

**COUNTY OF MILWAUKEE**  
INTEROFFICE COMMUNICATION

DATE: October 13, 2014

TO: Marina Dimitrijevic, Chairwoman, Milwaukee County Board of Supervisors

FROM: Teig Whaley-Smith, Economic Development Director, Department of Administrative Services

SUBJECT: Requesting authorization for the County to execute an Option to Purchase from and enter into a Development Agreement with Barrett Visionary Development for the Downtown Transit Center site, located at 909 E. Michigan Street, Milwaukee, WI, and take other necessary actions to ensure the development moves forward.

**Summary**

The DTC Site is the County’s most exciting opportunity for enhancing public access to the lake, activating public space, and bringing modern public transportation infrastructure into the area. Barrett Visionary Development has been working with the County and City of Milwaukee to develop a plan to meet these public goals. The result is The Couture, a public-private partnership that includes 1.9 acres of outdoor, 24 hour public space, \$68,000,000 of tax revenue to cover public infrastructure or other needs, thousands of construction jobs, and over \$23,000,000 in contracts to Disadvantaged Business Enterprises. The County’s contribution to this partnership would be discounting the land to \$500,000. The project would be owned and developed by Barrett Visionary Development.

Accompanying this report is a Resolution and Option to Purchase which the Economic Development Division is requesting approval for.

**I. Improved Public Access**

Currently the DTC Site does not provide any access to the Lakefront. Pedestrians on Michigan Street are unable to cross Lincoln Memorial Drive without confronting major traffic exiting and entering the freeway (See Figure 1).

The Couture project resolves these issues. As shown by Figure 2, the Couture will keep the bridge to the North to the O’Donnell Parking Structure, but also add connections across



*Figure 1: Existing Pedestrian Conditions*

Lincoln Memorial Drive to the East and a future connection to the site to the South. Perhaps most importantly, the interior Pedestrian Plaza offers easy access from Michigan Street to the West. Pedestrians, including persons in a wheel chair, can now travel seamlessly from Michigan Street directly to the Lakefront.

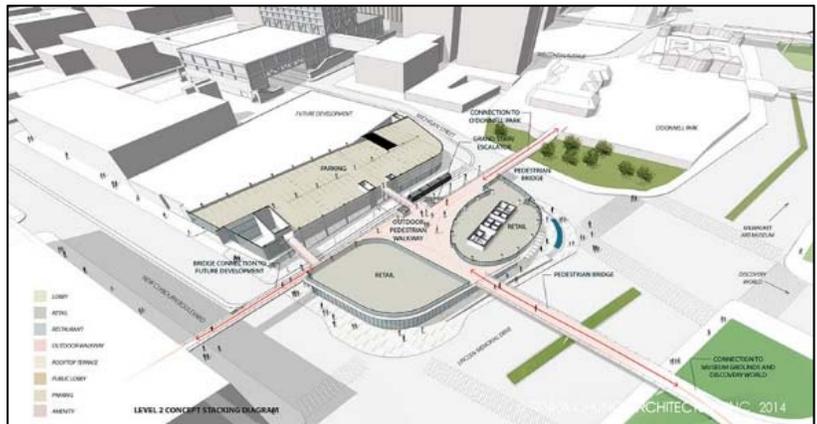


Figure 2: Planned Connections

Full size versions of Figures 2-5, plus additional renderings of the Pedestrian Plaza and other elements of the Couture can be found in Exhibit A.

## II. Improved Public Space

Currently the DTC Site includes approximately 65,000 square feet of plaza space on the upper deck. This area is open to the public 24 hours a day, 7 days a week (“24/7 Public Space”). The Couture project will include approximately 81,561 square feet of 24/7 Public Space, a 25% increase. This includes a Public Transportation Concourse, Rooftop Park (See Figure 4), Bike Share Station, Public Plaza and Visitor Walkway (See Figure 3). That’s over 1.6 acres of 24/7 Public Space. This acreage represents 73% of the total site acreage.



