



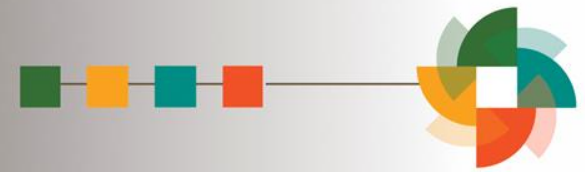
# Paris / Somers I-94 Planning Area

Public Hearing  
April 7, 2016



**EHLERS**  
LEADERS IN PUBLIC FINANCE

# List of Presenters



- James Kreuser, Kenosha County Executive
  - Ron Kammerzelt, Supervisor, Town of Paris
  - George Stoner, Somers Village President
  - Mark Molinaro, Chairman Town of Somers
- Jamie Rybarczyk, Senior Planner, Foth
- David Geertsen, Trustee, Village of Somers
- John Holloway, Paris Plan Commission
- Attorney Roger Clark, Special Counsel,  
Herrling Clark Law Firm
- Michael Harrigan, Chairman, Ehlers

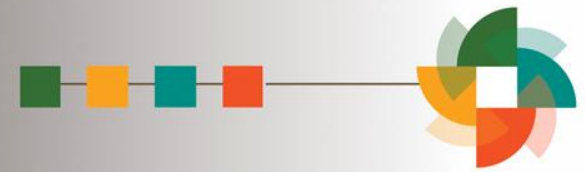


# Jim Kreuser, County Executive



- Introductions by County Executive & Comments from Leadership:
  - Ron Kammerzelt, Supervisor, Town of Paris
  - George Stoner, Somers Village President
  - Mark Molinaro, Chairman Town of Somers

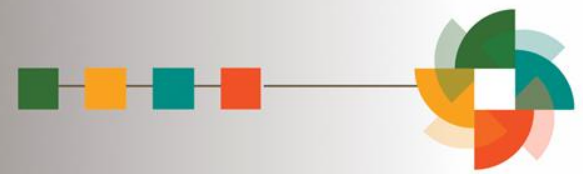




## I-94 Neighborhood Corridor Plan

- Acknowledges real estate market along corridor
  - Establishes a boundary
  - Ensures appropriate future uses
  - Establishes design standards
  - Protects agricultural uses and rural character
  - Creates an alternative tax base and revenue





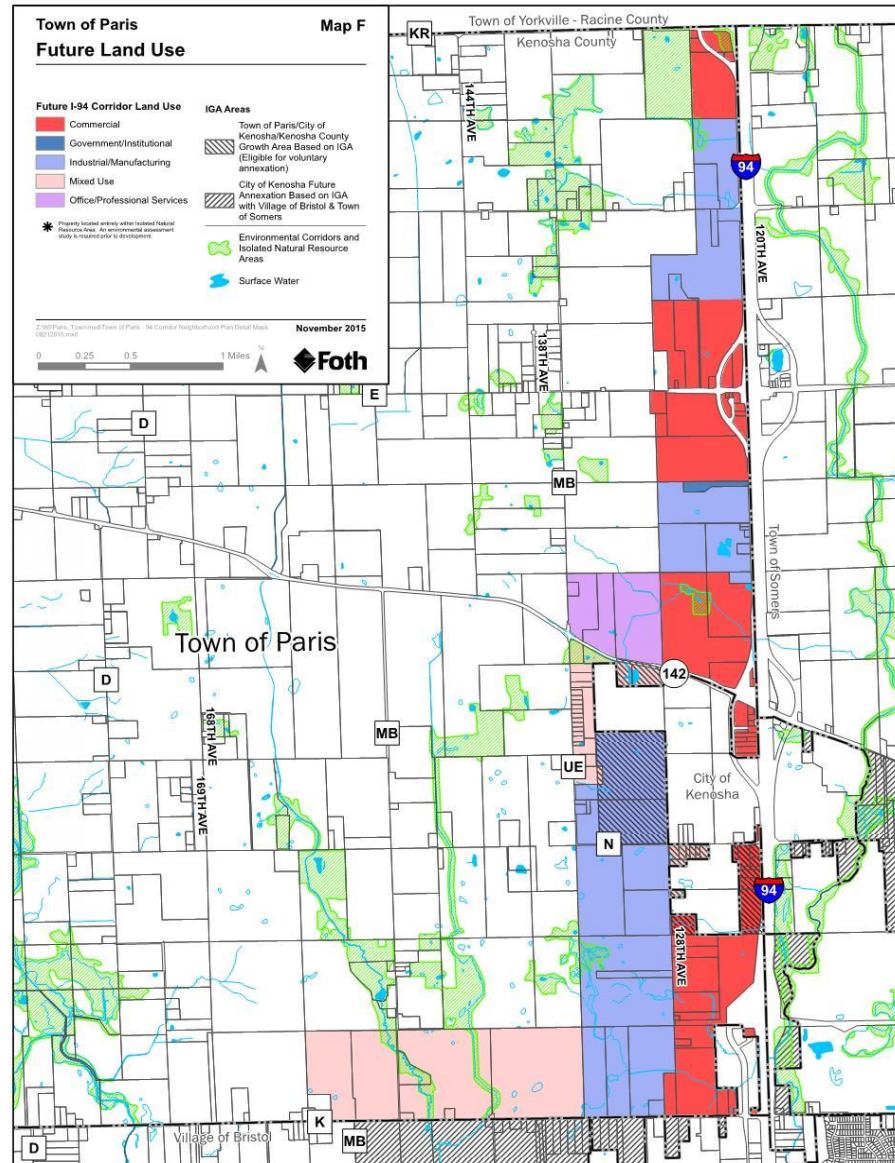
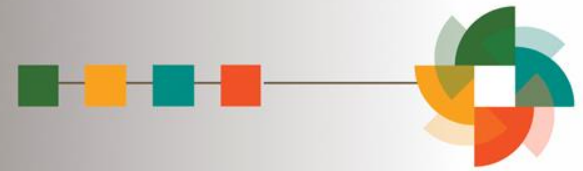
- Plan framework

