



June 10, 2015

Project Plan for the Creation of Tax Incremental District No. 9



Organizational Joint Review Board Meeting Held:	May 19, 2015
Public Hearing Held:	May 19, 2015
Approval by Plan Commission:	May 19, 2015
Adoption by Common Council:	June 9, 2015
Approval by the Joint Review Board:	Scheduled for: June 16, 2015



Tax Incremental District No. 9 Creation Project Plan

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SECTION 1: Executive Summary

Description of District

Type of District, Size and Location

Tax Incremental District (“TID”) No. 9 (the “TID” or “District”) is proposed to be created by the City of Fitchburg (“City”) as an industrial district. A map of the proposed District boundaries is located in Section 3 of this plan.

The district is proposed to assist a long time local manufacturer, the Sub Zero / Wolf Corporation, to expand its operations by adding a 305,000 square foot facility at an approximate cost of \$50,000,000 to \$60,000,000 including equipment.

Estimated Total Project Expenditures.

The City anticipates making or reimbursing total project expenditures of approximately \$2,250,000 to undertake the projects listed in this Project Plan. The City anticipates completing the projects in a single Phase. The Expenditure Period of this District is 15 years from the date of adoption of the authorizing Resolution of the Common Council (the “Creation Resolution”). The projects to be undertaken pursuant to this Project Plan are expected to be financed with a Municipal Revenue Obligation (MRO) or “PAYGO” Bond issued by the City, however, the City may use other alternative financing methods which may provide overall lower costs of financing, preserve debt capacity, mitigate risk to the City, or provide other advantages as determined by the Common Council. A discussion and listing of other possible financing mechanisms, as well as a summary of total project financing, is located in Section 10 of this plan.

Economic Development

As a result of the creation of this District, the City projects that additional land and improvements value of approximately \$11,225,000 will be created as a result of new development, redevelopment, and appreciation in the value of existing properties. This additional value will be a result of the improvements made and projects undertaken within the District. A table detailing assumptions as to the timing of new development and redevelopment and associated values is located in Section 10 of this Plan. In addition, creation of the District is expected to result in other economic benefits as detailed in the Summary of Findings hereafter.

Expected Termination of District

Based on the Economic Feasibility Study located in Section 10 of this plan, this District would be expected to generate sufficient tax increments to recover all project costs by the year 2032; 4 years earlier than the 20 year maximum life of this District.

Summary of Findings

As required by Wisconsin Statutes Section 66.1105 , and as documented in this Project Plan and the exhibits contained and referenced herein, the following findings are made:

1. **That “but for” the creation of this District, the development projected to occur as detailed in this Project Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the City.** In making this determination, the City has considered the following information:

- The City expects to conduct an independent review of the Sub-Zero’s sources and uses proforma for the initial proposed development project. This review will determine the final amount of the City’s participation amount. The developer has indicated that a public investment of approximately \$2,250,000 is required to enable the development to occur in the manner desired by the City, while providing the company a fair and reasonable return on their investment.
- It is the judgment of the City that the use of Tax Incremental Financing (“TIF”) will be required to provide the necessary infrastructure and inducements to encourage development on the site consistent with that desired by the City.
- In order to make the areas included within the District suitable for development, the City will need to make a substantial investment to pay for the costs of: property, right-of-way and easement acquisition, site preparation, installation of utilities; installation of streets and related streetscape items; development incentive payments, and other associated costs. Due to the extensive initial investment that is required in order to allow development to occur, the City has determined that development of the area will not occur solely as a result of private investment. Accordingly, the City finds that absent the use of TIF, development of the area is unlikely to occur.
- Use of TIF in this instance will provide the City with the means to retain a long standing employer that was founded in 1945. The company also is considering alternate locations for this project at its other sites that it owns in Phoenix, Arizona and Richmond, Kentucky. Use of TIF is considered to be a key to retaining this company in Fitchburg and Wisconsin.

2. **The economic benefits of the Tax Incremental District, as measured by increased employment, business and personal income, and property value, are sufficient to compensate for the cost of the improvements.** In making this determination, the City has considered the following information:

- As demonstrated in the Economic Feasibility Section of this Project Plan, the tax increments projected to be collected are more than sufficient to pay for the proposed project costs. On this basis alone, the finding is supported.
- The development expected to occur is likely to generate approximately 313 full time jobs through the first three years of the District, with an average wage of approximately \$18 per hour plus 55% fringe benefits. (*source:3/24/15 Sub-Zero Presentation to City*).

3. **The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.**
 - If approved, the District's creation would become effective for valuation purposes as of January 1, 2015. As of this date, the values of all existing development would be frozen and the property taxes collected on this base value would continue to be distributed amongst the various taxing entities as they currently are now. Taxes levied on any additional value established within the District due to new construction, renovation or appreciation of property values occurring after January 1, 2015 would be collected by the TID and used to repay the costs of TIF-eligible projects undertaken within the District.
 - Since the development expected to occur is unlikely to take place or in the same manner without the use of TIF (see Finding #1) and since the District will generate economic benefits that are more than sufficient to compensate for the cost of the improvements (see Finding #2), the City reasonably concludes that the overall benefits of the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. It is further concluded that since the "but for" test is satisfied, there would, in fact, be no foregone tax increments to be paid in the event the District is not created. As required by Section 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been made and can be found in Appendix A of this plan.
4. Not less than 50% by area of the real property within the District is suitable for industrial sites and zoned for industrial use within the meaning of Wisconsin Statutes Section 66.1101. Any real property within the District that is found suitable for industrial sites and is zoned for industrial use at the time of the creation of the District will remain zoned for industrial use for the life of the District.
5. Based upon the findings, as stated above, the District is declared to be an industrial District based on the identification and classification of the property included within the District.
6. The project costs relate directly to promoting industrial development in the District consistent with the purpose for which the District is created.
7. The improvement of such area is likely to enhance significantly the value of substantially all of the other real property in the District.
8. The equalized value of taxable property of the District, plus the value increment of all existing tax incremental districts within the City, does not exceed 12% of the total equalized value of taxable property within the City.
9. The City estimates that none of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period, pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1.
10. The Project Plan for the District in the City is feasible, and is in conformity with the master plan of the City.

