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Office of the Comptroller

September 14, 2015

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

RE: File 150654, TID 85 – 6th & National

Committee Members:

File 150654 would approve the creation of TID 85 (6th and National) and the related Project Plan. We have reviewed the project plan and feasibility study and are basing our analysis on this information, as well as discussions with Department of City Development (DCD) staff.

Tax Incremental District 85 will provide \$1,685,000 to fund street improvements, bike amenities and administrative cost. The primary use of the funds will be for the reconstruction of South 5th Street between West Virginia Street and West Scott Street. The total estimated cost of the 5th Street reconstruction project is \$2,302,000, of which \$1,610,000 will be funded by the proposed district; \$450,000 will be funded by TID 20 (File No. 150175) and \$242,000 will be funded by DPW paving.

This file authorizes expenditures of approximately \$1.685 million, for public improvements and bike amenities and admin expenses. Table A outlines the proposed project costs, excluding financing and interest expenses.

Table A - List of Estimated Project Costs		
	<u>Amount</u>	<u>Purpose</u>
<u>Public Improvements</u>		
5th Street Reconstruction	\$1,610,000	New pavement, sidewalks, street trees, landscaping, streetlighting and streetscaping improvements
Bike Amenities	\$50,000	Bikeshare station(s), bike racks, pavement markings for bikes & other bike amenities
Total Public Improvements	<u>\$1,660,000</u>	
<u>Other</u>		
Administration	\$25,000	Administration, professional, organizational & legal
Total Project Costs	<u><u>\$1,685,000</u></u>	

The current TID boundary is comprised of 121 properties totaling 24.01 acres with a current assessed value of \$29,890,900.

Is This Project Likely to Be Successful?

The feasibility study provided by DCD, which forecasts the District will fully recover the \$1.685 million of project costs plus financing in 2036, after receipt of the 2035 levy, appears reasonable. However, the ability of this district to recover the proposed expenditures by 2036 is dependent on the district achieving an annual appreciation rate of 2%. Assuming the district experiences a lower, 1% annual appreciation rate, we forecast the district will break even in 2040, after receipt of the 2039 levy.

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

This proposed TID allows the City to provide a material portion of the funding necessary for the reconstruction of South 5th Street between West Virginia Street and West Scott Street. Without this TID, the City would have to find an alternate funding source for this project.

Conclusion

Based on the feasibility study, it appears that the proposed district is likely to generate enough cash to fund \$1.685 million of planned public improvements. Should you have any questions regarding this letter, please contact Rocky Wruck at 2304.

Sincerely,



Martin Matson
Comptroller

MRF/MM