

Amendment No. 5

Tax Increment District No. 15 Manitowoc, Wisconsin

Prepared For:



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City Council Approval

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Milestones

Public Hearing

August 22, 2018

Plan Commission Approval Recommendation

City Council Approval

Joint Review Board Approval

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I. Introduction and Process Timeline

This project plan text amendment (hereafter referred to as "Amendment No. 5" or "Amendment") modifies the Project Plan for Tax Increment Financing (TIF) District No. 15 (the "Project Plan"), which was adopted by resolution of the Manitowoc Common Council on May 20, 2002. Amendment No. 5 to the Project Plan is authorized pursuant to §66.1105 Wis. Stats. The area in and around TID No. 15 (the "District") is generally known as the Harbor Town Center.

For ease and clarification, this amended Project Plan also summarizes District Amendments No. 1-4 into one document. This summarization is not meant to replace the previously approved amendments, but is to provide the users with basic information from each amendment without having to refer to the five separate Project Plans.

A. Planning and Approval Process Timeline of Amendment No. 5

The City of Manitowoc Common Council met on June 18, 2018, and directed the Plan Commission to proceed with the Project Plan Amendment. The City of Manitowoc Plan Commission is authorized to prepare the plans necessary to allocate surplus funds to TID No. 14 to allow the TID to close in 2019.

A notice for the first Joint Review Board meeting was published on July 11, 2018. The Joint Review Board held their organizational meeting on July 19, 2018.

A draft Amendment No. 5 to the TID No. 15 Project Plan was reviewed by the Plan Commission at a public hearing also held on August 22, 2018. Notice of the TID No. 15 Public Hearing was sent to the overlying taxing jurisdictions with their Joint Review Boarding invitation letters dated July 3, 2018.

The notice of the public hearing was published on August 7, 2018, and August 14, 2018. Following the public hearing, the Plan Commission recommended _____ of Amendment No. 5 to TID No. 15 Project Plan and recommended approval of the Amendment to the Common Council.

Amendment No. 5 was adopted by resolution of the Common Council on September __, 2018. A notice for the final Joint Review Board meeting was published on _____, 2018 and the Joint Review Board met on _____, 2018 to approve the Common Council resolution amending TID No. 15.

Documentation of all resolutions, notices, and minutes can be found as attachments to this amended Project Plan. As required by Wisconsin Statutes Chapter 66.1105(5)(b), a copy of the amended Project Plan will be submitted to the Wisconsin Department of Revenue and used as the basis for the certification of the amendment to Tax Increment District No. 15.

The amended plan is to be used as the official plan amendment that guides redevelopment activities in the TID and within one-half mile of the boundary. Implementation of this amendment and completion of the proposed activities will continue to require a case-by-case authorization by the Plan Commission and/or Common Council. Public expenditures for projects listed in the plan will be based on the development status of the land and economic conditions existing at the



time the project is scheduled for construction or implementation. The Common Council is not mandated to make expenditures described in this plan and is limited to implementing only those project cost categories identified. Changes in boundaries or additional project categories not identified here will require additional amendments to the Project Plan and would involve additional public review and Common Council approval.

II. District Description and History

The District was created as a blight elimination district to encourage the redevelopment of several large blighted and underutilized properties along a heavily used transportation corridor in the City. The goals were to increase retail development opportunities in the community while reducing blight, increasing the tax base, and providing additional jobs to the community.

A. Description and Inventory of Area

The subject area is comprised of land around the I-43 and Calumet Avenue interchange. Figure 1 and Map 1 in Appendix A show the original boundary. The original boundary contained approximately 140 acres. The 2008 Project Plan/Boundary Amendment added approximately 109 acres as of 2017 with the inclusion of new roads and widened rights-of-way. The boundary currently represents 121 parcels and contains 221.28 acres, which includes 34.65 acres of right-of-way and 186.63 acres of real property.

The City intends to continue using the tools and powers authorized by state law to promote blight elimination and redevelopment of this area, and then allocate surplus funds to TID No. 14. The continued utilization of the District will promote redevelopment and investment from local property owners, both within and outside of it. The continued utilization of the TID also allows the City to provide needed infrastructure improvements, as well as funding to local stakeholders through incentives and grants. The incentives to property owners and business owners enable the City to take a proactive participation approach in revitalizing the City.

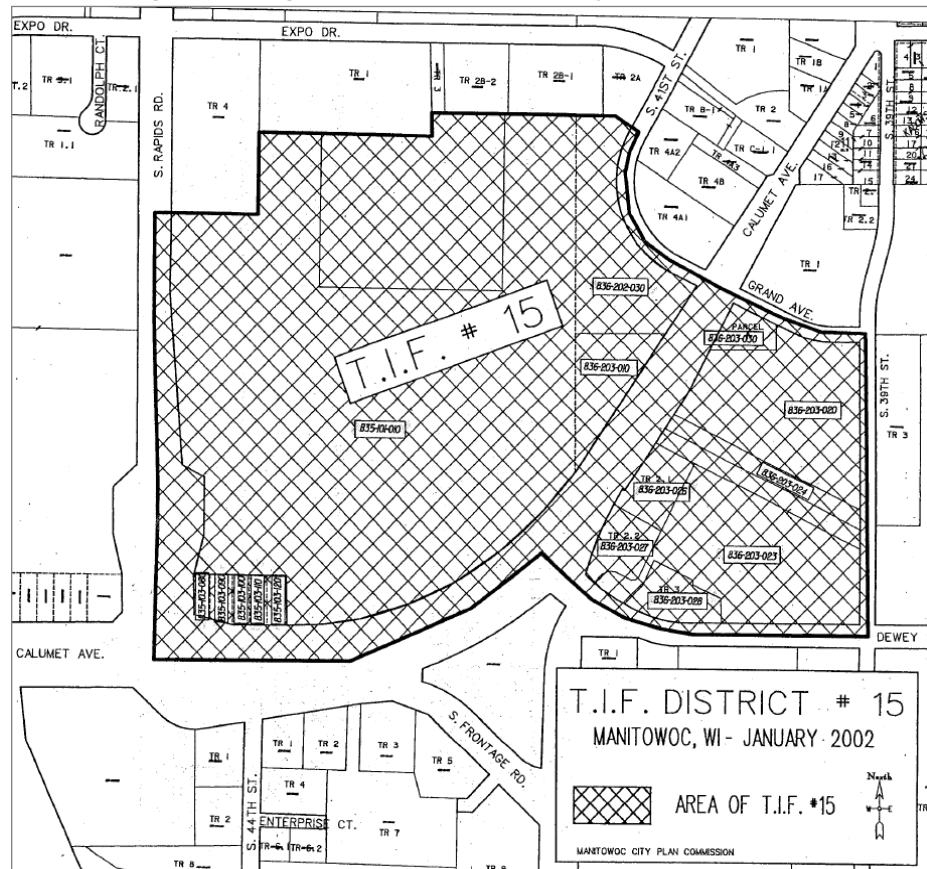
B. 2002 Creation

In 2002, the City understood the need to capitalize on the initial spur of economic development interest that was occurring adjacent to the Interstate-43 corridor. Furthermore, the City and several research groups studied the spending habits of households in Manitowoc County to establish a baseline need for retail shopping that was “leaking” from the community to the surrounding competing markets (Green Bay, Appleton, Sheboygan, etc.).

