

A SPECIAL REPORT TO THE VILLAGE BOARD

STATUS OF TAX INCREMENTAL DISTRICTS

IN THE VILLAGE OF MENOMONEE FALLS

PREPARED BY:

**PAUL M. THOMPSON
EXECUTIVE VICE PRESIDENT
HUTCHINSON, SHOCKEY, ERLEY & CO.**

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VILLAGE OF MENOMONEE FALLS STAFF

JUNE 2, 2014

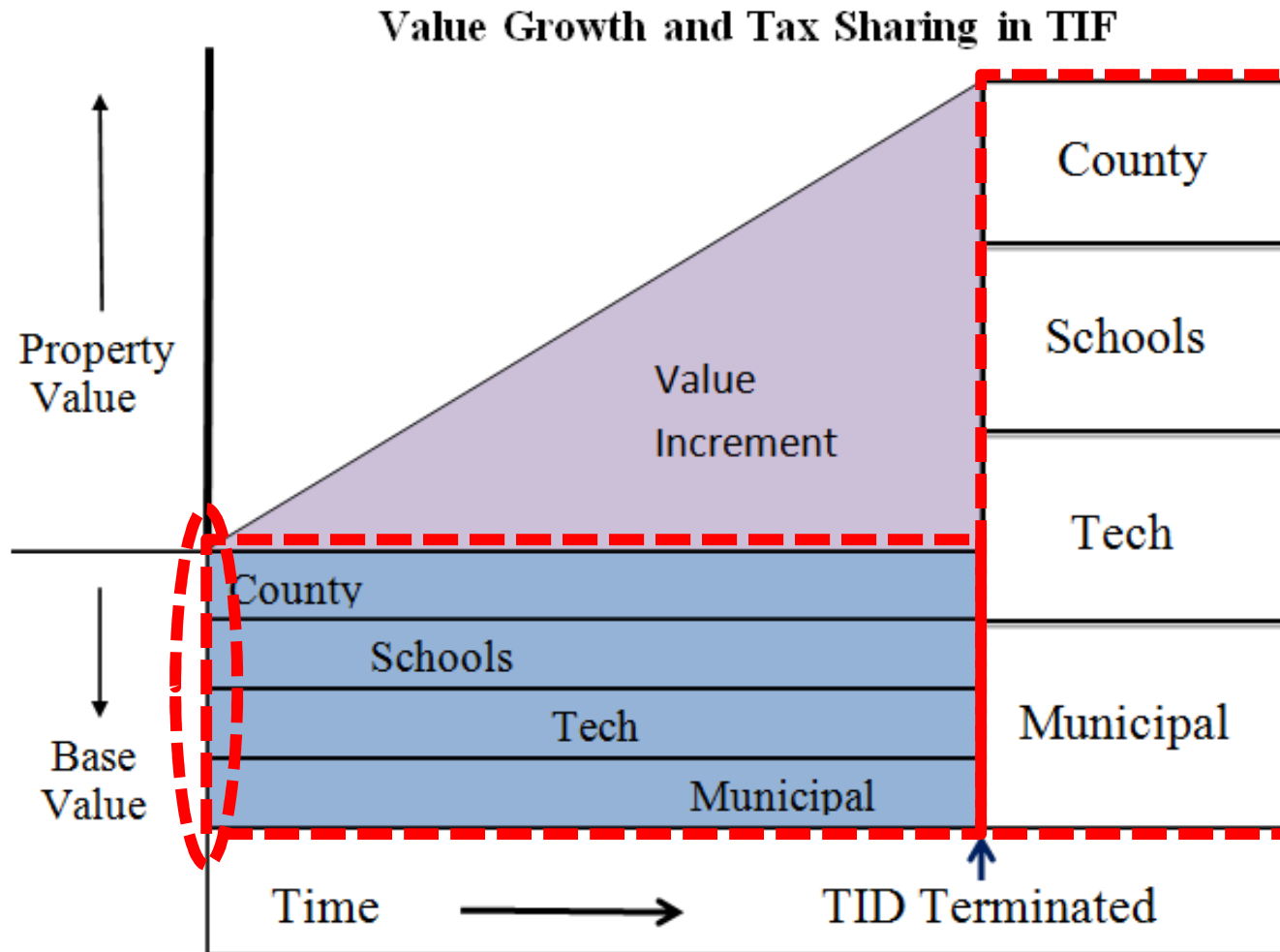


Tax Increment Finance (TIF)



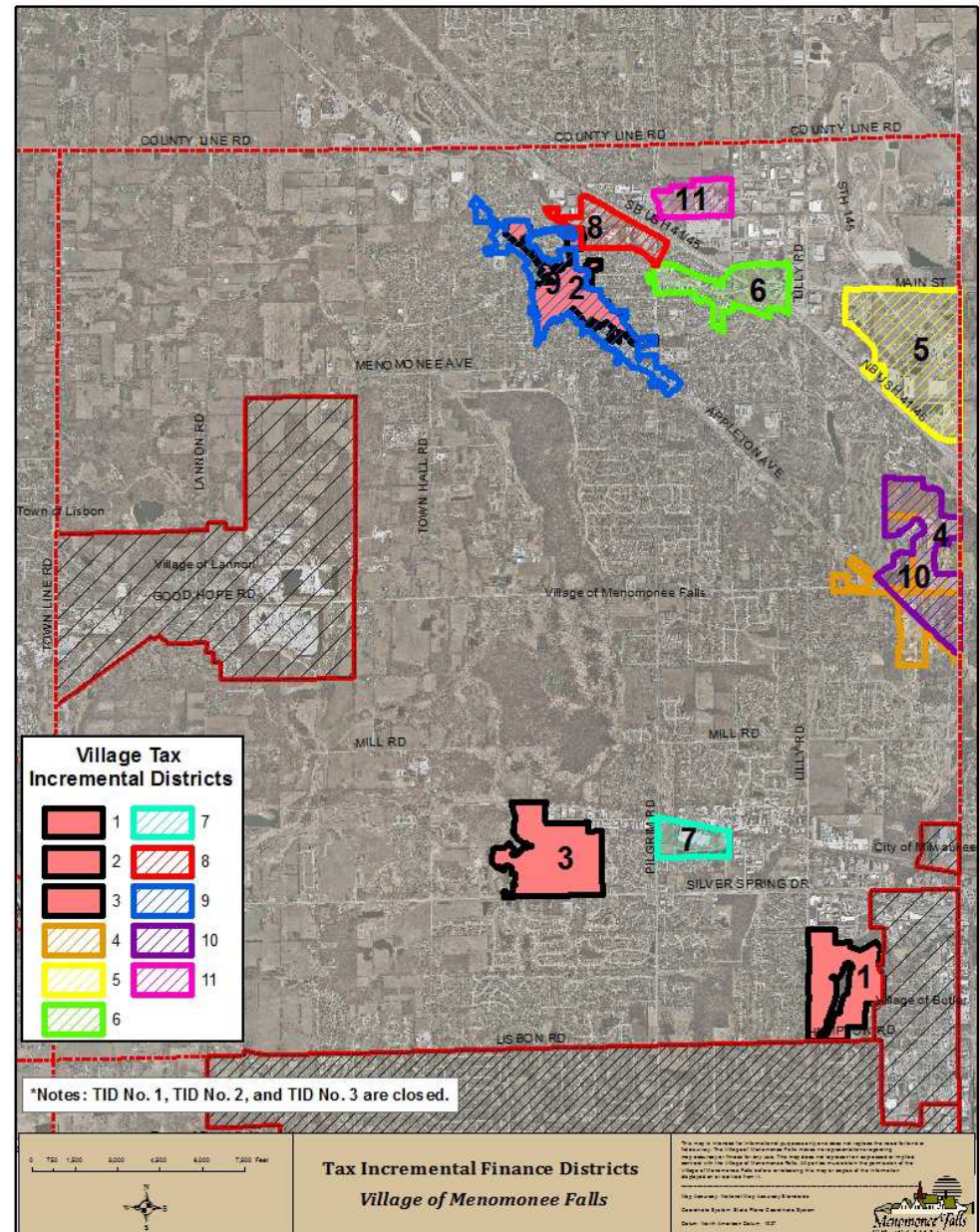
- Adopted for use in 1975, tax increment finance (TIF) is Wisconsin's most widely used local economic development tool.
- Currently there are **1,126 active** tax increment districts (TID) in Wisconsin (22 net new TIDs were created since last year).
 - 8 TIDs are active in the Village of Menomonee Falls.

How TIF Works



Tax Increment Districts Village-wide

- Since 1988, the Village created 11 TIDs.
- Active and closed TIDs have created more than \$418 Million in new property value increment and a significant share of the approx. 42,000 primary jobs in the Village.
 - ▣ TID No. 1 closed after creating approx. \$55.6M in new value increment.
 - ▣ TID No. 2 closed after creating approx. \$28.1M in new value increment.
 - ▣ TID No. 3 closed after creating approx. \$124.6M in new value increment.
 - ▣ The 8 active TIDs have created more than \$209.7M in new value increment through 2013.



