

TAX INCREMENTAL DISTRICT NUMBER SEVEN

CITY OF WEST ALLIS

PROJECT PLAN

SUMMIT PLACE BUSINESS PARK

(Former Allis-Chalmers Manufacturing Complex)



**Prepared by:
Department of Development
City of West Allis**

For Public Hearing January 13, 2003

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EXECUTIVE SUMMARY

The Project Activities of the Tax Increment District No. Seven are designed to encourage the redevelopment of the former Allis-Chalmers Manufacturing Complex through a comprehensive series of actions needed to return the site to optimum reuse. The guiding policy behind these initiatives is the “But for Test”. But for these public financial investments the new additional redevelopment would not take place or would not have taken place in the foreseeable future.

This unique Public Private Partnership is proposed to perform within a financial package that requires the least amount of public funding to removing the current barriers to private redevelopment. This package will also allow the city to achieve the greatest amount of Property Tax Relief and highest potential for creation of Family Supporting Jobs.

For the City of West Allis and Milwaukee County, the legacy of Allis-Chalmers could be a one-of-a-kind office facility that would be the second largest office complex in the Metro Milwaukee area. This campus of four buildings can accommodate near-term office requirements and future growth to over 650,000 sq. ft. and allow for the creation of well over 1,300 jobs.



This Tax Increment Financing (TIF) Plan proposes four scenarios for dealing with the last remaining undeveloped former Allis Chalmers Manufacturing areas. These extremely difficult redevelopment areas are the last to be developed because of their economic obsolete, substantial deterioration, prevailing blighting influences and environmentally challenged sites.



The first Scenario is a continuation of this virtual “**Do Nothing**” strategy. Since the Allis-Chalmers Bankruptcy in 1986 the carved out taxable value of the Shops Buildings and the Utility Corridor is less than \$500,000, pays about \$13,100 in property taxes and provides virtually no jobs.

The second scenario, a “**Reinvestment Incentive**” strategy, provides for a \$300,000 Deferred Payment Loan from the Wisconsin Department of Commerce Brownfield Grant

Program to the developer. This strategy has induced the start of the Shops Building renovation and new construction of a first class “front door” to the complex. This strategy has provided for an additional or incremental increased taxable value of \$4,700,000, which will yield \$125,200 in new property taxes and will generate approximately 130 new jobs.

The third scenario provides for a \$2,000,000 “**Parking Lot Development**” strategy. At the completion of the second scenario there will only be available parking for another 10,000 sq. ft. of renovation. This initiative provides for assembly of land and construction of surface parking lots that could accommodate approximately 1,100 vehicles.

West Allis is on the verge of turning one of our oldest commercial neighborhoods into a shining example of industrial redevelopment, economic revitalization, quality job creation and effectively recreating a world class urban center. This third scenario would provide a further increase in taxable value in the vicinity of \$18,800,000, an additional \$500,000 in annual property taxes and the neighborhood of 470 more new jobs. The property tax increment from this strategy alone would amortize TIF costs in 16 years.

The fourth scenario allows for an “**Access To Capital**” strategy would make available up to a \$2,000,000 Deferred Payment Loan to induce the developer accerate for building improvements. With West Suburban office vacancy rate at 25%, fierce competition for credit- quality tenants and a lending community holding back capital waiting to see where the market is headed access to capital is extremely tight.

As previously noted third scenario proposed a public investment of \$2.0 million for the construction of two Parking Lots with Tax Increment Financing funding and guaranteeing the debt service. The developer is proposing if the TIF District provides an additional \$2.0 million Deferred Capital Loan the developer would agree to assume an additional loan of \$1.25 million of the (\$2.0 million) parking lot developments cost and thereby guaranteeing the repayment of a \$3.25 million deferred payment loan.

This financial package provides for the minimum inducement sufficient to catalyze the developer into aggressive and massive five year financial reinvestment within one of this city’s most hallmark and historical of structures. This Public Private Partnership also allows the City to participate in the “up side of the development” should the project become even more successful than currently anticipated.

This fourth scenario would provide a further increase the office complex by another 150,000 sq. ft. an additional \$12,000,000 in taxable value, another nearly \$319,200 in annual property taxes and 300 more new jobs. The property tax increment from undertaking the third and fourth strategies in consort would allow for the amortization of both strategies TIF Project Costs in 13 years or 3 less years then the third scenario alone.

Conclusion: This proposed Tax Increment financing project Plan has been laid out so that incremental steps or scenarios can be explored to readily determine the potential effect and risk of each proposed initiative. Each scenario has varying degrees of risk (cost) and resultant rewards (tax base enhancement, annual property tax and job creation). The TIF Plan as presented is financially feasible and would be of tremendous benefit to the future tax base stability and long term economic strength of the City of West Allis and Milwaukee County.

Some people will say West Allis cannot afford the cost of redevelopment. Others will say West Allis cannot afford not to redevelop.

The following Charts briefly outline each scenario’s potential risk and rewards from both perspectives. Chart I analyses from an Accumulative Results perspective the public cost and the effect of that strategy on the property tax base, resulting property tax generating capacity and job creation potential of each of the four scenarios. Chart II provides essentially the same information but on an incremental basis.

The highlighted summary of each four scenarios is as follows:

CHART I ACCUMULATIVE RESULTS

Scenario	RISK		REWARDS				
	Strategy	Public Cost	Office Sq. Ft.	Taxable Value	Annual Taxes	TIF Years	Job Creation
Scenario No. One	Do Nothing	\$0	0	\$500,000	\$13,100	0	few
Scenario No. Two	Reinvestment Incentive	\$300,000	65,000	\$5,200,000	\$138,300	0	130
Scenario No. Three	Parking Lot Development	\$2,725,000	300,000	\$24,000,000	\$638,400	15	600
Scenario No. Four	Capital Loan	\$4,725,000	450,000	\$36,000,000	\$957,600	13	720
Resulting Future			650,000	\$52,500,000	\$1,396,500		1300

CHART II INCREMENTAL RESULTS

Scenario	RISK		REWARDS				
	Strategy	Public Cost	Office Sq. Ft.	Taxable Value	Annual Taxes	TIF Years	Job Creation
Scenario No. One	Do Nothing	\$0	0	\$500,000	\$13,100	0	few
Scenario No. Two	Reinvestment Incentive	\$300,000	65,000	4,700,000	125,200	0	130
Scenario No. Three	Parking Lot Development	\$2,425,000	235,000	18,800,000	500,100	15	470
Scenario No. Four	Capital Loan	\$2,000,000	150,000	12,000,000	319,200	13	300
Resulting Future			200,000	16,500,000	438,900		400
Total		4,725,000	650,000	52,500,000	1,396,500		1,300

I. INTRODUCTION

This document is the Project Plan ("Project Plan") for Tax Incremental District Number Seven, City of West Allis (the "District"). The Project Plan has been prepared in conformance with the provisions of Wisconsin Statutes Section 66.1105 (the "Tax Increment Law").

The District consists of seven parcels located within approximately 63.5 acres of land comprising the major remaining industrial complex of the former Allis-Chalmers Mfg. Co. The goals, objectives and strategies set forth in the Project Plan are consistent with those of the District.

