



CITY OF MERRILL
REDEVELOPMENT AUTHORITY
AGENDA • THURSDAY FEBRUARY 20, 2020

Regular Meeting

City Hall Council Chambers

8:00 AM

- I. Call to order
- II. Consider approval of RDA meeting minutes from January 8th
 1. 2020-01-08 RDA Minutes
- III. Public Comment
- IV. Update on Ryan Ott's Construction single-family home development plan on former Kienitz parcel and potential alternative proposal (TID No. 11 - W. 10th St./Superior St. area) - follow-up from August 21st, 2019 RDA meeting & September 9th, 2019 Common Council
 1. TID 11 - Ott Housing
- V. Follow-up on employee count information from FreMarq Innovations (TID No. 7 - 1101 N. Mill St.)
- VI. Update on Impact Seven's Waiver of Purchase Option for 1905 E. 14th St. (TID No. 10 - former Fox Point site) and discussion of next steps to facilitate site redevelopment
 1. TID 10 - Impact Seven Status
- VII. Status review and discussion of additional City-owned development sites
 1. City Owned Properties - 2020 - 02
- VIII. Review and discussion of "Efficient and Strategic TID Use: A Guide for Wisconsin Municipalities" from The Center on Wisconsin Strategy (COWS) - December 2006
 1. COWS - TIF Use 2006 - 12
- IX. Next RDA Meeting(s)
- X. The RDA may convene in closed session per Wis. Stats. 19.85(1)(e) - deliberating or negotiating the purchase of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session to consider:
 - A. Negotiation for proposed new restaurant site acquisition(s) in TID No. 3 and TID No. 4 (East Side)
- XI. Adjournment

City of Merrill
Meeting of Redevelopment Authority (RDA)

Wednesday, January 8th, 2020 at 8:00 a.m.
City Hall Common Council Chambers

RDA Present: Ken Maule, Clyde Nelson, Tony Kusserow, Steve Sabatke, Sheila Polak, Lori Anderson-Malm, and Derek Woellner (whom arrived at 8:18 a.m.)

Others: Alderperson Rick Blake, City Clerk Bill Heideman, City Administrator Dave Johnson, City Attorney Tom Hayden, Finance Director Kathy Unertl, Building Inspector/Zoning Administrator Darin Pagel, Public Works Director/City Engineer Rod Akey, Bill Bialecki from Lincoln County Economic Development Corp., and Merrill Productions camera operator

Call to Order: Chair Nelson called the meeting to order at 8:00 a.m.

Introduction of new RDA Commissioner: Lori Anderson-Malm highlighted her background. She replaces Dan Koblitz whom resigned when moving outside of Wisconsin.

Consider approval of RDA meeting minutes from October 2nd, 2019:

Motion (Anderson-Malm/Kusserow) to approve the meeting minutes from October 2nd, 2019 with one correction provided by Maule (i.e. acres not area). Carried.

Public Comment: None.

Update on proposed Ryan Ott Construction residential development plan (former Kienitz parcel – TID No. 11):

Due to the availability and affordability of concrete contractors, Ryan Ott Construction was unable to proceed with the residential development in Fall 2019. Property title remains with the City of Merrill and the proposed Certified Survey Map (CSM) has not been recorded.

City Building Inspector/Zoning Administrator Pagel reported that if the development was potential duplexes instead of single-family homes on W. St. Paul St. that the lot size would need to be increased from 93' to 104" and would require rezoning through the City Plan Commission. Sabatke suggested that neighboring property owners might object to potential rezoning.

Unertl recommended that TID No. 11 not incur any additional costs for potential CSM or Plat changes if Ryan Ott Construction decided to propose duplexes and request rezoning.

Update on proposed new restaurant site acquisition from Wal-Mart (east of Park City Credit Union – TID No. 3):

A revised site plan layout was distributed. New layout is about 4,800 sq. ft. which is about 1,000 sq. ft. larger than previously proposed. Additional on-site parking is being required by Wal-Mart as contingency on the land sale. LCEDC's Bialecki advised that the developer has hired a new architect and is committed to the June 1st, 2020 construction starting timeframe. The proposed restaurant would serve breakfast, lunch, and dinner.

Request from Bryan Hoffman to consider potential creation of new Tax Increment District (TID) to facilitate construction of storage buildings on S. Center Ave. :

Hoffman's development site is within the City of Merrill; however, is further than ½ mile from the southern boundary of existing TID No. 9. Hoffman has already constructed two storage buildings fronting South Center Ave. There is potential for two (or potentially four) more storage units. The development site is part of larger thirty-two acre parcel. There is another undeveloped parcel to the west extending to Lincoln County Hwy Q.

At the October 2nd, 2019 RDA meeting, Maule requested information on potential paving costs. Hoffman provided an estimate of \$2.25 per sq. ft. (for estimated total of \$67,500). Hoffman's request for potential TID cash development assistance came first on the day he obtained a City building permit.

Although technically possible to create a new Tax Increment District, both City Administrator Johnson and RDA Secretary Unertl recommend against proceeding based upon the current plans. RDA Commissioner discussions focused upon estimated cost of \$12,000 to potential create new TID, adjacent single-family development directly to the north of the storage unit development area, and timing of Hoffman's request when construction already underway.

Motion (Anderson-Malm/Woellner) to deny the request to consider planning new tax increment district based upon the preliminary development concept. Carried. Nelson advised that Commissioners could revisit the TID request if firmer future development plans.

Quarterly employee count information from FreMarq Innovations (1101 N. Mill St. – TID No. 7):

Unertl distributed employee counts for 3rd and 4th quarters of 2019 from IRS Form 941 information. The 8/16/2019 FreMarq Innovations certification was at 51 employees. The employment dipped to 42 as of 9/12/2019 and had increased to 54 as of 12/12/2019.

To convert the \$100,000 TID No. 7 loan into a forgivable grant (i.e. no repayment), the employee level of 50 needs to be retained for two-years. Nelson requested City Attorney Hayden prepare draft letter regarding the technical development agreement default for Commissioner review at the next meeting. RDA Commission discussion focused upon extending the two-year monitoring period beginning with mid-December 2019.

Monthly status update on Impact Seven's six-month purchase option (former Fox Point site - TID No. 10):

Johnson reported that Impact Seven representatives continue with their planning and due diligence process.

Sabatke commented that there is an existing snowmobile trail running along the development site and church property toward the Eagles Club.

Continued review and discussion of TID development overview, background information, and development agreement formats:

Nelson and Unertl noted that pending development agreements have included provisions discussed in mid-2019 such as property title revision (if City-owned land), development timeframes, and TID cash development reductions if developments don't meet timeframes and minimum new valuation projections.

RDA Commissioner consensus with these types of provisions.

Review and discuss why RDA has Closed Sessions and need to maintain confidentiality during negotiations):

For competitive and bargaining reasons, it is important to maintain confidentiality during negotiations. Unertl commented that sometimes if known that the City of Merrill is interested in purchasing property, the asking price increases.

Next RDA meeting: Thursday, February 20th at 8:00 a.m.

Besides reviewing the draft letter to FreMarq Innovations and update on Ott residential development plans, the agenda will include review of December 2009 Center on Wisconsin Strategy document titled "Efficient and Strategic TID Use" that Woellner forwarded to RDA Chair Nelson.

Adjournment: (Woellner) to adjourn at 8:42 a.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl

Update on 1/1/2019 Equalized Valuations – Overall City of Merrill and Tax Increment Districts (TIDs):

Unertl highlighted the Wisconsin Department of Revenue's 2019 Equalized Valuations for City of Merrill. The final 2019 amounts were released on August 15th.

The community's equalized valuation – TID IN (Tax Increment District valuations included) increased over \$25 million since 2018. That increase is split between the Tax Increment Districts (\$10,701,700) and outside the TIDs (\$14,486,900). In implementing the City's Strategic Plan and need to facilitate faster-paced new developments, the Equalized Valuations within the TIDs has increased almost 360% since 2013.

Although the locally assessed property valuations are used for property tax calculation (i.e. December 2019 tax bills based upon 1/1/2019 assessments), the manufacturing assessments from Wisconsin Department of Revenue are finalized (fully equated) about November 1st based upon Fair Market Ratio. Mayor Woellner and RDA Commissioners requested additional information on the assessments.

Review information on City of Merrill residential developments (2009 – July 2019):

Unertl reported that twenty new single-family homes had been built in Merrill during the past decade. There have been twelve multi-family buildings with total of 92 new housing units. Only two apartments remain available at Rock Ridge Apartments.

Merrill Area Housing Authority (MAHA) Executive Director Paull Russell confirmed that the total number of affordable housing units (i.e. 92 units) has not been increased through the new Stonebridge Apartment building and remodeling of Park Place. There are 38 apartments in Stonebridge and there will be 54 larger units when Park Place remodeling is completed. For the first time since 1979, there will be 30 units available for rent in the south tower of Park Place once the remodeling construction project is completed.

Update on costs for Certified Survey Map (CSM) and Plat survey work for former Kienitz property (between W. 10th St. and W. St. Paul St. in TID No. 11):

City of Merrill has contracted with REI for survey work to prepare the Certified Survey Map (CSM) and Plat to facilitate development of twelve single-family home lots. Contact is for \$12,750 which will be paid out of TID No. 11.

Consider resolution authorizing development agreement by and between the City of Merrill and Ryan Ott Development & Construction LLC for single-family residential development on former Kienitz property (between W. 10th St. and W. St. Paul St. in TID No. 11):

RDA Commissioners review the draft resolution and development agreement. Ryan Ott advised that he anticipates the new homes would be available for sale by summer 2020 if basements were constructed before end of 2019. The draft development agreement has title reversion if development construction was not underway by May 31st, 2020. Article II – Sections 2.03 and 2.04 include Minimum Valuation provisions as discussed at the July 10th RDA meeting. Woellner emphasized that there needs to be provisions in the original development agreement in the event that there were delays in proceeding with the development and generation of tax increment.

Motion (Woellner/Maule) to recommend the resolution authorizing the development agreement. Carried. There will be additional review and discussion of the draft development agreement at the next RDA meeting (which will be held before the September Common Council meeting scheduled on Tuesday, September 10th).

Section 3. Notice of Sale. The City Clerk (in consultation with Ehlers & Associates, Inc. ("Ehlers")) is hereby authorized and directed to cause the sale of the Bonds to be publicized at such times and in such manner as the City Clerk may determine and to cause copies of a complete Notice of Sale and other pertinent data to be forwarded to interested bidders as the City Clerk may determine.

Section 4. Official Statement. The City Clerk (in consultation with Ehlers) shall also cause an Official Statement to be prepared and distributed. The appropriate City officials shall determine when the Official Statement is final for purposes of Securities and Exchange Commission Rule 15c2-12 and shall certify said Statement, such certification to constitute full authorization of such Statement under this resolution.

Motion (Norton/Russell) to approve.

Motion carried 8 to 0 on roll call vote.

★ 11. A Resolution authorizing a Development Agreement by and between the City and Ryan Ott Development and Construction LLC (Resolution #2616).

WHEREAS, the Common Council of the City of Merrill created Tax Increment District (TID) No. 11 on May 10, 2016 and the development site is within TID No. 11; and,

WHEREAS, Ryan Ott Development and Construction LLC has proposed construction of up to twelve new single-family homes through a phased construction timeframe; and,

WHEREAS, the City of Merrill finds that the proposed development and the fulfillment of the items and conditions of the attached Development Agreement are in the vital and best interest of the City of Merrill, the Merrill Redevelopment Authority and City residents and serves a public purpose in accordance with State law; and,

WHEREAS, additional property tax will be generated and new residential homes created from this development project; and,

WHEREAS, Ryan Ott Development and Construction LLC has negotiated the development agreement to provide for transfer of property ownership of three lots on West St. Paul Street and an incentive payment not to exceed \$30,000 to facilitate Phase 1 of the single-family home development project;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF MERRILL, WISCONSIN this 9th day of September, 2019, that the Mayor and City Clerk are authorized to sign the development agreement by and between the City of Merrill and Ryan Ott Development and Construction LLC and to facilitate the implementation thereof.

