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April 18, 2017

Project Plan for the Creation of Tax Incremental District No. 20 (Regency Mall)



Prepared by Ehlers & Associates

Maps Prepared by Vandewalle & Associates

Organizational Joint Review Board Meeting Held:	March 28, 2017
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Approval by Plan Commission:	March 29, 2017
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Approval by the Joint Review Board:	Scheduled for May 2, 2017



Tax Incremental District No. 20 Creation Project Plan

City of Racine Officials

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Mary Land	Council Member
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Jim Kaplan	Council Member
Melissa Lemke	Council Member
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SECTION 1: Executive Summary

Description of District

Type of District, Size and Location

Tax Incremental District No. 20 (“TID” or “District”) is proposed to be created as an “in need of rehabilitation or conservation” TID, as defined by Wisconsin Statutes Section 66.1337(2m)(a), which provides a lifespan of up to 27 years and a 22 year spending period. The District is comprised of 24 parcels, totaling approximately 133.9 acres. As of January 1, 2016, the base value of the land, improvements and personal property located within the District was approximately \$61.6 million. A map of the proposed boundaries is located in Section 3 of this Plan.

The primary purpose of the TID is to provide incentives needed to encourage rehabilitation and conservation, economic development, and an increase property values. The TID is also intended to provide a funding source to pay the costs of any public infrastructure improvements that may be needed to support these activities.

This Plan has been prepared in compliance with Wisconsin Statutes Section 66.1105(4)(f) and: establishes project need; lists the proposed improvements and expenditures within the TID; provides an estimated time schedule for completion of the projects; and an estimated budget. This Plan is to be adopted by the Common Council on the recommendation of the City Plan Commission. The TID Project Plan will be the official plan and guide for public and private sector development within the TID boundary.

Implementation of the Plan will still require case by case authorization of proposed improvements and expenditures by the Common Council. Expenditures for projects listed in the Plan should and will be based on market conditions and the status of development at the time the project is scheduled for construction.

The Common Council is not mandated to make the expenditures in this Plan. Rather, the expenditures are an itemization of tax incremental financing (“TIF”) eligible costs that the City may undertake as well as a guide for the Plan Commission and City Council to assist them in the decision-making process for public expenditures. Redistribution of Project Costs will not require amendments to the Plan, provided that the project meets the purpose and intent of the TID.

As required by Wisconsin Statute Section 66.1105(5)(b), a copy of this Plan will be submitted to the Wisconsin Department of Revenue and used as a basis for their certification of the TID.

Estimated Total Project Expenditures.

The purpose of the TID is to provide the necessary incentives and public infrastructure needed to encourage economic development and increase property values. The City anticipates making total project expenditures of approximately \$15.7 million in several phases through the TID’s 22-year expenditure period.

The City expects to evaluate and use several alternative financing methods for the projects in order to provide the overall lowest cost of financing, to preserve debt capacity, to mitigate risk to the City, and to provide other advantages as determined by the Common Council. The Common Council is not mandated

to make the public expenditures in this Plan. Rather, the public expenditures are an itemization of eligible Project Costs that the City may undertake as well as a guide for the Plan Commission and City Council to assist them in the decision-making process for public expenditures. Redistribution of Project Costs will not require amendments to the Plan, provided that the project meets the purpose and intent of the TID.

A discussion and listing of other possible financing mechanisms, as well as a summary of total 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 \$43 million will be created as a result of new development and redevelopment. This additional value will be a result of the improvements made and projects undertaken within the District. A table detailing assumptions as to the timing of new development and redevelopment and associated values is located in Section 10 of this Plan. In addition, 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 2033; 12 years earlier than the 27-year maximum life of this District.

Summary of Findings

As required by Wisconsin Statutes Section 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 development 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:
 - Regency Mall is presently 60% vacant and additional stores continue to vacate. Continued deterioration of the mall and loss of national tenants has negatively impacted not only the mall property, but other retail and business in the associated retail corridor. Given that reinvestment in the mall and other properties located within the District has not occurred as would have been expected under normal market conditions, it is the judgment of the City that the use of TIF will be required to provide the necessary incentives and infrastructure need to encourage redevelopment and development on the sites consistent with that desired by the City.
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 more than sufficient to pay for the proposed project costs. On this basis alone, the finding is supported.
 - The development expected to occur within the District would create approximately 160 residential units, providing housing opportunities for workers.

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's creation would become effective for valuation purposes as of January 1, 2017. 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, 2017 would be collected by the TID and used to repay the costs of TIF-eligible projects undertaken within the District.
 - Since the development expected to occur is unlikely to take place or in the same manner without the use of TIF (see Finding #1) and since the District will generate economic benefits that are more than 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 Section 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been made and can be found in Appendix A of this plan.
4. Not less than 50% by area of the real property within the District is in need of rehabilitation or conservation within the meaning of Wisconsin Statutes Section 66.1337(2m)(b).
5. Based upon the findings, as stated above, the District is declared to be a District in need or rehabilitation or conservation based on the identification and classification of the property included within the District.
6. The project costs relate directly to promoting rehabilitation or conservation in the area consistent with the purpose for which the District is created.
7. The improvement of such area 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 of 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 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 Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1.
10. The Project Plan for the District in the City is feasible, and is in conformity with the master plan of the City.

SECTION 2: Type and General Description of District

The TID is proposed to be created as an “in need of rehabilitation or conservation” district as defined by Wisconsin Statutes Section 66.1337(2m)(a), which provides a lifespan of up to 27 years and a 22 year spending period. The District is comprised of 24 parcels, totaling approximately 133.9 acres. Within the Preliminary Parcel List found in Appendix B to this Plan the City has identified those properties within the District that meet the in need of rehabilitation or conservation criteria supporting that designation.

