



CITY OF MANITOWOC

WISCONSIN, USA

www.manitowoc.org



TIF Project Report 1015 Buffalo Street

Date of Finance Meeting: October 6, 2020

Applicant: 1015 Buffalo LLC

Project Description: The applicant has owned the property at 1015 Buffalo Street (Parcel 000-168-040) since the 1980's with the goal of finding the perfect user for the unique building. Recently the owner connected with PetSkull Brewing, and the plan of relocating and expanding the brewery along with adding a restaurant was born. In order to make the project a reality, the exterior will be updated and the interior will be renovated to include a brewery, taproom, restaurant, kitchen, new bathrooms, necessary infrastructure, and an outdoor patio. No new additions or square footage is contemplated at this time. The back of house brewery operations would take place on the lower level, the brewery, taproom and restaurant would take place on the main floor, and the upper floor would be reserved for future expansion. In order for the exterior patio to take place, a portion of City owned property would need to be sold. Total project costs are estimated at just under \$1,500,000. Of that total, approximately half are targeted towards building improvements and half are for equipment and fixtures. Preliminary estimates show an increase in assessed value from \$104,000 to \$425,000. During the renovations, the project is expected to support 35-40 construction jobs. The operation of the brewery/restaurant is expected to result in 5 full time employees and 12 part time employees ranging from Director of Brewing to bartenders and servers.

Request: The applicant is requesting a façade grant up to \$25,000 to assist in the exterior improvements. In addition, the applicant is requesting a City investment of \$70,000 in a pay-as-you-go Tax Incremental Financing cash grant. At \$70,000, the cash grant would be 5% of the total investment and approximately 17% of the expected final assessed value of \$425,000. As a pay-go cash grant, the developer would pay its real estate and personal property taxes each year, and the City would reimburse all or a portion of incremental taxes attributable to the project. This reduces the financial impact on the TIF district, as funds do not need to be borrowed to capitalize the grant. The financing gap identified in this project is related to extraordinary construction costs associated with the renovation of a historic building and the extraordinary amount of equipment associated with the brewery and kitchen for the restaurant. Specifically, this includes:

- Restoration of exterior façade and construction of outdoor patio.
- Conversion of main floor into brewery, taproom, and restaurant space.
- Installation of equipment and infrastructure to support brewery, restaurant space.

To further assist in closing the identified funding gap, the City Council previously approved moving forward with a Community Development Investment grant application to the Wisconsin Economic Development Corporation of up to \$250,000.

To support the site development, the developer is interested in acquiring a portion of City owned property that is 30 feet by 115 feet located immediately west of the development for the

establishment of an outdoor patio/beer garden. Tied to the development of the patio, the developer would like access to the fill that is currently onsite for raising the elevation of the patio area to be consistent with the overall site design. As site planning continues on the overall River Point District, the developer is also interested in securing access to the rear (south) side of the building to allow truck traffic to support the brewery operations. That access may take the form of a property sale, easement or other device.

Existing Land Use and Assessed Value: The project is located on a .28 acre parcel with a footprint of approximately 10,500 square feet and total square footage of 30,000 square feet. The parcel is currently assessed at \$104,000 in real estate value. The building is currently primarily utilized for storage.

TID Details and Status: The subject property is located within the newly created TIF District #22. The City created TID No. 22 including this parcel with the following characteristics:

- Creation Year: 2020
- Creation Year Base Value: \$ 2,998,500
- Expenditure Period Ends: 2040

Project Evaluation:

Eligibility

Wisconsin Statutes allow for grants to developers where a development agreement has been executed with the municipality. Such a development agreement would follow approval of the attached term sheet. The TID 22 Project Plan allows for cash grants to developers and funding of the façade program. All the potential project costs are eligible uses of TIF funds under the statute.

Applicable TID Plan

TID 22 was established as a redevelopment district. The Project Site is former industrial building that is proposed to be extensively renovated in order to prepare it for brewery and restaurant use. The leveraging of private investment into a historic property as represented by this proposed project is exactly the kind of public-private partnership that TIF is intended to support.

Financing Gap and Need for TIF

TIF funds are only to be used where a project would not happen “but for” the assistance provided. In this case, staff has confirmed that this project would not happen in Manitowoc without the TIF assistance. While currently located within the City, relocating within the downtown and community is a challenge. The tenant would have access to locations outside the community without the same challenges identified in the extraordinary construction costs outlined above and the potential for assistance from other communities to make the project a reality. The requested amount of TIF assistance represents a competitive proposal. In fact, if it were not for the inclusion of the grant from the State, the request for TIF assistance would be substantially higher.

