

LRB - FISCAL REVIEW SECTION ANALYSIS

SEPTEMBER 20, 2005
ZONING, NEIGHBORHOODS & DEVELOPMENT

ITEM 5, FILE 050464
Emma J. Stamps

File 050464 is a resolution authorizing extension of term of Development Agreement for Tax Incremental District No. 38 (500 West Grange Avenue), in the 13th Aldermanic District.

Background

1. The Common Council created TID No. 38 on April 11, 2000 (Resolution # 991643). The site is vacant and is contaminated with lead, copper, nickel, and zinc. Groundwater sampling also detected contamination. The TID will fund the remediation of the site.
2. TID 38 is 6.6-acre site located on the north side of West Grange Avenue, adjacent to the Airport Freeway Spur, and approximately one-half mile west of Mitchell International Airport. When the TID was created, the site was assessed at \$100.
3. The estimated total project cost was \$1,404,000 to remediate the property and construct a 100,000 sq. ft. industrial development with a minimum valuation for property taxes of not less than \$3 million.
4. Under the original agreement, Milwaukee Economic Development Corporation (MEDC) was to fund an escrow account for Real Estate Recycling, Inc. in the amount of \$1,144,000, including the Developer contribution of \$330,000 (less acquisition costs not to exceed \$60,000) and the City's \$874,000 TID contribution.
5. The City would repay the \$874,000 to MEDC, plus 5% interest annually, but only from incremental revenue actually received from TID 38.
6. The Developer was expected to lease out the facility in 2001 to employ 50-180 persons.
7. DCD estimated that TID No. 38 will recover its costs and amortize its funding sources by 2016-2017.

Discussion

1. The Developer has not been able to fulfill the requirement to lease the facility as outlined in the original TID agreement and has missed the deadline for terminating the TID if certain provisions are not complied with on December 1, 2004. As such, the City is not obligated to extend the TID however, DCD believes that the project can still be successful and recommend extending the termination date out 4 years to 2008.
2. In addition, no letters from either the Comptroller or City Attorney were on file at the time of this writing.

Fiscal Impact

No fiscal note was on file at the time of this writing.

cc: Marianne Walsh Rocky Marcoux
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LRB-Fiscal Review
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