

BUDGET & FINANCE COMMITTEE MEETING

Tuesday, March 13, 2007

Committee Room #2

PRESENT: Alds. Becker, Ewerdt, Grimm, Krol, Hanson, Maher, Purins, Stepaniak – 8

ALSO PRESENT: J. Archambo, City Admin.; A. Kesner, City Atty.; R. Braier, Finance Dir.;
J. Wojcehowicz, Water Supt.

Ald. Stepaniak as Chair called the meeting to order at 8:12 p.m.

Memorandum of Understanding (MOU) with Milwaukee County for a water main extension to the Bliffert property

Mr. Wojcehowicz said that in 1990, the Milwaukee County Zoo acquired the site formerly known as the Bliffert Lumber Company. It was located on the southeast corner of the intersection of Highway 100 and W. Blue Mound Road. The site, located within the city limits of Milwaukee, does not have water and sewer improvements on the property. The Milwaukee Water Works recommended that the County Zoo obtain water service from the City of Wauwatosa. In November 2005, the Common Council passed a resolution authorizing exploration of the feasibility of extending the Wauwatosa water service area to include the County Zoo. The Milwaukee County Board approved the MOU on March 1, 2007.

Mr. Wojcehowicz said the proposed MOU and the future hotel development benefit the city in two specific areas: 1) the construction costs associated with the water main improvements are estimated at \$326,400. These will be the future developer's obligation; 2) the water utility benefits by adding a commercial property with a water park as part of the hotel development. This would increase the city's water sales. The City of Wauwatosa will maintain the water mains, valves and other equipment within the easement. He said there will be construction in the area, but the impact will be normal construction disruption for the neighborhood and the area traffic. Mr. Kesner added that the developer will be handling the contract for the water main.

Mr. Archambo told the committee that they will be sending out a Request for Proposals (RFP) under the presumption that there will be a hotel and water park built in the area. The water mains will not be installed until the hotel construction is set. Mr. Wojcehowicz said the development has the potential to use about 30,000 gallons per day as a retail customer. Committee members asked about liability issues. Mr. Archambo responded that the hotel/water park would be treated the same as any other retail customer.

Committee members also questioned why Milwaukee Water Works did not want to supply the water. Mr. Wojcehowicz said that Wauwatosa's water main loops would connect the city to the project. Milwaukee doesn't have the same water main configuration in the area. They have a dead end and it is about a half mile away from the County Zoo property. Dead end lines are usually bad for water quality.

Moved by Ald. Becker, seconded by Ald. Purins to recommend approval of the Memorandum of Understanding (MOU) with Milwaukee County for a water main extension to the Bliffert property – 8

Agreement with the Milwaukee Water Works to sell water outside the city's borders

Mr. Kesner said this agreement would allow the City of Wauwatosa to sell water outside the city's borders. Mr. Wojcehowicz noted that per the Milwaukee Water Supt., they are looking to enter into an agreement with the Milwaukee Water Works. They are not looking to amend the Purchase of Water at Wholesale agreement because the Bliffert site will be a retail customer. Mr. Kesner stressed that the agreement to purchase water from Milwaukee is a wholesale agreement.

Moved by Ald. Maher, seconded by Ald. Becker to recommend approval to enter into an agreement with Milwaukee Water Works to include the Milwaukee County Zoo as part of the City of Wauwatosa's service area – 8

Developer funded and city funded Tax Incremental Finance (TIF) Districts

Mr. Braier said that Tax Incremental Finance (TIF) funding is an economic development tool that allows a municipality to use new tax revenues to finance certain costs of the development which will be generating tax revenue. The property in the TIF District is being redeveloped, which means property values will increase and, as a result, property values will rise because of higher assessed values. When this happens, the TIF District property tax revenues are split into two streams: 1) the tax amount that is based on the original property value before redevelopment goes to the city, county, school district etc.; and 2) the amount of taxes resulting from the new development and higher property values or "tax increment" is paid into a special fund used to subsidize some portion of the redevelopment in the TIF District. These two streams continue until the TIF District expires which sometimes takes up to 27 years.

Mr. Braier continued that the city receives the tax increment in annual payments. Those payments are often used to support annual debt service on TIF bonds issued by the city or an agency of the city. This method is the traditional way a TIF is used to finance a project. He explained that sale of the bonds generates the necessary capital up front to pay for the approved TIF expenditures. The debt retirement schedule usually mirrors the projected tax increment revenue stream. The TIF District closes after the debt has been paid in full. At some point the streams converge allowing the entire tax amount to be available to all the taxing entities.

Mr. Braier described another type of TIF is sometimes called a developer's risk TIF. This method reimburses the developer on "pay as you go" basis. In this TIF, the developer provides the up front capital for the project and the city does not sell any bonds or make any financial investment in the project. As the development generates new tax revenue, it is returned to the developer in part or in whole to reimburse the developer for TIF approved expenditures already made. The developer assumes the risks associated with the TIF increment. There are a number of variables that affect the amount of tax increment generated each year. To confirm the TIF's financial commitment, a bond with zero interest is issued by the city to the developer for the agreed amount of reimbursement.

Mr. Braier noted that traditional TIFs are used for projects of a more public nature. The developer's risk TIFs are used when the city is helping a developer proceed with their project.