- Includes approximately 2500 acres
- Identifies future land uses (i.e. commercial, industrial/manufacturing, mixed use, office/professional)
- Identifies applicable zoning districts
- Identifies design standards (i.e. architecture standards, site design, landscape, etc.)
- Identifies development phasing



# Plan Study Area

Jamie Rybarczyk, Senior Planner, Foth



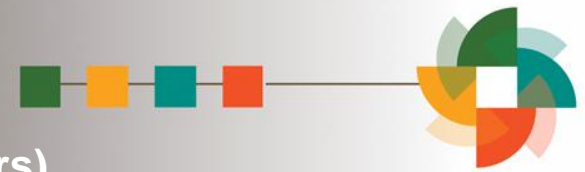


- Plan was adopted on November 24, 2015
  - First step toward the development of the corridor
- Additional studies
  - Necessity for sewer/water infrastructure
  - Recruitment of businesses
  - Town of Paris tax policy
  - Consideration for jurisdictional changes



# Overview of Proposed Agreement

(Dave Geertsen, Trustee, Somers)



- The Intergovernmental Agreement (IGA) Would Transfer 2,500 Acres from Paris to Somers.
- This is the designated “I-94 Planning Area”.
- Future Development of the area would be administered by an Intergovernmental Commission consisting of Somers and Paris Elected Officials.
- Commission would ensure sound planning and marketing process and would administer revenue sharing to be provided under the agreement.

