

Report to the Manitowoc Plan Commission

Meeting Date: April 26, 2017

Report Print Date: April 21, 2017; 10:25 AM

Request: (PC 12-2017) Proposed Project Plan Amendment #4 for Tax Incremental Financing District #15; Dowco Expansion

Applicant: Dowco, Inc (and Webcor, LP as the property owner)

Project Description: This is a Tax Incremental Financing project request that will involve a project plan amendment for TID 15 (Harbor Town) if authorized to proceed. The related project is located at 4230 Clipper Drive and involves the expansion of manufacturing facilities including plastic blow molding/rotational molding and material cut-and-sew toward the production of accessories for boats, motorcycles, tractors, and recreational vehicles (snowmobiles, ATVs, etc.). The proposed project will proceed on one of two paths generally summarized by the following:

- Scenario 1 – Relocate plastics operations from Minnesota to Manitowoc
 - Create 40 new jobs
 - Construct approximately 40,000 sf building expansion
 - Invest \$2.5 million
- Scenario 2 – Relocate all operations from Minnesota to Manitowoc
 - Create 117 new jobs
 - Construct approximately 80,000 sf building expansion
 - Invest \$3.5 million

Request: For Scenario 1, cash grant of up to \$498,000 (or 20% of project costs). For Scenario 2, cash grant of up to \$648,000 (or 19% of project costs). In either scenario, TIF funds would be provided for the purpose of public or private utility or other infrastructure improvements, building construction, site preparation, architectural or engineering design fees, purchase and installation of fixtures (including machinery and equipment), or other eligible building improvement related costs. And in either scenario, \$48,000 of the TIF grant would be set aside specifically to assist with a short-term lease of warehouse space to help facilitate the immediate movement of additional production equipment into their existing Clipper Drive facility.

Existing Land Use and Assessed Value: 10.8 acre parcel with 80,000 sf manufacturing facility. Currently assessed at \$1,743,700 in real estate value.

TID Details and Status:

The subject property is not located within an existing TIF district. The nearest district is TID 15 (Harbor Town), and the site is located within ½ mile of the existing boundary.

- Creation Year: 2002
- Certified Base Value: \$19,468,800
- Current Equalized Value: \$86,164,600

- Expenditure Period Ends: 5/20/2024

Project Evaluation:

Eligibility

Wisconsin Statutes allow for grants to developers where a development agreement has been executed with the municipality. Wisconsin Statutes also allow for the use of TIF funds for project costs outside of the TID boundary, but within ½ mile, if the project plan identifies such projects. The TID 15 Project Plan specifically allows for cash grants to developers and it allows for expenditures outside of its boundaries, but this particular project outside of its boundaries is not identified in the Plan. While all the potential project costs are eligible uses of TIF funds under the statute, the TID 15 Project Plan should be amended to specifically identify this project outside, but within ½ mile, of its existing boundary.

Applicable TID Plan

TID 15 is a blight elimination TIF district that was originally created to increase retail development opportunities in the community. Since its creation, it has supported the generation of more than \$65M in incremental value. And since its creation, in recognition of its interconnectedness to other elements of the local economy, has been used to fund other projects outside its boundaries, including the reconstruction of Dewey Street and making contributions to other TIDs as a “Donor” district. In this case, job creation is the driving force behind the proposed TIF contribution to the Dowco project. While not a blight elimination project in itself, the creation of these additional jobs helps support the Harbor Town retail district by increasing household incomes, reducing unemployment, expanding the retail customer base, and potentially increasing the community population. Conversely, the loss of these jobs would be detrimental to the Harbor Town shopping district.

Financing Gap and Need for TIF

The applicant has provided a capital investment and job creation plan over a three year project period extending out to 2019. The plan currently includes the two scenarios described above, and a final scenario will be determined before a development agreement would be executed. As the project evolves, additional details on the specific sources and uses of funds will be provided. At this time, the requested amount of TIF assistance represents a competitive proposal.

Conclusions and Recommendation: The proposed expansion of the Dowco company represents a unique and timely opportunity, the response to which has involved the collaboration of the City of Manitowoc, Progress Lakeshore, the Wisconsin Economic Development Corporation, and Manitowoc County. This project, in either scenario, would not happen in the City of Manitowoc but for the provision of the requested TIF assistance. Without the requested TIF assistance, the scenario would likely reflect a loss of Manitowoc employment. The Community Development Department requests Plan Commission authorization to proceed with the related Project Plan amendment for TID 15.