Anticipated TID Closure Dates

Tax Incremental District Number	District Creation Date	Anticipated Closure Date	Maximum Closure Date
1	4/27/1988	Closed	2008
2	2/18/1991	Closed	2018
3	7/3/1995	Closed	2018
4	5/6/1996	2019	2019
5	6/14/1999	2019	2022
6	4/17/2006	2033	2033
7	2/18/2008	2026	2028
8	7/21/2008	2035	2035
9	1/18/2010	2030	2037
10	8/17/2011	2031	2034
11	8/17/2011	2031	2034

Closed Tax Incremental District No. 1

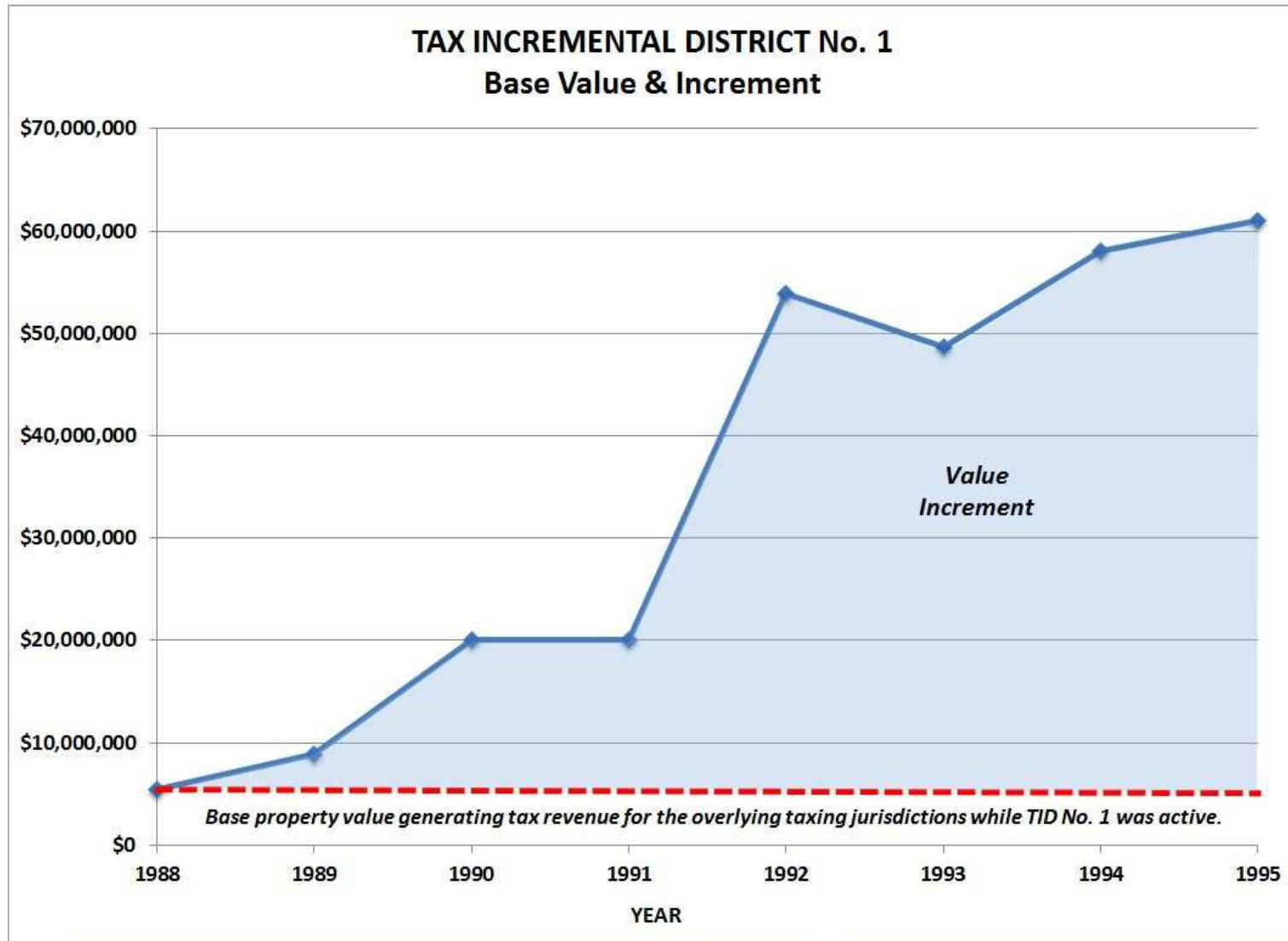
Industrial TID

- ❑ Created in 1988 with a base value of \$5.4 Million
- ❑ Closed in 1995 with a value of \$61.0 Million
- ❑ Fully developed *Falls Business Park* including:
 - ▣ Magnetek campus (3 buildings)
 - ▣ Lamplight Farms
 - ▣ Former Kohl's distribution facility



Closed Tax Incremental District No. 1

Base Value & Increment



Tax Incremental District No. 2

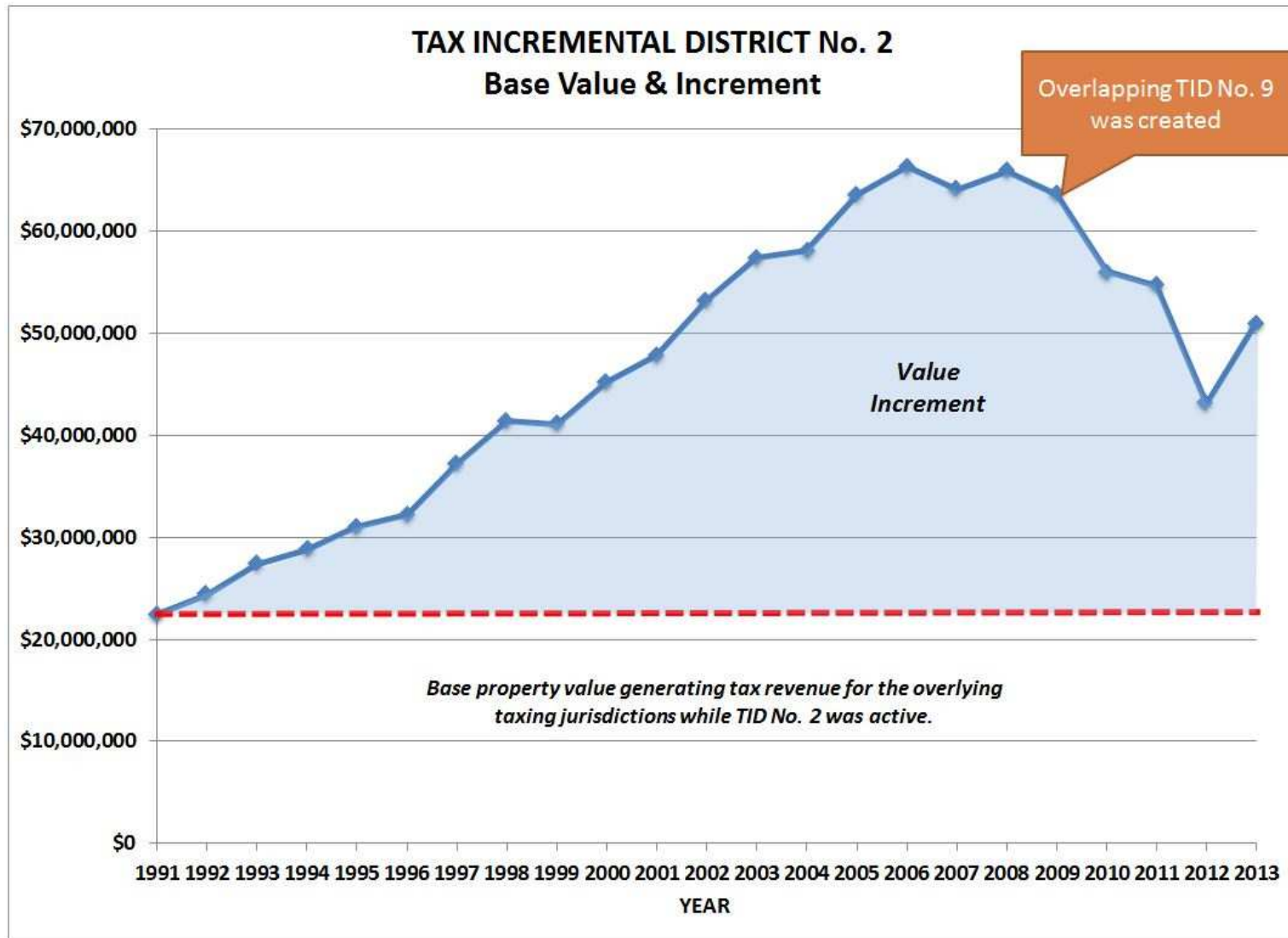
Rehabilitation TID

- ❑ Created in 1991 with a base value of \$22.4 Million
- ❑ Closed in 2014 with a value of \$50.5 Million
- ❑ Key developments:
 - ▣ Main & Mill and Main & Grand mixed use buildings
 - ▣ Owner-occupied and rental multi-family projects
 - ▣ Centennial Plaza, trail, decorative lighting, and streetscape improvements



