

FINANCIAL IMPACT ANALYSIS – SECURITY AND SPACE NEEDS PROJECT

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ASSUMPTIONS USED IN PROJECTED FUTURE DEBT SERVICE AND TAX LEVY IMPACT ANALYSIS

- Estimated Impact of this project - The debt issued for this major project in 2017 is to be repaid starting in 2018 is for Option A = \$66,000,000, B = \$64,500,000, C = \$32,000,000 and Option D = \$44,000,000 and it will be repaid in 20 years (maximum allowed by law).
- Estimated Impact in “Most Likely” Scenario - The County will issue various other debt to fund other capital related projects in the years 2015 to 2023 as noted below: This is based on the average general debt service needed over the past 13 years and in review of future Capital Improvement Program (CIP) projections. The other debt will be repaid over 10 years.

| Year | Debt Issued Amount | Avg Interest Rate | Repaid Over |
|-----------------|-----------------------|----------------------|----------------|
| 2015 | 3,765,000 | 3.0% | 10 Years |
| 2016 | 4,000,000 | 3.5% | 10 Years |
| 2017 | 2,000,000 | 4.0% | 10 Years |
| OPTION A - 2017 | 66,000,000 | 4.0% | 20 Years |
| OPTION B - 2017 | 64,500,000 | 4.0% | 20 Years |
| OPTION C - 2017 | 32,000,000 | 4.0% | 20 Years |
| OPTION D - 2017 | 44,000,000 | 4.0% | 20 Years |
| 2018 | 4,000,000 | 4.0% | 10 Years |
| 2019 | 4,000,000 | 4.5% | 10 Years |
| 2020 | 4,000,000 | 4.5% | 10 Years |
| 2021 | 4,000,000 | 5.0% | 10 Years |
| 2022 | 4,000,000 | 5.0% | 10 Years |
| 2023 | 4,000,000 | 5.0% | 10 Years |

- The average interest rate for each years’ debt issued will range from 3% in 2015 to 5% in 2023. (Approximately 1% to 1.5% higher than the current borrowing rate based on the federal reserve’s continued discussions of raising interest rates. A 1% change in the interest rate for a \$30 million dollar issue is approximately \$300,000 in the first year).
- The average property homeowner is the owner of an average home in Outagamie County estimated to be valued at \$152,714 in 2018. Based on the assumptions below, that average property owner would be paying \$755.80 in 2018 for the County portion of their tax bill - not including any impact for the costs of this safety and security project. (Current 2015 County portion of Tax Bill is \$730.47).
- Assumes no other major revenue OR expenditure increases or decreases will be incurred for the County’s current tax levy supported departments which would impact the tax levy support needed to fund those departments. Assumes overall tax levy will increase approximately 2% per year.
- The current tax levy freeze law will still be in effect in 2017 and beyond with no major changes. (With some exceptions, Tax levy increases are limited to net new construction and debt service increases). Any tax levy increases would be used to fund current general County operations.
- This projection is limited to the next 10 years – 2015 thru 2025.
- Including the large 2017 issue(s), the County’s debt limit will still be approximately only 11% to 17% of our debt limit capacity.

ASSUMPTIONS USED IN PROJECTED FUTURE DEBT SERVICE AND TAX LEVY

IMPACT ANALYSIS - continued

- Increases in net new construction will be approximately 1% per year and increases in economic value of houses will increase another 1% for a total equalized value increase of 2%.
- The existing Debt Service and future Debt Service requirements on the attachments include the taxes for the Tax Levy supported departments which includes the general debt service and Brewster Village's debt. It does not include Enterprise Fund debt service that is financed with enterprise fund resources.
- The total tax levy impact on the average homeowner not only includes the additional debt service requirements but the estimated operational increases for maintenance related activities (such as utilities and staffing) for the new facility(s) as follows: Option A = \$600,000, Option B = \$600,000, Option C = \$350,000, and Option D = \$450,000.

