



# CITY OF OAK CREEK

# TAX INCREMENTAL

# DISTRICT #8

# Amendment No. 1

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

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The logo for Vandewalle & Associates Inc. consists of a square divided into four quadrants by a diagonal line from the top-left to the bottom-right. The top-left quadrant is orange, the top-right is black, the bottom-left is black, and the bottom-right is blue.

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## INTRODUCTION

### Background

This is the first amendment to the Project Plan for the City of Oak Creek Tax Increment District #8 (TID #8, the “Oakview Business Park TID”). This mixed-use District was originally created on September 15, 2009. TID #8 has a base value of \$23,056,600 and a 2021 value increment of \$126,197,100 that generates nearly \$2 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 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 #8 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 #8 is located in the general vicinity of South Howell Avenue and West Oakwood Road and was created to support the development of the Oakview Business Park. Since its inception, the District has experienced a dramatic five-fold increase in value with significant development potential remaining. To further stimulate additional growth, the City is considering the purchase of two parcels and is adding them to the list of authorized projects via this amendment.

Given the District’s excellent performance, the City is seeking to donate surplus increment to TID #13. Although the total level of spending will be greater than that authorized in the original TID #8 Project Plan, the District is projected to have a positive fund balance and to begin generating annual surpluses, most of which would be donated in addition to funding land acquisition.

This amendment has been prepared in compliance with Wis. Stat. § 66.1105, and it is intended to work in conjunction with the original TID #8 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 #8, 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 #8 to TID #13 meets all of the following criteria:

- TID #8 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 #8 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 and donation are described in Section IV of this amendment, and an updated projection of tax increment is provided in Section V.*
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 6 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 added project costs is provided in Section IV of this amendment. 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 #8 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 7 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 #8 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

Please see Section IV of this amendment.

**SECTION III – PROPOSED IMPROVEMENTS AND USE**

There are no changes to this section.

**SECTION IV – ESTIMATED PROJECT COSTS**

The City is considering the acquisition of two properties in TID #8 totaling \$4.6 million (see Map 1 on page 5). The parcels to be purchased will be those that hold significant development potential, and their acquisition will permit the City to aggressively market them to accelerate the attraction of additional development to the District. Several parcels meet this criterion, so other acquisitions may occur anywhere within TID #8 if these purchases fall through or additional funds become available.

This amendment also includes donations of up to \$6.8 million to TID #13 using surplus increment to be collected over the remaining life of the District as described in Section V.

Both of these new project costs are in addition to those included in the original TID #8 Project Plan.

**SECTION V – ECONOMIC FEASIBILITY**

As shown in Table 1 on page 6, total TID #8 expenditures were approximately \$23.6 million as of December 31, 2020. The five-fold increase in valuation has exceeded all expectations, but the level of assistance to attract the new businesses also has exceeded the level of spending authorized in the original Project Plan. Absent the donations and land purchases included in the amendment, projected expenses over the remaining life of the District are mostly outstanding obligations under pay-as-you agreements and interest on bonds totaling another \$4 million.

Several properties in TID #8 have redevelopment potential, but 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 tax increment only from existing projects, those already under development, and slight inflationary growth over the remaining life of the District. Nevertheless, the projected increment in Table 1 is more than sufficient to fund the proposed property purchases and donations.

Per the original Project Plan, \$13.175 million in total District project costs have been authorized. Previous capital expenditures, pay-as-you-go and debt service obligations, planned acquisitions, and donation expenses shown on Table 1 require an increase of \$25.83 million in total authorized expenditures. However, even with these additional project costs, Table 1 demonstrates the financial feasibility of this amendment and that the District should be able to close six or more years early.

