

City of Watertown Tax Increment District No. 10

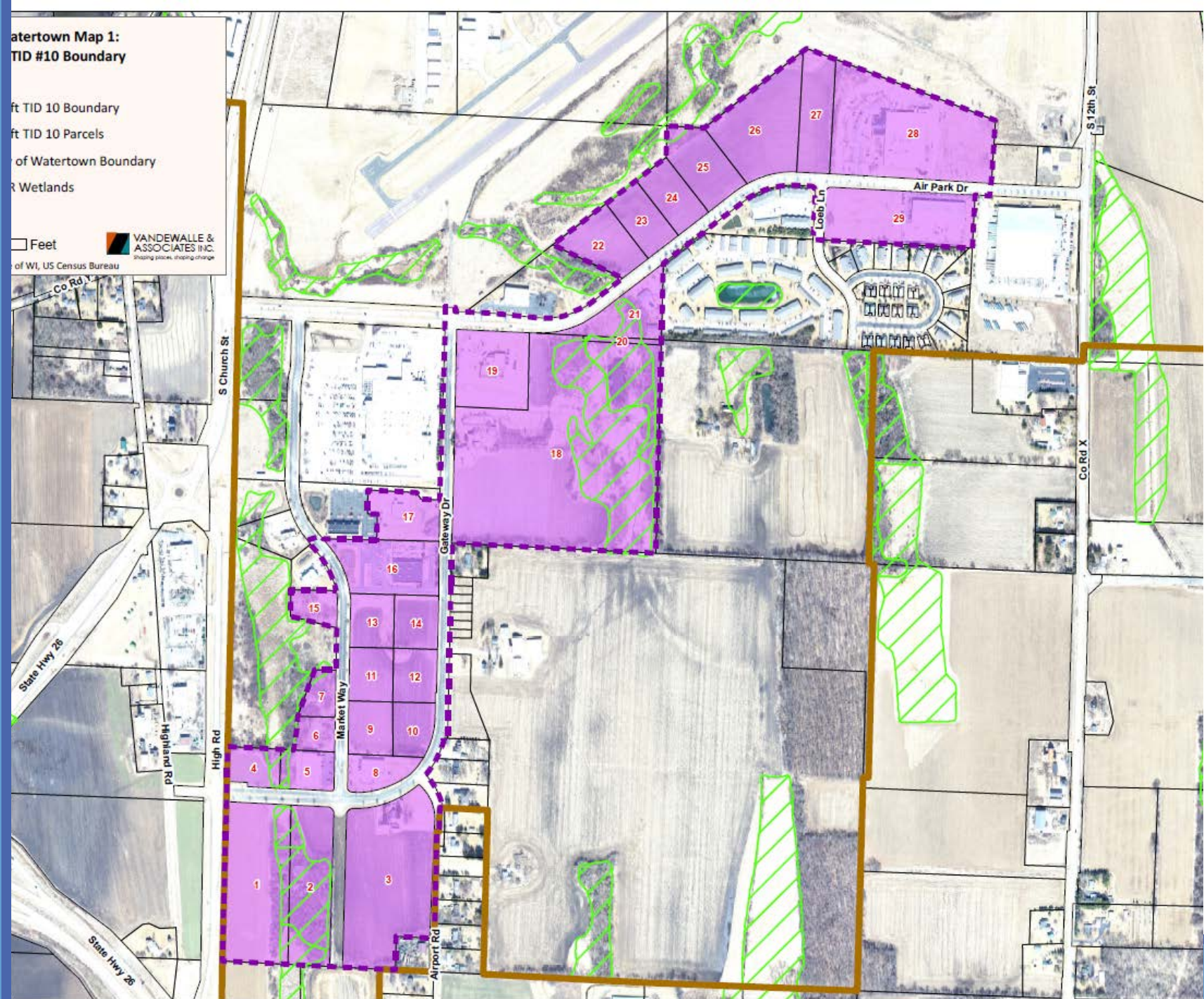
JOINT REVIEW BOARD TID ORGANIZATIONAL MEETING

PLAN COMMISSION PUBLIC HEARING

SEPTEMBER 28, 2026

Today's Meetings

- Joint Review Board Organizational Meeting
 - Confirm Chair
 - Review Draft Plan
 - Establish final meeting date
- Plan Commission Public Hearing
 - Resolution to Approve TID 10 Project Plan and Recommend Plan and Boundary to Common Council

