

Project Plan for
City of Milwaukee
Tax Incremental District
(735 N. Water St. Façade and Riverwalk
Restoration Project)

Public Hearing Held: January 18, 2007
Redevelopment Authority Adopted: January 18, 2007
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 69, City of Milwaukee, (District) is comprised of two properties in downtown Milwaukee. 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 2, “Property Characteristics.”**

The District contains property totaling 36,130 square feet (.83 acres), exclusive of public streets and alleys. 100% percent (36,130 square feet) of the real property located within the District was found to be blighted within the meaning of Section 66.1105(4)(gm)(4)(a) Wisconsin Statutes. **Exhibit 2** illustrates how the properties in the District meet the statutory criteria for Tax Incremental Districts.

Over the last seven years, the assessment of improvements in the District has always exceeded the land assessment. Accordingly, the District contains no “vacant” property, as provided in Section 66.1105(4)(gm)(1).

C. Project Plan Goals and Objectives

Downtown Milwaukee has experienced a resurgence in the past decade. Since 2000, over 2,489 residential condominiums have been constructed, thousands of people have moved downtown and dozens of restaurants have opened. Over the last decade, however, the office market has lagged behind the residential market.

This District will assist in the historic rehabilitation of an existing downtown building and renovation of an obsolete building. Doing so will make this property marketable to new office tenants who wish to move from the suburbs or other outlying areas to downtown Milwaukee. There will also be an opportunity to add a limited number of residential condominiums, which will add to the downtown residential population.

In return for City assistance, the developer will grant the City a façade conservation easement for 99 years which will ensure that the architectural history of this property will be preserved for future generations.

In addition, The District will help enhance the physical appearance and accessibility of the Milwaukee Riverwalk system by contributing to the payment of the costs for improving 480' of Riverwalk behind 731 and 733-43 North Water Street along the bank of the Milwaukee. 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. Since this Riverwalk segment was built before City legislation passed in 1994, it currently is remains wholly private without any public access granted. In return for City assistance with its repairs, the property owner will grant a public access easement over a 12-foot wide path along the entire Riverwalk segment. This easement is an important link to provide continuous connection of the downtown Riverwalk system.

The more detailed objectives of this Project Plan are to:

1. Attract and retain jobs in downtown Milwaukee
2. Promote the coordinated development of vacant or underutilized space within buildings appropriate for retail, residential and commercial uses.
3. Encourage adaptive reuse of historic and architecturally significant buildings that are structurally sound but functionally obsolete.
4. 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.
5. Insure public access to the Milwaukee River with improvements to the existing, currently private, Riverwalk.

D. Proposed Public Action

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 District for other investments in this area will be proposed.

This District will fund non-mandated historic rehabilitation work of an historically significant building on a major downtown arterial. This District will also partially fund the improvement of approximately 480' feet of Riverwalk for aesthetic, public access and handicap accessibility gains.

II. PLAN PROPOSALS

A. Statutory Requirements

Section 66.1105(4)(f), Wisconsin Statutes, requires that a Project Plan for a Tax Incremental District shall include:

“...a statement listing the kind, number and location of all proposed public works or improvements within the district or, to the extent provided in subsection (2)(f)1.k., outside the district, an economic feasibility study, a detailed list of estimated project costs, and a description of the methods of financing all estimated project costs and the time when the costs or monetary obligations related thereto are to be incurred. The plan shall also include a map showing existing uses and conditions of real property in the district; a map showing proposed improvements and uses in the district; proposed changes of zoning ordinances, master plan, if any, map, building codes and city ordinances; a list of estimated non-project costs; and a statement of a proposed method for the relocation of any persons displaced. The plan shall indicate how creation of the tax incremental district promotes the orderly development of the city.”

B. Compliance with Statutory Requirements

The statements, maps and exhibits are provided in compliance with the statutory requirements.

1. “Statement of the Kind, Number, and Location of All Proposed Public Works or Improvements.”

a. This plan includes public improvements described in general below. The specific kind, number, and locations of public 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.

1. Repair of historical building elements, such as cornice, masonry, etc.
2. Improvements to approximately 480’ of Riverwalk for aesthetic, public access and handicap accessibility gains.

b. The number and location of proposed public works and improvements are shown in **Map No. 3, “Proposed Uses and Improvements”**, and are listed below:

731-35 North Water Street Improvements	Total Cost
Historic Rehabilitation (cornice work)	\$1,318,861.00
Riverwalk Improvements, Public Access and Handicap Accessibility	\$1,351,297.00
TOTAL	\$2,670,158.00

2. “Detailed List of Estimated Project Costs.”

The kind, number, locations and estimated costs of public works and improvements necessitated by this project as identified above, are based on preliminary plans and concepts developed in consultation with the Department of Public Works and as part of the preparation of the economic feasibility study for the District. These may be modified as to kind, number, location, and the costs may be reallocated at any time during the project execution based on more definitive engineering studies and construction plans without amendment of this Plan.

The costs included in this subsection and detailed in Table “A” 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.

All Project Costs will be advanced by Compass Properties, “ Developer,” or other related parties. Pursuant to a Contribution Agreement, the City will enter into a limited and conditional Monetary Obligation to repay the Developer an amount up to the Project Costs, including interest at 7% per year. Payments on the Monetary Obligation will be made annually, but only in an amount equal to the tax incremental revenue actually received by the City from the District, less \$5000 per year, subject to escalation, for audit purposes. The City may, at any time, and without penalty, prepay any or all of the Monetary Obligation. Tax incremental revenue will not be pledged to the payment of the Monetary Obligation, and the Monetary Obligation shall not constitute a general obligation of the City or count against its statutory debt limits.

