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ECONOMIC DEVELOPMENT BOARD
Tuesday, March 19, 2024
8:00 AM
North Conference Room

Agenda

1. **Call to Order, Roll Call**
2. **Closure of Tax Increment District #2 (Mequon Business Park – Phase II).**
   Action: Recommend and Approve
3. **Announcements**
   The next meeting is Tuesday, April 30, 2024, at 8:00 a.m.
4. **Adjourn**

Dated: March 14, 2024 **/s/ Tim Carr, Chairman**

Notice is hereby given that a quorum of other governmental bodies may be present at this meeting to present, discuss and / or gather information about a subject over which they have decision making responsibility, although they will not take formal action thereto at this meeting.
Any questions regarding this agenda may be directed to the Dept. of Community Development office at 262-236-2903, Monday through Friday, 8:00 a.m. – 4:30 p.m.

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Office of Finance-Personnel Committee

TO: Economic Development Board
FROM: Jennifer Engroff, Finance Director
DATE: February 28, 2024
SUBJECT: (ID # 9143) A Resolution Dissolving Tax Incremental District No. 2 and Authorizing the Distribution of Excess Incremental Revenue to Taxing Jurisdictions

Background

Tax Increment District (TID) No. 2 was created in September of 2002 in order to facilitate the development and expansion of the Mequon Business Park. In 2023, TID 2 reported a current value of over $40.0M compared to its base value of $5.9M, realizing an almost 600% increase in value over its lifespan. The original project plan was comprised of numerous activities including Sanitary Sewer, Storm Water Management, Water, Street, Street Lighting, Landscaping, Grading, Electrical, and Gas improvements totaling an estimated $4.9M excluding any debt service interest.

Analysis

A TID closes or terminates when one of three things occur:

1.) Municipality receives aggregate tax increments in an amount equal to the aggregate of all project costs under the project plan and any amendments to the project plan.
2.) TID reaches its maximum life. Maximum life varies and is determined by the TID type and resolution date.
3.) Municipality chooses to dissolve the district early.

Per the timetable within the project plan established at the TID's inception, TID 2 can have a maximum life of 23 years or 16 years past the final expenditure, whichever occurs first. Therefore, its mandatory termination date is September 17, 2025, 23 years after its creation date of September 17, 2002. At the Joint Review Board Meeting held November 16, 2023, it was determined that based on positive cash flow projections due to all expenditures (including debt) having been paid in 2023, TID 2 will close one year early. The municipality governing body must approve the termination via resolution. Additionally, local code requires a recommendation from the Economic Development Board.

In addition to the approved resolution, the City will also need to facilitate the following:

1.) Written notice to the WI Department of Revenue (DOR) prior to the deadline of April 15, 2024. Notice should include the Final Accounting for Terminated TID Agreement (Form PE-223) and the adopted municipal termination resolution.
2.) Notification to the Property Lister, Municipal Assessor, and all overlying Taxing Jurisdictions for the TID.
3.) Completion of the TID Final Audit by the submission date established on Form PE-223.

4.) Electronic filing of the TID Final Accounting Report (Form PE-110) with the DOR by the date established in #3 above.

Fiscal Impact

After the audit is finalized, the City Treasurer will distribute the estimated 2024 excess increment to the affected taxing districts. Based on the enclosed cash flow projections, the estimated amount to distribute is $343,382. The proportional share to the City and Sewer Utility District is estimated to be approximately 20% and 10% of the total respectively. Beginning with the 2024 tax bills/2025 budget year, the property tax revenue will go direct to the taxing districts.

Additionally, with this increase in the tax base, the City can potentially expect to see a slight decrease in its tax rate moving forward. Also, there will be a one-time levy limit adjustment available the year after closure which is a base building adjustment that can increase the City's allowable levy moving forward.

Recommendation

A recommendation is forthcoming by the Economic Development Board on March 19, 2024.

Attachments:
TID 2 Annual Report (PDF)

COMMON COUNCIL
OF THE
CITY OF MEQUON

A Resolution Dissolving Tax Incremental District No. 2 and Authorizing the Distribution of Excess Incremental Revenue to Taxing Jurisdictions

RECITALS

A. The City of Mequon created TID 2 on September 17, 2002, and adopted a project plan in the same year.

B. All TID 2 projects were completed in the prescribed allowed time.

C. Sufficient increment was collected as of the 2023 tax roll, payable 2024, to cover TID project costs and debt payments.

BASED ON THE FOREGOING RECITALS, IT IS RESOLVED by the Common Council of the City of Mequon, Wisconsin that:

1. The City of Mequon terminates TID 2.

2. The City Clerk shall notify the Wisconsin Department of Revenue (DOR), within sixty (60) days of this resolution or prior to the deadline of April 15, 2024, whichever comes first.

3. The City Clerk shall sign the required DOR Final Accounting Submission Date Form (PE-223) agreeing on a date by which the City shall submit final accounting information to DOR.

