are eligible for creation as they do meet required tests, and if creation of these TIFs is the direction that the groups would like to go, the TIF creation could be undertaken.

CDA member Kachel asked what happens if a project costs more than anticipated. It was explained that plan costs within a TID can be adjusted due to inflation, material cost increases, etc., but each TID manages its own costs, and increment cannot be comingled amongst multiple districts. Shortfalls may end up being paid by the taxpayer. The City is **solely** responsible to cover shortfalls, while a surplus is divided proportionally amongst all the taxing jurisdictions. Hatton interjected that for the TIDs that recently closed, only one of them closed with a shortfall of approximately \$1500, and that had to be absorbed by the City.

City Manager Clapper stated that the information presented tonight was intended to show maximum costs and only known project revenue. Projects such as repaving, could be pulled from the project list and funded through other funding streams if needed, so as to not burden districts with costs that cannot be handled. The major infrastructure projects will be focused on first, such as lift station reconstruction, major sanitary sewer projects and similar projects.

Plan Commissioner Stone asked if there is a healthy amount that the percent of tax base within a TID should stay under. Johnson answered that if all the districts are created, and in a few years the City wants to create another one, the 12% test applies to the cumulative increment value of all the open TIDs plus the base value of the proposed TID. Resident Jeff Knight asked if there were any estimated incentive values. Clapper replied that those were not included

in this presentation, but will be part of actual district plans. Incentives are anticipated to be used in a pay as you go basis, meaning the developer would need to provide some value before the City would give any cash. Land sales may be handled differently, but again, value needs to be shown. This typically happens during development, before incentives will be given. Johnson stated that development incentives or cash grants need to be specifically mentioned as eligible costs in legal notices for the public hearing. It must be in the development agreements, as well.

City Manager Clapper presented a proposed timeline. He requested support to continue drafting plans for the TID districts. He asked that concerns be shared this evening. It was explained that the legal process of creating a TID begins. The next step is the convening of the Joint Review Board. The Department of Revenue ("DOR") states that for the TIDs in two counties, the county with the most geographic area in the TID is the official member of the Joint Review Board for that particular TID. The first meeting of the Joint Review Board is an organizational meeting to receive an overview of the TID plans. No official action takes place at that meeting. The next required step is a public hearing, which would occur before the CDA. Legal public notices must be published prior to the hearing. CDA approval of each of the TIDs is required. There is a resolution for each of the TID districts. If they do not pass one of the TIDs, it does not go forward. If it is approved, it goes to the Common Council, which must approve the TIDs. The Joint Review Board must approve each of the TIDs. Stone asked that the Common Council and CDA go forward with looking into the creation of TIDs A-E.

Public Comments and Feedback: Request for public comments and feedback - Councilmember Brown was looking at a future priority TID area that includes the area in the Cravath Lakefront area, and wondered why more of the Cravath Lakefront Park was not included in the TID area. Clapper responded that in the first look at the possible TIDs, it was included, but it didn't directly relate to the type of work that will be going on downtown and there were no emergent projects in this area. Clapper said that connecting projects in the Milwaukee Road corridor with projects to the west of downtown in the next 20 years became the focus. Something with the library, and additions to the Cravath Lakefront area to maintain year-round markets in the area are things the City would like to see done. Clapper continued by stating that none of those projects are currently on the docket, so those properties were arranged so they could be in a district in the future.

Jon Kachel encouraged review of the maps one more time before the approval process is requested. Johnson explained that adjustments to the boundaries can be made during the approval process as long as the district remains in compliance with the land use test (with the exception of the rehabilitation TID, proposed TID C). There is a statutory requirement for rehabilitation districts that a legal notice be published listing all the parcels in the district. A letter is also mailed to all the property owners within the boundary of the rehab district, letting them know that a public hearing is being held and that their property is within the boundary of a rehabilitation TIF district. Parcels can then be removed, but no parcels can be added without going through the public hearing process again.

Clapper stated that there had previously been a town hall meeting that was not widely attended. Clapper indicated that a second meeting could be held in early June to obtain more feedback. Clapper would like to share the information with more people. It was explained that a notice would need to go to the paper on June 21 for publication on June 24. For Area C, whatever boundary gets published, is what the boundary will be. For the other areas, the boundaries are able to be changed during the process as long as the land use test is met.

CDA Director Cathy Anderson stated that she hoped that the bodies will allow the City to keep moving forward with the process. City Manager Clapper stated that although he does most of the speaking at meetings, most of the work

has been done by CDA Director Anderson and GIS Coordinator Olivia Pratt in compiling the data and putting the maps together.

Adjournment of Common Council meeting. It was moved by Allen and seconded by Majkrzak to adjourn the Council meeting. Ayes: McCormick, Brown, Binnie, Majkrzak, Allen, Smith. Noes: None.

Adjournment of CDA (Community Development Authority) It was moved by Singer and seconded by Allen to adjourn the meeting. Motion carried by unanimous vote.

Adjournment of Plan and Architectural Review Commission: It was moved by Stone and seconded by Binnie to adjourn the meeting. Ayes: Binnie, Stone, Brown. Noes: None.

The Common Council meeting, the Plan Commission meeting, and the CDA meeting adjourned at 7:48 p.m.

Respectfully submitted,

Cathy Anderson, CDA Executive Director