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December 27, 2022

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

RE: File 221289, TID 76 – S. 27th St. & W. Howard Ave
Amendment 2

Dear Committee Members:

File 221289 would approve Amendment 2 for Tax Incremental District (TID) 76, South 27th Street and West Howard Avenue (the District). The Comptroller's Office has reviewed the project plan, feasibility study and term sheet. Based on the information presented by Department of City Development (DCD), our analysis is as follows.

TID Background

The District was created in 2009 (File no. 090563) to assist in the redevelopment of the former Foster Pontiac property located on South 27th Street, including the reuse of the vacant building into a 27,000 square feet of retail space and an outlet of development of 8,000 square feet of additional retail space. The project did not proceed due to issues between the property owner and the mortgage holder.

The TID was amended in 2011 (File no. 100993) for the purpose of facilitating a scaled down version of the original development plan, creating 19,500 square feet of retail space, including an anchor business in the original plan, which was a 6,500 square feet Buffalo Wild Wings restaurant. The City's participation in the project was a grant of \$175,000. This included \$125,000 for the construction of a median cut for a turn lane and a \$50,000 reimbursement to the Developer for a landscape buffer along the east side of 27th Street. Additionally, an allotted \$25,000 was for TID administration. Overall, the total for Amendment 1 was \$200,000. As of December 31, 2021, the City has already repaid the Developer the \$50,000 and expended the \$125,000 for public improvements.

This second amendment would provide \$880,000 in funds to provide necessary infrastructure in the nearby neighborhood. The funds will be for several high impact paving projects to address traffic safety concerns and to advance mobility. An additional \$100,000 will be for administrative costs for a total of \$980,000.



Is This Project Likely to Succeed?

DCD's feasibility study, which uses a constant 2.524% property tax rate and 1% inflation rate over the life of the TID, forecasts the City will fully recover the \$980,000 plus interest, after receipt of the 2026 levy, which is well within the 27-year lifespan of the District.

Sensitivity Analysis

There is inherent risk in every projection of future results. One common way to alleviate this risk is to provide sensitivity analysis, which forecasts the impact that different assumptions have on the projection. Below is a table, which summarizes several scenarios to show the sensitivity of DCD's projected incremental revenues within the District.

Sensitivity Analysis	
Percentage of DCD Projected Revenue	District Payback Year
90%	2027
95%	2027
100% (Base Case)	2026
105%	2026
110%	2025

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

Based on the feasibility study, it appears the District will generate enough cash to fund the additional project, particularly since the monetary obligation to the Developer has already been satisfied and the City's existing public improvement expenditures has been recovered. Without approval of this amendment, the City would need to use other funding sources to cover the street infrastructure costs.

Conclusion

Based on the feasibility study, it appears that TID 76 can support the debt service related to current and proposed expenditures within the district. Should you have any questions regarding this letter, please contact Nuducha Yang at extension 2354.

Sincerely,



for Aycha Sawa, CPA, CIA
Comptroller

CC: Lori Lutzka, Gloria Lucas, Joshua Benson
AS:NY