

November 15, 2014

City of Stoughton
381 E. Main Street
Stoughton, Wisconsin 53589

Charles Hicklin, Controller
Dane County
210 Martin Luther King, Jr. Blvd, Room 426
Madison, Wisconsin 53703

Madison Area Technical College
1701 Wright St
Madison, Wisconsin 53704

Stoughton Area School District
320 North Street
Stoughton, Wisconsin 53589

Subject: Meeting of the Joint Review Board for the Creation of Tax Incremental District No. 7

Dear Joint Review Board Members:

The Joint Review Board for the proposed creation of Tax Incremental District No. 7, City of Stoughton, Wisconsin, will meet at **8:30 AM on Tuesday, November 25, 2014, in the Conference Room, 381 E. Main Street, Stoughton City Hall**, Stoughton, Wisconsin, for the purpose of acting on the "Resolution of the Joint Review Board Approving Common Council Resolution Approving the Creation of Tax Incremental District No. 7, City of Stoughton, Wisconsin, and the Project Plan for such Tax Incremental District.

The Common Council of the City of Stoughton adopted the resolution for the proposed creation of Tax Incremental District No. 7 at their meeting held on Tuesday, November 11, 2014. According to State Statutes, no Tax Incremental Districts may be created unless the Joint Review Board approves the above-referenced Resolution by a majority vote after receiving the Resolution. The Board shall submit its decision to the City no later than seven (7) days after the Board reviews and acts on the aforementioned Resolution. **The agenda for this meeting is enclosed on Page 3.**

Also enclosed for your review is copies of items included in the public record relative to the creation of Tax Incremental District No. 7, City of Stoughton, Wisconsin, including:

ITEM

DESCRIPTION

1. Copies of the letters to Dane County, Stoughton Area School District and Madison Area Technical College relative to creating a Joint Review Board for the creation of Tax Incremental District No. 7.
2. Notice of the first meeting of the Joint Review Board for the creation of Tax Incremental District No. 7, held on October 22, 2014, and the minutes of said meeting.
3. Affidavit of publication for the "Notice of Public Hearing on the Proposed Creation of Tax Incremental District No. 7, City of Stoughton, Wisconsin, and the Proposed Boundaries thereof, and on the Proposed Project Plan for Such Tax Incremental District" for the public hearing on Monday, October 27, 2014.
4. Notice of the meeting of the Plan Commission held on October 27, 2014 along with the minutes of the meeting relative to the public hearing and action on the "Resolution of the City Plan Commission Adopting the Creation of Tax Incremental District No. 7, City of Stoughton, Wisconsin, and the Proposed Boundaries thereof, and on the Proposed Project Plan for Such Tax Incremental District."
5. Certified copy of Plan Commission "Resolution of the Plan Commission Adopting the Creation of Tax Incremental District No. 7, City of Stoughton, Wisconsin, and the Proposed Boundaries thereof, and on the Proposed Project Plan for Such Tax Incremental District."
6. Copy of the City of Stoughton Common Council "Resolution approving the Creation of Tax Incremental District No. 7, City of Stoughton, Wisconsin, and the Proposed Boundaries thereof, and on the Proposed Project Plan for Such Tax Incremental District," that was adopted on November 11, 2014. *(to be included following the Common Council meeting scheduled for Tuesday, November 11)*

The Joint Review Board shall base its decision to approve or deny the previously-referenced Common Council Resolution on the following criteria:

- A. Whether the development expected in the Tax Incremental District would occur without the use of tax incremental financing.
- B. Whether the economic benefits of the Tax Incremental District, as measured by increased employment, business and personal income and property value, are sufficient to compensate for the cost of improvements.
- C. Whether the benefits of the proposal outweigh the anticipated loss of tax increments to be paid by the owners of the property in the overlying tax districts.

If you have any questions, please contact me at 608.873.6691 or via email at lsullivan@ci.stoughton.wi.us or Mikaela Huot, Vice President/Consultant, Springsted Incorporated at 651.223.3036 or via email at mhuot@springsted.com.

Sincerely,

Laurie Sullivan
Director of Finance and Economic Development

Enclosures

MEETING NOTICE AND AGENDA JOINT REVIEW BOARD

PROPOSED CREATION OF TAX INCREMENTAL DISTRICT NO. 7 CITY OF STOUGHTON

STOUGHTON CITY HALL
381 E. MAIN STREET
STOUGHTON, WISCONSIN 53589

TUESDAY, NOVEMBER 25, 2014
8:30 AM

1. Call to Order.
2. Review and approval of the minutes of the first meeting of the Joint Review Board held on October 22, 2014 for the proposed Creation of Tax Incremental Finance No. 7.
3. Review of planning documents and Common Council Resolution relating to the Creation of Tax Incremental District No. 7, City of Stoughton, and the proposed boundaries thereof, and on the proposed Project Plan for such Tax Incremental District. *(to be included following the Common Council meeting scheduled for Tuesday, November 11)*
4. Action on the “Resolution of the Joint Review Board approving Common Council Resolution approving the Creation of Tax Incremental District No. 7, City of Stoughton, Wisconsin, and the proposed boundaries thereof, and the Project Plan for such Tax Incremental District,” dated November 25, 2014.
5. Adjourn.

