

**CITY OF NEENAH TAX INCREMENT DISTRICT #6  
PROJECT PLAN  
DISTRESSED DESIGNATION AMENDMENT  
SOUTHPARK INDUSTRIAL CENTER**



DATE ADOPTED BY COMMON COUNCIL:  
DATE ADOPTED BY JOINT REVIEW BOARD:  
EXPENDITURE DEADLINE:  
TID #6 EXPIRATION DATE:



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Aldersperson District 1  
Aldersperson District 1  
Aldersperson District 2  
Aldersperson District 2  
Aldersperson District 2  
Aldersperson District 2  
Aldersperson District 3  
Aldersperson District 3  
Aldersperson District 3

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Director of Finance  
Director of Community Development  
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Office Manager of Community Development  
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Neenah Joint School District  
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**CITY OF NEENAH TAX INCREMENT DISTRICT #6**  
**PROJECT PLAN**  
**DISTRESSED DESIGNATION AMENDMENT**  
*Effective January 1, 2015*

**TABLE OF CONTENTS**

1. TAX INCREMENT DISTRICT #6 SUMMARY FINDINGS	1
2. INTRODUCTION	2
3. DISTRICT BOUNDARY DEFINITION	3
4. NAME OF DISTRICT	3
5. CREATION DATE	3
6. PROPOSED IMPROVEMENTS AND PROJECT COSTS	3
7. NON-PROJECT COSTS	3
8. RELOCATION	3
9. MASTER PLAN, ZONING, BUILDING, & CODE CONSIDERATIONS	3
10. ECONOMIC FEASIBILITY	4
11. FINANCING	4
12. ORDERLY DEVELOPMENT	4
13. EXISTING USES AND CONDITIONS	4
14. FINDINGS	4

15. FIGURES

FIGURE 1 – BOUNDARY MAP

FIGURE 2 – CURRENT LAND USES

FIGURE 3 – PROPOSED LAND USES

16. APPENDICES

APPENDIX A – SCHEDULE OF PROJECTED TAX BASE  
GROWTH, FINANCING & FEASIBILITY PLAN

APPENDIX B – SCHEDULE OF PROJECTED TAX INCREMENTS  
APPORTIONED AMONG TAXING ENTITIES

APPENDIX C – CITY ATTORNEY'S OPINION



## SUMMARY FINDINGS

### CITY OF NEENAH TAX INCREMENT DISTRICT #6 PROJECT PLAN DISTRESSED DESIGNATION AMENDMENT *Effective January 1, 2015*

- District Name: City of Neenah Tax Increment District #6
- Location: Southpark Industrial Center
- Purpose: To enable the expansion of Southpark Industrial Center and to allow the City to continue to promote private industrial development in the area.
- Effective Date: The effective date of the district for the capture of new taxable value within the boundaries of Tax Increment District #6 is January 1, 2015.
- Proposed Costs: As per state statute 66.1105 (4e)(e)6, no new expenditures will incur.
- Project Financing: Capital Financing.
- Project Revenues: Tax Increment District #6, as amended, is projected to create \$30.4 million of tax base through its extended life period (2022). It will generate an estimated \$12 million in tax revenue during this same period.
- Economic Study: Based on project expenditures and revenue levels, all obligations of TID #6 will be paid in full during calendar year 2021, the 24<sup>th</sup> year of the District. Upon closure and dissolution of the District, all accrued and unencumbered increments will be promptly distributed among the local taxing entities (School District, County, Vocational District, and City). Following closure and dissolution, the tax base created as a result of development in the District will directly benefit the taxing entities and all future tax revenues will be directly distributed to them.

**CITY OF NEENAH TAX INCREMENT DISTRICT #6**  
**PROJECT PLAN**  
**DISTRESSED DESIGNATION AMENDMENT**  
*Effective January 1, 2015*

**INTRODUCTION**

Tax Increment District #6 (TID #6) was created in 1997 to enable continued expansion of the City of Neenah's municipal industrial park, Southpark Industrial Center, and for the purpose of allowing the City to stimulate additional private industrial development in the area. Since its inception, the District has benefited from over \$30 million in new investment.

