

AMENDMENT NO. 2

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

CITY OF MILWAUKEE

Initial Joint Review Board Meeting: April 16, 2013

Public Hearing Held: April 18, 2013

Redevelopment Authority Adopted: April 18, 2013

Common Council Adopted:

Joint Review Board Approval:

**AMENDMENT NO. 2 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. A significant unknown in the overall development of the business park has been the geotechnical issues associated with the fill. This amendment will modify the scope of the Project Plan as it relates to site preparation of the business park.

Since 2005, the Authority has sold land to eight businesses who have located in the Menomonee Valley Industrial Center and Community Park. The eight businesses have constructed over 820,000 square feet of building, covered 50 of 60 acres of developable land, and employed over 1,200 residents of the area.

Along with several millions of dollars of grant funding associated with TID 53, the TID has incurred project costs to date of \$23,106,000 including capitalized interest. The TID has achieved an increase in incremental property value of \$58.2 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 geotechnical engineering and environmental capping in the Menomonee Valley Industrial Center and Community Park. Since 2011 one parcel has been sold and prepared for the development of the J.F. Ahern facility. There are three parcels that remain unsold in the Menomonee Valley Industrial Center and the Authority is currently negotiating with several companies to purchase those remaining parcels. However, the sale of these parcels cannot proceed unless the Authority performs the final geotechnical engineering and environmental capping activities. To complete the site preparation for these parcels, the Authority needs additional funding and proposes to amend TID 53 to fund the remaining work.

In summary, Amendment No. 2 to the Project Plan will allow the Authority to use \$1.3 million of increment to fund the costs of final preparation of the remaining three sites for redevelopment and to assist in the final environmental capping of the project area.

This amendment is submitted in fulfillment of the requirements of section 66.46, Wisconsin 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

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.

E. Other

If the tax increment forecast indicates financial feasibility, the increase in estimated costs for site preparation can be funded by a portion of land sale proceeds that were intended to pay down the TID. The amended Project Plan will provide additional funds to complete the preparation of the remaining sites for redevelopment, to assist in the final environmental capping of the project area, and to contribute \$10,000 to the planning efforts associated with the update to the 1998 Menomonee Valley Plan.

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

Table A

Year	Estimated Project Costs	Cumulative Total
2004-present	23,106,000	23,106,000
2013-2014	1,300,000	24,406,000

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**

Mobilization, Const. Bonds, Insurance	300,000	
Engineering, Permitting, Inspection	1,800,000	
DPW Oversight	200,000	
Line Item Contingency	2,100,000	
Development Incentives	2,000,000	
Administrative Costs	500,000	
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
Estimated Total Cost of Amended Plan	\$ 24,000,000	

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 2029 (TID year 25).

Add to section III. EXHIBITS:

1. Amended Economic Feasibility Study (attached)