

First Amendment

Village of Sister Bay

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This TID Project Plan was prepared by Bay-Lake Regional Planning Commission under Contract #08011-02 with funding provided by the Village of Sister Bay.

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Notes on Plan Amendment #1

The changes to the plan document are highlighted in **YELLOW**.

At the beginning of each section a note has been added the addresses any changes in the wording of the section. The note appears as follows: **The note appears as follows.**

STATEMENT OF PURPOSE AND INTRODUCTION

This First Plan Amendment is a territory subtraction and there are no other changes to the original purpose of the plan.

Tax Incremental Finance, or TIF, is a financing tool that allows municipalities to invest in infrastructure and other improvements, and pay for these investments by capturing property tax revenue from the newly developed property. An area is identified (the tax incremental district, or TID) as appropriate for a certain type of development, and projects are identified to encourage and facilitate the desired development. Then as property values rise, the property tax paid on that private development is used by the municipality to pay for the projects. The tax paid to the schools, county and technical college district (the overlying taxing jurisdictions) is also sent to the municipality to pay for the improvements. After the costs of the projects are paid off, the TID is closed and the value of all the new development gets shared by the municipality, schools, county and technical college as it does for other property.



The Village of Sister Bay Project Plan for Tax Incremental Finance District (TID) No. 1 was prepared under the authority provided by s. 66.1105(4)(f), Wis. Stats.

The Village of Sister Bay actively seeks opportunities for economic development in order to expand the local tax base, create jobs, and provide essential amenities to its residents. The purpose of creating TID No. 1 is to promote orderly development and necessary redevelopment of parcels within the central business district of the village along Green Bay of

Lake Michigan. The district includes roughly 162 acres and 137 parcels listed in Table 1. The total 2007 assessed value of these parcels to be included within TID No. 1 is \$41,420,400, which is 9.7 percent of the total equalized value of Sister Bay of \$428,044,700.

TID No. 1 is planned for mixed-use development, which includes residential, commercial, recreational, and municipal land uses. No industrial development is planned for within the district. The land platted for new residential use does not exceed 35 percent, by area, of the real property within the district. The TID encompasses a very important area of the village currently determined to be underutilized with some blighted parcels. **Maps 1 and 2** outline the boundary and identifies each of the parcels located within the proposed TID.

The projects outlined in this plan will benefit not only existing and future businesses in the area but the entire village through the upgrades and expansion of existing municipal services. During the life of the TID, the village is proposing constructing more recreational facilities; removing underutilized buildings and developing vacant parcels; replacing and improving streets, stormwater, water and sewer lines; and realigning streets to maximize bayside properties. The proposed projects planned for the district are illustrated on **Map 3**.



Table 1: Parcel Listing for Proposed TID No. 1

Table 1: Parcel Listing for Proposed TID No. 1, continued

Table 1: Parcel Listing for Proposed TID No. 1, continued

Source: Door County and Village of Sister Bay, 2008.

I. PROPOSED PROJECTS

This First Plan Amendment is a territory subtraction and there are no other changes to the original proposed projects. The original schedule should be adjusted for additional two years of time for implementation.

The following is a list of proposed public works or improvement projects with estimated costs for TID No. 1. This plan is neither meant to be a budget nor an appropriation of funds for specific projects, but a framework within which to manage projects. All costs included in the plan are estimates based on the best information available. The village retains the right to delete projects or change the scope and/or timing of projects implemented as they are individually authorized by the Board of Trustees, without amending the plan.

The utility projects listed are anticipated to be priority items and will likely be funded prior to other listed project costs. The project plan budget, on the preceding page, represents an expenditure of \$15,339,261. All costs are based on 2007 prices and are preliminary estimates. The project costs include a 5 percent inflationary increase for each of the project years except for the 2013-2020 period. The estimated cost of inflation is \$4,422,014 which brings the total estimated cost of the TIF district improvement to \$19,761,275.

The village reserves the right to increase these costs to reflect inflationary increases beyond what is anticipated over a 5 year period, and other uncontrollable circumstances between 2007 and the time of construction. However, to the extent project costs exceed an increase of 15 percent over the current estimate, which is \$19,761,275, the village shall require an amendment to the District to be commenced. The village also reserves the right to increase certain project costs to the extent others are reduced or not implemented, without amending the Plan. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the plan.

