

*****ATTACHMENTS*****

CITY OF SHEBOYGAN

REQUEST FOR JOINT REVIEW BOARD CONSIDERATION

ITEM DESCRIPTION: Review and discuss territory and project plan amendment for Tax Incremental District No. 13.

REPORT PREPARED BY: Chad Pelishek, Director of Planning and Development

REPORT DATE: August 21, 2017

MEETING DATE: August 29, 2017

FISCAL SUMMARY:

STATUTORY REFERENCE:

Budget Line Item: N/A
Budget Summary: N/A
Budgeted Expenditure: N/A
Budgeted Revenue: N/A

Wisconsin Statutes: N/A
Municipal Code: N/A

BACKGROUND / ANALYSIS: The City of Sheboygan created TID 13 in October 2005 to provide senior housing development incentives to Landmark Square development. A year or so ago, the former Sheboygan Senior Nursing Facility vacated their property for new facility in the Town of Sheboygan. Jos Schmitt and Sons Construction (now known as the The Founder's Club) purchased the property and be renovating the building into dorm-style residential units.

STAFF COMMENTS:

The original amendment approved in May 2017 by the Common Council included a sharing of excess revenue to TID 16. This correction amendment removes the sharing of excess revenue due to the District being originally created as a blighted district under TIF law and TID 16 being set up as mixed use district. Excess revenue can only be shared with like tax incremental districts, so city staff is removing the sharing portion.

ACTION REQUESTED:

Motion to recommend the Common Council approve the corrected Resolution approving an amendment to the Project Plan for Tax Incremental District 13 and approving the Project Plan to provide a development incentive only to The Founder's Club.

ATTACHMENTS:

- I. TID 13 Project Plan Correction Amendment No. 1

CITY OF SHEBOYGAN, WISCONSIN

Tax Incremental District 13

PROJECT PLAN AMENDMENT No. 1



Joint Review Board Organizational Meeting Held: August 29, 2017

Public Hearing Held: August 29, 2017

Adopted by Plan Commission: August 29, 2017

Adopted by City Council: September 18, 2017

Anticipated Approval from Joint Review Board: September 25, 2017

September 2017

Tax Incremental District 13,
Amendment No. 1

City of Sheboygan Officials

Common Council

Michael Vandersteen	Mayor
Mary Lynne Donohue	Council Member
John Belanger	Council Member
Todd Wolf	Council Member
Scott Lewandoske	Council Member
Ronald Rindfleisch	Council Member
Michael Damrow	Council Member
Markus Savaglio	Council Member
Rosemarie Trester	Council Member
Ryan Sorenson	Council Member
Henry Nelson	Council Member
Andy Ross	Council Member
Bryan Bitters	Council Member
Susan Holzschuh	Council Member
Andrew Schneider	Council Member
James Bohren	Council Member
Roman Draughon	Council Member

City Staff

Darrell Hofland	City Administrator
Chad Pelishek	Director of Planning & Development
Steven Sokolowski	Manager of Planning & Zoning
Charles Adams	City Attorney
Susan Richards	City Clerk
Nancy Buss	Finance Director

PROJECT PLAN AMENDMENT
TAX INCREMENTAL DISTRICT 13
AMENDMENT ONE
THE FOUNDERS CLUB DEVELOPMENT INCENTIVE

Introduction

The City of Sheboygan (City) proposes to amend Tax Incremental District (TID) 13 to provide a development incentive to The Founders Club, LLC. The City created TID 13 to provide development incentives for a senior housing project known as Landmark Square. TID 13 was certified by the Wisconsin Department of Revenue on January 1, 2006 with a certified base value of \$294,400. To date, no project plan or territory amendments have been filed for this TID.

With this amendment to TID 13, the City proposes to provide a development incentive to a proposed development within the district boundaries. The Founder's Club, LLC has purchased the former Sheboygan Senior Community property which is located in the boundaries of TID 13. The developer is renovating the former nursing home into dorm-style housing units for local employers to house interns and co-op employees on a temporary basis. Phase 1 of the project to create housing for approximately 150 occupants is complete. Phase 2 of the project to create housing for approximately 100 more occupants has requested a development incentive as gap financing to bridge the amount the lender is providing and the amount that developer is contributing towards the project.

