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

RE: File 250734, TID 53 Menomonee Valley Business Park
Amendment 4

Dear Committee Members:

File 250734 would approve Amendment 4 to the project plan for Tax Incremental District (TID) 53, Menomonee Valley Business Park (the "District"), along with a corresponding project plan and term sheet. The Comptroller's Office has reviewed the project plan with feasibility study and has had discussions with Department of City Development (DCD) staff. The Comptroller's Office analysis is based on the information provided.

TID Background

The District was created in 2003 to fund public improvements and promote economic development to eliminate blight, generate new employment, increase the property tax base, provide improved access to open space and recreation areas, and revitalize the general economy in the Menomonee Valley and adjacent residential neighborhoods. The total authorized budget for the District to date is \$26,000,000.

Amendment 4 would authorize an additional \$750,000 in spending in the existing TID 53 boundaries or within a half-mile of the district. Total estimated expenditures added in the amendment include \$600,000 toward commercial property renovation and \$150,000 will be provided to fund infrastructure and environmental issues.

The table on the following page shows a summary of project budget amendments and funding increases for the District.

Initial TID Subtotal	\$20,800,000
Environmental Capping - Ingeteam Parcel	\$1,000,000
Subtotal Original Plan	\$21,800,000
Amendment #1	
Additional capping and geotechnical activities	\$900,000
Subtotal Original + Amendment 1 Amendment #2	\$22,700,000
Additional capping and geotechnical activities	\$1,300,000
Subtotal Original + Amendment 1 + 2 Amendment #3	\$24,000,000
Additional capping and geotechnical activities	\$2,000,000
Subtotal Original + Amendment 1 + 2 + 3	\$26,000,000
Amendment #4	
Commercial Corridor Investment	\$600,000
Infrastructure and Environmental Issues	\$150,000
Estimated Total Cost of Amended Plan	\$26,750,000

Is This Project Likely to Succeed?

DCD's feasibility study, which uses a constant 2.2216% property tax rate and 1% annual property appreciation rate over the life of the TID, forecasts that the City will fully recover the \$750,000 plus interest in 2029 after receipt of the 2028 levy (year 26 of the District). However, if the tax rate does not remain constant or property appreciation is not realized, the City may not recover the entire \$750,000 plus interest during the standard life of the district. This risk is mitigated by the relatively short repayment period and fiscally conservative assumptions in the feasibility study.

Sensitivity Analysis

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

If full repayment is not reached by 2030, the City has the option to extend the life of TID 53 by four years, re-allocate proceeds from TID districts exceeding expectations, or for the City to become responsible for any remaining debt.

Sensitivity Analysis	
Percentage of Projected Revenue	District Payback Year
90%	2030*
95%	2030*
100% (Base Case)	2030
105%	2029
110%	2028

* 2030 is the final year of the TID unless an extension is filed. The City would not fully recover the investment, plus interest, in this scenario.

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

This proposed amendment allows the City to provide incentives for commercial property renovation and to fund infrastructure and environmental issues within the District. Without approval of this amendment, the City would need to use other funding sources to cover these costs.

Conclusion

Based on the feasibility study, it appears that the District will generate enough incremental revenue to support the proposed improvements and development incentives.

Should you have any questions regarding this letter, do not hesitate to contact Jesse Hagen at extension 5839.

Sincerely,



Bill Christianson, CPFO
Comptroller

CC: Alyssa Remington, Charles Roedel

BC:JH