TID Economic Feasibility Study
Proposed N. 35th St. and W. Capitol Dr. Tax Increment District
(TID #__)  

City of Milwaukee

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DRAFT

S. B. Friedman & Company i Development Advisors
1. Project Background and Study Approach

*S.B. Friedman & Company* was engaged by the City of Milwaukee Department of City Development (DCD) to conduct an economic feasibility study for the proposed N. 35th St. and W. Capitol Dr. Tax Increment District (TID #___). This study examines the market potential of several land uses contemplated by the City for the Tower Automotive site. In addition, based on the information gathered in the market study and input provided by the City, *SBFCo* analyzed the potential for future incremental property tax revenues and land sale revenues to cover proposed TID expenditures that the City may incur as part of a major redevelopment initiative on the Tower Automotive site and in ancillary neighborhood revitalization efforts.

**Context and Background**

The proposed TID is generally bounded by West Capitol Drive to the north, North 26th Street to the east, West Burleigh Street to the south and North 36th Street to the west. The TID boundary is illustrated in Figure 1.1 on the following page. The District consists of approximately 1,050 properties, contains about 300 acres of land area excluding public rights of way, and encompasses the entire 148-acre former Tower Automotive Complex and adjacent residential, commercial and industrial properties.

In 2005, the City of Milwaukee adopted the Redevelopment Plan for the West Capitol Drive and North 35th Street “Century City” Project Area (“Century City Redevelopment Plan”). This Plan encompassed the entire 156.25 acre former Tower Automotive (previously A.O. Smith) complex generally bounded by Capitol Drive, 35th Street, Townsend Street, and certain properties on the east side of Hopkins and west side of 35th.

Key objectives of the Century City Redevelopment Plan included:

- Promoting land uses that engender greater levels of capital investment and high quality urban design, landscaping, and stormwater handling
- Fostering living-wage jobs at a targeted density of 15 per acre
- Facilitating environmental cleanup and development of new infrastructure
- Avoiding vacancy and deterioration within the Plan area, which would have a blighting influence on the surrounding neighborhood

The proposed N. 35th St. and W. Capitol Dr. TID builds on the objectives of the Century City Redevelopment Plan by putting in place a financial mechanism to allow the City of Milwaukee to more directly influence the conservation and redevelopment of the Tower Automotive site. It also contemplates a forgivable loan program to provide matching funds for home improvements by property owners within the surrounding residential neighborhood.
Tower TID Economic Feasibility Study

Figure: 1.1
Site and TID Boundary

Legend
- Proposed TID Boundary
- Acquisition Area
- Proposed Land Use
- Industrial
- Residential
- Retail
- Retail/Industrial

Private Redevelopment Area
Core Acquisition Area
Tower Outlots

0 500 1,000 Feet

June 2009
DRAFT
In conjunction with the creation of the TID, the City of Milwaukee is contemplating the purchase of approximately 84 acres of the Tower Automotive Complex (“Acquisition Area”), as shown in Figure 1.1, to facilitate mixed-use redevelopment of the site. The Acquisition Area is comprised of the main Tower parcel (“Core Acquisition Area”) and seven smaller parcels immediately to the east (“Tower Outlots”). It is anticipated that the City would perform initial site preparation activities including demolition, environmental remediation, and infrastructure development, with the ultimate intention of marketing development-ready sites to end purchasers. The City may also perform basic rehabilitation/stabilization for any existing buildings on the site that it chooses to retain for either sale or lease.

Immediately after acquisition of the Core Acquisition Area and Tower Outlots, the City intends to conduct a detailed community-based master planning process to refine such elements as the proposed redevelopment program, design standards, infrastructure improvements, and regulatory framework for the Tower site. In addition, the City intends to pursue an in-depth strategic plan to:

- Identify key economic sectors with growth potential in the Milwaukee region through such tools as shift share and location quotient analysis
- Research the evolving space needs, clustering potential, and other locational requirements of businesses within targeted economic sectors
- Analyze the City of Milwaukee’s competitive position and historical ability to capture growth in these sectors; and
- Provide strategic recommendations to position the Tower Automotive site and other key City business park locations to maximize capture of future growth industries, including such factors as parcel sizes/shapes, infrastructure, amenities, transportation facilities, linkages to work-force and training, and financing tools.

SBFCo’s projections of future TID revenues reflect redevelopment of a 13.7 acre vacant parcel located at the southeast corner of W Capitol Drive and N 35th Street (“Private Redevelopment Area”), which is currently being marketed for retail development by a private party. While the City does not currently plan to acquire this site, its redevelopment is contemplated in this feasibility study since it will influence the capacity of the proposed TID.

The redevelopment of the Core Acquisition Area is likely to be a multi-phased process that adapts to reflect changing market parameters and opportunities over time, particularly during the process of demolition and site remediation, which is anticipated to require at least two to three years. In order to develop a basis for reasonable TID revenue projections at this preliminary stage in the redevelopment process, SBFCo evaluated market parameters for potential land uses that may be included in the ultimate redevelopment program.
As part of the basis for land use assumptions for the Tower site, SBFCo reviewed the Century City Redevelopment Plan and conceptual site capacity studies performed by Planning and Design Institute (PDI) on behalf of the City in 2003. The PDI site studies incorporated the following redevelopment principles:

- Introduction of streets to the site
- Predominantly business redevelopment
- Retail along Capitol Drive
- Residential on eastern outlots
- Retention of selected existing buildings
- Use of rail adjacent to site

The PDI and Century City Redevelopment plans recommend that the Acquisition Area could be redeveloped largely as a business park, with some retail at the northern portion of the site and residential on the Tower Outlots. SBFCo developed assumptions regarding future development of the Acquisition Area that are generally based on these land use principles, but have been adjusted based on market research and input from City staff.

Figure 1.2 shows the land use assumptions for the portion of the TID for which redevelopment is reflected in the TID capacity projections in this report. On an interim basis prior to a community planning process, the Core Acquisition Area is assumed to be redeveloped mostly as a business campus with some retail at the northern end of the site. The Tower Outlots are assumed to be a mix of residential and open space. The 13.7 acre Private Redevelopment Area discussed above is assumed to be either retail or business. No specific redevelopment assumptions have been incorporated into this study for the balance of the TID, which is predominantly residential. A more detailed development program, site layout and absorption pace assumed for the TID projections are detailed in Chapters 2 through 4.

### Figure 1.2: Assumed Land Use Program for TID Projections

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Business uses</td>
<td>45.6</td>
</tr>
<tr>
<td>Existing Industrial</td>
<td>12.9</td>
</tr>
<tr>
<td>Retail</td>
<td>4.1</td>
</tr>
<tr>
<td>Retail or Business Uses</td>
<td>16.6</td>
</tr>
<tr>
<td>Residential - Single Family</td>
<td>3.0</td>
</tr>
<tr>
<td>Residential - Multi-Family</td>
<td>2.2</td>
</tr>
<tr>
<td>Civic/Public/Undefined</td>
<td>1.0</td>
</tr>
<tr>
<td>Open Space</td>
<td>4.5</td>
</tr>
<tr>
<td>Stormwater</td>
<td>4.0</td>
</tr>
<tr>
<td>Right of Way</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>97.4</strong></td>
</tr>
</tbody>
</table>

Source: S. B. Friedman & Company
It should be noted that the above land use assumptions include a substantial proportion of private, taxable land uses, which are assumed to generate property tax revenue to support TID borrowing. To the extent these proportions change in the final programming of the site, TID capacity may be affected.

**Sources and Uses of Funds**

The City of Milwaukee anticipates a multi-year redevelopment process incorporating a variety of funding sources to cover the anticipated costs of acquisition, demolition, site preparation, and other related activities. These sources include:

- Capital budget funds from the City of Milwaukee
- Grants from state and federal sources
- New Markets Tax Credits equity
- TID revenues from redevelopment of the Acquisition and Private Redevelopment Areas
- TID revenues from growth in property values in the remainder of the TID
- Land sale proceeds from redeveloped property within the Acquisition Area

The City’s current projected sources and uses are shown in Figures 1.3 and 1.4 on pages 6 and 7. A total program of approximately $34.6 million in public expenditures is anticipated, including such activities as:

- Acquisition of approximately 84 acres of industrial property;
- Demolition of approximately 1.8 million square feet of presently vacant or underutilized industrial buildings, including asbestos abatement;
- Environmental remediation and abatement of contaminants in building components and soil;
- Clearing and grading of the site;
- Stabilization of existing buildings and ongoing holding costs for the site during the development period;
- Public improvements, including streets and utilities to serve the cleared area;
- Matching funds to assist with qualified private improvements to existing residential properties in the TID;
- Development fund to provide funding for job training for redevelopment projects in the District;
- Planning and community outreach; and
- Administrative costs associated with the TID.

The TID is projected to provide approximately $15.6 million towards the project budget of the redevelopment area. In addition, the City has committed a capital budget contribution of $3 million from the 2008 budget and $7 million in future-year contingent borrowing. Other possible grant funding sources that the City is pursuing include Leaking Underground Storage Tank (LUST) Stimulus funding; Economic Development Initiative funds from the Department of Housing Preservation and Development; the U.S. Environmental Protection Agency; and the Wisconsin Department of Natural Resources.
## SOURCES

| TID Sources | Present Value- TID Revenues from Tower Site | $5,359,345 |
|             | Present Value- TID Revenues from Balance of District | $4,340,652 |
|             | Present Value- Projected Sales Revenues | $5,925,912 |
|             | **Subtotal TID Sources** | **$15,625,909** |

### City Capital Budget
- 2009 Capital Budget Contribution | $7,000,000 |
- 2010 Capital Budget Contribution | $3,000,000 |
| **Subtotal City Capital Budget** | **$10,000,000** |

### WE Energies Credits
- New Markets Tax Credit Equity | -$2,132,815 |

### Outside Grants

<table>
<thead>
<tr>
<th>Grant Type</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>HUD (Site and Corridor)</td>
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<tr>
<td>EPA Assessment Grants</td>
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<td>EPA Cleanup Grant</td>
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<td>Federal Econ Dev Administration</td>
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<tr>
<td>WDNR Grants (Site Assessment/Ready for Reuse)</td>
<td>$600,000</td>
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<tr>
<td>LUST Stimulus</td>
<td>$2,000,000</td>
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<tr>
<td>Milwaukee Department of Commerce -BEBR</td>
<td>$1,250,000</td>
</tr>
<tr>
<td>RACM - Revolving Loan Fund</td>
<td>$100,000</td>
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<tr>
<td><strong>Subtotal Applied For</strong></td>
<td><strong>$5,180,000</strong></td>
</tr>
</tbody>
</table>

### Additional Grants to be Applied For |
- 1,648,526 |

### TOTAL SOURCES |
- **$34,587,250**

## USES

### Acquisition and Relocation

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Acquisition [1]</td>
<td>$3,500,000</td>
</tr>
<tr>
<td>MITC [1]</td>
<td>$500,000</td>
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<tr>
<td>Other Tenant Relocation [1]</td>
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<tr>
<td><strong>Subtotal Acquisition and Relocation</strong></td>
<td><strong>$4,500,000</strong></td>
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</tbody>
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### Demolition, Excavation, and Asbestos Abatement [2] |
- $11,900,000 |

### Environmental

<table>
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<tr>
<th>Item</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Due Diligence consultant estimate [3]</td>
<td>$785,000</td>
</tr>
<tr>
<td>Remediation [4]</td>
<td>$5,500,000</td>
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<tr>
<td><strong>Subtotal Environmental</strong></td>
<td><strong>$6,285,000</strong></td>
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</table>

### Infrastructure and On-Sites

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<th>Item</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Internal Streets [5] 1,850 linear feet @ $600</td>
<td>$1,110,000</td>
</tr>
<tr>
<td>Water Infrastructure [5] 1,850 linear feet @ $200</td>
<td>$370,000</td>
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<tr>
<td>Sewer Infrastructure [5] allowance</td>
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</tr>
<tr>
<td>Landscaping, On-Sites, and Gateway Feature allowance</td>
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<tr>
<td>Electrical Infrastructure [6]</td>
<td>$225,000</td>
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<td>Gas Infrastructure [6]</td>
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<tr>
<td>Stormwater Detention [7] allowance</td>
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<td><strong>Subtotal Infrastructure and On-Sites</strong></td>
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### Stabilization and Holding Costs

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<td>Stabilization [8]</td>
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<td>Holding Costs [9]</td>
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<tr>
<td><strong>Subtotal Stabilization and Holding Costs</strong></td>
<td><strong>$980,000</strong></td>
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### Neighborhood Housing [10] |
- $409,000 |

### Demolition, Infrastructure, Environmental Contingency 15% |
- $3,392,250 |

### Soft Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due Diligence Consulting Costs</td>
<td>$500,000</td>
</tr>
<tr>
<td>Administrative Costs</td>
<td>$1,300,000</td>
</tr>
<tr>
<td>Workforce Development</td>
<td>$500,000</td>
</tr>
<tr>
<td>Legal</td>
<td>$200,000</td>
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<tr>
<td>Planning/Community Outreach</td>
<td>$200,000</td>
</tr>
<tr>
<td><strong>Subtotal Soft Costs</strong></td>
<td><strong>$2,700,000</strong></td>
</tr>
</tbody>
</table>

