CITY OF STOUGHTON
FINANCE DEPARTMENT
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Date: December 10, 2021

To: Finance Committee

From: Jamin Friedl

Subject: Revised 51 West Request for TIF Assistance

On October 26, 2021 the City Council directed City staff to continue with the TID creation process and begin drafting the project plan to include the workforce housing request for TIF assistance, Developer request for TIF Assistance and USH 51 Corridor improvements. In addition, the City Council directed City staff to begin developer agreement discussion with RHD Properties, LLC for the non-workforce housing portion of the proposed development.

Subsequent to those decisions being made, additional information has been made available that impacts the original assumptions that were presented at the October 26, 2021 City Council meeting. The following sections summarize the additional information and the impacts it has on the original assumptions presented at that time.

1. Final 2021 mil rate has been determined
    a. The financial analysis conducted by Ehlers was created using the 2020 mil rate, which was the most up to date information at that point in time. The analysis itself assumed the 2020 mil rate over the life of the proposed TIF to arrive at the forecasted tax increment that will be generated by this development. The Finance Department has now finalized the 2021 mil rate, which is approximately 7% lower than the 2020 mil rate used in the original forecast.
2. The project scope has been revised to include the Greenbriar Drive construction in the project (projected capital cost $400,000), and wider pavement on Oak Opening Drive (projected cost $27,000). These estimates do not include the cost of financing these projects.
3. Over the same period, the development team has been learning more about soil conditions to determine how much material needs to be trucked in and out of the site to make the infiltration ponds function as designed. They have also been revisiting projections for when land sales may occur, which affects the rate of payback and projected interest on the

project's own borrowing. The bottom line is that with adjustments to all these variables, the total capital cost+borrowing cost gap rises to $8.6M.

The overall impact of these new developments is as follows:

a. The repayment term on the MRO will need to be extended two additional years from 2039 to 2041
b. The total payout over the life of the MRO has increased by $649,000
c. The total cumulative fund balance over the life of the TIF has decreased by $1,584,000 when compared to the original analysis
d. The annual cumulative fund balance change between the past and present analysis is shown in table below

CUMULATIVE BALANCE CHANGE

REVENUE YEAR	CUMULATIVE BALANCE USING 2021 MIL RATE AND REVISED ASK	CUMULATIVE BALANCE USING 2020 MIL RATE AND ORIGINAL ASK	CHANGE
2021	$ (15,500)	$ (15,500)	$ -
2022	$ (20,500)	$ (20,500)	$ -
2023	$ (25,600)	$ (25,600)	$ -
2024	$ 46,062	$ 50,116	$ (4,054)
2025	$ 101,801	$ 120,790	$ (18,989)
2026	$ 63,634	$ 94,606	$ (30,972)
2027	$ 31,957	$ 72,683	$ (40,725)
2028	$ 50,797	$ 105,007	$ (54,209)
2029	$ 73,551	$ 141,585	$ (68,034)
2030	$ 101,805	$ 184,121	$ (82,316)
2031	$ 147,041	$ 244,932	$ (97,891)
2032	$ 209,343	$ 324,110	$ (114,767)
2033	$ 272,574	$ 404,346	$ (131,772)
2034	$ 336,738	$ 485,643	$ (148,905)
2035	$ 401,839	$ 568,008	$ (166,169)
2036	$ 602,930	$ 786,495	$ (183,565)
2037	$ 804,964	$ 1,006,060	$ (201,095)
2038	$ 1,007,945	$ 1,226,707	$ (218,762)
2039	$ 1,211,877	$ 1,448,442	$ (236,565)
2040	$ 1,416,763	$ 2,310,331	$ (893,568)
2041	$ 1,654,341	$ 3,176,473	$ (1,522,132)
2042	$ 2,462,562	$ 4,046,888	$ (1,584,326)

The overall conclusion of City staff is that the TID will be able to cover the request and we are comfortable proceeding, inclusive of the changes and terms described above. With that said, it is also City staff's recommendation to structure the TID agreement such that the City's debt for projects funded by this TID will be limited to what can be supported by 25% of the projected increment based on this revised forecast, but also that the City's debt obligations will be paid before the developer's MRO. If increment falls short of expectations, the City will still be able to make its payments from the TID but the developer's payments will be reduced/delay as a result.