On May 20, 2002, the Common Council approved the creation of a 140-acre, 15-parcel, blight-elimination TID generally located north of Dewey Street and Calumet Avenue/USH151, and includes the area at the northeast corner of Calumet Avenue/USH151 and S. Rapids Road, as well as properties between Calumet Avenue/USH151, Dewey Street, east of S. 39th Street, and South Grand Avenue. This area has become generally known as Harbor Town Center. The original map boundary is included below.



Figure 1: Original TID No. 15 Boundary Map (2002)



As previously mentioned, the City created the District to promote the redevelopment of a vital urban corridor and to expand the employment base along Interstate 43, the major north/south transportation corridor in the City and Manitowoc County. The City understood that employment generators and positive construction increments would not occur if the proper infrastructure was not in place to attract and support the desired development. Therefore, the City charged itself with the responsibility of ensuring that infrastructure projects start and support developments of private investment when projects were justifiably imminent.

At the time of adoption, 74% of the District was classified as blighted. The City Assessor and DOR determined the equalized base value of all lands and property within the TID boundary was \$14,254,600. The TID was centered on a large 75-acre piece of land that was the previous home of the Manitowoc County Health Care Center (MCHCC). The dated and dilapidated structure was no longer meeting the needs of the MCHCC and the required building standards of the Americans with Disabilities Act (ADA). The cost to renovate the half-century-old health care structure overran the costs to demolish and sell the redevelopment. The remaining parcels in the TID contained a variety of residential and commercial structures constructed between the 1940s and the 1990s. After the City completed and approved a development agreement with Dewey Properties LLC, the MCHCC property was sold for the redevelopment into the commercial/retail node that exists today. The site currently houses a variety of

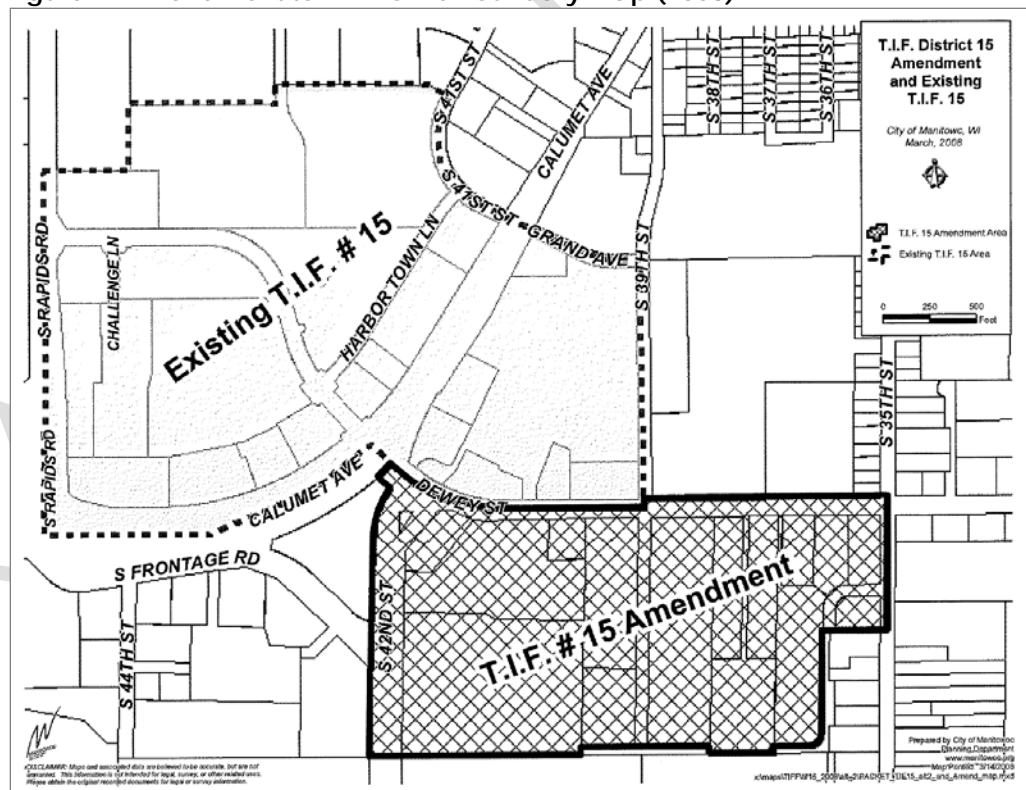
retail options, including, but not limited to, home improvement, clothing, sporting goods, chain restaurants, financial institutions, pet stores, and other personal retail establishments.

To facilitate this transition, the City also included expenditures in the Project Plan to install Dewey Street north of Calumet Avenue and relocate the MCHCC nursing home facility to a new location west of I-43 on S. Alverno Road. The transition to a strong retail shopping node and retention of MCHCC provided the City with more shopping opportunities, retained jobs, created more jobs, and kept more resident income in the community where it has more potential for local economic development incentives and returns on investment (ROI). A summary list of the 2002 Project Plan Proposed Improvements/Use in the TID is included as part of Sections 4 and 5 of this amendment. A complete breakdown of the combined project costs are included in Attachment #1 of Appendix B.

C. 2008 Boundary and Project Plan Amendment (Amendment No. 1)

The next planning action came in 2008 when the City capitalized on the immediate success of TID No.15 and elected to amend the TID boundary to include an additional 109.14-acre area southeast of the original TID. A map of the boundary addition is included below. The boundary amendment added \$5,214,200 of base value to the TID for a cumulative TID base value of \$19,468,800.

