

2006

ANNUAL REPORT

**MILWAUKEE TAX INCREMENTAL
FINANCE DISTRICTS**

Department of City Development
May, 2007

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 - **To access this information, go to:**
www.mkedcd.org/business/TIF



Department of City Development

Housing Authority
Redevelopment Authority
City Plan Commission
Historic Preservation Commission
NIDC

Rocky Marcoux
Commissioner

Martha L. Brown
Deputy Commissioner

DATE: April 26, 2007

TO: Members of the Joint Review Board for Milwaukee Tax Incremental Districts

Mark Nicolini, City of Milwaukee
Robert Dennik, Milwaukee County
Michael Sargent, Milwaukee Area Technical College
Ron Vavrik, Milwaukee Public Schools
Kathryn West, Citizen Member

FROM: Rocky Marcoux, Commissioner 

SUBJECT: 2006 Annual Report of Milwaukee's Tax Incremental Finance Districts

Enclosed is the Annual Report of Milwaukee's Tax Incremental Districts for the year ended December 31, 2006.

The report is presented in two sections:

- I. Financial overview of each district, including summary project costs, revenues and estimated year of district close-out.
- II. Project accomplishments for each district. Given the extent of this section, and recognizing that persons may not wish to review all of this data, this information may be accessed for each District at www.mkedcd.org/business/TIF.

At this time, Milwaukee has 48 tax incremental districts. In 2006, and up to the date of this report, six new districts were created: Falk/Rexnord (TID 63); Direct Supply (TID 64); N. 20th & W. Brown Streets (TID 65); Metcalfe Homes (TID 66); The Brewery (TID 67); and First Place Lofts (TID 68).

The total incremental property value in all districts was approximately \$878 million, down from \$921 million last year, following the close-out of five districts. This represents approximately 2.7% of the City's total 2006 property value.

Project costs to be recovered through future tax increments, including interest on bonds sold, or to be sold, and funds advanced by developers through “pay as you go” districts, are now estimated at \$367 million (net of surpluses from closed-out districts) – up from \$268 million last year.

The average estimated payback period for all active Milwaukee TID’s remains 19 years.

Two districts continue to generate insufficient revenue to retire their debt: Florida Yards (TID 20) and North Avenue Commerce Center (TID 21)—despite having received donations from TID 5 to strengthen their finances. Additional donations may be required to restore the solvency of these districts.

Finally, a summary of the districts expected to close-out in the near future year is as follows:

District No.	District Name	Projected Close-Out Year	2006 Incremental Property Value
32	King Drive	2007	\$ 7,458,100
25	Calumet Woods	2007	\$12,277,500
36	Granville Park	2007	\$46,055,200
24	Riverworks	2008	\$32,324,900
34	Third Ward Riverwalk	2009	\$31,240,000
45	Wilson Commons	2010	\$35,702,200

We will be pleased to answer any questions you may have.

Enclosure

- **Section I – Overview of Milwaukee Tax Incremental Finance Districts:**

SECTION I: 2006 FINANCIAL OVERVIEW OF MILWAUKEE TAX INCREMENT DISTRICTS.