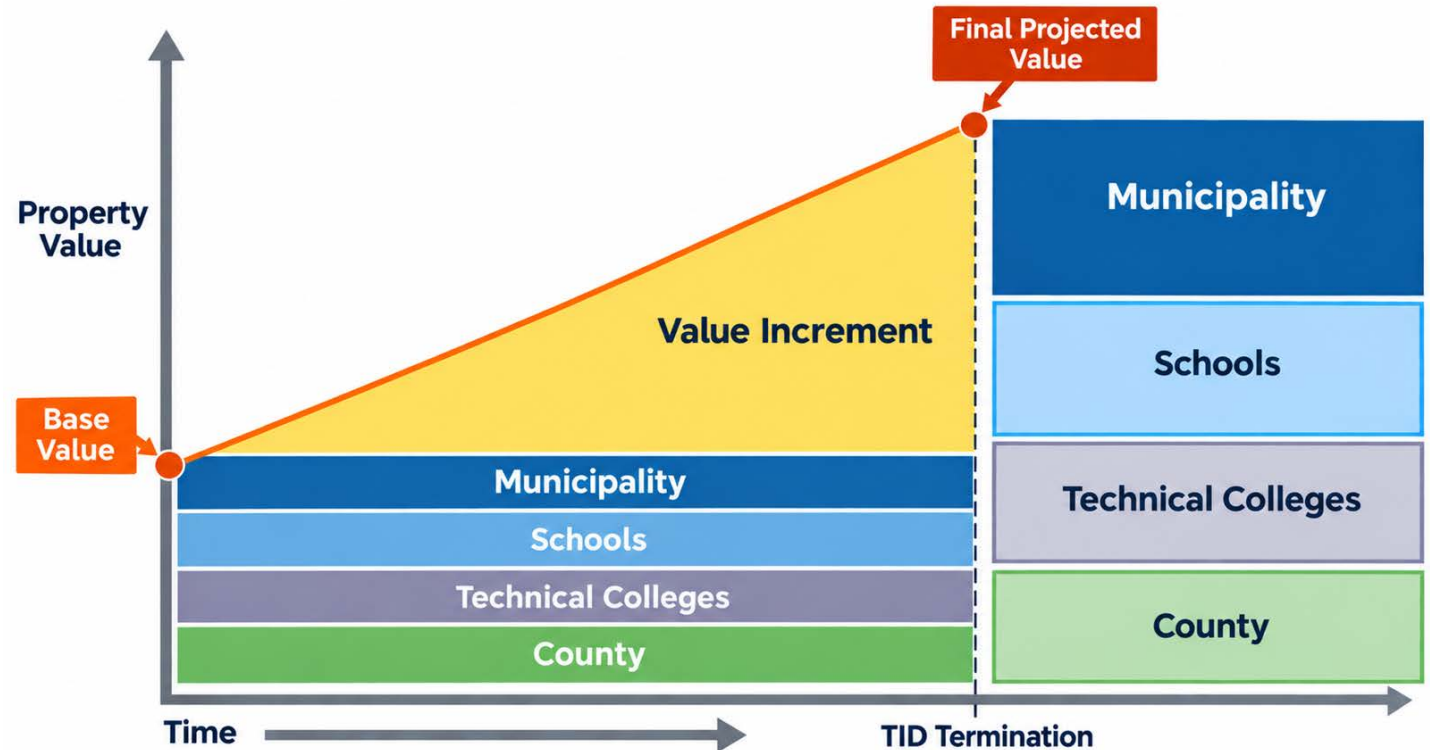


General TIF Information

What is TIF?

- Powerful economic development tool
- A financing mechanism to spur development and grow the tax base in an area that would not otherwise see the type, magnitude, or timing of development
- Capture incremental revenue (tax) from that growth to benefit that area
- Tax jurisdiction receives the same property tax that they do prior to TID creation (Base Value)
- TID receives increased tax revenue based on new value created in the TID (Value Increment)

Value Growth & Tax Sharing in TIF



TID Project Plan Requirements

Includes:

- TID boundaries
- TID type and term
- Existing and future land uses / zoning
- Project costs/expenditures
- Financing mechanisms
- Financial feasibility
- “But For” Finding

TID TYPES

- Mixed-Use
- Industrial
- Blighted or Rehab/Conservation
- Environmental Remediation
- Residential (New)
- Town

FINANCING MECHANISMS

Pay-As-You-Go Financing

Development first →
reimbursement over time

+ lower city risk

- Developer carries up-front
cost

Up-Front Financing

Funding first → repayment
from future increment

+ infrastructure can happen
sooner

- Greater city financial risk

Eligible Project Costs

- Inclusion in the TID makes projects eligible
- City not obligated to undertake any costs. Costs require separate Council action
- Eligible costs include, but are not limited to:
 - Capital costs such as public infrastructure
 - TID loan to developers with appropriate development agreements
 - Property assembly/relocation costs
 - Demolition/site preparation costs
 - Planning/engineering/legal costs for preparation of the project plan
 - Marketing and project concepts for projects within the TID
 - Prorated capital and administrative costs per % necessitated by the TID
 - Projects within half mile

Prohibited Project Costs

- General operating expenses unrelated to the TID
- Constructing or expanding municipal buildings
- Facilities generally funded by user fees
- Development incentives without a signed development agreement

