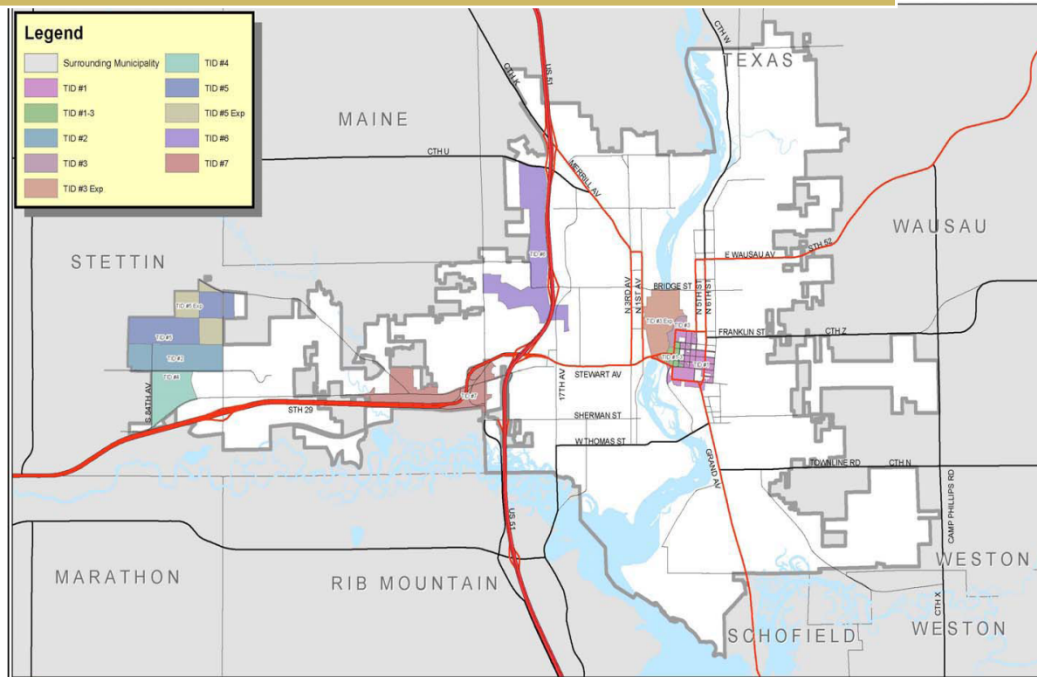


CITY OF WAUSAU TAX INCREMENT DISTRICT TWO PROJECT PLAN AMENDMENT #3



Plan Commission Public Hearing: July 20th, 2010
 Adopted by Plan Commission: July 20, 2010
 Adopted by Finance Committee: June 2, 2010
 Adopted by the ED Committee: July 27, 2010
 Approved by Common Council: August 10, 2010
 Approved by the Joint Review Board: August 30, 2010

OVERVIEW

DISTRICT HISTORY AND PURPOSE

Tax Increment District “TID” 2 is an industrial district created by resolution and adopted on July 1, 1990. The City created the district to expand the Wausau West Business and Industrial Park. Specifically, the district plan objectives were to:

- Increase the availability of properly located, adequately serviced industrial sites.
- Accommodate the expansion of existing industries in the Industrial Park by upgrading existing infrastructure elements.
- Increase the employment opportunities available in the community.
- Increase the per capita income in the community.
- Increase the industrial property tax base for all taxing jurisdictions including Marathon County, Northcentral Technical College, Wausau School District and City of Wausau.
- Facilitate the spatial concentration of industrial uses.
- Identify feasible and appropriate means of installing and financing the improvements outlined in the project plan.
- Accommodate new industries and the expansion of existing industries in the Industrial Park by extending and upgrading the needed infrastructure.

To date the City’s incurred \$2,941,048 in capital costs to provide the necessary infrastructure to the 159 acre site. The increase in equalized value in the district, as certified by the Wisconsin Department of Revenue, as of January 1, 2009, is \$26,846,500. The increase in value has provided sufficient funds to pay the capital costs and retire any outstanding debt for the district. In addition, with Joint Review Board approval, the district has served as donor district to Tax Increment District Number Three for a ten year period ending in 2010. The donations to Tax Increment District Number Three through December 31st, 2009 total \$5,927,470. The final 2010 donation is expected to be approximately \$685,000.

