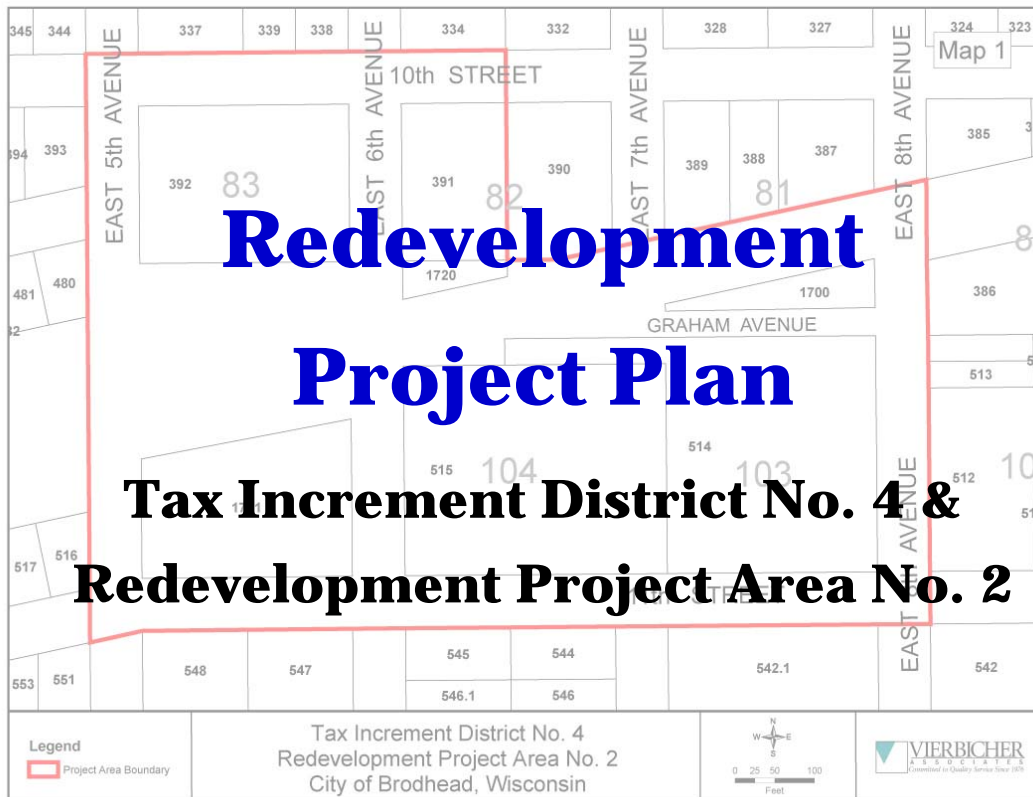


# City of Brodhead, Wisconsin



**Redevelopment Project Plan  
Tax Increment District No. 4 &  
Redevelopment Project Area No. 2  
City of Brodhead, WI**

**Prepared For:  
City of Brodhead**

**Prepared By:  
Vierbicher Associates, Inc.  
999 Fourier Drive, Suite 201  
Madison, WI 53717**

## **Brodhead Common Council**

Doug Pinnow, Mayor  
Michael Searls  
Joe Kohlman  
John Bernstein  
Joella Miller  
Donald Wickstrum  
Joleen Erb

## **Brodhead Plan Commission**

Doug Pinnow, Chairman  
Holly Everson  
Sharon Wolter  
Mac Frie  
Jim Williams  
Alderman Joe Kohlman, Council Rep.  
Shelly Kuhl

## **Brodhead Community Development Authority**

Doug Pinnow, Chairman  
Holly Everson  
Sharon Wolter  
Mac Frie  
Jim Williams  
Alderman Joe Kohlman, Council Rep.  
Shelly Kuhl

## **Vierbicher Associates, Inc.**

Project Manager – Gary Becker

## TABLE OF CONTENTS

	<u>Page</u>
I. Introduction .....	1
II. Statement of Kind, Number and Location of Proposed Public Works and Improvements Within the District .....	14
III. Detailed List of Project Costs.....	17
IV. Economic Feasibility Study .....	18
V. Financing Methods and Timetable.....	20
VI. Analysis of Overlying Taxing Districts.....	21
VII. Maps Showing Existing Uses and Zoning (See Maps 3 and 4) .....	21
VIII. Maps Showing Proposed Improvements (See Map 6) .....	21
IX. Proposed Changes in the Master Plan, Maps, Building Codes and City Ordinances.....	21
X. A List of Estimated Non-Project Costs.....	22
XI. Proposed Methods for the Relocation of Any Displaced Persons.....	22
XII. Statement Indicating How Creation of the TID Promotes the Orderly Development of the City of Brodhead .....	22
XIII. District Boundaries .....	22
XIV. Attorney Opinion Letter and City Council Resolution .....	23

## Maps

# 1: District Boundary and Parcel Numbers.....	6
# 2: Condition of Property .....	7
# 3: Existing Zoning .....	11
# 4: Existing Land Uses .....	12
# 5: Proposed Land Uses.....	13
# 6: Proposed Improvements .....	16

## LIST OF ATTACHMENTS

### Financial Attachments

- # 1: Planned Project Costs
- # 2: Financing Summary
- # 3: Debt Service Plan
- # 4: Tax Increment Pro Forma
- # 5: Cash Flow Worksheet
- # 6: Analysis of Overlying Taxing Jurisdictions

### Resolutions, Notices ,Minutes, and Other:

- # 7: Timetable
- # 8: Resolution to Authorize Proceeding with the Creation of Tax Increment Districts
- # 9: Notice to Overlying Taxing Jurisdictions of Creation of Joint Review Board
- #10: Newspaper Articles about TID/Redevelopment Process
- #11: 2003 Means Construction Cost Index
- #12: CDA Certification of Redevelopment Project Plan
- #13: JRB Organizational Meeting Notice
- #14: Public Hearing Notice to Overlying Taxing Jurisdictions
- #15: JRB Organizational Meeting Minutes
- #16: Public Hearing Notice Proof of Publication
- #17: Public Hearing Notice to Property Owners
- #18: Minutes of Public Hearing on Redevelopment Project Plan
- #19: CDA Approval of Redevelopment Project Plan
- #20: City Council Resolution Creating Tax Increment District and Approval of Redevelopment Project Plan
- #21: JRB Final Meeting Notice
- #22: JRB Resolution Approving TID
- #23: Opinion Letter from City Attorney Regarding Compliance With Statutes