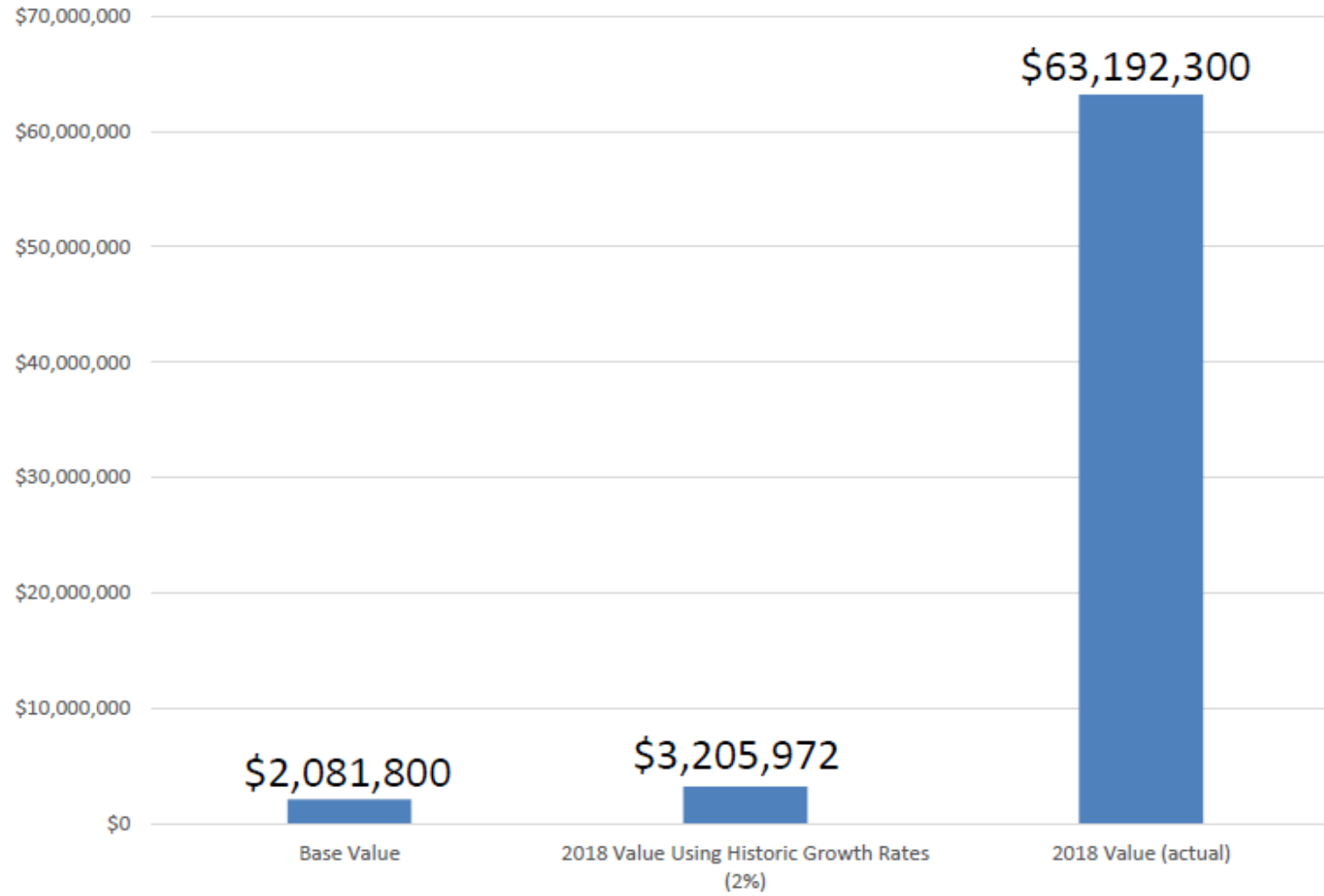
The “But For” Test

- Without it, the proposed development could not occur:
 - As proposed
 - Within the same time frame
 - With the same level of value