Year 2011:

• Waterfront existing pier structures removal	\$269,650
• Waterfront park improvements, plaza area, concert lawn, volleyball courts, playground expansion, landscaping, trees, pavilion	\$369,813
• Playground expansion	\$75,000
• Area H interim solution sanitary lift station	\$506,000
• Remove Casperson dock structures dredging & transient docks at Marina	\$778,688
Original Total	\$1,999,151
Revised Total	\$1,493,151

Year 2012:

• Harbor protection, construction breakwater, swim dock establish beach, swim platform and storm water facility relocation	\$1,506,250
• Install several storm sewer connections to Bay Shore including Sunset	\$143,000

• Streets and storm sewers (Added)	\$501,945
• Sanitary and water mains (Added)	\$1,290,715
• Install swamp lift station outfall pipe on Sunset	\$200,000
Original Total	\$1,879,250
Revised Total	\$3,641,910

Year 2013:

• Relay the sanitary and water mains in Bay Shore Drive	\$584,535
• Bury the overhead lines on Bay Shore Drive	\$1,000,000
• Waterfront Park phase 2 improvements Mill Road realignment to Parkview Drive including sidewalks and storm sewer	\$518,075
• Sunset Timber Ridge Woodcrest NCD overflow pipe	\$41,000
• Country Walk water line connection	\$32,000
• Highway 57 near Canterbury Drive water line connection	\$24,000
• Waterfront Park phase 2 improvements Mill Road relay of water, sanitary and electric lines	\$218,750
• Waterfront Park phase 2 improvements beach house, expansion, irrigation system, landscaping, plaza and sidewalks	\$686,875
Original Total	\$3,105,235

Year 2014:

• Bay Shore Drive reconstruction Village share of local costs	\$500,000
• Watershed 3900 storm water improvements Bluffside	\$32,000
• Elevated 150,000 gallon water storage tank at WWTP site	\$205,500
• Tank engineering, inspection and contingency	\$63,000
Original Total	\$800,500

Years **2015-2021**:

• Combine high pressure and low pressure zones	\$55,000
• Scandia Road east storm sewer	\$170,000
• Country Walk reconstruction	\$800,000
• Purchase property (Change)	\$750,000
• Phase 4 Waterfront project improvements including sidewalks and landscaping	\$280,125
• Purchase Al Johnson's west of Bay Shore retail and marina	\$5,000,000
Original Total	7,555,125\$
Revised Total	\$7055,125
Old Gross Total	\$15,339,261
New Gross Total	\$16,095,921

Finance and Related Bonding Costs:

There may be additional financial costs associated with establishing and financing a tax incremental financing district. These costs can include payments of interest, financial consulting, or related bonding costs necessary to secure funding for construction of the proposed projects. The cost for issuance of bonds and bank notes shall be included in the overall cost of the issuance. No other financial issuance costs are anticipated.

It is anticipated that the creation of TID No. 1 and the issuance of debt will increase the amount of time and expense for the financial audit. Based on the expected complexity of proposed TID No. 1, 15 percent of the costs of the audit completed each year will be charged as an expense to the district.

Developer Incentives:

As stated in s. 66.1105, Wis. Stats., the village has the option to offer financial incentives to developers who have an interest in investing within the district. Financial incentives using tax increment proceeds can vary depending upon the size and type of project proposed for the district. At the present time there are no proposals before the village requesting cash grants from the village. The village has not established a policy regarding cash grants at this time.

To the extent that cash grants, loans, interest-free loans or other developer incentives are required to promote the revitalization of the District, such incentives will be accompanied by the required Development Agreement, a copy of which will be sent to the members of the Joint Review Board. Cash grants, if any, will be used only in situations where the Village Board of Trustees has determined that the assisted development will provide reasonable new incremental value in comparison to the amount of the grant and other village project costs, without, based on the reasonably anticipated economic performance of the District, increasing the life of the District beyond 20 years.

Other Costs:

Other costs may involve administrative, accounting, engineering, and or related services deemed necessary and appropriate for the development of the Village of Sister Bay Tax Incremental Financing District No. 1. The operation and oversight of a district this size and complexity over the years will require considerable amount of support for successful implementation of the many projects outlined within the project plan. Based on administration time estimates starting with the adoption of the Comprehensive Utilities Plan Advisory Committee report and approval of the project plan, it is anticipated 30 percent of the Administrator's personnel costs, 10 percent of the Utility Manager's personnel costs, five percent of the Finance Director's personnel costs, and five percent of the Administrative Assistant's personnel costs will be charged to the district.

The village will also charge 10 percent of the cost of operating the Administrative Building, including utilities, maintenance, and operation expenses, and the fess for legal fees provided by the village Attorney for project-related expenses. The total administrative cost to operate and oversee TID No. 1 is estimated to be \$60,642 annually.

II. ECONOMIC FEASIBILITY STUDY

This First Plan Amendment is a territory subtraction and there are no other changes to the original economic feasibility study.

