

CH2MHILL



Milwaukee 440th Redevelopment Authority

Reuse Planning Process

General Mitchell International Airport - Air Reserve Station

November 6, 2007 Briefing

City of Milwaukee – Zoning, Neighborhoods & Development Committee

RKG Associates, Inc. - Craig R. Seymour, Principal

CH2M HILL

Beth Foy and Associates, LLC

Norris & Associates

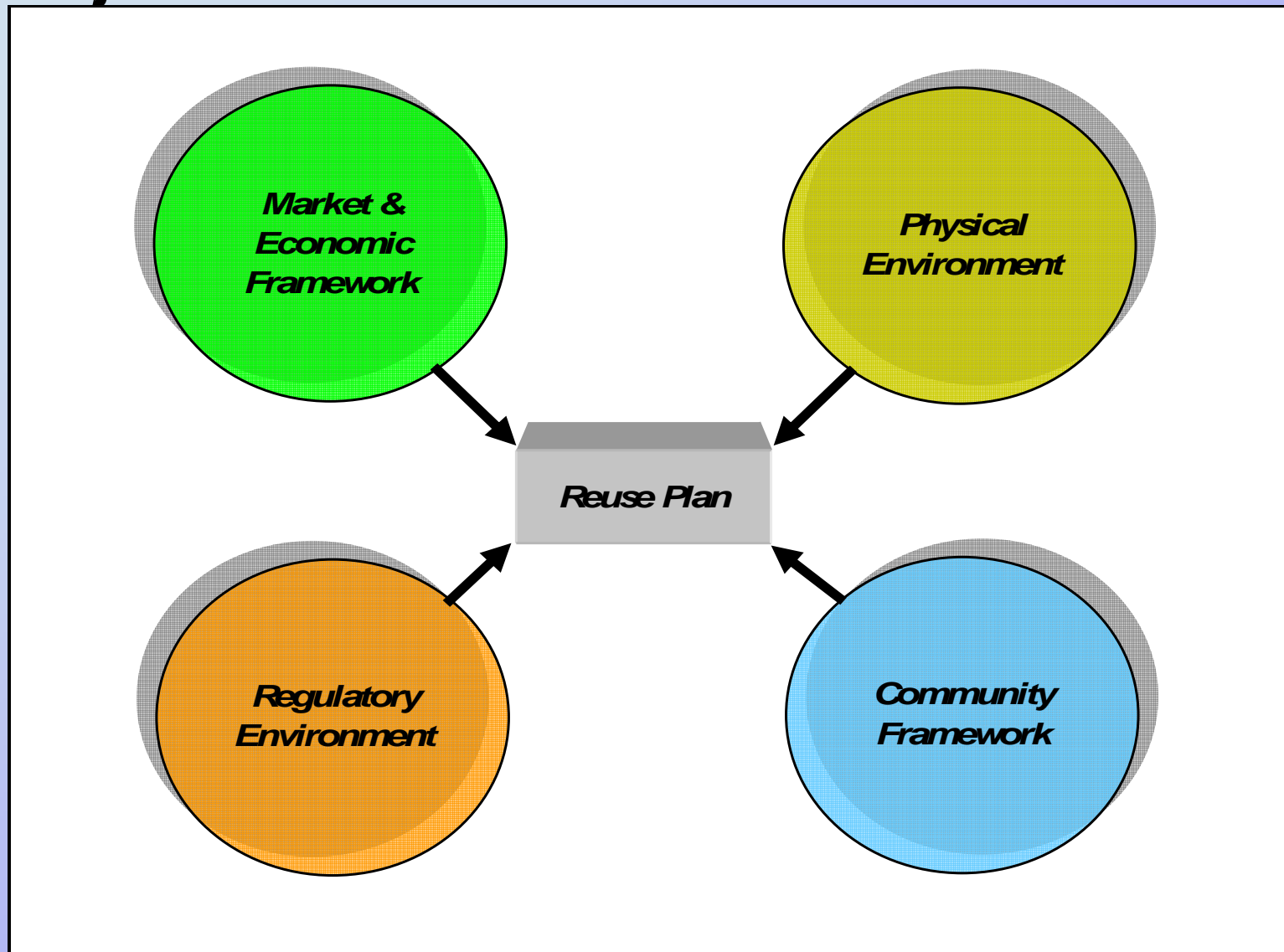
Durham, NH

Milwaukee, WI

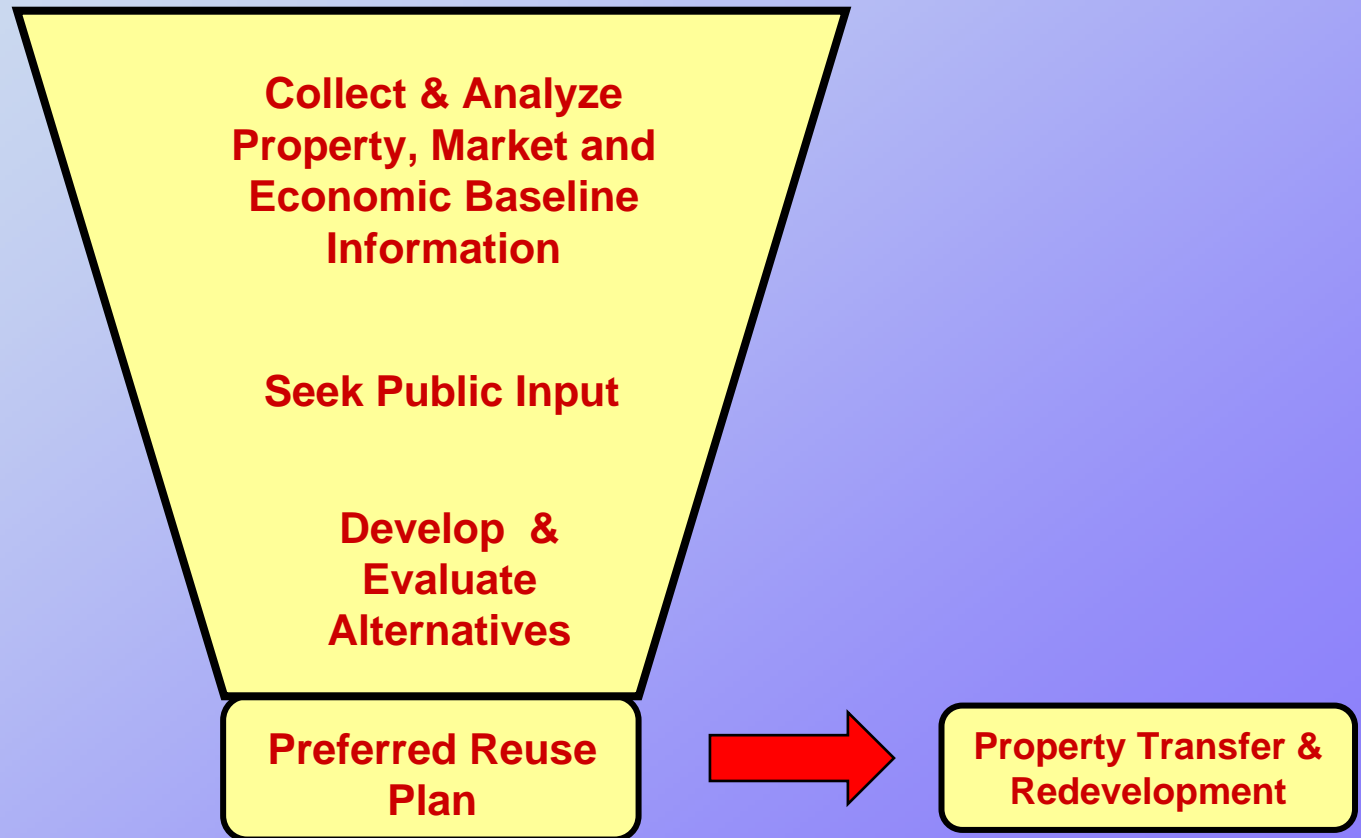
Menomonee Falls, WI

Milwaukee, WI

Project Overview



BRAC Reuse Plan Process



Tasks completed to-date:

■ Facilities Assessment

- Infrastructure
- Environment
- Existing Facilities

■ Economic/Market Analysis

- Demographic profile
- Market research
- Development Potential

■ Public Input

- Notices of Interest
- Public Input Sessions: June 19th & August 21st
- Monthly public LRA meetings
- Website
- TV/Newspaper reports
- Phone calls/briefings

■ Property Transfer Alternatives

- Public Benefit Conveyance
 - Public Airport
 - Homeless Providers
- Economic Development Conveyance
- Early Transfer
- Private Sale
- MILCON Exchange

■ Reuse Master Plan

- Develop alternatives
- Analyze benefits and costs

-
- Develop preferred redevelopment plan
 - Implementation strategy & financial analysis



440th Air Reserve Station



GENERAL MITCHELL AIR RESERVE STATION - MILWAUKEE, WIS.



