



**CITY OF RACINE, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 14**

*WALKER/
HARBORSIDE*

Project Plan Amendment

**Modifying the Categories, Locations and Costs
of Projects to be Undertaken**



June 1, 2010

Joint Review Board Organizational Meeting Held:

May 26, 2010

Public Hearing Held:

May 26, 2010

Plan Commission Approval:

June 1, 2010

Common Council Approval:

June 1, 2010

Joint Review Board Consideration Scheduled:

June 22, 2010

Tax Incremental District No. 14 Amendment Project Plan

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Jeff Coe	Council Member
Eric Marcus	Council Member
Michael D. Shields	Council Member
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Brian F. O'Connell	Director of City Development
Janice Johnson-Martin	City Clerk/Treasurer
Robert Weber	City Attorney
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EXECUTIVE SUMMARY

DESCRIPTION OF ORIGINAL DISTRICT AND PROPOSED AMENDMENT

- Original District Purpose.
 - Tax Incremental District No. 14 (the “TID”) was created by a resolution of the Common Council adopted on August 15, 2006 for purposes of eliminating blight within the TID. Specifically, the TID was intended to facilitate development of a mixed use development consisting of condominium units, apartments and commercial space referred to as “Pointe Blue”. The development plan did not proceed, and the site remains in an undeveloped state.
- Purpose of This Amendment.
 - The purpose of this amendment is to modify the categories, locations and costs of the projects to be undertaken within the TID through the remainder of its expenditure period. The economic feasibility study incorporates tax increments expected to be allocated to the TID from Tax Incremental District No. 2 under an allocation amendment being considered concurrently with this amendment.
- Estimated Total Project Expenditures.

The original Project Plan anticipated estimated total project cost expenditures of \$22,464,467. To date, project costs incurred have totaled approximately \$83,000. This proposed amendment would replace the original program of improvements and expenditures with expected project costs of \$15,551,000. Since the City has not finalized development plans for the site, and since no developer has been identified, actual project costs could be greater or less depending on final development plans and the amount of public assistance required to facilitate the development.

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 projects will be completed in four phases. Due to the anticipated availability of tax increments allocated to the TID from Tax Incremental District No. 2, it is expected that most project costs could be paid for with current revenues or short-term interfund transfers. The City retains the authority under this plan to issue debt obligations or to utilize 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 project financing by phase is located in Section 10 of this plan. The Expenditure Period of this Existing District terminates on January 17, 2028.

- Economic Development.

The City projects that additional land and improvements value of approximately \$74,000,000 will be created as a result of redevelopment within the TID. This additional value will be a result of the improvements made and projects undertaken as detailed in this amendment. A table detailing assumptions as to the timing of redevelopment, and associated values is located in Section 10 of this plan. In addition, amendment of this 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 27 years, and must close not later than January 17, 2033, resulting in a final collection of increment in budget year 2033. The Economic Feasibility analysis found in this plan indicates that the TID could close as early as 2020. As noted in the summary of Estimated Total Project Expenditures on the preceding page, the analysis contained in this plan is conceptual only and should be refined at the time development plans are finalized, and a developer identified. As such, while it is probable that the TID will not remain open for its entire available life, projection of a specific closure date at this time is premature.

SUMMARY OF FINDINGS

As required by s.66.1105 Wis. Stats., 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 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 expenditures contemplated by this plan amendment are necessary to 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, development of the site will not occur. *Finding Required by Wisconsin Statutes 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:
 - 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 within the District would create approximately 370 residential units, providing housing opportunities.

Finding Required by Wisconsin Statutes 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 District will achieve the objectives of its Project Plan 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. *Finding Required by Wisconsin Statutes 66.1105(4m)(c)1.c.*
4. The boundaries of the District are not being amended. At the time of creation, not less than 50%, by area, of the real property within the District was a blighted area within the meaning of Section 66.1105(2)(a)1 of the Wisconsin Statutes. At the time of adoption of the creation resolution for this District, 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 Section 66.1105(4)(gm)1 of the Wisconsin State Statutes.
5. Based upon the findings as stated in 4. 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 of the District relate directly to promoting the elimination of blight consistent with the purpose for which the District was created.
7. The improvements of such area are likely to enhance significantly the value of substantially all of the other real property in the District.
8. The City estimates that less than 35% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period, pursuant to Section 66.1105(5)(b) of the Wisconsin Statutes.
9. The Project Plan for the District, as amended, is feasible, and is in conformity with the Master Plan of the City.

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TYPE & GENERAL DESCRIPTION OF DISTRICT

Tax Incremental District No. 14 was created under the authority provided by Wisconsin Statutes Section 66.1105 on January 17, 2006 by resolution of the Common Council. The District's valuation date, for purposes of establishing base value, was January 1, 2006.

