

February 12, 2019

Project Plan for the Project Plan Amendment of Tax Incremental District No. 14 In Order to Share Increment With Tax Incremental District No. 26

CITY OF WAUKESHA, WISCONSIN

Organizational Joint Review Board Meeting Held:	Scheduled for: February 21, 2019
Public Hearing Held:	Scheduled for: February 27, 2019
Consideration for Adoption by Plan Commission:	Scheduled for: February 27, 2019
Consideration for Adoption by Common Council:	Scheduled for: March 19, 2019
Consideration for Approval by the Joint Review Board:	Scheduled for: TBD

Tax Incremental District No. 14 Project Plan Amendment

City of Waukesha Officials

Common Council

Shawn Reilly	Mayor
Terry Thieme	Council Member
Eric Payne	Council Member
Cassie Rodriguez	Council Member
Joe Pieper	Council Member
Peter Bartels	Council Member
Jack Wells	Council Member
Daniel J. Manion	Council Member
Vance Skinner	Council Member
Kathleen M. Cummings	Council Member
Steve Johnson	Council Member
Erik Helgestad	Council Member
Aaron Perry	Council Member
Dean Lemke	Council Member
Sarah Wilke	Council Member
Cory Payne	Council Member

City Staff

Gina Kozlik	City Clerk - Treasurer
Kevin Lahner	City Administrator
Jennifer Andrews	Community Development Director
Rich Abbott	City Finance Director
Brian Running	City Attorney

Plan Commission

Mayor Shawn N. Reilly, Chair
Peter Bartels, Alderman
Vance Skinner, Alderman

R.G. Keller
Wayne Merchle
Corey Montiho
Joan Francoeur

Joint Review Board

Mayor Shawn Reilly
Norm Cummings
Jane Kittel
Joseph Como
Mike Payne

City Representative
Waukesha County
Waukesha County Area Technical College District
Waukesha School District
Public Member

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SECTION 1: Executive Summary

Description of District

Type of District, Size and Location

Tax Incremental District (“TID”) No. 14 (the “TID” or “District”) is an existing industrial district, which was created by a resolution of the City of Waukesha (“City”) Common Council adopted on May 20, 2003 (the “Creation Resolution”).

Type of District, Size and Location

Tax Incremental District (“TID”) No. 26 (The “Recipient District”) is simultaneously being created as a rehabilitation - conservation.

Amendments

The District was previously amended in 2008, whereby a resolution was adopted to add additional territory to the District, and to amend the list of projects to be undertaken. This amendment was the first of four territory amendments permitted for this District.

The District was previously amended in 2012, whereby a resolution was adopted to amend the list of projects to be undertaken.

The District was previously amended in 2014, whereby a resolution was adopted to remove territory from the District, and to amend the list of projects to be undertaken. This amendment was the second of four territory amendments permitted for this District.

Purpose of this Amendment

Allow for the Donor District to share surplus increments with the Recipient District under the provisions of Wisconsin Statutes Section 66.1105(6)(f)2.

Estimated Total Project Expenditures.

The additional project costs to be incurred under this amendment are limited to the sharing of surplus increment with the Recipient District. It is expected that the Donor District will generate approximately \$12,878,811 in increment that can be shared with the Recipient District during the eligible sharing period.

Economic Development

Authorizing the Donor District to share increments with the Recipient District will provide additional resources needed to assist the Recipient District in accomplishing the economic development goals set forth in its Project Plan. Without this assistance, it is unlikely this will happen, or will happen within the timeframe, or at the levels projected. The application of the Donor District’s surplus increment, as permitted by Wisconsin Statutes, promotes the overall economic development of the City to the benefit of all overlapping taxing jurisdictions.

Expected Termination of District

The Donor District has a maximum statutory life of 23 years, and must close not later than May 20, 2026, resulting in a final collection of increment in budget year 2027. The District still has some vacant parcels yet to develop and remaining incentive money available. Prior to the amendment, the City planned to close the District by 2022, which is five year earlier than its maximum life, and would coincide with the last year of existing debt payments for the District. This would allow for the potential development of

additional vacant parcels within the District. Based on the Economic Feasibility Study located in Section 10 of this Plan, amendment of the District would shift the projected closure year from 2022 to 2027.

