

# LAND DISPOSITION REPORT

## COMMON COUNCIL OF THE CITY OF MILWAUKEE

### DATE

September 16, 2013

### RESPONSIBLE STAFF

Matthew Haessly, Real Estate Specialist, DCD

### PARCEL ADDRESSES, DESCRIPTION & HISTORY

1034-38 West National Avenue: A vacant, two-story masonry warehouse containing 8,186 SF, plus a full basement. The tax-deed building was constructed in 1927-28 and is in fair to poor condition. The building is situated on two lots containing 7,000 SF of land with 50 feet of frontage along National Avenue.

The site was listed on DCD's commercial property listing. DCD sought proposals to renovate the existing building for a use compatible with the National Avenue commercial district. Four proposals were received prior to the listing deadline.



### BUYER

PALCO Energies, LLC, a sustainable energy consulting firm created in 2011 by Alex Palokonis, CEO, and Michael Richmond, CFO. PALCO also purchases and collects waste vegetable oil from local restaurants and individuals. These oils are temporarily stored onsite by PALCO until they are transported and sold to a bio-diesel fuel producer.

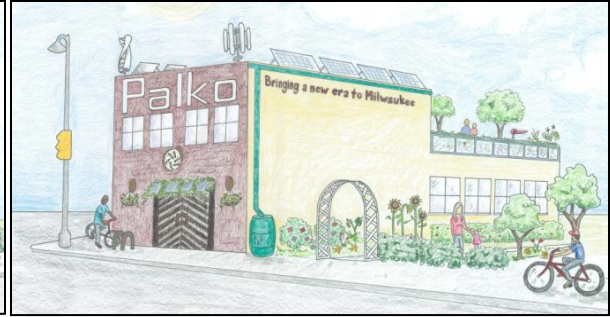
### PROPERTY DEVELOPMENT

Renovation of the existing warehouse for commercial and residential use. Improvements to the building will include, but are not limited to, installing new high-efficiency windows, plumbing, electrical service, security cameras and an HVAC system. PALCO hopes to install a rainwater collection system, solar cell array and wind turbines.

The first floor will be occupied by offices for PALCO's sales staff, marketing administration and meeting space. The second floor will have a residential unit for the owner of the company. The basement will be used for temporarily storage of the waste vegetable oil, parking, fleet maintenance and fabrication.



**View-looking northeast**



**View-looking northwest**

The total project costs are estimated to be \$157,001. The property will be fully taxable as required by the commercial listing.

#### **SALE TERMS AND CONDITIONS**

The purchase price is \$55,001. Earnest money of \$1,250 must be submitted after Common Council approval and will be credited toward the purchase price if the Buyer closes within the base offer term. The Buyer may receive a credit for conducting its own asbestos investigation and abatement.

The base offer term is four months commencing on the date of Common Council approval to allow the Buyer to obtain a final scope of work and firm financing. The offer may be extended by the Commissioner of the Department of City Development for up to one additional three-month extension period upon submission of a satisfactory progress report on the Buyer's efforts to obtain the final scope of work and financing and payment of a \$500 extension fee.

Closing is contingent on the Buyer satisfying the City's closing contingencies for DCD approval of the final scope of work and firm financing. Also, the Buyer cannot be in violation of City Buyer Policies.

At closing, a commission will be paid to the commercial broker that submitted the offer on behalf of the Buyer. Also, a 30 percent development fee shall be paid to the Redevelopment Authority, less sales expenses, and the remaining proceeds shall be deposited in the Tax Deed Fund. The property will be conveyed on an "as is, where is" basis. The Commissioner may grant a credit for demonstrated financial infeasibility, which may include asbestos abatement. The deed of conveyance will contain a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status.