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The Honorable Dan Devine and  
Members of the Common Council  
West Allis City Hall  
West Allis, Wisconsin

RE: Communication from the Director of Development relative to the demolition or renovation of the property located at 7030 W. National Ave.

Dear Mayor Devine and Common Council Members:

The Department of Development submits this communication to receive direction from the Mayor & Common Council on whether to proceed with 1. Demolition or 2. Renovation of the property located at 7030 W. National Avenue and a related parking lot at 15\*\* S. 71 Street.

The property, a former automotive repair facility, has been left abandoned by the owner, Expert Realty and Investment LLC, with over nine years of delinquent taxes, interest, and fees that have accumulated to over \$242,000. Today, the property, in its current state, stands as a major blighting influence on the neighborhood. Further exacerbating the problem, Milwaukee County has a huge tax lien on the property, but has not foreclosed on it because of the perceived environmental impacts to the property.

In general, there are two options for the Common Council's consideration: 1) Proceed with raze order for demolition at an estimated cost between of \$200,000 - \$240,000. Or, 2) Incentivize the renovation of the building with a \$50,000 Façade Grant.

Recently, the City's environmental consultant completed demolition plans & specifications including necessary environmental work to support either demolition or renovation of the property. With the direction from the Mayor & Common Council, the Development Department will work to seek resolution in an expeditious manner.

**Option 1: Demolition Option - \$200,000-\$240,000**



The City has a raze order that was issued in October of 2013 for 7030 W. National Avenue. If demolition is the recommended course of action the City should also obtain a raze order for the associated parking lot located at 15\*\* S. 71 St. Once the building is demolished, the properties will become two grass lot parcels but will continue to have ongoing maintenance charges.

**Table 1. Cost of Demolition**

Item	Estimated Costs
Demolition	\$100,000-\$120,000
Asbestos Abatement (and universal wastes)	\$57,000 - \$67,000
Excavation/Transportation/Disposal of contaminated soils	\$20,000- \$25,000
Engineering Support (bidding, oversight, documentation, and well abandonment)	\$23,000-\$30,000
<b>TOTAL</b>	<b>\$200,000 - \$242,000</b>

To fulfil the raze order, the estimated cost of demolition of the property is estimated at \$200,000 to \$240,000. Staff obtained two estimates for the work from an environmental consultant and demolition firm. The work includes demolition, some limited environmental remediation, and demolition oversight. The costs for the demolition work would be funded with budgeted dollars from a tax increment finance district that is within ½ mile of the site.

Once the site is returned to a grass lot condition, the property will remain abandoned and continue to accumulate charges from the City for grass cutting, snow removal, etc.

**Table 2. Delinquent Taxes**

Year	Address		Total
	7030 W. National Avenue	1500 S. 72 St.	
2008	\$31,358.79	\$2,027.73	\$33,386.52
2009	\$31,849.41	\$1,910.30	\$33,759.71
2010	\$36,212.79	\$2,155.96	\$38,368.75
2011	\$31,471.13	\$2,018.17	\$33,489.30
2012	\$27,355.25	\$1,866.65	\$29,221.90
2013	\$24,859.04	\$1,777.15	\$26,636.19
2014	\$21,964.39	\$1,527.21	\$23,491.60
2015	\$11,537.63	\$1,336.34	\$12,873.97
2016	\$9,994.84	\$1,118.69	\$11,113.53
<b>Total</b>	<b>\$226,603.27</b>	<b>\$15,738.20</b>	<b>\$242,341.47</b>

In 2016, there was \$2,500 in special charges assessed to the property for City services. This amount was put on the property tax bill and thru this the City was reimbursed by the County.

If demolition is to be pursued the next question would be what is the redevelopment potential of the relatively two small parcels. Could redevelopment of the site be considered? The answer is yes, but the parcels are limited in size (.475 acre and 0.16 acres). Also the significant tax burden, outlined in Table 2 above, would pose economic challenges. In addition, Milwaukee County's desire to recapture some of the tax bills that were paid to the City would probably necessitate an economic incentive from some public financial source to support a new development.

Once the property is demolished, the extensive tax burden would remain as provided below and will continue to grow until the properties are redeveloped. Not an insurmountable challenge, but difficult at best.

## Option 2: Renovation Option - \$50,000



The prospective owner, Ben Marjamaa, proprietor of Expert Car Care, currently located at 6803 W. National Avenue, is proposing an extensive rehabilitation of the property. In September & October of 2016, Ben Marjamaa received the necessary approvals from Plan Commission and Common Council for a Special Use Permit and Site, Landscaping & Architectural approvals for their requested renovations to the property. These exterior improvements are estimated to transform the property into a facility with an estimated taxable value of over \$400,000 generating \$12,000 - \$15,000 in annual property taxes. The estimated cost of renovation was \$250,000.

In addition, Mr. Marjamaa received private financing approval from Spring Bank in the amount of \$274,000. Further, the business received approval for a Small Business Administration working line of credit for over \$300,000.

Mr. Marjamaa received approval from Milwaukee County for the cancellation of a portion of the delinquent real property taxes on both 7030 W. National Avenue (vacant building) and 15\*\* S. 71 St. (parking lot). As part of the agreement, Mr. Marjamaa will contribute \$115,000 to Milwaukee County to settle the \$242,341 in delinquent taxes. In accordance with Section 75.105(2) of Wisconsin State Statutes, as part of the agreement, Mr. Marjamaa will take ownership of the property and accept environmental responsibility for the parcels to the extent of obtaining Wisconsin Department of Natural Resources (WDNR) closure. Once the property transfer is complete, Mr. Marjamaa will assume all responsibility for the site and will maintain the property.

