



September 8, 2015

Project Plan for the Creation of Tax Incremental District No. 10

CITY OF MERRILL, WISCONSIN

Organizational Joint Review Board Meeting Held:	September 2, 2015
Public Hearing Held:	September 2, 2015
Consideration for Approval by Redevelopment Authority:	September 2, 2015
Consideration for Adoption by Common Council:	September 22, 2015
Consideration for Approval by the Joint Review Board:	October 6, 2015



Tax Incremental District No. 10 Creation Project Plan

City of Merrill Officials

Common Council

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Chris Malm	Aldersperson
Pete Lokemoen	Aldersperson
Ryan Schwartzman	Aldersperson
Kandy Peterson	Aldersperson
John Burgener	Aldersperson
Dave Sukow	Aldersperson
Rob Norton	Aldersperson
Tim Meehean	Aldersperson

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William Heideman	City Clerk
Kathy Unertl	City Finance Director/RDA Secretary
Dave Johnson	City Administrator
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Tony Kusserow	

Joint Review Board

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Bob Weaver	Lincoln County
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Brian Dasher & Wally Leipart	Merrill Area School District
Amanda Kostman	Public Member



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SECTION 1: Executive Summary

Description of District

Type of District, Size and Location

Tax Incremental District (“TID”) No. 10 (the “TID” or “District”) is proposed to be created by the City of Merrill (“City”) as a blighted area district. A map of the proposed District boundaries is located in Section 3 of this plan.

Estimated Total Project Expenditures.

The City anticipates making total project expenditures of approximately \$1,250,000 to undertake the projects listed in this Project Plan. The City anticipates completing the projects in four phases. The Expenditure Period of this District is 22 years from the date of adoption of the authorizing Resolution of the Common Council (the “Creation Resolution”). The projects to be undertaken pursuant to this Project Plan are expected to be financed with general obligation debt, however, the City may use other alternative financing methods which may provide overall lower costs of financing, preserve debt capacity, mitigate risk to the City, or provide other advantages as determined by the Common Council. A discussion and listing of other possible financing mechanisms, as well as a summary of total project financing, is located in Section 10 of this plan.

Economic Development

As a result of the creation of this District, the City projects that additional land and improvements value of approximately \$3,585,200 will be created as a result of new development, redevelopment, and appreciation in the value of existing properties. This additional value will be a result of the improvements made and projects undertaken within the District. A table detailing assumptions as to the timing of new development and redevelopment and associated values is located in Section 10 of this Plan. In addition, creation of the District is expected to result in other economic benefits as detailed in the Summary of Findings hereafter.

Expected Termination of District

Based on the Economic Feasibility Study located in Section 10 of this plan, this District would be expected to generate sufficient tax increments to recover all project costs by the year 2034, which is eight years earlier than the 27 year maximum life of this District. The actual closure year may differ depending on the pace of development, projects undertaken and methods of finance.

Summary of Findings

As required by Wisconsin Statutes Section 66.110, and as documented in this Project Plan and the exhibits contained and referenced herein, the following findings are made:

1. **That “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.** In making this determination, the City has considered the following information:

- In order to make the areas included within the District suitable for development and/or redevelopment, the City will need to make a substantial investment to pay for the costs of: property, right-of-way and easement acquisition, site preparation, installation of utilities; installation of streets and related streetscape items; development incentive payments, façade, grants and loans, and other associated costs. Due to the extensive initial investment in public infrastructure and/or rehabilitation that is required in order to allow development and/or redevelopment to occur, the City has determined that development and/or redevelopment of the area will not occur solely as a result of private investment. Accordingly, the City finds that absent the use of TIF, development and/or redevelopment of the area is unlikely to occur.
2. **The economic benefits of the Tax Incremental District, as measured by increased employment, business and personal income, and property value, are sufficient to compensate for the cost of the improvements.** In making this determination, the City has considered the following information:
 - As demonstrated in the Economic Feasibility Section of this Project Plan, the tax increments projected to be collected are more than sufficient to pay for the proposed project costs. On this basis alone, the finding is supported.
 3. **The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.**
 - If approved, the District’s creation would become effective for valuation purposes as of January 1, 2015. As of this date, the values of all existing development would be frozen and the property taxes collected on this base value would continue to be distributed amongst the various taxing entities as they currently are now. Taxes levied on any additional value established within the District due to new construction, renovation or appreciation of property values occurring after January 1, 2015 would be collected by the TID and used to repay the costs of TIF-eligible projects undertaken within the District.
 - Since the development expected to occur is unlikely to take place or in the same manner without the use of TIF (see Finding #1) and since the District will generate economic benefits that are more than sufficient to compensate for the cost of the improvements (see Finding #2), the City reasonably concludes that the overall benefits of the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. It is further concluded that since the “but for” test is satisfied, there would, in fact, be no foregone tax increments to be paid in the event the District is not created. As required by Section 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been made and can be found in Appendix A of this plan.
 4. Not less than 50% by area of the real property within the District is a blighted area within the meaning of Wisconsin Statutes Section 66.1105(2)(ae)1. Furthermore, any property standing vacant for the entire seven years preceding adoption of the Creation Resolution does not comprise more than 25% of the area in the District in compliance with Wisconsin Statutes Section 66.1105(4)(gm)1.
 5. Based upon the findings, as stated above, the District is declared to be a blighted area District based on the identification and classification of the property included within the District.
 6. The project costs relate directly to promoting the elimination of blight consistent with the purpose for which the District is created.

7. The improvement of such area is likely to enhance significantly the value of substantially all of the other real property in the District.
8. The equalized value of taxable property of the District, plus the value increment of all existing tax incremental districts within the City, does not exceed 12% of the total equalized value of taxable property within the City.
9. The City estimates that approximately none of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period, pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1.
10. The Project Plan for the District in the City is feasible, and is in conformity with the master plan of the City.

