



City of Milwaukee

City Hall
200 East Wells Street
Milwaukee, WI 53202

Meeting Agenda - Final ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

ALD. JAMES WITKOWIAK, CHAIR

Ald. Willie Wade, Vice-Chair

Ald. Michael Murphy, Ald. Robert Bauman, and Ald. T. Anthony Zielinski

Staff Assistant, Tobie Black, (414)-286-2231

Fax: (414) 286-3456, E-mail: tblack@milwaukee.gov

Tuesday, September 15, 2009

9:00 AM

Room 301-B, City Hall

1. [090602](#) Appointment of Martin Kohler to the Board of Zoning Appeals by the Mayor. (3rd Aldermanic District)

 Sponsors: THE CHAIR

 Attachments: [Appointment Letter](#)
 [Resume](#)
 [Hearing Notice List](#)

2. [090562](#) Resolution authorizing a transfer of funds from the Capital Improvements Advance Planning Fund to a subaccount for the West Side Area Comprehensive Plan market analysis, in the 2nd, 5th, 7th, 9th, 10th and 15th Aldermanic Districts.

 Sponsors: Ald. Bohl

 Attachments: [Map](#)
 [Fiscal Analysis](#)
 [Fiscal Note](#)
 [Hearing Notice List](#)

3. [090510](#) Resolution relating to the appeal of the denial of a Certificate of Appropriateness by the Historic Preservation Commission for Robert Johnson, 914 N. 28th Street.

 Sponsors: THE CHAIR

 Attachments: [Appeal](#)
 [Hearing Notice List](#)

4. [090564](#) Resolution approving a Project Plan, authorizing expenditures, approving the terms of a Development Agreement and creating a Tax Incremental District for the Reed Street Yards, in the 12th Aldermanic District.

 Sponsors: Ald. Witkowiak

Attachments: [Proposed Substitute A](#)
[Letter from Friends of Hank Aaron State Trail](#)
[Project Plan as of 9-9-09](#)
[Economic Feasibility Study as of 9-9-09](#)
[Updated No-Build Scenario as of 9-9-09](#)
[Term Sheet as of 9-9-09](#)
[Letter from the Office of the Comptroller](#)
[LRB Fiscal Analysis](#)
[Menomonee Valley Partners-Support](#)
[Hearing Notice List](#)
[Substitute Fiscal Note](#)
[Fiscal Note](#)

5. [090623](#) A substitute ordinance relating to the inclusion of street-paving costs in the project plans for newly-created tax incremental districts.
Sponsors: Ald. Bohl, Ald. Bauman and Ald. Wade
Attachments: [Fiscal Note](#)
 [Hearing Notice List](#)
6. [090459](#) An ordinance establishing the housing infrastructure preservation fund.
Sponsors: Ald. Bauman
Attachments: [Proposed Sub B](#)
 [Fiscal Note](#)
 [Hearing Notice List](#)
7. [080751](#) An ordinance relating to the definition of a sign.
Sponsors: Ald. Zielinski
Attachments: [Zoning Code Technical Committee Letter](#)
 [Zoning Code Technical Committee Minutes](#)
 [Exhibit 1 \(Zoning Code Technical Committee\)](#)
 [Exhibit 2 \(Zoning Code Technical Committee\)](#)
 [Exhibit 3 \(Zoning Code Technical Committee\)](#)
 [Recording of the Zoning Code Technical Committee Meeting of 10/1/08](#)

--- May be placed on file as no longer necessary.

This meeting will be webcast live at www.milwaukee.gov/channel25.

Members of the Common Council and its standing committees who are not members of this committee may attend this meeting to participate or to gather information. Notice is given that this meeting may constitute a meeting of the Common Council or any of its standing committees, although they will not take any formal action at this meeting.

Upon reasonable notice, efforts will be made to accommodate the needs of persons with disabilities through sign language interpreters or auxiliary aids. For additional information or to request this service, contact the Council Services Division ADA Coordinator at 286-2998, (FAX)286-3456, (TDD)286-2025 or by writing to the Coordinator at Room 205, City Hall, 200 E. Wells Street, Milwaukee, WI 53202.

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Persons engaged in lobbying as defined in s. 305-43-4 of the Milwaukee Code of Ordinances are required to register with the City Clerk's Office License Division. Registered lobbyists appearing before a Common Council committee are required to identify themselves as such. More information is available at www.milwaukee.gov/lobby.



Legislation Details (With Text)

File #: 090602 **Version:** 0

Type: Appointment **Status:** In Committee

File created: 9/1/2009 **In control:** ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Appointment of Martin Kohler to the Board of Zoning Appeals by the Mayor. (3rd Aldermanic District)

Sponsors: THE CHAIR

Indexes: APPOINTMENTS, BOARD OF ZONING APPEALS

Attachments: Appointment Letter, Resume, Hearing Notice List

Date	Ver.	Action By	Action	Result	Tally
9/1/2009	0	COMMON COUNCIL	ASSIGNED TO		
9/4/2009	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		

File #: 090602 **Version:** 0

Number

090602

Version

ORIGINAL

Reference

Sponsor

THE CHAIR

Title

Appointment of Martin Kohler to the Board of Zoning Appeals by the Mayor. (3rd Aldermanic District)

Requestor

Mayor

Drafter

CC

dkf

9/1/09

September 1, 2009

To the Honorable, the Common Council
of the City of Milwaukee

Honorable Members of the Common Council:

I am pleased to appoint Martin Kohler, 1414 North Astor Street, Milwaukee, Wisconsin 53202, to replace Scott Winkler on the Board of Zoning Appeals. This appointment is pursuant to Section 62.23(7)(e) of the Wisconsin State Statutes and Section 295-311-1 of the Milwaukee Code of Ordinances. Mr. Kohler's term will commence upon taking of the oath of office.

I trust this appointment will have the approval of your Honorable Body.

Respectfully submitted

A handwritten signature in cursive script that reads "Tom Barrett". The signature is written in dark ink and is positioned above the printed name and title.

Tom Barrett
Mayor

ATTORNEY MARTIN E. KOHLER
Kohler and Hart, LLP
735 N. Water St. Suite 1212
Milwaukee, WI 53202
(414)271-9595

Education:

Juris Doctorate, Hofstra University, 1977

Bachelor's Degree University of Wisconsin, 1973

Employment:

Founding partner Kohler and Hart, LLP, practice primarily in the area of criminal defense since 1993

Licensed to practice in Wisconsin state and federal courts, the U.S. Court of Appeals, the Wisconsin Supreme Court and the U.S. Supreme Court

Former partner Levine, Epstein and Kohler, 1977-1993

Professional Organizations and Memberships:

American Bar Association

Wisconsin Bar Association

Milwaukee Bar Association

Chaired Criminal Law section for 8 years

National Association of Criminal Defense Lawyers

Wisconsin Association of Criminal Defense Lawyers

Speaking and Instructional Activities

Coordinator of Conference on Recent Developments in Criminal Law, sponsored by Marquette University Law School and the Milwaukee Bar Association, have served for more than 20 years to facilitate this annual day-long CLE-accredited seminar

MATC Business Law Instructor, Marquette University Adult Education Program
Instructor, 1978-1983

State of Wisconsin Division of Criminal Investigations Instructor, have served for over 20 years as lecturer for Death Investigations School

Have served as guest lecturer nationally and locally at more than 150 seminars put on by various community and educational organizations including colleges and universities

Civic and Community Leadership:

Board of Directors, Centro Legal, Milwaukee, WI from 2006-2008. Duties included fund raising and increasing community awareness of services and programs offered by organization

Board of Directors, Astor Court Condominium Association, Milwaukee, WI, 2 two-year terms as vice president

Friends of Modjeska Youth Theater, Milwaukee, WI volunteer and supporter

Boy Scouts of America Pinewood Derby supporter for Milwaukee, WI troops, donated 2009 Pinewood Derby track

Jewish National Fund 2007 Honoree for community service

Special Skills

Litigation of over 250 jury trials, with cases highlighted by Court TV, the New York Times, the Washington Post, the LA Times, Newsweek, People magazine, Dateline NBC, CNN and other international media outlets

Skilled in corporate negotiations, small business regulation and licensing issues and negotiations with law enforcement agencies to produce best outcome for wide range of clients

Appellate work has resulted in several precedent-setting cases in the Wisconsin Court of Appeals, the Wisconsin Supreme Court and the U.S. Court of Appeals

Have handled cases in numerous jurisdictions outside of Wisconsin including Wyoming, Texas, Nevada, New York, Illinois, Minnesota and Florida

References available upon request.

NOTICES SENT TO FOR FILE : 090602

[illegible]



Legislation Details (With Text)

File #: 090562 **Version:** 0

Type: Resolution **Status:** In Committee

File created: 9/1/2009 **In control:** ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Resolution authorizing a transfer of funds from the Capital Improvements Advance Planning Fund to a subaccount for the West Side Area Comprehensive Plan market analysis, in the 2nd, 5th, 7th, 9th, 10th and 15th Aldermanic Districts.

Sponsors: ALD. BOHL

Indexes: CONSULTANTS, LAND USE PLANNING

Attachments: Map, Fiscal Analysis, Fiscal Note, Hearing Notice List

Date	Ver.	Action By	Action	Result	Tally
9/1/2009	0	COMMON COUNCIL	ASSIGNED TO		
9/4/2009	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
9/4/2009	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		

Number

090562

Version

ORIGINAL

Reference

Sponsor

ALD. BOHL

Title

Resolution authorizing a transfer of funds from the Capital Improvements Advance Planning Fund to a subaccount for the West Side Area Comprehensive Plan market analysis, in the 2nd, 5th, 7th, 9th, 10th and 15th Aldermanic Districts.

Analysis

This resolution transfers \$30,000 from the Capital Improvements Advance Planning Fund into the Comprehensive Plan Subaccount No. UR01280135. This subaccount allocation will provide consultant assistance for the market analysis to complete the Comprehensive Plan for the West Side Area of the City of Milwaukee.

Body

Whereas, 1999 State of Wisconsin Act 9 (the Biennial Budget Act) required that the City of Milwaukee ("City") prepare a Comprehensive Plan by 2010; and

Whereas, Comprehensive Plans ("Plans") for specific areas of the City are components of the Comprehensive Plan; and

Whereas, The preparation of Plans requires technical assistance provided by outside consultants for the market analysis and funds are necessary to provide for such consultant services; and

Whereas, The West Side Area Plan for the City, generally bounded by Silver Spring Drive to the North, North 100th Street to the West, West Fond du Lac Avenue and I-43 to the East and National Avenue to the South, is currently underway; and

Whereas, The current unencumbered balances in the Capital Improvements Advance Planning Fund cannot be expended unless they are transferred to a specific subaccount; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the City Comptroller is directed to transfer the amount of \$30,000 from the Capital Improvements Advance Planning Fund Account No. UR0128000A to be allocated to the West Side Plan II Subaccount No. UR01280135 to be used by the Department of City Development ("DCD") to prepare a market analysis to complete the West Side Area Plan; and, be it

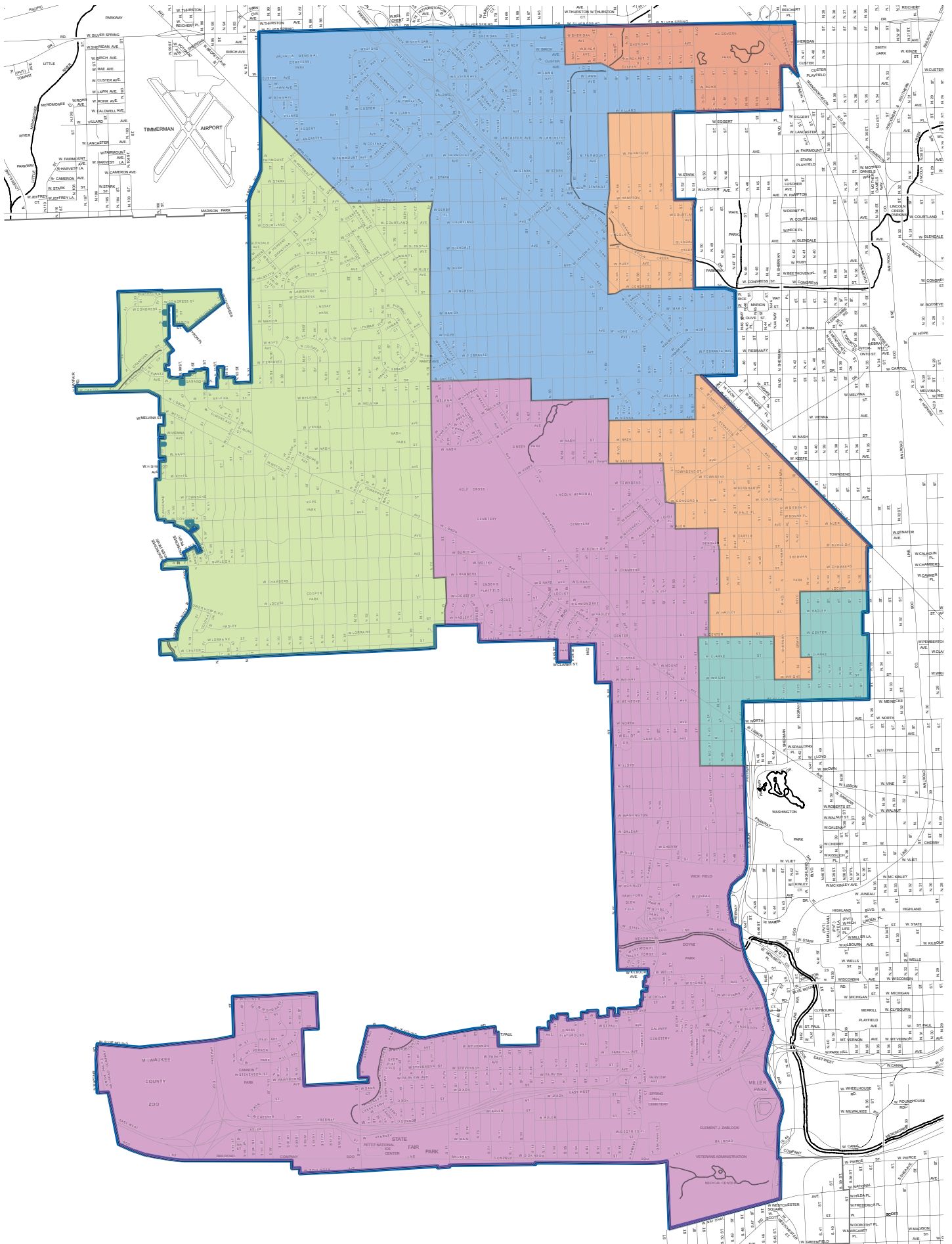
Further Resolved, That DCD is directed to enter into such contracts and agreements as necessary to accomplish the development and completion of the market analysis for the West Side Area Plan.

Drafter

DCD:VLK:vlk

09/01/09/A

WEST SIDE AREA PLAN BOUNDARIES



LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

SEPTEMBER 15, 2009

Item 1, File #090562

File Number 090562 is a resolution authorizing the transfer and expenditure of \$30,000 from the Department of City Development's Advance Planning Fund capital account to support preparation of a market analysis for the West Side Comprehensive Area Plan.

Background

1. The Advance Planning Fund is a capital account in the Department of City Development's Budget that pays for costs relating to DCD's comprehensive planning efforts, including consultant fees.
2. The 2009 Budget provides \$125,000 for the Advance Planning Fund, a decrease of \$75,000 from 2008. The reduction in funding reflects the fact that, in 2008, this account was used to fund an update to the City's Downtown Plan, as well as ongoing work on various area comprehensive plans.
3. State law requires that the City of Milwaukee prepare a comprehensive plan by January 1, 2010.
4. DCD has completed comprehensive area plans for several areas of the City and is currently developing plans for the West Side, Near North Side and Southwest Side.
5. The preparation of comprehensive area plans requires technical assistance provided by outside consultants as well as funding for those consultant services.

Discussion

1. Funds cannot be expended from the Advance Planning Fund unless they are transferred to project-specific subaccounts.
2. This resolution authorizes the transfer of \$30,000 from the Advance Planning Fund to DCD's West Side Plan II Subaccount to fund development and completion of a market analysis for the West Side Comprehensive Area Plan. A market analysis includes analyses of trends in area land use and demographics; an understanding of these trends is essential for identifying future planning-related needs of the West Side.
3. The West Side Comprehensive Area Plan encompasses the area roughly bounded by West Silver Spring Drive on the north, the City of West Allis and Village of West Milwaukee on the south, the Stadium Freeway and N. 51st Street on the east and the City of Wauwatosa on the west.

4. To date, the Common Council has authorized the transfer and expenditure of \$75,000 for work on the West Side Area Plan -- \$31,000 authorized by File No. 071119 (adopted December 11, 2007) and \$44,000 by File No. 081543 (adopted March 25, 2009).
5. This resolution also directs DCD to enter into such contracts and agreements as are necessary to accomplish the preparation and completion of market analysis for the West Side Comprehensive Area Plan.
6. Work on the West Side Plan was started in the fall of 2008. DCD reports that the Plan is currently in the 5th of 6 phases (synthesis of information), with the last phase being the public approval process. DCD anticipates completion of the plan by the end of 2009.

Fiscal Impact

The current balance in the Advance Planning Fund capital account is \$112,000. Adoption of this resolution will reduce the account balance by \$30,000.

Prepared by: Jeff Osterman, X2262
LRB-Research & Analysis Section
September 10, 2009

cc: Rocky Marcoux
Martha Brown
Vanessa Koster
Joe'Mar Hooper
Marianne Walsh

CITY OF MILWAUKEE FISCAL NOTE

A) DATE 09/01/09

FILE NUMBER:

Original Fiscal Note ☒ Substitute ☐

SUBJECT: Resolution authorizing a transfer of funds from the Capital Improvements Advance Planning Fund to a subaccount for the West Side Area Comprehensive Plan market analysis, in the 2nd, 5th, 7th, 9th, 10th and 15th Aldermanic Districts.

B) SUBMITTED BY (Name/title/dept./ext.): Rocky Marcoux, Commissioner, DCD

C) CHECK ONE: ☒ ADOPTION OF THIS FILE AUTHORIZES EXPENDITURES
☐ ADOPTION OF THIS FILE DOES NOT AUTHORIZE EXPENDITURES; FURTHER COMMON COUNCIL ACTION NEEDED. LIST ANTICIPATED COSTS IN SECTION G BELOW.
☐ NOT APPLICABLE/NO FISCAL IMPACT.

D) CHARGE TO: ☐ DEPARTMENT ACCOUNT (DA) ☐ CONTINGENT FUND (CF)
☒ CAPITAL PROJECTS FUND (CPF) ☐ SPECIAL PURPOSE ACCOUNTS (SPA)
☐ PERM. IMPROVEMENT FUNDS (PIF) ☐ GRANT & AID ACCOUNTS (G & AA)
☐ OTHER (SPECIFY)

E) PURPOSE	SPECIFY TYPE/USE	ACCOUNT	EXPENDITURE	REVENUE	SAVINGS
SALARIES/WAGES:					
SUPPLIES:					
MATERIALS:					
NEW EQUIPMENT:					
EQUIPMENT REPAIR:					
OTHER:	West Side Area Comprehensive Plan	UR01280135	\$30,000		
TOTALS			\$30,000		

F) FOR EXPENDITURES AND REVENUES WHICH WILL OCCUR ON AN **ANNUAL** BASIS OVER SEVERAL YEARS CHECK THE APPROPRIATE BOX BELOW AND THEN LIST EACH ITEM AND DOLLAR AMOUNT **SEPARATELY**.

<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	

G) LIST ANY ANTICIPATED FUTURE COSTS THIS PROJECT WILL REQUIRE FOR COMPLETION:

H) COMPUTATIONS USED IN ARRIVING AT FISCAL ESTIMATE:

Market analyses traditionally cost \$30,000 to complete for each area comprehensive plan.

PLEASE LIST ANY COMMENTS ON REVERSE SIDE AND CHECK HERE

☐

NOTICES SENT TO FOR FILE : 090562

[illegible]



Legislation Details (With Text)

File #: 090510 **Version:** 0

Type: Resolution **Status:** In Committee

File created: 9/1/2009 **In control:** ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Resolution relating to the appeal of the denial of a Certificate of Appropriateness by the Historic Preservation Commission for Robert Johnson, 914 N. 28th Street.

Sponsors: THE CHAIR

Indexes: HISTORIC PRESERVATION, HISTORIC PRESERVATION COMMISSION

Attachments: Appeal, Hearing Notice List

Date	Ver.	Action By	Action	Result	Tally
9/1/2009	0	COMMON COUNCIL	ASSIGNED TO		
9/4/2009	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
9/4/2009	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		

Number

090510

Version

ORIGINAL

Reference

Sponsor

THE CHAIR

Title

Resolution relating to the appeal of the denial of a Certificate of Appropriateness by the Historic Preservation Commission for Robert Johnson, 914 N. 28th Street.

Drafter:

CC-CC

dkf

8/24/09

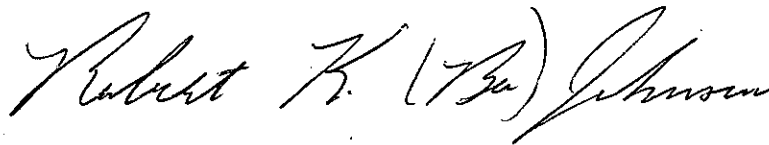
Attention: Jim Owczarski
Common Council/Clerks Office
200 E. Wells, room 205
Milwaukee, WI 53202
From: Robert K. (Bo) Johnson
914 N. 28th Street
Milwaukee, WI 53208
Date: Aug. 20, 2009

To The Honorable Common Council of the City of Milwaukee,

I am writing to request a hearing before the Zoning, Neighborhoods and Development Committee of the Milwaukee Common Council in order to appeal the denial of a Certificate of Appropriateness by the Milwaukee Historic Preservation Commission. The certificate was requested by me for replacement siding to be used on my home at 914 N. 28th Street.

Along with this request I have included a copy of the letter of denial from the Preservation Committee, which I received on August 20th. Please keep me informed of the scheduled date and time of the hearing and let me know, as soon as possible, of any other materials that I might need to submit in order for this matter to be reviewed properly.

Thank You,

A handwritten signature in cursive script that reads "Robert K. (Bo) Johnson". The signature is written in dark ink and is positioned above the printed name.

Robert K. (Bo) Johnson



Living with History
Milwaukee Historic Preservation Commission
809 N. Broadway
Milwaukee, WI 53202
(414) 286-5722

August 18, 2009

CERTIFIED MAIL

Robert Johnson
914 N. 28th Street
Milwaukee, WI 53208

Dear Mr. Johnson:

At its August 17, 2009 meeting, the Historic Preservation Commission denied your request for a Certificate of Appropriateness for the replacement of wood clapboard siding with CertainTeed fiber cement siding at your duplex at 912-914 N. 28th Street.

In the event that you wish to appeal this decision you must contact the Council Administration Manager in the Office of the City Clerk at (414) 286-2221 to schedule an appeal hearing before the Zoning, Neighborhoods and Development Committee of the Milwaukee Common Council. You must make that contact within 20 days of the date of this letter or you will forfeit your right to an appeal.

Please call me at (414) 286-5722 if you have further questions and/or wish to pursue other alternative materials.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carlen Hatala', with a long, sweeping horizontal line extending to the right.

Carlen Hatala
Senior Planner
Historic Preservation

C: Ald. Robert Bauman

NOTICES SENT TO FOR FILE : 090510

[illegible]



Legislation Details (With Text)

File #: 090564 **Version:** 0

Type: Resolution **Status:** In Committee

File created: 9/1/2009 **In control:** ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Resolution approving a Project Plan, authorizing expenditures, approving the terms of a Development Agreement and creating a Tax Incremental District for the Reed Street Yards, in the 12th Aldermanic District.

Sponsors: ALD. WITKOWIAK

Indexes: AGREEMENTS, TAX INCREMENTAL DISTRICTS

Attachments: Proposed Substitute A, Letter from Friends of Hank Aaron State Trail, Project Plan as of 9-9-09, Economic Feasibility Study as of 9-9-09, Updated No-Build Scenario as of 9-9-09, Term Sheet as of 9-9-09, Letter from the Office of the Comptroller, LRB Fiscal Analysis, Menomonee Valley Partners-Support, Hearing Notice List, Substitute Fiscal Note, Fiscal Note

Date	Ver.	Action By	Action	Result	Tally
9/1/2009	0	COMMON COUNCIL	ASSIGNED TO		
9/4/2009	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
9/4/2009	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
9/4/2009	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		

Number

090564

Version

ORIGINAL

Reference

Sponsor

ALD. WITKOWIAK

Title

Resolution approving a Project Plan, authorizing expenditures, approving the terms of a Development Agreement and creating a Tax Incremental District for the Reed Street Yards, in the 12th Aldermanic District.

Analysis

This resolution approves a Tax Incremental District Project Plan to provide \$6,420,000 in financial assistance for the development of the Reed Street Yards at South 3rd Street and West Pittsburgh Avenue, which will include infrastructure, defraying extraordinary site costs and grants for water-related companies. The Tax Incremental District is roughly bounded by the Menomonee Canal to the north and west, South 2nd and South 3rd Streets to the east and West Florida Street to the south. This resolution also approves the terms of a Development Agreement with Building 41, LLC for the purposes of implementing the Project Plan.