Taxing districts overlying TID # 8 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 7 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									Projected	Projected
	2009-2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2021-2029	2010-2029
<b>SOURCES</b>												
Tax Increments	\$4,620,814	\$1,939,657	\$2,313,287	\$2,453,734	\$2,941,605	\$3,311,420	\$3,349,705	\$3,388,374	\$3,427,429	\$3,466,874	\$26,592,086	\$31,212,900
Computer Exemption Increment	80,300	12,155	12,155	12,155	12,155	12,155	12,155	12,155	12,155	12,155	109,397	189,697
Personal Property Exemption Increment	22,005	22,017	14,674	14,674	14,674	14,674	14,674	14,674	14,674	14,674	139,409	161,414
Sale of Property	7,000,000	-	-	-	-	-	-	-	-	-	-	7,000,000
Interest	9,259	-	-	-	-	-	-	-	-	-	-	9,259
Grants	800,000	-	-	-	-	-	-	-	-	-	-	800,000
Misc. Income	279,567	-	-	-	-	-	-	-	-	-	-	279,567
Transfer In	180,611	-	-	-	-	-	-	-	-	-	-	180,611
<b>Total Revenue</b>	\$12,992,556	\$1,973,830	\$2,340,116	\$2,480,563	\$2,968,435	\$3,338,249	\$3,376,535	\$3,415,204	\$3,454,258	\$3,493,703	\$26,840,892	\$39,833,448
<b>Proceeds of Long-Term Debt</b>	\$31,749,095	\$2,165,000	\$-	\$2,636,000	\$-	\$-	\$-	\$-	\$-	\$-	\$4,801,000	\$36,550,095
<b>TOTAL SOURCES</b>	\$44,741,651	\$4,138,830	\$2,340,116	\$5,116,563	\$2,968,435	\$3,338,249	\$3,376,535	\$3,415,204	\$3,454,258	\$3,493,703	\$31,641,892	\$76,383,543
<b>USES</b>												
Capital Expenditures (incl. PAYGO Incentives)	\$21,265,482	\$235,267	\$330,588	\$435,083	\$205,810	\$211,985	\$218,344	\$224,895	\$231,641	\$124,637	\$2,218,251	\$23,483,733
<b>Land Acquisition*</b>		<b>\$2,085,000</b>		<b>\$2,500,000</b>							<b>4,585,000</b>	<b>4,585,000</b>
Administrative Costs	366,965	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	23,850	390,815
Tax Assessment Refunds	41,538	-	-	-	-	-	-	-	-	-	-	41,538
Interfund Borrowing Interest Exp	4,031	-	-	-	-	-	-	-	-	-	-	4,031
Interest on Long-Term Debt	1,906,252	319,475	321,821	355,262	299,560	235,715	162,469	79,962	18,785	-	1,793,047	3,699,300
<b>Donations to TID #13*</b>			<b>120,000</b>	<b>440,000</b>	<b>470,000</b>	<b>565,000</b>	<b>540,000</b>	<b>560,000</b>	<b>1,365,000</b>	<b>2,740,000</b>	<b>6,800,000</b>	<b>6,800,000</b>
<b>Total Project Costs</b>	\$23,584,268	\$2,642,392	\$775,059	\$3,732,995	\$978,020	\$1,015,349	\$923,463	\$867,506	\$1,618,076	\$2,867,287	\$15,420,149	\$39,004,417
<b>Principal on Long-Term Debt</b>	\$21,975,000	\$1,000,000	\$1,235,000	\$1,385,000	\$1,991,000	\$2,323,000	\$2,450,000	\$2,553,000	\$1,834,000	\$-	\$14,771,000	\$36,746,000
<b>TOTAL USES</b>	\$45,559,268	\$3,642,392	\$2,010,059	\$5,117,995	\$2,969,020	\$3,338,349	\$3,373,463	\$3,420,506	\$3,452,076	\$2,867,287	\$30,191,149	\$75,750,417
Net Change in Fund Balance - December 31		\$496,437	\$330,057	\$(1,432)	\$(586)	\$(100)	\$3,071	\$(5,303)	\$2,182	\$626,416	\$1,450,743	
<b>FUND BALANCE - DECEMBER 31</b>	<b>\$(817,617)</b>	<b>\$(321,180)</b>	\$8,877	\$7,445	\$6,860	\$6,759	\$9,831	\$4,528	\$6,710	\$633,126		\$633,126

Notes:

\* Costs in bold are new expenditures added with amendment.



Table 2. Analysis of Impact on Overlying Taxing Jurisdictions

<b>Taxing Jurisdiction</b>	<b>% of Mill Rate</b>	<b>Annual Taxes Collected on Base Value</b>	<b>Annual Taxes Collected After TID Closes</b>	<b>Increase in Annual Tax Collections After TID Closes</b>
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.