Reuse Alternatives

■ Based on: Facilities Analysis, Market Conditions, BRAC Conveyance Methods, & LRA Goals

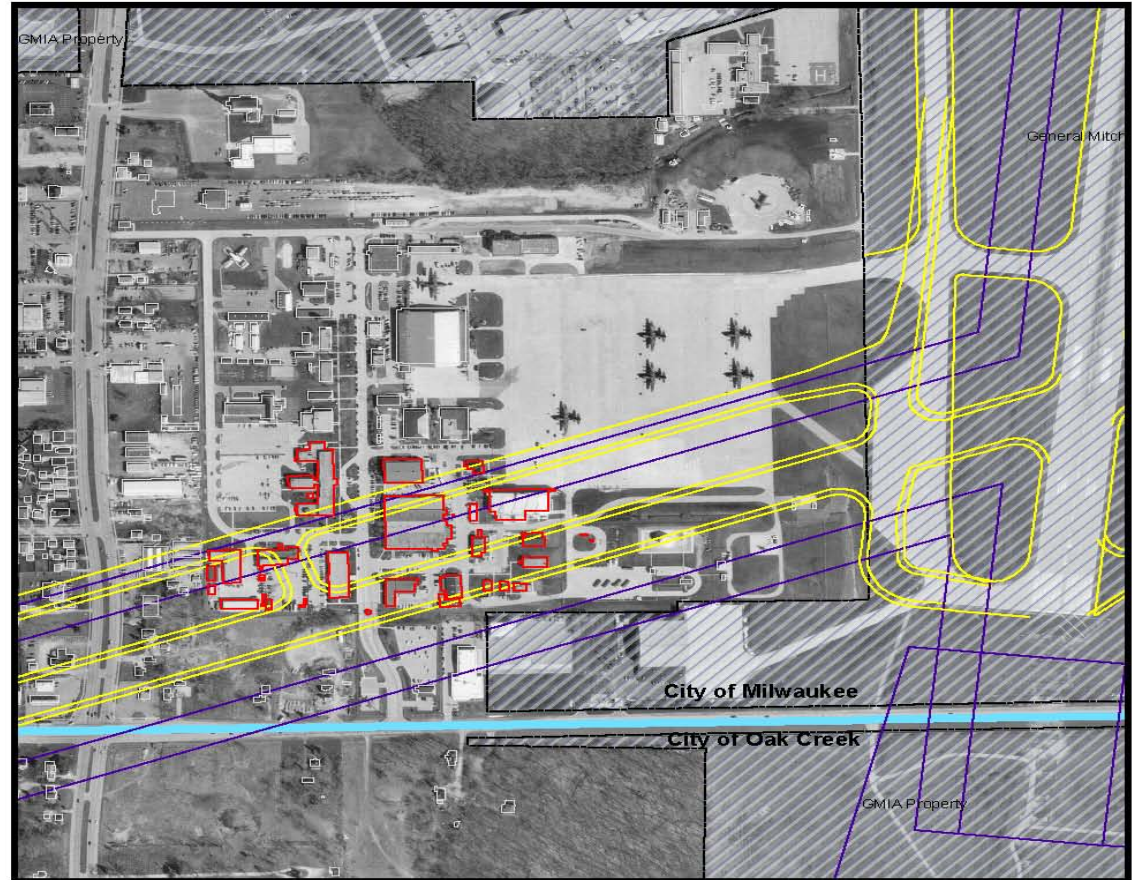
□ LRA Goals

- Provide enhanced opportunities for business growth and development
- Maintain an open and transparent planning and implementation process.
- Coordinate redevelopment with other on-going planning processes in the region
- Develop realistic and fiscally responsible Intermediate and Long-term Reuse Plans, recognizing and acknowledging that the runway envisioned by the FAA and County-approved Airport Master Plan will be an essential component supporting long term regional growth.
- Capitalize on the development opportunities for the 440th lands recognizing the inherent value of the site to aviation related activities while remaining flexible throughout the redevelopment planning process
- Incorporate economic feasibility and appropriate environmental standards as key elements of the Intermediate and Long-Term reuse planning process

440th BASE - RUNWAY EXPANSION

Airport Master Plan

- Future runway location will impact land use decisions
- Assuming 2015-2021 construction timeframe



LEGEND

- Future Runway
- Future Safety Approach
- GMIA Existing Propertyline
- Municipal Boundary

