

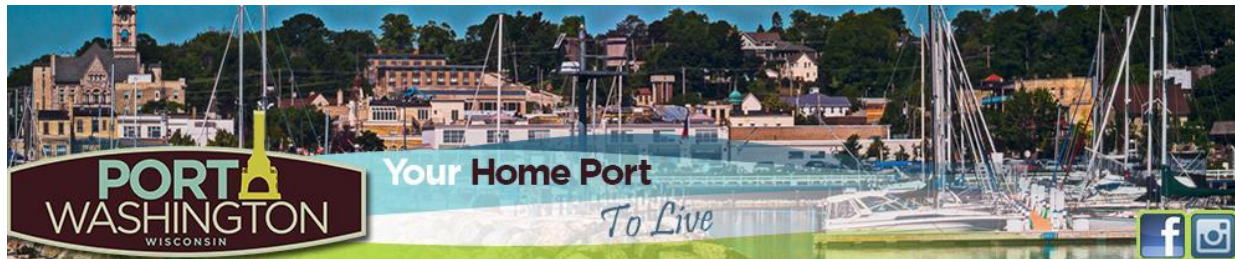
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# **Tax Incremental District No. 3**

## **Project Plan**

**City of Port Washington, Ozaukee  
County, Wisconsin**

**July, 2015**



**TRILOGY**  
CONSULTING, LLC  
MUNICIPAL & UTILITY ADVISORS

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## INTRODUCTION

It is the intent of the City of Port Washington to support new development and redevelopment within the City by creating a new tax incremental finance district (TID). This district will be the third TID created by the City. TID No. 1 was created in 1991 and retired in 2007 and TID No. 2 was created in 2010. The proposed Tax Incremental District No. 3 will cover a portion of undeveloped land lying south of the City and along Lake Michigan, a portion of the City's industrial park, and undeveloped lands to the west of



the industrial park. The use of tax incremental financing will support a unique mixed use development combining a residential subdivision with conservation lands along the Lake Michigan shoreline, vineyards and a winery, enhancement of the area's agri-tourism opportunities, development of recreational paths for public use in the conservation lands, and redevelopment within the existing industrial park. This project plan for Tax Incremental District No. 3 describes the proposed development of the district, anticipated project costs and methods of financing, and the economic feasibility study.

### *What is Tax Incremental Financing?*

Tax incremental financing (TIF) is a financing tool that municipalities can use to invest in infrastructure improvements and other project costs that increase the property value in a defined area or district. A certain area is defined as the tax incremental district (TID) and projects are identified to support new development or redevelopment within the district. As new development or redevelopment occurs, the tax incremental district collects all of the property taxes on the increases in property value (tax increments) that would normally be collected by the city, county, school district, and vocational college district (overlying taxing jurisdictions). These tax incremental revenues are used to repay debt incurred to finance project costs or to cash finance project costs on a 'pay-as-you-go' basis. After all project costs are paid off, the district is closed and all of the taxing jurisdictions share in the benefit of increased tax revenues from the new development in the district.

When a TIF district is created, the base value is determined. The base value is the value of all real and personal property in the district as of the date the district is created. Taxes collected on the base value of the district continue to go to each of the taxing jurisdictions as normal. Each year, the increase in property value over the base value (incremental value) is determined. All of the taxes collected on this incremental value are turned over to the district to be used for projects to support development within the district. Property in a TIF district pays the same tax rates as other property within the same taxing jurisdictions.

TIF districts may be used to eliminate blight, or support redevelopment or rehabilitation work, industrial development or mixed use development. Mixed use development is development that includes a mix of

industrial, commercial and residential development, as long as newly platted residential development does not include more than 35 percent of the area within the district. A wide variety of costs may be paid for by a TIF district, including:

- Capital costs for the construction of public works or improvements
- Demolition costs
- Removal or containment of environmental pollution
- Financing costs, including interest payments and debt issuance or premium costs
- Property assembly costs
- Architectural, planning, engineering and legal expenses
- Expenses related to the relocation of existing homes or businesses
- Planning and organizational costs for creating the district
- Costs for the containment or removal of lead contamination costs
- Costs for the construction or alteration of wastewater treatment plants or water treatment plants
- Costs for sanitary sewer lines, water mains, or road improvements outside of a tax incremental district if the improvements are needed to support development in the district
- Payments which are found to be necessary and convenient to the creation of a tax incremental district or the implementation of a project plan

This District is proposed as a “mixed-use” district under Wisconsin Statutes §66.1105(2)(cm). As a mixed-use District, the District must meet the following requirements:

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. At least 50% of the area of the District must be suitable for mixed-use development. "Mixed-use development" means development that contains a combination of industrial, commercial, or residential uses, except that lands proposed for newly platted residential use, as shown in the project plan, may not exceed 35 percent, by area, of the real property within the district.
3. The improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district.
4. Project costs may include any expenditures made or estimated to be made or monetary obligations incurred or estimated to be incurred by the city for newly platted residential development only for a mixed-use development tax incremental district to which one of the following applies:
  - a. The density of the residential housing is at least 3 units per acre.
  - b. The residential housing is located in a conservation subdivision.
  - c. The residential housing is located in a traditional neighborhood development.

#### *How is a TIF District Created?*

There are several steps required in the creation of a TIF district. First, a project plan must be written. The project plan must contain the following:

- A statement listing the kind, number and location of all proposed public works or improvements within the district or, to the extent provided by statute, outside the district
- An economic feasibility study
- A detailed list of estimated project costs

- A description of the methods of financing all estimated project costs and the time when the related costs or monetary obligations are to be incurred
- A map showing existing uses and conditions of real property in the district
- A map showing proposed improvements and uses in the district
- A list of proposed changes of zoning ordinances, master plan, if any, map, building codes and city ordinances
- A list of estimated nonproject costs
- A statement of the proposed method for the relocation of any persons to be displaced
- A statement indicating how creation of the tax incremental district promotes the orderly development of the city
- An opinion of the city attorney or of an attorney retained by the city advising whether the plan is complete and complies with Wisconsin Statutes

The city or village plan commission must hold a public hearing on the project plan and proposed boundaries of the district. Before holding the public hearing, the city or village must provide notice of the hearing and convene a Joint Review Board. The Joint Review Board consists of a representative of each of the overlying taxing jurisdictions. After conducting the public hearing the Plan Commission may adopt the project plan.

Following adoption of the project plan, the proposed district must be approved by the governing body of the city or village. Creation of the district requires approval of a resolution which:

- Describe the boundaries of the district
- Determines the date the district is created (If a district is created between January 2 and September 30, the creation date is January 1 of the current year. If a district is created between October 1 and December 31, the creation date is January 1 of the following year.)
- Assigns a name to the district (i.e. Tax Incremental District No. 3)
- Contains findings that:
  - Not less than 50%, by area, of the real property within the district is at least one of the following: a blighted area; in need of rehabilitation or conservation work; suitable for industrial sites and has been zoned for industrial use; or suitable for mixed-use development;
  - The improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district. It is not necessary to identify the specific parcels meeting the criteria;
  - The project costs relate directly to eliminating blight, directly serve to rehabilitate or conserve the area or directly serve to promote industrial development, consistent with the purpose for which the tax incremental district is created; and
  - 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.
- Confirms that any real property within the district that is found suitable for industrial sites and is zoned for industrial use will remain zoned for industrial use for the life of the tax incremental district.
- Declares that the district is a blighted area district, rehabilitation or conservation district, an industrial district, or a mixed-use district. If the district is not exclusively blighted, rehabilitation or conservation, industrial, or mixed use, the declaration under this subdivision shall be based on which classification is predominant.

