

ATTACHMENT E

Questions re: Lacy Rd Reconstruction Project re: Origin/Rationale/Implications/Cost

Responses by color and person:

Blue – Andrew McFadden, **Green** – Misty Dodge, **Red** – Bill Balke

1. If Tax Incremental Financing District 9 (TID 9) did not exist, would staff have been allowed to present to the Council for approval a proposal for reconstructing Lacy Rd between Commerce Park Dr and Seminole Hwy that contains all of the components listed in Resolution R-61-21? If not, which ones would likely be deleted or downsized?

What you describe is a hypothetical situation that is hard to know. It should be noted though that the S. Syene project has very limited TID funding (primarily for railroad crossing improvements at Lacy & Seminole) and the same Council passed R-149-21 authorizing a very similar cross-section.

2. When does TID 9 expire? What is the total amount of money TID 9 is expected to pay out for projects after all “overhead” costs for TID 9 are deducted?

TID #9 Annual Report for 2020 is available on the City’s website here:

<http://www.fitchburgwi.gov/DocumentCenter/View/22102/TID-9-Supplemental-Report-2021-6-17>

TID #9 has an expenditure period that ends on June 9, 2030 and has a mandatory termination date of June 9, 2035 (last year of increment revenue 2036). Based on current projections, the TID is expected to spend a total of \$50,846,514 from 2015 – 2036 and will close in 2036 with about a \$1.6m surplus to be allocated among all the overlying jurisdictions. A total of \$683,039 of administrative costs and \$21,398 in direct fiscal charges is included in that total. The rest of the expenditures are on TID MRO bonds (payments to developers), TID direct-paid capital, and external debt repayment.

3. How much of the expected payout total is already committed to other projects? How much is committed to the Lacy Rd Reconstruction project? How much remains to be committed?

Looking at the Annual Report, which includes the current projections for the TID, the four MRO developer incentives are based on signed Development Agreements. The three GO Bond amounts are based on the 2021 budget and the 2022-2031 CIP. The ‘other expenditures’ are based on actual costs and projected administrative costs through the life of the TID.

Approximately \$4.5 million of the \$13,804,000 contracted Promega Expansion MRO is for the Lacy Road and Commerce Park Drive projects. The projected \$7,660,000 GO Bond for 2021 is also for various Lacy Road projects, as outlined in the 2020 and 2021 budgets. The projected \$1,635,000 GO Bond for 2022 and projected \$1,785,000 GO Bond for 2025 are also for various components of the TID projects, as outlined in the 2022-2031 CIP.

See end of this document for an updated funding and estimates for the four Lacy Road CIP projects being discussed.

4. Are there any other “potential” projects which are TID 9 eligible, but for which a commitment from TID#9 has not been made. If there are potential projects, what is the estimated cost? What is the deadline for making a TID 9 commitment?

TID #9 Project Plan is available on the City’s website here: <http://wi-fitchburg.civicplus.com/929/Tax-Increment-Districts>

The allowed projects are based on the TID 9 project plan. Page 20 of Amendment #2 lists the consolidated estimated project list. However, this is the estimated project list and there is ability for some flexibility based on section 7 of the project plan. This paragraph from the project plan (page 19) is noteworthy:

This Plan is not 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 best information available. The City retains the right to delete projects or change the scope and/or timing of projects implemented as they are individually authorized by the Common Council, without further amending this Plan.

There is at least one project plan item that is not included in the current TID #9 projections. \$771,000 was identified for a new road toward Quarry Vista. That project was removed from the CIP due to current TID 9 funding concerns.

All projects must be obligated by the end of the expenditure period, which is June 9, 2030 for this TID.

5. How many TID's in Fitchburg that are "closed out" have spent less money for overhead and projects than they collected? How many "closed out" TID's came out "even"? How many "closed out" TID's have spent more money than they collected? Are any of the "open" TID's in Fitchburg projected to spend less money than they collect?

Most of the City's closed TIDs have been successful and have resulted in a sharing of the net accumulated increment at the termination of the district. The one exception is TID #8 (Business Park), which had a loss of \$30,693 that was absorbed by the City. Final audit of TID 8 is available here:

<http://www.fitchburgwi.gov/DocumentCenter/View/15814>

Of the current TIDs, most are projected to be successful and have a net accumulated increment at the termination of the district. There are two with projected challenges. TID #10 (North Fish Hatchery Road), \$6.5m in additional value is needed for cash flow based on the 2020 annual report.

