June 29, 2021

Tax Incremental District No. 3
Project Plan Amendment #2

Organizational Joint Review Board Meeting Held:	August 11, 2021
Public Hearing Held:	August 11, 2021
Adoption by Plan Commission:	August 11, 2021
Adoption by Common Council:	August 18, 2021
Approval by the Joint Review Board:	September 22, 2021

Table of Contents

Section 1: Executive Summary 1

Section 2: District Boundary Map & Identification of Parcels to be Subtracted 3

Section 3: Identification of Parcels to be Subtracted 5

Section 4: Map Showing Existing Uses and Conditions 6

Section 5: Equalized Value Test 6

Section 6: Statement of Kind, Number and Location of Proposed Public Works and Other Projects 6

Section 7: Map Showing Proposed Improvements and Uses 6

Section 8: Detailed List of Project Costs 6

Section 9: Economic Feasibility Study, Financing Methods, and the Time When Costs or Monetary Obligations Related are to be Incurred 7

Section 10: Annexed Property 9

Section 11: Proposed Zoning Ordinance Changes 9

Section 12: Proposed Changes in Master Plan, Map, Building Codes and Ordinances 9

Section 13: Relocation 9

Section 14: Orderly Development of the City 10

Section 15: List of Estimated Non-Project Costs 10

Section 16: Opinion of Attorney for the City of Appleton Advising Whether the Plan is Complete and Complies with Wisconsin Statutes 66.1105 11

Section 17: Calculation of the Share of Projected Tax Increments Estimated to be Paid by the Owners of Property in the Overlying Taxing Jurisdictions 12

SECTION 1:

Executive Summary

Description of District

Tax Incremental District ("TID") No. 3 ("District") is a blighted area district created by the City on November 4, 1992. In accordance with its Project Plan ("Plan"), the objectives for the District were to stimulate downtown and commercial development, to expand the property tax base and employment opportunities, and to reduce blight in the downtown retail area. On August 3, 2011, the District was designated as distressed as permitted under Wis. Stat. § 66.1105(4e) which extended the expiry of its maximum life by ten years until November 4, 2029. This extension did not lengthen the District's expenditure period, which terminated on November 4, 2014. The distressed designation was sought following a $15.4 million decrease in the District's valuation from 2009 to 2010 resulting from the Department of Revenue's implementation of a new valuation methodology, and a loss of valuation in the Richmond Terrace project following a bankruptcy sale. As of January 1, 2020, the District had an incremental valuation of $58,719,700. The District's remaining liabilities include an advance from the City's General Fund, which is projected to be repaid in 2023, and payments due to the City's Parking Utility which are expected to run through the remaining life of the District. On August 19, 2020, Council approved the first amendment to TID No. 3, removing undervalued parcels and adding them to TID No. 11.

Amendment Purpose

The City has identified 13 parcels within the District that continue to have redevelopment potential. Since the District's expenditure period has passed, the City is unable to incur further Project Costs to promote redevelopment on those sites. This Plan Amendment will subtract these 13 parcels from the District as permitted under Wis. Stat. § 66.1105(4)(h)2. By separate amendment to Tax Incremental District No. 12 ("TID No. 12"), the City will add the same 13 parcels to that district, which has an active expenditure period through August 2, 2039. This will allow the City to promote further redevelopment in the downtown area in furtherance of the objectives of both TIDs No. 3 and 12. The effective date of the subtraction for valuation purposes will be January 1, 2021, first impacting the 2022 levy for the 2023 budget year.

Other than the subtraction of territory from the District, this Plan Amendment makes no further changes to the District or its Plan. Due to the subtraction of certain underperforming parcels, the territory subtraction is expected to slightly increase the incremental value of the District by a net amount of $19,670. At the present tax rate, the annual revenue increase to the District will be approximately $400, or $3,200 over the remaining life of the District. As the District is currently projected to remain open for the balance of its remaining life, the removal of territory will not impact closure, but will instead slightly increase the funds available for repayments to the Parking Utility.

