City of Franklin

Common Council
Community Development Authority

Tax Increment District #4
Cash Flow Model

Issued December 19, 2013

Presented by:

Paul Rotzenberg, CPA

City of Franklin Director of Finance & Treasurer

M E M O R A N D U M

DATE: December 19, 2013

TO: Common Council & Community Development Authority

FROM: Paul Rotzenberg, Director of Finance & Treasurer

RE: Report and analysis of TID #4 Cash Flow Projections

Attached is a projection of tax increment revenue, expenditures, debt service payments and the net asset position for TID #4 based upon equalized values released by the Department of Revenue on September 1, 2013 and the taxes levied in December 2013. This District is located in the far southeast corner of the City, from a point one half mile north of Oakwood Rd south to County Line Road, from 27th Street west to 42nd Street.

Observations:

1. All Phase 1 projects have been completed. The completed costs were in line with the revised estimate for these projects and proceeds have been borrowed to fund the project costs.

2. The projection includes the potential costs of the Project Plan Phase 2 and Phase 3 projects. The estimated costs of 27th Street reconstruction in this TIF District is not included as the current timing (approximately 2025) would occur after the limit (2020) for incurring project costs.

3. The development assumptions (updated) are a major factor in the projected cash flow of the TIF District. The economic slowdown had resulted in delaying the projected years in which the various known projects were estimated to be constructed compared to earlier projections. Future economic activity will determine the actual years of development and any variance from the projections will impact the projection either positively of negatively.

4. The tax increment revenue realized over this year and the next four years is projected to retire the borrowing from the first phase by 2015. This is one year earlier than previous projections.

5. The tax increment can continue to be received after that time to support phases 2 & 3 for this TIF District. Those phases will begin when there is development to support those Project Plan expenditures. It is forecast that the tax increment will be needed through 2024 two years earlier than the statutory limit for this district.

6. At some point in the future a study should determine the best strategy for completing phase 2 & 3 and the costs of the 27th Street reconstruction from Drexel to the County Line. One Option would be to continue with this District considering the expenditure time limits, while an alternate would have this District close and establish another District to finance those costs.

The analysis is qualified to the following extent:

1. The stated assumptions determine the results of the projection.

2. The tax rate assumption is based on the actual equalized tax rate in effect in December 2013 less an assumed decline in tax rates of 1.0% per year. If the tax rate varies from the assumption it could have either a positive or negative impact on these projections.

City of Franklin
TIF #4 Projection
Development Assumptions
December 11, 2013

Const. Year		Development								
		MLG Residential	MLG Commercial	Covenant	Oakwood South	Conway	Additional Lots			Total
	Project Plan Estimate	19,967,049	12,579,974	18,000,000	30,000,000	-	100,000,000			180,547,023
2005	-		712,021							712,021
2006	12,877,813	925,000		8,800,000		-				9,725,000
2007	33,423,756	4,806,300		13,924,000		1,027,700				19,758,000
2008	4,245,454	534,500		140,000		-				674,500
2009	-	-		4,500,000						4,500,000
2010	-	306,400								306,400
2011	-	710,500								710,500
2012	38,000,000	2,663,679								2,663,679
2013	8,000,000	4,050,000	7,500,000							11,550,000
2014	8,000,000	2,250,000	5,000,000							7,250,000
2015	8,000,000		-							-
2016	8,000,000		-							-
2017	7,500,000		-							-
2018	7,500,000		-							-
2019	7,500,000									-
2020	7,500,000									-
2021	7,500,000									-
2022	7,500,000									-
2023	7,500,000									-
2024	7,500,000									-
	180,547,023	16,246,379	13,212,021	27,364,000	-	1,027,700	-	-	-	57,850,100
		54 lots @ $350,000	25 Acres X $1,600,000 per acre							

