



## July Board Cycle

**Milwaukee County Parks**  
9480 Watertown Plank Rd.  
Wauwatosa, WI 53226  
(414) 257-PARK

Date: June 15, 2018

To: Theodore Lipscomb, Sr., Chairman, County Board of Supervisors

From: Guy Smith, CPRP, Interim Parks Director

Subject: **Authorization to enter into a Lease Agreement with the Urban Ecology Center to enable a long-term project in Washington Park (ACTION)**

### Policy

The Parks Department requests authorization to enter into a lease agreement for certain land within Washington Park and an Option to Purchase agreement for the existing boat house structure in Washington Park with the Urban Ecology Center pursuant to the Term Sheet attached to this file.

### Background

The Urban Ecology Center (UEC) is a 501(c)3 non-profit formed in 1991 whose mission is to foster ecological understanding as inspiration for change, neighborhood by neighborhood, by providing outdoor science education; by protecting and using public natural areas; by preserving these areas and making them safe, accessible, and vibrant; by promoting community through offering resources that support learning, volunteerism, stewardship, recreation, and camaraderie; and by practicing and modeling environmentally responsible behaviors. UEC has leased the Washington Park Boathouse from Milwaukee County since 2007 and has developed and operated educational, recreational, land stewardship, and community serving programs in the park. The Washington Park branch of UEC focuses on the neighborhood on the north and east of the park which is plagued by high crime rates, low employment, poor graduation rates, and other impacts of poverty. UEC seeks to work in urban neighborhoods that have been underserved by environmental education programming such as Milwaukee's Washington Park.

UEC and the County have been in discussion on plans to expand UEC's presence in the park and sustain their commitment over the long term. The most recent amendment to the UEC lease was executed in 2013 ([File # 13-841](#)). That agreement references that the 2013 allows for "UEC to raise the more substantial capital funds



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necessary to support major improvements...that would then be undertaken in connection with a long-term lease for at least 25 years which the Parties contemplate negotiating...". The 2013 lease is scheduled to expire in 2019 and does not adequately address the planned new investment of the UEC. The proposed project and proposal before the County Board fulfills the promise made in 2013 that a long-term plan for the park would be developed between the County and UEC.

Milwaukee County Parks provided an informational report to the Milwaukee County Board of Supervisors in the May, 2018 cycle that described the proposed project (File # 18-318). This report intends to provide more information on the proposed transaction of leasing land and provided an Option to Purchase for the boat house within Washington Park.

### **Current Conditions**

The UEC currently leases the boat house structure (1859 N. 40<sup>th</sup> Street) that is located adjacent to the lagoon and soccer fields within Washington Park. The Lease is set to expire in 2019 and in lieu of extending that agreement, Parks wishes to enter into a new agreement. An inspection of the building is recorded in the County's VFA system and assigns a deferred maintenance estimate cost of \$1,836,433 to the building. The primary drivers of deferred maintenance expense is an update of the HVAC air handling units (\$383,000), updating the electrical system (\$239,000), and replacing the roof (\$120,000). The annual cost to maintain the building is approximately \$18,000. The County is responsible for major repairs and maintenance under the current lease with UEC. One of the largest risks to the County is the condition and age of the HVAC system, which is known to be at the end of its useful life with minimal opportunity to replace parts if they fail.

UEC's current lease of the boat house references a restoration plan which has been developed with Parks staff. The restoration plan is primarily habitat restoration work within defined areas of the park. This habitat restoration work is a key aspect of UEC's mission and in meeting its educational and community goals. This has resulted in the conversion of mowed turf grass to natural areas and shifts the maintenance responsibility from County Parks staff to UEC staff, which has been accomplished while also maintaining the aesthetic quality of this historic regional park.

### **Proposal**

Parks proposes to enter into a long-term agreement with the UEC in order to expand the programming and improve the facilities within Washington Park. In order to do that, the following aspects of the proposal would require new agreements and further development.

