

LRB-FISCAL REVIEW SECTION ANALYSIS

FEBRUARY 3, 2004 AGENDA

ZONING & NEIGHBORHOOD DEVELOPMENT COMMITTEE

ITEM 9, FILE 031366

EMMA J. STAMPS

File #031366 is a resolution relative to the redevelopment of the Traser Yards site at North 6th and West Canal Streets as well as properties adjacent thereto. (DCD)

Background

1. The Department of Public-Works and Department of City Development are collaborating to complete development along Canal Street in the Menomonee Valley.
2. The Menomonee Valley Plan adopted by the Common Council in 1998 assumes the transfer of DPW facilities out of the Menomonee Valley. Currently, the DPW Traser Yards and Central Garage are located along Canal Street at 6th and 21st Streets in the Menomonee Valley.
3. In recent years, various Council Committees have debated the economic and development feasibility of relocating these city facilities. To date, no ideal site has been reported to the Common Council.
4. In November 2003, the Common Council adopted Resolution 030974 authorizing the creation of Tax Incremental District No. 53 in the Menomonee Valley between 16th Street and Miller Parkway. The TID financing is \$10 million Section 108 loan (backed by RACM Revenue Bonds) and \$2 million Brownfield and Economic Development Initiative grants. The project description primarily focuses on redevelopment of the CMC Shops located on the western are of the Menomonee Valley. **The term sheet does not address the DPW-Central Garage relocation.**
5. The Harley-Davidson Motor Corporation (HD or “the developer”) proposes purchasing approximately 20 acres of city-owned property at 6th and Canal Streets, including the DPW Traser Yards.
6. The Term Sheet provides for significant city assistance, including:
 - Prior to February 15, 2004, proving that the city acquired free-and-clear control of all parcels in the project site
 - Create a developer financed Tax Incremental District for the HD Project areas
 - Leasing the Traser Yards from HD at \$1 per year, ending January 15, 2006 (At the end of the lease term, HD can either:
 - (1) **extend the city lease** up to 1 year at a base rent of **\$10,000 per month** or \$120,000 per year,
 - (2) “put” the site back to the city at a **repurchase price of \$150,000 per acre**, and/or
 - (3) **sue the city for failure to vacate** the Traser Yards

7. If approved, the HD Project will enjoy the benefits of a new \$7,000,000 Tax Incremental District to assist in funding extraordinary site development costs. The “extraordinary site development costs” are not defined in the term sheet. In return, the City can expect HD to:

Development of a 3-Phase Project over a 7-Year Period:

- (1) Approximately 110,000 sq. ft. Harley-Davidson Museum, café, retail space, banquet and restaurant facilities, and related office and technical support facilities.
- (2) Approximately 20,000 sq. ft. expansion of Harley-Davidson Museum
- (3) Approximately 100,000 sq. ft. office and/or commercial building(s)

HD Assumes Ownership of Streets, Riverwalk, and Walkways

- Except South 6th Street, West Canal Street located west of South 6th Street
- Opens access to HD owned areas to the public as HD determines, providing for reasonable public access to riverwalks

Employment/Job Creation and Transfers:

- Phase 1 – estimated 500 on-site construction jobs, 70 full time museum jobs, 15 part-time museum jobs, 40-70 restaurant jobs
- Phase 2 – estimated 10 jobs at archives, restoration shop and exhibits
- Phase 3 – estimated 280 – 400 employees transfer from crowded Juneau Avenue facility to a new Menomonee Valley technical training and office building
- EBE compliance requirement for not less than 18% of the combined site improvement and construction costs

8. According to DCD, the HD Project the estimated development cost totals approximately \$95,000,000 (Phase 1 - \$60 million, Phase 2 - \$15 million, and Phase 3 - \$20 million).

Fiscal Impact

The fiscal note does not specify a dollar expenditure and/or revenue impact for File 031366, partially due to the uncertainty of the Public Improvement Committee’s future ruling on File

Other Information

The Comptroller recommends that the file **be first referred to the Public Improvement Committee to address the move of the Traser Yards facilities, update the HD Term Sheet based on PI review and decision, then return to ZNDC for consideration.**