

Draft as of March 6, 2015

Project Plan Amendment of Tax Incremental District No. 5

CITY OF LA CROSSE, WISCONSIN

Organizational Joint Review Board Meeting Held:	Scheduled for: February 24, 2015
Public Hearing Held:	Scheduled for: March 2, 2015
Adoption by Plan Commission:	Scheduled for: March 30, 2015
Consideration for Adoption by Common Council:	Scheduled for: April 9, 2015
Approval by the Joint Review Board:	Scheduled for: April 28, 2015



Tax Incremental District No. 5 Project Plan Amendment

City of La Crosse Officials

Common Council

Timothy Kabat	Mayor
Andrea Richmond	Member
Dempsey E. Miller III	Member
Richard Swantz	Member
Ryan Cornett	Member
Marilyn Wigdahl	Member
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Robert J. Seaquist	Member
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City Staff

Teri Lehrke	City Clerk
Stephen Matty	City Attorney
Kelly Branson	Finance Director
Amy Peterson	Interim Planning and Development Director



Plan Commission

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Tim Kabat

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La Crosse County

Western Wisconsin Technical College District

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Table of Contents

EXECUTIVE SUMMARY5

TYPE AND GENERAL DESCRIPTION OF DISTRICT8

MAP OF CURRENT DISTRICT BOUNDARIES9

MAP SHOWING EXISTING USES AND CONDITIONS11

EQUALIZED VALUE TEST12

STATEMENT OF KIND, NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS AND OTHER PROJECTS.....13

MAP SHOWING PROPOSED IMPROVEMENTS AND USES.....14

DETAILED LIST OF ADDITIONAL PROJECT COSTS15

ECONOMIC FEASIBILITY STUDY, FINANCING METHODS, AND THE TIME WHEN COSTS OR MONETARY OBLIGATIONS RELATED ARE TO BE INCURRED16

ANNEXED PROPERTY.....21

PROPOSED ZONING ORDINANCE CHANGES.....21

PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND CITY OF LA CROSSE ORDINANCES21

RELOCATION.....21

ORDERLY DEVELOPMENT AND REDEVELOPMENT OF THE CITY OF LA CROSSE22

LIST OF ESTIMATED NON-PROJECT COSTS22

OPINION OF ATTORNEY FOR THE CITY OF LA CROSSE ADVISING WHETHER THE PLAN IS COMPLETE AND COMPLIES WITH WISCONSIN STATUTES 66.110523

CALCULATION OF THE SHARE OF PROJECTED TAX INCREMENTS ESTIMATED TO BE PAID BY THE OWNERS OF PROPERTY IN THE OVERLYING TAXING JURISDICTIONS.....24

SECTION 1: Executive Summary

Description of District

Type of District, Size and Location – Donor District

Tax Incremental District (“TID”) No. 5 (the “Donor District”) is an existing blighted area district, created by a resolution of the City of La Crosse (“City”) Common Council adopted on March 12, 1992 (the “Creation Resolution”).

Type of District, Size and Location – Recipient District

TID No. 6 (the “Recipient District”) is an existing blighted area district, created by a resolution of the City of La Crosse Common Council adopted on April 1, 1994.

Amendments

The Donor District was previously amended in 1999 whereby a resolution was adopted to amend the list of projects to be undertaken.

The Donor District was next amended in 2005, whereby a resolution was adopted to allow the District to share surplus increment with TID No. 6.

Purpose of this Amendment

The Amendment will allow for the Donor District to share surplus increments with the Recipient District under the provisions of Wisconsin Statutes Section 66.1105(6)(f). TID No. 6 is an eligible recipient district because it was created upon a finding that not less than 50 percent, by area, of the real property within the district is blighted or in need of rehabilitation.

Estimated Total Project Expenditures.

The additional project costs to be incurred under this amendment are limited to the sharing of surplus increment with the Recipient District. It is expected that the Donor District will generate approximately \$1,070,000 in increment that can be shared with the Recipient District during the eligible sharing period.

