

March 3, 2025

PROJECT PLAN AMENDMENT

City of Racine, Wisconsin

Tax Incremental District No. 26



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:	April 2, 2025
Approval by the Joint Review Board:	May 9, 2025

TABLE OF CONTENTS

Executive Summary.....	3
Preliminary Map of Original District Boundary and Territory to be Added	6
Map Showing Existing Uses and Conditions Within the Territory to be Added	8
Preliminary Identification of Parcels to be Added	10
Equalized Value Test	14
Statement Listing the Kind, Number and Location of All Proposed Public Works or Improvements Within the District	15
Map Showing Proposed Improvements and Uses Within the Territory to be Added...	21
Detailed List of Estimated Project Costs	24
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.....	25
Annexed Property.....	31
Estimate of Property to be Devoted to Retail Business	31
Proposed Changes of Zoning Ordinances, Master Plan, Map, Building Codes and City Ordinances.....	31
Statement of the Proposed Method for the Relocation of any Persons to be Displaced	32
How Amendment of the Tax Incremental District Promotes the Orderly Development of the City.....	32
List of Estimated Non-Project Costs	33
Legal Opinion Advising Whether the Plan is Complete and Complies with Wis. Stat. § 66.1105(4)(f).....	34
Calculation of the Share of Projected Tax Increments Estimated to be Paid by the Owners of Property in the Overlying Taxing Jurisdictions.....	36

SECTION 1:

Executive Summary

Description of District

Tax Incremental District (“TID”) No. 26 (“District”) is a 1.2 acre In Need of Rehabilitation or Conservation District created on May 4, 2021. The District was created to pay costs associated with the rehabilitation and conservation of the historic Zahn’s Department Store building located at 500 Main Street.

Purpose of Amendment

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

- Add territory to the District as permitted under Wis. Stat. § 66.1105(4)(h)2. This is the first of four permitted territory amendments available to the District.
- Amend the categories, locations or costs of project costs to be made as permitted under Wis. Stat. § 66.1105(4)(h)1. (“Project”).

The addition of territory and costs to the District is intended to facilitate:

- Renovation of 512 Main Street into a full-service spa
- Renovation of 222 5th Street to a mixed-use property containing one retail and four residential units
- Demolition of existing building and improvements to 401 Wisconsin Avenue to a secure parking lot.
- Future development of approximately 40 units of multi-family housing at 426 Wisconsin Avenue.

Estimated Total Project Cost Expenditures

The City anticipates making total expenditures of approximately \$27.2 million (“Project Costs”) to undertake the projects listed in this Project Plan (“Plan”). This includes \$19.7 million in costs from the original Plan, and \$7.6 million in new costs detailed in this Amendment. The total of \$27.2 million in Project Costs includes an estimated \$20.5 million for development incentives, \$1.0 million for public infrastructure, \$323,687 for administrative expense, and \$5.6 million for interest on long-term debt.

Incremental Valuation

A total of \$15.1 million in incremental value has been created within the District as of January 1, 2024. Within the territory to be added, the Plan assumes an additional \$4 million in value will be created through construction of approximately 40 units of multi-family housing at 426 Wisconsin Avenue in the 2031 – 2032 timeframe. Other redevelopment opportunities may arise within the territory to be added but are not quantified in the analysis included in the Plan. Creation of this additional value will be made possible by the Project Costs made within the District. A table detailing assumptions as to the development timing and associated values is included in the Economic Feasibility Study located within this Plan.

Expected Termination of District

Based on the Economic Feasibility Study located within Section 9 of this Plan, the City anticipates that the District will generate sufficient tax increment to pay all Project Costs within 23 of its allowable 27 years.

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” the creation of this District, the development projected to occur as detailed in this 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 reaching this determination, the City has considered its discussions with developers, current market conditions, cost of capital increased construction costs and extraordinary costs associated with redevelopment projects. Based on these discussions and conditions, the City does not expect that the redevelopment anticipated under this Amendment would occur.
2. The economic benefits of the 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 that development of new uses in the District 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 related to the construction and operation of additional redevelopment projects and continued generation of increased room taxes. The City also anticipates that the Project may spur additional reinvestment and improvement of other properties in the District and the surrounding area.

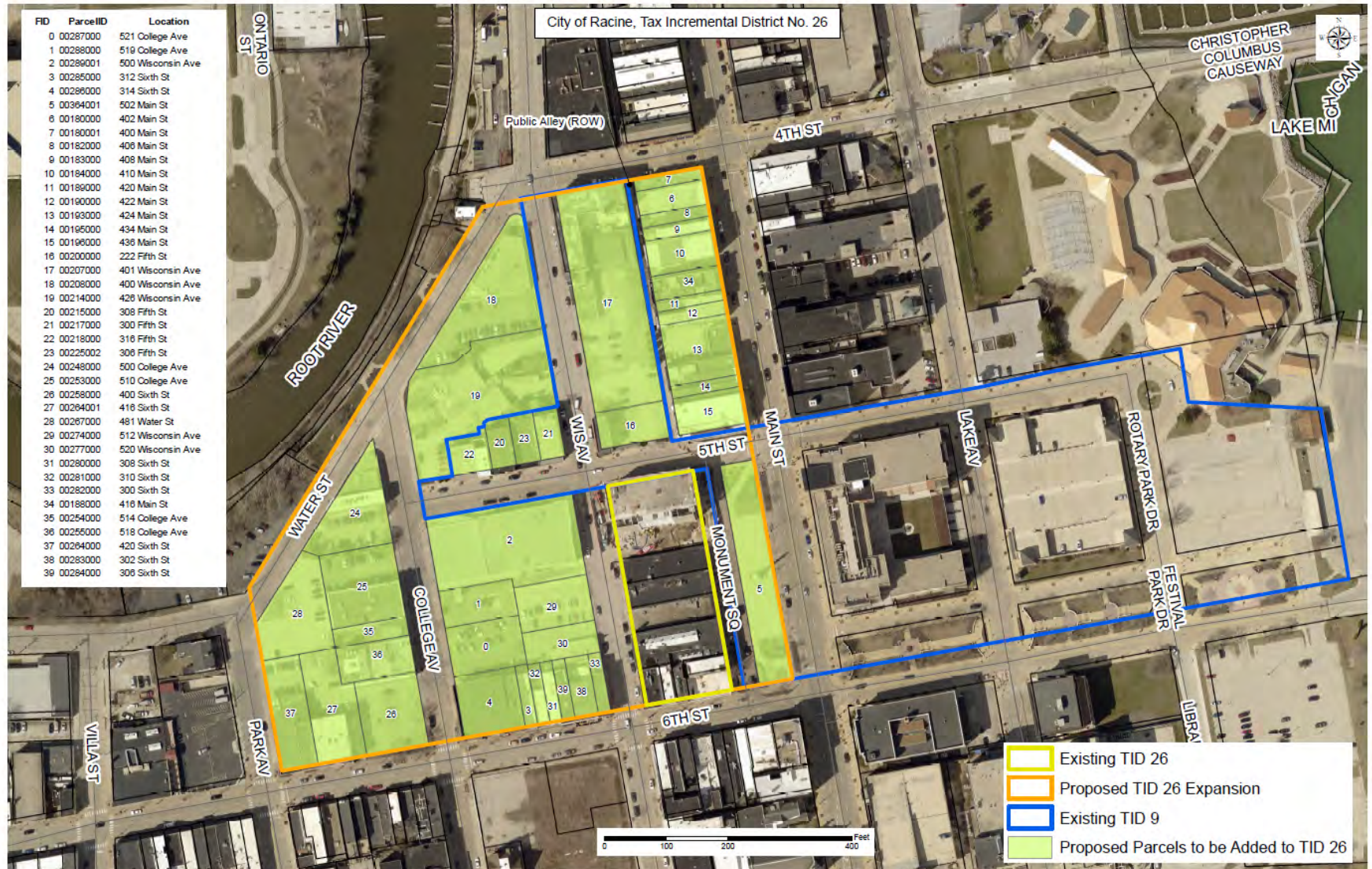
3. The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. As required by Wis. Stat. § 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been prepared and can be found in this Plan. However, because the Project would not occur without the use of tax incremental financing, these tax increments would not be paid but for creation of the District. Accordingly, the City finds that the benefits expected to be realized as set forth in this Plan outweigh the value of the tax increments to be invested in the Project.
4. Not less than 50% by area of the real property within the District, as amended, is in need of rehabilitation or conservation work as defined by Wis. Stat. § 66.1337(2m)(a), or was in need of rehabilitation or conservation work as the time the District was created.
5. Based on the foregoing finding, the District remains designated as rehabilitation and conservation district.
6. The Project Costs relate directly to the rehabilitation and conservation of property and improvements in the District, consistent with the purpose for which the District is created.
7. 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.
8. The equalized value of taxable property within the territory to be added to the District, plus the incremental value of all existing tax incremental districts within the City does not exceed 12% of the total equalized value of taxable property within the City.
9. The Plan for the District is feasible and is in conformity with the Master Plan of the City.
10. The City estimates that less than 55% 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).
11. That there are no parcels to be included within the District that were annexed by the City within the preceding three-year period.

