



EHLERS
LEADERS IN PUBLIC FINANCE

Tax Increment District #5 Public Hearing



City of Franklin

9/13/2016



What is Tax Increment Financing?

- Economic development tool used in Wisconsin and many other states
- Allows cities to capture additional property tax revenue from defined area and use that revenue within that area
- Key acronyms:
 - TIF = Tax Increment Financing (the tool)
 - TID = Tax Increment District (where the tool is used)



TIF in Wisconsin

- Since 1976 has been THE most powerful economic development tool available to local government
- Intent:
 - Promote economic development
 - Address lack of incentives and financial resources
 - Promote cooperation between public and private sectors
 - Spread costs of economic development to all taxing jurisdictions that benefit
 - Contribute to property tax relief

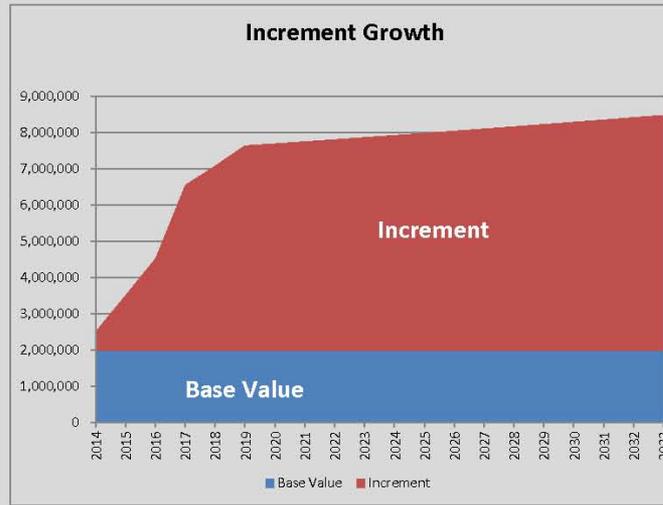


How TIF Works

How a TID Functions and Generates Revenue



Boundary of TID area established by Community
Base Value established and certified by DOR



Base value is "frozen"

Appreciation and new value sum to establish increment

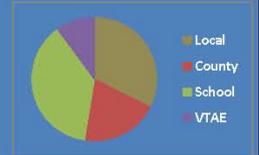
The TID receives taxes on the incremental equalized value (value that is greater than the base established by the DOR) at the combined rate of all taxing entities.

	Mill Rate
Local	6.50
County	4.00
School	7.50
VTAE	2.00
TID Rate	20.00



All taxing jurisdictions continue to receive their share of the tax levy on the equalized base value of the TID (certified by the DOR)

	Mill Rate
Local	6.50
County	4.00
School	7.50
VTAE	2.00
Total	20.00



The “But For” Test

- Key underpinning of the TIF program is referred to as the “but for” test
- “But for” the use of TIF, the proposed development would not occur:
 - As proposed
 - Within the same time period
 - With the same level of value
 - Property
 - Job creation
 - Amenities



Eligible Project Costs

- Public works & improvements
- Financing costs
- Real property assembly costs (land write-down)
- Professional service costs
- Administrative costs
- Contribution to Community Development Authority or Redevelopment Authority
- Relocation costs
- Organizational costs
- Pro-rated costs of utility infrastructure
- Cash grants (requires developer agreement)
- Environmental remediation
- Projects within ½ mile of district



