

April 16, 2015

Analysis of and Recommendations for City of Manitowoc Tax Incremental Districts



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Analysis of and Recommendations for City of Manitowoc TIDs

Ehlers has worked collaboratively with the City of Manitowoc's Community Development and Finance Departments to produce this Report of the City's existing Tax Incremental Districts (TIDs). This Report includes financial profiles as prepared by City staff, recommendations specific to individual TIDs, and recommendations to effectively manage the use of Tax Incremental Financing (TIF) across City departments.

TIF is the City's most powerful economic development tool; collectively the existing 10 TIDs that remain open have contributed in excess of \$118,000,000 in tax base. This Report identifies opportunities and recommendations to best leverage this tool to its fullest extent, which requires that all City staff work collaboratively. Additionally, City elected and appointed officials, as organizational decision-makers, must be afforded the best information available to formulate policies and priorities in order to maximize the benefits of TIF.

The recommendations related to each TID and management of all the TIDs are generally based on current and potential new legislation and best practices we have seen across the entire state of Wisconsin, as well as other regions where we participate in economic development planning and fiscal matters.

We wish to thank all stakeholders for their contribution to this Report, most specifically the Community Development and Finance staff for their tremendous investment of time, resources and institutional knowledge. The goal of these efforts is that they serve as a foundation to manage TIF in the future for the benefit of all in the City.

Respectfully submitted,

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SECTION 3: Summary of Recommendations

General Recommendations

1. Capital Planning
 - a. TIF projects should be considered “self-supporting” and generally dissociated from limitations imposed by the City’s current capital planning process
 - b. If project is feasible within context of existing/anticipated cash flow, then should be considered by Council for approval
 - c. Debt financing of projects needs to be considered in the context of the City’s current debt metrics and rating(s)
 - d. The City should maximize the potential of TIDs as defined in the Project Plans
2. Allocate “some” administrative costs to TIDs on an annual basis. Costs that are directly attributed to supporting TID activities.
3. Treat TIDs like the City’s enterprise funds (i.e. a “development” utility)
 - a. Long-term planning
 - b. Multi-department coordination
 - c. Prepare an annual budget based on planning that has occurred throughout the year
4. Provide Plan Commission and Council summary TID report(s) at least annually
 - a. Council and PC should understand financial condition of TIDs, allowing both bodies to prioritize and make informed decisions
 - b. Coordination will allow for better execution of TIDs when elected/appointed bodies are an integral part of the process

Potential Action Items

1. Closure of Distressed TIDs
 - a. As demonstrated the plan is to close TID 8 in 2015 and TIDs 11 & 12 within the next 3-years, or as soon as practical
2. Donor TIDs
 - a. TIDs 10, 13, 15, & 17 could be considered as donors to TIDs 14 & 16
 - b. Close the donor TIDs as soon as practical
3. TID Amendments
 - a. Amend TID 15 to include a portion of Dewey road project
 - b. Possible amendment of TID 15 to share revenue with TID 14 & 16
4. TID Creation
 - a. The City will be proposing the creation of TID 18 for the Redevelopment of Lakeview Mall area.