### TOTAL USES |
- **$34,587,250**

### SURPLUS OR (SHORTFALL) |
- **$-**

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[1] Per Negotiated City Contract w/MITC
[3] Consultant Estimate Provided to City
[4] City Estimate Based on Experience with Analogous Projects; Remediation of Western Portion of Tower Site
[5] Preliminary Estimate per Department of Public Works
[6] Estimate per WE Energies
[7] Preliminary Estimate per Earth Tech/AECOM
[8] Estimate per Kahler Slater Architects
[9] City Estimate Based on Preliminary Security Provider Estimates; Analogous Project Experience
[10] TIN-Like Program for Surrounding Neighborhood within TID Boundary
## City of Milwaukee - Tower Automotive TID

### Figure 1.4: City Sources and Uses Estimate

<table>
<thead>
<tr>
<th>Source Description</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>City Capital Budget</strong></td>
<td>$6,623,248</td>
<td>$3,376,753</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$10,000,000</td>
</tr>
<tr>
<td><strong>WE Energies Credits</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>NMTC Equity</strong></td>
<td>$2,132,815</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$2,132,815</td>
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<tr>
<td><strong>Outside Grants</strong></td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>$6,828,526</td>
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<tr>
<td><strong>Required TID Bonding</strong></td>
<td>-</td>
<td>-</td>
<td>$9,035,847</td>
<td>$3,744,063</td>
<td>$2,846,000</td>
<td>$15,625,909</td>
</tr>
<tr>
<td><strong>TOTAL SOURCES</strong></td>
<td>$8,756,063</td>
<td>$9,683,063</td>
<td>$9,558,063</td>
<td>$3,744,063</td>
<td>$2,846,000</td>
<td>$34,587,250</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Use Description</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acquisition and Relocation</strong></td>
<td>$4,500,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$4,500,000</td>
</tr>
<tr>
<td><strong>Demolition, Excavation, and Asbestos Abatement</strong></td>
<td>$2,380,000</td>
<td>$4,760,000</td>
<td>$4,760,000</td>
<td>-</td>
<td>-</td>
<td>$11,900,000</td>
</tr>
<tr>
<td><strong>Environmental</strong></td>
<td>$157,000</td>
<td>$3,064,000</td>
<td>$3,064,000</td>
<td>-</td>
<td>-</td>
<td>$6,285,000</td>
</tr>
<tr>
<td><strong>Infrastructure and On-Sites</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$2,215,000</td>
<td>$2,215,000</td>
<td>$4,430,000</td>
</tr>
<tr>
<td><strong>Stabilization and Holding Costs</strong></td>
<td>$271,000</td>
<td>$271,000</td>
<td>$146,000</td>
<td>$146,000</td>
<td>$146,000</td>
<td>$980,000</td>
</tr>
<tr>
<td><strong>Neighborhood Housing</strong></td>
<td>-</td>
<td>$100,000</td>
<td>$100,000</td>
<td>$100,000</td>
<td>$100,000</td>
<td>$400,000</td>
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<tr>
<td><strong>Demolition, Infrastructure, Environmental Contingency</strong></td>
<td>$848,063</td>
<td>$848,063</td>
<td>$848,063</td>
<td>$848,063</td>
<td>-</td>
<td>$3,392,250</td>
</tr>
<tr>
<td><strong>Soft Costs</strong></td>
<td>$600,000</td>
<td>$640,000</td>
<td>$640,000</td>
<td>$435,000</td>
<td>$385,000</td>
<td>$2,700,000</td>
</tr>
<tr>
<td><strong>TOTAL USES</strong></td>
<td>$8,756,063</td>
<td>$9,683,063</td>
<td>$9,558,063</td>
<td>$3,744,063</td>
<td>$2,846,000</td>
<td>$34,587,250</td>
</tr>
</tbody>
</table>

**SURPLUS OR (SHORTFALL)**

- $ - $ - $ - $ - $ -
**Study Approach**

*SBFCo* reviewed and considered the key factors affecting the TID feasibility of the proposed project:

- Contextual market information for business, retail and residential uses gathered and analyzed by *SBFCo*
- Real property assessment data from the City Assessor’s Office for business and retail property in order to validate the potential assessments for the N. 35\textsuperscript{th} St. and W. Capitol Dr. Redevelopment Project in the context of the City as a whole
- Demolition cost budget provided by Brandenburg Industrial Service Company
- Other TID budget assumptions provided by DCD
2. Business Park Market Analysis

One of the City’s principal objectives in purchasing the Acquisition Area is to create employment opportunities through the reintroduction of business uses to the site. The Core Acquisition Area is the largest redevelopment site in the 30th Street Industrial Corridor and, likely the best-suited vacant/underutilized site in the corridor to create a business park-style layout. Furthermore, the redevelopment of the Core Acquisition Area could serve a catalyst for renewal and reinvestment within the 30th Street Industrial Corridor.

Because the majority of the existing Tower Automotive structures are over 75 years old and functionally obsolete, the City’s vision for the Core Acquisition Area assumes demolition of all industrial facilities except buildings 35 and 36 at the southern end of the site. The demolition of the majority of the Tower buildings and the introduction of new public infrastructure would allow for the creation of new development-ready sites that could be marketed to attract new businesses needing build-to-suit facilities and/or to developers constructing multi-tenant facilities. The northernmost portion of the Core Acquisition Area, which has direct frontage on Capitol Drive, is targeted for retail uses that would maximize the value of this portion of the site and provide amenities for business tenants to the south. The TID capacity estimates in this report assume that approximately 70 of the 74-acres in the Core Acquisition Area (“Business Park Site”) will be redeveloped with business uses as shown in Figure 2.1. Per current assumptions by the City of Milwaukee, Buildings 35 and 36 would be retained, and sold or leased to one or more business end users. The retention of Buildings 35 and 36 will allow the City to test the business park market immediately upon purchase of the property and potentially generate cash flow from resale of the buildings with limited upfront investment. Further, Buildings 35/36 appear to offer good potential for direct rail access, as well as a large contiguous footprint.

To conduct the business park portion of the market feasibility assessment, SBFCo reviewed and considered the following:

- Site attributes and the competitive position of the Core Acquisition Area
- Performance of similar business park projects, including build-to-suit, and speculative development, based on interviews with key informants, data available from the Milwaukee Assessor’s Office, and CoStar, a database of commercial and industrial transactions

This section examines the site’s suitability for business uses and provides an assumed development program, sales/lease prices and absorption pace of development on the site based on the considerations outlined above.
Site Analysis

ACCESS

Although the Tower Site is not immediately adjacent to a highway, it is located 1.5 miles from Interstate 43 via Capitol Drive, a primary east-west arterial and designated truck route that traverses the northern boundary of the site. It is anticipated that access to the future business park will be provided via an internal road system from Hopkins Avenue on the eastern edge of the site. Therefore, trucks from the future business park could exit to Hopkins, travel north to turn on Capitol Drive and then eastward to access the Interstate system within a 10 minute drive time.

A rail line owned by Canadian Pacific (CP) is also located immediately adjacent to the proposed Business Park Site. A new business locating along the rail line in the Tower campus could
potentially add a rail spur to obtain direct freight access. While this type of access generally appeals to a limited segment of the business market, it may allow the site to cater to a broader range of business users, offering transportation options that none of the other comparable business parks (discussed in subsequent section) in the City appear to provide. The site is also located immediately south of a transloading facility that is operated by Wisconsin & Southern Railroad (WSOR) on behalf of CP north of the Core Acquisition Area. The transloading facility, which allows for the transfer of goods between truck and rail, provides potential tenants/site purchasers the opportunity to access rail within close proximity without having a direct rail spur.

ADJACENT INDUSTRIAL USES

The potential Business Park Site is located within the 30th Street Industrial Corridor. According to InfoUSA, a national provider of business and consumer data, there are about 62 businesses located within the corridor, with approximately 1,600 employees. As shown in Figure 2.2, the predominant industrial sectors, by North American Industry Classification System (NAICS) code, are Fabricated Metal Product Manufacturing, Electrical Equipment, Appliance, and Component Manufacturing; and Merchant Wholesalers of Durable Goods. Combined, these sectors account for over 60 percent of sales volume and approximately three-quarters of the employment in 30th Street Corridor. Some of the larger businesses in the corridor include:

- **Master Lock.** The largest global manufacturer and marketer of padlocks. Their headquarters and production facility are located in the Corridor.
- **Harley-Davidson, Inc.** Harley is an American motorcycle manufacturer that was founded in the early 20th century in Milwaukee.
- **DRS Power and Control Technologies.** The plant produces shipboard integrated electrical power distribution and control systems for the U.S. Navy.
- **MillerCoors.** An American brewing company formed in 2008 through a merger of the Miller Brewing and Coors Brewing Companies. Miller was established in Milwaukee in 1855.

**Figure 2.2: Predominant Sectors, 30th Street Industrial Corridor**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sales Volume (Est.)</th>
<th>Employees (Est.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fabricated Metal Product Manufacturing</td>
<td>$126,535</td>
<td>528</td>
</tr>
<tr>
<td>Electrical Equipment, Appliance, and Component Manufacturing</td>
<td>$95,513</td>
<td>398</td>
</tr>
<tr>
<td>Merchant Wholesalers, Durable Goods</td>
<td>$87,337</td>
<td>259</td>
</tr>
<tr>
<td><strong>Corridor Total</strong></td>
<td><strong>$509,174</strong></td>
<td><strong>1604</strong></td>
</tr>
</tbody>
</table>

Source: InfoUSA, S.B. Friedman & Company

**OTHER LAND USES**

Although the potential Business Park Site is located in an industrial corridor, single family and duplex homes can be found immediately east and south of the site. Any new business
development on the Site should be configured in a way that minimizes land use conflicts between business and residential uses. This can be addressed in several ways including appropriate buffering, designating truck routes that keep trucks away from neighborhoods, and the regulation of specific industry types that locate at the future business park.

**Comparable Business Parks**

In order to gain an understanding of physical development parameters and absorption trends in the business park market, SBFCo examined four business parks that are currently being marketed within the City of Milwaukee. Two of the four business parks are of “build-to-suit” development model where development-ready land is being sold to businesses that then design and build facilities to meet their needs. The remaining two parks are speculative developments, where multi-tenant facilities were built by business park developers and are being leased to multiple businesses, in some cases including flex, medical, and other more office-oriented uses. The study also reviewed sales comparables of older industrial properties to determine supportable sale prices for Buildings 35 and 36 that the City currently intends to retain. The comparable business parks and the comparable sales of older industrial properties are discussed below.

**BUILD-TO-SUIT BUSINESS PARK DEVELOPMENT**

- **Menomonee Valley Industrial Center.** The Menomonee Valley Industrial Center (MVIC) is a 60-acre industrial park located four miles west of Downtown Milwaukee, immediately south of I-94. MVIC is part of a larger development in the valley that includes new parks and open space. Individual parcel sizes range from two to eight acres, and the current sales price of development ready land is approximately $125,000 per acre. The site began active marketing in 2005 and to date has sold 40 acres to industrial businesses at an average annual rate of 10 acres. These businesses are involved in manufacturing fabricated metal products; food products; machinery; and electrical equipment, appliances and components. Approximately 362,000 square feet of buildings have been developed on approximately 28 acres and approximately 160,000 square feet is planned for development on the remaining sold property. The City’s design guidelines for the industrial park have enforced a minimum FAR of 0.3. Park characteristics are summarized in Figure 2.3.

- **Towne Corporate Park.** Towne Corporate Park (Towne) is located on the City’s Northwest Side. The site is approximately two miles from Highway 45 and is accessible by public transportation. The park’s total size is 80 acres, of which approximately 12.5 acres are available for sale. Average sales price has been $65,000 per acre and parcels range from 2.5 to 8.5 acres. Since 1999, the park on average has sold approximately 7 acres of land annually. Approximately 45,000 square feet of industrial space have been developed annually at an average FAR of 0.22.