Finally, In order for the district to be created, the resolution adopted by the governing body must be approved by the Joint Review Board within 30 days after adoption by the governing body.

This project plan includes all of the elements required by statute and demonstrates that the proposed TID No. 3 meets the requirements described above.

### **DESCRIPTION OF THE DISTRICT**

#### *Existing Uses and Conditions*

The District includes parcels totaling 409 acres in the southeastern corner of the City, and includes approximately 239 acres along the Lake Michigan shoreland, 55 acres within the City's existing industrial park, 104 acres to the west of the existing industrial park, and 11 acres of other miscellaneous parcels. Wetlands (which by statute are not included in the district area) are scattered throughout the district and total approximately 55 acres. Table 1 lists the properties in the District, along with the existing use, zoning, and property value of each parcel. Map 1 depicts the boundaries of the District and the existing uses and conditions of the properties.

The majority of the property is currently in agricultural use or undeveloped and zoned AG Agriculture. Approximately 55 acres are within the existing industrial park and zoned I2 Industrial Park.

The total equalized value of real property within the District, excluding personal property, is approximately \$8,291,500, including \$1,920,200 of land value and \$6,371,300 of improvements. Agricultural land within the District is valued at an average of \$727 per acre. The value of the undeveloped parcels in the industrial park is \$14,000 per acre. Developed industrial parcels (with the exception of the Construction Forms property) average \$56,000 per acre for the land and \$306,000 per acre for improvements. The Ozaukee Sports Center and Construction Forms properties currently have significantly lower property values per acre than the other developed parcels in the industrial park.

**City of Port Washington  
Tax Incremental District No. 3 Project Plan**

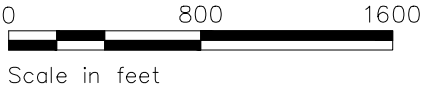
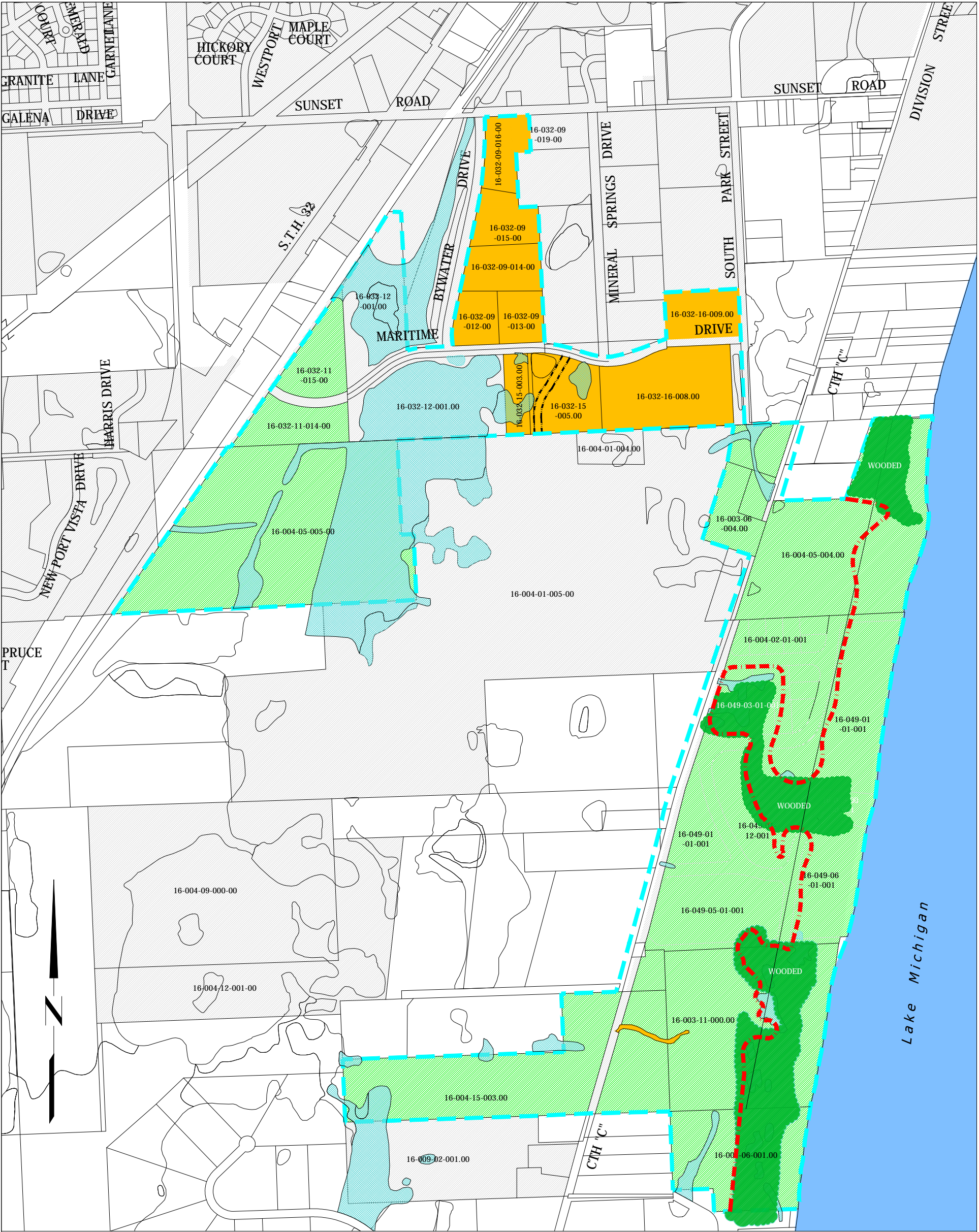
**Table 1 - Existing Uses and Real Estate Values**

