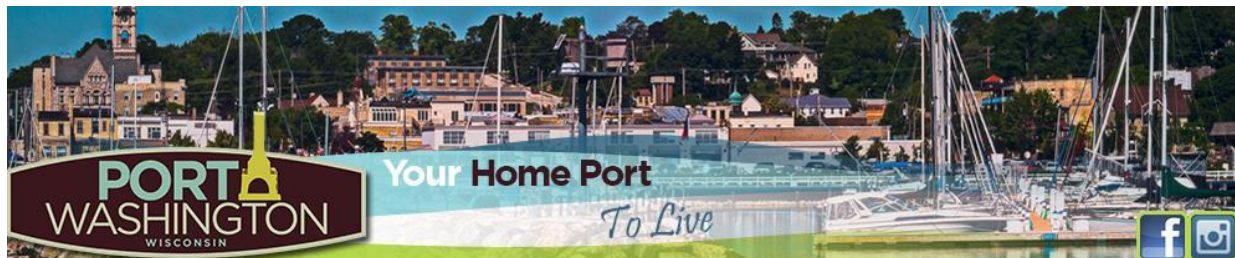

Tax Incremental District No. 3

Amendment No. 1

City of Port Washington, Ozaukee County, Wisconsin

April 19, 2021



INTRODUCTION

Tax Incremental District No. 3 (TID 3 or the District) was created by the City of Port Washington in 2015 to provide infrastructure improvements and development incentives for a mixed-use development combining a residential subdivision, vineyards and winery, conservation lands, expansion and redevelopment of the City's business park, and potential future mixed-use and residential development. Planned projects for the District included a mix of public infrastructure projects and developer incentives that would be directly invested into specific redevelopment sites. Since 2015, plans have changed for the proposed Cedar Vineyards subdivision and winery as well as the conservation lands and recreational paths. This amendment to the project plan for TID 3 modifies the boundaries of the District and the proposed improvements and uses to reflect the change in the proposed location for the winery, the new layout of the Cedar Vineyards subdivision and vineyards, and the new location of the conservation lands. It also modifies the list of project costs to reflect the change in the layout of the Cedar Vineyards development.

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. 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

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 non-project 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 plan commission must hold a public hearing on the project plan and proposed boundaries of the district. Before holding the public hearing, the city 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 city council must approve the proposed district. 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. 2)
- 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.
- 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.
- If the district is an industrial district, 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.

Finally, for the district to be created, the resolution adopted by the governing body must be approved by the Joint Review Board within 45 days after adoption by the governing body.

How is a TIF District Amended?

A TIF project plan may be amended to add territory to or subtract territory from a District or change the project costs for a District. A district's boundaries may be amended up to four times during the life of a district. The process for amending a district is essentially the same as the process for creating a district, and the amended District must meet the same requirements as a newly created district, as listed above. Once a district is created, the type of district cannot be changed (i.e. industrial, mixed use, rehabilitation and conservation) and territory added to the district must be predominantly of the same type. If territory is added to a district, the value of the added parcels as of the date of the amendment is added to the base value of the District for purposes of determining the allocation of tax incremental revenues. The equalized value of the added parcels plus the value increment of all existing districts (including the district being added to) must not exceed 12 percent of the total equalized value of the city.

DESCRIPTION OF THE DISTRICT

This District was created as a "mixed-use" district under Wisconsin Statutes §66.1105(2)(cm). As a mixed-use District, the District has to 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.

The following sections demonstrate how the amended District meets these requirements.

Existing Uses and Conditions

The existing District includes parcels totaling approximately 409.26 acres including undeveloped lands in the southeast part of the City along Lake Michigan, part of the City's existing business park, and undeveloped lands to the west of the business park. Net of wetlands, which are not included as District lands under Wisconsin Statutes §66.1105, the District encompasses approximately 354.55 acres.

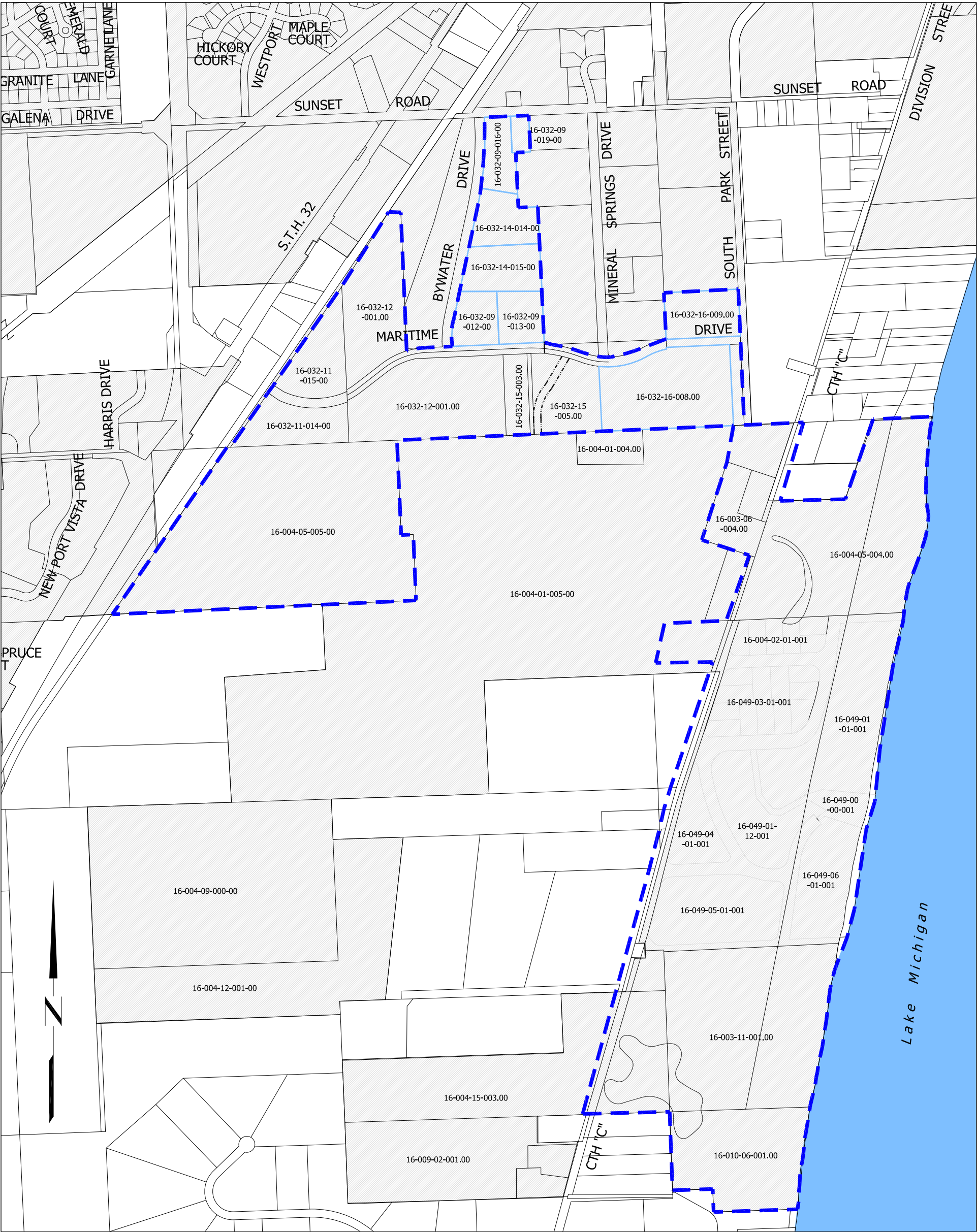
This amended project plan adds one parcel, totaling approximately 3.8 acres, to the boundaries of TID 3, and subtracts one parcel, totaling approximately 28.69 acres.

