

PROJECT PLAN

TAX INCREMENTAL DISTRICT NO. 50

CITY OF MILWAUKEE

July 10, 2002

I. DESCRIPTION OF PROJECT

A. Introduction

Wis. Stat. §66.1105(4)(d) requires the "[p]reparation and adoption by the planning commission of a proposed project plan for each tax incremental district." This Project Plan is submitted in accordance with this statutory requirement.

B. District Boundaries

Tax Incremental District No. 50, City of Milwaukee ("TID #50" and/or "District") consists of a single 6.2 acre site located at 5375 S. 9th St. (Tax Key No. 642-9963-100-X) (the "Site"). The District is shown on Exhibit 1, "Boundary and Existing Land Use," and described in Exhibit 2, "Boundary Description." This single Site is a whole unit of property as assessed for general property-tax purposes.

The District is presently zoned MD-40 (light manufacturing), which is industrial zoning, and therefore is "suitable for industrial sites" and "zoned for industrial use" per Wis. Stat. Sec. 66.1105(4)(gm)4.a. and Sec. 66.1101.

The site within the District will remain zoned for industrial use for the life of the District per Wis. Stat. Sec. 66.1105(4)(gm)5. And, the developer, Ralos, LLC ("Ralos"), will be required to covenant to that effect (i.e., to not seek any non-industrial zoning change for the life of the District, and to not take any other action that would adversely affect status of the District or of the Site under TID law).

C. Project Plan Goals and Objectives

Goals and objectives for the District are:

1. To promote industrial development.
2. To encourage and promote employment opportunities with family-supporting wages.
3. To increase the property-tax base of the community.
4. To remediate environmental contamination that impedes the development of vacant or underutilized property.

D. Existing Land Uses and Conditions in the District

The Site is located on the west side of S. 9th street adjacent to the Soo Line Railroad Line and is approximately ten blocks west of the Mitchell International Airport. The Site was occupied for a number of years by Solar Paints and Varnishes, Inc. The

owner declared bankruptcy in 1994. Upon the bankruptcy trustee's motion, the Site was abandoned.

The Site has 1994-2001 outstanding property-tax delinquencies, and is currently owned of record by Solar Paints and Varnishes, Inc. The Site is eligible for in rem property-tax foreclosure under Wis. Stat. Sec. 75.521.

The Site has several structures- an abandoned 8,400 sq. ft. industrial building that has been renovated, a building that was recently built, and an occupied single family home.

The Site has two independent plumes of groundwater contamination and was the site of an EPA removal action in 1995. Contamination has been found surrounding the existing building and also on the northwest corner of the Site. Soil and groundwater contamination near the existing building includes gasoline, ethylbenzene, toluene, and xylene most likely from the use of motor fuels, solvents, used paint and other chemicals associated with the manufacturing and distribution of paint and varnish products. A variety of other solvents appear to have been spilled on the north west portion of the Site. Soil and groundwater impacts identified in that area extend off-site onto the adjacent Soo Line Railroad property to the west and onto the McCann Barrel property to the north.

E. Proposed Public Action.

Contingent upon: (a) the Redevelopment Authority of the City of Milwaukee ("RACM") receiving \$1 million in funds from the U.S. EPA through the EPA's revolving loan fund and upon RACM approving use of \$775,000 of those EPA funds for the TID portion of this Project; (b) obtaining requisite RACM and City council approvals; (c) Ralos providing its equity contribution as required for this Project; (d) Ralos acquiring title to the Site; and (e) satisfaction of such terms as may be required in the Term Sheet for this Project ("Term Sheet"), RACM will pay \$760,000 into an escrow account ("Escrow Account") per an escrow agreement among City, RACM, Ralos, and Chicago Title Insurance Company ("Chicago Title") for use in this Project to fund environmental investigation and remediation of the Site. The \$775,000 will be repaid via the tax increments of the District.

To protect City and RACM, Ralos shall guarantee to City and RACM that, as of each January 1 starting with January 1, 2003, the minimum market valuation for the imposition of real property taxes for land and buildings-following equalization by the Wisconsin Department of Revenue, shall be not less than \$1,366,600. That guarantee shall be evidenced by a note and secured by a mortgage and by a collateral assignment of rents and leases, as called for in the Term Sheet.

Due to the extensive soil and groundwater contamination, the proposed redevelopment, investigation and remediation will promote the Project Plan goals and objectives.

City and Ralos will enter into a contract under Wis. Stat. §75.106 pursuant to which the City will foreclose on delinquent taxes against the Site under Wis. Stat. §75.521, and, if City is successful in its foreclosure action, City will assign its right to in rem foreclosure judgment (i.e. the right to take and acquire title to the Site) to Ralos so it will own.