The Project Plan will be implemented by the Community Development Authority (the "Authority") of the City of West Allis.

II. STATEMENT OF BOUNDARIES

The District is approximately bounded on the **west** generally by about the S. 6700 block; on the **north** by the West Allis city limits; on the **south** generally by Greenfield Ave.; and on the **east**

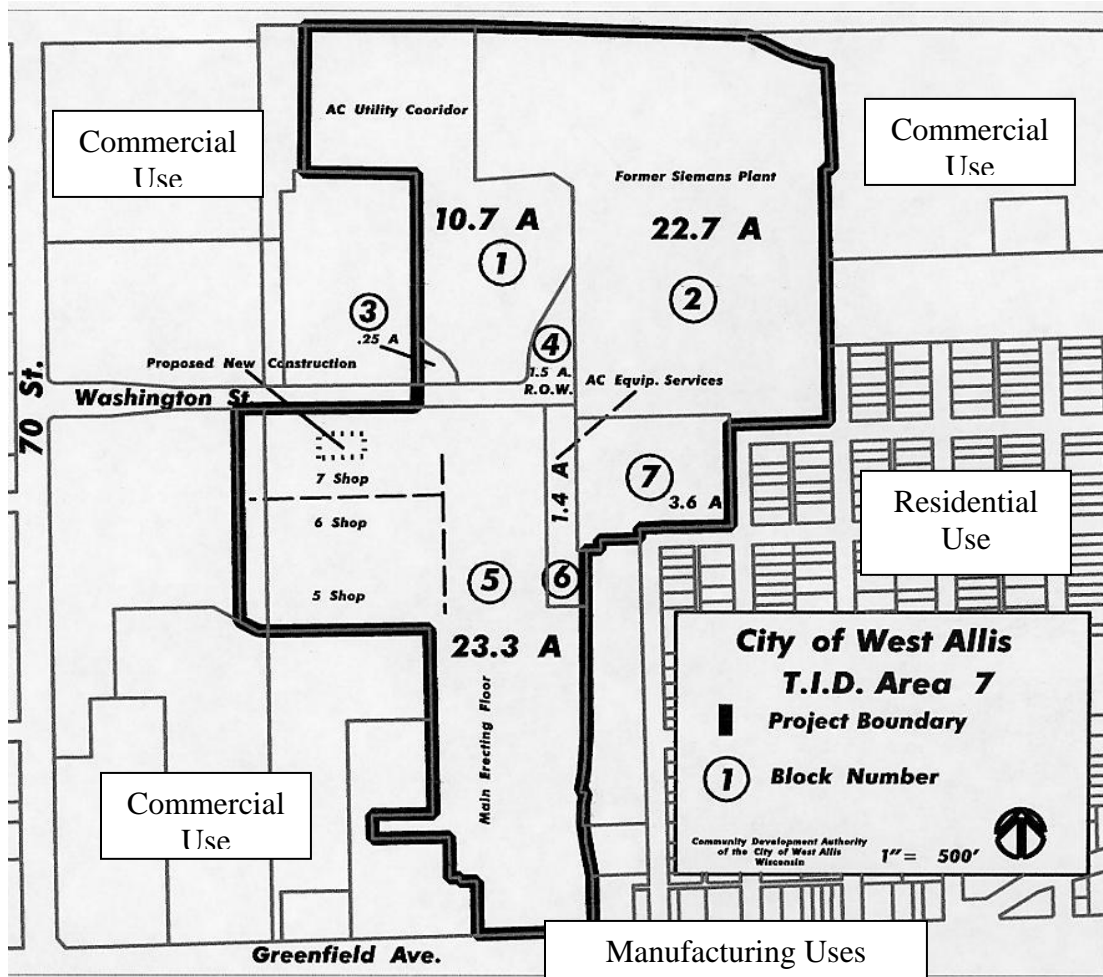
generally by S. 63rd Street. A map of the District is reproduced on the following page. The legal description for the District is attached as Exhibit No. 1 - Legal Description.



The total area of the District is approximately 63.45 acres, which includes 1.5 acres of public roads.

The following project boundary map depicts more clearly the precise limits of the District.

Map No. 1 – Project Boundaries



III. PROJECT DESCRIPTION

The activities of the District are designed to encourage redevelopment of the former Allis-Chalmers Manufacturing Complex through a comprehensive series of steps needed to return the site to optimum reuse.

Next to the community's children one of the most valuable resources West Allis has is land. The city being fully developed and can only look inward for any hope of future property tax relief and new job opportunities. The city must explore the redevelopment of underutilized assets for adaptive reuse and encourage the restoration of buildings and structures that will add to the tax base and stimulate business activity.

The following activities are essential to removing the current barriers to private redevelopment.

SCENARIO NO. ONE - Doing Nothing Strategy:

Do nothing is always an option. The “Doing Nothing Strategy” has essentially been the strategy since the bankruptcy in 1986. This strategy has yielded vacant and deteriorating Shop Buildings (the entire Whitnall Summit parcel is 23.3 acres of this amount 7.8 acres is attributable to the Shop Buildings) and an obsolescent Utility Corridor (10.7 acres). These two underutilized resources continue, in their current state, to foster blighting influences on the area and produce little if any property tax relief. Both landmasses, if combined today, would cover about 18 ½ acres and yield taxable values total no more than about \$500,000. This limited value generates only about \$13,100 in annual property taxes and virtually no jobs.

Whitnall Summit LLC attempted to co-venture with a major local real estate developer several years ago to redevelop this property. After reviewing the projected cash flow and resulting rates of return, this developer declined the investment opportunity. This developer further advised Whitnall Summit LLC that they would be better off to lease the 1st floor warehouse as is and with minimal additional reinvestment.

This was Whitnall Summit LLC’s intended course of action until the City offered an incentive to peak their interest in reinvestment.

SCENARIO NO. TWO – Incentive to Reinvest Strategy:

In an effort to revitalize the vacant former Allis-Chalmers Manufacturing Shops Buildings, the City of West Allis obtained a Brownfield Grant from the State of Wisconsin Department of Commerce to encourage Whitnall Summit LLC to convert

these obsolescent manufacturing buildings into a modern office complex.



These Historic Buildings have served West Allis well for nearly a century, but need substantial reinvestment to “retool” them to compete in the high technology office world of the 21st Century.

The start of the conversion of a portion of Shop Buildings of the former Allis-Chalmers warehouse into office space

would represent the beginning of an adaptive reuse that will create new jobs as well as provide some needed property tax relief. The Project would not have been undertaken unless financial incentive was provided to make substantial additional private financing an attractive investment decision.

With the City providing a \$300,000 Deferred Payment Loan from the Brownfield Grant Program, Whitnall Summit LLC commenced redeveloping one of the Shop Buildings. This initial project involves the construction of a four-story, 40,000 square foot, new office building, and the redevelopment of 25,000 square feet of the historic former Allis-Chalmers Manufacturing “Shop Buildings” into office space.

It is estimated that the new addition (Building No. 1) and the renovated portion of the first Shop Building (Building No. 2) will house an additional 130 office workers. The reinvestment is projected to increase the existing taxable value by \$4.7 million and to provide an additional \$125,200 in annual tax relief for the citizens of West Allis.