Closed Tax Incremental District No. 2

Base Value & Increment



Tax Incremental District No. 2

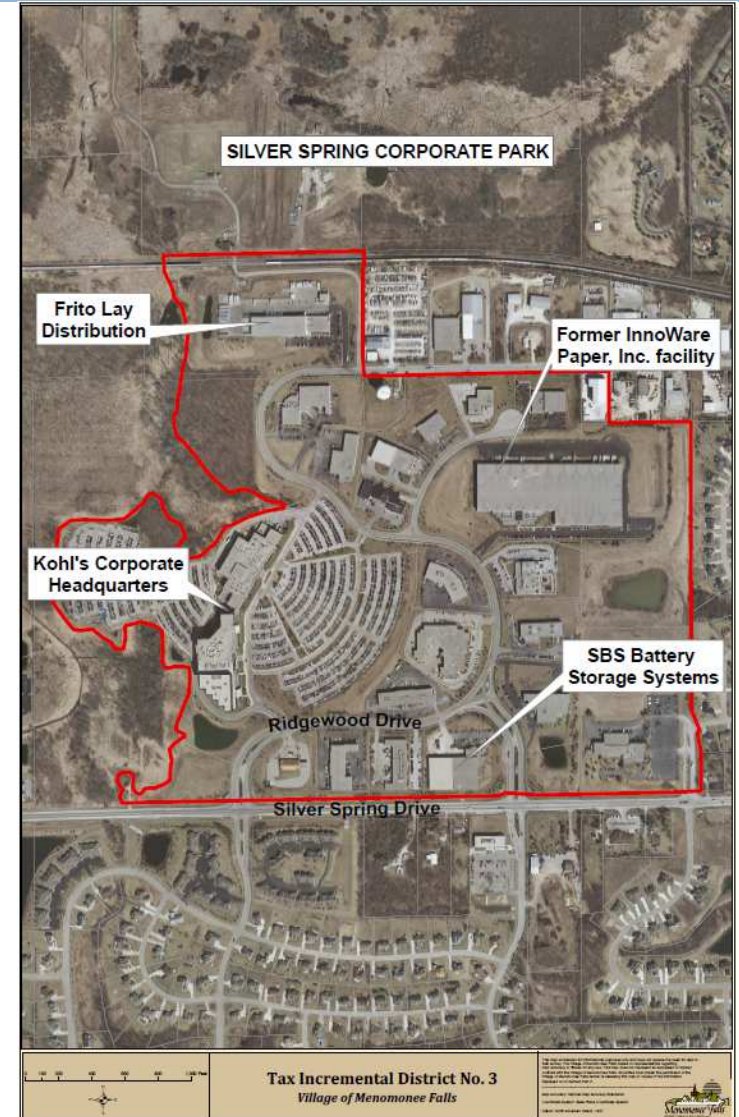
Financial Analysis

- TID No. 2 closed in 2014 with a value of \$50.5 Million.
- Since the collected tax increments are sufficient to pay the remaining debt service, TID No. 2 closed four (4) years in advance of its maximum termination date.
- The overlying taxing jurisdictions will be distributed their proportionate amount of the excess tax increment (after final debt service payment).
 - ▣ Total amount to be distributed is expected to be approximately \$181,000.

Closed Tax Incremental District No. 3

Industrial TID

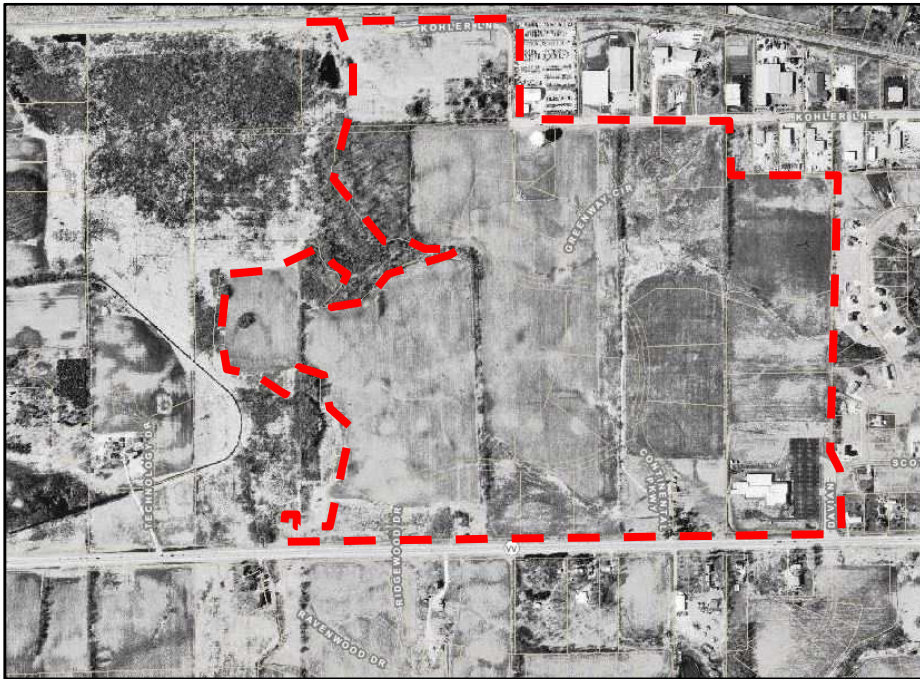
- ❑ Created in 1995 with a base value of \$4.6 Million:
 - ❑ \$126,638 in total annual tax revenue
 - \$27.53 net tax rate (after credits)
- ❑ Closed in 2007 with a value of \$129 Million:
 - ❑ \$2,056,260 in total annual tax revenue
 - \$15.94 net tax rate (after credits)
- ❑ Fully developed *Silver Spring Corporate Park* including:
 - ❑ Kohl's Corporate Headquarters