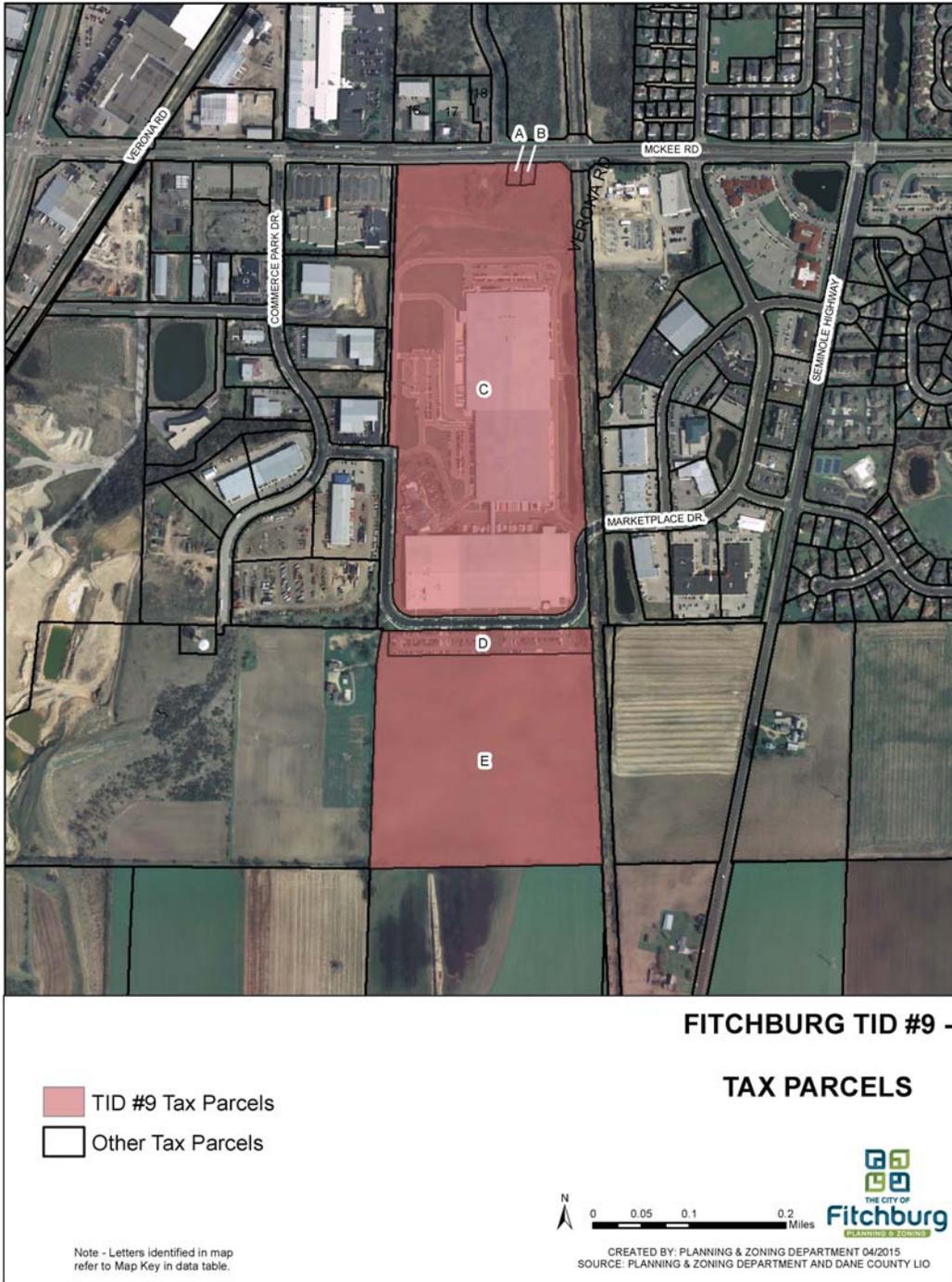
SECTION 2: Type and General Description of District

The District is being created by the City under the authority provided by Wisconsin Statutes Section 66.1105. This District is created as an “Industrial District” based upon a finding that at least 50%, by area, of the real property within the District is zoned and suitable for industrial sites within the meaning of Wisconsin Statutes Section 66.1101 (See Section 5 of this plan for a breakdown of District parcels by class and calculation of compliance with the 50% test).

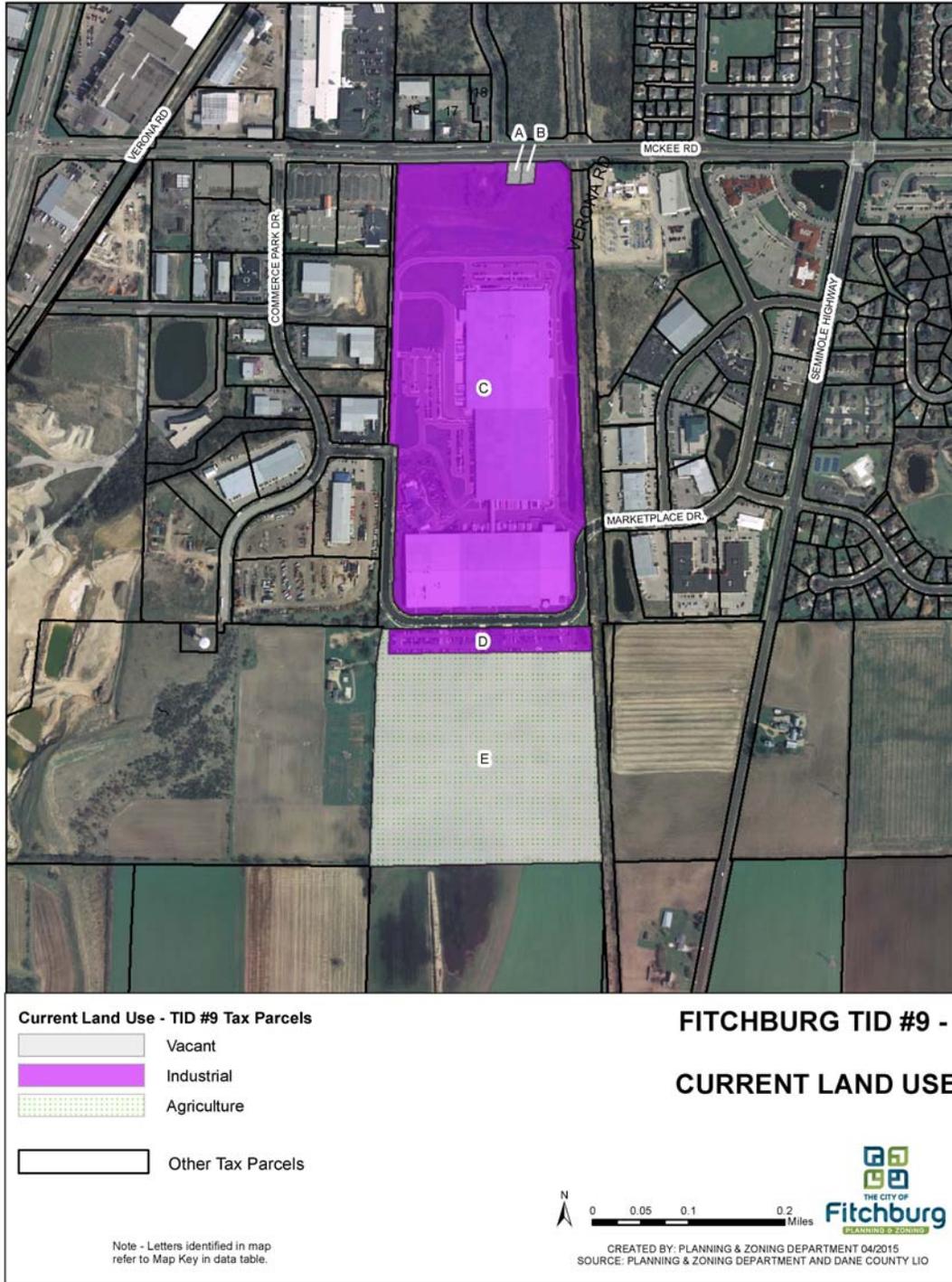
A map depicting the boundaries of the District is found in Section 3 of this Plan. A map depicting the proposed uses of the District is found in Section 8 of this plan. The City intends that TIF will be used to assure that industrial, distributor and related private development locates in this District. This will be accomplished by installing public improvements, and making necessary related expenditures, to promote industrial development within the District. The goal is to increase the tax base and to provide for and preserve employment opportunities within the City. The project costs included in this Plan relate directly to promoting industrial development in the District consistent with the purpose for which the District is created.