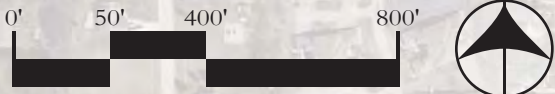
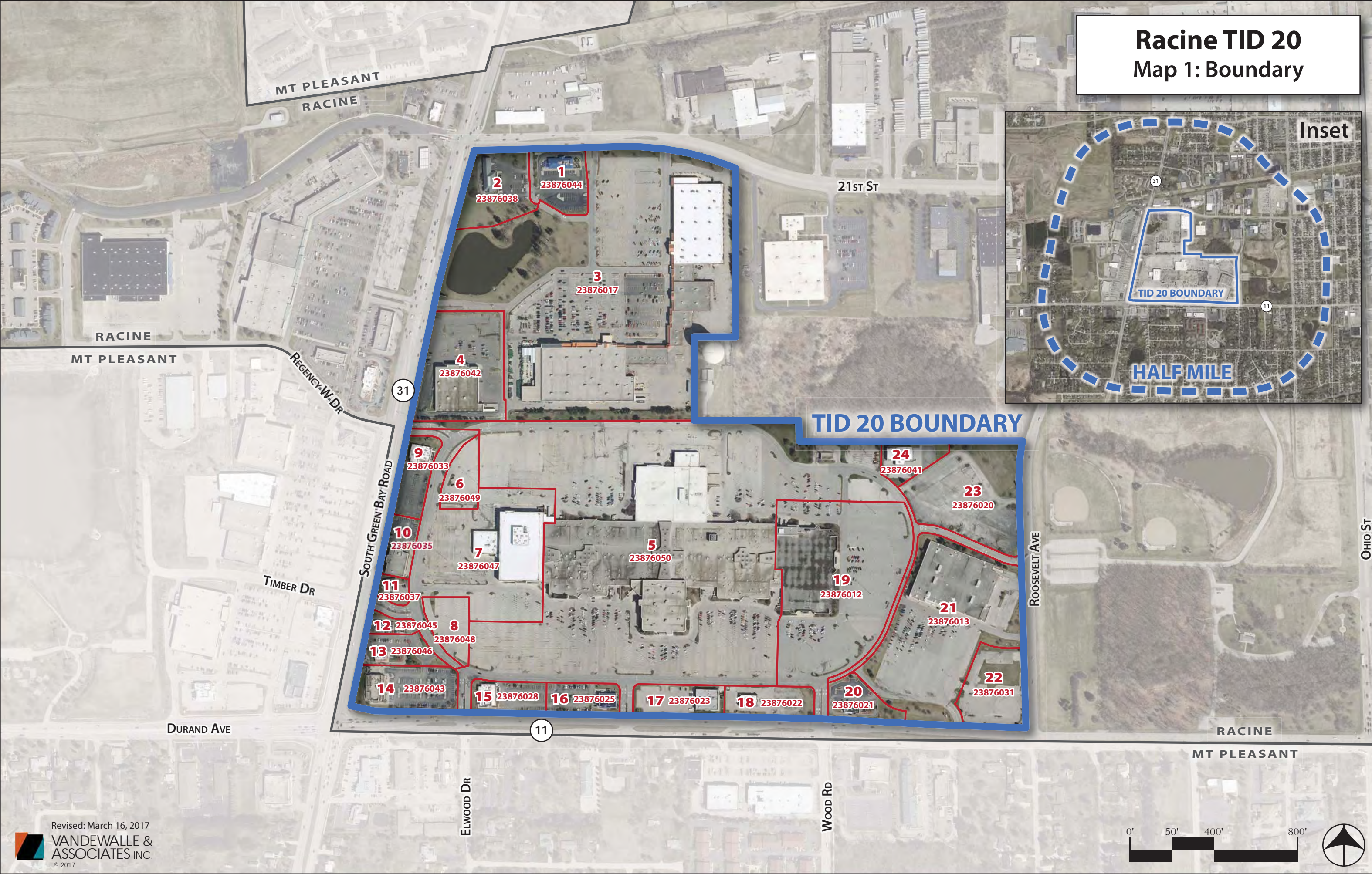
As of January 1, 2016, the base value of the land, improvements and personal property located within the District was approximately \$61.6 million. A map of the proposed boundaries is located in Section 3 of this Plan.

The purpose of the TID is to provide the necessary and incentives and public infrastructure improvements needed to promote rehabilitation or conservation, encourage economic development, and increase property values. This Plan is written to provide funding for infrastructure improvements and other expenditures aimed at stimulating and enhancing economic development opportunities within the City of Racine.

SECTION 3: Preliminary Map of Proposed District Boundary

Please see map on following page.