Closed Tax Incremental District No. 3

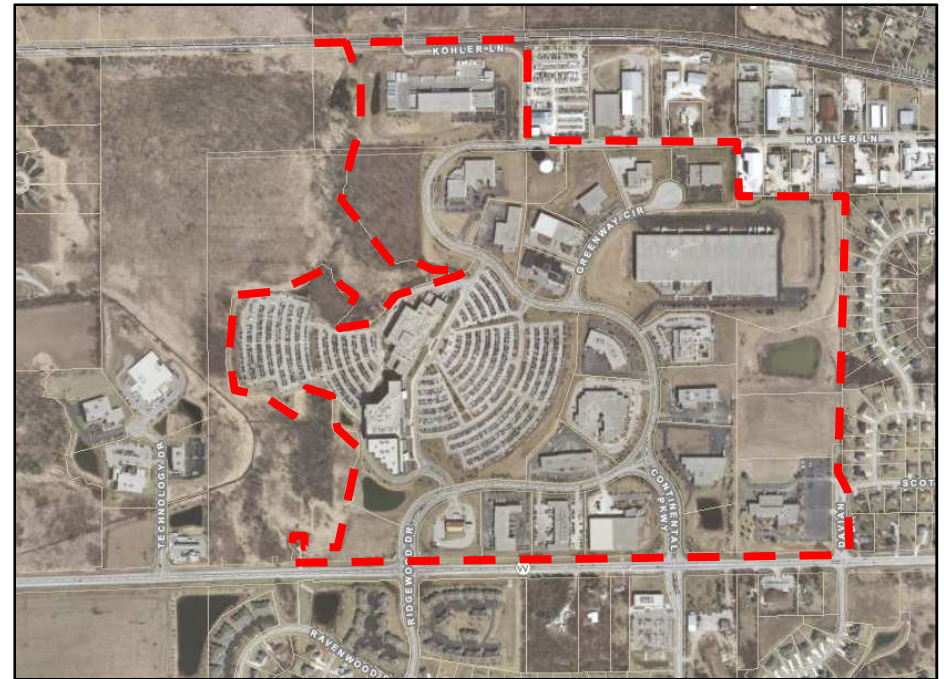
Industrial TID

1995 Aerial Photo



**Year District Opened*

2007 Aerial Photo



**Year District Closed*

Closed Tax Incremental District No. 3

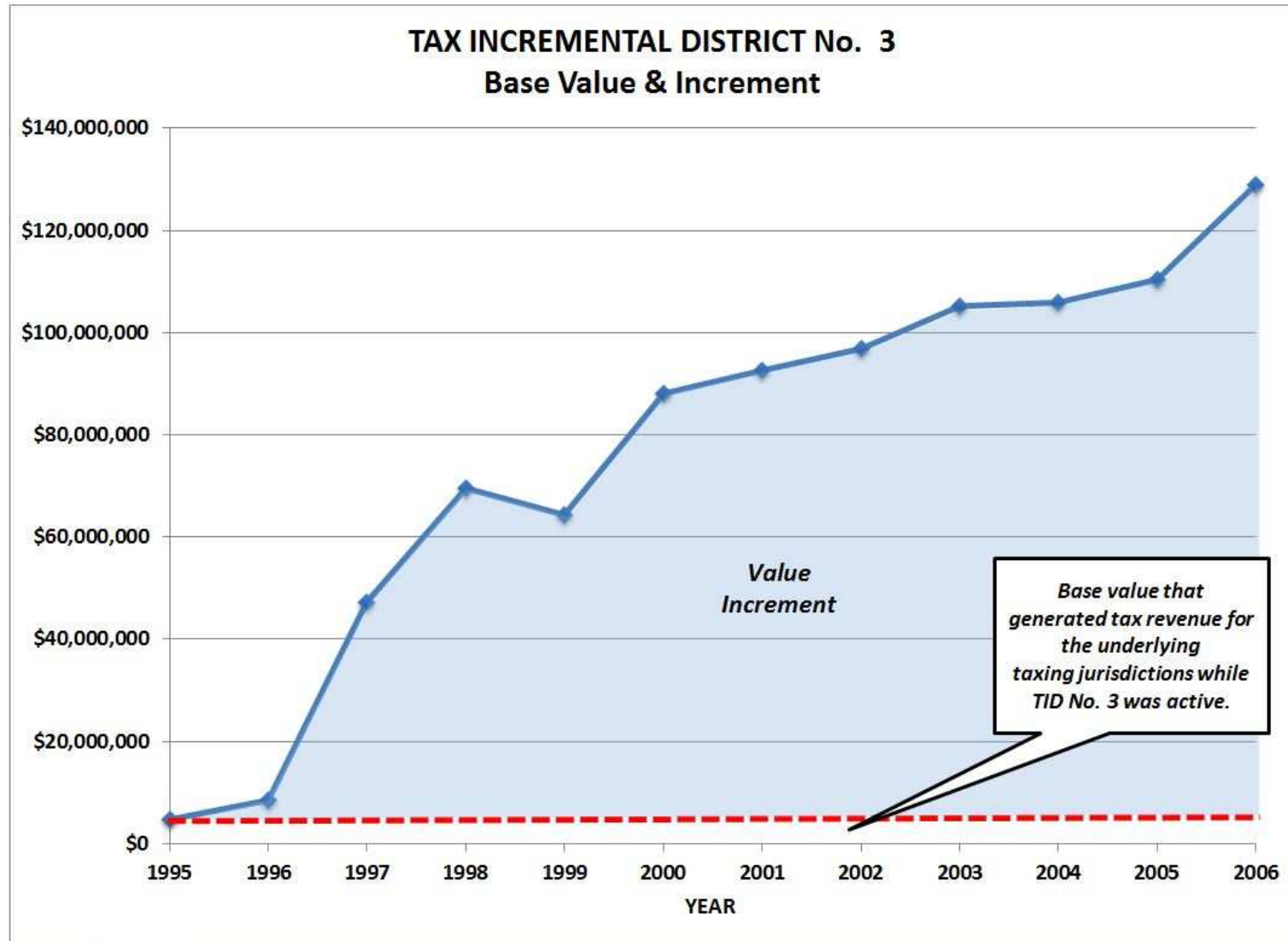
Kohl's Corporate Headquarters



Over 800,000 square foot Kohl's Corporate headquarters (view looking west)

Closed Tax Incremental District No. 3

Base Value & Increment



ACTIVE TAX INCREMENT DISTRICTS



Tax Incremental District No. 4

Industrial TID

- ❑ Created in 1996 with a base value of \$13.9 Million
- ❑ Current 2013 value of \$102.9 Million
- ❑ Key developments:
 - ▣ Woodland Prime Office Park
 - ▣ North Hills Medical Offices
 - ▣ Senior housing projects
 - ▣ Landscape and streetscape improvements



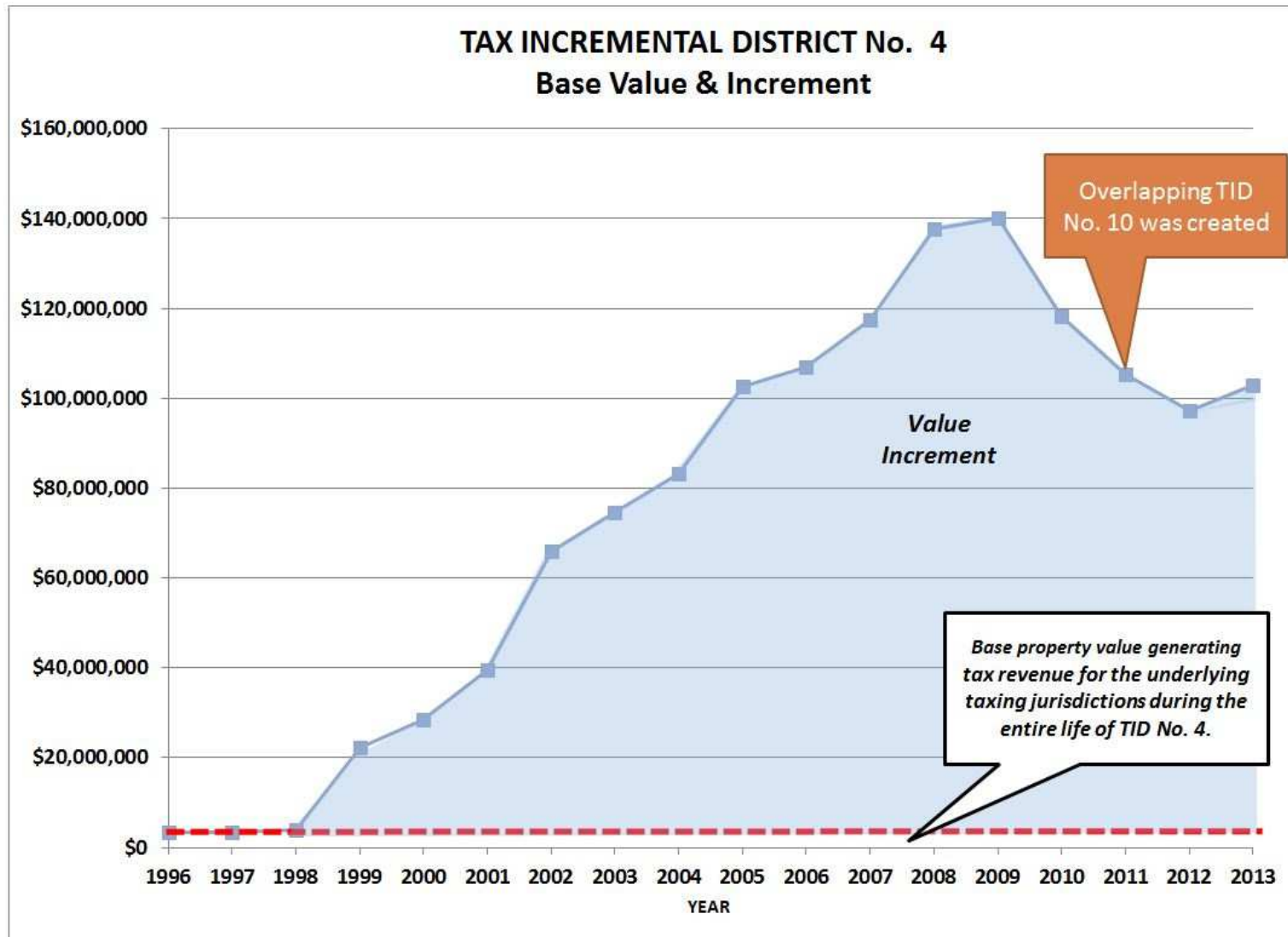
Tax Increment District No. 4

Woodland Prime Office Park



Tax Incremental District No. 4

Base Value & Increment



Tax Incremental District No. 4

Financial Analysis



- There is no debt service remaining in TID No. 4.
- In 2010 the Joint Review Board approved the transfer of tax increments from TID No. 4 to TID No. 8 until 2019.
 - ▣ In 2014, the amount transferred to TID No. 8 will be approximately \$1.9 Million.
- As part of the Joint Review Board approval \$1,852,284 was set aside for the other tax jurisdictions as if the District was closed in 2010.
 - ▣ This amount, plus interest, will be distributed to the taxing jurisdictions, including the Village, when TID No. 4 closes in 2019.

