



March 1, 2021

Paul Farrow, County Executive
Andrew Thelke, Administration Director
Waukesha County

Mayor Shawn Reilly
City of Waukesha

Dan Budde

Kaylen Betzig, President
Jane Kittel, Finance V.P.
Waukesha County Area Technical College District

James Sebert, Superintendent
Darren Clark, CFO
c/o Board of Education
Waukesha School District

RE: City of Waukesha Proposed Tax Incremental District No. 30 Creation

On behalf of the City of Waukesha, this letter is to confirm the meeting of the Joint Review Board (“JRB”) **will be held on** March 11, 2021 at 2:00 p.m. The purpose of this meeting is for the JRB to consider approval of the resolution adopted by the Waukesha Common Council creation Tax Increment District No. 30 (the “District”).

Waukesha is currently conducting its Joint Review Board meetings online due to the COVID-19 pandemic. Access the public livestream of these meetings by using this direct link: <https://waukesha.legistar.com/Calendar.aspx> Meetings are also streamed on Zoom at <https://waukesha-wi.zoom.us/j/96185646156?pwd=dzZlaS9FWGthTS9MR2UvVjQrNOs1QT09> using Webinar ID: 961 8564 6156 and Password: 492869. Meetings may also be accessed via telephone through Zoom by calling 1-888-788-0099. Please use Webinar ID: 961 8564 6156 and Password: 492869

To assist the JRB in its deliberation, the Plan Commission resolution and the Common Council resolution, along with the Project Plan, constitute the public record in this matter. Signed copies of the resolutions, and the minutes from the organizational JRB meeting will be e-mailed to you from the City prior to the meeting.

Enclosed is a copy of the final Project Plan, legal notice published for this meeting, an agenda for this meeting, as well as a proposed resolution for consideration by the JRB.

In considering whether to approve its Resolutions, the JRB, by state statute, is to consider the following:

- A. Whether the development expected in the Tax Incremental District would occur without the use of tax incremental financing;
- B. Whether the economic benefits of the Tax Incremental District, as measured by increased employment, business and personal income and property value, are sufficient to compensate for the cost of the improvements;
- C. Whether the benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.

To assist the JRB in its analysis of the enclosed information, we are providing the following brief narrative as it relates to each of the criteria outlined above.

1. That “but for” the creation of this District, the development projected to occur as detailed in this Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the City. In reaching this determination, the City has considered:

A review of the Project’s sources and uses, and cash flow proforma. The Project’s projected return on investment over 10 years without TIF assistance is 7.84%. The Developer has requested that the City provide incentive payments on both an upfront and a pay as you go basis with an estimated present value of \$2.2 million. (Projected future value payments of \$5.562 million). Provision of the requested assistance would improve the Project’s return on investment to 10.46%. Projects of this type typically need to provide a return in the range of 12% to 18% to attract the necessary investment capital. Based on Ehlers review, provision of pay as you go incentives in the amount requested is necessary to provide an acceptable return on investment and indicates that “but for” the incentives, the project would not likely proceed.

The Developer’s representation that the Project is not economically viable without public participation based on extraordinary costs associated with the development of the project site including soil conditions, deforestation of the site, and site constraints.

2. The economic benefits of the District, as measured by increased employment, business and personal income, and property value, are sufficient to compensate for the cost of the improvements. In making this

That the Developer is likely to purchase goods and services from local suppliers in construction of the Project, and induced effects of employee households spending locally for goods and services from retailers, restaurants and service companies.

3. The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. As required by Wis. Stat. § 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been prepared and can be found in this Plan. However, because the Project would not occur without the use of tax incremental financing, these tax increments would not be paid but for creation of the District. Accordingly, the City finds that the benefits expected to be realized as set forth in the Plan outweigh the value of the tax increments to be invested in the Project.

CONCLUSION

Based on the information contained in the Project Plan, the findings of the Plan Commission and the Common Council as provided for in their respective resolutions, the City therefore respectfully requests favorable consideration by the JRB.

Sincerely,

EHLERS



Jon Cameron, CIPMA
Municipal Advisor

cc: Jennifer Andrews, City Community Development Director
Jeff Fortin, Senior Planner
Kevin Lahner, City Administrator
Bridget Souffrant, Finance Director
Mary Ackerman, Community Development
Denise Vandebush-Kohlmann, Accountant
Gina Kozlik, City Clerk
Brian Running, City Attorney
Rebecca Pederson, Assistant to the Mayor & City Administrator
William Duckwitz, Waukesha County Budget Management Specialist
Kristine Golz, Controller, Waukesha County Area Technical College
Joseph Como, School Board President
Annie Mallon, Public Finance Analyst, Ehlers
Paula Czaplewski, Senior Public Finance Analyst - TIF, Ehlers