



Memorandum

TO: Walworth County Finance Committee

FROM: Jessica Conley, Finance Director *JC*

DATE: May 18, 2022

SUBJECT: Updated Presentation Material Regarding New Business Agenda Item N: Village of Darien Tax Incremental Financing District (TID) #4 Creation and Consideration of County TID Project Funding Request for Future CTH X Reconstruction

Finance

Jessica M. Conley, CPA
Finance Director

The attached presentation material has been provided by Brian Roemer, Municipal Advisor from Ehlers Public Finance Advisors regarding updated information on new business agenda item N. Village of Darien Tax Incremental Financing District (TID) #4 Creation and Consideration of County TID Project Funding Request for Future CTH X Reconstruction.

Brian will be attending the Finance Committee meeting virtually, and Lindsey Peterson, Village of Darien Administrator/Clerk-Treasurer, will be present in person at your meeting to present this new information and answer any questions regarding the current developer agreement and TID status.

JC/pjs

Attachments

100 W. WALWORTH ST
PO BOX 1001
ELKHORN, WI 53121

FINANCE

262.741.4242 TEL
262.741.4384 FAX

ACCOUNTS PAYABLE/

PAYROLL

262.741.4333 TEL
262.741.4384 FAX



Creation of Tax Increment District No. 4

Village of Darien, WI

5/16/2022 Village Board Meeting

Update Tax Increment Financing (TIF)

5/4 Held IJRB Meeting & PC Public Hearing

JRB asked Village to consider several items for Developer Agreement & Other

Village to consider items for DA (agreed to on or before 6/20) & Project Plan (PP to be considered by PC 6/2 then brought back to Board 6/20)

JRB Requests (Non-DA)

- County would like payment for County Highway X due to decreased life based on traffic study and anticipated truck traffic
 - ✓ County indicated project would extend from development site SW from Foundary Road down to Wise Road
 - ✓ Within ½ mile but eligible project costs per statute only applies to territory within the municipal boundaries
 - ✓ Assuming the County would undertake this work, and the Village would send them payments. Therefore, the Village's expense is really a contractual payment under an IG agreement. We would classify the expenditure in the Project Plan as an IG payment "necessary of convenient to the implementation of the Project Plan" under statute 66.1105(2)(f)1.i.

Ehlers has implemented into Project Plan 150k/yr. for 15 years

- Village to undertake more than statutory annual reporting measures and provide annual cash flow forecast and developer performance. Village can use Ehlers for this analysis.

JRB Requests (DA)

1. % of incr. to NC owned property only
 - A. Ensure they do not receive incentive payment if they sell Lot 2 and it develops
2. Jobs guarantee
 - A. Ensure true and known economic (local or regional) benefit
3. Stay Guarantee
 - A. Protect Village for 2024 GO Bond payments
4. Cap on total incentive
 - A. Let's discuss further....

Attorney
representing
Village in
Developer
Agreement
negotiations

Cap Considerations

- We want to pay them back for infrastructure but how much above...
 - ✓ NC ROI
 - We have no direct evidence but at this point reasonable expectation with rising construction costs
 - ✓ Competitive
 - NC could locate elsewhere. Incentive to be most attractive
 - After discussing with Village staff and attorney we will compare tax rate between Town and Village

