



Legislation Text

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SUBSTITUTE 1

051132, 051144

ALD. BAUMAN AND D'AMATO

Substitute resolution approving a Project Plan and creating a Tax Incremental District for The Brewery Project, authorizing Contingent Borrowing and expenditures, and approving the terms of a Development Agreement to implement the Project Plan, in the 4th Aldermanic District.

The Project consists of the redevelopment of the former Pabst Brewery complex located in a 6 1/2 block area at the junction of Interstate 43 and the Park East Freeway corridor. The complex contains twenty-five buildings with a total floor area of 1,400,000 square feet. The Project will ultimately contain a mix of residential, office, educational and supporting retail space. City funding will be provided for selected demolition and abatement/remediation of certain buildings, the reconstruction of adjacent segments of City streets, the rededication of streets previously vacated and the installation of public and private utilities necessary to serve the Project - all as more particularly set forth in the Tax Incremental District Project Plan for the Project. The projected development on the site is currently estimated at 573,000 square feet of office space, 182,000 square feet of retail space, 477 housing units and 3600 parking spaces, all currently anticipated to be developed and occupied by entities other than the Developer, Brewery Project, LLC, the sole member of which is Joseph Zilber.

Total estimated Project Costs for the TID are \$29 million. Funds are expected to be disbursed over a four to six-year period as new investment is realized or committed in the District in an amount sufficient to generate incremental tax revenue required to amortize the City's funding. Incremental value in the District is expected to grow to approximately \$200 million, and the District is expected to be fully amortized in 23 years.

Included in the proposed agreement with the Developer is a City participation in sales revenues and cash flow derived from the project, once returns to the Developer reach certain thresholds.

Whereas, Chapter 105 of the Laws of 1975 of the State of Wisconsin with amendments from other chapters of said laws created Section 66.1105, Wisconsin Statutes, titled "Tax Increment Law;" and

Whereas, Section 66.1105(4) of the Tax Increment Law sets forth certain criteria that the Common Council of the City of Milwaukee ("Common Council") and the Redevelopment Authority of the City of Milwaukee ("Authority") must follow to create a Tax Incremental District ("TID") and approve a Project Plan for the District; and

Whereas, Pursuant to Section 66.1105 (4) (a) through (gm), Wisconsin Statutes, the Authority conducted a public hearing on the Project Plan for The Brewery Project Tax Incremental District ("District"), designated the boundaries of the District, recommended that the District be created, and submitted such recommendation to the Common Council for approval with a proposed Project Plan for the District ("Plan"), a copy of which is attached to this Common Council File; and

Whereas, Under the provisions of Section 66.1105(4) (gm)4.a., Wisconsin Statutes, not less than 50 percent, by area, of the real property within a proposed TID must qualify as

either a "blighted area" within the meaning of Section 66.1105(2) (a), Wisconsin Statutes; an area "in need of rehabilitation or conservation work" within the meaning of Section 66.1337(2m) (b), Wisconsin Statutes; be suitable for "industrial sites" within the meaning of Section 66.1101, Wisconsin Statutes, and be zoned for industrial use; or be "suitable for mixed-use development" as defined in Section 66.1105(2) (cm), Wisconsin Statutes; and

Whereas, Based upon field survey and available public information and records, more than 50 percent, by area, of the real property located within the proposed District, as identified in the Plan consists of properties which are blighted and, therefore, the District meets one of the criteria essential to creation of a TID as set forth in Section 66.1105(4) (gm)4.a., Wisconsin Statutes; and

Whereas, Property standing vacant for an entire 7-year period immediately preceding adoption of this resolution and not suitable for "industrial sites," comprises less than 25 percent, by area, of the District; and

Whereas, The Plan contains statements and other factual information indicating that the improvement of the area is likely to increase the value of real property in the District, that project costs directly serve to promote the development of the District consistent with the purposes for which the District is created under Section 66.1105(4) (gm)4.a., Wisconsin Statutes; and

Whereas, The equalized taxable property in the District, plus the incremental value of all existing TID's, has been determined to be less than 12 percent of the total value of equalized taxable property within the City of Milwaukee ("City"); and

Whereas, Common Council File No. 051132 authorized the sale and issuance of General Obligation Corporate Purpose Bonds, which included \$140,004,734 of bonds for TID Purposes, and included the anticipated use of \$60,000,000 of Contingent Borrowing Authority; and

Whereas, The Common Council is desirous of authorizing Contingent Borrowing to provide funding for the District; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that it finds and determines as follows:

1. The District is "a blighted area" within the meaning of Section 66.1105(4) (gm)4.a., Wisconsin Statutes.
2. The improvement and/or redevelopment of such District is likely to enhance significantly the value of substantially all of the other real property in such District.
3. Project costs relate directly to promoting development consistent with the City's Master Plan and with the purpose(s) for which the District is created under Section 66.1105(4) (gm)4.a., Wisconsin Statutes.
4. The percentage of the aggregate value of the equalized taxable property of the District plus the incremental value of all other existing TID's does not exceed the statutory maximum 12 percent of the aggregate value of total equalized value of taxable property within the City.
5. The District is created as of January 1, 2007, and the boundaries of the District recommended by the Authority are approved as described and more precisely set forth in the Plan.
6. The Plan is approved as the Project Plan for said District and that the Plan is

feasible, in conformity with the Master Plan for the City and will promote the orderly development of the City.

7. The City Clerk is directed to apply to the Wisconsin Department of Revenue for a "Determination of Tax Increments and Tax Incremental Base," for the District pursuant to the provisions of Section 66.1105(5), Wisconsin Statutes.

8. Pursuant to the provisions of Section 66.1105(5)(f), Wisconsin Statutes:

a. The Assessment Commissioner is directed to identify upon the assessment roll, returned and examined under Section 70.45, Wisconsin Statutes, those parcels of property which are within the District, specifying thereon the name of the District.

b. The City Clerk is directed to make notations on the tax roll for the District similar to those required to be made under Section 70.65, Wisconsin Statutes.

9. The Brewery Project Tax Incremental District shall be designated Tax Incremental District No. 67.

10. The City Comptroller is authorized and directed to transfer the sum of \$29,003,000, plus capitalized interest (estimated at \$2,600,000), from the Parent TID Account to the Project Account, TD06780000, for the purpose of providing funds necessary to implement the Plan.

11. The City Comptroller, in conjunction with the Commissioner of the Department of City Development, is directed to perform such acts and to create such accounts and subaccounts and make appropriate transfers upon written request by the Department of City Development for all revenue or expenditure activity under this resolution.

12. The proper City officials are directed to enter into a Development Agreement for the District on terms substantially in accordance with those set forth in the Term Sheet contained in Exhibit 4 of the Plan.

13. The Commissioner of the Department of City Development is directed to act on behalf of the Common Council as coordinator of all Plan activities, which in his judgment are necessary to carry out the Plan and the intent of this resolution.

14. The Common Council hereby declares its purpose to issue general obligation bonds in an amount not to exceed \$31,603,000 (\$29,003,000 Plan plus capitalized interest of \$2,600,000) for paying eligible Plan expenditures using Contingent Borrowing Authority approved under Common Council File No. 051144.

15. That \$31,603,000 of the Contingent Borrowing Authority for TID's contemplated in Common Council File Nos. 051132 and 051144 is authorized to be used for paying the TID expenditures of this District.

16. The City Comptroller, in conjunction with the Commissioner of the Department of City Development, is directed to perform such acts and to create such TID accounts and subaccounts and make appropriate transfers upon written request by the Department of City Development for all revenue or expenditure activity under this resolution.

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