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May 18, 2017

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

RE: File 170169, TID 82 – East Michigan  
Amendment #1

**Committee Members:**

File 170169 would approve a \$2.0 million increase to the TID 82 – East Michigan Project Plan. This file would increase total project funding to \$51.5 million, not including financing costs. We have reviewed the revised project plan and feasibility study and have had discussions with Department of City Development (DCD) and Department of Public Works (DPW) staff. Our analysis is based on the information provided.

Tax Incremental District 82 was created in 2014 (Common Council file no. 141263) to fund a portion of the Milwaukee Streetcar project, including public infrastructure, public amenities, workforce training and administrative costs. The District consists of two properties, The Couture is a planned 44-story, mixed-use development which replaces the Milwaukee County Downtown Transit Center. The Couture development is targeted to begin December, 2017. The 833 East Michigan building is an 18-story office tower, with construction having been completed in 2016.

The original \$49.5 million budget, related to the East Michigan project, is not sufficient due to unanticipated costs associated with a sewer main relocation. This funding increase would provide an additional \$2.0 million for the relocation of the sewer main located beneath the Couture project. The amended budget, expenditures and remaining funds, related to TID 82, are shown in Table 1 below.



<b>Table 1 - TID 82 Amended Budget and Expenditures</b>			
<u>Description</u>	<u>Budgeted</u>	<u>Expended (As of 3/31/2017)</u>	<u>Remaining</u>
Milwaukee Streetcar	\$ 31,000,000	\$ 4,900,785	\$ 26,099,215
Couture Public Amenities	17,500,000	-	17,500,000
Street Paving (Astor)	150,000	5,196	144,804
Workforce Training	400,000	-	400,000
Administration	500,000	39,724	460,276
<b>Current Budget</b>	<b>\$ 49,550,000</b>	<b>\$ 4,945,705</b>	<b>\$ 44,604,295</b>
Resolution No. 170169 - Funding Increase	2,000,000		2,000,000
<b>Amended Budget</b>	<b>\$ 51,550,000</b>	<b>\$ 4,945,705</b>	<b>\$ 46,604,295</b>

### Is This Project Likely to Succeed?

From a financial perspective, the proposed funding increase should not adversely impact the district's ability to recover all costs. DCD's feasibility study forecasts the district will break even in year 18 of the TID's recovery period. The Comptroller's Office finds DCD's estimate to be reasonable based on our analysis.

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

Due to the unforeseen costs associated with the sewer main, the \$49.5 million originally budgeted is insufficient to complete the East Michigan project. Without this \$2.0 million funding increase, the City would have to find an alternate source of funds to pay for completion of the project.

### Conclusion

Based on the feasibility study, it appears the district is likely to generate enough cash to fund an additional \$2.0 million associated with relocation of the sewer main. Should you have any questions regarding this letter, please contact Melissa Fulgenzi at 2307.

Sincerely,



Martin Matson  
Comptroller

MM/MRF

C: Dan Casanova, Lori Lutzka