Parcel ID	Owner	Existing Use	Existing Zoning	Parce Size (Acres)	Wetlands (Acres) <sup>(1)</sup>	Net Acres	Land - Equalized Value <sup>(2)</sup>	Improvements - Equalized Value <sup>(2)</sup>	Total Equalized Value
<i>Proposed Cedar Vineyard Development</i>									
160030500400	Waukesha State Bank	Agriculture	AG Agriculture	40.04		40.04	\$39,300		\$39,300
160031100000	Waukesha State Bank	Agriculture	AG Agriculture	40.80	3.17	37.63	\$51,600		\$51,600
160041500300	Waukesha State Bank	Agriculture	AG Agriculture	42.09	2.03	40.06	\$19,500		\$19,500
160100600100	Waukesha State Bank	Agriculture	AG Agriculture	19.80	2.09	17.71	\$24,500		\$24,500
160490000001	Waukesha State Bank	Undeveloped	AG Agriculture	8.00		8.00	\$18,200		\$18,200
160490101001	Waukesha State Bank	Agriculture	AG Agriculture	25.00	0.13	24.87	\$15,700		\$15,700
160490112001	Waukesha State Bank	Agriculture	AG Agriculture	10.00		10.00	\$2,200		\$2,200
160490201001	Waukesha State Bank	Agriculture	AG Agriculture	8.00		8.00	\$1,800		\$1,800
160490301001	Waukesha State Bank	Agriculture	AG Agriculture	14.00	1.90	12.10	\$11,300		\$11,300
160490401001	Waukesha State Bank	Agriculture	AG Agriculture	9.00		9.00	\$2,100		\$2,100
160490501001	Waukesha State Bank	Agriculture	AG Agriculture	11.00		11.00	\$2,400		\$2,400
160490601001	Waukesha State Bank	Agriculture	AG Agriculture	11.40	0.07	11.33	\$12,800		\$12,800
Subtotal				239.13	9.39	229.74	\$201,400	\$0	\$201,400
<i>Existing Industrial Park - Redevelopment and Expansion Parcels</i>									
160321500500	WMV LLC (Ozaukee Sports Center)	Commercial	I2 Industrial Park	7.81	1.50	6.31	\$267,600	\$283,600	\$551,200
160321600800	Jabco Limited Liability (Construction Forms)	Mfg.	I2 Industrial Park	15.24		15.24	\$453,400	\$2,678,100	\$3,131,500
Subtotal				23.05	1.50	21.55	\$721,000	\$2,961,700	\$3,682,700
<i>Existing Industrial Park - New Development</i>									
160320901800	Allen Edmunds Corporation	Commercial	I2 Industrial Park	3.48		3.48	\$49,300	\$0	\$49,300
160320901900	Allen Edmunds Corporation	Commercial	I2 Industrial Park	1.03		1.03	\$16,000	\$0	\$16,000
160321401400	Allen Edmunds Corporation	Commercial	I2 Industrial Park	4.82		4.82	\$65,900	\$0	\$65,900
160321600900 <sup>(3)</sup>	WCPW LLC	Undeveloped	I2 Industrial Park	5.38		5.38	\$83,300	\$0	\$83,300
Subtotal				14.71	0.00	14.71	\$214,500	\$0	\$214,500
<i>Potential Phase II Development</i>									
160040500500	Anchorbank	Ag / Undeveloped	AG Agriculture	58.74	19.00	39.74	\$51,500	\$0	\$51,500
160321101400	Anchorbank FSB	Agriculture	AG Agriculture	6.51		6.51	\$1,400	\$0	\$1,400
160321101500	Anchorbank FSB	Agriculture	AG Agriculture	7.47		7.47	\$1,700	\$0	\$1,700
160321100001 <sup>(4)</sup>	City of Port Washington	Exempt	AG Agriculture	1.20		1.20	\$0	\$0	\$0
160321200100	Riverway Properties LLC	Agriculture	AG Agriculture	30.81	22.62	8.19	\$21,400	\$0	\$21,400
Subtotal				104.73	41.62	63.11	\$76,000	\$0	\$76,000
<i>Existing Industrial Park - Developed Parcels</i>									
160320901200	Voeller Mixers Inc.	Commercial	I2 Industrial Park	3.63		3.63	\$204,600	\$607,800	\$812,400
160320901300	Maritime Enterprises, LLP	Commercial	I2 Industrial Park	3.63		3.63	\$204,600	\$1,055,200	\$1,259,800
160321401500	PW Investment LLC	Commercial	I2 Industrial Park	5.45		5.45	\$294,800	\$1,746,600	\$2,041,400
160321500300	Waukesha State Bank	Agriculture	I2 Industrial Park	3.00	1.06	1.94	\$700	\$0	\$700
160321600501	City of Port Washington	Exempt	I2 Industrial Park	1.38	0.38	1.00	\$0	\$0	\$0
Subtotal				17.09	1.44	15.65	\$704,700	\$3,409,600	\$4,114,300
<i>Other</i>									
160030600400 <sup>(5)</sup>	Dream Apple Farm, LLC	Residential/Ag	AG Agriculture	6.70		6.70	\$1,700	\$0	\$1,700
160040100500 <sup>(6)</sup>	Anchorbank FSB	Agriculture	AG Agriculture	3.86	0.76	3.10	\$900	\$0	\$900
Subtotal				10.56	0.76	9.80	\$2,600	\$0	\$2,600
Total				409.26	54.71	354.55	\$1,920,200	\$6,371,300	\$8,291,500

**Notes:**





- (1) Wetland acreages are estimated based on the Ozaukee County GIS system.
- (2) Equalized value is calculated based on an assessment ratio of 0.96880338
- (3) Assessed value is estimated. This parcel was created by a CSM approved in October 2014.
- (4) Maritime Drive right-of-way.
- (5) Assessed value is estimated. 1.698 acres was transferred from an adjacent parcel to this parcel in February 2015.
- (6) Assessed value is estimated. This parcel was created by CSM in 2015.







# City of Port Washington Tax Increment District #3 Existing Uses and Conditions

## Current Zoning district / use

-  Agricultural / AG
-  Industrial / I2
-  Wetland
-  City of Port Washington Parcel

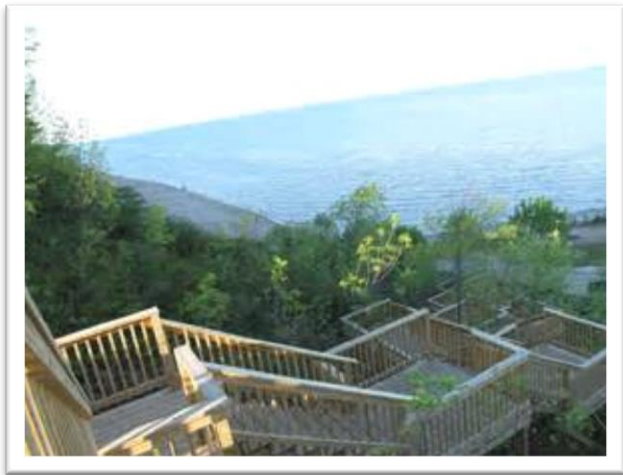
## 16-049-00-01-001 Tax Key Number

-  Tax Increment District Boundary
-  Primary Environmental Corridor

### *Proposed Improvements and Uses*

This Tax Incremental Finance District is proposed as a “mixed-use” district under Wisconsin Statutes §66.1105(2)(cm). The plan for the District includes a mix of uses, to be developed in two or more phases. Map 2 depicts the proposed land uses and public improvements within the District. Table 2 summarizes the acreage and property values of anticipated development by land use and area. As shown in Table 2, newly platted residential lots will comprise approximately 58 acres, or 16 percent of the 355 acres of district area net of wetlands.

The first phase of development includes a planned mixed-used development known as Cedar Vineyard. This development will include a mix of 58 acres of new residential lots within a conservation subdivision, 68 acres developed as a vineyard and winery and 101 acres of public conservation land that will be developed with trails for public recreational uses. As defined under Wisconsin Statutes §66.1027(1)(a), a conservation subdivision is a housing development in a rural setting that is characterized by compact lots and common open space, and where the natural features of the land are maintained to the greatest extent possible. As outlined in the market analysis, Cedar Vineyard will be in a rural setting with common open space and recreational features along the lake and will maintain the natural features of



the land within the vineyard, as well as along the lake bluff. A public parking lot for uses of the recreational trails will be provided at the winery. Public improvements needed to support this phase of development include sanitary sewer collection and water distribution mains, road improvements, storm sewer, conservation land acquisition and the construction of trails within the conservation area. The projected value of land and building improvements of this development is based on the low end of projected sales prices reported in the Residential Market Analysis prepared for Cedar Vineyard by Tracy Cross & Associates, Inc (attached to this project plan as Appendix 2).

