

December 14, 2017

# Project Plan Amendment # 3 for Tax Incremental District No. 4



Organizational Joint Review Board Meeting Held:	December 19, 2017
Public Hearing Held:	December 19, 2017
Consideration for Adoption 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. 4 Project Plan Amendment

## City of Fitchburg Officials

### Common Council

Jason Gonzalez	Mayor
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
Tom Clauder	Council Member
Tony Hartmann	Council Member

### City Staff

Patti Anderson	City Clerk
Patrick Marsh	City Administrator
Michael Zimmerman	Economic Development Director
Thomas Hovel	Zoning Administrator – City Planner
Misty Dodge	Finance Director
Cory Horton	Director of Public Works
Valerie Zisman	City Attorney

### Plan Commission

Bill Tishler	Carol Poole
Ron Johnson	Julia Arata-Fratta
Katherine Dellenbach	Thomas Hovel
Ed Kinney	Susan Badtke
Rachel Lee	

### Joint Review Board

Tom Hovel	City Representative
Adam Gallagher	Dane County
Tim Casper	Madison Area Technical College District
	Madison Metro School District
Shawn Pfaff, Chair	Public Member

# Table of Contents

EXECUTIVE SUMMARY .....4

TYPE AND GENERAL DESCRIPTION OF DISTRICT .....6

MAP OF CURRENT DISTRICT BOUNDARY .....8

MAP SHOWING EXISTING USES AND CONDITIONS .....9

EQUALIZED VALUE TEST .....9

STATEMENT OF KIND, NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS AND OTHER PROJECTS .....9

MAPS SHOWING PROPOSED IMPROVEMENTS AND USES .....15

DETAILED LIST OF ADDITIONAL PROJECT COSTS .....17

ECONOMIC FEASIBILITY STUDY, FINANCING METHODS, AND THE TIME WHEN COSTS OR MONETARY OBLIGATIONS RELATED ARE TO BE INCURRED .....19

ANNEXED PROPERTY .....24

PROPOSED ZONING ORDINANCE CHANGES .....24

PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND CITY OF FITCHBURG ORDINANCES .....24

RELOCATION .....24

ORDERLY DEVELOPMENT AND/OR REDEVELOPMENT OF THE CITY OF FITCHBURG .....25

LIST OF ESTIMATED NON-PROJECT COSTS .....25

OPINION OF ATTORNEY FOR THE CITY OF FITCHBURG ADVISING WHETHER THE PLAN IS COMPLETE AND COMPLIES WITH WISCONSIN STATUTES 66.1105 .....26

# SECTION 1: Executive Summary

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## Description of District

### Type of District, Size and Location

Tax Incremental District (“TID”) No. 4 (The “TID” or “ District” or “District”) is an industrial district, created by a resolution of the City of Fitchburg (“City”) Common Council adopted on May 27, 2003 (the “Creation Resolution”).

### Amendments

The District was previously amended on April 26, 2011 and August 9, 2005, a resolution was adopted to add additional territory to the District, and to provide for the undertaking of additional expenditures. These amendments were the first and second of four territory amendments permitted for this District.

### Purpose(s) of this Amendment

Allow for the District to incur project costs outside of, but within ½ mile of, the boundaries of the District as allowed under Wisconsin Statutes Section.66.1105(2)(f)1.n.

Addition of project cost for rail crossing and intersection improvements within the existing district boundaries.

### Estimated Total Project Expenditures.

The current Project Plan and prior amendments provides for estimated total project cost expenditures of \$117,049,824. Through the end of 2016, project costs have totaled approximately \$37,394,558. This proposed amendment would provide for additional estimated expenditures of \$671,400 within ½ mile of the District Boundaries, and an additional \$820,000 for rail crossing and intersection improvements within the existing district for a revised total of \$118,541,224.

Specific details as to the types, locations and cost estimates are found in Sections 7, 8 and 9 of this plan. It is anticipated that the remaining and additional projects will be completed in three phases. The projects are expected to be financed with TID # 4 cash balances, 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. The expenditure period of this Existing District terminates on May 27, 2021.

The additional project costs include costs water system, railroad crossing and intersection improvements within ½ Mile of the district.

### Economic Development

The City projects that additional land and improvements value of approximately \$190,000,000 will have been created in TID # 11 as a result of new development, redevelopment, and appreciation in the value of existing properties within that District. This additional value will be a result of the additional improvements made and projects undertaken as detailed in the original project plan and this amendment. 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, amendment of the District’s Project Plan is expected to result in further economic benefits as detailed in the Summary of Findings hereafter.

## Expected Termination of District

The District has a maximum statutory life of 23 years, and must close not later than May 27, 2026, resulting in a final collection of increment in budget year 2027. Considering only existing increment value and assuming only the capital projects identified in the attached projection are undertaken the anticipated total cumulative revenues will exceed total liabilities by the year 2020, enabling the District to close 8 years earlier than its maximum life. Based on the Economic Feasibility Study located in Section 10 of this Plan, amendment of the District would not result in a shift in the projected District closure year of 2020.