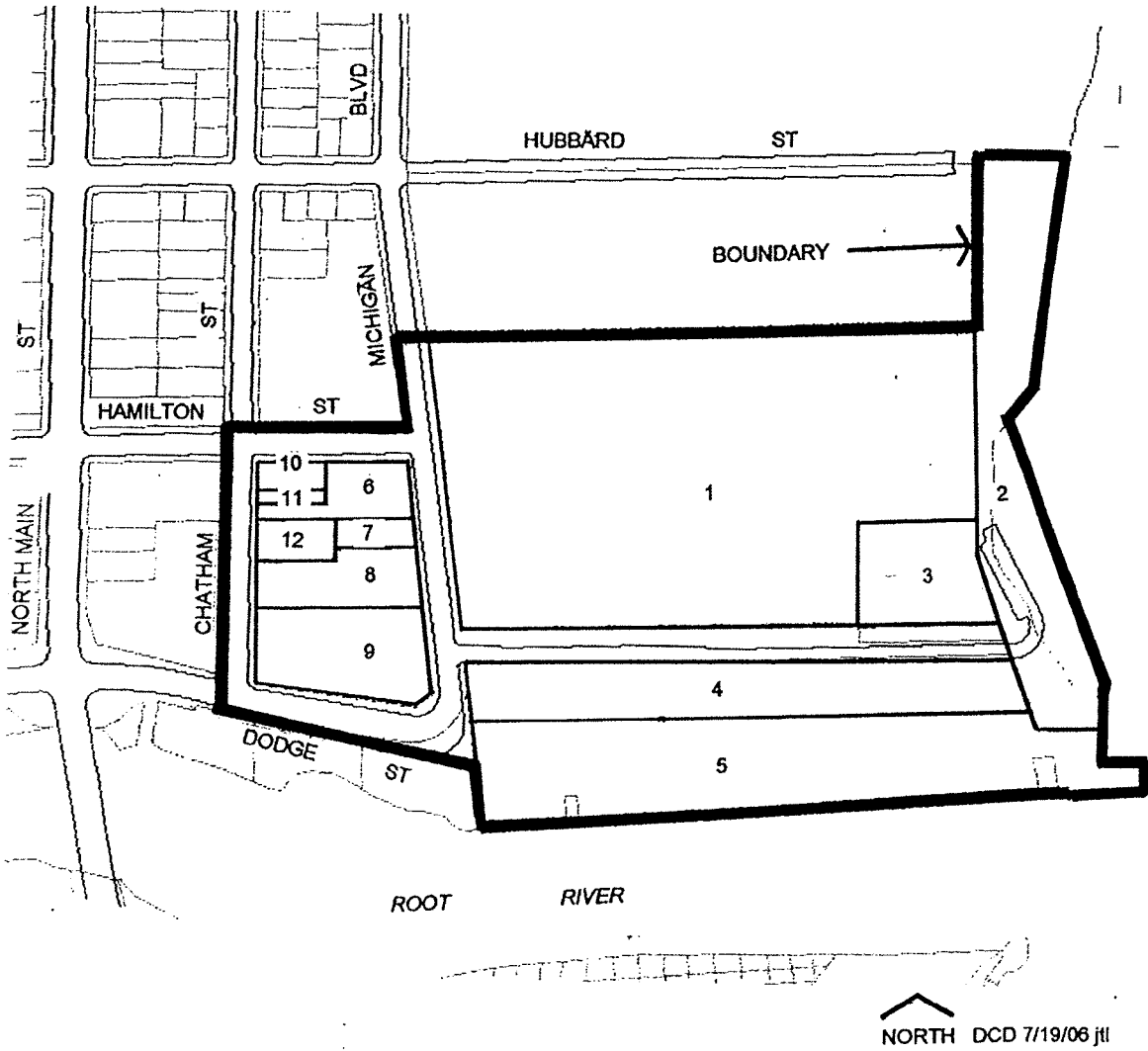
The District is a "Blighted Area District," created on a finding that at least 50%, by area, of the real property within the District was blighted, as defined in Section 66.1105(2)(a)1. of the Wisconsin State Statutes. At the time of adoption of the creation resolution for this District, any property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

This Project Plan Amendment supplements, and does not supersede or replace any component of the original Project Plan, unless specifically stated. All components of the original Project Plan 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.

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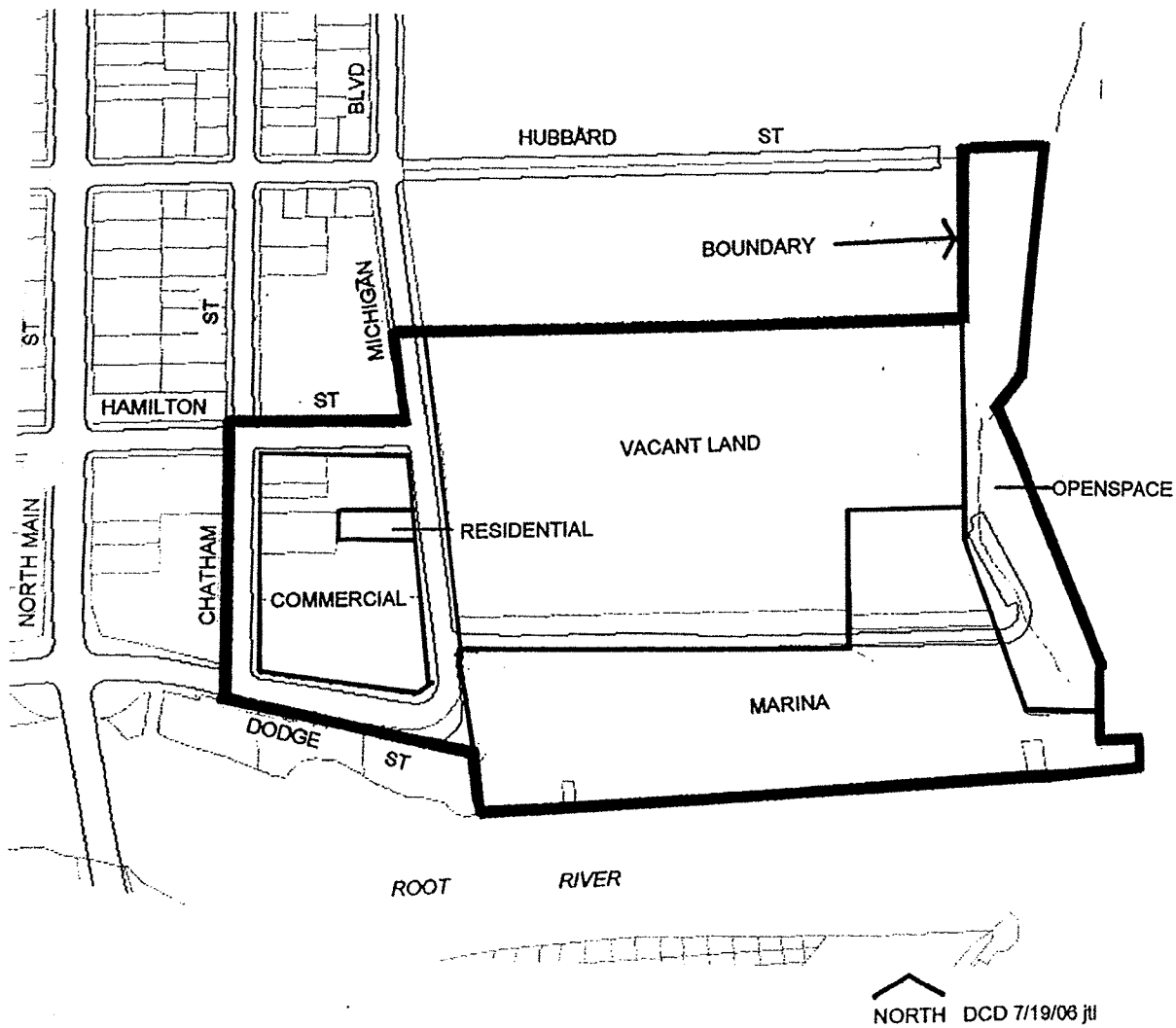
MAP OF CURRENT DISTRICT BOUNDARIES



