

June 24, 2020

Project Plan

Tax Incremental District No. 25

Horlick Campus Redevelopment



Organizational Joint Review Board Meeting Held:	Scheduled for June 24, 2020
Public Hearing Held:	Scheduled for June 24, 2020
Approval by Planning Heritage & Design Commission:	Scheduled for June 24, 2020
Adoption by Common Council:	Scheduled for July 8, 2020
Approval by the Joint Review Board:	TBD

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SECTION 1:

Executive Summary

Description of District

Tax Incremental District (“TID”) No. 25 (“District”) is a proposed “In Need of Rehabilitation or Conservation” District that will include approximately 36 acres bounded generally by Northwestern Avenue, High Street, and Summit Avenue. The proposed boundaries include the Horlick Historic District, a complex of nationally recognized historic buildings to include the former Horlick Malted Milk Company which operated a food manufacturing business from 1875 to 1951. At its peak in the 1920s Horlick employed over 1,000 people making it one of the City’s most notable industrial enterprises at the time. The site has been largely underutilized since 1975 when Horlick’s successor closed the plant.

The District will be created initially to pay costs associated with the rehabilitation and conservation of the historic buildings located at 2100 and 2200 Northwestern Avenue, and to rehabilitate and install infrastructure necessary to serve the redevelopment area (“Project”). The structure located at 2100 Northwestern will be rehabilitated to create 60 affordable multi-family units. The structure located at 2200 Northwestern Avenue will house 74 market-rate multi-family units. The Project, proposed by J. Jeffers & Co. (“Developer”) is expected to include subsequent phases with additional construction on the 2100 and 2200 Northwestern Avenue parcels, and rehabilitation or construction of structures located at 2102 Northwestern Avenue, 1450 Summit Avenue and 1500 Summit Avenue. In addition to the incremental property value that will be created, the City expects the Project will result in increased employment opportunities, preservation of notable historic structures, provision of both affordable and market rate housing which meet a local need, and other general economic activity related to the construction and operation of the Project.

Authority

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

Estimated Total Project Cost Expenditures

The City anticipates making total expenditures of approximately \$17.3 million (“Project Costs”) to undertake the projects listed in this Project Plan (“Plan”). Project Costs include an estimated \$9.6 million for Phase I development incentives, \$416,000 for planning, administrative and other infrastructure expense, and \$7.4 million for potential future phase development incentives.

The City has not yet entered into a Development Agreement with Developer for the first phase of the Project. The level and form of any tax incremental financing (“TIF”) assistance provided may therefore vary from this Plan depending on the terms of the Development Agreement which will be subject to approval by the Common Council. The amounts included as development incentives for future phases are for forecasting purposes only and are intended to provide the City additional flexibility in implementation of this Plan. Additional phases may or may not proceed, and the City will evaluate the merits of providing further assistance based on demonstrated need.

Incremental Valuation

The City projects that rehabilitation of the structures located at 2100 and 2200 Northwestern Avenue will create approximately \$10.7 million in incremental property value, which the Developer will guarantee. The Developer has estimated that additional Project phases will result in approximately \$100 million of construction costs. For purposes of the Plan it is assumed that these additional phases will create a total of \$40 in incremental value over the period of 2023 to 2027. A table detailing assumption’s as to the development timing and associated values is included in the Economic Feasibility Study located within this Plan.

Expected Termination of District

Based on the Economic Feasibility Study in this Plan, the City anticipates that the District will generate enough tax increment to pay all Phase I Project Costs within 24 of its allowable 27 years. The District’s closure could be accelerated if additional Project phases are undertaken.

Summary of Findings

As required by Wis. Stat. § 66.1105, and as documented in this Plan and the exhibits contained and referenced herein, the following findings are made:

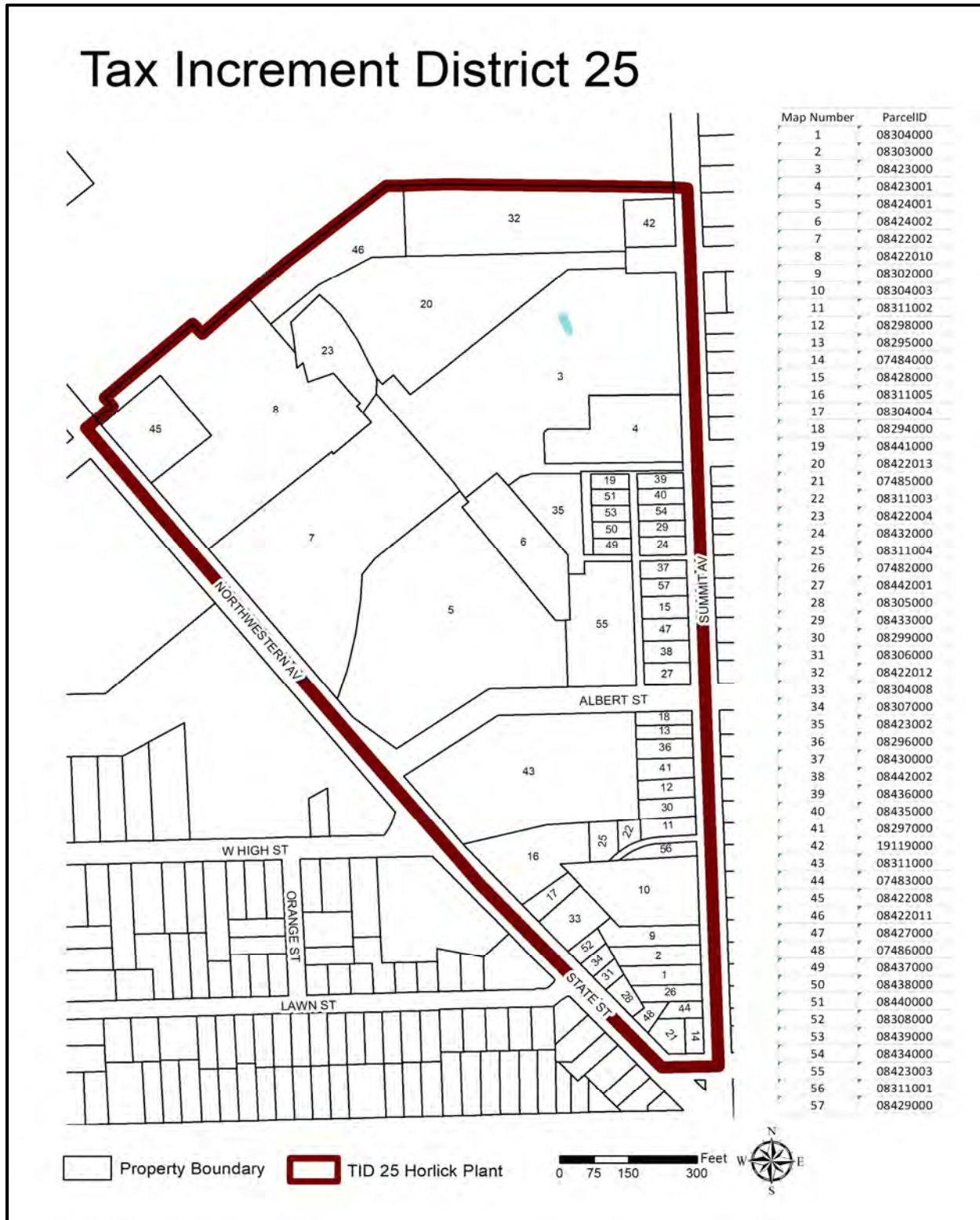
1. That “but for” the creation of this District, the development projected to occur as detailed in this Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the City. In making this determination, the City has considered the following information: That redevelopment of existing structures involves significant additional costs as compared to new construction which makes the Project less likely to attract the necessary investment capital. These costs include potential environmental remediation, rehabilitation and preservation of historic building features, and the need to rehabilitate and install infrastructure. Additionally, a portion of the Project will include creation of

