



CITY OF WAUKESHA

Administration

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Committee: Finance	Date: 2/9/2021
Common Council Item Number: CC 21-1718	Date: 2/16/2021
Submitted By: Jennifer Andrews, Community Development Director	City Administrator Approval: Kevin Lahner, City Administrator KL
Finance Department Review: Bridget Souffrant, Finance Director BS	City Attorney's Office Review: Brian Running, City Attorney BR
Subject: Review and approve a TIF Development Agreement with Waukesha Parkway, LLC for the financial assistance for the development at southeast corner of STH 59/Les Paul Parkway and Saylesville Road known as Village at Fox River (TID 28)	

Details:
 Back on January 21, 2020 the Common Council approved a TIF Term Sheet for the development of a 30 acre mixed-use development project at located at the southeast corner of STH 59/Les Paul Parkway and Saylesville Road that included a 174-unit apartment building, a convenience store, and an additional commercial development site.

Since that approval, the City has created Tax Incremental Finance District number 28 and the apartment portion of the development has received Plan Commission and Common Council Planned Unit Development, site, architectural, and Certified Survey Map approval. The next step in the process is approval of the TIF Development Agreement, which spells out the terms of the financial assistance for this development.

The proposed Development Agreement has the same financial terms as the Council approved Term Sheet. The only notable difference is that the project has been pushed back by one year. The term sheet had anticipated the development would commence in 2020, it will now commence in 2021, which also results in the TID closing one (1) year later than anticipated – 2035 instead of 2034. The total City contribution is \$6.825 million and the Development Agreement guarantees a minimum assessed value of \$31,600,000, otherwise the developer will owe the City a payment in lieu of taxes (PILOT).

This City incentive is structured as a PAYGO, meaning there is no upfront cash grant. The City will reimburse the developer up to \$6.285 million dollars as tax increment is generated by the district. The TID will close in 2035, regardless of the amount of increment the developer has been reimbursed at that time. The City will be holding back administrative expenses and 10% of the increment. It is expected the TID would close in 14 years, after which the taxing jurisdictions would receive additional tax revenue based on the new value of the district.

The agreement has provisions for limiting internal rates of return on the project and reviewing/confirming construction costs. If costs are lower than projected or returns are higher than expected the amount of the incentive will be reduced accordingly.



Options & Alternatives:

1. Approve the Development Agreement
2. Deny the Development Agreement and the project would not move forward.

Financial Remarks: The City will be paid back through tax increment or PILOT payments made by the developer. It is expected the TIF would have a life of about 14 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 increased tax revenue based on the new value.

Staff Recommendation: Staff recommends the Common Council approve the Development Agreement with Waukesha Parkway, LLC as proposed.