

TID #11 Project Plan Allocation Amendment Tax Increment Financing - District #11

City of Ladysmith, WI
159084 | December 2021



City of Ladysmith



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Plan Approvals

Joint Review Board Meeting:	November 17, 2021
Public Hearing at Plan Commission:	November 23, 2021
Approval by Plan Commission:	November 23, 2021
Adoption by City Council:	December 13, 2021
Adoption by Joint Review Board:	December 14, 2021

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Public Representative

Short Elliott Hendrickson Inc. (SEH) was retained by the City of Ladysmith to assist in developing this Tax Incremental Project Plan. SEH is a multi-disciplined, professional services firm comprised of 800 engineers, architects, planners and scientists in a full range of transportation, civil, environmental and structural engineering services; urban design, community planning and architectural design; and technology and GIS services.

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TID #11 Project Plan Allocation Amendment

Tax Increment Financing - District #11

Prepared for the City of Ladysmith

1 Description of Original District & Proposed Amendment

The City of Ladysmith, Wisconsin (the “City”) proposes to amend the Project Plan for Tax Incremental District Number 11 (TID #11). TID #11 was originally created in 2011 as a mixed-use district under Wis. Stat § 66.1105. The 15-year expenditure period is through 2026. The maximum life of TID #11 is 20-years and must terminate no later than 2031. The district encompasses the Ladysmith Nursing Home property located north of U.S. Highway 8 (parcel ID 246-03485-0030). The boundary of Tax Incremental District #11 remains unchanged and is depicted in Figure 1. The district was established to spur the development of an undeveloped property for commercial or residential use. TID #11 funds have been identified for site improvements and construction of a series of public capital improvement projects to encourage redevelopment, new development, an increase in tax base and to create employment opportunities within Ladysmith.

TID #11 was amended previously in 2012 and 2013. The 2012 Project Plan Amendment added projects to be constructed outside of the district and to allow TID #11 to be a donor district to TID #8, with allocations up to \$14,107,452. The 2013 Project Plan Amendment added projects to be constructed outside of the district and to allow TID #11 to be a donor district to TID #5, with allocations up to \$3,055,083. TID #11 will remain a donor district, which will continue to allow positive tax increments to flow from this District, TID #11 (the “Donor” district) to TID #5 and TID #8 (the “Recipient” districts).

The purpose of this Project Plan Amendment is to supplement the original Project Plan and the Project Plan Amendments completed in 2012 and 2013 allowing positive tax increments to flow from this District, TID #11 (the “Donor” district) to TID #12, #14, #15, and #16 (“Recipient” districts). TID #12 was established as a Blighted District. TID #14 was established as a Mixed-Use TID with project costs to create, provide or rehabilitate low-cost housing. TID #15 and TID #16 were established as Rehabilitation/Conservation Districts.

The additional project costs to be incurred under this Amendment are limited to sharing of positive increment with the Recipient Districts. It is expected that during the eligible sharing period (2022 through 2031) the district will generate approximately \$2,110,485 in tax increment revenue which could be shared with the new Recipient Districts, and with TID’s #5 and #8 under the previous 2012 and 2013 Amendments. Current cash flow projections indicate a need to allocate the following:

- to TID #12, \$450,000 to fund project costs to create, provide or rehabilitate low-cost housing including infrastructure improvements.

- to TID #14, \$400,000 to fund project costs to create, provide or rehabilitate low-cost housing.
- to TID #15, \$525,000 up to \$1,500,000 to prepare sites for redevelopment including infrastructure improvements and development grants for the district.
- to TID #16, \$250,000 to prepare district property for redevelopment including utility and street extensions and development grants for the district.
- TID's #5 and #8, allocations are anticipated not to exceed previous allocation totals (per 2012 and 2013 Allocation Amendments) to maintain a positive fund balance.

This Allocation Amendment to TID #11 to share increment with the Recipient Districts will provide additional resources needed to assist the Recipient Districts in accomplishing the economic development goals set forth in their Project Plans.

