Visit Fort Wayne LIT Proposal Presentation

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At-Large

Local Income Taxes (LITs)

- Older LITs
  - County Option Income Tax (COIT)
  - County Economic Development Income Tax (CEDIT)

- New LITs Passed After Property Tax Caps (2007/2008)
  - Property Relief Local Option Income Tax (PTRLOIT)
  - Public Safety Local Option Income Tax (PSLOIT)

History

- **By 2013 revenue decreases due to caps would have led to a $14 million City budget shortfall**
- COIT – 0.6% and CEDIT – 0.4% have been in place for many years
- After property tax caps were put into place, property tax revenues to jurisdictions fell sharply

History, cont…

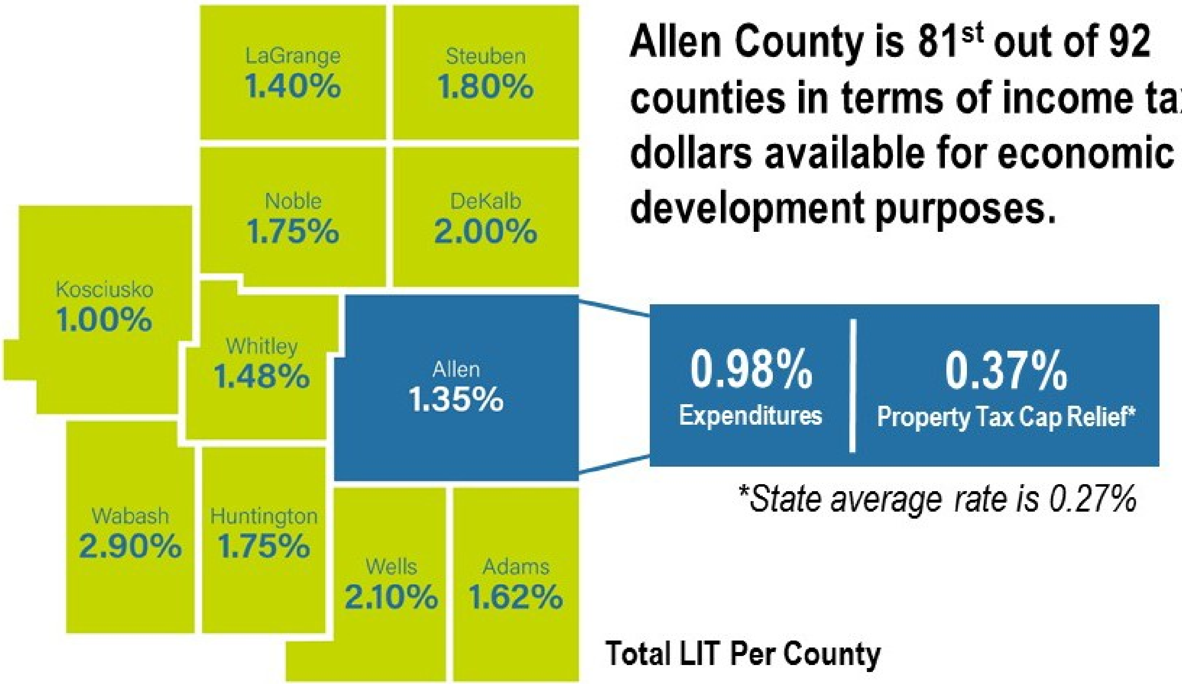
- New PTRLOIT – 0.25% and PSLOIT – 0.10% were added in 2014 to replace some of the lost property tax revenue

- Formula set in such a way that all local jurisdictions received increase from prior year’s revenue and no jurisdiction was adversely affected by the changes

Primary Local Taxes

Average Indiana County LIT Rate:

1.59%



Allen County is 81st out of 92 counties in terms of income tax dollars available for economic development purposes.

**State average rate is 0.27%*

Total LIT Per County

Statutory Cap: 3.75%

- Our current tax level is 1.35% – we can go to a maximum of 3.75%
- **Are the current tax levels set where they should be?**
- **If they were to be increased:**
  - Which ones should be increased?
  - What should be the purpose of an increase?

