



CITY OF RACINE, WISCONSIN

Tax Incremental District No. 17 Project Plan



February 25, 2012 **[3rd DRAFT]**

<i>Organizational Joint Review Board Meeting Held:</i>	<i>2/24/12</i>
<i>Public Hearing Held:</i>	<i>Scheduled for 2/29/12</i>
<i>Consideration for Adoption by Plan Commission:</i>	<i>Scheduled for 2/29/12</i>
<i>Consideration for Adoption by Common Council:</i>	<i>Scheduled for 3/20/12</i>
<i>Consideration for Approval by the Joint Review Board:</i>	<i>TBD</i>

Tax Incremental District No. 17 Creation Project Plan

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Dennis Wiser	Council Member
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Janice Johnson-Martin	City Clerk/Treasurer
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EXECUTIVE SUMMARY

DESCRIPTION OF DISTRICT

- Type of District, Size and Location. As proposed, TID No. 17 would consist of three parcels located in downtown Racine, two of which comprise the former Porter's furniture store. Collectively, the three parcels represent the entire City block bounded by Sixth Street to the north, Wisconsin Avenue to the east, Seventh Street to the south and College Avenue to the west. The District would be created based on a finding that more than 50% of the area is need of conservation or rehabilitation. A map of the proposed District boundaries is located in Section 3 of this plan.
- Estimated Total Project Expenditures. The estimated cost of projects to be undertaken within the District is \$1,785,062, consisting of \$1,100,000 in development incentives, \$634,012 in financing expense, and \$51,050 in expenses for creation and administration of the District. The expected projects are limited to provision of a development incentive for redevelopment of the Porter's site, capitalized interest and interest expense associated with financing the development incentive, and costs associated with the creation and administration of the District. The City may, however, elect to substitute other appropriate projects that will accomplish its objectives for the District. The Expenditure Period of this District is 22 years from the date of adoption of the Creation Resolution by the Common Council. The projects to be undertaken pursuant to this Project Plan are expected to be financed with an advance from other City funds on hand, but the City may use other alternative financing methods which may provide overall lower costs of financing, mitigate risk to the City, or provide other advantages as determined by the Common Council. A discussion and listing of other possible financing mechanisms, as well as a summary of project financing is located in Section 10 of this plan.
- Economic Development. As a result of the creation of this District, the City projects that additional land and improvements value of approximately \$3,174,000 will be created as a result of the anticipated redevelopment (\$1,865,000 net of base value). This additional value will be created as a direct result of City's participation in the project and creation of this District. A table detailing assumptions as to the timing of redevelopment and associated values is located in Section 10 of this plan. In addition, creation of the District is expected to result in other economic benefits as detailed in the Summary of Findings hereafter.
- Expected Termination of District. Based on the Economic Feasibility Study located in Section 10 of this plan, this District would be expected to generate sufficient tax increments to recover all project costs by the year 2037; two years earlier than the 27 year maximum life available for this District.

SUMMARY OF FINDINGS

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

1. **That “but for” the creation of this District, the redevelopment projected to occur as detailed in this Project Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the City.** In making this determination, the City has considered the following information:
 - The City has conducted a review of the intended developer's sources, uses and cash flow pro-forma for the proposed development. This review has concluded that a public investment of approximately \$1,100,000 is required to enable the development to occur in the manner desired by the City, while providing the developer a fair and reasonable return on their investment.
 - Redevelopment of this site, located within the City's downtown, is a high priority for the City after three years of vacancy. Given current market conditions and private lending requirements, it is the judgment of the City that redevelopment cannot be expected to occur without City assistance and the use of tax incremental financing.
2. **The economic benefits of 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 tax increments projected to be collected are sufficient to pay for the proposed project costs. On this basis alone, the finding is supported.
 - The development expected to occur is likely to generate approximately 61 retail jobs over the life of the District, and 203 temporary construction jobs (*source: Developer's estimate dated July 27, 2011*).
 - The development expected to occur within the District would create approximately 37 residential units and 6,200 square feet of commercial space providing housing, services and retail shopping opportunities for the area.
3. **The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.**
 - If approved, the District creation would become effective for valuation purposes as of January 1, 2012. 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 District due to new construction, renovation or appreciation of property values occurring after January 1, 2012 would be collected by the Tax Incremental District and used to repay the costs of TIF-eligible projects undertaken within the District.