Figure 2: Amendment to TID No. 15 Boundary Map (2008)



The additional lands were primarily planned for commercial uses south of Dewey Street and park, open space, and stormwater uses north of Dewey Street. While the area immediately adjacent to Dewey Street has redeveloped (i.e., Kwik Trip,

Festival, etc.), the lands further south of Dewey Street remain primarily undeveloped. Amendment No. 1 added a variety of possible projects to the cost categories of the TID Plan. The areas of possible additional expenditures included the following:

- Capital costs
- Financing costs
- Real property assemblage costs
- Professional services costs
- Administrative costs
- Discretionary payments

D. 2012 Project Plan and Allocation (Donor) Amendment (Amendment No. 2)

In 2012, the City, Manitowoc County, and the State of Wisconsin were slowly recovering from the economic recession that occurred a few years prior. The recession, coupled with the Wisconsin Department of Revenue changing the methodology for valuing TIF Districts, has resulted in major drops in value for many districts in Manitowoc. More specifically, in 2010, the reason for the large decrease in valuations in all of its TIF districts was due to a decrease of 3.2% in the change in equalized values for the entire City.

Several of the TIDs in the City were not as stable or diversified as TID No.15, and were severely impacted by the recession. The City took a holistic approach to understand the health of the TID and took advantage of TID laws to declare TIDs No.8, No.11, and No.12 as distressed. Prior to the distressed designation, the TIDs had maximum district timelines ending in 2020, 2019, and 2021 respectively. By re-classifying, as distressed, the districts are able to stay open longer to pay off all TID expenditures.

The City also declared TID No. 15 as a donor TID to the three distressed TIDs. The amendment authorizes the City's Finance Director to determine the portion of tax increments from District No. 15 in excess of the amount necessary to pay the project costs each year for District No. 15 and to allocate excess positive tax increments to TIF Districts No. 8, 11, and 12 ("recipient or distressed districts") for as long as the law permits. The actions were ultimately successful, and the relevant distressed TIDs are on target to close earlier than the extended deadlines.

As a donor district, the District may remain open up to ten (10) years after the District would otherwise be required to terminate, or until the closure of the distressed receiver TIDs, whichever occurs first. The maximum life of the District increased from 2029 to 2034. Since the City was able to use surplus revenue to pay off debt and expenditures in the receiver TIDs, the City was able to pay off and terminate No. 8 in 2015. However, according to the DOR, TIDs No. 11 and No. 12 can remain open until 2034 and 2032, respectively.

There were no changes to the project boundary, project costs, or non-project costs.

E. 2015 Project Plan Amendment (Amendment No. 3)

The third TID amendment occurred in 2015 when the City amended the TID to also include projects within one-half mile that directly benefit the TID.



Amendment No. 3 was designed to implement specific improvement projects and finish the construction of Dewey Street.

Dewey Street is a primary thoroughfare serving TID No. 15 and the surrounding area, and is an essential piece of infrastructure that contributes to the District sustaining higher property values. The pavement and subgrade were severely deteriorated and the street was overdue for reconstruction. Related stormwater management improvements were also necessary to serve the TID. The City completely reconstructed Dewey Street from S. 26th Street to a point 400 feet west of S. 39th Street accounting for 4,350 linear feet of roads. Not all of the project was supported by the capital budget. Therefore, TID assistance was necessary to complete the required infrastructure.

F. 2017 Project Plan Amendment (Amendment No. 4)

The purpose of the fourth amendment was to detail and include additional expenditures in the form of development incentives or “cash grants” for a proposed project located within one-half mile of the Tax Increment District (TID) No. 15 boundary. The current District Project Plan specifically allows for cash grants to developers, and it allows for expenditures outside of its boundaries; but this particular project is located outside of the boundary and is not specifically identified in the Project Plan. While all the potential project costs are eligible uses of TIF funds under the statute and the current Project Plan, for increased transparency and accountability to the Joint Review Board (JRB), the City of Manitowoc (the “City”) elected to amend the Project Plan specifically for the proposed project, which is located within one-half mile of the TID No. 15 boundary. The City continues to be a steward for the efficient use of TIF, and since the mid-2000s has kept the increment value in all of the districts between five (5) and seven (7)%—well below the 12% maximum currently allowed by law.

G. 2018 Project Plan Amendment (Amendment No. 5)

The specific project described in Amendment No. 4 did not materialize. Therefore, this amendment utilized the planned project costs in Amendment No. 4 to cover the cost associated with the donor allocation.

The 2018 Annual reports indicate TID No. 14 has a future deficit of approximately \$761,000.

III. Statement of Purpose and Summary of Finding

A. Statement of Purpose

The District was created as a blight elimination district to encourage redevelopment of several large blighted and underutilized properties along a heavily used corridor in the City. The goal was to increase retail development opportunities in the community. The City recognized that without the creation of the District, the employment generators and positive construction increment would not occur if the proper infrastructure was not in place to attract and support the development. Therefore, the creation of the TID created a path for developers and landowners to either sell or develop their land. The creation of the TID also enables the City to have greater control over the redevelopment



process to ensure subsequent development is compatible with the District and neighboring properties.

B. Summary of Findings (Revised and Updated)

As required by Wisconsin Statutes Section 66.1105 and as documented in this Project Plan Amendment and the exhibits contained and referenced herein, the following findings are made:

1. The amended Project Plan is in conformity with the Comprehensive Plan and other guiding documents.
2. The amended Project Plan is economically feasible and will enable the TID to close prior to the required closure date.
3. As detailed in the economic feasibility section of this amendment, the total tax increment and resulting revenues in the District are sufficient to pay for the existing public works and the proposed incentives included within this amendment. Furthermore, without the requested TIF assistance, the scenario would likely reflect a loss of employment in the community, whereas the use of TIF will create new jobs.
4. "But For Test." But for the creation and subsequent amendments 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 redevelopment of the district. The area was encumbered by an irregular block pattern and several large and dilapidated structures. The redevelopment projects would not have occurred without the development incentives and infrastructure investments made by the City.
5. The project boundary is not being expanded as part of this Amendment; therefore, the TID is still in compliance with section 66.1105(4)(gm)4.a. While many of the properties have redeveloped, since no new parcels are being added, the District remains a declared blight elimination district.
6. The project boundary is not being expanded as part of this Amendment; therefore, the City still does not exceed the 12% maximum threshold for the total equalized increment value in the TID 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 6.33%.
7. Due to the development of the District over the past 15 years, the City estimates that 75% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.
8. Finally, the benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. Moreover, because the proposed project is located outside of the TID, the overlying taxing jurisdictions will see the increase in the tax base immediately instead of waiting for the District to close.



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

The Common Council is not mandated to make expenditures described in this Amendment; however, they are limited to implementing only projects identified in the original Plan and subsequent amendments.

Projects Inside and Outside the Tax Increment District

Amendment No. 1 in 2008 enabled the City to undertake projects within an area located within one-half mile of the TID boundary, provided that: (1) the project area is located within the corporate boundaries and (2) the projects are approved by the JRB. The cost of projects completed outside the District pursuant to this section are eligible project costs, and may include any project cost that would otherwise be eligible if undertaken within the District.