Development incentives were provided to the Landmark Square project which began in 2007. The development incentive provided for this project will be complete as of September, 2018.

Summary of Findings

As required by s.66.1105 Wis. Stats and as documented in the Project Plan Amendment and the exhibits contained and referenced herein, the following findings are made:

1. That "but for" amendment of TID 13 Project Plan, the new development associated with The Founders Club, LLC. will not advance the City's economic development goals in this Project 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 making this determination, the City has considered the following information:

- In order to make the accommodate plans to redevelop the former Sheboygan Senior Community Center (Phase 2), the City will need to induce redevelopment by offering incentives. Due to the extensive investment needed in this property, the City has determined that redevelopment would not occur solely as a result of private investment. Accordingly, the City finds that absent the use of TIF, redevelopment of the Founders Club Phase 2 would likely not occur.
- **That “but for” amendment of TID 13 Project Plan, the economic development objectives will not be achieved.** In evaluating the appropriateness of the proposed amendment, the Joint Review Board must consider “whether the development expected in the tax incremental district would occur without the use of tax incremental financing. The purpose of this amendment is provide incentive to this type of development that is not currently in the market, will be meet the City goals as it relates to the economic development initiatives and additional housing opportunities located in our downtown district.

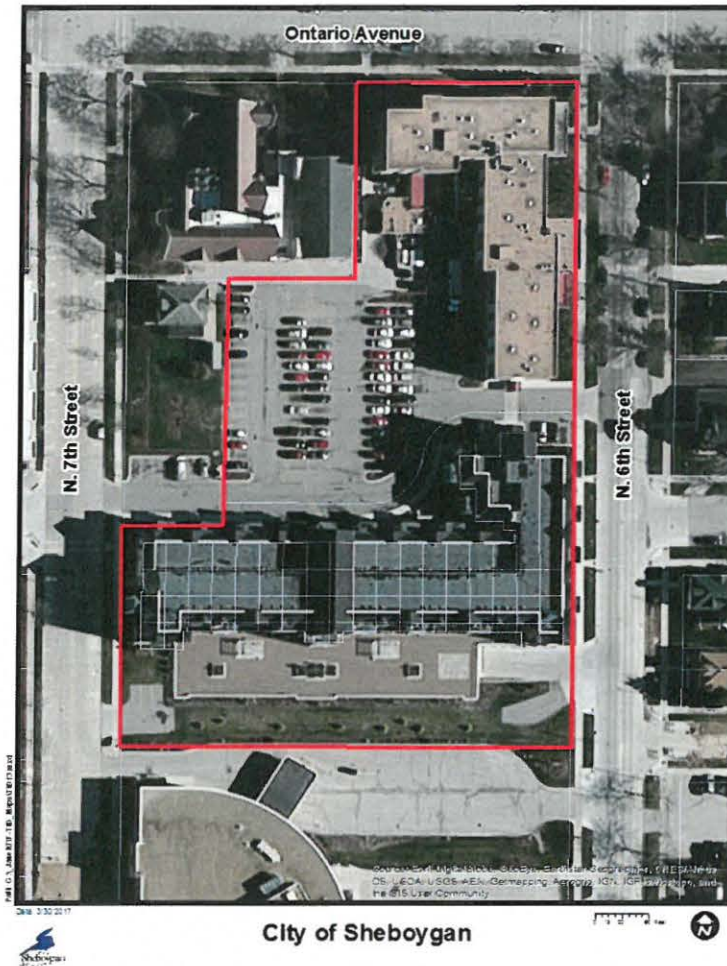
2. The boundaries of the District are not being amended. The former Sheboygan Senior Community Center is located in the original TID boundaries as established in 2006.

3. Based upon the findings as stated above, and the original findings as stated in the Creation Resolution the District remains a blighted area within the meaning of Section 66.1105(2)(a)1. of Wis. Stats.

