

September 7, 2022

PROJECT PLAN

City of Racine, Wisconsin

Tax Incremental District No. 30

Regency Mall



Prepared by:

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Suite 100

Waukesha, WI 53188

BUILDING COMMUNITIES. IT'S WHAT WE DO.

KEY DATES

Organizational Joint Review Board Meeting Held:	September 6, 2022
Public Hearing Held:	September 7, 2022
Approval by Planning, Heritage and Design Commission:	September 7, 2022
Adoption by Common Council:	September 20, 2022
Approval by the Joint Review Board:	TBD

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SECTION 1:

Executive Summary

DESCRIPTION OF DISTRICT

Tax Incremental District (“TID”) No. 30 (“District”) is a proposed Blighted Area District comprising approximately 138 acres located in the southwest corner of the City of Racine (“City”) generally bounded by S Green Bay Road to the west, Durand Avenue to the south, Roosevelt Avenue to the East and 21st Street to the North. The District will be created to pay the costs of development incentives needed to promote commercial, retail, and multi-family residential development and other related costs (“Project”) to be developed by Hull Property Group (“Developer”). The first phase of the development will include a grocery supercenter and related convenience store/gas station. Phase II of the Project will include approximately 279 apartments and a new retail center. The final phase of the Project is expected to include five restaurants and a retail outparcel. In addition to the incremental property value that will be created, the City expects the Project to provide employment opportunities, increased income and sales tax collection, increased retail and commercial activity, provision of additional housing units and other benefits to the local economy resulting from the purchase of goods and services related to construction and operation of the Project.

AUTHORITY

The City is creating the District under the provisions of Wis. Stat. § 66.1105.

ESTIMATED TOTAL PROJECT COST EXPENDITURES

The City anticipates making total expenditures of approximately \$22.22 million (“Project Costs”) to undertake the projects listed in this Project Plan (“Plan”). Project Costs include an estimated \$21.99 million in development incentives and \$235 thousand for administrative expenses and other costs.

INCREMENTAL VALUATION

The City projects that new land and improvements value of approximately \$71.09 million will result from the Project. 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 21 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. Regency Mall and adjoining retail properties have continued to experience the financial impacts of retail bankruptcies, high vacancy rates, and shifts in the retail economy. Redevelopment of property to create the uses described in this Plan is essential to ensuring the site can remain economically viable into the future. Redevelopment will require the Developer to incur significant cost for demolition of existing structures (\$4.97 million estimated), structural rework and interior renovation (\$4.22 million estimated), sitework (\$6.5 million estimated), costs associated with tenant relocation and buildout assistance (\$5.01 million estimated) and other related expenditures. It is the judgment of the City that tax increment financing will be required to provide incentives to allow the Project to proceed. The development incentives included in this Plan are for purposes of confirming economic feasibility only and do not reflect a commitment by the City to provide incentives in any specific amount. Incentive commitments will be set forth in development agreements subject to approval by the Common Council. To the extent City provides incentives, it expects to do so on a “pay as you go basis.”
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 in addition to the incremental property value that will be created, the City expects the Project to provide employment opportunities, increased income and sales tax collection, increased retail and commercial activity, provision of additional housing units and other benefits to the local economy resulting from the purchase of goods and services related to construction and operation of the Project.

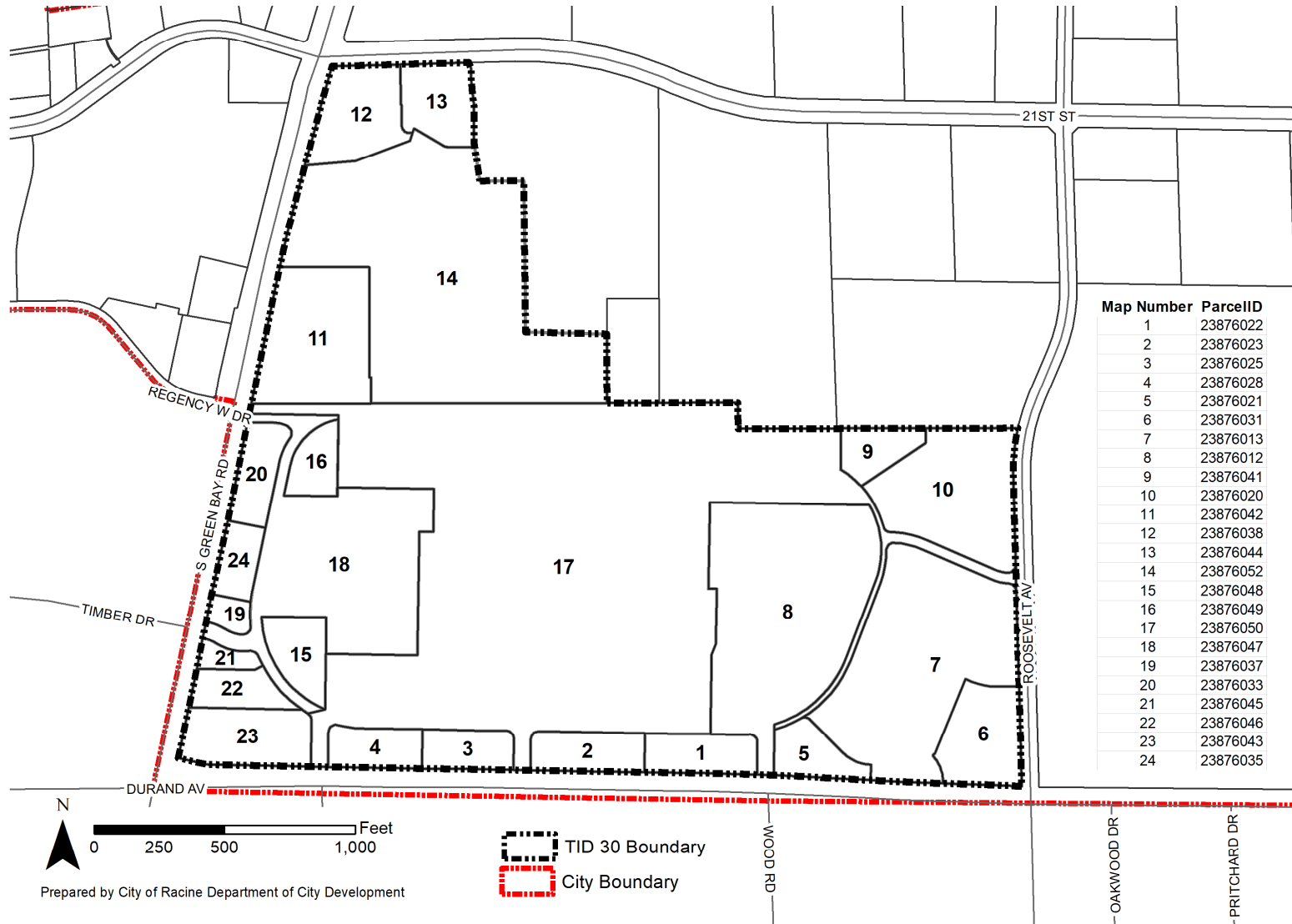
3. The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. As required by Wis. Stat. § 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the 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 is a blighted area as defined by Wis. Stat. § 66.1105(2)(ae)1.
5. Based on the foregoing finding, the District is designated as a blighted area district.
6. The Project Costs relate directly to the elimination of blight 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 in 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 City estimates that approximately 90% 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).
10. That there are no parcels to be included within the District that were annexed by the City within the preceding three-year period.
11. The Plan for the District is feasible and is in conformity with the Master Plan of the City.