City of Franklin
TIF #4 Projection
Projected Cost Breakdown
December 11, 2013

Project Costs

Year	Roundabout MLG/Cov Weaton Way 6917	Traffic Signals Median Recon Intersection 6922	OC Water & Intersection 6921	Construction Oakwood Road 6912	Right of way Oakwood 6911	~~Fitzsimmons Woods/~~ Dev Incentive	Water & Sewer Costs Net	Issuance Cost	~~Contingency~~ Marketing Expenses	51st Street/ Oakwood Rd Water	Total
Project Plan Estimate	282,400	200,000		1,860,000	200,000	375,000	1,190,000		177,000		4,284,400
2005				152,995	12,600			13,875			179,470
2006	32,947			242,356	384,537	-					659,840
2007	708,680	493,248	129,941	1,898,528	4,200	-	287,478		-		3,522,075
2008	14,877	12,897	16,896	43,689		-	124,974	13,130	161,543		388,006
2009	4,955		(41,000)	158,441		-			55,102	351,670	529,168
2010	2,064			105		-			3,950	45,108	51,227
2011						-			11,290	359,491	370,781
2012						-					-
2013						-					-
2014						-					-
2015						-					-
2016						-					-
2017						-					-
2018						-		Phase 2 Project Plan		5,548,000	5,548,000
2019											-
2020								! Phase 3 Project Plan		6,000,000	6,000,000
2021								! Phase 3 Project Plan			-
2022											-
2023											
	763,523	506,145	105,837	2,496,114	401,337	-	412,452	27,005	231,885	12,304,269	17,248,567
		105,837									
		(16,938)						Less Oak Creek Water			(16,938)
		(297,522)						Less Developer Contribution			(297,522)
		297,522									16,934,107
Revised Estimate	705,000	448,000	125,000	2,311,000	400,000	425,000	254,000	15,000	165,000	-	4,848,000
		Project Plan				Phase 1	Phase 2	Phase 3			Total
						4,284,400	5548000	12851000			22,683,400
						115%	115%	115%			115%
						4,927,060	6,380,200	14,778,650			26,085,910

City of Franklin
TIF #4 Phase I Projection
Projected Cash Flow
December 11, 2013

	Revenue						Expenditures					TIF Status			
									Debt Service						
Year	Tax Levy	Computer Aid	Misc Revenue	Interest Income 1.50%	Debt Issued	Total	Project Costs	Admin Expenses	Interest	Principal	Total	Yearly Cash Activity	Net Cash	Outstanding Debt	Year End Fund Balance
												-	-		
2005	-	-		39,408	2,812,416	2,851,824	179,470	34,844	47,553	-	261,867	2,589,957	2,589,957	2,812,416	(222,459)
2006	-	-		117,860	116,353	234,213	659,840	35,237	129,485	-	824,562	(590,349)	1,999,608	2,928,769	(929,161)
2007	17,702	4,884	294,196	28,754	2,971,231	3,316,767	3,522,075	53,667	116,893	1,500,000	5,192,635	(1,875,868)	123,740	4,400,000	(4,276,260)
2008	236,803	6,862	34,337	9,354	3,700,000	3,987,356	388,006	51,827	187,046	3,100,000	3,726,879	260,477	384,217	5,000,000	(4,615,783)
2009	221,611	5,474	57,051	8,341	600,000	892,477	529,168	28,555	223,924	337,000	1,118,647	(226,170)	158,047	5,263,000	(5,104,953)
2010	1,268,430	3,254	78,217	5,120	-	1,355,021	51,227	9,625	198,646	1,000,000	1,259,498	95,523	253,570	4,263,000	(4,009,430)
2011	836,103	59,197	-	5,849	-	901,149	370,781	9,986	174,163	525,000	1,079,930	(178,781)	74,789	3,738,000	(3,663,211)
2012	909,841	57,003	-	1,122	3,038,000	4,005,966	-	13,687	144,248	3,738,000	3,895,935	110,031	184,820	3,038,000	(2,853,180)
2013	815,923	46,504	46,374	(2,129)	-	906,672	-	11,374	101,798	875,000	988,172	(81,501)	103,319	2,163,000	(2,059,681)
2014	954,727	24,620		1,550	-	980,897	-	11,374	77,373	925,000	1,013,747	(32,850)	70,469	1,238,000	(1,167,531)
2015	1,238,988	23,389		1,057	-	1,263,434	-	11,374	28,165	1,238,000	1,277,539	(14,105)	56,364	-	56,364
2016	1,417,339	22,220		845	-	1,440,404	-	11,374	-	-	11,374	1,429,030	1,485,394	-	1,485,394
2017	1,421,899	21,109		22,281	-	1,465,288	-	11,374	-	-	11,374	1,453,914	2,939,307	-	2,939,307
2018	1,426,411	20,053		44,090	3,800,000	5,290,553	5,548,000	11,374	86,450	-	5,645,824	(355,271)	2,584,036	3,800,000	(1,215,964)
2019	1,430,876	19,050		38,761	-	1,488,687	-	11,374	150,150	1,000,000	1,161,524	327,162	2,911,199	2,800,000	111,199
2020	1,435,294	18,098		43,668	4,100,000	5,597,060	6,000,000	11,374	220,675	-	6,232,049	(634,989)	2,276,210	6,900,000	(4,623,790)
2021	1,439,667	17,193		34,143	-	1,491,003	-	11,374	313,950	-	325,324	1,165,679	3,441,889	6,900,000	(3,458,111)
2022	1,443,994	16,333		51,628	-	1,511,956	-	11,374	263,900	2,200,000	2,475,274	(963,319)	2,478,570	4,700,000	(2,221,430)
2023	1,448,276	15,517		37,179	-	1,500,971	-	11,374	163,800	2,200,000	2,375,174	(874,203)	1,604,366	2,500,000	(895,634)
2024	925,077	14,741		24,065	-	963,883	-	11,374	56,875	2,500,000	2,568,249	(1,604,366)	0	-	0
2025					-	-	-		-	-	-	-	0	-	0
2026					-	-	-		-	-	-	-	0	-	0
	18,888,959	395,501	510,175	512,946	21,138,000	41,445,581	17,248,567	373,920	2,685,094	21,138,000	41,445,581				

