

AMENDMENT NO. 3

PROJECT PLAN FOR TAX INCREMENTAL FINANCING DISTRICT NO. 53
("Menomonee Valley Business Park")

CITY OF MILWAUKEE

Initial Joint Review Board Meeting: February 12, 2015

Public Hearing Held:

Redevelopment Authority Adopted:

Common Council Adopted:

Joint Review Board Approval:

**AMENDMENT NO. 3 to the PROJECT PLAN for
TAX INCREMENTAL FINANCING DISTRICT NUMBER 53
CITY OF MILWAUKEE
(Menomonee Valley Business Park)**

Introduction

Section 66.1105(4)(h)(1), Wisconsin Statutes, permits the Redevelopment Authority (the Authority), subject to the approval of the Common Council, to amend the project plan for a tax incremental financing district.

The Common Council created Tax Incremental District Number 53 in 2003 for the purpose of eliminating blight, improving access to open space and recreation areas, and facilitating the redevelopment efforts of the Menomonee River Valley. In general, funding was to be provided for the Authority to remediate environmental impacts (\$673,000), realign Canal Street (\$1,185,000), prepare developable areas for construction (\$4,800,000), create a stormwater treatment area (\$1,800,000), design and construct local roadways and sewers (\$4,200,000), install utilities (\$1,260,000), and provide engineering oversight (\$2,300,000). The primary investment for TID No. 53 was acquisition and redevelopment of the former Milwaukee Road Shops Redevelopment Project Area into the Menomonee Valley Industrial Center and Community Park (MVIC). A significant unknown in the overall development of the business park has been the geotechnical issues associated with the fill in the Menomonee River Valley.

Previous amendments related to site preparation of the business park. This amendment modifies the scope of the Project Plan to examine the redevelopment opportunity of Area 16 in the southwest corner of the MVIC (see attached map) and other possible sites within TID No. 53, manage environmental issues associated with the Menomonee River north riverbank between S. 33rd Street and the S. 35th Street viaduct and the far northwest portion of the MVIC, and finish site preparation work of the final MVIC site.

Since 2005, the focus of TID No. 53 has been for the Authority to prepare and sell land to businesses who have located in the Menomonee Valley Industrial Center and Community Park. To date, the ten businesses have constructed over 910,000 square feet of building, covered 57 of 61 acres of anticipated developable land, and employed over 1,400 residents of the area.

Along with over \$13 million of grant funding associated with TID No. 53, the TID has incurred project costs to date of \$24,941,520 including capitalized interest. The TID has achieved an increase in incremental property value of \$65.6 million, and the TID fund for the project has a remaining spendable balance of \$0. This balance is not sufficient to fund the remaining activities under the original Project Plan.

The Authority has been preparing the site for redevelopment through surcharging and managing the environmental impacts of the site. The project has been an enormous soil management challenge with over 700,000 cubic yards of imported fill placed on the site in a 2-year time period. There were also numerous environmental impacts identified and remediated. Some of these impacts were detected after acquisition of the property and the creation of TID 53.

In 2011 Amendment No. 1 was approved allowing one-half of the land sale proceeds to fund a portion of the geotechnical engineering and environmental capping in the Menomonee Valley Industrial Center and Community Park.

In 2013, three parcels that remained unsold in the Menomonee Valley Industrial Center; however, the sale of these parcels could not proceed unless the Authority performed additional geotechnical engineering and environmental capping activities. The Authority requested and was approved for a second amendment to TID 53 to prepare the sites. Amendment No. 2 allowed the Authority to use \$1.3 million of increment to fund the costs of preparation of the remaining three sites for redevelopment and to assist in the environmental capping of the project area and \$200,000 for capitalized interest.

In sum, Amendment No. 3 will allow the Authority to examine the redevelopment opportunity of Area 16 in the southwest corner of the MVIC and other possible sites within TID No. 53, manage environmental issues associated with the Menomonee River north riverbank between S. 33rd Street and the S. 35th Street viaduct and the far northwest portion of the MVIC, and finish site preparation work of the Area 13 of the MVIC site.

This amendment is submitted in fulfillment of the requirements of Sec. 66.46, Wis. Statutes.

Amendments to the Project Plan:

The following amendments are made to the Project Plan. All other sections of the Plan remain unchanged.