Financial Analysis

Assumptions

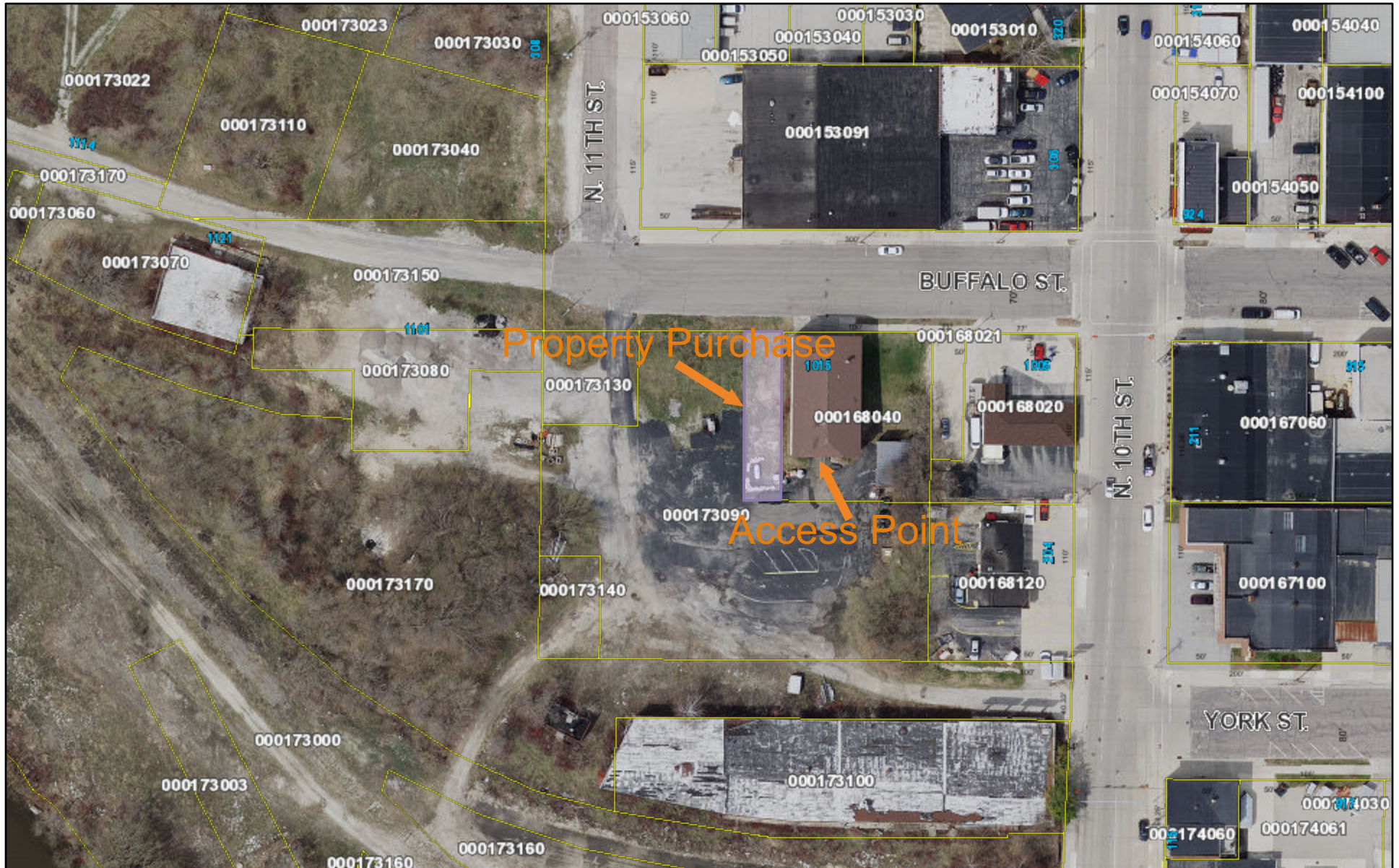
- Tax rate: \$21.14 per \$1,000
- Tax rate deflation: 0.5% per year
- Inflation increment: 0%
- Assessed value of completed project: \$425,000 (minimum of \$300,000 increased value)
- Bond rate and repayment term: not applicable (pay-go agreement)