SECTION 2:

Preliminary Map of Original District Boundary and Territory to be Added

Map Found on Following Page.

Preliminary Map Showing Territory to be Added

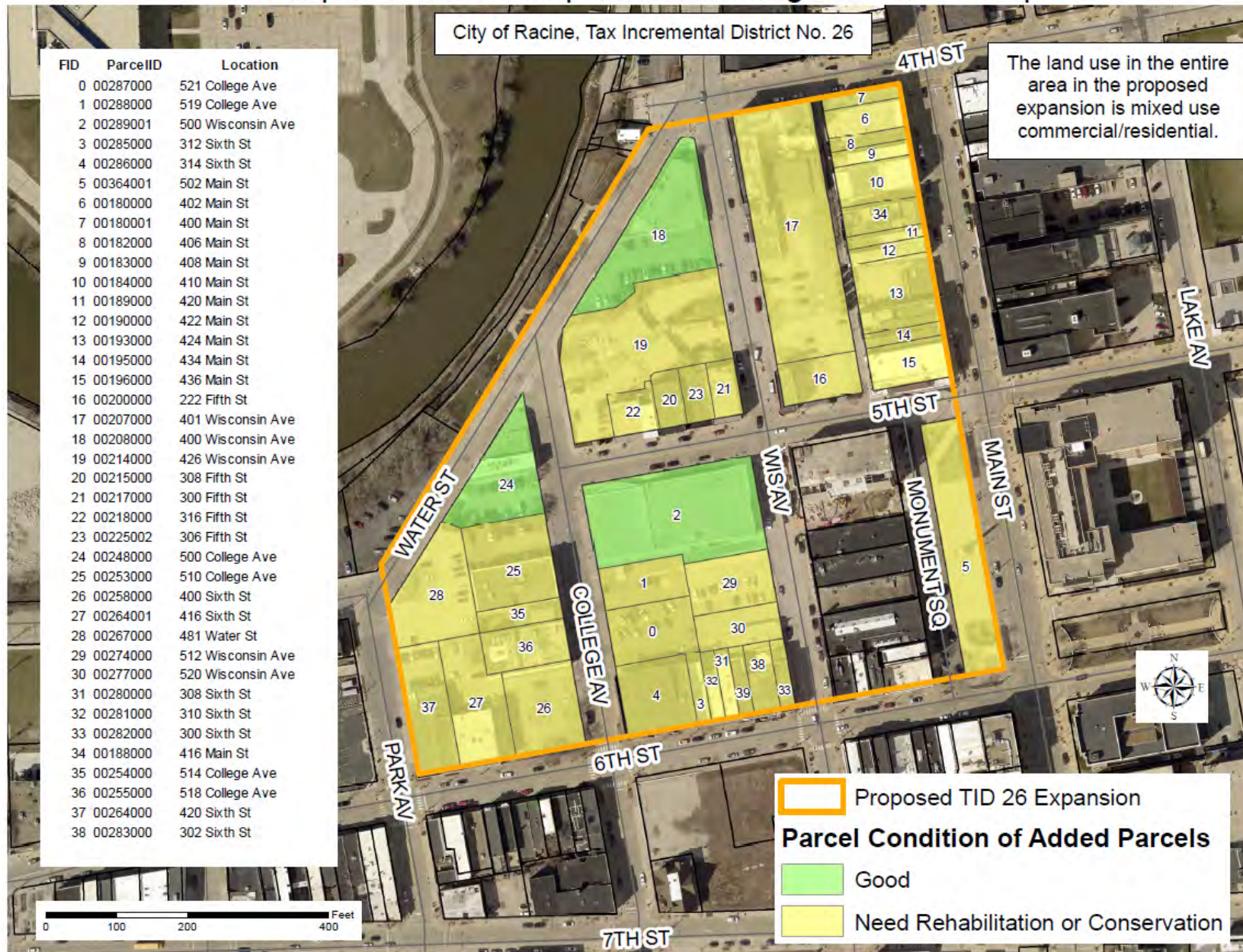


SECTION 3:

Map Showing Existing Uses and Conditions Within the Territory to be Added

Map Found on Following Page.

