

**AMENDMENT NO. 1 TO PROJECT PLAN
FOR
TAX INCREMENTAL DISTRICT NO. 60
CITY OF MILWAUKEE**

(Milwaukee Intermodal Passenger Station Project)

Initial Joint Review Board Meeting:

Public Hearing Held:

Redevelopment Authority Approved:

Common Council Approved:

Joint Review Board Approved:

AMENDMENT TO PROJECT PLAN

TAX INCREMENTAL DISTRICT NO. 60 (Milwaukee Intermodal Passenger Station Project) CITY OF MILWAUKEE

BACKGROUND

Section 66.1105(4)(h)(1), Wisconsin Statutes, permits the Redevelopment Authority of the City of Milwaukee (“RACM”), subject to the approval of the Common Council, to amend the project plan for a tax incremental financing district. Section 66.1105(2)(f)1.n., Wisconsin Statutes, permits amendments to fund projects located outside, but within one-half mile of the District’s boundary. Section 66.1105(6)(f), Wisconsin Statutes, allows a project plan to be amended so that a donor district can allocate positive tax increments to another district.

The City of Milwaukee created Tax Incremental District No. 60 in 2005 for the purpose of facilitating the redevelopment of the Amtrak Station into a true intermodal facility by upgrading the exterior appearance of the existing station. In addition, the District was created to stimulate the coordinated development of vacant and underutilized space throughout the District, in warehouses, and on vacant sites or surface parking lots.

To date, \$9.1 million in project costs have been incurred, including interest on debt and associated carrying charges, and approximately \$9.7 million of incremental revenue has been generated in or donated to the TID.

In summary, Amendment No. 1 to the Project Plan will provide \$170,000, in addition to \$25,000 for TID administration costs. Amendment No. 1 will also donate funds to a district which has incurred substantial costs, but has generated no incremental revenue related to the redevelopment of a former 84-acre manufacturing site.

The Tax Increment Law (Wis. Stats. Section 66.1105) allows tax increment districts, under certain circumstances, to donate revenues to other tax increment districts in the same municipality. Generally, these circumstances are:

- The “Donor” and the “Recipient” district must have the same overlying taxing jurisdictions;
- The allocation of positive tax increments from a donor district to one or more recipient districts cannot be made unless the donor district has first satisfied all of its current-year debt service and project cost obligations.
- The Recipient district must have been created upon a finding that not less than 50%, by area, of the real property in the district is blighted, or is in need of rehabilitation; or, its project plan provided funds to create or rehabilitate low-cost housing or to remediate environmental contamination;

- The Donor district, once established, cannot request or receive an extension to its life;
- Donations may be made for a period of five years, and upon additional approvals from RACM, the Common Council, and Joint Review Board, may be made for an additional five years, if needed. This second amendment must be made in the fourth year of the initial five-year donation period; and

The process of donating funds from one district to another is accomplished by the adoption of an amendment to the Donor district’s Project Plan, and is subject to approval by RACM, the Common Council, and Joint Review Board.

Amendments to the Project Plan:

The following amendments are made to the Project Plan. All other sections of the Plan remain unchanged.

I. PLAN PROPOSALS

I. PLAN PROPOSALS is renumbered to II. PLAN PROPOSALS.

Section I.A. is renumbered as Section II.A. and is amended by adding the following:

3. Street improvements to West Wells Street between North 6th and North 12th Streets.

Section I.B. is renumbered as Section II.B. and is deleted and restated as follows:

Project Cost	Total Cost
Street Improvements	\$ 170,000
Administration	\$ 25,000
Total	\$ 195,000

Section I.B.. is renumbered as Section II.B. and restated as follows:

Table A
List of Estimated Project Costs

A	Capital Costs	
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	To Date:	\$6,399,007
	Amendment 1: Street Improvements	\$170,000
B	Other:	
	To Date: Administrative, Professional & Legal	\$ 249,512
	Amendment No. 1: Administration	\$ 25,000
	Total Estimated Project Costs, excluding financing	\$6,843,519

Section I.C is renumbered as Section II.C. and is deleted and restated as follows:

Estimated Timing of Project Costs

<u>Year</u>	<u>Estimated Project Cost</u>	<u>Cumulative Total</u>
2020	\$195,000	\$195,000

The City of Milwaukee will provide financing, through the issuance of general obligation bonds, for the Net Project Capital Costs necessary to implement the Project Plan.

Section I.D. is renumbered as Section II.D. and is amended to add the following:

There are no non-project costs.

Exhibit 3 “Economic Feasibility Study” is deleted as restated as follows:

Please see Exhibit 3: Calculation of Remaining Amount to be Recovered in TID 60, attached.

Map 3 “Proposed Improvements and Uses” is deleted and restated as follows:

Map 3 is amended by adding the attached map identifying the proposed street improvements.