## Summary of Findings

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

1. **That “but for” amendment of the District’s Project Plan, the remaining 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 additional expenditures contemplated by the plan amendment are necessary to fully achieve the original goals of the District Project Plan, including creation of new tax base and other economic benefits. The City expects that without the amendment, the full development as projected will be less likely to occur.
  - These additional expenditures are associated with projects that were unanticipated at the time of District creation, but have now been determined necessary to enable the District to fully implement its Project Plan.
2. **The economic benefits of amending the 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 amendment, the tax increments projected to be collected are more than sufficient to pay for the remaining proposed project costs. On this basis alone, the finding is supported.
  - The additional development expected to occur is likely to generate approximately 900 permanent jobs in proposed district # 11.
  - The additional development expected to occur within the adjacent District 11 would create approximately 510 residential units, providing housing opportunities for workers.
3. **The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.**
  - Given that it is not likely that District 11 would achieve all of the objectives of its Project Plan or in the same manner without the continued use of tax incremental financing (see finding # 1), and since the District is expected to generate additional economic benefits that are more than sufficient to compensate for the additional cost of the improvements (see Finding #2), the City reasonably concludes that the overall additional 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 Project Plan is not amended.

4. The boundaries of the District are not being amended. At the time of creation, and any subsequent additions of territory, 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, or at the time its boundaries were amended, will remain zoned for industrial use for the life of the District.
5. Based upon the findings as stated above, and the original findings as stated in the Creation Resolution and in any subsequent resolutions amending the boundaries of the District, the District remains declared an industrial district based on the identification and classification of the property included within the District.
6. The Project Costs of the District relate directly to promoting industrial development or rehabilitation in the District and adjacent District 11 consistent with the purpose for which the District was created.
7. There are no additional improvements as a result of this amendment but the improvements are expected to make it possible for the significant private improvement in proposed adjacent District 11.
8. The amount of retail business will not change as a result of this amendment.
9. The Project Plan for the District, as amended, is feasible, and is in conformity with the Master Plan of the City.

## SECTION 2: Type and General Description of District

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The District was created under the authority provided by Wisconsin Statutes Section 66.1105 May 27, 2003 by resolution of the Common Council. The District’s valuation date, for purposes of establishing base value, was January 1, 2003.

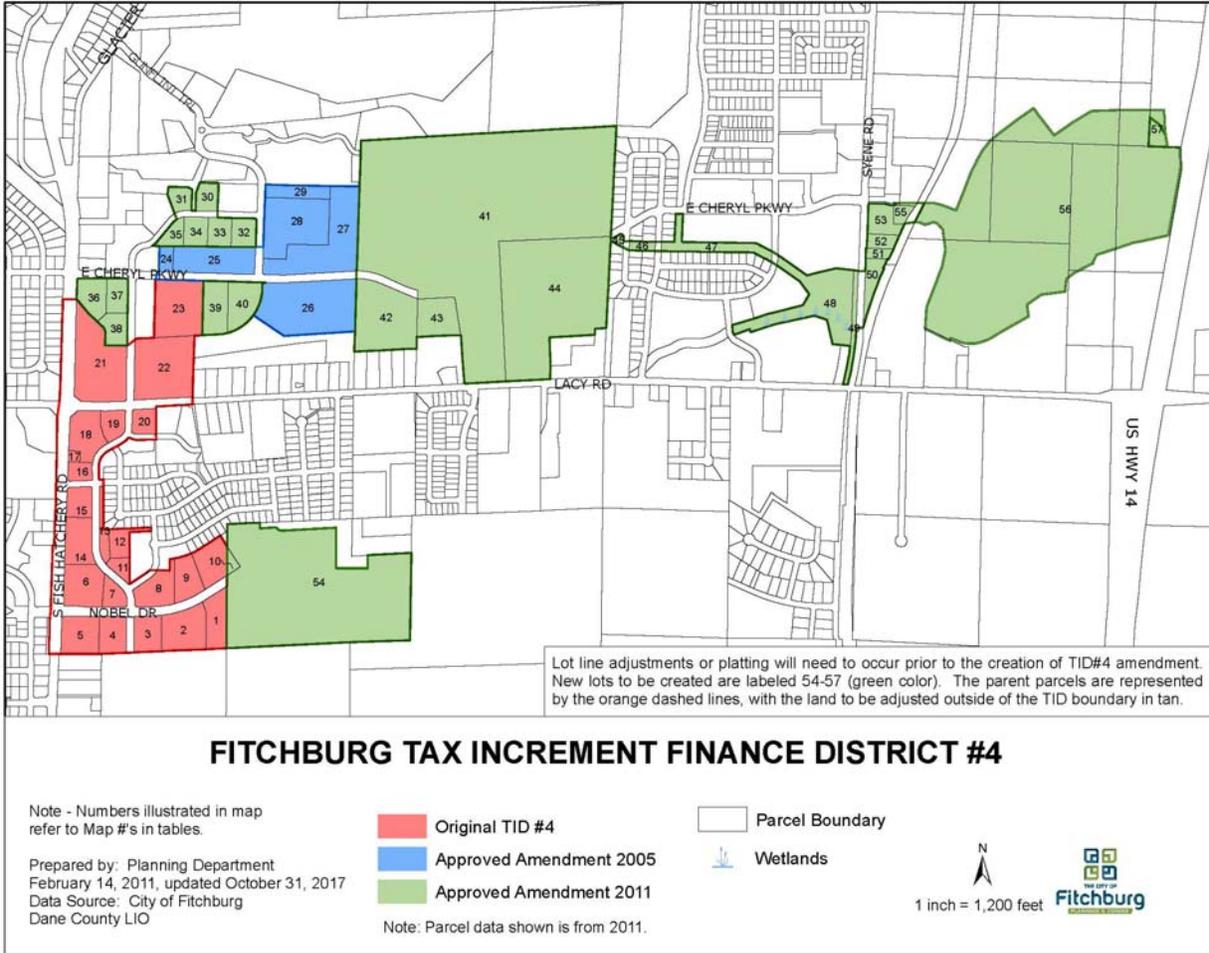
The District is an “Industrial District,” created on a finding that at least 50%, by area, of the real property within the District was zoned and suitable for industrial sites within the meaning of Wisconsin Statutes Section 66.1101. Since this amendment does not add any territory to the District, the District remains in compliance with this provision. Any real property within the District that was found suitable for industrial sites and was zoned for industrial use at the time of the creation of the District, or at the time its boundaries were amended, will remain zoned for industrial use for the life of the District.

