

**BUSINESS IMPROVEMENT DISTRICT NO. 2**

**2024 OPERATING PLAN**

September 7, 2023

Submitted by:

Business Improvement District No. 2

525 E. Chicago St.

Milwaukee, WI 53202

[bidadmin@mkebid2.org](mailto:bidadmin@mkebid2.org)

## Table of Contents

I. Introduction	3
A. Background	3
B. Physical Setting	3
II. District Boundaries	4
III. Proposed Operating Plan	4
A. Plan Objectives	4
B. Proposed Activities – Year 37	4
C. Proposed 2024 Budget for Year 37	7
D. Financing Method	7
E. Organization of BID Board	7
F. Relationship to Historic Third Ward Association	8
IV. Method of Assessment and Disbursement	8
A. Assessment Rate and Method	8
i. General Assessment	9
ii. Riverwalk Assessment	10
iii. Dockwall Assessment	10
iv. Riverwalk Maintenance Assessment	10
v. Contingent Assessments	10
B. Excluded and Exempt Property	10
V. Relationships to the Comprehensive Plan and the Orderly Development of the City	11
A. City Plans	11
B. City Role	11
VI. Plan Approval Process	12
A. Public Review Process	12
i. Changes to the Operating Plan	12
ii. Annual appointment of BID-2 Board Members	12
VII. Future Years Operating Plans	12
A. Phased Development	12
B. Amendment, Severability and Expansion	12

## **I. INTRODUCTION**

### **A. BACKGROUND**

In 1984, the State of Wisconsin created 66.1109 (formerly S. 66.608) of the Statutes (Appendix Exhibit A) enabling Cities to establish Business Improvement Districts. 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 Wis. Act. 184, Section 1, legislative declaration)

The City of Milwaukee created Business Improvement District No. 2 (BID-2) and approved its initial operating plan via Common Council Resolution No. 870501, adopted by reference October 6, 1987 (Appendix Exhibit F).

Since 1988, BID-2 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-2 during calendar year 2024.

### **B. PHYSICAL SETTING**

Business Improvement District No. 2 encompasses the Third Ward, which occupies a strategic location within the Milwaukee central business district. It is located adjacent to Interstate 794, just south of the downtown. The Third Ward is within 6 to 8 blocks of Downtown's primary retail shopping district, although separated from it by I-794, an elevated expressway. The Third Ward includes the Summerfest grounds and is adjacent to the Milwaukee Lakeshore State Park. The Third Ward also occupies frontage along the Milwaukee River to the west and south.

The Third Ward contains a large concentration of historic late 19<sup>th</sup> and early 20<sup>th</sup> century industrial and warehouse buildings and is one of the last remaining intact warehouse districts in the country. In 1984 the National Register of Historic Places accepted 70 buildings spanning approximately 10 square blocks as "The Historic Third Ward District." While several individual buildings are outstanding architecturally, it is the overall "ensemble" which gives the Third Ward its special identity. The large number of older multistory buildings located in close proximity, the interrelationships between buildings, and the overall environment give the Third Ward a character unique within the region.

The Third Ward's strategic central location and its physical qualities help support its role as a high-value commercial and residential area. Wholesaling or other low-density light-industrial uses might best be either selectively maintained or eventually phased out, given the area's higher density development potential.

A primary objective of the Plan is to reinforce and enhance the historic image and character of the area through the renovation, rehabilitation and adaptive reuse of existing historic buildings and the encouragement of appropriate infill and new construction.

The City of Milwaukee worked with the Historic Third Ward in 1988 to create the first Tax Incremental Financing District within the boundaries of the Third Ward (TID No. 11) to finance construction of substantial physical public improvements within the Third Ward. TID No. 11 was retired in April 2006. In 1998 the City of Milwaukee authorized the creation of a second Tax Incremental Financing District within the Third Ward (TID No. 34) to assist with the financing of the Riverwalk Project. In 1999, the City, through its Redevelopment Authority, authorized a conduit borrowing mechanism which allowed BID-2 to initiate and complete the Third Ward Water Street Parking Structure. In 2002 the project scope of TID No. 34 was amended to provide additional funds for the Riverwalk Project. In 2002 the City transferred a parcel of land at the northeast corner of North Water and St Paul Ave. to BID-2 as part of its commitment towards creating a Milwaukee Public Market. In 2011 the City signed a lease agreement with BID-2 to manage and maintain both Catalano Square and Erie Street Plaza. In 2014 the City of Milwaukee authorized Amendment 3 to TID No. 56 to finance public improvements to North Milwaukee Street and East Corcoran Avenue. In 2020 the City signed a lease agreement with BID-2 to manage and maintain Trestle Park.

## **II. DISTRICT BOUNDARIES**

BID-2 is illustrated by Appendix Exhibit B. It includes 178 taxable parcels and 35 exempt parcels, either city, county, state, or otherwise exempt. There are also 743 residential parcels in the District that are exempt from BID assessments.

The boundaries of the District are as follows: The eastern boundary is the western edge of Lake Michigan; the southern and southwestern boundaries are the northern and northeastern edge of the Milwaukee River; and the northern and western boundaries are an irregular line described as follows: commencing on the northern edge of the Milwaukee River and the eastern line of the right-of-way of North 2<sup>nd</sup> Street, extended; thence north along the eastern line of the right of way of North 2<sup>nd</sup> Street, extended, to the northern edge of the right-of-way of St. Paul Avenue; thence east along the northern edge of the right-of-way of St. Paul Avenue to a point on the eastern line of the right-of-way of N. Plankinton Avenue; thence north along the eastern line of the right-of-way line of Interstate Highway 794; thence east along the south and southwest right-of-way line of Interstate Highway 794 to the western edge of the Milwaukee River; thence northeasterly along the western edge of the Milwaukee River to a point on the southern right-of-way line of E. Clybourn Street; thence easterly on E. Clybourn Street to the edge of Lake Michigan.

All tax keys, land areas and assessment figures are based on City of Milwaukee (DCD) Records dated June 2023 and the City of Milwaukee Website.

## **III. PROPOSED OPERATING PLAN**

### **A. PLAN OBJECTIVES**

The specific objective of BID-2 is to develop, redevelop, maintain, operate, promote, and advertise the area of the Historic Third Ward, identified herein as the “District.” It is intended that the Board of BID-2 shall have all powers authorized by law, and by this Plan including, but not limited to the following powers in carrying out its objectives:

### **B. PROPOSED ACTIVITIES – YEAR 37**

#### **General**

1. Manage the affairs of the District.
2. Elect officers and contract out work as are necessary to carry out these goals.
3. Comply with reporting and notice requirements of public records law and open meeting law.
4. Promote new investment and appreciation in the value of existing investments of property in the District.
5. Develop, advertise and promote the existing and potential benefits of the District.
6. Undertake, on its own account, public improvements and/or to assist in development, underwriting or guaranteeing public improvements within the District.
7. Acquire, improve, lease and sell properties within the District, and otherwise deal in real estate as necessary to promote the economic development of the District and specifically those projects enumerated in the plan objectives.
8. Assess against property in BID-2 area, pursuant to the assessment formulas referred to herein, amounts necessary to meet any obligations entered into to acquire interest in land and/or property, borrow funds, design, develop, construct, operate and maintain the properties and other projects enumerated in these plan objectives.
9. Make reimbursements, if necessary, out of its contingency fund for overpayments of BID-2 assessments.
10. Enter into such agreements and to extend such guarantees as necessary to acquire interests in land and property, borrow funds, design, develop and construct the Water Street Parking Structure, the Milwaukee Street Parking Structure, the Third Ward Streetscapes, the Third Ward Riverwalk, the Riverwalk Connector, the Public Market, the Public Market District, Public Market Annex and such other projects enumerated in the plan objectives.
11. Take whatever action necessary to protect and maintain its status as a non-taxable governmental entity. As a BID, BID-2 is a quasi-governmental entity authorized by state statute; created, governed and

- appointed by the City through its legislative process, and as such, is for legal and tax purposes, an integral part of the creating municipality, both in terms of its structure and endeavors.
12. Enter into agreements to refinance existing debt and review additional possible funding instruments for District development.
  13. Apply for, accept and use grants and gifts for any purposes consistent with the BID mission.
  14. Be the sole member of BID#2 Operations, LLC, which shall employ the staff to facilitate the goals of the operating plan, the HTWA Market Project LLC, which shall employ the staff to operate and maintain the Milwaukee Public Market, and the Riverwalk Commons LLC, which will activate the public space along the river between St. Paul and Clybourn.
  15. Contract with the Historic Third Ward Association, Inc., and others as necessary to carry out these goals.
  16. Respond to the security needs of the District as appropriate, arrange for security and request increased police protection during the festival season.
  17. Develop and implement a master operation and maintenance plan for the two Parking Structures, the parking lot at 2<sup>nd</sup> and Clybourn, the Streetscapes, and Riverwalk Improvements.
  18. Work with Downtown BID#21 and other appropriate entities toward the development of a downtown dog park and any other projects as jointly deemed appropriate.

### **Streetscapes**

19. Plan, implement, operate, maintain and finance Streetscape improvements within the District.
20. Maintain the appearance of the neighborhood by working to ensure its safety and cleanliness.
21. Operate, maintain, lease and hold a special privilege for the ongoing financial and physical obligations of caring for and programming of the TID No. 11-funded Streetscape project.
22. Enter into agreements to complete public improvements as approved in the Third Amendment of TID 56 involving North Milwaukee and East Corcoran streets.
23. Enter into leases or other agreements with the City of Milwaukee or others to operate and maintain publicly accessible areas to enhance the live, work and play quality of the area.
24. Continue and expand efforts to identify and support the development of public green space by independent action, or preferably, in conjunction with nearby or other stakeholders. Administrative and operational support may be provided. Act as an agent for contracted services, apply for and accept public and/or private grants and/or loans and whatever else is necessary to complete these projects.
25. Continue the Snow Removal Program for properties in the historic area.
26. Continue the Graffiti Removal Program and submit an application for a City of Milwaukee grant, if available.
27. Continue the efforts of street beautification and increase the hanging flower basket program when appropriate.
28. Continue to work with the City regarding Third Ward street lighting issues.
29. Extend the banner program to include any location in the district deemed appropriate.
30. Continue to support public art installations throughout the neighborhood.

### **Parking Operations**

31. Operate, maintain and hold a special privilege for a parking structure on the northeast corner of North Milwaukee and East Chicago streets (Third Ward Milwaukee Street Parking Structure - 212 North Milwaukee Street).
32. Operate, maintain and hold a special privilege for a parking structure on the southeast corner of North Water and East Chicago streets (Third Ward Water Street Parking Structure - 225 East Chicago Street).
33. Enter into an agreement with the appropriate entities in order to operate and maintain surface a parking lot at 2<sup>nd</sup> and Clybourn streets.
34. Use current and accumulated ramp revenues, as described in the Parking Ramp Cooperation and Development Agreement dated 6/13/94, to first pay normal and customary operation and maintenance costs of the structures, second fund repayment of City of Milwaukee Redevelopment Authority Bonds issued for the Historic Third Ward Parking Facility Project, third, fund an interest rate stabilization reserve, fourth pay such normal and necessary borrowing expenses, remarketing fees and other appropriate banking expenses.
35. Continue to offer the merchant/business parking voucher program as deemed appropriate.

### **Riverwalk**

36. Operate and maintain a Riverwalk system through the District along the Milwaukee River.
37. Assess against property in the TID No. 34 area, per the formula described hereafter, those amounts necessary to finance the debt service coming due from time to time under the bonds for the TID Improvements.
38. Assess against property in the District those amounts necessary to finance the loans and construction costs as described hereafter connected with the creation of the Riverwalk.
39. Maintain existing loan agreements with individual Riverwalk property owners on terms agreed upon to finance Riverwalk improvements.
40. Maintain existing loan agreements with the City for funds necessary to finance the Riverwalk.
41. Operate, maintain, lease and hold a special privilege for the ongoing financial and physical obligations of caring for and programming of the Riverwalk.
42. Remit to the City the twentieth payment toward the Riverwalk loan in the amount of \$47,274.34 and the nineteenth payment of the Dockwall loan in the amount of \$36,521.26 for a total of \$83,795.60.
43. With the completion of the Riverwalk Connector, the City requested that BID-2 take over the maintenance component of this project. This portion of the Riverwalk extends from the Clybourn St. Bridge to the Chase Bank building and is outside the area of BID-2. In return, the City will include a yearly Riverwalk Connector Maintenance Contribution to BID-2. For 2024 the amount shall be \$18,000. The City will also include \$5,000 in the DPW budget to mitigate costs associated with removing snow accumulation on Broadway.
44. Enter into leases or other agreements with the City of Milwaukee or others to develop, operate and maintain the north extension of Riverwalk Park located east of river, west of Water Street from St. Paul Avenue to Clybourn Street known as Riverwalk Commons.

### **Public Market**

45. Operate, maintain and manage a public market on the north side of St. Paul Avenue between North Water Street and North Broadway.
46. Operate and maintain a public market annex at 346 North Broadway.
47. Hold a special privilege for the ongoing financial and physical obligations of caring for and programming of the Milwaukee Public Market and Annex.

### **Contracted Services**

48. In addition, BID-2 has a contractual agreement that the Historic Third Ward Association, Inc. (HTWA) will do the following in 2024:
  - Continue to carry out the most recent HTWA strategic plan.
  - Continue to participate in the implementation of the City of Milwaukee's Master Plan.
  - Maintain a bookkeeping, payroll and monthly financial reporting system.
  - Continue to enhance HTWA benefits of membership.
  - Coordinate events, promotion and advertising. Events include, but are not limited to, Christmas in the Ward, Gallery Night MKE, World's Largest Coffee Break, and the Third Ward Art Festival.
  - Coordinate rental of Catalano Square, Erie Street Plaza, Trestle Park and Gas Light Park and maintain yearly calendar.
  - In cooperation with Milwaukee World Festival, Inc., continue to address issues including crowd control, traffic, crime and clean up during events, especially during Summerfest.
  - Maintain ongoing engagement and cooperation with neighboring community organizations like Milwaukee Downtown, East Town, Westtown, Harbor District, Menomonee Valley Partners, and Downtown Neighbors Association on various initiatives related to business growth, transportation enhancements and quality of life.
  - Maintain involvement with the Friends of Lakeshore State Park.
  - Accept donations and grants on behalf of the BID-2 as appropriate.
  - Continue operation of an office for the District which is open to the public.
  - Promote publicity and media coverage of District activities.
  - Publish and distribute informational and promotional materials as appropriate. Maintain a web presence at [historiethirdward.org](http://historiethirdward.org) to promote and inform the neighborhood.
  - Welcome new businesses and provide information to all members and constituents.

