

MICHAEL J. MURPHY

ALDERMAN, 10TH DISTRICT

City Hall, Room 205
200 East Wells Street
Milwaukee, WI 53202

Phone (414) 286-3763
Fax (414) 286-3456

e-mail: mmurph@milwaukee.gov
website: www.milwaukee.gov/district10



CHAIR:
Employees' Retirement System Investment Committee
Finance & Personnel Committee
Housing Trust Fund Advisory Board
Milwaukee Arts Board

MEMBER:
Steering & Rules Committee
Zoning, Neighborhoods & Development

January 28, 2014

Comptroller Martin Matson
Office of City Comptroller
200 E Wells – Room 404
Milwaukee, Wisconsin 53202

Re: DCD proposed \$1.2 TID subsidy for Boston Store's Grand Avenue Operations

Dear Comptroller Matson:

Please, consider this a formal request that the Office of the City Comptroller prepare a thorough, independent analysis of the costs and benefits of the Commissioner of City Development's proposal to provide a \$1.2 million, TID funded subsidy to Bon-Ton Stores for its Grand Avenue operations over the next four years.

DCD's proposal is deceptively simple, and I am confident your office's analysis will shed light on all its salient ramifications, but I ask that it include, for my own better understanding, the following:

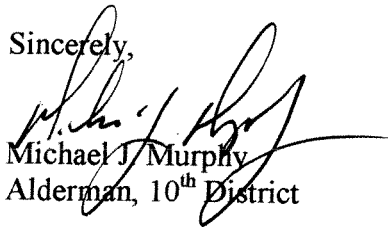
- A thorough explanation of the exact funding source(s) and repayment structure. DCD's term sheet suggests the City will forego ALL property taxes on the Boston Store's retail space and corporate offices, not just the "incremental" portion resulting from the Wispark renovations. At the same time, the term sheet seems to imply funding and repayment from "incremental" property taxes on the whole tax incremental district. Will the City be giving up property taxes it currently collects, or simply putting off its collection of "incremental" taxes until after this \$1.2 million subsidy is repaid?
- The likely consequences for the City's tax revenues and the development of West Wisconsin Avenue if the \$1.2 subsidy is not granted, and Boston Stores closes its retail operations one year from now, when its current lease expires. The likelihood Bon-Ton will close its corporate offices before its lease, which runs almost four more years, until October, 2017, expires.
- An evaluation of expected developments in the West Wisconsin Avenue area in the next four years, how these developments might be affected by the closing of Boston Store's retail operations and how the City benefits in terms of tax revenues, population growth and increased commercial vitality.

- An evaluation of the provision that Bon-Ton maintain at least 750 FTE's combined in its retail and corporate operations to qualify for each year's subsidy of \$300,000. The term sheet says the subsidy will be cut proportional if FTE's fall below 750, suggesting a workforce reduction of 150 FTE's (20%), which could save Bon-Ton \$4.5 million in wages alone (if average wage is \$30,000), would mean a reduction of only \$60,000 in the subsidy. That does not sound like much of an incentive for Bon-Ton to stick to the agreement.

This analysis, I believe, is critical for the Common Council to make an informed decision on the cost/benefit facts of this proposal, and I appreciate your help.

Of course, this matter will be heard very soon, so your prompt completion of the analysis is also greatly appreciated.

Sincerely,



Michael J. Murphy
Alderman, 10th District

CC: Council Members