

MEMORANDUM

TO: Joint Review Board

FROM: David DeAngelis, Village Manager
Todd Taves, Ehlers

DATE: May 1, 2023

SUBJECT: Request to Extend the Maximum Life of Tax Incremental District No. 2

Summary of Request

The Village of Elm Grove is requesting that the Joint Review Board (“JRB”) extend the life of Tax Incremental District No. 2 (“District”) as permitted by Wis. Stat. § 66.1105(7)(am)4. This statute provides authority for a JRB to grant a three-year extension to the maximum life of a tax incremental district if during the district’s existence the annual and total amount of tax increments to be generated were adversely impacted by [2013 Wisconsin Act 145](#) (“Act 145”). Act 145 provided technical college property tax relief which reduced mil rates and diminished tax incremental revenues beginning with the 2014 tax levy.

If a community provides the JRB with an independent audit demonstrating that a district is unable to recover its project costs within its maximum statutory life, the JRB must approve the request. If such an audit is not provided, the JRB may approve or deny the request. The Village is making its request to the JRB on a discretionary basis and is not providing an independent audit.

Reason for the Request

Concurrent with this request, the Village is seeking approval from the JRB of an amendment to the Project Plan for the District that would add daylighting of Underwood Creek as a permitted Project Cost. As detailed in the Project Plan Amendment document, a three-year extension is necessary to make the daylighting project economically feasible.

Calculation of Incremental Revenue Lost Due to Act 145

As part of the 2013 levy for 2014 budget, the District received \$27,710.43 in tax incremental revenue based on Waukesha County Technical College’s \$1.30 mil rate. Following implementation of Act 145, WCTC’s mil rate dropped to 39¢ diminishing the incremental revenue by \$22,282.30. Holding the most current mil rate constant and comparing that to the pre-Act 145 rate of \$1.30, the projected total loss of revenue to the District through 2031 is \$612,341.69. Based on this analysis, the District qualifies for a three-year life extension as the annual and total amount of tax increments to be generated over the life of the District were adversely impacted by Act 145. (See table on following page).

Levy Year/ Budget Year	Waukesha Technical College Levy			With Act 145		Without Act 145		Difference
				Technical College Portion of TID Interim Rate	Technical College Portion of TID Increment Collection	Technical College Portion of TID Interim Rate	Technical College Portion of TID Increment Collection	
TID OUT EV	TID Incremental Value TID 2	Technical College Levy	TID Incremental Value TID 2	Technical College Portion of TID Interim Rate	Technical College Portion of TID Increment Collection	Technical College Portion of TID Interim Rate	Technical College Portion of TID Increment Collection	Difference
2012/13 Actual	988,224,800	\$ 1,285,302.15	23,505,500	\$ 1.30	\$ -			
2013/14 Actual	955,610,000	\$ 1,257,305.61	21,061,200	\$ 1.32	\$ 27,710.43			
2014/15 Actual	1,030,237,100	\$ 400,880.59	24,047,500	\$ 0.39	\$ 9,357.24	\$ 1.32	\$ 31,639.54	\$ (22,282.30)
2015/16 Actual	1,050,056,300	\$ 398,743.96	26,340,600	\$ 0.38	\$ 10,002.47	\$ 1.32	\$ 34,656.59	\$ (24,654.12)
2016/17 Actual	1,074,675,300	\$ 395,892.92	37,815,700	\$ 0.37	\$ 13,930.69	\$ 1.32	\$ 49,754.49	\$ (35,823.80)
2017/18 Actual	1,106,294,300	\$ 407,732.65	32,296,600	\$ 0.37	\$ 11,903.14	\$ 1.32	\$ 42,492.96	\$ (30,589.82)
2018/19 Actual	1,132,773,400	\$ 410,100.70	33,698,500	\$ 0.36	\$ 12,199.95	\$ 1.32	\$ 44,337.45	\$ (32,137.50)
2019/20 Actual	1,214,228,700	\$ 437,312.40	35,639,000	\$ 0.36	\$ 12,902.47	\$ 1.32	\$ 46,890.59	\$ (33,988.11)
2020/21 Actual	1,244,717,100	\$ 437,316.25	33,468,100	\$ 0.36	\$ 12,116.54	\$ 1.32	\$ 44,034.31	\$ (31,917.78)
2021/22 Actual	1,262,365,300	\$ 381,476.64	36,985,500	\$ 0.36	\$ 13,389.95	\$ 1.32	\$ 48,662.19	\$ (35,272.24)
2022/23 Actual	1,438,417,700	\$ 385,014.18	42,604,200	\$ 0.36	\$ 15,424.10	\$ 1.32	\$ 56,054.77	\$ (40,630.67)
2023/24 Projected	1,438,417,700	\$ 385,014.18	42,604,200	\$ 0.36	\$ 15,424.10	\$ 1.32	\$ 56,054.77	\$ (40,630.67)
2024/25 Projected	1,438,417,700	\$ 385,014.18	42,604,200	\$ 0.36	\$ 15,424.10	\$ 1.32	\$ 56,054.77	\$ (40,630.67)
2025/26 Projected	1,438,417,700	\$ 385,014.18	42,604,200	\$ 0.36	\$ 15,424.10	\$ 1.32	\$ 56,054.77	\$ (40,630.67)
2026/27 Projected	1,438,417,700	\$ 385,014.18	42,604,200	\$ 0.36	\$ 15,424.10	\$ 1.32	\$ 56,054.77	\$ (40,630.67)
2027/28 Projected	1,438,417,700	\$ 385,014.18	42,604,200	\$ 0.36	\$ 15,424.10	\$ 1.32	\$ 56,054.77	\$ (40,630.67)
2028/29 Projected	1,438,417,700	\$ 385,014.18	42,604,200	\$ 0.36	\$ 15,424.10	\$ 1.32	\$ 56,054.77	\$ (40,630.67)
2029/30 Projected	1,438,417,700	\$ 385,014.18	42,604,200	\$ 0.36	\$ 15,424.10	\$ 1.32	\$ 56,054.77	\$ (40,630.67)
2030/31 Projected	1,438,417,700	\$ 385,014.18	42,604,200	\$ 0.36	\$ 15,424.10	\$ 1.32	\$ 56,054.77	\$ (40,630.67)
Total								\$ (612,341.69)

