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February 17, 2022

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

RE: File 211609, TID 42 – Capitol Court/Midtown
Amendment 3

Dear Committee Members:

File 211609 would approve Amendment 3 Tax Incremental District (TID) 42, Capitol Court/Midtown (the District), along with a corresponding project plan. The Comptroller's office has reviewed the project plan and feasibility study, and has had discussions with Department of City Development (DCD) staff. This analysis is based on the information provided.

The District was created in 2000 to provide a \$4,500,000 grant to the developer towards the redevelopment of the former Capitol Court shopping mall into Midtown Center as well as \$100,000 in administrative costs. In 2001, Amendment 1 to the District increased the funding for public streets and infrastructure by \$2,000,000. In 2013, Amendment 2 to the District authorized \$3,300,000 in development funds to incentivize redevelopment efforts within the District and an increase of \$1,500,000 in street funding and \$200,000 in administrative costs. Street repaving funding was further increased by \$625,000 under 304-93.2.b. of the Milwaukee Code of Ordinances, which allows TIDs authorized funding of 110% of funding authority explicitly authorized under previously adopted resolutions.

Amendment 3 would provide \$1,500,000 to fund traffic calming measures, \$1,400,000 in paving and pedestrian improvements, and \$100,000 in administrative expenses (the Project). In addition, Amendment 3 provides up to \$5,605,275 in donations to TID 74 – North 35th Street & Capitol Drive. The table on the following page shows a summary of project budget amendments and funding increases for the District.

TID 42 Project Budget Revisions (Excluding Donations)		
File No.	Description	Amount
001088	Original Project Plan – authorized a \$4,500,000 for public streets and infrastructure related to redevelopment efforts and \$100,000 in administrative costs.	\$ 4,600,000
010319	Amendment #1 – authorized an additional \$2,000,000 for public streets and infrastructure.	2,000,000
130071	Amendment #2 – authorized \$3,300,000 in development funds to incentivize redevelopment efforts, \$1,500,000 for street repaving, and \$200,000 in administrative costs. Street repaving costs were later increased to \$2,125,000 under 304-93.2.b of the City Code of Ordinances.	5,625,000
211609	Proposed Amendment #3 – would authorize \$1,500,000 for traffic calming measures, \$1,400,000 in paving and pedestrian improvements, and \$100,000 in administrative expenses.	\$3,000,000
Total Budget Including File No. 211609 (Excluding Financing Costs)		\$ 15,225,000

Donations to TID 74

In addition to public infrastructure projects, this file authorizes donation of annual increments to TID 74 from the District for six years starting with the 2022 levy. TID 74 was created in 2009 to support the redevelopment of Century City. TID 74 is primarily comprised of residential uses. Residential property values have declined significantly since the creation of TID 74, leaving TID 74 unable to recover financially from the loss of increment. TID 74 has incurred total project costs of \$16,753,085, and has total outstanding recovery costs (including financing and carrying costs) of \$24,798,205. The below table summarizes the requirements for TID 74 towards breakeven.

TID 74 Breakeven Summary		
	TID 74 Costs to Recover	\$ 24,798,205
CCFN 191678	TID 46 Proposed Donations	(4,268,345)
CCFN 191671	TID 49 Proposed Donations	(7,754,926)
CCFN 191679	TID 60 Proposed Donations	(1,362,550)
CCFN 211609	TID 42 Proposed Donations	(5,605,275)
CCFN 211611	TID 54 Proposed Donations	(2,839,648)
Proposed TID 74 Remaining Costs to Recover		\$ 2,967,461

Is This Project Likely to Succeed?

The feasibility study provided by DCD indicates that the District has already achieved breakeven status. The \$3,000,000 proposed in this Amendment will not affect the District from a financial standpoint. Donations to TID 74 will only occur after the District has paid for its project costs. Therefore, the proposed amendment appears feasible based on the Comptroller's Office review.

Conclusion

Based on the feasibility study, it appears the District has already generated enough cash to fund the additional \$3,000,000 of project costs in Amendment 3 and donate excess increment to TID 74. Should you have any questions regarding this letter, please contact Joshua Benson at 2302.

Sincerely,

A handwritten signature in black ink, appearing to read "Aycha Sawa".

Aycha Sawa, CPA, CIA
Comptroller

CC: Dan Casanova
Lori Lutzka

AS/JB