



December 14, 2017

Project Plan for the Creation of Tax Incremental District No. 11 - @ Edge Live/Work Project by Torque Co.



Organizational Joint Review Board Meeting Held:	December 19, 2017
Public Hearing Held:	December 19, 2017
Consideration for Approval by Plan Commission:	December 19, 2017
Consideration for Adoption by Common Council:	Scheduled for: January 9, 2018
Consideration for Approval by the Joint Review Board:	Scheduled for: January 23, 2018



Tax Incremental District No. 11 Creation Project Plan

City of Fitchburg Officials

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Dorothy Krause	Council Member
Anne Scott	Council Member
Julia Arata-Fratta	Council Member
Daniel Bahr	Council Member
Aaron Richardson	Council Member
Dan Carpenter	Council Member
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Tony Hartmann	Council Member

City Staff

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Michael Zimmerman	Economic Development Director
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Andrew Weiland	Oregon School District
Shawn Pfaff, Chair	Public Member



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SECTION 1: Executive Summary

Description of District

Type of District, Size and Location

Tax Incremental District (“TID”) No. 11 (the “TID” or “District”) is proposed to be created by the City of Fitchburg (“City”) as, a rehabilitation - conservation district. A map of the proposed District boundaries is located in Section 3 of this plan.

Estimated Total Project Expenditures.

The City anticipates making total project expenditures of approximately \$11,053,000 to undertake the projects listed in this Project Plan. The City anticipates completing the projects in 1 phase but the total private construction and increment creation is expected to occur over 4 phases. The Expenditure Period of this District is 22 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 Developer Financed PAYGO or Municipal Revenue Obligation (issued by the City to the developer), and General Obligation Debt 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 \$94,000,000 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; 15 years earlier than the 27 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 plans to conduct an independent review of the intended developer’s sources and uses proforma for the initial proposed development and/or redevelopment project. As a condition of proceeding, this review would be expected to conclude that a public investment of approximately \$11,135,000 would be required to enable the developer to deliver the project in the manner desired by the City, while providing the developer a fair and reasonable return on their investment. If the review reflects that a lower amount is justified, the total is expected to be reduced accordingly.
- Some of the sites proposed for development and/or redevelopment have remained vacant or were used active waste disposal sites for several years resulting in an the expensive cost of site remediation needed at this location. The Phase 1 Environmental Assessment report of 6/12/17 for the Development site, the report noted that “The waste disposal operations were active between 1984 and 2015/16 further explaining why it has not developed and now is in need of Rehabilitation / conservation. Given that the sites have not developed as would have been expected under normal market conditions, 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 sites consistent with that desired by the City.
- In order to make the areas included within the District suitable for development and/or redevelopment, the City / or developer 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, façade, grants and loans, and other associated costs. *The Developer will also incur substantial costs for site remediation including the removal of significant amounts of concrete, steel, plastic and other miscellaneous fill.* Due to the extensive initial investment in public infrastructure and/or rehabilitation that is required in order to allow development and/or redevelopment to occur, the City has determined that development and/or redevelopment of the area will not occur solely as a result of private investment. Accordingly, the City finds that absent the use of TIF, development and/or redevelopment of the area is unlikely to occur.
- The project site is located within the Northeast Neighborhood (612 Acres). The Fitchburg Comprehensive Plan identifies the Northeast Neighborhood as an area of future growth. The development proposal and proposed PDD zoning, would be consistent with the Comprehensive Plan’s M-U land use category and Northeast Neighborhood’s area of future growth.

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 results of an economic impact study conducted by the developer indicate that the @Edge Live/Work construction will provide an estimated \$98 Million in economic output, support 1,600 jobs and contribute 64 million in wage income to the local economy. The same study also indicated that @ edge Live /Work ongoing operations will provide an estimated \$50 Million in economic output, support 900 jobs and contribute \$19 million in annual wage income to the local economy.

- The development expected to occur within the District would create approximately 510 residential units, providing housing opportunities for workers. The concept is a unique Live / Work environment with a variety of housing types that would focus on creating a culturally rich and creative space attracting the artistic class and entrepreneurs to a new space with boutiques studios, live/work townhomes, lofts and row houses. The commercial component will consist of 4 commercial pavilions creating 40,000 square feet of tech focused shared work spaces for start-up economy, creatives and small businesses.
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, 2017. 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, 2017 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 in need of rehabilitation - conservation work within the meaning of Wisconsin Statutes Section 66.1337(2m)(b).
 5. Based upon the findings, as stated above, the District is declared to be a rehabilitation District based on the identification and classification of the property included within the District.
 6. The project costs relate directly to promoting rehabilitation of the area 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 approximately 25% of the territory within the District may 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.

