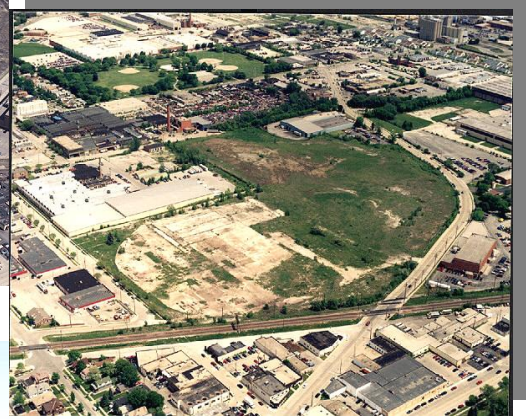


TAX INCREMENT FINANCE DISTRICT No. 8 AMENDMENT NUMBER ONE

PROJECT PLAN

June 10, 2005



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Department of Development

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Community Development Authority Of the City of West Allis

Tax Increment Finance District No. 8

Project Plan

I. **WISCONSIN TAX INCREMENT LAW AND PROCESS**

Under Wisconsin Statutes Section 66.1105 (1), the State declared that the policy of the State is "to encourage and promote the development of industry to provide greater employment opportunities and to broaden the State's tax base to reduce the tax burden of residents and homeowners." Locally, the City of West Allis has adopted an Industrial Development Policy designed to "diversify the economic base of the City through the retention and expansion of existing businesses ..." In addition, the City seeks to attract new industries through the creation of fully improved industrial parks.

One tool designed to help stimulate new development is "Tax Increment Financing (TIF)". When the State Legislature enacted the Tax Increment Law (ss 66.1105) in 1975, they found, "that the accomplishment of the vital and beneficial purposes of the Promotion of Industry Statute (ss 66.1101) is being frustrated by the lack of incentives and financial resources." One stated purpose of the Tax Increment Law, "is to create a viable procedure by which a city or village, through its own initiative and efforts, may finance projects which will tend to accomplish," the promotion of industry.

The Tax Increment Law allows a community to recapture the costs of public expenditures made to stimulate new development, from the property taxes generated by the new development. Fundamental to the TIF law is the concept that new development will benefit an area broader than the municipality in which the development occurs. However, an inequity occurs because the community is left to finance the entire cost of public expenditures needed to facilitate the development. The TIF law recognizes that without the TIF expenditures, the development could not have occurred.

Thus, the TIF law provides that all property taxes levied on increased property value within a TIF district are retained by the community to finance the public expenditures made within the TIF district. The base value (the value that existed at the time the TIF district is created), however, continues to provide same level of revenues to other taxing jurisdictions. Once all of the public expenditures have been repaid, all taxing jurisdictions can collect taxes levied on the new property value.

State statutes are very specific as to how a TIF district is created. First, a TIF project plan is developed and presented to the Community Development Authority (C.D.A.) for a

formal public hearing. The Community Development Authority makes a recommendation on the TIF project plan to the City Council. The Council then must pass a resolution adopting the TIF project plan and establishing the TIF boundaries. Finally, a Joint Review Board is created with members from the City, school district, county, vo-tech district, and one member at large. The Joint Review Board reviews the TIF plan and public hearing comments and approves the creation of the TIF district.

District No. 8. The Project Plan has been prepared in conformance with the provisions of Wisconsin Statutes Section 66.1105 (the "Tax Increment Law"). The Project Plan is designed to promote industrial development within the meaning of Wisconsin Statutes Section 66.1101. Under the new law (Wisconsin Statutes 2001-02 as affected by 2003 Wis. Acts 126, 127 & 194 Section 66.1105) governing Industrial TIF's created after October 1, 2004, the following criteria is noted:

Expenditure period (5 years prior to termination)	15 years	66.1105 (6)(am)1
Maximum life before extensions	20 years	
Extensions allowed	+ 3 years	(7)(am)2
Maximum life if extension granted	23 years	
Department of Revenue fee required	\$1,000	

The District consists of 13.25 acres of land formerly occupied by a steel foundry located at 2154 S. 54 Street. The site is bounded by S. 54th Street on west, W. Electric Avenue and Union Pacific Railroad on the south, and the West Allis, West Milwaukee city limits on the east.