Tax Incremental District No. 5

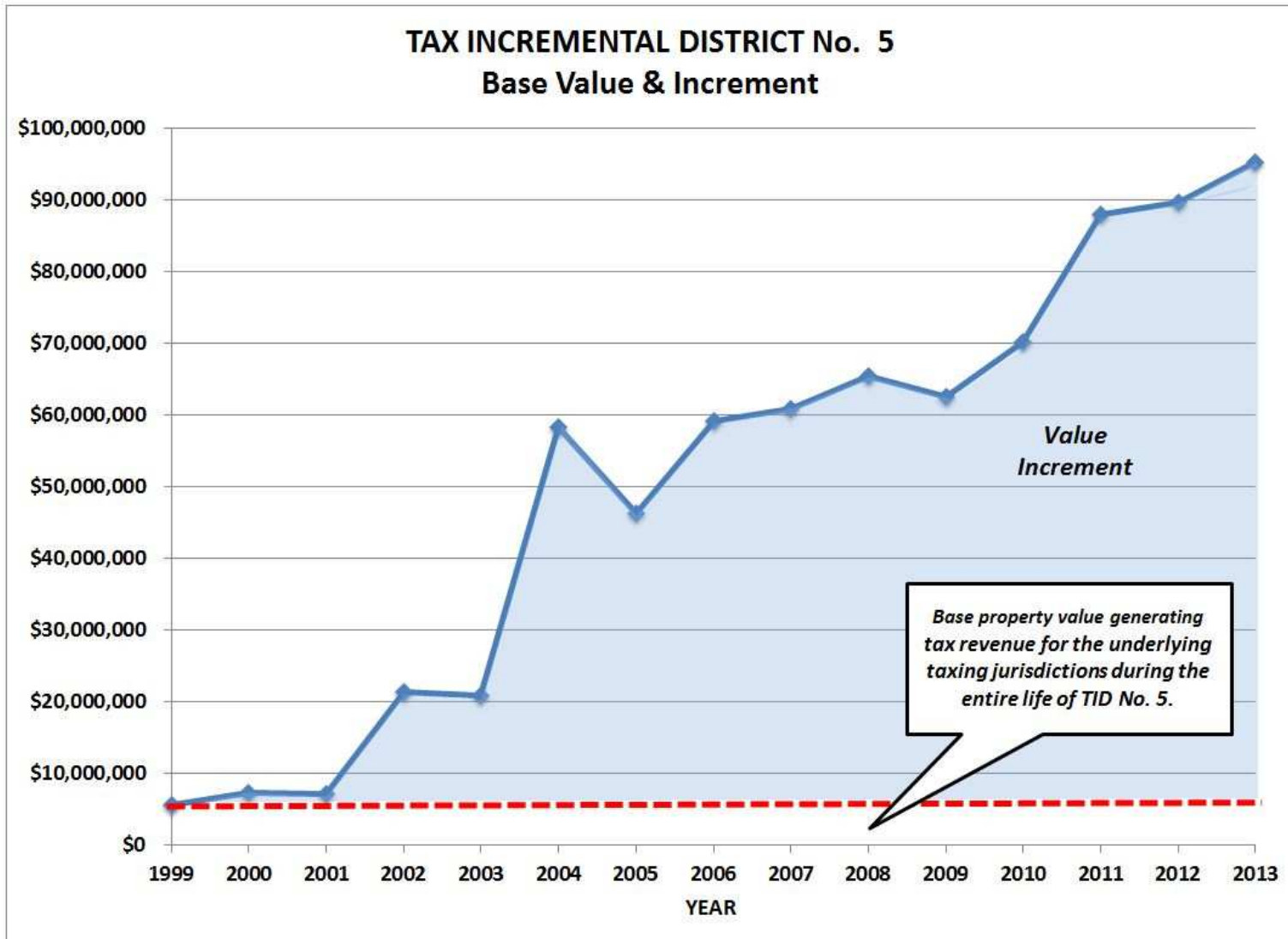
Industrial TID

- ❑ Created in 1999 with a base value of \$5.6 Million
- ❑ Current 2013 value of \$95.2 Million
- ❑ Key developments:
 - ❑ Actuant Headquarters
 - ❑ Briggs & Stratton
 - ❑ Woodman's grocery store
 - ❑ Arandell
 - ❑ Infrastructure projects
- ❑ TID No. 5 will close in 2019, three (3) years ahead of schedule.



Tax Incremental District No. 5

Base Value & Increment



Tax Incremental District No. 5

Financial Analysis

Beginning Balance:

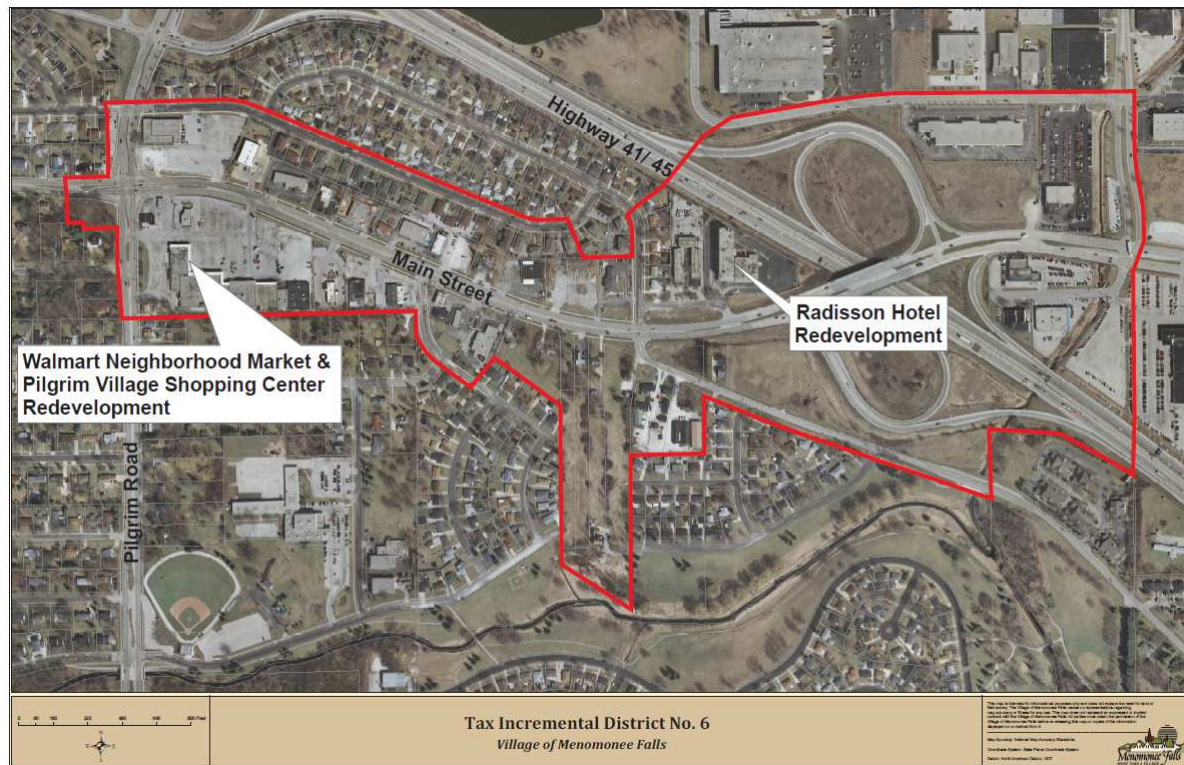
\$753,224

YEAR	TAX INCREMENT	TOTAL REVENUE	DEBT SERVICE	ENDING BALANCE
2014	\$1,669,905	\$2,422,887	\$1,417,281	\$1,005,606
2015	\$1,703,056	\$2,708,662	\$1,551,984	\$1,156,780
2016	\$1,737,117	\$2,893,897	\$1,576,859	\$1,317,038
2017	\$1,771,859	\$3,088,897	\$1,798,281	\$1,290,616
2018	\$1,807,296	\$3,097,912	\$1,887,234	\$1,210,678
2019	\$1,843,442	\$3,054,120	\$1,139,563	\$1,914,557

Tax Incremental District No. 6

Rehabilitation TID

- Re-determined base value in 2008 of: \$33.8 Million
- Current 2013 value of: \$41.5 Million
- Key Projects:
 - ▣ Radisson Hotel & Pilgrim Village shopping center redevelopment



Tax Incremental District No. 6

Project Example: Pilgrim Village Shopping Center (*Before*)



Tax Incremental District No. 6

Project Example: Pilgrim Village Shopping Center (*After*)



Tax Incremental District No. 6

Project Example: Former Falls Inn (*Before*)



Tax Incremental District No. 6

Project Example: Former Falls Inn (*Redevelopment halts in 2008*)



