

MILWAUKEE BUSINESS IMPROVEMENT  
DISTRICT #28

**THE HISTORIC NORTH AVENUE  
GATEWAY BUSINESS INNOVATION  
DISTRICT**

2020 PROPOSED OPERATING PLAN

Table of Contents

|              |   |          |
|--------------|---|----------|
| <b>I.</b>    | <b>INTRODUCTION</b> .....   | <b>3</b> |
| A.           | Background.....   | 3        |
| B.           | Physical Setting.....   | 3        |
| <b>II.</b>   | <b>DISTRICT BOUNDARIES</b> .....  | <b>3</b> |
| <b>III.</b>  | <b>PROPOSED OPERATING PLAN</b> .....  | <b>3</b> |
| A.           | Plan Objectives .....   | 3        |
| B.           | Proposed Activities – 2020 .....  | 3        |
| C.           | Proposed Expenditures – 2020 .....  | 4        |
| <b>IV.</b>   | <b>FINANCING METHOD</b> .....   | <b>4</b> |
| <b>V.</b>    | <b>ORGANIZATION OF BID BOARD</b> .....  | <b>4</b> |
| <b>VI.</b>   | <b>METHOD OF ASSESSMENT</b> .....   | <b>5</b> |
| A.           | Assessment Rate and Method.....   | 5        |
| B.           | Excluded and Exempt Property .....  | 5        |
| <b>VII.</b>  | <b>RELATIONSHIP TO MILWAUKEE COMPREHENSIVE PLAN AND<br/>ORDERLY DEVELOPMENT OF THE CITY</b> ..... | <b>6</b> |
| A.           | City Plans .....  | 6        |
| B.           | City Role in District Operation .....   | 6        |
| <b>VIII.</b> | <b>FUTURE YEAR OPERATING PLANS</b> .....  | <b>7</b> |
| A.           | EARLY TERMINATION OF THE DISTRICT .....   | 7        |
| B.           | Phased Development .....  | 8        |
| C.           | Amendment, Severability and Expansion .....   | 8        |
| <b>IX.</b>   | <b>APPENDIX</b> .....   | <b>8</b> |
| A.           | ASSESSMENTS FOR 2018 .....  | 8        |
| B.           | MAP OF NORTH AVENUE GATEWAY DISTRICT BOUNDARIES .....   | 8        |
| C.           | 2018 ANNUAL REPORT .....  | 8        |
| D.           | STATE OF WISCONSIN BID STATUTE.....   | 8        |

## I. INTRODUCTION

### A. BACKGROUND

In 1984, the Wisconsin legislature created 66.1109 (formerly S. 66.608) of the Statutes (see Appendix A) enabling cities to establish Business Improvement Districts (BIDs). The purpose of the law is “to allow businesses within those districts to develop, to manage and promote the districts and to establish an assessment method to fund these activities.” (1983 Wisconsin Act 184, Section 1, legislative declaration.)

The City of Milwaukee created Business Improvement District No. 28 (“BID-28”) and approved its initial operating plan via Common Council Resolution No. 020830, adopted by reference November 6, 2002. (Appendix, Exhibit B) Since 2003, BID-28 has submitted yearly-amended plans adding and modifying its plan objectives as part of its ongoing management and promotion of the district, including in some instances its financing arrangements and assessment methodologies. This amended Plan shall govern operation of BID-28 during calendar year 2020.

### B. PHYSICAL SETTING

The District covers a commercial area on North Avenue from 27<sup>th</sup> St west to Sherman Blvd.

## II. DISTRICT BOUNDARIES

Boundaries of the proposed district are shown on the map in Appendix C of this plan. A listing of the properties included in the district is provided in Appendix D.

## III. PROPOSED OPERATING PLAN

### A. PLAN OBJECTIVES

The objective of the BID is to:

- Improve the Image of the District.
- Collaborate with the Washington Park Neighborhood improvement District(NID #3)
- Attract new businesses and retain existing businesses to the District.
- Coordinate public improvements in the Gateway District.
- Support the development of value-added projects in the District.
- Facilitate the development and implementation of the District Redevelopment Plan.
- Market and Promote the District.
- Leverage District resources with the resources of Partners.
- Enforce District zoning policies.
- Ensure that the BID is transparent, accountable and well-governed.

### B. PROPOSED ACTIVITIES – 2020

Principle activities to be engaged in by the district during 2020 will include:

- **District Beautification Projects:** Project includes; improving the physical space of the District, including; the landscaping along the District, creating green space, creating natural gathering spaces and enhancing District “gateways.”
- **Uplift and Support Existing Businesses:** Assist existing businesses with resources and provide business programming throughout the year.

**Façade Improvement:** Improving the façades of buildings in the District, including enforcing City of Milwaukee signage guidelines.

- **Marketing and Outreach:** Includes promoting of District to various stakeholders, including; District owners and investors, potential customers, potential investors and developers.

