

CITY OF WAUKESHA

TAX INCREMENTAL FINANCE DISTRICT 14

AMENDMENT #5 ALLOCATION AMENDMENT

October 2017

TAX INCREMENTAL FINANCE DISTRICT 14

ALLOCATION AMENDMENT

TID 14 HISTORY

Tax Incremental District No. 14 was created in 2003 to encourage and promote industrial development near Sunset Drive and Sentry Drive. The Project Plan and Boundaries were amended four (4) times since the district was created. The first amendment was in March 2008 to modify the boundaries and project plan expenses. The boundaries were expanded to include key parcels along West Sunset Drive, known as the former Fleming site. The former Fleming site met the blight definition as outlined in the statutes. The manufacturing facility on the site was outdated and in disrepair. This property stood vacant for several years, despite the City's best attempt to encourage various manufacturing uses to purchase and use the property. The second amendment came later in 2008 when the project plan was modified to allow additional expenditures for infrastructure improvements. In 2012 the project plan was amended again (3rd Amendment) to provide incentives to a local manufacturer to expand their facility within TID 14 and provide incentives to other industrial users to locate in the district. The fourth amendment occurred in 2014 when we removed land from the TID boundaries. This amendment did not add any project plan expenses or developer incentives.

ALLOCATION OF POSITIVE INCREMENT

TID 14 is scheduled to close in 2022. It is generating tax increment in excess of what is needed to meet its own obligations and that surplus can be allocated to another TID pursuant to Wisconsin Tax Increment Finance Law. This project plan includes two scenarios for the allocation of positive increment from TID 14. Scenario One is permitted under State of Wisconsin Statutes while Scenario Two would require either a change in Statutes or special legislation that would permit Donor TIDs to donate to Industrial TIDs that have not been designated as distressed or severely distressed.

SCENARIO ONE: Under current State of Wisconsin Tax Incremental Finance law donor TID may not allocate excess increment to an Industrial TID unless it is designated as Distressed or Severely Distressed. This scenario assumes there are no changes to State statutes, so TID 14 would apply the surplus increment from TID 14 to the following three districts:

- **TID 11:** A Blight District encompassing a large portion of Downtown Waukesha
- **TID 17:** A Blight District encompassing parts of Downtown and southern central city neighborhoods.
- **TID 18:** A Blight District on the southeast side of the city.

Analysis conducted by the City shows under this scenario, TID 14's surplus increment, if allocated to TIDs Number 11, 17, and 18, would allow those districts to close earlier without impacting the closing date of the donor TID 14. This allocation amendment would allow these three (3) districts to close anywhere between 4 and 7 years earlier, which is a very desirable outcome for the taxpayers, particularly since it will not delay the closing of TID 14.

A cash flow pro-forma has been completed for TID 14 Scenario One which shows it will still close in 2022 after these allocations. Table 1A shows the current closing date of each TID and the new closing year using TID 14 as a donor. The pro-forma and donor strategy will be evaluated on an ongoing basis to provide the most savings at that time.

SCENARIO TWO: Since State Statutes currently do not allow Donor TIDs to allocate excess increment to an Industrial TID unless it is designated as Distressed or Severely Distressed, this scenario assumes there is either a change in State Law or the City is able to obtain Special Legislation that would allow Industrial TIDs to receive positive increment from other districts. The City may also explore the possibility of changing the type of TID for these districts from Industrial to Mixed Use or Rehabilitation. Under this scenario it would extend the life of TIF 14 by one (1) year to 2023. If this should become a reality, surplus increment from TID 14 would go to the districts outlined in Scenario One plus the following districts:

- **TID 12:** An Industrial District located on the south side of the City near Les Paul Parkway (STH 59) and Center Road that assisted in the creation of a Corporate Park for light industrial and office/corporate uses.
- **TID 19:** An Industrial District on the south side of the City created to assist SPX (formerly Waukesha Electric) with a large expansion project that would expand property tax base and aided in the creation of dozens of engineering and manufacturing jobs.
- **TID 20:** An Industrial District on the south side of the City created to assist Weldall Manufacturing with a large expansion that increased property tax base and created new skilled industrial jobs.

A cash flow pro-forma has been completed for TID 14 under proposed Scenario Two which shows it will close in 2023, one year after its expected closure date under Scenario One. Table 1B shows the current closing date of each TID and the new closing year using TID 14 as a donor. The pro-forma and donor strategy will be evaluated on an ongoing basis to provide the most savings at that time.