WORKING DRAFT DOCUMENT



0 95 190 380 570 760 Feet

Environmental Conditions

- **Full responsibility remains with the Department of Defense**
- **Property must be cleaned to agreed-upon standards before transfer can occur**
 - State regulators (DNR) and LRA involved
- **Air Force to complete Environmental Assessment (EA) as soon as Reuse Plan is completed**
 - Serves as basis for clean-up program and schedule
- **Clean-up timing dependent on DoD funding availability**
 - Highly competitive process among all BRAC bases
 - Early Transfer may allow for faster (and possibly more cost effective) clean-up by private sector in cooperation with LRA

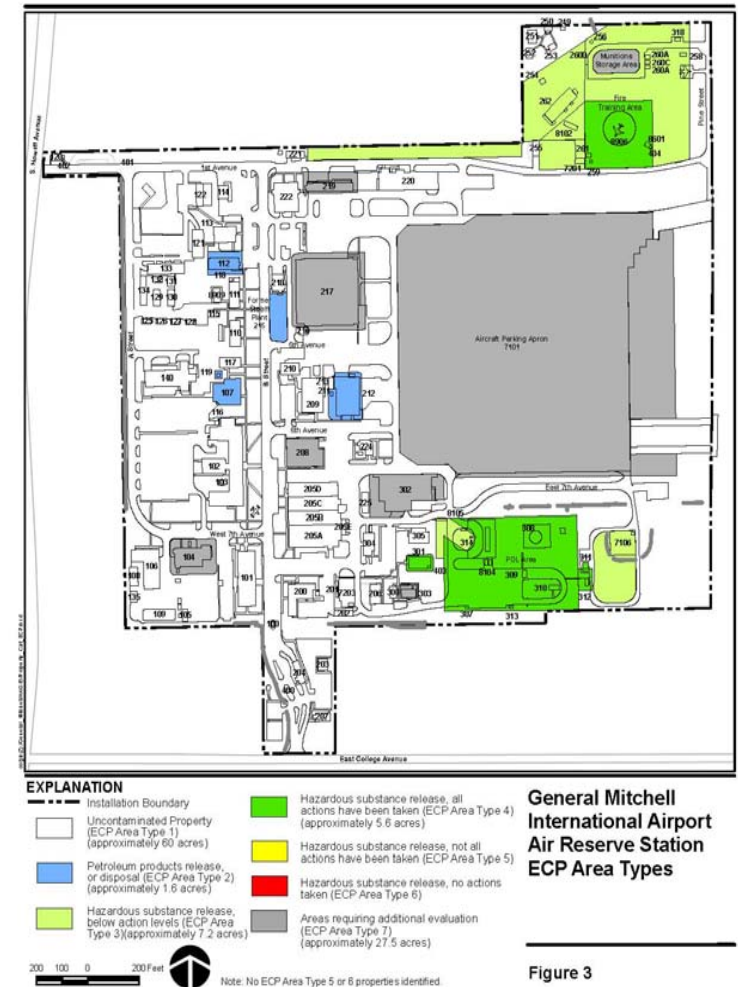


Figure 3

4-10

Environmental Condition of Property Report
General Mitchell International Airport Air Reserve Station, Milwaukee, Wisconsin

April 2007

■ Interests in Property

- Educational Institutions (MSOE, MATC)
- Hunger Task Force (Housing the Homeless Provider)
- Public Agencies
- Private firms

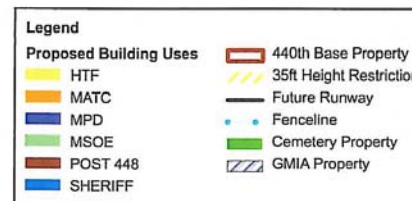
■ Transfer Methods

- Public Benefit Conveyance
- Economic Development Conveyance to LRA
- Private Sale by DoD (auction)

Public/Non-Profit Interests



Source: GMIA ARS and RKG Associates, Inc.



0 80 160 320 480 640 800 Feet

RKG
Associates, Inc.

