

**ECONOMIC FEASIBILITY STUDY**  
**FOR AMENDMENT TO**  
**TAX INCREMENTAL DISTRICT NO. 24 (RIVERWORKS)**

**I. Project Background**

Created in 1994, TID 24 encompasses approximately 33 acres of industrial sites in the vicinity of N. Richards St. and E. Capitol Drive. This was the site of the former American Motors / Chrysler Corp. automobile assembly facilities. The properties were purchased, after demolition and environmental remediation by Chrysler, by Riverworks Partners, a partnership of the WisPark Corp., and the Northeast Milwaukee Industrial Development Corp.

The current TID Plan provides for funding a variety of activities, including public improvements, site acquisition and redevelopment, streetscaping and signage, and loans to businesses expanding in the district. A summary of the original Project Budget is included in Table 1, attached.

Since the district was created, project expenditures of \$800,000 have been incurred. These are also summarized in Table 1.

Property value in the district has grown from \$6,032,800 in 1994 to \$14,897,800 in 2000, achieving an incremental value of \$8,865,000 - slightly exceeding the forecast for property value when the original TID plan was created.

Key developments in the district, since creation, include:

- The development, in 1995, of a Builder's Square hardware store on East Capitol Dr. This store closed in 1999 but will reopen in early 2001 as a Walmart. This project currently has an assessed value of \$6,825,000.
- The development, in 1997, of an Aldi's Food Store at 225 E. Capitol Dr., now assessed at \$1,396,400.
- The construction of a 36,000 s.f. manufacturing facility at 400 E. Vienna St. by Milwaukee Protective Covers, Inc. Completed in 1998, this project is currently assessed at \$1,660,600. MPC currently employs thirty people.
- The construction of a 116,000 sf manufacturing facility at 301 E. Vienna St., by Center Point Properties for lease to Production Stamping Corp. Completed in 1999, this project is currently assessed at \$4,065,900. The company employs fifty workers.

- Compo Corp. has acquired and is renovating the only remaining AMC building at 326 E. Keefe Ave. This is currently assessed at \$580,000. Compo employs 48 and expects to add 8 to 12 positions upon project completion.

Within the original TID boundary, only a two acre site remains to be developed. Overall, the area shows continuing signs of revitalization. It has been positively influenced by the creation of the nearby Glendale Technology Park; and, the district's positive attributes of a central location, with excellent freeway access and bus service, suggest continued demand for business sites in this area. Just east of the TID, for example, Tramont Corp. purchased the 170,000 s.f., vacant, former Johnson Controls facility at N. Humboldt and W. Vienna Sts. Tramont brought 130 jobs to the area in 2000, and expects to add another 100 over the next 24 months.

Complementing the redevelopment efforts within the TID, the Northeast Milwaukee Industrial Development Corp. provides job training and placement programs for businesses in the area, serves as a neighborhood business association, and has created a Business Improvement District to provide for signage and streetscape improvements in the area.

In an effort to continue the revitalization of this area, and promote the growth of job opportunities in this sector of the city, an amendment to the TID boundary and budget is proposed. Under current statutes, the boundary of the district may be expanded once during the first seven years of its existence, and spending in that expanded area must be completed (with certain exceptions) within three years of that boundary change.

The proposed boundary and budget changes are detailed in the Amendment to the Project Plan. Future expenditures, in the current district area and expanded boundary, are summarized in Table 1 and are \$602,000 and \$1,840,000 respectively. Expenditures in the current boundary are already included in the original project budget (and therefore permitted without the need for an amendment) but are included to provide an updated understanding and analysis of the expanded TID.

## **II. Forecast of Future Development**

The Amended Project Plan anticipates three redevelopment projects, each with the objective of eliminating blighted and underutilized property, clearing the sites, and marketing them for future industrial development.

Table 2 identifies the redevelopment sites, estimates the likely size of a new industrial building to be built at that location, forecasts property value for land (at the current price of \$37,000 / acre), and building (at \$35/ sf), and compares total estimated value, with current value.

The combined value of the redevelopment projects is estimated at \$4,500,000, compared with a current value of \$550,000. Assuming the redevelopment process begins in mid -

2001, and allowing 18 months for acquisition, relocation, demolition and remediation, these sites could be on the market in early 2003.

For the purpose of the required revenue forecast for the TID, we estimate the buildings forecast in Table 2 will be constructed in 2003 and 2004, and appear on the tax rolls, for the first time in 2005. Due to the acquisition process, the current values will be eliminated from the tax rolls by 2003.

### **III. Forecast of Expanded TID Property Values & Tax Incremental Revenue**

Table 3 combines the historical tax base performance of this TID with the changes forecasted in Table 2 for the redevelopment projects - i.e. property value declines by \$550,000 in 2003, and increases by \$4,500,000 by 2005.

The present Base Value of the TID was established by the Dept. of Revenue at \$6,032,800. The area to be added to the TID had a value of \$16,091,900 in 2000. Consequently, the Base Value of the expanded TID, as of 2001, is estimated to increase to the sum of the areas, \$22,124,700.

Using the current tax rate, Table 3 also forecasts anticipated tax incremental revenue from the expanded TID. The impact of the redevelopment projects has the effect of increasing tax increment revenue from approx. \$246,000 per year, to \$356,000 per year.

### **IV. Forecast of Loan Revenue**

Included in the original TID Plan, and in the amended Plan, is an allocation of funds for loans to businesses in the TID. To date, \$275,000 has been loaned to Compo Corp. for its project on Keefe Ave.. Terms are based on a 19 year amortization, a 5% interest rate, and equal monthly payments.

For the purpose of the TID revenue forecast, the additional \$450,000 of loan funds are assumed to be loaned in 2005 and repaid at terms comparable to those provided to Compo.

As is presently the case, the funding, and terms, of these loans will be subject to approval by the Common Council, on a case-by-case basis. In addition, all loan payments received during the life of the TID will be credited against project cost.

Table 3, accordingly, includes a forecast of revenue from the Compo loan and the additional \$450,000 of loan funds budgeted - and combines all sources into an overall revenue forecast for the District.