SECTION 2:

Preliminary Map of Proposed District Boundary

Map Found on Following Page.

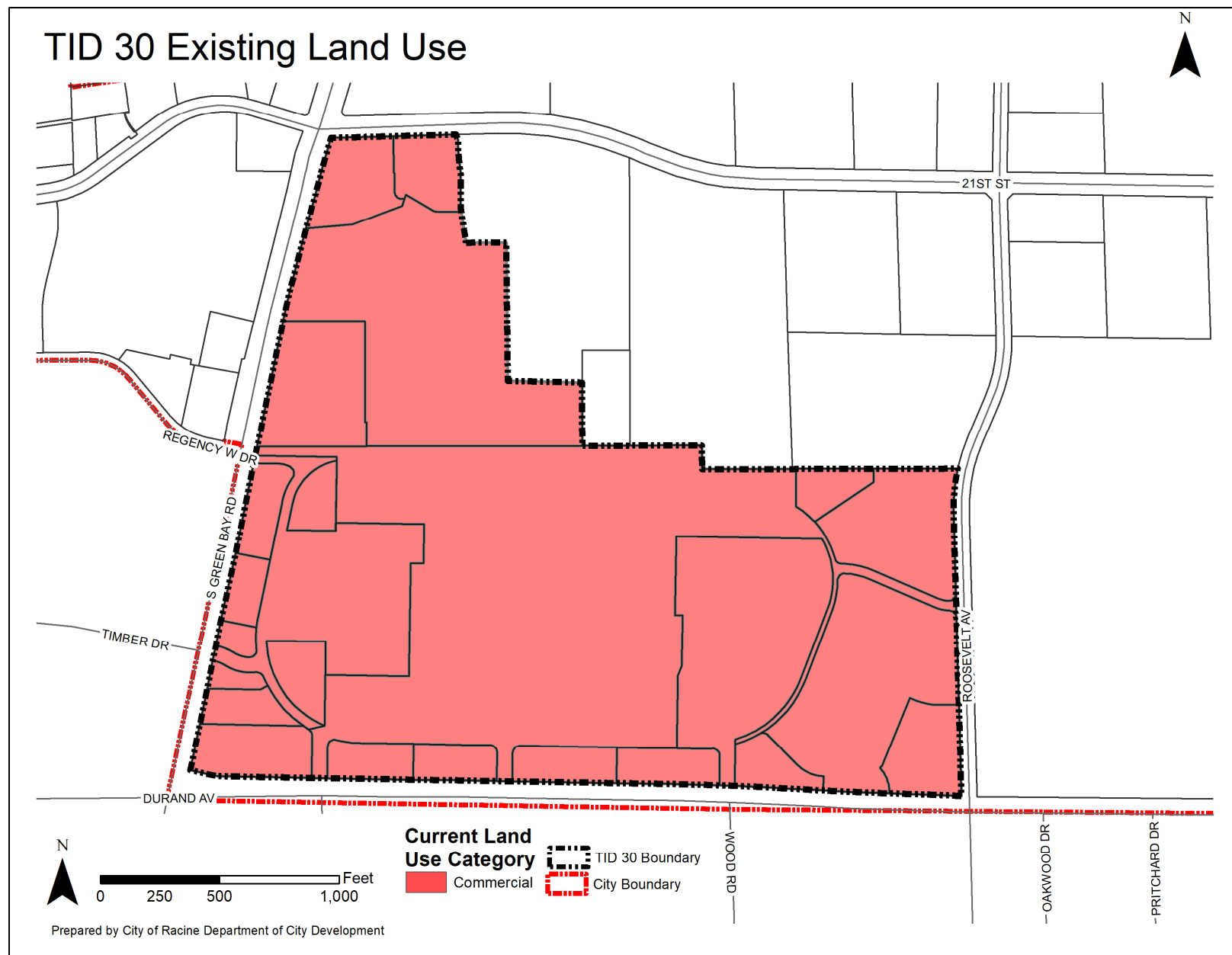
