

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

**DATE**

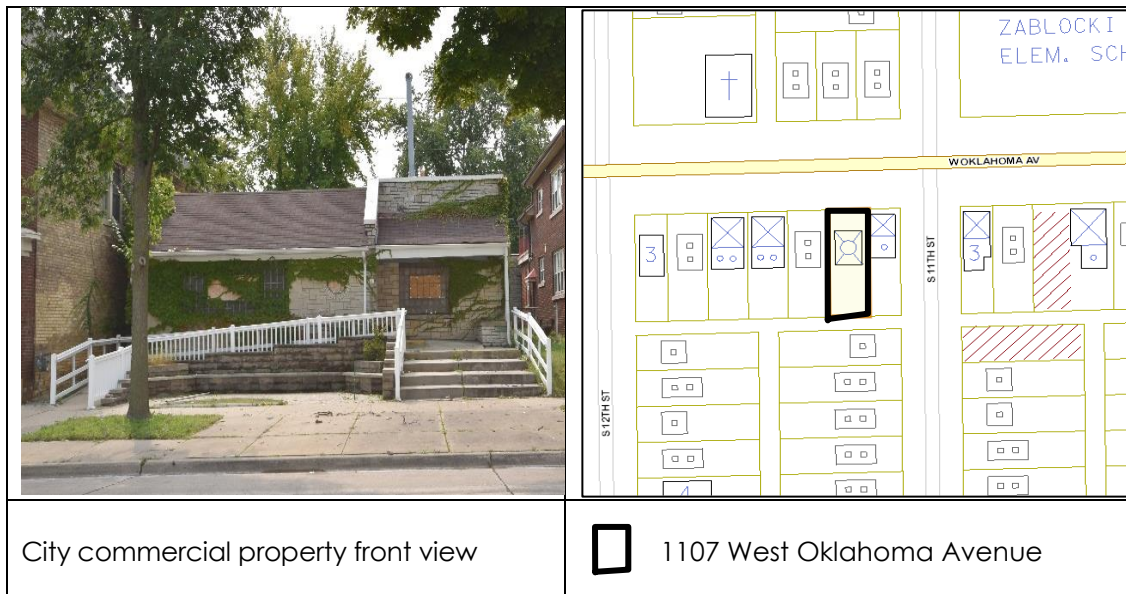
March 6, 2023

**RESPONSIBLE STAFF**

Dwayne Edwards, Program Manager  
Department of City Development, Real Estate Section

**PARCEL ADDRESSES AND DESCRIPTION**

1107 West Oklahoma Avenue (the "Property"), is a 1,798 square foot former medical office building that was built in 1952 and has a lot size of approximately 4,800 square feet with approximately five parking spaces in the rear of this building. The City of Milwaukee ("City") acquired the property on November 26, 2019 through property tax foreclosure.



**BUYER**

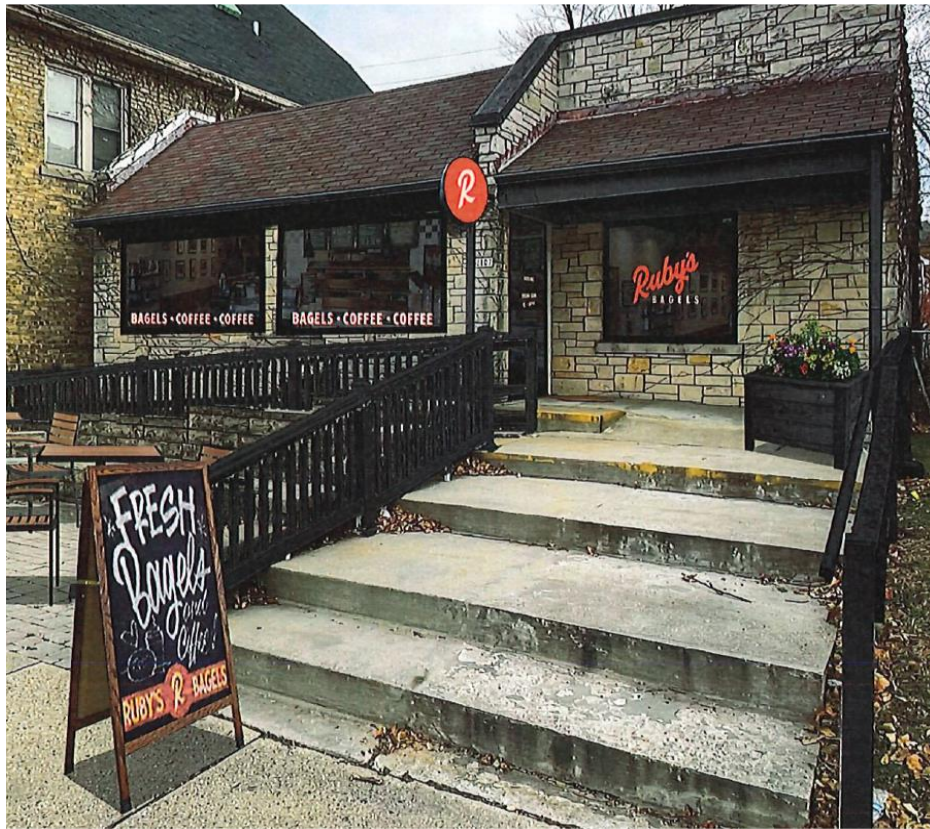
Ruby's Bagels LLC, (the "Buyer"), and its assignee will purchase and renovate the building to be the new home to Ruby's Bagels. The 100 percent Latina-owned business has been successfully growing from the family's home and operates a food truck to sell her delicious products. Owner Daniela Varela, pursued the City property when the Department of City Development ("DCD") solicited a Request for Proposals. Ms. Varela's proposal was chosen over four other submittals.