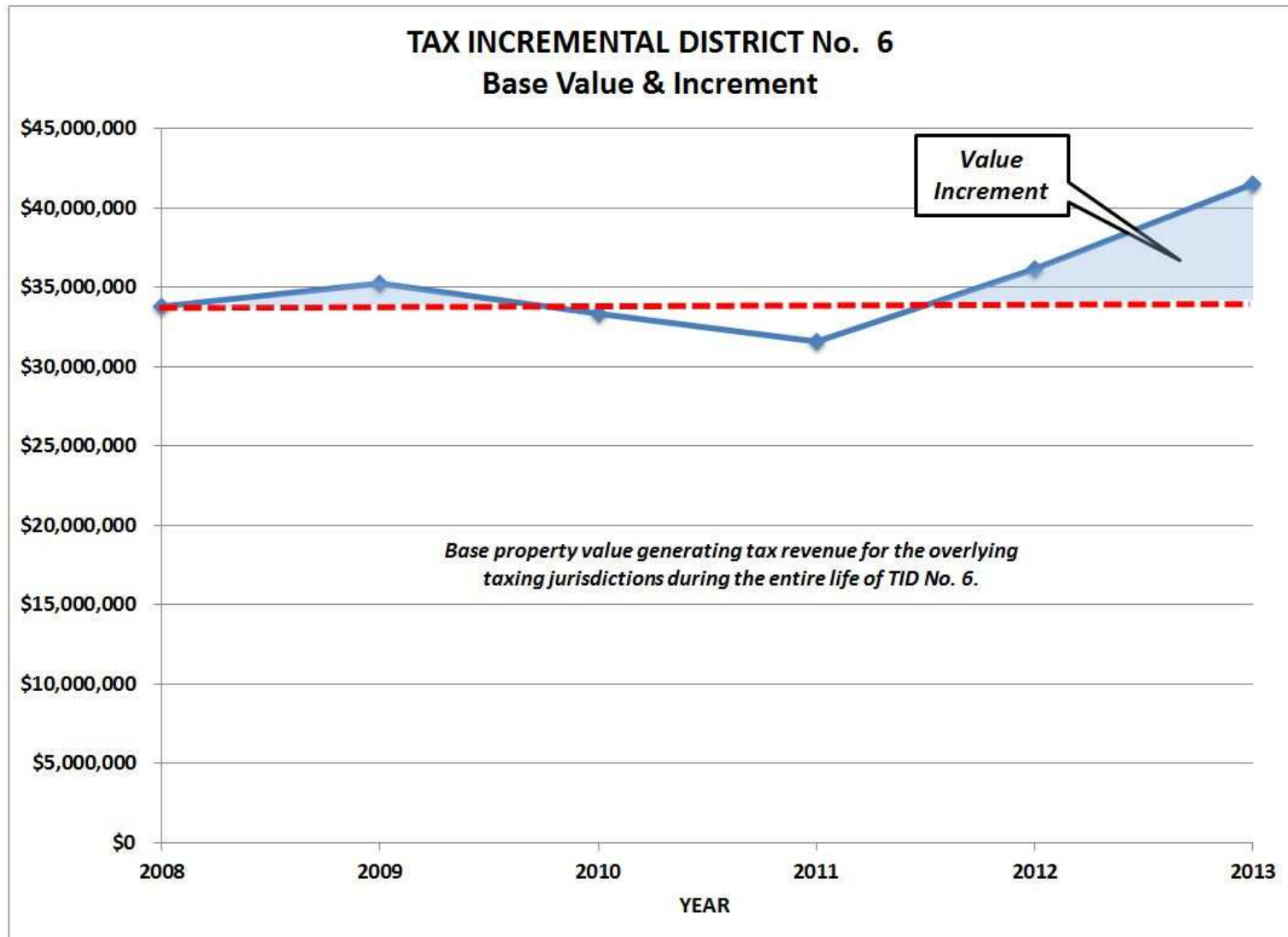
Tax Incremental District No. 6

Project Example: Radisson Hotel & RBG Restaurant (*After*)



Tax Incremental District No. 6

Base Value & Increment



Tax Incremental District No. 6

Financial Analysis



- Based on the current equalized value increment of \$7,706,800, TID No. 6 will generate a tax increment of \$164,540 in 2014.
- Currently there is no long term debt service associated with TID No. 6.
- Following the sale of the Radisson Hotel in 2014, it is anticipated that debt obligations after the transaction will be paid with tax increment from TID No. 6.

Tax Incremental District No. 7

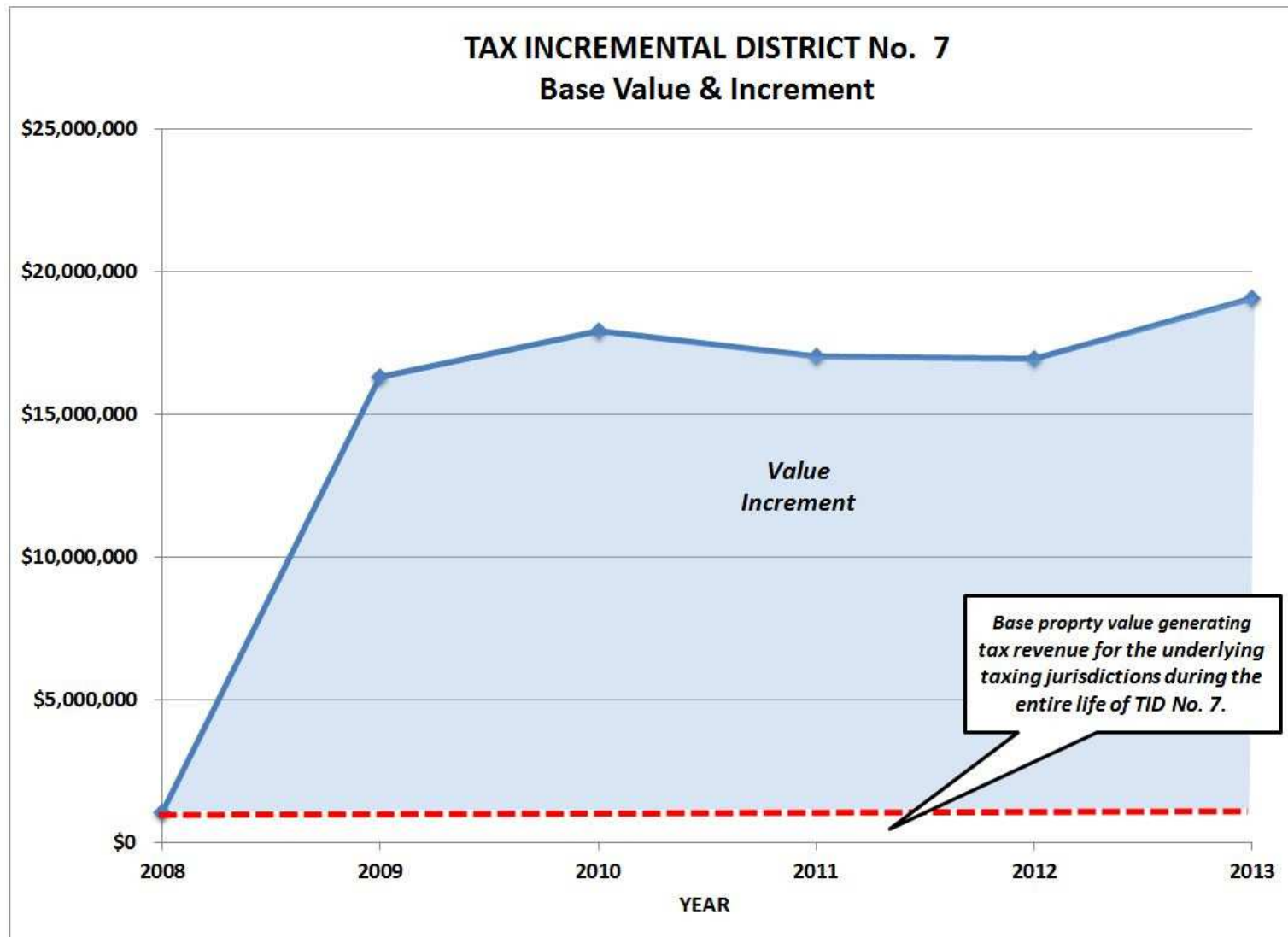
Industrial TID – Developer Funded

- Created in 2008 with a base value of: \$1.0 Million
- Current 2013 value of: \$18.1 Million
- Key developments: Quad Graphics and NCL Specialty Graphics



Tax Incremental District No. 7

Base Value & Increment



Tax Incremental District No. 7

Financial Analysis



- The Village issued no debt for the District. The Quad Graphics facility and other site improvements were financed by the developer with repayment by a Municipal Revenue Obligation (MRO).
- ▣ Under this arrangement, costs incurred by the developer are repaid to the developer by returning the annual tax increment generated by the TID to the developer.

Tax Incremental District No. 8

Rehabilitation TID

- Created in 2008 with a \$9.0 Million base value
- Current 2013 value of \$11.3 Million
 - ▣ Est. over \$22 Million value in 2014 (due to full valuation of the WAC/ Froedtert project)
- Key Projects:
 - ▣ Froedtert & Medical College of Wisconsin and Wisconsin Athletic Club
 - ▣ New commercial development and market rate multi-family apartments
 - ▣ *Falls Parkway* roadway



Master Site Plan, May 2014

Tax Incremental District No. 8

Project Example: Former Western Industries Facility (*Before*)



