VILLAGE OF MCFARLAND *NOTICE OF PUBLIC MEETING*

COMMUNITY DEVELOPMENT AUTHORITY

Wednesday, February 6, 2019 **7:00 PM** **McFarland Municipal Center** *Conference Room A*

AGENDA

1. CALL TO ORDER

2. PUBLIC APPEARANCES.

3. BUSINESS.
   a. Review and possible recommendation to the Village Board for financial participation regarding two TIF loan applications submitted by Ryan Quam for mixed development of residential/office uses at 4703 Terminal Drive.

   b. Discussion and action to provide direction regarding revisions to the proposals submitted for the Farwell Street Property Redevelopment project located at and around 4719 Farwell Street.

4. SCHEDULE NEXT MEETING DATE.
   a. Wednesday, March 6, 2019 at 7:00 pm.

5. ADJOURNMENT.

This meeting notice constitutes an official meeting of the above referenced group and was posted in accordance with all applicable laws related to Open Meetings Law. It is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above stated meeting to gather information. No action will be taken by any governmental body at the above stated meeting other than the governmental body specifically referred to above in this notice. Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals. For additional information or to request this service, contact the McFarland Municipal Center at (608) 838-3153 or cassandra.suettinger@mcfarland.wi.us.

COMMUNITY DEVELOPMENT AUTHORITY SUMMARY SHEET

MEETING DATE: **Wednesday, February 6, 2019**

SECTION: **Business**

DEPARTMENT: **Community Development**

CONTACT: **Matt Schuenke, Village Administrator, Pauline Boness, Director**

AGENDA ITEM: **Review and possible recommendation to the Village Board for financial participation regarding two TIF loan applications submitted by Ryan Quam for mixed development of residential/office uses at 4703 Terminal Drive.**

PREVIOUS ACTION:
The CDA, Plan Commission, and Village Board all received a conceptual review of the proposed project at their meetings in January.

ISSUE SUMMARY:
Ryan Quam has proposed redeveloping the property at 4703 Terminal Drive as a mix of residential and office land uses. This project has been designed for implementation over four phases and was presented previously as part of a conceptual review. The Developer has formally filed application for Tax Increment Financing to assist in funding the gap for Phases 1 and 2 of the project. The total amount requested is $1.1 million with the first phase being apartments and second phase an office building. Review and recommendation of the applications to the Village Board is necessary to consider the project for financial assistant to help increase the value of the property and improve the use of the land. A financial mortgage agreement is generated as a result of this approval once the project has completed its review. There are additional comprehensive plan, zoning, site plan, and CSM approvals it is also beginning in February. It is expected that in April or May this process will be complete in order for the project to break ground. Enclosed within your packet are each application for Phase 1 and 2 plus the concept plans and memorandum reviewing the TIF request.

FINANCIAL/BUDGET IMPACT:
The total request for the first two phase is $1.1 million. It is noted within the memo that due to the District's closing in 2027, there are limited years to collect increment on the new value when the project realizes full value in 2021 according to the schedule presented. The CDA will have to consider this when determining what amount to grant as part of their review of the applications.

VILLAGE PLAN REFERENCE:
TID #3 Project Plan

ORDINANCE REFERENCE:
None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

Presented for consideration in order to make a recommendation to the Village Board.

ATTACHMENTS:

1. McFarland TIF Application - Quam Development Phase 1 (Apartment)
2. McFarland TIF Application - Quam Development Phase 2 (Office)
3. Quam Developmen Concept Plans
4. McFarland Ezra Development Memo_01312019

TAX INCREMENT FINANCING
DEVELOPMENT INCENTIVES
APPLICATION

Application ID: _____ (Year) - _____ (#) to be completed by Village Community Development Director upon submittal

Please complete and submit the following information to the Village Community Development Director for a more detailed review of the feasibility of your request for Tax Incremental Financing (TIF) Development Incentives. The application is comprised of five sections: (A) Applicant Information, (B) Property Information, (C) Project/Business Information, (D) TIF Request, (E) Budget/Financing Strategy, and (F) Applicant Certification and Acknowledgement. Where there is not enough room for responses provided, please use an attachment. Where questions do not apply, mark NA (not applicable). Applicants are encouraged and may be required to submit additional information such as site plans, environmental studies, market studies, business plans, business or personal financial statements, or financial commitment letters to be included for review and consideration.

A. APPLICANT INFORMATION

Project Name: 4703 Terminal Drive Redevelopment - Phase 1 Apartment Building

Applicant: Ezra Properties, LLC

Mailing Address: 4604 Siggelkow Road, McFarland, WI 53558

Primary Contact: Ryan Quam Telephone: (608)838-7750

Email: rquam@quamengineering.com Fax: (608)838-7752

Legal Entity: ☐ Individual(s) ☐ Joint Tenants ☐ Tenants in Common

☐ Corporation ■ LLC ☐ Partnership ☐ Other: _____

If not a Wisconsin corporation/partnership/LLC, state where organized: _____

Will new entity be created for ownership? ■ No ☐ Yes

Is any owner, member, stockholder, partner, officer or director of any previously identified entities, or any member of the immediate family of any such person, an employee or elected official of the Village of McFarland?

■ No ☐ Yes, If yes, give the name and relationship of the employee: _____

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Provide the names of consultants (e.g. attorneys, engineers, planners, architects, contractors, etc.) authorized to act on behalf of the applicant.

Name	Title/Company	Email	Phone #

B. PROPERTY INFORMATION

Parcel(s) Address: 4703 Terminal Drive

Parcel(s) Tax Number: 154/0710-342-8200-4

As the Applicant, are you the current owner of this parcel(s)? ■ No ☐ Yes

If no, current owner is: RCA Trust

If no, do you have an agreed upon option to purchase the property? ☐ No ■ Yes (provide documentation and note the expiration date here: July 15, 2019

Total Lot Size: 457,380 square feet

Parcel Contains Existing Buildings? ☐ No ■ Yes

If yes, indicate Total Building Size 9140 sq.ft.

Most recent property assessment (PA):

$ 650000 Land $ 100,700 Improvements $ 4850000 Total

Existing Uses: Residence and Storage

Existing Zoning: Commercial

Existing Uses, Adjacent Parcels: Terminal N Storage S Highway 51 E Terminal Drive W

Existing Zoning, Adjacent Parcels: Terminal N Storage S Highway 51 E Terminal Drive W

Will a zoning change be requested? ☐ No ■ Yes

If yes, indicate new zoning PUD to allow residential and office

Identify other approvals, permits, or licenses your project may need (e.g. County, State or Federal permits).

Village Erosion Control and Stormwater Management, WDNR WRAPP and Chapter 30

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Existing Mortgage Holder: RCA Trust

Contact Person & Phone Number: Robert Anderson

Does the property have any existing tax delinquencies, zoning or building violations? ■ No ☐ Yes

If yes, explain: _____

C. PROJECT/BUSINESS INFORMATION

The proposed project is: ☐ An Improvement to Existing Business ■ A New Business(s)

☐ Business Relocation ■ Residential Development ☐ Other

Project Description. Include any plans or illustrations prepared for the project, if available. At a minimum, a concept plan shall be submitted with the application.

See Overall Development Plan for the five proposed buildings. Phase 1 includes mass grading of the site, installation of the detention ponds, shared drives, and shared utilities required for all phases, the addition of a 27 unit apartment building, dog park, and 2,800 storage building. Phase 2 includes the addition of a 2 story office building with 22,260 square feet of office space and underground parking. Phase 3 includes the addition of a 3 story office building with 33,390 square feet of office space and underground parking. Phase 4 includes the removal of the existing house and addition of a 27 unit apartment building.

Will the project incorporate any "sustainability" or "green design" concepts? Describe.

Erosion control and stormwater management requirements will be met. Many existing trees will be protected so they can remain.

Current annual revenue: $N/A Estimated annual revenue: $N/A

Current annual expenses: $N/A Estimated annual expenses: $N/A

Business Plan and/or Marketing Plan attached? ■ No ☐ Yes

Balance Sheets and Profit and Loss Statements for the past two years attached? ■ No ☐ Yes

Describe the project schedule.

Final Plan/Specification Preparation Date: Feb. 6, 2019

Preliminary Construction Start Date: May 1, 2019 (Site) / Sept. 1, 2019 (Building)

Preliminary Construction Completion Date: May 31, 2020

Date Occupied or Opened: ~~May~~ June 1, 2020

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Number of principal buildings and estimated square footage: 36,700 floor area (phase 1)

Estimated equalized assessed valuation after project completion (EAV)

$ 650000 Land $ 4200000 Improvements $ 4850000 Total

Estimate the incremental property taxes to be generated by the project (attach any independent appraisals).

Pre-improvements: $ 251,800 PA x 0.0215 Mill Rate = $ 5,413 Total (A)

Post-improvements: $ 4,900,000 PA x 0.0215 Mill Rate = $ 105,000 Total (B)

Additional increment (B-A) = $ 100000

Will the proposed project result in the relocation of economic activity/businesses from another location within the Village? ■ No ☐ Yes

If yes, discuss the nature of any anticipated relocations and the impact the relocation would have on the neighborhood where such activity is currently located.

Will the proposed project result in the relocation of economic activity from an adjacent community?
■ No ☐ Yes

If yes, discuss the nature of any anticipated relocations and the impact the relocation would have on the community where such activity is currently located.

Identify any proposed tenants of the project. Have leases been negotiated or signed? ■ No ☐ Yes

One, two, and three bedrooms to be rented by qualified tenants.

Who will own and operate the developed property? Ezra Properties, LLC

Do similar businesses/uses already exist in McFarland?

☐ No ■ Yes, If yes, indicate Waubesa Village 27-unit apartment building

Describe any differences in your proposed business/uses to existing businesses/uses

Phase 1 apartment building will be designed to accomodate dogs (additional lawn areas, dog park, washing station, etc.)

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Current and Created Jobs by Annual Wage Range (Full Time ≥ 30 hrs/week).

$0-$19,000

- Full Time (current) _____Part Time (current) _____FT (created) _____PT (created)

$20,000-$39,000

- Full Time (current) _____Part Time (current) _____FT (created) _____PT (created)

$40,000-$59,000

- Full Time (current) _____Part Time (current) _____FT (created) _____PT (created)

$60,000+

- Full Time (current) _____Part Time (current) _____FT (created) _____PT (created)

Average per hour wage rate of all employees (not including benefits) $ -

Approximately what percentage of employees do you expect will be hired from the McFarland area (i.e. 53558 zip code) -.

Will the proposed business offer its employees a benefit package including health care and retirement benefits?
☐ No ☐ Yes

Discuss neighborhood impact/support for the project. Has the applicant discussed the project with neighboring property owners? ■ No ☐ Yes

Project will have minimal impact on neighbors which are a terminal and storage properties.

Discuss any history of community involvement by the applicant or business within the Village.

Ryan Quam was a Village Board member when TID #3 was formed. Quam Engineering, LLC and Waubesa Village, LLC are businesses owned by Ryan Quam and located in McFarland.

Has any portion of the project already been started or completed? ☐ No ■ Yes

If yes, describe the portions of the project completed, the work remaining, and why public financing is necessary to complete the project.

Engineering design, plan preparation, and permitting is 70% completed. Public financing is required to overcome blight and unique site costs and to meet bank loan financing requirements.

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D. TIF REQUEST

State the total amount of TIF assistance being requested: $ 675,000 (phase 1)

State the form of incentives requested:

☐ Developer Loan (pay-as-you-go) ☐ Traditional Loan ■ Tax Increment Loan at Occupancy

☐ Tax Increment Loan at Project Start ☐ Other _____

State the need and justification for TIF assistance. Explain how the applicant intends to demonstrate compliance with the "but for" test. Substantiate that other alternative methods of financing have been thoroughly explored.

A higher level of construction materials are being proposed to attract tenants and to overcome the blighted conditions of the overall area. Site amenities such as a dog park, dog washing station, boardwalk creek crossing, enhanced lawn and landscape areas, additional sidewalks, additional site lighting, etc. are being proposed to attract tenants and to overcome the blighted conditions of the overall area. The unique site requires irregular development costs such as the demolition, tree removal, archaeology study and permitting, WDNR chapter 30 permitting, sanitary sewer creek crossing, significant earthwork, deepened garages, exposed garage wall, retaining walls to protect existing trees, restoration of steep slopes, etc. The bank loan will require a minimum 20% owner contribution which will require TIF assistance to be a part of the 20% owner contribution.