Industrial tenants make up the vast majority of Towne and range from fabricated metal products, motorcycle manufacturing, paper products and distribution. Kohl’s department store also houses its marketing and photography studio at the business park.
### Figure 2.3: Build-to-Suit Business Park Summary

<table>
<thead>
<tr>
<th>Business Park</th>
<th>Overall Park Size (acres)</th>
<th>Year Marketing Started</th>
<th>Absorption Land (acres)</th>
<th>Building (sf)</th>
<th>Sales Price (per acre)</th>
<th>FAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Menomonee Valley Industrial Center</td>
<td>60</td>
<td>2005</td>
<td>10</td>
<td>90,625</td>
<td>$125,000</td>
<td>0.3</td>
</tr>
<tr>
<td>Towne Corporate Business Park</td>
<td>80</td>
<td>1999</td>
<td>6.75</td>
<td>41,581</td>
<td>$65,000</td>
<td>0.22</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>70</strong></td>
<td></td>
<td><strong>8.4</strong></td>
<td><strong>66,103</strong></td>
<td><strong>$95,000</strong></td>
<td><strong>0.26</strong></td>
</tr>
</tbody>
</table>

*Source: Industrial broker interviews, S.B. Friedman & Company*

### SPECULATIVE BUSINESS PARK DEVELOPMENT

Both Stadium Business Park and Park Place Technology Center are speculative business park developments that comprise of multiple multi-tenant buildings. Stadium Business Park, which is fully built-out, includes four 50,000 square foot multi-tenant buildings at an FAR of 0.3. Park Place Technology Center has 87,000 square feet of developed space at an FAR of 0.2 (Figure 2.4). The buildings are designed as flex space to accommodate a mix of office and light industrial/warehouse users. While Stadium Business Park has achieved a relatively healthy absorption pace of 50,000 square feet a year, absorption at Park Place has been lower at about 10,400 square feet a year. Tenants at Park Place include R&D, assembly, call center and storage/distribution companies and Stadium Business Park includes several healthcare related firms. Rents at the two parks range from $4.50 per square foot for warehouse/storage space to $12.00 for office space. Tenant spaces range in size from 7,500 to 30,000 square feet.

### Figure 2.4: Speculative Business Park Summary

<table>
<thead>
<tr>
<th>Business Park</th>
<th>Overall Park Size (Acre)</th>
<th>Year Marketing Started</th>
<th>Building Absorption (sf)</th>
<th>Lease Rate Warehouse</th>
<th>Lease Rate Office</th>
<th>FAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stadium Business Park</td>
<td>14.6</td>
<td>2005</td>
<td>50,000</td>
<td>$4.50</td>
<td>$12.00</td>
<td>0.31</td>
</tr>
<tr>
<td>Park Place Technology Center</td>
<td>9.9</td>
<td>2002</td>
<td>10,371</td>
<td>$4.50</td>
<td>$12.00</td>
<td>0.20</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>12.3</strong></td>
<td><strong>30,186</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>0.26</strong></td>
</tr>
</tbody>
</table>

*Source: Industrial broker interviews, S.B. Friedman & Company*

### COMPARABLES FOR BUILDINGS 35 AND 36

SBFCo reviewed the sales of two buildings that are located within the former Tower Automotive Site immediately west of the railroad tracks. The two buildings are located at 3420 and 3600 N 35th Street and were sold in 2007 and 2008 respectively. The 208,000 square foot building at 3420 N 35th Street sold for $18.75 per building square foot. This sale also included a 1.7-acre parcel across 35th Street. 3600 N 35th Street was sold for $8.25 per building square foot. Based on permit data obtained from the Assessor’s Office, both buildings appear to have been sold in as-is condition, and required mechanical, electrical, and other upgrades after their purchase.
Other Market Background

As noted in Section 1 of this report, the City intends to pursue a strategic planning process after site acquisition to further analyze market potential for employment-generating development on the former Tower site and refine the strategy to optimize development potential. To provide background information on market potential for the purposes of this feasibility study, SBFCo performed a sample-based analysis of market dynamics in the fabricated metal product manufacturing (“fabricated metal”) sector—the most concentrated economic sector in the 30th Street Corridor. The sector has a longstanding history in the Milwaukee region, and is estimated to account for 25% of the sales for all businesses in the 30th Street industrial corridor and nearly 10% of the sales in the major industrial areas in the City. The fabricated metal sector’s share of total economic activity (measured by Gross Regional Product) in the Milwaukee MSA is three times the equivalent national figure, suggesting that the Milwaukee region is highly specialized in this sector. Additionally, businesses in this sector have been seeking out real estate in the recently developed business parks in the City. At the Towne Corporate Park and the Menomonee Valley Industrial Center, fabricated metal manufacturing businesses have purchased land and developed approximately 120,000 square feet of new space in the past several years.

SBFCo further examined the historical growth trends and future projections of the overall fabricated metals sector and its component subsectors in the nation and the Milwaukee MSA to evaluate the region’s strength in the sector and inform which subsectors could be targeted for the Business Park Site. This was accomplished through analysis of historical growth data obtained through Moody’s Economy.com for subsectors of fabricated metal product manufacturing for the nation and Milwaukee MSA from 1992 to 2006—a period encompassing the growth and contraction in the overall economy in the two most recent economic cycles. Figure 2.5 shows the historical growth of the fabricated metal product manufacturing sector and its component subsectors in terms of the percentage change in the gross regional product between 1992 and 2006.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Milwaukee MSA</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Economy</td>
<td>31.17%</td>
<td>44.58%</td>
</tr>
<tr>
<td>Fabricated Metal Products Manufacturing</td>
<td>9.75%</td>
<td>25.18%</td>
</tr>
<tr>
<td>Forging and Stamping</td>
<td>-18.61%</td>
<td>17.18%</td>
</tr>
<tr>
<td>Cutlery and Handtool Manufacturing</td>
<td>-65.21%</td>
<td>-13.25%</td>
</tr>
<tr>
<td>Architectural and Structural Metals</td>
<td>27.73%</td>
<td>71.44%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boiler, Tank, and Shipping Container</td>
<td>17.86%</td>
<td>7.03%</td>
</tr>
<tr>
<td>Hardware Manufacturing</td>
<td>-26.96%</td>
<td>22.25%</td>
</tr>
<tr>
<td>Spring and Wire Product Manufacturing</td>
<td>46.61%</td>
<td>1.42%</td>
</tr>
<tr>
<td>Machine Shops, Turned Product, and Screw,</td>
<td>55.72%</td>
<td>41.72%</td>
</tr>
<tr>
<td>Nut, and Bolt Manufacturing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coating, Engraving, Heat Treating, and Allied Activities</td>
<td>33.83%</td>
<td>20.65%</td>
</tr>
<tr>
<td>Other Fabricated Metal Product Manufacturing</td>
<td>21.77%</td>
<td>2.95%</td>
</tr>
</tbody>
</table>

Source: Moody’s Economy.com
As shown in Figure 2.5, the majority of the fabricated metal subsectors grew both locally and nationally. The architectural and structuring metal manufacturing and machine shops, turned product, and screw, nut, and bolt manufacturing subsectors grew nationally at a rate that was comparable or faster than the national economy as a whole indicating that these are high growth subsectors. The Milwaukee MSA is well positioned to capitalize on this national growth trend and further strengthen these subsectors. Other strong local niches include spring and wire product manufacturing, coating, engraving, heat treating, and allied activities and other fabricated metal product manufacturing.

Projections by Moody’s Economy.com show that nationally, over the next 15 years, there are several subsectors within fabricated metals that are likely to grow faster than the national economy as a whole. These include:

- Machine shops, turned product, and screw, nut, and bolt manufacturing;
- Coating engraving, heat treating and allied activities;
- Architectural and structural metals manufacturing; and
- Other fabricated metal product manufacturing.

All of these subsectors have a strong presence in the Milwaukee MSA, which provides a competitive platform for the region to capture future growth in these subsectors. As a concentrated area of activity within the City of Milwaukee in the fabricated metals sector, the 30th Street Corridor may hold potential to capture new growth in the subsectors discussed above within modern business park developments.

The above analysis is not intended to fully inform a business attraction strategy for the Tower site, but rather to reflect on an existing strength in the Milwaukee economy and the 30th Street Corridor that may factor into the ultimate approach pursued by the City. The City anticipates more detailed study of this and other opportunities to capture job-generating growth during the strategic planning process discussed in Section 1 of this report.

**Competitive Position of the Business Park Site**

The Core Acquisition Area offers the following strengths for new business development:

- The relatively large site size of up to 70 contiguous acres dedicated to business uses appears to provide sufficient critical mass to establish a marketing presence in the Milwaukee business park market.

- With the majority of competitive business parks in the City in advanced phases of development/absorption and no other immediate plans for new business parks of similar scale, business uses on the proposed site could enjoy relatively little competition in the City during a significant portion of its absorption period.
• City-initiated business park developments tend to enjoy a higher profile status in the market because of the greater publicity associated with such projects.

• The proposed infrastructure layout and parcelization allow for a flexibility of parcel sizes to accommodate a diversity of users that would need sites ranging from 2 acres to larger users needing 8 acres or more.

• While the site is not immediately adjacent to a highway interchange, it has highway access within two miles via Capitol Drive, a primary arterial roadway.

• The site’s location in the heart of the City makes it accessible to a large labor force and a concentration of other businesses that could serve as suppliers or customers.

• Rail access is also a unique option that the Business Park Site provides and therefore the proposed business park has the opportunity to attract heavy industry users that tend to have regular supply needs and benefit from rail access.

Potential challenges to be addressed in the design and management of the proposed business park include the following:

• Residential uses to the east and south of the proposed Business Park Site create the potential for land use conflicts. Because Hopkins needs to function as an access road for the proposed business park truck traffic on Hopkins may affect the planned residential uses on the eastern side of Hopkins and the existing residential neighborhood to the east. Potential alternatives to mitigate these issues include configuring future residential on the east of Hopkins to face away from Hopkins towards the residential neighborhood and ensuring that trucks are restricted from entering the residential streets.

• Brokers have indicated that the perception of crime may negatively impact the marketability of the proposed business park. However, the high level of investment initiated by the City including the demolition of the vacant/underutilized Tower facilities, the creation of clean development-ready business park sites and the development of new residential is likely to start changing the perception of the area. Additionally, it is recommended that the City evaluate modern security measures at the future business park to mitigate this concern.

Business Park Market Potential

Based on an analysis of the competitive position of the Tower site for business uses, recent business park development in the City, and interviews with brokers it appears that the site is conducive to business park development, provided the challenges noted above can be effectively mitigated. As previously indicated, the City is planning on demolishing the majority of the existing buildings on the Core Acquisition Area to make way for a new modern business park with development-ready sites. Overall, the new development-ready pads, the existing buildings at the southern end of the site, and allowances for infrastructure, buffers and civic uses, are
assumed to comprise approximately 70 acres. Key program parameters, absorption, and sale/lease prices that may be achievable at the Business Park Site are discussed below.

PROGRAM

The City’s preliminary development program parameters for the future business park are shown in Figure 2.6. The preliminary site plan is shown in Figure 2.1 earlier in this Chapter on page 10.

**Figure 2.6: Assumed Business Park Program**

<table>
<thead>
<tr>
<th>Use</th>
<th>Acreage</th>
<th>Assumed FAR</th>
<th>Total Bldg SF</th>
<th>Absorption (annually)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Business Users</td>
<td>44.4</td>
<td>0.30</td>
<td>579,811</td>
<td>45,000 sf</td>
</tr>
<tr>
<td>Buildings 35 &amp; 36</td>
<td>12.9</td>
<td>0.44</td>
<td>245,000</td>
<td></td>
</tr>
<tr>
<td>Infrastructure/Stormwater/Buffer/Civic</td>
<td>12.7</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>70.0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: S.B. Friedman & Company

**Design.** The acreage calculations assumed in Figure 2.6 appear consistent with a marketable business park layout that would maximize building square footage and minimize infrastructure related costs. A double-loaded circulation spine with a 66 foot wide right-of-way is assumed to provide access to the interior of the Business Park Site. Buildings 35 and 36 at the southern end of the site would remain and would be accessed directly from 27th Street or W. Townsend Street. A 60 foot wide buffer area on the eastern edge of the site is also assumed to minimize land use conflicts with residential uses to the east.

**Parcel Sizes.** Parcels sizes in comparable build-to-suit business parks range from two to eight acres. Therefore the internal site circulation for the proposed Business Park Site should be planned to allow for a diversity of parcel sizes to meet user needs. Based on the size and shape of the Business Park Site there appears to be adequate flexibility to create smaller two-acre pads or consolidate parcels into eight-acre or larger pads.

**FAR.** The FAR of all the comparable business parks ranged from 0.2 to 0.3. The City established a minimum FAR of 0.3 for MVIC, which is intended to maximize development value and job generation while keeping the sites marketable. Based on actual development progress to date, MVIC has exceeded this FAR. For the purposes of the TID projections it was assumed that the City would maintain the 0.3 FAR for the Business Park Site. Similarly to MVIC, the assumed program for the Business Park Site includes a consolidated stormwater detention facility, thus limiting or eliminating the need for individual site purchasers to set aside land for this purpose.

**ABSORPTION POTENTIAL**

Land absorption at the two comparable build-to-suit business parks Towne and MVIC have ranged from 7 to 10 acres per year respectively. In terms of building area, MVIC has achieved a
building absorption of over 90,000 square feet per year—over twice the rate of Towne, which has absorbed 42,000 square feet of building space per year. The superior performance of MVIC is likely a result of its prime location just south of I-94 at the heart of the Milwaukee Metro Area and the high profile status associated with a City-initiated business park development. While the Business Park Site will have the advantage of being a City-initiated redevelopment it does not have the same locational advantages of MVIC. Therefore for the purposes of the TID projections it was assumed that the proposed Tower business park would perform similarly to the Towne Corporate Park and achieve building absorption of 45,000 square feet per year.

