

# Barrett wants to use TIF funds for streetcar

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*A rendering of the proposed leg passing by The Couture. (Rinka Chung Architecture Inc.)*

Milwaukee Mayor Tom Barrett announced a new plan to use tax incremental financing to fill a funding gap to establish a streetcar system in downtown Milwaukee.

The line and related utility relocation would be paid for with \$54.9 million in previously allocated federal funding and \$59 million of tax incremental financing funds generated from new development along the route, according to a press release from Barrett. The TIF funds will come from additional property taxes collected from new development along the streetcar line.

The plan, subject to the approval of the Common Council, also includes the addition of a 0.4-mile streetcar line to the lakefront (through The Couture, a proposed 44-story apartment tower planned near

the lakefront) and additional adjustments to the main 2.1-mile streetcar route to reduce the costs of utility relocation. The main streetcar route run between the Intermodal Station and the intersection of Ogden and Farwell avenues.

The total cost of the streetcar project is \$113.9 million, including the lakefront route and \$22.7 million in utility relocation costs.

The utility relocation costs were originally estimated at \$60 million, but adjustments to the route have lowered the cost significantly. Additional route adjustments are being considered that would further lower the utility relocation costs, City Engineer Jeff Polenske said. The portion of the route along Wells Street could be split with eastbound streetcars on Wells and westbound streetcars on Kilbourn Avenue. Also the northbound streetcars on Van Buren Street could be moved to Jackson Street, which already is planned for southbound streetcars. The changes would eliminate conflicts with underground We Energies steam lines, Polenske said.

The city is seeking an additional \$10 million in federal funds to help pay for the streetcar route to the lakefront.

Construction could begin in 2015 and the streetcar could be operational in 2018.

“Milwaukee residents and businesses have demanded a transportation alternative to spur development and provide more options, something most other cities our size are building or already operating,” Barrett said. “This starter system will – with future additions to other neighborhoods being planned – provide a modern, attractive way to get around Milwaukee, to and from residences, businesses, cultural institutions and entertainment destinations.”

According to Barrett, there has been \$2.6 billion in completed downtown development since 2005, \$980 million in construction is underway and proposed downtown development projects total \$1.3 billion, which demonstrate the need for a streetcar starter system. That development would also provide additional property taxes revenues that could be used for the streetcar.

The issue of who will bear the cost of moving underground utilities for the streetcar project has been a point of contention between the city, state and We Energies. While working to reduce utility movement costs, city officials continue to object to requirements that the city pay for those costs. On Monday the city filed a court appeal of the state Public Service Commission’s recent decision that the city must pay for private utility relocations associated with the streetcar project, rather than the utilities and their ratepayers.

“We’ve worked hard with the utilities to reduce the costs and will continue to drive them lower,” Barrett said. “We want the cost to be as low as possible no matter who ultimately pays for the relocations. We are committed to the project and prepared to go forward regardless of whom the courts determine should pay for moving private utility facilities.”

Some real estate developers, such as Barry Mandel, president of Milwaukee-based real estate development firm Mandel Group, have expressed support for the streetcar.

"The timing for the streetcar is perfect on so many levels," Mandel said. "With significant new development including housing coming on line, the streetcar will be a huge benefit to residents, employees and visitors. As in other progressive cities that have leaped into the 21st Century, the streetcar will attract significant new investment near the route and help bring new development and jobs into

downtown, Milwaukee neighborhoods and, eventually, the region."

Alderman Nik Kovac also supports the project, and expects that the streetcar will eventually extend beyond its initial route.

"The streetcar will create a vital new transportation option for Milwaukee neighborhoods, and improve access for residents and workers around the city," Kovac said.

However, the plan has its detractors.

Milwaukee Alderman Bob Donovan released a statement enumerating his arguments against the streetcar project.

"If there's any institution that can give us something we don't want for twice the price, it's government," Donovan said. "But sadly, this speaks volumes as to just how out of touch the mayor is with average citizens—the same citizens who, of course, never wanted this streetcar to begin with.

"I'm told the operating cost estimates have skyrocketed. How are we going to pay for that? How are we going to pay for maintenance? None of these things have even been mentioned and you can almost hear a pin drop in the mayor's office when these concerns are raised."

Wisconsin Assembly majority leader Rep. Jim Steineke, R-Kaukauna, tweeted this morning about the announcement: "Mayor Barrett, if you have \$120 mil to pay for a 1900's style trolley, you certainly don't need state tax \$ for a #Bucks arena. #GoodLuck."

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