	14	15	17	18	20	21	22	23	24	25	27	28	30	32
1 DISTRICT NO.														
2 DISTRICT NAME	Historic Klug, Pl.	27th & North Ave.	Curry-Pierce	New Covenant	Florida Yards	North Ave. Jobs Bank	Baseline "B"	City Hall Square	Riverworks Indust. Ctr.	Calumet Woods	Clarks Sq. Mega Mart	City Homes	Westtowne Library Hill	King Dr. & Walnut
3 YEAR CREATED	1990	1991	1992	1992	1993	1994	1993	1994	1994	1994	1995	1995	1996	1996
4 DATE PLAN APPROVED	7/10/90	3/26/91	6/16/92	9/17/92	7/27/93	12/22/93	12/22/93	3/6/94	6/28/94	6/28/94	4/25/95	6/19/95	4/2/98	9/24/98
5 BASE PROP. VALUE	\$314,300	\$608,600	\$663,160	\$120,300	\$3,025,100	\$1,709,900	\$7,761,700	\$4,853,800	\$23,488,700	\$369,200	\$1,669,800	\$1,017,400	\$14,086,000	\$2,549,300
6 PROPERTY VALUE - 2006	2,505,300	4,819,900	3,566,300	3,618,200	14,516,000	\$8,131,700	\$113,151,200	\$26,664,100	\$55,813,600	12,646,700	16,306,400	11,904,400	32,177,300	10,007,400
7 INCREMENTAL VALUE - 2006	2,191,000	4,211,300	2,903,200	3,497,900	11,490,900	\$6,421,800	\$105,389,500	\$21,810,300	\$32,324,900	\$2,277,500	14,636,600	10,887,000	18,111,300	7,458,100
8 INCREMENTAL VALUE - 2016	\$2,191,000	4,173,500	2,605,700	3,190,000	\$9,103,800	\$5,472,300	\$81,889,800	\$19,982,300	\$25,622,400	\$11,435,000	13,488,100	9,875,900	\$12,213,800	6,385,200
9 % CHANGE IN INCREM. VALUE OVER 2006	0%	1%	11%	10%	26%	17%	29%	10%	26%	7%	9%	10%	48%	17%
10 CAPITAL COST THRU 2006	412,760	1,886,005	761,770	649,959	5,295,052	3,168,619	18,488,979	4,965,460	3,947,044	1,857,699	2,819,485	2,037,993	7,487,644	916,737
11 Other Costs (Inv)						218	1,465	9,777	11,864		261		261	
12 Interest thru 2006	202,622	724,753	311,134	341,032	914,135	849,147	3,278,772	1,721,640	936,510	555,633	1,060,719	886,458	2,717,706	211,647
13 Carrying cost (earnings) thru 2006	172,908	97,578	144,375	30,920	472,862	289,113	287,500	502,964	(748,745)	(49,320)	347,280	141,875	1,078,253	(108,059)
14 PROJECT COST THRU 2006	788,290	2,509,137	1,207,279	1,021,911	6,583,049	4,277,097	22,056,706	7,219,741	4,142,463	2,158,012	4,227,464	2,866,326	11,293,864	1,014,325
15 Interest 2007 to maturity														
16 Est. Future Prof. Costs/Donations	5,955	82,288	37,811	102,688	326,638	703,338	3,432,766	824,275	1,355,744	182,190	245,355	324,580	1,078,891	169,573
17 Interest on Future Borrowing						0	7,894,931	0	0	0	0	0	0	0
18 EST. COST PLUS INTEREST	794,235	2,591,425	1,245,090	1,124,699	7,009,687	4,980,435	37,228,082	7,944,016	5,498,207	2,340,202	4,472,819	3,190,905	12,372,755	1,183,898
19 Less: Income, Donations Receiv.			46,431	6,649	2,259,600	855,813	1,670,658	922,249	278,164		1,174	2,355	7,432,234	590,374
20 Plus: increase in Principal Pmt's	(2,075)	2,349	493	1,936	2,929	12,171	121,745	77,604	15,103	9,589	31,628	26,555	95,338	9,708
21 COST TO BE RECOVERED THRU TAX INCREMENTS	792,160	2,593,774	1,199,152	1,119,886	4,753,016	4,136,793	35,677,169	6,998,371	5,232,146	2,349,601	4,503,273	3,215,106	5,835,859	613,232
22 Tax Increments Levied Thru 2006	555,598	1,520,605	760,615	632,009	1,133,485	1,140,554	9,108,722	3,644,371	4,767,876	2,515,438	2,946,751	1,620,898	1,577,161	1,101,595
23 Less: Donations due to other TID's														
24 NET TO BE RECOVERED AFTER 2008 LEVY	236,564	1,073,169	438,537	487,877	3,619,531	2,996,239	26,568,447	3,355,000	464,270	(168,639)	1,558,522	1,694,208	3,458,698	(488,363)
25 Est. Annual Tax Increments	56,000	95,000	65,000	75,000	280,000	140,000	3,000,000	480,000	710,000	279,000	320,000	240,000	400,000	155,000
26 MAXIMUM LEGAL LIFE	2017	2018	2018	2019	2020	2020	2020	2021	2021	2021	2021	2022	2023	2023
27 EST. YRS. TO RECOVER COST	5	11	7	7	15	22	9	8	1	0	5	7	9	0
28 EST. CLOSE-OUT	2012	2018	2014	2014	2022	2029	2016	2015	2008	2007	2012	2014	2016	2007
29 EST. PAY-BACK PERIOD	22	27	22	22	29	35	23	21	14	13	17	18	20	11

