



# **City of Franklin**

**Common Council  
Community Development Authority**

**Tax Increment District #4  
Cash Flow Model  
December 31, 2017**

**Issued April 10, 2018**

**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 10, 2018  
**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, 2017 and the taxes levied in December 2017. 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 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 27<sup>th</sup> Street reconstruction in this TIF District are not included as the current timing (to be determined) 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. 2017 had a \$2,902,100 increment. The total increment in this District is now \$47,593,400. This represents 26% 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. That developer's agreement has not been completed as yet.
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 2018 and infrastructure projects costs beginning in 2019. Should those projects be approved, the District is projected to close in 2025.
9. The District has a \$2.4 million fund balance at December 31, 2017. The District could close at this time. Notice of closure was due to the WI Department of Revenue by April 16, 2018. State law reserves half the equalized value of a closing TID for tax relief upon closure, (currently \$23,796,700 or 0.6% of the 2017 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 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 2017 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, 2017

Year	Revenue										Expenditures			TIF Status			Year End Fund Balance	
	Tax Levy	Computer Aid	Misc Revenue	Interest Income 1.00%	Debt Issued	Total	Project Costs	Admin		Debt Services		Total	Yearly Cash Activity	Net Cash	Outstanding Debt			
								Expenses	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	148,173	18,283	-	1,196,308	22,307	10,284	-	-	-	32,591	1,163,717	2,405,999	-	2,405,999		
2018	1,059,411	15,162	132,800	24,060	-	1,231,433	980,000	10,284	-	-	-	990,284	241,149	2,647,148	-	2,647,148		
2019	1,063,672	14,404	89,500	26,471	5,000,000	6,194,048	8,000,000	10,284	113,750	-	-	8,124,034	(1,929,986)	717,161	5,000,000	(4,282,839)		
2020	1,179,155	13,684	89,500	7,172	500,000	1,789,510	1,000,000	10,284	238,875	-	-	1,249,159	540,351	1,257,512	5,500,000	(4,242,488)		
2021	1,321,547	13,000	89,500	12,575	-	1,436,622	-	10,284	227,500	1,000,000	-	1,237,784	198,838	1,456,350	4,500,000	(3,043,650)		
2022	1,325,653	12,350	89,500	14,563	-	1,442,066	-	10,284	184,275	900,000	-	1,094,559	347,507	1,803,856	3,600,000	(1,796,144)		
2023	1,541,402	11,732	89,500	18,039	-	1,660,673	-	10,284	135,363	1,250,000	-	1,395,647	285,026	2,068,882	2,350,000	(281,118)		
2024	1,545,401	11,145	89,500	20,689	-	1,666,735	-	10,284	83,038	1,050,000	-	1,143,322	523,414	2,592,296	1,300,000	1,292,296		
2025	1,361,739	10,588	89,501	25,923	-	1,487,751	-	12,500	29,575	1,300,000	-	1,342,075	145,676	2,737,972	-	2,737,972		
2026	-	-	-	-	-	-	-	-	-	-	-	-	-	2,737,972	-	2,737,972		
2027	-	-	-	-	-	-	-	-	-	-	-	-	-	2,737,972	-	2,737,972		
2028	-	-	-	-	-	-	-	-	-	-	-	-	-	2,737,972	-	2,737,972		
							18,971,781	#####	1,618,877	376,228	18,738,000	40,068,382	15,767,394	413,365	2,411,650	18,738,000	37,330,410	

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 Revenue  
December 31, 2017

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	2,257,008		645,092	47,593,400	22.26	1,059,411
2017	2018	2019	47,593,400	-		674,113	48,267,513	22.04	1,063,672
2018	2019	2020	48,267,513	5,100,000		680,854	54,048,367	21.82	1,179,155
2019	2020	2021	54,048,367	6,400,000		738,663	61,187,030	21.60	1,321,547
2020	2021	2022	61,187,030	-		810,049	61,997,079	21.38	1,325,653
2021	2022	2023	61,997,079	10,000,000		818,150	72,815,229	21.17	1,541,402
2022	2023	2024	72,815,229	-		926,331	73,741,560	20.96	1,545,401
2023	2024	2025	73,741,560	-		935,595	74,677,155	20.75	1,549,358
2024	2025	2026	74,677,155	-		944,951	75,622,105	20.54	1,553,274
2025	2026	2027	75,622,105	-		954,400	76,576,505	20.33	1,557,149
2026	2027	2028	76,576,505	-		963,944	77,540,449	20.13	1,560,982
				<u>69,230,255</u>					<u>23,830,805</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:

- Property value inflation 1.00%
- Property additions 0.00%
- Mill Rate Inflation -1.00%
- Estimated developed value per acre \$ 500,000
- Ave Assessed value vacant & improved land \$ -

City of Franklin  
TIF #4 Projection  
Development Assumptions  
December 31, 2017

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
2011	-							710,500
2012	38,000,000							2,663,679
2013	8,000,000			575,800				4,625,800
2014	8,000,000		492,900				8,116,562	9,963,462
2015	8,000,000						634,938	634,938
2016	8,000,000						2,257,008	2,257,008
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							-
	<u>180,547,023</u>	<u>15,350,379</u>	<u>12,704,921</u>	<u>37,939,800</u>	<u>-</u>	<u>1,027,700</u>	<u>11,008,508</u>	<u>78,031,308</u>

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

