

LRB - FISCAL SECTION ANALYSIS

DECEMBER 8, 2004
PUBLIC IMPROVEMENTS COMMITTEE

ITEM 33, FILE 041060
EMMA J. STAMPS

File #041060 is a resolution relative to application, acceptance and funding for a United States Department of Commerce Economic Development Administration (“EDA”) Grant for the construction of public infrastructure improvements to serve an 100-acre redevelopment project in the West Menomonee Valley in the 8th Aldermanic District. (Redevelopment Authority)

1. Background Resolution 030974 approved a tax incremental district Project Plan to redevelop a 260-acre area on the west side of the Menomonee Valley, focusing on the former CMC Shops site, and adjacent underutilized industrial areas. The Project Plan (page 9) describes the total project cost as:

- √ \$20,800,000 Total Capital Costs (Rounded)
- √ (\$5,000,000) Less Capital Grants (EPA, Brownfield, HUD, etc.)
- √ \$16,000,000 Net Capital Costs/Expenditures (Rounded)

- √ \$11,482,500 Estimated Capitalized Interest & Issuance Costs

- √ \$27,482,500 Total Estimated Project Cost

2. The estimated project costs are to be financed using the following resources:

- √ Approximately \$16 million is to be financed through the issuance of RACM Revenue Bonds secured by the moral obligation of the City of Milwaukee.

- √ Approximately \$5 million in EPA, Brownfield, and HUD grants (see above), including a \$2 million Brownfields and Economic Development Initiative Grant (“BEDI”) pursuant to Resolution 031042

- √ \$10 million HUD Section 108 Loan for interim financing pursuant to Resolution 031042.

3. The 2005 Capital Improvement Budget increases TID No. 53 funding by \$2 million, in the case that DCD would win a \$2 million EDA grant, described below. Per DCD, the base TID amount (\$16 million) would remain unchanged, though \$2 million of costs included within it would be paid by this new \$2 million of EDA funding, thus “freeing” up \$2 million for other TID-eligible capital costs—Canal Street—without amending the Project Plan.

If DCD did not win this grant, this 2005 increase would not be spent, and the TID would remain at \$16 million worth of project costs, as originally authorized.

Discussion

4. File 041060 authorizes DCD to apply for, accept and fund a \$4,780,000 United States Department of Commerce Economic Development Administration Grant.
5. Eligible grant uses include interior road and business park constructions in the Menomonee Valley Business Park, according to the DCD project manager.
6. The anticipated \$4,780,000 grant uses for the targeted CMC Shops site include:
 - √ Bridge construction along Canal Street (\$1 million)
 - √ Paving along Canal Street (\$1 million)
 - √ Interior road construction, utilities and other improvements in the Menomonee Valley (\$2.78 million)
7. The grant will operate from January 1, 2005 to December 31, 2008.
8. The \$4,780,000 Grant requires a 50% out-of-pocket city match of \$2,390,000 (already authorized in the original TID 53 project budget) and a grantor share of \$2,390,000.
9. DCD plans to use Menomonee Valley TID No. 53 capital borrowing for the required grant match (File No. 030974 by Common Council action on November 25, 2003).
10. A footnote to the 2005 City Capital Budget dedicates capital funds for that purpose (bridge and paving at \$1 million each), implying that certain bridge and paving work (those for Canal Street) are not qualified uses of the grantor share. If they were, the EDA grant would have been written to fund only Canal Street costs. As they are not, DCD's strategy is to use the grant to fund the construction of interior roads (already in the TID budget) and free up a corresponding amount of funds from the TID to apply to Canal Street.

Fiscal Impact

11. Adoption of File 041060 authorized the application, acceptance, and expenditure of a \$4,780, 000 EDA Grant, requiring a 50% city match of \$2,390,000 that would be funded in part by 2005 City Capital Improvement borrowing authority as footnoted for TID No. 53 (bridge and paving funded at \$1 million each).

Other Information

12. The grant uses, and exact areas of grantor authorized activities are not explicitly stated on the grant budget and grant analysis forms.
13. An updated itemized accounting of planned grant and capital uses was not made part of this file. Due to FMIS conversion, the department could not update the costs and expenditure to-date totals for the Canal Street developments.

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LRB-Fiscal Review Section
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