

Project Plan Amendment

Tax Incremental District Number 8

City of Ladysmith, Wisconsin

April, 2013

Project Plan Amendment

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City of Ladysmith, Wisconsin

Prepared for:
City of Ladysmith Planning Commission
Ladysmith, WI

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Project Plan Amendment

Tax Incremental District Number 8

City of Ladysmith

1. Introduction

The City of Ladysmith proposes to amend the Project Plan for Tax Incremental District Number 8, which encompasses much of the 2002 tornado damaged area in the City's central business district. District Number 8 was created to eliminate blighting conditions caused by that natural disaster.

The primary purpose of this Project Plan Amendment is to supplement the original Project Plan and Project Plan Amendment completed in 2009 to become a recipient district and to add projects within the ½ mile radius, and add projects proposed to be constructed outside of the District, but that serve the District, as allowed under 66.1105(2)(f)1.k.

The second purpose of this amendment is to allow positive tax increments to flow from TID #11 (the "Donor" district) to this District, TID #8 (the "Recipient" district). TID #9 is also allowed to "donate" positive tax increments to this District per the 2009 Project Plan Amendments.

Previous Project Plan Amendments have been made to allow project expenditures to occur within the ½ mile boundary of the District as allowed under 66.1105(2)(f)1.n., and this option is to remain.

Maps depicting the boundary of Tax Incremental District #8, the ½ mile area surrounding TID 8 and the proposed improvements are shown at the end of this amendment.

2. Purpose of Tax Incremental District

The purpose of Tax Incremental District #8 remains unchanged as a result of this Project Plan Amendment.

3. Benefits of the Tax Incremental District

The benefits of Tax Incremental District #8 remain unchanged as a result of this Project Plan Amendment.

4. Existing and Proposed Land Use Plan

The existing and proposed land use in Tax Incremental District #8 will remain unchanged as a result of this Project Plan Amendment.

5. Project Plan

This section is amended to add the following as eligible project activities.

- Main Street Economic Development Services - \$30,000 per year.

Project	Total Cost	Total Flow/Quarter (Gallons)	TID 8 Flow/Quarter Served			TID 8 Allocation
			Existing	Projected	Total	
Water Improvements						
Well Drilling	\$113,643	33,672,600	772,000	0	772,000	\$2,605
Well and WTP	\$3,209,000	33,672,600	772,000	0	772,000	\$73,572
Raw Water Main	\$614,647	33,672,600	772,000	0	772,000	\$14,092
Sanitary Sewer Improvements						
Wastewater Treatment Plant	\$1,415,000	33,672,600	772,000	0	772,000	\$32,441
Highway 27 Sanitary	\$561,776	N/A	N/A			\$0
Main Lift Station Remodel	\$969,820	32,203,048	772,000	0	772,000	\$23,249
JREC Lift Station	\$42,809	No TIDs Served	0			\$0
Spoken Word Lift Station	\$484,417	No TIDs Served	0			\$0
Pearsons Lift Station	\$63,207	No TIDs Served	0			\$0
Tee Away Lift Station	\$50,319	No TIDs Served	0			\$0
River Avenue Lift Station	\$316,937	No TIDs Served	0			\$0
Brooklyn Lift Station	\$172,137	5,573,179	0			\$0
Pederson Avenue Lift Station	\$349,231	989,628	0			\$0
Jez Road Lift Station	\$35,299	6,656	0			\$0
Doughty Lift Station	\$110,252	1,296,373	0			\$0
Meadowbrook Lift Station	\$33,797	65,209	0			\$0
TOTALS	\$8,542,290					\$145,959

Project costs related to utilities serving Tax Increment Finance Districts are eligible TID costs provided they are in the project plan. However, costs are eligible only to the proportion that they serve the actual Districts.

Flows were determined for each TIF Districts, and divided by the developed acreage in each TID to get a flow per acre calculation. We then developed a full-build flow projection by taking the existing flow per acre in each TID and multiplying by the undeveloped acres. Working with City utility staff, we determined appropriate flow

increases for each of the infrastructure components, and determined what proportion of infrastructure component flows were servicing the TIF Districts.

