

# Village of Kimberly Outagamie County, Wisconsin

## MUNICIPAL TAX INCREMENT FINANCE (TIF) ANNUAL REPORT (PE-300) – 2023 Reporting Year TAX INCREMENT FINANCE DISTRICT NUMBERS FOUR, FIVE AND SIX



In accordance with Wisconsin Department of Revenue requirements, the Village of Kimberly will file the 2024 (2023 reporting year) PE-300 Reports, Municipal Tax Increment Finance (TIF) Audits and Annual Reports.

A continuation of this requirement: A standing Joint Review Board must meet by July 1 (or when the report is available) to review each TID's annual report.

This report is being prepared to provide additional information to the overlying taxing jurisdictions who comprise the Joint Review Board. The report covers the actual costs being expended in each TIF District, the financial prognosis of the district (including debt), as well as any planned or contemplated projects.

Danielle L. Block, Administrator/Director of Public Works  
June 27, 2024

# Village of Kimberly

## Directory of Officials

### ELECTED OFFICIALS

Village President	Charles Kuen
Village Trustees	Lee Hammen Dave Hietpas Mike Hruzek Tom Gaffney Marcia Trentlage Norb Karner

### DEPARTMENT HEADS

Administrator	Danielle L. Block
Chief of Police	Daniel Meister
Community Enrichment Director	Holly Femal
Clerk-Treasurer	Jennifer Weyenberg
Fire Chief	Jim Hietpas
Library Director	Holly Selwitschka
Water Utility Superintendent	Jerry Verstegen (MCO)

### JOINT REVIEW BOARD

Outagamie County	Michelle Uitenbroek
Kimberly Area School District	Becky Hansen
Fox Valley Technical College	Amy Van Straten
Village of Kimberly Resident	Jessica Schneider

## Tax Increment Finance District Number Four

Tax Increment Finance District Number Four (TID 4) was created on April 11, 2005. It was created specifically to address an abandoned commercial building which had closed approximately eight years earlier (former K-Mart) and had remained vacant ever since.

Due to the location of this commercial building, redevelopment as a viable commercial space was not successful. Its distance from the main commercial corridor for the general area (County Highway CE) or even downtown Kimberly severely hampered these efforts. Further, numerous attempts to redevelop the building for other commercial purposes (including a call center and a warehouse/storage facility) were unsuccessful.

After many months of marketing efforts on behalf of the Village, the only viable project to emerge was redevelopment of the site for residential purposes. This would include complete site demolition (building and parking lot). After negotiations with a developer became serious, the creation of a Tax Incremental Finance District was considered to help assist with the redevelopment.

The commercial building was demolished, the parking lot was stripped, utilities and roads were installed, and the area was transformed into a residential neighborhood of single family attached dwelling units. The need for this alternative type of housing was determined by the developer, and a development agreement was negotiated to protect the community investment and ensure appropriate increment would be generated.

The development has been very successful and today has a value of almost \$15 million, exceeding the value established by the TIF Project Plan approved for development.

In 2018 the Village asked the Joint Review Board to consider the option of making TID 4 a donor TID to TID 6, the Cedars Redevelopment. TID 4 was designated a donor TID in the fall of 2018. On February 22, 2019, the Wisconsin DOR approved the allocation amendment, designating TID 4 a donor TID. The first transfer from TID 4 to TID 6 occurred in 2019, in the amount of \$190,522.

There is no current outstanding debt for TID 4, and an annual increment of approximately \$205,000.

The 2022 audit reflects a surplus ending balance of \$20,496. All TID 4 expenditures have been recovered. The increment should remain relatively constant as no other building will occur on the site and no new debt will be incurred.

The mandatory termination year for TID 4 is 2032.

## Tax Increment Finance District Number Five

Tax Increment Finance District Number Five (TID 5) was created on June 16, 2008. It was created to promote commercial development in the newly annexed section of Emons Acres and the existing Opportunity Business Park, located at the intersection of County Highway CE (CTH CE) and Railroad Street (Emons Acres is located on the Southeast corner of the intersection and Opportunity Business Park is located on the Northwest corner of the intersection). There was interest in commercial development in this area but incentives were necessary to attract large commercial clients to locate or relocate.