Racine TID 20
Map 1: Boundary





SECTION 4: Map Showing Existing Uses and Conditions

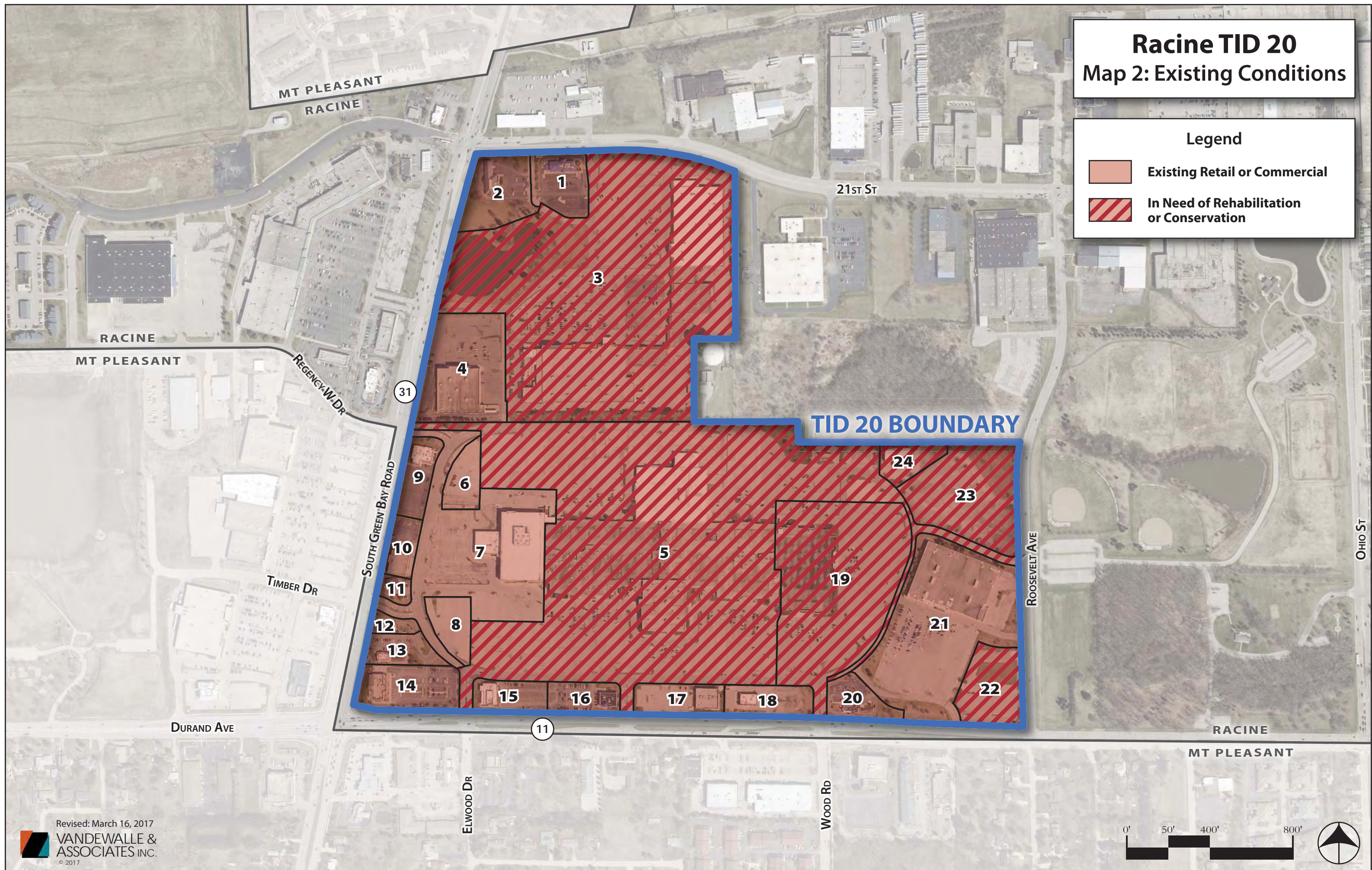
Please see map on following page.

Racine TID 20

Map 2: Existing Conditions

Legend

-  Existing Retail or Commercial
-  In Need of Rehabilitation or Conservation



SECTION 5: Preliminary Parcel List and Analysis

City of Racine, Wisconsin															
Tax Incremental District No. 20 (Regency Mall)															
Base Property Information															
Property Information					Assessment Information				Equalized Value				District Classification		
Map Ref #	Parcel Number	Street Address	Owner	Acreage	Land	Imp	PP	Total	Equalized Value Ratio ²	Land	Imp	PP	Total	Rehab/Conservation	Criteria ^{3&4}
1	23876044	5801 TWENTYFIRST ST	TRIPLE H LLP (Culvers)	1.82	667,400	632,600	93,200	1,393,200	99.03%	673,937	638,796	94,113	1,406,846		
2	23876038	5815 TWENTYFIRST ST	BANK ONE RACINE, NA BANC ONE CORPORATION	2.46	771,900	315,100	180,400	1,267,400	99.03%	779,461	318,186	182,167	1,279,814		
3	23876017	2211 GREEN BAY RD	JPMCC 2003- ML1 GREEN BAY RETAIL LLC	25.76	6,731,500	3,468,500	774,000	10,974,000	99.03%	6,797,435	3,502,474	781,581	11,081,490	25.76	§ 66.1337(2m)(a)(1)
4	23876042	2433 GREEN BAY RD	GIRAFFE PROPERTIES LLC (Toys R Us)	4.80	1,255,600	3,044,400	206,400	4,506,400	99.03%	1,267,899	3,074,220	208,422	4,550,540		
5	23876050	5502 DURAND AVE	RACINE JOINT VENTURE II LLC	43.59				9,600,000	99.03%	0	0	0	9,600,000	43.59	§ 66.1337(2m)(a)(1)
6	23876049	2525 GREEN BAY RD	PENNY RACINE LLC	1.04	410,000	0	0	410,000	99.03%	414,016	0	0	414,016		
7	23876047	2619 GREEN BAY RD	PENNY RACINE LLC	9.43	830,000	401,000	0	1,231,000	99.03%	838,130	404,928	0	1,243,058		
8	23876048	2815 GREEN BAY RD	PENNY RACINE LLC	1.43	560,000	0	0	560,000	99.03%	565,485	0	0	565,485		
9	23876033	2521 GREEN BAY RD	RACINE JOINT VENTURE II LLC	1.39	873,300	716,700	111,900	1,701,900	99.03%	881,854	723,720	112,996	1,718,570		
10	23876035	2621 GREEN BAY RD	BR OF WISCONSIN 15, LLC	1.01	659,300	775,700	30,300	1,465,300	99.03%	665,758	783,298	30,597	1,479,653		
11	23876037	2721 GREEN BAY RD	RACINE JOINT VENTURE DBA PEARLE VISION CENTEF	0.49	288,800	110,200	62,400	461,400	99.03%	291,629	111,279	63,011	465,919		
12	23876045	2805 GREEN BAY RD	JANKOUZIAN BOGHOS K + SILVA	0.46	298,000	388,000	82,400	768,400	99.03%	300,919	391,800	83,207	775,926		
13	23876046	2825 GREEN BAY RD	TACO BELL OF AMERICA, INC	1.18	615,000	145,000	114,400	874,400	99.03%	621,024	146,420	115,521	882,965		
14	23876043	6000 DURAND AVE	FCPT RESTAURANT PROPERTIES	2.44	1,193,800	906,200	167,400	2,267,400	99.03%	1,205,493	915,076	169,040	2,289,609		
15	23876028	5880 DURAND AVE	LAG INVESTMENTS LLC	1.52	887,700	922,300	387,700	2,197,700	99.03%	896,395	931,334	391,498	2,219,226		
16	23876025	5800 DURAND AVE	RACINE JOINT VENTURE II LLC	0.94	541,200	558,800	34,500	1,134,500	99.03%	546,501	564,273	34,838	1,145,612		
17	23876023	5612 DURAND AVE	NATIONAL RETAIL PROPERTIES LP	1.50	860,700	764,300	165,200	1,790,200	99.03%	869,131	771,786	166,818	1,807,735		
18	23876022	5550 DURAND AVE	BRODERSEN AQUISITIONS LLC	1.48	580,000	670,000	291,800	1,541,800	99.03%	585,681	676,563	294,658	1,556,902		
19	23876012	5500 DURAND AVE	BERGNER P A CO OF ILLINOIS	11.09	2,899,800	2,400,200	774,000	6,074,000	99.03%	2,928,204	2,423,710	781,581	6,133,495		
20	23876021	5400 DURAND AVE	RACINE JOINT VENTURE II LLC	1.36	533,000	297,000	224,300	1,054,300	99.03%	538,221	299,909	226,497	1,064,627		
21	23876013	5300 DURAND AVE	DAYTON-HUDSON CORP	9.89	3,023,700	3,976,300	345,100	7,345,100	99.03%	3,053,317	4,015,248	348,480	7,417,045		
22	23876031	5200 DURAND AVE	RACINE JOINT VENTURE II LLC	2.55	999,900	0	0	999,900	99.03%	1,009,694	0	0	1,009,694	2.55	§ 66.1337(2m)(a)(1) and (2)
23	23876020	5230 DURAND AVE	RACINE JOINT VENTURE II LLC	5.15	1,441,000	0	0	1,441,000	99.03%	1,455,115	0	0	1,455,115	5.15	§ 66.1337(2m)(a)(1) and (2)
24	23876041	5326 DURAND AVE	RACINE JOINT VENTURE II LLC	1.12	293,500	281,500	0	575,000	99.03%	296,375	284,257	0	580,632	1.12	§ 66.1337(2m)(a)(1) and (2)
Total Acreage 133.90					27,215,100	20,773,800	4,045,400	61,634,300		27,481,672	20,977,280	4,085,025	62,143,977	78.17	
										Estimated Base Value 62,143,977				58.38%	
Notes:															
¹ Assessed value as of January 1, 2016, except value shown for Map Ref. # 5 of \$9,600,000 reflects recent sale price. Actual base value will be established using January 1, 2017 valuations which are presently unavailable.															
² City of Racine Equalization Ratio as of 1-1-2016 per Wisconsin Dept. of Revenue.															
³ Wis. Stat. § 66.1337(2m)(a)(1) - Carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements.															
⁴ Wis. Stat. § 66.1337(2m)(a)(2) - Acquisition of real property and demolition, removal or rehabilitation of buildings and improvements on the property where necessary to eliminate unhealthful, unsanitary or unsafe conditions, lessen density, reduce traffic hazards, eliminate obsolete or other uses detrimental to the public welfare, to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities.															

