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November 29, 2022

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

RE: File 221110, TID 77 – HellermannTyton
Amendment 1

Dear Committee Members:

File 221110 would approve Amendment 1 Tax Incremental District (TID) 77, HellermannTyton (the District). The Comptroller's office has reviewed the project plan, feasibility study, term sheet, and has had discussions with Department of City Development (DCD). Based on the information presented by DCD, our analysis is as follows.

TID Background

The District was created in 2012 (File no. 120657) to assist HellermannTyton to acquire, upgrade and equip a facility, located on 6701 W. Good Hope Road, for additional production space. The District consists of a single 19-acre site with a warehouse facility that is 92,000 SF. Total estimated costs for the Project were \$6,475,000 for acquisition, equipment purchase, and facility update. As an incentive to proceed with the Project, the City proposed \$750,000 in funding pursuant to a Development and Contribution Agreement. Specifically, the District funded an annual grant to HellermannTyton for a period of up to 15 years, equal to any incremental property taxes resulting from the increased taxable value of property in the district, up to \$750,000. Payment was determined on HellermannTyton achieving and maintaining a specified number of employees at its locations in the City. If HellermannTyton's citywide employment was below this number, the City's payment on the monetary obligation for that year was to be reduced. As of December 2021, the City has fulfilled the monetary obligation of \$750,000 to the Developer.

This amendment would provide \$1,114,335 in public infrastructure improvements within a one-half mile radius of District's boundaries and \$100,000 for administration. The purpose of this amendment is to fund infrastructure improvements intended to reduce reckless driving. This includes, but is not limited to, repaving, the construction

of speed humps, traffic circles, raised crosswalks, diverters, curb extensions and related professional and administrative services.

Is This Project Likely to Succeed?

DCD’s feasibility study, which uses a constant 2.524% property tax rate and 1% inflation rate over the life of the TID, forecasts the City will fully recover the \$1,214,335 plus interest, after receipt of the 2028 levy, which is well within the 20-year lifespan of the District.

Sensitivity Analysis

There is inherent risk in every projection of future results. One common way to alleviate this risk is to provide sensitivity analysis, which forecasts the impact that different assumptions have on the projection. Below is a table, which summarizes several scenarios to show the sensitivity of DCD’s projected incremental revenues within the District.

| Sensitivity Analysis | |
|-------------------------------------|-----------------------|
| Percentage of DCD Projected Revenue | District Payback Year |
| 90% | 2030 |
| 95% | 2029 |
| 100% (Base Case) | 2029 |
| 105% | 2028 |
| 110% | 2028 |

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

Based on the feasibility study, it appears the District will generate enough cash to fund the additional project, particularly since monetary obligation to the Developer has already been satisfied. Without approval of this amendment, the City would need to use other funding sources to cover these street infrastructure costs.

Conclusion

Based on the feasibility study, it appears that TID 77 can support the debt service related to current and proposed expenditures within the district. Should you have any questions regarding this letter, please contact Nuducha Yang at extension 2354.

Sincerely,



Aycha Sawa, CPA, CIA
Comptroller

CC: Lori Lutzka, Gloria Lucas, Joshua Benson
AS:NY