Motion (Norton/Russell) to approve.

Motion carried 7 to 1 on roll call vote. Voting No - Alderman Hass.

12. A Resolution authorizing a Development Agreement by and between the City and Merrill Pine Ridge LLC (Resolution #2617).

RESOLUTION NO. 2616

A RESOLUTION AUTHORIZING A DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF MERRILL, WISCONSIN AND RYAN OTT DEVELOPMENT AND CONSTRUCTION LLC

WHEREAS, the Common Council of the City of Merrill created Tax Increment District (TID) No. 11 on May 10, 2016 and the development site is within TID No. 11; and,

WHEREAS, Ryan Ott Development and Construction LLC has proposed construction of up to twelve new single-family homes through a phased construction timeframe; and,

WHEREAS, the City of Merrill finds that the proposed development and the fulfillment of the items and conditions of the attached Development Agreement are in the vital and best interest of the City of Merrill, the Merrill Redevelopment Authority and City residents and serves a public purpose in accordance with State law; and,

WHEREAS, additional property tax will be generated and new residential homes created from this development project; and,

WHEREAS, Ryan Ott Development and Construction LLC has negotiated the development agreement to provide for transfer of property ownership of three lots on West St. Paul Street and an incentive payment not to exceed \$30,000 to facilitate Phase 1 of the single-family home development project;.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF MERRILL, WISCONSIN this 9th day of September, 2019, that the Mayor and City Clerk are authorized to sign the development agreement by and between the City of Merrill and Ryan Ott Development and Construction LLC and to facilitate the implementation thereof.

Recommended by:
Redevelopment Authority (RDA)

Moved: Alderman Norton

Passed: September 9, 2019 7-1

CITY OF MERRILL, WISCONSIN



Derek Woellner
Mayor



William N. Heideman
City Clerk

Attachment: TID11 - Ott Housing (4821 : TID 11 - Ott Housing)

**DEVELOPMENT AGREEMENT
BY AND BETWEEN THE
CITY OF MERRILL, WISCONSIN
AND RYAN OTT DEVELOPMENT AND CONSTRUCTION, LLC
(PHASE 1)**

THE DEVELOPMENT AGREEMENT (the "Agreement") is entered into as of _____, 2019 by and between the City of Merrill, Wisconsin, (the "City") a political subdivision of the State of Wisconsin and Ryan Ott Development and Construction, LLC, a Wisconsin Limited Liability Company, (the "Developer").

RECITALS

- A. The City desires to encourage economic development, the development of underutilized land, expand its tax base and create new jobs within the City.
- B. Wis. Stat. §66.1105 (the "Tax Increment Law") provides the authority and establishes procedures by which the City may exercise powers necessary and convenient to carry out the purposes of the Tax Increment Law, cause project plans to be prepared, approve such plans, implement provisions and effectuate the purposes of such plans and finance such development through the use of tax incremental financing.
- C. Wis. Stat. §66.1333 (the "Redevelopment Law") provides the authority and establishes the procedures by which the City acting through and by the Redevelopment Authority of the City of Merrill (the "RDA") may exercise powers necessary and convenient to carry out the purposes of the Redevelopment Law, cause redevelopment plans to be prepared, approve such plans, borrow money and issue bonds, implement provisions and effectuate the purposes of such plans and finance redevelopment through the Redevelopment Law.
- D. The City of Merrill has acquired and will be selling to the Developer land for \$1 by October 1, 2019.

Phase 1 – W. St. Paul St.:

Three Lots of Certified Survey Map No. _____

City will grant the Developer an option for land purchase for future phases after verification by the City Engineer or Building Inspector that the last building of Phase 1 is completed and continuing for a period of one hundred eighty (180) days.

E. The Developer proposes to construct three, single-family homes as Phase I, located within the Development Area (the "Project").

F. As an inducement to Developer to undertake the Development in TID 11 and to construct or cause to construct the Development, the City and the RDA intend to provide an incentive to Developer by making an incentive payment to the Developer, for project costs incurred, to construct single-family homes within TID 11.

G. The City will construct, at City's sole cost and expense, a new City Street, to facilitate access to future phases within the Development Area and extend municipal water and sanitary sewer mains, at City's sole cost and expense, to service the Development Area. The City will permit the developer to connect to the extended water and sanitary sewer mains, for the benefit and servicing of the Project.

H. The City and RDA finds incentives to be necessary to encourage the Development in the Development Area and for Developer to undertake the Development in such a manner as to accomplish the City goals.

I. The City finds that the redevelopment and the fulfillment generally of the terms and conditions of this Agreement are in the vital and best interest of the City, RDA and City residents by expanding the tax base, creating new jobs and causing the redevelopment of underutilized property thereby serving a public purpose in accordance with state and local law.

J. ~~In the event~~ If the City transfers title to the Developer by October 1, 2019 and the development construction is not underway by May 31, 2020, lot ownership shall revert to the City of Merrill and Developer agrees to sign the necessary documents therefore.

NOW THEREFORE, in consideration of the promises and mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

Section 1.01 Initial Undertaking of the City of Merrill

The City has:

- a. Included the Development Area within TID #11, which was created by the Merrill Common Council on May 10, 2016.
- b. Purchased the property and arranged for necessary survey services and preparation of certified survey maps and future plat.

- c. Will hold a City Plan Commission Public hearing on the Certified Survey Map and future plat.
- d. Will begin engineering design work for construction of new City Street and extension of municipal water and sanitary sewer service to serve the Development Area.
- e. Will plan for 2020 extension of City utilities and new street construction unless Developer fails to commence foundation construction by December 31, 2019.

Following Execution of this Agreement, the City agrees that it shall cooperate with Developer to facilitate Developer's performance under this Agreement.

Section 1.02 Initial Undertakings of the Developers

- a. Will raise equity and arrange for financing necessary for the Project.
- b. File site plan and permit applications with the City and/or State.
- c. Contract for construction of three single-family homes and related infrastructure improvements with occupancy planned by December 31, 2020. The new tax increment would be generated beginning with 2020 (to the extent of improvements completed as of January 1, 2020) property tax (2021 collection).

ARTICLE II INCENTIVE PAYMENTS TO DEVELOPER

This development incentive is to facilitate development of the Project, a three (3) single-family homes in Phase I.

The City shall pay a Cash TIF development incentive to the Developer in the aggregate amount of Ten Thousand Dollars (\$10,000) per home upon its completion/occupancy permit. If foundations are not completed by December 31, 2019, the amount will be reduced \$777 per house.

Section 2.03 Warranties and Representations of the City. The City hereby warrants and represents that until all incentive payments have been made to Developer pursuant to Article III of this Agreement: (i) the assessment ratio generally applicable to property within the City (and therefore applicable to the Development and the Development Area) shall be no less than ninety percent (90%) and (ii) the tax rate generally applicable to property within the City (and therefore applicable to the Development and the Development Area) shall be no less than Thirty and 00/100 Dollars (\$30.00) per Thousand Dollars (\$1,000) of assessed valuation.

Section 2.04 Warranties and Representations of Ryan Ott Development and Construction, LLC. Ryan Ott Development and Construction, LLC hereby warrants and represents the following: Ryan Ott Development and Construction, LLC will expend at least One Hundred Fifty Thousand Dollars (\$150,000) for each new single-family home relating to the construction of the Development within the Development Area. Further, Developer hereby agrees that, so long as the warranties and representations of the City in Section 2.03 above remain true and correct, the City shall receive a minimum of Four Thousand and 00/100 Dollars (\$4,000) in incremental taxes from each house in the Development and the Development Area, commencing with the first calendar year occurring after Developer's substantial completion of the Development.

ARTICLE III MISCELLANEOUS

Section 3.01 Restriction on Sale.

Prior to the earlier of January 1, 2037 or the date TID #11 is dissolved, Ryan Ott Development and Construction, LLC shall not sell, transfer, convey or assign the Development Area or any part thereof to any person, entity or in any manner which would render the Development Area exempt from property taxation without the prior written consent to the City. As an express condition for such consent, the City shall require purchaser to annually pay to the City an amount equal to all property taxes, which would have accrued to the Development Area if it were subject to property taxation. Any such payments shall be considered tax increment and shall be applied as set forth in above.

Section 3.02 Indemnification.

Ryan Ott Development and Construction, LLC, its successors and assigns shall indemnify and save harmless and defend the City and its respective officers, agents and employees from any and all liabilities, suits, actions, claims, demands, losses, costs, damages and expenses of every kind and description, including attorney costs and fees for claims of any character, including liability and expenses in connection with the loss of life, personal injury or damage to property or any of them brought because of any injuries or damages received or sustained by any persons or property on account of or arising out of or occasioned wholly or in part by any act or omission on Developer's part or on the part of its agents, contractors, subcontractors, invitees or employees provided that the foregoing indemnification shall not be effective for any claims of the indemnified parties that are not contemplated by this Agreement or which constitute gross negligence or willful misconduct.

The City, its successors and assigns, to the extent permitted under Wisconsin law, shall indemnify and save harmless and defend the Developer and its respective officers, agents and employees from any and all liabilities, suits, action claims, demands, losses, costs, damages and expenses of every kind and description, including attorney costs and fees for claims of any character, including liability and expenses in connection with the loss of life, personal injury or damage to property or any of them brought because of any injuries or damages received or sustained by any persons or property on account of or arising out of or accessioned wholly or in part by any act or omission on the City's part or on the part of its agents, contractors, subcontractors, invitees or employees provided that the foregoing indemnification shall not be effective for any claims of the indemnified parties that are not contemplated by this Agreement or which constitute gross negligence or willful misconduct.

Section 3.03 No City Obligations.

The City shall have no obligations or liability for any obligations or responsibilities to any lending institution, architect, contractor or sub-contractor or any other party retained by Developers in the performance of its obligations and responsibilities under the terms and conditions of this Agreement. The Developers specifically agrees that no representation, statements, assurances or guarantees will be made by Developers to any third-party contrary to this provision. Notwithstanding anything aforesaid to the contrary, the Developer may assign the payments due it under this agreement to the Developer's lender, for collateral purposes only.

Section 3.04 Default.

a. Default and Notice of Default. In the event either party to this Agreement is in default hereunder (the "Defaulting Party") the other party (the "Non-Defaulting Party") shall be entitled to take any action allowed by applicable law, by virtue of said default, provided that Non-Defaulting Party gives the Defaulting Party written notice of default describing the nature of the default, what action, if any, is deemed necessary to cure the same and specifying a time period of not less than sixty (60) days in which the default may be cured by the Defaulting party. Notwithstanding the foregoing, if any default cannot reasonably be cured within sixty (60) days, the Non-Defaulting Party shall refrain from exercising remedies as long as a cure is being diligently pursued.

If either party fails to cure a default as permitted herein, the Non-Defaulting Party, without limiting its remedies under this Agreement, may compel performance by the Defaulting Party by bringing an action for specific performance. If after the specified time period for cure proceedings are initiated to cure an alleged default, the prevailing party in such proceedings shall be entitled to reimbursement from the other party for its reasonable attorney's fees and associated costs incurred in such proceedings.

Any party may, by written notice to the other party, designate a change of address for the purposes of aforesaid.

Section 3.08 Amendment.

No modification, alteration, or amendment of this Agreement shall be binding upon any party hereto until such modification, alteration, or amendment is reduced to writing and executed by all parties hereto.

Section 3.09 Governing Law.

The laws of the State of Wisconsin shall govern this Agreement.

Section 3.10 Severability.