The economic feasibility study is as a comparison of projected costs and revenues in the tax incremental district. Under Wisconsin's Tax Incremental Law, the property taxes paid each year

on the increase in value of the tax incremental district may be used by the village to pay the project costs. The increase in value is determined by taking the district’s current value and deducting the value in the district that existed when the district was created or base value. All would be taxes paid upon this incremental value by the village, school district, county, and technical college are allocated to the village for payment of projected costs and are called tax increments. State property taxes on the increment value must still be paid to the state. For purposes of financial evaluation, a tax rate of \$10.72 per \$1,000 of property value was used. This represents the village’s most current equalized full mil levy.

Table 2 highlights an historical review of the allowable debt capacity the village could legally maintain from 2001 to 2006, and what Sister Bay’s projected debt available may be using a six (6) percent average growth rate in equalized value from 2008 through 2017.

Table 2: Public Indebtedness, Village of Sister Bay, 2001-2017

Year	Equalized Value	Percent Change	G.O. Limit
2001	\$296,492,000		\$14,824,600
2002	\$311,495,300	5.1%	\$15,574,765
2003	\$338,049,500	8.5%	\$16,902,475
2004	\$350,203,400	3.6%	\$17,510,170
2005	\$373,585,100	6.7%	\$18,679,255
2006	\$400,941,900	7.3%	\$20,047,095
2007	\$428,044,700	6.0%	\$21,402,235
2008	\$455,366,702	6.0%	\$22,768,335
2009	\$484,432,662	6.0%	\$24,221,633
2010	\$515,353,896	6.0%	\$25,767,695
2011	\$548,248,825	6.0%	\$27,412,441
2012	\$583,243,431	6.0%	\$29,162,172
2013	\$620,471,735	6.0%	\$31,023,587
2014	\$660,076,314	6.0%	\$33,003,816
2015	\$702,208,845	6.0%	\$35,110,442
2016	\$747,030,686	6.0%	\$37,351,534
2017	\$794,713,495	6.0%	\$39,735,675

Source: Wisconsin Department of Revenue, 2008 and Bay-Lake Regional Planning Commission, 2008.

ANTICIPATED DEVELOPMENT

The area proposed for TID No. 1 is projected to be mixed use-residential, commercial, and recreational development. Proposed TID No. 1 is located in the central part of the village primarily along Green Bay of Lake Michigan. The village’s staff and officials have developed an estimate of the type of development that can be expected as seen on **Map 4**. Potential development with projected values is listed in Table 3. It is anticipated that approximately \$52.6 million of new development will take place within the district during the next ten years.



According to s. 66.1105(4)4c, Wis. Stats., TID No. 1 may not exceed 12 percent or \$51,365,364 of the total equalized value of the village, which was \$428,044,700 as of January 2007. With the phased new development and continued increase in the village's equalized value over the next 10 years as projected in Table 2, the value of the district is not anticipated to exceed the 12 percent threshold as defined in the Wisconsin State Statutes.

Table 3: Projected Additional Equalized Value for TID No. 1

Projected Timeframe	Description	Total
2009-2016	130 New Homes at \$120,000 each (in the area of parcels 8, 9, 10)	\$15,600,000
2009	Commercial Development (in the area of parcels 117-123)	\$3,000,000
2015	Commercial Development (in the area of parcels 117-123)	\$3,000,000
2009	Hotel (in the area of parcels 109 and 110)	\$10,000,000
2009-2011	Hotel Facility (w/Condominiums and Commercial) (in the area of parcel 104)	\$15,000,000
2012	Commercial Development (in the area of parcel 27)	\$5,000,000
2012	Residential and Commercial Development (in the area of parcels 47-52)	<u>\$1,000,000</u>
	Total	\$52,600,000

Source: Village of Sister Bay, 2008.

For the Village of Sister Bay Tax Incremental District No. 1, it is assumed that all project expenditures will be made by the summer of 2020. According to s. 66.1105, Wis. Stats., all project expenditures must be made no later than five years from the expected termination date of the tax incremental district. There is an expected lag time of about 18-24 months from the date of construction of the taxable property improvements to the date that property tax revenue increments are received by the village. For example, new taxable development in 2008 will not be assessed until January 1, 2009, and the property tax payments will not be made until January and July 2010. Similarly, tax increments accrued during 2025 will not be paid until January and July of 2026.

III. DESCRIPTION OF THE METHODS OF FINANCING AND THE TIME WHEN SUCH COST OR MONETARY OBLIGATIONS ARE INCURRED

This First Plan Amendment is a territory subtraction and there are no other changes to the original methods of financing or project scheduling.

