

**CITY OF SHEBOYGAN
DIRECT REFERRAL R. O. 10-24-25
TO FINANCE AND PERSONNEL COMMITTEE
BY CITY ADMINISTRATOR CASEY BRADLEY.**

MAY 13, 2024.

Submitting a communication from City Administrator Casey Bradley to Mayor Ryan Sorenson and Common Council members providing background information on the proposed development agreement between the City of Sheboygan and Van Horn Properties of Sheboygan LLC.



TO: Mayor Sorenson and Common Council Members
FROM: Casey Bradley
DATE: May 1, 2024
SUBJECT: Van Horn Properties of Sheboygan LLC Development Agreement

This memorandum intends to provide background regarding the Van Horn Properties of Sheboygan LLC Development Agreement and Project adjacent to 3512 Wilgus Ave.

Background

City staff have been working with Van Horn Properties of Sheboygan LLC to provide a development on Parcel No. 59281318390 (herein, Lot 1). This site has been owned by the Van Horn Family for over 20 years and has most recently served as the current site for their overflow of inventory for their dealership site located at 3512 Wilgus Avenue (Parcel No. 59281215827 – herein, Lot 2). This development agreement was delayed in being presented to council because the developer had to work with neighboring property owners to find an amicable solution to an issue that was identified very late in the planning process. That issue has been resolved and construction has commenced knowing that this agreement was still pending final council approval.

Proposed Project

This project site is located in what will be proposed as a new Tax Incremental District (TID), TID 22. The developer is proposing to construct a Kia automobile dealership with parking lot on the property. The developer will be razing the current building on Lot 2 and building a new facility with parking lot updates on Lot 1, with Lot 2 serving as the parking overflow.

These plans can be viewed as **Exhibit C** of the attached development agreement. The developer has guaranteed an assessed value of \$5,000,000 by December 31, 2025, as is listed in Article 3.1 of the Development Agreement.

Development Incentive

The proposed development agreement provides a pay-go incentive of 20% of the proposed development guarantee value, you can see this in 5.1 Municipal Revenue Obligation (a) \$1,000,000. This incentive will be paid over the life of the TID after the developer creates the development as proposed. The repayment schedule can be found in 5.1 Municipal Revenue Obligation of the attached development agreement. As written, we will reimburse 75% each year, minus the Priority Project

Casey Bradley
City Administrator

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costs, and every year thereafter until the 20% reimbursement has been reached or until the TID has been closed, whichever comes first.

City Responsibilities

The city responsibilities have been completed.

Next Steps

The developer and City staff have reviewed this development agreement. The City's legal counsel drafted the agreement and made all amendments to the agreement. We have reviewed this project on several occasions with all department heads as well as at our internal development meetings. Specifically, Police, Fire, and Transit have had an opportunity to review and provide input into this project.

This project and development agreement are now ready for final consideration by Council.

Casey Bradley
City Administrator

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