

TID 53 - Menomonee Valley Shops
Periodic Report
12/31/18

District Created: 2003

Authorized expenditure (excluding interest): \$26,000,000

Authorizing resolution(s): #030974, #110604, #130072, #141732

Projected TID cost recovery: 2028 (levy year)

Maximum legal life: 2030

Base property value: \$4,752,300

Completion status: Infrastructure completed in 2007, 10 buildings complete, 2 parcels sold in 2018 and under construction

Project description

This district consists of approximately 261 acres of land zoned substantially for industrial and manufacturing use. The district is bounded on the west by the Menomonee River, on the south by the Airline Railroad yards, on the east by the 16th Street Viaduct, and on the north by Interstate 94.

The major focus of this project plan is the 134-acre former Milwaukee Road Shops site. The redevelopment of this site is based on a plan done by Wenk & Associates for the Redevelopment Authority of the City of Milwaukee (RACM). The plan includes approximately 58 acres (net) of business park development on the Shops site. The balance of the business park site is dedicated to local roads, the extension of Canal Street through the Shops, and land under the 35th Street Viaduct which is largely intended for parking, storm water management, and recreational uses.

Approximately 27 acres of the Shops site is intended as green space, and is dedicated to a variety of uses, including:

- Land over areas with significant free product environmental contamination left undeveloped: approximately 5 acres;
- Areas to convey out-of-bank flood flows from the Menomonee River across the northern edge of the Shops area: approximately 4 acres;
- Areas to convey out-of-bank flows from south to north across the Shops site. This same area is also used for storm water storage and treatment: approximately 9 acres
- Additional green space in and around the site: approximately 9 acres.

Most areas dedicated as green space are intended to meet floodwater conveyance requirements, storm water storage and treatment requirements. Some of the green space is located in areas where significant environmental contamination precludes redevelopment. Total estimated project cost for site remediation, demolition, filling and grading, storm water utilities, local roadways and infrastructure is estimated at \$16 million, net of an estimated \$12 million of grants for the project.

The business park component of the Shops Plan is served by the extension of Canal Street, which opened April 2006 and connects the southern ring road serving the eastern parking lots of Miller Park to 6th Street – providing a major, alternative east/west transportation linkage for the City. Local streets serve the interior of the business park, branching from Canal Street.

Interior road-building for the business park was bid out in July 2007 and construction was managed by the Department of Public Works. Sewer and water utility work was completed in

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July 2007 with road-building completed in July 2008. One half of utility and road costs were paid for through an Economic Development Administration (EDA) grant.

Parcels in the business park range from 1.5 to 12 acres and can be re-divided or combined to respond to market demands. Sites in the business park were expected to be available to businesses in late 2006 and the City had projected to sell 10-15 acres per year. To date, the City has sold approximately 56 acres.

The district has approximately 4 acres of developable land remaining. The project plan assumed the land would sell at \$90,000 to \$100,000 per acre, but the sites are currently being sold for \$120,000 per acre. Incremental revenue for the district began in 2006-2007. Sites sold to date include:

Palermo Villa, Inc. jump-started the proposed business development component of this District when construction of a 135,000 square-foot frozen pizza production facility, on nine acres, was completed in September 2006. Palermo now employs 450 at this location. In 2010, Palermo Villa, Inc. purchased an additional 3.1 acres from the City of Milwaukee to expand their facility an additional 120,000 square-feet.

Badger Railing completed their new facility and moved in on June 18, 2007. A grand opening ceremony was held in August, with an official of the U.S. Treasury Department in attendance to commemorate the City's use of New Markets Tax Credits for the project. Badger currently employs 32 people.

Construction of Caleffi's building began in June 2007, and the ribbon-cutting opening ceremony occurred on September 10, 2007. Taylor Dynamometer began construction in July 2007 and opened May 2008. Caleffi currently employs 12 people, while Taylor currently has 34 employees.

Both the Derse and Charter Wire corporations completed construction on their buildings in 2009. Together the companies brought a total of 240 jobs to the business park, with an additional 30 jobs within the first three years.

Ingeteam, a Spanish wind-turbine company, purchased 8.1 acres in 2010 and recently completed the construction of a 150,000 square-foot building. The office and manufacturing facility will employ an estimated 275 employees within eight years.

