

LRB – RESEARCH AND ANALYSIS SECTION ANALYSIS

JANUARY 10, 2006 AGENDA

ITEM 12, FILE 051107

ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

Emma J. Stamps

File No. 051107 is a resolution authorizing the transfer of funds to cover anticipated 2006 costs for Tax Incremental District No. 56 (Erie/Jefferson) on the north bank of the Milwaukee River between North Broadway and the Harbor Entrance to Lake Michigan in the 4th Aldermanic District.

Background

1. On September 23, 2004, the Common Council adopted Resolution File 040639 to create Tax Incremental District No. 56 (Erie/Jefferson), adopt its Project Plan, and provide \$250,001 in initial funding (2004 TID Project Account No. TD05680000) to pay design costs for the Erie and Harbor fronts. The Project Plan estimated total project costs of \$7,000,001.
2. A Council directed Project Plan Amendment contained in Resolution File 040639 reduced the original budget from \$8,000,001 to \$7,000,001 by reducing funding for the railroad swing bridge from \$1 million to \$1 dollar.
3. \$3,375,000 scheduled allocations would repeat in 2005 and 2006 for activities including:
 - Estimated \$1,057,731 To complete 50% of the Riverwalk at the Harborfront
 - Estimated \$1,593,873 For the Marina Terminal Front Property (approx. 568 linear feet of estimated 1,136 linear feet)
 - Estimated \$ 723,396 Partial payments for Erie Street paving (estimates are subject to change upon examination and acceptance of bids)

Discussion

1. File 051104 authorizes a \$2 million fund transfer from the \$50 million 2005 Capital Improvement TID Parent Account to a dedicated, TID No. 56 project account, to cover anticipated 2006 costs identified in the Project Plan, further increasing year-to-date TID No. 56 allocations from \$3,625,001 up to \$5,625,001 (see table).

Period	Projected Need	Authorizing Resolution	\$ Authorized
2004	\$ 250,001	CCFN 040639 adopted 9/23/04	\$ 250,001
2005	\$3,375,000	CCFN 041508 adopted 3/16/05	\$3,375,000
2006	\$3,375,000	CCFN 051107* (*pending)	\$2,000,000*
Totals	\$7,000,001		\$5,625,001*

2. DCD estimates that 2006 activities require only \$2,000,000 of the estimated \$3,375,000 needed.

Fiscal Impact

If adopted, File 051107 has a fiscal impact totaling up to \$2,000,000 (excluding capitalized interest), and a further increase in approved TID No. 56 expenditure authority will increase expenditures from \$250,001 to \$3,625,001 to \$5,625,001.

Beginning in 2006, newly created TIDs shall be fully funded in the New TID Projects. New Potential Developer Financed TID appropriations would be used to convert developer financing to general obligation borrowing, thereby buying out the developer's interest. TIDs created prior to this policy change must be adequately funded using Existing Projects allocations or unexpired expenditure authority from previous year's capital expenditure authority. The minimal adjustments to the 2006 Capital Improvement Budget for TIDs would include, but not limit to:

Existing Projects:	\$ 16,000,000	Budgeted for new TID projects
	(\$ 2,300,000)	TID No. 48 (Park East)
	(\$ 10,600,000)	TID No. 53 (Meno/Valley) (2006 Budget footnotes \$2 million of this)
	<u>(\$ 2,000,000)</u>	TID No. 56 (Erie/Jefferson) via CCFN 051107 (pending)
	\$ 1,100,000	Available for existing TID projects*
New Projects:	\$ 28,300,000	Budgeted for new TID projects
	(\$ 3,617,350)	TID No. 59 (Bronzeville) via CCFN 050395
	(\$ 6,250,000)	TID No. 60 (MIPS/Amtrack) via CCFN 050724
	<u>(\$ 1,700,000)</u>	TID No. 62 via CCRN 050948
	\$ 16,732,265	Available for new TID projects*
Capitalized		
Interest:	\$ 1,500,000	Budgeted for new TID projects
	<u>\$ 170,000</u>	Appropriated for TID #62 via CCFN 050948
	\$ 1,330,000	Available for new TID projects (may be reduced for TIDs 59 & 60)*

NOTE: By Comptroller estimates, capitalized interest needs for fiscal year 2006 may be underfunded by \$3 million (\$4.5 million vs. \$1.5 million budgeted)

Developer Financed:	\$ 12,200,000	Available for buying out Developer Financed (non-traditional) TIDs (issuing general obligation debt)
Developer Revenues:	\$ 4,200,000	Increments available for developer financed tax incremental districts

*available balances are based on adopted plan budgets and do not represent actual TID expenditures and revenues

Other Information

DCD hosted the Erie Street Plaza Design Competition, inviting up to 8 designers to submit proposals to design a \$850,000 public plaza, adjacent to developer Peter Renner's Harborfront condos in the Historic Third Ward, linking the riverwalk along the Lake Michigan shoreline and a proposed lakefront bike trail at the new Lakeshore State Park (off the Summerfest grounds).

Each finalist (3-4) received a \$15,000 stipend. A 5-member jury (3 members are designers from outside the Milwaukee area and 2 designers representing the City) will select the winning design. DCD indicated that a contract award is pending. The project should be substantially completed by July 2006.

(<http://www.jsonline.com/news/metro/aug05/349118.asp>) (DCD website)

Cc:	Marianne Walsh	Rocky Marcoux	W. Martin Morics	Prepared by: Emma J. Stamps X8666
	Mark Nicolini	Martha Brown	Michael Daun	LRB – Research and Analysis Section
	David Schroeder	Tom Croasdaile	Craig Kammholz	January 6, 2006
	Michael Wisniewski		Richard Li	