- Since the redevelopment expected to occur is unlikely to take place without the use of Tax Incremental Financing (see Finding #1) and since the District will generate economic benefits that are sufficient to compensate for the cost of the improvements (see Finding #2), the City reasonably concludes that the overall 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 created. As required by Wisconsin Statute 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 can found in Appendix A of this plan.
4. Not less than 50% of the land area within the District is in need of rehabilitation or conservation work as defined by Wisconsin Statute 66.1337(2m)(b). There is no vacant property within the District. The District is therefore in compliance with Wisconsin Statute 66.1105(4)(gm)1. as it pertains to the amount of vacant property that can be included within the District.
 5. Based upon the findings stated in 4. above, the District is declared to be a Rehabilitation District based on the identification and classification of the property included within it.
 6. The proposed project costs relate directly to promoting conservation and rehabilitation of the area consistent with the purpose for which the District is created.
 7. Redevelopment within the District is likely to enhance significantly the value of substantially all of the other real property in the District.
 8. The equalized value of taxable property located within the District, plus the value increment of all existing tax incremental districts within the City, does not exceed 12% of the total equalized value of all taxable property within the City.
 9. The City estimates that approximately 50% of the territory within the District will be devoted to retail business at the end of the District’s maximum expenditure period. This estimate is provided pursuant to Wisconsin Statutes 66.1105(5)(b) and 66.1105(6)(am)1.
 10. The Project Plan for the District is feasible, and is in conformity with the Master Plan of the City.

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TYPE & GENERAL DESCRIPTION OF DISTRICT

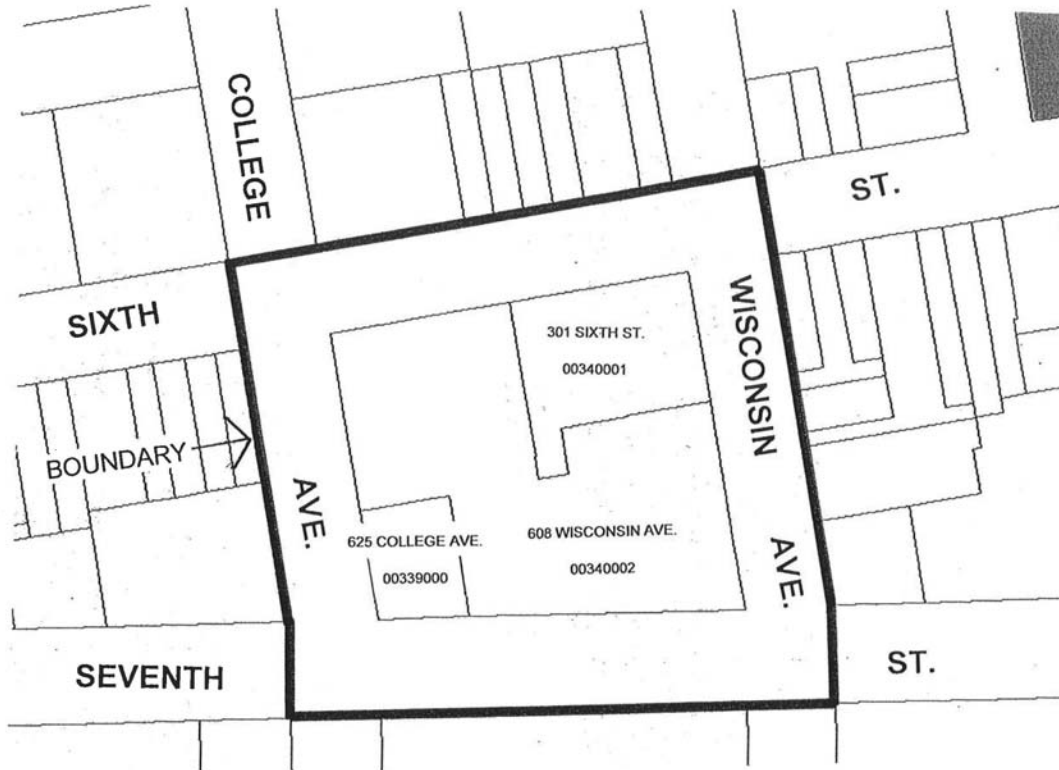
Tax Incremental District No.17 (the “District”) is being created by the City of Racine under the authority provided by Wisconsin Statute 66.1105. The District is designated as a “Rehabilitation or Conservation District” based upon a finding that at least 50%, by area, of the real property within the District is in need of rehabilitation or conservation work. In Section 5 of this Plan, the City has identified those properties within the District that meet the criteria of “rehabilitation or conservation areas” as defined in Wisconsin Statute 66.1337(2m)(a) and relies on these characterizations as the basis for making the above designation.

Property standing vacant for seven years immediately preceding adoption of the Creation Resolution for this District will not comprise more than 25% of the area in the District in compliance with Wisconsin Statute 66.1105(4)(gm)1. (there is no vacant property within the District). A calculation demonstrating compliance with this test is found as part of the Preliminary Parcel List in Section 5 of this plan.