**C. PROPOSED EXPENDITURES – 2020**

**Proposed 2020 Budget**

|   | ITEMS   | EXPENDITURE        |
|---|---|--------------------|
| 1 | Repayment of 2003 loan to the City of Milwaukee | \$9,152.00         |
| 2 | Audit and Accounting                            | \$2,500.00         |
| 3 | Insurance                                       | \$1,200.00         |
| 4 | Office Supplies                                 | \$1,300.00         |
| 5 | Beautification Project                          | \$11,000.00        |
| 6 | Business improvement/ Programming               | \$8,000.00         |
| 7 | Marketing & Branding & Outreach                 | \$3,200.00         |
| 8 | Administration                                  | \$10,048.00        |
|   | <b>Total</b>                                    | <b>\$46,400.00</b> |

**IV. FINANCING METHOD**

It is proposed to raise \$46,400.00 through BID assessments (see Appendix D). The BID Board shall have the authority and responsibility to prioritize expenditures and to revise the budget as necessary to match the funds available.

**V. ORGANIZATION OF BID BOARD**

The Mayor will appoint members to the District Board ("Board"). The Board's primary responsibility is to implement this Operating Plan. This will require the Board to negotiate with providers of services and materials to carry out the Plan; to enter into various contracts; to monitor development activity; to periodically revise the Operating Plan; to ensure district compliance with the provisions of applicable statutes and regulations; and to make reimbursements for any overpayments of BID assessments.

State law requires that the Board be composed of at least five members and that a majority of the Board members be owners or occupants of property within the district.

The North Avenue Gateway BID Board is structured and operates as follows:

1. **Board Size:** At least five and up to 11 Members
2. **Board Composition:** At least six members shall be owners or occupants of property within the district. Any non-owner or non-occupant appointed to the Board shall be a resident of the City of Milwaukee.
3. **Officer Elections:** The Board shall elect its Officers – Chairman, Vice-Chairman, Secretary and Treasurer - from among its members.
4. **Board Term:** Appointments to the Board shall be for a period of three years.

5. **Compensation:** No Board member shall receive compensation from the North Avenue Gateway BID.
6. **Meetings:** All meetings of the Board shall be governed by the Wisconsin Open Meetings Law. The Board shall meet regularly, at least twice each year. The Board shall adopt rules of order (“by laws”) to govern the conduct of its meetings.
7. **Record Keeping:** Files and records of the Board's affairs shall be kept pursuant to public record requirements.
8. **Staffing:** The Board may employ staff and/or contract for staffing services pursuant to this Plan and subsequent modifications thereof.

## VI. METHOD OF ASSESSMENT

### A. ASSESSMENT RATE AND METHOD

The principle behind the assessment methodology is that each property should contribute to the BID in proportion to the benefit derived from the BID. After consideration of other assessment methods, it was determined that assessed value of a property was the characteristic most directly related to the potential benefit provided by the BID. Therefore, a fixed assessment on the assessed value of the property was selected as the basic assessment methodology for this BID.

However, maintaining an equitable relationship between the BID assessment and the expected benefits requires an adjustment to the basic assessment method. To prevent the disproportional assessment of a small number of low value properties, a minimum of \$500 per parcel and a maximum of \$1,600.00 will be applied based on the needs of the BID.

As of January 1, 2019, the property in the proposed district had a total assessed value of \$10,512,939. This plan proposed to assess the property in the district at a rate of \$5.50 per \$1,000.00 of assessed value, subject to the maximum assessment, for the purposes of the BID. Appendix A shows the projected BID assessment for each property included in the district.

### B. EXCLUDED AND EXEMPT PROPERTY

The BID law requires explicit consideration of certain classes of property. In compliance with the law the following statements are provided.

1. State Statute 66.1109(1) (f) lm: The district will contain property used exclusively for manufacturing purposes, as well as properties used in part for manufacturing. These properties will be assessed according to the method set forth in this plan because it is assumed that they will benefit from development in the district.
2. State Statute 66.1109(5) (a): Property known to be used exclusively for residential purposes will not be assessed; such properties will be identified as BID Exempt Properties in Appendix D, as revised each year.
3. In accordance with the interpretation of the City Attorney regarding State Statute 66.1109(1) (b), property exempt from general real estate taxes has been excluded from the district. Privately owned tax-exempt property adjoining the district and which is expected to benefit from district activities may be asked to make a financial contribution to the district on a voluntary basis.

## **VII. RELATIONSHIP TO MILWAUKEE COMPREHENSIVE PLAN AND ORDERLY DEVELOPMENT OF THE CITY**

### **A. CITY PLANS**

In February 1978, the Common Council of the City of Milwaukee adopted a Preservation Policy as the policy basis for its Comprehensive Plan and as a guide for its planning, programming and budgeting decisions. The Common Council reaffirmed and expanded the Preservation Policy in Resolution File Number 881978, adopted January 24, 1989.

