

LRB-RESEARCH AND ANALYSIS SECTION ANALYSIS

FEBRUARY 22, 2006 AGENDA

ITEM 2, FILE 051347

ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

EMMA J. STAMPS

File No. 051347 is a resolution authorizing entry into an agreement for purchase and sale for the surplus land at 4701-5001 South Pennsylvania Avenue in the City of Cudahy between the City of Milwaukee and Cobalt Partners, LLC.

Background and Discussion

1. In 1954, the City of Milwaukee acquired the 23.7 acre property at 4701-5001 South Pennsylvania Avenue, located east of General Mitchell International Airport in the City of Cudahy. DPW has operated the property as a solid waste landfill.
2. On July 27, 2004, the Common Council declared the property surplus to municipal needs and approved its sale to Kendall Bruenig for \$1,150,000 via File No. 040353.
3. 14-months later, Mr. Bruenig's offer expired without closing, causing the DCD to return the property to market on an "as is" basis with no warranties for a \$1,750,000 asking price.
4. Before that deadline expired, DCD received 3 proposals, including the Cobalt Partners, LLC proposal, the highest offer received at \$1,800,000.
5. Cobalt Partners, LLC plans to build a commercial/retail center on the property. The principals of Cobalt Partners, LLC are Charles Gabaldon, a commercial real estate developer; James Heffernan, a retail and commercial developer and former Real Estate Director for Kohl's Department Stores; and Scott Yauck, an industrial and commercial real estate developer and formerly an attorney with Quarles & Brady in its real estate group.
6. Adopting File 051347 authorizes DCD to enter into an agreement for purchase and sale of the 4701-5001 South Pennsylvania Avenue property to Cobalt Partners, LLC based on DCD's recommendation. The closing must take place within 160 days of the agreements' effective date, tentatively March 10, 2006.

Fiscal Impact

The anticipated fiscal impact totals \$1,800,000 minus applicable marketing and closing expenses and RACM's 25% administrative fee.

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LRB-Fiscal Review Section
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