

**Report to the
Manitowoc Plan Commission**

**Granicus Item #18-0202
18-0295, 18-0297**

Meeting Date: March 28, 2018

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Request: (PC 4 - 2018) Tax Incremental District #20 (Lakeside Foods) Project Plan and Boundary Creation

Reason for the Request: Lakeside Foods is considering a \$42.5 million investment at its S 30th Street plant location. The project site is not currently located in a Tax Incremental District (TID), so the terms of the approved TIF assistance are contingent upon the creation of a new district. The Plan Commission's role in the process of creating a new TID is to review the plan and boundary, to make a recommendation to the Council via resolution, and to conduct the public hearing.

Report: The draft Project Plan and proposed boundary for TID 20 are attached for your review. The public hearing is being held in conjunction with requesting Plan Commission approval of the Project Plan and boundary. 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 20 Project Plan and district boundary.

**Tax Incremental
Financing District No.20
(Lakeside Foods S 30th Street)**

Project Plan

TID Creation



City of Manitowoc Wisconsin

Public Review Draft – March 20, 2018

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I. Introduction and Process

The City of Manitowoc Common Council adopted a Comprehensive Plan in December of 2009 that outlines the City's long-term strategy for growth. Smart Growth and infill are critical components of this strategy, as is diversification of the City's economic base. As the availability of green space declines, infill development becomes the key to efficiently maximizing existing land already served by utilities and services within the City of Manitowoc. The City's Comprehensive Plan identifies the area in TID 20 as suitable for industrial sites, and the planned manufacturing expansion by the local company, Lakeside Foods, creates an opportunity to implement these goals of the Comprehensive Plan.

The Project Plan for Tax Increment District No. 20 ("TID 20" or "the District") in the City of Manitowoc has been prepared in compliance with Wisconsin Statutes Chapters 66.1105. The plan establishes the need for the district, the proposed improvements within the district, an estimated time schedule, and an estimated budget. The plan also includes a detailed description of the Tax Increment District (TID) and boundaries. TID 20 is being created as an industrial district as identified in Sec. 66.1105(4)(gm)4.a., Wis. Stats.

As authorized in Wisconsin Statutes Chapter 66.1105, the creation of TID 20 intends to promote orderly development within the City of Manitowoc by promoting the availability of lands suitable for industrial development. Additionally, this will be accomplished by making infrastructure improvements, providing cash grants to owners and developers of land within the District, and making other enhancements within the District and the one-half mile radius of the District boundary. These efforts will improve the economic vitality of the area, increase the availability of employment and services to residents, and broaden the tax base of the City.

The City of Manitowoc is not mandated to make public expenditures described in this Plan; however, the City is limited to implementing only those projects identified in the original Plan and any future amendments.

The following outlines the major milestones and requirements met to create TID 20.

- The Manitowoc Common Council met on December 22, 2017 and approved a term sheet with Lakeside Foods, which was contingent upon creation of the new district, for a TIF agreement within the future area of TID 20.
- The Manitowoc Plan Commission met on February 28, 2018 and directed the Community Development Department to proceed with the creation of TID 20.
- A notice for the first Joint Review Board meeting was published March 12, 2018. The Joint Review Board held their initial meeting on March 20, 2018.
- A draft TID No. 20 Project Plan and district boundary was reviewed by the Plan Commission at a public hearing also held on March 28, 2018. Notice of the TID No. 20 Public Hearing was sent to the overlying taxing jurisdictions with their Joint Review Boarding invitation letters on March 5, 2018. The notice of the public hearing was published on March 13 and March 20, 2018.

Following the public hearing, the Plan Commission recommended Approval of the TID No. 20 Boundary, and recommended approval of the TID No. 20 Project Plan to the Common Council.

- The TID No. 20 Project Plan and district boundary were adopted by resolution of the Common Council on [REDACTED] 2018.
- A notice for the final Joint Review Board meeting was published on [REDACTED], 2018 and the Joint Review Board met on [REDACTED], 2018 to affirm the Common Council Resolution creating TID No. 20.
- Documentation of all resolutions, notices and minutes can be found in the City's public records. As required by Wisconsin Statutes Chapter 66.1105(5)(b), a copy of the Project Plan will be submitted to the Wisconsin Department of Revenue and used as the basis for the certification of Tax Incremental District No. 20.

II. Goals and Objectives for Industrial Development

A. Overview

Tax Incremental Financing District No. 20 is created for the purpose of promoting industrial development. TID 20 is an approximately 27 acre area comprised of four parcels which are listed in Exhibit B. TID 20 is generally located in the south-central portion of the City generally between Division and Dewey Streets from S 30th Street to the Canadian National railroad tracks, and excludes all mapped wetlands. Map 1 identifies the location of TID 20 within the community and Maps 2 and 3 show the District boundary and parcels in greater detail. A legal description of TID 20 is attached as Exhibit A.

At the time of district creation, TID 20 includes only property owned by Lakeside Foods, a local company that has called Manitowoc its home since 1887. The area includes Lakeside Foods' S 30th Street manufacturing facility, its 12 unit, 48 resident, workforce housing structure, and vacant lands. Lakeside Foods is considering a \$42.5 million investment at this location. Other potential sites in Wisconsin and Minnesota were also in consideration, but with the approval by the Common Council of a term sheet for \$4.9 million in Tax Incremental Financing (TIF) assistance, Lakeside announced their plans to expand here in Manitowoc. The project site was not located in an existing TID, so the terms of the approved TIF assistance were contingent upon the creation of the new district.

The planned investment by Lakeside Foods includes a 118,000 sq. ft. building addition with an estimated construction cost of \$25.9 million and equipment purchases of an additional \$16.6 million. The plant expansion would include frozen warehousing and refrigerated packaging space, office and other ancillary space, automated/robotic packaging equipment, and hygienic design to meet current and future food handling regulations. These improvements would not only solidify the retention of existing Manitowoc jobs, but would also create about 40 new jobs, and require higher skilled workers to handle the automation and robotics.

No other industrial developments are known or anticipated in the surrounding area at this time. TID 20 includes only whole units of property as currently recorded. More than 25% of the lands in TID 20 are vacant at its inception, which is allowable for an industrial TID under Section 66.1105(4)(gm)1, Wis.

Stats. As an industrial TID, the District will have a 20 year maximum life (which can be extended up to 3 years with a project plan amendment) and a 15 year expenditure period. It is anticipated that no lands in the District will be developed as newly platted residential uses or as retail uses.

As a result of the economic development efforts of the District, the City projects a tax increment value increase of more than \$18,000,000 to be created by new development. The City anticipates making a total expenditure of approximately \$7,000,000 to undertake the projects listed in this Project Plan. The additional value will ensure any project costs incurred by the City will be paid prior to closing the District. Projects are expected to be funded through a variety of sources, and a detailed analysis of the financing is included in this Project Plan.

B. District Purpose and Findings

TID 20 is being created by the City of Manitowoc under the authority granted to the City by Chapter 66.1005, Wis. Stats. The designation as an “Industrial” district is based on the finding that more than 50% of the District, by area of real property, is suitable for industrial sites (within the meaning of Sec. 66.1101, Wis. Stats.) and has been zoned for industrial uses. Map 6 (Future Land Use) identifies the properties within the District that are suitable for industrial use, and Map 5 displays the current zoning. The following findings demonstrate compliance with the requirements for industrial TIDs under Sections 66.1105(4)(gm)4.a and 66.1105(4)(gm)5, Wis. Stats.

1. 26.6 acres (or 97%) of TID 20 are zoned for industrial uses (I-2, Heavy Industrial).
2. 22.4 acres (or 82%) of TID 20 are both suitable for industrial sites and zoned for industrial uses.
3. All lands in TID 20 found to be both suitable for industrial sites and zoned for industrial uses will remain zoned for industrial uses during the life of TID 20. Therefore, 22.4 acres (or 82%) of TID 20 are shown on Map 6 with an Industrial future land use designation.

As required by Wisconsin Statutes Chapter 66.1105, and as documented in this Project Plan and the exhibits contained and referenced herein, the following additional findings are made.

1. The Project Plan is in conformity with the Comprehensive Plan and other guiding documents.
2. Based on the findings within this Project Plan, the District is declared an industrial area where not less than 50% of the District, by real property area, is suitable for industrial sites and zoned for industrial use.
3. The creation of TID 20 will result in providing greater employment opportunities, broadening the tax base to relieve the tax burden of residents and home owners, and protecting these lands from encroachment by other uses. It will help to promote higher density and infill development in the City, rather than have development occur on “greenfield” sites elsewhere. Implementation of the Project Plan will, in general, promote the commercial benefit and the health, safety and welfare of the community, and will grow the tax base for the City and overlying taxing jurisdictions.