Note: Phase 1 projected to be fully funded by 2016.
Project costs can not be initiated after June 21, 2020
TIF will continue until Phase 2 and Phase 3 projects are complete or fully funded. (Phase 2 - 5,548,000 & Phase 3 - 12,851,000). 27th St reconstruction may reduce the scope of later phases.
Per the Project Plan the TIF is anticipated to be completed during the year 2023.

City of Franklin
TIF #4 Projection
Projected Debt Service
December 11, 2013

				Total
Tax Exempt G.O. Bonds	**$ 3,000,000**	**Interfund Advance**	**$ 3,500,000**	$ 6,500,000
Improvements Cost	$ 2,715,000	Improvements Cost	$ 3,500,000	$ 6,215,000
Capitalized Interest	$ 259,377	Capitalized Interest		$ 259,377
Est Issuance Cost	$ 24,975	Est Issuance Cost	$ -	$ 24,975
Rounding	$ 648	Rounding	$ -	$ 648

	Debt Issues								All Debt Issues			
		Debt Service 8/15/05			Debt Service				Combined Debt Service			
Year	Balance	Principal 3/1 avg =	Interest (3/1& 9/1) 4.55%	Total	Balance	Principal 3/1	Interest (3/1& 9/1) 4.55%	Total	Balance	Principal	Interest	Total
2005	3,000,000	-	47,553	47,553					3,000,000	-	47,553	47,553
2006	3,000,000	-	129,485	129,485					3,000,000	-	129,485	129,485
2007	1,500,000	1,500,000	77,823	1,577,823	2,900,000	-	39,070	39,070	4,400,000	1,500,000	116,893	1,616,893
2008	5,000,000	-	121,405	121,405	-	3,100,000	65,641	3,165,641	5,000,000	3,100,000	187,046	3,287,046
2009	4,663,000	337,000	214,850	551,850	600,000	-	9,074	9,074	5,263,000	337,000	223,924	560,924
2010	4,263,000	400,000	197,117	597,117	-	600,000	1,529	601,529	4,263,000	1,000,000	198,646	1,198,646
2011	3,738,000	525,000	174,163	699,163	-	-	-	-	3,738,000	525,000	174,163	699,163
2012	-	3,738,000	28,363	3,766,363	3,038,000	-	115,885	115,885	3,038,000	3,738,000	144,248	3,882,248
2013	-	-	-	-	2,163,000	875,000	101,798	976,798	2,163,000	875,000	101,798	976,798
2014	-	-	-	-	1,238,000	925,000	77,373	1,002,373	1,238,000	925,000	77,373	1,002,373
2015	-	-	-	-	-	1,238,000	28,165	1,266,165	-	1,238,000	28,165	1,266,165
2016	-	-	-	-	-		-	-	-	-	-	0
2017	-	-	-	-	-	-	-	-	-	-	-	0
2018	-	-	-	-	3,800,000		86,450	86,450	3,800,000	-	86,450	86,450
2019	-	-	-	-	2,800,000	1,000,000	150,150	1,150,150	2,800,000	1,000,000	150,150	1,150,150
2020	-	-	-	-	6,900,000		220,675	220,675	6,900,000	-	220,675	220,675
2021	-	-	-	-	6,900,000		313,950	313,950	6,900,000	-	313,950	313,950
2022	-	-	-	-	4,700,000	2,200,000	263,900	2,463,900	4,700,000	2,200,000	263,900	2,463,900
2023	-		-	-	2,500,000	2,200,000	163,800	2,363,800	2,500,000	2,200,000	163,800	2,363,800
2024	-		-	-	-	2,500,000	56,875	2,556,875	-	2,500,000	56,875	2,556,875
2025	-		-	-	-		-	-	-	-	-	0
2026	-		-	-	-		-	-	-	-	-	0
2027	-		-	-	-		-	-	-	-	-	0
		6,500,000	990,759	7,490,759		14,638,000	1,694,334	16,332,334		21,138,000	2,685,094	23,823,094