Economic Development

Authorizing the Donor District to share increments with the Recipient District will provide additional resources needed to assist the Recipient District in accomplishing the economic development goals set forth in its Project Plan. Without this assistance, it is unlikely this will happen, or will happen within the timeframe, or at the levels projected. The application of the Donor District’s surplus increment, as permitted by Wisconsin Statutes, promotes the overall economic development of the City to the benefit of all overlapping taxing jurisdictions.

Expected Termination of District

The District has a maximum statutory life of 27 years, and must close not later than March 12, 2019, resulting in a final collection of increment in budget year 2019. Considering only existing increment value and assuming no additional projects are undertaken, the anticipated total cumulative revenues will exceed total liabilities by the year 2016, enabling the District to close three years earlier than its maximum life. Based on the Economic Feasibility Study located in Section 10 of this Plan, amendment of the District would shift the projected closure year from 2016 to 2019.

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 Donor 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:
 - Current and projected tax increment collections for the Recipient District will be insufficient to pay for project costs already incurred and/or the additional projects that need to be completed in that District to achieve the objectives of its Project Plan.
 - **That “but for” amendment of the Donor District’s Project Plan, the economic development objectives of the Recipient District’s Project Plan will not be achieved.** In evaluating the appropriateness of the proposed amendment, the Joint Review Board must consider “whether the development expected in the tax incremental district would occur without the use of tax incremental financing,” customarily referred to as the “but for” test. Since the purpose of this amendment is solely to allow for the sharing of the Donor District’s increment with the Recipient District, this test cannot be applied in the conventional way. The Joint Review Board has previously concluded, in the case of both the Donor District and the Recipient District, that the “but for” test was met. As demonstrated in the Economic Feasibility section of this Project Plan Amendment, the Recipient District is not likely to recover its Project Costs without the receipt of shared increment from the Donor District. This would create a significant financial burden for City taxpayers, and since all taxing jurisdictions will ultimately share in the benefit of the redevelopment projects and increased tax base, it is appropriate for all taxing jurisdictions to continue to share in the costs to implement them. Accordingly, the City finds that it is reasonable to conclude the “but for” test continues to be satisfied. *Finding Required by Wisconsin Statutes Section 66.1105(4m)(c)1.a.*
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:
 - Authorization of the ability to share increment with the Recipient District is necessary to enable that District to fully realize the economic benefits projected in its Project Plan. Since the Donor District is generating sufficient increment to pay for its project costs, and has surplus increment available to pay for some of the project costs of the Recipient District, the economic benefits that have already been generated are more than sufficient to compensate for the cost of improvements in the Donor and Recipient Districts.
 - Tax increment collections in the Donor District are already sufficient to pay for the cost of all improvements made in the District, thus allowing for this District to become a donor. *Finding Required by Wisconsin Statutes Section 66.1105(4m)(c)1.b.*
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 the Donor District will 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 Donor District is expected to generate additional economic benefits that are

more than sufficient to compensate for the additional cost of the sharing with the Recipient District (see Finding #2), the City reasonably concludes that the overall additional benefits of the Donor 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, as amended, is a blighted area within the meaning of Wisconsin Statutes Section 66.1105(2)(ae)1. At the time of adoption of the Creation Resolution for this District, and any subsequent resolutions amending its boundaries, any property standing vacant for seven years immediately preceding adoption of the resolution(s) did not comprise more than 25% of the total area in the District as required by Wisconsin Statutes Section 66.1105(4)(gm)1.
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 a blighted area district based on the identification and classification of the property included within the District.
6. The City is not amending the Project Plan to modify the original list of projects or the estimated costs of those projects. This amendment will only allow the sharing of increment with the Recipient District to be considered an eligible expense of the District.
7. There are no additional improvements as a result of this amendment.
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

The District was created under the authority provided by Wisconsin Statutes Section 66.1105 on March 12, 1992 by resolution of the Common Council. The District's valuation date, for purposes of establishing base value, was January 1, 1992. Known as the Marriott TID, it was created to incentivize redevelopment along the Mississippi River waterfront and King Street. It is responsible for the creation of the Marriott Hotel, the River Crossing Square property, the relocation of Piggy's Restaurant and building renovations. Also included in the redevelopment of the area were renovations to the City-owned Pump House building.