Example “But For” Criteria

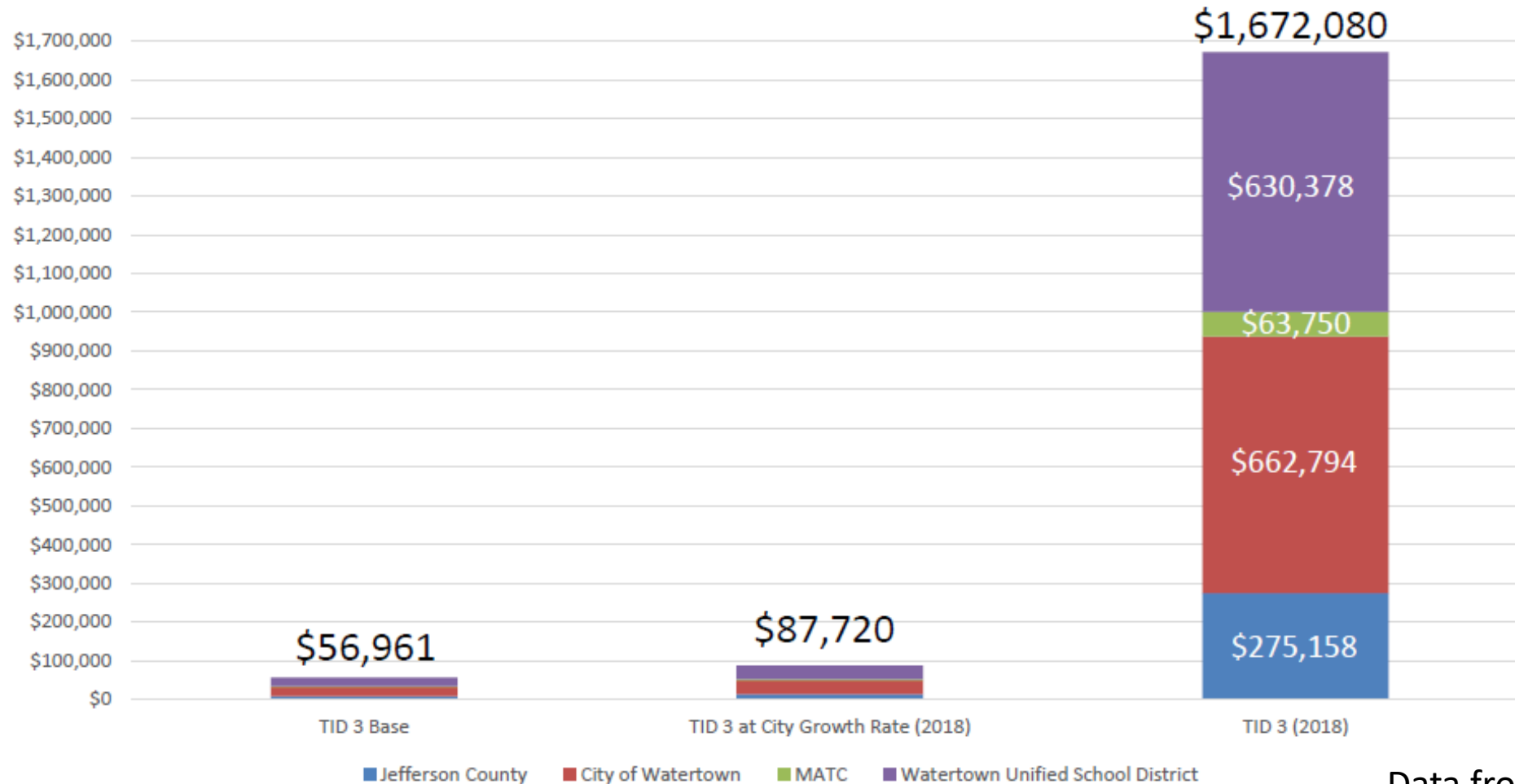
- Business cannot afford utility extensions – TID created, increment/jobs guaranteed
- Business bringing 200 jobs or housing and can finance 90% = 10% needed as gap financing – adopt developer agreement with increment/repayment guarantee
- Extraordinary development costs like site demolition – adopt developer agreement with increment/repayment guarantee
- Available increment $\neq$ project need

TID #3 Growth Rate Comparison



Data from a 2021 City
of Watertown TIF
Presentation

TID #3 Increment



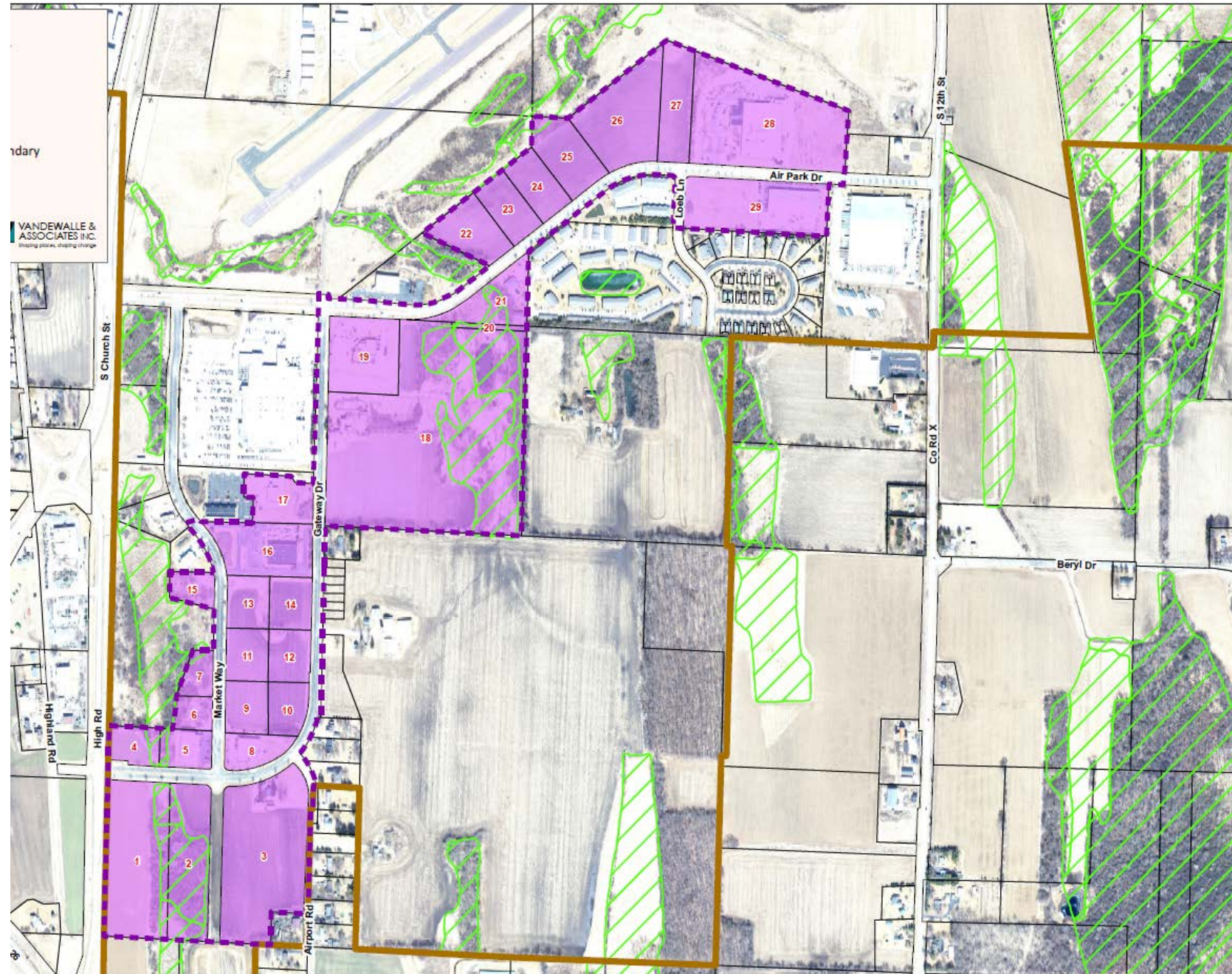
2020 Mill Rate used to estimate base value taxes by jurisdiction at TID creation

