

## LRB – FISCAL REVIEW SECTION ANALYSIS

**PUBLIC IMPROVEMENTS COMMITTEE**

**ITEM 2, FILE 030309**

**JULY 23, 2003**

**ANGELYN WARD**

File #030309 is a substitute resolution approving a lease for the Pier Wisconsin project in the 4<sup>th</sup> aldermanic district.

### **Background Discussion**

1. This resolution authorizes the Board of Harbor Commissioners and the proper City officers, pursuant to Sec. 30.38(6), Stats. to enter into a development and lease agreement with Pier Wisconsin Ltd., located on the south side of the Municipal Pier.
  
2. The major terms of the agreement include:
  - Initial lease is for 30 years.
  - Initial rental, not less than \$390,000, is a one-time payment plus additional annual rent of 5% based on net Pier Wisconsin income in excess of \$5 million.
  - Initial rent of \$390,000 is payable on approval of the final design of the Great Lakes Museum and Navigation Education Center.
  - Lease can be extended for one additional 30-year period if approved by the Harbor Commission and Pier Wisconsin on the new rental amount. If agreement cannot be reached, the disagreement on the rental amount can be arbitrated.
  - Pier Wisconsin will construct a project, Great Lakes Museum and Navigation Education Center, on the site.
  - Pier Wisconsin will work closely with City and the Harbor Commission to develop and select a final design.
  - A professor from UW-Milwaukee Department of Architecture will facilitate the design process and resolve any design differences within agreed parameters. The final design shall be submitted to the Harbor Commission and the Common Council for approval.
  - Pier Wisconsin shall provide docking facilities for the Schooner Denis Sullivan and operate other docking and pier facilities on the site.
  - Discovery World will also be a tenant of the Navigation Education Center.
  - After July 1, 2016, the City can reclaim certain unimproved areas of the site, subject to Pier Wisconsin rights to pay additional rental for those areas and add them to its permanent leasehold.
  - Pier Wisconsin has agreed to use a minimum of 18% Emerging Business Enterprises in the constructing the Improvement.
  
3. Prior to starting construction, Pier Wisconsin must comply with the conditions, including the final approval by the Harbor Commission and City approval of the project design, secure environmental testing to disclose contamination and pay for remediation, obtain confirmation from the Wisconsin Department Natural Resources that the use of the land is consistent and permitted under the public trust doctrines of the state for waterways. Pier Wisconsin must prove they have sufficient funds to cover the cost of constructing the project and all related site costs and that funds are available to meet the construction funding requirements. If all of the conditions are not met by December 31, 2004, the lease will terminate and Pier Wisconsin will revert to its current lease, which expires December 31, 2007.

**Fiscal Impact**

1. This 30-year lease agreement provides \$390,000, a one-time rental payment, payable on approval of the final design of the project by the Harbor Commission and Common Council and City. The rent equates to \$13,000 per year. Furthermore, Pier Wisconsin will pay an additional annual rent based on net Pier Wisconsin income of \$5 million.

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July 22, 2003