Maps depicting the boundaries of, and proposed uses within, the District are found in Section 3 and Section 8 of this plan, respectively. The City of Racine intends that tax incremental financing (TIF) be used to assure that private redevelopment occurs within the District consistent with the City’s redevelopment objectives. This will be accomplished by making necessary related expenditures to promote redevelopment within the District. The goal is to increase the tax base and to provide for and preserve employment opportunities within the City. The Project Costs included in this plan relate directly to the rehabilitation or conservation of areas in the District consistent with the purpose for which it is created.

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MAP OF PROPOSED DISTRICT BOUNDARY



MAP #1 BOUNDARY MAP

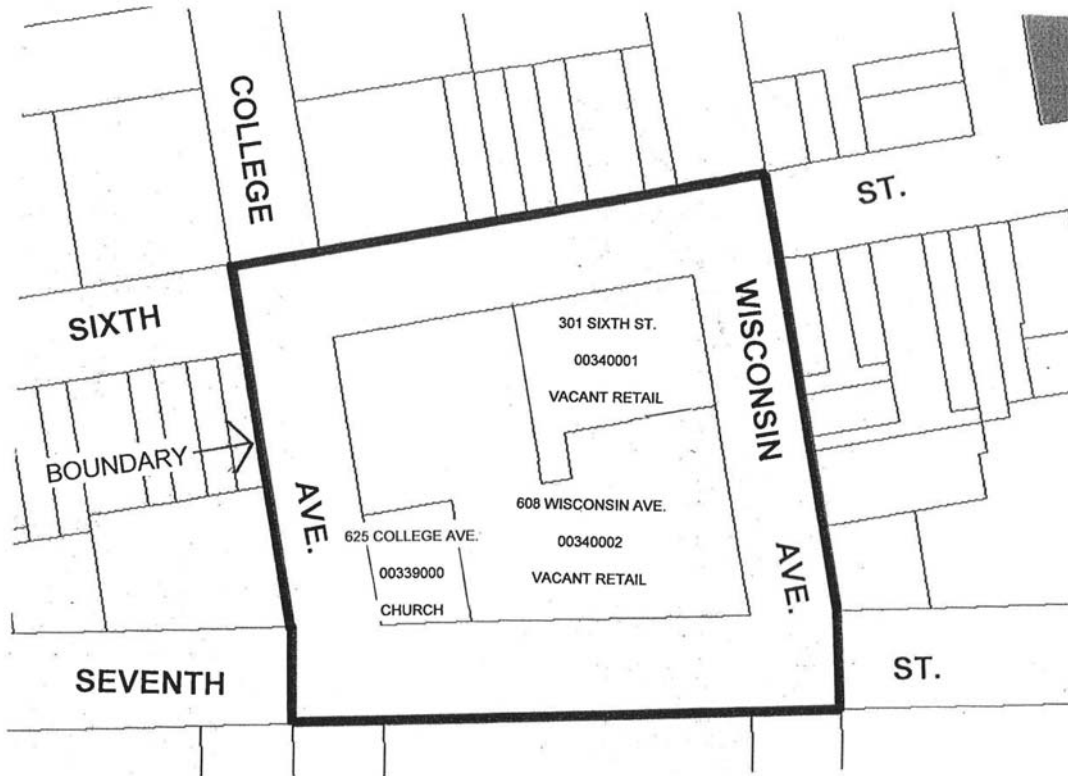
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MAP SHOWING EXISTING USES AND CONDITIONS



MAP #2 EXISTING USES AND CONDITIONS

TID #17




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PRELIMINARY PARCEL LIST & ANALYSIS

City of Racine, WI
Tax Increment District No. 17
Preliminary Parcel List

PARCEL NO.	STREET ADDRESS	OWNER	ASSESSED VALUE - PERS PROP	ASSESSED VALUE - LAND	ASSESSED VALUE - IMP	TOTAL ASSESSED VALUE (LAND & IMP)	ASSESSMENT CLASSIFICATION	AGGREGATE ASSESSMENT RATIO	EQUALIZED VALUE	PARCEL ACREAGE	CURRENT ZONING	ACTUAL USE	ACRES DECLARED IN NEED OF REHAB OR CONSERVATION	ACRES VACANT FOR PRECEDING 7 YEARS
00340001	301 SIXTH STREET	PORTER FURNITURE CO		99,800	460,200	560,000	2 - Commercial	101.62%	551,073	0.287	B4	Vacant Store	0.287	
00340002	608 WISCONSIN AVENUE	PORTER FURNITURE REALTY, INC		262,700	507,300	770,000	2 - Commercial	101.62%	757,725	0.754	B4	Vacant Store	0.754	
00339000	625 COLLEGE AVENUE	UNITARIAN UNIVERSALIST CHURCH		0	0	0	Exempt			0.089	B4	Church		
		SUBTOTAL PERSONAL PROPERTY >	0					0.00%		NA	NA	Personal Property	NA	NA
									1,308,797	1.129				
									ESTIMATED BASE VALUE	TOTAL DISTRICT ACREAGE				
									As of January 1	2011	Percent of Total District Acreage			
													92.128%	0.000%



