



Legislation Text

File #: 201674, **Version:** 1

201674 SUBSTITUTE 1

ALD. BAUMAN

Resolution approving a Project Plan and a Development Agreement, authorizing expenditures and creating Tax Incremental District No. 108 (5th and Michigan), in the 4th Aldermanic District. Tax Incremental District No. 108 consists of one property at 501 West Michigan Street. The District is proposed to assist Milwaukee Tool (the "Company") in redeveloping the building at 501 West Michigan Street and as an incentive for adding employment in the City of Milwaukee ("City"). Funds from the District will be used to provide an initial \$12,100,000 grant ("Initial Grant") to the Company for locating at least 1,210 employees at the facility. A subsequent grant of up to \$7,900,000 ("Subsequent Grant") may be provided to the Company from the District for adding an additional 790 employees. After the City is fully reimbursed by tax increment generated from the District for the Initial Grant and associated debt service costs, the Subsequent Grant may be provided to the Company via annual payment to the Company of 100 percent of the incremental taxes generated from the District until such time as up to \$7,900,000 is repaid at an interest rate of 4.5 percent, over a period not to exceed 20 years. The District will also fund up to \$200,000 in administrative expenses. Whereas, Chapter 105 of the Laws of 1975 of the State of Wisconsin, with amendments from other chapters of said Laws, created Section 66.1105, Wisconsin Statutes, titled "Tax Increment Law," and

Whereas, Section 66.1105(4) of the Tax Increment Law sets forth certain criteria that the Common Council of the City of Milwaukee ("Common Council") and the Redevelopment Authority of the City of Milwaukee ("RACM") must follow to create a Tax Incremental District ("TID" or "District") and approve a project plan for a TID; and

Whereas, Pursuant to Section 66.1105(4)(a) through (gm), Wisconsin Statutes, on April 15, 2021 RACM conducted a public hearing on the proposed Project Plan for the District ("Plan"), designated the boundaries of the District and recommended that the District be created and submitted such recommendation to the Common Council for approval with the Plan, a copy of which is attached to this Common Council File; and

Whereas, Under the provisions of Section 66.1105(4)(gm)4.a., Wisconsin Statutes, not less than 50 percent, by area, of the real property within a proposed TID must qualify as either a "blighted area" within the meaning of Section 66.1105(2)(ae), Wisconsin Statutes; an area "in need of rehabilitation or conservation work" as defined in Section 66.1337(2m)(a), Wisconsin Statutes; must be suitable for "industrial sites" within the meaning of Section 66.1101, Wisconsin Statutes, and be zoned for industrial use; or must be "suitable for mixed-use development" as defined in Section 66.1105(2)(cm), Wisconsin Statutes; and

Whereas, More than 50 percent, by area, of the real property in the District was found by RACM to be "in need of rehabilitation and conservation work," as defined above; and

Whereas, The percentage of territory within the District that will be devoted to retail business at the end of the maximum expenditure period is estimated by the City to be 0 percent and, therefore, is below the 35 percent threshold described in Wisconsin Statute 66.1105 (5)(b); and

Whereas, The Plan contains statements and other factual information indicating that the improvement of such area is likely to significantly enhance the value of real property in the District; and that project costs directly serve to promote development of the District consistent with the purpose(s) for which the District is created under Section 66.1105(4)(gm)4.a., Wisconsin Statutes; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that it finds and determines as follows:

1. The District is “in need of rehabilitation and conservation work” within the meaning of Section 66.1105(4)(gm)4.a., Wisconsin Statutes.
2. The improvement and/or development of such area, as hereinafter provided, is likely to enhance significantly the value of substantially all of the other real property in and adjoining the District.
3. Project costs relate directly to promoting development consistent with the City’s Master Plan and with the purpose(s) for which the District is created under Section 66.1105(4)(gm)4.a., Wisconsin Statutes.
4. The percentage of the aggregate value of the equalized taxable property of the District, plus the incremental value of all other existing TIDs, does not exceed the statutory maximum 12 percent of the aggregate value of total equalized value of taxable property within the City; and, be it

