



City of Waukesha
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Committee: Finance Committee	Date: 2023-04-21
Common Council Item Number: Cobblestone Hotel TIF Agreement 23-6348	Date: 2023-04-25
Submitted By: Jennifer Andrews	City Administrator Approval: Rebecca Pederson
Finance Department Review: Denise Vandenbush-Kohlmann	City Attorney's Office Review: Brian Running
Subject: Review and act on a development agreement that outlines providing \$1 million in TIF assistance to Cobblestone Hotels to build a 60-room hotel and restaurant on Wisconsin Ave. between N. Grand Ave. and Clinton St.	

Details:
Cobblestone Hotels is proposing a redevelopment project on Wisconsin Ave. that would include purchasing the vacant building at the corner of N. Grand and Wisconsin, along with the City owned parking lot at the corner of Wisconsin and Clinton. The redevelopment project would include razing the existing structure to construct a new 4 story hotel and restaurant. The staff proposes amending the boundaries of TID 17 to include the property in question.
The project's financial proforma was reviewed by the City's outside advisor, Ehlers. Ehlers determined that the project would not be financial feasible without TIF assistance. They also determined that the developer is not unduly enriched by receiving the assistance. The request for assistance is to receive \$1 million at the time of occupancy.
The development agreement lays out the terms by which the City will provide the assistance. The developer will guarantee a minimum assessed value of \$5.5 million once the project is stabilized. There will be a verification of project costs to ensure that the costs represented to the City were indeed realized as part of constructing the project. If the costs are lower than projected, the incentive will be reduced. The agreement also includes provisions limiting the owner's ability to contest their assessment or sell to a tax-exempt entity.

Options & Alternatives:

1. Approve the agreement and move the project forward.
2. Deny the agreement with the understanding that the project will not move ahead.

Financial Remarks:
This project will be completed in TID 17. TID 17 is a very healthy TID financially and can handle a project of this size.

This project will increase the tax base of the parcel in question from \$725,000 to \$5,500,000. This, in turn, will increase the City's tax revenue and shift some of the tax burden away from homeowners.

Executive Recommendation:

Approve the agreement as presented.