

***Territory & Project Plan Amendment to
Tax Incremental District No. 10
Within the
CITY OF RACINE, WISCONSIN***



April 16, 2008 **[DRAFT]**

<i>Joint Review Board Organizational Meeting, Scheduled to be Held:</i>	<i>April 17 – 30, 2008</i>
<i>Public Hearing Scheduled to be Held:</i>	<i>April 30, 2008</i>
<i>Anticipated to be Considered for Adoption by Plan Commission:</i>	<i>April 30, 2008</i>
<i>Anticipated to be Considered for Adoption by City Council:</i>	<i>May 6, 2008</i>
<i>Anticipated to be Considered for Approval by Joint Review Board:</i>	<i>May 8 – 18, 2008</i>



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Tax Incremental District No. 10 Territory & Project Plan Amendment

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Janice Johnson-Martin	City Clerk
Robert Weber	City Attorney
David Brown	City Finance Director
Brian OConnell	Community Development Director

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Gateway Technical College District

Racine School District

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EXECUTIVE SUMMARY

DESCRIPTION OF ORIGINAL DISTRICT AND PROPOSED TERRITORY AMENDMENT

- Original District Purpose and Reason for this Amendment. TID No. 10 is an existing blighted area district, industrial district, which was created by a resolution of the City Council adopted on April 14, 2003. The site is a former industrial property generally known as the "Jacobsen/Textron Industrial site and the City has set forth its intent to redevelop the area for new industrial purposes in what is now known as the Southside Industrial Park.

To further facilitate development and/or redevelopment within areas adjacent to the original District, the City desires to amend its boundaries to add territory to the west of the current district boundaries. A map, located in Section 3 of this plan, identifies the Territory to be added and its geographic relationship to the existing District's boundaries.

- Estimated Total Project Expenditures. The City anticipates making project expenditures of approximately \$10,800,000 in both the existing district and amended territory to complete projects as listed in this Project Plan. The intent of this amendment is to clarify the scope of the intended original plan. It is anticipated that the remaining and additional projects will be completed by the end of 2008. The Expenditure Period of this District terminates on 4/14/22 (*Need to Verify Blight vs. Industrial and Date of Adoption of original Plan*). The remaining and additional projects to be undertaken pursuant to this Project Plan are being financed with General Obligation Bonds, Land Contracts, land sales and Grants, however, the City may use other alternative financing methods which may provide overall lower costs of financing, preserve debt capacity, mitigate risk to the City, or provide other advantages as determined by the City Council. A discussion and listing of other possible financing mechanisms, as well as a summary of project financing by phase is located in Section 10 of this plan. The projections of cash flow would indicate that the TIF cash flow will not be sufficient to cover all costs. To the extent they are not fully covered the costs will be paid from other City funds.
- Economic Development. As a result of the amendment of this District, the City projects that additional land and improvements value of approximately \$5,710,000 will be created as a result of new development, redevelopment, and appreciation in the value of existing properties. This additional value will be a result of the improvements made and projects undertaken within the amendment area(s) and within the original District boundaries. A table detailing assumptions as to the timing of new development and redevelopment, and associated values is located in Section 10 of this plan. In addition, the amendment of the District is expected to result in further economic benefits as detailed in the Summary of Findings hereafter.
- Expected Termination of District. TID No. 10 has a maximum statutory life of 23 years, and must close not later than 4/14/26, resulting in a final collection of increment in

budget year 2026. Pre-amendment cash flow projections indicate that the entire available life of the District will be required to retire only a portion of the current and projected District Based on the Economic Feasibility Study located in Section 10 of this Plan, amendment of the District would result in the district continuing to require the full statutory life to recover only a portion of the total eligible costs.

SUMMARY OF FINDINGS

As required by s.66.1105 Wis. Stats., 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 this District, the additional development projected to occur within the amendment areas 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:

- The sites proposed for development and/or redevelopment have remained vacant for several years due obsolete structures, lack of adequate infrastructure, obsolete platting and ownership by multiple parties). Given that the sites have not developed as would have been expected under normal market conditions, it is the judgment of the City that the use of TIF will be required to provide the necessary infrastructure and inducements to encourage development on the sites consistent with that desired by the City.
- In order to make the amendment areas suitable for development and/or redevelopment, the City will need to make a substantial investment to pay for the costs of: property, demolition, right-of-way and easement acquisition; environmental remediation, site preparation; installation of utilities; development incentive payments; other associated costs. . Due to the extensive initial investment in public infrastructure that is required in order to allow development and/or redevelopment to occur, the City has determined that development and/or redevelopment of the amendment area will not occur solely as a result of private investment. Accordingly, the City finds that absent the use of TIF, development and/or redevelopment of the amendment area is unlikely to occur.

2. **The economic benefits of amending the Tax Incremental 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, the total tax increments projected to be collected are not sufficient to pay for the actual and proposed Project Costs within the original District and the amendment areas. Without TID support the burden of subsidy by the City alone would impose an undue burden on the City alone to support the redevelopment effort.
- The additional development expected to occur in the amendment area(s) is likely to generate between 150 and 200 jobs over the life of the District, with an average wage of between \$40,000 – 60,000 (*source: RCEDC*).