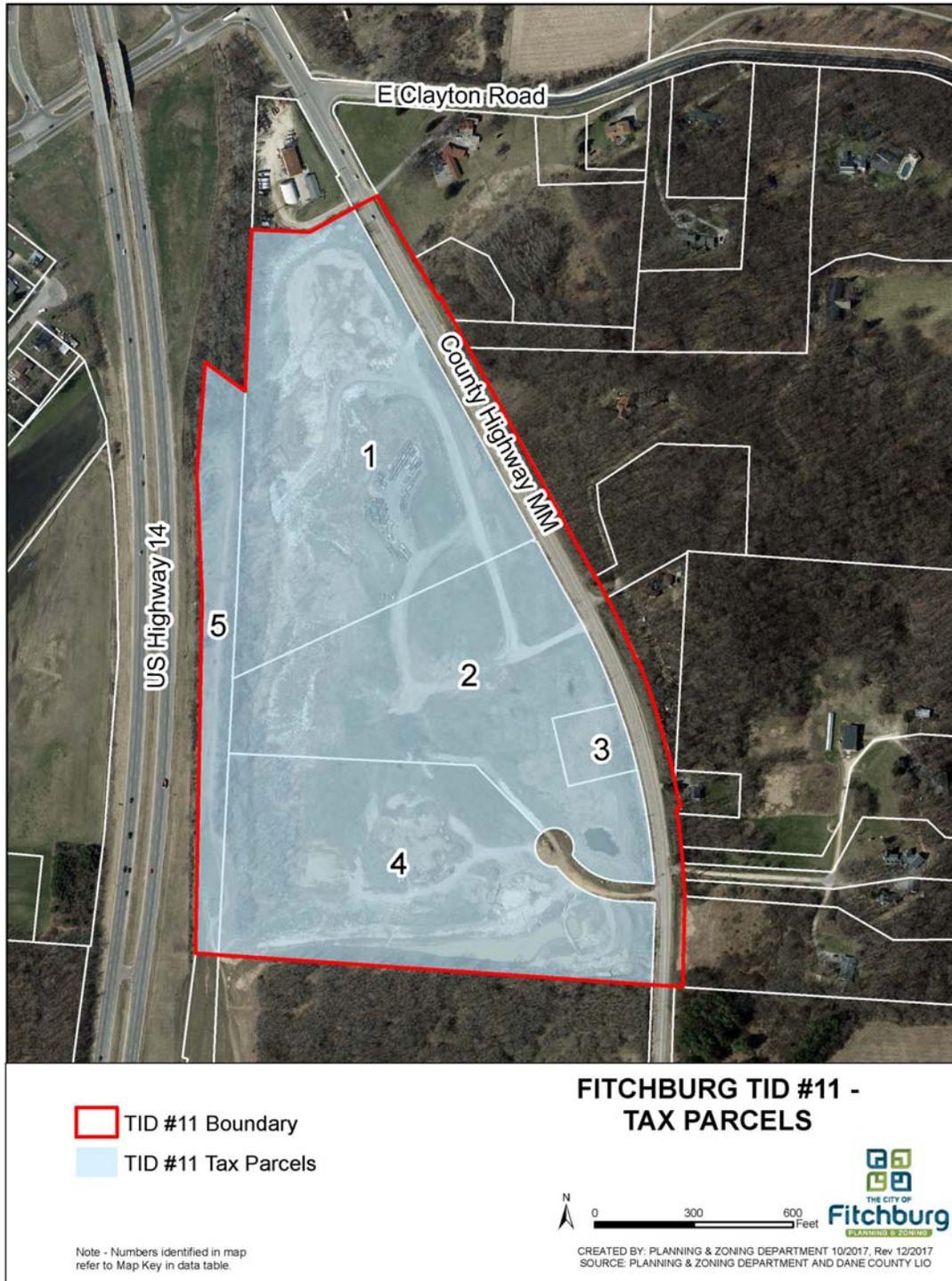
SECTION 2: Type and General Description of District

The District is being created by the City under the authority provided by Wisconsin Statutes Section 66.1105. The District is created as a “Rehabilitation - conservation District” based upon a finding that at least 50%, by area, of the real property within the District is in need of rehabilitation - conservation work. In Section 5 of this Plan, the City has identified those properties within the District that meet the criteria of “rehabilitation - conservation areas” as defined in Wisconsin Statutes Section 66.1337(2m)(a) and relies on these characterizations as the basis for making the above finding.