### **Lease Agreement**

A new long-term lease is required as the current lease is expiring and does not adequately capture the relationship between the County and UEC with regard to the new improvements. The new Lease Agreement would include the following terms and provisions:

- Location – the ground underneath the new building



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- Term length – 25 years
- Renewal – Two additional 25 years extensions
- Non-Profit use – UEC is required to operate the new facility in support of its non-profit use and educational, environmental, recreational scientific, research, community, and land stewardship programs
- Maintenance and repair – UEC is required to maintain the building, County would maintain the area around the building as with any other public park
- Service yard – the service facility that is currently co-located with the Parks Department's service facility would have to be relocated into the new structure
- Maintenance reserve fund – UEC is required to establish a \$500,000 maintenance reserve fund for the structure in order to fund the maintenance and repair of the structure
- Ownership of the structure – UEC would own the new building except for upon the expiration of the lease when the County may acquire or require removal of the structure
- Public use of the structure – while the new structure will be owned by the UEC, the lease requires that the new structure be a public facility and allow for public access
- Other use of the park – UEC will continue to utilize Washington Park in its environmental and educational programming which will include use of the bandshell twice per year
- Restoration plan – UEC will continue to develop the restoration plan of the park, the lease requires that UEC meets the obligations of the restoration plan in order to continue leasing the land for the new structure

#### Option to Purchase Agreement for boat house

An Option to Purchase Agreement is needed to enable the UEC to fund and construct the new building utilizing the existing boat house structure. The Option to Purchase would only apply to the structure and the fixtures within it, and would not include the sale of any parkland. The Option to Purchase Agreement would include the following terms and provisions:

- Purchase – fee simple interest of the boat house structure but no land, ownership transfer would resemble a bill of sale and not a real estate contract
- Option term – one year with two 6-month extensions
- Purchase price - \$1
- Improvements – option to purchase would only be executed if and when UEC has proof of funding the new building as well as the estimated \$2,000,000 in new public improvements to the parking lot, sidewalks, lighting, roads, pedestrian bridges, public restrooms, and lagoon renewal
- Condition of the structure – sold "as is" with regard to environmental condition and any defects



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- Public restrooms – this area of Washington Park currently lacks public restroom facilities, UEC will be required to build new public restrooms as part of the new building
- Targeted Business Enterprise (TBE) goals – UEC will have the TBE goals of 25% for construction and 17% for professional services associated with the construction of the new building
- Maintenance – UEC will be required to maintain the boat house in between when the transaction closes and the new building is completed

### Fundraising Agreement

It is anticipated that the new building would cost over \$12 million to design, build, and construct. In addition, the proposal includes approximately \$2 million worth of other public infrastructure in the park that is in or adjacent to the new building including:

- New parking lot on N 40<sup>th</sup> St - \$600,000
- New access road, sidewalks, and lighting in the park - \$300,000
- Repair pedestrian bridges over lagoon - \$400,000
- Study and design for a repair to the lagoon - \$300,000
- New public restroom facilities - \$400,000

In order to fund this project, UEC would lead a fund development campaign and Milwaukee County would support them in this effort. UEC and County would enter into a Memorandum of Understanding or other similar agreement to define the roles and responsibilities in that fundraising campaign.

### Term Sheet

Given the length and duration of the fundraising campaign, it is anticipated that the final agreements associated with this project will take some time to develop. The Lease and Option to Purchase agreements are defined in the attached Term Sheet which will be used to draft the final documents. Pending County Board approval, the Parks Department will work with all appropriate County officials from the Office of Corporation Counsel, the Office of the Comptroller, and the Department of Administrative Services in order to complete the documents as guided by the County Board Resolution. Parks Department and UEC staff will provide periodic updates to the County Board on the status of final documents and progress of the project in general.

### Recommendation

Parks hereby requests authorization to enter into a lease agreement for certain land within Washington Park and an Option to Purchase agreement for the existing boat house structure in Washington Park with the Urban Ecology Center pursuant to the Term Sheet attached to this file. If approved, final documents will be prepared.

Prepared By: Jim Tarantino, Director of Recreation and Business Services, Milwaukee County Parks

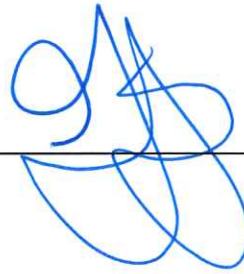


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Approved By: Guy Smith, CPRP, Interim Parks Director



Attachments:

- Attachment 1 – Fiscal Note
- Attachment 2 – Resolution
- Attachment 3 – Term Sheet

Copy:

- Chris Abele, County Executive
- Raisa Koltun, Chief of Staff, County Executive's Office
- Jason Haas, Chairman, Parks, Energy & Environment Committee
- Marcelia Nicholson, Vice-Chair, Parks, Energy & Environment Committee
- Kelly Bablitch, Chief of Staff, County Board of Supervisors
- Allyson Smith, Committee Coordinator, Office of the County Clerk
- Margaret Daun, Corporation Counsel
- Pam Bryant, Capital Finance Manager, Office of the Comptroller
- Erica Hayden, Research & Policy Analyst, Office of the Comptroller
- Jeremy Lucas, Fiscal Mgt. Analyst, Admin & Fiscal Affairs/DAS



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