

March 3, 2025

PROJECT PLAN AMENDMENT

City of Racine, Wisconsin

Tax Incremental District No. 9

Johnson Building



Prepared by:

Ehlers
N19W24400 Riverwood Drive,
Suite 100
Waukesha, WI 53188

BUILDING COMMUNITIES. IT'S WHAT WE DO.

KEY DATES

Organizational Joint Review Board Meeting Held:	March 3, 2025
Public Hearing Held:	March 3, 2025
Approval by Planning Heritage & Design Commission:	March 3, 2025
Adoption by Common Council:	March 18, 2025
Approval by the Joint Review Board:	TBD

TABLE OF CONTENTS

Executive Summary.....	3
Map of Current District Boundary.....	6
Map Showing Existing Uses and Conditions.....	9
Equalized Value Test.....	9
Statement Listing the Kind, Number and Location of All Proposed Public Works or Improvements Within the District.....	9
Map Showing Proposed Improvements and Uses.....	9
Detailed List of Estimated Project Costs.....	10
Economic Feasibility Study, Description of the Methods of Financing Estimated Project Costs and the Time When Related Costs or Monetary Obligations are to be Incurred.....	10
Annexed Property.....	15
Estimate of Property to be Devoted to Retail Business.....	15
Proposed Changes of Zoning Ordinances, Master Plan, Map, Building Codes and City Ordinances.....	15
Statement of the Proposed Method for the Relocation of any Persons to be Displaced.....	15
How Amendment of the Tax Incremental District Promotes the Orderly Development of the City.....	16
List of Estimated Non-Project Costs.....	16
Legal Opinion Advising Whether the Plan is Complete and Complies with Wis. Stat. § 66.1105(4)(f).....	17
Calculation of the Share of Projected Tax Increments Estimated to be Paid by the Owners of Property in the Overlying Taxing Jurisdictions.....	19

SECTION 1:

Executive Summary

DESCRIPTION OF DISTRICT

Tax Incremental District (“TID”) No. 9 (“District”) is a Blighted Area District created on June 6, 2000. The District was created to pay costs related to rehabilitation of the Johnson Building at 555 Main Street which serves as the headquarters for Johnson Financial Group. Building renovations were completed in 2002. Prior amendments to the District include:

- In 2012, the District’s Project Plan was amended to designate it as a donor district to Tax Incremental District’s No. 10, 11 and 15. At the time of the 2012 amendment, the Wisconsin Department of Revenue also extended the maximum life of the District from June 6, 2027, to April 14, 2036. This extension was provided due to the concurrent designation of Tax Incremental District No. 10 as distressed. The City made a final transfer of revenue to Tax Incremental District No. 15 in 2018 and has no plans to make any further transfers of funds to these three districts.
- In 2018, the District’s Project Plan was amended to designate it as a donor district to Tax Incremental District’s No. 17 and 21. The City does not anticipate making any additional transfers to these districts after 2025.
- In 2020, the District’s Project Plan was amended to subtract territory, specifically parcel 155-000 (441 Lake Avenue), and to designate it as a donor district to Tax Incremental District No. 24. No transfers have yet been made to this district, nor are any contemplated at present.

PURPOSE OF AMENDMENT

The purpose of this amendment, referred to hereafter as the Plan, the Amendment, or the Plan Amendment, is to:

- Allow \$5,700,000 in excess revenue to be transferred to Tax Incremental District No. 26 (“Recipient District”) as permitted under Wis. Stat. § 66.1105(6)(f)1. The Plan Amendment meets the following criteria necessary to allow for the transfer of excess revenue:
 1. The District and the Recipient District lie within the same overlapping taxing jurisdictions.
 2. The District has enough revenue to pay for all current Project Costs and has enough excess revenue to pay for eligible project costs of the Recipient District.

3. The Recipient District is a district in need of rehabilitation or conservation which qualifies it as an eligible recipient of excess revenue.

EXPECTED TERMINATION OF DISTRICT

Based on the projected allocations of excess tax increments the City expects that the District will terminate in 2034. This date is an estimate. Termination could occur sooner or later dependent on the cash flow requirements of Tax Incremental Districts No. 17, 21, 24 and 26. The District must close no later than 2036.

