

# Amendment Number Three to Tax Increment District Number Seven

## Background

Tax Incremental District (TIF) Number Seven is located in the vicinity of the 6700 block of W. Washington St., primarily the former Allis-Chalmers (A-C) Mfg. complex. TIF District Number Seven was designed to encourage the revitalization of the last two undeveloped vacant and dilapidated former A-C properties. The revitalization has been a success and is now called the Summit Place office complex, which, as a result of this Tax Increment Finance District, is now the second largest office complex in the metro-Milwaukee area. Summit Place consists of over 650,000 sq. of office space, employs 2,700 people, and is the City's largest tax payer, providing \$1.8 million in annual property taxes. The district consists of seven parcels, totaling approximately 63 acres of land.

Two previous amendments have been made to the original Tax Increment District Number Seven Project Plan. The Common Council adopted the first amendment on May 3, 2005 for the purpose of loaning the developer \$2.5 million to induce the development of more parking with the continued redevelopment of the Summit Place office complex. Amendment Number One provided \$2.5 million in tax incremental financing funds as an incentive to increase the development's overall property value and reduce the overall term of Tax Incremental District Number Seven.

The Common Council adopted the second amendment on November 20, 2007 for off-site improvements for the purpose of creating a safer, more pedestrian-friendly neighborhood that connects the Summit Place redevelopment area to the neighboring Six Points/Farmers Market redevelopment area, with uniform streetlights, benches, bike lanes and additional pedestrian safety enhancements. Amendment Number Two provided \$3.5 million in tax incremental financing funds for off-site improvements and administrative fees.

## Summary of Tax Increment Financing District Performance

Base value:	\$15,914,400
Current value (2008):	\$75,566,200
Original property taxes:	\$350,000
Current property taxes (2008):	\$1,800,000
Property Tax Increment:	\$1,400,000
Date TIF is to expire:	12 years from creation of TIF (2016) (8 years from Amendment #3)



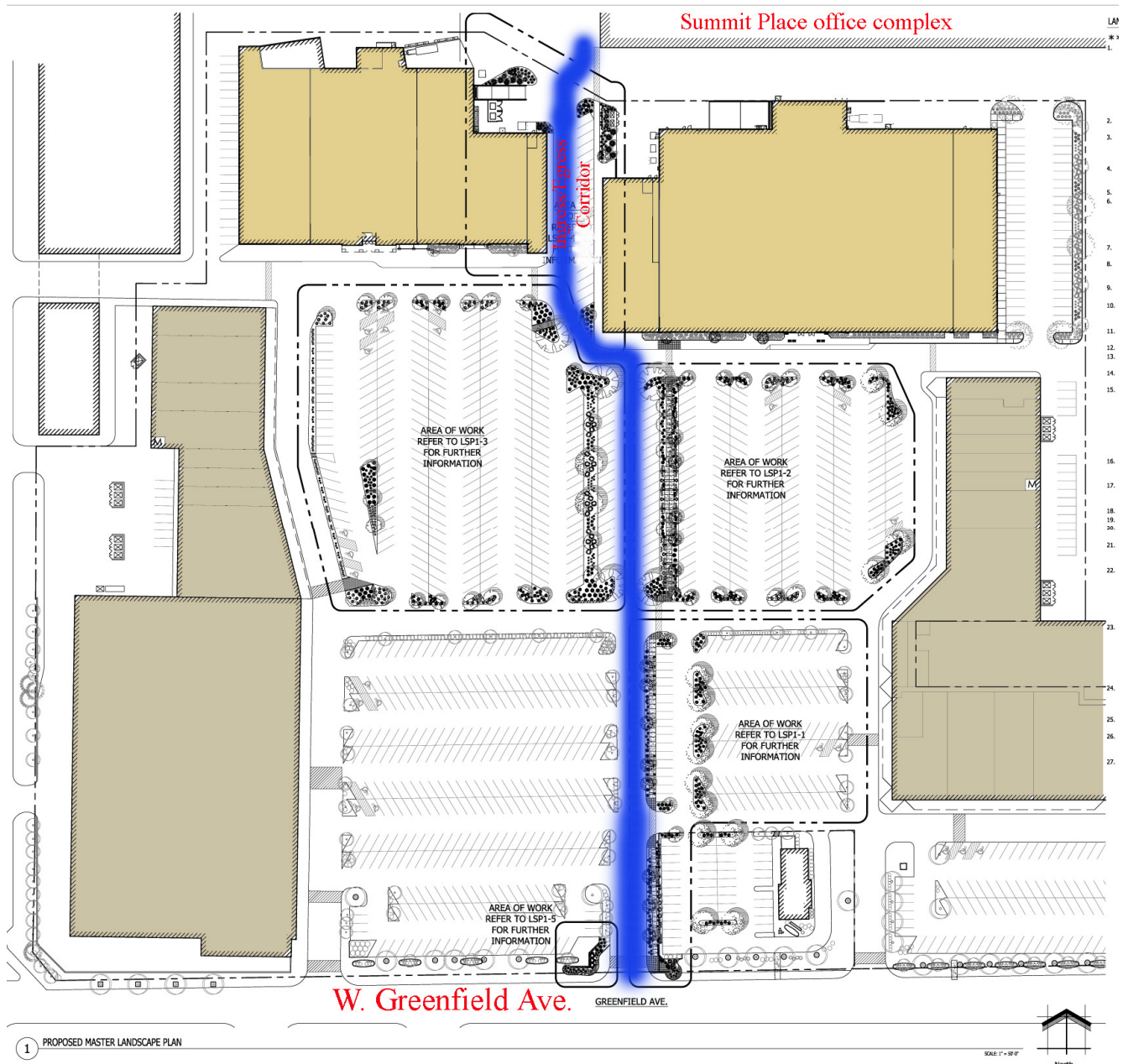
To date, the TIF district has incurred over \$8 million in expenses. The current value of the Summit Place office complex is over \$75 million and produces approximately \$1.4 million in annual tax increment.

