



CITY OF WAUKESHA

Administration

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Committee: Finance	Date: 10/13/2015
Common Council Item Number: ID# 15-3524	Date: 10/20/2015
Submitted By: Jennifer Andrews, Community Development Director	City Administrator Approval: Kevin Lahner, City Administrator KML
Finance Department Review: Rich Abbott, Finance Director RA	City Attorney's Office Review: Brian Running, City Attorney BR
Subject: Review and approve a development agreement between the City of Waukesha and Waukesha Northview, LLC for TIF assistance related to the redevelopment of 901 Northview Rd.	

Details:
The attached development agreement outlines the terms of the TIF financing and public/private partnership between the City of Waukesha and Waukesha Northview, LLC related to the redevelopment of 901 Northview Rd. The agreement provides a grant of \$1,150,000 at the beginning of the project and a Pay As You Go (PAYGO) grant at the completion of the project dependent on job creation with a maximum of \$1,725,000 over 15 years. Also included in the agreement is a provision that allows the City to confirm final project costs. If costs are lower than the maximum cost guaranteed by the developer the grant may be reduced.

The financials for this project were reviewed by a third party financial consultant for the City to verify a gap in the financing exists. This review was done to prove the clause in the state statute that says that TIF can only be used if it is determined that "but for" TIF assistance the project would not move forward. In this case the financial analysis showed that the rate of return on the project was far below market rate for this type of development. But for the TIF assistance the developer would not move forward with this investment.

- Options & Alternatives:**
1. Approve the development agreement as recommended by the Community Development Director allowing the project to move forward.
 2. Deny the agreement.

Financial Remarks:
The City would bond in 2016 for the initial \$1,150,000 grant amount. The balance of the grant amount will be paid by increment generated by the project and bonding will not be necessary.

Executive Recommendation:
Approve the development agreement as proposed.

