

Land Disposition Report

Common Council of the City of Milwaukee

Date

September 13, 2017

Responsible Staff

Martha Brown, Deputy Commissioner, DCD

Parcel Address and Description

Former Wisconsin Avenue School, 2708 West Wisconsin Avenue (the "Property"). Property consists of a 92,600 SF school building constructed in 1919 on a two-acre site. The Property has been vacant since 2007 and was declared surplus in 2009. Under the requirements imposed by Section 119.61, Wisconsin Statutes, the Property was made available for sale to education operators only for a two-year period that ended in July 2017. The Property was not sold to an education operator during that time. It was listed for sale through a Request for Proposals in July 2017.

Buyer

Ambassador Enterprise LLC ("Buyer") was the only respondent to the RFP. The principal, Richard A. Wiegand, owns substantial property in the Avenues West neighborhood, including the former Milwaukee County City Campus, which is just to the north of the Property.

Project Description

Ambassador Enterprise LLC proposes to convert the Property to an extended stay, all-suites hotel, operated in conjunction with the Ambassador Hotel. The Ambassador Suites will offer meeting and banquet space, a restaurant and an outdoor beer garden. The Buyer anticipates the hotel will be a destination for leisure travelers, wedding ceremonies and various business and social events. Total investment exceeds \$15 million. The Buyer projects completion of the project prior to summer 2019.



The project will preserve the character-defining features of the building. The Buyer has submitted the nomination of the school to the National Register of Historic Places and anticipates approval. The former school's auditorium, cafeteria and gymnasium will be redeveloped as meeting and banquet facilities in a manner that preserves their historic attributes.

The hotel will support the redevelopment of the adjacent City Campus buildings, previously owned by Milwaukee County, as office space. The Buyer will install consistent sidewalk, fencing, lighting and security enhancements at both properties. The Buyer owns a large parking lot to the west of both properties; the vacation of 28th Street from Wisconsin Avenue to Wells Street will allow City Campus and the Ambassador Suites to share a safe, controlled parking area.

The property is zoned RT3. The Buyer will be required to apply for and receive a zoning change prior to closure of the sale.

The use will be taxable.



Purchase Terms and Conditions

The purchase price is \$200,000. The building contains asbestos and lead-based paint that will require remediation during the redevelopment at an estimated cost of \$500,000. Conveyance is on an “as is, where is” basis, including all known and unknown environmental and geotechnical conditions.

By January 15, 2018, the Buyer will be required to enter into a Purchase and Sale Agreement (“PASA”) that outlines the Buyer’s obligations. The PASA will require that, prior to closing, the Buyer must:

- Provide a performance deposit to be returned upon completion of the project and issuance of a Certificate of Occupancy.
- Apply for and receive rezoning of the Property to allow for the Property conversion to a hotel.
- Enter into an agreement requiring best efforts to utilize City-certified Small Business Enterprises and individuals certified through the City’s Residents Preference Program for construction activity.
- Ensure that the site plan sets back the fencing along 27th Street in a manner that provides an adequate area of pedestrian refuge in the public way.
- Receive a building permit.
- Present evidence of full project financing.

At closing, sales expenses will be subtracted from the sale proceeds. The remaining sale proceeds shall be deposited in the Milwaukee Public Schools Operations Fund.

The deed of conveyance will contain restrictive covenants for performance, prohibitions for tax exemption and certain uses, conditions under which a liquor license may be issued, and reversion of title provision for non-compliance.