If any provisions of this Agreement shall be held or deemed to be or shall in fact be inoperative or unenforceable as applied in any particular case, in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance or of rendering and provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever.

Section 3.11 Compliance with Law.

The parties shall, in undertaking the construction and operation of the Development, comply with all applicable federal, state, and local laws.

Section 3.12 City Authorization.

The execution of this Agreement was authorized by Resolution No ____ adopted on _____, by the Common Council

IN WITNESS WHEREOF:

The parties have executed this Agreement as of _____, 2019

CITY OF MERRILL, WISCONSIN

Derek Woellner, Mayor

William N. Heideman, Clerk

Approved:

Approved as to Form:

Katherine G. Unertl, Finance Director

Thomas N. Hayden, City Attorney

STATE OF WISCONSIN)

) ss.

COUNTY OF LINCOLN)

Personally came before me this ____ day of _____, 2019, the above named Derek Woellner, Mayor and William N. Heideman, Clerk, to me known to be the person who executed the foregoing instrument and acknowledged the same.

Notary Public, State of Wisconsin
My commission _____

RYAN OTT DEVELOPMENT AND CONSTRUCTION, LLC

By _____
Ryan Ott, _____

STATE OF WISCONSIN)

) ss.

COUNTY OF LINCOLN)

Personally appeared before me this ____ day of _____, 2019, the above named Ryan Ott Development and Construction, LLC to me known to be the persons who executed the foregoing instrument and acknowledged the same.

Notary Public, State of Wisconsin
My commission _____

Attachment: TID11 - Ott Housing (4821 : TID 11 - Ott Housing)



CIVIL & ENVIRONMENTAL ENGINEERING, SURVEYING
 4080 N. 20TH AVENUE, WAUSAU, WI 54401
 (715) 878-9784

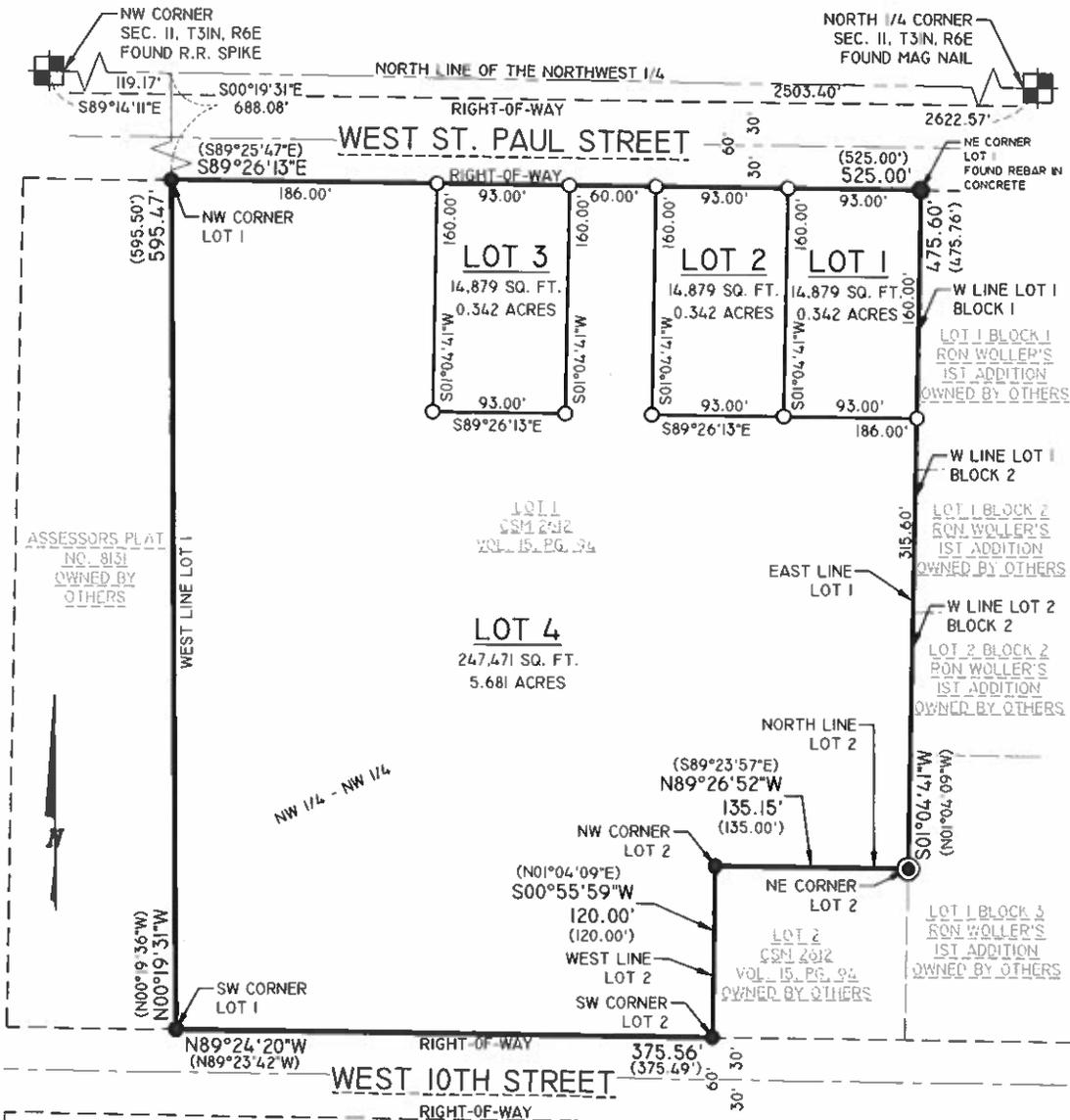
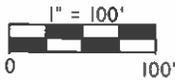
LINCOLN COUNTY CERTIFIED SURVEY MAP

MAP NO. _____ VOLUME _____ PAGE _____

PREPARED FOR: CITY OF MERRILL

LANDOWNER: CITY OF MERRILL

ALL OF LOT 1 OF CERTIFIED SURVEY MAP NUMBER 2612, RECORDED IN VOLUME 15, PAGE 94, AS DOCUMENT NUMBER 526182 FILED IN THE LINCOLN COUNTY REGISTER OF DEEDS OFFICE; BEING PART OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4, SECTION II, TOWNSHIP 31 NORTH, RANGE 6 EAST, CITY OF MERRILL, LINCOLN COUNTY, WISCONSIN.



NOTES:
 1. BEARINGS ARE BASED ON THE LINCOLN COUNTY COORDINATE SYSTEM, NAD 83(2011) DATUM AND REFERENCED TO THE SOUTH LINE OF THE SOUTHWEST 1/4 OF SECTION 2, TOWNSHIP 31 NORTH, RANGE 6 EAST. MEASURED TO BEAR SOUTH 89°14'11" EAST.
 2. FIELD WORK WAS COMPLETED ON OCTOBER 1ST, 2019.
 3. RIGHT-OF-WAY IS BASED ON MONUMENTS FOUND IN FIELD AND SURVEYS OF RECORD.

SHEET 1 OF 2
 DRAWING FILE: P:\8800-8899\8842 - City of Merrill - 011 Subdivision\dwg\Survey\8842 CSM.dwg

LEGEND	
●	- 1 IN. BAR FOUND UNLESS NOTED
●	- 1-1/4 IN. O.D. IRON PIPE FOUND UNLESS NOTED
○	- 1-1/4 IN. O.D. X 18 IN. IRON PIPE WEIGHING 1.68 LBS/LIN. FT. SET (126') - RECORDED BEARING/LENGTH
○	- 126.00' - MEASURED BEARING/LENGTH

Attachment: TID11 - Ott Housing (4821 : TID 11 - Ott Housing)



January 27, 2020

Mr. Tom Hayden
Merrill City Hall
1004 E 1st Street
Merrill, WI 54462

Re: Purchase Option for 1905 E. 14th Street

Dear Attorney Hayden:

I'm writing to share the disappointing news that Impact Seven will not be exercising its option to purchase for the 14th Street lot.

Our Real Estate Development Committee did review the project proposal in good faith. I failed to secure the votes required, however, to move the project forward. In particular, the Committee members expressed skepticism regarding the scale of the project as it related to market absorption; they feared that our pro forma development budget rents were unrealistic with respect to comparable units in Merrill; and they deemed the operating margins to be too thin for long-term project security and viability.

I spoke with Dave a few weeks back to share the news. He asked if I might submit this letter to formally deliver our intent to withdraw our option. I've delayed writing until now, as I've given time since Dave and I spoke to analyze whether we might try a different project approach (e.g. reduced unit count, condo development) to win the Committee's approval. I did in fact bring some proposals back to the Committee members, but I couldn't persuade them to approve the project despite my efforts.

This is no consolation, but please accept my thanks for the kindness and warm welcome provided by you and the other city staff over these last few months. Merrill is a beautiful city and blessed to be served by you, Dave, and the rest of staff.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Carlson".

Michael Carlson
Vice President, Real Estate Development



"This institution is an equal opportunity provider and employer"



Unertl, Kathy

From: Unertl, Kathy
Sent: Friday, January 17, 2020 10:37 AM
To: Aldermen; Johnson, David; Hayden, Tom; Akey, Rod; Heideman, Bill; William Bialecki
Subject: TID No. 10 - Facts & Timeframes (Former Fox Point Site)

There is no crisis or emergency. It is OK to have prime vacant sites available in Merrill for new developments. It is OK to wait for the "highest and best" redevelopment use.

TID No 10 was created 9/22/2015

There is a 27-year TID Timeframe - till 2042. Lifespan of the TID can be extended another 3 years (if necessary)

With Ehlers & Associates assistance, options for a future financing plan is being reviewed. There is a Note Anticipation Note (NAN) with a \$500,000 balloon payment due 10/1/2021).

The next Redevelopment Authority (RDA) meeting is Thursday, 2/20th at 8 am. The agenda will include discussion potentially issuing another Request for Proposals (RFP) for redevelopment of the former Fox Point site.

Kathy Unertl, Finance Director/RDA Secretary City of Merrill

City of Merrill Owned Properties - Available for Development

TID	Parcel Number	Acres	Property	Comments/Status
11	251-3106-101-0212	5.314	Vacant - Phase 3?	Rock Ridge Apartments - expiring land purchase option?
8	251-3106-113-0239	0.167	Vacant - former bank	Purchased in 4/2018 and then leased to Merrill Area Housing Authority (MAHA) during Stonebridge & Park Place construction
8	251-3106-113-0242	0.215	Vacant - parking lot	
		<u>0.382</u>		
9	251-3106-182-0011	14.740	Former Anson-Gilkey	In discussions with potential residential developer - Purchased by and demo by River Bend Development District
9	251-3106-182-0014	2.120	Former Page Milk site	Delinquent Tax Foreclosure 6/2019. - Federal Tax Liens?
4	251-3106-141-0069	4.300	Vacant - Wooded/Hill	Proposed east side Water Tower site & fill for N. Pine Ridge Ave.
Future	251-3107-064-9928	64.831	Vacant - Part Wooded	Future Industrial/Business Park - Purchased 11/2017 (TID No. 4)
Future	251-3107-053-9980	1.888	Vacant - on LC Hwy G	
		<u>66.719</u>		

Attachment: City-Owned Properties-2020-02 (4824 : City Owned Properties - 2020 - 02)

TID No. 11
- Rock Ridge Apartments - Phase 2

City will grant the Developer an option for land purchase for "Phase 3" after verification by the City Engineer or Building Inspector that the last building of Phase 2 is completed and continuing for a period of one hundred eighty (180) days.

