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## **BUDGET & FINANCE COMMITTEE MEETING**

Tuesday, February 12, 2013  
Committee Room #2

PRESENT: Alds. Wilson, Organ (7:08 p.m.), Donegan, Tilleson, Dubinski, Birschel, Hanson, Ewerdt – 8

ALSO PRESENT: J. Archambo, City Admin.; A. Kesner, City Attorney; J. Ruggini, Finance Dir.

Ald. Wilson as Chair called the meeting to order at 8:00 p.m.

### **TID #6 Project Plan Amendment**

Mr. Archambo explained that every time a TIF project plan is amended it has to go through a prescribed process (Joint Review Board, Plan Commission, and Community Development Committee) before the Council is authorized to provide incentives as appropriate as each of these projects comes along.

The recommendation is to amend the TIF #6 project plan, so if the Council needs to assist with bringing in additional projects to TIF #6, it has the flexibility to provide incentives, if necessary, if meeting the 'but for' clause, and if it is deemed appropriate.

Mr. Archambo asked Ms. Enders to briefly summarize her report and said the City Attorney would review the history of the TIF's as some members thought this was the first time a TIF district has been asked to finance structured parking.

Ms. Enders reviewed the amendment to expand the budget to allow for structured and below-grade parking. The purpose of the project plan amendment is to expand the project budget and update the financial feasibility study. The City has identified significant public improvement needs within the district that may require tax incremental revenues. The proposal received for a new development for a 95,000-square foot office building includes underground parking.

Ms. Enders reiterated that the Council determines whether or not it will authorize itself to offer incentives for structured parking as projects are presented. Specific to the ABB project, there are 11-13 public meetings that will be held before any incentive would be offered. She noted that this is only the fifth meeting in the process for the ABB project.

Mr. Archambo discussed the number of parking stalls necessary per square foot (SF) of building. The estimated cost of parking has been determined based upon creating structured parking at the ratio of 1.5 stalls per 1,000 square feet of commercial/office development. The estimated cost for parking spaces in stand-alone structures is approximately \$18,000 per stall. The estimated cost for under-building parking is approximately \$20,000 per parking stall.

The amendment amount uses reasonable flexibility for what could happen. Changing the project plan does not mean the City is bonding for that money; the committee is not authorizing any expenditure. This does have to come back through Budget & Finance and Common Council for approval.

The City Attorney reviewed the TIF financial layouts, discussing each of the TIF districts.

TIF #1 was created in 1979 for work in and around the village area. This TIF is now closed.

Mr. Kesner pointed out that the City's TIF #2 is the most successful in the state right now. This project started out as an empty field and now has a value of \$185 million. This district includes the Eschweiler buildings and has done a lot for the success of TIF #6. TIF #2 is expected to close in 2015 which is earlier than anticipated.

The first big project in TIF #3 was the Reserve Apartments and for the eastern portion of State Street.

TIF #4 was for the condo development on Blue Mound Road and it will likely close this year.

TIF #5 is another single-property district which was entirely contractor-financed.

There was a guaranteed kick-start on TIF #6 with the purchase of land by UWM Real Estate Foundation. This put about \$13 million value on the tax roll and will include the Accelerator Building going forward.

TIF #7 is for the Burleigh Triangle Development and this is the first TIF used for retail development.

Mr. Kesner pointed out that with TIF #2, #6 and even #7, the City has already known there would be enough development to be successful.

Mr. Archambo discussed TIF #1 saying the City, through its capital budget, bonded for the original cost. It was felt that this TIF was the most risky district the City has had.

Mr. Kesner commented that every TIF, except for TIF #3, is scheduled to close early if only by a few years.

Mr. Ruggini discussed the TIF #6 sensitivity analysis. The original request was for \$2.15 million that as a percentage of the projected value, equals 15.8% of the assumed value of \$13.6 million. This equals about \$150 per SF. The \$2.15 million is about 13.3% of the project cost. He noted that the parking structures are necessary to preserve green space.

Ald. Donegan questioned why the City wouldn't stop with the land, the Accelerator building and the ABB development and have a healthy TIF. He felt the taxpayers could be relieved of any additional risk. Why encumber greater risk going forward for what reward? Mr. Ruggini responded that the fund balance is the much lesser reward, as it is a one-time reward. The reward is the property value. The goal of the TIF is to maximize the property value, not the fund balance.

