

## **Analysis of WINCO MFG., LLC Return on Investment**

The company's estimated capital investment for developing the manufacturing facility is approximately \$5.7 million.

### **Assumptions**

#### **1) Tax Rate and Cost of Capital**

- a) Use current fiscal year 2021-2022 tax rate of \$0.0066177.
- 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 85% cost of construction.
- b) Tax collection rate of 95% based on early tax payment discount.
- c) No annual change in property values.

#### **3) Electric Utility Usage**

- a) OEU Profit (Loss) based solely on wholesale power costs vs. revenue. OEU operational costs not considered.
- b) Wholesale power costs based on a 12-month average, as of July 2022.
- c) Wholesale power cost held constant over entire 5, 10, 15, 20, 25, and 30-year periods.
- d) Calculations are based on estimated annual usage of 117,000 KWH/month and 245 KVA/month.

### **FISCAL IMPACT:**

The estimated payback period on the City's proposed \$60,000.00 investment is approximately 0.75 years. The estimated 5-year present value return on investment is approximately \$531,885.22; this is comprised of ad valorem tax revenue of \$ 171,019.96, a transfer to general fund of \$48,072.03, utility tax of \$86,235.41 and electric revenue of \$226,557.82.