



**Amendment No. 2 to the Project Plan and Boundary
Tax Incremental District No. 12**

Public Hearing Held at Plan Commission
Adopted by Plan Commission
Adopted by City Council
Approved by Joint Review Board

May 13, 2024
May 13, 2024

CITY COUNCIL

Mark Bittner
Doug Brandt
Shannon Derby
Bill LeClair
Darla LeClair

Tim Petri
Bonnie Shimulunas
Scott Steckmesser
Adam Wachowski

PLAN COMMISSION

Gregory Buckley
Kay Koach
Eric Pangburn

Rick Inman
Matt Heckenlaible
Adam Wachowski

JOINT REVIEW BOARD

Dave Buss, City Representative/ Public Member
J.J. Gutman, Manitowoc County Representative
John Lukas, Lakeshore Technical College Representative
May Kay Slattery, Two Rivers Public Schools Representative

COMMUNITY DEVELOPMENT AUTHORITY(CDA)

AND

BUSINESS AND INDUSTRIAL DEVELOPMENT COMMITTEE (BIDC)

Elizabeth Bittner
Tracey Koach
Keith Lyons
Tom Christensen

Gregory Coenen
Scott Steckmesser
Dick Klinkner
Daniel Wettstein

CITY OFFICIALS

Gregory Buckley, City Manager
Matt Heckenlaible, Public Works Director/City Engineer
Elizabeth Runge, Community Development Director/City Planner

FINANCIAL CONSULTANT

Robert W. Baird & Co., Inc.

LEGAL REVIEW PROVIDED BY

Quarles & Brady



Members of the City Council, Plan Commission, Joint Review Board, Community Development Authority/Business and Industrial Development Committee and Interested Citizens

Re: Amendment No. 2 TID No. 12

The City has made significant public investments in the downtown and harbor area which is the area within Tax Incremental District No. 12 (TID No. 12) and the Amended Area in Amendment No. 1. The City has been approached by two investors. One investment is proposed within TID 12 at 1421 Washington Street. The business owner is proposing to expand their existing auto service operation with an investment estimated at \$650,000.

A second investment is being made by the new owner of 1415 16th Street. The project is a proposed a six-room boutique inn. The inn will also include spa services, and a lounge available to the public and guests. The investment is estimated at \$1,000,000 for the building. This property is adjacent to TID therefore a boundary amendment is necessary. Redevelopment of blighted properties is the intention of this TID, so amending the TID is a logical extension.

The City wishes to provide financial support to make possible redevelopment activities. TIF grant assistance is proposed in the form of the form of pay-as-you-go to assist with each development. The terms and conditions will be addressed in a development agreement between the City and each project's owner(s) and subject to approval by the City Council.

The TID 12 Amendment also includes these proposed public infrastructure improvements:

- Improvements to the intersection of 15th, Jefferson and East River Street;
- Possible pedestrian, bicycling, roadway modifications to Washington, Lake, and 12th Street;
- Additional funds for the City owned Pump House to move the visitor center project forward;
- Possible acquisition of blighted properties;
- Interest and other costs of borrowing associated with the financing of the above activities;
- Modifications to the intersection of 15th Street, E. River Street and Jefferson Street.

The proposed projects within Amendment No. 2 to TID No. 12 offer redevelopment projects that provide many benefits to the community and are in support of the goals identified in planning documents completed for the City.

I would like to thank members of the Council, Plan Commission, Joint Review Board and Community Development Authority/BIDC who have supported this effort.