Proposed TID 26 Expansion Existing Conditions Map



SECTION 4:

Preliminary Identification of Parcels to be Added

Map Reference Number	Parcel Number	Address	Owner	Acres	In Need of Rehab/Conservation
Existing TID Area				1.16	1.16
N/A	ROW Areas			3.85	
0	00287000	521 College Ave	Metz and Company, LLC	0.22	0.22
1	00288000	519 College Ave	Root City Capital, LLC	0.17	0.17
2	00289001	500 Wisconsin Ave	Root City Capital, LLC	0.70	
3	00285000	312 Sixth St	Benwa, LLC	0.05	0.05
4	00286000	314 Sixth St	C and A Home and Building, LLC	0.23	0.23
5	00364001	502 Main St	Racine, City of	0.46	0.46
6	00180000	402 Main St	Langsky Enterprise, LLC	0.10	0.10
7	00180001	400 Main St	Fu Gang Wang	0.05	0.05
8	00182000	406 Main St	Jeanne A. Dernehl	0.05	0.05
9	00183000	408 Main St	Andrew Wensing	0.06	0.06
10	00184000	410 Main St	Pw Partners, Inc	0.15	0.15
11	00189000	420 Main St	Cek Investments, LLC	0.05	0.05
12	00190000	422 Main St	American Dream Leasing, LLC	0.06	0.06
13	00193000	424 Main St	Aviles Realty Investments, LLC	0.26	0.26
14	00195000	434 Main St	Main434, LLC	0.05	0.05
15	00196000	436 Main St	Haymarket Square, LLC	0.15	0.15
16	00200000	222 Fifth St	Dominion 12, LLC	0.03	0.03
17	00207000	401 Wisconsin Ave	Dominion 12, LLC	1.05	1.05
18	00208000	400 Wisconsin Ave	J and E Investments, LLC	0.50	
19	00214000	426 Wisconsin Ave	Aoa Racine, LLC	0.76	0.76
20	00215000	308 Fifth St	MPO Holding, LLC	0.07	0.07
21	00217000	300 Fifth St	Assn Manufacturers and Employers, Inc	0.07	0.07
22	00218000	316 Fifth St	Nicolet DeRose Properties, LLC	0.09	0.09
23	00225002	306 Fifth St	Church Trinity United Missionary Bapt, Inc	0.07	0.07
24	00248000	500 College Ave	Dominica, LLC	0.31	
25	00253000	510 College Ave	Legacy Development Group, LLC	0.33	0.33
26	00258000	400 Sixth St	C and A Home and Building, LLC	0.28	0.28
27	00264001	416 Sixth St	N and M Realty, LLC	0.30	0.30
28	00267000	481 Water St	Racine, City of	0.34	
29	00274000	512 Wisconsin Ave	Racine, City of	0.21	
30	00277000	520 Wisconsin Ave	Kristopeit Enterprises, Inc	0.14	0.14
31	00280000	308 Sixth St	AHK Real Estate, LLC	0.05	0.05
32	00281000	310 Sixth St	Jo De Taer, LLC	0.05	0.05
33	00282000	300 Sixth St	300 6th Street, LLC	0.05	0.05
34	00188000	416 Main St	Zane Properties, LLC	0.10	0.10
35	00254000	514 College Ave	Thomas C. Peterson	0.08	0.08
36	00255000	518 College Ave	Yks Development, LLC	0.17	0.17
37	00264000	420 Sixth St	Sevenx Holdings Racine, LLC	0.25	0.25
38	00283000	302 Sixth St	Tots Development, LLC	0.09	0.09
39	00284000	306 Sixth St	Thomas Family Trust	0.05	0.05
TOTALS				13.23	7.33

Percentage of TID Area Designated as in Need of Rehabilitation or Conservation (at least 50%)

55%

Percentage of TID Area Not Designated as in Need of Rehabilitation or Conservation

45%

Parcels in need of rehabilitation or conservation work as defined by Wis. Stat. § 66.1337(2m)(a) comprise 55% of the total District area. The Project is an urban renewal project that includes undertakings and activities for the elimination, and for the prevention of the development or spread, of slums or blighted, deteriorated or deteriorating areas and may involve any work or undertaking for this purpose constituting a redevelopment project, or any rehabilitation or conservation work, or any combination of the undertaking or work. By undertaking the Project, the City expects to rehabilitate and conserve an important historic structure and redevelopment of a site for additional housing that will generate new economic opportunity in the downtown area, and which will further the City's efforts to eliminate and to prevent the development of slums or blighted, deteriorated, or deteriorating areas.

Specifically, the Project involves the following undertakings and activities:

1. Rehabilitation and conservation of the historic Zahn's Department Store building located at 500 Main Street which will be renovated for use as an 80-unit boutique hotel with a roof-top bar, premium coffee shop/café, meeting rooms and banquet facility, constituting the carrying out of plans for a program of voluntary or compulsory repair and rehabilitation of buildings. This Project was completed and Hotel Verdant received final occupancy on July 7, 2023 and is now open to the public.
2. Provision of funding for potential incentives to provide opportunities for additional redevelopment within the District, constituting the carrying out of plans for a program of voluntary or compulsory repair and rehabilitation of buildings. Additional projects anticipated to occur under the Amendment include:
 - a. Renovation of 512 Main Street into a full-service spa.
 - b. Renovation of 222 5th Street to a mixed-use property containing one retail and four residential units.
 - c. Demolition of existing building and improvements to 401 Wisconsin Avenue to a secure parking lot.
 - d. Future development of approximately 40 units of multi-family housing at 426 Wisconsin Avenue.
3. Installation, construction, or reconstruction by the City of streets, utilities, and other infrastructure for carrying out the objectives of the urban renewal project.

A calculation of the estimated base value of the District follows on the next page.