- Promote appropriate activities that support Third Ward merchants and restaurants.
  - Continue communication and cooperation with the Milwaukee Police Department and disseminate information regarding neighborhood safety as necessary.
  - Continue sending e-newsletters to all Third Ward businesses and interested stakeholders for announcing neighborhood news and events.
  - Publicizing of events and promotions on social media platforms such as Facebook, Instagram, Twitter and TikTok.
  - Continue to engage District residents on all matters related to resident life in the Historic Third Ward.
49. The BID may enter into other contracted services as necessary to carry out successful implementation of the operating plan.

### **C. PROPOSED 2024 BUDGET FOR YEAR 37**

See Appendix Exhibit D attached hereto and incorporated herein.

### **D. FINANCING METHOD**

The proposed expenditures will be financed from revenues collected from general BID and private property assessments for Operating, Riverwalk Construction, Riverwalk Maintenance, and Special Assessments as well as net revenue from the BID-2's parking structures. It is estimated that the budget will raise \$603,694 through these assessments detailed on Appendix Exhibit C, attached hereto and incorporated herein. Separately from this plan, as part of the City budget process, the City of Milwaukee shall contribute \$18,000 in support of the District, \$18,000 to maintain the Riverwalk Connector (a partnership including the City, Downtown Riverwalk District, and BID-2) portion of the Riverwalk and \$5,000 to mitigate cost associated with removing snow accumulation on Broadway. If for any reason, the City does not authorize in its budget process the contribution of \$18,000 for the maintenance of the Riverwalk Connector, the City will take over full responsibility of maintaining it.

### **E. ORGANIZATION OF BID BOARD**

The Board of BID-2 (Board)'s primary responsibility will be the implementation of the District 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 revise periodically the District plan and to ensure District compliance with the provisions, applicable statutes and regulations.

State law requires that the Board is composed of at least 5 members and that a majority of the Board members be owners or occupants of property within the District.

BID-2 Board has been structured and is operating as follows:

- Board size – A maximum of 9 members.
- Composition – At least seven members are owners or occupants of property within the District.
- Term - Appointments to the Board are for a period of 3 years.
- Compensation - None.
- Meetings - All meetings of the Board shall be governed by the Wisconsin Open Meetings law. The Board shall meet regularly, at least annually, in keeping with the by-laws as stated in Appendix Exhibit G. The Board shall adopt rules of order to govern the conduct of its meetings.
- Record Keeping - Files and records of the Board's affairs shall be kept pursuant to public record requirements.
- Staffing - The Board may employ staff and/or contract for staffing services pursuant to this Plan and subsequent modifications thereof.
- Finances - The Board shall submit to the City the results of its annual audit, which shall be conducted by a qualified certified public accountant.

The following have been appointed by the Mayor to the Board and are currently serving as members:

<b>Name</b>	<b>Affiliation</b>	<b>Term Ends</b>
Kendall Breunig	BID-2 Property Owner	1/27/2025
Marianne Burish	BID-2 Property Owner	8/21/2023
Michael DeMichele	BID-2 Property Owner	1/3/2026
Michael Gardner	BID-2 Property Representative	8/20/2023
Robert Joseph	BID-2 Property Owner	7/27/2023
Steve Mech	BID-2 Property Owner	7/19/2026
Ann Pieper Eisenbrown	BID-2 Property Owner	8/31/2023
Ron San Felippo	BID-2 Property Owner	12/28/2023
Greg Uhen	BID-2 Property Owner	9/14/2023

#### **F. RELATIONSHIP TO HISTORIC THIRD WARD ASSOCIATION**

The Historic Third Ward Association, Inc. (HTWA) is a 501(c)(3) tax exempt entity. Members, officers and directors of each may be on each board. The HTWA shall remain a private organization not subject to the open meeting law, and not subject to the public records law except for its records generated in connection with its contact with the BID-2 Board, and may, and it is intended, contract with BID-2 to provide services to BID-2, in accordance with BID-2's operating plan. Any contract with HTWA to provide services to BID-2 shall be exempt from the requirements of 62.15, Wis. Statutes because such contracts shall not be for the construction of improvements or provision of materials. If BID-2 does contract for the construction of improvements or provision of materials, it shall follow the requirements of such statutes to the extent applicable. Further, the annual accounting required under 66.1109 (3)(c), Wis. Statutes shall be deemed to fulfill the requirements for 62.15(14) Wis. Statutes. BID-2 Board and the City shall comply with the provisions of 66.1109 Wis. Statutes, before the City inserts assessments for this BID plan onto the tax bills for the parcels assessed hereunder, only to the extent required by law, to create a lien on the parcels assessed.

#### **IV. METHOD OF ASSESSMENT AND DISBURSEMENT**

BID-2 voted on September 10, 2003 to change its assessment formula to a value-based method that uses the City's assessed valuation, as on Jan 1, of the same year, as the determination factor to assess individual property owners of their share of the assessments.

##### **A. ASSESSMENT RATE AND METHOD**

###### **i. THE GENERAL ASSESSMENT**

The variables used to determine the regular annual General Assessments are:

1. Value of the property as of January 1 of the year the Assessment is calculated, as determined by the City Assessors' Office.
2. The gross amount of the assessment.

The assessment methodology will work as follows:

Step 1. Add up the value of all property subject to BID-2 assessment.

Step 2. Divide the amount of the assessment by the total value of the property (see 1 above) to create a valuation factor or mil rate.

Step 3. Multiply the valuation factor times the assessed value of the property to determine each BID-2 assessment on a property-by-property basis.

Step 4. After compliance with the provision of Article IV, herein, the amount of regular assessment and contingent assessment for each parcel shall be submitted to the City of Milwaukee which shall include it as a separate line item on the real estate tax bill for that parcel next issued. The City shall collect such assessment with the taxes as a special charge, and in the same manner as such taxes, and shall turn over all monies so collected to BID-2 Board for distribution in accordance with BID-2 Plan by the 15<sup>th</sup> day of the month following such collection. All BID-



2 assessments shall be held by the City in a segregated account until it is released to BID-2 Board as provided herein.

As of January 1, 2023, the property in the District had a total assessable value of over \$357,115,017. This plan proposed to assess the property in the district at a rate of \$1.40 per \$1,000 of assessable value. This does not include special assessments agreed to by specific parcels.

Appendix Exhibit C lists the total amount to be raised through assessments in 2024 (Year 37) and the projected assessment for each parcel within BID-2. These assessment figures are estimates. They are based upon the following assumptions:

1. The budget contained herein is adopted.
2. Assessed values within the District are not changed from the Tax Commissioner's June 2023 figures.
3. The total number of parcels assessed under the Plan are parcels identified in Appendix Exhibit C.

Assessments will vary if any or all of these assumptions prove incorrect. However, it is unlikely that actual costs, floor areas, land areas, assessed values and bonding factors will vary enough from assumed conditions to produce significant changes in projected assessments.

Assessments for individual parcels within BID-2 will be established each year over the life of the District. Thus, as parcels increase or decrease in value, their assessment obligations will change.

The assessment method is designed to reflect changing conditions with BID-2. If potential benefits increase for a particular parcel (e.g., if floor area is added or new construction takes place), the assessment value relative to other parcels will increase. If potential benefits decrease (e.g., if a building is demolished), the assessment value relative to other parcels will decrease. Any BID-2 assessments collected by the City before or after the plan year for which the assessments were made, shall be delivered to BID-2 Board by the 15<sup>th</sup> of the month following the month during which such sums were collected, and are to be used by BID-2 Board in the same manner as if received during the applicable Plan Year. This provision is intended to govern BID assessments prepaid in December prior to the applicable Plan Year, as well as to delinquent and late payments made after the Plan Year.

The Board shall prepare and make available to the public and the City annual reports describing the current status of BID-2, including expenditures and revenues, at the same time it submits its amended Plan to the City for the following year. This report shall include an independent certified audit of the implementation of the Plan, which shall be forwarded to the City, and which shall be paid for out of BID-2's budget.

The presentation of this Plan to the City shall be deemed a standing order of the Board under Sec. 66.1109(4) Wis. Statutes to disburse BID-2 assessments without necessity of an additional disbursement agreement, disbursement method, or accounting method. Disbursements made under this Plan shall be shown in the City's budget as a line item. Disbursement procedures shall be as follows: the City shall forward the full amount of the assessment minus that which is assessed for replenishing the Bond Reserves for the Water Street Parking Structure, if any is due, to BID-2.

ii. THE RIVERWALK ASSESSMENT

Those properties identified in Appendix Exhibit K "Riverwalk Development Agreement", which are operational, will be assessed per the methodology outlined in BID-2 No. 2 First Amendment to 1998 Operating Plan, incorporated herein as Appendix Exhibit J beginning in 2004 (Plan Year 17).

iii. THE DOCKWALL ASSESSMENT

Those properties whose dock walls have been completed and which are identified in Appendix Exhibit P will be assessed per their agreements with BID-2.

iv. RIVERWALK MAINTENANCE ASSESSMENT

Those properties identified in Exhibit K "Riverwalk Development Agreement", which were operational, were assessed per the methodology outlined in BID-2 No. 2 First Amendment to 1998 Operating Plan, and such additional Amendments as have succeeded it, incorporated herein as Appendix Exhibit J, beginning in 2004 (Plan Year 17).

With the addition of the Riverwalk Connector Project identified in Appendix Exhibit S “Fifth Amendment to Riverwalk Development Agreement” and Appendix Exhibit T “Sixth Amendment to the Riverwalk Development Agreement,” the City has agreed to fund BID-2 with an \$18,000 City Contribution toward maintaining this publicly owned portion, beginning in 2006 (Plan Year 19). In the event the \$18,000 is not allocated in the budget to BID-2 then the responsibility for maintaining the Riverwalk Connector shall be the City’s.

With the addition of the Riverwalk Connector between MIAD and River Renaissance the City has asked BID-2 to take on the annual cost of approximately \$200 to power three 70watt HPS lights and to replace as necessary. MIAD has agreed to connect the lights to their power source and will be reimbursed annually by BID-2 before the end of each fiscal year, on or before May 31. The City is responsible for all other maintenance of this Connector portion.

#### **v. CONTINGENT ASSESSMENTS**

To guarantee the repayment of bond interest for monies borrowed through RACM to finance the construction of the Third Ward Water Street Parking Structure, BID-2 pledged to assess for any shortfall in the debt service reserve account, as described in BID-2 Third Amendment to 1998 Operating Plan, attached hereto as Appendix Exhibit N. Any contingent assessment for this purpose shall be paid based on the General BID Assessment methodology.

The actual yearly assessment for each parcel will be established when the Common Council adopts the annual operating plan update. Appendix Exhibit C shows the percentage of payment allocated to each parcel in BID-2 using the City’s June 2023 figures.

### **B. EXCLUDED AND EXEMPT PROPERTY**

The Business Improvement District law requires the plan to include several specific statements:

1. Wis. Stats. 66.1109 (1)(f)(1m): 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 standard formula because it is assumed that they will benefit from development in the District.
2. Wis. Stats. 66.1109 (5)(a): Property known to be used exclusively for residential purposes will not be assessed.
3. Wis. Stats. 66.1109 (5)(d): Property that is specially assessed as authorized under this section is of mixed use such that part of the real property is exempted from general property taxes under s. 70.11 or is residential, or both, and part of the real property is taxable, the municipality may specially assess as authorized under this section only the percentage of the real property that is not tax-exempt or residential. This paragraph applies only to a 1st class city.
4. Wis. Stats. 66.1109 (1)(f)(5): A legal opinion from the City of Milwaukee Attorney indicating that the plan complies with all applicable provisions of State law is attached to this section as Appendix Exhibit H.
5. This Plan relies on the procedures adopted by the Common Council (Appendix Exhibit F) and the City Attorney to review and express an opinion as to its legal sufficiency prior to action by the Common Council to adopt this plan as part of its budget.

Any property status change, after the submittal of the operation plan, that results in a refund of BID fees will be refunded and paid out of the 2024 budget.

## **V. RELATIONSHIPS TO THE COMPREHENSIVE PLAN AND THE ORDERLY DEVELOPMENT OF THE CITY**

### **A. CITY PLANS**

Historic building development became an important component of the City’s overall downtown revitalization efforts beginning with the Grand Avenue Mall project. A “Master Plan” of Urban Design and Development Potentials for the Historic Third Ward was prepared with Milwaukee Department of City Development, in September of 1986. This Master Plan identified the need for and potentials of development in the Third Ward,

and suggested BID-2 method for accomplishing such goals. This Plan is an outgrowth of these recommendations. The City has subsequently undertaken a number of planning studies involving the District, including a Downtown Master Plan, the development of Architectural Review Design Guidelines and the Third Ward Neighborhood Comprehensive Plan. These build on the original Third Ward Master Plan by putting the District in context with the City's Downtown and setting up standards, which promote the goals identified in the original Master Plan. Creation of a Business Improvement District to facilitate District development is consistent with the City's plans and promotes the orderly development of the City in general and the Downtown area in particular.