Example of County-Wide Future Debt Service Schedules for Tax Levy Supported Debt - (Presented for Future Debt Service Schedules only including the \$44 Million Project as that was the middle of the road costing project)

| | Amount | Avg Int Rate | Repaid Over |
|------|------------|--------------|-------------|
| 2015 | 3,765,000 | 3.0% | 10 years |
| 2016 | 4,000,000 | 3.5% | 10 years |
| 2017 | 2,000,000 | 4.0% | 10 years |
| 2017 | 44,000,000 | 4.0% | 20 years |
| 2018 | 4,000,000 | 4.0% | 10 years |
| 2019 | 4,000,000 | 4.5% | 10 years |
| 2020 | 4,000,000 | 4.5% | 10 years |
| 2021 | 4,000,000 | 5.0% | 10 years |
| 2022 | 4,000,000 | 5.0% | 10 years |
| 2023 | 4,000,000 | 5.0% | 10 years |

| Year | Current Debt Service | INCLUDING BREWSTER VIL | \$ 3,765,000 2015 | \$ 4,000,000 2016 | \$ 2,000,000 2017 | \$ 44,000,000 Issue - 2017 | \$ 4,000,000 2018 | \$ 4,000,000 2019 | \$ 4,000,000 2020 | \$ 4,000,000 2021 | \$ 4,000,000 2022 | \$ 4,000,000 2023 | Total New Debt Service | Incr (Decr) |
|--|----------------------|------------------------|-------------------|-------------------|-------------------|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------------|-------------------|
| | | | | | | | | | | | | | | from Current Levy |
| 2015 | 3,629,100 | 1,709,670 | | | | - | | | | | | | 5,338,770 | |
| 2016 | 3,261,674 | 1,654,420 | 442,950 | | | - | | | | | | | 5,359,044 | 20,274 |
| 2017 | 2,474,176 | 1,599,670 | 603,050 | 690,000 | | - | | | | | | | 5,366,896 | 28,126 |
| 2018 | 1,821,737 | 1,545,420 | 408,050 | 445,750 | 255,000 | 2,610,000 | | | | | | | 7,085,957 | 1,747,187 |
| 2019 | 1,612,088 | 1,491,670 | 413,450 | 449,375 | 253,000 | 2,601,000 | 510,000 | | | | | | 7,330,583 | 1,991,813 |
| 2020 | 1,187,587 | 1,438,420 | 418,400 | 452,475 | 250,800 | 2,591,000 | 507,000 | 530,000 | | | | | 7,375,682 | 2,036,912 |
| 2021 | 1,200,988 | 1,122,210 | 422,900 | 455,050 | 248,400 | 2,580,000 | 503,560 | 525,250 | 530,000 | | | | 7,588,358 | 2,249,588 |
| 2022 | 1,163,687 | | 426,950 | 457,100 | 245,800 | 3,443,000 | 499,680 | 520,005 | 525,250 | 550,000 | | | 7,831,472 | 2,492,702 |
| 2023 | 241,688 | | 425,550 | 458,625 | 248,000 | 3,750,000 | 495,360 | 514,265 | 520,005 | 543,500 | 550,000 | | 7,746,993 | 2,408,223 |
| 2024 | 237,687 | | 418,850 | 459,625 | 244,800 | 3,461,800 | 490,600 | 508,030 | 514,265 | 536,450 | 543,500 | 550,000 | 7,965,607 | 2,626,837 |
| 2025 | 208,688 | | 412,000 | 460,100 | 241,400 | 3,481,600 | 485,400 | 501,300 | 508,030 | 528,850 | 536,450 | 543,500 | 7,907,318 | 2,568,548 |
| 2026 | 204,969 | | | 445,050 | 237,800 | 3,447,400 | 479,760 | 494,075 | 501,300 | 520,700 | 528,850 | 536,450 | 7,396,354 | 2,057,584 |
| 2027 | 201,250 | | | | 234,000 | 3,441,200 | 473,680 | 486,355 | 494,075 | 512,000 | 520,700 | 528,850 | 6,892,110 | 1,553,340 |
| 2028 | 197,094 | | | | | 3,436,800 | 472,160 | 478,140 | 486,355 | 502,750 | 512,000 | 520,700 | 6,605,999 | 1,267,229 |
| 2029 | 192,937 | | | | | 3,444,000 | | 474,430 | 478,140 | 492,950 | 502,750 | 512,000 | 6,097,207 | 758,437 |
| 2030 | 188,781 | | | | | 3,512,200 | | | 474,430 | 482,600 | 492,950 | 502,750 | 5,653,711 | 314,941 |
| 2031 | 184,188 | | | | | 3,493,800 | | | | 476,700 | 482,600 | 492,950 | 5,130,238 | (208,532) |
| 2032 | 179,594 | | | | | 3,472,000 | | | | | 476,700 | 482,600 | 4,610,894 | (727,876) |
| 2033 | - | | | | | 3,446,800 | | | | | | 476,700 | 3,923,500 | (1,415,270) |
| 2034 | - | | | | | 3,433,200 | | | | | | | 3,433,200 | (1,905,570) |
| 2035 | - | | | | | 3,405,600 | | | | | | | 3,405,600 | (1,933,170) |
| 2036 | - | | | | | 3,374,400 | | | | | | | 3,374,400 | (1,964,370) |
| 2037 | - | | | | | 3,369,600 | | | | | | | 3,369,600 | (1,969,170) |
| <hr/> | | | | | | | | | | | | | | |
| 18,387,913 10,561,480 4,392,150 4,773,150 2,459,000 65,795,400 4,917,200 5,031,850 5,031,850 5,146,500 5,146,500 5,146,500 136,789,493 | | | | | | | | | | | | | | |