TID 30 Tax Parcel List



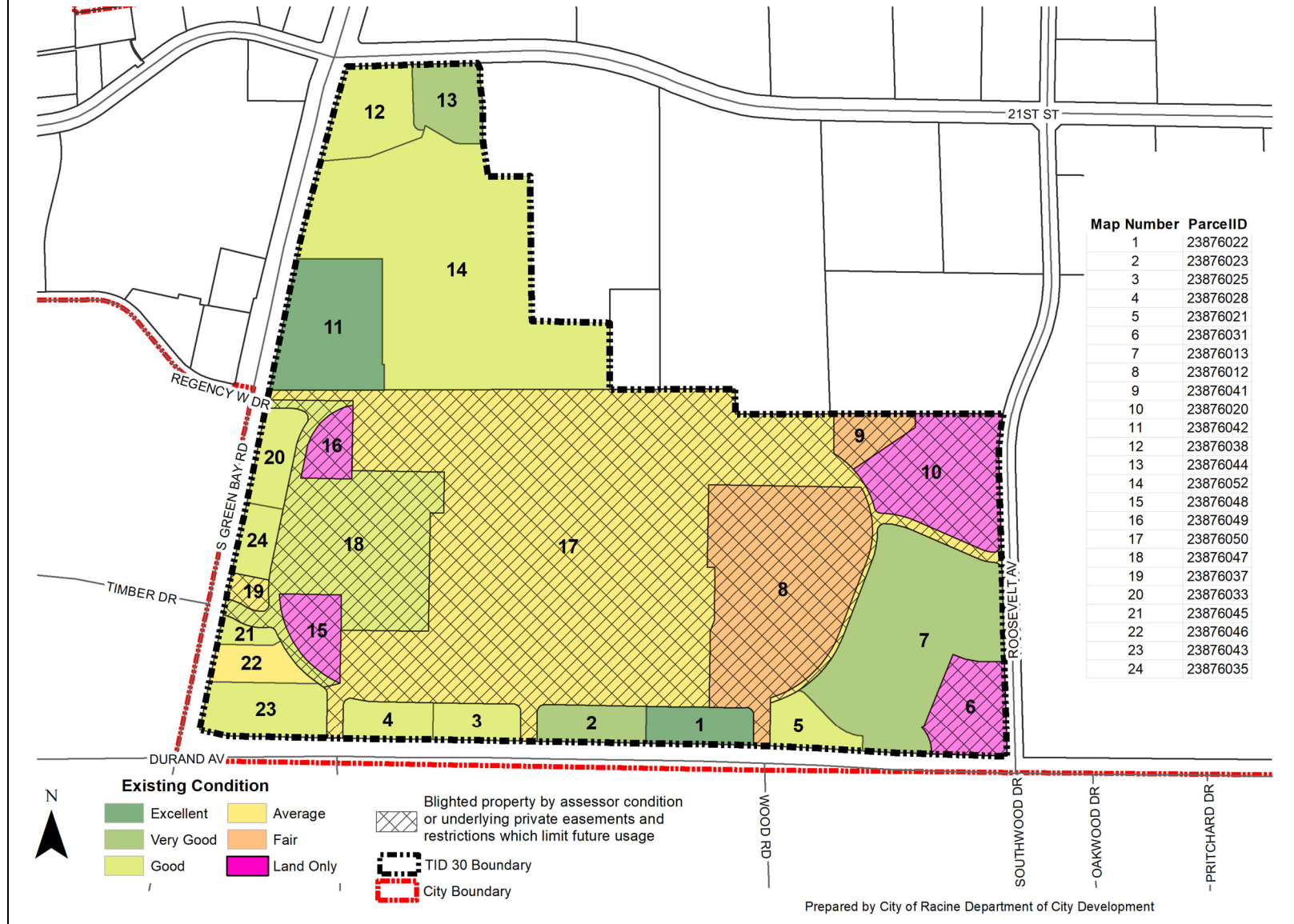
SECTION 3:

Map Showing Existing Uses and Conditions

Map Found on Following Page.