affordable multi-family rental housing which reduces Project cash flows. The City also recognizes that Developer will leverage Federal and State tax credit programs to minimize the need for TIF assistance. Based on the extraordinary costs associated with the Project the City finds that a public investment is warranted recognizing the economic benefits that will be realized by the City and other taxing jurisdictions and given that the City believes that the Project will not proceed but for that public investment.

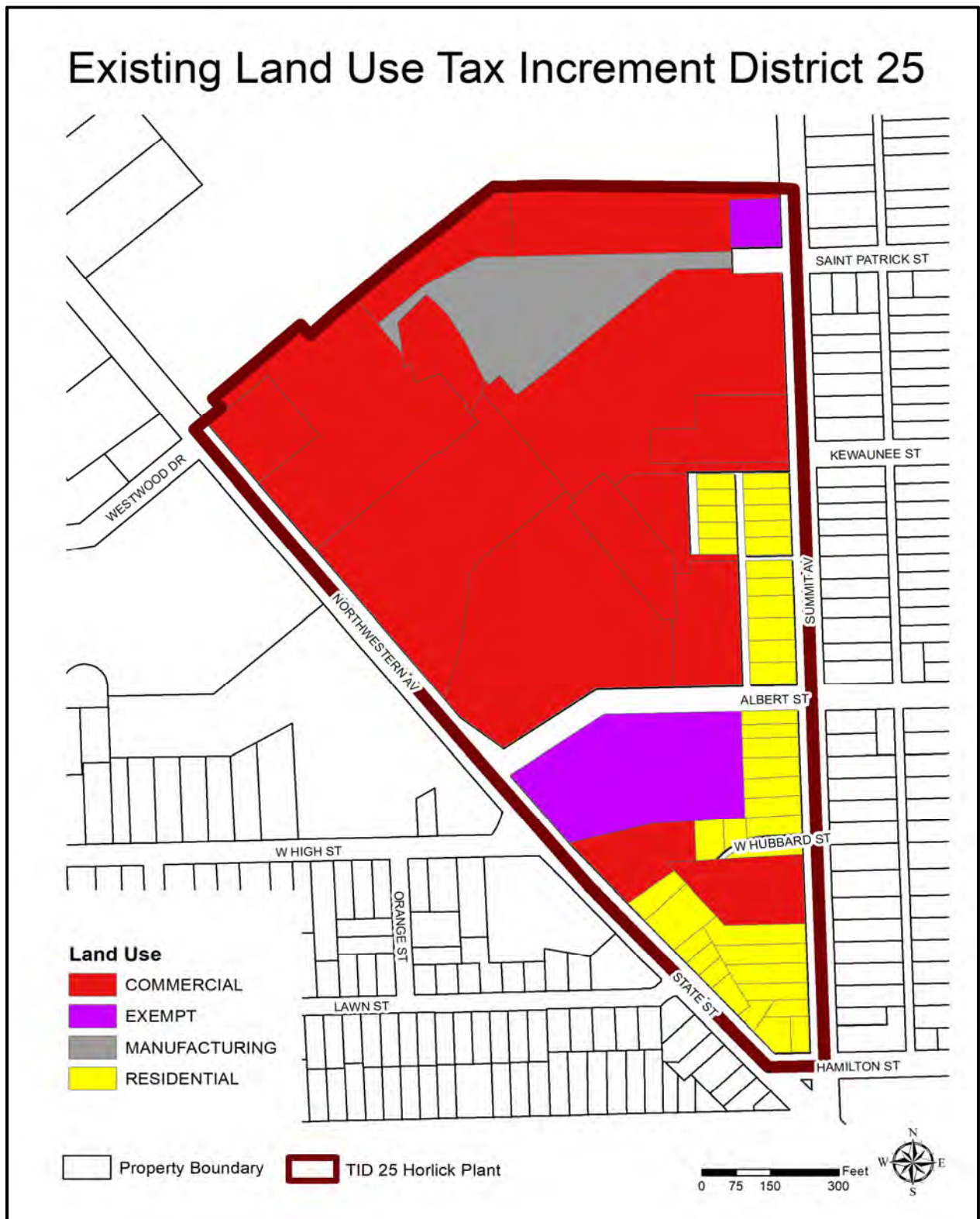
2. **The economic benefits of the District, as measured by increased employment, business and personal income, and property value, are enough to compensate for the cost of the improvements. In making this determination, the City has considered the following information:** That development of new uses in the District will add to the tax base and will generate positive secondary impacts in the community such as increased opportunities for employment, personal income and business income related to the construction and operation of the Project, and provision of affordable and market rate housing opportunities for City residents.
3. **The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.** As required by Wis. Stat. § 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been prepared and can be found in this Plan. However, because the Project would not occur without the use of tax incremental financing, these tax increments would not be paid but for creation of the District. Accordingly, the City finds that the benefits expected to be realized as set forth in this Plan outweigh the value of the tax increments to be invested in the Project.
4. Not less than 50% by area of the real property within the District is in need of rehabilitation or conservation work as defined by Wis. Stat. § 66.1337(2m)(a).
5. Based on the foregoing finding, the District is designated as rehabilitation or conservation district.
6. The Project Costs relate directly to the rehabilitation or conservation of property and improvements in the District, consistent with the purpose for which the District is created.
7. Improvements to be made in the District are likely to significantly enhance the value of substantially all of the other real property in the District.