Summary of Findings

As required by Wisconsin Statutes Section 66.1105, and as documented in this Project Plan Amendment and the exhibits contained and referenced herein, the following findings are made:

1. **That “but for” amendment of the Donor District’s Project Plan, the remaining development projected to occur as detailed in this Project Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the City.** In making this determination, the City has considered the following information:

- Current and projected tax increment collections for the Recipient District will be insufficient to pay for project costs already incurred and/or the additional projects that need to be completed in that District to achieve the objectives of its Project Plan.
- In order to cover the increased expenses, in Recipient District, and to meet its goals, it is likely that revenue sharing from the Donor District will be necessary. Therefore, the City expects that “but for” this revenue sharing, the planned development in the Recipient District will not be fully realized.
- **That “but for” amendment of the Donor District’s Project Plan, the economic development objectives of the Recipient District’s Project Plan will not be achieved.** In evaluating the appropriateness of the proposed amendment, the Joint Review Board must consider “whether the development expected in the tax incremental district would occur without the use of tax incremental financing,” customarily referred to as the “but for” test. Since the purpose of this amendment is solely to allow for the sharing of the Donor District’s increment with the Recipient District, this test cannot be applied in the conventional way. The Joint Review Board has previously concluded, in the case of both the Donor District and the Recipient District, that the “but for” test was met. As demonstrated in the Economic Feasibility section of this Project Plan Amendment, the Recipient District is not likely to recover its Project Costs without the receipt of shared increment from the Donor District. This would create a significant financial burden for City taxpayers, and since all taxing jurisdictions will ultimately share in the benefit of the redevelopment projects and increased tax base, it is appropriate for all taxing jurisdictions to continue to share in the costs to implement them. Accordingly, the City finds that it is reasonable to conclude the “but for” test continues to be satisfied. *Finding Required by Wisconsin Statutes Section 66.1105(4m)(c)1.a.*

2. **The economic benefits of amending the Donor District, as measured by increased employment, business and personal income, and property value, are sufficient to compensate for the cost of the improvements.** In making this determination, the City has considered the following information:

- As demonstrated in the Economic Feasibility Section of this Project Plan amendment, the tax increments projected to be collected are more than sufficient to pay for the remaining proposed project costs. On this basis alone, the finding is supported.
- Approval of the ability to share increment with the Recipient District is necessary to enable that District to fully realize the economic benefits projected in its Project Plan. Since the Donor District is generating sufficient increment to pay for its project costs, and has surplus increment available to pay for some of the project costs of the Recipient District, the economic benefits that

have already been generated are more than sufficient to compensate for the cost of improvements in the Donor and Recipient Districts.

3. The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.

- Given that it is likely that the Recipient District will not achieve all of the objectives of its Project Plan or in the same manner without the ability to share in the surplus increments of the Donor District (see finding # 1), and since the District is expected to generate additional economic benefits that are more than sufficient to compensate for the additional cost of the improvements (see Finding #2), the City reasonably concludes that the overall additional benefits of the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. It is further concluded that since the “but for” test is satisfied, there would, in fact, be no foregone tax increments to be paid in the event the Project Plan is not amended. *Finding Required by Wisconsin Statutes Section 66.1105(4m)(c)I.c.*
4. The boundaries of the District are not being amended. At the time of creation, and any subsequent additions of territory, not less than 50%, by area, of the real property within the District is suitable for industrial sites and zoned for industrial use within the meaning of Wisconsin Statutes Section 66.1101. Any real property within the District that is found suitable for industrial sites and is zoned for industrial use at the time of the creation of the District, or at the time its boundaries were amended, will remain zoned for industrial use for the life of the District.
5. Based upon the findings as stated above, and the original findings as stated in the Creation Resolution and in any subsequent resolutions amending the boundaries of the District, the District remains declared an industrial district based on the identification and classification of the property included within the District.
6. The Project Costs will not change as a result of this amendment.
7. There are no additional improvements as a result of this amendment.
8. The amount of retail business will not change as a result of this amendment.
9. The Project Plan for the District, as amended, is feasible, and is in conformity with the Master Plan of the City.

SECTION 2: Type and General Description of District

The District was created under the authority provided by Wisconsin Statutes Section 66.1105 on May 20, 2003 by resolution of the Common Council. The District’s valuation date, for purposes of establishing base value, was January 1, 2003.