Mr. Ruggini didn't recommend stopping with the ABB development. He noted that the State has budgeted \$75 million for the Engineering Building and maybe it is possible that the state could contribute toward some of the structure. Given the tightness in the area, developing the parking structure seems to be realistic.

Mr. Archambo noted that every TIF project has provided for structured parking except for TIF #1.

Mr. Ruggini responded to a question if the developer requested 2.5 spots per 1,000 square foot. How would the City deal with that scenario? Mr. Ruggini assured the committee that the City wouldn't build a parking deck at that level of risk that they could not support. Staff wouldn't put the City in that position. Mr. Ruggini emphasized that structured parking allows for the preservation of green space as less land is needed for parking. Nothing has changed from the master plan in regards to this.

Cheryl Nenn, Milwaukee River Keepers, said when the original TIF hearing was held it was discussed that the TIF would help to fund community-supported values, preservation of the habitat area, bio-swales and

possibly help subsidize the preservation of the Eschweiler buildings. She asked if there will be any room in the TIF for community support.

The City Attorney said that part of the original TIF included a number of stormwater features and other protections for natural areas and they are still in the plan. No environmental protections have been taken out of the master plan.

Ald. Wilson noted that the Community Development Authority members last week voted unanimously to amend this plan.

Ms. Enders stressed that a bio-swale is not being lost because of the project amendment, responding to an e-mail from Barb Agnew.

Ald. Ewerdt was concerned that this is a high risk and encouraged staff to slow down with this project until the financial information could be reviewed more thoroughly.

Moved by Ald. Ewerdt, seconded by Ald. Hanson to hold this item. --

Ald. Ewerdt was concerned that if this request is approved changes to the project plan will not receive full review and at a very high risk. He felt 27 years was a long time to wait for the City to receive any benefit. He wondered if the City should explore owning the parking structure themselves for revenue purposes.

Ald. Wilson said the proposed amendment to the plan is changing by-laws. He thought it was a simple decision whether it is worthwhile to include parking as a potential cost as one of the 13 steps. He reiterated that each expenditure will come back to Budget & Finance committee for review.

Ald. Organ asked what impact holding this would have on the development process. Ms. Enders replied that ABB is on a timeline and would like to break ground in March. Moving this forward tonight gives the City the ability to bring the ABB agreement back with safeguards in place; holding this for even a couple of weeks could kill the project.

Ald. Donegan said that the amendment to the TIF allows the process to keep moving forward. It gives Administration the right to move forward efficiently and they are owed that. He asked Ald. Ewerdt to withdraw his motion to hold.

Ald. Ewerdt was concerned about the lack of time committee was given to review the financial information. He felt he was exercising caution and just wanted to slow this down a bit. He felt that Zilber was pushing this too quickly. He offered to amend his motion to hold this item for one week, if the Committee of the Whole would meet before Council on February 19, 2013.

Moved by Ald. Ewerdt, seconded by Ald. Hanson to hold this item for one week. --

The committee discussed whether there was a reason to hold this. The overall numbers have not changed and it was felt that staff needs the tools to negotiate with ABB to remain competitive.

Ald. Dubinski felt strongly that this parcel has been underdeveloped and underutilized for over 30 years. He didn't see any reason to hold this. The City is not asking to spend any money tonight; it is just asking for the rules to be amended.

Ald. Tilleson requested that financial information be presented in a timely fashion, not at the last minute. In discussing this, it was noted that there were just minor adjustments made. He said he would support the amendment.

Roll call vote on the motion to hold for one week – Ayes: 4  
Noes: 4 (Dubinski, Wilson, Donegan, Tilleson). Motion to hold for one week fails.

Moved by Ald. Wilson, seconded by Ald. Donegan to recommend approval of the amendment to the Tax Incremental Finance District #6 project plan as presented. --

Ald. Hanson asked for an amendment to the motion so it would only apply to the ABB development, not all developers. He felt every developer should come before the committee and explain why they need TIF funding.

