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ECONOMIC DEVELOPMENT BOARD

Tuesday, November 16, 2021

8:00 AM

Lower-Level Conference Room

Mequon City Hall

11333 N Cedarburg Road

AGENDA

- 1) Call to Order, Roll Call**
- 2) Approval of Meeting Minutes from October 26, 2021**
Action requested: review and approve.
- 3) Discussion of Port Washington Road Redevelopment**
- 4) Staff Updates**
- 5) Announcements**
Added meeting for November 30th or December 7th
2022 Meeting Calendar
- 6) Adjourn**

Dated: November 12, 2021

/s/ Tim Carr, Chairman

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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.

ECONOMIC DEVELOPMENT BOARD

Tuesday, October 26, 2021

8:00 AM

Christine Nuernberg Hall

Minutes

1) Call to Order, Roll Call

Present:

Chair Timothy Carr
Aldersperson Kathleen Schneider
Board Member James Baka
Board Member Dennis Engel
Board Member Daniel Gannon
Board Member Michael Kramer
Board Member Jeff McLean
Board Member Bruce Sipiora
Board Member Tracy Johnson -- **Absent**
Board Member Andrew Petzold -- **Absent**

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

2) Approval of Meeting Minutes from September 27, 2021.

Action

Board Member Kramer made a motion to approve the September 27, 2021, meeting minutes.
Board Member McLean seconded the motion.
A voice vote was taken; vote passed (7-0)

RESULT:	Approved [Unanimous]
MOVED BY:	Board Member Kramer
SECONDED BY:	Board Member McLean
AYES:	Carr, Baka, Gannon, Kramer, McLean, Sipiora, Schneider

3) Continued Discussion of Port Washington Road Redevelopment

Ald. Schneider stated that many constituents have raised concerns about the Port Washington Road area feeling that it has been neglected and they would like to see improvements made there. She commented that there are varying stages of building appearances, setbacks, etc. in the area which make it difficult to make general decisions and that many properties are viable.

The topic of a possible hotel from the previous meeting was mentioned and Dir. Tollefson stated that she had followed up with Mr. Flaherty for a contact for a consultant who can obtain the Star Report which will report on the marketability of a hotel along Port Washington Road, south of Mequon Road.

Ald. Parrish sent a letter to the Board with his support of a TIF incentive that encourages modifying facades. There was not Board support for this type of incentive as there is not as much bang for your buck and many believe that it rewards property owners for deferred maintenance. Dir. Tollefson added that she agrees that there is not as much bang for your buck as other incentives provide, it does help to fill the gap in some consistency among varying properties.

Asst. Dir. Zader stated that there is about \$1M in available funds between TIF districts #4 & #5 to spend on improvements in that corridor and he encouraged the Board to create a plan to use these funds.

There was discussion about the beautification improvements that can be made given that it is a county road as well as challenges such as the overhead powerlines, mismatched lighting fixtures and vacant mediums. The Board voiced support for improvements that will create more cohesiveness and better aesthetics. The Board liked the idea of hiring a consultant to help facilitate this process and develop a plan of action. Staff needs to confirm that the Project Plan allows for the proposed improvements with being amended.

There was discussion about the Port Zedler property and the desire of the Board that the City buy that parcel. It is believed that there are possible opportunities there and it is an advantage for the City to have control of that location. Combining another parcel with this location to create a large parcel would be ideal, but it is market driven and not in the control of the City.

Overall feedback from the Board:

- Recommendation to the Common Council to consider buying Port Zedler.
- Support to initiate public improvements along the proposed corridor (Port. Washington Road between County Line and Mequon Road). The aim is to make it more cohesive and to help revitalize the area.
- Modify the Fast-Track Formula – change the incentives and establish the criteria.
- Some support for targeted high priority sites but need to establish criteria.

The Board discussed what percentage the Fast-Tack Formula incentives should be increased . Additionally, whether it should be a different percentage for the identified high priority sites. The Board supports increased incentives for combined properties. There was discussion about finding a medium between open-ended opportunities and being overly formulaic when establishing new incentive formulas. Staff advised that the Common Council will need to feel confident about approving all EDB proposed incentives. It was agreed that the required criteria for qualifying for an incentive must be specific and transparent.

There was discussion about outreach to promote opportunities in our community. Staff

commented that the first steps are to establish incentive guidelines, secure Common Council support and then promote to the public market.

