

J.M.
8-17-15

15-851

COMMON COUNCIL RESOLUTION ADOPTING PROJECT PLAN AMENDMENT NO. 3
TO TAX INCREMENTAL FINANCING DISTRICT NO. 15 OF THE CITY OF MANITOWOC

WHEREAS, §66.1105 Wis. Stats., ("Tax Increment Law") authorizes Wisconsin cities to create tax incremental districts, to define the boundaries of such districts, to cause project plans to be prepared and approved, and to amend district project plans to include financing for public improvements outside of the Tax Incremental Financing District boundary, but within one-half mile of the boundary; and

WHEREAS, the Common Council of the City of Manitowoc, on May 20, 2002, at a duly convened meeting and having followed the requirements of the Tax Increment Law as then existed, adopted the original project plan and boundaries for the creation of Tax Incremental Financing District No. 15 of the City of Manitowoc (TID 15); and

WHEREAS, the Common Council of the City of Manitowoc, on March 17, 2008 and on July 16, 2012, at a duly convened meetings and having followed the requirements of the Tax Increment Law as then existed, adopted Boundary and Text Amendment No. 1 and Text Amendment No. 2 to the original project plan of TIF15 respectively; and

WHEREAS, the attached project plan text amendment identifies the Dewey Street Pavement and Stormwater Utilities Reconstruction project as integral to the continued success of TID 15 and partially located outside of the TID boundary but within one-half mile pursuant to §66.1105(2)(f)n Wis. Stats.; and

WHEREAS, the Plan Commission of the City of Manitowoc, Wisconsin on July 29, 2015, at a duly convened meeting: (a) conducted a duly noticed public hearing pursuant to §66.1105(4)(h)1 Wis. Stats., at which interested parties were afforded a reasonable opportunity to express their views on the attached amendment to the project plan for TID 15, and (b) following said public hearing, adopted a resolution approving the amendment to the project plan for TID 15; and

WHEREAS, prior to the publication of the notice of the hearing before the Plan Commission, a copy of such notice was sent by first class mail to the chief executive officer or administrator of all local governmental entities having the power to levy taxes on the property within TID 15.

AND WHEREAS, the amended project plan for TID 15, which is attached to this Resolution and incorporated herein by reference, meets all of the requirements of the Tax Increment Law as set forth in § 66.1105 Wis. Stats.; and

NOW THEREFORE, BE IT RESOLVED that the Common Council of the City of Manitowoc hereby approves the attached Project Plan Text Amendment No. 3 to Tax Incremental Financing District No. 15.

Fiscal Impact: If approved, will generate \$1,240,000 in revenue toward Dewey Street reconstruction

Funding Source: Tax increments from TID 15. (fund 4415)

Finance Director Approval: July 16, 2015 TIF Joint Review Board Meeting

Approved as to form:

INTRODUCED AUG 17 2015 _____

ADOPTED _____

APPROVED _____

JUSTIN M. NICKELS, MAYOR

**PROJECT PLAN TEXT AMENDMENT NO. 3 TO TAX
INCREMENTAL FINANCING DISTRICT NO. 15**

**Identification of Project Costs for Territory Located Within
One-Half Mile Radius of the District Boundary Under
Ch. 66.1105(2)(f)n, Wis. Stats.: Dewey Street Reconstruction**

**City of Manitowoc, WI
July 2015**

I. Introduction

This section of the Project Plan is amended to add the following updates:

Tax Incremental Financing District (TID) 15 has continued to perform above expectations. As of December 2014, the total equalized value for the District was \$84,873,600 representing an incremental value of \$65,404,800. TID 15 is projected to be able to pay off all remaining obligations and close over the next several years. The District can remain open by law until 2029, so this would represent a significant advance on the expected closure. It remains the City's goal to close TID 15 early and to disburse a positive balance of funds to the taxing jurisdictions.

Because TID 15 has performed so well, the City has considered options for sharing some of the increment generated outside of the district boundaries where appropriate. TID 15 has been designated as a "donor" by a previous amendment (2012) for the purpose of assisting with other TIDs that have been negatively impacted by revaluation, the 2008-2012 recession, or other severe challenges.

Another available sharing option allows the funding of related projects that are integral to the District but are located within one-half mile beyond the existing boundary. This project plan amendment authorizes a project expenditure of this nature. The Dewey Street reconstruction project is integral to the health and function of TID 15, and is located both within and outside of, but within one-half mile, of the TID boundary. No changes to the TID boundary are included in this amendment.

The City of Manitowoc continues to make disciplined use of Tax Incremental Financing. The total incremental value included in all districts was 6.26% of the City's total equalized value in 2014, well below the 12% maximum currently allowed by law. One TID (No. 8) has been closed so far in 2015, and plans are in place to close two additional TIDs within the next 2 years.

II. Goals and Objectives for Retail Development

This section of the Project Plan is not being further amended by Text Amendment No. 3.

III. Existing Uses and Conditions of Real Property

This section of the Project Plan is not being further amended by Text Amendment No. 3.

IV. Non-Project Costs

This section of the Project Plan is not being further amended by Text Amendment No. 3.

