

AGENDA
JOINT REVIEW BOARD
CITY OF FRANKLIN
TAX INCREMENTAL DISTRICTS NO. 3 & 4
June 6, 2017, 1:00 P.M.

Franklin City Hall
Council Chambers
9229 West Loomis Road
Franklin, WI 53132

1. Call to order
2. Consideration and appointment and/or reaffirmation of the Joint Review Board's public member
3. Election and/or reaffirmation of Chairperson
4. Review the annual performance of Tax Incremental District No. 3
5. Review the annual performance of Tax Incremental District No. 4
6. Adjourn

**NOTICE OF JOINT REVIEW BOARD MEETING
REGARDING TAX INCREMENTAL DISTRICTS NO. 3 & 4
IN THE CITY OF FRANKLIN, WISCONSIN**

Notice is Hereby Given that the City of Franklin will hold a Joint Review Board meeting on June 6, 2017 at 1:00 P.M. at the Franklin City Hall, Council Chambers, located at 9229 West Loomis Road. The purpose of this meeting is to review the annual performance of the Tax Incremental Districts No. 3 & 4.

A copy of the Annual Reports for each district, will be available for viewing in the offices of the City Clerk at the Franklin City Hall, located at 9229 West Loomis Road, during normal business hours and will be provided upon request.

Dated this 25th day of May, 2017.

Aaron Hertzberg

Director of Economic Development

N.B. Class I

Publish: June 1st

APPROVAL	REQUEST FOR JOINT REVIEW BOARD ACTION	MEETING DATE June 6, 2017
REPORTS AND RECOMMENDATIONS	Review the annual performance of Tax Incremental District No. 3	ITEM NUMBER 4

The City of Franklin Director of Finance & Treasurer will present the above subject matter to the Board.

Reports Enclosed:

1. Annual Report filed to the Wisconsin Department of Revenue
2. City of Franklin TID #3 Cash Flow Model, December 31, 2016

ACTION REQUESTED

As the Board may deem appropriate.

TID Annual Report (PE-300)

Co-muni code

40226

Municipality

CITY of FRANKLIN

Year

2016

Due date

July 03, 2017

TID #

003

Report type

FINAL

TID type

6 - Mixed-Use

TID name

N/A

Creation date

06-21-2005

Mandatory termination date

06-21-2025

Beginning Balance

Fund balance at beginning of fiscal year ⓘ

*

996,460

Section 2a. Expenditures

Developer grants

1 * N/A * 0

Subtotal

0

Does this TID allocate funds to another TID?

☐ Yes
☒ No

TID number and amount allocated

1 * Select... * 0

Subtotal

0

Other expenditures

1 TRANSFERS OUT - COLLEGE AVE WALKWAY 62,289

Subtotal

62,289

Section 2b. Expenditures

Capital expenditures ?	1,034,856
Administration ?	9,589
Professional services ?	2,135
Interest and fiscal charges ?	108,970
Discount on long-term debt	<i>Amount</i>
Debt issuance costs	<i>Amount</i>
Principal on long-term debt	650,000
Environmental costs	<i>Amount</i>
Real property assembly costs ?	<i>Amount</i>
Developer grants subtotal	0
Allocation to other TIDs subtotal	0
Other expenditures subtotal	62,289
Total Expenditures ?	1,867,839

Section 3a. Revenues


Does this TID receive allocated funds from another TID?

* ☐ Yes
☒ No

TID number and amount received from each TID  



1 * *

Subtotal

Development guarantees  



1

Subtotal

Transfer from other funds  



1

Subtotal

Other grant sources  

1

Subtotal

Other revenue sources  

1

Subtotal

Section 3b. Revenues

Tax increment ?	★ 1,730,642
Investment income ?	12,765
Special assessments	Amount
Exempt computer aid ?	355,862
Miscellaneous revenue	Amount
Sale of property	Amount
Allocation amount from other TIDs subtotal	0
Developer guarantees subtotal	0
Transfer from other funds subtotal	113,515
Other grant sources subtotal	0
Other revenue sources subtotal	0
Total Revenues ?	2,212,784

Section 4. Ending Balance

Balance at end of fiscal year ?

1,341,405

Future project costs ?

*

11,341,608

Surplus or deficit (amount not included in future project costs) ?

-10,000,203

Section 5. Preparer/Contact Information

Preparer Information

Name	Title
* Paul Rotzenberg	* Dir of Finance Treasurer
Email	Phone
* protzenberg@franklinwi.gov	* (414) 427-7514

Check here if the preparer is the same as the contact person ☐

Contact Person

Name ?	Title
* Paul Rotzenberg	* Dir of Finance Treasurer
Email	Phone
* protzenberg@franklinwi.gov	* (414) 427-7514

Confirmation Statement

I declare this report is true, correct and complete to the best of my knowledge and belief. ?

