

WISCONSIN STATE  
LEGISLATURE  
COMMITTEE HEARING  
RECORDS

**2005-06**

(session year)

**Assembly**

(Assembly, Senate or Joint)

**Committee on  
Housing  
(AC-Ho)**

File Naming Example:

Record of Comm. Proceedings ... RCP

- 05hr\_AC-Ed\_RCP\_pt01a
- 05hr\_AC-Ed\_RCP\_pt01b
- 05hr\_AC-Ed\_RCP\_pt02

*Published Documents*

➤ Committee Hearings ... CH (Public Hearing Announcements)

➤ \*\*

➤ Committee Reports ... CR

➤ \*\*

➤ Executive Sessions ... ES

➤ \*\*

➤ Record of Comm. Proceedings ... RCP

➤ \*\*

*Information Collected For Or  
Against Proposal*

➤ Appointments ... Appt

➤ \*\*

➤ Clearinghouse Rules ... CRule

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➤ Hearing Records ... HR (bills and resolutions)

➤ **05hr\_ab1054\_AC-Ho\_pt01**

➤ Miscellaneous ... Misc

➤ \*\*



TO: MEMBERS  
ASSEMBLY COMMITTEE ON HOUSING

FROM: Adam Peer, Policy Advisor  
Office of Representative Ann Nischke

DATE: February 22, 2006

**RE: Testimony of Representative Nischke In Favor of Assembly Bill 1054**

Representative Nischke is currently chairing the Assembly Committee on Insurance and asked that you allow me to present her testimony on her behalf.

Representative Nischke is registering in favor of Assembly Bill 1054.

In June, 2005 the Governor signed 2005 Wisconsin Act 13 to enable townships that meet certain conditions to create Tax Increment Districts. Consistent with statutory requirements the Town of Madison crafted a Project Plan and with consent of the City of Fitchburg approved Town of Madison TID #1 in late September. The Town intends to overlap TID #1 over the inactive parcels of an ER TIF already in place precisely because of the increase economic development opportunity and flexibility that is already available under the statutes.

DOR is interpreting the statutes to preclude both an overlay of the ER TID, and any reduction in the size of the ER TID. This bill simply makes technical changes that clarify the legislative intent of Act 13. We want to encourage a township to replace or supplement existing ER TIFS with this more potent option.

I would also be happy to answer any questions or relay any thoughts back to her.

Thank you for allowing me to be here today.



OFFICE OF WISCONSIN STATE  
REPRESENTATIVE ANN NISCHKE

**Testimony of Representative Ann Nischke  
2005 Senate Bill 124 and Assembly Bill 253  
Assembly Committee on Ways and Means  
April 27, 2005**

Thank you Mr. Chair,

On behalf of Senator Kanavas and myself I am here to urging you to support of both Senate Bill 124 and Assembly Bill 253 for two reasons:

1. This bill provides another tool for local government to foster economic development, and;
2. While voluntary, this bill encourages local governments to work together on boundary agreements and economic development issues.

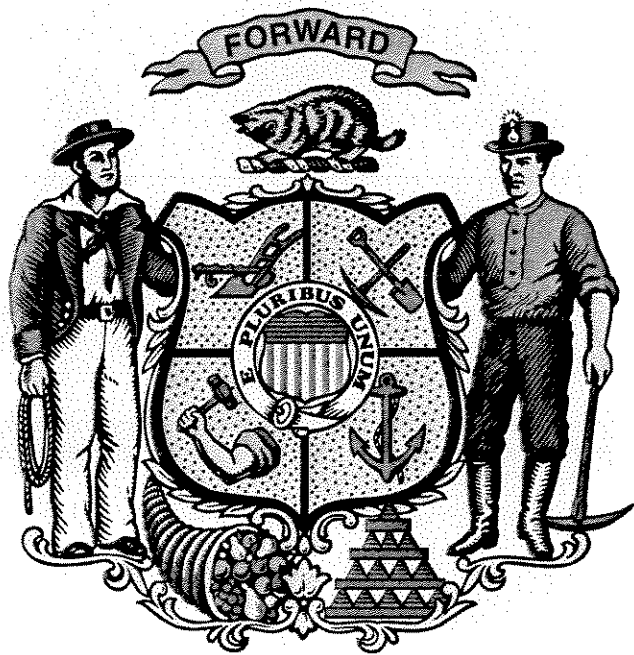
As you know, land acquired by incorporated local governments is quite often undeveloped. The financing for power, water, sewer, and transportation is often unavailable until the area is actually acquired by a city or village. Under this bill, a TIF district would be able to be created in order to make these necessary improvements to attract economic development.

The provisions of this bill are also voluntary. No town or city or village would be forced to take any action. But, this bill would be another opportunity for towns and their neighboring cities and villages to better plan their shared economic development. If a town and incorporated local government agree, a TIF district could be created in a town whose improvements would increase both the town's tax base and economic development. Additionally, an incorporated municipality would have a more orderly and planned transition from the town to the city or village of improved land as opposed to undeveloped area.

Importantly, all residents win because of the economic development and the additional contributions to the tax base on everyone's property taxes.

This is a common sense voluntary approach that respects the roles of all local governments in providing good-paying jobs and lowering property taxes for all citizens.

Thank you Mr. Chair and Members.



TO: Hon. Steve Wieckert, Chairman, Committee on Housing  
Wisconsin State Assembly

DATE: February 22, 2006

It is my hope that the attached documents, and this letter will provide you and the Committee with the information necessary to support Assembly Bill 1054. This measure will allow the Township of Madison to remove parcels from an area previously designated for Environmental Remediation Tax Increment Financing under Wis. Stat. 66.1106, and include them in the newly created Town of Madison TID #1 (created under the authority of Wis. Stat. 66.1105, and 2005 Wisconsin Act 13.

Location: The area in question is essentially bounded by a triangle consisting of the Madison beltline highway, Wisconsin highway 14, and Rimrock Road, between the southern border of the City of Madison, and the northern border of the City of Fitchburg. This includes an economically challenged neighborhood of some 600 blighted residential apartments, and an adjacent series of brownfield parcels totaling approximately 65 acres.

History: Due largely to its location between two municipalities, the Town of Madison had been the target of various annexation attempts throughout the 1980s and 1990s, creating uncertainty and a disincentive for business investment. This ceased to be the case in 2002 when the Town reached a DOA-approved Cooperative Plan with the Cities of Fitchburg and Madison, which creates a scheduled division and annexation of all Town territory in 2022. The territory in question will ultimately become a part of the City of Fitchburg.

Preceding the Cooperative Plan, the Town embarked on an effort to use ER-TIF to remediate and develop several of the brownfield parcels in question – making the Town of Madison the first township in Wisconsin to use the new authority. Notably, in 2001 ER-TIF was one of the few economic development options available to towns and still relatively limited in terms of the time period over which increment is allowed to accumulate and uses permitted under the narrow scope of environmental remediation.

Following the establishment of the Cooperative Plan, the Town and the City of Fitchburg worked collaboratively to seek alternative economic development tools to both enhance the commercial development activities taking place on the brownfield sites and encourage the investment in the adjacent Southdale residential neighborhood. This effort resulted in 2005 Wisconsin Act 13, which allows Towns to use traditional TID authority under Wis. Stat. 66.1105 provided that they are in a Cooperative Plan that will result in annexation and that the relevant City approves of the TID creation. Act 13 passed both houses of the legislature without opposition in the Spring of 2005, was signed into law by Governor Doyle in June, and by October the Town and Fitchburg had crafted and approved a project plan for submittal to the Department of Revenue.