Review of Funding Priorities:

• **Riverbank Stabilization**	**$4,000,000**	Hold constant
• **Riverfront Phase II**	**$25,000,000**	
• **Sidewalks and Alleys**	**$40,000,000**	Depends on LIT increase
• **Riverfront Phase III**	**$50,000,000**	

CITY OF FORT WAYNE INDIANA

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COMMUNITY DEVELOPMENT

Planning & Policy

$100 million project will drive **$1 billion** in private investment

Proof of Investment Case Study

- Parkview Field
  - Cost roughly $25 million to build with public money
  - In 10 years – over $200 million in private investment generated
    - Anthony Wayne Building
    - Randall Lofts
    - Superior Street Lofts
    - Ash Brokerage
    - Cityscape Flats
    - And many more that would most likely not be in downtown without the momentum generated by Parkview Field

Mechanics of the RDA Tax

IC 6-3.6-7-24

- Counties that are members of a RDA have the authority to adopt a special purpose local economic development income tax of .05%
- Adopting body is the County Option Income Tax Council

How This Works in Allen County

- The council can enter into an interlocal agreement with the RDA for funds to be dedicated to the riverfront development or other transformational projects as defined by the agreement
- Raise an estimated $4.5 million annually for Riverfront development and other transformational projects in Allen County

Drawbacks to RDA Tax

- Limited to 0.05%
- RDA Tax is a county tax, so all monies collected would be subject to interlocal agreements
- Would exclude all community infrastructure from funding, including sidewalks and alleys

RDA Implementation Problems

- There are parts of the project not eligible under the RDA statute – the sidewalks and alleys and related improvements do not fit as eligible projects.
- As determined by experts, the RDA Special Purpose LIT is not projected to generate sufficient revenue to support the financing for the Riverfront project.
- The RDA Statute does not provide a clear path for Fort Wayne or other municipalities to take control of the RDA Special Purpose LIT, the project, or the financing.

Current Discussions & Impacts

- 0.15% LIT increase, taking the total rate to 1.5% – still below the Indiana average of 1.59%

- Would allow for the completion of Phases II & III of the planned Fort Wayne Riverfront Development

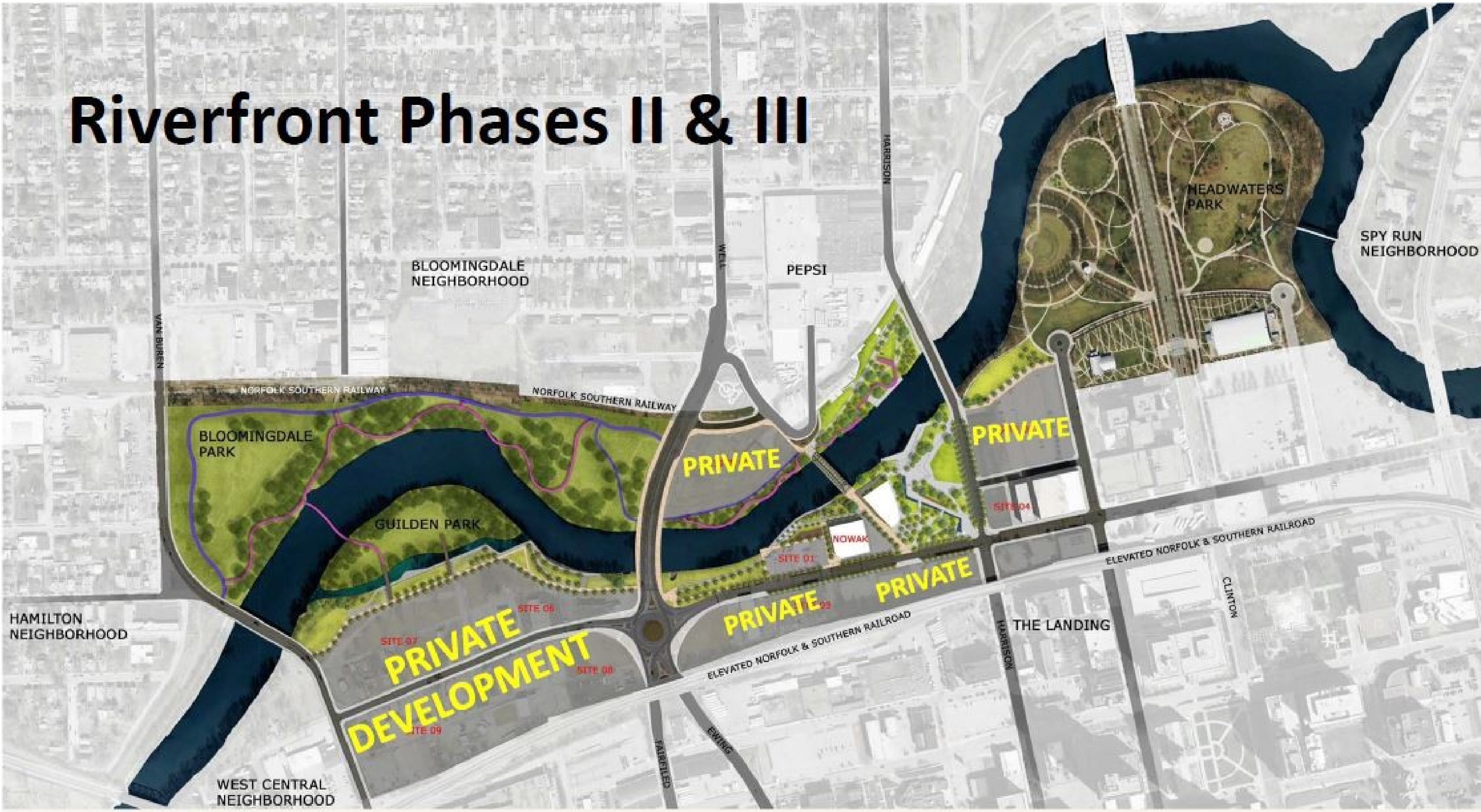
- Would allow over $40 million to be invested into alleys and sidewalks in Fort Wayne neighborhoods
  - 150 miles worth of alleys have long been neglected in our neighborhoods
  - There are 1,600 miles of sidewalks and more are needed to get our children to school safely