SECTION 6: Equalized Value Test

The following calculations demonstrate that the City expects to be in compliance with Wisconsin Statutes Section.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 equalized value of the increment of existing tax incremental districts within the City, plus the base value of the proposed District, totals \$151,181,827. This value is less than the maximum of \$385,483,200 in equalized value that is permitted for the City of Racine. The City is therefore in compliance with the statutory equalized valuation test and may proceed with creation of this District.

City of Racine, Wisconsin			
Tax Incremental District No. 20 (Regency Mall)			
Valuation Test Compliance Calculation			
District Creation Date	4/18/2017		
	Valuation Data Currently Available 2016	Percent Change	Valuation Data Est. Creation Date 2017
Total EV (TID In)	3,212,360,000		3,212,360,000
12% Test	385,483,200		385,483,200
Increment of Existing TIDs			
TID #2	24,635,000		24,635,000
TID #8	19,790,750		19,790,750
TID #9	28,777,900		28,777,900
TID #10	0		0
TID #11	2,302,900		2,302,900
TID #12	5,155,600		5,155,600
TID #13	8,150,300		8,150,300
TID #14	225,400		225,400
TID #15	0		0
TID #16	0		0
TID #17	0		0
TID #18	0		0
Total Existing Increment	89,037,850		89,037,850
Projected Base of New District	62,143,977	1.00%	62,765,416
Total Value Subject to 12% Test	151,181,827		151,803,266
Compliance	PASS		PASS

SECTION 7:

Statement of Kind, Number and Location of Proposed Public Works and Other Projects

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. Prorations of costs in the Plan are also estimates and subject to change based upon implementation, future assessment policies and user fee adjustments.

The following is a list of public works and other TIF-eligible projects that the City expects to implement in conjunction with this District. Any costs necessary or convenient to the creation of the District or directly or indirectly related to the public works and other projects are considered "Project Costs" and eligible to be paid with tax increment revenues of the District.

Property, Right-of-Way and Easement Acquisition

Property Acquisition for Development or Redevelopment

In order to promote and facilitate development and/or redevelopment the City may acquire property within the District. The cost of property acquired, and any costs associated with the transaction, are eligible Project Costs. Following acquisition, other Project Costs within the categories detailed in this Section may be incurred in order to make the property suitable for development and/or redevelopment. Any revenue received by the City from the sale of property acquired pursuant to the execution of this Plan will be used to reduce the total project costs of the District. If total Project Costs incurred by the City to acquire property and make it suitable for development and/or redevelopment exceed the revenues or other consideration received from the sale or lease of that property, the net amount shall be considered "real property assembly costs" as defined in Wisconsin Statutes Section 66.1105(2)(f)1.c., and subject to recovery as an eligible Project Cost.

Acquisition of Rights-of-Way

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

Acquisition of Easements

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

Relocation Costs

If relocation expenses are incurred in conjunction with the acquisition of property, those expenses are eligible Project Costs. These costs may include, but are not limited to: preparation of a relocation plan; allocations of staff time; legal fees; publication of notices; obtaining appraisals; and payment of relocation benefits as required by Wisconsin Statutes Sections 32.19 and 32.195.

