

Report to the Manitowoc Plan Commission

Meeting Date: May 23, 2018

Report Print Date: May 18, 2018; 9:42 AM

Request: (PC 10 - 2018) Tax Incremental District #12 (Manitowoc I-43 Industrial Park, Phase III) Territory Subtraction Amendment and Adopting Resolution

Reason for the Request: Community Development staff have been working with five Manitowoc areas businesses that are planning new construction or expansion of existing facilities in the I-43 Technology and Enterprise Campus (or I-43 Tech Park). The need for Tax Incremental Financing (TIF) assistance has become apparent in these conversations for reasons of soil conditions, site preparation issues, the presence of small wetlands, and competition with other business parks in the regional market. None of the existing TIF Districts (TIDs) in the I-43 Tech Park are currently functional. TIDs 9 and 10 have aged out and can no longer provide funds to new projects. District 12 is designated as Distressed and can no longer provide funds to new projects. Without a new TID that is able to fund projects, these business starts and expansions will not occur to the same extent, and some may not occur at all, in the City of Manitowoc.

These five projects, while still conceptual at this stage, are estimated to include about \$21 million in construction value. By taking steps to create a new TID for the I-43 Tech Park, these businesses will be encouraged to further their commitments toward building their planned projects. A new TID cannot be created that overlays a Distressed district, so the boundary of TID 12 must first be amended to subtract the parcels where new development is expected to potentially receive TIF assistance.

The Plan Commission's role in the process of amending a TID is to review the project plan and boundary, to make a recommendation to the Council via resolution, and to conduct the public hearing.

Existing Land Use: The territory proposed for subtraction from TID 12 primarily consists of vacant lands in the I-43 Tech Park. The vacant lands are farmed as an interim use prior to development. One developed parcel is included in the subtraction area which is owned by Apex Leasing (tenant is R2H Flavor Technologies). A map of the proposed territory subtraction is provided in the Project Plan.

Existing Zoning: The proposed territory subtraction area is primarily zoned I-1, Light Industrial, with additional zoning regulations applied through the *Manitowoc I-43 Industrial Park Protective Covenants*.

Comprehensive Plan: The TID 12 territory subtraction area is intended to support the creation of a new district, TID No. 21. For the proposed area of TID 21, the City of Manitowoc Comprehensive Plan recommends Office/Industrial on the map of future land uses. The

proposed new Industrial TID is consistent with the map of future land use, and the boundary amendment to TID 12 is necessary for the creation of the new Industrial District.

Report: In 2012, TID 12 was designated by the City as a “Distressed” district due to its poor financial performance and so that it could receive excess increment from “Donor” districts on an annual basis. As such, TID 12 cannot fund new project costs, and it cannot be overlaid by another district to fund new project costs. This boundary amendment will subtract territory from the Distressed TID 12 in order to allow the creation of a new District that can be used to provide TIF assistance to several potential business expansion and new construction projects. The anticipated projects behind the initiative to create TID 21 are explained further in the staff report for that item (PC 12-2018).

The parcels included in the subtraction area are all necessary either to accommodate anticipated development, or to ensure that both TID 12 and the proposed new District will have contiguous boundaries and consist of whole parcels. It would have been ideal to subtract only vacant parcels in order to leave all existing tax increment value in TID 12 to help pay off its existing obligations. However, one developed parcel had to be included (Apex Leasing/R2H) so that the parcel directly to its north could also be included in the new District. This subtraction of some increment value is not expected to harm the planned closure of TID 12. The primary source of increment, the properties owned by Jagemann Stamping, will remain in TID 12 and have been used exclusively to this point to project future cash flow. The specific property values for each parcel are shown in the attached TID 12 project plan.

The proposed amendments to the TID 12 Project Plan and boundary are attached for your review. The public hearing is being held in conjunction with requesting Plan Commission approval of the amendments. An adopting resolution is also attached for your review.

Recommendation: The Community Development Department recommends that the Plan Commission adopt the resolution approving the TID 12 territory subtraction including the boundary amendments and supporting project plan amendments.

