

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



Plan Commission Public Hearing: July 20, 2010
Adopted by Plan Commission: July 20, 2010
Approved by Finance Committee: August 4, 2010
Approved by 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” 3 was created September 12, 1994 to foster the continued redevelopment of the Central Business District. The original project plan listed the following objectives:

- To eliminate predominantly open and under-utilized areas which contribute to blight in the Central Business District and impair the sound growth of the community.
- To help prevent the recurrence of blight and blighting conditions through public and private investments within the tax incremental district.
- To carry out “rehabilitation or conservation work”, as defined in 66.435(3).
- To enhance the property value and development potential of properties within and adjacent to the tax incremental district.
- To strengthen the economic well-being of the tax incremental district area and the Central Business District.
- To identify feasible and appropriate means of undertaking and financing the improvements outlined in this project plan.
- To increase employment opportunities available in the community.
- To increase total and per capita income in the community.
- To help implement the Redevelopment plan and any amendments to the plan.

PRIOR AMENDMENTS

The District was previously amended August 2000 and November 2006. Each of these amendments increased territory and project costs. The state law governing tax increment district financing currently allows communities to add territory to an existing tax increment district four times during the life of the district.

PROPOSED AMENDMENTS

The purpose of this amendment is to incur project costs relating to improvements to the River Edge Parkway outside the district within a one-half mile radius of the district’s boundaries as allowed by 66.1105(2)(f)1.m. In particular the City of Wausau is interested in expending dollars to expand or improve the Rivers Edge in the following areas:

- The north on the west edge of the Wisconsin River on the Marathon Electric Site.
- The south on the east edge of the Wisconsin River for the Kayaking Course.

ESTIMATED TOTAL PROJECT EXPENDITURES

The additional project costs to be incurred under this amendment are estimated at \$802,500. These projects have not been bid and as such actual costs may vary.

ECONOMIC DEVELOPMENT

The Wisconsin River is a crucial component of the Central Business District adding recreation, scenic aesthetics, environmental diversity and tax base enhancements. The City adopted the River Edge Master Plan in 1995. The plan is designed to physically link the parks located along the river; improve pedestrian and bicycle transportation facilities and enhance recreational opportunities. The importance of the Wisconsin River and its impact to the economy and the continued vitality of the area has been included in many other strategic plans including: The City of Wausau's Central Business District Master Plan, The City of Wausau Comprehensive Park and Recreation Plan, the City of Wausau's Comprehensive Plan, The Wausau MPO Bicycle and Pedestrian Plan and Marathon County's Comprehensive Economic Development Plan. Due to early industrial development of the river, enhancements have been challenging. Private ownership issues, financial limitations and topographical demands have slowed improvements.

The City has been working with Marathon Electric to obtain easements for River Edge Trail development and has obtained a grant for 50% funding of the improvements. The total expected costs of these improvements are \$638,500.

The southern half-mile buffer zone includes the Wisconsin River's east channel which hosts our world-class Whitewater Park. Whitewater Park began in 1974 and is an ongoing joint vision and effort of citizens, corporate sponsors, Wisconsin Public Service, the City of Wausau and water enthusiasts. Whitewater Park



VIEW FROM MARATHON ELECTRIC SITE

hosts a variety of local, regional, national and international events which brings visitors, athletes, and spectators to the central business district each year. Wausau Canoe and Kayak would like to improve spectator accommodations which are necessary to attract large events to the park. The plan will address several safety issues, erosion problems and improve walkway aesthetics at a budget of \$114,000. In addition, \$50,000 has been added to provide for a shelter and bathroom facilities.



KAYAK COURSE EYESORE

The spectator area will be created with fill and rock to form a natural seating area. A stairway will be created to provide easy access to the river's edge, manage erosion and minimize the impact of the steep embankment. The River Edge Walkway is in great condition but a number of enhancements are necessary such as removal and upgrade of fencing and removal of invasive plants.



STEEP BANK WITH EROSION

TERMINATION OF THE DISTRICT

Significant changes have occurred within the Central Business District since the creation of Tax Increment District Number Three. The mission of the district is critical and the city expects the district to remain open until the mandated termination date of 2021.