Also included in the first phase of development is the redevelopment or development of six undeveloped or underdeveloped parcels in the City’s existing industrial park. The City intends to negotiate the purchase of the existing Ozaukee Sports Center property. Approximately 2 acres of this property will be used for storm water management and a future road right-of-way between Maritime Drive and undeveloped lands to the south of the district. The existing building and approximately one acre of land would be sold to another user. Approximately 4.8 acres would be sold to the adjacent property owner, Construction Forms, for expansion of their facility. The increases in land values and building improvements resulting from the development and redevelopment of these parcels was forecast based on the assessed values of land and building improvements per acre for existing fully developed parcels in the industrial park.

A potential second phase of development within the District includes new light industrial development to the west and southwest of the City’s industrial park, north and south of the planned future extension of Maritime Drive. The total gross area is approximately 104.73 acres; however a little over half of this area consists of road right-of-way, wetlands and other undevelopable areas. The net developable



acreage includes approximately 50.48 acres planned for light industrial development. Limited public improvements including sanitary sewer and water mains would be required. The public improvements for this phase would only be funded by the District if there is prospective development of sufficient quantity and value to make the investment of TIF funding economically feasible. The increases in land values and building improvements resulting from the development of these areas was forecast based on the assessed values of land and building improvements per acre in the industrial park; however it was assumed that development densities per acre, and therefore value per acre, would be lower since this area will have to be served with sanitary sewer grinder pumps. These figures are expected to represent the low end of values for these properties; actual values may be higher than the forecasts.

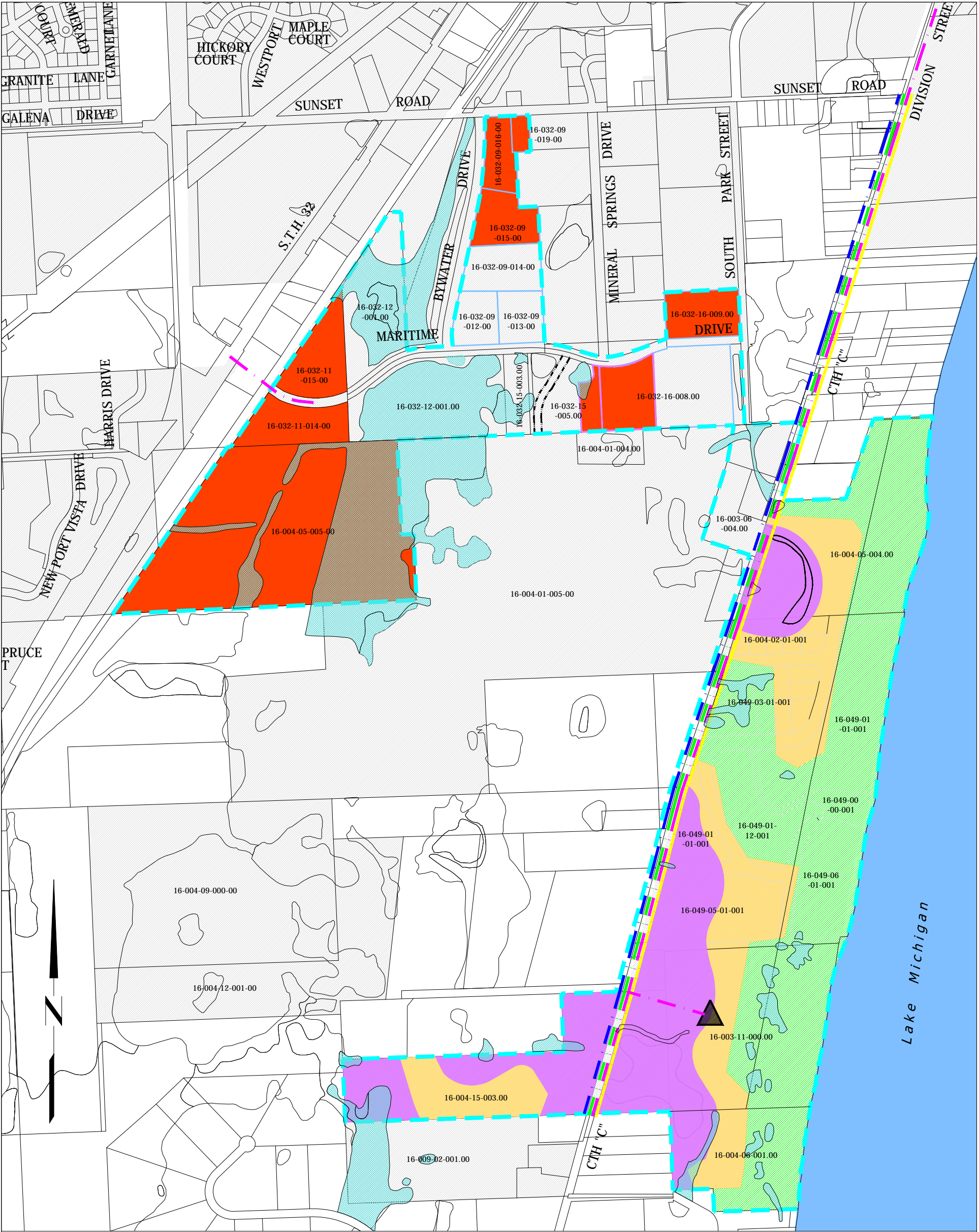
In total, mixed use development will comprise approximately 67 percent of the district area, net of wetlands. The first phase of development is expected to result in a total increase in real property value of \$60,461,600. The potential second phase of development would be expected to increase land values in the District by an additional \$1,661,000 and result in \$9,268,100 in building improvements.

**Table 2 - Proposed Development by Area**

Proposed Land Use	Acreage	Description of Proposed Development	Projected Value After Development			Existing Value		Value Increment		
			Land Value per Unit	Total Land Value	Improve - ment Value per Unit	Total Improve - ment Value	Land	Improve - ments	Land	Improve - ments
<i>Cedar Vineyard Mixed Use Development</i>										
Conservation Land	101.00	Public recreational land		\$0		\$0	\$89,600	\$0	(\$89,600)	\$0
Residential lots <sup>(1)</sup>	58.00	73 Residential Lots	\$250,000	\$18,250,000	\$450,000	\$32,850,000	\$51,500	\$0	\$18,198,500	\$32,850,000
Vineyard/winery	68.00	Vineyard with Winery	\$887	\$60,300	\$500,000	\$500,000	\$60,300	\$0	\$0	\$500,000
ROW and Other	12.13	Undeveloped								
Subtotal	239.13			\$18,310,300		\$33,350,000	\$201,400	\$0	\$18,108,900	\$33,350,000
<i>Existing industrial park</i>										
Acquisition for ROW & Stormwater <sup>(2)</sup>	2.00	ROW and stormwater facility	\$0	\$0	\$0	\$0	\$68,500	\$0	(\$68,500)	\$0
Existing Sports Center Building <sup>(2)</sup>	1.00	No change to existing building	\$34,300	\$34,300	\$283,600	\$283,600	\$34,300	\$283,600	\$0	\$0
Expansion / Redevelopment <sup>(2)</sup>	20.05	Expansion of Construction Forms	\$56,000	\$1,122,800	\$306,000	\$6,135,300	\$618,200	\$2,678,100	\$504,600	\$3,457,200
New development <sup>(3)</sup>	14.71	14.71 acres new industrial	\$56,000	\$823,600	\$306,000	\$4,500,300	\$214,500	\$0	\$609,100	\$4,500,300
Subtotal	37.76			\$1,980,700		\$10,919,200	\$935,500	\$2,961,700	\$1,045,200	\$7,957,500
<i>Potential Phase II Development</i>										
Light Industrial <sup>(4)</sup>	50.48	50.48 acres light industrial	\$33,600	\$1,696,100	\$183,600	\$9,268,100	\$35,100	\$0	\$1,661,000	\$9,268,100
Wetlands / Undevelopable / ROW	54.25	Wetlands and ROW		\$40,900		\$0	\$40,900	\$0	\$0	\$0
Subtotal	104.73			\$1,737,000		\$9,268,100	\$76,000	\$0	\$1,661,000	\$9,268,100
<i>Existing industrial park</i>										
Other	17.09	No change		\$704,700		\$3,409,600	\$704,700	\$3,409,600	\$0	\$0
	10.56	No change		\$2,600		\$0	\$2,600	\$0	\$0	\$0
Subtotal	27.65			\$707,300		\$3,409,600	\$707,300	\$3,409,600	\$0	\$0
Total	409.26			\$22,735,300	\$0	\$56,946,900	\$1,920,200	\$6,371,300	\$20,815,100	\$50,575,600

