

Mayor's Column for August 12, 2009 Review

When I campaigned for mayor in spring 2006, I was asked what would be my first initiative if I was elected. My response was: "My first initiative will be to increase community focus on economic development . . . Retention of existing businesses must be a primary component of this plan . . . The successful long-term impact of a community-written economic development plan is a vibrant, healthy local economy that has provided substantial increases in employment and city tax base." (Evansville Review, March 22, 2006)

I intend to discuss various components included in the economic development chapter of Evansville's Smart Growth Comprehensive Plan and recent local economic development efforts guided by the Plan. In this column I will focus on tax increment financing (TIF).

The economic development element of the draft Rock County Comprehensive Plan 2035 identifies TIF as Wisconsin's number one economic development tool. The County Plan also states that most growth comes from existing companies and that communities should continually and strongly emphasize business retention and expansion.

The basic mechanism of TIF is the establishment of a financing district, with a determination of the tax value of the area as of the date of district formation. The community undertakes projects to attract and facilitate development and/or redevelopment, such as installation or rehabilitation of public infrastructure, land acquisition, or payment of development incentives. Community investment is repaid over time by capturing the increased property tax revenue generated within the district.

State law requires that the "but for" test is applied for TIF programs. There are different interpretations of "but for"; strictly applied, it means that the project would not happen "but for" TIF. Other interpretations, such as the project would not happen in the same time frame or to the same extent or level of value, have been utilized. Use of TIF for various types of projects, like industrial development, office buildings, commercial/retail projects, and condo development, is an ongoing subject of debate.

An article on TIF published in the Wisconsin State Journal on July 29, 2009, caught my attention. It was entitled "Some officials want a tastier TIF 'carrot'" and it illustrated the typical continuum of opinions regarding TIF as an economic development tool. Some article highlights are:

- "Some Madison officials want the city to more aggressively use financial assistance to lure businesses and create jobs."
- "The city has already changed priorities on how to use TIF, shifting from office buildings and upscale condos to creating jobs and revitalizing neighborhoods."
- "It's want versus need," city TIF coordinator Joe Gromacki said. "We have been in the practice of not getting into bidding wars. We're not here to hand out door prizes with the taxpayers money."

The City of Evansville currently has four active TIF Districts. TID #5 is the downtown redevelopment district that was created on August 10, 2004. TIDs #6, #7, and #8 were all established in the last three years. Badger Coach, Evansville Hometown Pharmacy, Grange Mall, Pete's Inn, Nelson-Young Lumber, Farnsworth Ceramics/Star Printing, Eager Economy Building, Matthias James Pottery gallery next to Allen Creek on East Main, the Eager-Fuchs building that houses Déja Vu, Cobblestone Inn & Suites, and the Heights at Evansville Manor are businesses/properties that have received TIF development incentives through these districts. The city also made a substantial incentive commitment to North Prairie Productions that was not used. Just recently, a TIF-supported project was approved for Mosher Insurance Agency to undertake a historic restoration at 15-17 East Main Street. A recent preliminary audit of the TID #5 redevelopment district shows infrastructure improvements of more than \$3 million were undertaken for sanitary sewer, water, storm sewer, underground electrical, street construction, and landscaping in the downtown district. These improvements benefit businesses throughout the district. Substantial infrastructure improvements along County Highway M were also undertaken as necessary for future commercial/industrial development.

TIF funds can also be used for planning and consulting. The DOT-required traffic impact analysis of Highway 14 in the area of County M and J. Lindemann Drive is an example. The analysis cost approximately \$20,000 and benefited all the businesses in the area by city efforts to maintain unrestricted vehicular access/egress on J. Lindemann. Another example of a TIF initiative that benefited the larger business community was the engagement of consultant Judy Whalen, at a cost of \$25,000, to draft the Evansville Economic Development Plan, an objective of our smart growth plan. Input received from the community, school district, surrounding towns, and businesses attending the economic summit and subsequent task forces was the basis for the resulting Plan. Still another TIF-funded objective of our smart growth plan was exploration of expansion of our downtown business district along Union Street and Allen Creek. R.A. Smith was engaged to provide a redevelopment plan for the area, at a cost of approximately \$8,500. These initiatives have all occurred in the past three years.