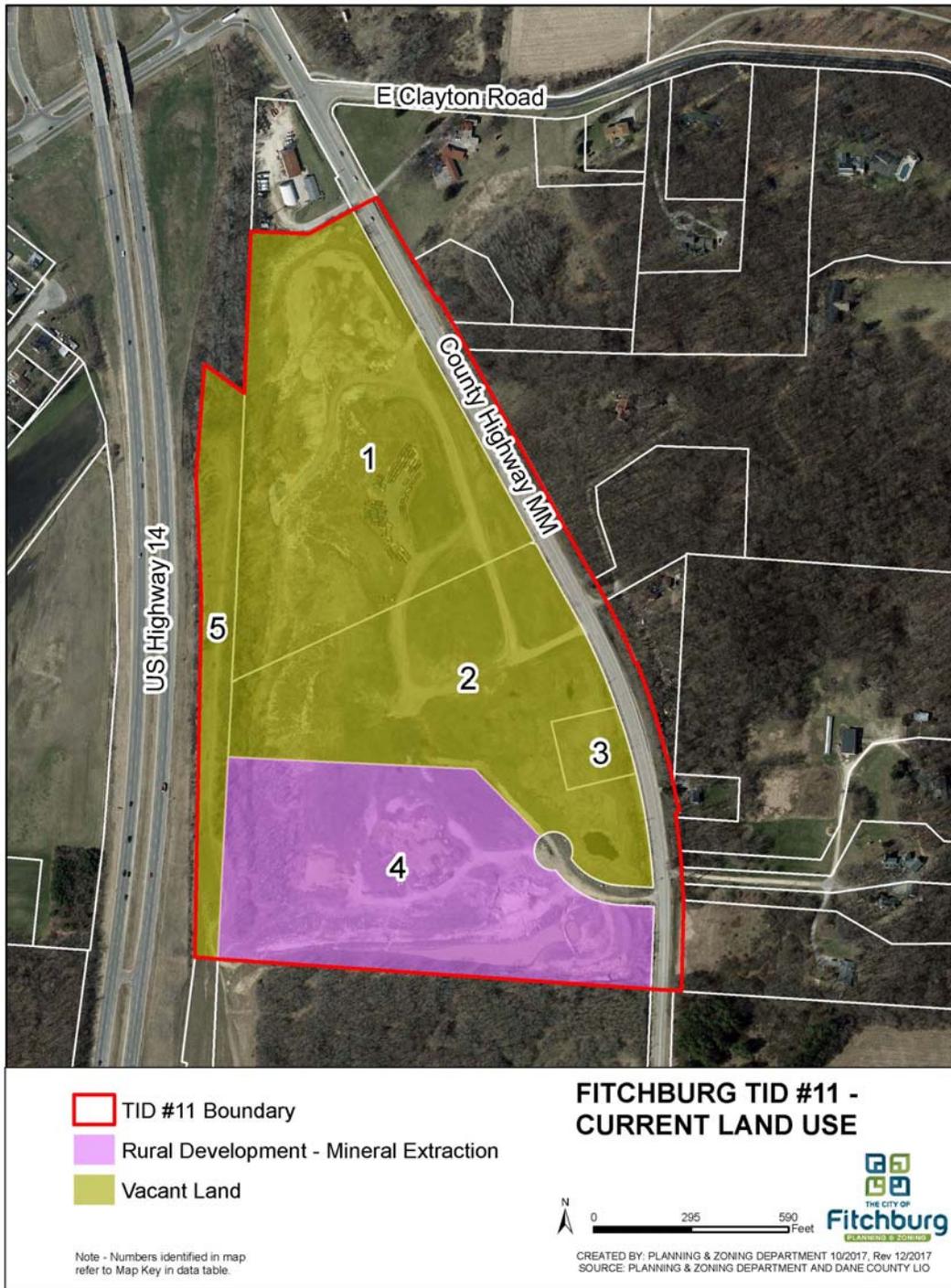
A map depicting the boundaries of the District is found in Section 3 of this Plan. A map depicting the proposed uses of the District is found in Section 8 of this plan. The City intends that TIF will be used to assure that private development occurs within the District consistent with the City’s development and redevelopment objectives. This will be accomplished by installing public improvements, and making necessary related expenditures, to promote development and redevelopment 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 the rehabilitation - conservation of areas 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 a rehabilitation - conservation 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





- TID #11 Boundary
- Current Zoning - TID #11 Tax Parcels**
- R-D; Rural Development

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

FITCHBURG TID #11 - ZONING



CREATED BY: PLANNING & ZONING DEPARTMENT 10/2017, Rev 12/2017
 SOURCE: PLANNING & ZONING DEPARTMENT AND DANE COUNTY LIO

SECTION 5: Preliminary Parcel List and Analysis

City of Fitchburg, Wisconsin																	
Tax Increment District # 11 @ Edge Live/work Mixed Use Development by Torque Co.																	
Base Property Information																	
Property Information							Assessment Information				Equalized Value				District Classification		
Map Ref #	Parcel Number	Street Address	Owner	Acreage	Annexed Post 1/1/04? ...Indicate date	Part of Existing TID? ...Indicate TID #	Land	Imp	PP	Total	Equalized Value Ratio	Land	Imp	PP	Total	Rehab/ Conservation	Vacant
1	60901381704	None	Nine Springs Hill Inc.	17.680	No	No	177,000	0	0	177,000	100.00%	177,000	0	0	177,000	17.680	17.68
2	60901395404	2991 County Highway MM	Nine Springs Hill Inc.	14.108	No	No	141,000	0	0	141,000	100.00%	141,000	0	0	141,000	14.108	14.11
3	60901399400	None	Nine Springs Hill Inc.	1.000	No	No	15,000	0	0	15,000	100.00%	15,000	0	0	15,000	1.000	1.00
4	60901397000	2975 County Highway MM	Dale Duane Osborn	15.22	No	No	95,000			95,000	100.00%	95,000	0	0	95,000	*	*
5	60901393752	None	Dale Duane Osborn	3.90	No	No	300			300	100.00%	300	0	0	300		3.90
									0		100.00%	0	0	0	0		
			Total Acreage	51.91			428,300	0	0	428,300		428,300	0	0		32.788	36.688
																63.17%	70.68%
															Estimated Base Value	428,300	

