

Wauwatosa TID Number 2, Milwaukee County Research Park

Wauwatosa Tax Increment District (TID) Two was created in 1994 in partnership with the Milwaukee County Research Park Corporation and Milwaukee County. The Research Park Corporation was created in 1987 following a task force convened by then County Executive William O'Donnell that set forth the objective to "develop a high quality research and technology park on County Grounds for the purpose of creating jobs, stimulating new enterprises, and to encourage balance and diversity in the regional economy" as well as "encourage entrepreneurship". The 175 acre Research Park was created within a 1,100 acre natural expanse.

Infrastructure was funded through a development partnership between Milwaukee County, the City of Wauwatosa and the Research Park Corporation. Initially, \$4,000,000 was provided by Milwaukee County as start-up funds and \$10,000,000 from the City of Wauwatosa through TID 2. In 2004 the City and County would partner again to secure the relocation of GE Healthcare to the park. The City provided financial incentives totaling \$24 million which were backed by the County.

A brochure from 1992 advocating for the creation of TID 2 stated, "In the coming months, those of us at the Milwaukee County Research Park Corporation will be working closely with City of Wauwatosa elected officials and staff to chart a course for the phased development of a Research Park in Wauwatosa. Together we will be exploring avenues of cooperation and defining our working relationship to ensure the development of a project that is both a first-class real estate development for the City of Wauwatosa and a regional research center that is a catalyst for growth of science-based business in southeastern Wisconsin" At the time, advocates projected that by 2012, 3,500 jobs would be created in 1,240,000 square feet of commercial buildings which would produce \$4.8 million in annual real estate taxes.

As of 2013, there were 98 businesses located in the Research Park employing 4,500 people. 14 buildings have been constructed on 97.1 acres with a total of 1,691,000 square feet. This includes the largest building in the park, GE Healthcare's 506,000 square foot clinical systems and corporate IT facility. In 2015, these properties will generate \$4.8 million of incremental property tax revenue and \$1.3 million in computer exempt personal property revenue. The property value has grown from a base of \$4,374,800 to \$203,730,900. In addition, 113 companies have graduated from the Technology Innovation Center representing 622 jobs.

Since its creation in 1994, the City of Wauwatosa has expended \$52,894,525 (as of 12/31/2013) as depicted in the chart below in order to create \$199,356,100 of incremental property value. This represents a 3.8 multiplier on the investment and coincidentally a 3.8% increase in the tax base.

CITY OF WAUWATOSA, WISCONSIN
 TAX INCREMENTAL DISTRICT NO. 2
 HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
 AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
 From Date of Creation Through December 31, 2013

	2013	From Date of Creation
PROJECT COSTS		
Capital Expenditures	\$ 5,001,470	\$ 17,641,011
Administration	-	725,555
Interest and Fiscal Charges	802,625	16,990,274
Debt Issuance Costs	-	681,414
Developers Grants/Incentive	<u>427,864</u>	<u>16,856,271</u>
Total Costs	<u>6,231,959</u>	<u>52,894,525</u>
PROJECT REVENUES		
Tax Increments	4,748,994	42,291,468
Investment Income	19,766	3,489,578
Exempt Computer Aid	555,957	7,567,868
Sale of Land	-	2,637,347
Miscellaneous Revenue	-	42,361
Total Revenues	<u>5,324,717</u>	<u>56,028,622</u>

As the project plan is largely complete, in accordance with Wisconsin Statutes Section 66.1105(7)(a), which requires a district terminates at "that time when the City has received aggregate tax increments with respect to the district in an amount equal to the aggregate of all project costs under the project plan and any amendment to the project plan for the district", staff recommend the closure of TID 2. It should be noted that there remains 15.8 acres remaining to be developed in the Research Park. Should development require TIF assistance, it would be possible to amend TIF 6 to incorporate these parcels. Otherwise the TID could remain open until 2022 and incur expenditures through 2017.

The property tax increment in 2015 was \$4,818,707 which in 2016 will be new revenue for the City, School District, County, Sewerage District, and Milwaukee Area Technical College. Upon closure of the TID, the City will be able to increase its property tax levy in the 2016 budget by up to 1.9% while the property tax rate will decrease that amount as well, all other things being equal.

In addition, TID 2 upon closure will have accumulated an estimated fund balance of \$13.2 million. This will be distributed to the overlapping taxing jurisdictions based on their proportionate share of the total 2015 levy as shown below.

Estimated Distribution			
Jurisdiction	2015 Levy	% of total	Fund Balance
County (Net)	\$ 27,288,730	21.1%	\$ 2,788,072
MMSD	\$ 9,175,128	7.1%	\$ 937,417
City	\$ 41,039,523	31.7%	\$ 4,192,982
School	\$ 45,034,200	34.8%	\$ 4,601,116
MATC	\$ 6,796,752	5.3%	\$ 694,420

Of the City's \$4.2 million share, it should be noted that \$2.4 million has already been set-aside for the repayment of the Covenant property tax appeal borrowing and the 2015 Budget called for the remainder to be deposited in a to-be created Redevelopment Fund and used to stimulate additional economic development. This disbursement to the other taxing jurisdictions will take place after the final audit is complete in the late Fall.

The closure of TID 2 represents the third TID which the City will close in three years.

Closure of this TID will result in adding approximately \$200 million (pending the 2015 assessment) of equalized property value to the 2016 property tax base. This represents \$4.8 million of new revenue for the overlapping taxing jurisdictions

This is an important tool for the City in closing the 2016 budget gap and will provide property tax relief to residents.