**REDEVELOPMENT PROJECT PLAN  
TAX INCREMENT DISTRICT NO. 4 &  
REDEVELOPMENT PROJECT AREA NO. 2  
CITY OF BRODHEAD, WISCONSIN**

**I. INTRODUCTION**

This project and redevelopment plan for Tax Increment District No. 4 (TID No. 4) and Redevelopment Project Area No. 2 in the City of Brodhead has been prepared in compliance with Wisconsin Statutes Chapter 66.1105(4)(f) and 66.1333(6)(b)2. The Redevelopment Project Plan establishes a need for the district, the proposed improvements within the district, an estimated time schedule, and an estimated budget. This project plan also includes a detailed description of the Tax Increment District and Redevelopment Project Area boundaries.

**A. Approval Process**

Redevelopment Area No. 2 was created by the City of Brodhead Community Development Authority on July 7, 2003 and the City Council on declared the area to be a blighted and in need of redevelopment on July 14, 2003. The City of Brodhead City Council met on July 12, 2004 and directed Vierbicher Associates, Inc. to prepare a draft redevelopment project plan and preliminary boundaries to create TID No. 4. The Council also authorized the formation of a Joint Review Board at that time.

A draft redevelopment project plan was reviewed by the CDA on October 4, 2004. As a result of the discussion, revisions to the plan were made and a public hearing date was set. Owners of property within the boundaries of TID No. 4 and Redevelopment Project Area No. 2 were notified by certified mail on October 10, 2004 of the proposed designation of blight within TID No. 4 and Redevelopment Project Area No. 2 and of the Public Hearing. Notice of the Public Hearing was sent to the overlying taxing jurisdictions on October 1, 2004, and the Class II Notice was published on October 13, 2004 and October 20, 2004.

An organizational meeting of the Joint Review Board was held on October 26, 2004. A Public Hearing was held on the TID No. 4 Boundary and Redevelopment Project Plan on November 1, 2004. The CDA approved the TID No. 4 boundary and Redevelopment Project Plan following the public hearing and recommended to the City Council for adoption on November 17, 2004.

The Redevelopment Project Plan for TID No. 4 and Redevelopment Project Area No. 2 was adopted by resolution of the City Council on November 17, 2004. The Joint Review Board met on November 23, 2004 to approve the City Council Resolution creating TID No. 4. The CDA certified this plan on December 6, 2004. Documentation of all resolutions, notices and minutes can be found as attachments to this Project Plan.

As required by Wisconsin Statutes Chapter 66.1105(5)(b), a copy of the project plan will be submitted to the Wisconsin Department of Revenue and used as the basis for the certification of Tax Increment District No. 2 in the City of Brodhead.

This is to be used as the official plan that guides redevelopment activities within TID No. 4 and Redevelopment Project Area No. 2. Implementation of the plan and construction of the proposed improvements will require a case-by-case authorization by the CDA and City Council. Public expenditures for projects listed in the plan will be based on the development status of the land and economic conditions existing at the time the project is scheduled for construction. The City Council or CDA is not mandated to make expenditures described in this plan and is limited to implementing only those project cost categories identified. Changes in boundaries or additional project categories not identified here will require formal amendment to the plan involving public review and City Council approval.

As stated in the City Council resolution approving this plan (appendix no. 20), the Redevelopment Project Plan conforms to the General Plan of the City of Brodhead.

**B. Joint Review Board**

The TID No. 4 project plan was reviewed and approved by a Joint Review Board (JRB) as required by Wisconsin Statutes consisting of:

**City of Brodhead**  
Joe Kohlman  
Brodhead Community  
Development Authority  
P.O. Box 168  
Brodhead, WI 53520

**Brodhead School District**  
Peggy Olson  
N2603 Scotch Rd  
Brodhead, WI 53520

**Green County Board**  
Tom Daly  
W8007 County C  
Argyle, WI 53504

**At-Large**  
Doug Pinnow  
P.O. Box 168  
Brodhead, WI 53520

**Blackhawk Technical College**  
Dr. Eric Larson  
Blackhawk Technical College  
P.O. Box 5009  
Janesville, WI 53547

The JRB held its organizational meeting on October 26, 2004 at which members voted to accept Doug Pinnow as the At-Large Member and Peggy Olson as the JRB Chairman.

The final meeting of the JRB was held on November 23, 2004. The JRB approved the City's creation of TID No. 4.

C. Plan of Redevelopment for TID No. 4 and Redevelopment Area No. 2

*Inventory of Area*

The area that is the subject of this evaluation contains the majority of five city blocks (seven parcels) and the public right-of-way serving the area and is located just east of downtown in the City of Brodhead, Green County, WI. The approximate boundaries are 10<sup>th</sup> Street on the North, East 8<sup>th</sup> Avenue on the East, 11<sup>th</sup> Street on the South, and East 5<sup>th</sup> Avenue on the West. The boundaries of Redevelopment Area No. 2 and TID No. 4 can be seen on Map 1.

Underutilized, deteriorated, and vacant parcels and improvements characterize the area. Within the boundary there is an abandoned and possibly contaminated factory, an abandoned warehouse building, and a now vacant former school building. These three parcels, containing 59.7 percent of the real property area inside the TID, are categorized as blighted because the improvements are deteriorated, and their replacement value is more than the value of the land they occupy. The replacement value of these structures was determined using the 2003 Means Construction Costs Index, which is included as Appendix No. 24. Map 2 indicates parcels which are vacant, blighted, or both. Table 1 shows the inventory of land contained within the TID.