- E. The Developer proposes to construct three, twelve-unit apartment buildings as Phase II, located within the Development Area (the "Project").
- F. As an inducement to Developer to undertake the Development in TID 11 and to construct or cause to construct the Development, the City and the RDA intend to provide an incentive to Developer by making an incentive payment to the Developer, for project costs incurred, to construct apartment buildings within TID 11.
- G. The City has constructed, at City's sole cost and expense, a new City Street, as depicted on Exhibit "A" to facilitate access to the Development Area and extend municipal water and sanitary sewer mains, at City's sole cost and expense, to service the Development Area. The City will permit the developer to connect to the extended water and sanitary sewer mains, for the benefit and servicing of the Project, without a charge to the Developer for connection, tap fees or other similar charges.
- H. The City and RDA finds incentives to be necessary to encourage the Development in the Development Area and for Developer to undertake the Development in such a manner as to accomplish the City goals.
- I. The City finds that the redevelopment and the fulfillment generally of the terms and conditions of this Agreement are in the vital and best interest of the City, RDA and City residents by expanding the tax base, creating new jobs and causing the redevelopment of underutilized property thereby serving a public purpose in accordance with state and local law.

NOW THEREFORE, in consideration of the promises and mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

Section 1.01 Initial Undertaking of the City of Merrill

The City has:

- a. Included the Development Area within TID #11, which was created by the Merrill Common Council on May 10, 2016.
- b. Purchased the State Road 107 property and arranged for necessary survey services and preparation of certified survey maps.
- c. Completed land swap with adjoining property owner and finalized revised Certified Survey Map prior to the closing on the sale to the Developers.

City of Merrill - TID No. 11 (Former Lokemoen Development field)

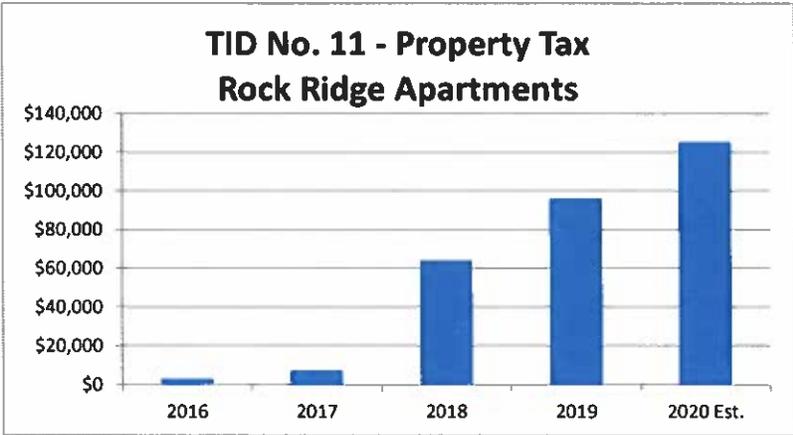
	Acres	Land	Improved	Total
251-3106-101-0203 Lokemoen Development sold to City of Merrill for \$200,000 (6/6/2016)	17.800	\$57,000	\$8,000	\$65,000

1/1/2016 Assessments

Assessed Valuations - 1/1/2019

	Acres	Land	Improved	Total
251-3106-101-0210 Rock Ridge - Phase II	5.545	\$118,000	\$865,000	\$983,000 Partial**
251-3106-101-0211 Rock Ridge - Phase I	6.874	\$125,400	\$1,973,700	\$2,099,100 *
251-3106-101-0212 City of Merrill - Future III	5.314	\$0	\$0	\$0
	17.733	\$243,400	\$2,838,700	\$3,082,100

	Land	Improved	Total
TID No. 11 Tax Increment	\$186,400	\$2,830,700	\$3,017,100



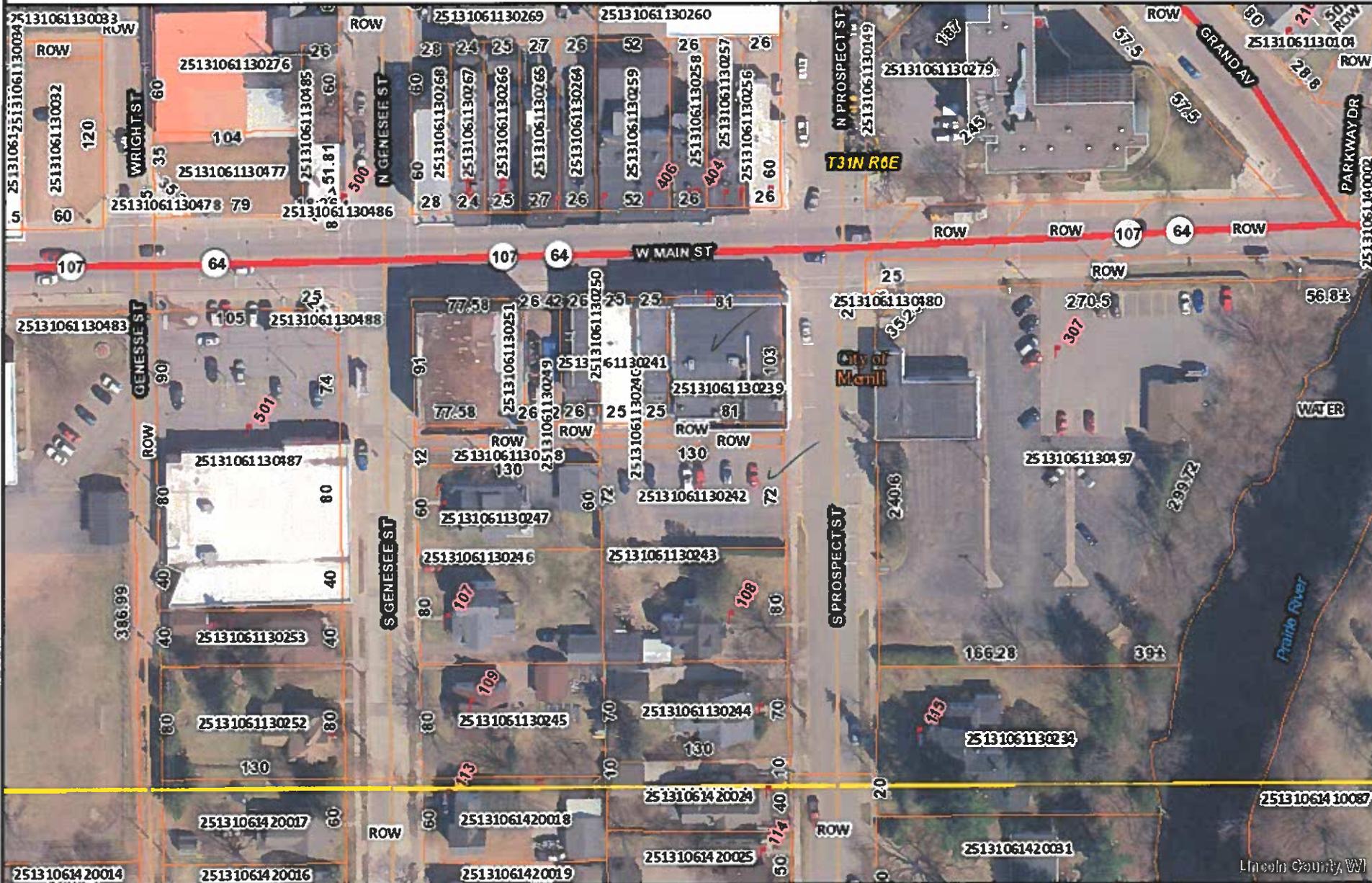
* Three 12-unit apartments & rental/maintenance building

**Three additional 12-unit apartment buildings will have full valuation 1/1/2020

Property Tax Comparison		Tax Year	Property Tax Bill
	Lokemoen Development	2016	\$2,747
	Rock Ridge - Footings	2017	\$7,142
	Rock Ridge - Phase I	2018	\$63,993
(Partial for Phase II)	Rock Ridge - Phase I & II	2019	\$95,897
	Rock Ridge - Phase I & II	2020 Est.	\$125,000 Estimated

Attachment: City-Owned Properties-2020-02 (4824 : City Owned Properties - 2020 - 02)

Lincoln County Public Access Land Records Viewer



Author: Public
Date Printed: 2/10/2020



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Lincoln County Public Access Land Records Viewer & Merrill Pavers



Attachment: City-Owned Properties-2020-02 (4824 : City Owned Properties - 2020 - 02)

Author: Public
Date Printed: 2/10/2020



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Lincoln County Public Access Land Records Viewer



Attachment: City-Owned Properties-2020-02 (4824 : City Owned Properties - 2020 - 02)

Author: Public
Date Printed: 8/3/2017



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Lincoln County Public Access Land Records Viewer

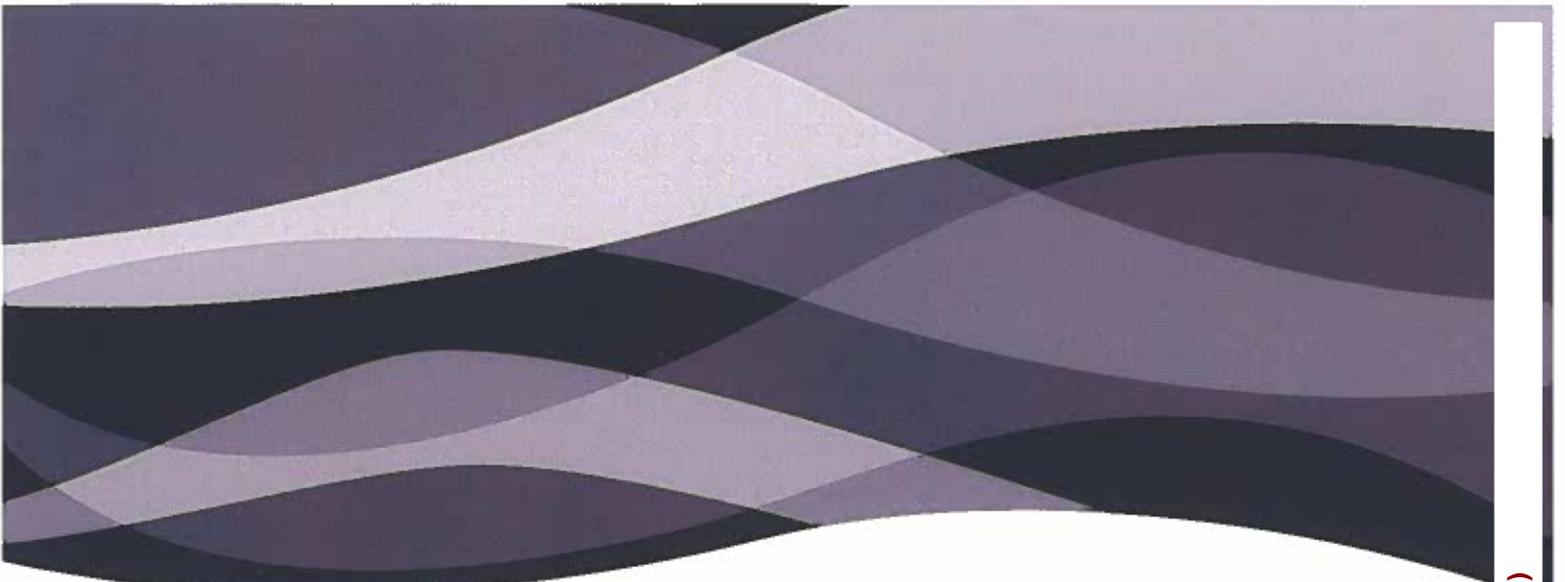


Attachment: City-Owned Properties-2020-02 (4824 : City Owned Properties - 2020 - 02)

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Efficient and Strategic TIF Use

A Guide for Wisconsin Municipalities

Attachment: COWS-TIF Use 2006-12 (4825 : COWS - TIF Use 2006 - 12)

Efficient and Strategic TIF Use

A Guide for Wisconsin Municipalities

December 2006

Matthew Mayrl, Research Associate, Center on Wisconsin Strategy

About the Author

Matthew Mayrl is a research associate at the Center on Wisconsin Strategy and a candidate for a Masters in Public Policy at the John F. Kennedy School of Government, Harvard University. For more information about this report, please contact mmayrl@gmail.com.