The District is a "Blighted Area District," created on a finding that at least 50%, by area, of the real property within the District was blighted, as defined in Wisconsin Statutes Section 66.1105(2)(ae)1. At the time of adoption of the Creation Resolution for this District, and any subsequent resolutions amending its boundaries, any property standing vacant for seven years immediately preceding adoption of the resolution(s) did not comprise more than 25% of the total area in the District as required by Wisconsin Statutes Section 66.1105(4)(gm)1. Since this amendment does not add any territory to the District, the District remains in compliance with these provisions.

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 not previously been amended. 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.

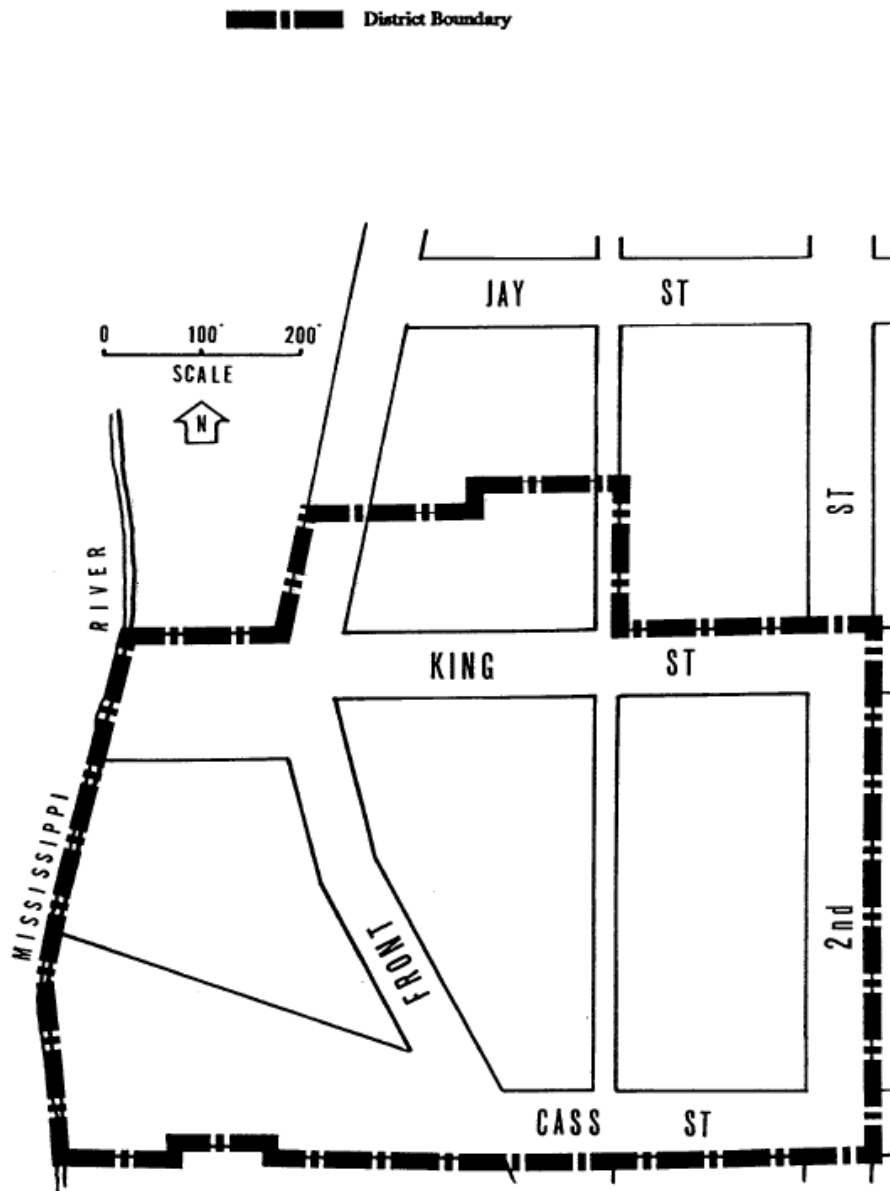
A map depicting the current boundaries of the District is found in Section 3 of this Plan. Based upon the findings stated above, the original findings stated in the Creation Resolution, and the findings contained in any subsequent resolution adding territory to the District, the District remains a blighted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