Amendment No. 3 also specifically called for Dewey Street to be reconstructed. Dewey Street is a primary thoroughfare serving the District and the surrounding area and is an essential piece of infrastructure that contributes to and upholds the value of property within the District. The pavement and subgrade were severely deteriorated, and the street was overdue for reconstruction. Related stormwater management improvements were also necessary to serve the District. The City completed the Dewey Street reconstruction in 2016.

Figure 3 identifies the original and amended project costs.

A. Infrastructure

The portion of costs related to the construction or alteration of sewerage treatment plants; water treatment plants or other environmental protection devices; storm or sanitary sewer lines; stormwater management facilities; water systems; utility service systems (electric, gas, communication, etc.); street amenities; 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 of 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 2002 Project Plan identified various public improvements, including, but not limited to, general landscaping, lights, benches, trash receptacles, sidewalk, walking/snowmobile paths, and utility improvements related to either the overall site or the extension of Dewey and other street areas created in, on or adjacent to the main retail property.

The 2008 Amendment specifically identified the following infrastructure activities to be added to the Project Plan:



- a) Street design and construction (all facets) including removal of existing and vacated rights-of-way ("R/W") and private drives; realignment of private ingress/egress; curb and gutter; driveway extensions connected to public R/Ws; sanitary, storm sewer, and water mains; and laterals and appurtenances, such as associated landscaping and traffic control devices and signals;
- b) Utility extensions, relocations, and modifications of all types and kinds, including environmental, televising, engineering, feasibility, financial, and legal services related to:
 - (1) Storm water retention/detention pond studies, planning, excavation, construction, and maintenance;
 - (2) Installation of walking paths, including pedestrian amenities; and
 - (3) Above- and below-ground utility installations and extensions of all types, including telecom.

The 2002 Project Plan allocated \$1,000,000 for pedestrian improvements, and the 2008 Amendment increased the spending plan to \$1,500,000.

The 2015 Amendment allocated an additional \$1,240,000 toward the pavement and stormwater reconstruction of Dewey Street.

B. Capital Improvement Costs

Including, but not limited to, the actual costs of the construction of public works or improvements, 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 2008 Plan Amendment specifically identified the following additional capital improvement activities to be added to the Project Plan:

- 1. Other miscellaneous improvements designed to enhance the overall appearance of TID No. 15; and
- 2. Swimming pool/aquatic center and all planning, engineering, environmental, and facility construction, improvement, utility extensions, and fixtures related thereto.

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; and relocating utility lines and other infrastructure, utilities, signs, fencing, and other related activities.

The 2002 Project Plan identified the following site development activities:

1. Demolition of structures, backfilling, and abatement services;
2. Miscellaneous on- and off-site costs, including fill, compaction, clearing, grading, graveling, paving, drainage, and erosion control of site;
3. Grading, graveling, paving, boulevard improvements, and other enhancements and costs associated with the extension of future streets;
4. Removal or containment of, or the restoration of, soil or groundwater affected by environmental pollution;
5. Construction of stormwater detention ponds and basins within the TIF area, and related amenities, including runoff devices—all designed to accommodate increasing stormwater runoff due to development, which will occur in the TIF area;
6. Utility extensions and street construction;
7. Utility relocations, including underground installation of utilities, transformer pads, and the extension of facilities, including telecom infrastructure, to service the new facilities;
8. Signalization and associated enhancements;
9. Landscaping and signage;
10. Development, construction, and upgrading of parking lots and associated access drives including, but not limited to such elements as pavement, drainage, curbs and sidewalks, lighting, striping, signage, and landscaping; and
11. Other miscellaneous improvements designed to enhance the overall appearance of the district.

The 2008 Amendment specifically identified the following capital improvement activities to be added to the Project Plan:

1. Costs related to any changes in DNR or other local, state or federal environmental regulations;
2. Development, construction, and upgrading of parking lots and associated access drives, including, but not limited to such elements as paving, drainage, curbs and sidewalks, lighting, striping, and landscaping; and
3. Land excavation, grading, and ground-leveling activities.



The 2002 Project Plan allocated \$2,750,000 for pedestrian improvements, and the 2008 Amendment increased the spending plan to \$6,000,000.

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 2002 Project Plan allocated \$500,000 for land acquisition and assembly costs and the 2008 Amendment increased the spending plan to \$750,000.

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 non-profit organizations for the purpose of 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 housing 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 and/or housing project and shall be set forth in a development agreement. The 2002 Plan identified the largest redevelopment parcel to receive development incentives or contributions. As a result, the developer completed the construction of approximately 300,000 new square feet of new building.

The 2002 Project Plan allocated \$2,000,000 for development incentives and project contributions and the 2008 Amendment increased the spending to \$2,950,000.



Amendment No. 4 included an additional \$668,000 for development incentives (cash grants) for a local employer looking to consolidate operations from Minnesota to Manitowoc at a property within one-half mile of the TID boundary (Dowco Inc, 4230 Clipper Drive). While not a blight elimination project in itself, the creation of these additional jobs helps support the Harbor Town Center District by increasing household incomes, reducing unemployment, expanding the retail customer base, and potentially increasing the community population. Conversely, without these actions, the employer would leave and consolidate their operations at the Minnesota location, and the loss of these jobs would be detrimental to the Harbor Town Retail District. This project did not materialize and, therefore, Amendment No. 5 reallocates the allocated funds to donate surplus funds to TID No. 14.

TIF funds would be provided to the developer for public or private utilities, 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. \$48,000 of the TIF cash grant would be set aside specifically to assist with a short-term lease of warehouse space to facilitate the immediate movement of additional production equipment into their existing Clipper Drive facility.

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 redevelopment of the area.

The 2002 Project Plan allocated \$500,000 for design, engineering, and other professional services, and the 2008 Amendment increased the spending plan to \$2,500,000 to account for the work necessary to complete the Dewey Street reconstruction.

G. Discretionary Payments

Discretionary Payments are payments made, at the discretion of the local legislative body, which is 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 eliminate blight, improve housing stock, remove social obstacles to development, provide labor force training and day care services or neighborhood improvements to improve the quality of life or safety of the residents, workers or visitors, marketing of properties within the district, and other payments which are necessary or convenient to the implementation of this Project Plan. The payments could be made to the Community Development Authority to capitalize on a redevelopment program.

H. Administration Costs

Eligible administrative costs include, but are not limited to, a reasonable portion of the salaries of the city administrator, building inspector, attorney, finance director, auditor, assessor, Public Works employees, city engineer, consultants, and others directly involved in planning and administering the projects and



overall District, including any annual payments required to be paid to the Wisconsin Department of Revenue (DOR) by state law.