About COWS

The Center on Wisconsin Strategy (COWS) is a research and policy center dedicated to improving economic performance and living standards in Wisconsin and beyond. Based at the University of Wisconsin-Madison, COWS promotes "high-road" strategies that support living wages, environmental sustainability, strong communities and public accountability.

Acknowledgements

The author would like to thank Laura Dresser, Kate Gordon, and Satya Rhodes-Conway of COWS, Judie Gibbon and Dan Huegel of the Wisconsin Department of Revenue, and Joe Gromacki of the city of Madison for their input and assistance on this report.

Introduction

Most Wisconsin residents would be amazed to discover that the most powerful economic development tool available to their local governments is something they have never heard of: tax incremental financing (TIF). TIF, a financing tool that allows local governments to fund economic development projects by capturing the increased property tax revenue stemming from these projects, is the single largest economic development program in the state of Wisconsin—almost 20 percent larger than the entire annual budget of the Wisconsin Department of Commerce.¹ In 2005, Wisconsin municipalities funded \$243.6 million of development through TIF.² But despite the massive amount of money funneled through TIF, local governments allocate this money in a largely unorganized fashion and often do not use this tool to their greatest advantage.

In 2003, Wisconsin enacted its most significant reforms to Wisconsin's TIF system in over a decade. 2003 Wisconsin Act 126 included a host of reforms aimed at increasing local governments' flexibility in using TIF and, most notably, created an entirely new class of tax incremental district (TID): the mixed use TID.³ This new mixed use classification allows Wisconsin municipalities to fund residential and retail developments through TIF funds.⁴ When added to the three existing categories of TIF districts (blighted, rehabilitation/conservation, and industrial), the new TID classification allows municipalities to fund essentially every kind of development using TIF dollars.⁵ By increasing municipalities' ability to use TIF funds in innovative ways—both good and bad—these reforms will expand the use of TIF significantly throughout the state.

Distributed properly, TIF funds could promote a high-road Wisconsin economy that preserves open land, keeps downtown districts vibrant, adds high-quality jobs, increases public input in city and regional development plans and grows the state's tax base. But many Wisconsin municipalities lack professional economic development and city planning staff with the necessary experience to structure TIF projects that yield the greatest public benefit. And, to date, very little has been written on how Wisconsin's local governments can best use their TIF funds.

This report seeks to help Wisconsin municipalities use their TIF funds better, leveraging more development per public dollar spent and sharing the benefits of this development widely throughout the community. The first section gives an overview of TIF basics, the restrictions on its use, and how TIF is currently used throughout the state. The second section explores the role of the agencies that oversee TIF expenditures on a local level—the joint review boards—with an eye toward helping them better distinguish appropriate versus inappropriate uses of TIF. The report concludes with a series of recommendations for how cities and villages can proactively improve the quality of TIF funding requests in order to preserve their economic development investments and leverage greater benefits for their residents.

1

Background

When TIF was first authorized in Wisconsin in 1975, the state viewed it "...as an alternative to federal categorical aids for urban redevelopment which were being phased out."⁶ Initially envisioned as a way to help cash-strapped city governments fund redevelopment, TIF created an innovative payback mechanism for locally-funded infrastructure investments. With proper approval, Wisconsin cities and villages were allowed to capture the increased tax revenue stemming from their economic development investments and use this money to pay back their upfront costs. Thus, municipalities in the state had new incentive to issue bonds and provide upfront capital for redevelopment projects.

Since 1975, the use of TIF in Wisconsin has changed dramatically. What was once a tool specifically created for urban redevelopment is now used to fund nearly every kind of development on all types of land. As TIF funds more of the state's economic development activities, it is crucial that local government officials have a detailed understanding of how the tool works so that they can provide oversight and safeguard the public's investment. To that end, the remainder of this section covers the basics of TIF financing, restrictions on TIF use in state law and current TIF use patterns throughout Wisconsin.

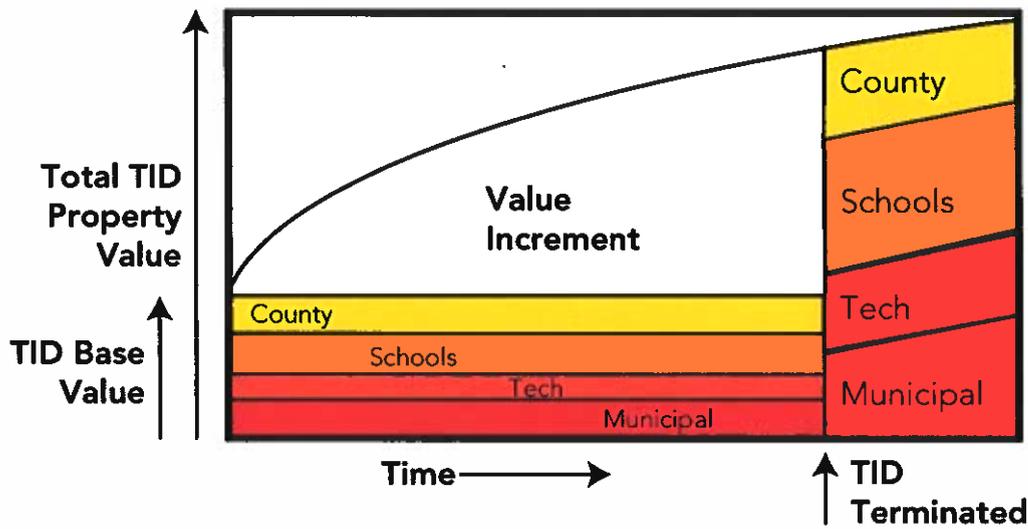
Basics of the TIF Payback Mechanism

In order to create a TIF district, a municipality must formulate a detailed project plan for the development of a specific geographic area called a tax incremental district (TID). Once the project plan and the boundaries of the TIF district are approved by the local legislative body, local assessors and the Wisconsin Department of Revenue (DOR) determine a year-one 'base value' for all property within the TID. As the city and/or developer make improvements in the district (e.g., upgrading roads, adding sewer service, providing incentives to developers, rehabilitating old buildings, remedying brownfields), the TID's property value increases. Taxes on all property value growth above the base value—on what is known as the 'value increment'—are used to pay off the costs of the developer's improvements.

This method of financing is demonstrated graphically in Figure 1. Taxes are always collected on the full property value of the TID, represented by the curving line in the graph. Once these taxes are collected, the local governments receive taxes on the base value of the district, while all tax revenue generated from the value increment is used to pay back TID debts. Once all project costs are repaid, the TID is terminated and local governments receive tax revenue from the full value of the district (both base value and value increment).

Creating a TID affects all levels of local government because property taxes fund a variety of local services provided by city and county governments, school and technical college districts. By approving the use of TIF, local governments agree to constrain their ability to raise revenue in that specific district for a number of years, in exchange for higher property values in the future. The underlying rationale for this agreement is that because all units of local government will ultimately benefit from higher property values, they too should share in repaying the costs of the development.

Figure 1
Value Growth and Tax Sharing in TIF



Source: Modified from Wisconsin Department of Revenue City/Village Tax Incremental Financing Manual, Chapter 1, Section 2, "How Does TIF Work".

Attachment: COWS-TIF Use 2006-12 (4825 : COWS - TIF Use 2006 - 12)

Funding TID Improvements

While a successful TID will pay for all of its project costs through future increases in tax revenues, municipalities must decide how to fund improvements early in a TID's life. These early investments generate the value increment that in turn increases tax revenues, allowing the development to ultimately pay itself off. There are three general ways that municipalities finance TIF expenses:

- **Bonding:** Cities wishing to spur development quickly often issue municipal bonds to provide upfront financing for TIF project costs. As the district's property value increases, the tax revenue on the value increment is used to pay off the bonds.⁷
- **City-led pay-as-you-go:** In this financing scheme, a city establishes a TID in an area that is already slated for new development that will increase property value. TIF allows the city to capture the increased tax revenues from this development for use on other projects elsewhere in the district. Each year, the city or redevelopment authority estimates how much the district's tax revenue will increase and funds improvements based on these projections.
- **Developer-led pay-as-you-go:** For projects where a single development company is leading the economic development efforts in all, or most, of the TID, municipalities may rely on the developer to finance its own improvements. The developer usually signs an agreement with the city guaranteeing that it receives all of the taxes on the value increment for a set number of years, or a percentage of the taxes on the value increment until all debts are paid off.

In the early years of Wisconsin's TIF use, bond financing funded almost all TIF projects in the state. Issuing general obligation bonds allows municipalities to borrow on their sustained ability to collect taxes, securing financing at very low interest rates. This reduces total development costs, shortening the life of the district and allowing the city to realize higher tax revenues quicker.

While bond financing remains the most prevalent method of funding TID improvements today, both pay-as-you-go options have emerged as new financing strategies. City-led pay-as-you go is generally regarded as the safest of all three options because expenditures are tied closely to the amount of additional tax revenue the district generates. However, this option is limited in its applicability, in that there must be a planned development that creates new value early in the TID's life to fund further developments. To use city-led pay-as-you go, municipalities must be attentive to the zoning and permitting processes, recognizing opportunities to capture new developments' value and acting quickly to create districts.

Developer-led pay-as-you-go has emerged as an option only very recently. While this financing scheme appears attractive—no upfront costs to the city, no strain on the city’s borrowing capacity—in practice it typically costs the city more and often yields less beneficial development than other financing options. Private financing rates and fees are often many points higher than those available through general obligation bonds. On a multimillion dollar project, this significantly increases the costs to the public and extends the life of the TID. In addition, because the municipality signs a commitment to provide all or part of the taxes on the value increment, it must be very specific about what is expected of the developer. The developer will have an incentive to add the most property value possible to maximize its payments (the taxes on value increment); however, the most profitable development may not be the most beneficial to the community. Developer-led pay-as-you-go should only be pursued with strict transparency of accounting, tight guidelines for appropriate land uses and kinds of development, and clauses which allow municipalities to recoup their investment if the developer does not hold up its end of the bargain.

Criteria for TID Creation

In order to create a TID, a municipality and proposed project must meet three primary criteria in the state of Wisconsin:⁸

1. The base value of the proposed TID plus the value increment of all other districts in the municipality cannot exceed 12 percent of the equalized value of taxable property in the municipality. This is the primary oversight provided by the DOR and serves to prevent one municipality from mortgaging too much of its future property tax growth in TIF districts.
2. At least 50 percent of the land in the proposed district must meet one the following criteria: a.) blighted; b.) in need of rehabilitation or conservation work; c.) suitable and zoned for industrial development; or d.) suitable and zoned for mixed-use development.⁹ Additionally, the municipality must provide proof that the project will significantly increase the value of all other property in the district.
3. The municipality must convene a joint review board consisting of members from each overlying tax district and one public representative. This joint review board evaluates the specifics of the TID project plan, including: whether the land within the TID is as characterized, the proposed boundaries of the TIF districts, the TID financing plan and expected expenditures and costs. Joint review boards have the power to approve or deny TIF districts based on the following criteria:
 - Whether the development expected in the TID would not occur without the use of TIF (commonly referred to as the ‘but for’ test).
 - Whether the economic benefits, as measured by increased employment, business and personal income and property value, are sufficient to compensate for the cost of improvements.
 - Whether the benefits of the proposed plan outweigh the costs, in taxes on the value increment, to the overlying tax districts.