Table 1 lists the properties in the existing District, along with the properties to be added and subtracted. The table shows the base property values from the original project plan and the current property values, along with the estimated total value of amended TID. As shown on the table, some of the parcels have been combined or split since the district was created.

Map 1 shows the existing boundaries of the District, while Map 2 shows the proposed boundaries.

Map 3 depicts the existing uses and conditions of the properties. Current zoning within the District includes a mix of commercial, industrial, residential, and agricultural zoning. Property east of CTH C and south of Maritime Drive is currently in agricultural use.

As of January 1, 2020, the total equalized value of the City was \$1,174,525,000, the value increment of the existing TID No. 2 was \$17,877,400 and TID No. 3 had total estimated equalized value of \$10,863,000, including the territory adjustments. In total, the existing value increment of TID No. 2 plus the value of TID No. 3 was \$28,740,400, or 2.45 percent of the City's total equalized value, far short of the 12 percent limit. The Wisconsin Department of Revenue will determine the actual adjusted base value with the added and subtracted properties as of the date of the amendment, which is expected to be January 1, 2021. The base value will include both real property value and personal property.



Areas of New Increment

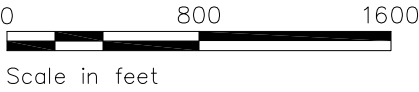
New Zoning district / use

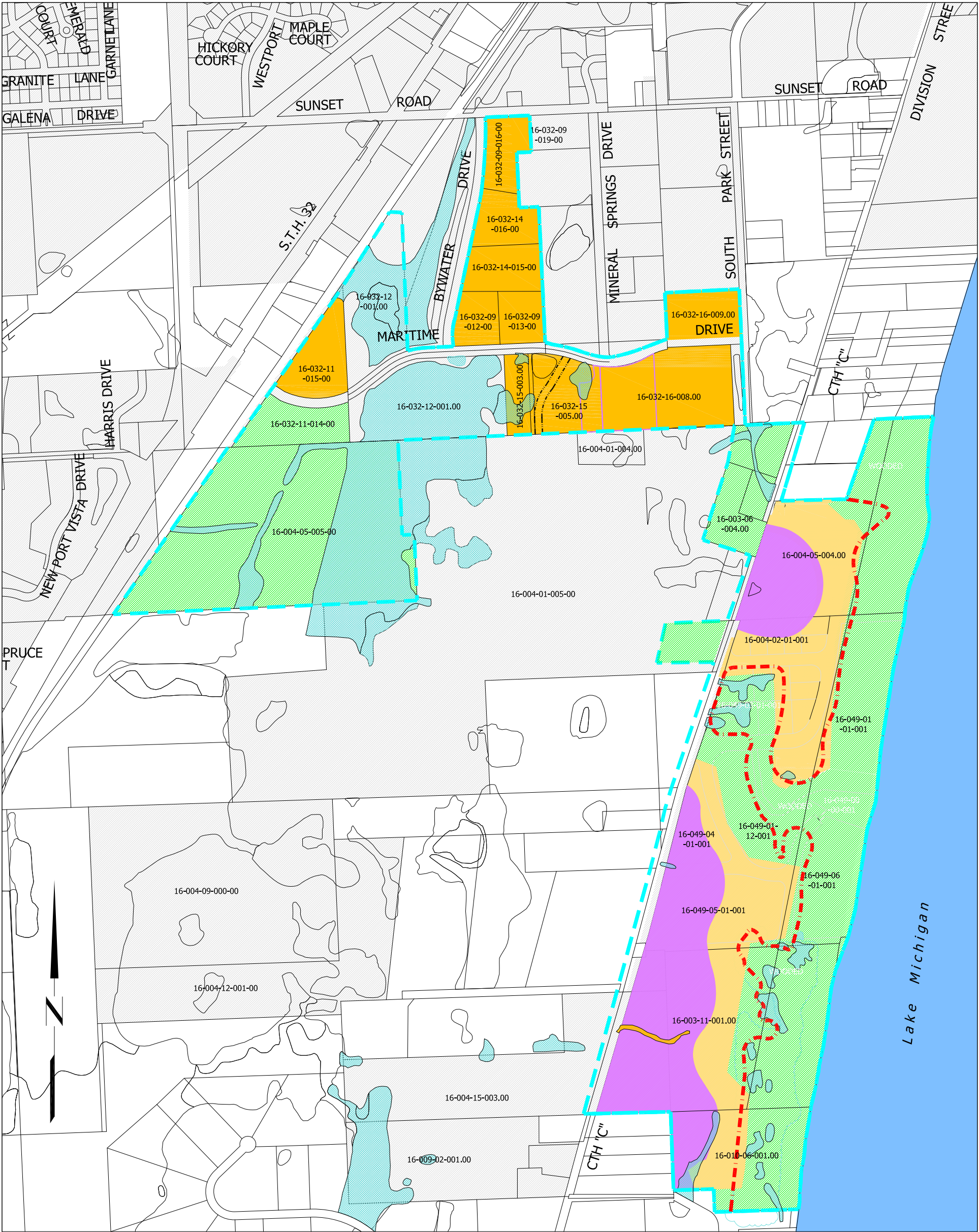
 City of Port Washington Parcel



City of Port Washington Tax Increment District #3 Proposed TID #3 Boundary

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





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

- Commercial
- Residential

Table 1 - Existing Uses and Real Estate Values

Base Value (2015 Project Plan)										2020 Values				
Parcel ID	Parcel Size (Acres)	Wetlands (Acres) ⁽¹⁾	Net Acres	Land - Equalized Value	Improvements - Equalized Value	Base Value - Equalized	Owner	Existing Use	Parcel Size (Acres)	Wetlands (Acres) ⁽¹⁾	Net Acres	Land - Equalized Value	Improvements - Equalized Value	Total Equalized Value
Original TID Boundaries														
Proposed Cedar Vineyard Development														
160030500400	40.04		40.04	\$39,400	\$0	\$39,400	Bank Street Capital	Agriculture	40.04		40.04	\$46,800	\$0	\$46,800
160490101001	25.00	0.13	24.87	\$15,600	\$0	\$15,600	Bank Street Capital	Agriculture	25.00	0.13	24.87	\$18,500	\$0	\$18,500
160041500300 ⁽²⁾	42.09	2.03	40.06	\$19,300	\$0	\$19,300	Surrender Farm LLC	Agriculture	28.69	2.03	26.66	\$7,100	\$0	\$7,100
160490201001	8.00		8.00	\$1,800	\$0	\$1,800	Bank Street Capital	Agriculture	8.00		8.00	\$1,900	\$0	\$1,900
160490301001	14.00	1.90	12.10	\$11,200	\$0	\$11,200	Bank Street Capital	Agriculture	10.42	1.90	8.52	\$13,300	\$0	\$13,300
160031100000 ⁽³⁾	40.80	3.17	37.63	\$51,600	\$0	\$51,600	Bank Street Capital	Agriculture	54.00	3.17	50.83	\$77,100	\$0	\$77,100
160100600100	19.80	2.09	17.71	\$24,400	\$0	\$24,400	Bank Street Capital	Agriculture	19.80	2.09	17.71	\$29,200	\$0	\$29,200
160490000001	8.00		8.00	\$18,200	\$0	\$18,200	Bank Street Capital	Agriculture	8.00		8.00	\$21,900	\$0	\$21,900
160490112001	10.00		10.00	\$2,100	\$0	\$2,100	Bank Street Capital	Agriculture	9.25		9.25	\$2,400	\$0	\$2,400
160490401001	9.00		9.00	\$2,000	\$0	\$2,000	Bank Street Capital	Agriculture	9.00		9.00	\$2,100	\$0	\$2,100
160490501001	11.00		11.00	\$2,300	\$0	\$2,300	Bank Street Capital	Agriculture	11.00		11.00	\$2,600	\$0	\$2,600
160490601001	11.40	0.07	11.33	\$12,700	\$0	\$12,700	Bank Street Capital	Agriculture	11.40	0.07	11.33	\$15,200	\$0	\$15,200
Subtotal	239.13	9.39	229.74	\$200,600	\$0	\$200,600			234.60	9.39	225.20	\$238,100	\$0	\$238,100
Existing Industrial Park - Redevelopment and Expansion Parcels														
160321500500	7.81	1.50	6.31	\$268,000	\$284,000	\$552,000	WMV LLC	Commercial	7.81	1.50	6.31	\$322,100	\$488,500	\$810,600
160321600800	15.24		15.24	\$453,400	\$2,678,100	\$3,131,500	Jabco LLC	MFG	15.24		15.24	\$548,600	\$2,934,900	\$3,483,500
Subtotal	23.05	1.50	21.55	\$721,400	\$2,962,100	\$3,683,500			23.05	1.50	21.55	\$870,700	\$3,423,400	\$4,294,100
Existing Industrial Park - New Development														
160320901800	3.48		3.48	\$108,600	\$0	\$108,600	Mud Development	Commercial	3.48		3.48	\$130,500	\$0	\$130,500
160320901900	1.03		1.03	\$35,200	\$0	\$35,200	Harbor City Holdings	Commercial	1.03		1.03	\$42,400	\$0	\$42,400
160321401400	4.82		4.82	\$145,100	\$0	\$145,100	Maritime Holdings	Commercial	4.82		4.82	\$174,400	\$0	\$174,400
160321600900	5.38		5.38	\$160,200	\$0	\$160,200	WCPW LLC	Commercial	5.38		5.38	\$192,500	\$0	\$192,500
Subtotal	14.71	0.00	14.71	\$449,100	\$0	\$449,100			14.71	0.00	14.71	\$539,800	\$0	\$539,800