**Table 1** shows an audited financial statement that provides a historical summary on the TIF District's performance through December 31, 2007. TIF District Number Seven is performing well beyond expectations, and as stated above, is the City's largest taxpayer and encompasses the City's largest employment center.

## Purpose of the Amendment

The TIF Seven Project Plan Amendment Number Three will fund the cost of a new ingress/egress corridor through the abutting shopping center to the south (the Towne Centre shopping center), to connect the Summit Place office complex to W. Greenfield Ave. as an alternate access to the office complex. The City approached

the owners of the Towne Centre about demolishing part of their northern building for the corridor, and a building improvement opportunity arose from the discussions. The ingress/egress corridor will provide a much-needed relief to the traffic-congested office/industrial areas to the north. As a side benefit, the corridor will open access to the Towne Centre for the 4,000 employees employed at Summit Place and the other abutting office buildings. The ingress/egress corridor funding will include paving, concrete curbs and gutters, lighting, sidewalks, underground utilities, and building and site demolition. The project will also include site improvements such as new/additional landscaping, irrigation, and an entrance along W. Greenfield Ave. The primary benefit of Amendment Number Three to Tax Increment District Number Seven will be the construction of an additional ingress/egress corridor for access to/from the Summit Place office complex. A secondary benefit is an increased value to Summit Place's southern neighbor, the Towne Centre shopping center, as described below.



Ramco-Gershenson, Inc., owner of the Towne Centre shopping center, currently assessed at about \$19 million, is proposing additional site and building improvements, including, complete façade renovations for the north building, retrofitting and building out tenant spaces throughout the center, parking lot reconfiguration and improvements, and minor architectural improvements to the east and west buildings. Ramco-Gershenson, Inc. has recently invested approximately \$3.5 million into the Towne Centre with façade and tenant improvements for Office Depot and Harbor Freight; they are currently investing approximately \$4.2 million into façade and tenant improvements for Dollar Tree and the future Burlington Coat Factory; and, as a direct result of the City's proposed ingress/egress corridor/cut-through, will invest an estimated additional \$6.9 million into site and building improvements mentioned above. The Dollar Tree, Burlington Coat Factory and additional site and building improvements will create an estimated \$11 million increment in value for the Towne Centre shopping center.

