

COUNCIL POLICY STATEMENT

General Subject: Administration

Date Issued 6/13/1994

Revised 10/28/2003

Revised 11/14/2006

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Specific Subject: Industrial Economic
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I. Overall Goal: To continue development of Janesville's industrial tax base by diversification and expansion of key targeted industries in conjunction with the Rock County Development Alliance.

- a. through the retention and expansion of existing industries
- b. the attraction of growing industrial and large regional service sector employers
- c. the redevelopment of older industrial areas.

II. Primary Objectives:

- 1. To compete on an equal basis with other communities and states for an increased share of new industrial development projects.
- 2. To attract smaller, fast growing manufacturing and regional office employers in industrial business sectors with projected growth.
- 3. To implement a high profile proactive approach to local industrial economic development in partnership with the Rock County Development Alliance.
- 4. To facilitate and foster continued growth of existing industrial employers located in the City of Janesville (COJ).
- 5. To maximize the effectiveness of the City's limited resources in stimulating job-creating industrial development projects.

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6. To provide and facilitate the use of federal and state industrial development incentive programs and grants for local development projects with a consistent set of guidelines for City Administration for the following:
 - a. existing and new employers for the purpose of business retention, expansion, and
 - b. bring new industries within the City of Janesville.

III. Implementation:

The City Administration shall be responsible for implementing this industrial economic development policy. The CoJ Economic Development Office will have a lead role in facilitating industrial development projects and coordinating efforts with the private sector. As development projects arise, the Administration shall have the authority to negotiate the types and level of development incentives needed in accordance with the provisions of this policy. The Administration shall regularly inform the City Council of the progress of negotiations. The City Council may help establish negotiation terms, conditions, and bargaining parameters in closed session(s). Both the City Administration and the City Council shall maintain the confidentiality of all such negotiations.

The City Council shall have the final authority to review and approve all negotiated agreements and shall act on approval of them in a public meeting.

IV. Application Requirements

The City's Tax Incremental Financing (TIF) application requirements will apply

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to all development within the City’s existing Tax Incremental Districts (TIDs). The types of development include downtown, non-downtown commercial, multifamily, and industrial development.

The City shall impose an application fee of 1% or \$10,000 of the estimated project cost, whichever is less, to all TID development projects. The fee will cover City costs associated with evaluating the TIF application. The fee does not include the costs for consultants, if required. These costs will be borne by the developer unless otherwise directed by the City. Payment of this fee can be made by credit, plus any applicable credit processing fees or by check made payable to the City of Janesville.

Developers will be required to complete and submit the City of Janesville’s Tax Incremental Financing application and provide all required attachments, along with the applicable application fee to the Economic Development Office. City staff will review the application and related materials for completeness and accuracy. If approved by the Economic Development Office, a development agreement will be drafted with the developer.

V. Industrial Development Policy:

The City of Janesville shall effectuate a twofold approach: (1) concentrate its industrial development efforts on retaining its existing industrial firms and facilitating their expansion. (2) In addition, the CoJ shall work with the Rock County Development Alliance to attract new industrial employers in the following targeted industries: business services and technology, advanced manufacturing, food processing and technology, health care and medical technology, logistics and supply chain, and value-added agriculture. The CoJ shall utilize the

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available development programs to remain competitive in the attraction of new industrial employers.

This industrial development policy acknowledges that in many cases, successful development projects can occur without any public sector involvement. Consequently, the City Administration shall market equally both private and public development sites, and should utilize public incentive programs only when needed to successfully accomplish economic development objectives.

The following criteria shall be used to guide decisions involving the use of industrial development incentives:

A. Project Facilitation

The City of Janesville's Economic Development Office will be available to assist existing industries and new industrial prospects to facilitate development projects. Assistance can take the form of providing information on available industrial sites and buildings; facilitating expansions through transfer of adjacent city land; determining the necessary permitting for proposed projects; packaging development financing; or helping firms complete proposals for state and federal development assistance. In addition, the Office will coordinate the City's response to specific requests for development incentives such as the sale of City-owned industrial sites or the creation of a new industrial TID. All requests for development incentives shall be made in writing.

B. Financing

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1. Industrial Revenue Bonds- The City of Janesville will consider the adoption of initial resolutions in support of eligible industrial projects where the project financed will have a positive impact on the City's tax base and employment opportunities and where the company using the bond proceeds is shown to be financially secure. Applicants for the use of industrial revenue bonds shall present evidence of financial resources sufficient to cover the costs involved.
2. Federal/State Programs- The Economic Development Office will provide assistance to existing industries and industrial prospects in identifying federal and state financing and/or assistance programs. Where appropriate, the Agency can take a lead role in developing a financing package for development projects and can help the firm complete the necessary application materials.