Figure III-4

Evaluation of Alternatives

■ **Economic/Market Viability**

- Current/Forecast Market Trends & Conditions

■ **Methods of Transfer**

- Property Ownership

■ **Employment Impacts**

- Short-term & Long-term

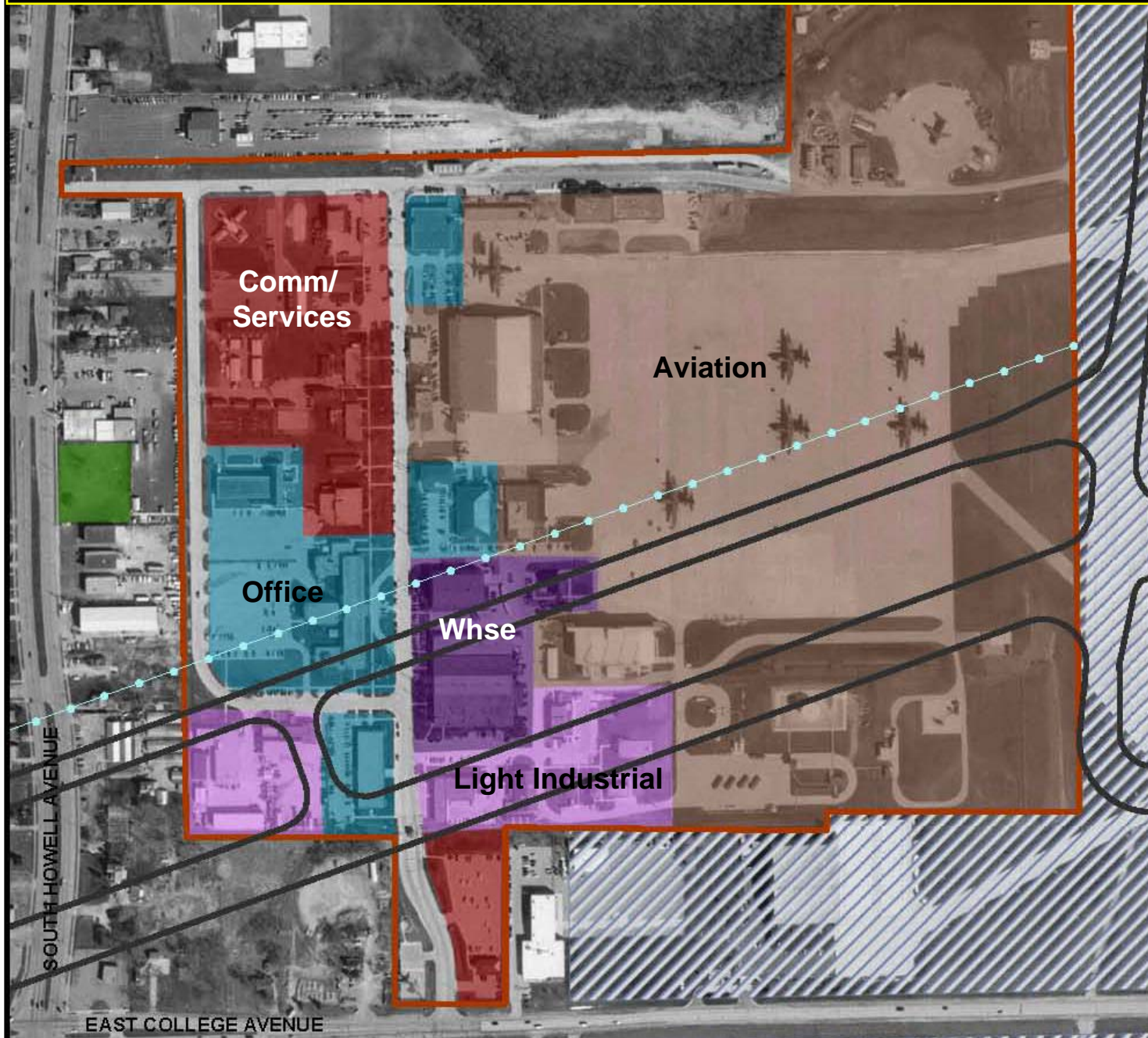
■ **Financial Considerations**

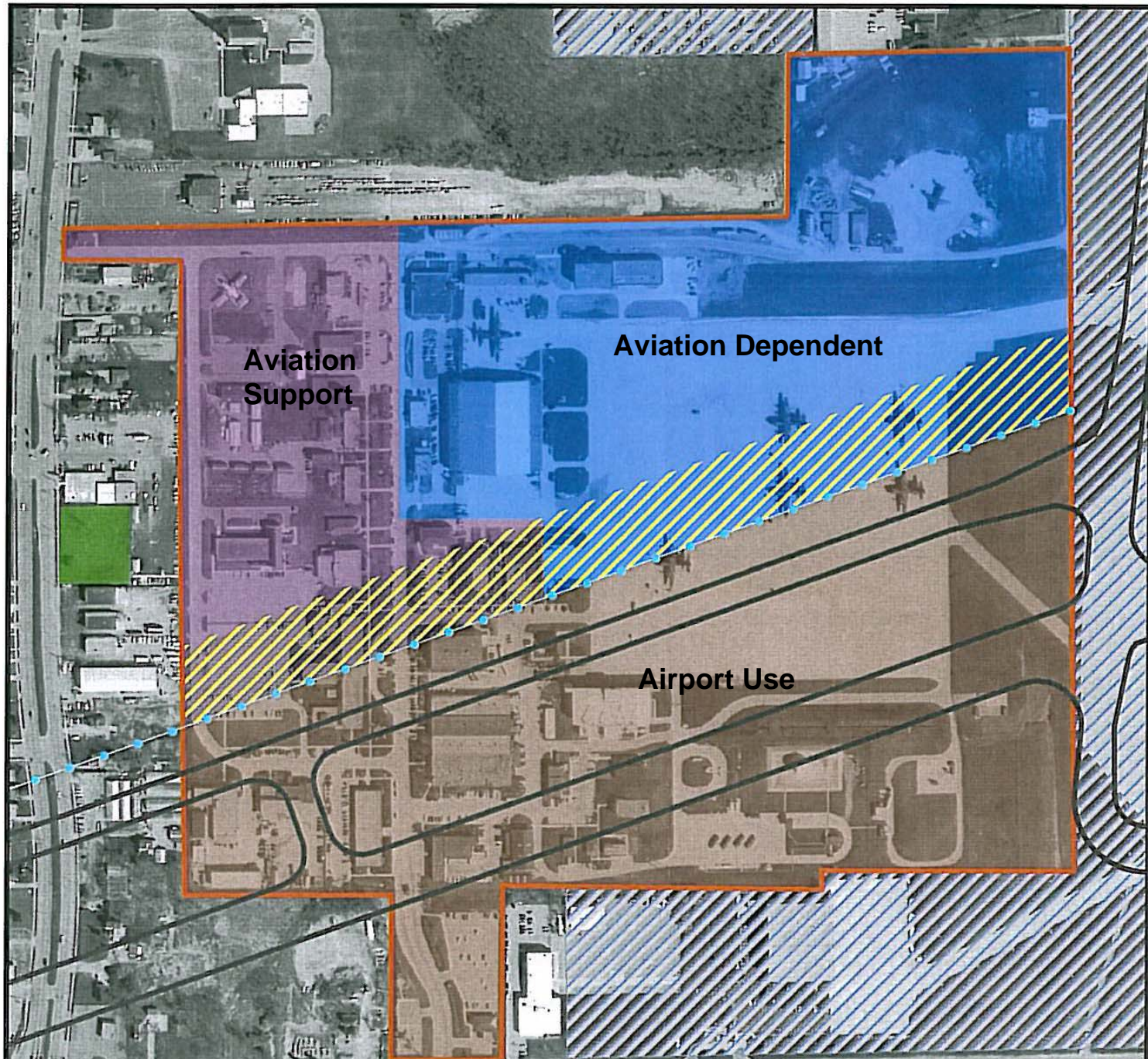
- Operations & Maintenance, Capital Improvements

