



June 24, 2020

Project Plan

Tax Incremental District No. 24

Convention Center & Hotel



Organizational Joint Review Board Meeting Held:	June 24, 2020
Public Hearing Held:	June 24, 2020
Approval by Plan Commission:	June 24, 2020
Adoption by Common Council:	Scheduled for July 8, 2020
Approval by the Joint Review Board:	Scheduled for July 9, 2020

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SECTION 1:

Executive Summary

Description of District

Tax Incremental District (“TID”) No. 24 (“District”) is a proposed “In Need of Rehabilitation or Conservation” District that will include approximately four acres of the City owned Festival Hall grounds. The District will be created to pay costs associated with development of a 171-unit first-class full-service hotel and an expanded publicly owned convention center (“Project”) to be developed by Gatehouse Capital of Dallas, Texas (“Developer”). The convention center project will include renovation of 17,825 sq. ft. of the existing City owned Festival Hall, and construction of 34,950 sq. ft. of new convention, meeting, break-out, pre-function, banquet, and support space. As part of a management agreement, the reconstructed and expanded Festival Hall Convention Center will be leased to and operated by Developer. In addition to the incremental property value that will be created from construction of the hotel, the City expects the Project will result in increased employment opportunities, room taxes, and other economic activity related to operation of the Project.

Authority

The City is creating the District under the provisions of Wis. Stat. § 66.1105.

Estimated Total Project Cost Expenditures

The City anticipates making total expenditures of approximately \$38.46 million (“Project Costs”) to undertake the projects listed in this Project Plan (“Plan”). Project Costs include an estimated \$15.99 million for the convention center construction and reconstruction, \$9.29 million in development incentives, \$1.2 million for public infrastructure, \$10.93 million in debt service interest and finance related expenses, and \$1.04 million for administrative and planning expense.

Incremental Valuation

The City projects that construction of the hotel will create approximately \$15 million in incremental property value within the District. Creation of this additional value will be made possible by the Project Costs made within the District. The Project will also result in the creation of a parcel suitable for construction of a second hotel in the future. For planning purposes, it is assumed a second hotel valued at \$10 million will be constructed in 2030. A

table detailing assumption's as to the development timing and associated values is included in the Economic Feasibility Study located within this Plan.

Expected Termination of District

Based on the Economic Feasibility Study in this Plan, the City anticipates that the District will generate enough tax increment to pay all Project Costs within 21 of its allowable 27 years.

Summary of Findings

As required by Wis. Stat. § 66.1105, and as documented in this Plan and the exhibits contained and referenced herein, the following findings are made:

1. That “but for” the creation of this District, the development projected to occur as detailed in this Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the City. Development of a first-class, full-service, convention-scale hotel with 4-star amenities and service levels on the City’s downtown lakefront will require that the City utilize tax increment financing to overcome several financial and market obstacles:
 - a. The City’s real property tax rate is significantly higher than the tax rates in adjacent suburban villages which increases the cost of operating a hotel within the City as compared to alternative suburban locations.
 - b. Those same suburban villages are also located closer to the interstate where competitive lodging properties typically look to locate.
 - c. Developing on an urban infill redevelopment site with suspected contamination, geotechnical, and major grade-change issues near the lakefront will add substantially to the development costs in comparison to competing greenfield sites.

The City will need to provide significant financial incentives to the Developer to compensate for the tax rate differential, added operational costs, increased construction costs related to the site conditions, and the competitive disadvantage posed by the distance from the interstate. “But for” the provision of financial incentives, the Project will not move forward or succeed. Providing an incentive equal to 95% of the real property taxes for the first 12 years of operations following construction and opening will produce an acceptable return on investment for the Developer which in turn will allow for conventional, private-sector debt and equity financing. Provision of an up-front \$5.25 million “public accommodation payment” as

a further incentive will compensate the Developer for the added construction costs posed by the site conditions and the need to fully connect to and integrate with the City's publicly owned convention center.

