

TAX INCREMENT FINANCING (TIF) PLAN
FOR THE
TOBYHANNA TOWNSHIP TAX INCREMENT FINANCING DISTRICT
IN
TOBYHANNA TOWNSHIP

MONROE COUNTY
PENNSYLVANIA

PREPARED BY THE
MONROE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

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EXHIBITS

- A. Tobyhanna TIF District Legal Description
- B. Resolution of the Monroe County Planning Commission -Certification of the Redevelopment Area
- C. Existing Land Use and Conditions Map
- D. Tobyhanna TIF District Site Plan
- E. Market Feasibility Study and Economic Impact Study for the TIF District
- F. Millage rates-2008-2012 for the County, Township and School District
- G. Development Budget for the First Phase of the TIF project
- H. Estimate of improvements for PennDot roads
- I. Debt Payment, Source and Use of Funds

I. Introduction

This Tax Increment (TIF) District Plan for the Tobyhanna Township Tax Increment Financing District (the “Project”) has been prepared in accordance with Act 113 of 1990, as amended by Act 164 of 1992. The TIF Plan will be considered by the three local taxing authorities:

- Tobyhanna Township
- Pocono Mountain School District
- County of Monroe

Tobyhanna Township is the municipality that will create the TIF District. The Monroe County Industrial Development Authority serves as the organizational entity for the TIF. The Authority has prepared the TIF Plan and will carry out other organizational aspects of the TIF.

The objective of the TIF Project is to stimulate development of a destination facility on a tract of land near Interstate 380 and Pa. Route 940. This area is part of a larger area certified as a redevelopment area by the Planning Commission of the County of Monroe (See Exhibit II). A site of approximately 150.95 acres will be developed by Kalahari Resorts, Wisconsin Dells, WI. The first phase of this development will include 450 guest rooms, 103,000 SF Indoor Water Park, 30,000 SF Indoor Theme Park, 64,000 SF Conference Center, Spa, Multiple Restaurants, Outdoor Recreation Area of approximately 3 acres and 2,500 parking spaces.

In order to develop this land, certain physical constraints must be overcome. These are the extensive off-site infrastructure costs, especially those required by the Pennsylvania Department of Transportation, PennDot, for the surrounding Interstate and State Highways.

II. TIF DISTRICT BOUNDARY

The Tobyhanna Township Tax Increment Financing District consists of approximately 154 acres at the intersection of Interstate 380 and Pa. Route 940 in the Township of Tobyhanna. The Project includes part of tax parcel 19635400099554. The part of this parcel that will be included in the TIF Project is more accurately described in Exhibit I, Legal Description of the Tobyhanna Township Tax Increment Financing District. The tax increment base shall be calculated on the assessed value of the area included in Exhibit I. A subdivision

plan will be submitted to the Township of Tobyhanna and its Planning Commission in accordance with ordinances and procedures adopted by Tobyhanna Township.

The project boundaries for the TIF District are also depicted on the Land Use and Conditions Map, (Exhibit III).

III. BACKGROUND

Kalahari is a developer and owner of water park resorts. Kalahari operates a 756 room resort in Wisconsin Dell, WI that opened in May 2000. The Wisconsin Resort includes a 125,000 SF indoor water park and a 77,000 SF outdoor water park. In 2008, a 110,000 SF indoor theme park was added at this location. The second Kalahari resort opened in May 2005 in Sandusky, Ohio. This resort has 890 guest rooms, a 173,000 SF indoor water park, a 385,000 SF outdoor water park and a Safari Adventure Park. These two resorts are the largest indoor water parks in the United States.

Kalahari proposes to construct the Project in three phases. The first phase will include 450 guest rooms, the indoor and outdoor water parks, conference center and indoor theme park. Phases 2 and 3, when completed, would increase the total guest rooms to at least 850 rooms. In Phase 3, a 100,000 SF addition will be made to the conference center.

Major improvements are required to PennDot roads and interchange. Extensive utility improvements are also required to bring utilities to the Project.