U.S. Venture began to spur development with the building of their new corporate headquarters in the southeast corner of the intersection. They also committed to an additional \$2.755 million in development as part of the original development agreement. The U.S. Venture additional \$2.755 million in added value has not occurred. They continue to make a payment in lieu of taxes (PILOT) to support the decrement. In early 2024, U.S. Venture announced they will be relocating their headquarters to Appleton. The Village remains a cooperative partner in attracting a new corporation to this location.

Aspire Senior Living was completed in July of 2017, this was the first phase of their project in Opportunity Business Park. As of January 1, 2022, the development added over \$15 million in assessed value.

The Village entered into a cost share agreement with the County in 2018 on the design and construction of an intersection reconstruction at CTH CE and Railroad Street. Design and construction costs at the intersection of CTH CE and Railroad Street is a cost share of 90/5/5 – State (Federal)/County/Village. The intersection reconstruction was completed in 2023.

There was recent interest in vacant land parcels within TID 5 along Kennedy Avenue, north of CTH CE. The corner of Kennedy Avenue and Cobblestone Lane is now Stein's Garden & Home. A development agreement was signed between the Village and Stein's in October of 2020. The agreement includes a pay-go incentive in the amount of 15% of the guaranteed assessed value of \$2,000,000, exclusive of land value. The guaranteed value was to be met by January 1, 2022. Stein's exceed this benchmark, being valued at \$2,498,400 exclusive of land value on January 1, 2022, and maintained this value as of January 1, 2024.

Vandenboom Verstegen Wealth Management is a professional office that was constructed at the SE corner of Kennedy Avenue and Cobblestone Lane. The property was purchased in early 2021 and construction of the building began shortly thereafter. The total development was valued at \$819,600 on January 1, 2023. A developer agreement was executed for the second phase of this development with an upfront incentive of \$90,000 for a two-story expansion on the south end of the building and parking lot enhancements estimated to increase the assessed value by \$450,000.

Based on the current proforma, TID 5 expenditures would be recovered in 2027. The overall proforma and the incentive capitalized, the cash flow picture remains stable. As of January 1, 2024, the outstanding GO debt stands at approximately \$4 million; sinking fund balance is \$558,729; annual debt retirement averages about \$487,000 per year; and annual tax increment in 2023 is about \$542,300 and will increase to about \$668,000 in 2024. There is a current 2014 advance from the Village's General Fund to TID 5 in the amount of \$842,000 at a 3.5% interest rate. The annual payment is approximately \$67,000 (principal) and \$15,260 (interest), scheduled to be paid off in 2027. It is anticipated that TID 5 could potentially be retired early in 2027.

## Tax Increment Finance District Number Six

Tax Increment Finance District Number Six (TID 6) was created on September 12, 2016. It was created to develop public infrastructure and offer developer incentives for the development of property formally known as the Kimberly Mill site. The Village of Kimberly proposes to market the property knowing that certain incentives are possible for projects that create sufficient tax base and/or create jobs within the greater community.

TID 6 is a blighted TID. The Village of Kimberly is responsible for all infrastructure design and construction. In December of 2016, the Village purchased the property from the previous developer for approximately \$5 million; making the Village also responsible for site prep, site development planning and developer incentives. The Village continuously refines the proposed project costs and scopes.

In the fall of 2018 the Village bonded for an additional \$6 million for projects and \$3 million for developer incentives. To date bonding for project costs and purchase of the site totals \$22 million. TID 4 was approved as a donor TID to TID 6 in 2019. TID 4 remains a donor to TID 6.

In the spring of 2020 the Village completed a Boundary Amendment for TID 6, including the former Shopko and Pick n' Save site area. Three parcels in total were added to the TID 6 boundary, designated as blighted. The Wisconsin Department of Revenue provided recertification of the base value on January 20, 2021. The Village is actively pursuing developers and concepts to revitalize these areas of the community. In the early Spring of 2022, Festival Foods announced that they had purchased the former Shopko site and will begin redevelopment of the parcel into a Festival Foods grocery location. The Village approved the Festival site plan in February 2023 with the site opening planned for Fall 2024.

