

AMENDMENT NO. 1

**PROJECT PLAN FOR TAX INCREMENTAL FINANCING DISTRICT NO.
75
(REED STREET YARDS)**

CITY OF MILWAUKEE

Public Hearing Held:

Redevelopment Authority Adopted:

Common Council Adopted:

Joint Review Board Adopted:

**AMENDMENT NO. 1 to the PROJECT PLAN for
TAX INCREMENTAL FINANCING DISTRICT NUMBER 75
CITY OF MILWAUKEE
(REED STREET YARDS)**

Introduction

Section 66.1105 (4)(h)(1), Wisconsin Statutes, permits the Redevelopment Authority, subject to the approval of the Common Council, to amend the project plan for a tax incremental financing district.

Section 66.1105 (2)(f) 1.n., permits that amendment to fund projects located outside, but within one half-mile of the district's boundary.

The Common Council created Tax Incremental District Number 75 (the "District") in 2009 for the purpose of providing the infrastructure necessary for the development of a water technology and research park at the Reed Street Yards. At that time, \$6,156,000 of funding was proposed for infrastructure for the entire Reed Street Yards site and grants to the initial building constructed.

Amendment No. 1 to the Project Plan would provide funding in the amount of \$5,599,770 for infrastructure at the Reed Street Yards and \$264,000 for administration for a total of \$5,863,770 in funding, over two phases (as described in the Term Sheet for the Development Agreement, attached). Grant to buildings would require further Common Council action. This infrastructure will make the site marketable to water technology companies who would like to locate adjacent to the Water Council's proposed headquarters at 223 West Pittsburgh Avenue. It will also provide public access to the Menomonee Canal through the installation of a new Riverwalk segment and extension of the Hank Aaron State Trail. The Amendment also includes a \$354,000 loan to a future business improvement district to pay the developer's share of Riverwalk and Dockwall costs.

Amendments to the Project Plan:

The following amendments are made to the Project Plan. All other sections of the Plan remain unchanged.

I. DESCRIPTION OF THE PROJECT

Sub-Section D, "Plan Objectives," is deleted and restated, as follows:

The Reed Street Yards currently have no public improvements or infrastructure and have poor public access. In addition, the vacant Tannery buildings to the west have very poor access. One of the main purposes of this District is to provide the necessary access and infrastructure so that the Reed Street Yards and remaining Tannery buildings can be redeveloped.

Another important goal of this District is to extend the Milwaukee Riverwalk into the Walker's Point neighborhood, provide a connection to the Hank Aaron State Trail which runs through the Menomonee Valley to Lake Michigan and create better public access to the water. The Milwaukee Riverwalk was started in 1994, and once complete, will extend from the former North Avenue dam through the Beerline, Downtown, Third Ward and Fifth Ward to Lake Michigan. The system is a public-private partnership between property owners and the City of Milwaukee. In exchange for permanent public access to the river, the City may provide assistance in funding for Riverwalk improvements. This District will help extend the Milwaukee Riverwalk system by contributing to the payment of the costs for an additional 2,700 linear feet of Riverwalk along the Reed Street Yards and Tannery buildings.

The final main goal of this District is to assist in attracting water-related companies to the Milwaukee region and create a water technology and research park. Some studies have estimated that water conservation, drinking water treatment, stormwater management and wastewater treatment is a \$425 billion industry and is an industry that will continue to grow as the global demand for clean water rises. The Milwaukee area already has a strong cluster of water technology companies and water research. Currently, the Milwaukee area is home to 120 companies in the water technology sector and five of the eleven largest water technology companies in the world have a presence in Milwaukee. The University of Wisconsin-Milwaukee's Great Lakes WATER Institute and future School of Freshwater Sciences will further the water research already being conducted by 87 local academics. As a result of these strengths, the Milwaukee 7's Water Council was formed to make the Milwaukee Region the world water hub for freshwater research, economic development and education.

In exchange for the installation of the public infrastructure, the owner of the Reed Street Yards and Tannery buildings, Building 41, LLC or its assignee ("Developer"), will agree to restrict the Reed Street Yards to water-related companies as set forth in the Term Sheet for the Development Agreement, attached. This will allow the City and the Water Council to market the property to potential water-related companies.

