

Amadi, Eric A - DNR

From: Larry Haskin <lhaskin@haskinkarls.com>
Sent: Friday, April 21, 2017 2:25 PM
To: Amadi, Eric A - DNR
Cc: Norman, Michele R - DNR; Fassbender, Judy L - DNR; Swimm, David E - DNR; Mike Simmons (msimmons@oakcreekwi.org); 'Andrew Vickers'; Melissa Karls
Subject: RE: Request for the City of Oak Creek Redevelopment Plan for the Former Koppers Tar Plant/Connell Property, Oak Creek, WI; BRRTS #: 02-41-553761; FID #: 241379050
Attachments: 20170421132421.pdf

Eric: As you may know the City is in the process of creating a Tax Incremental Financing District ("TID") for the entire lakefront region. The Project Plan and TID Boundaries were approved by the Plan Commission after a public hearing . We expect approval by the Common Council and Joint Review Board.

I am attaching a copy of a portion of the Executive Summary for the TID. The Connell property is part of the Mixed Use-North Area. The description for the proposed future use of that area is described on Page 6 of the Executive Summary. . Please note at page 5 the plan states:

"... the Redevelopment Concept is also general in that the concept "bubbles" presented here are flexible- the use mix will not occur precisely as offered in the map, this is a starting point to advance the redevelopment vision."

We are meeting internally over the next couple weeks to discuss the issue regarding the Connell property given the uncertainty regarding the environmental remediation of the property. We hope to get back to the Department within the next couple weeks with some suggestions on a path forward given the current issues on the remedial action plan. In the meantime let me know if you have questions.

Larry

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From: Amadi, Eric A - DNR [<mailto:Eric.Amadi@wisconsin.gov>]
Sent: Thursday, April 20, 2017 6:51 PM
To: Larry Haskin <lhaskin@haskinkarls.com>
Cc: Norman, Michele R - DNR <Michele.Norman@wisconsin.gov>; Fassbender, Judy L - DNR <Judy.Fassbender@wisconsin.gov>; Swimm, David E - DNR <David.Swimm@wisconsin.gov>; Mike Simmons (msimmons@oakcreekwi.org) <msimmons@oakcreekwi.org>
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Hi Larry,

We have received Beazer's response to our December 21, 2016, comment letter on the remedial action option report and would like to request information regarding the City's redevelopment plan/update for the subject property. We appreciate your cooperation. Let me know if you have questions. Thanks.

Eric

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EXECUTIVE SUMMARY

Project Background

The City of Oak Creek proposes to create Tax Increment District #13 (TID #13 or the District) for the area along the City's lakefront. The historic heavy industrial manufacturing area is predominantly defined by the existence of legacy environmental complexities requiring years of careful planning and environmental investigation and cleanup. Over the last decade, the City of Oak Creek has taken on a significant leadership role through detailed planning efforts, direct environmental cleanup, and the demolition of several large former industrial structures. The lakefront today is almost completely unrecognizable from even a few short years ago with progress toward redevelopment clearly visible. The City seeks to revitalize and capture future growth in this area, advance necessary public improvements and offer redevelopment incentives for aging, vacant or outmoded parcels within the District aimed at stimulating a valuable lakefront district to positively contribute to the City's ongoing success.

At this time, the City of Oak Creek is creating TID #13 and amending TID #6 in order to designate TID #6 as a donor TID and TID #13 as a recipient TID. TID #6 is generating revenues above what was forecast, and the TID #13 area has incurred tremendous costs in planning for TID #13 including environmental investigation and remediation of properties within the District and will continue to incur significant costs in redevelopment of environmentally impacted properties within TID #13 which are able to be recouped with the designation of TID #6 as a donor TID to TID #13.

The proposed boundaries of TID #13 includes approximately 505.11 total non-wetland acres of older industrial uses. Many parcels are currently inactive or vacant and exhibit physical conditions of blight, deterioration, and a clear need for redevelopment. The blight study required in the Plan as part of the statutory process found that over 60% of the (non-wetland) area of the district meets the statutory definition of blight. The vacancies and the underutilization of the lakefront negatively impact property values and does not maximize the efficient use of the City's available land resources. The District is proposed to be designated as a blighted area district, as defined by Wis. Stat. § 66.1105(2)(ae)1 which provides a lifespan of up to 27 years and a 22-year spending period.

