

**LAND DISPOSITION REPORT
TO THE
COMMON COUNCIL OF THE CITY OF MILWAUKEE**

BACKGROUND/REQUEST FOR PROPOSAL

The Common Council previously approved the surplus declaration of the property at 2941 and 2963 North Humboldt and authorized sale to Rainmaker Enterprises (Andy Busalacchi) for office/industrial use. When Mr. Busalacchi failed to close, the offer was cancelled and the Department of City Development solicited a Request for Proposal from interested parties. One proposal was received and DCD staff recommends acceptance.

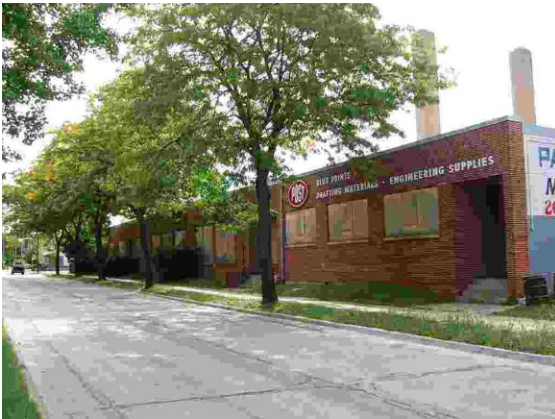
The new proposal includes the property at 3009 North Humboldt Boulevard that was acquired recently by the City through tax foreclosure. Prior to foreclosure, the City conducted Phase II environmental testing and received grants from the U.S. Environmental Protection Agency and the Wisconsin Department of Commerce to fund remediation.

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, most of them full time with both retirement and health benefits. Ward Fowler, Paul Miller and Lincoln Fowler are the principals of the company. Lincoln Fowler is also a member of the Redevelopment Authority.

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 environmental testing was conducted and the City needs to complete removal of "free petroleum product" beneath the building floor.



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 is also 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. Recent grants from the state and EPA will be used to remove the most highly contaminated soil and conduct long-term ground water monitoring.

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 will be built as the focal point of the development. Space along Humboldt's long frontage will be renovated 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.

Approximate development costs are \$2 - \$3 million. Alterra expects to create 25 additional jobs immediately at this location with 10 - 15 more in the next 3 - 5 years.

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. A \$ 500.00 option fee is required and will be credited toward the purchase price if the buyer closes prior to expiration of the first option period.

The base option term is for six months commencing on the date of Common Council approval. The option may be extended by the Commissioner of the Department of City Development for up to two three-month periods upon submission of a satisfactory progress report on buyer's efforts to obtain final plans and financing and payment of a \$250.00 renewal fee for each request. The Commission may extend the option at no cost if delays are due to the environmental remediation.

Prior to closing, the buyer will be required to execute an Agreement for Sale and submit a \$1,000 Performance Deposit that will 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 RACM 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 proceed with environmental remediation, enter into the Agreement for Sale and to close upon approval of final plans and financing by DCD.

Respectfully submitted,

Joel T. Brennan
Manager, Real Estate
and Development Services