Data from a 2021 City
of Watertown TIF
Presentation

Proposed TID 10

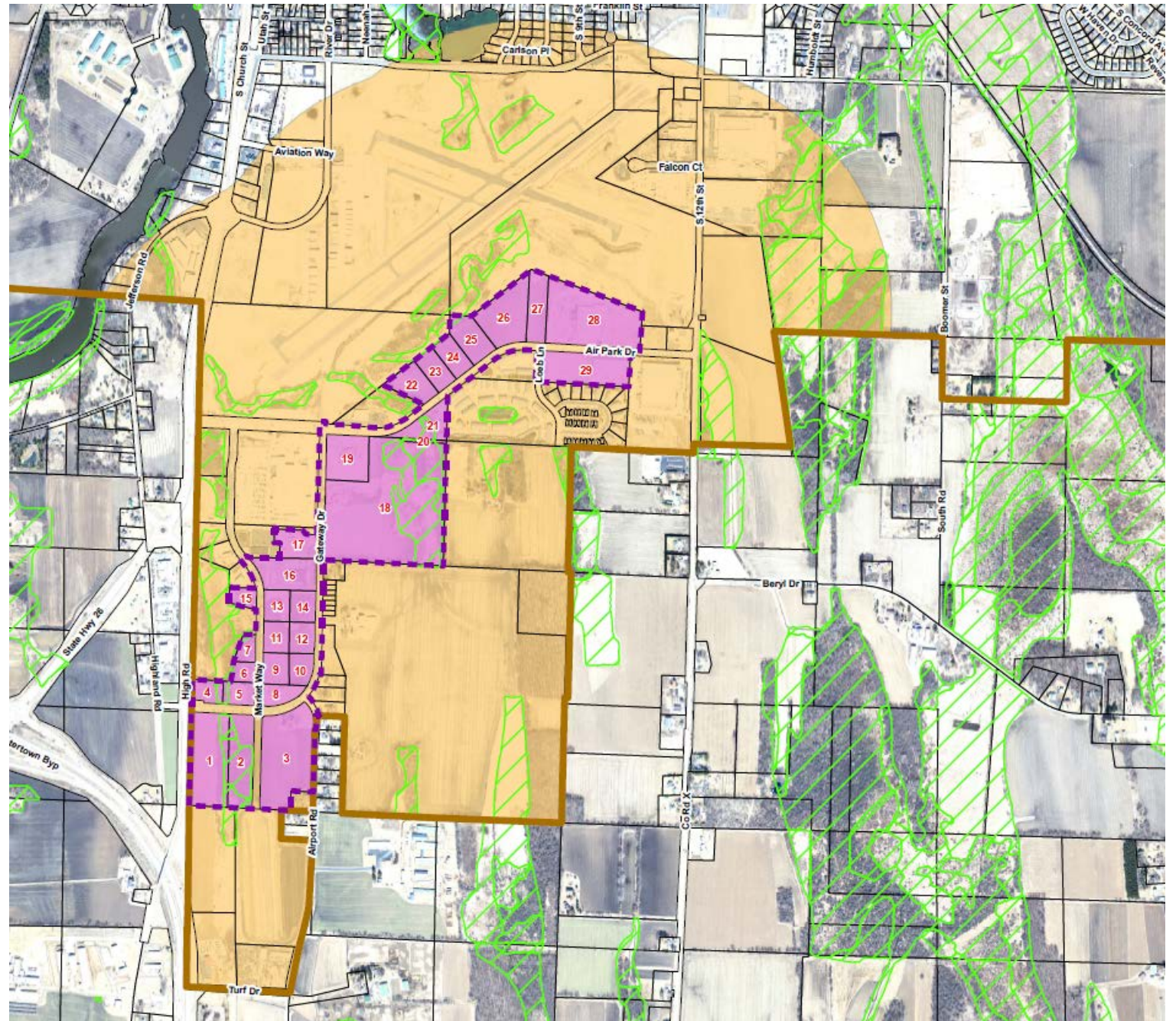
Proposed TID 10: Mixed Use District

- 141 acres / 29 Parcels
- Must include combination of residential, commercial, and industrial uses
- Includes one vacant parcel appropriate for residential development
- Includes long-platted commercial and industrial parcels where development has stagnated despite being development-ready
- Newly Platted Residential is ~17% of the district, below the 35% statutory maximum



Eligible Project Costs within Half-Mile Radius of TID Boundary

- Projects listed in the TID Project Plan that are within the half mile boundary may be financed by the TID



12% Test

State law requires:

- The equalized value increment of existing TIDs
 - PLUS
- The proposed equalized base value of the new district
 - MUST BE LESS THAN
- 12% of the municipality's total equalized assessed value.

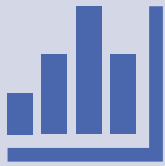
TID	TID Value Increment	Percentage of TID Value Increment
TID #5	\$31,576,400	1.14%
TID #6	\$4,306,700	0.16%
TID #7	\$36,371,000	1.31%
TID #8	\$8,899,600	0.32%
TID #9	\$7,866,300	0.28%
Total Existing Increment	\$89,020,000	3.21%
TID #10*	\$26,404,306	0.95%
Total Combined	\$115,424,306	4.16%

4.16% < 12.0%

PASS

Financial Feasibility

1



Evaluate development potential and assign a potential value projection

2



Determine tax revenue potential based on new development value

3



Propose eligible project costs

4



Confirm financial feasibility. Project costs must be less than new tax revenue.

Development Assumptions

- One potential scenario, not obligated to occur at the stated level or timing
- Development assumptions are based on potential size of development in the district at comparable assessment values
- Does not assume every parcel develops
- Total \$61.6 million cumulative across the TID life

TIF Year	Construction Year	Collection Year	Residential	Commercial	Industrial	Total Development Value Increment by Year
0	2025	2027				\$0
1	2026	2028				\$0
2	2027	2029	\$18,390,000			\$18,390,000
3	2028	2030	\$18,390,000			\$18,390,000
4	2029	2031		\$1,190,000		\$1,190,000
