

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE

OCTOBER 26, 2009

Item 4, File #090561

File Number 090561 is a resolution creating Business Improvement District No. 42 (Schlitz Park) and approving its first year Operating Plan.

Background

1. Section 66.1109, Wis. Stats., permits the City of Milwaukee to create business improvement districts. A business improvement district ("BID") is a specific geographic area of the city in which commercial property owners pay special assessments to cover the cost of special improvements or business promotion activities in their business district. Creation of a BID is initiated by owners of real property used for commercial purposes and located in the proposed district petitioning the City for creation of such a district. The Statutes require that the City Plan Commission designate the proposed BID boundaries, adopt a First Year Operating Plan for the BID and hold a public hearing on both items. The Common Council then votes to create the BID and adopt the First Year Operating Plan, which relates to the development, redevelopment, maintenance, operation and improvement of the BID.
2. Following creation of a BID, special assessments collected from the BID are placed in a segregated City account and used to pay for implementation of the operating plan.
3. The segment of the RiverWalk along Schlitz Park (the west side of the Milwaukee River between Cherry and Pleasant streets) experienced substantial damage and deterioration in the past 2 years. The dockwall in this area was over 100 years old and had to be repaired on an emergency basis to prevent the RiverWalk from falling into the river. As a result, this RiverWalk segment, which is the longest in the entire RiverWalk system, is currently unusable and in need of restoration.
4. Owners of property in Schlitz Park -- the area bounded by Pleasant Street, Cherry Street, the Milwaukee River and King Drive -- have petitioned the City for creation of a BID in this area. The purpose for creating the BID is to provide the funding necessary to repair and restore the RiverWalk segment in this area.
5. On September 21, 2009, the City Plan Commission held a public hearing on the proposed Schlitz Park BID (BID No. 42). The Commission recommended approval of establishment of BID No. 42.

Discussion

1. Common Council Resolution File No. 090561 approves creation of BID No. 42 (Schlitz Park) and its board of directors. It also approves the initial Operating Plan for this BID.
2. The proposed BID will be used to fund the permanent repair and restoration of the RiverWalk segment along the west side of the Milwaukee River between Cherry and Pleasant streets. This includes dockwall reconstruction and installation of a new RiverWalk and related amenities

3. The total cost of the RiverWalk reconstruction project is \$1,794,325, of which \$848,200 will be paid by the new BID and the remainder by property owners within the BID and by the City. The BID is using two loans -- one from the City, the other from property owners within the BID -- to fund the project up front. These loans will be repaid through BID annual assessments over a period of 10 years, with an annual interest rate of 5%.
4. The Operating Plan calls for annual assessments totaling \$108,000 for debt service (a fixed amount), plus funding of administrative costs (may vary from year to year). The initial Operating Plan calls for the BID to raise the \$113,000 from special assessments collected by the City in 2010 -- \$108,000 for debt service, plus \$5,000 for administrative expenses. There are 11 assessable properties within the proposed BID; their total assessed value is \$46,748,000.
6. The proposed BID will be governed by a 5-member board selected in accordance with statutory procedures. The BID will be a separate entity from any other entity, although members, officers, employees and directors may be shared with other entities.
7. The BID will revise and develop its Operating Plan on an annual basis. As with other BIDs, the Schlitz Park BID's Annual Operating Plans will come before the Common Council for approval each year.

Fiscal Impact

1. Adoption of this resolution will have no direct fiscal impact on the City. It will authorize the expenditure of \$113,000 from DCD's special revenue fund known as the "Economic Development Fund." The Economic Development Fund is the mechanism by which the City collects assessments from properties in BIDs and provides the dollars it collects to the BIDs to carry out their annual operating plans. Since this revenue account merely functions as a funding pass-through, it has no tax levy impact.
2. The 2010 Proposed Budget includes \$200,000 in the Economic Development Fund for 4 new BIDs, one of which is the Schlitz Park BID.
3. The resolution directs the City Treasurer and City Comptroller to collect and disburse the special assessments set forth in the BID No. 42 First Year Operating Plan.
4. The BID No. 42 Operating Plan states that the City of Milwaukee commits to supporting the BID by providing it with technical assistance, collecting and disbursing BID assessments, and providing information on assessed values of properties within the District. To the extent that staff of DCD, the City Treasurer, the City Comptroller, the City Assessor and other departments provide assistance to the BID, there will be a small, in-kind fiscal impact on the City.

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