

LRB-FISCAL REVIEW SECTION ANALYSIS

NOVEMBER 8, 2005 AGENDA

ITEM 5, FILE 050725

ZONING, NEIGHBORHOOD & DEVELOPMENT COMMITTEE

EMMA J. STAMPS

File #050725 is a resolution approving the terms of a Development Agreement for Tax Incremental District No. 61 (Chase Commerce Center Project).

Background and Discussion

- On September 27, 2005, the Common Council approved the creation of a \$500,000 TID No. 61, Chase Commerce Center, and its \$7.5 million Project Plan to redevelop the complex at 3073 South Chase Avenue into a manufacturing and office use facility. The TID will expire in 2014 but may terminate upon sale of the property or when 80% of the facility is leased. The developer's internal rate of return declines to 7.2% without the city grant but could grow to 26%-32% on the improved property sale with various city assistance, according to the Comptroller's Office.

Budgeted Project Development Costs	Price	Funding Sources	Amount
Site Acquisition	4,800,000	Bank Loan	5,800,000
Site Improvement		MEDC Loan	1,000,000
Bucyrus Improvements	215,000	TID No. 61 (grant)	500,000
General Repair	185,000	Developer equity	200,000
Signs	20,000		
Roof repair and replacement	300,000		
Parking lot repavement	385,000		
Repair/Update Rail Access	300,000		
New Construction (Dock Construction)	120,000		
Remodeling of Existing (Demising)	300,000		
Equipment (Metering, Docks, Security)			
Metering & Security and Fire Alarm	150,000		
Docks	60,000		
Working Capital	500,000		
Other	150,000		
Total Project Budget	7,485,000	Total Funding	7,500,000

Fiscal Impact

Adopting File 050725 authorizes up to \$500,000 developer financed appropriations for TID No. 61 (the developer advances all funding anticipating interest-free repayments from incremental revenue actually generated by the Project).

Other Information

Industrial Properties, LLC purchased a 22.9-acre site located at 3073 South Chase Avenue in the 14th Aldermanic District for \$4.8 million in January. On the site is a 513,000 sq. ft manufacturing facility of which, 85,000 sq. ft (17%) is *leased* to Bucyrus International to train 50-80 welders and 20,000 sq. ft. (4%) is *leased* to Metso for its testing facility. The City also provided Bucyrus \$180,000 in direct assistance to facilitate the company's start up at the Chase Avenue complex (CCFN 041305 and CCFN 050196). Aside from the 80 welding positions, job creation goals have not been defined within the documents of this or past committee files.

cc: Marianne Walsh Wally Morics Rocky Marcoux
 Mark Nicolini Michael Daun Martha Brown
 David Schroeder Tom Croasdaile James Scherer

Prepared by: Emma J Stamps x 8666
 LRB-Fiscal Review Section
 November 1, 2005