Table 1: Inventory of Property within Redevelopment Area No. 2

	Parcels	Acres	Percentage
Blighted Property	3	4.25	59.7 % (of real property)
Vacant Property	4	2.87	19.2 % (of total area)
Real Property	7	7.13	
Right of Way		7.80	52.3 % (of total area)
Total Boundary Area	14	14.93	100.0 %

TID No. 4 and Redevelopment Area No. 2 are served by a number of City streets including the East-West Streets of 10<sup>th</sup>, 11<sup>th</sup>, and Graham Street as well as North-South Avenues of E. 5<sup>th</sup>, E. 6<sup>th</sup>, E. 7<sup>th</sup>, and E. 8<sup>th</sup>. All parcels in the area are also served by the rail line that runs through the middle of the area. No other Federal, State or County highways are contained in the TID or the Redevelopment Area. City infrastructure is in generally good shape.

The area is served by City sanitary sewer and water service. A City storm sewer also serves the District. Electric power is provided by the Brodhead Water and Light Commission – a City electric utility. Natural gas service is provided by Wisconsin Gas Co. Public utilities are adequate to serve proposed redevelopment of the District with the exception of older sanitary sewer and water lines which may be in need of replacement as redevelopment occurs.

The Brodhead area is not currently served by public transportation. There are no recreational facilities within the District, however, the District is well served by nearby City parks and recreational trails. This includes a city-owned park directly across 11<sup>th</sup> Street in Block 118. There are no community facilities within the District but Police, fire, City Hall, a school, and churches serve the District within a 10 block radius.



### *Redevelopment Plans*

The plan for redevelopment calls for removing any unusable buildings, cleaning up any soil contamination, and re-designing the 14-acre area into a residential neighborhood. Obvious hindrances to development at this point are the costs associated with demolishing or rehabilitating, the existing structures that are of little value, cleaning up any contamination, and changing the platting and zoning, which is outdated and incompatible with desirable uses.

The City Council passed a resolution declaring the area blighted on July 14, 2003. This began the redevelopment process and the first accomplishment was applying for and receiving a Site Assessment Grant from the Wisconsin DNR to clean the potentially contaminated parcel No. 515. This grant will fund up to \$30,000 of the activities related to remediation including, but not limited to: Phase I and Phase II environmental assessments, soil contamination removal, and demolition of the abandoned factory.

The other two structures existing in the area will also need to be removed or rehabilitated as part of the project. The abandoned pickle warehouse on parcel 1721 does not have any value and will be removed. On the other hand, the former middle school on parcel 392 is a historic brick structure that could be converted to a multifamily residential building. The current owner has explored the idea and has a preliminary design that would create 41 units. Unfortunately, the money and expertise necessary to undertake the rehabilitation project are beyond the capabilities of the current owner. The owner has presented the project to several developers but they did not see enough profit to undertake the project. Contributing TIF funds to this project is a justifiable use of TIF funds and is in-line with the City's goals of providing affordable housing and preserving the community's historic structures.

Another major component of this project plan is re-platting the area to make the land more accessible and conducive to residential development. This area was originally platted in the 1800s to support a railroad yard and the surrounding industrial establishments. Almost 50 percent of the area is devoted to ROW, either for the railroad or for streets, much of which is extra ROW that is no longer needed to accommodate the railroad yard or was designated as streets that no longer exist. Also, much of the real property is contained in large, oddly-shaped parcels, designed for industrial establishments that required direct rail access. Re-platting and re-zoning this area would increase the value of the land, provide public parks and open spaces, and ensure sufficient road networks to open up property for development. Special emphasis will be placed on landscaping and use of open spaces to buffer the active rail line from the residential dwelling units.

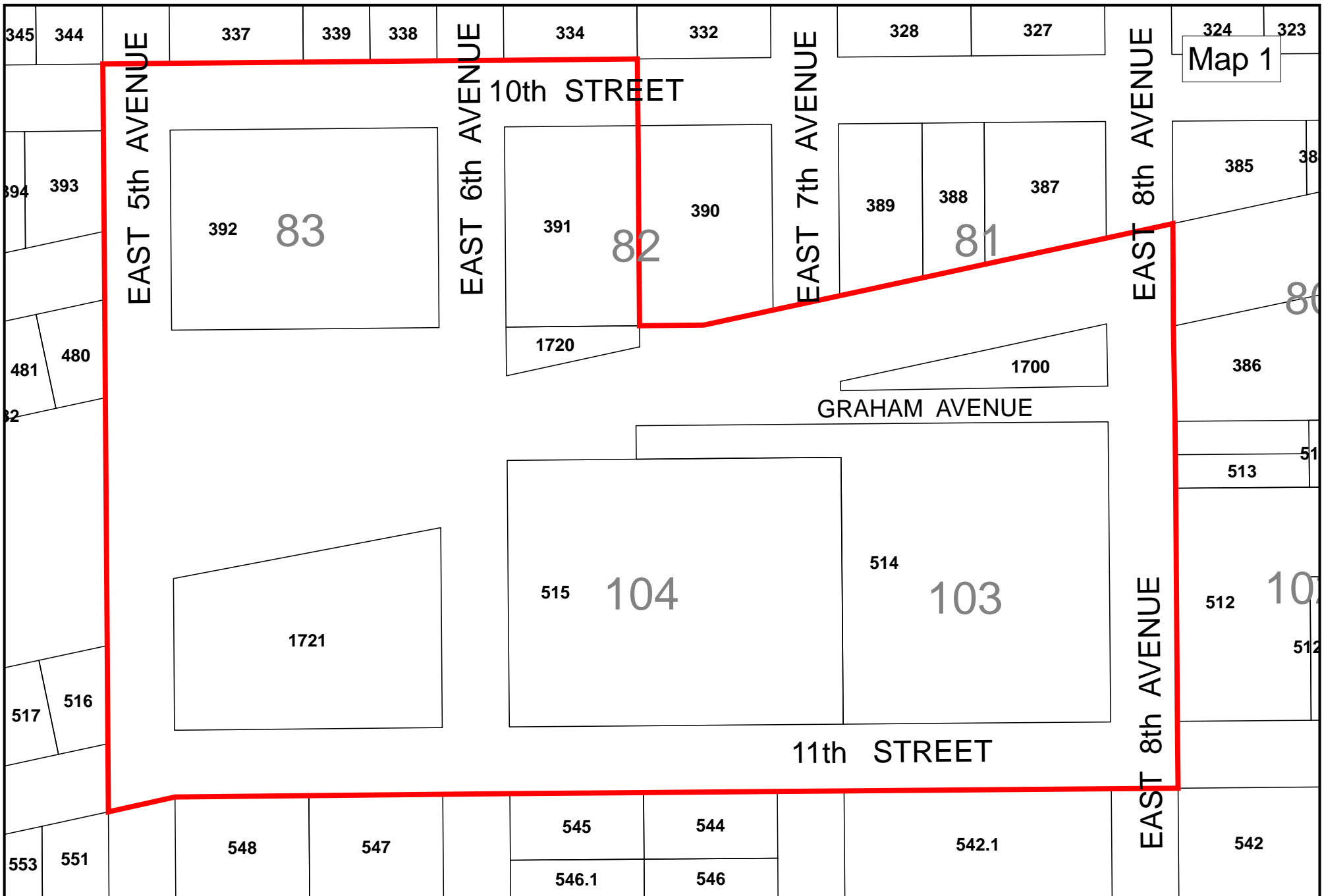
The preliminary plan for the area includes the creation of 19 single family lots that are all accessible by infrastructure. This would require the addition of a street connecting the currently dead end of East 6<sup>th</sup> Avenue (south of the railroad tracks) east to East 8<sup>th</sup> Avenue. There will also be a new street added where East 7<sup>th</sup> Avenue would extend north into the district. There are also plans to re-surface 11<sup>th</sup> Street, East 5<sup>th</sup> Avenue, and East 6<sup>th</sup> Avenue. Map 6 shows the preliminary concept plan for the area. More detailed concept planning is included as a TIF project costs and will be undertaken early in the project.