Kalahari has agreed to place a special assessment on their property under Pennsylvania's Neighborhood Improvement District Act, P.L. 949, December 20, 2000. This special assessment program known as "NID" will impose special assessments in an amount equal to the principal and interest on the TIF bonds issued by the Authority until such bonds are repaid. The special assessment also includes administrative costs related to the bonds. The special assessment will be collected to pay debt service on the TIF bonds and administrative expenses of the District to the extent that tax increments pledged by Tobyhanna Township, the County of Monroe and the Pocono Mountain School District are not sufficient to cover these expenses.

This TIF Plan has been developed to finance a bond issue of \$26,000,000 that will help finance the required off-site improvements and other infrastructure costs. **NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE TOWNSHIP OF TOBYHANNA, THE COUNTY OF MONROE, THE POCONO MOUNTAIN SCHOOL DISTRICT IS PLEDGED TO THE PAYMENT OF THE TIF BONDS EXCEPT FOR THE TAX INCREMENT REVENUES.**

IV. TAX INCREMENT FINANCING (TIF)

Tax increment financing is a mechanism that can be used to finance the extraordinary costs of preparing a site for development. Without the public investment in infrastructure, private development cannot always be expected to occur. In this TIF Plan, the three taxing bodies will benefit from increased assessment valuation when Phases 2 and 3 are constructed. No tax increments from Phases 2 and 3 will be allocated to the Authority. The taxing bodies will retain 100% of the real estate taxes generated from Phases 2 and 3. In addition, the taxing bodies will benefit in all 3 phases from the earned income tax. The Township and the School District will benefit from the one time sharing of the 1% transfer tax on the sale of the property to Kalahari. The County will have recurring income from the hotel tax from all three phases of development.

Under TIF, a district is created and the base level of assessments (the tax increment base) is the benchmark for determining the amount of future increases in property tax revenues. The future tax revenues within the TIF District are directed to the retirement of the TIF debt. In this TIF Project only the Kalahari Phase I development as described in this TIF Plan will have increased tax revenues (the tax increment) allocated to the repayment of TIF debt. **Phases 2 and 3 of the Kalahari development will have 100% of such increased tax revenues retained by each of the three taxing bodies.**

The Monroe County Industrial Development Authority will issue TIF bonds or notes to raise the necessary funds to finance the significant costs for off-site improvements. The Authority's bonds will be retired with the revenue stream created by the new taxes generated only from Phase I of the Kalahari Project.

Kalahari has made pledges to the taxing bodies. They have agreed that the TIF District shall pay full real estate taxes on land and improvements. Also, they have agreed to forfeit their right to appeal the tax assessment of the Project during the term of the TIF debt to the extent necessary to retire the TIF debt.

Under the TIF, the three taxing bodies will formally agree to allocate one hundred (100) percent of the new taxes only for the first phase of the Kalahari Development to the TIF debt issued by the Monroe County Industrial Development Authority. Once the TIF debt is retired, the full incremental taxes from the first phase of the Kalahari as well as additional expansions will flow to the taxing bodies.

The Tax Incremental Financing Plan has been prepared for the first phase of the Kalahari Project. The TIF Plan sets forth the financial projections and estimated project costs.

V. APPROVAL PROCESS FOR THE TAX INCREMENTAL FINANCING DISTRICT

The provisions of the TIF Act, Act 133 of 1990 as amended by Act 164 of 1992, stipulate that a tax increment financing district shall be created in the following manner:

1. The Monroe County Industrial Development Authority shall make a formal presentation to the governing bodies of the Township of Tobyhanna, the County of Monroe and the Pocono Mountain School District. The presentation shall include a description of the proposed boundaries of the TIF District, the tentative plans for the development of the district, and an estimate of the general impact of the proposed district on property values and tax revenues.
2. The Township, County and School District shall designate a representative to meet with the Industrial Development Authority to discuss the project plan and the tax incremental financing concept.
3. The Industrial Development Authority shall recommend the boundaries of the tax incremental financing district to be created and shall submit the recommendations to the Township of Tobyhanna.
4. The Industrial Development Authority shall prepare a Project Plan and submit the Plan to Tobyhanna Township, the County of Monroe and the Pocono Mountain School District.

