



Department of City Development

City Plan Commission  
Historic Preservation Commission  
Neighborhood Improvement  
Development Corporation  
Redevelopment Authority

**Rocky Marcoux**  
Commissioner

**Martha L. Brown**  
Deputy Commissioner

October 20, 2009

City of Milwaukee  
Members of the Zoning, Neighborhoods  
& Development Committee  
200 E. Wells Street, Room 205  
Milwaukee, WI 53202

Dear Committee Members:

Re: File No. 090791, Amending Project Plan for Tax Incremental  
District No. 56 to provide for donations to TID No. 35 and TID No. 69

This resolution approves an amendment to Tax Incremental District No. 56 (Erie Street/Jefferson Street Riverwalk) to donate funds to TID No. 35 (North 27th and West Wisconsin Avenue) and TID No. 69 (New Avenue Commerce Center/24th and West North Avenue).

### **DONOR DISTRICT**

Tax Incremental District No. 56 was approved in 2004. Tax incremental revenue received from this district has totaled \$7,321,528, thru the "2008 for 2009" levy. Project costs, including principal and interest payments due, aggregate to \$6,848,916. Future project costs are estimated at \$1,542,945, with additional interest payments of \$59,795. Future costs are for:

- Erie Street Plaza: \$575,000
- Domus Riverwalk: \$340,000
- DPW Encumbrances: \$65,913
- DPW Remaining Funds: \$562,032

Total costs are, therefore, estimated at \$8,451,656. Consequently, a total of \$1,130,128 is needed to be recovered from future incremental revenue. See Exhibit A of the Amendment for detail.

The district has a statutory termination date of 2031.

Revenue generated by TID No. 56 in 2009 (from the 2008 levy) was \$2,851,400.

It is proposed that donations be made to two districts, which have generated little or no incremental revenue and for which no private development is currently proposed.

### **RECIPIENT DISTRICTS**

**TID No. 35 (North 27th and West Wisconsin Avenue)** was created as a "blighted-area" district by the Milwaukee Common Council in 1998. This district was created to fund the acquisition and clearance of the vacant Maharishi Vedic University building (a former hotel) at 2601 West Wisconsin Avenue, and other properties on the block. Redevelopment plans proposed either a full-line grocery store or a mixed-use project. Numerous projects have been proposed for this site, but none have come to fruition.

As of August 31st, total project costs of \$3,685,769 remained to be recovered. This includes approximately \$1,200,000 for acquisition, relocation, remediation and site preparation costs; approximately \$796,000 of demolition costs; and, \$1,368,000 of interest expense.

**TID No. 69 (New Avenue Commerce Center)** was created in 2007 as a "blighted-area" district. This district was to fund site improvements, public improvements and gap financing for a Lena's grocery store and an in-line retail complex. Financing for the grocery store did not close and the project, as a whole, did not proceed. However, as an add-on to an existing public works contract, the City funded certain adjacent public improvements in the district, in anticipation of the project.

Project costs of \$237,929 remain to be recovered.

### **PROPOSED DONATIONS**

Given the foregoing, and following the recovery of an amount sufficient to fund the estimated future costs in the district (\$1,542,945 and \$59,795 for interest) the following donations are proposed from TID No. 56:

- For a period of up to three years, TID No. 56 shall donate any excess incremental revenue first to TID No. 69 and then to TID No. 35 until both Recipient District's project costs are fully paid.

The 2009 incremental value for TID No. 56 is \$131,124,600. At a 2.4% combined tax rate, this district would generate \$3,146,990 of revenue in 2010 (from the 2009 levy).

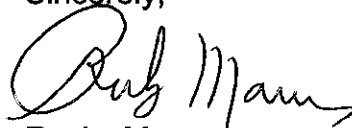
Consequently, the donations and payments set forth above would result in the following:

	Net TID 56 Costs to be <u>Recovered</u>	Donation to <u>TID 69</u>	Donation to <u>TID 35</u>	<u>Total</u>
2010	\$ 1,130,128	\$ 237,929	\$ 1,778,933	\$ 3,146,990
2011	0	0	1,906,836	1,906,836
	<u>\$ 1,130,128</u>	<u>\$ 237,929</u>	<u>\$ 3,685,769</u>	<u>\$ 5,053,826</u>

The City has previously adopted similar amendments for the purposes of donating to districts, which were not performing or were generating revenue insufficient to amortize their respective costs within the legal lives of the projects. TID No. 5 (Milwaukee Center) donated funds to TID No. 20 (Florida Yards), TID No. 21 (North Avenue Commerce Center) and TID No. 30 (Westtown Village/Library Hill). TID No. 47 (875 West Wisconsin Avenue) donated to TID No. 20 and to TID No. 21.

We recommend approval of this amendment. Upon retirement of the project costs for TID No. 35 and for TID No. 69, we propose to dissolve the districts.

Sincerely,



Rocky Marcoux  
Commissioner

- c: W. Morics/M. Daun/C. Kammholz  
J. Scherer/S. Rotar/A. Remington/R. Wruck  
T. Balata - Milwaukee County  
R. Vavrik - MPS  
M. Sargent - MATC  
M. Nicolini - City of Milwaukee  
R. Rondini - RACM