District Codes

1	DISTRICT NO.	34	35	36	37	38	39	40	41	42	44	45	46	47	48
2	DISTRICT NAME	Third Ward Riverwalk	27th & Wisconsin	Granville Park	Grand Avenue	S. 5th St. & W. Grange	City Center Hilton	West North Ave.	Time Warner Manpower	MiTTowne Center	Lindsay Heights	Wilson Commons	New Arcade	875 East Wisconsin	Park East III
3	YEAR CREATED	1997	1998	1998	2000	2000	2000	2000	2000	2001	2001	2001	2001	2002	2002
4	DATE PLAN APPROVED	9/23/1997	2/10/1998	4/7/1998	6/22/1999	4/11/2000	9/6/2000	9/6/2000	9/22/2000	11/28/2000	6/18/2001	8/5/2001	9/5/2001	3/6/2002	3/6/2002
5	BASE PROP. VALUE	\$5,787,400	\$2,240,700	\$1,618,900	\$60,317,400	\$200	\$23,983,400	\$3,929,900	\$10,021,400	\$7,118,300	\$36,985,400	\$1,526,700	\$14,759,500	\$21,131,600	\$45,325,600
6	PROPERTY VALUE - 2005	37,028,200	1,883,000	47,874,100	133,726,000	29,800	\$49,478,900	16,164,600	66,726,700	70,702,100	\$74,026,900	\$37,228,900	\$52,077,700	\$44,531,900	\$58,650,600
7	INCREMENTAL VALUE - 2006	31,240,900	(357,700)	46,055,200	71,408,600	29,600	25,815,500	12,234,800	58,705,300	63,563,900	37,081,500	35,702,200	37,348,200	23,400,100	11,324,900
8	INCREMENTAL VALUE - 2005	27,724,300	(487,000)	39,085,200	\$0	\$0	\$22,233,600	\$9,409,600	\$38,624,700	\$53,020,500	18,227,800	6,301,000	35,538,900	18,887,100	5,415,100
9	% CHANGE IN INCREM. VALUE OVER 2005	13%	na	18%	32%	0%	15%	45%	47%	20%	103%	467%	5%	25%	108%
10	CAPITAL COST THRU 2006	3,743,915	2,273,921	3,020,818	19,817,331	0	6,265,422	1,729,980	18,219,182	7,878,768	4,117,813	1,423,000	6,414,035	2,328,962	17,082,006
11	Other Costs (incl. Interest thru 2006)	681,089	439,657	826,788	5,584,223	880,000	1,073,122	256,818	7,902,655	2,130,325	4,387	10,000	673,433	264,922	1,331,973
12	Carrying cost (earnings) thru 2006	(159,264)	108,098	(335,660)	(447,962)	523,935	40,542	0	9,748,809	0	50,879	7,347	74,603	15,643	(318,575)
13	PROJECT COST THRU 2006	4,244,720	2,821,875	3,511,946	24,953,992	0	6,343,544	2,027,341	18,895,619	9,100,584	4,713,110	1,785,685	7,162,071	2,609,547	18,084,404
14	Interest 2007 to maturity	1,016,910	738,782	548,915	6,274,197	880,000	1,936,198	393,419	7,902,655	2,130,325	325,740	114,412	2,715,633	1,363,559	8,377,215
15	Est. Future Proj. Costs/Donations	0	0	0	0	523,935	0	0	7,620,675	0	0	0	0	0	2,880,889
16	EST. COST PLUS INTEREST	5,263,630	3,560,458	4,061,861	31,228,189	1,403,935	8,279,742	2,420,760	43,985,757	11,230,909	5,038,850	1,900,097	9,877,604	3,973,106	30,865,684
17	Less: Income, Donations, Receipts	18,222	20,560	48,433	3,802,329	0	0	7,043	0	0	41,839	0	409,722	0	0
18	Plus: Increase in Principal Payments	0	0	0	153,735	0	0	0	0	11,634	0	0	(1,982)	0	0
19	COST TO BE RECOVERED THRU TAX INCREMENTS	5,282,852	3,581,018	4,110,294	27,578,595	1,403,935	8,279,742	2,427,803	43,985,757	11,242,743	4,995,911	1,940,097	9,465,900	3,973,106	30,865,684
20	Tax Increments Levied Thru 2008	4,310,656	9,833	5,651,635	7,529,345	0	2,882,845	1,065,927	4,759,968	4,463,788	1,671,126	1,271,853	2,289,423	1,505,117	453,412
21	NET TO BE RECOVERED AFTER 2006 LEVY	971,996	3,571,185	(1,541,341)	20,050,250	1,403,935	5,396,897	1,360,876	39,205,789	6,778,954	3,325,785	688,244	7,196,477	2,467,989	30,412,282
22	Est. Annual Tax Increments	685,000	NE	950,000	1,600,000	99,000	540,000	270,000	2,269,000	1,400,000	865,000	325,000	820,000	515,000	3,600,000
23	Less: Donations due to other TID's	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	MAXIMUM LEGAL LIFE	2024	2025	2021	2026	2023	2015	2027	2027	2027	2028	2028	2028	2028	2029
25	EST. YRS. TO RECOVER COST	2	NE	0	13	17	9	5	19	5	4	3	9	5	10
26	EST CLOSE-OUT	2009	2025	2007	2020	2024	2015	2012	2026	2012	2011	2010	2016	2012	2016
27	EST PAY-BACK PERIOD	12	27	9	20	24	15	12	26	11	10	8	15	10	14
28															