Amendment Number Three will provide \$1.5 million in tax incremental financing funds for off-site improvements and administrative fees. The additional off-site improvements will add an additional access and will help traffic flow to/from the Summit Place office complex. As a spin-off, it will also improve the image of tired shopping center, and in turn, the general former Allis-Chalmers area. The additional funding will add slightly over one (1) year to the life of TIF District Number Seven. If this off-site improvement scenario is chosen, the life of the TIF District will be extended from approximately 10 years slightly over 12 years.

### **Detailed List of Estimated Project Costs**

The \$1.5 million in off-site improvements, administrative expenses and capitalized interest is an additional project cost beyond those project costs included in Amendment Number Two, dated November 20, 2007. 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 City Council, without amending the Plan.

Administrative expenses include but are not limited to covering auditing costs, legal costs, administration of the TIF reimbursement process, administration to execute the developer's agreement, and general administrative oversight.

Two (2) years of capitalized interest costs are included within the project.

### **Statement Listing the Kind, Number and Location of All Proposed Public Works or Improvements Within the District**

The public works and improvements undertaken in the District include those identified in the original Project Plan, dated February 18, 2004. By this amendment, Amendment Number Three, the TIF District will incur costs for an off-site improvement, in accordance with Wisconsin State Statute 66.1105(2)(f)1n. The project will be a cut-through ingress/egress corridor through the abutting Towne Centre shopping center to the south, as an alternate access to the Summit Place office complex within TIF District Number Seven.

### **Economic Feasibility Study**

Base value:	\$15,914,400
Current value (2008):	\$75,566,200
Original property taxes:	\$350,000
Current property taxes (2008):	\$1,805,000

The District has sufficient positive tax increment to pay its annual debt service as well as the \$1.5 million in project cost for this amendment. Therefore, the District has positive tax increments to allocate \$1.5 million for the additional ingress/egress corridor through the Towne Centre shopping center. Based on historical growth of the district, and increment, the \$1.5 million in funds for this amendment will be satisfied by the projected increment. **Table 2** shows the economic feasibility of Amendment Number Three.

**Description of the Methods of Financing all Estimated Project Costs and the Time When the Costs of Monetary Obligations Related Thereto are to be Incurred**

Financing is required with this allocation amendment. The \$1.5 million in additional TIF funds may be achieved through the borrowing of debt funds from the State Trust Funds. The Board of Commissioners of Public Lands of Wisconsin is authorized to make loans from the State Trust Funds to municipalities for such purposes. Funding may also come from other financing methods.

**Maps Showing: Existing Boundaries, Uses and Conditions of Real Property and Improvements and Uses in the District**

The boundaries, uses and conditions of real property and improvements and uses in the District are not changed by this amendment. The maps included in Amendment Number Two to the Project Plan, dated November 20, 2007, are still accurate.

**Proposed Changes in Zoning Ordinance, the City's Master Plan, Map, Building Codes or Ordinances**

No changes in zoning ordinance, the City's Master Plan, map, building codes or other ordinances are proposed or necessitated by this amendment.

**List of Estimated Non-Project Costs**

No non-project costs are proposed by this amendment.

**Statement of the Proposed Method for the Relocation of Any Persons Being Displaced**

TIF District Number Seven is centered around the Summit Place office complex. The 4,000 people employed within the abutting business district need an additional ingress/egress access point to the already traffic-congested office/industrial area. The off-site improvements are necessary to provide an alternate access to the Summit Place office complex.

**Statement Indicating How this Amendment Promotes Orderly Development of the City**

Amendment Number Three to Tax Increment District Number Seven promotes improvement to the transportation migration to/from the Summit Place office complex while working to improve an additional tax base to the community. Additional and improved shopping amenities will be provided to the Summit Place office complex and to the neighboring Six Points/Farmers Market TIF District, which will house an additional 2,000+ people in the City. The new ingress/egress corridor through the Towne Centre shopping center adds a holistic approach to development with the Six Points/Farmers Market neighborhood and the office/industrial areas to the north, which employ 4,000 people.

