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March 27, 2023

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

RE: File 221814, TID 57 Menomonee Valley – East Project

Dear Committee Members:

File 221814 would approve the first amendment to the Tax Incremental District (TID) 57, Menomonee Valley – East Project (the District), along with a corresponding project plan and term sheet. The Comptroller's Office has reviewed the project plan, feasibility study, and has had discussions with the Department of City Development (DCD). Based on the information presented by DCD, our analysis is as follows.

TID Background and Amendment to Project Plan

The District was created in 2004 (Common Council File No. 040781) to provide funds for infrastructure costs associated with the development of the Harley-Davidson museum. The total estimated project cost were \$95,000,000, which included the museum, archives, a restaurant and banquet space, and supporting office space. The infrastructure included environmental remediation, dockwall construction, deep pile foundations for the buildings, and elevation of the flood plain. H-D Milwaukee LLC (the Developer), planned to build improvements in three phases, which were (1) Harley Davidson museum, retail and restaurants, (2) Harley Davidson archive and restoration facilities, and (3) one or more office/commercial buildings.

In 2010, the company announced that due to the economy it would not build the third phase of the project plan. In 2011, Harley-Davidson and the City reached an agreement, through which the City accepted \$700,000 to cancel its option to purchase adjacent parking lots at the museum. The City and Developer agreed to reduce the project costs to an authorized expenditure amount of \$5,965,000.

This amendment proposes to provide funds to construct public infrastructure improvements needed to make approximately 10 acres of publicly owned land available for the development of manufacturing or light industrial



uses. Specifically, \$800,000 to construct a public roadway into the site, \$200,000 to reconfigure an adjacent private parcel to accommodate the new public roadway, and \$200,000 for administrative costs (the Project). Total costs of this proposed amendment is \$1,200,000.

Is This Project Likely to Succeed?

The original Project Plan is a developer-financed TID where the Developer advanced funds. The City is on pace to satisfy monetary obligations to the Developer in levy year 2024, which is year 20 of TID.

DCD’s feasibility study, which uses a constant 2.320% property tax rate and 1% inflation rate over the life of the TID, forecasts the TID will fully recover the \$1,200,000 plus interest, in 2029 after receipt of the 2028 levy. This is well within a TID’s normal life of 27 years. Therefore, the \$1,200,000 proposed amendment appears feasible based on the Comptroller’s Office review.

Sensitivity Analysis

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

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

For each of the above scenarios, the \$1,200,000 is projected to pay off within the 27-year lifespan of the District.

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

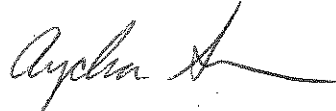
This proposed amendment would provide the infrastructure improvements needed to make publicly owned land available for future development, which would increase the City’s tax base. Without the City’s funding or approval of this amendment, the City would need to use other funding sources to cover the reconfiguration of public roadway and infrastructure.

Conclusion

Based on the feasibility study, it appears the District is likely to generate enough cash to fund the additional \$1,200,000 of project costs in Amendment 1.

Should you have any questions regarding this letter, please contact Nuducha Yang at extension 2354.

Sincerely,

A handwritten signature in cursive script, appearing to read "Aycha Sawa".

Aycha Sawa, CPA, CIA
Comptroller

CC: Alyssa Remington, Lori Lutzka, Gloria Lucas, Joshua Benson, William Christianson

AS:NY