

TID #6 PROJECT PLAN AMENDMENT
Allocation Amendment Creating Tax Increment District (TID) #6 as a
Donor TID for TID #4 and TID #5 as Recipient TIDs

Drafted by the City of Kaukauna Planning and Community Development Department
August 2019

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INTRODUCTION

The City of Kaukauna has an extensive industrial park network that incorporates facilities dating from the 1930's through new facilities being built in 2018. A map of the Industrial Park Network showing the network and a map of the existing tax increment districts in the City of Kaukauna is attached.

As shown on the attached map, TID #6 was established as an Industrial Use TID (est. 2006) to help finance the development of the NEW Prosperity Center. The map of the NEW Prosperity Center shows the TID boundaries, current industrial park tenants and vacant land currently available for sale.

TID #4 was established as a Blight TID (est. 2000) to help with blight removal in the downtown commercial corridor of the City of Kaukauna.

TID #5 was established as a Blight TID (est. 2003) to help with blight removal of the Fox Valley Greyhound Park and finance the development of professional business park Commerce Crossing.

Other current TIDs within the City include Environmental Remediation TID #1 (est. 2005, Environmental Remediation of former Lehrer Landfill), TID #8 (est. 2013, Mixed Use TID), TID #9 (est. 2016, Rehabilitation/Conservation TID), and TID #10 (est. 2019, Rehabilitation/Conservation TID). A map showing the boundaries of all TIDs in the City of Kaukauna is also attached for reference.

1. NUMBER, LOCATION AND TYPE OF PROPOSED PUBLIC WORKS

This amendment looks at the economic feasibility of TID #4 and TID #5 and TID #6 and in having TID #4 and TID #5 as recipient TIDs of excess increment of TID #6. TID #4 and TID #5 are unable to pay back project costs for blight removal within its maximum lifespan without receiving excess increment from TID #6. TID #6 has outperformed expectations in terms of development, tax value and job creation in this industrial park area.

TID #4 has greatly enhanced all other real property's value in the downtown commercial corridor of the City of Kaukauna through blight removal, infrastructure improvements in the downtown streetscape and the rehabilitation of historic buildings in the downtown area. Now that the former Carnegie Library has been fully vacated from public use, it is the goal of the City to sell and see the property rehabilitated for private use (and thus, added to the tax rolls for the first time).

TID #5 has greatly enhanced all other real property's value in the industrial park network with the removal of the blighted, shuttered Fox Valley Greyhound Park. The development has recently seen major investment, but is unable to pay project costs related to site improvements within the maximum life of the TID.

This project plan amendment does not include major public improvements or change anticipated expenditures. The expenditure period for TID #6 closes in 2021 and TID #6 reaches its maximum life in 2026. The expenditure period for TID #4 closes in 2022 and the expenditure period for TID #5 closes in 2025.

2. ECONOMIC FEASIBILITY STUDY

This plan amendment allows excess increment from TID #6 to be allocated to TID #5 to pay down project costs. The attached table provides a seven-year projection (through the maximum lifespan of TID #6) on how the donor TID will assist in repaying the project costs of TID #5. This table includes:

- Project costs owed in TID #4.
- Project costs owed in TID #5.
- Anticipated value of future land sales and development in TID #5.
- Projected tax increment revenues in TID #6 through the maximum lifespan of the TID (seven years, through 2026).
- Annual cash flow during TID #6 maximum lifespan (seven years, through 2026).
- Data showing that excess increment generated during TID #6 maximum lifespan (seven years, through 2026) should cover the project costs of TID #5.

The municipality has the resources to finance the repayment of these project costs through an allocation amendment. Major expenditures in TID #4 have already occurred to implement blight removal in the downtown commercial corridor and additional expenditures are projected with the historic rehabilitation of the Carnegie Library. Major expenditures in TID #5 have already occurred to implement blight removal and land remediation for redevelopment – it is anticipated that future land sales will continue to help pay down project costs in TID #5. The allocation amendment will pay down project costs related to prior expenditures in blight removal and will reduce the debt burden

that might have otherwise been passed on to municipal taxpayers without an allocation amendment. A limited number of expenditures are still occurring in TID #6, used specifically to market vacant land available for redevelopment in TID #5 and TID #6.

In the past two years, the City of Kaukauna has 19.58 acres of land in TID #5 for the development of a dental clinic / commercial office space and an ambulatory surgical clinic. The City has also sold 5.6 acres of land in TID #6 for the development of an expanded parking area for a cold storage company, for the development of a car wash system components corporation, and for the expansion of a truck stop / gas station and convenience store. An additional 46.65 acres are available for sale in TID #5 (Commerce Crossing professional business park) and an additional 50.83 acres are available for sale in TID #6 (NEW Prosperity Center industrial park).