Despite the success of TID #6 thus far, unforeseen factors have placed undue pressure on the financial condition of the District. In 2010, the Wisconsin Department of Revenue (DOR) implemented a substantive change to the formula by which they calculate Tax Incremental District (TID) property values. Historically, the DOR applied an economic change factor to the equalized property values within a TID to determine the final property values. The economic change factor was the change in value due to market appreciation/depreciation as demonstrated by sales of property within the municipality. The DOR opined that the application of the economic change factor resulted in the overvaluation of certain TIDs and the undervaluation of others. Specifically, certain TIDs' appreciation in property value outperformed the municipality, while other TIDs did not sustain any value appreciation or in some cases observed depreciation in value. As a result, the economic change factor was no longer applied as part of the value calculation beginning with the 2010 assessment year. This has had an impact on TID #6 as it effectively reduced the incremental value of the district by several million dollars between 2009 and 2010.

In 2014, the State of Wisconsin approved Act 145 which reduced the property tax levy for state technical colleges. A consequence of this action was a reduction in income for tax incremental districts due to the lower tax levy. The action effectively reduced Neenah's TID #6 income by an additional 3.5%.

Furthering the stress on TID #6 has been the impact of the new economy on the growth of the District. Initial projection for the District, albeit conservative at the time, did not foresee the current economic conditions. This has resulted in an underperformance of increment growth within the District. In order to reflect the current economic conditions, updated projections have been developed to suggest no additional incremental growth within TID #6. These projections are fiscally conservative given the probability of additional development within the District.

**PROPOSED AMENDMENT**

The City of Neenah is seeking the distressed designation of Tax Increment District #6, providing the opportunity to extend the life of the district up to an additional ten years beyond the original termination scheduled for 2020. In this scenario the district is projected to pay off all its incurred debt by 2021, effectively one year into the extended life of the District.

**BOUNDARIES**

The boundaries of TID #6 are illustrated in Figure 1.

**NAME OF DISTRICT**

The name of the TID shall be City of Neenah, Tax Increment District #6 (TID #6).



### **CREATION DATE**

The date of creation for the capture of all new taxable value created within TID #6 shall be January 1, 1997. This shall be used as the base in computing any increments that may accrue in the tax base for the District.

### **PROPOSED IMPROVEMENTS AND PROJECT COSTS**

There will be no new improvements or new project costs.

### **NON-PROJECT COSTS**

There are no anticipated non-project costs within TID #6.

### **RELOCATION**

It is anticipated that there will be no need to relocate persons or businesses in the district. However, all individuals, families, and business operations that might be displaced as a result of the City's activities are entitled to assistance in conformance with the requirements set forth in Chapter 32, Wisconsin Statutes, and the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act, as applicable.

### **MASTER PLAN, ZONING, BUILDING AND OTHER CODE CONSIDERATIONS**

The need for continued industrial development to increase the tax base of the City and to provide for quality employment opportunities was identified as a community economic development priority in the Neenah Vision 2020 Comprehensive Plan. Therefore, this Project Plan amendment is consistent with the City's Comprehensive Plan. No changes to zoning or building codes are anticipated.

### **ECONOMIC FEASIBILITY**

The current maximum life span of the District terminates on January 1, 2020, at which time it is projected to close with a deficit of \$292,551. Upon amendment of the project plan for TID #6 and the declaration of the District as distressed, the life of the District will be extended and the total revenues generated (see Appendix A) from property tax increments are projected to offset total project costs in the 25<sup>th</sup> year (one year into the extension period), with a surplus of \$406,023 (See Appendix A). Appendix B shows the projected increments over the life of the District, apportioned among the four taxing entities, based on the formula prescribed by the Wisconsin Department of Revenue.

### **FINANCING**

The City of Neenah plans the use of G.O. Notes and Bonds or other permitted loan instruments in order to finance or refinance the costs of TID #6. Repayment costs will be funded from tax increments generated by new tax base growth in the District.

### **ORDERLY DEVELOPMENT**

TID #6 will continue to promote managed, orderly development by ensuring the supply of well-planned and properly located sites for industrial growth. Given the factors that make improvement of land for industrial uses so difficult, were it not for TIF financing in conjunction with the City's commitment to economic investment, such development would not occur. The Southpark Industrial Center will continue the demonstrated success of industrial growth, and

provide sustained opportunity for growth in the areas of tax base, job creation, and capital investment.