I. TID Organizational Costs

Eligible organization costs include, 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 TID. 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 which 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 2002 Project Plan lumped financing and organizational costs into one category. For the purpose of this Amendment, the TID organizational costs are separated and have now allocated 10,000 for the work associated with the amendment of the District.

J. Surplus Funds Transfer

The City of Manitowoc is amending TID No. 15 to allow the transfer of surplus funds. Section 66.1105(6)(f)2.b. of Wisconsin State Statutes allow for the transfer of surplus funds from TID No. 15 to TID No. 14 for eligible projects in the TID No. 14 Project Plan.

The project plan includes \$761,000 for surplus transfer to TID No. 14.

K. 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 the redemption of obligations prior to maturity.

The 2008 Plan Amendment specifically identified the following financing costs to be added to the Project Plan:

1. Letter of Credit fees.
2. Principal and interest payments related to developer-funded TIF or municipally funded TIF expenditures.

The 2002 Project Plan allocated \$250,000 for financing and organizational costs. The 2008 Amendment increased the spending plan to \$3,300,000 to account for the work necessary to complete the Dewey Street reconstruction.

The City may fund specific project cost items shown below in greater or lesser amounts in response to opportunities that will help the City accomplish the purposes of TID No. 2.



The City will generally use 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 TID's expenditure period. The costs listed above are for the remainder of the TID's life and do not include expenditures made for projects that have been completed earlier in the TID's life.

V. Detailed List of Project Costs

Figure 3 describes the detailed project costs for project categories anticipated to be implemented during the remaining 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." Table 2 includes the original project costs and budgeted project costs for the District under each of the previously approved Project Plans and this proposed amendment.

The original Project Plan and Amendments No. 1-3 costs listed below were based on prices at the time of the appropriate amendment. 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 TID. 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. A more detailed list of planned project costs are included as part of the Financial Attachments in Appendix B.

The City may fund specific project cost items shown below 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 TID's expenditure period.

Figure 3

Planned Project Costs Summary				
City of Manitowoc				
TID No. 15 Amendment No. 5				
Category	Project Plan Costs	Amendments Plan (1-5) Costs	Other's Share	TID Share
A. Infrastructure	\$1,000,000	\$3,260,000	\$1,520,000	\$2,740,000
B. Capital Costs	\$0	\$0	\$0	\$0
C. Site Development Costs	\$2,750,000	\$3,250,000	\$0	\$6,000,000
D. Land Acquisition & Assembly	\$500,000	\$250,000	\$0	\$750,000
E. Development Incentives	\$2,000,000	\$950,000	\$0	\$2,950,000
F. Professional Services	\$500,000	\$2,000,000	\$0	\$2,500,000
G. Discretionary Payments	\$0	\$0	\$0	\$0
H. Administration Costs	\$0	\$0	\$0	\$0
I. Organizational Costs	\$0	\$0	\$0	\$0
J. Surplus Funds Transfer	\$0	\$761,000	\$0	\$761,000
Subtotal	\$6,750,000	\$9,710,000	\$1,520,000	\$15,701,000
K. Financing Costs (less Capitalized Interest)	\$250,000	\$3,050,000		\$3,300,000
Total TID Expenditure				\$19,001,000



VI. Non-Project Costs & Ineligible 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 amendment are for projects in the District or within one-half mile of the District boundary, but directly serve the benefit of the TID. The 2015 Amendment detailed the only previous non-project costs: \$1,520,000 for the Dewey Street reconstruction. Figure 3 illustrates these findings. The City does not expect to incur any additional non-project costs other than those detailed in previously approved Amendment No. 3. Amendment No. 5 does not illustrate any changes to non-project costs and ineligible costs to TID No. 15.

VII. Economic Feasibility, Financing & Timetable

In order to evaluate the economic feasibility of the TID, it is necessary to project the amount of tax increment revenue that can reasonably be generated from the District. The ability of the municipality to finance proposed projects must also be determined. The District is economically feasible if the tax increment revenue projected to be generated over the life of the TID is sufficient to pay all project and financing costs incurred during the TID's expenditure period. The components of such an analysis include:

- A. The expected increase in property valuation due to inflation and the impact of general economic conditions on the TID.
- B. The expected increase in property valuation due to new development encouraged by the TID.
- C. Any change that may take place in the full-value tax rate.
- D. The expected TID revenues.
- E. The expected TID cash flow (the *timing* of the revenue).

Economic Feasibility Assumptions

Amendment No. 5 does illustrate any changes to the economic assumptions listed below:

A. New Construction and Inflation

For the purpose of a conservative estimate, the projections assume no new construction prior to the anticipated TID closure.

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



0.25% annual inflation rate for property assessment values will provide a conservative estimate.

C. Effective Tax Rate

The third variable to consider in projecting TID revenues is the 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 net mill rate from the City of Manitowoc 0.02016. A review of the previous annual changes revealed an annual fluctuation between -2.5% and 5% and an annual average around 1.5% since 2007. For the purpose of a conservative estimate, no projected increase in the mill rate is used. Any increases in the tax rate would result in a positive increase in tax increment revenue for the District.

D. TIF Revenues

The remaining projected increment is approximately \$3,125,000 over the remaining anticipated life of the District (2018-2019). The projected revenue is sufficient to pay all TID-related costs for the projects.

E. Cash Flow

Another consideration regarding the adequacy of TID revenues toward paying TID project costs is the relative timing of revenue and expenditures or cash flow. There are sufficient TID revenues over the life of the TID to pay for all costs. The Tax Increment Cash Flow Worksheet shown below summarizes the assumed cash flow.

Figure 4

Tax Increment Cash Flow												
City of Manitowoc												
TID No. 15 Amendment No. 5												
Year	Beginning Balance	Revenues				Expenses					Annual Surplus (Deficit)	Balance After Surplus to Principal
		Capital Interest & Debt Reserve	Tax Increment Revenue	Other Revenue	General Fund Advance	Existing Debt & Donor TID Allocations	Donor Allocation	Annual Admin & Amendment	Advance Debt Payment	Anticipated Affordable Housing		
2002												
2003												
2004												
2005												
2006												
2007												
2008												
2009												
2010												
2011												
2012												
2013												
2014			1,505,046			1,505,046					0	0
2015			1,531,377			1,463,206					68,171	\$ 68,171
2016	68,171		1,623,592			2,100,057					(476,465)	(408,294)
2017	(408,294)		1,546,920	28,674		1,043,675		11,169			520,750	112,456
2018	112,456		1,546,920	28,674		814,400	695,650	3,000	175,000		(112,456)	0
2019	0		1,546,920				65,350				1,481,570	1,481,570
2020-2021												
2022-2034												
Total		0		57,348	0	6,926,384	761,000	14,169	175,000	0		

Other Expenses include: Site Development Costs, Professional Services, Discretionary Spending, Administration Costs, and Organizational Costs.
 2019: Projected TID closure Date - Post April 15, 2019
 0.50% = Assumed Investment Rate For Interest Income
 As reported by the City
 Advance payment of existing debt (2020-2021)
 Projections based on previous 2016 reported revenue held constant



Financing Methods

Tax Increment and Cash Flow – Based on the 2018 Wisconsin Department of Revenue Report, the equalized value of the District increased by \$58,057,500 since the creation of the District. This is a reduction of \$ 3,856,300 since the previous amendment in 2017.