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SUMMARY OF FINANCIAL IMPACT - SECURITY AND SPACE NEEDS PROJECT

The calculations below project the Debt Service and Operational Tax Levy impact on the average property tax owner under the four building options presented by Venture Architects. (This includes the estimated maintenance related increases needed for utilities and staffing). As additional information, the County currently levies approximately \$3,600,000 annually for debt service for current debt held. Therefore, of the total average property owner tax bill computed below of \$755.80, the current debt service portion is approximately \$40.00. (*1)

Estimated "Most Likely" Financial Impact on the Average County Homeowner

Since the current Debt Service Schedules for the County are declining in future years at a rate greater than the projected increases in debt service, the amounts below are the total "most likely impact" to the average property owners tax bill in a future year.

| | NO CHANGES | OPTION A | OPTION B | OPTION C | OPTION D |
|---|------------|--------------|--------------|--------------|--------------|
| Debt Issue Size | \$0 | \$66,000,000 | \$64,500,000 | \$32,000,000 | \$44,000,000 |
| Maintenance Related Operational Costs Included in Tax Levy Impact | | \$600,000 | \$600,000 | \$350,000 | \$450,000 |
| Estimated County Share of Tax Bill for Average Property Owner - 2018 | \$ 755.80 | | | | |
| Increase to Average Property Owner Tax Bill for - Most Likely Scenario | | \$ 51.51 | \$ 50.31 | \$ 23.41 | \$ 29.89 |
| Percent Increase | | 6.8% | 6.7% | 3.1% | 4.0% |

If the County did not have current declining debt service schedules, the impact of this project to the average property owner would be as follows:

| | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| Increase to Average Property Owner Tax Bill for this project alone if the County did not have currently declining debt schedules. | <u>\$ 60.00</u> | <u>\$ 58.82</u> | <u>\$ 29.07</u> | <u>\$ 41.17</u> |
|---|-----------------|-----------------|-----------------|-----------------|

(*1) - These projections should be reviewed in conjunction with the assumptions made on the attached worksheet titled " Assumptions Used in Projected Future Debt Service and Tax Levy Impact Analysis"