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ECONOMIC DEVELOPMENT BOARD
Tuesday, October 25, 2022
8:00 AM
North Conference Room

Agenda

1. **Call to Order, Roll Call**
2. **Approval of Meeting Minutes from September 20, 2022**
   Action requested: review and approve.
3. **Business Park #2 Status and Potential Business Park #3 Location**
   Presentation by Staff
4. **TID #4 & #5 Incentive Policy**
   Discuss Draft
5. **Spring Economic Development Event**
   Discuss Agenda Topics, Speakers, Audience and Date
6. **Staff Updates**
7. **Announcements**
   The next meeting is Tuesday, November 29, 2022, at 8:00 a.m.
8. **Adjourn**

Dated: October 21, 2022 **/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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ECONOMIC DEVELOPMENT BOARD
Tuesday, September 20, 2022
8:00 AM
North Conference Room

Minutes

1) Call to Order, Roll Call

Present:
Board Member Timothy Carr
Board Member Dennis Engel
Board Member Daniel Gannon
Board Member Tracy Johnson
Board Member Jeff McLean
Board Member Bruce Sipiora
Alderman Kathleen Schneider
Board Member Michael Kramer **-- Absent**
Board Member Andrew Petzold **-- Absent**
Board Member Inge Plautz – **Absent**

Chairman Carr called the meeting to order at 8:00 a.m.

2) Approval of Meeting Minutes from July 26, 2022

Action
Board Member Engle made a motion to approve the minutes from July 26, 2022.
Board Member Johnson seconded the motion.
A voice vote was taken; vote passed (7-0)

RESULT:	**Approved by Voice Acclamation [Unanimos]**
MOVED BY:	Board Member Engel
SECONDED BY:	Board Member Johnson
AYES:	Carr, Engel, Gannon, Johnson, McLean, Sipiora, Schneider
ABSENT:	Kramer, Petzold, Plautz

Attachment: EDB_09.20.22_DRAFT (7856 : Minutes from September 20, 2022)

3) TC Business Loan: Mammoth Fitness

Dir. Tollefson stated there are several financial institutions in other communities that are investing dollars through a loan program to help meet certain objectives that the cities want to achieve. From the bank's perspective it helps them meet their community reinvestment act requirements. First Bank was doing this in some other communities, so Dir. Tollefson reached out to them, now Bank Five Nine, to inquire whether they were interested in doing this in Mequon for a specific targeted geographic area with specific objectives. They were interested and Town Center neighborhood was selected.

The program details basically state that the city is evaluating the use to ensure that it is the type of use wanted in the Town Center and to help further encourage the investment of that future business.

It was discussed that it is a CrossFit business. It was noted that signage costs were not included in the proposal. It was stated that there is no financial risk to the city, but there is benefit to having buildings full in the community.

Action
Ald. Schneider made a motion to recommend approval of the loan.
Board member Johnson seconded the motion.
A voice vote was taken; vote passed (7-0)

RESULT:	**Approved [Unanimous]**
MOVED BY:	Alderperson Schneider
SECONDED BY:	Board Member Johnson
AYES:	Carr, Engel, Gannon, Johnson, McLean, Sipiora, Schneider
ABSENT:	Kramer, Petzold, Plautz

4) Update on Port Washington Road Streetscape Design Concepts

Asst. Dir. Zader stated the Ad Hoc Committee and the landscape consultant have been working on 3 primary focuses for the Port Washington Road project:

1. Median landscaping
2. Lighting
3. Crosswalks

The decisions from the Ad Hoc Committee meeting last wekk results in the elimiation of interior mid-block crosswalks and supports decorative crosswalks only at the signalized intersections, which have not yet been selected. They do not believe stamped concrete will hold up over time. Stamped color asphalt may be an option or a paint treatment.

There will be a few tiers of the islands. The larger island will have a tree grove area with crushed stone, some up lighting and Aspens.