2 Authority


This TID #11 Project Plan Allocation Amendment has been established to comply with Wisconsin Statutory requirements for the allocation of tax increments (Wis. Stat §66.1105(6)(f)2).

Wisconsin State Statute 66.1105(6)(f) authorizes cities to amend Tax Incremental District project plans to allow positive tax increments generated by a tax incremental district to be allocated to another tax incremental district created by that Planning Commission provided that the donor and recipient districts have the same overlying taxing jurisdictions, a Joint Review Board approves the allocation of tax increments, and the recipient district was created upon a finding that not less than 50 percent, by area, of the real property within the district is blighted or in need of rehabilitation.

Wisconsin Statutes gives cities the ability to adopt amendments to a project plan provided the amendment meets the same approval findings as the TID creation and the adoption occurs by resolution with the findings that the plan is feasible and conforms with the master plan of the city. (Wis. Stat §66.1105(4)(g) and 66.1105(4)(h)1).

Figure 1 – TID #11 District Boundary Map with Aerial Photograph



	1701 WEST KNAPP STREET, SUITE B RICE LAKE, WI 54989-1350 PHONE: (715) 236-4300 FAX: (888) 908-8166 TF: (800) 326-2055 www.sehinc.com	Project: 158450 LADYS Print Date: 5/4/2021 Map by: dconstant Projection: WGS 1984 Web Mercator Auxiliary Sphere Source:	<p style="text-align: center;">TID #11 District Parcels with Aerial</p> TID #11 Project Plan Amendment - City of Ladysmith, WI	<p style="text-align: center;">Figure 1</p>
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This map is neither a legally recorded map nor a survey map and is not intended to be used as one. This map is a compilation of records, information, and data gathered from various sources listed on this map and is to be used for reference purposes only. SEH does not warrant that the Geographic Information System (GIS) Data used to prepare this map are error free, and SEH does not represent that the GIS Data can be used for navigational, tracking, or any other purpose requiring existing measurement of distance or direction or precision in the depiction of geographic features. The user of this map acknowledges that SEH shall not be liable for any damages which arise out of the user's access or use of data provided.

3 Purpose and Boundary of the Tax Incremental District

The purpose of Tax Incremental District #11 remains unchanged as a result of this Project Plan Amendment. Since this Amendment is limited to sharing of increment, no changes to the district boundary or map identifying the one-half mile radius around the district boundary are necessary. As no additional territory will be added to the district, compliance with the equalized value test is not required for this Amendment.

4 Benefits of the Tax Incremental District

The benefits of Tax Incremental District #11 remain unchanged as a result of this Project Plan Amendment.

5 Existing and Proposed Land Use Plan

The existing and proposed land use in Tax Incremental District #11 will remain unchanged as a result of this Project Plan Amendment. The map depicting the *Existing Uses* of property within TID #11 is included in the original Project Plan. No changes to this map are necessary for this Amendment.

6 Public Improvements / Project Costs

This Project Plan Amendment provides the authority for TID #11 (the Donor District) to allocate positive/surplus increment to Recipient Districts, newly designated as TID #12, #14, #15 and #16. No other additional project costs are involved, and the eligible project costs and activities for Tax Incremental District #11 remain unchanged.

7 Estimated Non-Project Costs

Non-project costs are public improvement projects that only partly benefit the district or are not eligible to be paid with funds from the TID tax increment. Non-project costs are not expected to be incurred while implementing this Project Plan Amendment and remain unchanged from previous Project Plans and Amendments.

8 Relocation

No relocation of displaced persons is expected within TID #11 as identified in previous Project Plans and Amendments. This remains unchanged.

9 Master Plan, Building Codes and City Ordinances

No changes to Ladysmith's comprehensive plan, its building codes, or to other City ordinances are expected to be necessary to carry out the activities identified in this Project Plan Amendment.

10 Orderly Development

The Project Plan's original explanation of how TID #11 will promote orderly development remains unchanged with this Project Plan Amendment. This Project Plan Allocation Amendment will allow TID #11 to expand its positive impact into the areas of Ladysmith in TID's #12, #14, #15, and #16 to assist with blight elimination, public infrastructure rehabilitation, encourage new development, increase the tax base and improve the economic climate of the City to create new jobs.

