

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

PUBLIC WORKS COMMITTEE

ITEM 26, FILE #061410

MARCH 7, 2007

JEFF OSTERMAN

File Number 061410 is a resolution approving an amendment to the City of Milwaukee's lease agreement with Cargill, Inc.

Background

1. Since 2001, Cargill, Inc. has leased 2 parcels from the City of Milwaukee, a 4.579-acre property known as "Parcel A" (1835 S. Carferry Drive) and a "receiving pad" known as "Parcel B". The lease is administered by the Port of Milwaukee.
2. The lease agreement for Parcel A expires on September 30, 2015, while the agreement for Parcel B expires on September 30, 2007.
3. Cargill, Inc., is a major salt handler at the Port of Milwaukee. It uses Parcel A for its business office and bagging plant, while Parcel B accommodates its bulk salt storage pad.

Discussion

1. The resolution approves an amendment to Cargill's lease agreement with the City to adjust the boundaries of Parcel A such that its size is increased by 0.287 acres, to a total of 4.866 acres. It makes no changes to Parcel B.
2. The amendment also changes the annual rent payable under the terms of the lease from \$77,820 to \$84,760, an increase of \$6,940. This rent increase is effective February 1, 2007.
3. The amendment makes no changes to the lease terms for Parcel A and Parcel B.
4. The Board of Harbor Commissioners approved this amendment to the lease agreement at its January 19, 2007, meeting.

Fiscal Impact

1. The resolution increases the Port of Milwaukee's annual revenue from the lease agreement with Cargill, Inc., by \$6,940. Since the Port operates as a self-sustaining entity and only its excess revenues are transferred to the City's General Fund, this resolution has no direct fiscal impact on the City.

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