In accordance with the *2002 Oak Creek Comprehensive Plan* and the *2011 Lakefront Redevelopment Action Plan*, the City is exercising the opportunity to utilize all appropriate tools at its disposal to stimulate redevelopment at catalytic sites and provide financing for public and private improvements along the lakefront by capturing new incremental value within the boundaries of a new, fairly expansive district that includes properties in need of longer term strategic positioning for redevelopment as well as those with more immediate redevelopment value and potential. Targeted acquisition and redevelopment of city-owned land and other available parcels in the District and within one-half mile of its boundaries may, in the short-term, generate increment that may be used to construct new public infrastructure, offset extraordinary redevelopment costs and provide incentives for business improvements and expansion, in addition to promoting orderly and robust economic development in the coming years.

This Project Plan for TID #13 has been prepared in compliance with Wis. Stat. §66.1105. The Project Plan establishes the need for the District, lists proposed public improvements, provides

an estimated time schedule for completion of priority projects, and their estimated costs. This Project Plan is to be adopted by resolution by the Common Council on recommendation of the City Plan Commission as the official Plan and guide for public and private sector development within the boundaries of TID #13.

Implementation of the Project Plan and construction of the public improvements listed will require a case-by-case authorization by the Common Council. Public expenditures for projects listed in the Project Plan should, and will, be based on market conditions and the status of development at the time a project is scheduled for construction. The Common Council is not mandated to make the public expenditures described in this Plan, but is limited to the types of expenditures listed herein.

Changes to the types of projects will require a formal amendment to the Project Plan with public review (including meetings with the Joint Review Board and Plan Commission public hearing) and Common Council approval. Redistribution of project costs within the budget estimates will not require an amendment to the Plan, provided that the projects meet the purpose and intent of the District.

As required by Wis. Stat. §66.1105(4)(f), a copy of this Project Plan will be submitted to the Department of Revenue and used as the basis of their certification of Tax Increment District #13 in the City of Oak Creek.

Type of District, Size and Location

The District is proposed to be created as a Blighted Area District as defined by Wis. Stat. § 66.1105(2)(ae)(1), which provides a lifespan of up to 27 years and a 22 year spending period. The District is comprised of 36 parcels, totaling approximately 505.11 non-wetland acres – generally bounded by the Lake Michigan shore on the east, 5th Avenue on the west, E Oakwood Road on the south, and the Milwaukee Metropolitan Sewerage District Water reclamation facility's southern property line on the north. Within the Property Conditions Assessment found in Appendix A to this Plan the City has identified those properties within the District that meet the blighted property criteria supporting that designation. As of January 1, 2017, the base value of the land, improvements and personal property located within the District was \$4,487,200.

Estimated Total Project Expenditures

The purpose of TID #13 is to provide the necessary public infrastructure improvements and incentives needed to promote rehabilitation or conservation, encourage economic development, and increase property values. This Plan is written to provide funding for infrastructure improvements and other expenditures aimed at stimulating and enhancing economic development opportunities within the City of Oak Creek. During the 22-year expenditure period permitted under the Tax Increment Law, a total of \$35,467,400 in project costs, including finance charges and interest, is proposed.

The City expects to evaluate and use several alternative financing methods for the projects in order to provide overall lower costs of financing, preserve debt capacity, mitigate risk to the City, and provide other advantages as determined by the Common Council. The Common Council is not mandated to make the public expenditures in this Plan. The public expenditures are an itemization of eligible project costs that the City may undertake as well as a guide for the Plan Commission and Common Council to assist them in the decision-making process for public

expenditures. Redistribution of project costs within the total budget estimate will not require amendments to the Plan, provided that the project meets the purpose and intent of TID #13.