II. PROJECT PLAN PROPOSALS

A. Statutory Requirements.

Wis. Stat. §66.1105(4)(f) requires a Project Plan for a Tax Incremental District to include:

“...a statement listing the kind, number and location of all proposed public works or improvements within the district or, to the extent provided in subsection (2)(f)1.k., outside the district, an economic feasibility study, a detailed list of estimated project costs, and a description of the methods of financing all estimated project costs and the time when the costs or monetary obligations related thereto are to be incurred. The plan shall also include a map showing existing uses and conditions of real property in the district; a map showing proposed improvements and uses in the district; proposed changes of zoning ordinances, master plan, if any, map, building codes and city ordinances; a list of estimated non-project costs; and a statement of a proposed method for the relocation of any persons to be displaced. The plan shall indicate how creation of the tax incremental district promotes the orderly development of the city.”

The plan shall also include an opinion of the city attorney or of any attorney retained by the city advising whether such a plan is complete and complies with Wis. Stat. Sec. 66.1105(4)(f).

B. Compliance with Statutory Requirements.

The following statements, maps and exhibits are provided in compliance with the statutory requirements.

1. “Statement of the Kind, Number and Location of All Proposed Public Works or Improvements.”

Environmental investigation and remediation of the Site as required by the Wisconsin Department of Natural Resources (“DNR”) to obtain a "closure" or "no further action" letter, and/or as required by Wis. Stat. §75.106 (including Ralos’ contract with DNR required under §75.106). City’s and RACM’s funding of the investigation and remediation are to be pursuant to a Cooperation, Contribution and Redevelopment Agreement among RACM, City, and Ralos and the Term Sheet. Any

shortfall in actual funding needed to so investigate and remediate shall be borne by Ralos; and, that duty shall be further evidenced and secured by the aforereferenced note, mortgage, and collateral assignment of rents and leases. Ralos will be required to make a minimum equity contribution of \$442,821 toward the project.

2. Economic Feasibility Study.

The Economic Feasibility Study for this District, prepared by DCD and *titled Economic Feasibility Study: Tax Increment #50* is on file at RACM's offices at 809 N. Broadway, Milwaukee WI. The study establishes the dollar value of Project Costs that, based on certain general assumptions and a reasonable margin of safety, can be financed with the revenues projected to be generated by the proposed tax incremental district.

Based upon the anticipated tax incremental revenue to be generated by this Project, the District is financially feasible and is likely to be retired on or before the year 2023.

3. "Detailed List of Estimated Project Costs."

The following list of estimated environmental testing and remediation costs (Project Costs) are based on preliminary plans and concepts developed in consultation with the DNR based on a proposed Remedial Action Plan. These may be modified as to kinds, number, and costs at any time during the project execution based on new environmental information and DNR requests and approvals.

a. Investigation: Soil and Groundwater Investigation/Remedial Design	
Soil Sampling and Analysis	\$59,000
Groundwater Sampling and Analysis	33,000
Monitoring Well Installation	10,000
Investigation Reporting	15,000
Risk Assessment and Soil Clean-up Standards Development	7,500
Waste Characterization Sampling	5,600
Hazardous Waste Determination and Documentation	7,000
Remedial Action Plan	8,594

Investigation Subtotal	\$145,694
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b. Remedial Implementation	
Remedial Design Plans and Specifications	7,400
Construction Bid Documents	4,000
Site Preparation and Equipment Mobilization	2,750
Soil Excavation and Transport	175,400
Soil Disposal	388,950
Verification Sampling	22,000
Excavation Backfilling	242,000
Site Grading	8,250
Site Capping	50,000
Remedial Construction Oversight	44,000
Remedial Action Implementation Report	5,500
Quarterly Groundwater Natural Attenuation Monitoring (2 yrs)	33,000

Deed Notice/GIS Registry	2,750
Closure Reporting	11,000
Project Management	22,000
Subtotal	\$1,019,000
10% Contingency on Remedial Implementation	\$101,900
Remedial Implementation Subtotal	\$1,120,900
Total: Environmental Remediation	\$1,266,594
c. Professional Fees	\$300,000
d. Project Costs	\$1,566,594
Less: DNR Site Assessment Grant	\$30,000
PECFA Reimbursable Costs	\$179,666
Department of Commerce Brownfield Grant	\$134,107
Milwaukee County Brownfield Grant	\$20,000
Less: Developer's Equity	\$442,821
e. Net Environmental Remediation	\$760,000
f. Administration	\$15,000
Total Project Cost	\$775,000

4. "Description of Timing and Methods of Financing."

a. Estimated Timing of Project and Financing Costs.

In rem foreclosure is expected to commence in June of 2002 so that title (judgment of foreclosure) is expected to be in Ralos by about October of 2002. Environmental investigation and remediation expenditures are expected to be incurred in 2002 or 2003.

The estimates presented are subject to change as actual circumstances during the Project execution period may require. However, all expenditures will be made within the required seven year period pursuant to the provisions of Wis. Stat. §66.1105(6)(am).

b. Estimated Method of Financing Project Costs.