5. Tobyhanna Township shall hold at least one public hearing at which interested citizens are afforded a reasonable opportunity to express their views on the concept of tax incremental financing, on the proposed adoption of the project plan for the tax increment financing district and the benefits to the municipality.

Notice of the public hearing shall be published in accordance with the terms of the Sunshine Act, (P.L. 388, No. 84) and said Notice shall be provided by first class mail, postage prepaid to the Township, the County and School District. This Notice shall be provided not less than thirty (30) days before the date of the hearing.

6. In order to create a TIF District and adopt a project plan, Tobyhanna Township shall adopt, not earlier than three weeks after the public hearing described in (5) above, a resolution or ordinance creating the tax increment financing district pursuant to Section (a)(6)(i) through (iv) of Act 113.
7. The governing bodies of the County of Monroe and the Pocono Mountain School District shall, by ordinance or resolution, agree to participate or opt not to participate in the tax incremental financing district. Such ordinance or resolution shall be delivered to the Township of Tobyhanna on or before the date on which the public hearing described in (5) above is held.
8. The Township of Tobyhanna may, at any time, subject to the provisions of Section 6(c) of Act 113, adopt an amendment to the project plan which shall be subject to approval in the same manner as the original project plan.

VI. TIF PROJECT PLAN

- (i) **Statement Listing the Kind, Number and Location of All Proposed Public Works or Improvements and All Commercial Development Improvements within the District**

Kalahari is proposing to develop approximately 150 acres at Interstate 380 and Pa Route 940 as a water park resort. The development is expected to occur in three phases. The first phase will involve the construction of 450 guest rooms, 103,000 SF Indoor Water Park, 30,000 SF Indoor Theme Park, 64,763 SF Conference Center, 9,000 SF Spa, outdoor park of 2-3 acres,

several restaurants and approximately 2,500 parking spaces. These square footages and allocations are subject to change with the final plans for the first phase. Phases 2 and 3 are expected to add an additional 400 guest rooms, 100,000 SF outdoor water park and a 100,000 SF expansion of the Conference Center.

Total development costs for Phase 1, including off-site improvements are estimated at \$231,623,813 (See Exhibit G). The estimated costs to expand the Kalahari Development are estimated at an additional \$137,000,000 for Phases 2 (\$115,000,000) and 3 (\$22,000,000).

In order to develop this large, unimproved land area, the Industrial Development Authority projects that \$26,000,000 is required to pay the costs of off-site improvements and other infrastructure costs, financing fees and related costs. Section (iii) of the TIF Plan gives a detailed breakdown of the expected total project costs.

In order to develop all three phases of the Kalahari Project the following off-site improvements are needed:

- Extension of water system (new well, treatment facility, water storage tank, transmission line)
- Extension of sewer system
- Extension of natural gas system
- Extension of electrical services
- Coax or fiber for TV Distribution
- Improve PennDot roads and signalization
- Construction of access road from State Highways to the site.

The Site Plan (Exhibit D) gives a general location of the new access road and adjacent PennDot roads. The off-site costs are estimated at \$24,601,313. Up to \$4,000,000 of this amount will be provided by the seller of the lands; \$18,977,500 can be funded from the TIF bonds and the balance will be from the developer and developer financing sources.

(ii) **Economic Feasibility Study of the Project and Fiscal Effects on the Municipal Tax Base**

The Market Feasibility and Economic Impact Study for the Project is included in Exhibit E.

The Project is not expected to generate real estate tax revenues that will support the TIF debt payments until the third year of the Project. Therefore, two years of capitalized interest are budgeted to allow for the generation of new real estate taxes for the TIF debt payment. In addition, a debt service reserve fund equal to one year of debt payments will be established from the bond proceeds.

As noted throughout this TIF Plan, the allocation of tax increments shall be limited only to the first phase of the Kalahari development, that is, the 450 guest rooms, conference center and indoor water park. The Authority's estimate of the first phase of development is listed in Exhibit VII at \$231,623,813. In order to finance the extensive off-site improvements and other infrastructure needs, 100% of the new taxes generated from the first phase of this Project will be allocated to payment of the TIF debt. **NO ALLOCATION OF THE INCREASED TAXES GENERATED BY THE SECOND AND THIRD PHASES OF THE KALAHARI PROJECT ARE TO BE USED FOR DEBT PAYMENTS ON THIS TIF DEBT.**

In order to make the Tobyhanna Tax Increment Financing Plan feasible, the Developer has proposed a Neighborhood Improvement District ("NID"). The NID is an assessment imposed on new development within the TIF District at the Developer's request. The NID acts as a credit enhancement for the TIF bond.