As of December 31, 2007, the Village of Sister Bay had a total equalized valuation of \$428,044,700 with an allowable General Obligation Debt limit of \$21,402,235 (5 percent). The

village maintains a relatively low General Obligation Debt; therefore, enabling Sister Bay to access money through this means to pay for a portion of the projects outlined in Table 3.

Projection of tax increment revenues is illustrated on Table 4. The phasing of the new development has been spread out over the initial eight to ten years of the tax incremental financing district. Approximately 70 percent of the development or \$52.6 million projected to occur within the initial five years with the remaining 30 percent occurring between years six and nine years of the TID.

Table 4: TID No. 1 Projected Tax Increments

Year	District Valuation	Inflation Increment	Re-assessment Increment	Construction Increment	Total Value Increment by Year Generated		Tax Increment by Year Collected	
					Annual	Cumulative	Annual	Cumulative
2008	\$41,420,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2009	\$41,420,700	\$0	\$0	\$19,950,000	\$0	\$0	\$0	\$0
2010	\$61,370,700	\$1,242,621	\$0	\$6,950,000	\$19,950,000	\$19,950,000	\$213,864	\$213,864
2011	\$69,563,321	\$1,841,121	\$0	\$6,950,000	\$8,192,621	\$28,142,621	\$301,689	\$515,553
2012	\$78,354,442	\$2,086,900	\$0	\$7,950,000	\$8,791,121	\$36,933,742	\$395,930	\$911,483
2013	\$88,391,342	\$2,350,633	\$0	\$1,950,000	\$10,036,900	\$46,970,642	\$503,525	\$1,415,008
2014	\$92,691,975	\$2,651,740	\$0	\$1,950,000	\$4,300,633	\$51,271,275	\$549,628	\$1,964,636
2015	\$97,293,715	\$2,780,759	\$0	\$4,950,000	\$4,601,740	\$55,873,015	\$598,959	\$2,563,595
2016	\$105,024,474	\$2,918,811	\$0	\$1,950,000	\$7,730,759	\$63,603,774	\$681,832	\$3,245,427
2017	\$109,893,286	\$3,150,734	\$0	\$0	\$4,868,811	\$68,472,586	\$734,026	\$3,979,453
2018	\$113,044,020	\$3,296,799	\$0	\$0	\$3,150,734	\$71,623,320	\$767,802	\$4,747,255
2019	\$116,340,819	\$3,391,321	\$0	\$0	\$3,296,799	\$74,920,119	\$803,144	\$5,550,399
2020	\$119,732,139	\$3,490,225	\$0	\$0	\$3,391,321	\$78,311,439	\$839,499	\$6,389,898
2021	\$123,222,364	\$3,591,964	\$0	\$0	\$3,490,225	\$81,801,664	\$876,914	\$7,266,811
2022	\$126,814,328	\$3,696,671	\$0	\$0	\$3,591,964	\$85,393,628	\$915,420	\$8,182,231
2023	\$130,510,999	\$3,804,430	\$0	\$0	\$3,696,671	\$89,090,299	\$955,048	\$9,137,279
2024	\$134,315,429	\$3,915,330	\$0	\$0	\$3,804,430	\$92,894,729	\$995,831	\$10,133,111
Totals		\$44,210,059	\$0	\$52,600,000	\$92,894,729		\$10,133,111	

*Assumptions:
 1) Base value of property \$41,420,700
 2) 2007 Total tax rate = \$10.72/\$1000.00
 3) Yearly inflation rate of 3.0 %

Net Present Value @ 5% = \$6,196,710.41

Source: Bay-Lake Regional Planning Commission, 2008.

As shown above in Table 4, the total cumulative value of the increments collected during the next 15 years is \$10.1 million. Additionally, the Net Present Value (NPV) compares the value of a dollar today to the value of that same dollar in the future, taking inflation and returns into account. The annual increments are summarized to arrive at a NPV of the anticipated increments to be \$6.2 million, which represents the amount of improvements that could be supported by the projected taxable development assuming an interest rate of five (5) percent.



Table 5 provides a potential amortization schedule, if the village chooses to borrow some of the money needed to pay for the planned projects. The amortization schedule below is based on \$6 million to be paid over a 20-year repayment schedule at an annual interest rate of five (5) percent. The village's annual payment is \$481,456.

If the village pays for \$6 million in projects costs through loans or bonds, the remaining project costs could be paid for the sale of land, user or impact fees, lease revenue bonds, grants, or other financing method. Based on proposed debt to finance the proposed projects and the forecasted growth in the annual increment, the village can anticipate having a positive cash flow on the district by 2015.