5	2030	2032				\$0
6	2031	2033		\$1,820,000		\$1,820,000
7	2032	2034				\$0
8	2033	2035		\$1,810,000		\$1,810,000
9	2034	2036		\$1,800,000		\$1,800,000
10	2035	2037		\$1,140,000		\$1,140,000
11	2036	2038		\$1,650,000		\$1,650,000
12	2037	2039			\$2,580,000	\$2,580,000
13	2038	2040			\$990,000	\$990,000
14	2039	2041			\$1,130,000	\$1,130,000
15	2040	2042		\$8,780,000		\$8,780,000
16	2041	2043		\$1,030,000		\$1,030,000
17	2042	2044		\$960,000		\$960,000
18	2043	2045				\$0
19	2044	2046				\$0
20	2045	2047				\$0
Totals			\$36,780,000	\$20,180,000	\$4,700,000	\$61,660,000

Total Potential Development Value

\$61,600,000

Projected Revenue

- One potential scenario, not obligated to occur at the stated level or timing
- Assumes a flat tax rate
- Total \$14.1 million cumulative across the TID life

TIF Year	Construction Year	Collection Year	Residential	Commercial	Industrial	Total Development Value Increment by Year	Cumulative Value Increment	Annual Tax Increment
0	2025	2027				\$0	\$0	\$0
1	2026	2028				\$0	\$0	\$1,814
2	2027	2029	\$18,390,000			\$18,390,000	\$18,390,000	\$273,849
3	2028	2030	\$18,390,000			\$18,390,000	\$36,780,000	\$547,245
4	2029	2031		\$1,190,000		\$1,190,000	\$37,970,000	\$569,280
5	2030	2032				\$0	\$37,970,000	\$573,941
6	2031	2033		\$1,820,000		\$1,820,000	\$39,790,000	\$605,366
7	2032	2034				\$0	\$39,790,000	\$610,207
8	2033	2035		\$1,810,000		\$1,810,000	\$41,600,000	\$641,667
9	2034	2036		\$1,800,000		\$1,800,000	\$43,400,000	\$673,137
10	2035	2037		\$1,140,000		\$1,140,000	\$44,540,000	\$695,067
11	2036	2038		\$1,650,000		\$1,650,000	\$46,190,000	\$724,601
12	2037	2039			\$2,580,000	\$2,580,000	\$48,770,000	\$767,947
13	2038	2040			\$990,000	\$990,000	\$49,760,000	\$788,147
14	2039	2041			\$1,130,000	\$1,130,000	\$50,890,000	\$810,505
15	2040	2042		\$8,780,000		\$8,780,000	\$59,670,000	\$945,380
16	2041	2043		\$1,030,000		\$1,030,000	\$60,700,000	\$967,055
17	2042	2044		\$960,000		\$960,000	\$61,660,000	\$987,810
18	2043	2045				\$0	\$61,660,000	\$994,563
19	2044	2046				\$0	\$61,660,000	\$1,001,349
20	2045	2047				\$0	\$61,660,000	\$1,008,170
Totals			\$36,780,000	\$20,180,000	\$4,700,000	\$61,660,000		\$14,187,100