Respectfully submitted,

Gregory E. Buckley
City Manager

TABLE OF CONTENTS

BACKGROUND ON TAX INCREMENT FINANCING	6
PROJECT PLAN AMENDMENT PROCEDURES	6
GENERAL DESCRIPTION OF DISTRICT	7
AMENDMENT NO. 1: PURPOSE & SUMMARY	7
STATEMENT OF FINDINGS RELATIVE TO LEGAL REQUIREMENTS OF WISCONSIN STATUTES.....	8
STATEMENT OF THE KINDS OF PROJECTS AND PROPOSED PROJECT COSTS	9
LOCATION OF PROPOSED IMPROVEMENTS	10
DESCRIPTION OF FINANCING METHOD	10
ECONOMIC FEASIBILITY ANALYSIS.....	11
DEBT SERVICE PLANNING.....	11
PROJECTED LIFE OF TID NO. 12.....	11
EXISTING LAND USES.....	13
FUTURE LAND USES	13
COMPREHENSIVE PLAN, OFFICIAL MAP, BUILDING CODE, ZONING CODE AND OTHER CITY ORDINANCES	13
STATEMENT OF NO RELOCATION REQUIRED	13
NON-PROJECT COSTS	13
ADDITIONAL PROJECT COSTS.....	13
FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.....	14

TABLES

Table

	<u>Page</u>
1 Blight Area Percentage	8
2 Value Increments & Percent of City Equalized Valuation	8
	Follows
	<u>Page</u>
3 Cash Flow Proforma Analysis	11

MAPS

Map

	Follows
	<u>Page</u>
1 TID Boundary and Proposed Amended Area	17
2 Project Plan Expenditures	18
3 Existing Land Uses	19
4 Boundaries and Half-Mile Radius	20

APPENDIX

Appendix

- A Boundary Description of Amendment No.2 to TID No. 12
- B List of Parcels included in Amendment No.2 to TID No. 12 TID No. 12 and Map of Tax Key Numbers
- C Notice of Public Hearing, List of Governmental Entities Levying Taxes within Amendment No. 2 to TID No. 12 and Membership of the Joint Review Board
- D Official Minutes of Joint Review Board
- E Attorney's Opinion
- F Resolutions approving the Project Plan and Creation of Amendment No. 2 to TID No. 12

Introduction

The City plans to use Tax Incremental Financing (“TIF”) as a successful economic development tool by providing public improvements to encourage and promote industrial, commercial, and residential development. The goal is to increase the tax base, to provide for and preserve employment opportunities within the City, and to create and enhance tourism opportunities with the area and the region. The City works with developers and property owners to provide infrastructure improvements and incentives for development. Public infrastructure and property development will be financed by a combination of TIF increments and debt financing.

BACKGROUND of PROJECT PLAN AMENDMENT PROCEDURES

The original Project Plan for TID No. 12 was adopted on September 4, 2018 as a “Blight District”. Amendment No. 1 was adopted February 15, 2021, to amend the boundary and project plan for additional development.

AMENDMENT NO. 2: PURPOSE AND SUMMARY

The purpose of a second amendment is to continue with blight elimination and redevelopment. The City has been approached by two investors. One business owner is located at 1421 Washington Street, which is within the TID, and is proposing the expansion of their existing auto service business. The investment is estimated to be \$650,000. The estimated assessed valuation of the property following this investment is \$676,500. The business owner is requesting a cash grant TIF.

The second project investor is the new owner of 1415 16th Street. The owner(s) purchased this vacant building from a bank. The proposed project is a six-room boutique inn. The inn will also offer spa services, and a lounge for the public. The redevelopment costs are estimated to be \$1,000,000. The building estimated assessed valuation of the property following expansion and renovation would be \$730,960. This property is adjacent to but outside the existing TID boundary. An extension of the boundary of the TID to the west is necessary to capture this proposed property. The project investor is requesting cash grant TIF assistance.

The City wishes to provide financial support to make these redevelopment activities possible. TIF grant assistance is proposed in the form of pay-as-you-go for each of the identified redevelopments. The terms and conditions for these cash grants will be addressed in development agreements approved to be by the City Council.

The extension of the boundary for this amendment to TID No. 12 is to include 1415 16th Street in order to provide TIF assistance to the above described development. The boundary is also proposed to extend 1513 and 1509 Washington Street. These parcels are also adjacent to the

existing boundary. A new project is proposed for 1509 Washington. Demolition of the existing building has occurred and construction of a franchise coffee shop will begin in June 2024.