Further Resolved, That the District is created as of January 1, 2021, and that the boundaries of the District are approved as described and more precisely set forth in the Plan; and, be it

Further Resolved, That the Plan is approved as the “Project Plan” for the District and that the Plan is feasible, in conformity with the Master Plan for the City and will promote the orderly development of the City; and, be it

Further Resolved, That:

1. The City Clerk is directed to apply to the Wisconsin Department of Revenue for a “Determination of Tax Increments and Tax Incremental Base” for the District, pursuant to the provisions of Section 66.1105(5), Wisconsin Statutes.
2. Pursuant to the provisions of Section 66.1105(5)(f), Wisconsin Statutes:
 - a. The Assessment Commissioner is directed to identify upon the assessment roll, returned and examined under Section 70.45, Wisconsin Statutes, that parcel of property, which is within the District, specifying thereon the name of the District.
 - b. The City Clerk is directed to make notations on the tax roll for the District similar to those required to be made under Section 70.65, Wisconsin Statutes.

3. The District shall be designated as Tax Incremental District No. 108 (5th and Michigan).
4. Relative to the funding for the Initial Grant and administration in an amount of \$12,247,500, the City Comptroller is directed to transfer the sum of \$12,247,500, plus capitalized interest for two years, from the Parent TID Account to the Project Account No. TD01080000 for the purpose of providing the necessary funding for this component of the Plan.
5. Relative to the \$7,900,000 Company-funded contribution provided for in the Plan, a variance is authorized from the procedures of Common Council File No. 68-461-x, being the Guidelines for the Control of Capital Expenditures, and directs the City Comptroller to:

Establish the appropriate accounts within the TID Project Account, No. 0336-1910-TD01080000, to appropriate tax incremental collections equal to the total required to repay the City's monetary obligation to the Company, as provided in the Term Sheet for the District, in such amounts as set forth in the Plan, as shall be necessary to implement the Plan.

6. The City Comptroller is directed to establish all accounts and to make all appropriation transfers, upon request by the Department of City Development, for all revenue or expenditure activity under this resolution; and, be it

Further Resolved, That there is not sufficient tax incremental revenue available for street-paving projects within one-half mile of the District per the requirement of Milwaukee Code of Ordinances ("MCO") Section 304-95-1, therefore, as permitted by MCO Section 304-95-1, the Common Council waives the requirement to include such costs in the Plan; and, be it

Further Resolved, That the proper City officials are directed to enter into a Development Agreement for the purposes of implementing the Plan on terms substantially in accordance with the 5th and Michigan Term Sheet for TID No. 108, which is Exhibit 6 of the Plan; and, be it

Further Resolved, That the proper City officials are directed to execute any additional documents and instruments necessary to carry out the provisions of the Development Agreement and to implement the Plan; and, be it

Further resolved, that the Department of City Development shall provide reports to the Common Council demonstrating Milwaukee Tool's compliance with the requirements set forth in this development agreement relating to job creation; wages; employee race, gender, and residency; and wages provided to those providing contracted services; and, be it

Further Resolved, That this reporting shall include, but not be limited to, post-construction jobs; and, be it

Further Resolved, That these reports shall be submitted annually during the life of the TIF district; and be it

Further Resolved, That the Department of City Development is directed to work with the Common Council - City Clerk - Legislative Reference Bureau to draft an ordinance establishing reporting requirements substantially similar to that described above for all future Tax Incremental Financing

districts; and be it

Further Resolved, That this ordinance shall also codify the principles of Common Council File Number 190592 and apply them to all future Tax Incremental Financing districts to the fullest extent allowed by law.

DCD:Dan.Casanova:dac
04/13/21/A

Amended
Chris Lee
04/27/21