



October 16, 2018

Project Plan for the Creation of Tax Incremental District No. 6

CITY OF FRANKLIN, WISCONSIN

Organizational Joint Review Board Meeting Held:	September 20, 2018
Public Hearing Held:	September 20, 2018
Consideration for Approval by Plan Commission:	September 20, 2018
Consideration for Adoption by Common Council:	October 16, 2018
Consideration for Approval by the Joint Review Board:	November 1, 2018



Tax Incremental District No. 6 Creation Project Plan

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Mark Dandrea	Council Member
Daniel Mayer	Council Member
Kristen Wilhelm	Council Member
Steve F. Taylor	Council Member
Mike Barber	Council Member
John Nelson	Council Member

City Staff

Sandra L. Wesolowski	City Clerk
Calli Berg	Director of Economic Development
Mark Luberd	Director of Administration
Paul Rotzenberg	Director of Finance & Treasurer
Jesse Wesolowski	City Attorney

Plan Commission

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Aaron Hertzberg	Milwaukee County
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J. Michael Bartels	Public Member



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SECTION 1: Executive Summary

Description of District

Type of District, Size and Location

Tax Incremental District (“TID”) No. 6 (the “TID” or “District”) is proposed to be created by the City of Franklin (“City”) as a mixed-use district. A map of the proposed District boundaries is located in Section 3 of this plan.

Estimated Total Project Expenditures.

The City anticipates making total project expenditures of approximately \$21.3 million to undertake the projects listed in this Project Plan. This includes approximately \$7.7 million in issuance and interest expense. The City anticipates completing the projects in multiple phases. The Expenditure Period of this District is 15 years from the date of adoption of the authorizing Resolution of the Common Council (the “Creation Resolution”). The projects to be undertaken pursuant to this Project Plan are expected to be financed with General Obligation Debt and Pay as you go Municipal Revenue Obligations issued by the City, however, the City may use other alternative financing methods which may provide overall lower costs of financing, preserve debt capacity, mitigate risk to the City, or provide other advantages as determined by the Common Council. A discussion and listing of other possible financing mechanisms, as well as a summary of total project financing, is located in Section 10 of this plan.

Economic Development

As a result of the creation of this District, the City projects that additional land and improvements value of approximately \$64 million will be created as a result of new development, redevelopment, and appreciation in the value of existing properties. This additional value will be a result of the improvements made and projects undertaken within the District. A table detailing assumptions as to the timing of new development and redevelopment and associated values is located in Section 10 of this Plan. In addition, creation of the District is expected to result in other economic benefits as detailed in the Summary of Findings hereafter.

Expected Termination of District

Based on the Economic Feasibility Study located in Section 10 of this plan, this District would be expected to generate sufficient tax increments to recover all project costs by the year 2037; 4 years earlier than the 20 year maximum life of this District.

Summary of Findings

As required by Wisconsin Statutes Section 66.1105, and as documented in this Project Plan and the exhibits contained and referenced herein, the following findings are made:

1. **That “but for” the creation of this District, the development projected to occur as detailed in this Project Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the City.** In making this determination, the City has considered the following information:

- The City may conduct an independent review of the intended developer’s sources and uses proforma for the initial proposed development project. This review will conclude if a public investment is required to enable the development to occur in the manner desired by the City, while providing the developer a fair and reasonable return on their investment.
 - Some of the sites proposed for development have remained vacant for years due to lack of adequate infrastructure and ownership by multiple parties) Given that the sites have not developed as would have been expected under normal market conditions, it is the judgment of the City that the use of Tax Incremental Financing (“TIF”) will be required to provide the necessary infrastructure and inducements to encourage development on the sites consistent with that desired by the City.
 - In order to make the areas included within the District suitable for development, the City will need to make a substantial investment to pay for the costs of: property, right-of-way and easement acquisition, site preparation, installation of utilities; installation of streets and related streetscape items; development incentive payments, and other associated costs. Due to the extensive initial investment in public infrastructure that is required in order to allow development to occur, the City has determined that development of the area will not occur solely as a result of private investment. Accordingly, the City finds that absent the use of TIF, development of the area is unlikely to occur.
 - In June of 2015, Graef conducted a Planning and Engineering Analysis of the land near W. Loomis Road (STH 36) and W. Ryan Road, referred to as Area G. GRAEF concluded that the City should work to create a Tax Increment District around this area to aid in the cost of the required infrastructure for development to occur.
2. **The economic benefits of the Tax Incremental District, as measured by increased employment, business and personal income, and property value, are sufficient to compensate for the cost of the improvements.** In making this determination, the City has considered the following information:
- As demonstrated in the Economic Feasibility Section of this Project Plan, the tax increments projected to be collected are more than sufficient to pay for the proposed project costs. On this basis alone, the finding is supported.
 - The development expected to occur within the District would create approximately 75 residential units, providing housing opportunities for workers.
3. **The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.**
- If approved, the District’s creation would become effective for valuation purposes as of January 1, 2019. As of this date, the values of all existing development would be frozen and the property taxes collected on this base value would continue to be distributed amongst the various taxing entities as they currently are now. Taxes levied on any additional value established within the District due to new construction, renovation or appreciation of property values occurring after January 1, 2019 would be collected by the TID and used to repay the costs of TIF-eligible projects undertaken within the District.

- Since the development expected to occur is unlikely to take place or in the same manner without the use of TIF (see Finding #1) and since the District will generate economic benefits that are more than sufficient to compensate for the cost of the improvements (see Finding #2), the City reasonably concludes that the overall benefits of the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. It is further concluded that since the “but for” test is satisfied, there would, in fact, be no foregone tax increments to be paid in the event the District is not created. As required by Section 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been made and can be found in Appendix A of this plan.
4. Not less than 50% by area of the real property within the District is suitable for a combination of industrial, commercial and residential uses, defined as “mixed-use development” within the meaning of Wisconsin Statutes Section 66.1105(2)(cm). Lands proposed for newly platted residential development comprise approximately 22.5% (and in no event will exceed 35%) by area of the real property within the District. Any project costs related to newly platted residential development are eligible expenditures based on the finding that the development has a residential housing density of at least 3 units per acre as defined in Wisconsin Statutes Section 66.1105(2)(f)3.a.
 5. Based upon the findings, as stated above, the District is declared to be a mixed-use District based on the identification and classification of the property included within the District.
 6. The project costs relate directly to promoting mixed-use development in the District consistent with the purpose for which the District is created.
 7. The improvement of such area is likely to enhance significantly the value of substantially all of the other real property in the District.
 8. The equalized value of taxable property of the District, plus the value increment of all existing tax incremental districts within the City, does not exceed 12% of the total equalized value of taxable property within the City.
 9. The City estimates that less than 10% of the territory within the District will be devoted to retail business at the end of the District’s maximum expenditure period, pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1.
 10. The Project Plan for the District in the City is feasible, and is in conformity with the master plan of the City.