Economic Development

As a result of the creation of this District, the City estimates that additional land and improvements value of approximately \$65,279,322 (in 2017 dollars) may be created as a result of development and appreciation in the value of the existing properties. Section VII of this Plan provides general assumptions as to the timing of new development and associated values. In addition, creation of the District is expected to result in other economic benefits as detailed in the Summary of Findings hereafter.

Expected Termination of District

Based on the Economic Feasibility Study located in Section VII of this Plan, this District is expected to generate sufficient tax increments to recover all project costs by the year 2037, within the 27-year maximum life of this District.

Summary of Findings

As required by Wis. Stat. §66.1105, and as documented in this Project Plan and the exhibits contained and referenced herein, the following findings are made:

1. That “but for” the creation of this District, the development projected to occur as detailed in this Project Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the City.
 - To support development within the District the City will need to make a substantial investment to pay for the costs of necessary public infrastructure and to close financing gaps as needed to make private development economically feasible. Due to extensive investment required, the City has determined that development of the area will not occur solely as a result of private investment. Accordingly, the City finds that absent the use of TIF, development of the area as described in the Plan is unlikely to occur.
2. The economic benefits of the Tax Increment District, as measured by increased employment, business and personal income, and property value, are sufficient to compensate for the cost of the improvements. In making this determination, the City has considered the following information:
 - As demonstrated in the Economic Feasibility Section of this Project Plan (see Section VII), the tax increments projected to be collected are expected to be sufficient to pay for the proposed project costs and provide a surplus of approximately \$29,811,922.
 - Redevelopment and/or expansion projects are expected to occur sporadically throughout the life of the District. Any increment generated by new residential, commercial or industrial construction may provide additional funding for infrastructure and development incentives.
3. The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.
 - If approved, the District’s creation would become effective for valuation purposes as of January 1, 2018. As of this date, the values of all existing development would be frozen and the property taxes collected on this base value would continue to be distributed

amongst the various taxing entities as they are now. Taxes levied on any additional value established within the District due to new construction, renovation or appreciation of property values occurring after January 1, 2018, would be collected by the District and used to repay the costs of TIF-eligible projects undertaken within the District.

- Since the development expected to occur is subject to extraordinary site and other costs and requires significant improvements to public infrastructure, it is unlikely to take place or in the same manner or timeframe without the use of TIF. Because the District will generate economic benefits that are more than sufficient to compensate for the cost of the improvements, the City reasonably concludes that the overall benefits of the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. It is further concluded that since the “but for” test is satisfied, there would, in fact, be no foregone tax increments to be paid in the event the District is not created. As required by Wis. Stat. §66.1105(4)(i)4, a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been made and can be found in Appendix C of this Plan.
4. The improvement of such area is likely to enhance significantly the value of substantially all of the other real property in the District.
 5. The equalized value of taxable property of the District, plus the value increment of all existing tax increment districts within the City, does not exceed 12% of the total equalized value of taxable property within the City.
 6. More than 50%, by area, of the real property within the District is determined to be blighted as defined in Wis. Stat. § 66.1333(2m)(bm).
 7. The Project Plan for the District is economically feasible and is in conformity with the Comprehensive Plan of the City.

I. INTRODUCTION

The long-term redevelopment of Oak Creek’s lakefront has been the focus of planning and implementation efforts for the last several decades. As one of the City’s oldest areas with a significant industrial history the lakefront area continues to deal with the complex realities of environmental cleanup necessary to capture the full potential of the area. Over the past decade, the City and its partners have invested tens-of-millions of dollars into acquiring and assembling land, demolishing abandoned and dilapidated buildings, and assessing and cleaning up complex and significant environmental contamination. Today, the lakefront is at a major turning point with the majority of legacy buildings removed, environmental remediation and cleanup well underway, and the development of key public assets taking place. Given this recent and ongoing progress, the timing is right to put TID #13 in place to provide a powerful financial tool to facilitate additional public-private investment and partnership to transform the Oak Creek lakefront from idle former industrial land to a thriving lakefront destination.