11 Justification of TIF

As the goals of the Recipient Districts are to eliminate blight, encourage the redevelopment and rehabilitation of parcels in the City's downtown, and to assist with low-cost housing, a benefit to the greater community and city, project costs are not suitable to be borne by property owners within the TID.

12 Benefits to Taxpayers

The benefits of TID #11 remain unchanged as a result of this Project Plan Amendment. At the end of the life of TID #11, the total value of property within the TID is anticipated to increase by \$6.9 million, well above the 2011 base equalized value of \$30,200. This growth in value would not have occurred if TID #11 was not created and did not spur this growth in property values and economic development within the community.

13 Economic Feasibility

The tables in this section demonstrate that TID #11, as a Donor District is generating sufficient tax increments to pay for its project costs, and that positive/ surplus increments remaining can be allocated to pay some of the project costs of the Recipient Districts.

Sources and uses of funds from TID #11 over the past five-years are identified in Table 1 below.

Table 1 – TID #11 Sources and Uses of Funds, 2016-2020

		SOURCES OF FUNDS					USES OF FUNDS					Fund Balance
Revenue Year	Tax Increment Revenue	Exempt Computer Aid	Shared Revenue	Personal Property Aid	Total Revenues	Capital Expenditures	Administration	Professional Services	DOR Fees	Total Expenditures		
Actual	2015											\$ 5,894
	2016	\$183,817	\$ 1,169	\$ -	\$ -	\$184,986	\$138,673	\$ 2,225	\$ -	\$ -	\$140,898	\$ 49,982
	2017	174,823	1,159	-	-	175,982	39,674	1,383	750	150	41,957	184,007
	2018	180,472	1,176	-	-	181,648	9,533	2,171	-	150	11,854	353,801
	2019	166,454	1,204	-	2,553	170,211	9,533	2,205	-	150	11,888	512,124
	2020	226,888	-	1,204	-	228,092	9,533	2,237	750	150	12,670	727,546

Table Notes:

(1) Annual TID Report from City of Ladysmith

The equalized value of properties within TID #11 continues to grow from the 2011 equalized base value of the district of \$30,200, as shown in Table 2 below.

Table 2 – TID #11 Equalized Value, 2016-2020

TID #11 EQUALIZED VALUES			
Total TID Value	TID Value Increment	Annual Difference TID Value Increment	Total Municipal Equalized Value
\$ 6,632,300	\$ 6,602,100		\$ 170,615,300
6,096,200	6,066,000	-8.8%	158,221,100
6,159,000	6,128,800	1.0%	161,863,200
5,566,300	5,536,100	-10.7%	154,414,900
7,823,200	7,793,000	29.0%	167,092,300
6,960,500	6,930,300	-12.4%	166,504,100

Tax Increment Revenue projected to be gained by TID #11 between 2022 (revenue year) and 2031, the maximum life of the TID is \$2,110,485 and is identified in Table 3 below.

Table 3 – TID #11 Project New Increment Revenue, 2022-2031

		Construction Year	Valuation Year	Revenue Year	TID Value Increment	Total Increment (1% Inflation)	TID Mill Rate	Increment Revenue
Actual		2013	2014	2015	\$ 6,602,100		27.84	\$ -
		2014	2015	2016	6,066,000		28.82	183,817
		2015	2016	2017	6,128,800		29.45	174,823
		2016	2017	2018	5,536,100		30.07	180,472
		2017	2018	2019	7,793,000		29.11	166,454
		2018	2019	2020	6,930,300		28.95	226,888
Projection		2019	2020	2021	6,997,800		28.95	200,601
		2020	2021	2022	7,067,778	69,978	28.95	202,555
		2021	2022	2023	7,138,456	70,678	28.95	204,580
		2022	2023	2024	7,209,840	71,385	28.95	206,626
		2023	2024	2025	7,281,939	72,098	28.95	208,692
		2024	2025	2026	7,354,758	72,819	28.95	210,779
		2025	2026	2027	7,428,306	73,548	28.95	212,887
		2026	2027	2028	7,502,589	74,283	28.95	215,016
		2027	2028	2029	7,577,615	75,026	28.95	217,166
		2028	2029	2030	7,653,391	75,776	28.95	215,016
		2029	2030	2031	7,729,925	76,534	28.95	217,166
TOTALS					New Increment Revenue (projected 2022-2031)			\$ 2,110,485
<p>Table Notes:</p> <p>(1) The value added is projected; actual development and equalized values may vary from estimates.</p> <p>(2) Projection assumes no change to current tax rate.</p> <p>(3) End date for TID #11 expenditures is 09/12/2026.</p> <p>(4) Maximum life for TID #11 is 09/12/2031.</p>								