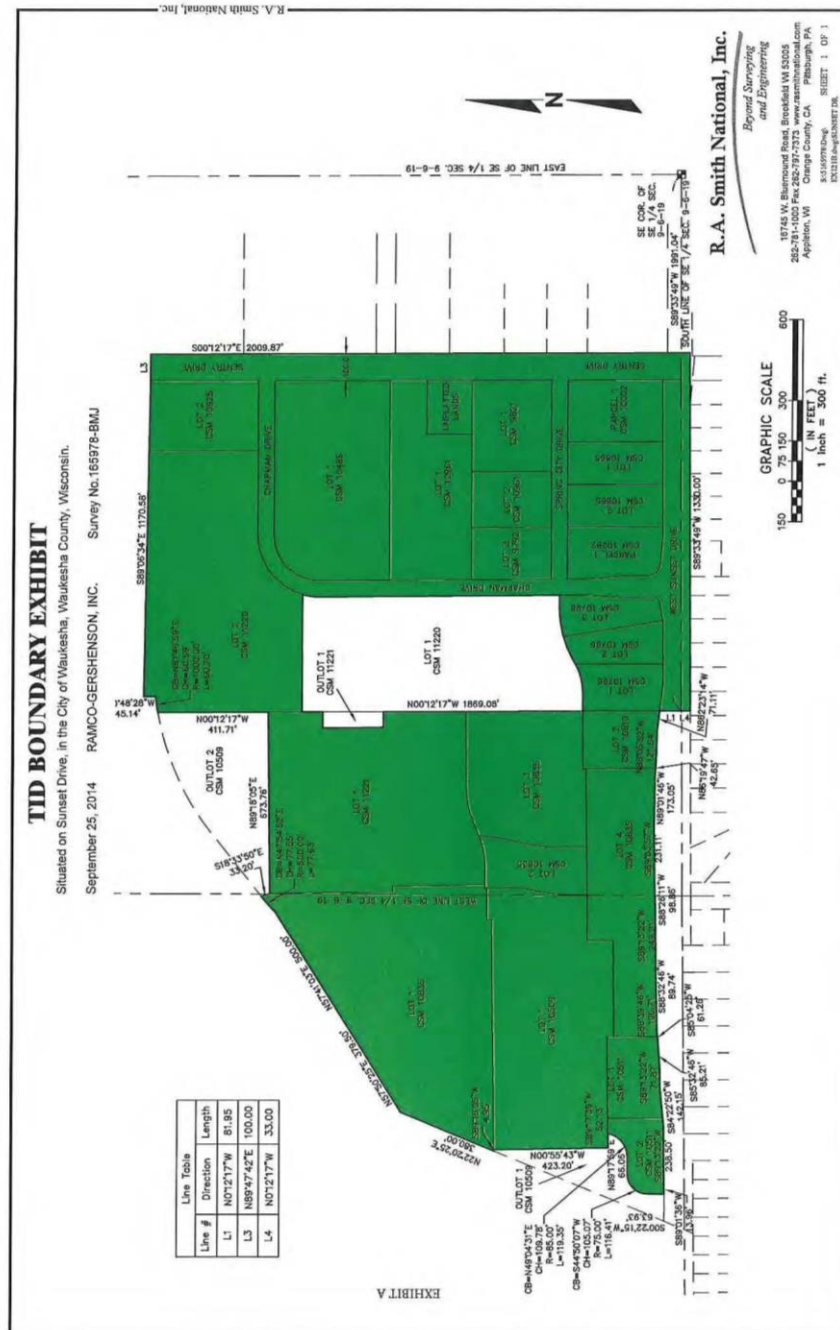
The District is an “Industrial District,” created on a finding that at least 50%, by area, of the real property within the District was zoned and suitable for industrial sites within the meaning of Wisconsin Statutes Section 66.1101. Since this amendment does not add any territory to the District, the District remains in compliance with this provision. Any real property within the District that was found suitable for industrial sites and was zoned for industrial use at the time of the creation of the District, or at the time its boundaries were amended, will remain zoned for industrial use for the life of the District.

