



Legislation Text

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111034

SUBSTITUTE 1

060420

ALD. PUENTE

Substitute resolution approving an amendment to the Cooperation, Contribution and Development Agreement for Tax Incremental District No. 64 (Direct Supply), in the 9th Aldermanic District.

This amendment will adjust certain employment goals set forth in the Cooperation, Contribution and Development Agreement with Direct Supply Inc. regarding its expansion on North Industrial Road. Employment has increased by over 200 positions since the start of the project, but due to the continuing weakness in the economy, employment is not expected to meet the milestones in the Agreement, as early as originally contemplated. Direct Supply currently has nearly 900 employees at this location. The purpose of the amendment will be to more accurately reflect anticipated employment levels given the current economy.

This is a "developer funded" TID. All TID funds have been advanced by Direct Supply's landlord, KJ Greentree LLC, and are being repaid from actual tax incremental revenue generated by the project. In addition, to accommodate Direct Supply's expansion needs, the Agreement provides Direct Supply with an option to purchase the DPW field office at 6660 and 6710 North Industrial Road. The proposed amendment delays Direct Supply's right to exercise that option to a period between January 2014 and December 2019.

Whereas, On July 31, 2006, the Common Council of the City of Milwaukee created Tax Incremental District ("TID") No. 64 for the purpose of assisting Direct Supply, Inc. to expand at its current location on North Industrial Road. The TID provides reimbursement, but only from actual tax incremental revenue generated by the project, for extraordinary site costs incurred by Direct Supply's landlord in connection with its plans to add approximately 500,000 square feet of office space to its campus; and

Whereas, The Cooperation, Contribution and Development Agreement ("Agreement") among the City of Milwaukee ("City"), the Redevelopment Authority of the City of Milwaukee, Direct Supply and KJ Greentree LLC, conditions payment of TID revenue on Direct Supply meeting employment goals for each year from 2006 through 2022; and

Whereas, In 2008, Direct Supply and KJ Greentree completed the first office expansion in the TID, a 109,000 square-foot three-story facility, and have incurred \$4,324,000 in extraordinary project site costs, but due to the continuing weakness in the economy, do not expect to achieve employment of 955 Full-Time Equivalent Positions, as required by the Agreement, by year's end; and

Whereas, The TID has achieved an incremental value of \$11,885,000 and generated incremental tax revenue of \$1,138,000, since inception; and

Whereas, The Agreement also provides Direct Supply with an option to purchase the Department of Public Works ("DPW") facility located at 6660 and 6710 North Industrial Road, but due to Direct Supply's slower growth in employment, the company will not need the DPW site before 2014; and

Whereas, The amendment to the Agreement, in recognition of the impact the current weakness in the economy has had on Direct Supply's expansion plans, proposes to amend the employment milestones and the option to purchase period as follows:

Period 2011-2014: 1018 Employment (FTE) at Period End
Period 2015-2017: 1193 Employment (FTE) at Period End
Period 2018-2020: 1393 Employment (FTE) at Period End
Period 2021-2023: 1618 Employment (FTE) at Period End
Period 2024-2026: 1868 Employment (FTE) at Period End

Option to Purchase DPW Facility: January 1, 2014-December 31, 2019

; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the amendment to the Cooperation, Contribution and Development Agreement for Tax Incremental District No. 64, a copy of which is attached to this Common Council File, is approved and the proper City officials are directed to execute such Agreement on behalf of the City.

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12/07/11