Table 4 identifies projected cash flows for TID #11 between 2022 and 2031 without allocations to other TIF Districts. This table shows revenue and cash flow projections and considers both actual revenue performance of TID #11 to date and its anticipated future performance. TID #11 had a Developer's Agreement and cash advance to repay, which was paid off in 2016. This table also illustrates how tax increment revenue from TID #11 can finance remaining capital expenditure projects within the district.

Table 4 – TID #11 Projected Cash Flows, 2022-2031

	Revenue Year	Cumulative Beginning Fund Balance	Revenues			Expenditures				Fund Balance	
			Increment Revenue	Other Revenues(1)	Total Revenues	Capital Expenditures	\$800,000 Debt P&I	Other Expenditures (2)	Allocations	Total Expenditures	Cumulative Fund Balance
Actual	2015										\$ 5,894
	2016	\$ 5,894	\$ 183,817	\$ 1,169	\$ 184,986	\$ 138,673		\$ 2,225	\$ -	\$ 140,898	\$ 49,982
	2017	49,982	174,823	1,159	175,982	39,674		1,383	-	41,957	184,007
	2018	184,007	180,472	1,176	181,648	9,533		2,171	-	11,854	353,801
	2019	353,801	166,454	3,757	170,211	9,533		2,205	-	11,888	512,124
	2020	512,124	226,888	1,204	228,092	9,533		2,237	-	12,670	727,546
Projection	2021	727,546	200,601	1,000	201,601	10,000		2,100	-	12,100	917,047
	2022	917,047	202,555	1,000	203,555	10,000		2,100	-	12,100	1,108,502
	2023	1,108,502	204,580	1,000	205,580	10,000		2,100	400,000	412,100	901,982
	2024	901,982	206,626	1,000	207,626	10,000		2,100	850,000	862,100	247,508
	2025	247,508	208,692	1,000	209,692	-	136,000	2,100	300,000	438,100	19,101
	2026	19,101	210,779	1,000	211,779	-	136,000	5,000	350,000	491,000	(260,120)
	2027	(260,120)	212,887	1,000	213,887	-	136,000	2,100	-	138,100	(184,332)
	2028	(184,332)	215,016	1,000	216,016	-	136,000	2,100	-	138,100	(106,416)
	2029	(106,416)	217,166	1,000	218,166	-	136,000	2,100	-	138,100	(26,350)
	2030	(26,350)	215,016	1,000	216,016	-	136,000	2,100	-	138,100	51,566
	2031	51,566	217,166	1,000	218,166	-	136,000	7,500	125,000	268,500	1,232
Projected 2022-2031			\$ 2,110,485	\$ 10,000	\$ 2,120,485	\$ 30,000	\$ 952,000	\$ 29,300	\$ 2,025,000	\$ 3,036,300	

Table Notes:

- (1) Other Revenues include: Exempt Computer Aid, Share Revenue and Personal Property Aid
- (2) Other Expenditures include: Administration, Professional Service, DOR Fees
- (3) Increment Revenue sum includes projected revenues 2022-2031
- (4) TID #11 Expenditures Projected: 2025-Menasha Ave upgrades
- (5) Allocations Projected: 2022-TID #12 \$250,000, TID #15 \$100,000, TID #16 \$50,000
2023-TID #12 \$150,000, TID #14 \$300,000
2024-TID #8 \$400,000, TID #14 \$100,000, TID #16 \$200,000
2025-TID #12 \$50,000, TID #15 \$300,000
2031-TID #15 \$125,000

Assuming the tax rate in the City does not change and the value of the TID experiences a 1% annual inflation increase, all incurred project costs to date would be paid off in 2031.