4. The City Treasurer shall distribute any excess increment collected after providing for ongoing expenses of the TID, to the affected taxing districts with proportionate shares as determined in the final audit by the City's auditor, Baker Tilly US, LLP.

5. The City of Mequon shall accept all remaining debts for TID 2 as determined in the final audit by the City's auditor, Baker Tilly US, LLP.

____
Approved by: Andrew Nerbun, Mayor

Date Approved: March 19, 2024

I certify that the foregoing Resolution was adopted by the Common Council of the City of Mequon, Wisconsin, at a meeting held on March 19, 2024.

Caroline Fochs, City Clerk

November 16, 2023

ANNUAL TAX INCREMENT DISTRICT REPORT FOR:

City of Mequon, WI

Tax Increment District No. 2

EHLERS
PUBLIC FINANCE ADVISORS

Prepared by:

Ehlers
N19W24400 Riverwood Drive, Suite 100
Waukesha, WI 53188

Phil Cosson, Senior Municipal Advisor
Brian Roemer, Senior Municipal Advisor

BUILDING COMMUNITIES. IT'S WHAT WE DO.

Annual Tax Increment District Report

City of Mequon, Wisconsin
Tax Increment District No. 2

Purpose:	State law requires municipalities with an active Tax Incremental District (TID) to electronically file an Annual Report for each TID by July 1 of each calendar year. This is a summary of that filing to be used at the annually required meeting of the standing Joint Review Board.
District Summary:	Tax Increment District No. 2 ("District") was proposed to facility the development and expansion of the Mequon Business Park and was created on September 17, 2002 as an Industrial District. The District has not been amended. The TID has an expenditure period that ended on September 17, 2020 and has a mandatory termination date of September 17, 2025.

Background Data:

Base Value	$5,911,600
Incremental Value (as of January 1, 2022)	$25,108,000
Incremental Value (as of January 1, 2023)	$34,110,000
Year End Fund Balance (2021)	$-150,401
Projected Closure (based on current cash flow*)	2024

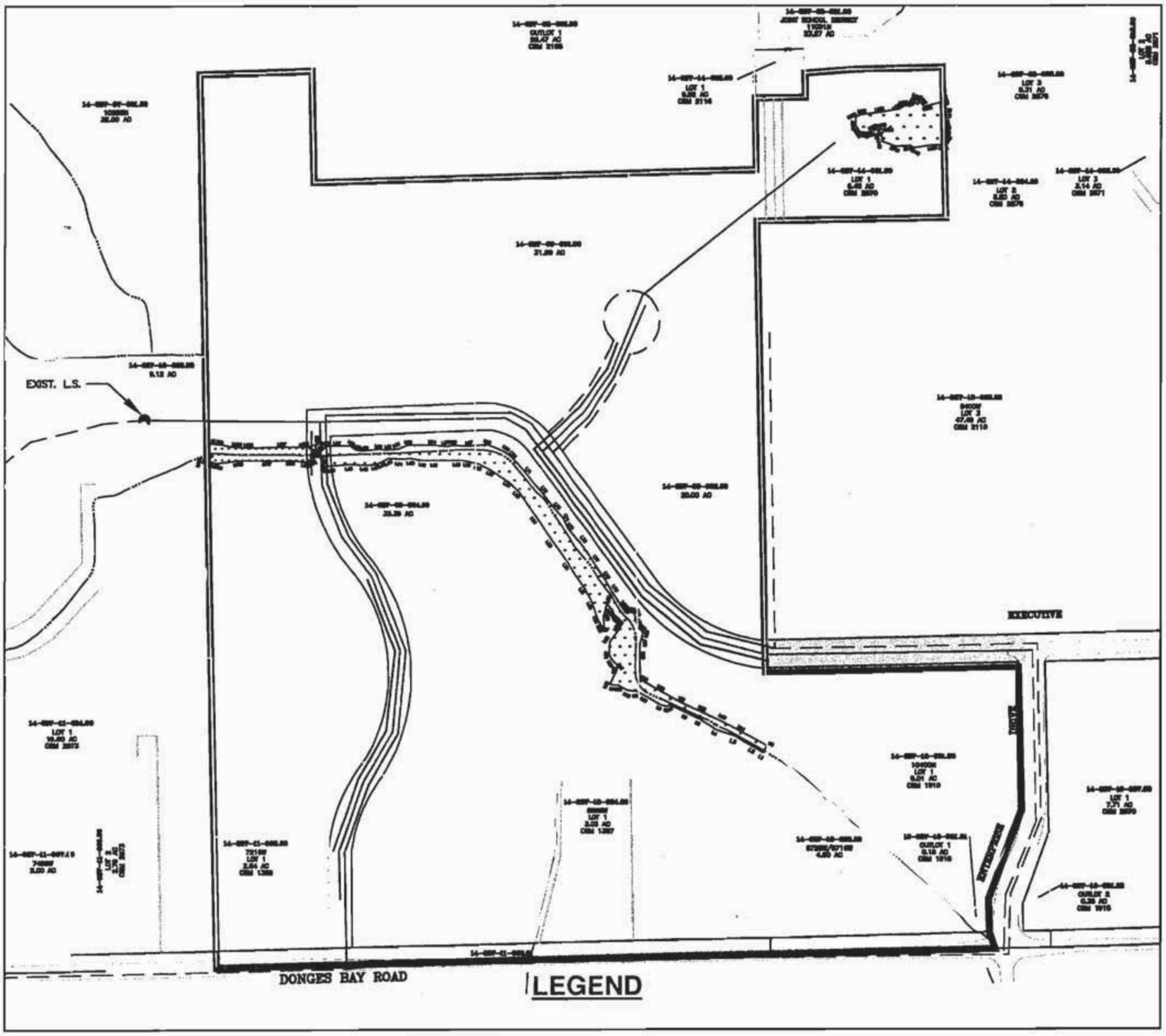
* The projected closure year identified is based on current cash flow projections only