Body

Whereas, Chapter 105 of the Laws of 1975 of the State of Wisconsin, with amendments from other chapters of said Laws, created Section 66.1105, Wisconsin Statutes, titled "Tax Increment Law;" and

Whereas, Section 66.1105(4) of the Tax Increment Law sets forth certain criteria that the Common Council of the City of Milwaukee ("Common Council") and the Redevelopment Authority of the City of Milwaukee ("Authority") must follow to create a Tax Incremental District ("District" or "TID") and approve a Project Plan for a District; and

Whereas, Pursuant to Section 66.1105(4) (a) through (gm), Wisconsin Statutes, the Authority conducted a public hearing on the Project Plan, designated the boundaries of a District and recommended that the District be created and submitted such recommendation to the Common Council for approval with the proposed Project Plan for the District for the Reed Street Yards ("Plan"), a copy of which is attached to this Common Council File; and

Whereas, Under the provisions of Section 66.1105(4) (gm) 4.a., Wisconsin Statutes, not less than 50 percent, by area, of the real property within a proposed District must qualify as either a "blighted area" within the meaning of Section 66.1105(2) (a), Wisconsin Statutes; an area "in need of rehabilitation or conservation work" within the meaning of Section 66.1337(3), Wisconsin Statutes; or must be suitable for "industrial sites" within the meaning of Section 66.1101, Wisconsin Statutes, and be zoned for industrial use; or must be "suitable for mixed-use development" as defined in Section 66.1105(2) (cm), Wisconsin Statutes; and

Whereas, More than 50 percent, by area, of the real property in the District is "in need of rehabilitation and conservation work" as defined above; and

Whereas, Property standing vacant for an entire 7-year period immediately preceding adoption of this resolution and not suitable for "industrial sites," comprises less than 25 percent, by area, of the District; and

Whereas, The Plan contains statements and other factual information indicating that the improvement of such area is likely to substantially enhance the value of real property in the District; and that project costs directly serve to promote development of the District consistent with the purpose(s) for which the District is created under Section

66.1105(4)(gm)4.a., Wisconsin Statutes; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that it finds and determines as follows:

1. The District is "in need of rehabilitation and conservation work" within the meaning of Section 66.1105(4)(gm)4.a., Wisconsin Statutes.
2. The improvement and/or redevelopment of such area, as hereinafter provided, are likely to enhance the value of real property in the District.
3. Project costs relate directly to promoting development consistent with the City's Master Plan and with the purpose(s) for which the District is created under Section 66.1105(4)(gm)4.a., Wisconsin Statutes.
4. The percentage of the aggregate value of the equalized taxable property of the District plus the incremental value of all other existing Districts does not exceed the statutory maximum 12 percent of the aggregate value of total equalized value of taxable property within the City; and, be it

Further Resolved, That the TID for the Reed Street Yards, is created as of January 1, 2009, and that the boundaries of the District recommended by the Authority are approved as described and more precisely set forth in the Plan; and, be it

Further Resolved, That the Plan is approved as the Project Plan for said District and that the Plan is feasible, in conformity with the Master Plan for the City and will promote the orderly development of the City; and, be it

Further Resolved, That the proper City officials are directed to enter into a Development Agreement for the purpose of implementing the Plan on terms substantially in accordance with the Term Sheet for the Project, a copy of which is attached to this Common Council File; and, be it

Further Resolved, That:

1. The City Clerk is directed to apply to the Wisconsin Department of Revenue for a "Determination of Tax Increments and Tax Incremental Base," for the District pursuant to the provisions of Section 66.1105(5), Wisconsin Statutes.
2. Pursuant to the provisions of Section 66.1105(5)(f), Wisconsin Statutes:
 - a. The Assessment Commissioner is directed to identify upon the assessment roll, returned and examined under Section 70.45, Wisconsin Statutes, those parcels of property, which are within the District for the Reed Street Yards, specifying thereon the name of the District.
 - b. The City Clerk is directed to make notations on the tax roll for the District similar to those required to be made under Section 70.65, Wisconsin Statutes.
3. The City Comptroller is directed to transfer the sum of \$6,420,000, plus capitalized interest for two years, from the Parent TID account to the Project Account for paying the Reed Street Yards TID expenditures.
4. The City Comptroller is directed to establish all accounts and to make all appropriation transfers upon request by the Department of City Development for all revenue or expenditure activity under this resolution.

Drafter

DCD:DAC:dac
09/01/09/A

..Number
090564
..Version
PROPOSED SUBSTITUTE A
..Reference

..Sponsor
ALD. WITKOWIAK

..Title
Substitute resolution approving a Project Plan and creating a Tax Incremental District for the Reed Street Yards, in the 12th Aldermanic District.

..Analysis
This substitute resolution approves a Tax Incremental District Project Plan to provide \$6,420,000 in financial assistance for the development of the Reed Street Yards at South 3rd Street and West Pittsburgh Avenue, which will include infrastructure, defraying extraordinary site costs and grants for water-related companies. This resolution does not authorize expenditures.

The Tax Incremental District is roughly bounded by the Menomonee Canal to the north and west, South 2nd and South 3rd Streets to the east and West Florida Street to the south.

..Body
Whereas, Chapter 105 of the Laws of 1975 of the State of Wisconsin, with amendments from other chapters of said Laws, created Section 66.1105, Wisconsin Statutes, titled "Tax Increment Law;" and

Whereas, Section 66.1105(4) of the Tax Increment Law sets forth certain criteria that the Common Council of the City of Milwaukee ("Common Council") and the Redevelopment Authority of the City of Milwaukee ("Authority") must follow to create a Tax Incremental District ("District" or "TID") and approve a Project Plan for a District; and

Whereas, Pursuant to Section 66.1105(4)(a) through (gm), Wisconsin Statutes, the Authority conducted a public hearing on the Project Plan, designated the boundaries of a District and recommended that the District be created and submitted such recommendation to the Common Council for approval with the proposed Project Plan for the District for the Reed Street Yards ("Plan"), a copy of which is attached to this Common Council File; and

Whereas, Under the provisions of Section 66.1105(4)(gm)4.a., Wisconsin Statutes, not less than 50 percent, by area, of the real property within a proposed District must qualify as either a "blighted area" within the meaning of Section 66.1105(2)(a), Wisconsin Statutes; an area "in need of rehabilitation or conservation work" within the meaning of Section 66.1337(3), Wisconsin Statutes; or must be suitable for "industrial sites" within the meaning of Section 66.1101, Wisconsin Statutes, and be zoned for industrial use; or must be "suitable for mixed-use development" as defined in Section 66.1105(2)(cm), Wisconsin Statutes; and

Whereas, More than 50 percent, by area, of the real property in the District is "in need of rehabilitation and conservation work" as defined above; and

Whereas, Property standing vacant for an entire 7-year period immediately preceding adoption of this resolution and not suitable for "industrial sites," comprises less than 25 percent, by area, of the District; and

Whereas, The Plan contains statements and other factual information indicating that the improvement of such area is likely to substantially enhance the value of real property in the District; and that project costs directly serve to promote development of the District consistent with the purpose(s) for which the District is created under Section 66.1105(4)(gm)4.a., Wisconsin Statutes; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that it finds and determines as follows:

1. The District is "in need of rehabilitation and conservation work" within the meaning of Section 66.1105(4) (gm)4.a., Wisconsin Statutes.
2. The improvement and/or redevelopment of such area, as hereinafter provided, are likely to enhance the value of real property in the District.
3. Project costs relate directly to promoting development consistent with the City's Master Plan and with the purpose(s) for which the District is created under Section 66.1105(4) (gm)4.a., Wisconsin Statutes.
4. The percentage of the aggregate value of the equalized taxable property of the District plus the incremental value of all other existing Districts does not exceed the statutory maximum 12 percent of the aggregate value of total equalized value of taxable property within the City; and, be it

Further Resolved, That TID No. 75 (Reed Street Yards), is created as of January 1, 2009, and that the boundaries of the District recommended by the Authority are approved as described and more precisely set forth in the Plan; and, be it

Further Resolved, That the Plan is approved as the Project Plan for said District and that the Plan is feasible, in conformity with the Master Plan for the City and will promote the orderly development of the City; and, be it

Further Resolved, That:

1. The City Clerk is directed to apply to the Wisconsin Department of Revenue for a "Determination of Tax Increments and Tax Incremental Base," for the District pursuant to the provisions of Section 66.1105(5), Wisconsin Statutes.

2. Pursuant to the provisions of Section 66.1105(5) (f), Wisconsin Statutes:

- a. The Assessment Commissioner is directed to identify upon the assessment roll, returned and examined under Section 70.45, Wisconsin Statutes, those parcels of property, which are within the District for the Reed Street Yards, specifying thereon the name of the District.

- b. The City Clerk is directed to make notations on the tax roll for the District similar to those required to be made under Section 70.65, Wisconsin Statutes.

..Drafter
DCD:DAC:dac
09/10/09



www.hankaaronstatetrail.org

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P&H Mining Equipment

August 21, 2009

Honorable Members of the Zoning, Neighborhoods and Development Committee

Milwaukee Common Council
200 E. Wells Street
Milwaukee, WI 53202

Dear Committee Members:

On behalf of the Friends of Hank Aaron State Trail (FOHAST), I am writing to convey our support for the City's Reed Street Yards tax increment financing district proposal.

The proposed roadway improvements will facilitate the creation of a long awaited leg of the Hank Aaron State Trail and provide public access to the Menomonee Canal. Funding is available to construct a ramp to the area from the 6th Street Viaduct, but the project has been awaiting progress on the Reed Street Yards. We encourage the Committee to approve the creation of this TIF district in order to facilitate the high quality redevelopment of the Reed Street Yards and surrounding properties.

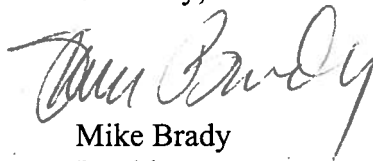
The TIF district's infrastructure improvements have the ability to generate catalytic development in the surrounding area.. As the 6th Street Viaduct and Canal Street improvements have demonstrated, the ability of new infrastructure to catalyze development is undeniable. The internationally renowned Harley-Davidson Museum would not be at its current location – immediately across the Menomonee Canal from the Reed Street Yards – if not for the 6th Street Viaduct coming to grade at Canal Street in 2002. The Menomonee Valley redevelopment effort, which has generated some 4,200 new jobs in the past ten years, would not be at the pace and caliber it is if not for the Canal Street project. The Reed Street Yards project provides similar opportunities for new investment, opening 15 acres of prime real estate for development, creating new access to 300,000 square feet of existing buildings, and providing public access to the Menomonee River and Canal. With appropriate infrastructure improvements, this property could be the Valley's next great success.

The Reed Street Yards property was one of the priority redevelopment opportunities identified in the Menomonee Valley Land Use Plan which envisioned an intensive waterfront-oriented redevelopment relating to Downtown, Walker's Point and the Historic Third Ward. The plan

included the extension of the existing street grid and creation of public access to the waterfront. At the time of the 6th Street Viaduct project, the DNR secured a Congestion Mitigation and Air Quality grant for the purpose of extending the off street Trail from the Viaduct, across the Reed Street Yards property, and into the Historic Third Ward. With the proposed roadway improvements, we anticipate the creation of this long awaited leg of the Hank Aaron State Trail and public access to the Menomonee Canal.

FOHAST looks forward to working with the City of Milwaukee and the Reed Street Yards development team as plans develop. FOHAST is particularly interested in integrating the Menomonee Valley Sustainable Design Guidelines into this project. The development of this key site is another important step in fulfilling the potential of the Menomonee Valley, including the Hank Aaron State Trail, to serve as a model of sustainable economic development.

Sincerely,



Mike Brady
President

cc: Rocky Marcoux, DCD
Dan Casanova, DCD

CITY OF MILWAUKEE
2009 AUG 21 AM 11:12
RONALD D. LEONHART
CITY CLERK

Project Plan for
City of Milwaukee
Tax Incremental District #____
(Reed Street Yards)

Public Hearing Held:
Redevelopment Authority Adopted:
Common Council Adopted:
Joint Review Board Approval:

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EXHIBITS

I. DESCRIPTION OF PROJECT

A. Introduction

Section 66.1105(4)(d), Wisconsin Statutes, requires the “preparation and adoption...of a proposed project plan for each tax incremental district.” This Project Plan is submitted in fulfillment of this requirement and the related provisions of section 66.1105, Wisconsin Statutes.

B. District Boundaries

Tax Incremental District Number ____, City of Milwaukee, (District) is comprised of twenty-three properties and right-of-way in the Walker’s Point neighborhood. The District is shown in Map No. 1, “Boundary and Existing Land Use,” and described more precisely in **Exhibit 1, “Boundary Description.”** The area consists solely of whole units of property as are assessed for general tax purposes and which are bounded on one or more sides by railroad rights-of-way, highways or rivers. A complete list of properties in the District is provided in **Exhibit 3, “Parcel Owners.”**

The District largely consists of underutilized property and buildings in need of rehabilitation or conservation and therefore was found to be blighted within the meaning of Section 66.1105(4)(gm)(4)(a) of the Wisconsin Statutes. As shown in **Exhibit 2, “Property Characteristics”**, approximately three-fifths (58.05%) of the acreage within the amended TID boundary was deemed in need of rehabilitation or conservation and contaminated by environmental pollution. 18.69% of the acreage is considered vacant property per Sec. 66.1105(4)(gm) of the Wisconsin Statutes.

C. Existing Land Uses and Conditions in the District

The majority of the property within the Plan Boundary is referred to as the Reed Street Yards, a former rail and trucking yard that is currently vacant land. The Plan Boundary also includes adjacent buildings in various states of rehabilitation.

To the north of the Reed Street Yards lie the Menomonee Canal, the Harley Davidson Museum and the offices of the Metropolitan Milwaukee Sewerage District. On the east, there is the redeveloped Teweles Seed building (115 units), several vacant warehouses and the South Second Street commercial district. To the south, the recently opened Iron House Hotel and 234 Florida office building have brought new life to the area. To the west of the iconic 6th Street Viaduct, is a series of vacant buildings totaling almost 300,000 SF, which are the remaining undeveloped buildings in the successful Tannery complex.

More broadly, the Walker’s Point neighborhood to the south is a thriving entertainment district with dozens of bars and restaurants. Several blocks to the east is the neighborhood commonly referred to as the Fifth Ward, which is transitioning from industrial and warehouse uses to residential and commercial.

D. Plan Objectives

The Reed Street Yards currently have no public improvements or infrastructure and have poor public access. In addition, the vacant Tannery buildings to the west have very poor access. One of the main purposes of this District is to provide the necessary access and infrastructure so that the Reed Street Yards and remaining Tannery buildings can be redeveloped.

Another important goal of this District is to extend the Milwaukee Riverwalk into the Walker's Point neighborhood, provide a connection to the Hank Aaron State Trail which runs through the Menomonee Valley to Lake Michigan and create better public access to the water. The Milwaukee Riverwalk was started in 1994, and once complete, will extend from the former North Avenue dam through the Beerline, Downtown, Third Ward and Fifth Ward to Lake Michigan. The system is a public-private partnership between property owners and the City of Milwaukee. In exchange for permanent public access to the river, the City may provide assistance in funding for Riverwalk improvements. This District will help extend the Milwaukee Riverwalk system by contributing to the payment of the costs for an additional 2,700 linear feet of Riverwalk along the Reed Street Yards and Tannery buildings.

The final main goal of this District is to assist in attracting water-related companies to the Milwaukee region and create a water technology and research park. Some studies have estimated that water conservation, drinking water treatment, stormwater management and wastewater treatment is a \$425 billion industry and is an industry that will continue to grow as the global demand for clean water rises. The Milwaukee area already has a strong cluster of water technology companies and water research. Currently, the Milwaukee area is home to 120 companies in the water technology sector and five of the eleven largest water technology companies in the world have a presence in Milwaukee. The University of Wisconsin-Milwaukee's Great Lakes WATER Institute and future School of Freshwater Sciences will further the water research already being conducted by 87 local academics. As a result of these strengths, the Milwaukee 7's Water Council was formed to make the Milwaukee Region the world water hub for freshwater research, economic development and education.

This District will provide investments for potential water-related companies locating in the Reed Street Yards by defraying the costs of extraordinary site work, environmental remediation, lab space or other amenities and equipment necessary to attract water-related companies. The owner of the Reed Street Yards and Tannery buildings, Building 41, LLC or its assignee ("Developer"), will agree to restrict the Reed Street Yards to water-related companies as set forth in the Term Sheet for the Development Agreement, attached. This will allow the City and the Water Council to market the property to potential water-related companies.

More detailed objectives of this Project Plan are to:

- Provide public infrastructure that is not feasible without public/private cooperation, including new streets, sewers and water mains to the Reed Street Yards and pedestrian amenities.
- Assist in the remediation of brownfields, by providing access to contaminated sites for redevelopment
- Create or retain jobs by creating development opportunities near downtown Milwaukee and providing investments for water-related companies to relocate or expand in the District
- Increase the tax base of the City by reinvigorating a property and neighborhood and maximizing their full potential
- Implement a Catalytic Project, as set forth in the Near South Side Comprehensive Plan, which called for the redevelopment of the Reed Street Yards site.
- Increase public access to the Menomonee Canal and connectivity to the Milwaukee Riverwalk system by constructing Riverwalk improvements.
- Eliminate obsolete conditions and blighting influences that impede development and detract from the functionality, aesthetic appearance and economic welfare of this important section of the City.

E. Proposed Public Action

Funds generated from the District will be used for the following purposes:

- Public infrastructure for the Reed Street Yards, to include but not be limited to paving, curb, gutter and sidewalk, water main, sewer, stormwater. This work will be conducted by the Developer, who will be reimbursed for the public infrastructure by the District. The final site plan requires approval of the Department of City Development and Department of Public Works. All public infrastructure must be built to City specifications.
- Construction of a Riverwalk (70% of costs) of approximately 2,700' feet in length and 12' wide along the Menomonee Canal. The design will be consistent with the Riverlink design guidelines. The Riverwalk will be ADA compliant. In addition, the District will partially fund (50% of costs) necessary dockwall repair and replacement, currently estimated at 300 linear feet. This work will be conducted by the Developer, who will be reimbursed for the Riverwalk and dockwall.
- Extraordinary site work and environmental remediation costs.
- Grants for water-related companies locating in the Reed Street Yards for lab space or other amenities and equipment necessary to attract firms from this sector.

The City of Milwaukee may, on its own initiative or through a cooperation agreement with the Redevelopment Authority and/or other entities, undertake any and all project and site improvements and activities considered necessary to achieve project objectives and the commitment of private investment. This Plan is not intended to

limit and shall not be interpreted as limiting the Redevelopment Authority in the exercise of its powers under Section 66.1333(5), Wisconsin Statutes, within the District. It is possible that future amendments to this Project Plan for other investments in this area will be proposed.

II. PLAN PROPOSALS

The following statements, maps and exhibits are provided in compliance with Section 66.1105(4)(f) of the Wisconsin Statutes.

A. "Statement of the Kind, Number, and Location of All Proposed Public Works or Improvements."

- Public Infrastructure, Riverwalk and Dockwall. This Plan includes public works and improvements described in general below. The specific kind, number, and locations of public works and other improvements will be based on detailed final plans, specifications and budget estimates as approved by the Department of City Development for project and site development. While not anticipated at this time, improvements such as vacation of existing public rights-of-way, site clearance, environmental remediation, and reimbursement to owners of abutting property for costs directly related to the project also may be undertaken if necessary for the implementation of the plan for the District.
 - Construction of a new street (including water and sewer) connecting the intersection of 3rd/Pittsburgh with the vacant Tannery buildings
 - Construction of an extended Oregon Street (including water and sewer), from the intersection of 3rd/Oregon to the vacant Tannery buildings
 - Construction of a Riverwalk segment of approximately 2,700 linear feet along the Menomonee Canal and associated landscaping. The Developer will grant a Public Access Easement to the City of Milwaukee which will remain in perpetuity.
 - Construction of a roundabout at the intersection of West Pittsburgh Avenue and Reed Street
 - Dockwall repair/replacement, where necessary, along the Reed Street Yards
 - Limited re-paving of West Pittsburgh Avenue, South Third Street and West Oregon Street, where necessary
 - Temporary surface parking for the Iron Horse Hotel, 234 Florida office building and other neighborhood properties
 - New streetlights and trees for the Reed Street Yards
 - Provision of pedestrian amenities such as pedestrian-level lighting, decorative pavement, widened sidewalks, landscaping, signage, and street furniture such as trash containers, benches, etc. on the riverwalk and various rights-of-way

The number and location of proposed public works and improvements are shown in **Map No. 3, "Proposed Uses and Improvements"**.

- Initial Building Grant. This Plan includes funding to assist in extraordinary site costs, such as geotechnical work, foundations, grading and environmental remediation.
- Water Technology and Research Fund. This Plan includes creating a fund to assist in attraction of water-related businesses to the Reed Street Yards. The funds may be used for grants or loans to water-related businesses.

B. "Detailed List of Estimated Project Costs."

The costs included in this subsection and detailed in **Table B** which follows are, without limitation hereof because of enumeration, claimed as eligible Project Costs as defined under Section 66.1105(2)(f) and, if appropriate, in any Cooperation Agreement(s) presently or subsequently entered into by and between the City of Milwaukee, the Redevelopment Authority of the City of Milwaukee, and/or eligible designated redeveloper(s), which agreements are incorporated herein by reference, provided further that such expenditures are necessitated by this Project Plan.

These costs and costs estimates are more fully described as follows:

Capital Costs

The City shall fund an estimated \$6,156,000 in the form of TID Capital Project Costs enumerated in further detail in **Table A** of this Plan. The allocation of these funds will be as set forth in the Term Sheet for the Development Agreement, attached.

In addition, the Initial Building Grant will be reimbursed to the Developer upon completion of the initial building according to the criteria described in the Term Sheet, at an amount not to exceed that which can be added to the TID while maintaining full projected amortization of the overall District by the end of year 25. The Water Technology and Research Fund will also never exceed that which can be added to the TID while maintaining full projected amortization of the overall District by the end of year 25.

After the first building is completed, it is intended that the City and the Owner will pursue Redevelopment Authority and Common Council authorization of subsequent building grants and additional water technology and research funds for the second building and all subsequent buildings, as well as a potential parking structure. Such approval would be pursued in advance of an identified tenant.

TABLE A: Reed Street TID Capital Project Costs	
Public Infrastructure, Riverwalk and Dockwall	
Roadways	\$600,000
Street Lighting	90,000
Sewers	\$1,000,000
Stormwater Management	\$1,000,000
Water Mains	\$450,000
Neighborhood Parking	\$23,000
Riverwalk (70% of costs)	\$142,000
Dockwall (50% of costs)	\$225,000
Contingency (20% of all above public infrastructure costs)	\$706,000
Total Public Infrastructure, Riverwalk and Dockwall Costs	\$4,236,000
Initial Building Grant	\$900,000
Water Technology and Research Fund	\$1,020,000
TOTAL Capital Project Costs	\$6,156,000

Financing Costs

Financing costs include estimated gross interest expense on bonds that will be issued to pay for Project Costs. Estimates of bond interest are based on interest rates as set forth in the Economic Feasibility Analysis for this Project.

TABLE B: Lists of Estimated Project Costs

A	<u>Capital:</u>	
	Public Infrastructure, Riverwalk and Dockwall	\$4,236,000.00
	Initial Building Grant	\$900,000.00
	Water Technology and Research Fund	\$1,020,000.00
	Subtotal of Capital Project Costs	\$6,156,000.00
B	<u>Other:</u>	\$264,000.00
	Administrative, professional, organizational and legal	
	Total Estimated Project Costs, excluding financing	\$6,420,000.00
C	<u>Financing:</u>	\$4,745,537.00
	Interest payment on bonds	

C. "Description of Timing and Methods of Financing."

All expenditures are expected to be incurred in 2009-2014.

The City expects to issue general obligation bonds to finance the TID Project Costs.

D. "Economic Feasibility Study."

The Economic Feasibility Study for this District, prepared by SB Friedman & Company is on file in the Office of the Redevelopment Authority of the City of Milwaukee, 809 North Broadway, Milwaukee, Wisconsin, and in the Office of the City Clerk of the City of Milwaukee, 200 East Wells Street, Room 205, Milwaukee, Wisconsin, as attached to Common Council Resolution File Number _____. The study is incorporated herein by reference. The study establishes the dollar value of project costs which, based on certain general assumptions and a reasonable margin of safety, can be financed with the revenues projected to be generated by the proposed tax incremental district.

Based upon the anticipated tax incremental revenue to be generated by this project, the District is financially feasible and is likely to be retired on or before the year 24. Should incremental revenues be generated in excess of those currently anticipated, they will be used to offset the public costs of Plan implementation.

E. "Map Showing Existing Uses and Conditions."

Please refer to **Map No. 1, "Boundary and Existing Land Use,"** and **Map No. 2, "Structure Condition"** and **Exhibit 3, "Parcel Owners"** in the Exhibits Section which follows.

F. Map Showing Proposed Uses and Improvements."

Please refer to **Map No. 3, "Proposed Uses and Improvements,"** in the Exhibits Section which follows.

G. "Proposed Change of Zoning Ordinances, Master Plan, Building Codes and City Ordinances."

Please refer to **Map No. 4, "Existing Zoning,"** in the Exhibits Section which follows. The proposed project is not consistent with the existing zoning and will require a change from Industrial Heavy (IH) to Industrial Mixed (IM) with a Development Incentive Zone overlay. The proposed project is in accordance with the existing master plan, map, building codes, and other city ordinances. The project should not require amendments to their provisions, but such amendments could be made if necessary without further amendment to this Plan.

H. "List of Estimated Non-Project Costs."

New Commercial Redevelopment

\$59.5M and \$117.2M

I. "Proposed Method for Relocation."

This Plan does not anticipate the acquisition of property by the City of Milwaukee or by the Redevelopment Authority. Accordingly, no relocation activities or expenditures for relocation payments or services are provided herein. Should the acquiring of property by condemnation and requiring relocation be necessary, the cost and method of relocation will be included in a Redevelopment Plan and associated Relocation Plan prepared pursuant to Section 66.1333 and Section 32.05, Wis. Stats. The costs of such activities will be eligible for reimbursement through tax increment revenues should such revenues be generated during the statutory life of the District.

J. "Statement Indicating How District Creation Promotes Orderly City Development."

This District creation will provide a means to continue the revitalization of the Walker's Point and Fifth Ward areas, as well as add to the existing Riverwalk system. This District is consistent with the objectives of various plans including the Near South Side Comprehensive Area Plan and the Milwaukee River Design Guidelines. It will foster the redevelopment of vacant and blighted property, the remediation of brownfields, and the construction of public improvements and amenities in an emerging neighborhood. The Riverwalk will be constructed in a manner consistent with the Milwaukee Riverlink Guidelines, a component of Milwaukee's Comprehensive Plan and the Site Plan Review Overlay District for the Milwaukee River.

K. "Opinion of the City Attorney."

Please refer to **Exhibit 4, "Letter from the City Attorney"**.

EXHIBIT 1
Boundary Description

Beginning at a point at the intersection of the north line of West Oregon Street and the west line of South Second Street;

Thence, south along the west line of South Second Street to the intersection with the south line of West Florida Street;

Thence, east along the south line of West Florida Street to the intersection with the center line of West Nicholas Street;

Thence, southwest along the center line of West Nicholas Street to the intersection with the center line of South Alexander Street;

Thence, northwest along the center line of South Alexander Street to the intersection with the west line of South Sixth Street;

Thence, north along the west line of South Sixth Street to the intersection with the north line of the SOO Railroad right-of-way;

Thence, west along the north line of the SOO Railroad right-of-way, across South Oregon Street, to the intersection with the center line of the South Menomonee Canal;

Thence, northeast along the center line of the South Menomonee Canal to the intersection with the north line of 339 West Pittsburgh Avenue;

Thence, east along the north line of 339 West Pittsburgh Avenue to the intersection with the center line of the north-south alley in the blocks bounded by West Seeboth Street, South Second Street, West Oregon and South 3rd Street;

Thence, south along the center line of the north-south alley in the blocks bounded by West Seeboth Street, South Second Street, West Oregon and South 3rd Street to the intersection with the north line of West Oregon Street;

Thence, east along the north line of West Oregon Street to the point of beginning and more particularly depicted in Map 1 of this Project Plan.