A debt payment schedule and other data is included in this TIF Plan (see Exhibit I) and was prepared by the bond underwriter, Guggenheim Securities. It shows the total payments for the \$26,000,000 debt at an estimated 6.2% annual interest rate.

This TIF financing plan is not dependent on future property tax increases by any of the public bodies nor allocation of taxes from Kalahari's second and third phase of development. The taxing bodies will allocate 100% of the new taxes generated by the first phase of the Kalahari Project for debt payments on the Authority's bonds.

This economic feasibility analysis concludes that a number of factors make the Project feasible. They are summarized as follows:

1. The Market Feasibility and Economic Impact Study prepared for the Project by Hotel and Leisure Advisors (See Exhibit E)
2. The Use of the NID Program to provide a back up credit enhancement in case TIF revenues are not realized as projected.
3. The County Assessor reviewed the preliminary plans for the project and provided the preliminary assessment for phase one of \$14,212,650.
4. Exhibit VI shows that millage rates have increased by over 21% from 2008 through 2012.
5. Guggenheim Securities has illustrated that total bonds of \$26,000,000 can be retired (See Exhibit I)
6. Environmental Studies and engineering work by firms such as Pennoni Engineers and meetings with PennDot have provided key information that assisted in developing cost estimates that assures project costs are reasonable
7. The commitment of up to \$4,000,000 from the seller of the land for off-site improvements.
8. The proven success of Kalahari in similar projects in Wisconsin Dells, WI. and Sandusky, Ohio.
9. The retirement of the TIF debt is not dependent on Phases two and three of the Kalahari Project.

CURRENT ASSESSED VALUATION WITHIN THE TIF DISTRICT

The TIF District is included within one tax parcel, 1635400099554. Subdivision of this tax parcel will be requested upon TIF approval. 150 acres of this tax parcel will be used for the Kalahari Project

Only the *new* taxes generated by the proposed phase one of the Project can be applied to the TIF debt. Therefore, it is important to identify the existing real estate tax characteristics of the TIF District. Based on information supplied by the County Assessor, the total tax parcel of 386.53 acres has a

land assessment of \$152,190. There are no improvements on this total area. Thus, the assessed value per acre is \$393.74. Applying this value per acre to the TIF District gives an assessed value of \$60,636.

The 2012 tax rates being used for this TIF District are:

- Township 15.19 mills
- County 21.25 mills
- School District 147.29 mills

TOTAL 183.73 mills

The table below lists the tax increment base at \$11,140. The current tax yield of \$11,140 will continue to be paid to the three taxing bodies before any tax increments can be allocated to the Industrial Development Authority for tax increment financing.

CALCULATION OF TAX INCREMENT BASE			
	<u>Tax rate</u>	<u>Assessed value (1)</u>	<u>Real Estate taxes</u>
Township (2)	15.19 mills	\$60,636	\$921.
County	21.25 mills	\$60,636	\$1,288.
School District	147.29 mills	\$60,636	<u>\$8,931.</u>
		TOTAL	\$11,140.

Note (1) County Assessor gave a value of \$152,190 for 386.53 acres or \$393.74 per acre. This value is applied to the 154 acres for an assessed value of \$60,636

Note (2) Includes the Library tax of 75 mills.

Over the twenty year term of this TIF District, the taxing bodies will continue to receive \$11,140.

ANTICIPATED INCREASE IN ASSESSED VALUATION FROM PROPOSED PROJECT - PHASE ONE

The County Assessor has reviewed the development plans and square footages for Phase One and has advised the Industrial Development Authority that the projected market value of Phase One is \$56,850,490 and the assessed value based on the market value calculation is \$14,212,650. Below is a calculation of the tax increment and subtracts the tax increment base assessment of \$60,636 to arrive at a tax increment of \$2,548,146. At build out, the project will generate over the life of the TIF District \$45,866,628 in tax increments for debt payments.