More detailed objectives of this Project Plan are to:

- Provide public infrastructure that is not feasible without public/private cooperation, including new streets, sewers and water mains to the Reed Street Yards and pedestrian amenities.
- Assist in the remediation of brownfields, by providing access to contaminated sites for redevelopment
- Create or retain jobs by creating development opportunities near downtown Milwaukee and attracting water-related companies to relocate or expand in the District
- Increase the tax base of the City by reinvigorating a property and neighborhood and maximizing their full potential
- Implement a Catalytic Project, as set forth in the Near South Side Comprehensive Plan, which called for the redevelopment of the Reed Street Yards site.
- Increase public access to the Menomonee Canal and connectivity to the Milwaukee Riverwalk system by constructing Riverwalk improvements.
- Eliminate obsolete conditions and blighting influences that impede development and detract from the functionality, aesthetic appearance and economic welfare of this important section of the City.

Sub-Section E, "Proposed Public Action," is deleted and restated, as follows:

Funds generated from the District will be used for the following purposes:

- Public infrastructure for the Reed Street Yards, to include but not be limited to paving, curb, gutter and sidewalk, water main, sewer and stormwater management. This work will be conducted by the Developer, who will be reimbursed for the public infrastructure by the District. The final site plan requires approval of the Department of City Development and Department of Public Works. All public infrastructure must be built to City specifications.

- Construction of a Riverwalk (70% of costs) of approximately 2,700' feet in length and 12' wide along the Menomonee Canal. The design will be consistent with the Riverlink design guidelines. The Riverwalk will be ADA compliant. In addition, the District will partially fund (50% of costs) necessary dockwall repair and replacement, currently estimated at 300 linear feet. This work will be conducted by the Developer, who will be reimbursed for the City's share of Riverwalk and Dockwall expenses.
- Environmental remediation expenses.

The Phasing of the public infrastructure is described in the Term Sheet for the Development Agreement, attached.

The City of Milwaukee may, on its own initiative or through a cooperation agreement with the Redevelopment Authority and/or other entities, undertake any and all project and site improvements and activities considered necessary to achieve project objectives and the commitment of private investment. This Plan is not intended to limit and shall not be interpreted as limiting the Redevelopment Authority in the exercise of its powers under Section 66.1333(5), Wisconsin Statutes, within the District. It is possible that future amendments to this Project Plan for other investments in this area will be proposed.

II. PLAN PROPOSALS

Sub-Section A, "Statement of the Kind, Number, and Location of All Proposed Public Works or Improvements," is deleted and restated as follows:

This Plan includes public works and improvements described in general below. The specific kind, number, and locations of public works and other improvements will be based on detailed final plans, specifications and budget estimates as approved by the Department of City Development for project and site development. While not anticipated at this time, improvements such as vacation of existing public rights-of-way, site clearance, environmental remediation, and reimbursement to owners of abutting property for costs directly related to the project also may be undertaken if necessary for the implementation of the plan for the District.

- Construction of an extension of Pittsburgh Avenue (including water and sewer) connecting the intersection of 3rd/Pittsburgh with the vacant Tannery buildings. Innovative stormwater features will include bioswales constructed in curb bumpouts and the parking lanes with permeable paving.
- Construction of a Riverwalk segment of approximately 2,700 linear feet along the Menomonee Canal and associated landscaping. The Developer will grant a Public Access Easement to the City of Milwaukee which will remain in perpetuity.
- Dockwall repair/replacement, where necessary, along the Menomonee Canal.
- Parking for the Water Council, Iron Horse Hotel, 234 Florida office building and neighborhood needs.
- New streetlights and street trees for the Reed Street Yards.
- Provision of pedestrian amenities such as pedestrian-level lighting, decorative pavement, widened sidewalks, landscaping, signage, and street furniture such as trash containers, benches, etc. on the riverwalk and various rights-of-way.

The number and location of proposed public works and improvements are shown in **Map No. 3, “Proposed Uses and Improvements”**.