SECTION 2: Type and General Description of District

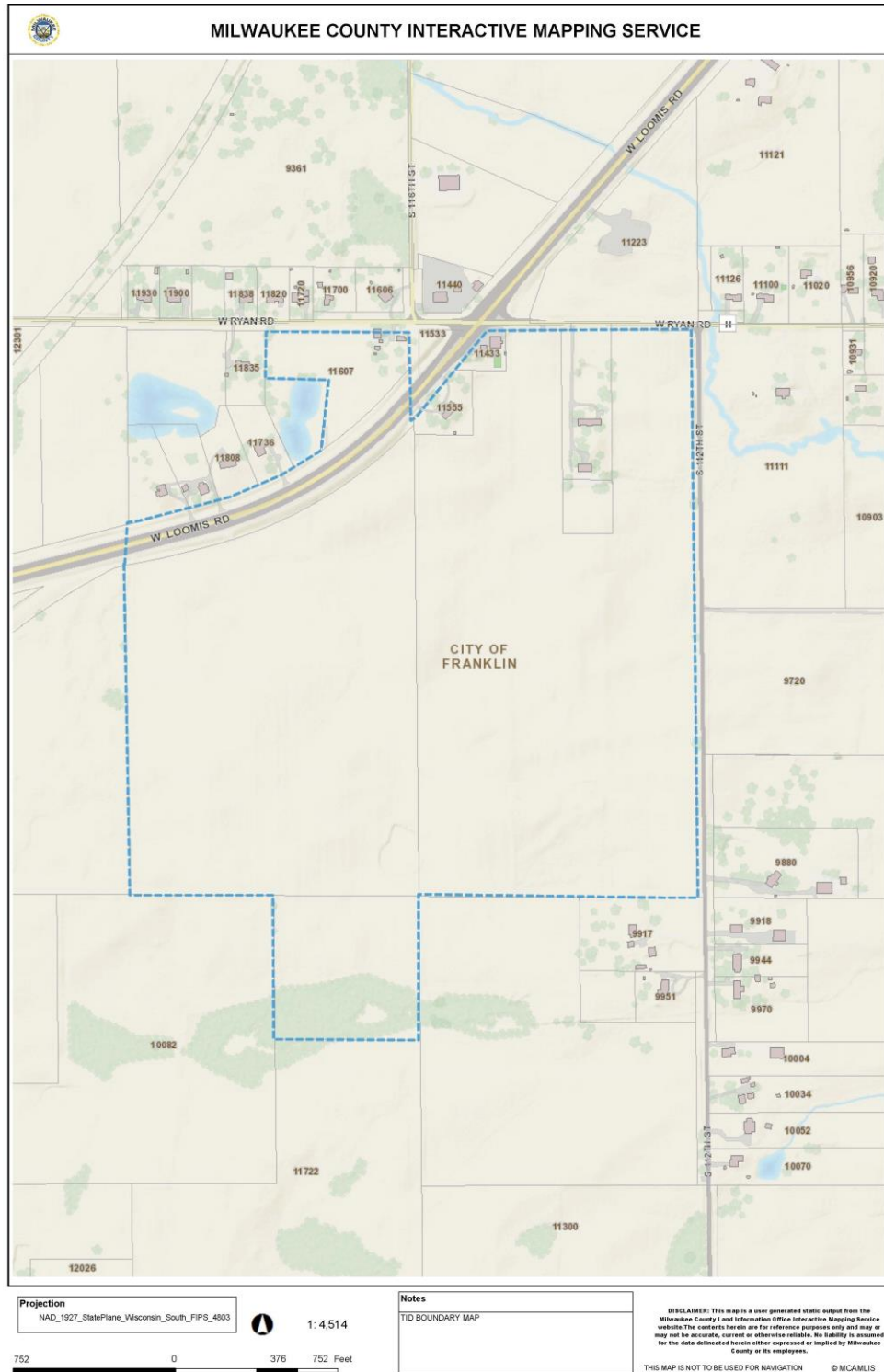
The District is being created by the City under the authority provided by Wisconsin Statutes Section 66.1105. The District is created as a “Mixed Use District” based upon a finding that at least 50%, by area, of the real property within the District is suitable for a combination of industrial, commercial and

residential uses as defined within the meaning of Wisconsin Statutes Section 66.1105(2)(cm) (See Section 5 of this plan for a breakdown of District parcels by class and calculation of compliance with the 50% test). Lands proposed for newly platted residential development comprise approximately 22.5% of the area of the District. To the extent that project costs will be incurred by the City for newly platted residential development, the residential development will have a density of at least 3 units per acre as defined in Wisconsin Statutes Section 66.1105(2)(f)3.a.

A map depicting the boundaries of the District is found in Section 3 of this Plan. A map depicting the proposed uses of the District is found in Section 8 of this plan. The City intends that TIF will be used to assure that a combination of private industrial, commercial and residential development occurs within the District consistent with the City's development objectives. This will be accomplished by installing public improvements and making necessary related expenditures to induce and promote development within the District. The goal is to increase the tax base and to provide for and preserve employment opportunities within the City. The project costs included in the Plan relate directly to promoting mixed-use development in the District consistent with the purpose for which the District is created.