Summary of Findings

As required by Wis. Stat. § 66.1105, and as documented in this Plan Amendment and the exhibits contained and referenced herein, the following findings are made:

1. **That "but for" this Plan Amendment: 1) the City's economic development objectives for the District will not be achieved; and 2) additional potential development within the District may not occur in the manner, at the values, or within the timeframe desired by the City.** In evaluating the appropriateness of this Plan Amendment, the Joint Review Board must consider "whether the development expected in the tax incremental district would occur without the use of tax incremental financing" customarily referred to as the "but for" test. Since the purpose of this Plan Amendment is solely to subtract territory, this test cannot be applied in the conventional way. The Joint Review Board has previously concluded that the "but for" test was met with respect to the District. Accordingly, the City finds that it is reasonable to conclude the "but for" test continues to be satisfied.

2. **The economic benefits of amending the District, as measured by increased employment, business and personal income, and property value, are sufficient to compensate for the cost of the improvements.** As a result of the Project Costs made within the District, $58,719,700 in incremental property value has been created. While not quantified, increased employment, business and personal income, and other economic benefits have resulted from the redevelopment that has occurred within the District.

3. **The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.** Given the Joint Review Board has previously concluded the benefits of the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions, the City finds that it is reasonable to conclude that this test continues to be satisfied.

4. Not less than 50% by area of the real property within the District, as amended, was a blighted area within the meaning of Wis. Stat. § 66.1105(2)(a)(e)1 at the time the District was created.

5. Based on the foregoing finding, the District is declared to be, and remains, a blighted area district based on the identification and classification of the property included within the District.

6. The District's Project Costs, which remain unchanged, relate directly to promoting the elimination of blight.

7. No territory will be added to the District. Demonstration of compliance with the 12% equalized value test is, therefore, not required for this Plan Amendment.

8. Improvements to be made in the District are likely to significantly enhance the value of substantially all of the other real property in the District

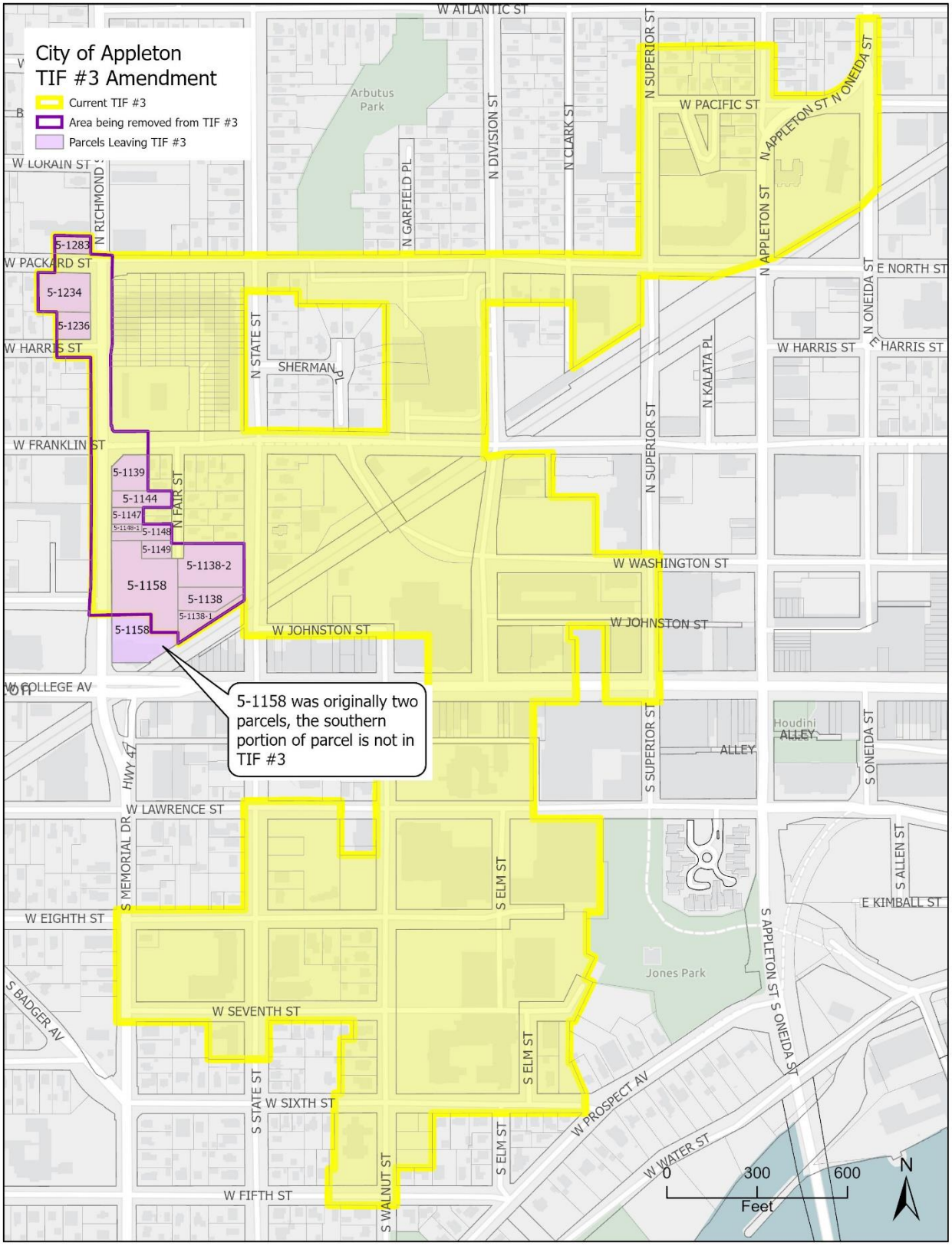
9. The Plan for the District is feasible and is in conformity with the Master Plan of the City.