Currently there are eight signed developer agreements for TID 6, totaling \$268 million in guaranteed assessed value by January 1, 2030. This guarantee equals over 30% of the Village's 2023 valuation.

### **1. Papermill Estates**

In April of 2017, the Village entered into a Development Agreement (DA) with Integrity Construction to develop 49 single family attached dwelling units at the corner of Maes and Main. This development is titled Papermill Estates Planned Unit Development. The developer met the required 10 dwelling units per year. The development was required to assess at \$10,500,000 or greater for tax purposes as of January 1, 2023—the development assessed at approximately \$13 million as of January 1, 2023, meeting that requirement one year ahead of time. The DA includes a pay-as-you-go incentive in the amount of 20% of the total net annual property tax on the development for 20 years, after the first 10 units are constructed. The incentive will conclude after 20 years of grant payments. The developer is subject to PILOT payments if pre-established assessed values are not met per the schedule.

- The pay-as-you-go incentive was paid on June 30, 2021 in the amount of \$9,755. The incentive was 20% of the total net annual 2019 property tax and will continue for the next 20 years.
- All units were constructed in 2022.

### **2. Midwest Expansion - Apartments**

In August of 2017, the Village entered into a DA (Apartments) with Midwest Expansion to develop several apartment building projects on several parcels of the Cedars redevelopment property. This DA was amended on August 6, 2018. The DA was amended to increase the total project assessed value from \$18 million to \$40 million. The development includes the construction of four apartment

buildings along the riverfront. Construction commenced prior to October 1, 2018 and generated an increased in assessed value of approximately \$37 million on January 1, 2023. The developer will receive a pay-as-you-go incentive in the form of a grant which will not exceed 20% of the project costs (not to exceed \$8.8 million total grant based on \$44 million in project costs). The DA establishes benchmarks in assessed value, if not met a PILOT payment is required.

- The first benchmark was January 1, 2019 in which there shall be a minimum of \$3 million in assessed value above the base. The actual added value achieved in 2019 was \$954,080. A 2019 PILOT payment was made by the developer in the amount of \$40,369.15 in 2020.
- The first incentive payment was paid to the developer on June 30, 2021 based on the 2019 taxes. The 2021 incentive amount was \$41,436. The incentive payments will continue so long as the minimum values are met or the PILOT payments are received.
- The second benchmark was January 1, 2020 in which there shall be a minimum of \$15 million in assessed value above the base. The actual added value achieved in 2020 was \$6.8 million. A 2020 PILOT payment was required, billed and paid in 2021, in the amount of \$194,473.03.
- The third benchmark was January 1, 2021 in which there shall be a minimum of \$21 million in assessed value above the base. The added value achieved in 2021 was in excess of \$24 million, exceeding the third benchmark. The incentive payment for the 2021 values in the amount of approximately \$212,119 was paid in 2023.
- The fourth benchmark is January 1, 2022 in which there shall be a minimum of \$30 million in assessed value above the base. The added value achieved in 2022 was in excess of \$32 million, qualifying the developer for an incentive payment in 2024.
- The fifth and final benchmark is January 1, 2023 in which there shall be a minimum of \$40 million in assessed value above the base. The developer did not meet his benchmark by approximately \$1 million dollars. A 2023 PILOT payment will be billed to the developer in 2024 for the developer to qualify for continued incentive payments.

In August of 2017, the Village entered into a DA (Restaurant Site) with Midwest Expansion to develop a restaurant on an existing tank structure along the riverfront for a total increased assessed value of \$500,000 by April 1, 2019. This DA was amended on August 6, 2018 creating two separate DA's: one for Tank I Apartments and one for a restaurant site.

### **3. Midwest Expansion – Oasis – Tank I Apartments**

This DA includes the construction of a four-story 48-unit riverfront complex on an existing tank structure from the mill site. Developer must maintain at least an assessed value of \$12 million on or before January 1, 2020. Construction began in early fall of 2018. The developer received a grant in the amount of 22% of the project costs (not to exceed \$3,080,000). The DA establishes the minimum assessed value required (\$12 million), if not met a PILOT payment is required.