SECTION 3: Map of Current District Boundaries

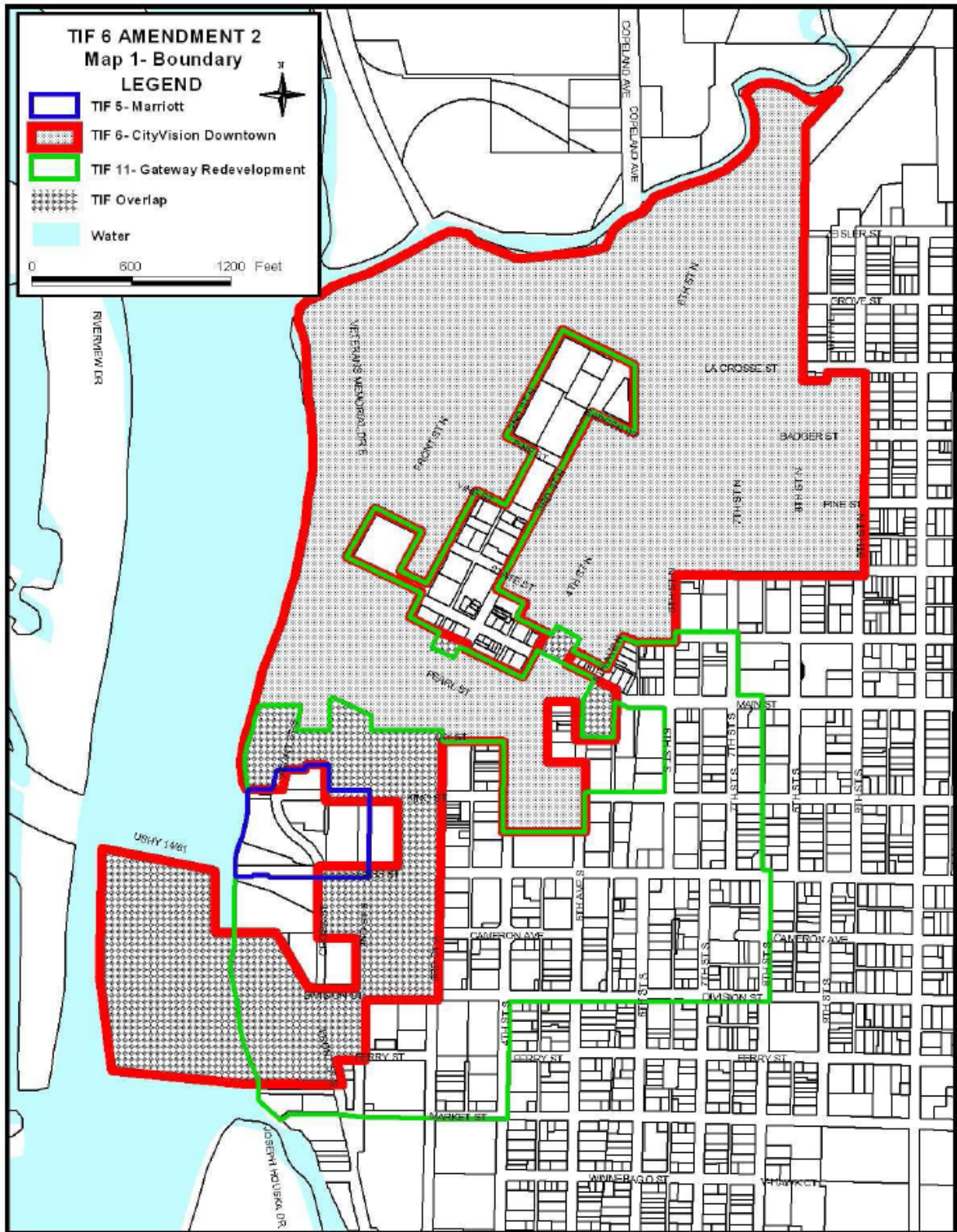
Donor District

TAX INCREMENTAL DISTRICT FIVE CITY OF LA CROSSE, WISCONSIN

FIGURE 1



Recipient District



SECTION 4: Map Showing Existing Uses and Conditions

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 Amended Project Plan Documents.