TID 30 Existing Condition



SECTION 4: Preliminary Parcel List and Analysis

The District will include the parcels identified in the table included on this page:

Map Reference Number	Parcel Number	Address	Owner	Acres	Blighted Acres
1	276000023876022	5550 Durand Ave	Wisconsin Brodersen Properties of, LLC	1.48	
2	276000023876023	5612 Durand Ave	National Retail Properties	1.50	
3	276000023876025	5800 Durand Ave	Emic Properties, LLC	1.20	
4	276000023876028	5880 Durand Ave	Fcpt Acquisitions, LLC	1.26	
5	276000023876021	5400 Durand Ave	John Walter Connolly Trust	1.28	
6	276000023876031	5200 Durand Ave	Racine Mall, LLC	2.49	2.49
7	276000023876013	5300 Durand Ave	Dayton-Hudson, Inc	9.92	
8	276000023876012	5500 Durand Ave	Racine Mall, LLC	11.10	11.10
9	276000023876041	5326 Durand Ave	Racine Mall, LLC	1.12	1.12
10	276000023876020	5230 Durand Ave	Racine Mall, LLC	5.16	5.16
11	276000023876042	2433 S Green Bay Rd	Realty Income Properties 3, LLC	4.80	
12	276000023876038	5815 Twentyfirst St	Bank One Racine Na	2.58	
13	276000023876044	5801 Twentyfirst St	Haman 21st Street, LLC	1.85	
14	276000023876052	2401 S Green Bay Rd	NS Retail Holdings LLC	30.93	
15	276000023876048	2815 S Green Bay Rd	Penny Racine, LLC	1.43	1.43
16	276000023876049	2525 S Green Bay Rd	Penny Racine, LLC	1.04	1.04
17	276000023876050	5502 Durand Ave	Racine Mall, LLC	42.41	42.41
18	276000023876047	2619 S Green Bay Rd	Penny Racine, LLC	9.42	9.42
19	276000023876037	2721 S Green Bay Rd	Racine Mall, LLC	0.45	0.45
20	276000023876033	2521 S Green Bay Rd	Cadano-Cleon, LLC	1.39	
21	276000023876045	2805 S Green Bay Rd	BJ Real Estate Properties, LLC	0.45	
22	276000023876046	2825 S Green Bay Rd	Taco Bell of America	1.17	
23	276000023876043	6000 Durand Ave	Fcpt Restaurant Properties, LLC	2.42	
24	276000023876035	2621 S Green Bay Rd	Br of Wisconsin 15, LLC	0.98	
TOTALS				137.81	74.62

Percentage of TID Area designated as blighted area

54%

Calculation of Estimated Base Value

Parcel	Assessed Value				Equalized Value			
	Land	Improvement	Personal	Total	Land	Improvement	Personal	Total
276000023876022	553,800	851,200	164,540	1,569,540	553,800	851,200	164,540	1,569,540
276000023876023	860,700	965,300	232,587	2,058,587	860,700	965,300	232,587	2,058,587
276000023876025	541,200	694,800	8,198	1,244,198	541,200	694,800	8,198	1,244,198
276000023876028	887,700	1,142,300	185,313	2,215,313	887,700	1,142,300	185,313	2,215,313
276000023876021	374,000	558,000	23,520	955,520	374,000	558,000	23,520	955,520
276000023876031	222,000	0	0	222,000	222,000	0	0	222,000
276000023876013	2,584,900	4,755,100	540,789	7,880,789	2,584,900	4,755,100	540,789	7,880,789
276000023876012	800,000	100,000	187	900,187	800,000	100,000	187	900,187
276000023876041	193,600	47,400	24,940	265,940	193,600	47,400	24,940	265,940
276000023876020	300,000	0	0	300,000	300,000	0	0	300,000
276000023876042	1,255,600	1,498,400	622,319	3,376,319	1,255,600	1,498,400	622,319	3,376,319
276000023876038	771,900	451,100	174,600	1,397,600	771,900	451,100	174,600	1,397,600
276000023876044	667,400	766,600	8,273	1,442,273	667,400	766,600	8,273	1,442,273
276000023876052	1,380,183	2,400,000	0	3,780,183	1,380,183	2,400,000	0	3,780,183
276000023876048	560,000	0	0	560,000	560,000	0	0	560,000
276000023876049	410,000	0	0	410,000	410,000	0	0	410,000
276000023876050	7,369,650	130,350	0	7,500,000	7,369,650	130,350	0	7,500,000
276000023876047	2,464,300	843,700	150,453	3,458,453	2,464,300	843,700	150,453	3,458,453
276000023876037	288,800	130,200	84,580	503,580	288,800	130,200	84,580	503,580
276000023876033	873,300	922,700	92,150	1,888,150	873,300	922,700	92,150	1,888,150
276000023876045	298,000	473,000	120,935	891,935	298,000	473,000	120,935	891,935
276000023876046	615,000	373,000	49,118	1,037,118	615,000	373,000	49,118	1,037,118
276000023876043	1,193,800	1,184,200	136,431	2,514,431	1,193,800	1,184,200	136,431	2,514,431
276000023876035	659,300	1,675,700	1,000	2,336,000	659,300	1,675,700	1,000	2,336,000
TOTALS	26,125,133	19,963,050	2,619,933	48,708,116	26,125,133	19,963,050	2,619,933	48,708,116

Valuations listed reflect January 1, 2022, assessed values converted to equalized value using the City estimated 100% aggregate ratio. All parcels to be included in the District are currently in TID 20 which the City will close prior to April 15, 2023.

Nine of the above parcels are identified as a blighted area as defined in Wis. Stat. § 66.1105(2)(ae) as the structures and improvements located on the parcels are dilapidated and obsolete. Further, more than 60% of the existing mall is vacant and the general demise of regional malls in smaller markets throughout the country creates concerns for the existing property to be re-leased which could lead to further decline in property values. In total, 74.62 acres of the 137.81-acre District (54.15%) are designated as a blighted area.

As it relates to the statutory definition referenced above, these conditions collectively qualify the parcels as “(a)n area in which the structures, buildings or improvements, which by reason of dilapidation, deterioration, age or obsolescence, and the existence of conditions which endanger life or property (i.e. environmental contamination) is conducive to ill health, and is detrimental to the public health, safety, morals or welfare.”