Proforma – Requested Scenario

- Total cost of borrowing: \$0
- Tax revenue over life of the TID: \$158,954
- Tax revenues reimbursed: \$70,000
- Year expenditures recovered: 2042

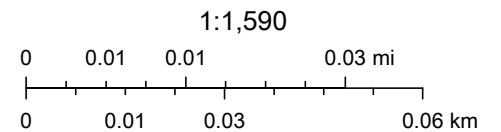
Conclusions and Recommendation: The renovation of 1015 Buffalo Street represents a continuation of the reinvigoration of the downtown area. Due to the higher cost of renovating a historic property, this project would not be supported by the current economic conditions in the City of Manitowoc but for the provision of the requested TIF assistance. The Community Development Department recommends acceptance of the related Term Sheet and subsequent enacting of a development agreement based upon those terms.

1015 Buffalo LLC/PetSkull



9/29/2020, 10:42:41 AM

- Lot Dimension Leaders
- Corporate Limits
- Waldo Roundabout
- Blue: Band_3
- ManitowocParcels.DBO.CorporateLimits
- Water
- Red: Band_1
- S Rapids Rd Ortho
- Green: Band_2
- Red: Band_1
- <all other values>



TERM SHEET
1015 Buffalo LLC/PetSkull Brewing
1015 Buffalo Street

The terms and conditions described in this agreement are part of a related development agreement between the parties, each element of which is consideration for the other elements and an integral aspect of the proposed agreements (defined below). This Term Sheet does not constitute an offer or a legally binding obligation of any party, or any other party in interest, nor does it constitute an offer of securities. The transactions contemplated by the Term Sheet are subject to conditions to be set forth in a definitive agreement, including without limitation a development agreement and other supporting documentation. Until publicly disclosed by the parties, this Term Sheet is strictly confidential and may not be shared by any party without the prior written consent of all parties unless otherwise required by Wisconsin law.

1. Property Description
 - a. Tax Parcel 000-168-040
 - b. 2019 Total Assessed Value: \$104,000

2. Potential Parties:
 - a. 1015 Buffalo LLC (Developer), and assigns controlled by Developer
 - b. PetSkull Brewing (Tenant)
 - c. City of Manitowoc (City)

3. Development Description:
 - a. Renovation of the property will consist of exterior and interior updates. Exterior will include window replacement, restoration of the façade, roof replacement and a new patio/beer garden area. Interior will include new brewing equipment, restaurant, taproom, bathrooms, and storage/packaging area consistent with the attached floor plans.
 - b. The total project cost is estimated at just under \$1,500,000.
 - c. Projected assessed value is \$425,000.

4. Development Timetable:
 - a. Construction from November 2020 – July of 2021.

5. City Assistance (subject to all required approvals and documentation):
 - a. Tax Incremental Financing
 - i. Up to \$70,000 cash grant based on a guaranteed assessed value increase of at least \$300,000 upon project stabilization.
 - ii. Uses of funds to include public or private utility or other infrastructure improvements, building construction, site preparation, architectural or engineering design fees, or other eligible building improvement related costs.
 - iii. Grant amount to be reduced if performance on minimum assessed value is not met.
 - b. Downtown Façade Grant
 - i. Up to \$25,000 cash grant dependent on extent of exterior renovations.
 - ii. Uses of funds to include exterior renovations of the existing building.

- iii. Authorize staff to work with the developer on a separate Façade Grant and design.
 - c. Community Development Investment Grant
 - i. City will apply for a CDI grant up to \$250,000 to support the project.
 - ii. Developer will work with the City on necessary reporting and complete any necessary letter reports/audits.
 - ci. Sale of Adjacent Property
 - i. Sale of property that is 30 feet wide and 115 feet deep immediately west of the development parcel to provide an exterior area for a patio/beer garden.
 - ii. Include access to clean fill stockpiled on the River Point District in order to raise the elevation consistent with the overall site development plans.
 - iii. Authorize staff to work with the developer on the sale of the property.
 - cii. Consideration for future access to the south side of the building
 - i. With the lower level being dedicated to packaging and storage operations for the brewery, maintaining access to the overhead door has been requested. Alternative options are being considered during the River Point site planning process.
 - ii. Authorize staff to work with the developer on an access agreement.
- 6. Following Common Council authorization of this term sheet, a development agreement consistent with the terms and conditions herein shall be executed by the Mayor and Clerk subject to technical, legal changes.