If the ultimate land use mix on the Tower site incorporates multi-tenant development and flex/office space, these uses typically generate higher assessed valuation per square foot than the types of industrial used to generate TID revenue projections in this study. Therefore, the capacity of the TID could be enhanced beyond the levels assumed here if the buildout becomes more similar to the multi-tenant/speculative projects discussed above.

**LAND PRICES/LEASES**

Sale prices for development-ready pads observed in the market ranged from $65,000 per acre at Towne to $125,000 per acre at MVIC. For purposes of evaluating TID capacity, SBFCo assumed that the sale prices of development-ready pads at the proposed Tower business park would be similar to the prices at Towne. Therefore, a price of $65,000 per acre (2009 dollars with 2% annual inflation) was used for the purposes of the TID capacity analysis discussed in the final chapter of this study.

The comparables analysis for Buildings 35 and 36 showed similar properties on the former Tower Automotive site sold at prices ranging from $8 to $19 per square foot. Given the weak economic climate and the fact that the reusability of the buildings has not been analyzed in depth, SBFCo assumed a sales price of $8 per square foot, equal to the lower of the observed comparable sales, and a market time of approximately three to four years for Buildings 35 and 36 for the purposes of the TID projections.
3. Retail Market Analysis

The overall Tower site contains two areas with frontage on Capitol Drive, a high traffic arterial roadway. As shown in Figure 3.1 one of these sites is a 13.7 acre privately owned site at the southeast corner of 35th Street and Capitol Drive (“Private Redevelopment Area”) and the other is located at the northern portion of the Core Acquisition Area at the southwest corner of Capitol Drive and Hopkins (“Eastern Retail Site”). The Capitol Drive visibility and frontage make retail likely to be the highest-value potential use for these two sites. Further, retail is frequently viewed as a desirable amenity by businesses, and would also serve neighborhood residents. The two sites are adjacent but separated by an active above-grade railroad track owned by Canadian Pacific. The Private Redevelopment Area is currently being marketed for retail uses. East of the tracks, there is some flexibility in the land area that can be reserved for retail uses, since the land is likely to be allocated by the City between retail and business uses based on more refined site planning and market demand.

Figure 3.1: Potential Retail Development Area
The 2003 PDI site studies showed a commercial center and allocated approximately 7 acres of land for the Eastern Retail Site. SBFCo assumed a retail component in this area for TID sizing purposes, but analyzed market parameters to develop TID assumptions regarding the size of this retail area. This analysis also took into account the Private Redevelopment Area to determine how it should be treated for TID sizing purposes.

To conduct the retail market feasibility assessment for the two sites, SBFCo reviewed and considered the following:

- Interview-based input from brokers regarding the retail potential for the Eastern Retail Site and the Private Redevelopment Area
- Site parameters such as access, visibility, and site capacity
- The competitive supply of existing retail in the area surrounding the site and identification of anchors missing in the market area
- Consumer buying power and retail demand potential

This section provides summary conclusions regarding the market potential for the Private Redevelopment Area and the Eastern Retail Site in terms of the likely scale and size of supportable retail and the likely retail tenancies for the purposes of the TID projections. The detailed retail market analysis that leads to these conclusions based on an examination of the site, the competitive supply and demand for retail is included in the Appendix.

Retail Market Potential

The market analysis revealed opportunities for both sites. The opportunities for each site are discussed below.

PRIVATE REDEVELOPMENT AREA

As indicated in the “Site Capacity” section of the Appendix, the larger 13.7 acre Private Redevelopment Area could accommodate 150,000 square feet of retail which is a size that is typical of a community-level shopping center format. However, for the site to be built to its capacity, it in all likelihood must be able to attract one or more anchors totaling 60,000 square feet or more. While this site has excellent visibility, direct access and sufficient traffic counts, the retail supply and leakage analysis in the Appendix suggests a highly competitive environment with the majority of retail anchors well represented within the market area.

EASTERN RETAIL SITE

While the Eastern Retail Site is well suited for a grocery anchored neighborhood center, the presence of eight chain grocery stores within a five-minute drive time and a negative retail leakage for the trade area suggests that the local market for groceries is saturated. For a new grocery store to be successful at this site it would need to “cannibalize” the bulk of its sales from existing grocery stores within the five-minute drive time. Therefore a more realistic retail development concept for this site appears to be a smaller neighborhood/convenience center of
approximately 45,000 that does not require a grocery anchor. Such a center would occupy only 4.2 acres of the 7-acre Eastern Retail Site. Based on SBFCo’s leakage analysis and other parameters of the site, a hypothetical program for this center could be as shown in Figure 3.2.

**Figure 3.2: Assumed Tower Retail Program**

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Square Feet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drugstore</td>
<td>14,000</td>
</tr>
<tr>
<td>Discount General Merchandise Store</td>
<td>10,000</td>
</tr>
<tr>
<td>Restaurants</td>
<td>7,000</td>
</tr>
<tr>
<td>Auto Parts and Accessories Store</td>
<td>7,000</td>
</tr>
<tr>
<td>Inline/Storefront</td>
<td>7,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45,000</strong></td>
</tr>
</tbody>
</table>

Source: S.B. Friedman & Company

**RETAIL PROGRAM ASSUMED FOR TID PROJECTIONS**

While the most favorable retail scenario would fully utilize both the Private Redevelopment Area and the Eastern Retail Site, resulting in two connected centers totaling 225,000 square feet, this scenario appears to be highly dependent on the ability to secure Menards or a similar large-scale retailer as an anchor tenant. While other big box tenants may be attracted as market dynamics change or existing retailers in the market area may seek new store formats and new sites in the market area, it would not be appropriate to base the sizing of the proposed TID on the assumed successful attraction of such a tenant. Therefore for the purposes of the TID projections, SBFCo assumed a substantially more conservative scenario involving the development of the Eastern Retail Site as a neighborhood/convenience center of 45,000 square feet as suggested in Figure 3.2 above. Further, the Private Redevelopment Area is assumed to be developed as industrial (a lower-value use than retail for TID capacity purposes) with a similar FAR and character as the business portion of the City Acquisition Area.
4. Residential Market Analysis

Four distinct Tower Outlot sites east of the Core Acquisition Area are included in the Acquisition Area and are contemplated for residential development, as shown in Figure 4.1. The size and shape of these outlots make them difficult to be marketed for business uses and they do not have sufficient vehicle traffic to serve as retail. In addition, the neighborhood surrounding the outlot sites is largely residential. Development of housing on these outlots would help to reintegrate them into the fabric of the neighborhood.

Figure 4.1: Residential Redevelopment Area
Based on discussions with the City of Milwaukee, a combination of multi-family affordable housing financed by Low-Income Housing Tax Credits (LIHTC) and for-sale single family homes are being contemplated for development at the outlot sites. Demand for affordable housing in Milwaukee is consistently present, and new LIHTC developments in the City have generally been successful. In addition, the Franklin Heights Neighborhood in which the Tower Outlot sites are located has over 1,800 households earning less than 60% of the Median Income for the Milwaukee metropolitan statistical area – a typical eligible income range for LIHTC funded projects. The TID sizing calculations described in this study assume that the land for these types of projects would be conveyed for little or no sale price to developers to enhance project feasibility and maximize affordability.

To determine the market feasibility for single-family and affordable multi-family housing, SBFCo considered the following:

- Performance of previous residential subdivision and scattered site sales by the City;
- Data obtained from the Assessor’s Office regarding recent tax credit rental and City led for-sale residential; and
- Current listing prices for City owned lots being sold for residential development in the vicinity of the Tower Outlots.

This section examines the site’s suitability for residential uses and estimates the likely site yield, sales prices and absorption pace of residential development on the site based on the considerations outlined above.

**Site Analysis**

The Tower Outlots being considered for residential development area total approximately 7.1 acres. For the purposes of this study, SBFCo assumes they would be redeveloped with a mixture of single-family homes and small-scale multifamily tax-credit rental. As shown in the future land use plan in Chapter 1, the Core Acquisition Area which is programmed for business and retail development, is directly across the street from the outlots. Minimizing land use conflicts is an important consideration when developing these parcels for residential uses. In addition, Hopkins Avenue, which runs along the Core Acquisition Area and Tower Outlots, is anticipated to be the main route by which trucks can access the future Tower Business Park Site and reach Capitol Drive. Potential alternatives to minimizing land use conflicts include:

- Orienting the single family homes away from Hopkins and towards the residential neighborhood to the east
- Creating buffer areas
- Placing the primary truck access for the Tower business park campus toward the northern end of the Core Acquisition Area to limit the number of housing units directly adjacent to truck traffic
While the triangular shape of the parcels are challenging from a planning perspective, they provide the opportunity to create pocket parks that could buffer the single family homes from the business uses on the west side of Hopkins.

**Analogous Single Family Projects**

SBFCo examined the performance of several City-sponsored residential subdivision developments and scattered site lot sales to determine lot sale pricing and absorption for the TID projections. Because the programmed residential sites are slightly smaller than typical City subdivision projects, SBFCo reviewed both subdivision-style and scattered site development.

**SUBDIVISION-STYLE DEVELOPMENT**

There are currently two single-family subdivision-style residential projects being marketed by the City: Josey Heights and Walnut Circle. The two developments are located within one mile of each other and within four miles of the outlots.

- **Josey Heights** is a mix of 37 single family homes and 16 townhomes located near 13th and Lloyd Streets. Lot prices have ranged from $25,000 to $32,000 for an average of $28,500. The average lot size for the single family portion of the development is approximately 5,200 square feet resulting in a site yield of approximately eight houses per acre.

- **Walnut Circle** is located near the intersection of 20th and Walnut Streets and is comprised of 32 single family lots. Lots have been sold to developers for $17,500 and the developers then market lot and home packages to prospective buyers. Average lot sizes are approximately 5,600 square feet. Approximate site yield is 7.4 homes per acre.

**SCATTERED SITE LOT SALES**

Lindsay Heights is a restored neighborhood northwest of downtown bounded by W. Walnut, W. Locust, N. 12th and N. 20th Streets. The City has invested over $19 million towards the comprehensive revitalization of this area. Since 2001, lots have been sold for one dollar for new home construction as they become available. From January 2006 through August 2007, lots sold at a pace of one lot per month.

The City also has approximately 600 single family lots for sale throughout the City. Of these, approximately 100 are located in Aldermanic District Seven, in which the outlots are located. The vast majority of these parcels are being sold for between $3,000 and $5,000.

**Residential Market Position**

Based on the market review SBFCo made assumptions regarding the residential site yield, lot pricing and absorption for the purpose of the TID projections. These assumptions are discussed below.
Site Yield. While, the site yield of Josey Heights and Walnut Circle range from 7.4 to 8 units per acre a random sampling of blocks near the outlots shows an approximate site yield of 10 homes per acre. Therefore, SBFCo assumed an average site yield of approximately 9 units an acre for three acres of single-family development. For the multifamily, component the site yield was based on the PDI site studies at 24 units an acre. This results in approximately 26 single family units on three acres and 54 multi-family units on approximately two acres. There is also an allowance for 2 acres of open space.

Lot Sale Prices. The City will likely take the approach of preparing and subdividing the outlot sites to sell single family lots to developers or homebuyers. While the subdivided Tower outlots will provide a more cohesive feel than scattered site sales, they lack the critical mass and planned environment that the comparable subdivision developments like Josey Heights and Walnut Circle provide. Additionally, the new homes will be in close proximity to business uses. Therefore to be conservative, SBFCo assumed that single family home lot sales at the outlot sites would average $5,000 a lot, which is commensurate with the scattered lot sales in the vicinity of the Tower site.

Absorption. Because the first homes in the development will likely go on sale approximately 5 years from now the residential market is likely to improve from current conditions and the proposed development is likely to achieve a superior absorption pace. Therefore SBFCo assumed an average annual absorption rate of 0.5 units a month.
5. TID Revenues and Bond Capacity

In order to estimate the time frame of repayment for the proposed TID assistance, SBFCo projected incremental property tax revenues likely to result from the Tower redevelopment Project. This chapter summarizes the assumed development program, the results of the TID and sales projections and the bond capacity from TID revenues, as well as the key underlying assumptions and methodologies.

Assumptions

DEVELOPMENT PROGRAM

Figure 5.1 shows the redevelopment program for the Tower site and outlots assumed for the TID projections. While it is likely that the City will pursue refinements and updates to the program and site plan in conjunction with any redevelopment efforts of the Tower site, the assumed redevelopment program for the Tower project is based on the City’s vision to attract job-generating business uses, the urban design principles reflected in the PDI site studies and the market analysis detailed in the previous chapter.