Figure 3: Pedestrian Plaza

Currently the DTC site also includes the Harbor Lights room which is open on a controlled/fee basis to the public (“Limited Public Space”). The Couture Project includes 54,893 square feet of similar restaurant and retail space, plus 59,806 square feet of public parking.



Figure 4: Green Roof

Today the combined 24/7 Space and Limited Public Space of the existing site (“Combined Public Space”) is approximately 70,000 square feet. In the Couture, the combined public space is 196,260 square feet, more than 2.8 times as much. This 196,260 of Combined Public Space is 28% of the total building area.

### III. Improved Transit Connections

Although called the Downtown Transit Center, currently there are no connections to transit, the DTC Site is used only as a terminal point for buses. The Couture will be Wisconsin's first connection between County buses, the City Street Car, the Bubl Bikes, Public Parking and the pedestrian access to the Lakefront.



Figure 5: Public Transportation Plaza

Economic Development studies show that an integrated public transportation system is vital to attracting more businesses, cost savings for businesses and cost savings for public infrastructure.<sup>1</sup>

### IV. Creates Substantial Investment Impact

Currently the DTC Site is not generating any tax revenue. Over a 30 year period, the Couture is expected to generate \$68,000,000 of property taxes. This value can be used to support the \$17,500,000 of public improvements at the Couture and other public improvements as necessary for development of the area. After the necessary public improvements are made these resources can be used to support County, City, Public Schools and Technical Schools. A similar strategy was employed by the County in developing Milwaukee County Research Park which in 2015 will have paid for all necessary infrastructure and result in an estimated \$4.3 million annually to public operations, \$1.05 million of which will come to the County.

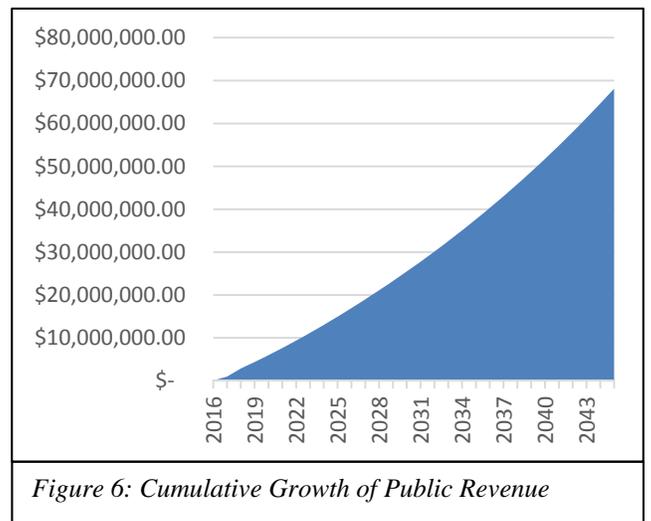


Figure 6: Cumulative Growth of Public Revenue

In addition to the tax value 2,074 direct and indirect construction jobs and 150 permanent jobs are expected to be created. Furthermore, with a construction contract of \$93,000,000, more than \$23,000,000 of contracts will be awarded to Disadvantaged Business Enterprises.

### V. Meets Objectives of the Approved Long-Range Plan for the Lakefront

<sup>1</sup> Federal Highway Administration, "Transportation and Economic Development," available at [http://www.fhwa.dot.gov/livability/fact\\_sheets/transandeconomics.pdf](http://www.fhwa.dot.gov/livability/fact_sheets/transandeconomics.pdf)

In 2011 the Milwaukee County Board established the Long-Range Lakefront Planning Committee, comprised of officials from Milwaukee County and the City of Milwaukee, as well as representatives from the various lakefront attractions and the business community (File 11-154). Later in 2011, the Milwaukee County Board adopted the Long-Range Lakefront Planning Committee's Report ("Lakefront Plan"), including the goal of developing the DTC Site to a "high-value, multi-story use housing amenities more appropriate to its lakefront location." The Lakefront Plan is attached as Exhibit C. The Lakefront Plan indicates a desire for the DTC site to include an "active street level," "engage pedestrians" and "draw people to the lakefront," with "easy access to the lakefront."<sup>2</sup> The Couture project accomplishes all of these goals.