FLOW PROJECTIONS BY TID						
	TID 5	TID 8	TID 9	TID 10	TID 11	TOTAL
Flow - Gallons per Quarter	2,829,000	772,000	3,178,000	31,000	614,000	
Developed Acres	32.2	15	84	87.7	3.9	
Flow per Quarter per Developed Acre	87,857	51,467	37,833	353	157,436	
Undeveloped Acres	9.7	0	115	102.9	1.1	
Flow Projection	852,214	0	4,350,833	36,373	173,179	5,412,600
TOTAL FLOW - Existing and Projected	3,681,214	772,000	7,528,833	67,373	787,179	

The water system and wastewater treatment plant improvements serve the entire City, therefore, all of the flow from each TID is fully served by these improvements, therefore an equal proportion of costs may be allocated to the TIF Districts. All of TID #8's sanitary sewer flow travels through the City's Main Lift Station, therefore a proportionate amount of these project costs is allocatable to the TID.

Explanations of the need for the above listed improvements follow:

Well Drilling and Raw Water Main

Water treatment improvements are planned for Well No. 5, including iron and manganese removal. This treatment facility will treat water from both Well 5 and Well 8, which are needed to serve the City. Although the project is outside of the District, water treated at this proposed facility will serve all of District. The raw water main is needed to transport water from New Well No. 8 to the Water Treatment Plant. The total project is estimated to be \$728,290. Implementation of the Project Plan Amendment may 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 amendment are eligible project costs.

Water Treatment Improvements

Water treatment improvements are planned for Well No. 5, including iron and manganese removal. This treatment facility will treat water from several of the wells. Although the project is outside of the District, water treated at this proposed facility will serve all of District. The total project is estimated to be \$3,209,000. Implementation of the Project Plan Amendment may 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 amendment are eligible project costs.

Wastewater Treatment Plant Improvements

The project includes a number of components necessary for the City to maintain its DNR license to operate its wastewater treatment plant, or WWTF. These include a composite sampler to test influent, new disinfection equipment, and systems to reduce ammonia and phosphorous in effluent. An elective component is to convert this aerated lagoon treatment system from coarse bubble diffusers to fine bubble diffusers, which use considerably less energy to run. Sludge accumulated in the bottom of the three lagoons will need to be removed to facilitate the diffuser conversion and would have had to have been removed soon regardless to provide adequate space for the bacteria based system to function properly. This is expected to reduce power charges considerably over time. The estimated cost is \$1,415,000. Implementation of the Project Plan Amendment may require that the City construct, alter, rebuild or expand wastewater system infrastructure located outside of the District. That portion of the costs of wastewater system projects undertaken outside the District which are necessitated by the implementation of the Project Plan amendment are eligible project costs.

Lift Station Improvements

The City's main lift station was built in 1990 to pump sewage from the City's previous wastewater treatment plant site at the south end of E. 3rd St. S. to the current facility south of Doughty Road. Due to the corrosive environment inside the station many metal components are corroded to the point of being dangerous. The pumps have already been either rebuilt or replaced in the last five years. The remodel will include pump rail replacement and replacing or refurbishing of many of the metal components. The bar screen is completely worn out and parts are no longer available so it is being completely removed and a fine screen is being added in to replace it at the WWTF. The electrical and HVAC systems are also being updated. The HVAC system upgrade is to help eliminate future metal corrosion and promote a safer work environment. The electrical upgrade is to comply with explosion proof requirements and because the current electrical equipment is corroded due to exposure to this harsh environment. This project, with soft costs is estimated at \$969,820. Implementation of the Project Plan Amendment may require that the City construct, alter, rebuild or expand wastewater system infrastructure located outside of the District. That portion of the costs of wastewater system projects undertaken outside the District which are necessitated by the implementation of the Project Plan amendment are eligible project costs.

Main Street Economic Development Services

These costs will include business attraction and retention efforts within TID #8, including materials and personnel costs.

Other Costs

The following is a list of public works projects that the City expects to implement in conjunction with this District. Any costs directly or indirectly related to the public works are considered "project costs" and are eligible to be paid with tax increment revenues of the District.