Wisconsin Statutes Section 66.1105(4)(h)2. provides authority for a City to amend the boundaries of an existing Tax Increment District for purposes of adding and/or subtracting territory up to a total of four times during the life of the District. The boundaries of the District have been amended twice prior to this Amendment. Since this amendment does not involve the addition or subtraction of territory from the District, it is not counted against the number of available boundary amendments.

This Project Plan Amendment supplements, and does not supersede or replace any component of the original Project Plan, or any component of previously adopted Project Plan Amendments, unless specifically stated. All components of the original Project Plan, and its previously adopted Project Plan Amendments, remain in effect.

A map depicting the current boundaries of the District is found in Section 3 of this Plan. Based upon the findings stated above, the original findings stated in the Creation Resolution, and the findings contained in any subsequent resolution adding territory to the District, the District remains an industrial district based on the identification and classification of the property included within the District.

# SECTION 3: Map of Current District Boundary



## SECTION 4: Map Showing Existing Uses and Conditions

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There will be no change to District boundaries, nor any changes to the existing uses and conditions within the District as a result of this amendment. A copy of this map can be found in the Original and/or Amended Project Plan Documents.

## SECTION 5: Equalized Value Test

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No additional territory will be added to the District. Demonstration of compliance with the equalized value test is not required for this Amendment.

## SECTION 6: Statement of Kind, Number and Location of Proposed Public Works and Other Projects

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The proposed additional and updated projects costs within the District may also include, but are not limited to: various public improvements and cash grants to owners, lessees or developers of land located within the District (development incentives), professional and organizational services, administrative costs, and finance costs.

The City proposes to allow for the District to incur project costs outside of, but within ½ mile of, the boundaries of the District as allowed under Wisconsin Statutes Section 66.1105(2)(f)1.n.

The projects planned with this amendment within ½ mile of the boundaries of the district include Water main extensions that will be part of the “Northwest Watermain Loop”.

In addition, this amendment specifically includes rail crossing and intersection improvements within ½ mile of the existing district boundaries.

The following is a summary list of public works and other TIF-eligible projects that the City has implemented, or intended to implement based on the original project Plan, and includes the modifications detailed above. This list is not intended to exclude any projects or costs that have been previously set

forth in the original project plan or prior plan amendments. All such projects are carried forward. Any costs directly or indirectly related to the public works and other projects are considered "Project Costs" and are 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: preserving historic resources or sensitive natural features; protection of scenic and historic views; maintaining habitat for wildlife, 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

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

There have been no known environmental studies performed within the District. If, however, 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 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; pumping stations; lift stations; wastewater treatment facilities; 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, are 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 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 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**

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; 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**

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.