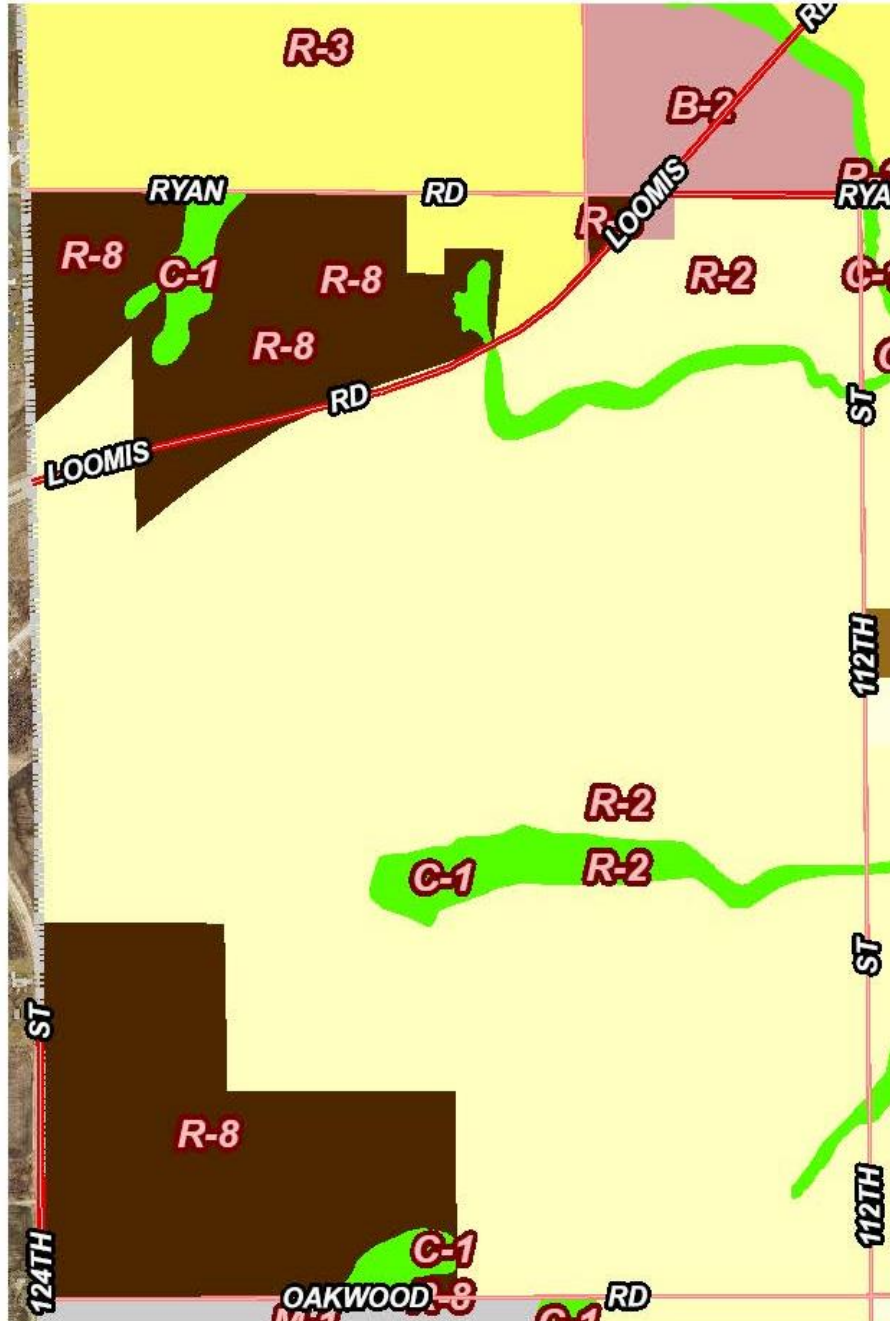
Based upon the findings, as stated within this Plan, the District is declared to be a mixed-use District based on the identification and classification of the property included within the district.

SECTION 3: Preliminary Map of Proposed District Boundary



SECTION 4:
Map Showing Existing Uses and Conditions

Proposed TID 6 Zoning Map



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SECTION 6: Equalized Value Test

The following calculations demonstrate that the City is in compliance with Wisconsin Statutes Section.66.1105(4)(gm)4.c., which requires that the equalized value of the taxable property in the proposed District, plus the value increment of all existing tax incremental districts, does not exceed 12% of the total equalized value of taxable property within the City.

The equalized value of the increment of existing tax incremental districts within the City, plus the base value of the proposed District, totals \$99,684,800. This value is less than the maximum of \$482,752,968 in equalized value that is permitted for the City of Franklin. The City is therefore in compliance with the statutory equalized valuation test and may proceed with creation of this District.

City of Franklin, WI				
Tax Increment District #6				
Valuation Test Compliance Calculation				
District Creation Date	10/16/2018			
	Valuation Data Currently Available 2018	Dollar Charge	Percent Change	Valuation Data Est. Creation Date
Total EV (TID In)	4,022,941,400			4,022,941,400
12% Test	482,752,968			482,752,968
Increment of Existing TIDs				
TID #3	51,181,600			51,181,600
TID #4	46,431,200			46,431,200
TID #5	1,261,200			1,261,200
				0
				0
				0
Total Existing Increment	98,874,000			98,874,000
Projected Base of New or Amended District	810,800			810,800
Less Value of Any Underlying TID Parcels	0			0
Total Value Subject to 12% Test	99,684,800			99,684,800
Compliance	PASS			PASS

SECTION 7: Statement of Kind, Number and Location of Proposed Public Works and Other Projects

The following is a list of public works and other TIF-eligible projects that the City expects to implement in conjunction with this District. Any costs necessary or convenient to the creation of the District or directly or indirectly related to the public works and other projects are considered "Project Costs" and eligible to be paid with tax increment revenues of the District.

Property, Right-of-Way and Easement Acquisition

Property Acquisition for Development

In order to promote and facilitate development and/or redevelopment the City may provide assistance to acquire property within the District. The cost of property acquired, and any costs associated with the transaction, are eligible Project Costs. Following acquisition, other Project Costs within the categories detailed in this Section may be incurred in order to make the property suitable for development and/or redevelopment. Any revenue received by the City from the sale of property acquired pursuant to the execution of this Plan will be used to reduce the total project costs of the District. If total Project Costs incurred by the City to acquire property and make it suitable for development and/or redevelopment exceed the revenues or other consideration received from the sale or lease of that property, the net amount shall be considered "real property assembly costs" as defined in Wisconsin Statutes Section 66.1105(2)(f)1.c., and subject to recovery as an eligible Project Cost.

Property Acquisition for Conservancy

In order to promote the objectives of this Plan, the City may acquire property within the District that it will designate for conservancy. These conservancy objectives include: maintaining adequate open space; reduction of erosion and sedimentation by preserving existing vegetation; and providing adequate areas for management of stormwater. The cost of property acquired for conservancy, and any costs associated with the transaction, are eligible Project Costs.

Acquisition of Rights-of-Way

The City may need to acquire property to allow for installation of streets, driveways, sidewalks, utilities, stormwater management practices and other public infrastructure. Costs incurred by the City to identify, negotiate and acquire rights-of-way are eligible Project Costs.

Acquisition of Easements

The City may need to acquire temporary or permanent easements to allow for installation and maintenance of streets, driveways, sidewalks, utilities, stormwater management practices and other public infrastructure. Costs incurred by the City to identify, negotiate and acquire easement rights are eligible Project Costs.

Relocation Costs

If relocation expenses are incurred in conjunction with the acquisition of property, those expenses are eligible Project Costs. These costs may include, but are not limited to: preparation of a relocation plan; allocations of staff time; legal fees; publication of notices; obtaining appraisals; and payment of relocation benefits as required by Wisconsin Statutes Sections 32.19 and 32.195.

Site Preparation Activities

Environmental Audits and Remediation

There have been no known environmental studies performed within the proposed District. If, however, it becomes necessary to evaluate any land or improvement within the District, any cost incurred by the City related to environmental audits, testing, and remediations are eligible Project Costs.

