

LAND DISPOSITION REPORT

COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

January 4, 2022

RESPONSIBLE STAFF

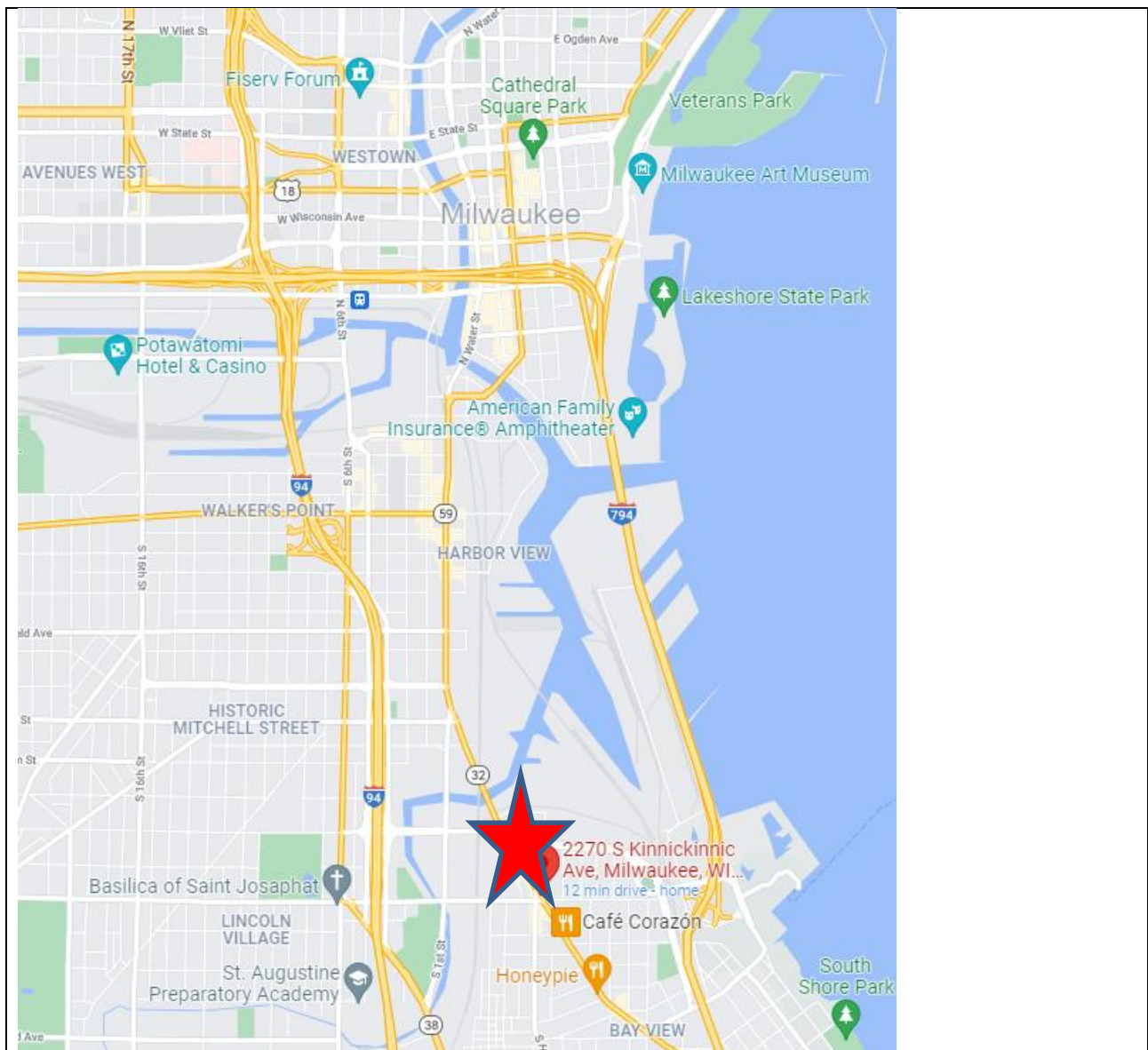
Yves LaPierre, Real Estate, Department of City Development