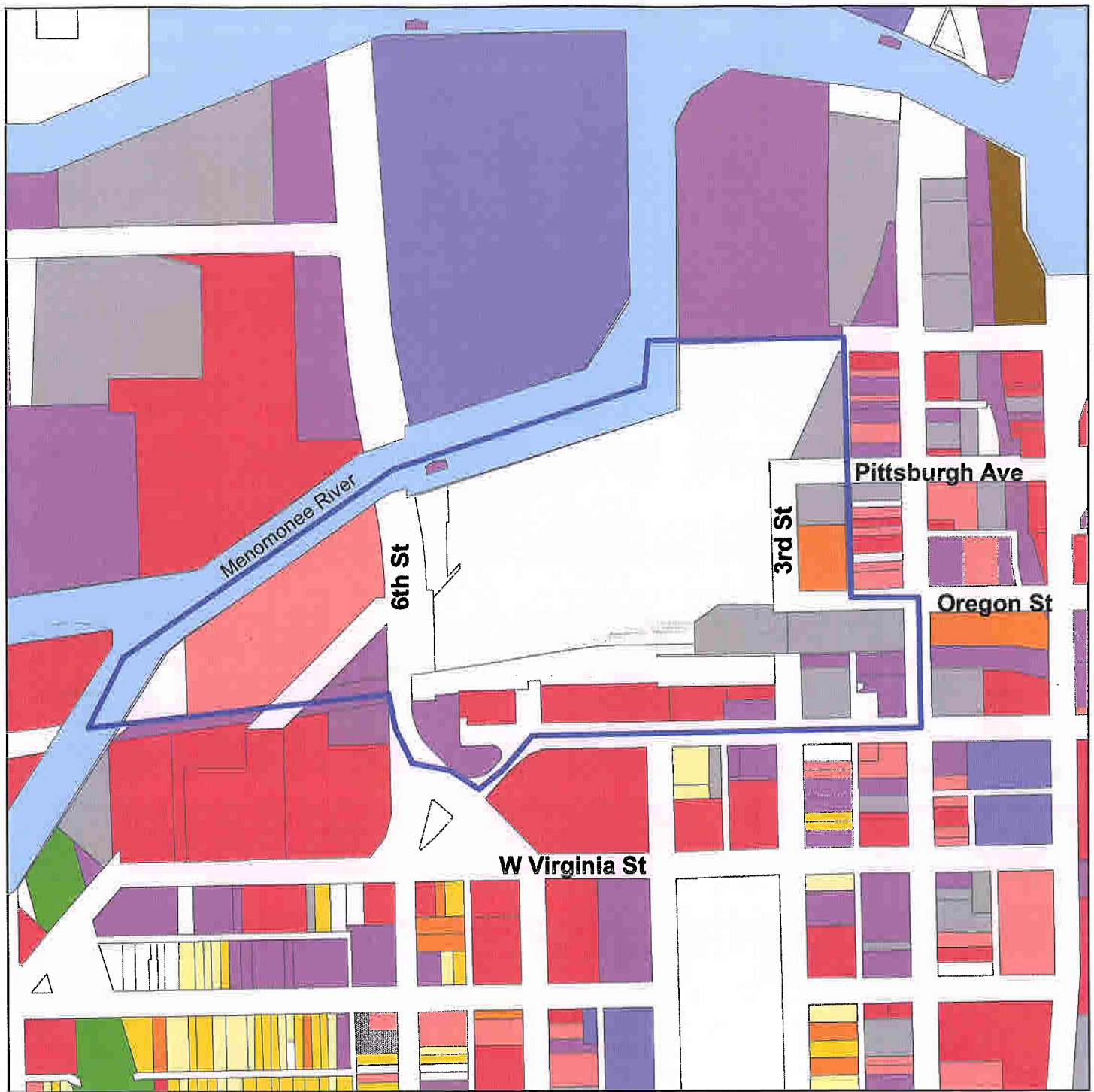
EXHIBIT 2 **Property Characteristics**

Findings substantiating that not less than 50%, by area, of the real property within the proposed district is a blighted area within the meaning of Section 66.1105(4)(a), Wisconsin Statutes.

Parcel No.	Taxkey	Owner Name	Land Assessment	Improvement Assessment	Total Assessment	Lot SF	In Need of Rehabilitation or Conservation (SF)	Area Vacant (SF)	Contaminated by Environmental Pollution (SF)
1	4270428110	TANNERY REMANTS LLC	\$24,400	\$0	\$24,400	24,387	0	24,387	0
2	4270430110	TANNERY REMANTS LLC	\$582,100	\$17,900	\$600,000	202,859	0	202,859	0
3	4270521211	BUILDING 41 LLC	\$30,000	\$0	\$30,000	12,759	12,759	0	12,759
4	4280566110	BUILDING 41 LLC	\$274,100	\$0	\$274,100	22,869	22,869	0	22,869
5	4280512114	BUILDING 41 LLC	\$2,282,300	\$0	\$2,282,300	662,765	662,765	0	662,765
6	4280225000	HERBERT E. THATCHER	\$99,000	\$126,000	\$225,000	24,742	0	0	0
7	4280293000	RONALD S & MIRIAM J COHEN	\$65,500	\$918,500	\$984,000	16,380	0	0	0
8	4280292000	HISTORIC TEWELES SEED LLC	\$644,000	\$7,021,000	\$7,665,000	25,506	0	0	0
9	4280322113	BUILDING 41 LLC	\$285,900	\$134,100	\$420,000	35,737	35,737	0	35,737
10	4280322114	BUILDING 41 LLC	\$322,600	\$2,500	\$325,100	40,331	40,331	0	40,331
11	4280316100	SOO LINE RAILROAD COMPANY	\$0	\$0	\$0	3,469	0	0	0
12	4280315100	SOO LINE RAILROAD COMPANY	\$0	\$0	\$0	9,139	0	0	0
13	4280752000	WE ENERGIES	\$0	\$0	\$0	4,346	0	0	0
14	4280751000	FLORIDA 2NW LLC	\$101,500	\$34,100	\$135,600	12,687	0	12,687	0
15	4280532000	FLORIDA 2NW LLC	\$3,400	\$0	\$3,400	420	0	420	0
16	4280321100	SOO LINE RAILROAD COMPANY	\$0	\$0	\$0	5,302	0	0	0
17	4280320100	234 FLORIDA LLC	\$149,200	\$2,835,800	\$2,985,000	18,644	0	0	0
18	4280308000	FLORIDA 3 LLC	\$72,000	\$0	\$72,000	9,000	0	9,000	0
19	4280307000	MITCHELL B VAN DYKE LLC	\$44,600	\$375,400	\$420,000	5,575	0	0	0
20	4280512216	SOO LINE RAILROAD COMPANY	\$0	\$0	\$0	97,708	0	0	0
21	4280309100	US OIL CO INC	\$127,200	\$647,800	\$775,000	15,900	0	0	0
22	4280303000	KATIE BUG INC	\$334,300	\$1,801,700	\$2,136,000	41,782	0	0	0
23	4280298111	RIDER HOTEL LLC	\$333,700	\$4,666,300	\$5,000,000	41,713	0	0	0
Total			\$5,775,800	\$18,581,100	\$24,356,900	1,334,020	774,461	249,353	774,461
Percentage							58.05%	18.69%	58.05%

EXHIBIT 3
Parcel Owners

Parcel No.	Taxkey	Address			Owner Name
		720	W	OREGON	
1	4270428110	606	622	OREGON	TANNERY REMANTS LLC
2	4270430110	615		OREGON	TANNERY REMANTS LLC
3	4270521211	220	S	6TH	BUILDING 41 LLC
4	4280566110	339	W	PITTSBURGH	BUILDING 41 LLC
5	4280512114	222	W	PITTSBURGH	HERBERT E THATCHER
6	4280225000	223	W	PITTSBURGH	RONALD S & MIRIAM J COHEN
7	4280293000	222	S	3RD	HISTORIC TEWELES SEED LLC
8	4280292000	305	S	3RD	BUILDING 41 LLC
9	4280322113	223	W	OREGON	BUILDING 41 LLC
10	4280322114	321	ADJ	2ND	SOO LINE RAILROAD COMPANY
11	4280316100	321	S	2ND	SOO LINE RAILROAD COMPANY
12	4280315100	212	W	FLORIDA	WE ENERGIES
13	4280752000	333	S	2ND	FLORIDA 2NW LLC
14	4280751000	333	R	2ND	FLORIDA 2NW LLC
15	4280532000	318	S	3RD	SOO LINE RAILROAD COMPANY
16	4280321100	330	S	3RD	234 FLORIDA LLC
17	4280320100	300	W	FLORIDA	FLORIDA 3 LLC
18	4280308000	331	S	3RD	MITCHELL B VAN DYKE LLC
19	4280307000	320	S	6TH	SOO LINE RAILROAD COMPANY
20	4280512216	326	W	FLORIDA	US OIL CO INC
21	4280309100	408	W	FLORIDA	KATIE BUG INC
22	4280303000	500	W	FLORIDA	RIDER HOTEL LLC
23	4280298111				



Reed Street Yards TID

Map No. 1: Boundary and Existing Land Use

 Reed Street Yards TID Boundary

Residential

- Single Family
- Duplex
- Multi-Family

Commerical

- Commerical
- Mixed Commerical and Residential

Public and Quasi-Public

- Public Parks and Quasi-Public Open Space
- Public Schools and Buildings, Churches, Cemeteries, and Quasi-Public Buildings

Vacant Land or Recent Taxkey Change



Manufacturing, Construction, and Warehousing

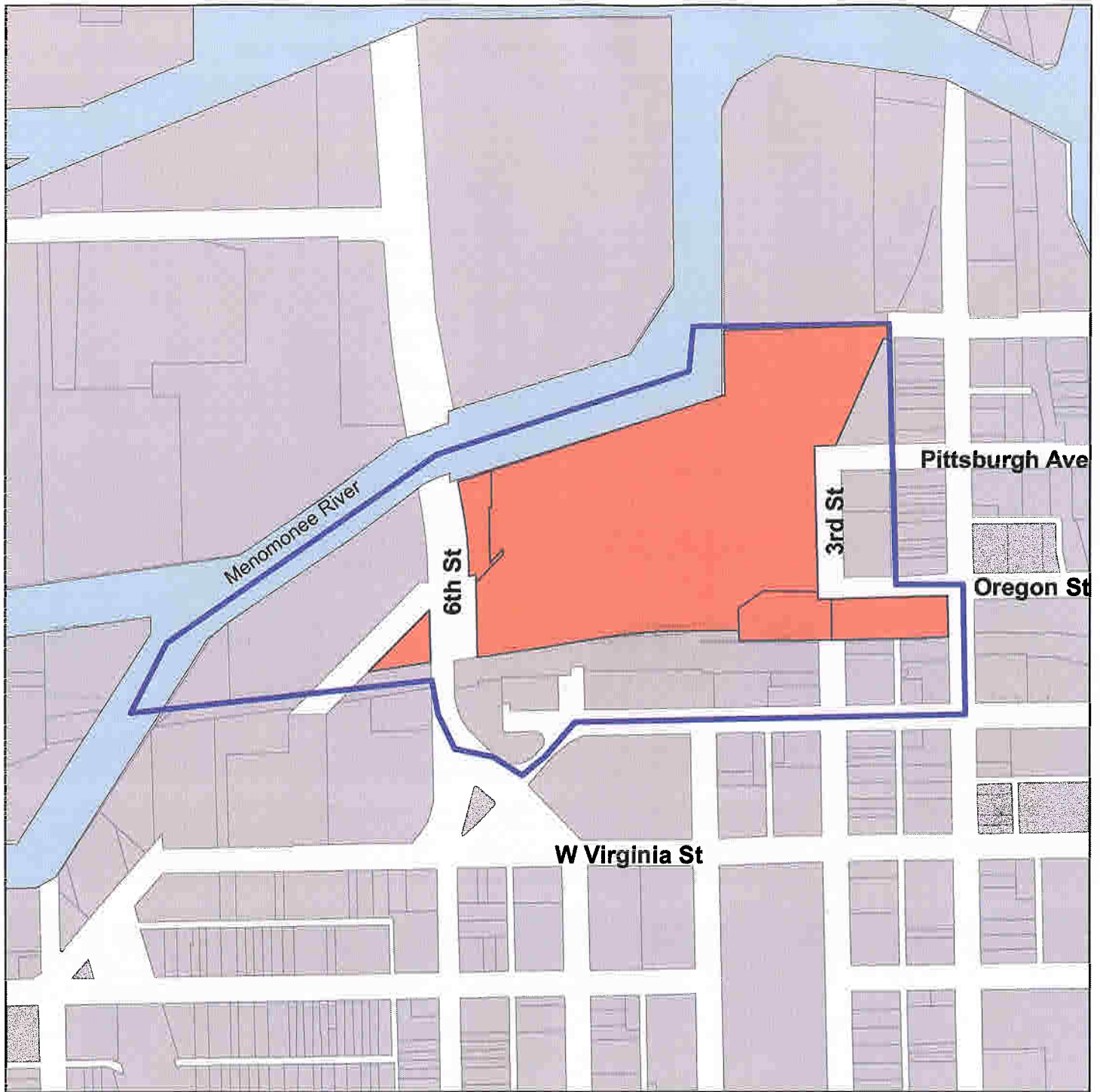


Transportation, Communications, and Utilities



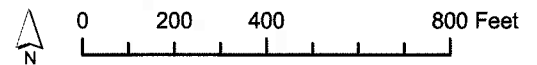
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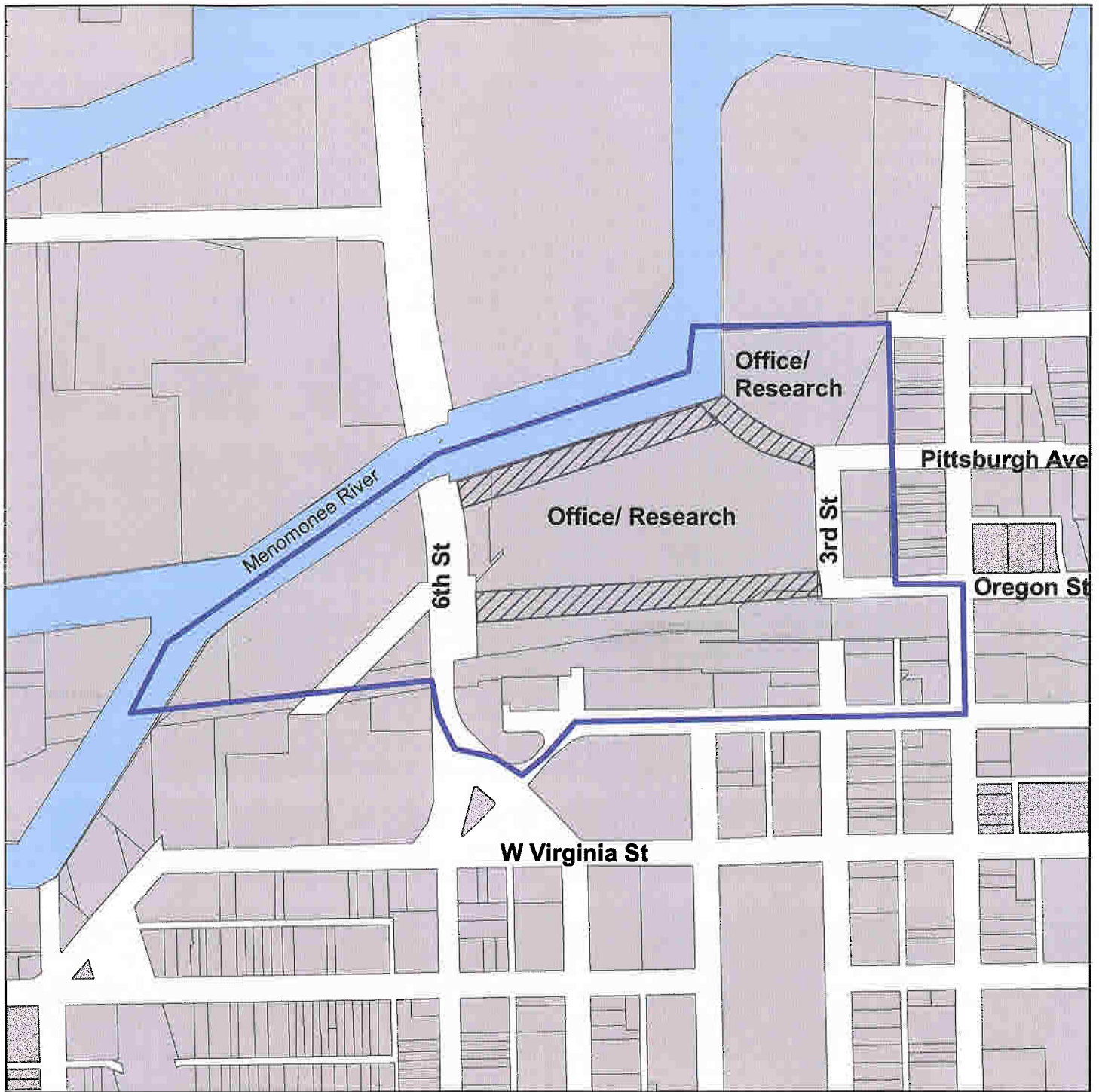
Reed Street Yards TID

Map No. 2: Structure Condition



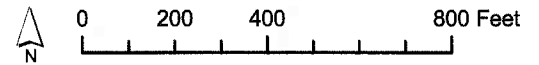
-  Reed Street Yard TID Boundary
-  Properties In Need of Rehabilitation and Conservation

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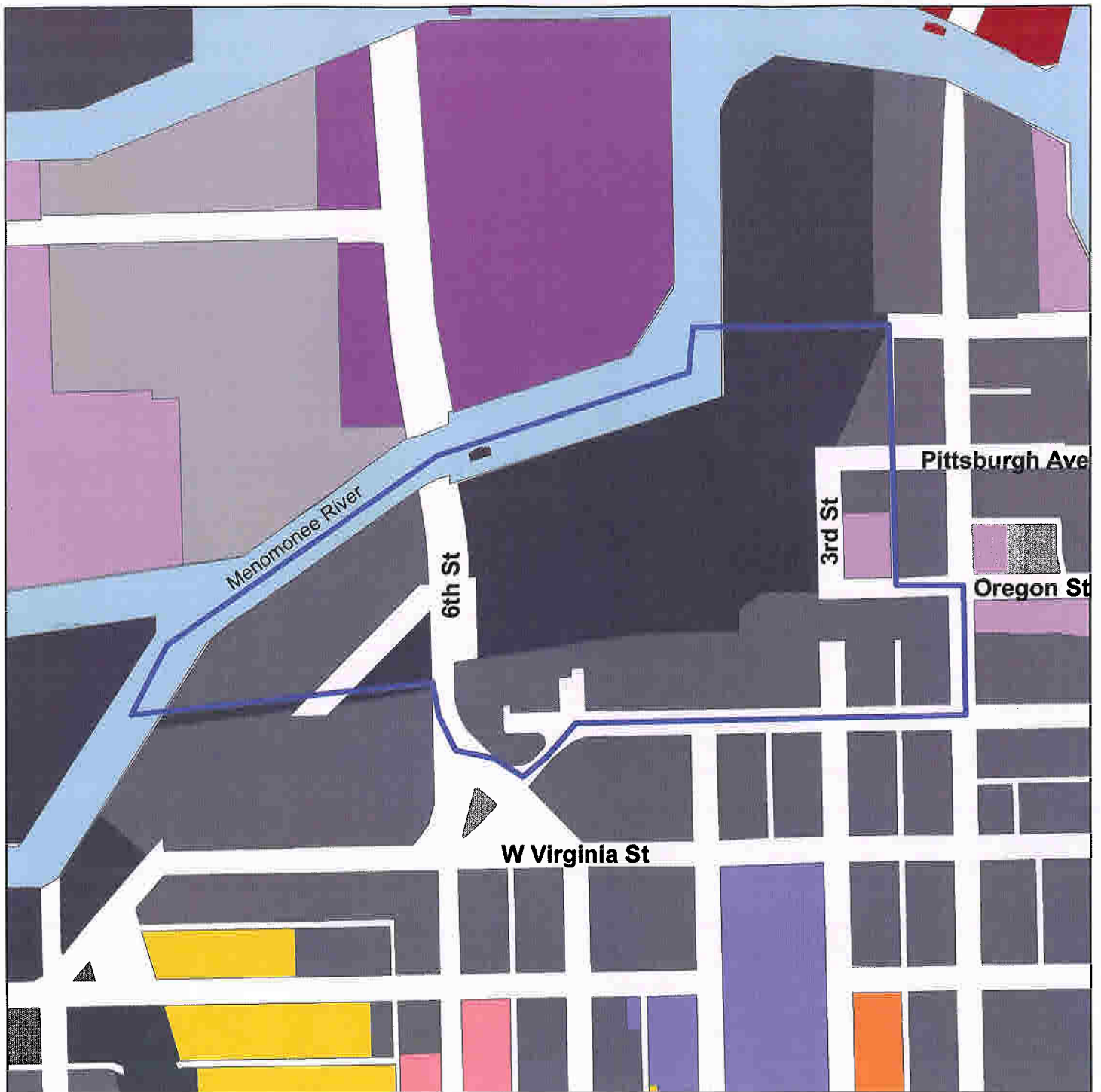
Reed Street Yards TID

Map No. 3: Proposed Uses and Improvements



- Reed Street Yard TID Boundary
- Proposed Public Infrastructure

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Reed Street Yards TID

Map No. 4: Existing Zoning







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


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 Reed Street Yard TID Boundary

Residential Districts

-  Single Family
-  Two-Family
-  Multi-Family
-  Residential and Office

Industrial Districts

-  Industrial - Office
-  Industrial - Light
-  Industrial - Mixed
-  Industrial - Heavy

Special Districts

-  Parks
-  Institutional
-  Planned Development
-  Redevelopment

Commercial Districts

-  Neighborhood Shopping
-  Local Business
-  Commercial Service
-  Regional Business
-  Central Business

City of Milwaukee
Proposed Reed Street Yards TID (TID #X)

Economic Feasibility Study

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Chicago, IL 60601-1302
Phone: 312/424-4250; Fax: 312/424-4262
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1. Project Description and Study Approach

Based on information provided by Building 41, LLC (“Developer”) and direction provided by the City of Milwaukee’s Department of City Development (DCD), *S. B. Friedman & Company (SBFCo)* has produced a TID Feasibility Report for the proposed Reed Street Yards Project (“Project”).

Project Description

The site of the proposed Reed Street Yards Project is comprised of two distressed parcels abutting the south bank of the Menomonee River, roughly between South Second Street and South Ninth Street in Milwaukee’s Third Ward (“the Project Area”). The Developer has submitted three variations of a conceptual master plan to represent different build-out scenarios of new office development (see Appendix 1). Although the size of the Project is still under consideration, the program would likely include:

- **Office**—6 to 7 new buildings, with total gross square footage ranging from approximately 320,000 to 630,000.
- **Surface Parking**—1,003 spaces for smallest build-out scenario; 1,047 for medium build-out scenario; 851 for largest build-out scenario.
- **Lower Level Parking**—208 spaces for smallest build-out scenario; 171 for medium build-out scenario; 203 for largest build-out scenario.
- **Structured Parking**—0 spaces for smallest build-out scenario; 291 for medium build-out scenario; 847 for largest build-out scenario.

The Project is envisioned as an important component of the City of Milwaukee’s efforts to build on its existing concentration of water-related businesses. This initiative, complementing the efforts of the Milwaukee 7 Water Council and the proposed UW-Milwaukee School of Freshwater Sciences, seeks to expand and cluster Milwaukee’s water-oriented businesses to foster innovation, entrepreneurial activity, and economic development.

The Project would be part of the proposed Reed Street Yards Tax Increment District (TID), which would include 23 taxkeys. This boundary would include the Iron Horse Hotel and 234 Florida, two recent renovations that are expected to generate additional incremental assessed value as they moved towards full stabilized assessment. This boundary would also include several vacant parcels that could be redeveloped in the future. As proposed, the TID would have a water technology focus and would require that water technology companies occupy at least **10%** of its total office space for a period of **10** years following the execution of the development agreement. A total City TID contribution to the Project of up to **\$6.42 million** is proposed for public infrastructure and for cost relief for an initial 60,000 square foot building (the “Initial Building”). The Developer will construct all private infrastructure, will market applicable portions of the site to water technology companies and will either develop or sell

parcels for occupancy by the desired end users. Additional detail on the proposed City assistance parameters is included in the “Proposed TID Contribution” section in Chapter 2.

Study Approach

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

- Pro forma information for the Initial Building of 60,000 square feet, provided by the Developer on July 1, 2009
- Key financing assumptions embedded in the Developer’s pro forma through review of industry sources
- Term Sheet between City of Milwaukee and the Developer
- Conceptual master plans by Kahler Slater, provided by the Developer
- Assessment techniques and assumptions likely to be used as a basis for property taxation, based on key informant interviews with the City of Milwaukee Assessor’s Office
- Real property assessment data from the City Assessor’s Office on existing properties within the proposed TID
- Real property assessment data for other comparable properties elsewhere in Milwaukee to validate the potential assessed valuation of the project
- Bonding assumptions to be used in evaluating financing capacity

2. Proposed Financial Assistance

The proposed City TID contribution includes a total of \$6.42 million to the Project, comprised of the following elements:

- **Up to \$4,236,000 for Public Infrastructure:** the Infrastructure Grant would be disbursed through construction draws to pay for the installation of the public infrastructure as work progresses.
- **Up to \$900,000 for Remediation and Extraordinary Site Costs for Initial Building:** the Initial Building Grant will be reimbursed for funds expended or incurred by the Developer for the construction of the Initial Building. These funds will be disbursed upon completion of construction of the Initial Building, unless it is otherwise decided that a portion of the final draw will be funded through the building grant.
- **Up to \$1,020,000 for Grants or Loans to Water Technology Related Businesses:** the Initial Technology Fund will disburse grants or loans based on businesses' categorization as a "water related technology business," their lease term at Reed Street Yards, and other factors such as need, amortization of the TID, job creation, and overall security.
- **\$264,000 for City Administration Costs**

Per the Term Sheet between the City of Milwaukee (the "City") and the Developer, the City would also consider future requests for TID assistance to the extent that they are supportable by actual and projected TID revenues, and are required to facilitate future office and/or parking structures on the site. Additional assistance for such subsequent efforts would require Common Council approval, and are not evaluated in this Feasibility Study.