SCENARIO NO. THREE – Provision of Additional Parking Spaces Strategy:

The initial 65,000 sq. ft. office development noted above will require nearly 293 parking spaces. The Whitnall Summit manufacturing building complex does not have a sufficient number of on-site parking spaces to support converting the remaining former Allis Chalmers Shops Buildings into an office complex.

Fully developed, Summit Place will need to offer a parking ratio of over 4½ parking spaces for each 1,000 sq. ft. office space. Many high tech companies will specify minimum requirements of a parking ratio of 6 to 8 parking spaces per 1000 sq. ft. of office. For the warehouse conversion to office space to continue, additional parking spaces will need to be developed off site, as well as additional indoor parking.

Summit Place will need to provide additional parking spaces to meet the normal parking requirements for an office facility. Current projections are that the total development will need to deliver in the range of 1,600 to 1,800 parking spaces.

A key concept to this initiative is that for every square foot of indoor space that is converted to parking space, there is resulting loss of higher producing office space, in terms of both jobs and property taxes.

For every 50,000 square feet of warehouse that can be converted to office and not require the use of 160 indoor parking spaces, the taxable value of the total

development can be increased by \$4.0 million and receive additionally over \$100,000 per year in property tax payments.

The areas that offer two unique venues for providing additional parking facilities are the Allis-Chalmers (A-C) Utility Corridor and the landmass immediately east of 66th and W. Washington Sts.

A. Public Utility Improvements:

The 10.7-acre former Allis-Chalmers Utility Corridor, directly across the street and north of Summit Place, is currently owned by the A-C Reorganization Trust (A-C Trust). In a wide-ranging agreement with the A-C Trust, in exchange for the City assuming future operations of the storm water reservoir system, the A-C Trust will deed the parcel to the City of West Allis.



The agreement further provided for the expenditure by the A-C Trust and the Wisconsin Department of Natural Resources (DNR) of about \$1.3 million for site improvements. These improvements include: (1) the construction of a state-of-the-art storm water retention facility; (2) any DNR-required environmental remediation of the site; and most importantly, (3) the relocation of the electrical transfer station and other structures.

B. Parking Facility # 1 – Private:

It is this frontage that will accommodate the construction of an additional 300-car surface parking lot. The area around the new storm water retention facility could potentially accommodate about 200 additional parking spaces and the northernmost portion (north of the storm water retention facility) will potentially accommodate an additional 400 parking spaces. In the summer of 2004, when the above utility is completed, the plan is to transfer ownership of this site to Whitnall Summit LLC for final development of parking.

However, to achieve this, the design of the storm water retention facility would have to be dramatically and creatively redesigned. This parking lot development would allow office development to expand an additional 225,000 sq. ft. resulting in approximately \$18,000,000 in new taxable value and over \$475,000 in annual property tax revenues.

The costs for the redesigned retention facility and the development of a 900 vehicle

surface parking lot are currently estimated at about \$1,000,000.

D. Parking Facility # 2-a Public: and

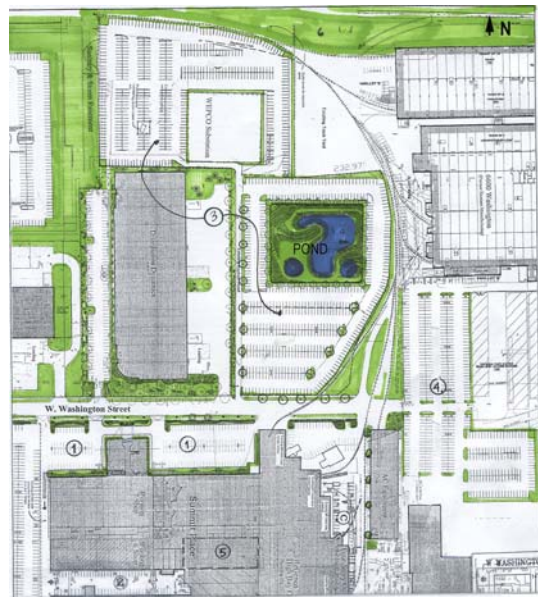
E. Parking Facility # 2-b Public:

The next problem is finding more available land on which to build the additionally needed parking. At the east end of West Washington Street in West Allis, at approximately 6600 West Washington, are the surfacing parking lot for the former Siemen’s plant (D. Parking Facility # 2-a Public) and, immediately south of that, is a large parcel owned by Motor Castings Company, a/k/a Standard Ductile & Grey (E. Parking Facility # 2-b Public).

The City has a framework agreement with 6600 Washington LLC and Motor Castings for the assembly of portions of their existing properties for the development of a Public Parking Lot. Approximately 4.2 acres from 6600 Washington LLC (the former Siemen’s Building) and Standard Ductile & Grey (Motor Castings) may need to be assembled.

The City would develop approximately 600 public parking stalls.

6600 Washington LLC would no longer own the current industrial parking lot immediately south of their existing building. However, both 6600 Washington LLC and Motor Castings could use the public parking and claim availability of adequate parking for any future expansion plans. All property owners within 800 feet of this parking lot and their tenants could use the public parking area and could count these parking stalls in meeting any City Code parking requirements.



These adjacent property owners would participate in the operating costs for the public parking lot – maintenance, snow plowing, lighting, etc. on a practical, anticipated-use basis, including a Payment-In-Lieu-Of-Taxes (PILOT) with an allocation formula to be developed in joint agreement with the adjacent property owners. Most likely a Business Improvement District (BID) or Parking Assessment District would be established.

This voluntary District will be created by 1.) Whitnall Summit LLC, 2.) 6600 W.; Washington St. LLC (the former Siemen’s property; 3.) A-C Equipment Services; and 4.) Motor Castings. The purpose of the BID will be to fund and manage the annual and

long-term operations and maintenance cost of the parking lot. This will ensure that the City of West Allis does not incur incremental operating costs nor lose any existing property taxes as a result of the new public parking lot.

The Public Parking lot would primarily serve the following properties and allow for facility expansions:

- 6600 Washington LLC: Now owns a portion of the land that would be purchased for the Public Parking lot development. The owner could still expand their facility because of their near proximity to a public parking lot.
- A-C Equipment Services: Would like to add a \$700,000 expansion to existing industrial building, but lack of available parking will not allow this potential manufacturing expansion. With a public parking lot within 800 feet, their expansion could proceed.
- Motor Castings: Minimal use, but would probably use as a result of future building expansion.
- Whitnall Summit LLC: As the largest planned development this lot would allow their office development to grow an additional 150,000 sq. ft. resulting in approximately \$12,000,000 in new taxable value.

Current parking on existing Whitnall Summit LLC property allows for only building out approximately 31,000 square feet of office space beyond the new 44,000 sq. ft. office building.

Without the above parking availability of additional parking in 2004 and with the banking constraints for Whitnall Summit it has been estimated that it would take well in excess of 10 more years to achieve the potential of an additional 150,000 square feet of office redevelopment.

The reason for creating a public parking lot vs. a privately owned lot is twofold. The first is a lack of privately owned land available for sale. The second reason is to help in a more realistic manner the ability to fulfill the high parking ratio demands of high tech companies.