* ☒ Yes
☐ No



City of Franklin

**Common Council
Community Development Authority**

**Tax Increment District #3
Cash Flow Model
December 31, 2016**

Issued April 10, 2017

Presented by:

Paul Rotzenberg, CPA

City of Franklin Director of Finance & Treasurer

MEMORANDUM

DATE: April 10, 2017
TO: Common Council & Community Development Authority
FROM: Paul Rotzenberg, Director of Finance & Treasurer
RE: Report and Analysis of TID #3 Cash Flow Projection

Attached is a projection of tax increment revenue, expenditures, debt service payments and the net asset position for TID #3 based upon equalized values released by the Department of Revenue on Aug 9, 2016 and the taxes levied in December 2016. The District was formed in June, 2005. An amended project plan was adopted September 3, 2013 to include additional parcels and extending the District further North along S. 27th Street. The amended District is located along S 27th Street from W Sycamore St to just south of West Drexel Ave, and extending west to approximately S 35th Street. The final year of project expenditures is 2020 and the final year of increment would be 2026.

Summary Conclusions:

1. In September 2013, the District was amended to add 13 parcels with an equalized value of \$53,939,108. This amendment extended the boundary one half mile north along S 27th street, and will accommodate the City costs for the reconstruction project on S. 27th Street by the State Dept of Transportation. That project began in 2015 and construction was substantially completed in 2016. The WI DOT has not yet billed the City for its portion of the costs. Incentive funds for major development opportunities that may come along were also included in the Amendment.
2. The DOR certified an increment of \$55,256,200 for 2016. That was \$17,573,700 less than the prior year. The correction of an understatement in 2015 was the impetus of this change. The current increment of \$55.2 million is 57% of the original development assumptions. The growth, to date, in increment value has come mainly from Northwestern Mutual and Franklin Oaks (an ICON project).
3. The September 2013 amendment changed the project to include the updated S. 27th Street project costs
4. In 2014, as a result of Act 145, the State changed the funding for the Vocational Educational system in the state, which reduced the Tax levy for TID's. MATC reduced their levy by 36% in 2014 from 2013. That reduced the tax rate for this district.
5. The S. 27th Street project was the last major remaining construction. That project started in 2015. The cost of this project was estimated at \$4.2 million including the cost of the half mile of S. 27th Street north of the District boundary. \$500,587 of previously unidentified water main work was identified in 2015 which added to the project costs. All of these costs were included in the Amended 2013 Project plan. The amended project plan did provide for additional developer incentives for proposals that might materialize. All project expenditures must be completed by June 2020, with any debt service completed by 2025.
6. The projection assumes a \$ 5 million Developers Grant in 2017. This is followed on by \$15,000,000 in new increment constructed by Dec 31, 2018, and a further \$10,000,000 in 2019. The project costs also assumes a Municipal Revenue Bond for \$1.85 million beginning in 2020.

7. Total project costs are now estimated at \$25,792,112. This compares to the \$27,220,000 approved in the Amended Project plan. The approved project plan permits 15% overages on projected project costs. There remain \$4,446,704 of available project cost overages.
8. The slower rate of development and the impact of lower tax rates on the tax increment generated have resulted in the inadequate cash flow to meet the scheduled debt service. Additional financing was necessary. This was accomplished by a short term borrowing or an inter-fund advance from the City. The City advanced \$2,200,000 in early 2014 to help fund the \$3.5 million loan payment due March 1, 2014. There was insufficient increment to retire the interfund advance as expected. At December 2016 \$550,000 of inter-fund advances are outstanding.
9. To fund the 27th Street project, the TID borrowed \$3,330,000 in December 2014. With repayment anticipated by 2018, an interest rate of 1.47% was achieved.
10. A 2017 Developers grant will require financing, which is assumed at \$4.6 million.
11. This projection would permit the TID to close after the 2022 increment is collected, while the Municipal Revenue Note would not get extinguished until 2024.
12. The TID's mandatory closure date is 2025.

The analysis is qualified to the following extent:

1. Realization that the stated assumptions will determine the results of the projection.
2. The tax rate assumption is based on the actual equalized tax rate in effect in December 2016 less an assumed decline in tax rate of 1.0%. If the tax rate varies from the assumption it will have either a positive or negative impact on these projections.