II. TIF No. 8 PLAN GOALS AND OBJECTIVES

Industrial development activities in the City of West Allis are guided by the City's Economic Development Strategy and implemented in accordance with an Industrial Development Policy. The overall goal for the City's industrial development effort is to diversify the City's economic base through the retention and expansion of existing businesses, and through the attraction of growing industrial and large regional service sector employers that will create new employment opportunities and expand the local property tax base.

TIF No. 8 will advance the City of West Allis' industrial development goals and objectives and will seek the orderly development of the City as follows:

Goals:

1. Promote industry retention and expansion through the redevelopment of an older existing industrial area, thereby creating new jobs, retaining existing jobs and increasing tax base.

2. Provide appropriate financial incentives to encourage private development and construction of a new industrial park and subsequent future expansion projects.
3. Reduce the financial risk to the taxpayer by timing the implementation of the Project Plan with the creation of additional property value through new industrial development and expansions.
4. Generate sufficient new property tax increment and to fully repay the City's TIF project expenditures associated with the development project.
5. To broaden the property tax base of the community.
6. To reposition this industrial area, created in the early 1900's, to be competitive in the 21st Century.

Objectives:

1. Redevelop the property as an industrial park. The site is currently vacant and underutilized which detracts from the functional unity, aesthetic appearance, economic welfare of the immediate neighborhood, City and region.
2. Redevelopment of the vacant Wehr Steel property will eliminate underutilized land in an urban area. Redevelopment of the site will promote urban infill development and reduce sprawl in outlying rural (greenfield) areas.
3. Divide land into parcels functionally adaptable with respect to shape and size for disposition and redevelopment in accordance with development needs and standards.
4. Provide for the orderly physical and economic growth of this parcel through planned and controlled redevelopment.
5. Foster redevelopment activities included in this project, which are consistent with uses permitted in this Plan, the sound needs and growth of the surrounding area, and the community as a whole.
6. Assure redevelopment incorporating architectural design, site planning, landscaping, signage, public art and amenity lighting, which are aesthetically pleasing and compatible with existing development in the area.
7. Foster economic development by providing facilities, which generate employment opportunities.
8. Provide economic development loans and/or grants to qualified redevelopers

consistent with the goals and objectives of this Plan.

9. Provide project and site improvements, including the installation or relocation of the storm sewer that proceeds from east to west within the middle of the site, utilities, and other related improvements necessary for carrying out the objectives of this Plan.
10. Achieve private redevelopment, which will add to the tax base of the City of West Allis and stimulate business activity in this part of the city.

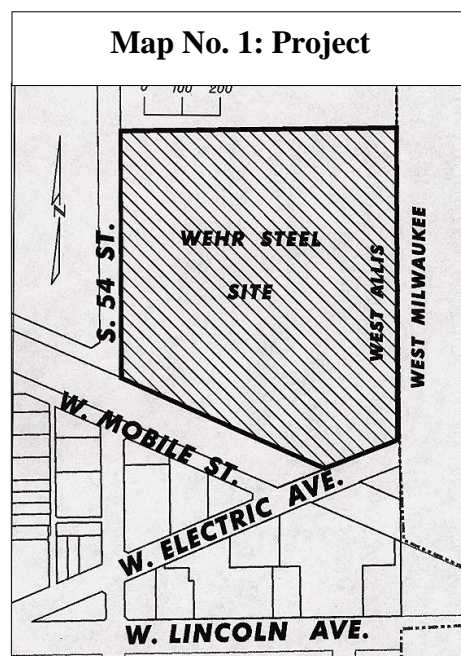
III. BOUNDARIES OF TIF No. 8

The District is bounded on the north by an industrial property occupied by CD Baird, on the east by the City of West Allis-Village of West Milwaukee city limits, on the south by the Union Pacific railroad and W. Electric Avenue, and on the west by S. 54 Street. Map No. 1 illustrates the boundaries. A legal description is provided in Exhibit No. 1 – Legal Description. The total area of the District is 13.25 acres contained entirely within a single property.