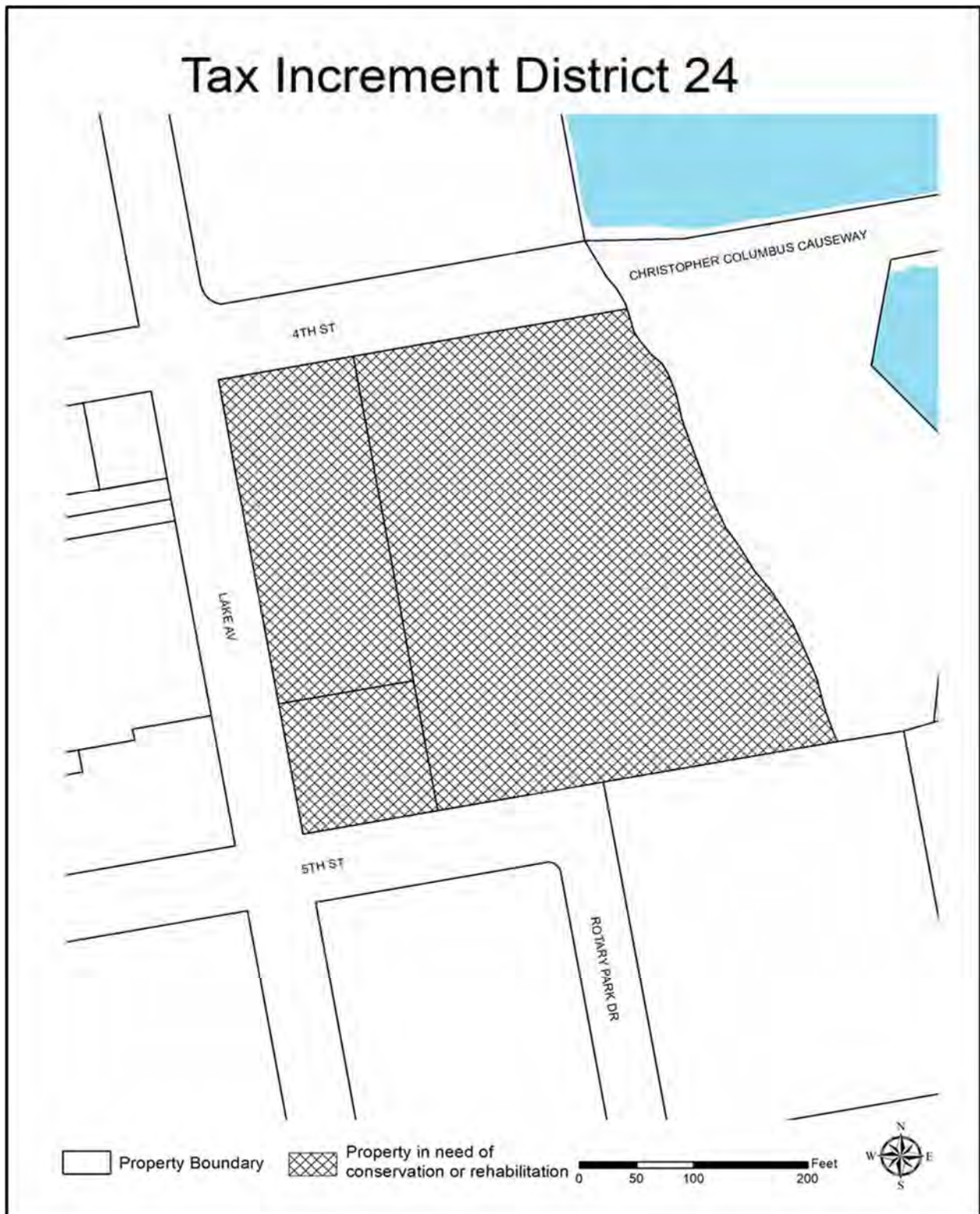
2. The economic benefits of the District, as measured by increased employment, business and personal income, and property value, are enough to compensate for the cost of the improvements. In making this determination, the City has considered the following information:
 - a. That the Developer may purchase materials and services from City businesses for the construction and operation of the Project, providing opportunity for employment, business and personal income.
 - b. That the Project is expected to increase convention activity drawing additional attendees and tourists to the City. An increased level of tourism and convention activity will promote utilization and patronage of current and future hotels, restaurants and retail establishments in the downtown area providing opportunity for employment, business and personal income.
3. The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. As required by Wis. Stat. § 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been prepared and can be found in this Plan. However, because the Project would not occur without the use of tax incremental financing, these tax increments would not be paid but for creation of the District. Accordingly, the City finds that the benefits expected to be realized as set forth in this Plan outweigh the value of the tax increments to be invested in the Project.
4. Not less than 50% by area of the real property within the District is in need of rehabilitation or conservation work as defined by Wis. Stat. § 66.1337(2m)(a).
5. Based on the foregoing finding, the District is designated as rehabilitation or conservation district.
6. The Project Costs relate directly to the rehabilitation or conservation of property and improvements in the District, consistent with the purpose for which the District is created.

7. Improvements to be made in the District are likely to significantly enhance the value of substantially all of the other real property in the District.
8. The equalized value of taxable property in the District, plus the incremental value of all existing tax incremental districts within the City does not exceed 12% of the total equalized value of taxable property within the City.
9. The City estimates that none of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period, pursuant to Wis. Stat. § 66.1105(5)(b).
10. That there are no parcels to be included within the District that were annexed by the City within the preceding three-year period.
11. The Plan for the District is feasible and is in conformity with the Master Plan of the City.

SECTION 2: Preliminary Map of Proposed District Boundary



SECTION 3: Map Showing Existing Uses and Conditions



SECTION 4:

Preliminary Parcel List and Analysis

The District will be comprised of the following three parcels:

Parcel No.	Address	Owner	Acreage	Overlaps
157-001	425 Lake Ave.	City of Racine	0.8265	TID No. 2
155-000	441 Lake Ave.	City of Racine	0.3306	TID Nos. 2 & 9
154-000	5 Fifth St.	City of Racine	2.9061	TID No. 2
Total Acreage			4.0632	

All parcels to be included within the District were owned by the City of Racine as of January 1, 2020 and are tax-exempt with no land, improvements or personal property value.

All three parcels are in in need of rehabilitation or conservation work as defined by Wis. Stat. § 66.1337(2m)(a). The Project is an urban renewal project that includes undertakings and activities for the elimination, and for the prevention of the development or spread, of slums or blighted, deteriorated or deteriorating areas and may involve any work or undertaking for this purpose constituting a redevelopment project, or any rehabilitation or conservation work, or any combination of the undertaking or work. By undertaking the Project, the City expects to increase convention activity drawing additional attendees and tourists to the City. An increased level of tourism and convention activity will promote utilization and patronage of current and future hotels, restaurants and retail establishments in the downtown area. By promoting economic activity in the downtown area, the Project will further the City's efforts to eliminate and to prevent the development of slums or blighted, deteriorated or deteriorating areas.