-
- 3. The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.**
- If approved, the boundary amendment would become effective for valuation purposes as of January 1, 2008. As of this date, the values of all existing development would be frozen and the property taxes collected on this base value would continue to be distributed amongst the various taxing entities as they currently are now. Taxes levied on any additional value established within the amendment area due to new construction, renovation or appreciation of property values occurring after January 1, 2008 would be collected by the Tax Increment District and used to repay the costs of TIF-eligible projects undertaken within the District.
 - Given that additional development is not likely to occur without the use of tax incremental financing (see finding # 1), and since the District will 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 District is not amended. As required by Section 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 made and is found in Appendix A of the Project Plan.
4. Not less than 50% by area of the real property within the District, as amended, is suitable for industrial sites and zoned for industrial use within the meaning of Section 66.1101 of the Wisconsin Statutes. 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 will remain zoned for industrial use for the life of the District. Additionally, any real property within the Territory incorporated by this Amendment that is found suitable for industrial sites and is zoned for industrial use at the time of the Amendment of the District will remain zoned for industrial use for the remaining life of the District
5. Based upon the findings as stated above, and the original findings as stated in the Creation Resolution, that the District remains, an industrial district, based on the identification and classification of the property included within the district.
6. The Project Costs as amended relate directly to promoting industrial development and the rehabilitation of the area which is consistent the purpose for which the District was created.
7. The improvements to be made within the Territory incorporated by this Amendment are likely to enhance significantly the value of substantially all of the other real property in the Amendment Area.
8. The equalized value of the taxable property within the Territory to be incorporated by this Amendment, plus the current value increment of all existing tax incremental districts within the City, to include this District, does not exceed 12% of the total equalized value of taxable property within the City.
9. The City estimates that approximately 0% of the territory within the District, as amended, will be devoted to retail business at the end of the District's maximum expenditure period. This finding is made to fulfill the reporting requirement as contained in Sections 66.1105(5)(b) and 66.1105(6)(am)1 of the Wisconsin Statutes.
-

10. The Project Plan for the District, as amended, is feasible, and is in conformity with the Master Plan of the City.

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TYPE & GENERAL DESCRIPTION OF DISTRICT

Tax Incremental District No. 10 (the "District") was created under the authority provided by Wisconsin Statutes Section 66.1105 on 4/13/03 by resolution of the City Council. The District's valuation date, for purposes of establishing base value, was January 1, 2003

The existing 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. The District will remain in compliance with this finding after the addition of the Territory identified in this Amendment. The Preliminary Parcel list found in Section 5 of this plan provides a calculation demonstrating continued compliance with the 50% test.

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 TID No. 10 have not previously been amended. This Project Plan Amendment supplements, and does not supersede or replace any component of the original Project Plan unless specifically stated. All components of the original Project Plan, and its previously adopted Project Plan Amendments, remain in effect.

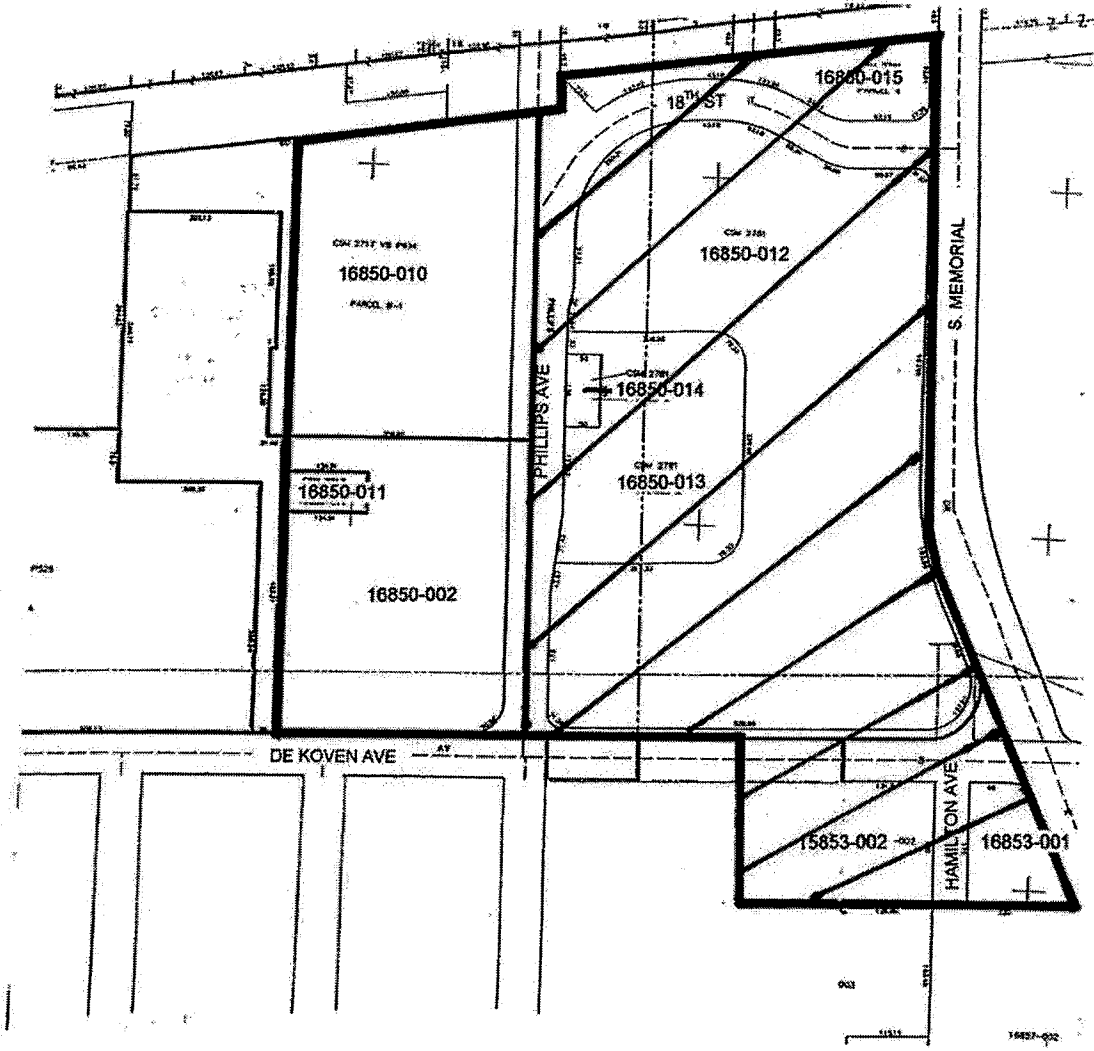
The purpose of the Territory Amendment is to facilitate development within areas adjacent to the existing District. The amendment to the District boundaries and the Project Plan will enable the City to install additional public improvements, and to make additional necessary related expenditures that will create development and/or redevelopment opportunities consistent with the original purposes for which the District was created.