Calculation of Estimated Base Value¹

Parcel	Assessed Value			Equalized Value ²			Overlapping TID
	Land	Imp.	Total	Land	Imp.	Total	
00287000	76,800	7,700	84,500	85,500	8,600	94,100	
00288000	57,600	5,400	63,000	64,100	6,000	70,100	
00289001	244,600	549,400	794,000	272,400	611,700	884,100	
00285000	16,400	215,600	232,000	18,300	240,100	258,400	
00286000	80,000	145,000	225,000	89,100	161,500	250,600	
00364001	0	0	0	0	0	0	TID 9
00180000	35,800	427,200	463,000	39,900	475,700	515,600	
00180001	17,900	225,100	243,000	19,900	250,600	270,500	
00182000	18,400	231,600	250,000	20,500	257,900	278,400	
00183000	19,300	106,700	126,000	21,500	118,800	140,300	
00184000	52,000	421,000	473,000	57,900	468,800	526,700	
00189000	16,100	198,900	215,000	17,900	221,500	239,400	
00190000	19,700	316,300	336,000	21,900	352,200	374,100	
00193000	91,400	476,600	568,000	101,800	530,700	632,500	
00195000	17,900	96,100	114,000	19,900	107,000	126,900	
00196000	53,800	368,200	422,000	59,900	410,000	469,900	
00200000	53,600	130,400	184,000	59,700	145,200	204,900	TID 9
00207000	322,700	33,300	356,000	359,300	37,100	396,400	TID 9
00208000	166,700	468,300	635,000	185,600	521,400	707,000	
00214000	108,300	1,700	110,000	120,600	1,900	122,500	
00215000	25,600	174,400	200,000	28,500	194,200	222,700	TID 9
00217000	25,600	384,400	410,000	28,500	428,000	456,500	TID 9
00218000	32,000	294,000	326,000	35,600	327,400	363,000	TID 9
00225002	0	0	0	0	0	0	TID 9
00248000	115,300	399,700	515,000	128,400	445,100	573,500	
00253000	116,300	638,700	755,000	129,500	711,200	840,700	
00258000	106,000	0	106,000	118,000	0	118,000	
00264001	105,600	260,400	366,000	117,600	289,900	407,500	
00267000	0	0	0	0	0	0	
00274000	0	0	0	0	0	0	
00277000	76,800	258,200	335,000	85,500	287,500	373,000	
00280000	15,300	216,700	232,000	17,000	241,300	258,300	
00281000	14,800	166,200	181,000	16,500	185,100	201,600	
00282000	15,900	172,100	188,000	17,700	191,600	209,300	
00188000	35,800	498,200	534,000	39,900	554,700	594,600	
00254000	28,800	146,200	175,000	32,100	162,800	194,900	
00255000	57,600	917,400	975,000	64,100	1,021,500	1,085,600	
00264000	86,400	483,600	570,000	96,200	538,500	634,700	
00283000	28,900	279,100	308,000	32,200	310,800	343,000	
00284000	16,000	270,000	286,000	17,800	300,600	318,400	
TOTALS	2,371,700	9,983,800	12,355,500	2,640,800	11,116,900	13,757,700	

1) Estimated based on values as of January 1, 2024. Actual base value will be as of January 1, 2025.

2) Calculation based on aggregate assessment ratio of 89.81%.

SECTION 5: Equalized Value Test

The following calculations demonstrate that the City expects to be in compliance with Wis. Stat. § 66.1105(4)(gm)4.c., which requires that the equalized value of the taxable property proposed to be added to the District, plus the value increment of all existing tax incremental districts, does not exceed 12% of the total equalized value of taxable property within the City. The value of those parcels located within Tax Incremental District No. 9 that will be overlaid are not included as part of the base value of the territory addition as that value is reflected within the total of existing incremental value.

The equalized value of the increment of existing tax incremental districts within the City, plus the value of the territory proposed to be added to the District, totals \$531,592,600. This value is less than the maximum of \$646,448,940 in equalized value that is permitted for the City.

City of Racine, Wisconsin		
Tax Increment District No. 26		
Valuation Test Compliance Calculation		
<u>Calculation of City Equalized Value Limit</u>		
City TID IN Equalized Value (Jan. 1, 2024)	\$	5,387,074,500
TID Valuation Limit @ 12% of Above Value	\$	646,448,940
<u>Calculation of Value Subject to Limit</u>		
Estimated Base Value of Territory to be Included in District	\$	13,757,700
Incremental Value of Existing Districts (Jan. 1, 2024)	\$	519,478,400
Less: Value of Underlying TID Parcels	\$	(1,643,500)
Total Value Subject to 12% Valuation Limit	\$	531,592,600
Total Percentage of TID IN Equalized Value		9.87%
Residual Value Capacity of TID IN Equalized Value	\$	114,856,340

SECTION 6:

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

Project Costs are any expenditure made, estimated to be made, or monetary obligations incurred or estimated to be incurred as outlined in this Plan. Project Costs will be diminished by any income, special assessments or other revenues, including user fees or charges, other than tax increments, received or reasonably expected to be received in connection with the implementation of the Plan. If Project Costs incurred benefit territory outside the District, a proportionate share of the cost is not a Project Cost. Costs identified in this Plan are preliminary estimates made prior to design considerations and are subject to change after planning, design and construction is completed.

With all Project Costs, the costs of engineering, design, survey, inspection, materials, construction, restoring property to its original condition, apparatus necessary for public works, legal and other consultant fees, testing, environmental studies, permits, updating ordinances and plans, judgments or claims for damages and other expenses are included as Project Costs. The map found in Section 7 of this Plan along with the Detailed List of Project Costs found in Section 8 provide additional information as to the kind, number and location of potential Project Costs.

The “Statement of Kind, Number and Location of Proposed Public Works and Other Projects” set forth in the original District Project Plan approved on May 4, 2021, is amended to add the following Project Costs that the City has made, expects to make, or may need to make, in conjunction with the implementation of the District’s Plan or this Plan Amendment.

Property, Right-of-Way and Easement Acquisition

Acquisition of Rights-of-Way

The City may need to acquire property to allow for installation of streets, driveways, sidewalks, utilities, stormwater management practices and other public infrastructure. Costs incurred by the City to identify, negotiate and acquire rights-of-way are eligible Project Costs.

Acquisition of Easements

The City may need to acquire temporary or permanent easements to allow for installation and maintenance of streets, driveways, sidewalks, utilities, stormwater management practices and other public infrastructure. Costs incurred by the City to identify, negotiate and acquire easement rights are eligible Project Costs.

Site Preparation Activities

Environmental Audits and Remediation

If it becomes necessary to evaluate any land or improvement within the District, any cost incurred by the City related to environmental audits, testing, and remediation are eligible Project Costs.

Demolition

To make sites suitable for development, the City may incur costs related to demolition and removal of structures or other land improvements, to include abandonment of wells or other existing utility services.

Site Grading

Land within the District may require grading to make it suitable for development, to provide access, and to control stormwater runoff. The City may need to remove and dispose of excess material or bring in fill material to provide for proper site elevations. Expenses incurred by the City for site grading are eligible Project Costs.

Utilities

Sanitary Sewer System Improvements

To allow development to occur, the City may need to construct, alter, rebuild or expand sanitary sewer infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of collection mains; manholes and cleanouts; service laterals; force mains; interceptor sewers; pumping stations; lift stations; wastewater treatment facilities; and all related appurtenances. To the extent sanitary sewer projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand sanitary sewer infrastructure located outside

of the District. That portion of the costs of sanitary sewer system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

Water System Improvements

To allow development to occur, the City may need to construct, alter, rebuild or expand water system infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of distribution mains; manholes and valves; hydrants; service laterals; pumping stations; wells; water treatment facilities; storage tanks and reservoirs; and all related appurtenances. To the extent water system projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand water system infrastructure located outside of the District. That portion of the costs of water system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

Stormwater Management System Improvements

Development within the District will cause stormwater runoff. To manage this stormwater runoff, the City may need to construct, alter, rebuild or expand stormwater management infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of stormwater collection mains; inlets, manholes and valves; service laterals; ditches; culvert pipes; box culverts; bridges; stabilization of stream and river banks; and infiltration, filtration and detention Best Management Practices (BMP's). To the extent stormwater management system projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand stormwater management infrastructure located outside of the District. That portion of the costs of stormwater management system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

Electric Service

To create sites suitable for development, the City may incur costs to provide, relocate or upgrade electric services. Relocation may require abandonment and removal of existing poles or towers, installation of new poles or towers, or burying of overhead electric lines. Costs incurred by the City to undertake this work are eligible Project Costs.

