

**Minutes of the
Standing Joint Review Board Meeting
July 16, 2019
11:00 a.m.**

- 1) Alderman Gehl called the meeting to order at 10:00 a.m.
- 2) Roll call: Mark Felsheim (Vice President MATC – Oak Creek Campus), Andrew Chromy (Oak Creek-Franklin Joint School District), Aaron Hertzberg (Milwaukee County), Ken Gehl (5th District Alderman). Jerry Hammernik (Citizen Member) was excused.

Also present: Doug Seymour (Director of Community Development) ex-officio member, Kari Papelbon (Planner), Laurie Miller (Planner/Zoning Administrator), Joe Krivichi (Planning Intern), Bridget Souffrant (Finance Director/Comptroller), Andrew Vickers (City Administrator), Josh Allain (Administration Intern), Greg Dresen (IT) and Dan Johns (Vanderwalle).

- 3) Appointment of Citizen Representative – Alderman Gehl nominated Jerry Hammernik. Mr. Hertzberg seconded. On roll call: all voted aye.
- 4) Appointment of Chair – Mr. Chromy nominated Ken Gehl. Mr. Hertzberg seconded. On roll call: all voted aye.
- 5) Approval of Minutes of the September 4, 2018 meeting – Mr. Hertzberg moved to approve the minutes. Dr. Felsheim seconded. On roll call: all voted aye.
- 6) Review proposed amendment to Tax Incremental Financing District No. 12 (TID 12) and Project Plan

Dan Johns, Vanderwalle & Associates, gave a Power Point presentation and explained that the amendment is a proposed boundary change, of which four are allowable under State statute. This amendment will add 14 parcels south of IKEA; amend the spending plan to advance necessary site-specific improvements and capital costs and offer development incentives for large-scale, job creating projects; and support new, complementary commercial and multifamily uses in an emerging gateway district of the City.

Mr. Johns showed a map of the proposed boundary amendment. Dr. Felsheim asked if Map 3 constitutes Area 2. Mr. Vickers responded that that is correct.

Mr. Johns' presentation continued with an overview of the TID 12 statistics, eligible project costs, and proposed projects and costs.

Mr. Vickers added that this TID is very strategic for the City, and there were a few strategies that were considered. The most important ones were to 1) amend the TIF 12 boundaries, which were established for IKEA; 2) establish a new TIF district to cover the east side of the interchange; or 3) use the TIF for highway improvements within a half mile of the boundary. Ultimately what was settled on was amending the TIF 12 boundary to add parcels so as to not have to establish a new TIF. More important than that, the TID development with IKEA essentially doesn't allow the TID

to close early. The City is not in a situation where all of the costs can be paid off to close TID 12 early. At any point in the future, territory can be subtracted from TID 12. The same benefits are derived in closing a TID; just on the subtracted territory and not the full district. The IKEA agreement allows debt service to be paid off on S. Ikea Way by Forest Ridge and IKEA. On top of that debt service, the City contributes back to them (on a PAYGO format) their tax revenues that are derived from their project. That was originally slated at \$13 million in developer systems, which is not even half of what was originally projected.

Mr. Vickers stated that the City has strategic goals, and this TIF tool will help accommodate areas south of IKEA that are held by Northwestern Mutual. They own that entire tract of land, except for one home. The City has some very aspirational goals for that property and for this community on that property.

With regard to the "but/for" TID requirement, 13th Street will not be at the capacity that is needed for meaningful buildout of all of the acreage on 13th and Drexel. Capacity needs to be added to 13th Street even after the County gets done with the current project. The City cannot add the \$5 million in roads costs (for maximum buildout) onto the developer's cost of doing business. Mr. Vickers added that but for the City's investment in the 13th and Drexel improvements, the developments cannot be obtained that the City wants on the east side of the freeway. Froedert and the multifamily development to the north enables the City to expeditiously attack the road improvements. These improvements are not speculative in nature; this is the crux of this amendment.