Demolition

In order to make sites suitable for development and/or redevelopment, the City may incur costs related to demolition and removal of structures or other land improvements, to include abandonment of wells or other existing utility services.

Site Grading

Land within the District may require grading to make it suitable for development and/or redevelopment, to provide access, and to control stormwater runoff. The City may need to remove and dispose of excess material, or bring in fill material to provide for proper site elevations. Expenses incurred by the City for site grading are eligible Project Costs.

Utilities

Sanitary Sewer System Improvements

There are inadequate sanitary sewer facilities serving areas of the District. To allow development to occur, the City may need to construct, alter, rebuild or expand sanitary sewer infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: collection mains; manholes and cleanouts; service laterals; force mains; interceptor sewers; pumping stations; lift stations; and all related appurtenances. To the extent sanitary sewer projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand sanitary sewer infrastructure located outside of the District. That portion of the costs of sanitary sewer system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

Water System Improvements

There are inadequate water distribution facilities serving areas of the District. To allow development to occur, the City may need to construct, alter, rebuild or expand water system infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: distribution mains; manholes and valves; hydrants; service laterals; pumping stations; wells; storage tanks and reservoirs; and all related appurtenances. To the extent water system projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand water system infrastructure located outside of the District. That portion of the costs of water system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

Stormwater Management System Improvements

Development within the District may cause stormwater runoff and pollution. To manage this stormwater

runoff, the City may need to construct, alter, rebuild or expand stormwater management infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: stormwater collection mains; inlets, manholes and valves; service laterals; ditches; culvert pipes; box culverts; and infiltration, filtration and detention Best Management Practices (BMP's). To the extent stormwater management system projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand stormwater management infrastructure located outside of the District. That portion of the costs of stormwater management system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

Electric Service

In order to create sites suitable for development, the City may incur costs to provide, relocate or upgrade electric services. Relocation may require abandonment and removal of existing poles or towers, installation of new poles or towers, or burying of overhead electric lines. Costs incurred by the City to undertake this work are eligible Project Costs.

Gas Service

In order to create sites suitable for development, the City may incur costs to provide, relocate or upgrade gas mains and services. Costs incurred by the City to undertake this work are eligible Project Costs.

Communications Infrastructure

In order to create sites suitable for development, the City may incur costs to provide, relocate or upgrade infrastructure required for voice and data communications, including, but not limited to: telephone lines, cable lines and fiber optic cable. Costs incurred by the City to undertake this work are eligible Project Costs.

Streets and Streetscape

Street Improvements

There are inadequate street improvements serving areas of the District. To allow development to occur, the City may need to construct and/or reconstruct streets, highways, alleys, access drives and parking areas. Eligible Project Costs include, but are not limited to: excavation; removal or placement of fill; construction of road base; asphalt or concrete paving or repaving; installation of curb and gutter; installation of sidewalks and bicycle lanes; installation of culverts, box culverts; utility relocation, to include burying overhead utility lines; street lighting; installation of traffic control signage and traffic signals; pavement marking; right-of-way restoration; installation of retaining walls; and installation of fences, berms, and landscaping.

Streetscaping and Landscaping

In order to attract development consistent with the objectives of this Plan, the City may install amenities to enhance development sites, rights-of-way and other public spaces. These amenities include, but are not limited to: landscaping; lighting of streets, sidewalks, parking areas and public areas; installation of planters, benches, clocks, tree rings, trash receptacles and similar items; and installation of brick or other decorative walks, terraces and street crossings. These and any other similar amenities installed by the City are eligible Project Costs.

CDA Type Activities

Contribution to Community Development

As provided for in Wisconsin Statutes Sections 66.1105(2)(f)1.h and 66.1333(13), the City may provide funds to its CDA to be used for administration, planning operations, and capital costs, including but not limited to real property acquisition, related to the purposes for which it was established in furtherance of any redevelopment or urban renewal project. Funds provided to the CDA for this purpose are eligible Project Costs.

Miscellaneous

Cash Grants (Development Incentives)

The City may enter into agreements with property owners, lessees, or developers of land located within the District for the purpose of sharing costs to encourage the desired kind of improvements and assure tax base is generated sufficient to recover project costs. No cash grants will be provided until the City executes a developer agreement with the recipient of the cash grant. Any payments of cash grants made by the City are eligible Project Costs.

Projects Outside the Tax Increment District

Pursuant to Wisconsin Statutes Section 66.1105(2)(f)1.n, the City may undertake projects within territory located within one-half mile of the boundary of the District provided that: 1) the project area is located within the City's corporate boundaries and 2) the projects are approved by the Joint Review Board. The cost of projects completed outside the District pursuant to this section are eligible project costs, and may include any project cost that would otherwise be eligible if undertaken within the District. The City intends to make the following project cost expenditures outside the District: Water System Improvements, Sanitary System Improvements, Street improvements, Street Scaping and Pedestrian Pathways.

Professional Service and Organizational Costs

The costs of professional services rendered, and other costs incurred by the City, in relation to the creation, administration and termination of the District, and the undertaking of the projects contained within this Plan, are eligible Project Costs. Professional services include, but are not limited to: architectural; environmental; planning; engineering; legal, audit; financial; and the costs of informing the public with respect to the creation of the District and the implementation of the Plan.

Administrative Costs

The City may charge to the District as eligible Project Costs reasonable allocations of administrative costs, including, but not limited to, employee salaries incurred by the City. Costs allocated will bear a direct connection to the time spent by City employees in connection with the implementation of the Plan.

Financing Costs

Interest expense, debt issuance expenses, redemption premiums, and any other fees and costs incurred in conjunction with obtaining financing for projects undertaken under this Plan are eligible Project Costs.

With all projects the costs of engineering, design, survey, inspection, materials, construction, restoring property to its original condition, apparatus necessary for public works, legal and other consultant fees, testing, environmental studies, permits, updating City ordinances and plans, judgments or claims for damages and other expenses are included as Project Costs.