4. The project costs directly relate to Project Plan implementation and the industrial development of properties within the District, consistent with the purpose for which the District was created. The expansion of Lakeside Foods would not happen but for the provision of TIF assistance to fill a financing gap in the project. Maintenance and improvement of the existing streets, utilities, and other infrastructure are also essential project costs needed to support industrial uses in the TID. Marketing, promotion, design, planning, other services, possible debt financing, and other organizational and administrative costs will also be needed to ensure the success of TID 20.
5. The Project Plan is economically feasible and will enable the District to close prior to the required closure date.
6. As detailed in the economic feasibility section of the Project Plan, the total tax increment and resulting revenues in the District are sufficient to pay for the proposed public works and incentives included within the Project Plan.
7. But for the creation of this District, the City and developers would not be able to use the Project Plan tools (infrastructure, demolition, land assemblage, and development incentives—“cash grants”) to facilitate the industrial expansion of the district. Furthermore, the City specifically considered the following information.
 - a. About 50% of the site would remain vacant and underutilized without the expansion project being considered by Lakeside Foods. The use of Tax Increment Financing will be required to overcome obstacles to development.
 - b. The Lakeside Foods expansion would not occur without the development incentives provided by the City. These jobs would not have been created and the capital investment would not have been made in Manitowoc. Without the ability to expand and meet regulatory and customer demands, it is also possible that jobs could have been lost without the development incentives provided by the City.
8. The City does not exceed the 12% maximum threshold for the total equalized increment value in the District as a ratio of the total equalized value of the property in the City. The total increment value of all the existing tax increment districts within the City equals 6.29%. The addition of the parcels within TID 20 equals 9.41% when including both TID 20 and the recently approved TID 19.
9. The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.
10. The improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the District. The planned expansion of Lakeside Foods is the driving force behind creation of TID 20, and that project is expected to increase the District assessed value by \$18 to 24 million.

C. Future Land Use

It is anticipated that future development in TID 20 will consist of industrial uses. As shown on Map 6, about 22 acres of the TID are anticipated to support both new and existing industrial development. About 5 acres are indicated as green space (due to the presence of wetlands) and residential uses.

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

The Common Council is not mandated to make expenditures described in this Project Plan; however, they are limited to implementing only projects identified in the Project Plan and any subsequent amendments. The following states the kind, number, and location of all proposed public works and improvements within TID 20 and within one-half mile of the TID boundary.

A. Infrastructure

Infrastructure projects include the portion of costs related to the construction or alteration of storm or sanitary sewer lines, stormwater management facilities, water systems, utility service systems (electric, gas, communication, etc.), street amenities, bridge enhancements, or the rebuilding, alteration, or expansion of streets as necessitated by the Project Plan for areas within the geographic boundaries of the district. Infrastructure can also be installed outside the District if required to carry out Project Plans, but only the portion which directly benefits the District is an eligible cost. Infrastructure costs are typically associated with costs of improvements located within the right-of-way.

The City anticipates conducting repaving or other street and utility improvements to the following streets over the life of the District within TID 20 and within one-half mile of the TID boundary:

- South 30th Street reconstruction
- Dewey Street reconstruction
- South 30th Street sanitary sewer repairs
- South 30th Street stormwater relays

The City anticipates streetscape enhancements (e.g., plantings, lighting, street furniture, sidewalks, crosswalk enhancements, etc.) along streets within the district and within one-half mile of the TID boundary. Map 7 details the proposed public works and other improvements.

The timing and development of any prescribed street improvements will be reviewed and analyzed with respect to guiding City documents prior to construction. The City will also report any planned infrastructure improvements to the JRB at the required annual meetings. The Project Plan allocates \$622,500 for the District share of infrastructure costs.

B. Capital Improvement Costs

Capital improvement costs include, but are not limited to, the actual costs of the construction of public works or improvements (i.e. sewerage treatment plants, water treatment plants or other environmental protection devices), new buildings, structures, and fixtures; the demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures and fixtures other than the demolition of listed historic properties and the acquisition of equipment to service the District. Capital improvement costs are typically associated with costs of improvements located outside the right-of-way on private or municipal property.

The City anticipates making the following capital improvements over the life of the District within TID 20 and within one-half mile of the TID boundary:

- Enhancements, expansion, or replacement of the Public Works Garage and ancillary facilities

Map 7 in details the proposed capital improvements costs. The Project Plan allocates \$1,000,000 for the District share of capital improvement costs.

C. Site Development Costs

Site development activities required to make sites suitable for development including, but not limited to, environmental studies and remediation, stripping topsoil, grading, adding compacted granular fill, topsoil replacement, access drives, parking areas, landscaping, storm water detention areas, demolition of existing structures, relocating utility lines and other infrastructure, utilities, signs, fencing, and other related activities. The Project Plan allocates \$15,000 for the District share of site development costs.

D. Land Acquisition & Assembly

This may include but is not limited to fee title, easements, appraisals, environmental evaluations, consultant and broker fees, closing costs, surveying and mapping, lease and/or the sale of property at below market price to encourage or make feasible an economic development project. Furthermore, land acquisition costs could include the costs associated with the following activities:

1. Private property acquisition;
2. Right-of-way acquisition; and
3. Easement acquisition.

This could also include the cost to relocate existing businesses or residents to allow for redevelopment subject to the payment of relocation benefits as required by Wisconsin Statutes.

The Project Plan allocates \$15,000 for the District share of acquisition and assembly costs.

E. Development Incentives

The City may use District funds to provide incentives to developers and businesses to promote and stimulate new development. The City may enter into agreements with property owners, businesses,

developers or nonprofit organizations for sharing costs to encourage the desired kinds of improvements. In such cases, the City will execute development agreements with the developers and/or businesses, which will identify the type and amount of assistance to be provided.

The City may provide funds either directly or through an organization authorized by Wisconsin Statutes (such as a Community Development Authority, Public Housing Authority, development organizations or other appropriate organizations) for the purpose of making capital available to businesses and or developers to stimulate or enable economic development and industrial development projects within the District. Funds may be provided in the form of a cash grant, forgivable loan, direct loan, loan guarantee, or "Pay-as-You-Go" (PAY-GO) note. Such funds may be provided in terms appropriate to and as demonstrated to be required by the proposed economic development project and shall be set forth in a development agreement.

The Project Plan allocates \$4,900,000 for the District share of development incentives costs.

F. Professional Services

Eligible Professional services include, but are not limited to, those costs incurred for architectural, planning, engineering, and legal advice related to implementing the Project Plan, negotiating with property owners and developers, and planning for the industrial of the area.

The Project Plan allocates \$10,000 for the District share of professional services.

G. Discretionary Payments

Discretionary Payments are payments made, at the discretion of the local legislative body, which are found to be necessary or convenient to the creation of tax increment districts or the implementation of the Project Plans. This could include expenditures to fund programs to encourage building expansion, manufacturing equipment upgrades, worker training and upskilling, workforce housing options, day care services, marketing of properties within the district, neighborhood improvements that support the quality of life or safety for workers, neighboring residents, or visitors, and other payments which are necessary or convenient to the implementation of this Project Plan.

The Project Plan allocates \$5,000 for the District share of discretionary payments.

H. Administration Costs

Eligible administrative costs include, but not limited to, a reasonable portion of the salaries of the City staff, consultants, or others directly involved in planning and administering the projects and overall District. Also including any annual payments required to be paid to the Wisconsin Department of Revenue (DOR) by state law.

The Project Plan allocates \$10,000 for the District share of administration costs.

I. TID Organizational Costs

Eligible organizational costs including, but are not limited to, the fees of the financial consultant, attorney, engineers, planners, community development consultants, surveyors, map makers, environmental consultants, appraisers and other contracted services related to the planning and creation or amendment of the District. This shall include the preparation of feasibility studies, Project Plans, engineering to determine project costs and prepare plans, maps, legal services, environmental investigations, grant applications, regulatory approvals and other payments that are necessary or convenient to the creation of this tax increment district. The \$1,000 certification fee charged by the Wisconsin Department of Revenue is also included as an eligible administrative cost.

The Project Plan allocates \$2,000 for the District share of organizational costs.

J. Financing Costs

Eligible financing costs include, but are not limited to, all interest paid to holders of evidence of indebtedness issued to pay for project costs and any premium paid over the principal amount of the obligations due to redemption of obligations prior to maturity.

