

CITY OF EDGERTON  
TAX INCREMENT  
FINANCING  
DISTRICT #6  
Amendment No. 3

**Draft: February 23, 2021**

Prepared by:



**ACKNOWLEDGEMENTS****Edgerton Common Council**

Christopher Lund, Mayor  
Sarah Braun, Alderperson, District One  
Casey Langan, Alderperson, District One  
Tim Shaw, Alderperson, District Two  
Candy Davis, Alderperson, District Two  
Anne Radtke, Alderperson, District Three  
Jim Burdick, Alderperson, District Three

**Edgerton Plan Commission**

Chris Lund, Mayor  
Jim Burdick, Alderperson  
Anne Radtke, Alderperson  
Paul Davis  
James Kapellen  
Julie Hagemann  
Ron Webb

**Edgerton City Staff**

Ramona Flanigan, City Administrator  
Cindy Hegglund, City Clerk and Treasurer  
Bill Betzig, City Engineer, Cedar Corporation  
William Morgan, City Attorney, Murphy Desmond

**Independent Registered Municipal Advisor**

Robert W. Baird & Co.  
777 East Wisconsin Avenue  
Milwaukee, WI 53202  
Kevin M. Mullin, Director, Public Finance

**Planning Assistance Provided by:**

Vandewalle & Associates  
120 East Lakeside Street  
Madison, WI 53715  
(608) 255-3988  
[www.vandewalle.com](http://www.vandewalle.com)

Scott Harrington, AICP – Project Manager  
Jackie Mich, AICP – Associate Planner  
Dan Eckberg, AICP – GIS Planner

**TABLE OF CONTENTS**

SECTION I. PURPOSE .....4

SECTION II. DESCRIPTION OF HOW TID #6 WILL PROMOTE ORDERLY  
DEVELOPMENT OF THE CITY OF EDGERTON.....6

SECTION III. TAX INCREMENT DISTRICT BOUNDARY DESCRIPTION AND  
EQUALIZED VALUES.....6

SECTION IV. EXISTING USES AND CONDITIONS OF REAL PROPERTY.....10

SECTION V. PROPOSED PUBLIC WORKS AND ESTIMATED COSTS .....10

SECTION VI. ECONOMIC FEASIBILITY ANALYSIS.....10

## SECTION I. PURPOSE

The City of Edgerton created Tax Incremental District #6 (TID #6) in 2000. The City subsequently amended the project plan and/or boundary in 2005 and 2011. The TID #6 boundary encompasses a majority of the historic downtown district. Other properties included in the TID boundary include the historic residential area north of Fulton Street as well as lands south and west of Lawton Street.

In 2011, the Joint Review Board approved an amendment to authorize expenditures within a half-mile of the District, authorize TID #6 as a donor to TID #7, and to add territory to the District.

The City is now proposing to add additional territory to TID #6 to accommodate two properties that have redevelopment potential within the remaining life of the District. The City also proposes to add project costs to allow for the acquisition of land for and development of a public parking lot within a half-mile of the District. However, the total level of authorized expenditures would not increase from the \$4,040,000 approved in 2000.

### Summary of Findings

As required by Wis. Stat. §66.1105, and as documented in this Project Plan Amendment #3 and the exhibits contained and referenced herein, the following findings are made:

1. That “but for” the creation of this District, and adoption of this amendment, the development projected to occur 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.
  - To support development within the District, the City will need to make a substantial investment to pay for the costs of necessary public infrastructure and to close financing gaps as needed to make private development economically feasible. Due to the extensive investment required, the City has determined that development of the area will not occur solely as a result of private investment. Accordingly, the City finds that absent the use of TIF, development of the area as described in the Plan is unlikely to occur.
2. The economic benefits of the amended Tax Increment 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 described in Section VI. Economic Feasibility Analysis, below, the City has opted not to take on some of the project costs outlined in the original Project Plan. The tax increments projected to be collected are expected to be sufficient to cover the additional costs to develop a future parking lot, and the total level of authorized spending is not being increased.
  - Redevelopment and/or expansion projects are expected to occur sporadically throughout the remaining life of the District. Any increment generated by new residential,

commercial or industrial construction may provide additional funding for infrastructure and development incentives.