V. Proposed Improvements/Uses in the TIF District

This section of the Project Plan is amended to add the following updates:

Dewey Street is a primary thoroughfare serving TID 15 and the surrounding area and is an essential piece of infrastructure that contributes to and upholds the value of property within TID 15. The pavement and subgrade have severely deteriorated in condition over the years, and the street is now overdue for reconstruction. Related stormwater management improvements are also necessary at this time. In 2016, Dewey Street will be reconstructed from S 26th Street to a point 400 feet west of S 39th Street, which includes a total of 4,350 linear feet. As shown on the attached map (Amendment to Proposed Utility and Street Improvements), 1,730 linear feet or 40% of the total project are located within TID 15, and 2,620 linear feet or 60% are located outside of the TID, but within one-half mile.

While the City of Manitowoc remains committed to an aggressive debt reduction plan, this street and utility project has been prioritized as a top need under its capital improvements planning and budgeting process. The entire cost of the project cannot be supported by the capital budget, so assistance from TID 15 is needed for a portion of the total project cost.

VI. Statement of Kind, Number, and Location of All Proposed Public Works or Improvements Within TIF District, or to Extent Permitted Outside District

This section of the Project Plan already addresses projects within one-half mile of the boundary and is not being further amended by Text Amendment No. 3.

VII. Estimated Project Costs

This section of the Project Plan is amended to add the following updates:

The following projects are eligible TIF expenditures that are located outside of the TID boundary but within one-half mile. These projects have been approved by the Common Council and the TIF Joint Review Board.

Project Cost Item (,000 omitted)	TIF Project Cost (2016)	Total Project Cost (balance covered by other sources)
1. Dewey Street Pavement and Stormwater Utilities Reconstruction	\$1,240	\$2,760

VIII. Economic Feasibility Study

This section of the Project Plan is amended to add the following updates:

The 2014 financial conditions of TID 15 support the proposed additional project costs. The following TIF Increment Analysis and Projection demonstrates that the district can pay off its debt obligations, including the additional \$1.24 million, by 2018; more than 10 years before the District is required to be closed in 2029. This conservative projection assumes that no further tax increment is being generated by new development, and thus holds annual revenue at the current level.

Table: TIF Increment Analysis and Projection – With New Project Costs

Year	Total Revenues	New Project Costs	Total Expenditures	Balances	
				Annual	Cumulative
2014	\$1,505,046		\$1,505,046	\$0	\$0
2015	\$1,531,171		\$1,519,589	\$11,582	\$11,582
2016	\$1,531,171	\$300,000	\$1,530,963	\$208	\$11,790
2017	\$1,531,171	\$420,000	\$1,465,192	\$65,979	\$77,769
2018	\$1,531,171	\$520,000	\$1,522,704	\$8,467	\$86,236
2019	\$0		\$0	\$0	\$0

The following table demonstrates for comparison how TID 15 was expected to perform without these additional project costs. Note that the year of potential closure has not changed. With or without the Dewey Street project costs, projected 2018 balance exceeds the scheduled debt payments. This expected positive cash flow is the reason that TID 18 was designated as a donor district by Project Plan Text Amendment No. 2.

Table: TIF Increment Analysis and Projection – Without New Project Costs

Year	Total Revenues	New Project Costs	Total Expenditures	Balances	
				Annual	Cumulative
2014	\$1,505,046		\$1,505,046	\$0	\$0
2015	\$1,531,171		\$1,519,589	\$11,582	\$11,582
2016	\$1,531,171		\$1,230,963	\$300,208	\$311,790
2017	\$1,531,171		\$1,045,192	\$485,979	\$797,769
2018	\$1,531,171		\$821,866	\$709,305	\$1,507,074
2019	\$1,531,171		\$63,175	\$1,467,996	\$2,975,070
2020	\$1,531,171		\$61,975	\$1,469,196	\$4,444,266
2021	\$1,531,171		\$55,688	\$1,475,483	\$5,919,749

IX. Methods of Financing and Schedule of Costs

This section of the Project Plan is not being further amended by Text Amendment No. 3.

X. Proposed Changes in Zoning Ordinance, Master Plan, Building Codes, and Other City Ordinances

This section of the Project Plan is not being further amended by Text Amendment No. 3.

XI. Statement of Orderly Development

This section of the Project Plan is amended to add the following updates:

4. The City of Manitowoc Comprehensive Plan (2009) serves as the current Master Plan for the City and was developed and adopted in accordance with Ch. 66.1001, Wis. Stats. The additional public works improvement (Dewey Street reconstruction) is compatible with, and not contradictory to, the City's adopted Comprehensive Plan. It is therefore, consistent with the City's Comprehensive Plan.

XII. Method of Relocation

This section of the Project Plan is not being further amended by Text Amendment No. 3.

XIII. Opinion of City Attorney

This section of the Project Plan is amended to add the following updates:

Please refer to the attached letter from the City Attorney which provides her opinion that *Project Plan Text Amendment No. 3 to Tax Incremental Financing District No. 15* is complete and complies with the related provisions of the Wisconsin Statutes.