Total Potential Revenue

\$14,187,100

Project Costs

- Eligible project costs listed
- Including those within a half-mile radius of the TID boundary, marked by an Asterix
- Total \$12.9 million

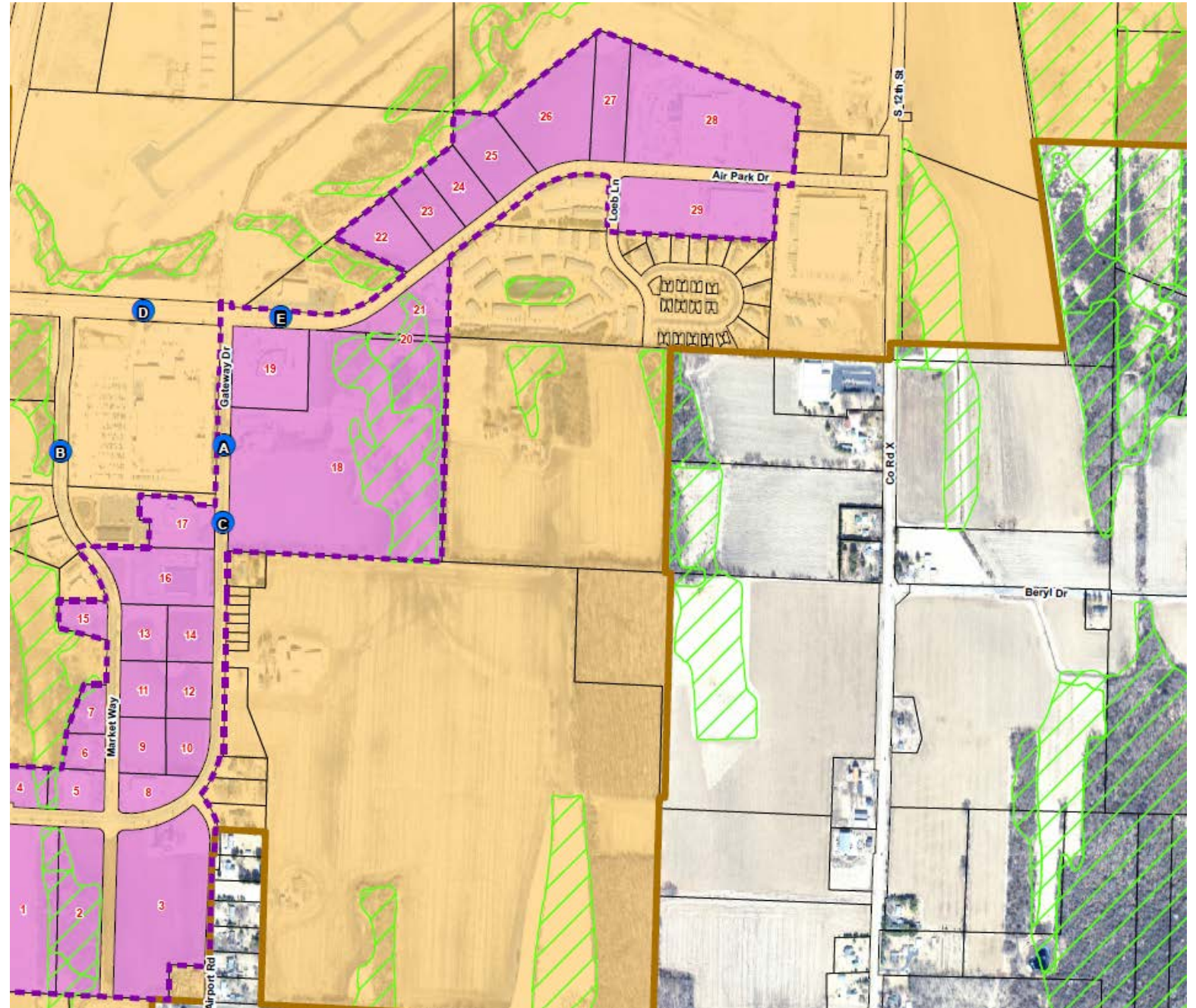
#	Project Category/Description	Cost Estimate	Year
Infrastructure			
A	Gateway Drive Sidewalk	\$340,200	2029
B	Market Way Sidewalk*	\$228,900	2032
C	Gateway Drive Resurfacing	\$729,000	2037
D	Air Park Drive Crack Filling and Sealcoating*	\$79,200	2040
E	Air Park Drive Shared-Use Path Reconstruction*	\$528,000	2042
	Total Infrastructure Costs	\$1,905,300	
Capital Costs			
	(none)		
Real Estate Acquisition and Relocation			
	(none)		
Economic Development Incentives			
	Development Incentives (subject to development agreement)	\$10,692,248	
Administration and Professional Services			
	Administrative Projects	\$285,000	
Finance Charges and Interest			
	(none)		
Total Priority Project Expenditures		\$12,882,548	