City of Brodhead Redevelopment Area No. 2 Planned Project Activities	
Proposed Improvements	Estimated Cost
Infrastructure	\$347,200
Acquisition, clean-up of property, demolition of industrial structures	\$145,000
Redevelopment Funds for School	\$250,000
Surveying, Engineering & Landscaping	\$73,000
Administration Costs	\$40,500
TIF Organizational Costs	\$25,000

The 2004 equalized value of the property within TID No. 4 and Redevelopment Area No. 2 was approximately \$112,850. If re-platted, this 14 acre piece of land could yield 19 single family homes. Using current City of Brodhead values, we estimate these new homes could be valued at \$150,000 each. If the school could be remodeled and accommodated 41 apartments/condominiums, these would be worth approximately \$80,000 each. Total increment would be \$6,130,000. For the TIF revenue projections, we projected an absorption rate of four units per year and spread the increment over fifteen years.

Land coverage, building intensity, and population density within the redevelopment project area would increase from projects outlined in this plan. The primary goals of this project are to remove any current hazards to public safety, return this section of the City to beneficial uses, increase the intensity of uses, and increase property values. No people currently live within the redevelopment area boundary. If the plan above was implemented as stated, at full build-out, the density of this area would be approximately four dwelling units per acre.

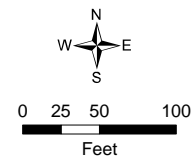
Photos documenting existing conditions in TID No. 4 and Redevelopment Area No. 2 are on pages 8 and 9.



**Legend**




 Project Area Boundary

Tax Incremental District No. 4  
 Redevelopment Project Area No. 2  
 City of Brodhead, Wisconsin

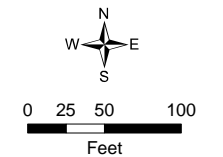




**Legend**

-  Project Area Boundary
-  Blighted
-  Vacant

**Condition of Property**  
 Tax Increment District No. 4  
 Redevelopment Project Area No. 2  
 City of Brodhead, Wisconsin



