

AMENDMENT NO. 1 TO PROJECT PLAN
FOR
TAX INCREMENTAL DISTRICT NO. 54
(Stadium Business Park)
CITY OF MILWAUKEE

Initial Joint Review Board Meeting: November 15, 2016

Public Hearing Held: November 17, 2016

Redevelopment Authority Approved:

Common Council Approved:

Joint Review Board Approved:

**AMENDMENT NO. 1 TO PROJECT PLAN FOR TID 54
(Stadium Business Park)**

BACKGROUND

Wis. Stat. 66.1105 (4)(h)(1) permits the Redevelopment Authority of the City of Milwaukee (“**RACM**¹”), subject to the approval of the City of Milwaukee’s (“**City**”) Common Council, to amend the project plan for a tax incremental financing district. Wis. Stat. 66.1105 (6)(f) allows a project plan to be amended so that a donor district can allocate positive tax increments to another district.

The City created Tax Incremental District No. 54 (Stadium Business Park) (the “**Stadium TID**”) on April 13, 2004 (City Common Council Resolution 031578) for the purposes of (i) facilitating redevelopment of the former Ampco Metal foundry site at South 38th and West Mitchell Streets, including construction of four multi-tenant light-industrial and distribution facilities, (ii) promoting employment opportunities with family-supporting wages, and (iii) increasing the property tax base of the community.

To date, the Stadium TID has incurred \$4 million in project costs, including interest on debt and associated carrying charges. It has generated approximately \$4.5 million of incremental revenue.

As contemplated and allowed by Wis. Stat. 66.1105 (6)(f), this Amendment No. 1 to the Project Plan for TID 54 will allow the Stadium TID to donate funds (allocate positive tax increments generated by the Stadium TID) to another TID, Tax Incremental District No. 59 (Bronzeville) (the “**Bronzeville TID**”).

The Bronzeville TID has incurred substantial costs for the redevelopment of the City’s largest African American cultural and entertainment district, but has generated little incremental revenue.

Wis. Stat. 66.1105 (6)(f) allows the donation from the Stadium TID to the Bronzeville TID because:

- The Stadium TID has not yet terminated (its statutory termination date is 2031) and RACM created both the Stadium TID (RACM Resolution No. 9591) and the Bronzeville TID (RACM Resolution No. 9753) (66.1105 (6)(f)1).
- The donor Stadium TID and the recipient Bronzeville TID have the same overlying taxing jurisdictions (66.1105 (6)(f)1.a.).
- The Joint Review Board will have had to have approved the donations (allocation of tax increments) per 66.1105 (6)(f)1.b.

¹ RACM is the planning commission per Wis. Stat. 66.1105 (2)(e) and 66.1105 (3)(f).

- The donations from the Stadium TID to the Bronzeville TID (the allocations of tax increments) that will be made hereunder are allowable under 66.1105 (6)(f)2.b. because the recipient Bronzeville TID was created upon a finding, contained in City Common Resolution No. 050395, that not less than 50% by area of the real property within the Bronzeville TID was blighted or in need of rehabilitation. See also RACM Resolution No. 9753, and the Project Plan for the Bronzeville TID.
- Allocations of positive tax increments (donations) from the donor Stadium TID cannot, and will not, be made until and unless the Stadium TID has first satisfied all of its current year debt service and project cost obligations per 66.1105 (6)(f)3. The Stadium TID has satisfied all of its current year (2016) debt service and project cost obligations.
- The City will not request or receive under 66.1105 (7)(am)2 an extension for the life of the donor Stadium TID. Wis. Stat. 66.1105 (6)(f)4.

The process of donating funds from one TID to another is accomplished by the adoption of an amendment to the donor TID's Project Plan. Wis. Stat. 66.1105 (6)(f)1 and 66.1105 (4)(h). Amendment is subject to approval by RACM, the City Common Council, and the Joint Review Board. 66.1105 (6)(f)1., and (6)(f)1.b., and (4)(h)1.

The Stadium TID is amending its Project Plan so that it may donate to the Bronzeville TID.

DONOR DISTRICT – THE STADIUM TID

Tax incremental revenue received from the Stadium TID has totaled \$4,504,102, through the “2015 for 2016 budget” levy. Project costs, including principal and interest payments due, future project expenses, and donations to other districts total, \$4,775,188.

