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July 19, 2016

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

**RE: File 160416, TID 68 – Fifth Ward/First Place
Amendment 2**

Dear Committee Members:

File 160416 would approve Amendment no. 2 to Tax Incremental District (TID) 68. This amendment adds seven parcels to the district and authorizes \$756,000 of additional funding for the construction of a 280 foot riverwalk segment along the Milwaukee River (adjacent to the planned residential development located at 236 South Water) including dockwall repair/replacement and construction of a public access connection (Riverwalk Project) and administration costs. A cash grant of approximately \$1.630 million will be provided to LCM Funds 38 Harbor View, LLC (Developer) to construct the Riverwalk Project. However, the district currently has a \$1.122 million surplus and an additional \$756,000 is needed to complete the Riverwalk Project and previously authorized projects. The additional funding authorized by this file will increase the total TID 68 budget from the current \$4.403 million to \$5.159 million, resulting in \$1.878 million available to complete all planned activities within the district.

TID 68 was created in November 2006 (Common Council file no. 060895) to construct riverwalk, dockwall and marina facilities related to the First Place condominium project on the river. The district had one previous revision (Amendment 1 - Common Council file no. 080541) to reduce the overstated base value of the district, by replacing the 2007 value of the First Place condominium project with the then-current 2008 value.

To date, \$3.280 million of district funds have been spent, excluding capitalized interest or other financing costs. See Table A below for a breakdown of budgeted and actual TID-funded expenditures.



Table A - Total TID 68 Budgeted and Expended Amounts			
Description	Budgeted	Expended as of May 31, 2016	Remaining
Public Improvements			
First Place	\$ 2,934,216	\$ 1,826,209	\$ 1,108,007
Fifth Ward	895,000	1,154,417	(259,417)
Contingency	223,750	-	223,750
Administration	350,000	299,804	50,196
Sub-Total	\$ 4,402,966	\$ 3,280,430	\$ 1,122,536
Resolution #160416-Amend #2	755,688	-	755,688
Total	\$ 5,158,654	\$ 3,280,430	\$ 1,878,224

Is This Project Likely to Succeed?

From a financial perspective, the proposed funding increase should not adversely impact the district's ability to fund an additional \$756,000 in costs. DCD's feasibility study estimates the district will break even in levy year 2018, fifteen years prior to the TID's mandatory termination date of 2033. DCD's estimate is fairly conservative since it excludes any district valuation increase related to the proposed development at 236 North Water Street. DCD's feasibility study appears reasonable based on the Comptroller's Office analysis.

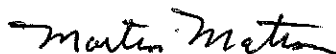
Is the Proposed Level of City Financial Participation Required to Implement the Project?

The proposed amendment authorizes the additional \$756,000 needed to increase available funding to \$1.878 million; of which \$1.630 million is needed to construct the Riverwalk Project and \$248,000 is necessary for administration and other costs. The development agreement (Common Council file no. 160417), consistent with agreements for previous extensions of the riverwalk, requires the City to finance 70 percent of the cost of constructing the riverwalk, 50 percent of the cost of the dockwall and 100 percent of the cost of the public access connection. Approval of this TID amendment allows the City to fund its share of these costs.

Conclusion

Based on the feasibility study, it appears the district is likely to generate enough cash to fund an additional \$756,000 of public improvements. Should you have any questions regarding this letter, please contact Melissa Fulgenzi at 2304.

Sincerely,



Martin Matson
Comptroller

MM/MRF

c: Lori Lutzka, Alyssa Remington