SUMMARY OF FINDINGS

- Tax Increment District Number Three is located within the heart of the City. The District is a redevelopment, blight-elimination district. Redevelopment efforts are multi-faceted and include the development of recreation and public spaces; and support of the private investment in entertainment, retail, commercial and residential developments. The City has assisted these venues through public infrastructure, utility installation and site improvements. Significant private development includes: the Dudley Tower, Wausau Benefits, Jefferson Street Inn, Jefferson Parking Ramp, Pick n Save and the Wisconsin Eye Clinic. These developments involved the re-use of developed properties in high density locations. This type of construction carries substantially greater costs than cornfield developments. Redevelopment would be economically unfeasible “but for” the additional financial resources of tax increment financing. This finding is required by Wisconsin Statutes 66.1105(4m)(c)1.a.
- The economic benefits of the redevelopment efforts of Tax Increment District Number Three 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.

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

The amendment seeks to spend money outside the district within the one-half mile zone allowed by 66.1105 (2)(f)1.m. The plan provides for estimated river edge development costs including construction, materials and contractual services as follows: Marathon Electric Site \$638,500 and Kayak Viewing Area \$164,000.

ECONOMIC FEASIBILITY STUDY

The cash flow projection below demonstrates the projected annual revenues and expenses of the district through maturity. As you can see the cash flow indicates that the City will be able to finance the projects identified within this amendment. The cash flow does not rely on inflationary increases in values or annual increment to finance the retirement of existing debt or the costs outlined within this plan. The temporary deficits disclosed in 2013 to 2016 will be financed through internal advances.

TID #3 CASH FLOW PROJECTIONS

| Year | Project Costs | EXPENSES | | REVENUES | | | | Annual Surplus (Deficit) | Accumulated Balance |
|-------------|---------------|---|--|---------------|--------------|-------------------|-----------------------------|--------------------------|---------------------|
| | | Project Costs Within One-Half Mile Radius | Existing Debt and 2010 Debt Retirement | Debt Proceeds | Other Income | Project Increment | TID 2/TID 1 Donor Increment | | |
| Accumulated | | | | | | | | | \$ 997,587 |
| 2009 | \$ 436,243 | | \$ 2,413,435 | \$ 320,000 | \$ 279,585 | \$ 1,922,136 | \$685,107 | \$ 357,150 | 1,354,737 |
| 2010 | 1,724,000 | | 2,449,184 | 1,525,000 | | 1,913,174 | 685,000 | -50,010 | 1,304,727 |
| 2011 | | 802,500 | 2,614,683 | | 319,250 | 1,900,000 | | -1,197,933 | 106,794 |
| 2012 | | | 2,313,013 | | | 1,900,000 | | -413,013 | -306,219 |
| 2013 | | | 2,305,955 | | | 1,900,000 | | -405,955 | -712,174 |
| 2014 | | | 1,915,344 | | | 1,900,000 | | -15,344 | -727,518 |
| 2015 | | | 1,776,266 | | | 1,900,000 | | 123,734 | -603,784 |
| 2016 | | | 1,586,740 | | | 1,900,000 | | 313,260 | -290,524 |
| 2017 | | | 1,573,101 | | | 1,900,000 | | 326,899 | 36,375 |
| 2018 | | | 1,419,397 | | | 1,900,000 | | 480,603 | 516,978 |
| 2019 | | | 1,381,290 | | | 1,900,000 | | 518,710 | 1,035,688 |
| 2020 | | | 1,321,775 | | | 1,900,000 | | 578,225 | 1,613,913 |
| 2021 | | | 548,375 | | | 1,900,000 | | 1,351,625 | 2,965,538 |
| | \$2,160,243 | \$802,500 | \$23,618,558 | \$1,845,000 | \$598,835 | \$24,735,310 | \$1,370,107 | | |

DETAILED LIST OF PROJECT COSTS

The plan amendment is to seek authorization to incur project costs outside the district's boundaries. These costs include:

| | | |
|------------------------|---|-------------------|
| River Edge Development | Marathon Electric Site | \$ 638,500 |
| River Edge Development | Wausau Kayak and Canoe Viewing Area Site | \$ 114,000 |
| River Edge Development | Kayak Area River Edge Amenities - Shelter and Bathrooms | 50,000 |
| | | <u>\$ 802,500</u> |

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

The City will seek to fund the projects with grant income and funds available in Tax Increment District Number Three. The City retains the authority to evaluate the cash flow and adjust its financing plan as needed.

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 purpose of this amendment is to incur project costs relating to improvements to the River Edge Parkway outside the district within a one-half mile radius of the district's boundaries as allowed by 66.1105(2)(f)1.m. No relocation of displaced persons or businesses is expected.

ORDERLY DEVELOPMENT OF THE CITY OF WAUSAU

The River Edge improvements considered in this plan amendment are consistent with the River Edge Plan adopted by the Common Council and consistent with the City of Wausau Comprehensive Plan.