PROPOSED AMENDMENT

The purpose of this Amendment is to allocate increment from Tax Increment District Number Two to Tax Increment District Number Four. The provisions of 66.1105(4e) of the Wisconsin Statutes enacted on May 12th, 2010 provides for the allocation of positive increment to a distressed tax increment district. The districts comply with all limitations of the statutes including:

- Tax Increment District Number Four (the recipient district) is eligible for distressed designation. The City is simultaneously processing a project plan amendment for this district to obtain distressed designation.
- Tax Increment District Number Two (the donor district) has retired all debt service and will only allocate funds in excess of current year project costs (if applicable) as required by statute.
- The donor district and the recipient district have the same overlying taxing jurisdictions.

The allocation period is expected to be two years as demonstrated in the analysis of Tax Increment District Number Four Cash Flow.

**CITY OF WAUSAU
TAX INCREMENTAL DISTRICT NUMBER FOUR
PROJECTED CASH FLOW**

WITH TAX INCREMENT DISTRICT NUMBER TWO DONATION

Year	Total Annual Debt Service	Administrative, Organization, & Discretionary Costs	Tax Increment	Annual Surplus (Deficit)	Cumulative Balance	TID #2 Donations	Adjusted Cumulative Balance
2006					(\$1,183,027)		(\$1,183,027)
2007	\$154,090	\$5,587	\$57,472	(\$102,205)	(\$1,285,232)		(\$1,285,232)
2008	\$154,865	\$5,587	\$66,506	(\$93,946)	(\$1,379,178)		(\$1,379,178)
2009	\$101,958	\$978	\$70,262	(\$32,674)	(\$1,411,852)		(\$1,411,852)
2010	\$102,836	\$7,500	\$79,636	(\$30,700)	(\$1,442,552)		(\$1,442,552)
2011			\$80,831	\$80,831	(\$1,361,721)	\$685,000	(\$676,721)
2012			\$82,043	\$82,043	(\$1,279,678)	\$685,000	\$90,322
2013			\$83,274	\$83,274	(\$1,196,404)		
2014			\$84,523	\$84,523	(\$1,111,881)		
2015			\$85,791	\$85,791	(\$1,026,090)		
2016			\$87,078	\$87,078	(\$939,012)		
2017			\$88,384	\$88,384	(\$850,628)		
2018			\$89,710	\$89,710	(\$760,918)		
2019	<i>Current Mandated Closure</i>		\$91,056	\$91,056	(\$669,862)		
2020			\$92,422	\$92,422	(\$577,440)		
2021			\$93,808	\$93,808	(\$483,632)		
2022			\$95,215	\$95,215	(\$388,417)		
2023			\$96,643	\$96,643	(\$291,774)		
2024	<i>Ten Year Extension Period</i>		\$98,093	\$98,093	(\$193,681)		
2025			\$99,564	\$99,564	(\$94,117)		
2026			\$101,057	\$101,057	\$6,940		
2027			\$102,573	\$102,573	\$109,513		
2028			\$104,112	\$104,112	\$213,625		
2029			\$105,674	\$105,674	\$319,299		
TOTAL	\$513,749	\$19,652	\$2,035,727			\$1,370,000	

← Expected Closure With Increment Sharing

← Break Even without Increment Sharing

SUMMARY OF FINDINGS

- Tax Increment District Number Four will not recover its project costs. This will place a financial burden on the City of Wausau and the tax payers. This retained deficit will impact future redevelopment and economic development projects as financial resources are diverted to fund the deficit.
- Tax Increment District Number Two was created with identical industrial development goals and objectives. This district has generated sufficient increment to retire all of its debt and pay project costs.
- The State Statutes provide for the allocation of positive increment from Tax Increment District Number Two to Tax Increment District Number Four. It is projected that two years of increment will be allocated from Tax Increment District Number Two to Tax Increment District Number Four.