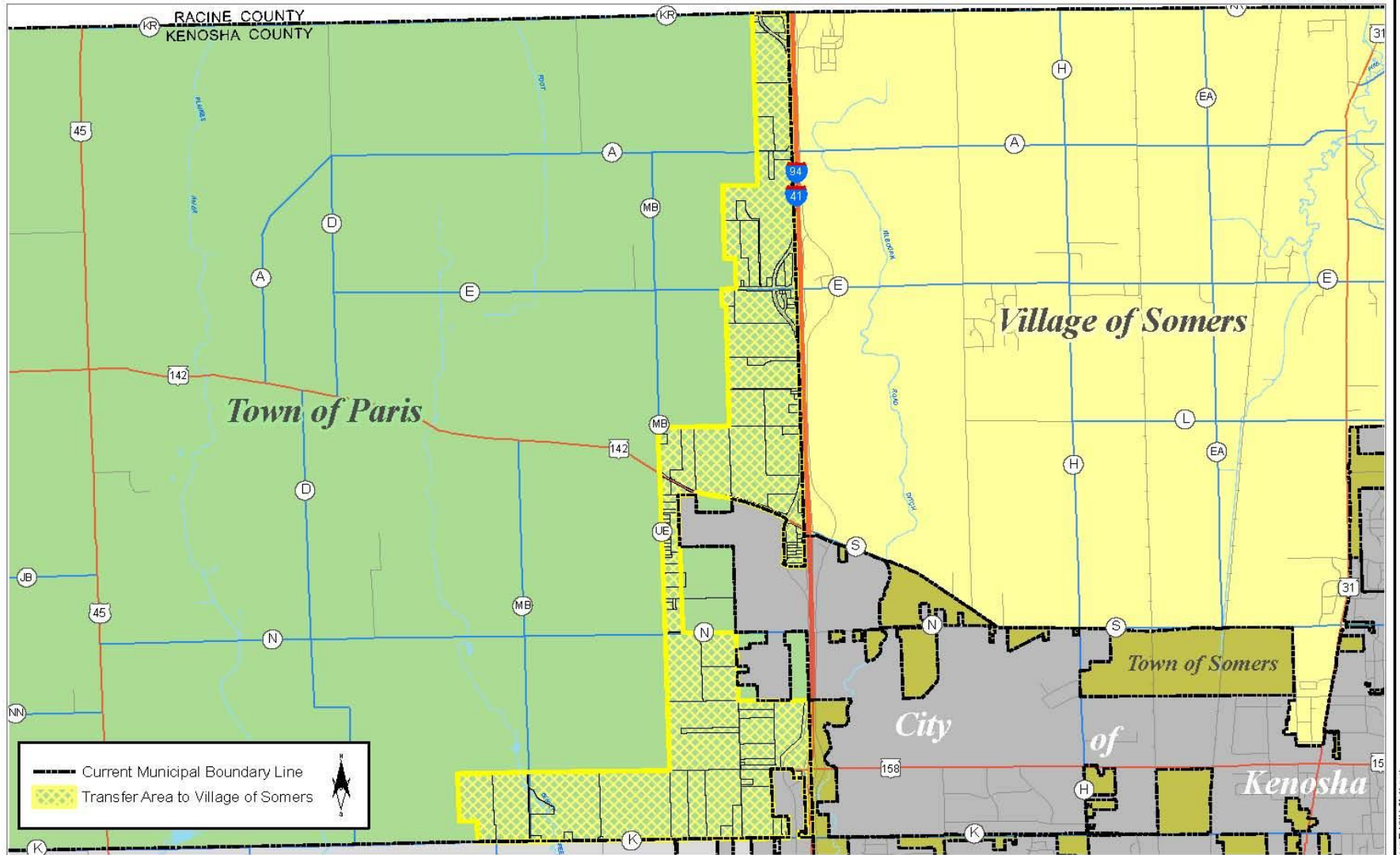




# EXHIBIT A

## I-94 PLANNING AREA

KENOSHA COUNTY, WISCONSIN



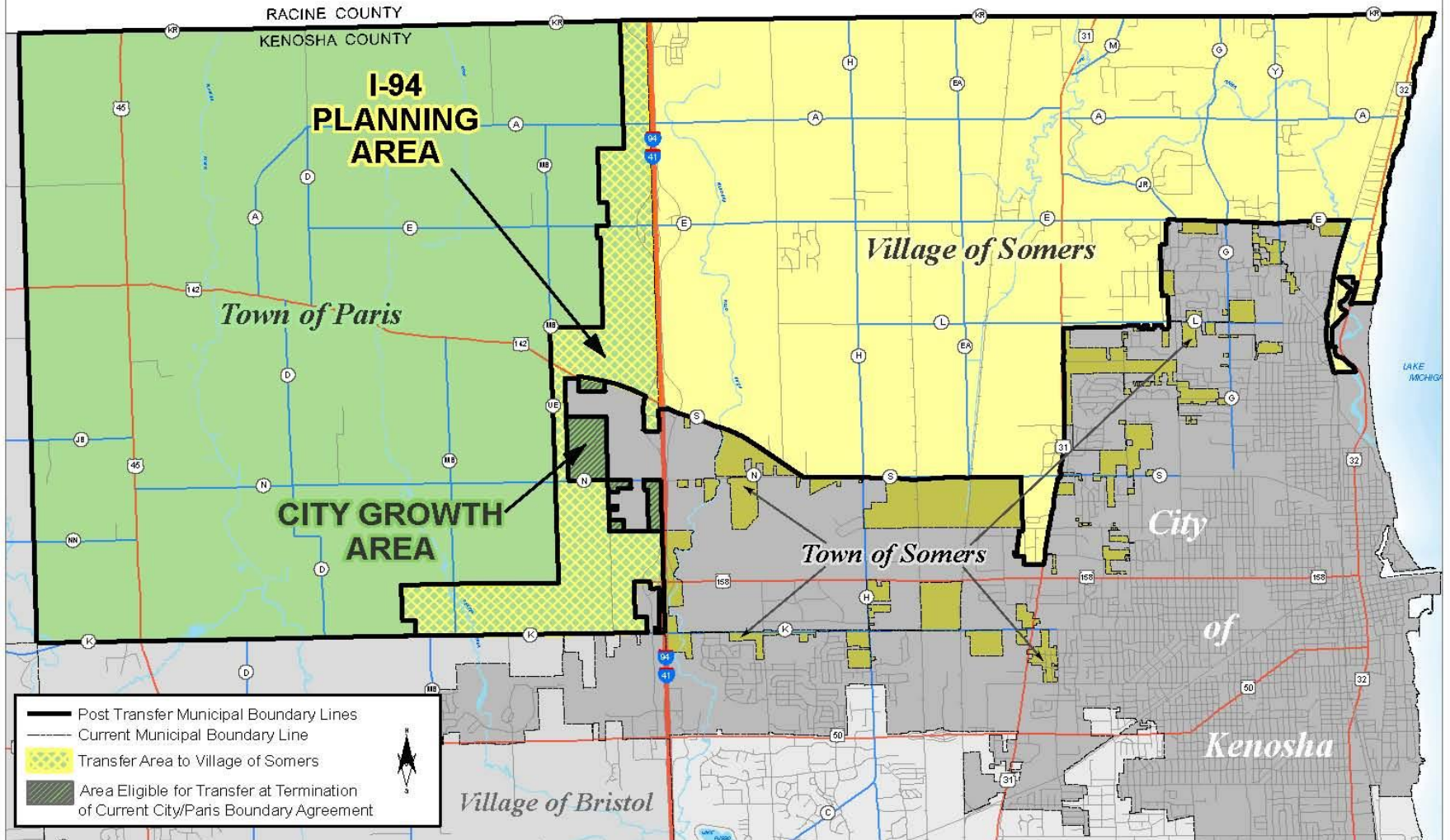
Map developed by the KENOSHA COUNTY LAND INFORMATION OFFICE

Map Printed: 03/29/2016

# EXHIBIT B

## I-94 PLANNING AREA

KENOSHA COUNTY, WISCONSIN

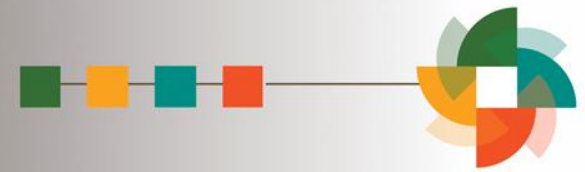


Map developed by the KENOSHA COUNTY LAND INFORMATION OFFICE

Map Printed: 03/29/2016

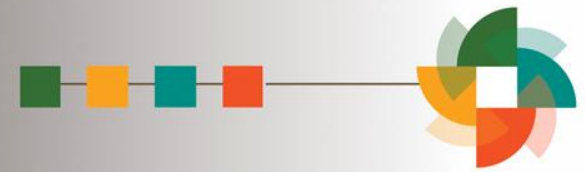
# IGA Overview (Cont.)

Dave Geertsen



- Tax Revenue will be generated from development within the I-94 Planning Area. This revenue would be shared 50/50 by Paris and Somers after deduct for costs of service.
- The IGA will provide permanent boundaries for the Town of Paris. Annexation can only occur with mutual agreement.

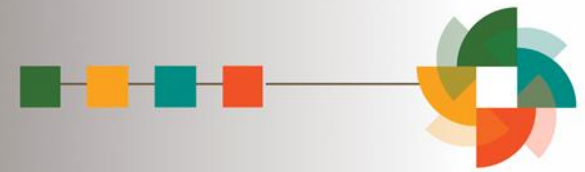




- In consideration for providing this boundary protection, revenue sharing and retaining development control through the commission within the planning area, Paris will:
  - Pay Somers \$1.25 Million in 2016.
  - Provide a revolving loan fund to Somers of \$5 Million at a AAA rate. (saving approximately \$500,000)
  - Provide a no-interest loan fund for any TID costs not covered by TID revenues.