The Problem: Town of Madison TID #1 was the first of its kind created under a Cooperative Plan, and a model of cooperation between urban towns and cities. The

approved TID plan includes 5 parcels that were formerly designated for ER-TIF improvement in the Town's 2001 plan, but which were never developed or bonded as part of an ER-TIF. Accordingly the Town's attorneys and officials from both of the local governments involved read a lack of prohibitive language in Wis. Stat. 66.1106 as permitting the removal of said parcels from the ER-TIF and inclusion in the new TID #1. Inclusion of these parcels, some of the most valuable parcels in the district, is necessary in order to generate the increment needed to attract investment in the adjacent residential neighborhood and to continue the ongoing development of the brownfield site.

In early January, after review of the Town of Madison TID and project plan, the Department of Revenue determined that the statutory ambiguity (if not silence) on the issue precluded the Department from certifying the TID without affirmative legislative permission to allow the removal of parcels from original the ER-TIF area.

The Department and the Town have worked together to craft the language that is before you in AB 1054 that will allow the Town to proceed implementation of TID as supported by the legislature in 2005 Act 13 and by the government of the Town and the City of Fitchburg.

## Town of Madison TID No.1

The area encompassed by the Town of Madison's (the "Town") TID No. 1 has traditionally been neglected due to high development costs and socioeconomic issues. By creating TID No.1, the Town will have a powerful tool to encourage the removal of blight and encourage the transformation of the area. The removal of certain parcels currently located in an ER-TIF and the inclusion in TID No.1 will allow the Town to more effectively leverage the anticipated additional tax increment into other improvements in the area.

As detailed in the Project Plan, TID No. 1 anticipates providing funding for various projects that are unlikely to occur otherwise. Some examples of those improvements are as follows:

- Infrastructure improvements intended to improve the quality of life for residents of the Southdale neighborhood, one of the most distressed communities in Dane County.
- Elimination of blight and improvements to existing residential rental units that are in a state of disrepair.
- Conversion of some of the current residential rental units into ownership housing directed towards low-income persons.
- Promote the economic growth of the area through the expansion of the Novation Campus.
- Remediate environmental concerns present in the area.



## PROJECT PLAN

FOR

Tax Incremental District No.1, TOWN OF MADISON, WISCONSIN

September 23, 2005



Contacts

**Town of Madison**

Jim Campbell	Chairman
Rindert Kiemel, Jr.	Board Member
Jeffrey Kritch	Board Member
Renee Schwass	Business Manager
Richard Rose	Director of Public Works
Richard Yde	Attorney

**Joint Review Board**

James A. Campbell	Town Representative
David Gawenda	Dane County
Mary Rapp	Madison Area Technical College
Juan Jose Lopez	Madison Metropolitan School District
Don Pierstorff	Public Member

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September 23, 2005

PROJECT PLAN FOR TAX INCREMENTAL DISTRICT NO.1, TOWN OF MADISON, WISCONSIN

## Checklist

- Notification to certain property owners
- Hearing notices sent by First Class mail to the school board and Chief Executive Officer of all taxing entities affected
- Class 2 hearing notices published
- Public Hearing on Project Plan
- Statement of kind, number, and location of all proposed public works or improvements
- Economic feasibility study
- Description of the methods of financing project costs and the time when they are to be incurred
- Detailed list of project costs
- Proposed changes in zoning ordinances, master plan, map, building codes, and Town ordinances
- List of estimated non-project costs
- Statement of the proposed method of relocation of any persons to be displaced
- Statement indicating how the creation of the TID promotes orderly development of the Town
- Town attorney's opinion as to whether the Project Plan is complete and complies with this section
- Map Showing:
  - Existing uses and conditions of real property in district
  - Proposed improvements and uses therein
- Project Plan resolution adopted by Town prior to or concurrent with creation resolution

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September 23, 2005

PROJECT PLAN FOR TAX INCREMENTAL DISTRICT No.1, TOWN OF MADISON, WISCONSIN

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- I. Introduction
- II. Statement of kind, number, and location of the proposed public works and improvements within the district
- III. Parcel List & Boundary Map
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- VI. Economic feasibility study
- VII. Detailed list of estimated project costs
- VIII. Description of the financing methods and the time when the costs or obligations are to be incurred
- IX. Proposed changes in zoning ordinance, master plan, map, building codes, and Town ordinance
- X. A list of estimated non-project costs
- XI. Relocation statement
- XII. Orderly development of the Town
- XIII. Attorney's opinion on completeness of project plan and conformance with Wisconsin Statutes, Section 66.1105

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- Proposed TID No.1 Boundary
- Proposed TID No.1 Current Land Uses
- Proposed TID No.1 Uses & Improvements

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- #2: Improved Value After Private Investment
- #3: Potential TID No.1 Increment
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September 23, 2005

PROJECT PLAN FOR TAX INCREMENTAL DISTRICT NO.1, TOWN OF MADISON, WISCONSIN

## **SECTION I**

### *Introduction*

Tax Incremental Financing Districts provide municipalities with a powerful tool to enable economic investments in the community. Until the passage of the 2005 Wisconsin Act 13, this tool was unavailable to towns in the State of Wisconsin. Tax Incremental District No.1 ("TID No.1") is being created under the new authority granted to townships under the 2005 Wisconsin Act 13 and Wisconsin State Statute 66.1105 to promote economic development and eliminate blight in a distressed portion of the Town of Madison (the "Town"). As is often the case with blighted areas, the area proposed for TID No.1 in the Town of Madison suffers from both real and perceived issues that contribute to the economic stagnation of the area. In order to attract new investment to the area, the Town needs the ability to provide the types of incentives available through TIF financing and provided in this Project Plan.

The creation of TID No.1 will enable the Town to use this powerful tool for funding infrastructure improvements and to provide incentives to encourage redevelopment projects that are otherwise financially unfeasible and unlikely to occur. The Town is currently a party to a cooperative agreement with the City of Fitchburg that was executed pursuant to section 66.0307 of the Wisconsin Statutes ("Cooperative Agreement") and 100% of the area of TID No.1 is located within the area to be annexed by the City of Fitchburg. The Cooperative Agreement provides a mechanism for the two municipalities to work together to manage land use and development within the area encompassed by TID No.1.

The boundaries of TID No.1 are generally within an area bounded by the Beltline, Rimrock Road, and Hwy 14. TID No.1 will focus on the rehabilitation of currently blighted apartments as well as the redevelopment of brownfields and underutilized properties into a higher and better use. The redevelopment of this area will provide both economic and social benefits for the residents of the area as well as significant economic benefits through an increased tax base for current and future taxing jurisdictions. It has been determined that greater than 50% of the area in TID No.1 is currently blighted and in need of redevelopment/rehabilitation.

Total Area TID No.1	3,296,922 Square Feet
Blighted Area	3,258,663 Square Feet
Blighted Area % of Total	98.84%

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PROJECT PLAN FOR TAX INCREMENTAL DISTRICT NO.1, TOWN OF MADISON, WISCONSIN

It is important to recognize that this plan is intended to provide a broad strategic plan for the Town and provide the Town with a tool to eliminate blight in TID No.1. The Town is not mandated to make any expenditure outlined in this plan and each project or development agreement will require the Town's authorization. Additionally, the Town has the ability to alter the timing, projects, or allocation of funds described in this plan as necessary to maximize its goals in the elimination of blight and redevelopment of TID No.1. The Town will underwrite the district at a level that will allow any financing to be repaid before the annexation of the Town by the City of Fitchburg unless the Town first obtains the approval of the City of Fitchburg and the Department of Revenue. Any underwriting by the Town will be in accordance with Wisconsin law.

## **SECTION II**

*Statement of kind, number, and location of the proposed public works or improvements within the district.*

The area encompassed by TID No.1 has recently been the subject of a considerable amount of infrastructure development by the Town. Utilizing federal grant funds, the Town has improved access and infrastructure servicing much of the area in TID No.1. The creation of TID No.1 will allow the Town to continue to support revitalization efforts in the area.