RACM will provide \$775,000, from the U.S. EPA revolving loan fund for the implementation of the Project Plan (0% interest). City will agree to repay Project Costs (so the EPA loan may be repaid) but only from incremental revenue generated within the District.

Ralos shall guarantee to City and RACM that, as of each January 1 starting with January 1, 2003, the minimum market valuation for the imposition of real property taxes for land and building, following equalization by the Wisconsin Department of Revenue, shall be not less than \$1,366,600. As indicated, that guarantee (along with Ralos' duty to investigate and remediate the District property per DNR requirements) will be evidenced by a recourse note, and be secured by a first mortgage lien in the site and by a collateral assignment of rents and leases.

5. "Map Showing Existing Uses and Conditions."

Please refer to Exhibit #1, "Boundary and Existing Land Use," and Exhibit #2, "Property Boundaries".

6. "Map Showing Proposed Improvements and Uses".

Please refer to Exhibit #3 "Proposed Improvements and Uses." This exhibit details the environmental remediation strategy that DNR has approved in the proposed Remedial Action Plan for this site.

7. "Proposed Change of Zoning Ordinances, Master Plan, Building Codes, and City Ordinances."

The proposed Project is consistent with the existing industrial zoning MD-40, and the existing master plan, building codes, and other city ordinances; the Project will not require amendments to their provisions. The Project will not require and does not contemplate any change to the master plan, any map, building codes, or any city ordinance.

8. List of Estimated Non-Project Costs:

See attached Exhibit #4 for a spreadsheet showing costs (project and non-project), and source of funding (including grant and equity funding). The spreadsheet refers to a "main parcel" and "north parcel." Those are for reference purposes only. Those two parcels combined constitute the entire single parcel site (that is the Site) within the District.

Total project costs are estimated to be \$775,000. Those project costs relate to environmental investigation and remediation (including certain professional fees) not covered by grants, PECFA, or Ralos' equity. All other costs listed on the spreadsheet constitute non-project costs.

9. Proposed Method of Relocating any Persons to be Displaced:

No relocation activities or expenditures for relocation payments or services are provided herein because none are anticipated in that no persons are to be displaced in this Project.

10. Statement Indicating How District Creation Promotes Orderly Development:

Creation of the District will promote orderly development. The TID funding will be used for environmental investigation and remediation. Environmental liabilities associated with cleanup total more than \$1.6 million and exceed the value of the land and improvements. Cleanup will enhance industrial development, encourage and promote employment opportunities with family-supporting wages, increase the property-tax base of the community, reduce or eliminate health hazards, and reduce impediments to the development of underutilized property. Environmental testing and remediation will also eliminate health hazards and improve the value and assessment of this Site and neighboring properties.

Non-project costs will likewise promote orderly development. For instance non-project costs include rehabilitation of an 8,400 sq. ft. building and construction of a 33,000 sq. ft building. Employment in these facilities will be in the range of 33 persons with 30 new employees to be added in the next 1-2 years. A third industrial building may be added in the next several years. The proposed use of the land in the District is consistent with its existing zoning and with the applicable official map and building code provisions.

11. "Opinion of the City Attorney."