SBFCo reviewed key assumptions included in the Developer's pro forma for the Initial Building in the Reed Street Yards project, as well as the resulting implications on the need for TID assistance.

Assistance Parameters

The Developer's proposal for the Initial Building is conceptual, and is intended to represent a prototypical future office development project on the site. The size, configuration, and timing of the Initial Building will necessarily be driven by market leasing activity and the nature of the tenants the Developer ultimately identifies.

The rationale for putting a TID structure in place in advance of a refined concept for the Initial Building is to create a known, predictable framework within which the Developer can market the site and negotiate with prospective tenants.

The proposed assistance for the Initial Building is divided into two components:

Initial Building Grant

The Initial Building Grant would be provided at the completion of the first non-residential building on the Reed Street Yards site to compensate for site issues and extraordinary costs. Under this framework, up to \$15 per square foot of assistance would be provided by the City regardless of the final tenant mix, and is intended to compensate for factors that cause the Site to be more costly to develop than a comparable suburban “greenfield” location, including:

- The need for deep foundations and vapor barriers due to soil stability issues
- The differential between land costs for a typical suburban office development and the costs carried in the Project pro forma
- Allocated soft costs associated with the higher costs at the Project site

Due to the Project site’s location outside the core of Downtown Milwaukee and the relatively constrained rents observed in the Milwaukee region, these factors are unlikely to be compensated for by additional rent income as compared to greenfield locations, and therefore would likely serve as an impediment to development feasibility. Without compensation for these factors, it is unlikely that the Developer would emphasize office development to the level contemplated in the Project site plan and required by the proposed use restriction agreement with the City.

Table 1 below shows a hypothetical pro forma for an office building on the Reed Street Yards site and a hypothetical pro forma for an equivalently sized office building on a greenfield site. This comparison illustrates the effect of the \$900,000 Initial Building Grant in compensating for the extraordinary development costs described above.

Table 1: Initial Building Grant Analysis- Hypothetical 60,000 SF Building

	Reed Street Yards			Benchmark "Greenfield" Scenario		
	Total Cost \$	Per Bldg SF	Total Cost %	Total Cost \$	Per Bldg SF	Total Cost %
HARD COSTS						
Land	\$ 1,000,000	\$ 16.67	9.5%	\$ 485,544	\$ 8.09	4.6%
Demolition and Abatement						
Site Work	\$ 400,000	\$ 6.67	3.8%	\$ 400,000	\$ 6.67	3.8%
Deep Foundation Allowance	\$ 100,000	\$ 1.67	1.0%	\$ -	\$ -	0.0%
Vapor Barrier Allowance	\$ 40,000	\$ 0.67	0.4%	\$ -	\$ -	0.0%
Riverwalk/Dockwall Allocation	\$ 80,000	\$ 1.33	0.8%	\$ -	\$ -	0.8%
Site Work Cost Contingency	\$ 37,800	\$ 0.63	0.4%	\$ -	\$ -	0.3%
Demo and Abatement Total	\$ 657,800	\$ 10.96	6.3%	\$ 400,000	\$ 6.67	3.8%
Building						
Base, Core, and Shell	\$ 4,500,000	\$ 75.00	42.9%	\$ 4,500,000	\$ 75.00	42.9%
White Box/Office Improvements	\$ 3,061,347	\$ 51.02	29.2%	\$ 3,061,347	\$ 51.02	29.2%
Building Hard Cost Contingency	\$ 378,067	\$ 6.30	3.6%	\$ 378,067	\$ 6.30	3.6%
Building Total	\$ 7,939,414	\$ 132.32	75.7%	\$ 7,939,414	\$ 132.32	75.7%
Soft Costs						
Architecture	\$ 180,000	\$ 3.00		\$ 180,000	\$ 3.00	
Civil Engineering/Survey	\$ 65,000	\$ 1.08	0.6%	\$ 59,866	\$ 1.00	0.6%
Builders Risk Insurance	\$ 21,493	\$ 0.36	0.2%	\$ 19,795	\$ 0.33	0.2%
Construction Loan Fee/Costs	\$ 79,000	\$ 1.32	0.7%	\$ 72,760	\$ 1.21	0.8%
Permanent Loan Fee/Costs	\$ 86,900	\$ 1.45	0.8%	\$ 80,036	\$ 1.33	0.8%
Interim Interest	\$ 230,000	\$ 3.83	2.0%	\$ 211,833	\$ 3.53	2.2%
Legal Fees	\$ 50,000	\$ 0.83	0.4%	\$ 46,051	\$ 0.77	0.5%
Development Fee	\$ 220,000	\$ 3.67	1.9%	\$ 202,623	\$ 3.38	2.1%
Construction Mgmt. Fee	\$ 220,000	\$ 3.67	1.9%	\$ 202,623	\$ 3.38	2.1%
Owners Rep/Consultant	\$ 80,000	\$ 1.33	0.7%	\$ 73,681	\$ 1.23	0.8%
Brokerage Fee	\$ 240,000	\$ 4.00	2.1%	\$ 221,044	\$ 3.68	2.3%
Appraisals	\$ 10,400	\$ 0.17	0.1%	\$ 9,579	\$ 0.16	0.1%
Environmental	\$ 4,500	\$ 0.08	0.0%	\$ 4,145	\$ 0.07	0.0%
Geotechnical	\$ 15,000	\$ 0.25	0.1%	\$ 13,815	\$ 0.23	0.1%
Closings	\$ 5,000	\$ 0.08	0.0%	\$ 4,605	\$ 0.08	0.0%
Title Insurance	\$ 15,000	\$ 0.25	0.1%	\$ 13,815	\$ 0.23	0.1%
R.E. Taxes During Construction	\$ 100,000	\$ 1.67	0.9%	\$ 92,101	\$ 1.54	1.0%
Building Permit & Tap Fees	\$ 98,000	\$ 1.63	0.9%	\$ 90,259	\$ 1.50	0.9%
Soft Cost Contingency	\$ 77,015	\$ 1.28	0.7%	\$ 70,932	\$ 1.18	0.7%
Total Soft Costs	\$ 1,797,308	\$ 29.96	15.8%	\$ 1,669,564	\$ 27.83	15.9%
Gross Project Costs	\$ 11,394,522	\$ 189.91	108.6%	\$ 10,494,522	\$ 174.91	100.0%
City TID: Initial Building Grant	\$ (900,000)	\$ (15.00)	-8.6%	\$ -	\$ -	0.0%
NET PROJECT COST	\$ 10,494,522	\$ 174.91	100.0%	\$ 10,494,522	\$ 174.91	100.0%

Source: Building 41, LCC, General Capital, S. B. Friedman & Company

Per the Term Sheet, the Initial Building Grant would be subject to administrative review by the Commissioner of City Development to determine:

- General conformity with the parameters of the pro forma shown in Table 1
- Compliance with the water-technology businesses requirement described in “Project Description” above

Initial Technology Fund

Up to \$1.02 million of assistance would also be available to the end tenants in the form of grants or loans to facilitate attraction of water-related technology businesses. This assistance in turn would allow the Project to be more flexible and competitive in its proposed rent or tenant buildout terms to provide a marketing advantage. The Term Sheet contemplates that the City would administratively review the particulars of any Technology Fund request, and determine the appropriate level and structure of assistance.

Subsequent Advances of City Assistance

The Term Sheet also contemplates subsequent City assistance for purposes similar to the Initial Building Grant and Initial Technology Fund, and/or construction of parking structures to serve the Project site. It is anticipated that the Project will evolve over a number of years, based on market dynamics, leasing progress, and the end users that are ultimately identified. To the extent that the Developer believes additional assistance is needed:

- DCD would work with the Developer to evaluate the need for assistance and the appropriate amount/structure. This request would then be forwarded to the Common Council in the form of TID funding increases or amendments.
- Subsequent assistance would be underwritten such that the TID would at all times be projected to fully amortize.

To the extent the Developer constructs buildings within the TID that do not receive City assistance, (e.g., residential apartments or condominiums), these TID revenues may be used as a source to fund structured parking or to support building grant/technology fund assistance for future phases of development.

Because such factors as timing, phasing, cost, and tenant mix are not known at this time, this Economic Feasibility Study does not evaluate TID capacity to support these Subsequent Advances. Also, because these advances are fully within the discretion of the City of Milwaukee, *SBFCo* did not project or evaluate Developer returns associated with this portion of the Project.

Projected Developer Returns

Because the proposed building program is at the early conceptual stage, *SBFCo* did not have sufficient information to analyze Developer equity returns. The condition of the credit markets at

the time that buildings are proposed will have a substantial impact on the ultimate financing structure and equity returns the Developer may achieve. Further, additional financing tools such as New Markets Tax Credits, Recovery Zone Facility Bonds, or others may be used to provide lower-cost debt to future building phases.

In light of the unknown future financing parameters that would affect equity returns, *SBFCo* reviewed the Developer's potential returns on cost based on the hypothetical pro forma for the Initial Building. The potential returns were evaluated on a stabilized yield on cost basis, equal to the first year of stabilized Net Operating Income divided by Developer project costs net of TID assistance.

Additionally, since the entity that develops the proposed buildings on the Reed Street Yard Project site is likely to have at least partially different ownership from the current landowner, *SBFCo* evaluated the land acquisition cost included in the Initial Building pro forma.

Table 2 below illustrates the potential returns on cost associated with the hypothetical Initial Building.

Table 2: Hypothetical Return on Cost with Building Grant

	PSF \$	Total \$
INCOME		
Base, core, and shell	\$16	\$960,000
CAM	\$3.50	\$210,000
Taxes	\$4.00	\$240,000
Gross Potential Income	\$23.50	\$1,410,000
Vacancy Loss	(\$0.47)	(\$28,200)
Effective Gross Income	\$23.03	\$1,381,800
EXPENSES		
CAM	(\$3.50)	(\$210,000)
Taxes	(\$4.00)	(\$240,000)
Insurance (owner's)	(\$0.08)	(\$4,800)
Accounting	(\$0.08)	(\$4,800)
Management Fee	(\$0.40)	(\$24,000)
Miscellaneous	(\$0.17)	(\$10,200)
Capital Reserves	(\$0.10)	(\$6,000)
Total Expenses	(\$8.33)	(\$500,000)
NOI Available for Debt Service	\$14.70	\$881,800
Net Project Cost after TID Subsidy	\$174.91	\$10,494,522
Stabilized Yield on Net Cost		8.40%

Source: Building 41, LLC; General Capital; *S. B. Friedman & Company*

Because of the conceptual nature of the pro forma, *SBFCo* used a stabilized yield on cost methodology (as opposed to a multi-year discounted cash flow analysis) to evaluate returns. Stabilized yield on cost is measured as the ratio of one year's net operating income divided by total project cost net of TID assistance. Based on the anticipated development costs, rents, and

TID Initial Building Grant assistance, *SBFCo* estimates stabilized yield of approximately 8.4% for the Initial Building developed within the Project. As noted in “Assistance Parameters” above, this pro forma and level of return are anticipated to serve as benchmarks against which DCD can evaluate and adjust the TID assistance to the first phase of development within the Project. Because the Initial Technology Fund is intended to assist water technology businesses that are end users of the Project real estate, it should not materially affect Developer returns.

SBFCo benchmarked these returns to PriceWaterhouseCoopers/Korpacz Investor Survey for the Fourth Quarter of 2008. The Korpacz survey indicates a national market average for Central Business District office of about 8.5% and an observed market range of 6.25% to 12%. In *SBFCo*’s experience with other public/private real estate transactions, stabilized pro forma yield on cost expectations of 8% to 9.5% are common. This suggests that the proposed City TID contribution is sized to allow the Reed Street Yards project to achieve modest returns that are within market parameters.

Revenues to Existing Landowner

Based on discussions with the Developer, it is anticipated that the buildings on the Project site will be developed by an entity jointly owned by the current landowner and General Capital (“Vertical Development Entity”). This entity will purchase parcels within the Project site from the current landowner at the time that financing closes on each building or vertical development phase. The hypothetical initial building pro forma discussed above is from the perspective of the Vertical Development Entity. Therefore, the land purchase price (\$16.67 per square foot of building area) represents the anticipated revenue to the current landowner associated with each phase of development.

SBFCo reviewed this assumption to determine whether it appears to represent a reasonable land cost for this type of project. This involved translation of the land purchase price carried in the Initial Building pro forma to a price per square foot of land under the following analysis.

The Developer provided a preliminary site capacity analysis developed by Kahler Slater architects in order to assess the likely buildout of the Project with 3-story office development with surface parking at approximately 4 spaces per 1,000 square feet of leasable space. This analysis considered the vacant Reed Street Yards property (the Project site), and is included as Appendix 1 of this study. Based on these development assumptions, Project site capacity is approximately 320,000 square feet of building area. Further, the Kahler-Slater analysis suggested that of the approximately 16.67 acres of total site, about 14.2 acres remain available for buildings and/or parking after netting out the area to be dedicated as public rights-of-way. While denser buildouts might be achievable on the site, this would likely require development of structured parking, which in turn would trigger substantial additional development cost.

Using the site capacity described above, *SBFCo* calculated the equivalent land price per square foot of developable land represented by the Developer’s assumption of \$16.67/building SF. This equates to about \$8.70 per square foot of developable land area.

This estimated price of \$8.70 per square foot relates to surrounding land values as follows:

- **Assessed Values of Nearby Properties.** *SBFCo* reviewed the Assessor's land values for a group of properties located near the Project site, including properties located along Florida Street within the proposed TID boundary and properties located along 2nd Street between Virginia Street and Pittsburgh Avenue. Of the 49 properties reviewed, 42 are uniformly assessed at \$8.00 per square foot, suggesting that this value may be an appropriate "ballpark" for land served by infrastructure in this area.
- **Manpower Site.** This is a location where the City recently provided TID assistance to help attract a major employer to a newly-constructed medium-density office building along the Milwaukee River. The City recognized approximately \$18/sf of land value in calculating the Developer's equity contribution for this transaction, and the current Assessor value attributed to land is approximately \$30/sf. This is a smaller site with a denser development program, off-site structured parking, and a more established office market context- therefore, it is reasonable to expect that the Manpower site would be valued higher than the Reed Street Yards property.
- **CoStar Listings.** *SBFCo* also reviewed property listings on CoStar to gain context as to asking prices for commercial/industrial land in the area. These include 954 S. Water Street and 1320 S. 1st Street, listed at \$9.18 and \$18.65 per square foot respectively. At 8 acres and 11 acres respectively, these sites are comparably sized to the Reed Street Yards property. The Water Street property is located on the Milwaukee Harbor in a more heavily industrial context with access that appears inferior to the proposed Reed Street Yards plan. The S. 1st Street site is located inland, and appears better-served by infrastructure. An additional nearby site- 412 N Plankinton- is listed at a substantially higher price of \$41 per square foot. While this site has more comparable waterfront adjacency and is less than ¼ mile from the Reed Street Yards property, this site's small size (under ½ acre) makes it less relevant as a land price comparable.

The phasing, mix of uses, and density of the ultimate buildout of the Reed Street Yards Project site are not yet known and may ultimately affect the value of the property. However, based on available market data, the Developer's current assumption of approximately \$8.70 in land cost to the Vertical Development Entity/revenue to the current landowner appears reasonable.

3. Incremental Property Tax Revenues

SBFCo projected incremental property tax revenues to evaluate the period in which the TID might reasonably be expected to generate sufficient cash flow to fully amortize the debt associated with the proposed City expenditures.

The scope of this projection included:

1. Limited incremental property tax revenues from inflationary growth in property values on parcels within the TID for which no redevelopment is assumed
2. Phase-in of additional value anticipated to result from stabilization of the Iron Horse and 234 Florida properties (discussed in additional detail below)
3. Projected TID revenues resulting from the hypothetical 60,000 square foot Initial Building

The assumptions used to develop these projections are described below.

TID Projection Assumptions and Methodology

Table A-1 in Appendix 2 of this study summarizes the key assumptions used to project TID revenues. These assumptions, as well as *SBFCo*'s methodology, are described below.

Sources of TID Revenue

The proposed TID includes a total of 23 parcels, comprised of non-redevelopment parcels, the Iron Horse Hotel, 234 Florida, and the Reed Street Yards Project. These different components of the projected TID revenue stream are described below:

- **Non-redevelopment Parcels.** The proposed TID includes 19 taxkeys for which no redevelopment is assumed to occur for the purposes of this study. This group of parcels includes undeveloped land, undeveloped shell buildings within the Tannery complex, and land adjacent to the railroad right-of-ways. *SBFCo*'s projections include tax increment only from the inflationary growth in these parcels' property values, not from any new development. It should be noted, however, that these parcels could be redeveloped in the future, even though the development program and projections do not include their hypothetical redevelopment.
- **Iron Horse Hotel.** The Iron Horse Hotel occupies one taxkey in the proposed TID. Formerly a warehouse building, the Iron Horse Hotel is a redevelopment project that adaptively reused a 100 year-old warehouse as a modern luxury boutique hotel. As of its most recent assessment on January 1, 2009, the Iron Horse was not yet fully complete, and its restaurant was not yet in operation. The Milwaukee Assessor excluded 13 guest

rooms and the restaurant from its valuation in the 2009 assessment year. Therefore, the projections include additional new value from the hotel as it reaches stabilization.

- **234 Florida.** The 234 Florida building occupies one taxkey in the proposed TID. In 2008 Pieper Properties acquired the former 100,000 square foot, seven-story factory and restored it to provide high-quality office space. Because renovations are not yet fully complete and the building is only minimally occupied, the projections include additional new value from 234 Florida as it reaches stabilization.
- **Initial Building in Reed Street Yards Project.** The Reed Street Yards Project site currently occupies two taxkeys in the proposed TID, and the Initial Building will occupy a portion of one of these existing taxkeys. As new office space, the Initial Building is assumed to be three stories and 60,000 square feet, consistent with the Developer's hypothetical Initial Building pro forma. The projections include tax increment from the additional value of this new office space.

Valuation Assumptions

- **Iron Horse Hotel.** Based on conversations with the Assessor and a review of the assessed valuation of Downtown hotel properties, *SBFCo* developed an assessed value assumption of \$87,300 per hotel room (\$91 per square foot) to estimate the Iron Horse's value at stabilization. This value is in the lower mid-range for Downtown properties, and comparable to other boutique rehab hotels such as the Hotel Metro.
- **234 Florida.** Based on conversations with the Assessor, it appears that the higher quality space in the Tannery complex would be physically and locationally comparable to 234 Florida. To estimate the value of 234 Florida at full stabilization, *SBFCo* therefore used \$89 per square foot, commensurate with the Tannery's 720 West Virginia building. It appears that other potential comp properties in the Tannery are not fully built out as office, and therefore would yield low values when trying to approximate full stabilized value for the 234 Florida property.
- **Initial Building in Reed Street Yards Project.** Office properties in Downtown Milwaukee range considerably in assessed value, and their values have also decreased significantly from 2008 to 2009. The Honey Creek Corporate Center, which was completed in four phases between 1998 and 2003, is a comparable new office property. Its 2009 assessed values ranged from \$93 to \$118 per square foot, while its 2008 assessed values ranged from \$120 to \$133 per square foot. Anticipating that assessed values for 2009 are abnormally low due to current market and economic conditions, *SBFCo* projected an assessed value of \$115 per square foot, effectively splitting the difference between 2008 and 2009 values of comparable properties. This is below the range observed for many of the newer office properties in Downtown Milwaukee.

Phasing and Timing of Assessments

- **Iron Horse Hotel.** Because hotels typically take multiple years to reach stabilization, the projections assume an additional two years for the Iron Horse to reach its full stabilized value in 2011. *SBFCo* projected that the Iron Horse Hotel would gain an additional \$2.5 million in assessed value in 2010 and another \$1.23 million in 2011, when it is expected to reach stabilization at a total value of \$8.73 million. The Term Sheet calls for the Developer to provide additional parking opportunities for the Iron Horse property, potentially enhancing its operations and thus its revenue/valuation potential.
- **234 Florida.** *SBFCo* assumed that a phase-in of the remaining value of 234 Florida would occur over three years for projection purposes, stabilizing in 2012. Since details on occupancy and leasing plans are unknown, this timeline is based on a fairly general assumption that it would take a significant amount of time for the building to reach its full projected stabilized value. The Term Sheet calls for the Developer to provide additional parking opportunities for the 234 Florida property, potentially improving its absorption opportunities. *SBFCo* projected that 234 Florida would gain an additional \$2 million in assessed value in 2010, 2011, and 2012, when it is expected to reach stabilization at a total value of \$8.97 million.
- **Initial Building in Reed Street Yards Project.** Development of this building would be subject to Developer leasing activity, and would likely occur after the infrastructure improvements occur. *SBFCo* assumed that this building would be completed in 2011 and fully assessed in 2012.

Other TID Assumptions

- **Tax Rate.** Our analysis considered historical trends in the overall City of Milwaukee property tax rate over the past 5, 10, 15, and 20-year periods. The tax rate has trended downward over all of these analysis periods at compound annual rates ranging from about 1.4% (20-year history) to 3.6% (10-year history). For our analysis, *SBFCo* assumed a 2009 tax rate equal to the Assessor's estimate of 2.505% (\$25.05 per \$1,000 of value) and a subsequent annual decline in rate of 1.62%, the compound annual rate of decline for the past 10 years. This decline is assumed to continue through 2023, beyond which point the rate is assumed to remain level at 2%. Table A-1 in Appendix 2 shows this calculation.
- **Property Value Growth -- Remainder of Proposed TID.** *SBFCo*'s projections assume 1.5% annual growth in real property assessments for the existing properties within the boundary of the proposed new TID.

Projected TID Revenues

Table 3 on the following page shows projected TID revenues during the 27-year statutory life of the proposed TID.

City of Milwaukee
Reed Street Yards
Table 3: TID Projections

DRAFT

Inputs and Assumptions:

2009 Base Value of TID	\$	24,356,900
2009 Base Value of 60,000 Office Building Site	\$	308,587
2009 Base Value of Iron Horse Hotel	\$	5,000,000
2009 Base Value of 234 Florida	\$	2,985,000
2009 Projected Net Tax Rate		2.5050%
Tax Levy Rate: 10 yr compound rate of decline		1.62%
Annual Inflation Rate		1.50%
Tax Collection Rate		100.00%

TID Year	Assmt Year	Inflation Factor	Tax Incremental Revenue due to Inflation of Non-Development Taxkeys					Incremental Revenue: 60,000 SF Office	Incremental Revenue: Iron Horse Hotel	Incremental Revenue: 234 Florida	Total TID Incremental Revenue	
			Frozen Base Value (less Taxkeys for Office portion, Iron Horse, and 234 Florida)	Actual/Inflated Value	Incremental Value	Property Tax Rate	Incremental Revenue: Non-Development Taxkeys Inflation Only					
1	2009	1.00	\$ 16,063,313	\$ 16,063,313	\$ -	2.51%		\$ -	\$ -	\$ -	\$ -	
2	2010	1.02	\$ 16,063,313	\$ 16,304,262	\$ 240,950	2.46%	\$ -	\$ -	\$ -	\$ -	\$ -	
3	2011	1.03	\$ 16,063,313	\$ 16,548,826	\$ 485,514	2.42%	\$ 5,938	\$ 114	\$ 63,460	\$ 50,392	\$ 119,904	
4	2012	1.05	\$ 16,063,313	\$ 16,797,059	\$ 733,746	2.39%	\$ 11,772	\$ 83,873	\$ 95,013	\$ 99,897	\$ 290,555	
5	2013	1.06	\$ 16,063,313	\$ 17,049,015	\$ 985,702	2.35%	\$ 17,502	\$ 166,157	\$ 96,666	\$ 148,230	\$ 428,555	
6	2014	1.08	\$ 16,063,313	\$ 17,304,750	\$ 1,241,437	2.31%	\$ 23,131	\$ 166,028	\$ 98,288	\$ 149,069	\$ 436,516	
7	2015	1.09	\$ 16,063,313	\$ 17,564,321	\$ 1,501,008	2.27%	\$ 28,661	\$ 165,897	\$ 99,879	\$ 149,889	\$ 444,326	
8	2016	1.11	\$ 16,063,313	\$ 17,827,786	\$ 1,764,473	2.23%	\$ 34,093	\$ 165,765	\$ 101,439	\$ 150,692	\$ 451,988	
9	2017	1.13	\$ 16,063,313	\$ 18,095,203	\$ 2,031,890	2.20%	\$ 39,428	\$ 165,631	\$ 102,970	\$ 151,477	\$ 459,506	
10	2018	1.14	\$ 16,063,313	\$ 18,366,631	\$ 2,303,318	2.16%	\$ 44,669	\$ 165,496	\$ 104,471	\$ 152,244	\$ 466,880	
11	2019	1.16	\$ 16,063,313	\$ 18,642,130	\$ 2,578,817	2.13%	\$ 49,816	\$ 165,359	\$ 105,944	\$ 152,995	\$ 474,114	
12	2020	1.18	\$ 16,063,313	\$ 18,921,762	\$ 2,858,449	2.09%	\$ 54,872	\$ 165,221	\$ 107,388	\$ 153,729	\$ 481,209	
13	2021	1.20	\$ 16,063,313	\$ 19,205,589	\$ 3,142,276	2.06%	\$ 59,837	\$ 165,081	\$ 108,805	\$ 154,446	\$ 488,169	
14	2022	1.21	\$ 16,063,313	\$ 19,493,672	\$ 3,430,360	2.03%	\$ 64,714	\$ 164,940	\$ 110,194	\$ 155,147	\$ 494,995	
15	2023	1.23	\$ 16,063,313	\$ 19,786,078	\$ 3,722,765	2.00%	\$ 69,503	\$ 164,798	\$ 111,555	\$ 155,832	\$ 501,689	
16	2024	1.25	\$ 16,063,313	\$ 20,082,869	\$ 4,019,556	2.00%	\$ 74,455	\$ 164,655	\$ 112,891	\$ 156,502	\$ 508,503	
17	2025	1.27	\$ 16,063,313	\$ 20,384,112	\$ 4,320,799	2.00%	\$ 80,391	\$ 167,217	\$ 116,079	\$ 159,742	\$ 523,429	
18	2026	1.29	\$ 16,063,313	\$ 20,689,873	\$ 4,626,561	2.00%	\$ 86,416	\$ 169,817	\$ 119,315	\$ 163,030	\$ 538,579	
19	2027	1.31	\$ 16,063,313	\$ 21,000,222	\$ 4,936,909	2.00%	\$ 92,531	\$ 172,457	\$ 122,600	\$ 166,368	\$ 553,956	
20	2028	1.33	\$ 16,063,313	\$ 21,315,225	\$ 5,251,912	2.00%	\$ 98,738	\$ 175,136	\$ 125,934	\$ 169,756	\$ 569,565	
21	2029	1.35	\$ 16,063,313	\$ 21,634,953	\$ 5,571,640	2.00%	\$ 105,038	\$ 177,855	\$ 129,318	\$ 173,195	\$ 585,407	
22	2030	1.37	\$ 16,063,313	\$ 21,959,478	\$ 5,896,165	2.00%	\$ 111,433	\$ 180,615	\$ 132,753	\$ 176,686	\$ 601,487	
23	2031	1.39	\$ 16,063,313	\$ 22,288,870	\$ 6,225,557	2.00%	\$ 117,923	\$ 183,417	\$ 136,239	\$ 180,229	\$ 617,808	
24	2032	1.41	\$ 16,063,313	\$ 22,623,203	\$ 6,559,890	2.00%	\$ 124,511	\$ 186,260	\$ 139,778	\$ 183,824	\$ 634,374	
25	2033	1.43	\$ 16,063,313	\$ 22,962,551	\$ 6,899,238	2.00%	\$ 131,198	\$ 189,146	\$ 143,369	\$ 187,474	\$ 651,188	
26	2034	1.45	\$ 16,063,313	\$ 23,306,989	\$ 7,243,676	2.00%	\$ 137,985	\$ 192,076	\$ 147,015	\$ 191,179	\$ 668,255	
27	2035	1.47	\$ 16,063,313	\$ 23,656,594	\$ 7,593,281	2.00%	\$ 144,874	\$ 195,049	\$ 150,715	\$ 194,939	\$ 685,577	
	2036		Collections for TID Year 27					\$ 151,866	\$ 198,067	\$ 154,471	\$ 198,756	\$ 703,160
Total Proceeds, 2009-2036 (Not Discounted)							\$ 1,961,295	\$ 4,256,127	\$ 3,036,549	\$ 4,125,720	\$ 13,379,691	

Based on the absorption, timing, phasing, and other TID assumptions described above, a total of **\$13.4 million** of total undiscounted TID revenues are projected during this period.