Current Discussions & Impacts, cont.

- .015% would increase the average household's tax liability by $69.22 annually, or $5.77 per month

- Average Allen County household gross income is $49,092

Riverfront Phases II & III



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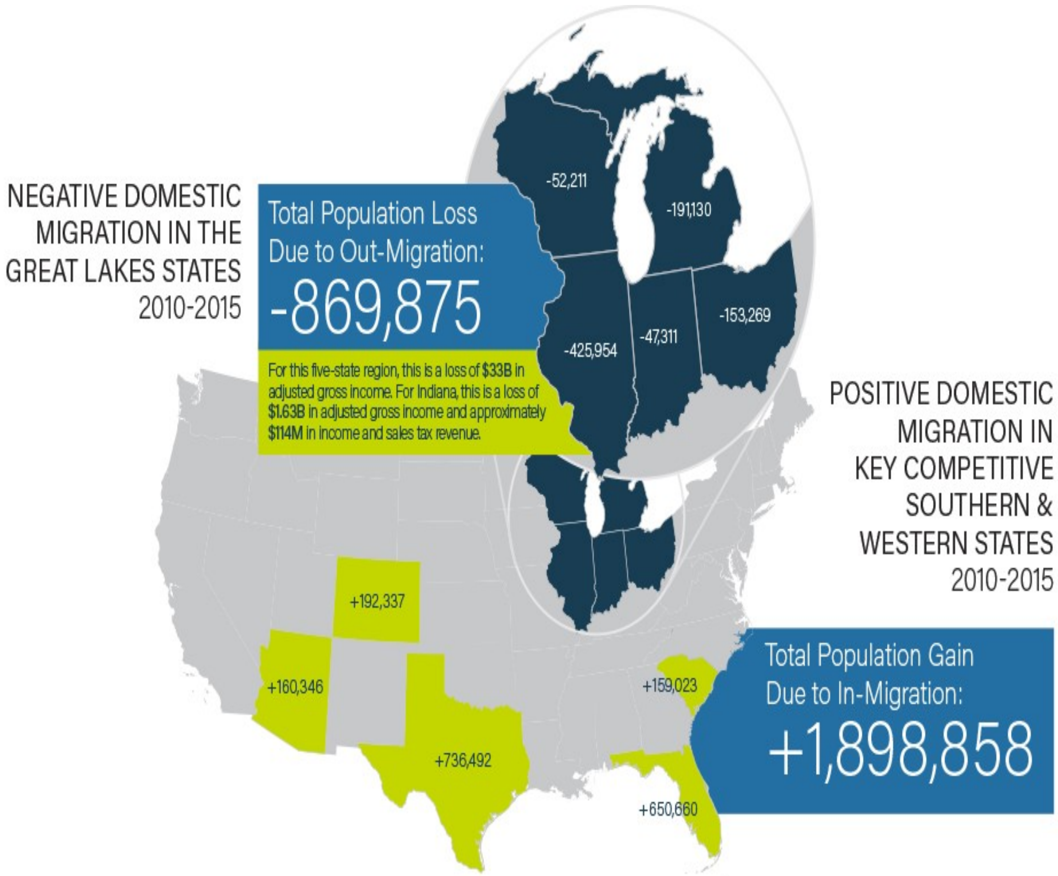
Riverfront Phases II & III