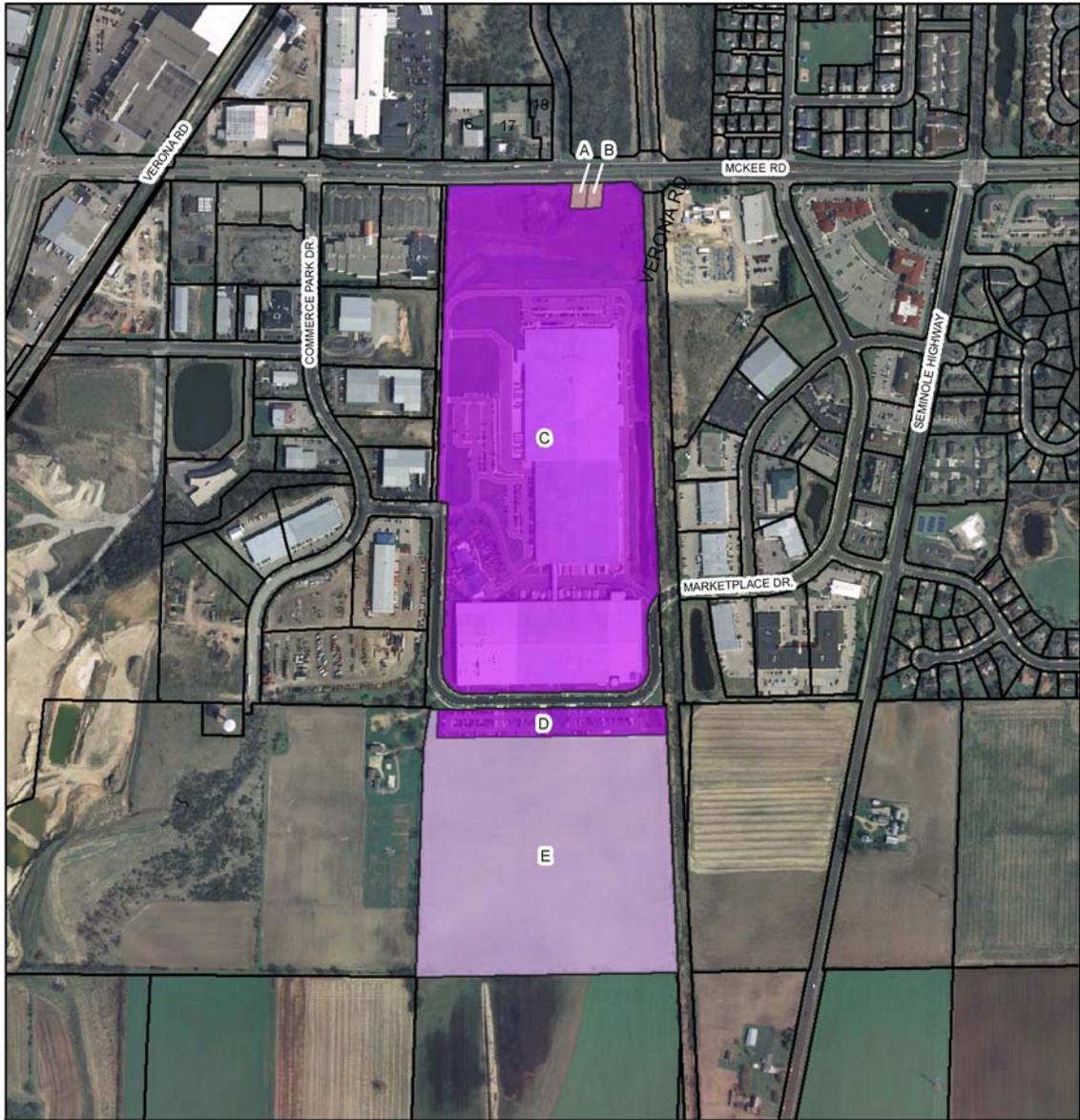
Based upon the findings, as stated within this Plan, the District is declared to be an industrial District based on the identification and classification of the property included within the district.

SECTION 3: Preliminary Map of Proposed District Boundary



SECTION 4: Maps Showing Existing Uses and Conditions





Current Zoning - TID #9 Tax Parcels

- B-P; Professional Office
- I-G; General Industrial
- R-D; Rural Development
- Other Tax Parcels

Note - Letters identified in map refer to Map Key in data table.

**FITCHBURG TID #9 -
CURRENT ZONING**



CREATED BY: PLANNING & ZONING DEPARTMENT 04/2015
SOURCE: PLANNING & ZONING DEPARTMENT AND DANE COUNTY LIO

SECTION 5: Preliminary Parcel List and Analysis

Proposed TID 9 Property Information									
Map Key	Owner	Parcel #	Parcel Acres	Zoning	Industrial Acres	Land	Improvement	Per Prop	Total
A	Sub-Zero Wolf	060908285609	0.21	B-P		9,000	-	-	9,000
B	Sub-Zero Wolf	060908285501	0.21	B-P		9,000	-	-	9,000
C	Sub-Zero Wolf	060908285752	56.767	I-G	56.767	9,165,200	26,537,900	4,968,900	40,672,000
D	Sub-Zero Wolf	060908385302	3.44	I-G	3.44	185,000	275,000	-	460,000
E	Donald Dunn	060908385602	33.13	R-D		8,500	-	-	8,500
Totals			93.757		60.207	9,376,700	26,812,900	4,968,900	41,158,500

SECTION 6: Equalized Value Test

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

The equalized value of the increment of existing tax incremental districts within the City, plus the base value of the proposed District, totals \$197,813,800. This value is less than the maximum of \$314,875,704 in equalized value that is permitted for the City of Fitchburg. The City is therefore in compliance with the statutory equalized valuation test and may proceed with creation of this District.