Listing of Kind, Number and Location of Proposed Improvements

Cash Grant (Development Incentives). The City may enter into agreements with property owners, lessees, or developers of land located within the District for the purpose of sharing costs to encourage the desired kind of improvements and assure tax base is generated sufficient to recover project costs. No cash grants will be provided until the City executes a development agreement with the recipient of the cash grant. Any payments of cash grants made by the City are eligible Project Costs.

Map Showing Existing Uses & Conditions. The map provided below shows the originally approved boundaries of the district. This amendment does not change the boundaries of the district. It is provided for reference.



Equalized Value Test

No additional territory will be added to the District. Demonstration of compliance with the equalized value test is not required for the Amendment.

Map Showing Proposed Improvements and Uses

There will be no change to District boundaries, nor any changes to the proposed improvements or uses within the District as result of this amendment. A copy of the map showing the boundaries of the TID can be found on the prior page.

Detailed List of Project Costs

This amendment provides for upfront forgivable development incentives in the amount of \$390,000 to be provided to The Founder's Club as part of the former Sheboygan Senior Community Center redevelopment project per a Developer's Agreement between the City of Sheboygan and The Founders Club approved by the Common Council on March 6, 2017.

Economic Feasibility Study

This project plan amendment allows for tax increments from the proposed \$2,600,000 in new valuation to be used to forgive up to \$390,000 of costs associated with The Founder’s Club proposed project. The estimated repayment of this forgivable period is six years.

Tax Increment for TID 13

Budget Year	Equalized Value of Site	Base Value	Value Increment	Tax Increment	Development Incentive	City Share	Excess Increment
2008	297,300	294,400	2,900	72		72	
2009	8,963,700	294,400	8,669,300	217,070	195,363	21,707	
2010	9,390,700	294,400	9,096,300	348,242	313,418	34,824	
2011	13,264,400	294,400	12,970,000	343,741	309,367	34,374	
2012	9,775,200	294,400	9,480,800	257,294	231,564	25,730	
2013	9,259,500	294,400	8,965,100	246,624	221,962	24,662	
2014	9,246,200	294,400	8,951,800	251,299	226,169	25,130	
2015	11,722,600	294,400	11,428,200	316,569	284,912	31,657	
2016	11,021,500	294,400	10,727,100	298,044	268,240	29,804	
2017	11,238,400	294,400	10,944,000	292,614	263,353	29,261	
2018	15,038,400	294,400	14,744,000	394,216	287,254	39,422	67,540
2019	15,038,400	294,400	14,744,000	394,216	101,602		292,614
2020	15,038,400	294,400	14,744,000	394,216	101,602		292,614
2021	15,038,400	294,400	14,744,000	394,216	85,194		309,022
2022	15,038,400	294,400	14,744,000	394,216			394,216
2023	15,038,400	294,400	14,744,000	394,216			394,216
2024	15,038,400	294,400	14,744,000	394,216			394,216
2025	15,038,400	294,400	14,744,000	394,216			394,216
2026	15,038,400	294,400	14,744,000	394,216			394,216
2027	15,038,400	294,400	14,744,000	394,216			394,216
2028	15,038,400	294,400	14,744,000	394,216			394,216
2029	15,038,400	294,400	14,744,000	394,216			394,216
2030	15,038,400	294,400	14,744,000	394,216			394,216
2031	15,038,400	294,400	14,744,000	394,216			394,216
2032	15,038,400	294,400	14,744,000	394,216			394,216

Annexed Property

No territory will be added or subtracted from the District as a result of the amendment.

Proposed Changes in Zoning Ordinances

The City does not anticipate the need to change any of its zoning ordinances in conjunction with the implementation of this Project Plan amendment.

Proposed Changes in Master Plan, Map, Building Codes and City of Sheboygan Ordinances.

Due to the former Sheboygan Senior Community Center being an existing building that is being renovated into dorm-style residential units, no effect on the City's Master Plan is anticipated. Actually this project will be consistent with the Master Plan by bringing more people to live downtown and provide a positive economic benefit to the City's goal through the master planning processes to encourage more people to live and work downtown.

Relocation

It is not anticipated there will be a need to relocate persons or businesses in conjunction with this Amendment.