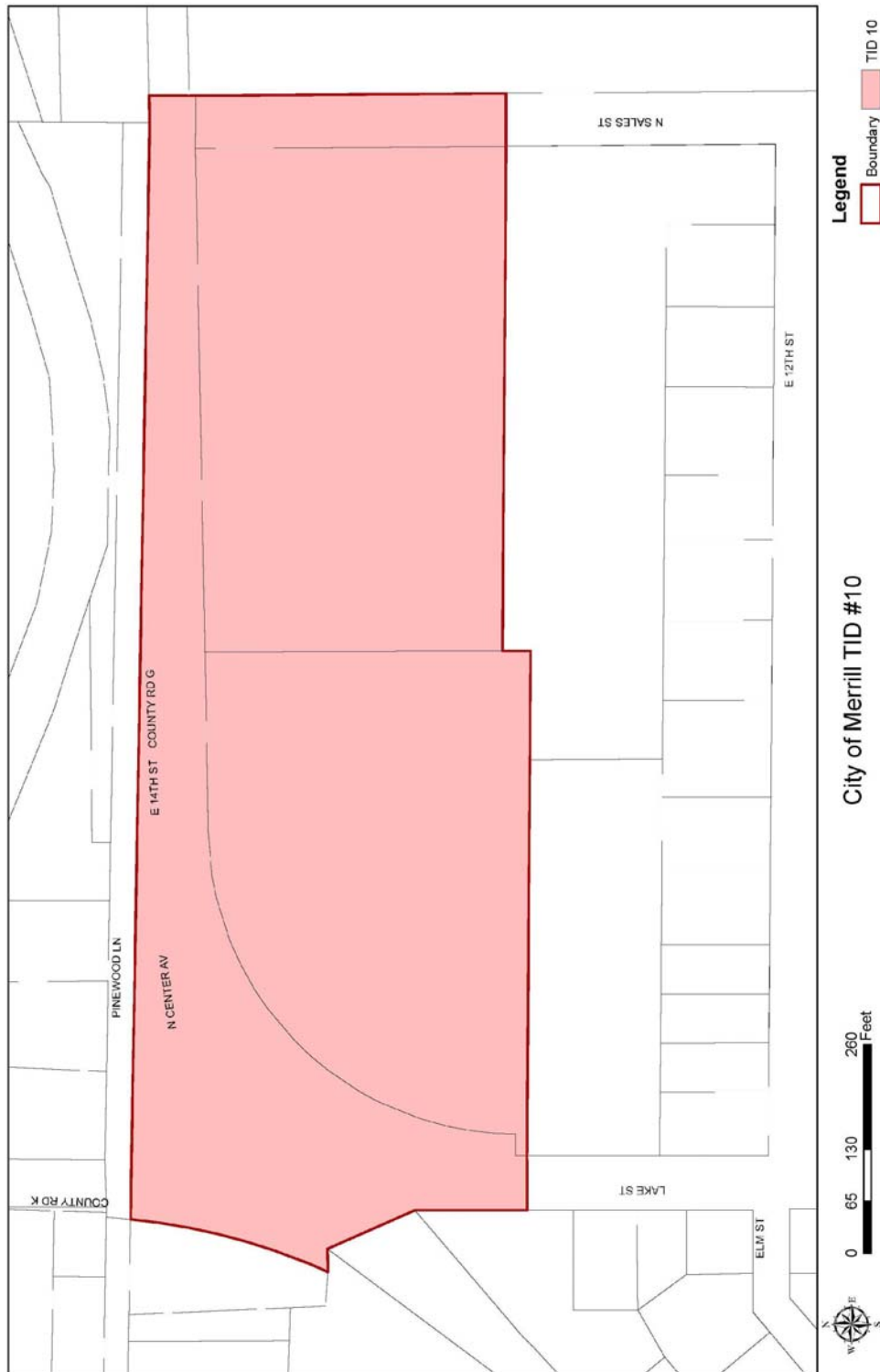
SECTION 2: Type and General Description of District

The District is being created by the City under the authority provided by Wisconsin Statute Section 66.1105. The District is created as a “Blighted Area District” based upon a finding that at least 50%, by area, of the real property within the District is blighted. In Section 5 of this Plan, the City has identified those properties within the District that meet the criteria of “blighted areas” as defined in Wisconsin Statutes Section 66.1105(2)(ae)1 and relies on these characterizations as the basis for making the above finding. Property standing vacant for seven years immediately preceding adoption of the Creation Resolution for this District will not comprise more than 25% of the area in the District in compliance with Wisconsin Statutes Section 66.1105(4)(gm)1. A calculation demonstrating compliance with this test is found as part of the Preliminary Parcel List in Section 5 of this Plan.

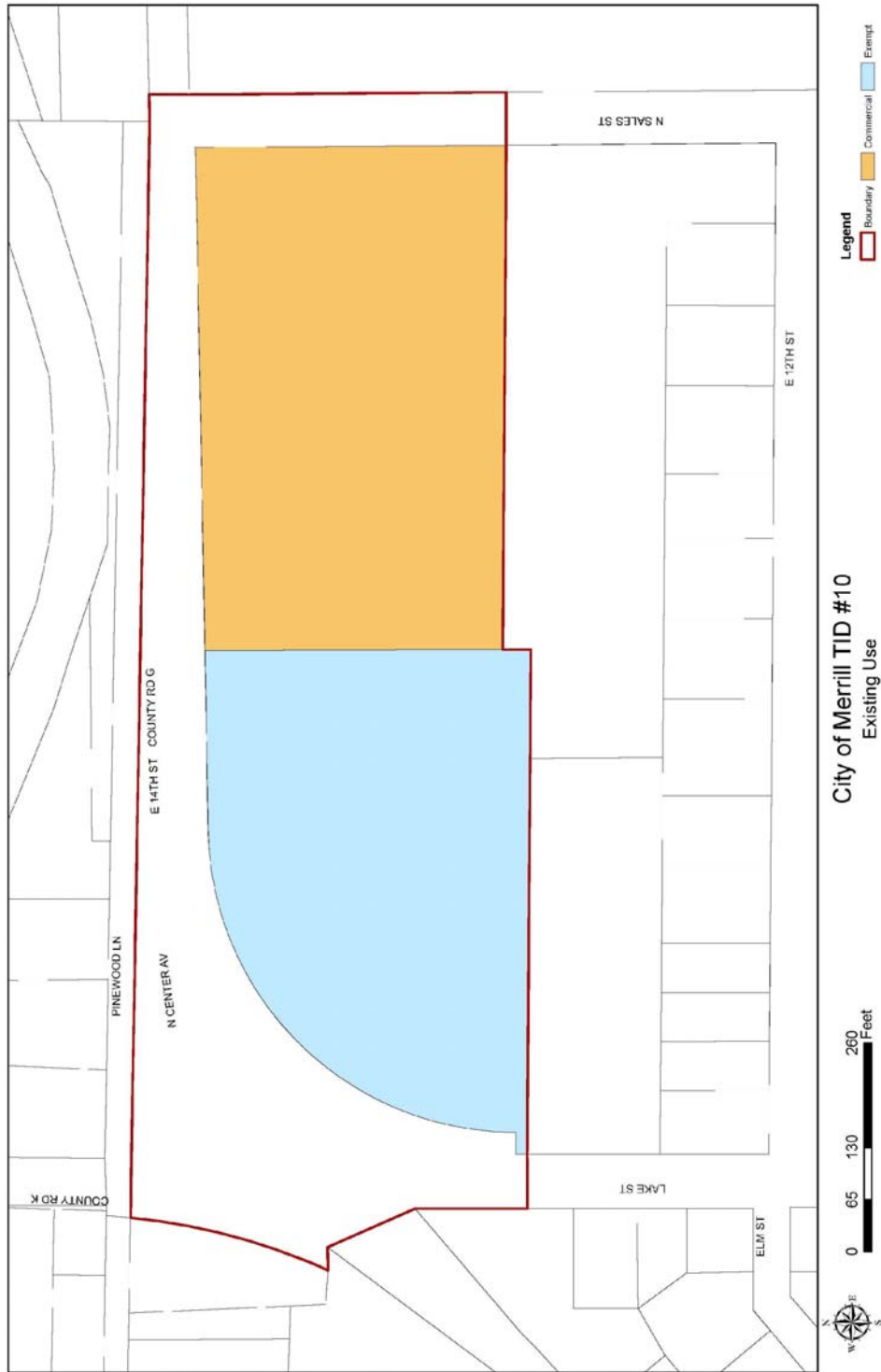
A map depicting the boundaries of the District is found in Section 3 of this Plan. A map depicting the proposed uses of the District is found in Section 8 of this plan. The City intends that TIF will be used to assure that private development occurs within the District consistent with the City’s development and redevelopment objectives. This will be accomplished by installing public improvements and making necessary related expenditures to promote development and redevelopment within the District. The goal is to increase the tax base and to provide for and preserve employment opportunities within the City. The project costs included in this Plan relate directly to the elimination of blight and are consistent with the purpose for which the District is created.