City of Fitchburg, Wisconsin				
Tax Increment District # 9 (Sub-Zero Project)				
Valuation Test Compliance Calculation				
Creation Date	6/9/2015			
	Valuation Data Currently Available	Dollar Charge	Percent Change	Valuation Data Est. Creation Date
	2014			
Total EV (TID In)	2,623,964,200		1.00%	2,650,203,842
12% Test	314,875,704			314,875,704
Increment of Existing TIDs				
TID #4	139,948,600		3.00%	144,147,058
TID #6	13,504,200		3.00%	13,909,326
TID #7	3,202,500		3.00%	3,298,575
TID #8	0			0
	0			0
	0			0
Total Existing Increment	156,655,300			161,354,959
Projected Base of New or Amended District	41,158,500		1.00%	41,570,085
Total Value Subject to 12% Test	197,813,800			202,925,044
Compliance	PASS			PASS

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SECTION 7: Statement of Kind, Number and Location of Proposed Public Works and Other Projects

The following is a list of public works and other TIF-eligible projects that the City expects to implement in conjunction with this District. These costs are currently expected to be incurred by Sub Zero as the owner/developer and may be reimbursed by the City as part of a Municipal Revenue Obligation or PAYGO financing technique. Any costs necessary or convenient to the creation of the District or directly or indirectly related to the public works and other projects are considered "Project Costs" and eligible to be paid with tax increment revenues of the District.

Property, Right-of-Way and Easement Acquisition

Property Acquisition for Development

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

Acquisition of Rights-of-Way

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

Acquisition of Easements

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

Relocation Costs

No relocation is expected as a part of this plan however, if relocation expenses were to be incurred in conjunction with the acquisition of property, those expenses are eligible Project Costs. These costs may include, but are not limited to: preparation of a relocation plan; allocations of staff time; legal fees; publication of notices; obtaining appraisals; and payment of relocation benefits as required by Wisconsin Statutes Sections 32.19 and 32.195.

Site Preparation Activities

Environmental Audits and Remediation

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

Demolition

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

Site Grading

Land within the District may require grading to make it suitable for development and/or redevelopment, to provide access, and to control stormwater runoff. The City or Sub Zero 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 and/or redevelopment to occur, the City or Sub Zero may need to construct, alter, rebuild or expand sanitary sewer infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: collection mains; manholes and cleanouts; service laterals; force mains; interceptor sewers; and all related appurtenances. To the extent sanitary sewer projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand sanitary sewer infrastructure located outside of the District. That portion of the costs of sanitary sewer system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs. The improvements to the wastewater treatment facilities, although not within the ½ mile radius, is an eligible project cost under Section 66.1105(2)(f)1 k.

Water System Improvements

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

Stormwater Management System Improvements

To manage stormwater runoff, the City or Sub Zero 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.

Streets and Streetscape

Street Improvements

To allow development and/or redevelopment to occur, the City or Sub Zero may need to construct and/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; street lighting; installation of traffic control signage and traffic signals; pavement marking; right-of-way restoration; installation of retaining walls; and installation of fences, berms, and landscaping.

Streetscaping and Landscaping

In order to attract development 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.

CDA Type Activities

Contribution to Community Development

As provided for in Wisconsin Statutes Sections 66.1105(2)(f)1.h and 66.1333(13), the City may provide funds to its CDA to be used for administration, planning operations, and capital costs, including but not limited to real property acquisition, related to the purposes for which it was established in furtherance of any redevelopment or urban renewal project. Funds provided to the CDA for this purpose are eligible Project Costs.

Miscellaneous

Cash Grants (Development Incentives)

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

Professional Service and Organizational Costs

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

Administrative Costs

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

Financing Costs

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

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

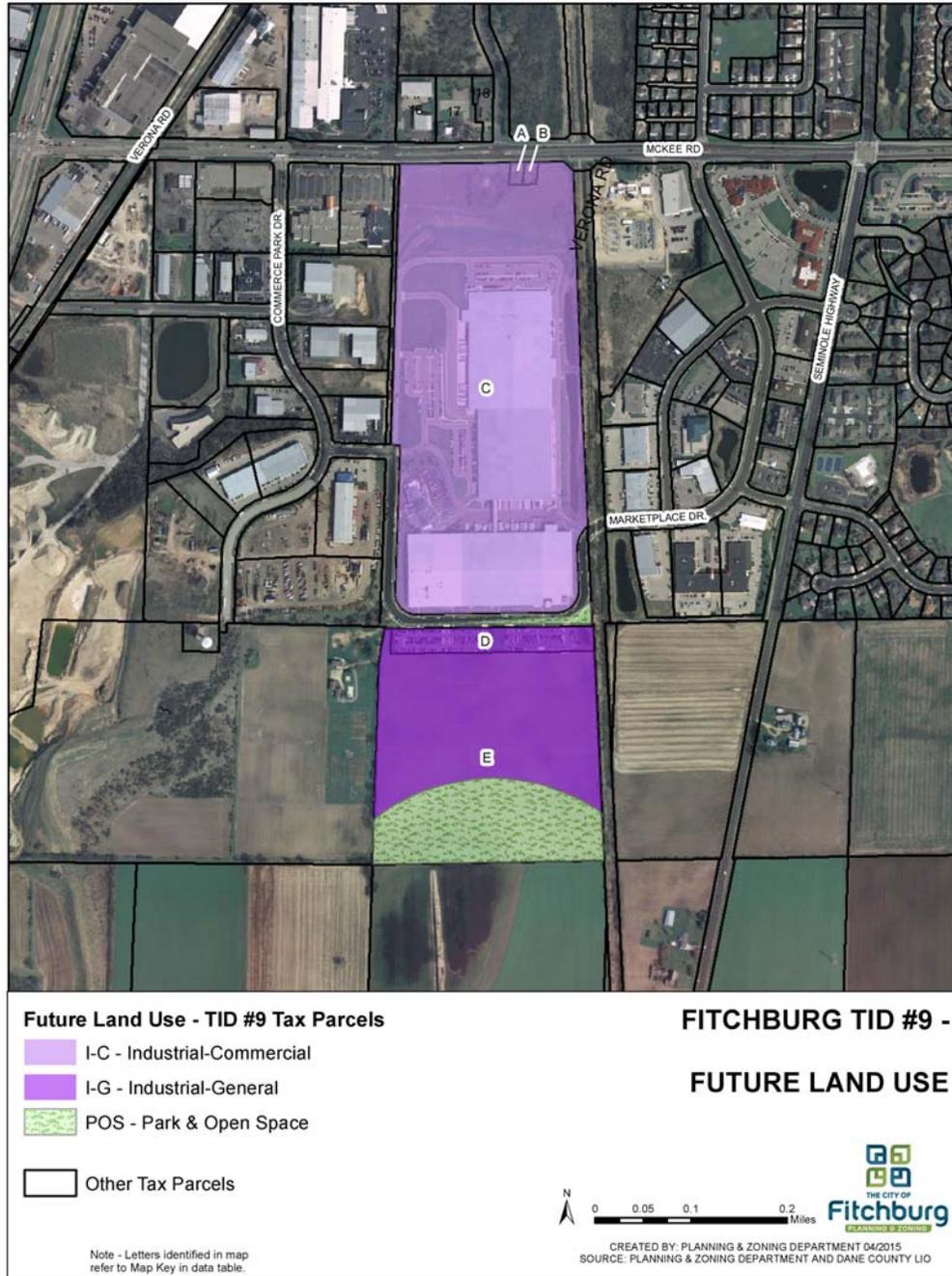
In the event any of the public works project expenditures are not reimbursable out of the special TIF fund under Wisconsin Statutes Section 66.1105, in the written opinion of counsel retained by the City for such purpose or a court of record so rules in a final order, then such project or projects shall be deleted herefrom and the remainder of the projects hereunder shall be deemed the entirety of the projects for purposes of this Project Plan.

