



Aycha Sawa, CPA, CIA
Comptroller

Joshua Benson
Deputy Comptroller

Toni Biscobing
Special Deputy Comptroller

Richard Bare, CPA
Special Deputy Comptroller

February 17, 2022

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

RE: File 211612, TID 79 – North Water Street Riverwalk
Amendment 3

Dear Committee Members:

File 211612 would approve Amendment 3 Tax Incremental District (TID) 79, North Water Street Riverwalk (the District). The Comptroller's office has reviewed the project plan and feasibility study, and has had discussions with Department of City Development (DCD) staff. The Comptroller's office analysis is based on the information provided.

TID 79 was created in 2013 to provide a \$1.6 million grant to assist in the construction of 315 lineal feet of new riverwalk and dockwall, in conjunction with the development of an 87-unit apartment building located on the 1887 N. Water Street parcel, along with \$150,000 in administrative costs totaling \$1.75 million, excluding financing costs. In 2015, Amendment 1 provided a \$3.9 million cash grant to construct 1,046 lineal feet of riverwalk, in two phases, in conjunction with the development of four apartment buildings. In 2017, Amendment 2 added four parcels to the District and provided \$253,000 for dockwall reconstruction. Amendment 2 also deleted the original \$1.6 million grant for riverwalk and dockwall because the apartment building had not been constructed.

This amendment would provide an additional \$1.6 million to partially fund the design and construction of public infrastructure improvements within ½ mile of the District, \$2.1 million towards the construction of a riverwalk extension and dockwall support, \$700,000 in funding to account for costs adjustments to the previously approved riverwalk, and \$50,000 in administrative costs (the Project).

The table on the following page shows the total estimated project costs and budget for the District.

List of Amendments and Project Costs		
File Number	Description	Amount
130053	Riverwalk, Dockwall, and Administration	\$ 1,750,000
150157	Amendment 1 Riverwalk	3,920,000
171108	Amendment 2 Dockwall	253,000
171108	Delete Riverwalk and Dockwall from Original Plan	(1,600,000)
	Previously Authorized Costs	4,323,000
211612	Amendment 3 Public Infrastructure, Riverwalk, Dockwall, and Administration	4,450,000
Total Project Costs – Excluding Financing Costs		\$ 8,773,000

Is This Project Likely to Succeed?

DCD's feasibility study, which uses a constant 2.627% property tax rate and 1% inflation rate over the life of the District, forecasts the District will fully recover the City's portion of the District's costs plus financing in 2026, after receipt of the 2025 levy (year 13), well before the District's maximum life of 2040. The proposed amendment to the District appears financially feasible based on the Comptroller's review.

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 which 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%	2026

Under each of the above scenarios, the City would fully recover its District's costs plus financing costs within the District's 27-year life.

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

This proposed Amendment would allow the District to fund the Project. Without City funding, the City would have to find an alternate funding source to complete these activities.

Conclusion

Based on the feasibility study, it appears the District is likely to generate enough cash to fund the additional \$4,450,000 of project costs in Amendment 3. 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". The signature is fluid and cursive, with a long horizontal stroke at the end.

Aycha Sawa, CPA, CIA
Comptroller

CC: Alyssa Remington

AS/JB