- In consideration for the Tax base and revenue sharing opportunity Somers will:
  - Provide full services to the I-94 Study area as the area develops. (Certain services, such as Fire and EMT, may be phased in as mutually agreed.)
  - Reimburse Paris for any interest lost due to a rate differential between investment rates Paris has historically received vs. loan rates to Somers.
  - Create TID Districts as deemed appropriate by the Commission.



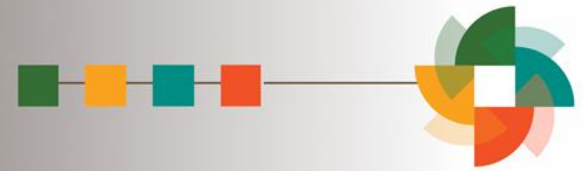
# Answers to Common Questions

John Holloway, Paris Plan Commission



- School District Boundaries are not affected by the Agreement.
- Agreement does not trigger a re-assessment of property values.
- Somers does collect a village tax to fund the community. Somers' rate is currently \$5.00 / \$1,000 of assessed value. Kenosha's is more than two times higher.





- Somers provides curbside pick up for garbage & recycling, this would replace resident drop off.
- Sewer/water –Utilities will be planned and provided as development creates demand. Intent is to service new growth, not focusing on existing development.
- Fire and rescue services will continue to be provided by Paris for at least 5 years.





- Any existing permits (licenses, Conditional use permits etc.) remain in effect. Renewals will be handled by Somers in the future.
- Land planning for Somers is being provided by contract from the staff of Kenosha Co. Planning & Dev. Office located here in this building.
- Paris will remain part of the oversight and development of the corridor through this partnership.





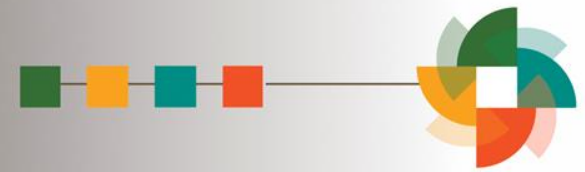


- In recognition of the impact of the municipal transfer on the landowners, the Paris Town Board is committed to offset the County levy at the same level that is applied to Paris parcels for the transfer parcels for at least 10 years or until a parcel is sold.



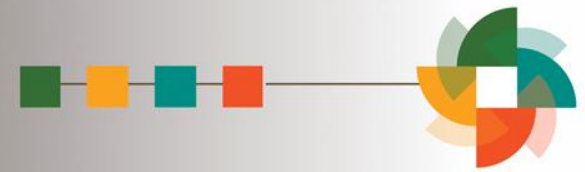
# Overall Tax Rate Comparisons.

John Holloway



	Municipal	Property Assessment		
	<u>Tax Rate *</u>	<u>\$200,000</u>	<u>\$500,000</u>	
Kenosha	\$12.33	\$2,466	\$6,165	
Somers	\$5.07	\$1,014	\$2,535	
Difference	\$7.26	\$1,452	\$3,630	
Source:				
* Recently Adopted Budgets for Kenosha & Somers				
Reflects 2015 levy collected in 2016.				
Tax Rate is the published Assessed Rate.				
Kenosha rate includes \$1.0268 for Library and \$0.3454 for Museum				



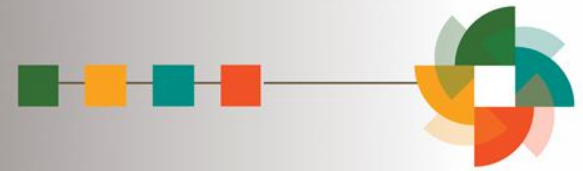


- Paris Will be protected from further annexations.
- Somers has access to Sewer and Water through the Boundary Agreement approved by the Wisconsin Department of Administration.
- Somers will extend sewer and water west from its current location to the I-94 corridor.
- Somers will benefit from protection of western Boundary.
- Agreement is a significant benefit to both communities and it preserves their right to control and manage their own growth and development.



# Financial Analysis of IGA

Mike Harrigan, Ehlers

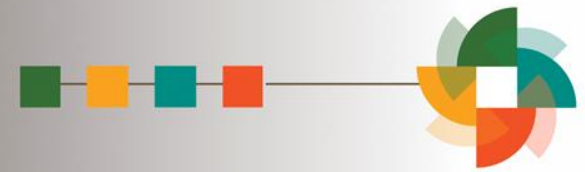


- Cost of Service Allocation.
- Revenue Sharing Projection.
- Priority Payment of Revenues & Scenarios
- \$5 M Revolving Loan at AAA Rates.
- \$3 M Loan at 0% Interest.
- Potential Development Scenarios
- Tax Increment District Revenue Potential.