### **Revolving Loan/Grant Program**

To encourage private redevelopment consistent with the objectives of this Plan, the City, through its CDA, may provide loans and/or grants to eligible property owners in the District. Loan and/or grant recipients will be required to sign an agreement specifying the nature of the property improvements to be made. Eligible improvements will be those that are likely to improve the value of the property, enhance the visual appearance of the property and surrounding area, correct safety deficiencies, or as otherwise specified by the CDA in the program manual. Any funds returned to the CDA from the repayment of loans made are not considered revenues to the District, and will not be used to offset District Project Costs. Instead, these funds may be placed into a revolving loan fund and will continue to be used for the program purposes stated above. Any funds provided to the CDA for purposes of implementing this program are considered 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:

**Sections of the Northeast Watermain Loop including both 12 inch and 8 inch watermain as well as related site improvement and restoration. A total of up to approximately 4,000 ft. of main is contemplated, a portion of which will be paid by TID 4 revenues. In addition there are railroad crossing improvements and intersection improvements needed within the ½ mi boundary of the district.**

### Professional Service and Organizational Costs

The costs of professional services rendered, and other costs incurred, in relation to the creation, amendment, 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.

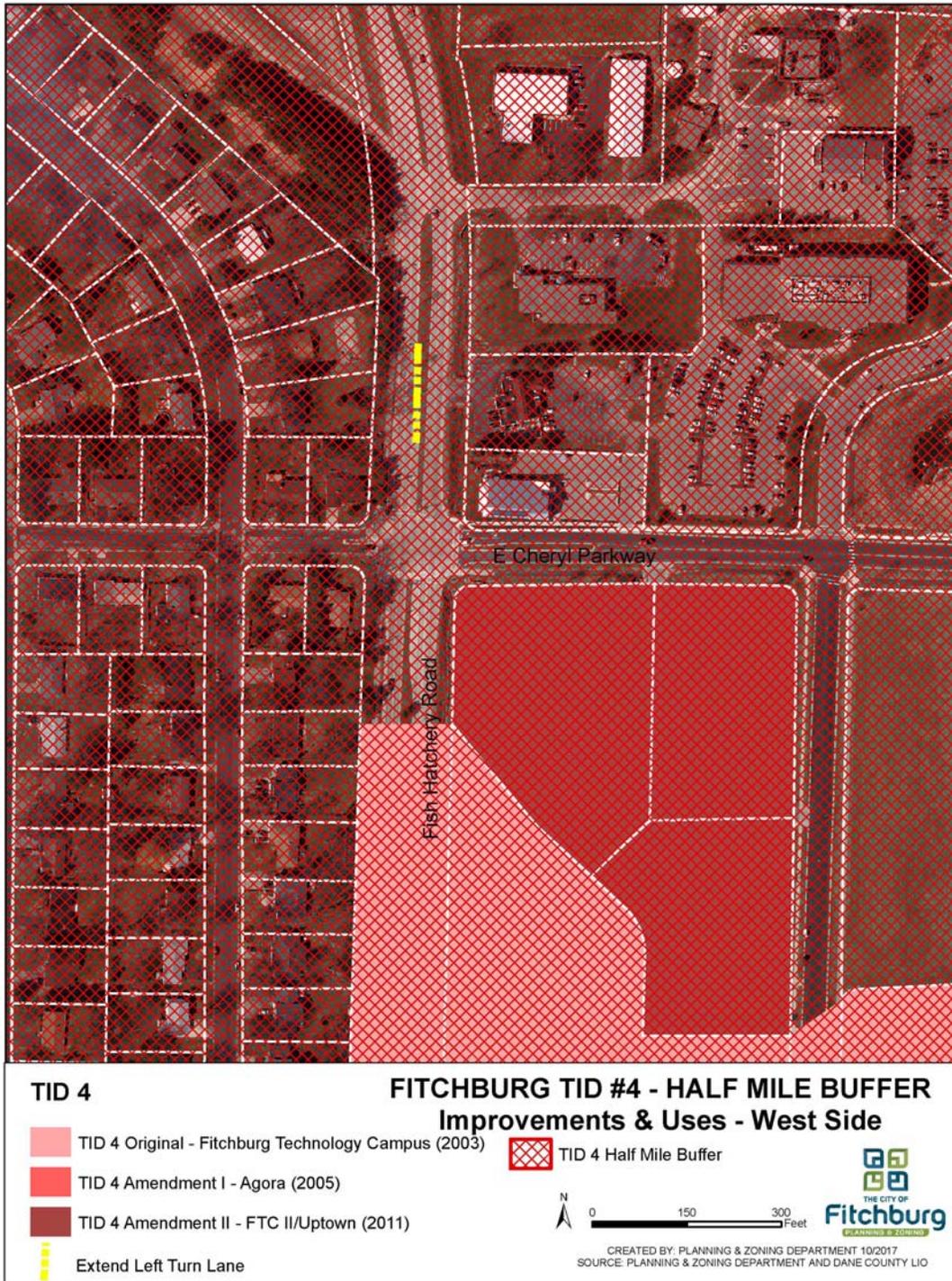
With all projects the costs of engineering, design, survey, inspection, materials, construction, restoring property to its original condition, site preparation, legal and other consultant fees, testing, environmental studies, permits, updating City ordinances and plans, judgments or claims for damages,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