The City does not anticipate a significant amount of additional expenditures prior to the projected closing date listed in the section below.

Under Wisconsin law, there are a variety of methods that a municipality could use to fund projects. Several methods impact the municipal borrowing limits, while others do not. The City could most likely utilize additional borrowing to implement any additional projects in the District, provided the 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. According to the DOR, the City had an estimated total debt capacity of \$95,760,870 and \$52,029,000 in existing debt. Using this data, the current remaining debt capacity of the City is \$43,731,870.

Not all remaining or 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 TID when funds are available. Other expenses can be paid out of TID cash flow as projects are constructed, assessed, and begin paying property taxes.

Financing Timetable

There is no change to this section.

A. TID Expenditure Period

The expenditure period for the District ends on May 20, 2024. The City could incur additional project costs until this date. The City 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. The actual implementation of the projects may be accelerated or deferred, depending on conditions existing at the time.

B. TID Closure Date

As previously mentioned, the District was designated as a Donor TID with the intention of generating increment payments until 2034 to help pay down the expenditures in TID No. 11 and TID No. 12. However, the City anticipates TID No. 15 to close prior to April 15, 2019. Therefore, the final collection year for TID No. 15 is 2019. If the City was to close the TID after April 15th of the same calendar year, the TID would receive one additional year of increment revenue.

VIII. Equalized Value Test

There is no change to this section.



IX. Statement of Impact to Overlying Taxing Jurisdictions

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

Figure 5

Analysis of Impact on Overlying Jurisdictions				
City of Manitowoc TID No. 15 Amendment No. 5				
Taxing Jurisdiction	% of Mill Rate by Jurisdiction	Annual Taxes Collected on Base Value Distributed to Taxing Jurisdictions	Annual Taxes Collected After TID	Increase in Annual Tax Collections After TID
School District	34.65%	\$136,033	\$535,951	\$399,917
Tech. College	3.55%	\$13,925	\$54,860	\$40,936
County	24.18%	\$94,934	\$374,025	\$279,091
Local	37.63%	\$147,743	\$582,084	\$434,341
Total	100.0%	\$392,635	\$1,546,920	\$1,154,285

X. Statement of Proposed Changes to Municipal Maps, Plans, and Ordinances

There is no change to this section.

The District was created to do the following:

- Encourage the redevelopment of obsolete buildings and underutilized property in a highly visible location in the City.
- Help promote a variety of commercial and retail development in the City rather than on vacant sites elsewhere in the region.
- Promote public health, safety, and welfare by making improvements to City infrastructure.
- Promote the development of the tax base in the City.

Project Plan Amendment No. 5 continues these goals of promoting orderly development.



XI. Relocation

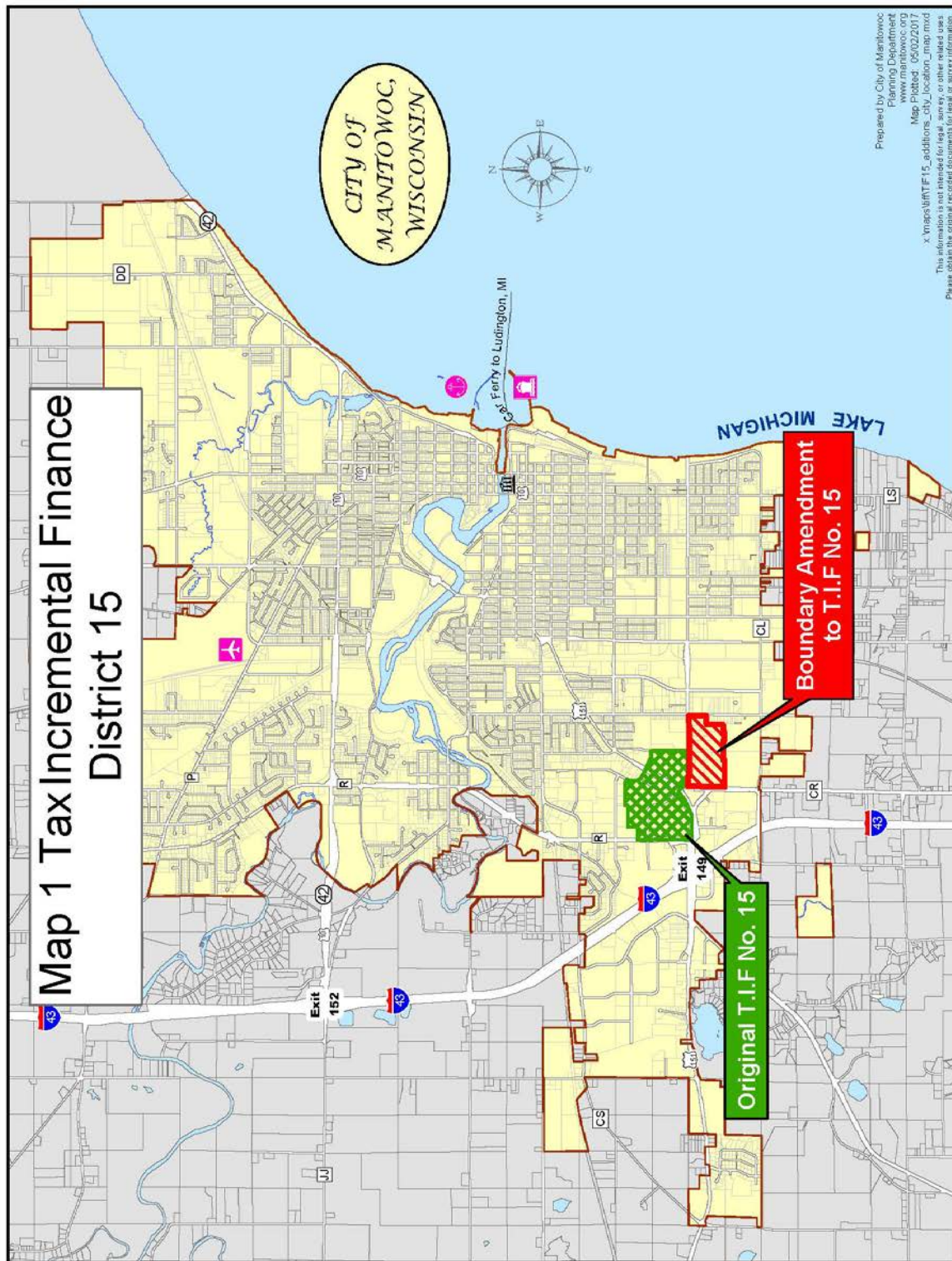
No persons are expected to be displaced or relocated because of proposed projects in this TID Plan. However, if relocation were to become necessary in the future, the following methods are proposed by the City for displacement or relocation. Before negotiations begin for the acquisition of property or easements, all property owners will be contacted to determine if there will be displaced persons as defined by Wisconsin Statutes and administrative rules. If it appears there will be displaced persons, all property owners and prospective displaced persons will be provided an informational pamphlet prepared by the State of Wisconsin. If any person is to be displaced because of the acquisition, they will be given a pamphlet on "Relocation Benefits" as prepared by the State. The City will file a relocation plan with the State of Wisconsin and shall keep records as required in Wisconsin Statutes § 32.27. The City will provide each owner a full narrative appraisal, a map showing the owners of all property affected by the proposed project, and a list of neighboring landowners to whom offers are being made as required by law.

