



"...meeting community needs...enhancing quality of life."

MEMORANDUM

TO: Community and Economic Development Committee (CEDC)

FROM: Karen Harkness, Director of Community & Economic Development

DATE: November 2, 2018

RE: Ehlers Contract to Prepare Project Plan Amendments to TIF #3 and TIF #11

Background

Tax Incremental Financing (TIF) District #3, originally created in 1992, is bounded by Richmond and Superior Streets, from the County Courthouse to the School Administration Building.

Primary projects included the Green and Yellow Ramps, the Radisson Paper Valley Hotel (currently the Red Lion Hotel Paper Valley) expansion, the Evans Title building, Appleton Retirement Community, the CopperLeaf Boutique Hotel & Spa and Richmond Terrace development.

TIF #3 was scheduled to close in 2021, but in 2011 was declared a distressed TID as allowed by ACT 310. The investment period ended in 2016. This designation allows the extension of the district's life by up to ten years beyond the original closing date and prohibits a TID overlay. TIF #3 is scheduled to close in 2031.

TIF #3 has several sites/properties that have low assessed value and high potential for redevelopment. Without TIF assistance, these parcels will not be redeveloped.

TIF #11 was created in 2017 and is contiguous to TIF #3. TIF #11 is bounded by East College Avenue from Durkee Street to just west of Superior Street, south to Water Street and north to East Washington Street. TIF #11 is scheduled to close in 2044.

Primary projects include U.S. Venture Headquarters, the Zuelke Building Redevelopment and several projects in due diligence phases.

Proposal

We propose to amend TIF #3 and remove low valued sites/properties while at the same time amending TIF #11 to include these sites in order to assist with rehabilitation and conservation of existing properties and businesses, as well as redevelopment of vacant, blighted and underutilized properties to support renewal of the area.

This would allow the City to provide targeted investments in this commercial corridor in conjunction with the private market, while recapturing the cost of participation through the increased property tax revenues. This encourages redevelopment, investment in property, higher community utilization, and, ultimately, an increase in assessed value and net new construction.

Ehlers Contract

Attached is a proposed sole source contract with Ehlers to prepare the Project Plans and related documents to amend TIF Districts #3 and #11, follow statutory requirements for approval, and to submit all required documents to the State for approval.

Ehlers fee is \$12,500 for the scope of service outlined in Appendix B of the attached contract. The City is responsible for the Wisconsin Department of Revenue Fees required to file the amendments, base year packet, base value redetermination, and annual administration fee in the amount of \$4,150, for a total cost of \$16,650.

The City Finance Department reviewed and concurred with our request for a single source contract for these services based on the following: Ehlers offers a technically complex professional service that few are qualified to provide. They possess a unique knowledge and experience set for TIF amendments in Wisconsin and the Fox Valley. The proposal for these services demonstrates a complete understanding of the City's requirements and a fee structure that is reasonable and customary for the scope of work. Soliciting additional proposals would introduce additional time, cost, and uncertainty into the process.

According to the City's Procurement and Contract Management Policy, purchases of goods or services under \$25,000 may be made without competition when it is agreed in advance between the department and the Purchasing Office that there is a valid reason to purchase from one source or that only one source is available. This is before CEDC as informational as no action is required for fees under \$25,000.