

**City of Waukesha**  
**Tax Incremental District 16**  
**Project Plan Amendment**  
Redetermination of Base Value

This Amendment to City of Waukesha Tax Incremental District Number 16 Project Plan, referred to herein as the Amendment, is done pursuant to Wis. Stats. §§66.1105(5)(i) and 66.1105(4)(h)(1), in order to obtain a redetermination by the Department of Revenue of the tax incremental base of Tax Incremental District Number 16, referred to herein as the District, because the District is in a decrement situation, as defined in Wis. Stats. §66.1105(2)(aj).

The original Project Plan for the District, which was approved by the Plan Commission on June 13, 2007, and approved by the Common Council June 17, 2007, remains unamended and in effect except as specifically amended by this Amendment.

**Background**

The District was created to promote the redevelopment of the central city, provide greater employment opportunities, increase central city housing opportunities, and to broaden the property tax base. Areas within the District are blighted, and one of the goals of the District is rehabilitation and infill. The downtown area contains the oldest housing stock in the City, and the original Project Plan established a tax-increment financing loan program to aid residents with repairs to their homes. Additionally, the Project Plan envisioned using tax-increment financing as an incentive for redevelopment of certain specific areas:

- South Street townhouses
- Commercial redevelopment of existing buildings on the southwest corner of South Street and Barstow Street
- Redevelopment of the historic railroad depot site
- Redevelopment of the Post Office and flower shop site
- A parking structure to serve WCTC, YMCA, and the Post Office, jointly
- Redevelopment of the northwest corner of Hartwell Avenue and Broadway
- Redevelopment of the video store site
- Townhouse development on Barney Street
- Redevelopment of the commercial site between the railroad tracks and Pleasant Street
- Conversion of the northwest corner of Barney Street and McCall Street to two single-family lots

It was anticipated these projects, when completed, would have added an estimated 20 million dollars in new, taxable value to the district. Unfortunately, the timing of the projects coincided with the recession which began in 2007, and the anticipated development has not occurred.

In addition to these projects, some properties within the District were lost from the tax base as a result of their acquisition by tax-exempt entities, including East Terrace, a large, 9-story senior apartment building, which had a taxable value of \$3,957,900.00 when the District was created.

Due to these factors, the base value of the District has declined from \$51,142,800 in 2007 to a present value of \$36,939,600.

Wisconsin Statutes §66.1105(5)(h) allows the City to adopt a resolution requiring the Department of Revenue to redetermine the tax base of a tax-incremental district that has been in a decremental state for at least two consecutive years, once during the life of the district. The District presently meets that requirement.

Before the City may adopt the resolution requiring redetermination of the base value, the Common Council must complete a financial analysis, and must amend the Project Plan to provide that at least one of the conditions specified in Wis. Stats. §66.1105(5)(i)(3), (4) or (5) will be met. Subsection (4) will be satisfied after the re-determination.

Now, therefore, the following Financial Analysis is approved and adopted, and the Project Plan for the District is amended as follows:

**1. Financial Analysis.**

**a. Base Value Loss Analysis.** The table below shows the base values for the District for the last seven years. As of the date of this Amendment, the base value has declined \$14,203,200, a loss of 27.8% from the date of the District’s inception.

	<b>TID #16 Total Value</b>	<b>Loss in Value from Base Year</b>	<b>Percent Decline from Base Year</b>
<b>2007 Base Value</b>	\$ 51,142,800		
<b>2011 Revised Base Value*</b>	\$ 49,974,700		
<b>2008</b>	\$ 47,289,700	\$ 3,853,100	7.5%
<b>2009</b>	\$ 46,208,300	\$ 4,934,500	9.6%
<b>2010</b>	\$ 41,741,200	\$ 9,401,600	18.4%
<b>2011</b>	\$ 37,578,900	\$ 13,563,900	26.5%
<b>2012</b>	\$ 40,043,600	\$ 11,099,200	21.7%
<b>2013</b>	\$ 37,047,000	\$ 14,095,800	27.6%
<b>2014</b>	\$ 36,939,600	\$ 14,203,200	27.8%

\* Reflects Department of Revenue adjustment of (\$1,168,100) for current method of valuation that applies municipality level of assessment versus the prior method that applied the level by class of property.

**b. Cash Flow Analysis.** The City’s financial advisor, Robert W. Baird & Co., performed a pro-forma cash flow analysis for the District, using the 2014 value of \$36,939,600 as its base value, and assuming annual inflation of 1%. This cash-flow analysis shows that the District’s project costs will be recovered by 2027, and therefore it is projected that all of the District’s project costs will be paid within 90% of the District’s remaining life, based on the District’s termination date as calculated under Wis. Stats. §66.1105(7)(ak) to (au). The Baird cash-flow analysis is attached as Exhibit 1.