Potential Phase II Development														
160040500500	58.74	19.00	39.74	\$51,500	\$0	\$51,500	JT Lakeshore	Agriculture	58.74	19.00	39.74	\$61,200	\$0	\$61,200
160321101400	6.51		6.51	\$1,400	\$0	\$1,400	JT Lakeshore	Agriculture	6.51		6.51	\$1,500	\$0	\$1,500
160321101500	7.47		7.47	\$1,700	\$0	\$1,700	Gateway RE	Commercial	7.47		7.47	\$149,800	\$552,900	\$702,700
160321100001	1.20		1.20	\$0	\$0	\$0	C. Port Washington	Road	1.20		1.20	\$0	\$0	\$0
160321200100	30.81	22.62	8.19	\$21,400	\$0	\$21,400	Riverway Prop	Agriculture	30.81	22.62	8.19	\$25,300	\$0	\$25,300
Subtotal	104.73	41.62	63.11	\$76,000	\$0	\$76,000			104.73	41.62	63.11	\$237,800	\$552,900	\$790,700
Existing Industrial Park - Developed Parcels														
160320901200	3.63		3.63	\$204,900	\$608,600	\$813,500	Izzy Properties	Commercial	3.63		3.63	\$246,200	\$789,000	\$1,035,200
160320901300	3.63		3.63	\$204,900	\$1,056,600	\$1,261,500	Maritime Holdings	Commercial	3.63		3.63	\$246,200	\$1,269,800	\$1,516,000
160321401500	5.45		5.45	\$294,800	\$1,619,600	\$1,914,400	Maritime Holdings	Commercial	5.45		5.45	\$354,800	\$1,570,900	\$1,925,700
160321500300	3.00	1.06	1.94	\$700	\$0	\$700	Waukesha State Bank	Bank-Agriculture	3.00	1.06	1.94	\$700	\$0	\$700
160321600501	1.38	0.38	1.00	\$0	\$0	\$0	C. Port Washington		1.38	0.38	1.00	\$0	\$0	\$0
Subtotal	17.09	1.44	15.65	\$705,300	\$3,284,800	\$3,990,100			17.09	1.44	15.65	\$847,900	\$3,629,700	\$4,477,600
Other														
160030600400	6.70		6.70	\$1,600	\$0	\$1,600	EP Callahan Holdings	Res / Ag	6.73		6.73	\$48,100	\$118,500	\$166,600
160040100500	3.86	0.76	3.10	\$800	\$0	\$800	JT Lakeshore	Agriculture	3.86	0.76	3.10	\$1,000	\$0	\$1,000
Subtotal	10.56	0.76	9.80	\$2,400	\$0	\$2,400			10.59	0.76	9.83	\$49,100	\$118,500	\$167,600
Total	409.26	54.71	354.55	\$2,154,800	\$6,246,900	\$8,401,700			404.76	54.71	350.05	\$2,783,400	\$7,724,500	\$10,507,900
Territory Additions														
Territory Subtractions														
160041500600	28.69	2.03	26.66	\$5,900	\$0	\$5,900	Bank Street Capital	Agriculture	3.80		3.80	\$1,200	\$0	\$1,200
Subtotal	28.69	2.03	26.66	\$5,900	\$0	\$5,900			3.80		3.80	\$1,200	\$0	\$1,200
Total Amended TID	379.87	52.68	327.19	\$2,777,500	\$7,724,500	\$10,502,000			379.87	52.68	327.19	\$2,777,500	\$7,724,500	\$10,502,000

Notes:
 (1) Wetland acreages are estimated based on the Ozaukee County GIS system.
 (2) Part of this parcel has been combined with parcel 160031100000.
 (3) Part of parcel 160041500300 was combined with this parcel.
 (4) Land division has just been approved by the City. Current value of the new parcel was estimated based on the land value per acre of the parcel that it was divided from.

Proposed Improvements and Uses

This Tax Incremental Finance District is a mixed-use district under Wisconsin Statutes §66.1105(2)(cm). The plan for the District includes a mix of residential, commercial, and industrial uses, to be developed in two or more phases. Map 4 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, over 56 percent of the area of the District, net of wetlands, is suitable for industrial, commercial or residential development. Newly platted residential lots will comprise approximately 62.74 acres, or 19.18 percent of the 327 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 23 acres of new residential lots within a conservation subdivision, 23.2 acres developed as a vineyard and winery, and 23.1 acres of common areas. Adjacent to the subdivision, 135 acres of public conservation land 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. 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. Public improvements needed to support this phase of development include sanitary sewer collection and water distribution mains, road improvements, and a pedestrian trail along CTH C.

Also included in this project plan is the redevelopment or development of six undeveloped or underdeveloped parcels in the City's existing industrial park. 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 new development within the District includes new mixed-use and residential 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 13.98 acres planned for mixed-use development, 7.47 acres of which was developed in 2018, and 39.74 acres planned for residential 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 and existing residential subdivisions in the City; 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 over 55 percent of the district area, net of wetlands. The District complies with the requirements of Wisconsin Statutes §66.1105(2)(cm) as the newly platted residential lots comprise approximately 19.18 percent of the 327.19 acres, net of wetlands. Pursuant to

Wisconsin Statutes §66.1105(5)(b) and 66.1105(6)(am)1. retail uses will comprise less than 35 percent of the district area at the end of the maximum expenditure period.