EHLERS

LEADERS IN PUBLIC FINANCE



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EQUALIZED VALUE TEST

The following calculations demonstrate that the City is in compliance with Wisconsin Statute 66.1105(4)(gm)4.c. which requires that the equalized value of the taxable property in the proposed District, plus the value increment of all existing Tax Incremental Districts, not exceed 12% of the total equalized value of taxable property within the City. The projected equalized value of the increment of existing Tax Incremental Districts within the City, plus the base value of the proposed District, totals \$173,069,447. This value is less than the maximum of \$457,082,112 in equalized value that is permitted for the City of Racine. The City is therefore in compliance with the equalized valuation test and may proceed with creation of this District.

Tax Increment District No. 17 Valuation Test Compliance Calculation			
Anticipated Creation Date:	3/20/2012	Valuation Data Currently Available	Valuation Data Establishing 12% Limit Based on Anticipated Creation Date
Property Appreciation Factor:	1.00%	ACTUAL	ESTIMATED
As of January 1,		2011	2012
Total Equalized Value (TID IN)		3,809,017,600	3,809,017,600
Limit for 12% Test		457,082,112	457,082,112
Increment Value of Existing TID's			
TID No. 2 Increment		30,846,100	30,846,100
TID No. 5 Increment		17,569,900	17,569,900
TID No. 6 Increment		17,927,100	17,927,100
TID No. 7 Increment		40,193,400	40,193,400
TID No. 8 Increment		20,662,850	20,662,850
TID No. 9 Increment		28,107,200	28,107,200
TID No. 10 Increment		0	0
TID No. 11 Increment		0	0
TID No. 12 Increment		5,732,600	5,732,600
TID No. 13 Increment		8,961,400	8,961,400
TID No. 14 Increment		0	0
TID No. 15 Increment		0	0
TID No. 16 Increment		1,760,100	1,760,100
Total Existing Increment		171,760,650	171,760,650
Projected Base Value of New District		1,308,797	1,321,885
TOTAL VALUE SUBJECT TO TEST/LIMIT		173,069,447	173,082,535
COMPLIANCE		PASS	PASS

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

The purpose of this District is to foster the rehabilitation of the vacant buildings and surface parking lot that comprise the District and restore their economic vitality by renovating them for mixed residential and commercial use. The principal form of assistance will be a grant, without which the rehabilitation would not be financially feasible. The terms and conditions of the grant will be described in a development agreement between the City and the developer.

The following is a list of public works and other projects that the City may implement in conjunction with this District if found to be necessary as detailed design and engineering for the rehabilitation progresses and if the expected increment is sufficient.

PROPERTY, RIGHT-OF-WAY AND EASEMENT ACQUISITION

- **PROPERTY ACQUISITION FOR REDEVELOPMENT.** In order to promote and facilitate 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 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 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 Wisconsin Statutes 66.1105(2)(f)1.c., and subject to recovery as an eligible Project Cost.
- **PROPERTY ACQUISITION FOR CONSERVANCY.** In order to promote the objectives of this Plan, the City may acquire property within the District that it will designate for conservancy. 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 Wisconsin Statutes 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 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

- **SANITARY SEWER SYSTEM IMPROVEMENTS.** There may be inadequate sanitary sewer facilities serving the District. To allow redevelopment 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; 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.** There may be inadequate water distribution facilities serving the District. To allow redevelopment 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; 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.** Redevelopment within the District will cause stormwater runoff and pollution. 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; 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 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 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 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.

STREETS AND STREETScape

- **STREET IMPROVEMENTS.** There may be inadequate street improvements serving the District. To allow redevelopment to occur, the City may need to 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; 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.** In order to attract redevelopment 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.

RDA TYPE ACTIVITIES

- **CONTRIBUTION TO REDEVELOPMENT AUTHORITY.** As provided for in Wisconsin Statutes 66.1105(2)(f)1.h and 66.1333(13), the City may provide funds to its RDA to be used for administration, planning operations, and capital costs, including but not limited to real property acquisition, 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.

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, apparatus necessary for the 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.