# Cost Allocation Sample

Exhibit C-1 (Mike Harrigan, Ehlers)



<b><u>Somers General Operating Budget</u></b>		2015 Full Budgeted Amount	Subject to Allocation
	General Government	880,779	880,779
	Fire Protection	1,596,067	
	Building Inspection	122,150	122,150
	Animal Control	18,000	18,000
	Highways	590,297	
	Solid Waste	536,168	536,168
	Parks & Recreation	22,838	22,838
	Planning & Development	53,074	53,074
<b>Total General Operations *</b>		<b>3,819,373</b>	<b>1,633,009</b>



# Cost Allocation Sample



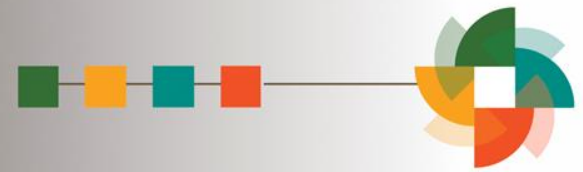
## Somers/Paris Cost Allocation to I-94 Planning Area

										<u>General Operation Allocation to I-94 Planning Area</u>
		<u>Somers</u>		<u>Cost / Unit</u>			<u>I-94 Planning Area</u>		<u>Combined</u>	<u>Cost / Unit</u>
Population		9,512	People	\$402 / Person			166		9,678	395
Land Area	26 Sq Mi	16,640	Acres	\$230 / Acre			2,533		19,173	199
Portion developed in TID					12.00%		304		16,944	225
Valuation		712,492,500	EV	\$5.36 / 1,000 EV			31,406,100		743,898,600	\$5.13
										\$2.20
Full Budget Average										98,422
Population				\$172						169
Land Area										
Portion developed in TID				\$98	12.00%					96
Valuation				\$2.29						\$2.20
Allocated Budget Average										42,081



# Revenue Sharing Sample

## Exhibit C-2 (Mike Harrigan)



### Somers / Paris Analysis

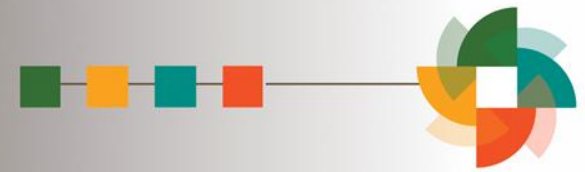
#### Tax Distribution and Revenue Sharing Projection based upon IGA Formula

Paris Land Total Value		31,406,100		Tax Rate Growth	1.50%		
Less Base Value in TID(s)		(3,768,732)		Cost of Service Growth	2.00%		
Net Tax Base Available subject to Appreciation		27,637,368		Tax Base Appreciation	2.00%		
Est Somers EV 1/1/16		712,492,500		Assumed Year of TID Closure	2037		
				Assumed Increment at TID Close **	389,655,806		
<b>Taxes During TID Existence</b>							
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Somers Municipal Tax Rate	5.00	5.08	5.15	5.23	5.31	5.39	5.47
Somers TID Out Tax Base	726,742,350	741,277,197	756,102,741	771,224,796	786,649,292	802,382,278	818,429,923
Somers ID IN Tax Base after Closure							
Tax Base ( Paris Transfer)	32,034,222	32,618,375	33,270,743	33,936,158	34,614,881	35,307,179	36,013,322
<b>Paris Revenue Sharing Credit ****</b>							
Paris Revenue Share ***	40,043	41,181	42,422	43,699	45,012	46,362	47,750
Sommers Revenue Share	40,043	41,181	42,422	43,699	45,012	46,362	47,750
Somers Portion for Services	80,086	83,177	86,537	90,033	93,671	97,455	101,392
Total Levy Revenues Collected from I-94 Planning Area	160,171	165,538	171,382	177,432	183,695	190,179	196,893
Somers Tax Levy on Non I-94 Planning Area Lands	3,633,712	3,761,982	3,894,780	4,032,265	4,174,604	4,321,968	4,474,533
<b>TOTAL SOMERS LEVY</b>	<b>3,793,883</b>	<b>3,927,520</b>	<b>4,066,161</b>	<b>4,209,697</b>	<b>4,358,299</b>	<b>4,512,147</b>	<b>4,671,426</b>



# Exhibit C-2 (End.)

Mike Harrigan



## Somers / Paris Analysis

Tax Distribution and Revenue Sharing Projection based upon IGA Formula

For Illustration and Discussion Only

Paris Land Total Value

Less Base Value in TID(s)

Net Tax Base Available subject to Appreciation

Est Somers EV 1/1/16

Up to 50% Capture per Levy Limit Statute \*

194,827,903

Estimated Upon TID Closure

### Taxes after TID Closes

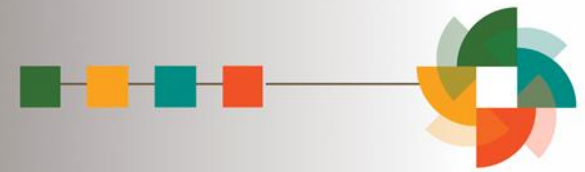
	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>
Somers Municipal Tax Rate	6.73	5.96	6.04	6.14	6.23	6.32
Somers TID Out Tax Base	1,079,900,903	1,101,498,921	1,123,528,899	1,145,999,477	1,168,919,467	1,192,297,856
Somers ID IN Tax Base after Closure		1,491,154,727	1,520,977,821	1,551,397,378	1,582,425,325	1,614,073,832
Tax Base ( Paris Transfer)	47,518,814	242,346,717	247,193,651	252,137,524	257,180,275	262,323,880
Paris Revenue Sharing Credit ****	25,192	226,727				
Paris Revenue Share ***	73,470	633,359	655,717	678,864	702,828	727,637
Sommers Revenue Share	48,278	406,632	655,717	678,864	702,828	727,637
Somers Portion for Services	173,065	176,526	182,758	189,209	195,888	202,803
Total Levy Revenues Collected from I-94 Planning Ar	320,005	1,443,245	1,494,191	1,546,936	1,601,543	1,658,078
Somers Tax Levy on Non I-94 Planning Area Lands	7,272,350	7,417,797	7,566,153	7,717,476	7,871,825	8,029,262
TOTAL SOMERS LEVY	7,592,354	8,861,041	9,060,344	9,264,412	9,473,368	9,687,339





