

**BLIGHT DESIGNATION SUMMARY AND LAND DISPOSITION REPORT
REDEVELOPMENT AUTHORITY AND COMMON COUNCIL OF THE CITY OF MILWAUKEE**

DATE

March 16, 2006

RESPONSIBLE STAFF

Elaine Miller, Real Estate (286-5732) and Benji Timm, Environmental Team (286-5756)

PROPOSED ACTION

Declare three City-owned properties blighted pursuant to Chapter 66.1333, Wisconsin Statutes, for acquisition by the Redevelopment Authority. The U.S. Environmental Protection Agency ("EPA") awarded the Redevelopment Authority a Brownfield Clean Up Grant for 3009 North Humboldt and is requiring that the Authority own the property as a condition of the grant. Because 3009 North Humboldt is part of a larger development with two other properties for which common closing documents are required, all three properties must be conveyed to the Authority. This action also will permit the City to assign and the Redevelopment Authority to accept the Option to Purchase.



BACKGROUND/ENVIRONMENTAL CONDITION

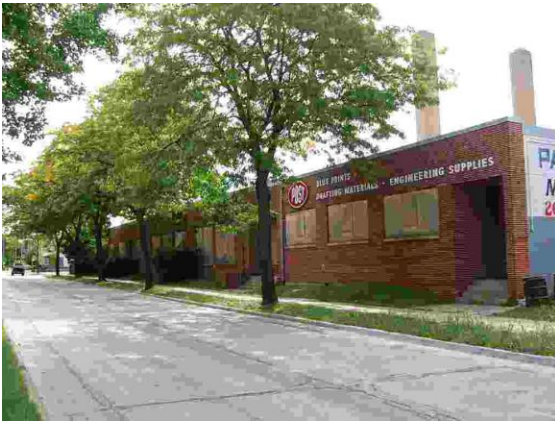
The Common Council approved the sale of the properties at 2941-55, 2963 and 3009 North Humboldt to Alterra Coffee Roasters in September 2004. After approval, the City began remediation at 3009 North Humboldt using the EPA Brownfields Clean up Grant. The site was impacted with high levels of metals and hazardous levels of solvents. The hazardous materials have been remediated using an innovative technology and 93% of the hazardous soils have been removed from site. Lower-level contaminants will remain on-site and the residual soils and groundwater will be encapsulated by the proposed parking lot and naturally attenuated. Additional remediation also was required in the building at 2941-55 North Humboldt to remove petroleum-impacted soil beneath the floor that migrated from a leaking underground storage tank that was previously removed. Remediation at 2963 North Humboldt, a former gasoline station, was finished in 2003 after the tanks were removed and petroleum-impacted soils were removed.

DEVELOPER

Alterra Coffee Roasters, Inc. Founded in 1993 as a small roaster of wholesale coffee, Alterra's operations now encompass five retail locations, a much-expanded roasting plant and a bakery/commissary operation. Approximately 150 people are employed through the company and most are full-time employees with both retirement and health benefits. Ward Fowler, Paul Miller and Lincoln Fowler are the principals of the company. Lincoln Fowler also is a member of the Redevelopment Authority and recused himself from voting and discussion. Alterra has created a limited liability company – Dirty Dogs, LLC –to take ownership and redevelop the properties.

PARCEL ADDRESSES & DESCRIPTION

2941-55 North Humboldt Boulevard: A 33,942 square-foot manufacturing building situated on a 35,567 square-foot lot. The masonry and steel frame building, constructed in 1948, is a mix of office space in the front and manufacturing and warehouse space to the rear. After acquisition in 1998 through tax foreclosure, the City obtained a grant from the State of Wisconsin to remove the underground tanks from the building. Additional remediation was required to remove the “free petroleum product” beneath the building floor that had migrated in the groundwater.