Impact of Three-Year Extension

Based on current levels of tax increment collection, the three-year extension would generate approximately \$1.85 million in additional funds to offset a portion of the cost to complete the daylighting project. Attached as exhibits to this memo are an increment forecast and projected cash flows exhibits. The first cash flow exhibit assumes no District life extension. Without extension, the projected revenue deficiency is \$1.82 million representing costs that would have to be paid from a source other than tax increment. Absent other revenue sources, the Village would be obligated to levy for the debt service payments that would be due in the years 2032 - 2034. The second cash flow exhibit includes the three-year life extension with projected recovery of all costs in 2034.

Approval Process

To seek approval of this request, the Village must call a meeting of the JRB. Approval of the extension request will require an affirmative vote from a majority of the JRB members present. The Village intends to seek this approval concurrent with the JRB's consideration of the proposed amendment to the District's Project Plan.

Village of Elm Grove, Wisconsin

Tax Increment District #2

Cash Flow Projection WITH Extension

Year	Projected Revenues						Expenditures										Balances			Year				
	Tax Increments	Intergov. Revenue	Grant Funds	Other Revenue ¹	Proceeds of LT Debt	Transfer from Storm Water Fund	Total Revenues	G.O. Storm Water Imp. Bonds Series 2003	G.O. Storm Water Imp. Bonds Series 2005	G.O. Rfdg Bonds Series 2012A	G.O. Promissory Notes 4,615,000 Dated Date: 03/01/24 Prin (3/1) Est. Rate ² Interest			MSP/Heritage Develop. Incentive	Capital Exp.	Interest on Advances	Finance Expense	Admin. & Prof. Services	Total Expenditures		Annual	Cumulative ³	Principal Outstanding	
2006	32,116	11,085					43,200	135,891	127,410						347,003	10,881			4,217	625,402	(582,202)	(582,202)	6,285,750	2006
2007	106,706	15,228					121,934	145,820	169,880							30,582			5,673	351,954	(230,020)	(812,222)	6,215,250	2007
2008	224,156	11,003		154			235,312	143,634	169,880							18,768			3,864	336,146	(100,834)	(913,056)	6,144,750	2008
2009	368,867	12,660					381,527	164,878	169,880							3,557				338,315	43,212	(869,844)	6,050,750	2009
2010	477,472	12,900					490,372	161,870	169,880							1,275			150	333,175	157,197	(712,647)	5,956,750	2010
2011	437,809	14,090					451,899	163,562	169,880							716			150	334,308	117,591	(595,056)	5,858,050	2011
2012	341,594	13,420					355,014	167,367	24,332	152,685						701			14,220	359,304	(4,290)	(599,346)	5,862,950	2012
2013	475,181	7,733					482,914	125,471	55,208	172,573						361			650	354,263	128,651	(470,695)	5,635,450	2013
2014	435,349						435,349	114,426	122,160	171,673						277			650	409,187	26,162	(444,533)	5,345,000	2014
2015	455,763	6,876		67,706			530,345			410,773					997,128	27,225			1,100	1,436,226	(905,881)	(1,350,414)	5,045,000	2015