The smaller islands will have decorative pots and some vertical features, to be determined.

Other areas that will see improvements:

- The island in front of Culvers will be redesigned as it is a safety issue and there is an opportunity to pick up some more green space there.
- The area north of the the Donges Bay Road intersection has rumble strips which will be replaced by landscape islands.

Staff asked the Board not to talk about these proposed changes to the property owners yet. Staff will reach out to them when a concept plan is finalized.

The intersection at Mequon Road will have landscaping improvements north of it as well.

Asst. Dir. Zader stated that the final detail to work through is the lighting. The uniformity ratio is like 70 to 1, which is not very good at all. The goal is to get it closer to the 50 to 1 range. The Committee is recommending lowering the poles to about 30 feet, currently at 35 feet. The side poles will probably be in the 20-25 feet range. The Committee is still debating which design to select. He commented the goal is also for the pedestrian to feel comfortable not just the vehicular traffic.

He added that they are also looking for some areas for some terrace work to be located.

The aim is for the landscaping to be as low maintenance as possible due to limitations of staff resources and money to maintain. TIF money can be used for the immediate time period.

The Ad Hoc Committee will have one more meeting and will make final decisions and then those recommendations will be forwarded to the Common Council for final approval.

5) Economic Development Event: Spring 2023

Chairman Carr stated that there will have plenty of time to get ready for a spring event. The TIF incentives will be finalized and will be showcased.

He posed a few questions to the Board about who the target audience is, where the event should be located and who the keynote speaker should be.

The Board discussed where to hold the event and it was concluded that the event should be held at Foxtown. It is recommended that Dir. Tollefson or Asst. Dir. Zader speak and give an update about recent developments in the city. Asst. Dir. Tollefson commented that it will be important that the high-priority property owners be in attendance.

It was suggested that in addition to the spring event, a smaller fall event could be also be held.

6) Staff Updates

Asst. Dir. Zader reported on the following:

- Proposed new specialized vet clinic located near Mequon Road and Wauwatosa Road. Zoning amendment is needed and some details about their building and site plans need some modifications. There is also an issue with the water requirement there. The applicant will need to appear in front of the Water Utility Commission.

- The Mobil will have a consultation at the October Planning Commission meeting regarding the addition of a car wash to the existing gas station.

- The Aleska Learning Center will be on the October Planning Commission for an extension of the Conditional Use Grant.

- The Mind Neurology+ clinic is opening in October.

7) Announcements

There was discussion to change the next meeting to Tuesday, October 25, 2022, at 8:00 a.m.

8) Adjourn

Action
Board member Engle made a motion to adjourn the meeting.
Board member Sipiora seconded the motion.
A voice vote was taken; vote passed (6-0)

The meeting adjourned at 9:19 a.m.

Respectfully Submitted,

Kim Tollefson
Director of Community Development

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www.ci.mequon.wi.us **Office of Community Development**

TO:	**Economic Development Board**
FROM:	**Jac Zader, Assistant Director Community Development**
DATE:	**October 25, 2022**
SUBJECT:	**TID #4 & #5 Incentive Policy**

Background

At the November 16, 2021, meeting the Board approved an updated incentive policy for TIF#4 and TIF #5. The Common Council reviewed the policy on July 12, 2022 and request a few minor changes to the policy for the Board to consider.

Analysis

As the Board members may recall, the first incentive, shown as Tier 1, includes what is currently allowed under the fast-track formula. Projects that increase the improvement value by more than 1.5 million dollars are eligible to recoup costs associated with bringing the site back to a green land. The costs are paid back to the developer over a 15-year period. The request does not take into consideration the future use of the parcel and every parcel in both districts are allowed to utilize the formula provided they meet the valuation threshold. In order for the site to qualify for the incentive, complete demolition of the existing building/s on the site is required. For sites that include multiple buildings, a project is considered eligible if one or more of the buildings are demolished as part of the development project. This would apply in a situation like the Pavilions, where the north building could be demolished and the rest of the buildings remain. The project would still be eligible for the incentive.