SUMMARY OF FINDINGS

As required by Wis. Stat. § 66.1105, and as documented in this Plan and the exhibits contained and referenced herein, the following findings are made:

1. That “but for” this Plan Amendment the City’s economic development objectives for TID No. 26 will not be achieved. In evaluating the appropriateness of this Plan Amendment, the Joint Review Board must consider “(w)hether 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 transfer of excess tax increment to TID No. 26, this test cannot be applied in the conventional way. The Joint Review Board has previously concluded, in the case of the District and the Recipient District, that the “but for” test was met. The Recipient District is not likely to recover its project costs without the transfer of tax increments from the District. Since all taxing districts will share in the benefit of the redevelopment projects and increased tax base within the Recipient District, 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 with respect to this Plan Amendment.
2. The economic benefits of amending the District’s Plan, as measured by increased employment, business and personal income, and property value, are enough to compensate for the cost of the improvements. The District is generating enough tax increment to recover all Project Costs incurred to date and is generating excess tax increment that allows for it to become a donor. Providing for transfer of excess increment to the Recipient District is expected to provide the following economic benefits in addition to an increase in property values:

- a. The Developer may purchase materials and services from City businesses for the construction and operation of the Project, providing opportunity for employment, business and personal income.
 - b. The Project is expected to increase convention activity drawing additional attendees and tourists to the City. An increased level of tourism and convention activity will promote utilization and patronage of current and future hotels, restaurants and retail establishments in the downtown area providing opportunity for employment, business and personal income.
- 3. **The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing districts.** Given that it is unlikely the Recipient District will achieve all of the objectives for its project plan without the use of tax incremental financing, and since the District is expected to generate additional economic benefits that are more than sufficient to compensate for the additional costs to be incurred, the City concludes that the overall additional benefit to be realized within the Recipient District outweighs the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. As required by Wis. Stat. § 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been prepared and can be found in this Plan Amendment.
- 4. The boundaries of the District are not being amended.
- 5. Improvements to be made in the District are likely to significantly enhance the value of substantially all of the other real property in the District.
- 6. The Plan for the District is feasible and is in conformity with the Master Plan of the City.
- 7. The City estimates that less than 35% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period, pursuant to Wis. Stat. § 66.1105(5)(b).

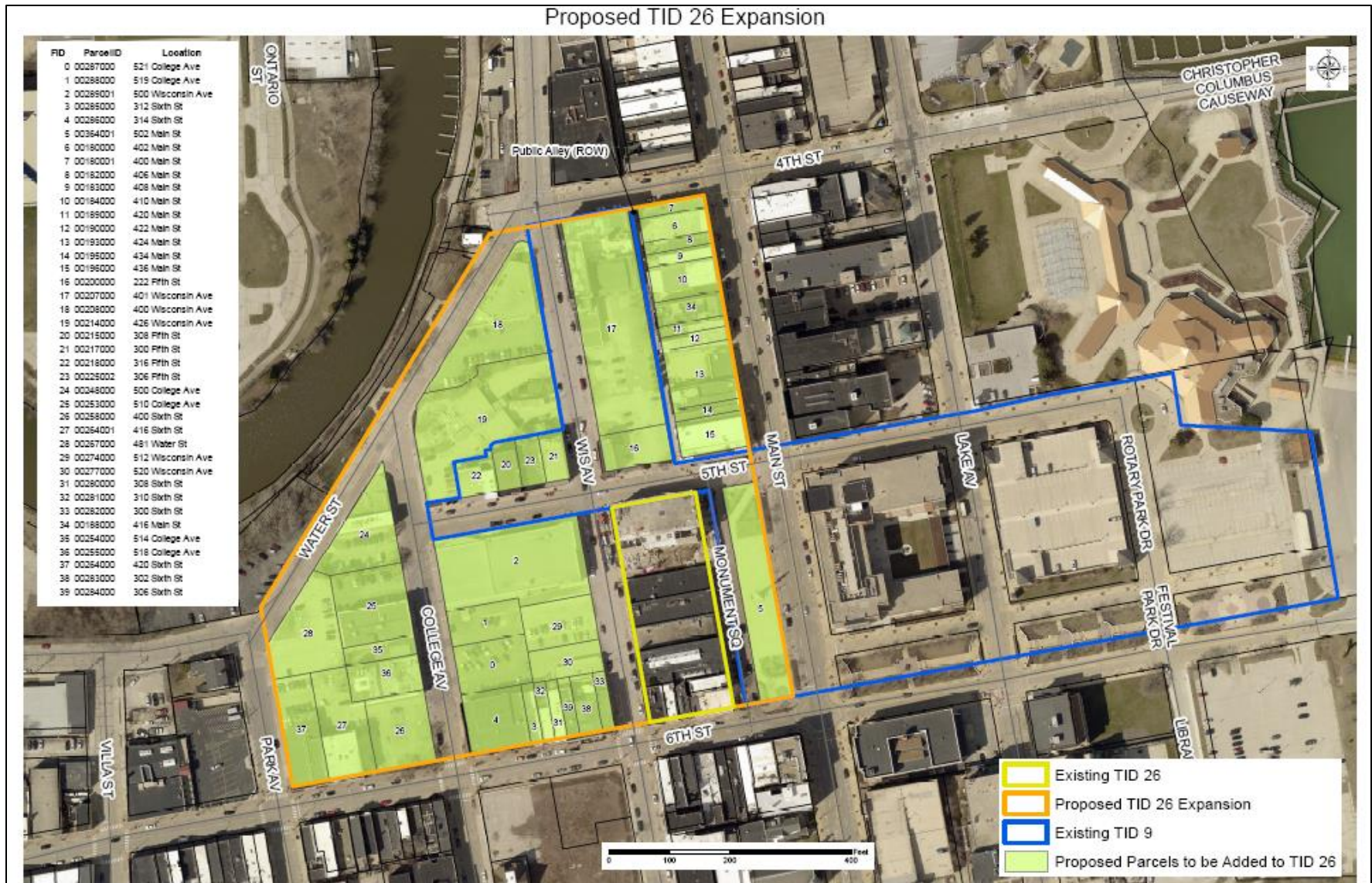
SECTION 2:

Map of District Boundaries

A map identifying the current boundaries of the donor District is found on the following page and is included for reference only. The District's boundaries are not being amended. A map identifying the current and proposed boundaries of the recipient District is found on page 8 and is included for reference only.



Proposed TID 26 Expansion



SECTION 3:

Map Showing Existing Uses and Conditions

The District's boundaries are not being amended. The "Map Showing Existing Uses and Conditions" included within the District's amended Project Plan dated July 8, 2020, remains unchanged, and is incorporated by reference as part of this Plan Amendment.

SECTION 4:

Equalized Value Test

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

SECTION 5:

Statement Listing the Kind, Number and Location of All Proposed Public Works or Improvements Within the District

The Statement of Kind, Number and Location of Proposed Public Works and Other Projects set forth in the original District Project Plan approved on June 6, 2000, and as modified in the Plan Amendments approved on October 16, 2012, December 4, 2018 and July 8, 2020 remain unchanged and are hereby incorporated by reference.

SECTION 6:

Map Showing Proposed Improvements and Uses

The District's boundaries are not being amended. The "Map Showing Proposed Improvements and Uses" included within the District's original Project Plan dated June 6, 2020, remains unchanged, and is incorporated by reference as part of this Plan Amendment.

SECTION 7:

Detailed List of Estimated Project Costs

No changes to Project Costs are planned. The “Detailed List of Estimated Project Costs” included in the District’s original Project Plan dated June 6, 2000, and as modified in the Plan Amendments approved on October 16, 2012, December 4, 2018, and July 8, 2020, remain unchanged and are hereby incorporated by reference.

While not considered to be a Project Cost, this Plan Amendment provides authority for the District to transfer excess revenue to TID No. 26.

SECTION 8:

Economic Feasibility Study, Description of the Methods of Financing Estimated Project Costs and the Time When Related Costs or Monetary Obligations are to be Incurred

This Section includes an updated forecast of the valuation increases expected within the District, the associated tax increment collections, a summary of how remaining Project Costs would be financed, and a projected cash flow demonstrating that the District remains economically feasible.

Key Assumptions

Previous investment in Project Costs within the District have generated \$29,426,200 in incremental value as of January 1, 2024, as shown on **Table 1**. Assuming the City’s current equalized TID Interim tax rate of \$22.76 per thousand of equalized value, and no economic appreciation or depreciation, the District is expected to generate approximately \$12,112,855 in tax increment collections per year through 2036 as shown in **Table 2**.