**Notes:**

- (1) Projected value per lot is the low end of the range of sales prices identified in the "Residential Market Analysis for Cedar Vineyard," Tracy Cross & Associates, June 2015.
- (2) The City plans to acquire the 7.81 acre Ozaukee Sports Center site, keep approximately 2.00 acres for storm water management and a future road right-of-way, sell the existing building and one acre of land to another user, and sell approximately 4.81 acres to the adjacent property owner (Construction Forms) for expansion of their building. The projected value per acre of the expanded Construction Forms property is based on current values per acre for land and improvements for fully built-out parcels in the industrial park (see parcels listed under *Existing Industrial Park - Developed* on Table 1).
- (3) The projected developed value per acre is based on current values per acre for land and improvements for fully built-out parcels in the industrial park (see parcels listed under *Existing Industrial Park - Developed* on Table 1).
- (4) The projected developed value per acre is approximately 60% of the value per acre for developed parcels in the existing industrial park. This area will have to be served with sanitary sewer using



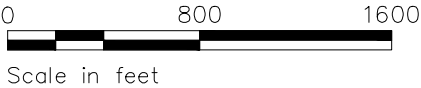
Areas of New Increment

- New Zoning district / use
- City of Port Washington Parcel
  - Wetland
  - Residential
  - Industrial
  - Commercial
  - PUL - Public and Utility Lands



City of Port Washington  
Tax Increment District #3  
Proposed Improvements and Uses

- 16-049-00-01-001 Tax Key Number
- Tax Increment District Boundary



- Proposed Project
- Proposed Pedestrian / Bike Trail
  - Proposed Water main
  - Proposed Sanitary Sewer
  - Proposed Road Improvements
  - New Road Right-of Way
  - Proposed Lift Station

*Proposed changes of zoning ordinance, master plan, map, building codes and city ordinances*

In order to implement this project plan, the following changes are proposed to the City's master plan and zoning map.

Amend the City's Planned Land Use Map: 2035 for the following parcels:

- Change the planned land use for parcel 16-032-15-005.00 (#3072 CSM Lot 1 Vol. 21/392) from commercial to industrial.
- Change the planned land use for parcels 16-032-11-015.00 and 16-032-11-014.00 from mixed use to industrial.
- Change the planned land use for parcel 16-004-05-005.00 from residential to industrial.

Amend the zoning map to rezone the following parcels:

- Phase I Cedar Vineyard: rezone the following parcels from AG Agriculture to residential, commercial or park and open space

16-003-05-004.00  
16-003-11-000.00  
16-004-15-003.00  
16-010-06-001.00  
16-049-00-000.01  
16-049-01-010.01  
16-049-01-120.01  
16-049-02-010.01  
16-049-03-010.01  
16-049-04-010.01  
16-049-05-010.01  
16-049-06-010.01

- Potential Phase 2 Light Industrial: rezone the following parcels from AG Agriculture to industrial

16-004-05-005.00  
16-032-11-014.00  
16-032-11-015.00  
16-032-12-001.00

*Proposed method of relocation*

Relocation of the Ozaukee Sport Center and redevelopment of the property is anticipated as part of this District. The project plan includes funding for purchase of the property, relocation expenses and a cash grant to the property owner. Before providing any cash grant to the property owner, the City will execute a development agreement with the current property owner and the purchaser of the portion of the property planned for redevelopment.



*Promotion of orderly development of the City*

The development of the proposed land uses in Tax Incremental District No. 3 are consistent with the goals and objectives of the City's Comprehensive Plan and promote the orderly development of the community.

The development of the District meets the following goals of the City of Port Washington Comprehensive Plan: 2035:

- Promotion of the redevelopment of land with existing infrastructure and public services and the maintenance and rehabilitation of existing residential, commercial, and industrial structures.
- Protection of natural areas, including wetlands, wildlife habitats, lakes, woodlands, opens spaces, and groundwater resources.
- Encouragement of land uses, densities and regulations that promote efficient development patterns and relatively low municipal, State government, and utility costs.
- Planning and development of land uses that create or preserve varied and unique urban and rural communities.



The provision of infrastructure improvements through tax incremental financing will support the preservation of natural areas along the Lake Michigan shoreline and the provision of pathways and



other limited improvement of these areas for public use and enjoyment. It will also allow for the development of a unique urban community with residential lots surrounded by vineyards, as well as the development of a winery that will promote agri-tourism in the area. Finally, development and redevelopment of the existing industrial park and the potential second phase of infrastructure improvements will support the development of businesses and the creation of new jobs in the City.

**ESTIMATED PROJECT AND NONPROJECT COSTS**

The estimated project costs, excluding financing costs, are shown in Table 3. The majority of the costs are needed for the first phase of development, including \$6,000,000 for public infrastructure costs to

serve Cedar Vineyards, and \$950,000 for additional development and redevelopment of the City's existing industrial park. In accordance with Wisconsin Statutes 66.1105(2)(f)2.d., no cash incentives will be provided to a property owner without a signed development agreement. Another \$100,000 is budgeted for public infrastructure improvements to support a potential second phase of light industrial development to the west of the industrial park. In addition to the \$7,050,000 for land acquisitions, public improvements and relocation expenses, the City expects to incur financing costs, described below. Actual costs may vary from the amounts shown. The City may choose to reallocate project expenditures between budget categories, provided that the total amount does not exceed \$7,050,000. There are no nonproject costs associated with the proposed district.