**City of Franklin
TIF #3 Projection
Projected Cash Flow
December 11, 2015**

Year	Revenue				Grant & Debt Proceeds	Expenditures				TIF Status						
	Tax Levy	Interest Income 1.50%	Computer Aid	Developer Loan Repayment		Total Revenue	Debt Service		Project Costs	Admin Expenses	Total Expenditures	Yearly Cash Activity	Net Cash Balance	Note Balance	Net Debt Balance	Fund Balance
							Interest	Principal & Fees								
2005	-	60,525	-	-	3,905,571	3,966,096	66,036	-	61,554	1,034,030	2,932,066	2,932,066	-	3,905,571	(973,505)	
2006	-	114,349	-	-	94,429	208,778	179,643	-	70,527	2,271,261	(2,062,483)	869,583	-	4,000,000	(3,130,417)	
2007	251,402	102,647	317,482	130,950	16,700,000	17,502,481	893,528	-	75,136	18,049,271	(546,790)	322,793	10,000,000	9,700,000	622,793	
2008	504,283	14,311	304,643	789,625	11,137,628	12,750,490	762,386	-	46,955	12,996,893	(246,403)	76,390	9,400,000	11,300,000	8,176,390	
2009	1,535,719	6,159	353,993	792,679	800,000	3,488,550	804,998	10,100,000	29,202	3,564,203	(75,653)	737	8,785,000	10,600,000	7,995,737	
2010	2,295,166	7,725	326,765	790,589	-	3,420,245	736,093	2,115,000	11,564	3,077,685	342,560	343,297	8,160,000	9,000,000	8,803,297	
2011	1,407,207	10,971	333,786	793,255	-	2,545,219	675,943	1,640,000	9,986	2,335,612	209,607	552,904	7,520,000	8,000,000	8,072,904	
2012	1,650,483	5,128	282,085	795,629	-	2,733,325	596,392	2,655,000	12,116	3,288,868	(555,543)	(2,639)	6,865,000	6,000,000	6,862,361	
2013	1,547,835	(1,979)	361,741	797,711	1,150,000	3,855,308	522,341	3,170,000	28,634	3,724,171	131,137	128,498	6,195,000	4,650,000	5,173,498	
2014	1,572,197	47,156	407,508	6,255,776	5,530,000	13,812,638	205,411	9,698,000	12,482	10,243,158	3,569,480	3,697,978	-	6,680,000	3,477,978	
2015	1,681,578	146,311	421,710	-	-	2,249,599	129,705	1,670,000	22,156	3,251,116	(1,001,517)	2,696,461	-	5,010,000	996,461	
2016	1,730,642	12,400	355,862	-	-	2,098,904	108,968	1,800,000	11,505	2,923,445	(824,541)	1,871,921	-	3,210,000	1,321,921	
2017	1,299,912	3,000	464,300	-	4,600,000	6,367,212	80,911	1,675,000	18,000	8,112,547	(1,745,335)	126,585	-	6,135,000	(5,023,415)	
2018	1,327,210	-	441,100	-	-	1,768,310	60,923	1,535,000	20,000	1,615,923	152,387	278,972	-	4,600,000	(4,321,028)	
2019	1,354,231	-	419,000	-	-	1,773,231	38,000	1,600,000	20,000	1,865,500	(92,269)	186,703	-	3,000,000	(2,813,297)	
2020	1,380,978	-	398,100	-	-	1,779,078	25,000	1,000,000	20,000	1,384,000	395,078	581,781	-	2,000,000	(818,219)	
2021	1,407,453	-	378,200	-	-	1,785,653	13,500	1,300,000	20,000	1,669,100	116,553	698,334	-	700,000	298,334	
2022	313,243	-	359,300	-	-	672,543	3,500	700,000	20,000	1,055,700	(383,157)	315,176	-	-	1,215,176	
2023	-	-	341,300	-	-	341,300	-	-	20,000	348,900	(7,600)	307,576	-	-	1,907,576	
2024	-	-	-	-	-	-	-	-	20,000	306,800	(306,800)	776	-	-	1,600,776	
2025	-	-	-	-	-	-	-	-	-	0	-	776	-	-	-	

Debt Refinanced	
TEA Grant	(10,000,000)
Developer Loan payments	(1,000,000)
Net Debt borrowed and repaid	(11,146,213)
	1
	32,917,628
	(1,146,213)
	(10,000,000)
	4,557,064
	22,880,000
	24,005,088

Note: The taxable loan is considered revenue as repaid and the debt balance is net of the loan to developer.
Project costs can not be initiated after June 21, 2020

Assumptions:

- 1 Computer aid will decrease at 5% per year.
- 2 Payoff by 2017 represented to the Other Taxing Jurisdictions through the Joint Review Board

City of Franklin
TIF #3 Projection
Projected Debt Service
December 11, 2015

Tax Exempt G.O. Bonds			
Improvements Cost	\$	1,000,000	
Capitalized Interest	\$	1,000,000	
Est Issuance Cost	\$	-	
Rounding	\$	-	

Tax Exempt G.O. Bonds			
Improvements Cost	\$	10,083,583	
Capitalized Interest	\$	10,017,933	
Est Issuance Cost	\$	-	
Rounding	\$	65,650	

Interfund Advance			
Improvements Cost	\$	-	
Capitalized Interest	\$	-	
Est Issuance Cost	\$	-	
Rounding	\$	-	

Total Tax Exempt G.O. Debt			
Improvements Cost	\$	11,083,583	
Capitalized Interest	\$	11,017,933	
Est Issuance Cost	\$	-	
Rounding	\$	65,650	

