

**CITY OF WAUKESHA****Administration**

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<b>Committee:</b> Finance	<b>Date:</b> 9/27/2016
<b>Common Council Item Number:</b> ID# 16-1484	<b>Date:</b> 1/19/2016
<b>Submitted By:</b> Jennifer Andrews, Community Development Director	<b>City Administrator Approval:</b> Kevin Lahner, City Administrator KL
<b>Finance Department Review:</b> Rich Abbott, Finance Director RA	<b>City Attorney's Office Review:</b> Brian Running, City Attorney BR
<b>Subject:</b> Approve a TIF incentive to Sterling Investments for the development of 220 W. Main St. and direct staff to finalize an agreement and direct Mayor to sign final agreement.	

**Details:**

Sterling Investments has proposed to redevelop 220 W. Main St. in downtown Waukesha. The project would include 4 levels of housing and 2 levels of parking as well as an improved green space at the corner of Riverfront St. and Barstow St. The developer is requesting an incentive of \$1,300,000. \$1,000,000 would be in the form of a grant at the time the building is completed. The \$300,000 would be in the form of a PAYGO that would be paid on the following schedule once the guaranteed value is in place:

September 1, 2021 \$100,000

September 1, 2022 \$100,000

September 1, 2023 \$100,000

The guaranteed final assessed value of this project would be \$13,000,000. The addition of the tax increment this project would generate in TID 11 will allow the overall district to close 1 year earlier than currently projected. This project would not require any additional investments in road or utility infrastructure.

This project and incentive request was reviewed by Ehlers and Associates to verify the economic gap exists. It was the opinion of Ehlers that there is a financial gap present that meets the "but for" test required by the TID law.

Draft term sheet attached.

**Options & Alternatives:**

1. Approve the \$1,300,000 TIF incentive for Sterling Development for a guaranteed project value of \$13,000,000 as of January 1, 2019.
2. Deny the proposed TIF incentive causing the project not to move forward and the district will not realize the increased tax increment that would allow it to close 1 year earlier.

**Financial Remarks:**

Credit 8111.41110 Increment (300,000)



Credit 8111.49110 10 Year Taxable GO Debt	(1,035,000)
Debit 8111.57930 Developer Grants	1,300,000
Debit 8111.56920 Issuance costs	35,000

**Executive Recommendation:**

Approve a TIF incentive to Sterling Investments for the development of 220 Main St. and direct staff to finalize an agreement and direct Mayor to sign final agreement. Approval of the proposed incentive would result in an additional \$13,000,000 in tax base on this parcel by 2019.