

Economy in Good Shape with Quality Debt

Uhh....Snow & Cold gods....you can stop now!

As we've discussed before, in the face of difficult state and national economies, Manitowoc is doing very well.

How can this be? Well, we are riding on the crest of private sector innovation and creativity coupled with appropriate public sector, or city government, investment in existing businesses and new entrants into Manitowoc's marketplace.

This investment, made over the past two decades, or so, is unprecedented in our City's history. And this new "style" in developing new jobs and businesses show on our skyline, as well as in the new diversity of our business mix.

The absolute truth in the matter is that without sophisticated public sector investment, our local businesses could well be wooed out of our city, or out of our state, by others offering a plethora of tax based incentives. New businesses, too, migrate to the places offering these incentives.

Manitowoc has less debt per person than the average city in Wisconsin, along with the lowest property taxes for city services.

Yet, out of our aggressive economic development efforts that have aided Orion Energies, Manitowoc Company's Corporate Headquarters, Burger's Expansion, Kohl's locating here, the development of Harbor Town and downtown's Manitowoc Main Street (in the historic Kresge building), 100 Maritime and the Riverloft Condominiums and all the people that work the jobs created by these projects, the urban myth has sprouted that we have too much debt.

We don't. And the promulgation of the myth is counter-productive to keeping our economy healthy and successful.

Our city carries "quality debt", demonstrated by the fact that our city pays back its debt faster than other Wisconsin cities. We can do this because our "debt" is invested in businesses that build property tax base, which in turn develops new taxes that are greater than the amount needed to pay the debt incurred in the first place.

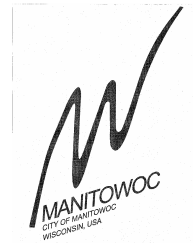
Let me demonstrate this with Harbor Town. Harbor Town would not exist if not for our City's investment of \$9 million in the infrastructure necessary to support it: streets, sewers, street lights, water distribution and the like.

Since Harbor Town was made available for development, about \$30 million worth of new buildings have been constructed there. Through a program called Tax Incremental Financing (TIF), the new taxes from the \$30 million dollars of new business in Harbor Town will pay back the \$9 million dollar debt.

Let's say this debt will be paid back over sixteen (16) years. The new taxes on the \$30 million dollars of new construction over the same 16 years will yield over \$20 million

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dollars...not only enough to pay the debt service on the \$9 million dollars, but also enough to provide a substantial revenue over expense to be re-invested in keeping our property taxes low and into existing or new businesses for jobs creation.

Manitowoc has less debt per person than the average Wisconsin city, along with the lowest property taxes. We intend to keep this status, while at the same time continuing to aggressively pursue economic development projects that benefit our citizens and our marketplace.

Manitowoc Mayor Kevin Crawford may be reached at 920-686-6980.