## **B. CITY ROLE**

The City of Milwaukee is committed to helping private property owners in the District promote its development. To this end, the City intends to play a significant role in the creation of the District and in the implementation of the development plan. In particular, the City will:

1. Pay the contribution adopted by the City in its budget process, referenced in IV above, applied against the following 26 parcels of public land:

3610926111	3921486210	3978003000
3920623110	3921489100	3978004000
3920624110	3921490200	3978007000
3920631111	3921728100	4290124111
3920636111	3921732000	4290124200
3920757111	3922178120	4298001000
3920778100	3959999112	4299998000
3920860100	3960001100	4299999000
3920879110	3960551000	

2. Act as staff to the District through adoption of this plan and provide assistance as appropriate thereafter.
3. Monitor, and when appropriate, apply for outside funds that could be used in support of the District.
4. Collect assessments, maintain in a segregated account and disburse the revenues of the District to BID-2, along with identification of those BID-2 assessments included in the disbursement.
5. Review annual audits as required per 66.1109(3) (c) of the BID Statute.
6. Provide the Board, through the Tax Commissioner's Office, on or before September 1 of each plan year, the official City records on assessed value and land area and building square footage for each tax key number within the District, as of January 1 of each plan year, for the purpose of calculating BID-2 assessments.
7. Encourage the County, State, and Federal Governments to support the activities of the District.

## **VI. PLAN APPROVAL PROCESS**

### **A. PUBLIC REVIEW PROCESS**

The Wisconsin Business Improvement District law establishes a specific process for reviewing and approving the creation and operation of BIDs. In addition to being subject to the open meetings law a BID is required to provide annual audited financial statements to the City. Additions or amendments to a BID's Operating Plan must be passed as by the municipality's legislative process. All appointments to a BID board must be nominated by the chief municipal officer and approved by the governing body.

All of the statutory requirements to create BID-2 were followed and are on file with the City's Legislative Reference Bureau.

#### **i. Changes to the Operating Plan**

Specifically, the statute allows BID-2 to change its Operating Plan annually or at other times by amendment, in both cases the process follows the same procedure.

- The Community and Economic Development Committee of the Common Council reviews the proposed changes to BID-2 Operating Plan at a public meeting and makes a recommendation to the full Council.
- If the Common Council approves, it is forwarded to the Mayor for final approval.

ii. Annual Appointment of BID-2 Board Members

Appointment of BID Board members is provided for under 66.1109 (3)(a) Wis. Statutes. The responsibility of the Board shall be as follows:

1. The nominating committee of BID Board No. 2 will forward, as board members terms expire or vacancies occur, a list of potential board members to the office of the Mayor 60 days prior to the expiration of such board member's term or as vacancies occur.
2. The Mayor will appoint members to the District Board with expiring terms at least 30 days prior to the expiration of such board member's term.
3. The Community and Economic Development Committee of the Common Council will review the Mayor's nomination at a public meeting and will make a recommendation to the full Common Council.
4. The Council will act on said recommendation.

## **VII. FUTURE YEARS OPERATING PLANS**

### **A. PHASED DEVELOPMENT**

It is anticipated that BID-2 will continue to revise and develop its operating plan annually, in response to changing development needs and opportunities within the District, subject to the purposes and objectives defined herein.

Section 66.1109(3)(b) of the Business Improvement District law permits the Board to annually review and make changes as appropriate in the District operating plan. Therefore, while this document outlines in general terms the complete development program, it focuses on Year 37 activities for calendar year 2024 (Plan Year), and information on specific land areas, building square footage, assessed values, budget amounts and assessment amounts.

This 2024 BID-2 Operating Plan will continue to apply the assessment formula against the assessed value as determined by the City as of January 1, 2023, to raise funds to meet the 2024 annual budget. The method of assessing shall not be materially altered except with the consent of the City as approved in the Operating Plan.

### **B. AMENDMENT, SEVERABILITY AND EXPANSION**

This Business Improvement District has been created under the 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 said decision will not invalidate or terminate the Business Improvement District and this Business Improvement District Plan should be amended to conform to the law without need of re-establishment. Should the legislature amend the statute to narrow or broaden the process of a Business Improvement District so as amongst other things 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 budget approval and without necessity to undertake any other act. All of the above is specifically authorized under Section 66.1109(3)(b).

## Appendix A

### Business Improvement District Statute

#### **.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 subds. 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.
- (2m) A municipality may annex territory to an existing business improvement district if all of the following are met:
  - (a) An owner of real property used for commercial purposes and located in the territory proposed to be annexed has petitioned the municipality for annexation.
  - (b) The planning commission has approved the annexation.
  - (c) At least 30 days before annexation of the territory, the planning commission has held a public hearing on the proposed annexation. 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 a detail map showing the boundaries of the territory proposed to be annexed to the business improvement district shall be sent by certified mail to all owners of real property within the territory proposed to be annexed. The notice shall state the boundaries of the territory proposed to be annexed.
  - (d) Within 30 days after the hearing under par. (c), the owners of property in the territory to be annexed that would be assessed under the operating plan having a valuation equal to more than 40 percent of the valuation of all property in the territory to be annexed that would be assessed under the operating plan, using the method of valuation specified in the operating plan, or the owners of property in the territory to be annexed that would be assessed under the operating plan having an assessed valuation equal to more than 40 percent of the assessed valuation of all property in the territory to be annexed that would be assessed under the operating plan, have not filed a petition with the planning commission protesting the annexation.
- (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 one of the following:
1. If the cash balance in the segregated account described under sub. (4) equaled or exceeded \$300,000 at any time during the period covered by the report, the municipality shall obtain an independent certified audit of the implementation of the operating plan.
  2. If the cash balance in the segregated account described under sub. (4) was less than \$300,000 at all times during the period covered by the report, the municipality shall obtain a reviewed financial statement for the most recently completed fiscal year. The statement shall be prepared in accordance with generally accepted accounting principles and include a review of the financial statement by an independent certified public accountant.
- (cg) For calendar years beginning after December 31, 2018, the dollar amount at which a municipality is required to obtain an independent certified audit under par. (c) 1. and the dollar amount at which a municipality is required to obtain a reviewed financial statement under par. (c) 2. shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August 2017, as determined by the federal department of labor. Each amount that is revised under this paragraph shall be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased to the next higher multiple of \$10.
- (cr) The municipality shall obtain an additional independent certified audit of the implementation of the operating plan 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 and reviewed financial statements 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.
- (4g) A municipality may convert a business improvement district under this section into a neighborhood improvement district under s. 66.1110 if an owner of real property that is subject to general real estate taxes, that is used exclusively for residential purposes, and that is located in the business improvement district petitions the municipality for the conversion. If the municipality approves the petition, the board shall consider and may make changes to the operating plan under s. 66.1110 (4) (b).
- (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.
  - (d) If real property that is specially assessed as authorized under this section is of mixed use such that part of the real property is exempted from general property taxes under s. 70.11 or is residential, or both, and part of the real property is taxable, the municipality may specially assess as authorized under this section only the percentage of the real property that is not tax-exempt or residential. This paragraph applies only to a 1st class city.

**History:** 1983 a. 184; 1989 a. 56 s. 258; 1999 a. 150 s. 539; Stats. 1999 s. 66.1109; 2001 a. 85; 2017 a. 59, 70, 189.



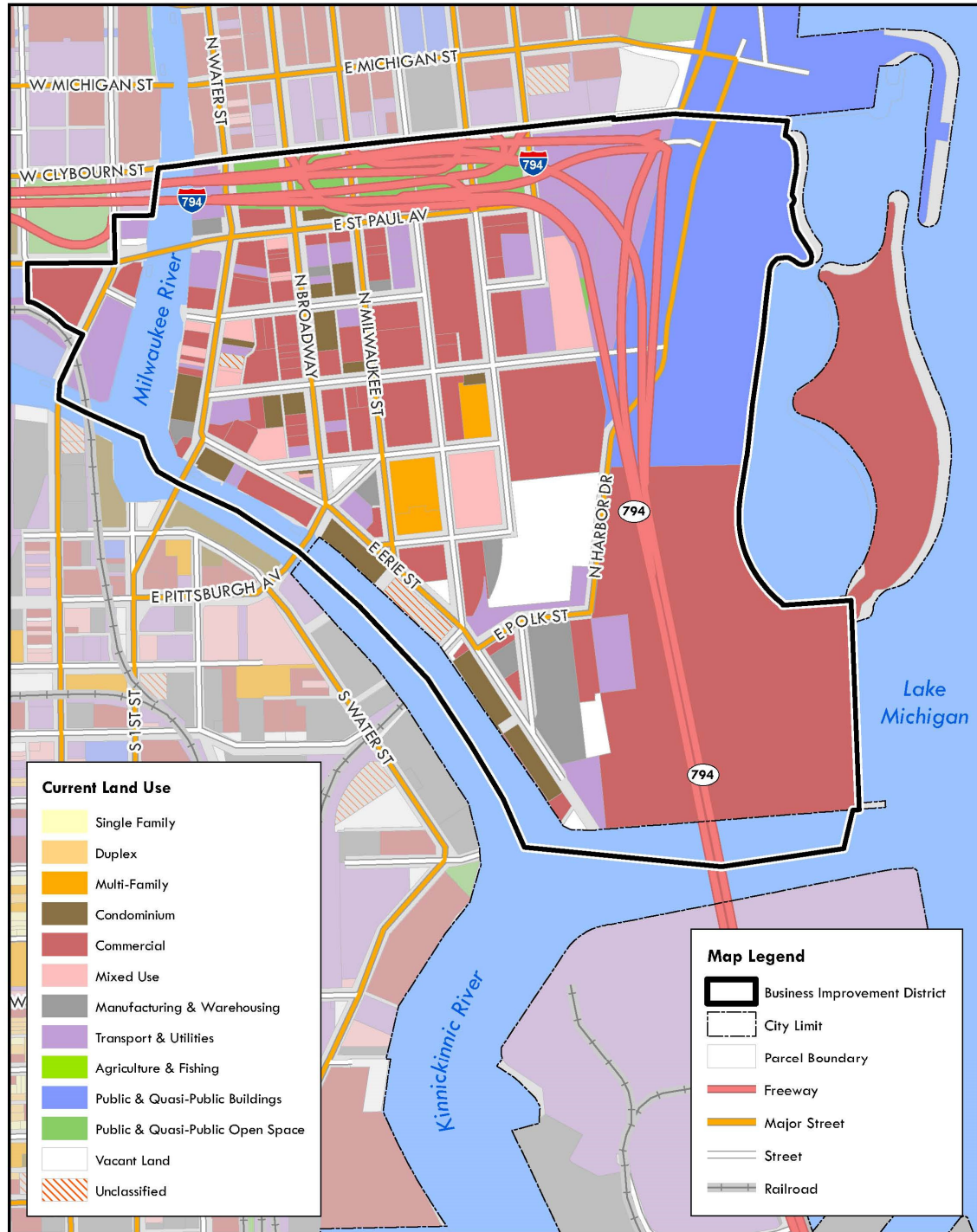
## Appendix B

### BID Boundaries (Map)

#### BID NO. 2: HISTORIC THIRD WARD CITY OF MILWAUKEE

Prepared by the Dept. of City Development Planning Division, 7/6/2017  
Source: City of Milwaukee Information Technology Management Division;  
Dept. of City Development Commercial Corridors Team

0 0.15 0.3 Miles



Appendix C  
Year 37 Assessments

	BID-2	Dockwall	Rwk Const	Rwk Maint	Total
3610923100	\$ 799.32				\$ 799.32
3920231100	\$ 2,803.02				\$ 2,803.02
3920232000	\$ -	\$ 4,286.00	\$ 2,076.00	\$ 12,514.08	\$ 18,876.08
3920521000	\$ 558.20				\$ 558.20
3920522000	\$ 329.56				\$ 329.56
3920640100	\$ 5,296.89				\$ 5,296.89
3920944212	\$ 4,863.98			\$ 22,148.82	\$ 27,012.80
3920948000	\$ 14,805.03	\$ 10,810.56	\$ 8,820.00	\$ 13,289.29	\$ 47,724.88
3920949000	\$ 1,435.49			\$ 5,537.21	\$ 6,972.70
3920950000	\$ 8,871.79	\$ 5,496.00		\$ 9,634.74	\$ 24,002.53
3920951000	\$ 1,423.15			\$ 6,090.93	\$ 7,514.08
3920952000	\$ 2,777.54			\$ 2,990.09	\$ 5,767.63
3920953000	\$ 295.01				\$ 295.01
3920954000	\$ 137.35				\$ 137.35
3920955000	\$ 6,324.72				\$ 6,324.72
3920962000	\$ 235.50				\$ 235.50
3920963000	\$ 233.95				\$ 233.95
3920966000	\$ 3,048.46				\$ 3,048.46
3920967000	\$ 2,232.05				\$ 2,232.05
3920968000	\$ 1,396.75				\$ 1,396.75
3920969000	\$ 364.16				\$ 364.16
3920970100	\$ 810.21				\$ 810.21
3920972100	\$ 14,432.89				\$ 14,432.89
3920973000	\$ 1,639.81				\$ 1,639.81
3920976100	\$ 6,221.94				\$ 6,221.94
3920977110	\$ 1,770.86				\$ 1,770.86
3920978100	\$ 22,088.54				\$ 22,088.54
3920980000	\$ 1,302.39				\$ 1,302.39
3920981000	\$ 1,669.21				\$ 1,669.21
3920985000	\$ 12,357.37				\$ 12,357.37
3920986000	\$ 2,932.82				\$ 2,932.82
3920987000	\$ 1,423.36				\$ 1,423.36
3920988000	\$ 1,961.99				\$ 1,961.99
3920989000	\$ 401.54				\$ 401.54
3920991000	\$ 7,964.93				\$ 7,964.93
3920992000	\$ 1,571.90				\$ 1,571.90
3920993000	\$ 4,103.57				\$ 4,103.57
3920994000	\$ 1,772.27				\$ 1,772.27
3920995000	\$ 361.36				\$ 361.36
3920996000	\$ 1,007.52				\$ 1,007.52
3921002000	\$ 11,143.89				\$ 11,143.89
3921007100	\$ 354.15				\$ 354.15
3921008000	\$ 440.75				\$ 440.75
3921010100	\$ 8,241.11				\$ 8,241.11
3921011000	\$ 6,447.92				\$ 6,447.92
3921018000	\$ 6,078.58				\$ 6,078.58
3921023000	\$ 1,332.48				\$ 1,332.48
3921024000	\$ 606.25				\$ 606.25
3921025000	\$ 9,797.13				\$ 9,797.13
3921027000	\$ 41,853.61				\$ 41,853.61
3921030000	\$ 6,289.15				\$ 6,289.15
3921031000	\$ 6,636.52				\$ 6,636.52
3921034100	\$ 6,231.05				\$ 6,231.05
3921036100	\$ 5,120.20				\$ 5,120.20
3921037000	\$ 405.90				\$ 405.90
3921041111	\$ 14,685.04				\$ 14,685.04
3921062111	\$ 4,160.56				\$ 4,160.56
3921071110	\$ 8,664.99				\$ 8,664.99
3921089000	\$ 211.42				\$ 211.42
3921097110	\$ 363.33				\$ 363.33
3921100100	\$ 363.33				\$ 363.33

