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Comptroller

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May 29, 2024

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

RE: File 240160, TID 85 – 6th and National
Amendment 2

Dear Committee Members:

File 240160 would approve Amendment No. 2 to Tax Incremental District (TID) 85, 6th and National (the District), along with a corresponding plan. The Comptroller's Office has reviewed the project plan and feasibility study and has had discussions with the Department of City Development (DCD). The Comptroller's Office analysis is based on the information provided.

TID Background

The District was created in 2015 (Common Council File No. 150654) to provide \$1,660,000 for the reconstruction of South 5th Street between West Virginia Street and West Scott Street, bike amenities, and \$25,000 for administration. In 2016 (File No. 151790), an additional \$815,000 funding increase was approved for the 5th Street reconstitution. In 2021 (File No. 210331), Amendment 1 was approved to provide \$900,000 for pedestrian and bike improvements to South 6th Street and West Mineral Street, \$250,000 for preliminary planning, design, and engineering for the Walker's Point extension of the Milwaukee Streetcar, \$50,000 for additional bikeshare stations and \$75,000 in administration, totaling \$3,775,000.

Amendment 2 would provide \$7,950,000 for public infrastructure improvements, \$500,000 for commercial corridor programs, and \$250,000 in administration, totaling \$8,700,000.

Please see Table 1 for details about public infrastructure and approximate associated costs to summarize the project plan better. Table 2 lists the Project Budget Revision Summary.

Table 1:

TID 85: 6th and National – Amendment No. 2	Total Cost
West Mineral Street and West Walker Street: Reconstruction of West Mineral Street and West Walker Street from approximately South 9th Street to South 11th Street, including traffic calming and bike/pedestrian improvements	\$ 2,400,000
South 2nd Street: Installation of an all ages and abilities bike facility on South 2nd Street from West Washington Street to West Mitchell Street	\$ 1,000,000
Pierce Street Plaza: Creation of a new public plaza on West Pierce Street between South 5th Street and South 6th Street, which may be performed by Zocalo MKE, LLC	\$ 700,000
South 9th Street: Repaving of South 9th Street from approximately West Washington Street to West National Street, including traffic calming and bike/pedestrian improvements	\$ 600,000
West Lapham Boulevard: Installation and improvements to an all ages and abilities bike facility on West Lapham Boulevard from South 2nd Street to South 10th Street	\$ 550,000
South 5th Street: The design and construction of public infrastructure improvements and other street amenities along South 5th Street (and intersecting streets) from West Virginia Street to West Washington Street, with the intent to calm traffic within the neighborhood and provide a safer environment for bikes and pedestrians	\$ 500,000
Walker Square: Pedestrian path, lighting, building and landscape improvements to Walker Square, which may be performed by The Park People of Milwaukee County, Inc. – Friends of Walker Square Park or Milwaukee County	\$ 750,000
Neighborhood Traffic Calming and Safety: The design and construction of public infrastructure improvements and other street amenities throughout the Walker's Point neighborhood, such as median bump-outs, traffic circles, cameras and high visibility crosswalks with the intent to calm traffic within the neighborhood and provide a safer environment for bikes and pedestrians, within the District and within a one half-mile radius of the District boundary	\$ 500,000
East/West Washington Street: Installation of an all ages and abilities bike facility on East and West Washington Street from the KK River Trail to South 14th Street	\$ 250,000
Public Art and Park Improvements: Installation of public art on West Washington Street between South 5th Street and South 6th Street and improvements to Paliapito Eco-Arts Park at West Walker Street and South 3rd Street,	\$ 100,000
Skate Park: Lighting, fencing and other improvements to the skate park at West National Avenue and South 8th Street, which may be performed by National DIY Skatepark, Inc.	\$ 100,000
Contingency: Contingency for the above public infrastructure improvements	\$ 500,000
Commercial Corridor Programs: To attract or retain office and retail tenants in the District and within a one half-mile radius of the District boundary, per Section 66.1105(2)(f) Stats., fund cash grants or loans to be used for tenant improvements, façade improvements, new signage or other	\$ 500,000
<i>Administration Costs</i>	\$ 250,000
TOTAL	\$ 8,700,000

Table 2:

TID 85 Project Budget Revisions		
File No.	Description	Amount
150564	Original Project Plan – authorized a \$1,610,000 towards the reconstruction of South 5 th Street, \$50,000 in bike amenities, and \$25,000 in administrative costs	\$ 1,685,000
151790	Funding Increase – authorized an additional \$815,000 towards the reconstruction of South 5 th Street	815,000
210331	Amendment #1 - would authorize an additional \$900,000 for pedestrian and bike improvements to South 6th Street and West Mineral Street, \$250,000 for preliminary planning, design and engineering for the Walker's Point extension of the Streetcar, \$50,000 for additional bikeshare stations, and \$75,000 in administrative costs	1,275,000
240160	Amendment #2 – would provide \$7,950,000 for public infrastructure improvements, \$500,000 for commercial corridor programs and \$250,000 in administration	8,700,000
Total Budget Including File No. 240160 (Including Admin Costs)		\$ 12,475,000
Total Budget Including File No. 240160 (Excluding Admin Costs)		\$ 12,125,000

Is This Project Likely to Succeed?

From a financial perspective, the proposed amendment will not adversely affect the District's ability to recover its costs over the life of the TID. The District's current TID increment value for the assessment year 2023 is \$60,116,600, generating an annual incremental value for the City of \$1,275,215 in only year 9 in this TID.

DCD's feasibility study, which uses a constant 2.121% property tax rate and 1% inflation rate over the life of the TID, forecasts that the TID will fully recover the \$8,700,000 plus interest in 2036 after receipt of the 2035 levy. This is year 21 of the TID's life and is well within a TID's typical life of 27 years. Therefore, the \$8,700,000 proposed amendment seems feasible based on the Comptroller's Office review.

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 Table 3, which summarizes several scenarios to show the sensitivity of DCD's projected incremental revenues within the District. The analysis shows, even at 90% of projected revenue, the TID will recover in payback (budget) year 2037.

Table 3:

Sensitivity Analysis	
Percentage of DCD Projected Revenue	District Payback Year
90%	2037
95%	2037
100% (Base Case)	2036
105%	2036
110%	2035

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

This proposed amendment would allow public infrastructure improvements to be completed in this district. Without approval of this amendment, the City would have to find an alternative funding source to complete these activities.

Conclusion

Based on the feasibility study, it appears that TID 85 can support the debt service related to current and proposed expenditures within the district. Should you have any questions regarding this letter, please contact Nuducha Yang at extension 2354.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Christianson". The signature is fluid and cursive, with the first name "Bill" and last name "Christianson" clearly distinguishable.

Bill Christianson
Comptroller

CC: Dan Casanova, Gloria Lucas, Joshua Benson, Charles Roedel

BC:NY