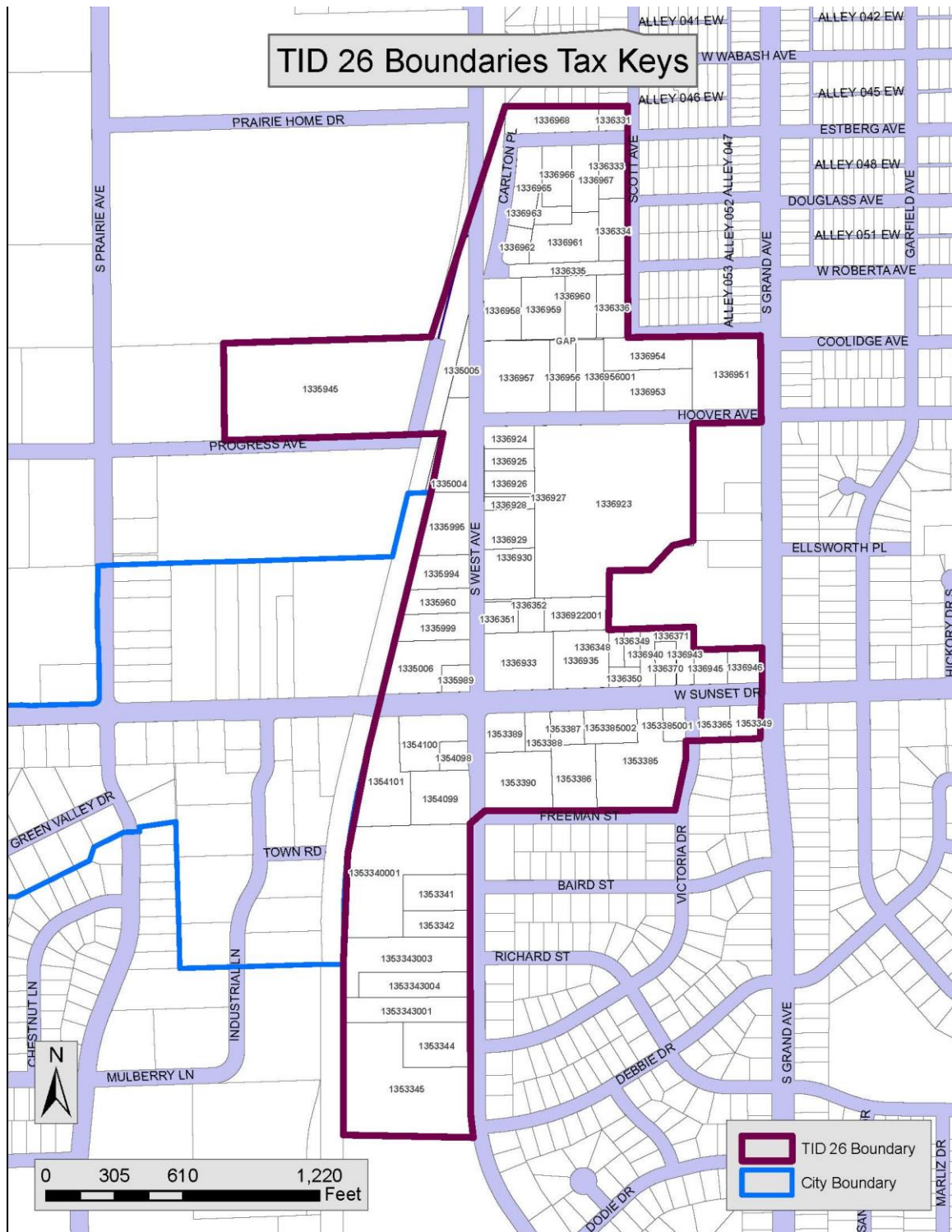
Wisconsin Statutes Section 66.1105(4)(h)2. provides authority for a City to amend the boundaries of an existing Tax Increment District for purposes of adding and/or subtracting territory up to a total of four times during the life of the District. The boundaries of the Donor District have been amended twice prior to this Amendment. Since this amendment does not involve the addition or subtraction of territory from the District, it is not counted against the number of available boundary amendments.

This Project Plan Amendment supplements, and does not supersede or replace any component of the original Project Plan, or any component of previously adopted Project Plan Amendments, unless specifically stated. All components of the original Project Plan, and its previously adopted Project Plan Amendments, remain in effect.

A map depicting the current boundaries of the District is found in Section 3 of this Plan. Based upon the findings stated above, the original findings stated in the Creation Resolution, and the findings contained in any subsequent resolution adding territory to the District, the District remains an industrial district based on the identification and classification of the property included within the District.

**TID 14 Map Boundary –
Reflects the 2003 Creation & 2008 Amendment & 2014 Amendment**





SECTION 4: Map Showing Existing Uses and Conditions

There will be no change to District boundaries, nor any changes to the existing uses and conditions within the District as a result of this amendment. A copy of this map can be found in the Original and/or Amended Project Plan Documents.

SECTION 5: Equalized Value Test

No additional territory will be added to the District. Demonstration of compliance with the equalized value test is not required for this Amendment.

