

City of Mequon, Wisconsin
TIF Policy for TIF#4 and TIF#5

The following policy has been created by the Economic Development Board of the City of Mequon for TIF Districts #4 and #5. The policy was adopted by the Common Council on November 14, 2023.

I. Purpose

The purpose of this policy is to provide guidance regarding the City of Mequon's use of Tax Increment Financing (TIF) in Districts #4 and #5.

II. Goal

The goal of the City of Mequon's use of Tax Increment Financing is to diversify its economic base through the retention and expansion of existing businesses, the redevelopment of the areas that are blighted or in need of redevelopment, the attraction of new commercial sites and employment centers and other projects of special community interest. These goals will help to establish new employment opportunities for residents and expand the tax base. These guidelines are intended to provide general direction on the use of TIF funds.

III. Primary Objectives

- A. Implement a proactive approach to local economic development through public/private partnerships.
- B. Align financial programs/tools with new zoning regulations to facilitate the redevelopment and attract desired and marketable land uses to support revitalization of the Port Washington Road Corridor.
- C. Acquisition and consolidation of parcels for comprehensive redevelopment opportunities.
- D. Enhance architectural and site design, as well as street design, to improve the aesthetic quality of the commercial corridor.
- E. Assist City in implementing its overall economic development goals.

IV. Financing

- 1. "Pay As You Go" TIF – The City will use "Pay As You Go" as a method to help reduce the financial exposure of the City. Under this financing method the developer pays for the upfront costs of the project. The City would provide a Municipal Revenue Obligation (MRO) which establishes the criteria for payments to the developer from future tax increment to allow them to recoup a portion of

their initial investment. The Fast-Track formula shall be used to determine the amount of incentive available for the project and all criteria must be met.

V. TIF Incentive Criteria

All requests for TIF assistance will be required to demonstrate that the tax increment estimated to be generated by the project will be sufficient to payback any TIF assistance provided by the City (including applicable interest expenses) in support of the project. In order to meet the “but for” test, it must be demonstrated that the project would not take place at the desired level or timeframe without TIF assistance. Projects that would be likely to proceed without receiving TIF funds will not be eligible for assistance.

A. Tier 1 Incentive

Projects located within either TIF #4 or #5 shall utilize the fast-track formula to calculate the incentive including the 5% bonus. The incentive will utilize the Pay-As-You-Go (Developer Financed) structure with a maximum payment of 15 years or the life of the district whichever comes first. The project must create a minimum value of \$1.5 million over the existing improvement value. In order for the site to qualify for the incentive, complete demolition of the existing building/s on the site is required. For sites that include multiple buildings, a project is considered eligible if one or more of the buildings are demolished as part of the development project.

B. Tier 2 Incentive

For projects that combine multiple existing parcels in accordance with the project plan or are within a high priority area as shown in Section VIII, the developer incentive in the fast-track formula is 15%. Ineligible uses as listed in Section IX are not eligible for the increased incentive. The payback period is not limited to 15 years and may extend though the life of the TID.

VI. Developer Requirements

Guarantees: In order to receive direct TIF assistance, a developer must agree to provide guarantees to the City to cover any shortfall in costs not paid by increment. These may include construction guarantees, letters of credit, personal or corporate guarantees and/or minimum payment agreements.

Financial Information: The business receiving the development incentives shall provide the City with sufficient financial information to document that the

business is financially stable. Personal financial records will remain confidential subject to the requirements of the Wisconsin Open Records law.

VII. Enhancements to Port Washington Road

In order to spur redevelopment along the south Port Washington Road corridor, the Board recommends using existing or future unallocated increment for the planning and implementation of public improvements including but not limited to studies, expert consultants, lighting, landscaping, signage, and public art.

VIII. High Priority Sites

High priority sites are those defined by the EDB as shown on the attached map.

IX. Ineligible Uses

The following uses are not eligible for the Tier 2 incentive:

- Community Based Residential facilities with 16 residents or less.
- Hospice
- Residential development without a commercial component.
- Religious Institutions
- Funeral Services
- Fast Food Restaurants
- Public Administration facilities
- Public or Private Schools
- Parking Facilities
- Financial and Insurance institutions
- Gambling Operations
- Sexually Oriented businesses
- Gas Station and Auto Service or Convenience Facilities
- Auto Dealerships
- Light Industrial
- Indoor Shooting Ranges
- Resale Establishments
- Storage Facilities