- The Village made an initial payment of a \$2,300,000 grant to the developer on January 1, 2019.
- Based on the 2020 Assessment Roll the total added value is \$8 million at 60% completion.
- A 2020 PILOT payment was billed to the developer in December of 2020 and paid in full.
- The Village received the PILOT and confirmed the project costs. The remaining incentive payment of \$780,000 was made to the developer at the beginning of 2021. There are no more incentives payable to the developer for this agreement.
- The added value of the development was \$13.3 million on January 1, 2024. This value exceeds the \$12 million minimum per the agreement.

### **4. Midwest Expansion – Restaurant Site**

This DA includes the construction of a restaurant directly to the east of the tank apartments in the old water clarifier building. Developer must maintain at least an assessed value of \$500,000 on or before June 1, 2019. The developer will receive a pay-as-you-go incentive in the form of a grant which will not exceed 20% of the project costs (not to exceed \$100,000). The DA establishes the minimum assessed value required at \$500,000, if not met a PILOT payment is required.

- There is continued demolition and site preparation for the restaurant development parcel. The developer constructed the western portion of the site in Fall of 2020. The eastern portion is yet to be complete and the restaurant is not open yet.
- For the developer to receive an incentive payments, the PILOT payments for the \$500,000 improvement value will be required. Incentives are estimated to be \$7,500 annually until \$100,000 in total incentives have been paid.

## **5. Midwest Expansion – Mixed Use Site**

In February of 2018, the Village entered into a DA (Mixed Use Site) with Midwest Expansion to develop an apartment complex (The Roots) and commercial sites along Papermill Run. Developer must create and maintain an increase in assessed value equal to or greater than \$15 million above the initial assessed value of \$356,000. This creation of value must be complete on or before five years from the Developer having access to the 14.27-acre property that is filled, compacted and ready for construction. Access to the site occurred on August 1, 2019.

- \$15 million assessed value (above the base value) due date is January 1, 2025. There are also required benchmarks: \$6 million by 2022, \$9 million by 2023 and \$12 million by 2024.
- If the value is not met in 2025 there is a PILOT payment requirement within the DA.
- There are no grant payments or any other incentive payments due to the Developer. As part of the DA, the purchase price of the land was \$1.00 and serves as the incentive to the developer.
- The total assessed improvements on January 1, 2024 (above the base value) is just under \$12 million, falling short of the third benchmark.

## **6. Rivers Edge of Kimberly LLC – Rivers Edge Subdivision**

In May of 2019, the Village entered into a Development Agreement (Rivers Edge Subdivision) with Rivers Edge of Kimberly LLC and Bostad Builders. This DA is for 41 single family homes and two planned unit developments in Rivers Edge Subdivision. The developer purchased the land at a discount price of \$2.41 million dollars for nearly 20 acres of the remaining property in Rivers Edge subdivision.

- The developer must create over \$21 million in value above an initial base value of \$2,809,900 within 5 years.
- The developer has benchmarks for value creation of \$2 million by 2021, \$6 million by 2022, \$12 million by 2023, \$19 million by 2024 and over \$21 million by 2025.
- If the developer meets the required benchmarks they will receive a pay-as-you-go incentive of 20% of the required value, less the land sale grant discount, for a total pay-go incentive amount not to exceed \$3,260,392.
- A PILOT payment is required if the benchmarks are not achieved and for the life of the TID.
- The developer has met all required benchmarks as of January 1, 2023.
- With these benchmarks being met, the developer qualifies for the first incentive payment in 2023 (for 2021 values). These pay-go incentives will continue annually, as long as the benchmarks are met, until the maximum pay-go incentive amount is met.

## **7. Midwest Expansion – Main Mill Building**

In January of 2020, the Village entered into a DA (Main Mill Building) with Midwest Expansion to develop the central riverfront area of the mill site. This DA is for the demolition, site preparation and development of the central riverfront site. The developer anticipates the creation of eateries, bars, mixed-use commercial and/or professional spaces with apartment structures above. The Village administered the demolition contract in 2020. After the demolition, the Village transferred the property to the developer. The developer must commence construction of the projects on or before January 1, 2022.

