

**BUDGET & FINANCE COMMITTEE MEETING**

Tuesday, March 27, 2007

Committee Room #2

PRESENT: Alds. Becker, Ewerdt, Grimm, Hanson, Maher, Purins, Stepaniak – 7

EXCUSED: Ald. Krol

ALSO PRESENT: J. Archambo, City Admin.; A. Kesner, City Atty.; B. Aldana, Asst. City Atty./Personnel Dir.; R. Braier, Finance Dir.; W. Kappel, Pub. Works Dir.; W. Wehrley, City Eng.

Ald. Stepaniak as Chair called the meeting to order at 8:13 p.m.

**Amendment to Tax Increment Finance (TIF) District #2**

The committee reviewed a request to amend Tax Increment Finance (TIF) District #2 to include a multi-layer parking structure as part of a project for Irgens Development called Mayfair Woods. Mr. Archambo reported that each floor of the parking structure will be at grade level because of the slope of the property. He noted that Quarles & Brady LLP recommended up to \$3.5 million for funding. The anticipated termination date of TIF District #2 remains 2016. The benefit to the city is that Mayfair Woods will consume considerably less green space than surface parking and the drainage will be better.

Mr. Braier noted that there is an agreement with the developer that there will be a 70/30 split in the allocation of the TIF funds with 30% going back into the TIF and 70% being reimbursed to the developer.

Mr. Kesner said they are continuing to go over the fine details and work out the language, but that will not affect the developer's agreement. He noted that this TIF would be similar to a developer's TIF in that the city will be reimbursing Irgens out of their own increment at 70%.

Jackie Walsh, Irgens Development, 10201 Innovation Drive, said they had requested \$4.5 million and felt that they were justified by the cost of the parking structure. The \$3.5 million is less than that, but they are extremely appreciative of the amount that is being offered.

Members of the committee asked for clarification of the use of the "but for" clause in this instance. Mr. Kesner explained that the key to analysis of the "but for" clause is not "but for" the TIF funding the project would not happen, it is "but for" the TIF funding the project would not be built in a manner that would be more beneficial to the city. He added that the structured parking takes up about one third of the area that surface parking would use. That preserves a lot of green space. He noted that Irgens intends the building to be a Leadership in Energy and Environmental Design (LEEDS) certified building. That is how the "but for" test is met in this case.

There was a concern expressed during the discussion about whether the \$3.5 million could cover all the design elements. Ms. Walsh said the design would not be compromised. They would just be taking out some conveniences such as replacing an elevator with internal ramping. The changes do not impact the sustainable design.

Ald. Maher noted the environmentally friendly aspects of the project. He thanked the Finance Director for designing the package.

Moved by Ald. Maher, seconded by Ald. Becker to recommend approval of the amendment to Tax Increment Finance (TIF) District #2 in an amount not to exceed \$3.5 million contingent upon approval of the project plan amendment with final approval of any expenditures subject to completion of a Developer's Agreement to be approved by the Common Council – 7

### **Creation of Tax Increment Finance (TIF) District #5**

The committee reviewed a request for the creation of Tax Increment Finance (TIF) District #5 which would provide for structured parking at 2979 N. Mayfair Road. Mr. Archambo noted that this is similar to the last project in that the request is also for structured parking. He thought it was easier to analyze the use of the "but for" clause in this case because on a property that can fit 34,000 square feet of office space, adding a parking structure instead of surface parking could increase that building to 65,000 square feet. From a financial viewpoint the city would be foregoing \$63,000 per year for the life of the TIF, but gaining \$117,000 yearly after the TIF is ended. Mr. Braier noted that with the previous TIF amendment the city wanted some financial support for the existing TIF. In this case, the city is creating the TIF solely to support the parking structure and saying that 100% of the tax value will be going to the TIF. He said the length of the TIF would be 10 years or less.

Steve Looft, VJS Development, W233N2847 Roundy's Circle West, Pewaukee, said that the parking structure is one of the most important developments of the project because it allows the doctors to reinvest in their community. It also allows for a larger and more efficient floor plan that will accommodate some of the larger pieces of state of the art medical equipment.

Ald. Maher had concerns about the creation of TIF #5. He was more supportive of the amendment to TIF #2 because of the environmental aspects and because the model for the TIF was established by the GE Healthcare development. It was his understanding that the state has said that in order for a TIF to be created for an area, the area had to be made up of 50% blighted land. He felt that this property was not blighted. He also felt that a TIF was to be used for public improvements; however, this funding would be used for a parking structure. He felt there were other areas in the city that could use this funding more. He did not want to set a precedent.

Mr. Kesner said TIF #5 would be considered a micro-TIF. TIF District #4 was another micro-TIF. He said that it is appropriate to use a micro-TIF for this type of project. Recent changes in the law allow cities to use TIF funding for more than blighted properties. As a land locked community there are only so many places that can be developed. The city needs to use resources such as TIF funding to create more density in proposed developments. It is part of the bigger picture of development for Wauwatosa.