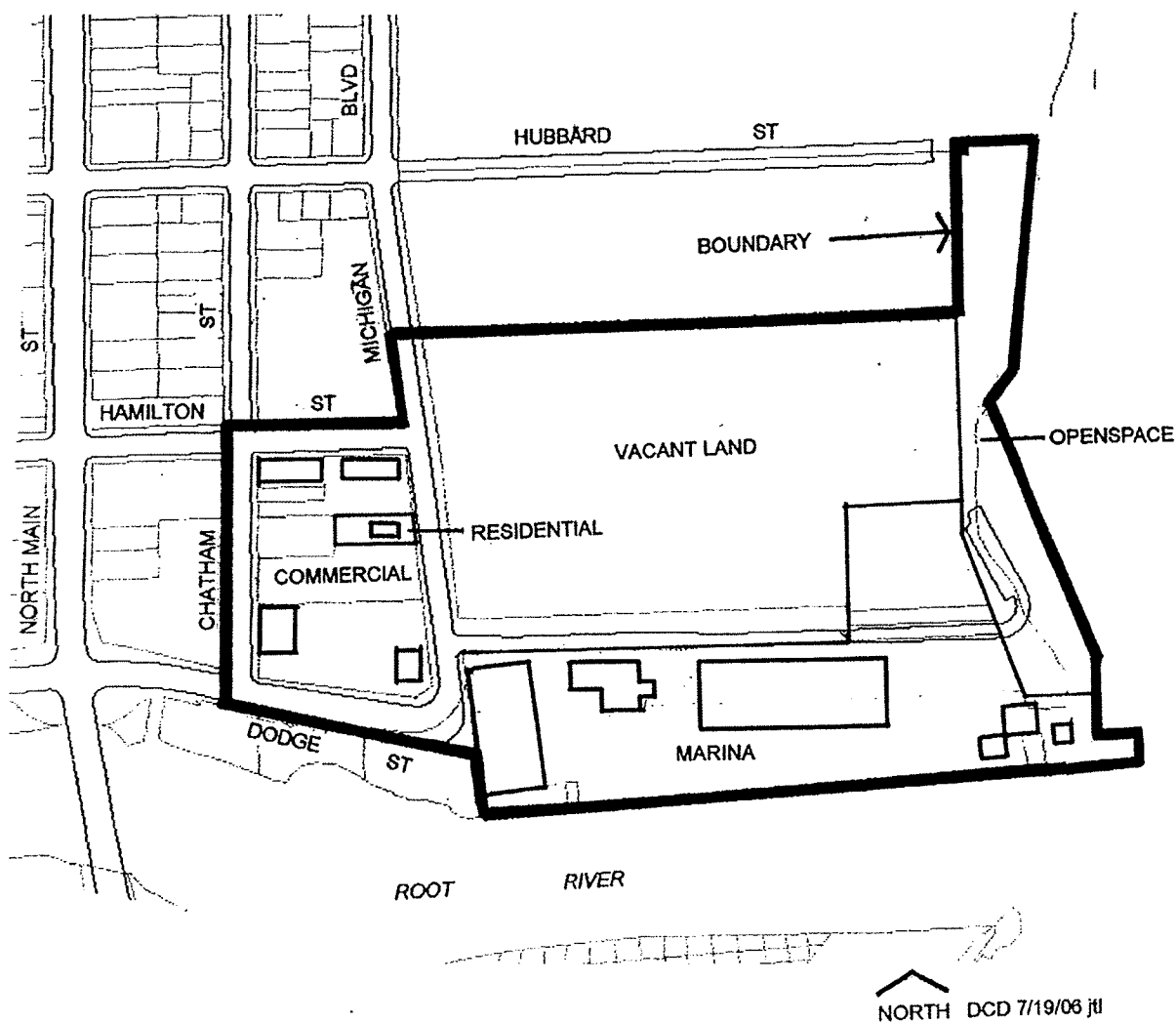
MAP 1. BOUNDARY MAP

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MAP SHOWING EXISTING USES & CONDITIONS



MAP 2. EXISTING LAND USE



MAP 3. EXISTING CONDITIONS

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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.