## **VI. Meets Objectives of resolution 12-633**

In 2012 the Milwaukee County Board adopted resolution 12-633 supporting the Couture project because of the following elements.

1. *Develop a plan to incorporate the components of the Park East Redevelopment Compact (PERC) into the development agreement in order to provide additional sustainable community benefits that includes disadvantaged business opportunities and verified best faith efforts to employ Milwaukee County racial minorities and women in the project.*

The Couture includes a commitment to 25% of DBE participation and 40% Milwaukee County Resident Hiring.

2. *Identify or develop an element of public attraction within the proposed development and ensure the project does not compete with public use facilities near the site.*

As indicated by Section 1 above, the Couture includes several exciting public elements.

3. *Advise the Committee on Economic and Community Development on the appraised value of the site with the understanding that the County Board expects to receive fair market value for the property.*

With the Couture generating \$68,000,000 of public revenue and including \$17,500,000 of public amenities, the County has negotiated a deal far above the raw value of the land of approximately \$7,000,000.<sup>3</sup>

4. *Work with the Parks Director and the Wisconsin Department of Natural Resources to determine if any portion of the development site is in conflict with the lakebed public trust doctrine.*

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<sup>2</sup> See Long Range Lakefront Committee: The Enhancement of Milwaukee's Most Valuable Property, at p5 (attached as Exhibit C).

<sup>3</sup> The appraisal is for \$9.6 Million less \$700,000 for demolition. It is now known that the demolition is closer to \$2 Million, consequently the net value would be \$7.6 Million. The Appraisal is attached as Exhibit B.

The State of Wisconsin has specified that the development site and other applicable sites west of the 1913 line are "not part of the lake bed of Lake Michigan" (Wis. Stats. Sec. 30.2038).

## **VII. Deal Structure**

The transaction that will be proposed is a sale of the land to Barrett Visionary Development for \$500,000. BVD would be responsible for the demolition of the site which is currently estimated to be approximately \$2,000,000. The County would not be making any guarantees or other financial contribution to the project. The \$500,000 would be deposited as an indemnity to the title company. Once the indemnity is released the funds would be available to the County.

Given the complexity of this transaction, it is our recommendation that the County engage outside counsel, Reinhart Boerner Van Deuren, s.c ("Reinhart") to prepare the Offer and Development Agreement. Reinhart has assisted the County before in developing such documents for the Park East and other transactions. Reinhart is also familiar with the complex title issues of the DTC Site.

The exact terms of the transaction are included in the Option to Purchase which is attached to the Resolution.

## **VIII. Financial Analysis**

The County has engaged SB Friedman to complete an independent financial analysis verifying the reasonableness of developer's assumptions. The S.B. Friedman Report is attached as Exhibit D. The report concludes:

*Based on SB Friedman's review of the Developer's August 29, 2014 pro forma for The Couture Project, it appears that a writedown to \$500,000 in land price by the County and \$17.5 million in TID financial assistance from the City would be required to make the Project financially feasible and have a reasonable opportunity to attract the necessary level of private financing.*

## **IX. Recommendation**

It is recommended that the County sell the DTC site to Barrett Visionary Development for \$500,000, pursuant to the terms outlined in the Option to Purchase attached to the Resolution. The Economic Development Division respectfully requests that this item be placed on the agenda for closed session under the negotiations provision.

**X. Fiscal Note**

There is no fiscal impact for 2014 because during the due diligence period the County would continue to be entitled to income and be obligated to pay existing expenses for the Downtown Transit Center. For 2015, the fiscal impact would be the net sales proceeds of \$500,000.