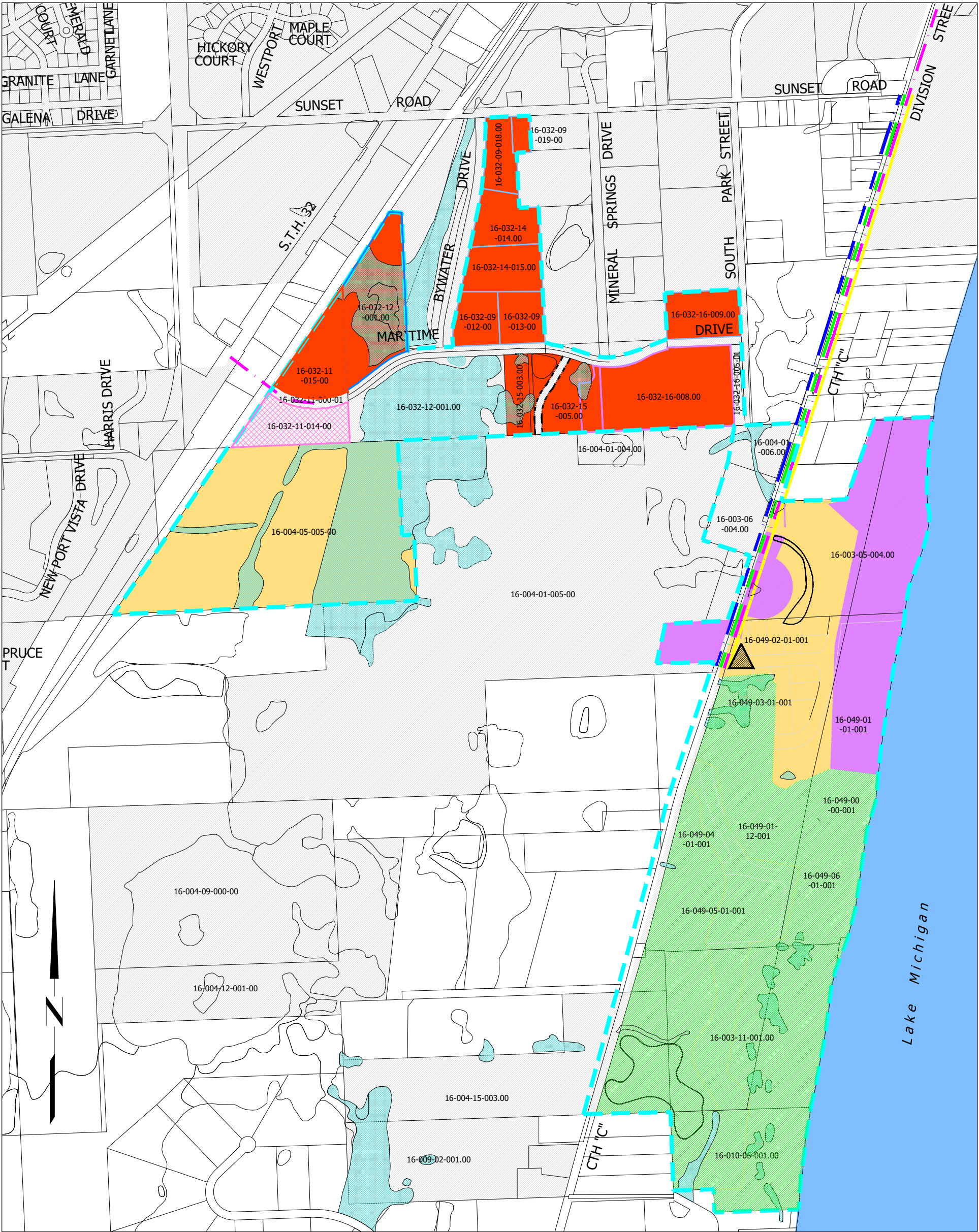
Cedar Vineyards is expected to increase the value of property in the District by \$31.8 million. Development within the existing business park is expected to increase in property value by \$5.1 million. The Phase II development is expected to increase property value in the District by \$18.0 million.

Table 2 - Proposed and Potential Development Areas

Proposed Land Use	Acreage	Description of Proposed Development	Actual / Projected Year of Development	Projected Value After Development (EV)			Existing Value (EV) ⁽¹⁾		
				Land Value per Unit	Total Land Value	Improve - ment Value per Unit	Total Improve - ment Value	Land	Improve - ments
<i>Cedar Vineyard Mixed Use Development</i> ⁽²⁾ Residential lots Vineyards / Winery Common Areas Road ROW Subtotal	23.00	45 Residential Lots Vineyards / Winery Common Areas Road ROW		\$300,000	\$13,500,000	\$400,000	\$18,000,000	\$13,500,000	\$18,000,000
	23.20			\$706	\$48,000	\$500,000	\$500,000	\$48,000	\$500,000
	23.10			\$0	\$0	\$0	\$0	\$0	\$0
	4.90			\$0	\$0	\$0	\$0	\$0	\$0
	74.20		2021-2026	\$182,588	\$13,548,000	\$249,326	\$18,500,000	\$231,000	\$18,500,000
<i>Conservancy Adjacent to Cedar Vineyard</i>	135.51	Conservancy and Trails	NA	\$0	\$0	\$0	\$0	\$0	\$0
<i>Existing Industrial Park</i> Expansion / Redevelopment ⁽³⁾ Expansion / Redevelopment ⁽⁴⁾ New Development - 2021 ⁽⁵⁾ New development ⁽⁶⁾ Subtotal	7.81	Improvements to Existing Property Potential Expansion New industrial New industrial	2019	\$41,242	\$322,100	\$62,548	\$488,500	\$11,100	\$158,800
	15.24		NA	\$35,957	\$548,600	\$192,579	\$2,934,900	\$548,600	\$0
	3.48		2021	\$67,000	\$233,160	\$258,621	\$900,000	\$130,500	\$900,000
	11.23		2021-2027	\$67,000	\$752,200	\$319,000	\$3,581,400	\$409,300	\$3,581,400
	37.76				\$1,856,060		\$7,904,800	\$1,399,400	\$456,660
<i>Potential Phase II Development</i> Residential ⁽⁷⁾ Mixed-Use ⁽⁸⁾ 1140 Maritime Drive ⁽⁹⁾ Wetlands / Undevelopable / ROW Subtotal	39.74	Residential Mixed-Use Mixed-Use Wetlands and ROW	2027-2031	\$133,000	\$5,285,400	\$266,000	\$10,570,800	\$38,000	\$5,247,400
	6.51		2026	\$40,200	\$261,700	\$191,400	\$1,246,000	\$1,500	\$260,200
	7.47		2018	\$19,371	\$144,700	\$71,486	\$534,000	\$1,700	\$143,000
	51.01		NA	\$745	\$38,000	\$0	\$0	\$38,000	\$0
	104.73				\$5,729,800		\$12,350,800	\$79,200	\$5,650,600
<i>Existing industrial park - Developed</i> <i>Other - Residential</i> ⁽¹⁰⁾ <i>Other - Agriculture</i> Subtotal	17.09	No change Residential No change	2018	\$49,614	\$847,900	\$212,387	\$3,629,700	\$847,900	\$3,629,700
	6.73		2017	\$7,147	\$48,100	\$17,608	\$118,500	\$44,500	\$0
	3.86		NA	\$259	\$1,000	\$0	\$0	\$1,000	\$0
	27.68				\$897,000		\$3,748,200	\$893,400	\$3,629,700
	379.87				\$22,030,860	\$249,326	\$42,503,800	\$2,603,000	\$19,427,860
Total									\$35,609,500
Wetlands	52.68								
Net Acreage	327.19								
Industrial, Commercial or Residential	181.66	55.52%							
Newly Platted Residential	62.74	19.18%							
Other	145.53	44.48%							

Notes:

- (1) Unless otherwise noted, all values are 1/1/2020 equalized values.
 (2) Per City Administrator, via email, 1/22/2021.
 (3) Value of development is 2020 property value; existing value is 1/1/2019 value prior to improvements. This property remains lower value per acre than other properties in the business park, so there may be potential for additional future improvements.
 (4) Expansion of this property was included in the original project plan. At this time, there are no specific plans for expansion. However this property is lower value per acre than other properties in the business park, so there may be potential for future improvements.
 (5) Improvement value estimated based on building permit.
 (6) 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 Parcels* on Table 1).
 (7) Parcel 160040500500, net of undevelopable land.
 (8) Parcels 160321101400 and 160321200100, net of undevelopable land.
 (9) Existing value is the 1/1/2018 value before the parcel was developed.
 (10) Existing value is the 1/1/2017 value before the parcel was developed.