- A. In order to promote development, it may be necessary for the City to acquire and demolish properties within the District. The City may acquire land for redevelopment purposes. These costs will be eligible TIF expenditures.
- B. The City may need to acquire property for conservancy, such as preserving historic resources, views, maintaining habitats and open space, and providing areas for stormwater management.
- C. The City may acquire property for rights-of-way or easements for street, driveways, sidewalks, utilities, stormwater management, or other public infrastructure.
- D. Additional development within the District may require the upgrade or expansion of the existing sewer collection system and wastewater treatment system. This includes, but is not limited to, sanitary sewer mains, manholes, cleanouts, service laterals, force mains, interceptor sewers, pumping and lift stations, and wastewater treatment facilities.
- E. Additional development within the District may require the upgrade or expansion of the existing water system. In addition, water storage and treatment improvements and increasing the size of water mains may be necessary. This includes, but is not limited to, mains, manholes, valves, hydrants, laterals, pumping stations, wells, water treatment facilities, and storage tanks and reservoirs.
- F. Development of the area will likely cause storm water runoff. To avoid problems in the District and adjacent areas, a storm water collection and retention system may need to be installed or upgraded, which may include stormwater MS4 activities. Other related improvements may include mains, manholes, valves, inlets, laterals, ditches, culvert pipes and box culverts, bridges, bank stabilization, and infiltration and detention.
- G. Grading may be necessary to make land suitable for development or redevelopment.
- H. Streets servicing the development in the District will need to be maintained. Additional streets may need to be constructed. Other improvements necessary to maintain good traffic flow may be necessary. Alleys, access drives and parking areas may also need to be constructed, improved, or maintained.
- I. Utilities, such as electric, gas and communications infrastructure needed to create sites suitable for development or redevelopment may be provided.
- J. The City may provide landscaping such as street trees, lighting, and other facilities, including public art, to attract development.

- K. Studies, plans, and other reports which serve to aid in the development of the District.
- L. The following administrative costs are also included in the Project Plan as they relate to specific projects or overall organization and implementation of the Project Plan. Imputed administrative costs, including but not limited to, a portion of the salaries of City administrative staff, assessor, public works employees, private consultants, and others directly involved with the projects over the construction period. Audit expenses and any expenses associated with dissolving the district are also considered eligible costs.
- M. Organization costs, including but not limited to, the fees of the financial consultant, attorney, engineers, surveyors, map-makers, and other contracted services.
- N. Interest, financing fees, bond discounts, bond redemption premiums, bond legal opinion ratings, capitalized interest, bond insurance, and other expenses related to financing.
- O. Relocation costs in the event that any property is acquired for the above projects including the costs of a relocation plan, director, staff, publications, appraisals, land and property acquisition costs, and relocation benefits as required by Wisconsin Statutes.
- P. The amount of any contributions made under s. 66.1333(13), formerly 66.431(13), in connection with the implementation of the project plan.
- Q. The City may provide funds to its CDA to be used for administration, planning and operations related to the purposes for which it was established.
- R. The City may establish a revolving loan fund (RLF) and/or matching grant program using TID funds to encourage private development within the District, provided the development is consistent with the goals and objectives of the City.
- S. Property tax payments due to any surrounding towns under Wisconsin State Statute 66.1105(4)(gm)1 as a result of the inclusion of lands annexed after January 1, 2004 within the boundaries of the District are an eligible project cost.
- T. There are no environmental problems known to exist within the proposed District. If, however, it becomes necessary to evaluate properties, the costs related to all environmental audits and remediation will be considered eligible project costs.

U. Payments made, in the discretion of the local legislative body, which are found to be necessary or convenient to the creation of tax incremental district or the implementation of project plans.

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

The Project Plan Amendment 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 Project Plan Amendment 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 Project Plan.

6. Economic Feasibility Study

The following tables provide a summary of revenue projected to flow into TIFD #8 and illustrate how that revenue is able to cover repayment of borrowing to finance the above identified improvements. The tables below shows revenue and cash flow projections, taking into account both actual revenue performance of TIFD #8 to date, and its anticipated future performance.