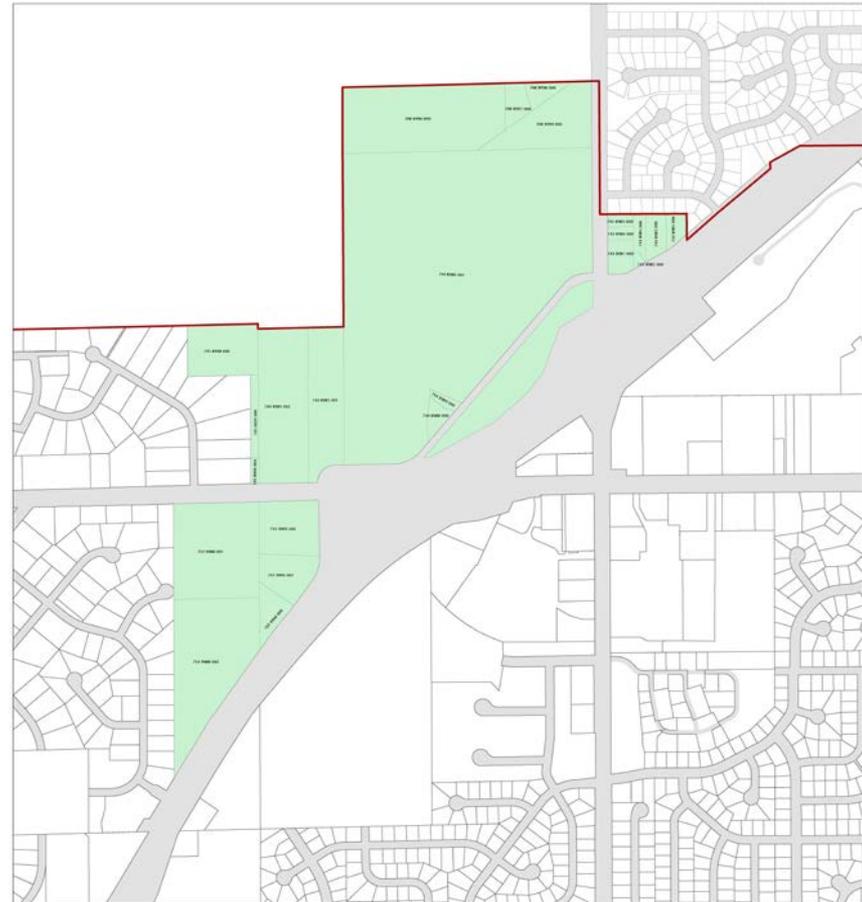
District Feasibility Criteria

- Property value within the district meets statutory limit of valuation within all TIF districts.
- Area meets the statutory qualifications for Mixed Use district
- Projected tax increment is sufficient to pay for the proposed expenses
- The City and its economic development partners understand the need to actively manage the district



Proposed TID #5 Boundary

- 167.7 Acres
- 24 Parcels located west of Loomis Road and north and south of Rawson Ave.
- 127 Acres tax exempt property North of Rawson



Existing Land Use

- North of Rawson
 - County Park Land: The Rock Sports Complex
 - Former DOT land
 - Abutting underutilized private parcels
- South of Rawson
 - Underutilized residential
 - Former horse farm



TID #5 Project Proposed Redevelopment

- Mix of uses: Commercial Office, Retail, Restaurant, Hotel and Residential
- Indoor Sports and Entertainment
- Stadium
- Garden Apartments
- Estimated added tax base: \$101 Million



TID #5 Project Proposed Redevelopment

City of Franklin, Wisconsin

Tax Increment District # 5

Development Assumptions

Construction Year	Actual	North of Rawson			South of Rawson			Total	Construction Year	
		Stadium	Indoor Sports Venue	Sports Village	Commercial	Hotel	Garden Apartments			
1 2016							0	2016	1	
2 2017			6,375,000	6,426,000			12,007,950	24,808,950	2017	2
3 2018			3,825,000	4,069,375	4,462,500		24,709,500	37,066,375	2018	3
4 2019				12,835,000		5,312,500	7,066,050	25,213,550	2019	4
5 2020				8,765,625		5,312,500		14,078,125	2020	5
6 2021							0	0	2021	6
7 2022							0	0	2022	7
8 2023							0	0	2023	8
9 2024							0	0	2024	9
10 2025							0	0	2025	10
11 2026							0	0	2026	11
12 2027							0	0	2027	12
13 2028							0	0	2028	13
14 2029							0	0	2029	14
15 2030							0	0	2030	15
16 2031							0	0	2031	16
17 2032							0	0	2032	17
18 2033							0	0	2033	18
19 2034							0	0	2034	19
20 2035							0	0	2035	20
Totals	0	0	10,200,000	32,096,000	4,462,500	10,625,000	43,783,500	101,167,000		

Notes: Development Values provided by Developer based upon 85% of construction costs

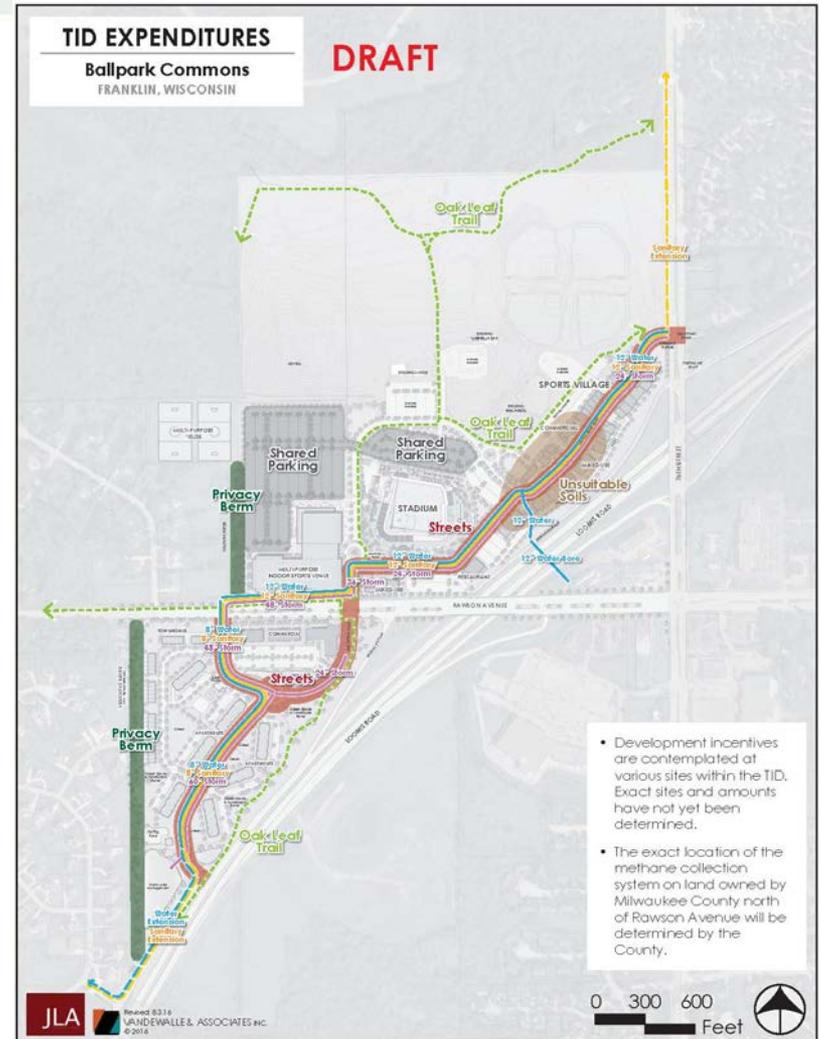
Indoor Sports Venue value reflected assumed to be taxable for this analysis, if tax exempt due to location on County owned land, a comparable PILOT will be necessary to meet the cash flow projections in this analysis