Based upon the findings, as stated within this Plan, the District is declared to be a blighted District based on the identification and classification of the property included within the district.

SECTION 3: Preliminary Map of Proposed District Boundary



SECTION 4: Map Showing Existing Uses and Conditions



SECTION 5: Preliminary Parcel List and Analysis

City of Merrill, Wisconsin																
Tax Increment District No. 10																
Base Property Information																
Property Information						Assessment Information				Equalized Value				District Classification		
Map Ref #	Parcel Number	Street Address	Owner	Acreage		Land	Imp	PP	Total	Equalized Value Ratio	Land	Imp	PP	Total	Blighted	Vacant
	251-3106-182-0090	1905 E. 14th St.	Fox Point Partners, LLP	5.43		5,500	43,400	289,800	338,700	114.56%	4,801	37,883	252,958	295,641	5.43	0.00
	251-3106-182-0091	1605 County Rd G	Bible Presbyterian Church	4.56			0	0	0	114.56%	0	0	0	0		
				Total Acreage	9.99	5,500	43,400	289,800	338,700		4,801	37,883	252,958		5.43	0
											Estimated Base Value		295,641	54.35%	0.00%	

SECTION 6: Equalized Value Test

The following calculations demonstrate that the City is in compliance with Wisconsin Statutes Section.66.1105(4)(gm)4.c., which requires that the equalized value of the taxable property in the proposed District, plus the value increment of all existing tax incremental districts, does not exceed 12% of the total equalized value of taxable property within the City.

The equalized value of the increment of existing tax incremental districts within the City, plus the base value of the proposed District, totals \$20,233,700. This value is less than the maximum of \$44,581,284 in equalized value that is permitted for the City of Merrill. The City is therefore in compliance with the statutory equalized valuation test and may proceed with creation of this District.

City of Merrill, Wisconsin	
Tax Increment District No. 10	
Valuation Test Compliance Calculation	
Creation Date	9/22/2015
	Valuation Data Currently Available 2015
Total EV (TID In)	371,510,700
12% Test	44,581,284
Increment of Existing TIDs	
TID #3	18,938,800
TID #4	812,200
TID #5	482,700
TID #6	0
TID #7	0
TID #8	0
TID #9	0
Total Existing Increment	20,233,700
Projected Base of New or Amended District	295,641
Total Value Subject to 12% Test	20,529,341
Compliance	PASS

SECTION 7:

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

The following is a list of public works and other TIF-eligible projects that the City has implemented, or expects to implement, within the original District or within the Territory to be incorporated by this Amendment. Any costs directly or indirectly related to the public works and other projects are considered "Project Costs" and eligible to be paid with tax increment revenues of the District.

Property, Right-of-Way and Easement Acquisition

Property Acquisition for Development and/or Redevelopment

In order to promote and facilitate development and/or redevelopment the City may acquire property within the District. The cost of property acquired, and any costs associated with the transaction, are eligible Project Costs. Following acquisition, other Project Costs within the categories detailed in this Section may be incurred in order to make the property suitable for development and/or redevelopment. Any revenue received by the City from the sale of property acquired pursuant to the execution of this Plan will be used to reduce the total project costs of the District. If total Project Costs incurred by the City to acquire property and make it suitable for development and/or redevelopment exceed the revenues or other consideration received from the sale or lease of that property, the net amount shall be considered "real property assembly costs" as defined in Wisconsin Statutes Section 66.1105(2)(f)1.c., and subject to recovery as an eligible Project Cost.

Property Acquisition for Conservancy

In order to promote the objectives of this Plan, the City may acquire property within the District that it will designate for conservancy. These conservancy objectives include: preserving historic resources or sensitive natural features; protection of scenic and historic views; maintaining habitat for wildlife; maintaining adequate open space; reduction of erosion and sedimentation by preserving existing vegetation; and providing adequate areas for management of stormwater. The cost of property acquired for conservancy, and any costs associated with the transaction, are eligible Project Costs.

Acquisition of Rights-of-Way

The City may need to acquire property to allow for installation of streets, driveways, sidewalks, utilities, stormwater management practices and other public infrastructure. Costs incurred by the City to identify, negotiate and acquire rights-of-way are eligible Project Costs.

Acquisition of Easements

The City may need to acquire temporary or permanent easements to allow for installation and maintenance of streets, driveways, sidewalks, utilities, stormwater management practices and other public infrastructure. Costs incurred by the City to identify, negotiate and acquire easement rights are eligible Project Costs.

Relocation Costs

If relocation expenses are incurred in conjunction with the acquisition of property, those expenses are eligible Project Costs. These costs may include, but are not limited to: preparation of a relocation plan; allocations of staff time; legal fees; publication of notices; obtaining appraisals; and payment of relocation benefits as required by Wisconsin Statutes Sections 32.19 and 32.195.

Site Preparation Activities

Environmental Audits and Remediation

If it becomes necessary to evaluate any land or improvement within the District, any cost incurred by the City related to environmental audits, testing, and remediation are eligible Project Costs.

Demolition

In order to make sites suitable for development and/or redevelopment, the City may incur costs related to demolition and removal of structures or other land improvements, to include abandonment of wells or other existing utility services.

Site Grading

Land within the District may require grading to make it suitable for development and/or redevelopment, to provide access, and to control stormwater runoff. The City may need to remove and dispose of excess material, or bring in fill material to provide for proper site elevations. Expenses incurred by the City for site grading are eligible Project Costs.