Teig Whaley-Smith  
Economic Development Director, Department of Administrative Services

cc: Chris Abele, County Executive  
Milwaukee County Board of Supervisors  
Paul Bargren, Corporation Counsel  
Scott Manske, Comptroller  
Jill Suurmeyer, Research Analyst  
Shanin Brown, Committee Coordinator  
Don Tyler, Director, Department of Administrative Services  
Kelly Bablitch, Chief of Staff, County Board of Supervisors  
Raisa Koltun, Director of Legislative Affairs, County Executive's Office  
Julie Esch, Director of Operations, DAS

Exhibit A – Couture Presentation  
Exhibit B – Lakefront Plan  
Exhibit C – Appraisal  
Exhibit D – SB Friedman Report

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4 (ITEM ), A resolution requesting authorization for the County to execute and record an  
5 option to purchase from and enter into a development agreement with Barrett Visionary  
6 Development for the Downtown Transit Center site, located at 909 E. Michigan Street,  
7 Milwaukee, WI, and take other necessary actions to ensure the development moves  
8 forward, by recommending adoption of the following:  
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10 **A RESOLUTION**

11  
12 WHEREAS, the Downtown Transit Center was declared surplus in May of 2012  
13 (File No. 12-185) and a Request for Information (RFI) was issued; and  
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15 WHEREAS, Barrett Visionary Development (“BVD”) responded to that RFI; and  
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17 WHEREAS, in July of 2012 (File No. 12-633), the Milwaukee County Board of  
18 Supervisors authorized the Director of Economic Development to negotiate with BVD on  
19 the terms and conditions of purchasing the Downtown Transit Center property and  
20 developing the property as *The Couture*; and  
21

22 WHEREAS, since that time, Economic Development staff has met regularly with  
23 BVD to move negotiations forward and has provided continuous updates to the Board  
24 as to the status and outcomes of those meetings, in accordance with File No. 12-633;  
25 and  
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27 WHEREAS, in September 2014, BVD presented updated renderings featuring  
28 plan improvements related to public access, public space and transit connections; and  
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30 WHEREAS, BVD has agreed that the amount of space dedicated for public use  
31 shall be approximately 178,000 square feet, which is more than double the current  
32 amount of 70,000 square feet; and  
33

34 WHEREAS, such public space includes retail and restaurant spaces, public  
35 parking, a rooftop park, a transportation concourse with access to Milwaukee County  
36 Transit System buses, the proposed City of Milwaukee Streetcar, BublR Bikes, and safe,  
37 accessible pedestrian pathways to the Lakefront and other County-owned cultural  
38 amenities, such as the Art Museum and the War Memorial; and  
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40 WHEREAS, BVD has agreed that it shall meet the workforce goals of the PERC,  
41 including payment of prevailing wages for construction employees, DBE participation  
42 goals in accordance with the current policies of the Community Business Development  
43 Partners department of Milwaukee County, residential hiring and  
44 apprenticeship/workforce training goals; and  
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46 WHEREAS, *The Couture* is expected to generate 2,074 direct and indirect  
47 construction jobs and 150 permanent jobs; and  
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49 WHEREAS, the increase in tax revenue over a 30 year period as a result of *The*  
50 *Couture* is anticipated to be \$68,000,000, which in addition to funding the \$17,500,000  
51 of public improvements will be resources used to support the County, City, Public  
52 Schools and Technical Schools; and  
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54 WHEREAS, *The Couture* meets the objectives of the Long-Range Lakefront  
55 Planning Committee's Report, adopted by the Milwaukee County Board as File No. 11-  
56 184, by ensuring the DTC Site includes "high-value, multi-story use housing amenities  
57 more appropriate to its lakefront location," while also activating the street, engaging  
58 pedestrians and drawing people to the lakefront by providing easy and safe access; and  
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60 WHEREAS, an analysis by S.B. Friedman illustrated that *The Couture* would not  
61 be possible without public assistance for the project in the form of discounting the land  
62 sale price to \$500,000 from the County and TIF assistance from the City of Milwaukee;  
63 and  
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65 WHEREAS, the County retained von Briesen and Roper, s.c. to assist in the  
66 drafting of the attached Option to Purchase and a subsequent Development Agreement  
67 related to the sale and development of the Downtown Transit Center to BVD; and  
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69 WHEREAS, the County foresees the need for additional work by von Briesen and  
70 Roper, s.c. to continue formulating and carrying out a legal strategy related to future  
71 litigation; now, therefore,  
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73 BE IT RESOLVED, the Milwaukee County Board of Supervisors hereby  
74 authorizes the County Executive to execute and record the attached Option to Purchase  
75 with Barrett Visionary Development ("BVD") for 909 E. Michigan Street; and  
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77 BE IT FURTHER RESOLVED, the Purchase Price shall be \$500,000; and  
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79 BE IT FURTHER RESOLVED, that the County Executive and the County Clerk  
80 and/or other appropriate County officials be hereby authorized to execute, after  
81 Corporation Counsel approval, any and all instruments, rights of entry, documents that  
82 are called out in the Option to Purchase and required to implement the intent of this  
83 resolution, including without limitation a Development agreement and Quit Claim Deed  
84 for the property; and  
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86 BE IT FURTHER RESOLVED, that, upon exercise of the Option to Purchase, the  
87 County Executive and the County Clerk are authorized to execute and record all  
88 documents and perform all actions required to enter into a Development Agreement  
89 with BVD for 909 E. Michigan Street, which shall include but not be limited to the terms  
90 set forth in Section 10 of the attached Option to Purchase; and

