



Aycha Sawa, CPA, CIA
Comptroller

Bill Christianson
Deputy Comptroller

Toni Biscobing
Special Deputy Comptroller

Richard Bare, CPA
Special Deputy Comptroller

November 27, 2023

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

RE: File 231137, TID 68 – Fifth Ward/First Place
Amendment 4

Dear Committee Members:

File 231137 would approve Amendment No. 4 to Tax Incremental District (TID) 68, Fifth Ward/First Place (the District), along with a corresponding plan. The Comptroller's Office has reviewed the project plan, feasibility study, and has had discussions with Department of City Development (DCD). The Comptroller's Office analysis is based on the information provided.

TID Background

The District was created in November 2006 (Common Council File No. 060895) to construct Riverwalk, dockwall and marina facilities related to the First Place Condominium Project on the river. Since then, there have been three amendments to the Project. Amendment 1, Common Council File No. 080541, was approved to reduce the overstated base value of the District, by replacing the 2007 value of the First Place Condominium Project with the then current 2008 value. Amendment 2, Common Council File No. 160416, added seven parcels to the District and authorized \$756,000 of additional funding for the construction of a 280 foot Riverwalk segment along the Milwaukee River (adjacent to 236 South Water) and administrative costs. Amendment 3, Common Council File No. 191901, was approved for \$1,401,375 to add funding for the construction of 285 linear feet of Riverwalk and dockwall, improving public right of way adjacent to 234 South Water Street, installing a traffic signal, constructing a Riverwalk adjacent to 103 West Clybourn Street, and construction of an ADA compliant Riverwalk ramp at 111 West Michigan Street.

File 231194 would approve Amendment No. 4 to Tax Incremental District (TID) 68, Fifth Ward/First Place. This amendment proposes to provide funding in compliance with the City's Riverwalk Funding Policy of a \$1,100,000 cash grant to construct 352 linear feet of Riverwalk at 748-820 South Water Street. An additional, \$1,500,000 is



proposed to be provided as a cash grant to construct 320 linear feet of Riverwalk at 103 West Clybourn Street and a 75-foot-long-under bridge connection to the neighboring Riverwalk to the north. The last segment of this Riverwalk amendment includes a cash grant of \$1,200,000 for the Riverwalk adjacent to 103 West Clybourn Street, located on 412 North Plankinton Avenue. In addition, this amendment would provide \$200,000 to fund intersection improvements at South 1st and Florida Streets, \$125,000 provided to DPW to complete a traffic signal project, and \$100,000 to cover the administration costs associated with the TID. Total amendment proposal for this \$4,225,000. Table 1 outlines Amendment 4 Proposal Summary.

Table 1:

First Place/Fifth Ward Improvements – Amendment No. 4	Total Cost
820 South Water Street	
Riverwalk (includes soft costs and public access connection)	\$ 1,100,000
412 North Plankinton	
Riverwalk	\$ 1,200,000
103 West Clybourn Street	
Riverwalk, includes soft cost and connection under the Clybourn Bridge	\$ 1,500,000
Traffic Signal – Intersection of South Pittsburgh & South Water Streets	\$ 125,000
Intersection Improvements – South 1st and West Florida Streets	\$ 200,000
<i>Administration Costs</i>	\$ 100,000
TOTAL	\$ 4,225,000

Is This Project Likely to Succeed?

From a financial perspective, the proposed funding increase should not adversely affect the District’s ability to fund an additional \$4,225,000 in costs. DCD’s feasibility study estimates that the District will break even in budget year 2024, which is still nine years prior to the District’s mandatory termination date of 2033. In addition, the District’s incurred project costs, to date, is \$3,697,170, increments to date is \$13,794,154, and its most recent annual increment (2022 tax levy for 2023) is \$1.32 million. DCD’s feasibility study indicates that the District will generate enough cash to fund the additional project and is reasonable based on the Comptroller’s Office analysis.

Sensitivity Analysis

There is inherent risk in every projection of future results. One common way to alleviate this risk is to provide sensitivity analysis, which forecasts the impact that different assumptions have on the projection. Below is a table, which summarizes several scenarios to show the sensitivity of DCD’s projected incremental revenues within the

District. In Table 2, you can see that given the health of this TID, projection of payback remains in year 2024. The analysis shows, even at 90% of projected revenue, the TID will recover in payback (budget) year 2025. This is still within the TID's normal life.

Table 2:

Sensitivity Analysis	
Percentage of DCD Projected Revenue	District Payback Year
90%	2025
95%	2024
100% (Base Case)	2024
105%	2024
110%	2024

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

This proposed TID authorizes additional funds to construct additional linear footage along the Riverwalk Project, which is consistent with previous development agreements (Common Council File No. 160417). This agreement requires the City to finance 70% of the cost of constructing the Riverwalk, 50% of the costs of dockwall, and 100% of the cost of public access connection. In addition, without approval of this amendment, the City would need to use other funding sources to cover the street infrastructure costs.

Conclusion

Based on the feasibility study, it appears that TID 68 can support the debt service related to current and proposed expenditures within the district. Should you have any questions regarding this letter, please contact Nuducha Yang at extension 2354.

Sincerely,



Aycha Sawa, CPA, CIA
Comptroller

CC: Alyssa Remington, Gloria Lucas, Joshua Benson, Bill Christianson

AS:NY