In 2017, Daniela (a.k.a. "Ruby") Varela taught herself how to make the perfect "Milwaukee-style" bagel after realizing there was no local small business that specialized in bagels. Once she developed her recipe with the perfect consistency, the Buyer taught her mom and aunt how to make bagels, making it a fully female, family-run operation.

**PROJECT DESCRIPTION**

The Buyer proposes to renovate the Property for her growing bagel business. Ms. Varela will also restore the windows, improve landscaping and outdoor seating and include signage for her

business.



**Buyer's conceptual rendering (front view)**



**Buyer's conceptual rendering (view parking)**

The property renovations at 1107 West Oklahoma Avenue will include interior improvements to open the interior space to accommodate customer seating, adding a commercial kitchen for bagel production, operating a retail store and storing product and supplies for the Buyer's food

truck operation. Ms. Varela has also been selling her healthy food treats in Zocalo's food truck park in Walker's Square in Milwaukee for several years. Exterior improvements will include, but not be limited to restoring the original storefront windows with clear glazing, doors, plantings and landscaping where possible. An outdoor patio space for customers, bicycle parking for patrons should be provided and new signage that meets City guidelines. The City's Commercial Corridor Team will also provide funding resources and technical assistance to assist with renovations.

The Buyer's financing will come from a local lender, personal savings and City funding resources if applicable. The Buyer's project may require certain City approvals in addition to the approval of the Land Disposition Report. Closing is contingent upon the Buyer obtaining all necessary approvals, financing and DCD approval of the final building exterior elevations. Total estimated rehabilitation costs are approximately \$225,000.

#### **PURCHASE TERMS AND CONDITIONS**

The purchase price is \$115,000 and Buyer shall pay all costs at closing. The conveyance 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 \$5,000 performance deposit regarding Buyer's duty to complete renovation and obtain a Certificate of Completion, by October 15, 2024. Buyer will be required to meet the City's General Buyer Policies. The Buyer will execute a City Purchase and Sale Agreement, which will outline all terms of the transaction.

The conveyance of the property will be "as is, where is." The deed of conveyance will contain a restriction prohibiting the Buyer, or its successors, from applying to the City for tax-exempt property status and a deed restriction prohibiting the Buyer from conveying to another prior to Buyer obtaining the Certificate of Completion.

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

**DUE DILIGENCE CHECKLIST****ADDRESS: 1107 WEST OKLAHOMA AVENUE**

The Commissioner's assessment of the market value of the property.	The Property at 1107 West Oklahoma Avenue is a 1,798 square foot former medical office building that was built in 1952 and has a lot size of approximately 4,800 square feet, with approximately five parking spaces in the rear of the parcel. The property is zoned LB2 or local business and is being sold "as is, where is," without any guarantees.
Full description of the development project.	Ruby's Bagels LLC, (the "Buyer") will purchase and renovate the building to be the new home to Ruby's Bagels. The 100 percent Latina -owned business has successfully grown from the family's home and operates a food truck to sell the owner's delicious products.
Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.	The Buyer was advised that any changes or modifications to the exterior facade may require approval from the City Planning staff. The City's Commercial Corridor Team plans to provide technical assistance on the renovations.
Developer's development project history.	Daniela Varela of Ruby's Bagels, pursued the City property when DCD solicited a Request for Proposals. This will be the Buyer's first commercial development. Ms. Varela, who lives within walking distance from the City property, has been actively involved with the BID to find a location for her business in the 14th Aldermanic District.
Capital structure of the project, including sources, terms and rights for all project funding.	The purchase price is \$115,000 and the Buyer shall pay all costs at closing. Total renovation and improvement costs are approximately \$225,000. The Buyer's financing was approved by her lender and will include personal savings. The Buyer plans to explore available City funding resources if applicable.
Project cash flows for the lease term for leased property.	Not applicable.
List and description of project risk factors.	If the building remains vacant, the deferred maintenance and costs to cure will continue to increase. Vacancy of the building will serve as a hindrance on efforts of the BID to assist redevelopment efforts in the section of the 14th Aldermanic District.
Tax consequences of the project for the City.	The property will be fully taxable. The deed of conveyance will contain a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status.