IV. EXISTING ZONING, LAND USES AND CONDITIONS

The site formerly occupied by Wehr Steel consisted of approximately 35 acres. Twenty-two (22) acres located within West Milwaukee and 13.25 acres located within West Allis. In 2001, the West Milwaukee portion was redeveloped for industrial use. The City of West Allis is proposing to create TIF No. 8 in an existing vacant industrial area on the City's south east side. TIF District No. 8 contains 13.25 acres of land. The proposed TIF district is zoned M-1 Manufacturing and is currently vacant. Former utilization of the property was for industrial purposes.

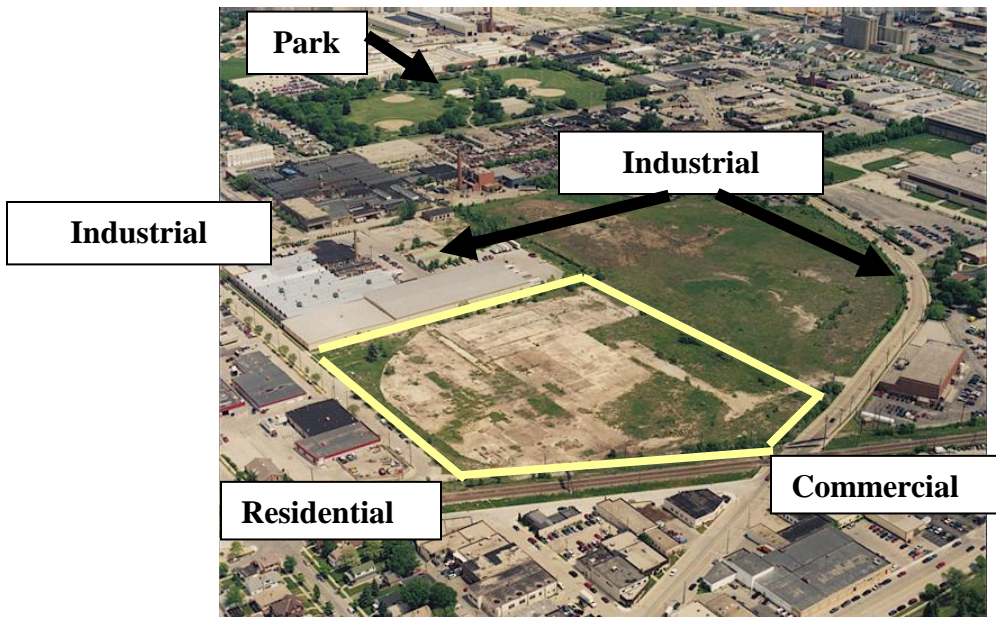
The State law requires that not less than 50% of the land within a TIF district be "suitable for 'industrial sites' within the meaning of (Wisconsin Statutes) s. 66.1101 and zoned for industrial use". Within TIF No. 8 all of the land is zoned for industrial uses, thus meeting the required standard. All lands within TIF No. 8 that are zoned for industrial uses will remain zoned for industrial uses for the life of the TIF district. In addition, the Wisconsin TIF Law prohibits the costs associated with "newly platted residential areas" from being considered as TIF project costs. No



residential development is planned for TIF No. 8.

The existing storm sewer varying in size from 36” to 54” dating back to the early 1900’s will either need to be reconstructed or relocated to allow for suitable development. The map below shows the location of the proposed improvements. The City will maintain an access easement for maintenance. This infrastructure cost will be included as a TIF expenditure.

Map No. 2: Existing Uses and Conditions



The need to relocate/replace this old infrastructure has posed a barrier to private redevelopment of the site. To expedite the redevelopment process and thereby eliminate the existence of an underutilized property the TIF will be created. The obsolescent state and underutilization of the property substantially impair and arrest the sound growth of the community, constitute an economic and social liability and is a menace to the redevelopment of the City. Redevelopment of the property will provide future property tax relief to the families and businesses of West Allis.