0 25 50 100  
Feet



**VIERBICHER ASSOCIATES**  
 Committed to Quality Service Since 1976

**Photos**

City of Brodhead TID No. 4

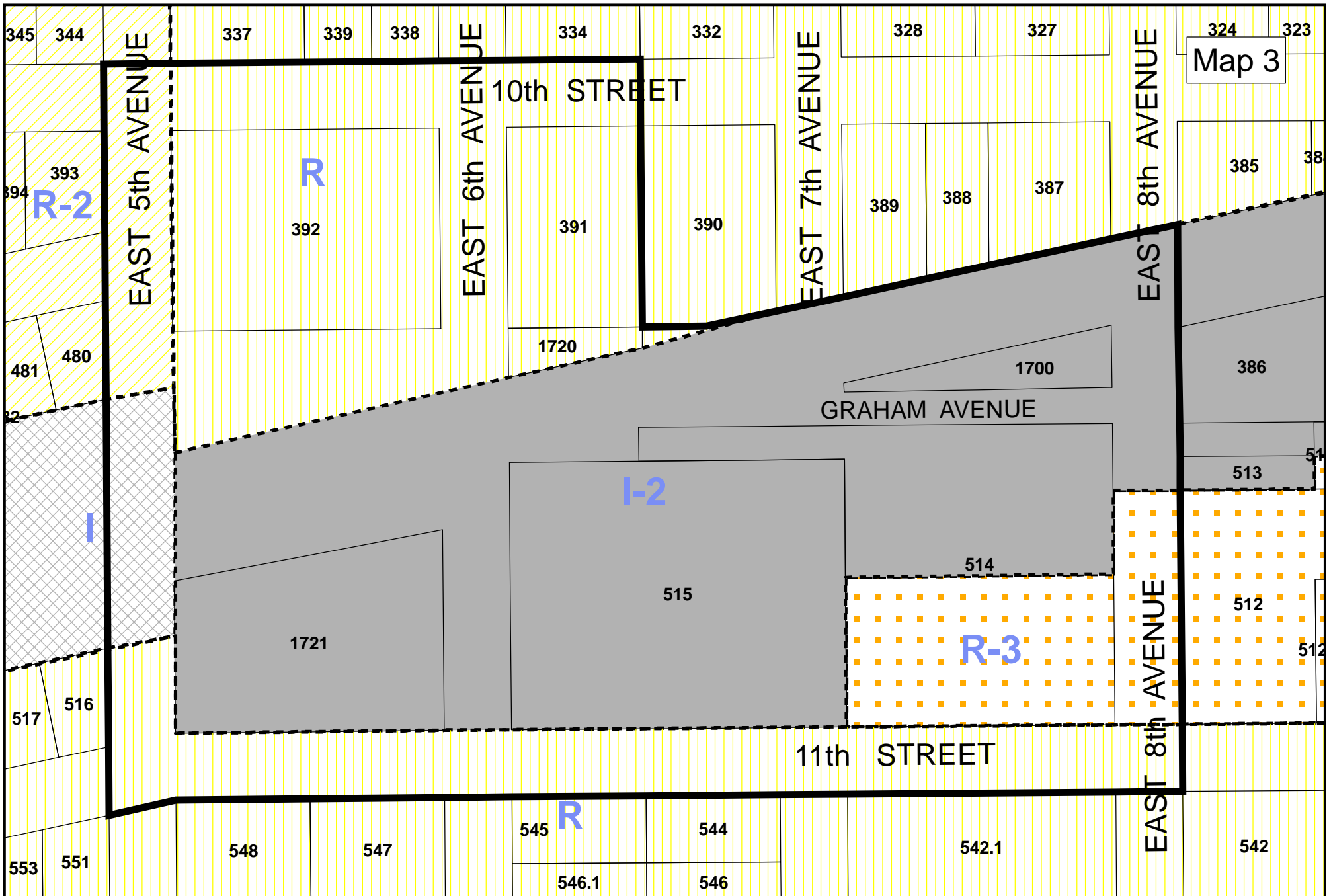
Parcels 514, 515, 1700, 1721



Parcels 391, 392, and 1720











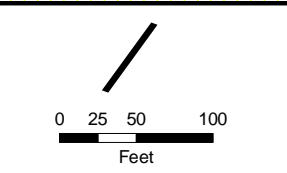


Map 3

**Legend**

-  Project Area Boundary
-  Single Family Residential District
-  (R-2) One and Two Family Residential District
-  Multiple Family Residential District
-  (I) Light Industrial District
-  General Industrial District

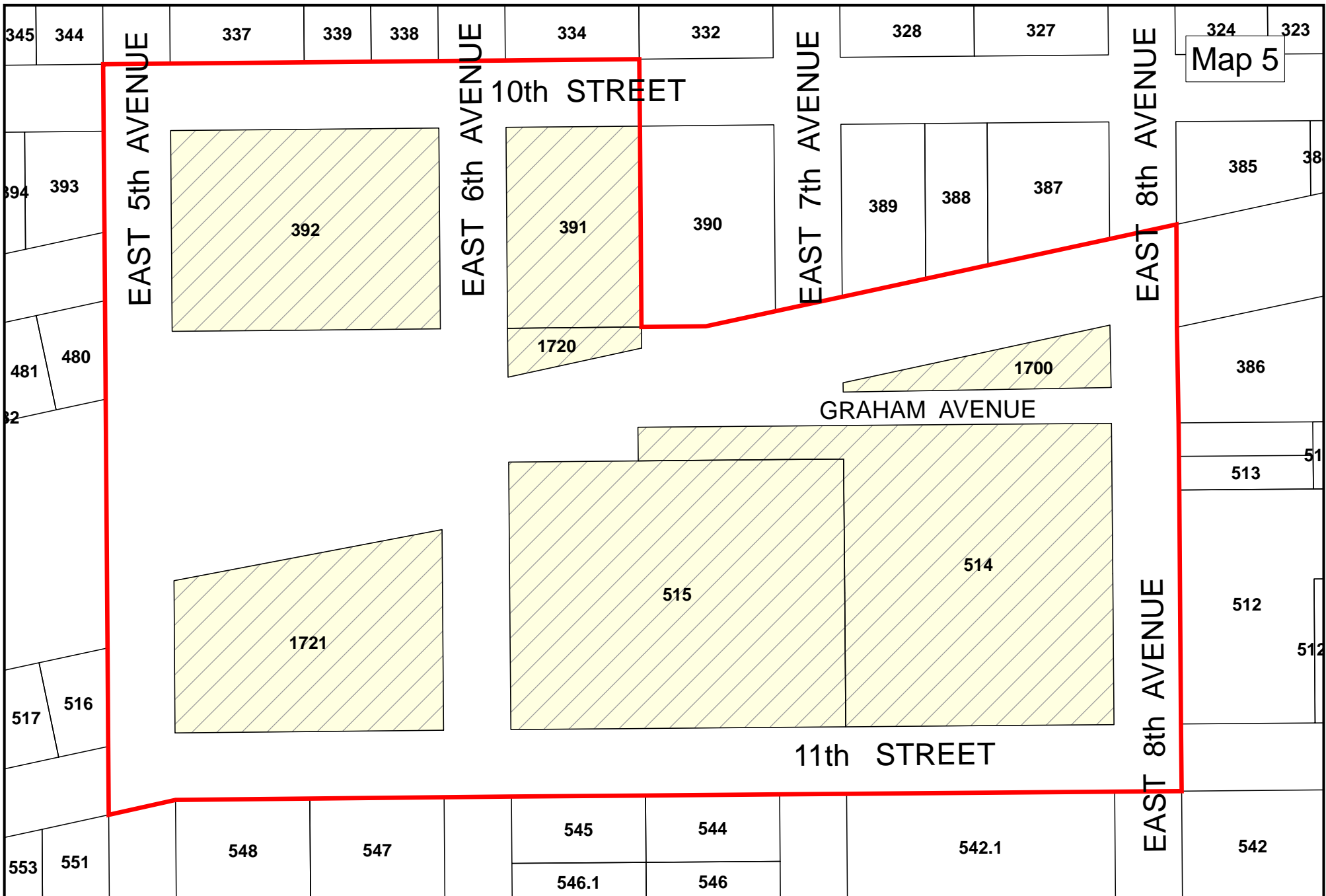
Existing Zoning  
Tax Increment District No. 4  
Redevelopment Project Area No. 2  
City of Brodhead, Wisconsin





**VIERBICHER**  
ASSOCIATES  
Committed to Quality Service Since 1976



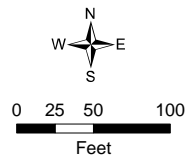




Map 5

**Legend**  
 Project Area Boundary  
 Residential

Proposed Land Use  
 Tax Incremental District No. 4  
 Redevelopment Project Area No. 2  
 City of Brodhead, Wisconsin



## II. STATEMENT OF KIND, NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS AND IMPROVEMENTS WITHIN THE DISTRICT

TID No. 4 and Redevelopment Project Area No. 2 are being created in order to promote the redevelopment of blighted property, stimulate residential revitalization, improve a portion of the City, enhance the value of property, and broaden the property tax base. The City and CDA contemplate expending funds on planning, street, sewer and water improvements, financial incentives and site improvements to promote redevelopment and industrial development activities.