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

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MAP OF ORIGINAL DISTRICT BOUNDARY, WITH TERRITORY AMENDMENT AREA IDENTIFIED

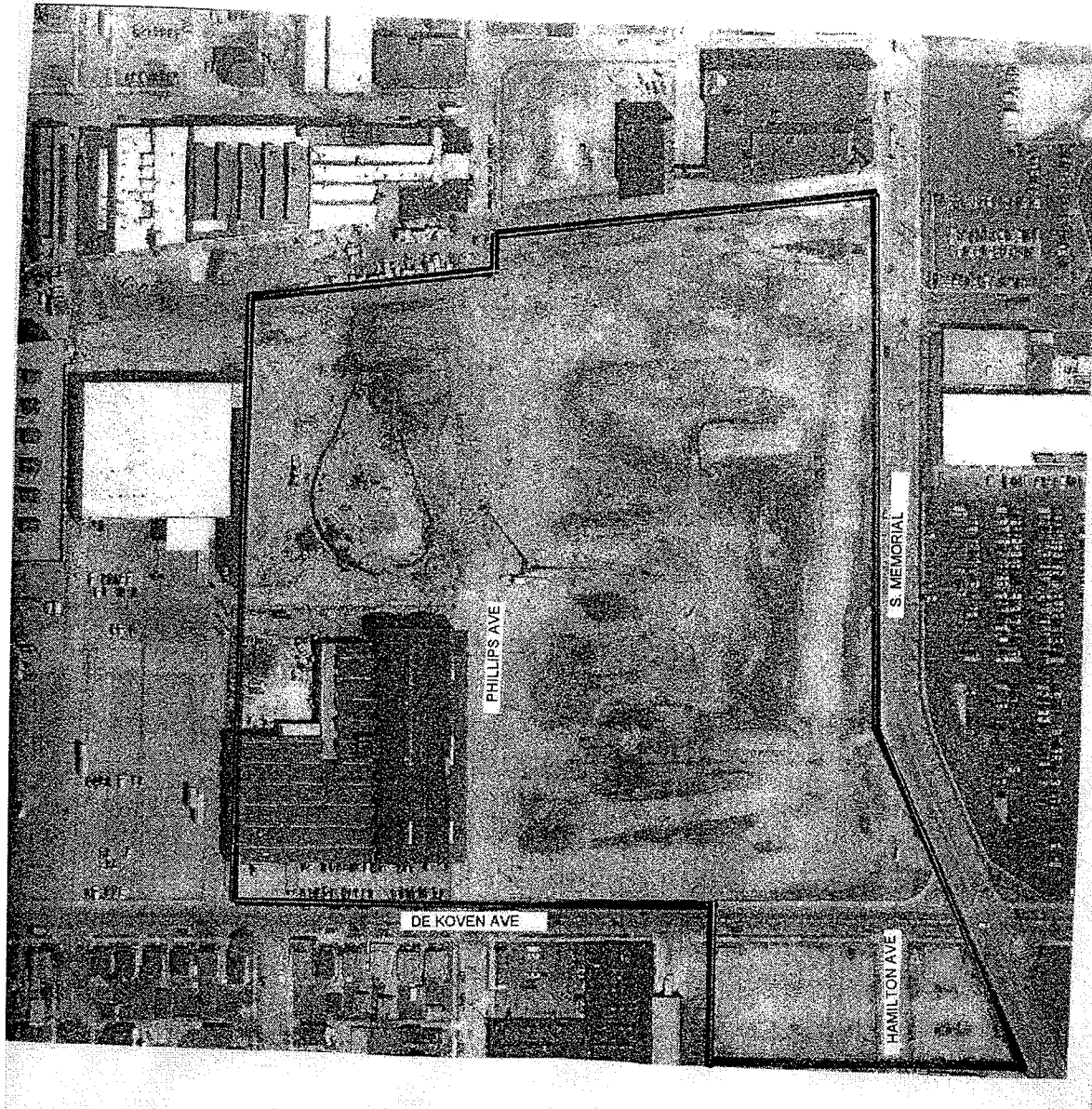
**CITY OF RACINE
TID 10 ORIGINAL &
AMENDED AREA
BOUNDARIES**



Original = 
Addition = 

4

MAP SHOWING EXISTING USES & CONDITIONS OF THE ORIGINAL DISTRICT BOUNDARY AND TERRITORY AMENDMENT AREA



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PRELIMINARY LIST OF PARCELS OF ORIGINAL DISTRICT BOUNDARY, AND TERRITORY AMENDMENT AREA

City of Racine, WI
TID # 10 Amendment



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Baseline Parcel Data

Parcel ID	Acres	Property Address	Original Base Values		Owner
			Land	Use	
16850001	13.44	1721 Packard Ave	Industrial		Redevelopment Authority
16850003	0.5	1828 DeKoven Ave	Industrial		Gary J & Jane T De Pelecyn
16853002	1.139	1702 DeKoven Ave	Industrial		Redevelopment Authority
16851003	0.2	1629 DeKoven Ave	Former Street ROW		City of Racine
16853001	0.5	1623 DeKoven Ave	Industrial		Redevelopment Authority

Original State Certified Value			Total
Land	Imp		
\$ 300,000	\$ 100,000	\$	400,000
\$ 18,000	\$ 40,000	\$	58,000
\$ -	-	-	-
\$ -	-	-	-
\$ -	-	-	-
\$ -	-	-	-
\$ -	-	-	-
\$ -	-	-	-
\$ -	-	-	-
\$ 318,000	\$ 140,000	\$	458,000

Equalized Value	
\$	400,000
\$	58,000
\$	-
\$	-
\$	-
\$	-
\$	-
\$	-
\$	-
\$	-
\$	458,000