In 2003, the property’s Fair Market Value as determined by the City Assessor was \$930,400 for the land and \$0 for the improvements. The property paid \$24,754.25 in property taxes. The 2004 Fair Market Value as determined by the City Assessor is \$914,000. To date, taxes have not been levied for 2004, but will be proportionally less than the previous year and have been approximated at \$24,300. If the site were redeveloped as a light industrial park the total taxable value generated by the property could exceed \$10.6 million and provide an additional (incremental) property tax relief in the area of \$258,900 per year.

TABLE 1
PROJECTED PROPERTY TAX INCREMENT

PROPERTY TAXES	LAND	IMPROVE-MENTS	PERSONAL PROPERTY	TOTAL	PROPERTY TAXES
CURRENT	\$ 914,000	\$ 0	\$ 0	\$ 914,000	\$ 24,300
PROJECTED	<u>\$ 914,000</u>	<u>\$8,800,000</u>	<u>\$ 880,000</u>	<u>\$10,645,000</u>	<u>\$ 283,200</u>
TAX INCREMENT	\$ 0	\$8,800,000	\$ 880,000	\$ 9,731,000	\$ 258,900

V. PROPOSED TIF PROJECTS AND IMPROVEMENTS

The public expenditures proposed in TIF No. 8 will be linked to the expansion of the industries within the district. The expansion of the industry will increase property values and will generate new tax increments that will allow the City to recover its TIF costs. The kind, number, and location of all proposed improvements proposed for TIF No. 8 are shown on Map 3 Improvement Plan.

The district is accessible from S. 54 St. or access could be made available from W. Electric Avenue in order to facilitate development. The parcel would probably be divided into two and up to 3 parcels. Since the property is vacant, relocation under Chapter 32 of the Wisconsin Statutes will not apply. The following project costs are indicated below:

A. Private Improvements

Virtually the entire site is covered with old footings and foundations making the sight economically infeasible to develop. The City proposes to provide the developer a cash grant to develop the site for its highest and best use. This cash grant can include but is not necessarily limited to being used for removal of the existing footings and foundations, for building improvement costs, landscaping, site preparation, and environmental remediation.

B. Legal/Administrative Costs

The TIF No. 8 project plan includes the cost incurred for administrative, professional, organizational, and legal services related to the creation and administration of the TIF district. Direct engineering costs shall be charged to the specific construction projects within the TIF District. Direct legal and planning costs will be charged as administrative costs. The cost of the three TIF audits required under Wisconsin Statutes ss.66.1105 will be included as TIF project costs. A \$1,000 Department of Revenue fee is also required

for certification of the base value of the TIF.

VI. DETAILED LIST OF ESTIMATED PROJECT COSTS

In order to determine the economic feasibility of the proposed TIF District No. 8, total project costs must be estimated and compared to the projected tax increments that will be generated by the new development in the TIF district. Based on 2004 construction costs, TIF No. 8 improvement costs are estimated as follows:

Private Improvements	\$550,000
Legal and Administrative	\$100,000
Total Cost of Improvements	\$650,000

The City's policy for the use of these funds is to assist major redevelopment projects, which will generate additional property taxes (increment). The maximum amount of City participation in any private redevelopment project will be based upon the expected property tax increment to be generated by the redevelopment projects for a period no longer than 20 years pursuant to the Tax Increment Law. (Wisconsin Statutes 2001-02 as affected by 2003 Wis. Acts 126, 127 & 194 Sec. 66.1105).

Proposed project costs include private improvements and legal/administration costs. The total project costs are more fully described in Exhibit No. 3.

Some or all of these costs may be contributions made under Section 66.333 (13) of the Wisconsin Statutes to the Community Development Authority in connection with its implementation of the Project Plan. The Common Council may make those contributions pursuant to a Cooperation Agreement entered into with the Authority.

There are no off-site improvements. Non-project costs are anticipated to be from the private developer of the property at approximately \$10.6 million in total development cost.

VII. ECONOMIC FEASIBILITY AND METHODS OF FINANCING

A. Economic Feasibility Analysis

Under Wisconsin's Tax Increment District Law (ss. 66.1105), 100% of the property taxes levied against new property value created within a TIF district is retained by the City to pay for improvement costs that were incurred to attract the new development. Implicit in the law is the concept that without the improvements, the attraction of new development, the creation of new jobs, and the expansion of the tax base would not occur (but/for test).