3921101000	\$ 2,709.63	\$ 2,709.63
3921102000	\$ 6,600.95	\$ 6,600.95
3921103100	\$ 801.00	\$ 801.00
3921105000	\$ 815.68	\$ 815.68
3921126113	\$ 8,653.51	\$ 8,653.51
3921150100	\$ 4,222.72	\$ 4,222.72
3921153000	\$ 547.44	\$ 547.44
3921169110	\$ 2,604.75	\$ 2,604.75
3921478110	\$ 2,802.04	\$ 2,802.04
3921480000	\$ 1,960.30	\$ 1,960.30
3921486110	\$ 2,741.70	\$ 2,741.70
3921734000	\$ 110.47	\$ 110.47
3921735000	\$ 249.51	\$ 249.51
3921736000	\$ 168.29	\$ 168.29
3922153100	\$ 662.25	\$ 662.25
3922154000	\$ 808.14	\$ 808.14
3922156110	\$ 495.50	\$ 495.50
3922173111	\$ 1,083.69	\$ 1,083.69
3922173114	\$ 10,802.82	\$ 10,802.82
3922178110	\$ 240.39	\$ 240.39
3922182000	\$ 376.63	\$ 376.63
3922183000	\$ 881.09	\$ 881.09
3922184000	\$ 512.97	\$ 512.97
3922521000	\$ 475.90	\$ 475.90
3922581100	\$ 348.91	\$ 348.91
3922582000	\$ 1,364.26	\$ 1,364.26
3922587000	\$ 543.80	\$ 543.80
3922588000	\$ 604.43	\$ 604.43
3922589000	\$ 329.73	\$ 329.73
3960002100	\$ 2,945.17	\$ 2,945.17
3960003100	\$ 2,179.41	\$ 2,179.41
3960021110	\$ 16,875.94	\$ 16,875.94
3960031000	\$ 646.85	\$ 646.85
3960032000	\$ 1,157.47	\$ 1,157.47
3960033000	\$ 1,390.31	\$ 1,390.31
3960034000	\$ 1,429.80	\$ 1,429.80
3960081000	\$ 1,110.84	\$ 1,110.84
3960082000	\$ 1,110.84	\$ 1,110.84
3960083000	\$ 757.60	\$ 757.60
3960148210	\$ 741.92	\$ 741.92
3960261000	\$ 922.67	\$ 922.67
3960262000	\$ 830.26	\$ 830.26
3960321000	\$ 3,153.89	\$ 3,153.89
3960322000	\$ 91.14	\$ 91.14
3960323000	\$ 50.82	\$ 50.82
3960324000	\$ 2,753.45	\$ 2,753.45
3960325000	\$ 992.82	\$ 992.82
3960326000	\$ 1,413.13	\$ 1,413.13
3960327000	\$ 3,197.71	\$ 3,197.71
3960328000	\$ 2,687.36	\$ 2,687.36
3960329000	\$ 2,829.90	\$ 2,829.90
3960344000	\$ 845.66	\$ 845.66
3960351000	\$ 728.20	\$ 728.20
3960352000	\$ 721.34	\$ 721.34
3960361100	\$ 248.53	\$ 248.53
3960362000	\$ 509.63	\$ 509.63
3960391110	\$ 1,277.61	\$ 1,277.61
3960392110	\$ 2,010.84	\$ 2,010.84
3960393110	\$ 1,040.28	\$ 1,040.28
3960394110	\$ 547.03	\$ 547.03
3960395111	\$ 1,048.12	\$ 1,048.12
3960396110	\$ 377.61	\$ 377.61
3960397110	\$ 1,035.81	\$ 1,035.81
3960398111	\$ 1,424.75	\$ 1,424.75
3960400110	\$ 1,055.54	\$ 1,055.54
3960401111	\$ 1,622.38	\$ 1,622.38

3960402110	\$ 1,077.38	\$ 1,077.38
3960403110	\$ 1,731.94	\$ 1,731.94
3960404110	\$ 486.12	\$ 486.12
3960405110	\$ 452.80	\$ 452.80
3960406111	\$ 538.48	\$ 538.48
3960411000	\$ 2,048.54	\$ 2,048.54
3960531000	\$ 699.13	\$ 699.13
3960532000	\$ 543.46	\$ 543.46
3960541000	\$ 4,475.17	\$ 4,475.17
3960542000	\$ 2,003.70	\$ 2,003.70
3970109110	\$ 1,658.29	\$ 1,658.29
3970111110	\$ 2,832.97	\$ 2,832.97
3970241000	\$ 763.34	\$ 763.34
3970291000	\$ 451.25	\$ 451.25
3970431000	\$ 724.97	\$ 724.97
3970511000	\$ 15,050.05	\$ 15,050.05
3970561000	\$ 604.71	\$ 604.71
3970562000	\$ 304.66	\$ 304.66
3970563000	\$ 539.04	\$ 539.04
3970564000	\$ 1,871.24	\$ 1,871.24
3970661000	\$ 2,177.88	\$ 2,177.88
3970671000	\$ 4,090.98	\$ 4,090.98
3970672000	\$ 6,067.79	\$ 6,067.79
3970673000	\$ 573.35	\$ 573.35
3970674000	\$ 6,678.38	\$ 6,678.38
3970675000	\$ 584.96	\$ 584.96
3970676000	\$ 607.09	\$ 607.09
3970677000	\$ 128.95	\$ 128.95
3970678000	\$ 714.76	\$ 714.76
3970680000	\$ 1.82	\$ 1.82
4290101000	\$ 6,555.59	\$ 6,555.59
4290102000	\$ 278.34	\$ 278.34
4290115000	\$ 560.04	\$ 560.04
4290116000	\$ 180.60	\$ 180.60
4290123110	\$ 1,853.61	\$ 1,853.61
4290130000	\$ 421.85	\$ 421.85
4290131000	\$ 239.70	\$ 239.70
4290132000	\$ 323.98	\$ 323.98
4290133000	\$ 126.72	\$ 126.72
4290134000	\$ 47.47	\$ 47.47
4290221100	\$ 9,588.93	\$ 9,588.93
4290231000	\$ 1,551.04	\$ 1,551.04
4290232000	\$ 537.93	\$ 537.93
4290233000	\$ 460.64	\$ 460.64
4290421000	\$ 852.10	\$ 852.10
4290431000	\$ 2,349.53	\$ 2,349.53
4290452000	\$ 1,135.63	\$ 1,135.63
4290471000	\$ 666.74	\$ 666.74
4290472000	\$ 119.85	\$ 119.85
4290491000	\$ 4,719.35	\$ 4,719.35
4290492000	\$ 5,214.28	\$ 5,214.28
	\$ 500,000.01	\$ 20,592.56
	\$ 10,896.00	\$ 72,205.16
		\$ 603,693.73



Appendix D  
2024 Budget for Year 37

**2024 Business Improvement District No. 2 Budget**

	<b>2024 Budget</b>	<b>General BID</b>	<b>Streetscapes</b>	<b>Security</b>	<b>Rwk Maint</b>	<b>ARB</b>	<b>MSPS</b>	<b>WSPS</b>
Assessments	\$ 609,249	\$ 506,547	\$ -	\$ -	\$ 102,702	\$ -	\$ -	\$ -
City Contributions	\$ 23,000	\$ -	\$ 5,000	\$ -	\$ 18,000	\$ -	\$ -	\$ -
Parking Revenue	\$ 3,204,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,427,000	\$ 1,777,500
Rent Revenue	\$ 185,552	\$ 94,003	\$ -	\$ -	\$ -	\$ -	\$ 64,275	\$ 27,273
Interest & Other Income	\$ 94,695	\$ 88,195	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,500
<b>Total Revenue</b>	<b>\$ 4,116,996</b>	<b>\$ 688,745</b>	<b>\$ 5,000</b>	<b>\$ -</b>	<b>\$ 120,702</b>	<b>\$ -</b>	<b>\$ 1,491,275</b>	<b>\$ 1,811,273</b>
	<b>2024 Budget</b>	<b>General BID</b>	<b>Streetscapes</b>	<b>Security</b>	<b>Rwk Maint</b>	<b>ARB</b>	<b>MSPS</b>	<b>WSPS</b>
Staffing	\$ 2,029,771	\$ 326,603	\$ 451,237	\$ 729,604	\$ 79,793	\$ -	\$ 221,267	\$ 221,267
HTWA Contract	\$ 431,936	\$ 431,936	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property	\$ 274,295	\$ 13,727	\$ 21,800	\$ 2,600	\$ 15,368	\$ -	\$ 59,300	\$ 161,500
Real Est/Pers Prop Taxes	\$ 237,500	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ 118,000	\$ 116,500
Administration	\$ 25,150	\$ 21,000	\$ -	\$ 500	\$ -	\$ -	\$ 1,950	\$ 1,700
Legal Fees	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Technology	\$ 56,250	\$ 13,000	\$ -	\$ 19,250	\$ -	\$ -	\$ 11,500	\$ 12,500
Vehicles & Equipment	\$ 79,100	\$ -	\$ 39,200	\$ 39,900	\$ -	\$ -	\$ -	\$ -
Maintenance	\$ 137,000	\$ -	\$ 51,700	\$ -	\$ 60,600	\$ -	\$ 13,800	\$ 10,900
Major Maintenance	\$ 260,000	\$ -	\$ 80,000	\$ -	\$ 80,000	\$ -	\$ 62,500	\$ 37,500
Streetscapes Programs	\$ 62,500	\$ -	\$ 58,500	\$ -	\$ 4,000	\$ -	\$ -	\$ -
Parking Operations	\$ 333,546	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,423	\$ 184,123
Architectural Review Board	\$ 19,050	\$ -	\$ -	\$ -	\$ -	\$ 19,050	\$ -	\$ -
Special Projects	\$ 80,000	\$ 60,000	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -
<b>Total Operating Expenses</b>	<b>\$ 4,036,097</b>	<b>\$ 879,266</b>	<b>\$ 702,437</b>	<b>\$ 811,854</b>	<b>\$ 239,761</b>	<b>\$ 19,050</b>	<b>\$ 637,740</b>	<b>\$ 745,990</b>
<b>Revenue vs. Operating Expenses</b>	<b>\$ 80,898</b>	<b>\$ (190,521)</b>	<b>\$ (697,437)</b>	<b>\$ (811,854)</b>	<b>\$ (119,059)</b>	<b>\$ (19,050)</b>	<b>\$ 853,535</b>	<b>\$ 1,065,284</b>
WSPS Bond Principal Payment	\$ 310,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 310,000
Riverwalk Loans Principal Payment	\$ 80,898	\$ 80,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Streetlight Inventory	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Use of Reserve Funds</i>	<i>\$ (410,000)</i>							
<b>Total Gain (Loss)</b>	<b>\$ 0</b>	<b>\$ (271,419)</b>	<b>\$ (697,437)</b>	<b>\$ (811,854)</b>	<b>\$ (119,059)</b>	<b>\$ (19,050)</b>	<b>\$ 853,535</b>	<b>\$ 755,284</b>

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The following are the Appendices of the current and previous Business Improvement District No. 2 Operating Plans, and are incorporated herein by reference, unless amended by this document:

E. Petition for Creation of BID District

F. Common Council Resolution Creating Business Improvement District No. 2

G. BID-2 Bylaws

H. Statement of City Attorney

I. Development of Riverwalk Project

J. First Amendment to BID-2 1998 Operating Plan

K. Riverwalk Development Agreement

- (a) Description and Timetable for Completion of all Project Segments
- (b) Estimated Schedule of Repayments
- (c) Estimated 2nd Year Riverwalk Project Assessments Per Property
- (d) Estimated Riverwalk Project Budget

L. Second Amendment to BID-2 1998 Operating Plan

M. Development of Water Street Parking Structure

N. Third Amendment to BID-2 1998 Operating Plan

O. Dockwall Development Loan Agreement

P. 2024 Fiscal Year Dockwall Assessments Per Property

- (1) 301 North Water
- (2) 333 North Water
- (3) 105 North Water
- (4) 225 North Water
- (5) 223 North Water
- (6) 233 North Water

Q. Fourth Amendment to Riverwalk Development Agreement, First Amendment to Dockwall Development Loan Agreement and Third Amendment to Cooperation Agreement

R. First Amendment to Riverwalk Development Agreement for MIAD and Fourth Amendment to Cooperation Agreement for 511 E. Menomonee and 151 N. Jackson St Blight Designation Project

S. Fifth Amendment to Riverwalk Development Agreement

T. Sixth Amendment to Riverwalk Development Agreement

U. Resolution Dissolving TID 11

V. Third Ward Streetlight Agreement with the City

X. Third Amendment to TID 56

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(With Summarized Totals for the Year Ended December 31, 2021)**

## BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES

### TABLE OF CONTENTS

	<b><u>Page</u></b>
Independent Auditor's Report.....	1 - 3
Consolidated Statement of Financial Position .....	4
Consolidated Statement of Activities .....	5
Consolidated Statement of Functional Expenses .....	6
Consolidated Statement of Cash Flows.....	7
Notes to the Consolidated Financial Statements .....	8 - 23
Schedule of Statement of Financial Position Consolidation.....	24 - 25
Schedule of Revenue and Expenses - Without Donor Restrictions .....	26
Schedule of Milwaukee Street Parking Structure Revenue and Expenses .....	27
Schedule of Water Street Parking Structure Revenue and Expenses .....	28



