

LRB – RESEARCH AND ANALYSIS SECTION ANALYSIS

JULY 25, 2006 AGENDA

ITEM 9 FILE 060415

ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

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File No. 060415 is a resolution approving the Land Disposition Report for part of a property in the Menomonee Valley Industrial Center for sale to Mulhaney Properties, LLC, for development of a corporate office and manufacturing facility for Badger Railing, in the 8th Aldermanic District.

Background

1. Pursuant to Wisconsin Statutes, and as a condition precedent to the sale, lease or transfer of land, RACM must submit to the Common Council, a Land Disposition Report describing the terms and conditions of the proposed sale.
2. The \$20.8 million, 261 acre Tax Incremental District No. 53 (Menomonee Valley Business Park) bordered by N. 30th St., Miller Park, the Menomonee River and I-94 was created in November 2003 via Common Council Resolution No. 030974. The District financing includes a \$16 million RACM Revenue Bond issuance, federal grants, and loans, including a HUD Section 108 Loan. \$2 million is to be used for providing financial assistance to businesses locating within the District.

Discussion

1. Mulhaney Properties, LLC, has offered to purchase part of 3601 W. Canal Street, a 1.70-acre parcel located in Tax Incremental District No. 53 (Menomonee Valley Business Park), for \$120,000 per acre. Mr. Tom Mulhaney, owner of Badger Railing, created the LLC on June 2, 2006. The sale proceeds are payable at closing, tentatively scheduled for August 17, 2006.
2. Approving acceptance of the offer facilitates the development of a corporate office and manufacturing facility for Badger Railing to relocate from its current location, 1611 W. Canal St., which was sold to the Potawatomi.
3. The resolution does not address whether the disposition and allocation of sale proceeds, especially relative to financing of TID No. 53.
4. The Land Disposition Report provisions include:
 - RACM is solely responsible for all specified environmental remediation costs and must complete those remediation, filling and grading by closing
 - RACM shall allow the developer to dispose of any fill within the site at no cost to the developer (i.e. tipping fee)
 - RACM shall make available to the developer crushed stone at a consistency requested by the developer at a cost of \$7 per ton or \$10.50 per cubic yard

- The agreement includes force majeure, clauses that excuse a party from performing its obligations if the failure is caused by subcontractors, suppliers and/or carriers
5. File 060415 approves the Land Disposition Report and conditions of the purchase option. It also requires the developer to utilize “best efforts” to meet a minimum 21% EBE goals on this \$1.1 million construction project, under RACM guidelines.
 6. Badger Railing’s current 27 full-time employees earn wages averaging \$20.54 per hour with benefits. The company plans to add 14 new full time jobs over 3 years.

Fiscal Impact

According to the fiscal note, the developer will pay \$120,000 less sales expenses and 25% development fee to RACM. The developer must secure financing prior to closing.

The term sheet also requires that subsequent to closing, Mulhaney Properties, LLC shall be obligated to pay to RACM or to a property owners association created by RACM, the LLC’s pro rata share of annual costs of operating and maintaining the stormwater management system serving the project.