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

This amendment modifies the categories, locations and costs of the projects to be undertaken within the TID through the remainder of its expenditure period, and supersedes and replaces the project costs included within the original Project Plan.

The following is a summary list of public works and other projects that the City expects to implement within the District. 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 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 State 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 environmental studies performed within the District. However, it is expected that additional studies will be necessary to evaluate and design specific remediation strategies and improvements that match the specific redevelopment to occur in 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 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 the District. To allow development 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.

- **WATER SYSTEM IMPROVEMENTS.** There are inadequate water distribution facilities serving the District. To allow development 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 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 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 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 or redevelopment, the City may incur costs to provide, relocate or upgrade infrastructure required for voice and data communications, including, but not limited to: telephone lines, cable lines and fiber optic cable. Costs incurred by the City to undertake this work are eligible Project Costs.

STREETS AND STREETScape

- **STREET IMPROVEMENTS.** There are inadequate street improvements serving the District. To allow development or redevelopment to occur, the City may need to construct or reconstruct streets, highways, alleys, access drives and parking areas. Eligible Project Costs include, but are not limited to: excavation; removal or placement of fill; construction of road base; asphalt or concrete paving or repaving; installation of curb and gutter; installation of sidewalks and bicycle lanes; installation of culverts, box culverts and bridges; rail crossings and signals; utility relocation, to include burying overhead utility lines; street lighting; installation of traffic control signage and traffic signals; pavement marking; right-of-way restoration; installation of retaining walls; and installation of fences, berms, and landscaping.
- **STREETSCAPING AND LANDSCAPING.** In order to attract development 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.

RDA TYPE ACTIVITIES

- **CONTRIBUTION TO REDEVELOPMENT AUTHORITY.** As provided for in Wisconsin Statutes Sections 66.1105(2)(f)1.h and 66.1333(13), the City may provide funds to its RDA to be used for administration, planning and operations related to the purposes for which it was established in furtherance of any redevelopment or urban renewal project. Funds provided to the RDA 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 RDA, 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 RDA in the program manual. Any funds returned to the RDA 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 will be placed into a revolving loan fund and will continue to be used for the program purposes stated above. Any funds provided to the RDA 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.
- **PROFESSIONAL SERVICE AND ORGANIZATIONAL COSTS.** The costs of professional services rendered, and other costs incurred, in relation to the creation, administration and termination of the District, and the undertaking of the projects contained within this Plan, are eligible Project Costs. Professional services include, but are not limited to: architectural; environmental; planning; engineering; legal, audit; financial; and the costs of informing the public with respect to the creation of the District and the implementation of the Plan.
- **ADMINISTRATIVE COSTS.** The City may charge to the District as eligible Project Costs reasonable allocations of administrative costs, including, but not limited to, employee salaries. Costs allocated will bear a direct connection to the time spent by City employees in connection with the implementation of the Plan.
- **FINANCING COSTS.** Interest expense, debt issuance expenses, redemption premiums, and any other fees and costs incurred in conjunction with obtaining financing for projects undertaken under this Plan are eligible Project Costs.

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

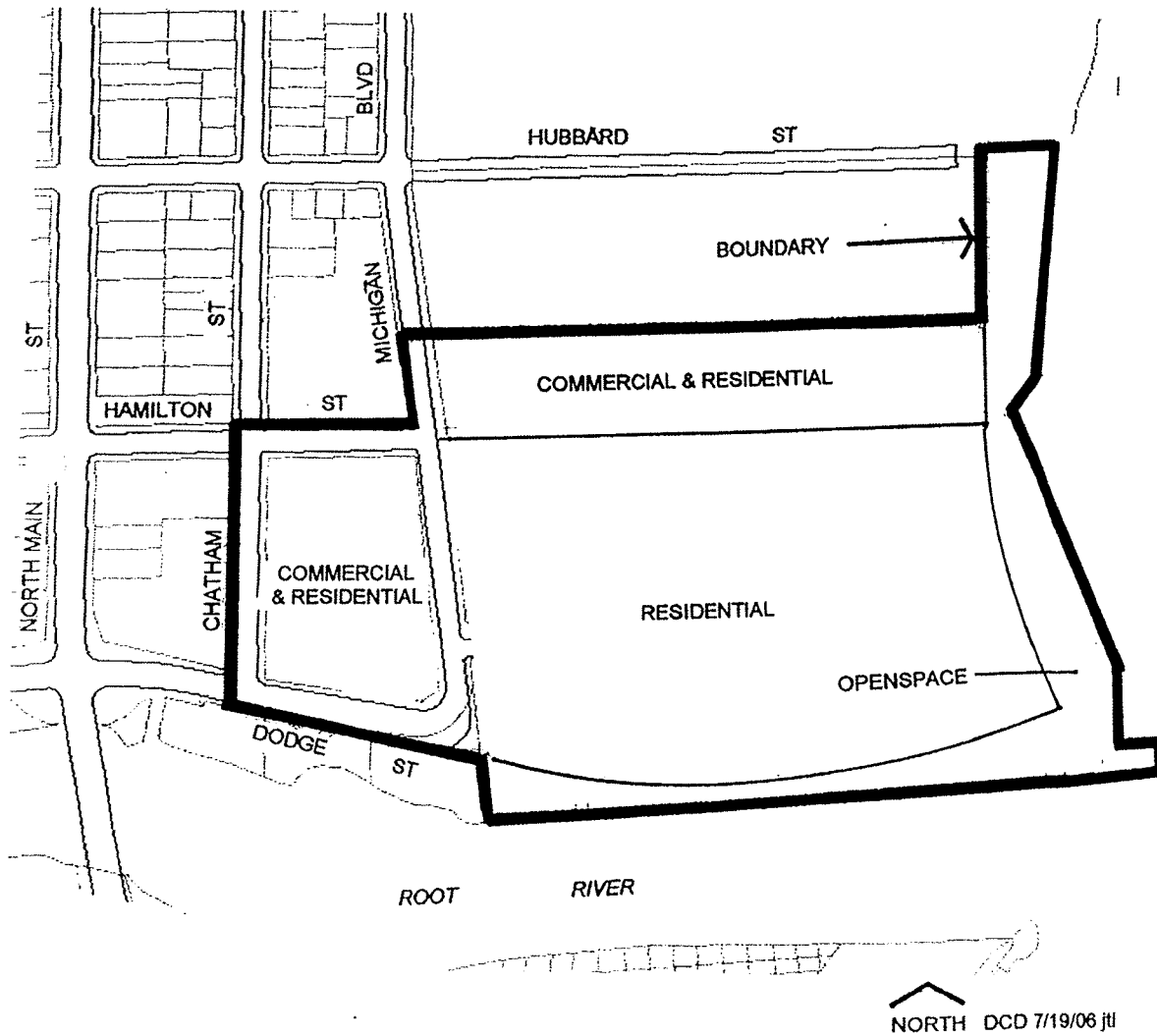
In the event any of the public works project expenditures are not reimbursable out of the special tax increment finance fund under Wisconsin Statute Section 66.1105, in the written opinion of nationally recognized bond counsel retained by the City of Racine for such purpose or a court of record so rules in a final order, then such project or projects shall be deleted and the remainder of the projects hereunder shall be deemed the entirety of the projects for purposes of this Project Plan Amendment (this "Plan").

