

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: December 4, 2020

TO: Supervisor Marcelia Nicholson, Chair, County Board of Supervisors

FROM: Aaron Hertzberg, Director, DAS Economic Development

SUBJECT: From the Director of Economic Development – Department of Administrative Services providing an informational report on the status of the planned Couture development at the site of the former Milwaukee County Downtown Transit Center

REQUEST

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

REPORT

On August 26, 2016, Milwaukee County entered a Development Agreement with Couture, LLC, represented by Rick Barrett, for construction of a 44-story mixed-use building with first floor transit amenities at 909 E. Michigan Street, Milwaukee. The Agreement outlines developer terms following acquisition of the property from Milwaukee County. Previous reports to and approvals by the County Board are referenced with file numbers in the Previous Legislation section of this report.

After years of planning and efforts to secure funding, the developer is prepared to advance the construction. As reported in October (File 20-754), the developer has secured equity financing for the project. The developer has now also received approval of their Direct-to-Firm application for a loan guarantee from the United States Department of Housing and Urban Development (HUD), in the amount of \$103,480,000. The HUD commitment represents the last major financial component necessary to advance the project. The project is anticipated to have a development cost of \$188 million.

The Development Agreement outlines several responsibilities of the developer including, but not limited to:

- incorporation of bus rapid transit and other public transportation amenities;
- a 40 year lease for County use of transportation elements and pedestrian ways;
- labor standards and Community Benefits Compliance Plan obligations; and timelines for commencement and completion of construction.

The County intends to enter the attached Letter Agreement with the Developer to acknowledge modifications necessary to conform the Agreement to the facts as they now exist. Modifications are intended to revise timelines for commencement and completion of construction, align terms to HUD 220 Program requirements, plans to convey the transit concourse from the developer to the City of Milwaukee while retaining County rights to planned BRT facilities, and to ensure rights and obligations if a preferred equity member exercises its rights to complete the project should Couture, LLC fail to perform.

It should be noted that to comply with HUD requirements the County will forgo its rights to reclaim the property when the developer closes on all funding, acquires completion bonds for all aspects of the building including the transit concourse and demonstrates its ability to complete construction and adhere to obligations in the Agreement. The County would retain contract remedies to ensure obligations are fulfilled in adherence with timelines set forth by the County's agreements with the United State Department of Transportation Federal Transit Administration (FTA).

Timelines for the project are to be modified as outlined in the agreement:

- Close on HUD financing on or before January 29, 2021
- Resumption of construction, following previous work to drive piles at the site, on or before February 1, 2021
- Completion of construction on or before August 1, 2023

It should be noted that the developer intends to deliver the transit concourse prior to completion of construction. Milwaukee County has received concurrence from FTA for delivery of transit operations onsite by June 30, 2022. This is an extension from the original timeline of December 31, 2020. This aligns with an extension previously granted to the City by the FTA.

Staff continues to coordinate with the developer to ensure progress towards proposed timelines and will maintain oversight of milestones through project construction. Additionally, staff is in regular communication with the FTA regarding the project.

Staff, in consultation with the Office of Corporation Counsel and outside counsel, has confirmed that the County Executive has authority over the proposed modifications. In the interest of collaboration and in recognition of the Board's interest in the property, staff is offering this informational report and providing the opportunity for comment.

Background

BVD acquired the former Downtown Transit Center from Milwaukee County via an Option approved by Milwaukee County (File 14-827). The Option was exercised by the developer and the land transferred in 2016. As part of the development agreement, a contingency of sale, the developer was required to demolish the Downtown Transit Center and to construct the building with a ground floor transit facility to house a station for the City of Milwaukee's Streetcar and Milwaukee County's Bus-Rapid Transit (BRT) line.

The FTA had made prior investment in the County's Downtown Transit Center that was formerly onsite. The remaining undepreciated value of the FTA's prior investment, \$6,705,068 million is to be offset by construction of the transit amenities in the Couture building and a 40-year lease for continued transit function.

Project Overview

The project consists of a \$188 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 BRT line. The transit related components offset Federal Transit Administration (FTA) investment in the County's

Downtown Transit Center that previously was at the location. Additional project details are available via the County Board files referenced below.

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
- File 18-562 –discussed an informational report with no action taken
- File 18-776 –discussed an informational report with no action taken
- File 19-661 –discussed an informational report with no action taken
- File 20-475 –discussed an informational report with no action taken
- File 20-754 –discussed an informational report with no action taken

RECOMMENDATION

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

Submitted by:

Aaron Hertzberg
Economic Development Director

- cc: David Crowley, County Executive
Julie Landry, Director, Department of Administrative Services
Economic and Community Development Committee Members
Donna Brown-Martin, Director, Department of Transportation
MaryJo Meyers, 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