



Economic Development
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May 18, 2021

The Honorable Mayor Dan Devine
And Members of the Common Council
7525 W. Greenfield Avenue
West Allis, WI 53214

Re: Holiday Inn Express & Suites, 10111 W. Lincoln Ave.

Dear Mayor Devine and Common Council Members:

Lincoln Hospitality Group, LLC ("Company") operates the Holiday Inn Express & Suites ("HIEX") located at 10111 W Lincoln Avenue, West Allis, WI. This business includes a limited number of owners and like many other small businesses, has been significantly impacted due to the ongoing pandemic of COVID-19. The Company started planning for the development in 2018 with actual construction commencing in fall 2019 and the opening occurring in July 2020. While there have been numerous government assistance programs available through both federal and state agencies, thus far the project was ineligible for any of these programs as they require operations to have begun prior to COVID-19.

Staff continues to review the performance of the hotel and programs that might assist the project. A recommendation prepared by staff was shared with the Community Development Authority of the City of West Allis to waive two years of penalty payments related to the Shortfall provision to the Development Agreement. The TIF was established as a developer funded TIF. The Agreement states a guaranteed minimum assessed value of \$12.5 million for the hotel and \$3.5 million for the outlot development coming in 2022. Attached is a financial projection prepared by Ehlers. The hotel assessed value is \$9,053,800. The lower assessed value generates a penalty of \$96,165 payment subtracted from the incremental taxes of \$225,365.

As the economy rebounds from the pandemic, staff believes the hotel and outlot development will result in a higher than estimate assessed value. To offset the conditions imposed on the hospitality industry by the pandemic and to help sustain the developer MRO payments to the bank and keeping the TIF within the estimated time frame of nine (9) years, staff recommends waiving two years of penalty payments totaling \$192,330. The Developer has complied with the terms of the Agreement and has performed with the project time frame. Staff will continue to explore additional relief from the financial stress from the COVID-19 pandemic.

Regards,

Patrick Schloss
Economic Development Executive Director



Schedule 1
TID #17 (Lincoln West Corridor) Cash Flow Projection and MRO Schedule (Updated March 23, 2021)

Const. Year	Value on 1/1	Revenue Year	Assessed Value A	Incremental Assessed Value B	Assessed Mill Rate C	Property Tax Payments				Ass'd Value Shortfall Pymt ⁴ F	Actual Tax Increment G	Municipal Revenue Obligation (Assumes Dated 10-1-2020)				Revenue Year ²				
						Base Value Taxes	Real Property Tax Increment D	Total Taxes E	MRO Balance BOY H			Accrued Interest @ 4% I	Payment Applied (10/1) J	MRO Balance EOY K	Rypmt of Ass'd Value Shortfall Pymts L		Total Payments to Developer			
																		E = D	B / 1000 x C	A / 1000 x C
BASE	2019	2020	Actual ¹ 977,574		27.1550				\$ 26,546											
2019	2020	2021	Actual ² 4,183,400	3,205,826	27.9047	\$ 27,279	\$ 89,458	\$ 116,737		\$ 80,512										
2020	2021	2022	Estimated ³ 9,053,800	8,076,226	27.9047	\$ 27,279	\$ 225,365	\$ 252,644		\$ 202,828										
2021	2022	2023	Estimated 9,053,800	8,076,226	27.9047	\$ 27,279	\$ 225,365	\$ 252,644		\$ 202,828										
2022	2023	2024	Estimated 9,053,800	8,076,226	27.9047	\$ 27,279	\$ 225,365	\$ 252,644		\$ 202,828										
2023	2024	2025	Estimated 9,053,800	8,076,226	27.9047	\$ 27,279	\$ 225,365	\$ 252,644		\$ 202,828										
2024	2025	2026	Estimated 9,053,800	8,076,226	27.9047	\$ 27,279	\$ 225,365	\$ 252,644		\$ 202,828										
2025	2026	2027	Estimated 9,053,800	8,076,226	27.9047	\$ 27,279	\$ 225,365	\$ 252,644		\$ 202,828										
2026	2027	2028	Estimated 9,053,800	8,076,226	27.9047	\$ 27,279	\$ 225,365	\$ 252,644		\$ 202,828										
2027	2028	2029	Estimated 9,053,800	8,076,226	27.9047	\$ 27,279	\$ 225,365	\$ 252,644		\$ 202,828										
2028	2029	2030	Estimated 9,053,800	8,076,226	27.9047	\$ 27,279	\$ 225,365	\$ 252,644		\$ 202,828										
Totals							\$ 709,252	\$ 5,723,574	\$ 6,432,826	\$ -	\$ 5,151,217									

Notes:
¹ Base year assessed valuation shown reflects 65.55% of the January 1, 2019 assessed value of the land and personal property for Parcel 485-9996-007 which was subsequently subdivided into Lots 1 and 2.
² Assessed valuation shown is actual for Lot 1 (Parcel 485-9996-020).
³ Assessor's estimate of Hotel 1-1-2021 value provided 10-13-2020 based on cost approach. Assessment will be re-evaluated using income approach following the first year of full operation.
⁴ The Assessed Value Shortfall Payment is equal to the Assessed Valuation Guaranty of \$12.5 million less the actual Assessed Value (A) divided by 1000 times the Assessed Mill Rate (B).
 Payments Net of Shortfall Payments Made: **1,791,237**