Wisconsin Statutes requires that the allocation of positive tax increments from a TIF District (TID #11 as the Donor District) to one or more Recipient Districts cannot be made unless the Donor District (TID #11) has first satisfied all its current-year debt service and project cost obligations (Wis. Stat §66.1105(6)(f)3).

From these projections, it is anticipated to be economically feasible to allocate positive/surplus tax increment revenue from TID #11 to other City of Ladysmith TIF districts.

Below is a summary of the projected surplus tax increment allocations from TID #11 to TID #12, #14, #15 and #16 pursuant to this 2021 Allocation Amendment:

Allocation to TID #12	
2022	250,000
2023	150,000
2024	-
2025	50,000
Total	450,000

Allocation to TID #14	
2022	-
2023	300,000
2024	100,000
Total	400,000

Allocation to TID #15	
2022	100,000
2023	-
2024	-
2025	300,000
2031	125,000
Total	525,000 up to 1,500,000

Allocation to TID #16	
2022	50,000
2023	-
2024	200,000
Total	250,000

It is anticipated that the allocation detailed above are reasonable estimates, but the City reserves the right to adjust amounts higher or lower, as necessary.

14 Financing Methods

The City of Ladysmith has sufficient resources to finance TID #11's proposed capital improvement projects, allocations, administrative and organizational costs. The Fiscal Year 2021 Municipal Budget outlines that the City has \$4,514,625 in outstanding long term general obligations, which is 53 percent of available borrowing capacity, based on the City's January 1, 2020 TID-in equalized value of \$169,684,600. The City reserves the right to pledge tax increment revenue to qualified financial obligations for identified public capital improvement projects and improvements proposed through the use of debt backed by the general obligation borrowing capacity of the City.

Activities identified in the Tax Incremental District #11 Project Plans and Amendments are anticipated to be financed through a mix of funding including municipal borrowing (general obligation or revenue bonds) with repayments from TID #11 and grant funding where feasible. It is desired that TID #11 generates an accumulation of tax increment prior to project expenditures to cover all or a portion of the costs, reducing the need for borrowing. It is understood that once all project costs have been recovered, the district must be dissolved pursuant to State Statutes.

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

15 Tax Increment Share Projections

Table 5 below identifies the share of positive increment anticipated to be allocated to TID's #12, #14, #15, and #16, by owners of taxable property in each of the taxing jurisdictions overlying TID #11.

Table 5 – Share of Projected Tax Increments Anticipated to be Allocated from TID #11 to TID's #12, #14, #15, and #16

Revenue Year	Increment Revenue Allocation to TID's #12, #14, #15, #16	City 37.5%	County 25.8%	VTAE 1.4%	School 35.4%
2022	\$ -	\$ -	\$ -	\$ -	\$ -
2023	400,000	149,852	103,042	5,568	141,538
2024	450,000	168,584	115,922	6,264	159,230
2025	300,000	112,389	77,281	4,176	106,154
2026	350,000	120,701	82,904	4,568	141,827
2027	-	-	-	-	-
2028	-	-	-	-	-
2029	-	-	-	-	-
2030	-	-	-	-	-
2031	125,000	43,108	29,608	1,631	50,653
TOTALS	\$ 1,625,000	594,635	408,757	22,206	599,402
Table Notes: Taxing Jurisdiction Percent of Gross Tax Levy, 2021					

16 Attorney's Opinion

The City Attorney's opinion that this Project Plan is complete and that proper procedures were followed in developing and creating this Project Plan Amendment is attached as Appendix A.

Appendix A
Legal Opinion

Appendix B

Municipal Resolutions



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