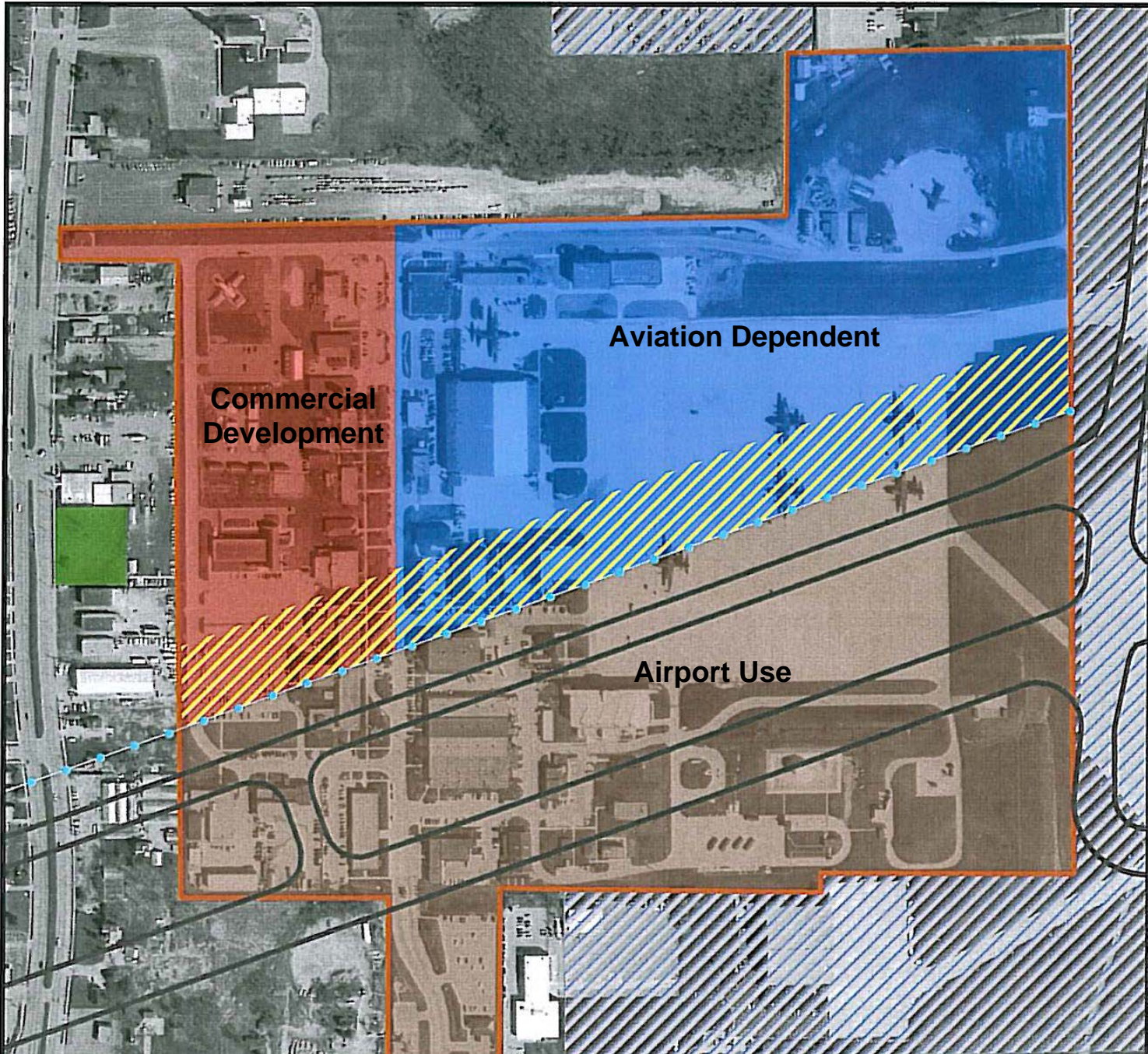
■ **Consistency with LRA Goals**

- Economic Development
- Future Airport Growth

Intermediate Plan (reuse existing facilities)