The City of West Allis' Tax Increment District No. 8 was created by Common Council

Resolution on November 3, 2004. In accordance with the new TIF law, all TIF project improvements (expenditures) must be completed within 15 years (by November 2019). The taxes on any increased property value in the district between 2004 and 2024 (with no extensions) will be retained by the City to repay the TIF project costs. TIF No. 8 will be dissolved when all TIF project costs are repaid, projected 10 years in the year 2014.

The financial feasibility of the Project Plan is based upon the expected property tax increment to be generated.

The tax increment to be generated by the District is based upon the increases in real and/or personal property value and the building improvements/ additions during the life of the District. The cash flows set forth in Exhibit No. 2 Financial Condition Analysis and Exhibit No. 3 Economic Feasibility Analysis indicates that the anticipated revenues exceed the projected estimated project cost. The Project Plan, therefore, has been determined to be economically feasible.

In order to determine the economic feasibility of the proposed TIF district, estimated TIF costs must be compared to projected TIF property tax increments. Where tax increments exceed TIF costs over the life of the TIF district, the TIF district is considered economically feasible.

The City of West Allis has made conservative assumptions about the future to determine the economic feasibility of TIF No. 8. TIF No. 8 will be dissolved when all TIF project costs are repaid, projected 10 years in the year 2014.

B. Methods of Financing

The City has created a Tax Incremental District (TID) effective January 1, 2005. The TID has budgeted Five Hundred Thousand Dollars (\$550,000) for a cash grant to the developer for Private Property Improvements. The City will reimburse the Developer for the Engineering and Construction cost of the Property Improvements in an amount not to exceed \$550,000.

The Developer will develop the property to its highest and best use, as determined by the Developer. The Developer will be eligible to be reimbursed for the engineering and capital construction costs for the property improvements from the annual proceeds of the TID for a 10 year period starting January 1, 2005.

Should the developer decide to relocate any existing storm water improvements the City Engineering Department will be fully reimbursed for all costs related to; review of design, staking, inspection, and any other public cost relative to ensuring the quality of any storm water improvements.

To summarize, it is understood that as a demonstration of good faith by Developer and as an economic incentive for the City, Developer will construct property improvements to development the site. Thus, the property will be ready for development immediately and the City will have no investment until development occurs.

C. Additional Economic Benefits

The economic feasibility analysis has shown that the property tax increments will be sufficient to cover all TIF project costs over the life of the TIF district. The development of TIF No. 8 will facilitate new construction of industrial projects and subsequent expansions, increase property values, and create new jobs in the City of West Allis. These jobs will help diversify the local economy and the increased manufacturing payrolls will have a positive multiplier effect in the trade and service sectors.

VIII. PROPOSED CHANGES IN ORDINANCES, CODES & PLANS

The proposed TIF No. 8 project plan is in conformance with the City of West Allis' present zoning ordinance and with the City's Comprehensive Plan. One-hundred (100) percent of the properties within TIF No. 8 has been found to be suitable for industrial development in accordance with Wisconsin's Promotion of Industry Statute ss 66.1101, and will remained zoned for industrial purposes for the life of the TIF district. All development in TIF No. 8 will have to conform to the State and local Building Codes and will be subject to the City's Site, Landscaping and Architectural Ordinance, permitting and inspection procedures. The TIF No. 8 project plan conforms to all relevant State and local ordinances, plans, and codes, thus, no changes to the existing regulations are proposed or needed.

IX. LIST OF ESTIMATED NON-PROJECT COSTS

All of the public improvements and other project costs included in this project plan are TIF eligible costs as defined in Wisconsin Statutes ss. 66.1105, the Tax Increment District Law. No expenditures are envisioned outside the boundaries of the proposed TIF district.