Mr. Vickers also noted that the small parcel to the south of Drexel is probably going to have to be acquired for Drexel Ave. to be built out for an additional turn lane to the south.

Mr. Seymour stated that under the standard development approach, there would be incremental changes/additions to 13th and Drexel as each of these developments progress. One of the City's goals is to find the appropriate time to do the construction that is necessary without having construction taking place for the next 5 years. Mr. Vickers stated that this will be a "50-year" plus solution in terms of capacity on that road (13th and Drexel.)

Mr. Johns went on to summarize the projected growth and projected TID 12 increment of this TIF.

Ms. Souffrant gave an overview of the TID 12 cash flow analysis. Mr. Vickers referenced the Cash Flow Analysis and explained that these are potential projects that could arise, with the biggest being the PAYGO incentives. There are no development agreements in place right now to cover these costs, but it does allow the flexibility to react to a business deal with an aspirational project as they come along. Mr. Vickers stressed that this is not a blueprint, but rather a budget.

Mr. Johns continued with this presentation with a summary of the TID 12 impact on overlying taxing jurisdictions. He completed his presentation with a review of the required statutory JRB findings which are: 1) "but for" clause which means without the TID, the development would not occur or would not occur in the manner, at the values, or within the timeframe desired by the City; 2) economic benefits of the TID are sufficient to compensate for the cost of improvements; and, 3) the benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. Mr. Vickers added that the difference between findings one and two is very critical. Development would eventually occur in this area, but the City

would have less leverage and tools to get the aspirational projects in that the City desires. Therefore, the City does not satisfy the number 1 finding. However, development would not necessarily occur within the timeframe desired by the City. Regarding the 13th and Drexel improvements, if the City can't set that and forget it and build that capacity to what is needed for a host of retail and commercial uses, the City could be delayed and have to react to development and building that out incrementally.

Mr. Johns recapped the timeline. There is an organizational meeting next week, Plan Commission next Tuesday will be the public hearing. Assuming a positive outcome, this would go before the Council for final action on Monday, August 5, and back before the Joint Review Board for final ratification.

Mr. Hertzberg asked for a recap of the Proposed Projects and Costs graphic that was displayed, specifically the amendment of \$3 million+, capital outlay and the \$11.5 million, and to highlight specifically what those changes are. He referenced a statement about the 13th and Drexel Interchange capacity and if that is a primary use of that fund, future use of Northwestern Mutual Way, and if it could be clarified if that is part of this amendment or is it anticipated in the future.


Mr. Johns displayed the Proposed Projects and Costs graphic and Mr. Vickers explained that everything above the "13th St. and Drexel Ave. Improvements" section of the chart, the \$5.1 million, and then further below the "IKEA Development Project – developer funded"; that number was \$13 million and not \$6 million. The \$5.1 million and \$13 million in PAYGO was the entirety of the cost estimated for the original project. The increment was just for IKEA and was very compartmentalized in the IKEA deal. Mr. Hertzberg asked if the approval value was \$13 million. Mr. Vickers stated yes. Other than the IKEA developer funded project from \$13 million down to \$6 million, plus the \$5.1 million, all of those other costs are new. This does not contemplate the costs for extending S. IKEA Way all the way down to 27th St. It is not known if that is going to be a TID cost at this point. If it doesn't fit within the confines of the overall budget, they would seek an amendment and extend that roadway. In this initial phase of S. IKEA Way, they did extend the water main. Mr. Vickers added that the new commitment is 13th and Drexel, \$2.489 million, plus all of the developer incentives, less IKEA, which was already in the original.

Mr. Vickers stated he is hoping to convene the Joint Review Board before the August 20 Council meeting.

Adjournment – Dr. Felsheim motioned to adjourn. Mr. Hertzberg seconded. All voted aye. The meeting was adjourned at 10:35.

ATTEST:


Ken Gehl, Joint Review Board Chair


Date