The Preservation Policy emphasizes maintaining Milwaukee's present housing, jobs, neighborhoods, services, and tax base rather than passively accepting loss of jobs and population, or emphasizing massive new development. In its January 1989 reaffirmation of the policy, the Common Council gave new emphasis to forging new public and private partnerships as a means to accomplish preservation.

The district is a means of formalizing and funding the public-private partnership between the City and property owners in the North Avenue Gateway BID 28 business area and for furthering preservation and redevelopment in this portion of the City of Milwaukee. Therefore, it is fully consistent with the City's Comprehensive Plan and Preservation Policy.

### **B. CITY ROLE IN DISTRICT OPERATION**

The City of Milwaukee has committed to helping private property owners in the district promote its development. To this end, the City expected to play a significant role in the creation of the Business Improvement district and in the implementation of the Operating Plan. In particular, the City will:

1. Provide technical assistance to the proponents of the district through adoption of the Plan, and provide assistance as appropriate thereafter.
2. Monitor and, when appropriate, apply for outside funds that could be used in support of the district.
3. Collect assessments, maintain in a segregated account, and disburse the monies of the district.
4. Receive annual audits as required per sec. 66.1109 (3) (c) of the BID law.
5. Provide the Board, through the Tax Commissioner's Office on or before June 30<sup>th</sup> of each Plan year, with the official City records and the assessed value of each tax key number with the district, as of January 1<sup>st</sup> of each Plan year, for purposes of calculating the BID assessments.
6. Encourage the State of Wisconsin, Milwaukee County and other units of government to support the activities of the district.

**VIII. FUTURE YEAR OPERATING PLANS**

**A. EARLY TERMINATION OF THE DISTRICT**

The City shall consider terminating the District if the owners of property assessed under the Operating Plan having a valuation equal to more than 50% of the valuation of all property assessed under the Operating Plan, using the method of valuation specified herein, or the owners of property assessed under the Operating Plan having an assessed valuation equal to more than 50% of the assessed valuation of all property assessed under the Operating Plan, file a petition with the City Plan Commission requesting termination of the District. On or after the date such a petition is filed, neither the Board nor the City may enter into any new obligations by contract or otherwise until the expiration of thirty (30) days after the date a public hearing is held and unless the District is not terminated.

Within thirty (30) days after filing of a petition, the City Plan Commission shall hold a public hearing on the proposed termination. Notice of the hearing shall be published as a Class 2 notice. Before publication, a copy of the notice with a copy of the Operating Plan and a copy of the detail map showing the boundaries of the District shall be sent by certified mail to all owners of real property within the District.

Within thirty (30) days after the date of such hearing, every owner of property assessed under the Operating Plan may send a written notice to the City Plan Commission indicating, if the owner signed a petition, that the owner retracts the owner's request to terminate the District or, if the owner did not sign the petition, that the owner requests termination of the District.

If, after the expiration of thirty (30) days after the date of the public hearing, by petition or subsequent notification and after subtracting any retractions, the owners of property assessed under the Operating Plan having a valuation equal to more than 50% of the valuation of all property assessed under the Operating Plan, using the method of valuation specified in the Operating Plan, or the owners of property assessed under the Operating Plan having an assessed valuation equal to more than 50% of the assessed valuation of all properties assessed under the Operating Plan have requested the termination of the District, the City shall terminate the District on the date that the obligation with the latest completion date entered into to implement the Operating Plan expires.

**B. PHASED DEVELOPMENT**

It is anticipated that the BID will continue to revise and develop the Operating Plan annually, in response to changing development needs and opportunities in the district, in accordance with the purposes and objectives defined in this initial Operating Plan.

Section 66.1109 (3) (a) of the BID law requires the Board and the City to annually review and make changes as appropriate in the Operating Plan. Therefore, while this document outlines in general terms the complete development program, it focuses upon Year One activities, and information on specific assessed values, budget amounts and assessment amounts are based on Year One conditions. Greater detail about subsequent year's activities will be provided in the required annual Plan updates, and approval by the Common Council of such Plan updates shall be conclusive evidence of compliance with this Plan and the BID law.

In later years, the BID Operating Plan will continue to apply the assessment formula, as adjusted, to raise funds to meet the next annual budget. However, the method of assessing shall not be materially altered, except with the consent of the City of Milwaukee.

**C. AMENDMENT, SEVERABILITY AND EXPANSION**

This BID has been created under authority of Section 66.1109 of the Statutes of the State of Wisconsin. Should any court find any portion of this Statute invalid or unconstitutional its decision will not invalidate or terminate the BID and this BID Plan shall be amended to conform to the law without need of reestablishment.