Utilities

Sanitary Sewer System Improvements

There are inadequate sanitary sewer facilities serving areas of the District. To allow development and/or redevelopment to occur, the City may construct, alter, rebuild or expand sanitary sewer infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: collection mains; manholes and cleanouts; service laterals; force mains; interceptor sewers; pumping stations; lift stations; wastewater treatment facilities; and all related appurtenances. To the extent sanitary sewer projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand sanitary sewer infrastructure located outside of the District. That portion of the costs of sanitary sewer system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

Water System Improvements

There are inadequate water distribution facilities serving areas of the District. To allow development and/or redevelopment to occur, the City may construct, alter, rebuild or expand water system infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: distribution mains; manholes and valves; hydrants; service laterals; pumping stations; wells; water treatment facilities; storage tanks and reservoirs; and all related appurtenances. To the extent water system projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand water system infrastructure located outside of the District. That portion of the costs of water system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

Stormwater Management System Improvements

Development and/or redevelopment within the District may cause stormwater runoff and pollution. To

manage this stormwater runoff, the City may construct, alter, rebuild or expand stormwater management infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: stormwater collection mains; inlets, manholes and valves; service laterals; ditches; culvert pipes; box culverts; bridges; stabilization of stream and river banks; and infiltration, filtration and detention Best Management Practices (BMP's). To the extent stormwater management system projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand stormwater management infrastructure located outside of the District. That portion of the costs of stormwater management system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

Electric Service

In order to create sites suitable for development and/or redevelopment, the City may incur costs to provide, relocate or upgrade electric services. Relocation may require abandonment and removal of existing poles or towers, installation of new poles or towers, or burying of overhead electric lines. Costs incurred by the City to undertake this work are eligible Project Costs.

Gas Service

In order to create sites suitable for development and/or redevelopment, the City may incur costs to provide, relocate or upgrade gas mains and services. Costs incurred by the City to undertake this work are eligible Project Costs.

Communications Infrastructure

In order to create sites suitable for development and/or redevelopment, the City may incur costs to provide, relocate or upgrade infrastructure required for voice and data communications, including, but not limited to: telephone lines, cable lines and fiber optic cable. Costs incurred by the City to undertake this work are eligible Project Costs.

Streets and Streetscape

Street Improvements

There are inadequate street improvements serving areas of the District. To allow development and/or redevelopment to occur, the City may need to construct and/or reconstruct streets, highways, alleys, access drives and parking areas. Eligible Project Costs include, but are not limited to: excavation; removal or placement of fill; construction of road base; asphalt or concrete paving or repaving; installation of curb and gutter; installation of sidewalks and bicycle lanes; installation of culverts, box culverts and bridges; rail crossings and signals; utility relocation, to include burying overhead utility lines; street lighting; installation of traffic control signage and traffic signals; pavement marking; right-of-way restoration; installation of retaining walls; and installation of fences, berms, and landscaping.

Streetscaping and Landscaping

In order to attract development and/or redevelopment consistent with the objectives of this Plan, the City may install amenities to enhance development sites, rights-of-way and other public spaces. These amenities include, but are not limited to: landscaping; lighting of streets, sidewalks, parking areas and public areas; installation of planters, benches, clocks, tree rings, trash receptacles and similar items; and installation of brick or other decorative walks, terraces and street crossings. These and any other similar amenities installed by the City are eligible Project Costs.

RDA Type Activities

Contribution to Redevelopment Authority

As provided for in Wisconsin Statutes Sections 66.1105(2)(f)1.h and 66.1333(13), the City may provide funds to its RDA to be used for administration, planning operations, and capital costs, including but not limited to real property acquisition, related to the purposes for which it was established in furtherance of any redevelopment or urban renewal project. Funds provided to the RDA for this purpose are eligible Project Costs.

Revolving Loan/Grant Program

To encourage private redevelopment consistent with the objectives of this Plan, the City, through its RDA, may provide loans and/or matching grants to eligible property owners in the District. Loan and/or matching grant recipients will be required to sign an agreement specifying the nature of the property improvements to be made. Eligible improvements will be those that are likely to improve the value of the property, enhance the visual appearance of the property and surrounding area, correct safety deficiencies, or as otherwise specified by the RDA in the program manual. Any funds returned to the RDA from the repayment of loans made are not considered revenues to the District, and will not be used to offset District Project Costs. Instead, these funds may be placed into a revolving loan fund and will continue to be used for the program purposes stated above. Any funds provided to the RDA for purposes of implementing this program are considered eligible Project Costs.

Miscellaneous

Rail Spur

To allow for development and/or redevelopment, the City may incur costs for installation of a rail spur to serve development sites located within the District.

Cash Grants (Development Incentives)

The City may enter into agreements with property owners, lessees, or developers of land located within the District for the purpose of sharing costs to encourage the desired kind of improvements and assure tax base is generated sufficient to recover Project Costs. No cash grants will be provided until the City executes a developer agreement with the recipient of the cash grant. Any payments of cash grants made by the City are eligible Project Costs.

Projects Outside the Tax Increment District

Pursuant to Wisconsin Statutes Section 66.1105(2)(f)1.n, the City may undertake projects within territory located within one-half mile of the boundary of the District provided that: 1) the project area is located within the City's corporate boundaries and 2) the projects are approved by the Joint Review Board. The cost of projects completed outside the District pursuant to this section are eligible project costs, and may include any project cost that would otherwise be eligible if undertaken within the District. A portion of the following project expenditures may occur outside the District:

- Communications Infrastructure: Up to \$40,000
- Street and Utility Improvements: Up to \$625,000

Professional Service and Organizational Costs

The costs of professional services rendered, and other costs incurred, in relation to the creation,

administration and termination of the District, and the undertaking of the projects contained within this Plan, are eligible Project Costs. Professional services include, but are not limited to: architectural; environmental; planning; engineering; legal, audit; financial; and the costs of informing the public with respect to the creation of the District and the implementation of the Plan.

Administrative Costs

The City may charge to the District as eligible Project Costs reasonable allocations of administrative costs, including, but not limited to, employee salaries. Costs allocated will bear a direct connection to the time spent by City employees in connection with the implementation of the Plan.

