



CITY OF MERRILL
JOINT REVIEW BOARD
AGENDA • TUESDAY APRIL 11, 2017

Regular Meeting

City Hall Council Chambers

4:30 PM

- I. Call to Order
- II. Agenda items for consideration:
 1. Consideration and appointment and/or re-confirmation of Joint Review Board's public member
 2. Election and/or re-confirmation of Chairperson
 3. Discuss responsibilities of Joint Review Board
 4. Review and consideration of minutes from May 31, 2016 meeting
 5. Review and discuss draft project plan for proposed TID No. 3 plan and boundary amendment
- III. Set next meeting date
 1. New Annual TID Reporting
- IV. Public Comment
- V. Adjournment

Wisconsin Tax Incremental Financing Joint Review Board Information

(sec. 66.1105(4m), sec. 66.1106(3), sec. 60.85(4), Wis. Stats.)

Wisconsin Department of

Revenue

PE-213 (R. 7/16)

2016

Purpose of the Joint Review Board (JRB)

Members of the JRB represent a taxing jurisdiction (municipal, county, school, technical college) have the responsibility to approve, deny or amend a Tax Incremental District (TID). If the JRB approves the TID, it viewed or heard convincing evidence of the vital need for TIF assistance to make this development a reality. The JRB jurisdictions are agreeing to sacrifice some amount of tax revenue for many years into the future.

What is Tax Incremental Financing (TIF)?

TIF is a financing tool available to local governing bodies to encourage economic development that would not occur without public assistance. It's a partnership between the taxing jurisdictions allowing municipalities to invest in infrastructure and other project improvements. These investments are funded by collecting property tax revenue from the newly developed property. As property values rise, the property tax paid on that development is used by the municipality to pay for the eligible project costs. After the project costs are paid off, the TID is closed and the whole value of the expanded tax base is shared by the municipality, school, county and technical college.

What is a Tax Incremental District (TID)?

It's a contiguous geographical area within a municipality consisting solely of whole property units assessed for general property tax purposes. A TID does not include railroad rights-of-way, rivers or highways, or wetlands under state law ([sec. 23.32, Wis. Stats.](#)). The municipality must declare a TID type in its municipal resolution where projects are identified to encourage and facilitate the desired development.

Who are the JRB members?

The JRB consists of one representative from the school district, technical college, county, municipality and public. When creating a multijurisdictional TID, each participating municipality may appoint one representative.

District representatives

- **School** – the school board president, or his/her designee with preference to the school district's finance director. If the TID is located in a union high school district, the school seat is shared by the union high school representative and school district representative; each having one-half vote.
- **Technical college** – the technical college district director, or his/her designee with preference to the district's chief financial officer
- **County** – the county executive or the county board chairperson, or this person's designee with preference to the county treasurer
- **City/village/town** – the mayor or city manager, or the village board president, or town board chairperson or this person's designee with preference to the person who administers the economic development programs or the municipal treasurer or another person with knowledge of local government finances
- **Public member** – this member is chosen by a majority of the other members at the JRB's first meeting (held before the public hearing and within 14 days of the public notice being published). There is no guidance with respect to who is eligible for this seat, but preference should be given to residents with knowledge of finance or economic development. A public member can be appointed as chairperson.
- **JRB chairperson** – the chair of the JRB is chosen by a vote of the other members at the first JRB meeting

If more than one school, union high school, elementary school, technical college or county district have the power to levy taxes on the property within the TID, the district with the greatest **value** chooses its representative to the JRB.

Examples:

- School District "A" serves 75 percent of the area in the TID, but only 40 percent of the TID value is in "A." School District "B" serves 25 percent of the area in the TID but has 60 percent of the TID value. "B" would become the JRB member.
- In the case of a territory amendment, if adding property from one county to the existing TID in a different county, the county where the added territory is located should choose the JRB member. Once the amendment is made, any future actions for the JRB require a new calculation to determine which county has the majority of the land value and voting representation on the JRB.

Under state law ([sec. 66.1105\(4m\)\(b\)4m., Wis. Stats.](#)), the JRB must notify every local governmental unit not represented on the JRB and has power to levy taxes on the property within the TID, of each JRB meeting and agenda. This includes special districts that do not have representation on the JRB.

JRB Procedures

JRB duties

When creating or amending a TID, the JRB has the power of final approval. Based on its review, the JRB can approve or deny the creation or amendment of the TID. A TID cannot be created or amended without JRB approval. At the JRB meetings, the members should take minutes, record votes and add them to the record for the TID.

- Before the public hearing notice appears, the municipality must send the overlying taxing jurisdictions a letter with a copy of the notice (by first class mail) to request a representative to serve on the JRB
- All JRB meetings held must be published as a class 1 notice, at least five days before the meeting under state law ([ch. 985, sec. 66.1105 \(4m\)\(e\), Wis. Stats.](#)). This does not apply to town or environmental remediation TIDs.
- Within 14 days after the public hearing notice is published and before the public hearing, all board members must be appointed and the first organizational meeting held. Required actions include selecting a public member and chairperson. The meeting may include explanations of the new or amended TID.
- Additional JRB meetings or public hearings may be held on request of any member

After receiving the municipal resolution, the JRB must act to approve or deny the resolution

- City/Village – within 45 days
- Town TIDs created under [sec. 60.85, Wis. Stats.](#) or Environmental Remediation TIDs created under [sec. 66.1106](#) – between 10 days and 45 days

JRB must respond to the municipal officials

- Within seven days of making the JRB resolution adoption
- If the JRB rejects a plan, the JRB must cite in writing specific decision criteria that was lacking

JRB Document Review

The municipality must provide the JRB with specific information under state law ([sec. 66.1105\(4\)\(i\)](#), [sec. 60.85\(3\)\(k\)](#), [sec. 66.1106\(3\)\(b\)](#), Wis. Stats.). JRB members may request missing information.

Information the JRB may request

- **Detailed list of project costs, resolutions and public records** – copies of the planning commission and municipal resolutions, meeting and project plan, public hearings minutes and affidavits from the newspaper, signed development agreement that includes cash grants
- **For multijurisdictional TIDs - copy of the intergovernmental cooperation agreement** – must sign an intergovernmental agreement under state law ([sec. 66.0301, Wis. Stats.](#)). The agreement should outline specific provisions required under [sec. 66.1105\(18\)\(2\), Wis. Stats.](#)
- **Economic Feasibility Study** – to review a projection of the tax increments and estimates of increased property values

JRB Decision Criteria

The JRB must make a decision based on the documents/information it receives from the municipality. The JRB uses the "JRB standards of review" listed below, for approving or denying a proposal under state law ([sec. 66.1105\(4m\)\(c\)](#), [sec. 66.1106\(3\)\(c\)](#), [sec. 60.85\(4\)\(c\)](#), Wis. Stats.).