<http://www.fitchburgwi.gov/DocumentCenter/View/22099/TID-10-Supplemental-Report-2021-6-17>

In TID #11 (Clean Fill Site MM/Hwy 14) there is a small negative balance in the TID and a value decrement. Staff is hopeful that a project will continue in this TID and those upfront costs will be absorbed by the TID.

In the 2019 annual report, TID #9 also required additional value to meet cash flow. Based on current assumptions, that loss is no longer projected. However, I will note that there is still a lot of uncertainty as the two large projects that are driving the bulk of the increment are still under construction. Once completed, they will also be assessed by the State, which has a history of large differences between construction costs and assessed values.

6. Why did the Council approve a Development Agreement with Payne & Dolan in 2019 that allowed Payne & Dolan to have lead responsibility for the design of the reconstruction project for Lacy Rd between Commerce Park Dr and Seminole Hwy?
The Subdivision Improvement Agreement (SIA) defined several improvements required by the City in order for Payne & Dolan to subdivide land that would become Promega's development. It is standard for improvements defined in SIAs to be designed and constructed by the developer with review and oversight by City staff. In this case, the SIA defined a portion of Lacy Road near Commerce Park Drive to be reconstructed in order to provide adequate site distance and add acceleration and deceleration lanes.
7. Why did the Council approve an Amended Development Agreement with the Promega Corp in 2020 that allowed the Promega Corp to have lead responsibility for the design of the reconstruction project for Lacy Rd between Commerce Park Dr and Seminole Hwy, and between Commerce Park Dr and Fitchrona Rd?
Promega Corp developed approximately 145,000 square feet of manufacturing requiring on and off site improvements. The off-site public improvements were estimated to cost \$4.5M. The City engineer recommended that it was in the interest of the City to combine the design of the two portions of Lacy Road into one project.

8. How many other development agreements approved by the Council since 2000 have allowed a private entity to have lead responsibility for the design of the reconstruction project for a road (or street) that has been in use and been maintained by Fitchburg for at least 5 years prior to the date the development agreement took effect?
All developments require the private entity to assume the design of infrastructure with the oversight by Fitchburg Engineering.
9. Does the Amended Development Agreement with Promega require the City to pay all costs for installing sanitary sewers, water mains, and storm sewers/detention basins between Seminole Hwy and Commerce Park Dr, rather than allowing these costs to be paid by TID 9? If so, why and what is their current estimated cost and will the City adopt a special assessment to recover all those costs from the owners of properties fronting on both sides of Lacy Rd between Seminole Hwy and Commerce Park Dr? If not, why?
 No, the City intends to pay for sanitary sewer, water main, and storm sewers associated with this project, at least partially, through TID 9 funding.

**City of Fitchburg
 Lacy/Seminole Capital Projects
 Funding and Estimates as of 2021 Budget**

CIP Project #3494 Lacy Rd (Fitchrona to Seminole)									
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Borrowing				\$ 1,708,500	\$ -	\$ -	\$ -	\$ -	\$ -
Assessed				\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Assessed				\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ -
Impact Fees				\$ 57,000	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Rates				\$ 558,000	\$ -	\$ -	\$ -	\$ -	\$ -
TIF #9			\$ 806,900	\$ 5,208,500	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ 806,900	\$ 7,592,000	\$ -	\$ -	\$ -	\$ -	\$ -

New in 2020-2029 CIP. One of several projects to replace #3490
 2021-2030 CIP updated the total cost from \$4,572,400 to \$7,592,000 and changed funding sources