## Independent Auditor's Report

Board of Directors  
Business Improvement District No. 2 and Subsidiaries

### **Opinion**

We have audited the accompanying consolidated financial statements of Business Improvement District No. 2 and Subsidiaries (a nonprofit organization) which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Business Improvement District No. 2 and Subsidiaries as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Business Improvement District No. 2 and Subsidiaries and to meet other ethical responsibilities in accordance with the ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Business Improvement District No. 2 and Subsidiaries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Ritz Holman LLP**  
*Serving business, nonprofits, individuals and trusts.*

330 E. Kilbourn Ave., Suite 550  
Milwaukee, WI 53202  
t. 414.271.1451  
f. 414.271.7464  
ritzholman.com

*Member of the American Institute of Certified Public Accountants, Wisconsin Institute of Certified Public Accountants*

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Business Improvement District No. 2 and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Business Improvement District No. 2 and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited Business Improvement District No. 2 and Subsidiaries' December 31, 2021, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 1, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of statement of financial position consolidation and the schedules of revenue and expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

  
RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
June 30, 2023

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**  
**(With Summarized Totals for December 31, 2021)**

ASSETS	2022	2021
<b>CURRENT ASSETS</b>		
Cash	\$ 6,700,920	\$ 6,407,883
Net Property Assessment Receivable	563,826	566,372
Accounts Receivable	57,405	41,023
Due from Historic Third Ward Association	4,590	7,181
Accrued Interest - Notes Receivable	6,894	8,720
Prepaid Expenses	80,626	74,463
Inventory	105,601	132,676
Current Portion of Long-Term Notes Receivable	26,491	27,897
<b>Total Current Assets</b>	<b><u>\$ 7,546,353</u></b>	<b><u>\$ 7,266,215</u></b>
<b>FIXED AND INTANGIBLE ASSETS</b>		
Land	\$ 1,639,631	\$ 1,639,631
Milwaukee Street Parking Structure - Building	5,760,229	5,720,556
Water Street Parking Structure - Building	5,816,191	5,816,191
Milwaukee Public Market Building	9,042,811	9,029,074
Milwaukee Public Market Equipment	242,669	242,669
Milwaukee Public Market Website	---	3,000
342-6 N. Broadway Street Building	627,884	627,884
Vehicles and Equipment	337,690	316,807
Riverwalk Docks	35,325	35,325
<b>Total Fixed Assets</b>	<b><u>\$ 23,502,430</u></b>	<b><u>\$ 23,431,137</u></b>
Less: Accumulated Depreciation	(12,194,343)	(11,614,667)
<b>Net Fixed Assets</b>	<b><u>\$ 11,308,087</u></b>	<b><u>\$ 11,816,470</u></b>
<b>LONG-TERM ASSETS</b>		
Notes Receivable - Property Owners	\$ 73,452	\$ 101,349
Less: Current Portion	(26,491)	(27,897)
<b>Total Long-Term Assets</b>	<b><u>\$ 46,961</u></b>	<b><u>\$ 73,452</u></b>
<b>OTHER ASSETS</b>		
Investments - Debt Service Funds	\$ 334,708	\$ 333,317
Bond Issuance Costs - Net of Accumulated Amortization	64,170	89,838
<b>Total Other Assets</b>	<b><u>\$ 398,878</u></b>	<b><u>\$ 423,155</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 19,300,279</u></b>	<b><u>\$ 19,579,292</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 132,695	\$ 108,152
Accrued Payroll	106,140	69,760
Accrued Real Estate Taxes	838,133	723,730
Market Cards	240,145	240,861
Other Liabilities	8,956	16,763
Add: Current Portion of Long-Term Liabilities	399,903	376,832
<b>Total Current Liabilities</b>	<b><u>\$ 1,725,972</u></b>	<b><u>\$ 1,536,098</u></b>
<b>LONG-TERM LIABILITIES</b>		
Notes Payable	\$ 158,939	\$ 234,283
Net Long-Term Bond Liability	2,001,273	2,275,113
Deferred Revenue	520,342	493,045
Less: Current Portion	(399,903)	(376,832)
<b>Total Long-Term Liabilities</b>	<b><u>\$ 2,280,651</u></b>	<b><u>\$ 2,625,609</u></b>
<b>OTHER LIABILITIES</b>		
Security and Key Card Deposits	\$ 22,451	\$ 24,931
<b>Total Other Liabilities</b>	<b><u>\$ 22,451</u></b>	<b><u>\$ 24,931</u></b>
<b>Total Liabilities</b>	<b><u>\$ 4,029,074</u></b>	<b><u>\$ 4,186,638</u></b>
<b>NET ASSETS</b>		
Without Donor Restrictions		
Operating	\$ 13,740,044	\$ 13,859,453
Board-Designated	1,031,161	1,033,201
<b>Total Net Assets Without Donor Restrictions</b>	<b><u>\$ 14,771,205</u></b>	<b><u>\$ 14,892,654</u></b>
With Donor Restrictions	500,000	500,000
<b>Total Net Assets</b>	<b><u>\$ 15,271,205</u></b>	<b><u>\$ 15,392,654</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 19,300,279</u></b>	<b><u>\$ 19,579,292</u></b>

The accompanying notes are an integral part of these financial statements.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(With Summarized Totals for the Year Ended December 31, 2021)**

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<b>REVENUE</b>				
BID Assessments	\$ 37,785	\$ 500,000	\$ 537,785	\$ 539,541
City of Milwaukee Contributions	23,000	---	23,000	23,000
Payroll Protection Program	---	---	---	180,290
Parking Revenue	2,258,290	---	2,258,290	1,672,785
Program Revenue	5,707	---	5,707	---
Maintenance Fees	11,168	---	11,168	10,878
Investment Income	55,837	---	55,837	4,847
Interest Income on Notes Receivable -				
Property Owners	6,894	---	6,894	8,720
Rental Income	188,514	---	188,514	179,394
Miscellaneous Income	39,972	---	39,972	6,953
HTWA Market Project Income	2,504,467	---	2,504,467	2,092,993
Net Assets Released from Restriction	500,000	(500,000)	---	---
<b>Total Revenue</b>	<b>\$ 5,631,634</b>	<b>\$ ---</b>	<b>\$ 5,631,634</b>	<b>\$ 4,719,401</b>
<b>EXPENSES</b>				
Program Services				
BID #2	\$ 3,341,850	\$ ---	\$ 3,341,850	\$ 2,938,801
HTWA Market Project, LLC	2,332,239	---	2,332,239	1,868,098
Management and General	78,993	---	78,993	79,960
<b>Total Expenses</b>	<b>\$ 5,753,082</b>	<b>\$ ---</b>	<b>\$ 5,753,082</b>	<b>\$ 4,886,859</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (121,448)</b>	<b>\$ ---</b>	<b>\$ (121,448)</b>	<b>\$ (167,458)</b>
Net Assets, Beginning of Year	14,892,654	500,000	15,392,654	15,560,112
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 14,771,206</b>	<b>\$ 500,000</b>	<b>\$ 15,271,206</b>	<b>\$ 15,392,654</b>

The accompanying notes are an integral part of these financial statements.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(With Summarized Totals for the Year Ended December 31, 2021)**

	Program Services	Management and General	2022 Total	2021 Total
Professional Fees	\$ 20,542	\$ 40,007	\$ 60,549	\$ 83,224
Contracted Services	50,484	---	50,484	38,032
Utilities	320,202	---	320,202	291,718
Equipment Expenses	132,258	---	132,258	119,649
Maintenance	242,776	---	242,776	266,250
Real Estate Taxes	343,533	---	343,533	355,418
Bond Expenses	25,668	---	25,668	12,834
Administrative Expenses	---	38,736	38,736	59,194
Interest Expense	65,138	---	65,138	41,214
Licenses and Permits	3,461	---	3,461	842
Insurance	70,605	---	70,605	57,813
Architectural and Engineering Costs	17,503	---	17,503	18,597
Association Funding	431,936	---	431,936	367,742
Shuttle Program	---	---	---	3,858
Rental Concessions	---	---	---	1,100
Sales and Use Tax	174,420	---	174,420	129,733
Special Projects	2,686	---	2,686	32,055
Depreciation	641,987	---	641,987	644,330
Bank Charges and Processing Fees	105,758	---	105,758	79,621
Advertising and Marketing	55,967	---	55,967	49,170
Worker's Compensation	54,430	---	54,430	34,010
Salaries and Wages	1,931,236	---	1,931,236	1,467,381
Employee Benefits	151,986	---	151,986	145,267
Payroll Taxes	146,194	---	146,194	115,135
Retirement Expenses	30,426	---	30,426	27,448
Office Supplies	37,898	---	37,898	20,098
Kitchen Expenses	242,665	---	242,665	90,878
CAM Expenses	363,677	---	363,677	330,932
Meals and Entertainment	8,499	---	8,499	2,417
Dues and Subscriptions	2,154	---	2,154	899
Bad Debt	---	250	250	---
<b>TOTALS</b>	<b>\$ 5,674,089</b>	<b>\$ 78,993</b>	<b>\$ 5,753,082</b>	<b>\$ 4,886,859</b>

The accompanying notes are an integral part of these financial statements.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(With Summarized Totals for the Year Ended December 31, 2021)**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (121,448)	\$ (167,458)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	641,987	644,330
Unrealized Gain on Investment in Development Bonds	(1,391)	(524)
Loss on Sale of Fixed Assets	16,881	---
Amortization of Bond Issuance Costs	25,668	12,835
Amortization of Bond Issuance Discount	1,159	1,420
(Increase) Decrease in Net Property Assessment Receivable	2,546	(19,991)
(Increase) Decrease in Accounts Receivable	(16,382)	195
(Increase) Decrease in Due from Historic Third Ward Association	2,591	(7,181)
(Increase) Decrease in Accrued Interest - Notes Receivable	1,826	---
(Increase) Decrease in Prepaid Expenses	(6,163)	8,019
(Increase) Decrease in Light Pole Inventory	27,075	142,064
(Increase) Decrease in Notes Receivable - Property Owners	27,897	26,860
Increase (Decrease) in Accounts Payable	24,543	27,039
Increase (Decrease) in Accrued Payroll	36,380	12,935
Increase (Decrease) in Accrued Real Estate Taxes	114,403	122,658
Increase (Decrease) in Market Cards	(716)	42,088
Increase (Decrease) in Other Liabilities	(7,807)	7,371
Increase (Decrease) in Deferred Revenue	27,297	(1,801)
Increase (Decrease) in Security Deposits	(2,480)	(6,238)
Net Cash Provided by Operating Activities	<u>\$ 793,866</u>	<u>\$ 844,621</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	<u>\$ (150,485)</u>	<u>\$ (38,346)</u>
Net Cash Used by Investing Activities	<u>\$ (150,485)</u>	<u>\$ (38,346)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	\$ (75,344)	\$ (72,742)
Redemption of Development Bonds	<u>(275,000)</u>	<u>(260,000)</u>
Net Cash Used by Financing Activities	<u>\$ (350,344)</u>	<u>\$ (332,742)</u>
Net Increase in Cash and Cash Equivalents	\$ 293,037	\$ 473,533
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,407,883</u>	<u>5,934,350</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 6,700,920</u></u>	<u><u>\$ 6,407,883</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 65,138	\$ 41,214

The accompanying notes are an integral part of these financial statements.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**



**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE A - Summary of Significant Accounting Policies**

**Organization**

Business Improvement District No. 2 was created by the Common Council of the City of Milwaukee pursuant to Wisconsin Statutes and started operations in 1987. The Organization is exempt from tax as a Subsidiary of a government unit. The Organization was formed with the primary objective to reinforce, promote, and enhance the historic image and character of Milwaukee's Historic Third Ward district through renovation, rehabilitation, and adaptive reuse.

**Consolidated Financial Statements**

The consolidated financial statements include the accounts of Business Improvement District No. 2, BID#2 Operations, LLC, HTWA Market Project, LLC, and Riverwalk Commons, LLC. BID#2 Operations, LLC, Riverwalk Commons, LLC and HTWA Market Project, LLC are Wisconsin limited liability companies. Business Improvement District No. 2 is the sole member of BID#2 Operations, LLC, HTWA Market Project, LLC, and Riverwalk Commons, LLC. All significant intercompany transactions and accounts are eliminated.

**Basis of Accounting**

The financial statements of Business Improvement District No. 2 and Subsidiaries (the "Organization") have been prepared on the accrual basis of accounting.

**Cash and Cash Equivalents**

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Inventory**

Inventory consists of light poles recorded at cost under the first-in-first-out method and market-branded apparel and beverages recorded at cost.

**Fixed Assets**

Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the fixed assets using the straight-line method. The Organization capitalizes fixed assets with a cost of \$10,000 and greater.

**Bond Issuance Costs**

Costs incurred in connection with the issuance of development revenue bonds during 1999 have been capitalized and are amortized over the life of the bonds using the interest method. The remaining issuance costs from 1999 were amortized during 2018.

Costs incurred in connection with the refinancing of development revenue bonds during 2018 have been capitalized and are amortized over the remaining life of the bonds using the interest method.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. No allowance for doubtful accounts was determined to be necessary at December 31, 2022.

**Notes Receivable**

Notes receivable are stated at unpaid balances and collected through tax assessments. Management believes all receivables will be collected in accordance with the terms of the agreements. Thus, no allowance for uncollectible accounts is necessary at year end. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Interest income is accrued when earned. The Organization does not charge late fees for notes. The accrual of interest on a note shall cease when payments are not received with the city's tax assessment payment. When the accrual of interest is stopped, any unpaid interest previously recorded as income shall be deducted from income. Any future payments received should be applied to reduce principal. At such time as full collection of the remaining recorded balance is expected in the ordinary course of business, interest payments may be recorded as interest income on a cash basis limited to that which would have been recognized on the recorded balance at the contractual interest rate.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

At December 31, 2022, donor-restricted net assets totaled \$500,000.