The table on the following page indicates the financial status of the TID as it exists today, and assuming new debt for the above-referenced projects following the assumptions at the top of the table were incurred by the City.

As TIF District 8 stands today, there is an existing debt payment. Assuming the tax rate in the City does not change and the value of the TID does not change, the City would pay off the existing debt in 2027, and at the end of the District's life, projected would be a cash balance of approximately \$1.1 million. Assuming the allocatable costs of the projects above are borrowed for and allocated back to TID 8, the TID would contribute annually to the debt service of this borrowing, and at the end of the TID's life, a cash balance of approximately \$460,000 is projected. The figures below also include funding the Main Street Economic Development services at \$30,000 annually.

TID 8 Financial Summary
 City of Ladysmith
 LADYS 123772
 March 18, 2013

NEW DEBT ASSUMPTIONS	
Water Loan - WDNR SDW	\$80,269
Interest Rate	1.155%
Term in Years	20
Total Principal and Interest Payments	(\$31,453)
WDNR CWF	\$32,441
Interest Rate	3.375%
Term in Years	20
Total Principal and Interest Payments	(\$37,902)

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
TIF Revenue	\$108,777	\$108,777	\$108,777	\$108,777	\$108,777	\$108,777	\$108,777	\$108,777	\$108,777	\$108,777	\$108,777	\$108,777	\$108,777	\$108,777	\$108,777	\$108,777
Cumulative Revenue		\$108,777	\$217,554	\$326,330	\$435,107	\$543,884	\$652,661	\$761,438	\$870,214	\$978,991	\$1,087,768	\$1,196,545	\$1,305,322	\$1,414,098	\$1,522,875	\$1,631,652
Projected Tax Increment		\$86,038	\$86,038	\$86,038	\$86,038	\$86,038	\$86,038	\$86,038	\$86,038	\$86,038	\$86,038	\$86,038	\$86,038	\$86,038	\$86,038	\$86,038
Total Loan Payment																
Projected Cash Flow After Debt Service																
Cumulative Cash Flow																
Existing Debt Outstanding																
Existing Debt Payment																
New Debt Outstanding																
New Principal Paid																
New Interest Paid																
Total Loan Payments with New Debt																
Main Street Economic Dev.																
Projected Cash Flow with New Debt																
Cumulative Cash Flow Debt																

* Excess revenues may be utilized to retire debt early, if acceptable under the terms of the loan.



7. Method of Financing

It is intended that when the additional activities identified above are deemed to be justifiable that any available grant funding will be sought to cover all or a portion of the eligible costs. To the extent that grant funding is not available, or to the extent that local matching funds are required to obtain grant funding, general purpose public borrowing is likely be used to finance the improvements.

If a period of time (a few years) passes before some or all of the activities listed above are undertaken, significant revenue would presumably be accumulated in TIFD #8 to cover all or a portion of these costs, reducing the need for borrowing accordingly. It is much more likely, however, that borrowing will be undertaken due to the urgency for proceeding with many of the identified activities. It is understood that once all project costs have been recovered, the District must be dissolved pursuant to State Statute.

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

8. 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 this Project Plan Amendment.

9. Financing of Public Improvement Non-Project Costs

So-called non-project costs are not expected to be incurred in the course of implementing this Project Plan Amendment.

10. Relocation

No relocation is expected.

11. Authority

Wisconsin Act 57 amended Wisconsin State Statutes 66.1105 (2) (f) 1. (intro), 66.1105 (4) (f) and 66.1105 (4m) (a), and created 66.1105 (2) (f) 1.n. and 66.1105 (4m) (d) to authorize Tax Incremental District project plans to include project costs for areas that are within a one-half mile radius of the Tax Incremental District boundaries and within the city that created the district.

State Statute 66.1105(2)(f)1.k. authorizes as eligible project expenditures that portion of costs related to the construction or alteration of sewerage treatment plants, water treatment plants or other environmental protection devices, storm or sanitary sewer lines, water lines, or amenities on streets outside the district if the construction, alteration, rebuilding or expansion is necessitated by the project plan for a district, and if at the time the construction, alteration, rebuilding or expansion begins there are improvements of the kinds named in this subdivision on the land outside the district in respect to which the costs are to be incurred.