**c. Conclusion.** During 2012, 2013, and 2014, the District’s value was 21.7%, 27.6%, and 27.8% percent below the District’s original base value, respectively.

Therefore, the District is in a decrement situation as defined in Wis. Stats. §66.1105(2)(aj), and has been so for at least two consecutive years. Because the District's project costs are expected to be paid within 90% of the District's life after re-determination of base value, the requirement of Wis. Stats. §66.1105(5)(i)(4) is satisfied.

**2. Amendment of Project Plan.** The Project Plan is hereby amended to include the following provision:

All of the project costs for City of Waukesha Tax Incremental District 16 shall be paid within 90 percent of the District's remaining life based on the District's termination date as calculated under Wis. Stats. §66.1105(7)(ak) to (au), and using the date of the Joint Review Board's approval of the City's resolution directing redetermination of base value as the starting point for determining such remaining life.

**Approved by:**

**City of Waukesha Plan Commission**

\_\_\_\_\_  
Shawn N. Reilly, Mayor and Commission Chair

Date: \_\_\_\_\_

**City of Waukesha**

Attest:

\_\_\_\_\_  
Shawn N. Reilly, Mayor

Date: \_\_\_\_\_

\_\_\_\_\_  
Gina L. Kozlik, City Clerk

**Joint Review Board**

\_\_\_\_\_  
\_\_\_\_\_, Chair

Date: \_\_\_\_\_

I have reviewed the foregoing Amendment, and it is my opinion that the Amendment is complete and complies with the requirements of Wis. Stats. §66.1105.

\_\_\_\_\_  
Brian E. Running, City Attorney

Date: \_\_\_\_\_

Date of publication of Class 2 notice of public hearing before Plan Commission: \_\_\_\_\_

Date of public hearing before Plan Commission: \_\_\_\_\_

1% Inflation

# City of Waukesha Tax Increment District No. 16 Cash Flow Proforma Analysis

BAIRD

Assumptions	
Annual Inflation During Life of TID	1.00%
2013 Gross Tax Rate (per \$1000 Equalized Value)	\$22.76
Annual Adjustment to tax rate	0.00%
Investment rate	3.00%
Data above dashed line are actual	