## TABLE 1

Summit Place

### MUNICIPALITY OF WEST ALLIS TAX INCREMENTAL DISTRICT NO. 7

HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES  
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS  
From Date of Creation Through 12/31/07

<u>PROJECT COSTS</u>	<u>12/31/07</u>	<u>12/31/06</u>	<u>Life to Date Total</u>
Capital expenditures	\$61.52	\$129,450.95	\$7,209,467.30
Administration	\$48,151.19	\$124,289.77	\$278,076.07
Interest and fiscal charges	\$328,285.00	178,388.01	\$791,200.96
Discount on long-term debt	\$0.00	\$0.00	\$0.00
Debt issuance costs	\$0.00	\$0.00	\$0.00
Refunding costs	\$0.00	\$0.00	\$0.00
Total costs	<u>\$376,497.71</u>	<u>\$432,128.73</u>	<u>\$8,278,744.33</u>
<u>PROJECT REVENUES</u>			
Tax increments	\$1,106,208.21	\$721,609.26	\$1,827,817.47
Computer	\$52,962.00	\$26,822.00	\$79,784.00
Interest income	\$0.00	\$33,793.99	\$76,158.59
Sale of property	\$0.00	\$0.00	\$0.00
Miscellaneous revenues	\$0.00	\$0.00	\$13.04
Transfers from other funds	\$0.00	\$0.00	\$0.00
Total revenues	<u>\$1,159,170.21</u>	<u>\$782,225.25</u>	<u>\$1,983,773.10</u>
NET COST RECOVERABLE THROUGH TIF INCREMENTS - 12/31	<u>(\$782,672.50)</u>	<u>(\$350,096.52)</u>	<u>\$6,294,971.23</u>

## TABLE 1 Continued

HISTORICAL SUMMARY OF SOURCES, USES, AND STATUES OF FUNDS  
From Date of Creation Through 12/31/07

SOURCES OF FUNDS	12/31/07	12/31/06	Life to Date Total
Tax increments	\$1,159,170.21	\$748,431.26	\$1,907,601.47
Interest income	0.00	33,793.99	\$76,158.59
Sale of property	0.00	0.00	\$0.00
Miscellaneous revenues	0.00	0.00	\$13.04
Transfers from other funds	0.00	0.00	\$0.00
Proceeds from long-term debt	0.00	0.00	\$6,925,000.00
Net change in A/P & A/R	3,520.60	(18,992.86)	\$3,500.60
Advances from other funds	(636,061.61)	(331,103.66)	(\$483,397.88)
Total Sources	<u>\$526,629.20</u>	<u>\$432,128.73</u>	<u>\$8,428,875.82</u>
USES OF FUNDS			
Capital expenditures	\$61.52	\$129,450.95	\$7,209,467.30
Administration	48,151.19	124,289.77	\$278,076.07
Interest and fiscal charges	328,285.00	178,388.01	\$791,200.96
Discount on long-term debt	0.00	0.00	\$0.00
Debt issuance costs	0.00	0.00	\$0.00
Refunding costs	0.00	0.00	\$0.00
Principal on long-term debt	150,131.49	0.00	\$150,131.49
Principal on advances	0.00	0.00	\$0.00
Total uses	<u>\$526,629.20</u>	<u>\$432,128.73</u>	<u>\$8,428,875.82</u>
Fund Balance (Deficit) - 12/31	\$479,897.28	(\$152,643.73)	\$479,897.28
Long Term Debt Outstanding - 12/31	\$6,774,868.51	\$6,925,000.00	\$6,774,868.51
Cash (Advances) Outstanding - 12/31	\$483,397.88	(\$152,663.73)	\$483,397.88
Prove out Fund Balance			
TIF #7 fund balance	\$479,897.28	(\$152,643.73)	
TIF #7 funds in Debt Svc. Fund	0.00	0.00	
	<u>\$479,897.28</u>	<u>(\$152,643.73)</u>	
Prove out cash			
Advances (from) to Cash Fund	\$483,397.88	(\$152,663.73)	
Advances (from) to Debt Service Fund	0.00	0.00	
	<u>\$483,397.88</u>	<u>(\$152,663.73)</u>	