Final Recommendations from the Board for moving forward:

- Initiate and create a public improvement/landscape/streetscape plan without the assistance of outside consultant.
- Recommend Common Council purchase the Port Zedler property.
- **Tier 1** - modify current Fast-Track incentive to require complete demolition to qualify.
- **Tier 2** - Increase incentive for combined parcels (increase 5%-10%).
- **Tier 3** – eliminate this option (façade modifications).

4) Staff Updates

5) Announcements

The meeting date on the agenda was incorrect and the next meeting is Tuesday, November 23, 2021, unless it gets changed.

6) Adjourn

Action

Board Member Gannon made a motion to adjourn the meeting.

Board Member McLean seconded the motion.

A voice vote was taken; vote passed (7-0)

Meeting concluded at 9:38 a.m.

Respectfully Submitted,

Kim Tollefson

Director of Community Development

TO: Economic Development Board
FROM: Jac Zader, Assistant Director Community Development
DATE: November 16, 2021
SUBJECT: Discussion of Port Washington Road Redevelopment

Background

At the October 26th meeting, staff presented to the Board a draft incentive policy for the Board to review and provide comment on. The policy included four different types of incentives that could be used to spur redevelopment of the Port Washington Road corridor. Based on direction from the board, staff drafted the attached guidelines that will be sent to the Common Council for review and approval.

Analysis

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 multiple existing parcels as part of a development project or are within a high priority area with a high priority use as determined by the EDB, would be eligible for a Tier 2 incentive. The developer incentive in this case would be increased to 15% and the payback period would extend from 15 years to the life of the TID which is currently 18 years. The change to the payback period is necessary to allow a development to capture as much of the incentive as possible. As the district gets closer to the closure date, the board may want to consider using excess increment to cover the cost of the incentive. Staff will provide examples of the formula with the new incentive at the meeting.

The guidelines include the recommendation to use existing and future unallocated increment for the planning and implementation of public improvements including but not limited to studies, expert consultants, lighting, landscaping, signage, and public art along the Port Washington Road corridor from County Line Road to Mequon Road and to explore the purchase of the Port Zedler hotel site.

The Common Council and staff are preparing for strategic planning on an organization wide basis. The collaborative discussions will kick off in January of 2022. Efforts by the Economic Development to develop and recommend modifications for the Port Washington Road corridor now are important to preparing for the strategic planning and the implementation of such.

Attachments:

TIF 4 and 5 Nov 2021 (DOCX)
High Priority Sites - 3 (PDF)

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 our residents and expand our 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 the 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 buildings are demolished as part of the development project.

B. Tier 2 Incentive

For projects that combine multiple existing parcels as part of a development project or are within a high priority area as determined by the EDB, the developer incentive in the fast-track formula is 15%. Only high priority uses as determined by the Board shall be eligible for the increased incentive in the high priority areas. The payback period is not limited to 15 years and may extend though the life of the TID.

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. Enhancements to Port Washington Road