- Phase II
  - Continued development of public spaces between the Wells Street and Ewing Street bridges. Includes public amenities like trails and river access.
- Phase III
  - Development of public spaces between the Ewing Street and Van Buren Street bridges. Changes in flood plains to be discussed.

- Goal of both phases is to invest in public infrastructure to entice increased private investment.

Reversing the Trend



Population Migration in the Great Lakes States vs. Key Competitive Southern & Western States

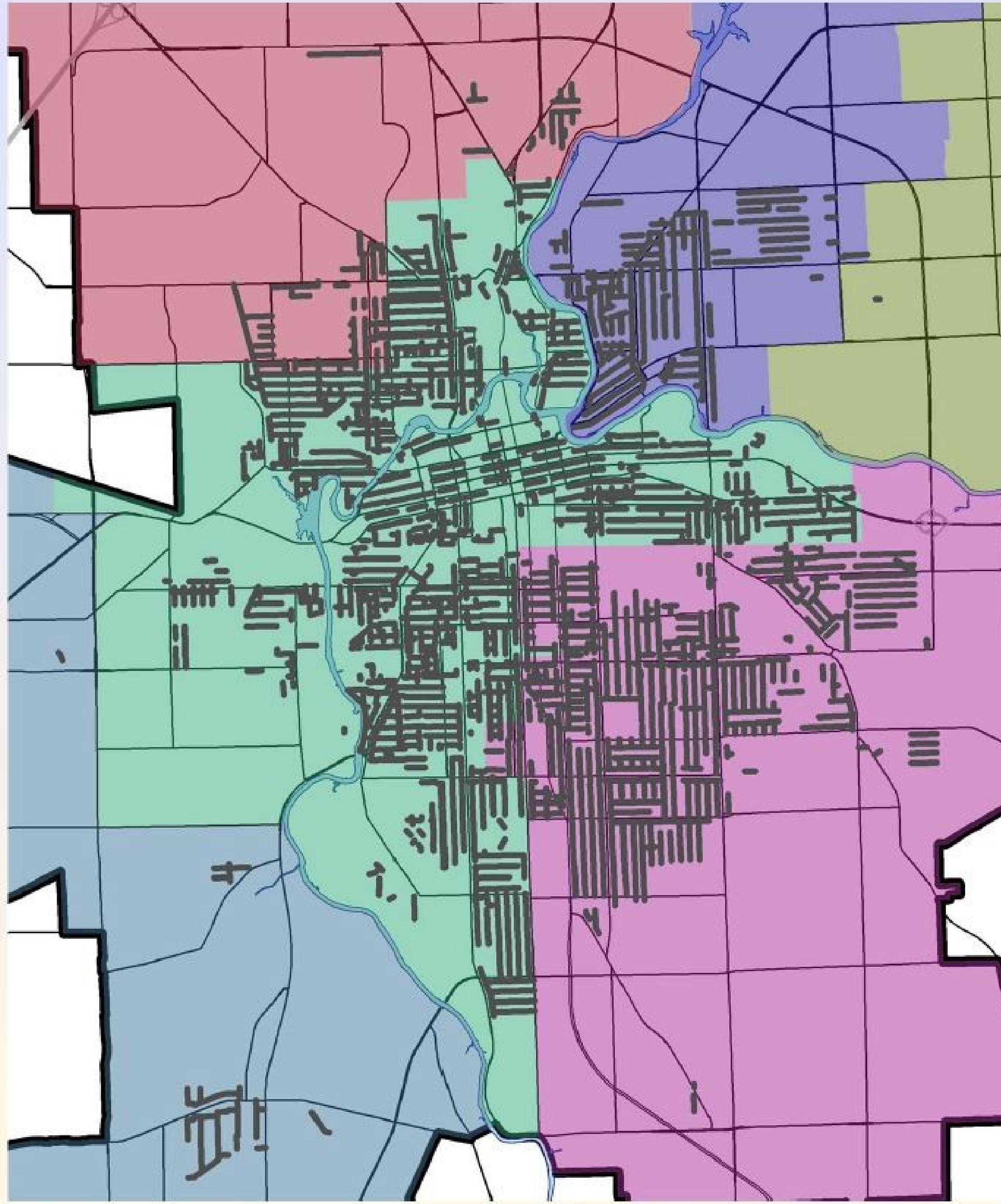
- For Indiana, this is a loss of $1.6B in adjusted gross income and $114M in income and sales tax revenue.