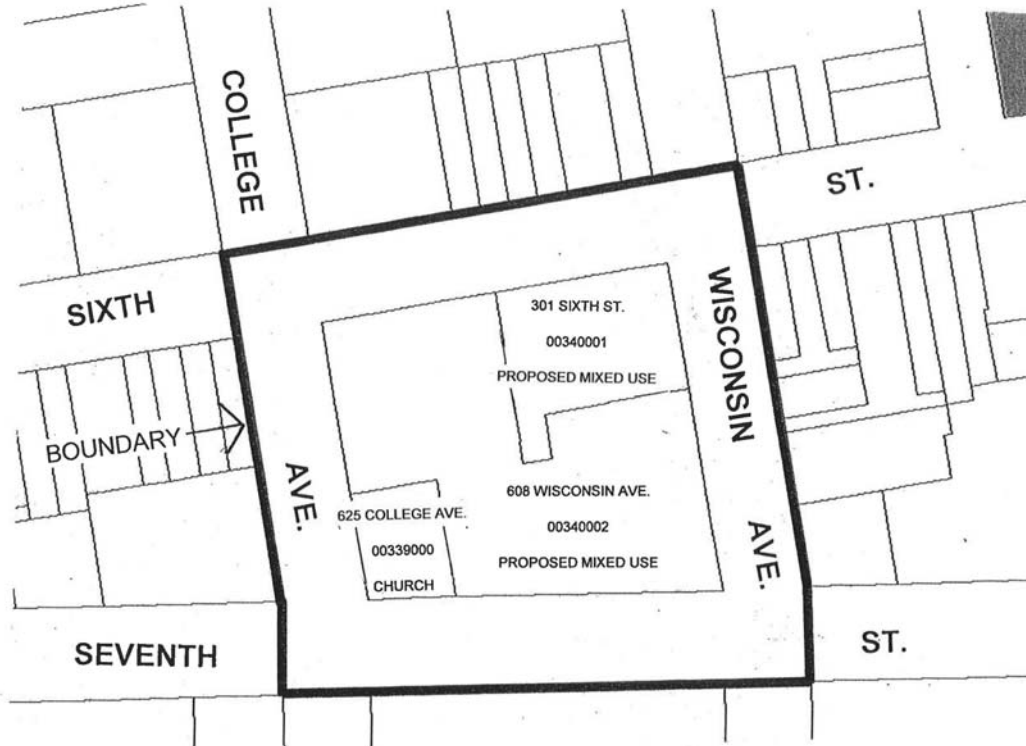
In the event any of the public works project expenditures are not reimbursable out of the special TIF fund under Wisconsin Statute 66.1105, in the written opinion of nationally recognized bond counsel retained by the City for such purpose or a court of record so rules in a final order, then such project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

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

Project costs are any expenditure made, estimated to be made, or monetary obligations incurred or estimated to be incurred, by the City and as outlined in this Plan. Project costs will be diminished by any income, special assessments or other revenues, including user fees or charges. To the extent the costs benefit the municipality 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's of costs in the Plan are also estimates and subject to change based upon implementation, future assessment policies and user fee adjustments.

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MAP SHOWING PROPOSED IMPROVEMENTS AND USES



MAP #3 . PROPOSED IMPROVEMENTS AND USES

TID #17






NORTH DCD 2/8/2012 jll

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DETAILED LIST OF PROJECT COSTS

All costs are based on 2012 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2012 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.

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 Common Council, without amending the Plan.

  	
<p>Projects</p> <p>Development Incentive</p> <p>Long Term Interest Expense</p> <p>TID Creation Expenses</p> <p>TID Administration (2013-2014 - Capitalized)</p> <p>TID Administration (2015-2039)</p> <p>Subtotal Needed for Projects</p>	
	<p>Phase I</p> <p>2011</p> <p>1,100,000</p> <p>634,012</p> <p>20,000</p> <p>2,300</p> <p>28,750</p> <p>1,785,062</p>

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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 proposed District is economically feasible insofar as:

- The City has available to it the means to secure the necessary financing required to accomplish the projects contained within this Plan. A listing of “Available Financing Methods” follows.
- The City expects to complete the 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 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) a projection of tax increments to be collected resulting from that development and other economic growth within the District, and 3) a 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

The City expects to fund the Projects undertaken in this District by advancing other City fund to the District, and repaying that advance over time from the increment generated. The City could however also 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 could 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 table on the following page provides a calculation of the City’s current and projected G.O. debt capacity, 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.



City of Racine, WI

Projection of General Obligation Debt Borrowing Capacity



BUDGET YEAR	EQUALIZED VALUE	GROSS DEBT LIMIT	DEBT BALANCE	NET BORROWING CAPACITY
2012	3,809,017,600	190,450,880	98,245,000	92,205,880
2013	3,809,017,600	190,450,880	89,305,000	101,145,880
2014	3,828,062,688	191,403,134	79,430,000	111,973,134
2015	3,847,203,001	192,360,150	68,515,000	123,845,150
2016	3,885,675,031	194,283,752	56,680,000	137,603,752
2017	3,924,531,782	196,226,589	44,825,000	151,401,589
2018	3,983,399,758	199,169,988	33,655,000	165,514,988
2019	4,043,150,755	202,157,538	25,000,000	177,157,538
2020	4,124,013,770	206,200,688	17,995,000	188,205,688
2021	4,206,494,045	210,324,702	12,380,000	197,944,702
2022	4,311,656,397	215,582,820	7,845,000	207,737,820
2023	4,419,447,806	220,972,390	3,930,000	217,042,390
2024	4,552,031,241	227,601,562	1,570,000	226,031,562
2025	4,688,592,178	234,429,609	0	234,429,609
2026	4,829,249,943	241,462,497		241,462,497
2027	4,974,127,441	248,706,372		248,706,372
2028	5,123,351,265	256,167,563		256,167,563
2029	5,277,051,803	263,852,590		263,852,590
2030	5,435,363,357	271,768,168		271,768,168
2031	5,598,424,257	279,921,213		279,921,213
2032	5,766,376,985	288,318,849		288,318,849
2033	5,939,368,295	296,968,415		296,968,415

