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March 18, 2015

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

RE: File 141732, TID 53 – Menomonee Valley
Business Park

Committee Members:

File 141732 would approve Amendment 3 to the TID 53 (Menomonee Valley Business Park) project plan. 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 53 was created in 2003 to facilitate redevelopment of 260 acres south of I-94, primarily located east of Miller Park, west of 30th Street and north of the Menomonee River. This file (Common Council file no. 030974) authorized \$20.8 million, including \$5 million of grant funding, for site preparation, developer incentives and administration. Amendment #1, (Common Council file no. 110604) authorized DCD to retain one-half of future land sale proceeds to fund geotechnical mitigation on the remaining available parcels. Amendment #2 (Common Council file no. 130072) provided an additional \$1.3 million for site improvements. To date, approximately \$23.5 million, excluding capitalized interest, has been spent. See Table A below for a breakdown of budgeted and actual TID-funded expenditures.

	Budgeted Expenditures				Expended (1)
	Project Plan	Amendment 1	Amendment 2	Total	
Site improvements	\$ 18,300,000	\$ 900,000	\$ 1,300,000	\$ 20,500,000	\$ 21,045,662
Developer incentives	2,000,000	-	-	2,000,000	2,000,000
Administration	500,000	-	-	500,000	479,404
Total	\$ 20,800,000	\$ 900,000	\$ 1,300,000	\$ 23,000,000	\$ 23,525,066

(1) includes encumbrance of \$30,000

Amendment #3 would provide an additional \$2 million to examine the redevelopment potential of the southwest corner of the site, manage environmental issues along the north bank of the



Menomonee River and finish site work in Area 13. A breakdown of the \$2 million is outlined in Table B below.

Table B - Amendment #3 Proposed Expenditures	
<u>Description of Activity</u>	<u>Amount</u>
Regrade, replant north riverbank, connect the bike trail from Three Bridges Park to the Hank Aaron Trail	\$ 300,000
Remove remaining surcharge soil	600,000
Remediate northwest quadrant	450,000
Explore redevelopment potential of remaining parcels	450,000
Contingency	200,000
Total proposed expenditures	<u>\$ 2,000,000</u>

Is This Project Likely to Be Successful?

Without seeking an extension, TID 53 must terminate by November 25, 2030. This amendment includes a feasibility study which shows that the TID will break even in the year 2030. From a financial perspective, we find this feasibility analysis to be reasonable based on our analysis which shows the district should break even in 2031, after receipt of the 2030 levy. However, according to the Wisconsin Department of Revenue, if the TID does not break even until 2031, it will not be eligible for the one-year housing extension under 66.1105(6) (g).

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

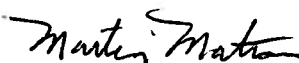
This proposed amendment allows the City to continue site improvements within the district. Without City funding, these improvements may be delayed or not occur altogether.

Conclusion

Based on the feasibility study, spending an additional \$2 million on site improvements may push break-even of this district to its mandatory termination date. Moreover, if achieved district performance proves less than the assumptions in the feasibility study, break even could occur after the mandatory termination date. However, under current Wisconsin Statute (66.1105(7)(am)1.), this TID would be eligible for a four year extension.

Should you have any questions regarding this letter, please contact Rocky Wruck at 2304.

Sincerely,



Martin Matson
Comptroller

MM/RW