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 properties being added to the District's boundaries would become effective for valuation purposes as of January 1, 2021. As of this date, the values of the land and existing improvements on the parcels would be frozen, and the property taxes collected on this base value would continue to be distributed amongst the various taxing entities as they are now. Taxes levied on any additional value on the parcels due to new construction, renovation or appreciation of property values occurring after January 1, 2021, would be collected by the TID and used to repay the costs of TIF-eligible projects undertaken within the District. Further, given the limited remaining life of TID #6, the overlying taxing jurisdictions will forego the receipt of the increase tax revenues for only another six years.
  - Since the development expected to occur on the added parcels is likely subject to extraordinary site and other costs, it is unlikely to take place or in the same manner or timeframe without the use of TIF. Because the amended District will generate economic benefits that are sufficient to compensate for the cost of the improvements, the City reasonably concludes that the overall benefits of the District, as amended, 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 forgone tax increments to be paid in the event the District is not amended. As required by Wis. Stat. §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 B of this plan.
4. The improvement of such area is likely to enhance significantly the value of substantially all of the other real property in the District.
5. The equalized value of taxable property being added to the District, plus the equalized value of taxable property to be included in proposed TID #9, plus the value increment of all existing tax increment districts within the City, does not exceed 12% of the total equalized value of taxable property within the City. This is described further in Section III.
6. More than 50%, by area, of the real property being added to the District is in need of rehabilitation or conservation work, as defined in Wis. Stat. § 66.1337(2m)(a).
7. The City estimates that approximately 50% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period, pursuant to Wis. Stat. §66.1105(5)(b) and 66.1105(6)(am)1.
8. The Project Plan for the District is economically feasible and is in conformity with the Comprehensive Plan of the City.

**SECTION II. DESCRIPTION OF HOW TID #6 WILL PROMOTE ORDERLY DEVELOPMENT OF THE CITY OF EDGERTON**

No change from last amendment.

**SECTION III. TAX INCREMENT DISTRICT BOUNDARY DESCRIPTION AND EQUALIZED VALUES**

The City proposes to amend the District Boundary to include two additional parcels, as depicted on Map 1. One parcel includes a former bank building located at 111 N. Main Street, which is currently vacant. This large parcel has strong potential for reuse, infill development, or redevelopment. The second parcel includes a former school building located at 116 N. Swift Street, which is currently in use by a manufacturing user, although much of the building is not utilized or occupied. This deep parcel has potential for reuse or infill development. Table 2 shows the two parcels with a total value of \$871,900 that are proposed to be added to the District. Additional right-of-way adjacent to the District boundary has also been added to the District. Map 1 shows the parcels proposed for addition (red shading), and Map 2 depicts the District's half-mile radius. Appendix B contains a revised legal description for the District.

This additional territory is being added to allow more opportunities to enhance the goals and objectives of the District in developing and revitalizing the downtown. Both parcels are privately owned. The City does not have any specific projects in mind at the present time but anticipates that there is potential for reuse or redevelopment of one or both parcels within the remaining life of the District.

As of January 1, 2020, the real and personal property in Tax Increment District #6 had an assessed value of \$922,100. The City's total equalized value was \$456,512,400. The base value of property in TID #6 plus the \$41,724,100 in value increment in the City's four existing TIF districts equals \$42,646,200 or 9.34% of the City's total. The City is simultaneously considering creating a new Tax Increment District #9 (TID #9), which would have a base value of \$3,707,600. Including the projected assessed base value of the parcels to be added to TID #9 to the total equals \$46,353,800, or 10.15% of the City's total. This is less than the 12% maximum currently permitted under the Tax Increment Law, as demonstrated in Table 1.