Site Preparation Activities

Environmental Audits and Remediation

There have been no known environmental studies performed within the proposed District. If, however, it becomes necessary to evaluate any land or improvement within the District, any cost incurred by the City related to environmental audits, testing, and remediation are eligible Project Costs.

Demolition

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

Site Grading

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

Utilities

Sanitary Sewer System Improvements

There may be inadequate sanitary sewer facilities serving areas of the District. To allow development or 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. The improvements to the wastewater treatment facilities, although not within the ½ mile radius, is an eligible project cost under Section 66.1105(2)(f)1 k.

Water System Improvements

There may be inadequate water distribution facilities serving areas of the District. To allow development or 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

Development or 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.

Streets and Streetscape

Street Improvements

There may be inadequate street improvements serving areas of the District. To allow development or redevelopment 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, 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 development or 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.

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.

Projects Outside the Tax Increment District

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

need to improve portions of the streets that adjoin but do not lie entirely within the boundaries of the District. To the extent that these streets may be determined not to lie within the boundary of the District, costs related to their potential improvement will be eligible Project Costs under this section.

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 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 Project Cost expenditures included in this Plan are determined not to be reimbursable out of the TIF fund by counsel retained by the City for purposes of making such determination, or a court of record so rules in a final order, then such Project Cost is deleted from this Plan and the remainder of the Projects shall be deemed the entirety of the Projects for purposes of this Plan.

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

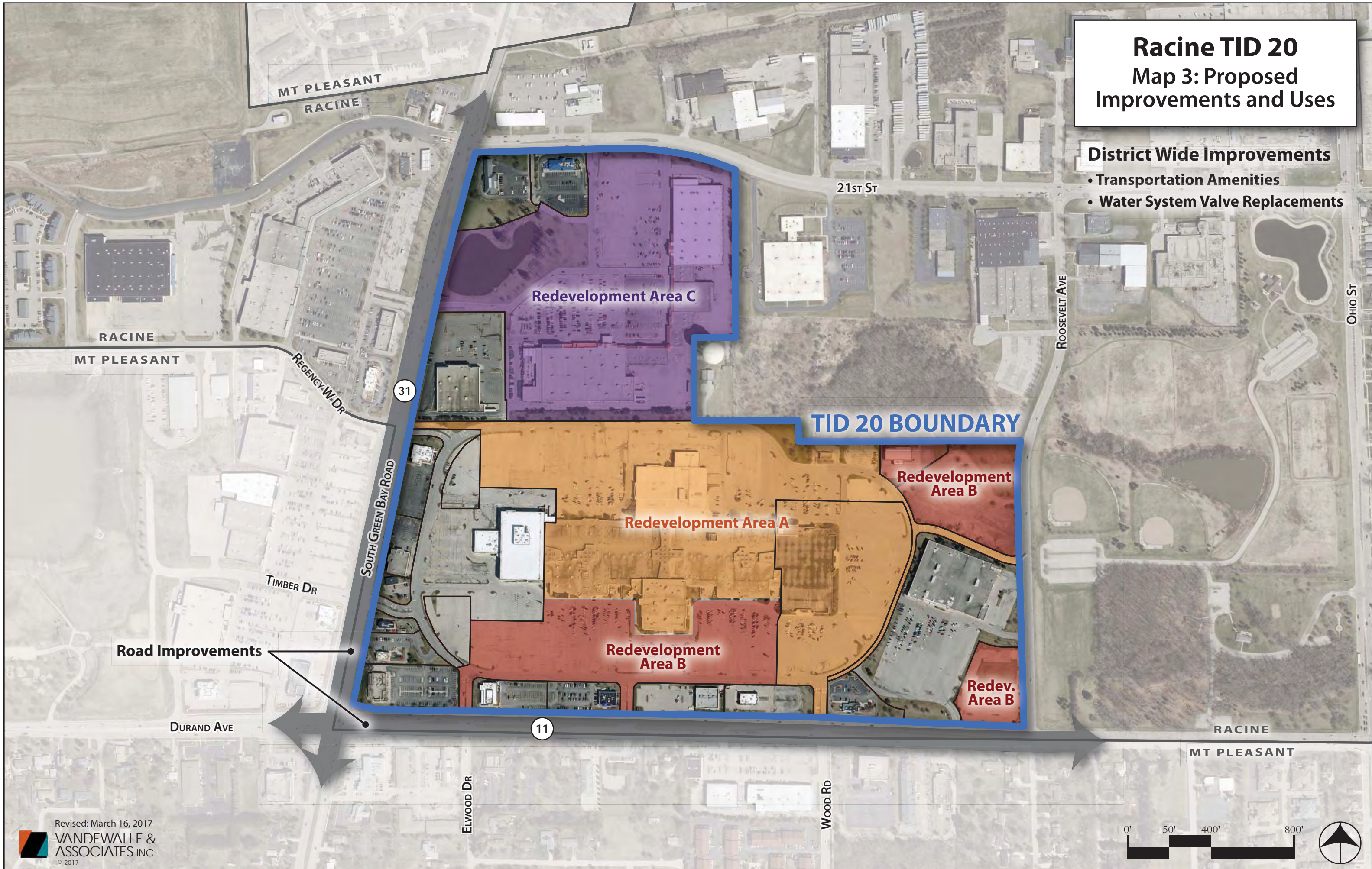
SECTION 8: Map Showing Proposed Improvements and Uses

Please see map on following page.

Racine TID 20

Map 3: Proposed Improvements and Uses

- District Wide Improvements**
- Transportation Amenities
 - Water System Valve Replacements



SECTION 9: Detailed List of Project Costs

All costs are based on 2017 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2017 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.