Specifically, the Project involves the following undertakings and activities:

1. Renovation and expansion of the Festival Hall Conference Center, constituting the carrying out of plans for a program of voluntary or compulsory repair and rehabilitation of buildings.
2. Installation, construction or reconstruction of streets, utilities, and parking areas necessary for carrying out the objectives of the urban renewal project.

All three parcels to be included in the District are currently located within Tax Incremental District No. 2 (TID No. 2). Parcel 155-000 is also located within Tax Incremental District No. 9 (TID No. 9) but will be removed from that district by

way of an amendment to be approved concurrent with the creation of the District. Removal of the parcel from TID No. 9 is necessary as the City intends to reconfigure parcels boundaries which would cause TID No. 9 to longer consist of only whole parcels. This parcel reconfiguration will not impact TID No. 2 as all parcels involved in the reconfiguration are also in that district.

Since all three parcels to be included in the District are tax-exempt, their overlay or removal (in the case of TID No. 9) will have no impact on the cash flows of the underlying districts. Any increases in value occurring on the parcels after January 1, 2020 will be captured as tax increment in the new District.

SECTION 5:

Equalized Value Test

The following calculations demonstrate that the City expects to be in compliance with Wis. Stat. § 66.1105(4)(gm)4.c., which requires that the equalized value of the taxable property in the proposed District, plus the value increment of all existing tax incremental districts, does not exceed 12% of the total equalized value of taxable property within the City.

Calculation of City Equalized Value Limit

City TID IN Equalized Value (Jan. 1, 2019)	\$ 3,718,970,500
TID Valuation Limit @ 12% of Above Value	\$ 446,276,460

Calculation of Value Subject to Limit

Base Value of New District	\$ 0
Incremental Value of Existing Districts (Jan. 1, 2019)	\$ <u>74,949,400</u>
Total Value Subject to 12% Valuation Limit	\$ 74,949,400

All parcels to be included within the District are City owned and are tax-exempt. The equalized value of the increment of existing tax incremental districts within the City totals \$74,949,400. This value is less than the maximum of \$446,276,460 in equalized value that is permitted for the City.

SECTION 6:

Statement Listing the Kind, Number and Location of All Proposed Public Works or Improvements Within the District

Project Costs are any expenditure made, estimated to be made, or monetary obligations incurred or estimated to be incurred as outlined in this Plan. 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 in connection with the implementation of the Plan. If Project Costs incurred benefit territory 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, design and construction is completed.

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

The following is a list of public works and other tax incremental financing eligible Project Costs that the City expects to make, or may need to make, in conjunction with the implementation of the District's Plan. The map found in Section 7 of this Plan along with the Detailed List of Project Costs found in Section 8 provide additional information as to the kind, number and location of potential Project Costs.

Property, Right-of-Way and Easement Acquisition

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.

Site Preparation Activities

Environmental Audits and Remediation

If it becomes necessary to evaluate any land or improvement within the District, any cost incurred by the City related to environmental audits, testing, and remediation are eligible Project Costs.

Demolition

To make sites suitable for development, 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, 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

To allow development to occur, the City may need to construct, alter, rebuild or expand sanitary sewer infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of collection mains; manholes and cleanouts; service laterals; force mains; interceptor sewers; pumping stations; lift stations; wastewater treatment facilities; and all related appurtenances. To the extent sanitary sewer projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand sanitary sewer infrastructure located outside of the District. That portion of the costs of sanitary sewer system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs. The improvements to the

wastewater treatment facilities, although not within the ½ mile radius, is an eligible project cost under Wis. Stat. § 66.1105(2)(f)1 k.

Water System Improvements

To allow development to occur, the City may need to 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 within the District will cause stormwater runoff. To manage this stormwater runoff, the City may need to 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

To create sites suitable for development, 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

To create sites suitable for development, 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

To create sites suitable for development, the City may incur costs to provide, relocate or upgrade infrastructure required for voice and data communications, including, but not limited to telephone lines, cable lines and fiber optic cable. Costs incurred by the City to undertake this work are eligible Project Costs.

Streets and Streetscape

Street Improvements

To allow development 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

To attract development 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.

Community Development

Cash Grants (Development Incentives)

The City may enter into agreements with property owners, lessees, or developers of land located within the District for 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.

Miscellaneous

Projects Outside the Tax Increment District

Pursuant to Wis. Stat. § 66.1105(2)(f)1.n, the City may undertake projects within territory located within one-half mile of the boundary of the District provided that: 1) the project area is located within the City's corporate boundaries; and 2) the projects are approved by the Joint Review Board. The cost of projects completed outside the District pursuant to this section are eligible project costs and may include any project cost that would otherwise be eligible if undertaken within the District. The City intends to make the following project cost expenditures outside the District: reconstruction of public utilities, roadway improvements, and parking improvements within the public rights-of-way adjoining the District boundaries, or otherwise outside of, but within ½ mile of those boundaries.

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.