In order to demonstrate compliance with the "but for" test, the applicant will provide costs for the higher level of construction materials, the site amenities, and the unique site development costs. The applicant will also provide the business plan proforma.

The applicant has met with and will meet with multiple lenders to explore alternate methods of financing but currently believes that TIF assistance will be required.

Check which box(s) best describe the use of TIF funds:

☐ Land Acquisition/Survey ☐ Environmental Audits ■ Site Grading

■ Demolition/Remediation ■ New Construction ☐ Rehabilitation/Expansion

■ Utility Improvements ☐ Parking/Access ■ Landscaping

■ Recreation/Conservation ☐ Professional Services ☐ Financing Costs

☐ Other _____

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E. PROJECT BUDGET AND FINANCIAL STRATEGY

Project Costs	Amount ($)	Source(s) of Financing
Property Acquisition	755000	Applicant & Bank Loan
Environmental testing/remediation	0	
Demolition	30000	Applicant, Bank Loan, & TIF Loan
Construction of new building(s)	3580000	Applicant, Bank Loan, & TIF Loan
Site Improvements	700000	Applicant, Bank Loan, & TIF Loan
Renovation of existing structures	0	
Cost of installation of machinery/equipment	0	
Architectural/Engineering fees	160000	Applicant & Bank Loan
Legal & other professional fees	15000	Applicant & Bank Loan
Permit fees	145000	Applicant & Bank Loan
Financing fees	110000	Applicant & Bank Loan
Developer fees	30000	Applicant & Bank Loan
Other (please specify) Archaeology Items	25000	Applicant, Bank Loan, & TIF Loan
Total Project Costs	5550000	

Budget source: ■ Developer ☐ Arch/Eng ☐ Contractor ☐ Other _____

Sources of Financing	Amount ($)	Percent of Total Costs
TIF	670000	12.07 %
Equity	832500	15.00 %
Loans	4047500	72.93 %
Grants		%
Other (please specify)		%
Total Project Costs	5550000	**100.0 %**

Lender for Project if in addition to the Village: Yet to be determined

Officer Ryan Quam Phone (608)838-7750 Email rquam@quamengineering.com

Preapproved: ■ No ☐ Yes, attach a Letter of Commitment from the Lender indicating that the applicant has sufficient financial resources to obtain the private financing for the project.

Grant Sources: _____ Grant Amount: _____

Grant Officer: _____ Phone _____ Email _____

Application Status: _____

Date of Grant Announcement: _____

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F. APPLICANT CERTIFICATION AND ACKNOWLEDGEMENT

I acknowledge being informed that the Village of McFarland (Village) will, upon request by a member of the public or in the course of reporting its activities to the public, disclose the names of individuals requesting Tax Incremental Financing (TIF), the amount of TIF requested, state/federal programs used, if any, and the development impact of the TIF requested (e.g. jobs created, tax base impact and total project investment). I have been assured by the Village, and I understand, that other financial information provided by me in connection with this application or with assistance from the Village, if any is given (including, but not necessarily limited to business and personal financial statements, business operating statements, data on historical and projected future sales or other aspects of business performance, and business plans) will, to the extent permissible by law, and except for use in collection proceedings, if any, be treated as confidential. This will confirm that I have relied upon such assurance by the Village in providing financial information to the Village, and that, but for such assurances, such information would not be provided.

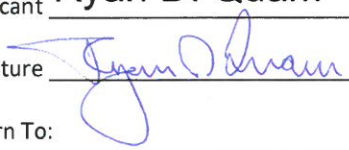
I certify that the information contained in this application is, to the best of my knowledge, true and correct. I agree to notify the Village, in writing, of any changes that materially affect the accuracy of this statement. I authorize the Village or its agents to verify the information provided in this application and to obtain additional information concerning the applicant(s) financial condition.

I certify through signing the TIF application that the final form and amount of financing the Village offers may differ from that requested. The form and amount of financing shall be finalized through the execution of a development agreement.

I certify that financial, insurance, and project assurances will be required as part of the final development agreement to be negotiated with the Village upon preliminary approval of this application. These may include, but are not limited to, assessment guarantees, letters of credit, personal or corporate guarantees, minimum payment agreements, lien waivers for contractors, consent of mortgagee or other loan security instrument. All terms and obligations of the Village and the applicant shall be finalized through the execution of a development agreement.

I certify, by signing and submitting this application, that additional costs, above the amount of the application fee, incurred by the Village for outside professional review or expertise of this application, and any development agreement resulting from this application, will be the responsibility of the applicant. I further certify, that denial of the application or failure to reach agreement with the Village on a development agreement shall not entitle the applicant to a refund of the application fee or any amounts of the escrow used in the review of the application.

Applicant Ryan D. Quam Title Managing Member

Signature  Date Jan. 7, 2019

Return To:

Village of McFarland
Attn: Village Community Development Director
5915 Milwaukee Street
McFarland, WI 53558
P: 608-838-3153

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PHASE 1 APARTMENT BUILDING

TIF Eligible Costs Estimate - Phase 1 Apartments

Description	Total
Building Demolition	$15,000
Underground Storage Tank Removal	$10,000
Abandon Well and Septic	$5,000
Tree Removal - Overall Site	$20,000
Archaeology Investigation and Permitting	$25,000
Earthwork - Overall Site Mass Grading	$90,000
Remove Excess Material From Site (5,000 CY at $8 per yard)	$40,000
Regional Ponds (Storm Sewer Outfall Structures and Restoration)	$40,000
Retaining Walls - Overall Site and Apartments	$35,000
Tree Protection - Overall Site	$5,000
Steep Slopes Erosion Matting	$20,000
Sanitary Sewer Creek Crossing Permitting and Installation	$70,000
Existing House Utility Connections	$10,000
Garage Footing (west and south apartment walls)	$15,000
Exposed Garage 10% Stone Veneer and 90% LP Smartsiding	$19,000
Apt. Exterior Materials Upgrade (Stone Veneer, LP Smartsiding)	$112,000
Apt. Finishes Upgrade (Granite Counters, Stainless Steel Appliances)	$83,000
Garage West Exit, Sidewalks, & Lighting (Western Yard to Boardwalk)	$25,000
Boardwalk for Creek Crossing	$50,000
Dog Park Clearing and Grubbing, Restoration, and Fencing	$20,000
Dog Washing Station	$6,000
Total:	$685,000.00

PHASE 1 APARTMENT BUILDING

Costs Estimate

Description	Quantity	Unit	Unit Price	Total
Land Purchase				
Initial Land Purchase	1	LS	$755,000.00	$755,000.00
Permitting Item				
PUD Rezoning	1	LS	$200.00	$200.00
Building Permit	1	LS	$4,000.00	$4,000.00
Erosion Control Permit	1	LS	$1,000.00	$1,000.00
Stormwater Management Permit	1	LS	$1,000.00	$1,000.00
Plumbing Fee	1	LS	$2,500.00	$2,500.00
HVAC Fee	1	LS	$600.00	$600.00
Fire Alarm and Suppression System Fee	1	LS	$1,500.00	$1,500.00
Engineering Review Fees	1	LS	$5,000.00	$5,000.00
Attorney Review Fees	1	LS	$10,000.00	$10,000.00
Finiancial Agreement Fee	1	LS	$500.00	$500.00
Site Design Fee	1	LS	$750.00	$750.00
Public Water	1	4 in	$8,750.00	$8,750.00
Impact Fee				
Park Fee-in-lieu	27	DU	$4,115.00	$111,105.00
Park Improvement	27	DU	$444.00	$11,988.00
Public Library	27	DU	$431.00	$11,637.00
Transaction Fees				
Bank Fee	1	LS	$18,000.00	$18,000.00
Appraisal Fee	1	LS	$3,000.00	$3,000.00
Title Fee	1	LS	$3,000.00	$3,000.00
Miscellaneous Closing Fees	1	LS	$3,000.00	$3,000.00
Construction Interest Carrying Costs Through 5/2020	1	LS	$83,000.00	$83,000.00
Professional Items				
Dimension IV Architect	1	LS	$25,000.00	$25,000.00
Structural Design	1	LS	$10,000.00	$10,000.00
Ryan Quam Building Plans Drafting	1	LS	$15,000.00	$15,000.00
Quam Engineering, LLC Site Design	1	LS	$45,000.00	$45,000.00
Quam Engineering, LLC Construction Staking	1	LS	$25,000.00	$25,000.00
Quam Engineering, LLC Site General Administration	1	LS	$25,000.00	$25,000.00
Quam Engineering, LLC Approvals Administration	1	LS	$30,000.00	$30,000.00
Ryan Quam Development Fee	1	LS	$30,000.00	$30,000.00
Site Items				
Grading and Utilities	1	LS	$485,000.00	$485,000.00
Boulder Retaining Wall	1700	VSF	$16.00	$27,200.00
18" Curb and Gutter	1910	LF	$18.00	$34,380.00
5" Concrete Sidewalk with 6" Base Course	3240	SF	$6.00	$19,440.00
3" Asphalt Binder and Surface Course	3200	SY	$20.00	$64,000.00
Restoration (Seed & Mulch)	21000	SY	$1.50	$31,500.00
Class II, Type B Erosion Matting	6000	SY	$2.00	$12,000.00
Rain Garden	800	SF	$18.00	$14,400.00
Landscaping Trees & Shrubs	1	LS	$30,000.00	$30,000.00

Attachment B

PHASE 1 APARTMENT BUILDING

Building Items (Interior, Exterior, and Lighting)				
Riegert Builders Contract	1	LS	$3,500,000.00	$3,500,000.00
			Subtotal Costs:	$5,458,450.00
			Contingency (Approx. 2%):	$91,550.00
			Total:	$5,550,000.00

STATE BANK OF CROSS PLAINS

Black Earth • Cross Plains • Madison • Middleton • Mount Horeb • Oregon • Verona • Waunakee

January 4, 2019

Village of McFarland
Attn: Village Community Development Director
5915 Milwaukee St
McFarland, WI 53558

RE: Ryan Quam / Entity TBD
Terminal Dr Redevelopment Project

To Whom it May Concern:

We would like to introduce you to Ryan Quam, a highly valued client of State Bank of Cross Plains. We are currently in discussions with Ryan over the proposed redevelopment project located at Terminal Drive, North of Siggelkow Rd. This is to confirm that we have an existing lending relationship with Ryan and are excited for the opportunity to partner with Ryan on the referenced project. Once the project drawings and numbers have been finalized, we will be able to proceed with analyzing the project further for formal loan commitment. This is not a commitment to lend. We look forward to working with Ryan and the Village of McFarland on this project.

Sincerely,

STATE BANK OF CROSS PLAINS

Casey C McClyman
VP – Commercial Banker
cmcclyman@sbcp.bank
608-416-4834

Yeah, we can do that.

TAX INCREMENT FINANCING
DEVELOPMENT INCENTIVES
APPLICATION

Application ID: _____ (Year) - _____ (#) to be completed by Village Community Development Director upon submittal

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A. APPLICANT INFORMATION

Project Name: 4703 Terminal Drive Redevelopment - Phase 2 Office Building

Applicant: Ezra Properties, LLC

Mailing Address: 4604 Siggelkow Road, McFarland, WI 53558

Primary Contact: Ryan Quam Telephone: (608)838-7750

Email: rquam@quamengineering.com Fax: (608)838-7752

Legal Entity: ☐ Individual(s) ☐ Joint Tenants ☐ Tenants in Common

☐ Corporation ■ LLC ☐ Partnership ☐ Other: _____

If not a Wisconsin corporation/partnership/LLC, state where organized: _____

Will new entity be created for ownership? ■ No ☐ Yes

Is any owner, member, stockholder, partner, officer or director of any previously identified entities, or any member of the immediate family of any such person, an employee or elected official of the Village of McFarland?

■ No ☐ Yes, If yes, give the name and relationship of the employee: _____

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Provide the names of consultants (e.g. attorneys, engineers, planners, architects, contractors, etc.) authorized to act on behalf of the applicant.

Name	Title/Company	Email	Phone #

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If no, do you have an agreed upon option to purchase the property? ☐ No ■ Yes (provide documentation and note the expiration date here: July 15, 2019

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Parcel Contains Existing Buildings? ☐ No ■ Yes

If yes, indicate Total Building Size 9140 sq.ft.