Projected Amortization of TID Debt

SBFCo evaluated the time frame over which the total requested TID funding could be amortized using projected incremental real property tax revenues. From a TID capacity/risk analysis perspective, the proposed City expenditures fall into two major categories:

- **Baseline/Up-Front TID Costs.** These expenses include the proposed public infrastructure package, as well as the City administrative costs, and total approximately \$4.5 million. These costs would likely be bonded close to the outset of the TID, in advance of any vertical development activity of office/water technology buildings on the Project site.
- **Contingent TID Costs.** These costs include the Initial Building Grant and the Initial Technology Fund, which would only be funded if a building meeting the City's funding parameters is completed on the Project site. For the purposes of assessing TID feasibility, *SBFCo* assumed these TID costs were fully funded at \$1.92 million. However, this represents the maximum authorized expenditure at this time under the proposed TID, and would require the development of a 60,000 square foot building with at least % water technology tenants.

While it is unknown when the Initial Building might be completed, *SBFCo* assumed for the purposes of this study that the bonds would be issued for both categories of TID cost in 2011.

It should also be noted that, while the Term Sheet between the City and Developer contemplates potential future City TID expenditures to assist subsequent development phases or structured parking, this would require additional administrative review as well as Council approval. Further, additional TID revenues may be generated by rehab/redevelopment of one or more of the vacant buildings within the TID, thus improving cash flows and shortening the amortization period. Because the multiple City approval points (administrative and legislative) exist at every point beyond the Baseline/Up-Front TID expenditures, opportunities exist to regulate TID spending to be commensurate with generation of new property tax revenues.

Methodology

These projections replicate the issuance of one or more bonds to support the TID subsidy and are based on the following key assumptions:

- **Bond Interest Rates.** *SBFCo* assumed an interest rate of 4.5% on the bonds, reflective of the City of Milwaukee's approximate cost of funds frequently used for TID feasibility analysis.
- **Term, Target Debt Service, and Carry Costs.** Reflecting discussions with the Office of the City Comptroller, the projections assume two years of interest-only payments,

followed by fifteen years of level principal and interest payments. The interest-only payments in the first two years of the financing are equal to the size of the assumed capitalized interest reserve, less available fund balances at the time of issuance.

For the fifteen level payment years following the interest-only period, a “TID Annual Debt Service Target” is defined. This amount is equal to the annual level-payment debt service on a 15-year amortization of the total bond issue. In each of the 15 amortization years, this Annual Debt Service Target is compared to the available Repayment Sources. Any shortfalls relative to this target are accrued and carry a 4% annual interest charge until they are repaid. Any surpluses versus the target are used to pay down the accumulated shortfalls.

- **Issuance Costs.** *SBFCo* assumed an issuance cost of 1.00%.

Projected Amortization

Based on the underlying TID projection and amortization assumptions discussed earlier in this chapter, *SBFCo* projects that the proposed \$6.42 million City TID contribution to the Reed Street Yards project would likely be amortized by Year 25 of the TID, or 2033. This calculation is illustrated in **Table 4** on the following page. It should be noted that this reflects full disbursement of both the Initial Building Grant and the Technology Fund. Because of the triggers and discretion built into the City’s Term Sheet with the Developer, these funds may not be fully disbursed, thus requiring a lesser level of TID bonding.

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City of Milwaukee
Reed Street Yards
TABLE 4: TID Amortization

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Funding Structure

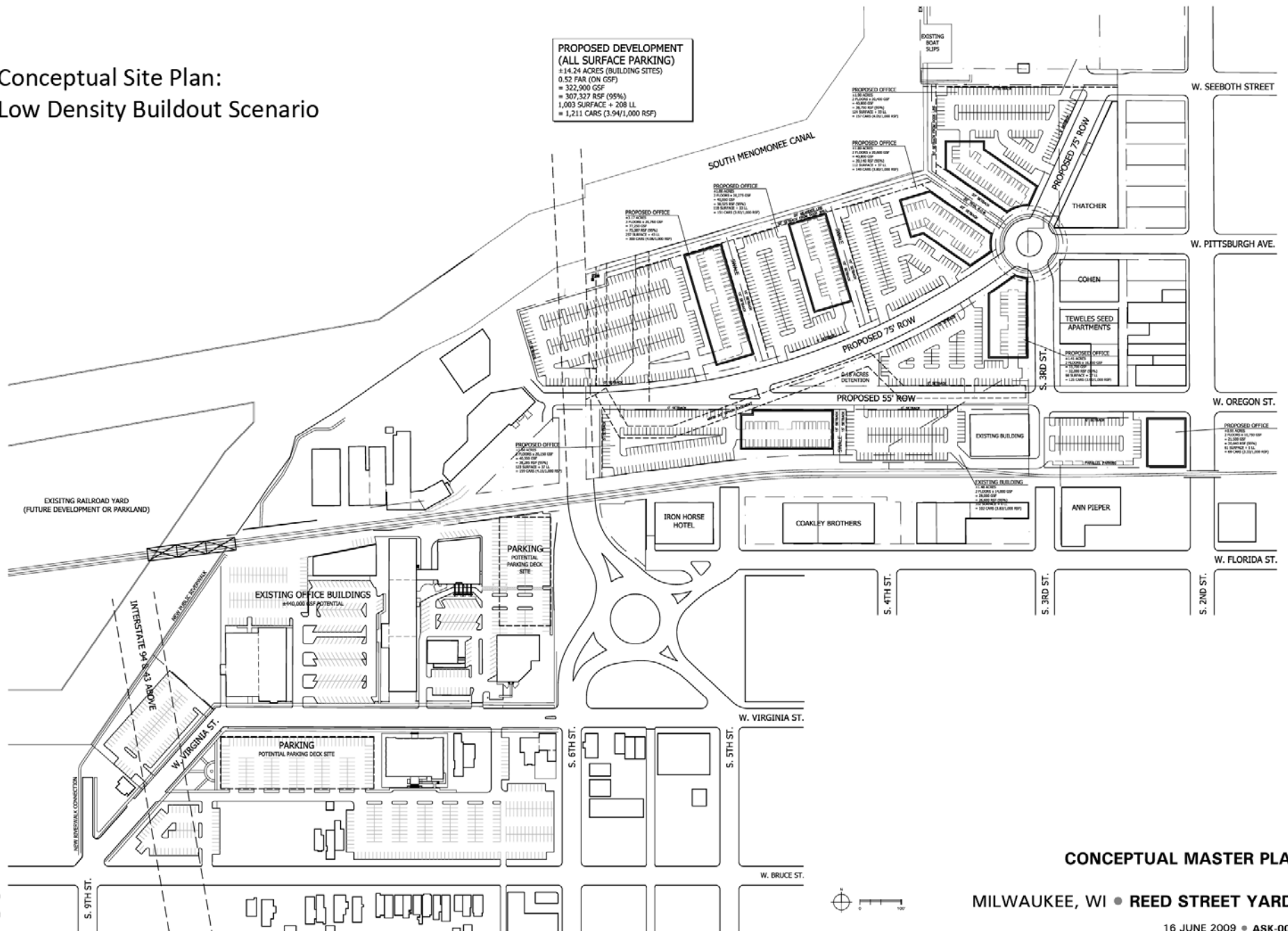
	Assumed Year	Amount	Plus Issuance Costs	Capitalized Interest	Total Issuance
Assumed Bonding	2011	\$ 6,420,000	\$ 64,200	\$ 720,467	\$ 7,204,667

TID Year	Calendar Year	Projected Incremental Property Taxes	New Debt Service				TID Payoff Analysis					
			TID-Backed Bonds Issued	TID Annual Debt Service Target Payments	Principal Payment	Interest Payment	Principal Balance	Annual Surplus/ (Shortfall)	Cumulative Fund Balance	Interest Earnings/ (Carry Cost) on Cuml. Balance	TID Debt Retired	TID Could Repay Outstanding Princ.
1	2009	\$ -	\$ -					\$ -	\$ -	\$ -	NO	NO
2	2010	\$ -	\$ -					\$ -	\$ -	\$ -	NO	NO
3	2011	\$ 119,904	\$ 7,204,667					\$ 119,904	\$ 119,904	\$ 4,796	NO	NO
4	2012	\$ 290,555	\$ -					\$ 290,555	\$ 415,255	\$ 16,610	NO	NO
5	2013	\$ 428,555	\$ -	\$ 670,854	\$ (346,644)	\$ (324,210)	\$ 6,858,023	\$ (242,299)	\$ 189,566	\$ 7,583	NO	NO
6	2014	\$ 436,516	\$ -	\$ 670,854	\$ (362,243)	\$ (308,611)	\$ 6,495,780	\$ (234,338)	\$ (37,189)	\$ (1,488)	NO	NO
7	2015	\$ 444,326	\$ -	\$ 670,854	\$ (378,544)	\$ (292,310)	\$ 6,117,236	\$ (226,528)	\$ (265,205)	\$ (10,608)	NO	NO
8	2016	\$ 451,988	\$ -	\$ 670,854	\$ (395,578)	\$ (275,276)	\$ 5,721,658	\$ (218,866)	\$ (494,679)	\$ (19,787)	NO	NO
9	2017	\$ 459,506	\$ -	\$ 670,854	\$ (413,379)	\$ (257,475)	\$ 5,308,278	\$ (211,348)	\$ (725,814)	\$ (29,033)	NO	NO
10	2018	\$ 466,880	\$ -	\$ 670,854	\$ (431,981)	\$ (238,873)	\$ 4,876,297	\$ (203,974)	\$ (958,820)	\$ (38,353)	NO	NO
11	2019	\$ 474,114	\$ -	\$ 670,854	\$ (451,421)	\$ (219,433)	\$ 4,424,876	\$ (196,740)	\$ (1,193,913)	\$ (47,757)	NO	NO
12	2020	\$ 481,209	\$ -	\$ 670,854	\$ (471,735)	\$ (199,119)	\$ 3,953,142	\$ (189,644)	\$ (1,431,314)	\$ (57,253)	NO	NO
13	2021	\$ 488,169	\$ -	\$ 670,854	\$ (492,963)	\$ (177,891)	\$ 3,460,179	\$ (182,685)	\$ (1,671,252)	\$ (66,850)	NO	NO
14	2022	\$ 494,995	\$ -	\$ 670,854	\$ (515,146)	\$ (155,708)	\$ 2,945,033	\$ (175,859)	\$ (1,913,961)	\$ (76,558)	NO	NO
15	2023	\$ 501,689	\$ -	\$ 670,854	\$ (538,327)	\$ (132,526)	\$ 2,406,706	\$ (169,165)	\$ (2,159,684)	\$ (86,387)	NO	NO
16	2024	\$ 508,503	\$ -	\$ 670,854	\$ (562,552)	\$ (108,302)	\$ 1,844,154	\$ (162,351)	\$ (2,408,423)	\$ (96,337)	NO	NO
17	2025	\$ 523,429	\$ -	\$ 670,854	\$ (587,867)	\$ (82,987)	\$ 1,256,287	\$ (147,425)	\$ (2,652,185)	\$ (106,087)	NO	NO
18	2026	\$ 538,579	\$ -	\$ 670,854	\$ (614,321)	\$ (56,533)	\$ 641,966	\$ (132,275)	\$ (2,890,548)	\$ (115,622)	NO	NO
19	2027	\$ 553,956	\$ -	\$ 670,854	\$ (641,966)	\$ (28,888)	\$ (0)	\$ (116,897)	\$ (3,123,067)	\$ (124,923)	NO	NO
20	2028	\$ 569,565	\$ -					\$ 569,565	\$ (2,678,425)	\$ (107,137)	NO	NO
21	2029	\$ 585,407	\$ -					\$ 585,407	\$ (2,200,155)	\$ (88,006)	NO	NO
22	2030	\$ 601,487	\$ -					\$ 601,487	\$ (1,686,675)	\$ (67,467)	NO	NO
23	2031	\$ 617,808	\$ -					\$ 617,808	\$ (1,136,334)	\$ (45,453)	NO	NO
24	2032	\$ 634,374	\$ -					\$ 634,374	\$ (547,414)	\$ (21,897)	NO	NO
25	2033	\$ 651,188	\$ -					\$ 651,188	\$ 81,877	\$ 3,275	YES	YES
26	2034	\$ 668,255	\$ -					\$ 668,255	\$ 753,407	\$ 30,136	YES	YES
27	2035	\$ 685,577	\$ -					\$ 685,577	\$ 1,469,120	\$ 58,765	YES	YES
	2036	\$ 703,160	\$ -					\$ 703,160	\$ 2,231,045	\$ 89,242	YES	YES
TOTALS		\$ 13,379,691	\$ 7,204,667	\$ 10,062,809	\$ (7,204,667)	\$ (2,858,143)	\$ 56,309,613	\$ 3,316,882	\$ 2,231,045	\$ (996,595)		

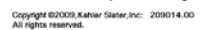
Appendix 1: Site Plans/Capacity Analyses

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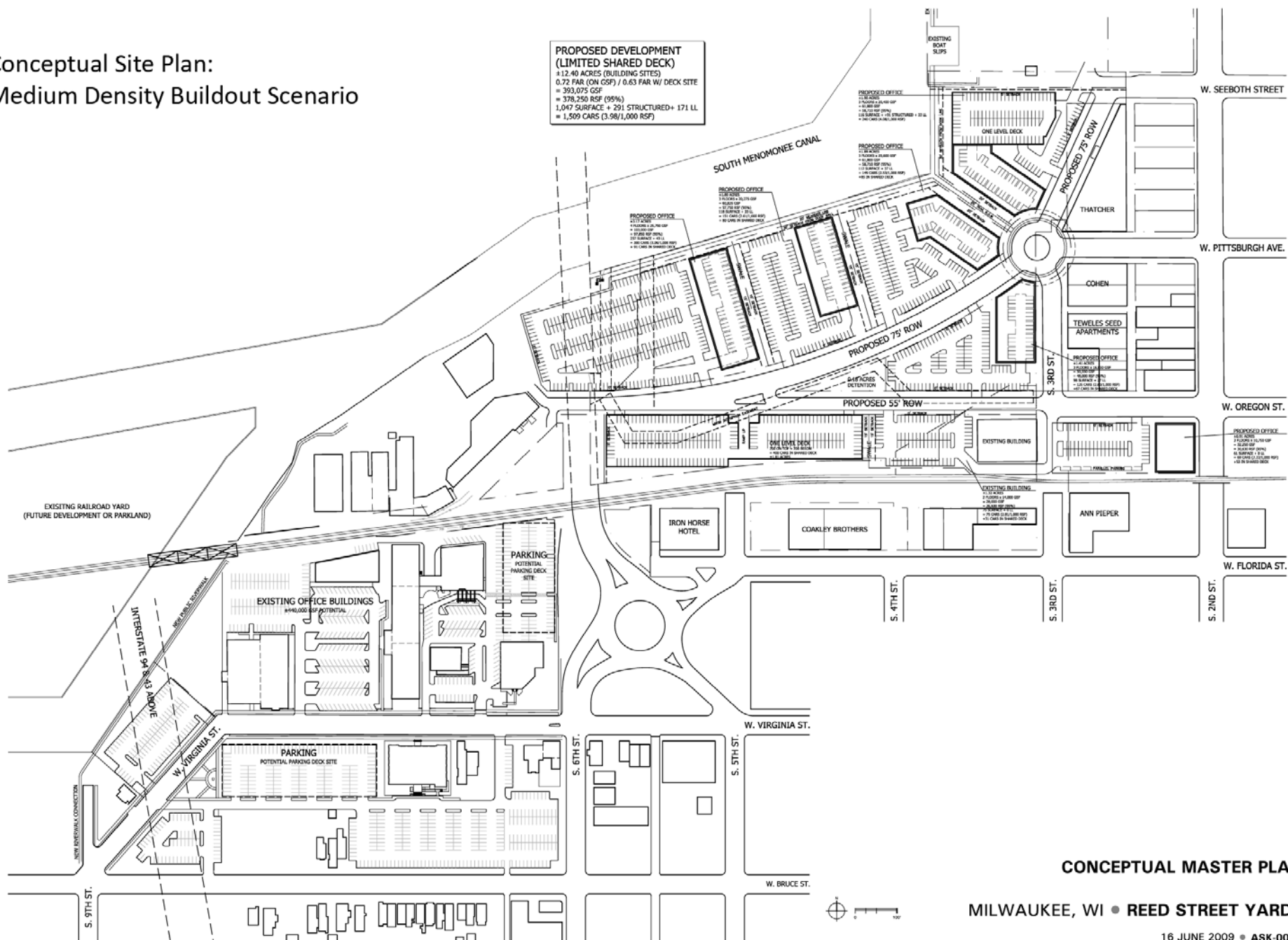
**PROPOSED DEVELOPMENT
(ALL SURFACE PARKING)**
±14.24 ACRES (BUILDING SITES)
0.52 FAR (ON GSF)
= 322,900 GSF
= 307,327 RSF (95%)
1,003 SURFACE + 208 LL
= 1,211 CARS (3.94/1,000 RSF)



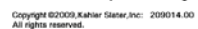
16 JUNE 2009 • ASK-0013



**PROPOSED DEVELOPMENT
(LIMITED SHARED DECK)**
±12.40 ACRES (BUILDING SITES)
0.72 FAR (ON GSF) / 0.63 FAR W/ DECK SITE
= 393,075 GSF
= 378,250 RSF (95%)
1,047 SURFACE + 291 STRUCTURED+ 171 LL
= 1,509 CARS (3.98/1,000 RSF)



16 JUNE 2009 • ASK-0014



**PROPOSED DEVELOPMENT
(MULTI-LEVEL DECK)**
±13.30 ACRES (BUILDING SITES)
0.85 FAR (ON GSF) / 0.79 FAR W/ DECK SITE
= 494,325 GSF
= 469,710 RSF (95%)
851 SURFACE + 847 STRUCTURED + 203 LL
= 1,901 CARS (4.04/1,000 RSF)



Appendix 2: TID Assumptions

DRAFT

City of Milwaukee
Reed Street Yards
Table A-1: Assumptions

Bonding [1]

Interest Rate on Bonds	4.50%
Cost of Funds (Local Government Investment Pool)	4.00%
Issuance Costs @	1.0%
Capitalized Interest Allowance @	10.0%
Assumed Level P&I Payments	15
Bond Amount	\$6,420,000
Bonding Year	2011

Rates

General Inflation	1.50%
2009 Projected Net Property Tax Rate [2]	2.505%
10-year Compound Rate of Decline (property tax rate) [3]	1.62%
Tax Collection Rate	100%

Proposed TID [4]

Total 2009 Base Value of TID	\$24,356,900
------------------------------	--------------

Iron Horse Hotel [5]

2009 Base Value	\$5,000,000
Total Hotel SF	95,788
Number of Hotel Rooms	100
AV per Hotel Room (2009\$)	\$87,302
Projected Total New AV	\$8,730,159

Valuation Phasing:

Year	Actual/Projected New Additional Value	Actual/Projected Total Value	Percent Stabiliation
2009	\$2,750,000	\$5,000,000	57%
2010	\$2,500,000	\$7,500,000	86%
2011	\$1,230,159	\$8,730,159	100%

234 Florida Valuation [6]

2009 Base Value	\$2,985,000
Total Office SF	101,365
AV per SF Office (2009\$)	\$89
Projected Total New AV	\$8,972,507

Valuation Phasing:

Year	Actual/Projected New Additional Value	Actual/Projected Total Value	Percent Stabiliation
2009	\$1,084,000	\$2,985,000	33%
2010	\$2,000,000	\$4,985,000	56%
2011	\$2,000,000	\$6,985,000	78%
2012	\$1,987,507	\$8,972,507	100%

Initial Building [7]

Total Lot Square Footage	82,764
Percent of Project Taxkeys	12.07%
Portion of Project Base Value	\$308,587
Total Office SF	60,000
AV per SF Office (2009\$)	\$115
Projected Total New AV	\$6,900,000

Valuation Phasing:

Year	Actual/Projected New Additional Value	Actual/Projected Total Value	Percent Stabiliation
2011	\$3,450,000	\$3,450,000	50%
2012	\$3,450,000	\$6,900,000	100%

[1] All bonding assumptions per discussions with Comptroller's office; LGIP rate may require further refinement.

[2] City of Milwaukee website.

[3] Based on property tax history from Milwaukee Assessor; assumes 2.00% floor.

[4] Proposed TID includes 23 taxkeys. Finalized list provided by City on 7/23/2009.

[5] Hotel is expected to produce more value. Its assessed value at stabilization is based on tax comparables of downtown hotels.

[6] Building was recently remodeled and is expected to produce more value. Assessed value at stabilization is based on highest valued Tannery space, per discussions with the Milwaukee Assessor.

[7] 60,000 SF office building is based on Kahler Slater drawing ASK-0014 provided on 6/19/2009. Assessed value of new office at stabilization is based on the comparable Honey Creek development, per discussions with the Milwaukee Assessor.

Casanova, Dan

From: Tony Smith [tony@friedmanco.com]
Sent: Thursday, August 20, 2009 4:13 PM
To: Casanova, Dan
Cc: Claudine S. Emeott
Subject: No-build scenario
Attachments: Table 1-Projections.pdf; Table 2-Amortization.pdf

Dan,

We re-ran the Reed Street no-build scenario projections and amortization based on the following assumptions:

- 1) The assessor upgrades the land assessment of the RSY development taxkeys to \$8 psf, reflecting infrastructure improvements. This is not an assumption that we included in the feasibility study in an effort to be conservative. However, \$8/SF is the prevailing value of the parcels adjacent to Reed Street Yards that have infrastructure/access. We assumed this new value to apply only to the roughly 620,000 SF of land that would remain w/in the Reed Street parcels after the public improvements are complete and dedicated back to the City.
- 2) This additional land value appears in 2011
- 3) The TID can amortize in Year 25 (2033)
- 4) We also slowed down absorption of 234 Florida as compared to the current draft of the feasibility study. We are now assuming stabilized value in 2014 (as opposed to 2012), and a delayed phase-in of additional value starting in 2011, as opposed to 2010.

Under these assumptions the no-build TID scenario can support \$4.85 million in bonding.

I have attached PDFs of the revised projections and amortization tables for this no-build scenario with infrastructure improvements.