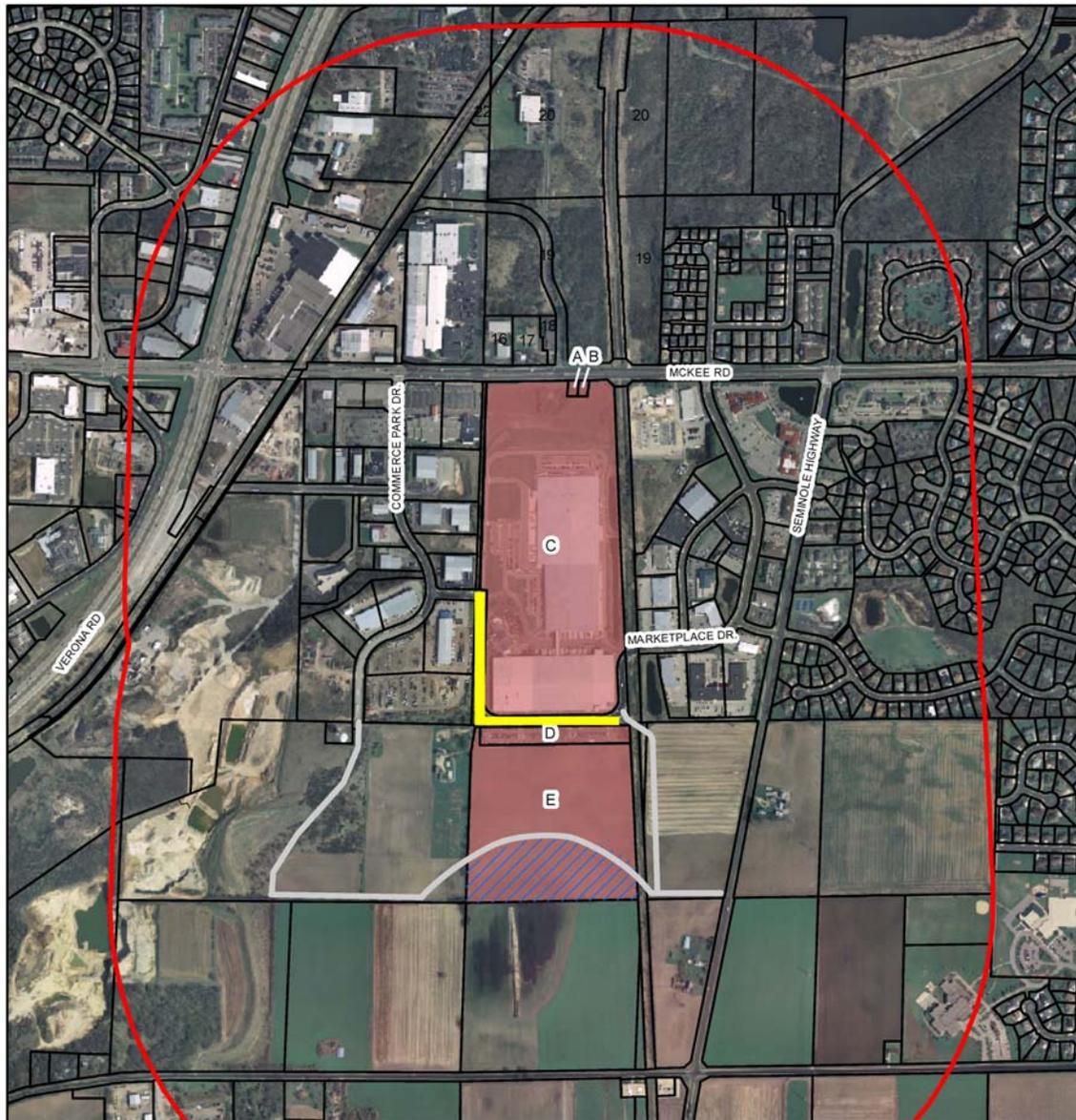
The City reserves the right to implement only those projects that remain viable as the Plan period proceeds.

Project Costs are any expenditure made, estimated to be made, or monetary obligations incurred or estimated to be incurred, by the City and as outlined in this Plan. Project Costs will be diminished by any income, special assessments or other revenues, including user fees or charges. To the extent the costs benefit the municipality outside the District, a proportionate share of the cost is not a Project Cost. Costs identified in this Plan are preliminary estimates made prior to design considerations and are subject to

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

SECTION 8: Maps Showing Proposed Improvements and Uses





**FITCHBURG TID #9 -
IMPROVEMENTS**

- TID #9 Tax Parcels
- TID #9 0.5 Mile Buffer
- Future Land Use - Parks & Conservancy
- Other Tax Parcels
- Marketplace Dr. Street Vacate (Approximate)
- Proposed Street Network (Approximate)

Note - Letters identified in map refer to Map Key in data table.



CREATED BY: PLANNING & ZONING DEPARTMENT 04/2015
SOURCE: PLANNING & ZONING DEPARTMENT AND DANE COUNTY LIO

SECTION 9: Detailed List of Project Costs

All costs are based on 2015 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2015 and the time of construction. The City also reserves the right to increase certain project costs to the extent others are reduced or not implemented without amending the Plan. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the Plan.

This Plan is not meant to be a budget nor an appropriation of funds for specific projects, but a framework within which to manage projects. All costs included in the Plan are estimates based on best information available. The City retains the right to delete projects or change the scope and/or timing of projects implemented as they are individually authorized by the Common Council, without amending the Plan.