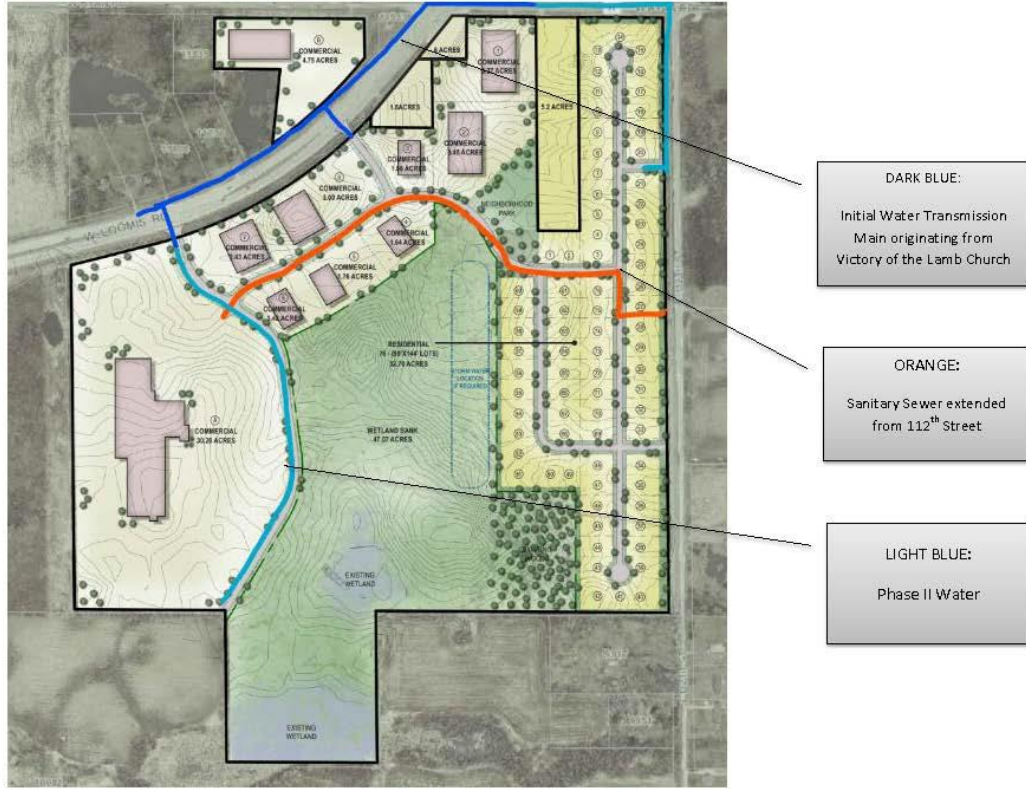
In the event any of the public works project expenditures are not reimbursable out of the special TIF fund under Wisconsin Statutes Section 66.1105, in the written opinion of counsel retained by the City for such

purpose or a court of record so rules in a final order, then such project or projects shall be deleted herefrom and the remainder of the projects hereunder shall be deemed the entirety of the projects for purposes of this Project Plan.

The City reserves the right to implement only those projects that remain viable as the Plan period proceeds.

Project Costs are any expenditure made, estimated to be made, or monetary obligations incurred or estimated to be incurred, by the City and as outlined in this Plan. Project Costs will be diminished by any income, special assessments or other revenues, including user fees or charges. To the extent the costs benefit the municipality outside the District, a proportionate share of the cost is not a Project Cost. Costs identified in this Plan are preliminary estimates made prior to design considerations and are subject to change after planning is completed. Prorations of costs in the Plan are also estimates and subject to change based upon implementation, future assessment policies and user fee adjustments.

SECTION 8: Map Showing Proposed Improvements



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SECTION 9: Detailed List of Project Costs

All costs are based on 2018 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2018 and the time of construction. However, for increases in excess of 25% over the cost of inflation of total project costs, the City would pursue an amendment to the Plan in accordance with the amendment procedures specified in Wisconsin Statutes Section 66.1105(4)(h), which include review by the Joint Review Board. The City 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.

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 amending the Plan.

Proposed TIF Project Cost Estimates

City of Franklin, Wi				
Tax Increment District #6				
Estimated Project List				
Project ID	Project Name/Type	Phase I 2018	Ongoing 2019-2040	Total (Note 1)
1	Land Acquisition	3,100,000		3,100,000
2	Utility Extensions	3,850,000		3,850,000
3	Public Road Improvements	1,800,000		1,800,000
4	Interior Infrastructure	3,210,000		3,210,000
5	Development Incentive	610,000		610,000
6	Creation & Administration	30,000	715,217	745,217
7	Interest and Financing Costs City Debt	211,350	3,934,423	4,145,773
8	Interest on MRO		3,862,737	3,862,737
Total Projects		<u>12,811,350</u>	<u>8,512,376</u>	<u>21,323,726</u>

Notes:

Note 1 Project costs are estimates and are subject to modification

SECTION 10: Economic Feasibility Study, Financing Methods, and the Time When Costs or Monetary Obligations Related are to be Incurred

The information and exhibits contained within this Section demonstrate that the proposed District is economically feasible insofar as:

- The City has available to it the means to secure the necessary financing required to accomplish the projects contained within this Plan. A listing of “Available Financing Methods” follows.
- The City expects to complete the projects in one or multiple phases, and can adjust the timing of implementation as needed to coincide with the pace of private development. A discussion of the phasing and projected timeline for project completion is discussed under “Plan Implementation” within this Section. A table identifying the financing method for each phase and the time at which that financing is expected to be incurred is included.
- The development anticipated to occur as a result of the implementation of this Plan will generate sufficient tax increments to pay for the cost of the projects. Within this Section are tables identifying: 1) the development expected to occur, 2) a projection of tax increments to be collected resulting from that development and other economic growth within the District, and 3) a cash flow model demonstrating that the projected tax increment collections and all other revenues available to the District will be sufficient to pay all Project Costs.

Available Financing Methods

Implementation of this Plan may require that the City issue debt obligations to provide direct or indirect financing for the Projects to be undertaken. The following is a list of the types of obligations the City may choose to utilize.

General Obligation (G.O.) Bonds or Notes

The City may issue G.O. Bonds or Notes to finance the cost of projects included within this Plan. The Wisconsin State Constitution limits the principal amount of G.O. debt that the community may have outstanding at any point in time to an amount not greater than five percent of its total equalized value (TID IN). As of the date of this plan, the City has a G.O. debt limit of \$194,446,310, of which \$164,461,617 is currently unused and could be made available to finance Project Costs.

Bonds Issued to Developers (“Pay as You Go” Financing)

The City may issue a bond or other obligation to one or more developers who provide financing for projects included in this Plan. Repayment of the amounts due to the developer under the bonds or other obligations are limited to an agreed percentage of the available annual tax increments collected that result from the improvements made by the developer. To the extent the tax increments collected are insufficient to make annual payments, or to repay the entire obligation over the life of the District, the City’s obligation is limited to not more than the agreed percentage of the actual increments collected. Bonds or other obligations issued to developers in this fashion are not general obligations of the City and, therefore, do not count against the City’s statutory borrowing capacity.

Tax Increment Revenue Bonds

The City has the authority to issue revenue bonds secured by the tax increments to be collected. These bonds may be issued directly by the City, or as a form of lease revenue bond by a Community Development Authority (CDA). Tax Increment Revenue Bonds and Lease Revenue Bonds are not general obligations of the City and therefore do not count against the City's statutory borrowing capacity. To the extent tax increments collected are insufficient to meet the annual debt service requirements of the revenue bonds, the City may be subject to either a permissive or mandatory requirement to appropriate on an annual basis a sum equal to the actual or projected shortfall.