Each standard is important to ensure the TIF project is beneficial for all taxpayers in the overlying districts. Many consider the first standard, the "but for test," the most important. The "but for test" gets its name from the phrase, "This development would not happen but for the financial support of TIF." This means that the developer would not consider the project economically viable without the use of TIF to pay for the infrastructure improvements.

JRB standards of review

- a. Would the expected development occur without (but for) the use of TIF?
- b. Will the development's economic benefits measured by increased employment, business and personal income and property value, compensate for the cost of the improvements?
- c. Do the benefits outweigh the taxes residents of overlying districts are expected to pay?
- d. How does this planned development fit with the rest of the development in my district?
- e. Is there a more viable use for the development site, the tax revenue and the limited TIF capacity?
- f. What is the general opinion of my district's residents on this TID?
- g. How will my jurisdiction know what is spent and received for this TID?
- h. How will the planned development affect the demand for services from my district's residents (schools, police, fire, EMS)?
- i. What guarantees are in place to ensure the anticipated tax revenue is actually collected?
- j. For towns – will the project costs relate directly to agricultural, forestry, manufacturing or tourism projects; residential development or related retail development? ([sec. 60.85\(2\)\(b\), Wis. Stats.](#))

Passing the "but for test"

When deciding if a proposal passes the "but for test," the municipality and the developer must demonstrate that the development will only happen with financial support of the taxpayers. One way to show this would be to compare the development's expected revenues net present value to the anticipated cost of the improvements plus the cost of developing the TID.

Examples:

- a. A developer wants to construct a mall on vacant parcels near a freeway interchange. A TIF request is made to pay for roads and the sewer line connections. It is denied, but the development proceeds anyway. The developer pays for the roads and sewer lines, along with the cost of constructing the building. The increase in property value resulting from the site improvements goes onto the tax roll, and the tax payments from the development go into the general fund, increasing collections. This is the way growth usually occurs.
- b. Same scenario, but after the denial the developer decides not to proceed with the project because it is not profitable. The parcels are not developed and remain vacant. The small tax revenue from the vacant parcels continues to the general fund, no new jobs are created and the tax base doesn't grow.
- c. This time, the local governing body negotiates with the developer and agrees to finance some of the desired projects. TIF assistance is approved since the developer shows how the public funding of infrastructure will make the project profitable and increase the municipal tax base. The value of the vacant land will be the base value of the TID. Further improvements (ex: construction of the mall) will increase the value and constitute the value increment. The difference in value between the base and current value is termed the increment. The increment creates the tax revenue that funds the roads and sewer lines project costs.

Note: In example (c), the JRB is endorsing the use of property tax dollars to help bring growth that otherwise would not occur. A growing tax base can help control tax bill increases.

Department of Revenue (DOR) Review Procedure

Once the JRB reaches a decision and takes action to approve or deny the creation of the TID, the JRB has seven days to submit the decision to the municipality. Under state law ([sec. 66.1105\(4m\)\(b\)4, Wis. Stats.](#)), the JRB may request DOR review the facts contained in the documents listed on Page 3 in the "Information the JRB may request" section.

To request a DOR review

- A majority of the JRB members must support the request
- A written request must be submitted to DOR and must specify which fact or item the members believe is inaccurate or incomplete
- Within 10 working days of receiving a request for review that complies with the filing requirements, DOR will investigate the issues raised and send a written response to the JRB

What if the information does not comply or is inaccurate?

- If DOR determines the information does not comply with the law or contains a factual inaccuracy, DOR returns the proposal to the municipality
- The JRB may request, but may not require, that the municipality resubmit the proposal for review. If the proposal is resubmitted, the JRB votes to approve or disapprove as otherwise specified in TIF law. If the JRB requests a DOR review, the JRB must submit its decision to the municipality within 10 working days of receiving DOR's written response.
- If the municipality resubmits the proposal within 10 working days after the JRB receives DOR's written response, the JRB must submit its decision to the municipality within 10 working days after receiving the resubmitted proposal

What happens after the JRB approves the TID?

- JRB must issue a written resolution that includes the decision criteria (on page 3) the JRB used to make its decision in the "but for" finding
- As long as the TID is active, the JRB must meet yearly to review the annual performance of the TID based on the annual report ([sec. 66.1105 \(4m\)\(f\), Wis. Stats.](#))
- Municipality sends DOR a request to approve certification and required documents. **If DOR determines procedures were followed correctly:**
 - » DOR certifies the new creation or amendment after January 1 of the year following the year in which the resolution was adopted
 - » **Exception:** For creations, territory amendments and base value redeterminations when the resolution was adopted between October 1 and December 31, certification will happen two calendar years later

For More Information

Visit the Tax Incremental Financing (TIF) Information page on our [website](#).

**City of Merrill
Joint Review Board**

Tuesday, May 31st, 2016 at 4:00 P.M.

City Hall Council Chambers, 1004 East First Street

Members Present: Mayor Bill Bialecki (City of Merrill representative), Rob Elliott (Northcentral Technical College representative), Brian Dasher (Merrill Area Public Schools representative), Bob Weaver (Lincoln County representative), and Amanda Kostman (public member whom arrived at 4:27 p.m.)

Others Present: Finance Director/RDA Secretary Kathy Unertl, City Administrator Dave Johnson, City Attorney Tom Hayden, and RDA Commissioner Karen Karow

Call to order Chair Bialecki called the meeting to order at 4:00 P.M. .

Public Comment None.

Review and consideration of April 26th, 2016 meeting minutes

Motion (Weaver/Dasher) to approve the Joint Review Board meeting minutes from April 26th, 2016. Carried.

Review the public record, planning documents, Redevelopment Authority resolutions adopting the project plans, and the resolutions passed by the Common Council approving the project plans

Other than Joint Review Board member names and meeting dates, there have been no changes to the TID No. 11 plan which was distributed at the April 26th meeting.

In the agenda packet, Joint Review Board members were provided copies of the public record and resolutions for review.

Consideration of Joint Review Board Resolution Approving the Creation of Tax Incremental District No. 11, City of Merrill

Motion (Weaver/Elliott) adopting Joint Review Board Resolution Approving the Creation of Tax Increment District No. 11, City of Merrill. Carried. Joint Review Board public member Amanda Kostman arrived after action on this item.

Joint Review Board – May 31st, 2016

1

Attachment: Joint Review Board Minutes 2016-05-31 (2391 : Review and consideration of minutes from May 31, 2016 meeting)

Update on fiscal status and future directions of City of Merrill Tax Increment Districts (TIDs)

Unertl highlighted fiscal status of Merrill TIDs. TID No. 3 (East Side Area) is the primary tax increment generator.

The City transferred \$500,000 from TID No. 3 to the following “blighted area” TIDs as part of the City’s 2015 audit - \$250,00 to TID No. 6 (Downtown), \$50,000 to TID No. 7 (North Center Ave.), and \$200,000 to TID No. 8 (West Side). Additional potential TID transfers are anticipated in future years. The City is also planning for major TID-related borrowing.