STATEMENT OF KIND, NUMBER AND LOCATION OF PUBLIC WORKS OR IMPROVEMENTS WITHIN THE DISTRICT

The initial plan outlined the projects conceived for the district. This amendment establishes Tax Increment District Number Two as a donor district to Tax Increment District Number Four. Only increment in excess of debt or project costs may be shared with District Number Four.

ECONOMIC FEASIBILITY STUDY

The cash flow projection disclosed on Page 2 demonstrates the financial necessity for the sharing of increment to Tax Increment District Number Four. Tax Increment District Number Two has no outstanding debt or project related obligations. Thus increment generated by Tax Increment District Number Two in 2011 and 2012 will be available to allocate to Tax Increment District Number Four. For projection purposes the annual increment for each of these two years has been estimated at \$685,000. A history of Tax Increment District Number Two Increment is as follows:

<u>YEAR</u>	<u>TAX INCREMENT</u>
1992	\$20,151
1993	37,251
1994	81,642
1995	95,436
1996	154,656
1997	149,485
1998	419,698
1999	513,968
2000	609,738
2001	639,731
2002	739,041
2003	748,011
2004	744,167
2005	741,394
2006	712,853
2007	696,800
2008	699,588
2009	687,584

DETAILED LIST OF PROJECT COSTS

The initial plan outlined the projects costs contemplated for the district. No additional projects costs are under consideration.

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

The Project Plan Amendment allows the Donor District to allocate positive tax increments to the Recipient District. The authority for this Amendment is 66.1105(4e) and 66.1105(6)(f) which provide:

- The Donor and Recipient Districts have the same overlying taxing jurisdictions.
- The Donor District will satisfy current year debt service and project cost obligations prior to transferring surplus revenues to the recipient district.
- That distressed districts are eligible recipient districts.

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

No changes are proposed to zoning ordinances, master plan, building codes, map and city ordinances.

LIST OF NON-PROJECT COSTS

There are no additional non-project costs to identify that have not been disclosed in the initial plan.

PROPOSED PLAN FOR RELOCATING ANY DISPLACED PERSONS OR BUSINESSES

The Project Plan Amendment is for increment sharing and as such no relocation will be necessary.

ORDERLY DEVELOPMENT OF THE CITY OF WAUSAU

The development and rationale for the location was provided in the original plan. The district is contiguous with District 4 (the proposed Recipient District).

MAP SHOWING EXISTING USES AND CONDITIONS

A map depicting 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 authorizing sharing of increment no changes to the map are necessary.

MAPS SHOWING PROPOSED IMPROVEMENTS AND USES

The original project plan outlined the improvements and uses. Since the scope of this Amendment is limited to authorizing sharing of increment no changes to the map are necessary.

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.

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



Office of the City Attorney

August 10, 2010

Anne L. Jacobson
City Attorney

Patricia Cal Baker
Assistant City Attorney

Members of the Wausau Common Council
Joint Review Board
City Hall
407 Grant Street
Wausau, WI 54403

RE: Legal Requirements of Tax Increment District Number Two Amendment Number Three, Tax Increment District Number Three Amendment Number Three, and Tax Increment District Number Four Amendment Number One

I have reviewed the tax increment documents for the above-referenced amendments. This letter shall constitute my opinion as to whether or not these amendments are complete and comply with the applicable provisions of Section 66.1105(4)(e), (f), and (6)(e) of the Wisconsin Statutes.

Tax Increment District Number Two is still properly in existence and was created before October 1, 1995. This district shares the same overlying taxing jurisdiction with Tax Increment District Number Four. Tax Increment District Number Two will serve as a donor district to Tax Increment District Number Four.

Tax Increment District Number Four is amended under a new law to designate its status as "distressed" to allow it to receive revenue from Tax Increment District Number Two excess increment.

The specific requirements in section 66.1105(4)(e) and (f) and (6)(e) and (f) are met.

As to Tax Increment District Number Three Amendment Number Three, it appears that all of the requirements of section 66.1105(4)(f) are met.