The Project Plan allocates \$365,000 for the District share of financing costs.

IV. Detailed List of Project Costs

Figure 1 describes the detailed project costs for project categories anticipated to be implemented during the expenditure period of the District. This format follows Department of Revenue guidelines on detailed project costs, which state, "This list should show estimated expenditures expected for each major category of public improvements." The Project Plan costs summarized below were based on the estimated costs at the time of District creation. The City reserves the right to revise these cost estimates to reflect changes in project scope, inflation, and other unforeseen circumstances over the remaining life of the District. The City could pursue grant programs to share project costs included in this Project Plan as appropriate. Planned project costs are listed in the table below.

Figure 1: Planned Project Costs Summary

Category	Project Cost	Other's Share	TID Share
A. Infrastructure	\$3,033,750	\$2,411,250	\$622,500
B. Capital Costs	\$4,000,000	\$3,000,000	\$1,000,000
C. Site Development Costs	\$30,000	\$15,000	\$15,000
D. Land Assembly and Acquisition	\$30,000	\$15,000	\$15,000
E. Development Incentives	\$4,900,000	\$0	\$4,900,000
F. Professional Services	\$10,000	\$0	\$10,000
G. Discretionary Payments	\$5,000	\$0	\$5,000
H. Administrative Costs	\$10,000	\$0	\$10,000
I. Organizational Costs	\$2,000	\$0	\$2,000
	\$12,020,750	\$5,441,250	\$6,579,500
J. Financing Costs			\$365,000
Total TID Expenditure			\$6,944,500

Figure 2 provides a more detailed list of anticipated project costs included in the Infrastructure category as summarized above.

Figure 2: Infrastructure Projects Detail

Infrastructure Project	TID Share	Total Cost
Sanitary Sewer Repairs (S 30th St - Division to Dewey)	\$0	\$30,000
Stormsewer Relays (S 30th St - Division to Dewey)	\$0	\$25,000
Street Reconstruction (S 30th St - 725 ft. south of Yorkshire Ln to Dewey St)	\$0	\$488,750
Street Reconstruction (S 30th St - Viebahn to 1,100 ft. north east parking lane)	\$22,500	\$90,000
Street Reconstruction (S 30th St - Division to 725 ft. south of Yorkshire Ln)	\$100,000	\$400,000
Street Reconstruction (Dewey St - S 10th to S 26th)	\$500,000	\$2,000,000
Infrastructure Subtotal	\$622,500	\$3,033,750

The City may fund specific project cost items in Figures 1 and 2 in significantly greater or lesser amounts in response to opportunities that will help the City accomplish the purposes and goals of the District. The City will use the overall benefit to the City and economic feasibility (i.e. the availability of future revenue to support additional project costs) in determining the actual budget for project cost items over the course of the District's expenditure period.

V. Non-Project Costs

Non-project costs are public works projects that only partly benefit the District or are not eligible to be paid with tax increments. Examples of non-project costs include projects undertaken within the District as part of the implementation of this Project Plan, the costs of which are paid fully or in part by impact fees, grants, or special assessments. Other examples include public works projects that only partly benefit the District, such as new water or sewer services which serve properties both inside and outside the District, and the one half-mile boundary.

The aforementioned projects under this Project Plan are for projects in the District or within one half-mile of the District boundary that directly benefit the District. The City expects to incur non-project costs in the forms of GO Debt, grants, and other sources to share in the cost of implementing the prescribed elements within this TID Project Plan. The non-project costs are illustrated in Figures 1 and 2.

VI. Economic Feasibility, Financing, and Timetable

Under Wisconsin's Tax Incremental Financing Law, the property taxes paid each year on the increase in equalized value of the Tax Incremental Financing District may be used by the City to pay for allowable project costs. The increase in value is determined by taking the District's yearly equalized assessed value and deducting the value in the District that existed when it was initially created (the base value). All taxes levied upon this incremental (or increased) value by the City of Manitowoc, Manitowoc Public School District, Manitowoc County, and Lakeshore Technical College are allocated to the City for direct payment of project costs or the payment of debt service on bonds used to finance project costs. State property taxes on the increment value must still be paid to the state. All project expenditures must be made within fifteen years of creation of a mixed-use Tax Incremental Financing District, and tax increments may be received until project costs are recovered for no longer than twenty years. A three-year extension is possible if successfully approved.

The following factors were considered in evaluating the economic feasibility of TID 20.

- The expected increase in property valuation due to inflation and the impact of general economic conditions on the District
- The expected increase in property valuation due to new development encouraged by the District
- Any change that may take place in the full value tax rate
- The expected TID revenues
- The expected TID cash flow

A. New Construction and Inflation

For the purpose of projecting assessed values, the City estimated \$18,246,000 in new construction increment over the life of the district. This includes only the estimated hard construction costs of the planned expansion by Lakeside Foods. No other construction is anticipated at this time, so no other assessed value was assumed.

B. Increase in Property Value

For the purposes of projecting assessed values for the remainder of the district's life, the Project Plan used a 0.0% property appreciation rate per year. This estimate is below the recent national, state, and reported local average. Using a net zero annual inflation rate for property assessment values will provide a conservative estimate.

C. Effective Tax Rate

The effective tax rate is adjusted annually based on property valuation and the amount of funds required by all taxing jurisdictions to support their adopted annual budgets. For the purposes of projecting the mill rate for the remainder of the district's life, the Project Plan used the reported effective mill rate from the City of 0.02017. For the purpose of a conservative estimate, the tax rate is depreciated by 0.5% for each future year of the projection.

D. TIF Revenues

The projected increment is approximately \$7,100,000 over the anticipated life of the District. The projected revenue is sufficient to pay all TID-related costs for the projects.

E. Cash Flow

There are sufficient TID revenues over the life of the District to pay for all costs. The Tax Increment Cash Flow shown below summarizes the assumed cash flow. The numbers presented in Figure 3 are estimates and are subject to change based upon the actual development and construction activity. Exhibit C provides a complete District Proforma for TID 20, which shows additional detail on how the incremental tax revenues are projected.

Figure 3: Tax Increment Cash Flow

Year	Incremental Tax Revenue	Pay-Go Incentives	Bond Payments	TIF Fund Balance
1 2018				\$0
2 2019				\$0
3 2020	\$180,622	\$171,591		\$9,031
4 2021	\$364,351	\$346,133		\$27,249
5 2022	\$362,529	\$344,403		\$45,375
6 2023	\$360,716	\$342,681		\$63,411
7 2024	\$358,913	\$340,967		\$81,357
8 2025	\$357,118	\$339,262		\$99,212
9 2026	\$355,333	\$337,566		\$116,979
10 2027	\$353,556	\$335,878		\$134,657
11 2028	\$351,788	\$334,199		\$152,246
12 2029	\$350,029	\$332,528		\$169,748
13 2030	\$348,279	\$330,865	\$216,434	(\$29,273)
14 2031	\$346,538	\$329,211	\$216,434	(\$228,380)
15 2032	\$344,805	\$327,565	\$216,434	(\$427,574)
16 2033	\$343,081	\$325,927	\$216,434	(\$626,855)
17 2034	\$341,366	\$324,297	\$216,434	(\$826,221)
18 2035	\$339,659		\$216,434	(\$702,997)
19 2036	\$337,960		\$216,434	(\$581,471)
20 2037	\$336,271		\$216,434	(\$461,634)
21 2038	\$334,589		\$216,434	(\$343,480)
2039	\$332,916		\$216,434	(\$226,998)
2040	\$331,252			\$104,254
Totals	\$7,131,672	\$4,863,073	\$2,164,345	
Total pay-go and borrowed expenditures				\$7,027,418

F. Financing Methods

Under Wisconsin law, there are varieties of methods that a municipality could use to fund projects. Several methods influence the municipal borrowing limits while others do not. The City could most likely utilize a combination of pay-as-you-go funding and borrowing to implement projects in TID 20 provided any debt could be paid off prior to the target closure date. State law limits general obligations of the City to five percent of the equalized property value. The City had an estimated total debt capacity of \$93,683,160 and \$50,110,106 in existing estimated General Obligation debt. Using this data, the current remaining debt capacity of the City is \$43,573,054.

Figure 3 assumes the City will incur new debt in support of the District on one occasion. The City is not obligated to follow the illustrated debt schedule, and the schedule should not be construed as a commitment by the City to finance any particular project. The City may also issue debt in greater or lesser amounts or on greater or lesser occasions.

In addition, it is assumed that any annual cash flow deficits in the District will be made whole by advances from the City's General Fund, or other utility fund. Figure 4 assumes the City funds any annual advances to cover any annual shortfalls. The principal on any annual advances would be paid back by the District prior to termination.