* Permitted non-metallic extraction site

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 \$255,284,600. This value is less than the maximum of \$339,677,460 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.

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. 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 **and/or** Redevelopment

In order to promote and facilitate development and/or redevelopment the City 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 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.

Property Acquisition for Conservancy

In order to promote the objectives of this Plan, the City intends to acquire property within the District that it will designate for conservancy. These conservancy objectives include: maintaining adequate open space; reduction of erosion and sedimentation by preserving existing vegetation; and providing adequate areas for management of stormwater. The cost of property acquired for conservancy, and any costs associated with the transaction, are eligible Project Costs.

Acquisition of Rights-of-Way

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

Acquisition of Easements

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

Relocation Costs

Although none are expected, if relocation expenses are 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

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

Demolition

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

Site Grading

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

Utilities

Sanitary Sewer System Improvements

There are inadequate sanitary sewer facilities serving areas of the District. To allow development and/or redevelopment to occur, the City may need to construct, alter, rebuild or expand sanitary sewer infrastructure within the District. 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; pumping stations; wells; water treatment facilities; storage tanks and reservoirs; and all related appurtenances. To the extent water system projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand water system infrastructure located outside of the District. That portion of the costs of water system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

Stormwater Management System Improvements

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

Electric Service

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

Gas Service

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

Communications Infrastructure

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

Streets and Streetscape

Street Improvements

There are inadequate street improvements serving areas of the District. To allow development and/or redevelopment to occur, the City 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; rail crossings and signals; utility relocation, to include burying overhead utility lines; street lighting; installation of traffic control signage and traffic signals; pavement marking; right-of-way restoration; installation of retaining walls; and installation of fences, berms, and landscaping.

Streetscaping and Landscaping

In order to attract development and/or redevelopment 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 or Redevelopment Authority

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.

Projects Outside the Tax Increment District

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

Water Main Improvements
Sanitary Sewer Improvements

These improvements are to be located generally as reflected on the map on page 19 & 22 herein.

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.

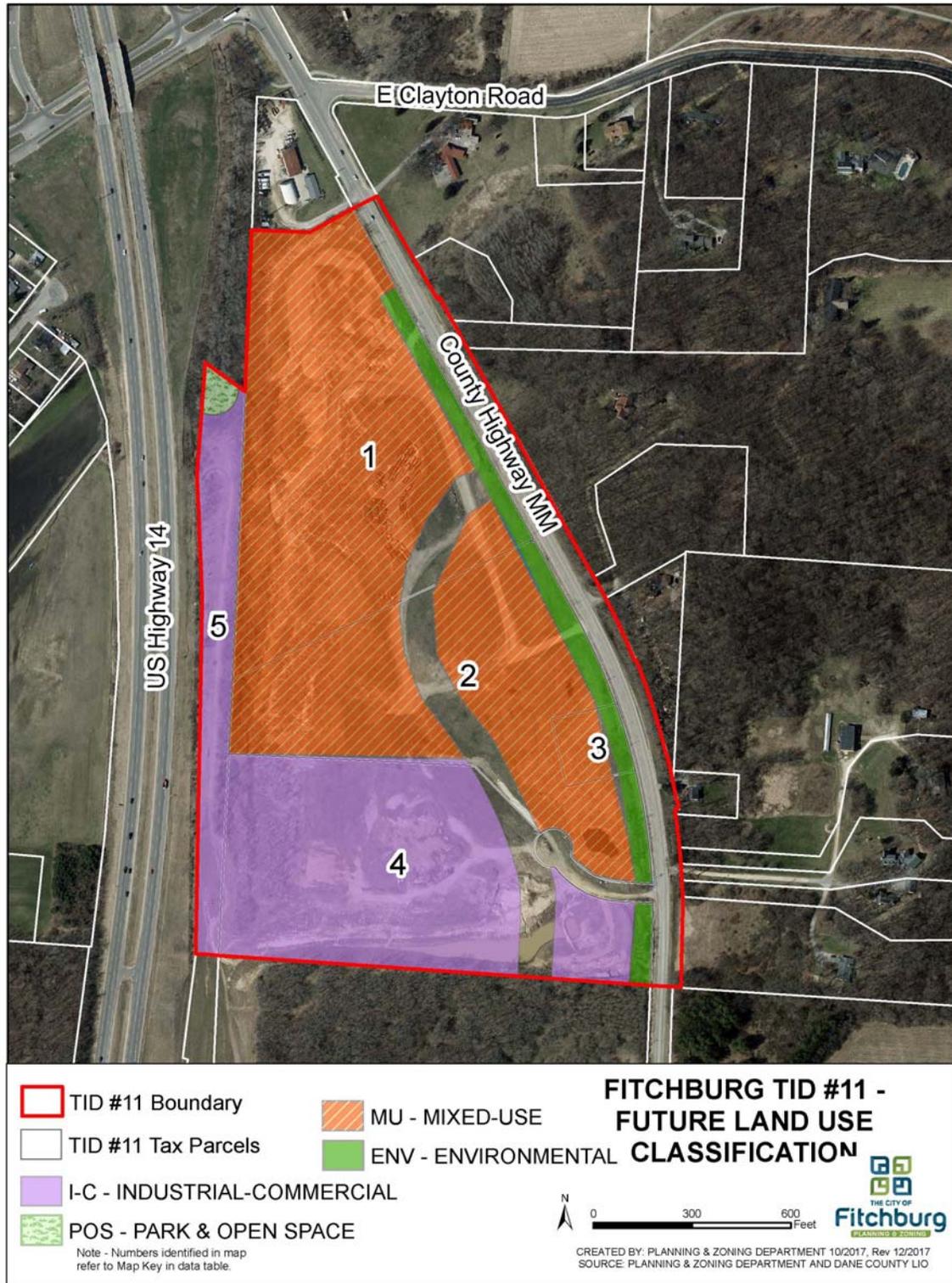
With all projects the costs of engineering, design, survey, inspection, materials, construction, restoring property to its original condition, apparatus necessary for public works, legal and other consultant fees, testing, environmental studies, permits, updating City ordinances and plans, judgments 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