Orderly Development and/or Redevelopment of the City of Sheboygan

This Project Plan Amendment will have no impact on the viability of the original District Project Plan as it relates to the orderly development and/or redevelopment of the City.

A List of Estimated Non-Project Costs

The City does not expect to incur any non-Project Costs in the implementation of this Project Plan Amendment.

CITY OF SHEBOYGAN

REQUEST FOR JOINT REVIEW BOARD CONSIDERATION

ITEM DESCRIPTION: Review & discuss territory and project plan amendment for Tax Incremental District No. 14.

REPORT PREPARED BY: Chad Pelishek, Director of Planning and Development

REPORT DATE: August 21, 2017

MEETING DATE: August 29, 2017

FISCAL SUMMARY:

Budget Line Item: N/A
Budget Summary: N/A
Budgeted Expenditure: N/A
Budgeted Revenue: N/A

STATUTORY REFERENCE:

Wisconsin Statutes: N/A
Municipal Code: N/A

BACKGROUND / ANALYSIS: The City of Sheboygan created TID 14 in in January 4, 2011, to provide development incentives for the Festival Foods and Kwik Trip redevelopment. The mixed use district is comprised of approximately 51.5 acres of a mix of commercial and residential property with a base value of \$8,922,700. The current total value for 2016 is \$24,617,400.

STAFF COMMENTS:

The purpose of the amendment is to add territory to include the former Memorial Mall property now owned by Meijer Stores, to provide a pay-go development incentive to Meijer Stores, LLP valued at \$1,500,000 based on a \$14,000,000 new investment of an 159,000 square foot store, fueling station/convenient store and fund eligible project costs for infrastructure improvements along Taylor Drive to accommodate the Meijer development valued at \$1,500,000. The City also plans to make expenditures within ½ mile of the district in the future as it relates to improvements to the via dock of WIS 23 and the adjacent off ramps for an estimated cost of \$500,000. The City has entered into a development agreement with Meijer Stores, LLP for the development incentive of \$1,500,000.

ACTION REQUESTED:

Motion to approve the territory and project plan amendment for Tax Incremental District 14.

ATTACHMENTS:

- I. TID 14 Territory and Project Plan Amendment No. 1.

CITY OF SHEBOYGAN, WISCONSIN

Tax Incremental District 14

TERRITORY AMENDMENT No. 1



Joint Review Board Meeting Held: August 29, 2017

Public Hearing Held: August 29, 2017

Adopted by Plan Commission: August 29, 2017

Adopted by City Council: September 18, 2017

Anticipated Approval from Joint Review Board: September 25, 2017

September 2017

Tax Incremental District 14,
Amendment No. 1

City of Sheboygan Officials

Common Council

Michael Vandersteen	Mayor
Mary Lynne Donohue	Council Member
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Steven Sokolowski	Manager of Planning and Zoning
Charles Adams	City Attorney
Susan Richards	City Clerk
Nancy Buss	Finance Director

PROJECT PLAN AMENDMENT
TAX INCREMENTAL DISTRICT 14
AMENDMENT ONE
TERRITORY AMENDMENT AND DEVELOPMENT INCENTIVE
FOR MEIJER FOODS

Introduction

Tax Incremental District 11 (the “District”) was created January 4, 2011, as a mixed use tax increment district. It is comprised of approximately 51.5 acres of primarily commercial land use with a base value of \$8,922,700. The current total value for 2016 is \$24,617,400.

The District is located on North Taylor Drive from Erie Avenue to the Taylor Drive Frontage Road. The District also includes a portion of Erie Avenue both east and west of North Taylor Drive.

The District was originally created to provide a development incentive for Festival Foods to redevelop a vacant Wal-Mart store into a new grocery store. The purpose of this amendment is to provide development incentives to Meijer Stores, LLP, expand the boundaries of the District to include the former Memorial Mall property now owned by Meijer Stores, and to fund eligible project costs for infrastructure improvements along North Taylor Drive to accommodate the Meijer Stores development.

The District has a maximum statutory life of 20 years, and must close no later than January 4, 2031, resulting in a final collection of increment in budget year 2031.