Financing Costs

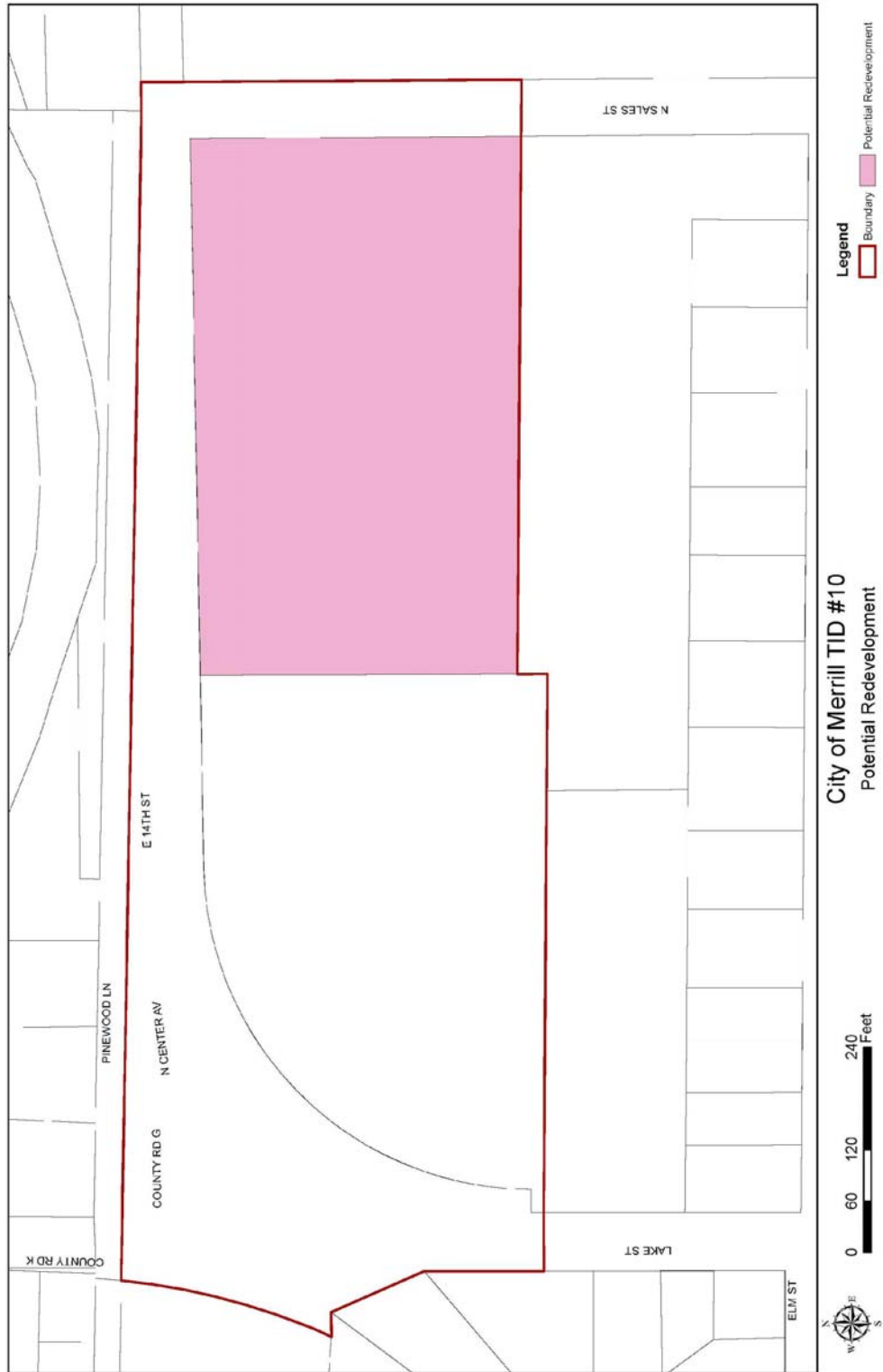
Interest expense, debt issuance expenses, redemption premiums, and any other fees and costs incurred in conjunction with obtaining financing for projects undertaken under this Plan are eligible Project Costs.

With all projects the costs of engineering, design, survey, inspection, materials, construction, restoring property to its original condition, site preparation, legal and other consultant fees, testing, environmental studies, permits, updating City ordinances and plans, judgments or claims for damages, and other expenses are included as Project Costs.

In the event any of the public works project expenditures are not reimbursable out of the special tax increment finance fund under Wisconsin Statutes Section 66.1105, in the written opinion of counsel retained by the City for such purpose or a court of record so rules in a final order, then such project or projects shall be deleted herefrom and the remainder of the projects hereunder shall be deemed the entirety of the projects for purposes of this Project Plan Amendment.

The City reserves the right to implement only those projects that remain viable as the Plan period proceeds.

Project Costs are any expenditure made, estimated to be made, or monetary obligations incurred or estimated to be incurred, by the City and as outlined in this Plan or the original Project Plan. To the extent the costs benefit the City outside the District, a proportionate share of the cost is not a Project Cost. Costs identified in this Plan are preliminary estimates made prior to design considerations and are subject to change after planning is completed. Prorations of costs in the Plan are also estimates and subject to change based upon implementation, future assessment policies and user fee adjustments. Project Costs will be diminished by any income, special assessments or other revenues, including user fees or charges, other than tax increments, received or reasonably expected to be received by the City in connection with the implementation of this Plan.



SECTION 9: Detailed List of Project Costs

All costs are based on 2015 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2015 and the time of construction. The City also reserves the right to increase certain project costs to the extent others are reduced or not implemented without amending the Plan. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the Plan.

This Plan is not meant to be a budget nor an appropriation of funds for specific projects, but a framework within which to manage projects. All costs included in the Plan are estimates based on best information available. The City retains the right to delete projects or change the scope and/or timing of projects implemented as they are individually authorized by the Common Council, without amending the Plan.

Proposed TIF Project Cost Estimates

City of Merrill, Wisconsin							
Tax Increment District No. 10							
Estimated Project List							
Project ID	Project Name/Type	Phase I 2015-2016	Phase II 2019	Phase III 2020	Phase IV 2021-2025	Ongoing	Total (Note 1)
1	Development Incentives	350,000	75,000	75,000			500,000
2	Communication Infrastructure <small>Note 2</small>			40,000			40,000
3	Street and Utility Improvements <small>Note 2</small>			325,000	300,000		625,000
4	Creation Expenses	15,000					15,000
5	Administration					70,000	70,000
Total Projects		<u>365,000</u>	<u>75,000</u>	<u>440,000</u>	<u>300,000</u>	<u>70,000</u>	<u>1,250,000</u>
Notes:							
<small>Note 1</small>	Project costs are estimates and are subject to modification						
<small>Note 2</small>	A portion of the projects may be outside of but within 1/2 mile of the District.						
<small>Note 3</small>	Administration and creation expenses will be paid with cash; other expenses expected to be financed using debt						

SECTION 10: Economic Feasibility Study, Financing Methods, and the Time When Costs or Monetary Obligations Related Are to Be Incurred

The information and exhibits contained within this Section demonstrate that the proposed District is economically feasible insofar as:

- The City has available to it the means to secure the necessary financing required to accomplish the projects contained within this Plan. A listing of “Available Financing Methods” follows.
- The City expects to complete the projects in one or multiple phases, and can adjust the timing of implementation as needed to coincide with the pace of private development and/or redevelopment. A discussion of the phasing and projected timeline for project completion is discussed under “Plan Implementation” within this Section. A table identifying the financing method for each phase and the time at which that financing is expected to be incurred is included.
- The development anticipated to occur as a result of the implementation of this Plan will generate sufficient tax increments to pay for the cost of the projects. Within this Section are tables identifying: 1) the development and/or redevelopment expected to occur, 2) a projection of tax increments to be collected resulting from that development and/or redevelopment and other economic growth within the District, and 3) a cash flow model demonstrating that the projected tax increment collections and all other revenues available to the District will be sufficient to pay all Project Costs.