PROJECTION OF THE TAX INCREMENT-PHASE ONE	
County Assessor's estimate of market value at build out	\$56,850,490
County Assessor's assessment of Phase One	\$14,212,650
Less existing assessed value of TIF District (tax increment base)	\$ - 60,636
Assessed value for tax increment	\$14,152,014
<u>Projected Real Estate Taxes</u>	
\$14,152,013 increased assessed value times 18373 mills =	\$ 2,600,149
tax increment	
Less 2% discount for early payment	\$ - 52,003
Net tax increment for debt payments	\$ 2,548,146

The 2012 millage rate for all three public bodies has been used to project the tax increment generated from Phase One

PORTION OF INCREMENTAL TAX REVENUES TO BE APPLIED TO TIF DEBT

Tobyhanna Township, the County of Monroe and the Pocono Mountain School District are being requested to agree to apply 100% of the tax incremental revenues to be generated from Phase One of the Tobyhanna Tax Increment Financing District to the repayment of the TIF Indenture.

DEBT SERVICE CALCULATION

The TIF debt service calculation is based on Guggenheim Securities projection, Exhibit I. The TIF debt is for twenty years with a 6.2% interest rate.

(iii) Detailed List of Project Costs

The TIF bond funding proceeds of \$26,000,000 will assist in financing infrastructure and other related costs. The main infrastructure costs are those required by Penn Dot for improvements to roads abutting the TIF District. The current estimate of Phase One project costs is as follows:

• Construction of Kalahari Resort	\$165,510,000 ⁽¹⁾
• Pre opening legal, other costs	8,690,000
• Land Acquisition	8,000,000
• Contingency	10,000,000
• Construction interest/loan fees	7,800,000
• Off-site infrastructure	24,601,313
• Cost of Issuance	1,172,500
• Capitalized Interest	3,250,000
• Debt Reserve Fund	2,600,000
• Trustee fees and annual admin (paid annually from revenues)	0
TOTAL	\$231,623,813

(1) See Exhibit G for detailed breakdown of costs

In addition to the costs for Phase One, the estimated cost for the development of Kalahari’s Phases 2 and 3 is \$137,000,000.

The Monroe County Industrial Development Authority is the party responsible for issuing the TIF debt, even though it is not a taxing body. The Authority relies completely on the tax increment and NID to retire the TIF debt and has no obligation to pay the TIF debt from any other revenue sources. Tobyhanna Township, the County of Monroe and the Pocono Mountain School District also have no obligation to pay the TIF debt from any other revenue source. The Authority will require capitalized interest in the amount of \$3,250,000. In addition a debt reserve fund of \$2,600,000 is also included in the financing plan.

The project funds are estimated at \$18,977,500 bond are planned to be used for the off-site improvements listed in Exhibit G and other infrastructure costs. During the implementation phase of this TIF District the Authority may reallocate TIF funds based on final design and bidding of the work. Funds may be transferred among off-site and some on-site infrastructure activities to reflect the actual cost of infrastructure work.

(iv) A Description of the Methods of Financing All Estimated Project Costs and the Time When Related Costs of Monetary Obligations Are to be Incurred

Once the TIF District has been created by the Township of Tobyhanna, the Monroe County Industrial Development Authority will seek TIF Financing. At this point, the Authority will have incurred a financial obligation to retire the TIF debt (subject to the limitations described above) and the three taxing bodies will have pledged the use of incremental revenues within the TIF District to retire the TIF debt. The TIF bond closing is expected to close on or before December 2013. Funds will be needed to help build the infrastructure as Kalahari starts construction on the Phase One of the Resort in late 2013.

The amount of funds to be borrowed under this Tax Increment Financing Plan are estimated at Twenty Six Million (\$26,000,000) dollars.

In addition to the Kalahari equity and debt for the new development, the seller of the land is obligated to provide up to Four Million (\$4,000,000) Dollars towards the \$24,601,313 off-site infrastructure.