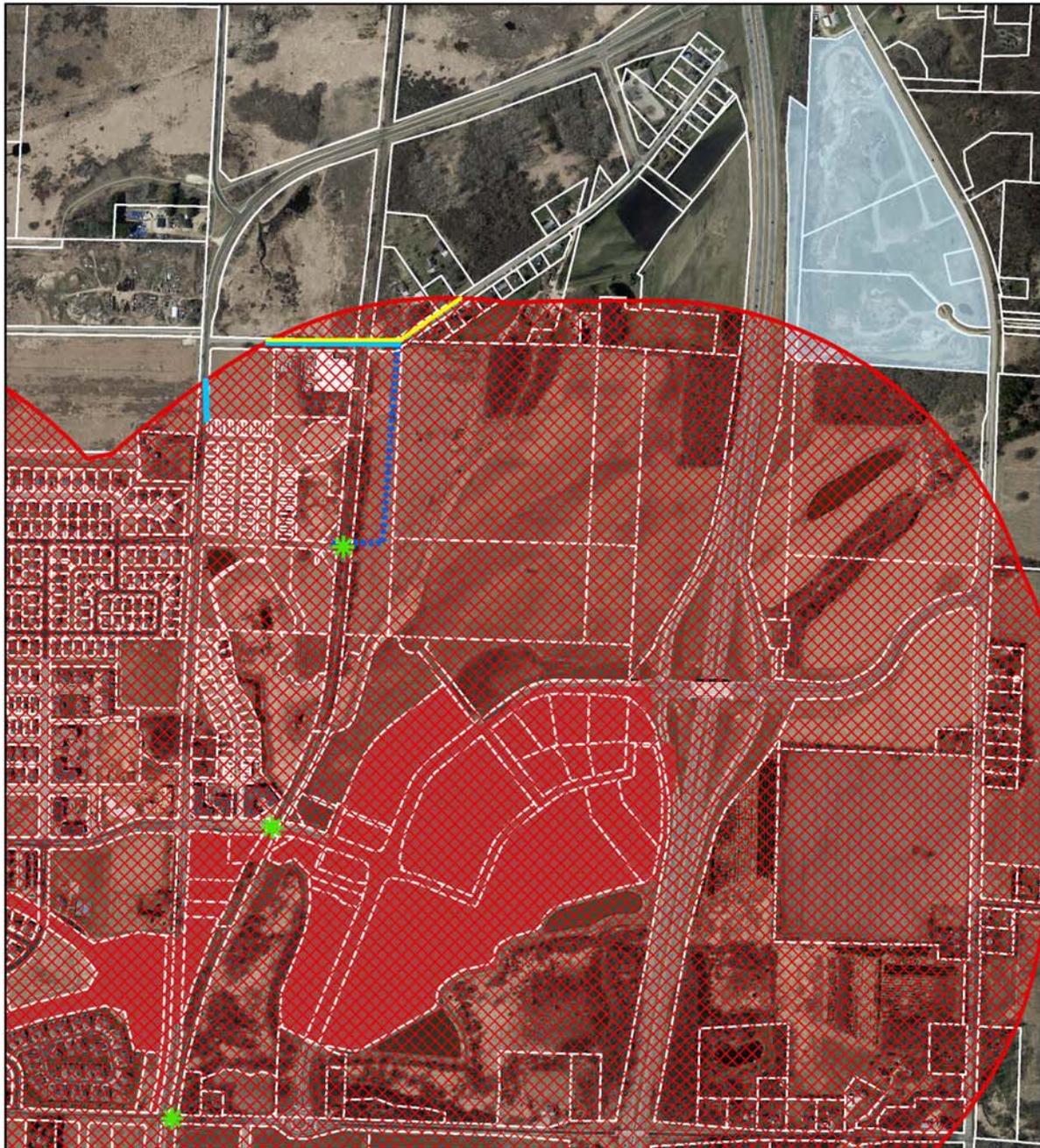
In the event any of the public works project expenditures are not reimbursable out of the special tax increment finance fund under Wisconsin Statutes Section 66.1105, in the written opinion of counsel retained by the City for such purpose or a court of record so rules in a final order, then such project 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 Amendment.

**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 listed in this Plan or the original Project Plan. To the extent the costs benefit the City 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. Project Costs will be diminished by any income, special assessments or other revenues, including user fees or charges, other than tax increments, received or reasonably expected to be received by the City in connection with the implementation of this Plan.

# SECTION 7: Maps Showing Proposed Improvements and Uses





TID #11 Tax Parcels

**TID 4**

TID 4 Original - Fitchburg Technology Campus (2003)

TID 4 Amendment I - Agora (2005)

TID 4 Amendment II - FTC II/Uptown (2011)

TID 4 Half Mile Buffer

**FITCHBURG TID #4 - HALF MILE BUFFER  
Improvements & Uses - East Side**

Quiet Zone Railroad Crossing

Rail Crossing Removal & Road Repavement

12" Water Main

8" Water Main

0 700 1,400 Feet



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

## SECTION 8: Detailed List of Additional Project Costs

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This Section contains information relative to the specific projects and expenditures that the City anticipates it will undertake within the District during the remainder of the expenditure period. Details with respect to the added projects can also be found within this Section.

