



Department of Public Works  
Infrastructure Services Division

**Ghassan Korban**  
Commissioner of Public Works

**Preston D. Cole**  
Director of Operations

**Jeffrey S. Polenske**  
City Engineer

September 10, 2013

Honorable Robert J. Bauman  
Alderman, 4th Aldermanic District  
City Hall, Room 205

Subject: Response to questions raised during the March 27, 2013  
Public Works Committee meeting.

Dear Alderman Bauman:

On March 27, 2013, the Public Works committee discussed resolution file 121675 relative to acceptance and funding of a Wisconsin Department of Natural Resources Municipal Flood Control Grant. The grant would allow the City to acquire and raze two residential properties and maintain the sites as a stormwater management area to prevent future flood related damages.

Members of the committee had raised questions regarding the valuation of the properties, their appraisal amounts and the acquisition costs and we are providing responses to the committee members below.

Some of the questions that were raised are as follows:

- **What were the appraisals?**

Two appraisals were done – Jan 2012 and Oct 2012

	Jan 2012	Oct 2012	Average
5664 South 20 <sup>th</sup> St	\$287,000	\$232,000	\$259,500
5710 South 20 <sup>th</sup> St	\$298,000	\$242,000	\$270,000
<b>Total</b>			<b>\$529,500</b>

Assessor's Office has indicated that the housing market has improved in this area from 2012 to 2013.

- **How much is the cost of demolition?**

The demolition cost for the two structures is estimated at \$99,917. Through the Municipal Flood Control grant, the DNR will pay 70% or \$69,942.

- **How much is the DNR grant for?**



The total grant amount from the DNR is \$414,920. The properties acquisition grant is for 70% of the lower appraisal ( \$331,800) plus 70% of all other costs including moving, demolition, appraisal fees, etc. The rest would be borne by the City (Please see attached spreadsheet).

- **How is the \$233,305 requested in the resolution calculated?**

The City wishes to use the average of the two appraisals, which is \$529,500, as the cost basis to purchase the properties. However, for the acquisition portion of the grant, only \$331,800 is available from the state, which leaves a gap of \$197,700 that has to be picked up by the City. When added to the other miscellaneous City's portion of the costs such for demolition, appraisal, etc it adds up to \$233, 305 (see attached spreadsheet).

- **Can the property be deconstructed**

Yes the property could be deconstructed and parts salvaged. This could be written into the contract when the properties are demolished. But deconstruction is expensive. MMSD, as part of its KK River acquisitions, and with deconstruction included, nearly spent as much to demolish as it paid to acquire. Recent structure removals were done as traditional demolition.

- **Do the appraisals take into account the fact that the properties are flooded?**

Although the DNR appraisal guidelines indicate that the appraisal should consider "current as is conditions, no pre flood or hypothetical conditions", the January 2012 appraisal indicated it took into account the flooding issue but the October 2012 appraisal did not.

- **Has imminent domain been considered?**

No. When imminent domain is used the properties are taken involuntarily. This grant program does not allow for properties to be taken involuntarily and the City would lose the \$414,920 in grant funds. In addition, according to Bunkie Miller, the City's Real Estate Specialist, imminent domain historically costs more than the value of the properties and takes considerably longer time to complete.

- **What has the City or other governmental agencies such as MMSD paid to acquire flooded properties? Is flood impact considered?**

Generally when MMSD purchases properties for flood mitigation, such as the work on KK River or on the Lincoln Creek, it pays market price and any flooding is not considered as part of the appraisal process.


- **If the property was condemned and a fair market value offered by the City was contested, would the court take evidence on the flood impact or would it see it as non flood impacted property?**

According to Greg Hagopian from the City Attorney's office, if such a case ends up in court, the flood impact would be considered in the judgment.

Ald. Bauman  
September 10, 2013  
Page 2

If you have any questions, please contact me at extension 2400.

Very Truly Yours,



Jeffrey S. Polenske, P.E.  
City Engineer

TJT:sb

Attachment

c: Ald. Robert G. Donovan, Vice Chair, Public Works Committee  
Ald. Robert W. Puente  
Ald. Willie C. Wade  
Ald. James Bohl  
Greg Hagopian  
Bunkie Miller

3-5

Itemized costs for the purchase of the properties at South 20<sup>th</sup> St and West Klein Avenue

Eligible Costs	A 70% Grant Request	B 30% Local Share	A+ B = C Total Cost
1. DNR determined fair market value of property	\$331,800	\$197,700	\$529,500
2. Cost of appraisals	\$2,800	\$1,200	\$4,000
3. Land surveys			
4. Displaced person relocation payments	\$10,000	\$4,268	\$14,268
5. Title evidence	\$315	\$135	\$450
6. Recording fees	\$63	\$27	\$90
7. Historical and cultural assessments required by DNR			
8. Environmental inspections			
9. Structure removal cost	\$69,942	\$29,975	\$99,917
10. Construction of flood control structure			
11. Riparian restoration of flood control project			
12. Engineering or planning fees for project (inc. previously incurred)			
13. Structural floodproofing and elevation cost			
<b>Totals</b>	<b>\$414,920</b>	<b>\$233,305</b>	<b>\$648,225</b>