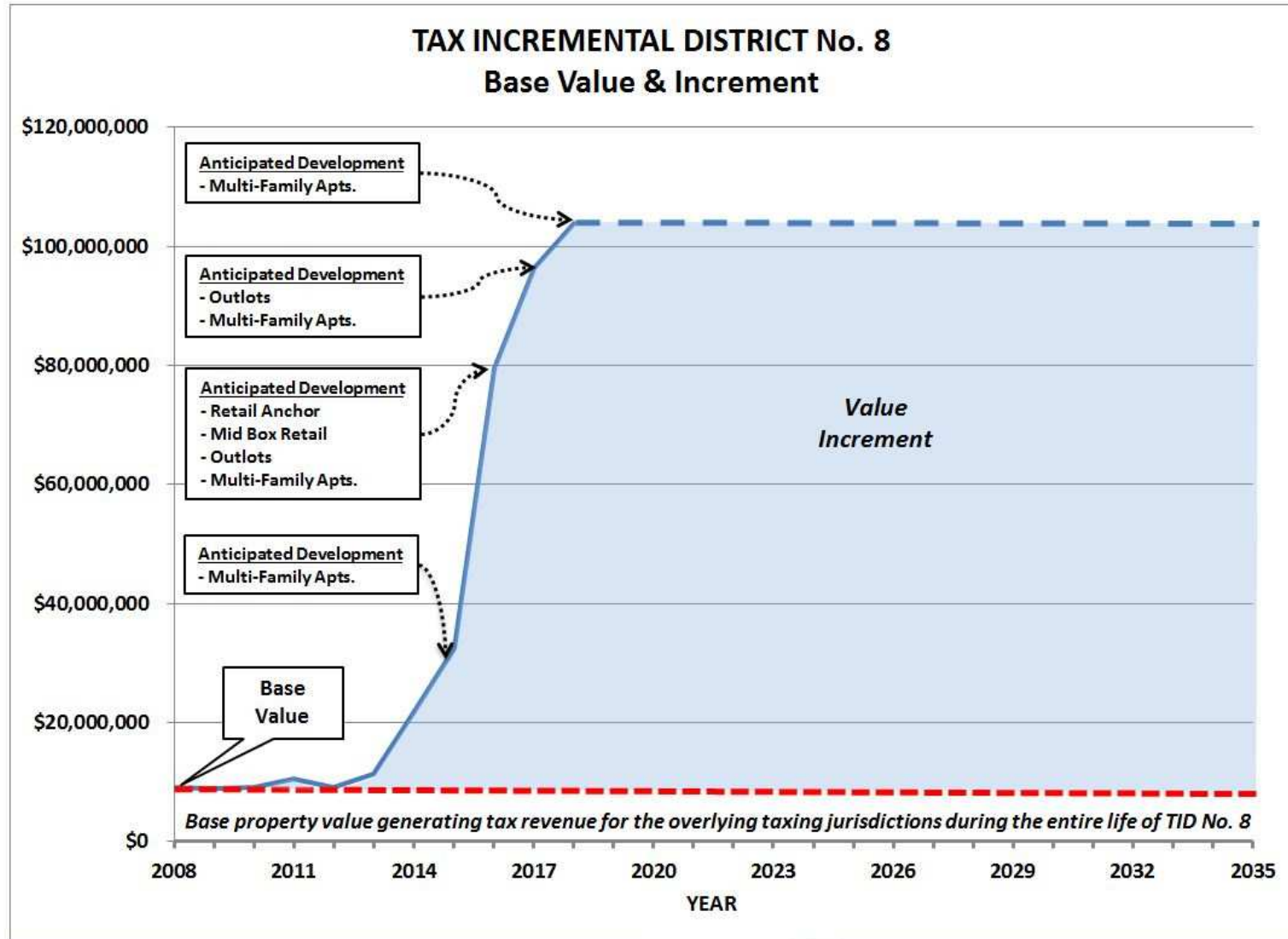
Tax Incremental District No. 8

Project Example: Froedtert & Wisconsin Athletic Club (*After*)



Tax Incremental District No. 8

Base Value & Increment



Tax Incremental District No. 8

TID No. 4 Donor TID Financial Analysis

YEAR	TRANSFERS FROM TID No. 4	DEBT SERVICE	ANNUAL BALANCE
2012	\$1,817,785	\$1,385,781	\$432,004
2013	\$1,817,785	\$1,419,656	\$398,129
2014	\$1,899,253	\$1,497,156	\$402,097
2015	\$1,899,253	\$1,546,125	\$353,128
2016	\$1,899,253	\$1,612,000	\$287,253
2017	\$1,899,253	\$1,696,750	\$202,503
2018	\$1,899,253	\$1,772,187	\$127,066
2019	\$1,899,253	\$1,816,500	\$82,753
			<u>\$2,284,933</u>

Tax Incremental District No. 9

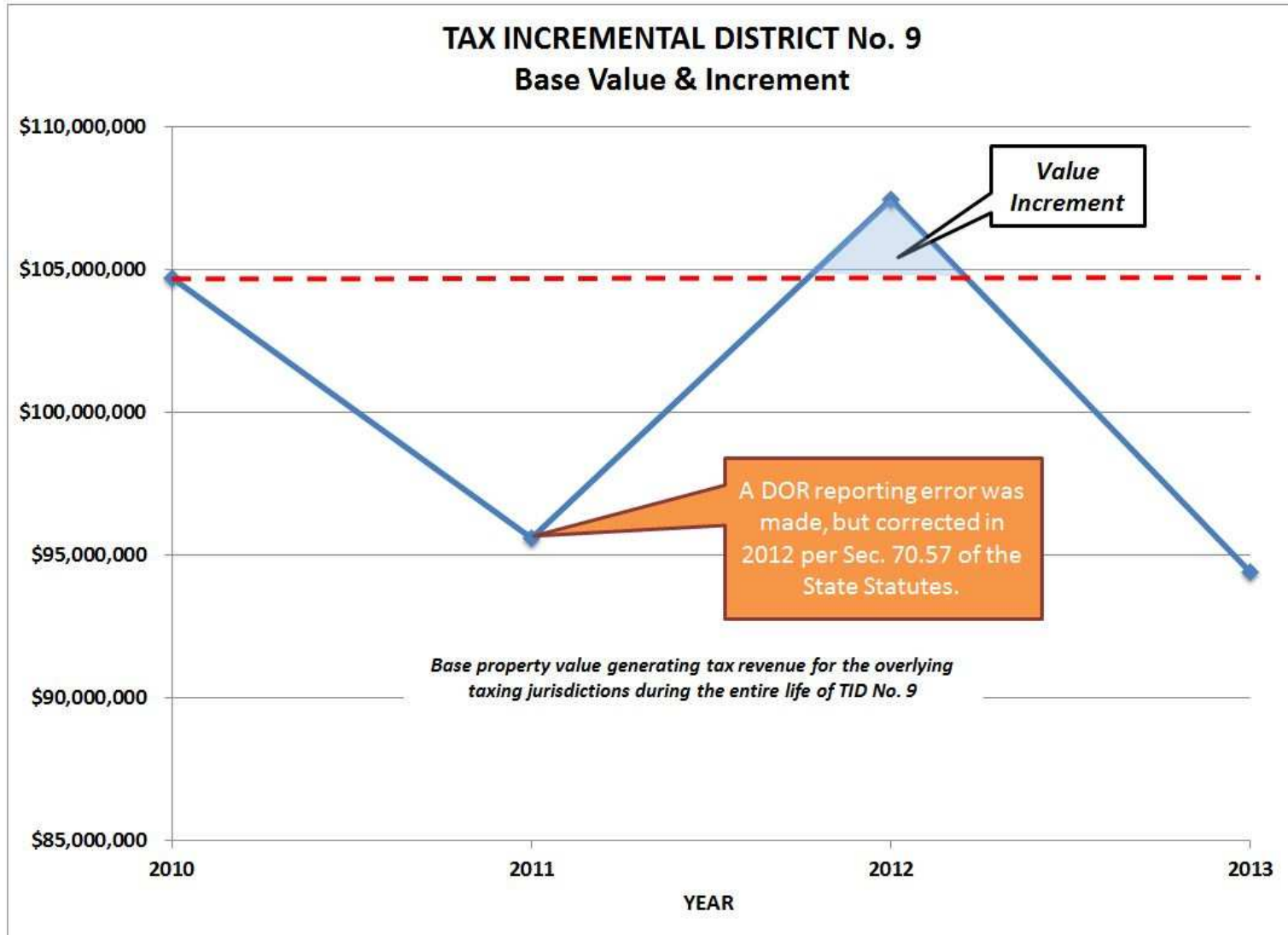
Mixed Use TID

- ❑ Created in 2010 with a base value of \$104.7 Million
- ❑ Current 2013 value of \$94.4 Million
- ❑ There is no debt service associated with TID No. 9
- ❑ Key Concepts:
 - ❑ Redevelopment projects
 - ❑ Infrastructure & amenity improvements
 - ❑ EDMF matching grant & loan program