**TABLE 2**

<b>Economic Feasibility</b>							
<b>TERM OF TAX INCREMENT DISTRICT</b>							
<b>GENERAL OBLIGATION BONDS</b>		<b>CASH FLOW ANALYSIS</b>					
T.I.F.G.O. BOND ISSUES	TOTAL G.O. BOND LOANS	T.I.F. CAPACITY				T.I.F. YEAR	
		T.I.F. G. O. Bond					
General Obligation Draw	Total Market Rate Obligations	Total Yearly Revenue	Balance beginning of Year	Plus interest on debt at  5.50%	Equals New balance		
\$0	\$0	\$ -	\$ -	\$ -	\$ -	1	2009
\$1,498,627	\$1,498,627	\$ 81,090	\$ 1,417,537.20	\$ 77,965	\$ 1,495,501.75	2	2010
	\$0	\$ 81,090	\$ 1,495,501.75	\$ 82,252.60	\$ 1,577,754.34	3	2011
	\$0	\$ 52,468	\$ 1,525,286.15	\$ 83,890.74	\$ 1,609,176.89	4	2012
	\$0	\$ 176,485	\$ 1,432,691.73	\$ 78,798.05	\$ 1,511,489.78	5	2013
	\$0	\$ 262,974	\$ 1,248,515.68	\$ 68,668.36	\$ 1,317,184.04	6	2014
	\$0	\$ 262,974	\$ 1,054,209.94	\$ 57,981.55	\$ 1,112,191.49	7	2015
\$0	\$0	\$ 262,974	\$ 849,217.39	\$ 46,706.96	\$ 895,924.34	8	2016
\$0	\$0	\$ 262,974	\$ 632,950.24	\$ 34,812.26	\$ 667,762.51	9	2017
\$0	\$0	\$ 262,974	\$ 404,788.41	\$ 22,263.36	\$ 427,051.77	10	2018
\$0	\$0	\$ 262,974	\$ 164,077.67	\$ 9,024.27	\$ 173,101.94	11	2019
\$0	\$0	\$ 262,974	\$ (89,872.16)	\$ (4,942.97)	\$ (94,815.13)	12	2020
\$0	\$0	\$ 262,974	\$ (357,789.23)	\$ (19,678.41)	\$ (377,467.64)	13	2021
\$0	\$0	\$ 262,974	\$ (640,441.74)	\$ (35,224.30)	\$ (675,666.03)	14	2022
\$0	\$0	\$ 262,974	\$ (938,640.13)	\$ (51,625.21)	\$ (990,265.34)	15	2023
\$0	\$0	\$ 262,974	\$ (1,253,239.44)	\$ (68,928.17)	\$ (1,322,167.61)	16	2024
\$0	\$0	\$ 262,974	\$ (1,585,141.71)	\$ (87,182.79)	\$ (1,672,324.50)	17	2025
\$0	\$0	\$ 262,974	\$ (1,935,298.60)	\$ (106,441.42)	\$ (2,041,740.03)	18	2026
\$0	\$0	\$ 262,974	\$ (2,304,714.13)	\$ (126,759.28)	\$ (2,431,473.40)	19	2027
\$0	\$0	\$ 262,974	\$ (2,694,447.50)	\$ (148,194.61)	\$ (2,842,642.12)	20	2028
\$0	\$0	\$ 262,974	\$ (3,105,616.22)	\$ (170,808.89)	\$ (3,276,425.11)	21	2029
\$0	\$0	\$ 262,974	\$ (3,539,399.21)	\$ (194,666.96)	\$ (3,734,066.17)	22	2030
\$0	\$0	\$ 262,974	\$ (3,997,040.27)	\$ (219,837.21)	\$ (4,216,877.48)	23	2031
\$0	\$0	\$ 262,974	\$ (4,479,851.58)	\$ (246,391.84)	\$ (4,726,243.42)	24	2032
\$0	\$0	\$ 262,974	\$ (4,989,217.52)	\$ (274,406.96)	\$ (5,263,624.48)	25	2033
\$0	\$0	\$ 262,974	\$ (5,526,598.58)	\$ (303,962.92)	\$ (5,830,561.50)	26	2034
\$0	\$0	\$ 262,974	\$ (6,093,535.60)	\$ (335,144.46)	\$ (6,428,680.06)	27	2035
\$0	\$0	\$ 262,974	\$ (6,691,654.16)	\$ (368,040.98)	\$ (7,059,695.14)	28	2036
\$0	\$0	\$ (7,059,695.14)	\$ (388,283.23)	\$ (7,447,978.37)			