

UNAPPROVED

**CITY OF CEDARBURG
JOINT REVIEW BOARD
TAX INCREMENTAL DISTRICT NO. 3 CREATION
OCTOBER 6, 2014**

A meeting of the Joint Review Board for the creation of TID No. 3 in the City of Cedarburg, Wisconsin, was held on Monday, October 6, 2014 at 6:00 p.m. at City Hall, W63 N645 Washington Avenue, second floor Council Chambers

Roll Call: Present - Mayor Kip Kinzel, City Representative
Kathy Geracie, Ozaukee County Representative
Jonathan Lamberson, School District Representative
Jim Coutts, Public Member

Excused - Al Shoreibah, MATC Representative

Also Present - Todd Taves and Maureen Schiel, Ehlers
Greg Zimmerschied, Applicant
Interested citizens and news media

CALL TO ORDER

Mayor Kinzel called the meeting to order at 6:00 p.m.

APPOINTMENT OF JOINT REVIEW BOARD'S PUBLIC MEMBER

Mayor Kinzel nominated Jim Coutts as the Joint Review Board's public member. The motion was seconded by Ms. Geracie.

Mr. Lamberson nominated Greg Myers as the Joint Review Board's public member. The motion was seconded by Mayor Kinzel.

Mayor Kinzel closed the nominations.

Mayor Kinzel and Ms. Geracie voted in favor of the appointment of Mr. Coutts as the public member. Mr. Lamberson abstained.

Mr. Lamberson voted in favor of the appointment of Mr. Myers as the public member. Mayor Kinzel and Ms. Geracie abstained.

Mr. Coutts was seated as the public member.

ELECTION OF CHAIRPERSON

Motion made by Ms. Geracie and seconded by Mr. Lamberson, to appoint Mayor Kinzel as Chair. Motion carried unanimously.

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DISCUSSION OF RESPONSIBILITIES OF JOINT REVIEW BOARD

Mr. Taves explained this is an organizational meeting of the Joint Review Board for the creation of Tax Incremental District No. 3 (TID No. 3). He said the Board has already accomplished two of its goals: 1) appointing a public member and 2) appointing a chair.

Mr. Taves explained the Board must use the “but for” standard and come to the conclusion that “but for” tax incremental financing this Project would otherwise not happen. The decision to approve or deny creation of the District shall be based on the following criteria outlined in State Statutes:

- A. Whether development expected in the tax incremental district would occur without the use of tax incremental financing;
- B. Whether the economic benefits of the tax incremental district, as measured by the increased employment, business and personal income and property value, are sufficient to compensate for the cost of the improvements; and
- C. Whether the benefits of the proposal outweigh any loss, if it occurs, in the tax revenues of the overlying jurisdictions.

The Plan Commission will hold a public hearing on the Project Plan later this evening and take action on the matter. The Common Council will review the Project Plan at its meeting on October 27 and take action on a resolution approving the Project Plan and the district boundaries. The Joint Review Board will need to reconvene after October 27 to further consider the Project Plan and approve or reject it.

REVIEW AND DISCUSS PROJECT PLAN

Mr. Taves reviewed the Project Plan with the Board. Two parcels located just south of City Hall on Washington Avenue are to be included in TID No. 3. The parcels are bounded by Washington Avenue on the east, Mill Street on the south, and Hanover Avenue on the west. The parcels qualify as a blighted area because of the known contamination.

The Estimated Financing Plan on page 15 describes the project costs. The cash grant is estimated to be \$310,234, interest on the City’s advance is estimated at \$2,060, and the administrative expense is estimated at \$63,000, for a total of \$375,294.

Page 19 of the Project Plan includes development assumptions. The cash grant Developer’s Agreement requires that the developer create improvements with a minimum assessed value of \$950,000 not later than January 1, 2020. Analysis assumes only minimum required value created, with construction occurring during 2015 and 2016.

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The Tax Increment Projection Worksheet on page 20 demonstrates the tax increment to be in the \$20,000+ range during the life of the TID. The future value of the increment is expected to be \$585,574.

The Cash Flow Projection Worksheet on page 21 shows the pay as you go cash grant of \$310,234, interest at 3%, and administrative expenses of \$63,000. The cash grant will be equal to 25% of the incremental value of the final project, with unpaid amounts accruing interest at 3%. This worksheet shows the projected revenues coming in and when the incentive will be fully satisfied. The TID has a closure date of 2035.

Mr. Taves opined that it is economically viable for the City to proceed with the creation of TID No. 3.

Mr. Lamberson asked if there are any restrictions preventing the parcels from being used for non-profit purposes and being taken off the tax roll.

Mr. Taves said the Developer's Agreement likely does not have any restrictions regarding non-profit use or status, although there would be no revenue generated if the property were used for non-profit purposes.

Mr. Lamberson asked if there are any plans to include other developments or surrounding areas to the proposed boundaries of this TID.

Mayor Kinzel said the proposed TID includes only the two parcels listed in the Project Plan. These are the parcels that will be developed by Mr. Zimmerschied.

Ms. Geracie asked if any zoning changes are necessary.

Mayor Kinzel said no zoning changes are necessary.

Mr. Coutts asked if it is common to have a TID include only one or two parcels.

Mr. Taves stated it is not unusual by any standard. He said TID's of this size have become more common since the recession.

Mr. Lamberson said Section 7 on page 12 of the Project Plan describes the kind, number and location of the proposed projects. He asked if there will be any more activities than those listed.

Mr. Taves explained that no other projects than those listed in the Project Plan will be undertaken.

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Mr. Lamberson asked for clarification of the following sentence on page 15: “The City retains the right to delete projects or change the scope and/or timing of projects implemented as they are individually authorized by the Common Council, without amending the Plan.”

Mr. Taves explained there are very limited opportunities to change the Plan. Any variations will be minor, if any.

Mr. Lamberson asked if the revenues from improvements come in faster than expected will the money be used to pay down the debt earlier.

Mr. Taves said this will be the case and is addressed in the Developer’s Agreement.

Ann Denk, W62 N598 Washington Avenue, asked if the incentive payments will be made immediately or after both buildings are constructed.

Mayor Kinzel said the payments will begin when both buildings are completed.

SET NEXT MEETING DATE

The next meeting of the Joint Review Board will be November 18, 2014 at 6:00 p.m.

ADJOURNMENT

Motion made by Mayor Kinzel, seconded by Mr. Coutts, to adjourn at 6:31 p.m. Motion carried unanimously.

Constance K. McHugh, MMC/WCPC
City Clerk