Over the life of the District, the projected total amount of debt service is estimated at \$2,200,000. This includes principal costs and interest on debt.

Not all anticipated project costs will need to be borrowed. For example, TID administration costs can be paid out of City operating funds and reimbursed from the District when funds are available. Other expenses can be paid out of TID cash flow as projects are constructed, assessed, and begin paying property taxes.

G. Financing Timetable

The maximum life of the District is twenty years; a three-year extension may be requested. The City of Manitowoc has a maximum of fifteen years, until 2033, to incur TIF expenses for the projects outlined in this plan. The City of Manitowoc is not mandated to make the improvements defined in this plan; each project will require case-by-case review and approval. The decision to proceed with a particular project will be based on the economic conditions and budgetary constraints at the time a project is scheduled for consideration. Actual implementation of the projects may be accelerated or deferred, depending on conditions existing at the time.

Additionally, current state statutes allow a municipality to collect revenue from a TID that is about to close for one additional year to benefit affordable housing and improve the housing stock. Timing for each of the planned projects is generally shown in the TID Pro Forma.

VII. Equalized Value Test

Under Sec. 66.1105(4)(gm)4.c, Wis. Stats, the equalized value of taxable property of the new TID plus the value increments of all existing districts cannot exceed 12% of the total equalized value of the taxable property within the municipality. The charts below use values contained in the Wisconsin Department of Revenue's 2016 TIF Value Limitation Report.

The equalized value of increment in existing City of Manitowoc TIDs is \$117,901,700, where a negative TID increment is treated as zero increment or approximately 6.29% of the total equalized value of the City. Note that the City created TID 19 in 2017, which currently has no increment value. However, it's certified base value was included in the Proposed scenario to ensure that the equalized value test will be met with the new TID 19 and the proposed TID 20. Even when including the base value of TID 19, the addition of TID 20 increases the District equalized value test to 9.41%. Therefore, this value is lower than

the maximum allowable value contained within a TID, and the City complies with the statutory equalized value test.

Figure 4: Valuation Compliance Test, March 2018

	Current	Proposed
2017 Annual Reported Total Municipal Equalized Value	\$1,873,663,200	\$1,873,663,200
12% Test	\$224,839,584	\$224,839,584
Tax Increment District No. 009	\$9,853,000	\$9,853,000
Tax Increment District No. 010	\$4,526,400	\$4,526,400
Tax Increment District No. 011	\$3,220,900	\$3,220,900
Tax Increment District No. 012	\$7,941,700	\$7,941,700
Tax Increment District No. 013	\$6,907,500	\$6,907,500
Tax Increment District No. 014	(\$598,300)	(\$598,300)
Tax Increment District No. 015	\$63,710,400	\$63,710,400
Tax Increment District No. 016	\$12,827,100	\$12,827,100
Tax Increment District No. 017	\$8,914,000	\$8,914,000
Tax Increment District No. 018	(\$732,600)	(\$732,600)
(Created 2017) Tax Increment District No. 019	\$0	\$51,366,800
Proposed Tax Increment District No. 020		\$7,083,000
Total (* A negative increment is treated as zero increment)	\$117,901,000	\$176,350,800
Percent of City's Equalized Value in Existing TIDs	6.29%	9.41%
Remaining Available TID Value	\$106,938,584	\$48,488,784
Compliance	OK	OK

Also note that TIF district closures are planned for 2018, including TIDs 11 and 13. While the proposed TID 20 creation is compliant with the 12% test, these closures will further reduce the ratio of value increments of all existing districts to the total equalized value of the City.

VIII. Statement of Impact to Overlying Taxing Jurisdictions

All overlapping taxing jurisdictions will benefit from increased property values, job creation, industrial development of properties, and other economic activities. Therefore, upon closure of the District, the projected increments should be dispersed between all of the overlying taxing jurisdictions. Figure 5 provides a summary of the impact on the overlying taxing jurisdictions throughout the life of the District.

Figure 5: Analysis of Impact to Overlying Jurisdictions

Taxing Jurisdiction	% of Mill Rate by Jurisdiction	Annual Taxes Collected on Base Value	Annual Taxes Collected After TID	Increase in Annual Tax Collections After TID
School District	34.6%	\$49,497	\$177,003	\$127,506
Tech. College	3.5%	\$5,067	\$18,118	\$13,052
County	24.2%	\$34,543	\$123,526	\$88,983
City	37.6%	\$53,758	\$192,239	\$138,481
Totals	100.0%	\$142,864	\$510,886	\$368,022

IX. Proposed Changes to City Plans and Ordinances

This Plan does not propose changes in the Comprehensive Plan, Official Map, City Ordinances, or Building Codes. The Project Plan presented here complies with the City's adopted Comprehensive Plan. Modifications or Amendments to the City's Zoning Code, Comprehensive Plan or Future Land Use Map, and other City ordinances may be necessary in the future if deemed appropriate for industrial development. Map 5 illustrates the existing zoning districts guiding development of the District. Development proposals must follow the appropriate procedure to receive the proper zoning in changes are warranted by a given project.

X. Statement of Orderly Development

The analysis of City ordinances and plans identified no amendments that will be needed. Future industrial development in TID 20 will reflect orderly and consistent growth. The proposed land use is compatible with the existing land uses and the Comprehensive Plan map of Future Land Use. Adequate utility system and community service capacity exist to serve the anticipated new development. In addition, about one half of the lands in TID 20 have sat vacant and underutilized for an extended period of time.

XI. Method of Relocation

Generally, relocation occurs where a person or business is displaced from real property as a direct result of eminent domain proceedings commenced by the City of Manitowoc against the subject property. No relocation is anticipated to be needed toward the implementation of the Project Plan. However, should it become necessary, the City of Manitowoc will provide relocation benefits and assistance to the extent necessary as required by Wisconsin Statutes Chapter 32. Relocation services will be provided by the Community Development Department with funds provided through TIF, the City of Manitowoc, or the City of Manitowoc Community Development Authority.