Section III is added to the Project Plan as follows:

III. ALLOCATION

DONOR DISTRICT

Tax Incremental district No. 60 (Milwaukee Intermodal Station) was approved by the Milwaukee Common Council on September 27, 2005. Tax incremental revenue received from this District has totaled \$2,317,503, thru the “2019 for 2020 budget” levy. The district has also received donations of \$7,890,945 from other TIDs. Project costs, including principal and interest payments due, future project expenses, and donations to other districts total, \$11,084,263.

Project costs related to street improvements and administration have not been incurred, and the District cannot, as yet, be terminated.

The District has a statutory termination date of 2032.

See Exhibit A “ Breakeven Schedule for TID 60” for a summary of TID 60 costs and revenues.

As set forth below, it is proposed that a donation be made from TID 60 to a district which has substantial project costs, but has generated no incremental revenue.

RECIPIENT DISTRICT

Tax Incremental District No. 74 (N. 35th & Capitol) was created as a “blighted-area” district in 2009 in order to support the redevelopment of an 84-acre portion of the former A.O.Smith and Tower Automotive manufacturing complex into a business park. The TID was established to promote land uses that engender greater levels of capital investment as well as high quality urban design and storm-water management. The business park seeks to foster living-wage jobs at a targeted density of 15 jobs per acre. In addition, the TID was created for site acquisition and preparation to facilitate a mix-use redevelopment project and the improvement of existing residential properties in order to foster investment within the District. The goal was to expand the tax base and create additional employment, retail and housing opportunities within the City.

TID 74 consists of approximately 293 acres of land, including the 84-acre former manufacturing complex, with the majority of the District being comprised of residential uses. The recession had an adverse effect on the residential property values and the TID has been unable to recover from that loss of increment.

Currently, the district has incurred total project costs of \$16,753,085. The district has generated no incremental revenue, and the incremental value of the district is negative. The outstanding costs to be recovered in the district including financing and carrying costs total \$24,752,062.

See Exhibit B “Breakeven Schedule for TID 74” for a summary of TID 74 costs and revenues.

PROPOSED DONATION

Given the foregoing, the following donation is proposed from TID 60:

- In 2020, TID 60 will donate \$265,905 to TID 74;
- In 2021, TID 60 will donate \$269,175 to TID 74;

- In 2022, TID 60 will donate \$272,477 to TID 74;
- In 2023, TID 60 will donate \$275,812 to TID 74;
- In 2024, TID 60 will donate \$279,181 to TID 74;

In 2019, tax incremental revenue received by TID 60 was \$262,648 (see Exhibit A) bringing its current surplus to approximately \$600,000.

Consequently, and assuming TID 60 generates approximately \$265,000 annually, the donations and payments set forth above would result in the following:

	Contrib. from TID 60, to:	Street Improvements & Administration	TID 74
Costs to be Recovered		\$195,000	\$24,752,062
Cash Reserves	\$195,000	\$195,000	
Donations:			
2020	\$265,905		\$ 265,905
2021	\$269,175		\$ 269,175
2022	\$272,477		\$ 272,477
2023	\$275,812		\$ 275,812
2024	\$279,181		\$ 279,181
Totals	\$1,362,550		\$1,362,550

Exhibit A: Breakeven Schedule for TID 60	
Life-to-date 12-31-19 project expenditures	\$ 6,648,370
Interest payments through December 31, 2018	2,441,806
Remaining encumbrance	-
Remaining appropriation	-
Projected future expenses	195,000
Add bond interest costs:	
Scheduled 2019 to maturity	375,134
Estimated interest on future borrowings	61,403
Total project costs	9,721,713
Donations received from TID 22	(7,890,945)
Life-to-date 12-31-19 project revenues	(6,735)
Bond proceeds in excess of principal debt service payments	(959)
Net project costs to be recovered through tax increments	1,823,074
Tax increments levied:	
2007	39,851
2008	52,616
2009	376,773
2010	223,556
2011	39,578
2012	141,081
2013	171,815
2014	168,737
2015	172,189
2016	214,337
2017	210,869
2018	243,453
2019	262,648
Total tax increments levied	2,317,503
Remaining costs to recover	(494,429)
Remaining recovery years	13

Exhibit B: Breakeven Schedule for TID 74	
Life-to-date 12-31-19 project expenditures	\$ 16,753,085
Interest payments through December 31, 2018	5,128,662
Remaining appropriation	-
Add bond interest costs:	
Scheduled 2019 to maturity	2,910,232
Carrying costs	44,392
Estimated future capitalized interest	-
Total project costs	24,836,371
Life-to-date 12-31-19 project revenues	(84,309)
Bond proceeds in excess of principal debt service payments	(0)
Net project costs to be recovered through tax increments	24,752,062
Tax increments levied:	
2009	-
2010	-
2011	-
2012	-
2013	-
2014	-
2015	-
2016	-
2017	-
2018	-
2019	-
Total tax increments levied	-
Remaining costs to recover	24,752,062
Remaining recovery years	17