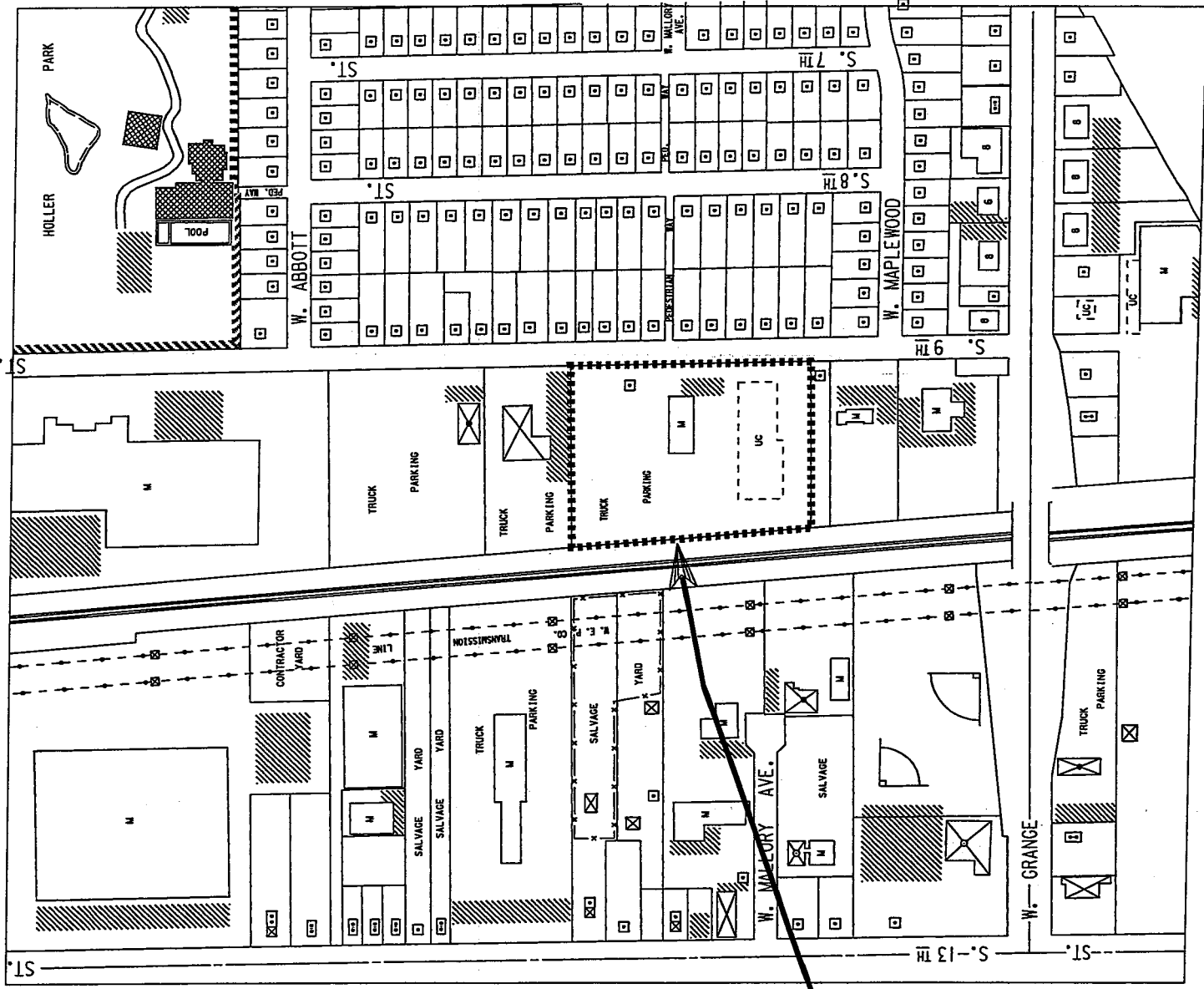
Please refer to Exhibit #6.

Doc no 55362

APPENDIX

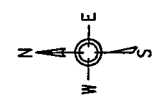
List of Exhibits

- Exhibit 1: Map of Boundary and Existing Land Use**
- Exhibit 2: Boundary Description**
- Exhibit 3: Map and description of proposed improvements**
- Exhibit 4: Estimated Costs and Funding for Project and non-Project Redevelopment**
- Exhibit 5: Assessor's letter regarding 7% and 5% limits**
- Exhibit 6: City Attorney's Opinion**
- Exhibit 7: Economic Feasibility Study**



LEGEND

PROJECT BOUNDARY	CHURCH	HOTEL / MOTEL	ROOMING HOUSE	POLICE STATION	FIRE STATION	HOSPITAL	CONDOMINIUM	UTILITY COMPANY	STORAGE TANK	PARK	PUBLIC SCHOOL	PLAYGROUND	PARKING LOT	PARKING STRUCTURE	SINGLE OR DUPLEX RESIDENTIAL	MULTI-FAMILY RESIDENTIAL	MIXED COMMERCIAL / RESIDENTIAL	COMMERCIAL OR LOCAL BUSINESS	OFFICE / PROFESSIONAL SERVICES	MIXED COMMERCIAL	SKILLED CARE FACILITY	VACANT PARCEL	NON - PUBLIC EDUCATION	PUBLIC BUILDING	MANUFACTURING AND WAREHOUSING	ACCESSORY BUILDING	CEMETERY	TENNIS COURT	BASKETBALL COURT	DORMITORY
-----	+	H	R	P	F	+	C	U	T		P.S.	P.G.																		



TID BOUNDARY

MAP NO. **1**

TID - 50

BOUNDARY AND EXISTING LAND USE

DATE

EXHIBIT 2: BOUNDARY DESCRIPTION, TID 50

The following is a legal description of the single property within the district boundaries.