8. The equalized value of taxable property in the District, plus the incremental value of all existing tax incremental districts within the City does not exceed 12% of the total equalized value of taxable property within the City.
9. The City estimates that less than 35% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period, pursuant to Wis. Stat. § 66.1105(5)(b).
10. That there are no parcels to be included within the District that were annexed by the City within the preceding three-year period.
11. The Plan for the District is feasible and is in conformity with the Master Plan of the City.

SECTION 2: Preliminary Map of Proposed District Boundary



SECTION 3: Maps Showing Existing Uses and Conditions



Existing Conditions Tax Increment District 25



SECTION 4:

Preliminary Parcel List and Analysis

The District will include the parcels identified in the table beginning on this page. Valuations listed are equalized, and as of January 1, 2019. Actual District base value will be certified using January 1, 2020 valuations which are not yet available. Any increases in valuation occurring after January 1, 2020 will generate incremental value.

Parcel Number	Street Address	Current Value (Jan. 1, 2019)	Acres	In Need of Rehab. or Cons. Acres
21196007	2501 HIGH ST	0	0.609	0.000
21199000	2420 NORTHWESTERN AVE	1,237,751	1.025	0.000
21200000	2400 NORTHWESTERN AVE	1,237,751	1.046	0.000
08422010	2220 NORTHWESTERN AVE	361,011	3.392	0.000
08422011	2242 NORTHWESTERN AVE	82,517	0.911	0.911
08422008	2240 NORTHWESTERN AVE	598,247	0.681	0.000
08422013	2234 NORTHWESTERN AVE	402,269	2.469	2.469
08422004	2230 NORTHWESTERN AVE	49,510	0.587	0.000
08422002	2200 NORTHWESTERN AVE	308,406	3.462	3.462
08424002	2102 NORTHWESTERN AVE	28,881	0.786	0.786
08424001	2100 NORTHWESTERN AVE	226,921	3.875	3.875
08422012	1906 ST PATRICK ST	263,022	1.765	1.765
19119000	1600 SUMMIT AVE	0	0.268	0.268
08423000	1450 SUMMIT AVE	227,953	4.314	4.314
08423001	1500 SUMMIT AVE	319,752	0.882	0.882
08423002	2009 KEWAUNEE ST	91,800	0.505	0.000
08423003	1914 ALBERT ST	254,771	0.912	0.000
08441000	1443 HORLICK AVE	50,542	0.065	0.000
08440000	1441 HORLICK AVE	45,384	0.071	0.000
08439000	1439 HORLICK AVE	49,510	0.071	0.000

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Parcel Number	Street Address	Current Value (Jan. 1, 2019)	Acres	In Need of Rehab. or Cons. Acres
08438000	1437 HORLICK AVE	54,667	0.071	0.000
08437000	1435 HORLICK AVE	45,384	0.072	0.000
08436000	1444 SUMMIT AVE	57,762	0.079	0.000
08435000	1442 SUMMIT AVE	51,573	0.084	0.000
08434000	1440 SUMMIT AVE	57,762	0.085	0.000
08433000	1438 SUMMIT AVE	68,076	0.084	0.000
08432000	1436 SUMMIT AVE	58,793	0.098	0.000
08430000	1426 SUMMIT AVE	47,447	0.093	0.000
08429000	1422 SUMMIT AVE	57,762	0.093	0.000
08428000	1418 SUMMIT AVE	61,888	0.116	0.000
08427000	1412 SUMMIT AVE	63,950	0.116	0.000
08442002	1406 SUMMIT AVE	74,265	0.116	0.000
08442001	1402 SUMMIT AVE	109,335	0.116	0.000
08311000	1949 ALBERT ST	0	2.559	0.000
08311005	1960 STATE ST	178,442	0.665	0.000
08304004	1952 STATE ST	34,038	0.131	0.000
08304008	1948 STATE ST	87,674	0.266	0.000
08308000	1942 STATE ST	61,888	0.071	0.000
08307000	1938 STATE ST	59,825	0.062	0.000
08306000	1934 STATE ST	54,667	0.054	0.000
08305000	1930 STATE ST	64,982	0.084	0.000
07486000	1922 STATE ST	57,762	0.065	0.000
07485000	1904 HAMILTON ST	54,667	0.117	0.000
07484000	1902 HAMILTON ST	60,856	0.074	0.000
07483000	1202 SUMMITT AVE	49,510	0.075	0.000
07482000	1206 SUMMITT AVE	59,825	0.126	0.000

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Parcel Number	Street Address	Current Value (Jan. 1, 2019)	Acres	In Need of Rehab. or Cons. Acres
08304000	1222 SUMMITT AVE	46,416	0.172	0.000
08303000	1224 SUMMITT AVE	45,384	0.196	0.000
08302000	1228 SUMMITT AVE	50,542	0.230	0.000
08304003	1232 SUMMITT AVE	55,699	0.822	0.000
08311001	1302 SUMMITT AVE	68,076	0.106	0.000
08311004	1914 W HUBBARD ST	7,736	0.126	0.000
08311003	1912 W HUBBARD ST	40,227	0.066	0.000
08311002	1306 SUMMITT AVE	54,667	0.119	0.000
08299000	1308 SUMMITT AVE	66,013	0.125	0.000
08298000	1312 SUMMITT AVE	58,793	0.125	0.000
08297000	1314 SUMMITT AVE	38,164	0.131	0.000
08296000	1318 SUMMITT AVE	59,825	0.123	0.000
08295000	1320 SUMMITT AVE	36,101	0.088	0.000
08294000	1322 SUMMITT AVE	42,290	0.088	0.000
Totals		8,138,731	35.778	18.732

Parcels in need of rehabilitation or conservation work as defined by Wis. Stat. § 66.1337(2m)(a) comprise 52.35% of the total District area. The Project is an urban renewal project that includes undertakings and activities for the elimination, and for the prevention of the development or spread, of slums or blighted, deteriorated or deteriorating areas and may involve any work or undertaking for this purpose constituting a redevelopment project, or any rehabilitation or conservation work, or any combination of the undertaking or work. By undertaking the Project, the City expects to preserve important historic structures that will provide both affordable and market rate housing opportunities for City residents. By promoting economic activity and encouraging redevelopment in the District, the Project will further the City's efforts to eliminate and to prevent the development of slums or blighted, deteriorated or deteriorating areas.