Year	Debt Service 8/15/05				Debt Service 8/26/08				Debt Service (3/31, 6/30, 9/30 & 12/31)				Debt Issues			
	Balance	Principal 3/1	Interest (3/1& 9/1)	Total	Balance	Principal 3/1	Interest (3/1& 9/1)	Total	Balance	Principal (3/31, 6/30, 9/30 & 12/31)	Interest	Total	Balance	Principal	Interest	Total
2005	4,000,000	-	66,036	66,036	-	-	-	-	2,700,000	-	-	-	4,000,000	-	66,036	66,036
2006	4,000,000	-	179,643	179,643	-	-	-	-	600,000	3,200,000	65,620	70,021	4,000,000	-	179,643	179,643
2007	7,000,000	-	295,926	295,926	-	-	-	-	800,000	600,000	15,127	815,127	9,700,000	-	365,947	365,947
2008	700,000	6,300,000	216,253	6,516,253	10,000,000	200,000	334,118	534,118	-	-	-	-	11,300,000	9,500,000	281,873	9,781,873
2009	-	700,000	5,311	705,311	9,800,000	800,000	314,500	1,114,500	-	800,000	1,841	801,841	10,600,000	1,500,000	354,556	1,854,556
2010	-	-	-	-	8,000,000	1,000,000	287,500	1,287,500	-	-	-	-	9,000,000	1,600,000	316,341	1,916,341
2011	-	-	-	-	8,000,000	2,000,000	240,000	2,240,000	-	-	-	-	8,000,000	1,000,000	287,500	1,287,500
2012	-	-	-	-	6,000,000	2,000,000	165,000	2,665,000	-	-	-	-	6,000,000	2,000,000	240,000	2,240,000
2013	-	-	-	-	3,500,000	2,500,000	107,091	3,607,091	1,150,000	-	33,743	33,743	4,650,000	2,500,000	198,743	2,698,743
2014	3,330,000	-	(166,080)	(166,080)	-	3,500,000	107,091	3,607,091	3,350,000	-	110,710	110,710	6,680,000	3,500,000	51,721	3,551,721
2015	3,310,000	20,000	65,299	85,299	-	-	-	-	1,700,000	1,650,000	64,406	1,714,406	5,010,000	1,670,000	129,705	1,799,705
2016	2,660,000	650,000	86,300	736,300	-	-	-	-	550,000	1,150,000	22,668	1,172,668	3,210,000	1,800,000	108,968	1,908,968
2017	985,000	1,675,000	54,675	1,729,675	4,600,000	-	23,000	23,000	550,000	-	3,236	3,236	6,135,000	1,675,000	80,911	1,755,911
2018	-	985,000	14,775	999,775	4,600,000	46,000	46,000	46,000	-	550,000	148	550,148	4,600,000	1,535,000	60,923	1,595,923
2019	-	-	-	-	3,000,000	1,600,000	38,000	1,638,000	-	-	-	-	3,000,000	1,600,000	38,000	1,638,000
2020	-	-	-	-	2,000,000	1,000,000	25,000	1,025,000	-	-	-	-	2,000,000	1,000,000	25,000	1,025,000
2021	-	-	-	-	700,000	1,300,000	13,500	1,313,500	-	-	-	-	700,000	1,300,000	13,500	1,313,500
2022	-	-	-	-	-	700,000	3,500	703,500	-	-	-	-	-	700,000	3,500	703,500
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10,330,000	818,138	11,148,138		#####	1,597,209	16,197,209		7,950,000	387,520	8,337,520		32,880,000	2,802,868	35,682,868	

Note: This issue was originally \$4M and was increased to \$7M on 3-1-07. It was reduced to \$1M in 2008 and repaid to the Debt Service Fund in 2009.