The long-term vision for the area in TID No.1 includes both the rehabilitation of residential housing and development of a commercial district as described in the Site Redevelopment Strategy and Concept Plan and the Neighborhood Revitalization Strategy Area Plan and as may otherwise be desirable in order to eliminate blighting influences in the area. While the Town intends to provide additional infrastructure and public improvements in the district, the major emphasis of TID No.1 will be in attracting private development that is otherwise unlikely to occur due to the economic realities involved in redeveloping previously blighted areas. In an effort to attract private development, the Town intends to offer development incentives to private parties willing to undertake development activities that the Town believes will help to alleviate the blighting factors currently in the area. Providing incentives directly to private developers should produce the most efficient and effective use of capital by the Town.

The projects to eliminate blight in TID No.1 consist of three main categories: Infrastructure Improvements, Development Incentives, and Administrative, Legal, and Organizational Costs. A detailed budget for these projects is included in Chart #5, however, the Town reserves the ability to modify the budget as components of the projects evolve.

**Infrastructure Improvements:** The Town may wish to undertake various infrastructure improvements intended to improve pedestrian, vehicular, and bicycle access for neighborhood residents, to improve public safety, improve signage, and improve the streetscape to further the development of the area.

**Land Acquisition:** The Town may need to acquire property in order to construct public improvements or facilitate development activities.

**Streets, Landscaping, and Right-of-Way Enhancements:** The Town may construct a new street to connect Pheasant Ridge Trail eastward towards Rimrock road in order to provide better circulation in the Southdale neighborhood. The Town may also choose to install new sidewalks, lighting, signage, and landscaping in the public right-of-way as it deems appropriate.

**Community Center:** The Town may construct a new community center adjacent to Southdale Park to be used in a number of programs including Joining Forces for Families and other after school and community based programs.

**Public Park:** The Town may wish to make improvements to the public park located in the Southdale Neighborhood.

**Development Incentives:** The Town may enter into various development agreements with private developers to provide funding for projects that the Town views as contributing to the elimination of blight in the district.

**Land & Residential Purchase Write-Down:** The Town may provide private developers with grants to write-down the cost of acquiring the real estate for redevelopment within the district.

**Commercial & Residential Construction Cost Write-Down:** The Town may provide private developers with grants to write-down the costs of constructing new or rehabilitating existing commercial & residential property in the district.

**Environmental Audits & Remediation:** Parts of TID No.1 are known or suspected to have environmental concerns. Any costs associated with the investigation into potential environmental issues or the remediation of those issues will be considered eligible project costs.

**Administrative, Financial, and Organizational Costs:** The Town may include various administrative, financing, and/or organizational costs as eligible project costs.

**Financing Costs:** Any costs including, but not limited to, all interest paid to holders of evidences of indebtedness issued to pay for project costs and any premium paid over the principal amount of the obligation prior to maturity.

**Professional Service Costs:** These costs may include, but are not limited to, those costs incurred for architectural, planning, engineering, and legal advice and services. These costs may also include the preparation and/or revision of neighborhood and Comprehensive Development Plans for the area included in TID No.1.

**Imputed Administrative Costs:** These costs may include, but are not limited to, reasonable charges for time spent by Town employees in connection with the implementation of the Project Plan.

**Organizational Costs:** These costs may include, but are not limited to, the costs of conducting environmental impact and other studies and the costs of informing the public with respect to the creation of TID No.1 and the implementation of this Project Plan.

In the event that any of the above projects are deemed to be ineligible for reimbursement through the tax increment generated in TID No.1 under Wisconsin Statute Section 66.1105 or are otherwise found to be in conflict with any other law or ordinance, said project shall be removed and the remaining projects shall constitute the entirety of the projects for the purposes of this project plan.

A map showing the proposed boundary of TID No.1 and a parcel list is included in Section III. A map of current uses is located in Section IV. A map of proposed improvements is located in Section V.

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PROJECT PLAN FOR TAX INCREMENTAL DISTRICT No.1, TOWN OF MADISON, WISCONSIN



### **SECTION III**

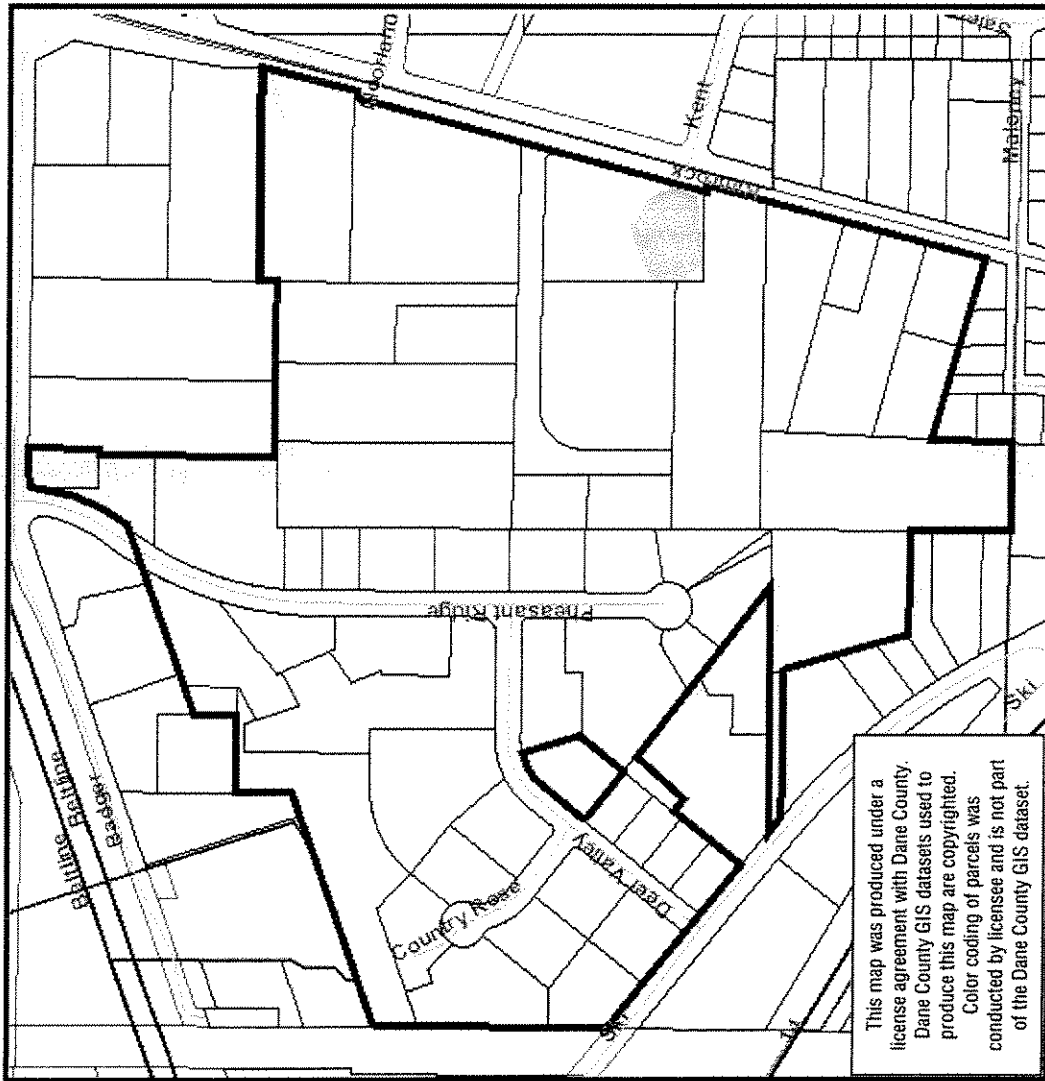
#### *Parcel List & Boundary Map*

The boundary of TID No.1 has been developed to include both residential and commercial parcels. The following is a list of parcels included in the district and a map showing the proposed district boundaries.