### **EXISTING USES AND CONDITIONS**

Figures 2 and 3 illustrate the existing and future land use patterns within TID #6.

### **FINDINGS**

- Due in part to the Department of Revenue's elimination of the "economic change factor", TID #6 experienced a reduction in value between 2009 and 2010.
- State approval of Act 145 further reduced District annual income by approximately 4%.
- The economic recession of 2009 delayed investment in TID #6, further stressing the economic condition of the District.
- The District is scheduled to close in 2020, with a projected deficit of \$292,551.
- By amending TID #6 and declaring it distressed, the life of the District can be extended a maximum of 10 additional years. With this extension, TID #6 is projected to close in 2021, one year into the extension period, with a projected surplus of \$406,023.

**CITY OF NEENAH TAX INCREMENT DISTRICT #6**  
**PROJECT PLAN**  
**DISTRESSED DESIGNATION AMENDMENT**  
*Effective January 1, 2015*

**FIGURES**

**FIGURE 1 – BOUNDARY MAP**

**FIGURE 2 – CURRENT LAND USES**

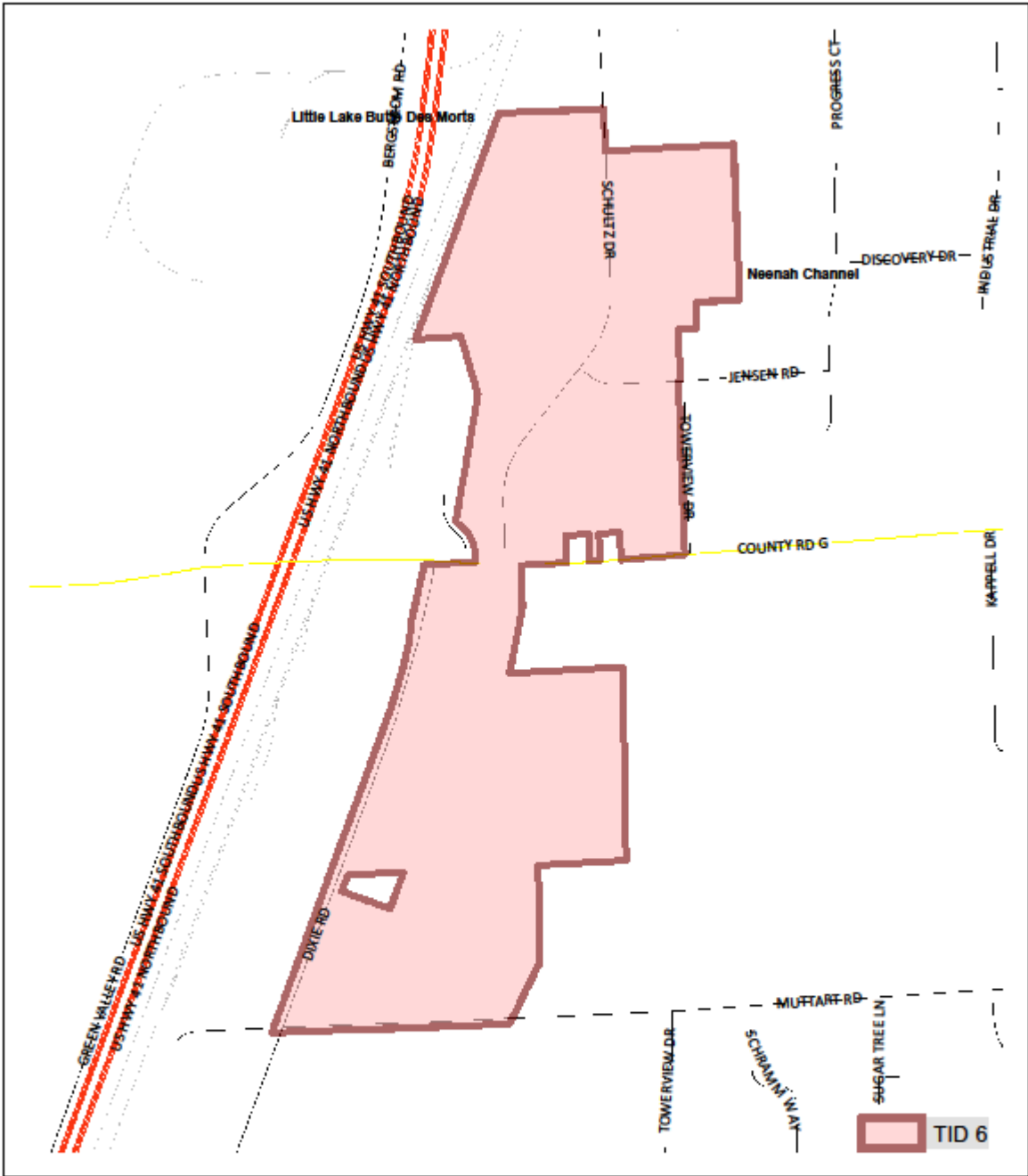
**FIGURE 3 – PROPOSED LAND USES**

**APPENDICES**

**APPENDIX A – SCHEDULE OF PROJECTED TAX BASE GROWTH, FINANCING &  
FEASIBILITY PLAN**

**APPENDIX B – SCHEDULE OF PROJECTED TAX INCREMENTS APPORTIONED AMONG  
TAXING ENTITIES**

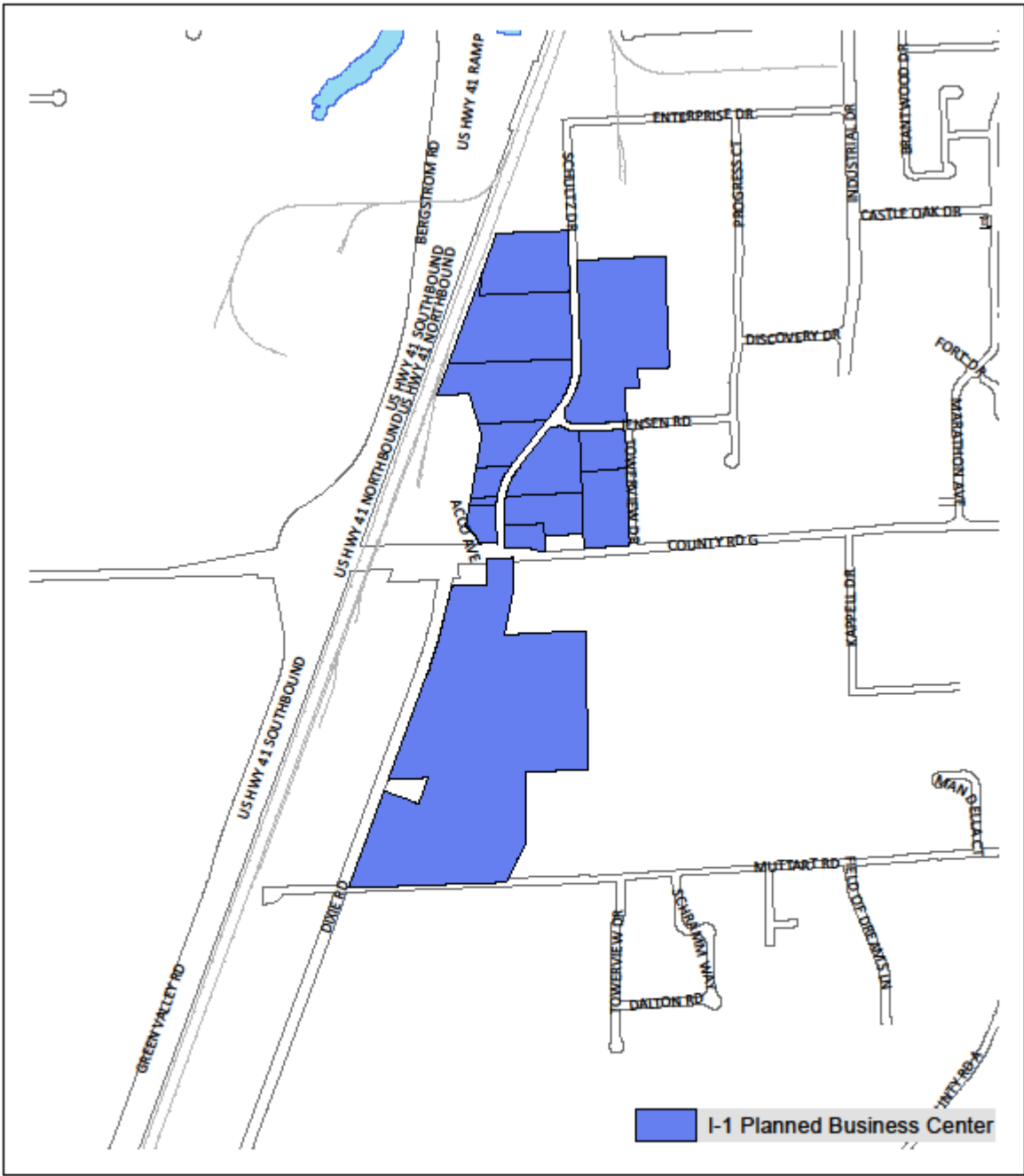
**APPENDIX C – CITY ATTORNEY’S OPINION**