10. That based on the District's creation date, the City was not required to provide an estimate of the percentage of territory within the District expected to be devoted to retail business at the end of the District's maximum expenditure period, pursuant to Wis. Stat. § 66.1105(5)(b).

SECTION 2:

District Boundary Map & Identification of Parcels to be Subtracted

Map Found on Following Page.


City of Appleton
TIF #3 Amendment
Current TIF #3
Area being removed from TIF #3
Parcels Leaving TIF #3
5-1158 was originally two parcels, the southern portion of parcel is not in TIF #3
W ATLANTIC ST
W PACIFIC ST
W PACKARD ST
W HARRIS ST
W FRANKLIN ST
W WASHINGTON ST
W JOHNSTON ST
W COLLEGE AV
W LAWRENCE ST
W EIGHTH ST
W SEVENTH ST
W SIXTH ST
W FIFTH ST
W PROSPECT AV
W WATER ST
E NORTH ST
E HARRIS ST
E KIMBALL ST
N SUPERIOR ST
N APPLETON ST
N ONEIDA ST
N DIVISION ST
N CLARK ST
N GARFIELD PL
N STATE ST
N KALATA PL
N FAIR ST
N RICHMOND ST
S SUPERIOR ST
S ONEIDA ST
S ELM ST
S ALLEN ST
S APPLETON ST
S MEMORIAL DR
S BADGER AV
S STATE ST
S WALNUT ST
HWY 47
SHERMAN PL
ALLEY
Houdini ALLEY
Arbutus Park
Jones Park
5-1283
5-1234
5-1236
5-1139
5-1144
5-1147
5-1148-1
5-1148
5-1149
5-1138-2
5-1158
5-1138
5-1138-1
5-1158
0
300
600
Feet
N

SECTION 3:

Identification of Parcels to be Subtracted

The purpose of this Plan Amendment is to remove the parcels identified in the table below from the District effective January 1, 2021. The parcel subtraction will reduce the District's base value by approximately $1,058,970 and increase its incremental value by approximately $19,670. The figures listed in the table reflect assessed values. The actual adjustments to the base and incremental value will be calculated by the Department of Revenue using equalized value. Furthermore, the figures listed under the "Current Value" column reflect valuations as of January 1, 2020. The actual reduction in incremental value will be based on January 1, 2021 valuations which are not yet available. The actual reductions in both the base and incremental valuation of the District will, therefore, vary from the estimates provided. The District's revised based and incremental values resulting from the removal of the listed parcels will first be reflected in the valuations certified for January 1, 2022.