SECTION 6: Statement of Kind, Number and Location of Proposed Public Works and Other Projects

This amendment provides the authority for the Donor District to allocate surplus increments with the Recipient District. No other additional project costs are involved, and the statement of kind, number and location of proposed public works and other projects as documented in the Original and/or Amended Project Plan Documents remains in effect.

SECTION 7: Map Showing Proposed Improvements and Uses

There will be no change to District boundaries, nor any changes to the proposed improvements or uses within the District as a result of this amendment. A copy of this map can be found in the Original and/or amended Project Plan documents.

SECTION 8: Detailed List of Project Costs

This amendment provides the authority for the Donor District to allocate surplus increments with the Recipient District. No other additional project costs are involved, and the statement of kind, number and location of proposed public works and other projects as documented in the Original and amended Project Plan documents remains in effect.

SECTION 9: Economic Feasibility Study, Financing Methods, and the Time When Costs or Monetary Obligations Related are to be Incurred

This Project Plan Amendment allows the Donor District to allocate positive tax increments to the Recipient District. The authority for this Amendment is Wisconsin Statutes Section 66.1105 which provides for the allocation of increments providing that the following are true:

- The Donor District, the positive tax increments of which are to be allocated, and the Recipient District have the same overlying taxing jurisdictions.
- The allocation of tax increments is approved by the Joint Review Board.
- The amendment takes place before collecting tax increments in excess of project costs, but not later than the allowable maximum life.
- The Exhibits following this section demonstrate that the Donor District is generating sufficient tax increments to pay for its project costs, and that surplus increments remain that can be allocated to pay some of the project costs of the Recipient District. Accordingly, the statutory criteria under which this amendment can be approved are met.

This amendment further allows for the Donor District to share surplus increments with the Recipient District under the provisions of Wisconsin Statutes Section 66.1105(6)(f)2. The authority for this Amendment provides that the following are true:

- The Donor District cannot request or receive an extension to its maximum life.
- The Recipient District is simultaneously being created on a finding that not less than 50 percent, by area, of the real property within the District was in need or rehabilitation - conservation.

Increment Revenue Projections

City of Waukesha, WI									
Tax Increment District #14 Amendment									
Tax Increment Projection Worksheet - Based Upon Actual Development Only									
Type of District	Ind (Pre 10-1-04)				Base Value	9,889,800			
District Creation Date	May 20, 2003				Appreciation Factor	0.00%			
Valuation Date	Jan 1,	2003			Base Tax Rate	\$21.81			
Max Life (Years)	23				Rate Adjustment Factor				
Expenditure Period/Termination	18	5/20/2021							
Revenue Periods/Final Year	23	2027							
Extension Eligibility/Years	No	0			Tax Exempt Discount Rate				
Recipient District	No				Taxable Discount Rate	1.50%			
Termination Date	May 20, 2026								

	Construction Year	Value Added	Valuation Year	Inflation Increment	Total Increment	Revenue Year	Tax Rate	Tax Increment
13	2015	5,255,900	2016	0	78,142,800	2017	\$21.81	1,704,476
14	2016	2,500,300	2017	0	80,643,100	2018	\$21.00	1,693,271
15	2017	247,800	2018	0	80,890,900	2019	\$20.29	1,641,276
16	2018	0	2019	0	80,890,900	2020	\$20.29	1,641,276
17	2019	0	2020	0	80,890,900	2021	\$20.29	1,641,276
18	2020	0	2021	0	80,890,900	2022	\$20.29	1,641,276
19	2021	0	2022	0	80,890,900	2023	\$20.29	1,641,276
20	2022	0	2023	0	80,890,900	2024	\$20.29	1,641,276
21	2023	0	2024	0	80,890,900	2025	\$20.29	1,641,276
22	2024	0	2025	0	80,890,900	2026	\$20.29	1,641,276
23	2025	0	2026	0	80,890,900	2027	\$20.29	1,641,276
Totals		80,890,900		0		Future Value of Increment		21,248,597

Notes:

Actual results will vary depending on development, inflation of overall tax rates.

