

LAND DISPOSITION REPORT AND DUE DILIGENCE CHECKLIST COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

November 8, 2021

RESPONSIBLE STAFF



Matt Haessly, Department of City Development ("DCD"), Real Estate

PARCEL ADDRESS AND DESCRIPTION

3610 West Vliet Street is a vacant lot and 3616 West Vliet Street is a 3,858 square foot mixed-use building that together represent (the "Properties"): The Properties have a combined lot area of approximately 7,980 square feet and are currently zoned RT4. The City of Milwaukee ("City") acquired 3610 West Vliet in 2006 and 3616 West Vliet Street in 2017 through property tax foreclosure.

On October 18, 2021, the City Plan Commission approved File No. 210714 authorizing a zoning change from RT4 to LB2.



-  City Properties
-  The Buyer's restaurant, Triciclo Peru occupies 3801 and 3803 West Vliet Street, the parking lot and garage behind the building. The Buyers live above the restaurant.

BUYER

Empanadas Pachamama LLC (the "Buyer") or its assignee also owns and operates Triciclo Peru LLC, a family owned business operated by Amy Narr and Mario Diaz Herrera.

Amy Narr is a Milwaukee native and holds a Bachelor in Business Administration from UWM, and a Masters in Sustainable Peacebuilding from UWM. She served in the Peace Corps in Peru working in economic development for 3 years, which was her inspiration to come back to her hometown and start a Peruvian restaurant. Her partner Mario Diaz Herrera holds a title in

Marketing and Graphic Design from Toulouse Lautrec in Lima, Peru. Knowing that Peruvian food is award winning and world- renowned, and spotting an opportunity in Milwaukee, the pair started their business as a food truck selling Peruvian empanadas in 2017. They graduated to the brick and mortar on Vliet Street in 2019. The restaurant at 3801 West Vliet Street offers sit down dining as well as carry out. The restaurant offers a variety of homemade Peruvian empanadas, pisco cocktails, and other Peruvian food and drinks along with a dose of Peruvian culture.

Today the restaurant is the production hub and main location that provides empanadas to multiple Milwaukee County Beer Gardens, as well as to the Crossroads Collective Food Hall on the east side. Amy and Mario have 20 employees and are proud of the fact that they have weathered their first few years as restaurant owners during a global pandemic.

Empanadas Pachamama LLC was born in 2019 when the partners realized a demand for their empanadas in frozen form. The members of Empanadas Pachamama LLC are Amy Narr, Mario Diaz, and partners Moises Torres and Alina Page VanDyke. Moises and Alina are longtime friends of Mario's and have business and engineering backgrounds. The purpose of the second LLC was to focus on frozen retail and wholesale distribution of the empanadas. Today, the two businesses operate in the same kitchen but are running out of space and looking to expand.

PROJECT DESCRIPTION:

The building will be used as the headquarters of Pachamama LLC. This purchase will allow the Buyer to expand its already growing business. Currently, Triciclo Peru, located at 3801 West Vliet, is sharing its kitchen. The acquisition of 3616 West Vliet will allow Pachamama to have their own kitchen that will enable them to grow their business and offer another nearby retail outlet to serve their products.



3610 & 3616 West Vliet Street (current conditions)

The Buyers estimated rehabilitation costs are approximately \$90,000 and a portion of the work will be completed through "sweat equity." Mr. Reed has purchased and renovated several

residential.



The Buyers may need certain City approvals in addition to the approval of the Land Disposition Report. Closing is contingent upon the Buyers obtaining all necessary approvals, financing and DCD approval of the final exterior design plans.

PURCHASE TERMS AND CONDITIONS

The purchase price is \$5,000 which factors in the overall condition of the Properties. The conveyance of the Properties will be on an "as is, where is" basis. The Buyer agrees to obtain all necessary City permits and approvals, including Board of Zoning Appeals approvals, as needed. The Buyer will pay a \$1,000 performance deposit regarding Buyer's duty to complete the renovation and obtain a Certificate of Occupancy by April 30, 2023. Buyer will be required to meet the City's General Buyer Policies.

The deed of conveyance will include a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status and a deed restriction prohibiting Buyer from conveying to another prior to Buyer obtaining a Certificate of Occupancy. The deed will also have a joinder restriction, joining the two properties under one new property tax-key and property tax-key.

The Buyer will seek conventional financing and may pursue the City's commercial corridor grant resources. The estimated budget is \$160,000.

At closing, subtracted from the sale proceeds will be sale and marketing expenses and a 30 percent disposition fee to the Redevelopment Authority of the City of Milwaukee; the remaining proceeds shall be deposited in the Delinquent Tax Fund.

DUE DILIGENCE CHECKLIST**ADDRESSES: 3610 & 3616 WEST VLIET STREET**

The Commissioner's assessment of the market value of the property.	<p>3610 West Vliet Street is a vacant lot and 3616 West Vliet Street is a 3,858 square foot mixed-use building that together represent (the "Properties"): The Properties have a combined lot area of approximately 7,980 square feet and are currently zoned RT4. The City of Milwaukee ("City") acquired 3610 West Vliet in 2006 and 3616 West Vliet Street in 2017 through property tax foreclosure.</p> <p>The purchase price is \$5,000. The building has considerable deferred maintenance, including defective electrical, HVAC and plumbing. Extensive interior damage to the roof, ceilings, floors and walls have negatively affected the overall value of the building.</p>
Full description of the development project.	<p>The building will be used as the headquarters of Pachamama LLC. This purchase will allow the Buyer to expand its already growing business. Currently, Triciclo Peru, located at 3801 West Vliet Street, is sharing its kitchen. The acquisition of 3616 West Vliet Street will allow Pachamama to have their own kitchen that will enable them to grow their business and offer another nearby retail outlet to serve their products.</p>
Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.	<p>Facade modifications will include new doors, windows with clear glazing and new signage. (See Land Disposition Report)</p>
Developer's development project history.	<p>Empanadas Pachamama LLC was born in 2019 when the partners realized a demand for their empanadas in frozen form. The members of Empanadas Pachamama LLC are Amy Narr, Mario Diaz, and partners Moises Torres and Alina Page VanDyke. Moises and Alina are longtime friends of Mario's and have business and engineering backgrounds. The purpose of the second LLC was to focus on frozen retail and wholesale distribution of the empanadas. Today, the two businesses operate in the same kitchen but are running out of space and looking to expand.</p>
Capital structure of the project, including sources, terms and rights for all project funding.	<p>The estimated renovation and improvement costs are \$160,000. The Buyer is considering commercial grant programs, conventional financing and/or personal equity to finance renovations.</p>
Project cash flows for the lease term for leased property.	<p>Not applicable.</p>
List and description of	<p>If the building remains vacant, the deferred maintenance and</p>

project risk factors.	costs to cure will continue to increase. Continued vacancy of the building will serve as a hindrance on efforts to redevelop the Properties.
Tax consequences of the project for the City.	The Properties will be fully taxable. The deed of conveyance will contain a restriction prohibiting tax-exempt property status.