

March 6, 2019

# Project Plan for the Territory & Project Plan Amendment of Tax Incremental District No. 6

## CITY OF LA CROSSE, WISCONSIN

Organizational Joint Review Board Meeting Held:	April 1, 2019
Public Hearing Held:	April 1, 2019
Consideration for Approval by Plan Commission:	April 1, 2019
Consideration for Adoption by Common Council:	Scheduled for: April 11, 2019
Consideration for Approval by the Joint Review Board:	Scheduled for: April 29, 2019

# Tax Incremental District No. 6 Territory & Project Plan Amendment

## City of La Crosse Officials

### Common Council

Timothy Kabat	Mayor
Andrea Richmond	Member
Scott Neumeister	Member
Barb Janssen	Member
David Marshall	Member
Justice Weaver	Member
Jacqueline Marcou	Member
Gary Padesky	Member
Jessica Olson	Member
Phillip Ostrem	Member
Paul Medinger	Member
Martin Gaul	Member
Doug Happel	Member
Roger Christians	Member

### City Staff

Teri Lehrke	City Clerk
Andrea Schnick	Economic Development Planner
Jason Gilman, AICP	Director of Planning
Stephen Matty	City Attorney
Valerie Fenske	Finance Director

### Joint Review Board

Mayor Timothy Kabat	City Representative
Brian Fukuda	La Crosse County
Dan Hanson	Western Technical College District
Patty Sprang	School District of La Crosse
John Kovari	Public Member

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# SECTION 1: Executive Summary

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## Description of District

### Type of District, Size and Location

Tax Incremental District (“TID”) No. 6 (the “TID” or “District”) is an existing blighted area district, which was created by a resolution of the City of La Crosse (“City”) Common Council adopted on April 14, 1994 (the “Creation Resolution”).

### Amendments

The District was previously amended in 1999 whereby a resolution was adopted to add additional territory to the District, and to amend the list of projects to be undertaken. This amendment was the first of four territory amendments permitted for this District.

The District was previously amended in 2007 and 2010, whereby a resolution was adopted to amend the list of projects to be undertaken.

### Purpose of this Amendment

The City proposes to remove specified parcels from the District whose inclusion is no longer necessary for District cash flow purposes. This will enable the City and other overlying taxing jurisdictions to receive the benefit of the release of the associated incremental value into the general tax base beginning in 2019 for taxes payable 2020. Subtracting the identified territory will not result in a change to the District’s anticipated closure year of 2021. A map, located in Section 3 of this plan, identifies the territory to be removed and its geographic relationship to the existing District’s boundaries.

This amendment will cause territory to be subtracted from the District, adding to the tax base of the City and all overlapping taxing jurisdictions.

This amendment **does not** modify the categories, locations or costs of the Projects to be undertaken. The District is beyond its expenditure period.

## 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:

Since the purpose of this amendment is solely to subtract property, these tests cannot be applied in the conventional way. The Joint Review Board has previously concluded that these tests have been met. Accordingly, the City finds that it is reasonable to conclude these tests continue to be satisfied.

1. **That “but for” amendment of this District, the additional development projected to occur within the amendment areas 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:

- That “but for” amendment of the District’s Project Plan, the economic development objectives 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 subtract property, this test cannot be applied in the conventional way. The Joint Review Board has previously concluded that the “but for” test was met. 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 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:
  - Tax increment collections are expected to be sufficient to pay for the cost of all improvements made in the District. *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 likely that the District is expected to generate additional economic benefits that are more than sufficient to compensate for the cost of the improvements, as previously determined by the Joint Review Board, the City reasonably concludes that the overall benefits of the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. It is further concluded that since the “but for” test is satisfied, there would, in fact, be no foregone tax increments to be paid in the event the Project Plan is not amended. *Finding Required by Wisconsin Statutes Section 66.1105(4m)(c)1.c.*
4. 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.
5. Based upon the findings, as stated above, and the original findings as stated in the Creation Resolution, the District remains declared a blighted area District based on the identification and classification of the property included within the District.
6. The project costs will not change as a result of this amendment.
7. There are no additional improvements as a result of this amendment.
8. The City estimates that less than 35% of the territory within the District, as amended, will be devoted to retail business at the end of the District’s maximum expenditure period, pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1.
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 on April 14, 1994 by resolution of the Common Council. The District's valuation date, for purposes of establishing base value, was January 1, 1994.

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. The District will remain in compliance with this finding after the subtraction of the territory identified in this Amendment.