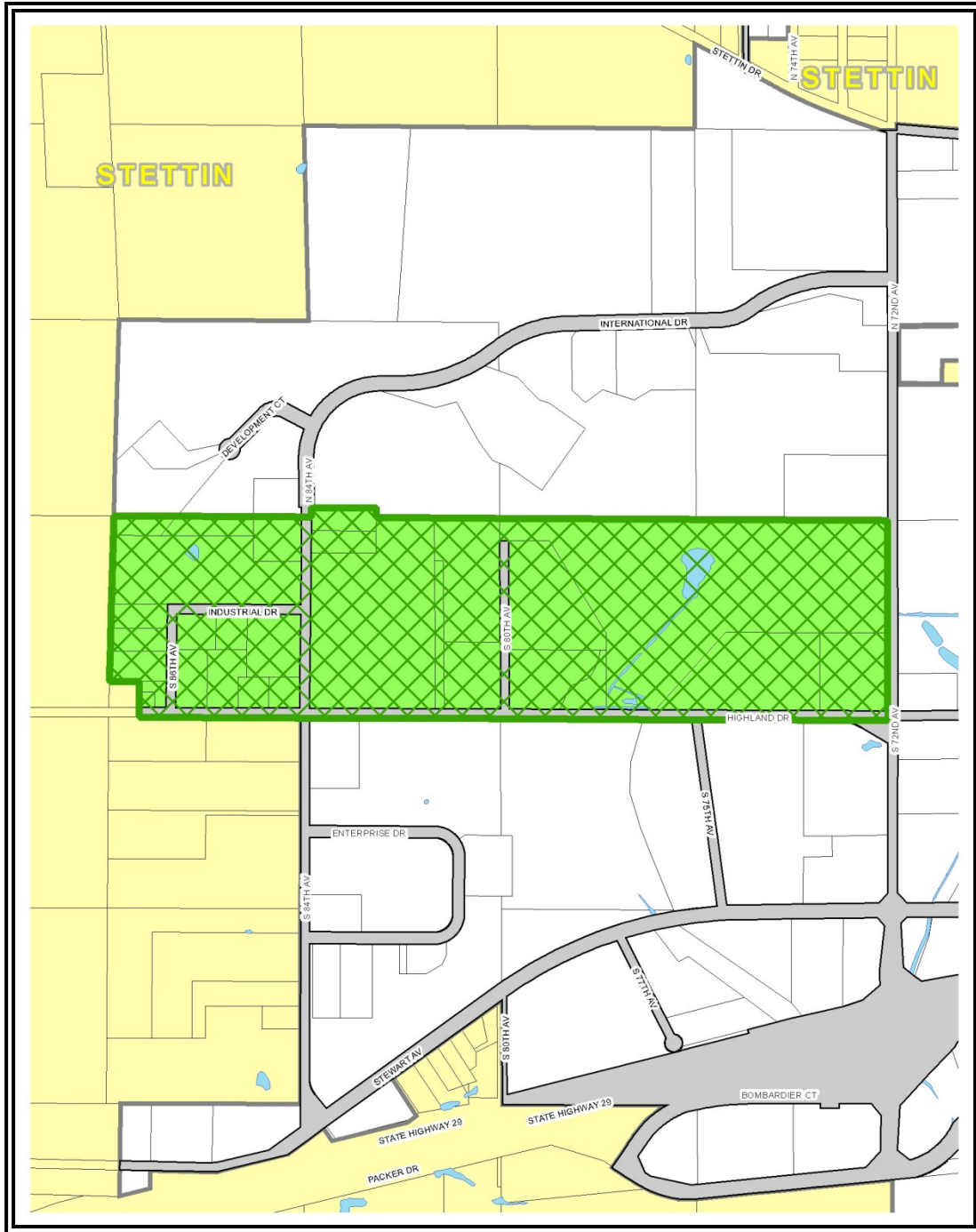
All amendments are complete, comply with the applicable statutory section, and are in conformity with the City's master plan and other policies of the City.

Very truly yours,

CITY OF WAUSAU

Anne L. Jacobson
City Attorney

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District Map for Reference Only.