X. METHODS FOR RELOCATION OF DISPLACED PERSONS

The TIF No. 8 Project Plan will not displace any persons or business. Relocation assistance will not be necessary. For any reason, should relocation be necessitated by the City's involvement in the implementation of this Project Plan, it will be undertaken pursuant to Wisconsin Statutes Section 32.19 and 33.195, and according to a Relocation Plan, as approved by the Wisconsin Department of Commerce.

XI. PROMOTION OF THE ORDERLY DEVELOPMENT OF THE CITY

The creation of TIF No. 8 and the implementation of the projects in the TIF Project Plan will promote the orderly development of the City of West Allis by encouraging the redevelopment of underutilized and vacant land uses already served by municipal transportation and utility infrastructure. Such urban redevelopment infill projects reduce sprawl development of rural and farmland (greenfield) areas and create/retain jobs in close proximity to the employment base. By providing financial incentives to stimulate private development projects, the City is able to ensure that economic growth continues to occur, thus offsetting the inevitable loss of jobs and incomes when economic conditions force the closure of other employers in the community.

By utilizing the provisions of the Tax Increment Finance Law, the City can increase property values through development projects that result in increased tax base. TIF No. 8 continues the industrial development on the City's east side. TIF No. 8 will add to the tax and employment base of the community, and will generate positive secondary impacts in the community through increased local disposable incomes.

Exhibit No. 1 – Legal Description

Assessor's Plat No. 272 Lots 2 and 3 and South 25 ft of Lot 1, Block and vacant section adjoining on South, in the City of West Allis, County of Milwaukee and the State of Wisconsin.

Exhibit No. 2 – Financial Condition Analysis

I. CURRENT Property Values

I. A. - Assessed Value	
Land Value	\$865,500
Improvements	\$0
Personal Property	\$0
Total Value	\$865,500

Property Tax on Assessed Value	\$0
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I. B. - Fair Market Value	
Land Value	\$914,000
Improvements	\$0
Personal Property	\$0
Existing Total - Fair Market Values	\$914,000
Tax Rate of Fair Market Value	2.66%
	100.00%

Property Tax on Fair Market Value	\$24,300
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II. PROJECTED Property Values

Total Developable Site Acreage	13.247
	43,560
Total Site Square Feet	577,019.01

	1st Parcel 2005	2nd Parcel 2009
Year Parcel begins Construction	2005	2009
Land Coverage Ratio	13%	13%
Projected Building Sq. Ft.	75,000	75,000
Cost Per Sq. Ft.	\$40.00	\$40.00
Projected Improvement Cost	\$3,000,000	\$3,000,000
Personal Property		
Land Value	\$914,000	
Projected Total Property Values	\$3,914,000	\$3,000,000
Future Tax rate	2.50%	2.50%
*Est. Land Value per Acre	\$68,999	\$97,900
	\$97,900	\$75,000

Exhibit No. 3 – Economic Feasibility Analysis

A. Total Property Values

1st Parcel

2nd Parcel

Exhibit No. 3 – Economic Feasibility Analysis

A. Total Property Values

	1st Parcel	2nd Parcel
Projected Total Property Values	\$3,914,000	\$3,000,000
Existing Total - Fair Market Values	(<u>\$914,000</u>)	
INCREMENTAL Property Values	\$3,000,000	\$3,000,000
	<u>2.50%</u>	<u>2.50%</u>
Property Tax Increment	\$75,000	\$75,000
Year Construction Complete	2005	2009
Year new construction becomes taxable	2006	2010
Year First property Tax Payment Made	2007	2011

B. Total Property Redevelopment Costs

1. Legal & Administrative	\$100,000
2. Private Improvements	\$550,000
Total Redevelopment Costs	\$650,000
Incremental Redevelopment Costs	\$650,000

Years required to finance Debt Service	11.00	
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C. Developer Capital Repayment

12/31/2006	\$300,000
1/1/2007	<u>\$300,000</u>
	\$600,000
	<u>\$50,000</u>
	\$650,000

Q:\TIF\ TIF 8 \ Financial 1.13.04 tab: TIF Projections

Exhibit No. 4 - Opinion from City Assessor on Project Plan

**Exhibit No. 5 - Legal Opinion From City Attorney on
Project Plan**