City of Manitowoc

1015 Buffalo, LLC

Justin M. Nickels, Mayor

Alex Allie

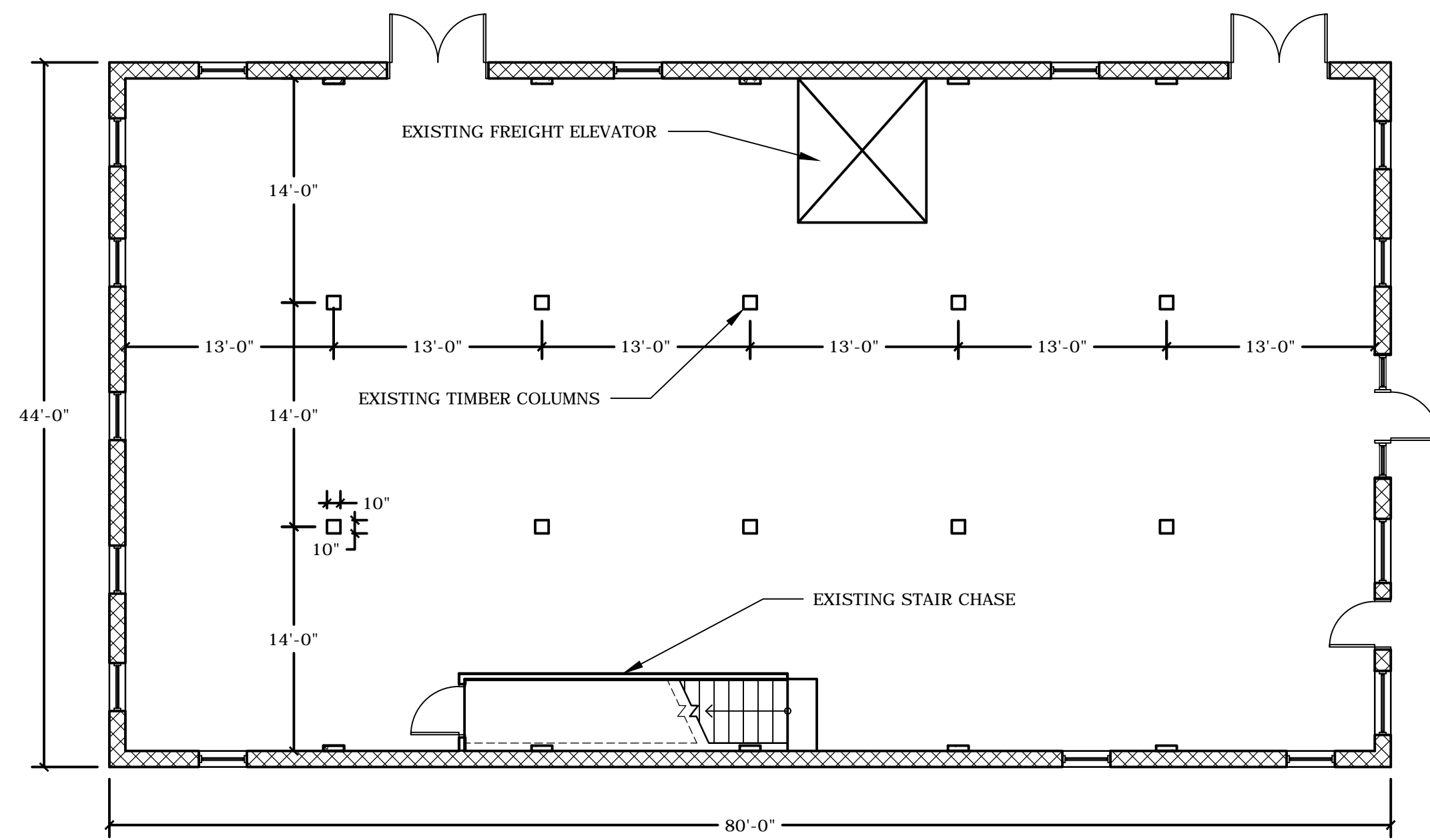