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 in the proposed District, plus the incremental value of all existing tax incremental districts, does not exceed 12% of the total equalized value of taxable property within the City.

Calculation of City Equalized Value Limit

City TID IN Equalized Value (Jan. 1, 2022)	\$ 4,585,521,700
TID Valuation Limit @ 12% of Above Value	\$ 550,262,604

Calculation of Value Subject to Limit

Estimated Base Value of New District*	\$ 48,708,116
Incremental Value of Existing Districts (Jan. 1, 2022)	\$ <u>142,964,200</u>
Total Value Subject to 12% Valuation Limit	\$ 191,672,316

The equalized value of the increment of existing tax incremental districts within the City, plus the estimated base value of the District, totals \$191,672,316, which is 4.18% of the City’s total equalized value. This value is less than the maximum of \$550,262,004 (12%) in equalized value that is permitted for the City. Following creation of the District, its base value is no longer counted towards the 12% limit, however, any incremental increase in value will be included in the calculation for creation of subsequent districts, or where territory is being added to an existing district.

* Based on the City estimated 2022 assessment ratio of 100%.

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 City ordinances and plans, judgments or claims for damages and other expenses are included as Project Costs.

The following is a list of public works and other tax incremental financing eligible Project Costs that the City expects to make, or may need to make, in conjunction with the implementation of the District's Plan. 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.

Property, Right-of-Way, and Easement Acquisition

Property Acquisition for Development

To promote and facilitate development 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 to make the property suitable for development. 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 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 Wis. Stat. § 66.1105(2)(f)1.c., and subject to recovery as an eligible Project Cost.

Property Acquisition for Conservancy

To promote the objectives of this Plan, the City may acquire property within the District that it will designate for conservancy. These conservancy objectives include: preserving historic resources or sensitive natural features; protection of scenic and historic views; maintaining habitat for wildlife; maintaining adequate open space; reduction of erosion and sedimentation by preserving existing vegetation; and providing adequate areas for management of stormwater. The cost of property acquired for conservancy, and any costs associated with the transaction, are eligible Project Costs.

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 Wis. Stat. Chapter 32 and Wis. Admin. Code ADM 92.

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.

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. Specifically, the City may need to make improvements to streets adjacent to or within a half-mile of the District to accommodate traffic resulting from the Project. Whether improvements will be needed, when they may be needed, and the cost are undetermined. No cost estimate is included in Section 8 of this Plan, but to the extent costs are incurred they will be paid from District funds to the extent funds are available and the improvements are for the benefit of the District and needed to implement the Plan.

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

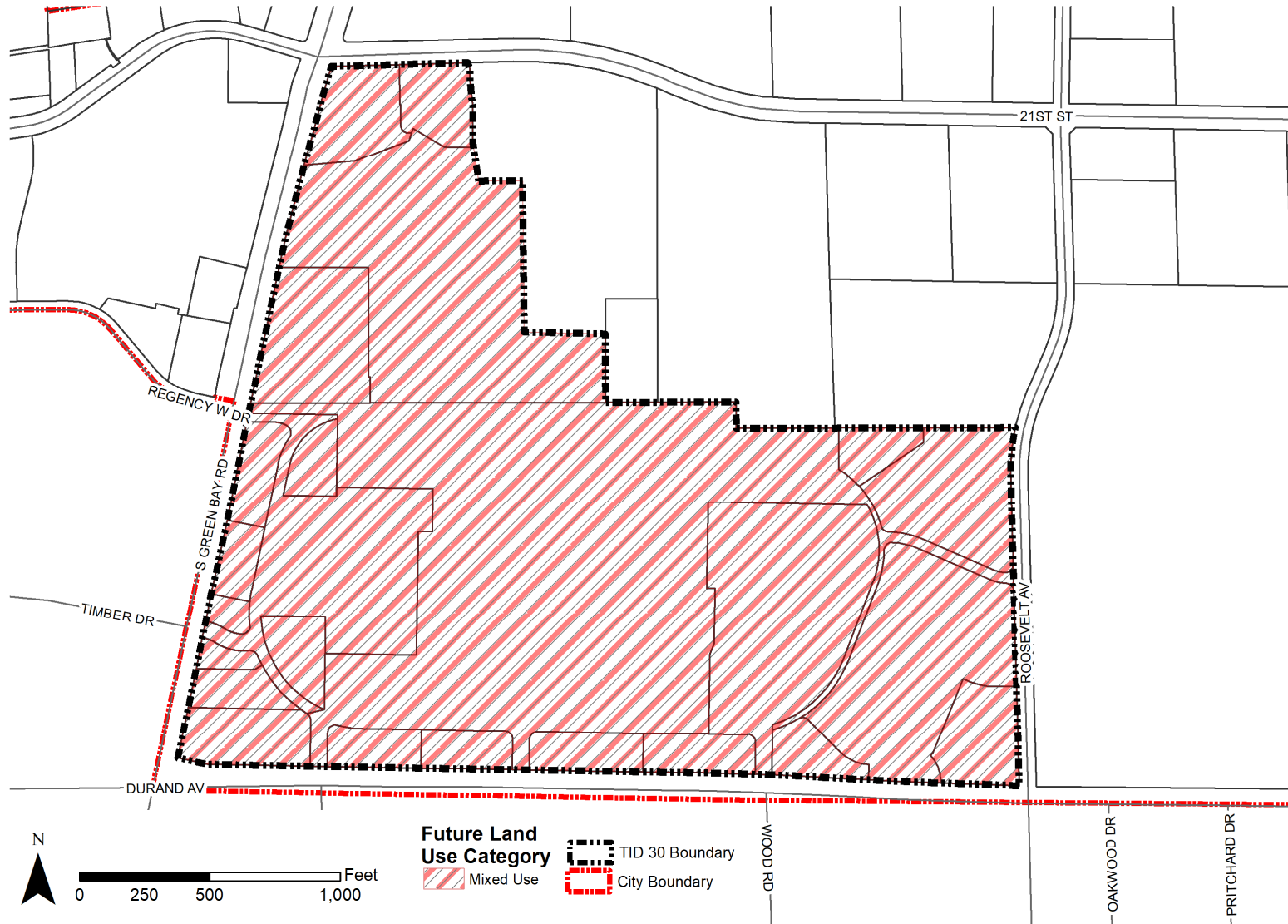
Interest expense, debt issuance expenses, redemption premiums, and any other fees and costs incurred in conjunction with obtaining financing for projects undertaken under this Plan are eligible Project Costs.