The financing terms, conditions, and methods will depend on the success of the district to generate new revenue and the timeline for implementation of the projects outlined earlier in this

plan. Sister Bay will seek assistance from the appropriate advisors to determine the best and most appropriate financing method to be used for the proposed projects as the district continues to mature.

Table 5: Amortization Schedule

LOAN SUMMARY						
Loan amount:	\$6,000,000.00					
Annual interest rate:	5.00%					
Term in years:	20					
Payments per year:	1					
First payment due:	1/1/2010					
ANNUAL PAYMENT						
Entered payment:						
Calculated payment:	\$481,455.52					
CALCULATIONS						
Use payment of:	\$481,455.52	Beginning balance at payment 1:			6,000,000.00	
1st payment in table: 1		Cumulative interest prior to payment			0.00	
No.	Payment Date	Beginning Balance	Interest	Principal	Ending Balance	Cumulative Interest
1	1/1/2010	6,000,000.00	300,000.00	181,455.52	5,818,544.48	300,000.00
2	1/1/2011	5,818,544.48	290,927.22	190,528.30	5,628,016.18	590,927.22
3	1/1/2012	5,628,016.18	281,400.81	200,054.71	5,427,961.46	872,328.03
4	1/1/2013	5,427,961.46	271,398.07	210,057.45	5,217,904.01	1,143,726.11
5	1/1/2014	5,217,904.01	260,895.20	220,560.32	4,997,343.69	1,404,621.31
6	1/1/2015	4,997,343.69	249,867.18	231,588.34	4,765,755.35	1,654,488.49
7	1/1/2016	4,765,755.35	238,287.77	243,167.76	4,522,587.60	1,892,776.26
8	1/1/2017	4,522,587.60	226,129.38	255,326.14	4,267,261.45	2,118,905.64
9	1/1/2018	4,267,261.45	213,363.07	268,092.45	3,999,169.00	2,332,268.71
10	1/1/2019	3,999,169.00	199,958.45	281,497.07	3,717,671.93	2,532,227.16
11	1/1/2020	3,717,671.93	185,883.60	295,571.93	3,422,100.00	2,718,110.76
12	1/1/2021	3,422,100.00	171,105.00	310,350.52	3,111,749.48	2,889,215.76
13	1/1/2022	3,111,749.48	155,587.47	325,868.05	2,785,881.43	3,044,803.23
14	1/1/2023	2,785,881.43	139,294.07	342,161.45	2,443,719.98	3,184,097.30
15	1/1/2024	2,443,719.98	122,186.00	359,269.52	2,084,450.46	3,306,283.30
16	1/1/2025	2,084,450.46	104,222.52	377,233.00	1,707,217.46	3,410,505.83
17	1/1/2026	1,707,217.46	85,360.87	396,094.65	1,311,122.80	3,495,866.70
18	1/1/2027	1,311,122.80	65,556.14	415,899.38	895,223.42	3,561,422.84
19	1/1/2028	895,223.42	44,761.17	436,694.35	458,529.07	3,606,184.01
20	1/1/2029	458,529.07	22,926.45	458,529.07	0.00	3,629,110.46

Source: Bay-Lake Regional Planning Commission, 2008.

VI. LIST OF NON-PROJECT COSTS

This First Plan Amendment is a territory subtraction and there are no other changes to the original list of non-project costs.

At this time, there are no non-project costs expected to be included in the project.

V. PROPOSED CHANGES IN ZONING ORDINANCES, MASTER PLAN, BUILDING CODES, MAP, AND CITY ORDINANCES

This First Plan Amendment is a territory subtraction and there are no other changes to the zoning code, master plan, building codes that affect the original project plan.

The Village of Sister Bay prepared a future land use map as part of their adopted comprehensive plan. The village went through a complete rezoning to comply with future growth needs as outlined within the comprehensive plan. The 162 acres that will comprise TID No. 1 are slated for mixed-use development. Proposed development within TID No. 1 is consistent with the land use map the Village of Sister Bay developed five years ago.

VII. PROPOSED PLAN FOR RELOCATING ANY DISPLACED PERSONS OR BUSINESSES

This First Plan Amendment is a territory subtraction and there are no other changes to the original plan for relocation.

No relocation of any existing persons or businesses is anticipated in the creation of TID No. 1.

VIII. PROMOTION OF ORDERLY GROWTH

This First Plan Amendment is a territory subtraction and there are no other changes to the original project plan which affects the promotion of orderly growth.