Tax Incremental District No. 9

Base Value & Increment



Tax Incremental District No. 10

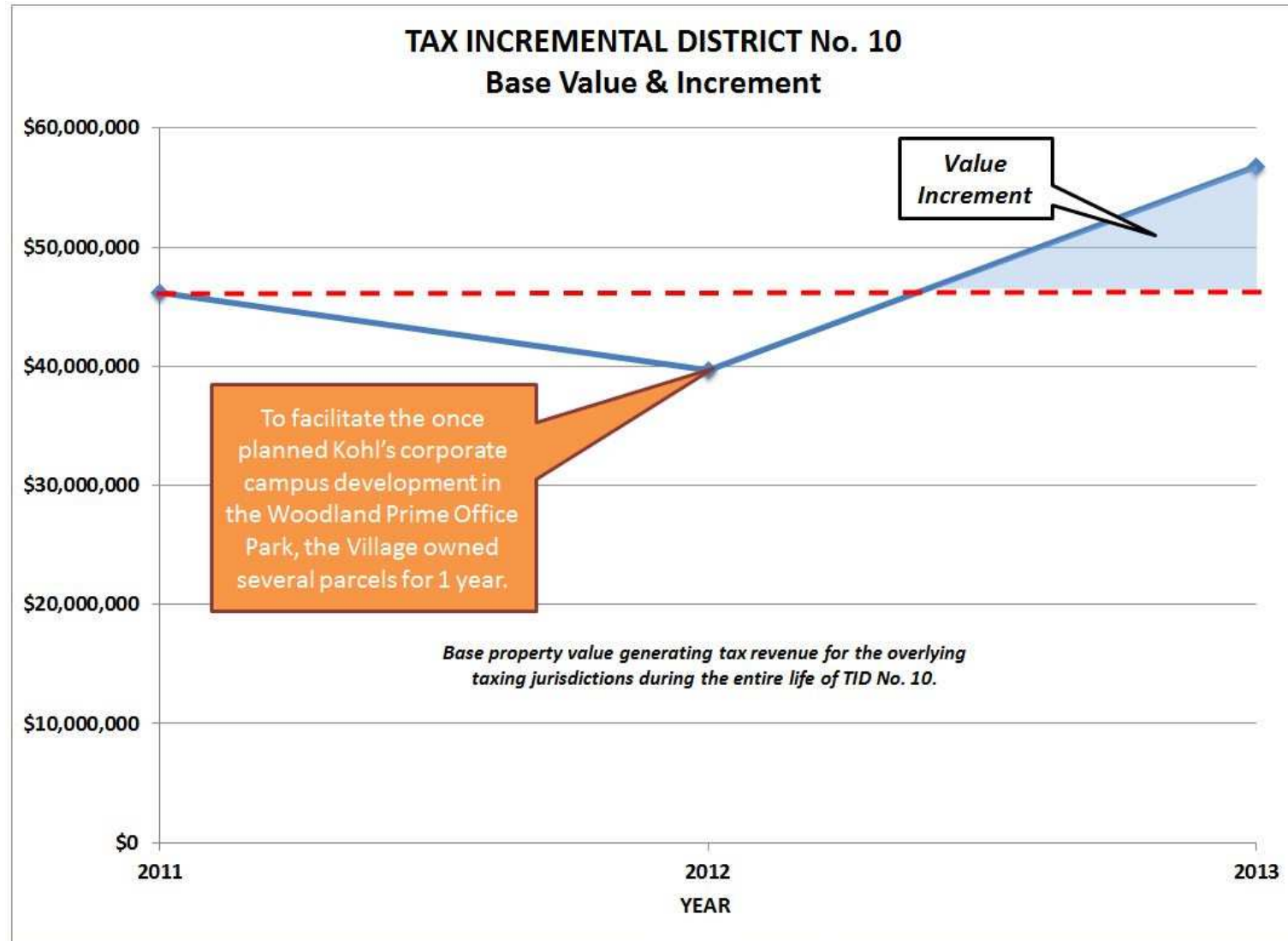
Mixed Use TID

- ❑ Created in 2011 with the base value of \$46.2 Million
- ❑ Current 2013 value of \$56.8 Million
- ❑ Key Developments:
 - ▣ 102,000 SF Eaton Corporation development
 - ▣ 21,000 SF office development
 - ▣ Over 100 acres for future development



Tax Incremental District No. 10

Base Value & Increment



Tax Incremental District No. 10

Financial Analysis

- There is no annual long-term debt service associated with TID No. 10.
- The Village borrowed \$14,125,000 in short term notes with interest only payments in 2013.
 - ▣ The notes come due in 2016
- The 2013 value is \$56.8 Million.
 - ▣ In 2014, the Village will collect tax increment of approx. \$225,000
- The Village is seeking new development partnerships for approximately 100 acres of vacant land on the north side of Good Hope Road in the Woodland Prime office park.

Tax Incremental District No. 11

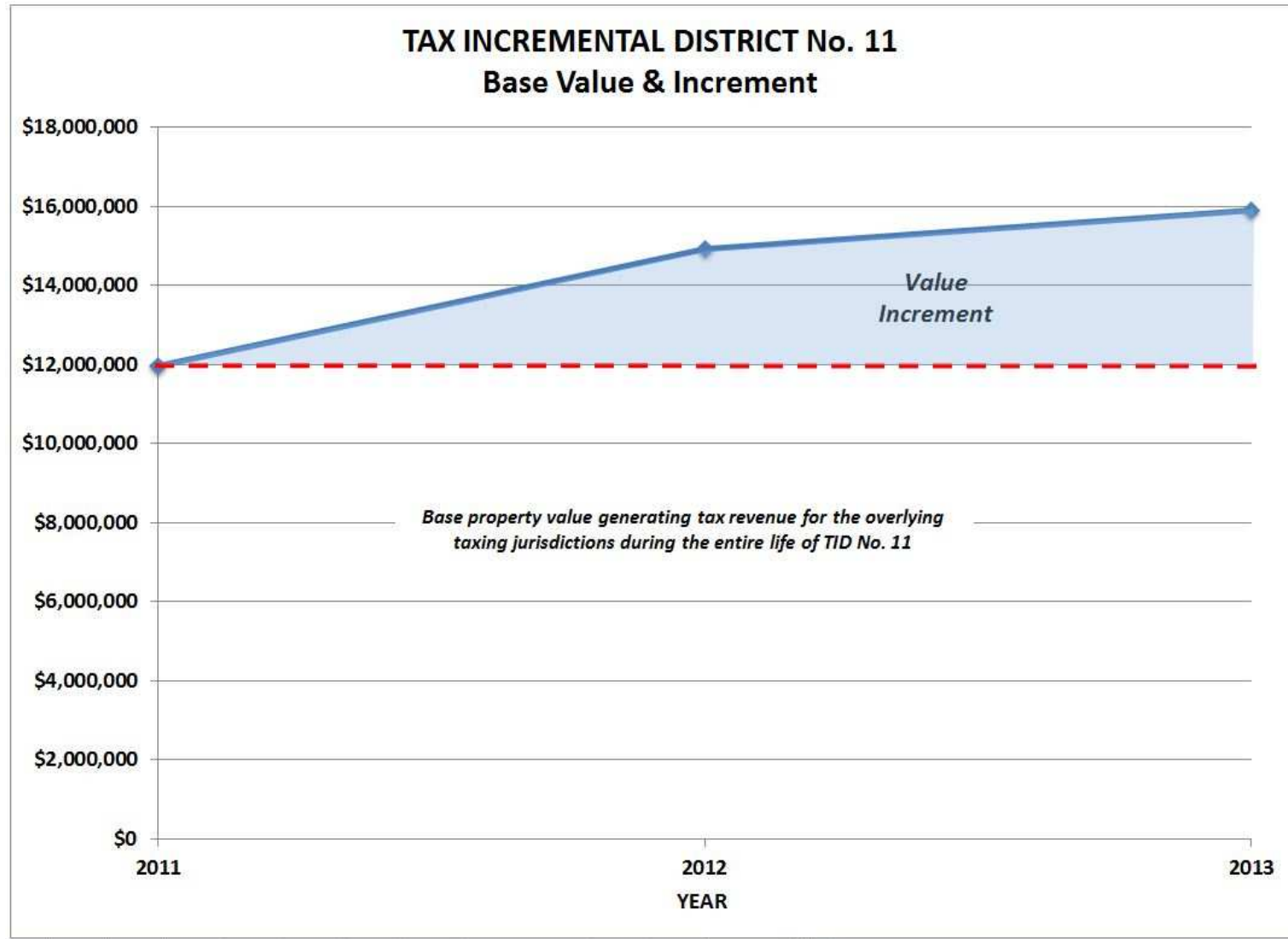
Industrial TID

- ❑ Created in 2011 with a base value of approx.: \$11.9 Million
- ❑ Current 2013 value is approx.: \$15.9 Million
- ❑ Key Projects:
 - ❑ 95,000 SF expansion with future additions planned; Approx. 100,000 cubic yards of rock removal; New access road for Wacker Neuson & Harley Davidson.



Tax Incremental District No. 11

Base Value & Increment



Tax Incremental District No. 11

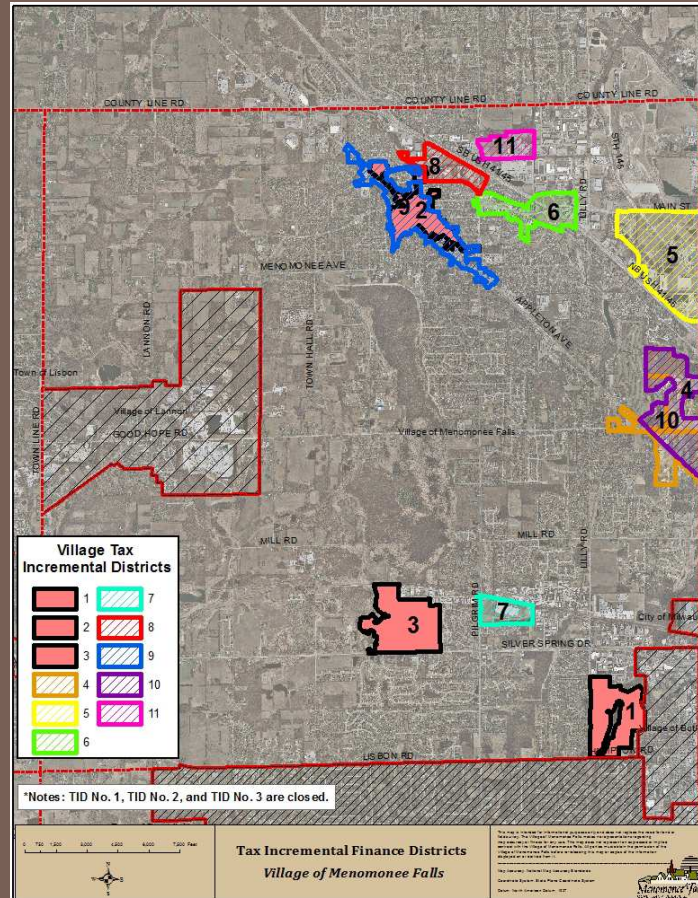
Financial Analysis



- There is no annual long-term debt service associated with TID No. 11.
- The Village borrowed \$525,000 in short-term notes with interest only payments in 2013.
 - ▣ The notes come due in 2016
- The 2013 value is \$15.9 Million.
 - ▣ In 2014, the Village will collect tax increment of approx. \$84,000

Tax Increment Finance Status Report

Village of Menomonee Falls



Village Board of Trustees Meeting
June 2, 2014