The costs for the acquisition and surfacing of the parking lot are currently estimated at about \$1,000,000.

F. Commuter Bike Trail:

Additionally plans will include the acquisition of 5 feet along the south edge of 6600 Washington LLC property adjacent to the Motor Casting property, and about 5 feet along same line from Motor Castings for a public “bike to work” path development. The project would provide for the installation of a bike path and an appropriate fence on both sides of the “bike to work” commuter bike trail.

The costs for the construction of the Commuter Bike Trail is currently estimated at about \$150,000.

SCENARIO NO. FOUR – Access To Capital Strategy:

The Summit Place I proposal presents a phenomenal new job creation opportunity of somewhere in the neighborhood of 900 - 1,200 full-time employees. However, this one-of-a-kind opportunity requires not only a huge increase in parking requirements but also, and more importantly, a much more expansive private investment demand to meet tenant improvement specifications and lender requirements.

Private Building Improvements: Whitnall Summit LLC has proposed to embark on a \$36.0 million total development, on an accelerated as opposed to a long term, sequential phased basis. Targeted completion date could be as soon as January 1, 2009.



However, with the West Suburban office vacancy rate at 25%, fierce competition for credit- quality tenants and a lending community holding back capital and waiting to see where the market is headed. Access to capital is extremely tight and is principal obstacle to future growth.

As a result, Whitnall Summit LLC has offered to guarantee the TIF District debt service on project costs predicated upon the TIF District providing a capital loan on a deferred payment basis of \$2.0 million.

As previously noted Scenario No. Three proposed a public investment of \$2.0 million for

the construction of two Parking Lots with Tax Increment Financing funding and guaranteeing the debt service. The developer is proposing that if the TIF District provides an additional \$2.0 million Deferred Capital Loan, the developer would agree to assume an additional loan of \$1.25 million of the (\$2.0 million) parking lot development cost and thereby guaranteeing the repayment of a \$3.25 million deferred payment loan. The loan would be required to be amortized over 10 years at a market rate of interest and would not start amortizing until January 1, 2009. As an incentive to speed up development after a benchmark of \$22.5 million in equalized taxable value is reached, for every additional \$1.0 million in equalized taxable value that is achieved, \$250,000 of the \$3.25 million loan would be forgiven.

As a further inducement to the District to make the additional \$2.0 million loan, should Whitnall Summit LLC become extremely successful, the developer would agree to reimburse the TIF district \$100,000 for every \$1.0 million equalized taxable value that is over \$32.5 million in equalized taxable value up to a total equalized taxable value of \$52.5 million. This developer inducement is a bonus for the city by participating in the upside of the development.

This additional \$2.0 million capital investment by the District will create the impetus to remove the remaining, functionally obsolete buildings by accelerating redevelopment investment. As noted previously with current market conditions yielding 25% vacancy rates in the West Allis – West Suburban office markets the financial community is slow injecting additional capital into the West Allis office development market.



As envisioned, Summit Place is far from an ubiquitous suburban office development. Rather, it is a series of historic buildings, each with their own unique aesthetic characteristics, including ceiling heights from 9 feet to over 26 feet, 17-foot high windows, floor plates of up to 83,000 sq. ft., skylights 570 feet long and column-free spaces 300 x 72 ft. Throughout, there are exposed brick walls and heavy steel trusses and framing, reminders of the facilities past contributions to the industrial revolution. These attributes, combined with an ideal length-to-height ratio on most floors, make Summit Place a perfect medium for a cutting edge company to create a signature facility.

The additional \$2.0 million loan is designed to further accelerate and increase the size of the total Summit Place Project

The proceeds of the additional \$2.0 million capital loan would be restricted to financing building renovation costs such as cost for additional infrastructure for insert floors, elevators, rest rooms, windows, architectural fees, financing expenses, etc. Without the accelerated development, infrastructure implementation to expand development beyond 300,000 square feet would not be possible until sometime beyond the next ten to fifteen year time horizon. Scenario No. Four proposes to bring on to the tax levy a 450,000 office facility in the next five years.

Scenario No. Four provides an opportunity to create a bold new look for West Allis, offering the prospect for substantial property tax relief and has the ability to offer a large number of family supporting jobs.



The costs for Scenario No. Four's proposed \$2.0 million Deferred Capital Loan to the developer is \$2,000,000. Under the above proposal, the life of the TIF District would be thirteen years. This would ultimately generate about \$835,000 in new annual property tax payments. As a note of interest the pay off time is two years **less** than Scenario No. Three.

Resulting Future:

For the City of West Allis and Milwaukee County, the legacy of Allis-Chalmers could be a one-of-a-kind office complex that would be the second largest office complex in the Metro Milwaukee area. This four buildings campus could accommodate near-term office requirements and growth to over 650,000 sq. ft.

In the overall marketing outlook, with the potential of adding Building D to the Summit Place complex, adding one or two new insert floors and providing one or two floors of indoor parking the total project could grow to 650,000 sq. ft.

The owner of Summit Place (Whitnall Summit LLC) is a successful industrialist and a visionary real estate developer. In West Allis this developer has redeveloped over 900,000 square feet in manufacturing space and has renovated over 400,000 square feet in Office Facilities.

The District has the opportunity for another enormous economic development impact, resulting in the potential creation in excess of \$52 million in taxable value, generating

nearly \$1,400,000 in annual new property taxes, and providing for the placement of nearly 1,300 new jobs.

The proximity of this development to Downtown West Allis and the Farmers Market Redevelopment Area will also augment revitalization efforts by providing an additional potential customer base of office workers for downtown businesses and stronger nearby residential demand.

IV. PROJECT PLAN GOALS AND OBJECTIVES

The creation of the District promotes the orderly development of the City as follows:

Goals:

1. To increase the economic vitality of the neighborhood by eliminating blighted, underutilized property and by encouraging new private/public development compatible with the high-density commercial and manufacturing land uses in the project's vicinity.
2. To broaden the property tax base of the community.
3. To directly serve to rehabilitate or conserve the area.
4. To eliminate blight and prevent the development and spread of blighted areas.

Objectives:

1. Eliminate vacant, underutilized, obsolescent and deteriorating buildings, blighting influences and environmental deficiencies.
2. Support the adaptive reuse and rehabilitation and conservation of buildings and structures that will add to the tax base of the City of West Allis and stimulate business activity in this part of the City.
3. Assemble land into parcels functionally adaptable with respect to shape and size for disposition and redevelopment in accordance with development needs and standards.
4. Provide for the orderly physical and economic growth of the District through incentives to encourage redevelopment that would not have otherwise occurred.
5. Foster economic development by providing facilities that generate new

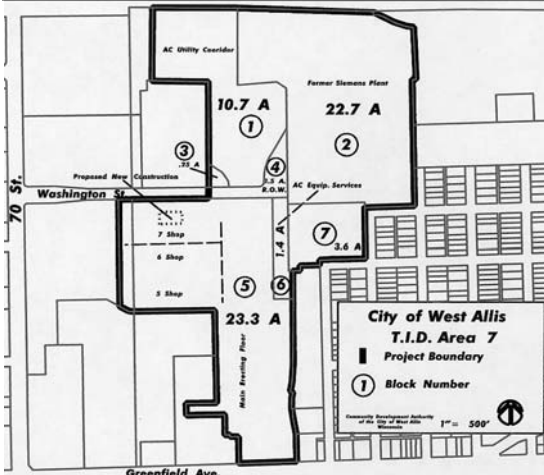
employment opportunities for City and Metropolitan Milwaukee residents.