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

The City may issue a bond or other obligation 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 or other obligations 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 or other obligations 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 a 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.

PLAN IMPLEMENTATION



Projects identified will provide the necessary anticipated governmental services to the area. A reasonable and orderly sequence is outlined on the following page. However, public debt and expenditures should be made at the pace private development occurs to assure increment is sufficient to cover expenses.

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 public improvements 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.

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

IMPLEMENTATION & FINANCING TIMELINE

 <div> City of Racine, WI Tax Increment District No. 17 Estimated Project Costs & Financing Plan </div>  EHLERS <small>LEADERS IN PUBLIC FINANCE</small>		
		City Advance
		2012
Projects		
Development Incentive		1,100,000
TID Creation Expenses		20,000
TID Administration (2013-2014 - Capitalized)		2,300
Subtotal Needed for Projects		1,122,300
Finance Related Expenses		
Financial Advisor		
Bond Counsel (Estimate)		
Rating Agency Fee		
Paying Agent (if Term Bonds)		0
Max. Underwriter's Discount	\$0.00	0
Capitalized Interest		0
Total Financing Required		1,122,300
<i>Estimated Interest Earnings</i>	0.00%	0
<i>Assumed Spend Down (Months)</i>	1	
Rounding		0
NET ISSUE SIZE		1,122,300

DEVELOPMENT ASSUMPTIONS

City of Racine, WI

Tax Increment District No. 17 Development Assumptions

EHLERS
LEADERS IN PUBLIC FINANCE

Construction Year	Actual	Proposed Redevelopment ¹	Less Base Value		Annual Total
2012		1,587,000	(1,308,797)		278,203
2013		1,587,000			1,587,000
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
2027					0
2028					0
2029					0
2030					0
2031					0
2032					0
2033					0
2034					0
2035					0
2036					0
2037					0
2038					0
TOTALS	0	3,174,000	(1,308,797)	0	1,865,203

NOTES:

¹ Estimate of redevelopment project value taken from City Assessor's memo dated February 23, 2012.

INCREMENT REVENUE PROJECTIONS

City of Racine, WI

Tax Increment District No. 17 Tax Increment Projection Worksheet



Apply Inflation
Factor to Base?

1,308,797	NA
Special	\$26.67
Per Rate Model	
Per Rate Model	

Projected Base Value
Pre-Amendment Base Value (Actual)
Property/Appreciation Factor
Current Tax Rate (Per \$1,000 EV)
Tax Rate Adjustment Factor (Next 2 Years)
Tax Rate Adjustment Factor (Following 2 Years)
Tax Rate Adjustment Factor (Thereafter)

Type of District	Rehabilitation
Anticipated Creation Date	3/20/2012
Valuation Date	Jan. 1, 2012
Maximum Life (in Years)	27
Expenditure Period (in Years)	22
Revenue Periods/Final Rev Year	26 2039
End of Expenditure Period	3/20/2034
Latest Termination Date	Yes
Eligible for Extension/No. of Years	3
Eligible Recipient District	Yes

