

**City of Franklin**  
**Common Council**  
**Community Development Authority**

**Tax Increment District #4**  
**Cash Flow Model**  
**December 31, 2015**

**Issued April 29, 2016**

**Presented by:**

**Paul Rotzenberg, CPA**

**City of Franklin Director of Finance & Treasurer**

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## M E M O R A N D U M

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**DATE:** April 29, 2016  
**TO:** Common Council & Community Development Authority  
**FROM:** Paul Rotzenberg, Director of Finance & Treasurer *Pal*  
**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 July 29, 2015 and the taxes levied in December 2015. 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 27<sup>th</sup> Street west to 42<sup>nd</sup> 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 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 27<sup>th</sup> 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. The 2014 increment was \$9,963,462 or 22.8% of the prior year increment, bringing the total increment in this District to \$54,274,300. This represents 30% of the projected development when the District was formed. Most of the increment has come from the Wheaton Franciscan complex. The 2014 increment includes a correction for the prior year when some of the values were reported after the Dept of Revenue certified the District values. That correction will like reduce the increment in 2016.

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%.
6. The tax increment revenue realized in 2015 will retire all but \$238,000 of the District debt from the first phase. The remaining debt will be retired in 2016.
7. The tax increment can continue to be received after that time to support project phases 2 & 3. 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 2025, one year earlier than the statutory limit for this district.

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 2015 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, 2015

Year	Revenue					Debt Issued	Total	Expenditures				Total	TIF Status			
	Tax Levy	Computer Aid	Misc Revenue	Interest Income	1.50%			Project Costs	Admin Expenses	Interest	Debt Service Principal		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	(3,255)	-	-	905,545	-	9,444	101,798	875,000	986,242	(80,697)	104,123	2,163,000	(2,058,877)
2014	954,727	24,620	18,001	963	-	-	998,310	46,243	9,585	59,904	925,000	1,040,731	(42,421)	61,702	1,238,000	(1,176,298)
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	137,358	238,000	(100,642)
2016	1,289,704	18,043	91,206	2,060	-	-	1,401,013	-	12,487	5,415	238,000	255,902	1,145,112	1,282,470	-	1,282,470
2017	1,197,784	17,141	89,500	19,237	-	-	1,323,662	-	12,487	-	-	12,487	1,311,175	2,593,645	-	2,593,645
2018	1,435,178	16,284	-	38,905	-	3,800,000	5,290,367	5,548,000	12,487	63,700	1,000,000	6,624,187	(1,333,820)	1,259,825	2,800,000	(1,540,175)
2019	1,727,816	15,470	-	18,897	-	-	1,762,183	-	12,487	104,650	1,000,000	1,117,137	645,046	1,904,871	1,800,000	104,871
2020	1,732,167	14,696	-	28,573	-	3,700,000	5,475,436	5,300,000	12,487	166,075	-	5,478,562	(3,126)	1,901,745	5,500,000	(3,598,255)
2021	1,736,472	13,961	-	28,526	-	-	1,778,959	-	12,487	229,775	900,000	1,142,262	636,697	2,538,442	4,600,000	(2,061,558)
2022	1,740,732	13,263	-	38,077	-	-	1,792,072	-	12,487	186,550	1,000,000	1,199,037	593,035	3,131,477	3,600,000	(488,523)
2023	679,625	12,600	-	46,972	-	-	739,197	-	12,487	136,500	1,200,000	1,348,987	(609,790)	2,521,687	2,400,000	121,687
2024	-	-	-	-	-	-	-	-	12,487	81,900	1,200,000	1,294,387	(1,294,387)	1,227,300	1,200,000	27,300
2025	-	-	-	-	-	-	-	-	-	27,300	1,200,000	1,227,300	(1,227,300)	0	-	0
2026	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	0
	17,809,678	348,887	800,902	435,167	-	20,738,000	40,132,634	16,613,088	381,326	2,400,220	20,738,000	40,132,634	-	-	-	-

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.