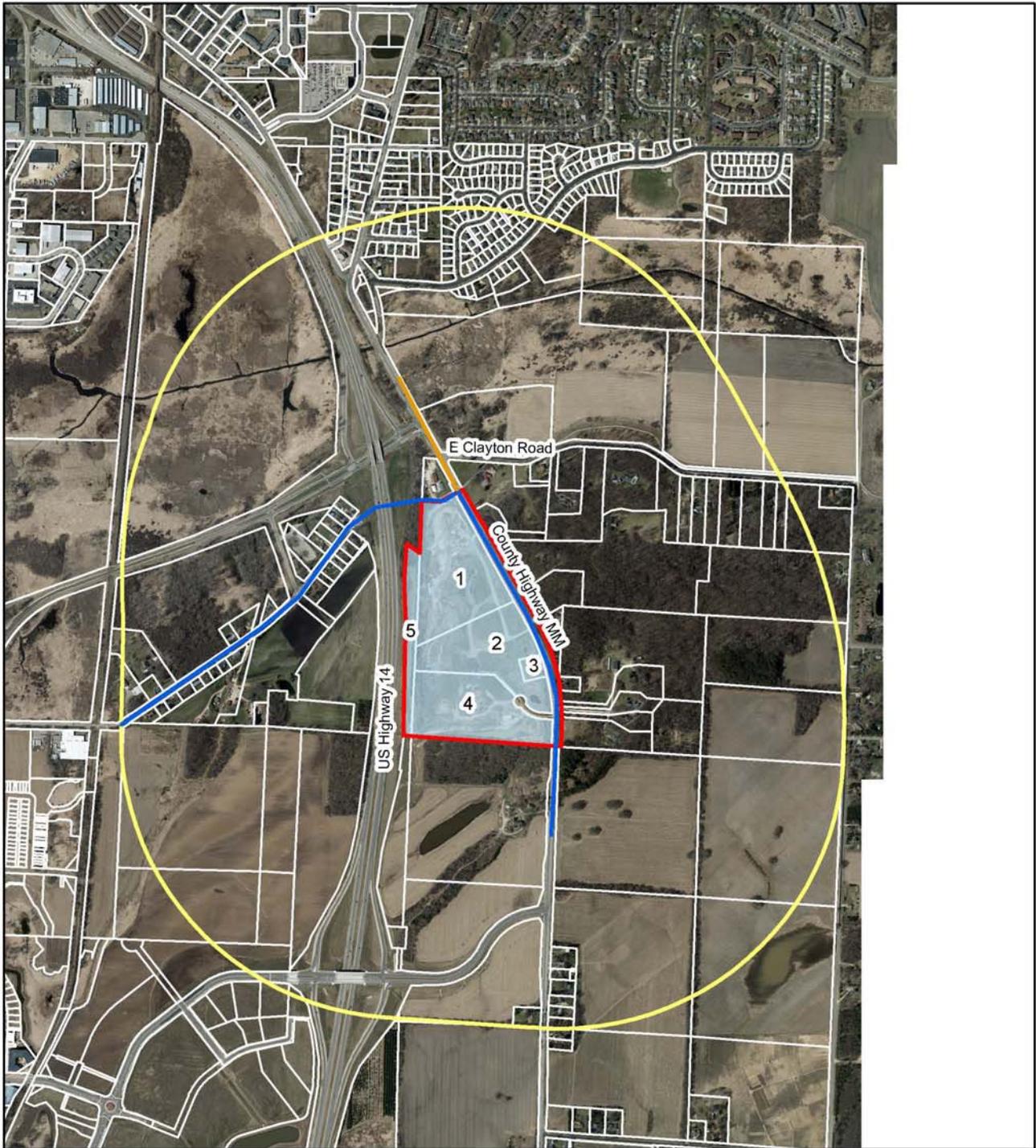


FITCHBURG TID #11 - ON-SITE IMPROVEMENTS

TID #11 Boundary	County Road Improvements
TID #11 Tax Parcels	Proposed Paths
Proposed Parcels	Stormwater
Public Streets/Private Drives - Utilities & Road Improvements	Earthwork, Soil Remediation & Restoration
Steep Slopes - Landscape Improvements	

Note - Numbers identified in map refer to Map Key in data table. Note: Alignments of improvements are conceptual and may be altered upon final design.

CREATED BY: PLANNING & ZONING DEPARTMENT 10/2017, Rev 12/2017
 SOURCE: PLANNING & ZONING DEPARTMENT AND DANE COUNTY LIO



- TID #11 Boundary
- TID #11 Tax Parcels
- TID # 11 - 1/2 Mile Buffer
- Public Water Main
- Public Sanitary Sewer

FITCHBURG TID #11 - OFF-SITE IMPROVEMENTS

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

Note: Water and sewer alignments are conceptual and may be altered upon final design.



CREATED BY: PLANNING & ZONING DEPARTMENT 10/2017, Rev 12/2017
SOURCE: PLANNING & ZONING DEPARTMENT AND DANE COUNTY LIO



- TID #11 Boundary
- TID #11 Tax Parcels
- Proposed Parcels
- Proposed Paths

- Proposed Uses**
- Commercial
 - Mineral Extraction
 - Live/Work
 - Open Space
 - Residential
 - Stormwater

FITCHBURG TID #11 - PROPOSED USE



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

CREATED BY: PLANNING & ZONING DEPARTMENT 10/2017, Rev 12/2017
 SOURCE: PLANNING & ZONING DEPARTMENT AND DANE COUNTY LIO

SECTION 9: Detailed List of Project Costs

All costs are based on 2017 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2017 and the time of construction. However, for increases in excess of 25% over the cost of inflation of total project costs, the City would pursue an amendment to the Plan in accordance with the amendment procedures specified in Wisconsin Statutes Section 66.1105(4)(h), which include review by the Joint Review Board. 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