The City of Kaukauna is in excellent financial health, with general obligation borrowing limits of \$57,000,000.00 and a municipal bond rating of AA- from Standard & Poors.

Please note on Attachment #11: Map of All Tax Increment Districts in the City of Kaukauna that a portion of TID #4 (in blue cross hatching) was incorporated into TID #8 when that district was created in 2013. Increment from that overlapping area remains in TID #8, versus in TID #4.

3. DETAILED LIST OF PROJECT COSTS

No additional or new project costs are proposed in TID #6 through this allocation amendment. The attached table highlights existing project costs within TID #4 and TID #5 that are unable to be repaid by increments within those respective districts, as well as the financial circumstances of the existing recipient TID, ER TIF #1. The attached table demonstrates that an allocation amendment allowing TID #6 to become a donor TID to TID #4 and TID #5 allows for project cost debts to be repaid through the use of existing, excess increment within TID #6, as well as continuing to pay down project costs in the existing recipient TID, ER TIF #1.

4. DESCRIPTION OF HOW PROJECTS WILL BE FINANCED

No additional financing beyond increment generation will be utilized through this allocation amendment. The attached table highlights existing project costs within TID #4 and TID #5 that are unable to be repaid by current increments within those respective districts. The attached table demonstrates that an allocation amendment allowing TID #6 to become a donor TID to TID #4 and TID #5 allows for project cost debts to be repaid through the use of existing, excess increment within TID #6.

5. PROPOSED CHANGES IN ZONING ORDINANCES, MASTER PLAN, BUILDING CODES, MAP, AND CITY ORDINANCES

No changes of zoning ordinances, Master Plan, building codes, maps or city ordinances are proposed through this project plan amendment.

6. **LIST AND ESTIMATE OF NON-PROJECT COSTS**

None.

7. **PLAN FOR RELOCATING ANY DISPLACED PERSONS OR BUSINESSES**

None – not applicable.

8. **DESCRIPTION OF HOW DISTRICT'S CREATION PROMOTES THE MUNICIPALITY'S ORDERLY DEVELOPMENT**

Provides for financial stabilization of the Tax Incremental Financial District #4 and #5 as stated.

9. **MAP OF EXISTING USES AND CONDITIONS OF REAL PROPERTY IN TID #6**

Attached is a map illustrating current property owners and vacant land remaining in the NEW Prosperity Center. All land use is INDUSTRIAL or COMMERCIAL OFFICE SPACE as of this time. As such, the percentage of territory in the TID devoted to retail business is less than 35%.

10. **MAP OF PROPOSED IMPROVEMENTS AND USES IN TID #6**

No proposed improvements or changed uses, please see Map attachment for Item #9.

11. **SIGNED ATTORNEY'S OPINION**

Please see the attached, signed opinion from City of Kaukauna Attorney Kevin Davidson.