Figure 5.1: Assumed Redevelopment Program for TID Capacity Analysis

<table>
<thead>
<tr>
<th></th>
<th>Acreage</th>
<th>Assumed FAR</th>
<th>Units per Acre</th>
<th>Total Square Feet</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Acquisition Area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Business Park Uses</td>
<td>44.4</td>
<td>0.30</td>
<td>-</td>
<td>579,811</td>
<td>-</td>
</tr>
<tr>
<td>Buildings 35 &amp; 36</td>
<td>12.9</td>
<td>0.44</td>
<td>-</td>
<td>245,000</td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>4.1</td>
<td>0.25</td>
<td>-</td>
<td>45,000</td>
<td>-</td>
</tr>
<tr>
<td>Civic/Public/Undefined</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>-</td>
</tr>
<tr>
<td>Buffer</td>
<td>4.1</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>-</td>
</tr>
<tr>
<td>Stormwater</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>-</td>
</tr>
<tr>
<td>Right of Way</td>
<td>3.6</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals for Core Acquisition Area</strong></td>
<td>74</td>
<td>0.31</td>
<td></td>
<td><strong>869,811</strong></td>
<td></td>
</tr>
<tr>
<td>Private Redevelopment Area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Uses</td>
<td>12.7</td>
<td>0.30</td>
<td>-</td>
<td>165,730</td>
<td></td>
</tr>
<tr>
<td>Buffer</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Totals for Private Redevelopment Area</strong></td>
<td>13.7</td>
<td>0.30</td>
<td></td>
<td><strong>165,730</strong></td>
<td></td>
</tr>
<tr>
<td>Tower Outlots</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Family</td>
<td>3</td>
<td>-</td>
<td>9</td>
<td>-</td>
<td>27</td>
</tr>
<tr>
<td>Multi-Family</td>
<td>2.2</td>
<td>-</td>
<td>25.7</td>
<td>-</td>
<td>54</td>
</tr>
<tr>
<td>Open Space</td>
<td>4.5</td>
<td>-</td>
<td>0</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td><strong>Totals for Tower Outlots</strong></td>
<td>9.7</td>
<td>11.4</td>
<td></td>
<td><strong>81</strong></td>
<td></td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>97.4</td>
<td></td>
<td></td>
<td></td>
<td>81</td>
</tr>
</tbody>
</table>

Source: City of Milwaukee and SBFCo
PHASING/ABSORPTION/TIMING

The TID is assumed to start in 2009 and run through 2035. The City will have to complete significant demolition, environmental remediation, and site preparation activities before construction can commence on the site. Because the full extent of any contamination is not known at this time, these TID projections assume that most construction activity will not begin, for the most part, until the year 2013. The following assumptions were used for TID projection purposes to estimate the timing of land and taxable improvements within the Tower redevelopment site:

- **New Business Uses.** The first land sale is expected to occur in 2013 and the first business park building is expected to be completed in 2014. The projected pace of development is estimated to be 45,000 square feet annually year. Based on this assumption, the proposed Tower business park will be fully developed by 2030.

- **Buildings 35 & 36.** The sale of these two buildings is contemplated to occur once site preparation is completed for the main Tower site in 2013.

- **Retail.** Because the land designated for retail must also be prepared prior to development, SBFCo assumed that the earliest that construction could be completed would be 2013. The relatively small size of the retail component (by shopping center standards) suggests that all available retail space would be absorbed within two years. It is likely that the larger tenants will first occupy the retail center, with smaller inline tenants following. Therefore the projections assume that 30,000 square feet will be leased in the year of construction, with the remaining 15,000 leased in the following year.

- **Rental Residential.** The tax credit rental component of the project would begin lease up in 2012 and take four years to be completed and fully occupied. This timeframe would allow sufficient time for the city to secure tax credits for two separate rental buildings.

- **For Sale Residential.** The first set of for-sale residential homes is assumed be built in 2013, the fourth year of the TID. SBFCo assumed a relatively gradual absorption rate of 0.5 units per month, with the final homes being sold in 2017.

The development phasing and resulting valuation are illustrated in Figure 5.2 on the following page.
### City of Milwaukee - N. 35th St. and W. Capital Dr. TID Economic Feasibility Study

**Figure 5.2: Development Phasing and Valuation**

#### Industrial

<table>
<thead>
<tr>
<th>Component</th>
<th>Units</th>
<th>Assumed EAV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tower - New Industrial</td>
<td>579,811</td>
<td>45,000</td>
<td>26,091,491</td>
</tr>
<tr>
<td>Tower - Bldgs 35 &amp; 36</td>
<td>245,000</td>
<td>8,000</td>
<td>1,960,000</td>
</tr>
<tr>
<td>Independent Industrial</td>
<td>165,730</td>
<td>45,000</td>
<td>7,457,832</td>
</tr>
<tr>
<td>Retail</td>
<td>45,000</td>
<td>117,000</td>
<td>5,205,000</td>
</tr>
</tbody>
</table>

#### Assumed EAV Totals

<table>
<thead>
<tr>
<th>Component</th>
<th>Assumed EAV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tower - New Industrial</td>
<td>26,091,491</td>
<td></td>
</tr>
<tr>
<td>Tower - Bldgs 35 &amp; 36</td>
<td>1,960,000</td>
<td></td>
</tr>
<tr>
<td>Independent Industrial</td>
<td>7,457,832</td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>5,205,000</td>
<td></td>
</tr>
</tbody>
</table>

#### Industrial Valuation

<table>
<thead>
<tr>
<th>Component</th>
<th>Units</th>
<th>Assumed EAV for 2009 $'s</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tower - New Industrial</td>
<td>579,811</td>
<td>45,000</td>
<td>26,091,491</td>
</tr>
<tr>
<td>Tower - Bldgs 35 &amp; 36</td>
<td>245,000</td>
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</tr>
<tr>
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<td>165,730</td>
<td>45,000</td>
<td>7,457,832</td>
</tr>
<tr>
<td>Retail</td>
<td>45,000</td>
<td>117,000</td>
<td>5,205,000</td>
</tr>
</tbody>
</table>

#### For-Sale Residential

<table>
<thead>
<tr>
<th>Component</th>
<th>Units</th>
<th>Assumed EAV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detached Units</td>
<td>27</td>
<td>175,000</td>
<td>4,725,000</td>
</tr>
</tbody>
</table>

#### Rental Residential

<table>
<thead>
<tr>
<th>Component</th>
<th>Units</th>
<th>Assumed EAV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Residential (Mixed-Income/Affordable)</td>
<td>27</td>
<td>100.0%</td>
<td>5,536,091</td>
</tr>
</tbody>
</table>

#### For-Sale Residential - Absorption

- 2013: 10,000 SF per unit

#### Rental Residential - Absorption

- 2012: 75% SF per unit

#### Rental Residential - First Building Completion

- 2012

#### Rental Residential - Absorption

- 2012: 25% SF per unit

#### Industrial Valuation

<table>
<thead>
<tr>
<th>Component</th>
<th>Units</th>
<th>Assumed EAV for 2009 $'s</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tower - New Industrial</td>
<td>579,811</td>
<td>45,000</td>
<td>26,091,491</td>
</tr>
<tr>
<td>Tower - Bldgs 35 &amp; 36</td>
<td>245,000</td>
<td>8,000</td>
<td>1,960,000</td>
</tr>
<tr>
<td>Independent Industrial</td>
<td>165,730</td>
<td>45,000</td>
<td>7,457,832</td>
</tr>
<tr>
<td>Retail</td>
<td>45,000</td>
<td>117,000</td>
<td>5,205,000</td>
</tr>
</tbody>
</table>

#### Retail Valuation

<table>
<thead>
<tr>
<th>Component</th>
<th>Units</th>
<th>Assumed EAV for 2009 $'s</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>For-Trade Retail</td>
<td>54</td>
<td>22,019</td>
<td>1,730,211</td>
</tr>
</tbody>
</table>

#### Retail Valuation - Mixed-Income/Affordable

<table>
<thead>
<tr>
<th>Component</th>
<th>Units</th>
<th>Assumed EAV for 2009 $'s</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>For-Trade Retail</td>
<td>54</td>
<td>22,019</td>
<td>1,730,211</td>
</tr>
</tbody>
</table>

#### Source of Comps and other calculations: City Assessor's Office and S. B. Friedman & Company
VALUATION

Figure 5.3 below summarizes the assumptions used by SBFCo to project the future valuation of the land uses proposed for the Tower Automotive site.

Figure 5.3: Assumed Assessed Values

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Assumed Assessed Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Business uses</td>
<td>$45 per square foot</td>
</tr>
<tr>
<td>Existing Industrial</td>
<td>$8 per square foot</td>
</tr>
<tr>
<td>Retail</td>
<td>$117 per square foot</td>
</tr>
<tr>
<td>Single Family Residential</td>
<td>$175,000 per unit</td>
</tr>
<tr>
<td>Multifamily Residential</td>
<td>$30,000 per unit</td>
</tr>
</tbody>
</table>

Source: SBFCo, Milwaukee Assessor

- **Business Uses.** The average assessed value of all the developed properties in the four new comparable business park developments examined by SBFCo as part of the market study is $57 per building square foot. However, as stated in the previous chapter, Towne Corporate Park, which has an assessed value of $41 per square foot, appears to be the best comparable for the Tower site. For the purpose of the TID projections, an assessed value of $45 per building square foot is assumed for future new business development at the Tower site.

For the existing industrial at the southern end of the site, SBFCo assumed an assessed value of $8 per square foot based on the assessed values of the two buildings west of the tracks that ranged from $8 to $19 a square foot. The $8 assumption reflects the lower value of the two buildings.

- **Retail.** SBFCo analyzed 2009 assessment data for various retail uses located within the general area of the Tower Site and calculated the average observed values for each use. The types of retail tenants analyzed were broken down into the following categories: discount general merchandise store, drugstore, auto parts, restaurant/fast food and miscellaneous neighborhood retail, reflecting the anticipated tenant types. To emphasize newer properties more likely to have similar valuation to newly developed retail on the Tower site, the search was restricted to properties built in 1980 or later where possible. The resulting per-square-foot values for each use are summarized in Figure 5.4.
Figure 5.4: Retail Assessed Value by Tenant Type

<table>
<thead>
<tr>
<th>Tenant Type</th>
<th>Square Feet</th>
<th>AV/Sq Ft</th>
<th>Total Assessed Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drug</td>
<td>14,000</td>
<td>$135</td>
<td>$1,888,170</td>
</tr>
<tr>
<td>Discount General Merchandise Store</td>
<td>10,000</td>
<td>$45</td>
<td>$450,000</td>
</tr>
<tr>
<td>Outlot/Restaurant</td>
<td>7,000</td>
<td>$238</td>
<td>$1,666,692</td>
</tr>
<tr>
<td>Auto Parts and Accessories Store</td>
<td>7,000</td>
<td>$85</td>
<td>$598,191</td>
</tr>
<tr>
<td>Inline/Storefront</td>
<td>7,000</td>
<td>$92</td>
<td>$644,166</td>
</tr>
<tr>
<td><strong>Total/Weighted Average</strong></td>
<td><strong>45,000</strong></td>
<td><strong>$117</strong></td>
<td><strong>$5,247,220</strong></td>
</tr>
</tbody>
</table>

Source: SBFCo, Milwaukee Assessor

- **Residential.** Assessed values for the for-sale, single-family residential component of the redevelopment program were assumed to average $175,000. The average assessed value of homes for Lindsay Heights, the City-sponsored scattered site development, was approximately $148,000 for sites sold between 2006 and 2007. Homes in Walnut Circle have an average assessed value of $274,000, while those in Josey Heights average at $188,000. The assessed value assumption of $175,000 per home for the Tower redevelopment reflects a value that is between the Lindsay and Josey Heights projects. The slight value premium over the average scattered lot assessed values reflects the fact that the Tower homes will have a more cohesive, planned environment than the scattered sites.

For the tax credit rental, SBFCo assumed an assessed value of approximately $32,000 per unit based on an estimate obtained from the Milwaukee Assessor’s office for the Bishop’s Creek Family Housing project, a recently approved Section 42-financed project located near the Tower site at 32nd and Hampton.

**OTHER TID PARAMETERS**

**Base Value**

It is anticipated that the proposed Tower TID will be established in 2009. Therefore the base value of the proposed TID will be based on 2009 assessed values of the parcels within the district. Overall, the parcels within the TID have a 2009 assessed value (AV) of approximately $81.6 million. The parcels programmed for redevelopment, which include the main Tower site, its outparcels and the parcel located at the southeast corner of N 35th Street and Capitol Drive, have a total AV of $4.9 million. The AV of the balance of the district is $76.7 million.

**Inflation Trends**

The projected property value inflation trends by land use are discussed below.
• **Business Use Value Trends.** For the business component of the project, SBFCo assumed static property valuation over the life of the TID after properties are initially built and assessed. This assumption is based on a sample review of business property valuation over an analysis period from 2000 to 2008. Assessed values for most of these properties either declined or showed a nominal increase over this time period. However, the year-to-year decline in most cases exactly matched changes in the city-wide assessment ratio. Because the State of Wisconsin develops estimates of market value for most industrial property that are then multiplied by the city-wide assessment ratio each year by the City Assessor’s Office, this suggests that the State’s market valuation generally remained flat among the sample properties. SBFCo therefore assumed flat values for newly-developed business property after it achieves full assessment.