Most recent property assessment (PA):

$ 660000 Land $ 100,700 Improvements $ 3490000 Total

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Existing Zoning: Commercial

Existing Uses, Adjacent Parcels: Terminal N Storage S Highway 51 E Terminal Drive W

Existing Zoning, Adjacent Parcels: Terminal N Storage S Highway 51 E Terminal Drive W

Will a zoning change be requested? ☐ No ■ Yes

If yes, indicate new zoning PUD to allow residential and office

Identify other approvals, permits, or licenses your project may need (e.g. County, State or Federal permits).

Village Erosion Control and Stormwater Management, WDNR WRAPP and Chapter 30

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Existing Mortgage Holder: RCA Trust

Contact Person & Phone Number: Robert Anderson

Does the property have any existing tax delinquencies, zoning or building violations? ■ No ☐ Yes

If yes, explain: _____

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■ Business Relocation ☐ Residential Development ☐ Other

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Will the project incorporate any "sustainability" or "green design" concepts? Describe.

Erosion control and stormwater management requirements will be met. Many existing trees will be protected so they can remain.

Current annual revenue: $N/A Estimated annual revenue: $N/A

Current annual expenses: $N/A Estimated annual expenses: $N/A

Business Plan and/or Marketing Plan attached? ■ No ☐ Yes

Balance Sheets and Profit and Loss Statements for the past two years attached? ■ No ☐ Yes

Describe the project schedule.

Final Plan/Specification Preparation Date: February 22, 2019

Preliminary Construction Start Date: March 1, 2020

Preliminary Construction Completion Date: September 30, 2020

Date Occupied or Opened: October 1, 2020

© MSA Professional Services, Inc.

Number of principal buildings and estimated square footage: 22,260 floor area (phase 2)

Estimated equalized assessed valuation after project completion (EAV)

$ 660000 Land $ 2830000 Improvements $ 3490000 Total

Estimate the incremental property taxes to be generated by the project (attach any independent appraisals).

Pre-improvements: $ 0 PA x 0.0215 Mill Rate = $ 0 Total (A)

Post-improvements: $ 3500,000 PA x 0.0215 Mill Rate = $ 75,000 Total (B)

Additional increment (B-A) = $ 75000

Will the proposed project result in the relocation of economic activity/businesses from another location within the Village? ■ No ☐ Yes

If yes, discuss the nature of any anticipated relocations and the impact the relocation would have on the neighborhood where such activity is currently located.

Will the proposed project result in the relocation of economic activity from an adjacent community?
☐ No ■ Yes

If yes, discuss the nature of any anticipated relocations and the impact the relocation would have on the community where such activity is currently located.

The anticipated 74 additional professional services jobs will bring demand to McFarland restaurants and stores.

Identify any proposed tenants of the project. Have leases been negotiated or signed? ■ No ☐ Yes

One anticipated office development partner includes a professional services business currently leasing space in the Madison and Milwaukee areas. Another is Quam Engineering.

Who will own and operate the developed property? Partnership LLC yet to be formed

Do similar businesses/uses already exist in McFarland?

■ No ☐ Yes, If yes, indicate _____

Describe any differences in your proposed business/uses to existing businesses/uses

This will be a large, higher end office building that will be unique from other buildings in McFarland.

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Current and Created Jobs by Annual Wage Range (Full Time ≥ 30 hrs/week).

$0-$19,000

_____Full Time (current) _____Part Time (current) _____FT (created) _____PT (created)

$20,000-$39,000

_____Full Time (current) _____Part Time (current) _____FT (created) _____PT (created)

$40,000-$59,000

15 Full Time (current) _____Part Time (current) 15 FT (created) _____PT (created)

$60,000+

15 Full Time (current) _____Part Time (current) 15 FT (created) _____PT (created)

Average per hour wage rate of all employees (not including benefits) $35

Approximately what percentage of employees do you expect will be hired from the McFarland area (i.e. 53558 zip code) 20.

Will the proposed business offer its employees a benefit package including health care and retirement benefits?
☐ No ■ Yes

Discuss neighborhood impact/support for the project. Has the applicant discussed the project with neighboring property owners? ■ No ☐ Yes

Project will have minimal impact on neighbors which are a terminal and storage properties.

Discuss any history of community involvement by the applicant or business within the Village.

Ryan Quam was a Village Board member when TID #3 was formed. Quam Engineering, LLC and Waubesa Village, LLC are businesses owned by Ryan Quam and located in McFarland.

Has any portion of the project already been started or completed? ☐ No ■ Yes

If yes, describe the portions of the project completed, the work remaining, and why public financing is necessary to complete the project.

Engineering design, plan preparation, and permitting is 80% completed. Public financing is required to overcome blight and unique site costs and to meet bank loan financing requirements.

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D. TIF REQUEST

State the total amount of TIF assistance being requested: $425,000 (phase 2)

State the form of incentives requested:

☐ Developer Loan (pay-as-you-go) ☐ Traditional Loan ■ Tax Increment Loan at Occupancy

☐ Tax Increment Loan at Project Start ☐ Other _____

State the need and justification for TIF assistance. Explain how the applicant intends to demonstrate compliance with the "but for" test. Substantiate that other alternative methods of financing have been thoroughly explored.

A higher level of construction materials are being proposed to attract tenants and to overcome the blighted conditions of the overall area. Site amenities enhanced lawn and landscape areas, additional sidewalks, additional site lighting, etc. are being proposed to attract tenants and to overcome the blighted conditions of the overall area. The unique site requires irregular development costs such as the tree removal, archaeology study and permitting, WDNR chapter 30 permitting, sanitary sewer creek crossing, significant earthwork, deepened garages, exposed garage wall, retaining walls to protect existing trees, restoration of steep slopes, etc. The bank loan will require a minimum 25% owner contribution which will require TIF assistance to be a part of the 25% owner contribution.

In order to demonstrate compliance with the "but for" test, the applicant will provide costs for the higher level of construction materials, the site amenities, and the unique site development costs. The applicant will also provide the business plan proforma.

The applicant has met with and will meet with multiple lenders to explore alternate methods of financing but currently believes that TIF assistance will be required.

Check which box(s) best describe the use of TIF funds:

☐ Land Acquisition/Survey ☐ Environmental Audits ■ Site Grading

■ Demolition/Remediation ■ New Construction ☐ Rehabilitation/Expansion

■ Utility Improvements ☐ Parking/Access ■ Landscaping

■ Recreation/Conservation ☐ Professional Services ☐ Financing Costs

☐ Other _____

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E. PROJECT BUDGET AND FINANCIAL STRATEGY

Project Costs	Amount ($)	Source(s) of Financing
Property Acquisition	660000	Applicant & Bank Loan
Environmental testing/remediation	0	
Demolition	0	Applicant, Bank Loan, & TIF Loan
Construction of new building(s)	2500000	Applicant, Bank Loan, & TIF Loan
Site Improvements	342000	Applicant, Bank Loan, & TIF Loan
Renovation of existing structures	0	
Cost of installation of machinery/equipment	0	
Architectural/Engineering fees	145000	Applicant & Bank Loan
Legal & other professional fees	15000	Applicant & Bank Loan
Permit fees	21000	Applicant & Bank Loan
Financing fees	102000	Applicant & Bank Loan
Developer fees	15000	Applicant & Bank Loan
Other (please specify)		
Total Project Costs	38000000	

Budget source: ■ Developer ☐ Arch/Eng ☐ Contractor ☐ Other _____

Sources of Financing	Amount ($)	Percent of Total Costs
TIF	425000	11.18 %
Equity	570000	15.00 %
Loans	2805000	73.82 %
Grants		%
Other (please specify)		%
Total Project Costs	3800000	**100.0 %**

Lender for Project if in addition to the Village: Yet to be determined

Officer Ryan Quam Phone (608)838-7750 Email rquam@quamengineering.com

Preapproved: ■ No ☐ Yes, attach a Letter of Commitment from the Lender indicating that the applicant has sufficient financial resources to obtain the private financing for the project.

Grant Sources: _____ Grant Amount: _____

Grant Officer: _____ Phone _____ Email _____

Application Status: _____

Date of Grant Announcement: _____

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F. APPLICANT CERTIFICATION AND ACKNOWLEDGEMENT

I acknowledge being informed that the Village of McFarland (Village) will, upon request by a member of the public or in the course of reporting its activities to the public, disclose the names of individuals requesting Tax Incremental Financing (TIF), the amount of TIF requested, state/federal programs used, if any, and the development impact of the TIF requested (e.g. jobs created, tax base impact and total project investment). I have been assured by the Village, and I understand, that other financial information provided by me in connection with this application or with assistance from the Village, if any is given (including, but not necessarily limited to business and personal financial statements, business operating statements, data on historical and projected future sales or other aspects of business performance, and business plans) will, to the extent permissible by law, and except for use in collection proceedings, if any, be treated as confidential. This will confirm that I have relied upon such assurance by the Village in providing financial information to the Village, and that, but for such assurances, such information would not be provided.

I certify that the information contained in this application is, to the best of my knowledge, true and correct. I agree to notify the Village, in writing, of any changes that materially affect the accuracy of this statement. I authorize the Village or its agents to verify the information provided in this application and to obtain additional information concerning the applicant(s) financial condition.

I certify through signing the TIF application that the final form and amount of financing the Village offers may differ from that requested. The form and amount of financing shall be finalized through the execution of a development agreement.

I certify that financial, insurance, and project assurances will be required as part of the final development agreement to be negotiated with the Village upon preliminary approval of this application. These may include, but are not limited to, assessment guarantees, letters of credit, personal or corporate guarantees, minimum payment agreements, lien waivers for contractors, consent of mortgagee or other loan security instrument. All terms and obligations of the Village and the applicant shall be finalized through the execution of a development agreement.

I certify, by signing and submitting this application, that additional costs, above the amount of the application fee, incurred by the Village for outside professional review or expertise of this application, and any development agreement resulting from this application, will be the responsibility of the applicant. I further certify, that denial of the application or failure to reach agreement with the Village on a development agreement shall not entitle the applicant to a refund of the application fee or any amounts of the escrow used in the review of the application.

Applicant Ryan D. Quam Title Managing Member

Signature Ryan D Quam Date Jan. 7, 2019

Return To:

Village of McFarland
Attn: Village Community Development Director
5915 Milwaukee Street
McFarland, WI 53558
P: 608-838-3153

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PHASE 1 APARTMENT BUILDING

TIF Eligible Costs Estimate - Phase 2 Office

Description	Total
Retaining Walls - Office	$1,000
Steep Slopes Erosion Matting	$3,000
Shared Sanitary Sewer Extension	$32,000
Shared Water Main Extension	$44,000
Shared Storm Sewer Extension	$40,000
Shared Driveway, Sidewalk, Lighting, Landscaping	$105,000
Office Exterior Materials Upgrade (Stone Veneer, LP Smartside)	$85,000
Exposed Garage Stone Veneer	$5,000
Flat Roof with Roof Drain Plumbing	$85,000
Balcony with Rails	$15,000
Sidewalk Ramp and Stairs with Rails	$10,000
Enhanced Landscaping (Screening)	$5,000
Total:	$430,000.00