PROJECTED - City of Kaukauna TID Debt vs. Revenue

| Year | TID #6 (Proposed Donor TID to TID #5 and TID #4) | | | | | TID #5 (Proposed Recipient TID from TID #6) | | | | | TID #4 (Proposed Recipient TID from TID #6) | | | | | ERTIF #1 (Current Recipient TID from TID #6) | | | | |
|-----------------------|--|----------------------|-----------------------------------|---------------------|---------------|---|---------------------------|-------------------------------------|----------------------|--------------------|---|---------------------------|-------------------------------------|----------------------|--------------|--|---------------------------|-------------------------------------|----------------------|---------------|
| | Tax Revenue | Debt (Project Costs) | Allocated Funds to Recipient TIDs | Total Debt/Expenses | Diff | Tax Revenue | Donated Funds from TID #6 | Revenue + Donated Funds from TID #6 | Debt (Project Costs) | Diff | Tax Revenue | Donated Funds from TID #6 | Revenue + Donated Funds from TID #6 | Debt (Project Costs) | Diff | Tax Revenue | Donated Funds from TID #6 | Revenue + Donated Funds from TID #6 | Debt (Project Costs) | Diff |
| 2020 | \$986,685 | 258,538 | \$728,147 | 986,685 | 0 | \$231,499 | \$675,738 | \$907,237 | 494,000 | 413,237 | \$68,652 | \$68,652 | 55,525 | 13,127 | \$98,178 | \$52,409 | \$150,587 | 150,588 | (0) | |
| 2021 | \$1,006,418 | 201,050 | \$816,568 | 1,017,618 | (11,200) | \$352,879 | \$537,500 | \$890,379 | 890,313 | 67 | \$70,026 | \$79,026 | 79,000 | 26 | \$106,032 | \$270,068 | \$376,100 | 151,619 | 224,482 | |
| 2022 | \$1,026,547 | 196,675 | \$840,529 | 1,037,204 | (10,657) | \$476,687 | \$421,500 | \$898,187 | 897,938 | 249 | \$71,426 | \$77,426 | 77,100 | 326 | \$108,153 | \$413,029 | \$521,182 | 152,056 | 369,126 | |
| 2023 | \$1,047,078 | 191,425 | \$855,652 | 1,047,077 | 1 | \$486,220 | \$626,332 | \$1,112,552 | 979,688 | 132,865 | \$72,855 | \$86,000 | \$158,855 | 158,825 | 30 | \$110,316 | \$143,320 | \$253,636 | 171,463 | 82,174 |
| 2024 | \$1,068,019 | 210,800 | \$857,219 | 1,068,019 | 0 | \$495,945 | \$754,554 | \$1,250,499 | 1,030,844 | 219,655 | \$74,312 | \$50,000 | \$124,312 | 0 | 124,312 | \$112,522 | \$52,665 | \$165,187 | 165,188 | (0) |
| 2025 | \$1,089,380 | 263,900 | \$825,480 | 1,089,380 | (0) | \$600,543 | \$542,078 | \$1,142,621 | 1,104,406 | 38,215 | \$75,798 | \$50,000 | \$125,798 | 0 | 125,798 | \$114,773 | \$233,402 | \$348,175 | 16,813 | 331,362 |
| 2026 | \$1,111,167 | 0 | \$1,279,284 | 1,279,284 | (168,117) | \$612,554 | \$853,000 | \$1,465,554 | 1,121,469 | 344,085 | \$77,314 | \$50,000 | \$127,314 | 0 | 127,314 | \$117,068 | \$376,284 | \$493,352 | 16,363 | 476,990 |
| 2027 | | | | | | \$624,805 | \$0 | \$624,805 | 1,989,875 | (1,365,070) | \$78,860 | | \$78,860 | 0 | 78,860 | \$119,410 | | \$119,410 | 15,894 | 103,516 |
| 2028 | | | | | | \$637,301 | \$0 | \$637,301 | 2,156,875 | (1,519,574) | | | | | | \$121,798 | | \$121,798 | 20,325 | 101,473 |
| 2029 | | | | | | \$650,047 | \$0 | \$650,047 | | 650,047 | | | | | | | | | | |
| 2030 | | | | | | \$663,048 | \$0 | \$663,048 | | 663,048 | | | | | | | | | | |
| 2031 | | | | | | \$676,309 | \$0 | \$676,309 | | 676,309 | | | | | | | | | | |
| 2032 | | | | | | \$689,835 | \$0 | \$689,835 | | 689,835 | | | | | | | | | | |
| 2033 | | | | | | \$703,632 | \$0 | \$703,632 | | 703,632 | | | | | | | | | | |
| 2034 | | | | | | \$717,704 | \$0 | \$717,704 | | 717,704 | | | | | | | | | | |
| WEDC Grant | | | | | | | | | | | \$234,643 | | \$234,643 | 0 | 234,643 | | | | | |
| Land Sale Revenue | 200,000 | | | | 200,000 | \$1,663,600 | | \$1,663,600 | | 1,663,600 | | | | | | | | | | 0 |
| Building Preservation | | | | | | | | | | | | | | 300,000 | (300,000) | | | | | |
| Escrow Maintenance | | | | | | | | | | | | | | | | | | | | |
| Interest Expense | | | | | | | | | 2,040,502 | (2,040,502) | | | | 88,376 | (88,376) | | | | | 275,000 |
| Due To (IOU's) | | | | | 0 | | | | 4,114,550 | (4,114,550) | | | | 311,703 | (311,703) | | | | | 453,740 |
| Total | 7,535,294 | 1,322,388 | 6,202,879 | 7,525,267 | 10,028 | 10,282,607 | 4,410,702 | 14,693,309 | 16,820,458 | (2,127,149) | 823,885 | 251,000 | 1,074,885 | 1,070,529 | 4,356 | 1,008,251 | 1,541,177 | 2,549,428 | 2,519,765 | 29,662 |

NOTE: Numbers above are not taking into account Expenses within TIDs from year to year that reduce the revenue to pay down debt.

