

**LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS**

**ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE**

**April 3, 2008**

**Item 4, File #071392**

**\*\*\* REVISED ANALYSIS \*\*\***

File Number 071392 is a resolution authorizing funding for additional project costs within Tax Incremental District No. 48 (Park East) and approving the terms of a Riverwalk Development Agreement for the property located at 202 West Juneau Avenue.

**Background**

1. On March 5, 2002, the Common Council adopted File No. 011182, a resolution creating Tax Incremental District No. 48 ("TID 48") and approving a Project Plan for the District, which consists of the Park East Redevelopment Area and is generally bounded by Juneau Avenue on the south, 8<sup>th</sup> Street on the west, Broadway, Jefferson, Milwaukee and Knapp streets on the east and McKinley Avenue on the north.
2. Common Council File No. 041514, adopted May 3, 2005, approved an Amended and Restated Project Plan for TID 48, expanded its boundary and increased its project budget.
3. Milwaukee Block 10 Properties, LLC, plans to develop a mixed-use project that includes an "Aloft" brand hotel, 9 condominium units and about 3,300 square feet of retail space on a block in TID 48 located between Old World Third Street and the Milwaukee River just north of Juneau Avenue. The developer anticipates commencing construction in March, 2008, and completing the project in mid-2009.
4. In conjunction with this development, the City and the developer have agreed that a Riverwalk segment approximately 203 feet long and varying in width from 10 to 25 feet shall be constructed along the west side of the Milwaukee River. A public plaza, public boat slip and dockwall will also be constructed. The estimated total cost of this project, excluding financing, is \$1,429,772, with a City contribution of up to \$858,042.
5. The City's financial commitment to this project cannot be met within the currently-authorized expenditures for TID 48.

**Discussion**

1. This resolution increases the expenditure limit for TID 48 by \$1,250,202 to \$21,355,527. The additional expenditure authority will be used as follows:

City’s share of costs for Riverwalk, dockwall, public plaza and related public infrastructure at 202 West Juneau Avenue	\$858,042
Purchase of private property from M&I Bank to establish public right-of-way to extend Market Street	278,160*
DCD project management staff/legal fees	100,000
Consultant for economic feasibility study	14,000
<b>TOTAL</b>	<b>\$1,250,202</b>

\*Note: This expenditure is not associated with the Aloft project but is included because anticipated extension of Market Street within TID 48.

2. The resolution also approves the terms of a Riverwalk Development Agreement to be entered into by and among the City, the Redevelopment Authority and Milwaukee Block 10 Properties, LLC. It further authorizes the Commissioner of City Development to enter into contracts and agreements (including the actual Riverwalk Development Agreement) necessary to carry out these public infrastructure improvements.
3. The Term Sheet for the proposed Riverwalk Development Agreement indicates that:
  - The entire project will be constructed by the developer.
  - The developer shall request payment from the City of the City share of construction costs upon substantial completion of both the public improvements and the private project (Aloft development) and after the Department of Public Works has approved all project invoices and inspected the public improvements.
  - The developer will own, operate and maintain those portions of the Riverwalk and dockwall located on its property, and own, operate and maintain the public plaza/access. The developer will also operated and maintain the public boat slip.
  - The City will pay a portion of the construction costs for the Riverwalk up to \$367,880, for the dockwall on the developer’s property up to \$162,400 and for the public plaza, public boat slip and dockwall on City property up to \$327,762 (for a total City contribution of up to \$858,042).
  - The developer will provide the City with a non-exclusive, permanent public access easement along the entire Riverwalk and for the public boat slip and the public plaza, all of which shall be open to the public 24 hours a day at no charge.
4. The project-related approvals contained within this resolution -- namely, the approval of the Term Sheet and of expenditure of up to \$858,042 for the City’s share of the public improvements -- are conditioned upon City Plan Commission approval of final plans for the Riverwalk.

## **Fiscal Impact**

1. This resolution increases expenditures from the TID No. 48 project account by \$1,250,202.
2. S.B. Friedman & Company, the consultant engaged by DCD to conduct the economic feasibility study for the proposed TID funding increase, has concluded that the proposed Aloft project could produce sufficient revenues for TID 48 to fully amortize the entire increase in TID expenditures as early as 2015 (year 14 of the TID).

Prepared by: Jeff Osterman, X2262  
LRB-Research & Analysis Section  
April 1, 2008

cc: Rocky Marcoux  
Martha Brown  
Allison Rozek  
Joe'Mar Hooper  
Marianne Walsh