Ald. Stepaniak noted that the "but for" clause was one of the elements of discussion with staff. The question is what is the city's interest in creating TIF Districts. The original intent of the legislation and the current intent are very different. Many communities have used TIFs in a variety of ways. He noted that a one story development with surface parking that would consume most of the property would be an example of the type of project that would not provide the density that Mayfair Road needs. He stressed that this is a 100% paid for parking structure. There are some counter arguments that speak to the city's interests and the public's interest in this type of development.

Ald. Becker expressed support for the TIF noting that the city will not have to borrow money for this project. He added that in today's market the city can't depend on every parcel being developed. The committee asked about doing a traffic impact analysis. Mr. Kappel responded that they are working with the state and the Brickman project in the same area to mitigate regular and school traffic. The felt it wasn't necessary to do that type of traffic study in this situation.

Moved by Ald. Becker, seconded by Ald. Hanson to recommend approval of the creation of Tax Incremental Finance (TIF) District #5 in an amount not to exceed \$1.8 million contingent upon approval of the project plan amendment with final approval of any expenditures subject to completion of a Developer's Agreement to be approved by the Common Council. Vote on the motion was Ayes: 5, Noes: 1 (Maher), Present: 1 (Ewerdt)

**Memorandum of Understanding (MOU) between and among Wisconsin Department of Transportation, City of Wauwatosa, Best Buy Stores, Inc. and Mayfair Property, Inc.**

Mr. Kappel informed the committee that the Memorandum of Understanding (MOU) between the Wisconsin Department of Transportation (DOT), City of Wauwatosa, Best Buy Stores, Inc. and Mayfair Property, Inc. pertains to the installation of traffic signals and intersection modifications of STH 100<sup>th</sup> (Mayfair Road) and Meinecke Avenue extended. He requested approval for funding of the city's cost share of the improvements and to authorize staff to apply for additional large Hazard Elimination Safety (HES) program grant(s). In 2005 the committee authorized staff to apply for a DOT HES grant for infrastructure improvements to reduce congestion along STH 100<sup>th</sup> and North Avenue. The DOT received the grant and modified it by eliminating some of the work and adding a full signal replacement and relocating the intersection at STH 100<sup>th</sup> and Meinecke Avenue extended. He noted that the west leg of the intersection (between Best Buy and Amcore Bank is proposed to be dedicated to the city as a right-of-way for the future Meinecke Avenue as well as the future backage road to STH 100<sup>th</sup>. The east leg of this intersection will be a relocated entrance to Mayfair Mall north of the Cheesecake Factory restaurant.

Mr. Kappel added that in 2006 and 2007 the Capital Improvements budget included a total of \$144,900 to fund the local share of the work contained in the HES application. The DOT has decided that they will fund their share of the project under the 3R program instead of the HES program. The city's cost share is 10% or \$85,000. Actual costs will depend upon final project costs. He noted that all future operation and maintenance costs for the traffic signal improvements at STH 100<sup>th</sup> and Meinecke Avenue will be the responsibility of the DOT.

Mr. Kappel said they recommend the following: 1) approve the MOU; 2) approve the local share funding for the project up to the budgeted amount of \$144,900; 3) authorize appropriate city staff to sign project agreements in accordance with the MOU related to the construction of the project as may be required by the DOT; and 4) authorize staff to apply for the next application cycle (State Fiscal Year 2008-2011) of safety grants (now called Highway Safety Improvement Program) for additional work in the area. The work may include items deleted from the original HES grant application with the local share to be included in future Capital Improvement Budgets. He added that the backage road will become a city road and therefore the city's responsibility for snow plowing and maintenance.

The committee had questions about the backage road becoming a through street. Mr. Kappel responded that initially the backage road would be for trucks, but they can see it becoming ingress and egress for the public. Mr. Kesner said the ultimate north terminus is not set. The long term goal for the DOT is to reduce the traffic flow on Highway 100 through the backage road similar to the way a frontage road works. He added that the real traffic crunch is across from Mayfair Mall.

Moved by Ald. Maher, seconded by Ald. Purins to recommend approval of the Memorandum of Understanding (MOU) with local share funding in an amount not to exceed \$144,900 and authorization for appropriate city staff to sign project agreements in accordance with the MOU related to the construction of the project as may be required by the DOT. The committee further recommends authorization for staff to apply for the next application cycle (State Fiscal Year 2008-2011) of safety grants (now called Highway Safety Improvement Program) for additional work in the area – 7

### **Financing for Hart Park Plan**

Mr. Kappel reported that the Community Development Committee (CDC) has discussed and forwarded what they believe should be the priorities for improvements to Hart Park. Hart Park has been divided into 3 sections. Section 1 would primarily be the recreation area with a playground for older children. Section 2 would be the performance area with the Rotary band shell. Section 3 would have walking paths and fields for athletic practice. It was his recommendation that the city fund the platform costs and then find other alternatives to fund the visible improvements and recreation elements.

There was a question from the committee regarding development in section 3. Mr. Kappel described the area currently as a flood plain. There is no development going on there right now and the whole park needs to be reforested. He added that an expensive portion will be realigning the road in Section 2.

