PART 1 ADMINISTRATIVE LEGISLATION

Chapter 16 HOSPITALITY INDUSTRY INCENTIVE PROGRAM

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Article I General Provisions

16.01 Findings and Purpose.
The Village Board hereby finds that there exists a shortage of adequate and affordable housing within the Village of Lake Delton. This shortage is due in part to the rapid growth of the area and the corresponding increase in the number of jobs available in the Village of Lake Delton and the surrounding areas. This rapid growth has brought with it a demand for several thousand additional transient employees each year. These transient employees are often housed in overcrowded rooms which poses an unacceptable risk to the health, safety and general welfare of those transient employees and the people of the Village generally. In response to these circumstances the Village Board and the Village Community Development Authority have financed the construction of dormitories to provide adequate and affordable housing for transient employees. The efforts of the Village and the Community Housing Authority will result in housing of over one thousand (1,000) transient employees.

These efforts, however, are far from resolving the goal of adequate and affordable housing for transient employees. Based upon data presented by local employers the demand for employees is likely to increase exacerbating the housing shortage. As a result the Village Board finds that it is in the public interest to offer grants to employers as incentives to build dormitories for their transient employees. The development of employer provided housing will help address the housing shortage in the Village and increase the availability of employees to help operate the local businesses and ensure the continued growth of the economy and revenues to the Village from premier resort tax and room tax.
In addition, the housing shortage has resulted in several motels be used for housing of transient employees instead of tourists. As a result there is a shortage of quality tourist accommodations.

This has an adverse effect on the local economy as these rooms are not being rented to the general public. This results in a loss of revenues to the Village in the form of room tax and premier resort tax. Therefore the Village Board is establishing an incentive program to provide assistance to developers of new hotel and motel projects for mid-range national franchises and for conversion of existing hotels and motels to franchised properties.

16.02 Definitions.
For the purposes of this Chapter, the following definitions shall apply.

Incentives: Incentives include direct compensation, donation of land, low interest loans, special assessments, deferred assessments, reimbursements and such other forms of credits and disbursements approved by the Village Board.

16.03 Jurisdiction and Administration.
A. The Village Finance Committee shall be responsible for the review of all applications for incentive financing provided for in this Chapter.
B. The Village Clerk-Treasurer-Coordinator shall be responsible for the administration, coordination and implementation of the Village’s Program. The Clerk-Treasurer-Coordinator shall:
   1. Create the necessary forms for application and implementation of the Incentive Program.
   2. Establish criteria and procedures for reviewing applications for participation in the Incentive Program, contract performance and compliance with the requirements of the Program, subject to review and approval of the Finance Committee and by the Village Board.
   3. Develop appropriate rules, procedures and regulations for assuring compliance with the requirements of the Program, subject to approval of the Finance Committee and the Village Board, and supervise, coordinate, monitor and enforce the implementation of the Program.
   4. Periodically provide reports to the Finance Committee on the progress of the Incentive Program.
   5. Review and monitor all Village contracts with participants for compliance with the provisions of this Chapter.
   6. Devise rules, regulations and procedures governing requests for waivers from the requirements of the Incentive Program, subject to approval by the Finance Committee and Village Board.

16.04 Funding Sources.
The funds to be provided under this Chapter shall be provided from the Tax Increment District Accounts, Premier Resort Tax Account and Room Tax Account in such amounts and such allocation as determined by the Village Board.
16.05 Eligibility.
The Hospitality Industry Incentive Program is available to all owners and developers of lands within the Village of Lake Delton filing qualified applications for participation in the Program.

16.06-16.09 Reserved

16.10 Incentive Programs.
A. Employer Provided Housing Grants.
   1. In order to encourage development of employer provided housing for transient seasonal employees, incentives including direct payments to the developer are available to qualified applicants constructing housing for their employees. The qualifications to receive incentives are subject to the following criteria:
      a. The project must involve the construction of a dormitory with at least two hundred (200) beds and be in compliance with the requirements of the state building codes and relevant provisions of the Village Municipal Code.
      b. The dormitory must be located within the Village limits.
      c. The applicant must provide a detailed budget reflecting the costs of construction of the dormitory.
      d. The applicant must provide proof of its financial ability to complete the project.
      e. The project must receive approval of the Plan Commission and Village Board.
      f. The developer and the Village must enter into a Development Agreement.
   2. Funds available. The maximum grant available is the lesser of twenty-five percent (25%) of total construction costs or seven hundred fifty thousand dollars ($750,000.00). The Grant shall be disbursed upon completion of the dormitory and issuance of an Occupancy Permit.

B. New Franchise Incentives.
   1. In order to encourage development of new hotel and motel properties in the Village of Lake Delton incentives are available to qualified applicants for construction of new hotel and motel properties.
   2. Qualified applicants for incentives for new construction of a hotel or motel must meet the following requirements:
      a. Project must be for construction of a national franchise hotel or motel of at least mid-range quality (approved by the Village Board) with at least one hundred (100) rooms.
      b. A detailed budget reflecting the costs of the project and the estimated fair market value of the completed project.
      c. A Commitment letter from a financial institution financing the project.
      d. A detailed financial analysis projecting the annual revenue including the amount of room tax and premier resort tax collections.
      e. Proof of financing for the project.
f. An itemized list of incentives requested and the estimated value of the incentives.
g. The developer and Village must enter into a Development Agreement.