The City of Racine reserves the right to implement only those projects that remain viable as the Plan period proceeds.

Project Costs or any expenditures 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 of Racine 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.

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MAP SHOWING PROPOSED IMPROVEMENTS AND USES



MAP 4. PROPOSED LAND USE

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DETAILED LIST OF UPDATED PROJECT COSTS

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. These projects supersede and replace the project costs included within the original Project Plan.

All costs are based on 2010 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2010 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.

TIF PROJECT COST ESTIMATES

<div>  <div> City of Racine, WI Tax Increment District No. 14 Project List </div> <div>  EHLERS LEADERS IN PUBLIC FINANCE </div> </div>					
	Phase I 2010	Phase II 2011	Phase III 2012	Phase IV 2013	Phase V 2014
Project Costs - Capital Outlay					
Property Acquisition		291,000			
Environmental Remediation		130,000			
Lift Station & Force Main Construction		1,000,000	1,400,000	400,000	800,000
Street Construction			400,000		600,000
Bike Path & Bulkhead					
Financial Assistance to Developer					
Subtotal	0	1,421,000	1,800,000	400,000	1,400,000
Project Costs - Development Incentives					
Development Incentives					10,000,000
Subtotal	0	0	0	0	10,000,000
Projects Costs - Administrative					
Planning, Engineering, Financial & Legal	100,000	100,000	100,000	100,000	100,000
Audits & Accounting	6,000	6,000	6,000	6,000	6,000
Subtotal	106,000	106,000	106,000	106,000	106,000
Total Estimated Project Costs	106,000	1,527,000	1,906,000	506,000	11,506,000

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ECONOMIC FEASIBILITY STUDY & A DESCRIPTION OF THE METHODS OF FINANCING AND THE TIME WHEN SUCH COSTS OR MONETARY OBLIGATIONS RELATED THERETO ARE TO BE INCURRED

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 will remain economically feasible insofar as:

- The City has available to it the means to pay the costs of the projects contained within this Plan. Due to the anticipated availability of tax increments allocated to the TID from Tax Incremental District No. 2, it is expected that most project costs could be paid for with current revenues or short-term interfund transfers. The City retains the authority under this plan to issue debt obligations or to utilize 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 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.
- 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) 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

Implementation of this Plan may require that the City issue obligations to provide 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). The tables on page 22 provide a calculation of the City's current and projected G.O. debt capacity. Tables 1 and 2 project, respectively, the City's equalized value, and the full faith and credit borrowing capacity of the City. Equalized valuation projections were made using two methods. The first projects future valuation of the City using the average annual percentage of valuation growth experienced between 2005 and 2009. This method is identified as the percentage method. The second method projects the future valuation based upon the average annual increment between 2005 and 2009. This method is

identified as the straight-line method. Table 2 projects the G.O. borrowing capacity of the City utilizing the straight-line valuation projection and considering the existing debt of the City, demonstrating that the City will have sufficient G.O. debt capacity during the implementation period of the District to finance projects using this method if it chooses.

Bonds Issued to Developers ("Pay as You Go" Financing)

The City may issue a bond 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 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 issued to developers in this fashion are not general obligations of the City and therefore do not count against the City's 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 Redevelopment Authority (RDA). Tax Increment Revenue Bonds and Lease Revenue Bonds are not general obligations of the City and therefore do not count against the City's borrowing capacity. To the extent tax increments collected are insufficient to meet the annual debt service requirements of the revenue bonds, the City may be subject to either a permissive or mandatory requirement to appropriate on an annual basis a sum equal to the actual or projected shortfall.

Utility Revenue Bonds

The City can issue revenue bonds to be repaid from revenues of the 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 underwriters 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 G.O. debt limit. 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.