Thanks,

Tony

Tony Q. Smith, AICP
Practice Leader
S. B. Friedman & Company
221 N. LaSalle, Suite 820
Chicago, IL 60601

(312) 424-4254 (voice)
(312) 424-4262 (fax)
www.friedmanco.com

8/21/2009

Table 1: TID Projections with No Further Development; Projected Future Stabilization of Iron Horse in 2011 and 234 Florida Bldg in 2014

Inputs and Assumptions:
 2009 Base Value of TID \$ 24,356,900
 2009 Base Value of Iron Horse Hotel \$ 5,000,000
 2009 Base Value of 234 Florida Building \$ 2,985,000
 First Full Assessment Year for Iron Horse Hotel 2010
 2009 Projected Net Tax Rate 2.51%
 Tax Levy Rate: 10 yr compound rate of decline 1.62%
 Annual Inflation Rate 1.50%
 Tax Collection Rate 100.00%

TID Year	Assmt Year	Inflation Factor	Tax Incremental Revenue due to Inflation of Non-Development Taxkeys and Infrastructure Improvements										Incremental Revenue: 234 Florida Building	Total TID Incremental Revenue
			Frozen Base Value (less Iron Horse and 234 Florida Taxkeys)	Actual/Inflated Value	Additional Value due to Infrastructure Improvements	Cumulative Infrastructure Additions Value	Incremental Value	Property Tax Rate	Incremental Revenue: Non-Development Taxkeys Inflation Only	Incremental Revenue: Iron Horse Hotel				
1	2009	1.00	\$ 16,371,900	\$ 16,371,900	\$ -	\$ -	\$ -	2.51%	\$ -	\$ -	\$ -	\$ -	\$ -	
2	2010	1.02	\$ 16,371,900	\$ 16,617,479	\$ -	\$ -	\$ 245,578	2.46%	\$ -	\$ -	\$ -	\$ -	\$ -	
3	2011	1.03	\$ 16,371,900	\$ 16,866,741	\$ 2,367,606	\$ 2,367,606	\$ 2,862,447	2.42%	\$ 6,052	\$ 63,460	\$ 1,103	\$ 70,615	\$ -	
4	2012	1.05	\$ 16,371,900	\$ 17,119,742	\$ -	\$ 2,403,120	\$ 3,150,962	2.39%	\$ 69,402	\$ 95,013	\$ 38,480	\$ 202,895	\$ -	
5	2013	1.06	\$ 16,371,900	\$ 17,376,538	\$ -	\$ 2,439,167	\$ 3,443,805	2.35%	\$ 75,160	\$ 96,666	\$ 75,198	\$ 247,024	\$ -	
6	2014	1.08	\$ 16,371,900	\$ 17,637,186	\$ -	\$ 2,475,754	\$ 3,741,040	2.31%	\$ 80,815	\$ 98,288	\$ 111,268	\$ 290,372	\$ -	
7	2015	1.09	\$ 16,371,900	\$ 17,901,744	\$ -	\$ 2,512,891	\$ 4,042,734	2.27%	\$ 86,370	\$ 99,879	\$ 146,701	\$ 332,949	\$ -	
8	2016	1.11	\$ 16,371,900	\$ 18,170,270	\$ -	\$ 2,550,584	\$ 4,348,954	2.23%	\$ 91,824	\$ 101,439	\$ 147,508	\$ 340,771	\$ -	
9	2017	1.13	\$ 16,371,900	\$ 18,442,824	\$ -	\$ 2,588,843	\$ 4,659,767	2.20%	\$ 97,180	\$ 102,970	\$ 148,298	\$ 348,448	\$ -	
10	2018	1.14	\$ 16,371,900	\$ 18,719,466	\$ -	\$ 2,627,675	\$ 4,975,242	2.16%	\$ 102,440	\$ 104,471	\$ 149,070	\$ 355,981	\$ -	
11	2019	1.16	\$ 16,371,900	\$ 19,000,258	\$ -	\$ 2,667,091	\$ 5,295,449	2.13%	\$ 107,605	\$ 105,944	\$ 149,825	\$ 363,374	\$ -	
12	2020	1.18	\$ 16,371,900	\$ 19,285,262	\$ -	\$ 2,707,097	\$ 5,620,459	2.09%	\$ 112,676	\$ 107,388	\$ 150,563	\$ 370,628	\$ -	
13	2021	1.20	\$ 16,371,900	\$ 19,574,541	\$ -	\$ 2,747,703	\$ 5,950,345	2.06%	\$ 117,656	\$ 108,805	\$ 151,285	\$ 377,745	\$ -	
14	2022	1.21	\$ 16,371,900	\$ 19,868,159	\$ -	\$ 2,788,919	\$ 6,285,178	2.03%	\$ 122,545	\$ 110,194	\$ 151,991	\$ 384,729	\$ -	
15	2023	1.23	\$ 16,371,900	\$ 20,166,182	\$ -	\$ 2,830,753	\$ 6,625,034	1.99%	\$ 127,345	\$ 111,555	\$ 152,681	\$ 391,581	\$ -	
16	2024	1.25	\$ 16,371,900	\$ 20,468,674	\$ -	\$ 2,873,214	\$ 6,969,988	2.00%	\$ 132,058	\$ 112,891	\$ 153,555	\$ 398,304	\$ -	
17	2025	1.27	\$ 16,371,900	\$ 20,775,704	\$ -	\$ 2,916,312	\$ 7,320,117	2.00%	\$ 139,400	\$ 116,079	\$ 156,547	\$ 412,026	\$ -	
18	2026	1.29	\$ 16,371,900	\$ 21,087,340	\$ -	\$ 2,960,057	\$ 7,675,497	2.00%	\$ 146,402	\$ 119,315	\$ 159,788	\$ 425,506	\$ -	
19	2027	1.31	\$ 16,371,900	\$ 21,403,650	\$ -	\$ 3,004,458	\$ 8,036,208	2.00%	\$ 153,510	\$ 122,600	\$ 163,077	\$ 439,188	\$ -	
20	2028	1.33	\$ 16,371,900	\$ 21,724,705	\$ -	\$ 3,049,525	\$ 8,402,330	2.00%	\$ 160,724	\$ 125,934	\$ 166,416	\$ 453,074	\$ -	
21	2029	1.35	\$ 16,371,900	\$ 22,050,575	\$ -	\$ 3,095,268	\$ 8,773,943	2.00%	\$ 168,047	\$ 129,318	\$ 169,805	\$ 467,170	\$ -	
22	2030	1.37	\$ 16,371,900	\$ 22,381,334	\$ -	\$ 3,141,697	\$ 9,151,131	2.00%	\$ 175,479	\$ 132,753	\$ 173,244	\$ 481,476	\$ -	
23	2031	1.39	\$ 16,371,900	\$ 22,717,054	\$ -	\$ 3,188,822	\$ 9,533,976	2.00%	\$ 183,023	\$ 136,239	\$ 176,736	\$ 495,997	\$ -	
24	2032	1.41	\$ 16,371,900	\$ 23,057,810	\$ -	\$ 3,236,654	\$ 9,922,564	2.00%	\$ 190,680	\$ 139,778	\$ 180,279	\$ 510,736	\$ -	
25	2033	1.43	\$ 16,371,900	\$ 23,403,677	\$ -	\$ 3,285,204	\$ 10,316,981	2.00%	\$ 198,451	\$ 143,369	\$ 183,876	\$ 525,697	\$ -	
26	2034	1.45	\$ 16,371,900	\$ 23,754,732	\$ -	\$ 3,334,482	\$ 10,717,314	2.00%	\$ 206,340	\$ 147,015	\$ 187,527	\$ 540,881	\$ -	
27	2035	1.47	\$ 16,371,900	\$ 24,111,053	\$ -	\$ 3,384,499	\$ 11,123,653	2.00%	\$ 214,346	\$ 150,715	\$ 191,232	\$ 556,293	\$ -	
	2036		Collections for TID Year 27										\$ 194,993	\$ 571,937
Total Proceeds, 2009-2036 (Not Discounted)													\$ 3,488,001	\$ 10,355,398

City of Milwaukee
Reed Street Yards

DRAFT

TABLE 2: Bonding Capacity Analysis – TID With No Further Development; Projected Future Stabilization of Iron Horse in 2011 and 234 Florida Bldg in 2014

Interest Rate on Bonds	4.50%
Cost of Funds (Local Government Investment Pool)	4.00%
Insurance Costs @	1.00%
Capitalized Interest Allowance @	10.00%
Assumed Level P&I Payments	1.5

Funding Structure

	Assumed Year	Amount	Plus Insurance Costs	Capitalized Interest	Total Issuance
Assumed Bonding	2011	\$ 4,850,000	\$ 48,500	\$ 544,278	\$ 5,442,778

TID Year	Calendar Year	Projected Incremental Property Taxes	New Debt Service				TID Payoff Analysis						TID Debt Retired	TID Could Repay Outstanding Princ.
			TID-Backed Bonds Issued	TID Annual Debt Service Target Payments	Principal Payment	Interest Payment	Principal Balance	Annual Surplus/ (Shortfall)	Cumulative Fund Balance	Interest Earnings/ (Curry Cost) on Cum. Balance				
1	2009	\$ -	\$ -	\$ -				\$ -	\$ -	\$ -			NO	NO
2	2010	\$ -	\$ -	\$ -				\$ -	\$ -	\$ -			NO	NO
3	2011	\$ 70,615	\$ 5,442,778					\$ 70,615	\$ 70,615	\$ 2,825			NO	NO
4	2012	\$ 202,895	\$ -					\$ 202,895	\$ 276,334	\$ 11,053			NO	NO
5	2013	\$ 247,024	\$ -					\$ (259,774)	\$ 27,614	\$ 1,105			NO	NO
6	2014	\$ 290,372	\$ -	\$ 506,798	\$ (261,873)	\$ (244,925)	\$ 5,180,905	\$ (216,426)	\$ (187,707)	\$ (7,508)			NO	NO
7	2015	\$ 332,949	\$ -	\$ 506,798	\$ (273,657)	\$ (233,141)	\$ 4,907,248	\$ (173,848)	\$ (369,064)	\$ (14,763)			NO	NO
8	2016	\$ 340,771	\$ -	\$ 506,798	\$ (298,840)	\$ (207,957)	\$ 4,322,436	\$ (166,026)	\$ (549,853)	\$ (21,994)			NO	NO
9	2017	\$ 348,448	\$ -	\$ 506,798	\$ (312,288)	\$ (194,510)	\$ 4,010,148	\$ (158,350)	\$ (730,197)	\$ (29,208)			NO	NO
10	2018	\$ 355,981	\$ -	\$ 506,798	\$ (326,341)	\$ (180,457)	\$ 3,683,807	\$ (150,817)	\$ (910,221)	\$ (36,409)			NO	NO
11	2019	\$ 363,374	\$ -	\$ 506,798	\$ (341,026)	\$ (165,771)	\$ 3,342,780	\$ (143,424)	\$ (1,090,034)	\$ (43,602)			NO	NO
12	2020	\$ 370,628	\$ -	\$ 506,798	\$ (356,373)	\$ (150,425)	\$ 2,986,408	\$ (136,170)	\$ (1,269,827)	\$ (50,793)			NO	NO
13	2021	\$ 377,745	\$ -	\$ 506,798	\$ (372,409)	\$ (134,388)	\$ 2,613,998	\$ (129,052)	\$ (1,449,672)	\$ (57,987)			NO	NO
14	2022	\$ 384,729	\$ -	\$ 506,798	\$ (389,168)	\$ (117,630)	\$ 2,224,830	\$ (122,069)	\$ (1,629,728)	\$ (65,189)			NO	NO
15	2023	\$ 391,581	\$ -	\$ 506,798	\$ (406,680)	\$ (100,117)	\$ 1,818,150	\$ (115,217)	\$ (1,810,133)	\$ (72,405)			NO	NO
16	2024	\$ 398,304	\$ -	\$ 506,798	\$ (424,981)	\$ (81,817)	\$ 1,393,169	\$ (108,494)	\$ (1,991,033)	\$ (79,641)			NO	NO
17	2025	\$ 412,026	\$ -	\$ 506,798	\$ (444,105)	\$ (62,693)	\$ 949,064	\$ (94,771)	\$ (2,165,446)	\$ (86,618)			NO	NO
18	2026	\$ 425,506	\$ -	\$ 506,798	\$ (464,090)	\$ (42,708)	\$ 484,974	\$ (81,292)	\$ (2,333,355)	\$ (93,334)			NO	NO
19	2027	\$ 439,188	\$ -	\$ 506,798	\$ (484,974)	\$ (21,824)	\$ (0)	\$ (67,610)	\$ (2,494,300)	\$ (99,772)			NO	NO
20	2028	\$ 453,074	\$ -					\$ 453,074	\$ (2,140,997)	\$ (85,640)			NO	NO
21	2029	\$ 467,170	\$ -					\$ 467,170	\$ (1,759,468)	\$ (70,379)			NO	NO
22	2030	\$ 481,476	\$ -					\$ 481,476	\$ (1,348,370)	\$ (53,935)			NO	NO
23	2031	\$ 495,997	\$ -					\$ 495,997	\$ (906,308)	\$ (36,252)			NO	NO
24	2032	\$ 510,736	\$ -					\$ 510,736	\$ (431,823)	\$ (17,273)			NO	NO
25	2033	\$ 525,697	\$ -					\$ 525,697	\$ 76,600	\$ 3,064			YES	YES
26	2034	\$ 540,881	\$ -					\$ 540,881	\$ 620,545	\$ 24,822			YES	YES
27	2035	\$ 556,293	\$ -					\$ 556,293	\$ 1,201,660	\$ 48,066			YES	YES
	2036	\$ 571,937	\$ -					\$ 571,937	\$ 1,821,664	\$ 72,867			YES	YES
TOTALS		\$ 10,355,398	\$ 5,442,778	\$ 7,601,966	\$ (5,442,778)	\$ (2,159,189)	\$ 42,539,193	\$ 2,753,431	\$ 1,821,664	\$ (858,901)				

Date: June 19, 2009
To: Dan Casanova, City of Milwaukee
From: S. B. Friedman & Company ("SBFCo")
RE: Tax Increment Projections for Reed Street Yards

Per your request, enclosed is a preliminary estimate of Tax Increment District ("TID") bonding capacity that could be supported by the proposed Reed Street Yards TID under a "no further development scenario." The revenue projections derive from the estimated inflationary growth in TID parcel values, as well as the estimated value achieved by the Iron Horse Hotel and Pieper office building at stabilization. This memo summarizes the key findings of our analysis.

Background

It is our understanding that the City of Milwaukee (the "City") is considering implementing a TID to redevelop an area approximately one mile southwest of Downtown and directly across the Menomonee Canal from the new Harley Davidson Museum Campus. The City wishes to evaluate the potential to bond for public infrastructure improvements using TID financing.

S. B. Friedman & Company ("SBFCo") developed revenue projections for the parcels included in the proposed TID. In this scenario the Iron Horse Hotel and the Pieper office building are the only new programmatic developments in the TID, and because they are not yet fully stabilized, SBFCo expects these two properties to continue to produce additional new value. SBFCo expects the Iron Horse to stabilize by the end of 2011 and the Pieper office building, which is still undergoing renovation, to stabilize by 2012. The revenue projections for the other parcels are based on inflationary increment alone.

Proposed Site

Located southwest of Downtown Milwaukee, the proposed TID is bounded by 2nd Street to the east, Florida and Bruce Streets to the south, and the Menomonee Canal to the west and north. In its entirety the proposed TID includes 43 taxkeys.

Incremental Property Tax Projections

SBFCo projected incremental property tax revenues produced by the TID. These projections are based on the following key assumptions:

- Property value inflation rate is 1.5%.

- The projected 2009 property tax rate is 2.51%.
- The property tax rate is assumed to decline at a rate of 1.62% beginning in 2010 with a 2% floor. This reflects the 10-year compound rate of decline.
- The Iron Horse Hotel will continue to produce additional new value based on the assumptions below:
 - Hotels can take multiple years to reach a stabilized value. Per a conversation with the City Assessor's office, as of January 1, 2009, 13 of the 100 rooms were not ready for occupancy, and the restaurant was incomplete, so the Iron Horse has not yet been assessed at its full stabilized value.
 - The Hotel Metro, an analogous property, has a 2009 assessed value of \$87,300 per hotel room (a decline from approximately \$97,000 per room in 2008). *SBFCo* assumes the Iron Horse will stabilize at an equivalent value and projects a full stabilized value of \$8.73 million by 2011.
- The Pieper office building will continue to produce additional new value based on the assumptions below:
 - As of January 1, 2009, only 21,787 square feet of the building's total 109,727 square feet were built out. Of the built out space, only 1,929 square feet were occupied. Thus, the Pieper's 2009 assessed value of \$27 per square foot is substantially lower than it will be at stabilization.
 - As another office rehab in the Reed Street Yards area, the Tannery building located at 720 West Virginia is a comparable property with a 2009 assessed value of \$89 per square foot. *SBFCo* assumes the Pieper building will stabilize at an equivalent value and projects a full stabilized value of \$9.71 million by 2012.

According to these assumptions, the total undiscounted TID revenue between 2009 and 2036 is approximately **\$10.4 million**. Table 1 at the end of this memo shows the TID revenue projections.

Based on typical bonding parameters used in the past for City of Milwaukee projects, this TID revenue could support approximately **\$4.5 million** to fund up-front public improvements in the proposed TID while allowing for amortization of the TID by year 24. Table 2 at the end of this memo shows the full amortization schedule.

Feel free to call Tony Smith at 312-424-4254 with any questions.

City of Milwaukee
Reed Street Yards

TABLE 1: TID Projections with No Further Development; Projected Future Stabilization of Iron Horse and Pieper Bldg

DRAFT

Inputs and Assumptions:

2009 Base Value of TID	\$	30,851,700
2009 Assessed Value of Iron Horse Hotel	\$	5,000,000
2009 Assessed Value of Pieper Building	\$	2,985,000
First Full Assessment Year for Iron Horse Hotel	2010	
2009 Projected Net Tax Rate	2.51%	
Tax Levy Rate: 10 yr compound rate of decline	1.62%	
Annual Inflation Rate	1.50%	
Tax Collection Rate	100.00%	

TID Year		Inflation Factor		Tax Incremental Revenue due to Inflation of Non-Development Taxkeys					Incremental Revenue: Pieper Building		Total TID Incremental Revenue	
		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]		
1	2009			1.00	\$ 22,866,700	\$ 22,866,700	\$ -	2.51%	\$ -	\$ -	\$ -	\$ -
2	2010			1.02	\$ 22,866,700	\$ 23,209,701	\$ 343,000	2.47%	\$ -	\$ -	\$ -	\$ -
3	2011			1.03	\$ 22,866,700	\$ 23,557,846	\$ 691,146	2.43%	\$ 8,470	\$ 63,586	\$ 50,493	\$ 122,549
4	2012			1.05	\$ 22,866,700	\$ 23,911,214	\$ 1,044,514	2.39%	\$ 16,791	\$ 95,203	\$ 100,096	\$ 212,090
5	2013			1.06	\$ 22,866,700	\$ 24,269,882	\$ 1,403,182	2.35%	\$ 24,965	\$ 96,859	\$ 166,217	\$ 288,040
6	2014			1.08	\$ 22,866,700	\$ 24,633,930	\$ 1,767,230	2.31%	\$ 32,994	\$ 98,484	\$ 167,032	\$ 298,510
7	2015			1.09	\$ 22,866,700	\$ 25,003,439	\$ 2,136,739	2.28%	\$ 40,882	\$ 100,078	\$ 167,829	\$ 308,788
8	2016			1.11	\$ 22,866,700	\$ 25,378,491	\$ 2,517,791	2.24%	\$ 48,629	\$ 101,642	\$ 168,607	\$ 318,878
9	2017			1.13	\$ 22,866,700	\$ 25,759,168	\$ 2,892,468	2.20%	\$ 56,240	\$ 103,176	\$ 169,369	\$ 328,784
10	2018			1.14	\$ 22,866,700	\$ 26,145,556	\$ 3,278,856	2.17%	\$ 63,715	\$ 104,680	\$ 170,113	\$ 338,507
11	2019			1.16	\$ 22,866,700	\$ 26,537,739	\$ 3,671,039	2.13%	\$ 71,057	\$ 106,156	\$ 170,840	\$ 348,052
12	2020			1.18	\$ 22,866,700	\$ 26,935,805	\$ 4,069,105	2.10%	\$ 78,268	\$ 107,603	\$ 171,550	\$ 357,420
13	2021			1.20	\$ 22,866,700	\$ 27,339,842	\$ 4,473,142	2.06%	\$ 85,350	\$ 109,022	\$ 172,243	\$ 366,616
14	2022			1.21	\$ 22,866,700	\$ 27,749,940	\$ 4,883,240	2.03%	\$ 92,306	\$ 110,414	\$ 172,921	\$ 375,641
15	2023			1.23	\$ 22,866,700	\$ 28,166,189	\$ 5,299,489	2.00%	\$ 99,138	\$ 111,778	\$ 173,582	\$ 384,498
16	2024			1.25	\$ 22,866,700	\$ 28,588,682	\$ 5,721,982	2.00%	\$ 105,847	\$ 113,116	\$ 174,228	\$ 393,191
17	2025			1.27	\$ 22,866,700	\$ 29,017,512	\$ 6,150,812	2.00%	\$ 114,440	\$ 116,311	\$ 177,736	\$ 408,487
18	2026			1.29	\$ 22,866,700	\$ 29,452,774	\$ 6,586,074	2.00%	\$ 123,016	\$ 119,554	\$ 181,296	\$ 423,866
19	2027			1.31	\$ 22,866,700	\$ 29,894,566	\$ 7,027,866	2.00%	\$ 131,721	\$ 122,845	\$ 184,910	\$ 439,476
20	2028			1.33	\$ 22,866,700	\$ 30,342,985	\$ 7,476,285	2.00%	\$ 140,557	\$ 126,185	\$ 188,578	\$ 455,321
21	2029			1.35	\$ 22,866,700	\$ 30,798,129	\$ 7,931,429	2.00%	\$ 149,526	\$ 129,576	\$ 192,301	\$ 471,403
22	2030			1.37	\$ 22,866,700	\$ 31,260,101	\$ 8,393,401	2.00%	\$ 158,629	\$ 133,018	\$ 196,080	\$ 487,726
23	2031			1.39	\$ 22,866,700	\$ 31,729,003	\$ 8,862,303	2.00%	\$ 167,868	\$ 136,511	\$ 199,915	\$ 504,294
24	2032			1.41	\$ 22,866,700	\$ 32,204,938	\$ 9,338,238	2.00%	\$ 177,246	\$ 140,057	\$ 203,808	\$ 521,111
25	2033			1.43	\$ 22,866,700	\$ 32,688,012	\$ 9,821,312	2.00%	\$ 186,765	\$ 143,656	\$ 207,760	\$ 538,180
26	2034			1.45	\$ 22,866,700	\$ 33,178,332	\$ 10,311,632	2.00%	\$ 196,426	\$ 147,308	\$ 211,771	\$ 555,505
27	2035			1.47	\$ 22,866,700	\$ 33,676,007	\$ 10,809,307	2.00%	\$ 206,233	\$ 151,016	\$ 215,841	\$ 573,090
	2036								\$ 216,186	\$ 154,779	\$ 219,973	\$ 590,939
Collections for TID Year 27												
Total Proceeds, 2009-2036 (Not Discounted)											\$ 2,793,263	\$ 4,575,091
											\$ 3,042,610	\$ 10,410,963

TABLE 2: Bonding Capacity Analysis – TID With No Further Development Scenario; Projected Future Stabilization of Iron Horse and Pieper Bldg

Interest Rate on Bonds	4.50%
Cost of Funds (Local Government Investment Pool)	4.00%
Issuance Costs @	1.00%
Capitalized Interest Allowance @	10.00%
Assumed Level P&I Payments	15

Funding Structure

	Assumed Year	Amount	Plus Insurance Costs	Capitalized Interest	Total Issuance
Assumed Bonding	2010	\$ 4,500,000	\$ 45,000	\$ 505,000	\$ 5,050,000

TID Year	Calendar Year	Projected Incremental Property Taxes	New Debt Service			TID Payoff Analysis				TID Could Repay Outstanding Prince.
			TID-Backed Bonds Issued	TID Annual Debt Service Target Payments	Principal Payment	Interest Payment	Annual Surplus/ (Shortfall)	Cumulative Fund Balance	Interest Earnings/ (Carry Cost) on Cuml. Balance	
1	2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NO
2	2010	\$ -	\$ 5,050,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NO
3	2011	\$ 122,549	\$ -	\$ -	\$ -	\$ -	\$ 122,549	\$ 122,549	\$ 4,902	NO
4	2012	\$ 212,090	\$ -	\$ -	\$ -	\$ -	\$ 212,090	\$ 339,541	\$ 13,582	NO
5	2013	\$ 288,040	\$ -	\$ -	\$ -	\$ -	\$ 182,184	\$ 170,938	\$ 6,838	NO
6	2014	\$ 298,510	\$ -	\$ 470,225	\$ (242,975)	\$ (227,250)	\$ (182,184)	\$ 170,938	\$ 6,838	NO
7	2015	\$ 308,788	\$ -	\$ 470,225	\$ (253,909)	\$ (216,316)	\$ (171,715)	\$ 6,061	\$ 242	NO
8	2016	\$ 318,878	\$ -	\$ 470,225	\$ (265,334)	\$ (204,890)	\$ (161,437)	\$ (155,133)	\$ (6,205)	NO
9	2017	\$ 328,784	\$ -	\$ 470,225	\$ (277,275)	\$ (192,950)	\$ (151,346)	\$ (312,685)	\$ (12,507)	NO
10	2018	\$ 338,507	\$ -	\$ 470,225	\$ (289,752)	\$ (180,473)	\$ (141,441)	\$ (466,633)	\$ (18,665)	NO
11	2019	\$ 348,052	\$ -	\$ 470,225	\$ (302,791)	\$ (167,434)	\$ (131,718)	\$ (617,016)	\$ (24,681)	NO
12	2020	\$ 357,420	\$ -	\$ 470,225	\$ (316,416)	\$ (153,808)	\$ (122,173)	\$ (763,870)	\$ (30,555)	NO
13	2021	\$ 366,616	\$ -	\$ 470,225	\$ (330,655)	\$ (139,570)	\$ (112,804)	\$ (907,229)	\$ (36,289)	NO
14	2022	\$ 375,641	\$ -	\$ 470,225	\$ (345,535)	\$ (124,690)	\$ (103,609)	\$ (1,047,127)	\$ (41,885)	NO
15	2023	\$ 384,498	\$ -	\$ 470,225	\$ (361,084)	\$ (109,141)	\$ (94,584)	\$ (1,183,597)	\$ (47,344)	NO
16	2024	\$ 393,191	\$ -	\$ 470,225	\$ (377,332)	\$ (92,892)	\$ (85,726)	\$ (1,316,667)	\$ (52,667)	NO
17	2025	\$ 408,487	\$ -	\$ 470,225	\$ (394,312)	\$ (75,912)	\$ (77,034)	\$ (1,446,367)	\$ (57,855)	NO
18	2026	\$ 423,866	\$ -	\$ 470,225	\$ (412,056)	\$ (58,168)	\$ (61,738)	\$ (1,565,960)	\$ (62,638)	NO
19	2027	\$ 439,476	\$ -	\$ 470,225	\$ (430,599)	\$ (39,626)	\$ (46,359)	\$ (1,674,957)	\$ (66,998)	NO
20	2028	\$ 455,321	\$ -	\$ 470,225	\$ (449,976)	\$ (20,249)	\$ (30,748)	\$ (1,772,703)	\$ (70,908)	NO
21	2029	\$ 471,403	\$ -	\$ -	\$ -	\$ -	\$ 455,321	\$ (1,388,290)	\$ (55,532)	NO
22	2030	\$ 487,726	\$ -	\$ -	\$ -	\$ -	\$ 471,403	\$ (972,419)	\$ (38,897)	NO
23	2031	\$ 504,294	\$ -	\$ -	\$ -	\$ -	\$ 487,726	\$ (523,590)	\$ (20,944)	NO
24	2032	\$ 521,111	\$ -	\$ -	\$ -	\$ -	\$ 504,294	\$ (40,239)	\$ (1,610)	NO
25	2033	\$ 538,180	\$ -	\$ -	\$ -	\$ -	\$ 521,111	\$ 479,263	\$ 19,171	YES
26	2034	\$ 555,505	\$ -	\$ -	\$ -	\$ -	\$ 538,180	\$ 1,036,614	\$ 41,465	YES
27	2035	\$ 573,090	\$ -	\$ -	\$ -	\$ -	\$ 555,505	\$ 1,633,583	\$ 65,343	YES
	2036	\$ 590,939	\$ -	\$ -	\$ -	\$ -	\$ 573,090	\$ 2,272,017	\$ 90,881	YES
TOTALS		\$ 10,410,963	\$ 5,050,000	\$ 7,053,371	\$ -	\$ -	\$ 3,357,592	\$ 2,953,836	\$ 118,153	YES

TERM SHEET

Reed Street Yards Water Technology Business Park

Project Description: The City of Milwaukee, Redevelopment Authority of the City of Milwaukee and Building 41 LLC, or its assignee ("Developer") intend to enter into a public/private partnership to create a water technology business park on an approximately 20-acre parcel of distressed land abutting the south bank of the Menomonee River, roughly between South Second Street and South Ninth Street (the "Project Area"). The eastern portion of the Project Area (located east of South Sixth Street and commonly referred to as the "Reed Street Yards") is comprised of vacant land capable of containing 320-630,000 SF of office space, depending on the amount of structured parking utilized. The western portion (located west of South Sixth Street) contains empty buildings, totaling approximately 280,000 SF that were once part of the Pfister and Vogel Tannery. The City intends to create a tax increment district (the "TID") encompassing the Project Area and adjacent lands. Subject to creation of the TID, the City will provide funds through the TID (the "City Investment") to pay for all or a portion of costs incurred for the installation of public and private infrastructure (initial Site Plan attached), environmental remediation, and grants or loans to defray construction cost premiums attributable to adverse site conditions and/or the technology requirements of the desired end users. The Developer will construct all private infrastructure, will market applicable portions of the site to water technology companies and will either develop or sell parcels for occupancy by the desired end users. The Developer will also dedicate right-of-way necessary for construction of public infrastructure, and, if requested by the City, construct the public infrastructure. It is anticipated that construction of public infrastructure will begin in 2010, creating marketable sites by late 2011 or early 2012.