# Flow of Tax Funds

Exhibit D Mike Harrigan



## Somers / Paris IGA -- Flow of Funds Examples

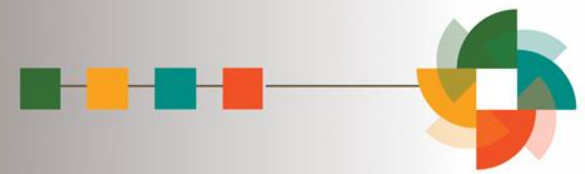
**EXHIBIT D**

			Year 1	Year 1	Year 10		
			<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>	<u>Scenario 4</u>	
	Revenues Net of TID <sup>1.</sup>		160,171	160,171	226,201	303,023	
Priority							
1	Cost of General Operations <sup>2.</sup>		80,086	80,086	118,797	163,077	
2	Capital Costs						
	Highway		0	30,000		75,000	
	Water		0	15,000		75,000	
	Sewer		0	15,000		75,000	
	Storm		0			10,000	
	Equipment		0			15,000	
	Available for Revenue Sharing		80,086	20,086	107,404	(110,054) <sup>3.</sup>	
3	Revenue Sharing Credit to Paris				25,192 <sup>4.</sup>	0	
3	Revenue Share Split						
	Paris		40,043	10,043	53,702	0	
	Somers		40,043	10,043	28,510	0	



# Revolving Loan Sample @

AAA rates (Exhibit E-1)



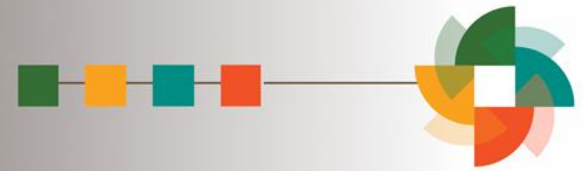
\$5 M Revolving Loan Fund is a Loan from Paris to Somers. Interest will be paid at AAA interest rates to Paris. Somers will get benefit of Lower rates. Paris will be receive a priority payment on revenue sharing allowing the offset of any difference in interest earnings vs regular investment.

Projections on Full \$5 M Loan				
Estimated Interest Savings to Somers				503,838
Revenue Sharing Credit To Paris				503,838
Interest Paris Would have Received.				(450,470)
Net Paris Benefit.				53,369



# 0% Interest Loan Sample

## Exhibit E-2



\$3 M Loan Fund is a Loan from Paris to Somers. Interest will be paid at 0% rates to Paris. Somers will get benefit of Interest free loan. Paris will be receive a priority payment on revenue sharing allowing the offset of any difference in interest earnings vs regular investment.

Projections 0% Loan w \$500 K Principal				
Estimated Interest Savings to Somers				134,928
Revenue Sharing Credit To Paris				134,928
Interest Paris Would have Received.				(131,250)
Net Paris Benefit.				3,678



# New Development and Tax Incremental Financing



Mike Harrigan

- Actual development will be driven by market forces.
- Local municipalities can use Tax Increment Financing to stimulate the quality and type of development that would not have happened without the use of TIF.
- A great example of successful use of TIF is the Lakeview Corporate Park.
- Over 1,000 acres mixed uses - over \$500,000,000 in Value.



# Development & TIF

Mike Harrigan



- There will be the need for close coordination between Somers and Paris to assure that development is able to occur:
  - With proper phasing.
  - With adequate public infrastructure.
  - In a way that allows the development to pay for itself without imposing a burden on existing taxpayers.



# Development & TIF

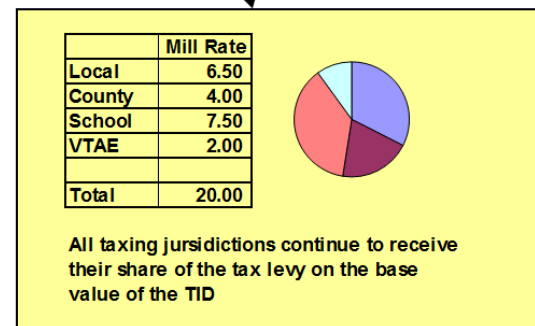
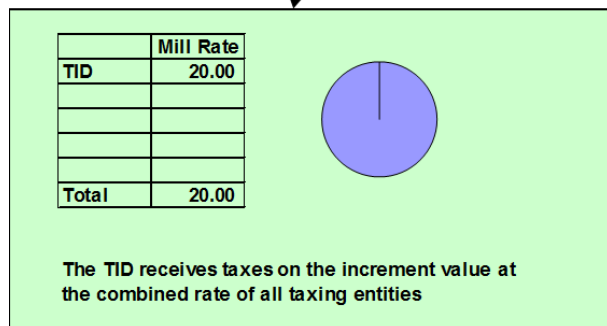
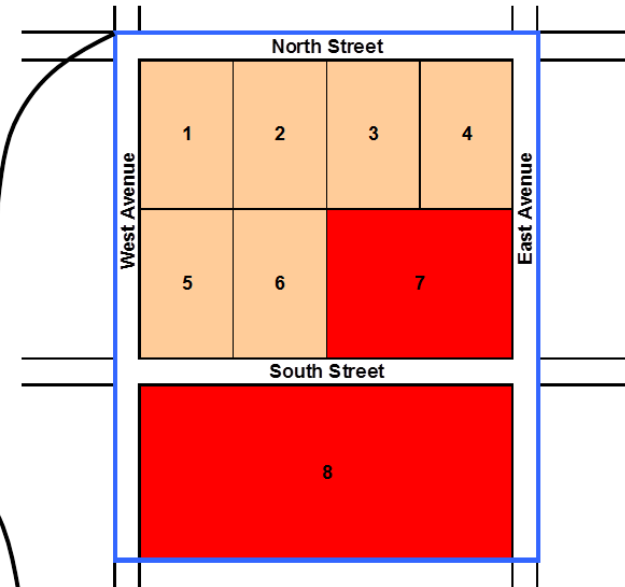
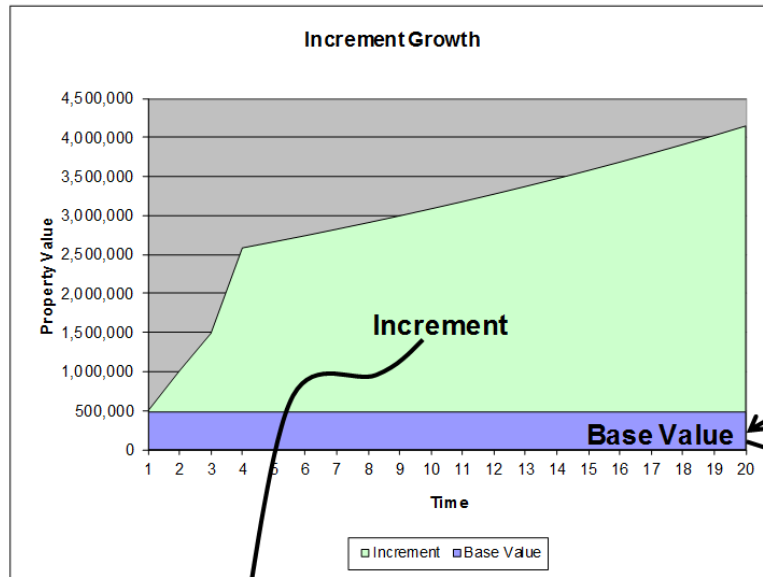
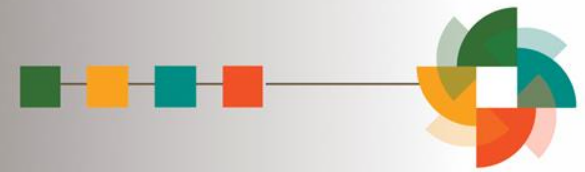
Mike Harrigan