C. Industrial Parks/Tax Incremental Districts

1. Existing Industrial Areas
Janesville shall continue to actively promote existing industrial parks and smaller sites for businesses that do not need additional incentives for expansion projects. Both public and privately owned sites will be treated equally, with the site location decision left to the business planning the development project. By promoting the use of existing sites that are currently served with public utilities, the overall cost of development to the City can be minimized.
 - a) In order to enhance and make marketable privately owned

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industrial and commercial properties, the City of Janesville, upon written request, may install water mains, sanitary sewers, storm sewers, and roadways as improvements to properties fronting on public streets. Payment for the improvements requested shall be consistent with City Policy for public infrastructure improvements:

- 1) If a property is split without platting or surveying (because it exceeds the provisions of Statute requiring platting or surveying), the amount of any special assessments shall be apportioned to the resulting parcels.
- b) In order to improve the marketability of vacant industrial, all owners are encouraged to maintain them in a presentable condition.
- c) The City may offer to buy privately owned and industrially zoned development sites at the fair market value as appraised by the City Assessor, or by an independent appraiser, mutually agreed upon by both parties. If possible, the cost of the independent appraisal will be shared equally by both parties.

2. New Industrial Tax Incremental Districts (TID)

- a) The City of Janesville will only consider the creation of an

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industrial TID where an industry, manufacturer, distribution center, targeted industry or related regional office developer is committed to construct a major development project and where the project would not occur without development incentives. The use of industrial TIDs will be considered for both existing Janesville industries and new industries considering a Janesville location. The use of TIF to provide direct financial assistance to industrial projects shall be guided by the following criteria:

- * Does the proposed project conform to existing plans and land use regulations?
- * Does the proposed project help to implement the City's economic development strategy?
- * Is the City's assistance needed in order to make the project feasible?
- * Is the business financially stable and likely to continue to grow and create jobs for Janesville residents?
- * Will the cost of the proposed development incentives exceed the projected tax increments generated by the project over the life of the TID?
- * Will the developer guarantee that tax increments will be available for all TIF costs that are actually incurred?

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- b) The City of Janesville will only consider the creation of a new TID industrial park on vacant land which is suitable for industrial development if there are commitments for at least \$1 million in new construction and the creation or retention of at least 50 full-time, living wage jobs.
- c) Where the City is asked to develop a Tax Incremental District (TID) for a major development project, the City will consider including additional acreage within the TID to provide suitable sites for smaller, growing firms which need development incentives in order to expand.
- d) Only the following types of business establishments will be eligible for development incentives within a TID Industrial Park:
 - * Manufacturing Firms- As defined under Wisconsin Statutes Section 70.11(27), as from time to time amended or renumbered. "Manufacturing means the producing, assembling, fabricating, making, or milling by machinery and equipment, a new article or components with a different form, use, and name by a process popularly regarded as manufacturing and as further defined in ss. 70.995 (1) and (2)."
 - * Support and service activities directly related to and used in conjunction with manufacturing operations having the

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same principal user, including but not limited to management and administration, data processing, research and testing, storage and distribution, but not including sale to ultimate consumers for personal, family, or household consumption.

- * Storage, distribution, and wholesaling of manufacturing products and materials used in manufacturing, but not including retail sale of products.
 - * Selected services businesses, regional corporate offices, financial transaction processing centers, and manufacturing testing facilities.
- e.) The cost of land acquisition, internal streets, water and sewer mains, storm sewers, natural gas and electric lines, sidewalks, development site improvement costs, necessary and related street and utility improvements outside of the TID, industrial park landscaping, industrial park signage, street lighting, financing incentives (such as interest rate write-downs, forgivable loans, etc.), employee training costs, real estate sales commissions, City borrowing costs, planning, other costs as allowed by law, administration costs, TID marketing costs, and other expenses related to implementing the economic development strategy may be financed out of TID increments, in accordance with the TID project plan.
- f) In return for the incentives offered by the CoJ through the

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creation of the Industrial TID, the business receiving the incentives shall guarantee an annual property tax payment sufficient to allow the CoJ to fully recover its entire TIF investment within the time period set by the Council (not to exceed 10 years pursuant to this Policy)