Gas Service

To create sites suitable for development, the City may incur costs to provide, relocate or upgrade gas mains and services. Costs incurred by the City to undertake this work are eligible Project Costs.

Communications Infrastructure

To create sites suitable for development, the City may incur costs to provide, relocate or upgrade infrastructure required for voice and data communications, including, but not limited to telephone lines, cable lines and fiber optic cable. Costs incurred by the City to undertake this work are eligible Project Costs.

Streets and Streetscape

Street Improvements

To allow development to occur, the City may need to construct or reconstruct streets, highways, alleys, access drives and parking areas. Eligible Project Costs include, but are not limited to: excavation; removal or placement of fill; construction of road base; asphalt or concrete paving or repaving; installation of curb and gutter; installation of sidewalks and bicycle lanes; installation of culverts, box culverts and bridges; rail crossings and signals; utility relocation, to include burying overhead utility lines; street lighting; installation of traffic control signage and traffic signals; pavement marking; right-of-way restoration; installation of retaining walls; and installation of fences, berms, and landscaping.

Streetscaping and Landscaping

To attract development consistent with the objectives of this Plan, the City may install amenities to enhance development sites, rights-of-way and other public spaces. These amenities include but are not limited to landscaping; lighting of streets, sidewalks, parking areas and public areas; installation of planters, benches, clocks, tree rings, trash receptacles and similar items; and installation of brick or other decorative walks, terraces and street crossings. These and any other similar amenities installed by the City are eligible Project Costs.

Community Development

Cash Grants (Development Incentives)

The City may enter into agreements with property owners, lessees, or developers of land located within the District for sharing costs to encourage the desired kind of improvements and assure tax base is generated sufficient to recover Project Costs. No cash grants will be provided until the City executes a developer agreement with the recipient of the cash grant. Any payments of cash grants made by the City are eligible Project Costs.

Miscellaneous

Projects Outside the Tax Increment District

Pursuant to Wis. Stat. § 66.1105(2)(f)1.n, the City may undertake projects within territory located within one-half mile of the boundary of the District provided that: 1) the project area is located within the City's corporate boundaries; and 2) the projects are approved by the Joint Review Board. The cost of projects completed outside the District pursuant to this section are eligible project costs and may include any project cost that would otherwise be eligible if undertaken within the District. The City intends to make the following project cost expenditures outside the District:

1. Rehabilitation of public infrastructure.
2. Payment of development incentives.

Professional Service and Organizational Costs

The costs of professional services rendered, and other costs incurred, in relation to the creation, administration and termination of the District, and the undertaking of the projects contained within this Plan, are eligible Project Costs. Professional services include but are not limited to: architectural; environmental; planning; engineering; legal; audit; financial; and the costs of informing the public with respect to the creation of the District and the implementation of the Plan.

Administrative Costs

The City may charge to the District as eligible Project Costs reasonable allocations of administrative costs, including, but not limited to, employee salaries. Costs allocated will bear a direct connection to the time spent by City employees relating to the implementation of the Plan.

Financing Costs

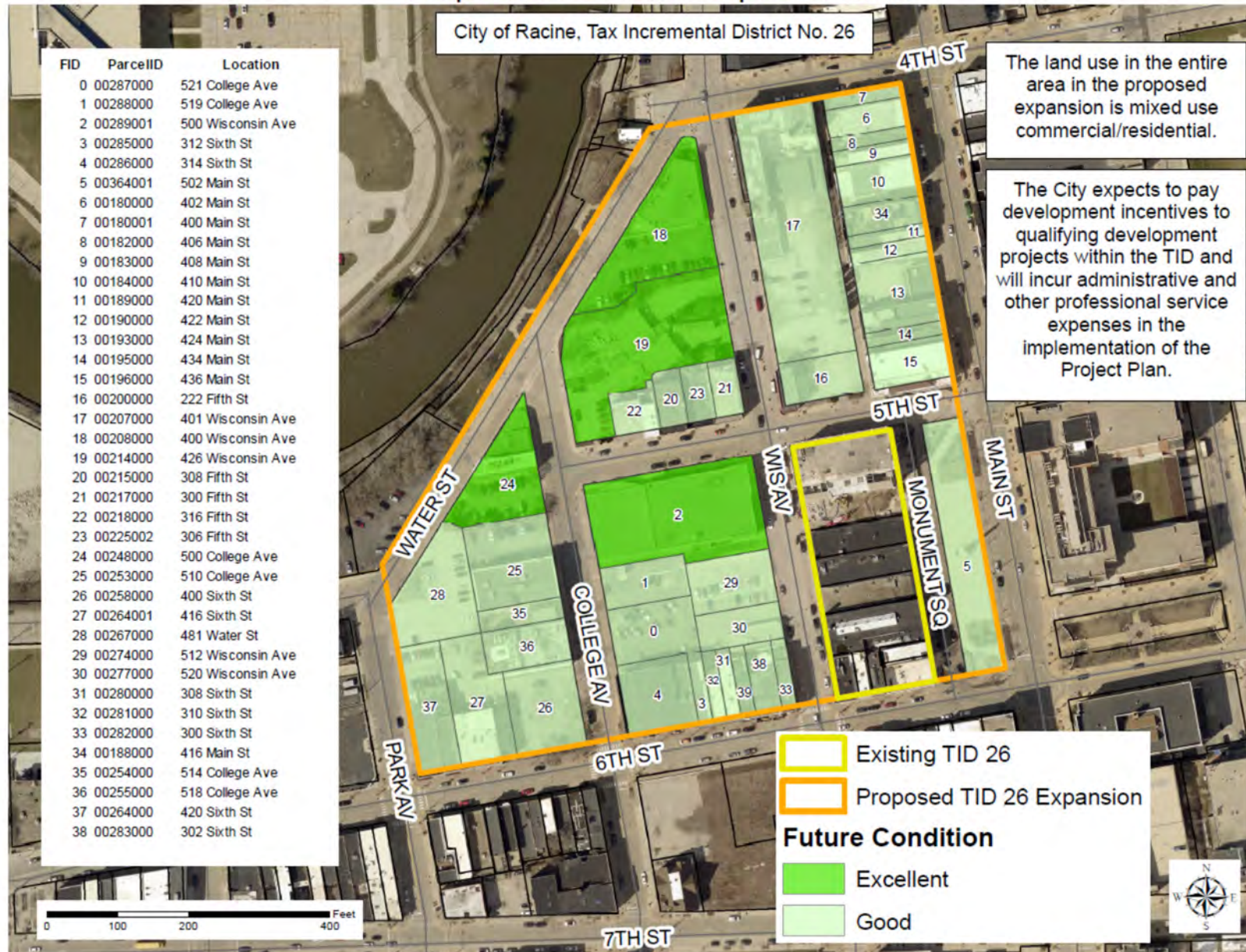
Interest expense, debt issuance expenses, redemption premiums, and any other fees and costs incurred in conjunction with obtaining financing for projects undertaken under this Plan are eligible Project Costs.

