

City of Franklin
Common Council
Community Development Authority

Tax Increment District #4
Cash Flow Model
December 31, 2014

Issued February 5, 2015

Presented by:

Paul Rotzenberg, CPA

City of Franklin Director of Finance & Treasurer

M E M O R A N D U M

DATE: February 5, 2015
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, 2014 and the taxes levied in December 2014. 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 expenditure in 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 27th Street reconstruction in this TIF District are 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 or negatively.
4. The 2014 increment was \$4,625,800 or 11.8%, bringing the total increment in this District to \$43,675,900. This represents 24% of the projected development when the District was formed. Most of the increment has come from the Wheaton Franciscan complex.

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 the next two years is projected to retire the borrowing from the first phase by 2016. The District could close at that time.
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.
8. In November 2014, the Common Council authorized a review of the plans for this District. Consideration of project phases 2 and 3 for Development at the southern most end of S 27th Street is the focus of the review.

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 2014 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, 2014

Year	Revenue										Expenditures				TIF Status			
	Tax Levy	Computer Aid	Misc Revenue	Interest Income 1.50%	Debt Issued	Total	Project Costs	Admin Expenses	Debt Service		Total	Yearly Cash Activity	Net Cash	Outstanding Debt	Year End Fund Balance			
									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	-	1,122	3,038,000	4,005,966	-	13,687	144,248	3,738,000	3,896,935	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	23,389	92,021	926	-	1,125,396	-	9,585	33,579	1,000,000	1,043,164	82,232	143,934	238,000	(94,066)			
2016	1,013,492	22,220	-	2,159	-	1,037,870	-	9,585	5,415	238,000	252,999	784,871	928,805	-	928,805			
2017	1,017,878	21,109	-	13,932	-	1,052,919	-	9,585	-	-	9,585	1,043,334	1,972,139	-	1,972,139			
2018	1,246,391	20,053	-	29,582	3,800,000	5,096,026	5,548,000	9,585	63,700	1,000,000	6,621,285	(1,525,259)	446,880	2,800,000	(2,353,120)			
2019	1,250,664	19,050	-	6,703	-	1,276,418	-	9,585	104,650	1,000,000	1,114,235	162,183	609,063	1,800,000	(1,190,937)			
2020	1,254,893	18,098	-	9,136	3,700,000	4,982,127	5,300,000	9,585	166,075	-	5,475,660	(493,533)	115,530	5,500,000	(5,384,470)			
2021	1,259,078	17,193	-	1,733	-	1,278,004	-	9,585	229,775	900,000	1,139,360	138,645	254,174	4,600,000	(4,345,826)			
2022	1,263,220	16,333	-	3,813	-	1,283,366	-	9,585	186,550	1,000,000	1,196,135	87,231	341,405	3,600,000	(3,258,595)			
2023	1,267,319	15,517	-	5,121	-	1,287,956	-	9,585	136,500	1,200,000	1,346,085	(58,128)	283,277	2,400,000	(2,116,723)			
2024	1,271,374	14,741	-	4,249	-	1,290,365	-	9,585	81,900	1,200,000	1,291,485	(1,120)	282,157	1,200,000	(917,843)			
2025	926,907	14,004	-	4,232	-	945,143	-	-	27,300	1,200,000	1,227,300	(282,157)	0	-	0			
2026	-	-	-	-	-	-	-	-	-	-	-	-	0	-	0			
	18,041,416	409,505	620,196	295,101	20,738,000	40,104,218	16,594,810	352,305	2,419,104	20,738,000	40,104,218	-	-	-	-			

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 #4 Projection
Projected Debt Service
December 31, 2014