Available Financing Methods

Implementation of this Plan may require that the City issue debt obligations to provide direct or indirect financing for the Projects to be undertaken. The following is a list of the types of obligations the City may choose to utilize.

General Obligation (G.O.) Bonds or Notes

The City may issue G.O. Bonds or Notes to finance the cost of projects included within this Plan. The Wisconsin State Constitution limits the principal amount of G.O. debt that the community may have outstanding at any point in time to an amount not greater than five percent of its total equalized value (TID IN). As of the date of this plan, the City has a G.O. debt limit of \$18,575,535, of which \$7,729,146 is currently unused and could be made available to finance Project Costs.

Bonds Issued to Developers (“Pay as You Go” Financing)

The City may issue a bond or other obligation to one or more developers who provide financing for projects included in this Plan. Repayment of the amounts due to the developer under the bonds or other obligations are limited to an agreed percentage of the available annual tax increments collected that result from the improvements made by the developer. To the extent the tax increments collected are insufficient to make annual payments, or to repay the entire obligation over the life of the District, the City’s obligation is limited to not more than the agreed percentage of the actual increments collected. Bonds or

other obligations issued to developers in this fashion are not general obligations of the City and, therefore, do not count against the City's statutory borrowing capacity.

Tax Increment Revenue Bonds

The City has the authority to issue revenue bonds secured by the tax increments to be collected. These bonds may be issued directly by the City, or as a form of lease revenue bond by a Redevelopment Authority (RDA). Tax Increment Revenue Bonds and Lease Revenue Bonds are not general obligations of the City and therefore do not count against the City's statutory borrowing capacity. To the extent tax increments collected are insufficient to meet the annual debt service requirements of the revenue bonds, the City may be subject to either a permissive or mandatory requirement to appropriate on an annual basis a sum equal to the actual or projected shortfall.

Utility Revenue Bonds

The City can issue revenue bonds to be repaid from revenues of the its various systems, including revenues paid by the City that represent service of the system to the City. There is neither a statutory nor constitutional limitation on the amount of revenue bonds that can be issued, however, water rates are controlled by the Wisconsin Public Service Commission and the City must demonstrate to bond purchasers its ability to repay revenue debt with the assigned rates. To the extent the City utilizes utility revenues other than tax increments to repay a portion of the bonds, the City must reduce the total eligible Project Costs in an equal amount.

Special Assessment "B" Bonds

The City has the ability to levy special assessments against benefited properties to pay part of the costs for street, curb, gutter, sewer, water, storm sewers and other infrastructure. In the event the City determines that special assessments are appropriate, the City can issue Special Assessment B bonds pledging revenues from special assessment installments to the extent assessment payments are outstanding. These bonds are not counted against the City's statutory borrowing capacity. If special assessments are levied, the City must reduce the total eligible Project Costs under this Plan in an amount equal to the total collected.

Plan Implementation

Projects identified will provide the necessary anticipated governmental services to the area. A reasonable and orderly sequence is outlined on the following page. However, public debt and expenditures should be made at the pace private development and/or redevelopment occurs to assure increment is sufficient to cover expenses.

It is anticipated developer agreements between the City and property owners will be in place prior to major public expenditures. These agreements can provide for development guarantees or a payment in lieu of development. To further assure contract enforcement, these agreements might include levying of special assessments against benefited properties.

The order in which public improvements are made should be adjusted in accordance with development and execution of developer agreements. The City reserves the right to alter the implementation of this Plan to accomplish this objective.

Interest rates projected are based on current market conditions. Municipal interest rates are subject to constantly changing market conditions. In addition, other factors such as the loss of tax-exempt status of municipal bonds or broadening the purpose of future tax-exempt bonds would affect market conditions. Actual interest expense will be determined once the methods of financing have been approved and securities or other obligations are issued.

If financing as outlined in this Plan proves unworkable, the City reserves the right to use alternate financing solutions for the projects as they are implemented.

Implementation and Financing Timeline

City of Merrill, Wisconsin					
Tax Increment District No. 10					
Estimated Financing Plan					
	State Trust Fund Loan 2016	State Trust Fund Loan 2019	State Trust Fund Loan 2020	State Trust Fund Loan 2023	Totals
Projects					
Phase I	350,000				350,000
Phase II		75,000			75,000
Phase III			440,000		440,000
Phase IV				300,000	300,000
Total Project Funds	<u>350,000</u>	<u>75,000</u>	<u>440,000</u>	<u>300,000</u>	<u>1,165,000</u>
Estimated Finance Related Expenses					
Financial Advisor	5,000	5,000	5,000	5,000	
Total Financing Required	355,000	80,000	445,000	305,000	
Net Issue Size	355,000	80,000	445,000	305,000	1,185,000

Development Assumptions

<div style="text-align: center; background-color: #4b4b2b; color: white; padding: 10px;"> City of Merrill, Wisconsin Tax Increment District No. 10 Development Assumptions </div>						
Construction Year		Demolition	Apartments	Annual Total		Construction Year
1	2015			0	2015	1
2	2016	(289,800)	775,000	485,200	2016	2
3	2017		775,000	775,000	2017	3
4	2018		775,000	775,000	2018	4
5	2019		775,000	775,000	2019	5
6	2020		775,000	775,000	2020	6
7	2021			0	2021	7
8	2022			0	2022	8
9	2023			0	2023	9
10	2024			0	2024	10
11	2025			0	2025	11
12	2026			0	2026	12
13	2027			0	2027	13
14	2028			0	2028	14
15	2029			0	2029	15
16	2030			0	2030	16
17	2031			0	2031	17
18	2032			0	2032	18
19	2033			0	2033	19
20	2034			0	2034	20
21	2035			0	2035	21
22	2036			0	2036	22
23	2037			0	2037	23
24	2038			0	2038	24
25	2039			0	2039	25
26	2040			0	2040	26
27	2041			0	2041	27
	Totals	(289,800)	3,875,000	3,585,200		

Increment Revenue Projections

City of Merrill, Wisconsin										
Tax Increment District No. 10										
Tax Increment Projection Worksheet										
Type of District	Blighted Area		Base Value	295,641						
Creation Date	September 22, 2015		Appreciation Factor	0.00%		Apply to Base Value				
Valuation Date	Jan 1,	2015	Base Tax Rate	\$32.83						
Max Life (Years)	27		Rate Adjustment Factor	0.00%						
Expenditure Periods/Termination	22	9/22/2037	Tax Exempt Discount Rate	2.25%						
Revenue Periods/Final Year	27	2043	Taxable Discount Rate	3.75%						
Extension Eligibility/Years	Yes 3									
Recipient District	Yes									