PHASE 2 OFFICE BUILDING

Costs Estimate

Description	Quantity	Unit	Unit Price	Total
Land Purchase				
Usable Lot 2 Land (Parking, Driveway & Building Areas	60000	SF	$11.00	$660,000.00
Permitting Item				
PUD Rezoning	1	LS	$200.00	$200.00
Building Permit	1	LS	$4,000.00	$4,000.00
Erosion Control Permit	1	LS	$1,000.00	$1,000.00
Stormwater Management Permit	1	LS	$1,000.00	$1,000.00
Plumbing Fee	1	LS	$2,500.00	$2,500.00
HVAC Fee	1	LS	$600.00	$600.00
Fire Alarm and Suppression System Fee	1	LS	$1,500.00	$1,500.00
Engineering Review Fees	1	LS	$5,000.00	$5,000.00
Attorney Review Fees	1	LS	$10,000.00	$10,000.00
Finiancial Agreement Fee	1	LS	$500.00	$500.00
Site Design Fee	1	LS	$500.00	$500.00
Public Water	1	4 in	$8,750.00	$8,750.00
Transaction Fees				
Bank Fee	1	LS	$18,000.00	$18,000.00
Appraisal Fee	1	LS	$3,000.00	$3,000.00
Title Fee	1	LS	$3,000.00	$3,000.00
Miscellaneous Closing Fees	1	LS	$3,000.00	$3,000.00
Construction Interest Carrying Costs Through 9/2020	1	LS	$75,000.00	$75,000.00
Professional Items				
Dimension IV Architect	1	LS	$40,000.00	$40,000.00
Structural Design	1	LS	$15,000.00	$15,000.00
Ryan Quam Building Plans Drafting	1	LS	$15,000.00	$15,000.00
Quam Engineering, LLC Site Design	1	LS	$25,000.00	$25,000.00
Quam Engineering, LLC Construction Staking	1	LS	$20,000.00	$20,000.00
Quam Engineering, LLC Site General Administration	1	LS	$30,000.00	$30,000.00
Quam Engineering, LLC Developer Fee	1	LS	$15,000.00	$15,000.00
Site Items				
Rice Grading - Fine Grading and Utilities	1	LS	$160,000.00	$160,000.00
Boulder Retaining Wall	480	VSF	$16.00	$7,680.00
18" Curb and Gutter	464	LF	$18.00	$8,352.00
5" Concrete Sidewalk with 6" Base Course	1250	SF	$6.00	$7,500.00
3" Asphalt Binder and Surface Course	1800	SY	$20.00	$36,000.00
Restoration (Seed & Mulch)	5000	SY	$1.50	$7,500.00
Class II, Type B Erosion Matting	2000	SY	$2.00	$4,000.00
Rain Garden	600	SF	$18.00	$10,800.00
Landscaping Trees & Shrubs	1	LS	$20,000.00	$20,000.00
Building Items (Interior, Exterior, and Lighting)				
Riegert Builders Contract	1	LS	$2,300,000.00	$2,300,000.00
			Subtotal Costs:	$3,519,382.00
			Contingency (Approx. 8%):	$280,618.00
			Total:	$3,800,000.00

Attachment B

STATE BANK OF CROSS PLAINS

Black Earth Cross Plains Madison Middleton Mount Horeb Oregon Verona Waunakee

January 4, 2019

Village of McFarland
Attn: Village Community Development Director
5915 Milwaukee St
McFarland, WI 53558

RE: Ryan Quam / Entity TBD
Terminal Dr Redevelopment Project

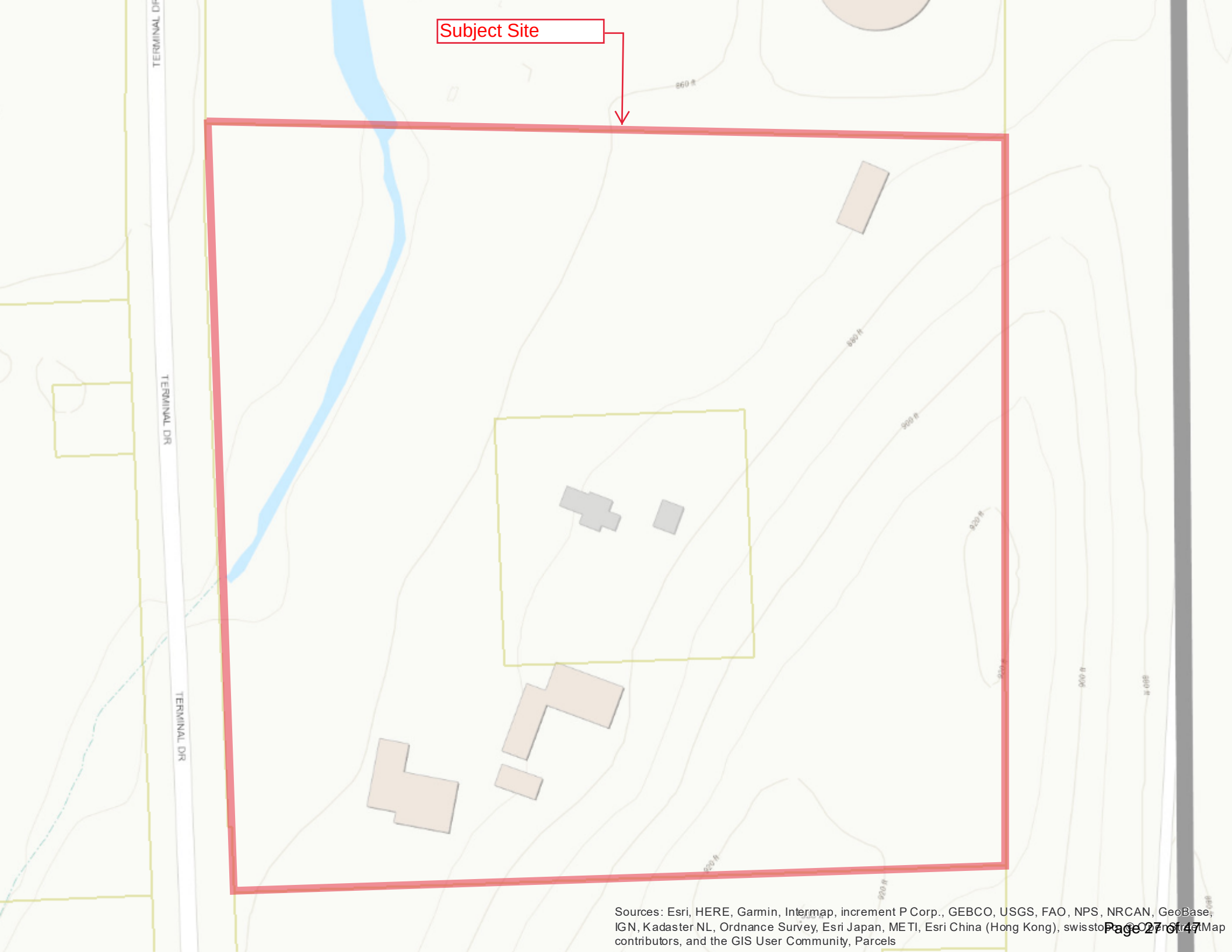
To Whom it May Concern:

We would like to introduce you to Ryan Quam, a highly valued client of State Bank of Cross Plains. We are currently in discussions with Ryan over the proposed redevelopment project located at Terminal Drive, North of Siggelkow Rd. This is to confirm that we have an existing lending relationship with Ryan and are excited for the opportunity to partner with Ryan on the referenced project. Once the project drawings and numbers have been finalized, we will be able to proceed with analyzing the project further for formal loan commitment. This is not a commitment to lend. We look forward to working with Ryan and the Village of McFarland on this project.

Sincerely,

STATE BANK OF CROSS PLAINS

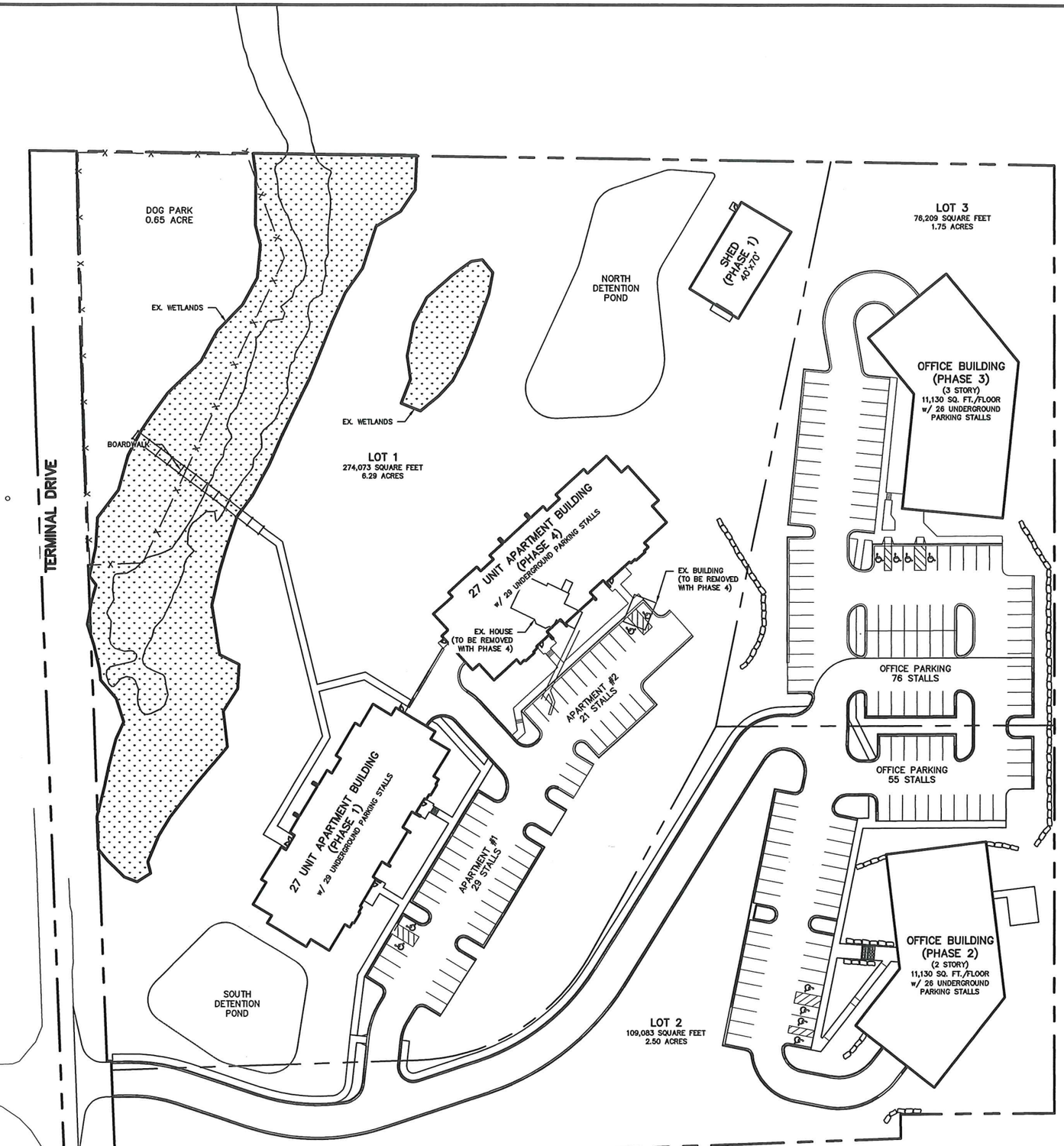
Casey C McClyman
VP – Commercial Banker
cmcclyman@sbcp.bank
608-416-4834



Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, © OpenStreetMap contributors, and the GIS User Community, Parcels

NA, Parcels

QUAM ENGINEERING, LLC 4604 Siggelkow Road, Suite A – McFarland, WI 53558 (608) 838-7750 \RQ-05-17\RQ05BASE.DWG



TO OBTAIN LOCATION OF PARTICIPANTS' UNDERGROUND FACILITIES BEFORE YOU DIG IN WISCONSIN

CALL DIGGERS HOTLINE
1-800-242-8511
TOLL FREE

TDD(FOR THE HEARING IMPAIRED)(800)542-2289

WIS. STATUTE 182.0175 (1974)
REQUIRES MIN. OF 3 WORK DAYS
NOTICE BEFORE YOU EXCAVATE

N

0 40 80

OFFICES AND APARTMENTS
OVERALL DEVELOPMENT PLAN
EXHIBIT #2
DATED: DECEMBER 17, 2018

QUAM ENGINEERING, LLC
Residential and Commercial Site Design Consultants
www.quamengineering.com
4604 Siggelkow Road, Suite A – McFarland, Wisconsin 53558
Phone (608) 838-7750; Fax (608) 838-7752

