

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

DATE: December 5, 2018

RESPONSIBLE STAFF: Dave Misky (286-8682), Assistant Director of RACM

REDEVELOPMENT PROJECT AREA AND PARCEL ADDRESS

Harbor District: The City of Milwaukee ("City") purchased the property at 401 East Greenfield Avenue in 1980 for Port Milwaukee to lease the property for coal storage. The property was used for coal storage for approximately 35 years until We Energies converted its Menomonee Valley Power Plant from coal burning to natural gas in 2016. Port Milwaukee and the Department of City Development ("DCD") have marketed the site since that time and have been preparing the site for redevelopment by removing residual coal, grading and compacting the site, completing property surveys and conducting an environmental investigation. The property is within several plan areas, including the Southeast Side Area Plan (2008), the Port Redevelopment Plan (2010), the Refresh Milwaukee Plan (2013), the Growing Prosperity Plan (2014), the Walker's Point Strategic Action Plan (2015) and the Water and Land Use Plan (2018). In general, the plans recommend that the area encourage employment opportunities through industrial development, remediate brownfields and restore the natural environment and create more public access through a riverwalk.



BUYER

The Buyer of the property is Komatsu Mining Corp., which acquired Joy Global in 2017. The company's Milwaukee-area campus is predominantly in the Village of West Milwaukee and currently employs approximately 600 people.

PROJECT DESCRIPTION

The proposed development is part of larger ~60-acre redevelopment that includes the purchase of the City's property at 401 East Greenfield Avenue and a total of 44 acres of private property at 311 East Greenfield Avenue (former Solvay Coke property). Komatsu Mining Corp. proposes to develop an approximately 170,000 SF office building, a parking deck, a 20,000 SF public museum/training facility on the City property and a 410,000 SF manufacturing facility on the privately owned parcel. Komatsu Mining Corp. specializes in subsurface mining, but plans on expanding its product lines at the new sustainable facility. The 13.56-acre City property will be less an approximately 1.6 acres retained by the City for a riverwalk and approximately 0.35 acres for East Greenfield Avenue right-of-way, resulting in the final land area to be purchased at approximately 11.61 acres. Estimated project costs are \$285 million and Komatsu Mining Corp. will be required to enter into an Human Resources Agreement. The Buyer plans to begin construction in the fall of 2019 for 2021 occupancy.

Komatsu Mining Corp. currently has approximately 600 full-time employees in West Milwaukee and plans on adding at least 350 new employees in the first 12 years of operation in the new facility. Benefits include competitive salaries, medical, dental, life insurance, short-term disability insurance, paid vacations and holidays and a 401(k) with company match.



Preliminary Site Plan



Preliminary Building Concept

PURCHASE TERMS AND CONDITIONS

The purchase price shall be approximately \$1,768,272 (approximately 11.61 acres at \$152,306/acre). The final purchase price will be determined once the acreage is finalized. The conveyance will be on an "as is, where is" basis. The Buyer shall be responsible for all site development activity, including, but not limited to, site grading, geotechnical conditions and site clearance. The only exception to "as is, where is" is the net sale proceeds will be less remediation costs of approximately \$500,000 for environmental issues associated with the City property. This will result in net proceeds to Port Milwaukee of approximately \$1,268,272. The City is establishing an option term that will be for six months to enable the Buyer to complete the environmental and geotechnical investigations, secure financing and finalize building plans. The option period may be extended by the Commissioner of DCD for two, three-month extension periods upon submission of a satisfactory written progress report.

Additional terms and conditions are identified in the Tax Incremental District No. 96 Term Sheet.

PAST ACTIONS

The Board of Harbor Commissioners held a public hearing on November 16, 2018, after which it conditionally accepted the Option to Purchase of the named Buyer.

FUTURE ACTIONS

Upon approval by the Common Council and any required approvals by regulatory bodies, closing will occur once DCD staff has approved of the site and building plans and the Buyer submits satisfactory evidence of financing. At closing, the sale proceeds, less the environmental costs, shall be deposited in a Port Milwaukee account to provide funding for future capital projects.