City Investment: The project plan for the TID (the "Project Plan") will allocate the City Investment to the categories of expenditures likely to be required over the course of development of the Project, including the public and private infrastructure, which may include one or more parking decks, environmental remediation and grants to the Developer or end users. The City Investment will be applied to 100% of the cost of public streets, sidewalks, lighting, landscaping, sanitary sewers, stormwater systems, water and related improvements. The City Investment will be applied to 70% of eligible riverwalk costs and 50% of eligible dockwall costs subject to the maximum contribution permitted by Common Council Resolution File No. 060578. As provided herein, to the extent available, the City Investment will also be applied toward the cost of one or more parking structures. Funds will also be made available to the City for administrative costs.

Initial City Investment: Up to \$6,420,000 of the City Investment (the "Initial City Investment") will be disbursed by the City for public infrastructure and for cost relief for the initial building to be developed in the Project:

- Up to \$4,236,000 of the Initial City Investment will be available for the public infrastructure (the "Infrastructure Grant").
- Up to \$900,000 (\$15/SF for a 60,000 SF building) of the Initial City Investment will be available to the Developer for site remediation and other extraordinary site costs ("Initial Building Grant").
- Up to \$1,020,000 of the Initial City Investment will be available to establish a fund for grants or loans to water technology related businesses ("Initial Technology Fund"). Grants or loans from the Initial Technology Fund will be based on the following:
 - The City's Commissioner of City Development (the "Commissioner") shall have determined that the benefited business is a "water related technology business" as defined in Exhibit A.
 - The Commissioner shall determine the amount and terms of any grant or loan from the Initial Technology Fund to a water related technology business, based on factors such as need, amortization of the TID, job creation and overall security.
- \$264,000 will be made available to the City for administrative costs.

In the event that the Developer constructs the public infrastructure, the Infrastructure Grant shall be disbursed through construction draws to pay for the installation of the public infrastructure as work progresses. All public infrastructure must be completed within eighteen months following execution of the development agreement, subject to force majeure. The Initial Building Grant shall be a reimbursement of funds expended or incurred by the Developer for the construction of a new building on the Reed Street Yards and shall be disbursed upon completion of construction of the initial building. [It's possible that a portion of the final draw will be funded through the building grant.] No residential building is eligible for the Initial Building Grant.

Prior to disbursement of any portion of the Infrastructure Grant, the following requirements must be met:

- A. The Commissioner shall have approved the final scope of work and budget for the public infrastructure.
- B. The City's Commissioner of Public Works shall have approved the final design for the public infrastructure and shall have let or reviewed and

approved the construction contracts for the public works, which shall conform to the approved design, scope of work and budget.

- C. Payment requests shall be presented to the Commissioner by Developer no more frequently than once per month, on AIA Document G702 or equivalent. Funds shall be disbursed through a mutually acceptable title insurance company pursuant to a disbursement agreement. The Initial City Investment disbursed in each draw shall be in accordance with the percentages described in the City Investment section, above (e.g., 70% of eligible riverwalk costs, 100% of public street costs, etc.).
- D. The City and the Developer shall have agreed upon the form and substance of a Grant of Easement for the Riverwalk and the public right-of-way dedication shall have been initiated, subject to appropriate construction easements.

Prior to disbursement of the Initial Building Grant, the following requirements must be met:

- A. The Developer shall have completed construction of the initial building, as evidenced by the issuance of a certificate of occupancy.
- B. The Commissioner shall have determined that the physical dimensions of the initial building and the costs expended by the Developer in constructing the initial building are in general conformity with the underwriting criteria used in the feasibility study prepared by S.B. Friedman and Company. .
- C. The Commissioner shall have approved the final building plans, as well as the building's conformance with the zoning code.

Subsequent Advances of the City Investment: Development of buildings for the targeted users within the Project Area will be carried out over time in one or more phases, as end users are procured. After the disbursement of the Initial Building Grant (or sooner if the Developer has procured one or more end users for additional buildings while the initial building or a successive building is under construction), the Developer may request authorization for funding additional building and water technology grants/loans in accordance with the Project Plan. No residential buildings are eligible for subsequent building grants. The Commissioner shall work with the Developer to underwrite the appropriate amount of each additional building grant, taking into account the experience of the prior building and the then current market conditions, and shall submit a mutually agreed request for each additional grant to the Common Council. Prior to disbursement of each subsequent building grant, the Developer shall have completed construction of the respective subsequent building, as evidenced by the issuance of a certificate of occupancy.

Tax increment generated from developments within the TID that have not utilized building grants (e.g., residential apartments or condominiums) may be made available to pay for structured parking. If and when such increment is available and if warranted by absorption within the Project or the needs of a particular end user, the Developer may request an amendment to the Project Plan to authorize the expenditure of funds toward the cost of construction of one or more parking structures to serve the Project, to be constructed, owned and maintained by the Developer. Any shortfall in the cost of constructing such parking deck(s) shall be funded by the Developer.

Notwithstanding the foregoing, the amount of any advances of the City Investment above and beyond the Initial Investment shall not exceed the amount that can be fully amortized and repaid by the TID by year twenty-four of the TID, less reasonable administrative costs incurred by the City. Amortization forecasts will be made each time the Developer seeks an additional advance in order to determine the financial feasibility of the request.

Zoning and Use Restrictions: Simultaneously with the creation of the TID, the Commissioner and the Developer shall initiate an application to rezone the Reed Street Yards to I-M with a development incentive zone overlay. Permitted uses within the new zoning classification shall include office, retail and residential. The City and the Developer shall enter into a development agreement that shall contain use restrictions encumbering the Reed Street Yards. The use restrictions shall include a restriction providing that for a period of 8 years following substantial completion of the public infrastructure, at least 70% of the square footage within the restricted area must be constructed for "water technology-related businesses", as such term is defined on Exhibit A, attached hereto (the "Limited Use Restriction"). The Commissioner shall have the right to waive this requirement at the Commissioner's discretion. The development agreement shall be recorded and the restrictions contained therein shall run with the land and be binding upon and enforceable against all those in the chain of title. If for any reason the City funding for additional building grants and/or technology grants/loans is not made available as contemplated by the Project Plan, then the Limited Use Restriction shall terminate; the other terms of the development agreement shall, at the option of the Developer, remain in effect. Irrespective of such termination, the Developer may request authorization for the expenditure of excess increment toward the cost of one or more parking structures.

Human Resource Requirements: The Developer shall be responsible for compliance with all applicable Human Resource requirements imposed by the City with respect to all work funded through the Infrastructure Grant. The Developer (or an end user, if applicable) shall also comply with applicable Human Resource requirements for the construction of privately owned improvements within the Project Area as to which the City has provided funding through building grants or technology loans or grants.

PILOT Payments: The restrictions in the development agreement will require payments in lieu of taxes with respect to any parcel or building within the Project Area that subsequently becomes exempt from real property taxes during the life of the TID. This shall be a covenant running with the land for the duration of the TID.

Grants and Other Financial Assistance: The Developer and the City will undertake good faith efforts to secure brownfield and other grants and financial assistance for the Project. Any funds obtained and made available to the Project or a particular end user shall be applied as mutually agreed by the parties; provided, however that unless the parties agree to the contrary, the City Investment shall be reduced by an amount equal to 20% of any such additional grant funds.

Exclusive Marketing: During the term of the Limited Use Restriction, the City shall market the Reed Street Yards as the City's exclusive site for "water technology-related businesses" that meet the new zoning classifications. The City shall further enlist the support of the Water Council in such marketing efforts. In the event that the City provides financial incentives to "water technology-related businesses" that would be permitted by the new zoning classification for the Reed Street Yards at sites other than the Reed Street Yards (unless the Reed Street Yards is not suitable for such businesses and has been eliminated from consideration by such businesses), then the Limited Use Restriction shall terminate; the other terms of the development agreement shall, at the option of the Developer, remain in effect.

Area Parking: The initial private infrastructure shall include temporary surface parking areas to be made available to the Iron Horse Hotel and the 234 Florida Office building. The Developer agrees to provide parking for such properties for such number of vehicles, in such location(s) and for such period of time as will not interfere with the development of the Project. Because of the temporary nature of such parking, the requested zoning will contain relaxed design standards applicable to the temporary lots. The Developer may charge for such parking at rates comparable to rates being charged for surface parking in the Third Ward. If and when one or more parking structures are developed, parking for such properties shall also be made available within such structure(s), at rates comparable to rates being charged for parking structures located in the Third Ward.

General: This Term Sheet does not constitute a binding agreement. The terms set forth herein and other provisions customary for a transaction of this type (e.g., Comptroller audit rights) shall be incorporated into the development agreement referenced above, which shall be executed by the City, the Developer and the Redevelopment Authority of the City of Milwaukee. Resolutions approving this Term Sheet may provide for the execution of additional documents and instruments necessary to carry out the provisions of the development agreement and implement the Project.



Office of the Comptroller
September 11, 2009

W. Martin Morics, C.P.A.
Comptroller

Michael J. Daun
Deputy Comptroller

John M. Egan, C.P.A.
Special Deputy Comptroller

Craig D. Kammholz
Special Deputy Comptroller

Members of the Zoning,
Neighborhoods & Development Committee
200 East Wells Street, Room 205
Milwaukee, WI 53202

RE: File #090564; TID 75 – Reed Street Project

Dear Committee Members:

File 090564 would create TID #75, Reed Street Yards and approve a Project Plan. The Plan intends to establish a "Water Technology Business Park", near the Harley Davidson Museum. Given the timing of the project proposal there has been insufficient time available for our Office to complete its analysis. Therefore we are not prepared to evaluate the Project Plan at this time.

Your Committee should note that File #090564 does not authorize the expenditure of any City or TID funds. According to the DCD, it is recommending this File at this time only to allow creation of TID #75 prior to a September 30 statutory deadline. This deadline establishes the ability of any district created on or before this date to capture property tax increments realized in the following year. Therefore, your approval of this Resolution does not constitute any commitment, implied or otherwise, to provide financial support of the TID or the related project. The action called for in this File is merely a "placeholder" to allow DCD to meet the statutory deadline for TID creation. Another File will need to be introduced and approved by the Common Council to allow the commitment and expenditure of funds for this TID.

Please contact me if you have questions.

Sincerely,

W. Martin Morics
Comptroller

Cc Richard Marcoux, James Scherer, Dan Casanova

CDK/Mjd 09-10-09

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

SEPTEMBER 15, 2009

Item 3, File #090564

File Number 090564 is a resolution creating the Reed Street Yards Tax Incremental District and approving a project plan for this district.

Background

1. Wisconsin's Tax Increment Law (s. 66.1105, Wis. Stats.) provides for the creation and administration of a tax incremental district ("TID") to finance economic development and redevelopment projects within the district. Improvements and activities in the district are funded by the increase or "increment" in tax revenues generated by property in the district.
2. To be eligible for TID designation, an area must meet the following criteria:
 - Fifty percent or more of the proposed TID must be "blighted," "in need of rehabilitation or conservation work," or suitable for "industrial sites," within the statutory meanings of these terms.
 - Property that has been vacant for at least 7 years preceding creation of the TID cannot constitute more than 25% of the TID's area (unless the district is being created to promote industrial development).
3. The boundaries and project plan for a TID must be approved by the Redevelopment Authority, the Common Council and the "joint review board" consisting of representatives of the various taxing jurisdictions affected by the creation of the TID.
4. The Reed Street Yards project area consists of approximately 20 acres of land and buildings bounded roughly by the Menomonee River on the north and west, West Florida Street on the south and South 2nd and 3rd Streets on the east. The majority of the project area east of 6th Street consists of a former rail and trucking yard that is currently vacant land. Along the periphery of the project area are the recently-renovated Iron Horse Hotel, the 234 Florida office building and Teweles Seed apartment building, along with a number of other buildings in various states of rehabilitation. The portion of the project area west of 6th Street contains a series of vacant buildings totaling almost 300,000 square feet; these are the remaining undeveloped buildings in The Tannery complex.
5. Creation of a tax increment district encompassing the Reed Street Yards and surrounding properties has been proposed as a means of funding:
 - Development of the public improvements necessary to make the Reed Street Yards and the remaining Tannery buildings accessible for development or redevelopment.
 - Extension of the Milwaukee Riverwalk into the Walker's Point neighborhood, including a connection to the Hank Aaron State Trail.

- Development of a business and research park focused on attracting water-related businesses to Milwaukee.

Discussion

1. This resolution creates Tax Incremental District No. 75 (Reed Street Yards), which encompasses 23 properties with a combined area of approximately 20 acres in the area bounded roughly by the Menomonee River (Menomonee Canal), West Florida Street and South 2nd and 3rd Streets. The resolution also approves a project plan for the new TID.
2. This resolution does not authorize any expenditures for the new TID. Nor does it approve a development agreement for the project. Those actions will require future Common Council action.
3. Consistent with statutory requirements, over 50% of the TID meets the criterion of being “in need of rehabilitation or. conservation” (58%). Also, less than 25% of the area within the district boundaries meets the statutory definition of “vacant” property (19%).
4. The proposed project plan calls for tax incremental financing to fund the following activities and programs:

Public Infrastructure, Riverwalk and Dockwall	
Roadways	\$600,000
Street lighting	90,000
Sewers	1,000,000
Stormwater management	1,000,000
Water mains	450,000
Neighborhood parking	23,000
Riverwalk (70% of costs)	142,000
Dockwall (50% of costs)	225,000
Contingency (20% of all above costs)	<u>706,000</u>
SUBTOTAL	\$4,236,000

Initial Building Grant (financial assistant to developer to cover extraordinary site costs, such as geotechnical work, foundations, grading and environmental remediation) \$900,000

Water Technology and Research Fund (to provide grants or loans that may be used to attract water-related businesses to the Reed Street Yards) \$1,020,000

TOTAL CAPITAL PROJECT COSTS \$6,156,000

Administrative, professional, organizational
and legal costs \$264,000
TOTAL PROJECT COSTS, EXCL. FINANCING \$6,420,000

5. The project plan calls for the developer, Building 41, LLC, or its assignee, to undertake the public infrastructure improvements, with reimbursement of costs by the TID.
6. The project plan also indicates that the term sheet for the development agreement will stipulate that the developer will agree to restrict occupancy in the Reed Street Yards to water-related businesses, thereby assisting the City and the Milwaukee 7's Water Council in marketing the property to potential water-related companies.
7. Specific public infrastructure improvements identified in the project plan include:
 - Construction of a new street connecting the 3rd/Pittsburgh intersection with the vacant Tannery buildings.
 - Construction of an Oregon Street extension from 3rd Street to the vacant Tannery buildings.
 - Construction of a 2,700-foot Riverwalk segment along the Menomonee Canal. The developer will provide the City with a public access easement for this Riverwalk which shall remain in perpetuity.
 - Dockwall repair and replacement along the Menomonee Canal, where necessary.
 - Provision of pedestrian amenities, such as pedestrian-level lighting, decorative pavement, widened sidewalks, landscaping, signage and street furniture.
9. The "initial building grant" will be paid to the developer upon completion of the first building in the project.
10. Both the project plan and the term sheet (not before the Common Council for approval at this time) indicate that development of buildings within the project area will be carried out over time in one or more phases, as end users buy or lease space in the water and technology research park. These documents envision the developer seeking future authorization for additional funding for building grants and/or water technology grants/loans. The proposed term sheet indicates that the commissioner of DCD will work with the developer to determine the appropriate amount for each additional building grant and then submit a mutually agreed upon request for each additional grant to the Common Council (the request would presumably be presented in the form of an amendment to the project plan). The term sheet also states that the amount of any additional City investment above and beyond the initial investment shall not exceed the amount that can be fully amortized and repaid by the TID by year 24, and that amortization forecasts will be made each time the developer seeks additional funding for the project.
11. The proposed term sheet for the Reed Street Yards project indicates that tax increment generated from developments within the TID that do not use the aforementioned "building grants" (e.g., residential apartments or condominiums) may be made available to pay for the cost of constructing parking structures within the TID, with any shortfall in the cost of constructing such parking structures to be funded by the developer. This, too, would require an amendment to the project plan.

Fiscal Impact

1. As indicated on the fiscal note prepared by the Department of City Development, this resolution does not authorize expenditures; further Common Council action will be needed to authorize any expenditures for the TID. However, adoption of the project plan does establish the City's intent to expend \$6,420,000 in tax incremental financing revenue for project costs in TID No. 75.
2. The project plan calls for the City to issue general obligation bonds to finance the TID project costs. The 2009 Budget provided \$30 million in new borrowing authority for new tax incremental districts like TID No. 75.
3. The project plan indicates that all expenditures relating to implementation of the plan will be incurred between 2009 and 2014.
4. The economic feasibility study for the proposed TID performed by S. B. Friedman & Company indicates that the district is financially feasible and is likely to be retired on or before year 24 – within the 27-year statutory limit for the life of a TID.
5. The City Comptroller's letter on this file does not include an analysis of the financial feasibility of the project. The Comptroller notes that this resolution is intended to meet a September 30 statutory deadline for creation of a TID; creation by this date will enable the City to capture property tax increments realized in the 2010. A full Comptroller analysis will accompany a future Common Council resolution to approve the commitment and expenditure of funds for this TID.

Prepared by: Jeff Osterman, X2262
LRB-Research & Analysis Section
September 11, 2009

cc:	Rocky Marcoux	Joe' Mar Hooper
	Martha Brown	Jim Scherer
	Dan Casanova	Marianne Walsh



MENOMONEE VALLEY PARTNERS, INC.
301 W. Wisconsin Ave. Suite 400B, Milwaukee, WI 53203

August 19, 2009

Honorable Members of the Zoning, Neighborhoods and Development Committee
Milwaukee Common Council
200 E. Wells Street
Milwaukee, WI 53202

Dear Committee Members:

On behalf of Menomonee Valley Partners, Inc. (MVP), I am writing to convey our support for the City's Reed Street Yards tax increment financing district proposal and encourage the Committee to approve the creation of this TIF district in order to facilitate high quality redevelopment of the Reed Street Yards and surrounding properties, with a focus on water research and technology.

The TIF district's infrastructure improvements have the ability to generate catalytic development in the surrounding area. As the 6th Street Viaduct and Canal Street improvements have demonstrated, the ability of new infrastructure to catalyze development is undeniable. The internationally renowned Harley-Davidson Museum would not be at its current location – immediately across the Menomonee Canal from the Reed Street Yards – if not for the 6th Street Viaduct coming to grade at Canal Street in 2002. The Menomonee Valley redevelopment effort, which has generated some 4,200 new jobs in the past ten years, would not be at the pace and caliber it is if not for the Canal Street project. The Reed Street Yards project provides similar opportunities for new investment, opening 15 acres of prime real estate for development, creating new access to 300,000 square feet of existing buildings, and providing public access to the Menomonee River and Canal. With appropriate infrastructure improvements, this property could be the Valley's next great success.

The Reed Street Yards property was one of the priority redevelopment opportunities identified in the Menomonee Valley Land Use Plan, which envisioned an intensive waterfront-oriented redevelopment relating to Downtown, Walker's Point and the Historic Third Ward. The plan included the extension of the existing street grid and creation of public access to the waterfront. At the time of the 6th Street Viaduct project, the DNR secured a Congestion Mitigation and Air Quality grant for the purpose of extending the off street Trail from the viaduct, across the Reed Street Yards property, and into the Historic Third Ward. With the proposed roadway improvements, we anticipate the creation of this long awaited leg of the Hank Aaron State Trail and public access to the Menomonee Canal.

MVP looks forward to working with the City of Milwaukee and the Reed Street Yards development team as plans develop. MVP is particularly interested in integrating the Menomonee Valley Sustainable Design Guidelines into this project. The development of this key site is another important step in fulfilling the potential of the Menomonee Valley to serve as a model of sustainable economic development.

Sincerely,

A handwritten signature in blue ink that reads "Laura Bray". The signature is written in a cursive, flowing style.

Laura Bray
Executive Director

cc: Rocky Marcoux, DCD
Dan Casanova, DCD

NOTICES SENT TO FOR FILE : 090564

[illegible]

CITY OF MILWAUKEE FISCAL NOTE

A) DATE 09/14/09

FILE NUMBER: 090564

Original Fiscal Note ☐ Substitute ☒

SUBJECT: Substitute resolution approving a Project Plan and creating a Tax Incremental District for the Reed Street Yards, in the 12th Aldermanic District.

B) SUBMITTED BY (Name/title/dept./ext.): Rocky Marcoux, Commissioner, Department of City Development

C) CHECK ONE: ☐ ADOPTION OF THIS FILE AUTHORIZES EXPENDITURES

☒ ADOPTION OF THIS FILE DOES NOT AUTHORIZE EXPENDITURES: FURTHER COMMON COUNCIL ACTION NEEDED. LIST ANTICIPATED COSTS IN SECTION G BELOW.

☐ NOT APPLICABLE/NO FISCAL IMPACT.

D) CHARGE TO: ☐ DEPARTMENT ACCOUNT (DA) ☐ CONTINGENT FUND (CF)

☒ CAPITAL PROJECTS FUND (CPF) ☐ SPECIAL PURPOSE ACCOUNTS (SPA)

☐ PERM. IMPROVEMENT FUNDS (PIF) ☐ GRANT & AID ACCOUNTS (G & AA)

☐ OTHER (SPECIFY)

E) PURPOSE	SPECIFY TYPE/USE	ACCOUNT	EXPENDITURE	REVENUE	SAVINGS
SALARIES/WAGES:					
SUPPLIES:					
MATERIALS:					
NEW EQUIPMENT:					
EQUIPMENT REPAIR:					
OTHER:	Tax Incremental District No. 75 (Reed Street Yards)	TDO7580000	\$6,420,000 (plus capitalized interest)		
TOTALS					

F) FOR EXPENDITURES AND REVENUES WHICH WILL OCCUR ON AN **ANNUAL** BASIS OVER SEVERAL YEARS CHECK THE APPROPRIATE BOX BELOW AND THEN LIST EACH ITEM AND DOLLAR AMOUNT **SEPARATELY**.

<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	

G) LIST ANY ANTICIPATED FUTURE COSTS THIS PROJECT WILL REQUIRE FOR COMPLETION:

See section E above.

H) COMPUTATIONS USED IN ARRIVING AT FISCAL ESTIMATE:

PLEASE LIST ANY COMMENTS ON REVERSE SIDE AND CHECK HERE

☐

CITY OF MILWAUKEE FISCAL NOTE

A) DATE 09/10/09

FILE NUMBER: 090564

Original Fiscal Note ☒ Substitute ☐

SUBJECT: Substitute resolution approving a Project Plan and creating a Tax Incremental District for the Reed Street Yards, in the 12th Aldermanic District.

B) SUBMITTED BY (Name/title/dept./ext.): Rocky Marcoux, Commissioner, Department of City Development

C) CHECK ONE: ☐ ADOPTION OF THIS FILE AUTHORIZES EXPENDITURES
☒ ADOPTION OF THIS FILE DOES NOT AUTHORIZE EXPENDITURES; FURTHER COMMON COUNCIL ACTION NEEDED. LIST ANTICIPATED COSTS IN SECTION G BELOW.
☐ NOT APPLICABLE/NO FISCAL IMPACT.

D) CHARGE TO: ☐ DEPARTMENT ACCOUNT(DA) ☐ CONTINGENT FUND (CF)
☒ CAPITAL PROJECTS FUND (CPF) ☐ SPECIAL PURPOSE ACCOUNTS (SPA)
☐ PERM. IMPROVEMENT FUNDS (PIF) ☐ GRANT & AID ACCOUNTS (G & AA)
☐ OTHER (SPECIFY)

E) PURPOSE	SPECIFY TYPE/USE	ACCOUNT	EXPENDITURE	REVENUE	SAVINGS
SALARIES/WAGES:					
SUPPLIES:					
MATERIALS:					
NEW EQUIPMENT:					
EQUIPMENT REPAIR:					
OTHER:	Tax Incremental District No. 75 (Reed Street Yards)	TDO7580000		\$6,420,000 (plus capitalized interest)	
TOTALS					

F) FOR EXPENDITURES AND REVENUES WHICH WILL OCCUR ON AN **ANNUAL** BASIS OVER SEVERAL YEARS CHECK THE APPROPRIATE BOX BELOW AND THEN LIST EACH ITEM AND DOLLAR AMOUNT **SEPARATELY**.

<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	

G) LIST ANY ANTICIPATED FUTURE COSTS THIS PROJECT WILL REQUIRE FOR COMPLETION:

See section E above.

H) COMPUTATIONS USED IN ARRIVING AT FISCAL ESTIMATE:

PLEASE LIST ANY COMMENTS ON REVERSE SIDE AND CHECK HERE ☐



Legislation Details (With Text)

File #: 090623 **Version:** 1

Type: Ordinance **Status:** In Committee

File created: 9/1/2009 **In control:** ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

On agenda: **Final action:**

Effective date:

Title: A substitute ordinance relating to the inclusion of street-paving costs in the project plans for newly-created tax incremental districts.