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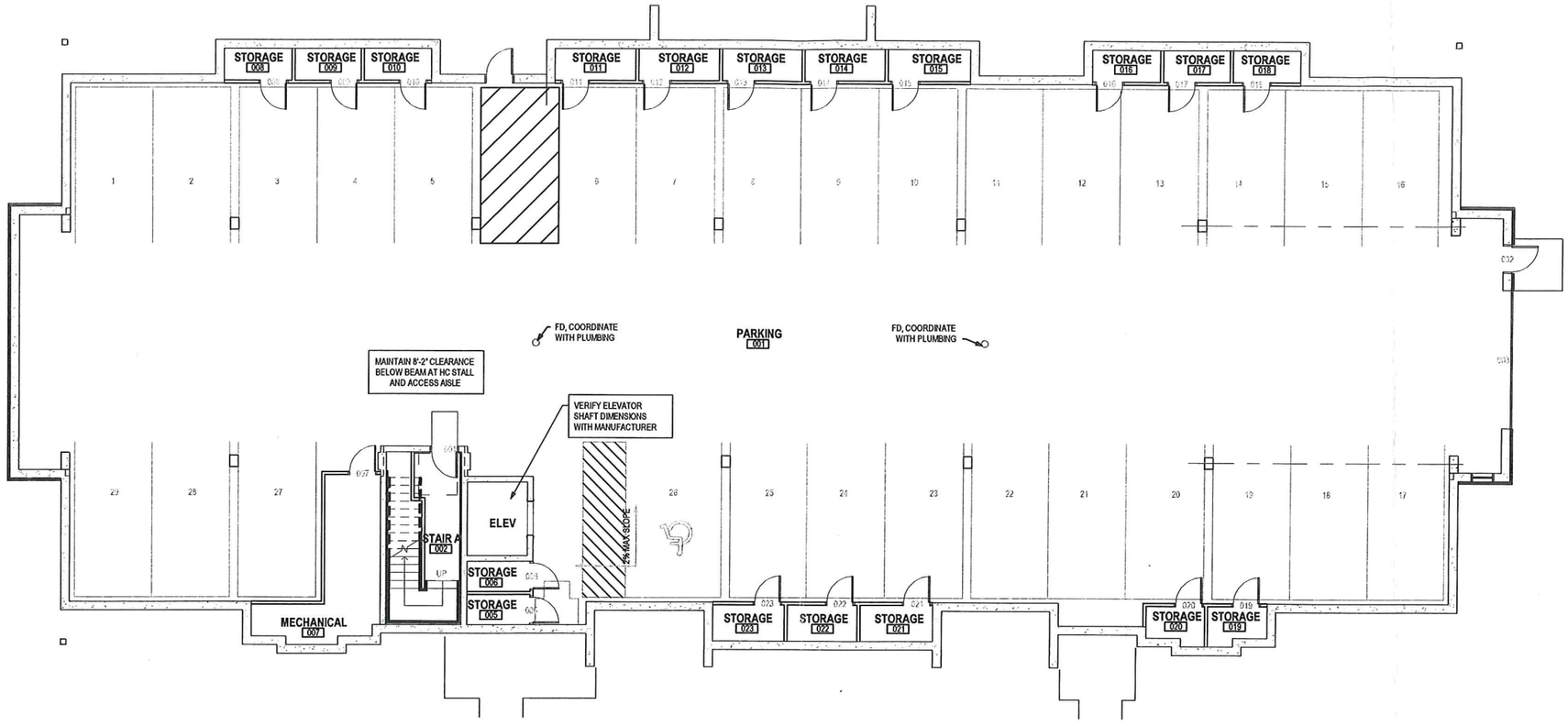
QUAM ENGINEERING, LLC 4604 Siggelkow Road, Suite A – McFarland, WI 53558 (608) 838-7750 \RQ-05-17\RQ05BASE.DWG

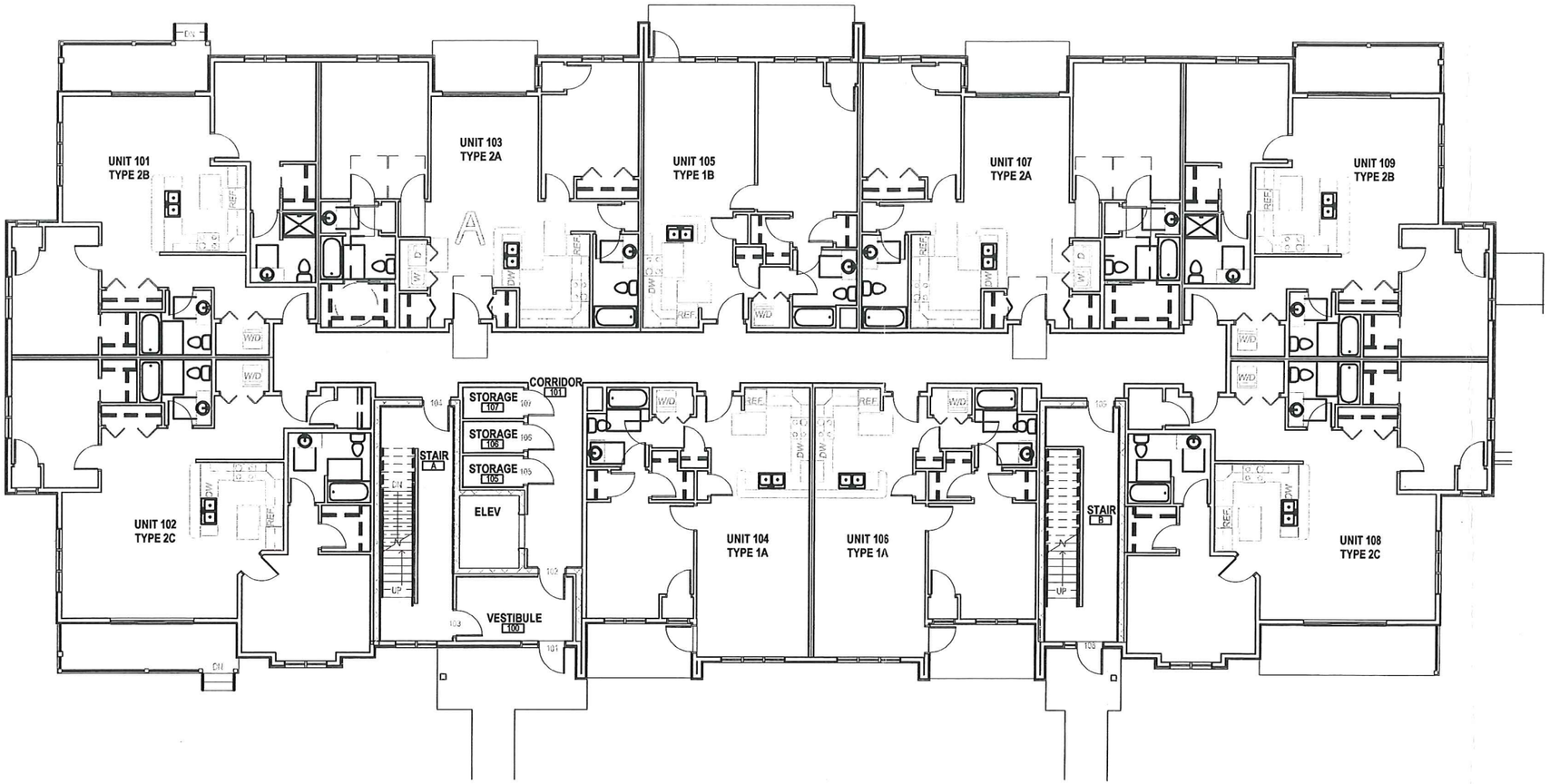
QUAM ENGINEERING, LLC 4604 Siggelkow Road, Suite A – McFarland, WI 53558 (608) 838-7750 \RQ-05-17\RQ005BASE.DWG



SCALES:
1/8" = 1'-0" (22" x 34" PLOT)
1/16" = 1'-0" (11" X 17" PLOT)

PHASE 1 APARTMENTS BUILDING
PRELIMINARY GARAGE FLOOR PLAN
EXHIBIT #4
DATED: DECEMBER 7, 2018

QUAM ENGINEERING, LLC
Residential and Commercial Site Design Consultants
www.quamengineering.com
4604 Siggelkow Road, Suite A – McFarland, Wisconsin 53558
Phone (608) 838-7750; Fax (608) 838-7752



SCALES:
1/8" = 1'-0" (22" x 34" PLOT)
1/16" = 1'-0" (11" X 17" PLOT)

PHASE 1 APARTMENTS BUILDING
PRELIMINARY FLOOR PLAN
EXHIBIT #3
DATED: DECEMBER 19, 2018

QUAM ENGINEERING, LLC
Residential and Commercial Site Design Consultants
www.quamengineering.com
4604 Siggelkow Road, Suite A – McFarland, Wisconsin 53558
Phone (608) 838-7750; Fax (608) 838-7752

QUAM ENGINEERING, LLC 4604 Siggelkow Road, Suite A – McFarland, WI 53558 (608) 838-7750 \RQ-05-17\RQ05BASE.DWG

1 View to SE
1/8" = 1'-0"

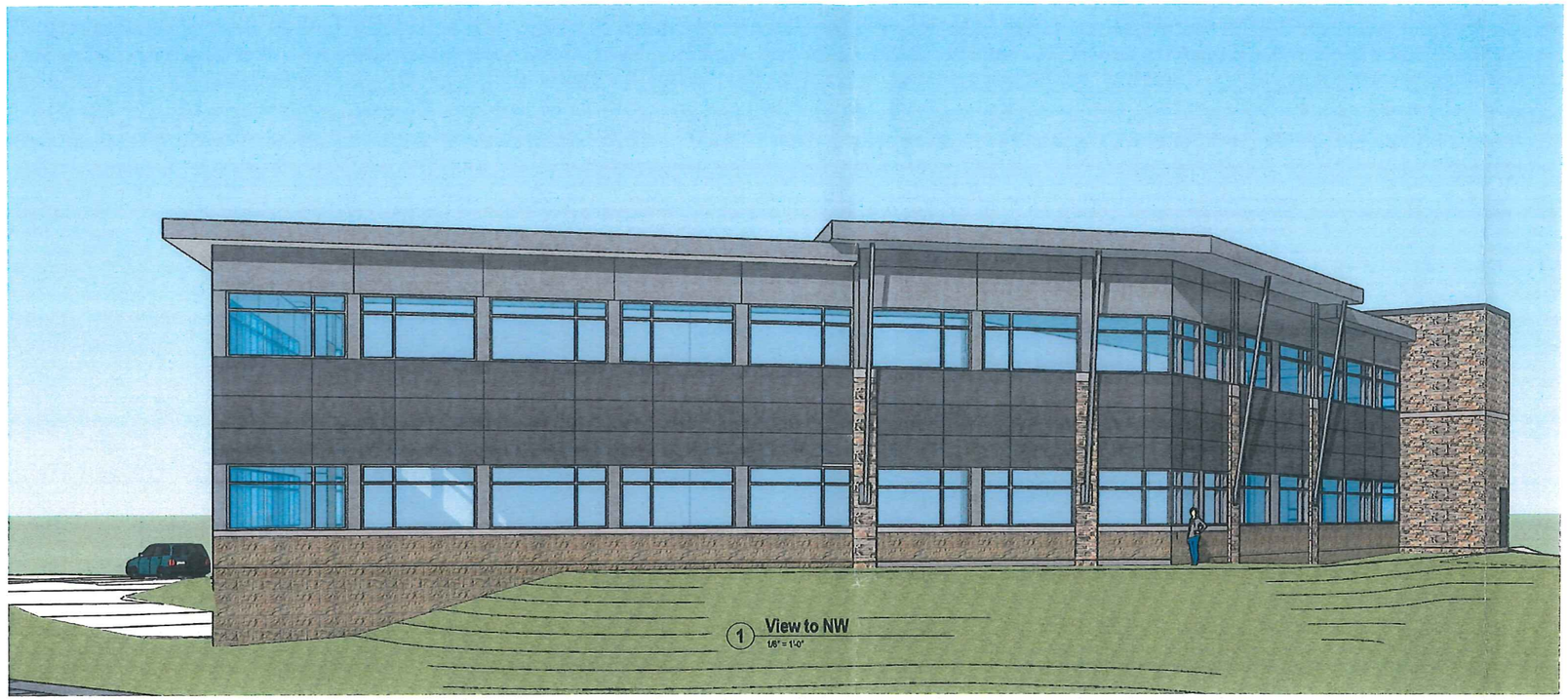
DIMENSION IV
Madison Design Group
architecture interior design planning
6515 Grand Teton Plaza, Suite 120, Madison, Wisconsin 53719
p608.829.4444 f608.829.4445 dimensionivmadison.com