For projects that combine two or more existing parcels a Tier 2 incentive is available. The developer incentive in this case would be increased to 10% and all other requirements of the incentive would be similar to Tier 1.

For projects that are within a high priority as shown on the attached map and contain a high priority use are eligible for a Tier 3 incentive w15% incentive in the fast-track formula. The project must create a minimum value of 1.5 million over the existing improvement value. The payback period is not limited to 15 years and may extend though the life of the TID. As part of the final approved policy, the Council is expecting to see a list of high priority uses of a list of use not considered high priority. This will coincide with the permitted and conditional uses that are being vetted as part of the new zoning districts.

For projects that involve the rehabilitation of the buildings located at 10404 and 10352 N Port Washington Road are eligible for a 15% based on a modified fast track formula (see attached spreadsheet). The requirement for an increased improvement value is waived and payback period is not limited to 15 years and may extend through the life of the TID. For calculation of the incentive, all renovation costs may be used in the fast-track formula. If the payback period is not long enough to pay off the entire incentive, the EDB may supplement the incentive with cash if funds are available.

Finally, the Common Council wanted a sunset provision added to the policy to help spur development at a quicker pace. The new policy states that the developer incentive shall be in effect as of 1/1/23 and will expire on 12/31/27 unless extended by action of the Common Council.

Attachments:
Incentive Policy2022 (DOCX)
Fast Track (XLSX)

TIF Guidelines for TIF#4 and TIF#5

The following guidelines have been created by the Economic Development Board of the City of Mequon for TIF districts #4 and #5.

I. Purpose

The purpose of this policy is to provide guidance regarding the City of Mequon's use of Tax Increment Financing (TIF) in Districts #4 and #5.

II. Goal

The goal of the City of Mequon's use of Tax Increment Financing is to diversify its economic base through the retention and expansion of existing businesses, the redevelopment of the areas that are blighted or in need of redevelopment, the attraction of new commercial sites and employment centers and other projects of special community interest. These goals will help to establish new employment opportunities for residents and expand the tax base. These guidelines are intended to provide general direction on the use of TIF funds.

III. Primary Objectives

A. Implement a proactive approach to local economic development through public/private partnerships.
B. Align financial programs/tools with new zoning regulation to facilitate redevelopment and attract desired and marketable land uses revitalization of the Port Washington Road Corridor.
C. Acquisition and consolidation of small (define per TID) sites for comprehensive redevelopment opportunities
D. Enhance architectural and site design, as well as street design, to improve the aesthetic quality of the commercial corridor.
E. Assist City in implementing its overall economic development goals.

IV. Financing

1. "Pay as you Go" TIF – The City will use "pay as you go" as a method to help reduce the financial exposure of the City. Under this financing method the developer pays for the upfront costs of the project. The City would provide a Municipal Revenue Obligation (MRO) which establishes the criteria for payments to the developer from future tax increment to allow them to recoup a portion of

their initial investment. The Fast-Track formula shall be used to determine the amount of incentive available for the project and all criteria must be met.

V. TIF Incentive Criteria

All requests for TIF assistance will be required to demonstrate that the tax increment estimated to be generated by the project will be sufficient to payback any TIF assistance provided by the City (including applicable interest expenses) in support of the project. In order to meet the "but for" test, it must be demonstrated that the project would not take place at the desired level or timeframe without TIF assistance. Projects that would be likely to proceed without receiving TIF funds will not be eligible for assistance.