Unertl, Johnson, and Bialecki provided overview of City TID strategic plans, as well as 2016 developments/activities.

Adjournment:

Joint Review Board adjourned informally at 4:40 P.M.

Minutes prepared and submitted by:

Kathy Unertl, Finance Director/RDA Secretary

**NOTICE OF PUBLIC HEARING
AND JOINT REVIEW BOARD MEETING
REGARDING THE PROPOSED AMENDMENT OF
THE BOUNDARIES AND PROJECT PLAN
TO TAX INCREMENTAL DISTRICT NO. 3
IN THE CITY OF MERRILL, WISCONSIN**

Notice is Hereby Given that the City of Merrill will hold an organizational Joint Review Board meeting on Tuesday, April 11, 2017 at 4:30 p.m. at the Merrill City Hall, located at 1004 E. First Street. The purpose of this meeting is to organize a Joint Review Board for purposes of considering the proposed Project Plan for Tax Incremental District No. 3 (the "District").

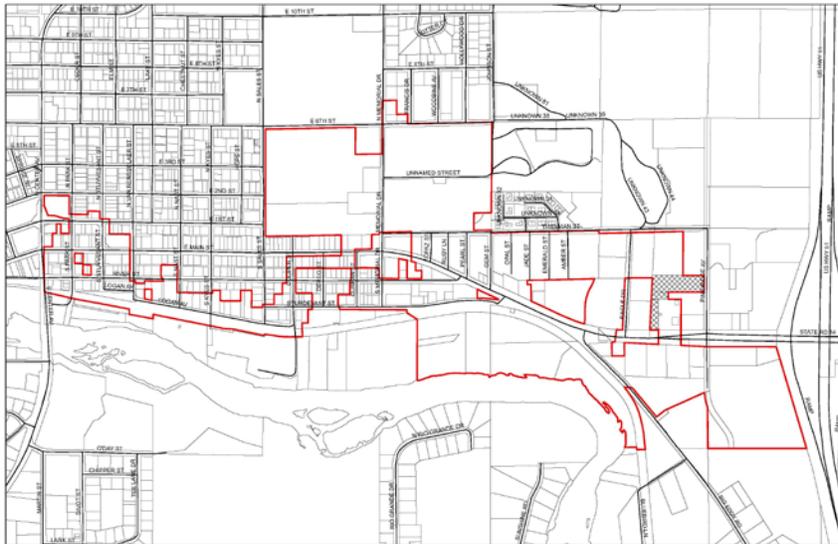
Notice is Hereby Given that the Redevelopment Authority of the City of Merrill will hold a public hearing on Tuesday, April 11, 2017 at 6:00 p.m. at the Merrill City Hall, located at 1004 E. First Street, for the purpose of providing the community a reasonable opportunity to comment upon the proposed amendment of the District.

The proposed amendment is to add additional territory to the existing District's boundaries, and to amend the Project Plan to update and/or provide for the undertaking of additional expenditures. The proposed boundaries to be added from the original District boundary would be within an area generally detailed on the map below.

Proposed additional and updated projects costs include various public improvements and cash grants to owners or lessee or developers of land located within the district (development incentives) and professional and organizational services, administrative costs, and finance costs. The proposed costs include projects within the proposed boundary and within a 1/2 mile radius of the proposed boundary of the District.

All interested parties will be given a reasonable opportunity to express their views on the proposed amendment of the District, the proposed projects and amended boundaries of the District, and the proposed Project Plan thereof. A copy of the Project Plan, including a description of the proposed amended boundaries, will be available for viewing in the offices of the City Clerk at the Merrill City Hall, located at 1004 E. First Street, during normal business hours and will be provided upon request.

Such hearing shall be public and citizens and interested parties shall then be heard. This hearing may be adjourned from time to time.



By Order of the City
of Merrill, Wisconsin

*Published
March 31, 2017*

Attachment: JRB TID3 Legal Notice (2396 : Draft Project Plan for proposed TID No. 3 plan and amendment)



April 5, 2017

Project Plan for the Territory & Project Plan Amendment of Tax Incremental District No. 3

CITY OF MERRILL, WISCONSIN

Organizational Joint Review Board Meeting Held:	Scheduled for: April 11, 2017
Public Hearing Held:	Scheduled for: April 11, 2017
Consideration for Approval by Redevelopment Authority:	Scheduled for: April 11, 2017
Consideration for Adoption by Common Council:	Scheduled for: April 26, 2017
Consideration for Approval by the Joint Review Board:	Scheduled for: TBD

Attachment: Project Plan 2017.4.5 - TID No. 3 (2396 : Draft Project Plan for proposed TID No. 3 plan and amendment)



Tax Incremental District No. 3 Territory & Project Plan Amendment

City of Merrill Officials

Common Council

William Bialecki	Mayor
Paul Russell	Aldersperson
Pete Lokemoen	Aldersperson
Ryan Schwartzman	Aldersperson
Kandy Peterson	Aldersperson
John Burgener	Aldersperson
Mary Ball	Aldersperson
Rob Norton	Aldersperson
Tim Meehean	Aldersperson

City Staff

William Heideman	City Clerk
Kathy Unertl	City Finance Director/RDA Secretary
Dave Johnson	City Administrator
Thomas Hayden	City Attorney
Rod Akey	City Public Works Director/Engineer

Redevelopment Authority

Bill Bialecki, President	Jill Laufenberg
Karen Karow	Ryan Schwartzman
Clyde Nelson	Tim Haight
Tony Kusserow	

Joint Review Board

Mayor Bill Bialecki	City Representative
Bob Weaver	Lincoln County
Roxanne Lutgen	Northcentral Technical College District
Brian Dasher	Merrill Area School District
	Public Member

Attachment: Project Plan 2017.4.5 - TID No. 3 (2396 : Draft Project Plan for proposed TID No. 3 plan and amendment)



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Attachment: Project Plan 2017.4.5 - TID No. 3 (2396 : Draft Project Plan for proposed TID No. 3 plan and amendment)

SECTION 1: Executive Summary

Type of District, Size and Location

Tax Incremental District (“TID”) No. 3 (the “TID” or “District”) is an existing mixed-use district, which was created by a resolution of the City of Merrill (“City”) Common Council adopted on September 13, 2005 (the “Creation Resolution”).

Amendments

The District was previously amended on May 23, 2006, whereby a resolution was adopted to add additional territory to the District, and to amend the list of projects to be undertaken.

The District was previously amended on September 24, 2013 whereby a resolution was adopted to add additional and remove territory to and from the District, and to amend the list of projects to be undertaken.

The District was previously amended on September 22, 2015, whereby a resolution was adopted to add additional territory to the District, and to amend the list of projects to be undertaken.