EXHIBIT #5

QUAM ENGINEERING NEW OFFICE

MC FARLAND, WI

View to SE
20 DECEMBER 2018
18137



1 View to NW
1/8" = 1'-0"

2 View to sW
1/8" = 1'-0"

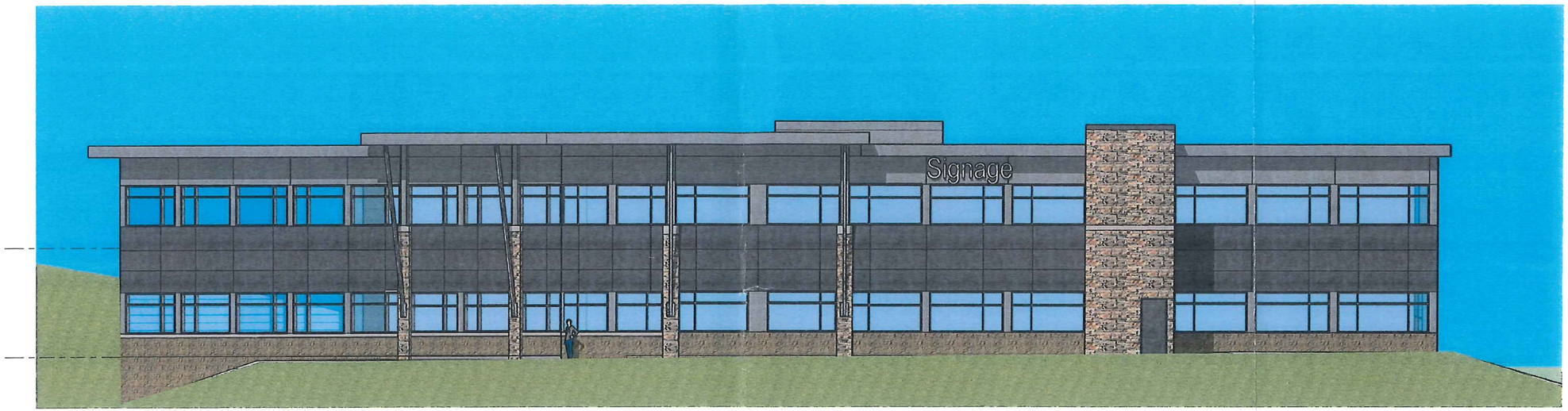
DIMENSION IV
Madison Design Group
architecture · interior design · planning
6515 Grand Teton Plaza, Suite 120, Madison, Wisconsin 53719
p608.829.4444 f608.829.4445 dimensionivmadison.com

EXHIBIT #6

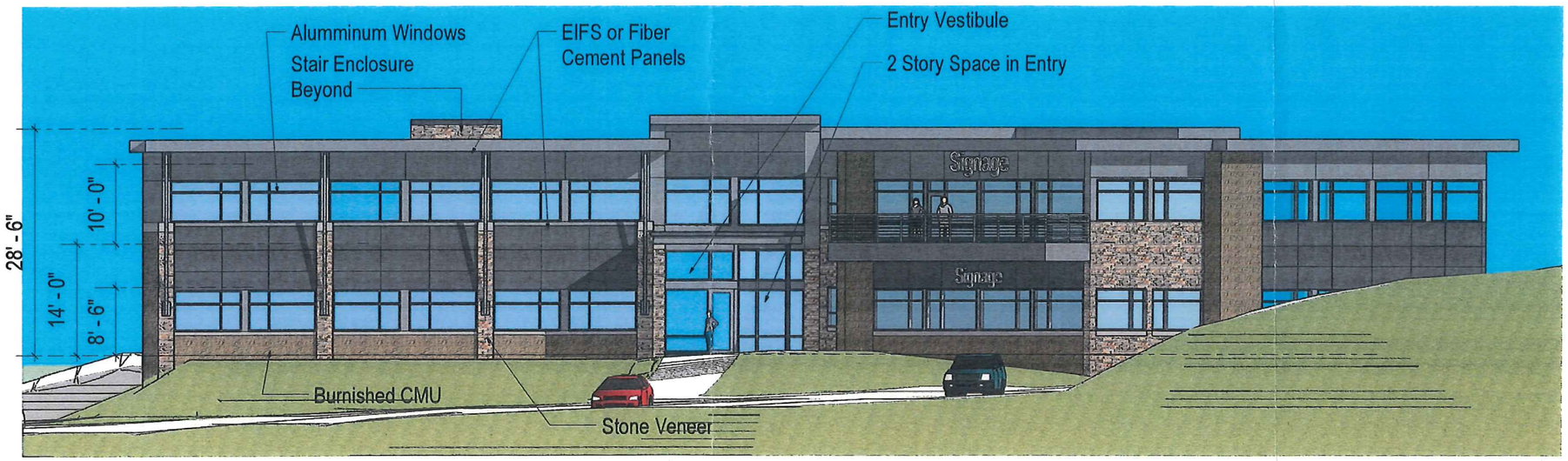
QUAM ENGINEERING NEW OFFICE

MC FARLAND, WI

View to NW & SW
20 DECEMBER 2018
18137



1 **East Elevation**
1/8" = 1'-0"



2 **West Elevation 1**
1/8" = 1'-0"

0' 2' 4' 8'

QUAM ENGINEERING NEW OFFICE

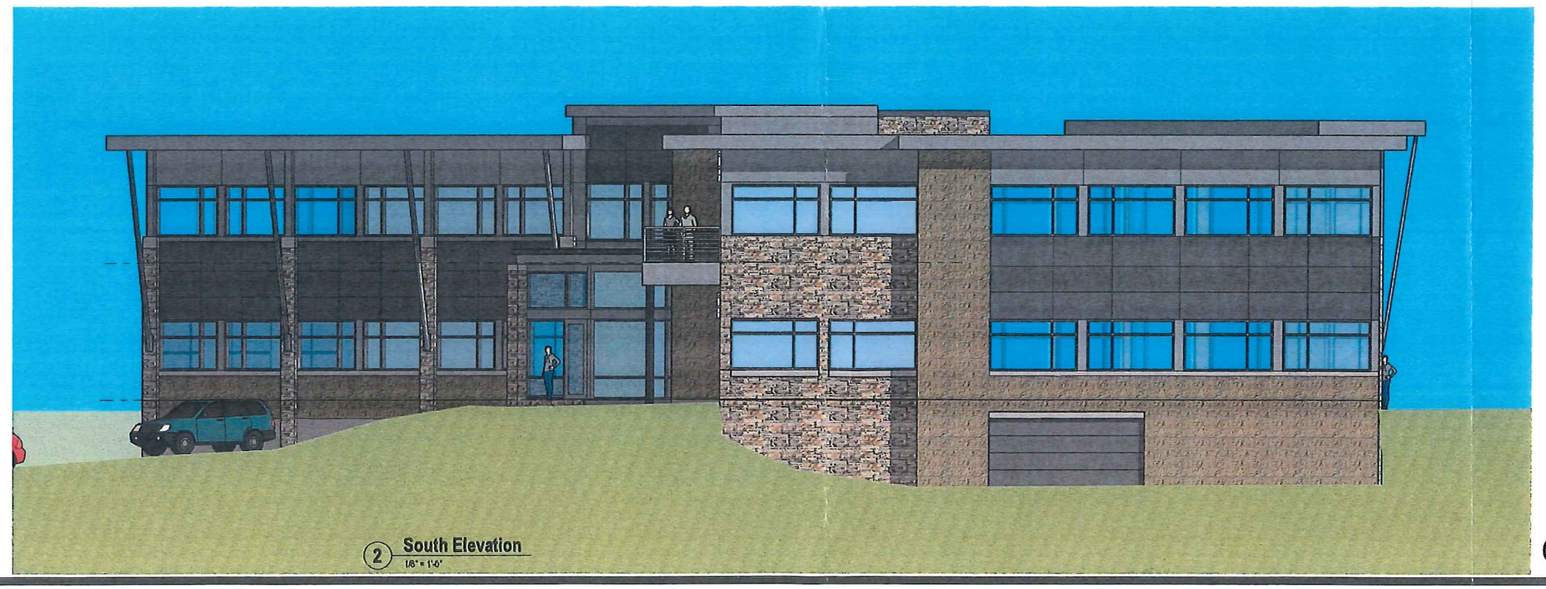
MC FARLAND, WI

Elevations
20 DECEMBER 2018
18137

DIMENSION IV
Madison Design Group
architecture interior design · planning
6515 Grand Teton Plaza, Suite 120, Madison, Wisconsin 53719
p608.829.4444 f608.829.4445 dimensionivmadison.com

EXHIBIT #7

1 North Elevation
1/8" = 1'-0"



2 South Elevation
1/8" = 1'-0"

0' 2' 4' 8'

DIMENSION IV
Madison Design Group
architecture interior design · planning
6515 Grand Teton Plaza, Suite 120, Madison, Wisconsin 53719
p608.829.4444 f608.829.4445 dimensionivmadison.com

QUAM ENGINEERING NEW OFFICE

MC FARLAND, WI

ELEVATIONS 2
20 DECEMBER 2018
18137

EXHIBIT #8

MSA Memo

To: Matt Schuenke, McFarland Village Administrator
Pauline Boness, McFarland Community Development Director

From: Andrew Bremer, AICP, Senior Planner

Subject: Ezra Development LLC – Analysis of TIF Development Incentives Request

Date: January 31, 2019

The Village requested MSA provide a review of two TIF Development Incentive Applications it received for redevelopment of 4703 Terminal Drive (parcels: 0710-342-8200-4, 0710-342-8220-0, 0710-342-7002-1) in TID #3. Specifically the Village has requested a review of the application for compliance with the Village adopted TIF Development Incentives Policy Manual and a proforma analysis of the project and its impact on TID #3. The two applications are from Ezra Properties, LLC. Highlights of the applications are summarized below. The development site is 10.3 acres in size with an assessed value of $251,800.

1. Phase 1 Development:
   - Type of Development: 27-Unit Multi-Family Apartment, dog park, and 2,800 sqft storage building
   - Date of Completion: June 1, 2020
   - Estimated Post Improvement Property Assessment Value: $4,850,000
   - Total Construction Costs: $5,550,000
   - TIF Request: $675,000
   - TIF Request Percent of Project Costs: 12%
   - Requested Form of Payment: Tax Increment Loan at Occupancy

2. Phase 2 Development:
   - Type of Development: 2-Story, 22,260 sqft Office Building w/ underground parking
   - Date of Completion: October 1, 2020
   - Estimated Post Improvement Property Assessment Value: $3,490,000 (excluding Phase 1)
   - Total Construction Costs: $3,800,000
   - TIF Request: $425,000
   - TIF Request Percent of Project Costs: 11%
   - Requested Form of Payment: Tax Increment Loan at Occupancy

The applicant is also considering a future Phase 3 and 4 development consisting of a 3-story, 33,390 sqft office building and a second 27-unit apartment building respectively; however, at this time no funding is being requested for these phases. The timing of these phases is to be determined. Phase 1 construction costs also includes mass grading of the site, installation of detention ponds, shared drives, and utilities required for all development phases. Refer to each application for additional details.

Section 1. Consistency with the Village's Adopted TIF Development Incentives Policy Manual

In 2017 the Village Board adopted a Policy Manual and Application to guide the submittal, review, and approval of future requests for development incentives in Village TIF districts. Section 6 of the policy manual includes 15 Evaluation Criteria. The criteria are summarized below including MSA's opinion regarding whether the criteria have been meet. Where in MSA's opinion a criterion has not been met, or can't be determined at this time, comments are provided.

- ✓ Location Criteria: The proposed project must be within the boundaries of a Village TIF district at the time of approval of a development agreement.

  Comment: The development site is within the boundaries of TID #3, adopted August 9, 2004. The TID terminates on or before August 9, 2027.

- ✓ Ownership Criteria: The applicant must be the owner of the property or have a written agreed option to purchase the property from the current owner at the time of approval of a development agreement. Proof of property ownership will be required prior to receiving financial assistance from the Village.

  Comment: Applicant is not the current property owner but has an agreed option to purchase the property for $755,000, with a closing date of July 15, 2019. The terms of this criterion would be required as part of a development agreement for this project.

- ☐ "But For" Criteria: The applicant must demonstrate to the Village's satisfaction that "but for" the TIF assistance, the project is not feasible on the proposed site, or would occur to a lesser extent, and that the public benefits described in Section 3 General Objectives would not be achieved.