A. Tier 1 Incentive
Projects located with either TIF #4 or #5 shall utilize the fast-track formula to calculate the incentive. The incentive will utilize the Pay-As-You-Go (Developer Financed) structure with a maximum payment of 15 years or the life of the district which ever comes first. The project must create a minimum value of 1.5 million over the existing improvement value. In order for the site to qualify for the incentive, complete demolition of the existing building/s on the site is required. For sites that include multiple buildings, a project is considered eligible if one or more of the principal buildings are demolished as part of the development project. The formula allows for a 5% bonus incentive

B. Tier 2 Incentive
Projects located with either TIF #4 or #5 shall utilize the fast-track formula to calculate the incentive. The incentive will utilize the Pay-As-You-Go (Developer Financed) structure with a maximum payment of 15 years or the life of the district whichever comes first. The project must create a minimum value of 1.5 million over the existing improvement value. In order for the site to qualify for the incentive, complete demolition of the existing building/s on the site is required. Combination of two or more parcels is required to be considered for the Tier 2 Incentive/ For sites that include multiple buildings, a project is considered eligible if one or more of the principal buildings are demolished as part of the development project. The formula allows for a 10% bonus incentive

C. Tier 3 Incentive
For projects that are within a high priority location as shown on the attached map and contain high priority uses are eligible for a 15% incentive in the fast-track

formula. The project must create a minimum value of 1.5 million over the existing improvement value. The payback period is not limited to 15 years and may extend though the life of the TID. High Priority uses include the following:

D. Tier 4 Incentive

For projects that involve the rehabilitation of the buildings located at 10404 and 10352 N Port Washington Road are eligible for a 15% incentive in the fast-track formula. The requirement for an increased improvement value is waived and payback period is not limited to 15 years and may extend through the life of the TID. For calculation of the incentive, all renovation costs may be used in the fast-track formula. If the payback period is not long enough to pay off the eligible incentive, the EDB may supplement the incentive with cash if funds are available.

VI. Developer Requirements

Guarantees: In order to receive direct TIF assistance, a developer must agree to provide guarantees to the city to cover any shortfall in costs not paid by increment. These may include construction guarantees, letters of credit, personal or corporate guarantees and/or minimum payment agreements.

Financial Information: The business receiving the development incentives shall provide the City with sufficient financial information to document that the business is financially stable. Personal financial records will remain confidential subject to the requirements of the Wisconsin Open Records law.

VII. High Priority Sites

High priority sites are those defined by the EDB as shown on the attached map.

VIII. Sunset Provision

The developer incentive shall be in effect as of 1/1/23 and will expire on 12/31/27 unless extended by action of the Common Council. Applications shall be submitted prior to 12/31/27 to the Department of Community Development to be considered eligible for the incentive.

Fast Track Examples

Tier 1

Base Improvement Value	$500,000
Site Repair and Demo	$500,000
Gap	$1,000,000
New Building Value	$7,000,000
5 % incentive	$325,000
Total incentive	$1,325,000
Annual Tax Amount	$111,160
Payback length (Years)	13

Tier 2

Base Improvement Value	$500,000
Site Repair and Demo	$500,000
Gap	$1,000,000
New Building Value	$7,000,000
10 % incentive	$650,000
Total incentive	$1,650,000
Annual Tax Amount	$111,160
Payback length	15

Tier 3

Base Improvement Value	$500,000
Site Repair and Demo	$500,000
Gap	$1,000,000
New Building Value	$7,000,000
15 % incentive	$975,000
Total incentive	$1,975,000
Annual Tax Amount	$111,160
Payback length*	19
Payback based on full term	$1,975,000
Max at TIF closure (currently 17 years)	$1,889,720

Tier 4

Base Improvement Value	$0
Site Repair and Rehab	$1,000,000
Gap	$1,000,000
New Building Value	$4,000,000
15 % incentive	$150,000
Total incentive	$1,150,000
Annual Tax Amount	$63,520
Payback length (Years)	19
Payback based on full term	$1,150,000
Max at TIF closure (currently 17 years)	$1,079,840
Cash Incentive (If available)	$70,160

Attachment: Fast Track (7859 : TID #4 & #5 Incentive Policy)