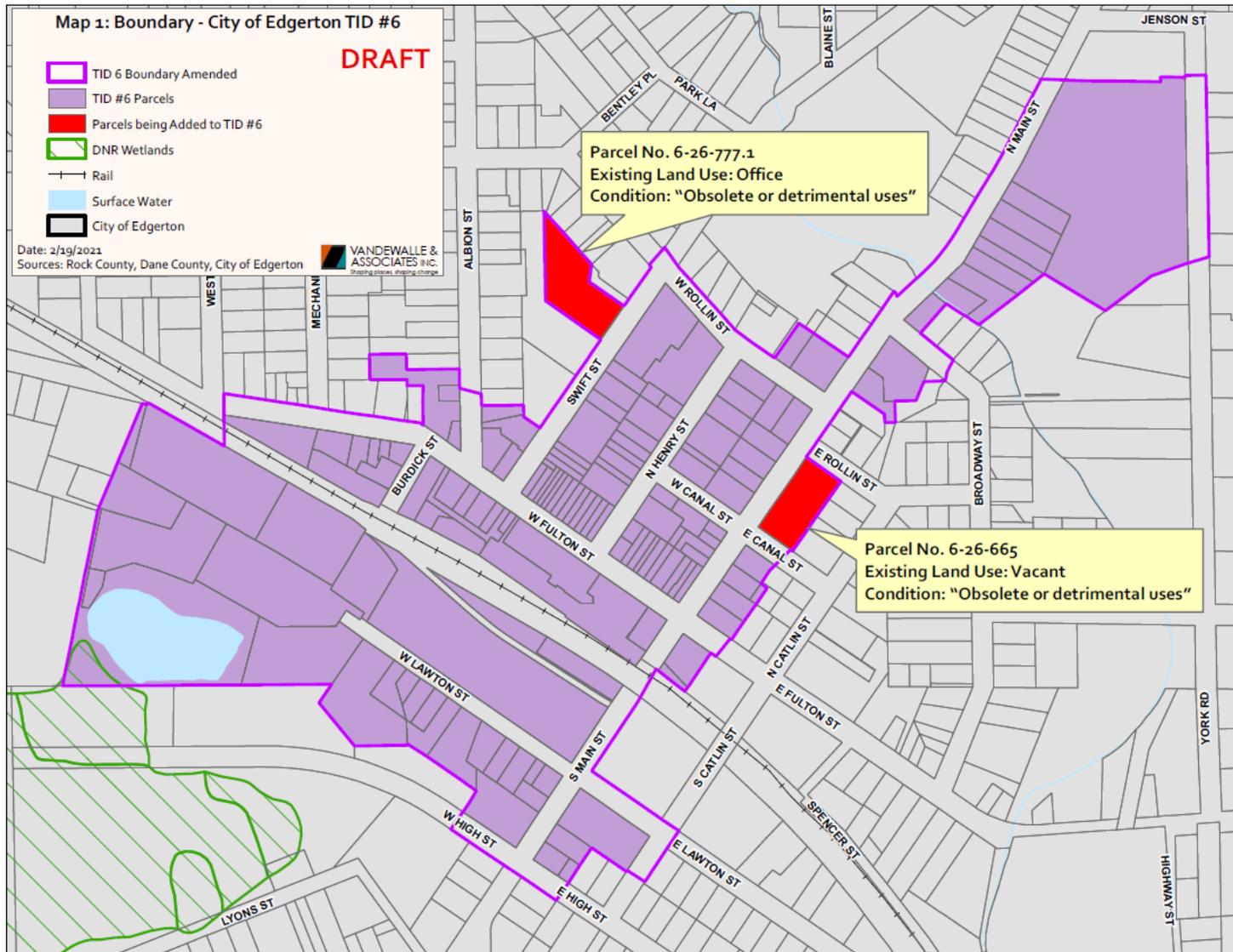
**Table 1: Valuation Test Compliance****12% Test**