The proposed use of tax incremental financing by the Village of Sister Bay will support the long-range plans of the village and promote the orderly growth within Sister Bay's downtown area. The village's comprehensive land use plan indicates the proposed TID No. 1 is appropriate for the residential, commercial, municipal, and recreational development areas as proposed.

IX. MAP SHOWING EXISTING USES AND CONDITIONS OF PROPERTY IN THE DISTRICT

This First Plan Amendment is a territory subtraction and there are no other changes to the original project plan, mapping showing existing uses and conditions of property.

Existing uses and of real property in TID No. 1 are shown on **Maps 5 and 6**. Existing Zoning for the parcels within the district is illustrated on **Maps 7 and 8**.

X. MAP SHOWING PROPOSED IMPROVEMENTS AND USES IN THE DISTRICT

This First Plan Amendment is a territory subtraction and there are no other changes to the original project plan and uses in the district.

Map 4 highlights the proposed development projects to be completed within TID No. 1.

XI. JOINT REVIEW BOARD INFORMATION

This First Plan Amendment is a territory subtraction and there are no other changes to the original project plan.

Each overlying taxing jurisdictions impacted by the TID partnership shares a common goal that the expenditures within the district will promote increased property tax base growth that would not have otherwise occurred. However, each tax district is affected differently depending on increasing value within the TID compared to its total value. Each Joint Review Board (JRB) member should each analyze how the projected revenue of the TID affects their respective governmental entity.

Municipal Representative

If a TID is effective and property values grow, the overlying taxing jurisdictions will forgo the increase in property tax revenues until the municipality recoups its investment in the district

when the district is closed. If the TID does not grow as planned, village taxpayers will ultimately pay much of the costs through an increase in local taxes.

School District Representative

The Gibraltar School District will not have the benefit, for local tax purposes, of any expanded property tax base in the TID until the TID is terminated, which can take up to 23 years. This delay can be justified if it is concluded the growth in the property tax base would not have occurred without the TID during that period. Details for the impact on the Gibraltar School District can be obtained from your school district business manager.

Technical College Representative

Northeast technical College (NWTC), like the Gibraltar School District, forgoes the benefits of any increased property tax base until the TID is terminated. If it can be concluded growth would not have occurred without the TID during that period, it is ultimately beneficial to the technical college district's finances to have the TID in place to stimulate development. Conversely, if the growth would have occurred without the TID, the technical college district will have a higher tax rate than if the TID had not been created. Details for the technical college district can be obtained from NWTC's business manager.

County Representative

Door County is affected in the same manner as schools and technical colleges. Benefit of any property tax base increase is foregone until the TID is terminated. Details on the financial impact on the county can be obtained from the county treasurer.

STATUTORY FEASIBILITY CRITERIA

As stated in s. 66.1105 (4m)(c)(1), Wis. Stats., the Joint Review Board is to base its approval of the TID Project Plan utilizing the following three criteria:

1. Whether the development expected in the tax incremental district would occur without the use of tax incremental financing;
2. Whether the economic benefits of the tax incremental district, as measured by increased employment, business and personal income and property value, are insufficient to compensate for the cost of the improvements; and
3. Whether the benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.

Additionally, the JRB shall issue a written explanation describing why any proposal it rejects fails to meet one or more of these criteria. The following section outlines the reasons why the TID Project Plan should be approved by the Joint Review Board, and furthermore, presents data in support of the TID, which is also required by the State Statutes to address the following issues:

- A. A list of project costs, tax increments and increased property values;
- B. Why property owners in the TID District should not pay for public improvements;
- C. The share of tax increments paid by other taxing entities, and
- D. The benefits received to compensate for tax increments.

CRITERION 1: Whether the development expected in the tax incremental district would occur without the use of tax incremental financing;

TID No. 1 will facilitate mixed-use development in the central portion of the Village of Sister Bay. The district will have new infrastructure installed that will promote more orderly and complimentary development. The TID No. 1 will enable these improvements and realignment of streets to be constructed in a cost effective and timely manner. The planned development for the district will take better advantage of the desirable location along the bay and support existing businesses and future employers and retailers looking to locate in Sister Bay.

A large portion of the residential, commercial, and recreational developments anticipated in the district would not likely occur without the benefit of tax incremental financing. The costs of infrastructure improvements outlined in the Project Plan in TID No. 1 would pose an undue financial hardship on developers. If profit margins for private development are not within an acceptable range, the public improvement costs could offset any profit margins and new private investment would not occur. Without adequate financing through the TID, it is not feasible to finance the proposed infrastructure improvements needed for development. Additionally, the village concludes that this type of development would occur much later, or not at all, without the TID.