  Comment: Refer to page 6 of the applications for the justification for TIF assistance. Essentially, the applicant has indicated that public financing is required to overcome blight and unique site costs and to meet bank loan financing requirements. MSA concurs that the topography and existing conditions of the development site present additional challenges and constructions costs above and beyond a typical development site. In addition, the development (Phases 1-4) would meet the General Objectives of the TIF Policy Manual by eliminating blight, strengthening the employment and economic base of the Village, and increasing property values and tax revenues. As is the case in many projects, a final determination of this criterion needs to consider the amount of incentives in relation to public benefits, including the payback criterion described within the remainder of this memo.

- ☐ Financial Capability Criteria: Each TIF application must include evidence that the applicant possesses the financial ability to complete and operate the project and will be liable for, or contribute equity of at least 15% of the total cost of the project. Proof of equity and private commercial lending commitment will be required prior to receiving financial assistance from the Village.

  Comment. The applicant as indicated equity contributions for Phase 1 of $832,500 (15% of total project costs) and for Phase 2 of $570,000 (15% of total project costs). In addition, the applicant has submitted a letter from the State Bank of Cross Plains indicating they are in discussions with the applicant about the private lending needs for the project. However at this time a formal commercial lending commitment has not been provided to verify private lending and equity contributions. These items should be provided prior to approval of a development agreement to satisfy this criterion.

✓ Maximum Assistance Criteria[1]: The total amount of TIF assistance in support of a project may not exceed 30% of the estimated total project costs. The Village at its discretion may include in the total percentage of project costs other costs incurred by the Village in support of bringing the subject property to shovel ready status (e.g. prior land acquisition costs, environmental remediation costs, public works costs, etc.).

× Payback Period 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 Village (including applicable interest expenses) in support of the project according to the following terms:

- ☐ For Pay-As-You-Go (Developer Financed) Agreements. Payments to the Developer shall commence with the first year in which the Village receives tax increment from the completed project and continue no longer then the year in which the TID Expenditure Period ends for the TID the subject property lies within, or until the maximum amount of assistance is reached, whichever comes first. In addition, the annual amount of tax increment applied toward retirement of the developer loan shall not exceed 90% of the actual annual amount of tax increment collected from the project.
- ☐ For Traditional Loan agreements. Within 12 years starting with the year the loan is obtained and no longer then the year in which the TID Expenditure Period ends for the TID the subject property lies within. Interest shall be charged based on current general obligation loan interest rates from the Wisconsin Board of Commissioners of Public Lands, for the applicable loan term, at the time of Village disbursement of funds, plus 0.15%.
- × **For Tax Increment Loan at Occupancy agreements. Within 12 years starting with the year the loan is obtained and no longer then the year in which the TID Expenditure Period ends for the TID the subject property lies within**.
- ☐ For Tax Increment Loan at Project Start agreements. Within 7 years starting with the year the loan is obtained and no longer then the year in which the TID Expenditure Period ends for the TID the subject property lies within.

Comment. Section 2 of this memo contains a proforma analysis for Phases 1 and 2. Due to the limited remaining years to collect tax increment this criterion could not be meet given the stated assumptions. Under this policy the Village would only be able to provide one year of tax increment as 2022 is the first year the project would create tax increment and is also the year in which the District's expenditure period ends. Refer to the comments below each table for additional details.

✓ Financial/Project Assurances Criteria: The applicant must agree to provide financial and project completion guarantees to the Village. These may include, but are not limited to, assessment guarantees, letters of credit, personal or corporate guarantees, minimum payment agreements, lien waivers for contractors, consent of mortgagee or other loan security instrument.

Comment. The applicant has previously provided an assessment guarantee as part of the TIF agreement for Waubesa Village and understands a similar form of financial/project assurances would be required as part of a development agreement for this project.

✓ Technical & Operational Capability Criteria: The applicant must provide evidence satisfactory to the Village that the applicant possesses the technical ability to complete the project or has obtained construction cost estimates from professional businesses capable of performing the work. Applicants must demonstrate that they have the ability to operate the proposed use. The Village may require applicants to submit copies of contracts with design professionals and construction contractor prior to receiving financial assistance from the Village.

Comment. The applicant is the owner of Quam Engineering LLC, a residential and commercial site design consulting company, which has most recently completed a mixed-use redevelopment project called Waubesa Village on Siggelkow Road.

✓ Insurance Criteria: Applicants shall furnish to the Village certificates of insurance for all insurance policies required under the development agreement prior to receiving financial assistance from the Village.

Comment. This criterion would be incorporated and agreed to in any eventual development agreement.

✗ Adherence to Local Land Use Plans Criteria: The project is consistent with the Village of McFarland Comprehensive Land Use Plan, Village Building or Zoning Ordinances, or any other applicable plans and ordinances adopted by the Village which includes the subject property.

Comment. The development site is currently zoned C-H Highway Commercial. Multi-family uses are not a permitted or conditional use in the C-H district. The applicant has indicated a request to rezone the property to PUD to allow for the mix of residential and office uses. This request would likely trigger a need to amend the Village's Comprehensive Plan as the Future Land Use Map identifies the development site as Industrial. In addition, the Terminal Triangle District Plan adopted for TID #3 in 2005 identifies the development site as part of a planned Industrial Center. Neither the Comprehensive Plan nor Terminal Triangle District Plan call for residential development on the development site. With the proper approvals these planning and zoning inconsistencies could be overcome prior to approval of a development agreement.

✓ Adherence to TIF Project Plan Criteria: All requests for TIF assistance must clearly comply with the requirements of the Wisconsin TIF Statutes and the Village's adopted TID Project Plan applicable to the subject property.

Comment. Development Incentives as an approved expenditures within the TID #3 Project Plan, so long as said expenditures are made prior to August 9, 2022, the expenditure period for the District.

✓ Creation of Tax Increment Criteria: The project will not result in a tax exempt property, aside from any remnant portions of a parcel which are specifically dedicated to the Village for public use. Applicants will be required to return any TIF assistance provided to the Village if during the terms of the development agreement the property becomes exempt from property taxes.

✓ Applicant in Good Standing Criteria: The applicant does not have a history of delinquent property tax payments or own any property within the Village with known zoning or building code violations.

✓ Absence of Conflict of Interest Criteria: The applicant is not a member of the Village Board or a Village Committee, or any other official, employee, or agent of the Village who is authorized to exercise policy decision-making functions or responsibilities in connection with the application.

✓ Application Criteria: A completed application, fee, and escrow have been filed with the Village Community Development Director.

Section 2. TIF Proforma Analysis

Village of McFarland	TID #3	Ezra Properties LLC - Phase 1 Development													
A	B	C	D	E	F	G	H	I	J	K	L	N	O	P	
IMPROV. DURING YEAR	BEGINNING OF YEAR VALUE	EST. GROWTH IN VALUE FROM NEW DEVELOP. [1]	CUMULATIVE VALUE	INFLATION INCREMENT [2]	END OF YEAR VALUE	TAX INCREMENT VALUE	TAX VALUE YEAR	TAX RATE [3] $1,000	TAX INCREMENT COLLECTED	COLLECTION YEAR	VILLAGE LOAN PAYMENTS [4]	ANNUAL CASH FLOW TO THE VILLAGE	CUMULATIVE TID FUND BALANCE	PAYMENT YEAR	
2018	$251,800	$0	$251,800	$0	$251,800	$0	2019	$20.59	$0	2020	$0	$0	$0	2020	
2019	$251,800	$0	$251,800	$0	$251,800	$0	2020	$20.59	$0	2021	$113,536	($113,536)	($113,536)	2021	
2020	$251,800	$4,648,200	$4,900,000	$0	$4,900,000	$4,648,200	2021	$20.59	$95,706	2022	$113,536	($17,830)	($131,365)	2022	
2021	$4,900,000	$0	$4,900,000	$0	$4,900,000	$4,648,200	2022	$20.59	$95,706	2023	$113,536	($17,830)	($149,195)	2023	
2022	$4,900,000	$0	$4,900,000	$0	$4,900,000	$4,648,200	2023	$20.59	$95,706	2024	$113,536	($17,830)	($167,025)	2024	
2023	$4,900,000	$0	$4,900,000	$0	$4,900,000	$4,648,200	2024	$20.59	$95,706	2025	$113,536	($17,830)	($184,855)	2025	
2024	$4,900,000	$0	$4,900,000	$0	$4,900,000	$4,648,200	2025	$20.59	$95,706	2026	$113,536	($17,830)	($202,685)	2026	
2025	$4,900,000	$0	$4,900,000	$0	$4,900,000	$4,648,200	2026	$20.59	$95,706	2027	$113,536	($17,830)	($220,515)	2027	
2026	$4,900,000	$0	$4,900,000	$0	$4,900,000	$4,648,200	2027	$20.59	$95,706	2028	$0	$95,706	($124,809)	2028	
2027	$4,900,000	$0	$4,900,000	$0	$4,900,000	$4,648,200	2028	$20.59	x	2029	x	x	x	2029	
	Totals	$4,648,200		$0					$669,940		$794,749				

ASSUMPTIONS

1. $4,900,000 (Phase 1) property assessment value (based on TIF application) minus base value of properties
2. No inflation or deflation of assessment values over the life of the TID
3. No change in the tax rate over the life of the TID
4. Debt service on TIF request $675,000 (Phase 1) assumed at 4.75% fixed over seven years

TID DATES

Creation Date: 08-09-2004
Expenditure Period: 08-09-2022
Termination Date: 08-09-2027

The proforma analysis above demonstrates that the amount of financing as requested ($675,000) is in excess of the Village's total costs in support of the project ($794,749) and would therefore have a negative impact of the TID's fund balance of $124,809. This analysis assumes the Village finances the requested $675,000 at 4.75% interest over seven years with loan repayments occurring in years 2021-2027. Given all other stated assumptions, the amount of TIF funds requested would need to be reduced to $560,000 or less in order or the project to break even. In addition, MSA notes that the Phase 1 post construction assessment value estimate provided by the applicant of $4,900,000, or 88% of the total project costs, may be overstated. Section E of the TIF Application includes a breakdown of the total project costs by major expenditures. While the total project cost is $5,550,000, this includes soft costs and other expenditures that likely won't translated into assessment value added. A general planning assumption is to assume a post-construction assessment value of 70-80% of total project costs, or $3,885,000 to $4,440,000 in this case. Itemized project expenditures provided by the applicant that do have a more direct impact on property assessment include acquisition costs ($755,000), building construction costs ($3,580,000) and site improvements ($700,000). Together these items total $4,405,000. A more accurate projection of the post construction assessment value could be verified through an appraisal or review by the Village Assessor. Per prior practice of the Village, any difference between the guaranteed property assessment/tax increment and the actual property assessment/tax increment levied would be required to be paid by the developer under the terms of the development agreement.

The numbers presented in these tables are estimates subject to change based upon the actual development performance and actual lending terms. Nothing contained herein shall be construed as a guarantee of future tax increment collection or a recommendation by MSA regarding the method or source of financing the Village should utilize for this project.