In 2010, the Department of Revenue understated the value of this district by nearly \$28 million because all state-assessed manufacturing property was omitted from the 2010 reported value. This error was corrected through a "catch-up valuation" added to the 2011 district value. It should be noted that the 2011 district property value of \$79 million is overinflated by the "catch up" correction. The 2012 district value depicts a decrease in district property value due to removal of the correction. Despite this issue, overall district value increased from the district base property value of \$4.7 million to \$65.6 million in 2014.

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In 2011, the Common Council approved Amendment No. 1 to the district project plan. This amendment was necessary to fully address the geotechnical issues associated with the fill on the site – a significant unknown at the time the original project plan was developed. This amendment modified the scope of the project plan related to site preparation of the business park and provided approximately \$900,000 of additional public funding to mitigate site geotechnical issues.

In 2012, the J.F. Ahern Company completed a 55,000 square foot office and manufacturing facility that added 115 employees to the business park.

In 2013, the Common Council approved Amendment No. 2 to the district project plan that allowed additional expenditures to further address the geotechnical issues associated with the fill on the site. This amendment modified the scope of the project plan related to site preparation of the business park and provided \$1,300,000 of additional public funding to mitigate site geotechnical issues.

The Common Council approved land sales related to two developments in the Menomonee Valley Business Park in 2014. First, the sale of 3.5 acres to the Rishi Tea Company was approved for development of an office and manufacturing facility; and second, the sale of 3.5 acres to Solaris, a medical supply company was also approved. The Rishi Tea project was completed in 2014 with the Solaris (now known as L&RUSA) project completed in 2015. The Menomonee Valley Business Park now has 10 companies and over 1,400 employees.

In 2015, the Common Council approved Amendment No. 3 to the district project plan that allowed additional expenditures to complete the remaining geotechnical issues associated with the fill on the site, provide funds to prepare undevelopable parcels within the district, and provide match for riverbank restoration. This amendment provided \$2,000,000 of additional public funding.

The final two parcels in the Menomonee Valley Industrial Center were sold in 2018 to allow expansion of the Badger Railing facility and for construction of a digital printing company, Splat! dpi. With these two additions, the Center has 11 companies and over 1,400 employees.

District incremental values have increased as follows:

Year	Incremental Value	Change
2018	\$ 66,034,000	-2%
2017	\$ 67,707,900	-6%
2016	\$ 71,758,400	4%
2015	\$ 69,063,100	5%
2014	\$ 65,610,900	20%
2013	\$ 54,864,200	-6%
2012	\$ 58,186,000	-22%
2011	\$ 74,293,200	389%
2010	\$ 15,186,200	-62%
2009	\$ 39,965,300	61%
2008	\$ 24,811,400	77%
2007	\$ 14,013,200	2192%

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Expenditures - Life to Date (as of 12/31/18)

	Project Plan Budget	Appropriations	Encumbrances	Expenditures	Remaining
Administration	\$ 500,000	\$ 475,010	\$ -	\$ 481,508	\$ (6,498)
DPW Oversight	200,000	190,676	-	189,990	686
Site Development	22,400,000	22,293,083	58,132	21,768,443	466,508
Geotechnical-RACM funded	900,000	854,065	-	865,327	(11,262)
Development Incentives	2,000,000	2,000,000	-	2,000,000	-
Capitalized Interest	2,180,000	1,494,837	-	1,447,717	47,120
Total	\$ 28,180,000	\$ 27,307,671	\$ 58,132	\$ 26,752,985	\$ 496,554

Financing Costs – Interest Paid through 12/31/2018: \$9,937,976

Revenue/Value Performance (as of 12/31/2018)

	Projected	Actual
Property value	\$ 66,467,849	\$ 70,786,300
Incremental value	\$ 61,715,549	\$ 66,034,000
Incremental taxes	\$ 15,523,491	\$ 18,007,338
State aid	*	\$ 413,578

Miscellaneous Revenue through 12/31/2017: \$3,315,448

Is the project within budget? Yes No If no, explain:

Is the project on schedule? Yes No If no, explain:

Identify any significant concerns that might affect budget or schedule of this project in the future: None.