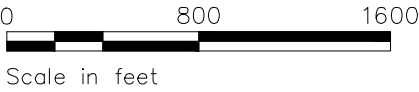
Areas of New Increment

- New Zoning district / use
- City of Port Washington Parcel
 - Mixed Use
 - 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 zoning map.

Amend the zoning map to rezone the following parcels:

- Cedar Vineyard: change the zoning of the following parcels to reflect the new proposed layout of Cedar Vineyard and the conservancy area:
16-003-05-004.00
16-049-01-01.001
16-049-02-01.001
16-049-03-01.001
16-003-11-001.00
16-010-06-001.00
16-049-00-00.001
16-049-01-12.001
16-049-04-01.001
16-049-05-01.001
16-049-06-01.001
- Potential Phase 2 Development: rezone the following parcels from AG Agriculture to allow for mixed-use and residential development.
16-004-05-005.00
16-032-11-014.00

Proposed method of relocation

Relocation of one or more businesses and redevelopment of property may occur as part of the implementation of this project plan. The project plan includes funding for property assembly, relocation expenses and/or cash grants to property owners or developers. Before providing any cash grants, the City will execute a development agreement with the grantee. If any persons or businesses are to be relocated, the City will follow the procedures and make the payments required under Wisconsin Statutes 32.19 and 32.195.

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.

STATEMENT OF THE KIND, NUMBER, AND LOCATION OF PROPOSED PUBLIC WORKS AND OTHER PROJECTS

The following is a description of the kinds of public works and other TIF-eligible projects that the City proposes to complete in the District. Any other expenses necessary and convenient to the implementation of the project plan and related to the projects are considered project costs and eligible for recovery through tax incremental revenues.

Public Infrastructure Improvements

Anticipated public infrastructure improvements include the installation of sanitary sewer main extensions, one or more sanitary sewer lift stations, water main extensions, road reconstruction, and the installation of pedestrian trails. The proposed location of public improvements is shown on Map 2. The City reserves the right to modify the kind, number, and location of public improvements as is advantageous or necessary to the implementation of this project plan.

Cash Grants (Development Incentives)

The City may enter into agreements with owners, lessees or developers of property within the District to provide cash grants or development incentives to support redevelopment within the District that will significantly enhance the value of property within the District. Development incentives may be provided to assist with property assembly, demolition, site preparation, or on-site or offsite infrastructure improvements needed within the District to support more intensive use of properties, such as stormwater management facilities. No cash grants will be made unless: the City determines that TIF assistance is required to facilitate improvements to the property; anticipated tax increment from the improvements will be enough to cover the requested assistance; and the City has an executed development agreement with the recipient.

ESTIMATED PROJECT COSTS

The estimated project costs, excluding interest payments on debt service, from the original project plan and the proposed amended costs are shown in Table 3. The original project plan, adopted in 2015, included \$7,666,000 of project costs, including \$6.0 million for public infrastructure costs to serve Cedar Vineyards, \$950,000 for additional development and redevelopment of the existing business park, \$100,000 for public infrastructure to expand the business park, and \$616,000 of bond issuance and capitalized interest. Through 12/31/2019, the City expended \$136,059 for organization, administration, and professional services.

With the revised layout for Cedar Vineyards and increases in construction costs since adoption of the project plan, the costs for extending public infrastructure to the development have changed. The quantities of sewer and water main have decreased; however, the unit costs have increased, resulting in a small increase in the estimated cost of water and sewer infrastructure. The costs for reconstruction of CTH C have increased substantially. The City is no longer planning to contribute funds for acquisition of conservancy land. In total, the costs to extend infrastructure for Cedar Vineyards is estimated at \$6.2 million.

The adopted project plan included costs of property assembly and development incentives to support the expansion of Construction Forms and the redevelopment of the Ozaukee Sports Center property. While that project has not moved forward, there may be other opportunities in the future for expansion or redevelopment of these or other properties in the existing business park. The City may also use these funds for public infrastructure improvements to support future expansion of the business 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.

In addition to the \$7.7 million of direct project costs, the City expects to incur interest expenses, described below. Actual costs may vary from the amounts shown. These cost estimates are not meant to be an appropriation of funds but a preliminary plan for the projects and expenditures that are anticipated to support development of the District. All project expenditures and financing for project expenditures will require additional authorization from the City Council. The City may choose to reallocate direct project expenditures between budget categories, if the total amount does not exceed the total shown on Table 3. This project plan does not obligate the City to undertake any of the projects or provide any of the development incentives shown in Table 3.

ESTIMATED NON-PROJECT COSTS

There are no non-project costs associated with the District.

Table 3 - Estimated Project Costs

Project Description	2015 Estimate ⁽¹⁾	Project Description	Amended Project Costs
Cedar Vineyards		Cedar Vineyards ⁽²⁾	
5,700 LF of 8 " Sanitary Sewer	\$627,000	8" Gravity Sewer - NA	NA
2,900 LF of 12" Sanitary Sewer	\$348,000	12" Gravity Sewer - 5,635 linear feet	\$1,690,500
7,250 LF of Sanitary Sewage Force Main	\$543,750	Sewer Forcemain - 2,300 linear feet	\$207,000
Sanitary Sewage Pump Station	\$650,000	Sanitary Sewage Pump Station	\$780,000
8,600 LF of 12" Water Main	\$946,000	12" Water Main - 4,000 linear feet	\$600,000
CTH C Restoration	\$287,500	CTH C Reconstruction	\$1,200,000
Public Recreational Trails and Parking	\$597,750	Bike Path	\$120,000
Engineering, Legal, Easements & Contingencies (25%)	\$1,000,000	Storm Sewer - 4,000 linear feet	\$480,000
Land acquisition for conservation area	\$1,000,000	Trench Repair	\$120,000
Subtotal	\$6,000,000	Engineering, Legal, Easements & Contingencies (20%)	\$1,039,500
		Land acquisition for conservancy area - NA	NA
		Subtotal	\$6,237,000
Industrial Park Development and Redevelopment		Industrial Park Redevelopment and Phase II Development	
Property Assembly / Property Owner Incentive	\$1,466,000	Property Assembly / Property Owner Incentive ⁽³⁾	\$950,000
Proceeds from sale of 4.8 acres to Construction Forms	(\$166,000)		
Proceeds from sale of existing Sports Center building and 1-acre site	(\$350,000)		
Subtotal	\$950,000	Subtotal	\$950,000
Potential Phase II Development			
Public Infrastructure Improvements	\$100,000	Public Infrastructure Improvements ⁽²⁾⁽⁴⁾	\$100,000
Bond Issuance Costs	\$121,080	Bond Issuance Costs	\$127,000
Capitalized Interest	\$494,920	Capitalized Interest	\$135,000
Organization, Administration, Professional Services	\$0	Organization, Administration, Professional Services	\$156,059
Subtotal	\$616,000	Subtotal	\$418,059
Total	\$7,666,000		\$7,705,059

Notes:

(1) Source: adopted project plan.

(2) Infrastructure cost estimates provided by City staff.

