

Economic Investment Program Agreement for E-One, Inc.

Return on Investment - Analysis

The Applicant intends to construct the facility on the premises so that it consists of approximately 80,000 square feet of usable area, at a cost of approximately \$25.55 million.

FISCAL IMPACT:

The City's proposed investment of \$193,000 is projected to achieve a payback period of approximately 13 months. Over a five-year horizon, the estimated present value return on investment is \$359,897, derived from increases in ad valorem tax revenue and electric revenue.

Key Impacts

Ad Valorem Tax Revenue

- Estimated new annual tax revenue: \$78,585
- Current annual tax revenue: \$26,606
- Estimated new annual tax revenue: \$105,191

Electric Revenue

- Estimated annual electric revenue: \$82,307
- A portion of this revenue contributes directly to the City's General Fund.

Overall Return

- Five-year return on investment: 186 percent, based on combined increases in ad valorem taxes and electric revenue.

Payback Period

- Estimated payback period on the \$193,000 investment: approximately 13 months

Assumptions

1) Tax Rate and Cost of Capital

- a) Use current fiscal year 2025-2026 ad valorem tax rate.
- b) Tax rate remains constant throughout the analysis.
- c) Present value cost of capital is three percent (3%) and remains constant throughout the analysis.

2) Construction Capital Investment

- a) Assumes taxable value of 50% cost of construction.
- b) No annual change in property values.