<p style="text-align: center;">City of Fitchburg, Wisconsin</p> <p style="text-align: center;">Tax Increment District # 11 @ Edge Live/work Mixed Use Development by Torque Co.</p> <p style="text-align: center;">Estimated Project List</p>					
		PAYGO	City Funded		
		Phase I	Phase I		
		2018	2018		Total (Note 1)
Project ID	Project Name/Type				
1	Earthwork	3,733,550			3,733,550
2	Onsite Utilities	1,141,816			1,141,816
3	Stormwater	695,623			695,623
4	Onsite Roadway	930,308			930,308
5	Onsite Contingency	650,130			650,130
6	Onsite Engineering	214,500			214,500
Sub-Total		7,365,927			7,365,927
7	Roadway Improvements CTH MM (1/2 Mi)	500,000			500,000
7A	10% Contingency	50,000			50,000
7B	Off Site Engineering Fee	62,151			62,151
8	Watermain (1/2 Mi Radius) TID 11 Share		271,000		271,000
9	Sanitary Sewer Costs (TID 11 Share)		247,500		247,500
Less	WEDC Grant	(500,000)			(500,000)
10	Developer Incentive Grant for Finance GAP	3,056,474			3,056,474
Total Projects		10,534,552	518,500		11,053,052
Notes:					11,053,052
Note 1	Project costs 1- 7 are estimates from Developer (Torque) and are subject to further review. Project costs 8,9 are estimates from the City.				
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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 and/or redevelopment. 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 and/or redevelopment expected to occur, 2) a projection of tax increments to be collected resulting from that development and/or redevelopment 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 may choose to utilize:

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 \$141,532,275, of which \$90,107,275 is currently unused and could be made available to finance Project Costs.

Bonds Issued to Developers (“Pay as You Go” Financing)

The City may issue a bond or other obligation to one or more developers who provide financing for projects included in this Plan. Repayment of the amounts due to 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.

