

Martin Matson
Comptroller

Aycha Sawa, CPA, CIA
Deputy Comptroller



Toni Biscobing
Special Deputy Comptroller

Rocklan Wruck, CPA
Special Deputy Comptroller

Office of the Comptroller

July 18, 2019

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

RE: File 190545, TID 37 – Grand Avenue
Amendment 5

Committee Members:

File 190545 would approve Amendment 5 to the Tax Incremental District (TID) 37 (the District) 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. Amendment 5 to the District would authorize an additional \$3,000,000 to fund public projects in conjunction with the renovation of the Grand Theater, as more fully described in this letter.

The District was created in 1998 to revitalize the downtown retail and commercial district anchored by the Grand Avenue retail center by providing financial assistance in the construction of the Courtyard by Marriott hotel, as well as public infrastructure improvements in the area. The project has undergone several revisions since creation. See Table 1 for a summary of project budget amendments and funding increases.

Table 1 – TID 37 Project Budget Revisions

File No.	Description	Amount
971894	Original Project Plan - authorized \$2,000,000 assistance for construction of the Courtyard by Marriott hotel, \$400,000 funding for public infrastructure improvements and \$100,000 of administrative costs.	\$2,500,000
990115	Amendment 1 - authorized additional \$3,000,000 façade grant and \$6,400,000 second mortgage loan towards redevelopment of former Marshall Field's/Gimbels building into office, hotel & retail uses (ASQ Center).	9,400,000
000430	Amendment 2 - authorized additional \$5,000,000 assistance for renovation of the Boston Store Building consisting of remodeled department store, corporate offices, and 60 apartments.	5,000,000
131580	Amendment 3 - authorized additional \$1,200,000 loan to Bon-Ton and \$6,000 of administrative costs.	1,206,000
161313	Amendment 4 - authorized additional \$5,115,000 for street improvements and public infrastructure costs, \$1,900,000 forgivable loan to Bon-Ton, \$750,000 façade grant for redevelopment of Grand Theater and \$100,000 of administrative costs.	7,865,000
	Total Current Budget	25,971,000
190545	Proposed Amendment 5 - authorize additional \$3,000,000 for street improvements, including utilities, and improvements to the sidewalks abutting the Grand Theater.	3,000,000
	Total Budget Including File No. 190545	\$ 28,971,000



To date, \$21,716,848 of District funds have been spent, not including capitalized interest or other financing costs. See Table 2 for a breakdown of budgeted and expended District funds.

Table 2 - Total TID 37 Budgeted and Expended Amounts			
Description	Budgeted	Expended as of May 31, 2019	Remaining
Public Improvements	\$ 400,000	\$ 247,914	\$ 152,086
Street Improvements	4,365,000	170,106	4,194,894
Other Public Infrastructure	750,000	55,750	694,250
Grants/Loans	20,250,000	19,509,752	740,248
Administration	206,000	1,733,326	(1,592,062)
Current Budget	<u>25,971,000</u>	<u>21,716,848</u>	<u>4,189,416</u>
Proposed file 190545, Amendment 5			
Street Improvements	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>
Amended Budget	<u>\$ 28,971,000</u>	<u>\$ 21,716,848</u>	<u>\$ 7,189,416</u>

The District is being amended to fund additional public projects in conjunction with the renovation of the Grand Theater. An estimated \$3,000,000 will fund infrastructure improvements for the reconstruction of North 2nd Street, including utilities, between West Wisconsin Avenue and North Plankinton Avenue, and improvements to the sidewalks abutting the Grand Theater. See Table 3 for a breakdown of the Amendment 5 estimated project costs.

Table 3 - TID 37, Amendment 5 Estimated Project Costs 2nd Street Improvements	
Description	Budget
Street Lighting	\$ 350,000
Traffic Signals	50,000
Sewer Replacement/Rerouting	806,000
Utilities, Paving & Other	3,710,301
Closure Permits	517,000
Contingency	66,699
Total 2nd Street Improvements	<u>5,500,000</u>
Previously Authorized Funding (Amendment 4)	(2,500,000)
Total Project Costs - Amendment 5	<u>\$ 3,000,000</u>

Is the Project Likely to Succeed?

From a financial perspective, the proposed funding increase should not adversely impact the District's ability to fund its total amended project costs. DCD's feasibility study, which uses a constant 2.785% property tax rate and 1% property appreciation rate over the six remaining years of the TID, forecasts the District will fully recover the \$28,971,000 total budget plus financing in 2020, after receipt of the 2019 levy (Year 23). DCD's feasibility study appears reasonable based on the Comptroller's analysis.

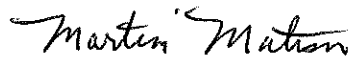
Is the Proposed Level of City Financial Participation Required to Implement the Project?

This proposed amendment allows the City to finance public infrastructure improvements within the District. Without this amendment, the City would have to find an alternate funding source for these projects.

Conclusions

Based on the feasibility study, it appears the District is likely to generate enough cash to fund the additional \$3,000,000 of public improvements in Amendment 5. Should you have any questions regarding this letter, please contact Joshua Benson at 2194.

Sincerely,



Martin Matson
Comptroller

CC: Dan Casanova

MM:JB