**JOINT REVIEW BOARD
CREATION OF TAX INCREMENTAL DISTRICT NO. 7 AND THE PROPOSED BOUNDARIES
THEREOF, AND THE PROPOSED PROJECT PLAN
CITY OF STOUGHTON**

INFORMATION AND PROJECTIONS

Wisconsin state law requires that certain information and projections be provided to the Joint Review Board. The content of this information is listed in Section 66.1105(4)(i), Wis. Stats. This report provides that information as required in the statutes.

1. *The specific items that constitute the project costs, the total dollar amount of these project costs to be paid with the tax increments, and the amount of tax increments to be generated over the life of the tax incremental district.*

Response

The specific items that constitute the project costs related to the proposed Tax Increment District can be seen on Table I, Page 4 within the “Project Plan for Tax Incremental District No. 7, City of Stoughton, Wisconsin.” The total dollar amount of these project costs to be paid with tax increments as shown on the table is estimated to be \$7,420,225.

The amount of tax increment revenues projected to be generated over the life of the tax incremental district related to the proposed project at full build-out is estimated to be \$11,737,219 (over the 20-year maximum period from 2015 through 2034) as shown in the Economic Feasibility Analysis in the table on Page 11 of the attached Project Plan.

2. *The amount of the value increment when the project costs in subd.1 are paid in full and the tax incremental district is terminated.*

Response

As can also be seen in the table on page 11 of the Economic Feasibility Analysis, the amount of the projected value increment upon full build –out of the project site when the project costs are paid in full and the tax incremental district is terminated in 2034 is \$33,295,600.

3. *The reasons why the project costs in subd. 1 may not or should not be paid by the owners of property that benefit by improvements within the tax incremental district.*

Response

Tax Incremental District No. 7 is proposed to be created to help facilitate new development in the Kettle Park West area of the City. The project includes the anticipated and potential development of certain areas and buildings that accommodate the City’s Comprehensive Plan. There are significant public improvement costs necessary to allow for development of the properties within the proposed Tax Incremental District. The developer has indicated those costs are too significant for the project to bear without public financial participation as provided for with the proposed Tax Incremental District No. 7.

4. *The share of the projected tax increments in subd.1 estimated to be paid by the owners of taxable property in each of the taxing jurisdictions overlying the tax incremental district.*

Response

Assuming that the total projected tax increment of \$11,737,219 as a result of the Project Plan for Tax Incremental District No. 7 would have been distributed to the overlying taxing jurisdictions instead of being captured to finance certain project costs, the estimated share of such sum, based on 2014 percentages, that each of the taxing jurisdictions would have received are approximately the following amounts:

Taxing Entity	Percent of Tax Rate	Total Projected Increment
Madison Area Technical College	7.31%	858,012
Dane County/State	13.09%	1,535,888
City of Stoughton	33.64%	3,948,749
Stoughton Area School District	45.96%	5,394,570
Total	100.0%	11,737,219

5. *The benefits that the owners of taxable property in the overlying taxing jurisdictions will receive to compensate them for their share of the projected tax increments in subd.4.*

Response

The community will benefit greatly because current undeveloped and underutilized properties will be developed along with the creation and expansion of businesses, jobs and residents in this area. The proposed development project is anticipated to occur in phases and expected to provide significant increased tax base following the term of the Tax Incremental District. It is the intent of the City and developer that ‘spin-off’ development will occur as related to the proposed development activities that may not require tax increment financial participation and will immediately provide increased tax base and services to residents.

**JOINT REVIEW BOARD
PROPOSED CREATION OF TAX INCREMENTAL DISTRICT NUMBER 7,
CITY OF STOUGHTON, WISCONSIN, AND
THE PROPOSED BOUNDARIES THEREOF,
AND ON THE PROPOSED PROJECT PLAN FOR SUCH TAX INCREMENTAL DISTRICT**

DECISION CRITERIA

Under the Wisconsin Statutes 66.1105(4m)(c), Joint Review Boards must base their decision to approve or deny a proposal on the following criteria:

- A. Whether the development expected in the tax incremental district would occur without the use of tax incremental financing.
- B. Whether the economic benefits of the tax incremental district, as measured by increased employment, business and personal income and property value, are sufficient to compensate for the cost of improvements.
- C. Whether the benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying tax districts.

This report has been prepared to address those criteria by providing information and data on the impact of the proposed Creation of Tax Incremental District No. 7 in the City of Stoughton, and the proposed boundaries thereof, and on the proposed Project Plan for such Tax Incremental District. The criteria are addressed in turn below.

- A. The creation of Tax Incremental District No. 7 is for the purpose of providing financial assistance to facilitate development within the District. Tax Incremental District No. 7 is proposed to be created to help facilitate development in the Kettle Park West area of the City. The project includes the anticipated and potential development of certain areas and buildings that accommodate the City's Comprehensive Plan.