Any cost directly or indirectly related to achieving the objectives of blight elimination or industrial development is considered a "project cost" and eligible to be paid from tax increments of this tax increment district, including but not limited to the list below. The costs of planning, engineering, design, surveying, legal and other consultant fees, testing, environmental studies, permits necessary for the public work, easements, judgements or claims for damages, and other expenses for all projects are included as project costs.

Listed below are project costs categories as defined by State statutes, which are necessary and standard costs for eliminating blight and promoting redevelopment of blighted areas:

### A. Capital Costs

Including, but not limited to, the actual costs of the construction of public works or improvements, new buildings, structures, and fixtures; the demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures and fixtures other than the demolition of listed historic properties; the acquisition of equipment to service the district; the removal or containment of, or the restoration of soil or groundwater affected by, environmental pollution; and the clearing and grading of land.

### B. Infrastructure

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 or the rebuilding or expansion of streets the construction, alteration, rebuilding or expansion of which is necessitated by the project plan for a district and is within the district. Infrastructure can also be installed outside of the district, if required to carry out project plans but only the portion which directly benefits the district is an eligible cost.

### C. Real Property Assembly Costs

Any deficit incurred resulting from the sale or lease as lessor by the city of real or personal property within a tax incremental district for consideration which is less than its cost to the city.

### D. Professional Services

Including, but not limited to, those costs incurred for architectural, planning, engineering, and legal advice and services.

### E. Relocation Costs

Including, but not limited to, those relocation payments made following condemnation.

**F. CDA Redevelopment Funds**

The amount of any contributions made to a Redevelopment Authority or Community Development Authority in connection with the implementation of the project plan.

**G. Discretionary Payments**

Payments made, in the discretion of the local legislative body, which are found to be necessary or convenient to the creation of tax incremental districts or the implementation of project plans, including payments made to a town that relate to property taxes levied on territory to be included in a tax incremental district.

**H. TIF Organizational Costs**

Including, but not limited to, the costs of conducting environmental impact and other studies and the costs of informing the public with respect to the creation of tax incremental districts and the implementation of project plans.

**I. Administration Costs**

Including, but not limited to, reasonable charges for the time spent by city employees in connection with the implementation of a project plan.

**J. Financing Costs**

Including, but not limited to, all interest paid to holders of evidences of indebtedness issued to pay for project costs and any premium paid over the principal amount of the obligations because of the redemption of the obligations prior to maturity.

The projects listed above will provide necessary facilities and support to enable and encourage the development of TID No. 4. These projects may be implemented in varying degrees in response to development needs.

EAST 5th AVENUE

EAST 6th AVENUE

EAST 7th AVENUE






EAST 8th AVENUE

10th STREET

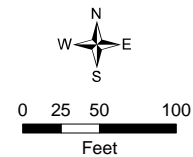
GRAHAM AVENUE

11th STREET

EAST 8th AVENUE

- Legend**
-  Project Area Boundary
  -  Single Family Residential
  -  Multifamily Residential
  -  Park
  -  Parking Lot

Proposed Improvements  
Tax Increment District No. 4  
Redevelopment Project Area No. 2  
City of Brodhead, Wisconsin



### III. DETAILED LIST OF PROJECT COSTS FOR TID NO. 4

The table below describes the detailed project costs for project categories anticipated to be implemented during the expenditure period of TID NO. 4. This format follows Dept. of Revenue guidance on detailed project costs, which states “this list should show estimated expenditures expected for each major category of public improvements”.

All costs listed are based on 2004 prices and are preliminary estimates. The City reserves the right to revise these cost estimates to reflect change in project scope, inflation and other unforeseen circumstances between 2004 and the time of construction or implementation. The City should pursue grant programs to help share project costs included in this project plan, as appropriate. Planned project costs are listed in the table below. A more detailed list of planned project costs is included as Attachment #1.

The City may fund specific project cost items shown below in significantly greater or lesser amounts in response to opportunities which will help the City accomplish the purposes of TID NO. 4. The City will generally use overall benefit to the City and economic feasibility, i.e. the availability of future revenue to support additional project costs, in determining the actual budget for project cost items over the course of the TID’s expenditure period.

BRODHEAD TID NO. 4 PLANNED PROJECT COSTS			
Proposed Improvements	Total Cost	Others Share	TID Share
A. Capital Costs	\$0	\$0	\$0
B. Infrastructure	\$347,200	\$0	\$347,200
C. Real Property Assembly Costs	\$0	\$0	\$0
D. Professional Services	\$0	\$0	\$0
E. Relocation Costs	\$0	\$0	\$0
F. CDA Redevelopment Funds	\$474,000	\$0	\$474,000
G. Discretionary Payments	\$0	\$0	\$0
H. Administration Costs	\$40,500	\$0	\$40,500
I. Organizational Costs	\$25,000	\$0	\$25,000
<b>TID SHARE SUBTOTAL</b>	<b>\$886,700</b>	<b>\$0</b>	<b>\$886,700</b>
Inflation Cost Adjustment			\$0
J. Financing Costs ( <i>Interest less Capitalized Interest, Financing Fees</i> )			\$452,602
Capitalized Interest			\$102,000
<b>TOTAL TID EXPENDITURE</b>			<b>\$1,441,302</b>

IV. ECONOMIC FEASIBILITY STUDY FOR TID NO. 4

In order to evaluate the economic feasibility of the TID, it is necessary to project the amount of tax incremental revenue that can reasonably be generated from the district. The ability of the municipality to finance proposed projects must also be determined. TID No. 4 is economically feasible if the tax incremental revenue projected to be generated over the life of the TID is sufficient to pay all project and financing costs incurred during the TID’s expenditure period. The components of such an analysis include:

- A. The expected increase in property valuation due to inflation and the impact of general economic conditions on the TID.
- B. The expected increase in property valuation due to new development encouraged by the TID.
- C. Any change that may take place in the full value tax rate.