SECTION 5: Equalized Value Test

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

This amendment provides the authority for the Donor District to allocate surplus increments with the Recipient District. No other additional project costs are involved, and the statement of kind, number and location of proposed public works and other projects as documented in the Original and Amended Project Plan Documents remains in effect.

SECTION 7: Map Showing Proposed Improvements and Uses

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

SECTION 8: Detailed List of Additional Project Costs

This amendment provides the authority for the Donor District to allocate surplus increments with the Recipient District. No other additional project costs are involved, and the statement of kind, number and location of proposed public works and other projects as documented in the Original and Amended Project Plan Documents remain in effect.

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

This Project Plan Amendment allows the Donor District to allocate positive tax increments to the Recipient District. The authority for this Amendment is Wisconsin Statutes Section 66.1105(6)(f) which provides for the allocation of increments providing that the following are true:

- The Donor District, the positive tax increments of which are to be allocated, and the Recipient District have the same overlying taxing jurisdictions.
- The allocation of tax increments is approved by the Joint Review Board.
- The Donor District is able to demonstrate, based on the positive tax increments that are currently generated, that it has sufficient revenues to pay for all project costs that have been incurred under the Project Plan for that District and sufficient surplus revenues to pay for some of the eligible costs of the Recipient District.
- The Recipient District was created upon a finding that not less than 50 percent, by area, of the real property within the district is blighted or in need of rehabilitation.

The Exhibits following this section demonstrate that the Donor District is generating sufficient tax increments to pay for its project costs and that surplus increments remain that can be allocated to pay some of the project costs of the Recipient District.

Development Assumptions

The City does not anticipate additional development in the Donor District.

Increment Revenue Projections

City of La Crosse, WI										
Tax Increment District No. 5										
Tax Increment Projection Worksheet										
Type of District	Blighted Area			Base Value	894,800					
Creation Date	March 12, 1992			Appreciation Factor	0.00%		<input checked="" type="checkbox"/> Apply to Base Value			
Valuation Date	Jan 1,	1992		Base Tax Rate	\$27.99					
Max Life (Years)	27			Rate Adjustment Factor						
Expenditure Periods/Termination	22	3/12/2014		Tax Exempt Discount Rate	2.25%					
Revenue Periods/Final Year	26	2019		Taxable Discount Rate	3.75%					
Extension Eligibility/Years	Yes 0									
Recipient District	Yes									

	Construction		Valuation Year	Inflation Increment	Total Increment	Revenue		Tax Increment	Tax Exempt NPV Calculation	Taxable NPV Calculation
	Year	Value Added				Year	Tax Rate			
22	2013	0	2014	0	7,664,500	2015	\$27.99	214,522	131,486	95,441
23	2014	0	2015	0	7,664,500	2016	\$27.99	214,522	260,078	187,432
24	2015	0	2016	0	7,664,500	2017	\$27.99	214,522	385,841	276,098
25	2016	0	2017	0	7,664,500	2018	\$27.99	214,522	508,837	361,559
26	2017	0	2018	0	7,664,500	2019	\$27.99	214,522	629,125	443,931
Totals		0	0			Future Value of Increment		1,072,610		

Notes:

Actual results will vary depending on development, inflation of overall tax rates.

NPV calculations represent estimated amount of funds that could be borrowed (including project cost, capitalized interest and issuance costs).