**Contributions and Grant Revenue**

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increase net assets without donor restrictions. Conditional promises to give are not recognized until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated whence the barrier is not overcome. Amounts received for which the donor has limited the use of the asset or designated the gift as support for future periods are considered restricted support and included in net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. When the restriction on a contribution is met in the same reporting period as the contribution is received, the contribution is reported in net assets without donor restrictions.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE A - Summary of Significant Accounting Policies (continued)**

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service at which time the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 those estimates.

**Functional Expenses**

The Organization allocates costs directly to program and management when appropriate. Certain expenses are attributable to one or more programs or supporting functions of the Organization. Those expenses are allocated based on estimates of time and effort.

**Leases**

The Organization recognizes operating and finance leases in accordance with the *FASB Accounting Standards Codification (ASC) 842*. A lease exists when an organization has the right to control the use of property, plant or equipment over a lease term.

The lessee classifies a lease as either a finance or operating lease. The accounting of a finance lease is similar to when an asset is purchased. An operating lease is when the right-of-use of an asset exists over the lease-term, but that the lease doesn't meet the definition of a finance lease.

The Organization has elected to establish a threshold to exclude lease assets and obligations that are immaterial to the financial statements. The Organization recognizes individual lease assets and liabilities when they are greater than \$5,000. However, if the combined lease assets or liabilities for individually insignificant leases are greater than \$10,000 the Organization recognizes the lease assets and obligations.

The Organization has elected not to apply the recognition requirements in ASC 842 to short-term leases (those with a term of 12 or less months) and no expected purchase at the end of the term.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE B - Comparative Financial Information**

The financial information shown for 2021 in the accompanying financial statements is included to provide a basis for comparison with 2022. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

For comparability, certain 2021 amounts may have been reclassified to conform with classifications adopted in 2022. The reclassifications have no effect on reported amounts of net assets or changes in net assets.

**NOTE C - Accounting Standards Changes and Future Accounting Pronouncements**

**Accounting Standards Changes**

The Organization's financial statements include implementation of the following accounting standards updates:

*Accounting Standards Update 2020-07, Not-for-Profit entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* This update requires contributed nonfinancial assets to be reported as a separate line in the statement of activities. A financial statement note is required to provide disaggregated contributed nonfinancial assets by category including: the type of contributed nonfinancial asset; qualitative information about the monetization or utilization of the nonfinancial assets; the policy about the monetization or utilization of nonfinancial assets; a description of restrictions, valuation, and the market used to determine the fair value. The amendments in this update are applied on a retrospective basis. The implementation of this standard has not materially affected the financial statements of the Organization.

*Accounting Standards Update 2020-08, Codification Improvements to Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs.* This update clarifies that an entity should reevaluate whether a callable debt security is within the scope of paragraph 310-20-32-33 for each reporting period. This amendment impacts the effective yield of an existing individual callable debt security. Amendments in this update are applied on a prospective basis as of the beginning of the period of adoption for existing or newly purchased callable debt securities.

*Accounting Standards Update 2016-02, Leases (Topic 842).* The FASB also subsequently issued the following additional accounting standards updates which amend and clarify Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11 Leases (Topic 842): Targeted Improvements; ASU 2018-20, Narrow-scope Improvements for Lessors; and ASU 2018-01, Leases (Topic 842): Codification Improvements. These updates require the recognition of operating leases as right-of-use assets and lease liabilities on the statement of financial position measured at the present value of lease payments and expenses are recognized on the straight-line basis over the term of the lease. For finance leases (previously reported as capital leases), the lessee will recognize the right-of-use asset and lease liability initially at the present value of lease payments. Interest will be recognized separately from amortization of the leased assets in the statement of activities. The updates require disclosure of key information about the leasing arrangements. The Organization has elected to use the practical expedients for implementation on leases that commenced before the effective date of the new standard.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE C - Accounting Standards Changes and Future Accounting Pronouncements (continued)**

The practical expedients include that the Organization need not reassess 1) whether any expired or existing contracts are or contain leases, 2) the lease classification as operating or finance for expired or existing leases, and 3) initial direct costs for existing leases. In addition, the Organization has the ability to use hindsight in evaluating lessee options to extend or terminate a lease and assess impairment. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach.

**Future Accounting Pronouncement**

*Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326)* will be effective for fiscal years beginning after December 15, 2022. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current generally accepted accounting principles with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

**NOTE D - Liquidity**

The Business Improvement District No. 2 is substantially supported by the revenue generated by tax assessments, parking income and retail rents. Thus, financial assets are almost wholly available for general expenditure within one year.

As of December 31, 2022, the BID had \$7,789,560 in liquid assets. About \$638,437 of these funds are comprised of a gift card program and other security and operating deposits. An additional \$1,038,364 is board-specified for the reserve and replacement needs of the Milwaukee Public Market property. An amount of \$300,000 is needed for cash flow purposes and the remaining \$4,765,730 is held in cash reserve for use as approved by the board.

The BID has \$23,415,273 in hard assets primarily in the form of two major parking structures, the Milwaukee Public Market building and 346 N. Broadway which currently has a long-term restaurant tenant. The BID also has an outstanding principal balance of \$2,005,000 for financing of the Water Street Parking Structure. Given the obligations and assets of the BID, and the long-term need to adequately support those assets, as well as any future project the board may decide to undertake, the amount of cash held in reserve is deemed to be appropriate, and the expectation is that the amount of cash reserves will continue to increase.

The policy of the BID is to approve a balanced budget in September to be included in its Operating Plan submitted to the City of Milwaukee Common Council for approval.

**NOTE E - Concentration of Credit Risk**

The Organization maintains cash balances at two financial institutions located in Milwaukee. Balances at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022, the Organization's uninsured cash balances totaled \$109,480.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE F - Net Property Assessment Receivable**

The Organization receives assessments on properties in its district based on a formula suggested by the board and passed through the municipal legislative process. Net assessments receivable and temporarily-restricted revenue are recorded for assessments authorized for the following year. The December 31, 2022, financial statements include:

<u>Description</u>	<u>Amount</u>
BID Assessments	\$500,000
Dockwall Assessment	20,065
Riverwalk Construction	10,634
Riverwalk Maintenance	<u>33,127</u>
Total Net Property Assessment Receivable	<u>\$563,826</u>

Included in the current portion of long-term notes receivable and accrued interest - notes receivable is \$35,581 of assessments. Total assessments paid to the Organization in February 2022 were \$563,826, including the notes receivable and accrued interest portions.

**NOTE G - Accounts Receivable**

As of December 31, 2022, accounts receivable consisted of the following:

Market Tenant Receivables	\$53,121
Other Receivables	<u>4,284</u>
Accounts Receivable	<u>\$57,405</u>

**NOTE H - Notes Receivable - Property Owners**

As part of the Organization's participation in improvement of the Milwaukee Riverwalk and Dockwalls, notes receivable for shares of land improvements have been obtained from owners of properties adjacent to the Riverwalk. Repayment of the notes began with assessments on the properties beginning the year following completion of work. The notes have an interest rate of 6.8% and are being repaid over 20 years starting in 2004. The notes are secured by a mortgage on the related property. At December 31, 2022, the balance on the notes was \$73,452.

Notes receivable consisted of the following at December 31, 2022:

<u>Description</u>	<u>Amount</u>
Milwaukee Riverwalk Improvement Loans	\$45,605
Milwaukee Dockwall Improvement Loans	<u>27,847</u>
Total	<u>\$73,452</u>

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE H - Notes Receivable - Property Owners (continued)**

Future receipts of principal are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$26,491
2024	28,293
2025	<u>18,668</u>
Total	<u>\$73,452</u>

**Credit Quality Indicators**

As of December 31, 2022, the Organization had only one category of notes. Low risk notes are defined as notes collected through tax assessments. Management believes all receivables will be collected in accordance with the terms of the agreements. Thus, no allowance for uncollectible accounts is necessary at year end.

<u>Loan Type</u>	<u>Note Receivable</u>	<u>Allowance Amount</u>
Low Risk	<u>\$73,452</u>	\$ ---
Total	<u>\$73,452</u>	<u>\$ ---</u>

**NOTE I - Notes Payable**

The Organization has a 20-year note payable to the City of Milwaukee relating to the Riverwalk project. The note bears an interest rate of 3.185%. Payments received from notes receivable - property owners will be used to pay a portion of the required \$47,209 annual payment. Repayment of the note began in 2005. At December 31, 2022, the balance on the note was \$90,153.

The Organization has a loan with the City of Milwaukee for the Dockwall project. Repayment of the 19-year loan began in 2006 requiring annual payments of \$36,522. Payments received from landowners for notes receivable will be used to repay a portion of the loan. The loan has a stated interest rate of 4.1% and a balance of \$68,786 at December 31, 2022. Required future payments of principal on notes payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 78,040
2024	<u>80,899</u>
Total	<u>\$158,939</u>

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE J - Investments - Debt Service Funds**

In accordance with the Organization's bonds and related agreements (see Note L to the financial statements), the Organization maintains an advance funded interest reserve to cover the next 12 months of interest and redemptions, recalculated each September 15. At December 31, 2022, the balance in the advance funded interest reserve was \$334,708. Debt service funds are carried at cost.

**NOTE K - Fair Value Measurements**

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022:

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash Equivalents	<u>\$334,708</u>	<u>\$334,708</u>	<u>\$ ---</u>	<u>\$ ---</u>
Total	<u>\$334,708</u>	<u>\$334,708</u>	<u>\$ ---</u>	<u>\$ ---</u>

**NOTE L - Long-Term Bond Liability**

The Redevelopment Authority of the City of Milwaukee issued \$5,720,000 of development revenue bonds in April 1999, of which the proceeds were lent to the Organization for construction of the Water Street Parking Structure. Interest on the loan is payable monthly at a variable rate which is adjusted weekly.

The bonds are secured by substantially all of the Organization's assets. The bonds were refinanced in September 2018 with Town Bank, principal amount of \$2,195,000 and \$830,000 for nontaxable and taxable bonds, respectively. The repayment schedule and bond discount remains the same. The prior contract's bond issue costs have been fully amortized and the new bond issue costs will be amortized over the remaining life of the bond. Bond issue costs at December 31, 2022, equaled \$64,170.

The Organization has the right to redeem any of the outstanding bonds for their face value.



**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE L - Long-Term Bond Liability (continued)**

As stated in Note J to the financial statements, the Organization is required to maintain an advance funded interest reserve for payments of interest and redemptions. The bonds were issued at a discount of \$57,200. Amortization of the discount in the year ended December 31, 2022, was \$1,420. Net long-term bond liability consists of the following:

<u>Description</u>	<u>Amount</u>
Bonds Payable	\$2,005,000
Unamortized Discount	<u>(3,727)</u>
Net Long-Term Bond Liability	<u>\$2,001,273</u>

Future required bond redemptions are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 290,000
2024	310,000
2025	325,000
2026	340,000
2027	360,000
Thereafter	<u>380,000</u>
Total	<u>\$2,005,000</u>

**NOTE M - Parking Structure and Lease Agreements**

**Milwaukee Street Parking Structure - City of Milwaukee Agreement**

On June 13, 1994, the Organization entered into a Parking Ramp Cooperation and Development Agreement with the City of Milwaukee. Under the agreement, the Organization received money from the City to construct a parking structure to serve the public purpose of promoting economic development and urban renewal within the Historic Third Ward district.

The agreement requires the Organization to use excess cash from parking structure funds in the following manner:

1. Pay normal and customary operating and maintenance expenses of the Water Street Parking Structure.
2. Fund payment of the City of Milwaukee Redevelopment Bonds issued for the Historic Third Ward Parking Facility Project noted in Note L to the Financial Statements.
3. Fund an interest rate stabilization reserve.

The Organization's management has determined that any excess funds from the year ended December 31, 2022, have been used in accordance with the first two points above and funds are not available to fund the interest rate stabilization reserve.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE M - Parking Structure and Lease Agreements (continued)**

**Milwaukee Street Parking Structure - Land Lease**

The Milwaukee Street Parking Structure was constructed on a 50-year non-cancellable lease with a third party. The Organization has the option to extend the lease with proper notice for an additional ten years. The lease requires payments totaling \$50 during the initial 50-year lease period. As part of the lease agreement, the Organization is required to provide up to 192 parking spaces to the lessor at no charge.

**Water Street Parking Structure Agreement**

The Water Street Parking Structure was constructed with proceeds from bonds issued by the City of Milwaukee as per Note L to the financial statements. In exchange for the three parcels of land needed to construct the parking structure, the Organization reserved 70 parking spaces in the form of a lease and issued a promissory note totaling approximately \$296,000. The lease terms are for 99 years without rent and only require the tenants to pay an annual maintenance fee of approximately \$150 per space. Each space has been valued at approximately \$7,500 for a total value of \$525,000. The lease commenced on February 1, 2000.

Land totaling \$525,000 and deferred rental revenue of \$549,309 were recorded in 1999.

At December 31, 2022, the Organization has related deferred revenue consisting of the following:

Advance Payment of Parking Rentals	<u>\$421,682</u>
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**Retail Lease Agreements**

The Organization leases out retail space to tenants in the Water Street and Milwaukee Street Parking Structures. The leases respectively call for monthly rent payments of \$4,887 and \$1,800 through September 2027.

The Organization also leases out retail space to a tenant in the Broadway Building. The lease calls for monthly rent payments of \$6,732 through November 2023 and monthly rent payments of \$7,742 through November 2028.

Rental income of \$165,359 for the year ended December 31, 2022, is included on the financial statements for these leases, and the expected future rent payments are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$162,039
2024	173,147
2025	173,147
2026	173,147
2027	153,086
Thereafter	<u>85,161</u>
Total	<u>\$455,212</u>

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE M - Parking Structure and Lease Agreements (continued)**

**Public Space Use Agreements**

The Organization entered into leases with the City of Milwaukee for the parks known as Catalano Square, Erie Street Plaza and Trestle Park. The Catalano Square and Erie Street Plaza lease agreements commenced on July 1, 2010, and will terminate on June 30, 2025. The Trestle Park lease agreement commenced on August 1, 2020 and will terminate on August 1, 2045. The Organization intends to use the land to enhance the urban green space and for public programming.