Village of McFarland	TID #3	Ezra Properties - Phase 1 & 2 Development												
A	B	C	D	E	F	G	H	I	J	K	L	N	O	P
IMPROV. DURING YEAR	BEGINNING OF YEAR VALUE	EST. GROWTH IN VALUE FROM NEW DEVELOP. [1]	CUMULATIVE VALUE	INFLATION INCREMENT [2]	END OF YEAR VALUE	TAX INCREMENT VALUE	TAX VALUE YEAR	TAX RATE [3] $1,000	TAX INCREMENT COLLECTED	COLLECTION YEAR	VILLAGE TIF PAYMENTS [4]	ANNUAL CASH FLOW TO THE VILLAGE	CUMULATIVE TID FUND BALANCE	PAYMENT YEAR
2018	$251,800	$0	$251,800	$0	$251,800	$0	2019	$20.59	$0	2020	$0	$0	$0	2020
2019	$251,800	$0	$251,800	$0	$251,800	$0	2020	$20.59	$0	2021	$185,021	($185,021)	($185,021)	2021
2020	$251,800	$8,148,200	$8,400,000	$0	$8,400,000	$8,148,200	2021	$20.59	$167,770	2022	$185,021	($17,251)	($202,272)	2022
2021	$8,400,000	$0	$8,400,000	$0	$8,400,000	$8,148,200	2022	$20.59	$167,770	2023	$185,021	($17,251)	($219,522)	2023
2022	$8,400,000	$0	$8,400,000	$0	$8,400,000	$8,148,200	2023	$20.59	$167,770	2024	$185,021	($17,251)	($236,773)	2024
2023	$8,400,000	$0	$8,400,000	$0	$8,400,000	$8,148,200	2024	$20.59	$167,770	2025	$185,021	($17,251)	($254,024)	2025
2024	$8,400,000	$0	$8,400,000	$0	$8,400,000	$8,148,200	2025	$20.59	$167,770	2026	$185,021	($17,251)	($271,275)	2026
2025	$8,400,000	$0	$8,400,000	$0	$8,400,000	$8,148,200	2026	$20.59	$167,770	2027	$185,021	($17,251)	($288,525)	2027
2026	$8,400,000	$0	$8,400,000	$0	$8,400,000	$8,148,200	2027	$20.59	$167,770	2028	$0	$167,770	($120,755)	2028
2027	$8,400,000	$0	$8,400,000	$0	$8,400,000	$8,148,200	2028	$20.59	x	2029	x	x	x	2029
	Totals	**$8,148,200**		**$0**					**$1,174,391**		**$1,295,146**			

ASSUMPTIONS

1. $4,900,000 (Phase 1) + $3,500,000 (Phase 2) property assessment value (based on TIF application) minus base value of properties
2. No inflation or deflation of assessment values over the life of the TID
3. No change in the tax rate over the life of the TID
4. Debt service on TIF request $675,000 (Phase 1) + $425,000 (Phase 2) assumed at 4.75% fixed over seven years

TID DATES

Creation Date: 08-09-2004
Expenditure Period: 08-09-2022
Termination Date: 08-09-2027

The proforma analysis above demonstrates that the amount of financing as requested ($675,000 + $425,000) is in excess of the Village's total costs in support of the project ($1,295,146) and would therefore have a negative impact of the TID's fund balance of $120,755. This analysis assumes the Village finances the requested $1,100,000 ($675,000 + $425,000) at 4.75% interest over seven years with loan repayments occurring in years 2021-2027. Given all other stated assumptions, the amount of TIF funds requested would need to be reduced to $980,000 or less in order or the project to break even. In addition, MSA notes that the Phase 1 & 2 combined post construction assessment value estimate provided by the applicant of $8,400,000, or 90% of the combined total project costs, may be overstated. Section E of the TIF Applications include a breakdown of the total project costs by major expenditures. While the combined Phase 1 and 2 total project cost is $9,350,000, this includes soft costs and other expenditures that likely won't translated into assessment value added. A general planning assumption is to assume a post-construction assessment value of 70-80% of total project costs, or $6,545,000 to $7,480,000 in this case. Itemized project expenditures provided by the applicant that do have a more direct impact on property assessment include acquisition costs ($755,000), building construction costs ($3,580,000 + 2,500,000) and site improvements ($700,000 + $342,000). Together these items total $7,877,000. A more accurate projection of the post construction assessment value could be verified through an appraisal or review by the Village Assessor. Per prior practice of the Village, any difference between the guaranteed property assessment/tax increment and the actual property assessment/tax increment levied would be required to be paid by the developer under the terms of the development agreement.

The numbers presented in this table are estimates subject to change based upon the actual development performance and actual lending terms. Nothing contained herein shall be construed as a guarantee of future tax increment collection or a recommendation by MSA regarding the method or source of financing the Village should utilize for this project.

Section 3. Conclusion

The existing property is underutilized and redevelopment of the property would benefit the community in multiple ways. The property has changed very little since TID #3 was created in 2004. The assessment value of the property in 2004 was $202,883, compared to $249,976 in 2018.

Setting aside the zoning and preferred land use issues previously discussed, the remaining major issue with the TIF request is the total amount of funds requested in light of the remaining number of years to collect tax increment. The final year to collect tax increment for TID #3 is 2028 meaning the TID will only have seven years to collect tax increment from the project assuming completion of Phase 1 and 2 in year 2020. Assuming the applicant's estimated post-construction assessment values are correct, the project should generate enough tax increment to pay for the principal costs of the Village's loan to the applicant ($1.1M) but would be insufficient to recoup all interest expenses before the TID closes. If the Village is agreeable to the overall project the following are a few options for addressing the negative cash flow.

1. **Use projected surplus TID #3 revenues**. According to the 2017 Compiled Financial Statements for TID #3, the District received approximately $800,000 in tax increment in 2017 and ended that year with a fund balance of $1,455,485. The District has $1,683,487 in remaining debt obligations (principal and interest payments for years 2018-2023). In addition, the District is incurring approximately $52,000 per year in administrative expenses. Therefore, the District's total remaining costs are approximately $2.2M for years 2018-2027. If the District continues to collect $800,000 per year in tax increment an additional $8,800,000 in revenue will be collected (2018-2028), which will be more than sufficient to retire the existing debt obligations and future administrative costs, while providing additional revenue to allocate to TID #4 at the Village Board's discretion. The projected revenues for the District should be sufficient to offset the projected cash flow deficits from the applicant's requested funding assistance. However, in MSA's opinion this alternative is probably bad precedent to set as requests for development incentives should demonstrate their ability to cash flow within whatever remaining years are left in a TID and applicants should not benefit from surplus tax increment revenues as these revenues should be used for additional public infrastructure improvements or eventually returned to all taxing entities.

2. **Lower the amount of TIF assistance.** As previously noted, the amount of TIF funds requested would need to be reduced from $1.1M to $980,000 or less in order for the project to break even prior to closure of the TID.

3. **Provide incentives via a Pay-As-You-Go Agreement.** If acceptable to both parties, the Village could provide incentives through a pay-as-you-go agreement in which the Village would return 90% of the actual tax increment created by the project to the applicant annually starting in year 2022 and continuing until 2027. The final payment in 2027 could include 90% of the projected tax increment to be collected in year 2028. Based on the proforma assumptions the applicant would receive $1,056,952 in tax increment to offset project expenditures. If the Village opted to provide a larger return of the tax increment the projected maximum amount of assistance for Phase 1 and 2 is $1,174,391, or 100% of projected tax increment collection.

4. **Request a 3-year extension to TID #3.** Since the District was created between 9-30-95 and 10-1-04 it is not eligible for the standard 3-year extension afforded newer TIDs as it is already allowed to collected tax increment for 23 years vs new industrial TIDs that are 20 years. Also, once it became a donor to TID #4 it is no longer eligible for the standard extension per 66.1105(6)(f)4. However, the Village may request the Joint Review Board extend the life of the District by 3 years if during the TIDs existence the annual and

total amount of tax increment to be generated over the life of the TID are adversely impacted by 2013 Wisconsin Act 145. This Act included providing technical college property tax relief aid that may have lowered the tax increment collected by the District. The JRB must approve the extension if an independent audit demonstrates the District is unable to pay off its project costs. If no independent audit is provided the JRB has discretion to approve or deny the extension request. While 2013 Wisconsin Act 145 probably had some impact on the amount of tax increment collected by the District it was not substantial enough to cause the District to be unable to pay off its project costs prior to termination given the data provided in the 2017 Financial Statements for the District. Therefore, this extension would be at the discretion of the JRB and highly unlikely as the projected fund balance of the District should be able to cover the cash flow deficit of this project. In MSA's opinion this option is not worth pursuing.

5. **Create a new overlay TID #6.** The Village could create a new overlay TIF District (TID #6). Under state statute communities can create a new TID on top of an existing TID. All tax increment from development created after the new TID is approved is funneled to the new TID. Creating a new TID #6 would allow the Village 20-years to collect tax increment instead of seven. MSA projects that the project (Phase 1 and 2) could cash flow within a 10-year period at the requested funding request.

   An additional alternative is to consider creating a new overlay TID #6 for portions of the development site that are intended for Phases 2-4. The applicant's concept plan shows a reconfiguration of the existing properties into three new lots. The Village could do an overlay TID for the two proposed office lots and negotiate separate agreements under the new TID for those phases. The Village could provide funding assistance for Phase 1 through TID #3; however, still at a reduced amount ($560,000 or less) in order for the project to cash flow before TID #3 closes. Under this option the CSM would need to be approved prior to the creation of the new TID.

   The creation of any new overlay TID will require the standard adoption process, including a public hearing, Plan Commission recommendation, Village Board approval, and approval by the Joint Review Board. This process would likely take 3-4 months to complete.

COMMUNITY DEVELOPMENT AUTHORITY SUMMARY SHEET

MEETING DATE: **Wednesday, February 6, 2019**

SECTION: **Business**

DEPARTMENT: **Community Development**

CONTACT: **Matt Schuenke, Village Administrator, Pauline Boness, Director**

AGENDA ITEM: **Discussion and action to provide direction regarding revisions to the proposals submitted for the Farwell Street Property Redevelopment project located at and around 4719 Farwell Street.**

PREVIOUS ACTION:
No action has been taken thus far to provide the Developer with direction regarding possible revisions to their submitted proposals. At its meeting on January 2nd, this item was introduced and deferred to the meeting in February.

ISSUE SUMMARY:
At its last meeting the CDA further considered the two proposals submitted in order to redevelop the property at 4719 Farwell Street within TID #5. Since that meeting an Open House was held on January 23rd for the Lakestone Proposal to solicit public feedback on the project. The Open House for the Horizon Proposal had to be rescheduled to February 4th. All public input received will be forwarded to the CDA on February 5th following this last Open House as part of consideration for the project in the meeting on February 6th.

Our objective with the next meeting is to review the comments received and develop criteria to provide to the Developers regarding revisions that are desired within each of their proposals. As submitted, the proposals are *THEIR* vision for how they would develop the property in question. Now its our turn to react and provide specific direction to each in order to develop **OUR** vision for the property. Enclosed is a worksheet prepared by Staff listing certain areas of the development in which concerns had previously been expressed by both the public and CDA. It is our intent to complete this worksheet in order to attach direction to each item for the Developer to address as part of their proposal. To assist in this effort and aid in our discussion, Staff has developed criteria for each point as part of its recommendation.

Once we have completed this worksheet and finalized the direction to be provided back to the Developers, we will also want to outline the materials we need to review these revisions and set a timeline for their return:

- **Materials** - Each Developer will be required to submit the following in a revised form to address the direction provided by the CDA (as originally requested in the RFP):
  - Section 4 - Finance: They will provide an update regarding the source and use of all funds for the project.
  - Section 6 - Development Schedule: An updated timeline will be prepared based on the new parameters.

- Section 7 - Concept Design: New conceptual designs will be submitted including site plan & layout, schematic elevations for all four sides, floor plans with identification of usage, phasing, and pre-identification of major building materials.
- Section 8 - Preliminary Proforma: Developers will revise assumptions and financial projects in order to present an updated proforma.

- **Timeline**

- *February 25th* - Deadline for the Developer to submit revised Materials to Village Staff.
- *March 1st* - Village Staff to complete review of revised materials and submit to CDA for consideration.
- *March 6th* - CDA to review revised submittals and consider recommendation to the Village Board.
- *March 11th* - Village Board to consider recommendation from CDA.

Our first step in the next meeting is to agree on the direction to be provided back to the Developers. Then we can confirm what we need to see revised from the original submittal, and finally set the schedule for the next month.

FINANCIAL/BUDGET IMPACT:
None.

VILLAGE PLAN REFERENCE:
TID #5 Project Plan
TID #5 Design Guidelines
Farwell Street Property Redevelopment Request for Proposals

ORDINANCE REFERENCE:
None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:
Recommended the CDA take action to provide direction to the Developers regarding desired revisions to their project submittals.

ATTACHMENTS:
1. Farwell Street CDA Direction

4719 Farwell Street Redevelopment Project

CDA Review - Proposal Revision Criteria

	Staff Criteria Recommendation	***CDA Directive Criteria***
Aesthetics	Full and complete compliance to the TID #5 Design Guidlelines.	
Affordable/Market Rate	Minimum of 25% of units have to be market rate apartments.	
Density	25 residential units per acre which would allow for 58 units on 2.3 acres.	
Impact Fees	Full payment all relevant impact fees.	
Residential/Commercial	Commercial use has to be at least 50% on the ground level within the Development site.	
TIF Contribution	Additional TIF Contribution limited to 50% of the value of the land which is $465,000. Significant preference; however, will be shown to revised submittals that do not require additional TIF support beyond the land transfer.	