6. Provide economic development loans and/or grants to qualified property owners and developers.
7. Provide project and site improvements, including the installation, construction, or reconstruction of streets, alleys, pedestrian ways, parking lots, utilities, streetscaping and other related improvements.

V. EXISTING LAND USES AND CONDITIONS IN PROJECT AREA

The creation of the District is necessary to eliminate and to prevent the spread of blight. Map No. 2 - Existing Property Conditions details the extent of blighted properties as shown below.

The District has experienced a decline in the years since the Allis-Chalmers Mfg. plant closed and many factors have contributed to limiting the sound growth of this area, as well as of the City of West Allis. The average increase in property values in the neighborhood has lagged substantially behind the City-wide average increase. As noted in Map No. 2 - Blighted Property Conditions, approximately 60.55 acres are in substandard condition and 2.9 acres are in standard condition. Therefore, well over 95 %, by area, of the real property within the District is in a blighted area or in need of rehabilitation or conservation work, as defined in Section 66.1337 (2m) (b).

Map No. 2 - Blighted Property Conditions	#	Blighting Condition
	1	Vacant & Obsolete Storm Sewer Basin
	2	Violates one or more significantly aspects of the City Building codes
	3	Vacant & underutilized Land
	4	Standard condition
	5	In excess of 400,000 vacant and underutilized space
	6	Standard condition
	7	Partially vacant and underutilized Land

Improvement of the area is likely to significantly enhance the value of all other real property in the District. Therefore, it is hereby determined that the project area of the

District is blighted within the statutory definition of a blighted area. Deterioration of the area will continue if appropriate actions are not pursued.

The District currently contains a mixture of land uses. These uses include manufacturing, commercial businesses, accessory buildings, and vacant / underutilized land and Improvements.

VI. PROPOSED CHANGES IN PROJECT AREA LAND USES AND CITY ZONING ORDINANCE

It is anticipated that a commercial Planned Development District (PDD) will be considered for adoption, which will encompass virtually the entire project area.

The only major change that is planned and that will affect for the City Building Codes is the adoption and designation of the former Allis-Chalmers manufacture complex as eligible for utilization of the State Historic Building Code as noted in the photo on the right..

Assembling parcels to facilitate private



redevelopment and providing adequate provisions for additional public and private parking facilities, commuter bike trail, private building and site improvements, storm water detention facilities and other public utilities are required to support the new land uses to be achieved by the Project Plan. As a result, a number of parcels (in whole or in part) will need to be assembled. The parcels to be acquired for this purpose are set forth in the attached Exhibit No. 4 Schedule Of Lands and Interest To Be Acquired.

VII. STATEMENTS OF PROPOSED PUBLIC WORKS AND IMPROVEMENTS

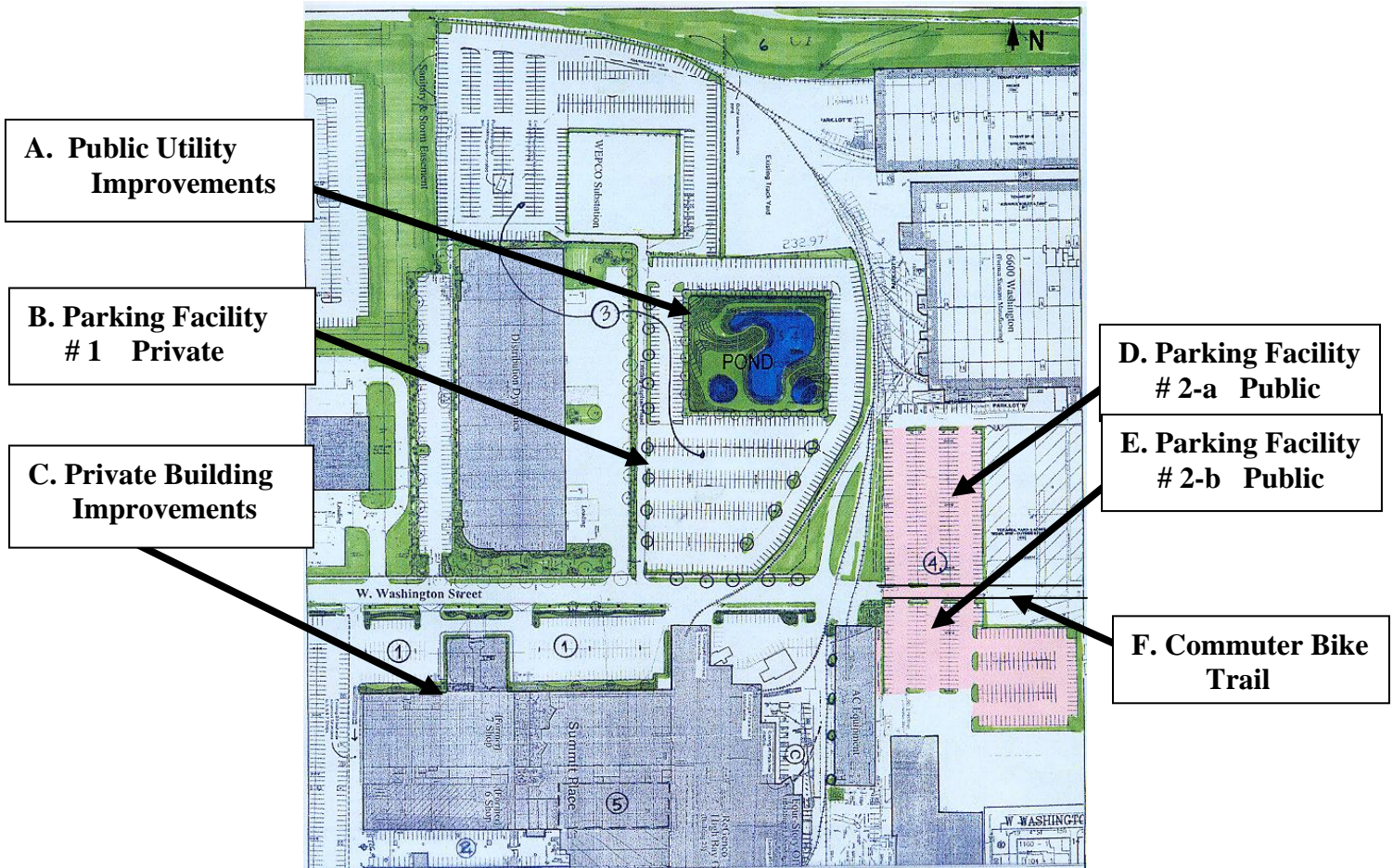
The following Table 1 - Project Plan Activities & Estimated Costs provides a description of the kind, number and location of all proposed public works and other improvements within the District.