Average Wage in Key Competitive Cities

City & County	Average Wage	Metro GDP Growth
Fort Wayne & Allen County, Indiana	$42,539	19.0%
Grand Rapids & Kent County, Michigan	$46,358	30.9%
Oklahoma City & Oklahoma County, Oklahoma	$50,107	22.0%
Des Moines & Polk County, Iowa	$53,214	28.0%
Chattanooga & Hamilton County, Tennessee	$47,539	16.8%

Alley Facts

- Consider impact of different LIT increases
- Assume non-riverfront revenue is split between sidewalk and alley
- Priority is concrete



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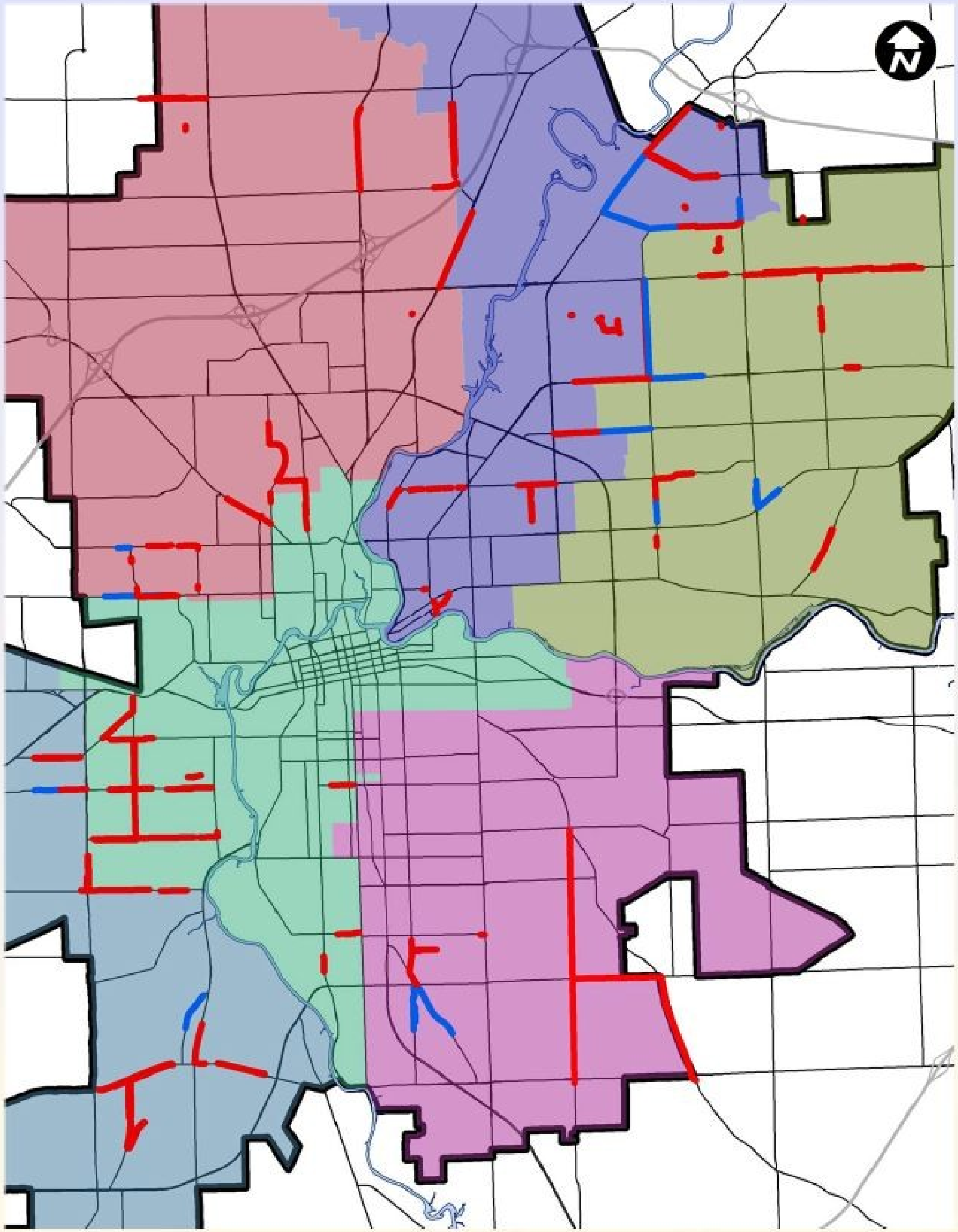
Alley Information