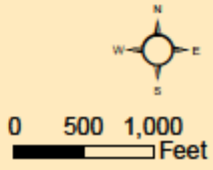
### Tax Incremental District 6 Boundary Map

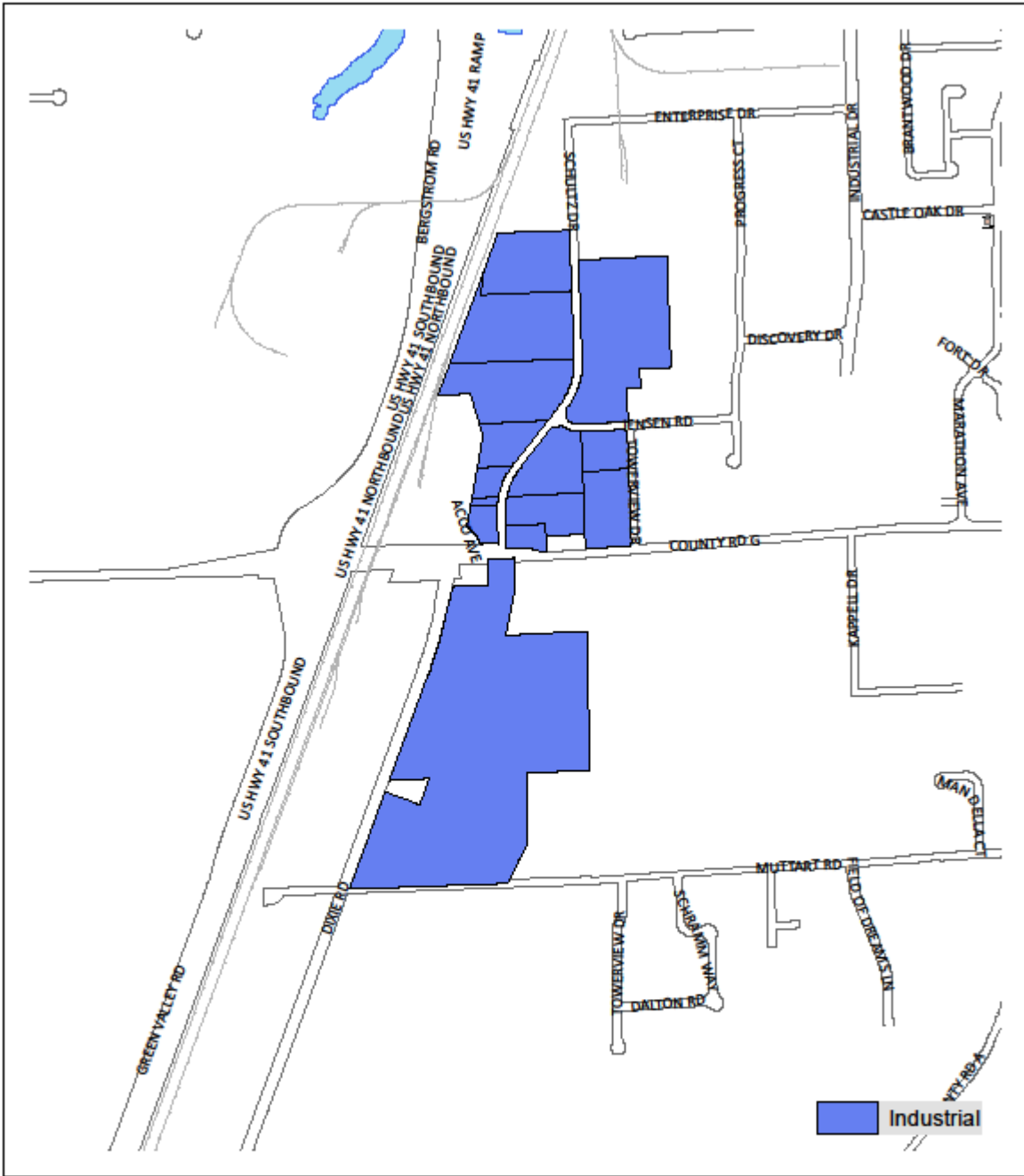


0 250 500  
Feet

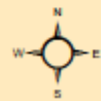


**Figure 2**  
**Tax Increment District 6**  
**Current Land Use**





**Figure 3**  
**Tax Increment District 6**  
**Proposed Land Use**



0 500 1,000  
 Feet

APPENDIX A  
 SCHEDULE OF PROJECTED TAX BASE GROWTH, FINANCING & FEASIBILITY PLAN  
 CITY OF NEENAH TAX INCREMENT DISTRICT #6  
 Effective January 1, 2015

Background Data						Revenues		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Val. Date	TIF District Valuation	Value of Exempt Computers	Construction Increment	TIF Increment Over Base	Tax Rate	Tax Revenue/Aid	Investment Proceeds	Total Revenues
	(January 1)	(December 31)		(1)				
	<b>Recertified Base Value 2008</b>	<b>\$2,869,600</b>						
2012	\$10,834,500	\$65,600		\$15,371,900				
2013	\$18,175,900	\$911,200		\$30,390,600	\$25.41			
2014	\$32,349,000	\$911,200		\$30,390,600	\$24.45			
2015	\$32,349,000	\$911,200		\$30,390,600	\$24.45	\$742,974	\$0	\$742,974
2016	\$32,349,000	\$911,200		\$30,390,600	\$24.45	\$742,974	\$0	\$742,974
2017	\$32,349,000	\$911,200		\$30,390,600	\$24.45	\$742,974	\$0	\$742,974