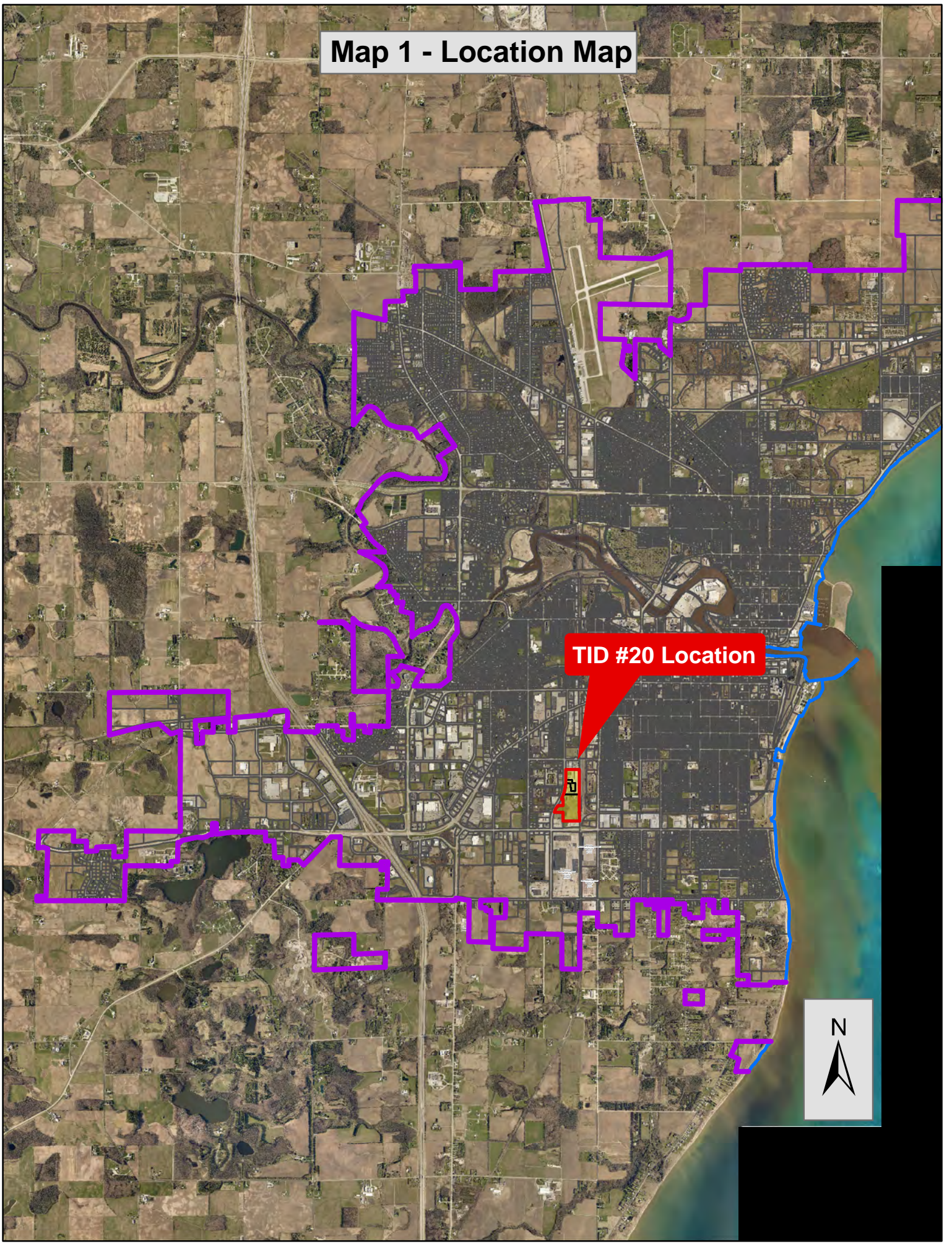
XII. Opinion of City Attorney

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

XIII. Maps and Exhibits

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

Map 1 - Location Map



TID #20 Location



Map 2 - District Boundary

SOUTH BROOK CT.

YORKSHIRE LN.

S. 30TH ST.


DEWEY ST.


S. 26TH ST.

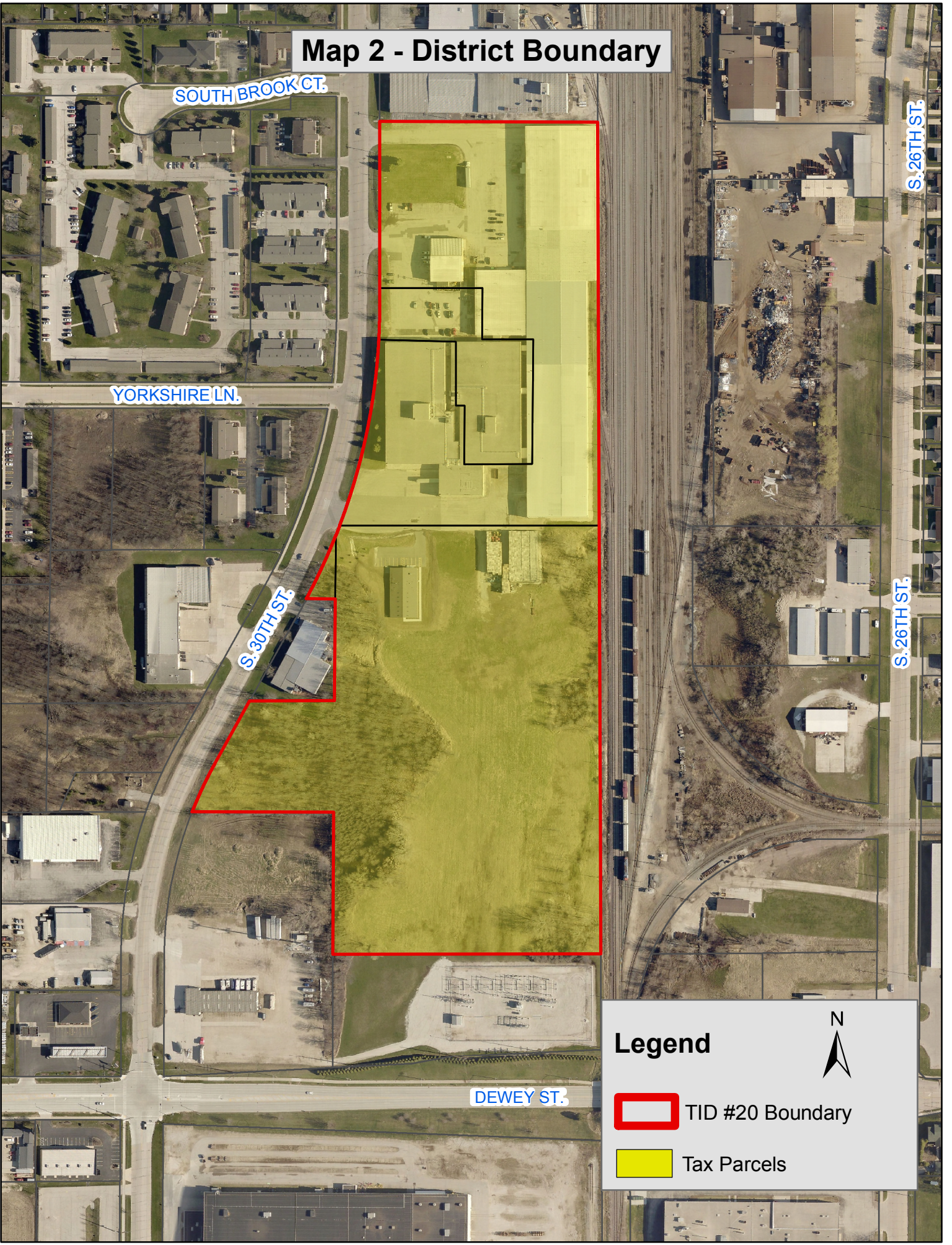
S. 26TH ST.

Legend



 TID #20 Boundary

 Tax Parcels



Map 3 - District Boundary and Parcel Detail

SOUTH BROOK CT.

836101045
LAKESIDE FOODS INC
Assesment Info:
Land Value: \$36,200
Improved Value: \$872,900
Total Value \$909,100

YORKSHIRE LN.

836103011
LAKESIDE FOODS INC
Assesment Info:
Land Value: \$1,500
Improved Value: \$0
Total Value \$1,500

S. 30TH ST.

836104040
LAKESIDE FOODS INC
Assesment Info:
Land Value: \$208,600
Improved Value: \$385,000
Total Value: \$593,600


DEWEY ST.

836101040
LAKESIDE FOODS INC
Assesment Info:
Land Value: \$207,200
Improved Value: \$3,502,600
Total Value: \$3,709,800

S. 26TH ST.

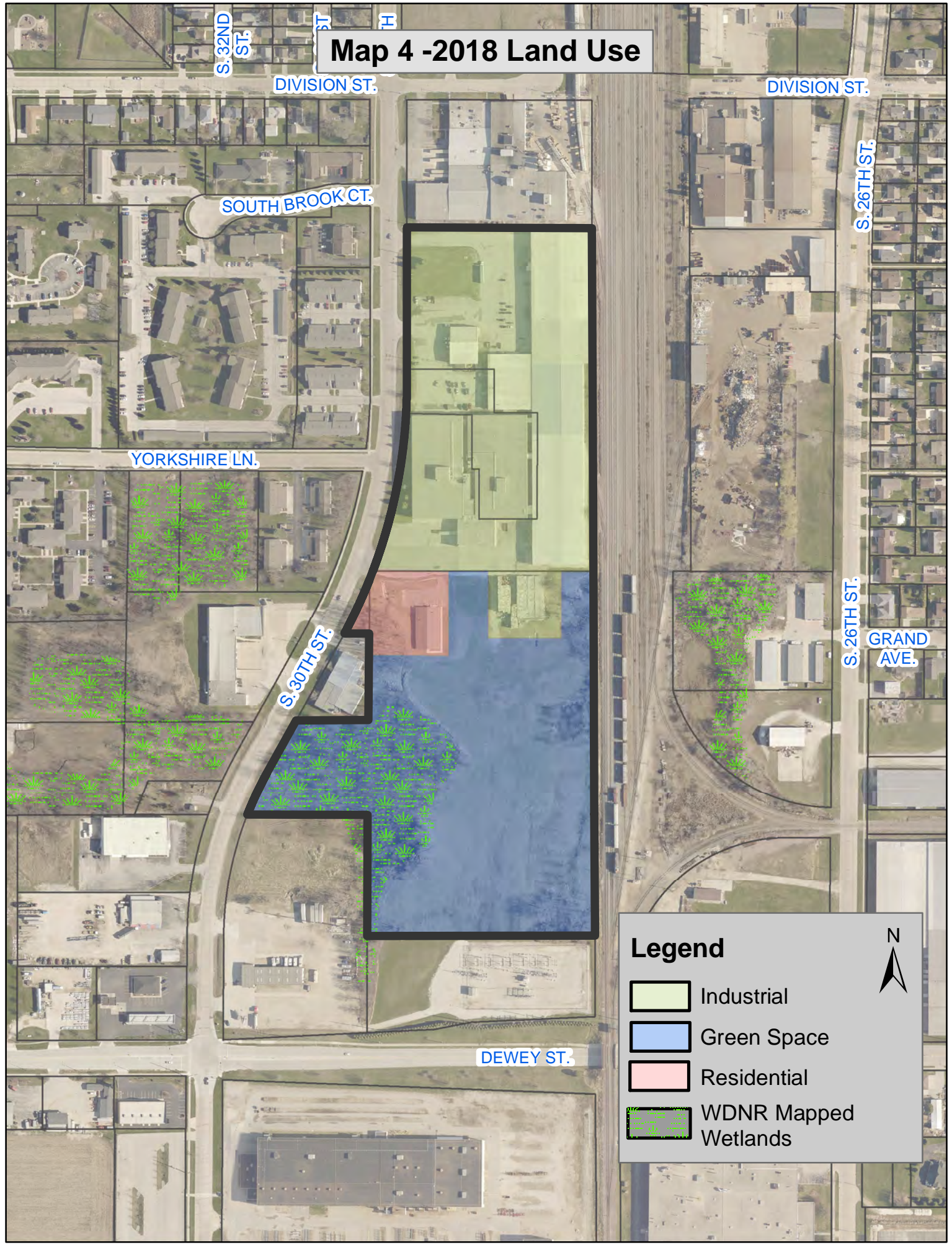
S. 26TH ST.