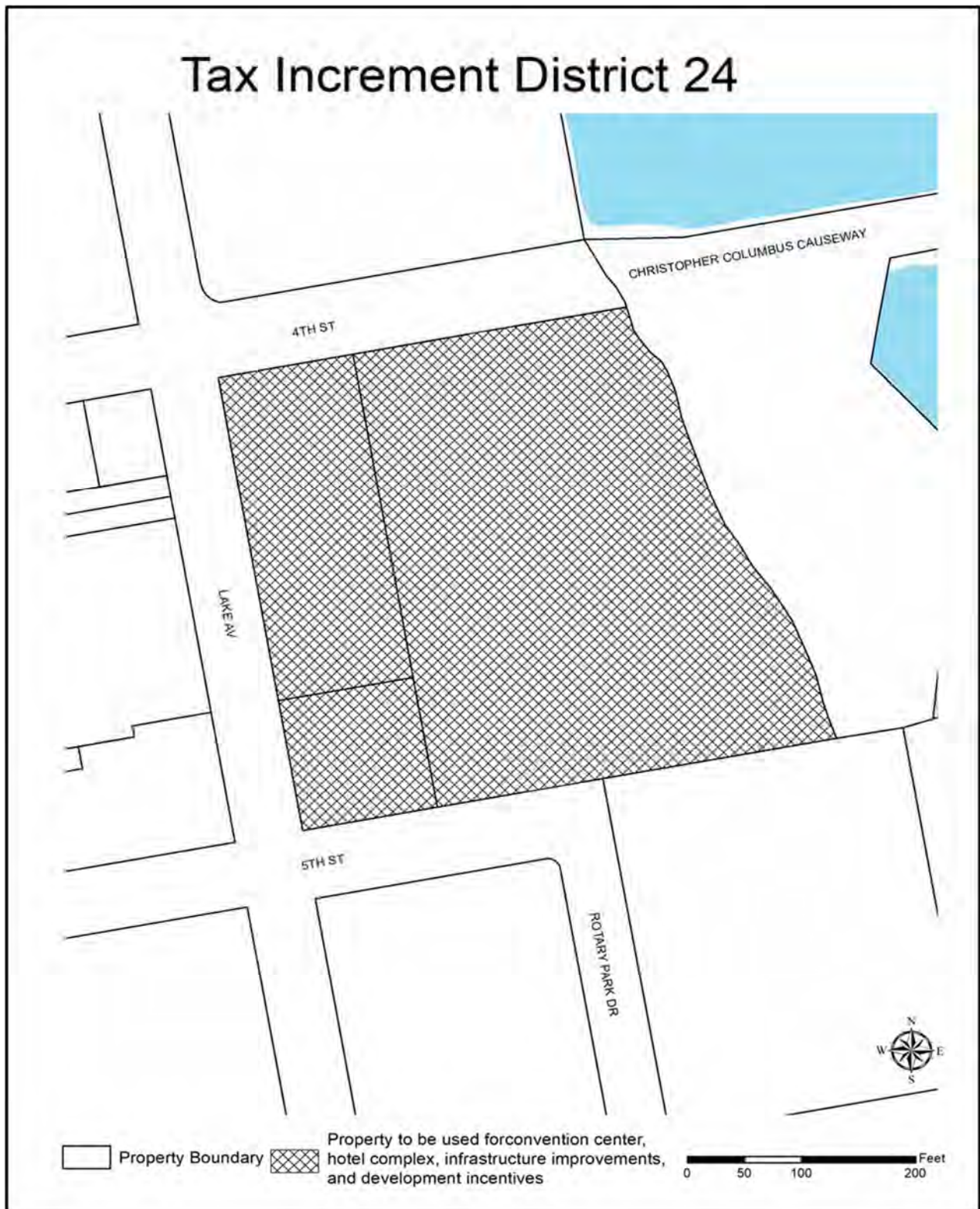
Administrative Costs

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 relating to 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.

SECTION 7: Map Showing Proposed Improvements and Uses





Improvements to be made within the District include development of a 171-unit first-class full-service hotel and an expanded publicly owned convention center. The convention center project will include renovation of 17,825 sq. ft. of the existing City owned Festival Hall, and construction of 34,950 sq. ft. of new convention, meeting, break-out, pre-function, banquet, and support space. Construction of these improvements will require the City to make Project Cost expenditures of approximately \$38.46 million to include an estimated \$15.99 million for the convention center construction and reconstruction, \$9.29 million in development incentives, \$1.2 million for public infrastructure, \$10.93 million in debt service interest and finance related expenses, and \$1.04 million for administrative and planning expense.

SECTION 8:

Detailed List of Estimated Project Costs

The following list identifies the Project Costs that the City currently expects to incur in implementing the District's Plan. All projects identified and related costs reflect the best estimates available as of the date of preparation of this Plan. All costs are preliminary estimates and may increase or decrease. Certain Project Costs listed may become unnecessary, and other Project Costs not currently identified may need to be made. (Section 6 details the general categories of eligible Project Costs). Changes in Project Cost totals or the types of Project Costs to be incurred will not require that this Plan be amended. This Plan is not meant to be a budget nor an appropriation of funds for specific Project Costs, but a framework within which to manage Project Costs.

