

CITY OF WAUSAU TAX INCREMENT DISTRICT SEVEN PROJECT PLAN AMENDMENT #1



Plan Date: August 26, 2012

Plan Commission Public Hearing: September 10, 2012

Adopted by Plan Commission: September 10, 2012

Approved by Common Council: September 25, 2012

Approved by the Joint Review Board: September 26, 2012

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DISTRICT HISTORY AND PURPOSE

Tax Increment District “TID” 7 was created January 11, 2006 as a “Mixed Use” Tax Increment District to promote industry, job creation and tax base enhancements. The original project plan listed the following objectives:

- Promote retention, expansion, and attraction through the development of a commercial corridor, thereby facilitating the creation of new jobs and increased tax base.
- Provide appropriate financial incentives to encourage business attraction and expansion.
- Increase the availability of properly located adequately serviced business and commercial sites.



The District encompasses the commercial corridor marked by 28th Avenue on the East, 48th Avenue on the West, Stewart Avenue to the North and the Highway 29 corridor to the South. Development of this district coincided with the massive construction project embarked by the DOT on the I-39 and Highway 29 interchange. This lengthy construction project dramatically changed properties within this commercial zone due to the extensive state land acquisition necessitated by the projects expanded lanes, multiple ramps and grade separation support systems. The Wisconsin Department of Transportation is in the process of

selling the last 11.317 acres of surplus real estate previously held as highway right of way. Sale of this property should be complete by the fall of 2012.

Coordinated with the DOT interchange project, the City created Tax Increment District Number 7 to upgrade Stewart Avenue from 26th Avenue through 28th Avenue and 32nd Avenue to 48th Avenue. The upgrade of this street and utilities was necessary to support the traffic and utility demands of a commercial district. Since creation of the district a number of properties have been redeveloped including:

		1/1/2011
		<u>Equalized Value</u>
3904 Stewart Avenue	Wausau Mine Company	\$ 816,400
2801 Stewart Avenue	Menards	12,359,300
3602 Stewart Avenue	Intercity Bank	1,185,200
3912 Stewart Avenue	Stettin Mutual	1,176,800
3650 Stewart Avenue	Wausau Dental	701,900
630 S 36th Avenue	GPS Company	418,100
4111 Stewart Avenue	4111 Apartments	1,042,700
3600 Stewart Avenue	United Investment	<u>260,800</u>
Total		\$ 17,961,200

PROPOSED AMENDMENT

The proposed amendment includes adding costs and projects to the project plan along with incurring project costs within the 1/2 mile buffer zone.

Two DOT remnant parcels, 2600 and 2800 Stewart Avenue, totaling slightly over 15 acres, have a number of development challenges including: lack water and sewer utilities, overhead power lines, DOT ingress and egress restrictions, excess fill left on site by the DOT and lack of internal drive access to support multiple developments. Ghidorzi Companies has brought forth a development plan to install utilities and infrastructure and prepare the site for development which are presented on the site map located on page 11. Two of the access roads supporting 2600 Stewart Avenue are located immediately outside of the district boundaries. The City proposes to include within the project plan, the improvements necessary to prepare these sites for development including the access roads. The City would enter into a written development agreement with Ghidorzi Companies for the improvements.

STATEMENT OF KIND, NUMBER AND LOCATION OF THE PROPOSED PUBLIC WORKS OR IMPROVEMENTS WITHIN THE DISTRICT AND ESTIMATED LIST OF PROJECT COSTS

The additional project costs will be funded with tax increment and are outlined below:

PUBLIC WORKS PROJECTS:

Stewart Avenue Streetscape and Wayfinding \$250,000

DEVELOPER GRANTS AND INCENTIVES:

	Page 11 Site Plan	2012	2013 & 2014 - As Sites Are Developed
2800 Stewart Avenue			
Developer Grant - Water, Sewer, Storm, Grading, Retaining Wall, Electrical Utility Work, 250' Access Road	Denoted in Yellow	\$234,885	\$208,885
Developer Fund TIF Contribution - Shared Access Drive, Internal Site Grading and Utilities	Denoted in Orange	158,000	877,942
		<u>\$392,885</u>	<u>\$1,086,827</u>
2600 Stewart Avenue			
Developer Grant - Water, Sewer, Storm, Grading, Retaining Wall, Electrical Utility Work	Denoted in Yellow		\$175,000
Developer Fund TIF Contribution - Shared Access Drive, Internal Site Grading and Utilities	Denoted in Orange		325,000
		<u>\$0</u>	<u>\$500,000</u>
Total		<u><u>\$392,885</u></u>	<u><u>\$1,586,827</u></u>

FINANCING COSTS:

Financing costs of \$185,288 are included within the project plan.