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) or by a Redevelopment Authority (RDA). 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

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 and/or redevelopment 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 # 11 @ Edge Live/work Mixed Use Development by Torque Co.						
Estimated Financing Plan						
			Municipal Revenue Obligation (MRO) 2018	G.O. Promissory Note 2018		Totals
Projects						
Developer related Costs Phase I			10,534,552			10,534,552
City related Costs NE Water Main Loop				271,000		271,000
City related Sewer Costs				247,500		247,500
						0
						0
Total Project Funds			10,534,552	518,500		11,053,052
Estimated Finance Related Expenses						
Municipal Advisor				10,000		
Bond Counsel				10,000		
Rating Agency Fee				12,000		
Paying Agent						
Underwriter Discount		10.00		10.00	6,000	10.00
Debt Service Reserve						
Capitalized Interest				39,000		
Total Financing Required			10,534,552	595,500		
Estimated Interest		0.25%		0.25%		0.25%
Assumed spend down (months)		6		6		6
Rounding			(0)		4,500	
Net Issue Size			10,534,552	600,000		11,134,552
Notes: 2018 GO Issue Size is subject to potential reduction based upon final estimates.						
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Development Assumptions

City of Fitchburg, Wisconsin																
Tax Increment District # 11 @ Edge Live/work Mixed Use Development by Torque Co.																
Development Assumptions																
Construction Year	Actual	Residential Units	Commercial Sq. Ft.	Phase I Rental Units	Phase I Condo Units	Phase II Commercial	Phase II Rental Units	Phase II Condo Units	Phase III Rental Units	Phase III Condo Units	Phase III Commercial	Phase IV Rental Units	Phase IV Condo Units	Phase IV Commercial	Annual Total	Construction Year
1	2018			8,300,000											8,300,000	2018
2	2019		163	16,000	24,000	20,250,000	1,040,000	3,213,000							24,527,000	2019
3	2020		63	12,000				7,875,000	5,100,000		780,000				13,755,000	2020
4	2021		200	12,000					5,100,000	25,000,000	780,000	4,284,000		780,000	35,944,000	2021
5	2022		84										10,500,000	780,000	11,280,000	2022
6	2023														0	2023
Totals		0	510	40,000	8,324,000	20,250,000	1,040,000	3,213,000	7,875,000	10,200,000	25,000,000	1,560,000	4,284,000	10,500,000	1,560,000	93,806,000
Notes: All values provided by Torque Co. (Developer Received 11/10/17.															93,806,000	

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Cash Flow

City of Fitchburg, Wisconsin

Tax Increment District # 11 @ Edge Live/work Mixed Use Development by Torque Co.

