

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: April 21, 2017
TO: Supervisor Theo Lipscomb, Chair, County Board of Supervisors
FROM: James Tarantino, Economic Development Director, Department of Administrative Services
SUBJECT: Request to accept cancellation of existing Sports Park Maintenance and Operations Services Agreement with The Rock Sports Complex LLC for the management of The Rock, pursuant to a new lease for the Ski Hill in the Village of Greendale.

REQUEST

Accept the cancellation of the existing Sports Park Maintenance and Operations Services Agreement with The Rock Sports Complex LLC for the management of The Rock, pursuant to a new lease for the Ski Hill in the Village of Greendale.

BACKGROUND

- File 12-495 - Crystal Ridge Lease - The Rock Sports Complex - authorization to enter into a lease agreement with The Rock Sports Complex, LLC for that portion of the Root River Parkway (South), commonly known as Crystal Ridge
- File 15-682 - an informational report related to The Rock Sports Complex
- File 17-334 - Proposed Ballpark Commons Development and potential impact on Milwaukee County.

Milwaukee County is the owner of a former landfill that is operated as a multi-use sports complex in Franklin, WI which has been referred to as the "Franklin Landfill", "Crystal Ridge", and "The Rock Sports Complex". The Rock Sports Complex currently operates under a Sports Park Maintenance and Operations Services Agreement between Milwaukee County Parks and Mike Zimmerman, the CEO of The Rock Sports Complex LLC. Mike Zimmerman is considering an expanded use of The Rock that includes a minor league baseball stadium and adjacent commercial development that is not compliant with the existing Agreement.

PROPOSAL

As presented in the previous County Board Files, the development of the Ballpark Commons project will require a new legal relationship between Milwaukee County and the developer. The current agreement obligates Milwaukee County to install new, and maintain existing methane collection systems that are related to the development onsite. It is estimated that the replacement of the methane collection system will require the investment of \$3,700,000 once every 20 years, which is the useful life of the infrastructure. It is estimated that the cost to monitor and operate the system is \$167,000 per year. There are other expenses that may be triggered by the development including those related to the modification of the landfill cap.

Under current conditions, upgrading and repairing the methane collection infrastructure is treated as a capital project that is competitive with all other discretionary capital requests in the Milwaukee County budgeting process. As such, there is no dedicated funding mechanism to ensure that the system will be upgraded under status quo conditions or in relation to the contemplated new development.

The existing Agreement includes provision of the payment of rent to the County of \$25,000 per year during the initial term of the Agreement.

It is anticipated that Milwaukee County will sell to the developer the parcel zoned PD-37 in the City of Franklin pursuant to the attached Term Sheet. The County Board is not asked to approve that Term Sheet but is asked to take action on the cancellation of the existing agreement, the re-instatement of a new lease on the remaining County-owned parkland, and through a separate file the de-mapping of County Highway K (aka "Crystal Ridge Dr.").

Despite not being asked to approve the terms of the sale, it is important that the County Board understand the terms of that agreement for transparency and in considering the other requested actions. The sale would be structured around an Option to Purchase that includes the following terms –

1. Purchase price – appraised value of \$840,000 less a credit for the annual maintenance of the methane collection system which will be \$167,000 per year with a 2.5% annual increase for inflation.
2. Capital costs – County will contribute a previously allocated amount of \$288,000 and City, through the Tax Incremental Financing District, will allocate \$3,700,000 to improving the methane system and \$170,000 to an Oak Leaf Trail extension.
3. Reserve fund – a reserve fund will be created to replace and improve the methane collection system so that the full capital amount of \$3,700,000 with inflation will be allocated every 20 years. While the TID is active, the County shall contribute its base property tax value of approximately \$20,000 to the reserve fund, and after the TID closes, to the extent that funds are still needed, County shall contribute 30% of the new tax increment value, capped to the extent that funds are needed. The Developer shall contribute \$127,000 per year to the reserve fund.
4. Operation – Developer shall be obligated to operate the methane collection system and will assume the obligations of reporting and monitoring required by Wisconsin DNR.
5. Environmental – County will sell the property "as is" with the Developer offering full indemnity of the County for future liabilities. The DNR closure letter will be transferred to Developer. County will assign its rights of third party claims to the Developer.
6. Community benefits – Developer will commit to 25% DBE participation on construction and 17% on professional services.
7. Public easement – Developer will agree to an access easement for the benefit of the public on the Oak Leaf trail.

8. Parties will enter into a new lease for the ski hill in Greendale, which is zoned as parkland and not a part of this contemplated sale.

RECOMMENDATION

It is recommended that the County Board accept the cancellation of the existing Sports Park Maintenance and Operations Services Agreement with The Rock Sports Complex LLC for the management of The Rock, pursuant to a new lease for the Ski Hill in the Village of Greendale.



James Tarantino
Economic Development Director, Department of Administrative Services

Attachments (5): Offer to Purchase Term Sheet
Appraisal
Sports Park Maintenance and Operations Services Agreement
Request for Cancellation
Lease Agreement – Greendale Ski Hill

cc: Chris Abele, County Executive
Scott Manske, Comptroller
John Dargle, Director, Department of Parks, Recreation, and Culture
Economic and Community Development Committee Members
Teig Whaley-Smith, Director, Department of Administrative Services
Raisa Koltun, Chief of Staff, Office of the County Executive
Kelly Bablitch, Chief of Staff, County Board of Supervisors
Eric Peterson, Government Affairs, Office of the County Executive
Greg High, Director, Architecture and Engineering
Margaret Daun, Corporation Counsel
Steve Cady, Research & Policy Director
Shanin Brown, Committee Coordinator
Stevan Keith, DAS/AE&ES Environmental Services Unit Leader