ECONOMIC FEASIBILITY STUDY

A cash flow of the district and proposed project amendment is presented on page 9. At December 31, 2011 the district maintained a negative cash balance of \$999,205 funded by the General Fund through an interfund loan. This deficit is expected to increase to \$2,400,000 by 2017 as existing debt is retired. The cash flow relies solely on development occurring at 2600 and 2800 Stewart Avenue. Much of the financial risk for these projects remains with the developer as the majority of the infrastructure will be funded by a “Developer Funded TID Contribution”. In a Developer Funded TID Project, the developer pays the development infrastructure costs up front and is then reimbursed by the city when tax increment from the project is collected. The cash flow anticipates returning an amount not to exceed 80% of the increment generated plus 2% interest. The cash flow anticipates no change in the tax rate and growth of ½ % in years 2013-2015 and 1.5% thereafter. Developed property values are conservative estimates. Multiple development scenarios exist for the properties and values will be dependent on tenants and the specific development attracted to the location.

A total of \$3,737,108 of increment is expected from the projects included within this amendment. These increments are sufficient to fund project costs of \$2,165,000. The excess increment will be used to finance the public infrastructure costs incurred within the district. Based upon existing allocation of increment and the proposed plan amendment the impact to the overlying jurisdiction is:

City	32.27%	\$1,205,965
County	19.11%	\$714,161
School District	41.17%	\$1,538,567
Technical College	7.45%	<u>\$278,415</u>
		\$3,737,108

METHODS OF FINANCING AND THE TIME WHEN SUCH COSTS OR MONETARY OBLIGATIONS RELATED THERETO ARE TO BE INCURRED

The City will finance the developer incentives through a combination of cash grants and developer funded TID contributions. The City will fund the cash grants through debt issuance. The plan anticipates issuing debt in 2013 which would fund both projects. Debt issuance would comply with the City’s debt policy. The cash flow anticipates a 10 year promissory note with a 2% current market interest rate. The City retains the authority to evaluate the cash flow and adjust its financing plan as needed. Payments to the developer for the Developer Funded TID contributions would match increment collections and as such would not require any debt issuance by the city.

TERMINATION OF THE DISTRICT

Based upon the financial projections presented above the district would be eligible for termination in 2022.

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

The project elements proposed in this Amendment conform to the objectives and conceptual recommendations contained in the City of Wausau Comprehensive Plan. No changes to zoning ordinances, master plan, building codes, map and city ordinances appear to be necessary to implement the Amendment.

LIST OF NON-PROJECT COSTS

No additional non-project costs have been identified.

PROPOSED PLAN FOR RELOCATING ANY DISPLACED PERSONS OR BUSINESSES

Based upon the scope of the amendment, no relocation of displaced persons or businesses will be necessary.

ORDERLY DEVELOPMENT OF THE CITY OF WAUSAU

Continued redevelopment of properties and facilities along the I39 and Highway 29 corridor contributes to the orderly development within the City as it maximizes the utilization of existing infrastructure and utilities and deters further sprawl. The projects considered in this plan amendment are consistent with the City of Wausau Comprehensive Plan.

SUMMARY OF FINDINGS

- That development projected to occur would not occur or would not occur in the manner, at the values, or within the timeframe desired by the City without the plan amendments. Tax Increment District Number 7 represents a Mixed Use District. The Districts objective was to reconstruct obsolete, inferior street and utility infrastructure to meet the demands of current commercial development requirements.
- The economic benefits of the redevelopment efforts of Tax Increment District Number Seven including increased employment, business and personal income and property value are justified economic goals but due to the financing structure and taxing authorities of Wisconsin municipal government will be insufficient to fund the cost of the improvements without tax increment financing.
- That the redevelopment and economic benefits outweigh the anticipated increments to be paid by the owners of property in the overlying taxing districts.

MAP SHOWING EXISTING USES AND CONDITIONS

A map of the district is included on page 10. The existing Uses and Conditions of property within the District was included in the original project plan. Since the scope of this Amendment is limited to adding project costs within and outside the district no changes to the map are necessary.