Total Project Costs

\$12,882,548

Project Locations

- A: Gateway Drive Sidewalk
- B: Market Way Sidewalk*
- C: Gateway Drive Resurfacing
- D: Air Park Drive Crack Filling & Sealcoating*
- E: Air Park Drive Shared-Use Path Reconstruction*



Cash Flow Model

- Total Revenue \$14.2 million
- Total Eligible Costs \$12.9 million
- Projected TID Fund Balance \$1.3 million

TIF Year	Year	Tax Increment	Total Revenue Per Year	Non-Finance Expenses	Total Expenses Per Year	Annual Balance	Cumulative Balance
1	2027	\$1,814	\$1,814	\$0	\$0	\$1,814	\$1,814
2	2028	\$273,849	\$273,849	\$15,000	\$15,000	\$258,849	\$260,663
3	2029	\$547,245	\$547,245	\$243,900	\$243,900	\$303,345	\$564,008
4	2030	\$569,280	\$569,280	\$470,424	\$470,424	\$98,856	\$662,864
5	2031	\$573,941	\$573,941	\$474,153	\$474,153	\$99,788	\$762,653
6	2032	\$605,366	\$605,366	\$499,293	\$499,293	\$106,073	\$868,726
7	2033	\$610,207	\$610,207	\$843,366	\$843,366	(\$233,159)	\$635,567
8	2034	\$641,667	\$641,667	\$528,334	\$528,334	\$113,333	\$748,901
9	2035	\$673,137	\$673,137	\$553,510	\$553,510	\$119,627	\$868,528
10	2036	\$695,067	\$695,067	\$571,054	\$571,054	\$124,013	\$992,542
11	2037	\$724,601	\$724,601	\$1,323,681	\$1,323,681	(\$599,080)	\$393,462
12	2038	\$767,947	\$767,947	\$629,357	\$629,357	\$138,589	\$532,051
13	2039	\$788,147	\$788,147	\$645,517	\$645,517	\$142,629	\$674,680
14	2040	\$810,505	\$810,505	\$742,604	\$742,604	\$67,901	\$742,581
15	2041	\$945,380	\$945,380	\$1,299,304	\$1,299,304	(\$353,924)	\$388,657
16	2042	\$967,055	\$967,055	\$788,644	\$788,644	\$178,411	\$567,068
17	2043	\$987,810	\$987,810	\$805,248	\$805,248	\$182,562	\$749,630
18	2044	\$994,563	\$994,563	\$810,650	\$810,650	\$183,913	\$933,543
19	2045	\$1,001,349	\$1,001,349	\$816,079	\$816,079	\$185,270	\$1,118,813
20	2046	\$1,008,170	\$1,008,170	\$821,536	\$821,536	\$186,634	\$1,305,447
		\$14,187,100	\$14,187,100	\$12,881,653	\$12,881,653	\$1,305,447	

Projected TID Balance

\$1,305,447

TID Timing

- September 30 is the key TID creation date
- Created by September 30 – use January 1 valuation date in the same year (2026)
- Created after September 30 – use January 1 valuation date of the following year (2027)

TID Creation Process



JRB Organizational Meeting (September 28)



Plan Commission Public Hearing & Resolution
(September 28)



Common Council Adoption (November 2)



JRB Resolution (TBD)



DOR Filing (By October 31, 2027)

Discussion & Questions

2026 WI Act 173



Defines “**newly platted residential development**”

Not previously site of any structures except for agricultural structures



Expands **affordable housing extensions** for up to two years on top of the TID’s maximum allowable life to fund affordable housing (previously one)

2026 WI Act 235

Creates a new Residential TID (**R-TID**) type (workforce housing)

Not subject to the 35% area limitation that applies to mixed-use TIDs

Intended to support denser, workforce-style housing

Limited to: owner-occupied single-family homes and owner-occupied duplex units

Excluded from traditional 12% test, instead subject to separate 3% test (compared to all R-TIDs)

Single-Family Homes

- Lot size max: 7,500 sf
- Lot width max: 70 ft
- Side yard setback max: 10 ft

Duplex Units

- Lot size max: 12,500 sf
- Lot width max: 80 ft
- Side yard setback max: 10 ft

Building Size

- Single-story max: 1,500 sf
- Two-Story Max: 2,000 sf

Key Terms

- Base Value – value at start of TID
- Value Increment – new added value to TID
- Tax Increment – new annual revenue (taxes paid) to TID
- Expenditure period – period allowed for project costs (max life minus five years)
- Termination Life – period from TID creation to TID closure
- Upfront Bonding/Cash Grants – City provides financing
- Pay-As-You-Go – Developer provides financing
- Joint Review Board (JRB) – School District, Technical College, County, City, Member-At-Large
- TID – Tax Increment District
- TIF – Tax Increment Finance