Year	Background Data						Revenues			Expenditures			TID Status			
	(a) Val. Date	(b) TIF District Valuation	(c) Value of Exempt Computers	(d) Inflation Increment	(e) Construction Increment	(f) TIF Increment Over Base	(g) Tax Rate	(h) Tax Revenue	(i) Investment Proceeds	(j) Total Revenues	(k) Principal	(l) Interest	(m) Combined Debt Service	(n) Annual Balance	(o) Year End Cumulative Balance	(p) Cost Recovery
2008	\$47,289,700	\$172,300	\$197,800			(\$4,762,200)	\$18.93	\$0	\$0	\$0	\$0	\$0	\$0	(\$9,620)	(\$16,893)	Expenditures Received
2009	\$46,208,300	\$197,800	\$218,900			(\$9,203,800)	\$20.62	\$0	\$0	\$0	\$0	\$0	\$0	\$9,238	(\$25,490)	Expenditures Received
2010	\$41,741,200	\$218,900	\$218,900			(\$12,176,900)	\$21.51	\$0	\$0	\$0	\$0	\$0	\$0	\$9,620	(\$16,252)	Expenditures Received
2011	\$37,578,900	\$157,070	\$157,070			(\$9,774,030)	\$21.67	\$0	\$0	\$0	\$0	\$0	\$0	\$9,620	\$1,282	Expenditures Received
2012	\$40,043,600	\$162,200	\$162,200			(\$12,765,500)	\$22.91	\$0	\$0	\$0	\$0	\$0	\$0	\$9,798	\$6,728	Expenditures Received
2013	\$37,047,000	\$114,000	\$114,000			(\$12,921,000)	\$22.76	\$0	\$0	\$0	\$0	\$0	\$0	\$20,020	\$92,247	Expenditures Received
2014	\$36,593,600	\$114,000	\$114,000			\$483,398	\$22.02	\$0	\$0	\$0	\$0	\$0	\$0	\$117,953	\$117,953	Expenditures Received
2015	\$37,308,996	\$114,000	\$373,090			\$836,486	\$22.02	\$10,643	\$0	\$10,643	\$0	\$9,620	\$9,620	\$1,023	(\$25,490)	Expenditures Received
2016	\$37,082,066	\$114,000	\$376,821			\$1,233,307	\$22.02	\$18,858	\$0	\$18,858	\$0	\$9,620	\$9,620	\$9,238	(\$16,252)	Expenditures Received
2017	\$36,082,907	\$114,000	\$380,589			\$1,613,696	\$22.02	\$18,858	\$0	\$18,858	\$0	\$9,620	\$9,620	\$17,282	\$1,282	Expenditures Received
2018	\$36,459,486	\$114,000	\$384,255			\$1,988,591	\$22.02	\$17,154	\$0	\$17,154	\$0	\$9,620	\$9,620	\$17,282	\$1,282	Expenditures Received
2019	\$36,213,130	\$114,000	\$389,121			\$2,298,650	\$22.02	\$13,997	\$0	\$13,997	\$0	\$9,620	\$9,620	\$3,794	\$6,728	Expenditures Received
2020	\$39,604,251	\$114,000	\$396,043			\$3,174,664	\$22.02	\$52,545	\$0	\$52,545	\$0	\$9,620	\$9,620	\$49,798	\$72,226	Expenditures Received
2021	\$40,000,294	\$114,000	\$400,003			\$3,574,666	\$22.02	\$61,179	\$0	\$61,179	\$0	\$9,620	\$9,620	\$63,345	\$92,247	Expenditures Received
2022	\$40,400,296	\$114,000	\$404,003			\$3,978,689	\$22.02	\$69,898	\$0	\$69,898	\$0	\$9,620	\$9,620	\$70,625	\$117,953	Expenditures Received
2023	\$41,212,342	\$114,000	\$412,123			\$4,386,742	\$22.02	\$78,705	\$0	\$78,705	\$0	\$9,620	\$9,620	\$79,524	\$154,877	Expenditures Received
2024	\$41,624,466	\$114,000	\$416,245			\$4,798,666	\$22.02	\$86,585	\$0	\$86,585	\$0	\$9,620	\$9,620	\$86,585	\$203,524	Expenditures Received
2025	\$42,040,711	\$114,000	\$420,407			\$5,215,111	\$22.02	\$95,659	\$0	\$95,659	\$0	\$9,620	\$9,620	\$95,659	\$254,374	Expenditures Received
2026	\$42,461,118	\$114,000	\$424,611			\$5,635,518	\$22.02	\$105,659	\$0	\$105,659	\$0	\$9,620	\$9,620	\$105,659	\$306,850	Expenditures Received
2027	\$42,885,729	\$114,000	\$428,857			\$6,060,129	\$22.02	\$114,823	\$0	\$114,823	\$0	\$9,620	\$9,620	\$114,823	\$360,647	Expenditures Received
2028	\$43,314,586	\$114,000	\$433,146			\$6,488,986	\$22.02	\$124,079	\$0	\$124,079	\$0	\$9,620	\$9,620	\$124,079	\$415,990	Expenditures Received
2029	\$43,747,732	\$114,000	\$437,477			\$6,922,132	\$22.02	\$133,428	\$0	\$133,428	\$0	\$9,620	\$9,620	\$133,428	\$473,203	Expenditures Received
2030	\$44,185,209	\$114,000	\$441,852			\$7,359,669	\$22.02	\$142,871	\$0	\$142,871	\$0	\$9,620	\$9,620	\$142,871	\$532,323	Expenditures Received
2031	\$44,627,061	\$114,000	\$446,271			\$7,801,461	\$22.02	\$152,407	\$0	\$152,407	\$0	\$9,620	\$9,620	\$152,407	\$593,385	Expenditures Received
2032	\$45,073,332	\$114,000	\$450,733			\$8,247,732	\$22.02	\$162,039	\$0	\$162,039	\$0	\$9,620	\$9,620	\$162,039	\$656,445	Expenditures Received
2033								\$171,768	\$40,214	\$211,982	\$0	\$0	\$0	\$211,982	\$1,552,445	Expenditures Received
2034																Expenditures Received
								\$8,584,465	\$0	\$8,584,465	\$230,000	\$93,385	\$323,385			

(1) 2011 increment includes DOR adjustment (\$1,168,100) for current method of valuation that applies municipality level of assessment versus the prior method that applied the level by class of property.  
 (2) 2014 tax rate reflects an \$0.89 adjustment due to Wisconsin Act 145. This will increase state aid to technical college districts and lower levy amount.

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Prepared by Robert W. Baird & Co., Incorporated. ST:Public Finance/Investments/Investment or w/107175107 #16 proforma waukesha (2014 update) v16 10/17/2014