Following is a discussion of these components. Financing issues are discussed in the next section.

**A. Inflation**

Throughout the past twenty years, the annual rate of inflation in the construction industry has averaged 2.5 percent (source: Engineering News-Record Construction Cost Index History - <http://enr.construction.com>). Appreciation of land values in Brodhead have averaged about 5.7% between 2001 and 2004 (source: Wisconsin Dept. of Revenue, *Property Tax Master Data File 2000 - 2003*). The inflation rate, for the purpose of making projections of equalized value, will be 1.0 percent. Inflation for purposes of projecting future project costs is assumed to be 1.0 percent.

**B. Increase in Property Value**

The proposed plan for TID No. 4 includes the redevelopment of all six parcels within the TID. The formation of TID No. 4 will enable the City to make various improvements and provide funding that will stimulate redevelopment in the area. This redevelopment will create increased property valuation. The increase in property valuation is estimated from the following projects. Other improvements and redevelopment projects, which were not anticipated at the time this Project Plan was prepared, may occur within the TID.

- 1) 19 Single Family Homes @ \$150,000 each .....\$2,850,000  
Clearing the land of existing industrial structures, cleaning up any residual contamination, and re-platting the entire area could yield 19 single family lots. Map 6 is not a final concept plan, but shows how we determined the number of lots that could be created.
- 2) Former Middle School Remodel.....\$3,280,000  
Reconstruction of this former school could yield 41 multifamily units which would either be rented by the owner or sold as condominiums. We estimate units in this structure could be worth \$80,000 each for a total value of \$3.28 million.

**C. Full Value Tax Rate**

The third variable to consider in projecting TID revenues is the full value tax rate. The full value tax rate is adjusted annually based on property valuation and the amount of funds required by all taxing jurisdictions to support their adopted annual budgets. The following chart summarizes the historic full value tax rate in the City between 1997 and 2003.

Year	Mill Rate/\$1,000	Percent Change
1997	\$25.54	-
1998	\$25.14	-1.57%
1999	\$24.59	-2.19%
2000	\$27.02	9.88%
2001	\$26.18	-3.11%
2002	\$24.43	-6.68%
2003	\$25.49	4.38%

The full value rate has remained relatively constant since 1997 – an overall change of -.16 percent between 1997 and 2003. With state budget shortfalls predicted for the next several years and growing fiscal pressures on municipalities, it is unlikely that local tax rates will drop any further. The 2003 tax rate of .02549 with 0% change will be used in this project plan to project TID revenues.

**D. TIF Revenues**

Utilizing a property appreciation rate of 1.0 percent, projected construction increment of \$6,130,005 over the life of TID No. 4 and an initial full-value tax rate of .02549, which is projected to remain constant, the projected TIF Revenue from TID No. 4 will be as shown in the Tax Increment Proforma in Attachment #4. The total tax increment revenue is sufficient to pay all TID related costs for the projects and amounts shown in the Planned Project Costs in Attachment #1.

**E. Cash Flow**

Another consideration regarding the adequacy of TID revenues toward paying TID project costs is the relative timing of revenue and expenditure, or cash flow. There are sufficient TID revenues over the life of the TID to pay all costs. In addition, there are sufficient TID revenues in each year to pay all costs. The City anticipates borrowing additional funds to pay interest expense on borrowings (capitalized interest) to bridge temporary cash flow gaps caused by the two year lag in collecting tax revenue on new increment. The Tax Increment Cash Flow Worksheet shown on Attachment #5 summarizes the assumed cash flow.



## V. FINANCING METHODS AND TIMETABLE FOR TID NO. 4

### A. Financing Methods

An important aspect to consider in assessing the economic feasibility of TID No. 4, is the ability of the City to finance desired projects to encourage development. Financial resources available to the City include general obligation notes and bonds, revenue bonds, special assessments, and federal and state community development programs. Additionally, the CDA may finance project costs within a TID and the City may apply TID revenue to the CDA to service the debt incurred to finance eligible projects within the TID.

General obligations of the City are limited by state law to five percent of the equalized property value. The City had a 2004 total debt capacity of \$6,778,750 and \$3,320,517 in existing General Obligation debt. Using this data, the current remaining debt capacity is \$3,458,233. This is more than adequate financing capacity to finance the planned project costs of approximately \$821,200 plus capitalized interest. Not all anticipated project costs will need to be borrowed. For example, TID administration costs will be relatively small on an annual basis and can be paid out of City operating funds and reimbursed from the TID when funds are available.

The City has the capacity to finance some project costs through direct debt or bond instruments, utilizing the general revenue capacity of the City to secure those instruments. There are other mechanisms available to pay for some project costs that would not count against the City's constitutional debt capacity.

The City may utilize revenue bonds repaid from fees for services charged by the City. Common examples of such revenue are charges for sewer and water usage. There is no statutory limit on the amount of revenue bonds that can be issued, however, the City must demonstrate the ability to repay the debt from anticipated revenues. A further factor that could potentially limit revenues is that utility rates may be regulated by the Wisconsin Public Service Commission.

Some project costs can potentially be paid through special assessments levied on properties directly benefiting from the improvements. Costs of streets, curbs, gutters, and sewer and water extensions are commonly paid through special assessments. The City can issue special assessment bonds, pledging revenues from the special assessments on individual properties to repay the debt. Property owners are generally permitted to pay the special assessments in installments. These bonds are not counted against the City's constitutional debt limit.

### B. Timetable

The City of Brodhead has a maximum of twenty-two years, until May 2026 to incur TIF expenses for the projects outlined in this plan. The maximum life of the TID will be twenty-seven years and a four-year extension may be requested. The City Council is not mandated to make the improvements defined in this plan; each project will require case by case review and approval. The decision to proceed with a particular project will be based on the economic conditions and budgetary constraints at the

time a project is scheduled for consideration. Actual implementation of the projects may be accelerated or deferred, depending on conditions existing at the time. Projects are expected to begin in 2005 and occur periodically throughout the twenty-two year expenditure period.