SECTION 7:

Map Showing Proposed Improvements and Uses Within the Territory to be Added

Map Found on Following Page.

Proposed Uses and Improvements



City of Racine, Tax Incremental District No. 26

Legend:

- TID 26 Expansion Half Mile Area
- Proposed TID 26 Expansion
- Proposed Parcels to be Added to TID 26

Scale: 0, 500, 1,000, 2,000 Feet

SECTION 8:

Detailed List of Estimated Project Costs

The following list identifies the Project Costs that the City has made, expects to make, or may need to make in conjunction with the implementation of the District's Plan or this Plan Amendment. All projects identified and related costs reflect the best estimates available as of the date of preparation of this Plan Amendment. All costs are preliminary estimates and may increase or decrease. Certain Project Costs listed may become unnecessary, and other Project Costs not currently identified may need to be made. (Section 6 details the general categories of eligible Project Costs). Changes in Project Cost totals or the types of Project Costs to be incurred will not require that this Plan be amended. This Plan is not meant to be a budget nor an appropriation of funds for specific Project Costs, but a framework within which to manage Project Costs.

City of Racine				
Tax Increment District # 26				
Detailed List of Estimated Project Costs				
Project Name/Type	Estimated Timeframe	Original Project Plan	Amended Project Plan	Increase
Development Incentives				
Hotel Project Loan	2021 - 2026	5,500,000	16,000,000	10,500,000
Other Incentives ¹	2024 - 2036	2,500,000	4,349,558	1,849,558
Public Infrastructure ²	2043	10,000,000	1,000,000	(9,000,000)
Administrative Cost	2021 - 2049	325,000	323,687	(1,313)
Interest on Long Term Debt	2022 - 2045	1,381,534	5,597,355	4,215,821
Total		19,706,534	27,270,600	7,564,066
Notes:				
¹ Potential incentives for other redevelopment projects within the District, or within 1/2 mile of District. Amount shown is for the purpose of demonstrating economic feasibility only. Any provision of incentives will require confirmation of economic necessity. Incentives may be provided on a "pay as you go" basis, or through contributions to existing City programs for rehabilitation of property.				
² Potential public improvements consisting of, but not limited to street and utility improvements in the rights-of-way adjacent to the District and within 1/2 mile of the District.				

SECTION 9:

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

The Project Costs the City plans to make are expected to create \$19.1 million in incremental value by 2032. Estimated valuations and timing for construction of the Project are included in **Table 1**. Assuming the City's current equalized TID Interim tax rate of \$22.76 per thousand of equalized value, an economic appreciation factor of 1% and a tax rate adjustment factor of -1%, the Project would generate \$10.2 million in incremental tax revenue over the 27-year term of the District as shown in **Table 2**.

City of Racine

Tax Increment District # 26

Development Assumptions

Construction Year		Actual	Other Redev. ¹	Annual Total	Construction Year	
1	2021	(289,100)		(289,100)	2021	1
2	2022	14,052,400		14,052,400	2022	2
3	2023	1,338,600		1,338,600	2023	3
4	2024			0	2024	4
5	2025			0	2025	5
6	2026			0	2026	6
7	2027			0	2027	7
8	2028			0	2028	8
9	2029			0	2029	9
10	2030			0	2030	10
11	2031		1,000,000	1,000,000	2031	11
12	2032		3,000,000	3,000,000	2032	12
13	2033			0	2033	13
14	2034			0	2034	14
15	2035			0	2035	15
16	2036			0	2036	16
17	2037			0	2037	17
18	2038			0	2038	18
19	2039			0	2039	19
20	2040			0	2040	20
21	2041			0	2041	21
22	2042			0	2042	22
23	2043			0	2043	23
24	2044			0	2044	24
25	2045			0	2045	25
26	2046			0	2046	26
27	2047			0	2047	27
Totals		15,101,900	4,000,000	19,101,900		

Notes:

Table 1 – Development Assumptions

City of Racine

Tax Increment District # 26

Tax Increment Projection Worksheet

Type of District	Rehabilitation	Base Value	3,612,000
District Creation Date	May 4, 2021	Appreciation Factor	1.00%
Valuation Date	Jan 1, 2021	Base Tax Rate	\$22.76
Max Life (Years)	27	Rate Adjustment Factor	-1.00%
Expenditure Period/Termination	22 5/4/2043		
Revenue Periods/Final Year	27 2049		
Extension Eligibility/Years	Yes 3		
Eligible Recipient District	Yes		

	Construction		Valuation	Inflation	Total	Revenue		Tax
	Year	Value Added	Year	Increment	Increment	Year	Tax Rate	Increment
1	2021	-289,100	2022		-289,100	2023	\$24.13	0
2	2022	14,052,400	2023		13,763,300	2024	\$24.03	330,698
3	2023	1,338,600	2024		15,101,900	2025	\$22.76	343,696
4	2024	0	2025	151,019	15,252,919	2026	\$22.53	343,661
5	2025	0	2026	152,529	15,405,448	2027	\$22.31	343,627
6	2026	0	2027	154,054	15,559,503	2028	\$22.08	343,592
7	2027	0	2028	155,595	15,715,098	2029	\$21.86	343,558
8	2028	0	2029	157,151	15,872,249	2030	\$21.64	343,524
9	2029	0	2030	158,722	16,030,971	2031	\$21.43	343,489
10	2030	0	2031	160,310	16,191,281	2032	\$21.21	343,455
11	2031	1,000,000	2032	161,913	17,353,194	2033	\$21.00	364,421
12	2032	3,000,000	2033	173,532	20,526,726	2034	\$20.79	426,755
13	2033	0	2034	205,267	20,731,993	2035	\$20.58	426,712
14	2034	0	2035	207,320	20,939,313	2036	\$20.38	426,670
15	2035	0	2036	209,393	21,148,706	2037	\$20.17	426,627
16	2036	0	2037	211,487	21,360,193	2038	\$19.97	426,584
17	2037	0	2038	213,602	21,573,795	2039	\$19.77	426,542
18	2038	0	2039	215,738	21,789,533	2040	\$19.57	426,499
19	2039	0	2040	217,895	22,007,428	2041	\$19.38	426,456
20	2040	0	2041	220,074	22,227,502	2042	\$19.18	426,414
21	2041	0	2042	222,275	22,449,778	2043	\$18.99	426,371
22	2042	0	2043	224,498	22,674,275	2044	\$18.80	426,329
23	2043	0	2044	226,743	22,901,018	2045	\$18.61	426,286
24	2044	0	2045	229,010	23,130,028	2046	\$18.43	426,243
25	2045	0	2046	231,300	23,361,328	2047	\$18.24	426,201
26	2046	0	2047	233,613	23,594,942	2048	\$18.06	426,158
27	2047	0	2048	235,949	23,830,891	2049	\$17.88	426,115
	Totals	19,101,900		4,728,991		Future Value of Increment		10,266,685