ATTACHMENT B

**SOLAR PAINTS & VARNISHES SITE
5375 SOUTH 9TH STREET, MILWAUKEE, WI**

LEGAL DESCRIPTION OF SITE

A tract of land situated in the South West One-quarter (S.W. 1/4) of Section numbered Twenty-nine (29), in Township numbered Six (6) North, Range numbered Twenty-two (22) East, in the City of Milwaukee, which is bounded and described as follows: Commencing at that point in the South line of Section 29, which is 1080.25 feet West of the South East corner of said 1/4 Section; the said point being 420 feet West of the South east corner of the West 1/2 of the East 1/2 of said 1/4 Section; running thence North on a line parallel to the East line of the West 1/2 of the East 1/2 of the said 1/4 Section 546.40 feet to a point; this point being the place of beginning for the tract of land hereby conveyed; running thence North on a line parallel with the East line of the West 1/2 of the East 1/2 of said 1/4 Section 325.70 feet to a point; thence West on a line parallel to the South line of Section 29 aforesaid 478.08 feet to the Easterly right of way of the Chicago, Milwaukee and St. Paul Railway; thence South Easterly along the Easterly right-of-way line of said Railway 326.16 feet to a point; thence on a line parallel with the South line of Section 29, 456.76 feet to the place of beginning, excepting therefrom the East Thirty (30) feet.

PROPERTY ASSESSMENT RESULTS

TAX ACCOUNT BALANCE

GENERAL INFORMATION

ADDRESS	5375 THRU 5375 S 9TH ST
TAXKEY	642-9963-100-X
OWNER	SOLAR PAINTS & VARNISHES INC C/O WILLIAM MC CANN
OWNER ADDRESS	181 KIMBERLY DR HENDERSON, NV 890150000

ASSESSMENT

	2002	2001
LAND	\$300	\$300
IMPROVEMENTS	\$0	\$0
TOTAL	\$300	\$300
CURRENT CLASS	SPECIAL COMM'L	

Assessments reflect the estimated value on January 1st of the indicated year.

OTHER PROPERTY INFORMATION

- LAST CONVEYANCE:
 - DATE: 00/00
 - TRANSFER FEE: \$0.00 ([CLICK HERE FOR FEE EXPLANATION](#))
- STORIES: 1.0
- RESIDENTIAL BUILDING STYLE:
- EXTERIOR WALL TYPE:
- YEAR BUILT: 1956
- DWELLING UNITS: 0 ([CLICK HERE FOR DWELLING UNITS EXPLANATION](#))
- TOTAL SQUARE FEET FLOOR AREA: 8,400
 - FIRST FLOOR AREA:
 - SECOND FLOOR AREA:
 - THIRD FLOOR AREA:
 - FINISHED ATTIC AREA:
 - FINISHED HALF STORY AREA:
 - BASEMENT LIVING AREA:
- ROOM-COUNTS
 - TOTAL ROOMS: 0
 - BEDROOMS: 0
 - BATHS: 0

- HALF BATHS: 0
 - CENTRAL AIR CONDITIONING: NO
 - BASEMENT: NONE
 - FIRE PLACE:
 - GARAGE TYPE: NONE
 - LOT SIZE: 271379
 - PLAT PAGE: 64203
 - ZONING: ID40 Industrial District ([CLICK HERE FOR ZONING EXPLANATION](#))
(For zoning information contact Milwaukee Development Center at 286-8211.)
 - ASSESSMENT NEIGHBORHOOD 6420
 - ALDERMANIC DISTRICT: 13
 - CENSUS TRACT: 216
 - LEGAL DESCRIPTION:
LEGALS LANDS IN SW 1/4 SEC 29-6-22
DESCRIPTION N 607.20' OF S 1153.60' BETW ROW & C L OF S 9TH ST EXC ST
-

For more information contact the Assessor's office at 414-286-3651

EXHIBIT 3: PROPOSED IMPROVEMENTS, TID 50

TID funding will assist in the remediation of the site. The following is an excerpt from the DNR approved Remedial Action Plan that describes the proposed remedial strategy for soil and groundwater.

6.1 Main and North Parcel Soil Remediation

"Impacted soils from both the Main and North Parcels will be excavated and transported as non-hazardous special waste by licensed special waste haulers and in accordance with applicable Department of Transportation requirements. Based on the most recent disposal bids received to date, the soils are likely to be transported to the Waste Management, Inc. Metro Recycling and Disposal Facility (RDF) located in Franklin, Wisconsin. Soils with concentrations of target constituents that are within the landfill acceptance criteria for biotreatment will be treated at the RDF prior to disposal. Soils with coexisting concentrations of petroleum and chlorinated solvents exceeding the acceptance criteria for biotreatment will be directly landfilled. Based on the RDF's biotreatment acceptance limits, soils excavated from Area 4 at depths between 4 and 15 feet below ground surface will be direct landfilled. All other soils excavated from Areas 1, 2, 3, and 5 will be biotreated prior to disposal. The volume of soil that will be accepted by the RDF on a daily basis will be coordinated in conjunction with the excavation activities at the site so the RDF daily VOC loading limits will not be exceeded.

