

LRB – RESEARCH AND ANALYSIS SECTION ANALYSIS

JULY 25, 2006 AGENDA

ITEM 10 FILE 060412

ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

Emma J. Stamps

File No. 060412 is a resolution approving the Land Disposition Report for part of a property in the Menomonee Valley Industrial Center for sale to MVIC Development, LLC, for development of a corporate office and assembly facility for Caleffi North America, Inc., 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. MVIC Development, LLC, has offered to purchase part of 3601 W. Canal Street, a 2.56-acre parcel located in Tax Incremental District No. 53 (Menomonee Valley Business Park), for \$120,000 per acre with a 3-year option to purchase an additional 0.29 acres. Mr. Sam Dickman comprises MVIC Development, LLC. The sale proceeds are payable at closing, tentatively scheduled for August 17, 2006.
2. Mr. Dickman, who also brokered the deal, may be entitled to a brokerage commission equal to 5% of the sale price ($\$120,000 \text{ per acre} \times 2.56 \text{ acres} \times 0.05 = \$15,360$) payable by RACM at closing.
3. Approving acceptance of the offer facilitates the development of a corporate office, warehouse and manufacturing facility for Caleffi North America, Inc., currently located in Franklin, WI., that specializing in hydronic heating and cooling systems.
4. The text of this resolution does not reflect where the sale proceeds will be deposited.
5. The Land Disposition Report provisions include:
 - RACM is solely responsible for all specified environmental remediation costs and must have completed 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 up to 1,500 cubic yards of crushed stone at a consistency requested by the developer at no cost to the developer
 - RACM shall reimburse the developer \$31,000 for soil testing costs incurred (includes \$15,000 for a previously considered site) and also pay the aforementioned brokerage commission
 - MVIC shall develop the facilities for sale to Caleffi
 - RACM shall provide Caleffi ongoing technical assistance to help secure tax credits and tax deductions
6. File 060412 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 \$3 million construction project, under RACM guidelines.
7. Construction will commence in fall 2006 and occupancy is expected in spring 2006.
8. According to the prospect data sheet:
- Caleffi currently employs 12 full-time employees, 9 of which are located in Wisconsin, but anticipates adding 16 new positions over 3 years.
 - Employees earn hourly wages between \$11.75 and \$26 with benefits. Annual wages for office management staff averages \$92,000.
 - Caleffi has no formal job training or career development plan in place for the workforce but the company has included the initiative as part of a 5-year plan.

Fiscal Impact

The developer will pay \$120,000 per acre and must secure financing prior to closing.

The term sheet also requires that subsequent to closing, MVIC Development, 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.

Cc: Marianne Walsh Rocky Marcoux W. Martin Morics Prepared by: Emma J. Stamps X8666
Mark Nicolini Martha Brown Michael Daun LRB – Research and Analysis Section
Joe'Mar Hooper Tom Croasdaile James Scherer July 20, 2006