

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

PUBLIC WORKS COMMITTEE

FEBRUARY 13, 2008

Item 16, File #071430

File Number 071430 is a resolution approving the Third Amendment to the Indenture between Specialty Restaurants of Wisconsin, Inc., and the Board of Harbor Commissioners of the City of Milwaukee.

Background

1. On December 28, 1966, the City (acting by and through the Board of Harbor Commissioners) and Specialty Restaurants of Wisconsin, Inc., entered into an Indenture whereby Specialty Restaurants leased a portion of the Municipal Passenger Pier. This is the site of Pieces of Eight restaurant.
2. The Indenture provided for an initial term expiring on January 31, 1988, and granted Specialty Restaurants 3 options to continue the lease for additional periods of 10 years each.
3. Specialty Restaurants exercised its first 2 options to continue the lease. The most recent lease extension expired January 31, 2008.

Discussion

1. This resolution approves a Third Amendment to the Indenture between Specialty Restaurants and the City. The Amendment renews the lease for the period extending from February 1, 2008, through January 31, 2018. This is the third and final lease extension permitted under the original 1966 Indenture.
2. The Amendment also increases the annual rent under this lease to \$85,058 for each of the 5 years from February 1, 2008, through January 31, 2013. The rent was \$75,000 in 2007.
3. The Amendment provides for adjustment of the annual rent in 2013 to reflect the change in the Consumer Price Index in the preceding 5 years. However, under no circumstances shall the rent be reduced below the 2008-2013 amount.

Fiscal Impact

1. This resolution will result in an increase in the Port's annual rental revenue from Specialty Restaurants, Inc., from \$75,000 to \$85,058. The rental amount may be further increased in 2013 for the remaining 5 years of the lease.

2. Since the Port of Milwaukee is a self-supporting enterprise fund, this resolution has no direct fiscal impact on the City. However, when the Port's revenues exceed its expenditures, the surplus revenues are transferred to the City's General Fund.

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