Cash Flow Projection

Year	Projected Revenues						Expenditures							Balances						
	Tax Increments	1.50% Interest Earnings/ (Cost)	20.00% Less 20% For City TID Reserve	Capitalized Interest	Less City Administrative Expenses	NET Incremental Revenues	Municipal Revenue Obligation (MRO) 10,534,552					G.O. Promissory Note 600,000		Total Expenditures	Annual	Cumulative	Principal Outstanding	Year		
							Dated Date:		03/01/18		EOY Principal Outstanding	Dated Date:								
							Principal	Est. Rate	Interest Accrued	Interest Paid		Total Paid	Principal						Est. Rate	Interest
2018				39,000		39,000		6.00%	526,728	0		11,061,280		3.25%	19,500	19,500	19,500	11,661,280	2018	
2019						0		6.00%	663,677	0		11,724,956		3.25%	19,500	19,500	(19,500)	0	12,324,956	2019
2020	199,388		(39,878)		(25,000)	134,511		6.00%	703,497	25,000	25,000	12,403,454	90,000	3.25%	19,500	134,500	11	11	12,913,454	2020
2021	786,634		(157,327)		(25,500)	603,807		6.00%	744,207	460,000	460,000	12,687,661	125,000	3.25%	16,575	601,575	2,232	2,243	13,072,661	2021
2022	1,117,664		(223,533)		(26,010)	868,121		6.00%	761,260	730,000	730,000	12,718,921	125,000	3.25%	12,513	867,513	609	2,852	12,978,921	2022
2023	1,973,781		(394,756)		(26,530)	1,552,494	650,000	6.00%	763,135	763,135	1,413,135	12,068,921	125,000	3.25%	8,450	1,546,585	5,909	8,761	12,203,921	2023
2024	2,249,148		(449,830)		(27,061)	1,772,389	900,000	6.00%	724,135	724,135	1,624,135	11,168,921	135,000	3.25%	4,388	1,763,523	8,866	17,627	11,168,921	2024
2025	2,260,281	264	(452,056)		(27,602)	1,780,887	1,100,000	6.00%	670,135	670,135	1,770,135	10,068,921		3.25%	0	1,770,135	10,752	28,379	10,068,921	2025
2026	2,271,470	426	(454,294)		(28,154)	1,789,447	1,100,000	6.00%	604,135	604,135	1,704,135	8,968,921		3.25%	0	1,704,135	85,312	113,691	8,968,921	2026
2027	2,282,714	1,705	(456,543)		(28,717)	1,799,159	1,200,000	6.00%	538,135	538,135	1,738,135	7,768,921		3.25%	0	1,738,135	61,024	174,715	7,768,921	2027
2028	2,294,013	2,621	(458,803)		(29,291)	1,808,540	1,300,000	6.00%	466,135	466,135	1,766,135	6,468,921		3.25%	0	1,766,135	42,404	217,120	6,468,921	2028
2029	2,305,368	3,257	(461,074)		(29,877)	1,817,674	1,400,000	6.00%	388,135	388,135	1,788,135	5,068,921		3.25%	0	1,788,135	29,539	246,658	5,068,921	2029
2030	2,316,780	3,700	(463,356)		(30,475)	1,826,649	1,500,000	6.00%	304,135	304,135	1,804,135	3,568,921		3.25%	0	1,804,135	22,514	269,172	3,568,921	2030
2031	2,328,248	4,038	(465,650)		(31,084)	1,835,552	1,600,000	6.00%	214,135	214,135	1,814,135	1,968,921		3.25%	0	1,814,135	21,416	290,588	1,968,921	2031
2032	2,339,773	4,359	(467,955)		(31,706)	1,844,471	1,700,000	6.00%	118,135	118,135	1,818,135	268,921		3.25%	0	1,818,135	26,336	316,924	268,921	2032
2033	2,351,355	4,754	(470,271)		(32,340)	1,853,497	268,921	6.00%	16,135	16,135	285,056	0		3.25%	0	285,056	1,568,442	1,885,366	0	2033
2034	2,362,994	28,280	(472,599)		(32,987)	1,885,689		6.00%	0	0	0	0		3.25%	0	0	1,885,689	3,771,054	0	2034
2035	2,374,691	56,566	(474,938)		(33,647)	1,922,672		6.00%	0	0	0	0		3.25%	0	0	1,922,672	5,693,726	0	2035
2036	2,386,445	85,406	(477,289)		(34,320)	1,960,243		6.00%	0	0	0	0		3.25%	0	0	1,960,243	7,653,968	0	2036
2037	2,398,258	114,810	(479,652)		(35,006)	1,998,410		6.00%	0	0	0	0		3.25%	0	0	1,998,410	9,652,379	0	2037
2038	2,410,130	144,786	(482,026)		(35,706)	2,037,183		6.00%	0	0	0	0	0	3.25%	0	0	2,037,183	11,689,562	0	2038
2039	2,422,060	175,343	(484,412)		(36,420)	2,076,571		6.00%	0	0	0	0			0	0	2,076,571	13,766,133	0	2039
2040	2,434,049	206,492	(486,810)		(37,149)	2,116,583		6.00%	0	0	0	0			0	0	2,116,582	15,882,715	0	2040
2041	2,446,098	238,241	(489,220)		(37,892)	2,157,227		6.00%	0	0	0	0			0	0	2,157,227	18,039,942	0	2041
2042	2,458,206	270,599	(491,641)		(38,649)	2,198,514		6.00%	0	0	0	0			0	0	2,198,514	20,238,456	0	2042
2043	2,470,374	303,577	(494,075)		(39,422)	2,240,453		6.00%	0	0	0	0			0	0	2,240,453	22,478,910	0	2043
2044	2,482,602	337,184	(496,520)		(40,211)	2,283,054		6.00%	0	0	0	0			0	0	2,283,054	24,761,964	0	2044
2045	2,494,891		(498,978)		(41,015)	1,954,898		6.00%	0	0	0	0			0	0	1,954,898	26,716,862	0	2045
2046	2,507,241		(501,448)		(41,835)	1,963,957	1	6.00%	0	0	0	(0)			1	0	1,963,957	28,680,819	(0)	2046
Total	58,724,654	1,986,538		39,000	(883,608)	48,121,653	12,718,921						600,000		100,425	19,440,834				Total
																	Projected TID Closure			
Notes:	Revenues based upon developer representations of taxable increment value. Expenses based upon developer and City estimates of cost. MRO interest rate based on developers estimated costs of bank loan for monetized MRO.																			
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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 25% of the territory within the District may 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 prior to development.

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 and/or Redevelopment of the City of Fitchburg

The District contributes to the orderly development and/or redevelopment 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

It should be noted that the total costs of water and sewer projects outside of the district but within ½ Mile are expected to exceed \$1.7 Million. The portion of those costs attributable to the district are less than \$520,000 and are set forth on page 22.

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

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valerie.zisman@fitchburgwi.gov

December 29, 2017

Mayor Jason Gonzalez
City of Fitchburg
5520 Lacy Road
Fitchburg, WI 53711

RE: City of Fitchburg, Wisconsin Tax Incremental District No. 11

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 'Valerie Zisman', written over a light blue horizontal line.

Attorney Valerie Zisman
City of Fitchburg