CRITERION 2: Whether the economic benefits of the tax incremental district, as measured by increased employment, business and personal income and property value, are insufficient to compensate for the cost of the improvements.

Economic benefits are measured by an increase in employment, income, and property values and are a function of the amount of development that could reasonably be expected to occur in the future as shown in Table 6. Projections of employment and income and property values are derived from these development projections.

Table 6: TID No. 1: Direct Property Value, Jobs, and Income

TIF Revenue Created	\$10,133,111
Value of New Development	\$52,600,000
Property Value Increase	\$62,733,111
Permanent Jobs Created	100
Annual Income Created*	\$3,322,400
TID Increment (Revenue) Created per Job	\$101,331
Project Cost Per Job**	\$153,393

Source: Bay-Lake Regional Planning Commission, 2008.

* Based on annual income of \$33,224 per job.

**Based on a total project cost of \$15,339,261.

Of particular value to the Village of Sister Bay is the creation and retention of jobs and the resulting growth in population. Based on review of the proposed new developments, it can be anticipated that 100 new jobs will be created, which will result in additional population growth in the service area of the village generally defined as the Gibraltar School District boundary. It is likely that many of the jobs will be filled by existing residents already within the district. However, the lack of jobs for existing residents has lead to an overall decline in school enrollment, which is a function of family supporting jobs in the region as compared to an increase in retiree population. The creation of jobs will allow more individuals to be able to afford to live within the village.

CRITERION 3: Whether the benefits outweigh the loss in tax revenues

The Village of Sister Bay is proposing to create a tax incremental financing district within the central part of the village to stimulate economic development activity. The district will be a mix of land uses, including residential, commercial, and recreational. With the relatively flat rate of growth the Village of Sister Bay has experienced within the past several years, the district is expected to create substantial private investment and create jobs to attract families with children to reside within the village.

The project plan outlines numerous projects, such as upgrades and relocation of existing utilities; remediation of underutilized and blighted properties for a higher and better use; and to generate revenue to help alleviate some of the burdensome costs to developers seeking to invest within the district. The anticipated \$52 million in private investment will offset the \$15.3 million in costs to make the necessary infrastructure improvements; therefore, the village will not need to invest any additional tax dollars for these projects. Without a tax incremental financing district, the village will not be able make the investments in infrastructure and properties in an orderly, planned, and timely manner. The result will be the loss of private investment, continued underutilized properties, and an inadequate infrastructure to handle the long-term needs of the village.

LIST OF PROJECT COSTS, TAX INCREMENTS, AND INCREASED PROPERTY VALUES.

A detailed list of project costs is outlined for Tax Incremental Financing District No. 1 on Pages 5 and 6. Tables 3, 4, and 6 highlight the projection for annual tax increments due to the new investments and increased property values within the district.

WHY PROPERTY OWNERS IN THE DISTRICT SHOULD NOT PAY FOR PUBLIC IMPROVEMENTS.

There are several reasons why the property owners in the TID should not pay for the proposed infrastructure improvements:

- The project costs are too great to be assessed against owners of property directly abutting or contain the proposed improvements. Potential investors would find it cost-prohibitive to fund major redevelopment, road, and water system improvements necessary for the development within the district without this financing tool in place.
- Property owners within the district will be paying for a portion of the improvement costs through their property taxes paid to the village during the life of the TID. The village has established a special assessment policy that does not levy special assessments for the replacement of assessable improvements. This means that a property owner will not be assessed for the initial installation of an improvement and then a second time when it is being replaced. The public improvements proposed within this district are replacements of existing facilities and not assessable. They will not be assessed a special assessment for the listed projects because their property is located within the district and will only experience an increase in property taxes due to increased value (tax increment) or increase in tax rate from one or more of the overlying taxing jurisdictions. Property owners outside the district will not be assessed a special assessment to pay for the improvements within the proposed district. They too will only experience an increase in property taxes to due increased value or increase in tax rate from one of the overlying taxing jurisdictions.

- All development projects in the village are subject to the requirements of the development agreement process. As part of the project, review developers are required to fund some or all of the new infrastructures costs required for their projects. These improvement costs would not be TID project costs and may be assessable if not paid in full as required by the development agreement.

THE SHARE OF TAX INCREMENTS PAID BY OTHER TAXING ENTITIES.

Using the information previously contained in the economic feasibility section of this Project Plan, the expected share of increments to be paid throughout the life of the TID for each overlying tax district is shown in Table 6. The 2007 Total Tax Rate of \$10.72/\$1,000 of equalized value was used in this calculation. The money owed to the State of Wisconsin of 1.5 cents per \$1,000 of equalized value is not figured into the tabulations and will continue to be paid to the state during the life of the district.