Construction Year	Value Added	Valuation Year	Inflation Increment	Total Increment	Revenue Year	Tax Rate	Tax Increment	Tax Exempt NPV Calculation	Taxable NPV Calculation
1	2015	0	2016	0	0	2017	\$32.83	0	0
2	2016	485,200	2017	0	485,200	2018	\$32.83	15,928	15,235
3	2017	775,000	2018	0	1,260,200	2019	\$32.83	41,369	53,933
4	2018	775,000	2019	0	2,035,200	2020	\$32.83	66,811	115,054
5	2019	775,000	2020	0	2,810,200	2021	\$32.83	92,252	197,593
6	2020	775,000	2021	0	3,585,200	2022	\$32.83	117,693	300,577
7	2021	0	2022	0	3,585,200	2023	\$32.83	117,693	401,296
8	2022	0	2023	0	3,585,200	2024	\$32.83	117,693	499,798
9	2023	0	2024	0	3,585,200	2025	\$32.83	117,693	596,132
10	2024	0	2025	0	3,585,200	2026	\$32.83	117,693	690,347
11	2025	0	2026	0	3,585,200	2027	\$32.83	117,693	782,488
12	2026	0	2027	0	3,585,200	2028	\$32.83	117,693	872,602
13	2027	0	2028	0	3,585,200	2029	\$32.83	117,693	960,733
14	2028	0	2029	0	3,585,200	2030	\$32.83	117,693	1,046,925
15	2029	0	2030	0	3,585,200	2031	\$32.83	117,693	1,131,220
16	2030	0	2031	0	3,585,200	2032	\$32.83	117,693	1,213,660
17	2031	0	2032	0	3,585,200	2033	\$32.83	117,693	1,294,286
18	2032	0	2033	0	3,585,200	2034	\$32.83	117,693	1,373,138
19	2033	0	2034	0	3,585,200	2035	\$32.83	117,693	1,450,255
20	2034	0	2035	0	3,585,200	2036	\$32.83	117,693	1,525,675
21	2035	0	2036	0	3,585,200	2037	\$32.83	117,693	1,599,435
22	2036	0	2037	0	3,585,200	2038	\$32.83	117,693	1,671,572
23	2037	0	2038	0	3,585,200	2039	\$32.83	117,693	1,742,122
24	2038	0	2039	0	3,585,200	2040	\$32.83	117,693	1,811,119
25	2039	0	2040	0	3,585,200	2041	\$32.83	117,693	1,878,598
26	2040	0	2041	0	3,585,200	2042	\$32.83	117,693	1,944,592
27	2041	0	2042	0	3,585,200	2043	\$32.83	117,693	2,009,134
Totals		3,585,200		0		Future Value of Increment	2,805,612		

Notes:

Actual results will vary depending on development, inflation of overall tax rates.

NPV calculations represent estimated amount of funds that could be borrowed (including project cost, capitalized interest and issuance costs).

Cash Flow

City of Merrill, Wisconsin																					
Tax Increment District No. 10																					
Cash Flow Projection																					
Year	Projected Revenues			Expenditures												Balances			Year		
	Tax Increments	Other Revenue	Total Revenues	State Trust Fund Loan 355,000			State Trust Fund Loan 80,000			State Trust Fund Loan 445,000			State Trust Fund Loan 305,000			Creation	Admin.	Total Expenditures		Annual	Cumulative
			Dated Date:	06/01/16	Interest	Dated Date:	06/01/19	Interest	Dated Date:	06/01/20	Interest	Dated Date:	06/01/23	Interest							
			Principal	Est. Rate		Principal	Est. Rate		Principal	Est. Rate		Principal	Est. Rate								
2015		0													15,000	2,500	17,500	(17,500)	(17,500)	0	2015
2016		0													2,500	2,500	2,500	(2,500)	(20,000)	355,000	2016
2017	0	0	14,850	3.75%	10,502										2,500	2,500	27,852	(27,852)	(47,852)	340,150	2017
2018	15,928	15,928	12,596	3.75%	12,756										2,500	2,500	27,852	(11,924)	(59,775)	327,555	2018
2019	41,369	41,369	13,068	3.75%	12,283										2,500	2,500	27,852	13,518	(46,258)	394,486	2019
2020	66,811	66,811	13,558	3.75%	11,793	3,346	3.75%	2,367							2,500	2,500	33,565	33,246	(13,012)	822,581	2020
2021	92,252	92,252	14,067	3.75%	11,285	2,839	3.75%	2,875	18,614	3.75%	13,165				2,500	2,500	65,343	26,909	13,897	787,062	2021
2022	117,693	117,693	14,594	3.75%	10,757	2,945	3.75%	2,768	15,789	3.75%	15,989				2,500	2,500	65,343	52,350	66,247	753,733	2022
2023	117,693	117,693	15,142	3.75%	10,210	3,055	3.75%	2,658	16,381	3.75%	15,397				2,500	2,500	65,343	52,350	118,597	1,024,155	2023
2024	117,693	117,693	15,709	3.75%	9,642	3,170	3.75%	2,543	16,996	3.75%	14,783	12,758	3.75%	9,023	2,500	2,500	87,124	30,569	149,165	975,522	2024
2025	117,693	117,693	16,299	3.75%	9,053	3,289	3.75%	2,424	17,633	3.75%	14,146	10,822	3.75%	10,959	2,500	2,500	87,124	30,569	179,734	927,479	2025
2026	117,693	117,693	16,910	3.75%	8,442	3,412	3.75%	2,301	18,294	3.75%	13,484	11,228	3.75%	10,553	2,500	2,500	87,124	30,569	210,303	877,635	2026
2027	117,693	117,693	17,544	3.75%	7,808	3,540	3.75%	2,173	18,980	3.75%	12,798	11,649	3.75%	10,132	2,500	2,500	87,124	30,569	240,872	825,922	2027
2028	117,693	117,693	18,202	3.75%	7,150	3,673	3.75%	2,040	19,692	3.75%	12,087	12,086	3.75%	9,695	2,500	2,500	87,124	30,569	271,441	772,270	2028
2029	117,693	117,693	18,884	3.75%	6,467	3,811	3.75%	1,902	20,431	3.75%	11,348	12,539	3.75%	9,242	2,500	2,500	87,124	30,569	302,010	716,606	2029
2030	117,693	117,693	19,592	3.75%	5,759	3,954	3.75%	1,760	21,197	3.75%	10,582	13,009	3.75%	8,772	2,500	2,500	87,124	30,569	332,579	658,854	2030
2031	117,693	117,693	20,327	3.75%	5,024	4,102	3.75%	1,611	21,992	3.75%	9,787	13,497	3.75%	8,284	2,500	2,500	87,124	30,569	363,148	598,937	2031
2032	117,693	117,693	21,089	3.75%	4,262	4,256	3.75%	1,457	22,816	3.75%	8,963	14,003	3.75%	7,778	2,500	2,500	87,124	30,569	393,717	536,773	2032
2033	117,693	117,693	21,880	3.75%	3,471	4,415	3.75%	1,298	23,672	3.75%	8,107	14,528	3.75%	7,253	2,500	2,500	87,124	30,569	424,286	472,777	2033
2034	117,693	117,693	22,701	3.75%	2,651	4,581	3.75%	1,132	24,560	3.75%	7,219	15,073	3.75%	6,708	2,500	2,500	87,124	30,569	454,855	405,363	2034
2035	117,693	117,693	23,552	3.75%	1,800	4,753	3.75%	960	25,481	3.75%	6,298	15,638	3.75%	6,143	2,500	2,500	87,124	30,569	485,423	335,940	2035
2036	117,693	117,693	24,435	3.75%	916	4,931	3.75%	782	26,436	3.75%	5,343	16,225	3.75%	5,556	2,500	2,500	87,124	30,569	515,992	263,913	2036
2037	117,693	117,693				5,116	3.75%	597	27,427	3.75%	4,351	16,833	3.75%	4,948	2,500	2,500	61,773	55,921	571,913	214,537	2037
2038	117,693	117,693				5,308	3.75%	406	28,456	3.75%	3,323	17,464	3.75%	4,317	2,500	2,500	61,773	55,921	627,833	163,309	2038
2039	117,693	117,693				5,507	3.75%	207	29,523	3.75%	2,256	18,119	3.75%	3,662	2,500	2,500	61,773	55,921	683,754	110,161	2039
2040	117,693	117,693							30,630	3.75%	1,149	18,799	3.75%	2,982	2,500	2,500	56,060	61,634	745,387	60,732	2040
2041	117,693	117,693										19,504	3.75%	2,277	2,500	2,500	24,281	93,412	838,800	41,229	2041
2042	117,693	117,693										20,235	3.75%	1,546	2,500	2,500	24,281	93,412	932,212	20,994	2042
2043	117,693	117,693										20,994	3.75%	787			21,781	95,912	1,028,124	0	2043
Total	2,805,612	0	2,805,612	355,000	152,032	80,000	34,261	445,000	190,576	305,000	130,619	15,000	70,000	1,777,488							Total