SECTION 7:

Map Showing Proposed Improvements and Uses

Map Found on Following Page.

TID 30 Future Land Use



Prepared by City of Racine Department of City Development

SECTION 8:

Detailed List of Estimated Project Costs

The following list identifies the Project Costs that the City currently expects to incur in implementing the District's Plan. All projects identified and related costs reflect the best estimates available as of the date of preparation of this Plan. 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, Wisconsin					
Tax Increment District No. 30					
Estimated Project List ¹					
Project ID	Project Name/Type	Phase I 2023	Phase II 2023	Phase III 2026	Recurring Total
1	Demolition of @400,000 SF of Regency Mall buildings (including all site work)	3,318,175			3,318,175
2	Structural Rework / Creation of New Exterior Walls / Entrances	2,867,231			2,867,231
3	Complete Site Improvements	5,397,090			5,397,090
4	Professional Fees / Soft Costs	375,083			375,083
5	Demolition of buildings and all site work improvements (pad-ready site condition)		1,650,826		1,650,826
6	Purchase of Boston Store		900,000		900,000
7	Previously expended interior renovation costs		1,356,559		1,356,559
8	Relocation of current impacted tenants (21,200sf x \$85 psf)		1,802,000		1,802,000
9	Major site work improvements @ remaining mall (paving, lighting, landscaping, etc.)		1,109,092		1,109,092
10	Tenant buildout assistance (Restaurants) (23,000 SF x \$85 psf)			2,380,000	2,380,000
11	Tenant buildout assistance (Retail) (4,000 SF x \$85 psf)			340,000	340,000
12	Tenant buildout assistance (Outparcel Restaurant)(5,800 sf x \$85 psf)			493,000	493,000
13	Ongoing Professional Services Costs				235,000
Total Projects		11,957,579	6,818,477	3,213,000	235,000
					22,224,056
Notes:					
1) Per information provided by the Developer on August 7, 2022.					

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 a forecast of the valuation increases expected within the District, the associated tax increment collections, a summary of how Project Costs would be financed, and a projected cash flow demonstrating that the District is economically feasible.

Key Assumptions

The Project Costs the City plans to make are expected to create \$71.09 million in incremental value by January 1, 2028. 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 \$26.97 per thousand of equalized value, and 2.0% economic appreciation on only the apartments, the Project would generate \$54.45 million in incremental tax revenue over the 27-year term of the District as shown in **Table 2**.

City of Racine, Wisconsin

Tax Increment District No. 30

Development Assumptions¹

Construction Year	Phase 1			Phase 2			Phase 3				Annual Total	Construction Year
	Grocery Supercenter	Commercial Outlots	Existing Base	Apartments	Retail Center	Existing Base	Restaurants (x4)	Retail Outlot	Outparcel Restaurant	Existing Base		
1 2022			(4,500,000)			(4,470,000)				(220,000)	(9,190,000)	2022 1
2 2023	8,218,125	337,500		8,893,125	622,750						18,071,500	2023 2
3 2024	24,654,375	1,012,500		26,679,375	1,868,250						54,214,500	2024 3
4 2025											0	2025 4
5 2026											0	2026 5
6 2027							5,922,000	846,000	1,226,700		7,994,700	2027 6
7 2028											0	2028 7
8 2029											0	2029 8
9 2030											0	2030 9
10 2031											0	2031 10
11 2032											0	2032 11
12 2033											0	2033 12
13 2034											0	2034 13
14 2035											0	2035 14
15 2036											0	2036 15
16 2037											0	2037 16
17 2038											0	2038 17
18 2039											0	2039 18
19 2040											0	2040 19
20 2041											0	2041 20
21 2042											0	2042 21
22 2043											0	2043 22
23 2044											0	2044 23
24 2045											0	2045 24
25 2046											0	2046 25
26 2047											0	2047 26
27 2048											0	2048 27
Totals	32,872,500	1,350,000	(4,500,000)	35,572,500	2,491,000	(4,470,000)	5,922,000	846,000	1,226,700	(220,000)	71,090,700	

Notes:

1) Per timing and estimated valuation information provided by the Developer on August 7, 2022. Represents estimated equalized incremental value.

