

FREQUENTLY ASKED QUESTIONS RELATED TO PROPERTY ALONG BROWN DEER ROAD

1. How much was the final purchase of the property for the Village?

The Village purchased the property from Randle River Hills in the amount of \$2,504,020

2. What is the actual amount of debt currently?

The Village borrowed \$2.88 million and the total amount as of 5/14/21 is approximately \$3,023,000. Two related considerations convinced the Village that acquiring the property was necessary: the law suit for \$2.9 million and the importance for the Village to control the property.

3. What is the projected *TOTAL* \$ the Village will expend with all other fees?

As of May 2021, we do not have a projected total since there are so many unknowns. When the Village Board makes a decision on what to do with the property, it will be possible to create a realistic budget.

4. What has been spent to date on the legal, planning, engineering, marketing, etc.?)

As of 5/14/21 the Village has spent approx. \$314,000: \$155,582 on legal services which includes settling the lawsuit, \$30,747 on property taxes (negotiated in the purchase), \$3,300 for planning, \$24,200 for communications/ mailings, \$19,850 for financial advisor to create the TID, and \$750 for ongoing property maintenance.

5. What is driving the push for a development? TAX Relief?

There will be no tax relief, per se. If there is no residential development, it is estimated Village property taxes for all residents could increase 6-10% to repay the notes.

If there is residential development, and after the notes are repaid, property taxes generated by the property will flow to the Village and six other jurisdictions. Under state law the tax levy increase is essentially limited to net new construction. The Village does not have the ability to increase taxes to keep up with increasing wages and all other expenses except what is set by the state's complex formula. As you know, there are very few buildable lots in River Hills; so, there cannot be significant "net new construction." Residential development on less than half of the property on Brown Deer Rd. is the final opportunity for the Village to increase its tax base by a meaningful amount and essential to maintain the level of service residents expect.

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6. Is tax relief the *ONLY* reason for development?

No! There are many other benefits to Village residents and many non-residents. Plans to mitigate serious flooding along Fish Creek would benefit many properties along Fish Creek all the way to Lake Michigan. The proposed hybrid concept with over half of the total acreage committed to green space and water management will be important in many ways. MMSD's contractor is very interested in this concept. They would design, engineer, and pay for most of the improvements as part of the Fresh Coast Protection Partnership. In addition, I'm confident that the residential area will be developed in very responsible environmental ways. These goals are compatible so that all 54 acres will be a show-case of what is possible when best practices are employed in such land developments.

The benefits will reach beyond River Hills. While approximately 27% of the property taxes paid by a possible residential development will go to the Village in perpetuity, the remainder will flow to six other jurisdictions (three public schools, MATC, Milwaukee County, and MMSD). All are important to the quality-of-life Village residents and many other communities enjoy. Look on your property tax bill where they are listed and you will realize the breath of the impact this \$36 million to \$40 million development can have forever.

Over one hundred additional residents will shop nearby and support local stores (I really miss the Whole Foods butchers). People who want to downsize their homes will be able to remain in the neighborhood that they enjoyed for many years. Finally, consider the improved appearance of the landscape viewed from Brown Deer Road when it is a berm populated with native trees instead of what we seen now.

7. What is the \$\$ value goal for the Village to receive when this potential development is completed?

Since we continue to update the plan, I can only make a very rough estimate. Assume sixty homes have an average assessment of ~\$650,000. That could provide ~\$40 million of assessed value. Your 2021 net tax bill was 2.5% of assessed value and the Village gets 26.7% of that property tax. Based on these guesstimates, the Village could receive a revenue increase of ~\$200,000 in perpetuity. Compare this to converting the property to a conservancy with zero property tax revenue to River Hills and the other jurisdictions. The lost opportunity is huge.

8. How long will it take to pay off the interest and the debt & fees before the village sees a cent in revenue?

That depends on many factors. One recent estimate expected the notes to be paid off in 2033 when the TID would be closed. At that time, any additional increment would be paid back to the taxing districts and the Village would increase its levy due to the TID closure.

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9. Why not just have the Village residents pay off this debt via some additional taxes over a three-to-five-year period?

The Village cannot just tax the residents for what we wish; the State sets the levy limit. This was enacted by the State Legislature where each community can increase its tax levy only by the amount of net new construction from the prior year. For the 2020 budget, River Hills net new construction (2019) was 0.525% or \$13,088; for the 2021 budget, the net new construction (2020) was 0.173% or \$4,405. The Village is also restricted via the state expenditure restraint program. Compare these increases to your own inflation estimate for wages, and all other costs required to maintain the high standard of public safety, maintenance, and services now provided

Most significant, your suggestion omits the loss of annual tax revenue coming to the village in perpetuity if there is no residential development. Using my previous estimates and an interest rate of 3% the value of that cash flow in 2033 would be ~\$6.7 million, and that assumes no increase in tax rates.

10. Why not sell 4 or 5 lots 5-acre lots along Greenbrook?

Some residents propose selling five 5-acre lots to pay off the notes in ten years. After buying the land, and building a home, each buyer would have to include an assumed 20% of the current debt (\$576,000). Likewise, two acre lots would have to be sold above current market prices to deliver the cash flow to retire the debt in a reasonable time.

11. Can the Village set up a foundation or fund to provide \$\$ to the Village rather than the development?

I don't believe anyone has seriously explored this idea. However, to be equal to the dependable property tax revenues in perpetuity, the donations to foundation would have to be extremely large.

12. Why hasn't the Village been more transparent?

The Village has sent out a total of three letters to the residents, one as recent as 5/10/21. Prior to May, there was nothing significant to report. All information regarding proposals submitted to the Plan Commission have been placed on the Village website under the 'Project Plan' heading. This includes minutes and recordings from several Plan Commission meetings.