Notes:	Minimal value change is expected
Joint Review Board Action:	Resolution acknowledging filing of Annual TID Report and compliance with annual meeting requirements.

Attachments:

- TID Boundary Map
- TID Increment Projection
- TID Cash Flow Projection (Detail)
- State Submittal (DOR Form PE-300)

EXHIBIT VIII



LEGEND

City of Mequon

Page 2

2.1.a

City of Mequon, Wisconsin

Tax Increment District #2

Tax Increment Projection Worksheet

Type of District	Ind (Pre 10-1-04)			Base Value	5,911,600
District Creation Date	September 17, 2002			Appreciation Factor	0.00%
Valuation Date	Jan 1,	2002		Base Tax Rate	$13.59
Max Life (Years)	23			Rate Adjustment Factor	
Expenditure Period/Termination	18	9/17/2020			
Revenue Periods/Final Year	23	2026			
Extension Eligibility/Years	Yes	3			
Eligible Recipient District	No				

	Construction Year	Value Added		Valuation Year	Inflation Increment	Total Increment	Revenue Year	Tax Rate	Tax Increment
14	2015	-2,980,400		2016	0	12,115,500	2017	$14.31	**173,372**
15	2016	2,116,700		2017	0	14,232,200	2018	$15.87	**225,861**
16	2017	688,200		2018	0	14,920,400	2019	$15.44	**230,875**
17	2018	1,793,100		2019	0	16,713,500	2020	$15.02	**250,962**
18	2019	2,112,700		2020	0	18,826,200	2021	$15.50	**291,759**
19	2020	2,090,300		2021	0	20,916,500	2022	$14.91	**311,881**
20	2021	4,191,500		2022	0	25,108,000	2023	**$13.59**	**341,186**
21	2022	9,002,000		2023	0	**34,110,000**	2024	$13.59	**463,512**
22	2023	0	0	2024	0	34,110,000	2025	$13.59	**463,512**
23	2024	0		2025	0	34,110,000	2026	$13.59	**463,512**
	Totals							**Future Value of Increment**	**1,731,721**

Notes:

EHLERS PUBLIC FINANCE ADVISORS

11/9/2023

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City of Mequon, Wisconsin

Tax Increment District #2

Cash Flow Projection

Year	Projected Revenues				Expenditures						Balances			
					2020 GO Refunding Bonds 2020A									
					Dated Date:	02/06/20								
	Tax Increments	Computer Aid	Other Tax revenue	Total Revenues	Principal	Est. Rate	Interest	Prof. Services	Admin.	Total Expenditures	Annual	Cumulative	Principal Outstanding	Y
2021	291,759	3,528		295,287	290,000	3.00%	22,880	1,750	250	314,880	(19,593)	(158,885)	580,000	2(
2022	311,881	3,528	25	315,434	290,000	3.00%	15,050	1,750	150	306,950	8,484	(150,401)	290,000	2(
2023	341,186	3,352		344,538	290,000	3.00%	8,700	1,750	250	300,700	43,838	(106,563)	0	2(
2024	463,512	3,184		466,696				1,750	15,000	16,750	449,946	343,382	0	20
2025	463,512	3,025		466,537						0	466,537	809,919	0	2(
2026	463,512	2,874		466,385						0	466,385	1,276,304	0	2(
Total	2,335,361	19,490	3,466	2,354,876	870,000		46,630	7,000	15,650	939,280				Tc

Notes:

Projected TID Closure

TID Closure Definitely Happening - DOR Report in April & Resolution.
Levy limit worksheet - TID Closure Adj in 2025
Dropping tax rates as a result as well - something to be aware of
Audit end of 2024. Payout of ~ 343k. Then full amount in 2025. News
Graphic - Advertise the good success. OED & Bulletin as well.

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