<b>12% Test</b>		
Total City EAV (2020)		\$456,512,400
12% Test		\$54,781,488
<b>Increment of Existing TIDs</b>		
TID #5	3.20%	\$14,617,500
TID #6	4.14%	\$18,879,500
TID #7	0.49%	\$2,255,600
TID #8	1.31%	\$5,971,500
<b>Total Existing Increment</b>	<b>9.14%</b>	<b>\$41,724,100</b>
Projected Base of TID #9	0.81%	\$3,707,600
Projected Base of TID #6	0.20%	\$922,100
<b>Total Value Subject to 12% Test</b>		<b>\$46,353,800</b>
<b>Compliance</b>	<b>10.15%</b>	<b>PASS</b>

**Table 2: Parcels to Be Added to TID #6**

	Parcel No.	Owner	Property Address	Acres	Land	Imp	Total
1	6-26-777.1	I K I MFG CO INC	116 N. Swift Street	1.06	\$39,100	\$93,700	\$132,800
2	6-26-665	BANK ONE CORP	111 N. Main Street	0.80	\$57,000	\$682,100	\$739,100
<b>Totals</b>				<b>1.86</b>	<b>\$ 96,100</b>	<b>\$ 775,800</b>	<b>\$ 871,900</b>

### Map 1: Amendment #3 Parcels





#### **SECTION IV. EXISTING USES AND CONDITIONS OF REAL PROPERTY**

Although most recently home to a bank, the property at 111 N. Main Street is currently vacant. The parcel contains a one-story, colonial revival commercial building with a drive through at the rear. Between the drive through and parking areas, the site includes a relatively high amount of paved surfaces.

The property at 116 N. Swift Street includes a former public school building dating to the turn of the 20<sup>th</sup> century. It is currently being used for offices related to a manufacturing business. The building is only partially occupied for this purpose, and the property owner expects to relocate their office operations to their main facility on the west side of the City. The site includes a large parking lot at the rear, which is not fully used by the property owner.

Given their current conditions and uses, both parcels are found to be in need of rehabilitation or conservation work, as defined in Wis. Stat. § 66.1337(2m)(a).

#### **SECTION V. PROPOSED PUBLIC WORKS AND ESTIMATED COSTS**

The City may explore acquisition of property within a half-mile of the District for a public parking lot serving the downtown. The cost estimate below includes the cost of property acquisition and improvement of a parking lot is \$240,000. Expenditures may occur within one-half mile of the District boundary per Wis. Stat. §66.1105(2)(f)1.n. provided they are included in the District spending plan as approved by the Joint Review Board.

#### **SECTION VI. ECONOMIC FEASIBILITY ANALYSIS**

The City has opted not to take on all of the projects included in the original Project Plan for TID #6 and its subsequent amendments. Therefore, the proposed project cost for the new parking lot will be undertaken within the previous authorized level of project costs of \$9,424,468. As of the end of 2020, the City had spent a total of \$7,075,236. The City expects the total level of spending to fall within the previously authorized amount by the District's close in 2033 and that the District will close with a positive cash balance.

#### **SECTION VII. CONSISTENCY OF ACTIVITIES WITHIN TAX INCREMENT DISTRICT #6 WITH THE CITY ZONING ORDINANCE, MASTER PLAN AND OTHER DEVELOPMENT ORDINANCES**

The anticipated uses of both parcels are generally consistent with current zoning and the future land uses shown in the City of Edgerton Comprehensive Plan. The property located at 111 N. Main Street is zoned B-1, Local Business. The Comprehensive Plan recommends General Business use for the property. The property located at 116 N. Swift Street is zoned O-1, Office. The Comprehensive Plan recommends Neighborhood Office use for the property.

This District was created under the “in need of rehabilitation or conservation work” definition of Wis. Stat. §66.1137(2m)(a), allowing the City the flexibility of choosing to rezone parcels within the District if and when demand for rezoning takes place. Any zoning changes required to

implement the projects listed herein will be made in accordance with the zoning ordinance on a project by project basis.