Should the legislature amend the Statute to narrow or broaden the process of a BID so as to exclude or include as assessable properties a certain class or classes of properties, then this BID Plan may be amended by the Common Council of the City of Milwaukee as and when it conducts its annual Operating Plan approval and without necessity to undertake any other act. This is specifically authorized under Section 66.1109(3)(b).

**IX. APPENDIX**

**A. ASSESSMENTS FOR 2020**

**B. MAP OF NORTH AVENUE GATEWAY DISTRICT BOUNDARIES**

**C. 2020 ANNUAL REPORT**

**D. STATE OF WISCONSIN BID STATUTE**

**66.1109 Business improvement districts.**

(1) In this section:

(a) "Board" means a business improvement district board appointed under sub. (3) (a).

(b) "Business improvement district" means an area within a municipality consisting of contiguous parcels and may include railroad rights-of-way, rivers, or highways continuously bounded by the parcels on at least one side, and shall include parcels that are contiguous to the district but that were not included in the original or amended boundaries of the district because the parcels were tax-exempt when the boundaries were determined and such parcels became taxable after the original or amended boundaries of the district were determined.



- (c) "Chief executive officer" means a mayor, city manager, village president or town chairperson.
- (d) "Local legislative body" means a common council, village board of trustees or town board of supervisors.
- (e) "Municipality" means a city, village or town.
- (f) "Operating plan" means a plan adopted or amended under this section for the development, redevelopment, maintenance, operation and promotion of a business improvement district, including all of the following:
  - 1. The special assessment method applicable to the business improvement district.
  - 1m. Whether real property used exclusively for manufacturing purposes will be specially assessed.
  - 2. The kind, number and location of all proposed expenditures within the business improvement district.
  - 3. A description of the methods of financing all estimated expenditures and the time when related costs will be incurred.
  - 4. A description of how the creation of the business improvement district promotes the orderly development of the municipality, including its relationship to any municipal master plan.
  - 5. A legal opinion that subs. 1. to 4. have been complied with.
- (g) "Planning commission" means a plan commission under s. 62.23, or if none a board of public land commissioners, or if none a planning committee of the local legislative body.
  - (2) A municipality may create a business improvement district and adopt its operating plan if all of the following are met:
    - (a) An owner of real property used for commercial purposes and located in the proposed business improvement district designated under par. (b) has petitioned the municipality for creation of a business improvement district.
    - (b) The planning commission has designated a proposed business improvement district and adopted its proposed initial operating plan.
    - (c) At least 30 days before creation of the business improvement district and adoption of its initial operating plan by the municipality, the planning commission has held a public hearing on its proposed business improvement district and initial operating plan. Notice of the hearing shall be published as a class 2 notice under ch. 985. Before publication, a copy of the notice together with a copy of the proposed initial operating plan and a copy of a detail map showing the boundaries of the proposed business improvement district shall be sent by certified mail to all owners of real property within the proposed business improvement district. The notice shall state the boundaries of the proposed business improvement district and shall indicate that copies of the proposed initial operating plan are available from the planning commission on request.
    - (d) Within 30 days after the hearing under par. (c), the owners of property to be assessed under the proposed initial operating plan having a valuation equal to more than 40 percent of the valuation of all property to be assessed under the proposed initial operating plan, using the method of valuation specified in the proposed initial operating plan, or the owners of property to be assessed under the proposed initial operating plan having an assessed valuation equal to more than 40 percent of the assessed valuation of all property to be assessed under the proposed initial operating plan, have not filed a petition with the planning commission protesting the proposed business improvement district or its proposed initial operating plan.

- (e) The local legislative body has voted to adopt the proposed initial operating plan for the municipality.
- (3)**
- (a) The chief executive officer shall appoint members to a business improvement district board to implement the operating plan. Board members shall be confirmed by the local legislative body and shall serve staggered terms designated by the local legislative body. The board shall have at least 5 members. A majority of board members shall own or occupy real property in the business improvement district.
  - (b) The board shall annually consider and may make changes to the operating plan, which may include termination of the plan, for its business improvement district. The board shall then submit the operating plan to the local legislative body for its approval. If the local legislative body disapproves the operating plan, the board shall consider and may make changes to the operating plan and may continue to resubmit the operating plan until local legislative body approval is obtained. Any change to the special assessment method applicable to the business improvement district shall be approved by the local legislative body.
  - (c) The board shall prepare and make available to the public annual reports describing the current status of the business improvement district, including expenditures and revenues. The report shall include an independent certified audit of the implementation of the operating plan obtained by the municipality. The municipality shall obtain an additional independent certified audit upon termination of the business improvement district.
  - (d) Either the board or the municipality, as specified in the operating plan as adopted, or amended and approved under this section, has all powers necessary or convenient to implement the operating plan, including the power to contract.
- (4)** All special assessments received from a business improvement district and all other appropriations by the municipality or other moneys received for the benefit of the business improvement district shall be placed in a segregated account in the municipal treasury. No disbursements from the account may be made except to reimburse the municipality for appropriations other than special assessments, to pay the costs of audits required under sub. (3)(c) or on order of the board for the purpose of implementing the operating plan. On termination of the business improvement district by the municipality, all moneys collected by special assessment remaining in the account shall be disbursed to the owners of specially assessed property in the business improvement district, in the same proportion as the last collected special assessment.
- (4m)** A municipality shall terminate a business improvement district if the owners of property assessed under the operating plan having a valuation equal to more than 50 percent of the valuation of all property assessed under the operating plan, using the method of valuation specified in the operating plan, or the owners of property assessed under the operating plan having an assessed valuation equal to more than 50 percent of the assessed valuation of all property assessed under the operating plan, file a petition with the planning commission requesting termination of the business improvement district, subject to all of the following conditions:
- (a) A petition may not be filed under this subsection earlier than one year after the date the municipality first adopts the operating plan for the business improvement district.
  - (b) On and after the date a petition is filed under this subsection, neither the board nor the municipality may enter into any new obligations by contract or otherwise to implement the operating plan until the expiration of 30 days after the date of hearing