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BE IT FURTHER RESOLVED, that the County is authorized to engage von Briesen and Roper, s.c., for the purposes of developing and implementing a legal strategy related to the County's title and rights to the 909 E. Michigan Street, at the discretion and control of Corporation Counsel; and

BE IT FURTHER RESOLVED, that the Milwaukee County Board of Supervisors hereby approves the request from Corporation Counsel to transfer funds in the amount of \$100,000 from the Contingency Fund to Org. Unit 1961, the Litigation Reserve; and

BE IT FURTHER RESOLVED, additional funds of \$100,000 are authorized to be expended from the 2014 Budget, Org. Unit 1961, the Litigation Reserve, and that this contract shall be exempt from the request for proposal provisions of §56.30 of the Milwaukee County General Ordinances (MCGO); and

BE IT FURTHER RESOLVED, that pursuant to §1.11(c)(3), MCGO, the Milwaukee County Board of Supervisors authorizes the filing of litigation pursuant to the strategy endorsed by Corporation Counsel, should such action be authorized by Corporation Counsel, to obtain a judgment determining the extent of the County's title and rights to the subject property.

**MILWAUKEE COUNTY FISCAL NOTE FORM**

**DATE:** October 13, 2014

Original Fiscal Note                    x

Substitute Fiscal Note

**SUBJECT:** Authorization for the County to accept an option to purchase from and enter into a development agreement with Barrett Visionary Development for the Downtown Transit Center site, located at 909 E. Michigan Street, Milwaukee, WI, and take other necessary actions to ensure the development moves forward.

**FISCAL EFFECT:**

- |  |   |
|--|---|
| <input type="checkbox"/> No Direct County Fiscal Impact  | <input type="checkbox"/> Increase Capital Expenditures        |
| x Existing Staff Time Required   | <input type="checkbox"/> Decrease Capital Expenditures        |
| <input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below) | <input checked="" type="checkbox"/> Increase Capital Revenues |
| <input type="checkbox"/> Absorbed Within Agency's Budget   | <input type="checkbox"/> Decrease Capital Revenues            |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget   |   |
| Decrease Operating Expenditures  | <input type="checkbox"/> Use of contingent funds              |
| <input type="checkbox"/> Increase Operating Revenues   |   |
| <input type="checkbox"/> Decrease Operating Revenues   |   |

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	0	
	Revenue	0	
	Net Cost	0	
<b>Capital Improvement Budget</b>	Expenditure		
	Revenue		\$500,000
	Net Cost		

## DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. <sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

The sale of the Couture will result in (a) \$500,000 of land sales proceeds to the County in 2015 and (b) the property being added to the tax base once developed. More details on the fiscal impact and analysis are included in the accompanying report.

Department/Prepared By Teig Whaley-Smith, Economic Development Director

Authorized Signature 

Did DAS-Fiscal Staff Review?  Yes  No

Did CDBP Review?<sup>2</sup>  Yes  No  Not Required

<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

<sup>2</sup> Community Business Development Partners' review is required on all professional service and public work construction contracts.