Proposed TIF Project Cost Estimates

City of Racine, Wisconsin				
Tax Incremental District No. 20 (Regency Mall)				
Estimated Project List				
Project ID	Project Name/Type	Notes	Implementation Timeframe ¹	Cost Estimate
1	Development Incentives - Redevelopment Area A	²	2019 - TID Closure	2,289,705
2	Development Incentives - Redevelopment Area B	²	2021 - TID Closure	8,392,293
3	Development Incentives - Redevelopment Area C	³	2021 - TID Closure	2,418,438
4	Water System Valve Replacements	⁴	2018	40,000
5	Road Improvements	⁵	2019	1,000,000
6	Transportation Amenities	⁵	2019	500,000
7	Land Use & Other Planning	⁵	2017 - 2018	50,000
8	Administration	⁶	2017 - TID Closure	320,000
9	Interest on Long Term Debt	⁷	2020 - 2031	660,375
10	Fiscal Charges & Debt Discount	⁷	2019	64,650
Total Projects				<u>15,735,461</u>
Notes:				
¹ Estimated timeframe only. Projects will be implemented as required to achieve the objectives of the Project Plan.				
² Amount shown reflects developer's preliminary request and is shown for purposes of establishing economic feasibility only. The City has not agreed to terms or conditions with the proposed developer as to any public participation in the project.				
³ Amount shown is estimated based on discussion with RCEDC and City staff, is preliminary, is shown for purposes of establishing economic feasibility only. The City has not agreed to terms or conditions with the proposed developer as to any public participation in the project.				
⁴ Cost estimate provided by City engineering.				
⁵ Cost estimate provided by City planning staff.				
⁶ Estimate provided by Ehlers.				
⁷ Estimate based on preliminary finance plan.				

SECTION 10:

Economic Feasibility Study, Financing Methods, and the Time When Costs or Monetary Obligations Related 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 multiple 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 be incurred 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

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. The Wisconsin State Constitution limits the principal amount of G.O. debt that the community may have outstanding at any point in time to an amount not greater than five percent of its total equalized value (TID IN).

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 statutory 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 form of 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 statutory 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 its various 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 purchasers 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 statutory borrowing capacity. 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

As part of the first phase of Plan implementation, the City expects to enter into a development agreement with the owners of Regency Mall (Area A) to provide TIF assistance on a "Pay as You Go" basis. Payments shown within the Cash Flow exhibit are illustrations for purposes of establishing economic feasibility only. The City has not agreed to terms or conditions with the owners of Regency Mall or any other potential development or redevelopment site within the District with respect to public financial participation.

In subsequent phases, the City expects it may need to install certain public improvements to facilitate development and redevelopment activities within the District. These improvements may include replacement of water valves, road improvements and construction of other transportation related amenities. The City may also incur costs to undertake land use or other planning related to activities within the District. For purposes of assessing economic feasibility, the Plan assumes the City will finance these improvements and activities with general obligation debt issued in 2019, however, public debt and expenditures should be made at the pace private development and redevelopment occurs to assure increment is sufficient to cover expenses.

As a result of the initial private and public investment within the District, the City expects that additional development and redevelopment will occur in Areas B and C. The Plan assumes that the City will make TIF assistance available on the same "Pay as You Go" basis to specific projects as they are proposed, and based on an evaluation of the appropriateness and need for public participation in each case.

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

City of Racine, Wisconsin			
Tax Incremental District No. 20 (Regency Mall)			
Estimated Financing Plan			
	G.O. Bond 2019	Cash Funded From Increment	Totals
Projects			
Water System Valve Replacements	40,000		40,000
Road Improvements	1,000,000		1,000,000
Transportation Amenities	500,000		500,000
Land Use & Other Planning	50,000		50,000
Administration	50,000	270,000	320,000
Development Incentives		13,100,436	13,100,436
Interest on Long Term Debt		660,375	660,375
Total Project Funds	1,640,000	14,030,811	15,670,811
Estimated Finance Related Expenses			
Costs of Issuance	41,775		41,775
Underwriter Discount	12.50	22,875	22,875
Capitalized Interest	123,525		
Total Financing Required	1,828,175		
Estimated Interest	0.25%	(2,050)	
Assumed spend down (months)	6		
Rounding	3,875		
Total	1,830,000	14,030,811	15,735,461
Notes:			

Development Assumptions

City of Racine, Wisconsin											
Tax Incremental District No. 20 (Regency Mall)											
Development Assumptions ¹											
		Redevelopment Area A			Redevelopment Area B			Redevelopment Area C			
Construction Year	Actual	Mall Renovation	New Tenant Buildouts	Co-Investment w/Burlington	Outparcel Development	160 Unit MF Complex	Parcels 6 & 8 (Israel Outlots)	High Ridge Center	Annual Total	Construction Year	
1 2017		500,000					1,500,000		2,000,000	2017	1
2 2018			468,750	500,000				(2,006,700)	(1,037,950)	2018	2
3 2019			468,750		1,218,750			17,308,720	18,996,220	2019	3
4 2020			468,750						468,750	2020	4
5 2021			468,750		1,218,750	10,500,000			12,187,500	2021	5
6 2022						10,500,000			10,500,000	2022	6
7 2023									0	2023	7
8 2024									0	2024	8
9 2025									0	2025	9
10 2026									0	2026	10
11 2027									0	2027	11
12 2028									0	2028	12
13 2029									0	2029	13
14 2030									0	2030	14
15 2031									0	2031	15
16 2032									0	2032	16
17 2033									0	2033	17
18 2034									0	2034	18
19 2035									0	2035	19
20 2036									0	2036	20
21 2037									0	2037	21
22 2038									0	2038	22
23 2039									0	2039	23
24 2040									0	2040	24
25 2041									0	2041	25
26 2042									0	2042	26
27 2043									0	2043	27
Totals	0	500,000	1,875,000	500,000	2,437,500	21,000,000	1,500,000	15,302,020	43,114,520		

Notes:
¹Value assumptions for Redevelopment Areas A & B taken from developer provided information. Valuation assumptions for remaining areas based on input received from property owners, RCEDC and City assessor.