Specifically, the Project involves the following undertakings and activities:

1. Rehabilitation and conservation by Developer of the historic buildings located at 2100 and 2200 Northwestern Avenue, and additional buildings in future phases, constituting the carrying out of plans for a program of voluntary or compulsory repair and rehabilitation of buildings.
2. Installation, construction or reconstruction by Developer of streets, utilities, and other infrastructure for carrying out the objectives of the urban renewal project.

SECTION 5:

Equalized Value Test

The following calculations demonstrate that the City expects to be in compliance with Wis. Stat. § 66.1105(4)(gm)4.c., which requires that the equalized value of the taxable property in the proposed District, plus the value increment of all existing tax incremental districts, does not exceed 12% of the total equalized value of taxable property within the City.

Calculation of City Equalized Value Limit

City TID IN Equalized Value (Jan. 1, 2019)	\$ 3,718,970,500
TID Valuation Limit @ 12% of Above Value	\$ 446,276,460

Calculation of Value Subject to Limit

Base Value of New District	\$ 8,138,731
Incremental Value of Existing Districts (Jan. 1, 2019)	\$ <u>74,949,400</u>
Total Value Subject to 12% Valuation Limit	\$ 83,088,131

The equalized value of the increment of existing tax incremental districts within the City totals \$82,308,864. This value is less than the maximum of \$446,276,460 in equalized value that is permitted for the City.

SECTION 6:

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

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

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

The following is a list of public works and other tax incremental financing eligible Project Costs that the City expects to make, or may need to make, in conjunction with the implementation of the District's Plan. The map found in Section 7 of this Plan along with the Detailed List of Project Costs found in Section 8 provide additional information as to the kind, number and location of potential Project Costs.

Property, Right-of-Way and Easement Acquisition

Acquisition of Rights-of-Way

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

Acquisition of Easements

The City may need to acquire temporary or permanent easements to allow for installation and maintenance of streets, driveways, sidewalks, utilities, stormwater management practices and other public infrastructure. Costs

incurred by the City to identify, negotiate and acquire easement rights are eligible Project Costs.

Site Preparation Activities

Environmental Audits and Remediation

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

Demolition

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

Site Grading

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

Utilities

Sanitary Sewer System Improvements

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

wastewater treatment facilities, although not within the ½ mile radius, is an eligible project cost under Wis. Stat. § 66.1105(2)(f)1 k.

Water System Improvements

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

Stormwater Management System Improvements

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

Electric Service

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

Gas Service

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

Communications Infrastructure

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

Streets and Streetscape

Street Improvements

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

Streetscaping and Landscaping

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

Community Development

Cash Grants (Development Incentives)

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

Miscellaneous

Projects Outside the Tax Increment District

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

Professional Service and Organizational Costs

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

Administrative Costs

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

Financing Costs

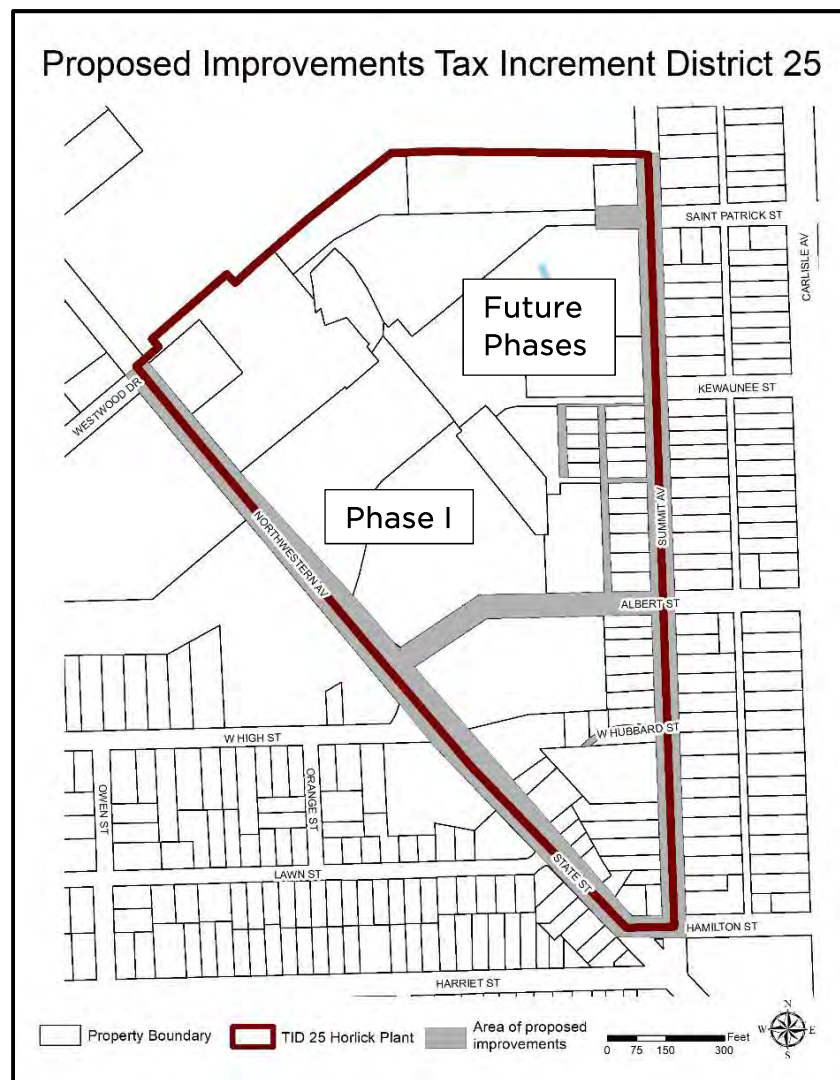
Interest expense, debt issuance expenses, redemption premiums, and any other fees and costs incurred in conjunction with obtaining financing for projects undertaken under this Plan are eligible Project Costs.