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. 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 further amending this Plan.**

# Proposed TIF Project Cost Estimates

		<i>City of Fitchburg, WI</i> Tax Increment District No. 4 Amendment # 3 Project List			
		Phase I	Phase II	Phase III	TOTALS
		2018	2021	2022	
<b>Projects</b>					
<b>Projects within 1/2 Mile Radius of TID 4</b>					
Watermain Improvements	20,000				20,000
Plan Amendment Costs	14,500				14,500
Railroad Crossing Improvement Lacy / Syene			800,000		800,000
Railroad Crossing Improvement Central Park Place	410,000				410,000
Railroad Crossing Cheryl				20,000	20,000
Railroad W Clayton Removal			20,000		20,000
Left Turn Lane at Fish Htchery & Cheryl Pkwy 50% Allocation	17,000				17,000
<b>Subtotal Needed for Projects</b>	<b>461,500</b>	<b>820,000</b>	<b>20,000</b>	<b>1,301,500</b>	
<b>Grand Total Project &amp; Incentive Costs</b>	<b>461,500</b>	<b>820,000</b>	<b>20,000</b>	<b>1,301,500</b>	
Project Costs as provided by City City Staff 11/1/17					

## SECTION 9: Economic Feasibility Study, Financing Methods, and the Time When Costs or Monetary Obligations Related are to be Incurred

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This amendment modifies the specific projects and expenditures that the City anticipates it will undertake within the District during the remainder of the expenditure period.

The information and exhibits contained within this Section demonstrate that the District, as proposed to be amended, will remain economically feasible insofar as:

- The City has available to it the means to secure the necessary financing required to accomplish the remaining projects contained within this Plan. A listing of “Available Financing Methods” follows.
- The City expects to complete the remaining projects in one or more 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 incur is included.
- The development anticipated to occur as a result of the continued 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) an updated projection of tax increments to be collected resulting from that development and other economic growth within the District, and 3) an updated 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

While the City currently expects to use TID 4 fund balance to fund the cost, if fund balance is not used, implementation of this Plan may require that the City issue debt obligations to provide direct or indirect financing for the Projects to be undertaken. 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 Lease Revenue Bond by its 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 its various utility 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**

As stated in the original project plan, projects identified will provide the necessary anticipated governmental services and/or development incentives to the remaining district. The order in which expenditures are made should be adjusted in accordance with development and execution of developer agreements, if any. The City reserves the right to alter the implementation of this Plan to accomplish this objective.

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 expenditures 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

The City intends to fund the project costs from TID 4 fund balance during calendar 2018, 2021 and 2022.

# Increment Revenue Projections

## City of Fitchburg, WI

### Tax Increment District No. 4 Amendment # 3 Tax Increment Projection Worksheet WITHOUT Future New Construction

Type of District	Industrial
Actual Creation Date	5/27/2003
Valuation Date	Jan. 1, 2003
Maximum Life (In Years)	23
Expenditure Period (In Years)	18
Revenue Periods/Final Rev Year	23   2027
End of Expenditure Period	5/27/2021
Latest Termination Date	5/27/2026
Eligible for Extension/No. of Years	Yes   3
Eligible Recipient District	No

Actual Base Value	49,144,000
Pre-Amendment Base Value (Actual)	34,159,100
Property Appreciation Factor	2.00%
Current Tax Rate (Per \$1,000 EV)	\$24.19
Tax Rate Adjustment Factor (Next 2 Years)	-5.00%
Tax Rate Adjustment Factor (Following 2 Years)	-2.50%
Tax Rate Adjustment Factor (Thereafter)	-0.50%
Discount Rate 1 for NPV Calculation	5.00%
Discount Rate 2 for NPV Calculation	7.00%

Apply Inflation Factor to Base?



