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Office of the Comptroller
July 21, 2017

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

RE: File 170497, TID 56 – Erie/Jefferson Riverwalk
Amendment #5

Committee Members:

File 170497, Amendment #5 would increase the TID 56 project plan by an additional \$1.2 million for improvement of the public right of way at 401 East Erie Street and completion of public improvements on the former railroad trestle at 501 East Erie Street. The Comptroller's Office has reviewed the project plan and feasibility study, and has had discussions with Department of City Development (DCD) staff. Our analysis is based on the information provided.

Tax Incremental District 56 was created in 2004 (Common Council file no. 040639) to assist in the financing of public improvements, riverwalks, restoration and adaptive reuse of certain existing buildings and potential new development in the section of the Historic Third Ward Area bounded by North Broadway, the Milwaukee River, East Erie Street and the Harbor Entrance. The project has undergone several revisions since creation, while not all resolutions provided funding authorization. See Table A for the summary of project budget amendments and funding increases.

Table A - Project Budget Revisions		
File #	Description	Funding
040639	Original project plan – finance public improvements, riverwalks, restoration and adaptive reuse of certain existing buildings and potential new development, including administrative costs.	\$7,000,000
090791	Amendment #1 – approved donation of funds, \$3.7m to TID 35 (27 th / Wisconsin) and \$237,929 to TID 69 (24 th / North) <u>from existing increment.</u>	0
130268	Amendment #2 – approved donation of funds, \$3.7m to TID 58 (20 th / Walnut), \$4.9m to TID 65 (20 th / Brown), and \$1.9m to TID 66 (Metcalf Park Homes) <u>from existing increment.</u> Authorized additional funding for acquisition of former railroad right of way and performance and engineering study of associated railroad structures.	128,000
141264	Amendment #3 – authorized additional funding for riverwalk and streetcar projects, as well business expansion or relocation.	19,935,942
150911	Amendment #4 – approved \$295,000 of dockwall improvements located riverward of the 401 East Erie Street Location, no funding increase required.	0
170497	Amendment #5 – Requests funding authorization to improve public right of way at 401 East Erie Street and complete public improvements at 501 East Erie, including the rehabilitation of a former railroad trestle, including admin costs.	956,659
Total budget		\$28,020,601



As of April 30, 2017, \$11.6 million has been expended in the district, excluding donations and capitalized interest. An additional \$16.6 million (including \$956,659 for the Amendment #5 projects) is planned for remaining projects within the district for total expenditures of \$28.2 million. As shown in Table B, a portion of the remaining \$258,305 within the Erie Street Plaza project budget will be used to offset the \$1.2 million requested for Amendment #5.

Table B - Total TID 56 Budgeted and Expended Amounts			
<u>Description</u>	<u>Budgeted</u>	<u>Expended as of 4/30/2017</u>	<u>Remaining</u>
<u>Current Budget</u>			
Administration	\$125,000	\$143,551	(\$18,551)
Street Improvements	1,750,000	1,330,972	419,028
Marine Terminal Loft/Riverwalk	3,144,428	2,926,577	217,851
Harbor Front Riverwalk	1,793,393	1,736,993	56,400
Streetcar	18,300,000	4,610,957	13,689,043
Erie Street Plaza	1,128,000	869,695	258,305
Business Relocation Grant	400,000	0	400,000
Contingency	423,121	0	423,121
Current Budget Total	27,063,942	11,618,745	15,445,197
<u>Proposed Amend 5</u>			
Erie Street Plaza	(213,982)	0	(213,982)
Erie Street-Trestle Park	1,170,641	0	1,170,641
Total Proposed Amendment 5	956,659	0	956,659
Budget Total	\$28,234,583	\$11,618,745	\$16,615,838

Is This Project Likely to Succeed?

The feasibility study for this amendment forecasts the TID will amortize its \$28.2 million of debt in 2020 after receipt of the 2019 levy, well before the district’s mandatory termination of 2031. From a financial perspective, we find the feasibility analysis to be reasonable based on our analysis.

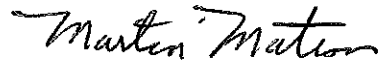
Is the Proposed Level of City Financial Participation Required to Implement the Project?

The additional \$956,659 will be used for the purpose of the public right of way and railroad trestle rehabilitation improvements. Without approval of this amendment the City would need to use other funding sources to cover these project costs.

Conclusion

Based on the feasibility study, it appears that TID 56 can support the debt service related to current and proposed expenditures within the district. Should you have any questions regarding this letter, please contact Joshua Benson at 2194.

Sincerely,

A handwritten signature in black ink that reads "Martin Matson". The signature is written in a cursive style with a prominent initial "M".

Martin Matson
Comptroller

MM/JB

C: Alyssa Remington, Lori Lutzka