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

a. Capital Costs

A statement of the kinds of activities proposed for the project is included in subsection III.B.1. of this Plan

b. Other Costs

This category of Project Costs includes estimates for administrative, professional, organization and legal costs. Components of the “other costs” include, in general, costs of salaries and employee benefits for employees engaged in planning, engineering, implementing, and administering activities in connection with the tax increment district. Related costs include supplies, materials, contract and consultant services, rental of space and equipment, and the reasonable costs of City departments and agencies having oversight responsibilities due to the creation of this District. Such services include, but are not limited to purchasing, property appraisals, personnel, legal, accounting, auditing, the provision of space and maintenance, and costs charged in accordance with an approved cost allocation plan. These costs are estimated at \$125,000.00.

c. 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 A
Lists of Estimated Project Costs

A	<u>Capital:</u> Public Improvements	\$2,670,158.00
B	<u>Other:</u> Administrative, professional, organizational and legal	\$186,414.00
C	<u>Contingency (15%)</u>	\$400,524.00
	Total Estimated Project Costs, excluding financing	\$3,257,097.00
D	<u>Financing:</u> Interest payment on bonds	\$2,675,604.00

3. “Description of Timing and Methods of Financing.”

a. Estimated Timing of Project and Financing Costs

The Summary of Project Costs (Schedule “A” below) identifies the year in which actual expenditures for the cost of public works and improvements described in this plan are expected to be incurred. This schedule anticipates the time costs will be incurred, not the time contracts or other obligations may be entered into. The estimates presented are subject to change as actual circumstances during the project execution period may require. However, all expenditures will be made prior to year 2009, pursuant to the provisions of Section 66.1105(6)(am), Wisconsin Statutes.

Schedule A
Estimated Timing of Project Costs

Year	Estimated Project Costs	Cumulative Total
2007-09	\$3,257,097.00	\$3,257,097.00

b. Estimated Method of Financing Project Costs

The estimated method of financing may be subject to change during the project period. Consequently, the method identified may, as circumstances warrant, be redefined and the dollar amount adjusted without formal modification of this Plan during the course of project implementation.

The funding source for payment of financing costs will be from tax increment revenues pursuant to Section 66.1105(6)(c), or from other funds ordinarily used for payment of borrowing obligations. It is the City’s intent to maximize the use of TIF funds for the cost of City participation in this project.

4. “Economic Feasibility Study.”

The Economic Feasibility Study for this District, prepared by SB Friedman & Company and titled *North Water Street Economic Feasibility Study, January 29, 2007*, 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 2022. Should incremental revenues be generated in excess of those currently anticipated, they will be used to offset the public costs of Plan implementation.

5. “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.

6. Map Showing Proposed Uses and Improvements.”

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

7. “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 consistent with the existing zoning, and 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.

8. “List of Estimated Non-Project Costs.”

The District’s assistance is a small portion of the estimated \$21 million total cost of the project. However, as detailed design of the complementary public improvements by the city and the developer proceeds, some additional costs may be identified and may be eligible for reimbursement through the TID.

Table “B”

List of Estimated Non-Project Costs

Commercial/Residential Redevelopment	\$21 million
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9. “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.

10. “Statement Indicating How District Creation Promotes Orderly City Development.”

This District creation will provide a means to continue the revitalization of the downtown area, preserve historic architecture and enhance access along the existing Riverwalk system. This District is consistent with the objectives of the Downtown Plan, which recommends façade improvements for the parking garage at 731 North Water Street. Finally, this District will foster the preservation and adaptive reuse of an existing obsolete property and improve the appearance and accessibility of the Milwaukee Riverwalk.

11. “Opinion of the City Attorney.”

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

EXHIBIT 1
Boundary Description

TID #69

Lots 1, 2 and 3, in Block 2, in the Plat of Milwaukee, in Sections 28, 29 and 33,
Township 7 North, Range 22 East, in the City of Milwaukee, County of Milwaukee,
State of Wisconsin..

EXHIBIT 2
Property Characteristics
Proposed Tax Incremental District Number Sixty-Nine
City of Milwaukee

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.

Assessed Valuation 1/1/06							Blighted Area/Influence					
Parcel No.	Tax Key. No.	Land	Improvements	Total	Total Area (sq. ft.)	Explanatory Note	Sound or In Need of Voluntary Repair/Rehabilitation (sq. ft.)	Predominately Open or Underdeveloped Publicly-Owned Parcels (sq. ft.)	Deteriorated Structures/Other Improvements (sq. ft.)	Obsolete Platting/Faulty Lot Layout (sq. ft.)	Conditions Endangering Life (sq. ft.)	Vacant Property/Property Standing Vacant (sq. ft.)
1	392-0601-120	\$436,700	\$563,300	\$1,000,000	10,925	Building	0	0	10,925	0	0	0
2	392-0601-110	\$1,007,600	\$9,992,400	\$11,000,000	25,205	Building	0	0	25,205	0	0	0
Total		\$1,444,300	\$10,555,700	\$12,000,000	36,130		0	0	36,130	0	0	0
Percentage					100%		0%	0%	100%	0%	0%	0%

DCD:DAC
11/02/06

Exhibit 3
Parcel Owners
Proposed TID # 69

<u>Parcel Number</u>	<u>Tax Key</u>	<u>Low</u>	<u>High</u>	<u>Dir</u>	<u>Street</u>	<u>ST</u>	<u>Owner Name</u>
1	392-0601-120	731	731	N	Water	ST	COMPASS PROPERTIES 731 NORTH WATER ST LLC
2	392-0601-110	733	743	N.	Water	ST	COMPASS PROPERTIES NORTH WATER ST LLC