LRB – FISCAL REVIEW SECTION ANALYSIS

PUBLIC IMPROVEMENTS COMMITTEE ITEM 22, FILE 030716

SEPTEMBER 10, 2003 ANGELYN WARD

File #030716 is a resolution approving the terms of an Amendment to the Badger Cement Lease Agreement by the Port of Milwaukee.

BACKGROUND AND DISCUSSION

1. This resolution approves the terms of an Amendment to the Badger Cement Lease and directing the Board of Harbor Commissioners to work with the City Attorney to draft and execute such an Amendment.

2. The existing lease with Badger Cement is dated August 16, 2000. Badger Cement is being acquired by St. Mary's Cement. In the future, St. Mary's Cement is planning to move its operation from the Menomonee Valley to the new site. Both companies have approached the Harbor Commission to expand the Badger Cement lease contingent on the sale of Badger Cement to St. Mary's Cement. .

3. At the August 28, 2003 meeting, the Board of Harbor Commissioners approved the amendment to the lease as follows:

    1. Total acreage is increased from 3.902 acres to 6.67 acres (2.77 acres added).
    2. Base rental rate to $16,000 per year, per acre for a total of $106,720
    3. Minimum throughput is 125,000 tons per year @$0.26 per ton, $32,500
    4. Lease covers the initial 15 years, and is extended for 4 consecutive 5-year periods
    5. The interest of the August 26, 2000 lease is assigned to St. Mary's Cement once Badger Cement is sold to St. Mary's Cement.

    The amendments are contingent upon Badger Cement being sold to St. Mary's Cement by October 31, 2003.

FISCAL IMPACT

1. Contingent upon Badger Cement being sold to St. Mary's Cement, the existing lease is amended for additional acreage, increased rent and throughput, the estimated minimum revenue is projected at $139,200, an increase of approximately $50,500 annually.

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