

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

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Committee: None	Committee Meeting Date: Not applicable
Agenda Item Number: 18-0513	Common Council Meeting Date: 4/5/2018
Submitted By: Jennifer Andrews, Director of Community Development	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 BER
Subject: Approval of developer agreement for Mad Dog Properties development on Fleetfoot Drive.	

Details:

TID 18 was created to spur redevelopment of the area southeast of the intersection of the Les Paul Parkway and Racine Avenue, where a foundry had formerly been located. The City used TIF to remediate environmental contamination on the land and make it ready for development, and entered into a contract with the original developer to recover the City's expenses. That original developer declared bankruptcy. Now, new development is taking place in TID 18, including a housing development on the east side of Fleetfoot Drive being done by Mad Dog Properties LLC. In order to recover the City's remediation expenses, the City must enter into developer agreements with the new developers, putting them into the place of the bankrupt original developer. The premise is that the new developers are receiving the benefit of the City's remediation efforts just as much as the original developer would have, so the new developers should reimburse the City just as the original developer would have. The document being presented now is a developer agreement with Mad Dog Properties LLC by which it agrees that it will develop the property and guaranty a certain assessed value, with a promise to make up the difference in taxes if there's a shortfall between the actual value and the guaranteed value.

Options & Alternatives:

There are no alternatives, if the developer is to reimburse the City for its remediation expenses.

Financial Remarks:

This agreement and subsequent development would help TIF 18 close sooner than expected. Currently TIF 18 is projected to close in 2029. With the proposed construction schedule, it would close in 2025. If the developer does nothing and must make PILOT payments, then the district would close 2 years earlier in 2027. The increment generated from the development would go to 8118.41110 and any PILOT payments would go to 8118.41340 PILOT-Tax Equivalents. At today's tax rates, the developer is guaranteeing a total of \$65,205 in increment or PILOT combined.

Staff Recommendation:

Approval of the developer agreement and authorization for the Mayor and City Clerk to execute it.