Mr. Kappel said that the source of funds that can be allocated for the platform costs are \$1.4 million left from last year's capital program and repayment of Tax Incremental Finance (TIF) District funds to the Capital Projects fund. There is also a current balance of \$1.6 million in the Future Capital Improvement Reserve. The original source of this fund was the balance remaining after the General Fund was made whole from TIF #1. It has been used to finance other special programs in the past. This reserve will continue to grow as TIF #4 is repaid. This total of \$3 million would be more than enough to commence the platform or infrastructure improvements needed for everything west of 68<sup>th</sup> Street. The estimated total cost of these improvements is \$2,626,000. The regular Capital Improvements program could serve as a potential source of funding if necessary.

Mr. Kappel said that one item that needs clarification is the location of the recommended artificial turf. The recommendation is to place the turf in the existing stadium. This would allow football teams to practice there. It would also provide for additional rental hours. The Board of Parks & Forestry Commissioners has reviewed both the cost benefit analysis and an injury study of artificial turf. The consensus is that, if possible, placing artificial turf in the stadium would definitely enhance the playing surface and probably attract more users. He would recommend artificial turf for the athletic field, but natural turf for the baseball diamond. One thing they would have to research is if artificial turf is allowed in a flood plain.

Mr. Kappel said there were 2 funding options: 1) fund the park in its entirety by bonding for all of the money at one time necessitating a referendum; and 2) use available funds to provide for the platform costs prioritizing everything west of N. 68<sup>th</sup> Street. Direct the Board of Parks and Forestry Commissioners and the Friends of Hart Park to begin looking for other funding sources either in the form of grants or donations for the park improvements.

Ald. Stepaniak clarified that the recommendation is for the platform funding for Sections 1 and 2 excluding the artificial turf. He asked about TIF related expenses. Mr. Kappel said they can only use TIF money for the platform.

Moved by Ald. Hanson, seconded by Ald. Grimm to recommend approval for option 2: using available funds to provide for the platform costs prioritizing everything west of N. 68<sup>th</sup> Street and direct the Board of Parks and Forestry Commissioners and the Friends of Hart Park to begin looking for other funding sources either in the form of grants or donations for the park improvements --

Richard Bachman, Parks and Forestry Commissioner, 2229 N. 115<sup>th</sup> Street, suggested that Community Development Block Grant (CDBG) money might be available.

Jill Gaertner, Parks and Forestry Commissioner, 6829 Terrace Court, expressed support for option 2 and starting a Hart Park Foundation.

Mr. Kappel recommended holding the artificial turf until he can get an answer on the viability of its use from the Department of Natural Resources (DNR). He further recommended that they put in as much infrastructure and improvements as they can afford west of N. 68<sup>th</sup> Street. He noted that the best use of city money was for the infrastructure. The public would likely be more interested in paying for things they can see such as improvements. There are some possibilities for grant funding that could go a long way to completing the project. The total cost for the infrastructure and the improvements not including the artificial turf would be approximately \$8.8 million.

Ald. Stepaniak expressed support for the motion. He added that this is a long anticipated project. To separate the infrastructure from the improvements will make the best progress. It also makes sense to include the support of the Board of Parks and Forestry Commissioners and the Friends of Hart Park. The Community Development Committee did a very good job of prioritizing the visible elements and the city will be in the position of already having the infrastructure when it is time to put in the improvements.

Vote on the motion was Ayes: 7

**Claim by Milwaukee Regional Medical Center for refund of 2006 real and personal property taxes**

Ms. Aldana reported that this claim by the Milwaukee Regional Medical Center for a new tax year pertains to a dispute that has been ongoing between the Medical Center and the City of Wauwatosa since they were put on the property tax rolls in 2003. The Medical Center files claims each year which have been litigated all the way to the Wisconsin Supreme Court. The claim involves the taxable status of a day care center on the property. Each tax year the claimant files a claim that allows them to sue the city.

Moved by Ald. Maher, seconded by Ald. Grimm to recommend denial of the claim – 7

**Vouchers**

<b><u>NAME</u></b>	<b><u>AMOUNT</u></b>	<b><u>FOR</u></b>
J. Bembenek	\$40.00	Purchasing – 3/21-3/23/07 – Wauwatosa Value Annual Meeting/WAPP 1 <sup>st</sup> Quarter
T. Gelhar	\$32.18	Health – 3/15/07 – Milwaukee 17 <sup>th</sup> Annual Sanitation & Pest Management Sem.

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
D. Redman	\$498.00	Fire – 2/28-3/2/07 – Wisconsin Dells WI Fire Chiefs Education Association Spring Conf. and AFG Grant Seminar
J. Hevey	\$132.14	Fire – 2/28-3/2/07 – Wisconsin Dells WI Fire Chiefs Education Association Spring Conf. and AFG Grant Seminar
D. Wheaton, F. Knapp S. Presnal	\$240.00	Bldg. – 3/22/07 – Lake Delton Recertification
R. Braier	\$1,230.54	Finance – 3/21-3/24/07 – Las Vegas, NV Government Investment Officers Association

Moved by Ald. Maher, seconded by Ald. Becker that the vouchers  
be allowed and paid – 7

The meeting adjourned at 9:46 p.m.

Carla A. Ledesma, City Clerk  
City of Wauwatosa

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