



Department of City Development

Housing Authority
Redevelopment Authority
City Plan Commission
Historic Preservation Commission

March 17, 2004

City of Milwaukee
Zoning, Neighborhoods & Development Committee
Office of the City Clerk
200 E. Wells St., Room 205
Milwaukee, WI 53202

RE: File No. 031578 Resolution Approving Project Plan for Tax Incremental District No. 54 (Stadium Business Park)

Dear Committee Members:

This resolution will approve a Tax Incremental District Project Plan to redevelop the former Ampco Metal Company foundry complex at 1745 S. 38th St. The facility is presently vacant, and the property has been determined to be blighted and environmentally contaminated.

Real Estate Recycling, LLC proposes to redevelop this 17-acre complex with four, multi-tenant, light industrial, distribution and office facilities having a total estimated cost of over \$11 million.

Real Estate Recycling has built similar projects on two contaminated sites in West Milwaukee, and has developed several other projects like this in the Minneapolis, St. Paul area. As discussed in the TID Project Plan, there is strong demand for this type of business facility in the Miller Park Way corridor. This location puts businesses near the center of the metro-area with an immediate connection to I-94. Most importantly, the site is close to the available workforce in Milwaukee and will generate significant job opportunities for city residents.

The proposed Tax Increment District would provide \$2.4 million of direct city funding for the cost of acquiring buildings on the property, remediating contamination and demolishing over 300,000 s.f. of structures on the site. The developer and our department also expect to obtain up to \$800,000 of grants to complete the site clearance. Funding for these grants is expected to come from Milwaukee County, the Wisconsin Department of Commerce's Brownfields Program and others. The developer will advance the \$800,000 in anticipation of these grants.

The Project Plan for TID No. 54 provides that any shortfall in grant funding will be added to the TID cost, but will be repaid to the developer only after the City receives certain guaranteed revenues from the TID. Our department is highly confident that sufficient grant funding will be received for this project. Please see our letter to the City Comptroller, attached.

The developer will provide a guarantee to complete the site clearance and develop all four phases of the project. The developer will also guarantee that the TID will achieve certain minimum assessments for taxes, or make a payment in lieu of taxes for the difference. These minimum assessments start at \$3.3 million in 2006, and increase to just over \$9 million for 2006, and thereafter.

The City TID project costs are expected to be recovered within 20-23 years. This is typical for several of our redevelopment districts with significant expenses for remediation and demolition.

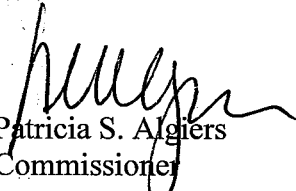
Overall, we expect the new facilities to be developed on this site will provide employment opportunities for 200 or more workers. To the extent office and service businesses locate in this complex, employment at the site could be significantly greater.

This project is consistent with the plan proposed by the Initiative for a Competitive Milwaukee to provide facilities for growing manufacturing businesses and could also provide space for firms in another sector targeted by ICM, "business process service centers," e.g. transaction processing and back-office operations.

We believe the project proposed by Real Estate Recycling and supported the Project Plan for TID No. 54 is an outstanding example of how the City can transform its aging and underutilize manufacturing space into productive, job creating facilities. This is a model Brownfield Project, taking a property with an outdated, shuttered former foundry and extreme contamination, and cleaning it up to develop a modern business complex.

We strongly recommend approval of the Project Plan for TID No. 54.

Sincerely,


Patricia S. Algiers
Commissioner

Attachment



Department of City Development

Housing Authority
Redevelopment Authority
City Plan Commission
Historic Preservation Commission

March 11, 2004

W. Martin Morics, City Comptroller
City of Milwaukee
200 E. Wells St., Room 404
Milwaukee, WI 53202

Dear Mr. Morics:

I am writing to express the Department of City Development's strong confidence that at least \$800,000 of brownfield grants will be awarded to the Stadium Park Business Project at the former Ampco facility. This redevelopment is the model brownfield project -- taking a property with an outdated, shuttered former foundry and extreme contamination -- cleaning it up and building a \$10 million modern business complex that will employ at least 200 people. Because it is the epitome of a brownfield grant success story, it will score extremely well in grant competitions. Although final awards have not been made yet, various granting organizations have provided strong positive feedback and a willingness to partner with the City of Milwaukee in funding this project.

DCD has assisted Real Estate Recycling in applying for a wide-array of brownfield grants and loans. The project has already secured a \$25,000 grant under the MEDC Site Assessment Grant Matching Program. The Redevelopment Authority of Milwaukee (RACM) submitted two applications on January 15, 2004 for the WI Department of Natural Resources Site Assessment Grant (SAG) program, one for \$30,000 and the other for \$100,000. The \$30,000 application scored second highest of all RACM/City applications and we are confident we will secure at least \$30,000. A higher amount under this grant program, although possible, is less likely.