(v) Map Showing Existing Uses and Conditions of Real Property in the TIF District

An Existing Land Use Map and Conditions Boundary Map (Exhibit C) is attached to this document.

(vi) Map Showing Proposed Improvements and Uses Therein

A Site Plan showing proposed improvements has been attached to this document (Exhibit D).

(vii) Proposed Changes of any Zoning Ordinance, Master Plan, Map, Building Code or Ordinance

The entire TIF District is zoned commercial and permits the intended uses. No changes are proposed to the zoning ordinance, Regional Master Plan and Building Code.

(viii) Term of Tax Increment District

Allowing time for the taxing bodies' public approvals and to secure Tax Incremental Financing for the Tobyhanna Tax Increment Financing District, the Tax Increment Financing will begin the earlier of December 31, 2013 or the date the Authority closes on the TIF bonds. This TIF District will have a term of twenty (20) years, terminating twenty years from the date of the start of the TIF District. The TIF District may not be terminated if there is outstanding TIF debt remaining to be paid.

(ix) Economic Benefits to the Taxing Bodies

Hotel and Leisure Advisors has used industry standards to develop estimates for jobs for Phase One of the Kalahari Development as follows:

Construction Jobs: 1,181

Permanent Jobs: 727 (includes 403 part time employees)

The Hotel and Leisure Advisors Report indicated that average hotel wages in Monroe County are \$29,203.

Listed below is a summary of the taxes expected to be generated to the taxing bodies during the term of this TIF District. It includes the Phase 2 expansion of Kalahari. (Phase 3 expansion has not been included since it is not a large investment and is expected to be well into the term of the TIF District.)

- **Real estate transfer tax** A 2% transfer tax on the sale of property in Monroe County will be required. 1% of the sale amount is forwarded to the Commonwealth of Pennsylvania. The other 1% is shared equally by the Township of Tobyhanna and the Pocono Mountain School District. This tax is a one-time tax and will yield \$40,000 to the Township and \$40,000 to the School District.

- **Local Services Tax** In accordance with Pennsylvania’s Local Services Tax Act of 2007, the Township of Tobyhanna has enacted an ordinance that requires workers in the Township earning \$12,000 or more annually to pay the annual local services tax of \$52. This is the maximum amount authorized in the Act. It is estimated that 727 full and part time employees of Kalahari employed during the Phase 1 of the development will pay this tax. The number of full and part time employees will increase by 500 additional full and part time employees with the expansion of Kalahari in Phase 2 with 400 additional guest rooms and other improvements. By year 7 of this TIF Plan a total of 1,227 full and part time employees are expected to be paying this annual tax.
- **Earned Income Tax (“EIT”)** A 1% earned income tax exists in the community. This tax is shared equally by the Township and the School District. Although all workers in the Kalahari Development will be paying this tax, the Township and the School District will only retain the worker’s EIT if the worker also resides within the Township or in the case of the School District, the several municipalities the School District serves. The Authority estimates that 131 full time equivalent workers from Phase 1 will reside within the communities served by the School District and with the expansion in Phase 2, the number of workers residing in the School District’s communities will increase to 214 full time equivalent workers.

The number of employees residing in the Township is estimated by the Authority at 53 full time equivalent workers during the first Phase of the Kalahari Development and will increase to a total of 87 when Phase 2 of the Development is open and operating.

In projecting the number of full time workers for each Phase of the Kalahari Development, this TIF Plan considered two part time workers to be the equivalent of one full time worker. Thus, in Phase 1 the 403 part time workers are considered equivalent to 201 full time workers. In Phase 2, 223 full time and 227 part time workers are estimated to be added to the work force. The 227 part time workers are considered equivalent to 114 full time workers. Thus, the equivalent

full time workers for projecting the EIT are 525 for Phase 1 and 337 for Phase 2. The EIT taxes generated to the School District is estimated at approximately 25% of the work force in all phases. (Eight municipalities with a population of over 60,000 are served by the Pocono Mountain School District.) In the case of the Township, the estimate is that approximately 10% of the work force will reside in the Township.