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.

State Statute 66.1105(4)(h)1. gives cities the ability to adopt amendments to a project plan.

A map showing Tax Incremental District #8's boundaries along with a one-half mile radius is shown in Appendix A.

12. Attorney's Opinion

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

Appendix A

Maps

Figure 1
TID No. 8 Boundary

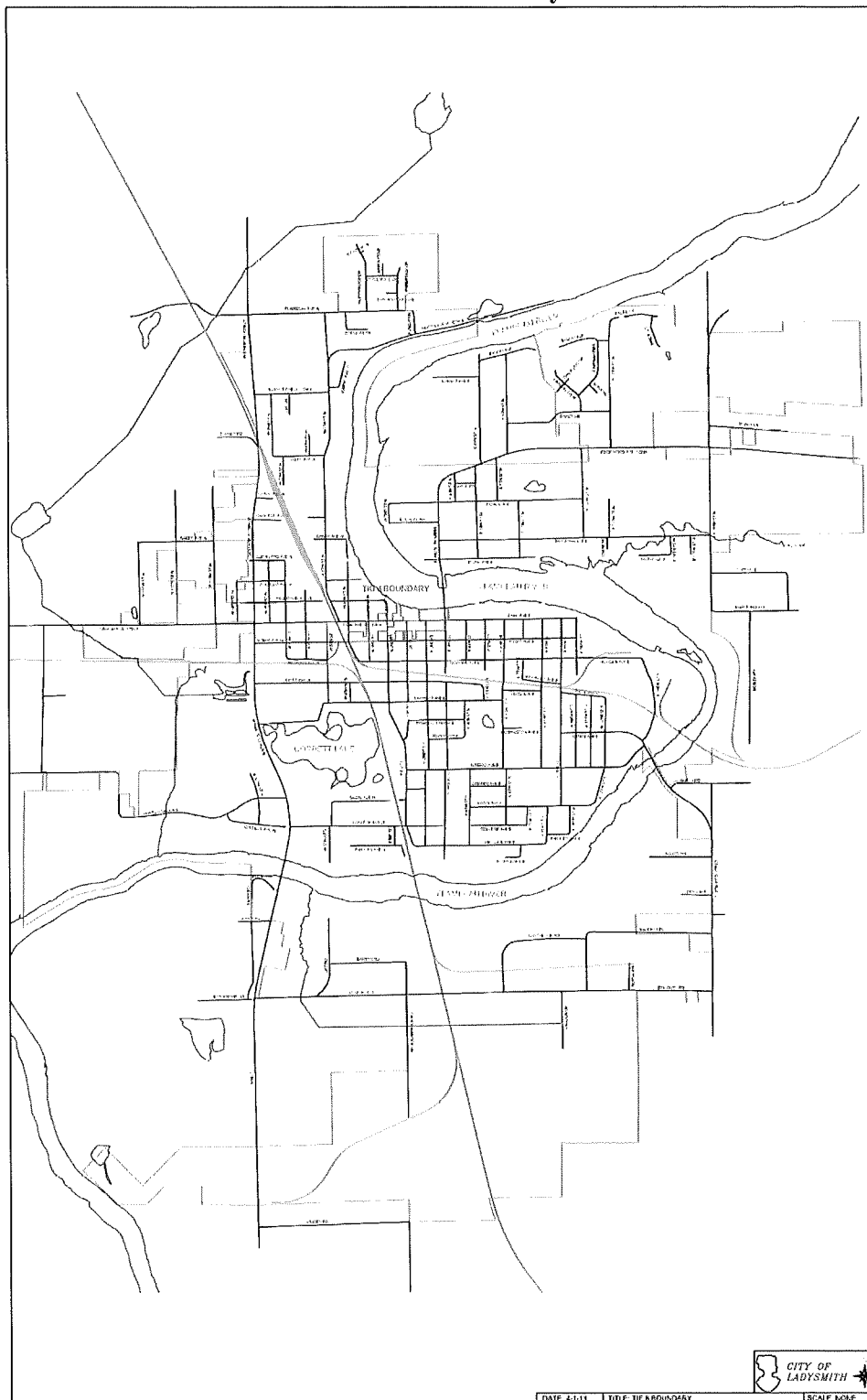