No taxable value has been identified for the Developer's improvements to the Stadium



Potential Project Costs

Project ID	Project Name/Type	Total (Note 1)
North of Rawson		
1	Sanitary Sewer (with 75% Special Assessed)	1,047,000 *
2	Storm Sewer	526,500
3	Water (with 75% Special Assessed)	1,218,500 *
4	Streets (with 75% Special Assessed)	1,800,000 *
5	Shared Parking	3,000,000
6	County Methane Collection System	1,530,000
7	Relocate Methane Gas Line	250,000
8	Excavate Unsuitable soils	2,450,000
9	Oak Leaf Trail	120,000
10	Privacy Berms	160,000
11	Contingency @ 15%	1,809,300
South of Rawson		
12	Sanitary Sewer (with 75% Special Assessed)	209,000 *
13	Storm Sewer	416,500
14	Water (with 75% Special Assessed)	295,000 *
15	Streets (with 75% Special Assessed)	1,750,000 *
16	Oak Leaf Trail	50,000
17	Privacy Berms	400,000
18	Contingency @ 15%	466,575
Overall TIF Area		
19	TIF Creation and Administration	30,000
20	Developer Incentive for delivery of addition:	9,290,000
Total Projects		26,818,375



Note 1 Project costs are estimates and are subject to modification

Infrastructure Costs Provided by Developer

* 75% of Sewer, Water and Streets costs identified above are anticipated to be Special Assessed to the benefiting properties and would not be costs to the District (Estimated at \$4,739,625)

TID #5 Potential Project Costs Financing Plan

	G.O. Bond 2017	Municipal Revenue Obligation (MRO) 2017	Municipal Revenue Obligation (MRO) 2020	TIF Revenue Note 2031	Totals
Projects					
Phase I	5,113,625				5,113,625
Phase II	5,271,625				5,271,625
Phase III	644,000				644,000
Phase IV		8,240,000			8,240,000
Phase V			1,050,000		1,050,000
Phase VI				1,759,500	1,759,500
Total Project Funds	11,029,250	8,240,000	1,050,000	1,759,500	20,319,250
Estimated Finance Related Expenses					
Municipal Advisor	32,900				
Bond Counsel	17,500				
Disclosure Counsel (if engaged)	10,500				
Rating Agency Fee	18,000				
Paying Agent	675				
Underwriter Discount	12.50	145,313	0.00	0	0.00
Debt Service Reserve					
Capitalized Interest	381,694				
Capitalized Carrying Costs		1,018,427			
Total Financing Required	11,635,831	9,258,427	1,050,000	1,759,500	
Estimated Interest	0.25%	(13,787)	0.00%	0	0.00%
Assumed spend down (months)	6	6	6	6	0
Rounding	2,955	0	0	0	0
Net Issue Size	11,625,000	9,258,427	1,050,000	1,759,500	23,692,927

Notes: Project costs proposed to be finance above are net of the amount anticipated to be special assessed to benefitting property



Procedure to Create a TID

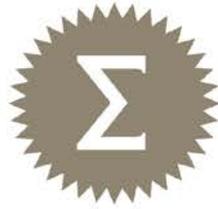
1. Plan Commission prepares project plan
2. Convene Joint Review Board
 - Each taxing body represented
 - One member of the public appointed
3. Public Hearing by Plan Commission
4. Governing Body approval
5. Joint Review Board approval
6. State approval (procedural and legal review)



After TIF Creation

- Creation of Plan puts financing tool in place
- Final Due Diligence on need for assistance
- Execution of Developer Agreement





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