

RESEARCH AND ANALYSIS SECTION ANALYSIS - Revised 4/4/06

APRIL 5, 2006 AGENDA

ITEM 5, FILE 051461

ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

EMMA J. STAMPS

File No. 051461 is a resolution approving a Project Plan and creating Tax Incremental District No. 63 (Falk Project) and approving the terms of a Development Agreement to implement the Project Plan, in the 8th Aldermanic District.

Background and Discussion

1. The Falk Corporation produces gear drives, shaft couplings, and transmissions for heavy industrial uses.
2. Rexnord, a global manufacturing company, acquired the Falk Corporation in May 2005 for \$295 million (www.falk.rexnord.com). Rexnord employs about 5,600 people worldwide, including at its' facilities in West Milwaukee, Cudahy, New Berlin and Grafton.
3. Falk has 900+ distributor locations and production facilities in the U.S., Canada, Mexico, Brazil, and Australia plus 80+ sales offices (www.falk.rexnord.com). Local facilities are located at 3001 W. Canal Street in the 8th Aldermanic District and the other is located at 12001 West Capital Drive in the City of Wauwatosa.
4. The company's 2,207,185 s.f. Milwaukee facility is surrounded by Tax Incremental District No. 53 in the Menomonee Valley and employes 535 people paying wages averaging \$24 per hour.
5. The company is asking for \$1.5 million in city assistance through tax incremental financing to complete several tasks identified in the Project Plan (Exhibit 2). The estimated total costs and TIF funding represents approximately 24% of the total \$6,278,700 project costs (Exhibit 3) which also includes costs related to moving the West Capitol Drive operations, including 105 employees, to the West Canal Street facilities by the end of 2006.

• Bridge demolition	\$250,000
• Water pit	\$ 50,000
• Relocate guard shk [sic]	\$146,000
• Relocate gas line	\$ 39,000
• CP Rail flagging	\$ 16,500 (\$550 per day)
• Site preparation	\$ 9,500
• Paving	\$623,000 (west entrance area and connecting roadways)
• Façade	\$358,000 (including demolition, resurfacing, and utility relocation)
Estimated Total Costs	\$1,492,000 (round up to \$1.5 million)

6. File 051461 creates and funds up to \$1,500,000 for Developer Financed TID No. 63 (Falk Project) related to improving the Falk site located at 3001 West Canal Street. Under this agreement, the City makes repayments to the developer for qualifying site and building improvements and renovation expenditures and costs less \$5000 for annual audits.
7. The industrial TID will expire in 2020. Repayments are due upon other conditions including, (1) upon sale and (2) upon full monetary repayment, or (3) upon payment at maturity in 2020.