Timeline for TID 21 Creation and TID 12 Boundary Amendment Combined Hearings Method

* All JRB meetings must be preceded by a class 1 notice (one insertion at least 5 days prior to meeting)

Statute	Action Required	Date
	Staff prepares draft TID boundary and project plan <ul style="list-style-type: none"> • Identify parcels • Gather required data and make maps • Meet with property owners • Identify projects and costs • Include all required plan and boundary components 	April/May 2018
	Staff introduces TID plans and boundaries to PC for TID 21 district creation and TID 12 subtraction	April 25, 2018
66.1105(4)(a)&(e)	Notice sent (prior to publication of the hearing) to taxing entities providing notice of intent to create TID 21 and to amend TID 12 and requesting them to send their representative to the Joint Review Board meeting	May 1, 2018
66.1105(4m)(e)	Publish class 1 notice for initial JRB meeting (at least 5 days prior to meeting)	May 8, 2018
66.1105(4)(e)	1st notice (class 2) published regarding TID Hearing at PC (7 days before 2nd notice) for TID 21 creation and TID 12 subtraction	May 8, 2018
66.1105(4m)(a)	Initial Joint Review Board meeting* for TID 21 creation and TID 12 subtraction – confirm process and introduce draft TID plans (within 14 days of 1st notice of public hearing, but before public hearing)	May 15, 2018
	2nd notice published regarding TID hearing (7+ days before the hearing at PC) for TID 21 creation and TID 12 subtraction	May 15, 2018
66.1105(4)(a)(e)&(f)	PC hold public hearing for TID 21 plan and boundary and TID 12 amendments; PC approves the plans and boundaries, and recommends that the Common Council adopt TID 12 subtraction (1 st) resolution and TID 21 creation resolution (2 nd)	May 23, 2018
66.1105(4)(e),(g)&(gm)	Council adopts TID 12 Subtraction and Project Plan Amendment Resolution (no less than 14 days after public hearing, but before September 30)	June 18, 2018
66.1105(4m)(e)	Publish class 1 notice for second JRB meeting (at least 5 days prior to meeting)	June 19, 2018
66.1105(4m)(b) &(c)	2 nd Joint Review Board Meeting* to make a final decision on TID 12 Subtraction and Project Plan Amendment and Resolution (within 30 days after Council adoption) and notifies Council of its decision within 7 days of its meeting	June 26, 2018