SECTION 7:

Maps Showing Proposed Improvements and Uses

Phase I Improvements to be made within the District include rehabilitation of the structures located at 2100 and 2200 Northwestern Avenue. The structure located at 2100 Northwestern will be rehabilitated to create 60 affordable multi-family units. The structure located at 2200 Northwestern Avenue will house 74 market-rate multi-family units.

The Project is expected to include subsequent Future Phases with additional construction on the 2100 and 2200 Northwestern Avenue parcels, and rehabilitation or construction of structures located at 2102 Northwestern Avenue, 1450 Summit Avenue and 1500 Summit Avenue. Additionally, the City expects that projects undertaken by Developer may encourage owners of other property within the District to make improvements that will increase property values and provide further economic benefits.



Project Costs will take the form of development incentives that will be necessary to allow for Phase I and Future Phase improvements to proceed. The City, or Developer, may also need to install or rehabilitate private or public infrastructure within the Project area or in the rights-of-way throughout and adjoining the District.

Future Land Use Tax Increment District 25



SECTION 8:

Detailed List of Estimated Project Costs

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

City of Racine, Wisconsin				
Tax Increment District # 25 (Horlick Campus)				
Estimated Project List				
Project ID	Project Name/Type	Phase I 2020-2046	Future Phases 2023-2046	Ongoing Costs
1	Development Incentives - Infrastructure (Up Front Cash) ¹	3,000,000		
2	Development Incentives - "Pay As You Go" ¹	6,553,138	7,371,997	
3	Planning, Admin. & Other Infrastructure			416,000
Total Projects		9,553,138	7,371,997	416,000
				17,341,135
Notes:				
¹ Projected potential incentive payments. The City has not entered into a Development Agreement with Developer for the Project. The level and form of any TIF assistance provided may vary from this Plan depending on the terms of the Development Agreement which will be subject to approval by the Common Council. Any TIF assistance provided for future phases would be subject to a separate agreement.				

SECTION 9: Economic Feasibility Study, Description of the Methods of Financing Estimated Project Costs and the Time When Related Costs or Monetary Obligations are to be Incurred

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

Key Assumptions

The Project Costs the City plans to make are expected to create \$10.7 million in incremental value by January 1, 2022 as a result of rehabilitation of the structures located at 2100 and 2200 Northwestern Avenue. The Developer has estimated that additional Project phases will result in approximately \$100 million of construction costs. For purposes of the Plan it is assumed that these additional phases will create a total of \$40 in incremental value over the period of 2023 to 2027. These estimated valuations and timing are reflected in Table 1.

Assuming the City's current equalized TID Interim tax rate of \$28.35 per thousand of equalized value, and no economic appreciation or depreciation, rehabilitation of the structures located at 2100 and 2200 Northwestern Avenue would generate \$7.89 million in incremental tax revenue over the 27-year term of the District. (Table 2). Future phases at an assumed valuation of \$40 million and a buildout over a five-year period commencing in 2023 would generate \$24.6 million in incremental tax revenue over the 27-year term of the District. (Table 3).

City of Racine, Wisconsin
Tax Increment District # 25 (Horlick Campus)
Development Assumptions

Construction Year		Actual	Phase I Min. Value Guarantee ¹	Future Phases ²	Annual Total	Construction Year	
1	2020				0	2020	1
2	2021		10,700,000		10,700,000	2021	2
3	2022				0	2022	3
4	2023			8,000,000	8,000,000	2023	4
5	2024			8,000,000	8,000,000	2024	5
6	2025			8,000,000	8,000,000	2025	6
7	2026			8,000,000	8,000,000	2026	7
8	2027			8,000,000	8,000,000	2027	8
9	2028				0	2028	9
10	2029				0	2029	10
11	2030				0	2030	11
12	2031				0	2031	12
13	2032				0	2032	13
14	2033				0	2033	14
15	2034				0	2034	15
16	2035				0	2035	16
17	2036				0	2036	17
18	2037				0	2037	18
19	2038				0	2038	19
20	2039				0	2039	20
21	2040				0	2040	21
22	2041				0	2041	22
23	2042				0	2042	23
24	2043				0	2043	24
25	2044				0	2044	25
26	2045				0	2045	26
27	2046				0	2046	27
Totals		0	10,700,000	40,000,000	50,700,000		

Notes:

¹Proposed Minimum Valuation Guarantee.

²Developer has represented that construction costs for future phases will be approximately \$99.65 million. Timing and valuations assumed by Ehlers for discussion only. Construction cost figures may not equate to actual valuation for taxation purposes.

Table 1 – Development Assumptions

City of Racine, Wisconsin

Tax Increment District # 25 (Horlick Campus)

Tax Increment Projection Worksheet - Phase I

Type of District	Rehabilitation	Base Value	8,138,731
District Creation Date	January 1, 2020	Appreciation Factor	0.00%
Valuation Date	Jan 1, 2020	Base Tax Rate	\$28.35
Max Life (Years)	27	Rate Adjustment Factor	
Expenditure Period/Termination	22 1/1/2042		
Revenue Periods/Final Year	27 2048		
Extension Eligibility/Years	Yes 3	Tax Exempt Discount Rate	2.50%
Eligible Recipient District	Yes	Taxable Discount Rate	5.00%

Construction	Valuation	Inflation	Total				
Year	Value Added	Year	Increment	Increment	Revenue Year	Tax Rate ¹	Tax Increment
1	2020	0	2021	0	2022	\$28.35	0
2	2021	10,700,000	2022	0	2023	\$28.35	303,386
3	2022	0	2023	0	2024	\$28.35	303,386
4	2023	0	2024	0	2025	\$28.35	303,386
5	2024	0	2025	0	2026	\$28.35	303,386
6	2025	0	2026	0	2027	\$28.35	303,386
7	2026	0	2027	0	2028	\$28.35	303,386
8	2027	0	2028	0	2029	\$28.35	303,386
9	2028	0	2029	0	2030	\$28.35	303,386
10	2029	0	2030	0	2031	\$28.35	303,386
11	2030	0	2031	0	2032	\$28.35	303,386
12	2031	0	2032	0	2033	\$28.35	303,386
13	2032	0	2033	0	2034	\$28.35	303,386
14	2033	0	2034	0	2035	\$28.35	303,386
15	2034	0	2035	0	2036	\$28.35	303,386
16	2035	0	2036	0	2037	\$28.35	303,386
17	2036	0	2037	0	2038	\$28.35	303,386
18	2037	0	2038	0	2039	\$28.35	303,386
19	2038	0	2039	0	2040	\$28.35	303,386
20	2039	0	2040	0	2041	\$28.35	303,386
21	2040	0	2041	0	2042	\$28.35	303,386
22	2041	0	2042	0	2043	\$28.35	303,386
23	2042	0	2043	0	2044	\$28.35	303,386
24	2043	0	2044	0	2045	\$28.35	303,386
25	2044	0	2045	0	2046	\$28.35	303,386
26	2045	0	2046	0	2047	\$28.35	303,386
27	2046	0	2047	0	2048	\$28.35	303,386
Totals	10,700,000		0		Future Value of Increment		7,888,037