Table 1A: Expected Closing Years for TID Districts (Scenario One)

TID	Close Year Base Line	New Close Year	Change in Years
18	2026	2021	5
17	2030	2023	7
11	2028	2024	4
14*	2022	2022	-
*Donor TID			

Table 1B: Expected New Closing Years for TID Districts (Scenario Two)

TID	Close Year Base Line	New Close Year	Reduction in Years
11	2028	2025	3
17	2030	2026	4
12	2028	2025	3
19	2037	2029	8
20	2037	2035	2
14*	2022	2023	-1
*Donor TID - Under Scenario 2, TID 14 would close one year later than base line.			

The donor strategy under Scenario One will result in the taxpayers realizing an estimated \$2,363,002 savings in interest payments. The strategy under Scenario Two will result in the taxpayers realizing an estimated \$3,296,475 savings in interest payments. The City will continually evaluate to maximize any interest savings under either scenario. The annual donations, recipient TIDs, and interest savings are shown in Table 2A (Scenario One) and 2B (Scenario Two) below.

Table 2A: TID 14 Donations & Interest Savings (Scenario One)

TID 14-Donations			Interest Savings
Year	TIDs	Amount	Amount
2019	11	1,125,000	357,555
2020	17	2,000,000	1,796,070
2021	11	2,750,000	155,710
2021	18	450,000	49,467
2022	11	1,000,000	4,200
		\$ 7,325,000	\$ 2,363,002

Table 2B: TID 14 Donations & Interest Savings (Scenario Two)

TID 14-Donations			Interest Savings
Year	TIDs	Amount	Amount
2019	11	1,125,000	357,555
2019	17	2,000,000	-
2020	19	1,655,000	2,455,845
2021	19	1,845,000	307,800
2022	12	1,045,000	175,275
2022	20	675,000	-
2023	11	900,000	-
		\$ 9,245,000	\$ 3,296,475

pay off debt 2020

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 and of the TIDs as a result of the amendment of the TID 14 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 about the amendment of the TID 14 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 at least three (3) other Tax Incremental Districts to close considerably sooner, significantly reduce interest payments, 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 TID 14 PROJECT PLAN

This proposed amendment to the Project Plan for TIF 14 consists of the addition of the following language to the Plan:

Positive increment realized by TID 14 more than expenses and obligations of TID 14 shall be allocated to other Tax Incremental Districts within the City of Waukesha including TIDs 11, 17, and 18 (Scenario One).

The City of Waukesha also may be pursuing a change in Tax Incremental Finance Law, special legislation from the State of Wisconsin, or amending the TID categories of existing districts. This would allow for donor TIDs to be able to allocate positive increment to Industrial TIDs. The City may also pursue changes to the types of TIDs 12, 19, and 20 from Industrial to Mixed Use or Rehabilitation districts. Should legislation or changes in type be approved, positive increment from TID 14 more than expenses and obligations would also be allocated to other TIDs in the City, including 11, 12, 17, 18 19, and 20. (Scenario Two)

The pro-forma and donor strategy will be evaluated on an ongoing basis to provide the most savings at that time.

