

**LAND DISPOSITION REPORT
REDEVELOPMENT AUTHORITY
COMMON COUNCIL OF THE CITY OF MILWAUKEE**

DATE

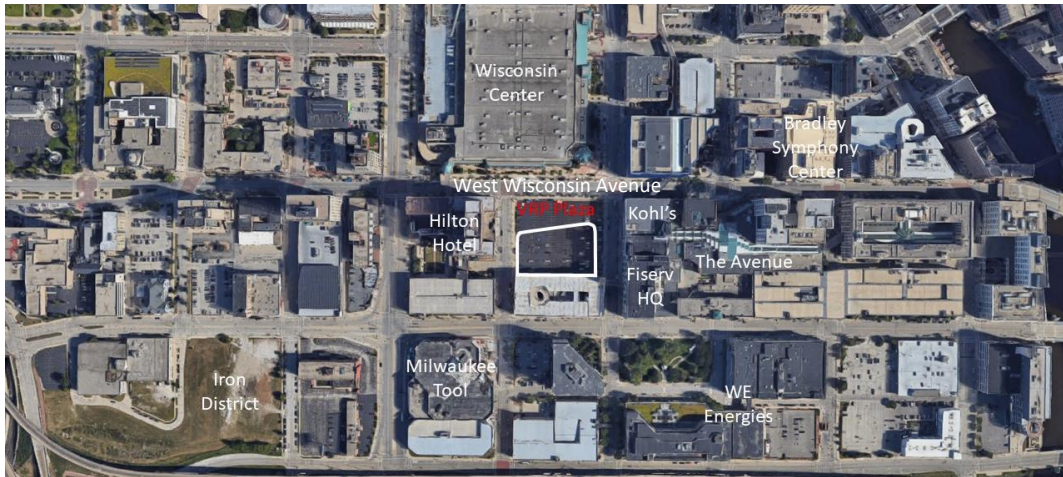
May 16, 2024- Redevelopment Authority of the City of Milwaukee
June 4, 2024 – Zoning Neighborhood Development

RESPONSIBLE STAFF

Dan Casanova, Department of City Development, Economic Development

PROJECT DESCRIPTION

Lease Agreement with Nathaniel Davauer, or an affiliate (the "Tenant"), for a food and beverage operation in the approx. 2,900 square foot vendor building (the "Building") at Vel R. Phillips Plaza (the "VRPP"), which is located on a portion of the RACM-owned property at 401 West Wisconsin Avenue.



PROPERTY ADDRESSES & DESCRIPTION

The Building at VRPP, which is located on a portion of the RACM-owned property at 401 West Wisconsin Avenue.



Rendering of the Vel R. Phillips Plaza, looking south

PAST ACTIONS

RACM conducted a Request for Proposals ("RFP") in the spring/summer of 2023 to find a food and beverage tenant to lease the Building, however, there were no proposals submitted. RACM reissued an RFP in the spring of 2024 and the Tenant submitted a proposal for a food and beverage operation in the Building. That proposal meets the goals and intentions of the RFP and was unanimously selected by a review committee.

FUTURE ACTIONS

RACM would enter into a lease with the Tenant under the following terms:

- Term: Initial term of 3 years, with potential for 2 renewal terms of 5 years each.
- Rent: Initial rent of \$4,000/month, increased 2% annually. Rent will be paid to the RACM General Fund and will help fund the maintenance of the VRPP.
- Personal Guaranty: Tenant will provide a personal guaranty to RACM to ensure rent or other payments due are made.
- Tenant Improvements: RACM will fund up to \$750,000 (from VRPP budget using funds from Tax Incremental District No. 48) for final buildout of the Building and for tenant improvements. Tenant is responsible for any costs exceeding that amount. Tenant Improvements will be the property of RACM.
- Hours of Operation: Tenant will be open daily from at least 11am until at least 9pm, but may expand based on seasonality and special events. Any reduction of hours will require approval from RACM.
- Maintenance: Tenant will be responsible for all daily maintenance, such as cleaning, garbage pick-up, etc.
- Restrooms: The public restrooms accessible from the exterior will be available to the Tenant to use during special events and times of high traffic, with Tenant responsible for cleaning during those times. RACM will have the ability to open those restrooms for special events and would be responsible for cleaning during those times. However, until a permanent manager of the exterior public restrooms is identified, they will generally be closed.
- Utilities: Tenant will be responsible for all utilities at the Building.
- Insurance: Tenant will be required to have proper insurance for their operation.



Photo of the Building, looking west

Due Diligence Checklist

Address: The Building that is part of Vel R. Phillips Plaza at 401 West Wisconsin Avenue

Market value of the Building.	RACM believes the proposed rent is reasonable, given that this is a new and unproven location for a food/beverage operation.
Full description of the project.	Food and beverage vendor in the Building at VRPP.
Complete site, operations and scope of work for project.	Please see the Land Disposition Report for details.
Tenant's project history.	Tenant operates many successful food and beverage operations in the City of Milwaukee and surrounding area.
Capital structure of the project, including sources, terms and rights for all project funding.	RACM will fund up to \$750,000 (from VRPP budget using funds from Tax Incremental District No. 48) for final buildout of the Building and for tenant improvements. Tenant is responsible for any costs exceeding that amount. Tenant Improvements will be the property of RACM.
Project cash flows for the lease term for leased Building.	\$4,000/month, increased 2% annually. Rent will be paid to the RACM General Fund and will help fund the maintenance of the VRPP.
List and description of project risk factors.	Department of City Development staff determined that there is low risk in leasing the Building to the Tenant. If the Tenant is not successful at this location, RACM will own the tenant improvements and will be able to seek another tenant to operate in the Building.
Tax consequences of the project for the City.	Property remains owned by RACM and is not tax generating, however, the Tenant will generate sales tax revenue to the City.