



# CITY OF OAK CREEK

# TAX INCREMENTAL

# DISTRICT #10

# Amendment No. 1

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

Prepared by:  
VANDEWALLE &  
ASSOCIATES INC.  
Madison . Milwaukee

**TABLE OF CONTENTS**

INTRODUCTION ..... 1  
    Background..... 1  
    Summary of Findings ..... 2  
SECTION 1: EXISTING CONDITIONS AND USES..... 2  
SECTION 2. TYPE, NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS AND  
    IMPROVEMENTS ..... 2  
SECTION III – PROPOSED IMPROVEMENTS AND USE ..... 3  
SECTION IV – ESTIMATED PROJECT COSTS ..... 3  
SECTION V – ECONOMIC FEASIBILITY..... 3  
SECTION VI – FINANCING METHODS..... 3  
SECTION VII – CHANGES IN ZONING ORDINANCES AND MASTER PLAN..... 3  
SECTION VIII – NON-PROJECT COSTS..... 3  
SECTION IX - RELOCATION ..... 3  
SECTION X – ORDERLY DEVELOPMENT OF THE CITY..... 3  
SECTION XI – LEGAL OPINION..... 3  
    Table 1. Cash Flow Projection ..... 4  
    Table 2. Analysis of Impact on Overlying Taxing Jurisdictions..... 4

## INTRODUCTION

### Background

This is the first amendment to the Project Plan for the City of Oak Creek Tax Increment District #10 (TID #10, the “Master Lock TID”). This mixed-use District was originally created on September 7, 2010. (Note that a previous process to amend the District spending plan was never completed.) TID #10 has a base value of \$19,223,700 and a 2021 value increment of \$20,619,200 that generates approximately \$450,000 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 5<sup>th</sup> 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 #10 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 #10 is an area to the east of South Howell Avenue (STH 38) between Rawson Avenue (CTH BB) and College Avenue (CTH ZZ) and is an important gateway to the City of Oak Creek. The District was created primarily to support the reuse and redevelopment of a large facility vacated by Midwest Airlines and the surrounding area. Through the strategic use of TIF resources, the City was able to attract Master Lock to the facility, and their investment accounts for the bulk of the value that has been added to the District. At the same time, expenditures have been limited to select capital improvements and assistance to Master Lock as necessary to make the project financially feasible.

Since its inception, TID #10 has accumulated a fund balance of nearly \$1 million and is generating a significant annual surplus. As a result, the City proposes to immediately donate most of the existing fund balance to TID #13 and to donate an additional \$2.6 million in surplus tax increment projected to be generated prior to the end of the District’s statutory life in 2030.

This amendment has been prepared in compliance with Wis. Stat. § 66.1105, and it is intended to work in conjunction with the original TID #10 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 #10, 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 #10 to TID #13 meets all of the following criteria:

- TID #10 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 #10 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 #10 Project have 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 #10 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 #10 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 \$3.6 million to TID #13. This includes a one-time transfer of approximately \$1.1 million from the TID #10 fund balance with the remainder being surplus increment to be collected over the remaining life of the District as described in Section V.

The donations are in addition to all other project costs included in the original Project Plan.

**SECTION V – ECONOMIC FEASIBILITY**

As shown in Table 1 on page 4, total TID #10 expenditures were \$2.66 million as of December 31, 2020. Future expenses, other than donations, include payments under outstanding pay-as-you-go obligations, administrative costs and nominal capital improvements as authorized in the original Project Plan, which are projected to total another \$1.15 million. With donations totaling \$3.6 million, total expenditures over the life of the District are projected to be \$7.41 million.

Per the original Project Plan, \$11.83 million in total District expenditures have been authorized, and no change is proposed to this limit. While property in the District has redevelopment potential, there are no pending projects at the time this amendment is being prepared. Accordingly, Table 1 provides a conservative projection of District finances that assumes no additional increment and only minimal additional project costs, but still demonstrates the financial feasibility of the proposed donation. However, the City retains the right to take on additional projects provided the total of all TID #10 expenditures does not exceed the limit authorized in the original Project Plan and sufficient increment is available to fund the projects. Absent additional project costs, the District may be able to close two to three years early.

Taxing districts overlying TID # 10 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**

Please see Appendix A.

Table 1. Cash Flow Projection

	Actual	Projected										Total	Total
	2010-2021	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-2030	2010-2030
<b>SOURCES</b>													
Tax Increment		\$449,063	\$462,458	\$462,458	\$462,458	\$462,458	\$462,458	\$462,458	\$462,458	\$462,458	\$462,458	\$4,611,183	
Computer Exemption Increment		18,906	18,906	18,906	18,906	18,906	18,906	18,906	18,906	18,906	18,906	\$189,056	
Personal Property Exemption Increment		38,795	21,300	21,300	21,300	21,300	21,300	21,300	21,300	21,300	21,300	\$230,492	
Interest		-	-	-	-	-	-	-	-	-	-	\$-	
<b>TOTAL SOURCES</b>	<b>\$3,642,900</b>	\$506,764	\$502,663	\$502,663	\$502,663	\$502,663	\$502,663	\$502,663	\$502,663	\$502,663	\$502,663	\$5,030,730	<b>\$8,673,630</b>
<b>USES</b>													
Capital Expenditures (incl. PAYGO Incentives)		\$288,581	\$297,661	\$297,661	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$883,903	
Administrative Costs		26,699	26,699	26,699	26,699	26,699	26,699	26,699	26,699	26,699	26,699	266,993	
<b>Donations to TID #13*</b>		<b>1,100,000</b>	<b>250,000</b>	<b>180,000</b>	<b>475,000</b>	<b>475,000</b>	<b>475,000</b>	<b>475,000</b>	<b>170,000</b>			<b>3,600,000</b>	
<b>TOTAL USES</b>	<b>\$2,704,076</b>	\$1,415,280	\$574,360	\$504,360	\$501,699	\$501,699	\$501,699	\$501,699	\$196,699	\$26,699	\$26,699	\$4,750,896	<b>\$7,454,972</b>
Net Change in Fund Balance - December 31		<b>\$(908,516)</b>	<b>\$(71,697)</b>	<b>\$(1,697)</b>	<b>\$964</b>	<b>\$964</b>	<b>\$964</b>	<b>\$964</b>	<b>\$305,964</b>	<b>\$475,964</b>	<b>\$475,964</b>	<b>\$279,834</b>	
<b>FUND BALANCE - DECEMBER 31</b>	<b>\$938,824</b>	<b>\$30,308</b>	<b>\$(41,389)</b>	<b>\$(43,087)</b>	<b>\$(42,123)</b>	<b>\$(41,160)</b>	<b>\$(40,196)</b>	<b>\$(39,232)</b>	<b>\$266,731</b>	<b>\$742,695</b>	<b>\$1,218,658</b>		<b>\$1,218,658</b>

Notes:

\* New expenditure 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
<b>TOTAL</b>	<b>100.0%</b>	<b>\$556,356</b>	<b>\$4,329,101</b>	<b>\$3,772,745</b>

\*Does not include tax credits.