- **County of Monroe Hotel Tax** The County has a 3% hotel tax based on rates. The Market Study for this TIF District projected the annual hotel taxes for the first ten years. The taxes start at \$1,141,000 in the first full year of operation and are listed at \$1,331,000 in year six. With the addition of 400 additional rooms by year 7, the annual hotel bed tax is projected to double to \$2,742,000 per year.
- **Phase 2 Retained Real Estate Taxes** As stated throughout the Tobyhanna Tax Increment Financing Plan, the Tax Increments will be allocated to the TIF Debt only from the additional taxes generated by Phase 1 of the Kalahari Development. Phase 2 will add 400 additional guest rooms and other improvements. Kalahari projects this development will occur in approximately five years. For conservative purposes, the Authority is estimating that the additional taxes generated by the Phase 2 expansion will not be realized until year seven of this TIF Plan. After comparing the estimated assessed provided by the Assessor for Phase 1 of \$14,212,650, the Authority estimates that Phase 2 will be assessed for by an additional \$7,000,000. 100% of the taxes on this additional estimated increase in assessed value will be retained by all three taxing bodies.

All of the taxes listed above are recurring taxes except for real estate transfer tax. The last page of this TIF Plan is a schedule of the recurring estimated taxes to be retained by each of the three taxing bodies. It also includes the tax increment base for each public body. It is noted that there have been no projections of increased millage rates for the tax increment base, nor the real estate taxes generated by the Phase 2 expansion. In regard to the EIT, the average annual hotel worker wage of \$29,203 has been used for the entire term of the TIF District. Also, no projection of additional tax revenues

from the \$22,000,000 Phase 3 expansion by Kalahari is reflected in this schedule. The Authority's intent is to present a conservative estimate of such tax revenues over the life of this TIF District.

At termination of the TIF District the annual real estate taxes generated from Phase One of the Kalahari development are projected without any increase in millage rates as follows.

County	\$ 302,019
School District	\$2,093,381
Township	\$ 215,890

The schedule shows that the School District is projected to receive a total of \$15,870,134 during the term of this TIF District. At the termination of the TIF District, the annual revenues are estimated at \$3,201,789. This amount includes 100% of the real estate taxes from Phases 1 and 2 and all other taxes.

The County is expected to receive \$45,769,540 over the life of the TIF District and the major source of such revenue is the Hotel tax for the estimated 850 guest rooms. In year 21, the annual taxes are projected to be \$3,203,621 for the County of Monroe.

Tobyhanna Township is projected to earn \$2,758,468 from the four taxes listed on the following schedule during the term of this TIF District. After the TIF District is terminated, the annual taxes per year are estimated at \$399,648.

In addition to the taxes described above, the Market Feasibility Study and Economic Impact Study, (Exhibit E) also projects visitor spending outside of the Resort and other impacts such as the impact of construction impact on jobs and earnings. This data is found in pages 10 through 20 of the Report.

(x) List of Estimated Nonproject Costs

Nonproject (off site) are considered costs incurred beyond the TIF District Boundaries which are essential to the objectives of the Tobyhanna Tax Increment Financing Plan. Such costs include the following:

• Improvements to Interstate 380 and State Roads	\$8,101,313
• Access Road from State Roads to the Project	\$2,000,000
• Water System extension	\$3,000,000
• Sewer System extension	\$3,000,000
• Natural Gas extension	\$4,500,000
• Internet extension & Coax or Fiber extension	\$2,000,000
• Electric Service extension	1,000,000
• Contingency	<u>\$1,000,000</u>
TOTAL	\$24,601,313

The water system extension requires the development of a well, a water treatment facility at the well and a water transmission line to a new water tank with a 1.0 million gallon capacity. A booster pump and water distribution line to the TIF District is included in this \$3,000,000 cost estimate.

The funding of these offsite improvements are needed not only for Phase One of the Kalahari Project but also are needed for the expansion of Kalahari in Phases Two and Three.

(xi) **Statement of Proposed Method for the Relocation of Families, Persons and Businesses to be Temporarily or Permanently Displaced from Housing or Commercial Facilities in the Project Area by Implementation of the Plan.**

This tax increment financing plan will not cause any temporary or permanent displacement of families or persons or commercial facilities.