Premium	83,583
Debt Issuance	65,650
to other funds	(19,695)
	37,628

City of Franklin
TIF #3 Projection
Projected Revenue
December 11, 2015

Const. Year	Incr. Year	Revenue 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	-	11,743,000		1,178,100	12,921,100	19.46	251,402
2006	2007	2008	12,921,100	8,668,000		3,315,300	24,904,400	20.25	504,283
2007	2008	2009	24,904,400	44,487,000		5,491,100	74,882,500	20.51	1,535,719
2008	2009	2010	74,882,500	15,432,000	10,000,000	5,587,800	105,902,300	21.67	2,295,166
2009	2010	2011	105,902,300	-	(42,000,000)	(2,467,600)	61,434,700	22.91	1,407,207
2010	2011	2012	61,434,700	-	12,000,000	(782,100)	72,652,600	22.72	1,650,483
2011	2012	2013	72,652,600	-		(8,734,800)	63,917,800	24.22	1,547,835
2012	2013	2014	63,917,800	-		387,900	64,305,700	24.45	1,572,197
2013	2014	2015	64,305,700	-		8,479,300	72,785,000	23.10	1,681,578
2014	2015	2016	72,785,000	-		44,900	72,829,900	23.76	1,730,642
2015	2016	2017	72,829,900	-	(17,573,700)		55,256,200	23.53	1,299,912
2016	2017	2018	55,256,200	-		1,730,244	56,986,444	23.29	1,327,210
2017	2018	2019	56,986,444	-		1,747,546	58,733,990	23.06	1,354,231
2018	2019	2020	58,733,990	-		1,765,022	60,499,012	22.83	1,380,978
2019	2020	2021	60,499,012	-		1,782,672	62,281,684	22.60	1,407,453
2020	2021	2022	62,281,684	15,000,000		1,800,499	79,082,183	22.37	1,769,243
2021	2022	2023	79,082,183	10,000,000		1,968,504	91,050,687	22.15	2,016,635
2022	2023	2024	91,050,687	-		2,088,189	93,138,876	21.93	2,042,256
2023	2024	2025	93,138,876	-		2,109,071	95,247,947	21.71	2,067,616
2024	2025	2026	95,247,947	-		2,130,161	97,378,108	21.49	2,092,719
				105,330,000			Reported		30,934,765

		Amend # 1
Base Value	\$ 117,768,200	\$ 53,939,000
Increment		\$ 171,707,200
Equalized Value	63,317,000	-
Assessed Value	\$ 181,085,200	\$ 53,939,000
Ratio		235,024,200
		229,093,100
		97.48%

Assumptions:

1. Property value inflation 1.00%
2. Property additions 0.00%
3. Mil Rate Inflation -1.00%

Note The Mil rate deflation assumption is based upon the recent experience of the City of Franklin that the development within TIFs is happening at a greater rate than outside the TIF effectively lowering the TIF rate. In addition it assumes the impact of the current tax levy limits will continue in some format in the future.

City of Franklin
TIF #3 Projection
Development Assumptions
December 11, 2015

Const Year	Project Plan (Memo) Project Plan	Development							Difference from Plan		
		Franklin Oaks	Johnson Bank	31st Office Bldg	Land N of NM	27th Street	Amended Area	Add NM 2		Rawson Avenue	Total
		44,750,000	1,000,000	1,000,000	9,180,000	2,500,000	-	37,500,000	-	95,930,000	
2005	17,850,000	10,543,000	1,200,000							11,743,000	(6,107,000)
2006	11,900,000	8,400,000				268,000				8,668,000	(3,232,000)
2007	12,500,000	2,825,000				510,000		39,400,000	1,752,000	44,487,000	31,987,000
2008	6,500,000	3,737,000						11,695,000		15,432,000	8,932,000
2009	13,000,000									0	(13,000,000)
2010	15,560,000									0	(15,560,000)
2011	15,560,000									0	(15,560,000)
2012	3,060,000									0	(3,060,000)
2013										0	-
2014										0	
2015										0	
2016										0	
2017										0	
2018										0	
2019										0	
2020						15,000,000				15,000,000	
2021						10,000,000				10,000,000	
2022										0	
	95,930,000	25,505,000	1,200,000	-	-	25,778,000	-	51,095,000	1,752,000	105,330,000	(15,600,000)

Assumptions:

1. Construction includes \$5 million in non taxable computers
2. Project Estimate

46,200	944,642	2,633,492	657,941	2,640,158	3,725,543	500,587	6,526	11,000,000	-	22,155,088	3,637,024	25,792,112
	3,624,334					4,232,655						

4/12/2017

APPROVAL	REQUEST FOR JOINT REVIEW BOARD ACTION	MEETING DATE June 6, 2017
REPORTS AND RECOMMENDATIONS	Review the annual performance of Tax Incremental District No. 4	ITEM NUMBER 5

The City of Franklin Director of Finance & Treasurer will present the above subject matter to the Board.

Reports Enclosed:

1. Annual Report filed to the Wisconsin Department of Revenue
2. City of Franklin TID #4 Cash Flow Model, December 31, 2016

ACTION REQUESTED

As the Board may deem appropriate.

Wisconsin Dept of Revenue Print Friendly FAQ

To print:

1. Click "Ctrl" and "P" at the same time on your keyboard to bring up the "Print" window
2. Select the printer where you would like the form to print
3. If you would like to avoid printing these instructions, begin printing from page 2

TID Annual Report (PE-300)

Co-muni code

40226

Municipality

CITY of FRANKLIN

Year

2016

Due date

July 03, 2017

TID #

004

Report type

FINAL

TID type

6 - Mixed-Use

TID name

N/A

Creation date

06-21-2005

Mandatory termination date

06-21-2025



Beginning Balance

Fund balance at beginning of fiscal year ?

*

-138,216

Section 2a. Expenditures

Developer grants  

 1 * N/A * 0

Subtotal 0

Does this TID allocate funds to another TID?