Following soil removal and confirmation sampling verification, the excavations will be backfilled. Backfill material will consist of clean bank run sand and gravel (or comparable material suitable for construction). Backfill material will be placed in 12-inch lifts, each compacted with a compacting jack or vibratory plate (not with the excavation equipment) to minimize settlement. Compaction will be to 95% of maximum dry density at $\pm 3\%$ moisture content referenced to ASTM D-698, Standard Proctor. In-field density testing (at least one field test per lift per 2,000 square feet or part thereof) will be conducted. The final lift will be graded to match the level of the surrounding non-excavated areas. "

6.2 Groundwater Monitored Natural Attenuation

Groundwater VOC impacts in excess of NR 140 Enforcement Standards on the Main and North Parcels will be addressed by monitored natural attenuation. The following sections describe the proposed groundwater monitoring plans.

6.2.1 Sampling Plan for Main Parcel

The existing monitoring well network will be utilized to gather data associated with the performance monitoring of natural biodegradation processes of VOCs in excess of NR 140 Enforcement Standards on the Main Parcel. Monitor wells MW-7, MW-8, MW-9, MW-10, MW-11, and MW-13 will be sampled on a quarterly basis starting approximately two weeks following completion of the soil remediation phase. Each monitor well will be sampled for indicator and field parameters (nitrate, sulfate, dissolved iron, manganese, methane, dissolved oxygen, pH, eH, temperature, and conductivity). Each well will also be sampled for VOCs, EPA Method 8260-B, along with the recording of groundwater elevations to document the status of the groundwater VOC plume throughout the MNA period. A minimum of four sampling rounds is required to document the progress of groundwater VOC reduction following the soil remediation phase.

6.2.2 Sampling Plan for North Parcel

The existing monitoring well network will be utilized to gather data associated with the performance monitoring of natural biodegradation processes of VOCs in excess of NR 140 Enforcement Standards on the North Parcel. Monitor wells MW-1, MW-2, MW-3, and MW-14 will be sampled on a quarterly basis starting approximately two weeks following completion of the soil remediation phase. Due to the lack of groundwater monitoring wells located on the western side of the North Parcel and within Excavation Area No. 4, it is recommended that two additional wells be installed following the soil remediation phase to adequately monitor and document groundwater contaminant trends and MNA on the North Parcel. Each monitor well will be sampled for indicator and field parameters (nitrate, sulfate, dissolved iron, manganese, methane, dissolved oxygen, pH, eH, temperature, and conductivity). Each well will also be sampled for VOCs, EPA Method 8260-B, along with the recording of groundwater elevations to document the status of the groundwater VOC plume throughout the MNA period. A minimum of four sampling rounds is required to document the progress of groundwater VOC reduction following the soil remediation phase.

6.2.3 Reporting

The results of the quarterly groundwater MNA process and the observations in regard to groundwater plume stability will be reported to the WDNR in a groundwater monitoring report following the completion of the four quarterly sampling events. If the results show that the groundwater VOC concentrations have been reduced to below NR 140 Enforcement Standards and/or the groundwater contaminant plume is stable or receding, the results will be presented in the site closure document as discussed in the following section.

EXHIBIT 4: ESTIMATED COST AND FUNDING FOR PROJECT REDEVELOPMENT

The following is a spreadsheet showing costs (project and non-project), and source of funding (including grant and equity funding). The spreadsheet refers to a "main parcel" and "north parcel." Those are for reference purposes only. Those two parcels combined constitute the entire single parcel site within the district.

Total project costs are estimated to be \$775,000. Those project costs relate to environmental investigation and remediation (including certain professional fees) not covered by grants, PECFA, or Ralos' equity. All other costs listed on the spreadsheet constitute non-project costs.

Ralos LLC Acquisition and Development of Former Solar Paints & Varnish Site - Estimated Costs and Funding (a)

Remediation of North Parcel to Four Corners of Property and TID Funding Included in Calculations