Notes:

Table 2 – Tax Increment Projection Worksheet

Financing and Implementation

The City previously entered into development agreements for redevelopment of 500 Main Street, the former Zahn's department store building, which is now operating as Hotel Verdant. The City provided the hotel developer with a \$6.5 million loan funded with proceeds of a State Trust Fund Loan (\$5.5 million) and transfers from the intergovernmental fund (\$1 million). An additional cash incentive of \$2.895 million was funded by Tax Incremental District No. 9. The hotel development project is also receiving "pay as you go" incentives from the tax increment generated by the project. If earned, payments are projected to total \$3.35 million. The \$6.5 million loan component of the project is being repaid from the operating revenue of the hotel. Payments on that loan are expected to continue through 2030, followed by a payoff of the remaining balance due in 2031. At that time, the City would retire its associated debt.

Under this Amendment, the City would make additional Project Costs to facilitate:

- Renovation of 512 Main Street into a full-service spa.
- Renovation of 222 5th Street to a mixed-use property containing one retail and four residential units.
- Demolition of existing building and improvements to 401 Wisconsin Avenue to a secure parking lot.
- Future development of approximately 40 units of multi-family housing at 426 Wisconsin Avenue.

The City expects to enter into additional development agreements that would provide a City loan to the developer of up to \$9.5 million to be funded with a State Trust Fund Loan (\$4 million) and transfers from Tax Incremental District No. 9 (\$5.5 million) under an amendment to that TID's project plan that will be considered concurrently with this Amendment. The developer will be required to make payments to the City to repay the loan, with a provision providing for forgiveness of any remaining loan balance if the developer creates at least \$4 million in new incremental valuation within the District on property it controls located at 426 Wisconsin Avenue. Final terms and provisions of any assistance provided under this Amendment will be detailed in a development agreement to be approved by the Common Council. The summary provided here is preliminary for purposes of assessing District cash flow feasibility.

Based on the Project Cost expenditures as included within the cash flow exhibit (**Table 3**), the District is projected to accumulate sufficient funds by the year 2045 to pay off all Project cost liabilities and obligations. The projected closure is based on the various assumptions noted in this Plan and will vary dependent

on actual Project Costs incurred and the actual amount of tax increments collected.

City of Racine

Tax Increment District # 26

Cash Flow Projection

Year	Projected Revenues									Expenditures											Balances			Year		
	Tax		Developer	Hotel Project Loan		Transfer		Total	State Trust Fund Loan ² 5,500,000			State Trust Fund Loan 4,000,000			Development Incentives			Other Costs		Total						
	Increments	Revenue	Shortfall	2021	Repay	Proceeds	Transfer from		from TID No.	Dated Date:	05/10/21	Interest	Dated Date:	06/01/25	Interest	Up Front	Hotel	Other PAYGO	Repay IG		City Admin.	Public Inf.	Costs		Expenditures	Annual
2021						5,500,000	1,044,379		6,544,379							6,500,000					44,379	6,544,379	0	0	7,925,000	2021
2022				172,656					172,656			175,844									797	176,641	(3,985)	(3,985)	7,925,000	2022
2023	0	5,848		276,250					282,098			220,000						0		48,511	268,511	13,587	9,602	7,925,000	2023	
2024	330,698	5,000	0				200,000		535,698			220,603				305,698		0		5,000	531,301	4,398	14,000	7,925,000	2024	
2025	343,696	5,000	0		39,584	4,000,000	700,000	5,000,000	10,088,280	232,092	4.000%	220,000				5,500,000	318,696		0	5,000	6,275,788	3,812,492	3,826,492	11,692,908	2025	
2026	343,661	5,000	0	450,000	475,000			700,000	1,973,661	241,376	4.000%	210,716	153,971	6.500%	204,438	4,000,000	318,696		0	5,000	5,134,197	(3,160,536)	665,956	11,297,561	2026	
2027	343,627	5,000	0	475,000	475,000				1,298,627	251,031	4.000%	201,061	108,417	6.500%	249,992		318,696	100,000	25,000	25,000	1,279,197	19,430	685,386	10,913,113	2027	
2028	343,592	5,000	0	500,000	475,000				1,323,592	260,549	4.000%	191,543	114,799	6.500%	243,610		318,696	100,000	25,000	5,000	1,259,197	64,396	749,782	10,512,766	2028	
2029	343,558	5,000	0	500,000	475,000				1,323,558	271,494	4.000%	180,598	122,926	6.500%	235,483		318,696	100,000	25,000	5,000	1,259,197	64,361	814,143	10,093,345	2029	
2030	343,524	5,000	0	500,000	475,000				1,323,524	282,354	4.000%	169,738	130,917	6.500%	227,493		318,696	100,000	50,000	5,000	1,284,197	39,327	853,470	9,630,075	2030	
2031	343,489	5,000	0	5,800,448	613,675				6,762,613	3,961,106	4.000%	158,444	139,426	6.500%	218,983		318,696	100,000	300,000	5,000	5,201,655	1,560,958	2,414,428	5,229,543	2031	
2032	343,455	5,000	0		752,350				1,100,805		4.000%		147,914	6.500%	210,495		318,696	100,000	300,000	25,000	1,102,105	(1,300)	2,413,128	4,781,630	2032	
2033	364,421	5,000	0		547,775				917,196		4.000%		158,103	6.500%	200,306		318,696	100,000	300,000	5,000	1,082,105	(164,909)	2,248,219	4,323,526	2033	
2034	426,755	5,000	0						431,755		4.000%		168,380	6.500%	190,029		175,600	100,000	350,000	5,000	989,009	(557,254)	1,690,965	3,805,146	2034	
2035	426,712	5,000							431,712		4.000%		179,325	6.500%	179,085		0	100,000	350,000	5,000	813,409	(381,697)	1,309,268	3,275,821	2035	
2036	426,670	5,000							431,670		4.000%		190,522	6.500%	167,887		0	100,000	350,000	5,000	813,409	(381,740)	927,529	2,735,299	2036	
2037	426,627	5,000							431,627		4.000%		203,365	6.500%	155,044		0		350,000	25,000	733,409	(301,782)	625,746	2,181,934	2037	
2038	426,584	5,000							431,584		4.000%		216,584	6.500%	141,826		0			5,000	363,409	68,175	693,922	1,965,351	2038	
2039	426,542	5,000							431,542		4.000%		230,661	6.500%	127,748		0			5,000	363,409	68,133	762,054	1,734,689	2039	
2040	426,499	5,000							431,499		4.000%		245,346	6.500%	113,064		0			5,000	363,409	68,090	830,144	1,489,344	2040	
2041	426,456	5,000							431,456		4.000%		261,602	6.500%	96,807		0			5,000	363,409	68,047	898,191	1,227,742	2041	
2042	426,414	5,000							431,414				278,606	6.500%	79,803		0			25,000	383,409	48,005	946,196	949,136	2042	
2043	426,371	5,000							431,371				296,715	6.500%	61,694		0		1,000,000	5,000	1,363,409	(932,038)	14,158	652,420	2043	
2044	426,329	5,000							431,329				315,886	6.500%	42,524		0			5,000	363,409	67,919	82,077	336,535	2044	
2045	426,286	5,000							431,286				336,535	6.500%	21,875		0			5,000	363,409	67,877	149,954	0	2045	
2046	426,243	5,000							431,243								0			5,000	5,000	426,243	576,197	0	2046	
2047	426,201	5,000							431,201								0			5,000	5,000	426,201	1,002,398	0	2047	
2048	426,158	5,000							431,158								0			5,000	5,000	426,158	1,428,556	0	2048	
2049	426,115	5,000							431,115								0			25,000	25,000	406,115	1,834,671	0	2049	
Total	10,266,685	135,848	0	8,674,354	4,328,384	9,500,000	1,944,379	5,700,000	40,549,650	5,500,000		1,948,548	4,000,000		3,168,186	16,000,000	3,349,558	1,000,000	2,425,000	1,000,000	323,687	38,714,979			Total	

