

COMMUNITY DEVELOPMENT AUTHORITY

April 27, 2020

CDA20200427-1

UNAPPROVED

A meeting of the Community Development Authority of the City of Cedarburg, Wisconsin, was held on Monday, April 27, 2020 at 6:00 p.m. via zoom.

The meeting was called to order by Mayor Michael O’Keefe at 6:00 p.m.

Roll Call: Present - Mayor Michael O’Keefe, Council Member Jack Arnett, Eric Arvold, Joe Kassander, Eric Stelter, Andy Dettro, Dale Lythjohan

Also present - City Administrator Mikko Hilvo, City Attorney Michael Herbrand, Council Members Patricia Thome and Jack Arnett, Todd Taves of Ehlers & Associates, Light & Water General Manager Dale Lythjohan, interested citizens and news media

STATEMENT OF PUBLIC NOTICE

Mayor O’Keefe acknowledged that the agenda for this meeting was posted and distributed in compliance with the Wisconsin Open Meetings Law.

APPROVAL OF MINUTES

Motion made by Eric Arvold, seconded by Joe Kassander, to approve the minutes of the March 4, 2020 meeting. Motion carried without a negative vote.

NEW BUSINESS

Public Hearing – Regarding the Proposed Project Plan, Boundaries, and Creation of Tax Incremental District No. 6

Mayor O’Keefe called the public hearing open at 6:02 p.m.

Todd Taves explained that this project is being driven by a potential tenant that expressed interest in 250,000 sq. ft and 15 acres. While that may begin early, they made the assumption that it would not be completed until the 2022 construction year. The value will be \$18.75 million and assumed \$75 per square foot as an initial valuation. The forecast assumption is that every two years thereafter there will be additional development within the park (10 acres in 2024 and then 5 acres in 2026, 2028 and 2030). There is 49 developable acres and they assumed 40 of the 49 would be developed. No assumptions are made as to the timing of sale or development of the final nine. The plan assumes that over a ten-year period a total of 562,500 sq. ft. of manufacturing property will be constructed within the District with initial land and improvements value of approximately \$42.19 million. Due to the depreciating nature of manufacturing property, the Plan assumes property values will decline by 2% annually, resulting in total incremental value of \$30.86 million at the end of the 20 year life of the District. Estimated valuations and timing for construction of the Project were outlined in a table. Assuming the City’s current equalized TID interim tax rate

of \$19.08 per thousand of equalized value, the Project would generate \$11,394,550 in incremental tax revenue over the 20-year term of the District.

Mr. Taves explained the financing and implementation: The City expects to finance the cost of required public improvements with General Obligation debt. At the end of 2019, the City had \$18,524,050 in outstanding General Obligation debt principal, which was 25.85% of its limit. The City has \$53.14 million in remaining debt capacity; therefore, it can finance the public improvements in this manner.

Given that tax increments will be generated no sooner than the 2023 budget year, and more likely the 2024 budget year, the City expects to capitalize the first 36 months of interest due on the debt. Once the funds borrowed to pay interest are expended, the City will pay debt service from land sale revenue and tax increments collected.

The project is expected to create a total of 49 developable acres. Of that total, the City expects to provide 15 acres at no cost to a prospective tenant as an incentive to build facilities within the project. Of the remaining 34 acres, the City anticipates selling 25 acres at an average price of \$75,000 per acre during the first ten years of the District's life. No assumptions are made as to the timing of sale or development of the final nine acres. Should tax increment or land sale revenue be insufficient to pay debt service, the City would be obligated to levy a tax to pay the full amount due, or to appropriate other funds for the payment.

Based on the Project Cost expenditures, the District is projected to accumulate enough funds by the year 2041 to pay off all Project cost liabilities and obligations. The projected closure is based on the various assumptions noted in the Plan and will very dependent on actual Project Costs incurred and the actual amount of tax increments collected.

There was no public comment.

Motion made by Council Member Arnett, seconded by Council Member Lythjohan, to close the public hearing regarding the proposed project plan, boundaries, and creation of Tax Incremental District No. 6. Motion carried without a negative vote.

Eric Stelter commended the City on the progression of utilities over the last two to three years to get to this point.

Council Member Arnett stated that he appreciated the conservative approach of the TID and added that there is no developer incentive included. He stated that when this project becomes public it will be the foundation of recovery of COVID-19 in Cedarburg, as it will benefit the City, Schools, and County.

Mayor O'Keefe stated that the City has seen the manufacturing base diminish in Cedarburg overtime and this will be a great addition to the City.

Consideration and Possible Action on Resolution No. 2020-01 Designating Proposed Boundaries and Approving a Project Plan for Tax Incremental District No. 6, City of Cedarburg, WI

Motion made by Council Member Arnett, seconded by Eric Stelter, to adopt Resolution No. 2020-01 designating the proposed boundaries and approving a project plan for Tax Incremental District No. 6, City of Cedarburg, WI. Motion carried on a roll call vote with Mayor Michael O’Keefe, Council Member Jack Arnett, Eric Arvold, Joe Kassander, Eric Stelter, Andy Dettro, Dale Lythjohan voting aye.

ADJOURNMENT

Motion made by Council Member Arnett, seconded by Mr. Stelter, to adjourn the meeting at 9:40 a.m. Motion carried unanimously with Andy Dettro and Dale Lythjohan excused.

Amy D. Kletzien, MMC/WCPC
Deputy City Clerk

adk