



CITY OF OAK CREEK

TAX INCREMENTAL

DISTRICT #16

Amendment No. 1

Plan Commission Hearing and Approval:
City Council Action:
Joint Review Board Approval:



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INTRODUCTION

Background

This is the first amendment to the Project Plan for the City of Oak Creek Tax Increment District #16 (TID #16, the “Amazon TID”). This mixed-use District was originally created on August 21, 2018. TID #16 has a base value of \$1,549,200 and a 2021 value increment of \$178,620,300 that generates approximately \$2.66 million in annual tax increment.

This Amendment No. 1 is one of five concurrent and related amendments proposed for TIF Districts in the City:

<u>District</u>	<u>Amendment Purpose</u>
TID #7	Add Project Cost
TID #8	Add Project Cost and Donation to TID #13
TID #10	Add Donation to TID #13
TID #13	Add Project Costs
TID #16	Donation to TID 13#

As noted above, this amendment is one of three that would authorize donations to TID #13 (the “Lakefront TID”) as authorized in Wis. Stat. § 66.105(6)(f). Created in 2017, the Lakefront TID is a “blighted” district comprised of 356 acres generally located between 5th Avenue and the Lake Michigan shoreline from just south of the wastewater treatment plant to Oakwood Road. This area has a history of heavy industrial manufacturing uses and is defined predominantly by the existence of legacy environmental complexities along the lakefront. As a result, significant public investment will be required to stabilize the shoreline bluff, remediate soil and groundwater contamination, acquire sites, and improve public access in order to make lands available for private reuse and public space. While TID #13 has the potential to support high value redevelopment, the costs to address the existing conditions and provide the supporting public facilities are front-loaded and require assistance from TID #16 and other districts to get things moving. Specific projects to be funded with donated revenues are described further in the TID #13 amended Project Plan.

TID #16 generally is located at the southeast corner of W. Ryan Road and S. 13th Street near Interstate 94. The District was created to provide the financial means to promote significant industrial and commercial growth. This facilitated the opening of a 2.4 million-square foot Amazon fulfillment center employing 1,500 people in the fall of 2020, and there are additional parcels in the District to accommodate future growth.

About \$1 million in capital improvement were needed to facilitate the Amazon project, with most of the other project costs to date, and those planned in the future, being direct assistance to make the Amazon project and surrounding business park financially feasible. This has increased the overall level of spending; however, even without additional development, TID #16 is expected to generate significant surpluses. Accordingly, the City intends to donate up to \$12 million in surplus increment to TID #13, which would still allow TID #16 to be closed early by up to six years if no other development were to occur.

This amendment has been prepared in compliance with Wis. Stat. § 66.1105, and it is intended to work in conjunction with the original TID #16 Project Plan. It is to be adopted by resolution of the Common Council upon receipt of a resolution of an affirmative recommendation from the City Plan Commission. Following Council adoption, it will be forwarded to the Joint Review Board for action on a resolution affirming the Board’s approval.

As required by Wis. Stat. § 66.1105(5), a copy of this amended Project Plan will be submitted to the Department of Revenue and used as the basis for their certification of Tax Increment District #16, Amendment No. 1 in the City of Oak Creek.

This amended Project Plan follows the same layout and section order as the original Project Plan. Sections where no changes are proposed are indicated as such, and sections with amendments are identified accordingly.

Summary of Findings

As required by Wis. Stat. §66.1105(6)(f), the proposed donation of increments from TID #16 to TID #13 meets all of the following criteria:

- TID #16 and TID #13 have the same overlying taxing jurisdictions.
- The donation of tax increments shall be made only as approved by the Joint Review Board.
- TID #13 was created upon a finding that not less than 50 percent, by area, of the real property within the district is blighted.
- The allocation of positive tax increments from TID #16 shall be made only after the District has first satisfied all of its current-year debt service and project cost obligations.