MAPS SHOWING PROPOSED IMPROVEMENTS AND USES

The map detailing the one-half mile buffer zone and areas of proposed improvements is presented on Pages 10 and 11.

EQUALIZED VALUE TEST

Since no territory will be added to the District, demonstration of compliance with the equalized value test is not required for this amendment.

SOURCES AND USES OF FUNDS 2600 STEWART AVENUE

GHIDORZI 2600 STEWART AVE DEBT RETIREMENT CASH FLOW PROJECTED BY YEAR

Budget Year	Increment Value Projection	Tax Rate	Incement Revenue	Developer Funded Improvements	Public Infrastructure Debt	Annual Surplus(Deficit)	Accumulated Surplus (Deficit)
2014	300,000	\$24.76	7,428		20,000	(12,572)	(12,572)
2015	300,000	\$24.76	7,428		20,000	(12,572)	(25,144)
2016	2,000,000	\$24.76	49,520	39,616	20,000	(10,096)	(35,240)
2017	4,000,000	\$24.76	99,040	79,232	20,000	(192)	(35,432)
2018	4,020,000	\$24.76	99,535	79,628	20,000	(93)	(35,525)
2019	4,040,100	\$24.76	100,033	80,026	20,000	7	(35,518)
2020	4,060,301	\$24.76	100,533	66,498	20,000	14,035	(21,483)
2021	4,080,602	\$24.76	101,036		20,000	81,036	59,553
2022	4,101,005	\$24.76	101,541		20,000	81,541	141,094
2023	4,121,510	\$24.76	102,049		20,000	82,049	223,143
2024	4,142,118	\$24.76	102,559			102,559	325,702
2025	4,162,828	\$24.76	103,072			103,072	428,774
2026	4,183,642	\$24.76	103,587			103,587	532,361
TOTAL			<u>\$1,077,361</u>	<u>\$345,000</u>	<u>\$200,000</u>	<u>532,361</u>	

Developer Grant - Developer Funded Improvements	\$325,000	
Developer Grant - Infrastructure		\$175,000
Financing Costs	<u>20,000</u>	<u>25,000</u>
	<u>\$345,000</u>	<u>\$200,000</u>

SOURCES AND USES OF FUNDS 2800 STEWART AVENUE

GHIDORZI 2800 STEWART AVE DEBT RETIREMENT CASH FLOW PROJECTED BY YEAR

Budget Year	Increment Value Projection	Tax Rate	Increment Revenue	Developer Funded Improvements	Public Infrastructure Debt	Annual Surplus(Deficit)	Accumulated Surplus (Deficit)
2014	1,800,000	\$24.76	44,568		\$ 50,000	(5,432)	(5,432)
2015	3,800,000	\$24.76	94,088	75,000	50,000	(30,912)	(36,344)
2016	4,000,000	\$24.76	99,040	79,000	50,000	(29,960)	(66,304)
2017	6,000,000	\$24.76	148,560	119,000	50,000	(20,440)	(86,744)
2018	10,000,000	\$24.76	247,600	198,000	50,000	(400)	(87,144)
2019	10,050,000	\$24.76	248,838	199,000	50,000	(162)	(87,306)
2020	10,100,250	\$24.76	250,082	200,000	50,000	82	(87,224)
2021	10,150,751	\$24.76	251,333	200,000	50,000	1,333	(85,891)
2022	10,201,505	\$24.76	252,589	50,000	50,000	152,589	66,698
2023	10,252,513	\$24.76	253,852		50,000	203,852	270,550
2024	10,303,775	\$24.76	255,121			255,121	525,671
2025	10,355,294	\$24.76	256,397			256,397	782,068
2026	10,407,070	\$24.76	257,679			257,679	1,039,747
TOTAL			<u>\$2,659,747</u>	<u>\$1,120,000</u>	<u>\$500,000</u>	<u>1,039,747</u>	

Developer Grant - Developer Funded Improvements	\$1,035,942	
Developer Grant - Infrastructure		\$443,770
Financing Costs	84,058	56,230
	<u>\$1,120,000</u>	<u>\$500,000</u>

