



City of La Crosse, WI

Tax Increment District #11
Amendment 4
Project Plan

DRAFT

Joint Review Board #1	September 16, 2014
Public Hearing	September 22, 2014
Plan Commission	September 29, 2014
City Council	October 9, 2014
Joint Review Board #2	October 20, 2014

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1 Executive Summary

DESCRIPTION OF THE DISTRICT

- Type of the District, Size and Location – Tax Incremental District (TID) No. 11 (The “District”) is a Blighted Area district. A map of the District boundary is located in Section 3 of this Plan.
- Estimated Total Project Expenditures –
- Economic Development –
- Expected Termination of the District –

SUMMARY OF FINDINGS

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

1. That “but for” the creation of this District, the development projected to occur as detailed in the 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:
 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:
 3. The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of the property in the overlying taxing jurisdictions.
4. At least 50% of the land in the TID is suitable for a blighted area.
5. Activities and improvements within the TID are intended to encourage and attract development growth in this area of the City.
6. The improvement to the area is likely to maximize the private investment within the TID and significantly enhance the value of substantially all of the other real estate in the District.

7. 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 in the City.
8. Any newly platted residential will be located in a traditional neighborhood development as defined in Section 66.1027(1)(c) of the Wisconsin Statutes, “a compact, mixed-use neighborhood where residential, commercial and civic buildings are within close proximity to each other.”
9. Property within the TID was within the City municipal boundaries prior to January 1, 2004.
10. Property within the District that is suitable and zoned for industrial use will remain zoned industrial for the life of the TID.
11. The Project Plan for the District in the City is feasible, and is in conformity with the master plan for the City.

2 Type & General Description of District

3 Map Of District Boundary

4 Map Of Existing Uses

5 Equalized Value Test

Table I
Equalized Value Test

Table II
Existing Tax Incremental Districts

6 Detail Of Proposed Public Projects & Costs

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 are eligible to be paid with tax increment revenues of the District.

➤ Capital Costs

Capital costs include projects located within the boundaries of the District or within one half mile of the District boundaries as permitted in the State’s TIF law. In addition, infrastructure costs for projects located outside of the District, benefiting or necessary for the development within the District may also be eligible project costs. Such costs must be shared in a reasonable manner relating to the amount of benefit to the District. Project costs may include:

- Land acquisition, preparation, relocation, and building demolition to facilitate development, redevelopment, or rehabilitation of existing buildings and structures within the District.
- Street construction or reconstruction, installation/upgrading of sanitary sewer, water, and stormwater infrastructure to facilitate development or redevelopment.
- Installation or improvements to other utilities including electric, natural gas, telecommunications, cable TV, fiber optic, etc.
- Construction of trails, bicycle facilities, and other related improvements to facilitate pedestrian and bicycle travel in and around the District.
- Installation/construction of landscaping improvements, streetscaping, wayfinding, traffic calming.
- Construction of parking improvements.
- Scenic improvements including billboard acquisitions that are part of an economic development project, voluntary commercial signage reduction matching grants, and burial of overhead wires.

➤ 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 grant made by the City are eligible Project Costs.

➤ Professional Service and Organizational Costs

The costs of professional services rendered, and other costs incurred, in relation to the creation, administration and termination of the District, and the undertaking of the projects contained within the 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

Eligible financing costs include interest, and may include finance fees, bond discounts, bond redemption premiums, bond legal opinions, bond fees, ratings, capitalized interest, bond insurance and other expenses related to financing.

With all projects, the costs of engineering, design, surveying, inspection, materials, construction, restoring property to its original condition, apparatus necessary for the 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 Statute Section 66.1105, in the written opinion of nationally recognized bond counsel retained by the City for such propose 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 the 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 include any expenditures 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 consideration and are subject to change after planning is completed. Proration of costs in the Plan are also estimates and subject to change based upon implementation, future assessment policies and user fees adjustments.

DETAILED LIST, COST AND TIMING

TABLE III Project Cost & Balance Sheet

7 Map Of Proposed Improvements

8 Economic Feasibility

The information contained in this Section demonstrates 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, that are financially feasible. A listing of “Available Financing Methods” follows.
- The City expects to complete the projects as outlined, but can adjust the timing of implementation as needed to coincide with the pace of private development. Proposed timing of project implementation is included in this Section.
- The development anticipated to occur as a result of the implementation of this Plan will generate sufficient tax increments to pay for the cost of the projects. Within this Section are tables identifying: 1) the development expected to occur, 2) a projection of tax increments to be collected resulting from that development and other economic growth within the District, and 3) a cash flow model demonstrating that the projected tax increment collections and all other revenues available to the District will be sufficient to pay all project costs.

Available Financing Methods

Implementation of this Plan will 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. Wisconsin Statutes limit the principal amount of G.O. debt that a community may have outstanding at any point in time to an amount not greater than five percent of its total equalized value (including increment values). Not all anticipated Project Costs will need to be borrowed. For example, TID administration costs can be paid out of the City operating funds and reimbursed when TID funds are available. Other expenses can be paid out of TID cash flow as projects are constructed, and begin paying property taxes.

➤ 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 of 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 obligation 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). Tax Increment Revenue Bonds and Lease Revenue Bonds are not general obligations of the City if the bonds or other evidences of indebtedness state on their face that the bonds are not a debt of the City and that the City is not liable for the indebtedness. Per WI Statute 66.0913, any indebtedness created by this section is not an indebtedness of the city and shall not be included in determining the constitutional 5% debt limitations therefore do not count against the City's statutory borrowing capacity. To the extent that 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 sewer and/or water 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 assessment against benefited properties to pay part of the costs for street, curb, gutter, sewer, water, storm sewers and other infrastructure. In the event that 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.

➤ Federal/State Loan and Grant Programs

The State and Federal Government often sponsor grant and loan programs that municipalities may potentially use to supplement TIF expenditures or provide financing for capital costs which positively impact the District. These programs may include Wisconsin State Trust Fund Loans, Transportation Economic Assistance Grants, Economic Development Administration Grants, Wisconsin Department of Natural Resources trail and site cleanup grants, among others. These programs require local match funding to insure State and federal participation in the project.

Plan Implementation

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

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.

TABLE IV
Development Assumptions

TABLE V
Increment Revenue Projections

TABLE VI
Debt Service

TABLE VII
Cash Flow Projections

9 Annexed Property

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

10 Proposed Zoning Changes

11 Map of Future Uses

12 Changes to Maps, Plans & Ordinances

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

13 Relocation

14 Promoting Orderly Development

The District contributes to the orderly development and redevelopment of the City by providing the opportunity for continued growth in tax base, job opportunities and general economic activity. This District will promote infill development of a vacant lot.

15 Non-Project Costs

Public improvements that are made outside the District and that do not benefit the property within the District, are not considered TID eligible expenses. Other examples include:

- 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.

16 Attorney Opinion

TABLE VIII**Distribution of Projected Revenue at TID Closure**

TID 11
Legal Description