Table 1 – Development Assumptions

City of Racine, Wisconsin

Tax Increment District No. 30

Tax Increment Projection Worksheet - Total

Type of District	Blighted Area	Base Value	48,708,116
District Creation Date	August 1, 2022	Appreciation Factor	0.00%
Valuation Date	Jan 1, 2022	Base Tax Rate	\$26.97
Max Life (Years)	27	Rate Adjustment Factor	0.00%
Expenditure Period/Termination	22 8/1/2044		
Revenue Periods/Final Year	27 2050		
Extension Eligibility/Years	Yes 3	Tax Exempt Discount Rate	4.00%
Eligible Recipient District	Yes	Taxable Discount Rate	5.50%

	Construction	Valuation	Inflation	Total	Revenue	Tax
	Year	Value Added	Year	Increment	Year	Increment
1	2022	-9,190,000	2023	0	2024	0
2	2023	18,071,500	2024	0	2025	245,456
3	2024	54,214,500	2025	177,863	2026	1,712,348
4	2025	0	2026	715,007	2027	1,731,631
5	2026	0	2027	729,307	2028	1,751,299
6	2027	7,994,700	2028	743,894	2029	1,981,035
7	2028	0	2029	758,771	2030	2,001,498
8	2029	0	2030	773,947	2031	2,022,370
9	2030	0	2031	789,426	2032	2,043,660
10	2031	0	2032	805,214	2033	2,065,376
11	2032	0	2033	821,319	2034	2,087,526
12	2033	0	2034	837,745	2035	2,110,118
13	2034	0	2035	854,500	2036	2,133,163
14	2035	0	2036	871,590	2037	2,156,669
15	2036	0	2037	889,022	2038	2,180,645
16	2037	0	2038	906,802	2039	2,205,100
17	2038	0	2039	924,938	2040	2,230,044
18	2039	0	2040	943,437	2041	2,255,488
19	2040	0	2041	962,306	2042	2,281,440
20	2041	0	2042	981,552	2043	2,307,911
21	2042	0	2043	1,001,183	2044	2,334,912
22	2043	0	2044	1,021,206	2045	2,362,452
23	2044	0	2045	1,041,631	2046	2,390,544
24	2045	0	2046	1,062,463	2047	2,419,197
25	2046	0	2047	1,083,712	2048	2,448,423
26	2047	0	2048	1,105,387	2049	2,478,234
27	2048	0	2049	1,127,494	2050	2,508,641
Totals		71,090,700		21,929,715	Future Value of Increment	54,445,178

Notes:

1) Assumes 2.00% annual inflation on the apartments only.

Table 2 - Tax Increment Projection Worksheet

Financing and Implementation

Implementation of the Project will require extensive demolition, site prep, and repair work as well as new construction. Development incentives will be provided to the Developer on a “pay as you go” basis from tax increment generated by the Project. The City’s obligation to make payments is solely limited to the available tax increment. To the extent incremental revenues are less than projected, the full amount of the development incentives may not ultimately be paid.

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 2044 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, Wisconsin

Tax Increment District No. 30

Cash Flow Projection

Year	Projected Revenues				Expenditures			Balances			Year
	Tax Increments				Municipal Revenue Obligation (MRO) 2023 ¹	Admin./ Professional Services	Total Expenditures	Incentive			
	Phase I	Phase II	Phase III	Total Revenues				Annual	Cumulative	Outstanding	
2022				0		25,000	25,000	(25,000)	(25,000)	0	2022
2023				0		7,500	7,500	(7,500)	(32,500)	39,396,997	2023
2024	0	0	0	0	0	7,500	7,500	(7,500)	(40,000)	39,396,997	2024
2025	109,375	136,081	0	245,456	220,910	7,500	228,410	17,046	(22,954)	39,176,087	2025
2026	801,578	910,770	0	1,712,348	1,541,113	7,500	1,548,613	163,735	140,780	37,634,974	2026
2027	801,578	930,053	0	1,731,631	1,558,468	7,500	1,565,968	165,663	306,443	36,076,506	2027
2028	801,578	949,722	0	1,751,299	1,576,169	7,500	1,583,669	167,630	474,073	34,500,337	2028
2029	801,578	969,783	209,674	1,981,035	1,782,931	7,500	1,790,431	190,603	664,677	32,717,406	2029
2030	801,578	990,247	209,674	2,001,498	1,801,348	7,500	1,808,848	192,650	857,327	30,916,057	2030
2031	801,578	1,011,119	209,674	2,022,370	1,820,133	7,500	1,827,633	194,737	1,052,064	29,095,924	2031
2032	801,578	1,032,409	209,674	2,043,660	1,839,294	7,500	1,846,794	196,866	1,248,930	27,256,630	2032
2033	801,578	1,054,124	209,674	2,065,376	1,858,838	7,500	1,866,338	199,038	1,447,967	25,397,792	2033
2034	801,578	1,076,274	209,674	2,087,526	1,878,773	7,500	1,886,273	201,253	1,649,220	23,519,019	2034
2035	801,578	1,098,867	209,674	2,110,118	1,899,107	7,500	1,906,607	203,512	1,852,732	21,619,913	2035
2036	801,578	1,121,912	209,674	2,133,163	1,919,847	7,500	1,927,347	205,816	2,058,548	19,700,066	2036
2037	801,578	1,145,418	209,674	2,156,669	1,941,002	7,500	1,948,502	208,167	2,266,715	17,759,064	2037
2038	801,578	1,169,393	209,674	2,180,645	1,962,580	7,500	1,970,080	210,564	2,477,279	15,796,484	2038
2039	801,578	1,193,849	209,674	2,205,100	1,984,590	7,500	1,992,090	213,010	2,690,289	13,811,894	2039
2040	801,578	1,218,793	209,674	2,230,044	2,007,040	7,500	2,014,540	215,504	2,905,794	11,804,854	2040
2041	801,578	1,244,236	209,674	2,255,488	2,029,939	7,500	2,037,439	218,049	3,123,842	9,774,915	2041
2042	801,578	1,270,188	209,674	2,281,440	2,053,296	7,500	2,060,796	220,644	3,344,486	7,721,619	2042
2043	801,578	1,296,660	209,674	2,307,911	2,077,120	7,500	2,084,620	223,291	3,567,778	5,644,499	2043
2044	801,578	1,323,660	209,674	2,334,912	2,101,420	7,500	2,108,920	225,991	3,793,769	3,543,079	2044
2045	801,578	1,351,201	209,674	2,362,452	2,126,207	7,500	2,133,707	228,745	4,022,514	1,416,872	2045
2046	801,578	1,379,292	209,674	2,390,544	1,416,872	7,500	1,424,372	966,172	4,988,686	0	2046
2047	801,578	1,407,946	209,674	2,419,197		7,500	7,500	2,411,697	7,400,382	0	2047
2048	801,578	1,437,172	209,674	2,448,423		7,500	7,500	2,440,923	9,841,306	0	2048
2049	801,578	1,466,983	209,674	2,478,234		7,500	7,500	2,470,734	12,312,040	0	2049
2050	801,578	1,497,390	209,674	2,508,641		7,500	7,500	2,501,141	14,813,181	0	2050
Total	20,148,817	29,683,541	4,612,821	54,445,178	39,396,997	235,000	39,631,997				Total