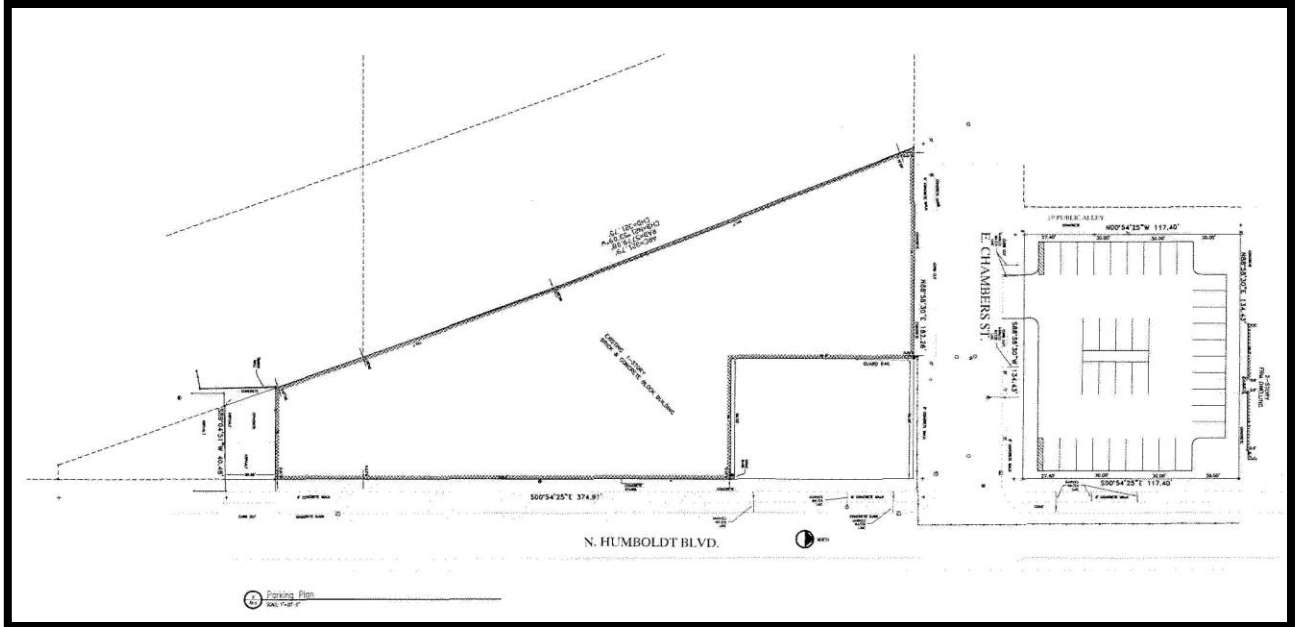
2963 North Humboldt Boulevard: A 6,600 square-foot vacant lot. The property was a former gasoline station that was acquired through tax foreclosure in March 2001. The City received another State grant to demolish the improvements and to fund a portion of environmental testing and remediation. The City also is seeking reimbursement of additional testing costs from the PECFA program.

3009 North Humboldt Boulevard: A 16,132 square-foot vacant lot acquired in July 2004 through tax foreclosure. The site was a former dry cleaner and has significant environmental impacts.

PROPOSED REDEVELOPMENT



The existing building will be rehabilitated and used as the new headquarters of Alterra. All primary functions will move to this building; wholesale roasting, bakery and commissary, administrative/human resources, customer service and mechanical service. In addition, a new flagship café – Alterra's 7th café in the City – will be built as the focal point of the development. Space along Humboldt's long frontage will be renovated into 6,000 SF of retail space and leased to other quality retailers.



The lot of 2963 North Humboldt at the corner will become the outside seating area and extension of the café. This area will have landscaped gardens, a few quick-park slots and a large exterior deck. The property at 3009 North Humboldt will be improved with an off-site parking lot. Specific approval for parking will be required from the Board of Zoning Appeals. Alterra expects to create 25 additional jobs immediately at this location with 10 – 15 more in the next three to five years.

Approximate development costs are now approximately \$4.0 million, an increase of over \$1.0 million. From the time that the Council first approved the sale. The cost increase is generally due to structural problems discovered at the building at 2941-55 North Humboldt.

OPTION TERMS AND CONDITIONS

The purchase price is \$10,000, which is based on estimated reinvestment and project feasibility. The price should cover the City's sale expenses. The sale is expected to close within three months from the time of Common Council approval, but is contingent on satisfactory approval of the Wisconsin Department of Natural Resources.

An Agreement for Sale will be drafted and executed prior to closing. A \$1,000 Performance Deposit shall be submitted at closing and be held until satisfactory completion of the project. The purchase price will be paid in full at the time of closing. Any net sale proceeds will be paid to the Authority as a development fee. The sale will be further conditioned upon satisfactory review and approval of site and building plans by DCD staff and upon submittal of firm financing.

FUTURE ACTIONS

Upon approval by the Council, the City will convey the properties to the Redevelopment Authority. An Agreement for Sale will be drafted and closing will occur upon approval of final plans and financing by DCD.