Add to Section II, "Project Plan Proposals":

A. Shops Parcel

b. Environmental Considerations

Significant lead impacts exist in the northern riverbank of the Menomonee River between S. 33rd Court and S. 35th viaduct. These impacts were detected when design work was conducted for restoring the riverbank. The lead concentrations are too significant to remain and the State of Wisconsin Department of Natural Resources is requiring the removal and off-site disposal of the impacted fill. To date, the Authority has secured \$1.3 million to restore the riverbank and add a bike trail connection with an engineered estimate for the project, including management of the lead, of \$1.6 million. The TID No. 53 Amendment No. 3 would provide \$300,000 in matching funds to manage the lead and restore the riverbank.

In addition, asbestos containing material exists in the northwest quadrant of the MVIC adjacent to the Milwaukee Brewers parking lot. The estimated cost to remediate the area of the asbestos and other soil contaminants is approximately \$450,000.

c. Geotechnical Considerations

The proposed re-compaction of the top four feet of soil and then the placement of several more feet of fill on top of the compacted soil did not provide a competent base for new buildings in the business park portion of the site. Through additional geotechnical analysis, surcharging of the fill has been necessary for the majority of the site. The overall cost to remove the surcharge piles from the remaining sites and transport the fill offsite has been more costly due to the increase road and building construction activity in the region over the past two years. The estimated cost for removing the remaining surcharge pile (~20,000 cubic yards) is \$600,000.

D. Balance of District

The amended Project Plan will provide additional funds to examine the redevelopment opportunities of Area 16 in the southwest corner of the MVIC and other possible sites within TID No. 53 including Adams Yard east of the MVIC. This may include, but is not limited, geotechnical soil borings, environmental testing, and site clearance. The estimated cost for this work is \$450,000 with a contingency of \$200,000.

E. Other

The amended Project Plan will provide additional funds to examine the redevelopment opportunity of Area 16 in the southwest corner of the MVIC and other possible sites within TID No. 53, manage environmental issues associated with the Menomonee River north riverbank between S. 33rd Street and the S. 35th Street viaduct and the far northwest portion of the MVIC, and finish site preparation work of the Area 13 of the MVIC site.

Table II A, "Project financing and timetable for expenditures," is deleted and restated as follows:

Table A

	Estimated	Cumulative
Year	Project Costs	Total
2004-present	24,000,000	24,000,000
2015-2016	2,000,000	26,000,000

Table II B, "description of the kind, number, location, and estimated cost of proposed Public Works or Improvement projects that are to be implemented in conjunction with this Project Plan," is deleted and restated as follows:

Table II B
Estimated Cost of Proposed Public Works or Improvement Projects

Subtotal	\$ 20,800,000	(rounded)
Environmental Capping - Ingeteam Parcel	\$1,000,000	
Subtotal Original Plan	\$21,800,000	
Amendment #1		
Additional capping and geotechnical activities	\$900,000	
Subtotal Original + Am. 1	\$22,700,000	
Amendment #2		
Additional capping and geotechnical activities	\$1,300,000	Specific to the remaining undeveloped parcels
Subtotal Original + Am. 1 and 2	\$24,000,000	
Amendment #3		
Additional capping and geotechnical activities	\$2,000,000	
Estimated Total Cost of Amended Plan	\$ 26,000,000	Does not include capitalized interest

Add to Section III, "Economic Feasibility Study":