City of Racine, Wisconsin			
Tax Increment District # 24			
Estimated Project List			
Project ID	Project Name/Type	Phase I 2020 - 2022	Ongoing Costs
1	Convention Center Base Budget ¹	15,990,825	
2	Public Accommodation Payment (Development Incentive) ¹	5,250,000	
3	Public Utility Reconstruction ^{2&4}	1,000,000	
4	Roadway & Parking Improvements ^{2&4}	200,000	
5	Finance Related Expense ³	552,190	
6	PAYGO Incentive Payments ¹		4,040,421
7	Interest on Debt ³		10,382,100
8	Administrative & Planning Expense ²		1,040,000
9			
10			
Total Projects		22,993,015	15,462,521
			38,455,536
Notes:			
¹ Estimated costs taken from "Overview of City Financing for: Destination Convention Center with Private Hotel Festival Hall Site Racine, WI" document received from City on 1-27-2020.			
² Estimated costs taken from K. Fischer e-mail dated 1-28-2020.			
³ Calculated by Ehlers.			
⁴ Costs may be incurred within 1/2 mile of the District's boundary pursuant to Wis. Stat. § 66.1105(2)f)1.n.			

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

This Section includes a forecast of the valuation increases expected within the District, the associated tax increment collections, a summary of how Project Costs would be financed, and a projected cash flow demonstrating that the District is economically feasible.

Key Assumptions

The Project Costs the City plans to make are expected to create \$15 million in incremental value by January 1, 2023 as a result of construction of the new hotel. For planning purposes, it is assumed that a second hotel will be constructed in 2030 with an estimated valuation of \$10 million. These estimated valuations and timing are reflected in **Table 1**. Assuming the City's current equalized TID Interim tax rate of \$28.35 per thousand of equalized value, and no economic appreciation or depreciation, construction of the first hotel would generate \$11.04 million in incremental tax revenue over the 27-year term of the District. The second hotel would generate an additional \$4.82 million in incremental tax revenue, for a total of \$15.86 million as shown in **Table 2**.

City of Racine, Wisconsin

Tax Increment District # 24

Development Assumptions

Construction Year		Actual	Phase I Hotel ¹	Phase II Hotel ²	Annual Total	Construction Year	
1	2020		3,000,000		3,000,000	2020	1
2	2021		8,250,000		8,250,000	2021	2
3	2022		3,750,000		3,750,000	2022	3
4	2023				0	2023	4
5	2024				0	2024	5
6	2025				0	2025	6
7	2026				0	2026	7
8	2027				0	2027	8
9	2028				0	2028	9
10	2029				0	2029	10
11	2030			10,000,000	10,000,000	2030	11
12	2031				0	2031	12
13	2032				0	2032	13
14	2033				0	2033	14
15	2034				0	2034	15
16	2035				0	2035	16
17	2036				0	2036	17
18	2037				0	2037	18
19	2038				0	2038	19
20	2039				0	2039	20
21	2040				0	2040	21
22	2041				0	2041	22
23	2042				0	2042	23
24	2043				0	2043	24
25	2044				0	2044	25
26	2045				0	2045	26
27	2046				0	2046	27
Totals		0	15,000,000	10,000,000	25,000,000		

Notes:

¹Estimated Phase I hotel valuation reflects City assessor's estimate per K. Fischer e-mail dated 2-11-2020.

²Assumption made by Ehlers in discussion with City. For planning purpose only.

Table 1 - Development Assumptions

City of Racine, Wisconsin

Tax Increment District # 24

Type of District	Rehabilitation	Base Value	0
District Creation Date	January 1, 2020	Appreciation Factor	0.00%
Valuation Date	Jan 1, 2020	Base Tax Rate	\$28.35
Max Life (Years)	27	Rate Adjustment Factor	
Expenditure Period/Termination	22 1/1/2042		
Revenue Periods/Final Year	27 2048		
Extension Eligibility/Years	Yes 3		
Eligible Recipient District	Yes		

	Construction Year	Value Added	Valuation Year	Inflation Increment	Total Increment	Revenue Year	Tax Rate ¹	Tax Increment
1	2020	3,000,000	2021	0	3,000,000	2022	\$28.35	85,062
2	2021	8,250,000	2022	0	11,250,000	2023	\$28.35	318,981
3	2022	3,750,000	2023	0	15,000,000	2024	\$28.35	425,308
4	2023	0	2024	0	15,000,000	2025	\$28.35	425,308
5	2024	0	2025	0	15,000,000	2026	\$28.35	425,308
6	2025	0	2026	0	15,000,000	2027	\$28.35	425,308
7	2026	0	2027	0	15,000,000	2028	\$28.35	425,308
8	2027	0	2028	0	15,000,000	2029	\$28.35	425,308
9	2028	0	2029	0	15,000,000	2030	\$28.35	425,308
10	2029	0	2030	0	15,000,000	2031	\$28.35	425,308
11	2030	10,000,000	2031	0	25,000,000	2032	\$28.35	708,846
12	2031	0	2032	0	25,000,000	2033	\$28.35	708,846
13	2032	0	2033	0	25,000,000	2034	\$28.35	708,846
14	2033	0	2034	0	25,000,000	2035	\$28.35	708,846
15	2034	0	2035	0	25,000,000	2036	\$28.35	708,846
16	2035	0	2036	0	25,000,000	2037	\$28.35	708,846
17	2036	0	2037	0	25,000,000	2038	\$28.35	708,846
18	2037	0	2038	0	25,000,000	2039	\$28.35	708,846
19	2038	0	2039	0	25,000,000	2040	\$28.35	708,846
20	2039	0	2040	0	25,000,000	2041	\$28.35	708,846
21	2040	0	2041	0	25,000,000	2042	\$28.35	708,846
22	2041	0	2042	0	25,000,000	2043	\$28.35	708,846
23	2042	0	2043	0	25,000,000	2044	\$28.35	708,846
24	2043	0	2044	0	25,000,000	2045	\$28.35	708,846
25	2044	0	2045	0	25,000,000	2046	\$28.35	708,846
26	2045	0	2046	0	25,000,000	2047	\$28.35	708,846
27	2046	0	2047	0	25,000,000	2048	\$28.35	708,846
Totals		25,000,000		0		Future Value of Increment		15,856,882