Redevelopment Vision

To guide the ongoing work and decision-making process for how redevelopment will occur, the City envisions the lakefront as a local and regional destination. The following vision statement will be central in guiding these redevelopment activities:

Oak Creek's 500-acre Lakefront District is the community's recreation and residential destination. With over 1.9 miles of Lake Michigan shoreline taking advantage of spectacular view sheds from the existing vistas and bluffs as well as lake access within this project area alone. This district has approximately 250 acres of parkland, beach, pathways, beachfront. The Lakefront District offers an opportunity unique in the region for high value tax base growth complete with destination uses, new residential that fills unmet demand, and new employment opportunities within a new business center.

Redevelopment Goals

Redevelopment in TID #13 will capitalize on Oak Creek's lakefront and parkland assets through the:

1. Reuse of vacant or underutilized commercial and industrial sites, revitalizing brownfield sites with destination uses for community residents and visitors.
2. Increase of tax base through mixed use and high value development.
3. Implementation of sustainable land uses and development forms that will drive economic growth.
4. Enhancement of the quality of life and meeting the needs of residents in the adjacent neighborhoods.

Redevelopment Concept

The intent of the Redevelopment Concept map (page 7) for TID #13 is to communicate the vision for creation of a mixed-use lakefront district in Oak Creek.

The Redevelopment Concept presented here is specific in that it identifies the priority reuse targets for the suggested areas within TID #13, each of which may offer distinct opportunities for new development and integration of existing uses. However, the Redevelopment Concept is also general in that the concept "bubbles" presented here are flexible—the use mix will not occur precisely as offered in the map, this is a starting point to advance the redevelopment vision. Each of the four areas shown in the redevelopment concept present the potential for a preferred type of development based on geography, existing and future infrastructure, past land use, future land use, proximity to other assets and amenities, environmental constraints, and the ability to balance environmental remediation with economic forces. A brief description of the envisioned development for each area follows.

Commercial Gateway Area

- Redevelop for commercial uses that benefit from proximity to the Hwy 100, Hwy 32, and 5th Avenue Extension high-traffic area.

- Encourage commercial development that takes advantage of the area’s prominence as a gateway to Lake Vista Park, Bender Park and Lake Michigan, as well as serving existing and planned residential neighborhoods.

Mixed-Use Lakefront Gateway Area

- Redevelop into mixed use neighborhood with commercial and residential development.
- Incorporate a mix of uses to maximize proximity to Lake Michigan, Lake Vista Park, and Bender Park. The mix of uses may include hospitality and or destination related uses such as a hotel with conference center restaurants, recreation, and other commercial destinations.
- Capitalize on the Lakefront Gateway location with commercial development at the highly visibly intersection of Lake Vista Blvd and 5th Ave. Mixed use development at this location could include neighborhood and park oriented businesses (café, sports rental, coffee, restaurants).
- Encourage residential development that takes advantage of views to Lake Michigan, parkland assets, and offers housing that is in demand in Oak Creek. This may include housing for active seniors looking to transition from their single-family homes in low density “horizontal” neighborhood, in addition development may include gradual care senior campus development.
- Visually and physically connect new developments to parkland and lakefront.

Mixed-Use North Area

- Advance redevelopment that incorporates a mix of uses including business and residential that benefits from the parkland immediately east of the redevelopment area and Lake Michigan visibility.
- Encourage commercial development that may coordinate with MMSD South Shore Wastewater Treatment facility immediately north. Business growth in this area may include research and development, processing, renewable energy, waste and water technologies.
- Encourage medium density residential in this area that coordinates with adjacent uses, connects to nearby neighborhoods, and takes advantage of Lake Michigan and park views.
- Strengthen connections from this area to Hwy 32 and Hwy 100.

Residential Neighborhood Area

- Encourage single family residential development in this area that takes advantage of proximity to Bender Park, developed with density similar to The Bluffs of Oak Creek neighborhood west of the railroad right-of-way.
- Establish connections from this area to the north and to the east, Bender Park and lakefront.

Lakefront Redevelopment Concept

