

COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION

DATE: December 3, 2014

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

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

SUBJECT: **Amendment to County Lease with Milwaukee County Research Park Corporation (MCRPC) and Acceptance of Vacant Land Offer to Purchase**

POLICY

The Director of the Economic Development, Department of Administrative Services (DAS) is requesting that the County Board approve (a) an amendment to the Lease between the County and Milwaukee County Research Park Corporation (MCRPC) for the TIC Building located at 10437 Innovation Drive, (b) an offer to purchase from MCRPC for vacant lots 1, 10, and 21 located within the Research Park; and (c) a release of abandoned utility easements on lots 8 and 9 located within Research Park.

BACKGROUND

In the early 1990s Milwaukee County entered into several agreements with MCRPC. These agreements have been amended over time and can be summarized as a Conveyance Agreement that gives the authority to MCRPC to sell the vacant land at the Research Park and a TIC Lease Agreement that allows MCRPC to operate the Technology Innovation Center Building.

As the Research Park has matured, there are only about 19 acres of developable land left at Research Park, or about 11.5% of the initial 165 acres. Also, the TIC Lease Agreement is set to expire in 2018. Consequently, the County Board recognized the need to develop a strategy for what happens with the remaining land and the TIC Building at Research Park. At the July 15, 2013 meeting of the Economic and Community Development Committee a request was made for the Economic Development Division (ED Division) work with MCRPC to develop a strategy for the TIC Building. After several monthly meetings it became apparent that a strategy was also needed for the remaining vacant land at Research Park.

After several months of strategizing and negotiations, MCRPC and the ED Division are recommending a three prong strategy: (1) amend the TIC Lease Agreement to allow MCRPC to control its destiny; (2) of the remaining land that is immediately developable, identify a developer to develop and sell the land; and (3) of the remaining land that is not immediately developable, sell the land to MCRPC so that they can assemble the land and remove barriers to development. A map of the remaining land and the ultimate strategy for each is attached as Exhibit A.

1. Amend the TIC Lease Agreement

In March of 1993, Milwaukee County entered into a Lease agreement for with Milwaukee County Research Park Corporation (MCRPC) for a building at 10437 Innovation Drive in Wauwatosa, WI. The building, formerly known as the Muridale Building (M-1) is located adjacent to the Research Park was to be used as an incubator facility for businesses in the Technology field. The original lease agreement stated that MCRPC's rent to the County would be a percentage of the base rent collected for that month. In return, Milwaukee County would be responsible for all maintenance and repairs to the building.

This amendment to the lease alters the rental agreement, where MCRPC will be paying \$1.00/year for the 2015 year with additional options of \$1.00/year for 2016, 2017, and 2018. The Amendment would also eliminate the County from its obligation to cover all maintenance and repair costs associated with the building. Finally, the Lease Amendment calls for MCRPC to have a 12-month option to purchase the building and land from the County for \$1.00, to commence upon execution of the Amendment.

2. Sale of Developable Land

Pursuant to the Conveyance Agreement, MCRPC has accepted an offer to develop lots 8, 9, 12 and 22. No County Board approval is needed for the sale. There are, however, several abandoned utility easements that need to be removed by the County. A release of these easements has been prepared and is included as part of the accompanying resolution.


3. Transfer of Undevelopable land to MCRPC to Remove Barriers

Lots 10, 1 and 21 will be difficult to develop because they are each around one acre which is not large enough to attract the highest and best use of the land. Furthermore, lot 21 is in the middle of these three lots and currently has a large area covered by abandoned WE Energies infrastructure and building. Intense work will be needed to get rid of the WE Energies easements and assemble the land. MCRPC is most familiar with the challenges of this site, and has also had great success in negotiating past development. Consequently it is recommended that these lots be sold directly to MCRPC.

MCRPC has submitted an offer to purchase Research Park Lots 1, 10, and 21 for \$317,281.00. MCRPC would hold and maintain the lots for possible future development. The Lots are currently encumbered by an easement from WE Energies. The Easement allowed WE Energies to house a boiler room that serviced many of the original structures located at the County Grounds. Since the Zoo interchange reconstruction has cut off steam service to land west of the Interstate, the Boiler room has been abandoned. WE Energies still has the easement in place and owns the structure that housed the boilers. In order for MCRPC to proceed with any development, an agreement would need to be made with WE Energies to release that easement.

RECOMMENDATION

The Director of the Economic Development, Department of Administrative Services (DAS) recommends approval of the Amendment to the TIC Lease, Acceptance of the Offer to Purchase for the lots 1, 10, and 21; and release of the abandoned utility easements.



Teig Whaley-Smith
Economic Development Director

Attachments

Exhibit A – Remaining Parcels at Milwaukee County Research Park
Exhibit B – MCRPC Resolutions

cc: Chris Abele, County Executive
Milwaukee County Board of Supervisors
Don Tyler, Director, Department of Administrative Services
John Dargle, Director, Parks Department
Brian Dranzik, Director, Department of Transit
Scott Manske, Comptroller
Julie Esch, Director of Operations, Department of Administrative Services
Raisa Koltun, Chief of Staff, Office of the County Executive
Kelly Bablitch, Chief of Staff, County Board of Supervisors
Jill Suurmeyer, Economic and Community Development Research & Policy Analyst
David Cialdini, Economic Development Project Manager
Shanin Brown, Economic and Community Development Committee Clerk