• **Other Land Uses.** For proposed retail and residential redevelopment land uses, SBFCo applied an inflationary assumption of 2 percent per year growth in assessed values. For the existing improved properties in the balance of the TID, zero percent inflation was assumed through 2010 to reflect current market conditions, particularly for residential uses. From 2011 forward, a two percent annual growth rate in assessed values was assumed. To validate this assumption, SBFCo analyzed the growth in assessed value of a random sampling of single-family homes within the proposed TID from 2000 to 2008. On average, assessed value increased 6.7 percent annually among the sample group. The assumed future rate of increase of 2 percent per year is used to reflect probable longer term rates of growth.

**Collection Rate**

Based on input from DCD and the Office of the Comptroller, SBFCo applied a 100 percent collection rate for the redevelopment sites, as well as the balance of the TID.

**Tax Rate**

Two alternate projections of incremental property taxes were conducted based on alternate assumptions regarding the projected tax rate. Review of historical trends of property tax rates in the City of Milwaukee over the past 5, 10, 15, and 20-year periods indicate that the City’s tax rate has been steadily declining at an average annual rate of about 1.6% a year. Because the tax rate cannot continuously decline SBFCo assumed that the property tax rate would decline at an average annual rate of 1.6% a year and stabilize at 2.0% ($20 per $1,000 of taxable value) in Scenario 1 and at 2.3% ($23 per $1,000 of taxable value) in Scenario 2. The 1.6% assumption used for the tax rate decline equals the actual 10-year trailing rate of decline in the City’s property tax rate.

**Projected TID Revenues**

The redevelopment project is anticipated to generate revenues from three potential sources to support the TID expenditures:
City of Milwaukee  N. 35th St. and W. Capitol Dr. TID Economic Feasibility

- Incremental property taxes resulting from anticipated redevelopment of the Acquisition area and the privately-owned 13.7 acre parcel at the southeast corner of 35th and Capitol
- Incremental property taxes resulting from changes in value over time of the balance of the TID, which is predominantly comprised of existing residential
- City sales of prepared sites within the Acquisition Area to private entities for development purposes

These sources are detailed below in the following sections.

INCREMENTAL PROPERTY TAX REVENUES

Based on the assumptions described in the previous sections of this Chapter, SBFCo estimates an undiscounted TID revenue stream ranging from $14.4 million to $16.4 million resulting from redevelopment on the portion of the Tower site under consideration for purchase by the City. The range reflects the two scenarios of stabilized tax rates of 2.0% and 2.3%. The two alternative projections are shown in Figures 5.5 and 5.6 below.

For the balance of the district, with no redevelopment specifically included in the TID projection, SBFCo estimates an undiscounted TID revenue stream ranging from about $12 million to $13.5 million over the same period (Figures 5.5 and 5.6 below).

REVENUES FROM CITY PROPERTY SALES

The following sale revenues were assumed for the City’s disposition of prepared development land on the Tower site:

- **Business Park Land.** Based on a review of several business park land transactions on the Northwest Side in recent years, SBFCo assumes that business park land on the Tower site would average $65,000 per net acre in a development-ready condition.

- **Retail Land.** Retail land is estimated to sell at $10 per square foot based on a limited review of retail land listings in the Milwaukee area and the City Assessor’s land valuation for other retail property along Capitol Drive.

- **For-Sale Residential Land.** Based on the market analysis, particularly the scattered lots in the vicinity of the Tower site listed by the City, single-family residential land sale revenue is assumed at $5,000 per lot.

A schedule of projected City land sale revenues arising from the assumed sale prices and development phasing discussed above is shown in Figure 5.7 on page 35. As shown in Figure 5.7 the undiscounted revenue available from land sales is approximately $7.6 million.
## Table: Projected Incremental Property Taxes, Scenario 1: Tax Rate Stabilization at 2.0%

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2009</td>
<td>2.51%</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (4,945,500)</td>
<td>$ -</td>
<td>$ 76,704,300</td>
<td>$ 76,704,300</td>
</tr>
<tr>
<td>2 2010</td>
<td>2.47%</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (4,945,500)</td>
<td>$ -</td>
<td>$ 76,704,300</td>
<td>$ 76,704,300</td>
</tr>
<tr>
<td>3 2011</td>
<td>2.43%</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (4,945,500)</td>
<td>$ -</td>
<td>$ 76,704,300</td>
<td>$ 76,704,300</td>
</tr>
<tr>
<td>4 2012</td>
<td>2.39%</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (4,945,500)</td>
<td>$ -</td>
<td>$ 76,704,300</td>
<td>$ 76,704,300</td>
</tr>
<tr>
<td>5 2013</td>
<td>2.35%</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (4,945,500)</td>
<td>$ -</td>
<td>$ 76,704,300</td>
<td>$ 76,704,300</td>
</tr>
<tr>
<td>6 2014</td>
<td>2.31%</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (4,945,500)</td>
<td>$ -</td>
<td>$ 76,704,300</td>
<td>$ 76,704,300</td>
</tr>
<tr>
<td>7 2015</td>
<td>2.28%</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (4,945,500)</td>
<td>$ -</td>
<td>$ 76,704,300</td>
<td>$ 76,704,300</td>
</tr>
<tr>
<td>8 2016</td>
<td>2.24%</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
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**Total Proceeds, 2009 - 2036 (Not Discounted)**

Source: S. B. Friedman & Company

Note: These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

[1] The TID is assumed to be established in 2009.
[2] Properties in the City of Milwaukee are reassessed every year as of January 1.
[5] Tax revenues are assumed to be collected one year after the taxing year at a 100% collection rate.
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**Total Proceeds, 2008 - 2036 (Not Discounted)**

16,358,448 $

$13,541,033

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**Notes:**

1. The TID is assumed to be established in 2009.
2. Properties in the City of Milwaukee are reassessed every year as of January 1.
3. Projected based on prior tax rate trends.
4. Projected AV of new development, less base value.
5. Tax revenues are assumed to be collected one year after the taxing year at a 100% collection rate.

**Source:** S. B. Friedman & Company

---

**Figure 5.6: Projected Incremental Property Taxes, Scenario 2: Tax Rate Stabilization at 2.3%**

**City of Milwaukee - N. 35th St. and W. Capitol Dr. TID Economic Feasibility Study**

**DRAFT**
Figure 5.7: Anticipated Sale Revenues

### Industrial
- per acre: $65,000
- 0.30 FAR

### Bldgs. 35 & 36
- per sf (bldg): $8

### Retail
- per sf: $10
- 0.25 FAR

### For-Sale Residential
- per lot: $5,000

### Rental Residential
- per unit: - $900 sf/unit avg

### Land Sale Proceeds

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<th>Inflation Factor</th>
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<th>Retail</th>
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Source: S.B. Friedman and Company
Estimate of TID Capacity

SBFCo reviewed the potential for the projected incremental property taxes and land sale revenues to meet TID costs over the potential life of the proposed N. 35th St. and W. Capitol Dr. TID. We understand that the City intends to pursue additional outside source of funding such as brownfield cleanup and economic development grants to supplement these sources. The purview of SBFCo’s TID bond capacity analysis is limited to incremental property tax revenues and land sale proceeds, and seeks to evaluate the level of municipal bonding that could be supported by these sources.

METHODOLOGY

SBFCo utilized the net present value methodology to determine the level of financing that can be supported through the TID. The analysis of the projected revenue stream from land sales and incremental property taxes (see Figures 5.5, 5.6, and 5.7) indicate that the proposed TID is anticipated to generate significant cash flow beginning in its fifth year. Additionally the TID is not expected to fully stabilize until the 22nd year. To address the relatively back-loaded cash flow, the City may elect to use various financing tools such as variable rate or capital appreciation bonds that will allow the bond debt service to more closely match up with the timing of the projected increment flow. Further, new bonding tools available to local governments under the Federal Stimulus program, such as Recovery Zone bonds, may influence the timing, structure, and interest rate on City bond issuances for the project. In recognition of these factors, the present value approach does not assume any specific bond structure but still provides an approximate indication of the TID bonding capacity based on an assumed average City cost of funds of 4.5% through the 24th year of the TID. SBFCo discounted the revenue projections to 2010 dollars to reflect the first year in which substantial TID bonding would likely occur. Although TID expenditures are likely to be spread over a multi-year period (thus producing higher bond principal amounts than the 2010 discounted figure would produce), these benefits are likely to be offset by cost escalations in budget items such as demolition, remediation, and infrastructure development. Therefore, for TID sizing purposes, SBFCo believes that discounting all projected revenues to 2010 figures is appropriate.

TID CAPACITY ESTIMATE

Figure 5.8 on the following page shows the incremental property tax and land sales revenues as well as the determination of the present value of these revenues. SBFCo estimates that the proposed Tower redevelopment project will yield a present value (discounted at 4.5%) in 2010 dollars that ranges from $15.5 million to $16.8 million. The range in the present value estimate reflects the two alternate stabilization points for the projected property tax rate as discussed in Chapter 3. For the purposes of the TID bonding capacity it was assumed that the Tower redevelopment project would yield lower end of the range or approximately $15.5 million in financing capacity.
### Figure 5.8: TID Debt Capacity

#### Scenario 1: Tax Rate Stabilization at 2.0%

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<th>Estimated Sale Proceeds Tower Site</th>
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**TOTALS**

| $ 14,426,508 | $ 7,581,111 | $ 11,967,309 | $ 33,974,928 | $ 16,358,448 | $ 7,581,111 | $ 13,541,033 | $ 37,480,592 |

**PV $2010**

| 4.5% | $ 5,359,345 | $ 5,925,912 | $ 4,340,652 | $ 15,625,909 | $ 6,005,014 | $ 5,925,912 | $ 4,832,365 | $ 16,763,291 |

**Note:** These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.
Appendix

Detailed Retail Market Analysis

SITE ANALYSIS

Traffic Counts and Visibility

Both potential retail sites enjoy a corner location and have excellent visibility from the heavily travelled Capitol Drive. The Private Redevelopment Area is located at intersection of 35th Street and Capitol Drive and has approximately 630 feet of frontage on Capitol Drive. The Eastern Retail Site is located at the intersection of Hopkins and Capitol Drive with a relatively narrow frontage of approximately 120 feet on Capitol Drive. According to the Wisconsin Department of Transportation, the traffic count for the portion of Capitol Drive fronting the sites is approximately 34,000 vehicles per day. This exceeds the 20,000 vehicles per day that many national retailers seek as part of their location requirements. In addition, the north-south streets adjacent to the two sites, Hopkins and 35th Streets have traffic counts of 7,600 and 12,300 vehicles daily, respectively.

Site Access

Both sites would likely be configured to have full access with left and right turns from the side streets (35th Street and Hopkins). While the western site appears to have enough distance from the intersection and the railroad overpass to accommodate a right-in right-out access from Capitol Drive, the eastern site, with only 120 feet of frontage, may not be able to accommodate direct access from Capitol Drive.

Site Capacity

While the railroad track makes a single consolidated retail development challenging from a site planning perspective, the City should consider providing for a connection between the two sites. This would allow the two sites to function more cohesively, allowing smaller tenants to capitalize on traffic generated by larger anchors.

The typical floor area ratio (FAR) for conventional one-story retail development with surface parking is approximately 0.25. At this FAR, the 13.7-acre Private Redevelopment Area would yield a 150,000 square foot shopping center. This size is typical of a community-level shopping center format, which usually requires a major anchor of 60,000 square feet or more to be successful. The 7-acre Eastern Retail Site could physically accommodate a 75,000 square feet center that is typical of grocery-anchored neighborhood center. Therefore from a purely physical perspective the two sites in aggregate could support up to 225,000 square feet of retail. However the actual supportable retail for the proposed redevelopment will be dependent on other market factors, including the competitive environment and the retail demand potential which are discussed further in subsequent sections.
COMPETITIVE RETAIL ENVIRONMENT

SBFCo analyzed the retail market in the vicinity of the Acquisition Area to identify major retail clusters and evaluate the competitive position of the two sites with frontage on Capitol Drive. The market area for a retail center varies based on the size and corresponding drawing power of the center. Smaller retail centers of 75,000 square feet or less—the size contemplated for the Eastern Retail Site—would typically receive the majority of its patronage from a relatively compact market area roughly equivalent to a five-minute drive time. However, a larger retail center in excess of 100,000 square feet on the western site would likely draw consumers from approximately a ten-minute drive time area. Therefore, SBFCo compiled and mapped competitive shopping centers within five-minute and ten-minute drive time areas based on data from CoStar, a nationally recognized provider of real estate leasing and sales data. The ten-minute area focused on inventorying freestanding big box centers and larger shopping centers of 100,000 square feet or more. The five-minute drive time inventory included smaller centers between 10,000 and 100,000 square feet, as well as stand-alone grocery stores.

Figure A1 on the following page shows the supply of competitive retail within both drive time areas. Figure A2 on the subsequent page provides information regarding the name and size of each center in the five-minute and ten-minute drive times. The spatial distribution of the retail centers are discussed below based on the size and shopping center typology.