Table 7: Projected TID Revenue Apportionment

Year	Expected TIF Revenue	Door County (29.16%)		Gibraltar School District (22.50%)		NWTC (13.16%)		V. Sister Bay (33.65%)	
		TIF Revenue Apportionment	Cumulative TIF Revenues	TIF Revenue Apportionment	Cumulative TIF Revenues	TIF Revenue Apportionment	Cumulative TIF Revenues	TIF Revenue Apportionment	Cumulative TIF Revenues
2008	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2009	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2010	\$213,864	\$62,363	\$62,363	\$48,119	\$48,119	\$28,145	\$28,145	\$71,965	\$71,965
2011	\$301,689	\$87,972	\$150,335	\$67,880	\$115,999	\$39,702	\$67,847	\$101,518	\$173,484
2012	\$395,930	\$115,453	\$265,788	\$89,084	\$205,084	\$52,104	\$119,951	\$133,230	\$306,714
2013	\$503,525	\$146,828	\$412,616	\$113,293	\$318,377	\$66,264	\$186,215	\$169,436	\$476,150
2014	\$549,628	\$160,272	\$572,888	\$123,666	\$442,043	\$72,331	\$258,546	\$184,950	\$661,100
2015	\$598,959	\$174,656	\$747,544	\$134,766	\$576,809	\$78,823	\$337,369	\$201,550	\$862,650
2016	\$681,832	\$198,822	\$946,367	\$153,412	\$730,221	\$89,729	\$427,098	\$229,437	\$1,092,086
2017	\$734,026	\$214,042	\$1,160,409	\$165,156	\$895,377	\$96,598	\$523,696	\$247,000	\$1,339,086
2018	\$767,802	\$223,891	\$1,384,300	\$172,755	\$1,068,132	\$101,043	\$624,739	\$258,365	\$1,597,451
2019	\$803,144	\$234,197	\$1,618,496	\$180,707	\$1,248,840	\$105,694	\$730,432	\$270,258	\$1,867,709
2020	\$839,499	\$244,798	\$1,863,294	\$188,887	\$1,437,727	\$110,478	\$840,911	\$282,491	\$2,150,201
2021	\$876,914	\$255,708	\$2,119,002	\$197,306	\$1,635,033	\$115,402	\$956,312	\$295,082	\$2,445,282
2022	\$915,420	\$266,936	\$2,385,939	\$205,969	\$1,841,002	\$120,469	\$1,076,782	\$308,039	\$2,753,321
2023	\$955,048	\$278,492	\$2,664,431	\$214,886	\$2,055,888	\$125,684	\$1,202,466	\$321,374	\$3,074,694
2024	\$995,831	\$290,384	\$2,954,815	\$249,157	\$2,305,045	\$131,051	\$1,333,517	\$335,097	\$3,409,792
Totals	\$10,133,111	\$2,954,815		\$2,305,045		\$1,333,517		\$3,409,792	

Source: Wisconsin Department of Revenue, 2007; Bay-Lake Regional Planning Commission, 2008.

BENEFITS RECEIVED TO COMPENSATE FOR TAX INCREMENTS.

Several of the benefits received by property owners as compensation for their share of the increments are easily identified:

- Increased value of the overall district would not likely happen without the Tax Increment Finance District. When the TID is terminated, the increased value will become part of the tax base for all taxing jurisdictions. Theoretically, the result should be a decrease in the overall tax rates.
- Increased job opportunities, property values, and personal income within the village;



- Elimination of underutilized properties;
- Higher use of parcels located on and adjacent to Green Bay of Lake Michigan;
- Increased number and quality of recreational opportunities;

- Improved efficiency of government operations with expanded and improved facilities;
- Improvement to the routing and capacity of infrastructure; and
- Consistent development promoted by the village's overall land use plan.



Map 1: TID No. 1 Boundary Map and Parcels (North)

Map 2: TID No. 1 Boundary Map and Parcels (South)

Map 3: TID No. 1 Proposed Project Map

Map 4: TID No. 1 Proposed Development Map

Map 5: TID No. 1 Land Use and Condition (North)

Map 6: TID No. 1 Land Use and Condition (South)

Map 7: TID No. 1 Existing Zoning (North)

Map 8: TID No. 1 Existing Zoning (South)

APPENDIX

Attorney's Opinion

Notice of Public Hearing and Affidavit of Publication

Notices Sent to Local Governmental Entities

Project Plan Approval Resolution-Plan Commission

Project Plan Approval Resolution-Village Board

Project Plan Approval Resolution-Joint Review Board