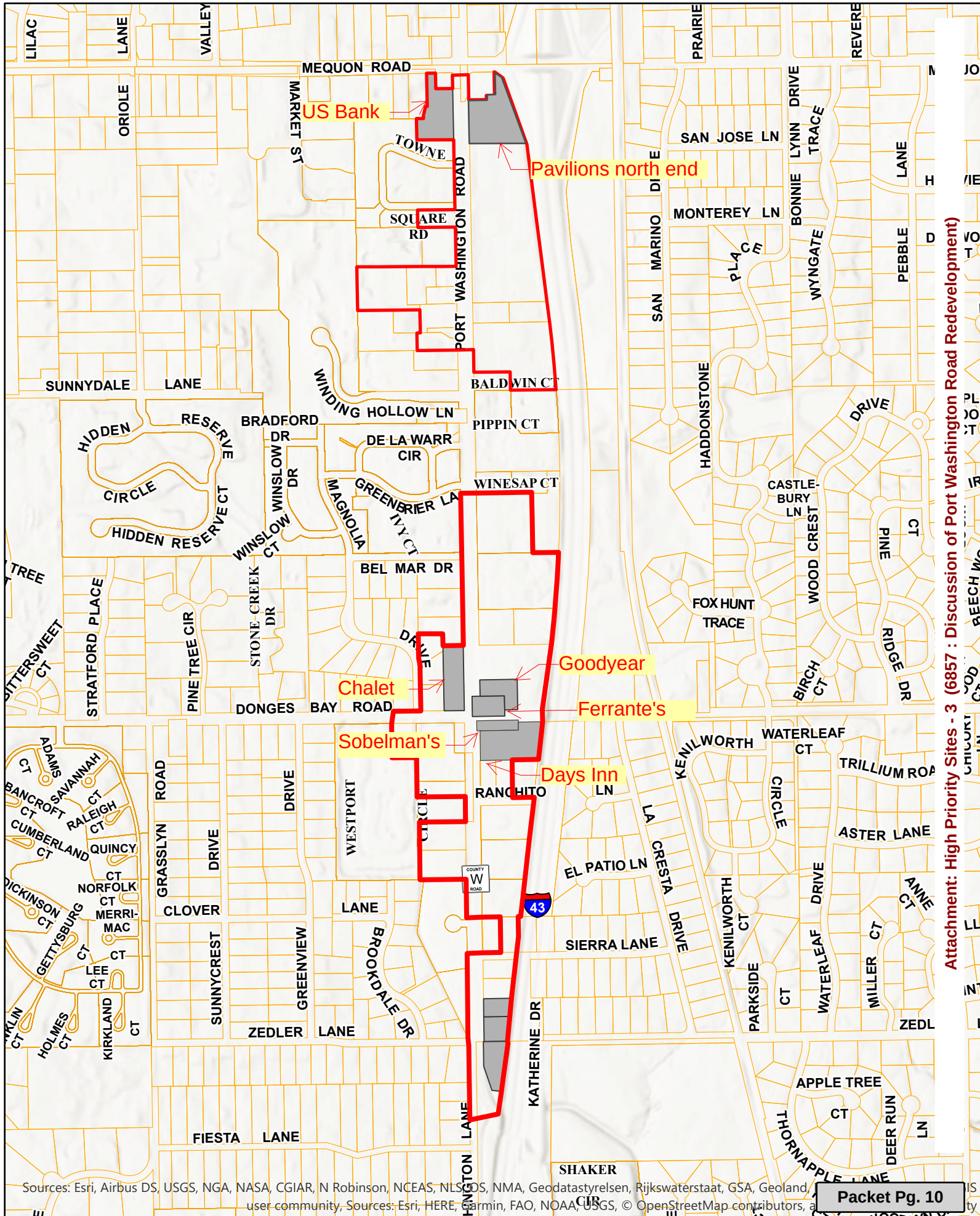
In order to spur redevelopment along the south Port Washington Road corridor, the Board recommends using existing or future unallocated increment for the planning and implementation of public improvements including but not limited to studies, expert consultants, lighting, landscaping, signage, and public art.

VIII. High Priority Sites

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

TIF 4 & 5 HIGH PRIORITY SITES

3.a.b



Attachment: High Priority Sites - 3 (6857 : Discussion of Port Washington Road Redevelopment)

ECONOMIC DEVELOPMENT BOARD

2022 Meeting Schedule

Meeting Start Time is 8:00 a.m.

<u>MEETING DATE</u>	<u>PACKET POST DATE</u>
JANUARY 25th	JANUARY 21st
FEBRUARY 22nd	FEBRUARY 18th
MARCH 22nd	MARCH 18th
APRIL 26th	APRIL 22nd
MAY 24th	MAY 20th
JUNE 28th	JUNE 24th
JULY 26th	JULY 22nd
AUGUST: NO MEETING UNLESS NEEDED	
SEPTEMBER 27th	SEPTEMBER 23rd
OCTOBER 25th	OCTOBER 21st
NOVEMBER 15th	NOVEMBER 11th
DECEMBER: NO MEETING UNLESS NEEDED	

NOTES:

- * ALL MEETINGS WILL BE HELD IN THE CHRISTINE NUERNBERG HALL OF CITY HALL AT 8:00 AM UNLESS THE AGENDA SPECIFIES OTHERWISE
- * MEETINGS WILL OCCUR THE 4TH TUESDAY OF EACH MONTH WHETHER THE BOARD HAS MET A QUORUM OR NOT AS LISTED ABOVE
- * AN AGENDA OR PACKET WILL BE POSTED PER THE DATES ABOVE