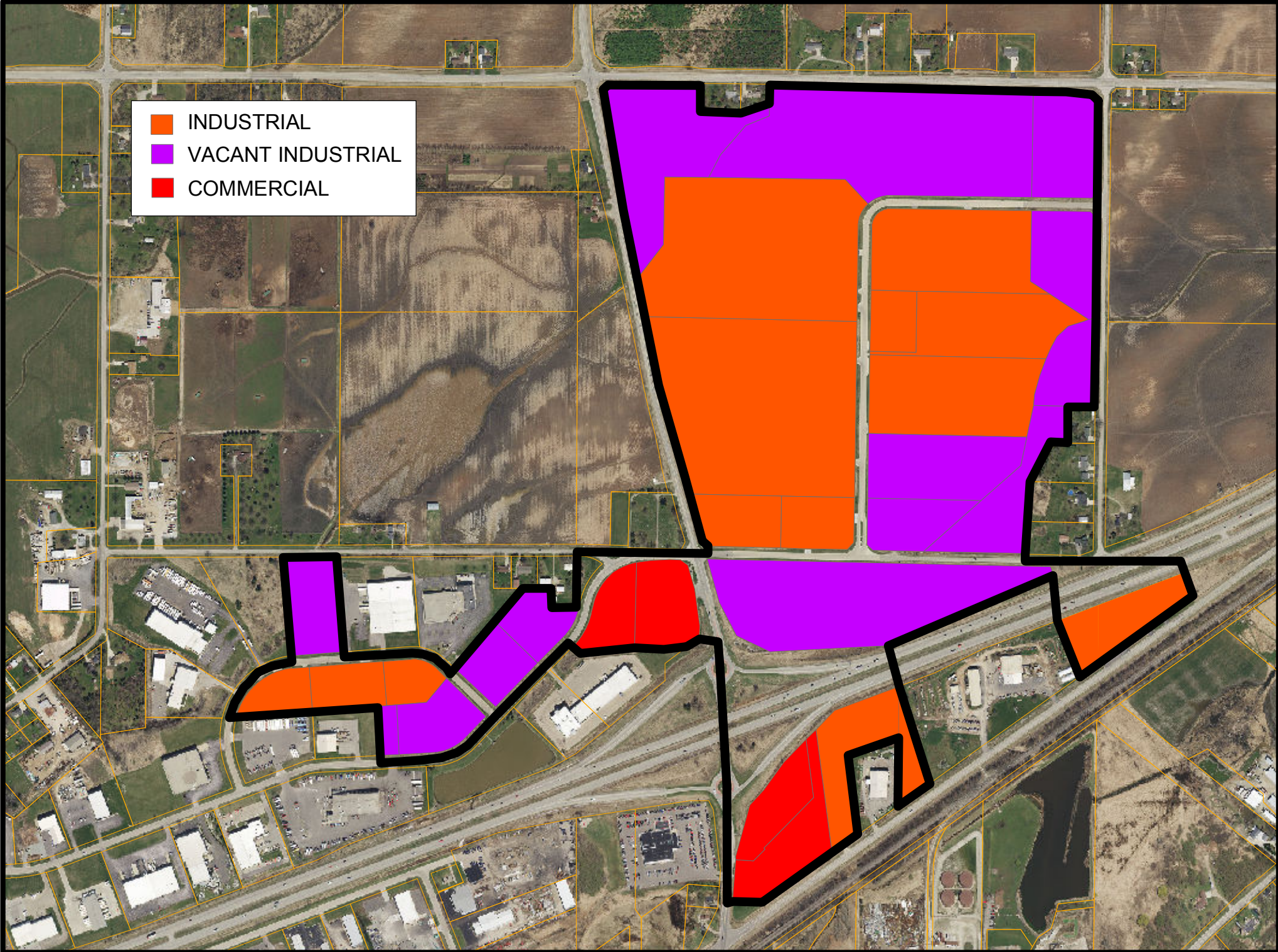
OTHER NOTES

Other Revenue in TID5 is land sales with district
 Other Revenue in TID 6 is assumed repayment of Loans from district Businesses
 Revenue is based on a \$23.00 Tax Rate
 Revenue in 2020 is based on estimated revaluation rate of \$21.75
 Preservation of the Historical Carnegie Building Site

PROJECT ASSUMPTIONS

TID 5 includes 15m in value from Aurua Medical Facility beginning in 2020
 TID 5 includes 4.1m assumed value by 2025
 Assuming a 2% increase in assessed value year over year

- INDUSTRIAL
- VACANT INDUSTRIAL
- COMMERCIAL



KAUKAUNA TID #6 LAND USE
(CURRENT AND FUTURE)

August 21, 2019

Robert Jakel
Director of Planning and Development
City of Kaukauna
201 W. Second Street
Kaukauna, WI 54130

RE: TID Project Plan Amendment for Tax Increment District No. 6
City of Kaukauna

In my capacity as City Attorney for the City of Kaukauna, Wisconsin, I have examined the TID Project Plan Amendment for Tax Increment District Number 6, City of Kaukauna, Wisconsin, dated August 21, 2019 ("TID Plan Amendment"). I find, based upon my examination, that the TID Plan Amendment is complete and complies with all provisions of Sec. 66.1105 of the Wisconsin Statutes.

I render no opinion with respect to the accuracy or validity of any statement and/or finding contained within the TID Plan Amendment.

Respectfully submitted,



Kevin W. Davidson
City Attorney