Reply to Common Council File No. 110947
From DOA-Budget and Management Division

November 21, 2011

Ref: 11010

Common Council File 110947 contains a resolution authorizing up to $700,000 in contingent borrowing for the Development Fund for economic development purposes in the Menomonee Valley.

In general, the $700,000 will be used in the Menomonee Valley Industrial Center and Community Park to manage the geotechnical issues on the site and remediate the remaining environmental issues. These are issues impacting both the Suzy Cheesecake site and the JF Ahern sites, both projects have been approved by the Common Council in recent months. The estimated cost to manage the geotechnical and environmental issues on these two sites and the remaining three vacant sites is approximately $1 million which exceeds the recently approved TID 53 amendment allowing future land sale proceeds which are estimated at $800,000 that could be used to address the issues.

Further, the city has additional responsibilities with the Community Park south of the river that requires capping of the asbestos-containing material and separates the park from the railroad tracks. This cost is estimated at $300,000. Finally, the city also has responsibilities for riverbank restoration along the north bank of the Menomonee River. We have received several grants to assist with this work; however, matches are also required for the grants which are expected to be $200,000.

The appropriation of contingent borrowing is necessary to provide the department the authority to expense funds from this account. Revenues of $700,000 were received into the Development Fund from a payment from Harley Davidson per their development agreement with the city. The borrowing authorization creates the mechanism to expense these funds. No borrowing will actually occur.

RECOMMENDATION: ADOPT COMMON COUNCIL RESOLUTION 110947 THAT AUTHORIZES UP TO $700,000 IN CONTINGENT BORROWING FOR THE DEVELOPMENT FUND FOR DEVELOPMENT PURPOSES IN THE MENOMONEE VALLEY.

Dennis Yaccarino
Budget and Policy Manager Senior

DY:dmr

FINANCE: 110947sr.doc