under par. (c) and unless the business improvement district is not terminated under par. (e).

- (c) Within 30 days after the filing of a petition under this subsection, the planning commission shall hold a public hearing on the proposed termination. Notice of the hearing shall be published as a class 2 notice under ch. 985. Before publication, a copy of the notice together with a copy of the operating plan and a copy of a detail map showing the boundaries of the business improvement district shall be sent by certified mail to all owners of real property within the business improvement district. The notice shall state the boundaries of the business improvement district and shall indicate that copies of the operating plan are available from the planning commission on request.
  - (d) Within 30 days after the date of hearing under par. (c), every owner of property assessed under the operating plan may send written notice to the planning commission indicating, if the owner signed a petition under this subsection, that the owner retracts the owner's request to terminate the business improvement district, or, if the owner did not sign the petition, that the owner requests termination of the business improvement district.
  - (e) If after the expiration of 30 days after the date of hearing under par. (c), by petition under this subsection or subsequent notification under par. (d), and after subtracting any retractions under par. (d), the owners of property assessed under the operating plan having a valuation equal to more than 50 percent of the valuation of all property assessed under the operating plan, using the method of valuation specified in the operating plan, or the owners of property assessed under the operating plan having an assessed valuation equal to more than 50 percent of the assessed valuation of all property assessed under the operating plan, have requested the termination of the business improvement district, the municipality shall terminate the business improvement district on the date that the obligation with the latest completion date entered into to implement the operating plan expires.
- (5)
- (a) Real property used exclusively for residential purposes and real property that is exempted from general property taxes under s. 70.11 may not be specially assessed for purposes of this section.
  - (b) A municipality may terminate a business improvement district at any time.
  - (c) This section does not limit the power of a municipality under other law to regulate the use of or specially assess real property.

**History:** 1983 a. 184; 1989 a. 56 s. 258; 1999 a. 150 s. 539; Stats. 1999 s. 66.1109; 2001 a. 85.



# **BUSINESS IMPROVEMENT DISTRICT #28**

## **ANNUAL REPORT**

### **2018- 2019**

**PROFESSIONAL DEVELOPMENT:** The BID has partnered with the City of Milwaukee to host grant information sessions. These sessions were beneficial to community. We're excited to know 3 participants successfully received city grants to assist in the growth of their business. We will continue to work to host business information sessions throughout the year.

**NEW BANNERS :** The Bid purchased new year-round banners for the bid. The Bid hired 3 local graphic designers to help with this project. Kelly Wallschaleager, Marquala Ellis and Chad Riachards.

**COMMUNITY EVENTS:** The BID in conjunction with Loveland Technologies hosted our annual meeting located at 3041 North. We were able to show the wonderful capabilities of the app. We know that the data collected will help us identify our needs and survey what the community's needs are as well.

We donated school supplies to give away to the kids in the community.

**BUSINESS GRANT INITIATIVE:** The BID is continuing this initiative in conjunction with the Neighborhood Improvement District. The NID has allocated funds to assist new and existing businesses with façade improvements and other one-time initiatives designed to enhance the stability of the Business. The BID has committed to match any initiative approved by the NID. \$10,000.00 allocation has been set aside by the BID for businesses located along the North Avenue Gateway. This year we are anticipating assisting at least five businesses this year.

**NEW BUSINESSES ATTRACTED TO AREA:** We worked with a new business owner who is in the process of opening a mental health facility. Kennedy's Wellness Center will be located on 36<sup>th</sup> and North Avenue. We have Premier Lounge opening it's second location in our corridor. We are very excited. The owner has been a very active participant in our neighborhood clean-ups. The Bid will continue to work with new business owners to assist in getting vacant commercial properties back on the tax rolls.