Legend





 Tax Parcels



Map 4 -2018 Land Use

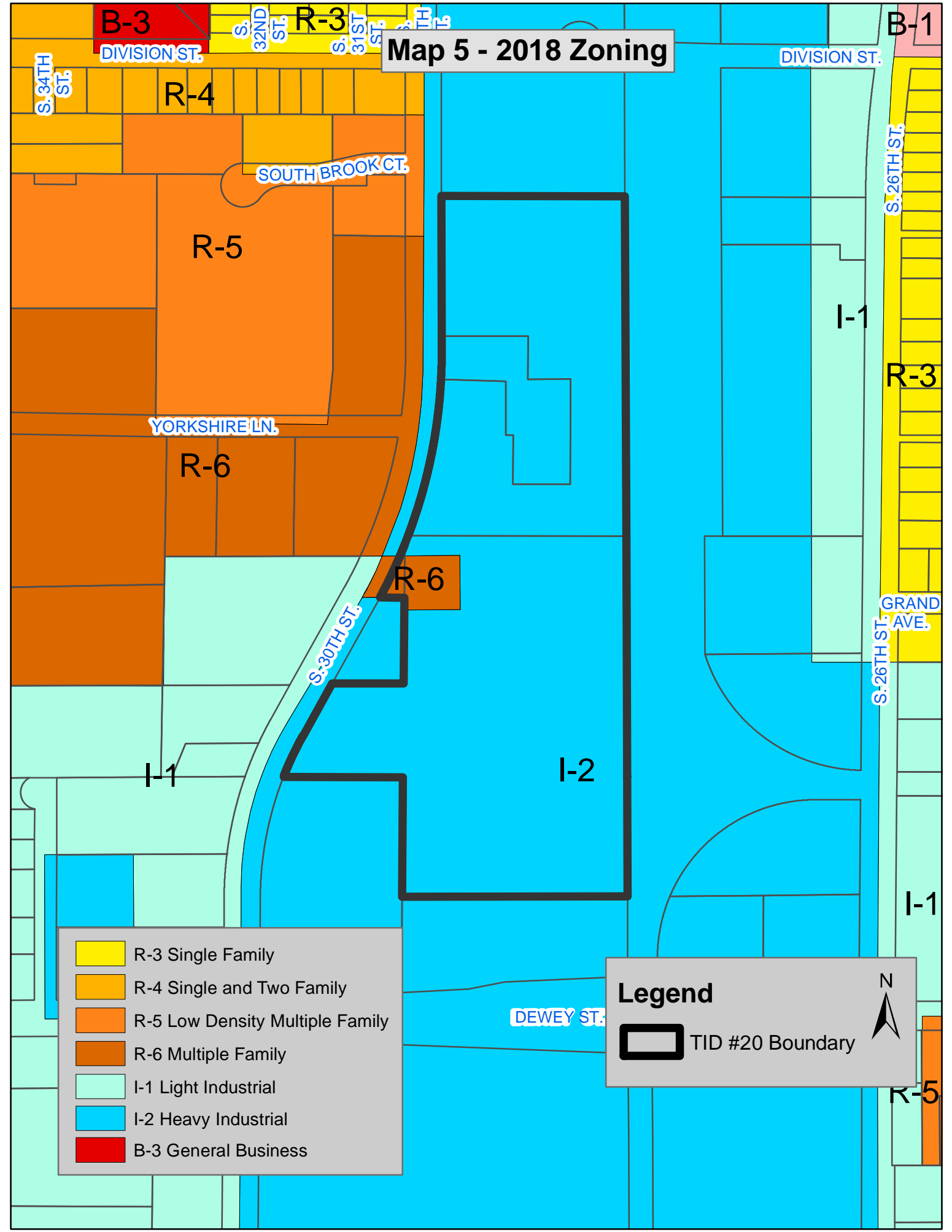









Legend

-  Industrial
-  Green Space
-  Residential
-  WDNR Mapped Wetlands





Map 5 - 2018 Zoning



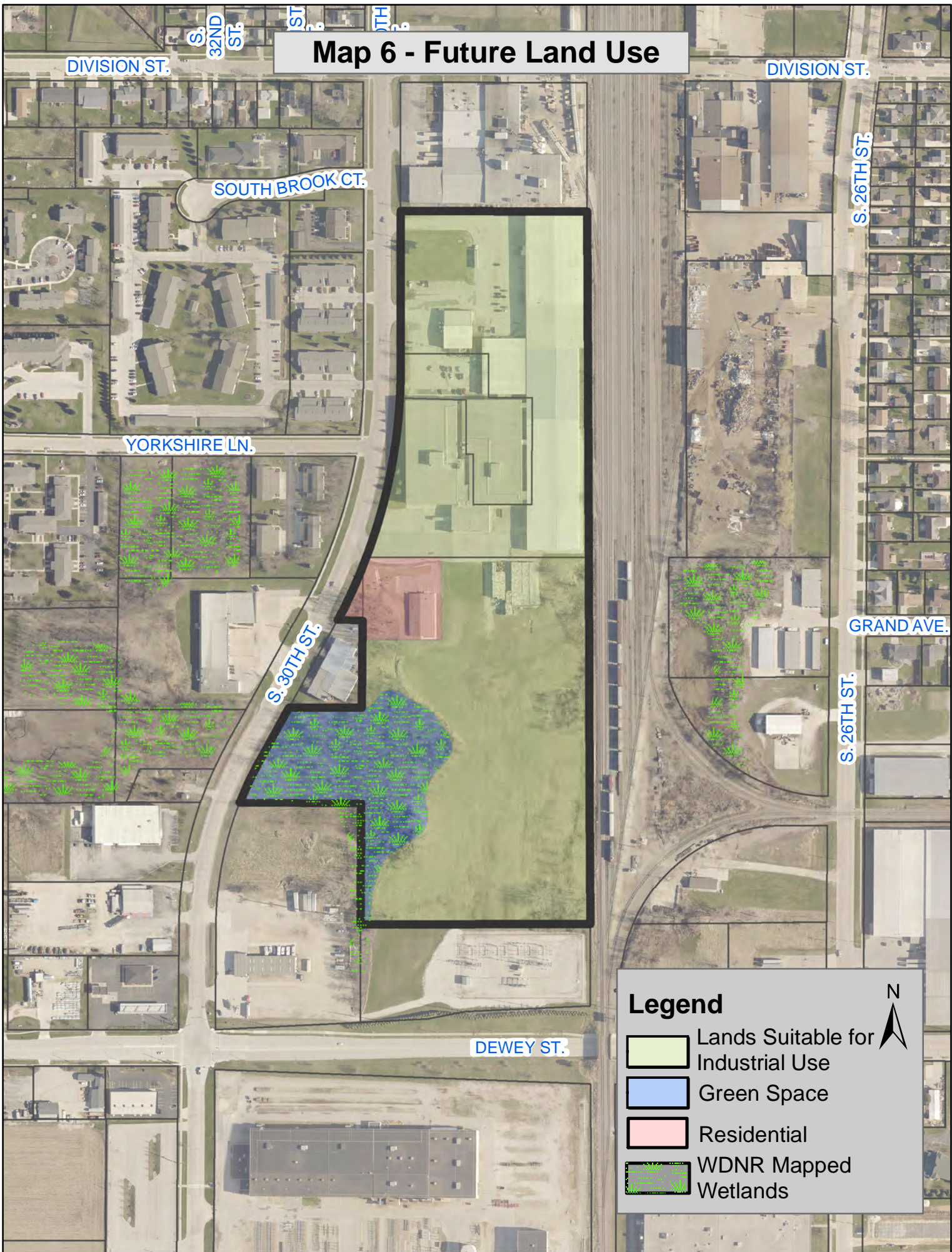
-  R-3 Single Family
-  R-4 Single and Two Family
-  R-5 Low Density Multiple Family
-  R-6 Multiple Family
-  I-1 Light Industrial
-  I-2 Heavy Industrial
-  B-3 General Business