Increment Revenue Projections

City of Racine, Wisconsin									
Tax Incremental District No. 20 (Regency Mall)									
Tax Increment Projection Worksheet									
Type of District	Rehabilitation			Base Value	62,143,977				
District Creation Date	April 18, 2017			Appreciation Factor	0.00%		x Apply to Base Value		
Valuation Date	Jan 1,	2017		Base Tax Rate	31.61				
Max Life (Years)	27			Rate Adjustment Factor					
Expenditure Periods/Termination	22	4/18/2039							
Revenue Periods/Final Year	26	2044							
Extension Eligibility/Years	Yes	3		Tax Exempt Discount Rate	4.50%				
Recipient District	Yes			Taxable Discount Rate	6.00%				
Construction Year	Value Added	Valuation Year	Inflation Increment	Total Increment	Revenue Year	Tax Rate ¹	Tax Increment	Tax Exempt NPV Calculation	Taxable NPV Calculation
1 2017	2,000,000	2018	0	2,000,000	2019	\$31.61	63,219	60,496	59,640
2 2018	-1,037,950	2019	0	962,050	2020	\$31.61	30,410	88,344	86,705
3 2019	18,996,220	2020	0	19,958,270	2021	\$31.61	630,869	641,172	616,395
4 2020	468,750	2021	0	20,427,020	2022	\$31.61	645,686	1,182,619	1,127,838
5 2021	12,187,500	2022	0	32,614,520	2023	\$31.61	1,030,925	2,009,886	1,898,205
6 2022	10,500,000	2023	0	43,114,520	2024	\$31.61	1,362,824	3,056,392	2,858,942
7 2023	0	2024	0	43,114,520	2025	\$31.61	1,362,824	4,057,834	3,765,298
8 2024	0	2025	0	43,114,520	2026	\$31.61	1,362,824	5,016,151	4,620,350
9 2025	0	2026	0	43,114,520	2027	\$31.61	1,362,824	5,933,202	5,427,004
10 2026	0	2027	0	43,114,520	2028	\$31.61	1,362,824	6,810,761	6,187,997
11 2027	0	2028	0	43,114,520	2029	\$31.61	1,362,824	7,650,532	6,905,916
12 2028	0	2029	0	43,114,520	2030	\$31.61	1,362,824	8,454,140	7,583,198
13 2029	0	2030	0	43,114,520	2031	\$31.61	1,362,824	9,223,142	8,222,143
14 2030	0	2031	0	43,114,520	2032	\$31.61	1,362,824	9,959,030	8,824,921
15 2031	0	2032	0	43,114,520	2033	\$31.61	1,362,824	10,663,229	9,393,580
16 2032	0	2033	0	43,114,520	2034	\$31.61	1,362,824	11,337,104	9,930,050
17 2033	0	2034	0	43,114,520	2035	\$31.61	1,362,824	11,981,960	10,436,154
18 2034	0	2035	0	43,114,520	2036	\$31.61	1,362,824	12,599,047	10,913,611
19 2035	0	2036	0	43,114,520	2037	\$31.61	1,362,824	13,189,561	11,364,042
20 2036	0	2037	0	43,114,520	2038	\$31.61	1,362,824	13,754,646	11,788,977
21 2037	0	2038	0	43,114,520	2039	\$31.61	1,362,824	14,295,397	12,189,859
22 2038	0	2039	0	43,114,520	2040	\$31.61	1,362,824	14,812,863	12,568,049
23 2039	0	2040	0	43,114,520	2041	\$31.61	1,362,824	15,308,045	12,924,833
24 2040	0	2041	0	43,114,520	2042	\$31.61	1,362,824	15,781,903	13,261,421
25 2041	0	2042	0	43,114,520	2043	\$31.61	1,362,824	16,235,357	13,578,957
26 2042	0	2043	0	43,114,520	2044	\$31.61	1,362,824	16,669,283	13,878,520
27 2043	0	2044	0	43,114,520	2045	\$31.61	1,362,824	17,084,524	14,161,126
Totals	43,114,520		0		Future Value of Increment		32,383,231		

Notes:
¹Tax rate shown is actual TID Interim rate for 2016/17 levy per DOR Form PC-202 methodology.