☐ Yes
☒ No

TID number and amount allocated  

 1 * Select ... * 0

Subtotal 0

Other expenditures  

 1 loss on investments 5,035

Subtotal 5,035

Section 2b. Expenditures

Capital expenditures ?	Amount
Administration ?	11,205
Professional services ?	1,300
Interest and fiscal charges ?	920
Discount on long-term debt	Amount
Debt issuance costs	Amount
Principal on long-term debt	Amount
Environmental costs	Amount
Real property assembly costs ?	Amount
Developer grants subtotal	0
Allocation to other TIDs subtotal	0
Other expenditures subtotal	5,035
Total Expenditures ?	18,460

Section 3a. Revenues



Does this TID receive allocated funds from another TID?

☐ Yes
☒ No

TID number and amount received from each TID  



 1 * 

Subtotal

Development guarantees  



 1


Subtotal

Transfer from other funds  



 1

Subtotal

Other grant sources  

 1

Subtotal

Other revenue sources  

 1

Subtotal

Section 3b. Revenues

Tax increment ?	★ 1,289,709
Investment income ?	Amount
Special assessments	Amount
Exempt computer aid ?	18,043
Miscellaneous revenue	Amount
Sale of property	Amount
Allocation amount from other TIDs subtotal	0
Developer guarantees subtotal	0
Transfer from other funds subtotal	0
Other grant sources subtotal	0
Other revenue sources subtotal	91,206
Total Revenues ?	1,398,958

Section 4. Ending Balance

Balance at end of fiscal year ⓘ

1,242,282

Future project costs ⓘ

*

11,124,876

Surplus or deficit (amount not included in future project costs) ⓘ

-9,882,594


Section 5. Preparer/Contact Information

Preparer Information

Name	Title
* Paul Rotzenberg	* Dir of Finance Treasurer
Email	Phone
* protzenberg@franklinwi.gov	* (414) 427-7514

Check here if the preparer is the same as the contact person ☒

Contact Person

Name 	Title
* Paul Rotzenberg	* Dir of Finance Treasurer
Email	Phone
* protzenberg@franklinwi.gov	* (414) 427-7514

Confirmation

You successfully submitted your report. Print a copy for your records.

Co-muni code	40226
TID number	004
Recording time	05-03-2017 11:11 AM
Confirmation	TIDAR201640226E1487102380338
Submission type	FINAL



City of Franklin

**Common Council
Community Development Authority**

**Tax Increment District #4
Cash Flow Model
December 31, 2016**

Issued April 11, 2017

Presented by:

Paul Rotzenberg, CPA

City of Franklin Director of Finance & Treasurer

M E M O R A N D U M

DATE: April 11, 2017
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 August 9, 2016 and the taxes levied in December 2016. This District was formed in June, 2005 and 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. The District has a maximum life of 20 years, with the latest project expenditures can be made is June, 2020. The last year of increment would be 2026, if needed.

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 and repaid 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 the 27th Street reconstruction in this TIF District are not included as the current timing (approximately 2025) would occur after the limit for incurring project costs (2020).
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 or negatively.
4. 2016 had a \$10,323,922 decrement. The DOR corrected an error from 2014 in 2015, and removed the correction with the 2016 increment. The total increment in this District is now \$44,691,300. This represents 24.7% of the projected development when the District was formed. Most of the increment has come from the Wheaton Franciscan complex and the residential development on the west side of the District.

5. In 2014, Wisconsin Act 145 changed the funding for Technical Colleges. MATC reduced their levy by 36% as a result, and the tax rate for this District declined by \$1.35 or 5.5%. Act 254 provides relief for those TID's which were adversely impacted by Act 145 by extending the life of the TID by an additional three years.
6. The District has two additional project phases authorized. However, the Common Council has not approved any additional project costs. A Developer has expressed interest in a new development to be constructed approximating \$11.5 million in value and requested \$980,000 in assistance for the development.
7. The City has investigated additional infrastructure costs involving water and sanitary sewer lines. The Sanitary Sewer infrastructure may serve additional areas outside the City and then become eligible for assistance from MMSD. The other jurisdictions have not committed to participate in the project. The current assumptions include no expected participation by MMSD.
8. The projection includes a developer's grant in 2017 and infrastructure projects costs beginning in 2019. Should those projects be approved, the District is projected to close in 2025.
9. Recently, the Common Council engaged Ehlers & Associates to explore financial options for this TID. Ehlers will be analyzing the TID potential and impacts. The results of this analysis are not yet available.
10. The District is projected to have a \$2.3 million fund balance at December 31, 2017. The District could close at this time. Notice of closure must be provided to the WI Department of Revenue by May 15, 2017. State law reserves half the equalized value of a closing TID for tax relief upon closure, (currently \$22,345,000 or 0.6% of the 2016 equalized Franklin tax base). Other than the current Development along W Oakwood Rd, no known proposals are ruminating that might ripen prior to District 4's expenditure period closes in 2020. A new TID could be created once additional development proposals come forward. The options:
 - a. Keep the TID open, collecting increment until the studies commissioned with Ruekert Mielke and Ehlers are complete
 - b. Keep the TID open, leveraging future increments for infrastructure, which the District can support to precipitate future development.
 - c. Respond to the Developer's request for assistance, and then close the District, capturing tax relief in the 2018 budget cycle. This would ignore the reports commissioned on infrastructure costs and District options.
 - d. Close the District immediately, capturing tax relief for the 2018 budget cycle, without responding to the Developer request or evaluating results of the Ruekert Mielke and Ehlers studies.
 - e. Such other action as the Council deems appropriate.

