

# CITY OF WAUKESHA

# TAX INCREMENTAL DISTRICT NO. 9 PROJECT PLAN AMENDMENT 1

PREPARED BY THE
DEPARTMENT OF
COMMUNITY DEVELOPMENT

July, 2016

### TAX INCREMENTAL DISTRICT NO. 9 PROJECT PLAN AMENDMENT I

### **HISTORY**

Tax Incremental Finance District 9 was created in 1992 for the purposes of blight elimination. The main project in the district was the remediation of the former General Casting Foundry site and the construction of 62 single-family affordable homes and 6 duplex homes now known as Phoenix Heights. The subdivision development was successful and allowed for new affordable single family homes in the City and the remediation of an extremely contaminated site on Main St.

### **ALLOCATION OF POSITIVE INCREMENT**

TID 9 is scheduled to close in 2017. It is generating tax increment in excess of that needed to meet its own obligations, and that surplus increment can be allocated to another TID pursuant to Wisconsin tax-increment financing law. Analysis conducted by the Department shows that TID 9's surplus increment, if allocated to TID 16, would be sufficient to allow TID 16 also to close in 2017, rather than in 2034, as currently scheduled. Closing TID 16 seventeen years earlier than scheduled is a very desirable outcome for the City, particularly since it will not delay the closing of TID 9.

The approximate amount of the allocation from TID 9 to TID 16 is \$270,000, based upon projections as of December 31, 2016. A cash flow pro-forma has been completed for TID 9, which shows that TID 9 will still close in 2017 after the allocation to TID 16.

### DEPARTMENT FINDINGS OF FACT

The City does not expect that any "displaced persons" within the meaning of Section 32.19 of the Wisconsin Statutes will require relocation from either TID in connection with the amendment of the TID 9 Project Plan. If any such displacement occurs or relocation is required, it will be done according to Section 32.19 of the Wisconsin Statutes, the regulations issued thereunder, and any other applicable federal, state, or other laws, and the costs of any such displacement or relocation will be regarded as an eligible project cost hereunder.

The City does not anticipate that any changes in the City's zoning ordinances, land use plan, maps, building codes, or ordinances will be required or made in connection with the amendment of the TID 9 Project plan. The zoning and uses are consistent with the City's 2035 Land Use Plan. There will also be no boundary changes as part of this amendment. There has been no change to the original map showing existing uses, conditions and proposed improvements. There are no public improvements or additional financing proposed as part of this amendment.

The Project Plan amendment will serve a public purpose, in that it allows another district to close considerably sooner and return the full property value to the tax roll. All additional project costs described are eligible TIF costs. The benefits of this expanded Project Plan outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing districts.

This Project Plan amendment, based on these findings, is in the interest of the public.

### AMENDMENT TO PROJECT PLAN

The amendment to the Project Plan for TID 9 consists of the addition of the following language to the Project Plan:

Positive increment realized by TID 9 in 2017, in excess of the expenses and obligations of TID 9 in 2017, shall be allocated to TID 16 and applied to TID 16's expenses and obligations.

City of Waukesha				
Donor Strategy: TID 9 to TID 16				
Projected Fund Balance				
	TID 9	TID 16		
Fund Balance 12/31/15	25,073	42,431		
2016 Projected Revenues (1)	270,628	2,312		
2016 Projected Expenditures	(231,246)	(12,805)		
Projected Fund Balance 12/31/16	64,455	31,938		
2017 ProjectedRevenues(1)	270,628	19,199		
2017 Projected Expenditures	(13,150)	(22,805)		
Transfer In/(Out)	(270,628)	270,628		
Projected Fund Balance Before Distributuion	51,305	298,960		
Fund Balance placed in Escrow to Pay Off Debt		(276,805)		
Approximate Final Distribution (2)	(51,305)	(22,155)		
Projected Fund Balance 12/31/17	-	-		
Equalized 2015 TID Value	TID 9	TID 16		
Per WDOR Equalized Value Table	14,432,300	36,545,700		
Notes:				
1) Tax Revenues are based on 2015 equalized values	and Tax Rate, r	eceived in 2010	6.	
2) We could settle with other taxing jurisdictions ba	sed on best est	imates of futur	e costs or	