City of Racine, Wisconsin

Tax Increment District # 9 (Johnson Building)

Development Assumptions

Construction Year		Actual ^{1&2}	Annual Total	Construction Year	
16	2015	28,777,900	28,777,900	2015	16
17	2016	160,200	160,200	2016	17
18	2017	485,800	485,800	2017	18
19	2018	785,700	785,700	2018	19
20	2019	(197,600)	(197,600)	2019	20
21	2020	3,589,900	3,589,900	2020	21
22	2021	(4,517,000)	(4,517,000)	2021	22
23	2022	2,808,000	2,808,000	2022	23
24	2023	(2,466,700)	(2,466,700)	2023	24
25	2024		0	2024	25
26	2025		0	2025	26
27	2026		0	2026	27
28	2027		0	2027	28
29	2028		0	2028	29
30	2029		0	2029	30
31	2030		0	2030	31
32	2031		0	2031	32
33	2032		0	2032	33
34	2033		0	2033	34
35	2034		0	2034	35
Totals		29,426,200	29,426,200		

Notes:

¹Actual valuation change per Wis. Dept. of Revenue. Figure shown for construction year 2015 reflects total incremental value generated from date of TID creation through 1-1-2019.

²Due to its status as a donor to a distressed TID (TID No. 10), the maximum life of the District was extended to April 4, 2036.

Table 1 – Development Assumptions

City of Racine, Wisconsin

Tax Increment District # 9 (Johnson Building)

Tax Increment Projection Worksheet

Type of District	Blighted Area	Base Value	665,700
District Creation Date	June 6, 2000	Appreciation Factor	1.00%
Valuation Date	Jan 1, 2000	Base Tax Rate	\$22.76
Max Life (Years) ¹	35	Rate Adjustment Factor	-1.00%
Expenditure Period/Termination ¹	22 6/6/2022		
Revenue Periods/Final Year	35 2036		
Extension Eligibility/Years	Yes 7		
Recipient District	Yes		

Construction Year	Value Added	Valuation Year	Inflation Increment	Total Increment	Revenue Year	Tax Rate ²	Tax Increment
24 2023	-2,466,700	2024	340,563	31,930,206	2025	\$22.76	726,681
25 2024	0	2025	319,302	32,249,508	2026	\$22.53	726,609
26 2025	0	2026	322,495	32,572,003	2027	\$22.31	726,536
27 2026	0	2027	325,720	32,897,723	2028	\$22.08	726,463
28 2027	0	2028	328,977	33,226,700	2029	\$21.86	726,391
29 2028	0	2029	332,267	33,558,967	2030	\$21.64	726,318
30 2029	0	2030	335,590	33,894,557	2031	\$21.43	726,245
31 2030	0	2031	338,946	34,233,502	2032	\$21.21	726,173
32 2031	0	2032	342,335	34,575,837	2033	\$21.00	726,100
33 2032	0	2033	345,758	34,921,596	2034	\$20.79	726,028
34 2033	0	2034	349,216	35,270,812	2035	\$20.58	725,955
35 2034	0	2035	352,708	35,623,520	2036	\$20.38	725,882
Totals	2,300		5,617,282		Future Value of Increment		12,987,674

Notes:

¹Due to its status as a donor to a distressed TID (TID No. 10), the maximum life of the District was extended to April 4, 2036.

²Tax rate shown for 2020 and preceding revenue years is actual rate per DOR Form PC-202 (Tax Increment Collection Worksheet)