2018	\$32,349,000	\$911,200		\$30,390,600	\$24.45	\$742,974	\$609	\$743,583
2019	\$32,349,000	\$911,200		\$30,390,600	\$24.45	\$742,974	\$609	\$743,583
2020	\$32,349,000	\$911,200		\$30,390,600	\$24.45	\$742,974	\$609	\$743,583
2021	\$32,349,000	\$911,200		\$30,390,600	\$24.45	\$742,974	\$609	\$743,583
2022	\$32,349,000	\$911,200		\$30,390,600	\$24.45	\$742,974	\$1,699	\$744,674
2023	\$32,349,000	\$911,200		\$30,390,600	\$24.45	\$742,974	\$4,152	\$747,126
2024	\$32,349,000	\$911,200		\$30,390,600	\$24.45	\$742,974	\$6,824	\$749,799
2025	\$32,349,000	\$911,200		\$30,390,600	\$24.45	\$742,974	\$9,579	\$752,554
2026	\$32,349,000	\$911,200		\$30,390,600	\$24.45	\$742,974	\$13,039	\$756,013
2027	\$32,349,000	\$911,200		\$30,390,600	\$24.45	\$742,974	\$16,765	\$759,740
2028	\$32,349,000	\$911,200		\$30,390,600	\$24.45	\$742,974	\$20,564	\$763,538
2029	\$32,349,000				\$24.45	\$742,974	\$24,382	\$767,356
2030						\$742,974	\$28,218	\$771,193
				\$0		\$11,887,587	\$127,659	\$12,015,246





APPENDIX B  
 SCHEDULE OF PROJECTED TAX INCREMENTS  
 APPORTIONED AMONG TAXING ENTITIES  
 CITY OF NEENAH TAX INCREMENT DISTRICT #6  
*Effective January 1, 2015*