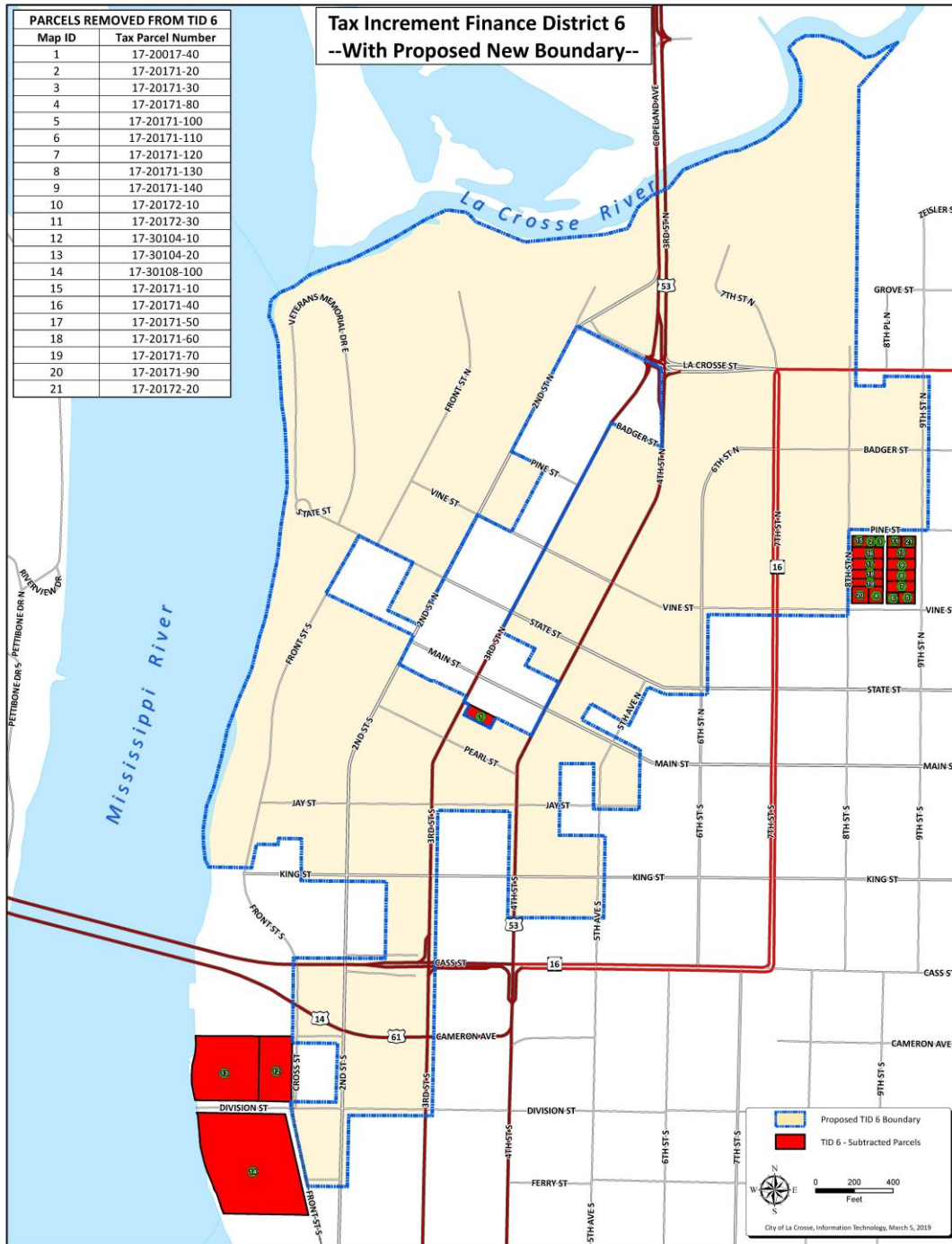
Wisconsin Statutes Section 66.1105(4)(h)2. provides authority for a City to amend the boundaries of an existing Tax Increment District for purposes of adding and/or subtracting territory up to a total of four times during the life of the District. The boundaries of the District have been amended once prior to this Amendment.

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.

The purpose of the Amendment is to remove specified parcels from the District. This will enable the City and other overlying taxing jurisdictions to receive the benefit of the release of the associated incremental value into the general tax base beginning in 2019 for taxes payable 2020.

A map depicting the boundaries of the District is found in Section 3 of this Plan. Based upon the findings as stated above, and the original findings as stated in the Creation Resolution, the District remains a blighted area District based on the identification and classification of the property included within the District.

# SECTION 3: Preliminary Map of Original District Boundary and Territory Amendment Area Identified



## SECTION 4: Map Showing Existing Uses and Conditions Within The Territory Remaining

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There will be no change 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 project costs will not change, nor are there any additional improvements as a result of this amendment. This District is presently beyond the limitations of its expenditure period.

The statement of kind, number and location of proposed public works and other projects as documented in the Original and/or Amended Project Plan Documents remains in effect.

## SECTION 7: Map Showing Proposed Improvements and Uses Within The Territory Remaining

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There will be no change 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/or Amended Project Plan Documents.



## SECTION 8: Detailed List of Project Costs

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The project costs will not change, nor are there any additional improvements as a result of this amendment. The statement of kind, number and location of proposed public works and other projects as documented in the Original and/or Amended Project Plan Documents remains in effect.