Notes:

¹Tax rate shown is actual rate for 2019/20 levy per DOR Form PC-202 (Tax Increment Collection Worksheet)

Table 2 - Tax Increment Projection Worksheet

Financing and Implementation

The City expects to finance the costs of the convention center construction and renovation, and the public accommodation payment with short-term taxable debt to be converted to long-term bonds following Project completion. Public infrastructure projects will be financed with long-term tax-exempt debt. Table 3. provides a summary of the District's debt financing plan.

City of Racine, Wisconsin			
Tax Increment District # 24			
Estimated Financing Plan			
	Taxable NAN 2020	Tax-Exempt GOPN 2020	Taxable GORB 2022
Projects			
Convention Center Base Budget	15,990,825		
Public Accommodation Payment (Development Incentive)	5,250,000		
Public Utility Reconstruction		1,000,000	
Roadway & Parking Improvements		200,000	
Total Project Funds	21,240,825	1,200,000	0
Refund Taxable NAN			21,280,000
Estimated Finance Related Expenses¹	116,190	56,900	379,100
Total Financing Required	21,357,015	1,256,900	21,659,100
Estimated Interest	(79,653)	(3,000)	0
Assumed spend down (months)			
Rounding	2,638	1,100	900
Net Issue Size	21,280,000	1,255,000	21,660,000
Notes:			
¹ Includes bond counsel, rating fee, municipal advisor, paying agent and underwriting discount allowance.			

Table 3 – Financing Plan

In addition to the debt financed public accommodation payment, the City will provide a “pay as you go” incentive to Developer which will be funded from tax increments generated by the Project. Incentive payments will be paid solely from the revenues generated by the Project and will be subject to annual appropriation.

The City will also pay District administrative and planning expense from a combination of borrowed funds in the initial years, and from annual tax increment collections or other District revenue thereafter.

In addition to tax increment generated by the Project, the City expects to utilize revenue from several additional sources to pay Project Costs:

1. Concurrent with creation of the District, the City expects to amend the project plan of TID No. 9 to permit it to transfer funds to the District.
2. Application of funds from the City's Intergovernmental Fund.
3. A portion of the room taxes generated by the first hotel constructed as part of the Project. The City also expects to utilize a portion of the room taxes generated by the second hotel constructed as part of the Project, or from other hotels that may subsequently constructed within the City.
4. As part of the agreement with Developer, the City will receive lease payments from Developer for use of the conference center and related facilities.

Based on the Project Cost expenditures as included within the cash flow exhibit (Table 4), the District is projected to accumulate enough funds by the year 2042 to pay off all Project cost liabilities and obligations. The projected closure is based on the various assumptions noted in this Plan and will vary dependent on actual Project Costs incurred and the actual amount of tax increments collected.