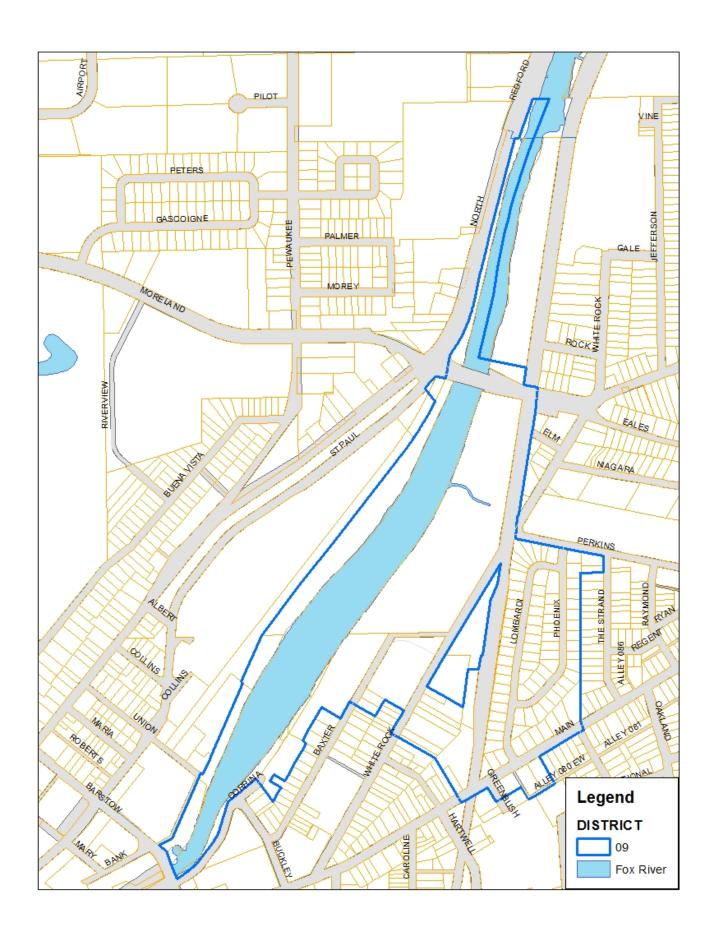
2) We could settle with other taxing jurisdictions based on best estimates of future costs or we could include a clause to redistribute after final costs are calculated.
 Consider additional costs for accounting, misc. debt related costs, etc.

Consider: Private loans should be tracked (in SRF so that City collects on loans when triggers are met.)

Revised Debt Schedule	Principle	Interest
2018		9,620
2019		9,620
2020		9,620
2021	35,000	9,620
2022	35,000	8,325
2023	40,000	
2024	40,000	
2025	40,000	
2026	40,000	
	230,000	46,805
Total Debt Obligations Remaining at 12/31/16		276,805
Approx. amount to be placed in escrow until call date: 2022		