Table 2 – Tax Increment Projection Worksheet

City of Racine, Wisconsin																
Tax Increment District # 9 (Johnson Building)																
Cash Flow Projection																
Year	Projected Revenues						Expenditures							Balances		Year
	Tax Increments	Interest Earnings/ (Cost)	Exempt Computer Aid	Personal Property Aid	Act 12 Personal Property Aid	Total Revenues	Debt Service	Transfer to TID No. 17	Transfer to TID No. 21	Development Incentives	DOR Fees	Admin.	Total Expenditures	Annual	Cumulative	
2019															5,301,888	2019
2020	881,512	145,276	195,101	8		1,221,897	492,725	1,423	900,073		150	7,500	1,401,871	(179,974)	5,121,914	2020
2021	845,636		139,100			984,736	489,250	8,848	13,161	2,895,000	150		3,406,409	(2,421,673)	2,700,241	2021
2022	906,199		195,101	8		1,101,308			10,759		150	87,719	98,628	1,002,680	3,702,921	2022
2023	701,822	187,546	195,101	8		1,084,477			190,000		150		190,150	894,327	4,597,248	2023
2024	818,291	179,999	195,101	8		1,193,399					150		150	1,193,249	5,790,496	2024
2025	726,681		195,101	8	80,481	1,002,271		800,000			150	1,000	801,150	201,121	5,991,618	2025
2026	726,609		195,101	8	80,481	1,002,199		700,000			150	1,000	701,150	301,049	6,292,666	2026
2027	726,536		195,101	8	80,481	1,002,126		700,000			150	1,000	701,150	300,976	6,593,642	2027
2028	726,463		195,101	8	80,481	1,002,053		700,000			150	1,000	701,150	300,903	6,894,546	2028
2029	726,391		195,101	8	80,481	1,001,981		700,000			150	1,000	701,150	300,831	7,195,377	2029
2030	726,318		195,101	8	80,481	1,001,908		700,000			150	1,000	701,150	300,758	7,496,135	2030
2031	726,245		195,101	8	80,481	1,001,836		700,000			150	1,000	701,150	300,686	7,796,820	2031
2032	726,173		195,101	8	80,481	1,001,763		700,000			150	1,000	701,150	300,613	8,097,433	2032
2033	726,100		195,101	8	80,481	1,001,690		700,000			150	1,000	701,150	300,540	8,397,974	2033
2034	726,028		195,101	8	80,481	1,001,618		1,400,000			150	1,000	1,401,150	(399,532)	7,998,441	2034
2035	725,955		195,101	8	80,481	1,001,545					150	1,000	1,150	1,000,395	8,998,836	2035
2036	725,882		195,101	8	80,481	1,001,472					150	25,000	25,150	976,322	9,975,159	2036
Total	13,783,260	578,128	3,451,207	128	965,772	18,778,495	1,479,775	7,810,271	1,113,993	2,895,000	2,700	139,232	13,475,868			Total
Notes: Year End Balances based on PE-300 Reports														Projected TID Closure		

Table 3 – Cash Flow For Donor TID Before Sharing

City of Racine, Wisconsin

Tax Increment District # 9 (Johnson Building)

Cash Flow Projection

Year	Projected Revenues						Expenditures								Balances		Year
	Tax Increments	Interest Earnings/ (Cost)	Exempt Computer Aid	Personal Property Aid	Act 12 Personal Property Aid	Total Revenues	Debt Service	Transfer to TID No. 17	Transfer to TID No. 21	Transfer to TID No. 26	Development Incentives	DOR Fees	Admin.	Total Expenditures	Annual	Cumulative	
2019																5,301,888	2019
2020	881,512	145,276	195,101	8		1,221,897	492,725	1,423	900,073			150	7,500	1,401,871	(179,974)	5,121,914	2020
2021	845,636		139,100			984,736	489,250	8,848	13,161		2,895,000	150		3,406,409	(2,421,673)	2,700,241	2021
2022	906,199		195,101	8		1,101,308			10,759			150	87,719	98,628	1,002,680	3,702,921	2022
2023	701,822	187,546	195,101	8		1,084,477			190,000			150		190,150	894,327	4,597,248	2023
2024	818,291	179,999	195,101	8		1,193,399						150		150	1,193,249	5,790,496	2024
2025	726,681		195,101	8	80,481	1,002,271		800,000		5,000,000		150	1,000	5,801,150	(4,798,879)	991,618	2025
2026	726,609		195,101	8	80,481	1,002,199		700,000		700,000		150	1,000	1,401,150	(398,951)	592,666	2026
2027	726,536		195,101	8	80,481	1,002,126		700,000				150	1,000	701,150	300,976	893,642	2027
2028	726,463		195,101	8	80,481	1,002,053		700,000				150	1,000	701,150	300,903	1,194,546	2028
2029	726,391		195,101	8	80,481	1,001,981		700,000				150	1,000	701,150	300,831	1,495,377	2029
2030	726,318		195,101	8	80,481	1,001,908		700,000				150	1,000	701,150	300,758	1,796,135	2030
2031	726,245		195,101	8	80,481	1,001,836		700,000				150	1,000	701,150	300,686	2,096,820	2031
2032	726,173		195,101	8	80,481	1,001,763		700,000				150	1,000	701,150	300,613	2,397,433	2032
2033	726,100		195,101	8	80,481	1,001,690		700,000				150	1,000	701,150	300,540	2,697,974	2033
2034	726,028		195,101	8	80,481	1,001,618		1,400,000				150	1,000	1,401,150	(399,532)	2,298,441	2034
2035	725,955		195,101	8	80,481	1,001,545						150	1,000	1,150	1,000,395	3,298,836	2035
2036	725,882		195,101	8	80,481	1,001,472						150	25,000	25,150	976,322	4,275,159	2036
Total	13,783,260	578,128	3,451,207	128	965,772	18,778,495	1,479,775	7,810,271	1,113,993	5,700,000	2,895,000	2,700	139,232	19,175,868			Total

Notes: Year End Balances based on PE-300 Reports

Projected TID Closure

Table 4 – Cash Flow For Donor TID After Sharing

SECTION 9:

Annexed Property

A tax incremental district cannot include annexed territory unless at least three years have elapsed since the annexation, or certain other requirements are met. No territory is being added to the District as part of this Plan Amendment.