City of Racine, Wisconsin

Tax Increment District # 24

Cash Flow Projection

Year	Projected Revenues								Expenditures										Balances			Year	
	Tax Increments	Transfer from TID No. 9 ⁴	Intergov. Fund Revenues	Room Tax (Phase I Hotel) ²	Room Tax (Phase II Hotel)	Conference Center Lease Payments ⁴	Debt Proceeds	Total Revenues	Taxable NAN (2020)	Tax-Exempt GOPN (2020)	Taxable GORB (2022)	Development Incentives						Total Expenditures	Annual	Cumulative	Debt Principal Outstanding		
												Convention Center Construction	Public Accommod. Payment	PAYGO Incentive	Public Infrast.	Finance Related Expense	Admin.						
2020		700,000					22,535,000	23,235,000	319,200	12,550		7,995,413	5,250,000		600,000	173,090	250,000	14,600,253	8,634,748	8,634,748	22,535,000	2020	
2021		700,000	175,000					875,000	638,400	138,950		7,995,413			600,000		50,000	9,422,763	(8,547,763)	86,985	22,420,000	2021	
2022	85,062	700,000	150,000				21,660,000	22,595,062	21,599,200	136,650	505,400					379,100	50,000	22,670,350	(75,288)	11,697	22,685,000	2022	
2023	318,981	625,000	150,000	551,752		279,000		1,924,733		139,300	1,504,800						50,000	1,694,100	230,633	242,329	21,805,000	2023	
2024	425,308	700,000	150,000	551,752		279,000		2,106,060		136,900	1,507,675			404,042			50,000	2,098,617	7,442	249,772	20,895,000	2024	
2025	425,308	700,000	150,000	551,752		279,000		2,106,060		139,450	1,504,588			404,042			50,000	2,098,080	7,980	257,751	19,955,000	2025	
2026	425,308	700,000	150,000	551,752		279,000		2,106,060		136,950	1,505,538			404,042			50,000	2,096,530	9,530	267,281	18,985,000	2026	
2027	425,308	700,000	150,000	551,752		279,000		2,106,060		139,400	1,505,438			404,042			40,000	2,088,880	17,180	284,461	17,980,000	2027	
2028	425,308	700,000	150,000	551,752		279,000		2,106,060		136,800	1,504,288			404,042			40,000	2,085,130	20,930	305,391	16,945,000	2028	
2029	425,308	700,000		551,752		279,000		1,956,060		139,150	1,507,000			404,042			40,000	2,090,192	(134,133)	171,258	15,870,000	2029	
2030	425,308	700,000		551,752		279,000		1,956,060		141,400	1,503,575			404,042			40,000	2,089,017	(132,958)	38,301	14,760,000	2030	
2031	425,308	700,000		551,752	108,624	279,000		2,064,684			1,504,013			404,042			40,000	1,948,055	116,629	154,930	13,755,000	2031	
2032	708,846	700,000		551,752	108,624	279,000		2,348,222			1,508,138			404,042			40,000	1,952,180	396,042	550,972	12,710,000	2032	
2033	708,846	700,000		551,752	108,624	279,000		2,348,222			1,505,950			404,042			25,000	1,934,992	413,230	964,202	11,630,000	2033	
2034	708,846	100,000		551,752	108,624	279,000		1,748,222			1,507,450						25,000	1,532,450	215,772	1,179,973	10,510,000	2034	
2035	708,846			551,752	108,624	279,000		1,648,222			1,507,550						25,000	1,532,550	115,672	1,295,645	9,350,000	2035	
2036	708,846			551,752	108,624	279,000		1,648,222			1,506,250						25,000	1,531,250	116,972	1,412,617	8,150,000	2036	
2037	708,846			551,752	108,624	279,000		1,648,222			1,503,550						25,000	1,528,550	119,672	1,532,289	6,910,000	2037	
2038	708,846			551,752	108,624	279,000		1,648,222			1,504,363						25,000	1,529,363	118,859	1,651,148	5,625,000	2038	
2039	708,846			551,752	108,624	279,000		1,648,222			1,508,513						25,000	1,533,513	114,709	1,765,858	4,290,000	2039	
2040	708,846			551,752	108,624	279,000		1,648,222			1,506,000						25,000	1,531,000	117,222	1,883,080	2,910,000	2040	
2041	708,846							708,846			1,506,825						25,000	1,531,825	(822,979)	1,060,101	1,480,000	2041	
2042	708,846							708,846			1,505,900						25,000	1,530,900	(822,054)	238,046	0	2042	
2043	708,846							708,846										0	708,846		946,892	0	2043
2044	708,846							708,846										0	708,846		1,655,738	0	2044
2045	708,846							708,846										0	708,846		2,364,584	0	2045
2046	708,846							708,846										0	708,846		3,073,430	0	2046
2047	708,846							708,846										0	708,846		3,782,276	0	2047
2048	708,846							708,846										0	708,846		4,491,122	0	2048
Total	15,856,882	9,825,000	1,225,000	9,931,536	1,086,240	5,022,000	44,195,000	87,141,658	22,556,800	1,397,500	30,622,800	15,990,825	5,250,000	4,040,421	1,200,000	552,190	1,040,000	82,650,536				Total	

Notes:

¹Estimate only. City will transfer funds from TID No. 9 as required to pay District Project Costs. Actual transfers may be greater or less than projected, and may extend through 2036 if required.

²Assumes 171 rooms @ 65% stabilized occupancy = 40,570 room nights @ \$170/avg.-night = \$6,896,900 times .08 = \$551,752/year. (Source: City).

³Assumes 80 rooms @ 62% stabilized occupancy = 18,104 room nights @ \$150/avg.-night = \$2,715,600 times .08 = \$217,248 @ 50% = \$108,624/year. (Source: City).

⁴To be adjusted prospectively for inflation.

Projected TID Closure

Table 4 - Cash Flow

SECTION 10:

Annexed Property

A tax incremental district cannot include annexed territory unless at least three years have elapsed since the annexation, or certain other requirements are met. None of the property within the proposed District boundary was annexed during the past three years.

SECTION 11:

Estimate of Property to Be Devoted to Retail Business

Pursuant to Wis. Stat. § 66.1105(5)(b), the City estimates that none of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

SECTION 12:

Proposed Changes of Zoning Ordinances, Master Plan, Map, Building Codes and City Ordinances

Zoning Ordinances

The proposed Plan is in general conformance with the City's current zoning ordinances. Individual properties may require rezoning or conditional use permit at the time of development.

Master (Comprehensive) Plan and Map

The proposed Plan will be accommodated through an amendment to the City's Comprehensive Plan. The amendment will entail changing the land use classification of the subject properties from "Recreational" to "Commercial."

Building Codes and Ordinances

Development within the District will be required to conform to State Building Codes and will be subject to the City's permitting and inspection procedures. The proposed Plan conforms to all relevant State and local ordinances, plans, and codes. No changes to the existing regulations are proposed or needed.