Exhibit 3 Economic Feasibility Study

No.	Assessment Year	Budget Year	Base Value	Projected Value	TID Incremental Value	Increment	Donations Received	Revenue	Existing Debt	Debt Service	Donations to TID 74	Cash flow	Total Cum. Cash Flow	After reserving for remaining debt Surplus/(deficit)	TID Payoff
1	2005	2006	2,212,900									-	-	(10,740,696)	
2	2006	2007	2,212,900	933,700	(1,279,200)				(5,687)			(5,687)	(5,687)	(10,740,696)	No
3	2007	2008	2,212,900	3,987,200	1,774,300	39,851		554	(118,361)			(77,956)	(83,643)	(10,700,291)	No
4	2008	2009	2,212,900	4,406,500	2,193,600	52,616		510	(133,595)			(80,469)	(164,112)	(10,647,165)	No
5	2009	2010	2,212,900	17,001,400	14,788,500	376,773		465	(233,494)			143,744	(20,368)	(10,269,927)	No
6	2010	2011	2,212,900	10,556,200	8,343,300	223,556		492	(323,694)			(99,646)	(120,014)	(10,045,879)	No
7	2011	2012	2,212,900	3,601,500	1,388,600	39,578		547	(326,558)			(286,433)	(406,447)	(10,005,754)	No
8	2012	2013	2,212,900	6,851,000	4,638,100	141,081	1,890,945	345	(643,192)			1,389,179	982,732	(7,973,383)	No
9	2013	2014	2,212,900	7,738,100	5,525,200	171,815	2,000,000	879	(632,713)			1,539,981	2,522,713	(5,800,689)	No
10	2014	2015	2,212,900	7,759,200	5,546,300	168,737	2,000,000	678	(722,596)			1,446,819	3,969,532	(3,631,274)	No
11	2015	2016	2,212,900	7,850,700	5,637,800	172,189	2,000,000	666	(709,497)			1,463,358	5,432,890	(1,458,419)	No
12	2016	2017	2,212,900	9,491,900	7,279,000	214,337		421	(2,028,479)			(1,813,721)	3,619,169	(1,243,661)	No
13	2017	2018	2,212,900	9,354,300	7,141,400	210,869		386	(595,046)			(383,791)	3,235,378	(1,032,406)	No
14	2018	2019	2,212,900	10,952,400	8,739,500	243,453		391	(587,848)			(344,004)	2,891,374	(788,562)	No
15	2019	2020	2,212,900	11,733,300	9,520,400	262,648		401	(581,029)	(19,723)		(337,703)	2,553,671	(525,513)	No
16	2020	2021	2,212,900	11,850,633	9,637,733	265,905			(252,447)	(19,723)	(265,905)	(272,170)	2,281,501	(259,607)	No
17	2021	2022	2,212,900	11,969,139	9,756,239	269,175			(263,728)	(19,723)	(269,175)	(283,451)	1,998,049	9,567	YES
18	2022	2023	2,212,900	12,088,831	9,875,931	272,477			(263,008)	(19,723)	(272,477)	(282,731)	1,715,318	282,044	YES
19	2023	2024	2,212,900	12,209,719	9,996,819	275,812			(266,854)	(19,723)	(275,812)	(286,577)	1,428,741	557,856	YES
20	2024	2025	2,212,900	12,331,816	10,118,916	279,181			(262,992)	(19,723)	(279,181)	(282,715)	1,146,025	837,037	YES
21	2025	2026	2,212,900	12,455,134	10,242,234	282,583			(75,571)	(19,723)		187,289	1,333,314	1,119,620	YES
22	2026	2027	2,212,900	12,579,686	10,366,786	286,020			(74,634)	(19,723)		191,662	1,524,977	1,405,640	YES
23	2027	2028	2,212,900	12,705,483	10,492,583	289,490			(20,720)	(19,723)		249,047	1,774,024	1,695,130	YES
24	2028	2029	2,212,900	12,832,537	10,619,637	292,996				(19,723)		273,272	2,047,296	1,988,126	YES
25	2029	2030	2,212,900	12,960,863	10,747,963	296,536				(19,723)		276,813	2,324,109	2,284,663	YES
26	2030	2031	2,212,900	13,090,471	10,877,571	300,112				(19,723)		280,389	2,604,498	2,584,775	YES
27	2031	2032	2,212,900	13,221,376	11,008,476	303,724				(19,723)		284,001	2,888,499	2,888,499	YES
						5,731,514	7,890,945	6,735	(9,121,743)	(256,403)	(1,362,550)	2,888,499			

Annual appreciation	1.010
Interest Rate	4.00%
Base Value	2,212,900
Property Tax rate	2.759%
Issuance Costs	1,950
Project Costs	195,000

TID 60: MILWAUKEE INTERMODAL

MAP 3: PROPOSED IMPROVEMENTS AND USES

Prepared by the Department of City Development Planning Division, 1/15/2020
Source: City of Milwaukee Information & Technology Management Division