SECTION 10:

Estimate of Property to be Devoted to Retail Business

Pursuant to Wis. Stat. § 66.1105(5)(b), the City estimates that less than 35% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

SECTION 11:

Proposed Changes of Zoning Ordinances, Master Plan, Map, Building Codes and City Ordinances

As the scope of this Plan Amendment is limited to the transfer of excess revenue to TID No. 26, there are no zoning ordinance, Master Plan, Map, building code or ordinance changes required.

SECTION 12:

Statement of the Proposed Method for the Relocation of any Persons to be Displaced

Should the continued implementation of this Plan require relocation of individuals or business operations, relocations will be handled in compliance with Wis. Stat. Chapter 32 and Wis. Admin. Code ADM 92.

SECTION 13:

How Amendment of the Tax Incremental District Promotes the Orderly Development of the City

This Plan Amendment promotes the orderly development of the City by providing funds to TID No. 26 for the purpose of rehabilitating and conserving property, providing necessary public infrastructure improvements, and providing appropriate financial incentives for private development projects. Development of new uses in TID No. 26 will add to the tax base and will generate positive secondary impacts in the community such as increased opportunities for employment, personal income, and business income.

SECTION 14:

List of Estimated Non-Project Costs

Non-project costs are public works projects which only partly benefit the District. Costs incurred that do not benefit the District may not be paid with tax increments. Examples of non-project costs are:

- A public improvement made within the District that also benefits property outside the District. That portion of the total Project Costs allocable to properties outside of the District would be a non-project cost.
- A public improvement made outside the District that only partially benefits property within the District. That portion of the total Project Costs allocable to properties outside of the District would be a non-project cost.
- Projects undertaken within the District as part of the implementation of this Project Plan, the costs of which are paid fully or in part by impact fees, grants, special assessments, or revenues other than tax increments.

No improvements to be made within the District will benefit property outside the District. Furthermore, there will be no improvements made outside the District that will only partially benefit the District.

SECTION 15:
**Legal Opinion Advising Whether the Plan is Complete
and Complies with Wis. Stat. § 66.1105(4)(f)**

See next page for legal opinion.

SAMPLE

Date

Mayor Cory Mason
City of Racine
730 Washington Ave
Racine, Wisconsin 53403

RE: City of Racine, Wisconsin, Tax Incremental District No. 9
Amendment

Mayor Mason:

As City Attorney for the City of Racine, I have reviewed the Project Plan for City of Racine, Wisconsin, Tax Incremental District No. 9 Amendment and, in my opinion, it is complete and complies with Wisconsin Statutes section 66.1105(4)(f). This opinion is provided pursuant to Wisconsin Statute section 66.1105(4)(f).

Sincerely,

Scott R. Letteney
City Attorney

SECTION 16:

Calculation of the Share of Projected Tax Increments Estimated to be Paid by the Owners of Property in the Overlying Taxing Jurisdictions

The following projection is provided to meet the requirements of Wis. Stat. § 66.1105(4)(i)4. Projection excludes prior revenue years.

Revenue Year	Racine County	Racine Unified School District	City of Racine	Gateway Technical College	Total	Revenue Year
2025	79,017	232,065	396,930	18,668	726,681	2025
2026	79,009	232,042	396,891	18,667	726,609	2026
2027	79,002	232,019	396,851	18,665	726,536	2027
2028	78,994	231,996	396,811	18,663	726,463	2028
2029	78,986	231,972	396,772	18,661	726,391	2029
2030	78,978	231,949	396,732	18,659	726,318	2030
2031	78,970	231,926	396,692	18,657	726,245	2031
2032	78,962	231,903	396,653	18,655	726,173	2032
2033	78,954	231,880	396,613	18,653	726,100	2033
2034	78,946	231,856	396,573	18,652	726,028	2034
2035	78,938	231,833	396,534	18,650	725,955	2035
2036	78,931	231,810	396,494	18,648	725,882	2036
Total	947,687	2,783,251	4,760,547	223,898	8,715,382	