The Organization entered into an agreement with We Energies for the park at 111 N. Jefferson Street, known as Gas Light Park. The agreement commenced on April 1, 2020, and will terminate on March 31, 2021 or automatically renew if the Organization provides We Energies with a certificate of insurance. The Organization is using the land for playground equipment and a learning trail.

The Organization entered into an agreement with the Wisconsin Department of Transportation for the right of use for space at 160 W. St. Paul Avenue. This agreement commenced on October 1, 2018, and will terminate on December 31, 2027. The Organization intends to use this space for installation and maintenance of art sculptures.

The Organization entered into an agreement with the Wisconsin Department of Transportation and Milwaukee County for the right of use for space at 423 N. Water St. This agreement commenced on April 1, 2019, and will terminate on March 31, 2039. The Organization intends to use this space for public programming.

As a member of RunPKG, Inc., the organization entered into two agreements with the Wisconsin Department of Transportation and Milwaukee County for the right of use for space at 103 W. Clybourn St. and 444 N. 3rd St. The spaces will be used to develop a dog run and for a surface parking lot respectively. These agreements commenced on November 15, 2023 and will terminate on November 15, 2042.

**Tower Space Lease Agreements**

The Organization has a master 25-year licensing agreement for cell tower space to Verizon Wireless in Milwaukee Public Market, Water Street and Milwaukee Street Parking Structures. All six supplemental leases call for annual rent payments of \$1,800, increasing by 3% each year after installation of the cell tower.

Rental income of \$11,578 for the year ended December 31, 2022, is included on the financial statements for these leases, and the expected future rent payments are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 11,924
2024	12,282
2025	12,650
2026	13,030
2027	13,421
Thereafter	<u>323,438</u>
Total	<u>\$386,745</u>

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE N - Public Market Parking Lot**

Construction of the Public Market was completed in 2005. The United States Department of Commerce, Economic Development Administration, provided a \$2,500,000 grant to the Organization to help complete the Public Market building. If the use, transfer or alienation of the Public Market property is in violation of the grant agreement, an amount of \$2,500,000 or an amount determined pursuant to 13 CFR Part 314 shall be due and payable to the Department of Commerce. This lien and encumbrance will terminate in 2025.

The Milwaukee Public Market has a five-year lease with the Wisconsin Department of Transportation for the parking lot of the Public Market, which was signed in March 2017. The renegotiated lease has \$8,560 in monthly lease payments for five years starting March 1, 2017, and ending February 28, 2022. The lease is month to month after February 28, 2022.

**NOTE O - Milwaukee Public Market Lease Agreements**

The Organization also has various rental agreements with vendors for space at the Milwaukee Public Market. The vendors are required to pay rent based on a base rent, percentage of sales or both. The terms of these agreements also vary.

The currently contracted base rents are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$293,194
2024	138,687
2025	87,662
2026	<u>35,899</u>
Total	<u>\$555,442</u>

**NOTE P - Security Deposits**

As of December 31, 2022, the Organization had collected refundable parking security deposits of \$17,060 and a security deposit for commercial space of \$5,391.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE Q - Deferred Revenue**

The Organization has deferred the revenue received from the 99-year leases at the Water Street Parking structure referenced in Note M as well as revenue received from HTWA Market Project LLC for the shared use of six pieces of maintenance equipment. At December 31, 2022, the Organization had related deferred revenue of \$488,479.

Future deferred revenue amounts are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 24,075
2024	22,368
2025	20,217
2026	15,813
2027	5,549
Thereafter	<u>400,457</u>
Total	<u>\$488,479</u>

The Organization also deferred revenue related to future events scheduled to be hosted at the Milwaukee Public Market. At December 31, 2022, the Organization had related deferred revenue of \$31,863, all of which is expected to be recognized in 2023.

**NOTE R - Special Projects**

The Organization incurred expenses while improving the Historic Third Ward through installing renovations such as streetlights, foundations, and parkways. The Organization does not own the land on which the improvements were made, and, accordingly, the items were expensed and not capitalized as fixed assets.

**NOTE S - Net Assets Without Donor Restrictions - Board-Designated**

The Organization has \$1,031,161 of board-designated net assets at December 31, 2022, which is a reserve for capital costs of the Milwaukee Public Market building.

**NOTE T - Net Assets with Donor Restrictions**

The Organization has net assets with donor restrictions at December 31, 2022, which consist of the following:

2022 Assessments	<u>\$500,000</u>
Total Net Assets with Donor Restrictions	<u>\$500,000</u>

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE U - Management Agreement**

Under a written agreement with the Historic Third Ward Association, the Organization is provided with office facilities, administrative support, and other services.

As of December 31, 2022, the Organization had a receivable from the Historic Third Ward Association totaling \$4,590.

**NOTE V - Revenue from Contracts with Customers**

**Rental Income**

The Organization owns multiple buildings which generate rental revenue through retail and cell tower space leases. Rental revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled per lease agreements. The Organization also owns equipment that is rented to the Milwaukee Public Market which generates rental revenue through the Milwaukee Public Market's use of the equipment. Rental revenue is billed on a monthly basis per lease agreements. Revenue is recognized each month. For the year ended December 31, 2022, rental revenue was \$188,513.

**Parking Revenue**

The Organization owns multiple parking structures which generate revenue through use of the structures. The parking revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the use of the parking structures. Revenue from parking is recognized at the point in time of use and the Organization's performance obligation is completed. For the year ended December 31, 2022, parking revenue was \$3,147,843.

Beginning Deferred Revenue	\$427,231
Revenue Recognized from Prior Year Deferred	<u>(5,549)</u>
Ending Deferred	<u>\$421,682</u>

**Milwaukee Public Market Kitchen Event Revenue**

The Organization hosts numerous events in the Milwaukee Public Market such as private events, public cooking classes and private cooking classes. Events require a ticket or deposit to guarantee the date of the event. The event revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the registrant access to the event and event materials. Revenue from these events are recognized at the point in time the event is held and the Organization's performance obligation to hold the event is completed. Receipts and deposits collected in advance of the event are deferred as contract liabilities until earned when the event is held, at which point the revenue is recognized.

Beginning Deferred Revenue	\$ 26,488
Revenue Recognized from Prior Year Deferred	(26,488)
New Event Revenue	488,450
Revenue Recognized on Kitchen Events	<u>(456,587)</u>
Ending Deferred	<u>\$ 31,863</u>

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE W - Assessment Income**

In order to provide revenues to support the Organization's mission, the Common Council of the City of Milwaukee enforced an assessment on property located within the Third Ward area. The assessment is calculated based on assessed values of the properties as of every Fall. The assessment levied on the commercial properties was \$1.50 per \$1,000 of assessed property value for the year ended December 31, 2022.

**NOTE X - Retirement Plan**

The Organization has a SIMPLE IRA retirement plan which allows employee and employer matching contributions. All full-time employees are eligible to participate after 90 days of employment. All part-time employees are eligible when they have earned at least \$5,000 for the calendar year. The Organization matched 3% for all employees for the entire year. These contributions are immediately vested. Total retirement expense for 2022 was \$30,944.

**NOTE Y - Subsequent Events**

The Organization has evaluated events and transactions occurring after December 31, 2022 through June 30, 2023, the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures.

A lease extension for the tenant in the Broadway Building was signed in June 2023. The future payments in Note M reflects this lease extension.

Two leases for tenants renting space at the Milwaukee Public Market were signed in March and April 2023. The future payments in Note O reflect these new leases.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**SCHEDULE OF STATEMENT OF FINANCIAL POSITION CONSOLIDATION**  
**DECEMBER 31, 2022**

ASSETS						
	Business Improvement District No. 2	BID#2 Operations	HTWA Market Project	Riverwalk Commons LLC	Eliminations	Totals
<b>CURRENT ASSETS</b>						
Cash	\$ 2,624,418	\$ 1,301,454	\$ 2,766,661	\$ 8,387	\$ ---	\$ 6,700,920
Net Property Assessment Receivable	563,826	---	---	---	---	563,826
Accounts Receivable	4,284	155,700	53,121	---	(155,700)	57,405
Due From BID#2 Operations LLC	1,121,107	---	---	---	(1,121,107)	---
Due from Historic Third Ward Association	---	---	4,590	---	---	4,590
Due From Riverwalk Commons LLC	40,000	---	---	---	(40,000)	---
Accrued Interest - Notes Receivable	6,894	---	---	---	---	6,894
Prepaid Expenses	3,397	---	77,229	---	---	80,626
Inventory	77,275	---	28,326	---	---	105,601
Current Portion of Long-Term Notes Receivable	26,491	---	---	---	---	26,491
Total Current Assets	<u>\$ 4,467,692</u>	<u>\$ 1,457,154</u>	<u>\$ 2,929,927</u>	<u>\$ 8,387</u>	<u>\$ (1,316,807)</u>	<u>\$ 7,546,353</u>
<b>FIXED AND INTANGIBLE ASSETS</b>						
Land	\$ 1,639,631	\$ ---	\$ ---	\$ ---	\$ ---	\$ 1,639,631
Buildings	21,280,586	---	209,198	---	---	21,489,784
Equipment	337,690	---	---	---	---	337,690
Riverwalk Docks	35,325	---	---	---	---	35,325
Less: Accumulated Depreciation	(12,106,806)	---	(87,537)	---	---	(12,194,343)
Net Fixed Assets	<u>\$ 11,186,426</u>	<u>\$ ---</u>	<u>\$ 121,661</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 11,308,087</u>
<b>LONG-TERM ASSETS</b>						
Notes Receivable - Property Owners	\$ 73,452	\$ ---	\$ ---	\$ ---	\$ ---	\$ 73,452
Less: Current Portion	(26,491)	---	---	---	---	(26,491)
Total Long-Term Assets	<u>\$ 46,961</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 46,961</u>
<b>OTHER ASSETS</b>						
Investments - Debt Service Funds	\$ 334,708	\$ ---	\$ ---	\$ ---	\$ ---	\$ 334,708
Bond Issuance Costs - Net of Accumulated Amortization	64,170	---	---	---	---	64,170
Due From Milwaukee Public Market	60,816	---	---	---	(60,816)	---
Total Other Assets	<u>\$ 459,694</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ (60,816)</u>	<u>\$ 398,878</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 16,160,773</u></u>	<u><u>\$ 1,457,154</u></u>	<u><u>\$ 3,051,588</u></u>	<u><u>\$ 8,387</u></u>	<u><u>\$ (1,377,623)</u></u>	<u><u>\$ 19,300,279</u></u>



**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**SCHEDULE OF STATEMENT OF FINANCIAL POSITION CONSOLIDATION**  
**DECEMBER 31, 2022**

LIABILITIES AND NET ASSETS

	Business Improvement District No. 2	BID#2 Operations	HTWA Market Project	Riverwalk LLC	Eliminations	Totals
<b>CURRENT LIABILITIES</b>						
Accounts Payable	\$ 209,630	\$ ---	\$ 78,598	\$ 167	\$ (155,700)	\$ 132,695
Accrued Payroll	---	57,010	39,569	---	9,561	106,140
Accrued Real Estate Taxes	838,133	---	---	---	---	838,133
Market Cards	---	---	240,145	---	---	240,145
Other Liabilities	8,886	---	70	---	---	8,956
Due to Business Improvement District #2	---	1,125,000	66,484	---	(1,191,484)	---
Due to Riverwalk LLC	---	---	---	40,000	(40,000)	---
Add: Current Portion of Long-Term Liabilities	368,040	---	31,863	---	---	399,903
Total Current Liabilities	<u>\$ 1,424,689</u>	<u>\$ 1,182,010</u>	<u>\$ 456,729</u>	<u>\$ 40,167</u>	<u>\$ (1,377,623)</u>	<u>\$ 1,725,972</u>
<b>LONG-TERM LIABILITIES</b>						
Notes Payable	\$ 158,939	\$ ---	\$ ---	\$ ---	\$ ---	\$ 158,939
Net Long-Term Bond Liability	2,001,273	---	---	---	---	2,001,273
Deferred Revenue	488,479	---	31,863	---	---	520,342
Less: Current Portion	(368,040)	---	(31,863)	---	---	(399,903)
Total Long-Term Liabilities	<u>\$ 2,280,651</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 2,280,651</u>
<b>OTHER LIABILITIES</b>						
Security and Key Card Deposits	\$ 21,071	\$ ---	\$ 1,380	\$ ---	\$ ---	\$ 22,451
Total Other Liabilities	<u>\$ 21,071</u>	<u>\$ ---</u>	<u>\$ 1,380</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 22,451</u>
Total Liabilities	<u>\$ 3,726,411</u>	<u>\$ 1,182,010</u>	<u>\$ 458,109</u>	<u>\$ 40,167</u>	<u>\$ (1,377,623)</u>	<u>\$ 4,029,074</u>
<b>NET ASSETS</b>						
Without Donor Restrictions						
Operating	\$ 11,934,362	\$ 275,144	\$ 1,562,318	\$ (31,780)	\$ ---	\$ 13,740,044
Board-Designated	---	---	1,031,161	---	---	1,031,161
Total Net Assets Without Donor Restrictions	<u>\$ 11,934,362</u>	<u>\$ 275,144</u>	<u>\$ 2,593,479</u>	<u>\$ (31,780)</u>	<u>\$ ---</u>	<u>\$ 14,771,205</u>
With Donor Restrictions	500,000	---	---	---	---	500,000
Total Net Assets	<u>\$ 12,434,362</u>	<u>\$ 275,144</u>	<u>\$ 2,593,479</u>	<u>\$ (31,780)</u>	<u>\$ ---</u>	<u>\$ 15,271,205</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 16,160,773</u></u>	<u><u>\$ 1,457,154</u></u>	<u><u>\$ 3,051,588</u></u>	<u><u>\$ 8,387</u></u>	<u><u>\$ (1,377,623)</u></u>	<u><u>\$ 19,300,279</u></u>