The proposed boundary was selected to provide the Town with the greatest amount of flexibility in selecting and prioritizing projects to take advantage of emerging opportunities that provide the greatest impact for the area.

# Proposed TID No.1 Boundary

— TID No.1 Boundary



This map was produced under a license agreement with Dane County. Dane County GIS datasets used to produce this map are copyrighted. Color coding of parcels was conducted by licensee and is not part of the Dane County GIS dataset.

## TID No.1 Parcel List

<i>Parcel Number</i>	<i>Parcel Address</i>	<i>Owner</i>
0709 - 354 - 0850 - 3	112 Deer Valley Road	Town of Madison
0709 - 354 - 8310 - 0	112 Deer Valley Road	Town of Madison
0709 - 354 - 0901 - 1	2609 Ski Lane	Castille Affordable Housing
0709 - 354 - 0934 - 2	2614 Country Rose Court	Castille Affordable Housing
0709 - 354 - 0912 - 8	216 Deer Valley Road	Castille Affordable Housing
0709 - 354 - 0923 - 5	208 Deer Valley Road	Castille Affordable Housing
0709 - 354 - 0978 - 0	200 Deer Valley Road	Castille Affordable Housing
0709 - 354 - 0967 - 3	2613 County Rose Court	Castille Affordable Housing
0709 - 354 - 0945 - 9	2602 County Rose Court	Castille Affordable Housing
0709 - 354 - 0956 - 6	2605 County Rose Court	Castille Affordable Housing
0709 - 354 - 1301 - 5	102 Deer Valley Road	Birnamwood Apartments, LLC
0709 - 354 - 6254 - 3	2709 Pheasant Ridge Trail	Xiong Properties, LLC
0709 - 354 - 6276 - 7	2701 Pheasant Ridge Trail	Xiong Properties, LLC
0709 - 354 - 1518 - 4	2617 Pheasant Ridge Trail	Yang
0709 - 354 - 1551 - 3	2609 Pheasant Ridge Trail	Klund
0709 - 354 - 1562 - 0	2601 Pheasant Ridge Trail	Birnamwood Apartments, LLC
0709 - 354 - 1573 - 7	2601 Pheasant Ridge Trail	Birnamwood Apartments, LLC
0709 - 363 - 8670 - 4	2507 Pheasant Ridge Trail	Birnamwood Apartments, LLC
0709 - 363 - 8620 - 4	2501 Pheasant Ridge Trail	Birnamwood Apartments, LLC
0709 - 354 - 1454 - 1	102 Brown Quail Court	Birnamwood Apartments, LLC
0709 - 354 - 1403 - 2	2604 Pheasant Ridge Trail	Birnamwood Apartments, LLC
0709 - 354 - 1352 - 4	2608 Pheasant Ridge Trail	Birnamwood Apartments, LLC
0709 - 354 - 6001 - 8	217 Deer Valley Road	C&L Construction, LLC
0709 - 354 - 6012 - 5	213 Deer Valley Road	C&L Construction, LLC
0709 - 354 - 6023 - 2	209 Deer Valley Road	Sorenson
0709 - 354 - 6034 - 9	205 Deer Valley Road	Birnamwood Apartments, LLC
0709 - 354 - 6100 - 8	2706 Pheasant Ridge Trail	Birnamwood Apartments, LLC
0709 - 354 - 9555 - 3	2706 Pheasant Ridge Trail	Birnamwood Apartments, LLC
0709 - 354 - 6067 - 0	101 Deer Valley Road	Birnamwood Apartments, LLC
0709 - 354 - 6212 - 0	2722 Pheasant Ridge Trail	Birnamwood Apartments, LLC
0709 - 354 - 6222 - 0	2726 Pheasant Ridge Trail	Suddeth
0709 - 354 - 6243 - 6	2717 Pheasant Ridge Trail	Vue
0709 - 354 - 6232 - 9	2717 Pheasant Ridge Trail	Vue
0709 - 354 - 9910 - 2	2705 Ski Lane	Mid-Town Center, LLC
0709 - 363 - 2156 - 0	2448 Rimrock Road	Mid-Town Center, LLC
0709 - 363 - 2200 - 0	160 Lake George Road	Mid-Town Center, LLC
0709 - 363 - 2189 - 0	100 Lake George Road	Mid-Town Center, LLC
0709 - 363 - 2167 - 0	50 Lake George Road	Mid-Town Center, LLC
0709 - 363 - 2178 - 0	72 Lake George Road	Mid-Town Center, LLC

## TID No.1 Parcel List

<i>Parcel Number</i>	<i>Parcel Address</i>	<i>Owner</i>
0709 - <del>354</del> - 9190 - 3	2642 Rimrock Road	Icke Co., Inc.
0709 - 363 - 9245 - 7	Rimrock Road	Icke Construction Co, Inc.
0709 - 363 - 9320 - 5	2740 Rimrock Road	Dettinger
0709 - 363 - 9225 - 1	2730 Rimrock Road	Icke Construction Co, Inc.
0709 - 363 - 9215 - 3	2720 Rimrock Road	Icke Construction Co, Inc.
0709 - 363 - 9205 - 5	2700 Rimrock Road	C O Schwengel
0709 - 363 - 9170 - 7	2642 Rimrock Road	Icke Construction Co, Inc.
0709 - 363 - 9130 - 5	2642 Rimrock Road	Icke
0709 - 363 - 9120 - 7	2600 Roma Road	Icke Construction Co, Inc.
0709 - 363 - 9140 - 3	2642 Rimrock Road	Icke
0709 - 363 - 9150 - 1	2642 Rimrock Road	Mid-Town Center, LLC
0709 - 363 - 8821 - 0	2504 Rimrock Road	Icke Co., Inc.
0709 - 363 - 8610 - 6	17 E Badger Road	Mid-Town Center, LLC

