

LRB – FISCAL REVIEW SECTION ANALYSIS

SEPTEMBER 4, 2001 AGENDA

ITEM 1, FILE 010322

ITEM 2, FILE 010542

**ZONING NEIGHBORHOODS &
DEVELOPMENT COMMITTEE**

Emma J. Stamps

File No. 010322 and File No. 010542 facilitate the City's response to approve, create and enter into agreements for Tax Incremental District No. 46 (New Arcade Project). File No. 010322 is a resolution approving a Project Plan and creating Tax Incremental District Number Forty-Six (New Arcade Project) and approving the terms of a Development Agreement to implement the Project Plan, in the 4th Aldermanic District. (DCD). File No. 010542 is a substitute resolution authorizing the proper City officials to enter into a Development and Cooperation Agreement for Tax Incremental District No. 46 (New Arcade Project). (DCD)

Background and Discussion

1. On November 11,2000 the Common Council approved Resolution No. 00910 authorizing \$2 million of improvement (including \$25,000 of reimbursement for work to be done by the Developer) to the Wisconsin Avenue streetscape between the Milwaukee River and the downtown Hilton Hotel in accordance with the City's obligations set forth in the Development Agreement by and among the City, Wispark LLC and Bostco LLC.
2. File No. 010542 authorized entry into a Development Agreement by and between the City of Milwaukee, the Redevelopment Authority of the City of Milwaukee and New Arcade LLC under the terms set forth in a Term Sheet. The Term Sheet describes the Project, which includes renovations to the western segment, known as the "Grand Arcade," of the Grand Avenue Mall.
3. The redevelopment efforts focus on the various components of the Grand Avenue Mall shopping center that are bounded by Plankinton Avenue (to the East), the Boston Store Building (to the west), Wisconsin Avenue (to the north) and Michigan Avenue (to the south) in downtown Milwaukee.
4. The primary purpose of the Project is to renovate interior common areas, the parking structure, building exteriors, the Food court and tenant spaces, the relocation of tenants, installation of new signage and additional related and complementary activities and certain agreed upon streetscape work.
5. The Project's secondary purpose is to simplify the existing complex ownership structure of the Grand Avenue Mall. Ownership will be sold for approximately \$2,035,000.
6. The Department of City Development (DCD) estimates the TID's project budget will be \$18,665,698.

7. The developer is committed to financing at least \$12 million of the project costs.
8. General Obligation borrowing in the amount of \$1,000,000 will be used to finance TID No. 46 project costs. The borrowing will support three years of estimated project costs: \$500,000 in 2001, \$250,000 in 2002, and \$250,000 in 2002. The interest charge will be based on the market rate for 15 years, Standard & Poor's AA rated, taxable municipal revenue bonds. The financing method is subject to change.
9. To assist with RACM's redevelopment efforts and activities, the City will:
 - Contribute \$750,000 of proposed project costs to RACM
 - Convey to RACM all of the City's real property ownership interest in the Grand Avenue Mall to RACM
 - Convey the City's real property ownership interest in the parking structure located adjacent to the Grand Avenue Mall to RACM

Disbursements will be made on a 6:1 ratio, whereas, RACM disburses \$1 of grant for each \$6 expended by the developer for costs included within the approved budget set forth on Exhibit A.
10. The Department of City Development (DCD) estimates the TID is required to terminate in 2024 but will likely retire in 2012.

Fiscal Impact

1. TID No. 46 financing will include \$1,000,000 in General Obligation Bonds.

Other Information

1. The Committee heard File No. 010322 today
2. Feedback from the City Comptroller relative to FN 010322 and FN 010542 was not available as of the drafting of this fiscal review analysis.

Cc: Marianne C. Walsh
Julie Penman
Michal Dawson
W. Martin Morics
Laura Engan

Prepared by: Emma J. Stamps
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