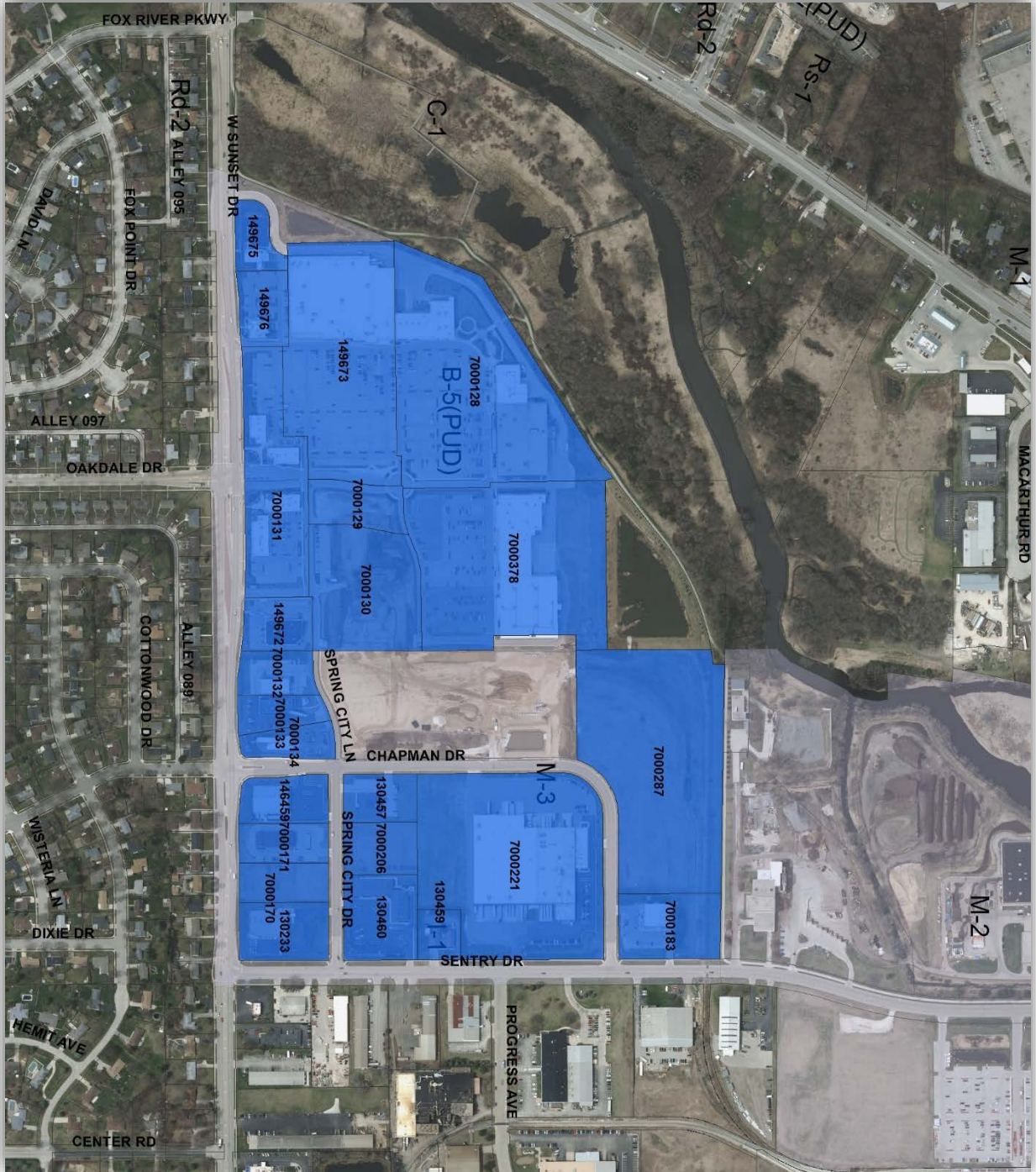
TID 14 DONOR STRATEGY PROFORMA UNDER SCENARIO ONE

CITY OF WAUKESHA										Value Added-Scenario Two: Donations to Non-Industrial TIDs																
TID LIST	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037									
TID 11				44,879,700				Baseline									44,879,700									
TID 12								16,426,800									16,426,800									
TID 13							3,504,000										3,504,000									
TID 14		78,142,800															78,142,800									
TID 17			24,075,600							Baseline							24,075,600									
TID 18	4,525,200																4,525,200									
TID 19																	17,437,900									
TID 20																	1,132,500									
TID 21		20,847,500															20,847,500									
TID 22						15,130,700											15,130,700									
TID 23				6,711,100													6,711,100									
TID 25										1,858,200							1,858,200									
										4,525,200	98,990,300	24,075,600	44,879,700	6,711,100	15,130,700	3,504,000	16,426,800	-	1,858,200	-	-	-	-	-	18,570,400	234,672,000
										TID 9 & 16-Added 2017																
										14,852,200																
										249,524,200																
										Total added value																
More staggered closing of TIDs.																										
								TID	Close Year Base Line	New Close Year																
								18	2026	2021																
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Additional Revenue Available-Sooner																										
2016 Tax Rate																										
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	Total									
22.2286	100.589	100.589	635,756	1,633,369	1,633,369	1,532,780	1,532,780	535,167	535,167	8,239,564																
Total																										

**This proforma is included in case the City secures special legislation from the State of Wisconsin allowing Industrial TIDs to be recipients of excess increment from TID 14.*

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TID 14 DISTRICT BOUNDARIES



ATTORNEY'S OPINION