Legend

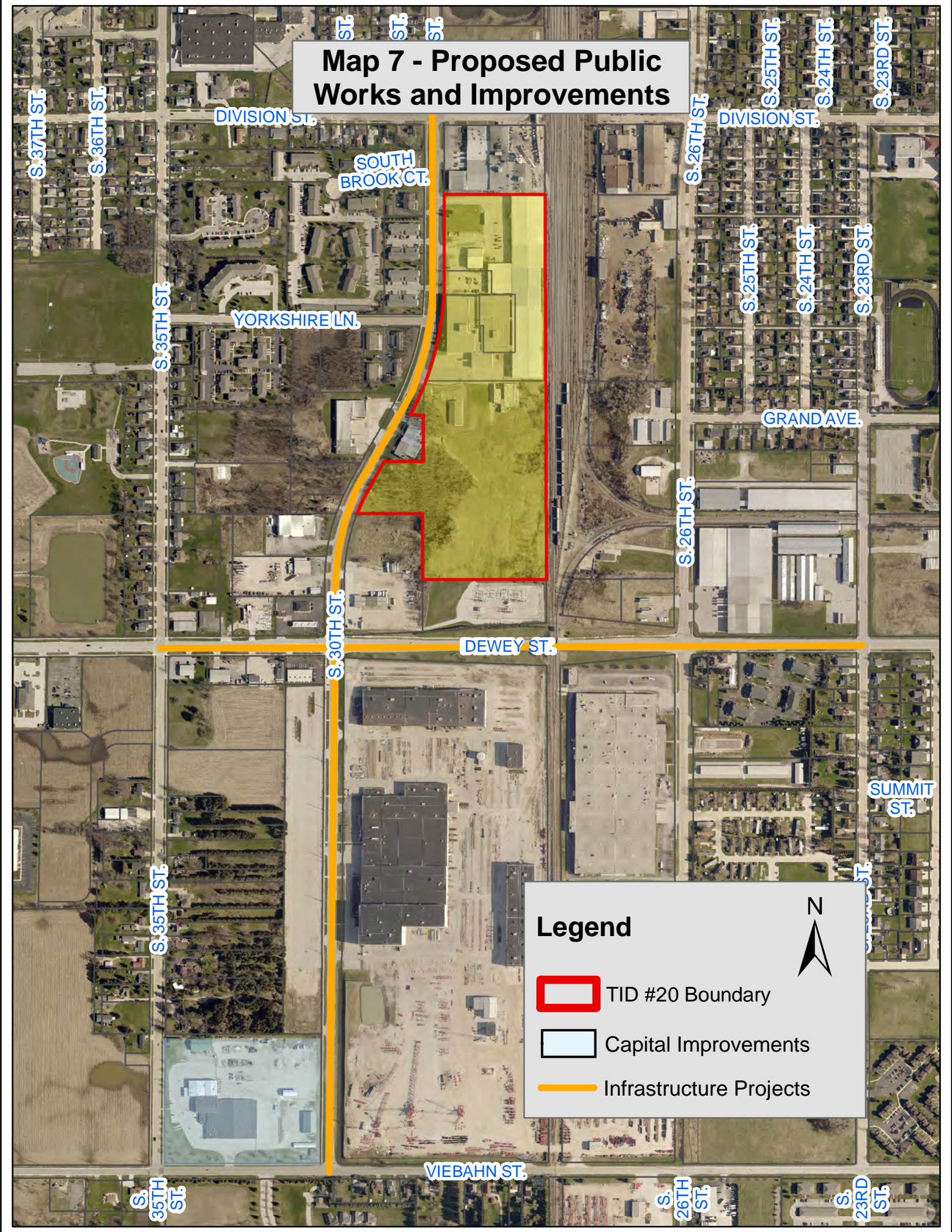
-  TID #20 Boundary






Map 6 - Future Land Use



Map 7 - Proposed Public Works and Improvements

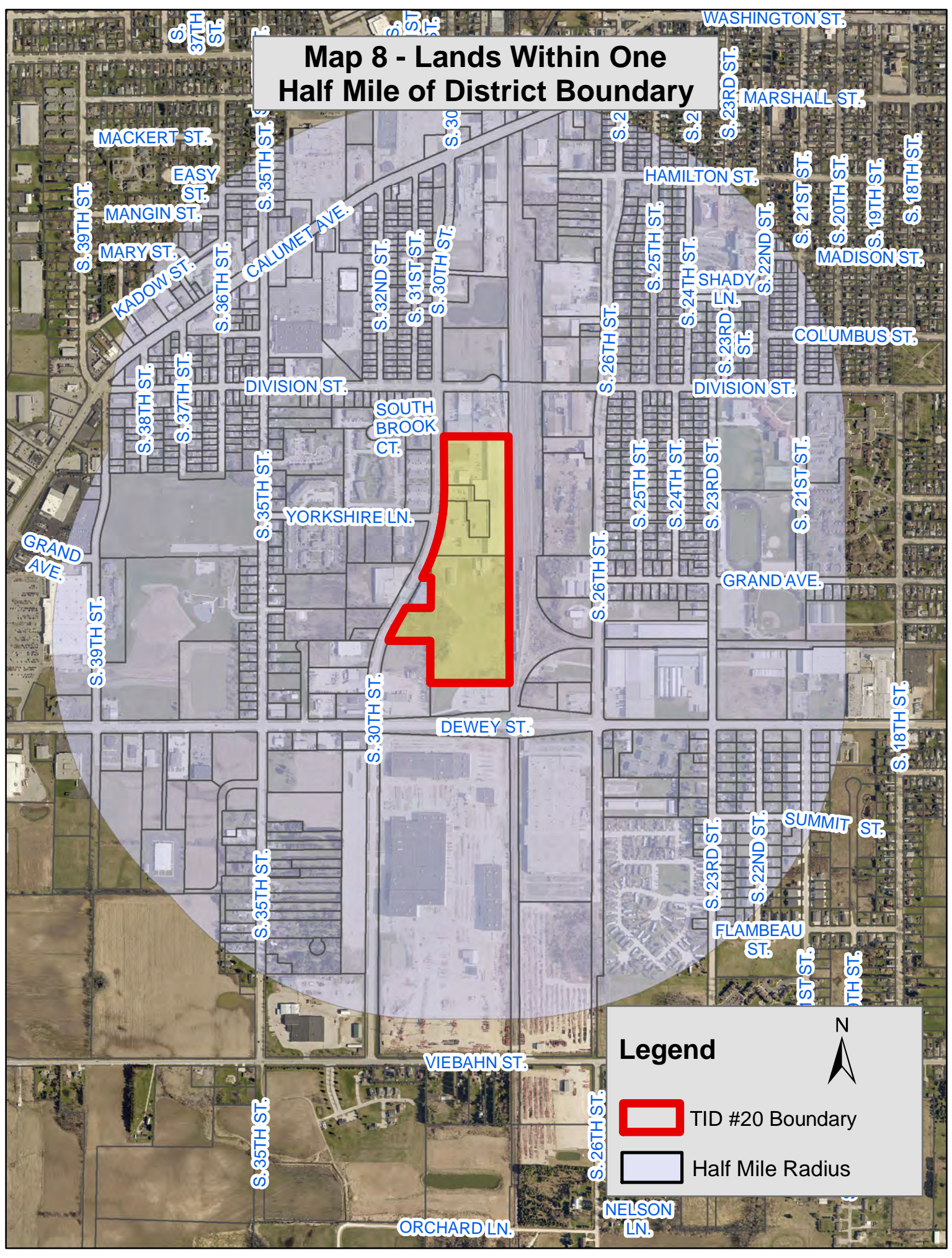


Legend

-  TID #20 Boundary
-  Capital Improvements
-  Infrastructure Projects




Map 8 - Lands Within One Half Mile of District Boundary



Legend



 TID #20 Boundary

 Half Mile Radius

Exhibit A – Legal Description

A tract of land in the NE ¼ of the NE ¼ and the SW ¼ of the NE ¼ and the SE ¼ of the NE ¼ all in Section 36, T. 19 N., R. 23 E., City of Manitowoc, Manitowoc County, Wisconsin, described as follows:

Commencing at the northeast corner of said Section 36; thence N. 89° 51' 45" W. along the section line 1,221.80 feet to the east right-of-way line of S. 30th Street; thence S. 00° 12' 45" W. along said right-of-way 386.90 feet to the northwest corner of Tract 2A of a certified survey map recorded in Volume 11, Page 697 the point of beginning; thence S. 89° 51' 45" E. along the north line of said Tract 503.93 feet to the west right-of-way line of the Canadian National Rail Road; thence southerly along said railroad right-of-way 1,938.5 feet more or less to the northeast corner of Tract 2 of a certified survey map recorded in Volume 17, Page 205; thence S. 88° 11' 34" W. along the north line of said Tract 621.35 feet to the northwest corner of said Tract also being the east line of Tract 1 of a certified survey map recorded in Volume 7, Page 401; thence N. 0° 12' 45" E. along said east line 332.56 feet to the northeast corner of said Tract; thence S. 89° 49' 45" W. along the north line of said Tract 330.31 feet to the east right-of-way line of S. 30th Street; thence northerly along said east right-of-way line 301.03 feet more or less to the southwest corner of Tract 2 of a certified survey map recorded in Volume 7, Page 589; thence N. 89° 52' 45" E. along the south line of said Tract 191.79 feet; thence N. 0° 12' 45" E. along the east line of said Tract 240.29 feet; thence S. 89° 52' 45" W. along said north line of said Tract 59.44 feet to the east right-of-way line of S. 30th Street; northerly along said right-of-way line 1,127.04 feet to the point of beginning. Described TID excludes wetlands.

Described area contains 27.19 acres of land more or less.

Described area contains parcel numbers 836-104-040, 836-101-040, 836-101-045 and 836-103-011.

Exhibit B - TID Parcel Listing

Parcel ID	Owner Name	Acres	Assessment Year	Assessed Land Value	Assessed Improvement Value	Assessed Total Value	Personal Property Value
836101040	LAKESIDE FOODS INC	9.661	2017	\$207,200	\$3,502,600	\$3,709,800	
836101045	LAKESIDE FOODS INC	1.691	2017	\$36,200	\$872,900	\$909,100	\$1,869,000
836103011	LAKESIDE FOODS INC	0.09	2017	\$1,500	\$0	\$1,500	
836104040	LAKESIDE FOODS INC	15.75	2017	\$208,600	\$385,000	\$593,600	

Exhibit C - TIF Proforma

Year	District Valuation	Construction Increment	Inflation Increment	TIF Increment Over Base	Tax Rate	Incremental Tax Revenue	Revenue Year
2017							
1	2018	\$7,083,000	\$9,000,000	\$0	\$20.17		
2	2019	\$16,083,000	\$9,246,000	\$0	\$20.07		
3	2020	\$25,329,000		\$0	\$19.97	\$180,622	2020
4	2021	\$25,329,000		\$0	\$19.87	\$364,351	2021
5	2022	\$25,329,000		\$0	\$19.77	\$362,529	2022
6	2023	\$25,329,000		\$0	\$19.67	\$360,716	2023
7	2024	\$25,329,000		\$0	\$19.57	\$358,913	2024
8	2025	\$25,329,000		\$0	\$19.47	\$357,118	2025
9	2026	\$25,329,000		\$0	\$19.38	\$355,333	2026
10	2027	\$25,329,000		\$0	\$19.28	\$353,556	2027
11	2028	\$25,329,000		\$0	\$19.18	\$351,788	2028
12	2029	\$25,329,000		\$0	\$19.09	\$350,029	2029
13	2030	\$25,329,000		\$0	\$18.99	\$348,279	2030
14	2031	\$25,329,000		\$0	\$18.90	\$346,538	2031
15	2032	\$25,329,000		\$0	\$18.80	\$344,805	2032
16	2033	\$25,329,000		\$0	\$18.71	\$343,081	2033
17	2034	\$25,329,000		\$0	\$18.62	\$341,366	2034
18	2035	\$25,329,000		\$0	\$18.52	\$339,659	2035
19	2036	\$25,329,000		\$0	\$18.43	\$337,960	2036
20	2037	\$25,329,000		\$0	\$18.34	\$336,271	2037
	2038	\$25,329,000		\$0	\$18.25	\$334,589	2038
	2039				\$18.15	\$332,916	2039
	2040					\$331,252	2040
	2041						2041
Totals			\$18,246,000	\$0		\$7,131,672	

Exhibit D – City Attorney Opinion Statement

CITY OF MANITOWOC PLAN COMMISSION RESOLUTION
APPROVING TAX INCREMENT DISTRICT NO. 20
PROJECT PLAN AND BOUNDARY

WHEREAS, the City of Manitowoc Plan Commission has prepared and reviewed a boundary for Tax Increment District (TID) No. 20 and a plan to serve as the Project Plan of record for TID No. 20 and finds the Plan to be feasible and conforming to the requirements described in ss. 66.1105(4)(f) and is declared an Industrial District;

WHEREAS, the City of Manitowoc Plan Commission has invited the public to review the Plan and boundary and comment upon such Plan and boundary at a Public Hearing held on March 28, 2018, and that the Public Hearing was duly noticed in conformance with ss. 66.1105(4)(a) and (e);

WHEREAS, prior to its publication, a copy of the notice of public hearing was sent to the chief executive officers of Manitowoc County, Lakeshore Technical College, Manitowoc Public School District, and the City of Manitowoc in accordance with the procedures specified in ss. 66.1105.

WHEREAS, the Project Plan for the District has been prepared that includes:

- 1) A statement listing of the kind, number, and location of all proposed public works or improvements within the District, or to the extent provided in Wisconsin Statutes Sections 66.1105 for projects within one-half mile of the District;
- 2) An economic feasibility study;
- 3) A detailed listed of the estimated project costs as they relate to industrial development within the District and within one-half mile of the District boundary;
- 4) A detailed listed of non-project costs;
- 5) A detailed map illustrating the proposed improvements in the District and within one-half mile of the District boundary;
- 6) A description of the methods of financing all estimated project costs and the time when the related cost or monetary obligations are to be incurred;
- 7) A map showing the existing uses of real property and suitability for industrial development within the District;
- 8) A statement of the proposed changes to zoning ordinances, master plan, map, building codes, and City ordinances;
- 9) A statement of the proposed plan or relocation of any person to be displaced; and
- 10) A statement indicating how the District promotes the orderly development of the City;

WHEREAS, the City of Manitowoc Plan Commission makes the following findings:

- 1) That the name "Tax Increment District No. 20, City of Manitowoc" shall be assigned to this district;
- 2) That the TID No. 20 boundary is as shown on Map 1 and is defined by the legal description included within the Plan as Exhibit A;
- 3) That the TID No. 20 boundary contains only whole parcels and is completely contiguous
- 4) That the creation date of TID No. 20 is January 1, 2018;
- 5) That not less than 50% of the real property within the district is suitable for industrial sites and is zoned for industrial use;

- 6) That the project costs directly relate to Project Plan implementation and the industrial development of properties within the District, consistent with the purpose for which the District is created;
- 7) That cash grants may be made by the City to owners, lessees, or developers of property within TID No. 20;
- 8) That improvements resulting from the implementation of the project plan are likely to significantly enhance all other real property values in and around the District;
- 9) That the equalized value of taxable property within TID No. 20 plus the increment value of all existing TIDs does not exceed 12% of the total equalized assessed value of taxable property within the City of Manitowoc;
- 10) That the Plan is feasible and in conformity with the City of Manitowoc Comprehensive Plan.

NOW, THEREFORE, BE IT RESOLVED after due consideration, the City of Manitowoc Plan Commission hereby approves the Project Plan and boundary for Tax Increment District No. 20; and

BE IT FURTHER RESOLVED that City of Manitowoc Plan Commission hereby submits the Project Plan and boundary for Tax Increment District No. 20 to the City of Manitowoc Common Council for approval.

ADOPTED this 28th day of March, 2018

Mayor Justin M. Nickels, Chair

Paul Braun, Secretary