COMMITTEES:

1/11/2022 Zoning and Neighborhood Development

LESSEE/BUYER

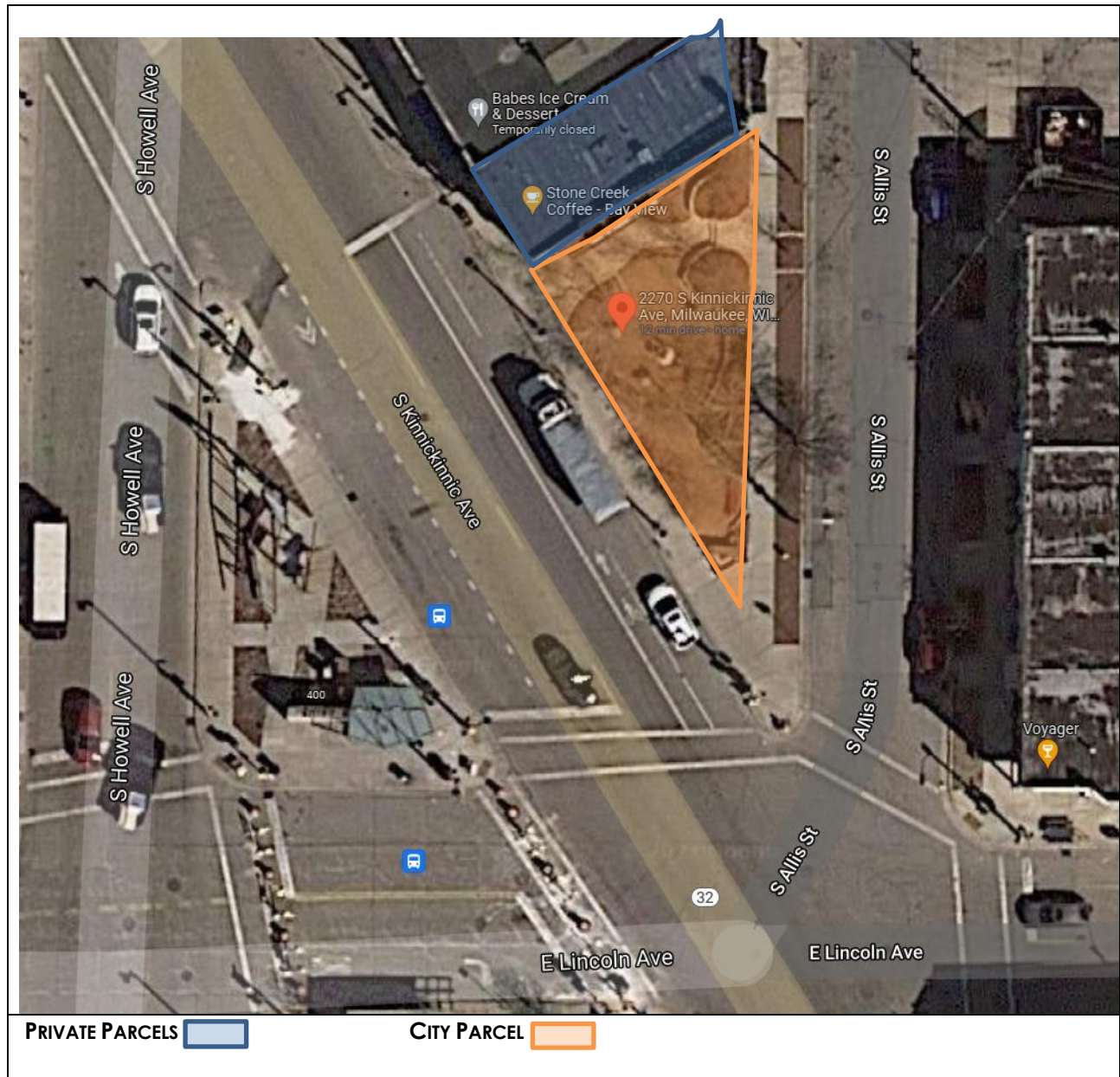
The Lessee/Buyer is 2266KK LLC or assignee (hereinafter "Developer"). Developer is the owner of the private parcel at 2266 South Kinnickinnic Avenue and wishes to lease the adjacent parcel City-owned parcel at 2270 South Kinnickinnic Avenue.



