

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

DATE

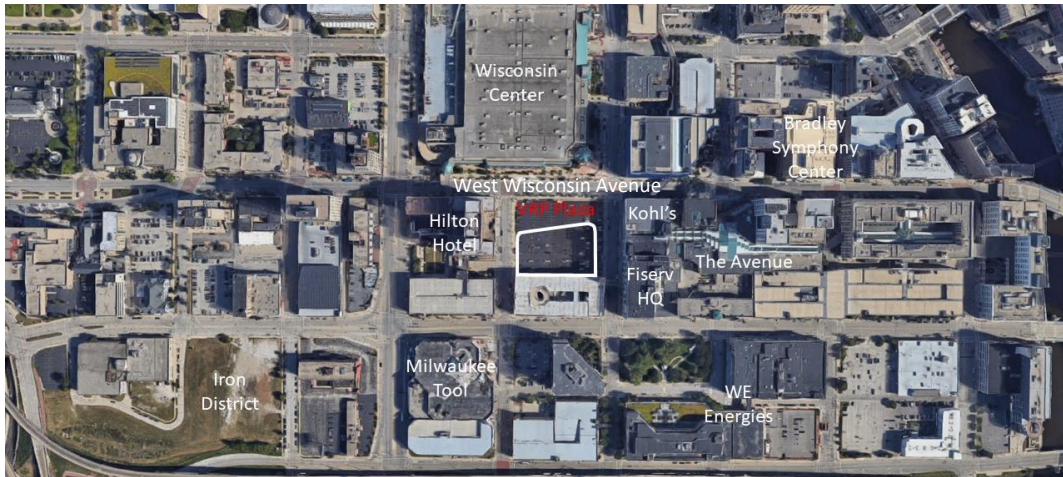
January 18, 2024- Redevelopment Authority of the City of Milwaukee
January 30, 2024 – Zoning Neighborhood Development

RESPONSIBLE STAFF

Dan Casanova, Department of City Development, Economic Development

PROJECT DESCRIPTION

Lease Agreement with Caravan Hospitality Group, LLC, or an affiliate (the "Tenant"), for a food and beverage operation in the apr. 2,900 SF vendor building (the "Building") at Vel R. Phillips Plaza (the "VRP"), which is located on a portion of the RACM-owned property at 401 West Wisconsin Avenue.



PROPERTY ADDRESSES & DESCRIPTION

The Building at VRP, 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. After the RFP process was closed, the Tenant submitted an unsolicited proposal to lease the Building for a food and beverage operation. That proposal meets the goals and intentions of the RFP.

FUTURE ACTIONS

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

- Term: Initial term of 3 years, with potential for 4 renewal terms of 5 years each
- Rent: Initial rent of \$5,000/month or 6% of gross sales, whichever is greater. For each renewal term, base rent would increase by \$1,000/month. Rent will be paid to the RACM General Fund and will help fund the maintenance of the VRP.
- Tenant Improvements: RACM will provide up to \$750,000 (from VRP budget using funds from Tax Incremental District No. 48) to the Tenant for tenant improvements and final buildout of the Building. 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 apr. 6am until at least 7pm, and may fluctuate based on seasonality and special events.
- Maintenance: Tenant will be responsible for all daily maintenance, such as cleaning, garbage pick-up, etc.
- Utilities: Tenant will be responsible for all utilities at the Building.
- Insurance: Tenant will be required to have proper insurance for their operation.



Rendering 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 VRP.
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 provide up to \$750,000 (from VRP budget using funds from Tax Incremental District No. 48) to the Tenant for tenant improvements and final buildout of the Building. 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.	\$5,000/month or 6% of gross sales, whichever is greater. For each renewal term, base rent would increase by \$1,000/month. Rent will be paid to the RACM General Fund and will help fund the maintenance of the VRP.
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.