Summary of Findings

As required by s.66.1105 Wis. Stats and as documented in the Project Plan Amendment and the exhibits contained and referenced herein, the following findings are made:

1. That “but for” amendment of the District’s Project Plan, the remaining development projected to occur as detailed in this Project Plan: 1) would not occur; or 2) would not occur in a manner, at the values, or within desired time by the city. In making this determination, the city has considered the following information:

- These additional expenditures are associated with projects that were unanticipated at the time of District creation, but have now been determined necessary to enable the District to fully implement its Project Plan.

2. The economic benefits of amending 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 determination, the City has considered the following information:

- As demonstrated in the Economic Feasibility section of this territory amendment, the tax increments projected to be collected are more than sufficient to pay for the remaining proposed project costs. On this basis alone, the finding is supported.
- The additional development expected to occur is likely to generate additional jobs over the life of the District.

3. The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.

- Given that it is not likely that the District will achieve all of the objectives of its Project Plan without the continued use of tax incremental financing and since the District is expected to generate additional economic benefits that are more than sufficient to compensate for the additional cost of the improvements, the city reasonably concludes that the overall additional benefits of the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. It is further concluded that since the “but for” test is satisfied, there would, in fact be no foregone tax increments to be paid in the event the Project Plan is not amended.

Detailed List of Project Costs

The current Project Plan provides for estimated total project cost expenditures of \$1,800,000. This proposed amendment would provide for additional estimated expenditures of \$3,600,000 for a total of \$5,400,000.

Development Incentive

The City of Sheboygan has entered into a development agreement with Meijer Stores, LLP to provide a “Pay-Go” development incentive of \$1,500,000 based on an estimated construction cost of \$14,000,000 to build a retail store and a fueling station/convenient store.

Infrastructure Costs

The City of Sheboygan Department of Public Works has estimated \$1,500,000 to reconstruct North Taylor Drive to provide a new signalized intersection/entrance at the new main entrance to the Meijer development. The city anticipates the need to issue District debt to cover a portion of the infrastructure costs associated with the North

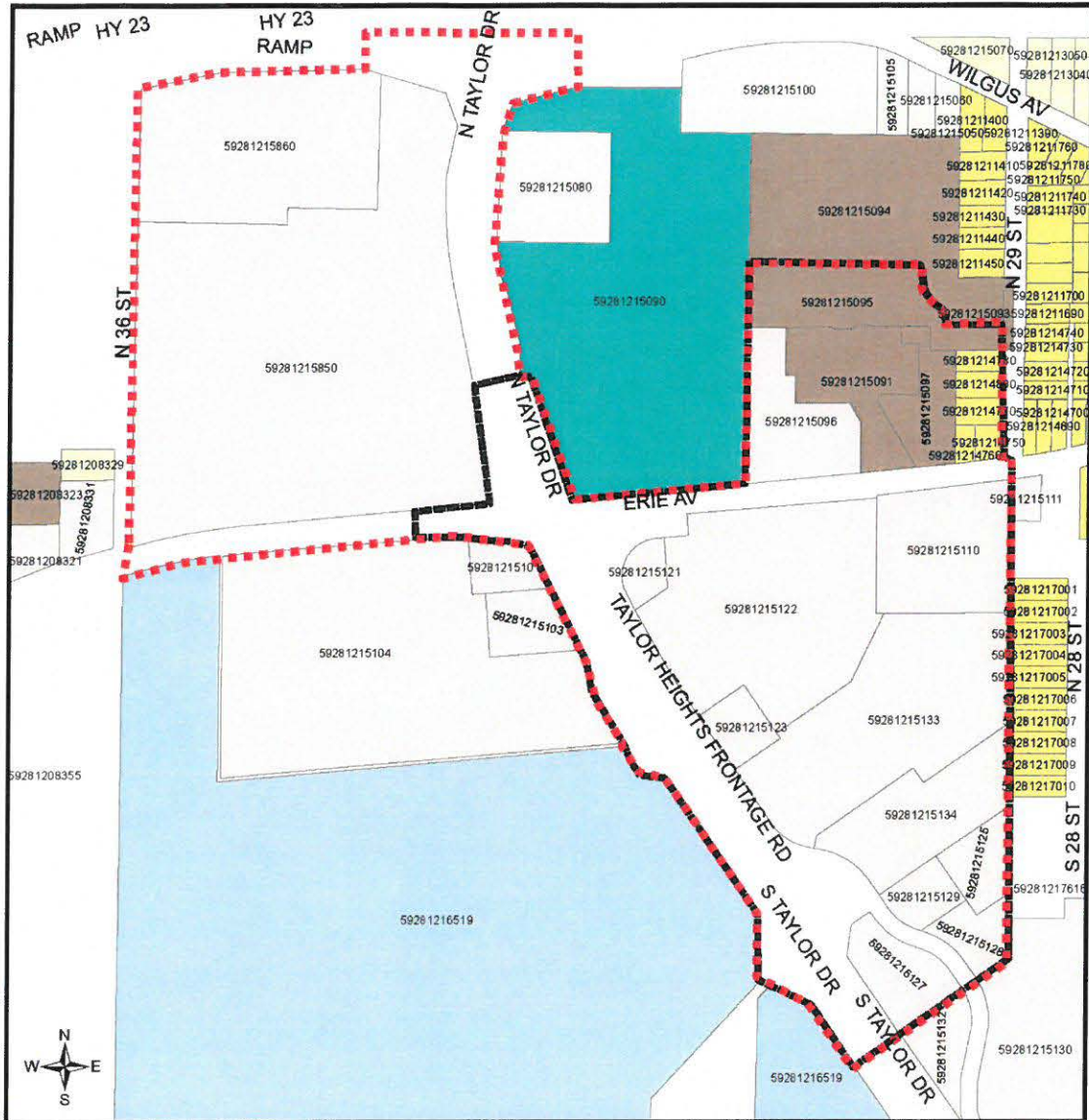
Taylor Drive improvements. The city may also incur costs within a ½ mile of the district as it relates to infrastructure improvements on the north off ramps of WIS 23 with costs estimated up to \$500,000.