TABLE 1
PROJECT PLAN ACTIVITIES & ESTIMATED COSTS

#	PROJECT ACTIVITY	LOCATION	T.I.F.	NON-PROJECT	TOTAL COSTS
A.	Public Utility Improvements	6500 W. Washington St	\$0	\$1,300,000	\$1,300,000
B.	Parking Facility # 1 Private	6642 W. Washington St	\$1,000,000	\$0	\$1,000,000
C.	Building Improvements	6737 W. Washington St	\$2,000,000	\$27,900,000	\$29,900,000
D.	Parking Facility # 2-a Public	6600 W. Washington St	\$500,000	\$0	\$500,000
E.	Parking Facility # 2-b Public	66** W. Washington St	\$500,000	\$0	\$500,000
F.	Commuter Bike Trail	Between 6500 & 6600 Washington St	\$150,000	\$0	\$150,000
G.	Contingency	Project Plan	\$200,000	\$50,000	\$250,000
H.	Legal & Administrative	Project Plan	\$75,000		\$75,000
	Total Estimated Costs		\$4,425,000	\$29,250,000	\$33,675,000

The following Map No. 3 - Proposed Public Works and Improvements provides a locational description of the project activities within the District.

Map No. 3 - Proposed Public/Private Works and Improvements



The general location and extent of land needed for project improvements, public right of ways, easements, and conveyance for redevelopment in accordance with the uses, requirements and controls set forth in the Plan may be modified by the Community Development Authority of the City of West Allis at any time during the course of project execution to conform to specific redevelopment proposals, subject to approval by the Common Council.

VIII. ESTIMATED PROJECT COST

The project costs are directly related to eliminating blight and directly serving to rehabilitate or conserve the area consistent with the purpose for which the District was created. The costs included in this section are for the improvements shown generally as to location on Map No. 3 - Proposed Public Works and Improvements. They are, without limitation, eligible project costs as defined under Section 66.1105 of the Wisconsin Statutes.

The City’s policy for the use of these funds is to assist major redevelopment projects, which will generate additional property taxes (increment). The maximum amount of City participation in any private redevelopment project will be based upon the expected property tax increment to be generated by the redevelopment projects for a period no longer than 23 years pursuant to the Tax Increment Law.

Some of these costs may be contributions made under Section 66.1333 of the Wisconsin Statutes to the Community Development Authority in connection with its implementation of the Project Plan.

The Common Council may make those contributions pursuant to a Cooperation Agreement entered into with the Authority. The total project costs enumerated in the above Table No. 1 Project Plan Activities & Estimated Costs and capital costs revenues from land sales and other sources, as well as estimated financing costs, are further described in Exhibit No. 3 Economic Feasibility Analysis and Exhibit No. 2 Financial Condition Analysis. The Sources and Use of the Non-Project costs are as follows:

**TABLE 2
NON-PROJECT COST: SOURCES AND USES**

#	SOURCE	USE	AMOUNT
1.	A-C Reorganization Trust	A. Public Utility Improvements	\$782,000
2.	Wisconsin Dept. of Natural Resources (Storm Water Grant)	A. Public Utility Improvements	\$518,000
3.	Private Developer Investment	C. Building Improvements	\$27,900,000
4.	Wisconsin Dept. of Commerce (Brownfield Grant)	G. Contingency	\$50,000
5.	TOTAL		\$29,250,000

IX. PROJECT FINANCING AND TIMETABLE FOR EXPENDITURES

The project will be financed primarily through the sale of Taxable General Obligation (G.O.) Bonds, Tax Exempt G.O. Bonds, land sale proceeds, and federal and state grants such as Community Development Block Grant (CDBG) funds, Wisconsin Department of Commerce Brownfield Grants, Wisconsin Department of Natural Resources Site Assessment Grants.

Due to the substantially lower interest rate on G.O. bonds, the anticipated tax increment

revenue would be more than adequate to cover the total debt service. A cash flow analysis is provided in the Appendix as Exhibit No. 3 Economic Feasibility Analysis.

TABLE 3

EXPENDITURE SCHEDULE FOR PLAN IMPROVEMENTS								
PROJECT ACTIVITY	Total	2003	2004	2005	2006	2007	2008	2009
I. Uses of Funds								
A. Utility Improvement - Public	\$1,300,000		\$1,300,000					
B. Parking Facility # 1 Private	\$1,000,000		\$1,000,000					
C. Building Improvements-Private	\$29,900,000		\$5,900,000	\$8,000,000	\$8,000,000	\$4,000,000	\$4,000,000	
D. Parking Facility # 2-a Public	\$500,000		\$500,000					
E. Parking Facility # 2-b Public	\$500,000		\$500,000					
F. Commuter Bike Trail - Public	\$150,000		\$150,000					
G. Contingency - Public	\$250,000		\$150,000	\$100,000				
H. Legal & Administrative - Public	\$75,000		\$50,000	\$10,000	\$5,000	\$4,000	\$3,000	\$3,000
Total Uses of Funds	\$33,675,000	\$0	\$9,550,000	\$8,110,000	\$8,005,000	\$4,004,000	\$4,003,000	\$3,000
II. Sources of Funds								
1. Developer Investment	\$27,900,000	\$0	\$3,900,000	\$8,000,000	\$8,000,000	\$4,000,000	\$4,000,000	\$0
2. A-C Reorganization Trust	\$782,000		\$782,000					
3. WI. DNR Storm Sewer Grants	\$518,000		\$518,000					
4. WI. Commerce Brownfield Grant	\$50,000		\$50,000					
5. Federal Grants	\$0							
6. TID-Backed Debt	\$4,425,000	\$0	\$4,300,000	\$110,000	\$5,000	\$4,000	\$3,000	\$3,000
7. Total Sources of Funds	\$33,675,000	\$0	\$9,550,000	\$8,110,000	\$8,005,000	\$4,004,000	\$4,003,000	\$3,000

The bulk of the Project Plan cost will be incurred and the expenditures will be made between the year 2004 and the year 2009 as shown above.

It should be noted that for a variety of sites, environmental consultants will be preparing environmental remediation feasibility studies and action plans for submission to and approval by the Wisconsin Department of Natural Resources. It should further be noted that a number of structural engineers and geotechnical consultants will also be evaluating structural and soil bearing capacity site conditions throughout the project area. Due to the varying amount of land that will need to be assembled and the past uses of these sites, it is understood the environmental/building/geotechnical costs may vary considerably.

Depending on the ultimate development reuse of each parcel and each building within each parcel, there may be a need to install and/or relocate some public or private infrastructure such as sewer, water, roadway, gas, electric, etc., to more readily accommodate development. These improvements are expected to be a minimal portion of the project cost.

X. TAX INCREMENT PROJECTION AND ECONOMIC FEASIBILITY ANALYSIS

The financial feasibility of the Project Plan is based upon the expected property tax increment to be generated.

The tax increment to be generated by the District is based upon the increases in real and/or personal property value and the building improvements/additions during the life of the District. The cash flows set forth in Exhibit No.3 Economic Feasibility Analysis, indicate that the anticipated revenues exceed the projected estimated project cost. The Project Plan, therefore, has been determined to be economically feasible.