- g) The business receiving CoJ’s development incentives shall provide the Administration with sufficient financial information to document that the business is financially stable, in the determination of the Economic Development Director.
- h) The Economic Development Office will work with the industry to determine the package of development incentives necessary to complete the development project. The development incentive package must be approved by the City Council in open session.
- i) Standards for Incentives for Individual Development Proposals – Greenfield Sites
 - 1) As noted in 2b, the City of Janesville will only consider the creation of a new TID industrial park on vacant land which is suitable for industrial development if there are commitments for at least \$1 million in new construction and the creation or retention of at least 50 full-time, living wage jobs.
 - 2. Industrial development agreements must demonstrate

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financial viability by creating adequate TIF increment to cover the cost of the incentive. Since construction of industrial space on a speculative basis may be necessary to attract growing businesses, job creation might not be required in a particular individual TIF agreement.

- 3) The maximum cost of the City's assistance to each business locating within the industrial TID shall be calculated so that the City will fully recover all of its TIF costs including City borrowing costs through the industry's payment of the projected property tax increments over a ten (10) year period.
- 4) The City may use up to two (2) years of projected property taxes from each Greenfield TIF project to capitalize a Development Fund that can provide assistance for certain "soft" costs like machinery relocation costs, employee training costs, site feasibility studies which relate to development projects within the Greenfield TID. The TIF funds may be used where an existing industry within a Greenfield TID undertakes a development project that creates and/or retains jobs, but does not create new taxable property value.
- 5) The City may also provide additional incentives for job creation of the newly created full time Living Wage Equivalent Jobs. The Job Creation Incentive will be based on two years of additional projected property taxes

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created from each Greenfield TIF project; OR, 10% of the Annual Living Wage Salary Index multiplied by the number of new Living Wage Equivalents each project will create, whichever is LESS. Living Wage Equivalent Jobs (LWE) are considered jobs that pay a livable wage, as established by the Living Wage Index based on a family of 2 adults and 2 children.

j) Standards for Incentives – Individual Existing Industry Expansions

- 1) The City will consider the creation of a new industrial TID around an existing Janesville industry, where the industry is committed to an expansion project that will result in an additional \$500,000 in property value and the creation or retention of at least 10 jobs.
- 2) The maximum cost of the City's assistance to each business expanding within an industrial TID shall be calculated so that the City will fully recover all of its TIF costs including City borrowing costs through the projected property tax increments over a ten year period.
- 3) The City may use up to two (2) years of projected property taxes from each Expansion TIF project to capitalize a Development Fund that can provide assistance for certain “soft” costs like machinery relocation costs, employee training costs, site feasibility studies, etc.,

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which relate to development projects within the Expansion TID. The TID fund may be used where an existing industry within an Expansion TID undertakes a development project that creates and/or retains jobs, but does not create new taxable property value.

- 4) The City may also provide additional incentives for job creation. The Job Creation Incentive will be based on two years of additional projected property taxes created from each Expansion TIF project; OR, 10% of the Annual Living Wage Salary Index multiplied by the number of new Living Wage Equivalent jobs each project will create, whichever is LESS. Living Wage Equivalent Jobs (LWE) are considered jobs that pay a livable wage, as established by the Living Wage Index based on a family of 2 adults and 2 children.

For expansion projects that do not create any additional property tax increment, the City may consider offering up to 5% of the Living Wage Salary Index per job, so long as the TID is able remain breakeven within its statutory life.

3. Real Estate Sales Commission Policy

- a) The development of publicly owned property within the City of Janesville is often the product of successful public-private partnership. In order to strengthen this partnership the City has developed an agreement, or memorandum of

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understanding (MOU), between the City of Janesville and commercial real estate brokers to help incentivize their interest in marketing and selling publically owned industrial development land.

- b) The terms and conditions outlined in the MOU are intended to govern public owned land transactions between the City of Janesville, as the seller, and the brokers in broker assisted sales. The parcels covered by this MOU are zoned industrial and intended for industrial and/or related commercial office uses and are located within various existing and former City of Janesville Tax Incremental Financing Districts.
- c) Since the City of Janesville may choose to incentivize certain projects through “below market” sales of publicly owned land, this MOU will provide a commission, negotiated on a transaction-by-transaction basis, for those brokers bringing transactions to the City of Janesville’s attention which result in successful closings, and for which the broker receiving the commission is the designated real estate representative/agent of the buyer in the transaction (Buyer’s Agent).It is the City of Janesville’s intent to incentivize regional brokers to become actively involved with the opportunities hereunder.
- d) The current gross sales price per acre for the respective parcels affected by this policy within the City’s active Tax Incremental Districts are equivalent to current Market Rate based on the City Assessor’s Office assessment models.