Notes:

¹Actual TID Interim Rate for the 2019/20 levy year per DOR Form PC-202 (Tax Increment Collection Worksheet)

Table 2 – Phase I Tax Increment Projection Worksheet

City of Racine, Wisconsin

Tax Increment District # 25 (Horlick Campus)

Tax Increment Projection Worksheet - Future Phases

Type of District	Rehabilitation	Base Value	8,138,731
District Creation Date	January 1, 2020	Appreciation Factor	0.00%
Valuation Date	Jan 1, 2020	Base Tax Rate	\$28.35
Max Life (Years)	27	Rate Adjustment Factor	
Expenditure Period/Termination	22 1/1/2042		
Revenue Periods/Final Year	27 2048		
Extension Eligibility/Years	Yes 3	Tax Exempt Discount Rate	2.50%
Eligible Recipient District	Yes	Taxable Discount Rate	5.00%

Construction Year	Value Added	Valuation Year	Inflation Increment	Total Increment	Revenue Year	Tax Rate ¹	Tax Increment
1	2020	0	2021	0	2022	\$28.35	0
2	2021	0	2022	0	2023	\$28.35	0
3	2022	0	2023	0	2024	\$28.35	0
4	2023	8,000,000	2024	0	2025	\$28.35	226,831
5	2024	8,000,000	2025	0	2026	\$28.35	453,661
6	2025	8,000,000	2026	0	2027	\$28.35	680,492
7	2026	8,000,000	2027	0	2028	\$28.35	907,323
8	2027	8,000,000	2028	0	2029	\$28.35	1,134,153
9	2028	0	2029	0	2030	\$28.35	1,134,153
10	2029	0	2030	0	2031	\$28.35	1,134,153
11	2030	0	2031	0	2032	\$28.35	1,134,153
12	2031	0	2032	0	2033	\$28.35	1,134,153
13	2032	0	2033	0	2034	\$28.35	1,134,153
14	2033	0	2034	0	2035	\$28.35	1,134,153
15	2034	0	2035	0	2036	\$28.35	1,134,153
16	2035	0	2036	0	2037	\$28.35	1,134,153
17	2036	0	2037	0	2038	\$28.35	1,134,153
18	2037	0	2038	0	2039	\$28.35	1,134,153
19	2038	0	2039	0	2040	\$28.35	1,134,153
20	2039	0	2040	0	2041	\$28.35	1,134,153
21	2040	0	2041	0	2042	\$28.35	1,134,153
22	2041	0	2042	0	2043	\$28.35	1,134,153
23	2042	0	2043	0	2044	\$28.35	1,134,153
24	2043	0	2044	0	2045	\$28.35	1,134,153
25	2044	0	2045	0	2046	\$28.35	1,134,153
26	2045	0	2046	0	2047	\$28.35	1,134,153
27	2046	0	2047	0	2048	\$28.35	1,134,153
Totals	40,000,000		0		Future Value of Increment		24,951,375

Notes:

¹Actual TID Interim Rate for the 2019/20 levy year per DOR Form PC-202 (Tax Increment Collection Worksheet)

Table 3 – Future Phases Tax Increment Projection Worksheet

Financing and Implementation

The City plans to provide an incentive to Developer for the Phase I infrastructure that will be needed to allow for the initial phase of the Project. This incentive will be a cash payment funded with a transfer of excess tax increment from Tax Incremental District No. 14. Concurrent with creation of the District, the City expects to amend the project plan of TID No. 14 to permit this transfer of funds to the District. A portion of the transferred funds will also be used to pay planning and administrative expense prior to the time that tax increments become available. Planning and administrative expense, along with any other infrastructure expenditures the City may need to make, will be paid from annual tax increment revenue.

In addition to the infrastructure incentive, the City will make a “pay as you go” incentive payment to Developer from tax increment generated by the Phase I Project. These payments are limited to tax increment actually generated and received by the City. For purpose of this Plan, payments are assumed to equal 90% of the tax increment generated for a period 25 years commencing with the 2022 budget year. The City has not yet entered into a Development Agreement with Developer for the first phase of the Project. The level and form of any TIF assistance provided may therefore vary from this Plan depending on the terms of the Development Agreement which will be subject to approval by the Common Council.

The projections included in this Section also assume payment of “pay as you go” incentives for future phases of the Project. These amounts are included for forecasting purposes only and are intended to provide the City additional flexibility in implementation of this Plan. Additional phases may or may not proceed, and the City will evaluate the merits of providing further assistance based on demonstrated need.

Based on the Project Cost expenditures as included within the cash flow exhibit for Phase I (**Table 4**), the District is projected to accumulate enough funds by the year 2045 to pay off all Project cost liabilities and obligations. The projected closure is based on the various assumptions noted in this Plan and will vary dependent on actual Project Costs incurred and the actual amount of tax increments collected. A second cash flow exhibit (**Table 5**) is included which models the potential additional Project phases and associated incentive payments. Successful implementation of Phase I is not reliant on future phases proceeding, and to the extent additional development and redevelopment occurs, it will likely accelerate the projected closure of the District.