Cash Flow

City of La Crosse, WI													
Tax Increment District No. 5													
Cash Flow Projection													
Year	Projected Revenues					Expenditures				Balances			Year
	Tax Increments	Interest Earnings/ (Cost)	Exempt Computer Aids	Other Revenue	Total Revenues	Debt Service Transfers	Transfer to TID No. 6	Advance Repayment	Total Expenditures	Annual	Cumulative	Principal Outstanding	
2015	214,522		11,163		225,685	12,853	210,000		222,853	2,832	3,244		2015
2016	214,522		10,046		224,568	29,617	195,000		224,617	(49)	3,196		2016
2017	214,522		9,042		223,564	8,000	215,000		223,000	564	3,759		2017
2018	214,522		8,138		222,660	7,000	215,000		222,000	660	4,419		2018
2019	214,522		7,324		221,846	14,103	212,158	4	226,265	(4,419)	0		2019
Total	1,072,610	0	45,712	0	1,118,322	71,573	1,047,158	4	1,118,735				Total

Notes:

City of La Crosse, WI

Tax Increment District No. 6

Cash Flow Projection

Year	Projected Revenues						Expenditures				Balances			Year
	Tax Increments	Interest Earnings/ (Cost)	Exempt Computer Aids	Transfer from TID No. 5	Transfer from TID No. 8	Total Revenues	Debt Service Transfers	Advance Repayment	Project Costs	Total Expenditures	Annual	Cumulative	Principal Outstanding	
2015	1,457,328		89,699	210,000	80,000	1,837,026	681,895			681,895	1,155,131	2,542,696		2015
2016	1,457,328		80,729	195,000	80,000	1,813,057	1,750,000			1,750,000	63,057	2,605,752		2016
2017	1,457,328		72,656	215,000	80,000	1,824,984	2,000,000			2,000,000	(175,016)	2,430,736		2017
2018	1,457,328		65,390	215,000	80,000	1,817,718	2,000,000			2,000,000	(182,282)	2,248,454		2018
2019	1,457,328		58,851	212,158	80,000	1,808,337	2,000,000			2,000,000	(191,663)	2,056,791		2019
2020	1,457,328		52,966		80,000	1,590,294	1,750,000			1,750,000	(159,706)	1,897,085		2020
2021	1,457,328		47,669		80,000	1,584,997	821,435	460,802		1,282,237	302,760	2,199,845		2021
Total	10,201,295	0	467,960	1,047,158	560,000	12,276,413	11,003,330	460,802	0	11,464,132				Total

Notes:

SECTION 10: Annexed Property

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

SECTION 11: Proposed Zoning Ordinance Changes

The City does not anticipate the need to change any of its zoning ordinances in conjunction with the implementation of this Project Plan amendment.

SECTION 12: Proposed Changes in Master Plan, Map, Building Codes and City of La Crosse 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 13: 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 chapter 32.

SECTION 14: Orderly Development and Redevelopment of the City of La Crosse

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 redevelopment of the City.

SECTION 15: List of Estimated Non-Project Costs

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

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

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

March 8, 2015

SAMPLE

Timothy Kabat, Mayor
City of La Crosse
400 La Crosse Street
La Crosse, Wisconsin 54601

RE: City of La Crosse, Wisconsin Tax Incremental District No. 5 Amendment

Dear Mayor:

As City Attorney for the City of La Crosse, 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 Stephen Matty
City of La Crosse

Exhibit A:
**Calculation of the Share of Projected Tax Increments
 Estimated to be Paid by the Owners of Property in the
 Overlying Taxing Jurisdictions**

Estimated portion of taxes that owners of taxable property in each taxing jurisdiction overlaying district would pay by jurisdiction.						
Statement of Taxes Data Year:		2015		Percentage		
County		3.68		13.15%		
Municipality		11.73		41.91%		
School District		12.42		44.37%		
Technical College		0.16		0.57%		
Total		<u>27.99</u>				
Revenue Year	County	Municipality	School District	Technical College	Total	Revenue Year
2015	28,216	89,902	95,183	1,221	214,522	2015
2016	28,216	89,902	95,183	1,221	214,522	2016
2017	28,216	89,902	95,183	1,221	214,522	2017
2018	28,216	89,902	95,183	1,221	214,522	2018
2019	28,216	89,902	95,183	1,221	214,522	2019
	<u>141,081</u>	<u>449,510</u>	<u>475,915</u>	<u>6,104</u>	<u>1,072,610</u>	

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