

City of New Holstein Approves TID plans

Mark Sherry, Tri-County News, June 27, 2019

A series of actions taken at last Wednesday's meeting of the New Holstein Common Council could pave the way for future redevelopment of the former Tecumseh Products Company site.

Aldermen approved four different resolutions dealing with four different Tax Incremental Districts, including the termination of one TID and the creation of a new one.

Maureen Holsen of Ehlers—the public finance company which assists government entities with such planning—spent about a half hour reviewing the proposals prior to aldermen unanimously approving each of them.

The plans lay the financial groundwork for the city to eventually raze all or most of the former Tecumseh site, a step which development experts say is critical to encouraging developers to look at a site.

The first resolution passed by the council will terminate TID #3. Holsen explained that the majority of this TID is part of the new TID #6 which also was created Wednesday evening. In addition, these actions restarted the grant application clock for the city to allow it to apply for new and additional grants.

Next aldermen approved extending the life of TID #1 for one more year. Holsen explained that revenue generated from this action can be used for workforce and affordable housing initiatives in the city.

Next the council approved creation of TID #6, which would include additional environmental remediation of the Tecumseh site. The Joint Review Board held a public hearing on creation of this TID on May 16. Following Wednesday's approval by the council, the Joint Review Board will be asked to formally approve the new TID at a meeting scheduled for Thursday, July 11.

TID #6 will be an area of approximately 40 acres and will include the Tecumseh site as well as some neighboring commercial areas, including the Kwik Trip area. This is critical to the possible future redevelopment of the Tecumseh site as Kwik Trip is planning the construction of a new store within the TID #6 boundary. Tax revenue from that development will help fund improvement costs within the TID. This environmental remediation district is expected to have a 27-year life span.

Ehlers officials estimate that about \$2.5 million of remediation costs will be necessary, which includes demolition and clean up of the site. Holsen said the city will need to show a financing and borrowing plan in the near term but that the existing base value of about \$1 million in TID #6 can be immediately converted to value increment and start providing a revenue stream. The combination of an estimated \$1.25 million in new development for Kwik Trip plus anticipated new development on the Tecumseh site should generate almost \$3 million in tax revenue over the life of the district, thus covering the demolition and clean-up costs.

Holsen said \$1 million from a block grant and additional funds from TID #4 also will help fund the costs in TID #6. Ehlers estimates it will take the full 27 years to recover project costs but that does not take into account possibly receiving additional grants. She said, "We've been very conservative in the development assumptions that can come down the line over 27 years."

The last TID action taken by the council on Wednesday was an amendment to TID #4—created just 1-1/2 years ago—which will allow that TID to share increment (tax dollars) with TID #6. TID #4 is a mixed use district with a 20-year life span and has already seen one residential development on it. That district already has \$3.2 million in value on it and has excess revenues which could allow it to close in 2028. The amendment approved Wednesday allows the city to keep it open and use those excess revenues to help support TID #6. City officials said they will make sure TID #4 goals are fulfilled before donating to TID #6.

Holsen said projections indicate there could be some annual cash flow shortfalls on TID #6 but said the city can record an advance and pay off those shortfalls when funds become available.

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