

**SPECIAL JOINT MEETING OF THE
VILLAGE BOARD AND PLAN COMMISSION**

MINUTES

Monday, May 18, 2015

**The latter of 7:30 P.M.
or immediately following the Joint Architectural Board/Plan Commission
meeting beginning at 7:00pm.**

BOARD ROOM, MUNICIPAL BUILDING, 210 COTTONWOOD AVENUE

Roll Call

Present: Trustees Stevens, Meyers, Compton, Landwehr, Swenson, President Lamerand, Plan Commission members DeCourse-Bower, Hallquist, Schneeberger, Wenstrom

Excused: Trustee Wallschlager

Others: Administrator Cox, Finance Director Bailey, Clerk Igl, Jim Mann of Ehlers, Steve Martinez (Lake Country Reporter), Katherine Michalets (Waukesha Freeman)

1. Presentation and Discussion on the Proposed Revisions to TIF #4 and the Anticipated Aspects of the Project Plan and Financial Structure of the Proposed TIF #6 in the Downtown Area.

Administrator Cox reminded the Boards that there had been discussions related to reducing the size of TIF #4 for two reasons: 1) the district currently has a negative increment and adjustment to the boundaries should put it into a positive increment, and 2) redevelopment of the Capital Plaza site and properties immediately adjacent. He stated that he had met with Joe McCormick and came to a tentative agreement on what the Village's support would be for the development of the Capital Plaza.

Jim Mann stated that TIF District #4 was created in 2008 encompassing 246 acres. In 2011 the district was reduced and now the Village is considering shrinking the district to just two parcels that have value. He stated that this would put the district in a positive increment position. If subtraction of parcels occurs, the district will shrink its' base value to about \$880,000. He stated that the value of the district currently is projected to be \$1,044,000. He stated that increments generated could be applied to projects that have already been undertaken. Currently there is about \$500,000 that is due to the general fund and at this point there is no way the district can generate any increment unless the size of the district is shrunken down so that it is in a positive cash position. He stated that there is no other development anticipated in District #4.

It was stated that shrinking District #4 would require a Project Plan Amendment. It was estimated that the District would be closed without ever recouping all of the dollars. Mr. Mann calculated that the District would be short \$150,000 including all expenses attributed to TIF #4.

Administrator Cox stated the Village will recuperate the amount of funds borrowed directly to the developer but will lose a portion of the funds that was used to seed the district. He stated that those expenses actually relate to TIF District #6 including the property acquisitions and demolitions but because they are TIF 4 expenses and there is no way to transfer them to TIF 6, they will show as a loss in TIF 4.

It was asked where the TIF #4 shortage will come from. Administrator Cox stated that today the Village shows funds for future development in the amount of approximately \$900,000. Against that balance, we show that TIF #4 owes about \$600,000. He stated that in other words, the Village had a pot of money dedicated to the purpose of encouraging future development and we used a portion of that money for seed money for TIF #4.

Mr. Mann stated that the Village will basically be making a decision to almost close TIF #4 recognizing that the Village probably will not recoup all the dollars put into it. He stated that the reason that this is being done is the creation of TIF #6 which is the Riverwalk project, a mixed use development of 77 residential units and commercial space and the removal of an existing commercial facility. The district will be approximately 2.25 acres. It is anticipated that the value of the development would be between \$8 and \$10 million dollars.

It was stated that in working with Mr. McCormick, he identified in his analysis that due to extraordinary costs (non-private development costs) he could not finance the project as there was a gap. Ehlers analysis identified the areas of what were suggested as extraordinary costs that wouldn't necessarily be there in a "green field" development. This items include overall engineering, purchase of existing building to be demolished, relocation of utility expenses, water main looping, a pedestrian bridge for the trail system and a direct development incentive. The total of these items identified is \$1,750,000. He stated that the investment would net the 77 units of residential housing and eliminate a dated commercial facility and replace it with up to date commercial space. Based on the structure of the financing if the value of the project is at the \$8 million level, it is anticipated that the district would close in 2033, four years prior to statutory closure in 2035. If value comes in closer to \$10 million, the district could close in 2029.

Mr. Mann stated that the assessment of the development will be driven primarily by the rent generated and the developer is suggesting a range of \$1,000 to \$1,600 based on the size of unit. Ehlers conducted a detailed analysis of the developer's proposal (including rate of return) and identified a gap. He stated that the project meets the "but/for" test as without public assistance, the project would likely not occur.

Trustee Stevens asked what the rent per square foot for the commercial portion would be. It was stated that the commercial rent suggested in the proposal is \$12.00-\$16.00 per square foot range.

2. Review of Projected Timeline for Consideration.

Administrator Cox stated that the purpose of this meeting was to introduce this concept. He stated that if all parties are in agreement, the Plan Commission will be asked to hold a Public Hearing in two weeks related to the TIF district amendment. The Village Board would consider action at the June 22 regular meeting. The Joint Review Board had an initial meeting to discuss the amendment of TIF #4 and creation of TIF #6. The Joint Review Board will meet again to review.

It was asked what the developer had initially asked for. Administrator Cox stated that he had asked for \$1,993,500 and the two parcels that the Village owns. The developer had asked that if the Village was not willing or able to pay the cash payment up front, he was asking for interest on that amount at commercial rates. Administrator Cox stated that the agreement that the Village has come to with the developer is for \$1,750,000 and the transfer of the two properties currently owned by the Village. He stated that about one third would be paid up front with the balance paid over time with no interest. It was stated that the developer has taken this into consideration and believes that he can make this financing package work.

Trustee Stevens stated that he feels the rent for the commercial space will not appeal to any of the types of businesses that the Village hopes to attract. It was stated that market studies for the Village have indicated that having more restaurants in the downtown would be a good thing.

Administrator Cox stated that staff will move forward with the process of amending TIF #4 and creating TIF #6.

3. Adjourn

Motion (Stevens/Compton) to adjourn the Village Board. Motion (deCourcy-Bower/Hallquist) to adjourn the Plan Commission. Meeting adjourned at 8:16 p.m.

Respectfully submitted,

Darlene Igl
Village Clerk