See **Exhibit A** for a summary of the Stadium TID costs and revenues.

RECIPIENT DISTRICT – BRONZEVILLE TID

The Bronzeville TID has substantial project costs, but has generated little incremental revenue.

The Bronzeville TID was created as a “blighted-area” TID in 2005 (Wis. Stat. 66.1105 (6)(f)2.b., City Common Council Resolution No. 050395, RACM Resolution No. 9753) to support redevelopment of the area between Burleigh Street, Garfield Avenue on the south, King Drive on the east, and North 7th Street on the west. While this TID is one of the City's largest, at its heart is the creation of an African American cultural and

entertainment district with the goal of re-creating, in the area surrounding West North Avenue, the jazz clubs, restaurants and night-life for which this area was famous until the 1950's.

The Bronzeville TID funded selective land acquisition, street improvements, a loan/grant fund to assist with new construction or renovation projects, façade improvements and signage, and assistance with residential construction. By year end, 2015, approximately \$3.1 million in project costs has been spent. The Residential Assistance Program provided \$90,000 in grants to seven existing and new home owners, and approximately \$1.2 million was allocated to acquire 11 key properties along West North Avenue.

The Developer Incentive Program awarded approximately \$254,000 dollars in grants and forgivable loans to businesses and redevelopment projects in the Bronzeville TID area to leverage nearly \$500,000 in private investment.

The Bronzeville TID project plan also supports district marketing, design and development charrettes and promotional events. The Bronzeville charrette stimulated a renewed interest in the development opportunities along West North Avenue. As a result, the redevelopment of the former MPS Garfield School and former America's Black Holocaust Museum are underway. The \$16.6 million private and public investment for these two projects will provide 71 units of affordable housing and 8,000 square feet of commercial space which includes 6,000 square feet dedicated to reopening of America's Black Holocaust Museum.

As of November 2016, total project costs of \$2,697,751 need to be recovered by the Bronzeville TID. The Bronzeville TID has generated only \$2,261,319 of incremental revenue, and the incremental value of this TID is \$2,063,100.

See **Exhibit B** for a summary of the Bronzeville TID costs and revenues.

DONATION

The table below shows the Stadium TID's actual (November 2016) revenue, debt service, project cost obligations, and amount available for donation to the Bronzeville TID for Year 2016. The table shows estimates for the Stadium TID's revenue for Years 2017-2020, and the method used to calculate 2017-2020 estimated amounts available to donate to the Bronzeville TID. For Year 2016, Stadium District will donate to the Bronzeville District the amount shown for 2016 for donation. For each of Years 2017-2020, Stadium TID will use the calculation methodology shown in the table, using the respective year's actual then-known revenue to calculate the actual amount to donate to Bronzeville TID for those respective years.

Donations from the Stadium TID to the Bronzeville TID will not be made until the Stadium TID satisfies all of its then-current year (i.e. donation year) debt service and all of its then-current year (i.e. donation year) project cost obligations. Wis. Stat. 66.1105 (6)(f)3.

See **Exhibit C** for the payments for all years.

As **Exhibit A** shows, the Stadium TID has only \$5,000 in project costs remaining. As the table below reflects, no project costs for the Stadium TID will be incurred in any of years 2016-2020 (Wis. Stat. 66.1105 (6)(f)3).

Calculation of Amount				
To Donate to TID 59				
	TID 54	TID 54		
	Total Tax Increments Levied	Remaining Project Costs to Recover	Donation Amount	Cumulative
2016³	\$ 565,933	\$ 135,687	\$430,246	\$ 430,246
2017	\$ 565,933	\$ 0	\$565,933	\$ 996,179
2018	\$ 565,933	\$ 0	\$565,933	\$ 1,562,112
2019	\$ 565,933	\$ 0	\$565,933	\$ 2,128,045
2020	\$ 565,933	\$ 0	\$434,950	\$ 2,562,995
Totals	\$2,829,665	\$ 135,687	\$2,562,995	

Stadium TID will donate (allocate positive tax increments) to Bronzeville TID for each of Years 2016 through and including 2020 per the table and calculation methodology reflected therein. This will greatly aid the ability of the Bronzeville TID to pay back its debt by the end of its statutory life.