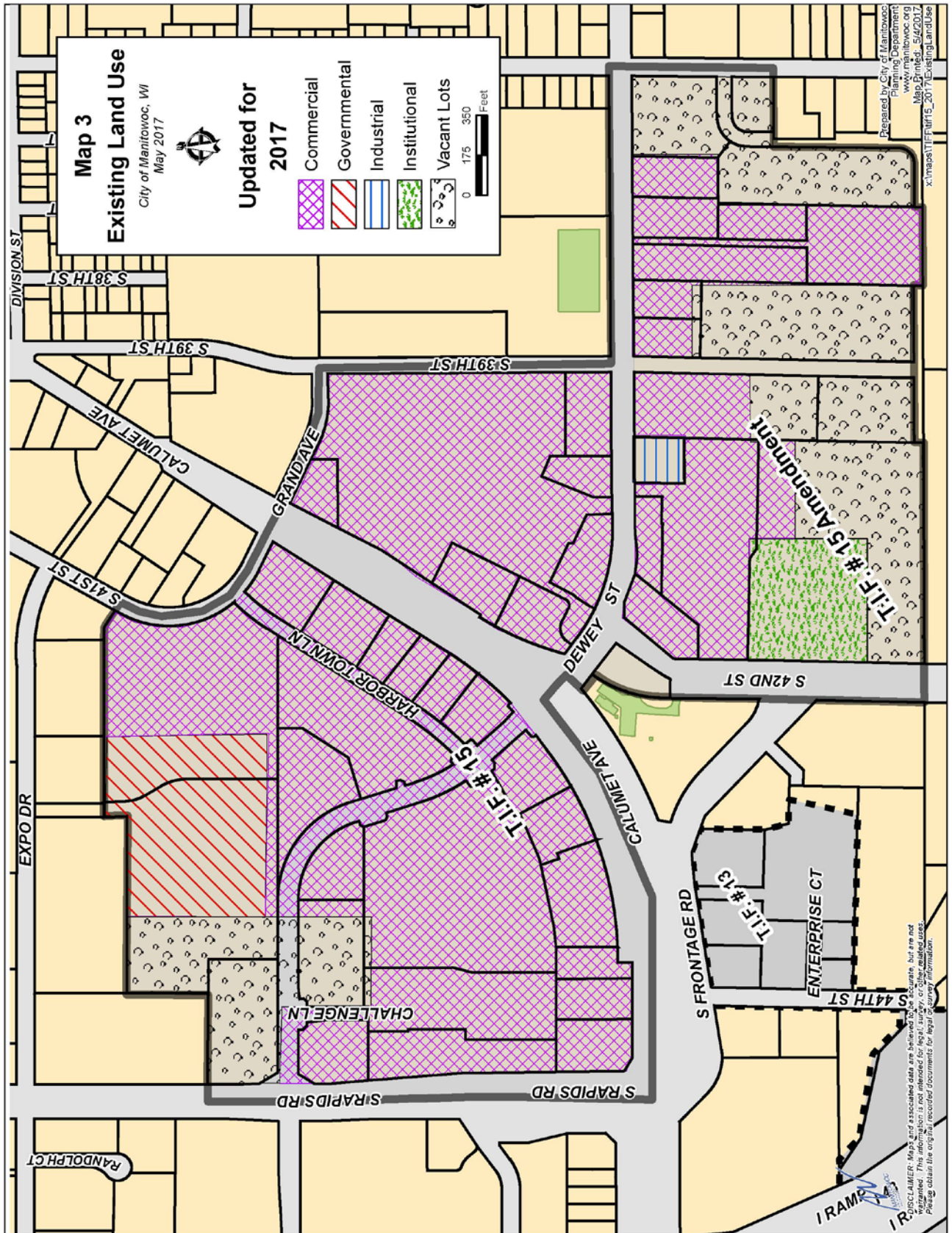
XII. District Boundary and Description

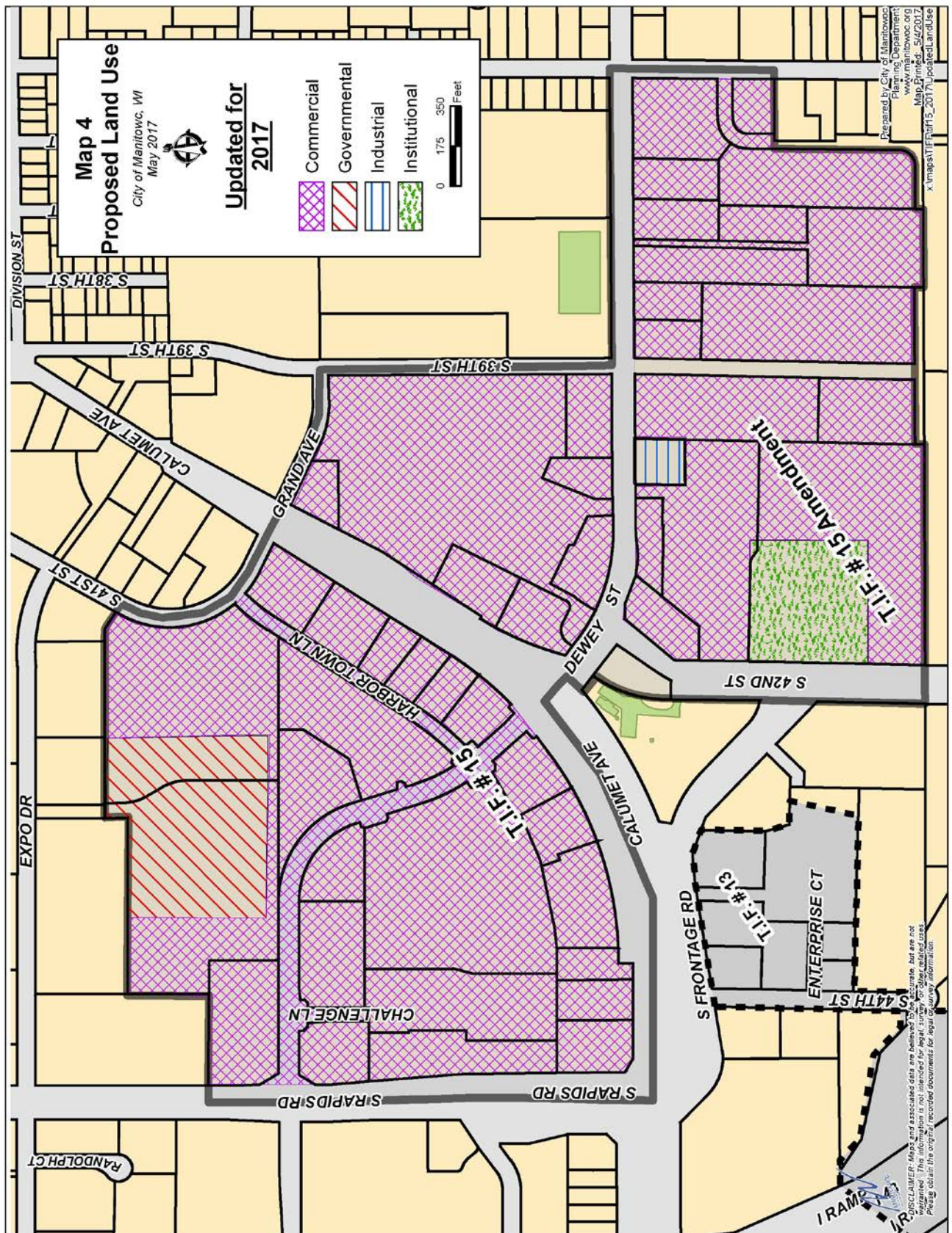
There is no change to this section.



XIII. Appendix A: Maps







XIV. Appendix B: Financial Attachments **Attachment #1: Detailed Project Costs**

Planned Project Costs					
City of Manitowoc					
TID No. 15 Amendment No. 5					
Type of Expenditure	Creation Amount	Amendment Amount	% Paid By		TID Costs Allocated to Project
			Project	Other	
A. Infrastructure					
Pedestrian Amenities (2002)	\$1,000,000		100%	0%	\$1,000,000
Pedestrian Amenities (2008)		\$500,000	100%	0%	\$500,000
Dewey Street Pavement/Stormwater Recon (2015)		\$2,760,000	45%	55%	\$1,240,000
Total Capital Costs	\$1,000,000	\$3,260,000			\$2,740,000
B. Capital Improvement Cost					
-	\$0		100%	0%	\$0
-		\$0	100%	0%	\$0
-		\$0	100%	0%	\$0
Total TID Infrastructure	\$0	\$0			\$0
C. Site Development Costs					
Demolition & Miscellaneous improvements (2002)	\$2,750,000		100%	0%	\$2,750,000
Demolition & Miscellaneous improvements (2008)		\$3,250,000	100%	0%	\$3,250,000
-		\$0	100%	0%	\$0
Total TID Site Development Costs	\$2,750,000	\$3,250,000			\$6,000,000
D. Land Acquisition & Assembly					
Land Acquisition & Assembly (2002)	\$500,000		100%	0%	\$500,000
Land Acquisition & Assembly (2008)		\$250,000	100%	0%	\$250,000
-		\$0	100%	0%	\$0
Total TID Land Acquisition & Assembly	\$500,000	\$250,000			\$750,000
E. Development Incentives					
Development Project Contributions (2002)	\$2,000,000		100%	0%	\$2,000,000
Development Project Contributions (2008)		\$950,000	100%	0%	\$950,000
Development Project Contributions - Dewey (2017)			100%	0%	\$0