City of Franklin
TIF Projection
Projected Revenue
December 11, 2013

Const. Year	Incr. Year	Rev. Year	Full Value Beginning of Year	Total Increment	DOR Adjustment	Inflation & Additional Increment	Cumulative Equalized Increment Value	Tax Rate	Increment Revenue Collected
2005	2006	2007	-	712,021		198,179	910,200	19.45	17,702
2006	2007	2008	910,200	9,725,000		1,059,700	11,694,900	20.25	236,803
2007	2008	2009	11,694,900	19,758,000	(21,300,000)	653,000	10,805,900	20.51	221,611
2008	2009	2010	10,805,900	674,500	46,600,000	446,800	58,527,200	21.67	1,268,430
2009	2010	2011	58,527,200	4,500,000	(23,300,000)	(3,225,300)	36,501,900	22.91	836,103
2010	2011	2012	36,501,900	306,400	2,394,900	847,100	40,050,300	22.72	909,841
2011	2012	2013	40,050,300	710,500		(7,067,300)	33,693,500	24.22	815,923
2012	2013	2014	33,693,500	4,821,486		535,114	39,050,100	24.45	954,727
2013	2014	2015	39,050,100	11,550,000		588,680	51,188,780	24.20	1,238,988
2014	2015	2016	51,188,780	7,250,000		710,067	59,148,847	23.96	1,417,339
2015	2016	2017	59,148,847	-		789,667	59,938,514	23.72	1,421,899
2016	2017	2018	59,938,514	-		797,564	60,736,078	23.49	1,426,411
2017	2018	2019	60,736,078	-		805,540	61,541,618	23.25	1,430,876
2018	2019	2020	61,541,618	-		813,595	62,355,213	23.02	1,435,294
2019	2020	2021	62,355,213	-		821,731	63,176,945	22.79	1,439,667
2020	2021	2022	63,176,945	-		829,948	64,006,893	22.56	1,443,994
2021	2022	2023	64,006,893	-		838,248	64,845,141	22.33	1,448,276
2022	2023	2024	64,845,141	-		846,630	65,691,771	22.11	1,452,513
2023	2024	2025	65,691,771	-		855,097	66,546,868	21.89	1,456,706
2024	2025	2026	66,546,868	-		863,648	67,410,516	21.67	1,460,855
				60,007,907					22,333,956

Base Equalized Value	$ 19,817,900
Increment	$ 39,050,100
Total Equalized Value	$ 58,868,000
Assessed Value	$ 57,859,600
Ratio	98.29%

Wheaton $4.5M down due to add'l exemption

Assumptions:

1. Property value inflation		1.00%
2. Property additions		0.00%
3. Mil Rate Inflation		-1.00%
6. Estimated developed value per acre	$	500,000
7. Ave Assessed value vacant & improved land	$	-