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Office of the Comptroller

April 12, 2016

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

RE: File 151790, TID 85 – 6th & National (Additional
Funding)

Dear Committee Members:

File 151790 would authorize additional funding of \$815,000 for TID 85 (6th and National) street improvement costs. This TID was created in 2015 (Common Council file no. 150564) to fund the reconstruction of South 5th Street between West Virginia Street and West Scott Street.

The increase in funding is due to the following factors:

- The current Department of Public Work's (DPW) cost estimate is \$365,000 higher than originally contemplated due to additional work related to conduit replacements.
- It was originally anticipated that TID 20 (Florida Yards) would fund \$450,000 of the work. However, TID 20 terminated before contracts were executed.

The current TID boundary continues to be comprised of 121 properties totaling 24.01 acres with a Wisconsin Department of Revenue (DOR) certified base value of \$32,096,600. The original and revised district budgets are shown in Table A.

Table A - Budgeted Project Costs			
	Project Plan Totals		Purpose
	Original	Revised	
Public Improvements			
Reconstruction of South 5th Street	\$ 1,610,000	\$ 2,425,000	New pavement, sidewalks, street trees, landscaping, streetlighting & streetscaping improvements
Bike Amenities	50,000	50,000	Bikeshare station(s), bike racks, pavement markings for bikes & other bike amenities
Total Public Improvements	<u>1,660,000</u>	<u>2,475,000</u>	
Other			
Administration	<u>25,000</u>	<u>25,000</u>	
Total Project Costs	<u>\$ 1,685,000</u>	<u>\$ 2,500,000</u>	

Is This Project Likely to Be Successful?

The feasibility study provided by DCD, which forecasts the District will fully recover the \$2.5 million of project costs plus financing in 2035, after receipt of the 2034 levy, appears reasonable. However, the ability of this district to recover the proposed expenditures by 2035 is dependent on the district achieving an annual appreciation rate of 2%. Assuming the district experiences a lower, 1% annual appreciate rate, the break-even forecast would be more likely in 2043, after receipt of the 2042 levy, which is the TID's mandatory termination year.

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

This proposed funding increase allows for the TID to fund an additional \$365,000 for conduit work and \$450,000 in lost TID 20 funding. Without this additional TID funding, the City would have to find an alternate funding source for this activity.

Conclusion

Based on the feasibility study, it appears that the proposed increase in funding will not adversely impact the ability of this TID to break even.

Should you have any questions regarding this letter, please contact Melissa Fulgenzi at extension 2307.

Sincerely,



Martin Matson
Comptroller

C: Lori Lutzka, Dan Casanova

MM/MRF