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 2016 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 Phase I Projection
Projected Cash Flow
December 31, 2016

Year	Revenue				Debt Issued	Total	Expenditures				Total	TIF Status			Year End Fund Balance	
	Tax Levy	Computer Aid	Misc Revenue	Interest Income 1.00%			Project Costs	Admin Expenses	Debt Service			Yearly Cash Activity	Net Cash	Outstanding Debt		
									Interest	Principal						
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	-	748	3,038,000	4,005,592	-	13,687	144,248	3,738,000	3,895,935	109,657	184,446	3,038,000	(2,853,554)	
2013	815,923	46,504	46,374	(3,255)	-	905,545	-	9,444	101,798	875,000	986,242	(80,697)	103,749	2,163,000	(2,059,251)	
2014	954,727	24,620	18,001	906	-	998,254	46,243	46,728	59,904	925,000	1,077,875	(79,621)	24,128	1,238,000	(1,213,872)	
2015	1,009,060	19,631	92,021	404	-	1,121,116	18,278	12,487	14,695	1,000,000	1,045,460	75,656	99,784	238,000	(138,216)	
2016	1,289,709	18,043	91,206	(5,035)	-	1,393,923	-	12,505	920	238,000	251,425	1,142,498	1,242,282	-	1,242,282	
2017	1,013,892	15,960	85,000	12,423	-	1,127,275	1,000,000	12,500	-	-	1,012,500	114,775	1,357,057	-	1,357,057	
2018	758,792	15,162	89,500	13,571	-	877,024	-	12,500	-	-	12,500	864,524	2,221,581	-	2,221,581	
2019	762,880	14,404	89,500	22,216	5,000,000	5,888,999	8,000,000	12,500	113,750	-	8,126,250	(2,237,251)	(15,670)	5,000,000	(5,015,670)	
2020	873,009	13,684	89,500	(157)	500,000	1,476,036	1,000,000	12,500	238,875	-	1,251,375	224,661	208,991	5,500,000	(5,291,009)	
2021	1,008,795	13,000	89,500	2,090	-	1,113,384	-	12,500	227,500	1,000,000	1,240,000	(126,616)	82,375	4,500,000	(4,417,625)	
2022	1,012,734	12,350	89,500	824	-	1,115,407	-	12,500	184,275	900,000	1,096,775	18,632	101,008	3,600,000	(3,498,992)	
2023	1,218,461	11,732	89,500	1,010	-	1,320,703	-	12,500	135,363	1,250,000	1,397,863	(77,160)	23,848	2,350,000	(2,326,152)	
2024	1,222,299	11,145	89,500	238	-	1,323,183	-	12,500	83,038	1,050,000	1,145,538	177,645	201,493	1,300,000	(1,098,507)	
2025	1,038,478	10,588	89,501	2,015	-	1,140,582	-	12,500	29,575	1,300,000	1,342,075	(201,493)	(0)	-	(0)	
2026					-	-	-	-	-	-	-	-	(0)	-	(0)	
2027					-	-	-	-	-	-	-	-	(0)	-	(0)	
2028					-	-	-	-	-	-	-	-	(0)	-	(0)	
16,469,246							15,765,088	431,091	2,411,650	18,738,000	37,345,829					

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 2025.

Total

Tax Exempt G.O. Bonds	\$ 3,000,000
Improvements Cost	\$ 2,715,000
Capitalized Interest	\$ 259,377
Est Issuance Cost	\$ 24,975
Rounding	\$ 648

Interfund Advance	\$ 3,500,000
Improvements Cost	\$ 3,500,000
Capitalized Interest	
Est Issuance Cost	\$ -
Rounding	\$ -