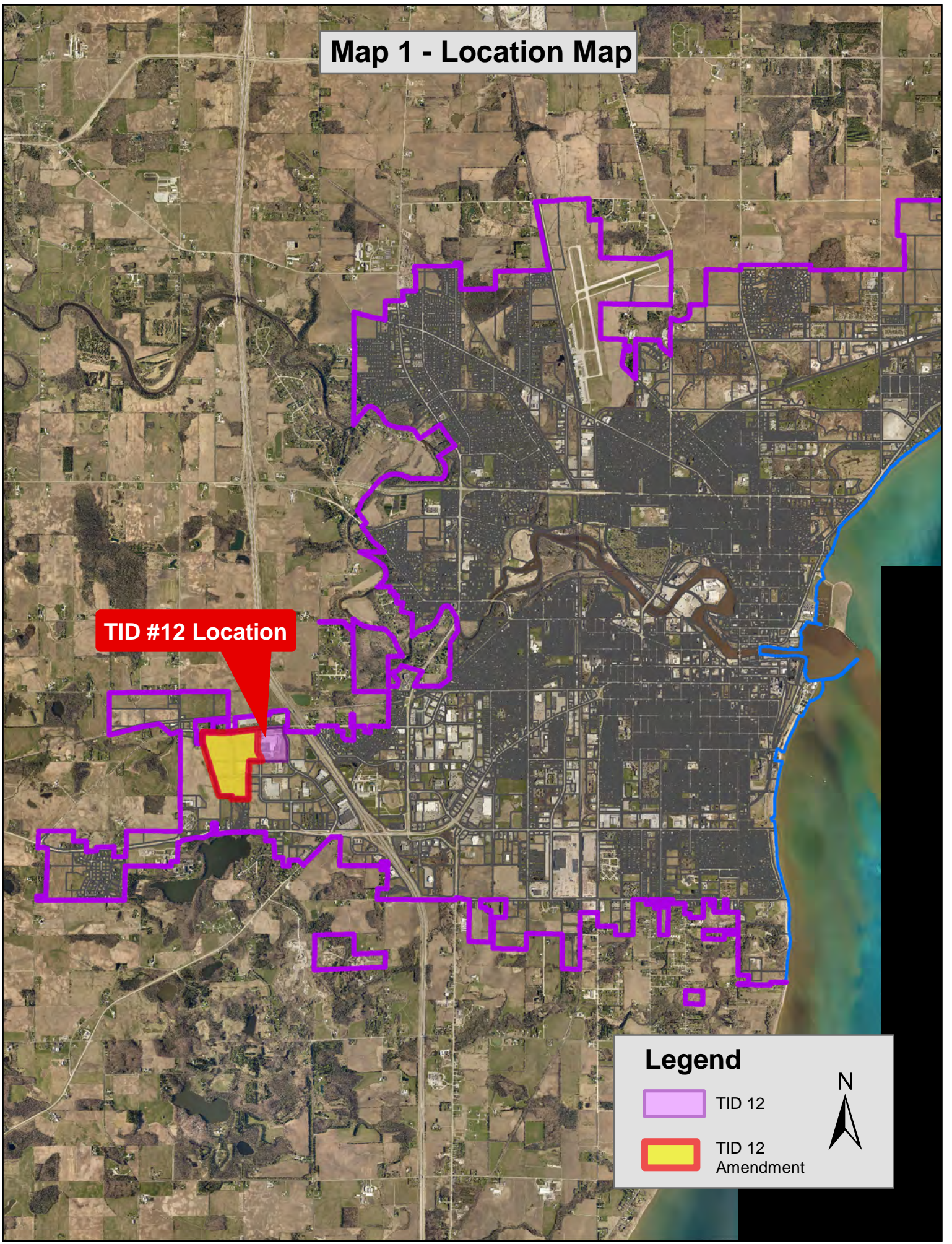
66.1105(4)(e),(g)&(gm)	Council adopts TID 21 Project Plan and Creation Resolution (no less than 14 days after public hearing, but before September 30)	July 16, 2018
66.1105(4m)(e)	Publish class 1 notice for second JRB meeting (at least 5 days prior to meeting)	July 17, 2018
66.1105(4m)(b) &(c)	2 nd Joint Review Board Meeting* to make a final decision on TID Project Plan and Resolution (within 30 days after Council adoption) and notifies Council of its decision within 7 days of its meeting	July 24, 2018
	City Clerk/Staff submits completed application forms and base value certification request to DOR (before October 31)	October 12, 2018
	City Clerk and City Assessor identify TID parcels in tax roll	

Map 1 - Location Map

TID #12 Location

Legend

- TID 12
- TID 12 Amendment



**Tax Incremental
Financing District No. 12
(Manitowoc I-43 Industrial Park – Phase III)**

**Project Plan Amendment No. 2 (and Boundary
Amendment No. 1)**



City of Manitowoc Wisconsin

Plan Commission Review Draft – May 23, 2018

Acknowledgements

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Scott McMeans - District 2

Jeremiah Novak – District 3

Jim Brey – District 4

Lee Kummer – District 5

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Todd Lotz - District 7

Dave Soeldner - District 8

Steve Czekala - District 9

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I. Introduction

This is the first boundary amendment and the second project plan amendment to the City of Manitowoc's Tax Increment District No. 12 (TID 12). This amendment involves amending the boundary to subtract territory.

The City of Manitowoc created TID No. 12 on August 16, 1999 to facilitate the third phase of the I-43 Industrial Park. Most of the land in this expansion of the Industrial Park remains vacant today, and as a result, the District has not performed well. The City has previously approved Project Plan Amendment No. 1 in order to declare TID No. 12 as a Distressed District. That amendment was approved by the Common Council on July 16, 2012.

This TID 12 Project Plan Amendment No. 2 modifies the TID Boundary to subtract territory. The parcels to be subtracted are shown in the table in Section III below and on Map 1. This modification will help facilitate the industrial development of several properties within Phase II of the I-43 Industrial Park by allowing the City to finalize the creation of a new TID for the surrounding area.

The TID 12 boundary amendment has been prepared in compliance with Wisconsin Statutes Chapter 66.1105(4)(h). The TID 12 Amendment No. 2 shall be attached to the TID 12 Project Plan and become part of the original project plan adopted by resolution of the Manitowoc Common Council.

