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February 21, 2025

Members of the Zoning, Neighborhoods
& Development Committee
City of Milwaukee
City Hall, Room 205
Milwaukee, WI 53202

RE: File 241596, TID 78 – Northwestern Mutual Life Insurance Company
Amendment #2

Dear Committee Members:

File 241596 would approve Amendment #2 for Tax Incremental District 78, Northwestern Mutual Life Insurance Company (the District), along with a corresponding project plan. The Comptroller's Office has reviewed the project plan, feasibility study, and has had discussions with Department of City Development (DCD). Based on the information presented by DCD, our analysis is as follows.

TID Background

The District was created in 2013 (Common Council file no. 121429) to compensate Northwestern Mutual Life Insurance (NM) for the additional costs of constructing a downtown high-rise instead of a low-rise building outside of the City and to provide funding for infrastructure improvements associated with the Lakefront Gateway project. The project was amended in 2015 (Common Council file no. 150180) to expand the district boundary and provide a grant to Johnson Controls, Inc. for investigation of a potential building site. Funding for the District was increased in 2016 (Common Council file no. 160289) to provide an additional \$6,000,000 related to the Lakefront Gateway project and administration.

Amendment #2 would provide an additional \$16,500,000 to fund the Lakefront Gateway project. Additionally, this Amendment would provide \$500,000 for the administration of the District, as well as re-allocating the cash grant.

See *Table A* on the following page for the summary of project budget amendments and funding increases. *Table A* does not include capitalized interest in the funding totals.

Table A - Project Budget Revisions		
File #	Description	Funding
121429	Original project plan – provided \$54,000,000 to facilitate the construction of a new headquarters for NM, \$18,000,000 for the Lakefront Gateway Project, \$700,000 for workforce and business development costs and \$600,000 for administrative costs.	\$ 73,300,000
150180	Amendment #1 – expanded the District boundary and reallocated \$250,000 from administrative costs to provide a grant to Johnson Controls, Inc. to investigate a potential building site.	-
160289	Authorized \$6,000,000 in additional funding for the Lakefront Gateway Project.	6,000,000
241596	Amendment #2 – would authorize an additional \$16,500,000 for the Lakefront Gateway Project, and \$500,000 for administrative costs. Additionally this amendment would re-allocate the \$250,000 from Amendment #1 back to administrative costs.	17,000,000
Total budget to date		\$ 96,300,000

Is This Project Likely to Be Successful?

DCD's feasibility study, which uses a constant 2.221% property tax rate and a 1% inflation rate over the life of the District, forecasts the District will fully recover the \$17,000,000 plus interest, in 2036 after receipt of the 2035 levy. 2036 is year 23 of the District's maximum life of 27 years. Given the strong increment revenue already existing within the District, this \$17,000,000 proposed amendment appears feasible based on the Comptroller's Office review.

Is the Proposed Level of City Financial Participation Required to Implement the Project?

This proposed amendment would allow additional costs to be incurred for the Lakefront Gateway project. Without approval of this amendment, the City would have to find an alternative funding source in order to complete this work.

Conclusion

Based on the feasibility study, it appears that the District can support the debt service related to current and proposed expenditures related to this amendment. Should you have any questions regarding this letter, please contact Joshua Benson at 2319.

Sincerely,


for Bill Christianson
Comptroller

BC:JB

CC: Dan Casanova, Lori Lutzka