



CITY OF OAK CREEK

TAX INCREMENTAL

DISTRICT #7

Amendment No. 1

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

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Madison . Milwaukee

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 #7 (TID #7, the “27th Street Corridor TID”). This mixed-use District was originally created on April 17, 2007. TID #7 has a base value of \$165,053,100 and a 2021 value increment of \$250,633,500 that generates approximately \$1.3 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 independent of the others and simply seeks to add two projects within a half-mile radius of the TID #7 boundary.

TID #7 is generally bounded by Drexel Avenue, I-94, 27th Street, and the Milwaukee County Line, and consists of a variety of land uses including offices, manufacturing, commercial and residential. Growth in the District has been slower than anticipated, but the TID has a positive fund balance and is expected to generate surplus increment over its remaining life. In lieu of some of the initial planned capital improvement projects, the City is seeking authorization to make street and park improvements within a half-mile of the district boundary.

This amendment has been prepared in compliance with Wis. Stat. § 66.1105, and it is intended to work in conjunction with the original TID #7 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 #7, 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(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 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 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 added project costs is provided in Section V of this 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 6 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 #7 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 proposes to use increment to fund the following project costs:

Apple Creek subdivision street improvements	\$650,000
Neighborhood park improvements	\$300,000

Both of these projects are within a half-mile of the TID #7 boundary, and improvements to them will improve the appearance of the District and surrounding area, improve access, and assist in attracting additional development to the District (see Map 1 on page 5).

These projects are in addition to all other project costs included in the original Project Plan; however, it is unlikely the City will undertake all of the previously-approved projects, so no increase in the total level of authorized spending is necessary or requested.

SECTION V – ECONOMIC FEASIBILITY

As shown in Table 1 on page 4, total TID #7 expenditures were \$8.6 million as of December 31, 2020. Future expenses primarily include payments under outstanding pay-as-you-go obligations and bonds, administrative costs, and the two capital improvements being added with this amendment. Together, these total another \$4.7 million in expenditures.

Per the original Project Plan, \$41 million in total District expenditures have been authorized. However, as shown on Table 1, the City anticipates total costs of only \$13.3 million over the life of the TID. A large apartment complex is under construction and a large commercial project is being considered. Together, these projects would add another \$26 million in new value over the next four years. The additional tax increment, coupled with the fact that the City is unlikely to undertake some of the larger capital improvement projects included in the original Project Plan, results in a projected surplus at the end of the District life and demonstrates the financial feasibility of including the two new projects. Further, the City has the option to call some of the outstanding debt early. Should the increment be available to do so, TID #7 could close two to three years early.

Taxing districts overlying TID # 7 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 6 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
	2007-2020	2021	2022	2023	2024	2025	2026	2027	2021-2027	2007-2027
SOURCES										
Tax Increments		\$1,267,946	\$1,919,440	\$1,975,653	\$2,279,142	\$2,451,094	\$2,624,767	\$2,800,176	\$15,318,217	
Omitted Taxes		-	-	-	-	-	-	-	\$-	
Computer Exemption Increment		\$17,764	\$17,764	\$17,764	\$17,764	\$17,764	\$17,764	\$17,764	\$124,346	
Personal Property Exemption Increment		\$193,873	\$99,027	\$99,027	\$99,027	\$99,027	\$99,027	\$99,027	\$788,033	
Interest		-	-	-	-	-	-	-	\$-	
Total Revenue	\$ 3,969,038	\$1,479,583	\$2,036,230	\$2,092,443	\$2,395,932	\$2,567,884	\$2,741,557	\$2,916,966	\$16,230,596	\$20,199,634
Proceeds of Long-Term Debt	\$4,641,578	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$4,641,578
TOTAL SOURCES	\$8,610,616	\$1,479,583	\$2,036,230	\$2,092,443	\$2,395,932	\$2,567,884	\$2,741,557	\$2,916,966	\$16,230,596	\$24,841,212
USES										
Capital Expenditures (incl. PAYGO Incentives)		\$362,348	\$373,218	\$384,415	\$395,947	\$-	\$-	\$-	\$1,515,929	
Apple Creek Street and Park Improvements*			\$650,000	\$300,000					\$950,000	
Administrative Costs		\$12,650	\$12,650	\$12,650	\$12,650	\$12,650	\$12,650	\$12,650	\$88,550	
Tax Assessment Refunds		-	-	-	-	-	-	-	-	
Issuance Exp on Debt Issues		-	-	-	-	-	-	-	-	
Interfund Borrowing Interest Exp		-	-	-	-	-	-	-	-	
Transfer to Debt Service Fund		\$454,995	-	-	-	-	-	-	\$454,995	
Transfer to CDA		-	\$314,900	-	-	-	-	-	\$314,900	
Interest on Long-Term Debt		\$209,969	\$193,219	\$176,719	\$159,719	\$142,219	\$124,219	\$359,110	\$1,365,174	
Total Project Costs		\$209,969	\$193,219	\$176,719	\$159,719	\$142,219	\$124,219	\$359,110	\$1,365,174	
Principal on Long-Term Debt	-	\$425,000	\$450,000	\$450,000	\$475,000	\$475,000	\$500,000	\$3,400,000	\$6,175,000	\$6,175,000
TOTAL USES	\$8,564,066	\$1,464,962	\$1,993,987	\$1,323,784	\$1,043,316	\$629,869	\$636,869	\$3,771,760	\$10,864,548	\$19,428,614
Net Change in Fund Balance - December 31		\$14,621	\$42,243	\$768,659	\$1,352,615	\$1,938,015	\$2,104,688	\$(854,794)	\$5,366,048	
FUND BALANCE - DECEMBER 31	\$46,550	\$61,171	\$103,414	\$872,073	\$2,224,688	\$4,162,704	\$6,267,392	\$5,412,598		\$5,412,598

Notes:

* Costs in bold are new expenditures added with amendment.