As required by Wis. Stat. §66.1105(4)(i), the following information is to be provided to the Joint Review Board in their consideration of a project plan amendment:

1. The specific items that constitute the project costs, the total dollar amount of these project costs to be paid with the tax increments, and the amount of tax increments to be generated over the life of the tax incremental district.
 - *The amended project costs to authorize donations and an updated projection of increment is provided in Section V of this amendment.*
2. The amount of the value increment when the authorized project costs are paid in full and the tax incremental district is terminated.
 - *Table 1 on page 4 of this amendment provides the projected value increment at the time of the District's closure.*
3. The reasons why the authorized project costs may not or should not be paid by the owners of property that benefits by improvements within the tax incremental district.
 - *The rationale for the project costs provided in the original TID #16 Project Plan has not changed. The need for the donated funds in TID #13 is provided in that district's original Project Plan and its amendment proposed concurrently with this TID #16 amendment.*
4. The share of the projected tax increments estimated to be paid by the owners of taxable property in each of the taxing jurisdictions overlying the tax incremental district.
 - *Table 2 on page 4 of this amendment provides an updated share of projected tax increments.*
5. The benefits that the owners of taxable property in the overlying taxing jurisdictions will receive to compensate them for their share of the projected tax increments.
 - *The benefits to be received are described in the original TID #16 Project Plan and have not changed.*

SECTION I: EXISTING CONDITIONS AND USES

There are no changes to this section.

SECTION II. TYPE, NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS AND IMPROVEMENTS

There are no changes to this section.

SECTION III – PROPOSED IMPROVEMENTS AND USE

There are no changes to this section.

SECTION IV – ESTIMATED PROJECT COSTS

The City proposes to donate up to \$12 million to TID #13 using surplus increment to be collected over the remaining life of the District as described in Section V. In addition, the City may need to spend up to another \$9.1 million in incentives and/or capital improvements directly related to facilitating additional development in the District. The potential capital improvements are those identified in the original Project Plan but have yet to be undertaken, with the bulk of the additional expenditures (\$7 million) likely to be in the form of direct assistance to new development projects.

SECTION V – ECONOMIC FEASIBILITY

As shown in Table 1 on page 4, total TID #16 project costs were \$6.51 million as of December 31, 2020. Future project costs include payments under outstanding pay-as-you-go obligations, administrative costs, additional capital improvements as authorized in the original Project Plan, additional incentives, and donations, which are projected to total another \$45.97 million bringing the total project costs over the entire life of the District to \$52.48 million.

Property in the District has significant redevelopment potential, but there are no pending projects at the time this amendment is being prepared. Table 1, therefore, provides a conservative projection of District revenues using only existing increment. Nevertheless, the projected increment in Table 1 is more than sufficient to fund the donation and the potential for the additional capital improvements and/or additional incentives.

Per the original Project Plan, \$29.5 million in total District project costs have been authorized. The planned capital improvements, incentives, and donation expenses shown on Table 1 require an increase of \$22.94 million in total authorized expenditures. However, even with these additional project costs, Table 1 demonstrates the financial feasibility of the amendment and that the District should be able to close six or more years early.

Taxing districts overlying TID #16 include Milwaukee County, the Oak Creek-Franklin Joint School District, Milwaukee Area Technical College, and the Milwaukee Metropolitan Sewerage District. The impact on the overlying taxing districts as shown in Table 2 on page 4 is based on the current tax rates and no increase in District value.

SECTION VI – FINANCING METHODS

There are no changes to this section.

SECTION VII – CHANGES IN ZONING ORDINANCES AND MASTER PLAN

There are no changes to this section.

SECTION VIII – NON-PROJECT COSTS

There are no changes to this section.

SECTION IX - RELOCATION

There are no changes to this section.

SECTION X – ORDERLY DEVELOPMENT OF THE CITY

There are no changes to this section.

SECTION XI – LEGAL OPINION

See Appendix A.