EQUALIZED VALUATION PROJECTION



City of Racine, WI

Projection of General Obligation Debt Borrowing Capacity



Table 1 - Projection of Growth in Equalized Value (TID IN)

---PERCENTAGE METHOD---			--STRAIGHT LINE METHOD--		
HISTORICAL DATA					
2005	3,572,586,100		2005	3,572,586,100	
2006	3,925,709,700		2006	3,925,709,700	
2007	4,054,266,500		2007	4,054,266,500	
2008	4,104,526,000		2008	4,104,526,000	
2009	4,133,491,100	3.93%	2009	4,133,491,100	140,226,250
PROJECTED VALUATIONS					
2010	4,295,733,224	3.93%	2010	4,273,717,350	3.39%
2011	4,464,343,453	3.93%	2011	4,413,943,600	3.28%
2012	4,639,571,740	3.93%	2012	4,554,169,850	3.18%
2013	4,821,677,847	3.93%	2013	4,694,396,100	3.08%
2014	5,010,931,733	3.93%	2014	4,834,622,350	2.99%
2015	5,207,613,953	3.93%	2015	4,974,848,600	2.90%
2016	5,412,016,074	3.93%	2016	5,115,074,850	2.82%
2017	5,624,441,107	3.93%	2017	5,255,301,100	2.74%
2018	5,845,203,955	3.93%	2018	5,395,527,350	2.67%

Table 2 - Projection of G.O. Debt Capacity (Based on Straight Line Method)

BUDGET YEAR	EQUALIZED VALUE	GROSS DEBT LIMIT	DEBT BALANCE ¹	NET BORROWING CAPACITY
2010	4,133,491,100	206,674,555	97,360,000	109,314,555
2011	4,273,717,350	213,685,868	89,440,000	124,245,868
2012	4,413,943,600	220,697,180	81,275,000	139,422,180
2013	4,554,169,850	227,708,493	73,605,000	154,103,493
2014	4,694,396,100	234,719,805	64,950,000	169,769,805
2015	4,834,622,350	241,731,118	55,625,000	186,106,118
2016	4,974,848,600	248,742,430	45,340,000	203,402,430
2017	5,115,074,850	255,753,743	34,305,000	221,448,743
2018	5,255,301,100	262,765,055	24,635,000	238,130,055
2019	5,395,527,350	269,776,368	17,435,000	252,341,368
2020	5,535,753,600	276,787,680	11,855,000	264,932,680
2021	5,675,979,850	283,798,993	7,310,000	276,488,993
2022	5,816,206,100	290,810,305	3,855,000	286,955,305
2023	5,956,432,350	297,821,618	1,010,000	296,811,618
2024	6,096,658,600	304,832,930	520,000	304,312,930
2025	6,236,884,850	311,844,243	0	311,844,243
2026	6,377,111,100	318,855,555		318,855,555
2027	6,517,337,350	325,866,868		325,866,868
2028	6,657,563,600	332,878,180		332,878,180
2029	6,797,789,850	339,889,493		339,889,493
2030	6,938,016,100	346,900,805		346,900,805
2031	7,078,242,350	353,912,118		353,912,118

NOTES:

¹ G.O. debt outstanding and debt schedule taken from Official Statement dated 11-17-2009 for \$7,760,000 Taxable G.O. Refunding Bonds

PLAN IMPLEMENTATION

Projects identified will provide the necessary governmental services and development incentives to the TID. It is anticipated these expenditures will be made in phases beginning in 2011. The timing of expenditures, and the order in which they are made, may be adjusted based on the availability of shared increment, market considerations and execution of developer agreements. The City reserves the right to alter the implementation of this Plan to accomplish this objective. In any event, all Project Costs are to be incurred within the period specified in Section 66.1105(6)(am) of the Wisconsin Statutes.

Developer agreements between the City and developers will be in place prior to payment of any development incentives. 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.

If financing as outlined in this Plan proves unworkable, the City of Racine reserves the right to use alternate financing solutions for the projects as they are implemented.

DEVELOPMENT ASSUMPTIONS



City of Racine, WI

Tax Increment District No. 2 and No. 14
Development Assumptions



EHLERS
LEADERS IN PUBLIC FINANCE

TAX INCREMENT DISTRICT NO. 2 (DONOR)

TAX INCREMENT DISTRICT NO. 14 (RECIPIENT)

Construction Year	Actual	Additional Development	Annual Total TID NO. 2	Actual	# Residential Units ¹	@ Assumed \$200,000 Per Unit Value ¹	Annual Total TID NO. 14
2008	(272,800)		(272,800)	114,700			114,700
2009			0				0
2010			0				0
2011			0				0
2012			0				0
2013			0		45	9,000,000	9,000,000
2014			0		45	9,000,000	9,000,000
2015			0		45	9,000,000	9,000,000
2016			0		45	9,000,000	9,000,000
2017			0		45	9,000,000	9,000,000
2018			0		45	9,000,000	9,000,000
2019			0		45	9,000,000	9,000,000
2020					55	11,000,000	11,000,000
2021							0
2022							0
2023							0
2024							0
2025							0
2026							0
2027							0
2028							0
2029							0
2030							0
2031							0
TOTALS	(272,800)	0	(272,800)	114,700	370	74,000,000	74,114,700

NOTES:

¹ Number of units, buildout schedule and estimated valuation provided by City Planning Department and City Assessor 5-3-2010 and 5-4-2010.

INCREMENT REVENUE PROJECTIONS

City of Racine, WI

Tax Increment District No. 14
Tax Increment Projection Worksheet



Apply Inflation Factor to Base?