Equalized Value Test

The equalized value limit is calculated by adding the equalized value of the district's taxable property as of January 1 of the amendment year and the value increment of all existing tax incremental districts. The value cannot exceed 12 percent of the total equalized value of taxable property within the municipality.

According to the Wisconsin Department of Revenue Bureau of Equalization, Tax Incremental Financing (TIF) Value Limitation Report in 2016, the City of Sheboygan's limit was 4.72 percent and the preliminary calculation at the time of this amendment preparation was 4.83 percent out of 12 percent. Based on these numbers, the city has substantial TIF capacity and the additional parcels included in this amendment will not force the city to near its limitation.

Map of Proposed Boundary Amendments Showing Existing Uses and Conditions



Legend

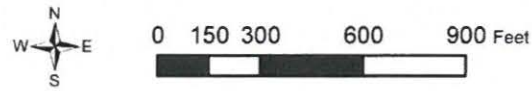
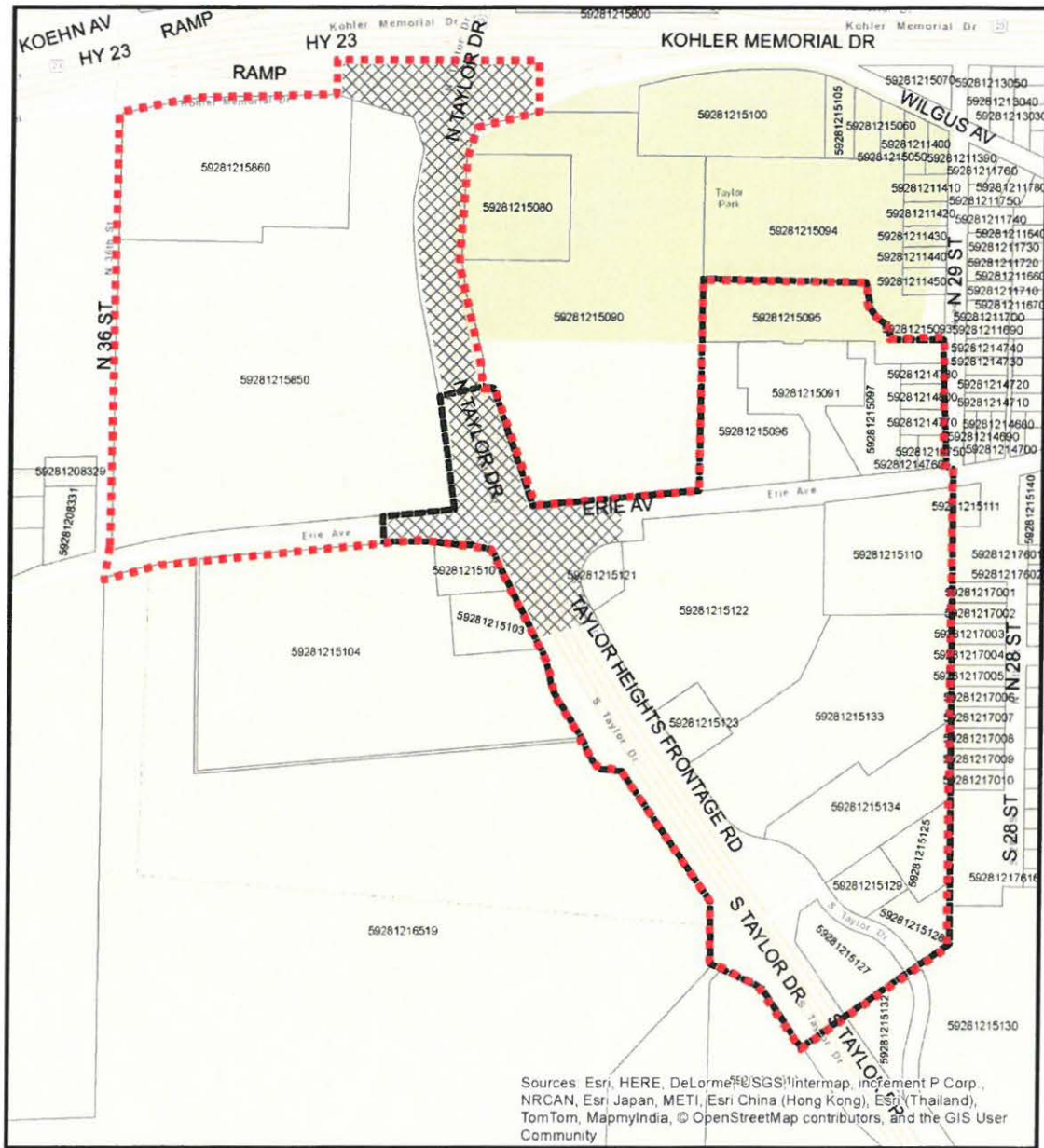
-  TID 14 Boundary Amendment 1
-  Original TID 14 Boundary
-  PPUD - Pre-Planned Unit Development
-  UR - Urban Residential 12
-  SR-5 - Suburban Residential 5
-  SR-3 - Suburban Residential 3
-  SC - Suburban Commercial
-  RA-35 - Rural Agricultural




0 150 300 600 900 Feet

Map of Proposed Boundary Amendments Showing Existing Uses and Conditions

Tax Incremental District 14

Map Showing Proposed Improvements



- Legend**
-  Area_of_proposed_improvement
 -  TID 14 Boundary Amendment 1
 -  Original TID 14 Boundary

**Map of Proposed
Boundary Amendments
Showing Proposed
Improvement Area**

Tax Incremental District 14

Economic Feasibility Study

The information and exhibits contained within this Section demonstrate that the District, as proposed to be amended by the addition of territory, will remain economically feasible insofar as:

- The city has available to it the means to secure the necessary financing required to accomplish the projects contained in this Plan.
- The development anticipated to occur as result of the continued implementation of this Plan will generate sufficient tax increments to pay for the cost of the projects. Within this Section are tables identifying: 1.) the development expected to occur, 2.) a project of tax increments to be collected resulting from the development and other economic growth within the District, and 3.) cash flow model demonstrating that the projected tax increment collections and all other revenues to the District will be sufficient to pay all Project Costs.