Map 1 identifies the updated boundaries reflecting the added parcels of 1415 16th Street, 1513 and 1509 Washington Street. The total acres of TID No. 12 has increased from 19.27 acres to 20.26 acres in size. This amendment 2 will increase the territory by 0.988 acres.

Appendix B includes a listing of the parcels identified for Amendment No. 2 to TID No. 12 with tax key numbers. The information also includes parcels that are identified as blighted and public.

STATEMENT OF FINDINGS RELATIVE TO LEGAL REQUIREMENTS OF WISCONSIN STATUTES

Table 1 shows the area added with this amendment and the necessary requirements to demonstrate blight.

Table 1. Blight Area Percentage

Total Area of TID 12	Minimum 50% of TID	Blighted Area of TID 12 No.2
20.26 acres	50% x 20.26 acres 10.13 acres	11.41 acres 56% Blight Area

Statutory requirement: Minimum 50% of TID area is blighted

Table 1 shows that including the additional acres added as a part of Amendment No. 2 to TID No. 12, there is now a 55% share of blighted acres within the TID thereby meeting the statutory minimum requirement of a 50% blighted area.

Table 2. 2023 Value Increments and Percent of City Equalized Valuation

2023	2023	2023	2023	2023
Total of Existing TIDs	TID No. 12	All TIDs Current Value +	Total City of Two Rivers	Existing TID Value Increments +
Current Value	Value Increment	Value Increment	Equalized Valuation	TID 12% Text
\$62,103,300	\$9,029,200	\$68,400,400	\$805,603,600	5.30%

Statutory Requirement:

Valuation of TID No. 12 plus the value increment of all existing TIDs may not exceed 12% of the total City equalized valuation.

Appendix C: Contains proof of publication required for TID amendments. Also included in the Appendix is a list of all local government entities having the power to levy taxes including the school districts which tax property located within the TID. These entities were notified prior to the publication of the public notice.

Appendix D: Minutes of the Joint Review Board meetings are included in.

Appendix E: Attorney's Opinion letter upon review of Amendment No. 2 to TID No. 12

Appendix F: Resolutions approving the Project Plan and Boundaries and amending the District.

STATEMENT OF THE KINDS OF PROJECTS AND PROPOSED PROJECT COSTS

The City of Two Rivers proposes to provide funding for the following projects. The estimates of the project costs are based on the best available information. Any assistance will be made depending on the approval of the City Council and financial feasibility.

1. 1421 Washington Street Estimated Total Cost: \$150,000

The business owner is proposing to expand their existing auto service operation with an investment estimated at \$650,000. This property is within the existing boundary of TID 12. The service building will be expanding 2,460 feet. It will be steel framed and wood stud framing. The expansion and renovation will expand a service bay, add two restrooms, an employee break room, office space, storage and mechanical room, and more display space for merchandise.

The City proposes a \$150,000 cash grant to assist with the expansion and addition to this business. For this assistance, a development agreement would be entered into with detailed terms, conditions and obligations to be met before any cash grant payments would be paid. The agreement would require approval by the City Council.

2. 1415 16th Street Estimated Total Cost: \$130,000

The business owner is proposing the redevelopment of a blighted property into a six-room boutique inn. The inn will also include spa services, and a lounge also available to the public. The building redevelopment is anticipated to cost \$1,000,000. This property is adjacent to, but outside the TID boundary and therefore a TID Boundary amendment is necessary for this project.

The City proposes a \$130,000 cash grant to assist with the redevelopment of this blighted

property. For this assistance, a development agreement would be entered into with detailed terms, conditions and obligations to be met before any cash grant payments would be paid. The agreement would require approval by the City Council.

Public Project Expenditures

The projects below are offered as additional public and project expenditures. The costs are estimates only.