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 incurring project costs 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 Page 6.

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
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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.

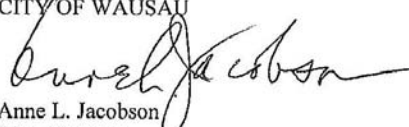
The specific requirements in section 66.1105(4)(e) and (f) and (6)(e) and (f) are met.

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.

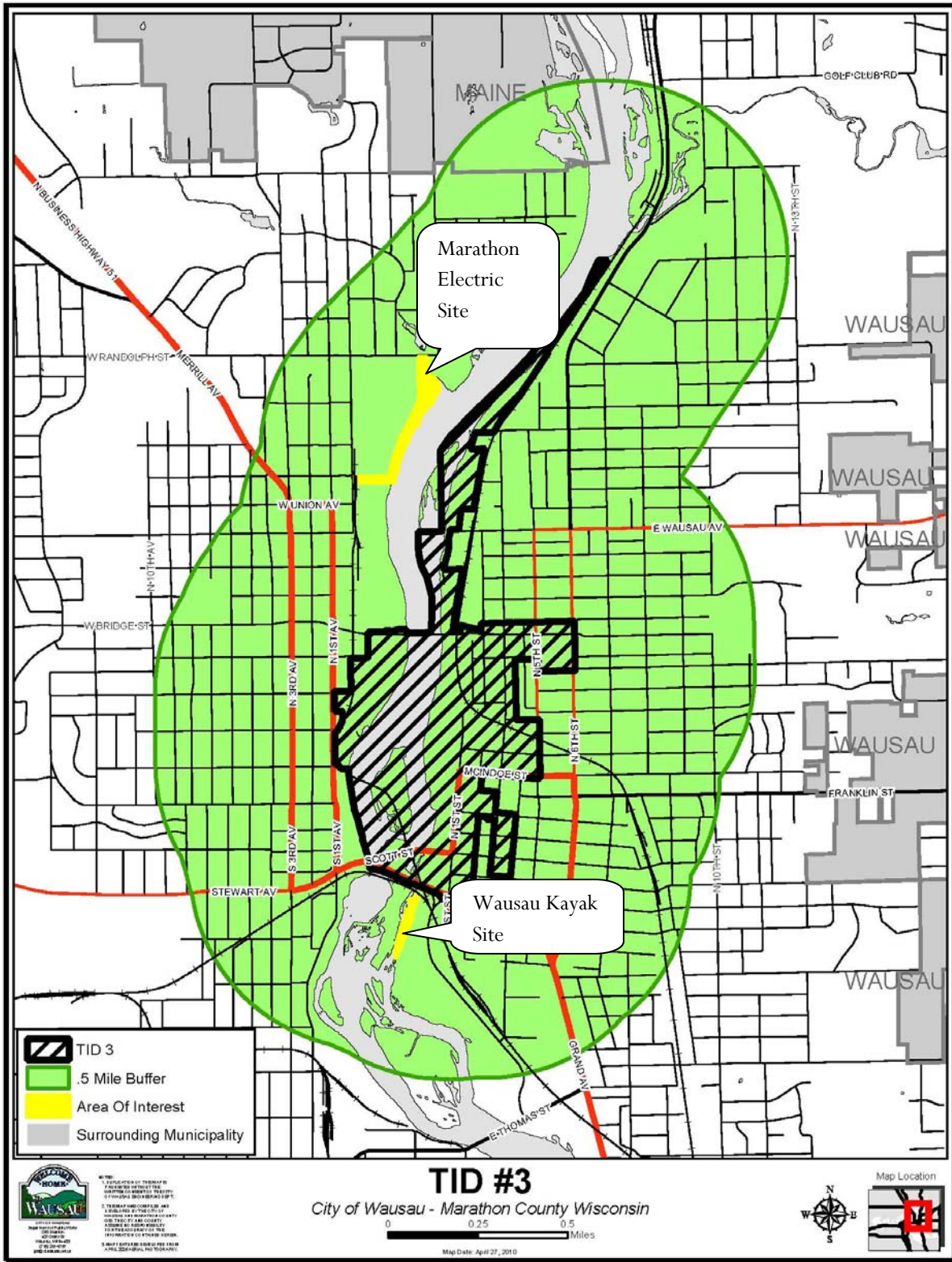
All amendments are complete, comply with the applicable statutory section, and are in conformity with the City's master plan and other policies of the City.

Very truly yours,

CITY OF WAUSAU


Anne L. Jacobson
City Attorney

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MAP - PROPOSED IMPROVEMENTS AND USES