COMBINED CASH FLOW - INITIAL PROJECT PLAN AND AMENDMENT

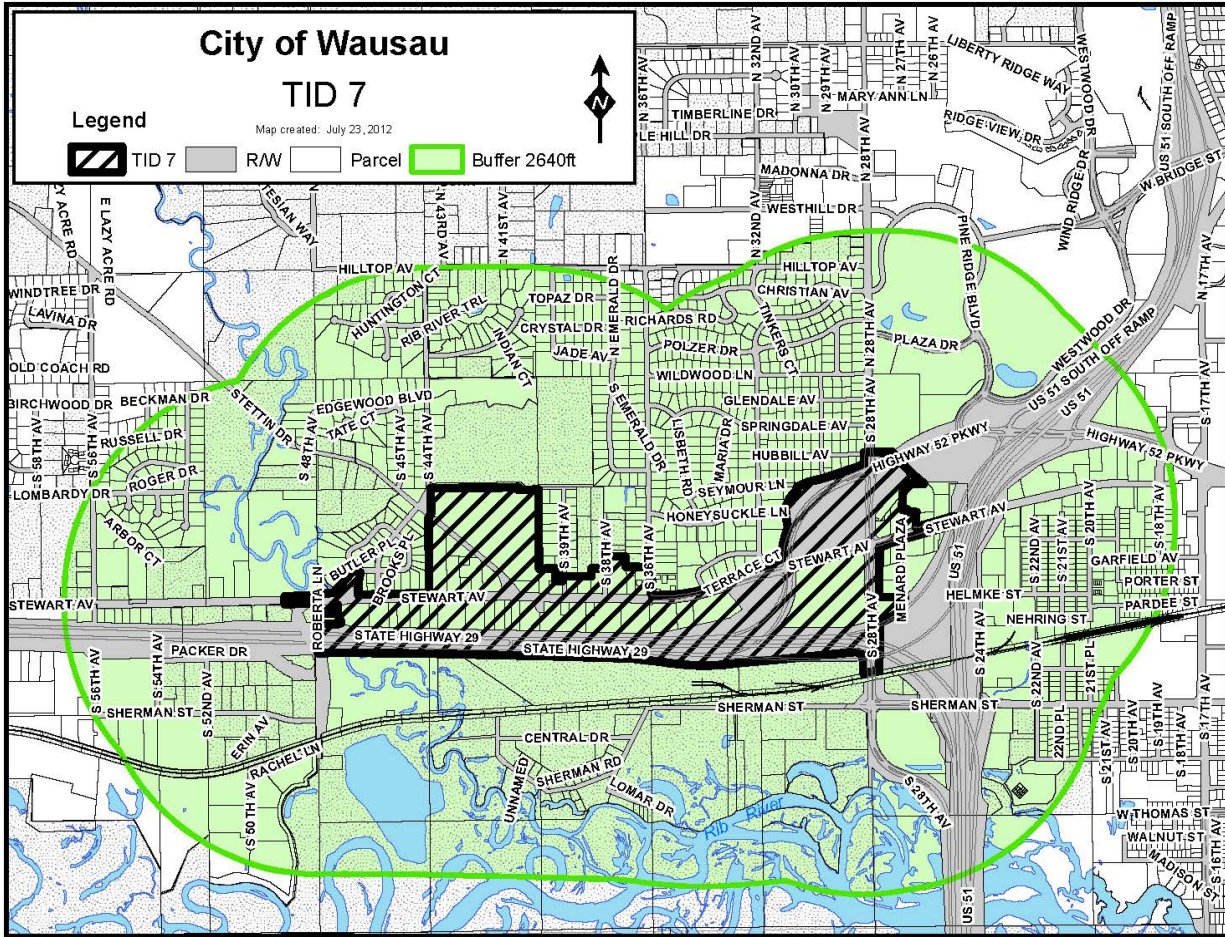
CITY OF WAUSAU TAX INCREMENTAL DISTRICT NUMBER SEVEN PROJECTED COMBINED CASH FLOW