2016	496,909	7,544					504,453			459,773				31,000	53,407				4,650	548,829	(44,376)	(1,394,790)	4,690,000	2016
2017	698,151	8,814		4,629			711,594			507,673				34,995	53,916				7,140	603,723	107,871	(1,286,919)	4,280,000	2017
2018	616,239	8,943					625,182			549,473				46,169	57,106				5,228	657,975	(32,793)	(1,319,712)	3,820,000	2018
2019	610,076	11,120					621,196			590,273				72,837	57,266				5,320	725,696	(104,500)	(1,424,212)	3,310,000	2019
2020	634,947	20,822		5,827			661,596			610,073				97,289	42,241				5,415	755,017	(93,421)	(1,517,633)	2,770,000	2020
2021	598,530	30,524					629,054			639,273				87,010	30,361				10,512	767,155	(138,100)	(1,655,733)	2,190,000	2021
2022	624,315	20,822					645,137			647,673				83,709	27,168				5,611	764,161	(119,023)	(1,774,756)	1,590,000	2022
2023	616,982	20,822					637,804			654,923				68,595	20,452				8,713	752,683	(114,878)	(1,889,634)	970,000	2023
2024	616,982	20,822		5,625	4,615,000		5,258,429			486,593				71,075	4,500,000	75,585	115,700		6,000	5,314,279	(55,850)	(1,945,484)	5,120,000	2024
2025	616,982	20,822	300,000				937,804			516,363				410,000	2.700%	113,118			6,000	1,148,705	(210,901)	(2,156,385)	4,205,000	2025
2026	616,982	20,822			184,000		821,804							420,000	2.540%	102,249			6,000	614,504	207,300	(1,949,085)	3,785,000	2026
2027	616,982	20,822			184,000		821,804							430,000	2.500%	91,540			6,000	605,503	216,301	(1,732,784)	3,355,000	2027
2028	616,982	20,822			184,000		821,804							445,000	2.500%	80,603			6,000	600,914	220,890	(1,511,893)	2,910,000	2028
2029	616,982	20,822			184,000		821,804							455,000	2.500%	69,353			6,000	590,828	230,976	(1,280,917)	2,455,000	2029
2030	616,982	20,822			184,000		821,804							465,000	2.500%	57,853			6,000	580,089	241,715	(1,039,202)	1,990,000	2030
2031	616,982	20,822			184,000		821,804							480,000	2.500%	46,040			6,000	573,608	248,196	(791,006)	1,510,000	2031
2032	616,982	20,822			184,000		821,804							490,000	2.550%	33,793			6,000	561,433	260,372	(530,634)	1,020,000	2032
2033	616,982	20,822			184,000		821,804							505,000	2.650%	20,854			6,000	553,079	268,725	(261,909)	515,000	2033
2034	616,982	20,822			184,000		821,804							515,000	2.750%	7,081			15,000	547,558	274,247	12,338	0	2034
Total	15,037,969	463,447	300,000	83,941	4,615,000	1,656,000	22,156,356	1,322,920	1,178,510	6,569,788	4,615,000	681,809	618,084	5,844,131	1,039,814	115,700	158,262	22,144,019					Total	

Notes:

¹Includes public charges for service, water connection fees, miscellaneous revenue and interest earnings on temporary investment of bond proceeds.

²Estimated rates are reoffering yields from Village of Saukville (Aa3) January 17, 2023 competitive sale.

³Year ending fund balances for 2021 and prior years are actual per Village's audited financial statements. Projected year end fund balances for 2022 and 2023 reflect estimated and budgeted figures as identified in the Village's 2023 Budget.

Requested Maximum Life Extension (Technical College Extension)