Sub-Section B, “Detailed List of Estimated Project Costs,” is deleted and restated as follows:

The costs included in this subsection and detailed in Table B which follows are, without limitation hereof because of enumeration, claimed as eligible Project Costs as defined under Section 66.1105(2)(f) and, if appropriate, in any Cooperation Agreement(s) presently or subsequently entered into by and between the City of Milwaukee, the Redevelopment Authority of the City of Milwaukee, and/or eligible designated redeveloper(s), which agreements are incorporated herein by reference, provided further that such expenditures are necessitated by this Project Plan.

These costs and costs estimates are more fully described as follows:

Capital Costs

The City shall fund an estimated \$5,599,770 in the form of TID Capital Project Costs enumerated in further detail in Table A of this Plan. In addition, the City shall fund a \$354,000 loan to the Business Improvement District. The allocation of these funds will be as set forth in the Term Sheet for the Development Agreement, attached.

TABLE A: Reed Street TID Capital Project Costs

Public Infrastructure, Riverwalk and Dockwall	
Paving - Pittsburgh	\$440,000
Paving – River Trail (70% City share)	\$66,500
Dockwall (50% City share)	\$225,000
Parking (Paving and Construction)	\$135,000
Street Lighting	\$165,000
Landscaping	\$94,200
Bioretention Zones	\$305,000
Environmental Remediation	\$774,000
Stormwater and Site Work	\$2,000,000
Sanitary Sewer	\$636,000
Water Main	\$250,000
Total Public Infrastructure, Riverwalk and Dockwall Costs	\$5,090,700
Contingency (10%)	\$509,070
TOTAL Capital Project Costs	\$5,599,770
Administration	\$264,000
TOTAL Capital Project Costs and Administration	\$5,863,770

Financing Costs

Financing costs include estimated gross interest expense on bonds that will be issued to pay for Project Costs. Estimates of bond interest are based on interest rates as set forth in the Economic Feasibility Analysis for this Project.

TABLE B: Lists of Estimated Project Costs

A	<u>Capital and Administration:</u> Public Infrastructure, Riverwalk, Dockwall and Administration	\$5,863,770
B	<u>Other:</u> BID Loan	\$354,000
	Total Estimated Project Costs, excluding financing	\$6,217,770
C	<u>Financing:</u> Interest payment on bonds	\$3,475,000

Sub-Section C, “Description of Timing and Methods of Financing” is deleted and restated, as follows:

All expenditures are expected to be incurred in 2012-16.

The City expects to issue general obligation bonds to finance the TID Project Costs.

Sub-Section D, “Economic Feasibility Study”, is deleted and restated as follows:

“The Economic Feasibility Study for Amendment No. 1 to this plan, prepared by S.B. Friedman & Co. and titled *Economic Feasibility Report: Proposed Amendment of Reed Street Yards Tax Incremental District (TID #75)* dated November 2, 2011, is attached.

For the Phase 1 infrastructure, based upon the anticipated tax incremental revenue to be generated by the District, the District shows a cumulative surplus by 2029, the 21st year of the District. Phase 2 of the infrastructure will only occur if sufficient increment is generated to amortize the District by year 24. Accordingly, the District is determined to be feasible.”

Sub-Section F, “Map Showing Proposed Improvements and Uses:” Map No. 3 is deleted and replaced with “Amended Map No 3: Proposed Improvements and Uses”, attached.

Sub-Section H, “List of Non-Project Costs”, is deleted and restated as follows:

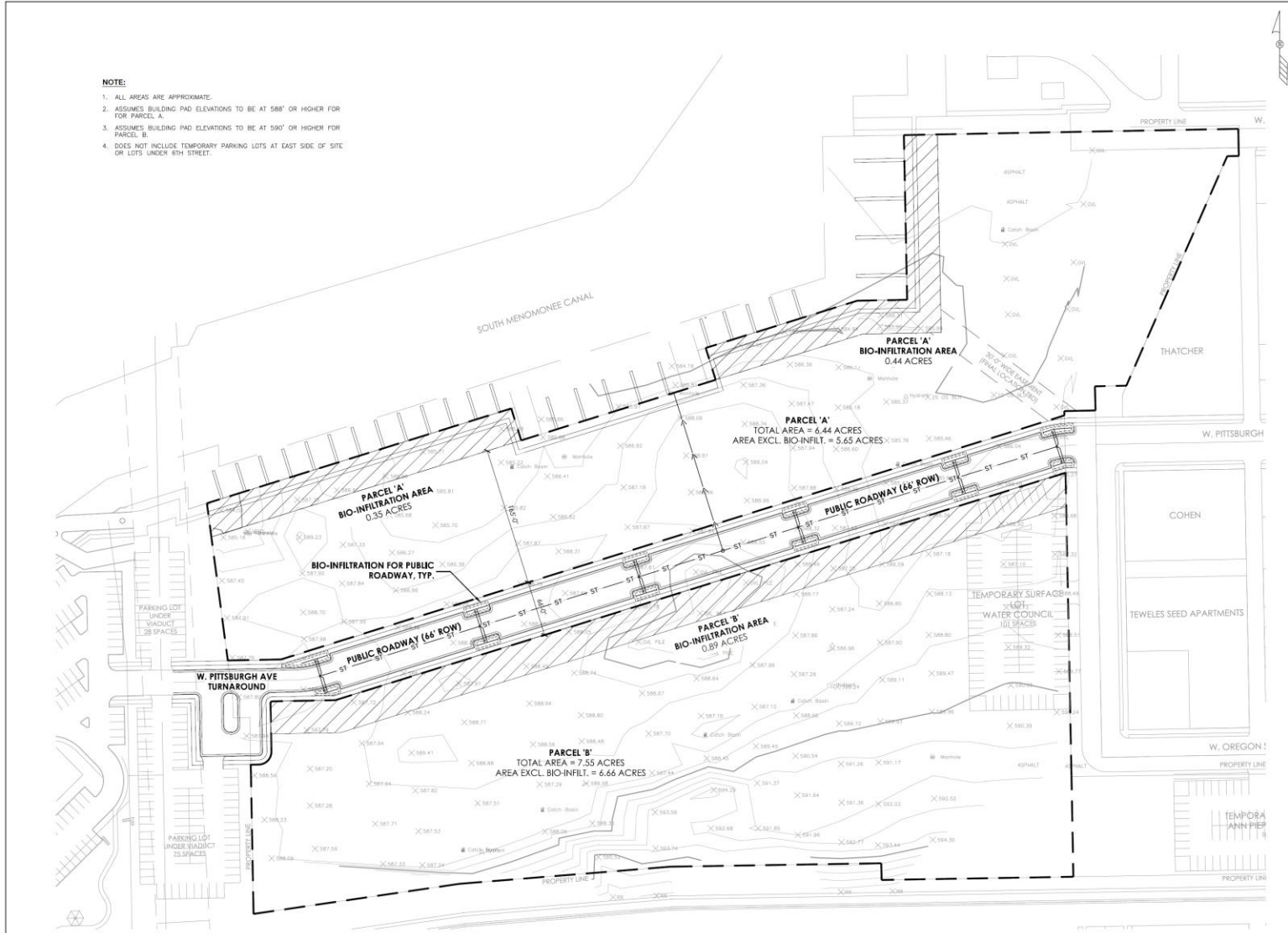
New Commercial Redevelopment \$20.0M

Opinion of City Attorney letter is deleted and replaced with the attached letter from the City Attorney dated _____.

Amended Map No 3: Proposed Improvements and Uses

NOTE:

1. ALL AREAS ARE APPROXIMATE.
2. ASSUMES BUILDING PAD ELEVATIONS TO BE AT 588' OR HIGHER FOR PARCEL A.
3. ASSUMES BUILDING PAD ELEVATIONS TO BE AT 590' OR HIGHER FOR PARCEL B.
4. DOES NOT INCLUDE TEMPORARY PARKING LOTS AT EAST SIDE OF SITE OR LOTS UNDER 8TH STREET.



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PRELIMINARY

REED STREET YARD
 MILWAUKEE, WI
CONCEPTUAL SITE PLAN

NO. REVISION	DATE	BY
GRAPHIC SCALE 0 50 100'		
DRAWING NO. 2602-C500-A.dwg		
DRAWN BY: JAR		
DATE: 10-24-11		
PROJECT NO: 2602		
CHECKED BY: ABH		
APPROVED BY:		
SHEET NO:		