Year	Original Project Plan				Plan Amendment		Annual Surplus (Deficit)	Cumulative Balance
	USES OF FUNDS		SOURCES OF FUNDS		Net Sources and Uses 2600 Stewart Avenue	Net Sources and Uses 2800 Stewart Avenue		
	Existing Annual Debt Service	Administrative, Organization, & Discretionary Costs	Capital Expenditures	Other Income	Tax Increment			
								(\$999,205)
2012	\$630,216	\$17,000	\$45,000	\$15,000	\$378,588			(\$298,628)
2013	\$621,196	\$17,000			\$380,481			(\$257,715)
2014	\$600,119	\$17,000			\$454,383	(\$12,572)	(\$5,432)	(\$162,736)
2015	\$582,442	\$17,000			\$456,655	(\$12,572)	(\$30,912)	(\$142,787)
2016	\$564,903	\$17,000	\$250,000		\$463,505	(\$10,096)	(\$29,960)	(\$368,398)
2017	\$513,636	\$17,000			\$470,458	(\$192)	(\$20,440)	(\$60,178)
2018	\$465,444	\$17,000			\$477,515	(\$93)	(\$400)	(\$4,929)
2019	\$81,495	\$17,000			\$556,678	\$7	(\$162)	\$458,183
2020	\$8,150	\$17,000			\$565,028	\$14,035	\$82	\$539,878
2021					\$573,503	\$81,036	\$1,333	\$573,503
2022					\$582,106	\$81,541	\$152,589	\$582,106
								\$66,886
2023					\$590,838	\$82,049	\$203,852	\$590,838
2024					\$599,701	\$102,559	\$255,121	\$599,701
2025					\$608,697	\$103,072	\$256,397	\$608,697
2026					\$565,028	\$103,587	\$257,679	\$565,028
								\$3,795,466
TOTAL	\$4,067,601	\$153,000	\$295,000	\$15,000	\$7,723,164	\$532,361	\$1,039,747	

