

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: August 10, 2018

TO: Supervisor Theo Lipscomb, Chair, County Board of Supervisors

FROM: Aaron Hertzberg, Director, DAS Economic Development

SUBJECT: A Resolution authorizing and requesting the Director of Economic and Community Development to provide quarterly reports to the County Board on the progress of The Couture development

REQUEST

This report is for informational purposes, there is no request at this time.

REPORT

The County Board has requested quarterly updated on the progress of the redevelopment of the former Downtown Transit Center to The Couture by Barrett Lo Visionary Development. The project consists of a \$120 million, 44 story mixed-use development planned at 909 E. Michigan Street. 312 apartments are planned with additional retail space. The first floor of the building includes amenities for the downtown Streetcar and County's planned Bus Rapid Transit (BRT) line. Additional Updates below:

Background

Previous Legislation

File 11-401 –approval of lakefront plan and beginning of redevelopment
File 12-633 –approval of Barrett Visionary Development and the Couture negotiations
File 13-152 –approval of legal representation and title work
File 14-827 –approval of Option to Purchase with Barrett Visionary Development
File 17-158 –approval of a recommendation to receive and place on file an informational report
File 17-432 –approval of a recommendation to receive and place on file an informational report
File 18-312 –discussed an informational report with no action taken

County resources invested in the Couture (From File 17-158)

- Public parklike elements will be developed in the project in a parklike manner, but these parks will not be the responsibility of Milwaukee County.
- The most significant County commitment to the Couture project is in the Transit Concourse space. As a condition of approval from the Federal Transit Administration (FTA), Milwaukee County had to demonstrate a continuing control of the transit concourse in an equivalency to the former structure. The FTA specifically required that the County enter into a 40 year no cost lease of the roughly 20,000 sf transit concourse space to demonstrate this continuing control. The developer is building out at cost the transit concourse space based on specifications provided to the developer in 2016, the estimated expense of which is \$14 million. The lease is currently under negotiation.

County's continued involvement with the development (From File 17-158)

- County will be responsible for monitoring construction and the community benefits per the development agreement
 - Community benefits – Payment of prevailing wage on construction
 - DBE participation – 25% on construction and 25% on A&E
 - Residential hiring – 40% of hours by County residents
 - Apprenticeship – 10% of project hours
 - Estimated construction jobs – 2,100
 - Rights owned within the public access and use easement
- Permanent easement that runs with the land
 - Easement in favor of the County on behalf of the land owner ensuring public access and use of the transit concourse and all public park areas
 - Public parklike areas would be operated and maintained in a manner similar to Milwaukee County Park
- Radio tower for Office of Emergency Management (OEM)
 - Easement in favor of OEM's use of a mechanical space and rooftop access for a radio tower. This is a significant avoidance measure as the OEM radio tower is currently leasing space on the US Bank building for approximately \$75,000 per year.
- Continuing use and control of the transit space
 - Lease – 40 year term at no cost to the County to provide transit service
 - Landlord – tenant relationship including which costs and obligations are covered in common areas and which are in leased areas
 - Terms resembling a commercial lease including the designation of maintenance responsibilities

Schedule of development

Following the closing of the sale on August 26, 2016, the schedule of development is as follows.

- Demolition of Downtown Transit Center structure – completed January 2017
- Demolition of pedestrian bridge connecting to O'Donnell Park over Michigan St. – completed February 2017
- Commence Construction – Occurred with below ground excavation on the Property after demolition and removal of the Downtown Transit Center.
- Complete construction – The project will take approximately 30 months to build once vertical (above grade) construction begins.

Developer Updates

- The Developer announced via press release that J.H. Findorff & Son Inc. as their general contractor for vertical construction on site on March 26, 2018. Findorff had previously been announced the general contractor for the project, but only completed demolition and site work. The project was re-bid for vertical construction in early 2018.
- The Developer is responding to deliverable request from the United States Department of Housing and Urban Development's (HUD) review of a loan guarantee application previously submitted for the FHA 221(d)(4) program. The program has been used previously to support similar projects, including the Moderne building completed by Barrett Lo Development in Milwaukee in 2012.

- The Developer is working with the County's Community Business Development Partners staff to comply with Targeted Business Enterprise and residential hiring requirements prior to beginning vertical construction.

County Updates

- The Department of Administrative Services - Economic Development Division, in consultation with Corporation Counsel hired Hal Karas, an attorney with Husch Blackwell to serve as outside counsel to assist in finalizing post-closing agreements related the project. The contract is for a not to exceed value of \$50,000 and is charged to the Economic Development Professional services budget (115-1191-6149). The County Board had previously approved (File 17-316) up to \$400,000 for outside counsel by von Brisen & Roper, S.C. Of the approved amount, \$292,639.95 was spent on pre-closing and closing work prior to a recommendation by Corporation Counsel to seek new representation for post-closing agreements.

Office of Emergency Management Radio Tower

- Discussions to incorporate an OEM radio tower into the Couture are ongoing between OEM and the project's architect, Rinka Chung.
- Moving the radio tower to the Couture, could save Milwaukee County \$75,000 per year. Details are still being negotiated. Estimates for the initial construction and set up of the tower are being prepared by OEM and its partners.

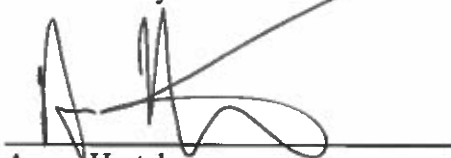
MCTS Lease

- General terms for an easement and leaseback to the County for transit uses are understood, but specifics remain under negotiation.

RECOMMENDATION

This report is for informational purposes, there is no request at this time.

Submitted by:



Aaron Hertzberg
Economic Development Director

cc: Chris Abele, County Executive
Teig Whaley-Smith, Director, Department of Administrative Services
Economic and Community Development Committee Members
Donna Brown-Martin, Director, Department of Transportation
Christine Westrich, Director, Office of Emergency Management
Raisa Koltun, Chief of Staff, Office of the County Executive
Kelly Bablitch, Chief of Staff, County Board of Supervisors
Scott Manske, Comptroller
Steve Cady, Research & Policy Director