Sponsors: ALD. BOHL, ALD. BAUMAN, ALD. WADE

Indexes: STREET IMPROVEMENTS, TAX INCREMENTAL DISTRICTS, TAX INCREMENTAL FINANCING

Attachments: Fiscal Note, Hearing Notice List

Date	Ver.	Action By	Action	Result	Tally
9/1/2009	0	COMMON COUNCIL	ASSIGNED TO		
9/3/2009	1	CITY CLERK	DRAFT SUBMITTED		
9/4/2009	1	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
9/4/2009	1	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
9/11/2009	1	CITY CLERK	Sponsor added		

Number

090623

Version

SUBSTITUTE 1

Reference

Sponsor

ALD. BOHL, BAUMAN, AND WADE

Title

A substitute ordinance relating to the inclusion of street-paving costs in the project plans for newly-created tax incremental districts.

Sections

304-95 cr

Analysis

This ordinance requires the department of city development to include, as project costs in the project plan for any new tax incremental district, the costs of all street paving projects anticipated to occur within the district, or within one-half mile of the district's boundaries, within the next 6 years, as identified by the city's most recent 6-year local street paving program.

Body

Whereas, Section 66.1105(2)(f), Wis. Stats., allows for tax incremental financing to be used to fund the costs of public works or improvements outside a tax incremental district but within one-half mile of the district's boundaries; and

Whereas, This statutory provision presents an opportunity for the City of Milwaukee to use tax incremental financing to fund street paving and construction projects within one-half mile of tax incremental district boundaries, thereby freeing up street paving dollars in the City's regular capital budget for use on street projects in areas more than one-half mile from a district; now, therefore

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 304-95 of the code is created to read:

304-95. Tax Incremental Districts-Inclusion of Street Paving Costs in Project Plans. In preparing the project plan for any new tax incremental district, the department of city development shall include in the plan, as project costs, the costs of all street paving projects anticipated to occur within the district, or within one-half mile of the district's boundaries, within the next 6 years, as identified by the city's most recent 6-year local street paving program. The department of city development shall consult with the department of public works in identifying all street paving projects to be included in the project plan.

LRB

APPROVED AS TO FORM

Legislative Reference Bureau

Date: _____

Attorney

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney

Date: _____

Requestor

Drafter

LRB09374-2

JDO

09/03/2009

CITY OF MILWAUKEE FISCAL NOTE

A) DATE 09/10/09

FILE NUMBER: 090623

Original Fiscal Note ☒ Substitute ☐

SUBJECT: A substitute ordinance relating to the inclusion of street-paving costs in the project plans for newly-created tax incremental districts.

B) SUBMITTED BY (Name/title/dept./ext.): Rocky Marcoux, Commissioner, DCD

C) CHECK ONE: ☐ ADOPTION OF THIS FILE AUTHORIZES EXPENDITURES
☒ ADOPTION OF THIS FILE DOES NOT AUTHORIZE EXPENDITURES: FURTHER COMMON COUNCIL ACTION NEEDED. LIST ANTICIPATED COSTS IN SECTION G BELOW.
☐ NOT APPLICABLE/NO FISCAL IMPACT.

D) CHARGE TO: ☐ DEPARTMENT ACCOUNT (DA) ☐ CONTINGENT FUND (CF)
☒ CAPITAL PROJECTS FUND (CPF) ☐ SPECIAL PURPOSE ACCOUNTS (SPA)
☐ PERM. IMPROVEMENT FUNDS (PIF) ☐ GRANT & AID ACCOUNTS (G & AA)
☐ OTHER (SPECIFY)

E) PURPOSE	SPECIFY TYPE/USE	ACCOUNT	EXPENDITURE	REVENUE	SAVINGS
SALARIES/WAGES:					
SUPPLIES:					
MATERIALS:					
NEW EQUIPMENT:					
EQUIPMENT REPAIR:					
OTHER:			Additional expenditures will vary (see section H below).		
TOTALS					

F) FOR EXPENDITURES AND REVENUES WHICH WILL OCCUR ON AN **ANNUAL** BASIS OVER SEVERAL YEARS CHECK THE APPROPRIATE BOX BELOW AND THEN LIST EACH ITEM AND DOLLAR AMOUNT **SEPARATELY**.

<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	

G) LIST ANY ANTICIPATED FUTURE COSTS THIS PROJECT WILL REQUIRE FOR COMPLETION:

H) COMPUTATIONS USED IN ARRIVING AT FISCAL ESTIMATE:

Subject to a proposed TID's ability to amortize project costs within the District's boundary and any requirement to make donations to other Districts, the ordinance would require to be included in the TID Project Plan the cost of public improvements within an one-half mile area outside of the proposed District boundary. As a result, the pay-back period of the District will be increased, as compared with only amortizing the costs within the

boundary. However, a portion of the added costs would be shifted to taxpayers for other jurisdictions, including those located outside the City of Milwaukee. Approximately 14% of the costs would be shifted to those taxpayers. The amount of this shift would depend on the costs included in the half mile area.

PLEASE LIST ANY COMMENTS ON REVERSE SIDE AND CHECK HERE

☐

NOTICES SENT TO FOR FILE : 090623

[illegible]



Legislation Details (With Text)

File #: 090459 **Version:** 0

Type: Ordinance **Status:** In Committee

File created: 7/28/2009 **In control:** ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

On agenda: **Final action:**

Effective date:

Title: An ordinance establishing the housing infrastructure preservation fund.

Sponsors: ALD. BAUMAN

Indexes: CITY PROPERTY, FORECLOSURES, HOUSING

Attachments: Proposed Sub B, Fiscal Note, Hearing Notice List

Date	Ver.	Action By	Action	Result	Tally
7/28/2009	0	COMMON COUNCIL	ASSIGNED TO		
9/4/2009	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
9/4/2009	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
9/4/2009	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		

Number

090459

Version

ORIGINAL

Reference

Sponsor

ALD. BAUMAN

Title

An ordinance establishing the housing infrastructure preservation fund.

Sections

304-31.5 cr

Analysis

The code of ordinances requires that the commissioner of city development, in consultation with the local common council member, classify each improved parcel in the city's inventory of "neighborhood property" (residential property containing 4 or fewer housing units) as a "habitable property," "uninhabitable property" or "special consideration property," with the last category being further divided into "restoration properties" (suitable for immediate restoration by the city, the housing authority or a community-based development corporation) and "mothballing properties" (properties not suitable for immediate restoration but suitable for mothballing by the city).

This ordinance creates a housing infrastructure preservation fund to provide a permanent, dedicated funding source to finance these city property restoration and mothballing activities. Funding sources shall include the tax levy, general obligation borrowing, amounts appropriated by law and transferred to the fund by the comptroller, and other appropriations of the common council made from time to time.

The total expenditures from the housing infrastructure preservation fund for a fiscal year shall be authorized by the adopted city budget. The department of city development shall be authorized to expend these monies without further common council approval.

Body

Whereas, Pursuant to s. 304-49-2-b of the code of ordinances, the commissioner of city development, in consultation with the local common council member, is required to classify each improved parcel in the city's inventory of "neighborhood property" (residential property containing 4 or fewer housing units) as a "habitable property," "uninhabitable property" or "special consideration property"; and

Whereas, The code further requires that each special consideration property be classified as either:

1. Restoration property - a property suitable for immediate restoration or rehabilitation by the city, the housing authority or a community-based development organization; or
2. Mothballing property - a property that is not suitable for immediate restoration or rehabilitation, but shall be designated for mothballing or landbanking by the city and maintained in accordance with s. 304-59. Mothballing shall include boarding of windows with Lexan, securing the structure and emergency repairs required to prevent further deterioration of the structure.

; and

Whereas, To carry out the property restoration and mothballing activities described in s. 304-49-2-b, it is essential that the city establish a permanent, dedicated funding source to pay for these activities;

now, therefore

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 304-31.5 of the code is created to read:

304-31.5. Housing Infrastructure Preservation Fund. 1. FUND CREATED. There is created a capital improvements fund to be known as the housing infrastructure preservation fund. Monies in this fund shall be used only for the purposes specified in sub. 2.

2. PURPOSES AND OBJECTIVES. The city seeks to preserve surplus, city-owned improved residential properties that are not habitable in their current condition and are unlikely to be restored by private purchasers, but are worthy of restoration or rehabilitation because of such factors as neighborhood context, architectural characteristics or quality, or historic status of the structures or their neighborhoods. To that end, s. 304-49-2-b-3 calls for each property of this type to be either restored or rehabilitated by the city, the housing authority or a community-based development organization or mothballed or landbanked by the city. The purpose of the housing infrastructure preservation fund is to provide a permanent, dedicated funding source to finance city property restoration and mothballing activities described in s. 304-49-2-b-3.

3. FUNDING SOURCES. The housing infrastructure preservation fund may be funded by:

- a. Tax levy.
- b. General obligation borrowing.
- c. Amounts appropriated by law and transferred to the fund by the comptroller.
- d. Other appropriations of the common council made from time to time.

4. EXPENDITURES. The total expenditures from the housing infrastructure preservation fund for a fiscal year shall be authorized by the adopted city budget. The department of city development shall be authorized to expend these monies without further common council approval.

LRB

APPROVED AS TO FORM

Legislative Reference Bureau

Date: _____

Attorney

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney

Date: _____

Requestor

Drafter

LRB09318-1

JDO
07/27/2009

..Number
090459
..Version
PROPOSED SUBSTITUTE B
..Reference

..Sponsor
ALD. BAUMAN

..Title
A substitute ordinance establishing the housing infrastructure preservation fund.

..Sections
304-31.5 cr

..Analysis
The code of ordinances requires that the commissioner of city development, in consultation with the local common council member, classify each improved parcel in the city's inventory of "neighborhood property" (residential property containing 4 or fewer housing units) as a "habitable property," "uninhabitable property" or "special consideration property," with the last category being further divided into "public restoration properties" (suitable for immediate restoration by the city, the housing authority, the redevelopment authority or another public entity) and "mothballing properties" (properties not suitable for immediate restoration but suitable for mothballing by the city).

This ordinance creates a housing infrastructure preservation fund to provide a permanent, dedicated funding source to finance these city property restoration and mothballing activities. Funding sources shall include the tax levy, general obligation borrowing, net proceeds from sales of restoration properties, amounts appropriated by law and transferred to the fund by the comptroller, and other appropriations of the common council made from time to time.

The total expenditures from the housing infrastructure preservation fund for a fiscal year shall be authorized by the adopted city budget. The department of city development shall be authorized to expend these monies without further common council approval.

..Body
Whereas, Pursuant to s. 304-49-2-b of the code of ordinances, the commissioner of city development, in consultation with the local common council member, is required to classify each improved parcel in the city's inventory of "neighborhood property" (residential property containing 4 or fewer housing units) as a "habitable property," "uninhabitable property" or "special consideration property"; and

Whereas, The code further requires that each special consideration property be classified as either:

1. Public restoration property – a property suitable and recommended for immediate restoration or rehabilitation by the city, the housing authority, the redevelopment authority or another public entity; or

2. Mothballing property – a property that is not suitable and not recommended for immediate restoration or rehabilitation by a public entity, but shall be designated for mothballing or landbanking by the city and maintained in accordance with s. 304-59. Mothballing shall include boarding of windows with Lexan, securing the structure and emergency repairs required to prevent further deterioration of the structure.

; and

Whereas, To carry out the property restoration and mothballing activities described in s. 304-49-2-b, it is essential that the city establish a permanent, dedicated funding source to pay for these activities; now, therefore

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 304-31.5 of the code is created to read:

304-31.5. Housing Infrastructure Preservation Fund. 1. FUND CREATED. There is created a capital improvements fund to be known as the housing infrastructure preservation fund. Monies in this fund shall be used only for the purposes specified in sub. 2.

2. PURPOSES AND OBJECTIVES. The city seeks to preserve surplus, city-owned improved residential properties that are not habitable in their current condition and are unlikely to be restored by private purchasers, but are worthy of restoration or rehabilitation because of such factors as neighborhood context, architectural characteristics or quality, or historic status of the structures or their neighborhoods. To that end, s. 304-49-2-b-3 calls for each property of this type to be either restored or rehabilitated by the city, the housing authority, the redevelopment authority or another public entity or mothballed or landbanked by the city. The purpose of the housing infrastructure preservation fund is to provide a permanent, dedicated funding source to finance city property restoration and mothballing activities described in s. 304-49-2-b-3.

3. FUNDING SOURCES. The housing infrastructure preservation fund may be funded by:

- a. Tax levy.
- b. General obligation borrowing.
- c. Net proceeds from sales of restoration properties.
- d. Amounts appropriated by law and transferred to the fund by the comptroller.
- e. Other appropriations of the common council made from time to time.

4. EXPENDITURES. The total expenditures from the housing infrastructure preservation fund for a fiscal year shall be authorized by the adopted city budget. The department of city development shall be authorized to expend these monies without further common council approval.

5. NET SALE PROCEEDS. Upon sale of a property classified as a restoration property pursuant to s. 304-49-2-b, the net sale proceeds shall be deposited in the housing infrastructure preservation fund.

..LRB

APPROVED AS TO FORM

Legislative Reference Bureau

Date:_____

..Attorney

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney

Date:_____

..Requestor

..Drafter

LRB09318-3

JDO

09/10/2009

CITY OF MILWAUKEE FISCAL NOTE

A) DATE September 10, 2009FILE NUMBER: 090459Original Fiscal Note ☒ Substitute ☐SUBJECT: A substitute ordinance establishing the housing infrastructure preservation fund.B) SUBMITTED BY (Name/title/dept./ext.): Rocky Marcoux, Commissioner

C) CHECK ONE: ☒ ADOPTION OF THIS FILE AUTHORIZES EXPENDITURES
☐ ADOPTION OF THIS FILE DOES NOT AUTHORIZE EXPENDITURES; FURTHER COMMON COUNCIL ACTION NEEDED. LIST ANTICIPATED COSTS IN SECTION G BELOW.
☐ NOT APPLICABLE/NO FISCAL IMPACT.

D) CHARGE TO: ☐ DEPARTMENT ACCOUNT (DA) ☐ CONTINGENT FUND (CF)
☐ CAPITAL PROJECTS FUND (CPF) ☐ SPECIAL PURPOSE ACCOUNTS (SPA)
☐ PERM. IMPROVEMENT FUNDS (PIF) ☐ GRANT & AID ACCOUNTS (G & AA)
☒ OTHER (SPECIFY)

E) PURPOSE	SPECIFY TYPE/USE	ACCOUNT	EXPENDITURE	REVENUE	SAVINGS
SALARIES/WAGES:					
SUPPLIES:					
MATERIALS:					
NEW EQUIPMENT:					
EQUIPMENT REPAIR:					
OTHER:	House renovations and security	Housing Infrastructure Preservation Fund	\$810,000		
	Sale proceeds less expense reimbursements to the Redevelopment Authority and closing costs	Housing Infrastructure Preservation Fund		\$75,000	
TOTALS			\$810,000	\$75,000	

F) FOR EXPENDITURES AND REVENUES WHICH WILL OCCUR ON AN **ANNUAL** BASIS OVER SEVERAL YEARS CHECK THE APPROPRIATE BOX BELOW AND THEN LIST EACH ITEM AND DOLLAR AMOUNT **SEPARATELY**.

<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	

G) LIST ANY ANTICIPATED FUTURE COSTS THIS PROJECT WILL REQUIRE FOR COMPLETION:

H) COMPUTATIONS USED IN ARRIVING AT FISCAL ESTIMATE:

PLEASE LIST ANY COMMENTS ON REVERSE SIDE AND CHECK HERE ☐

NOTICES SENT TO FOR FILE : 090459

[illegible]



Legislation Details (With Text)

File #: 080751 **Version:** 0

Type: Ordinance **Status:** In Committee

File created: 9/16/2008 **In control:** ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

On agenda: **Final action:**

Effective date:

Title: An ordinance relating to the definition of a sign.

Sponsors: ALD. ZIELINSKI

Indexes: BANNERS, SIGNS, ZONING

Attachments: Zoning Code Technical Committee Letter, Zoning Code Technical Committee Minutes, Exhibit 1 (Zoning Code Technical Committee), Exhibit 2 (Zoning Code Technical Committee), Exhibit 3 (Zoning Code Technical Committee), Recording of the Zoning Code Technical Committee Meeting of 10/1/08

Date	Ver.	Action By	Action	Result	Tally
9/16/2008	0	COMMON COUNCIL	ASSIGNED TO		
9/19/2008	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	REFERRED TO		
9/19/2008	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	REFERRED TO		

Number

080751

Version

ORIGINAL

Reference

Sponsor

ALD. ZIELINSKI

Title

An ordinance relating to the definition of a sign.

Sections

200-08-84 am

295-407-8-g am

Analysis

This ordinance adds murals to the definition of a sign and removes murals as an exception to sign regulations.

Body

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 200-08-84 of the code is amended to read:

200-08. Definitions.

84. SIGN means any structure, device or display that is arranged, intended or designed as an announcement, declaration, demonstration, illustration, indication, symbol, >>mural<< insignia, banner or emblem and which is used for advertisement, identification or promotion when placed so as to be seen from out of doors by the general public. "Sign" includes not only display area but also structural supports, uprights, bracing, framework and trim. Where used in ss. 244-2 to ~~[[244-20]]~~ >> 244-19<< "sign" means an on-premise sign. Where used elsewhere in chs. 244 and 295, "sign" includes both on-premise and off-premise signs.

Part 2. Section 295-407-8-g of the code is amended to read:

295-407. Signs.

8. EXCEPTIONS.

g. ~~[[Painted murals, permanent]]~~ >>Permanent<< banners and flags not containing commercial messages.

LRB

APPROVED AS TO FORM

Legislative Reference Bureau

Date: _____

Attorney

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney

Date: _____

Requestor

Drafter

MET

9/16/08

LRB08394-1

October 7, 2008

The Honorable
Members of the Zoning, Neighborhoods and Development Committee

Honorable Members:

Pursuant to s. 295-307-7-b of the Milwaukee Code of Ordinances, the Zoning Code Technical Committee, on October 1, 2008, reviewed Common Council File Number 080751, an ordinance relating to the definition of a sign.

Based on this review, the Committee found as follows:

- With respect to legality and enforceability, the proposed ordinance meets this standard.
- With respect to administration efficiency, representatives of the Department of Neighborhood Services and the Department of City Development indicated that the proposed ordinance would create enforcement problems, especially with respect to distinguishing between existing murals and grandfathered murals, “good” murals and “bad” murals, etc., thereby increasing the workload of the Board of Zoning Appeals.
- The Committee moved that the proposed ordinance does not meet the standards of administrative efficiency and consistency with the zoning code and recommended that a new ordinance be drafted addressing the following conditions:
 - A separate ordinance regulating murals solely, rather than as part of sign or graffiti regulations, should be created.
 - A permit process for murals needs to be established.

- A size limitation on murals must be included so that they are proportional to the buildings on which they are placed.
- The consent of the building owner to the painting of the mural is part of what makes a mural a mural, rather than graffiti. This should be included in the definition of “mural.”
- A mural must be pre-designed, with plans and a completion date submitted to the DCD Development Center.

Respectfully Submitted,

Teodros W. Medhin, Ph.D.
Chair, Zoning Code Technical Committee



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes ZONING CODE TECHNICAL COMMITTEE

Teodros Medhin, Chair

Stuart Mukamal, Ed Richardson, Ronald Roberts

Staff Assistant, Linda Elmer, 286-2232, lelmer@milwaukee.gov; File Specialist Charlotte Rodriguez, 286-8797, crodriguez@milwaukee.gov

Wednesday, October 1, 2008

2:00 PM

Room 301-A, City Hall

Meeting convened: 2:03 P.M.

Also present:

Kari Egerstrom - Board of Zoning Appeals, Jeff Osterman and Mary Turk - Legislative Reference Bureau, Chris Rute - Dept. of City Development and Sharon Blando - Dept. of Neighborhood Services

Present 4 - Medhin, Mukamal, Richardson and Roberts

1. **080676** A substitute ordinance relating to floodplain zoning regulations.

Sponsors: THE CHAIR

Mr. Osterman noted that this ordinance incorporates minor technical revisions to the floodplain regulations requested by the Wisconsin Department of Natural Resources and the Southeastern Wisconsin Regional Planning Commission. Mr. Richardson moved, seconded by Mr. Mukamal, that this file be recommended for approval.

2. **080751** An ordinance relating to the definition of a sign.

Sponsors: Ald. Zielinski

File 080751 was introduced by Ald. Zielinski, Chair of the Anti-Graffiti Policy Committee, as a response to the problem of businesses allowing graffiti on the sides of their buildings. If passed, this ordinance would mandate that the definition of "sign" also include murals. Mr. Richardson's concern is that there are many socially useful murals and enforcement might be difficult in proving that a mural is pre-existing and therefore grandfathered in under the proposed ordinance. Mr. Mukamal sees no first amendment issues with the city regulating murals as it currently regulates signs as long as no restrictions are placed on the contents of the murals. Ms. Egerstrom noted that the city currently has a mural tour and she fears a backlash from local artists with appeals needing to be heard by the Board of Zoning Appeals (BOZA). Ms. Turk noted that the current ordinances require that a sign be free of graffiti, which Mr. Roberts also found problematic. Both the Department of Neighborhood Services and the Department of City Development are concerned with how this legislation would be enforced.

Mr. Rute recommended adding caveats to the proposed ordinance to separate signs and murals and to allow larger-size murals. Ms. Egerstrom recommended adding a definition of "mural" while Mr. Roberts stated that the current ordinance notes that if the painting is on a building with the owner's permission then it is not graffiti. He also noted that 70% of the calls related to graffiti on a property come from the neighbors, rather than the building owner. Mr. Roberts recommended creating provisions solely related to murals and removing the text from the sign section. Mr. Rute supported

creating a line of demarcation between "good" murals and "bad" murals.

Ms. Blando presented the committee with pictures of existing, problem murals (Exhibit 1) and discussed free walls or permission walls which often result in increased violence in the surrounding neighborhood. These walls are created to allow individuals to express themselves with no fear of police prosecution. Graffiti vandalism may also result in traffic safety issues when traffic signs and public buildings are targeted (Exhibit 2). Ms. Blando also provided a picture of a graffiti tag (Exhibit 3).

Ms. Turk stated that there are few cities that have definitions of murals and those cities tend to be smaller ones. Ms. Egerstrom did read two definitions of "murals" that she had found.

Mr. Rute suggested that legitimate murals could be defined as being pre-designed, have a completion date, cover a certain maximum percentage of the facade, not encroach on the fenestration, provide the name of the artist and meet other criteria that the city could devise.

Mr. Richardson moved, seconded by Mr. Roberts, to recommend that this proposed ordinance does not meet administrative efficiency and that a new ordinance be drafted to contain the suggestion that "murals" be legislated separately from signs with the above-listed criteria recommended by Mr. Rute and any other criteria that may seem relevant.

Meeting adjourned: 2:54 P.M.

Linda M. Elmer

Staff Assistant



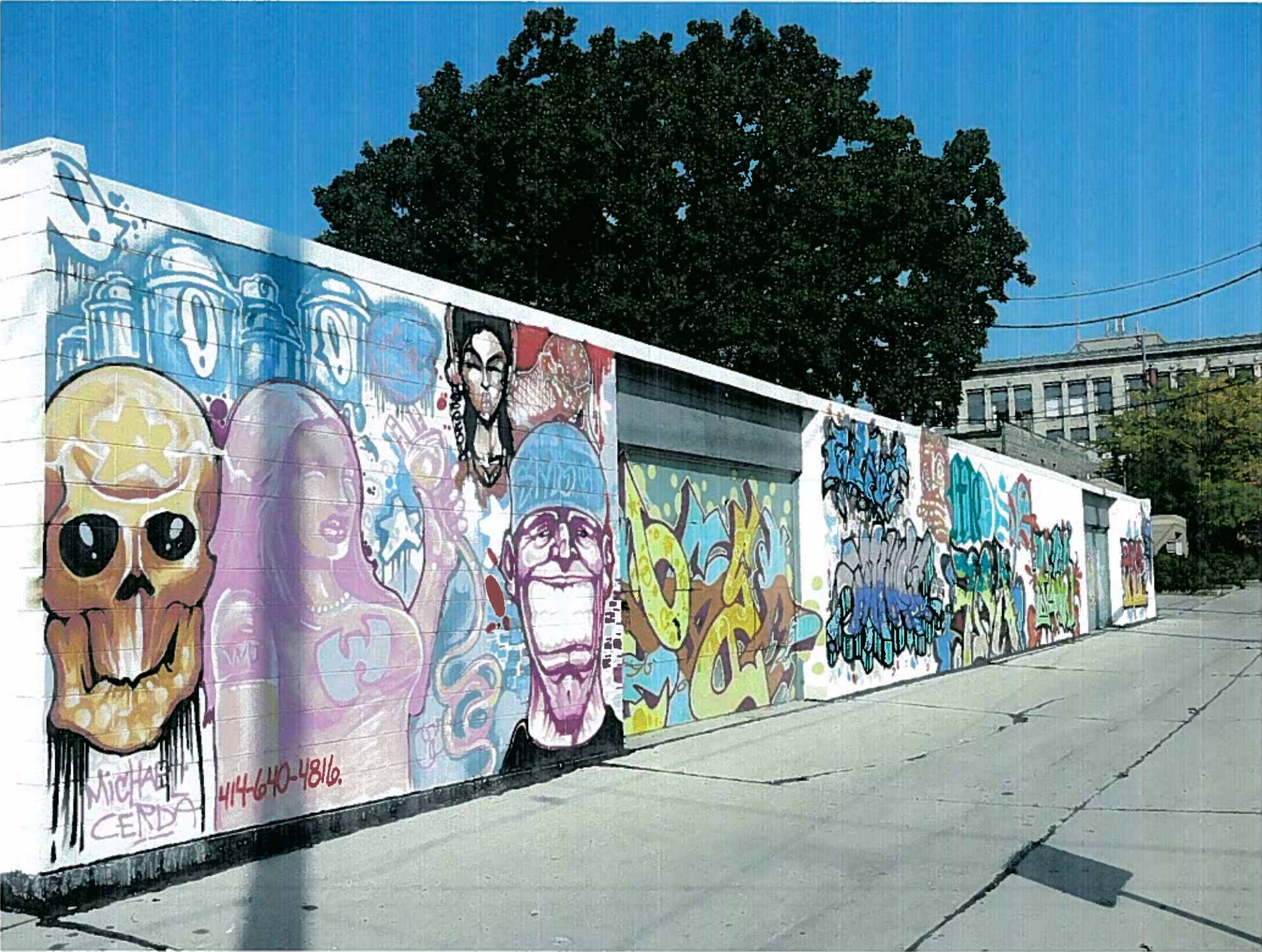
EXHIBIT

ENGAD 800-631-6886

MURAL 1









BLIGHT 1



BLIGHT 7



BLIGHT 3



BLIND 4



888-631-6883
PENICILLIN 800-631-6883
EXHIBIT
3



REFER TO MURK 3