



CITY OF WAUKESHA

Administration

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Committee: Finance	Date: 6/11/2019
Common Council Item Number: ID# 19-0736	Date: 6/18/2019
Submitted By: Jennifer Andrews, Community Development Director	City Administrator Approval: Kevin Lahner, City Administrator KL
Finance Department Review: Rich Abbott, Finance Director RA	City Attorney's Office Review: Brian Running, City Attorney BR
Subject: Review and approve a term sheet outlining the potential TIF assistance to the Reserve at Waukesha project.	

Details:
 Campbell Capital Group is proposing a redevelopment project that includes a mixed-use building consisting of 186 apartments and 2,100 square feet of commercial space. The developer is requesting TIF assistance to make the project financially feasible. The staff has worked with Ehlers to thoroughly review the developer's proforma to verify that there is a financial gap in the project. The developer has extraordinary costs related to site preparation including but not limited to environmental remediation, poor soils, and floodplain mitigation. The request is for a \$1,500,000 grant at the time that construction commences and a \$3,250,000 grant payment as tax increment is generated from the project (PAYGO). The city would pay its administration costs, retain 10% of the increment and pay debt service obligations before providing the developer with any additional grant payment. Attached is a draft term sheet outlining the assistance requested. If approved by the Council the staff would begin the process to create a TIF district in this area and develop a full development agreement.

- Options & Alternatives:**
1. Approve the term sheet and recommend that Council also approve the term sheet so the project can move forward.
 2. Deny the term sheet and the project would not move forward.

Financial Remarks:
 The assistance is contingent on the successful creation of a new TIF district. Once the district is successfully created the City would bond for the initial \$1,500,000 grant. The City would be paid back through tax increment or PILOT payments made by the developer. It is expected the TIF would have a life of about 12 years. During the life of the TID the City would continue to receive tax revenue on the base value of the district. Once the district is closed the City will receive tax revenue based on the new value.

- 1) Developer's Incentive – 8126.49110 Proceeds of Long Term Debt 1,500,000
 8126.57930 Development Grant's 1,500,000
- 2) Developer's Grants – 8126.41110 Taxes-Property 3,250,000



8126.57930 Development Grant's 3,250,000

Paygo is a total amount – it will be paid over several years and not start in 2020

Executive Recommendation:

Accept the term sheet and recommend approval to the Council.