



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

July 15, 2009

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

RE: File 090331 TID 22 Beer Line "B" Amendment

Dear Committee Members:

File 090331 is the second amendment to the boundary of Tax Incremental District (TID) 22 – Beer Line "B". The amendment extends the TID boundary to include the Schlitz Rivercenter and the properties at 1701–1721 North Water Street. The amendment would allow for the reconstruction of 1,121 linear feet of riverwalk at Schlitz Rivercenter and the future construction of 592 linear feet of riverwalk at 1701 – 1721 North Water Street. The amendment authorizes the expenditure of an additional \$3.5 million for these projects. This is the third amendment/adjustment to the TID since TID 22 was established in 1993. This amendment brings the total project plan, life-to-date, to \$31.2 million (including capitalized interest). Project costs per this amendment are as follows:

Rivercenter riverwalk	\$ 915,000
North Water Street riverwalk	2,00,000
Administration	300,000
Capitalized Interest	<u>321,500</u>
Total Uses	\$3,536,500

**Are the Proposed TID Expenditures Likely to be Successfully Recovered?**

As an amendment to an existing TID, analyzing the success or feasibility of the District must account for the shortened time horizon for recovering project costs. The 27<sup>th</sup> year, or maximum life, of the TID is 2020. Accounting for debt service for already expended project costs and project costs yet to be expended, plus carrying costs, it is projected that the TID will recover in 2015, the 22<sup>nd</sup> year of the TID.

**Are the Proposed Public Improvement's Necessary for Private Development to Proceed?**

In terms of the riverwalk reconstruction adjoining the Schlitz Rivercenter, there is no doubt that this riverwalk improvement will enhance the attractiveness of the area, but as the Schlitz Rivercenter already exists, it is uncertain whether it will spur any additional development. As for the riverwalk associated with the 1701-1721 North Water Street site, the decision to proceed with that

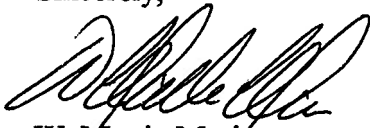
riverwalk investment will be brought back to the Committee at the time a project for the site is proposed. The necessity for TIF financing for that project will be addressed at that time.

**Conclusions and Recommendations**

Given the substantial incremental value of TID 22 we conclude that it is highly likely that the TID will recover the additional \$3.5 million in project costs and capitalized interest. We also conclude that it is unforeseen whether the reconstruction of the Schlitz Rivercenter riverwalk will result in additional development as the Schlitz Rivercenter already exists. In addition, we conclude that the necessity of TIF financing for the 1701-1721 North Water Street site cannot be addressed at this time.

Should the Committee choose to approve this amendment to TID 22 we recommend that the resolution and project plan be amended to include \$321,500 of capitalized interest. We also recommend that the development agreement for the riverwalk at Schlitz Rivercenter specify that loan portion of the TIF assistance, which is 30% of the \$915,000 project, be disbursed upon the successful creation of a BID which will assume the repayment of the loan. With these modifications, we do not oppose this amendment to TID 22.

Sincerely,



W. Martin Morics  
Comptroller

Cc Richard Marcoux  
Jim Scherer

CDK/7-15-09