

**ADDENDUM A**  
**to**  
**Request to Deviate from Performance or Design Standards within Overlay Zone**

John and Paul Kaczynski are the sole shareholders of Cardinal Fabricating Corporation (“Cardinal”), which operates a steel fabricating business at 3400 South Hanson Avenue in the City of Milwaukee. Cardinal has outgrown its existing facility and has been looking for a new, larger facility for about the last two years to expand its business. John and Paul Kaczynski desire to maintain Cardinal’s business within in the City of Milwaukee since Cardinal’s workforce predominately resides in Milwaukee. Cardinal currently employs about 24 full time employees at a living wage. Upon expansion of its business, Cardinal anticipates increasing its workforce by at least 25%.

After several aborted attempts to locate a new facility, in December of 2014, Cardinal became aware that Lenox Street Properties, Inc., a corporation owned by Eckhart G. Grohmann, owned two properties located at 2021 South Lenox Street (“2021 Property”) and 2039 South Lenox Street (“2039 Property”) in the City of Milwaukee (collectively, the “Lenox Properties”) that were for sale. Mr. Grohmann operated Aluminum Casting & Engineering Company (“Aluminum”) on the Lenox Properties, which was sold to Diversified Machine, Inc. (“Diversified”) in 2008. Mr. Grohmann, though Lenox Street Properties, Inc., continued to own the Properties and he leased them to Diversified. Diversified vacated the Lenox Properties in 2014, at which time Mr. Grohmann listed the Lenox Properties for sale.

The Lenox Properties are contiguous - only separated by an active railroad track which runs within several feet of the 2039 Property’s foundation – and are located in a highly industrial area within the City of Milwaukee. Both properties have been used for heavy manufacturing purposes since 1888. In fact, at one time, the Lenox Properties were used for the manufacture of asbestos. More recently, Aluminum (and later Diversified) operated an aluminum casting operation at the 2039 Property. The size and general location of the 2021 Property is ideal for Cardinal’s expansion plans, but does need significant work given the necessary retrofitting for Cardinal’s operations. Mr. Grohmann, however, would only sell the 2021 Property and 2039 Property as a pair. Thus, Cardinal put an offer on both Lenox Properties, which was accepted in early 2015, with the plan that Cardinal would use the 2021 Property and sell the 2039 Property to help fund the cost of the work required on the 2021 Property to move and expand Cardinal’s business.

During due diligence, it was determined that both Lenox Properties were environmentally contaminated. Based on three (3) separate rounds of environmental testing (costing, with professional fees, approximately \$60,000), Cardinal’s environmental consultant, Sigma Environmental (“Sigma”), and attorneys concluded that a Wisconsin Department of Natural Resources (“DNR”) case closure letter could be obtained for the Lenox Properties provided that Cardinal would agree to substantial restrictions regarding future use of the Lenox Properties. John and Paul Kaczynski committed to obtaining case closure for the Lenox Properties and acquired the Lenox Properties this past spring under the entity JP Cardinal Holdings, LLC.

On June 17, 2015, a few weeks after closing, the DNR issued a case closure letter for the Lenox Properties, which contains the following restrictions:

- (1) Residual soil contamination exists that must be properly managed should it be excavated or removed; and
- (2) Pavement and building foundations must be maintained over contaminated soil and the DNR must be notified and approve any changes to these barriers.

Further, the case closure letter prohibits the following without prior DNR written approval:

- (1) Removal of the existing barrier or cover;
- (2) Replacement with another barrier or cover;
- (3) Excavating or grading of the land surface;
- (4) Filling on covered or paved areas;
- (5) Plowing for agricultural cultivation;
- (6) Construction or placement of a building or other structure; and
- (7) Changing the use or occupancy of the property to a residential exposure setting, which may include certain uses, such as single or multiple family residences, a school, day care, senior center, hospital, or similar residential exposure settings.

The foregoing restrictions included in DNR's case closure letter, which is attached as Exhibit 1 to this Addendum, will not impact Cardinal's use of the 2021 Property. Cardinal estimates that it will have to invest approximately \$1,500,000 in the 2021 Property in order to make it move-in ready. This investment can only be made if the 2039 Property can be sold and the proceeds therefrom invested in the 2021 Property. Additional information related to the environmental condition of the Lenox Properties, including Phase I and II reports and correspondence with DNR, has been provided to Vannesa Koster of the City of Milwaukee's Department of City Development and is available for review.

As noted above, it was contemplated by Cardinal that the 2039 Property would be sold to raise capital for the renovation of the 2021 Property and expansion of its business. Somewhat surprisingly, shortly after closing, the 2039 Property had two interested purchasers. One of prospective purchasers desired to purchase the 2039 Property for use as a full-time haunted house. This prospective purchaser owns the Halloween Stores and flew in architectural design consultants from California to design a "Hollywood" style haunted house. The purchaser and his architects thought the industrial nature of the surrounding properties was ideal for the location of a haunted house. The second prospective purchase, and frankly more compatible use, was Storage Master Realty LLC ("Storage Master"), owner and operator of several high quality indoor storage facilities in Southeastern Wisconsin. Unfortunately, both of these sales have been aborted by the purchasers due to the Port of Milwaukee Development Incentive Zone ("DIZ") that affects the 2039 Property only. Even though the Properties are contiguous, the 2021 Property is not located in the DIZ.