Utility Revenue Bonds

The City can issue revenue bonds to be repaid from revenues of the its various systems, including revenues paid by the City that represent service of the system to the City. There is neither a statutory nor constitutional limitation on the amount of revenue bonds that can be issued, however, water rates are controlled by the Wisconsin Public Service Commission and the City must demonstrate to bond purchasers its ability to repay revenue debt with the assigned rates. To the extent the City utilizes utility revenues other than tax increments to repay a portion of the bonds, the City must reduce the total eligible Project Costs in an equal amount.

Special Assessment "B" Bonds

The City has the ability to levy special assessments against benefited properties to pay part of the costs for street, curb, gutter, sewer, water, storm sewers and other infrastructure. In the event the City determines that special assessments are appropriate, the City can issue Special Assessment B bonds pledging revenues from special assessment installments to the extent assessment payments are outstanding. These bonds are not counted against the City's statutory borrowing capacity. If special assessments are levied, the City must reduce the total eligible Project Costs under this Plan in an amount equal to the total collected.

Plan Implementation

Projects identified will provide the necessary anticipated governmental services to the area. A reasonable and orderly sequence is outlined on the following page. However, public debt and expenditures should be made at the pace private development occurs to assure increment is sufficient to cover expenses.

It is anticipated developer agreements between the City and property owners will be in place prior to major public expenditures. These agreements can provide for development guarantees or a payment in lieu of development. To further assure contract enforcement, these agreements might include levying of special assessments against benefited properties.

The order in which public improvements are made should be adjusted in accordance with development and execution of developer agreements. The City reserves the right to alter the implementation of this Plan to accomplish this objective.

Interest rates projected are based on current market conditions. Municipal interest rates are subject to constantly changing market conditions. In addition, other factors such as the loss of tax-exempt status of municipal bonds or broadening the purpose of future tax-exempt bonds would affect market conditions. Actual interest expense will be determined once the methods of financing have been approved and securities or other obligations are issued.

If financing as outlined in this Plan proves unworkable, the City reserves the right to use alternate financing solutions for the projects as they are implemented.

Implementation and Financing Timeline

City of Franklin, Wi					
Tax Increment District #6					
Estimated Financing Plan					
	G.O. Bond 2018	Taxable G.O. Bond 2018	Municipal Revenue Obligation (MRO) 2018	Cash Flow 2019-2040	Totals
Projects					
Land Acquisition			3,100,000		3,100,000
Utility Extensions	3,850,000				3,850,000
Public Road Improvements	1,800,000				1,800,000
Interior Infrastructure		2,740,000	470,000		3,210,000
Development Incentive		610,000			610,000
Creation Expenses	30,000				30,000
Administration Expenses				715,217	715,217
Interest expenses City Debt				3,934,423	3,934,423
Interest on MRO				3,862,737	3,862,737
Total Project Funds	5,680,000	3,350,000	3,570,000	8,512,376	21,112,376
Estimated Finance Related Expenses					
Municipal Advisor	20,000	22,000			
Bond Counsel	12,000	12,000			
Disclosure Counsel	7,200	7,200			
Rating Agency Fee	15,000	15,000			
Paying Agent					
Underwriter Discount	10.00	61,850	10.00	39,100	0.00
Debt Service Reserve					
Capitalized Interest	401,365	468,578			
Total Financing Required	6,197,415	3,913,878	3,570,000		
Estimated Interest	0.50%	(14,200)	0.50%	(8,375)	0.25%
Assumed spend down (months)	6	6	0		
Rounding	1,785	4,498			
Net Issue Size	6,185,000	3,910,000	3,570,000		13,665,000
Notes:	Unpaid Accrued interest rolled into principal			1,389,777	
	Principal Paid with unpaid accrued interest			4,959,777	

Development Assumptions

City of Franklin, Wi Tax Increment District #6 Development Assumptions							
Construction Year		Large Industrial User	Light Industrial & commercial	Single Family	Annual Total	Construction Year	
1	2019	4,000,000		5,320,000	9,320,000	2019	1
2	2020	12,000,000		3,960,000	15,960,000	2020	2
3	2021	4,000,000		3,960,000	7,960,000	2021	3
4	2022		1,359,443	3,960,000	5,319,443	2022	4
5	2023		2,039,166	3,960,000	5,999,166	2023	5
6	2024		2,039,165	3,960,000	5,999,165	2024	6
7	2025		4,078,330	3,960,000	8,038,330	2025	7
8	2026		2,039,165	1,320,000	3,359,165	2026	8
9	2027		2,039,165		2,039,165	2027	9
10	2028				0	2028	10
11	2029				0	2029	11
12	2030				0	2030	12
13	2031				0	2031	13
14	2032				0	2032	14
15	2033				0	2033	15
16	2034				0	2034	16
17	2035				0	2035	17
18	2036				0	2036	18
19	2037				0	2037	19
20	2038				0	2038	20
Totals		<u>20,000,000</u>	<u>13,594,434</u>	<u>30,400,000</u>	<u>63,994,434</u>		

Notes: Values and absorption provided by the Developer

Increment Revenue Projections

City of Franklin, Wi										
Tax Increment District #6										
Tax Increment Projection Worksheet										
Type of District	Mixed Use		Base Value	810,800						
District Creation Date	October 16, 2018		Appreciation Factor	1.00%		Apply to Base Value				
Valuation Date	Jan 1,	2019	Base Tax Rate	\$25.18						
Max Life (Years)	20		Rate Adjustment Factor	-1.00%						
Expenditure Period/Termination	15	10/16/2033	Tax Exempt Discount Rate	3.50%						
Revenue Periods/Final Year	20	2040	Taxable Discount Rate	5.00%						
Extension Eligibility/Years	Yes	3								
Recipient District	No									