The District was also amended on September 22, 2015 in order to share increment with Tax Incremental District Numbers 6, 7 and 8.

Purposes of this Amendment

To further facilitate development and/or redevelopment within areas adjacent to the District, the City desires to amend its boundaries to add territory. A map, located in Section 3 of this plan, identifies the Territory to be added and its geographic relationship to the existing District’s boundaries.

This amendment will cause territory to be added to the District, providing incentive and opportunities for additional private development and redevelopment.

This amendment will modify the categories, locations or costs of the Projects to be undertaken, providing incentive and opportunities for additional private development and redevelopment.

This amendment will allow for the District to incur project costs outside of, but within ½ mile of, the boundaries of the District as permitted under Wisconsin Statutes Section 66.1105(2)(f)1.n.

Estimated Total Project Expenditures

The City anticipates making project expenditures of approximately \$3,715,000 to undertake projects in the existing and amendment areas as listed in this Project Plan. It is anticipated that the remaining and additional projects will be completed in multiple phases. The Expenditure Period of this District terminates on September 13, 2020. The remaining and additional projects to be undertaken pursuant to this Project Plan are expected to be financed with various funding sources, 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 project financing by phase is located in Section 10 of this plan.

Economic Development

As a result of the amendment of this District, the City projects that additional land and improvements value of approximately \$12,075,000 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 amended area(s) and within the original District boundaries. 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, the amendment of the District is expected to result in further economic benefits as detailed in the Summary of Findings hereafter.

Expected Termination of District

TID No. 3 has a maximum statutory life of 20 years, and must close not later than September 13, 2025, resulting in a final collection of increment in budget year 2026. Pre-amendment cash flow projections indicate that the entire available life of the District will be required to retire current and projected District liabilities. Based on the Economic Feasibility Study located in Section 10 of this Plan, amendment of the District would not result in a shift in the projected District closure year of 2025.

Summary of Findings

As required by Wisconsin Statutes Section 66.1105, and as documented in this Project Plan Amendment and the exhibits contained and referenced herein, the following findings are made:

1. **That “but for” amendment of this District, the additional development projected to occur within the amendment areas 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 amendment areas 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 amendment 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 amendment area is unlikely to occur.
2. **The economic benefits of amending 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 total tax increments projected to be collected are more than sufficient to pay for the actual and proposed Project Costs within the original District and the amended areas. 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 boundary amendment would become effective for valuation purposes as of January 1, 2017. 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 amendment area due to new construction, renovation or appreciation of property values occurring after January 1, 2017 would be collected by the TID and used to repay the costs of TIF-eligible projects undertaken within the District.

- Given that additional development is not likely to occur or in the same manner without the use of tax incremental financing (see finding # 1), and since the District will generate additional economic benefits that are more than sufficient to compensate for the additional cost of the improvements (see Finding #2), the City reasonably concludes that the overall additional 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 amended. 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 the Project Plan.
4. Not less than 50% by area of the real property within the District, as amended, is suitable for a combination of industrial, commercial and residential, defined as “mixed-use development” within the meaning of Wisconsin Statutes Section 66.1105(2)(cm).
 5. Based upon the findings, as stated above, and the original findings as stated in the Creation Resolution, the District remains declared a mixed-use District based on the identification and classification of the property included within the District.
 6. The Project Costs of the District relate directly to promoting mixed-use development in the District consistent with the purpose for which the District was created.
 7. The improvements to be made within the territory incorporated by this Amendment are likely to enhance significantly the value of substantially all of the other real property in the District.
 8. The equalized value of the taxable property within the territory to be added to the District by this amendment, plus the value increment of all other 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 less than 35% of the territory within the District, as amended, 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, as amended, is feasible, and is in conformity with the Master Plan of the City.

SECTION 2: Type and General Description of District

The District was created under the authority provided by Wisconsin Statutes Section 66.1105 on September 13, 2005 by resolution of the Common Council. The District's valuation date, for purposes of establishing base value, was January 1, 2005.

The existing District is a "Mixed Use District" based upon a finding that at least 50%, by area, of the real property within the District was suitable for a combination of industrial, commercial and residential uses within the meaning of Wisconsin Statutes Section 66.1105(2)(cm). The District will remain in compliance with this finding after the addition of the territory identified in this Amendment. The District will also remain in compliance with the prohibition that no more than 35% of the area of the District be allocated for newly-platted residential development. The Preliminary Parcel list found in Section 5 of this plan provides a calculation demonstrating continued compliance with both the 50% test and the 35% test.

Wisconsin Statutes Section 66.1105(4)(h)2. provides authority for a City to amend the boundaries of an existing Tax Increment District for purposes of adding and/or subtracting territory up to a total of four times during the life of the District. The boundaries of the District have been amended two times prior to this Amendment.

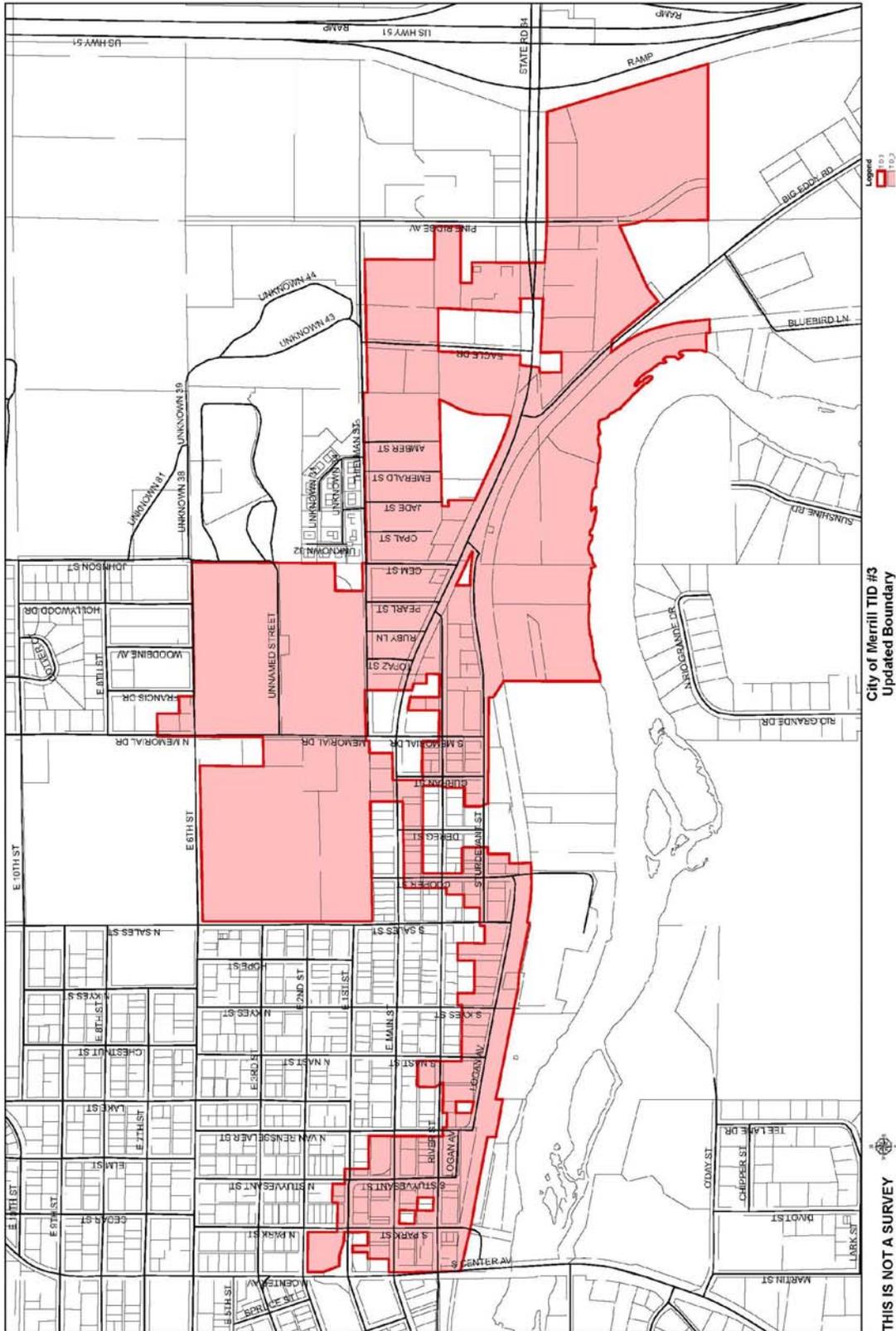
This Project Plan Amendment supplements, and does not supersede or replace any component of the original Project Plan, or any component of previously adopted Project Plan Amendments, unless specifically stated. All components of the original Project Plan, and its previously adopted Project Plan Amendments, remain in effect.