C. "Tax Increment Forecast":

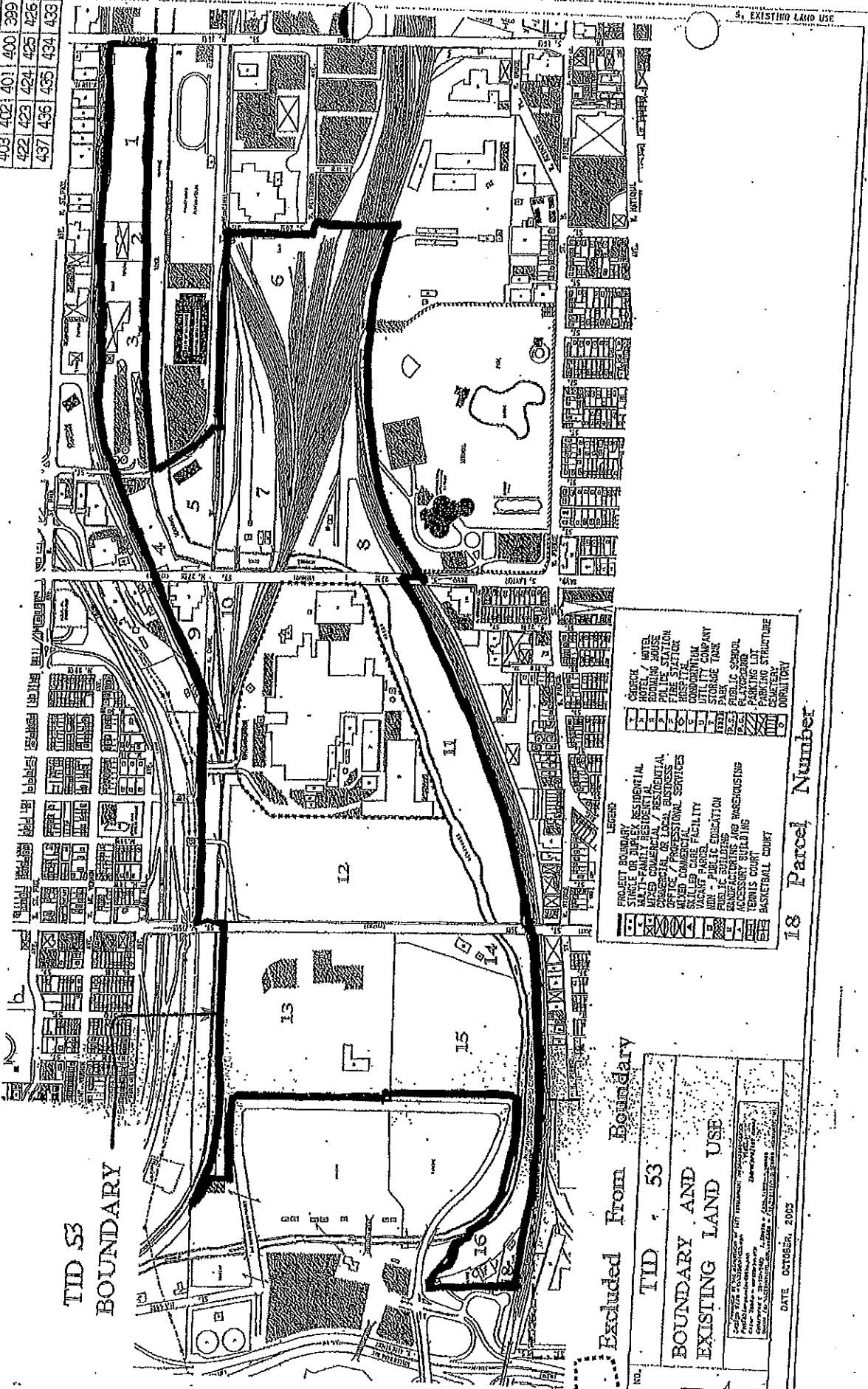
Based upon the anticipated tax incremental revenue to be generated by this project, the District is financially feasible and is likely to be retired on or before the year 2030 (TID year 27).

Add to section III. EXHIBITS:

1. Amended Economic Feasibility Study (attached)

403 402 401 400 399
 422 423 424 425 426
 437 436 435 434 433

TID S3
 BOUNDARY



LEGEND

[Symbol]	PROJECT BOUNDARY	[Symbol]	CHURCH
[Symbol]	SINGLE OR DUPLEX RESIDENTIAL	[Symbol]	HOTEL / MOTEL
[Symbol]	MULTI-FAMILY RESIDENTIAL	[Symbol]	ROOMING HOUSE
[Symbol]	MIXED COMMERCIAL / RESIDENTIAL	[Symbol]	FULL SERVICE RESTAURANT
[Symbol]	OFFICE / PROFESSIONAL SERVICES	[Symbol]	PASSENGER STATION
[Symbol]	RETAIL / CONSUMER SERVICES	[Symbol]	CONDOMINIUM
[Symbol]	VACANT PAVEMENT	[Symbol]	UTILITY COMPANY
[Symbol]	SKILLED CARE FACILITY	[Symbol]	STORAGE TANK
[Symbol]	DAY - PUBLIC EDUCATION	[Symbol]	PARK
[Symbol]	INDUSTRIAL / WAREHOUSING	[Symbol]	PUBLIC SCHOOL
[Symbol]	EXHIBIT BUILDING	[Symbol]	RECREATION CENTER
[Symbol]	ACCESSORY BUILDING	[Symbol]	PARKING LOT
[Symbol]	TENNIS COURT	[Symbol]	PARKING STRUCTURE
[Symbol]	BASKETBALL COURT	[Symbol]	CENOTAPH