	49	50	51	52	53	54	55	56	57	58	59	60	61	62
DISTRICT NO.	49	50	51	52	53	54	55	56	57	58	59	60	61	62
DISTRICT NAME	Cathedral Place	Solar Paints	Granville Station	Aldrich Chemical	Menominee Valley Shops	Stadium Business Pk	Holt Plaza	Erie/Jefferson Riverwalk	Menom. Valley East, Harley	20th & Walnut	Bronzeville	Intermodal Pass. Station	Chase Commerce Ctr.	DRS Power & Technology
YEAR CREATED	2002	2002	2003	2003	2004	2004	2004	2004	2005	2005	2005	2005	2005	2006
DATE PLAN APPROVED	3/5/2002	8/13/2002	12/19/2002	6/24/2003	11/25/2003	4/13/2004	4/13/2004	9/23/2004	11/23/2004	7/8/2005	9/27/2005	9/27/2005	9/27/2005	10/13/2005
BASE PROP. VALUE	\$2,052,700	\$300	\$10,048,700	\$10,225,900	\$4,752,300	\$1,148,000	\$10,056,000	\$8,866,800	\$0	\$4,753,200	\$46,021,500	\$2,212,900	\$4,089,700	\$2,842,000
PROPERTY VALUE - 2008	\$47,853,900	\$2,482,600	\$20,357,300	\$24,757,600	\$5,363,600	\$8,446,000	\$25,267,700	\$77,975,500	\$828,200	\$4,821,300	\$51,352,800	\$933,700	\$4,646,300	\$2,842,000
INCREMENTAL VALUE - 2008	45,801,200	2,482,300	10,308,600	14,531,600	611,300	7,298,000	15,211,700	69,016,900	828,200	68,100	5,334,300	(1,279,200)	556,600	0
INCREMENTAL VALUE - 2005	38,336,500	1,668,200	6,733,700	11,480,700	337,600	4,111,700	318,900	10,287,700	NA	NA	NA	NA	NA	NA
% CHANGE IN INCREM. VALUE OVER 2005	19%	49%	53%	27%	81%	77%	4876%	571%	NA	NA	NA	NA	NA	NA
CAPITAL COST THRU 2008	21,115,000	760,000	4,908,166	4,796,941	15,287,765	2,854,107	0	1,862,683	0	1,034,837	17,350	304,908	0	0
Other Costs (net)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest thru 2008	2,982,960	0	169,164	480,129	342,868	40,304	0	9,497	0	13,976	0	0	0	0
Carrying cost (estimated thru 2008)	(1,200,222)	0	4,188	0	414,966	117,391	0	5,322	0	(25,758)	866	0	0	0
PROJECT COST THRU 2008	22,897,728	760,000	5,081,517	5,277,070	16,027,609	2,811,772	0	1,880,472	0	1,022,655	18,216	304,908	0	0
Interest 2007 to maturity	7,470,000	0	1,435,914	3,747,134	7,460,579	1,459,965	0	0	0	762,903	0	0	0	0
Est. Future Proj. Costs/Donations	203,059	730,235	169,164	480,129	342,868	40,304	1,800,000	5,134,347	8,075,000	1,177,545	3,479,184	5,945,092	500,000	1,700,000
Interest on Future Borrowing	30,367,728	760,000	6,507,431	9,333,918	24,601,961	5,003,852	2,689,000	2,152,100	7,156,048	614,091	2,071,856	4,617,883	0	1,522,000
EST. COST PLUS INTEREST	30,367,728	760,000	6,507,431	9,333,918	24,601,961	5,003,852	2,689,000	9,166,919	15,231,048	3,576,994	5,689,056	10,917,800	500,000	3,222,000
Less: Income, Donations, Receipts	2,644,155	0	0	0	6,324,000	0	0	0	0	0	0	0	0	0
Plus: Increase in Principal Payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
COST TO BE RECOVERED THRU TAX INCREMENTS	27,723,573	760,000	6,507,431	9,333,918	18,277,961	5,003,852	2,689,000	9,166,919	15,231,048	3,576,994	5,689,056	10,917,800	500,000	3,222,000
Tax Increments Levied Thru 2008	2,833,857	170,821	468,947	600,480	21,713	261,195	343,003	1,772,081	19,251	1,501	117,489	0	0	0
Less: Donations due to other TID's	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET TO BE RECOVERED AFTER 2008 LEVY	25,689,716	589,179	6,038,484	8,733,438	16,256,248	4,742,657	2,345,997	7,394,838	15,212,797	3,575,493	5,451,567	10,917,800	500,000	3,222,000
Est. Annual Tax Increments	1,935,000	54,000	400,000	320,000	1,000,000	230,000	335,000	1,620,000	400,000	175,000	250,000	500,000	NE	145,000
[Incl. Pkg. Rev.]	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MAXIMUM LEGAL LIFE	2029	2020	2020	2020	2030	2031	2031	2031	2032	2032	2032	2032	2015	2032
EST. YRS. TO RECOVER COST EST. CLOSE-OUT	13	11	16	14	19	21	7	5	24	22	16	26	9	27
EST PAY-BACK PERIOD	18	16	20	18	21	24	10	8	24	22	16	26	9	27