Parcel ID	Property Address	Amended Boundary Values		Owner
		Land	Use	
16850002	1908 DeKoven Ave	Industrial		DeKoven Properties, LLC
16850010	1928 DeKoven Ave	Industrial		Redevelopment Authority
16850011	1918 DeKoven Ave	Industrial		Redevelopment Authority

Assessed Value			Total
Land	Imp		
\$ 106,400	\$ 443,800	\$	550,200
\$ 120,805	\$	\$	120,805
\$ 5,625	\$	\$	5,625
\$ -	-	-	-
\$ -	-	-	-
\$ -	-	-	-
\$ -	-	-	-
\$ -	-	-	-
\$ -	-	-	-
\$ 232,630	\$ 443,800	\$	676,430
TOTALS			\$ 1,134,430

Equalized Value ¹	
\$	550,200
\$	126,198
\$	5,625
\$	-
\$	-
\$	-
\$	-
\$	-
\$	-
\$	-
\$	682,023
\$	1,140,023

NOTES
¹ Assessment ratio used is 95.568%
 * Parcel 1685001, after district creation, was split into parcels 16850012, 16850013, 16850014 and 16850015 and are shown as such on the District Boundary & Parcel Map.




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6 EQUALIZED VALUE TEST

The following calculations demonstrate that the City is in compliance with s.66.1105(4)(gm)4.c. Wis. Stats., which requires that the equalized value of the Territory to be added to the District, plus the value increment of the District being amended, plus the value increment of all other existing Tax Incremental Districts ("TIDs"), does not exceed 12% of the total equalized value of taxable property within the City.

The equalized value of the Territory to be incorporated by this Amendment, plus the increment value of TID No. 10, plus the value of all other existing Tax Incremental Districts within the City, totals \$149,815,873. This value is less than the maximum of \$480,728,484 in equalized value that is permitted for the City of Racine. The City is therefore in compliance with the statutory equalized valuation test and may proceed with amendment of this District.

 City of Racine Tax Incremental District # 10 Valuation Test Compliance Calculation		
Anticipated Creation Date:	5/1/2008	Establishing 12% Limit Based on Anticipated Creation Date <hr/> ACTUAL
Property Appreciation Factor:	3.00%	
As of January 1,		2007
Total Equalized Value (TID IN)		4,006,070,700
Limit for 12% Test		480,728,484
Increment Value of Existing TID's		
TID No. 3 Increment		2,975,800
TID No. 5 Increment		19,261,100
TID No. 6 Increment		19,675,700
TID No. 7 Increment		43,578,200
TID No. 8 Increment		22,571,250
TID No. 9 Increment		36,471,300
TID No. 10 Increment		0
TID No. 11 Increment		0
TID No. 12 Increment		672,000
TID No. 13 Increment		3,733,400
TID No. 14 Increment		195,100
TID No. 15 Increment		0
Total Existing Increment		149,133,850
Projected Base Value of New District		682,023
Existing TID New Construction Factor		
TOTAL VALUE SUBJECT TO TEST/LIMIT		149,815,873
COMPLIANCE		PASS



7 STATEMENT OF KIND, NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS AND OTHER PROJECTS

The following is a list of public works and other projects that the City has implemented, or expects to implement, within the original District or within the Territory to be incorporated by this Amendment. Any costs directly or indirectly related to the public works and other projects are considered "Project Costs" and eligible to be paid with tax increment revenues of the District.

PROPERTY, RIGHT-OF-WAY AND EASEMENT ACQUISITION

- **PROPERTY ACQUISITION FOR DEVELOPMENT AND/OR REDEVELOPMENT.** In order to promote and facilitate development and/or redevelopment the City may acquire property within the District. The cost of property acquired, and any costs associated with the transaction, are eligible Project Costs. Following acquisition, other Project Costs within the categories detailed in this Section may be incurred in order to make the property suitable for development and/or redevelopment. Any revenue received by the City from the sale of property acquired pursuant to the execution of this Plan will be used to reduce the total project costs of the District. If total Project Costs incurred by the City to acquire property and make it suitable for development and/or redevelopment exceed the revenues or other consideration received from the sale or lease of that property, the net amount shall be considered "real property assembly costs" as defined in State Statutes Section 66.1105(2)(f)1.c., and subject to recovery as an eligible Project Cost.
- **STREET RECONSTRUCTION .** As reflected in the original project plan there is a need for roadway reconstruction and rehabilitation along with the underlying utility infrastructure within the district boundaries and now amended boundaries.
- **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.
- **RELOCATION COSTS.** If relocation expenses are incurred in conjunction with the acquisition of property, those expenses are eligible Project Costs. These costs may include, but are not limited to: preparation of a relocation plan; allocations of staff time; legal fees; publication of notices; obtaining appraisals; and payment of relocation benefits as required by Wisconsin Statutes Sections 32.19 and 32.195.

SITE PREPARATION ACTIVITIES

- **ENVIRONMENTAL AUDITS AND REMEDIATION.** There have been no known environmental studies performed within the proposed District. If, however, 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.** In order to make sites suitable for development and/or redevelopment, 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 and/or redevelopment, 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

- **STORMWATER MANAGEMENT SYSTEM IMPROVEMENTS.** Development and/or redevelopment within the District will cause stormwater runoff and pollution. To manage this stormwater runoff, the City may 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;; 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.** In order to create sites suitable for development and/or redevelopment, 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.** In order to create sites suitable for development and/or redevelopment, 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.** In order to create sites suitable for development and/or redevelopment, 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.

