



Legislation Text

File #: 151305, Version: 3

151305
SUBSTITUTE 1
010225
ALD. STAMPER

Substitute resolution authorizing a replacement lease with Fondy Food Center, Inc. and authorizing the expenditure of funds to improve 2200 West Fond du Lac Avenue and satisfy water charges.

This substitute resolution authorizes the City to enter into a replacement lease with Fondy Food Center, Inc. for it to operate a farmer's market on a portion of 2200 West Fond du Lac Avenue, authorizes the expenditure of funds to correct code violations and improve the parcel and authorizes the write-off of water-related amounts that appear as a special charge on the parcel tax bill.

Whereas, The City of Milwaukee ("City"), per Common Council File No. 010225, entered into a June 19, 2001 lease with Fondy Food Center, Inc. ("Fondy") as tenant, under which: (i) the City leased to Fondy what was then 2200 West Fond du Lac Avenue, 2144-2148 West Fond du Lac Avenue, a portion of a vacated alley between those parcels and a portion of 2210-2224 West Fond du Lac Avenue; (ii) the term was to end on June 18, 2051, unless sooner terminated; (iii) rent was \$1 per year and tenant was to pay all utilities and special charges and to repair and maintain the premises; (iv) Fondy was to operate an outdoor, open air, farmer's market; and (v) Fondy was to spend roughly \$4 million to develop the leased premises with a new 19,000 square-foot building, to be owned by the City, for use as a year-round, indoor food market and exhibition hall and to reconstruct and expand the outdoor farmer's market for year-round use to include a commercial kitchen facility and business incubator facility; and

Whereas, Fondy is in breach under the Year 2001 existing lease because Fondy did not build the improvements and improve, as required, and Fondy failed to adequately maintain the parcel, such that numerous items now require repair, and Fondy failed to timely pay water charges, which escalated due to a broken underground water pipe; and

Whereas, The broken water pipe was eventually repaired by Fondy, but delinquent water charges went unpaid and were placed on the Year 2014 property tax bill as a special charge due to nonpayment; and

Whereas, The principal amount of the special charge for delinquent water that is outstanding on the property tax bill for Year 2014 for the parcel is \$43,900.17; and

Whereas, The City, on March 20, 2015, sent to Fondy a notice of default; and

Whereas, Despite these problems, the City recognizes the value of having a large farmer's market operate in this central city neighborhood to provide nearby residents access to locally-grown produce in an area in which there are few grocery shopping options; and

Whereas, The Department of City Development ("DCD"), the City Attorney's Office and the Executive Director of Fondy met on several occasions to discuss the Year 2001 lease, the defaults under that lease, the water charge, the need for repairs and Fondy's desire and willingness to continue operating a farmer's market at the parcel; and

Whereas, Fondy is willing to terminate the Year 2001 lease in all respects and to replace it with a new lease with a 3-year term that the City may terminate for any reason on 90

days advance notice, and DCD, with help from the City Attorney's Office, negotiated with Fondy the replacement lease, a copy of which is attached to this Common Council File; and

Whereas, Under the replacement lease, Fondy would continue operating a seasonal outdoor farmer's market on the premises, under more stringent rules, and the leased premises would be reduced in size and the City would have inspection and auditing rights; and

Whereas, Cost estimates obtained by DCD indicate that expenditures for needed repairs will not exceed \$250,000; and

Whereas, The current balance in the Redevelopment Authority of the City of Milwaukee ("RACM") account in which rents collected from tenants in tax-foreclosed properties are held is sufficient to cover the repair expenses without compromising the City's ability to manage foreclosed properties; and

Whereas, RACM adopted Resolution No. 10598 on December 17, 2015, authorizing the expenditure of funds from this account to assist Fondy, subject to Common Council approval; and

Whereas, DCD discussed the water-related special charge on the Year 2014 tax bill with the Milwaukee Water Works, the Comptroller's Office, the Treasurer's Office and the City Attorney's Office, and while Milwaukee Water Works has been paid, the Treasurer's Office is carrying the special charge as a receivable; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the appropriate City officials are authorized to terminate the Year 2001 lease with Fondy and to sign the replacement lease that is part of this file or one substantially in conformance thereto; and, be it

Further Resolved, That the use of surplus rent revenues collected from tenants in tax-foreclosed properties to make needed repairs at Fondy is hereby authorized; and, be it

Further Resolved, That DCD is directed to make every effort to involve participants in a workforce development program in the repairs at Fondy; and, be it

Further Resolved, That the City Treasurer is directed to immediately write off the special charge appearing on the 2014 tax bill against the parcel and to eliminate that receivable; and, be it

Further Resolved, That the appropriate City officials are directed to take such further actions, as may be necessary or required, to effectuate the above and the intent of this resolution.

DCD:Martha.Brown:mlb

02/15/16