**City of Franklin  
TIF Projection  
Projected Revenue  
December 31, 2015**

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)	(7,067,300)	33,693,500	24.22	815,923
2012	2013	2014	33,693,500	4,821,486	535,114	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	1,289,704
2015	2016	2017	54,274,300	(4,100,000)		740,922	50,915,222	23.53	1,197,784
2016	2017	2018	50,915,222	10,000,000		707,331	61,622,553	23.29	1,435,178
2017	2018	2019	61,622,553	12,500,000		814,405	74,936,958	23.06	1,727,816
2018	2019	2020	74,936,958	-		947,549	75,884,506	22.83	1,732,167
2019	2020	2021	75,884,506	-		957,024	76,841,530	22.60	1,736,472
2020	2021	2022	76,841,530	-		966,594	77,808,125	22.37	1,740,732
2021	2022	2023	77,808,125	-		976,260	78,784,385	22.15	1,744,947
2022	2023	2024	78,784,385	-		986,023	79,770,408	21.93	1,749,118
2023	2024	2025	79,770,408	-		995,883	80,766,291	21.71	1,753,245
2024	2025	2026	80,766,291	-		1,005,842	81,772,133	21.49	1,757,329
				<u>74,197,169</u>					<u>24,134,692</u>
Base Equalized Value Increment							\$ 19,817,900		
Total Equalized Value							<u>\$ 43,675,900</u>		
Assessed Value							\$ 63,493,800		
Ratio								99.74%	

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 \$ -

City of Franklin  
TIF #4 Projection  
Development Assumptions  
December 31, 2015

Const. Year	Project Plan Estimate	Development							Total
		MLG Residential	MLG 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					(4,100,000)		(4,100,000)	
2016	8,000,000			10,000,000				10,000,000	
2017	7,500,000		12,500,000					12,500,000	
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	15,350,379	13,704,921	37,939,800	-	1,027,700	4,016,562	72,039,362	

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

City of Franklin  
TIF #4 Projection  
Projected Cost Breakdown  
December 31, 2015

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 Costs Net	Water & Sewer Costs Net	Issuance Cost	S 27th Street S&W	Contingency Marketing Expenses	51st Street/ Oakwood Rd Water	
Project Plan Estimate	282,400	200,000	6921	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		13,130	124,974		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								46,243			46,243	
2015								18,278			18,278	
2016											-	
2017											-	
2018										5,548,000	5,548,000	
2019											-	
2020										5,300,000	5,300,000	
2021											-	
2022											-	
2023											-	
Revised Estimate	763,523	506,145	105,837	2,496,114	401,337	-	412,452	27,005	231,885	11,604,269	16,613,088	
		105,837									(16,938)	
		(16,938)									(297,522)	
		(297,522)									16,298,628	
		297,522										
	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 Projection  
Projected Debt Service  
December 31, 2015

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

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

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

Year	Debt Issues				All Debt Issues			
	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	4,400,000	1,500,000	116,893	1,616,893
2008	5,000,000	-	121,405	121,405	5,000,000	3,100,000	187,046	3,287,046
2009	4,663,000	337,000	214,850	551,850	5,263,000	337,000	223,924	560,924
2010	4,263,000	400,000	197,117	597,117	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	3,738,000	144,248	3,882,248
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	5,415	243,415
2017	-	-	-	-	-	-	-	0
2018	-	-	-	-	2,800,000	1,000,000	63,700	1,063,700
2019	-	-	-	-	1,800,000	1,000,000	104,650	1,104,650
2020	-	-	-	-	5,500,000	-	166,075	166,075
2021	-	-	-	-	4,600,000	900,000	229,775	1,129,775
2022	-	-	-	-	3,600,000	1,000,000	186,550	1,186,550
2023	-	-	-	-	2,400,000	1,200,000	136,500	1,336,500
2024	-	-	-	-	1,200,000	1,200,000	81,900	1,281,900
2025	-	-	-	-	-	1,200,000	27,300	1,227,300
2026	-	-	-	-	-	-	-	0
2027	-	-	-	-	-	-	-	0
<b>Total</b>	<b>6,500,000</b>	<b>990,759</b>	<b>7,490,759</b>	<b>7,490,759</b>	<b>14,238,000</b>	<b>1,409,461</b>	<b>15,647,461</b>	<b>23,138,220</b>
								<b>2,400,220</b>
								<b>23,138,220</b>