Expected Closure

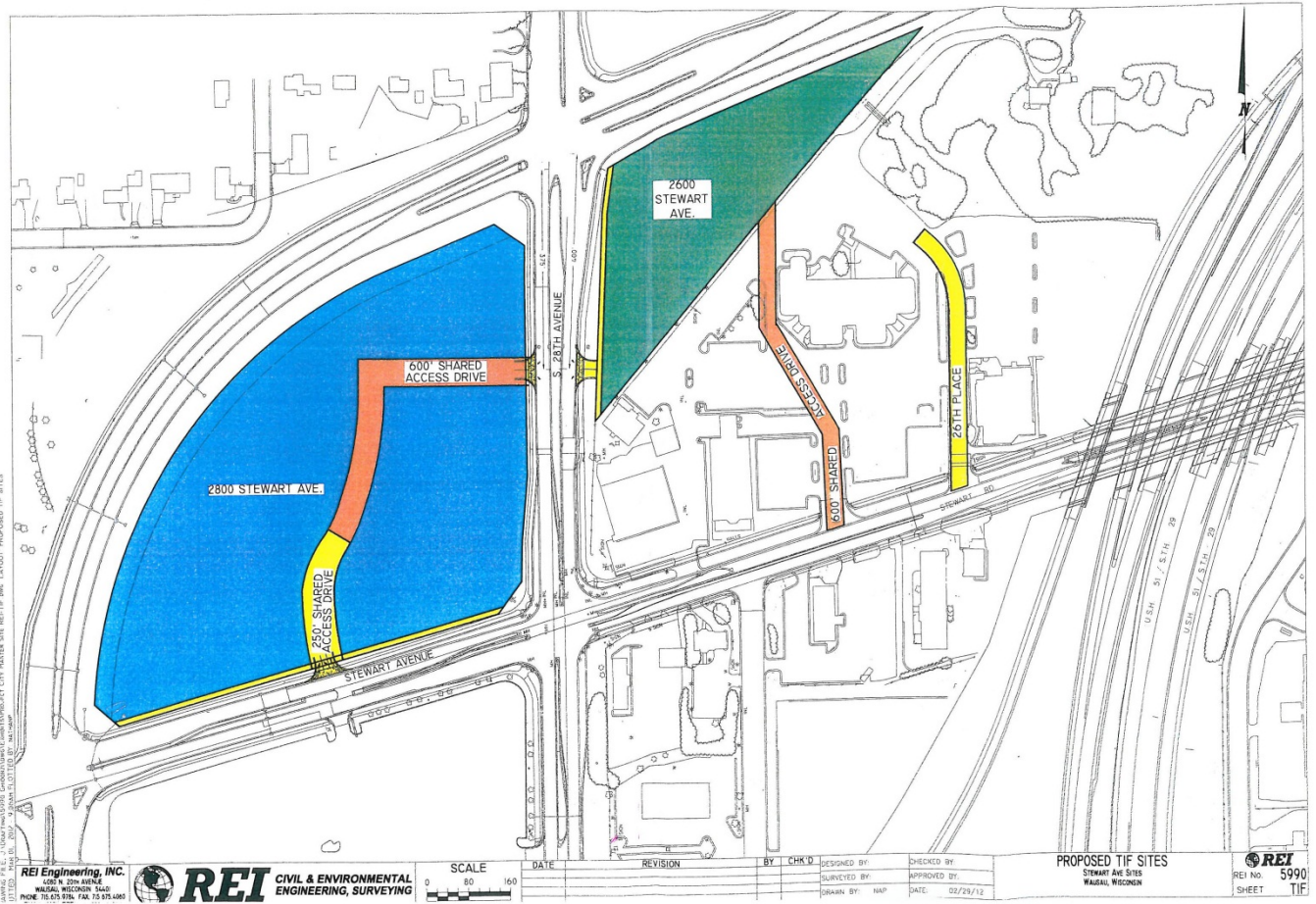
Mandated

MAP OF TAX INCREMENT DISTRICT SEVEN AND ½ MILE BUFFER ZONE



MAP SHOWING 2600 and 2800 STEWART AVENUE INFRASTRUCTURE WORK

CITY OF WAUSAU TAX INCREMENT DISTRICT SEVEN PROJECT PLAN AMENDMENT #1 | 8/20/2012



REI Engineering, Inc. 402 N. 20th Avenue Wausau, Wisconsin 54980 Phone: 715.675.9715 Fax: 715.675.4085	CIVIL & ENVIRONMENTAL ENGINEERING, SURVEYING	SCALE	DATE	REVISION	BY	CHK'D	DESIGNED BY:	CHECKED BY:	PROPOSED TIF SITES STEWART AVE. SITES WAUSAU, WISCONSIN	REI REI No. 5990 SHEET TIF	
		0 80 160						SURVEYED BY:			APPROVED BY:
							DRAWN BY: NAP	DATE: 02/29/12			

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



Office of the City Attorney

Anne L. Jacobson
City Attorney

Tara G. Alfonso
Assistant City Attorney

September 21, 2012

Wausau Common Council Members
Joint Review Board Members
407 Grant Street
Wausau WI 54403

Re: Project Plan Tax Incremental District Number Seven, Amendment One

Ladies and Gentlemen:

As City Attorney, I have reviewed the Project Plan Amendment #1 of Tax Increment District Number 7, pursuant to Wis. Stats. S. 66.1105(4)(f). The public hearing was held on September 10, 2012, and on the same date, the Planning Commission approved Plan Amendment #1 for said Tax Increment District. This approval and recommendation was preceded by proper notice to those persons set forth in Wis. Stats. S. 66.1105(4) and Class II notices published in the Wausau Daily Herald, as required by Wis. Stats. S. 66.1105(4).

Subsequent to said public hearing and recommendation, the City Council will consider, pursuant to a duly posted agenda, on September 25, 2012, approval of Plan Amendment #1 of Tax Increment District Number 7, pursuant to Wis. Stats. S. 66.1105(4)(gm).

Based upon my review of the Plan Amendment and the information presented to me, I find the Amended Plan to be complete and compliant with Wisconsin Statutes. It should be noted that the Plan was amended to include additional projects and costs within and outside the District, but within the ½ mile buffer zone.

This correspondence should be attached to and made a part of the Project Plan.

Very truly yours,

CITY OF WAUSAU

A handwritten signature in black ink, appearing to read "Anne L. Jacobson".

Anne L. Jacobson
City Attorney

City of Wausau • City Hall • 407 Grant Street • Wausau, WI 54403-4783 • (715)261-6590 • FAX (715)261-6808 • TDD (715)261-6770

RESOLUTION OF THE COMMON COUNCIL

CITY OF WAUSAU, 407 Grant Street, Wausau, WI 54403

JOINT RESOLUTION OF THE PLAN COMMISSION, ECONOMIC DEVELOPMENT AND FINANCE COMMITTEES	
Approving the Project Plan Amendment of Tax Increment District Number Seven (TID #7)	
Committee Action:	Plan Comm: Approved 4-0 Econ Dev: Approved 3-0 Finance: Approved 4-1
Fiscal Impact:	The project plan is not an expenditure commitment
File Number:	05-1209
Date Introduced:	September 25, 2012

WHEREAS, the City of Wausau has followed a policy of promoting business, community amenities, and industrial development activities and improving infrastructure within the City; and

WHEREAS, the City's Economic Development strategy focuses on the attraction, retention and sustainability of business, community amenities, and industrial development activities and improving infrastructure to increase the property tax base and add new jobs; and

