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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 211608, TID 49 – Cathedral Place  
Amendment 3

Dear Committee Members:

File 211608 would approve Amendment 3 Tax Incremental District (TID) 49, Cathedral Place (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 2002 to facilitate the development of a mixed-use building on the southwest corner of East Wells and North Jackson Streets called Cathedral Place. In 2011, Amendment 1 provided additional funding for a portion of the local match for the streetcar project. In 2020, Amendment 2 provided additional funding for public infrastructure improvements and donations to TID 74 – North 35<sup>th</sup> Street and West Capitol Drive. The total authorized budget for the District is \$44,704,926 including capitalized interest.

Amendment 3 would authorize an additional \$1,600,000 in funding for public infrastructure improvements within one-half mile of the District. Amendment 3 would also authorize \$100,000 in administrative costs. The table on the following page shows the total estimated project costs and budget for the District.

List of Estimated Project Costs and Project Budget		
File Number	Description	Amount
011240	Parking Structure	\$ 25,400,000
110324	Amendment 1 Streetcar Infrastructure	9,700,000
191671	Amendment 2 Public Infrastructure	1,850,000
191671	Amendment 2 Donations to TID 74	7,754,926
	Previously Authorized Costs	44,704,926
	Less: Parking Structure Revenues and Sale Proceeds*	(15,442,918)
	Total Current Budget	29,262,008
211608	Amendment 3 Public Infrastructure and Administration	1,700,000
	<b>Total Estimated Project Costs</b>	<b>\$ 46,404,926</b>
	<b>Proposed Budget (Less Parking Structure Proceeds)</b>	<b>\$ 30,962,008</b>

\*RACM issued bonds to finance the parking structure. The parking structure was sold on June 25, 2013.

### 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 the City's portion of the District's costs plus financing in 2025, after receipt of the 2024 levy (year 24). 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
90%	2026
95%	2025
100% (Base Case)	2025
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.

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

This proposed Amendment would allow the District to fund public infrastructure projects. Without City funding, the City would have to find an alternate funding source to complete this activity.

**Conclusion**

Based on the feasibility study, it appears the District is likely to generate enough cash to fund the additional \$1,700,000 of project costs in Amendment 3. Should you have any questions regarding this letter, please contact Joshua Benson at 2302.

Sincerely,

A handwritten signature in black ink, appearing to read "Aycha Sawa". The signature is fluid and cursive, with a large initial "A" and "S".

Aycha Sawa, CPA, CIA  
Comptroller

CC: Dan Casanova

AS/JB