RDA TYPE ACTIVITIES

- **CONTRIBUTION TO REDEVELOPMENT AUTHORITY.** As provided for in Wisconsin Statutes Sections 66.1105(2)(f)1.h and 66.1333(13), the City may provide funds to its RDA to be used for administration, planning and operations related to the purposes for which it was established in furtherance of any redevelopment or urban renewal project. Funds provided to the RDA for this purpose are eligible Project Costs.
- **REVOLVING LOAN/GRANT PROGRAM.** To encourage private redevelopment consistent with the objectives of this Plan, the City, through its RDA, will provide loans and/or matching grants to eligible property owners in the District. Loan and/or matching grant recipients will be required to sign an agreement specifying the nature of the property improvements to be made. Eligible improvements will be those that are likely to improve the value of the property, enhance the visual appearance of the property and surrounding area, correct safety deficiencies, or as otherwise specified by the RDA in the program manual. Any funds returned to the RDA from the repayment of loans made are not considered revenues to the District, and will not be used to offset District Project Costs. Instead, these funds will be placed into a revolving loan fund and will continue to be used for the program purposes stated above. Any funds provided to the RDA for purposes of implementing this program are considered eligible Project Costs.

MISCELLANEOUS

- **CASH GRANTS (DEVELOPMENT INCENTIVES).** The City may enter into agreements with property owners, lessees, or developers of land located within the District for the purpose of 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.
- **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 in connection with 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.

With all projects the costs of engineering, design, survey, inspection, materials, construction, restoring property to its original condition, site preparation, legal and other consultant fees, testing, environmental studies, permits, updating City of Racine ordinances and plans, judgments or claims for damages, and other expenses are included as Project Costs.

In the event any of the public works project expenditures are not reimbursable out of the special tax increment finance fund under Wisconsin Statute Section 66.1105, in the written opinion of nationally recognized bond counsel retained by the City of Racine for such purpose or a court of record so rules in a final order, then such project or projects shall be deleted herefrom and the remainder of the projects hereunder shall be deemed the entirety of the projects for purposes of this Project Plan Amendment (this "Plan").

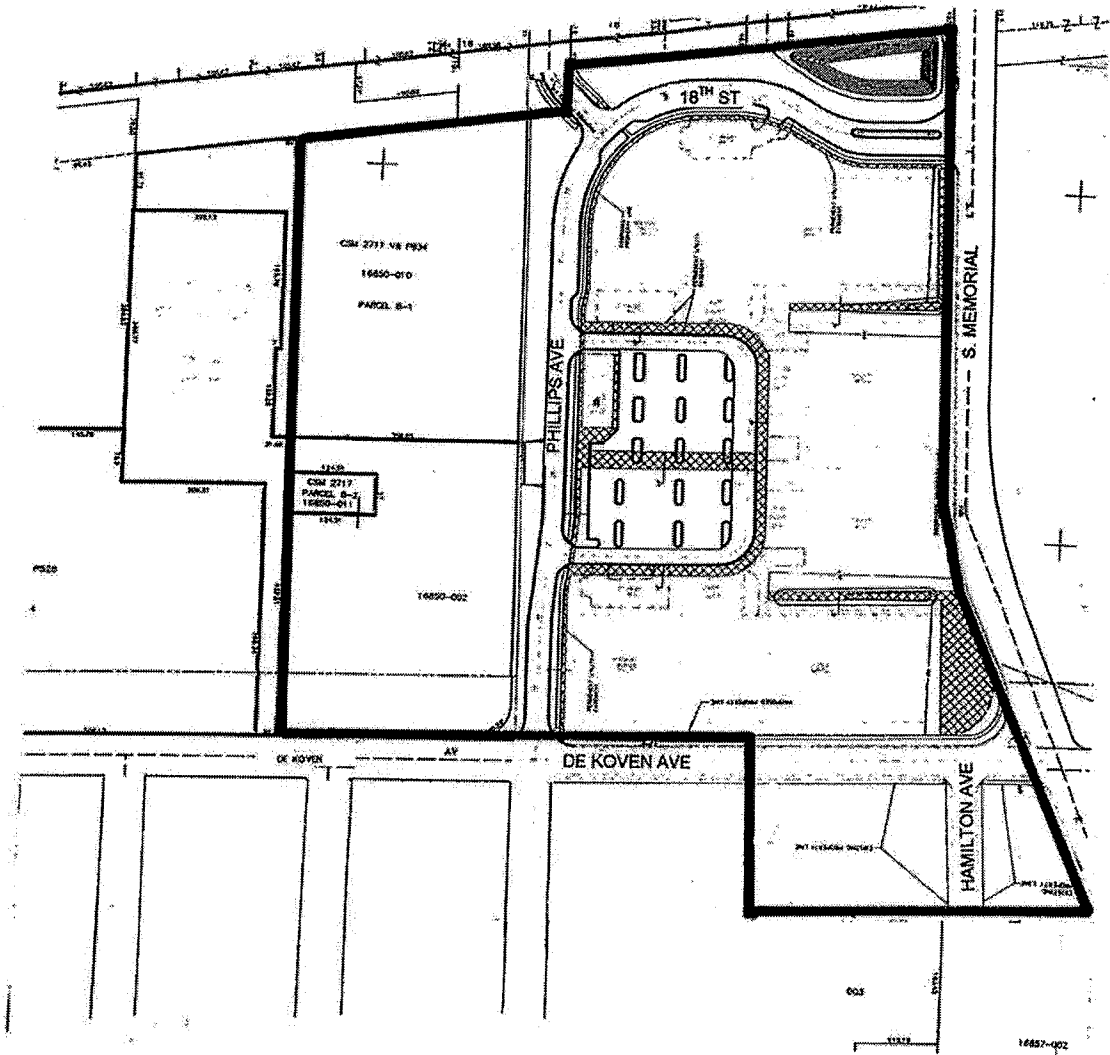
The City of Racine reserves the right to implement only those projects that remain viable as the Plan period proceeds.

Project Costs or any expenditures made, estimated to be made, or monetary obligations incurred or estimated to be incurred, by the City and listed in this Plan or the original Project Plan. To the extent the costs benefit the City of Racine 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 is completed. Proration of costs in the Plan are also estimates and subject to change based upon implementation, future assessment policies and user fee adjustments. 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 by the City in connection with the implementation of this Plan.