Construction Year	Value Added	Valuation Year	Inflation Increment	Total Increment	Revenue Year	Tax Rate	Tax Increment	Tax Exempt NPV	
								Calculation	Taxable NPV Calculation
1 2019	9,320,000	2020	0	9,320,000	2021	\$24.92	232,290	209,512	200,661
2 2020	15,960,000	2021	93,200	25,373,200	2022	\$24.67	626,073	755,098	715,732
3 2021	7,960,000	2022	253,732	33,586,932	2023	\$24.43	820,456	1,445,900	1,358,581
4 2022	5,319,443	2023	335,869	39,242,244	2024	\$24.18	949,016	2,217,925	2,066,751
5 2023	5,999,166	2024	392,422	45,633,833	2025	\$23.94	1,092,552	3,076,661	2,843,208
6 2024	5,999,165	2025	456,338	52,089,336	2026	\$23.70	1,234,637	4,014,259	3,678,858
7 2025	8,038,330	2026	520,893	60,648,559	2027	\$23.47	1,423,135	5,058,457	4,596,223
8 2026	3,359,165	2027	606,486	64,614,210	2028	\$23.23	1,501,028	6,122,563	5,517,724
9 2027	2,039,165	2028	646,142	67,299,517	2029	\$23.00	1,547,775	7,182,705	6,422,676
10 2028	0	2029	672,995	67,972,512	2030	\$22.77	1,547,620	8,206,895	7,284,449
11 2029	0	2030	679,725	68,652,237	2031	\$22.54	1,547,466	9,196,350	8,105,103
12 2030	0	2031	686,522	69,338,760	2032	\$22.32	1,547,311	10,152,251	8,886,600
13 2031	0	2032	693,388	70,032,147	2033	\$22.09	1,547,156	11,075,734	9,630,809
14 2032	0	2033	700,321	70,732,469	2034	\$21.87	1,547,001	11,967,898	10,339,508
15 2033	0	2034	707,325	71,439,794	2035	\$21.65	1,546,847	12,829,807	11,014,392
16 2034	0	2035	714,398	72,154,192	2036	\$21.44	1,546,692	13,662,486	11,657,074
17 2035	0	2036	721,542	72,875,733	2037	\$21.22	1,546,537	14,466,926	12,269,092
18 2036	0	2037	728,757	73,604,491	2038	\$21.01	1,546,383	15,244,085	12,851,907
19 2037	0	2038	736,045	74,340,536	2039	\$20.80	1,546,228	15,994,889	13,406,914
20 2038	0	2039	743,405	75,083,941	2040	\$20.59	1,546,073	16,720,230	13,935,439
Totals	63,994,434		11,089,507		Future Value of Increment		26,442,274		

Notes:

Actual results will vary depending on development, inflation of overall tax rates.

NPV calculations represent estimated amount of funds that could be borrowed (including project cost, capitalized interest and issuance costs).

Cash Flow

City of Franklin, Wi																							
Tax Increment District #6																							
Cash Flow Projection																							
Year	Projected Revenues				Expenditures											Balances			Principal & MRO Outstanding	Year			
	Tax Increments	Interest Earnings/ (Cost)	Capitalized Revenue	Total Revenues	G.O. Bond 6,185,000 Dated Date: 11/01/18			Taxable G.O. Bond 3,910,000 Dated Date: 11/01/18			Municipal Revenue Obligation (MRO) 3,570,000 Dated Date: 11/01/18					Admin.	Total Expenditures	Annual			Cumulative	Principal Outstanding	
				Principal	Est. Rate	Interest	Principal	Est. Rate	Interest	Principal	Est. Rate	Accrued Interest	Paid Interest	Total Paid	EOY Principal Outstanding								
2019		0.50%	869,943	869,943	11/1		11/1			4.75%	14,131	*	0	0	3,584,131		0	869,943	869,943	10,095,000	15,054,777	2018	
2020		4,350		4,350		200,683		156,193		4.75%	170,246	*	0	0	3,754,377	10,000	366,875	(362,525)	507,417	10,095,000	15,054,777	2019	
2021	232,290	2,537		2,537		200,683		156,193		4.75%	178,333	*	0	0	3,932,710	10,000	366,875	(364,338)	143,079	10,095,000	15,054,777	2020	
2022	626,073	715		233,005		200,683		156,193		4.75%	186,804	*	0	0	4,119,514	10,000	366,875	(133,870)	9,210	10,095,000	15,054,777	2021	
2023	820,456	46		626,119	100,000	2.60%	200,683	100,000	3.40%	156,193		195,677	*	0	4,315,191	30,000	586,875	39,244	48,453	9,895,000	14,854,777	2022	
2024	949,016	242		820,698	300,000	2.70%	198,083	150,000	3.50%	152,793		204,972	*	0	4,520,163	30,600	831,475	(10,777)	37,676	9,445,000	14,404,777	2023	
2025	1,092,552	188		949,205	325,000	2.80%	189,983	200,000	3.60%	147,543		214,708	*	0	4,734,870	31,212	893,737	55,468	93,144	8,920,000	13,879,777	2024	
2026	1,234,637	466		1,093,018	450,000	2.90%	180,883	225,000	3.75%	140,343		224,906	*	0	4,959,777	31,836	1,028,061	64,956	158,100	8,245,000	13,204,777	2025	
2027	1,423,135	791		1,235,427	450,000	3.00%	167,833	250,000	3.85%	131,905		235,589		235,589	4,959,777	32,473	1,267,800	(32,373)	125,728	7,545,000	12,504,777	2026	
2028	1,501,028	629		1,423,763	500,000	3.10%	154,333	350,000	3.85%	122,280		235,589		235,589	4,959,777	33,122	1,395,324	28,439	154,166	6,695,000	11,654,777	2027	
2029	1,547,775	771		1,501,799	550,000	3.20%	138,833	400,000	3.90%	108,805		235,589		235,589	4,959,777	33,785	1,467,012	34,787	188,953	5,745,000	10,704,777	2028	
2030	1,547,620	945		1,548,720	650,000	3.30%	121,233	400,000	4.05%	93,205		235,589		235,589	4,959,777	34,461	1,534,487	14,232	203,186	4,695,000	9,654,777	2029	
2031	1,547,466	1,016		1,548,636	700,000	3.35%	99,783	400,000	4.05%	77,005		235,589		235,589	4,959,777	35,150	1,547,527	1,110	204,295	3,595,000	8,554,777	2030	
2032	1,547,311	1,021		1,548,487	710,000	3.45%	76,333	400,000	4.20%	60,805		235,589		235,589	4,959,777	35,853	1,518,580	29,907	234,203	2,485,000	7,444,777	2031	
2033	1,547,156	1,171		1,548,482	725,000	3.55%	51,838	500,000	4.20%	44,005		235,589		235,589	4,959,777	36,570	1,593,002	(44,520)	189,683	1,260,000	6,219,777	2032	
2034	1,547,001	948		1,548,104	725,000	3.60%	26,100	535,000	4.30%	23,005		235,589		235,589	4,959,777	37,301	1,581,996	(33,891)	155,791	0	4,959,777	2033	
2035	1,546,847	779		1,547,780		3.65%	0		4.30%	0		1,270,000		235,589	235,589	1,505,589	3,689,777	4,144	159,935	0	3,689,777	2034	
2036	1,546,692	800		1,547,646		3.75%	0		4.35%	0		1,130,000		175,264	175,264	1,305,264	2,559,777	203,574	363,509	0	2,559,777	2035	
2037	1,546,537	1,818		1,548,509		3.80%	0		4.35%	0		1,385,000		121,589	121,589	1,506,589	1,174,777	2,336	365,844	0	1,174,777	2036	
2038	1,546,383	1,829		1,548,366		3.85%	0		4.45%	0		1,174,777		55,802	55,802	1,230,579	(0)	277,412	643,256	0	(0)	2037	
2039	1,546,228	3,216		1,549,599	0	3.90%	0	0	4.45%	0		(0)	(0)	(0)	(0)	41,184	41,184	1,508,415	2,151,671	0	(0)	2038	
2040	1,546,073	10,758		1,556,986								(0)	4.75%	(0)	(0)	(0)	0	42,007	1,514,979	3,666,651	0	0	2039
Total	26,442,274	18,333	869,943	26,495,644	6,185,000	2,207,960	3,910,000	1,726,463	4,959,777	3,862,737	2,472,960	7,432,737		715,217	22,177,376			1,521,559	5,188,210	0	0	Total	

Notes: Tax exempt

Projected TID Closure

SECTION 11: Annexed Property

There are no lands proposed for inclusion within the District that were annexed by the City on or after January 1, 2004.