The purpose of the Amendment is to facilitate development within areas adjacent to the existing District. The amendment to the District boundaries and the Project Plan will enable the City to install additional public improvements, and to make additional necessary related expenditures that will create development and/or redevelopment opportunities consistent with the original purposes for which the District was created.

The amendment is also to update and/or provide for the undertaking of additional expenditures.

A map depicting the boundaries of the District is found in Section 3 of this Plan. Based upon the findings as stated above, and the original findings as stated in the Creation Resolution, the District remains a mixed-use District based on the identification and classification of the property included within the District.

New Boundary



Attachment: Project Plan 2017.4.5 - TID No. 3 (2396 : Draft Project Plan for proposed TID No. 3 plan and amendment)

SECTION 5: Preliminary Parcel List and Analysis Within The Territory To Be Added

City of Merrill, Wisconsin												Assessment Roll Classification																	
Tax Increment District # 3												Residential = Class 1																	
Base Property Information												Commercial = Class 2																	
Property Information												Manufacturing = Class 3, Ag = Class 4, Undeveloped = Class 5, Ag Forest = Class 5M, Forest = Class 6, Other = Class 7 & Exempt = X																	
Map Ref #	Parcel Number	Street Address	Owner	Acreage	Annexed Post 1/1/04? ...Indicate side	Part of Existing TID? ...Indicate TID #	Land	Imp	PP	Total	Equalized Value Ratio	Land	Imp	PP	Total	Industrial (Zoned and Suitable)	Commercial/ Business	Existing Residential	Newly Platted Residential	Suitable for Mixed Use	Blighted	Rehab/ Conservation	Vacant	Comments					
251-3107-074-0045	34-0196-010-012-01-00	1300 E. Main St.	Gateway North LLC	0.80			48,900	980,100	49,260	1,078,260	100.00%	48,900	980,100	49,260	1,078,260						0.80			0.00	2				
251-3106-182-0214	34-0001-000-089-04-30	None - Lot north of American	Gateway North LLC	0.39			48,800	0	0	48,800	100.00%	48,800	0	0	48,800						0.39			0.39	2				
251-3106-141-9998	34-0001-000-089-05-05	210 S. Pine Ridge Ave.	M1 Properties LLC	2.88			115,500	191,600	58,070	365,170	100.00%	115,500	191,600	58,070	365,170						2.879			0.00	2				
Total Acreage				4.07			213,200	1,171,700	107,330	1,492,230		213,200	1,171,700	107,330							4.069			0.39					
												Estimated Base Value		1,492,230															

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 Territory to be added to the District, plus the value increment of the District being amended, plus the value increment of all other existing tax incremental districts, does not exceed 12% of the total equalized value of taxable property within the City.

The equalized value of the Territory to be incorporated by this Amendment, plus the increment value of TID No. 3, plus the value increment of all other existing tax incremental districts within the City, totals \$29,918,630. This value is less than the maximum of \$44,059,344 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 amendment of this District.

City of Merrill, Wisconsin				
Tax Increment District # 3				
Valuation Test Compliance Calculation				
District Creation Date	9/13/2005			
	Valuation Data Currently Available 2016	Dollar Charge	Percent Change	Valuation Data Est. Creation Date
Total EV (TID In)	367,161,200			367,161,200
12% Test	44,059,344			44,059,344
Increment of Existing TIDs				
TID #3	20,691,100			20,691,100
TID #4	6,793,500			6,793,500
TID #5	537,300			537,300
TID #6	0			0
TID #7	401,300			401,300
TID #8	0			0
TID #9	0			0
TID #10	3,200			3,200
Total Existing Increment	28,426,400			28,426,400
Projected Base of New or Amended District	1,492,230			1,492,230
Total Value Subject to 12% Test	29,918,630			29,918,630
Compliance	PASS			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 intends to 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

There have been no known environmental studies performed within the proposed District. If, however, it becomes necessary to evaluate any land or improvement within the District, any cost incurred by the City related to environmental audits, testing, and remediations 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. The improvements to the wastewater treatment facilities, although not within the ½ mile radius, are an eligible project cost under Section 66.1105(2)(f)1 k.

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 will 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. The City intends to make the following project cost expenditures outside the District:

- Improvements to infrastructure within the streets right of way

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 Additional **and/or** Updated Project Costs

This Section contains information relative to the specific projects and expenditures that the City anticipates it will undertake or make within the Territory to be incorporated into the District by this Amendment. As part of this Amendment, the City is also modifying the project cost estimates for the original District area to add projects.

All costs are based on 2017 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2017 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 further amending this Plan.

