

TID 53 - Menomonee Valley Shops
Periodic Report
12/31/08

District Created: 2003

Authorized expenditure (excluding interest): \$20,800,000

Authorizing resolution(s): File #030974

Maximum legal life: 2030

Base property value: \$4,752,300

Completion status: 5 buildings complete, 1 under construction, infrastructure completed in 2008.

Project description

Tax Incremental District No. 53 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 upon a plan done by Wenk & Associates (Wenk) for the Redevelopment Authority of the City of Milwaukee (RACM). The plan includes approx. 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.

The balance 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 and therefore left undeveloped: approx. 5 acres;
- Areas to convey out-of-bank flood flows from the Menomonee River across the northern edge of the Shops area: approx. 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: approx. 9 acres
- Additional green space in and around the site: approx. 9 acres.

Most areas dedicated as green space are intended to meet floodwater conveyance, storm water storage and treatment requirements. Some of the green space is located in areas where significant environmental contamination precludes redevelopment of the site.

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 will serve the interior of the business park, branching from Canal Street. Construction of these streets began July 2007 and was completed in 2008.

Parcels in the business park range from 1.5 to 10 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 beginning in late 2006. The City had projected to sell 10-15 acres per year beginning

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in 2006. To date, the City has sold 33.7 acres with an option on 4 additional acres. The Projected Plan assumed the land would sell at \$90,000 to \$100,000 per acre, but actual sales range from \$110,000 to \$120,000 per acre. Incremental revenue for the district started in 2006-2007. Sites sold to date include:

Palermo Villa, Inc. jumped ahead of schedule and completed construction of a 135,000 s.f. frozen pizza production facility, on nine acres, in September 2006. Palermo now employs 350 at this location and is working with the City of Milwaukee on expansion of their facility.

Badger Railing completed their new facility on time, 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 while ribbon-cutting occurred on September 10, 2007. Caleffi currently employs 12 people, and anticipates 28 positions by Year 3.

Taylor Dynamometer began construction in July 2007, and opened in May 2008. Taylor currently has 34 employees, with an expected 39 at the end of Year 3.

Derse began construction of a 155,000 square-foot building in June 2008 and moved in December 2008 employing 125 employees.

Charter Wire began construction in the fall of 2008 with relocation to occur in 2009. Charter Wire will bring a total of 115 jobs to the business park with an additional 10 jobs at the end of Year 3.

Interior road-building for the business park was bid out in July 2007; construction was managed by the Department of Public Works. Sewer and water utility work was completed in July 2007 with road-building completed in July 2008. One half of utility and road costs are being paid for through an Economic Development Administration (EDA) grant.

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 \$8 million of grants for the project. District value is expected to increase from \$4.7 million to \$45 million by 2012.

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District incremental values have increased as follows:

Year	Incremental Value	Increase
2008	\$ 24,811,400	77%
2007	\$ 14,013,200	2192%
2006	\$ 611,300	81%
2005	\$ 337,600	

Expenditures - Life to Date (as of 12/31/08)

	Project Plan Budget	Appropriations	Encumbrances	Expenditures	Remaining
Administration	\$ 500,000	\$ 500,000	\$ -	\$ 470,268	\$ 29,732
DPW Oversight	200,000	200,000	-	190,676	9,324
Site Development	18,100,000	17,962,969	306,107	16,407,529	1,249,333
Development Incentives	2,000,000	-	-	-	-
Capitalized Interest	2,080,000	1,113,473	-	1,195,014	(81,541)
Total	\$ 22,880,000	\$ 19,776,442	\$ 306,107	\$ 18,263,487	\$ 1,206,848

Revenue/Value Performance (as of 12/31/2008)

	Projected	Actual
Property value	\$ 21,822,036	\$ 29,563,700
Incremental value	\$ 17,154,736	\$ 24,811,400
Incremental taxes	\$ 659,618	\$ 931,581

Is the project within budget? Yes No If no, explain: EDA grant with \$2,000,000 match funds to be provided by TID-53

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.