Excluded From Boundary

MAP NO. TID 53

BOUNDARY AND EXISTING LAND USE

DATE OCTOBER, 2003

18 Parcel Number

EXISTING LAND USE

TID 53 Menomonee Valley

No.	Year	TID Incremental Value	Increment	net revenues	Debt Service	D/S on 2015 costs	Cash flow	Carrying cost	Cum. Cash Flow	Pay off TID	Remaining Debt Service
1	2003				(792)						
2	2004				(40,365)		(40,365)		(40,365)	No	(39,940,414)
3	2005	337,600	8,240	46,478	(315,216)		(306,976)		(347,341)	No	(39,625,198)
4	2006	611,300	13,472	777,986	(691,037)		(631,087)		(978,428)	No	(38,994,161)
5	2007	14,013,200	314,742	19,790	(1,021,250)		71,478		(906,950)	No	(37,912,911)
6	2008	24,811,400	595,126	1,234,373	(1,468,952)		(854,036)		(1,760,986)	No	(36,443,959)
7	2009	39,965,300	1,018,213	1,234,373	(1,522,510)		730,076		(1,030,910)	No	(34,921,449)
8	2010	15,186,200	406,909	268,018	(1,639,665)		(1,232,756)		(2,263,666)	No	(33,281,784)
9	2011	74,293,200	2,117,494	61,645	(1,723,410)		662,102		(1,601,564)	No	(31,558,374)
10	2012	58,186,000	1,769,888	399,261	(1,718,059)		113,474	(432,774)	(1,488,090)	No	(29,840,315)
11	2013	54,864,200	1,706,087		(1,729,902)		375,446	(26,978)	(1,545,418)	No	(28,110,413)
12	2014	65,610,900	1,996,109		(1,885,716)		110,393	(47,348)	(1,462,003)	No	(26,224,697)
13	2015	60,499,509	1,840,603		(2,897,136)		(1,056,533)	(59,645)	(2,565,884)	No	(23,327,561)
14	2016	61,104,504	1,859,009		(2,465,709)	(471,085)	(606,700)	(80,449)	(3,232,230)	No	(20,861,852)
15	2017	61,715,549	1,877,599		(2,453,483)	(471,085)	(1,046,969)	(80,449)	(4,359,647)	No	(17,937,285)
16	2018	62,332,705	1,896,375		(2,413,859)	(471,085)	(988,569)	(100,546)	(5,448,762)	No	(15,052,341)
17	2019	62,956,032	1,915,339		(2,377,515)	(471,085)	(933,261)	(119,582)	(6,502,005)	No	(12,203,741)
18	2020	63,585,592	1,934,492		(2,405,208)	(471,085)	(941,801)	(139,944)	(7,583,749)	No	(9,327,448)
19	2021	64,221,448	1,953,837		(1,969,278)	(471,085)	(486,526)	(151,721)	(8,221,996)	No	(6,887,086)
20	2022	64,863,662	1,973,375		(1,327,951)	(471,085)	174,340	(151,296)	(8,198,952)	No	(5,088,050)
21	2023	65,512,299	1,993,109		(832,388)	(471,085)	689,636	(141,175)	(7,650,491)	No	(3,784,577)
22	2024	66,167,422	2,013,040		(763,150)	(471,085)	778,806	(129,188)	(7,000,873)	No	(2,550,942)
23	2025	66,829,096	2,033,171		(548,981)	(471,085)	1,013,105	(112,570)	(6,100,338)	No	(1,530,277)
24	2026	67,497,387	2,053,502		(549,331)	(471,085)	1,033,087	(95,264)	(5,162,516)	No	(509,861)
25	2027	68,172,361	2,074,037		(426,749)		1,647,288	(66,086)	(3,581,313)	No	(83,112)
26	2028	68,854,085	2,094,778		(23,011)		2,071,767	(28,379)	(1,537,925)	YES	(60,101)
27	2029	69,542,626	2,115,726		(19,740)		2,095,986	10,492	568,552	YES	(40,361)
	2030				(20,053)		(20,053)	10,312	558,811	YES	(20,308)
	2031				(20,308)		(20,308)	10,124	548,627	YES	
	2032			39,574,273	2,807,551	(4,710,847)	2,401,044				

2015 costs
and prior costs that still need borrowing
3,347,420

Int. rate
4.75%

Inflation rate 1.01

Tax rate Current 3.0423%

Final Projected 3.0423%