**Table 3 - Project Costs**

Development Area	Costs
Cedar Vineyards	
5,700 LF of 8 " Sanitary Sewer <sup>(1)</sup>	\$627,000
2,900 LF of 12" Sanitary Sewer <sup>(1)</sup>	\$348,000
7,250 LF of Sanitary Sewage Force Main <sup>(1)</sup>	\$543,750
Sanitary Sewage Pump Station <sup>(1)</sup>	\$650,000
8,600 LF of 12" Water Main <sup>(1)</sup>	\$946,000
CTH C Restoration <sup>(1)</sup>	\$287,500
Public Recreational Trails and Parking <sup>(1)</sup>	\$597,750
Engineering, Legal, Easements & Contingencies (25%)	\$1,000,000
Land acquisition for conservation area <sup>(1)</sup>	\$1,000,000
Subtotal	\$6,000,000
Industrial Park Development and Redevelopment	
Property Assembly / Property Owner Incentive <sup>(2)</sup>	\$1,466,000
Proceeds from sale of 4.8 acres to Construction Forms <sup>(3)</sup>	(\$166,000)
Proceeds from sale of existing Sports Center building and 1-acre site	(\$350,000)
Subtotal	\$950,000
Potential Phase II Development	
Public Infrastructure Improvements <sup>(1)</sup>	\$100,000
Total	\$7,050,000

Notes:

(1) Source of cost estimates: City staff

(2) Based on property owner's estimated costs to purchase a new site, make improvements to the existing building and site, move existing equipment and purchase and install new equipment, less the value of equipment that could be moved from the existing site.

(3) Estimated based on the current assessed value per acre.

(4) Estimated based on the current assessed value per acre for the land and the assessed value of the improvements.

### **METHODS AND TIMING OF FINANCING**

It is anticipated that the City will issue general obligation bonds for the project costs to support development of Cedar Vineyards and redevelopment within the existing industrial park. Project costs to support a potential second phase of light industrial development to the west of the existing industrial park are planned to be financed with tax incremental revenues on a “pay-as-you-go” basis. Table 4 shows the estimated amounts and timing of the bond issues and annual debt service payments. Financing costs may include capitalized interest, bond issuance fees and interest payments on the bonds. In total, it is expected that the City will issue \$7,916,000 in bonds to finance project costs. As of 2013, the City had an allowable general obligation debt margin of \$17,210,076, which means the City could issue up to \$17,210,076 in new general obligation bonds. The proposed bond issuances associated with the district will use less than half of the City’s remaining debt capacity.

Actual financing costs may vary from the amounts shown depending on the amounts and timing of bond issues, issuance fees, interest rates and the payment structure of the bonds. The City reserves the right to finance the project costs in the manner that is most advantageous to the City and to the successful implementation of this project plan.



**Table 4 - Estimated Bond Issuances and Debt Service Payments**

Project Costs - Cedar Vineyards					\$6,000,000	Project Costs - Industrial Park Redevelopment					\$1,300,000
Capitalized Interest					\$494,920	Capitalized Interest					\$0
Bond Issuance (1.522%)					\$100,080	Bond Issuance (1.6%)					\$21,000
Total Issuance					\$6,595,000	Total Issuance					\$1,321,000
Year	Principal	Interest <sup>(1)</sup>	Total P&I	Remaining Balance		Year	Principal	Interest <sup>(1)</sup>	Total P&I	Remaining Balance	
2015				\$6,595,000		2015					
2016	\$0	\$247,313	\$247,313	\$6,595,000		2016					
2017	\$0	\$247,313	\$247,313	\$6,595,000		2017				\$1,321,000	
2018	\$0	\$247,313	\$247,313	\$6,595,000		2018		\$49,538	\$49,538	\$1,321,000	
2019	\$0	\$247,313	\$247,313	\$6,595,000		2019		\$49,538	\$49,538	\$1,321,000	
2020	\$0	\$247,313	\$247,313	\$6,595,000		2020	\$40,000	\$49,538	\$89,538	\$1,281,000	
2021	\$105,000	\$247,313	\$352,313	\$6,490,000		2021	\$40,000	\$48,038	\$88,038	\$1,241,000	
2022	\$215,000	\$243,375	\$458,375	\$6,275,000		2022	\$50,000	\$46,538	\$96,538	\$1,191,000	
2023	\$330,000	\$235,313	\$565,313	\$5,945,000		2023	\$50,000	\$44,663	\$94,663	\$1,141,000	
2024	\$400,000	\$222,938	\$622,938	\$5,545,000		2024	\$70,000	\$42,788	\$112,788	\$1,071,000	
2025	\$415,000	\$207,938	\$622,938	\$5,130,000		2025	\$70,000	\$40,163	\$110,163	\$1,001,000	
2026	\$430,000	\$192,375	\$622,375	\$4,700,000		2026	\$90,000	\$37,538	\$127,538	\$911,000	
2027	\$450,000	\$176,250	\$626,250	\$4,250,000		2027	\$90,000	\$34,163	\$124,163	\$821,000	
2028	\$465,000	\$159,375	\$624,375	\$3,785,000		2028	\$110,000	\$30,788	\$140,788	\$711,000	
2029	\$485,000	\$141,938	\$626,938	\$3,300,000		2029	\$110,000	\$26,663	\$136,663	\$601,000	
2030	\$500,000	\$123,750	\$623,750	\$2,800,000		2030	\$140,000	\$22,538	\$162,538	\$461,000	
2031	\$520,000	\$105,000	\$625,000	\$2,280,000		2031	\$140,000	\$17,288	\$157,288	\$321,000	
2032	\$540,000	\$85,500	\$625,500	\$1,740,000		2032	\$160,000	\$12,038	\$172,038	\$161,000	
2033	\$560,000	\$65,250	\$625,250	\$1,180,000		2033	\$161,000	\$6,038	\$167,038	\$0	
2034	\$580,000	\$44,250	\$624,250	\$600,000		2034		\$0	\$0	\$0	
2035	\$600,000	\$22,500	\$622,500	\$0		2035		\$0	\$0	\$0	
Total	\$6,595,000	\$3,509,625	\$10,104,625				\$1,321,000	\$557,850	\$1,878,850		

Notes:

(1) Assumes bonds issued on the open market with 3.75% interest.

## **ECONOMIC FEASIBILITY STUDY**

In order for the proposed district to be economically feasible, district revenues must be sufficient to cover district expenses within the 20 years that Wisconsin Statutes allow for a mixed-use district. District expenses will consist of the debt service payments that are estimated in Table 4, plus any improvements that are cash-financed to support the potential future development of lands to the west of the existing industrial park (at an estimated cost of \$100,000).

District revenues are expected to consist of taxes levied by the City, county, school district and vocational school district on the increase in property value over the base value of the district. The amount of revenues generated over the life of the district will depend on both the value and timing of the increases in property value within the district, as well as the tax rates of each of the overlying taxing entities.

Table 5 shows the projected timing of increases in real property value in the district. In general, for areas of new development, it was assumed that land values would increase as soon as the land is developed with roads and utilities and is no longer used for agriculture. The Residential Market Analysis for Cedar Vineyard forecast a 5-year buildout of the development. In order to be more conservative for this economic feasibility analysis, a 7-year buildout was used. Redevelopment of the Ozaukee Sports Center parcel is forecast to occur in 2017, with development of other undeveloped parcels in the industrial park over the next ten years, or one parcel every other year. Light industrial development to the west of the existing industrial park is expected to begin around the time that the current industrial park is built out.

Table 6 shows the estimated base value and forecast tax incremental revenues for the proposed district. The base value of the district is estimated at \$8,291,500 based on the equalized property value of parcels in the district as of January 1, 2014. As of January 1, 2014, the total equalized value of the City was \$879,395,800. The value increment of the existing TID No. 2 was \$2,796,300 as of January 1, 2014, or 0.32 percent of the City's total equalized value. The estimated value of the new district plus the value increment TID No. 2 is not expected to exceed 12 percent of the City's total equalized value. The actual base value will be determined by the Wisconsin Department of Revenue as of the date of creation, which is expected to be January 1, 2015. The base value will include both real property value and personal property.