Parcel Number	Street Address	Base Value (Jan. 1, 1993)	Current Value (Jan. 1, 2021)
5-1138	133 N STATE ST	$ 97,400	$ 0
5-1138-1	123 N STATE ST	$ 0	$ 0
5-1138-2	139 N STATE ST	SPLIT FROM 5-1138	$ 0
5-1139	226 N RICHMOND ST	$119,110	$ 47,100
5-1144	N RICHMOND ST	$ 37,710	$ 66,200
5-1147	208 N RICHMOND ST	$ 52,800	$ 95,000
5-1148	200 N RICHMOND ST	$106,300	$120,000
5-1148-1	204 N RICHMOND ST	$ 34,500	$ 83,600
5-1149	139 N FAIR ST	$ 32,500	$ 59,000
5-1158	110 N RICHMOND ST	$382,670	$210,000
5-1234	N RICHMOND ST	$ 93,800	$169,200
5-1236	N RICHMOND ST	$ 42,800	$ 79,200
5-1283	501 N RICHMOND ST	$ 59,380	$110,000
Totals		**$ 1,058,970**	**$ 1,039,300**

SECTION 4:

Map Showing Existing Uses and Conditions

Except for subtraction of territory, this Plan Amendment makes no changes to the map depicting existing uses and conditions of real property within the District as included in the original Project Plan for the District approved on November 4, 1992. That map is hereby incorporated by reference.

SECTION 5:

Equalized Value Test

No territory will be added to the District. Demonstration of compliance with the 12% equalized value test is, therefore, not required for this Plan Amendment.

SECTION 6:

Statement of Kind, Number and Location of Proposed Public Works and Other Projects

The District's expenditure period terminated on November 4, 2014; therefore, no additional Project Costs may be incurred. The Statement of Kind, Number and Location of Proposed Public Works and Other Projects set forth in the original Project Plan for the District approved on November 4, 1992 remains unchanged.

SECTION 7:

Map Showing Proposed Improvements and Uses

Except for subtraction of territory, this Plan Amendment makes no changes to the maps depicting proposed improvements and uses within the District as included in the original Project Plan for the District approved on November 4, 1992. That map is hereby incorporated by reference.

SECTION 8:

Detailed List of Project Costs

The District's expenditure period terminated on November 4, 2014; therefore, no additional Project Costs may be incurred. The Detailed List of Project Costs set forth in the original Project Plan for the District approved on November 4, 1992 remains unchanged.

SECTION 9:

Economic Feasibility Study, Financing Methods, and the Time When Costs or Monetary Obligations Related are to be Incurred

The cash flow projection found on the following page reflects the District's current financial position and anticipated performance through the end of its maximum life. The District's expenditure period ended on November 4, 2014, and additional expenditures will be limited to repayment of existing obligations and direct administrative cost. Existing liabilities include an advance from the General Fund expected to be repaid by 2023, and payments owed to the City's Parking Utility, which will run through the District's final year in 2030.

TAX INCREMENT DISTRICT #3

CASH FLOW PROJECTION

Valuation Year 1/1	Revenue Year	TIF District 3 Valuation*	Tax Rate	Tax Increment	Other Revenues	Admin Expense	Interest on Gen Fund Advance	Repayment to Parking Utility	Fund Balance	Repayment of General Fund Advance	Cash Balance
	2020								$ (3,211,621)		$ 130,806
2020	2021	77,660,500	20.7044	1,215,753	10,983	(1,460)	(139,621)	0	(2,125,966)	(1,100,000)	116,461
2021	2022	78,437,108	20.7044	1,231,835	13,000	(2,000)	(84,621)	0	(967,752)	(1,100,000)	174,675
2022	2023	79,221,476	20.7044	1,248,075	13,000	(2,000)	(28,560)	0	262,763	(1,142,427)	262,763
2023	2024	80,013,691	21.2190	1,264,478	13,000	(2,000)	0	(1,400,000)	138,241	0	138,241
2024	2025	80,813,828	21.2190	1,281,044	13,000	(2,000)	0	(1,300,000)	130,285	0	130,285
2025	2026	81,621,966	21.2190	1,297,776	13,000	(2,000)	0	(1,300,000)	139,061	0	139,061
2026	2027	82,438,186	21.2190	1,314,675	13,000	(2,000)	0	(1,300,000)	164,736	0	164,736
2027	2028	83,262,568	21.2190	1,331,744	13,000	(2,000)	0	(1,300,000)	207,480	0	207,480
2028	2029	84,095,193	21.2190	1,348,983	13,000	(2,000)	0	(1,400,000)	167,463	0	167,463
2029	2030	84,936,145	21.2190	1,366,394	13,000	(5,000)	0	(1,541,857)	0	0	0
				$ 12,900,757	$ 127,983	$ (22,460)	$ (252,802)	$ (9,541,857)		$ (3,342,427)	

* A 1% valuation growth has been used for 2021 and beyond.