(3) Funds may also be used to defray the cost of grinder pumps on individual properties or for installation of a sanitary sewer lift station for expansion of the business park.

(4) Assumes the extension of gravity sewer with grinder pumps on individual properties.

METHODS AND TIMING OF FINANCING

The City plans to issue general obligation bonds to finance the infrastructure improvements for Cedar Vineyards. Depending on the amount and timing of any expenditures for development or redevelopment in the business park, the City may issue general obligation debt, fund the expenditures with tax incremental revenues on a “pay-as-you-go” basis, or require the developer to finance improvements, with reimbursement from future TID revenues. The amounts and timing estimated future borrowings and debt service payments are shown in Table 4. It is anticipated that the City will issue bonds to finance the costs of infrastructure improvements for the Cedar Vineyards development. Costs for extension of sanitary sewer and any development incentives for the business park development or redevelopment are expected to be financed on a pay-as-you-go-basis from current tax incremental revenues. 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 up to \$6,499,000 in bonds to finance project costs. As of 2019, the City had an allowable general obligation debt margin of \$26,520,406, which means the City could issue up to \$26,520,406 in new general obligation bonds. The proposed bond issuances associated with the district would use less than a third of the City’s remaining debt capacity.

These estimates were developed based on conditions at the time of the preparation of this project plan. The interest rate shown for the 2021 issuance is 1.75% based on current interest rates. Estimated payment structures were developed based on the forecast amount and timing of future tax incremental revenues for purposes of evaluating the overall feasibility of the project plan and are not intended to be recommendations as to the payment structures of future bond issues. Actual payment structures will be developed at such time that the City prepares to issue any future debt. 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 Issuance and Debt Service

Project Costs - Cedar Vineyards	\$6,237,000
Capitalized Interest	\$135,000
Bond Issuance	\$127,000
Total Issuance	\$6,499,000

Interest Rate	1.75%
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Year	Principal	Interest	Total P&I	Remaining Balance
2015				\$0
2016	\$0	\$0	\$0	\$0
2017	\$0	\$0	\$0	\$0
2018	\$0	\$0	\$0	\$0
2019	\$0	\$0	\$0	\$0
2020	\$0	\$0	\$0	\$0
2021	\$0	\$0	\$0	\$6,499,000
2022	\$0	\$113,733	\$113,733	\$6,499,000
2023	\$160,000	\$113,733	\$273,733	\$6,339,000
2024	\$225,000	\$110,933	\$335,933	\$6,114,000
2025	\$250,000	\$106,995	\$356,995	\$5,864,000
2026	\$325,000	\$102,620	\$427,620	\$5,539,000
2027	\$425,000	\$96,933	\$521,933	\$5,114,000
2028	\$500,000	\$89,495	\$589,495	\$4,614,000
2029	\$510,000	\$80,745	\$590,745	\$4,104,000
2030	\$520,000	\$71,820	\$591,820	\$3,584,000
2031	\$530,000	\$62,720	\$592,720	\$3,054,000
2032	\$540,000	\$53,445	\$593,445	\$2,514,000
2033	\$550,000	\$43,995	\$593,995	\$1,964,000
2034	\$560,000	\$34,370	\$594,370	\$1,404,000
2035	\$570,000	\$24,570	\$594,570	\$834,000
2036	\$834,000	\$14,595	\$848,595	\$0
Total	\$6,499,000	\$1,120,700	\$7,619,700	\$0

ECONOMIC FEASIBILITY STUDY

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 project costs listed in Table 3, plus the interest expenses shown on Table 4.

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 primarily on 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 actual and 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 developer of Cedar Vineyard forecasts a 5-year buildout of the development. Buildout of the existing business park is projected to occur over the next seven years. 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. No redevelopment or expansion of existing developed parcels in the business park was included in this schedule, although it is anticipated that some activity could occur during the life of the district.

Table 6 shows the actual increases in real and personal property value in the District for the years 2015 through 2019, the projected future increases in property value, and the actual and projected tax incremental revenues. The base value of the existing District was established as \$8,872,700, including personal property. Through January 1, 2020, the District added \$1,996,200 of value increment, increasing in value to \$10,868,900. The value of the new parcel to be added to the District with this amendment was estimated at \$1,200 as of January 1, 2020. The base value of the parcel to be subtracted from the District is \$5,900, and its value as of January 1, 2020 was \$7,100. The net impact of the territory addition and the territory subtraction is estimated to be a reduction of \$4,700 in the base value of the District and a reduction of \$5,900 in the current value, for a net reduction of \$1,200 in the incremental value.

Table 6 shows the base value, the beginning of year value, the actual and 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 2020 and collected in 2021, which is lower than the average of the tax rates for 2015-2019. Current year tax increment is the projected collection of tax incremental revenues per year. Improvements constructed in 2021 will become value increment as of January 1, 2022. Taxes on this value increment will be assessed in 2022 and collected in 2023.

In total, the existing District has generated \$1,996,200 in value increment through 2020. An additional 54.1 million of increment is anticipated from development for the years 2021 - 2031, not including any inflationary increases in property value or redevelopment or expansion of existing developed properties in the business park. Assuming the continuation of tax rates like those of recent years, the increase in property value is projected to generate approximately \$9.9 million in property taxes over the life of the District. Tax incremental revenues will also be collected on any increases in personal property value in the

district; however, revenues from future increases in personal property value were not estimated for purposes of this economic feasibility analysis.

Table 5 - Projected Timing and Value of Development

Year	Cedar Vineyards			Existing Industrial Park		Phase II Development		Other		Total
	Lots	Value	Winery	Acres	Value	Acres	Value	Acres	Value	
2015										\$0
2016										\$0
2017								6.73	\$122,100	\$122,100
2018						7.47	\$677,000			\$677,000
2019					\$169,900					\$169,900
2020										\$0
2021		\$13,317,000	\$500,000	3.48	\$1,002,660					\$14,819,660
2022	9	\$3,600,000								\$3,600,000
2023	9	\$3,600,000		1.03	\$355,180					\$3,955,180
2024	9	\$3,600,000								\$3,600,000
2025	9	\$3,600,000		4.82	\$1,686,120					\$5,286,120
2026	9	\$3,600,000				6.51	\$1,506,200			\$5,106,200
2027				5.38	\$1,883,022	7.95	\$3,163,640			\$5,046,662
2028						7.95	\$3,163,640			\$3,163,640
2029						7.95	\$3,163,640			\$3,163,640
2030						7.95	\$3,163,640			\$3,163,640
2031						7.95	\$3,163,640			\$3,163,640
2032										\$0
2033										\$0
2034										\$0
2035										\$0
Total	45	\$31,317,000	\$500,000	14.71	\$5,096,882	53.72	\$18,001,400	6.73	\$122,100	\$55,037,382