☒ **X**

4,103,200
NA
1.00%
\$23.81
0.00%
0.00%
0.00%

4.50%
6.00%

Actual Base Value
Pre-Amendment Base Value (Actual)
Property Appreciation Factor
Current Tax Rate (Per \$1,000 EV)
Tax Rate Adjustment Factor (Next 2 Years)
Tax Rate Adjustment Factor (Following 2 Years)
Tax Rate Adjustment Factor (Thereafter)

Discount Rate 1 for NPV Calculation

Blighted Area	
1/17/2006	
Jan. 1, 2006	
27	
22	
26	2033
1/17/2028	
1/17/2033	
Yes	3
Yes	

Type of District	Actual Creation Date	Valuation Date	Maximum Life (in Years)	Expenditure Period (in Years)	Revenue Periods/Final Rev Year	End of Expenditure Period	Latest Termination Date	Eligible for Extension/No. of Years	Eligible Recipient District
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	Construction		Value	Valuation		Inflation		Valuation		Revenue	Tax		Cumulative @ 4.50%	Cumulative @ 6.00%
	Year	Year		Year	Year	Increment	Increment	Year	Rate		Year	Increment		
▲ ACTUAL	1	2006	195,100	2007		195,100		2008		22.08		4,308	4,122	4,064
	2	2007	(1,30,900)	2008		58,200		2009		22.97		1,337	5,347	4,064
	3	2008	1,14,700	2009		1,72,900		2010		23.81		4,117	8,955	4,064
▲ PROJECTED	4	2009	0	2010		215,661		2011		23.79		5,130	13,256	4,064
	5	2010	0	2011		258,850		2012		23.76		18,191	6,150	4,064
	6	2011	0	2012		43,620		2013		23.53		7,118	23,658	4,064
	7	2012	0	2013		44,057		2014		23.31		8,079	29,594	4,064
	8	2013	9,000,000	2014		44,497		2015		23.10		216,903	29,594	4,064
	9	2014	9,000,000	2015		134,942		2016		22.88		423,952	467,297	4,064
	10	2015	9,000,000	2016		226,292		2017		22.68		629,294	872,617	4,064
	11	2016	9,000,000	2017		318,555		2018		22.47		832,995	1,385,907	4,064
	12	2017	9,000,000	2018		411,740		2019		22.27		1,035,121	1,996,281	4,064
	13	2018	9,000,000	2019		505,858		2020		22.07		1,233,796	2,693,572	4,064
	14	2019	9,000,000	2020		600,916		2021		21.88		1,434,901	3,468,379	4,064
	15	2020	11,000,000	2021		696,925		2022		21.69		1,676,051	4,334,429	4,064
	16	2021	0	2022		813,895		2023		21.50		1,679,064	5,164,675	4,064
	17	2022	0	2023		822,033		2024		21.31		1,682,206	5,960,655	4,064
	18	2023	0	2024		830,254		2025		21.13		1,685,475	6,723,838	4,064
	19	2024	0	2025		838,556		2026		20.96		1,688,871	7,455,629	4,064
	20	2025	0	2026		846,942		2027		20.78		1,692,395	8,157,369	4,064
	21	2026	0	2027		855,411		2028		20.61		1,696,045	8,830,336	4,064
22	2027	0	2028		863,965		2029		20.44		1,699,821	9,475,762	4,064	
23	2028	0	2029		872,605		2030		20.28		1,703,723	10,094,810	4,064	
24	2029	0	2030		881,331		2031		20.11		1,707,751	10,688,601	4,064	
25	2030	0	2031		890,144		2032		19.95		1,711,904	11,258,204	4,064	
26	2031	0	2032		899,046		2033		19.79		1,716,182	11,804,640	4,064	

26.169.739

Future Value of Increment

12,527,535

74,114,700



CASH FLOW

City of Racine, WI
Tax Increment District No. 14
Cash Flow Pro Forma



Year	Revenues					Expenditures					Balances		Pay Go Amount Outstanding	Year		
	Tax Increments	Investment Earnings	Exempt Computer Aid	Shared Increment (TID No. 2)	Advance From Other Funds	Total Revenues	Capital Outlay	Development Incentives ("Pay Go")	Admin	Repayment of Advances	Total Expenditures	Annual			Cumulative	
										Principal	Interest					
2006						0	11,792					11,792	(11,792)	(11,792)		2006
2007						0	46,319		200			46,519	(46,519)	(58,311)		2007
2008	4,308	25	49			4,382	14,719		185		2,401	17,305	(12,923)	(71,234)		2008
2009	1,337		32			1,369	3,403		2,500		2,290	8,193	(6,824)	(78,058)		2009
2010	4,117			1,160,327		1,164,445			106,000			106,000	1,058,445	980,387		2010
2011	5,130	9,804	0	1,171,162		1,186,095	1,421,000		106,000			1,527,000	(340,905)	639,482		2011
2012	6,150	6,395		1,182,116	75,000	1,269,661	1,800,000		106,000			1,906,000	(636,339)	3,143		2012
2013	7,118	31		1,183,210		1,190,360	400,000		106,000	75,000	3,750	584,750	605,610	608,753		2013
2014	8,079	6,088		1,184,402		1,198,568	1,400,000		106,000			1,506,000	(307,432)	301,321	10,000,000	2014
2015	216,903	3,013		1,185,690		1,405,606		1,000,000				1,000,000	405,606	706,927	9,000,000	2015
2016	423,952	7,069		1,187,073		1,618,095		1,000,000				1,000,000	618,095	1,325,023	8,000,000	2016
2017	629,294	13,250		1,188,553		1,831,097		1,000,000				1,000,000	831,097	2,156,120	7,000,000	2017
2018	832,995	21,561		1,190,127		2,044,684		1,000,000				1,000,000	1,044,684	3,200,803	6,000,000	2018
2019	1,035,121	32,008		1,191,796		2,258,925		1,000,000				1,000,000	1,258,925	4,459,729	5,000,000	2019
2020	1,235,736	44,597		1,193,559		2,473,892		1,000,000				1,000,000	1,473,892	5,933,621	4,000,000	2020
2021	1,434,901	59,336		1,195,415		2,689,653		1,000,000				1,000,000	1,689,653	7,623,274	3,000,000	2021
2022	1,676,051	76,233				1,752,284		1,000,000				1,000,000	752,284	8,375,557	2,000,000	2022
2023	1,679,064	83,756				1,762,820		1,000,000				1,000,000	762,820	9,138,377	1,000,000	2023
2024	1,682,206	91,384				1,773,589		1,000,000				1,000,000	773,569	9,911,966		2024
2025	1,685,475	99,120				1,784,594		1,000,000			0	1,000,000	1,784,594	11,696,560		2025
2026	1,688,871	116,966				1,805,837					0	1,000,000	1,805,837	13,502,397		2026
2027	1,692,395	135,024				1,827,419					0	1,000,000	1,827,419	15,329,816		2027
2028	1,696,045	153,298				1,849,343					0	1,000,000	1,849,343	17,179,159		2028
2029	1,699,821	171,792				1,871,613					0	1,000,000	1,871,613	19,050,772		2029
2030	1,703,723	190,508				1,894,231					0	1,000,000	1,894,231	20,945,004		2030
2031	1,707,751	209,450				1,917,201					0	1,000,000	1,917,201	22,862,205		2031
2032	1,711,904	228,622				1,940,526					0	1,000,000	1,940,526	24,802,731		2032
2033	1,716,182	248,027				1,964,209					0	1,000,000	1,964,209	26,766,940		2033
Total	26,184,631	2,007,356	81	14,213,431	75,000	42,480,499	5,087,233	10,000,000	532,885	75,000	8,441	15,713,559	26,766,940			