8

MAP SHOWING PROPOSED IMPROVEMENTS AND USES OF THE ORIGINAL DISTRICT BOUNDARY AND TERRITORY AMENDMENT AREA

CITY OF RACINE
TID 10 ORIGINAL &
AMENDED AREA



9

DETAILED LIST OF UPDATED PROJECT COSTS

This Section contains information relative to the specific projects and expenditures that the City anticipates it will undertake or make within the Territory to be incorporated into OR from the District by this Amendment. As part of this Amendment, the City is also modifying the project cost estimates for the original District area to add additional projects. Details with respect to the added projects can also be found within this Section.

All costs are based on 2008 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2008 and the time of construction. The City also reserves the right to increase certain Project Costs to the extent others are reduced or not implemented, without amending the Plan. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the Plan.

The City also reserves the right to increase certain Project Costs to the extent others are reduced or not implemented, without amending the Plan. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the Plan.

This Plan is not meant to be a budget, nor an appropriation of funds for specific projects, but a framework within which to manage projects. All costs included in the Plan are estimates based on best information available. The City retains the right to delete projects or change the scope and/or timing of projects implemented as they are individually authorized by the City Council, without further amending this Plan.

City of Racine, WI
TID # 10 Amendment

Total Project Costs

Projected Sources and Uses

Sources

2003 HUD Economic Dev. Initiative Grant/ 2004-048	134,123
WI DOC Brownfields Grant/ 2004-049	550,000
WI DNR Site Assessment Grant 2004-050	70,000
US EDA public Works Improvement Program Grant 2004-123	815,000
WI DOC Petroleum Environmental Cleanup Fund PECFA Grant 2004-122	180,000
2003-4 Grant Subtotal	1,749,123
2006 Settlement for Environmental Contamination	170,000
WI DOC Brownfields Grant/ 2005-026	750,000
2005 HUD Economic Dev. Initiative Grant 2005-030	267,300
2005 Grant Subtotal	1,017,300
LAND SALE INCOME (14 Acres @ \$35K/Acre less 8% Commission)	450,800
Bond Proceeds	
7/30/03 BAN	2,000,000
8/10/04 BAN	2,000,000
10/1/06 Bonds	4,021,216

Total Sources **11,408,439**

Uses¹

2003 Expenses	
Acquisition	1,085,000
Environmental	48,817
Electric, Engineering, Legal, Planning & Misc	30,583
Debt Expense (Interest)	12,570
Subtotal 2003 Costs (Per City Spreadsheet)	1,176,970
2004 Expenses	
Acquisition	136,499
Site Clearance	1,610,631
Environmental	186,478
Electric, Engineering, Legal, Planning & Misc	73,603
Debt Expense (Interest)	13,600
Subtotal 2004 Costs (Per City Spreadsheet)	2,020,811
2005 Expenses	
Acquisition	30,375
Environmental	73,850
Demolition/Asbestos	275,465
Electric, Engineering, Legal, Planning & Misc	129,859
Debt Expense (Interest)	
Subtotal 2005 Costs (Per City Spreadsheet)	509,549
2006 Expenses (thru 9/30/06)	
Acquisition	15,000
Environmental	26,630
Demolition/Asbestos	58,757
Electric, Engineering, Legal, Planning & Misc	54,316
Debt Expense (Interest)	
Subtotal 2006 Costs (Per City Spreadsheet)	154,703
2007 Expenses (Thru 4/3/07 Per email from F. Bumpurs)	
Building Demo	250,000
Asbestos Removal	75,000
Tank Removal	50,000
Subtotal 2007 Costs (Per RCEDC Staff)	375,000
2006 Expenses to Wanaseck Corp for Infrastructure Construction in Progress	1,770,448
Jensen Property Acquisition	750,000
Refund 7/30/03 BAN	2,000,000
Refund 8/10/04 BAN	2,000,000
Debt Issuance Expense ²	19,362
Capitalized Interest	
Total Uses	10,776,843

SURPLUS OR (SHORTFALL) IN FUNDS REQUIRED FOR PROJECTS **631,596**

NOTES:

¹ All Expenses are as provided via 11/20/06 Email & Attachment from Francesca Bumpurs, RCEDC.

² Provided by Finance Director Dave Brown

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ECONOMIC FEASIBILITY STUDY & A DESCRIPTION OF THE METHODS OF FINANCING AND THE TIME WHEN SUCH COSTS OR MONETARY OBLIGATIONS RELATED THERETO ARE TO BE INCURRED

The information and exhibits contained within this Section demonstrate that the District, as proposed to be amended by the addition of Territory, will remain economically feasible insofar as:

- The City has available to it the means to secure the necessary financing required to accomplish the remaining projects contained within this Plan. A listing of "Available Financing Methods" follows.
- The City expects to complete the remaining projects in one or more phases, and can adjust the timing of implementation as needed to coincide with the pace of private development. A discussion of the phasing and projected timeline for project completion is discussed under "Plan Implementation" within this Section. A table identifying the financing method for each phase and the time at which that financing is expected to incur is included.
- The development anticipated to occur as a result of the continued implementation of this Plan will generate sufficient tax increments to pay for the cost of the projects. Within this Section are tables identifying: 1) the development expected to occur, 2) an updated projection of tax increments to be collected resulting from that development and other economic growth within the District, and 3) an updated cash flow model demonstrating that the projected tax increment collections and all other revenues available to the District will be sufficient to pay all Project Costs.

AVAILABLE FINANCING METHODS

Implementation of this Plan will require that the City issue obligations to provide direct or indirect financing for the Projects to be undertaken. The following is a list of the types of obligations the City may choose to utilize.

General Obligation (G.O.) Bonds or Notes

The City may issue G.O. Bonds or Notes to finance the cost of Projects included within this Plan. Wisconsin Statutes limit the principal amount of G.O. debt that a community may have outstanding at any point in time to an amount not greater than five-percent of its total equalized value (including increment values). The tables on page 23 provide a calculation of the City's current and projected G.O. debt capacity. Tables 1 and 2 project, respectively, the City's equalized value, and the full faith and credit borrowing capacity of the City. Equalized valuation projections were made using two methods. The first projects future valuation of the City using the average annual percentage of valuation growth experienced between 2003 and 2007. This method is identified as the percentage method. The second method projects the future valuation based upon the average annual increment between 2003 and 2007. This method is identified as the straight-line method. Table 2 projects the G.O. borrowing capacity of the City utilizing the straight-line valuation projection and considering the existing debt of the City, demonstrating that the City will have sufficient G.O. debt capacity during the implementation period of the District to finance projects using this method if it chooses.