Timing for each of the planned redevelopment projects is shown in the TID Pro Forma (Attachment # 4) and TID Cash Flow (Attachment #5) worksheets.

**C. Description of Methods of Financing and Time Such Costs or Related Monetary Obligations are to be Incurred**

Financing for the projects shown above will be done as summarized in the Financing Summary and the Debt Service plans for the borrowing shown in Attachments #2 and #6. The actual number, timing, and amounts of debt issues will be determined by the City at its convenience and as dictated by the nature of the projects as they are implemented. All monetary obligations will be incurred within the twenty-two year expenditure period, unless relocation requires extending beyond the given period.

**VI. ANALYSIS OF OVERLYING TAXING DISTRICTS**

Taxing Districts overlying the City of Brodhead TID No. 4 include Green County, Brodhead School District, Blackhawk Technical College, and the State of Wisconsin. Impact on the overlying taxing districts is based on the percentage of tax collections in TID No. 4 in 2004. Total TIF Increment over the life of the district is divided by a proportionate share of each taxing jurisdiction. An analysis of the impact on overlying taxing districts is included as Attachment #6.

Many of the projects planned for the TID would not occur or would occur at significantly lower values but for the availability of tax incremental financing. TID No. 4 is a mechanism to make improvements in an area of Brodhead which is experiencing blighting influences and to support growth in the City's tax base. All taxing jurisdictions will benefit from the increased property values, public safety, and community vitality, which will result from the projects planned in TID No. 4.

**VII. MAPS SHOWING EXISTING LAND USES AND ZONING**

SEE MAPS #3 and #4, pages 11 and 12.

**VIII. MAPS SHOWING PROPOSED IMPROVEMENTS**

SEE MAP #6, page 16.

**IX. PROPOSED CHANGES IN THE MASTER PLAN, MAPS, BUILDING CODES AND CITY ORDINANCES**

The City of Brodhead has a Community Master Plan. No changes in the Master Plan, Official Map, Building Codes, or City Ordinances are required to implement this project

plan. The plan for the area does call for a change in zoning throughout the area as several parcels will change from industrial to residential uses. Individual redevelopment proposals may require additional changes in zoning designation consistent with the intent of this Plan.

**X. A LIST OF ESTIMATED NON-PROJECT COSTS**

There are no project costs planned for TID No. 4 which would directly benefit property outside the TID, therefore there are no “non-project” costs.

**XI. PROPOSED METHOD FOR THE RELOCATION OF ANY DISPLACED PERSONS**

No persons are expected to be displaced or relocated as a result of proposed projects in TID No. 4 and Redevelopment Project Area No. 2. The following is the method proposed to be followed by the City or CDA if future projects require displacement or relocation. Before negotiations begin for the acquisition of property or easements, all property owners will be contacted to determine if there will be displaced persons as defined by Wisconsin Statutes and Administrative Rules. If it appears there will be displaced persons, all property owners and prospective displaces will be provided an informational pamphlet prepared by the Wisconsin Department of Commerce (DOC). If any person is to be displaced as a result of the acquisition they will be given a pamphlet on "Relocation Benefits" as prepared by the DOC. The City will file a relocation plan with the DOC and shall keep records as required in Wisconsin Statutes 32.27. The City will provide each owner a full narrative appraisal, a map showing the owners of all property affected by the proposed project and a list of neighboring landowners to whom offers are being made as required by law.

**XII. STATEMENT INDICATING HOW CREATION OF THE TID PROMOTES THE ORDERLY DEVELOPMENT OF THE CITY OF BRODHEAD**

The creation of TID No. 4 will encourage the development of blighted and otherwise economically distressed and underutilized property in the City. Creation of the TID will also promote development of the tax base of the City and, in general, promote the public health, safety and general welfare. Successful implementation of the projects planned in TID NO. 4 will build tax base for the City and overlying taxing jurisdictions and improve the safety and welfare of the area.

**XIII. DISTRICT BOUNDARIES**

Prior to considering the specific area to include within the TID, the Planning Commission established criteria to act as guidelines in their work. The boundary criteria are as follows:

1. The equalized value of taxable property of the district plus the value increment of all existing districts does not exceed 12 percent of the total equalized value of taxable property within the city.

2. A minimum of 50 percent of the TID must be a blighted area, in need of rehabilitation or conservation or suitable and zoned for industrial use.
3. All lands within the TID shall be contiguous.

TID No. 4, Redevelopment Area No. 2 Boundary Description:

An area of land located in the Southeast Quarter of the Northeast Quarter and the Southwest Quarter of the Northeast Quarter and the Northeast Quarter of the Southeast Quarter and the Northwest Quarter of the Southeast Quarter of Section 25, Town 2 North, Range 9 East, City of Brodhead, Green County, Wisconsin bound by the following described line;

Commencing at the intersection of the north right-of-way line of 10<sup>th</sup> Street with the west right-of-way line of East 5<sup>th</sup> Avenue, being the Point of Beginning;

Thence Easterly, 528 feet more or less, along the north right-of-way line of 10<sup>th</sup> Street to the extended east line of Lot 2, Block 82, Original Plat of Brodhead;

Thence Southerly, 264 feet more or less, along the extension of and the east line of Lots 2, 4, and 6, Block 82, Original Plat of Brodhead to the southeast corner of said Lot 6, Block 82;

Thence Northeasterly, 475 feet more or less, along the northerly right-of-way line of the former Milwaukee and Mississippi Railroad to the east right-of-way line of East 8<sup>th</sup> Avenue;

Thence Southerly, 560 feet more or less, along the east right-of-way line of East 8<sup>th</sup> Avenue to the south right-of-way line of 11<sup>th</sup> Street;

Thence Westerly, 1060 feet more or less along the south right-of-way line of 11<sup>th</sup> Street to the west right-of-way line of East 5<sup>th</sup> Avenue;

Thence Northerly, 740 feet more or less along the west right-of-way line of East 5<sup>th</sup> Avenue to the Point of Beginning.

**XIV. ATTORNEY OPINION LETTER AND CITY COUNCIL RESOLUTION**

See Attorney Opinion Letter (Attachment No. 23) and City Council Resolution (Attachment No. 20) on following pages.