² See WI Dept. of Revenue sheet, common questions regarding TIF allocation amendments (May 25, 2016), DOR answer to question 8: while Stadium TID project costs are shown as zero, the donation amounts shown are or may be considered as a project cost per the DOR because tax increments may only be used for eligible project costs. See also DOR answer to question 4: “After a project plan is amended to allocate funds, the donor TID can (for whatever reason) choose not to allocate in any given year. There is no additional action required if this occurs.”

³ While the table uses the word “estimated” for revenue for each of years 2016-2020, the 2016 number shown above is actual as of November 2016.

EXHIBIT A: CALCULATION OF REMAINING AMOUNT	Stadium
TO BE RECOVERED IN TID 54	Business Park
	TID-54
Life-to-date 10-31-16 project expenditures	3,017,545
Estimated future project expenditures	
Remaining encumbrances	-
Remaining appropriation	5,176
Interest payments through December 31, 2016	1,134,377
Add bond interest costs:	
Scheduled 2017 to maturity	387,185
Estimated interest on future borrowings	104,181
Estimated future capitalized interest	32,100
Cumulative City of Milwaukee carrying cost 2016	94,775
Total project costs	4,775,340
Project revenues	
Bond proceeds in excess of principal debt service payments	(873)
Net project costs to be recovered through tax increments	4,774,467
Tax increments levied:	
2005	100,365
2006	160,830
2007	245,050
2008	407,711
2009	466,940
2010	452,720
2011	502,248
2012	535,581
2013	538,290
2014	528,434
2015	565,933
Total tax increments levied at December 31, 2015	4,504,102
Amount to be recovered	\$ 270,364

EXHIBIT B: CALCULATION OF REMAINING AMOUNT	
TO BE RECOVERED IN TID 59	Bronzeville TID-59
Life-to-date 10-31-16 project expenditures	\$ 3,121,206
Estimated future project expenditures	
Remaining encumbrances	4,715
Remaining appropriation	303,903
Interest payments through December 31, 2016	734,841
Add bond interest costs:	
Scheduled 2017 to maturity	740,528
Estimated interest on future borrowings	179,309
Estimated future capitalized interest	41,021
Cumulative City of Milwaukee carrying cost 2016	29,149
Total project costs	5,154,673
Project revenues	(21,647)
Bond proceeds in excess of principal debt service payments	(173,955)
Net project costs to be recovered through tax increments	4,959,070
Tax increments levied:	
2005	
2006	117,489
2007	176,242
2008	370,216
2009	535,085
2010	297,155
2011	320,512
2012	122,876
2013	136,635
2014	122,098
2015	63,011
Total tax increments levied at December 31, 2015	2,261,319
Amount to be recovered	\$ 2,697,751

EXHIBIT C: TID 54 ANNUAL DEBT SERVICE

Year	Principal	Interest	Principal	Interest	Total
2006	-	-	-	40,304	40,304
2007	-	108	-	112,476	112,584
2008	231	161	-	112,476	112,868
2009	387	148	24,503	111,901	136,939
2010	392	132	25,374	110,891	136,789
2011	398	116	26,307	110,449	137,270
2012	404	99	27,326	109,873	137,702
2013	472	80	28,998	108,479	138,029
2014	481	60	30,090	107,026	137,657
2015	491	38	31,708	105,506	137,743
2016	500	13	35,012	104,041	139,566
2017	-	-	309,223	97,173	406,396
2018	-	-	322,021	84,551	406,572
2019	-	-	334,825	70,996	405,821
2020	-	-	350,188	56,441	406,629
2021	-	-	362,250	41,303	403,553
2022	-	-	377,358	25,589	402,947
2023	-	-	395,295	9,170	404,465
2024	-	-	3,180	699	3,879
2025	-	-	3,335	553	3,888
2026	-	-	3,365	398	3,763
2027	-	-	3,536	236	3,772
2028	-	-	3,198	76	3,274
2029	-	-	-	-	-
2030	-	-	-	-	-
2031	-	-	-	-	-
2032	-	-	-	-	-
	<u>3,756</u>	<u>955</u>	<u>2,697,092</u>	<u>1,520,607</u>	<u>4,222,410</u>