



CITY OF WAUWATOSA

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SPECIAL BUDGET & FINANCE COMMITTEE MEETING Tuesday, July 15, 2008

PRESENT: Alds. Donegan, Jay, Krol, Organ, Maher, Purins, Walsh -7

EXCUSED: Ald. Ewerdt

ALSO PRESENT: J. Archambo, City Admin.; A. Kesner, City Atty.; W. Kappel, Dir. of Public Works;
W. Wehrley, City Eng.; B. Aldana, Asst. City Atty./H.R. Dir.; J. Plass, Acctg. Mgr.

Ald. Maher in the Chair called the meeting to order at 7:155 p.m.

Letter of Credit between Amortization Fund and TIF #3

Mr. Archambo reported that the 2008 capital improvements budget anticipated the need for a source of funding for TIF (Tax Incremental Finance) district projects. Funds are needed at this time to award the contract for the State Street project, for which bids were just opened last week with a low bid of \$2,007,632. The proposed funding source is to effectively borrow from ourselves by means of a letter of credit from TIF #3 to the Amortization Fund in an amount not to exceed \$2,000,000. Mr. Archambo assured the committee that TIF #3 is healthy and on schedule, and it is not anticipated that this would cause the closing date to be pushed back.

Ald. Donegan asked about the status of the Stone Pointe development in TIF #3. Mr. Archambo said that completing that project would help push the TIF closing date up. Mr. Kesner added that Stone Pointe is an anticipated \$1.9 million expenditure for TIF #3. So far over \$420,000 has been disbursed and another invoice for demolition costs is pending. Depending on how much they move forward, the developer is given different pieces of money for different parts, but only as TIF funds are available. Asked by Ald. Donegan if the health of the TIF would be jeopardized if that development doesn't occur over the next five years, Mr. Kesner said that the TIF has a pretty strong increment of value already that is now producing \$800,000 in tax increment every year.

Moved by Ald. Donegan, seconded by Ald. Krol to recommend to
Council approval of the Letter of Credit –

In response to questions from the Chair, Mr. Archambo explained that the 2008 budget anticipated a balance of about \$1 million, and the State Street project was originally budgeted at \$1,575,000. TIF #3 has about \$1,140,600 right now. The recommended borrowing would make over \$3 million available. This would also give the TIF some cash flow for additional projects next year, particularly the 68th Street intersection. Although the 2008 budget anticipated the need for some additional funding for State Street projects, the source is different than originally anticipated since the bids that came in last Thursday were somewhat higher than anticipated.

Ms. Plass stated that the Amortization Fund's balance as of June 30 was \$6,244,000. It is a reserve fund derived from interest earnings and historically has been used to reduce debt service payments. The original thought was to borrow from another TIF, but the Finance Director found that would not be possible and recommended using the Amortization Fund instead. The proposal would not in any way

affect money expected to be paid out soon, and the fund should accumulate no less interest than it would if the money were invested.

In answer to additional questions, Mr. Archambo said that the TIF increment for 2009 is anticipated to be roughly \$800,000. By using a letter of credit, we would not be taking out the entire \$2,000,000 immediately but just what is needed as expenses demand. The project would use the fund balance and approximately another \$900,000 as it comes to completion. Mr. Archambo summarized the anticipated yearly increments versus expenses for this project and others, and confirmed that staff believes that TIF #3 will stay in the black throughout its entire time frame.

Mr. Archambo explained that this matter is being brought to the Common Council at this time due to the urgency of starting the project, which was delayed because of difficulties in getting determinations about property rights and stormwater design. The City does not want to lose any further time in getting the contractor on site. The Chair commented that the topic deserves more discussion, and Ald. Purins requested review of information on estimated cash flow at the next regular meeting.

Vote on the motion, Ayes: 7

The meeting adjourned at 7:31 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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