A Snapshot of TIF Use in Wisconsin Today

As discussed earlier, when TIF was first authorized in Wisconsin in 1975 it was conceived of entirely as a tool for urban development and redevelopment. Because the land and development costs required to develop urban areas exceed those of suburban and greenfield areas, TIF aimed to eliminate the competitive disadvantage faced by urban areas. However, despite its stated intent to redevelop urban areas, an examination of TIF use across Wisconsin's 72 counties indicates that TIF use is heaviest in Wisconsin's rural and less populous counties.

It is interesting to note that none of the state's top quartile of counties using TIF has a population over 100,000, and only two have populations greater than the state average. The state's most urban counties (Milwaukee, Dane, Waukesha, and Brown), have TIF utilization ratios similar to, or below, the state average—4.78, 2.45, 4.70 and 3.15 percent, respectively (see Figure 2). This can be attributed to two interacting factors: state statutes that favor greenfield TIF developments and uninformed use by smaller municipalities hoping to generate economic development.¹⁰

Under the current system, it is more difficult for urban redevelopment projects to repay TIF costs than for suburban and rural projects. When agricultural land is included in a TIF area, the land's base value is set at its crop-growing potential, or use value, rather than its market value. These artificially low base values make it easy for TIF districts that assist greenfield development to generate value increment, allowing rural and suburban communities to use TIF more aggressively than their urban counterparts.

This has resulted in a dizzying rise in the number of development proposals for Wisconsin municipalities, many of which lack professional planning staffs. With more and more developers targeting smaller municipalities, elected officials and joint review board members from these communities, few of whom are professional planners or financial analysts, have struggled to distinguish a good deal from a bad one.

Figure 2

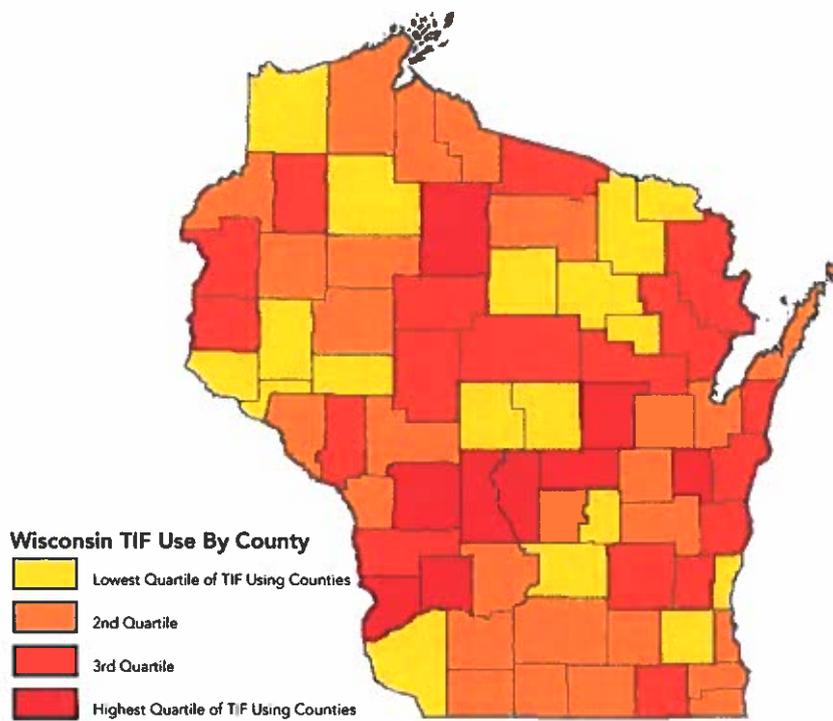
Average Population of Wisconsin Counties by TIF Utilization

Counties Using TIF	Average County Population	Average TIF Utilization*
Bottom Quartile	57,920	1.46 %
3rd Quartile	121,666	3.83
2nd Quartile	87,372	5.97
Top Quartile	39,099	10.90
All Wisconsin Counties	76,514	4.28

Note: *County-wide TIF utilization was measured by dividing the county-wide totals for value increment by the total value of 'TIF-able' land in the county. Because townships have very limited capabilities to create TIF districts, we did not consider property value in townships as 'TIF-able' land.

Figure 3

Map of TIF Utilization in Wisconsin Counties



Attachment: COWS-TIF Use 2006-12 (4825 : COWS - TIF Use 2006 - 12)

2

Improving the Joint Review Board Process

Under state statutes, joint review boards act as the primary oversight agencies for TIF use. They alone hold the power to approve or deny TIF districts by administering the 'but for' test and assessing whether the proposed district's benefits outweigh its costs. Too often, however, the joint review board process is simply a rubber stamp for the municipality or developer that proposed the district. By reexamining how joint review boards conceive of the 'but for' test and analyze proposed districts' costs and benefits, this section will help joint review boards take a more active role in preserving the public's investment through TIF.

Administering the 'But For' Test

Debate about the appropriateness of TIF funding usually centers around the 'but for' test, the most basic standard by which all proposed TIF-funded developments are measured. The test is deceptively simple: if a development would have occurred without subsidy, it should not receive public assistance. While the need for this standard is clear, its administration is extremely difficult. To properly assess whether or not a proposed development meets the 'but for' test, joint review boards need to have a better understanding of the local real estate market and ask tougher questions of applicants for TIF monies.

Understand the Local Real Estate Market

While the location, size, costs and benefits of each proposed TIF-funded development all factor into whether the proposed development would occur without TIF monies, joint review boards cannot understand the broader context of the 'but-for' test without a sense of the local real estate market. The reason for this is that TIF is an efficient development incentive only when it is used to spur development that the market *would not otherwise provide*. Joint review boards must understand which kinds of development they can rely on the market to provide and which development only becomes feasible when publicly assisted. Only when a TIF-funded project will create development that the market is unable to provide does that project satisfy the 'but for' test.

While each real estate market is different, certain types of development are regularly underserved by the market—for instance, developments in blighted areas where infrastructure is outdated and consequently must first be brought up to code or demolished. Likewise, developments in areas in need of environmental remediation require expensive cleanup and consequently are not often pursued on a large scale. Similar market failures result in the underproduction of affordable housing, the deterioration of main street shopping centers and a lack of affordable housing near well-paying jobs.

Joint review boards that can identify these and other underserved segments of the real estate market are in a strong position to administer the 'but for' test, as proposals that address an underserved market are more likely to satisfy the 'but for' test than those which do not.

Reframe the 'But For' Debate

Another way for joint review boards to improve how they administer the 'but for' test is by thinking about the test as a series of questions rather than a single, narrow question. Joint review boards often interpret the 'but for' test to mean, "Would the proposed development have occurred in exactly the same form without the requested TIF funding?" Viewing the 'but for' test in such a narrow manner takes away any meaningful debate about whether or not the project is deserving of TIF subsidy because the developer or city will always say the project cannot be done without \$X million in TIF subsidies and, although some may dispute this claim, no one can prove otherwise. The result is that joint review boards may over-fund projects and provide assistance in cases where significant private development would have occurred naturally.

In contrast, a rational assessment of whether a TIF district satisfies the 'but for' test requires the joint review board to make its best judgment of what would happen to the targeted property over the full life of the proposed TID if no assistance were provided. Making an informed judgment call on this matter requires joint review boards to ask a number of questions: Would the property sit undeveloped for the next twenty years? Would the developer, or another developer, submit an altered TIF plan in a couple of years? Would a scaled down version of the project proceed that is entirely privately financed? Would the same project occur without public financing, but just at a later date?

To help in answering these questions, joint review boards must also ask more and tougher questions of the city officials and developers that propose TIF projects. Joint review boards can become more judicious with their TIF use by considering the following three questions when approving a new TID:

1. What was the municipality's property value growth over the past five years?
2. Have similar projects occurred in the municipality, or in similar surrounding communities, without public subsidy?
3. Is the municipality aware of other similar, non-subsidized projects planned (through existing zoning and permitting processes, or long-range plans) within the municipality?

If property value growth is high and other similar projects are proceeding without subsidy, the proposed district likely does not satisfy the 'but for' test. In these cases, joint review boards should reject TIF funding, indicate their reasons for doing so and provide suggestions to the city or developer on how to make the proposal amenable to the joint review board (e.g., smaller TIF allocations, scaled-down project plans, shorter TID payback or the inclusion of specific community benefits).

Assessing the True Costs and Benefits of TIF Use

Just because a development satisfies the 'but for' test does not make it worthy for TIF funds. Joint review boards are also required to determine whether the proposed district's benefits outweigh its costs. Assessing a development's costs and benefits is difficult and inherently subjective; however, understanding the broad categories of costs and benefits associated with TIF use can help Wisconsin's joint review boards better determine whether TIF use is appropriate in particular cases.

The Costs of TIF Use

Because TIF districts pay for improvements through future tax revenues, many people consider TIF 'getting something for nothing'. This is simply not true. In fact, using TIF carries significant costs, beyond just the dollar value of improvements made in the district. These costs fall into five general categories:

Direct Costs: When most people discuss the cost of a TIF district, they are referring to direct costs. Direct costs are the costs of the physical improvements (including labor costs) within the district, the administrative costs of managing the district, the costs of any consultancies and/or developer incentives and the costs of financing all these expenditures.

Service Costs: Although not commonly included in TIF accounting, local governments take on new service costs during the life of each TID. New development increases demand for city, county, and school district services—demand not accompanied by increases in tax revenue to provide these services. For instance, a new subdivision will send more kids to school, require additional snow and trash removal and need more road maintenance. Providing these services is costly and, over the full life of a TID, can add up to millions of dollars.

Fixed Tax Base Costs: Fixed tax base costs are the costs of lost tax revenue on private development that would have occurred without TIF. When the 'but for' test is administered with 100 percent accuracy the fixed tax base cost of a TID is zero. In many cases, however, the property included in TIF districts would generate some form of privately-funded development over the TID's life without any subsidy. If the property had not been included in a TID, local governments could receive taxes on this development immediately instead of it being diverted to pay off TID project costs.

Opportunity Costs: Using TIF also imposes opportunity costs on local governments in two ways. First, by approving one project plan for TID development, local governments eliminate the opportunity to develop that piece of land in a different manner. For example, if a project plan allocates TIF funds for the creation of an entertainment district, it eliminates the possibility of developing that land into an industrial corridor. Second, when one TID is created, it limits the municipality's ability to use TIF elsewhere within the community, because state law limits the amount of property value which municipalities can include in TIF districts.

Negative Externality Costs: Improper planning and land use is costly to a community. As a development tool, TIF can contribute to these costs when used unwisely. If TIF is used to subsidize greenfield development on the urban fringe it contributes to sprawl, congesting commuter corridors and increasing pollution. If TIF lures businesses away from dense urban centers, it contributes to the spatial mismatch between jobs and employees, simultaneously creating labor shortages and unemployment. Likewise, if TIF is used to attract employers that do not pay living wages, the public bears the cost of wage supplements and social services for the working poor.¹¹

Common Costly Uses of TIF

Greenfield Development

One very costly—and very common—use of TIF in Wisconsin is greenfield development. Greenfield development is the development of formerly open/agricultural land, commonly on the fringes of urban areas. While TIF-funded greenfield development can repay its direct costs quickly, it also imposes significant new costs which often are not considered by city officials and joint review boards.

For instance, using TIF to develop greenfield land creates new demands on road maintenance and sewer, water, transit and waste collection services. And, when greenfield development includes a residential component, it places more children in schools. Cities and other developed areas can more easily accommodate these new service demands because the infrastructure for them is already in place. In greenfield areas, these new service demands often require the construction of entirely new facilities such as wells, schools and water treatment plants. These costs are typically not part of TIF project plans, but are eventually shouldered by the public.

Greenfield development also carries significant fixed tax base costs. Because greenfield property does not carry any physical barriers to development (such as obsolete infrastructure or existing buildings which must be demolished), it is likely to generate some development without subsidy. Creating a TID to promote development prevents local governments from receiving the taxes on any naturally-occurring development until TID debts are repaid.