Proposed TIF Project Cost Estimates

City of Merrill, Wisconsin					
Tax Increment District # 3					
Estimated Project List					
Project ID	Project Name/Type	Phase I 2017 - 2018	Phase II 2019 - 2020	Phase III 2021 - 2023	Total (Note 1)
1	Consulting	10,000	10,000	10,000	30,000
2	Development Incentives/Cash Grants	350,000	300,000	125,000	775,000
3	Residential Rehab Loans	25,000	25,000	25,000	75,000
4	Property Acquisition	5,000	250,000	-	255,000
5	Relocation	25,000	5,000	5,000	35,000
6	Demolition	-	25,000	25,000	50,000
7	Parking Improvements	12,500	25,000	-	37,500
8	Environmental Remediation	-	12,500	-	12,500
9	Stormwater Improvements	-	25,000	-	25,000
10	Telecommunications Infrastructure	-	25,000	-	25,000
11	Sanitary Sewer Improvements	-	25,000	-	25,000
12	Water System Improvements	-	25,000	-	25,000
13	Railroad Crossing Improvements	-	-	225,000	225,000
14	Engineering	20,000	20,000	5,000	45,000
15	Street Improvements	750,000	750,000	-	1,500,000
16	Merrill Festival Grounds (Includes Expo)	425,000	150,000	-	575,000
Total Projects		<u>1,622,500</u>	<u>1,672,500</u>	<u>420,000</u>	<u>3,715,000</u>
Notes:					
Note 1 Project costs are estimates and are subject to modification					

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 District, as proposed to be amended by the addition of territory and project costs, will remain economically feasible insofar as:

- The City has available to it the means to secure the necessary financing required to accomplish the remaining projects contained within this Plan. A listing of “Available Financing Methods” follows.
- The City expects to complete the remaining projects in 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 continued 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) an updated projection of tax increments to be collected resulting from that development and/or redevelopment and other economic growth within the District, and 3) an updated 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 \$18,358,060, of which \$4,031,232 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 its Community Development Authority (CDA) or 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 its various utility 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

As stated in the original project plan, projects identified will provide the necessary anticipated governmental services and/or development incentives to the remaining district. The order in which expenditures are made should be adjusted in accordance with development and execution of developer agreements, if any. The City reserves the right to alter the implementation of this Plan to accomplish this objective.

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 expenditures 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.

Attachment: Project Plan 2017.4.5 - TID No. 3 (2396 : Draft Project Plan for proposed TID No. 3 plan and amendment)

Implementation and Financing Timeline

City of Merrill, Wisconsin			
Tax Increment District # 3			
Estimated Financing Plan			
	2017	2019	Totals
Projects			
Street Improvements	750,000	250,000	1,000,000
Merrill Festival Grounds	425,000	750,000	1,175,000
Property Acquisition	0	150,000	150,000
Total Project Funds	<u>1,175,000</u>	<u>1,150,000</u>	<u>2,325,000</u>
Estimated Finance Related Expenses			
Total Costs of Issuance	40,000	40,000	
Underwriter Discount (\$s/\$1,000)	12.00 14,760	12.00 14,460	10.00
Debt Service Reserve			
Capitalized Interest			
Total Financing Required	1,229,760	1,204,460	
Rounding	240	540	
Net Issue Size	1,230,000	1,205,000	2,435,000
Notes:			

Development Assumptions

<p style="text-align: center;">City of Merrill, Wisconsin Tax Increment District # 3 Development Assumptions</p>					
Construction Year		Projected	Annual Total	Construction Year	
13	2017	1,200,000	1,200,000	2017	13
14	2018	1,875,000	1,875,000	2018	14
15	2019	1,500,000	1,500,000	2019	15
16	2020	2,250,000	2,250,000	2020	16
17	2021	1,250,000	1,250,000	2021	17
18	2022	1,500,000	1,500,000	2022	18
19	2023	1,250,000	1,250,000	2023	19
20	2024	1,250,000	1,250,000	2024	20
Totals		<u>12,075,000</u>	<u>12,075,000</u>		

Attachment: Project Plan 2017.4.5 - TID No. 3 (2396 : Draft Project Plan for proposed TID No. 3 plan and amendment)

Increment Revenue Projections

City of Merrill, Wisconsin										
Tax Increment District # 3										
Tax Increment Projection Worksheet										
Type of District	Mixed Use		Base Value	1,492,230						
District Creation Date	September 13, 2005		Appreciation Factor	0.00%		Apply to Base Value				
Valuation Date	Jan 1,	2005	Base Tax Rate	\$32.20						
Max Life (Years)	20		Rate Adjustment Factor							
Expenditure Period/Termination	15	9/13/2020	Tax Exempt Discount Rate	3.00%						
Revenue Periods/Final Year	20	2026	Taxable Discount Rate	4.50%						
Extension Eligibility/Years	Yes 3									
Recipient District	No									

Construction Year	Valuation Year	Valuation Value Added	Inflation Increment	Total Increment	Revenue Year	Tax Rate	Tax Increment	Tax Exempt NPV Calculation	Taxable NPV Calculation	
10	2014	0	2015	0	18,938,800	2016	\$31.91	604,329	449,677	389,144
11	2015	0	2016	0	20,691,100	2017	\$32.20	666,257	930,996	799,691
12	2016	0	2017	0	20,691,100	2018	\$32.20	666,257	1,398,295	1,192,559
13	2017	1,200,000	2018	0	21,891,100	2019	\$32.20	704,897	1,878,296	1,590,312
14	2018	1,875,000	2019	0	23,766,100	2020	\$32.20	765,273	2,384,231	2,003,539
15	2019	1,500,000	2020	0	25,266,100	2021	\$32.20	813,573	2,906,433	2,423,928
16	2020	2,250,000	2021	0	27,516,100	2022	\$32.20	886,023	3,458,573	2,862,040
17	2021	1,250,000	2022	0	28,766,100	2023	\$32.20	926,274	4,018,984	3,300,331
18	2022	1,500,000	2023	0	30,266,100	2024	\$32.20	974,574	4,591,443	3,741,618
19	2023	1,250,000	2024	0	31,516,100	2025	\$32.20	1,014,824	5,170,183	4,181,343
20	2024	1,250,000	2025	0	32,766,100	2026	\$32.20	1,055,074	5,754,352	4,618,822
Totals		12,075,000	0		Future Value of Increment		9,077,355			

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).