Map 1 Location of Improvements

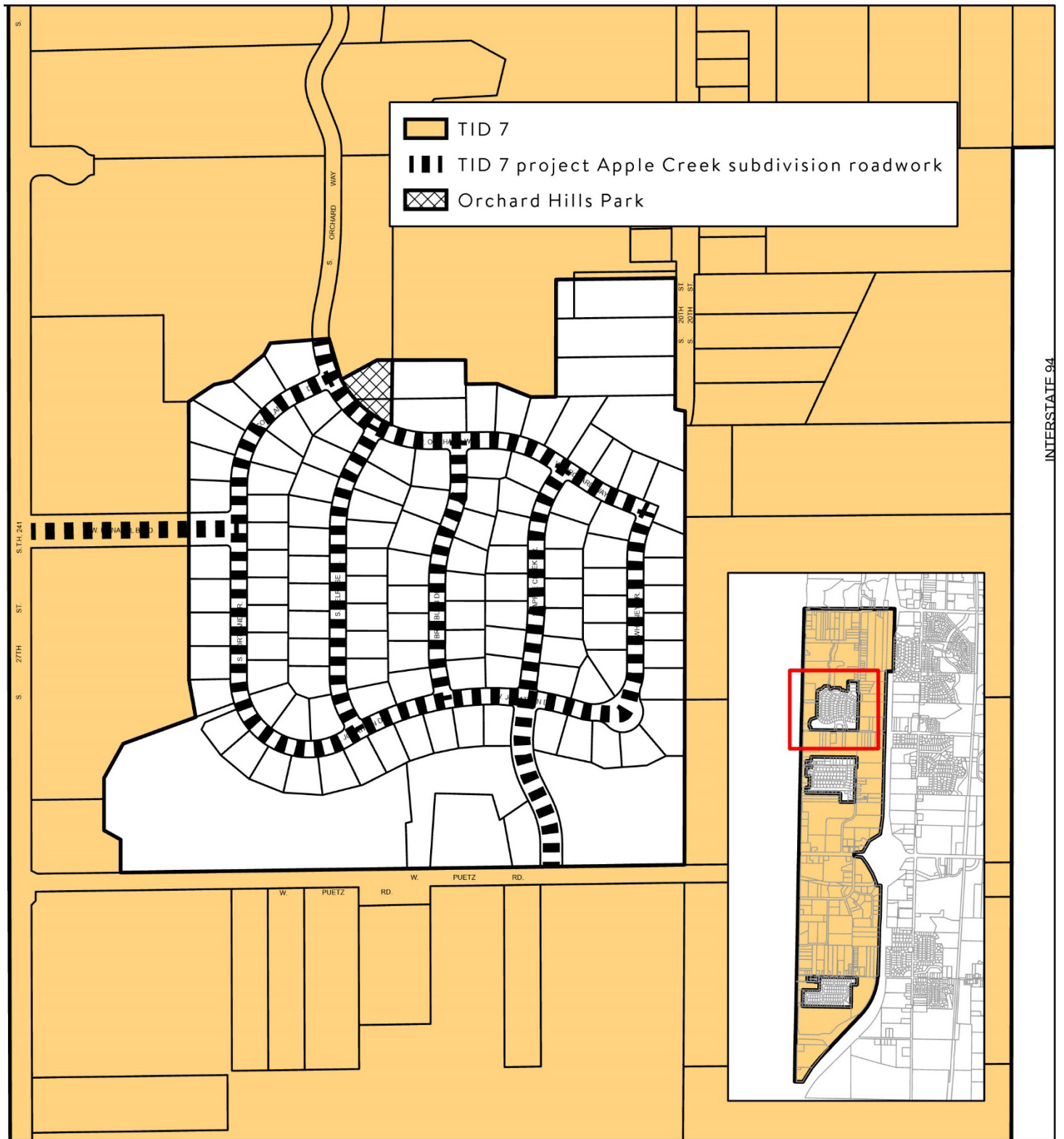


Table 2. Analysis of Impact on Overlying Taxing Jurisdictions

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%	\$1,044,786	\$1,853,431	\$808,645
Oak Creek-Franklin School Dist.	38.0%	\$1,513,537	\$2,684,986	\$1,171,449
Milwaukee Area Tech College	4.9%	\$194,763	\$345,505	\$150,743
Milwaukee County	24.1%	\$960,609	\$1,704,102	\$743,493
Milwaukee Metro Sewer Dist.	6.8%	\$269,037	\$477,266	\$208,229
TOTAL	100.0%	\$3,982,731	\$7,065,291	\$3,082,559

*Does not include tax credits.