



Office of the Comptroller

W. Martin Morics, C.P.A.
Comptroller

John M. Egan, C.P.A.
Deputy Comptroller

Michael J. Daun
Special Deputy Comptroller

Anita W. Paretti, C.P.A.
Special Deputy Comptroller

March 16, 2004

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

File #031565

Committee Members:

This File would approve a land disposition report allowing the transfer of City land located at 401 West Wisconsin Avenue to a developer, Milwaukee Convention Center Hotel LLC, for the price of \$1. **The developer plans to construct a hotel on this site. Since the appraisal value of this property totals \$4,000,000 the transfer price of \$1 constitutes a major taxpayer subsidy to this project.**

For projects involving such a substantial City subsidy, the Department of City Development normally provides the proposal with all supporting materials to our Office at least three weeks before the project is to be considered by your Committee to allow us to review the project and report to your Committee. In this case, due to an oversight by DCD, no materials were provided to us until we requested them upon our review of the ZND agenda yesterday. We therefore had no opportunity to provide your Committee with any independent examination of this proposal. **Our review would opine on both the likely success of the project and the necessity of the above taxpayer subsidy to the developer.**

Given no opportunity for an independent review by our Office, **we would request that this item be held in order to provide the time for our Office to prepare and present our report to you on this project.** Thank you for your consideration of this request.

Sincerely,

W. Martin Morics
Comptroller

Cc Patricia Algiers
Gregory Shelko
Michael Wisniewski



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CITY DEVELOPMENT
04 FEB 17 PM 1:35

ASSESSOR'S OFFICE

Mary P. Reavey
Assessment Commissioner

Peter C. Weissenfluh
Chief Assessor

February 16, 2004

Patricia S. Algiers
Commissioner of City Development
2nd Floor
809 N. Broadway
Milwaukee, WI 53202

Attn: Mr. Mike Wisniewski

Dear Ms. Algiers:

Per your request we have reviewed the information submitted to us regarding the potential development of a new hotel development on Wisconsin Avenue. This letter is to assist you in determining the feasibility of a sale price for the city owned land for that development.

Based on the information submitted, it appears as if the projected stabilized net operating income for this project is sufficient to support the development of \$30,616,250 for the improvement. However, there would be no residual net income to support an expenditure of the land. This analysis is based on reasonable capitalization rates used in the downtown market at this time. Another observation is that the pro forma appears to be aggressive in terms of occupancy and revenue projections. These factors further support our conclusion that there is not sufficient net operating income to support land expenditure.

A 1998 Milwaukee feasibility study commissioned for this same site actually projected a higher net operating income. It was deemed at that time that a \$1.00 land investment was justified. It would seem that the same market forces are in effect now.

Regardless of the city's involvement with the transfer of land, the resulting assessment will reflect the full market value of land and improvements as of the specific assessment date.

Please let me know if you need more information.

Sincerely,

Mary Reavey

Mary Reavey
Assessment Commissioner

REFERRED
BY ALGIERS
TO SHELKO/WIZ
DATE 2-17-04

- ACTION
- INFORMATION
- _____

COPIES TO: _____