

**Committee Name:**

**Senate Committee – Economic Development,  
Job Creation and Housing  
(SC-EDJCH)**

**Appointments**

03hr\_SC-EDJCH\_Appt\_pt00

**Committee Hearings**

03hr\_SC-EDJCH\_CH\_pt00

**Committee Reports**

03hr\_SC-EDJCH\_CR\_pt00

**Clearinghouse Rules**

03hr\_SC-EDJCH\_CRule\_03-

**Executive Sessions**

03hr\_SC-EDJCH\_ES\_pt00

**Hearing Records**

03hr\_ab0000

**03hr\_sb0428**

**Misc.**

03hr\_SC-EDJCH\_Misc\_pt00

**Record of Committee Proceedings**

03hr\_SC-EDJCH\_RCP\_pt00



*SENATE BILL 428  
CITY OF WEST BEND  
TAX INCREMENTAL FINANCE DISTRICT NO. 5  
PROJECT SUMMARY  
February 18, 2004*

Tax Incremental Finance District No. 5 (TID 5) was created in 1998 by the City of West Bend in order to implement the recommendations of the West Bend Greater Downtown Strategic Plan. TID 5 is a blighted, 12-acre former industrial site adjacent to the city's downtown business district. Originally, the TID 5 project plan consisted of a straightforward list of activities that would prepare the site for new development. These activities included property acquisition, relocation of businesses, demolition, environmental remediation and street reconstruction. After completion of these activities, the land would be divided and sold to developers for commercial and multi-family uses deemed compatible with the downtown business district and surrounding neighborhoods.

In reality, the implementation of TID 5 has been an arduous process filled with extra projects, delays and unexpected expenditures. The following paragraphs summarize these difficulties.

**Property Acquisition.** Early in the project, it was discovered that the City of West Bend lacked the necessary authority to condemn and acquire properties in a timely manner. This timing was considered critical since the projects had to occur within the strict time limits of a Tax Incremental Finance district. In response, the City of West Bend Common Council passed a resolution creating the West Bend Redevelopment Authority (WBRDA). The WBRDA manages redevelopment programs while the city provides policy direction. Although necessary, the creation of the WBRDA, and subsequent adoption of a redevelopment plan and acquisition plat for the project, caused a nine-month delay in property acquisition activities.

**Business Relocation.** Relocation of businesses in TID 5 proved complicated because some buildings contained multiple tenants. Two businesses were not able to find sites for relocation and were forced to construct new buildings in another part of the city. Property acquisition, building design, site preparation and construction added 9-12 months to the relocation of these businesses. Another tenant, a truck sales and repair company, has not been able to start construction on a new site because their franchise has refused to authorize a new location. The dispute has been taken to court and a ruling will not be made until spring of 2004.

**Rail Yard Relocation.** A critical part of the redevelopment plan for TID 5 is the relocation of the downtown rail yard to the south side of the city. The 2.5-acre downtown rail yard is underutilized, incompatible with adjacent land uses and oddly shaped, which prohibits the redevelopment of surrounding land.

The city initially believed the new rail yard would be partially funded by Canadian National (CN) because of the obvious economic benefits to the railroad. However, after two years of negotiation, CN refused to participate and the city was forced to bear the entire \$1.6 million cost of relocating the rail yard. In order to cover the unexpected project costs, the City applied for the

Freight Railroad Preservation Program grant administered by the Bureau of Railroads and Harbors. The City waited seven months to receive news of funding but the application was declined and funding was awarded to a passenger rail line between Milwaukee and Madison.

Despite the lack of grant funding for the rail yard relocation, the city decided to move forward with the project. The city hired an engineering firm who spent six months designing the new rail yard and an eight-week public bidding process was completed. Shortly after the construction contract was awarded, Town of Jackson residents expressed concern that a new section of track was planned for an area of the railroad mainline near a residential subdivision. Construction of the rail yard was delayed for three months until a new design for the track was completed and approved by the railroad. Construction finally began in November of 2003 and will continue until June of 2004. Winter construction considerations have added several weeks to the construction timeline, as well as \$70,000 to the project cost. To further complicate matters, the railroad's only customer is a fertilizer supply company with a seasonal operation, therefore the business must be relocated during specific "off season" periods which have been difficult to match with the construction schedule.

**Demolition.** Demolition of the thirteen buildings in TID 5 was delayed for five months due to a cost-share agreement that was negotiated between the City of West Bend and the State Department of Transportation (DOT) as a part of the State Highway 33 widening project involving two of the buildings. The DOT refused to provide reimbursement to the city unless new appraisals were completed on the affected buildings, which prevented them from being razed in the meantime.

Demolition began after an eight-week public bidding process was completed in November of 2003. Demolition presented unique challenges because previously unknown structures such as wells, cisterns, foundations, railroad tracks and tunnels were discovered buried beneath the surface. Although asbestos abatement was completed before the buildings were razed, more asbestos was found between the walls of a building causing further delays as the materials were analyzed and disposed of properly. The final phase of demolition is the removal of tanks, buildings and tracks that are a part of the old rail yard. This phase cannot be completed until the new rail yard is constructed.

**Environmental Remediation.** The city hired an environmental consultant in 2000 to complete preliminary testing and environmental remediation on the site. The testing process consisted of a historical review of past uses, soil sampling and installation of monitoring wells on each parcel. The majority of contamination on the site consists of petroleum products, some of which were removed during demolition. However, similar to the final phase of demolition, remediation on the remainder of the site is contingent upon construction of the new rail yard.

In order to pay for remediation and related project activities, the city applied for the Department of Commerce Brownfield Initiative grant on two separate occasions in 2000 and 2002. Project activities were deferred each time a grant application was submitted so that the costs could be covered by the grant, but both times the city failed to receive funding.

The TID 5 redevelopment project is moving forward despite these challenges. However, cost overruns have reached \$3.5 million and the taxpayers of the City of West Bend have been forced to subsidize the project with a yearly General Fund levy of \$285,000. This levy is expected to total \$2.5 million by the end of the district. The TID 5 project illustrates the unique challenges, cost and complexity of redeveloping a blighted area, and the need for new provisions that enable TIF districts like these to be financially successful.