The first phase of the Kettle Park West development will be primarily retail including an approximate 152,298 square foot building on 13.69 acres, two specialty retail buildings comprising approximate square feet of 23,663 on 3.06 acres and a C-Store with fuel consisting of approximately 8,238 square feet on 2.25 acres. This phase includes construction of the on-site and off-site public improvements that are necessary to facilitate development of the property.

The remaining property located in TID No. 7 will consist of additional retail, office or clinic and future residential. Additional assumptions of development for the second phase of commercial, including retail and office, are a part of the Project. This phase includes an approximate 30,000 square foot office or clinic site, 35,300 square feet of multi-tenant specialty retail, 40,000 square foot commercial building and 20,000 square foot multi-tenant specialty retail facility. For the purposes of this analysis, the anticipated assessed value for phase three residential development is not included in the value assumptions in the Project Plan, resulting in no new incremental revenue from that phase. Any subsequent phases of development on these parcels would likely result in substantial additional TID revenues over and above those projected here. Development of this property within the District is not expected to occur should the creation of Tax Incremental

District No. 7 not be approved due to the significant public improvement costs that are necessary to service the site.

- B. The Project Plan for Tax Incremental District No. 7 shows that projected taxable incremental value related to the development of certain properties within the District during the maximum 20-year life of the District are sufficient to pay for the cost of the public improvements. Table I of the Project Plan and the tables included in the Economic Feasibility Analysis illustrate the projected revenues and expenditures of the District. The revenues are based on just the first users of the proposed project and full build-out of the commercial-retail phases of development. The purpose of the two scenarios is to demonstrate that sufficient revenues are anticipated to be generated to finance the cost of the estimated public improvements based on the first users, and the additional build-out will provide surplus revenues. The economic benefits of the District are sufficient to compensate for the cost of improvements.
- C. Adoption of the proposed Project Plan for Tax Incremental District No. 7, and the proposed boundaries thereof, will allow for further development within the City and boundaries of the District. It will provide funds for the necessary public improvements and assistance for facilitating new development and tax base. Without the adoption of the Project Plan, there is not anticipated to be additional tax base generated. This expanded tax base not only benefits the City of Stoughton but also benefits the overlying taxing jurisdictions as well.

**RESOLUTION OF THE JOINT REVIEW BOARD APPROVING COMMON COUNCIL
RESOLUTION APPROVING THE PROPOSED CREATION OF TAX INCREMENTAL
DISTRICT NO. 7, CITY OF STOUGHTON, WISCONSIN, AND THE PROPOSED
BOUNDARIES THEREOF, AND THE PROJECT PLAN FOR SAID TAX INCREMENTAL
DISTRICT**

WHEREAS, the Joint Review Board for the proposed Creation of Tax Incremental District No. 7, City of Stoughton, Wisconsin, has reviewed the Common Council Resolution approving the creation of Tax Incremental District No. 7, City of Stoughton, Wisconsin and the proposed boundaries thereof, and the Proposed Project Plan which was adopted on November 11, 2014; and

WHEREAS, the Joint Review Board for the proposed Creation of Tax Incremental District No. 7, City of Stoughton, Wisconsin, has reviewed the public record and planning documents relative to the Project Plan for the proposed Tax Incremental District No. 7, City of Stoughton, Wisconsin; and

WHEREAS, the Joint Review Board for the proposed Creation of Tax Incremental District No. 7, City of Stoughton, Wisconsin has, in an open meeting, given the opportunity for additional information from the City of Stoughton staff and interested members of the public regarding the proposed Creation of Tax Incremental District No. 7, City of Stoughton and the proposed boundaries thereof, and the Proposed Project Plan for said Tax Incremental District.

NOW, THEREFORE, BE IT RESOLVED that the Joint Review Board finds:

1. The development expected in the proposed boundaries of Tax Incremental District No. 7, City of Stoughton, would not occur without the use of tax incremental financing;
2. The economic benefits of the redevelopment projects within the proposed Tax Incremental District No. 7, City of Stoughton, Wisconsin, as measured by increased employment, business and personal income and property values, are sufficient to compensate for the cost of the improvements; and
3. The benefits of the proposed tax incremental district outweigh the anticipated deferral in tax revenues of the overlying taxing jurisdictions.

BE IT FURTHER RESOLVED by the Joint Review Board for the proposed Creation of Tax Incremental District No. 7, City of Stoughton, Wisconsin that the attached Resolution approved by the Common Council of the City of Stoughton on November 11, 2014, relative to the creation of Tax Incremental District No. 7, City of Stoughton, Wisconsin, and the proposed boundaries thereof, and the proposed Project Plan thereof, be approved.

Adopted this 25th day of November 2014.

JOINT REVIEW BOARD
CREATION OF TAX INCREMENTAL DISTRICT NO. 7
CITY OF STOUGHTON, WISCONSIN

Mayor _____, Chair