Moved by Ald. Hanson, seconded by Ald. Ewerdt to recommend approval of the amendment to the Tax Incremental Finance District #6, but only for the ABB development needs. --

Roll call vote on the amended motion – Ayes: 3 Noes: 5 (Dubinski, Birschel, Organ, Wilson, Donegan). Motion to amend fails.

Vote on original motion by Ald. Wilson and second by Ald. Donegan to recommend amending the Tax Incremental Finance District #6 Project Plan as presented. – Ayes: 5 Noes: 2 (Birschel, Hanson)  
Present: 1 (Ewerdt)

Ald. Ewerdt excused 9:20 p.m. – 7

### **Level 3 Fund Transfer Recognizing a Site Assessment Grant**

The committee reviewed a memo from the Finance Director requesting approval of a Level 3 Fund Transfer recognizing a site assessment grant. The Development Department successfully applied for and received a Site Assessment Grant from the Wisconsin Economic Corporation for a total of \$50,000.

Mr. Ruggini explained the budget transfer is necessary to recognize the revenue and increase expenditure authority.

Moved by Ald. Donegan, seconded by Ald. Wilson to recommend approval of a fund transfer to recognize \$50,000 in revenue from the Site Assessment Grant to be used as part of environmental remediation associated with future development. The grant revenue will be recognized in account 01-241-4500-000 and an expense of an equal amount in 01-171-5980-025. Ayes: 7

Ald. Ewerdt present at 9:21 p.m. - 8

### **Level 3 Fund Transfer to reclassify water utility expenses**

The committee reviewed a memo from the Finance Director requesting a Level 3 Fund Transfer to reclassify water utility expenses.

Mr. Ruggini said that in the 2013 budget the Water Utility included \$167,617 in four general meter expense accounts as a negative expense representing charges to the Sanitary Utility. The actual expenses will be recorded in different account numbers. To maintain budget control, the budget should be reclassified among the accounts where the actual expenses will be posted.

Moved by Ald. Hanson, seconded by Ald. Donegan  
to recommend approval of a fund transfer of negative  
\$167,617 for the Water Utility between the following accounts: Ayes: 8

Original Accounts (From)

50-663-1000-900 Meter Expense -other \$(41,300.00)  
50-676-1000-900 Meters Maint.-other \$(45,865.00)  
50-902-1000-900 Meter Reading Exp-other \$(34,118.00)  
50-903-1000-900 Customer Records-Exp-other \$(46,334.00)

TOTAL \$(167,617.00)

New Accounts (To)

50-663-1000-940 Meter Expense San. Swr. offset \$(41,300.00)  
50-676-1000-940 Meters Maint. San.Swr. offset \$ 45,865.00  
50-902-1000-940 Meter Reading Exp.-San. Swr. offset \$(34,118.00)  
50-903-1000-940 Customer Records Exp-San.Swr. offset \$(46,334.00)  
TOTAL \$(167,617.00)

Vouchers

Name	Dept.	Reason and location	Date	Amount
David Etlicher	Engineering	Land Surveyor's Institute - WI Dells	01/23- 01/25/13	179.57
D. Smocker	Fire	Inspection, Testing & Maintenance - Wausau	01/24- 01/25/13	35.00
Paul Leist	Police	WI School Resource Office Conference - Madison	01/30- 02/01/13	52.50
Stephen Kirby	Police	In-Service Training - Oak Creek	1/31/13	9.00
David Hoppe	Police	In-Service Training - Oak Creek	1/31/13	8.16
Michael Romeis	Police	In-Service Training - Oak Creek	1/31/13	9.00
Gary Raymond	Police	In-Service Training - Oak Creek	1/31/13	6.36
Timothy Kastner	Police	In-Service Training - Oak Creek	1/31/13	8.37
Sgt. Brian Zalewski	Police	DCI Drug Investigation School by DOJ- Sparta	01/06- 01/18/13	115.16
Lori Murphy	Fire	Presenting Public Education Programs - Emmitsburg, MD	01/12- 01/19/13	49.00

Moved by Ald. Birschel, seconded by Ald. Dubinski  
that the vouchers be allowed and paid - Ayes: 7 Present: 1 (Donegan)

The meeting adjourned at 9:30 p.m.

Carla A. Ledesma, City Clerk  
City of Wauwatosa

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