3. High Lift Building

Estimated Cost: \$200,000

Located at the southeast corner of Lake, 12th, and Washington Street intersection, this building is identified as a future visitor and welcome center. Therefore, further support for rehabilitating this building is warranted.

4. Intersection of 15th, Jefferson, and East River Streets

Estimated Cost: \$500,000

A review of this intersection and design solutions to address the safety issues that are due to the blocked views of traffic when turning from 15th Street. Construction, landscaping, and other costs associated with changes made to this intersection adjacent areas resulting from these changes fall within this expenditure.

5. Intersection of Lake, Washington and 12th Streets

Estimated Cost: \$100,000

Pedestrian and bicycling access and crossing concerns exist at this intersection therefore additional funds are estimated to address these safety issues.

6. Acquisition of Property(s)

Estimated Cost: \$250,000

Updates within this TID for infrastructure improvements or execution of projects could necessitate the acquisition of vacant, blighted properties within the TID.

7. Assistance to Businesses

Estimated Cost: \$50,000

Future grants for improvements to the building, or infrastructure serving the building/business.

8. Administrative, Legal and Financial Costs

Estimated Total Cost: \$10,000

Administrative, legal and financial costs include the costs of those activities to support this proposed Amendment No. 2 to TID 12 such as City staff labor, legal services, financing costs, and audit services and costs involved in preparing the Project Plan.

Table 4. Summary of TID Amendment No.2 TID 12

Proposed Projects	Estimated Expenditures
1421 Washington Street	\$150,000
1415 16th Street	\$130,000
High Lift Building (located at corner of Lake & Washington Street	\$200,000
Intersection of 15th, Jefferson, and East River Streets	\$500,000
Intersection of Lake, Washington, and 12th Streets	\$100,000
Acquisition of Property(s)	\$250,000
Assistance to Businesses	\$50,000
Administrative, Legal and Financial Costs	\$10,000
Total	\$1,390,000

LOCATION OF PROPOSED IMPROVEMENTS

The general location of the proposed projects as described above are shown on Map 2.

This plan is not meant to be a budget nor an appropriation of funds for specific projects, but a framework within which to manage projects. All costs included in this plan are estimates based on the best information available. The City retains the right to delete or pursue future projects listed in this amendment as they are authorized by the City Council without amending the Plan.

The Plan authorizes the expenditure of funds for project costs within a one-half mile radius of the TID boundary.

DESCRIPTION OF FINANCING METHOD

To accomplish the expenditures identified in this Amendment Number 2 Project Plan, the City will need capital totaling at least \$180,000. The source for this capital will be borrowing, likely through a loan from the State Trust Fund Program administered by the Board of Commissioners of Public Lands.

For the additional expenditures for the various projects identified the City reserves the right to issue tax incremental bonds, notes or general obligation bonds or during the life of Amendment No. 2 to TID No. 12 to pay project costs. The additional project costs/expenditures proposed in this amendment described herein may be considered if financially feasible.

ECONOMIC FEASIBILITY ANALYSIS

The economic feasibility of financing project costs depends on the ability of the City to pay such costs from tax revenues generated from the new development anticipated in Amendment No. 2 to TID No. 12. Such financing appears economically feasible based on the tax increment projections set forth in pro forma within this document.

Additional tax base growth within the District is not assumed for purposes of this analysis.

DEBT SERVICE PLANNING

The cash flow proforma analysis proposes funding for the two projects to the investor projects described on page 9, based on funds available from TID No. 12. Any advances to the City or a developer for such expenses are assumed to be reimbursed over the life of the TID.

PROJECTED LIFE OF TID NO. 12

Assuming no change in tax rates, and no inflationary adjustments in the value of properties within the District, for the life of the District, the cash flow proforma shows Amendment No. 2 to TID No. 12 producing sufficient revenues to meet all of the District's obligations by 2039 and 2042, respectively, for the projects receiving Pay Go assistance within the timeline of the creation of the District. Current statutes would allow TID No. 12 to continue for up to 27 years from its creation, which would terminate the District in the year 2045. However, the District can be terminated when all project costs have been paid by revenue from the tax increments.