We are looking to have a local artist paint the brick walls and add a permanent stage for summer performances.

**STREET CLEANING ALONG THE BID:** The BID has done several cleanups throughout the year. The BID, in conjunction with the business owners worked to ensure that the streets were cleaned. The WPP NID has recently contracted with a property management company that has assisted with the upkeep as well.

**WEBSITE DEVELOPMENT AND MARKETING FOR BUSINESSES ALONG THE BID:** The BID has completely redesigned the logo and website. The BID hired Marquala Ellis, CEO of Elastic Designs LLC. Marquala was raised in the Metcalf Park Neighborhood and worked with the Metcalf Neighborhood Association as a teenager.

#### **STRATEGIC LONG TERM PLANNING FOR THE BID.**

The Bid is looking to work with developers, city staff, the alderman and other interested parties to develop a long range plan to develop the vacant City owned commercial properties. The White Box Pilot Program would be a great Avenue to explore.

**FINANCIAL POSITION OF THE BID:** Since the creation of the BID, The North Avenue Gateway Business Improvement District # 28 has utilized bid funds in excess of \$651,000. Business Owners have been the beneficiaries of the funding in helping to support, Signage, grant funds to help with capital improvements for the businesses, Streetscape initiatives including, new lighting, garbage cans, banners and assisting in putting on North Avenue events which were held this year. The BID currently carries a healthy balance in its bank account. The BID has an independent financial and programmatic financial review completed each year and has passed without any findings, either financial or programmatic. The BID directors have been and continue to be good stewards of the funds.

**BINSON & ASSOCIATES LLC.**

TURNING YOUR NUMBERS INTO VALUE

**NORTH AVENUE GATEWAY BUSINESS  
IMPROVEMENT DISTRICT #28**

**REPORT ON FINANCIAL STATEMENTS**

**For the years ended**

**December 31, 2018 and 2017**

**NORTH AVENUE GATEWAY BUSINESS IMPROVEMENT DISTRICT #28**  
**For the years ended December 31, 2018 and 2017**

| <u>CONTENTS</u>                        | <u>PAGE</u> |
|--|-------------|
| Independent Auditors' Report           | 1           |
| Statement of Financial Position        | 2           |
| Statement of Activities and Net Assets | 3           |
| Statement of Functional Expenses       | 4           |
| Statement of Cash flows                | 5           |
| Notes to Financial Statements          | 6 - 8       |



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
North Avenue Gateway Business Improvement District #28

### **Report on the Financial Statements**

We have reviewed the accompanying statement of financial statements of North Avenue Gateway Business Improvement District #28 (the Organization) which comprise the Statement of Financial Position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with standards for Accounting and Review Services promulgated by Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Binson and Associates, LLC.*

Milwaukee, Wisconsin  
September 4, 2019

**NORTH AVENUE GATEWAY BUSINESS IMPROVEMENT DISTRICT #28**  
**STATEMENT OF FINANCIAL POSITION**  
**As of December 31,**

| <b>ASSETS</b>                          | <u><b>2018</b></u> | <b>(Audited)</b><br><u><b>2017</b></u> |
|--|--------------------|--|
| <b>CURRENT ASSETS:</b>                 |                    |  |
| Cash and cash equivalents              | \$ 32,501          | \$ 32,264                              |
| Total current assets                   | 32,501             | 32,264                                 |
| <b>FIXED ASSETS:</b>                   |                    |  |
| Furniture and equipment                | 20,442             | 20,442                                 |
| Less: Accumulated depreciation         | <u>(18,433)</u>    | <u>(17,410)</u>                        |
| Total net fixed assets                 | <u>2,009</u>       | <u>3,032</u>                           |
| Total assets                           | <u>\$ 34,510</u>   | <u>\$ 35,295</u>                       |
| <b>LIABILITIES AND NET ASSETS</b>      |                    |  |
| <b>CURRENT LIABILITIES:</b>            |                    |  |
| Accrued interest                       | \$ 2,699           | \$ 2,868                               |
| Accrued expenses                       | -                  | 3,550                                  |
| Note payable – current portion         | <u>5,902</u>       | <u>5,328</u>                           |
| Total current liabilities              | 8,601              | 11,746                                 |
| <b>NOTE PAYABLE -City of Milwaukee</b> | <u>78,758</u>      | <u>84,660</u>                          |
| Total Liabilities                      | 87,359             | 96,406                                 |
| <b>NET ASSETS:</b>                     |                    |  |
| Without donor restrictions             | <u>(52,849)</u>    | <u>(61,111)</u>                        |
| Total net assets                       | <u>(52,849)</u>    | <u>(61,111)</u>                        |
| Total liabilities and net assets       | <u>\$ 34,510</u>   | <u>\$ 35,295</u>                       |