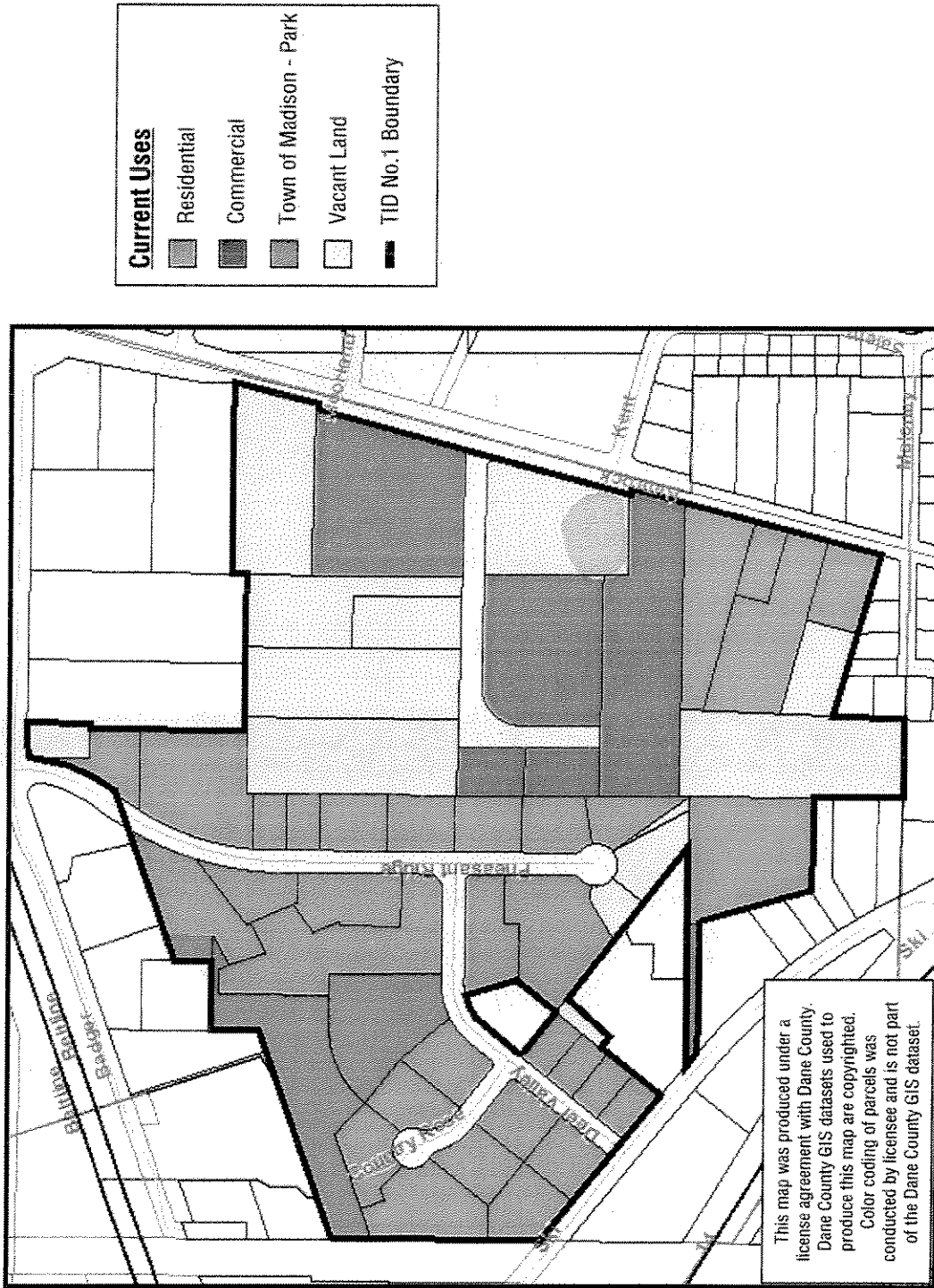
## **SECTION IV**

### *Map showing existing uses and conditions*

The map on the following page shows the proposed boundary of TID No.1 and the existing uses and conditions of real property in the district.

TID No.1 generally consists of residential uses, commercial uses, and vacant land.

# Proposed TID No.1 Current Land Uses



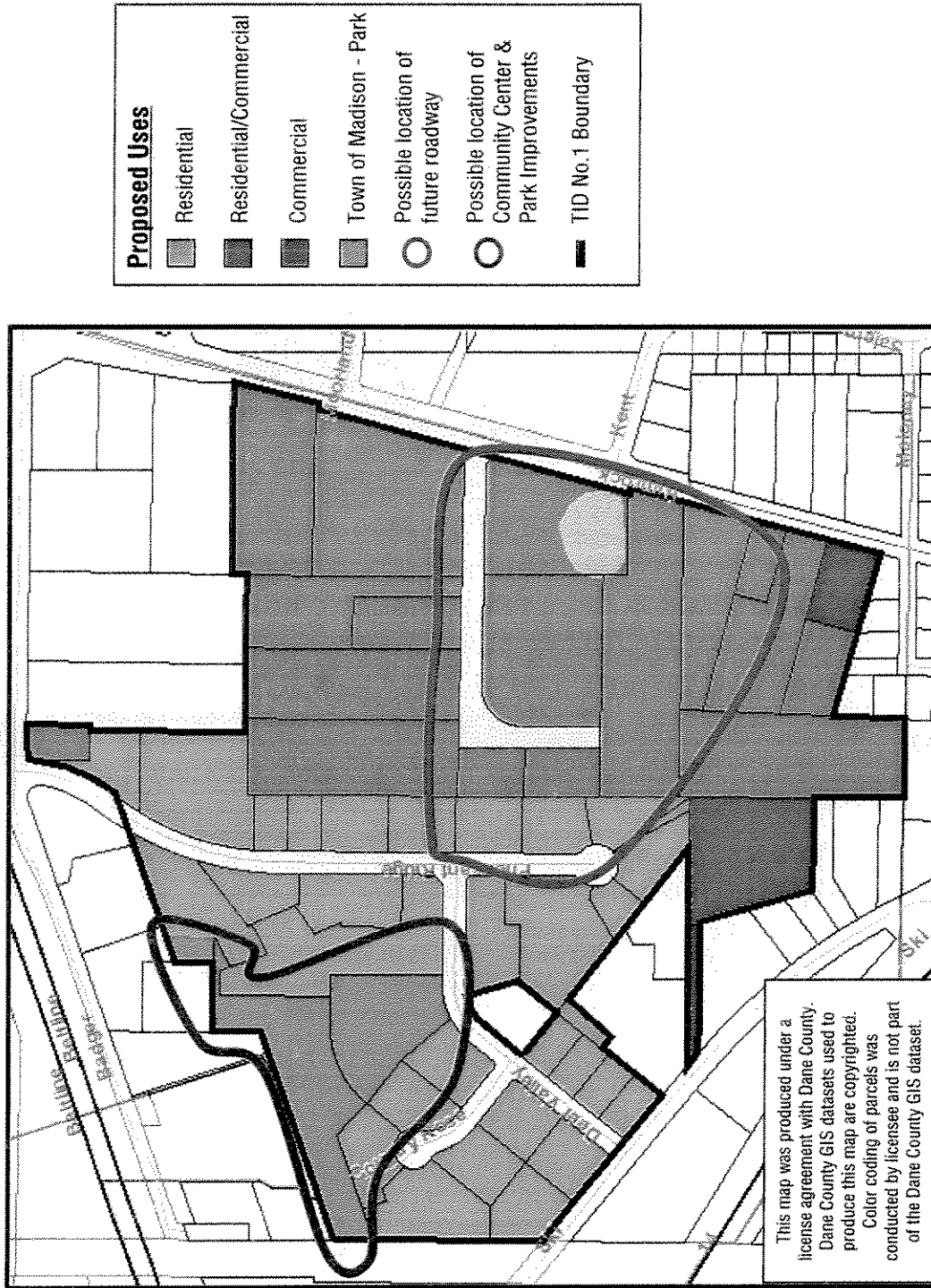
**SECTION V**

*Map showing proposed improvements and uses*

The map on the following page shows the proposed boundary of TID No.1 and the proposed improvements and uses within the district.



# Proposed TID No.1 Uses & Improvements





## **SECTION VI**

### *Economic feasibility study*

Wisconsin Statute requires that the total tax base of Tax Incremental Financing Districts within a municipality may not exceed 12% of the municipalities total tax base. Chart #1 on the following page demonstrates that TID No.1 meets this requirement. Based upon previous equalized value ratios used by the Department of Revenue and information from the Dane County assessor's office, the Town has estimated that current assessments are approximately 85.5% of actual value.

The economic feasibility of TID No.1 is dependent upon incremental tax revenue generated in the district. The amount of incremental tax revenue is a function of three major factors:

- New Development Activities that increase the tax base of the district
- Appreciation rate of values within the district
- Tax rate applied to properties in the district

#### **New Development Activities**

The creation of TID No.1 is expected to lead to a significant amount of development activity within the district. Chart #2 and Chart #3 summarize the improved value after private investment and the corresponding potential tax increment to be generated by the improvements.

The new investment estimates are based upon the projected values of residential and commercial space. These estimates include the renovation of approximately 480 residential units and the construction or renovation of 600,000 square feet of commercial space.

#### **Appreciation Rate of Property Values in the District**

The appreciation rate for properties in TID No.1 is assumed to be 2.5% for the purposes of the economic feasibility calculation. This rate is conservative and likely to be below the actual appreciation rate for properties in the district. It should be expected that the significant increase in investment in TID No.1 should raise the values of all properties within the district.

#### **Tax Rate**

The full tax rate applied to parcels in the district is assumed to remain constant at \$24.44 per \$1,000 of valuation throughout the life of the district.