Net Present Value Calculation

4.00%
5.00%

Discount Rate 1 for NPV Calculation
Discount Rate 2 for NPV Calculation

Construction Year	Value Added	Valuation Year	Inflation Increment	Inflation Factor	Valuation Increment	Revenue Year	Tax Rate	Tax Increment
1	2012	278,203	2013	0.00%	278,203	2014	27.21	7,569
2	2013	1,587,000	2014	0.50%	1,865,203	2015	27.61	51,503
3	2014	0	2015	0.50%	1,881,073	2016	28.02	52,717
4	2015	0	2016	1.00%	1,912,971	2017	28.30	54,141
5	2016	0	2017	1.00%	1,945,189	2018	28.58	55,598
6	2017	0	2018	1.50%	1,993,999	2019	28.72	57,274
7	2018	0	2019	1.50%	2,043,541	2020	28.86	58,986
8	2019	0	2020	2.00%	2,110,587	2021	28.86	60,922
9	2020	0	2021	2.00%	2,178,975	2022	28.86	62,896
10	2021	0	2022	2.50%	2,266,169	2023	28.72	65,093
11	2022	0	2023	2.50%	2,355,544	2024	28.58	67,331
12	2023	0	2024	3.00%	2,465,474	2025	28.31	69,789
13	2024	0	2025	3.00%	2,578,702	2026	28.03	72,285
14	2025	0	2026	3.00%	2,695,327	2027	27.76	74,821
15	2026	0	2027	3.00%	2,815,451	2028	27.49	77,396
16	2027	0	2028	3.00%	2,939,178	2029	27.22	80,013
17	2028	0	2029	3.00%	3,066,617	2030	26.96	82,672
18	2029	0	2030	3.00%	3,197,880	2031	26.70	85,374
19	2030	0	2031	3.00%	3,333,080	2032	26.44	88,119
20	2031	0	2032	3.00%	3,472,336	2033	26.18	90,909
21	2032	0	2033	3.00%	3,615,771	2034	25.93	93,746
22	2033	0	2034	3.00%	3,763,508	2035	25.68	96,629
23	2034	0	2035	3.00%	3,915,677	2036	25.43	99,560
24	2035	0	2036	3.00%	4,072,411	2037	25.18	102,539
25	2036	0	2037	3.00%	4,233,847	2038	24.93	105,569
26	2037	0	2038	3.00%	4,400,127	2039	24.69	108,650
		1,865,203			2,534,924			1,922,101

NPV Through 20 Year Financing Term

Future Value of Increment



CASH FLOW



City of Racine, WI
Tax Increment District No. 17
Cash Flow Pro Forma

Year	Revenues			Expenditures					Balances		Advance Balance	Year	
	Tax Increments	Investment Earnings	Advance from Other Funds	Total Revenues	Repayment of City Advance \$1,122,300 Dated 6-1-2012			District Creation & Admin	Development Incentive	Total Expenditures			Annual
		1.00%			Begin Bal	Rate	Int Accrued	Pymt (6/1)	End Bal				
2012		0	1,122,300	1,122,300	1,122,300	3.000%	33,669	0	1,122,300	20,000	1,100,000	2,300	2,300
2013		23	23	23	1,155,969	3.000%	34,679	6,298	1,155,969	1,150		(1,130)	1,170
2014	7,569	12	7,581	7,581	1,184,350	3.000%	35,531	50,363	1,184,350	1,150		130	1,300
2015	51,503	13	51,516	51,516	1,169,518	3.000%	35,086	51,576	1,169,518	1,150		0	1,300
2016	52,717	13	52,730	52,730	1,153,027	3.000%	34,591	53,002	1,153,027	1,150		0	1,300
2017	54,141	13	54,154	54,154	1,134,616	3.000%	34,038	54,458	1,134,616	1,150		0	1,300
2018	55,598	13	55,611	55,611	1,114,196	3.000%	33,426	56,134	1,114,196	1,150		0	1,300
2019	57,274	13	57,287	57,287	1,091,488	3.000%	32,745	57,847	1,091,488	1,150		0	1,300
2020	58,986	13	58,999	58,999	1,066,386	3.000%	31,992	59,781	1,066,386	1,150		0	1,300
2021	60,922	13	60,935	60,935	1,038,597	3.000%	31,158	61,756	1,038,597	1,150		0	1,300
2022	62,896	13	62,909	62,909	1,007,998	3.000%	30,240	63,953	1,007,998	1,150		0	1,300
2023	65,093	13	65,106	65,106	974,285	3.000%	29,229	66,191	974,285	1,150		0	1,300
2024	67,331	13	67,344	67,344	937,323	3.000%	28,120	68,648	937,323	1,150		0	1,300
2025	69,789	13	69,802	69,802	896,795	3.000%	26,904	71,145	896,795	1,150		0	1,300
2026	72,285	13	72,298	72,298	852,553	3.000%	25,577	73,681	852,553	1,150		0	1,300
2027	74,821	13	74,834	74,834	804,449	3.000%	24,133	76,256	804,449	1,150		0	1,300
2028	77,396	13	77,409	77,409	752,327	3.000%	22,570	78,874	752,327	1,150		0	1,300
2029	80,013	13	80,026	80,026	696,022	3.000%	20,881	81,531	696,022	1,150		0	1,300
2030	82,672	13	82,685	82,685	635,372	3.000%	19,061	84,234	635,372	1,150		0	1,300
2031	85,374	13	85,387	85,387	570,199	3.000%	17,106	86,979	570,199	1,150		0	1,300
2032	88,119	13	88,132	88,132	500,326	3.000%	15,010	89,770	500,326	1,150		0	1,300
2033	90,909	13	90,922	90,922	425,566	3.000%	12,767	92,605	425,566	1,150		0	1,300
2034	93,746	13	93,759	93,759	345,728	3.000%	10,372	95,489	345,728	1,150		0	1,300
2035	96,629	13	96,642	96,642	260,611	3.000%	7,818	98,420	260,611	1,150		0	1,300
2036	99,560	13	99,573	99,573	170,009	3.000%	5,100	101,399	170,009	1,150		0	1,300
2037	102,539	13	102,552	102,552	73,710	3.000%	2,211	75,922	73,710	1,150		0	1,300
2038	105,569	13	105,582	105,582	(0)				(0)	1,150		28,510	29,810
2039	108,650	298	108,948	108,948						1,150		107,800	137,610
Total	1,922,101	645	3,045,045	3,045,045	634,012		1,756,312		51,050	1,100,000		2,907,352	137,610