Net Present Value Calculation

Construction Year	Value Added	Valuation Year	Inflation Increment	Valuation Increment	Revenue Year	Tax Rate	Tax Increment	Cumulative @ 5.00%	Cumulative @ 7.00%	
The two zero tax increments to the right are included in the sum of the NPV calculations to accurately reflect the time value of the delay								0	0	
1	2003	9,663,600	2004	9,663,600	2005	21.91	211,714	182,887	172,822	
2	2004	(4,668,900)	2005	4,994,700	2006	20.25	101,128	266,085	249,972	
3	2005	22,733,900	2006	27,728,600	2007	19.49	540,352	689,465	635,235	
4	2006	30,051,100	2007	57,779,700	2008	19.31	1,115,932	1,522,190	1,378,828	
5	2007	6,721,800	2008	64,501,500	2009	19.34	1,247,325	2,408,641	2,155,599	
6	2008	8,117,800	2009	72,619,300	2010	20.21	1,467,819	3,402,119	3,009,883	
7	2009	(3,746,700)	2010	68,872,600	2011	22.28	1,534,783	4,391,453	3,844,703	
8	2010	257,900	2011	69,130,500	2012	23.15	1,600,474	5,374,006	4,658,303	
9	2011	14,701,600	2012	83,832,100	2013	23.91	2,004,109	6,545,767	5,610,441	
10	2012	39,033,400	2013	122,865,500	2014	24.70	3,034,232	8,235,341	6,957,676	
11	2013	17,083,100	2014	139,948,600	2015	23.85	3,337,601	10,005,341	8,342,662	
12	2014	25,295,100	2015	165,243,700	2016	24.19	4,012,097	12,031,723	9,898,622	
13	2015	988,500	2016	166,232,200	2017	24.36	4,049,077	13,979,398	11,366,194	
14	2016	13,255,700	2017	179,487,900	2018	24.20	4,343,242	15,969,088	12,837,401	
15	2017		2018	4,572,638	184,060,538	2019	24.08	4,431,621	17,902,589	14,240,338
16	2018		2019	4,664,091	188,724,629	2020	23.96	4,521,199	19,781,241	15,577,998
17	2019		2020	4,757,373	193,482,001	2021	23.84	4,611,993	21,606,363	16,853,252
18	2020		2021	4,852,520	198,334,521	2022	23.72	4,704,024	23,379,260	18,068,861
19	2021		2022	4,949,570	203,284,092	2023	23.60	4,797,309	25,101,217	19,227,474
20	2022		2023	5,048,562	208,332,654	2024	23.48	4,891,867	26,773,501	20,331,633
21	2023		2024	5,149,533	213,482,187	2025	23.36	4,987,720	28,397,360	21,383,777
22	2024		2025	5,252,524	218,734,710	2026	23.25	5,084,886	29,974,020	22,386,245
23	2025		2026	5,357,574	224,092,285	2027	23.13	5,183,385	31,504,688	23,341,280
		179,487,900			44,604,385					
							Future Value of Increment	71,813,888		



Update 12/12/17

# Cash Flow

City of Fitchburg, WI

FTC 1, Promega, FTC 2 & Nine Springs (Green Tech Village) & ERA Mkt Projections



Tax Increment District No. 4 Amendment #3  
Cash Flow Pro Forma

Updated 12/12/17: Reflects Actual Balance through 2015, Projected for 2016 and Estimated 2017 and Beyond.

