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

RE: File 231292, TID 94 – 1st and Becher
Amendment 1

Dear Committee Members:

File 231292 would approve Amendment No. 1 to Tax Incremental District (TID) 94, 1st and Becher (the District), along with a corresponding plan. The Comptroller's Office has reviewed the project plan, feasibility study, and has had discussions with Department of City Development (DCD). The Comptroller's Office analysis is based on the information provided.

TID Background

The District was created in 2018 (Common Council File No. 180884) for the purpose of facilitating Riverwalk development, public infrastructure improvements, and environmental remediation on the development site bounded by South 1st Street, West Becher Street and the Kinnickinnic River. The original Project Plan costs total \$6,830,000 excluding financing and administrative fees.

This amendment proposes \$1,200,000 to provide funding to construct a skate park on a city-owned surface parking lot, located at South 5th Street and West Rogers Street. This Amendment also proposes to provide up to \$52,000 as a cash grant to paint 12 pillars supporting the freeway overpass along South 4th Street. In addition, this amendment proposes \$1,200,000 to fund public infrastructure improvements, including four high-impact paving projects and one street reconstruction project within one-half mile of the district's boundaries. Lastly, \$500,000 will be included to serve as a construction contingency for the public infrastructure projects and \$100,000 will be included for administration costs.

Total amendment proposal is \$2,852,000. Table 1 outlines the costs related to Amendment 1.

Table 1

1 st and Becher – Amendment No. 1	Total Cost
Public Infrastructure Improvements	
Four high-impact paving and one street reconstruction project	\$ 1,200,000
Skate Park	
Located on South 5 th Street and West Rogers Street	\$ 1,200,000
Contingency	
Construction contingency for the public infrastructure improvements	\$ 500,000
Freeway Pillar Painting	
12 Pillars supporting freeway overpass along South 4 th Street	\$ 52,000
<i>Administration Costs</i>	\$ 100,000
TOTAL	\$ 2,852,000

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. DCD’s feasibility study, which uses a constant 2.121% property tax rate and 1.01% inflation rate over the life of the TID, forecasts the TID will fully recover the \$2,852,000 plus interest, in 2027 after receipt of the 2026 levy. This is year 8 of the TID’s life and is well within a TID’s normal life of 27 years. Therefore, the \$2,852,000 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 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. The analysis shows, even at 90% of projected revenue, the TID will recover in payback (budget) year 2028.

Table 2

Sensitivity Analysis	
Percentage of DCD Projected Revenue	District Payback Year
90%	2028
95%	2027
100% (Base Case)	2027
105%	2027
110%	2027

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 94 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,



Aycha Sawa, CPA, CIA
Comptroller

CC: Alyssa Remington, Gloria Lucas, Joshua Benson, Bill Christianson

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