Projected TID Closure

Village of Elm Grove, Wisconsin

Tax Increment District #2

Cash Flow Projection WITHOUT Extension

Year	Projected Revenues						Expenditures										Balances			Year			
	Tax Increments	Intergov. Revenue	Grant Funds	Other Revenue ¹	Proceeds of LT Debt	Transfer from Storm Water Fund	Total Revenues	G.O. Storm Water Imp. Bonds Series 2003	G.O. Storm Water Imp. Bonds Series 2005	G.O. Rfdg Bonds Series 2012A	G.O. Promissory Notes 4,615,000 Dated Date: 03/01/24 Prin (3/1) Est. Rate ² Interest			MSP/Heritage Develop. Incentive	Capital Exp.	Interest on Advances	Finance Expense	Admin. & Prof. Services	Total Expenditures		Annual	Cumulative ³	Principal Outstanding
2006	32,116	11,085					43,200	135,891	127,410					347,003	10,881			4,217	625,402	(582,202)	(582,202)	6,285,750	2006
2007	106,706	15,228					121,934	145,820	169,880						30,582			5,673	351,954	(230,020)	(812,222)	6,215,250	2007
2008	224,156	11,003		154			235,312	143,634	169,880						18,768			3,864	336,146	(100,834)	(913,056)	6,144,750	2008
2009	368,867	12,660					381,527	164,878	169,880						3,557				338,315	43,212	(869,844)	6,050,750	2009
2010	477,472	12,900					490,372	161,870	169,880						1,275			150	333,175	157,197	(712,647)	5,956,750	2010
2011	437,809	14,090					451,899	163,562	169,880						716			150	334,308	117,591	(595,056)	5,858,050	2011
2012	341,594	13,420					355,014	167,367	24,332	152,685					701		14,220	359,304	(4,290)	(599,346)	5,862,950	2012	
2013	475,181	7,733					482,914	125,471	55,208	172,573					361		650	354,263	128,651	(470,695)	5,635,450	2013	
2014	435,349						435,349	114,426	122,160	171,673					277		650	409,187	26,162	(444,533)	5,345,000	2014	
2015	455,763	6,876		67,706			530,345			410,773				997,128	27,225		1,100	1,436,226	(905,881)	(1,350,414)	5,045,000	2015	
2016	496,909	7,544					504,453			459,773			31,000		53,407		4,650	548,829	(44,376)	(1,394,790)	4,690,000	2016	
2017	698,151	8,814		4,629			711,594			507,673			34,995		53,916		7,140	603,723	107,871	(1,286,919)	4,280,000	2017	
2018	616,239	8,943					625,182			549,473			46,169		57,106		5,228	657,975	(32,793)	(1,319,712)	3,820,000	2018	
2019	610,076	11,120					621,196			590,273			72,837		57,266		5,320	725,696	(104,500)	(1,424,212)	3,310,000	2019	
2020	634,947	20,822		5,827			661,596			610,073			97,289		42,241		5,415	755,017	(93,421)	(1,517,633)	2,770,000	2020	
2021	598,530	30,524					629,054			639,273			87,010		30,361		10,512	767,155	(138,100)	(1,655,733)	2,190,000	2021	
2022	624,315	20,822					645,137			647,673			83,709		27,168		5,611	764,161	(119,023)	(1,774,756)	1,590,000	2022	
2023	616,982	20,822					637,804			654,923			68,595		20,452		8,713	752,683	(114,878)	(1,889,634)	970,000	2023	
2024	616,982	20,822		5,625	4,615,000		5,258,429			486,593			71,075	4,500,000	75,585	115,700	6,000	5,314,279	(55,850)	(1,945,484)	5,120,000	2024	
2025	616,982	20,822	300,000				937,804			516,363		410,000	2.700%		113,118		6,000	1,148,705	(210,901)	(2,156,385)	4,205,000	2025	
2026	616,982	20,822			184,000		821,804					420,000	2.540%		102,249		6,000	614,504	207,300	(1,949,085)	3,785,000	2026	
2027	616,982	20,822			184,000		821,804					430,000	2.500%		91,540		6,000	605,503	216,301	(1,732,784)	3,355,000	2027	
2028	616,982	20,822			184,000		821,804					445,000	2.500%		80,603		6,000	600,914	220,890	(1,511,893)	2,910,000	2028	
2029	616,982	20,822			184,000		821,804					455,000	2.500%		69,353		6,000	590,828	230,976	(1,280,917)	2,455,000	2029	
2030	616,982	20,822			184,000		821,804					465,000	2.500%		57,853		6,000	580,089	241,715	(1,039,202)	1,990,000	2030	
2031	616,982	20,822			184,000		821,804					480,000	2.500%		46,040		15,000	582,608	239,196	(800,006)	1,510,000	2031	
2032					184,000		184,000					490,000	2.550%		33,793			523,793	(339,793)	(1,139,798)	1,020,000	2032	
2033					184,000		184,000					505,000	2.650%		20,854			525,854	(341,854)	(1,481,652)	515,000	2033	
2034					184,000		184,000					515,000	2.750%		7,081			522,081	(338,081)	(1,819,733)	0	2034	
Total	13,187,022	400,981	300,000	83,941	4,615,000	1,656,000	20,242,943	1,322,920	1,178,510	6,569,788	4,615,000		681,809	618,084	5,844,131	976,472	115,700	140,262	22,062,677				Total

Notes:

¹Includes public charges for service, water connection fees, miscellaneous revenue and interest earnings on temporary investment of bond proceeds.

²Estimated rates are reoffering yields from Village of Saukville (Aa3) January 17, 2023 competitive sale.

³Year ending fund balances for 2021 and prior years are actual per Village's audited financial statements. Projected year end fund balances for 2022 and 2023 reflect estimated and budgeted figures as identified in the Village's 2023 Budget.

Projected Unrecovered Project Costs > (1,819,733)

Projected TID Closure