- As a starting point to test feasibility, the study group agreed to use the Lakeview experience but to reduce the assumptions by 25% vs. actual Lakeview experience.
- It is recognized that much more study and detail will go into the development of actual phasing and implementation.
- These are the details to be carefully worked out by the Commission.

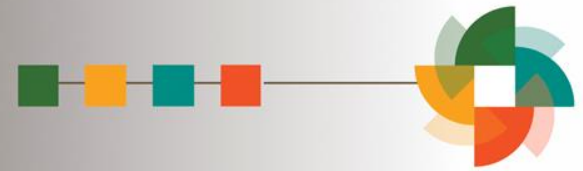


# How does TIF work?



# Preliminary Development & TIF Assumptions

Mike Harrigan



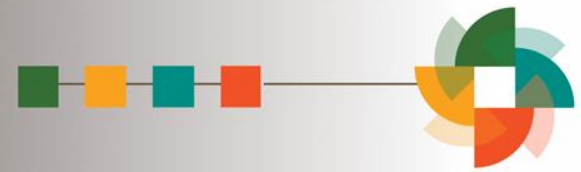
- Absorption Rate = 39.75 Acres / yr (75% of Lakeview).
- Total Acres Developed in 20 Years = 735
- Development Mix
  - Industrial / Mfg = 295 Acres
  - Commercial = 450 Acres
- Total Value Created \$389,000,000
- Total New Taxes Generated \$73,364,000
- Infrastructure and Incentives that can be supported = \$40,000,000 + / -
- Value per Acre
  - \$415,000 / Acre Industrial / Manufacturing
  - \$531,000/ Acre Commercial





# Tax Increment Projection

## Sample Mike Harrigan



### Village of Somers / Town of Paris TID Analysis

#### Potential Intergovernmental TID District

#### Tax Increment Projection Worksheet

		Type of District	Mixed Use				Base Value	2,722,916			
		Creation Date	September 1, 2016				Appreciation Factor	0.50%		Apply to Base Value	
		Valuation Date	Jan 1,	2016			Base Tax Rate	\$18.90			
		Max Life (Years)	20				Rate Adjustment Factor	0.00%			
		Expenditure Periods/Termination	15	9/1/2031							
		Revenue Periods/Final Year	20 2037								
		Extension Eligibility/Years	Yes	3			Tax Exempt Discount Rate	4.00%			
		Recipient District	No				Taxable Discount Rate	5.50%			
		Construction		Inflation	Total					Tax Exempt	
		Year	Value Added	Valuation Year	Increment	Increment	Revenue Year	Tax Rate	Tax Increment	NPV	Taxable NPV
										Calculation	Calculation
	1	2016	0	2017	0	0	2018	\$18.90	0	0	0
	2	2017	17,521,793	2018	0	17,521,793	2019	\$18.90	331,162	306,178	297,533
	3	2018	20,345,933	2019	87,609	37,955,335	2020	\$18.90	717,356	943,905	908,443
	4	2019	20,447,662	2020	189,777	58,592,774	2021	\$18.90	1,107,403	1,890,518	1,802,358
	5	2020	20,549,900	2021	292,964	79,435,638	2022	\$18.90	1,501,334	3,124,504	2,951,080
	6	2021	20,652,650	2022	397,178	100,485,466	2023	\$18.90	1,899,175	4,625,450	4,328,449
	7	2022	20,755,913	2023	502,427	121,743,806	2024	\$18.90	2,300,958	6,373,989	5,910,212
	8	2023	20,859,692	2024	608,719	143,212,218	2025	\$18.90	2,706,711	8,351,756	7,673,902
	9	2024	20,963,990	2025	716,061	164,892,269	2026	\$18.90	3,116,464	10,541,342	9,598,721
	10	2025	21,068,810	2026	824,461	186,785,541	2027	\$18.90	3,530,247	12,926,251	11,665,435
	11	2026	21,174,154	2027	933,928	208,893,622	2028	\$18.90	3,948,089	15,490,854	13,856,272
	12	2027	18,275,157	2028	1,044,468	228,213,248	2029	\$18.90	4,313,230	18,184,885	16,124,951
	13	2028	18,366,533	2029	1,141,066	247,720,847	2030	\$18.90	4,681,924	20,996,727	18,459,174
	14	2029	18,458,365	2030	1,238,604	267,417,816	2031	\$18.90	5,054,197	23,915,400	20,847,633
	15	2030	18,550,657	2031	1,337,089	287,305,562	2032	\$18.90	5,430,075	26,930,528	23,279,943
	16	2031	18,643,410	2032	1,436,528	307,385,500	2033	\$18.90	5,809,586	30,032,314	25,746,583
	17	2032	18,736,627	2033	1,536,928	327,659,054	2034	\$18.90	6,192,756	33,211,509	28,238,836
	18	2033	18,830,310	2034	1,638,295	348,127,660	2035	\$18.90	6,579,613	36,459,391	30,748,734
	19	2034	18,924,461	2035	1,740,638	368,792,759	2036	\$18.90	6,970,183	39,767,735	33,269,007
	20	2035	19,019,083	2036	1,843,964	389,655,806	2037	\$18.90	7,364,495	43,128,795	35,793,032
		Totals	372,145,102		17,510,705		Future Value of Increment	73,554,958			