Figure 2
TID No. 8 One-Half Mile Radius

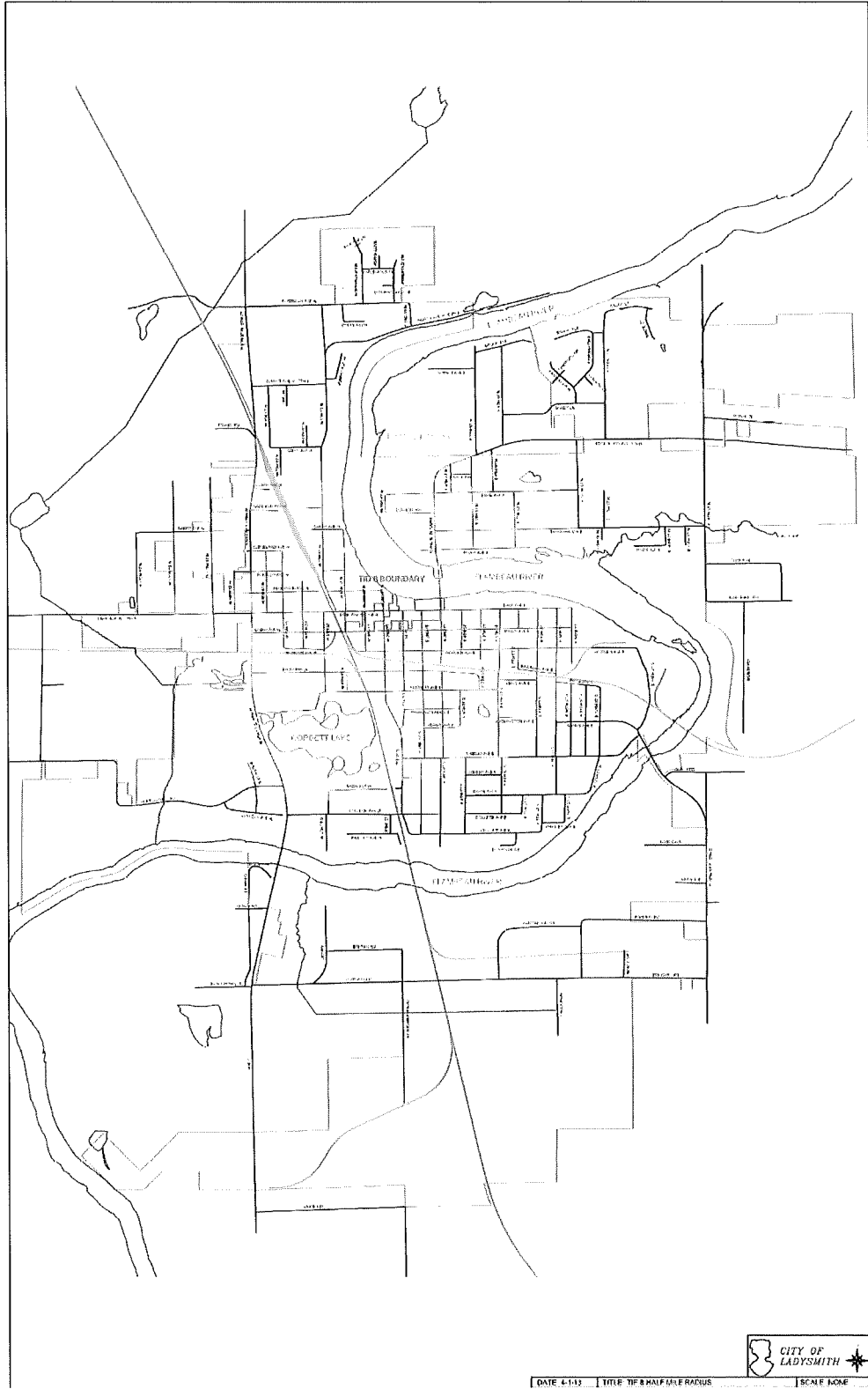
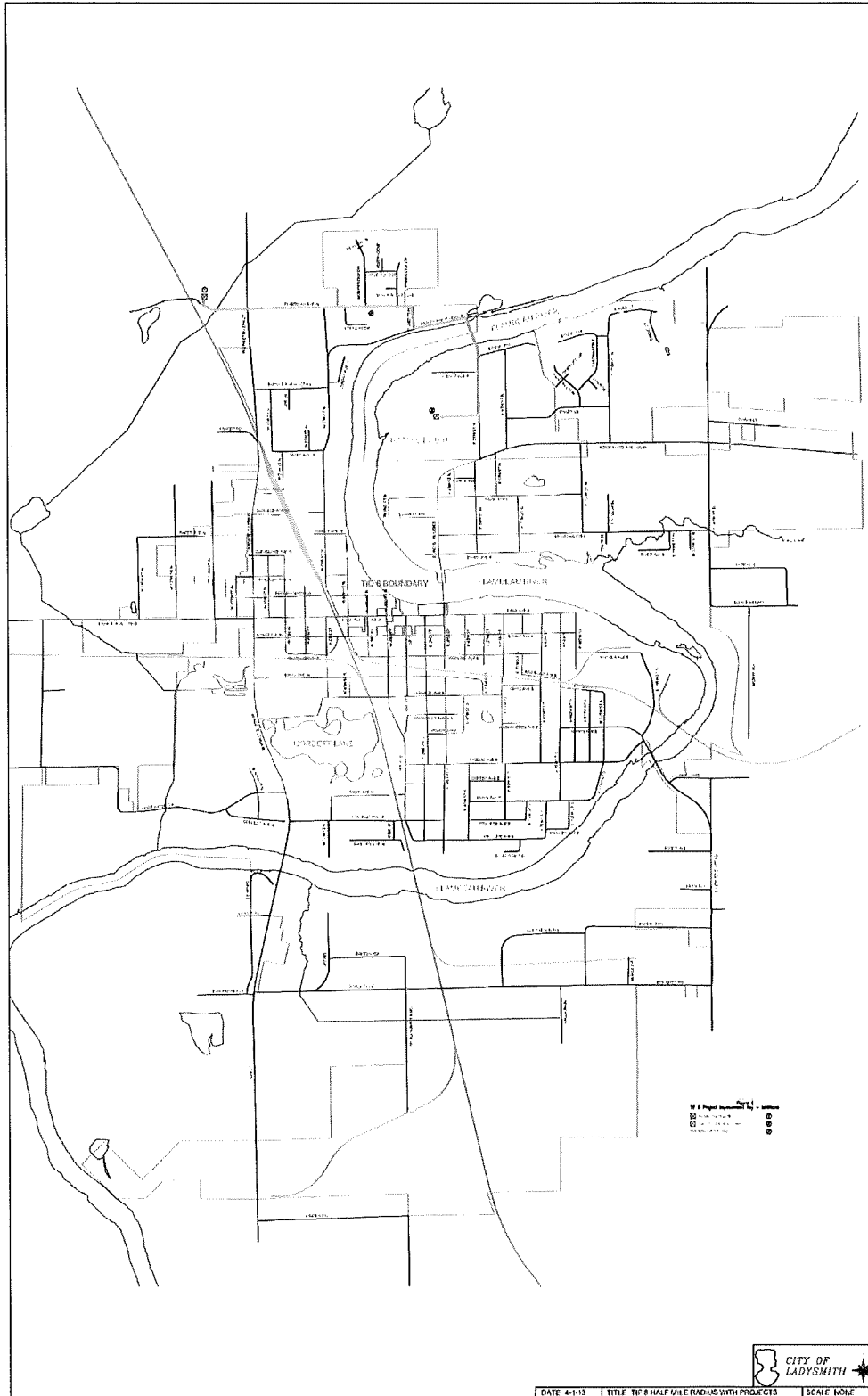


Figure 3
TID No. 8 Proposed Water Improvements



Appendix B

Attorney Opinion