



Office of the Comptroller

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

Michael J. Daun  
Deputy Comptroller

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

Craig D. Kammholz  
Special Deputy Comptroller

September 4, 2008

Members of the Zoning, Neighborhoods  
& Development Committee  
200 East Wells Street, Room 205  
Milwaukee, WI 53202

RE: File 080541 – TID 68: Fifth Ward/First Place

Dear Committee Members:

File 080541 is the first amendment to TID 68, Fifth Ward/First Place, which was created in November 2006. The amendment essentially reduces the overstated base value of the TID, by replacing the 2007 value of the First Place condominium project and replacing it with its current 2008 value.

TID 68 consists of 6 parcels with an assumed 2007 base value of \$28.6 million. The actual 2007 base value is \$56.5 million, which includes the market value of completed condominium units of the First Place project. The 2008 assessed value of the TID is now \$32.2 million, which reflects the value of construction completed of the First Place project as many of the units were unfinished in 2008. With the base value significantly greater than the TID's current assessed value, the TID will not recover project costs of \$4.8 million over the 27 year term of the TID.

By lowering the base value from \$56.5 million to \$32.2 million<sup>1</sup>, the amendment allows the TID to feasibly recover project costs. Initially the TID was projected to recover project costs in 2024, the 17<sup>th</sup> year of the TID. Based on DCD's projections, the TID, as amended, is projected to recover project costs in 2029, the 22<sup>nd</sup> year of the TID. Two alternatives to amending the TID are to amend the 2007 tax rolls and rebate 2007 taxes back to the property owner, or do nothing and allow the tax levy to cover the debt service for the TID's project costs. Neither of these alternatives is desirable, as each has a significant tax levy impact.

To date, \$2.5 million of the \$4.1 million<sup>2</sup> of project costs has been expended. While most of the First Place improvements are in place, most of the Fifth Ward infrastructure improvements have yet to be placed in service. As private financing has yet to be obtained for the completion of the First Place project, a potential risk is that the TID would incur additional project costs that couldn't

<sup>1</sup> Technically the base year is still 2007 on the other properties in the district, while the new First Place property will be added back in at 2008 value.

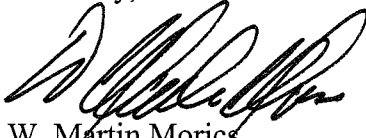
<sup>2</sup> The table excludes approximately \$800,000 of project costs for future Seeboth riverwalk and dockwall

be recovered through the TID should the project not be completed. Currently, it is DCD's intent to move forward with the project plan as initially proposed to help support sales of the First Place condominiums. However, DCD plans on making a final decision on the Fifth Ward infrastructure improvements in the Spring of 2009, which will allow additional time for condominium sales.

<u>Description</u>	<u>Budget</u>	<u>Expended &amp; Committed</u>	<u>Remaining</u>
<b>First Place (106-16 W. Seeboth St)</b>			
Riverwalk	2,073,541	1,985,711	87,830
Dockwall	440,675	435,886	4,789
Future Riverwalk (100-06 E. Seeboth)	420,000	54,663	365,337
<b>Fifth Ward</b>			
South First Street Paving	623,000	36,803	586,197
Street Lighting (harps, lanterns, bridge lighting)	217,500		217,500
Traffic Signals	19,500		19,500
Water	15,000		15,000
Forestry	20,000		20,000
Contingency	223,750		223,750
<b>TID 68 Total</b>	<b>4,052,966</b>	<b>2,513,063</b>	<b>1,539,903</b>

Given that the amendment improves the feasibility of the TID as the "least cost" option for the taxpayer and allows DCD to assess the status of the First Place project prior to committing addition resources as called for in the project plan, it is recommended that the Committee approve this TID amendment. Should you have any questions regarding this letter, please feel free to contact me.

Sincerely,



W. Martin Morics  
Comptroller

Cc: Jim Scherer, Dan Cassanova  
CDK/9-4-08