	63	64	65	66	67	68	Total
1 DISTRICT NO.	63	64	65	66	67	68	Total
2 DISTRICT NAME	Fair/Rexnord	Direct Supply	N. 20th St. & W. Brown	Miscalls Homes	The Brewery	First Place Lofts	
3 YEAR CREATED	2006	2006	2006	2007	2007	2007	
4 DATE PLAN APPROVED	4/11/2006	7/31/2006	9/26/2006	12/12/2006	12/12/2006	12/12/2006	
5 BASE PROP. VALUE	\$4,815,300	\$13,003,800	\$2,247,924	\$44,276,900	\$8,022,700	\$28,696,300	\$504,748,424
6 PROPERTY VALUE - 2006	\$4,815,300	\$13,003,800	\$2,247,924	\$44,276,900	\$8,022,700	\$28,696,300	\$1,362,443,124
7 INCREMENTAL VALUE - 2006	0	0	0	0	0	0	877,694,700
8 INCREMENTAL VALUE - 2005	NA	NA	NA	NA	NA	NA	\$609,042,800
9 % CHANGE IN INCREM. VALUE OVER 2005	NA	NA	NA	NA	NA	NA	
10 CAPITAL COST THRU 2006	0	0	0	0	0	0	\$200,029,585
11 Other Costs (net)							\$63,352
12 Interest thru 2006							\$32,384,401
13 Carrying cost (earnings) thru 2006							\$1,134,492
14 PROJECT COST THRU 2006	0	0	0	0	0	0	\$233,611,830
15 Interest 2007 to maturity							\$64,898,564
16 Est. Future Prof. Cost/Donations	1,500,000	13,350,000	3,250,000	1,475,000	29,002,271	4,403,000	\$163,407,161
17 Interest on Future Borrowing	0	16,225,000	2,347,800	966,400	12,666,903	2,310,315	\$47,990,198
18 EST. COST PLUS INTEREST	1,500,000	29,575,000	5,597,800	2,041,400	41,669,174	6,713,315	\$469,486,713
19 Less: Income, Donations, Receipts, Plus: Increases in Principal Paym'ts							\$27,277,846
20 COST TO BE RECOVERED THRU TAX INCREMENTS	1,500,000	29,575,000	5,597,800	2,041,400	41,669,174	6,713,315	\$442,208,867
21 Tax Increments Levied Thru 2006							\$75,690,984
22 Less: Donations due to other TID's							
23 NET TO BE RECOVERED AFTER 2006 LEVY	1,500,000	29,575,000	5,597,800	2,041,400	41,669,174	6,713,315	\$366,517,883
24 Est. Annual Tax Increments	na						
25 MAXIMUM LEGAL LIFE	2033	2033	2033	2034	2034	2034	
26 EST. YRS. TO RECOVER COST	15	27	23	17	22	17	
27 EST CLOSE-OUT	2021	2033	2028	2023	2028	2024	Averages
28 EST PAY-BACK PERIOD	15	27	23	17	22	17	15

