

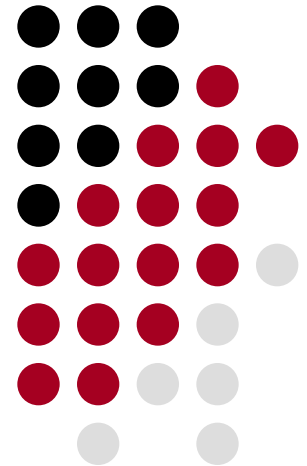
TOWN OF FOND DU LAC

WATER SYSTEM FINANCING ANALYSIS

March 25, 2008



EHLERS
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MEMO

To: Town Board, Town of Fond Lac
From: Dave Wagner, Financial Advisor
Date: February 28, 2008
Subject: Water System Financing Analysis

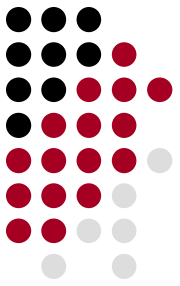
We have prepared an analysis of financing a proposed water system expansion using the following assumptions:

- Project costs to construct a water tower, connecting mains, appurtenances and financing costs to be \$3,250,000
- The current public fire protection charge of \$28,000/yr. paid to the Village of North Fond Lac can be utilized to pay for a portion of the cost of the new water tower
- If a Utility District is formed an equalized tax rate of \$1.00 would initially be levied on
 - Existing value of \$110 Million
 - New commercial construction at \$2.5 Million per year
 - New non-commercial construction at \$1.0 Million per year
 - Property appreciation of 2.7%
- Special assessments are to be levied for a portion of the cost of the mains equal to the cost of a minimum-sized main totaling \$400,000 (these may or may not be deferred)
- Impact fees totaling \$400,000 be imposed on all new growth served by public water
- A combination of Town debt and/or a lease with the Village would finance all project costs over 20 years at 4.5%
- Growth and appreciation outside of the expanded water service area would average 1.0%
- Equalized tax rates are assumed to decline so that assessed tax rates can be held constant
- A Town tax levy would pay all costs not defrayed by other sources of revenues

Our conclusions based on the foregoing assumptions are:

1. With no growth whatsoever (ie. Worst Case Scenario): Town levy increase of 0.75 Mills
2. With the assumed growth, but no Utility District: Town levy increase of 0.50 Mills
3. With the assumed growth and a Utility District: no Town tax levy increase

Financing Analysis Assumptions



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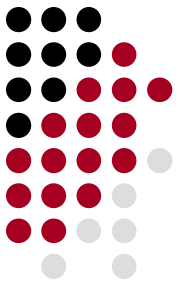
Financing Analysis Assumptions



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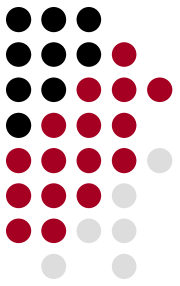
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Financing Analysis Assumptions



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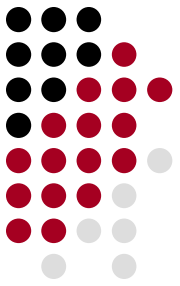
Financing Analysis Assumptions



- Equalized tax rates are assumed to decline so that assessed tax rates can be held constant
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Financing Analysis Conclusions



- 1. With no growth whatsoever (ie. Worst Case Scenario): Town levy increase of 0.75 Mills**
- 2. With the assumed growth, but no Utility District: Town levy increase of 0.50 Mills**
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