Cash Flow

City of Waukesha, WI

Tax Increment District #14 Amendment

Cash Flow Projection - Assuming No New Development & Increment Share to TID #26

Year	Projected Revenues			Expenditures														Balances			Year		
	Tax Increments	Computer Aid	Total Revenues	2007 Refunding Bonds		2011A GO Debt		2013A GO Debt		2015A GO Debt		2015D GO Debt		2016A GO Debt		TID #26 Increment Share	Mangmt. Fees/ Accounting		Total Expenditures	Principal			
				Dated Date: Principal	Interest	Dated Date: Principal	Interest	Dated Date: Principal	Interest	Dated Date: Principal	Interest	Dated Date: Principal	Interest	Dated Date: Principal	Interest		Annual	Cumulative		Outstanding			
2017	1,704,476	8,345	1,712,821	235,000	9,400	65,000	2,275		3,800		21,750	720,000	6,480		7,500		12,000	39,022	1,122,227	590,594	459,871	1,210,000	2017
2018	1,693,271	7,682	1,700,953						3,800		21,750				325,000	7,500	12,000	760	370,810	1,330,143	1,790,014	885,000	2018
2019	1,641,276	7,682	1,648,958					25,000	3,800	45,000	21,750				50,000	1,000	12,000	760	159,310	1,489,648	3,279,662	765,000	2019
2020	1,641,276	7,682	1,648,958					25,000	2,800	680,000	20,400						12,000	760	2,347,897	(698,939)	2,580,723	60,000	2020
2021	1,641,276	7,682	1,648,958					30,000	1,800							1,606,937	12,000	760	1,640,191	8,767	2,589,491	30,000	2021
2022	1,641,276	7,682	1,648,958					30,000	900							1,595,631	12,000	760	1,640,191	8,767	2,589,491	30,000	2021
																1,603,111	12,000	760	1,646,771	2,187	2,591,678	0	2022
2023	1,641,276	7,682	1,648,958													1,607,386	12,000	760	1,620,146	28,812	2,620,490	0	2023
2024	1,641,276	7,682	1,648,958													1,657,411	12,000	760	1,670,171	(21,213)	2,599,278	0	2024
2025	1,641,276	7,682	1,648,958													1,670,527	12,000	760	1,683,287	(34,329)	2,564,949	0	2025
2026	1,641,276	7,682	1,648,958													1,620,518	12,000	760	1,633,278	15,680	2,580,629	0	2026
2027	1,641,276	7,682	1,648,958													1,517,290			1,517,290	131,668	2,712,298	0	2027
Total	21,248,597	107,080	21,360,552	675,000	66,356	190,000	17,250	110,000	24,500	725,000	111,224	1,435,000	21,904	375,000	16,000	12,878,811	142,477	64,403	18,032,748				Total

Notes:

Projected TID Closure

Draft

SECTION 10: Annexed Property

No territory will be added or subtracted from the District as a result of this amendment.

SECTION 11: Proposed Zoning Ordinance Changes

The City does not anticipate the need to change any of its zoning ordinances in conjunction with the implementation of this Project Plan amendment. Any real property within the District that is found suitable for industrial sites and is zoned for industrial use will remain zoned for industrial use for the life of the District.

SECTION 12: Proposed Changes in Master Plan, Map, Building Codes and City of Waukesha Ordinances

It is expected that this Plan will be complementary to the City's Master Plan. There are no proposed changes to the Master Plan, map, building codes or other City ordinances for the implementation of this Plan.

SECTION 13: Relocation

It is not anticipated there will be a need to relocate persons or businesses in conjunction with this Plan. In the event relocation or the acquisition of property by eminent domain becomes necessary at some time during the implementation period, the City will follow applicable Wisconsin Statutes chapter 32.

SECTION 14: Orderly Development and/or Redevelopment of the City of Waukesha

This Project Plan Amendment will have no impact on the viability of the original District Project Plan as it relates to the orderly development and/or redevelopment of the City.

SECTION 15: List of Estimated Non-Project Costs

The City does not expect to incur any non-project costs in the implementation of this Project Plan.

SECTION 16:
Opinion of Attorney for the City of Waukesha Advising
Whether the Plan is Complete and Complies with
Wisconsin Statutes 66.1105

February 12, 2019

SAMPLE

Mayor Shawn Reilly
City of Waukesha
201 Delafield Street
Waukesha, Wisconsin 53188

RE: City of Waukesha, Wisconsin Tax Incremental District No. 14 Amendment

Dear Mayor:

As City Attorney for the City of Waukesha, I have reviewed the Project Plan and, in my opinion, have determined that it is complete and complies with Wisconsin Statutes Section 66.1105(4)(f).

Sincerely,

Attorney Brian Runnings
City of Waukesha