Please see EXHIBIT I – Sources & Uses, as attached, for an outline of the project financing.

The project has not proceeded faster because the bank was waiting for an environmental site investigation report and subsequent testing to be completed. The City received the Site Investigation report in February as part of our demolition specifications preparation. The report identified the environmental remediation measures necessary for demolition relative to ground water sampling and environmental mitigation measures. The report also indicated that DNR Case Closure can be obtained for private rehabilitation financing purposes.

To encourage a store front that would be appealing to the neighborhood and to attract private investment to the property, the Department of Development offered a commercial façade improvement grant of \$50,000. The impetus behind the grant was to restore some of the original integrity of the property as indicated by the historic photo of the property and maintain a quality urban edge for the National Avenue Commercial Corridor. In addition, the grant would save the City



money in comparison to the cost of demolition and promoted ownership of the property. Should the City adopt the rehabilitation model, a grant request will come before the Mayor & Common Council in the immediate future.

Mr. Marjamaa is a graduate of West Allis/West Milwaukee Public Schools and has been involved in the auto repair business for over 18 years. Expert Car Care was started in 2009 and leases their current location on a month-to-month basis. The new location would allow the business to grow and promote ownership of self-owned facility. The business currently has five employees and with the new location will need to fill 2-3 more positions.

RECOMMENDATION:

In summary, both options provide reasonable conclusions for the City, whether it is the \$200,000-\$240,000 demolition of a blighted property or the \$50,000 renovation model. However, the Department of Development recommends the renovation option and the \$50,000 façade grant.

Staff welcomes the guidance and direction from the Mayor & Common Council on the course of action to proceed on for the betterment of the neighborhood and the National Avenue Commercial Corridor. If you have any questions or comments, please feel free to contact me or Patrick Schloss at your convenience.

Sincerely,



John F. Stibal  
Director of Development

Attachment

**EXHIBIT I – Sources & Uses**

USE						LOAN	Borrower	City Façade Grant	Total	
Real Estate Acquisition		\$ 115,000		\$ 115,000		\$ 60,000	\$ 55,000	\$ -	\$ 115,000	
<b>Construction and Renovation</b>	<b>Contractor</b>									
Paving	Poblocki	\$ 15,988				\$ 15,988	\$ -	\$ -	\$ 15,988	
Roof	Westmen Builders	\$ 20,000				\$ 20,000	\$ -	\$ -	\$ 20,000	
Windows	Security Glass Block	\$ -				\$ -	\$ -	\$ -	\$ -	
Windows *	Front Elevation - JSB	\$ 55,000				\$ -	\$ 5,000	\$ 50,000	\$ 55,000	
Plumbing *	JSB Builders	\$ 10,000				\$ 10,000	\$ -	\$ -	\$ 10,000	
Painting *	JSB Builders	\$ 17,000				\$ 17,000	\$ -	\$ -	\$ 17,000	
Overhead Doors	David Forjan	\$ 35,000				\$ 35,000	\$ -	\$ -	\$ 35,000	
Landscaping		\$ 10,000				\$ 10,000	\$ -	\$ -	\$ 10,000	
Fencing of parking lot		\$ 8,500				\$ 8,500	\$ -	\$ -	\$ 8,500	
Signage *	Gus	\$ 5,000				\$ 5,000	\$ -	\$ -	\$ 5,000	
Masonry Repair*	JSB Builders	\$ 25,000				\$ 25,000	\$ -	\$ -	\$ 25,000	
Electrical Repairs *	Electrical Concepts	\$ 12,000				\$ 12,000	\$ -	\$ -	\$ 12,000	
Interior Flooring*	JSB Builders	\$ 12,000				\$ 12,000	\$ -	\$ -	\$ 12,000	
HVAC*	JSB Builders	\$ 16,000				\$ 16,000	\$ -	\$ -	\$ 16,000	
	Subtotal		\$ 241,488	\$ 241,488						
Architecture/Structural Engineer (3%)		3%	\$ 7,245	\$ 7,245		\$ 3,622.32	\$ 3,622.32	\$ -	\$ 7,245	
Interim Interest during Construction		2%	\$ 4,830	\$ 4,830		\$ 2,414.88	\$ 2,415	\$ -	\$ 4,830	
Construction Contingency (10%)		10%	\$ 24,149	\$ 24,149		\$ 12,074	\$ 12,074.40	\$ -	\$ 24,149	
Appraisal			\$ 2,500	\$ 2,500		\$ -	\$ 2,500	\$ -	\$ 2,500	
Environmental			\$ 5,000	\$ 5,000		\$ 2,500.00	\$ 2,500	\$ -	\$ 5,000	
FEES			\$ 8,000.00	\$ 8,000		\$ 5,360.00	\$ 2,640	\$ -	\$ 8,000	
Moving			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	
						LOAN	Borrower		Total	
TOTAL			\$ 408,211	\$ 408,211	\$ 272,460	\$ 85,752	\$ 50,000	\$ 408,211		
			Loan to Cost							
			\$273,909.72	67%	\$21,488	21%	\$50,000	12%	\$408,211	
									100%	