NOTES:

Projected TID Closure

10 ANNEXED PROPERTY

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

11 PROPOSED CHANGES IN ZONING ORDINANCES

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

12 PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND CITY OF RACINE ORDINANCES

It is expected that this Plan will be complementary to the City's Master Plan. No changes to the master plan, map, building codes or other City of Racine ordinances are necessary for the implementation of this Plan.

13 RELOCATION

There is no need to relocate any persons or businesses in conjunction with the implementation of 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 state statutes as required in Wisconsin Statutes chapter 32.

14 ORDERLY DEVELOPMENT AND REDEVELOPMENT OF THE CITY OF RACINE

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.

15

A 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 TIF 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.

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

16

**OPINION OF ATTORNEY FOR THE CITY OF RACINE ADVISING
WHETHER THE PLAN IS COMPLETE AND COMPLIES WITH WISCONSIN
STATUTES, SECTION 66.1105**

Office of the City Attorney

Robert K. Weber
City Attorney



Scott R. Letteney
Deputy City Attorney

Nicole F. Loop
Assistant City Attorney

Stacey Salvo
Paralegal

May 28, 2010

Mayor John Dickert
City of Racine
730 Washington Avenue
Racine WI 53403

RE: City of Racine, Wisconsin Tax Incremental District No. 14 Amendment

Dear Mayor:

As City Attorney for the City of Racine, I have reviewed the Project Plan Amendment document and various resolutions passed by the Common Council, Plan Commission and Joint Review Board regarding the amendment of Tax Incremental District No. 14 located in the City of Racine. In my opinion, the Project Plan is complete and complies with Section 66.1105 of the Wisconsin Statutes.

Sincerely,

Robert K. Weber
City Attorney

City Hall
730 Washington Avenue, Room 201
Racine, Wisconsin 53403
262-636-9115
262-636-9570 FAX

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 Share by Taxing Jurisdiction of Projected Tax Increments to be paid by Owners of Taxable Property in each of the Taxing Jurisdictions Overlying the Tax Increment District^{1,2}

Revenue Year	City	County	School District	Tech College	Total
	48.41%	13.25%	32.95%	5.38%	
2010	1,993	546	1,357	222	4,117
2011	2,483	680	1,690	276	5,130
2012	2,977	815	2,027	331	6,150
2013	3,446	943	2,346	383	7,118
2014	3,911	1,070	2,662	435	8,079
2015	105,011	28,741	71,474	11,677	216,903
2016	205,251	56,176	139,701	22,824	423,952
2017	304,665	83,385	207,365	33,879	629,294
2018	403,285	110,376	274,489	44,846	832,995
2019	501,142	137,159	341,093	55,728	1,035,121
2020	598,267	163,742	407,200	66,528	1,235,736
2021	694,690	190,132	472,829	77,250	1,434,901
2022	811,440	222,086	552,292	90,233	1,676,051
2023	812,899	222,485	553,285	90,395	1,679,064
2024	814,420	222,901	554,320	90,564	1,682,206
2025	816,002	223,334	555,398	90,740	1,685,475
2026	817,647	223,784	556,517	90,923	1,688,871
2027	819,353	224,251	557,678	91,113	1,692,395
2028	821,120	224,735	558,881	91,310	1,696,045
2029	822,948	225,235	560,125	91,513	1,699,821
2030	824,837	225,752	561,411	91,723	1,703,723
2031	826,787	226,286	562,738	91,940	1,707,751
2032	828,798	226,836	564,107	92,163	1,711,904
2033	830,869	227,403	565,516	92,394	1,716,182
	12,674,241	3,468,855	8,626,498	1,409,392	26,178,986

NOTES:

¹ The projection shown above is provided to meet the requirements of Wisconsin Statute 66.1105(4)(i)4.

² Projected tax increments shown above do not represent expenditures made by the indicated taxing jurisdictions, but rather future taxes collected and allocated to the special tax increment fund for the District.