3. Funds available. The maximum amount of available incentives for new construction of a hotel or motel is fifteen percent (15%) of the project costs. The amount of the incentives awarded to the applicant shall be based upon the expected increase in the appraised value of the property, the amount of premier resort tax and room tax revenues to the Village, and such other factors deemed appropriate by the Village Board in the exercise of its discretion.

C. Property Improvement Incentives.

1. In order to encourage redevelopment of existing hotel and motel properties in the Village, incentives are available to qualified applicants for assistance in the cost of conversion of an existing hotel or motel to meet the standards set by a national franchisor.

2. Qualified applicants for incentives for assisting in the conversion of a hotel or motel to a national franchise must meet the following requirements:
   a. An existing hotel or motel that wishes to convert to a national franchise may be eligible for incentives of up to ten thousand dollars ($10,000.00) per room to assist in conversion of the hotel or motel to meet the requirements of the national franchisor.
   b. To qualify for incentives to convert to a national franchise, a hotel or motel owner shall provide the following information:
      i. A conditional approval letter from the national chain including a detailed list of items that must be completed before final approval is granted.
      ii. A detailed budget reflecting the costs of the improvement necessary to facilitate the national chain’s criteria [the PIP list].
      iii. A Commitment letter from a financial institution agreeing to finance the project.
      iv. A detailed financial analysis comparing the expected revenue from the upgrade in comparison to the actual revenue achieved in the current year.
      v. This shall include an analysis of the potential increase in room tax and premier resort tax collections.
   c. The amount of the incentives provided will be based upon the expected increase in fair market value of the hotel or motel, the increase in premier resort tax and room tax revenues to the Village; and such other factors deemed appropriate by the Village Board in the reasonable exercise of its discretion.

16.11 Procedure.
Interested parties may apply to participate in the Hospitality Industry Incentive Program by filing an application and supporting documents with the Clerk-Treasurer-Coordinator and payment of the application fee of one thousand dollars ($1,000.00). The application and supporting documents will be reviewed by the Clerk-Treasurer-Coordinator and Village Attorney for
compliance with the requirements of this Chapter, and if deemed complete, forwarded to the Finance Committee for review. If the Clerk-Treasurer-Coordinator determines that the application and supporting documents are not in compliance with the requirements of this Chapter the application may be rejected and the application fee returned to the applicant. Once the application is referred to the Finance Committee the filing fee becomes nonrefundable.

16.12 Application Requirements.
Each application for participation in the Hospitality Industry Incentive Program shall include the following items:

1. The name, address and contact information of the applicant.
2. A site plan.
3. A concept plan establishing the qualifications for the Program.
4. A detailed budget reflecting the costs of the project and the estimated fair market value of the completed project.
5. A Commitment letter from a financial institution financing the project.
6. A detailed financial analysis projecting the annual revenue including the amount of room tax and premier resort tax collections.
7. An itemized list of incentives requested and the estimated value of the incentives.
8. Additional information provided by the applicant in support of the application.

16.13 Factors To Be Considered In Awarding Incentives.
The Finance Committee and the Village Board shall consider the following factors in determining the level of incentives to be provided to a qualified project:

1. The benefit to the community offered by the project.
2. The total value of the award granted.
3. The amount of increased tax revenues to be generated by the project.
4. Availability of funds.
5. The risk of loss to the Village.

16.14 Finance Committee Review.
The Finance Committee will meet with the applicant to review the application at a mutually agreed upon time. The Finance Committee shall review the application and supporting documents to determine eligibility of the applicant. The Finance Committee may request such additional information as it deems necessary for a complete review of the application. Upon a finding that the application qualifies for participation in the Program, the Finance Committee shall refer the application to the Village Board with its recommendation including any conditions deemed appropriate. If the Finance Committee determines that the application does not meet the qualifications for participation in the Program it shall provide the applicant with its written determination within ten (10) business days. The applicant may appeal an adverse determination to the Village Board provided such appeal is filed within fifteen (15) days of receipt of a written determination denying the application.
16.15 Village Board Review.
Upon receipt of a Finance Committee report recommending approval of an application for participation in the Program, or an appeal by the applicant, the application shall be forwarded to the Village Board for its review. The Village Board shall review the application for compliance with the requirements of this Chapter and the availability of funds for approval of the application. Based upon the application and supporting documentation and representations by the applicant, the Village Board may approve, reject or conditionally approve the application.

16.16 Award.
When approving an application for incentives under the Hospitality Industry Incentive Program the Village Board shall do the following:
A. Make findings that the application complies with the provisions of this Chapter.
B. Identify the nature and extent of incentives awarded to the applicant.
C. Direct the Village Clerk-Treasurer-Coordinator on how to fund the incentives.
D. Direct the Village Attorney to draft a Development Agreement reflecting the award of incentives and the performance condition required of the applicant.

16.17 Disbursement.
The incentives awarded to applicants will be dispersed in accordance with the terms and conditions of the Development Agreement.