Finally, when done to excess, greenfield development hollows out traditional city centers, promotes inefficient land use and contributes to sprawl and its attendant social costs, such as pollution and a jobs-housing mismatch.

Retail Center Development

When local governments use TIF monies to fund development of malls, outlet stores, or big box retail centers, they often lock themselves into a long-term cycle of TIF use. Repaying TID debts can take well over twenty years, and consequently local governments need to be especially mindful of how the buildings they subsidize today will look in a number of years. The physical structures of malls and shopping centers age quickly. Once in decline, these retail centers impede further development in the area and often require future subsidies to demolish or redevelop, imposing the full range of TIF's costs on a community again and again.

Additionally, many national retailers are becoming more aggressive in their pursuit of TIF subsidies, playing local governments off one another to receive the greatest amount of subsidy. Competition between local governments to land major retailers is extremely costly to the public because consumer retail spending within a region is fixed, meaning that subsidizing new retail development generally just shifts the location of retail spending and lowers the values of commercial properties elsewhere in the region.¹² Local governments in Wisconsin should use their TIF funds to increase economic activity throughout the region instead of shifting it around within the region.

Finally, using TIF for large retail developments imposes significant negative externalities on local communities. While these companies tout the large numbers of jobs they create, these jobs are by and large low-wage and low-skill positions. Several studies have documented the high public costs of low wage work and Wisconsin's local governments should reserve their TIF funds for developments that create living wage jobs.¹³

Potential Benefits of TIF Use

Too often, municipalities measure the benefits of TIF project plans only by estimating how much new property value will be created in the district. In fact, the outlay of TIF funds can leverage a wide range of benefits, beyond just property value growth. Understanding the full range of benefits that TIF use can create helps joint review boards better assess whether a project's costs outweigh its benefits.

Increased Property Value: In order for TIF to work, it must create new property value within a district. The taxes on this new property value pay for the costs of the development and, once all costs are repaid, the public benefits by having new property value added to the tax rolls, which allows for higher levels of government services or reductions in the tax rate.

Employment: In addition to adding property value, TIF can, and should, be used to create new jobs. Adding new jobs to the community creates new consumer income, which is then reinvested in local businesses. But not all job-creating projects are equally beneficial. Projects that create living-wage jobs accessible to unemployed or underemployed individuals generate larger net gains in consumer income and reductions in demand for various forms of public assistance than do projects that create low-wage jobs with no opportunities for advancement.

Catalyzing Further Development: TIF project proposals can also benefit the community by acting as a catalyst for further development. Projects which demonstrate the viability of a new market, such as early downtown condominium projects, spur future investment and eventually add property value well beyond that created in the first project.¹⁴ Also, providing TIF funding for small projects that can lead to much larger ones—for example, small business startup programs or business incubators—can leverage greater benefits for the community down the road.

Leveraging Other Monies: TIF can also be used to fill financing gaps in projects that can leverage other monies, such as matching federal/state grants or foundation dollars. Likewise, TIF can be used to match individual homeowner or business expenditures on exterior upgrades to their buildings, leveraging greater consumer investment in communities. Using TIF to leverage other funds increases the amount of benefits generated per TIF dollar spent.

Positive Externalities: Positive externalities are the beneficial side effects of TIF use. For example, developments constructed to green building standards can reduce demand on overstressed power grids and wastewater treatment facilities. Likewise, TIF projects located near job centers or that include links to transit systems or spaces for shared vehicles can help reduce commuter traffic on congested roadways.

Improving TIF Proposals Prior to the Joint Review Board Process

3

A stronger joint review board process will help Wisconsin's local governments ensure that worthy TIF proposals receive funding, while those which fail the 'but for' and cost-benefit tests are denied. However, municipalities also need strategies to improve the quality of TIF requests before they are even submitted to the joint review board. This section explores how municipalities can shape the nature of TIF requests they receive and offers examples from across the state and country of how communities have incorporated specific community benefits into both city- and developer-led TIF projects.

Setting the Ground Rules—a Municipality-Specific TIF Policy

TIF is an outlay of public money and borrowing capacity and therefore should be used to achieve a public purpose. Each village and city throughout Wisconsin has different needs—some need more affordable housing, others need well-paying jobs, etc.—and the state-level reforms passed in 2003 have left municipalities with a great deal of flexibility in using TIF. In order to ensure that TIF funds go towards satisfying their most pressing public needs, Wisconsin municipalities should adopt a city- or village-wide TIF policy.

Municipality-specific TIF policies set restrictions on TIF use that go above and beyond the minimal state restrictions. By clearly laying out the municipality's priorities in TIF funding, cities provide developers with a predictable guide to which projects can qualify for assistance, encouraging developers to undertake only those projects that meet the community's needs. Currently, very few Wisconsin municipalities have adopted TIF policies; however, these guidelines for TIF use can be very helpful in protecting the public investments and securing quality developments for a municipality's citizens.¹⁵

Establishing a local TIF policy is also a good opportunity for city or village leaders to take stock of their community's needs and solicit public input on the municipality's development plans. As a municipality begins the process of formulating its TIF policy, it should convene neighborhood meetings to receive feedback on the types of development most valued by the community. What follows is a list of possible considerations and standards that can be incorporated into municipality-specific TIF policies.

Establish Different Statutory Paths for Needed Types of Development

Wisconsin’s cities and villages should use their municipally-specific TIF policies to encourage TIF proposals that develop underserved market segments and provide high levels of community benefit. One way to encourage these proposals is to offer greater funding opportunities for projects that meet high-priority community needs. In doing so, a municipality can automatically screen for those proposals that meet underserved markets and thereby ease the task of administering the ‘but for’ test.

For instance, consider a city experiencing high levels of downtown housing development but in need of more jobs for its residents. To help encourage development proposals addressing these needs, this city could adopt a TIF policy that restricts the use of TIF funds in the manner suggested in Figure 4, below.

Establishing such a policy would help in two ways. First, the city would receive fewer requests from residential developers because the amount of available assistance would likely not be worth the time and cost necessary to apply for it. The housing market would continue to develop under market incentives and city officials would not have to administer the ‘but for’ test to projects of questionable need. Second, the different statutory paths established would yield more development proposals for projects that meet a city’s need for affordable housing and quality job creation.

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Figure 4

Model of Different Statutory Paths to Encourage Job Creation and Affordable Housing Development

	Amount of Total Project Costs Eligible to be Covered By TIF	Special Provisions
Residential Development	5 %	Elevated to 15% if development includes 10% affordable units
Industrial Development	15 %	Additional Subsidy of \$10,000 per job created that pays \$13.00/hour or better

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Attachment: COWS-TIF Use 2006-12 (4825 : COWS - TIF Use 2006 - 12)

Restrict Development of Open Land

From a land use perspective, Wisconsin is a rural state. For that reason, many suburban and rural communities must balance questions of land use as they seek to expand their tax base. Residents of these communities value their open lands, but these lands are also extremely attractive to developers and often included in TIF development deals. Because the service- and fixed-tax base costs of greenfield development are so much higher than those of infill projects, communities should consider placing restrictions on the amount of open land included in TIF proposals.

Require Job Creation and Quality Measures, and Enforce Minimum Labor Standards

TIF-funded developments can create two kinds of jobs: temporary positions in the construction industry and permanent positions at new businesses in the district. In order to better ascertain the benefits of TIF proposals, municipalities should require that every proposal include an estimate of the number of jobs created by the development and the wage and benefits levels of these jobs, split into temporary (construction) and permanent categories. Having these figures will help municipal officials and members of the joint review board better assess what benefits the proposed development provides beyond additional property tax base.

In addition, city and village officials should require as a precondition of eligibility for TIF funds that certain job quality measures be met. For instance, the city of Madison requires all projects funded by TIF to pay prevailing wages to construction workers.¹⁶ And, while more difficult than regulating the wages of construction jobs, some cities have also tied the provision of TIF funds to the quality of ongoing jobs. For instance, the City of Davenport, Iowa, restricts TIF funding to projects that create at least 30 permanent jobs paying \$10 per hour or more with health benefits.¹⁷

Clawback Clauses

When municipalities consider TIF proposals submitted by developers, they choose to support the project, in part, on the developer's estimate of how property value will grow within the district, when the district will expire and how many jobs will be created. When these estimates are incorrect, municipalities are put in a tough position, because low-performing TIDs take even longer for municipalities to pay off and prevent them from investing in other and better TIDs.

For this reason, cities and villages should insert clawback clauses into TIF development agreements to protect their investment of public funds. A clawback clause requires the developer to pay back some, or all, of the costs assumed by the city through TIF if the development does not meet the promises made in the original TIF agreement. In other words, if a developer overstates the amount of property value expected in the TID or the number of jobs to be created, the city is able to recoup the assistance it gave the developer.¹⁸

Require Affordable Housing in Residential Development

The TIF reforms passed in Wisconsin in 2003 authorized, for the first time, the use of TIF monies for newly platted residential development—a use likely to comprise an increasing portion of the state's TIF expenditures. However, the service costs of residential development are typically higher than other forms of development, as residential developments are denser than other developments and add significant service demands on school systems.

For this reason, municipalities should be careful when using TIF for residential development. That said, the ability to use TIF money for residential development provides Wisconsin municipalities an opportunity to leverage the construction of affordable housing, a sector which is historically underserved by traditional market forces. Cities and villages can require that a certain percentage of newly platted residential development be sold or rented below market prices, at a rate tied to a percentage of the county's median income.

Make Developers Pay for Increased Service Costs

As noted earlier, TIF use often carries increased service costs for local governments. Because the property taxes on the TIF-funded development go towards paying off the development debts instead of funding municipalities' general services, paying for the service costs of these developments can strain local governments' budgets.

In general, as a development matures—moving through construction to full utilization—it demands more and more services from the city, county, sewage and school districts. One approach that insulates local governments from these spiraling service costs is to return an increasing share of the taxes on the value increment to local governments as the TID matures. For example, over the first five years, as construction is occurring, the full taxes on the value increment could be used to repay debts. After the first five years, an increasing share of the taxes on the value increment would return to local governments in order to cover the rise in service costs.

This approach has been used in Denver, Colorado, on a large redevelopment project at the former Stapleton airport. According to the project agreement signed by the developer and city, Denver will receive a progressively increasing share of the taxes on the value increment over the twenty-five year duration of this TIF district to fund its increased service costs (see Figure 5).¹⁹

Figure 5

Share of Taxes on Value Increment Received By the City of Denver from Stapleton TIF Redevelopment

Year	Share of Taxes on the Value Increment Returned to Local Governments
1999–2004	0 %
2005–2009	13
2010–2014	22
2015–2019	30
2020–2024	47

Source: Front Range Economic Strategy Center. "Are We Getting Our Money's Worth: Tax-Increment Financing and Urban Redevelopment in Denver."

Require Public Input and Reporting on Community Impact

Public hearings of a municipality’s planning council and legislative body prior to TID approval allow for some public input on proposed TIF projects; however, these meetings tend to occur after many of the projects’ details are decided.²⁰ Municipalities should ensure that opportunities exist for public input earlier in the planning process and that appropriate data is collected on the community impact of proposed development.

In order to gauge the public’s priorities, municipalities can require that developers hold additional public hearings before time, effort and money are invested in drafting a project plan. It is more difficult and expensive to incorporate community priorities when plans are rolled out in a near-complete fashion, than if these issues were tackled from the beginning. Requiring that meetings be held early in the process helps ensure that community needs will be met and prevents approval problems later in the process.