Attachment: Project Plan 2017.4.5 - TID No. 3 (2396 : Draft Project Plan for proposed TID No. 3 plan and amendment)

Cash Flow

City of Merrill, Wisconsin

Tax Increment District # 3

Cash Flow Projection

Year	Projected Revenues				Expenditures									Balances			Year		
	Tax Increments	Interest Earnings/ (Cost)	Other Revenue	Total Revenues	Existing Debt Service	G.O. Bonds 1,230,000 Dated Date: 06/01/17			G.O. Bonds 1,205,000 Dated Date: 06/01/19			Cash Outlays for Project			Total Expenditures	Annual*		Cumulative	Principal Outstanding
						Principal	Est. Rate	Interest	Principal	Est. Rate	Interest	Costs	Develop. Incentives	Admin.					
2016	604,329			604,329	14,065							45,000	175,000	10,000	244,065	360,264	360,264	90,000	2016
2017	666,257			666,257	13,680							52,500	175,000	10,000	251,180	415,077	775,341	1,310,000	2017
2018	666,257			666,257	13,290	121,074	3.00%	36,900				30,000	150,000	10,000	361,264	304,993	1,080,334	1,178,926	2018
2019	704,897			704,897	12,895	124,706	3.00%	33,268				111,250	150,000	10,000	442,119	262,779	1,343,113	2,249,221	2019
2020	765,273			765,273	12,495	128,447	3.00%	29,527	157,260	3.00%	36,150	181,250	42,000	10,000	597,129	168,144	1,511,257	1,953,513	2020
2021	813,573			813,573	12,090	132,300	3.00%	25,673	161,978	3.00%	31,432	100,000	42,000	10,000	515,474	298,099	1,809,356	1,649,235	2021
2022	886,023			886,023	11,680	136,269	3.00%	21,704	166,837	3.00%	26,573	95,000	41,000	10,000	509,064	376,960	2,186,316	1,336,128	2022
2023	926,274			926,274	11,270	140,358	3.00%	17,616	171,842	3.00%	21,568			10,000	372,654	553,620	2,739,935	1,013,928	2023
2024	974,574			974,574	10,850	144,568	3.00%	13,405	176,998	3.00%	16,412			10,000	372,234	602,340	3,342,275	682,362	2024
2025	1,014,824			1,014,824	10,430	148,905	3.00%	9,068	182,308	3.00%	11,103			10,000	371,814	643,010	3,985,286	341,149	2025
2026	1,055,074			1,055,074		153,372	3.00%	4,601	187,777	3.00%	5,633			10,000	361,384	693,690	4,678,976	0	2026
Total	9,077,355	0	0	9,077,355	122,745	1,230,000		191,763	1,205,000		148,871	615,000	775,000	110,000	4,398,379				Total

Notes:

*TID 3 is an eligible donor to TIDs 6, 7 & 8 - Annual Balance is available to share with the eligible recipient districts at the City's discretion

SECTION 11: Annexed Property

Not applicable

SECTION 12: Estimate of Additional Property to be Devoted to Retail Business

The City estimates that less than 35% of the territory within the District, as amended, will be devoted to retail business at the end of the District's maximum expenditure period. This finding is made to fulfill the reporting requirement as contained in Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1.

SECTION 13: Proposed Zoning Ordinance Changes

The City does not anticipate the need to change any of its zoning ordinances in conjunction with the implementation of this Amended Project Plan.

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 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

This amendment will have no impact on the viability of the original District Project Plan as it relates to the orderly development and/or redevelopment of the City.

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.

Examples would include:

A public improvement made within the District that also benefits property outside the District. That portion of the total Project Costs allocable to properties outside of the District would be a non-project cost.

A public improvement made outside the District that only partially benefits property within the District. That portion of the total Project Costs allocable to properties outside of the District would be a non-project cost.

Projects undertaken within the District as part of the implementation of this Project Plan, the costs of which are paid fully or in part by impact fees, grants, special assessments, or revenues other than tax increments.

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

April 5, 2017

SAMPLE

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

RE: City of Merrill, Wisconsin Tax Incremental District No. 3 Amendment

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 of the Wisconsin Statutes. This opinion is provided pursuant to Wisconsin Statutes Section 66.1105(4)(f).

Sincerely,

Attorney Thomas Hayden
 City of Merrill

Attachment: Project Plan 2017.4.5 - TID No. 3 (2396 : Draft Project Plan for proposed TID No. 3 plan and amendment)

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:		2015		Percentage									
County	2,025,921			17.09%									
Technical College	442,994			3.74%									
Municipality	5,990,227			50.53%									
School District	3,395,604			28.64%									
Total	11,854,746												
Revenue Year	County	Municipality	School District	Technical College	Total	Revenue Year							
2016	103,277	305,369	173,100	22,583	604,329	2016							
2017	113,860	336,661	190,839	24,897	666,257	2017							
2018	113,860	336,661	190,839	24,897	666,257	2018							
2019	120,464	356,186	201,907	26,341	704,897	2019							
2020	130,782	386,694	219,200	28,597	765,273	2020							
2021	139,036	411,100	233,035	30,402	813,573	2021							
2022	151,417	447,709	253,787	33,109	886,023	2022							
2023	158,296	468,048	265,316	34,613	926,274	2023							
2024	166,550	492,454	279,151	36,418	974,574	2024							
2025	173,429	512,793	290,680	37,922	1,014,824	2025							
2026	180,307	533,131	302,209	39,427	1,055,074	2026							
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">1,551,278</td> <td style="width: 25%; text-align: center;">4,586,806</td> <td style="width: 25%; text-align: center;">2,600,064</td> <td style="width: 25%; text-align: center;">339,207</td> <td style="width: 25%; text-align: center;">9,077,355</td> <td style="width: 25%;"></td> </tr> </table>								1,551,278	4,586,806	2,600,064	339,207	9,077,355	
	1,551,278	4,586,806	2,600,064	339,207	9,077,355								
<p>Notes: The projection shown above is provided to meet the requirements of Wisconsin Statute 66.1105(4)(i)4.</p>													

Attachment: Project Plan 2017.4.5 - TID No. 3 (2396 : Draft Project Plan for proposed TID No. 3 plan and amendment)

City of Merrill – TIF Development Incentive Overview

TID No. 3 (East Side)

Property Owner: **Gateway North, LLC - AmericInn - hotel expansion**

Location: 3300 E. Main St. (Land-locked vacant parcel north of existing hotel building. Two separate tax parcels need to be combined into the business condo.)

Development: About 12,000 sq. ft. addition north of the existing hotel building which will include new entryway, elevator, common/support areas, and twenty new rooms.

Jobs: Retention of existing jobs with likely new employment opportunities.

Investment: Existing vacant land plus \$1,200,000 for construction

Infrastructure: N/A for public. Developer previously extended water and sanitary sewer mains to northern edge of the business condo property. Potential sanitary sewer manhole relocation.

Room Tax: Preliminary estimate of about \$12,500 additional room tax based upon having hotel rooms available in Merrill with guests staying here instead of Wausau-area.

TID Development Incentive:

Staff recommendation:

Total of \$125,000 with the following payment schedule:

Upon completion (2017) \$25,000

Annually (2018-2021) \$25,000 – four years

TID Lifespan Tax Increment:

Spreadsheet provided – projected at \$213,095 and likely to be higher than conservative estimates.