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	-

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

Year	Debt Issues					All Debt Issues								
	Debt Service 8/15/05			Debt Service		Balance	Principal	Interest	Total	Combined Debt Service				
	Balance	Principal 3/1	Interest (3/1& 9/1) avg = 4.55%	Principal 3/1	Interest (3/1& 9/1) 4.55%					Balance	Principal	Interest	Total	
2005	3,000,000	-	47,553	-	47,553	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	3,000,000	-	129,485	129,485
2007	1,500,000	1,500,000	77,823	1,577,823	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	121,405	600,000	3,100,000	65,641	3,165,641	3,165,641	5,000,000	3,100,000	187,046	3,287,046
2009	4,663,000	337,000	214,850	551,850	551,850	-	-	9,074	9,074	9,074	5,263,000	337,000	223,924	560,924
2010	4,263,000	400,000	197,117	597,117	597,117	-	600,000	1,529	601,529	601,529	4,263,000	1,000,000	198,646	1,198,646
2011	3,738,000	525,000	174,163	699,163	699,163	3,038,000	-	115,885	-	115,885	3,738,000	525,000	174,163	699,163
2012	-	3,738,000	28,363	3,766,363	3,766,363	2,163,000	875,000	101,798	976,798	976,798	3,038,000	3,738,000	144,248	3,882,248
2013	-	-	-	-	-	1,238,000	925,000	59,904	984,904	984,904	2,163,000	875,000	101,798	976,798
2014	-	-	-	-	-	1,238,000	925,000	59,904	984,904	984,904	1,238,000	925,000	59,904	984,904
2015	-	-	-	-	-	238,000	1,000,000	33,579	1,033,579	1,033,579	238,000	1,000,000	33,579	1,033,579
2016	-	-	-	-	-	-	238,000	5,415	243,415	243,415	-	238,000	5,415	243,415
2017	-	-	-	-	-	-	-	-	-	-	-	-	-	0
2018	-	-	-	-	-	2,800,000	1,000,000	63,700	1,063,700	1,063,700	2,800,000	1,000,000	63,700	1,063,700
2019	-	-	-	-	-	1,800,000	1,000,000	104,650	1,104,650	1,104,650	1,800,000	1,000,000	104,650	1,104,650
2020	-	-	-	-	-	5,500,000	-	166,075	166,075	166,075	5,500,000	-	166,075	166,075
2021	-	-	-	-	-	4,600,000	900,000	229,775	1,129,775	1,129,775	4,600,000	900,000	229,775	1,129,775
2022	-	-	-	-	-	3,600,000	1,000,000	186,550	1,186,550	1,186,550	3,600,000	1,000,000	186,550	1,186,550
2023	-	-	-	-	-	2,400,000	1,200,000	136,500	1,336,500	1,336,500	2,400,000	1,200,000	136,500	1,336,500
2024	-	-	-	-	-	1,200,000	1,200,000	81,900	1,281,900	1,281,900	1,200,000	1,200,000	81,900	1,281,900
2025	-	-	-	-	-	-	1,200,000	27,300	1,227,300	1,227,300	-	1,200,000	27,300	1,227,300
2026	-	-	-	-	-	-	-	-	-	-	-	-	-	0
2027	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Total	6,500,000	990,759	990,759	7,490,759	7,490,759	14,238,000	1,428,345	1,428,345	15,666,345	15,666,345	20,738,000	2,419,104	2,419,104	23,157,104

**City of Franklin
TIF Projection
Projected Revenue
December 31, 2014**

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	23.10	1,009,060
2014	2015	2016	43,675,900	-		634,938	44,310,838	22.87	1,013,492
2015	2016	2017	44,310,838	-		641,287	44,952,125	22.64	1,017,878
2016	2017	2018	44,952,125	10,000,000		647,700	55,599,826	22.42	1,246,391
2017	2018	2019	55,599,826	-		754,177	56,354,003	22.19	1,250,664
2018	2019	2020	56,354,003	-		761,719	57,115,722	21.97	1,254,893
2019	2020	2021	57,115,722	-		769,336	57,885,058	21.75	1,259,078
2020	2021	2022	57,885,058	-		777,030	58,662,088	21.53	1,263,220
2021	2022	2023	58,662,088	-		784,800	59,446,888	21.32	1,267,319
2022	2023	2024	59,446,888	-		792,648	60,239,535	21.11	1,271,374
2023	2024	2025	60,239,535	-		800,574	61,040,110	20.89	1,275,388
2024	2025	2026	61,040,110	-		808,580	61,848,690	20.69	1,279,360
				<u>55,833,707</u>					<u>19,669,257</u>
				Base Equalized Value Increment			\$ 19,817,900		
				Total Equalized Value			\$ 43,675,900		
				Assessed Value Ratio			\$ 63,493,800		
							\$ 63,328,800		
							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, 2014

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							-
2015	8,000,000							-
2016	8,000,000			10,000,000				10,000,000
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	13,996,379	712,021	37,939,800	-	1,027,700	-	53,675,900

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

City of Franklin
TIF #4 Projection
Projected Cost Breakdown
December 31, 2014

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	Fire/Arms Weeds/ Dev Incentive Costs Net	Water & Sewer Costs Net	Issuance Cost	S 27th Street S&W	Geotengency Marketing Expenses	
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			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								46,243			46,243
2015											-
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	16,594,810
		105,837									(16,938)
		(16,938)									(297,522)
		(297,522)									16,280,350
		297,522									
	705,000	448,000	125,000	2,311,000	400,000	425,000	254,000	15,000	165,000	-	4,848,000
						Phase 1	Phase 2	Phase 3			Total
		Project Plan				4,284,400	5548000	12851000			22,683,400
						115%	115%	115%			115%
						4,927,060	6,380,200	14,778,650			26,085,910