

City of Manitowoc
Tax Incremental Financing Joint Review Board
Wednesday, August 30, 2017 – 10:00 AM
Planning / Engineering Conference Room
Main Floor – City Hall

Meeting Summary

1. Call to Order.

The meeting of the City of Manitowoc Tax Incremental Financing Joint Review Board (TIF JRB) was called to order by Chairman T. Reckelberg at 10:00 AM.

2. Roll Call was conducted. Meeting attendance is noted below.

3. Approval of the June 27, 2017 Minutes.

Motion by K. Mischler, seconded by M. Maurer, to approve the June 27, 2017 meeting summary. Motion carried unanimously.

4. Discussion on Creation of TIF District No. 19 (Downtown) Project Plan and Boundary (PC 22-2017).

N. Sparacio stated the purpose of the meeting is to introduce the proposed new TIF district creation. No action will be required at this time. N. Sparacio further explained the intent behind the new district is to provide the TIF tool for all of the City's downtown area. In particular, the proposed district will overlay two existing districts (11 and 14) that are no longer usable, and it will abut district 16 which will be kept open.

N. Sparacio explained that the reason for moving forward with the new district at this time is to serve two development projects, representing \$24 million in total investment, that are moving forward within the proposed district. One is a historic renovation of the Schuette Building, and the other is a manufacturing expansion. The manufacturing expansion is a competitive scenario where other states are also seeking this same project investment.

D. Lindstrom, the TIF consultant from Vierbicher, presented the details of the proposed district boundary, the project plan, the projected financial

performance of the district, and the TIF district creation process. He explained the public works projects included in the project plan including infrastructure improvements, development incentives including grants, site development, land acquisition and assembly, professional services, and programmatic costs like a facade improvement program. The projected construction increment is sufficient to cover the public works project budget, and the City will remain well under its allowable 12% cap for the proportion of the City's total tax base included in TIF districts.

The members discussed the properties, projects, and tax value included in the proposed district. T. Reckelberg asked what options the City has available to close the districts that will be overlaid by the new district. N. Sparacio explained that TID 11 is designated as Distressed, and the City is projecting that its obligations will be met for closure in 2019. TID 14 is not projected to recover its costs. If TID 14 does not recover its costs by its required closure, the City will have to pay the district obligations from its general fund. This is the risk that the City takes on when utilizing TIF. Another option for TID 14 is to allocate increment from better performing districts. T. Reckelberg asked whether this allocation would come from the new district. D. Lindstrom stated that he would not anticipate the new district having excess funds in the near future. Such an allocation would likely have to come from another positively performing district that is further along in its lifespan.

The members discussed the proposed cash flow and financing for public works projects. D. Lindstrom stated that the tax rate was held at the current level throughout the proforma, and no property appreciation was included. The proposed projects are financed with three borrowing events using 3.5% as the interest rate.

M. Maurer asked how the proposed project funds break down in terms of assisting with private property improvements versus paying for public works projects. N. Sparacio estimated that 75% of the proposed project costs would be oriented toward private property improvement. He further explained that this is the intended priority for the new TID – leveraging private investment to increase tax base. Some infrastructure improvements could serve this function, but the single largest line item in Figure 3 is intentionally the “Development Incentives” item.

T. Reckelberg asked what the plan means when it refers to “voluntary and compulsory programs” for property improvements. N. Sparacio explained that this comes from the Statutory definition of a “rehabilitation and conservation” TIF district. He further explained that the City already has property

maintenance enforcement through its Building Inspection program, and TIF is not going to be involved in forcing people to make property improvements. In contrast, the new TIF could help create an incentive program for property maintenance such as a façade grant or loan program.

Mayor Nickels explained the need for a new downtown TIF district stems from the challenges of developing a historic downtown in contrast with developing a farm field or other greenfield site. The City anticipates a balance of new construction and historic renovation in the TIF district, but both bring challenges that were not experienced with new development in the Harbor Town area, for example.

K. Mischler stated that he sees the need for downtown investment and improvements. The City needs to do something different in order to attract business growth and population growth. He further stated that just trying to keep taxes low does not lead to growth, but improving the attractiveness of the community does. He stated that he supports the proposed plan and projects.

Alderman Kummer asked whether City Hall could be included in the TIF district. N. Sparacio stated that if the City Hall property ever became taxable, it would be beneficial to have it in the district. The boundary could be amended in the future, or it could be revised right now. It would not harm the district's financial benchmarks to include a non-taxable property in the district. It is not a property in need of rehabilitation, but such a change should not stop the district from including at least 50% of the land area as being in need of rehabilitation or conservation.

K. Mischler asked what the likelihood is of the projected development projects being realized. N. Sparacio stated that most of the near term projects are known, and the others listed in the near term have at least an expressed interest. Further out in the timeline, they are just educated guesses. D. Lindstrom stated that if these projects do not move forward, then the associated project costs should not be spent. K. Mischler noted that the more likely projects represent a strong start on the projected total – about \$10 million is known for the first 2 years out of the projected \$54 million over the 27 year period.

N. Sparacio stated that the members can continue to review the draft plan and forward any question to him. Mayor Nickels noted the very high importance to the City of this proposed TID to help implement the City's plans for downtown improvements.

5. Set Next Meeting for Consideration of TIF District No. 19 Creation

The next meeting was set for September 20, 2017 at 10:00 AM.

6. Adjourn.

T. Reckelberg adjourned the meeting at 11:00 AM.

Attendance

Members Present

Todd Reckelberg
Mark Maurer
Ken Mischler
John Lukas

Members Excused

Steve Corbeille

Staff Present

Nic Sparacio
Paul Braun
Tyler Caulum

Others Present

Dan Lindstrom (Vierbicher)
Mayor Justin Nickels
Ald. Lee Kummer