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February 17, 2022

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

RE: File 211611, TID 54 – Stadium Business Park
Amendment 2

Dear Committee Members:

File 211611 would approve Amendment 2 Tax Incremental District (TID) 54, Stadium Business Park (the District). The Comptroller's office has reviewed the project plan and feasibility study, and has had discussions with Department of City Development (DCD) staff. The Comptroller's office analysis is based on the information provided.

The District was created in 2004 to facilitate the redevelopment of a former metal foundry site into four multi-tenant light-industrial and distribution facilities. In 2016, Amendment 1 donated \$2,150,469 in positive tax increment to TID 59 – Bronzeville.

Amendment 2 would authorize an additional \$2,490,000 in funding for public infrastructure improvements within one-half mile of the District and \$100,000 in administrative costs. Amendment 2 would also authorize up to \$2,839,648 in donations to TID 74 – North 35th Street and West Capitol Drive).

Donations to TID 74

In addition to public infrastructure projects, this file authorizes donation of annual increments to TID 74 from the District for five years starting with the 2026 levy. TID 74 was created in 2009 to support the redevelopment of Century City. TID 74 is primarily comprised of residential uses. Residential property values have declined significantly since the creation of TID 74, leaving TID 74 unable to recover financially from the loss of increment.

TID 74 has incurred total project costs of \$16,753,085, and has total outstanding recovery costs (including financing and carrying costs) of \$24,798,205. The below table summarizes the requirements for TID 74 towards breakeven.

TID 74 Breakeven Summary		
	TID 74 Costs to Recover	\$ 24,798,205
CCFN 191678	TID 46 Proposed Donations	(4,268,345)
CCFN 191671	TID 49 Proposed Donations	(7,754,926)
CCFN 191679	TID 60 Proposed Donations	(1,362,550)
CCFN 211609	TID 42 Proposed Donations	(5,605,275)
CCFN 211611	TID 54 Proposed Donations	(2,839,648)
	Proposed TID 74 Remaining Costs to Recover	\$ 2,967,461

Is This Project Likely to Succeed?

DCD's feasibility study, which uses a constant 2.627% property tax rate and 1% inflation rate over the life of the District, forecasts the District will fully recover its costs plus financing in 2031, after receipt of the 2030 levy (year 27). It is important to note that the debt service related to the District's project costs will be repaid prior to any donations going to TID 74. Without any donations going to TID 74, the District would fully recover its project costs in 2026, after receipt of the 2025 levy (year 22).

In the event that excess increment is not available after paying for the District's project cost, the donations to TID 74 will not occur. Due to this fact the proposed amendment to the District appears financially feasible based on the Comptroller's 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 which show the sensitivity of DCD's projected incremental revenues within the District.

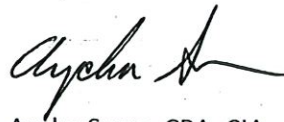
Sensitivity Analysis	
Percentage of DCD Projected Revenue	District Payback Year (Without any Excess Donations to TID 74)
90%	2026
95%	2026
100% (Base Case)	2026
105%	2025
110%	2025

Under each of the above scenarios, the City would fully recover its District's costs plus financing costs within the District's 27-year life. Note that this sensitivity analysis assumes that excess increment will not be donated to TID 74. With such excess increment donations, DCD is projecting that the District will remain open until 2031 (year 27).

Conclusion

Based on the feasibility study, it appears the District is likely to generate enough cash to fund the additional \$2,590,000 of infrastructure and administrative costs in Amendment 2 and provide donations of excess increment to TID 74. Should you have any questions regarding this letter, please contact Joshua Benson at 2302.

Sincerely,



Aycha Sawa, CPA, CIA
Comptroller

CC: Lori Lutzka

AS/JB