Project Location in City of Milwaukee Bayview Neighborhood

PROJECT DESCRIPTION

Sale of two feet of the City parcel to the Developer to be combined with Developer's adjacent property at 2266 South Kinnickinnic Avenue. Granting a six-foot access easement on the City Parcel for Developer to maintain south side of adjacent building and allow utility and HVAC placement. Lease with Developer on City parcel that will allow Developer's commercial tenant access and use while maintaining public access.



HISTORY

City-owned parcel at 2270 South Kinnickinnic Avenue was deeded to the City in 1970 for use as greenspace. 2270 was the site of a building that was demolished in 1968. The northwesterly wall ("the Wall") of this demolished building is physically located on the City parcel and was left in place to benefit the adjacent building at 2266 South Kinnickinnic Avenue.

2270 South Kinnickinnic Avenue has been used as public greenspace and had been managed by various neighborhood groups. In 2003, the City entered into a lease with Stone Creek Coffee, which was a tenant in the adjacent ground floor commercial space of 2266 South Kinnickinnic Avenue. Stone Creek Coffee improved the City parcel with seating and landscaping for use for its customers while maintaining public access to the City parcel. Stone Creek Coffee also created direct access to

the City parcel with doors and a canopy constructed through the building at 2266 and the Wall.

The Wall has been deteriorating and was the subject of a maintenance dispute. Stone Creek Coffee asked the City to repair the Wall since it is physically located on the City parcel at 2270 South Kinnickinnic Avenue. The City Attorney's office rendered an opinion in 2010 that the Wall is the sole responsibility of Stone Creek Coffee and the adjacent property owner as the Wall was left in place for the sole benefit of the adjacent property and the City has no maintenance responsibilities. Subsequently Stone Creek Coffee made repairs to the Wall.

In 2021, the adjacent building was purchased by 2266KK LLC ("Developer") with Stone Creek Coffee as a tenant.

Stone Creek Coffee will be terminating its lease with the City of Milwaukee 12/31/2021. The Developer wishes to demolish and rebuild the Wall. Developer wishes to purchase two feet of the City property where the wall is physically located to rectify any property line issues. In addition, Developer asks that the City grant a six-foot access easement adjacent to his building and enter into a new lease for the adjacent City parcel.



View of City parcel greenspace, the Wall and Developer's building

PROPERTY LEASE/SALE TERMS AND CONDITIONS

Two feet of City parcel will be sold for \$1.00. Access Easement will be granted for good and valuable consideration. Lease will be for a 25 year term at \$50.00 per month and will increase \$25.00 per month every five years. Lease will require Developer to maintain improvements and landscaping on the City parcel, as well as undertake any and all required capital maintenance on the City parcel. Lease will also require continued public access.

DUE DILIGENCE CHECKLIST. 2270 SOUTH KINNICKINNIC AVENUE

Market value of the property.	2270 South Kinnickinnic Avenue has been City-owned since 1970 and used as greenspace. Odd shape of parcel would make sale and development undesirable. Greenspace at this location benefits adjoining businesses and the neighborhood.
Full description of the development project.	Please see the Land Disposition Report for details.
Complete site, operations and scope of work for development.	Please see the Land Disposition Report for details.
Developer's project history.	Developer has successfully completed projects in Milwaukee.
Capital structure of the project, including sources, terms and rights for all project funding.	Developer will fund the project with its own equity and private financing.
Project cash flows for the lease term for leased property.	\$50.00 per month for five years. Increasing by \$25.00 every five years for a total term of 25 years.
List and description of project risk factors.	Department of City Development staff determined that there is very low risk in leasing the City parcel to Developer. Lease will require Developer to maintain property and improvements
Tax consequences of the project for the City.	Lease will benefit Developer's adjoining property and allow Developer to attract a quality tenant. City will save on maintenance costs of the City parcel.