See notes to financial statements

**NORTH AVENUE GATEWAY BUSINESS IMPROVEMENT DISTRICT #28**  
**STATEMENT OF ACTIVITIES AND NET ASSETS**  
For the years ended December 31,

|                                      | <u>2018</u>        | <u>(Audited)</u><br><u>2017</u> |
|--------------------------------------|--------------------|---------------------------------|
| <b>REVENUES:</b>                     |                    |                                 |
| City of Milwaukee Bid Assessment     | \$ 41,882          | \$ 73,319                       |
| Total revenue                        | 41,882             | 73,319                          |
| <b>EXPENSES:</b>                     |                    |                                 |
| Program Services                     | 20,150             | 10,675                          |
| Management and Supporting Services   | <u>13,470</u>      | <u>31,136</u>                   |
| Total expenses                       | <u>33,620</u>      | <u>41,811</u>                   |
| Change in net assets                 | 8,262              | 31,508                          |
| <b>NET ASSETS, beginning of year</b> | <u>(61,111)</u>    | <u>(92,619)</u>                 |
| <b>NET ASSETS, end of year</b>       | <u>\$ (52,849)</u> | <u>\$ (61,111)</u>              |

See notes to financial statements

**NORTH AVENUE GATEWAY BUSINESS IMPROVEMENT DISTRICT #28**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the years ended December 31,**

**2018**

|                             | <u>Program<br/>Services</u> | <u>Management<br/>and<br/>Supporting<br/>Services</u> | <u>Total</u>      |
|-----------------------------|-----------------------------|---|-------------------|
| <b>EXPENSES:</b>            |                             |   |                   |
| Marketing and Promotion     | \$ 6,929                    | \$ -  | \$ 6,929          |
| Community Support           | 8,600                       | -   | 8,600             |
| Internet and Web Presence   | 121                         | -   | 121               |
| Repair and maintenance      | 1,159                       | -   | 1,159             |
| Ambassador program          | 3,340                       | -   | 3,340             |
| Management Fee              | -                           | 6,522   | 6,522             |
| Professional Fees           | -                           | 575   | 575               |
| General liability insurance | -                           | 1,467   | 1,467             |
| Office Administration       | -                           | 228   | 228               |
| Interest expense            | -                           | 3,655   | 3,655             |
| Depreciation Expense        | -                           | 1,023   | 1,023             |
|                             | <u>          </u>           | <u>          </u>                                     | <u>          </u> |
| Total expenses              | <u>\$ 10,675</u>            | <u>\$ 13,470</u>                                      | <u>\$ 33,620</u>  |

**2017 (Audited)**

|                             | <u>Program<br/>Services</u> | <u>Management<br/>and<br/>Supporting<br/>Services</u> | <u>Total</u>      |
|-----------------------------|-----------------------------|---|-------------------|
| <b>EXPENSES:</b>            |                             |   |                   |
| Marketing and Promotion     | \$ 625                      | \$ -  | \$ 625            |
| Community Support           | 4,790                       | -   | 4,790             |
| Internet and Web Presence   | 460                         | -   | 460               |
| Repair and maintenance      | 800                         | -   | 800               |
| Ambassador program          | 4,000                       | -   | 4,000             |
| Management Fee              | -                           | 15,250  | 15,250            |
| Professional Fees           | -                           | 4,338   | 4,338             |
| General liability insurance | -                           | 878   | 878               |
| Occupancy                   | -                           | 4,800   | 4,800             |
| Office Administration       | -                           | 968   | 967               |
| Interest expense            | -                           | 3,879   | 3,879             |
| Depreciation Expense        | -                           | 1,023   | 1,023             |
|                             | <u>          </u>           | <u>          </u>                                     | <u>          </u> |
| Total expenses              | <u>\$ 10,675</u>            | <u>\$ 31,136</u>                                      | <u>\$ 41,811</u>  |

See notes to financial statements

**NORTH AVENUE GATEWAY BUSINESS IMPROVEMENT DISTRICT #28**  
**STATEMENT OF CASH FLOWS**  
For the years ended December 31,

|  | <b>2018</b>   | <b>(Audited)<br/>2017</b> |
|--|---------------|---------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |               |                           |
| Changes in net assets  | \$ 8,262      | \$ 31,508                 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: |               |                           |
| Depreciation   | 1,023         | 1,023                     |
| Increase/(decrease) in:  |               |                           |
| Accrued interest   | (170)         | (164)                     |
| Accrued expenses   | (3,550)       | 150                       |
| Net cash used by operating activities  | 5,565         | 32,519                    |
| <br><b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |               |                           |
| Payments of City of Milwaukee loan   | (5,328)       | (5,111)                   |
| Net cash used by financing activities  | (5,328)       | (5,111)                   |
| Net decrease in cash and equivalents   | 237           | 27,408                    |
| <br><b>CASH AND EQUIVALENTS, beginning of period</b>   | <br>32,264    | <br>4,856                 |
| <br><b>CASH AND EQUIVALENTS, end of period</b>   | <br>\$ 32,501 | <br>\$ 32,264             |