Table 1. Cash Flow Projection

	Actual	Projected																	Projected	Projected		
	2018-2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2021-2038	2018-2038	
SOURCES																						
Tax Increments	\$-	\$2,661,554	\$3,971,439	\$4,011,501	\$4,051,964	\$4,092,831	\$4,134,106	\$4,175,794	\$4,217,899	\$4,260,426	\$4,303,379	\$4,346,760	\$4,390,574	\$4,434,828	\$4,479,523	\$4,524,665	\$4,570,260	\$4,616,310	\$4,662,820	\$75,906,634		
Development Reimbursement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue	\$6,619,317	\$2,661,554	\$3,971,439	\$4,011,501	\$4,051,964	\$4,092,831	\$4,134,106	\$4,175,794	\$4,217,899	\$4,260,426	\$4,303,379	\$4,346,760	\$4,390,574	\$4,434,828	\$4,479,523	\$4,524,665	\$4,570,260	\$4,616,310	\$4,662,820	\$75,906,634	\$82,525,951	
Proceeds of Long-Term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$-	
TOTAL SOURCES	\$6,619,317	\$2,661,554	\$3,971,439	\$4,011,501	\$4,051,964	\$4,092,831	\$4,134,106	\$4,175,794	\$4,217,899	\$4,260,426	\$4,303,379	\$4,346,760	\$4,390,574	\$4,434,828	\$4,479,523	\$4,524,665	\$4,570,260	\$4,616,310	\$4,662,820	\$75,906,634	\$82,525,951	
USES																						
Capital Expenditures (incl. PAYGO Incentives)*	\$-	\$1,600,213	\$2,856,186	\$2,893,752	\$3,937,688	\$3,977,315	\$4,017,338	\$4,057,761	\$945,807	\$-	\$430,000	\$4,320,000	\$4,360,000	\$-	\$-	\$-	\$-	\$-	\$-	\$33,396,060		
Administrative Costs		\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$461,700	
Cost of Issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest on Long-Term Debt	-	\$72,523	\$28,421	\$9,701	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$110,645	
Donations to TID #13*		\$130,000	\$90,000	\$90,000	\$90,000	\$85,000	\$95,000	\$90,000	\$3,245,000	\$4,235,000	\$3,850,000									\$12,000,000		
Total Project Costs	\$6,509,604	\$1,828,386	\$3,000,257	\$3,019,103	\$4,053,338	\$4,087,965	\$4,137,988	\$4,173,411	\$4,216,457	\$4,260,650	\$4,305,650	\$4,345,650	\$4,385,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$45,968,405	\$52,478,009
Principal on Long-Term Debt	-	\$935,000	\$975,000	\$995,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$2,905,000	\$2,905,000
TOTAL USES	\$6,509,604	\$2,763,386	\$3,975,257	\$4,014,103	\$4,053,338	\$4,087,965	\$4,137,988	\$4,173,411	\$4,216,457	\$4,260,650	\$4,305,650	\$4,345,650	\$4,385,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650	\$48,873,405	\$55,383,009	
Net Change in Fund Balance - December 31		\$ (101,832)	\$ (3,818)	\$ (2,602)	\$ (1,374)	\$ 4,866	\$ (3,882)	\$ 2,383	\$ 1,442	\$ (224)	\$ (2,271)	\$ 1,110	\$ 4,924	\$ 4,409,178	\$ 4,453,873	\$ 4,499,015	\$ 4,544,610	\$ 4,590,660	\$ 4,637,170	\$ 27,033,229		
FUND BALANCE - DECEMBER 31	\$109,713	\$7,881	\$4,063	\$1,461	\$87	\$4,954	\$1,072	\$3,455	\$4,897	\$4,673	\$2,402	\$3,512	\$8,436	\$4,417,614	\$8,871,487	\$13,370,502	\$17,915,112	\$22,505,772	\$27,142,942		\$27,142,942	

Notes:

* Costs in bold are new expenditures added with amendment.

Table 2. Analysis of Impact on Overlying Taxing Jurisdictions

Taxing Jurisdiction	% of Mill Rate	Annual Taxes Collected on Base Value	Annual Taxes Collected After TID Closes	Increase in Annual Tax Collections After TID Closes
City of Oak Creek	26.2%	\$145,948	\$1,135,649	\$989,701
Oak Creek-Franklin School Dist.	38.0%	\$211,429	\$1,645,166	\$1,433,737
Milwaukee Area Tech College	4.9%	\$27,207	\$211,701	\$184,494
Milwaukee County	24.1%	\$134,189	\$1,044,151	\$909,962
Milwaukee Metro Sewer Dist.	6.8%	\$37,582	\$292,434	\$254,852
TOTAL	100.0%	\$556,356	\$4,329,101	\$3,772,745

*Does not include tax credits.