- The developer must create over \$12 million in value above an initial base value of \$427,839 by January 1, 2025.
- The developer has benchmarks for value creation of \$2 million by 2023, \$6 million by 2024 and \$12 million by 2025.
- If the developer meets the required benchmarks they will receive a pay-as-you-go incentive of 20% of the assessed value (above the base), not to exceed \$4,800,000.
- The developer anticipates a range of final developed value of \$12 million to \$24 million. The incentive is capped at a maximum of 20% of \$24 million in added value.
- It is anticipated that the developer will not meet the benchmarks as drafted. The Village and the developer are committed to renegotiating this DA in the best interest of all involved. The demolition of the site and structural analysis of the existing buildings have caused significant delays in the planning and development of the concept. Renegotiation will occur in 2024.

#### **8. Wilson Place, LLC – East Side Mill Site**

In April of 2022, the Village entered into a DA (East Side Mill Site) with Wilson Place, LLC to develop the east riverfront area of the mill site. This DA is for the site preparation and development of the east riverfront site. The developer anticipates the creation of 31 structures ranging from 28-unit condominiums, urban lofts, townhomes and single-family owner occupied dwelling units. The development will also include the construction of public roadways, public and private sidewalks/multi-modal paths and a regional stormwater pond. The developer must commence construction of the projects within 45 days of the Village's substantial completion of initial infrastructure. An amendment to the development agreement is in a draft form and approved by the Village Board. Pending approval by the developer, the dates and benchmark values have been adjusted based on market conditions and construction costs related to the development. Initial values had placed the following terms:

- The developer must create \$103 million in value above an initial base value of \$1,995,800 by January 1, 2030.
- The developer has benchmarks for value creation of \$18 million by 2024, \$38 million by 2025 and \$58 million by 2026, \$78 million by 2027, \$88 million by 2028, \$98 million by 2029 and \$103 million by 2030.
- If the developer meets the required benchmarks they will receive a pay-as-you-go incentive of 20% of the assessed value (above the base), not to exceed \$20,600,000.
- As part of this DA, the Village has committed to the installation of public infrastructure, roadways, sidewalks, riverfront multi-modal path and construction of the regional storm water pond in an amount of approximately \$3,368,000.
- The Village has completed most utility construction and the grading and graveling of the site during 2023, including construction of a regional stormwater pond and riverfront trail.
- Construction of the first units occurred in early 2024 and are located along Wilson Street.

The attached TID 6 proforma projections include this potential development agreement amendment and adjustment to the overall value of the Wilson Place, LLC project site.



Village staff and the Community Development Authority has been refining the additional project costs associated with infrastructure, storm water management, environmental coordination and the remaining site prep per the visioning plans and current Development Agreements. Future projects for the Village include: construction of roadways, completion of storm water management pond plantings, linear parkways, public overlooks, completion of environmental engineering and remaining parcel closures from WDNR, and re-signalization of the Lincoln/Maes intersection. These costs will be incurred from 2024 to 2027, totaling approximately \$1 to \$2 million (project estimates are currently being refined).

The Village issued a bond in the fall of 2022 for capital projects in the amount of \$4,915,700.

The proforma for TID 6 will continue to be updated to illustrate the current Development Agreements, incentives, 2023 financial audit, 2024 assessed values, tax increment, investment proceeds, transfers from Donor TID 4 and current debt. As of January 1, 2023, outstanding debt is approximately \$29 million; annual debt service; incentives; and annual tax increment will be shown on the proforma. There is a balance of \$8.6 million in the TID 6 Sinking Fund, which is designated for debt service. There is a balance available in the TID 6 Project Fund of approximately \$1.8 million, which is designated for project costs listed above.

Overall, TID 6 is showing negative balances anticipated between years 2029 and 2035. This coupled with the renegotiation of the Wilson Place Development Agreement puts the TID into a position of requiring TID 4 to be a continued donor until such time construction increment values are met during 2024 through 2030.

The mandatory termination date for TID 6 is September 12, 2043. The projections are conservative assuming a 1.0% construction growth over the life of the TID.