LINE ITEMS TO 2006 TAX INCREMENTAL DISTRICT

STATUS REPORT

- Lines 4-8 Source: Wisconsin Department of Revenue and the Milwaukee Assessment Commissioner's Office.
- Lines 9-13 Source: Unaudited financial statements for Milwaukee Tax Incremental Finance Districts as of December 31, 2006. Carrying costs in line computed by Comptroller's office based on tax levies reported for each TID and the Wisconsin Local Government Investment Pool interest rates.
- Line 14-15 DCD current estimate of cost to complete projects, and estimated interest on future borrowing.
- Lines 17-21 Source: Unaudited financial statements for Milwaukee Tax Incremental Finance Districts as of December 31, 2006.
- Line 22 Source: DCD estimate based on most recent year's tax incremental revenue for districts for which project activities are complete and forecasts for districts which are not completed.
- Line 23 Donations due TID's 20, 21, and 30 per Amendment to TID 5.
- Line 24 The remaining life of the district if it continues in existence for the legal limit – per statute as of 12/31/2006.
- Line 25 The estimate of years to recover costs based upon anticipated future tax incremental revenues generated.
- Line 26 Estimate of year in which City may dissolve district, collect final levy, and recover all project costs.

- **Section II – Project Description and Accomplishments for each District**

- **To access this information, go to:**

www.mkedcd.org/business/TIF