EXISTING LAND USES

Map 3 identifies existing land uses in Amendment No. 2 to TID No. 12

FUTURE LAND USES

Map 4 shows future land uses in Amendment No. 2 to TID No. 12. As recommended in the Land Use Plan Element of the City currently adopted Comprehensive Plan.

COMPREHENSIVE PLAN, OFFICIAL MAP, BUILDING CODE, ZONING CODE AND OTHER CITY ORDINANCES

At this time there are no proposed changes to the comprehensive plan, the official map, zoning code or ordinances; however, the City reserves the right to make any necessary changes or amendments to the above-listed regulations as circumstances may require. Any Comprehensive Plan or zoning map amendments would follow all necessary procedures required within those regulations.

STATEMENT OF NO RELOCATION REQUIRED

The City does not anticipate the need to relocate persons or businesses in conjunction with this Amendment Number 2. In the event of relocation or the acquisition of property by eminent domain becomes necessary during the implementation period, the City will follow applicable state statutes in Chapter 32.

NON-PROJECT COSTS

Amendment No. 2 to TID No. 12 does not include any non-project costs.

ADDITIONAL PROJECT COSTS

The City of Two Rivers reserves the right to further amend this Project Plan to include additional projects and project costs which are not anticipated at this time, and/or to add or delete territory in accord with State Statutes.

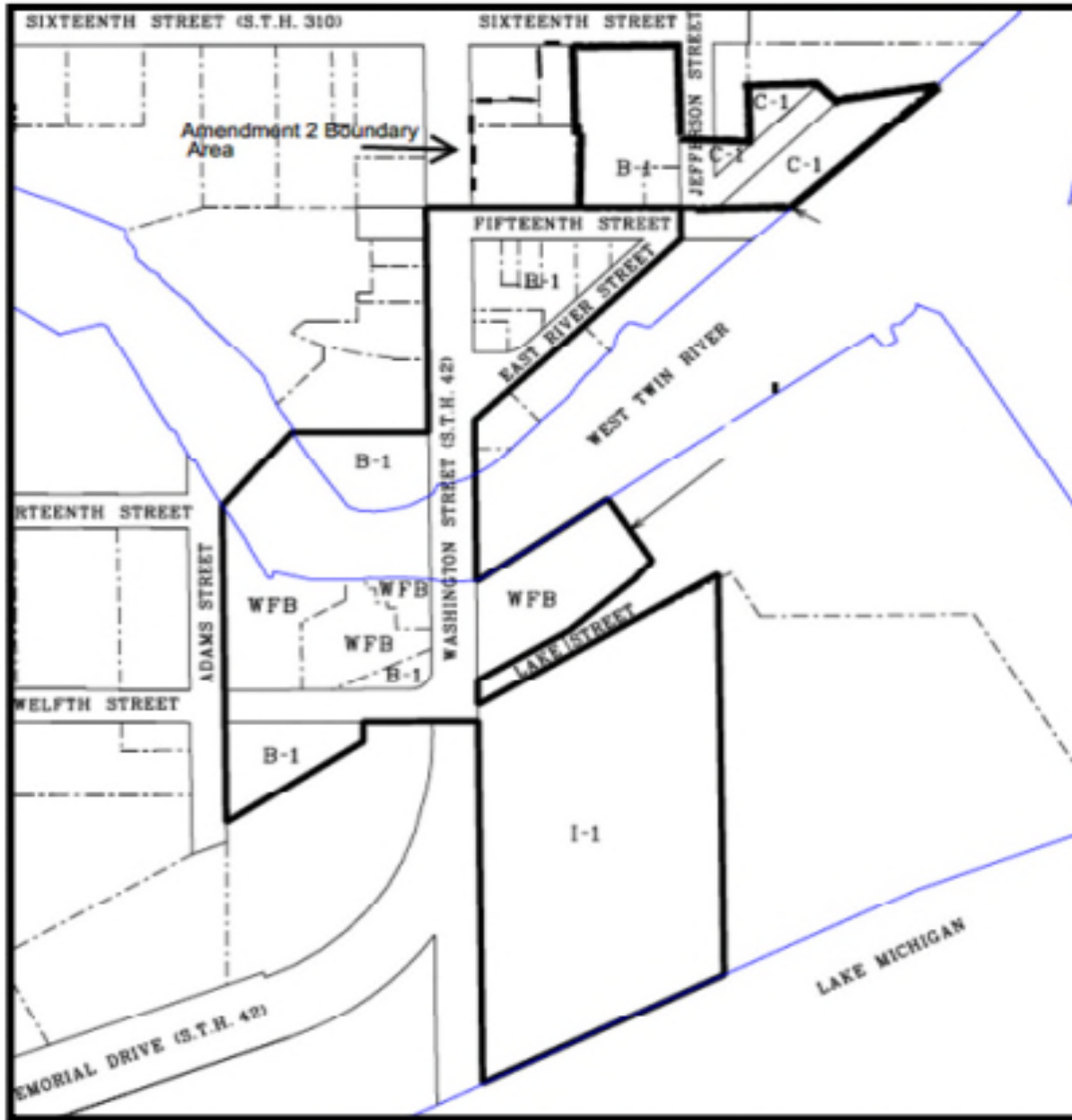
Any eligible projects may be included to the extent that their costs would be reimbursed through future TID revenues over the maximum life of TID No. 12 if such project costs are made by the City during the expenditure period of TID No. 12.


FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Based upon the evaluation and facts included in Amendment No. 2 to TID No. 12, the following findings, conclusions and recommendations are made:

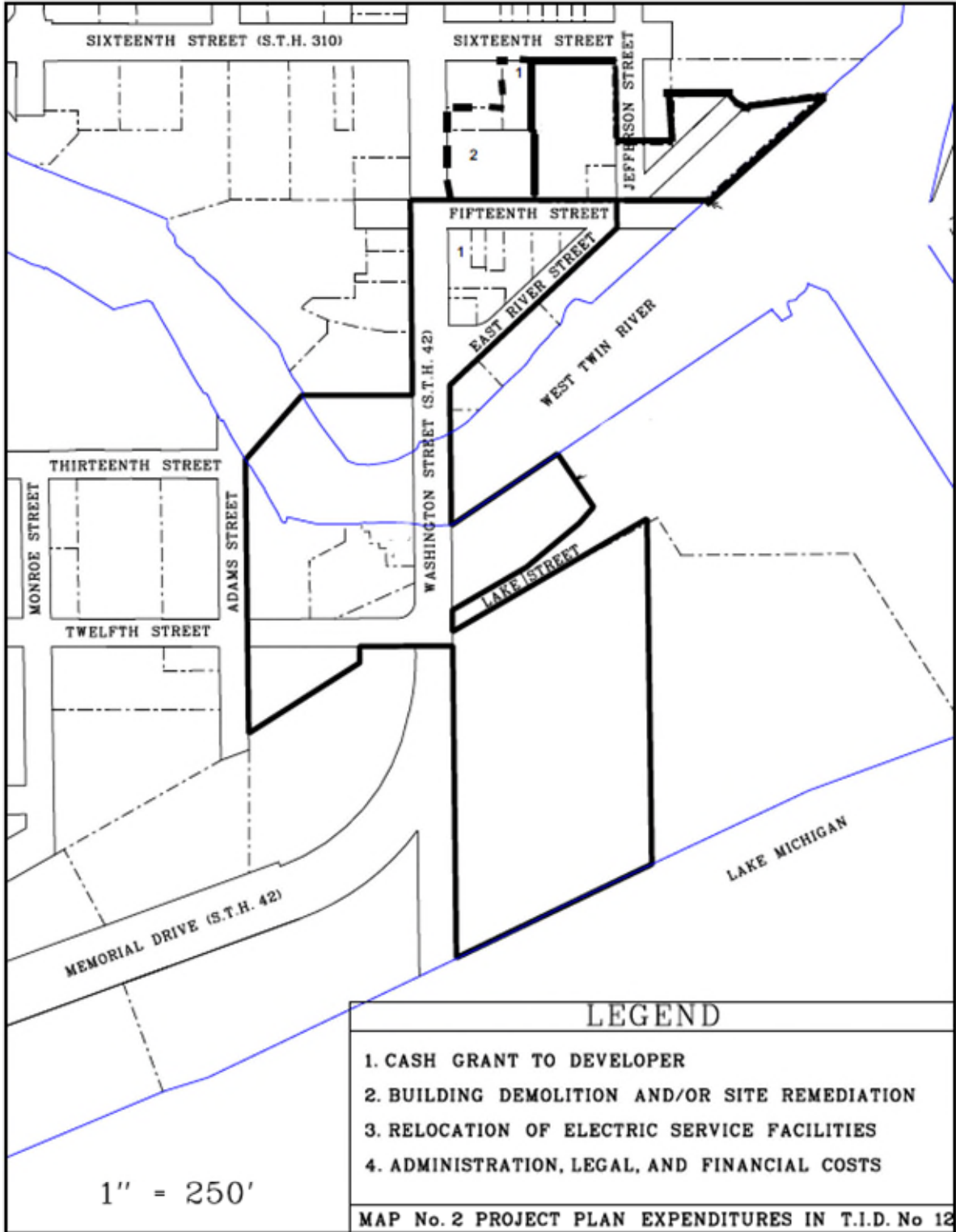
- Eliminating blight and the additional parcels identified in the added territory proposed in Amendment No. 2 to TID No. 12 is appropriate for tax incremental financing and will promote the orderly development of the City.
- Redevelopment of the project locations and projects included within the area proposed in Amendment No. 2 to TID No. 12 implements the City's Comprehensive Plan and Waterfront Access Concept Plan and promotes orderly development.
- Improvement of the area in the amended TID No. 12 is likely to significantly enhance the value of all the other properties in TID No. 12.
- The project costs provided from this Amendment No. 2 to TID No. 12 relates directly to eliminating blight.
- Providing a cash grant in accord with a properly reviewed and approved Development Agreement is an eligible project cost.
- Amendment No. 2 to TID No. 12 will encourage private investment at the 1421 Washington Street and 1415 16th Street properties and will provide additional tax revenue to the city.
- Based upon the current status of the project, 1415 16th Street property in TID No. 12 as shown in Appendix B, Amendment No. 2 to TID No. 12 is declared to be a "Blight Elimination and Redevelopment District". This declaration is based upon the fact that there is a predominance of blighted properties within the District.
- Based upon the above findings and conclusions, it is recommended that this Project Plan and Boundaries for Amendment No. 2 to TID No. 12 be adopted in accordance with the applicable statutes by formal resolutions of the City of Two Rivers Plan Commission and City Council.
- It is also recommended that this Project Plan and Boundaries for Amendment No. 2 to TID No. 12 be adopted in accordance with the applicable statutes by action of the Joint Review Board overseeing Amendment No. 2 to TID No. 12.