DESCRIPTION		COUNTY		STATE AND LOCAL FUNDING					RAILS FUNDING			COMMENTS
				County	City	Brownfield Grant	PECEA (b)	SAG	TID (c)	Rails	Tax Credit (d)	
Main Parcel - Environmental Remediation	Site Investigation	\$8,810		\$85,013	\$21,871							Actual costs. Of the \$115,694, \$13,081 is non-PECFA eligible and has been excluded from the PECFA calculation.
	Remediation (f)			\$49,094	\$157,795		\$233,500	\$224,011	\$77,505	\$146,506	Projected costs.	
	Subtotal	\$8,810	\$0	\$134,107	\$179,666	\$0	\$233,500	\$224,011	\$77,505	\$146,506		
	Property Acquisition			\$100								
	Other Acquisition	\$11,190										Land value estimated at \$280,400.
Main Parcel - Brownfield Redevelopment	Site Improvements (f)			\$88,000				\$218,810	\$75,706	\$143,104	\$215,000 to 4/1/02.	
	Solar Building Renovation			\$127,793							\$40,000 to 1/1/02.	
	New Building Construction	\$80,000									Actual costs.	
	Subtotal	\$99,190	\$0	\$215,893	\$179,666	\$0	\$0	\$773,810	\$75,706	\$703,104		
	Site Investigation	\$100,000	\$0	\$130,000	\$179,666	\$0	\$233,500	\$1,002,821	\$153,211	\$849,610		
Main Parcel - Environmental Remediation	Remediation (f)						\$30,000				\$18,464 to 1/1/02.	
	Subtotal	\$0	\$0	\$0	\$0		\$456,500					
	Other Acquisition					\$30,000	\$456,500					
	Site Improvements			\$50,000			\$70,000				\$45,000 to 4/1/02.	
	Subtotal	\$50,000	\$0	\$50,000			\$70,000				\$45,889 to 1/1/02.	
Main Parcel - Brownfield Redevelopment	Site Investigation	\$120,000	\$0	\$50,000	\$0	\$0	\$70,000					
	Remediation (f)	\$606,500	\$0	\$50,000	\$0	\$30,000	\$528,500	\$77,500	\$0	\$0		
	Subtotal	\$726,500	\$0	\$100,000	\$179,666	\$30,000	\$760,000	\$1,002,821	\$153,211	\$849,610		
	PA Liens	\$439,000						\$439,000			Under contract with EPA	
	Consultant Liens	\$47,000						\$47,000			Foreclosure	
Main Parcel - Brownfield Redevelopment	City of Milwaukee Taxes	\$51,010	\$51,010								Foreclosure	
	Wisconsin Dept. of Revenue	\$16,037						\$16,037			Foreclosure	
	S. Internal Revenue Service	\$22,292						\$22,292			McCann Personal/foreclosure	
	Subtotal of all known liens	\$575,339	\$51,010	\$51,010	\$0	\$0	\$0	\$62,329	\$0	\$62,329	McCann Personal/foreclosure	
	Subtotal of all costs and contributions	\$3,047,826	\$100,000	\$51,010	\$400,000	\$179,666	\$30,000	\$760,000	\$1,527,150	\$153,211	\$1,373,939	

Costs provided are estimated projected costs, with current estimated costs provided in the "Comments" field.

25% of eligible costs. The \$250,000 is the maximum amount of eligible costs that can be used for the project.

(f) Costs provided are estimated projected costs, with current estimated costs provided in the "Comments" field.

(g) 25% of eligible costs. The \$2500 deductible was taken out of the site investigation reimbursable costs. The 5% deductible was taken out of the site investigation and remediation reimbursable costs. 50% of Ralos contribution, including a present value calculation based on an assumed 15-year tax credit recovery period and 5% interest rate.

Funds advanced as no interest loan through EPA's revolving loan fund and paid back to the City of Milwaukee through the creation of a Tax Increment District. \$760,000 TIF is based on estimated total assessed value in 2003 of \$1,366,400 (land value \$280,400; other improvements \$1,086,000).

Ralos Net = Ralos - Tax Credit. Tax credit accrues to Ralos over 15 years. Projected costs include a 10% contingency.



ASSESSOR'S OFFICE

Mary P. Reavey
Assessment Commissioner

Peter C. Weissenfluh
Chief Assessor

June 24, 2002

Julie A. Penman, Commissioner
Department of City Development
809 North Broadway
Milwaukee, WI 53201

RE: Proposed Tax Incremental District No. 50 – 5375 S. 9th Street, Tax Key 642-9963-100

Dear Ms Penman:

The value of this proposed TID does not exceed the percentage limits allowed by the alternative formulas pursuant to Sec. 66.46. The formulas and percentages are as follows:

Total Equalized Value (Proposed TID) + (All Other TIDS) as a percent of the Total City Equalized Value is less than the 7% requirement.

Total TID Increment (All Other TIDS) + Total Equalized Value Proposed TID as a percent of the Total City Equalized Value is less than the 5% requirement.

Please verify the TID number in writing when officially approved.

Do not hesitate to contact me if you have questions.

Sincerely,

Mary Reavey
Mary Reavey
Assessment Commissioner

Cc: Jim Scherer

J:\MGOLDS\TIDS\ProposedTid50_%ChkLtr.doc

REFERRED

BY PENMAN

TO SCHERER

DATE 7-3-02

☒ ACTION

☐ INFORMATION

☐ _____

COPIES TO: _____

WALSH

MAD

ECONOMIC FEASIBILITY STUDY

TAX INCREMENT DISTRICT NO. 50

Ralos, LLC proposes to acquire, remediate, and redevelop an environmentally contaminated 6.2 acre property at 5375 S. 9th St. In addition to remediation, Ralos will renovate a formerly abandoned 8,400 sq. ft. industrial building and construct a new 33,000 sq. ft. industrial building. The property will be used by Excel Connection, Inc. to accommodate expansion plans as well as Marshall Erecting, Inc. Excel Connection manufactures wire harnesses and cable assemblies and Marshall Erecting is an erecting contracting company. Additional industrial tenants may also be sought to lease a small portion of the new building. A small cottage on the property will continue to be rented on a month to month basis.