The table shows the base value, the beginning of year value, the projected value of new improvements, and the end of year value for each year. The beginning of year incremental value is the beginning of year value within the district minus the base value. This amount is the projected amount of incremental value that will generate tax incremental revenues for the district during the next calendar year. The projected tax rate for the district is based on the equalized tax rates for taxes assessed in 2014 and collected in 2015. Current year tax increment is the projected collection of tax incremental revenues per year. As shown, it is expected that the first improvements in the district will occur in 2016. These improvements will become value increment as of January 1, 2017. Taxes on this value increment will be assessed in 2017 and collected in 2018. Therefore, it is expected that the district will not have any tax incremental revenues until 2018. Over the next twenty years, the increase in real property value in the district is projected to generate over \$16.0 million in property taxes. Tax incremental revenues will also be collected on any increases in personal property value in the district; however these revenues were not estimated for purposes of this economic feasibility analysis.

**Table 5 - Timing and Value of Development**

Year	Cedar Vineyards			Existing Industrial Park		Phase II - Light Industrial		Total
	Lots	Value	Winery	Acres	Value	Acres	Value	
2015		\$0						\$0
2016	6	\$20,808,900						\$20,808,900
2017	12	\$5,400,000		20.05	\$3,893,300			\$9,293,300
2018	12	\$5,400,000	\$500,000		\$0			\$5,900,000
2019	12	\$5,400,000		3.48	\$1,208,997			\$6,608,997
2020	12	\$5,400,000			\$0			\$5,400,000
2021	12	\$5,400,000		1.03	\$357,835			\$5,757,835
2022	7	\$3,150,000			\$0			\$3,150,000
2023				4.82	\$1,674,530			\$1,674,530
2024					\$0			\$0
2025				5.38	\$1,868,039			\$1,868,039
2026						5.00	\$2,579,000	\$2,579,000
2027						5.00	\$918,000	\$918,000
2028						5.00	\$918,000	\$918,000
2029						5.00	\$918,000	\$918,000
2030						5.00	\$918,000	\$918,000
2031						5.00	\$918,000	\$918,000
2032						5.00	\$918,000	\$918,000
2033						5.00	\$918,000	\$918,000
2034						5.00	\$918,000	\$918,000
2035						5.48	\$1,006,100	\$1,006,100
Total	73	\$50,958,900	\$500,000	34.76	\$9,002,700	50.48	\$10,929,100	\$71,390,700

**City of Port Washington**  
**Tax Incremental District No. 3 Project Plan**

**Table 6 - Tax Increment Schedule Based Upon Planned Development Costs**

Year	Base Value <sup>(1)</sup>	Beginning of Year Equalized Value	Improvements	Inflation	Year End Value	Beginning of Year Value Increment <sup>(2)</sup>	Tax Rate Per 1,000 EV <sup>(3)</sup>	Current Year Tax Increment <sup>(4)</sup>	Cumulative Increment
2015	\$8,291,500	\$8,291,500	\$0	\$0	\$8,291,500	\$0	\$16.65	\$0	
2016	\$8,291,500	\$8,291,500	\$20,808,900	\$0	\$29,100,400	\$0	\$16.65	\$0	\$0
2017	\$8,291,500	\$29,100,400	\$9,293,300	\$0	\$38,393,700	\$20,808,900	\$16.65	\$0	\$0
2018	\$8,291,500	\$38,393,700	\$5,900,000	\$0	\$44,293,700	\$30,102,200	\$16.65	\$346,516	\$346,516
2019	\$8,291,500	\$44,293,700	\$6,608,997	\$0	\$50,902,697	\$36,002,200	\$16.65	\$501,271	\$847,788
2020	\$8,291,500	\$50,902,697	\$5,400,000	\$0	\$56,302,697	\$42,611,197	\$16.65	\$599,520	\$1,447,308
2021	\$8,291,500	\$56,302,697	\$5,757,835	\$0	\$62,060,532	\$48,011,197	\$16.65	\$709,575	\$2,156,883
2022	\$8,291,500	\$62,060,532	\$3,150,000	\$0	\$65,210,532	\$53,769,032	\$16.65	\$799,498	\$2,956,380
2023	\$8,291,500	\$65,210,532	\$1,674,530	\$0	\$66,885,061	\$56,919,032	\$16.65	\$895,379	\$3,851,759
2024	\$8,291,500	\$66,885,061	\$0	\$0	\$66,885,061	\$58,593,561	\$16.65	\$947,834	\$4,799,593
2025	\$8,291,500	\$66,885,061	\$1,868,039	\$0	\$68,753,100	\$58,593,561	\$16.65	\$975,718	\$5,775,311
2026	\$8,291,500	\$68,753,100	\$2,579,000	\$0	\$71,332,100	\$60,461,600	\$16.65	\$975,718	\$6,751,029
2027	\$8,291,500	\$71,332,100	\$918,000	\$0	\$72,250,100	\$63,040,600	\$16.65	\$1,006,826	\$7,757,855
2028	\$8,291,500	\$72,250,100	\$918,000	\$0	\$73,168,100	\$63,958,600	\$16.65	\$1,049,772	\$8,807,627
2029	\$8,291,500	\$73,168,100	\$918,000	\$0	\$74,086,100	\$64,876,600	\$16.65	\$1,065,059	\$9,872,686
2030	\$8,291,500	\$74,086,100	\$918,000	\$0	\$75,004,100	\$65,794,600	\$16.65	\$1,080,346	\$10,953,031
2031	\$8,291,500	\$75,004,100	\$918,000	\$0	\$75,922,100	\$66,712,600	\$16.65	\$1,095,632	\$12,048,663
2032	\$8,291,500	\$75,922,100	\$918,000	\$0	\$76,840,100	\$67,630,600	\$16.65	\$1,110,919	\$13,159,583
2033	\$8,291,500	\$76,840,100	\$918,000	\$0	\$77,758,100	\$68,548,600	\$16.65	\$1,126,206	\$14,285,789
2034	\$8,291,500	\$77,758,100	\$918,000	\$0	\$78,676,100	\$69,466,600	\$16.65	\$1,141,493	\$15,427,281
2035	\$8,291,500	\$78,676,100	\$1,006,100	\$0	\$79,682,200	\$70,384,600	\$16.65	\$1,156,780	\$16,584,061

**Notes:**

(1) Estimated equalized value of real property in the district as of January 1, 2014. This amount does not include personal property. The actual base value as of the creation will be determined after the district is created, and will include personal property.

(2) Beginning of year equalized value, minus the base value.

(3) Projected equalized tax rate is based on the total tax rate for taxes levied in 2014, collected in 2015.

(4) Shown for the year in which the tax increment revenues will be collected.