A non-TIF city program established in 2001, the Building Facade Improvement Grant Program, also provides assistance to business owners. Property owners can receive grants of up to \$1,200 for exterior property improvements. The old downtown Ace Hardware, Evansville Pharmacy, Roger Roth and Associates, the former Curves property on East Main Street, Farnsworth Ceramics/Star Printing, 18 East Main Street (location of Real Coffee), and the Eager Economy Building have received grants. Just last week facade grants were approved for Century 21 at 1 East Main Street and the brick Antes Building at 116 East Main that is owned by Dave Mueller.

Since 2004, direct incentives approved for specific businesses through TIF, revolving loans and building facade grants totaled more than \$1,825,000. Additional millions of dollars for infrastructure improvements and planning and consulting services have benefited the general business community. Public comments that Evansville has an active business environment are true—the city and business community have been

making significant economic development investments. And these are not the only economic development initiatives in Evansville. There is notable entrepreneurial activity, workforce development planning, community marketing, and various other economic development efforts occurring in the city. I will address these initiatives in my next column.

Community Announcements

AWARE in Evansville is collecting school supplies during the month of August for our students in financial need. Collection bins will be located at our local banks and churches. Suggested items are #2 pencils, glue sticks, colored pencils, nap mats, large erasers, folders, 3-ring binders, and TI-34 Explorer Plus calculators for use by middle school students. Your generosity will be greatly appreciated.

A special joint meeting of the City of Evansville Plan Commission, Evansville Common Council, Town of Union Plan Commission, Union Town Board, and the Evansville-Union Implementation Committee will be held on Wednesday, August 12, 2009 at 6:30 p.m. at the Fire Station, 425 Water Street. Steve Schraufnagel, Acting Director, and Wade Thompson, Planner II, of the Rock County Planning and Development Agency, will provide an overview of the services of their agency, discuss the soon-to-be adopted Rock County Comprehensive Plan 2035, and identify actual/potential planning interrelationships of the County, City, and Town.

The Evansville Grove Society is conducting historic walking tours on Saturdays, August 15, 22, and 29. Tours begin at Eager Free Public Library at 10:00 a.m. and will last approximately one hour.

The Theodore Robinson Society will hold its annual meeting at 7:00 p.m. on Thursday, August 20, 2009 at the Evansville Senior Center, 320 Fair Street. Long-time Chazen Art Museum docents Judith Mjaanes and Audrey Dybdahl will speak about artist John Wilde, Evansville citizen and UW-Madison art professor for thirty years.

The Evansville Lions Club is sponsoring the Culpepper & Merriweather Circus on Friday, August 21, 2009 at Westside Park. Performances are at 5:00 and 7:30 p.m.

Community Thanks

The city received notification last week that it will receive \$4.08 million in federal stimulus funds for the wastewater treatment plant upgrade. The upgrade project will begin next month and is scheduled for completion by December 31, 2010.

The city was previously notified that it would receive \$600,000 in American Recovery and Reinvestment Act (ARRA) funds for street improvements for County C, an eligible collector street, from First Street to the northwest city limit. The street project will occur next spring.

All U.S. taxpayers will bear the costs associated with passage of ARRA by the federal government. We are fortunate to receive some of the funds to offset local project costs, instead of only subsidizing projects in other states and communities. Including saved interest costs, the two Evansville funding awards translate into well over \$1,000 in savings per city resident. We will continue to watch for other stimulus programs that might be appropriate for Evansville projects.

City staff is to be commended for their diligence and effort in making application for and monitoring of the projects selection process. The Evansville Common Council especially thanks resident Jeanne Cargill for her timely application advice.