Deborah Neuser, Clerk

Peter Allie

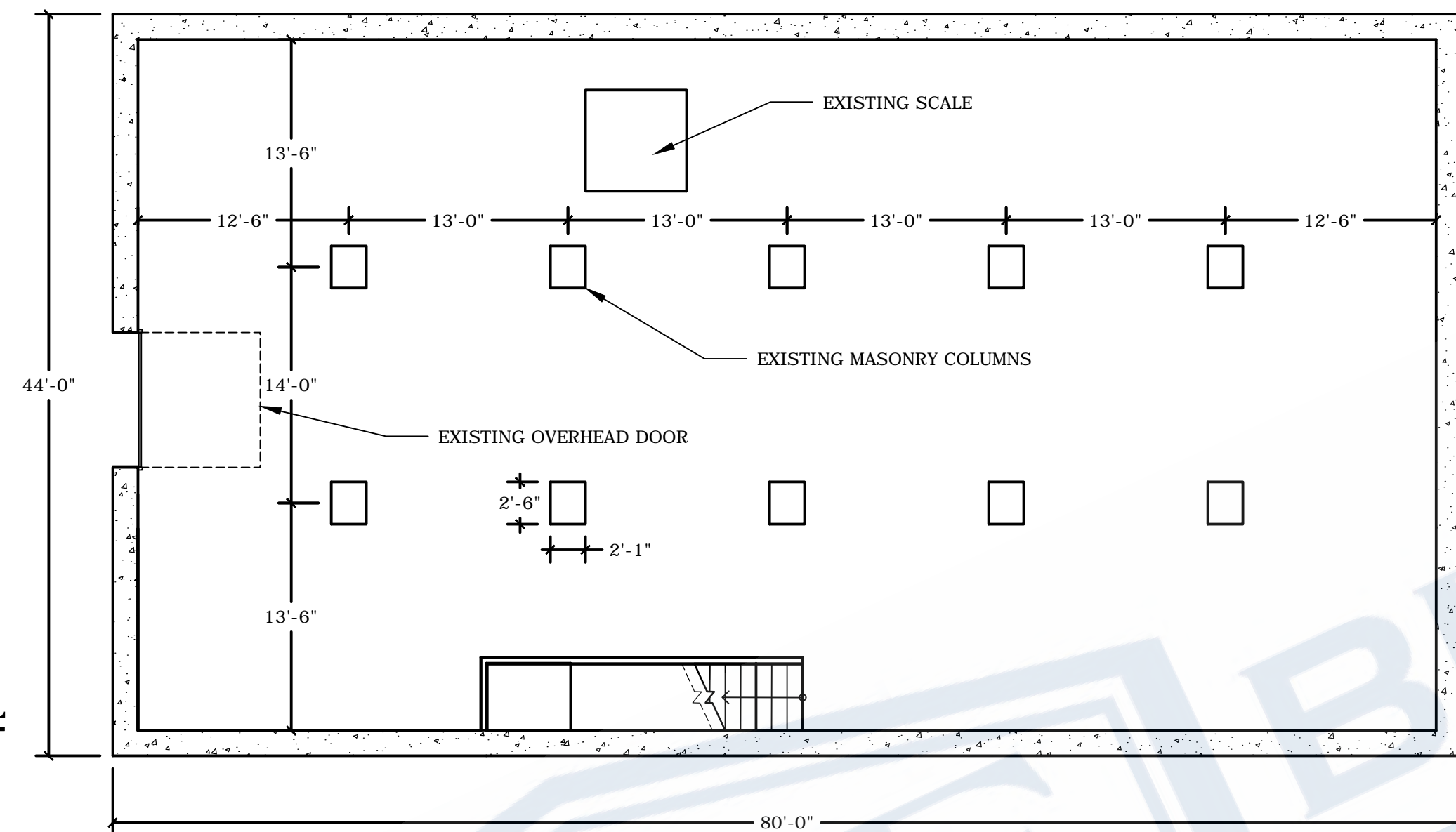
Date

Date