The site is located on the west side of S. 9th street adjacent to the Soo Line Railroad Line and is approximately ten blocks west of the Mitchell International Airport. The site was occupied for a number of years by Solar Paints and Varnishes, Inc. The owner declared bankruptcy in 1994. Upon the bankruptcy trustee's motion, the site was abandoned.

The site has two independent plumes of groundwater contamination and was the site of an EPA removal action in 1995. Contamination has been found surrounding the existing building and also on the northwest corner of the property. Soil and groundwater contamination near the existing building includes gasoline, ethylbenzene, toluene, and xylene most likely from the use of motor fuels, solvents, used paint and other chemicals associated with the manufacturing and distribution of paint and varnish products. A variety of other solvents appear to have been spilled on the north west portion of the site. Soil and groundwater impacts identified in that area extend off-site onto the adjacent Soo Line Railroad property to the west and onto the McCann Barrel property to the north. Environmental testing and cleanup on the site is expected to total in excess of \$1,686,000 upon completion.

The site has outstanding property-tax delinquencies since 1994, and is currently owned by Solar Paints and Varnishes, Inc, which is bankrupt. The site is eligible for in rem property-tax foreclosure under Wis. Stat. Sec. 75.521. Ralos, LLC is entering into a contract with the City so that the City is able to begin foreclosure and then assign to Ralos the foreclosure judgment under state statute section 75.106. This will deliver the property free and clear of many of the liens that may now affect the title (including certain tax liens, mortgages, and judgments).

Based on a preliminary review by the City Assessor's Office, the estimated assessed value of the property once remediated and redeveloped is \$1,366,600. Please see attached letter from City Assessor's Office.

Total capital costs specified in the Project Plan are \$775,000.

The City, acting through its Redevelopment Authority ("RACM"), intends to implement a tax incremental project plan to fund a portion of the cost of environmental testing and remediation needed on the site. RACM will provide \$675,000, from the U.S. EPA revolving loan fund, to the City for the implementation of the Project Plan. The City will provide the \$100,000 of funding for implementation of the Project Plan from the Development Fund. The source of these funds will be general obligation borrowing. The City will repay RACM for funds drawn to pay Project Costs but only from incremental revenue generated within the District.

Based on the foregoing estimates of value for the environmentally clean industrial facilities and the TID project costs, the following table forecasts cash flow from the proposed TID.

As shown, the district is expected to fully recover its costs by 2022..

Given the foregoing, the district is economically feasible. If the property appreciates over time, and if personal property in the facility is taxed, incremental value should exceed that forecasted. The developer will also enter into an agreement to guarantee a minimum market valuation, annually, for the life of the District.

**FORECAST OF DISTRICT CASH FLOW
TAX INCREMENTAL DISTRICT NO. 50**

Year	Est. District Value	Base Value	Incremental Value	Tax Incremental Revenue		Payment to EPA Loan Fund	Balance on EPA Loan
2002	\$300	\$300	\$0	\$0		\$0	\$775,000
2003	1,366,600	300	1,366,300	40,989		40,989	734,011
2004	1,366,600	300	1,366,300	40,989		40,989	693,022
2005	1,366,600	300	1,366,300	40,989		40,989	652,033
2006	1,366,600	300	1,366,300	40,989		40,989	611,044
2007	1,366,600	300	1,366,300	40,989		40,989	570,055
2008	1,366,600	300	1,366,300	40,989		40,989	529,066
2009	1,366,600	300	1,366,300	40,989		40,989	488,077
2010	1,366,600	300	1,366,300	40,989		40,989	447,088
2011	1,366,600	300	1,366,300	40,989		40,989	406,099
2012	1,366,600	300	1,366,300	40,989		40,989	365,110
2013	1,366,600	300	1,366,300	40,989		40,989	324,121
2014	1,366,600	300	1,366,300	40,989		40,989	283,132
2015	1,366,600	300	1,366,300	40,989		40,989	242,143
2016	1,366,600	300	1,366,300	40,989		40,989	201,154
2017	1,366,600	300	1,366,300	40,989		40,989	160,165
2018	1,366,600	300	1,366,300	40,989		40,989	119,176
2019	1,366,600	300	1,366,300	40,989		40,989	78,187
2020	1,366,600	300	1,366,300	40,989		40,989	37,198
2021	1,366,600	300	1,366,300	40,989		33,407	3,791
2022	1,366,600	300	1,366,300	40,989		3,791	0
2023	1,366,600	300	1,366,300	40,989		0	0
2024	1,366,600	300	1,366,300	40,989		0	0
					TOTAL	\$775,000	

Notes: 1) Current assessed value (Base Value) of District is \$300
2) Gross Tax Rate is assumed to be \$30/\$1000
3) Interest rate paid on EPA/RACM Loan is 0%