

County of Milwaukee
Interoffice Communication

Date: June 27, 2013

To: Supervisor Gerry Broderick, Chairman, Committee on Parks, Energy and Environment

From: Josh Fudge, Interim Fiscal and Budget Administrator

Subject: Due Diligence Report for Development Agreement with Center for Resilient Cities d/b/a Johnson's Park Development, LLC (CRC) at Johnsons Park.

Issue

The Department of Parks, Recreation, and Culture (Parks) requests authority to enter into a development agreement with CRC to make improvements to Johnsons Park at 1919 W. Fond du Lac Avenue, Milwaukee. County Ordinance (MCGO) 32.88 requires the Department of Administrative Services – Fiscal Affairs (DAS-Fiscal) to review the proposed agreement and ensure that the responsible County agency has supplied all applicable factors listed in MCGO 32.88(4).

Analysis

Applicable portions of the requirements of MCGO 32.88(4) are listed below:

Letter of Full Disclosure

CRC provided a letter outlining their intention to comply with the provisions of MCGO 32.88 and attached the required documentation.

Cash Flow Projections

CRC provided an operating budget and cash flow projections. The figures appear to be reasonable and attainable.

County Operating Budget Impact

The County would have no obligation to budget or pay for any improvements. Some County staff time may be needed for advisory support. Improvements to the park would become property of the County within 15 days of substantial completion of construction. The County is then responsible for all maintenance cost of improvements moving forward. The maintenance costs of the improvements will be known when the final project plan is approved. The final plan must be approved by the Director of Parks and the Architectural and Engineering Section of the Department of Administrative Services prior to any construction.

Debt Management

CRC does not anticipate issuing any debt related to this proposal. CRC reports that they have debt obligations of \$1.4 million unrelated to the Johnsons Park project.

Legal Liability

The legal counsel for CRC provided a letter stating that there are no outstanding legal issues. If required, CRC would be responsible for environmental remediation at the building site.

Financial Reporting Systems

CRC's financial controls are based on Generally Accepted Accounting Principles as administered by a private CPA firm specializing in nonprofit accounting. An annual audit is performed by a separate private CPA firm.

Right-To-Audit Provisions

Section 8 of the proposed agreement states that the County may audit CRC's records pursuant to MCGO 56.30(6)(e).

Project Feasibility

No feasibility study was conducted. The proposed venture is a continuation of a current venture. The successful relationship between Parks and CRC since 2007 suggests that the proposed venture is feasible.

Key Factors for Success

The key factor for the success of the venture is the ability of CRC to raise sufficient funds and to complete the proposed construction in a timely manner.

Governance Structure and Procedures

CRC is a 501(c)(3) non-profit corporation based in Madison, Wisconsin. CRC provided a copy of its Articles of Incorporation and a letter from the IRS confirming its tax exempt status.

Public Policy Impacts

The proposed agreement contains Milwaukee County's approved DBE goals, a non-discrimination clause, and an affirmative action clause.

Employee/Labor Relations Impacts

CRC states that they are not involved in any labor contracts. Parks will likely need to devote staff time to ensuring that the County is fulfilling the terms of the agreement. A need for additional County staff is not anticipated.

Environmental Concerns

Three environmental assessments of the site have been performed. CRC and the County are aware of minor issues identified in the assessments. Per the terms of the proposed agreement, CRC is responsible for any potential environmental remediation costs

Tax Consequences

CRC is a 501(c)(3) non-profit organization.

Capital Management/Maintenance

Improvements to the park would become property of the County within 15 days of substantial completion of construction. The County is then responsible for all maintenance cost of improvements moving forward. The maintenance costs of the improvements will be known when the final project plan is approved by the Director of Parks and the Architectural and Engineering Section of the Department of Administrative Services.

Conflict of Interest/Ethics

CRC has stated they are aware of the Milwaukee County Ethics Code and to their knowledge no potential conflicts of interest exist.

Org Chart / Mission Statement

CRC provided an organizational chart. Their mission statement is:

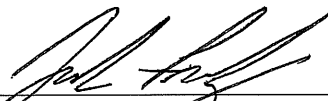
“The Center for Resilient Cities builds robust and thriving urban communities that are healthy, just, economically viable and environmentally sound.”

Name of Bank to Determine Single or Combined Reporting

CRC maintains accounts at four financial institutions in Wisconsin: BMO Harris Bank, Home Savings Bank, Monona State Bank, and Seaway Bank and Trust Company.

Recommendation

Upon review of the available information, and upon consultation with Corporation Counsel, Risk Management, Parks, and Community Development Business Partners staff, DAS-Fiscal recommends approval of the draft agreement.



Josh Fudge, Interim Fiscal and Budget Administrator

- cc: Chris Abele, County Executive
- Supervisor Marina Dimitrijevic, Chair, County Board of Supervisors
- Amber Moreen, Chief of Staff, County Executive’s Office
- Kelly Bablitch, Chief of Staff, County Board of Supervisors
- John Dargle, Director, Parks, Recreation & Culture
- Laura Schloesser, Chief of Admin & External Affairs, Parks, Recreation, & Culture
- Suzanne Carter, Contracts Services Officer, Parks, Recreation, & Culture
- Don Tyler, Director, Department of Administrative Services
- Jessica Janz-McKnight, Research Analyst, County Board
- Stephen Cady, Fiscal and Budget Analyst, County Board