- **Regional Malls.** Regional malls are typically anchored by three or more full-line department stores and are at least 800,000 square feet in size. While regional malls which typically require over 75 acres of land are not a viable concept for the two sites being considered for this study the large number of tenants and drawing power of these centers need to be considered from a competitive perspective. The dominant regional mall in the 10-minute drive area is the Bayshore Town Center, located east of the Acquisition Area near the intersection of I-43 and W Silver Spring Road. With approximately 950,000 square feet of retail space, over 125 stores and several key anchors, such as Kohl’s, Sears, and Boston Store, it is a significant regional draw. Another major mall located south-west of the Acquisition Area just outside the 10-minute study area in neighboring Wauwatosa is the 1.1 million square feet Mayfair Mall. Mayfair Mall includes Boston Store, Kohl’s and AMC Theaters as anchors.

- **Power Centers.** Power centers typically range from 250,000 to 600,000 square feet in size and feature three or more category-dominant anchor tenants such as home improvement stores, discount department stores, warehouse clubs and office supply stores. The power center nearest to the site is the 400,000 square feet Midtown Center located 2 miles west of the two retail sites. It is positioned as a discount retail center and includes many of the anchor and inline discount retailers such as Wal-Mart, Pick ‘N Save, A.J. Wright, Rainbow and Anna’s Linens that are prevalent in markets where households have limited discretionary incomes. An additional 110,000 square feet of retail is currently being marketed as the second phase of the development, therefore once completed, the overall center size will exceed 500,000.
Tower TID Economic Feasibility Study

Figure: A1
Competitive Retail Supply

Legend

- Potential Tower Retail Sites
- Neighborhood Center
- Stand Alone Grocery
- Freestanding Big Box
- Community Center
- Power Center
- Regional Mall

Drive Time

- 0 - 5 Minutes
- 0 - 10 Minutes

S. B. Friedman & Company
Real Estate Advisory and Development Consultants
### Neighborhood Shopping Centers and Grocery Stores within a Five-Minute Drive Time

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<td>17,600</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Park Place Shopping Center</td>
<td></td>
<td>22,817</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Unnamed Shopping Center</td>
<td>Foodtown Supermarket</td>
<td>26,294</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>East Capitol Place</td>
<td></td>
<td>29,969</td>
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<tr>
<td></td>
<td>8</td>
<td>Times Square Shopping Center</td>
<td>Walgreens</td>
<td>86,665</td>
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<td></td>
<td>9</td>
<td>Milwaukee Mall (75% Vacant) [1]</td>
<td></td>
<td>216,000</td>
</tr>
<tr>
<td>Stand Alone Grocery</td>
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<td>Lena's Food Market</td>
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<td></td>
<td>11</td>
<td>Aldi</td>
<td>Aldi</td>
<td>15,780</td>
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<tr>
<td></td>
<td>12</td>
<td>Aldi</td>
<td>Aldi</td>
<td>17,261</td>
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<td></td>
<td>13</td>
<td>Lena's Food Market</td>
<td>Lena's Food Market</td>
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</tr>
<tr>
<td></td>
<td>14</td>
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<td>Lena's Food Market</td>
<td>21,784</td>
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<tr>
<td></td>
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<td>Lena's Food Market</td>
<td>Lena's Food Market</td>
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</tr>
<tr>
<td></td>
<td>16</td>
<td>Lena's Food Market</td>
<td>Lena's Food Market</td>
<td>61,186</td>
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</table>

### Shopping Centers and Freestanding Big Box Retailers over 100,000 SF within a Ten-Minute Drive Time

<table>
<thead>
<tr>
<th>Center Type</th>
<th>Map ID</th>
<th>Center Name</th>
<th>Anchor Tenants</th>
<th>Retail Square Footage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Mall</td>
<td>17</td>
<td>Bayshore Town Center</td>
<td>Boston Store, Kohl's, Sears</td>
<td>950,000</td>
</tr>
<tr>
<td></td>
<td>18</td>
<td>Mayfair</td>
<td>Boston Store, Macy's, AMC Theatres</td>
<td>1,114,479</td>
</tr>
<tr>
<td>Power Center</td>
<td>19</td>
<td>The Shops Of Grand Avenue</td>
<td>Boston Store, T.J. Maxx, Old Navy</td>
<td>425,000</td>
</tr>
<tr>
<td>Freestanding Big Box</td>
<td>21</td>
<td>Target [3]</td>
<td>Target</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>22</td>
<td>Home Depot</td>
<td>Home Depot</td>
<td>104,806</td>
</tr>
<tr>
<td></td>
<td>23</td>
<td>Home Depot</td>
<td>Home Depot</td>
<td>108,662</td>
</tr>
<tr>
<td></td>
<td>24</td>
<td>Kmart Plaza</td>
<td>Kmart &amp; Sears Appliance Outlet</td>
<td>110,810</td>
</tr>
<tr>
<td></td>
<td>25</td>
<td>Wal-Mart</td>
<td>Wal-Mart</td>
<td>142,810</td>
</tr>
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<td>Community Center</td>
<td>26</td>
<td>River West</td>
<td>Office Depot, Walgreens</td>
<td>101,362</td>
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<tr>
<td></td>
<td>27</td>
<td>Mill Road Shopping Center</td>
<td>Save-A-Lot, Family Dollar</td>
<td>102,986</td>
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<tr>
<td></td>
<td>28</td>
<td>Clarke Square Shopping Center</td>
<td>Pick 'n Save</td>
<td>107,734</td>
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<tr>
<td></td>
<td>29</td>
<td>The Home Depot Center</td>
<td>Home Depot Store Closed - Pick 'n Save</td>
<td>110,793</td>
</tr>
<tr>
<td></td>
<td>30</td>
<td>Target [4]</td>
<td>Target</td>
<td>167,683</td>
</tr>
<tr>
<td></td>
<td>31</td>
<td>Timmerman Plaza</td>
<td>JC Penney Catalog Outlet, Pick 'n Save, Dollar Tree</td>
<td>181,746</td>
</tr>
<tr>
<td></td>
<td>32</td>
<td>Shoppers World of Brookfield</td>
<td>Burlington Coat Factory, Marshalls, Office Max, TJ Maxx</td>
<td>190,142</td>
</tr>
<tr>
<td></td>
<td>33</td>
<td>Burleigh Square</td>
<td>Lowes</td>
<td>222,000</td>
</tr>
<tr>
<td></td>
<td>34</td>
<td>Silver Mill Court</td>
<td>Save-A-Lot</td>
<td>229,688</td>
</tr>
</tbody>
</table>

Note: Shopping centers data based on InfoUSA, CoStar, and information provided by property managers.

[1] Due to high vacancy and tenant size, this building currently operates as a neighborhood center.

[2] Approximately 450,000 SF is existing and an additional 100,000 SF is planned.

[3] The existing Target is to be torn down and rebuilt.

[4] An additional 62,000 SF retail center is planned at this site.
The Shops of Grand Avenue is a unique 425,000 square feet urban retail center located southeast of the two retail sites. Although it does not resemble a traditional power center in terms of size, layout and tenant mix, it is within the typical size range of a power center. The center is anchored by Boston Store and T.J. Maxx. Recent closings of anchor tenants Old Navy and Linens N Things has resulted in significant vacancies in this center.

- **Community Centers and Freestanding Big Box Stores.** Community centers contain between 100,000 and 250,000 square feet of retail space and are usually anchored by a full-service grocery store, “junior boxes” such as office supply stores and smaller anchors such as drug stores. The nine community centers within the ten-minute drive time study area are fairly evenly distributed around the two retail sites. In addition to the large anchors located within shopping centers, there are several freestanding big box stores that range from 100,000 to 150,000 square feet in size within the study area. The two largest clusters of community centers and freestanding stores are located at Capitol Drive approximately 2.5 miles east of the site and along 124th Street and Capitol Drive at the edge of the ten-minute drive time contour west of the site. The cluster at Capitol Drive east of the two retail sites includes Home Depot, Wal-Mart and Office Depot. The cluster to the west along 124th Street includes Home Depot, Kmart and a Target (temporarily closed for renovation) as freestanding big box centers. Shoppers World of Brookfield and Burleigh Square, the two community centers located at this cluster, include several anchor tenants such Burlington Coat Factory, Marshalls, Office Max, T. J. Max and Lowes.

Other major anchors represented in the other community centers in the market area include Save-A-Lot and JC Penney Catalog Outlet. A third Home Depot store in the northwest portion of the ten-minute market area was closed in 2008 as a part of the nationwide downsizing by the company as a result of economic trends.

- **Neighborhood/Convenience Centers.** Neighborhood/convenience centers provide convenience goods such as food, drugs and personal services and are generally less than 100,000 square feet in size. Several neighborhood centers are scattered throughout the five-minute drive time area. The most significant cluster of these centers is located near larger community centers and freestanding big boxes on East Capitol Drive. This cluster includes an Outpost natural foods store and other smaller retailers and restaurants.

- **Grocery Stores.** Because grocery stores are a common anchor for neighborhood-scale shopping centers, SBFCo specifically reviewed the supply of grocery stores within the five-minute drive time area. Both freestanding grocery stores as well as stores that were a part of shopping centers were reviewed. The analysis shows that there are eight chain grocery stores within the five-minute drive time area from the two retail sites (Figures A1 and A2). Lena’s Food Market, a local grocery chain, has five stores within three miles of the site. Other chains represented include Pick ‘n Save and Aldi. The only grocery store that is part of a larger shopping center development is the Pick ‘N Save located within the Midtown Center.
RETAIL DEMAND POTENTIAL

Demographics

Because consumer demand for retail goods is a function of the number of households in the trade area of a given retail development and the income of these households, SBFCo analyzed these demographic variables for the same five- and ten-minute drive times areas for which the competitive supply analysis was conducted. The five-minute drive time represents the typical market area for neighborhood and convenience retail tenants such as grocery stores, restaurants, and drug stores. Big boxes such as Target and Wal-Mart and junior box anchors such as Best Buy would typically have a ten-minute drive time market area.

Figure A3 below shows the estimated 2008 population, households and median household income for the five and ten minute market areas, as well as projections for these variables for 2013.

<table>
<thead>
<tr>
<th></th>
<th>5-Minute Drive Time</th>
<th>10-Minute Drive Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households</td>
<td>24,827</td>
<td>24,368</td>
</tr>
<tr>
<td></td>
<td>2008</td>
<td>2013</td>
</tr>
<tr>
<td>Median Income (2008</td>
<td>$34,516</td>
<td>$34,040</td>
</tr>
<tr>
<td>Dollars)</td>
<td></td>
<td>$38,589</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$39,715</td>
</tr>
<tr>
<td>Source: ESRI, S.B. Friedman &amp; Company</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In 2008, the five-minute and ten-minute market areas included approximately 25,000 and 106,000 households respectively. Both drive time areas appear to have a relatively stable household base with no significant change projected through 2013. Household income in the two market areas is relatively modest, with medians of approximately $34,500 within the five-minute drive time and approximately $38,600 within the ten-minute drive time. Median household income is projected to remain relatively flat after controlling for inflation. Therefore, in the short term no significant increase in spending potential is expected in the five- and ten-minute drive time areas.

Retail Leakage Analysis

To analyze the demand potential for various retail store categories at Eastern Retail Site and the Private Redevelopment Area, SBFCo reviewed the estimated spending potential, store sales and retail leakage for the five- and ten-minute market areas (see Figures A4 and A5 on pages 45 and 46) using data from ESRI Business Analyst. The spending potential for the market areas represents the estimated buying power of consumers by retail category, while store sales represent the estimated sales occurring in each category among all retailers in the trade area. The difference between these two variables is referred to as the “retail leakage.” A positive retail leakage for a particular store category in a specific market area indicates that more dollars are being spent by market area residents outside of the market area in this category than are being “imported” through expenditures by non-residents at stores within the market area. Conversely, a negative retail leakage indicates that the market area retailers are capturing sales in
the category that are greater than 100% of the total spending potential by market area residents, thus suggesting that the market area is already capturing additional traffic and spending from shoppers not living within this area.

Positive leakage of retail dollars from the ten-minute drive time appears to be occurring in several retailing categories such as larger big box and junior box retailers, including auto dealerships, furniture stores, home improvement stores, electronics stores, clothing stores and general merchandise stores. Positive retail leakage in a particular retail category is an indicator of unmet demand and, therefore, an opportunity to develop stores in that retail category within the ten-minute drive time. Similarly, the retail leakage for the five-minute drive time indicates retail demand potential for smaller general merchandise stores, auto parts retailers, and restaurants. However, actual market feasibility for specific retail stores is a function of site characteristics, the requirements of specific retailers, and the spending potential in the potential trade area for the retailer, as well as the competitive environment within that trade area.

For example, auto dealerships (a category where the market area is experiencing a leakage of retail dollars) generally locate in clusters. The absence of clusters suggests that auto dealerships are not a viable use for the Private Redevelopment Area or the Eastern Retail Site. Another retail category that is experiencing leakage but may not be viable for these sites is apparel and accessories. Many of the apparel retailers choose to collocate in a regional mall and select locations with higher median income than the market area. The analysis of competitive supply suggests that the discount apparel retailers such as Rainbow, Ashley Stewart and Dots are already present in the Midtown shopping center, which is located within two miles from the Acquisition Area. Similarly, Wal-Mart is represented in the general merchandise category in the Midtown shopping center. Target, one of the anchors underrepresented in this category (because of its location at the edge of the market area), typically chooses locations in the Milwaukee region with higher median incomes.

