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**Office of the Comptroller**

July 10, 2014

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

RE: File 140436, TID 71 – Mitchell Street

Committee Members:

On April 2, 2014, Wisconsin Act 183 (the Act) was passed, permitting municipalities to request the Department of Revenue to reset the base value of a TID to its current value. A reset is allowed when a district has experienced a decline in value below the base of at least 10% for two consecutive years. File 140436 would request DOR redetermine the base value of TID 71 (Mitchell St.) to its current value and approve the Project Plan amendment and related feasibility study. We have reviewed the project plan and feasibility study and are basing our analysis on this information as well as discussions with DCD and City Attorney staff.

Tax Incremental District 71 was created in 2008 with a base of \$75 million. The current (2013) valuation of the district is \$66.8 million, a gap of \$8.5 million. Since its creation, the district has not had a positive incremental valuation.

Pursuant to the Act, the project plan must specify that the city expects to recover all project costs within 90% of the district's remaining life which equates to 18 years for this TID. To recover the current lifetime-to-date expenditures of \$1.5 million plus interest, the district will need to generate \$121,000 of annual revenue. If the remaining appropriation of \$900,000 is also expended, the TID will need to produce \$205,000 per year for the next 18 years. An apartment complex currently under construction is expected to generate \$2 million in incremental value.

Without this amendment, TID 71 will have to achieve approximately \$8.5 million of incremental valuation before it can realize its first dollar of revenue. We agree that this amendment and related feasibility analysis meets the Act requirements and increases the likelihood that the district will break even by eliminating the gap.

Should you have any questions regarding this letter, please contact Rocky Wruck of my staff at 2304.

Sincerely,

Martin Matson  
Comptroller