- Over 60 neighborhoods with alleys as the primary access
- Most of the alleys are in the 5^{th} & 6^{th} Council districts – downtown, south, and southeast Fort Wayne
- Have NEVER been touched with Public Works infrastructure investments
  - Currently to have fixed, it's 75/25 split, meaning each homeowner is invested for several thousands of dollars – it's unaffordable for many with alleys.

Sidewalk Priorities

- School access
- Major roadways
- $22,000,000



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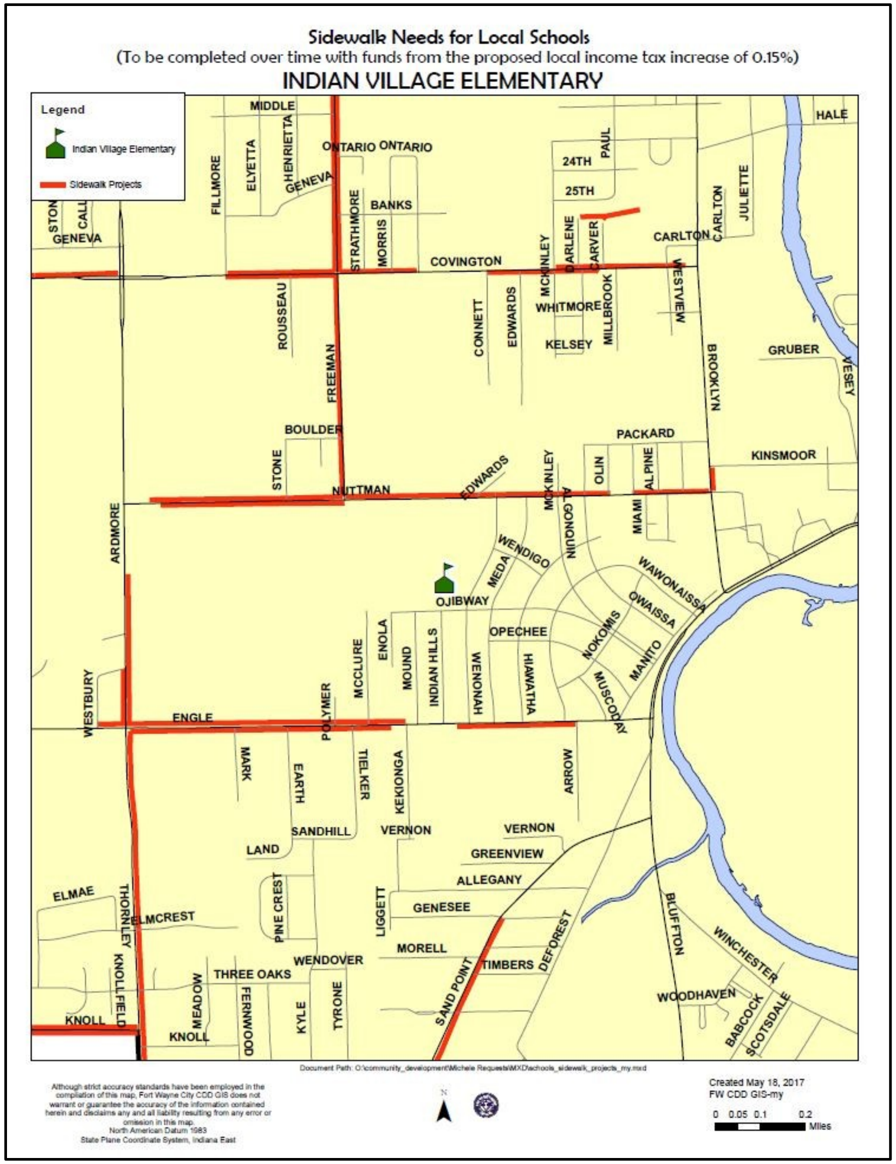
Sidewalk Information