The projected amount of debt to be issued to finance the project costs and the incremental revenue required to service the debt will necessitate that the District continue for about 13 years (about 10 years less than the maximum 23-year period allowed by state statutes), on or about December 31, 2017. Therefore the project is determined to be economically feasible.

XI. STATEMENT OF A FEASIBLE METHOD PROPOSED FOR RELOCATION.

The City and the Authority are authorized to make relocation payments to, or with respect to, persons (including families, business concerns and others) being displaced from the project for moving expenses and losses of property for which reimbursement or compensation is not otherwise made. Any persons being displaced during the course of the project, relocated from properties within the area during the course of project execution, shall be afforded the opportunity to be relocated in available accommodations which are decent, safe, sanitary, and otherwise habitable and which are within their financial means, all in accordance with a Relocation Plan, prepared pursuant to Sections 32.19 and 32.25 to 32.27 and 66.1333 of the Wisconsin Statutes and subsequently approved by the Wisconsin Department of Commerce. There are no plans at this time for any residential or business relocation.

<p>The Exhibits and Attachments are incorporated into the Project Plan for Tax Incremental District Number Seven, City of West Allis, Wisconsin, and by reference made a part thereof pursuant to Section 66.1105 of the Wisconsin Statutes.</p>
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Last Revision date as of: 12.15.03

APPENDIX

LIST OF EXHIBITS AND ATTACHMENTS

EXHIBITS

Exhibit No. 1	Legal Description
Exhibit No. 2	Financial Condition Analysis
Exhibit No. 3	Economic Feasibility Analysis
Exhibit No. 4	Schedule of Lands & Interests to be Acquired
Exhibit No. 5	Schedule of Properties Within District

ATTACHMENTS

Attachment No. 1	Assessor's Letter
Attachment No. 2	Legal Opinion

EXHIBIT NO. 1

LEGAL DESCRIPTION OF TAX INCREMENTAL DISTRICT NUMBER SEVEN

FORMER ALLIS-CHALMERS MANUFACTURING COMPLEX: LEGAL DESCRIPTION:

A land located in the Southwest ¼, Southeast ¼ and Northeast ¼ of Section 34, Township 7 North, Range 21 East, City of West Allis, Milwaukee County, State of Wisconsin, more particularly described as follows:

Beginning at the northwest corner of Parcel 2, Certified Survey Map No. 5845; thence South 88°14'49" East, 502.81 feet, to the northwest corner of Parcel 1 of Certified Survey Map No.5594; thence continue South 88°14'49" East, 738.74 feet; thence South 73°10'23" East, 71.11 feet; thence South 10°34'16" West, 16.00 feet; thence South 87°00'01" East, 27.97 feet; thence South 70°07'12" East, 35.99 feet; thence South 60°49'00" East, 52.05 feet, to the point on curve concave to the southwest; thence southeasterly along the arc of the curve, 135.61 feet, with radius of 377.06 feet and chord length of 134.88 feet; thence South 01°46'18" East, 310.73 feet; thence South 89°36'00" West, 20.62 feet; thence South 00°08'33" West, 526.67 feet, to the point on west right-of-way line of South 63rd Street; thence due South, 226.50 feet, along said west line to the north right-of-way line of West Mineral Street; thence South 89°36'00" West, 300.20 feet, along said north line to the west right-of-way line of South 64th Street; thence due South, 300.00 feet, along said west line to the north right-of-way line of West Washington Street; thence South 89°35'20" West, 274.52 feet, along said north line to the west right-of-way line of South 65th Street; thence South 00°01'20" East, 30.00 feet, along said west line; thence South 89°35'20" West, 116.78 feet; thence South 00°29'00" West, 30.00 feet; thence South 89°35'20" West, 41.30 feet, to the point on east line of Parcel 1 of Certified Survey Map No. 6388; thence South 00°12'30" East, 119.88 feet; thence South 00°18'05" West, 464.29 feet, to the point on curve concave to the southeast; thence southwesterly along the arc of said curve, 136.67 feet, with radius of 640.43 feet and chord length of 136.41 feet; thence South 75°53'30" East, 18.13 feet; thence South 16°22'30" West, 28.43 feet; thence South 02°52'20" West, 69.23 feet; thence North 88°05'51" East, 8.17 feet; thence South 01°31'30" East, 47.74 feet; thence South 11°14'48" East, 103.63 feet; thence South 01°01'10" East, 167.00 feet, to the north right-of-way line of West Greenfield Avenue; thence South 88°05'31" West, 342.94 feet, along said north line; thence North 01°04'33" West, 163.29 feet; thence South 88°51'51" West, 49.63 feet; thence North 01°08'09" West, 10.17 feet; thence South 88°51'51" West, 30.35 feet; thence North 01°04'33" West, 120.94 feet; thence South 88°55'27" West, 227.50 feet; thence North 01°04'02" West, 69.72 feet; thence North 88°55'27" East, 180.49 feet; thence North 01°04'33" West, 554.31 feet; thence South 88°53'27" West, 509.61 feet; thence North 61°47'49" West, 59.86, to the southeast corner of Parcel 3 of Certified Survey Map No. 6388; thence North 01°01'17" West, 633.78 feet, to the south right-of-way line of West Washington Street; thence North 89°14'21" East, 539.29 feet, along said south line to the east line of Parcel 1 of Certified Survey Map No. 6542, extended; thence North 00°38'53" West, 596.47 feet, along said east line;

thence North 88°58'07" West, 334.24 feet, along north line of said Parcel 1; thence North 00°26'42" East, 433.70 feet, to the Point of Beginning.

Exhibit No. 2 Financial Condition Analysis

I. Fair Market Value

Land Value	\$2,762,434
Improvements	\$9,095,836
Personal Property	<u>\$2,496,891</u>
Existing Total - Fair Market Values	\$14,355,161
Tax Rate of Fair Market Value	<u>2.66%</u>

II. PROJECTED Property Values

Acres	Property Available for Disposition		
10.70	Property ID #: 1. A-C Utility Corridor		
<u>0.25</u>	Property ID #: 3. City Owned Parcel		
10.95	Total Land available for Disposition		
	Value per Acre	Acres	Value
Front Acreage	\$100,000	2.00	\$200,000
Rear Acreage	\$10,000	6.95	\$69,500
Reservoir Acreage	\$0	<u>2.00</u>	<u>\$0</u>
Additional Land Value		10.95	269,500
	Scenario 4 Office Complex	Scenario 3 Office Complex	
Existing Total - Fair Market Values	\$14,355,161	\$14,355,161.39	
Projected Improvement Cost	\$29,900,000	\$ 17,900,000	
Personal Property	\$0	\$0	
Parking Facility # 1 - Private	<u>\$1,000,000</u>	<u>\$1,000,000</u>	
Projected Total Property Values	\$45,255,161	\$33,255,161	
Tax Rate	<u>2.66%</u>		
Annual Property Tax Payment	\$1,203,800	\$884,600	

Exhibit No. 3 Economic Feasibility Analysis

A. Total Taxable Values

	Scenario 4 Office Complex	Scenario 3 Office Complex
Projected Total Property Values	\$45,255,161	\$33,255,161
Existing Total - Fair Market Values	(\$14,355,161)	(\$14,355,161)
INCREMENTAL Property Values	\$30,900,000	\$18,900,000
Tax Rate	2.66%	2.66%
Property Tax Increment	\$821,900	\$502,700