Table 6 - Projected Tax Incremental Revenues

Year	Base Value		Territory Subtraction (3)	Territory Addition	Improvements	Inflation	Year End Value	Beginning of Year Value		Tax Rate		Current Year Tax Increment	Cumulative Increment
	Base Value	Subtraction (1)						Amended Value (2)	Year Equalized Value	Per \$1,000 EV	Year Tax Increment		
2015	\$8,872,700				\$0	(\$175,900)	\$8,696,800		\$0	\$16.65	\$0	\$0	
2016	\$8,872,700				\$0	\$253,700	\$8,950,500		(\$175,900)	\$16.65	\$0	\$0	\$0
2017	\$8,872,700				\$122,100	\$714,900	\$9,787,500		\$77,800	\$21.95	\$0	\$0	\$0
2018	\$8,872,700				\$677,000	\$234,500	\$10,699,000		\$914,800	\$18.24	\$1,708	\$1,708	\$1,708
2019	\$8,872,700				\$169,900	\$0	\$10,868,900		\$1,826,300	\$16.40	\$16,685	\$16,685	\$18,393
2020	\$8,872,700				\$0	\$0	\$10,868,900		\$1,996,200	\$17.00	\$29,951	\$29,951	\$48,344
2021	\$8,872,700	(\$5,900)		\$1,200	\$14,819,660	\$0	\$25,682,660		\$1,996,200	\$17.00	\$33,944	\$33,944	\$82,289
2022	\$8,872,700				\$3,600,000	\$0	\$29,282,660		\$16,815,860	\$17.00	\$33,944	\$33,944	\$116,233
2023	\$8,872,700				\$3,955,180	\$0	\$33,237,840		\$20,415,860	\$17.00	\$285,946	\$285,946	\$402,179
2024	\$8,872,700				\$3,600,000	\$0	\$36,837,840		\$24,371,040	\$17.00	\$347,163	\$347,163	\$749,342
2025	\$8,872,700				\$5,286,120	\$0	\$42,123,960		\$27,971,040	\$17.00	\$414,419	\$414,419	\$1,163,761
2026	\$8,872,700				\$5,106,200	\$0	\$47,230,160		\$33,257,160	\$17.00	\$475,635	\$475,635	\$1,639,396
2027	\$8,872,700				\$5,046,662	\$0	\$52,276,822		\$38,363,360	\$17.00	\$565,523	\$565,523	\$2,204,919
2028	\$8,872,700				\$3,163,640	\$0	\$55,440,462		\$43,410,022	\$17.00	\$652,352	\$652,352	\$2,857,270
2029	\$8,872,700				\$3,163,640	\$0	\$58,604,102		\$46,573,662	\$17.00	\$738,168	\$738,168	\$3,595,438
2030	\$8,872,700				\$3,163,640	\$0	\$61,767,742		\$49,737,302	\$17.00	\$791,964	\$791,964	\$4,387,403
2031	\$8,872,700				\$3,163,640	\$0	\$64,931,382		\$52,900,942	\$17.00	\$845,761	\$845,761	\$5,233,163
2032	\$8,872,700				\$0	\$0	\$64,931,382		\$56,064,582	\$17.00	\$899,557	\$899,557	\$6,132,720
2033	\$8,872,700				\$0	\$0	\$64,931,382		\$56,064,582	\$17.00	\$953,353	\$953,353	\$7,086,073
2034	\$8,872,700				\$0	\$0	\$64,931,382		\$56,064,582	\$17.00	\$953,353	\$953,353	\$8,039,426
2035	\$8,872,700				\$0	\$0	\$64,931,382		\$56,064,582	\$17.00	\$953,353	\$953,353	\$8,992,780
2036	\$8,872,700				\$0	\$0	\$64,931,382		\$56,064,582	\$17.00	\$953,353	\$953,353	\$9,946,133

Notes:

- (1) Base (2015) property value of Parcel 160041500600 that is to be subtracted from the District.
- (2) Estimated value of the new 3.80 acre parcel to be added to the District.
- (3) Current (2020) property value of Parcel 160041500600 that is to be subtracted from the District.

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 bond issues, computer aid, and tax increment revenues. Cash outflows are expected to include the project costs listed in Table 3, and principal and interest payments on the bonds as shown in Table 4.

The top part of Table 6 shows actual cash flows from the date of creation through 12/31/2019. As shown, the District had cash inflows of \$26,293 and total cash outflows of \$136,059, generating a negative fund balance of \$109,766 as of 12/31/2019. Cash flow in future years will vary depending on the specific timing of expenditures and the structure of debt service for future borrowings. With the projected capitalize interest included in the 2021 borrowing, it is projected that the district will maintain a positive cash balance throughout the remainder of its life and will have a sufficient cash balance to pay off the bonds within the maximum life. 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, the amended TID No. 3 will generate sufficient revenues to pay for the project costs within the allowable time limit under Wisconsin Statutes. Therefore, the proposed amendment to the district is economically feasible under current conditions with respect to tax rates and interest rates. A material reduction in tax rates or a material increase in interest rates could affect the ability of the City to complete all the projects listed in this Project Plan.

Table 7 - Actual and Projected Cash Flows

Year	Cash In				Cash Out					Net Cash Flow			
	Bond Issue	Computer Aid	TID Revenue	Total Cash In	Improvement Costs	Development Incentives	Admin. & Prof. Svcs.	Bond Issuance	Principal & Interest	Total Cash Out	Cash Flow	Cash Balance	Debt Balance
2015			\$0	\$0	\$0		\$123,278	\$0	\$0	\$123,278	(\$123,278)	(\$123,278)	\$0
2016			\$0	\$0	\$0		\$10,013	\$0	\$0	\$10,013	(\$10,013)	(\$133,291)	\$0
2017			\$0	\$0	\$0		\$2,318	\$0	\$0	\$2,318	(\$2,318)	(\$135,609)	\$0
2018		\$4,747	\$0	\$4,747	\$0		\$300	\$0	\$0	\$300	\$4,447	(\$131,162)	\$0
2019		\$4,861	\$16,685	\$21,546	\$0		\$150	\$0	\$0	\$150	\$21,396	(\$109,766)	\$0
	\$0	\$9,608	\$16,685	\$26,293	\$0		\$136,059	\$0	\$0	\$136,059	(\$109,766)	(\$109,766)	\$0
2020			\$29,951	\$29,951	\$0			\$0	\$0	\$0	\$29,951	(\$79,815)	\$0
2021	\$6,499,000		\$33,944	\$6,532,944	\$0		\$5,000	\$127,000	\$0	\$132,000	\$6,400,944	\$6,321,130	\$6,499,000
2022			\$33,944	\$33,944	\$6,237,000		\$1,000	\$0	\$113,733	\$6,351,733	(\$6,317,788)	\$3,342	\$6,499,000
2023			\$285,946	\$285,946	\$0		\$1,000	\$0	\$273,733	\$274,733	\$11,214	\$14,555	\$6,339,000
2024			\$347,163	\$347,163	\$0		\$1,000	\$0	\$335,933	\$336,933	\$10,230	\$24,786	\$6,114,000
2025			\$414,419	\$414,419	\$0		\$1,000	\$0	\$356,995	\$357,995	\$56,424	\$81,209	\$5,864,000
2026			\$475,635	\$475,635	\$100,000		\$1,000	\$0	\$427,620	\$528,620	(\$52,985)	\$28,224	\$5,539,000
2027			\$565,523	\$565,523	\$0		\$1,000	\$0	\$521,933	\$522,933	\$42,591	\$70,815	\$5,114,000
2028			\$652,352	\$652,352	\$0	\$85,000	\$1,000	\$0	\$589,495	\$675,495	(\$23,143)	\$47,672	\$4,614,000
2029			\$738,168	\$738,168	\$0	\$90,000	\$1,000	\$0	\$590,745	\$681,745	\$56,423	\$104,095	\$4,104,000
2030			\$791,964	\$791,964	\$0	\$95,000	\$1,000	\$0	\$591,820	\$687,820	\$104,144	\$208,239	\$3,584,000
2031			\$845,761	\$845,761	\$0	\$100,000	\$1,000	\$0	\$592,720	\$693,720	\$152,041	\$360,279	\$3,054,000
2032			\$899,557	\$899,557	\$0	\$105,000	\$1,000	\$0	\$593,445	\$699,445	\$200,112	\$560,391	\$2,514,000
2033			\$953,353	\$953,353	\$0	\$110,000	\$1,000	\$0	\$593,995	\$704,995	\$248,358	\$808,749	\$1,964,000
2034			\$953,353	\$953,353	\$0	\$115,000	\$1,000	\$0	\$594,370	\$710,370	\$242,983	\$1,051,733	\$1,404,000
2035			\$953,353	\$953,353	\$0	\$120,000	\$1,000	\$0	\$594,570	\$715,570	\$237,783	\$1,289,516	\$834,000
2036			\$953,353	\$953,353	\$0	\$130,000	\$1,000	\$0	\$848,595	\$979,595	(\$26,242)	\$1,263,274	\$0
Total	\$6,499,000	\$9,608	\$9,944,425	\$16,453,033	\$6,337,000	\$950,000	\$156,059	\$127,000	\$7,619,700	\$15,189,759	\$1,263,274	\$1,263,274	\$0

SUMMARY OF FINDINGS

Based on the economic feasibility analysis and other information contained in this project plan, the following findings can be made with respect to the proposed District:

1. “But for” the creation of this District, the development projected to occur as detailed in this Project Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the City.