2017 Plan Amendment Costs

Year	Revenues					City Cash Expenses, Developer PAYGO Obligations, STP Loans & Taxable Refunding thereof								G.O. Debt Obligations 2011 - 2020										Balances		Project Cost Principal Outstanding	Year						
	Tax Increments	Investment Earnings <sup>1</sup>	Computer Exemption	Bid Premium Deposit to Debt Service	Total Revenues	PAYGO Developer Bonds	GO Bonds for Infrastructure	Trust Fund Loan for Dev. Incentive	PAYGO Developer Bond	PAYGO Developer Bond	Promega PAYGO Developer Bond 2017 A	Promega PAYGO Developer Bond 2016 A	CAMECA PAYGO Developer Bond 2016 A	OBLIGATIONS	G.O. Bond	G.O. Bond			G.O. Notes			Capital Outlay	Administrative expenses	Total Future Expenditures	TOTAL ALL EXPENDITURES			Annual	Cumulative				
						\$1.923 M	\$860,000 GO Prom Notes 2009	Refunded with Taxable Bonds 2012	\$2.2 M	\$4.0 M <sup>2</sup>	\$1,500,000	\$545,985		\$5,395,000	\$10,540,000	G.O. Notes \$955,000 (Part of \$3,240,000 G.O. Notes, Series 2015A)																	
2015																																	
2016	4,012,097	27,668	626,877	9,917	4,676,559	625,147	100,838	66,268	949,110	416,000			2,157,363	200,000	2.000%	118,038	318,038	480,000	2.000%	221,750	90,000	1.000%	17,750	442,410	21,320	1,591,268	3,748,630	927,929	5,135,080	25,457,903	2016		
2017	4,049,077	15,158	632,690		4,696,925		103,588	65,423		454,000	235,391		858,401	250,000	2.000%	114,038	364,038	480,000	2.000%	212,150	90,000	2.000%	16,400	461,500	10,000	1,712,588	2,830,989	2,665,936	8,728,945	20,852,139	2017		
2018	4,343,242	21,822	641,990		5,007,054		100,975			487,500	227,391		815,866	300,000	2.000%	109,038	409,038	575,000	2.000%	201,600	90,000	2.000%	14,600	461,500	10,000	1,761,738	2,577,608	2,429,451	11,158,396	19,071,274	2018		
2019	4,431,621	27,896	641,990		5,101,507		103,125			460,500	219,391	94,252	886,268	350,000	2.000%	103,038	453,038	680,000	2.000%	189,950	90,000	2.000%	12,800	1,434,888	10,000	1,434,888	2,321,155	2,780,352	13,338,748	17,065,006	2019		
2020	4,521,199	34,847			4,556,046					550,000	211,391	90,952	852,343	400,000	2.000%	96,038	496,038	700,000	2.000%	175,250	95,000	2.000%	10,950	1,487,238	10,000	1,487,238	3,239,580	2,216,465	16,155,214	15,857,664	2020		
2021	4,611,993	40,388			4,652,381					526,000	202,391	87,652	817,043	425,000	2.000%	88,038	513,038	725,000	2.000%	161,000	95,000	2.000%	9,050	820,000	10,000	2,333,088	3,150,130	1,502,251	17,657,465	17,975,621	2021		
2022	4,704,024	44,144			4,748,167					502,000	195,391	84,352	781,743	450,000	2.250%	79,538	529,538	1,000,000	2.000%	143,750	100,000	2.000%	7,100	20,000	10,000	1,810,388	2,592,130	2,156,037	19,813,502	10,623,878	2022		
2023	4,797,309	49,534			4,846,842					478,000	187,391	81,052	746,443	500,000	2.250%	69,413	569,413	1,000,000	2.125%	123,125	100,000	2.000%	5,100		10,000	1,807,638	2,554,080	2,292,762	22,106,264	8,277,436	2023		
2024	4,891,867	55,266			4,947,133					552,500	179,391	77,752	809,643	500,000	2.500%	58,163	558,163	1,000,000	2.250%	101,250	100,000	2.000%	3,100		10,000	1,772,513	2,582,155	2,364,978	24,471,242	5,867,793	2024		
2025	4,987,720	61,178			5,048,898					522,500	171,391	74,452	768,343	550,000	2.500%	45,663	595,663	1,000,000	3.000%	75,000	105,000	2.000%	1,050		10,000	1,786,713	2,555,055	2,493,843	26,965,085	3,444,450	2025		
2026	5,084,886	67,413			5,152,299					0	151,506	71,152	222,658	575,000	2.700%	31,913	606,913	1,000,000	3.000%	45,000	10,000		0		10,000	1,661,913	1,884,571	3,267,728	30,232,813	1,646,792	2026		
2027	5,183,385	75,582			5,258,967					0	0	71,792	71,792	575,000	2.850%	16,388	591,388	1,000,000	3.000%	15,000	10,000		0		10,000	1,616,388	1,688,180	3,570,788	33,803,600	0	2027		
Total	55,618,420	520,895	2,543,547	9,917	58,692,778	625,147	408,526	131,690	949,110	4,958,000	1,982,021	733,409	9,787,903	5,075,000	929,300	6,004,300	9,640,000	1,663,925	955,000	96,850	1,743,910		20,236,355	30,024,258	28,668,520								

NOTES:  
 1. Interest earnings based on actual for 2016 from City, projected at 0.25% on any positive fund balance for 2017 and beyond.  
 2. \$ 4 M updated PAYGO Promega Bond as proposed based upon Final copy of Payment Schedule from City.  
 Projected TID Closure

## SECTION 10: Annexed Property

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No territory will be added or subtracted from the District as a result of this amendment.

## SECTION 11: Proposed Zoning Ordinance Changes

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The City does not anticipate the need to change any of its zoning ordinances in conjunction with the implementation of this Project Plan amendment. 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 12: Proposed Changes in Master Plan, Map, Building Codes and City of Fitchburg Ordinances

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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 13: Relocation

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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 chapter 32.

## SECTION 14: Orderly Development and/or Redevelopment of the City of Fitchburg

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This Project Plan Amendment will have no impact on the viability of the original District Project Plan as it relates to the orderly development and/or redevelopment of the City.

## SECTION 15: List of Estimated Non-Project Costs

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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 tax incremental finance 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.

In the case of TID 4, the water, sewer and the turn lane projects within ½ mile that are referenced on page 18 are only a portion of the total cost of those projects. Total project costs for these facilities in aggregate are expected to exceed \$1.7 Million. The balance is being paid by special assessments or other City funds.

Finally, while the railroad crossing improvements listed on Page 18 are costs that also benefit areas outside of the TID, developers outside of the TID have contributed by putting in infrastructure at their expense that enables the crossing improvements to proceed.

SECTION 16:  
Opinion of Attorney for the City of Fitchburg Advising  
Whether the Plan is Complete and Complies with  
Wisconsin Statutes 66.1105

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Office of the City Attorney

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December 29, 2017

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

RE: City of Fitchburg, Wisconsin Tax Incremental District No. 4 Amendment

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,

Attorney Valerie Zisman  
City of Fitchburg