SECTION 12: Estimate of Property to be Devoted to Retail Business

Pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1, the City estimates that less than 10% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

SECTION 13: Proposed Zoning Ordinance Changes

The City anticipates that a portion of the District will be rezoned prior to development.

SECTION 14: Proposed Changes in Master Plan, Map, Building Codes and City of Franklin Ordinances

It is expected that this Plan will be complementary to the City's Master Plan. There are no proposed changes to the Master Plan, map, building codes or other City ordinances for the implementation of this Plan.

SECTION 15: Relocation

It is not anticipated there will be a need to relocate persons or businesses in conjunction with this Plan. In the event relocation or the acquisition of property by eminent domain becomes necessary at some time during the implementation period, the City will follow applicable Wisconsin Statutes Section chapter 32.

SECTION 16: Orderly Development of the City of Franklin

The District contributes to the orderly development of the City by providing the opportunity for continued growth in tax base, job opportunities and general economic activity.

SECTION 17: List of Estimated Non-Project Costs

Non-Project costs are public works projects that only partly benefit the District or are not eligible to be paid with tax increments, or costs not eligible to be paid with TIF funds.

Examples would include:

A public improvement made within the District that also benefits property outside the District. That portion of the total project costs allocable to properties outside of the District would be a non-project cost.

A public improvement made outside the District that only partially benefits property within the District. That portion of the total project costs allocable to properties outside of the District would be a non-project cost.

Projects undertaken within the District as part of the implementation of this Project Plan, the costs of which are paid fully or in part by impact fees, grants, special assessments, or revenues other than tax increments.

The City does not expect to incur any non-project costs in the implementation of this Project Plan.

SECTION 18:
Opinion of Attorney for the City of Franklin Advising
Whether the Plan is Complete and Complies with
Wisconsin Statutes 66.1105

WESOLOWSKI, REIDENBACH & SAJDAK, S.C.
ATTORNEYS AT LAW
11402 WEST CHURCH STREET
FRANKLIN, WISCONSIN 53132

JESSE A. WESOLOWSKI
FREDERICK E. REIDENBACH 1919-2002
BRIAN C. SAJDAK
CHRISTOPHER R. SMITH
EDUARDO M. BORDA

TELEPHONE (414) 529-8900
FACSIMILE (414) 529-2121

JANE C. KASSIS,
LEGAL SECRETARY

September 20, 2018

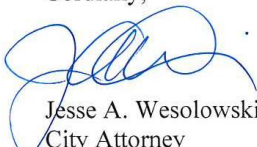
Mayor Stephen R. Olson
City of Franklin
9229 West Loomis Road
Franklin, Wisconsin 53132

re: Tax Incremental District No. 6, City of Franklin, Wisconsin

Dear Mayor Olson:

I have reviewed the Project Plan for the Creation of Tax Incremental District No. 6, City of Franklin, Wisconsin. It is my opinion that the Project Plan is complete and in compliance with Wis. Stat. § 66.1105. The Project Plan, additionally, was informed by the Tax Increment District #6 Feasibility Analysis prepared by Ehlers & Associates, Inc. This opinion is provided as required pursuant to Wis. Stat. § 66.1105(4)(f).

Cordially,



Jesse A. Wesolowski
City Attorney
City of Franklin

Exhibit A:
**Calculation of the Share of Projected Tax Increments
 Estimated to be Paid by the Owners of Property in the
 Overlying Taxing Jurisdictions**

Estimated portion of taxes that owners of taxable property in each taxing jurisdiction overlaying district would pay by jurisdiction.							
Statement of Taxes Data Year:		2017		Percentage			
County		19,090,000		21.78%			
Milwaukee County Metro Sewer District		6,519,552		7.44%			
Municipality		23,498,953		26.81%			
Franklin Public School		33,783,303		38.55%			
				0.00%			
Technical College		4,750,585		5.42%			
Total		87,642,393					
Revenue Year	County	Milwaukee County Metro Sewer District	Municipality	Franklin Public School	Technical College	Total	Revenue Year
2021	50,597	17,280	62,282	89,540	12,591	232,290	2021
2022	136,369	46,572	167,865	241,331	33,936	626,073	2022
2023	178,709	61,032	219,983	316,259	44,472	820,456	2023
2024	206,712	70,596	254,453	365,815	51,441	949,016	2024
2025	237,976	81,273	292,938	421,143	59,221	1,092,552	2025
2026	268,925	91,842	331,035	475,912	66,922	1,234,637	2026
2027	309,983	105,864	381,575	548,572	77,140	1,423,135	2027
2028	326,949	111,659	402,460	578,598	81,362	1,501,028	2028
2029	337,132	115,136	414,994	596,617	83,896	1,547,775	2029
2030	337,098	115,125	414,953	596,557	83,888	1,547,620	2030
2031	337,064	115,113	414,911	596,498	83,879	1,547,466	2031
2032	337,031	115,102	414,870	596,438	83,871	1,547,311	2032
2033	336,997	115,090	414,828	596,379	83,862	1,547,156	2033
2034	336,963	115,079	414,787	596,319	83,854	1,547,001	2034
2035	336,929	115,067	414,745	596,259	83,846	1,546,847	2035
2036	336,896	115,055	414,704	596,200	83,837	1,546,692	2036
2037	336,862	115,044	414,662	596,140	83,829	1,546,537	2037
2038	336,828	115,032	414,621	596,080	83,820	1,546,383	2038
2039	336,795	115,021	414,579	596,021	83,812	1,546,228	2039
2040	336,761	115,009	414,538	595,961	83,804	1,546,073	2040
		5,759,576	1,966,991	7,089,785	10,192,640	1,433,282	26,442,274

Notes:
 The projection shown above is provided to meet the requirements of Wisconsin Statute 66.1105(4)(i)4.