Cash Flow

City of Racine, Wisconsin																					
Tax Incremental District No. 20 (Regency Mall)																					
Cash Flow Projection																					
Year	Projected Revenues				Expenditures										Balances					Year	
	Tax Increments	Proceeds From Long Term Debt	Interest Earnings/ (Cost)	Total Revenues	G.O. Bond ¹ 1,830,000			Pay As You Go Development Incentives ²			Public Infrastructure	Land Use & Other Planning	Fiscal Charges & Debt Discount ³	Admin.	Total Expenditures	Change In Fund Balance	Cumulative Fund Balance	Long Term Debt Principal Outstanding	PAYGO Commitment Balances		Total Liabilities
					Dated Date: Prin (3/1)	Est. Rate	Interest	Redevelopment Area A Paygo @ 100%	Redevelopment Area B Paygo @ 50%	Redevelopment Area C Paygo @ 50%											
2017				0											65,000	(65,000)	(65,000)		2,289,705	2,289,705	2017
2018			(650)	(650)											75,000	(75,650)	(140,650)		2,289,705	2,289,705	2018
2019	63,219	1,830,000	(1,407)	1,891,812				15,805	0	0	1,500,000		64,650	10,000	1,590,455	301,358	160,708	1,830,000	4,692,338	6,522,338	2019
2020	30,410		1,607	32,017			123,525	46,426	0	0				10,000	179,951	(147,934)	12,773	1,830,000	13,038,206	14,868,206	2020
2021	630,869		128	630,997			82,350	61,243	19,262	241,844				10,000	414,699	216,298	229,071	1,830,000	12,715,857	14,545,857	2021
2022	645,686		2,291	647,976	100,000	4.500%	80,100	76,060	19,262	241,844				10,000	527,266	120,711	349,781	1,730,000	12,378,691	14,108,691	2022
2023	1,030,925		3,498	1,034,423	160,000	4.500%	74,250	90,877	204,473	241,844				10,000	781,444	252,979	602,760	1,570,000	11,841,497	13,411,497	2023
2024	1,362,824		6,028	1,368,851	165,000	4.500%	66,938	90,877	370,423	241,844				10,000	945,081	423,771	1,026,531	1,405,000	11,138,353	12,543,353	2024
2025	1,362,824		10,265	1,373,089	175,000	4.500%	59,288	90,877	370,423	241,844				10,000	947,431	425,658	1,452,189	1,230,000	10,435,210	11,665,210	2025
2026	1,362,824		14,522	1,377,346	180,000	4.500%	51,300	90,877	370,423	241,844				10,000	944,443	432,902	1,885,091	1,050,000	9,732,067	10,782,067	2026
2027	1,362,824		18,851	1,381,675	190,000	4.500%	42,975	90,877	370,423	241,844				10,000	946,118	435,556	2,320,648	860,000	9,028,923	9,888,923	2027
2028	1,362,824		23,206	1,386,030	200,000	4.500%	34,200	90,877	370,423	241,844				10,000	947,343	438,687	2,759,334	660,000	8,325,780	8,985,780	2028
2029	1,362,824		27,593	1,390,417	210,000	4.500%	24,975	90,877	370,423	241,844				10,000	948,118	442,299	3,201,633	450,000	7,622,637	8,072,637	2029
2030	1,362,824		32,016	1,394,840	220,000	4.500%	15,300	90,877	370,423	241,844				10,000	948,443	446,397	3,648,030	230,000	6,919,493	7,149,493	2030
2031	1,362,824		36,480	1,399,304	230,000	4.500%	5,175	90,877	370,423					10,000	706,475	692,829	4,340,859	0	6,458,194	6,458,194	2031
2032	1,362,824		43,409	1,406,232				90,877	370,423					10,000	471,300	934,933	5,275,792	0	5,996,894	5,996,894	2032
2033	1,362,824		52,758	1,415,582				90,877	370,423					10,000	471,300	944,282	6,220,074	0	5,535,595	5,535,595	2033
2034	1,362,824		62,201	1,425,024				90,877	370,423					10,000	471,300	953,725	7,173,799	0	5,074,295	5,074,295	2034
2035	1,362,824		71,738	1,434,562				90,877	370,423					10,000	471,300	963,262	8,137,061	0	4,612,996	4,612,996	2035
2036	1,362,824		81,371	1,444,194				90,877	370,423					10,000	471,300	972,895	9,109,956	0	4,151,696	4,151,696	2036
2037	1,362,824		91,100	1,453,923				90,877	370,423					10,000	471,300	982,624	10,092,580	0	3,690,396	3,690,396	2037
2038	1,362,824		100,926	1,463,750				90,877	370,423					10,000	471,300	992,450	11,085,030	0	3,229,097	3,229,097	2038
2039	1,362,824		110,850	1,473,674				90,877	370,423					10,000	471,300	1,002,374	12,087,405	0	2,767,797	2,767,797	2039
2040	1,362,824		120,874	1,483,698				90,877	370,423					10,000	471,300	1,012,398	13,099,803	0	2,306,498	2,306,498	2040
2041	1,362,824		130,998	1,493,822				90,877	370,423					10,000	471,300	1,022,522	14,122,325	0	1,845,198	1,845,198	2041
2042	1,362,824		141,223	1,504,047				90,877	370,423					10,000	471,300	1,032,747	15,155,072	0	1,383,899	1,383,899	2042
2043	1,362,824		151,551	1,514,374				90,877	370,423					10,000	471,300	1,043,075	16,198,147	0	922,599	922,599	2043
2044	1,362,824		161,981	1,524,805				90,877	370,423					10,000	471,300	1,053,506	17,251,653	0	461,300	461,300	2044
2045	1,362,824		172,517	1,535,340				90,877	370,423					10,000	471,300	1,064,041	18,315,694	0	(0)	(0)	2045
Total	32,383,231	1,830,000	1,667,925	35,881,155	1,830,000	0	660,375	2,289,705	8,392,293	2,418,438	1,540,000	50,000	64,650	320,000	17,565,461						Total
Notes:																Projected TID Closure					
¹ Debt obligation characterizations, structures, assumed rates and timing are illustrations for purposes of assessing feasibility only.																					
² Payments shown for purposes of establishing economic feasibility only. The City has not agreed to terms or conditions with the owners of Regency Mall or any other potential development or redevelopment site within the District.																					
³ Estimated finance related costs include (as applicable): underwriting discount; municipal advisor fees; legal fees (bond counsel) and rating fees.																					

SECTION 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.

SECTION 12: Estimate of Property to be Devoted to Retail Business

Pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1, the City estimates that 95% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

SECTION 13: Proposed Zoning Ordinance Changes

Any zoning changes required to implement the projects listed herein will be made in accordance with the zoning ordinance on a project by project basis.

SECTION 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 ordinances for the implementation of this Plan.

SECTION 15: Relocation

It is not anticipated there will be a need to relocate persons or businesses in conjunction with 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 Wisconsin Statutes.

SECTION 16: Orderly Development of the City of Racine

The District contributes to the orderly development of the City by providing the opportunity for continued growth in tax base, job opportunities and general economic activity.

SECTION 17: List of Estimated Non-Project Costs

Non-Project costs are public works projects or other expenditures 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. The City does not expect to incur any non-project costs in the implementation of this Project Plan.

SECTION 18:

Opinion of Attorney for the City of Racine Advising
Whether the Plan is Complete and Complies with
Wisconsin Statutes 66.1105

Scott R. Letteney
City Attorney

Nicole F. Larsen
Deputy City Attorney

Stacey Salvo
Paralegal

**Office of the
City Attorney**



City of Racine, Wisconsin

Nhu H. Tran
Assistant City Attorney

Marisa L. Kasriel
Assistant City Attorney

Colette A. Broadway
Paralegal

March 27, 2017

Mayor John Dickert
City of Racine
730 Washington Ave.
Racine, WI 53403

Re: City of Racine, Wisconsin Tax Incremental District No. 20

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 Wisconsin Statutes Section 66.1105(4)(f).

Sincerely,

Scott R. Letteney
City Attorney

SRL/cab

City Hall
730 Washington Avenue, Room 201
Racine, Wisconsin 53403
262-636-9115
262-636-9570 FAX

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

Project Plan TID No. 20 Creation
Prepared by Ehlers

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City of Racine
April 18, 2017