- 1,600 miles of sidewalks, with 300+ more miles identified that are needed
- Priority is school access
  - Mostly non-residential roads in first round – sidewalks on arterials to get children to school
- Cost share program at 50/50 will still exist with potentially increased funding to accomplish more projects
- FWCS strongly supports this plan


Sidewalk Needs for Local Schools
(To be completed over time with funds from the proposed local income tax increase of 0.15%)
INDIAN VILLAGE ELEMENTARY
Legend
Indian Village Elementary
Sidewalk Projects
MIDDLE
ONTARIO ONTARIO
HALE
24TH
PAUL
25TH
FILLMORE
ELYETTA
HENRIETTA
GENEVA
STRATHMORE
BANKS
MORRIS
GENEVA
COVINGTON
CARLTON
CARLTON
JULIETTE
MCKINLEY
DARLENE
CARVER
WHITMORE
MILLBROOK
WESTVIEW
ROUSSEAU
CONNETT
EDWARDS
KELSEY
GRUBER
VESEY
BROOKLYN
FREEMAN
BOULDER
PACKARD
KINSMOOR
STONE
NUTTMAN
EDWARDS
MCKINLEY
OLIN
ALPINE
ALGONQUIN
MIAMI
ARDMORE
WENDIGO
MEDA
WAWONAISSA
OJIBWAY
OWAISSA
OPECHEE
NOKOMIS
MANITO
MCCLURE
ENOLA
MOUND
INDIAN HILLS
WENONAH
HIAWATHA
MUSCODAY
WESTBURY
ENGLE
POLYMER
MARK
EARTH
TIELKER
KEKIONGA
ARROW
SANDHILL
VERNON
VERNON
LAND
GREENVIEW
ALLEGANY
ELMAE
THORNLEY
ELMCREST
PINE CREST
LIGGETT
GENESEE
MORELL
WENDOVER
THREE OAKS
KNOLLFIELD
SAND POINT
TIMBERS
DEFOREST
BLUFFTON
WINCHESTER
WOODHAVEN
BABCOCK
SCOTSDALE
KNOLL
KNOLL
MEADOW
FERNWOOD
KYLE
TYRONE
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Although strict accuracy standards have been employed in the compilation of this map, Fort Wayne City CDD GIS does not warrant or guarantee the accuracy of the information contained herein and disclaims any and all liability resulting from any error or omission in this map.
North American Datum 1983
State Plane Coordinate System, Indiana East
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Created May 18, 2017
FW CDD GIS-my
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Miles

Misconceptions

- This money is really just a way to pay for the proposed Arena/Event Center
  - False, Fort Wayne City Council is planning on passing a concurrent resolution stipulating that money collected may only be used for stated purposes.
- There are other ways to pay for the Riverfront
  - True and False, This LIT has been determined to be the best way to get the best project completed. There are other ways, but it would be a different, less complete project.
- I don't live in the city, why do I have to pay more tax?
  - Both incorporated and unincorporated Allen County will receive additional revenues from this tax that can be used as they see fit for economic development projects. Allen County will receive an estimated $2.8 million annually.

Misconceptions

- This hurts people on fixed incomes
  - False, the LIT is not levied on Social Security.

- All of the money is really just going to go towards (whichever project is less favorable)
  - False, due to the nature of the bonding environment and certain pay-as-you-go activities, it is impossible to stipulate that each year there will be a certain amount spent on each portion, but until there are full debt payments on all potential Riverfront bonds, there will be up to $7 million per year for the infrastructure. At .15%, it is estimated that there will be over $40 million accrued in the first 6 years to go directly to the infrastructure component. It does taper after that, but estimates point to $1-$2 million annually for neighborhood infrastructure during Riverfront debt service.

Questions?