There are no modifications being made to the Project Plan other than those related to the Boundary amendment.

TID 12 has a deficit fund balance, but is projected to be paid off and terminated in 2019. The liabilities for TID 12 will be paid off using revenue from TID 12 and donor TIDs. The subtraction of territory from TID 12 is mostly non-taxable property will not adversely impact the projected revenue, because the parcels being subtracted are owned by the City and have no equalized value. The amendment does include the removal of one parcel recently developed by Apex Leasing for the tenant R2H Flavor Technology. This parcel is being removed only because two isolated "islands" of territory would be left behind in TID 12 as modified if the Apex Leasing parcel is not included. This is not expected to have a significant impact to the ability to satisfy TID 12's outstanding obligations, as the vast majority of the increment value will remain in TID 12 under the parcels owned by the Jagemann Stamping Company.

As required by Wisconsin Statutes Chapter 66.1105(5)(b), a copy of the Amendment will be submitted to the Wisconsin Department of Revenue and used as the basis for the certification of Amendment No. 2 of Tax Increment District No. 12.

II. Process and Timeline

Notice of the Public Hearing was mailed to the overlying taxing jurisdictions and Joint Review Board members on May 3, 2018. Public Hearing notices were published on May 8 and May 15, 2018. A Joint Review Board notice was also published on May 8, 2018. The initial Joint Review Board meeting was held on May 15, 2018. The Plan Commission held a public hearing on the amendments on May 23, 2018, and after the public hearing, the Plan Commission approved the TID 12 Amendment No. 2 (and

Boundary Amendment No. 1) and recommended it to the Common Council for adoption. The TID 12 Amendment No. 2 (and Boundary Amendment No. 1) was adopted by resolution of the Common Council on [REDACTED].

TID 12 Amendment No. 2 (and Boundary Amendment No. 1) was reviewed and approved by the Joint Review Board as required by Wisconsin Statutes. A notice for the final meeting of the Joint Review Board was published on June [REDACTED], 2018. The final meeting of the Joint Review Board was held on June [REDACTED], 2018 where the Joint Review Board approved the TID 12 Amendment No. 2 (and Boundary Amendment No. 1).

As required by Wisconsin Statutes Chapter 66.1105(5)(b), a copy of the Project Plan and Boundary will be submitted to the Wisconsin Department of Revenue and used as the basis for the certification of TID 12 Amendment No. 2 (and Boundary Amendment No. 1) in the City of Manitowoc.

III. Summary Plan of Industrial Development with TID 12

The purpose of TID 12 will not change as a result of this amendment, however, some of the territory from the original TID boundary will be subtracted.

The original TID 12 boundary included 123.3 acres. Boundary Amendment No. 1 subtracts 93.2 acres (85.4 acres of real property and 7.8 acres of right-of-way). The following table summarizes the area of whole parcels and adds the area of public streets.

Parcel ID	Owner Name	Acres	Value
449006020	APEX LEASING	6.3	\$ 750,700
449004030	MANITOWOC CITY OF VACANT LOT	22.0	\$ 0
449007020	MANITOWOC CITY OF VACANT LOT	10.2	\$ 0
449007010	MANITOWOC CITY OF VACANT LOT	24.7	\$ 0
449006030	MANITOWOC CITY OF VACANT LOT	22.2	\$ 0
		85.4	\$ 750,700
	STREET RIGHT-OF-WAY	7.8	
	Total Acres Subtracted	93.2	

IV. Statement of Purpose and Summary of Findings

There is no change to this section.

V. Statement of Kind, Number, and Location of Public Works and Other Projects

There is no change to this section.

VI. Detailed List of Project Costs

There is no change to this section.

VII. Non-Project Costs

There is no change to this section..

VIII. Economic Feasibility, Financing, and Timetable

There is no change to this section.

IX. Equalized Value Test

There is no change to this section.

X. Statement of Impact to Overlying Taxing Jurisdictions

There is no change to this section.

XI. Proposed Changes to City Plans and Ordinances

There is no change to this section.

XII. Statement of Orderly Development

There is no change to this section.

XIII. Method of Relocation

There is no change to this section.

XIV. District Boundaries

A revised boundary map legal description is included as Exhibit A.