The properties to be developed as Cedar Vineyards were annexed to the City in 2001 for a development that ultimately did not move forward. Since then, there have been several proposals to develop this property, but none have been financially feasible. The use of tax incremental financing to extend public infrastructure to this site will support a unique mixed-use development combining a residential subdivision with conservation lands along the Lake Michigan shoreline, vineyards and a winery, and enhancement of the area’s agri-tourism opportunities.

Strategic investment by the City in the business park the form of investment in public infrastructure and direct development incentives may be needed to support full buildout of properties in the existing business park and expansion of the business park. Development incentives will only be provided as needed to support more intensive development or redevelopment of specific sites. No cash grants will be made unless: The City determines that TIF assistance is required to facilitate improvements to the property (the ‘but for’ test); anticipated tax increment from the improvements will be enough to cover the requested assistance; and the City has an executed development agreement with the recipient.

2. The economic benefits of this District are sufficient to compensate for the cost of the improvements:

The economic feasibility section of the project plan demonstrated that the tax incremental revenues from the District will be more than sufficient to pay for all project costs; therefore, the economic benefits of this District are sufficient to compensate for the cost of the improvements.

3. The benefits of the proposal outweigh the anticipated tax increments to be paid by owners of property in the overlying taxing districts:

The overlying taxing districts will not see a reduction in tax revenues from the amendment of this District. Each taxing district continues to collect taxes on the base value of the District as of January 1, 2015. Property taxes on all increases in property value during the life of the District will flow to the District fund to be used for improvements within the District that increase the value of property in the District.

As demonstrated above, property values in the District would not increase to the extent or within the timing desired but for the creation of this Tax Incremental District. In addition, the District is expected to generate economic benefits that are more than enough to compensate for the cost of the improvements. For these reasons, the benefits of the proposal outweigh the tax increments to be paid by owners of property in the overlying taxing district. In addition, since the District meets the ‘but for’ test, it can also be concluded that the overlying taxing districts are not foregoing tax increments that would not be realized without the creation of the District.

In accordance with the requirements of Wisconsin Statutes §66.1105(4)(i)4., the following table shows the share of projected tax increments projected to be paid by each taxing district.

Table 8 - Projected Tax Increment Contributions

Year	Ozaukee Co. 9.4%	City 31.3%	School District 52.6%	MATC 6.8%	Total 100.0%
2015	\$0	\$0	\$0	\$0	\$0
2016	\$0	\$0	\$0	\$0	\$0
2017	\$0	\$0	\$0	\$0	\$0
2018	\$160	\$534	\$899	\$115	\$1,708
2019	\$1,563	\$5,217	\$8,778	\$1,126	\$16,685
2020	\$2,806	\$9,365	\$15,758	\$2,022	\$29,951
2021	\$3,180	\$10,614	\$17,859	\$2,292	\$33,944
2022	\$3,180	\$10,614	\$17,859	\$2,292	\$33,944
2023	\$26,790	\$89,412	\$150,439	\$19,305	\$285,946
2024	\$32,525	\$108,554	\$182,646	\$23,438	\$347,163
2025	\$38,826	\$129,584	\$218,030	\$27,978	\$414,419
2026	\$44,561	\$148,726	\$250,237	\$32,111	\$475,635
2027	\$52,983	\$176,833	\$297,528	\$38,179	\$565,523
2028	\$61,118	\$203,983	\$343,210	\$44,041	\$652,352
2029	\$69,158	\$230,817	\$388,358	\$49,835	\$738,168
2030	\$74,198	\$247,639	\$416,661	\$53,467	\$791,964
2031	\$79,238	\$264,460	\$444,964	\$57,099	\$845,761
2032	\$84,278	\$281,282	\$473,267	\$60,731	\$899,557
2033	\$89,318	\$298,103	\$501,570	\$64,362	\$953,353
2034	\$89,318	\$298,103	\$501,570	\$64,362	\$953,353
2035	\$89,318	\$298,103	\$501,570	\$64,362	\$953,353
2036	\$89,318	\$298,103	\$501,570	\$64,362	\$953,353

4. Not less than 50%, by area, of the real property within the District is suitable for 'mixed-use development' as defined by Wisconsin Statutes §66.1105(2)(cm), containing a combination of industrial, commercial, or residential uses, except that newly platted residential uses may not exceed 35 percent, by area, of the District. Over 55 percent of the amended District is suitable for industrial, commercial, and residential development. Approximately 19.18 percent of the land in the District, net of wetlands, will be used for newly platted residential uses.
5. The improvement of the area is likely to significantly enhance the value of substantially all of the other real property in the District.
6. The project costs for the District are directly related to promoting the development and redevelopment of the District for mixed-use development, consistent with the purpose for which the District is being created.
7. The equalized value of taxable property in the District plus the value increment of all existing districts is approximately 2.45 percent, or less than 12 percent of the total equalized value of taxable property within the City.

8. The City expects that less than 35 percent of the District, by area, will be devoted to retail uses at the end of the District's maximum expenditure period under Wisconsin Statutes §66.1105(7).
9. The project plan is economically feasible and in conformity with the City's Master Plan and promotes the orderly development of the City.

APPENDIX 1: OPINION OF THE CITY ATTORNEY



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

April 20, 2021

Mayor Theodore Neitzke IV
City of Port Washington
100 W. Grand Avenue
Port Washington, WI 53074

Re: Amendment No. 1 to Tax Incremental District No. 3
City of Port Washington, Ozaukee County, Wisconsin

Dear Mayor Neitzke:

Per Wis. Stat. §66.1105(4), the City of Port Washington must include in the Amendment No. 1 to Tax Incremental District No. 3 project plan an opinion of the City Attorney advising whether the amended project plan is complete and complies with §66.1105. Specifically, pursuant to §66.1105(4)(f), the City Plan Commission must adopt a project plan for Amendment No. 1 to Tax Incremental District No. 3 and submit the plan to the Common Council. The amended 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 in §§ 66.1105(2)(f)1.k. and 1.n., 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 related costs or monetary obligations 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.
- I. A list of estimated nonproject costs.
- J. A statement of the proposed method for the relocation of any persons to be displaced, if any.
- K. A statement of how creation of the district promotes the orderly development of the City.
- L. An opinion of the city attorney advising whether the plan is complete and complies with §66.1105. (This opinion letter complies with this requirement.)

Amendment No. 1 to the Tax Incremental District No. 3 Project Plan dated April 19, 2021 prepared by Trilogy Consulting, LLC includes all the above elements. Thus, it is my opinion that as of April 20, 2021 Amendment No. 1 to the Project Plan for Tax Incremental District No. 3 is complete and complies with §66.1105(4).

Very truly yours,

Eric E. Eberhardt
City Attorney

EEE:dms

cc Anthony Brown, City Administrator
Robert Harris, City Planner