

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

**PUBLIC WORKS COMMITTEE
JANUARY 23, 2008
Item 6, File #071306**

File Number 071306 is a resolution approving an amendment to, and extension of, the easement and lease agreement between the City of Milwaukee (Port) and the West Shore Pipeline Company.

Background

1. The West Shore Pipeline Co. has had an easement and lease agreement with the City of Milwaukee since July 1, 1961. This agreement provides West Shore with an easement for its pipeline and terminal storage facilities on the Port of Milwaukee's South Harbor Tract.
2. West Shore's pipeline and storage facilities are used to transport and store petroleum products and may in the future be used for the shipment or storage of raw materials or finished products for the biodiesel fuel industry.
3. The easement and lease agreement was amended and extended on April 23, 1984, and expired on December 31, 2007.

Discussion

1. This resolution approves an amendment to West Shore Pipeline Co.'s easement and lease agreement with the City to extend the lease to include the term commencing January 1, 2008, and extending through December 31, 2032.
2. The amendment also establishes the following rent provisions:
 - West Shore's annual rent shall be \$12,555, due on December 31 of the preceding year.
 - On January 1, 2013 and every 5th anniversary thereafter, the annual rent shall be increased by \$1,850.
3. The Board of Harbor Commissioners approved this amendment and extension of the easement and lease agreement at its December 7, 2007, meeting.

Fiscal Impact

1. Adoption of this resolution will allow the Port to realize \$12,555 in annual rental revenues from the West Shore Pipeline Co. The amount of revenue will increase by \$1,850 in 2013 and every 5 years thereafter.
2. Since the Port of Milwaukee operates as a self-supporting "enterprise fund," these revenues are used to cover the Port's operating expenditures; when the Port's revenues exceed its expenditures, the surplus revenue is transferred to the City's General Fund.

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