Bonds Issued to Developers ("Pay as You Go" Financing)

The City may issue a bond to one or more developers who provide financing for projects included in this Plan. Repayment of the amounts due to the developer under the bonds are limited to an agreed percentage of the available annual tax increments collected that result from the improvements made by the developer. To the extent the tax increments collected are insufficient to make annual payments, or to repay the entire obligation over the life of the District, the City's obligation is limited to not more than the agreed percentage of the actual increments collected. Bonds issued to developers in this fashion are not general obligations of the City and therefore do not count against the City's borrowing capacity.

Tax Increment Revenue Bonds

The City has the authority to issue revenue bonds secured by the tax increments to be collected. These bonds may be issued directly by the City, or as a Lease Revenue Bond by its Redevelopment Authority (RDA). Tax Increment Revenue Bonds and Lease Revenue Bonds are not general obligations of the City and therefore do not count against the City's borrowing capacity. To the extent tax increments collected are insufficient to meet the annual debt service requirements of the revenue bonds, the City may be subject to either a permissive or mandatory requirement to appropriate on an annual basis a sum equal to the actual or projected shortfall.



Utility Revenue Bonds

The City can issue revenue bonds to be repaid from revenues of the sewer and/or water systems, including revenues paid by the City that represent service of the system to the City. There is neither a statutory nor constitutional limitation on the amount of revenue bonds that can be issued, however, water rates are controlled by the Wisconsin Public Service Commission and the City must demonstrate to bond underwriters its ability to repay revenue debt with the assigned rates. To the extent the City utilizes utility revenues other than tax increments to repay a portion of the bonds, the City must reduce the total eligible Project Costs in an equal amount.

Special Assessment "B" Bonds

The City has the ability to levy special assessments against benefited properties to pay part of the costs for street, curb, gutter, sewer, water, storm sewers and other infrastructure. In the event the City determines that special assessments are appropriate, the City can issue special assessment B bonds pledging revenues from special assessment installments to the extent assessment payments are outstanding. These bonds are not counted against the City's G.O. debt limit. If special assessments are levied, the City must reduce the total eligible Project Costs under this Plan in an amount equal to the total collected.

EQUALIZED VALUATION PROJECTION

		City of Racine Projection of General Obligation Debt Borrowing Capacity			
Table 1 - Projection of Growth in Equalized Value (TID OUT)					
--PERCENTAGE METHOD--			--STRAIGHT LINE METHOD--		
HISTORICAL DATA					
2003	3,052,447,000		2003	3,052,447,000	
2004	3,322,696,100		2004	3,322,696,100	
2005	3,572,586,100		2005	3,572,586,100	
2006	3,925,709,700		2006	3,925,709,700	
2007	4,054,266,500	8.21%	2007	4,054,266,500	250,454,875
PROJECTED VALUATIONS					
2008	4,386,921,190	8.21%	2008	4,304,721,375	6.18%
2009	4,746,870,371	8.21%	2009	4,555,176,250	5.82%
2010	5,136,353,571	8.21%	2010	4,805,631,125	5.50%
2011	5,557,794,071	8.21%	2011	5,056,086,000	5.21%
2012	6,013,813,986	8.21%	2012	5,306,540,875	4.95%
2013	6,507,250,573	8.21%	2013	5,556,995,750	4.72%
2014	7,041,173,890	8.21%	2014	5,807,450,625	4.51%
2015	7,618,905,896	8.21%	2015	6,057,905,500	4.31%
2016	8,244,041,115	8.21%	2016	6,308,360,375	4.13%
Table 2 - Projection of G.O. Debt Capacity (Based on Straight Line Method)					
<u>BUDGET YEAR</u>	<u>EQUALIZED VALUE</u>	<u>GROSS DEBT LIMIT</u>	<u>NET BORROWING CAPACITY</u>		
2008	4,054,266,500	202,713,325	202,713,325		
2009	4,304,721,375	215,236,069	215,236,069		
2010	4,555,176,250	227,758,813	227,758,813		
2011	4,805,631,125	240,281,556	240,281,556		
2012	5,056,086,000	252,804,300	252,804,300		
2013	5,306,540,875	265,327,044	265,327,044		
2014	5,556,995,750	277,849,788	277,849,788		
2015	5,807,450,625	290,372,531	290,372,531		
2016	6,057,905,500	302,895,275	302,895,275		
2017	6,308,360,375	315,418,019	315,418,019		
2018	6,558,815,250	327,940,763	327,940,763		
2019	6,809,270,125	340,463,506	340,463,506		
2020	7,059,725,000	352,986,250	352,986,250		
2021	7,310,179,875	365,508,994	365,508,994		
2022	7,560,634,750	378,031,738	378,031,738		
2023	7,811,089,625	390,554,481	390,554,481		
2024	8,061,544,500	403,077,225	403,077,225		
2025	8,311,999,375	415,599,969	415,599,969		
2026	8,562,454,250	428,122,713	428,122,713		
2027	8,812,909,125	440,645,456	440,645,456		

PLAN IMPLEMENTATION

Projects identified will provide the necessary anticipated governmental services and/or development incentives to the additional Territory. It is anticipated these expenditures will be made during 2008. However, public debt and expenditures should be made at the pace private development occurs to assure increment is sufficient to cover expenses. The order in which expenditures are made should be adjusted in accordance with development and execution of developer agreements. The City reserves the right to alter the implementation of this Plan to accomplish this objective. In any event, all additional Project Costs are to be incurred within the period specified in Section 66.1105(6)(am) of the Wisconsin Statutes.