Proposed TIF Project Cost Estimates

City of Fitchburg, Wisconsin			
Tax Increment District # 9 (Sub-Zero Project)			
Estimated Project List			
Project ID	Project Name/Type	Phase I Year	Total (Note 1)
1	Land Acquisition	2,050,000	2,050,000
2	Road Access	872,000	872,000
3	Utilities Extension	1,504,000	1,504,000
4	Engineering & Permitting	654,000	654,000
5	Demo & Reconstruct Cul de Sacs	60,000	60,000
6	Retention Pond	300,000	300,000
7	Parking lots	450,000	450,000
8	Engineering Services	140,000	140,000
9	Municipal Fees	141,000	141,000
10	Grading and other Site Work	550,000	550,000
Total Projects		<u>6,721,000</u>	<u>6,721,000</u>
LESS:			
	TEA Grant (Note 2)	(1,000,000)	(1,000,000)
	WEDC Grant / Loan (Note 2)	(3,475,000)	(3,475,000)
	Contingency	4,000	4,000
			0
TID Participation Required		2,250,000	2,250,000
Notes:			
Note 1	Project costs are estimates and are subject to modification. Detailed Breakdown to be provided.		
Note 2	State assistance has been applied for and is subject to documentation of actual employment increases.		
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SECTION 10: Economic Feasibility Study, Financing Methods, and the Time When Costs or Monetary Obligations Related are to be Incurred

The information and exhibits contained within this Section demonstrate that the proposed District is economically feasible insofar as:

- The City has available to it the means to secure the necessary financing required to accomplish the projects contained within this Plan. A listing of “Available Financing Methods” follows.
- The City expects to complete the projects in one or multiple phases, and can adjust the timing of implementation as needed to coincide with the pace of private development. A discussion of the phasing and projected timeline for project completion is discussed under “Plan Implementation” within this Section. A table identifying the financing method for each phase and the time at which that financing is expected to be incurred is included.
- The development anticipated to occur as a result of the implementation of this Plan will generate sufficient tax increments to pay for the cost of the projects. Within this Section are tables identifying: 1) the development expected to occur, 2) a projection of tax increments to be collected resulting from that development and other economic growth within the District, and 3) a cash flow model demonstrating that the projected tax increment collections and all other revenues available to the District will be sufficient to pay all Project Costs.

Available Financing Methods

The following is a list of the types of obligations the City could choose to utilize. The primary option being considered is the use of the “Pay As You Go” or Municipal Revenue Bond option identified below.

General Obligation (G.O.) Bonds or Notes

The City may issue G.O. Bonds or Notes to finance the cost of projects included within this Plan. The Wisconsin State Constitution limits the principal amount of G.O. debt that the community may have outstanding at any point in time to an amount not greater than five percent of its total equalized value (TID IN). As of the date of this plan, the City has a G.O. debt limit of \$131,198,210, of which \$85,363,210 is currently unused and could be made available to finance Project Costs.

Bonds Issued to Developers (“Pay as You Go” or Municipal Revenue Obligation Financing)

The City primary choice to finance this district will be the issuance of a bond or other revenue obligation to Sub Zero who would provide financing for projects included in this Plan. Repayment of the amounts due to the Sub Zero as the developer under the bonds or other obligations are limited to an agreed percentage of the available annual tax increments collected that result from the improvements made by the developer. To the extent the tax increments collected are insufficient to make annual payments, or to repay the entire obligation over the life of the District, the City’s obligation is limited to not more than the

agreed percentage of the actual increments collected. Bonds or other obligations issued to developers in this fashion are not general obligations of the City and, therefore, do not count against the City's statutory borrowing capacity.

In addition, the size of the MRO in this plan is predicated upon the net taxable value of the Sub Zero project at \$11,225,000. To the extent the taxable value is less, the principal amount of the MRO will be reduced to provide adequate revenue coverage.

Tax Increment Revenue Bonds

The City has the authority to issue revenue bonds secured by the tax increments to be collected. These bonds may be issued directly by the City, or as a form of lease revenue bond by a Community Development Authority (CDA). Tax Increment Revenue Bonds and Lease Revenue Bonds are not general obligations of the City and therefore do not count against the City's statutory borrowing capacity. To the extent tax increments collected are insufficient to meet the annual debt service requirements of the revenue bonds, the City may be subject to either a permissive or mandatory requirement to appropriate on an annual basis a sum equal to the actual or projected shortfall.

Utility Revenue Bonds

The City can issue revenue bonds to be repaid from revenues of the its various systems, including revenues paid by the City that represent service of the system to the City. There is neither a statutory nor constitutional limitation on the amount of revenue bonds that can be issued, however, water rates are controlled by the Wisconsin Public Service Commission and the City must demonstrate to bond purchasers its ability to repay revenue debt with the assigned rates. To the extent the City utilizes utility revenues other than tax increments to repay a portion of the bonds, the City must reduce the total eligible Project Costs in an equal amount.

Special Assessment "B" Bonds

The City has the ability to levy special assessments against benefited properties to pay part of the costs for street, curb, gutter, sewer, water, storm sewers and other infrastructure. In the event the City determines that special assessments are appropriate, the City can issue Special Assessment B bonds pledging revenues from special assessment installments to the extent assessment payments are outstanding. These bonds are not counted against the City's statutory borrowing capacity. If special assessments are levied, the City must reduce the total eligible Project Costs under this Plan in an amount equal to the total collected.

Plan Implementation

Other sources of funding, in addition to TID increment, are being pursued by the developer and the municipality in order to fund the total project improvements.

Projects identified will provide the necessary anticipated governmental services to the area. A reasonable and orderly sequence is outlined on the following page. However, public debt and expenditures should be made at the pace private development occurs to assure increment is sufficient to cover expenses.

It is anticipated developer agreements between the City and property owners will be in place prior to major public expenditures. These agreements can provide for development guarantees or a payment in

lieu of development. To further assure contract enforcement, these agreements might include levying of special assessments against benefited properties.

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

Interest rates projected are based on current market conditions. Municipal interest rates are subject to constantly changing market conditions. In addition, other factors such as the loss of tax-exempt status of municipal bonds or broadening the purpose of future tax-exempt bonds would affect market conditions. Actual interest expense will be determined once the methods of financing have been approved and securities or other obligations are issued.

If financing as outlined in this Plan proves unworkable, the City reserves the right to use alternate financing solutions for the projects as they are implemented.

Implementation and Financing Timeline

City of Fitchburg, Wisconsin		
Tax Increment District # 9 (Sub-Zero Project)		
Estimated Financing Plan		
	Municipal Revenue Obligation (MRO) 2016	Totals
Projects		
Phase I	2,250,000	2,250,000
Total Project Funds	<u>2,250,000</u>	<u>2,250,000</u>
Estimated Finance Related Expenses		
Financial Advisor		
Bond Counsel		
Rating Agency Fee		
Paying Agent		
Underwriter Discount	10.00	
Debt Service Reserve		
Capitalized Interest		
Total Financing Required	2,250,000	
Estimated Interest	0.25%	
Assumed spend down (months)	6	
Rounding	0	
Net Issue Size	<u>2,250,000</u>	<u>2,250,000</u>
Notes:		

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Development Assumptions

City of Fitchburg, Wisconsin Tax Increment District # 9 (Sub-Zero Project) Development Assumptions							
Construction Year		Actual	Sub Zero Expansion	Additional Expansion	Annual Total	Construction Year	
1	2015	(275,000)	4,500,000		4,225,000	2015	1
2	2016		7,000,000		7,000,000	2016	2
3	2017				0	2017	3
4	2018				0	2018	4
5	2019				0	2019	5
6	2020				0	2020	6
7	2021				0	2021	7
8	2022				0	2022	8
9	2023				0	2023	9
10	2024				0	2024	10
11	2025				0	2025	11
12	2026				0	2026	12
13	2027				0	2027	13
14	2028				0	2028	14
15	2029				0	2029	15
16	2030				0	2030	16
17	2031				0	2031	17
18	2032				0	2032	18
19	2033				0	2033	19
20	2034				0	2034	20
Totals		(275,000)	11,500,000	0	11,225,000		

Notes: Total Project Expense projected between \$50 M and \$60 M per Sub Zero. However as Manufacturing, this is assessed by the Wisconsin DOR and a significant portion may be exempt as it could be classified as equipment. The final assessment will determine the amount available for the MRO. The above is an estimate of net assessable real estate value.