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

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The information and exhibits contained within this Section demonstrate that the District, as amended by the subtraction of territory, will remain economically feasible. The analysis in this section demonstrates the overall cash flow of the District improves by subtracting the identified parcels.

# Increment Revenue Projections

## Tax Increment District No. 6 (Downtown) Tax Increment Projection Worksheet

Type of District	Blighted Area	Actual Base Value	33,884,800
Actual Creation Date	4/14/1994	Pre-Amendment Base Value (Actual)	N/A
Valuation Date	Jan. 1, 1994	Property Appreciation Factor	0.00%
Maximum Life (In Years)	27	Current Tax Rate (Per \$1,000 EV)	\$27.01
Expenditure Period (In Years)	22	Tax Rate Adjustment Factor (Next 2 Years)	0.00%
Revenue Periods/Final Rev Year	26   2021	Tax Rate Adjustment Factor (Following 2 Years)	0.00%
End of Expenditure Period	4/14/2016	Tax Rate Adjustment Factor (Thereafter)	0.00%
Latest Termination Date	4/14/2021	Discount Rate 1 for NPV Calculation	N/A
Eligible for Extension/No. of Years	No   0	Discount Rate 2 for NPV Calculation	N/A
Eligible Recipient District	Yes		

	Construction Year	Value Added	Valuation Year	Inflation Increment	Valuation Increment	Revenue Year	Tax Rate	Tax Increment
1	2016	0	2017	0	65,864,100	2018	27.01	1,778,774
2	2017	0	2018	0	65,146,700	2019	26.26	1,710,863
3	2018	0	2019	0	65,146,700	2020	26.26	1,710,863
4	2019	0	2020	0	65,146,700	2021	26.26	1,710,863
		0			0	Future Value of Increment		6,911,362

# Cash Flow

**Tax Increment District No. 6 (Downtown)  
Cash Flow Pro Forma**

**As of Dec. 31, 2017:**

Cash and Investments: \$477,717 (A)  
 Future Debt Service Requirements: \$5,720,887 (B)  
 Advances from Other Funds (General Fund): \$336,343 (C)

Year	Revenues						Expenditures				Balances			Year
	Tax Increments	Exempt Computer Aid	Allocation from TID 5	Allocation from TID 8	Other Revenue	Total Revenues (D)	Debt Service Transfers	Other Exp.	Admin	Total Expenses (E)	Annual (F) (D - E)	Cumulative (G)	Future Debt Service (H)	
2018	1,778,774	0	206,993	131,390		2,117,157	2,000,000		500	2,000,500	116,657	594,374	3,720,887	2018
2019	1,710,863	0				1,710,863	2,000,000		500	2,000,500	(289,637)	304,737	1,720,887	2019
2020	1,710,863	0				1,710,863	1,000,000		500	1,000,500	710,363	1,015,100	720,887	2020
2021	1,710,863	0				1,710,863	720,887		500	721,387	989,476	2,004,575	0	2021
<b>Total</b>	<b>6,911,362</b>	<b>0</b>	<b>206,993</b>	<b>131,390</b>	<b>0</b>	<b>7,249,745</b>	<b>5,720,887</b>	<b>0</b>	<b>2,000</b>	<b>5,722,887</b>				

**NOTES:**

- Cumulative Balance includes existing Cash and Investments plus annual excess cash flow
- Debt Service Transfers reduce Future Debt Service Requirements
- TID 6 is an eligible recipient of positive tax increments from TIDs 5 & 8

**Final Balance (G - C): 1,668,232**

## SECTION 10: Annexed Property

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No territory will be added to the District.

## SECTION 11: Estimate of Remaining Property to be Devoted to Retail Business

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The City estimates that less than 35% of the territory within the District, as amended, will be devoted to retail business at the end of the District's maximum expenditure period. This finding is made to fulfill the reporting requirement as contained in Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1.

## SECTION 12: 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 Amended Project Plan.

## SECTION 13: Proposed Changes in Master Plan, Map, Building Codes and City of La Crosse 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 14: 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 Section chapter 32.

## SECTION 15: Orderly Development and/or Redevelopment of the City of La Crosse

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This 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 16: List of Estimated Non-Project Costs

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The City does not expect to incur any non-project costs in the implementation of this Project Plan. The District is beyond its expenditure period, and no further costs may be incurred.

SECTION 17:  
Opinion of Attorney for the City of La Crosse Advising  
Whether the Plan is Complete and Complies with Wisconsin  
Statutes 66.1105

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March 20, 2019


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

**RE: City of La Crosse, Wisconsin Tax Incremental District No. 6 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 Section 66.1105 of the Wisconsin Statutes. This opinion is provided pursuant to Wisconsin Statutes Section 66.1105(4)(f).

Sincerely,

  
Attorney Stephen Matty  
City of La Crosse