#### Notes:

Actual results will vary depending on development, inflation of overall tax rates.

NPV calculations represent estimated amount of funds that could be borrowed (including project cost, capitalized interest and issuance costs).

# TID Further Sensitivity Analysis

Mike Harrigan



## TID Analysis for I-94 Planning Area Reduced Acreage (355) and Annual Absorption (16-20 Acres/yr)

### Tax Increment Projection Worksheet

		Type of District	Mixed Use				Base Value	1,742,057				
		Creation Date	September 1, 2016				Appreciation Factor	0.50%			Apply to Base Value	
		Valuation Date	Jan 1,	2016			Base Tax Rate	\$18.90				
		Max Life (Years)	20				Rate Adjustment Factor	0.00%				
		Expenditure Periods/Termination	15	9/1/2031								
		Revenue Periods/Final Year	20	2037								
		Extension Eligibility/Years	Yes	3			Tax Exempt Discount Rate	4.00%				
		Recipient District	No				Taxable Discount Rate	5.50%				
		Construction		Inflation	Total					Tax Exempt		
		Year	Value Added	Valuation Year	Increment	Increment	Revenue Year	Tax Rate	Tax Increment	NPV	Taxable NPV	
										Calculation	Calculation	
	1	2016	0	2017	0	0	2018	\$18.90	0		0	0
	2	2017	0	2018	0	0	2019	\$18.90	0		0	0
	3	2018	0	2019	0	0	2020	\$18.90	0		0	0
	4	2019	0	2020	0	0	2021	\$18.90	0		0	0
	5	2020	0	2021	0	0	2022	\$18.90	0		0	0
	6	2021	0	2022	0	0	2023	\$18.90	0		0	0
	7	2022	18,712,952	2023	0	18,712,952	2024	\$18.90	353,675		268,764	243,129
	8	2023	20,557,284	2024	93,565	39,363,801	2025	\$18.90	743,976		812,380	727,903
	9	2024	20,660,070	2025	196,819	60,220,690	2026	\$18.90	1,138,171		1,612,044	1,430,871
	10	2025	20,763,371	2026	301,103	81,285,164	2027	\$18.90	1,536,290		2,649,906	2,330,262
	11	2026	20,867,187	2027	406,426	102,558,777	2028	\$18.90	1,938,361		3,909,028	3,405,878
	12	2027	9,420,363	2028	512,794	112,491,935	2029	\$18.90	2,126,098		5,236,982	4,524,166
	13	2028	9,467,465	2029	562,460	122,521,859	2030	\$18.90	2,315,663		6,627,710	5,678,665
	14	2029	9,514,802	2030	612,609	132,649,271	2031	\$18.90	2,507,071		8,075,481	6,863,430
	15	2030	9,562,376	2031	663,246	142,874,893	2032	\$18.90	2,700,335		9,574,881	8,073,000
	16	2031	11,440,700	2032	714,374	155,029,968	2033	\$18.90	2,930,066		11,139,268	9,317,050
	17	2032	11,497,903	2033	775,150	167,303,021	2034	\$18.90	3,162,027		12,762,568	10,589,597
	18	2033	11,555,393	2034	836,515	179,694,929	2035	\$18.90	3,396,234		14,439,044	11,885,145
	19	2034	11,613,170	2035	898,475	192,206,573	2036	\$18.90	3,632,704		16,163,280	13,198,654
	20	2035	12,138,085	2036	961,033	205,305,691	2037	\$18.90	3,880,278		17,934,188	14,528,538
		Totals	197,771,122		7,534,569		Future Value of Increment	32,360,949				

#### Notes:

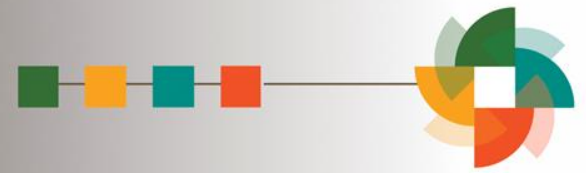
Actual results will vary depending on development, inflation of overall tax rates.

NPV calculations represent estimated amount of funds that could be borrowed (including project cost, capitalized interest and issuance costs).



- This process of developing this agreement has been a tremendous example of intergovernmental cooperation.
- Many details will be carefully worked out by the proposed intergovernmental commission.
- This will result in coordinated planning and development that will benefit both communities and the County as a whole.





# PUBLIC HEARING

COMMENTS and QUESTIONS