Projected TID Closure

NOTES:

11

ANNEXED PROPERTY

There are no lands proposed for inclusion within the District that were annexed by the City on or after January 1, 2004.

12

ESTIMATE OF PROPERTY TO BE DEVOTED TO RETAIL BUSINESS

Pursuant to Wisconsin Statutes 66.1105(5)(b) and 66.1105(6)(am)1 the City estimates that 50% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

13

PROPOSED CHANGES IN ZONING ORDINANCES

The City of Racine does not anticipate that the District will require any changes in zoning ordinances.

14

PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND CITY OF RACINE ORDINANCES

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

15

RELOCATION

It is not anticipated there will be a need to relocate any persons or businesses in conjunction with the implementation of this Plan.

In the event relocation or the acquisition of property by eminent domain becomes necessary at some time during the implementation period, the City will follow applicable state statutes as required in Wisconsin Statutes chapter 32.

16

ORDERLY REDEVELOPMENT OF THE CITY OF RACINE

The District contributes to the orderly redevelopment of the City by providing the opportunity for continued growth in tax base and job opportunities.

17

A LIST OF ESTIMATED NON-PROJECT COSTS

Non-Project costs are public works projects that only partly benefit the District or are not eligible to be paid with tax increments, or costs not eligible to be paid with TIF funds. Examples would include:

- 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.

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

18

**OPINION OF ATTORNEY FOR THE CITY OF RACINE
ADVISING WHETHER THE PLAN IS COMPLETE AND
COMPLIES WITH WISCONSIN STATUTES, SECTION 66.1105**

February 25, 2012

SAMPLE

Mayor John Dickert
City of Racine
730 Washington Avenue
Racine, Wisconsin 53403

RE: City of Racine, Wisconsin Tax Incremental District No. 17

Dear Mayor:

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

Sincerely,

Attorney Robert Weber
City of Racine

EXHIBIT A - CALCULATION OF THE SHARE OF PROJECTED TAX INCREMENTS ESTIMATED TO BE PAID BY THE OWNERS OF PROPERTY IN THE OVERLYING TAXING JURISDICTIONS

Estimated Share by Taxing Jurisdiction of Projected Tax Increments to be paid by Owners of Taxable Property in each of the Taxing Jurisdictions Overlying the Tax Increment District

<i>Revenue Year</i>	<i>City</i>	<i>County</i>	<i>School District</i>	<i>Tech College</i>	<i>Total</i>
	48.64%	12.48%	33.51%	5.37%	
2014	3,682	945	2,536	407	7,569
2015	25,051	6,430	17,256	2,766	51,503
2016	25,641	6,581	17,663	2,831	52,717
2017	26,334	6,759	18,140	2,908	54,141
2018	27,043	6,941	18,628	2,986	55,598
2019	27,858	7,150	19,190	3,076	57,274
2020	28,691	7,364	19,764	3,168	58,986
2021	29,632	7,605	20,412	3,272	60,922
2022	30,592	7,852	21,073	3,378	62,896
2023	31,661	8,126	21,810	3,496	65,093
2024	32,749	8,406	22,559	3,616	67,331
2025	33,945	8,712	23,383	3,748	69,789
2026	35,159	9,024	24,219	3,882	72,285
2027	36,393	9,341	25,069	4,018	74,821
2028	37,645	9,662	25,932	4,157	77,396
2029	38,918	9,989	26,809	4,297	80,013
2030	40,211	10,321	27,700	4,440	82,672
2031	41,525	10,658	28,605	4,585	85,374
2032	42,861	11,001	29,525	4,733	88,119
2033	44,218	11,349	30,460	4,883	90,909
2034	45,598	11,703	31,410	5,035	93,746
2035	47,000	12,063	32,376	5,190	96,629
2036	48,425	12,429	33,358	5,347	99,560
2037	49,875	12,801	34,356	5,507	102,539
2038	51,349	13,179	35,371	5,670	105,569
2039	52,847	13,564	36,404	5,835	108,650
	934,904	239,955	644,009	103,232	1,922,101

NOTE: The projection shown above is provided to meet the requirements of Wisconsin Statute 66.1105(4)(i)4.