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Increment Revenue Projections

City of Fitchburg, Wisconsin										
Tax Increment District # 9 (Sub-Zero Project)										
Tax Increment Projection Worksheet										
Type of District	Industrial		Base Value	41,158,500		<input type="checkbox"/> Apply to Base Value				
Creation Date	June 9, 2015		Appreciation Factor	0.00%						
Valuation Date	Jan 1,	2015	Base Tax Rate	\$23.94						
Max Life (Years)	20		Rate Adjustment Factor	0.00%						
Expenditure Periods/Termination	15	6/9/2030	Tax Exempt Discount Rate	4.50%						
Revenue Periods/Final Year	20	2036	Taxable Discount Rate	6.00%						
Extension Eligibility/Years	Yes	3								
Recipient District	No									
Construction Year	Value Added	Valuation Year	Inflation Increment	Total Increment	Revenue Year	Tax Rate	Tax Increment	Tax Exempt NPV Calculation	Taxable NPV Calculation	
1	2015	4,225,000	2016	0	4,225,000	2017	\$23.94	101,147	96,791	95,421
2	2016	7,000,000	2017	0	11,225,000	2018	\$23.94	268,727	342,872	334,587
3	2017	0	2018	0	11,225,000	2019	\$23.94	268,727	578,356	560,215
4	2018	0	2019	0	11,225,000	2020	\$23.94	268,727	803,700	773,071
5	2019	0	2020	0	11,225,000	2021	\$23.94	268,727	1,019,339	973,879
6	2020	0	2021	0	11,225,000	2022	\$23.94	268,727	1,225,693	1,163,321
7	2021	0	2022	0	11,225,000	2023	\$23.94	268,727	1,423,161	1,342,039
8	2022	0	2023	0	11,225,000	2024	\$23.94	268,727	1,612,126	1,510,642
9	2023	0	2024	0	11,225,000	2025	\$23.94	268,727	1,792,953	1,669,701
10	2024	0	2025	0	11,225,000	2026	\$23.94	268,727	1,965,993	1,819,756
11	2025	0	2026	0	11,225,000	2027	\$23.94	268,727	2,131,582	1,961,318
12	2026	0	2027	0	11,225,000	2028	\$23.94	268,727	2,290,041	2,094,867
13	2027	0	2028	0	11,225,000	2029	\$23.94	268,727	2,441,675	2,220,856
14	2028	0	2029	0	11,225,000	2030	\$23.94	268,727	2,586,780	2,339,714
15	2029	0	2030	0	11,225,000	2031	\$23.94	268,727	2,725,637	2,451,844
16	2030	0	2031	0	11,225,000	2032	\$23.94	268,727	2,858,514	2,557,628
17	2031	0	2032	0	11,225,000	2033	\$23.94	268,727	2,985,669	2,657,423
18	2032	0	2033	0	11,225,000	2034	\$23.94	268,727	3,107,348	2,751,570
19	2033	0	2034	0	11,225,000	2035	\$23.94	268,727	3,223,788	2,840,387
20	2034	0	2035	0	11,225,000	2036	\$23.94	268,727	3,335,214	2,924,177
Totals		11,225,000	0	Future Value of Increment			5,206,950			

Notes:
 Actual results will vary depending on development, inflation of overall tax rates.
 NPV calculations represent estimated amount of funds that could be borrowed (including project cost, capitalized interest and issuance costs).

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Cash Flow Projections – Example MRO Payment

Sub-Zero Expansion Project 2015										
I. TID MRO PAYMENT Information										
Date of Bond Issuance	9/1/2016									
Year	Collected Tax	Increment	Principal Balance	Interest Due		Interest Paid	Interest Accrued	Principal Paid	TOTAL P & I Paid	
				31-Dec	1-Sep					
2015			2,250,000							
2016		51,032	2,333,968	135,000	0	51,032	83,968	0	51,032	
2017		226,879	2,247,127	140,038	0	140,038	0	86,841	226,879	
2018		226,672	2,155,283	134,828	0	134,828	0	91,844	226,672	
2019		226,525	2,058,075	129,317	0	129,317	0	97,208	226,525	
2020		226,440	1,955,119	123,484	0	123,484	0	102,955	226,440	
2021		226,416	1,846,011	117,307	0	117,307	0	109,108	226,416	
2022		226,452	1,730,320	110,761	0	110,761	0	115,691	226,452	
2023		226,549	1,607,589	103,819	0	103,819	0	122,730	226,549	
2024		226,707	1,477,338	96,455	0	96,455	0	130,252	226,707	
2025		226,925	1,339,053	88,640	0	88,640	0	138,285	226,925	
2026		227,204	1,192,193	80,343	0	80,343	0	146,860	227,204	
2027		227,542	1,036,182	71,532	0	71,532	0	156,011	227,542	
2028		227,941	870,412	62,171	0	62,171	0	165,770	227,941	
2029		228,399	694,238	52,225	0	52,225	0	176,174	228,399	
2030		228,917	506,975	41,654	0	41,654	0	187,263	228,917	
2031		229,495	307,899	30,419	0	30,419	0	199,077	229,495	
2032		230,132	96,240	18,474	0	18,474	0	211,658	230,132	
2033		230,829	0	5,774	0	5,774	0	96,240	102,014	
2034		231,906	0	0	0	0	0	0	0	
2035		233,622	0	0	0	0	0	0	0	
2036										
TOTALS		4,386,584		1,542,241		1,458,273		2,333,968	3,792,241	

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Cash Flow Projections – District