Map 1. TID Boundary and Proposed Amended Area Identified

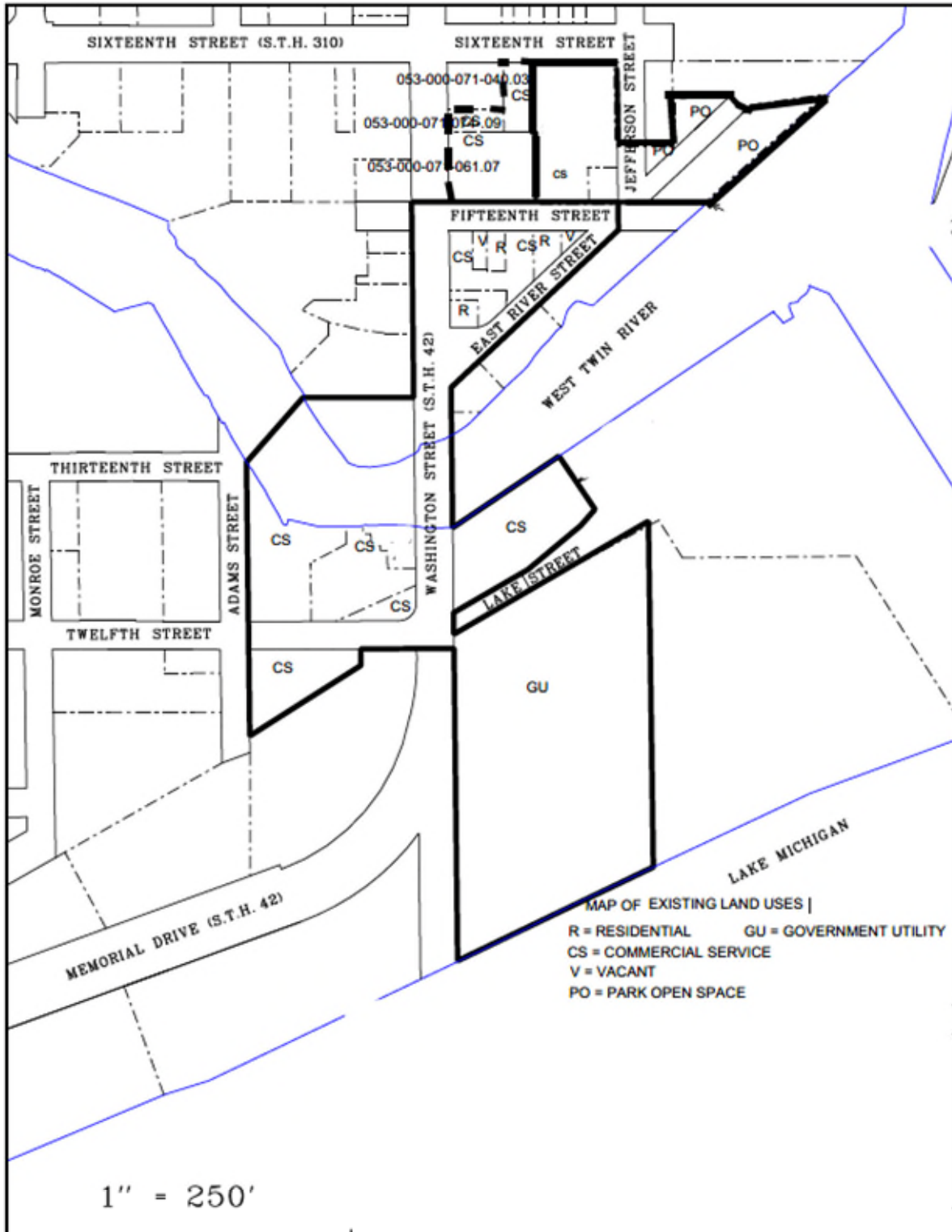


LEGEND	
B-1	• BUSINESS DISTRICT
C-1	• COMMERCIAL DISTRICT
I-1	• INDUSTRIAL DISTRICT
WFB	• WATERFRONT BUSINESS DISTRICT
	BOUNDARY OF T.I.D. No 12,
MAP No. 1 BOUNDARIES AND ZONING IN T.I.D. No 12	

Map 2: Location of Proposed Expenditures



Map 3 Existing Land Uses and Parcel Numbers of Added Territory



Map 4 Boundaries and Half-Mile Radius