Either of the uses proposed by the two (2) prospective purchasers would have been permitted on the 2039 Property but for the restrictive zoning overlay the DIZ imposes. The 2039 Property's underlying zoning classification is "Industrial/Office-older" or "IO2". Attached as Exhibit 2 to this Addendum A is a copy of the limited uses permitted on IO2 zoned properties that are subject to the restrictive zoning limitations of the DIZ, such as the 2039 Property. Of the approximately several dozen potential uses of an IO2 zoned property, the 2039 Property can only be used for the following uses:

- (1) Watchman/Service Quarters
- (2) Public Safety Facility
- (3) General Office
- (4) Government Office
- (5) Medical Research Laboratory
- (6) Parking Lot, Principal Use
- (7) Parking Lot, Accessory Use
- (8) Parking Structure, Principal Use
- (9) Parking Structure, Accessory Use
- (10) Marina
- (11) Wholesale and Distribution Facility, Indoor
- (12) Passenger Terminal
- (13) Manufacturing, Light
- (14) Research and Development
- (15) Plant Nursery or Green house
- (16) Raising of Crops or Livestock
- (17) Water Treatment Plant
- (18) Small Wind Energy System

Due to the environmental restrictions on the development of the 2039 Property, the highly industrial neighborhood and the close proximity of active railroad tracks, most if not all of the forgoing uses are economically unfeasible. Further, it is difficult to imagine how a marina would be developed on the 2039 Property since it is not located anywhere near water.

Despite the limitations of the 2039 Property, Storage Master remains interested in the 2039 Property and would acquire the parcel if relief from the restrictive zoning overlay of the DIZ was granted by the City Plan Commission of the City of Milwaukee through a deviation to allow indoor storage as a permitted use on the 2039 Property, consistent with the underlying IO2 zoning requirements. Storage Master and Cardinal believe that the four (4) criterion required of a deviation are met in this case.

First, the purpose of the overlay would be met even if the deviation was approved. Attached as Exhibit 3 please find a summary of Storage Master's business model, general description of Storage Master's proposed improvements for the 2039 Property and depictions of Storage Master's other locations. In addition, attached as Exhibit 4 is a more detailed summary of Storage Master's proposed development and a mock up rendering of what the 2039 Property

would look like if Storage Master was able to acquire and improve the property. As can be gleaned from the attachments, Storage Master's proposed use will update and modernize the 2039 Property, and through such improvements, encourage further investment in the neighborhood. Such outcome is consistent with the purpose of the DIZ, which mainly is to promote development and economic opportunity. Most importantly, however, is that by allowing Storage Master to develop the 2039 Property for indoor storage, a number of quality jobs will be brought to the area. This includes not only the three (3) full-time employees with annual incomes of over \$40,000 that Storage Master will need on the 2039 Property itself, but also through the expansion and development of the 2021 Property by Cardinal, which can only happen with the proceeds of the sale of the 2039 Property. Despite the use limitations imposed by the DIZ, allowing Storage Master to develop an indoor storage facility on the 2039 Property site will accomplish the overall goals that the DIZ was intending to promote.

Second, the granting of a deviation and allowing Storage Master to develop the 2039 Property would greatly improve the aesthetics of the site. Storage Master operates clean, attractive facilities that meet the highest standards for indoor storage. As noted in the attached Exhibit 3 and 4, Storage Master plans on making a substantial investment on the 2039 Property and using landscaping and hardscaping to provide a necessary "facelift" for an otherwise outdated and non-descript building while still meeting the limitations set forth in the DNR case closure letter. This includes making the site more pedestrian friendly, which will provide an enhanced welcoming feel to the neighborhood, and modernizing the façade with glass and brick. Storage Master's other properties are clean and attractive, as shown on Exhibit 3, and such improvements will not doubt improve the aesthetics of the site.

Third, the 2039 Property contains several unique site factors that would be addressed by the deviation. As noted above, the 2039 Property is limited in potential development as a result of the environmental restrictions imposed by DNR, the highly industrial neighborhood and the proximity to active railroad tracks. Due to these restrictions, most if not all of the permitted uses under the DIZ are economically unfeasible. Any potential purchaser will be required to utilize the building in its current foot print due to DNR's cap requirements, eliminating parking lot and/or structures, passenger terminals, water treatment plants, small wind energy systems and potentially manufacturing. In addition, the industrial neighborhood and the vibrations and noise from the very near active railroad make watchman/service quarters, public safety facilities, offices, laboratories, research and development uses, plant nurseries or greenhouses and the raising of crops or livestock as really incompatible uses. Last, as noted above, lack of nearby water eliminates a marina as a viable option. Indoor storage (which again is a permitted use under the IO2 zoning that would apply to the 2039 Property if the DIZ was not in place) would, however, be an economically feasible development that would not be limited or harmed by the 2039 Property's unique site factors while remaining consistent with the neighboring uses.

Last, a deviation to allow for indoor storage, if granted, would be consistent with the overall comprehensive plan. Again, it is the overall purpose of the DIZ to promote development and economic opportunity. As expressed above, Storage Master's plans for the 2039 Property, in conjunction with Cardinal's plans for the 2021 Property, are not only consistent with the overall comprehensive plan for also meet such plans goals. Storage Master offers a clean, reliable service that individuals and businesses alike – especially growing businesses like Cardinal –

need and which is lacking in this area. The aesthetic updates and appeal will also encourage further investment in the DIZ.

Given the above, it is respectfully requested that the City Plan Commission of the City of Milwaukee grant the requested deviation from the DIZ for the 2039 Property by permitting Storage Master and its successors and assigns utilize the 2039 Property for indoor storage.