Tax Rate Comparison

		Town							Village		
Construction		Valuation	Inflation	Total	Revenue	Tax		Revenue	Tax		
Year	Value Added	Year	Increment	Increment	Year	Tax Rate	Increment ¹	Year	Tax Rate	Increment ¹	
1	2022	30,000	2023	0	30,000	2024	\$0.22	7	2024	\$14.22	427
2	2023	5,000,000	2024	0	5,030,000	2025	\$0.22	1,123	2025	\$14.22	71,522
3	2024	113,351,500	2025	0	118,381,500	2026	\$0.22	26,419	2026	\$14.22	1,683,275
4	2025	0	2026	0	118,381,500	2027	\$0.22	26,419	2027	\$14.22	1,683,275
5	2026	0	2027	0	118,381,500	2028	\$0.22	26,419	2028	\$14.22	1,683,275
6	2027	0	2028	0	118,381,500	2029	\$0.22	26,419	2029	\$14.22	1,683,275
7	2028	0	2029	0	118,381,500	2030	\$0.22	26,419	2030	\$14.22	1,683,275
8	2029	0	2030	0	118,381,500	2031	\$0.22	26,419	2031	\$14.22	1,683,275
9	2030	0	2031	0	118,381,500	2032	\$0.22	26,419	2032	\$14.22	1,683,275
10	2031	0	2032	0	118,381,500	2033	\$0.22	26,419	2033	\$14.22	1,683,275
11	2032	0	2033	0	118,381,500	2034	\$0.22	26,419	2034	\$14.22	1,683,275
12	2033	0	2034	0	118,381,500	2035	\$0.22	26,419	2035	\$14.22	1,683,275
13	2034	0	2035	0	118,381,500	2036	\$0.22	26,419	2036	\$14.22	1,683,275
14	2035	0	2036	0	118,381,500	2037	\$0.22	26,419	2037	\$14.22	1,683,275
15	2036	0	2037	0	118,381,500	2038	\$0.22	26,419	2038	\$14.22	1,683,275
16	2037	0	2038	0	118,381,500	2039	\$0.22	26,419	2039	\$14.22	1,683,275
17	2038	0	2039	0	118,381,500	2040	\$0.22	26,419	2040	\$14.22	1,683,275
18	2039	0	2040	0	118,381,500	2041	\$0.22	26,419	2041	\$14.22	1,683,275
19	2040	0	2041	0	118,381,500	2042	\$0.22	26,419	2042	\$14.22	1,683,275
20	2041	0	2042	0	118,381,500	2043	\$0.22	26,419	2043	\$14.22	1,683,275
Totals		118,381,500	0	Future Value of Increment			476,663	Future Value of Increment		30,370,903	

20-year difference: \$29,894,240

Tax Increment District No. 4: Cash Flow

- Revise cash flow to
 - ✓ Include Town and County contractual payments
 - ✓ Adjust assumption for GO Bond Payments
 - ✓ Adjust Incentive Calculation
 - ✓ Cap incentive payment
- *Cash Flow depicted on handout*
- CAP INCENTIVE @ \$38,000,000
 - ✓ Repays for development site infrastructure; and
 - ✓ Pays 21.91 years tax difference Town to Village

Can close TID 4 before maximum life after TID Increment collected from County in 2039

Incentive Breakout

Max. available increment revenue generated by TID	\$56,547,760	
Development Site Infrastructure Improvements (Paid by Developer upfront; repaid by Village through Incentive)	(\$4,938,700)	
Offsite Public Infrastructure Improvements (Incl. Village Financing Costs)	(\$3,536,899)	
TID Admin Costs	(\$207,017)	
Town Payments	(\$43)	
County Payments	(\$2,250,000)	
Additional to provide to developer (MRO)	(\$33,061,300)	
Remaining Incentives-Village to set aside for future projects or early closure	\$12,567,793	\$38,000,000

Moving Forward

- June 2, 2022 @ 7pm
 - ✓ Plan Commission public hearing
 - ✓ Approval of resolution recommending creation of TID 4 to Village Board
 - ✓ Ehlers recommends PC approve as is or with additional changes as desired
- June 20, 2022 @ 7pm
 - ✓ Village Board meeting with TID 4 creation agenda item
 - ✓ Ehlers recommends Developers Agreement signed on or before this date
- June 29, 2022 @ 1pm
 - ✓ JRB meeting to vote on creation of TID 4

