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July 15, 2021

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

RE: File 210331, TID 85 – 6<sup>th</sup> and National  
Amendment 1

Dear Committee Members:

File 210331 would approve Amendment 1 Tax Incremental District (TID) 85, 6<sup>th</sup> and National (the District), along with a corresponding project plan. The Comptroller's office has reviewed the project plan and feasibility study, and has had discussions with Department of City Development (DCD) staff. This analysis is based on the information provided.

The District was created in 2015 to provide \$1,660,000 towards the reconstruction of South 5<sup>th</sup> Street between West Virginia Street and West Scott Street, bike amenities, and \$25,000 in administrative costs. In 2016, the District had an additional \$815,000 in funding authorized for the reconstruction of South 5<sup>th</sup> Street due to an increased cost estimate and the closure of TID 20 (Florida Yards). TID 20 was anticipated to cover a portion of the reconstruction but terminated before contracts were executed.

Amendment No. 1 would provide an additional \$900,000 for pedestrian and bike improvements to South 6<sup>th</sup> Street and West Mineral Street, \$250,000 for preliminary planning, design and engineering for the Walker's Point extension of the Streetcar, \$50,000 for additional bikeshare stations, and \$75,000 in administrative costs (the Project). The table on the following page shows a summary of project budget amendments and funding increases for the District.



<b>TID 85 Project Budget Revisions</b>		
<b>File No.</b>	<b>Description</b>	<b>Amount</b>
150564	Original Project Plan – authorized a \$1,610,000 towards the reconstruction of South 5 <sup>th</sup> Street, \$50,000 in bike amenities, and \$25,000 in administrative costs.	\$ 1,685,000
151790	Funding Increase – authorized an additional \$815,000 towards the reconstruction of South 5 <sup>th</sup> Street.	815,000
210331	Proposed Amendment #1 - would authorize an additional \$900,000 for pedestrian and bike improvements to South 6th Street and West Mineral Street, \$250,000 for preliminary planning, design and engineering for the Walker’s Point extension of the Streetcar, \$50,000 for additional bikeshare stations, and \$75,000 in administrative costs.	1,275,000
<b>Total Budget Including File No. 210331</b>		<b>\$ 3,775,000</b>

**Is This Project Likely to Succeed?**

DCD’s feasibility study, which uses a constant 2.771% property tax rate and 1% inflation rate over the life of the District, forecasts the District will fully recover the City’s portion of the District’s costs plus financing in 2029, after receipt of the 2028 levy (year 14). From a financial perspective, the proposed Amendment appears feasible based on the Comptroller’s review.

**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 that summarizes several scenarios which show the sensitivity of DCD’s projected incremental revenues within the District.

<b>Sensitivity Analysis</b>	
Percentage of DCD Projected Revenue	District Payback Year
90%	2035
95%	2032
100% (Base Case)	2029
105%	2028
110%	2027

Under each of the above scenarios, the City would fully recover its \$3,775,000 total investment in the District plus financing costs within the District’s 27-year life.

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

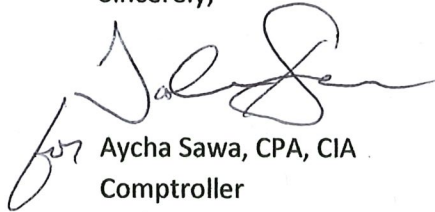
This proposed Amendment would allow the District to fund pedestrian and bike improvements, preliminary planning, design and engineering for the Walker's Point extension of the Streetcar, and additional bikeshare stations. Without City funding, the City would have to find an alternate funding source to complete this activity.

**Conclusion**

This proposed Amendment provides the financing necessary for the Project and does appear to adversely impact the ability of the District to break even based on the feasibility study.

Should you have any questions regarding this letter, please contact Joshua Benson at 2302.

Sincerely,



for Aycha Sawa, CPA, CIA  
Comptroller

CC: Dan Casanova  
Lori Lutzka

AS/JB