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PROJECT PLAN FOR TAX INCREMENTAL DISTRICT NO.1, TOWN OF MADISON, WISCONSIN

These assumptions and projections are used in Chart #4 to determine the amount or project costs that would be supported by TID No.1. Potential private investment could increase the tax base of TID No.1 by approximately \$100M. Based upon current calculations and the assumption that any TIF financing would be repaid by the time the Town is annexed by the City of Fitchburg, TID No.1 could support approximately \$17.75M in eligible project costs.

The Town is aware that the projections in Chart #4 provide for a fairly aggressive schedule for development. Depending upon the actual timing of private investment within TID No.1, the total amount of supported project costs may differ from the projections set forth in Chart #4. The Town maintains the right to finance only those project costs that remain viable as the project plan proceeds.

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PROJECT PLAN FOR TAX INCREMENTAL DISTRICT NO.1, TOWN OF MADISON, WISCONSIN

## Chart #1: 12% Test & Equalized Value Determination

		<b>% 2005 Equalized Value</b>
<b>Assessment Base</b>		
Town of Madison 2005 Assessment	304,792,627	84.70%
Estimated Equalized Value Ratio	0.8550	
Manufacturing Assessment	3,366,100	0.94%
Estimated Equalized Value	359,848,705	100%
 <b>Proposed TID #1 Assessment Base</b>		
Commercial	5,489,400	1.53%
Residential	11,676,600	3.24%
Total TID #1 Assessment Base	17,166,000	4.77%
Estimated Equalized Value Ratio	0.8550	
Equalized Value TID #1 Parcels	20,077,193	5.58%
 Equalized Tax Base of all Tax Incremental Financing Districts*	20,077,193	5.58%

*\*Note: must be less than 12% of total 2005 equalized value.*

### Chart #2: Improved Value After Private Investment

<b>Project</b>	<b>Year</b>	<b>Estimated Cost</b>
Residential Phase 1	2006	3,771,867
Residential Phase 2	2007	6,171,356
Residential Phase 3	2008	6,171,356
Residential Phase 4	2009	6,171,356
Residential Phase 5	2010	6,171,356
Residential Phase 6	2011	6,171,356
Residential Phase 7	2012	6,171,356
Commercial Phase 1	2006	7,232,211
Commercial Phase 2	2007	11,833,012
Commercial Phase 3	2008	11,833,012
Commercial Phase 4	2009	11,833,012
Commercial Phase 5	2010	11,833,012
Commercial Phase 6	2011	11,833,012
Commercial Phase 7	2012	11,833,012
	<b>Total</b>	<b>119,030,284</b>

### Chart #3: Potential TID No.1 Increment

#### HOUSING COMPONENT

Improved Housing Value	85,000
# Improved Units	480
	<u>40,800,000</u>
Current Housing Value	11,676,600
<b>Incremental Housing Value</b>	<b><u>\$ 29,123,400</u></b>

#### COMMERCIAL COMPONENT

Future Commercial Value	78,230,284
Current Commercial Value	5,489,400
<b>Incremental Commercial Value</b>	<b><u>\$ 72,740,884</u></b>

#### TOTAL INCREMENTAL VALUE

Incremental Housing Value	29,123,400
Incremental Commercial Value	72,740,884
<b>Total Incremental Value</b>	<b><u>\$ 101,864,284</u></b>

#### IMPROVED VALUE AFTER PRIVATE INVESTMENT

Residential Component	40,800,000
Commercial Component	78,230,284
<b>Total Improved Value After Private Investment</b>	<b><u>\$ 119,030,284</u></b>

# Town of Madison

## Proposed Tax Increment District No. 1

### Chart #4 - Calculation of Maximum Supported Project Costs

Assumptions	
Annual Inflation During Life of TID	2.50%
Estimated 2005 tax rate (per \$1000 equal value)	\$20.44
Investment rate for Inv. Proceeds	3.00%

Background Data					Revenues		Expenditures	TID Status					
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(k)	(l)	(m)	(n)	
Val. Date	TIF District Valuation (January 1)	Inflation Increment	Increment (f)	TIF Increment Over Base	Tax Rate	Tax Revenue	Investment Proceeds	Total Revenues	Combined Debt Service	Annual Balance	Year End Cumulative Balance (December 31)	Remaining Principal Balance	Cost Recovery
	Base Value												
2005	\$20,077,193												
2006	\$20,077,193	\$514,478	\$9,417,118	\$501,930	\$20.44	\$0	\$0	\$0	\$0	\$741,675	\$0	\$19,665,000	
2007	\$30,510,719	\$762,768	\$15,407,861	\$10,433,526	\$20.44	\$10,259	\$22,250	\$32,510	\$370,838	\$432,847	\$741,675	\$19,665,000	
2008	\$46,681,346	\$1,167,034	\$15,407,861	\$26,604,155	\$20.44	\$213,261	\$35,836	\$249,097	\$642,813	(\$22,486)	\$1,194,522	\$19,665,000	
2009	\$63,256,243	\$1,581,406	\$15,407,861	\$43,179,050	\$20.44	\$543,769	\$35,162	\$578,931	\$789,388	(\$210,437)	\$961,620	\$19,665,000	
2010	\$80,245,510	\$2,006,138	\$15,407,861	\$60,168,317	\$20.44	\$882,580	\$28,849	\$911,428	\$1,119,125	(\$207,697)	\$753,923	\$19,485,000	
2011	\$97,659,508	\$2,441,488	\$15,407,861	\$77,582,315	\$20.44	\$1,229,840	\$22,618	\$1,252,458	\$1,760,313	(\$507,854)	\$246,069	\$18,890,000	
2012	\$115,508,857	\$2,887,721	\$15,407,861	\$95,431,664	\$20.44	\$1,665,783	\$7,392	\$1,673,175	\$1,758,600	(\$165,435)	\$80,633	\$18,150,000	
2013	\$133,804,440	\$3,345,111	\$15,407,861	\$113,727,247	\$20.44	\$1,950,823	\$2,419	\$1,953,242	\$1,756,600	\$196,242	\$276,876	\$17,370,000	
2014	\$137,149,550	\$3,428,739	\$15,407,861	\$120,501,096	\$20.44	\$2,324,585	\$8,306	\$2,332,891	\$1,757,663	\$575,229	\$852,104	\$16,545,000	
2015	\$140,578,289	\$3,514,457	\$15,407,861	\$127,617,872	\$20.44	\$2,392,659	\$25,563	\$2,418,222	\$1,756,050	\$682,472	\$1,514,576	\$15,675,000	
2016	\$144,092,746	\$3,602,319	\$15,407,861	\$134,015,553	\$20.44	\$2,463,042	\$45,437	\$2,508,480	\$1,756,625	\$731,855	\$2,266,231	\$14,755,000	
2017	\$147,695,065	\$3,692,377	\$15,407,861	\$140,110,249	\$20.44	\$2,534,878	\$67,987	\$2,602,865	\$1,754,988	\$848,015	\$3,114,246	\$13,785,000	
2018	\$151,387,442	\$3,784,686	\$15,407,861	\$146,094,935	\$20.44	\$2,608,509	\$93,427	\$2,701,937	\$1,754,988	\$946,949	\$4,081,195	\$12,780,000	
2019	\$155,172,128	\$3,879,303	\$15,407,861	\$151,974,238	\$20.44	\$2,683,981	\$121,836	\$2,805,817	\$1,756,963	\$1,048,855	\$5,110,050	\$11,875,000	
2020	\$159,051,431	\$3,976,286	\$15,407,861	\$147,950,524	\$20.44	\$2,761,340	\$153,301	\$2,914,642	\$1,756,963	\$1,159,004	\$6,269,054	\$10,930,000	
2021	\$163,027,717	\$4,075,693	\$15,407,861	\$144,026,217	\$20.44	\$2,840,633	\$188,072	\$3,028,705	\$1,760,738	\$1,267,968	\$7,537,022	\$9,935,000	
2022	\$167,103,410	\$4,177,585	\$15,407,861	\$151,203,802	\$20.44	\$2,921,809	\$225,111	\$3,146,920	\$1,752,263	\$1,395,757	\$8,932,779	\$8,040,000	Expenditures Recovered
2023	\$171,280,995	\$4,282,025	\$15,407,861	\$155,485,827	\$20.44	\$3,005,216	\$267,963	\$3,273,180	\$1,759,938	\$1,513,262	\$10,446,040	\$6,685,000	Expenditures Recovered
2024	\$175,563,020	\$4,389,075	\$15,407,861	\$159,874,902	\$20.44	\$3,090,606	\$313,381	\$3,403,987	\$1,759,938	\$1,645,637	\$12,091,677	\$5,255,000	Expenditures Recovered
2025	\$179,952,095	\$4,498,802	\$15,407,861	\$164,373,705	\$20.44	\$3,178,130	\$362,750	\$3,540,881	\$1,757,500	\$1,783,381	\$13,875,058	\$3,745,000	Expenditures Recovered
2026	\$184,450,898	\$4,611,272	\$15,407,861	\$168,984,977	\$20.44	\$3,267,843	\$416,252	\$3,684,095	\$1,757,113	\$1,926,982	\$15,802,040	\$2,150,000	Expenditures Recovered
2027	\$189,062,170	\$4,726,554	\$15,407,861	\$173,711,531	\$20.44	\$3,359,789	\$474,061	\$3,833,850	\$1,343,600	\$2,490,260	\$16,292,300	\$890,000	Expenditures Recovered
2028	\$193,788,724	\$4,844,718	\$15,407,861	\$178,556,250	\$20.44	\$3,454,053	\$548,769	\$4,002,822	\$914,475	\$3,088,347	\$21,380,647	\$0	Expenditures Recovered
2005		\$76,661,966	\$101,864,264			\$49,303,620	\$3,467,752	\$52,771,372	\$33,294,625				