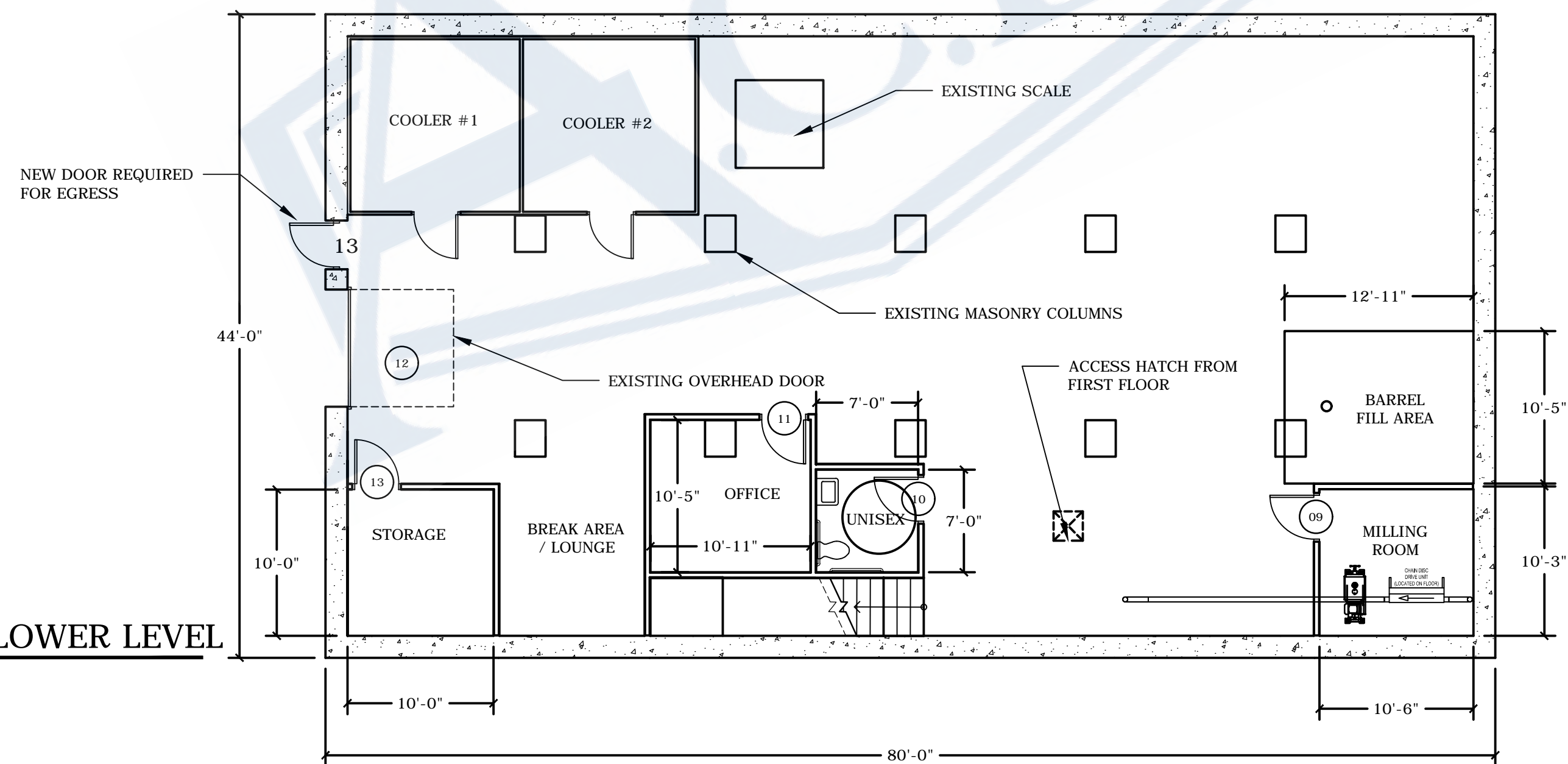
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EXISTING FIRST FLOOR
 1/8" = 1'-0"