See notes to financial statements

**NORTH AVENUE GATEWAY BUSINESS IMPROVEMENT DISTRICT #28**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2018 and 2017**

**NOTE A - NATURE OF ORGANIZATION**

The North Avenue Gateway Business Improvement District #28 (BID #28) was created by the Common Council of the City of Milwaukee pursuant to Wisconsin Statutes. The organization's mission is to develop, to manage and promote the area along the North Avenue Gateway area.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Method of Accounting*

The financial statements for BID No. 28 are prepared on the accrual basis, whereby revenues are recognized when earned rather than received and expenses are recognized when incurred rather than when they are paid.

Assets, liabilities, revenues and expenses are recognized on the accrual basis method of accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions:

Net assets that are not subject to donor-imposed stipulations or Board imposed restrictions.

With Donor Restriction:

Net assets subject to restrictions imposed by the Board of Directors and determined to be unavailable for general use.

Permanently restricted net assets include contributed net assets which require, by donor imposed restriction, that the corpus be invested in perpetuity and only the income be made available for the program operations in accordance with donor restrictions.

As of December 31, 2018, all of BID No. 28 net assets were without donor restrictions

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**NORTH AVENUE GATEWAY BUSINESS IMPROVEMENT DISTRICT #28**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2018 and 2017**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Subsequent Events***

The Organization has evaluated subsequent events through October 18, 2018, the date on which the financial statements were available to be issued.

***Revenue Recognition***

Contributions are recognized as revenue when they are received or unconditionally pledged. Revenues are reported in unrestricted net assets, unless use of the related assets is limited by the donor-imposed restrictions. Donor-restricted contributions, grants and investment income whose restrictions are met within the same year as received are reflected in the change in temporarily restricted net assets. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any, on the contributions.

Sponsorship revenue received in advance of the event is recorded as deferred revenue and is recognized as income in the period the event occurs.

***Cash and Cash Equivalents***

The Organization considers all short-term investments in interest-bearing bank accounts, securities and other instruments having an original maturity of three months or less, to be equivalent to cash.

***Fixed Assets***

Expenditures for the acquisitions of property and equipment are capitalized at cost. The fair value of donated property at the date of gift is similarly capitalized. It is the Organization's policy to capitalize all property and equipment expenditures greater than \$1,000. Certain expenditures less than \$1,000 may be capitalized at the discretion of management. The Organization classifies property and equipment as designated unrestricted net assets on the statements of financial position. Depreciation is computed by the straight-line method over the following estimated useful lives.

Depreciation expense during 2018 and 2017 totaled \$1,023 and \$1,023, respectively.

***Income Taxes***

The North Avenue Gateway Business Improvement District #28 is exempt from tax as an affiliate of a governmental unit under section 501(a) of the Internal Revenue Code.

The Organization policy is to evaluate, at least annually, the potential for income tax exposure from unrelated business income or from loss of nonprofit status. Tax year ending December 31, 2014 and after are currently open to potential audits.

**NORTH AVENUE GATEWAY BUSINESS IMPROVEMENT DISTRICT #28**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2018 and 2017**

**NOTE C – NORTH AVENUE STREETScape PROJECT**

The Organization received support from the City of Milwaukee in the form of a \$100,000 grant and a \$100,000 loan to perform streetscape enhancements along the North Avenue corridor between 27<sup>th</sup> Street and Sherman Blvd. The project included lighting, signage, landscaping and trash receptacles, and was completed in 2003.

**NOTE D – NOTE PAYABLE**

In conjunction with the North Avenue Street Scape Project, the BID entered into a loan agreement with the City of Milwaukee for a loan in the amount of \$100,000. The loan bears interest at a rate of 4.25%, and is unsecured. The loan requires annual principal and interest payments to occur on March 31 of each year commencing on March 31, 2016, and ending with the final loan repayment on March 31, 2030. Loan repayments will be made from the annual tax assessments on the businesses within the BID.

Future required principal payments under the terms of the loan agreement are due as follows:

| <u>Year</u> | <u>Amount</u>    |
|-------------|------------------|
| 2019        | \$ 5,554         |
| 2020        | 5,790            |
| 2021        | 6,036            |
| 2022        | 6,293            |
| 2023        | 6,560            |
| Thereafter  | <u>54,367</u>    |
| Total       | <u>\$ 84,660</u> |

**NOTE E - CONCENTRATION OF RISK**

The Organization receives property tax assessment income from the City of Milwaukee. The Organization's operations rely on the availability of these funds. Approximately 100% of the Organization's revenues were from the City of Milwaukee for the year ended December 31, 2018 and 2017.