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**SCHEDULE OF REVENUE AND EXPENSES - WITHOUT DONOR RESTRICTIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Business Improvement District No. 2	BID#2 Operations	HTWA Market Project	Riverwalk Commons LLC	Eliminations	Total
<b>REVENUE</b>						
BID Assessments	\$ 537,785	\$ ---	\$ ---	\$ ---	\$ ---	\$ 537,785
City of Milwaukee Contributions	23,000	---	---	---	---	23,000
Parking Revenue	2,258,290	---	889,553	---	---	3,147,843
Program Revenue	---	---	483,075	5,707	---	488,782
Product Sales	---	---	32,073	---	---	32,073
Maintenance Fees	11,168	---	---	---	---	11,168
Investment Income	40,862	14,975	29,796	---	---	85,633
Interest Income on Notes Receivable - Property Owners	6,894	---	---	---	---	6,894
Rental Income	185,189	---	1,024,328	3,324	---	1,212,841
Management Fee	---	1,246,784	---	---	(1,246,784)	---
Miscellaneous Income	39,972	---	6,680	---	---	46,652
Market Card Escheatment Income	---	---	41,840	---	---	41,840
Biofuel Revenue	---	---	14,003	---	---	14,003
Gain/Loss on Sale of Assets	---	---	(16,881)	---	---	(16,881)
Total Revenue	<u>\$ 3,103,160</u>	<u>\$ 1,261,759</u>	<u>\$ 2,504,467</u>	<u>\$ 9,031</u>	<u>\$ (1,246,784)</u>	<u>\$ 5,631,633</u>
<b>EXPENSES</b>						
Salaries and Wages	\$ 1,072,001	\$ 1,097,828	\$ 819,618	\$ ---	\$ (1,058,211)	\$ 1,931,236
Employee Benefits	80,220	80,220	71,766	---	(80,220)	151,986
Payroll Taxes	87,104	87,104	59,090	---	(87,104)	146,194
Retirement Expenses	16,767	16,767	13,659	---	(16,767)	30,426
Professional Fees	42,850	4,472	14,999	2,700	(4,472)	60,549
Contracted Services	40,638	---	3,627	6,219	---	50,484
Utilities	79,371	---	240,831	---	---	320,202
Equipment Expenses	42,502	---	89,756	---	---	132,258
Maintenance	219,821	---	22,955	---	---	242,776
Real Estate Taxes	238,567	---	104,966	---	---	343,533
Bond Expenses	25,668	---	---	---	---	25,668
Administrative Expenses	38,660	---	76	---	---	38,736
Interest Expense	65,138	---	---	---	---	65,138
Licenses and Permits	767	10	2,694	---	(10)	3,461
Insurance	55,064	---	15,541	---	---	70,605
Architectural and Engineering Costs	17,503	---	---	---	---	17,503
Association Funding	431,936	---	---	---	---	431,936
Sales and Use Tax	108,991	---	65,429	---	---	174,420
Special Projects	---	---	---	2,686	---	2,686
Depreciation	614,798	---	27,189	---	---	641,987
Bank Charges and Processing Fees	41,919	---	63,839	---	---	105,758
Advertising and Marketing	---	---	55,662	305	---	55,967
Worker's Compensation	39,167	---	15,263	---	---	54,430
Office Supplies	7,963	---	29,935	---	---	37,898
Kitchen Expenses	---	---	242,665	---	---	242,665
CAM Expenses	---	---	363,677	---	---	363,677
Meals and Entertainment	---	---	7,910	589	---	8,499
Dues and Subscriptions	1,062	---	1,092	---	---	2,154
Bad Debt	250	---	---	---	---	250
Total Expenses	<u>\$ 3,368,727</u>	<u>\$ 1,286,401</u>	<u>\$ 2,332,239</u>	<u>\$ 12,499</u>	<u>\$ (1,246,784)</u>	<u>\$ 5,753,082</u>
CHANGE IN NET ASSETS	<u>\$ (265,567)</u>	<u>\$ (24,642)</u>	<u>\$ 172,228</u>	<u>\$ (3,468)</u>	<u>\$ ---</u>	<u>\$ (121,449)</u>

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**SCHEDULE OF MILWAUKEE STREET PARKING STRUCTURE REVENUE AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(With Summarized Totals for the Year Ended December 31, 2021)**

	2022	2021
REVENUE		
Parking Revenue	\$ 1,164,140	\$ 875,671
Rental Income	60,679	57,455
Total Revenue	<u>\$ 1,224,819</u>	<u>\$ 933,126</u>
EXPENSES		
Salaries and Wages	\$ 350,476	\$ 242,366
Employee Benefits	24,510	17,126
Payroll Taxes	28,595	20,057
Retirement Expenses	4,920	11,983
Worker's Compensation	10,706	7,577
Credit Card Fees	17,485	14,176
Professional Services	---	1,435
Contractors	10,765	19,011
Utilities	38,787	33,573
Equipment	3,712	6,220
Maintenance	11,187	23,218
Real Estate Taxes	114,403	122,658
Administrative Expenses	11,433	11,219
Insurance	10,516	9,674
Licenses and Permits	60	493
Sales and Use Tax	55,257	42,857
Supplies	4,244	---
Depreciation Expense	163,127	163,127
Total Expenses	<u>\$ 860,183</u>	<u>\$ 746,770</u>
NET INCOME	<u>\$ 364,636</u>	<u>\$ 186,356</u>
INCOME BEFORE DEPRECIATION EXPENSE	<u>\$ 527,763</u>	<u>\$ 349,483</u>
Capital Additions	<u>\$ 39,673</u>	<u>\$ ---</u>

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**SCHEDULE OF WATER STREET PARKING STRUCTURE REVENUE AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(With Summarized Totals for the Year Ended December 31, 2021)**

	<u>2022</u>	<u>2021</u>
<b>REVENUE</b>		
Parking Revenue	\$ 1,094,151	\$ 797,114
Maintenance Fees	11,168	10,878
Rental Income	31,033	31,074
Interest Income	1,391	524
Total Revenue	<u>\$ 1,137,743</u>	<u>\$ 839,590</u>
<b>EXPENSES</b>		
Salaries and Wages	\$ 350,476	\$ 242,366
Employee Benefits	24,510	17,126
Payroll Taxes	28,595	20,057
Retirement Expenses	4,920	11,983
Worker's Compensation	10,706	7,577
Credit Card Fees	22,956	17,188
Professional Services	190	1,435
Contractors	7,601	14,433
Utilities	26,614	25,751
Equipment	3,012	5,193
Maintenance	4,372	6,421
Real Estate Taxes	121,680	121,469
Bond Expenses	25,668	12,834
Administrative Expenses	7,281	7,031
Interest Expense	56,751	30,225
Insurance	11,127	8,930
Licenses and Permits	71	138
Sales and Use Tax	53,734	40,824
Supplies	2,118	---
Depreciation Expense	163,688	163,688
Total Expenses	<u>\$ 926,070</u>	<u>\$ 754,669</u>
 NET INCOME	 <u><u>\$ 211,673</u></u>	 <u><u>\$ 84,921</u></u>
 INCOME BEFORE DEPRECIATION EXPENSE	 <u><u>\$ 375,361</u></u>	 <u><u>\$ 248,609</u></u>

# **Business Improvement District #2**

## **Annual Report - (Sept. 2022 – Sept. 2023)**

### **Mission Statement/Vision/Priorities**

Business Improvement District No. 2 (BID#2) in the Historic Third Ward neighborhood was created in 1987 and is the oldest operating BID in the City of Milwaukee. BID#2 is unique because it has operating businesses and employs more than 60 staff members to operate two parking structures, the Milwaukee Public Market, and teams of maintenance and security personnel.

The Historic Third Ward is a nationally listed Historic District, created in 1984, which includes 70 buildings spread over 10 square blocks in the heart of the BID district. The neighborhood boasts more than 400 businesses — from restaurants, spas, theaters, galleries, gyms and boutiques to marketing/design firms, architects, law offices, real estate and business development, technology/innovation and more. The neighborhood is also home to more than 3,000 residents.

A number of organizations work closely together to guide the Third Ward's growth and economic development. BID#2 provides operational support, strategic direction and financing for the neighborhood. The Historic Third Ward Association provides the promotion, marketing and community building activities. The Architectural Review Board is responsible for review of design standards for renovations and new construction. Together, these organizations have fostered the incredible growth of the Historic Third Ward making it "an overnight success, 30 years in the making." Each organization is run by a volunteer board of directors who donate their time and expertise.

### **Financial Relationships with other Entities**

BID#2 is a separate entity from the Historic Third Ward Association, Inc. (HTWA). Members, officers and directors of each entity may be on each board. The HTWA is an independent, 501(c)(3) organization and it is intended that HTWA shall contract with BID#2 to provide services to BID#2, in accordance with BID#2's operating plan.

### **Total Assessed Value of Properties within District**

Based on the City of Milwaukee Assessor's Office records as of January 1, 2023, the total property value in BID#2, including residential and tax-exempt properties, is about \$904 million. About 39% of the property inside the district is assessable with a total BID-assessable commercial property value of \$357,115,017. Assessments on these commercial properties provide about 15% of the total \$4.5 million 2024 budget. The remainder of the budget is funded by BID#2's operating businesses.

### **Core Programs**

- BID#2 board of directors met 2 times in 2022 and 2 times in 2023 to date.
- BID#2 Operations LLC currently employs 25 full-time, five part-time and three seasonal employees. Milwaukee Public Market employs 11 full-time and 26 part-time employees. HTWA employs four full-time employees.
- BID#2 owns and manages two parking structures with a total of almost 1,000 parking spaces.
- The BID#2 maintenance team cares for all of the BID#2 properties, along with more than 10 public spaces in the District. The team removes trash, graffiti and snow, as well as decorates the neighborhood with beautiful landscaping, seasonal banners and an annual Christmas tree.
- BID#2 maintains public spaces under agreements with the City, County, State DOT and others for Catalano Square, Erie St. Plaza, Gas Light Park, Trestle Park, Riverwalk Park and Riverwalk Commons.
- BID#2 also maintains and manages the Riverwalk from the Clybourn to the Water St. bridge.
- BID#2 created a neighborhood security program that includes eight full-time team members driving two patrol vehicles throughout the Ward providing 24/7 "eyes and ears." In addition, BID#2

# **Business Improvement District #2**

## **Annual Report - (Sept. 2022 – Sept. 2023)**

properties are protected by a network of security cameras and BID #2 partnered with the Milwaukee Police Department Fusion Center to deploy license plate readers.

- BID#2 continues to support public art installations erected in the neighborhood, including Sculpture Milwaukee programs.
- The Milwaukee Public Market is owned and operated by BID#2. Total vendor sales in 2022 broke a record, totaling over \$25 Million. The Market hosted over 140 cooking classes and private events during the last 12 months.
- Activation and development of Riverwalk Commons, a new public space located under the freeway at 423 N. Water St., continued to evolve and grow in popularity. The space is activated with popular pickleball courts and events. The Riverwalk Commons Concert Series held five events in 2022 and eight events in 2023. The Milwaukee Public Market hosted their annual Harvest Festival in the space. The space has also welcomed other groups such as Fanatics, Plume and roller-skating clubs.
- BID#2 supports the Historic Third Ward Association in return for performing mutually agreed upon activities in support of the neighborhood.

### **Economic Development**

- The Architectural Review Board approved Foxtown Brewing's proposal for the northeast corner of St. Paul and Plankinton to construct a 28,000 square foot facility.
- Robust leasing and infill tenancies in the Third Ward continued in 2022-2023. New businesses that opened in the neighborhood in 2022-2023 include Formlabs, Wicked Alley, Elite Bodyworks, Sweetgreen, The Edison, Fusion Poke, Terra Sol, District Fore, Unfinished Legacy, Salty Paws, Go Grocer & Gibraltar.
- BID #2, HTWA, and HTWA-Catalano Square LLC partnered with Container Concessions LLC to open a beer garden in Catalano Square Park in June of 2023 for the season.

### **Marketing & Branding**

- The Historic Third Ward has a substantial Instagram and Facebook following, with engaging posts that appeal to visitors and locals alike. The Milwaukee Public Market also has its own robust social media outreach.
- Via the HTWA, we have engaged our core constituency through affinity groups meetings and member-focused events. A new HTWAccess series invites members to learn more about an issue or topic, such as social media marketing, from local experts. We have residential, retail/merchant, restaurant/bar, and arts/cultural affinity groups that meet twice yearly. Monthly member events allow for networking and relationship building.
- The neighborhood hosted several signature events in 2022/2023 that brought thousands to the Third Ward including Christmas in the Ward, four Gallery Nights, Gather: A Long-Table Dinner (new for 2022), World's Largest Coffee Break and the Third Ward Arts Festival.
- The HTWA produces two Third Ward-centric publications: THREE, a lifestyle magazine, and The Guide, a visitor guide to the neighborhood.
- The HTWA launched a new website in 2023, with an emphasis on the visitor experience, including an interactive map and itineraries, and a robust business directory.

# **Business Improvement District #2**

## **Annual Report - (Sept. 2022 – Sept. 2023)**

### **Partner/Collaborative Initiatives**

- BID#2 and HTWA are active members of Downtown Neighbors Association and Friends of Lakeshore State Park. They regularly collaborate with nearby downtown stakeholders in Milwaukee including Downtown BID #21, Westtown, East Town, Harbor District, Walker's Point, and Menomonee Valley.
- BID#2 and Milwaukee Downtown BID#21 have been working for a couple of years on the Downtown Dog Park project. In late 2022, it was announced that Fromm Family Pet Foods will be the Title Sponsor of the park. At the same time, it was announced that the neighboring property will be developed into a 28,000 square foot project named Foxtown Landing which will include a brewery, distillery, restaurant, rooftop event venue and outdoor pet-friendly patio space overlooking the Milwaukee River. The Dog Park and Foxtown Landing parcels, which will be known as the Dog District, will also add a nearly 400-foot segment of new public riverwalk between Clybourn Avenue and St. Paul Avenue.