(1) Increment provided by Town from Developer.  
 (2) Estimated Repayment of Developer Bonds based on Projects plus Capitalized Interest @ 5.50%.  
 (3) Expenditures are assumed recovered when Year End Cumulative Balance > Remaining Principal Balance.

## **Section VII**

### *Detailed list of estimated project costs*

Estimated project costs are presented in Chart #5 on the following page. The costs presented represent a fairly aggressive schedule of investment to take advantage of the limited timeframe the Town will have to utilize TID No.1. The Town has elected to set the level of project costs at such a level as to be repaid by the year 2020, two years before the scheduled annexation by the City of Fitchburg. Chart #6 demonstrates the projected cash flow position of TID No.1 based upon the new development projections and the proposed level of project costs. Depending upon the timing of investments and the generation of increment, the supported project costs may differ from the projections. It is important to reiterate that the Town is not obligated to complete these projects and may elect to reallocate funds as necessary to achieve the elimination of blight in TID No.1.

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September 23, 2005

PROJECT PLAN FOR TAX INCREMENTAL DISTRICT NO.1, TOWN OF MADISON, WISCONSIN

**Chart #5: TID No.1 - Project Costs & Timing**

Project	Year					Total
	2006	2007	2008	2009	2010	
<b>Infrastructure Improvements</b>						
Land Acquisition	250,000	600,000	150,000	150,000	100,000	1,250,000
Streets, Landscaping, & Right-of-Way Enhancements	300,000	300,000	150,000	150,000	150,000	1,050,000
Community Center Development	100,000	600,000	-	-	-	700,000
Park Improvements	300,000	50,000	50,000	50,000	50,000	500,000
<b>Subtotal</b>	<b>950,000</b>	<b>1,550,000</b>	<b>350,000</b>	<b>350,000</b>	<b>300,000</b>	<b>3,500,000</b>
<b>Development Incentives</b>						
Acquisition Write-Down	510,000	510,000	510,000	510,000	510,000	2,550,000
Construction Write-Down	850,000	850,000	850,000	850,000	850,000	4,250,000
Environmental Remediation	850,000	850,000	850,000	850,000	850,000	4,250,000
<b>Subtotal</b>	<b>2,210,000</b>	<b>2,210,000</b>	<b>2,210,000</b>	<b>2,210,000</b>	<b>2,210,000</b>	<b>11,050,000</b>
<b>Administration, Financial, &amp; Organizational</b>						
Financing Costs	45,000	48,000	40,000	40,000	40,000	213,000
Professional Service Costs	15,000	68,000	7,000	5,000	5,000	100,000
Imputed Administrative Costs	25,000	25,000	25,000	25,000	25,000	125,000
Organizational Costs	8,000	1,000	1,000	1,000	1,000	12,000
<b>Subtotal</b>	<b>93,000</b>	<b>142,000</b>	<b>73,000</b>	<b>71,000</b>	<b>71,000</b>	<b>450,000</b>
<b>Total</b>	<b>3,253,000</b>	<b>3,902,000</b>	<b>2,633,000</b>	<b>2,631,000</b>	<b>2,581,000</b>	<b>15,000,000</b>



Total Projects Supported = \$15 million

# Town of Madison

## Proposed Tax Increment District No. 1

### Chart #6 - Projected TID No. 1 Cash Flow Position

Assumptions	
Annual Inflation During Life of TID	2.50%
Estimated 2005 tax rate per \$1,000 equal value	\$20.44
Investment rate for Inv. Proceeds	3.00%