City of Racine, Wisconsin

Tax Increment District # 25 (Horlick Campus)

Phase I Project

Cash Flow Projection

Year	Projected Revenues				Projected Expenditures					Balances			Year
	Tax Increments		Transfer from TID # 14	Total Revenues	Development Incentives ¹			Planning, Admin. & Other Infrastructure	Total Expenditures	Annual	Cumulative	PAYGO Outstanding	
	Phase I	Future Phases			Infrastructure (Up Front Cash)	Phase I "Pay As You Go"	Future Phases "Pay As You Go"						
2020			3,150,000	3,150,000	3,000,000			100,000	3,100,000	50,000	50,000	6,553,138	2020
2021				0				25,000	25,000	(25,000)	25,000	6,553,138	2021
2022	0	0		0				11,000	11,000	(11,000)	14,000	6,553,138	2022
2023	303,386	0		303,386		273,047		11,000	284,047	19,339	33,339	6,280,091	2023
2024	303,386	0		303,386		273,047		11,000	284,047	19,339	52,677	6,007,043	2024
2025	303,386	0		303,386		273,047		11,000	284,047	19,339	72,016	5,733,996	2025
2026	303,386	0		303,386		273,047		11,000	284,047	19,339	91,354	5,460,949	2026
2027	303,386	0		303,386		273,047		11,000	284,047	19,339	110,693	5,187,901	2027
2028	303,386	0		303,386		273,047		10,000	283,047	20,339	131,032	4,914,854	2028
2029	303,386	0		303,386		273,047		10,000	283,047	20,339	151,370	4,641,806	2029
2030	303,386	0		303,386		273,047		10,000	283,047	20,339	171,709	4,368,759	2030
2031	303,386	0		303,386		273,047		10,000	283,047	20,339	192,047	4,095,711	2031
2032	303,386	0		303,386		273,047		10,000	283,047	20,339	212,386	3,822,664	2032
2033	303,386	0		303,386		273,047		10,000	283,047	20,339	232,725	3,549,617	2033
2034	303,386	0		303,386		273,047		10,000	283,047	20,339	253,063	3,276,569	2034
2035	303,386	0		303,386		273,047		10,000	283,047	20,339	273,402	3,003,522	2035
2036	303,386	0		303,386		273,047		10,000	283,047	20,339	293,740	2,730,474	2036
2037	303,386	0		303,386		273,047		10,000	283,047	20,339	314,079	2,457,427	2037
2038	303,386	0		303,386		273,047		10,000	283,047	20,339	334,418	2,184,379	2038
2039	303,386	0		303,386		273,047		10,000	283,047	20,339	354,756	1,911,332	2039
2040	303,386	0		303,386		273,047		10,000	283,047	20,339	375,095	1,638,285	2040
2041	303,386	0		303,386		273,047		10,000	283,047	20,339	395,433	1,365,237	2041
2042	303,386	0		303,386		273,047		10,000	283,047	20,339	415,772	1,092,190	2042
2043	303,386	0		303,386		273,047		10,000	283,047	20,339	436,111	819,142	2043
2044	303,386	0		303,386		273,047		10,000	283,047	20,339	456,449	546,095	2044
2045	303,386	0		303,386		273,047		10,000	283,047	20,339	476,788	273,047	2045
2046	303,386	0		303,386		273,047		10,000	283,047	20,339	497,126	0	2046
2047	303,386	0		303,386				10,000	10,000	293,386	790,513	0	2047
2048	303,386	0		303,386				25,000	25,000	278,386	1,068,899	0	2048
Total	7,888,037	0	3,150,000	11,038,037	3,000,000	6,553,138	0	416,000	9,969,138				Total

Projected TID Closure

Notes:

¹Projected potential incentive payments. The City has not entered into a Development Agreement with Developer for the Project. The level and form of any TIF assistance provided may vary from this Plan depending on the terms of the Development Agreement which will be subject to approval by the Common Council. Any TIF assistance provided for future phases would be subject to a separate agreement.

Table 4 - Phase I Cash Flow

City of Racine, Wisconsin

Tax Increment District # 25 (Horlick Campus)

Phase I Project + Future Potential Phases

Cash Flow Projection

Year	Projected Revenues				Projected Expenditures					Balances			Year
	Tax Increments		Transfer from TID # 14	Total Revenues	Development Incentives ¹			Planning, Admin. & Other Infrastructure	Total Expenditures	Annual	Cumulative	PAYGO Outstanding	
	Phase I	Future Phases			Infrastructure (Up Front Cash)	Phase I "Pay As You Go"	Future Phases "Pay As You Go"						
2020			3,150,000	3,150,000	3,000,000			100,000	3,100,000	50,000	50,000	6,553,138	2020
2021				0				25,000	25,000	(25,000)	25,000	6,553,138	2021
2022	0	0		0				11,000	11,000	(11,000)	14,000	6,553,138	2022
2023	303,386	0		303,386		273,047		11,000	284,047	19,339	33,339	13,652,088	2023
2024	303,386	0		303,386		273,047		11,000	284,047	19,339	52,677	13,379,041	2024
2025	303,386	226,831		530,217		273,047	113,415	11,000	397,463	132,754	185,431	12,992,578	2025
2026	303,386	453,661		757,047		273,047	226,831	11,000	510,878	246,169	431,600	12,492,700	2026
2027	303,386	680,492		983,878		273,047	340,246	11,000	624,293	359,585	791,185	11,879,406	2027
2028	303,386	907,323		1,210,709		273,047	453,661	10,000	736,709	474,000	1,265,185	11,152,697	2028
2029	303,386	1,134,153		1,437,539		273,047	567,077	10,000	850,124	587,415	1,852,600	10,312,573	2029
2030	303,386	1,134,153		1,437,539		273,047	567,077	10,000	850,124	587,415	2,440,016	9,472,449	2030
2031	303,386	1,134,153		1,437,539		273,047	567,077	10,000	850,124	587,415	3,027,431	8,632,325	2031
2032	303,386	1,134,153		1,437,539		273,047	567,077	10,000	850,124	587,415	3,614,846	7,792,201	2032
2033	303,386	1,134,153		1,437,539		273,047	567,077	10,000	850,124	587,415	4,202,262	6,952,077	2033
2034	303,386	1,134,153		1,437,539		273,047	567,077	10,000	850,124	587,415	4,789,677	6,111,953	2034
2035	303,386	1,134,153		1,437,539		273,047	567,077	10,000	850,124	587,415	5,377,092	5,271,829	2035
2036	303,386	1,134,153		1,437,539		273,047	567,077	10,000	850,124	587,415	5,964,507	4,431,704	2036
2037	303,386	1,134,153		1,437,539		273,047	567,077	10,000	850,124	587,415	6,551,923	3,591,580	2037
2038	303,386	1,134,153		1,437,539		273,047	567,077	10,000	850,124	587,415	7,139,338	2,751,456	2038
2039	303,386	1,134,153		1,437,539		273,047	567,077	10,000	850,124	587,415	7,726,753	1,911,332	2039
2040	303,386	1,134,153		1,437,539		273,047		10,000	283,047	1,154,492	8,881,245	1,638,285	2040
2041	303,386	1,134,153		1,437,539		273,047		10,000	283,047	1,154,492	10,035,737	1,365,237	2041
2042	303,386	1,134,153		1,437,539		273,047		10,000	283,047	1,154,492	11,190,229	1,092,190	2042
2043	303,386	1,134,153		1,437,539		273,047		10,000	283,047	1,154,492	12,344,721	819,142	2043
2044	303,386	1,134,153		1,437,539		273,047		10,000	283,047	1,154,492	13,499,213	546,095	2044
2045	303,386	1,134,153		1,437,539		273,047		10,000	283,047	1,154,492	14,653,705	273,047	2045
2046	303,386	1,134,153		1,437,539		273,047		10,000	283,047	1,154,492	15,808,197	0	2046
2047	303,386	1,134,153		1,437,539				10,000	10,000	1,427,539	17,235,737	0	2047
2048	303,386	1,134,153		1,437,539				25,000	25,000	1,412,539	18,648,276	0	2048
Total	7,888,037	24,951,375	3,150,000	35,989,412	3,000,000	6,553,138	7,371,997	416,000	17,341,135				Total