Notes:

Projected TID Closure

Table 3 – Cash Flow

SECTION 10:

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. None of the territory proposed to be added to the District was annexed during the past three years.

SECTION 11:

Estimate of Property to be Devoted to Retail Business

Pursuant to Wis. Stat. § 66.1105(5)(b), the City estimates that less than 55% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

SECTION 12:

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

Zoning Ordinances

The proposed Plan Amendment is in general conformance with the City's current zoning ordinances. Individual properties may require rezoning at the time of development.

Master (Comprehensive) Plan and Map

The proposed Plan Amendment is in general conformance with the City's Comprehensive Plan identifying the area as appropriate for Mixed Use - Commercial and Residential with a Commercial Emphasis.

Building Codes and Ordinances

Development within the District will be required to conform to State Building Codes and will be subject to the City's permitting and inspection procedures. The proposed Plan Amendment conforms to all relevant State and local ordinances, plans, and codes. No changes to the existing regulations are proposed or needed.

SECTION 13:

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 14:

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 rehabilitating and conserving property, providing necessary public infrastructure improvements, and providing appropriate financial incentives for private development projects. Through use of tax increment financing, the City can attract new investment that results in increased tax base. Development will occur in an orderly fashion in accordance with approved plans so that the Projects will be compatible with adjacent land uses. Development of new uses in the District will add to the tax base and will generate positive secondary impacts in the community such as increased employment opportunities.

SECTION 15:

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 16:

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

See next page for legal opinion.

Marisa L. Roubik
Deputy City Attorney

Robin K. Zbikowski
Senior Assistant City Attorney

Ian R. Pomplin
Assistant City Attorney

Brian Van Schyndel
Assistant City Attorney

Nhu H. Arn
Assistant City Attorney

**Office of the
City Attorney
Racine, Wisconsin**



Scott R. Letteney
City Attorney

Colette Broadway
Lead Paralegal

Karen J. Wirtz
Paralegal

Maricela Mora
Administrative Assistant

March 13, 2025

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

RE: City of Racine, Wisconsin, Tax Incremental District No. 26 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. 26 Amendment, dated March 3, 2025, and, in my opinion, it is complete and complies with Wisconsin Statutes section 66.1105(4)(f). This opinion is provided pursuant to Wisconsin Statutes section 66.1105(4)(f).

Sincerely,



Scott R. Letteney
City Attorney

Cc: Director of City Development Walter Williams

City Hall Annex
800 Center Street, Suite 122
Racine, Wisconsin 53403
262-636-9115
Fax: 262-636-9570

SECTION 17:

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.

Revenue Year	Racine County	City of Racine	Racine Unified School District	Gateway Technical College	Total	Revenue Year
2023	0	0	0	0	0	2023
2024	37,075	172,829	111,420	9,374	330,698	2024
2025	38,532	179,622	115,799	9,743	343,696	2025
2026	38,528	179,604	115,787	9,742	343,661	2026
2027	38,525	179,586	115,776	9,741	343,627	2027
2028	38,521	179,568	115,764	9,740	343,592	2028
2029	38,517	179,550	115,753	9,739	343,558	2029
2030	38,513	179,532	115,741	9,738	343,524	2030
2031	38,509	179,514	115,729	9,737	343,489	2031
2032	38,505	179,496	115,718	9,736	343,455	2032
2033	40,856	190,453	122,782	10,330	364,421	2033
2034	47,844	223,030	143,784	12,097	426,755	2034
2035	47,839	223,008	143,769	12,096	426,712	2035
2036	47,835	222,985	143,755	12,095	426,670	2036
2037	47,830	222,963	143,740	12,094	426,627	2037
2038	47,825	222,941	143,726	12,092	426,584	2038
2039	47,820	222,919	143,712	12,091	426,542	2039
2040	47,816	222,896	143,697	12,090	426,499	2040
2041	47,811	222,874	143,683	12,089	426,456	2041
2042	47,806	222,852	143,669	12,088	426,414	2042
2043	47,801	222,829	143,654	12,086	426,371	2043
2044	47,796	222,807	143,640	12,085	426,329	2044
2045	47,792	222,785	143,626	12,084	426,286	2045
2046	47,787	222,763	143,611	12,083	426,243	2046
2047	47,782	222,740	143,597	12,082	426,201	2047
2048	47,777	222,718	143,582	12,080	426,158	2048
2049	47,773	222,696	143,568	12,079	426,115	2049
Total	1,151,015	5,365,557	3,459,081	291,031	10,266,685	