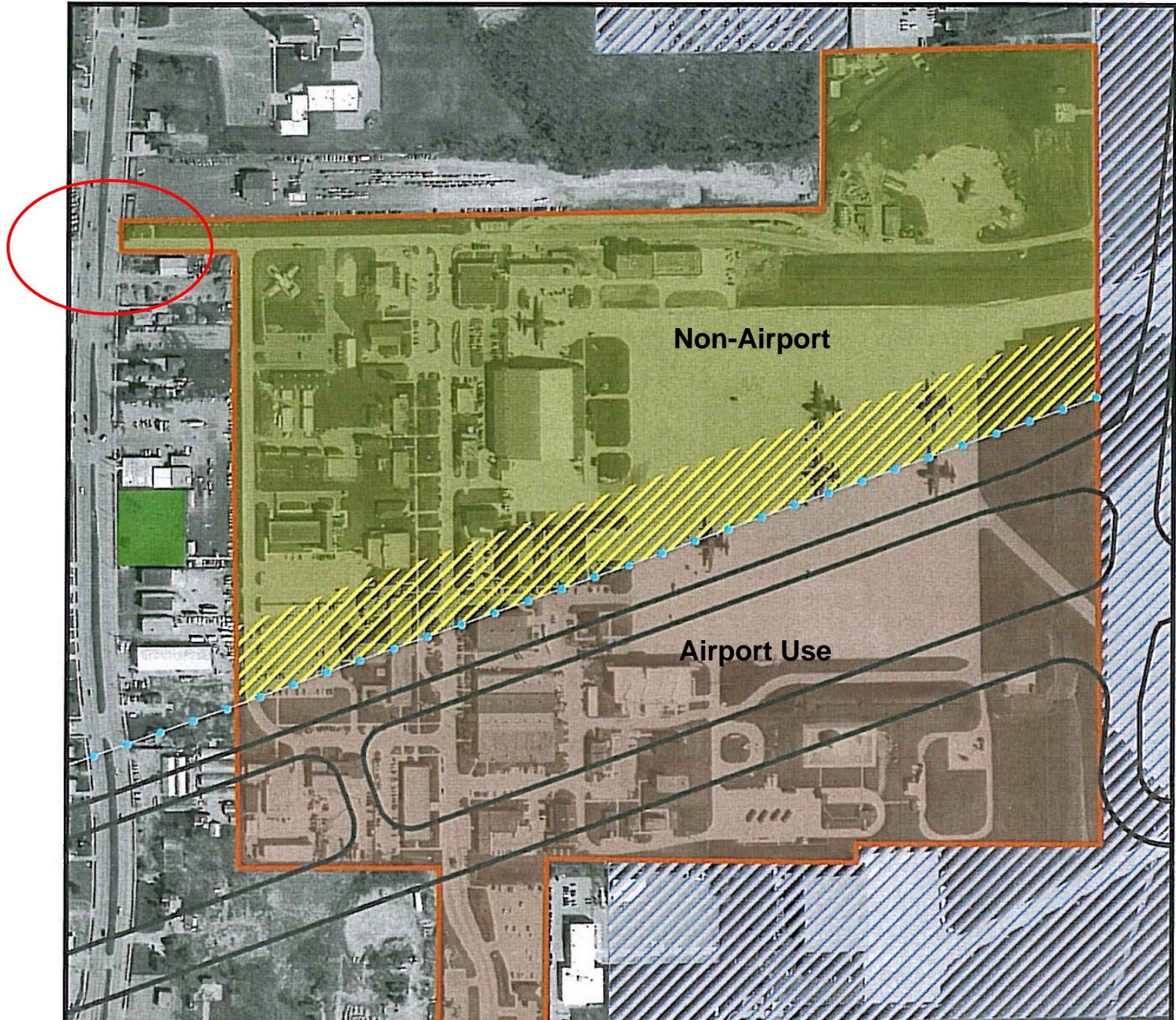






Limited Airport

Alternative C



Reuse Plan Schedule

- **Goal is to complete plan by year-end**
- **October/November**
 - Develop, refine and LRA approve the *preferred reuse plan*
- **December**
 - Complete report and submit to HUD and Air Force
- **October – April 2008**
 - Air Force completes Environmental Assessment
- **February 4, 2008**
 - Property transfers from 440th Air Reserve to AF Real Property Agency
 - Property goes to Caretaker Status
 - **Recommendation that LRA pursue caretaker contract**
- **May 2008 (est)**
 - Begin Clean-Up
- **Late 2008-2009 (?)**
 - Property ready for transfer
 - **Early Transfer may accelerate redevelopment**

Financial Forecast

- **Approximately 400,000 square feet of leasable space**
 - 25% aviation (hangars & adjacent support space)
 - 42% industrial (shops, warehouse)
 - 24% office (mostly good condition)
 - 5% commercial (gym, restaurant, store)
 - 4% storage (many small facilities)
- **Lease revenue potential: +/- \$2.4 million per year**
 - At 100% occupancy:
 - **\$1.8 million in base rent**
 - Ranges from \$1 to \$8 per square foot
 - **\$550,000 in Common Area charges (utilities, maintenance, etc.)**
 - Approximately \$1.11 per square foot
- **Significant Employment Potential**
 - +/- 500 new jobs (replacing the +/- 300 jobs supported by the 440th)

Financial Forecast (con't)

■ Operating Costs

- Air Force spent nearly \$2 million in FY07 on Operations and Maintenance
 - Facilities & grounds: \$180,000
 - Infrastructure: \$600,000
 - Custodial: \$320,000
 - Utilities: \$850,000
 - Costs do not include capital improvements, BRAC-specific costs or security
- Caretaker contract will be in substantially less
 - Minimum levels of building and grounds maintenance
 - Plus security and fire protection
- Under Intermediate Plan, O&M costs and administrative overhead (salaries) are estimated to total approximately \$1.5 million per year
 - Would need approximately 55%-60% occupancy (200,000+ SF) to break even

■ Capital Expenditures

- Utility replacement/upgrades
- Security fences
- Demolition of certain facilities

Financial Forecast (con't)

■ Potential redevelopment users

- Private aviation
 - 2 hangars (could be 40% of B/E revenue)
- MSOE
 - 25,000 SF offices & shops
- MATC
 - ± 100,000 SF offices, classrooms & shop space
- City & County departments
 - ± 35,000 SF offices & classrooms
- Hunger Task Force
 - Would own or lease Building (#205), but contribute to overhead costs
- Other private users
 - Business incubator
 - Shared office uses
 - Aviation support businesses

■ Likely to take 1-3 years to reach break-even

- Need to start marketing and leasing prior to actual transfer
 - Will require Lease in Furtherance of Conveyance (LIFO) from Air Force, or
 - Early Transfer (for Environmental Cleanup) may hasten redevelopment