SECTION 11: Annexed Property

There are no lands proposed for inclusion within the District that were annexed by the City on or after January 1, 2004.

SECTION 12: Estimate of Property to Be Devoted to Retail Business

Pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1, the City estimates that 0% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

SECTION 13: Proposed Zoning Ordinance Changes

The City does not anticipate that the District will require any changes in zoning ordinances.

SECTION 14:
Proposed Changes in Master Plan, Map, Building Codes
and City of Merrill Ordinances

It is expected that this Plan will be complementary to the City's Master Plan. There are no proposed changes to the Master Plan, map, building codes or other City ordinances for the implementation of this Plan.

SECTION 15: Relocation

It is not anticipated there will be a need to relocate persons or businesses in conjunction with this Plan. In the event relocation or the acquisition of property by eminent domain becomes necessary at some time during the implementation period, the City will follow applicable Wisconsin Statutes Section chapter 32.

SECTION 16:
Orderly Development and/or Redevelopment of the City of
Merrill

The District contributes to the orderly development and/or redevelopment of the City by providing the opportunity for continued growth in tax base, job opportunities and general economic activity.

SECTION 17: List of Estimated Non-Project Costs

Non-Project costs are public works projects that only partly benefit the District or are not eligible to be paid with tax increments, or costs not eligible to be paid with TIF funds. The City does not expect to incur any non-project costs in the implementation of this Project Plan.

SECTION 18:
Opinion of Attorney for the City of Merrill Advising Whether
the Plan is Complete and Complies with Wisconsin
Statutes 66.1105



CITY OF MERRILL
Office of the City Attorney

Thomas N. Hayden, City Attorney
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e-mail: tom.hayden@ci.merrill.wi.us

September 10, 2015

Mayor William Bialecki
City of Merrill
1004 E. First Street
Merrill, Wisconsin 54452

RE: City of Merrill, Wisconsin Tax Incremental District No. 10 Creation

Dear Mayor:

As City Attorney for the City of Merrill, I have reviewed the Project Plan and, in my opinion, have determined that it is complete and complies with Section 66.1105(4)(f) of Wisconsin Statutes.

Very truly yours

CITY OF MERRILL

A handwritten signature in black ink, appearing to read "Thomas N. Hayden", is written over the typed name. The signature is fluid and cursive.

Thomas N. Hayden, City Attorney

TNH:ku

CC: Kathy Unertl, Finance Director/RDA Secretary

"Focusing on the Future"

An equal opportunity/affirmative action employer.

Exhibit A:
**Calculation of the Share of Projected Tax Increments
 Estimated to Be Paid by the Owners of Property in the
 Overlying Taxing Jurisdictions**

Estimated portion of taxes that owners of taxable property in each taxing jurisdiction overlaying district would pay by jurisdiction.						
Statement of Taxes Data Year:		2014		Percentage		
County	2,001,535			16.90%		
Technical College	417,692			3.53%		
Municipality	5,896,682			49.79%		
School District	3,528,327			29.79%		
Total	11,844,236					
Revenue Year	County	Municipality	School District	Technical College	Total	Revenue Year
2017	0	0	0	0	0	2017
2018	2,692	7,930	4,745	562	15,928	2018
2019	6,991	20,596	12,324	1,459	41,369	2019
2020	11,290	33,262	19,902	2,356	66,811	2020
2021	15,589	45,928	27,481	3,253	92,252	2021
2022	19,889	58,594	35,060	4,151	117,693	2022
2023	19,889	58,594	35,060	4,151	117,693	2023
2024	19,889	58,594	35,060	4,151	117,693	2024
2025	19,889	58,594	35,060	4,151	117,693	2025
2026	19,889	58,594	35,060	4,151	117,693	2026
2027	19,889	58,594	35,060	4,151	117,693	2027
2028	19,889	58,594	35,060	4,151	117,693	2028
2029	19,889	58,594	35,060	4,151	117,693	2029
2030	19,889	58,594	35,060	4,151	117,693	2030
2031	19,889	58,594	35,060	4,151	117,693	2031
2032	19,889	58,594	35,060	4,151	117,693	2032
2033	19,889	58,594	35,060	4,151	117,693	2033
2034	19,889	58,594	35,060	4,151	117,693	2034
2035	19,889	58,594	35,060	4,151	117,693	2035
2036	19,889	58,594	35,060	4,151	117,693	2036
2037	19,889	58,594	35,060	4,151	117,693	2037
2038	19,889	58,594	35,060	4,151	117,693	2038
2039	19,889	58,594	35,060	4,151	117,693	2039
2040	19,889	58,594	35,060	4,151	117,693	2040
2041	19,889	58,594	35,060	4,151	117,693	2041
2042	19,889	58,594	35,060	4,151	117,693	2042
2043	19,889	58,594	35,060	4,151	117,693	2043
	<u>474,115</u>	<u>1,396,781</u>	<u>835,775</u>	<u>98,941</u>	<u>2,805,612</u>	
Notes:						
The projection shown above is provided to meet the requirements of Wisconsin Statute 66.1105(4)(i)4.						