



MEMORANDUM

TO: Community and Economic Development Committee (CEDC)
FROM: Kara Homan, AICP, Director of Community & Economic Development
DATE: March 15, 2024
RE: Request Approval of the Development Incentive Agreement between the City of Appleton and USV 222, LLC

USV 222, LLC (Developer) is requesting assistance to support their proposed renovation of the 222 Building into the corporate headquarters for U.S. Venture. Exhibit B of the proposed Development Agreement includes an overview and conceptual renderings of the project. When complete, the project will reinvigorate the 222 Building, strengthen the vitality of the city's downtown district, and spur on additional reinvestment in our downtown and surrounding neighborhoods. Said project, and corresponding development incentive agreement, is in alignment with the City's Comprehensive Plan (in particular, Chapter 14: Downtown Plan), and College North Neighborhood Plan (hereinafter City Plans).

The proposed project would be on the following parcel zoned CBD Central Business District: 31-2-0257-00. The Development Incentive Agreement also outlines terms and conditions primarily related to provision of parking permits and marketing/development for additional, non-project parcels proposed for acquisition by USV 222, LLC (Small Lot and Large Lot parcels in Exhibit A of the agreement).

The base value for the Project parcel is \$12.9 million. The City Assessor estimates the assessed value of the project once completed to be \$29.3 million.

Developer requests Pay-As-You-Go TIF support. Based on the analysis of current value of the property, projected value of the property, and review of proposed expenses, TIF District #11 would invest ninety percent (90%) of the annual increment created (an estimated value of ~\$241K/year, including interest at 6.25%). In net present value terms, this amounts to a total contribution of \$2,108,905 (NPV), or 12.89% of the total increment created (\$16,389,500).

In addition to provisions for financial contribution, City Staff looked to the above referenced City Plans, as adopted by the Common Council, to guide negotiations to secure additional provisions that benefit the city, and overall health and well-being of our downtown district and our parking utility. Provisions of this nature include:

- Terms related to marketing and development of the "Small Lots" as a condition of securing the right to purchase 650 guaranteed parking permits in Green Ramp.
- Incentives to develop the "Large Lots" as a means to secure the right to purchase additional guaranteed parking permits within the City's Parking Utility ramps.
- Mutual termination of existing Development Agreement related to the Bluff Site.

Staff Recommendation:

The Development Incentive Agreement between the City of Appleton and USV 222, LLC **BE APPROVED.**

Cc: Jeri Ohman, Finance Director
Chris Behrens, City Attorney