In addition, municipalities should require community impact reports for each proposed development to ensure that the public has the appropriate information with which to weigh in on TIF debates. Community impact reports consider the effect of the proposed development on local businesses and on potential gentrification, and assess whether the new jobs created would be accessible to those local residents most affected by the development.²¹

Attachment: COWS-TIF Use 2006-12 (4825 : COWS - TIF Use 2006 - 12)

Incorporating Community Benefits into TIF Projects

While a city or village TIF policy sets the ground rules for what will and will not be funded through a municipality's TIF funds, local leaders should not be afraid to request specific community benefits that exceed those required in the TIF policy. Likewise, when planning and executing their own projects, cities should consider the following examples as they experiment with ways to leverage their TIF dollars into specific community benefits beyond just increased property value.

Use TIF Funds for Job Training

One of the highest-benefit uses of TIF is to create living-wage job opportunities for unemployed or underemployed individuals. Helping these individuals into stable, family-supporting jobs benefits the entire region through increased consumer spending, the alleviation of poverty and fewer demands for social services. However, it is often difficult for residents most affected by the TIF district to gain access to the jobs created within the development. For this reason, some cities include a job training component in their TIF project plans.²²

By providing funds for job training, cities can help workers access high-skill, high-wage jobs and also provide a strong incentive for businesses to expand or locate within the district. The manufacturing, construction and health care industries all struggle to find skilled workers, so access to trained workers can be a major draw for those industries. In 2002, the City of Chicago piloted a program called TIFWorks, which will reimburse employers or social service agencies for the cost of training new employees for jobs in TIF districts, or training that upgrades the skills of workers currently employed in TIF districts. The training must be job or skill-specific, but can include work-based basic and/or remedial training designed to improve job performance, or work-based English-as-a-Second Language (ESL) instruction.²³

Fund Loan Programs to Small Businesses and Home Owners

In areas needing redevelopment, city officials often look for a single development to provide wide-ranging changes to the community. However, many small-scale upgrades taken throughout a community are often just as effective and help residents benefit from the redevelopment more directly.

One way to pursue a more decentralized redevelopment strategy is by providing grants or below market-rate loans to people starting a new business, to business owners who want to upgrade their facilities, or—in residential neighborhoods—to homeowners wishing to renovate their residences. Besides increasing property values, this kind of TIF expenditure produces direct community benefits which are equally as important. Small grant and loan programs promote locally-owned businesses, increase community ties between the neighborhood and commercial areas and expand economic opportunity for neighborhood residents. Further, simple façade upgrades can often spur further development in struggling commercial centers.

The city of Milwaukee, in partnership with the Wisconsin Housing and Economic Development Association (WHEDA) employed this strategy in its Lindsay Heights redevelopment. Homeowners within the TID are eligible for forgivable loans of up to \$10,000 for exterior repairs and upgrades to their buildings, such as roof replacement, window replacement, new siding or exterior paint or permanent outdoor landscaping.²⁴

Fund Energy-Saving Home Retrofits and Renewable Energy Systems

The primary goal of most redevelopment plans is to spur new investment in depressed or declining communities. While these upgrades generate incremental value for municipalities and improve the city's overall building stock, they can also result in higher property tax bills for district residents, putting limited-income families in a financial squeeze.

One way to offset this rise in living costs is to fund energy-saving improvements such as the installation of solar water heaters, or energy efficient windows, lighting or HVAC systems, in conjunction with projects directly related to increasing the residence's property value, such as siding and roof upgrades. This system creates a more valuable and efficient building stock, while also ensuring that rising property tax bills do not force low-income families out of their newly upgraded homes. TIF funds could also be used to build renewable power infrastructure by providing low-interest loans to individuals willing to install solar photovoltaic or geothermal systems and, in rural communities, providing funds for farming cooperatives to turn animal waste into power and heat through anaerobic digesters.

Use TIF Funds to Build Residents' Wealth through Individual Development Accounts (IDAs)

The construction jobs created in TIF-funded projects are high-quality, living-wage jobs. Unfortunately, many residents in TIF districts who need these jobs are unable to access them because they require participation in union apprenticeship programs that begin with weeks of unpaid training. Fortunately, the structure of TIF financing deals offers a possible solution to this problem.

Individual development accounts (IDAs) are dedicated savings accounts that match an individual's contributions to help them save for a wealth-building purchase, such as an educational program. Most commonly offered through community groups, IDAs typically provide accompanying budgeting and financial literacy education.

IDAs can be incorporated into TIF districts by providing matching funds for district residents who wish to save for wage replacement during construction apprenticeship programs. Because TIF districts are often created a number of years before construction begins, municipalities could use bond revenue to finance IDAs for community residents entering construction apprenticeship programs connected with the TIF-funded development. As the municipality, developer and affected businesses iron out the details of the project, community residents would already be saving money to enter apprenticeship programs that would begin at the same time as construction in the district.

Another possible use of IDAs within TIF districts is as a substitute for the homeowner loan/grant programs described above. By providing matching dollars for each dollar saved, TIF-funded IDAs could help to encourage district residents to invest in their own communities through the purchase of a new home or small business, or exterior upgrades to an existing home.

Conclusion

TIF use in Wisconsin has changed dramatically over the program's thirty-one year history. What began as a program to assist urban redevelopment projects is now a financing tool for all kinds of development throughout the state, used most prevalently in Wisconsin's less populous counties. And, with recent reforms authorizing the use of TIF funds for residential development, the program is likely to expand even further in both size and scope in the coming years.

With the increased flexibility and popularity of TIF, it is crucial that local governments in Wisconsin take a more active role in overseeing TIF and encouraging its use for high-benefit developments. Joint review boards can no longer be rubber-stamp agencies; rather, they must thoughtfully administer the 'but for' test and carefully weigh all of a proposed TID's costs and benefits. Wisconsin's cities and villages should proactively improve the quality of TIF proposals they receive by implementing individual TIF policies that set guidelines for would-be applicants and encourage high-benefit development proposals. And citizens and community groups should take a more active role in the TIF process, participating in public hearings, providing input on municipality-specific TIF policies and advocating for the inclusion of specific community benefits into TIF project plans.

These strategies will help Wisconsin communities leverage the greatest amount of benefit per TIF dollar spent, building a high-road Wisconsin economy that preserves open land, keeps downtown districts vibrant, adds high-quality jobs, increases public input in city and regional development plans and grows the state's tax base.

Endnotes

1. The 2005–2006 Wisconsin Department of Commerce budget was \$203,497,700, according to the Wisconsin Department of Administration. Source: 2005 Wisconsin Act 25, s. 20.143. Accessed online 06/22/2006, at: www.legis.state.wi.us/2005/data/acts/05Act25.pdf.
2. Wisconsin Department of Revenue. 2005.
3. The changes in 2003 Wisconsin Act 126 went into effect in October 2004. A full summary of recent changes to Wisconsin TIF law can be found here: www.dor.state.wi.us/pubs/slf/tif/cvmanual.html.
4. Prior to the 2003 reforms, retail development was commonly funded in industrial TIF districts; however, the use of TIF funds for newly platted residential development was explicitly prohibited.
5. Wisconsin law also allows for the use of TIF funds for environmental remediation (ER) projects. ER TIF districts are governed by a separate set of restrictions under state law than the four classifications considered here, and consequently, ER TIF districts are not discussed in this paper.
6. Wisconsin Legislative Audit Bureau (LAB), Review of Tax Incremental Financing (Madison: LAB, 1981), 17.
7. Amt, William, "Tax Increment Financing Boosts Local Tax Bases," *Economic Development Digest* 11, no. 10, September 2000. National Association of Development Organizations. Accessed online 12/13/05 at: www.nado.org/pubs/sept6.html.
8. These are not the only limitations on TIF use. However, these criteria accurately represent the guidance set forth by state law for when TIF use is appropriate. These criteria are highlighted here to provide a framework for a discussion later in this paper that explores how best to determine whether or not using TIF is appropriate. The Wisconsin Department of Revenue has produced an excellent set of materials which outline all restrictions on TIF use in the state, available online here: www.dor.state.wi.us/slf/tif.html.
9. In practice, however, classifications 1 & 2 are quite similar. According to Wisconsin State statute 66.1337, areas in need of rehabilitation or conservation work are defined as those needing work "for the prevention of the development or spread of slums or blighted, deteriorated or deteriorating areas."
10. For more information on how state TIF statutes favor greenfield development, see: Mayrl, Matthew, "Epic Move Highlights Reform Need," *The Wisconsin State Journal*, 03/25/2005.
11. For more information on the costs of sprawl, see: Coyne, William, "The Fiscal Cost of Sprawl: How Sprawl Contributes to Local Governments' Budget Woes," *Environment Colorado Research and Policy Center*, December 2003. Accessed online 08/29/06, at www.environmentcolorado.org/reports/fiscalcostofsprawl12_03.pdf. For more information about the costs of low wage jobs, see: Zabin, Carol et al., "The Hidden Public Costs of Low-Wage Jobs in California," *UC Berkeley Labor Center*, May 2004. Accessed online 08/29/06, at: laborcenter.berkeley.edu/publiccosts/index.shtml.
12. Dye, Richard and David Merriman, "Tax Increment Financing: A Tool for Local Economic Development," *Land Lines*, January 2006. The Lincoln Institute of Land Policy.
13. See "When Work Doesn't Pay: The Hidden Cost of Low Wage Jobs in Wisconsin," Center on Wisconsin Strategy, 2006 at www.cows.org/about_publications.asp; Forster, Stacy, "Big Companies Fill BadgerCare Rolls," *Milwaukee Journal Sentinel*, May 24, 2005. Accessed online 08/20/2006, at: www.jsonline.com/story/index.aspx?id=328286.

14. This does not benefit the municipality if it continues to fund projects once a market has been developed. That is, funding the first downtown condominium project is a good idea, but continuing to fund them once the market for condominiums is proven, wastes taxpayer dollars.
15. The City of Madison's TIF policy provides a model for how a community can set standards for TIF-funded development that go above and beyond the state requirements. It is available online at: www.ci.madison.wi.us/planning/TIF.html.
16. Madison Department of Planning and Development, TIF Policies. Accessed online at: www.ci.madison.wi.us/planning/TIF.html.
17. See city of Davenport, IA, Resolution No. 2001-443.
18. Clawback clauses are commonly used on state-level economic development grants/tax incentives and local property tax abatements. For an example of how clawback clauses can be tied to TIF subsidies, see City of St. Louis, MO, Ordinance 67070, available online at: www.slpl.lib.mo.us/cco/ords/data/ord7070.htm.
19. For more information, see: Robinson, Tony and Chris Nevitt, "Are We Getting Our Money's Worth: Tax-Increment Financing and Urban Redevelopment in Denver," *Front Range Economic Strategy Center*, 2005. Available online, at: www.fresc.org/?zone=/unionactive/private_view_page.cfm&page=Publications.
20. The municipality must also choose a member of the public to serve as voting member of the joint review board. This is another important point for public input and interested citizens should seek to participate.
21. The Los Angeles Alliance for a New Economy (LAANE) has produced a model for the kind of data which can be collected to estimate the impact of new development on existing communities, available on their website at: www.laane.org/research/docs/ModelCIR.pdf.
22. Wisconsin law neither explicitly forbids, nor allows, the use of TIF funds for job training. According to Wisconsin State statute 66.1105, however, eligible project costs can include "payments made, in the discretion of the local legislative body, which are found to be necessary and convenient to the creation of tax incremental districts or the implementation of project plans..." The city of Milwaukee recently pursued the inclusion of a job training component in their failed PabstCity redevelopment plan.
23. For more information on this program, visit the city of Chicago's TIFWorks site (www.cityofchicago.org/WorkforceDevelopment/TIFWorks), and the Neighborhood Capital Budget Group (www.ncbg.org/tifs/tif_works).
24. Lindsay Heights Tax Incremental District Brochure. Accessed online 08/21/2006, at: www.mkedcd.org/housing/pdfs/LHbrochure.pdf.