WHEREAS, on September 10, 2012 the Plan Commission held a public hearing on approving the Tax Increment District Number Seven project plan amendment to add project costs and allow for the inclusion of project costs within a ½ mile buffer zone of the existing district boundaries; and

WHEREAS, prior to publication of the public hearing notice, a copy of said notice was sent via certified mail to the Superintendent of the Wausau School District, the President of Northcentral Technical College, and the Marathon County Administrator; and

WHEREAS, the Plan Commission adopted the amended project plan for the Tax Incremental District Number Seven; and

WHEREAS, the Finance Committee and Economic Development Committee have reviewed the plan amendment and concur with the summary of findings as required by Wisconsin Statute 66.1105(4m)(c) including:

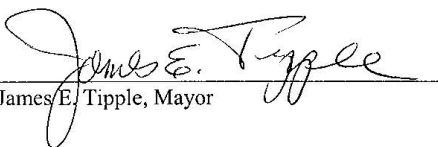
- That development projected to occur would not occur or would not occur in the manner, at the values, or within the timeframe desired by the City without the plan amendment,
- That the economic benefits of amending the district, as measured by increased employment, business and personal income, and property value, are insufficient to compensate for the cost of the improvements,
- That the benefits of the plan outweigh the anticipated tax increments to be paid by the property owners in the overlying taxing jurisdictions.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Wausau, under the powers granted by the authority of the Tax Increment Law, as follows:

1. That the improvement of the area included in Tax Incremental District Number Seven is likely to enhance the value of real property in the district over time;
2. That the project costs in the project plan amendment directly serve to promote development consistent with the purpose for which the district was created;

3. That the appropriate City officials shall provide the Joint Review Board with the information needed to prepare findings relative to approving the project plan amendment; and
4. That the City Clerk, City Treasurer, and City Assessor shall complete and submit the necessary forms to the Wisconsin Department of Revenue as may be required by that agency to formally approve the plan amendment of Tax Incremental District Number Seven.

Approved:


James E. Tipple, Mayor

RESOLUTION OF THE JOINT REVIEW BOARD

CITY OF WAUSAU, 407 Grant Street, Wausau, WI 54403

RESOLUTION OF THE JOINT REVIEW BOARD

Approving the Project Plan Amendment for Tax Incremental Financing District Number Seven, City of Wausau (TID #7)

Date Introduced: 9/26/2012

WHEREAS, the City of Wausau, Marathon County, Wisconsin seeks authorization to amend the project plan of Tax Increment District Number Seven, (the "District") to add project costs and incur project costs within the ½ mile buffer zone; and

WHEREAS, this plan has received the necessary approvals by the Wausau Plan Commission and Common Council; and

WHEREAS, Wisconsin Statutes, Section 66.1105 requires that a Joint Review Board, (the "Board") shall convene no later than 30 days after receipt of the council approval to consider the proposed plan amendments; and

WHEREAS, the Board has reviewed the Project Plan amendment presented by the City of Wausau attached to this resolution; and

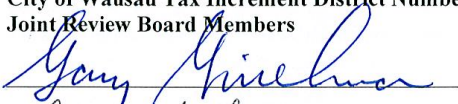


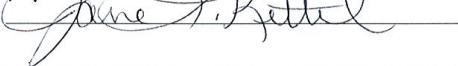
WHEREAS, the Board has evaluated the amendment based upon the criteria established in Wisconsin Statutes, Section 66.1105(4m)(c)1. and found the following to be true

- That development projected to occur would not occur or would not occur in the manner, at the values, or within the timeframe desired without the project plan amendment,
- That the economic benefits of modifying the project plan, as measured by increased employment, business and personal income, and property value, are insufficient to compensate for the cost of the improvements,
- That the benefits of the plan outweigh the anticipated tax increments to be paid by the property owners in the overlying taxing jurisdictions.

NOW, THEREFORE, BE IT RESOLVED by the Joint Review Board of the City of Wausau that the Project Plan Amendment of Tax Increment District Number Seven be approved,

BE IT FURTHER RESOLVED, that this executed resolution be signed by at least three members of the Board and submitted to the City of Wausau no later than seven days after Board action.

Passed and Approved
City of Wausau Tax Increment District Number Seven
Joint Review Board Members

Representing

City of Wausau

Citizen Member

Marathon County

Northcentral Technical College

Wausau School District