					1	Don		2021	2020	2019	2018	2017	2016	2015	2014				Year	Fiscal							
		This strate	Both TIFs o	TIF 9 dona	. TIF 9 stays open 1 extra year & brings in Additional Increment of approximately \$270,628.	Donor Stategy		14,432,300	14,432,300	14,432,300	14,432,300	14,432,300	14,432,300	14,432,300	14,461,200	\$2,025,300	Base Value	(January 1)	Valuation	TIF District		data appearir	Investment Rate	Inflation Rate	2015 Tax Rate		City of W
		This strategety also saves annual interest and accounting fees	Both TIFs could close in 2017	TIF 9 donates \$270,628 to TIF 16.	open 1 ext			100	100	100	100	100	100	100	300			(December 31)	Computers	Value of Exempt	Ва	data appearing above underline doen not necessarily follow a pattern/formula	ate			Asumptions	City of Waukesha TIF 9
		aves an	in 2017	8 to TIF	ra year													1)	ent	Inflatio n Increm	ckgro	rline doe				ons	1F 9
		nual inter			& brings ir															Construct.	<b>Background Data</b>	n not ne cessa	0.000000	0.000000	21.812326		
		est and acc		TIF 16 would have enough funds to pay off its debt of \$230,000.	Additiona			12,407,000	12,407,000	12,407,000	12,407,000	12,407,000	12,407,000	12,407,000	12,435,900				Over Base	TIF Increment		rily follow a pa					
		ounting		e enou	l Increr			21.81	21.81	21.81	21.81	21.81	21.81	21.81	21.78				Tax Rate			ttern/forr					
		fees.		gh funds to	nent of ap							270,626	270,626	270,910					(2)	Tax Revenue		<u>nula</u>				TIF # 9 Phoenix Heights	DONOR STRATEGIES
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				fits del	ately \$2														(5)	r PILOT	Revenues					ights	SIES
				ot of \$2	70,628.									732					(1)	Other	S						
				30,000. [D								270,628	270,628	271,649					Revenues	Total							
				[Debt callable in 2022			435,048						221,452	213,596					Principle Interest								
	To OTJ	To TIF 16		ble in 20			19,695						6,644	13,051					Interest		Ex	2025	2021	2016	1994	Type:	prepared!
321,932	51.304	270,628										13,000	3,000	3,643					(3)	Mangmt. Fees/ Accounting	Expenditures	Maximum Le	2021 Maximum Legal Life (27 Years)	2016 Final Year to Incur Costs	1994 TID Inception	Blight Elimination	prepared by: dvandenbush
				s could								150	150	344						Other	SS	gal Life (	gal Life (	Incur Cos		ation	ush
				be held i								13,150	231,246	230,634					es	Combined Expenditur		31 Years witl	27 Years)	its			
				so funds could be held in escrow until payable.]								(321,932)							Contruction	Net Bond Proceeds over	Other	2025 Maximum Legal Life (31 Years with 4-Year Extension)					
				ıntil payal								(64,454)	39,382	41,015					Cash Flow	Annual	TID	sion)					
				ble.]								0	64,454	25,073	(15,942)			(December 31)	Balance	Year End Cumulative Fiscal	TID Status						
								2021	2020	2019	2018	2017	2016	2015	2014			31)	Year	Fiscal							

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## Office of the City Attorney

City Hall, Room 206 201 Delafield Street Waukesha, Wisconsin 53188-3646 Telephone (262) 524-3520 Fax (262) 650-2569 Email attorneys@ci.waukesha.wi.us Brian E. Running
City Attorney
Miles W.B. Eastman
Assistant City Attorney
Julie M. Gay
Assistant City Attorney
Anne Marie Iselin
Assistant City Attorney
Donna Hylarides Whalen
Assistant City Attorney

August 17, 2016

The Honorable Shawn N. Reilly Mayor and Plan Commission President 201 Delafield Street Suite 203 Waukesha, Wisconsin 53188-3646

Re: Amendment to Project Plan, Tax Incremental District 9

Dear Mayor Reilly:

This letter is to certify to the Plan Commission and Common Council that I have reviewed the proposed "Tax Incremental District No. 9 Project Plan Amendment," dated July, 2016, and the proposed "Resolution Approving and Adopting the Amendment of the Project Plan for Tax Incremental District 9," both prepared by the Department of Community Development, and that it is my opinion that the Plan Amendment and Resolution are complete and meet the requirements both for amending a project plan under Wis. Stats. §66.1105(4)(h)(1), and for allocating positive tax increments from a donor tax incremental district to a recipient district under Wis. Stats. §66.1105(6)(f).

Sincerely,

Brian E. Running City Attorney