Based on the retail leakage analysis, market information gleaned from the demographic data, competitive supply review, and interviews with retail brokers, the overall list of retail categories experiencing leakage was refined down to the following retail categories that appear to have the most market potential for the two retail sites:

Junior Box Anchors/Inline Stores

- Limited service restaurants
- Discount general merchandise stores
- Auto parts and accessories stores
- Drug/convenience stores

Big Box Anchors

- Home improvement stores
### Retail Leakage, Five-Minute Drive Time

<table>
<thead>
<tr>
<th>Category</th>
<th>Sales</th>
<th>Demand Potential</th>
<th>Retail Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Vehicle &amp; Parts Dealers (NAICS 441)</td>
<td>$35,701,464</td>
<td>$98,187,869</td>
<td>$62,486,405</td>
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<tr>
<td>Automobile Dealers (NAICS 4411)</td>
<td>$32,187,481</td>
<td>$88,437,809</td>
<td>$56,250,327</td>
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<tr>
<td>Other Motor Vehicle Dealers (NAICS 4412)</td>
<td>$364,386</td>
<td>$5,246,858</td>
<td>$4,882,472</td>
</tr>
<tr>
<td>Auto Parts, Accessories, and Tire Stores (NAICS 4413)</td>
<td>$3,149,596</td>
<td>$4,503,202</td>
<td>$1,353,605</td>
</tr>
<tr>
<td>Furniture &amp; Home Furnishings Stores (NAICS 442)</td>
<td>$3,645,937</td>
<td>$12,635,012</td>
<td>$8,989,074</td>
</tr>
<tr>
<td>Furniture Stores (NAICS 4421)</td>
<td>$2,264,480</td>
<td>$8,096,270</td>
<td>$5,831,790</td>
</tr>
<tr>
<td>Home Furnishings Stores (NAICS 4422)</td>
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<td>$4,538,741</td>
<td>$3,157,284</td>
</tr>
<tr>
<td>Electronics &amp; Appliance Stores (NAICS 443/NAICS 4431)</td>
<td>$6,684,841</td>
<td>$9,088,570</td>
<td>$2,323,729</td>
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<tr>
<td>Blgd Materials, Garden Equip. &amp; Supply Stores (NAICS 444)</td>
<td>$10,709,558</td>
<td>$10,989,129</td>
<td>$279,571</td>
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<td>$10,091,914</td>
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<tr>
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<td>$897,215</td>
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<tr>
<td>Food &amp; Beverage Stores (NAICS 445)</td>
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<td>$48,239,193</td>
<td>$(21,198,962)</td>
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<tr>
<td>Grocery Stores (NAICS 4451)</td>
<td>$60,290,036</td>
<td>$42,361,147</td>
<td>$(17,928,888)</td>
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<td>Specialty Food Stores (NAICS 4452)</td>
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<tr>
<td>Beer, Wine, and Liquor Stores (NAICS 4453)</td>
<td>$8,352,181</td>
<td>$4,551,642</td>
<td>$(3,800,539)</td>
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<td>Health &amp; Personal Care Stores (NAICS 446/NAICS 4461)</td>
<td>$37,059,393</td>
<td>$17,608,487</td>
<td>$(19,450,906)</td>
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<tr>
<td>Gasoline Stations (NAICS 447/4471)</td>
<td>$62,115,948</td>
<td>$45,364,793</td>
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<tr>
<td>Clothing and Clothing Accessories Stores (NAICS 448)</td>
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<td>$22,922,335</td>
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<td>Clothing Stores (NAICS 4481)</td>
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<td>$5,114,328</td>
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<td>$(2,025,918)</td>
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<tr>
<td>Jewelry, Luggage, and Leather Goods Stores (NAICS 4483)</td>
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<td>$1,652,086</td>
<td>$1,299,159</td>
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<tr>
<td>Sporting Goods, Hobby, Book, and Music Stores (NAICS 451)</td>
<td>$668,705</td>
<td>$4,102,187</td>
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<td>Sporting Goods/Hobby/Musical Instrument Stores (NAICS 4511)</td>
<td>$477,792</td>
<td>$1,756,967</td>
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<td>Book, Periodical, and Music Stores (NAICS 4512)</td>
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<td>$86,246,525</td>
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<td>Department Stores Excluding Leased Depts.(NAICS 4521)</td>
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<td>$62,928,370</td>
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<tr>
<td>Miscellaneous Store Retailers (NAICS 453)</td>
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<td>Florists (NAICS 4531)</td>
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<td>$199,632</td>
<td>$10,350</td>
</tr>
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<td>Office Supplies, Stationery, and Gift Stores (NAICS 4532)</td>
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<td>$1,742,597</td>
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<tr>
<td>Used Merchandise Stores (NAICS 4533)</td>
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<td>$448,094</td>
<td>$291,857</td>
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<tr>
<td>Other Miscellaneous Store Retailers (NAICS 4539)</td>
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<td>$3,526,604</td>
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<td>Food Services &amp; Drinking Places (NAICS 722)</td>
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<td>Full-Service Restaurants (NAICS 7221)</td>
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<tr>
<td>Limited-Service Eating Places (NAICS 7222)</td>
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<tr>
<td>Drinking Places - Alcoholic Beverages (NAICS 7224)</td>
<td>$8,150,376</td>
<td>$4,123,741</td>
<td>$(4,026,635)</td>
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Source: ESRI, S. B. Friedman & Company
### Figure A5: Retail Leakage, 10 Minute Drive Time

<table>
<thead>
<tr>
<th>Category</th>
<th>Sales</th>
<th>Demand Potential</th>
<th>Retail Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Vehicle &amp; Parts Dealers (NAICS 441)</td>
<td>$233,577,259</td>
<td>$454,663,302</td>
<td>$221,086,043</td>
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<tr>
<td>Automobile Dealers (NAICS 4411)</td>
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<td>Other Motor Vehicle Dealers (NAICS 4412)</td>
<td>$1,460,610</td>
<td>$25,160,778</td>
<td>$23,700,168</td>
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<tr>
<td>Auto Parts, Accessories, and Tire Stores (NAICS 4413)</td>
<td>$13,965,173</td>
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<tr>
<td>Furniture &amp; Home Furnishings Stores (NAICS 442)</td>
<td>$32,672,165</td>
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</tr>
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<td>Furniture Stores (NAICS 4421)</td>
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<td>$38,409,192</td>
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</tr>
<tr>
<td>Home Furnishings Stores (NAICS 4422)</td>
<td>$9,844,871</td>
<td>$21,877,369</td>
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</tr>
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<td>Electronics &amp; Appliance Stores (NAICS 443/NAICS 4431)</td>
<td>$26,947,021</td>
<td>$43,092,207</td>
<td>$16,145,186</td>
</tr>
<tr>
<td>Building Materials, Garden Equip. &amp; Supply Stores (NAICS 444)</td>
<td>$28,771,640</td>
<td>$53,357,355</td>
<td>$24,585,715</td>
</tr>
<tr>
<td>Building Material and Supplies Dealers (NAICS 4441)</td>
<td>$26,217,326</td>
<td>$49,187,228</td>
<td>$22,969,902</td>
</tr>
<tr>
<td>Lawn and Garden Equipment and Supplies Stores (NAICS 4442)</td>
<td>$2,554,314</td>
<td>$4,170,127</td>
<td>$1,615,813</td>
</tr>
<tr>
<td>Food &amp; Beverage Stores (NAICS 445)</td>
<td>$295,777,406</td>
<td>$224,358,045</td>
<td>$(71,419,361)</td>
</tr>
<tr>
<td>Grocery Stores (NAICS 4451)</td>
<td>$261,440,349</td>
<td>$196,531,378</td>
<td>$(64,908,972)</td>
</tr>
<tr>
<td>Specialty Food Stores (NAICS 4452)</td>
<td>$10,924,095</td>
<td>$6,152,225</td>
<td>$(4,771,870)</td>
</tr>
<tr>
<td>Beer, Wine, and Liquor Stores (NAICS 4453)</td>
<td>$23,412,962</td>
<td>$21,674,442</td>
<td>$(1,738,519)</td>
</tr>
<tr>
<td>Health &amp; Personal Care Stores (NAICS 446/NAICS 4461)</td>
<td>$234,433,925</td>
<td>$80,336,889</td>
<td>$(154,097,036)</td>
</tr>
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<td>Gasoline Stations (NAICS 447/4471)</td>
<td>$205,834,609</td>
<td>$208,042,136</td>
<td>$2,207,528</td>
</tr>
<tr>
<td>Clothing and Clothing Accessories Stores (NAICS 448)</td>
<td>$106,581,842</td>
<td>$107,872,759</td>
<td>$1,290,916</td>
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<tr>
<td>Clothing Stores (NAICS 4481)</td>
<td>$76,556,346</td>
<td>$85,447,114</td>
<td>$8,890,767</td>
</tr>
<tr>
<td>Shoe Stores (NAICS 4482)</td>
<td>$20,588,775</td>
<td>$14,351,919</td>
<td>$(6,236,856)</td>
</tr>
<tr>
<td>Jewelry, Luggage, and Leather Goods Stores (NAICS 4483)</td>
<td>$9,436,721</td>
<td>$8,073,726</td>
<td>$(1,362,995)</td>
</tr>
<tr>
<td>Sporting Goods, Hobby, Book, and Music Stores (NAICS 451)</td>
<td>$33,231,389</td>
<td>$20,180,170</td>
<td>$(13,051,220)</td>
</tr>
<tr>
<td>Sporting Goods/Hobby/Musical Instrument Stores (NAICS 4511)</td>
<td>$22,725,160</td>
<td>$8,552,297</td>
<td>$(14,172,864)</td>
</tr>
<tr>
<td>Book, Periodical, and Music Stores (NAICS 4512)</td>
<td>$10,506,229</td>
<td>$11,627,873</td>
<td>$1,121,644</td>
</tr>
<tr>
<td>General Merchandise Stores (NAICS 452)</td>
<td>$315,751,397</td>
<td>$402,916,166</td>
<td>$87,164,769</td>
</tr>
<tr>
<td>Department Stores Excluding Leased Depts.(NAICS 4521)</td>
<td>$47,532,106</td>
<td>$109,809,971</td>
<td>$62,277,865</td>
</tr>
<tr>
<td>Other General Merchandise Stores (NAICS 4529)</td>
<td>$268,219,291</td>
<td>$293,106,195</td>
<td>$24,886,904</td>
</tr>
<tr>
<td>Miscellaneous Store Retailers (NAICS 453)</td>
<td>$70,715,372</td>
<td>$27,329,160</td>
<td>$(43,386,211)</td>
</tr>
<tr>
<td>Florists (NAICS 4531)</td>
<td>$1,928,004</td>
<td>$928,093</td>
<td>$(999,911)</td>
</tr>
<tr>
<td>Office Supplies, Stationery, and Gift Stores (NAICS 4532)</td>
<td>$8,003,156</td>
<td>$8,151,104</td>
<td>$147,948</td>
</tr>
<tr>
<td>Used Merchandise Stores (NAICS 4533)</td>
<td>$3,529,658</td>
<td>$2,184,523</td>
<td>$(1,345,135)</td>
</tr>
<tr>
<td>Other Miscellaneous Store Retailers (NAICS 4539)</td>
<td>$57,254,553</td>
<td>$16,065,440</td>
<td>$(41,189,113)</td>
</tr>
<tr>
<td>Vending Machine Operators (NAICS 4542)</td>
<td>$1,826,101</td>
<td>$33,243,239</td>
<td>$31,417,138</td>
</tr>
<tr>
<td>Direct Selling Establishments (NAICS 4543)</td>
<td>$38,219,419</td>
<td>$19,043,492</td>
<td>$(19,175,927)</td>
</tr>
<tr>
<td>Food Services &amp; Drinking Places (NAICS 722)</td>
<td>$269,209,322</td>
<td>$288,833,243</td>
<td>$19,623,921</td>
</tr>
<tr>
<td>Full-Service Restaurants (NAICS 7221)</td>
<td>$75,823,871</td>
<td>$101,701,021</td>
<td>$25,877,149</td>
</tr>
<tr>
<td>Limited-Service Eating Places (NAICS 7222)</td>
<td>$122,508,948</td>
<td>$145,810,098</td>
<td>$23,301,150</td>
</tr>
<tr>
<td>Special Food Services (NAICS 7223)</td>
<td>$17,469,060</td>
<td>$21,301,784</td>
<td>$3,832,725</td>
</tr>
<tr>
<td>Drinking Places - Alcoholic Beverages (NAICS 7224)</td>
<td>$53,407,443</td>
<td>$20,020,340</td>
<td>$(33,387,103)</td>
</tr>
</tbody>
</table>

Source: ESRI, S. B. Friedman & Company