A cash flow analysis was prepared to compare the district revenues with expenses over the life of the district, as shown in Table 7. Cash inflows for the district are expected to include proceeds from two bond issues, tax increment revenues, and interest earnings on the district's fund balance. Cash outflows are expected to include the project costs listed in Table 3, bond issuance fees, and principal and interest payments on the bonds. As shown, the district will have negative net cash flow in the early years; however the first bond issuance will include capitalized interest so the City can make the interest payments on the bonds during the first two years before the district has tax incremental revenues. It is projected that the district will maintain a positive cash balance throughout its life, and will have a sufficient cash balance to defease the bonds by year 16 of the maximum allowable district life of 20 years. After the district is terminated, any remaining cash balance in the district fund will be distributed to the overlying taxing jurisdictions and the taxing jurisdictions can collect taxes on the increased property value in the district.

Based on conservative estimates of the value and timing of proposed development, TID No. 3 will generate more than enough revenues to pay for the project costs within the allowable time limit under Wisconsin Statutes. Therefore, the proposed district is economically feasible.



Table 7 - Cash Flow Analysis

Year	Cash In				Cash Out				Net Cash Flow			
	Land Sales	TID Revenue	Interest <sup>(1)</sup>	Total Cash In	Improvement		Bond Issuance	Principal & Interest	Total Cash Out	Cash Flow	Cash Balance	Debt Balance
					Costs	Incentives						
2015	\$6,595,000	\$0	\$0	\$6,595,000	\$6,000,000		\$100,080	\$0	\$6,100,080	\$494,920	\$494,920	\$6,595,000
2016		\$0	\$7,424	\$7,424	\$0		\$0	\$247,313	\$247,313	-\$239,889	\$255,031	\$6,595,000
2017	\$1,321,000	\$0	\$3,825	\$1,490,825	\$0	\$1,466,000	\$21,000	\$247,313	\$1,734,313	-\$243,487	\$11,544	\$7,916,000
2018		\$346,516	\$173	\$346,690	\$0		\$0	\$296,850	\$296,850	\$49,840	\$61,384	\$7,916,000
2019	\$350,000	\$501,271	\$921	\$852,192	\$0		\$0	\$296,850	\$296,850	\$555,342	\$616,726	\$7,916,000
2020		\$599,520	\$9,251	\$608,771	\$0		\$0	\$336,850	\$336,850	\$271,921	\$888,647	\$7,876,000
2021		\$709,575	\$13,330	\$722,905	\$0		\$0	\$440,350	\$440,350	\$282,555	\$1,171,201	\$7,731,000
2022		\$799,498	\$17,568	\$817,066	\$0		\$0	\$554,913	\$554,913	\$262,153	\$1,433,354	\$7,466,000
2023		\$895,379	\$21,500	\$916,879	\$0		\$0	\$659,975	\$659,975	\$256,904	\$1,690,259	\$7,086,000
2024		\$947,834	\$25,354	\$973,187	\$0		\$0	\$735,725	\$735,725	\$237,462	\$1,927,721	\$6,616,000
2025		\$975,718	\$28,916	\$1,004,634	\$100,000		\$0	\$733,100	\$833,100	\$171,534	\$2,099,255	\$6,131,000
2026		\$975,718	\$31,489	\$1,007,207	\$0		\$0	\$749,913	\$749,913	\$257,295	\$2,356,550	\$5,611,000
2027		\$1,006,826	\$35,348	\$1,042,174	\$0		\$0	\$750,413	\$750,413	\$291,761	\$2,648,311	\$5,071,000
2028		\$1,049,772	\$39,725	\$1,089,497	\$0		\$0	\$765,163	\$765,163	\$324,334	\$2,972,645	\$4,496,000
2029		\$1,065,059	\$44,590	\$1,109,648	\$0		\$0	\$763,600	\$763,600	\$346,048	\$3,318,694	\$3,901,000
2030		\$1,080,346	\$49,780	\$1,130,126	\$0		\$0	\$786,288	\$786,288	\$343,838	\$3,662,532	\$3,261,000
2031		\$1,095,632	\$54,938	\$1,150,570	\$0		\$0	\$782,288	\$782,288	\$368,283	\$4,030,815	\$2,601,000
2032		\$1,110,919	\$60,462	\$1,171,381	\$0		\$0	\$797,538	\$797,538	\$373,844	\$4,404,659	\$1,901,000
2033		\$1,126,206	\$66,070	\$1,192,276	\$0		\$0	\$792,288	\$792,288	\$399,988	\$4,804,647	\$1,180,000
2034		\$1,141,493	\$72,070	\$1,213,563	\$0		\$0	\$624,250	\$624,250	\$589,313	\$5,393,960	\$600,000
2035		\$1,156,780	\$80,909	\$1,237,689	\$0		\$0	\$622,500	\$622,500	\$615,189	\$6,009,149	\$0
Total	\$7,916,000	\$516,000	\$16,584,061	\$25,679,704	\$6,100,000	\$1,466,000	\$121,080	\$11,983,475	\$19,670,555	\$6,009,149		

Notes:

(1) Assumes interest earnings of 1.5% on the TID fund balance.

**APPENDIX 1: OPINION OF THE CITY ATTORNEY**



**CITY OF PORT WASHINGTON | OFFICE OF CITY ATTORNEY**  
Eric E. Eberhardt, City Attorney

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July 15, 2015

Mayor Tom Mlada  
City of Port Washington  
100 W. Grand Avenue  
Port Washington, WI 53074

Re: Tax Incremental District No. 3 - City of Port Washington, Wisconsin

Dear Mayor Mlada:

Pursuant to §66.1105(4)(f) of the Wisconsin Statutes, the City of Port Washington must include, as part of the project plan for Tax Incremental District No. 3, an opinion of the City Attorney advising whether the plan is complete and complies with § 66.1105, Stats. This opinion letter fulfills that statutory requirement.

Specifically, the project plan must comply with the following requirements:

1. The City Plan Commission must adopt a project plan for Tax Incremental District No. 3 and submit the plan to the Common Council for its approval by adoption of a resolution.
2. The project plan must include:
  - A. A statement listing the kind, number and location of all proposed public works or improvements within the district or, to the extent provided by statute, outside the district.
  - B. An economic feasibility study.
  - C. A detailed list of the estimated project costs.
  - D. A description of the methods of financing all estimated project costs.
  - E. The time when the estimated project costs or monetary obligations related thereto are to be incurred.
  - F. A map showing existing uses and conditions of real property in the district.
  - G. A map showing proposed improvements and uses in the district.
  - H. Proposed changes of zoning ordinances, master plan, if any, map, building codes and City ordinances.

Mayor Tom Mlada  
July 15, 2015  
Page 2

- I. A list of the estimated nonproject costs.
- J. A statement of the proposed method for the relocation of any persons to be displaced.
- K. A statement indicating how creation of the district promotes the orderly development of the City.

I have reviewed the project plan and it does include all of the above-described items<sup>1</sup>. Based upon the foregoing, it is my legal opinion that the project plan for Tax Incremental District No. 3, as of the date hereof, is complete and complies with § 66.1105, Stats.

Very truly yours,



Eric E. Eberhardt  
City Attorney

EEE:dms

cc Mark Grams, City Administrator  
Randy Tetzlaff, City Planner  
Christine Cramer, Trilogy Consulting, LLC

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<sup>1</sup> As the project plan does not contain a statement of the proposed method for relocation of any persons to be displaced, I assume no persons will be displaced by the project. If this assumption is incorrect, then the plan must be amended before it is adopted by the Plan Commission and submitted to the Common Council.



**APPENDIX 2: RESIDENTIAL MARKET ANALYSIS, CEDAR VINEYARD**