There was a discussion regarding the wording "but not for" included in the TIF documents. Mr. Braier explained that this clause "but not for" is used as a criteria to determine that the development would not occur in the city "but not for" the TIF being created for it. If the development can stand on its own, it would not need TIF funding. He noted that they used a consultant to evaluate the "but not for" clause with regard to the two developer's risk TIFs that the committee will be reviewing at the next meeting. Ald. Stepaniak noted that the "but not for" clause is not a black or white issue. With regard to a development

like GE Healthcare the need is pretty clear; however, developer's risk TIFs can get into evaluating the quality of the development and that question needs more deliberation within the administration.

The committee had questions regarding limitations on TIF financing. Mr. Braier said the city currently has three TIF Districts #2, #3, and #4. The Maximum TIF Value is 12% of the city's equalized value or approximately \$660,594, 840. The TIF Value Capacity is \$462,612,040. This is enough money to cover future projects. He anticipated that TIF Districts#2, #3, and #4, are right on track and will be retired on schedule. The amendment to TIF #2 will not extend its life, but will blend in with the existing plan. The new TIF #5 being created for development on Mayfair Road for structured parking has a much shorter life span, maybe 9 years or less. He added that the only limitation is that the borders of the TIF District can only be adjusted once. There are no limits to other adjustments.

Mr. Braier also explained the process of evaluating development projects for TIF eligibility. He said that most development projects need to submit a proforma and a project plan. There is a lot that needs to be considered. In most cases, they have felt the need to call upon an outside consultant to evaluate the proforma. The developer is paying the consulting cost on individual projects and they are required to give a deposit.

Mr. Braier reiterated that developer's risk TIFs cost the city less and lower the city's risk. He noted that as part of the proposed amendment to TIF District #2 the reimbursement will be paid to the developer at 70% of what is paid to the existing TIF. The developer is getting reimbursed on a slower schedule. In TIF District #5 they will be proposing that 100% be reimbursed so that the TIF can be paid back as soon as possible.

Vouchers

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
K. Isleb	\$326.80	Assessor – 3/5-3/7/07 – Wisconsin Dells WAAO Quarterly Meeting
T. Gelhar	\$314.79	Health – 2/20-2/21/07 – Mosinee 2 nd Annual All-Wisconsin Environmental Health Meeting
3 Arborists	\$120.00	Parks – 2/7-2/28/07 – Waukesha UW-Extension Landscaping and Grounds Maintenance Short Course (Wed. Afternoon)
K. Walbrant & 9 Arborists	\$400.00	Parks – 2/7-2/28/07 – Waukesha UW-Extension Landscaping and Grounds Maintenance Short Course (Wed. Afternoon)
J. Archambo	\$8.00	Admin. – 1/11-1/12/07 – Madison Wisconsin Alliance of Cities
C. Ledesma	\$47.80	City Clerk – 3/6/07 – Jefferson WMCA District V Meeting
W. Tarman-Ramcheck	\$430.80	Pub. Works – 2/21-2/26/07 – Appleton Associated Recyclers of WI meeting

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
W. Wehrley	\$60.89	Engin. – 2/21-2/22/07 – Waukesha UW class – Using PASER and WISLR to Manage Your Roads
R. Lenski	\$207.00	Assessor – 3/5-3/7/07 – Wisconsin Dells WAAO Quarterly Meeting
H. Smith	\$175.58	Police – 2/28-3/1/07 – Peoria, IL MABAS Dispatchers Conf. (Fire Mutual Aid Program)
M. Steffey	\$1,954.10	Health/Consort. – 2/19-2/24/07 – Washington DC 2007 Public Health Preparedness Summit
J. Stohler	\$1,916.00	Health/Consort. – 2/19-2/24/07 – Washington DC 2007 Public Health Preparedness Summit
F. Carsky	\$253.95	Police – 2/21-2/23/07 – Appleton Search for Missing Adults and Children Conf.
J. Griffin	\$269.00	Police – 2/1-2/2/07 – Madison WI School Resource Officer Conf. Safe and Smart School Training
D. Braun	\$287.00	Police – 2/1-2/2/07 – Madison WI School Resource Officer Conf. Safe and Smart School Training
T. Karnick	\$124.00	Police – 1/16-1/18/07 – Wisconsin Dells 13 th Annual Police Management Training Conf.
T. Tarantino	\$60.00	Building – 3/1/07 – West Allis Electrical Seminar
Klemstein, Oberle	\$89.00	Forestry – 2/5-2/7/07 – Green Bay WI Arborist Assoc. Annual Conf. “Much Ado About EAB”
Klemstein, Oberle	\$300.00	Forestry – 2/5-2/7/07 – Green Bay WI Arborist Assoc. Annual Conf. “Much Ado About EAB”
Walbrant, Jovanovich, Petropoulos	\$267.00	Forestry – 2/5-2/7/07 – Green Bay WI Arborist Assoc. Annual Conf. “Much Ado About EAB”
Walbrant, Jovanovich, Petropoulos	\$450.00	Forestry – 2/5-2/7/07 – Green Bay WI Arborist Assoc. Annual Conf. “Much Ado About EAB”

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
L. Hudson	\$275.36	Police – 2/21-2/23/07 – Appleton Search for Missing Adults and Children Conf.
D. Collins	\$55.81	Police – 2/21-2/23/07 – Appleton Search for Missing Adults and Children Conf.
A. Moore	\$349.53	Police – 2/28-3/1/07 – Peoria IL MABAS Dispatchers Conf. (Fire Mutual Aid Program)
J. Archambo	\$475.81	Admin. – 3/7-3/9/07 – LaCrosse WCMA Professional Seminar

Moved by Ald. Maher, seconded by Ald. Becker that the vouchers
be allowed and paid – 8

The meeting adjourned at 8:52 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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