DCD has supported Real Estate Recycling's efforts to obtain a \$100,000 Milwaukee County Brownfields Grant. The request was heard at the March 8th Economic Development Committee and is currently undergoing staff review for recommendation at the next meeting. We've had informal positive feedback from the County's economic development staff confirming both the availability of funds and a strong positive view of the project. The County is particularly pleased to see the anticipated level of job creation of the project. The County has funded two other projects completed by Real Estate Recycling, both in West Milwaukee.

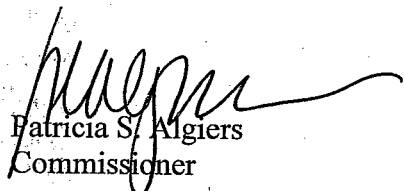
Mr. Morics
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This project is also competing for WI Commerce Brownfield Grant funds. Based on the scoring criteria (which includes the level of investment, amount of contamination, projected job creation, and distress of the area) and our experience in the past, we believe the project should be successful in obtaining between \$650,000 and \$750,000 of grant funds. The maximum grant award could be \$1,250,000. Staff from this program have recently toured the site and provided positive reactions to us. The Commerce Brownfields Program has also provided two other grant awards for other Real Estate Recycling projects in the past. Real Estate Recycling will have the ability to apply for two different award rounds in the next three to four months.

Finally, RACM has been awarded several EPA grants to establish a Revolving Loan Fund to support environmental cleanups. EPA Region 5 has approved a proposal for RACM to loan the City \$500,000 of these funds at 0%. These funds could be used to support the proposed TIF. This is a considerable savings from the 4.25% currently projected for general obligation bonds. Using this borrowing source will allow the TIF to close out a year earlier than projected due to interest cost savings. In the event grant sources are lower than we anticipate, a portion of this loan could be subgranted to support cleanup at the project. RACM and EPA Headquarter approvals are still forthcoming.

I sincerely believe this is a model proposal for brownfields redevelopment. In the absence of this TIF, several grant sources would be put in jeopardy and the property would likely remain contaminated and mothballed for many years to come. We applaud Real Estate Recycling's willingness to take on the risk and inherent frustrations that come from the redevelopment of contaminated land. If the City were to address this property independently without an experienced developer, this project would clearly be more expensive and have a less certain future.

Sincerely,



Patricia S. Algiers
Commissioner



Real Estate Recycling

Thursday, March 11, 2004

Patricia Algiers, Commissioner
 Department of City Development
 809 North Broadway
 Milwaukee, WI 53201

RE: Redevelopment of the Ampco Site, 1745 S. 38th Street – Stadium Business Park

Dear Commissioner Algiers:

Real Estate Recycling (RER), which specializes in brownfield redevelopment, has been working cooperatively with your Department of City Development to create a plan that will successfully redevelop the former Ampco site into the Stadium Business Park. Unlike your Valley project where the City took all the risk, we are willing to step in as a private entity and take acquisition, clean-up and the requisite financial and legal risks. Furthermore, we are willing to guarantee the tax base and taxes required to pay off the Tax Increment, and to finance a significant portion of the project costs with a pay-go TID note.

Ampco went bankrupt recently, and their facility is now an abandoned, shuttered former industrial site with significant environmental contamination. The site is at risk for sitting empty, polluted and un-utilized -- such sites become not only eyesores, but also destinations for graffiti, dumping and illegal loitering.

RER has spent significant time and money over the past four months developing plans for Stadium Business Park, which will:

- Create over \$12 million in new tax base
- Generate several hundred new jobs
- Clean up a significantly contaminated property
- Be a brand new business park in the heart of the County
- Leverage other County-funded projects in the immediate area, and
- Attract further new private investment in the neighborhood

TID funding will pay for much of the extraordinary demolition and clean-up costs for the site, and grants are an excellent source for additional funding. RER and the City of Milwaukee have superior track records of pulling together funds for brownfield cleanups.

RER's most recent projects include the following funding:

	<u>Commerce Grant</u>	<u>County Grant</u>	<u>SAG Grant</u>
Brookfield site	\$400,000		
Stadium Business Center I	\$380,000	\$250,000 (back taxes forgiven)	
SBC II		\$ 40,000	\$30,000

3060 Metropolitan Centre
 333 South Seventh Street, Minneapolis, MN 55402
 phone: (612) 904-1513 fax: (612) 904-1590

In these projects we received every grant for which we applied. Since our track record of cleaning up and redeveloping sites gets stronger every year, our applications get stronger. Our projects are an excellent bang for the buck, and we turn them around quickly so the impact is immediate.

We have already applied for a \$100,000 SAG Grant from the WDNR and a \$100,000 County Brownfield Grant. We are drafting a \$650,000 Commerce Brownfield Grant application for submittal later this month. We are extremely confident that we will receive grants, and the amounts we have requested are very reasonable.

Thank you for your continued support of this excellent opportunity.

Sincerely,



Jeff Hall