



Martin Matson
Comptroller

Glenn Steinbrecher, CPA
Deputy Comptroller

Aycha Sirvanci, CPA
Special Deputy Comptroller

Toni Biscobing
Special Deputy Comptroller

Office of the Comptroller

October 27, 2015

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

RE: File 150914, TID 83 – Broadway & Michigan

Dear Committee Members:

File 150914 would approve Amendment 1 to the TID 83 (Broadway and Michigan) project plan and term sheets. We have reviewed the project plan and feasibility study, and have had discussions with Department of City Development (DCD) staff. Our analysis is based on the information provided.

Tax Incremental District 83 was created in June, 2015, (Common Council file no. 150184) to provide a \$900,000 developer-financed grant for restoration work at the Mackie Building located at 225 North Michigan Street. The developer-funded improvements will be reimbursed to the developer from tax increment revenue earned on the Mackie and adjacent Mitchell buildings.

The district includes seven properties, totaling 67,200 SF, bordered by East Michigan Street, East Clybourn Street, North Broadway and North Water Street and has a current assessed valuation of \$4.7 million.

The district is being amended to provide funding for public improvements and administrative costs. Streetscaping and paving activities are planned for the four streets encompassing the district along with traffic signal and lighting improvements outside of, but within a half-mile, of the district. The Button Block Building located at 500 North Water Street along with the parking lot located at 510-12 North Water Street (Button Block properties), will be converted into a 94-room Homewood Suites extended-stay hotel by Bear Development, LLC. The increased valuation of the Button Block properties, due to its conversion into a hotel complex, will generate the revenues needed to pay back the debt service costs related to the planned expenditures.

This file authorizes expenditures of approximately \$1.960 million, excluding financing and interest costs, as outlined on Table A below.

Table A - List of Estimated Project Costs	
<u>Public Improvements</u>	<u>Amount</u>
Grant to Bear Development, LLC, (Button Block Building developer) to be paid on a reimbursement basis, for streetscape improvements.	\$ 700,000
Grant to 225 East Michagan, LLC (Mackie Building developer), to be paid on a reimbursement basis, for streetscape improvements.	385,000
Streetscape/Paving - North Broadway between E. Michigan & E. Clybourn. E. Clybourn between N. Water and N. Broadway	600,000
Traffic Signals & Lighting - N. Water and N. Broadway between E. Clybourn & E. Pittsburgh	250,000
Total Public Improvements	1,935,000
<u>Other</u>	
Administration	25,000
Total Project Costs	\$ 1,960,000

Is This Project Likely to Be Successful?

The feasibility study provided by DCD, forecasts that tax increments on the Button Block properties will fully recover the \$1.960 million of the project costs plus financing in 2026, after receipt of the 2025 levy. From a financial perspective, we find the DCD feasibility analysis to be reasonable based on my office's analysis which indicates break-even will occur in 2025, after receipt of the 2024 levy.

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

This proposed amendment allows the City to finance streetscaping and lighting improvements within and near the district. Without this amendment, the City would have to find an alternate funding source for these projects.

Conclusion

Based on the feasibility study, it appears that Amendment 1 to TID 83 is likely to generate enough cash to fund the \$1.960 million of planned public improvements. Should you have any questions regarding this letter, please contact Melissa Fulgenzi at 2307.

Sincerely,



Martin Matson
Comptroller

MM/MRF

CC: Lori Lutzka, Dan Casanova