			<b>** ESTIMATED APPORTIONMENT among TAXING ENTITIES **</b>				
			<b>Neenah</b>			<b>Fox Valley</b>	
<b>TID</b>	<b>Tax</b>	<b>Projected</b>	<b>School</b>	<b>City of</b>	<b>Winnebago</b>	<b>Technical</b>	<b>State of</b>
<b>Year</b>	<b>Year</b>	<b>Increment</b>	<b>District</b>	<b>Neenah</b>	<b>County</b>	<b>College</b>	<b>Wisconsin</b>
			<b>35.000%</b>	<b>37.500%</b>	<b>23.000%</b>	<b>4.500%</b>	<b>0.000%</b>
1	2016	\$ 742,974.19	\$ 260,040.97	\$ 278,615.32	\$ 170,884.06	\$ 33,433.84	\$ -
2	2017	\$ 742,974.19	\$ 260,040.97	\$ 278,615.32	\$ 170,884.06	\$ 33,433.84	\$ -
3	2018	\$ 742,974.19	\$ 260,040.97	\$ 278,615.32	\$ 170,884.06	\$ 33,433.84	\$ -
4	2019	\$ 742,974.19	\$ 260,040.97	\$ 278,615.32	\$ 170,884.06	\$ 33,433.84	\$ -
5	2020	\$ 742,974.19	\$ 260,040.97	\$ 278,615.32	\$ 170,884.06	\$ 33,433.84	\$ -
6	2021	\$ 742,974.19	\$ 260,040.97	\$ 278,615.32	\$ 170,884.06	\$ 33,433.84	\$ -
7	2022	\$ 742,974.19	\$ 260,040.97	\$ 278,615.32	\$ 170,884.06	\$ 33,433.84	\$ -
8	2023	\$ 742,974.19	\$ 260,040.97	\$ 278,615.32	\$ 170,884.06	\$ 33,433.84	\$ -
9	2024	\$ 742,974.19	\$ 260,040.97	\$ 278,615.32	\$ 170,884.06	\$ 33,433.84	\$ -
10	2025	\$ 742,974.19	\$ 260,040.97	\$ 278,615.32	\$ 170,884.06	\$ 33,433.84	\$ -
11	2026	\$ 742,974.19	\$ 260,040.97	\$ 278,615.32	\$ 170,884.06	\$ 33,433.84	\$ -
12	2027	\$ 742,974.19	\$ 260,040.97	\$ 278,615.32	\$ 170,884.06	\$ 33,433.84	\$ -
13	2028	\$ 742,974.19	\$ 260,040.97	\$ 278,615.32	\$ 170,884.06	\$ 33,433.84	\$ -
14	2029	\$ 742,974.19	\$ 260,040.97	\$ 278,615.32	\$ 170,884.06	\$ 33,433.84	\$ -
15	2030	\$ 742,974.19	\$ 260,040.97	\$ 278,615.32	\$ 170,884.06	\$ 33,433.84	\$ -
16	2031	\$ 742,974.19	\$ 260,040.97	\$ 278,615.32	\$ 170,884.06	\$ 33,433.84	\$ -
<b>TOTALS</b>		<b>\$ 11,887,587.10</b>	<b>\$ 4,160,655.48</b>	<b>\$ 4,457,845.16</b>	<b>\$ 2,734,145.03</b>	<b>\$ 534,941.42</b>	<b>\$ -</b>



August 5, 2015

Mr. Chris Haese  
Director of Community Development & Assessment  
211 Walnut Street  
Neenah, WI 54956

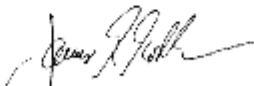
RE: City of Neenah Tax Increment Finance District #6 – Distressed Designation

Dear Mr. Haese:

You have asked me for a legal opinion as to the legal sufficiency and statutory compliance of the proposed Project Plan amendment declaring the City of Neenah Tax Increment Finance District #6 as Distressed pursuant to Wis. Stat. §66.1105(4e) ("Distressed Project Plan"). I have reviewed the Distressed Project Plan for said district as well as the appendices attached thereto in relation to their compliance with the provisions of Sections 66.1105 generally and 66.1105(4)(f) specifically, Wis. Stats. It is my opinion that the TID #6 Distressed Project Plan is in compliance with all of the provisions of Sections 66.1105(2)(g); 66.1105(4)(f); and 66.1105(4e), Wis. Stats. This opinion is being offered in accordance with the requirements of Section 66.1105(4)(f), Wis. Stats.

If you have any questions concerning this matter, please contact me at your convenience.

Sincerely,



James G. Godlewski  
City Attorney

JGG