B. Total Property Redevelopment Costs

	Scenario 4 Office Complex	Scenario 3 Office Complex
	Projected Costs	Projected Costs
A. Utility Improvement - Public	\$1,300,000	\$1,300,000
B. Parking Facility # 1 Private	\$1,000,000	\$1,000,000
C. Building Improvements-Private	\$29,900,000	17,900,000
D. Parking Facility # 2-a Public	\$500,000	\$500,000
E. Parking Facility # 2-b Public	\$500,000	\$500,000
F. Commuter Bike Trail - Public	\$150,000	\$150,000
G. Contingency - Public	\$250,000	\$250,000
H. Legal & Administrative - Public	\$75,000	\$75,000
Total Uses of Funds	\$33,675,000	\$21,675,000
Minus Non-project costs	-\$29,250,000	\$24,100,000
Incremental Redevelopment Costs	\$4,425,000	\$2,425,000
	Office Complex	Office Complex
Projected Property Tax Increment Per Year	\$821,900	\$502,700

Years required for TID to finance Debt Service	13.00	16.00
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Tax Increment District No. Seven is Economically Feasible

EXHIBIT NO. 4

SCHEDULE OF LAND AND INTERESTS TO BE ACQUIRED

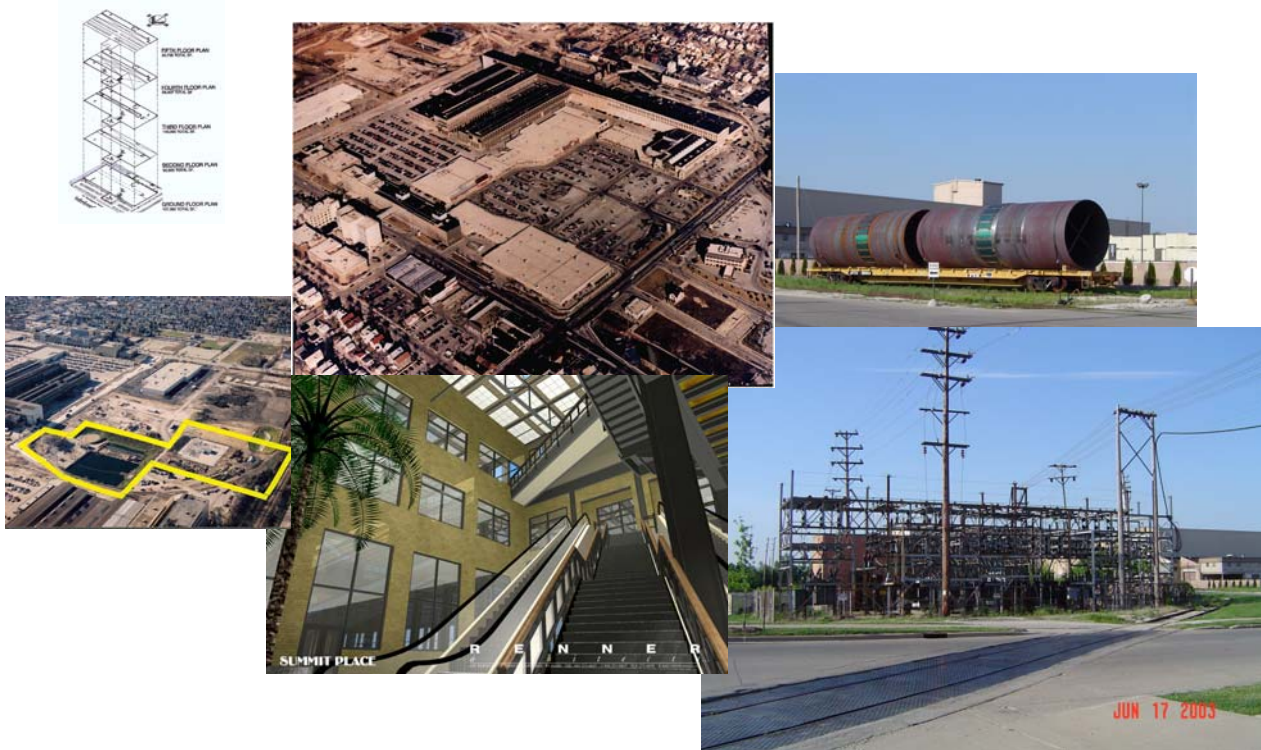
#	TAX KEY	PROPERTY ADDRESS	OWNER	Full or Partial Acquisition
1	439-0001-018	6642 W. Washington St	A-C Reorganization Trust	Full 10.7 acres
2	439-0001-015	6600 W. Washington St	Whitnall – Summit Co. LLC	Partial 2+/- acres
3	439-0001-028	67** W. Washington St	City of West Allis	Full 0.25 acres
7	439-0001-016	6500 W. Washington St	Standard Ductile & Grey	Partial 2+/- acres

The interest to be acquired for each property is the Fee

Exhibit No. 5

Schedule of Properties within District

Property Address	Owner's Name	Equalized Taxable Values			
		Personal	Land	Imprvt	Total
6642 W. Washington St.	A-C Reorganization Trust	\$0	\$400	\$0	\$400
6600 W. Washington St.	6600 Washington LLC	\$1,052,600	\$1,253,731	\$4,805,286	\$7,111,617
67** W. Washington St.	City of West Allis	n/a	n/a	n/a	\$0
W. Washington Street	City of West Allis	n/a	n/a	n/a	\$0
6609R-6765R W. Wash. St.	Whitnall Summit Company	\$1,413,037	\$1,241,582	\$3,358,153	\$6,012,773
6581 W. Washington St.	A-C Equipment Serv Corp	\$29,573	\$74,609	\$929,386	\$1,033,568
6500 W. Washington St.	Standard Ductile & Grey	<u>\$1,681</u>	<u>\$192,113</u>	<u>\$3,010</u>	<u>\$196,804</u>
		\$2,496,891	\$2,762,434	\$9,095,836	\$14,355,161



Attachment No. 1 – Assessor’s Letter

DRAFT

John F. Stibal
Director
Department of Development
City of West Allis

RE: Project Plan for Tax Increment District Number Eight

Dear Mr. Stibal:

The percentage of taxable property in all the tax incremental districts compared with all taxable property in the City of West Allis for 2004 is:

TOTAL TIF VALUE	\$
TOTAL CITY OF WEST ALLIS	\$

Sincerely,

Charles F. Ruud
City Assessor

Attachment No. 2 – Legal Opinion

DRAFT

John F. Stibal
Director
Department of Development
City of West Allis

RE: Project Plan for Tax Increment District Number Eight

Dear Mr. Stibal:

Pursant to your request, we have determined the Project Plan for Tax Increment District Number Eight. Based upon that review, we are of the opinion that the Plan complies with all of the statutory requirements of Wis. States §66.1105(4)(f) and rendering this opinion in compliance with that statutory provision.

Yours very truly,

Scott Post
City Attorney