City of
Merrill

T31N R7E

3300

3300

DEVELOPMENT SITE

City of Merrill - Projected Tax Increment for Gateway North LLC						
3300 E. Main St. - Americlnn						
						East Side - TID No. 3
PIN 251-3107-074-0045 Parcel 34-0196-010-012-01-00 (.80 Acres)						
PIN 251-3106-182-0214 Parcel 34-0001-000-089-04-30 (.39 Acres)*						
Expansion of Americlnn - New common area(s), elevator, and twenty new rooms onto current vacant lot (i.e. the expansion site is north of the existing hotel)						
There are currently forty-four hotel rooms. Existing rooms will also be remodeled in future and existing building mechanicals upgraded.						
Real Estate						
		<u>Existing Valuation</u>			<u>Projected Valuation</u>	
Existing Americlnn	Land	\$48,900		Land	\$100,000	
Vacant Lot*	Land	\$44,800				
	Improved	\$980,100		Improved	\$1,916,300	
	Total	\$1,073,800		Total	\$2,016,300	
*Will be combined into the existing hotel tax parcel						
					Projected RE Tax Increment	\$942,500
		<u>Existing Valuation</u>	<u>Projected Valuation</u>	<u>Projected Increase</u>		
Personal Property		\$49,260	\$60,760	\$11,500	Averaged over TID lifespan	
Projected Tax Increment (TID No. 3 - East Side)						
<u>Const. Year</u>	<u>Value Year</u>	<u>Revenue Year</u>	<u>Real Estate Increment</u>	<u>PP Increment</u>	<u>Tax Rate</u>	<u>Real Estate Tax Increment</u>
2017	2018	2019	\$942,500	\$11,500	\$31.91	\$30,442
	2019	2020	\$942,500	\$11,500	\$31.91	\$30,442
	2020	2021	\$925,000	\$11,500	\$31.91	\$30,442
	2021	2022	\$925,000	\$11,500	\$31.91	\$30,442
	2022	2023	\$925,000	\$11,500	\$31.91	\$30,442
	2023	2024	\$925,000	\$11,500	\$31.91	\$30,442
	2024	2025	\$925,000	\$11,500	\$31.91	\$30,442
Projected Tax Increment						\$213,095
						TID Increment

RESOLUTION NO. ____

A RESOLUTION AUTHORIZING A DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF MERRILL, WISCONSIN AND GATEWAY NORTH LLC FOR EXPANSION OF AMERICINN HOTEL

WHEREAS, the Common Council of the City of Merrill created Tax Increment District (TID) No. 3 on September 13, 2005 and is in process of amending the TID boundary area to include the proposed development site; and,

WHEREAS, Gateway North LLC has proposed expanding the AmericInn hotel on property being added to TID No. 3; and,

WHEREAS, the City of Merrill finds that the proposed development and the fulfillment of the items and conditions of the attached Development Agreement are in the vital and best interest of the City of Merrill, the Merrill Redevelopment Authority and City residents and serves a public purpose in accordance with State law; and,

WHEREAS, new property tax base and additional room tax will be generated and additional employment opportunities created, and,

WHEREAS, Gateway North LLC have negotiated the development agreement to provide an incentive payment not to exceed \$125,000 to facilitate the commercial expansion project;

NOW THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF MERRILL, WISCONSIN this ____ day of April, 2017, that the Mayor and City Clerk are authorized to sign the development agreement by and between the City of Merrill and Gateway North LLC and to facilitate the implementation thereof.

Recommended by:

CITY OF MERRILL, WISCONSIN

Moved: _____

William R. Bialecki
Mayor

Passed: _____

William N. Heideman
City Clerk



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New Annual TIF Reporting Requirements for 2017

By Todd Taves, Senior Municipal Advisor



2015 Wisconsin Act 257 requires that any political subdivision with a tax incremental district (TID) file an annual report with all overlapping taxing jurisdictions and the Wisconsin Department of Revenue (DOR). Additionally, a meeting of the Joint Review Board must be convened to review the annual report and to review the performance and status of each of the political subdivision's TIDs.

This Act was one of four pieces of legislation approved during the 2015-2016 legislative session that originated from the 2014 Legislative Council Study Committee on the Review of Tax Increment Financing.

Required Report

Prior to Act 257, political subdivisions were required to provide an annual report to overlapping taxing jurisdiction's not later than May 1 annually. The law did not specify a format for the report and there were no penalties for non-compliance.

Under Act 257, political subdivisions must now file their annual report electronically through the DOR's website not later than July 1 annually. The first report, due July 3, 2017 (first business day following the statutory deadline) will be for the 2016 reporting year. The DOR expects the online form to be available in mid-February, and a separate report must be filed for each active TID.

Unlike the prior reporting requirement, the new report will contain mandatory field entries and consists largely of the information found on the Statement of Revenues, Expenditures and Changes in Fund Balance in a typical audited financial statement. Accordingly, political subdivisions may want to ask their auditors to complete this portion of their work earlier in the process, especially if the overall audit is not expected to be complete prior to the July 1 deadline. In addition to filing the online form, a copy of the submitted report must also be transmitted by the political subdivision to each overlapping taxing entity.

The reporting requirement applies to all types of political subdivisions and to all types of TIDs, to include environmental TIDs, industry-specific Town TIDs created under Wis. Stat. § 60.23 and Town TIDs created under Wis. Stat. § 60.85.



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Estimated Reports and Filing Extensions

If a governmental unit is not prepared to file its annual report for 2016 by the July 3, 2017 deadline, an estimated report may be filed. Provided that the estimated report is filed by the deadline, an automatic 30-day filing extension to August 2, 2017 will be granted.

There is also an ability to file an amended report through November 1 if it becomes necessary to restate any information following filing of the annual report.

Political subdivisions which do not file their annual report on or prior to the July 3, 2017 deadline, or the August 2, 2017 deadline in cases where an estimated report was filed, will receive notice from DOR of the failure to file. If the annual report is not filed within 60 days following issuance of this notice, DOR is required to assess a \$100 penalty for each day the report is past due.

Joint Review Board Meeting Requirement

Act 257 also requires that the Joint Review Board meet each year to review the annual report and the performance and status of each district governed by the Board. A single meeting can be held for purposes of reviewing all active TIDs within the political subdivision provided that all are overlapped by the same taxing jurisdictions.

While the Act requires that the meeting be held on July 1, or when the annual report becomes available, DOR has issued guidance indicating that there is no specific requirement as to how soon the Joint Review Board meeting must occur following availability of the annual report. As such, meetings should be scheduled based on the availability of Joint Review Board representatives noting that county and technical college district representatives will be asked to attend multiple meetings throughout their jurisdictions in the same general timeframe.

As the purpose of the meeting is to review the annual report, no action by the Joint Review Board is required other than to convene the meeting. To make the annual meeting a more useful exercise, Ehlers recommends preparation of updated forward looking cash flow projections for your TIDs and provision of other supplemental information that helps to more fully explain the current position of each TID.

How Can Ehlers Help?

Ehlers has developed a scope of services for governmental units that may require or prefer to have assistance in complying with some or all of these requirements. Your Ehlers' Municipal Advisor will be contacting you soon to discuss these services so that you can determine what assistance you may need.