It is anticipated developer agreements between the City and property owners will be in place prior to major public expenditures. These agreements can provide for development guarantees or a payment in lieu of development. To further assure contract enforcement these agreements might include levying of special assessments against benefited properties.

The order in which expenditures are made should be adjusted in accordance with development and execution of developer agreements. The City reserves the right to alter the implementation of this Plan to accomplish this objective.

Interest rates projected are based on current market conditions. Municipal interest rates are subject to constantly changing market conditions. In addition, other factors such as the loss of tax-exempt status of municipal bonds or broadening the purpose of future tax-exempt bonds would affect market conditions. Actual interest expense will be determined once the methods of financing have been approved and securities issued.

If financing as outlined in this Plan proves unworkable, the City of Racine reserves the right to use alternate financing solutions for the projects as they are implemented.

DEVELOPMENT ASSUMPTIONS

City of Racine
Tax Increment District # 10 Amendment

Developable Acres 14
Value/Acre \$248,358
Inflation Factor 2.50%

Jacobsen/Textron Site & Jensen Site
Development Valuation Assumptions¹

Const. Year	Value/Acre	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Annual Total
2007	248,358	0					0
2008	254,567		763,701				763,701
2009	260,931			782,793			782,793
2010	267,454				802,363		802,363
2011	274,141					822,422	822,422
2012	280,994					561,988	561,988
2013							0
2014							0
2015							0
2016							0
2017							0
2018							0
2019							0
2020							0
2021							0
2022							0
2023							0
2024							0
2025							0
2026							0
TOTAL	14.00	0	763,701	782,793	802,363	1,384,410	3,733,267



EHLERS
& ASSOCIATES, INC.

NOTES:

¹ Development assumption numbers provided by City Staff. Value per acre as projected in original project plan adjusted for inflation.



EHLERS
& ASSOCIATES, INC.

INCREMENT REVENUE PROJECTIONS

CITY of RACINE

Interim TID Tax Rate Projections from PC - 202 Form Methodology

	2005-2006	2007-2028	7.5%	4.5%	2.7%	2.0%	2.0%	0.0%	0.0%	2.0%	2.0%	
	<u>EV TID OUT</u>	<u>County Levy</u>	<u>City Levy</u>	<u>Unified Levy</u>	<u>Gateway Levy</u>	<u>TOTAL Levy</u>	<u>Interim TID Tax Rate</u>					
2004	3,163,367,350	11,247,233	37,559,199	24,091,709	4,451,146	77,349,287	24.45					
2005	3,400,619,901	11,547,647	38,310,383	24,091,709	4,540,169	78,489,908	23.08					
2006	3,743,169,850	11,806,673	40,649,567	25,576,566	4,624,711	82,657,517	22.08					
2007	3,856,936,850	11,917,056	42,816,942	25,804,773	4,618,718	85,157,489	22.08					
2008	4,030,499,008	12,155,397	44,101,450	25,804,773	4,711,092	86,772,713	21.53					
2009	4,211,871,464	12,398,505	45,424,494	25,804,773	4,805,314	88,433,086	21.00					
2010	4,401,405,679	12,646,475	46,787,229	25,804,773	4,901,420	90,139,897	20.48					
2011	4,599,468,935	12,899,405	48,190,845	25,804,773	4,999,449	91,894,472	19.98					
2012	4,806,445,037	13,157,393	49,636,571	25,804,773	5,099,438	93,698,174	19.49					
2013	5,022,735,064	13,420,541	51,125,668	25,804,773	5,201,427	95,552,408	19.02					
2014	5,248,758,142	13,688,951	52,659,438	25,804,773	5,305,455	97,458,618	18.57					
2015	5,484,952,258	13,962,730	54,239,221	25,804,773	5,411,564	99,418,289	18.13					
2016	5,731,775,110	14,241,985	55,866,398	25,804,773	5,519,796	101,432,951	17.70					
2017	5,989,704,990	14,526,825	57,542,390	25,804,773	5,630,191	103,504,179	17.28					
2018	6,259,241,714	14,817,361	59,268,661	25,804,773	5,742,795	105,633,591	16.88					
2019	6,540,907,591	15,113,708	61,046,721	25,804,773	5,857,651	107,822,854	16.48					
2020	6,835,248,433	15,415,983	62,878,123	25,804,773	5,974,804	110,073,683	16.10					
2021	7,142,834,612	15,724,302	64,764,467	25,804,773	6,094,300	112,387,842	15.73					
2022	7,464,262,170	16,038,788	66,707,401	25,804,773	6,216,186	114,767,148	15.38					
2023	7,800,153,968	16,359,564	68,708,623	25,804,773	6,340,510	117,213,470	15.03					
2024	8,151,160,896	16,686,755	70,769,881	25,804,773	6,467,320	119,728,730	14.69					
2025	8,517,963,136	17,020,491	72,892,978	25,804,773	6,596,667	122,314,908	14.36					
2026	8,901,271,478	17,360,900	75,079,767	25,804,773	6,728,600	124,974,040	14.04					
2027	9,301,828,694	17,708,118	77,332,160	25,804,773	6,863,172	127,708,223	13.73					
2028	9,720,410,985	18,062,281	79,652,125	25,804,773	7,000,435	130,519,614	13.43					
2029	10,157,829,480	18,423,526	82,041,689	25,804,773	7,140,444	133,410,432	13.13					
2030	10,614,931,806	18,791,997	84,502,939	25,804,773	7,283,253	136,382,962	12.85					
2031	11,092,603,737	19,167,837	87,038,027	25,804,773	7,428,918	139,439,555	12.57					
2032	11,591,770,906	19,551,194	89,649,168	25,804,773	7,577,496	142,582,631	12.30					
2033	12,113,400,596	19,942,217	92,338,643	25,804,773	7,729,046	145,814,680	12.04					
2034	12,658,503,623	20,341,062	95,108,803	25,804,773	7,883,627	149,138,265	11.78					