SECTION 10:

Annexed Property

A tax incremental district cannot include annexed territory unless at least three years have elapsed since the annexation, or certain other requirements are met. No territory is being added to the District as part of this Plan Amendment

SECTION 11:

Proposed Zoning Ordinance Changes

The proposed Plan Amendment is in general conformance with the City's current zoning ordinances. Individual properties may require rezoning at the time of development.

SECTION 12:

Proposed Changes in Master Plan, Map, Building Codes and Ordinances

The proposed Plan Amendment is in general conformance with the City's Comprehensive Plan. Development within the District will be required to conform to State Building Codes and will be subject to the City's permitting and inspection procedures. The proposed Plan conforms to all relevant State and Local ordinances, plans, and codes. No changes to the existing regulations are proposed or needed.

SECTION 13:

Relocation

The District's expenditure period terminated on November 4, 2014; therefore, no additional Project Costs, to include relocation costs, may be incurred.

SECTION 14:

Orderly Development of the City

This original District Plan contributed to the orderly development of the City by promoting revitalization of blighted and transitional areas in the City's Downtown District. The District's expenditure period has past, and this Plan Amendment has no impact to the original District Plan regarding orderly development of the City.

SECTION 15:

List of Estimated Non-Project Costs

Non-Project Costs are public works projects which only partly benefit the District. Costs incurred that do not benefit the District may not be paid with tax increments. Examples of non-project costs are:

- A public improvement made within the District that also benefits property outside the District. That portion of the total Project Costs allocable to properties outside of the District would be a non-project cost.

- A public improvement made outside the District that only partially benefits property within the District. That portion of the total Project Costs allocable to properties outside of the District would be a non-project cost.

- Projects undertaken within the District as part of the implementation of this Project Plan, the costs of which are paid fully or in part by impact fees, grants, special assessments, or revenues other than tax increments.

The District's expenditure period terminated on November 4, 2014; therefore, no additional Project Costs, or Non-Project Costs will be incurred.

SECTION 16:

Opinion of Attorney for the City of Appleton Advising Whether the Plan is Complete and Complies with Wisconsin Statutes 66.1105

LEGAL SERVICES DEPARTMENT
Office of the City Attorney
"...meeting community needs...enhancing quality of life."
100 North Appleton Street
Appleton, WI 54911
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June 28, 2021

Mayor Jacob A. Woodford
City of Appleton
100 North Appleton Street
Appleton, WI 54911-4799

Re: Tax Increment Finance Program Plan, City of Appleton
Tax Incremental District #3

Dear Mayor Woodford:

You have asked me for a legal opinion as to the legal sufficiency and statutory compliance of the proposed Tax Incremental Financing District #3 Project Plan Amendment (amendment #2) for the City of Appleton Tax Incremental District #3. I have reviewed the second Project Plan Amendment for said District as well as the appendices attached thereto, specifically as to their compliance with the provision of Section 66.1105(4), Wisconsin Statutes. It is my opinion that the Project Plan Amendment is in compliance with all of the provisions of Section 66.1105(4) of the Wisconsin Statutes dealing with the creation of Tax Incremental Financing Districts.

If you have any questions concerning this matter, please contact me at your earliest convenience.

Sincerely,

Christopher R. Behrens
City Attorney

CRB:jlg

Christopher R. Behrens, *City Attorney* | Amanda Abshire, *Deputy City Attorney* | Darrin M. Glad, *Assistant City Attorney* | Nicholas J. Vande Castle, *Assistant City Attorney*

SECTION 17:

Calculation of the Share of Projected Tax Increments Estimated to be Paid by the Owners of Property in the Overlying Taxing Jurisdictions

The scope of this Plan Amendment makes no changes to the calculations prepared and included in the original District Project Plan approved on November 4, 1992. Those calculations are hereby incorporated by reference.