XV. Findings

There is no change to this section.

XVI. Opinion of City Attorney

Please refer to Exhibit B for a statement of legal compliance by the Manitowoc City Attorney.

XVII. Maps and Exhibits

The following pages contain the supporting maps and additional exhibits referenced in the text of this Project Plan.

Map 1: District Boundary Amendment

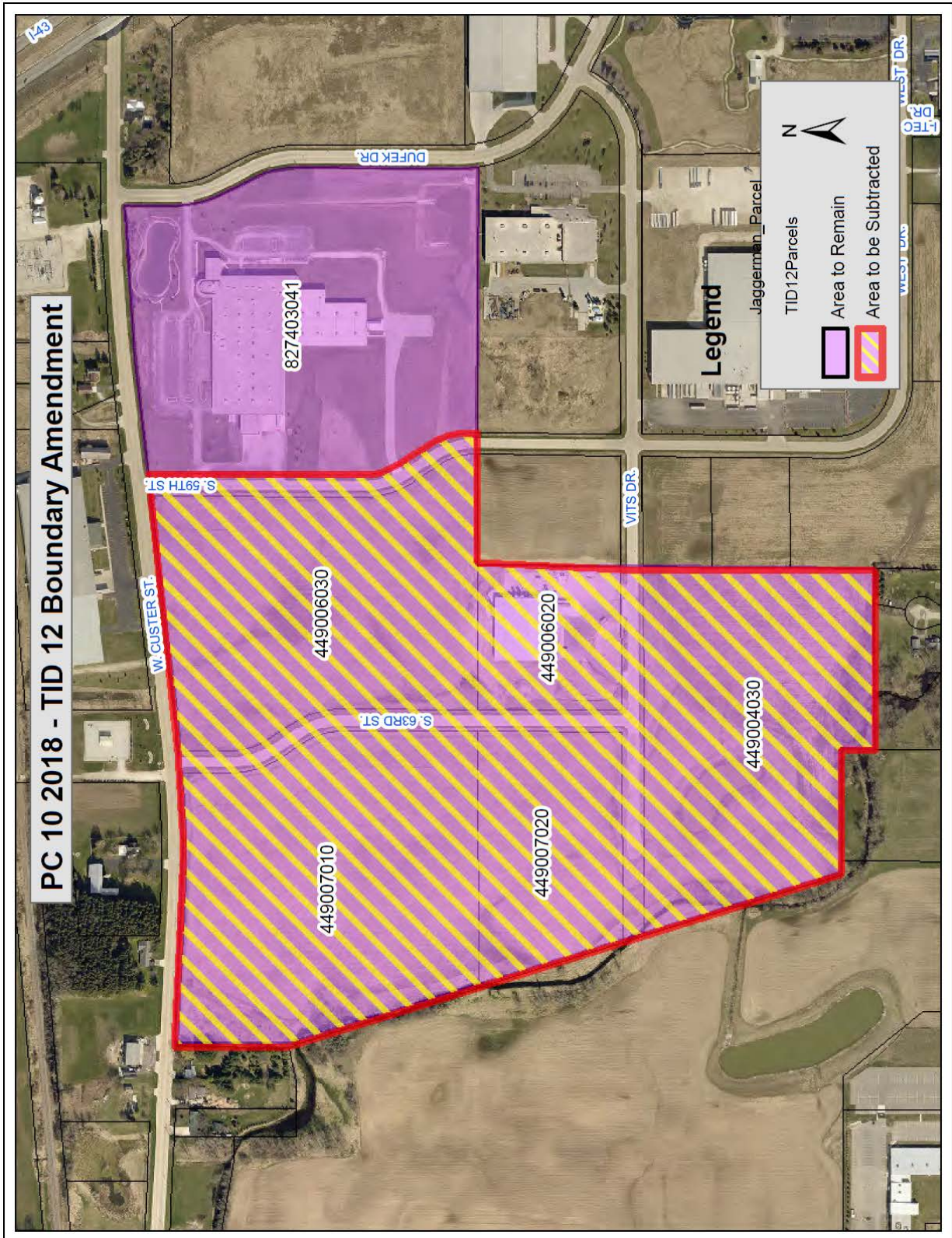


Exhibit A – Legal Description

T.I.D. #12 Boundary Amendment Description May 2018 **Needs Updates**

A tract of land in the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$ and the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ and the SE $\frac{1}{4}$ of the SE $\frac{1}{4}$ in Section 27 and the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$ Section 34 all in Township 19 North, Range 23 East, City of Manitowoc, Manitowoc County, Wisconsin, described as follows:

Commencing at the northwest corner of Lot 3, Block 6 of Manitowoc I-43 Industrial Park Subdivision No. 3; thence southerly along the east right-of-way line of S. 63rd Street 1,631.21 feet to the north right-of-way line of Vits Drive; thence easterly along said right-of-way line 522.89 feet to the southwest corner of Lot 1, Block 6 of Manitowoc I-43 Industrial Park Subdivision No. 2; thence northerly along the west line of said Lot 519.75 feet to the Northwest corner of said Lot 1 also being the north line of Section 34 ; thence easterly along said section line 1,446.28 feet to the west right-of-way line of Dufek Drive; thence northerly along said right-of-way line 1,309.66 feet to the south right-of-way line of W. Custer Street; thence westerly along said right-of-way line 1,992.04 feet to the point of beginning. Described TID excludes wetlands.

Described area contains 60.1 acres of land more or less.

Described area contains parcel numbers 052-449-006-030.00, 052-449-006-020.00, 052-827-403-041.00.

Description of Area Removed From T.I.D. #12 May 2018

A tract of land in the SW $\frac{1}{4}$ of the SW $\frac{1}{4}$ and the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$ in Section 27 and the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ and the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$ in Section 34 all in Township 19 North, Range 23 East, City of Manitowoc, Manitowoc County, Wisconsin, described as follows:

Commencing at the northwest corner of Lot 1, Block 7 of Manitowoc I-43 Industrial Park Subdivision No. 3; thence easterly along the south right-of-way line of W. Custer Street 1,076.91 feet to the east right-of-way line of S. 63rd Street; thence southerly along said right-of-way line 1,631.21 feet to the north right-of-way line of Vits Drive; thence easterly along said right-of-way line 522.89 feet to the southwest corner of Lot 1, Block 6 of Manitowoc I-43 Industrial Park Subdivision No. 2; thence southerly 80 feet to the northeast corner of Lot 3, Block 4 of Manitowoc I-43 Industrial Park Subdivision No. 3; thence southerly along the east line

of said Lot 840.32 feet to the southeast corner of said Lot, thence westerly along the south line of said Lot 1,232.01 feet to the southwest corner of said Lot 3; thence northwesterly along the west line of said Lot 3 and the west lines of Lot 2 and Lot 1, Block 7 of said subdivision 2,504.27 feet to the northwest corner of Lot 1, Block 7 the point of beginning. Described TID excludes wetlands.

Described area contains 62.9 acres of land more or less.

Described area contains parcel numbers 052-449-007-010.00, 052-449-007-020.00, 052-449-004-030.00.

Exhibit B – City Attorney Opinion Statement

CITY OF MANITOWOC PLAN COMMISSION RESOLUTION
APPROVING TAX INCREMENT DISTRICT NO. 12
BOUNDARY AMENDMENT NO. 1

WHEREAS, the City of Manitowoc Plan Commission has prepared and reviewed a boundary amendment for Tax Increment District (TID) No. 12 and finds the amended boundary to be feasible and conforming to the requirements described in §66.1105(4)(f), Wis. Stats.; and

WHEREAS, the City of Manitowoc Plan Commission has invited the public to review the TID No. 12 boundary amendment and comment upon such boundary amendment at a Public Hearing held on May 23, 2018, and that the Public Hearing was duly noticed in conformance with § 66.1105(4)(e) , Wis. Stats.;

NOW, THEREFORE, BE IT RESOLVED after due consideration, the City of Manitowoc Plan Commission hereby approves the boundary amendment for Tax Increment District No. 12; and

BE IT FURTHER RESOLVED that City of Manitowoc Plan Commission hereby submits the boundary amendment for Tax Increment District No. 12 to the City of Manitowoc Common Council for approval.

ADOPTED this 23rd day of May, 2018

Mayor Justin M. Nickels, Chair

Paul Braun, Secretary