Background Data					Revenues			Expenditures		TID Status			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
Val. Date	TIF District Valuation (January 1)	Inflation Increment	Increment (f)	TIF Increment Over Base	Tax Rate	Tax Revenue	Investment Proceeds	Total Revenues	Combined Debt Service	Annual Balance	Year End Cumulative Balance (December 31)	Remaining Principal Balance	Cost Recovery
2005	\$20,077,193												
2005	\$20,077,193	\$501,930	\$9,417,116	\$501,930	\$20.44	\$0	\$0	\$0	\$0	\$593,175	\$0	\$16,030,000	
2006	\$20,578,123	\$514,478	\$15,407,861	\$10,433,526	\$20.44	\$0	\$0	\$28,055	\$296,588	\$184,317	\$593,175	\$16,030,000	
2007	\$30,510,719	\$762,768	\$15,407,861	\$26,604,155	\$20.44	\$10,269	\$17,795	\$28,055	\$235,986	(\$286,376)	\$757,492	\$16,030,000	
2008	\$46,681,348	\$1,581,406	\$15,407,861	\$43,179,050	\$20.44	\$213,261	\$22,725	\$235,986	\$620,400	(\$82,478)	\$471,116	\$16,030,000	
2009	\$63,256,243	\$2,006,136	\$15,407,861	\$60,166,317	\$20.44	\$543,789	\$14,133	\$557,922	\$694,050	\$789	\$408,638	\$16,030,000	
2010	\$80,245,510	\$2,441,488	\$15,407,861	\$77,582,315	\$20.44	\$882,580	\$12,259	\$894,839	\$1,437,000	\$194,877	\$409,427	\$15,880,000	
2011	\$97,659,508	\$2,887,721	\$15,407,861	\$95,431,664	\$20.44	\$1,228,840	\$12,283	\$1,241,123	\$1,431,050	\$161,169	\$214,550	\$15,410,000	
2012	\$115,508,837	\$3,345,111	\$11,727,247	\$113,727,247	\$20.44	\$1,585,783	\$8,437	\$1,594,220	\$1,436,950	\$524,945	\$375,719	\$14,810,000	
2013	\$133,804,440	\$3,828,739	\$12,501,096	\$120,501,096	\$20.44	\$1,950,623	\$11,272	\$1,961,895	\$1,435,788	\$915,817	\$900,664	\$14,170,000	
2014	\$137,149,550	\$3,514,457	\$12,415,563	\$124,015,563	\$20.44	\$2,324,585	\$27,020	\$2,351,605	\$1,437,563	\$1,009,891	\$1,816,481	\$13,495,000	
2015	\$140,578,289	\$3,602,319	\$12,617,872	\$127,617,872	\$20.44	\$2,683,042	\$84,791	\$2,767,834	\$1,432,275	\$1,115,559	\$2,826,372	\$12,780,000	
2016	\$144,092,746	\$3,692,377	\$13,130,249	\$131,310,249	\$20.44	\$2,534,878	\$118,258	\$2,653,136	\$1,434,788	\$1,218,348	\$3,941,931	\$12,030,000	
2017	\$147,695,085	\$3,784,686	\$13,509,935	\$135,099,935	\$20.44	\$2,608,569	\$154,808	\$2,763,378	\$1,425,100	\$1,338,218	\$5,160,279	\$11,235,000	
2018	\$151,367,442	\$3,879,303	\$13,874,238	\$138,974,238	\$20.44	\$2,663,981	\$194,955	\$2,858,936	\$1,432,638	\$1,445,999	\$7,944,486	\$10,405,000	
2019	\$155,172,128	\$3,976,286	\$14,250,524	\$142,950,524	\$20.44	\$2,761,340	\$239,335	\$2,999,675	\$1,423,183	\$1,457,513	\$9,521,009	\$9,520,000	
2020	\$159,051,431	\$4,075,693	\$14,626,217	\$147,026,217	\$20.44	\$2,840,633	\$285,630	\$3,126,264	\$1,435,500	\$1,690,784	\$11,211,772	\$8,595,000	Expenditures Recovered
2021	\$163,027,717	\$4,177,585	\$15,003,802	\$151,203,802	\$20.44	\$2,921,909	\$336,353	\$3,258,262	\$1,434,338	\$1,823,724	\$13,035,497	\$7,605,000	Expenditures Recovered
2022	\$167,103,410	\$4,282,025	\$15,485,827	\$155,485,827	\$20.44	\$3,005,216	\$391,065	\$3,396,281	\$1,435,413	\$1,960,868	\$14,996,365	\$6,560,000	Expenditures Recovered
2023	\$171,280,995	\$4,389,075	\$15,974,902	\$159,874,902	\$20.44	\$3,090,606	\$449,891	\$3,540,497	\$1,432,968	\$2,107,509	\$17,103,874	\$5,455,000	Expenditures Recovered
2024	\$175,568,020	\$4,488,802	\$16,473,705	\$164,373,705	\$20.44	\$3,178,130	\$513,116	\$3,691,247	\$1,432,125	\$2,259,122	\$19,362,996	\$4,290,000	Expenditures Recovered
2025	\$179,952,095	\$4,590,977	\$16,984,977	\$168,984,977	\$20.44	\$3,267,843	\$580,890	\$3,848,733	\$1,427,688	\$2,421,045	\$21,784,041	\$3,060,000	Expenditures Recovered
2026	\$184,450,898	\$4,699,521	\$17,511,531	\$173,711,531	\$20.44	\$3,359,789	\$653,521	\$4,013,320	\$1,423,813	\$2,605,707	\$24,693,748	\$1,765,000	Expenditures Recovered
2027	\$189,062,170	\$4,814,718	\$17,556,250	\$178,556,250	\$20.44	\$3,454,053	\$740,812	\$4,194,865	\$1,420,075	\$2,795,732	\$28,138,539	\$0	Expenditures Recovered
2028	\$193,798,724					\$49,303,620	\$4,920,844	\$54,224,464	\$27,111,950	\$3,444,790			
2005		\$76,691,966	\$101,854,284										

(1) Increment provided by Town from Developer.  
 (2) Estimated Repayment of Developer Bonds based on Projects plus Capitalized Interest @ 5.50%.  
 (3) Expenditures are assumed recovered when Year End Cumulative Balance > Remaining Principal Balance.

## **SECTION VIII**

*Description of the financing methods and the time when the costs or obligations are to be incurred*

The Town will employ a variety of funding methods to provide TIF funding for eligible projects within TID No.1. The Town has identified the following sources of funds as the most likely candidates for funding of TIF eligible projects:

**General Obligation Borrowing and Bonding:** These vehicles will likely be employed for initial project costs to a level not to exceed the Town's statutory borrowing limits.

**EPA Revolving Loan Fund:** The Town has access to a grant from the EPA that provides a revolving loan fund for environmental remediation. The Town can continue to recycle all or a portion of this loan fund within the district and allow repayment to occur through tax increment.

**TIF Bonding:** The Town may elect to issue TIF Bonds as an additional source of funding.

**"Pay-as-you-go":** The Town will also have the opportunity to provide reimbursements based on increment after the increment has been received. This is often referred to as "pay-as-you-go" TIF.

The Town reserves the right to employ other sources of funding as they become available or use alternative forms of funding if appropriate.

The expected timing for incurring project costs was presented in Chart #5 on the preceding page.

## **SECTION IX**

### *Proposed changes in zoning ordinance, master plan, map, building codes, and Town ordinance*

In order to implement the proposed uses as shown on the Proposed TID No.1 Uses & Improvements map, several parcels that currently have incompatible uses, as shown on the Current Land Uses in Proposed TID No.1 map, will need to be rezoned to permit commercial activity, primarily C-2. Rezoning of these parcels will provide a more cohesive land use for the area. The process of rezoning these parcels will include review by the Town of Madison, Dane County, and the City of Fitchburg as permitted under the terms of the Cooperative Agreement. Zoning within TID No.1 is expected to be consistent with adjoining property uses in the Town as well as the neighboring cities of Fitchburg and Madison.

While the proposed improvements and uses are consistent with the Town's current plans for the area, the Town may, as an eligible project cost, create an updated neighborhood/development plan for the area. Changes to building codes or Town ordinances are not anticipated at this time.

**SECTION X**

*A list of estimated non-project costs*

Non-project costs include costs necessary to complete the project that are paid by the municipality but are not reimbursable under the TID. There are no estimated non-project costs.

## **SECTION XI**

### *Relocation statement*

It is not anticipated that relocation activities will be required as a result of the creation of TID No.1, however; should relocation of any person or business become necessary, the Town will file a relocation plan with the Department of Commerce, supply any person or business to be relocated with a pamphlet on relocation rights, and comply with all statutes regarding relocation.

## **SECTION XII**

### *Orderly development of the Town*

The creation of TID No.1 will contribute to the orderly development of the Town by encouraging the removal of blight that is otherwise prevented by economic barriers. The development of these parcels will create both new commercial development and improved housing conditions for area residents. The development of TID No.1 will lead to increased job opportunities, an improved standard of living, and a significant and sustained improvement in the underlying tax base.

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September 23, 2005

PROJECT PLAN FOR TAX INCREMENTAL DISTRICT No.1, TOWN OF MADISON, WISCONSIN

**SECTION XIII**

*Attorney's opinion on completeness of project plan and conformance with Wisconsin Statutes, Section 66.1105(4)(f)*

Richard C. Yde

ryde@staffordlaw.com  
608.259.2639

August 22, 2005

James Campbell, Town Chair  
Town of Madison  
2921 Fish Hatchery Road  
Madison, WI 53713

Re: Project Plan for Tax Incremental District No. 1

Dear Mr. Campbell:

As Attorney for the Town of Madison, I have reviewed the Project Plan For Tax Incremental District No. 1, Town of Madison, Wisconsin. In my opinion, the project plan is complete and complies with Wis. Stat. § 66.1105(4)(f).

Very truly yours,



Richard C. Yde

RCY:kps

cc: Donna L. Meier, Town Clerk