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December 8, 2014

Zoning, Neighborhoods & Development Committee  
City of Milwaukee  
City Hall, Room 205

RE: File 141264, TID 56 – Erie/Jefferson Street

Committee Members:

File 141264 would approve Amendment 3 to the TID 56 (Erie/Jefferson Street) project plan. We have reviewed the project plan and feasibility study, and have had discussions with Department of City Development (DCD) staff. Our analysis is based on the information provided.

Tax Incremental District 56 was created in 2004 (Common Council file no. 040639) to assist in the financing of public improvements, riverwalks, the restoration and adaptive reuse of certain existing buildings and potential new development in that section of the Historic Third Ward Area bounded by North Broadway, the Milwaukee River, East Erie Street and the Harbor Entrance. Amendment 1 to the TID (Common Council file no. 090791) approved donating funds from TID 56 to TID 35, 27th/Wisconsin, and to TID 69, The New Avenue Commerce Center Project/24<sup>th</sup> and North. Amendment 2 to the TID (Common Council file no. 130268) approved donating funds from TID 56 to TID 58 (20th/Walnut), TID 65 (20th/Brown) and TID 66 (Metcalf Park Homes). Amendment 3 authorizes an additional \$19.9 million in funding as shown in Table A.

Table A - List of Amendment 3 Estimated Project Costs		
	<u>Amount</u>	<u>Purpose</u>
<b>Public Improvements</b>		
Milwaukee Streetcar	\$ 18,300,000	Construct Phase 1 of the streetcar
Riverwalk Extension	695,942	Create a public space at the Jefferson stub end and increase funding for the extension of the riverwalk on Phase II of the Marine Terminal project
North Milwaukee St. and East Corcoran Ave. Improvements	540,000	Construct public infrastructure along North Milwaukee Street and East Corcoran Avenue for the streetcar
<b>Total Public Improvements</b>	<u>19,535,942</u>	
<b>Other</b>		
Grant	400,000	Cash grant for business expansions/relocation
<b>Total Amendment 3 Project Costs</b>	<u>\$ 19,935,942</u>	

Of the \$19.5 million of public infrastructure improvements, \$18.3 million is related to the streetcar improvements which are located outside, but within a half mile, of the district. The \$400,000 cash grant is also related to the streetcar.



**Is This Project Likely to Be Successful?**

The feasibility study for this amendment, forecasts that the TID will amortize its debt by 2022 or year 19. From a financial perspective, we find the feasibility analysis to be reasonable based on my office’s analysis which indicates break even should occur in year 18 or 2021, well within the districts mandatory termination in 2031. Prior to this amendment, this TID would have recovered all its costs.

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

This proposed amendment allows the City to finance construction of a portion of Phase 1 of the streetcar line and extend the riverwalk for the benefit of current and future property owners, residents and visitors. Without this amendment, alternative sources of funding would need to be identified for the initial phase of the streetcar project.

**Conclusion**

Based on the feasibility study, it is evident that TID 56 can support debt service of \$19.9 million related to streetcar and riverwalk infrastructure expenditures. However, due to the lack of information regarding the purpose, terms or intended recipient of the \$400,000 cash grant, we recommend that DCD return to the Committee for approval of the release of those funds.

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

Sincerely,



Martin Matson  
Comptroller

MM/RW