Increment Revenue Projections for Amendment

	Cumulative Value Increment	Inflation Increment	Development Construction	Annual Value Increment	Tax Rate	Tax Increment Income
2011	\$8,922,700					
2012	22,543,800	\$13,621,100		\$13,621,100	0.025470	\$374,708
2013	23,643,800	14,721,100		14,721,100	0.025592	413,257
2014	24,672,300	15,749,600		15,749,600	0.028829	436,275
2015	26,066,200	17,143,500		17,143,500	0.028064	476,319
2016	24,617,400	15,694,700		15,694,700	0.026999	419,635
2017	25,318,800	16,396,100		16,396,100	0.026999	442,678
2018	20,400,000	16,396,100		16,396,100	0.026999	442,678
2019	20,900,000	16,396,100	\$14,000,000	16,396,100	0.026999	442,678
2020	28,900,000	30,396,100		30,396,100	0.026999	820,664
2021	31,400,000	30,396,100		30,396,100	0.026999	820,664
2022	31,400,000	30,396,100		30,396,100	0.026999	820,664
2023	31,400,000	30,396,100		30,396,100	0.026999	820,664
2024	34,900,000	30,396,100		30,396,100	0.026999	820,664
2025	34,900,000	30,396,100	-	30,396,100	0.026999	820,664
2026	34,900,000	30,396,100	-	30,396,100	0.026999	820,664
2027	34,900,000	30,396,100	-	30,396,100	0.026999	820,664
2028	34,900,000	30,396,100	-	30,396,100	0.026999	820,664
2029	34,900,000	30,396,100	-	30,396,100	0.026999	820,664
2030	34,900,000	30,396,100	-	30,396,100	0.026999	820,664
2031	34,900,000	30,396,100	-	30,396,100	0.026999	820,664

Base Value – 2011 Equalized Value

Analysis assumes the TID expires at the end of the 27 year period (2031)

TID 14 Cash Flow Performa Amendment Only

Revenue Year	Tax Increments	Development Incentive	Administrative Expense	Debt Principal	Debt Interest	Excess Increment
2011						
2012	\$374,708		\$7,500			\$367,208
2013	413,257	\$367,208	7,500			38,549
2014	436,275	290,914	7,500			137,861
2015	476,319	350,625	7,500			118,194
2016	419,635	323,562	7,500			88,573
2017	442,678	302,772	7,500			132,406
2018	442,678	167,118	7,500		\$11,250	256,810
2019	442,678	-	7,500	\$75,000	22,500	337,678
2020	820,664	-	7,500	75,000	20,250	717,914
2021	820,664	370,486	7,500	75,000	18,000	349,678
2022	820,664	370,486	7,500	75,000	15,750	351,928
2023	820,664	370,486	7,500	75,000	13,500	354,178
2024	820,664	370,486	7,500	75,000	11,250	356,428
2025	820,664	18,056	7,500	75,000	9,000	711,108
2026	820,664	-	7,500	75,000	6,750	731,414
2027	820,664	-	7,500	75,000	4,500	733,664
2028	820,664	-	7,500	75,000	2,250	735,914
2029	820,664	-	7,500			813,164
2030	820,664	-	7,500			813,164
2031	820,664	-	7,500			813,164

Annexed Property

There are no lands proposed for inclusion within the District that were annexed by the city on or after January 1, 2004.

Proposed Changes in Zoning Ordinances

The city does not anticipate the need to change any of its zoning ordinances in conjunction with the implementation of this Territory and Project Plan amendment.

Proposed Changes in Master Plan, Map, Building Codes and City of Sheboygan Ordinances.

The proposed project by Meijer Stores is consistent with the city's Comprehensive Plan and the Taylor Drive Master Plan. There are no changes to the master plan, building codes or other City of Sheboygan ordinances for the implementation of this Plan.

Relocation

It is not anticipated there will be a need to relocate persons or businesses in conjunction with this Amendment.

Orderly Development and/or Redevelopment of the City of Sheboygan

The District contributes to the orderly redevelopment of the city by providing the opportunity for continued growth in tax base and job opportunities.

A List of Estimated Non-Project Costs

The city does not expect to incur any non-Project Costs in the implementation of this Territory and Project Plan Amendment.