City of Fitchburg, Wisconsin													
Tax Increment District # 9 (Sub-Zero Project)													
Cash Flow Projection													
Year	Projected Revenues					Expenditures				Balances			
	Tax Increments	Interest Earnings/ (Cost)	Less City Administrative Expense	Less Allocation for Coverage or other TID Expenses	Net Available TID Revenues	Municipal Revenue Obligation (MRO) Dated Date:	Principal	Est. Rate	Interest	Total Expenditures	Annual	Cumulative	Principal Outstanding
2015					0					0	0	0	0
2016					0					0	0	0	2,250,000
2017	101,147		(40,000)	(10,115)	51,032	0	6.00%	51,032	51,032	10,115	10,115	2,333,968	2017
2018	268,727	25	(15,000)	(26,873)	226,879	86,841	6.00%	140,038	226,879	26,873	36,987	2,247,127	2018
2019	268,727	118	(15,300)	(26,873)	226,672	91,844	6.00%	134,828	226,672	26,873	63,860	2,155,283	2019
2020	268,727	277	(15,606)	(26,873)	226,525	97,208	6.00%	129,317	226,525	26,873	90,733	2,058,075	2020
2021	268,727	504	(15,918)	(26,873)	226,440	102,955	6.00%	123,484	226,440	26,873	117,605	1,955,119	2021
2022	268,727	798	(16,236)	(26,873)	226,416	109,108	6.00%	117,307	226,416	26,873	144,478	1,846,011	2022
2023	268,727	1,159	(16,561)	(26,873)	226,452	115,691	6.00%	110,761	226,452	26,873	171,351	1,730,320	2023
2024	268,727	1,588	(16,892)	(26,873)	226,549	122,730	6.00%	103,819	226,549	26,873	198,223	1,607,589	2024
2025	268,727	2,083	(17,230)	(26,873)	226,707	130,252	6.00%	96,455	226,707	26,873	225,096	1,477,338	2025
2026	268,727	2,646	(17,575)	(26,873)	226,925	138,285	6.00%	88,640	226,925	26,873	251,969	1,339,053	2026
2027	268,727	3,276	(17,926)	(26,873)	227,204	146,860	6.00%	80,343	227,204	26,873	278,841	1,192,193	2027
2028	268,727	3,973	(18,285)	(26,873)	227,542	156,011	6.00%	71,532	227,542	26,873	305,714	1,036,182	2028
2029	268,727	4,737	(18,651)	(26,873)	227,941	165,770	6.00%	62,171	227,941	26,873	332,586	870,412	2029
2030	268,727	5,569	(19,024)	(26,873)	228,399	176,174	6.00%	52,225	228,399	26,873	359,459	694,238	2030
2031	268,727	6,468	(19,404)	(26,873)	228,917	187,263	6.00%	41,654	228,917	26,873	386,332	506,975	2031
2032	268,727	7,433	(19,792)	(26,873)	229,495	199,077	6.00%	30,419	229,495	26,873	413,204	307,899	2032
2033	268,727	8,466	(20,188)	(26,873)	230,132	211,658	6.00%	18,474	230,132	26,873	440,077	96,240	2033
2034	268,727	9,567	(20,592)	(26,873)	230,829	96,240	6.00%	5,774	102,014	155,687	595,764	0	2034
2035	268,727	11,056	(21,004)	(26,873)	231,906	0	6.00%	0	0	258,779	854,543	0	2035
2036	268,727	13,192	(21,424)	(26,873)	233,622	0	6.00%	0	0	260,495	1,115,038	0	2036
Total	5,206,950	82,937	(382,608)	(520,695)	4,386,584	2,333,968		1,458,273	3,792,241				Total

Projected TID Closure

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SECTION 11: Annexed Property

There are no lands proposed for inclusion within the District that were annexed by the City on or after January 1, 2004.

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

Pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1, the City estimates that 0% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

SECTION 13: Proposed Zoning Ordinance Changes

The City anticipates that a portion of the District will be rezoned from Rural Development to General Industrial prior to development. And any real property within the District that is found suitable for industrial sites and is zoned for industrial use will remain zoned for industrial use for the life of the District.

SECTION 14: Proposed Changes in Master Plan, Map, Building Codes and City of Fitchburg Ordinances

It is expected that this Plan will be complementary to the City's Master Plan. There are no proposed changes to the Master Plan, map, building codes or other City ordinances for the implementation of this Plan.

SECTION 15: Relocation

It is not anticipated there will be a need to relocate persons or businesses in conjunction with this Plan. In the event relocation or the acquisition of property by eminent domain becomes necessary at some time during the implementation period, the City will follow applicable Wisconsin Statutes Section chapter 32.

SECTION 16: Orderly Development of the City of Fitchburg

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

SECTION 17: List of Estimated Non-Project Costs

Non-Project costs are public works projects that only partly benefit the District or are not eligible to be paid with tax increments, or costs not eligible to be paid with TIF funds.

Examples would include:

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.

The City does not expect to incur any non-project costs in the implementation of this Project Plan.

SECTION 18:

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



Office of the City Attorney

5520 Lacy Road
Fitchburg, WI 53711-5318
Phone: (608) 270-4207
Fax: (608) 270-4212
mark.sewell@fitchburgwi.gov

May 20, 2015

Mayor Steve Arnold
City of Fitchburg
5520 Lacy Road
Fitchburg, WI 53711

RE: City of Fitchburg, Wisconsin Tax Incremental District No. 9

Dear Mayor:

As City Attorney for the City of Fitchburg, 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,

A handwritten signature in black ink, appearing to read 'Mark Sewell', written over a light blue horizontal line.

Attorney Mark Sewell
City of Fitchburg

Exhibit A:

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

Estimated portion of taxes that owners of taxable property in each taxing jurisdiction overlaying district would pay by jurisdiction.						
Statement of Taxes Data Year:		2013		Percentage		
Dane County		7,233,488		15.75%		
City of Fitchburg		22,816,765		49.68%		
Verona Area School District		11,607,875		25.27%		
Madison Area Technical College		4,272,424		9.30%		
Madison Metro Sewer District		0		0.00%		
Total		45,930,552		100.00%		
Revenue Year	Dane County	City of Fitchburg	Verona Area School District	Madison Area Technical College	Total	Revenue Year
2017	15,929	50,246	25,562	9,409	101,147	2017
2018	42,321	133,494	67,914	24,997	268,727	2018
2019	42,321	133,494	67,914	24,997	268,727	2019
2020	42,321	133,494	67,914	24,997	268,727	2020
2021	42,321	133,494	67,914	24,997	268,727	2021
2022	42,321	133,494	67,914	24,997	268,727	2022
2023	42,321	133,494	67,914	24,997	268,727	2023
2024	42,321	133,494	67,914	24,997	268,727	2024
2025	42,321	133,494	67,914	24,997	268,727	2025
2026	42,321	133,494	67,914	24,997	268,727	2026
2027	42,321	133,494	67,914	24,997	268,727	2027
2028	42,321	133,494	67,914	24,997	268,727	2028
2029	42,321	133,494	67,914	24,997	268,727	2029
2030	42,321	133,494	67,914	24,997	268,727	2030
2031	42,321	133,494	67,914	24,997	268,727	2031
2032	42,321	133,494	67,914	24,997	268,727	2032
2033	42,321	133,494	67,914	24,997	268,727	2033
2034	42,321	133,494	67,914	24,997	268,727	2034
2035	42,321	133,494	67,914	24,997	268,727	2035
2036	42,321	133,494	67,914	24,997	268,727	2036
		820,030	2,586,639	1,315,935	484,346	5,206,950

Notes:
The projection shown above is provided to meet the requirements of Wisconsin Statute 66.1105(4)(i)4.