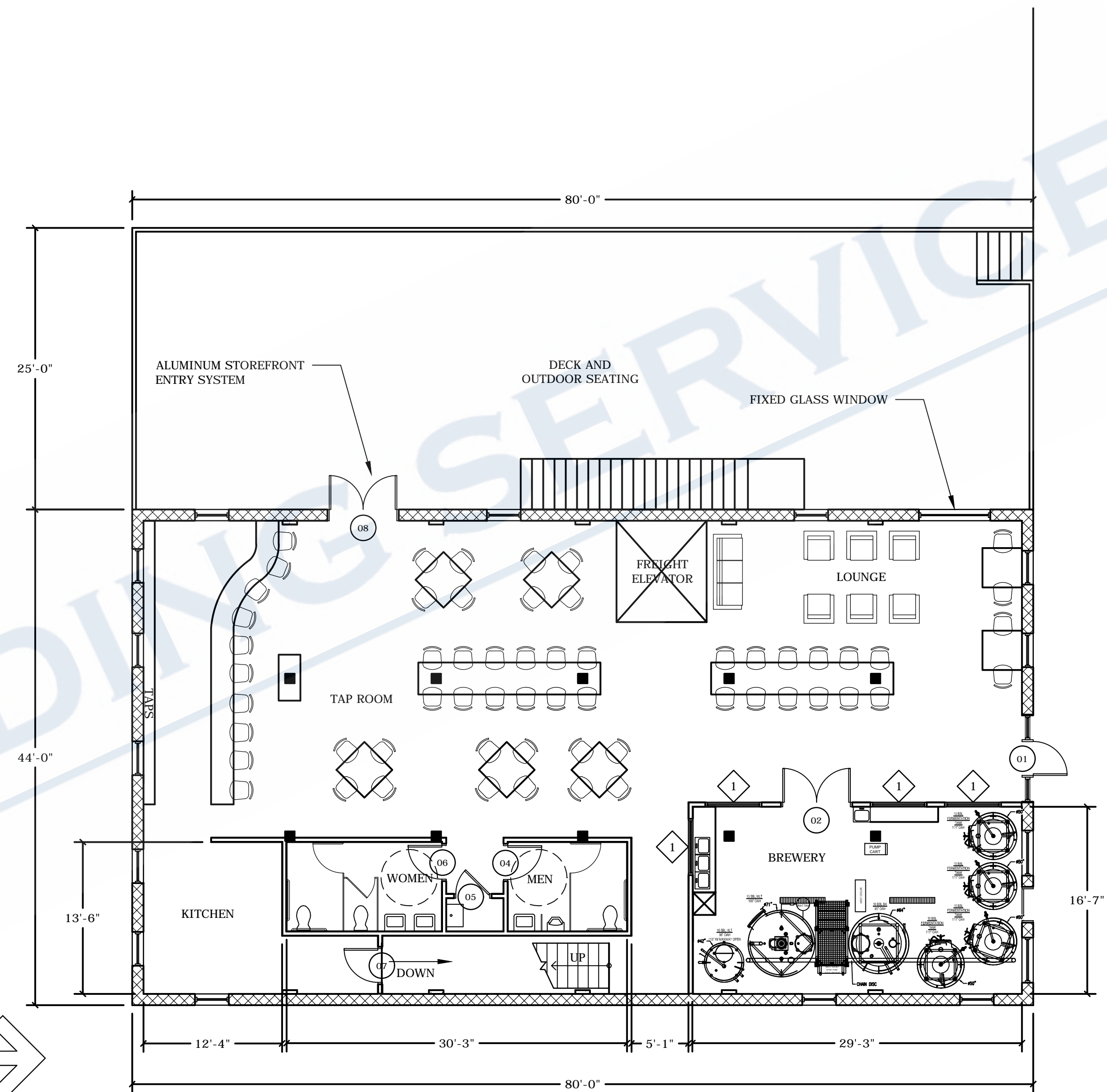
➔
EXISTING LOWER LEVEL
 1/8" = 1'-0"



➔
PROPOSED LOWER LEVEL
 1/8" = 1'-0"



➔
FIRST FLOOR
 1/8" = 1'-0"



REVISION DESCRIPTION	DATE	REV. BY

ACE BUILDING SERVICE
 OUR REPUTATION IS OUR FOUNDATION
 P.O. BOX 1626 • 2610 SOUTH 26TH STREET • MANITOWOC, WISCONSIN • 54221-1626
 PHONE: 920.682.6105 • FAX: 920.682.7700 • WWW.ACEBUILDINGSERVICE.COM
 SUPERVISING PROFESSIONAL:

PROJECT INFORMATION:
BUFFALO STREET RENOVATION
 ALLIE FAMILY COMPANIES
 100 MARITIME, SUITE C
 MANITOWOC, WI 54220

THIS PLAN AND IDEAS EXPRESSED HERE-IN ARE THE PROPERTY OF A.C.E. BUILDING SERVICE, INC. THESE PLANS SHALL NOT BE SHARED BY VISUAL MEANS OR REPRODUCED WITHOUT THE CONSENT OF A.C.E. BUILDING SERVICE, INC.

SHEET INFORMATION	
A.C.E. JOB NO.	897/20
DATE	3/30/20
DRAWN BY	CAH
SCALE	SEE PLAN

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