Village of Darien, Wisconsin

Tax Increment District #4

Table 5 - Cash Flow Projection

Year	Projected Revenues				Expenditures											Balances			Year		
	Tax Increments	Debt Proceeds	Transfers In ¹	Total Revenues	Municipal Revenue Obligation (MRO) 38,000,000		G.O. Bonds 2,395,000			Property Tax Payments to Town	IGA Payments to County	Repay General Fund	Capital Costs & COI	Annual Reporting	Admin.	Total Expenditures	Annual	Cumulative		Principal Outstanding	
					Payment ²	% of Increment	Dated Date: Principal	06/01/24 Est. Rate ³	Interest												Creation
2022			65,000	65,000						65,000							0	0	38,000,000	2022	
2023			2,150	2,150										2,000	150	2,150	0	0	38,000,000	2023	
2024	794	2,395,000	4,554	2,400,349					9			2,394,340		4,000	2,000	2,400,349	0	0	40,395,000	2024	
2025	133,167			133,167					9		71,996			4,020	2,010	78,035	55,133	55,133	42,645,000	2025	
2026	3,134,100			3,134,100	2,502,862	79.86%	105,000	3.40%	146,602	9	150,000			4,040	2,020	2,910,533	223,567	278,700	39,887,138	2026	
2027	3,134,100			3,134,100	2,535,856	80.91%	110,000	3.80%	105,630	9	150,000			4,060	2,030	2,907,585	226,514	505,214	37,091,281	2027	
2028	3,134,100			3,134,100	2,535,163	80.89%	115,000	3.80%	101,355	9	150,000			4,081	2,040	2,907,647	226,452	731,667	34,291,118	2028	
2029	3,134,100			3,134,100	2,534,652	80.87%	120,000	3.80%	96,890					4,101	2,051	2,907,693	226,407	958,073	31,486,467	2029	
2030	3,134,100			3,134,100	2,534,421	80.87%	125,000	4.00%	92,110					4,122	2,061	2,907,714	226,386	1,184,460	28,677,045	2030	
2031	3,134,100			3,134,100	2,534,485	80.87%	130,000	4.00%	87,010					4,142	2,071	2,907,708	226,392	1,410,851	25,862,561	2031	
2032	3,134,100			3,134,100	2,534,856	80.88%	135,000	4.20%	81,575					4,163	2,081	2,907,675	226,425	1,637,277	23,042,705	2032	
2033	3,134,100			3,134,100	2,535,538	80.90%	140,000	4.20%	75,800					4,184	2,092	2,907,614	226,486	1,863,763	20,217,166	2033	
2034	3,134,100			3,134,100	2,536,547	80.93%	145,000	4.40%	69,670					4,205	2,102	2,907,524	226,576	2,090,339	17,385,619	2034	
2035	3,134,100			3,134,100	2,537,886	80.98%	150,000	4.40%	63,180					4,226	2,113	2,907,404	226,696	2,317,034	14,547,734	2035	
2036	3,134,100			3,134,100	2,539,533	81.03%	155,000	4.55%	56,354					4,247	2,123	2,907,257	226,843	2,543,877	11,703,200	2036	
2037	3,134,100			3,134,100	2,545,978	81.23%	155,000	4.55%	49,301					4,268	2,134	2,906,681	227,419	2,771,296	8,852,222	2037	
2038	3,134,100			3,134,100	2,548,635	81.32%	160,000	5.50%	41,375					4,289	2,145	2,906,444	227,656	2,998,952	5,993,587	2038	
2039	3,134,100			3,134,100	2,556,757	81.58%	160,000	5.60%	32,495					4,311	2,155	2,905,719	228,381	3,227,333	3,126,830	2039	
2040	3,134,100			3,134,100	2,486,830	79.35%	160,000	5.65%	23,495					4,332	2,166	2,826,823	307,277	3,534,610	330,000	2040	
2041	3,134,100			3,134,100		0.00%	165,000	5.70%	14,273					4,354	2,177	185,803	2,948,296	6,482,906	165,000	2041	
2042	3,134,100			3,134,100		0.00%	165,000	5.80%	4,785					4,376	2,188	176,349	2,957,751	9,440,658	(0)	2042	
2043	3,134,100			3,134,100		0.00%								4,398	2,199	6,596	3,127,504	12,568,161	(0)	2043	
Total	56,547,760	2,395,000	71,704	59,014,464	38,000,000	80.83%	2,395,000		1,141,899	65,000	43	2,250,000	71,996	2,394,340	85,916	42,108	46,446,303				Total

AVG.

Notes:

- 1) Should current year revenues plus cumulative balance be less than current year expenses the District would require external funding.
- 2) Assumes 91.8% of annual increment less other annual TID expenditures including admin, annual reporting (Ehlers JRB Meeting Coordination & Materials; auditors), 2024 bond payments, and contractual (Town and County) payments.
- 3) Estimated Rate assumes Darien 2021 GO Bonds NR/TE/BQ sale plus 300 basis points (3.00%). 5/17/22 WI/NR/TE/BQ sale TIC: 3.8719%; 2024 TIC Est.: 4.954%.

Legend:

- Projected TID Closure
- Expenditure Period Ends