Projected TID Closure

Notes:

¹Projected potential incentive payments. The City has not entered into a Development Agreement with Developer for the Project. The level and form of any TIF assistance provided may vary from this Plan depending on the terms of the Development Agreement which will be subject to approval by the Common Council. Any TIF assistance provided for future phases would be subject to a separate agreement.

Table 5 - Future Phases Cash Flow

SECTION 10:

Annexed Property

A tax incremental district cannot include annexed territory unless at least three years have elapsed since the annexation, or certain other requirements are met. None of the property within the proposed District boundary was annexed during the past three years.

SECTION 11:

Estimate of Property to Be Devoted to Retail Business

Pursuant to Wis. Stat. § 66.1105(5)(b), the City estimates that less than 35% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

SECTION 12:

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

Zoning Ordinances

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

Master (Comprehensive) Plan and Map

The proposed Plan is consistent with the City's Comprehensive Plan.

Building Codes and Ordinances

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

SECTION 13:

Statement of the Proposed Method for the Relocation of any Persons to be Displaced

Should implementation of this Plan require relocation of individuals or business operations, relocations will be handled in compliance with Wis. Stat. Chapter 32 and Wis. Admin. Code ADM 92.

SECTION 14:

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

Creation of the District and the implementation of the projects in its Plan will promote the orderly development of the City by rehabilitating and conserving property, providing necessary infrastructure improvements, and providing appropriate financial incentives for private development projects. Through use of tax increment financing, the City can attract new investment that results in increased tax base and other economic benefits as noted in this Plan. Development will occur in an orderly fashion in accordance with approved plans so that the Projects will be compatible with adjacent land uses. Development of new uses in the District will add to the tax base and will generate positive secondary impacts in the community such as increased opportunities for employment, personal income and business income, and provision of affordable and market rate housing opportunities for City residents.

SECTION 15:

List of Estimated Non-Project Costs

Non-project costs are public works projects which only partly benefit the District. Costs incurred that do not benefit the District may not be paid with tax increments. Examples of non-project costs are:

- A public improvement made within the District that also benefits property outside the District. That portion of the total Project Costs allocable to properties outside of the District would be a non-project cost.
- A public improvement made outside the District that only partially benefits property within the District. That portion of the total Project Costs allocable to properties outside of the District would be a non-project cost.
- Projects undertaken within the District as part of the implementation of this Project Plan, the costs of which are paid fully or in part by impact fees, grants, special assessments, or revenues other than tax increments.

No improvements to be made within the District will benefit property outside the District. Furthermore, there will be no improvements made outside the District that will only partially benefit the District.

SECTION 16:
Legal Opinion Advising Whether the Plan is
Complete and Complies with Wis. Stat. §
66.1105(4)(f)

Legal Opinion Found on Following Page.

[Insert Signed Legal Opinion]

SAMPLE

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,

Attorney Scott Letteney

City of Racine

SECTION 17:

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

The following projection is provided to meet the requirements of Wis. Stat. § 66.1105(4)(i)4. Apportionment of future incremental taxes assumes same ratio as the 2018 Statement of Taxes.

Revenue Year	Racine County	Racine Unified School District	City of Racine	Gateway Technical College	Total	Revenue Year
2022	0	0	0	0	0	2022
2023	32,989	96,886	165,717	7,794	303,386	2023
2024	32,989	96,886	165,717	7,794	303,386	2024
2025	57,654	169,324	289,617	13,621	530,217	2025
2026	82,319	241,763	413,517	19,448	757,047	2026
2027	106,984	314,201	537,417	25,276	983,878	2027
2028	131,649	386,639	661,318	31,103	1,210,709	2028
2029	156,314	459,077	785,218	36,930	1,437,539	2029
2030	156,314	459,077	785,218	36,930	1,437,539	2030
2031	156,314	459,077	785,218	36,930	1,437,539	2031
2032	156,314	459,077	785,218	36,930	1,437,539	2032
2033	156,314	459,077	785,218	36,930	1,437,539	2033
2034	156,314	459,077	785,218	36,930	1,437,539	2034
2035	156,314	459,077	785,218	36,930	1,437,539	2035
2036	156,314	459,077	785,218	36,930	1,437,539	2036
2037	156,314	459,077	785,218	36,930	1,437,539	2037
2038	156,314	459,077	785,218	36,930	1,437,539	2038
2039	156,314	459,077	785,218	36,930	1,437,539	2039
2040	156,314	459,077	785,218	36,930	1,437,539	2040
2041	156,314	459,077	785,218	36,930	1,437,539	2041
2042	156,314	459,077	785,218	36,930	1,437,539	2042
2043	156,314	459,077	785,218	36,930	1,437,539	2043
2044	156,314	459,077	785,218	36,930	1,437,539	2044
2045	156,314	459,077	785,218	36,930	1,437,539	2045
2046	156,314	459,077	785,218	36,930	1,437,539	2046
2047	156,314	459,077	785,218	36,930	1,437,539	2047
2048	156,314	459,077	785,218	36,930	1,437,539	2048
Total	3,570,869	10,487,241	17,937,659	843,642	32,839,412	