10. If the cost of the Lacy Rd Reconstruction Project (sans sanitary sewers, water mains, and storm sewers/detention basins) exceeds \$4.5 Million, will TID 9 pay those costs or will Fitchburg taxpayers pay those costs? If taxpayers are responsible, will the City adopt a special assessment to recover all those costs from the owners of properties fronting on both sides of Lacy Rd between Seminole Hwy and Commerce Park Dr? If not, why?
 Any cost in excess of \$4.5 Million will be paid based on the funding distribution identified in the CIP project 3494. The amended [TID 9 project plan](#) documents costs associated with various street improvements, streetscaping, and landscaping for Lacy Road as well and stormwater facilities. Left turn lanes and potentially other improvements identified in subdivision improvement agreements will be funded by developers.
11. Does the Amended Development Agreement require the City to pay all costs for installing street lighting and the multi-use path between Seminole Hwy and Commerce Park Dr, rather than allowing these costs to be paid by TID 9? If so, why and what is their current estimated cost and will the City adopt a special assessment to recover all those costs from the owners of properties fronting on both sides of Lacy Rd between Seminole Hwy and Commerce Park Dr? If not, why?
 No, see answer to 10.
12. What City Ordinance requires the current owners of property fronting on the south side of Lacy Rd to install a sidewalk now? When these properties are developed what conditions would have to be present before a City Ordinance would require a sidewalk to be installed. Is there a City Ordinance that requires the Fitchburg Minerals subdivision to install a sidewalk along Lacy where this subdivision fronts on Lacy Rd?
 To my knowledge, the City Code does not require current owners to install new sidewalks. Section 24-9 (h) requires sidewalks to be installed to city specification when land is developed. These requirements will be included in the subdivision improvement agreements.
13. What is current estimated cost for constructing the 7' terrace and grading for a future 5' sidewalk on the south side of Lacy Rd between Seminole Hwy and Commerce Park Dr?

The design team estimated that grading would cost approximately \$170,000 - \$200,000 for the entire project. The cost associated with Seminole to Commerce Park Dr can be estimated as approximately half that amount.

14. Will the City adopt a special assessment to recover all those costs from the owners of properties fronting on the south side of Lacy Rd between Seminole Hwy and Commerce Park Dr? If not, why?
Currently the City does not plan to assess adjacent property owners for terrace grading for this reconstruction project. The [2010 Procedure for Special Assessments](#) provides guidance on special assessments. Section VI notes that, "On major projects that provide benefit to the entire community as a whole, a portion of the project costs shall be borne by the community as a whole." (pg. 9)
15. What is current estimated cost of the tree removal and grading on the north side of Lacy Rd between Seminole Hwy and Commerce Park Dr?
Project tree removal is currently projected to cost \$20,000. Common Excavation and Import Fill is currently estimated to cost \$294K and 296K, respectively. The final totals will change as the project changes.
16. Will the City adopt a special assessment to recover all those costs from the owners of properties fronting on the north side of Lacy Rd between Seminole Hwy and Commerce Park Dr? If not, why?
The City does not currently intend to assess for tree removal as those costs are not included in the 2010 Procedure for Special Assessments.
17. What is current estimated cost of curb & gutter on both sides of Lacy Rd between Seminole Hwy and Commerce Park Dr?
The current estimated cost of curb & gutter for this project is \$250K.
18. Will the City adopt a special assessment to recover all those costs from the owners of properties fronting on both sides of Lacy Rd between Seminole Hwy and Commerce Park Dr? If not, why?
The [Procedure for Special Assessments](#) does state that 60% of the cost of all work to install curb and gutter will be assessed against the benefited properties. However, only a small amount of funding (\$15K) for non-utility assessment was included in the CIP for this project so this assessment is currently being waived.
19. Regarding the stormwater detention basin that will be constructed near the SE corner of the Lacy Rd/Fitchrona Rd intersection, how much of the stormwater tributary to it will originate within the Fitchburg Minerals subdivision? How much within the Lacy Rd corridor?
The basin is currently being sized for only the roadway project. When the site is developed, the developer will add additional capacity to treat the runoff generated by the Fitchburg Mineral's site. Specific percentages will be provided once a stormwater report is complete for both the roadway and development projects.
20. How much of the construction cost of the stormwater detention basin near the Lacy/Fitchrona intersection will be paid by Fitchburg Minerals? How much by the City? If the "cost sharing" is not proportional to the tributary flow from each source, why is that?
The cost share will be proportional to the basin's size and corresponding runoff generated.
21. How much of the construction cost of the stormwater facilities needed to implement the recommendations in the Goose Lake Stormwater Study will be paid by Fitchburg Minerals? By the City? If the "cost sharing" is not proportional to the tributary flow from each source, why is that?
The Fitchrona Road/Goose Lake Flood Study identified several recommended improvements, both on Fitchrona Rd and downstream. The CIP project 4713 – Fitchrona Road Stormwater Improvements currently include grant, Town of Verona, and stormwater utility funding. No private development funding is anticipated to fund these improvements.