\$	6,500,000
\$	6,215,000
\$	259,377
\$	24,975
\$	648

Year	Debt Issues				All Debt Issues			
	Debt Service 8/15/05			Total	Debt Service			Total
	Balance	Principal 3/1 avg =	Interest (3/1& 9/1) 4.55%		Balance	Principal 3/1	Interest (3/1& 9/1) 4.55%	
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
2008	5,000,000	-	121,405	121,405	-	3,100,000	65,641	3,165,641
2009	4,663,000	337,000	214,850	551,850	600,000	-	9,074	9,074
2010	4,263,000	400,000	197,117	597,117	-	600,000	1,529	601,529
2011	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
2013	-	-	-	-	2,163,000	875,000	101,798	976,798
2014	-	-	-	-	1,238,000	925,000	59,904	984,904
2015	-	-	-	-	238,000	1,000,000	14,695	1,014,695
2016	-	-	-	-	-	238,000	920	238,920
2017	-	-	-	-	-	-	-	0
2018	-	-	-	-	-	-	-	0
2019	-	-	-	-	5,000,000	-	113,750	113,750
2020	-	-	-	-	5,500,000	-	238,875	238,875
2021	-	-	-	-	4,500,000	1,000,000	227,500	1,227,500
2022	-	-	-	-	3,600,000	900,000	184,275	1,084,275
2023	-	-	-	-	2,350,000	1,250,000	135,363	1,385,363
2024	-	-	-	-	1,300,000	1,050,000	83,038	1,133,038
2025	-	-	-	-	-	1,300,000	29,575	1,329,575
2026	-	-	-	-	-	-	-	0
6,500,000				990,759	7,490,759	12,238,000	1,420,891	13,658,891
18,738,000				2,411,650	21,149,650			

City of Franklin
TIF 4 Projection
Projected Revenue
December 31, 2016

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	4,625,800			43,675,900	22.99	1,009,060
2014	2015	2016	43,675,900	9,963,462		634,938	54,274,300	23.76	1,289,709
2015	2016	2017	54,274,300	(10,323,922)		740,922	44,691,300	21.44	1,013,892
2016	2017	2018	44,691,300	(9,583,000)		645,092	35,753,392	21.22	758,792
2017	2018	2019	35,753,392	-		555,713	36,309,105	21.01	762,880
2018	2019	2020	36,309,105	5,100,000		561,270	41,970,375	20.80	873,009
2019	2020	2021	41,970,375	6,400,000		617,883	48,988,258	20.59	1,008,795
2020	2021	2022	48,988,258	-		688,062	49,676,319	20.39	1,012,734
2021	2022	2023	49,676,319	10,000,000		694,942	60,371,261	20.18	1,218,461
2022	2023	2024	60,371,261	-		801,892	61,173,153	19.98	1,222,299
2023	2024	2025	61,173,153	-		809,911	61,983,064	19.78	1,226,097
2024	2025	2026	61,983,064	-		818,010	62,801,073	19.58	1,229,855
2025	2026	2027	62,801,073	-		826,190	63,627,263	19.39	1,233,574
2026	2027	2028	63,627,263			834,452	64,461,715	19.19	1,237,255
				57,390,247					

City of Franklin
TIF #4 Projection
Development Assumptions
December 31, 2016

Const. Year	Project Plan Estimate	Development						Total
		Developer Residential	Developer Commercial	Wheaton Franciscan	Oakwood South	Conway	Additional Lots	
		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		575,800				4,625,800
2014	8,000,000	1,354,000	492,900				8,116,562	9,963,462
2015	8,000,000						634,938	634,938
2016	8,000,000			-			(9,583,000)	(9,583,000)
2017	7,500,000							-
2018	7,500,000		5,100,000					5,100,000
2019	7,500,000		6,400,000					6,400,000
2020	7,500,000							-
2021	7,500,000			10,000,000				10,000,000
2022	7,500,000							-
2023	7,500,000							-
2024	7,500,000							-
	180,547,023	15,350,379	12,704,921	37,939,800	-	1,027,700	(831,500)	66,191,300

54 lots @ 25 Acres X
\$350,000 \$1,600,000 per acre

City of Franklin
TIF #4 Projection
Projected Cost Breakdown
December 31, 2016

Year	Project Costs											Total
	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 Weeds/ Dev Incentive	Developer Incentive	Water & Sewer Costs Net	Issuance Cost	S 27th Street S&W	Contingency Marketing Expenses	
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	529,168
2010	2,064			105		-					3,950	51,227
2011						-					11,290	370,781
2012						-						-
2013						-						-
2014						-				46,243		46,243
2015						-				18,278		18,278
2016						-						-
2017						-	1,000,000					1,000,000
2018						-						-
2019												8,000,000
2020									! Phase 2 & 3 Project Plan			1,000,000
2021									! Phase 3 Project Plan			1,000,000
2022												-
2023												-
	763,523	506,145	105,837	2,496,114	401,337	-	1,000,000	412,452	27,005		231,885	15,765,088
		105,837										(16,938)
		(16,938)										(297,522)
		(297,522)										15,450,628
		297,522										
Revised Estimate	705,000	448,000	125,000	2,311,000	400,000	425,000		254,000	15,000		165,000	-
						Phase 1		Phase 2	Phase 3			Total
		Project Plan				4,284,400		5,548,000	12,851,000			22,683,400
						115%		115%	115%			115%
						<u>4,927,060</u>		<u>6,380,200</u>	<u>14,778,650</u>			26,085,910