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May 7, 2024

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

RE: File 231947, TID 67 – The Brewery Project
Amendment 1

Dear Committee Members:

File 231947 would approve Amendment No. 1 to Tax Incremental District (TID) 67, 1st, and The Brewery Project (the District), along with a corresponding plan. The Comptroller's Office has reviewed the project plan and feasibility study and has had discussions with the Department of City Development (DCD). The Comptroller's Office analysis is based on the information provided.

TID Background

The District was created on December 12, 2006 (Common Council File No. 060911) to encourage redevelopment of the former Pabst Brewery complex. The former complex was a 21-acre site located in a six-and-a-half block area at the junction of Interstate 43 and the Park East Freeway Corridor. The original site contained twenty-five buildings with a total floor area of 1.4 million square feet. The complex was left vacant when the Pabst Brewery ceased operations in 1996. File 060911 was approved to provide funds for public infrastructure and building demolition, abatement, and preservation.

Amendment 1 proposes funding for public infrastructure within the District's one-half-mile radius boundary. This amendment proposes \$4,900,000 for public infrastructure and \$250,000 in administration costs, for a total proposed amount of \$5,150,000. In addition, this amendment's approval will terminate the current PILOT Agreement with UWM, recorded in 2007, to assist the TID's viability.

Please see Table 1 for details about public infrastructure and approximate associated costs to better summarize the project plan.



Table 1

TID 67 “The Brewery Project” – Amendment No. 1	Total Cost
Highland Avenue: Installation of an all ages and abilities bike facility on West Highland Avenue from North 6th Street to North 18th Street.	\$ 2,500,000
North Dr. Martin Luther King Jr. Drive: Design of an improved North Dr. Martin Luther King Jr. Drive from West McKinley Avenue to West Wisconsin Avenue.	\$ 850,000
Pere Marquette Park: Design of an improved Pere Marquette Park.	\$ 500,000
Neighborhood Traffic Calming: The design and construction of public infrastructure improvements and other street amenities, such as median bump-outs, traffic circles and high visibility crosswalks with the intent to calm traffic within the neighborhood and provide a safer environment for bikes and pedestrians, within the District and within a one half-mile radius of the District boundary.	\$ 500,000
Public Art: Fund murals that will transform existing blank walls and structures along the Riverwalk to provide an enhanced experience for pedestrians and boaters on the Milwaukee River.	\$ 50,000
Contingency: Contingency for the above public infrastructure improvements.	\$ 500,000
<i>Administration Costs</i>	\$ 250,000
TOTAL	\$ 5,150,000

Is This Project Likely to Succeed?

From a financial perspective, the proposed amendment will not adversely affect the District's ability to recover its costs over the life of the TID. DCD's feasibility study, which uses a constant 2.1% property tax rate and 1% inflation rate over the life of the TID, forecasts that the TID will fully recover the \$5,150,000 plus interest in 2026 after receipt of the 2025 levy. This is year 19 of the TID's life and is well within a TID's typical life of 27 years.

Therefore, based on the Comptroller's Office review, the \$5,150,000 proposed amendment seems feasible even without the PILOT Agreement.

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 Table 2, which summarizes several scenarios to show the sensitivity of DCD’s projected incremental revenues within the District. The analysis shows, even at 90% of projected revenue, the TID will recover in payback (budget) year 2027.

Table 2

Sensitivity Analysis	
Percentage of DCD Projected Revenue	District Payback Year
90%	2027
95%	2027
100% (Base Case)	2026
105%	2026
110%	2026

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

This proposed amendment would allow public infrastructure improvements to be completed in this district. Without approval of this amendment, the City would have to find an alternative funding source to complete these activities.

Conclusion

Based on the feasibility study, it appears that TID 67 can support the debt service related to current and proposed expenditures within the district. Should you have any questions regarding this letter, please contact Nuducha Yang at extension 2354.

Sincerely,



Bill Christianson
Comptroller

CC: Dan Casanova, Gloria Lucas, Joshua Benson

BC:NY