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Office of the Comptroller

July 11, 2014

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

RE: File 140437 TID 74 – N. 35th & Capitol Drive

Committee Members:

On April 2, 2014, Wisconsin Act 183 (the Act) was passed, permitting municipalities to request the Department of Revenue to reset the base value of a TID to its current value. A reset is allowed when a district has experienced a decline in value below the base of at least 10% for two consecutive years. File 140437 would request DOR redetermine the base value of TID 74 (Century City) to its current value and approve the Project Plan amendment and related feasibility study. We have reviewed the project plan and feasibility study and are basing our analysis on this information as well as discussions with DCD and City Attorney staff.

Tax Incremental District 74 was created in 2009 with a base of \$89.1 million. The current (2013) valuation of the district is \$63.3 million, a gap of \$25.8 million. Since its creation, the district has not had a positive incremental valuation.

Pursuant to the Act, the project plan must specify that the city expects to recover all project costs within 90% of the district's remaining life which equates to 19 years for this TID. To recover the current lifetime-to-date expenditures of \$16.7 million plus interest, the district will need to generate \$1.3 million of annual revenue. Based on DCD's feasibility study, which includes an additional \$4 million in future costs, annual revenue of \$1.6 million is needed to break even.

We recommend the approval of File 140437 to reset the base value of TID 74. Without this amendment, TID 74 will have to achieve approximately \$25.8 million of incremental valuation before it can realize its first dollar of revenue. We agree that this amendment meets the Act requirements and increases the likelihood that the district will break even by eliminating the gap.

Should you have any questions regarding this letter, please contact Rocky Wruck of my staff at 2304.

Sincerely,

Martin Matson
Comptroller

MM/RJW

Cc: Rocky Marcoux, Lori Lutzka