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February 20, 2017

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

RE: File 161500, TID 41 – Time Warner/Manpower
Amendment 4

Committee Members:

File 161500 would authorize an additional \$875,000 of Tax Incremental District (TID) 41 funding for continued improvements to the Milwaukee riverwalk. The additional funding authorized by this file will increase the total TID 41 budget from the current \$37.6 million to \$38.5 million, excluding capitalized interest and other financing costs.

TID 41 was created in 2000 (Common Council file no. 000428) to fund a developer-financed extension of the riverwalk between West Juneau Avenue and West Cherry Street and other public improvements. Only a portion of the planned improvements were completed and the developer was fully repaid in 2005. In 2006, the project plan was amended (Common Council file no. 051108) to provide funding for construction of a 1,270 space parking structure, an extension of the riverwalk and other public improvements along with grants and loans to the Manpower building developer. In 2013, the project plan was amended (Common Council file no. 130246) to fund street reconstruction and site improvements. In 2016, the project plan was amended (Common Council file no. 160299) to provide a portion of the City match required for a \$20 million Federal TIGER grant to fund construction of an extension to the Streetcar project along 4th Street from the Intermodal Station to the new Arena. While Amendment 3 was approved, the Federal TIGER grant was not received.

The current amendment proposes to fund a \$475,000 grant (70% of the total cost) to Brewery Works, LLC for construction of a public riverwalk connection between the Milwaukee River and North 2nd Street. In addition, the amendment would provide a \$400,000 grant to the Redevelopment Authority of the City of Milwaukee (RACM) to fund the installation of pedestrian-actuated rectangular rapid flashing beacons (RRFBs) at mid-block street crossings on the Milwaukee riverwalk between Kilbourn Avenue and Walnut Street. See Table A for a summary of project budget amendments.



Table A - Project Budget Amendments		
File No.	Description	Amount (1)
000428	Original project plan - construct a riverwalk on the west side of the Milwaukee River and other site amenities.	\$ 7,150,000
051108	Amendment #1 - construct a city-owned parking ramp and other public improvements. Provide grants and loans to developer of Manpower building.	20,816,000
130246	Amendment #2 - Reconstruct West Galena Street and other site improvements.	1,700,000
160299	Amendment #3 - extension of Streetcar on N. 4th Street, from the Intermodal Station to the Bucks Arena.	8,000,000
Total current budget		37,666,000
161500	Proposed Amendment #4 - authorization of additional funding.	875,000
Total budget including file #161500		\$ 38,541,000

(1) Excluding capitalized interest and other financing costs.

Is this Project Likely to Succeed?

The Department of City Development's (DCD's) feasibility study, which uses a constant 2.90% property tax rate and 1% property appreciation rate over the remaining life of the TID, forecasts the District will fully recover the \$38.5 million total budget plus financing costs in 2023, after receipt of the 2022 levy, well before the district's termination date of 2027. 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 4 allows the City to fund a new riverwalk connection at North 2nd Street, in addition to installation of eight pedestrian-actuated crosswalk beacons on the Milwaukee riverwalk. Without this amendment, the City would have to find an alternate source to fund these improvements.

Conclusion

Based on the feasibility study, it appears the district is likely to generate enough cash to fund an additional \$875,000 in public improvements associated with the Milwaukee riverwalk. Should you have any questions regarding this letter, please contact Melissa Fulgenzi at 2307.

Sincerely,

Martin Matson
Comptroller

MM/MRF

c: Lori Lutzka, Alyssa Remington