Total TID Development Incentives	\$2,000,000	\$950,000			\$2,950,000
F. Professional Services					
Design/Engineering/Professional Services (2002)	\$500,000		100%	0%	\$500,000
Design/Engineering/Professional Services (2008)		\$2,000,000	100%	0%	\$2,000,000
-		\$0	100%	0%	\$0
Total TID Professional Services	\$500,000	\$2,000,000			\$2,500,000
G. Discretionary Payments					
-	\$0		100%	0%	\$0
-		\$0	100%	0%	\$0
-		\$0	100%	0%	\$0
Total TID Discretionary Payments	\$0	\$0			\$0
H. Administration Costs					
City Staff	\$0	\$0	100%	0%	\$0
DOR Fees	\$0	\$0	100%	0%	\$0
Audits	\$0	\$0	100%	0%	\$0
Total TID Administration Costs	\$0	\$0			\$0
I. Organizational Costs					
Department of Revenue Submittal Fee	\$0	\$0	100%	0%	\$0
Professional Fees	\$0	\$0	100%	0%	\$0
City Staff & Publishing	\$0	\$0	100%	0%	\$0
Total TID Organization Costs	\$0	\$0			\$0
J. Surplus Funds Transfer					
Surplus Funds Transfer	\$761,000	\$0	100%	0%	\$761,000
Total TID Surplus Funds Transfer	\$761,000	\$0			\$761,000
J. Inflation					
	\$0	\$0	100%	0%	\$0
Total TID Project Costs	\$6,750,000	\$9,710,000	100%	0%	\$14,940,000
K. Financing Costs					
Interest, Fin. Fees, Less Cap. Interest (2002)	\$250,000				\$250,000
Interest, Fin. Fees, Less Cap. Interest (2008)	\$0	\$3,050,000			\$3,050,000
Plus Capitalized Interest	\$0	\$0			\$0
Total Financing Costs	\$250,000	\$3,050,000			\$3,300,000
TOTAL TID EXPENDITURE					\$18,240,000

Amendment allocation in Development Incentives planned to be paid for from TID revenue.



XV. Appendix C: Resolutions, Notices, Minutes, and Other Attachments

DRAFT for Review