Notes:

1) Assumes up to 90% of annual increment is available for the MRO as revenues are available.

Projected TID Closure

21,989,056

Present Value of Incentive Payments @ 4.97% Discount

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 property within the proposed District boundary 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 approximately 90% 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 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 is in general conformance with the City's Comprehensive Plan identifying the area as appropriate for commercial development.

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 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 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 Creation of the Tax Incremental District Promotes the Orderly Development of the City

Creation of the District and the implementation of the projects in its Plan will promote the orderly development of the City by creating opportunities for mixed use development, rehabilitating and conserving property, eliminating blighted areas, 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, increased income and sales tax collection, increased retail and commercial activity, provision of additional housing units and other benefits to the local economy resulting from the purchase of goods and services related to construction and operation of the Project.

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)

Legal Opinion Found on Following Page.

SAMPLE

Mayor
City of Racine
730 Washington Ave
Racine, Wisconsin 53403

RE: Project Plan for Tax Incremental District No. 30

Dear Mayor:

Wisconsin Statute 66.1105(4)(f) requires that a project plan for a tax incremental financing district include an opinion provided by the City Attorney advising as to whether the plan is complete and complies with Wisconsin Statute 66.1105.

As City Attorney for the City of Racine, I have been asked to review the above-referenced project plan for compliance with the applicable statutory requirements. Based upon my review, in my opinion, the Project Plan for the City of Racine Tax Incremental District No. 30 is complete and complies with the provisions of Wisconsin Statute 66.1105.

Sincerely,

City Attorney

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. Allocation of future tax increments is based on the projections included in this Plan and assumes the same proportions as the actual breakdown of tax collections for the 2021 levy year.

Revenue Year	Racine County	City of Racine	School District of Racine	Gateway Technical College	Total	Revenue Year
2024	0	0	0	0	0	2024
2025	27,752	126,752	84,386	6,566	245,456	2025
2026	193,601	884,248	588,691	45,807	1,712,348	2026
2027	195,782	894,206	595,320	46,323	1,731,631	2027
2028	198,005	904,362	602,082	46,849	1,751,299	2028
2029	223,980	1,022,997	681,064	52,995	1,981,035	2029
2030	226,293	1,033,564	688,099	53,542	2,001,498	2030
2031	228,653	1,044,342	695,274	54,100	2,022,370	2031
2032	231,060	1,055,336	702,594	54,670	2,043,660	2032
2033	233,515	1,066,550	710,059	55,251	2,065,376	2033
2034	236,020	1,077,988	717,674	55,843	2,087,526	2034
2035	238,574	1,089,655	725,441	56,448	2,110,118	2035
2036	241,180	1,101,555	733,364	57,064	2,133,163	2036
2037	243,837	1,113,693	741,445	57,693	2,156,669	2037
2038	246,548	1,126,074	749,688	58,334	2,180,645	2038
2039	249,313	1,138,703	758,095	58,989	2,205,100	2039
2040	252,133	1,151,584	766,671	59,656	2,230,044	2040
2041	255,010	1,164,723	775,418	60,337	2,255,488	2041
2042	257,944	1,178,125	784,340	61,031	2,281,440	2042
2043	260,937	1,191,794	793,441	61,739	2,307,911	2043
2044	263,990	1,205,737	802,723	62,461	2,334,912	2044
2045	267,104	1,219,959	812,192	63,198	2,362,452	2045
2046	270,280	1,234,465	821,849	63,949	2,390,544	2046
2047	273,519	1,249,262	831,700	64,716	2,419,197	2047
2048	276,824	1,264,354	841,748	65,498	2,448,423	2048
2049	280,194	1,279,748	851,997	66,295	2,478,234	2049
2050	283,632	1,295,450	862,450	67,109	2,508,641	2050
Totals	6,155,680	28,115,228	18,717,805	1,456,464	54,445,178	