SECTION 13:

Statement of the Proposed Method for the Relocation of any Persons to be Displaced

Should implementation of this Plan require relocation of individuals or business operations, relocations will be handled in compliance with Wis. Stat. Chapter 32 and Wis. Admin. Code ADM 92.

SECTION 14:

How Creation of the Tax Incremental District Promotes the Orderly Development of the City

Creation of the District and the implementation of the projects in its Plan will promote the orderly development of the City by rehabilitating and conserving property, providing necessary public infrastructure improvements, and providing appropriate financial incentives for private development projects. Through use of tax increment financing, the City can attract new investment that results in increased tax base and other economic benefits as noted in this Plan. Development will occur in an orderly fashion in accordance with approved plans so that the Projects will be compatible with adjacent land uses. Development of new uses in the District will add to the tax base and will generate positive secondary impacts in the community such as increased opportunities for employment, personal income and business income.

SECTION 15:

List of Estimated Non-Project Costs

Non-project costs are public works projects which only partly benefit the District. Costs incurred that do not benefit the District may not be paid with tax increments. Examples of non-project costs are:

- 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.

No improvements to be made within the District will benefit property outside the District. Furthermore, there will be no improvements made outside the District that will only partially benefit the District.

To the extent tax increments are insufficient to pay all Project Costs, the City will use revenues other than tax increments to include room taxes, lease payments and Intergovernmental Fund revenue. Based on the economic feasibility study included within this Plan, these non-tax increment revenue sources are projected to pay approximately 45% of the District's Project Costs.

SECTION 16:
Legal Opinion Advising Whether the Plan is
Complete and Complies with Wis. Stat. §
66.1105(4)(f)

Legal Opinion Found on Following Page.

Jennifer L. Williams
Deputy City Attorney

Marisa L. Roubik
Assistant City Attorney

Robin K. Zbikowski
Assistant City Attorney

Nhu H. Arn
Assistant City Attorney

**Office of the
City Attorney
Racine, Wisconsin**



Scott R. Letteney
City Attorney

Stacey Salvo
Paralegal

Karen J. Wirtz
Paralegal

Maricela Mora
Administrative Assistant

July 6, 2020

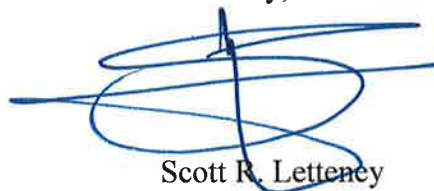
Mayor Cory Mason
City of Racine
730 Washington Avenue
Racine, Wisconsin 53403

RE: City of Racine, Wisconsin, Tax Incremental District No. 24

Mayor Mason:

As City Attorney for the City of Racine, I have reviewed the Project Plan for City of Racine, Wisconsin, Tax Incremental District No. 24 and, in my opinion, it is complete and complies with Wisconsin Statutes section 66.1105(4)(f). This opinion is provided pursuant to Wisconsin Statute section 66.1105(4)(f).

Sincerely,



Scott R. Letteney
City Attorney

Cc: Planning Manager Matt Sadowski

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

SECTION 17:

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

The following projection is provided to meet the requirements of Wis. Stat. § 66.1105(4)(i)4. Apportionment of future incremental taxes assumes same ratio as the 2018 Statement of Taxes.

Racine Unified				Gateway Technical		
Revenue Year	Racine County	School District	City of Racine	College	Total	Revenue Year
2022	9,249	27,164	46,463	2,185	85,062	2022
2023	34,685	101,866	174,235	8,195	318,981	2023
2024	46,247	135,822	232,313	10,926	425,308	2024
2025	46,247	135,822	232,313	10,926	425,308	2025
2026	46,247	135,822	232,313	10,926	425,308	2026
2027	46,247	135,822	232,313	10,926	425,308	2027
2028	46,247	135,822	232,313	10,926	425,308	2028
2029	46,247	135,822	232,313	10,926	425,308	2029
2030	46,247	135,822	232,313	10,926	425,308	2030
2031	46,247	135,822	232,313	10,926	425,308	2031
2032	77,078	226,369	387,188	18,210	708,846	2032
2033	77,078	226,369	387,188	18,210	708,846	2033
2034	77,078	226,369	387,188	18,210	708,846	2034
2035	77,078	226,369	387,188	18,210	708,846	2035
2036	77,078	226,369	387,188	18,210	708,846	2036
2037	77,078	226,369	387,188	18,210	708,846	2037
2038	77,078	226,369	387,188	18,210	708,846	2038
2039	77,078	226,369	387,188	18,210	708,846	2039
2040	77,078	226,369	387,188	18,210	708,846	2040
2041	77,078	226,369	387,188	18,210	708,846	2041
2042	77,078	226,369	387,188	18,210	708,846	2042
2043	77,078	226,369	387,188	18,210	708,846	2043
2044	77,078	226,369	387,188	18,210	708,846	2044
2045	77,078	226,369	387,188	18,210	708,846	2045
2046	77,078	226,369	387,188	18,210	708,846	2046
2047	77,078	226,369	387,188	18,210	708,846	2047
2048	77,078	226,369	387,188	18,210	708,846	2048
Total	1,724,235	5,063,883	8,661,402	407,362	15,856,882	