

AGENDA
CITY OF NEENAH STANDING JOINT REVIEW BOARD
Thursday, June 27, 2019
3:30 P.M.
Hauser Room, City Administration Building

1. Approve minutes of February 22, 2019 meeting.
2. Review of TID Annual Report for TID Nos. 5, 6, 7, 8, 9, 10 & 11.
3. Announcements and future agenda items.

Neenah City Hall is accessible to the physically disadvantaged.

If special accommodations are needed please contact the

Department of Community Development Office

at 886-6125 at least 24 hours in advance of the meeting.

MINUTES OF THE CITY OF NEENAH JOINT REVIEW BOARD
February 22, 2019

Present: **Board members: Andrew Thorson, John Fink (standing in for Mark Harris), Ald. Steele, and Amy Van Straten.**

Also present: Community Development Director Chris Haese, Deputy Director Brad Schmidt and Office Manager Samantha Jefferson.

Member Thorson called the meeting to order at 3:06 p.m.

MSC Van Straten/Fink to approve the January 17, 2019 meeting minutes. Motion carried.

Review of Public Record Pertaining to the amendment of TID #9:

- **Statutory Submittal Information:** Director Haese explained the information that is required to be provided to the Joint Review Board.

- *The City shall provide the specific items that constitute the project costs, the total dollar amount of these project costs to be paid with the tax increments, and the amount of tax increments to be generated over the life of the tax incremental district.*

Director Haese discussed Table 1 and Appendix A in the Tax Increment District #9 Project Plan Amendment #1. Table 1 lists the specific work items that make up the \$4.4 million in project costs. Appendix A provides a listing of projected tax increments for the district. It is projected that \$12.5 million in incremental property value will be generated over the maximum life period of the district, generating over \$6.6 million in additional tax revenue.

- *The City shall provide the amount of the value increment when the project costs are paid in full and the tax incremental district is terminated.*

Director Haese discussed Appendix A and B in the Amended Project Plan, which provides cumulative incremental value data. Beginning in 2040, after the district has been dissolved and terminated, the value increment generated from the properties previously in TID #9 as amended will be \$22.97 million.

- *The City shall state the reasons why the project costs may not or should not be paid by the owners of property that benefits by improvements within the tax incremental district.*

Over the past half century, the properties within the District have begun to face both economic and physical obsolescence that must be overcome for the continued success of the District. These properties must either be cleared of aging, underutilized structures, or significant renovation and building conversion must be undertaken to transform older buildings into a modern and efficient space. In either case, excessive development costs seriously limit the ability of the private sector to fully front-end the costs of revitalization and economic growth. Without some level of public participation, the redevelopment projects could not succeed.

- *The City shall list the share of the projected tax increments estimated to be paid by the owners of taxable property in each of the taxing jurisdiction overlying the tax incremental district.*

Appendix C in the Amended Project Plan shows estimates of the tax increments to be paid by owners of taxable property in each of the overlying taxing jurisdictions.

- *The City shall state the benefits that the owners of taxable property in the overlying taxing jurisdictions will receive to compensate them for their share of the projected increments.*

TID #9 will generate over \$6.6 million in tax increments over the maximum life period (2015-2041). Beginning in 2040, the first annual amount of tax revenues, estimated at \$293,683, will be apportioned to all taxing jurisdictions. From that year forward, these added tax revenues will be received without having to raise tax rates to generate them.

- *The City Assessor shall calculate the value of all tax-exempt City-owned property in the amended tax increment district as of January 1, 2017.*

No City-owned land within TID #9 meets the statutory definition for this finding.

- **Board findings:**

- *Would the development expected in TID #9 occur without the use of tax incremental financing?*

Tax incremental financing provides the only means available to a municipality to ensure that public investment in support of revitalization, conservation and development is made in a financially feasible manner, and that the benefits of the investment are distributed fairly to the affected area, and ultimately to the community as a whole.

The industrial properties within proposed TID #9 have benefited the broader Neenah community for nearly a half century. However, the properties that make up this project area are beginning to experience physical, economic, and functional obsolescence, leading to reduced maintenance and continuing disrepair. A lack of sufficient site and use arrangement to effectively accommodate safe traffic movement and parking affect several of the properties and is affecting the ability of the project area to achieve its highest and best use as an industrial area. Project area conditions are considered in need of conservation and rehabilitation within statutory definitions, and are in need of reinvestment to ensure the long-term economic viability of the project area.

In creating the district, the City of Neenah recognized that the public sector has an essential and necessary role to play in urban and economic redevelopment. Without making tax incremental financing available, market conditions, competitive interests and the high cost of reinvestment would drive away development interest in this project and redevelopment would not occur.

- *Are the economic benefits of the tax incremental district, as measured by increased employment, business and personal income and property value, sufficient to compensate for the cost of the improvements?*

Projected property value growth is sufficient to compensate for the cost of the improvements since the tax increments generated over a period of 26 years will retire all costs associated with the district. Development within the amended area of the district will provide added benefits with the expected increase of at least 25 new jobs, business opportunities for retail and service trades, and new capital investment of over \$30 million in new industrial development.

- *Will the benefits of the proposed district outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing districts?*

This question deals with the issue of "lost revenues", in the form of tax increments collected during the life of the district, that are not shared with the overlying taxing jurisdictions. There is only a true "loss" if one can state that in its entirety, the development planned for the district would occur without the use of tax incremental financing. Documentation has been provided to refute such a claim. Consequently, without tax incremental financing, the anticipated tax revenues collected during the life of the district would not otherwise be generated.

Realizing that all taxing entities involved in the proposed tax increment district (City, School District, County, Technical College) will accrue significant long term benefits from the

projected success of TID #9 as amended, the City recognizes each entity as a continuing partner in its formation and progress, since they will collectively forego tax benefits on new development in the district until it is dissolved and terminated.

TID #9 as amended will generate an estimated \$6.6 million in tax revenues over the maximum life period (2041). For the next 26 years, tax revenues received will be used to retire total project costs. Beginning in 2040, the first annual amount of incremental tax revenues, estimated at \$293,683, will begin to be apportioned to all taxing jurisdictions. From that year forward, these added tax revenues would be available to all of the taxing entities to support their respective operations. Appendix C in the Project Plan estimates the tax increments to be apportioned to each of the overlying taxing jurisdictions. Ultimately, the benefits of the proposed district will outweigh the anticipated increments to be paid (delayed) by the owners of property in the overlying taxing districts.

- **Common Council Resolution #2019-07:**

The resolution passed by Council was attached to the agenda packet.

Consideration of Neenah Joint Review Board Resolution #2019-1 to amend TID #9:

MSC Van Straten/Steele, the Joint Review Board to approve Resolution JRB 2019-01 approving Amendment #1 of the Project Plan and boundaries of Tax Incremental District No. 9. Motion carried.

Announcements and Future Agenda Items: A Joint Review Board Annual Meeting will be held before July.

Adjournment: MSC Steele/Fink to adjourn at 3:20 p.m.

Respectfully Submitted,

Samantha Jefferson
Office Manager of Community Development and Assessment