



Local Brownfields Redevelopment Leaders: Success Stories & Lessons Learned

Part 3

John Stibal, Development Director – West Allis

THE WEST ALLIS STORY

Brownfields 101 Redevelopment Resources for Local Governments

November 2, 2016

Prepared by the City of West Allis
Department of Development



Lake Michigan

City of Milwaukee

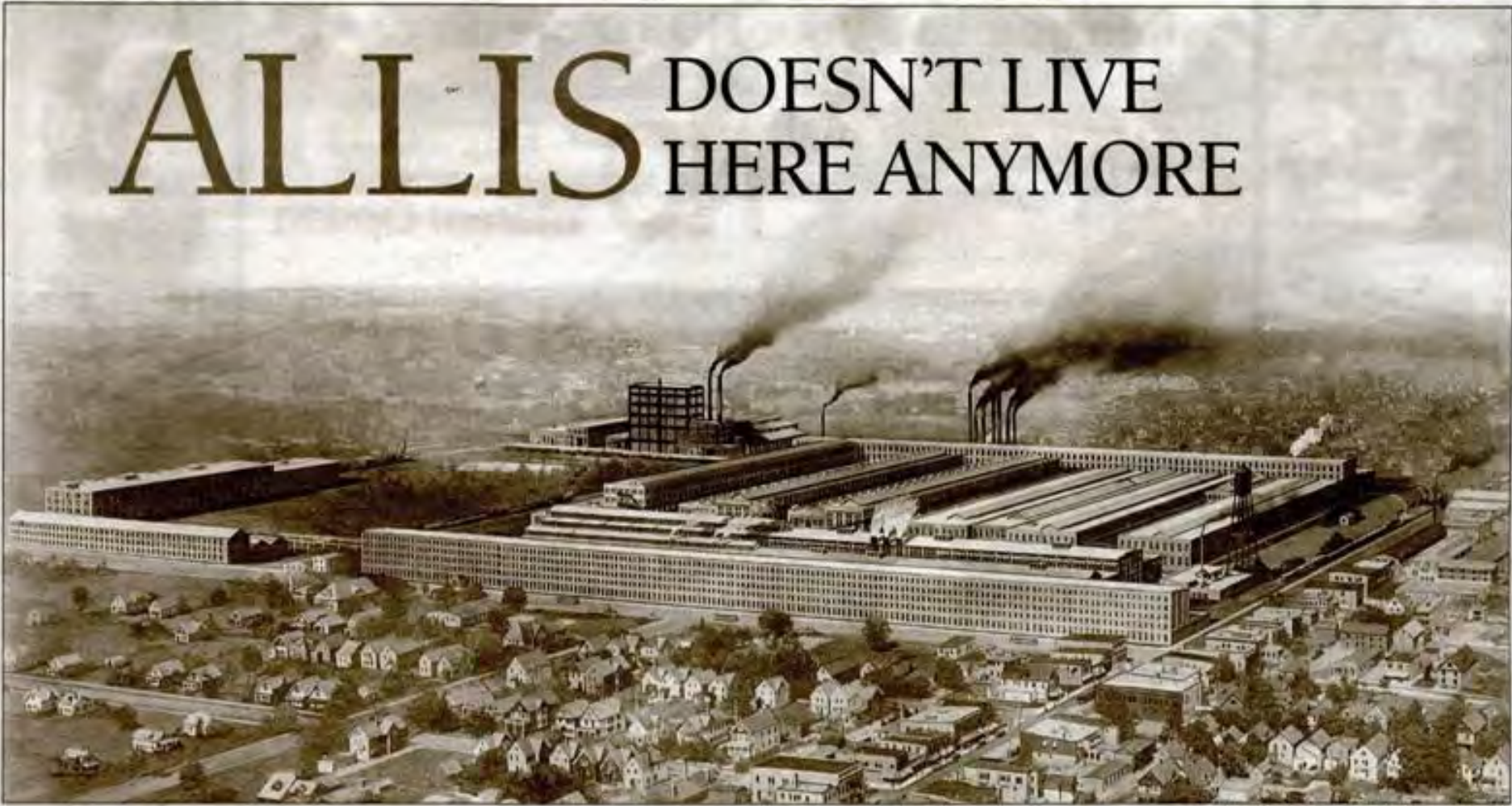
City of West Allis





Crisis = Danger & Opportunity

ALLIS DOESN'T LIVE
HERE ANYMORE



The West Allis Story



Brownfield Redevelopment



- On average, a cleaned up and redeveloped site adds \$3.4 million to a locality's assessable base.
- Post redevelopment assessed values exceed pre-development values in a ratio of 3.5 to 1.

State Funding

- The leverage ratios for the State are: \$1.00 of state funds leverages \$27.25 in total funds;
and
- it only takes \$3,000 in state brownfields funding to leverage one job.



There is a **COST** for Doing Nothing

- Continue with current Dilapidated property

- Incur “**Opportunity cost**”-

- lost taxes not realized,
- lack of image improvement,
- Inability to attract new Businesses
- No new Jobs



OPPORTUNITY
COST

Dilapidated Industrial Site:

Eminent Domain



West Milwaukee

Former Wehr Steel foundry property
(32+ acres)

West Allis

Opportunity Cost

**\$270,000 in Annual Property Taxes &
220 family supporting jobs**



1. Who received the first State Tax Credit?
2. What Year?



Community Growth



+800 jobs



+475 jobs



+100 jobs



+200 jobs



+200 jobs

**Over 1,800 jobs
were announced
in West Allis in
past 23 months
and more to
come!**



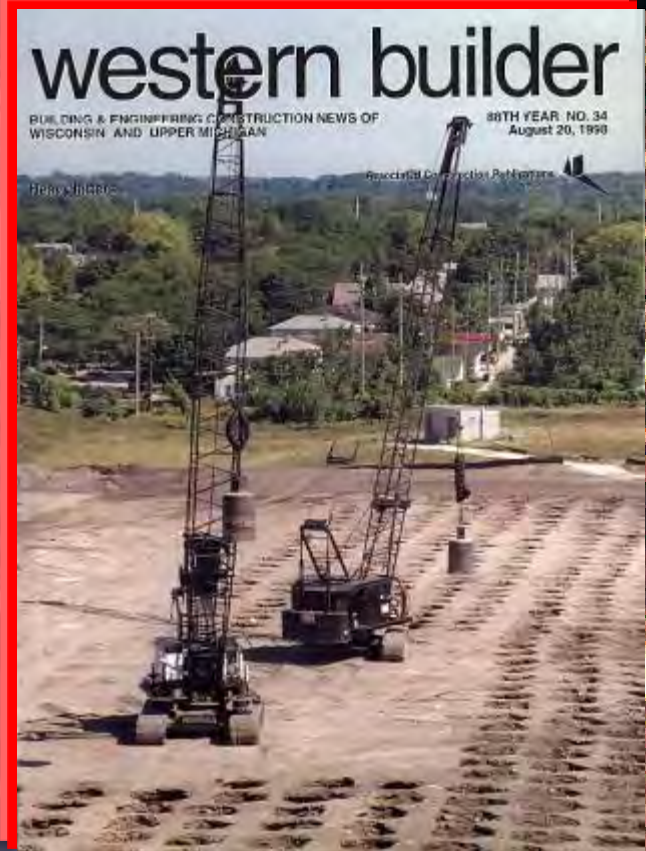
Public Policy

- **Creative People**
- **See things differently**





The Ginger Rogers Effect

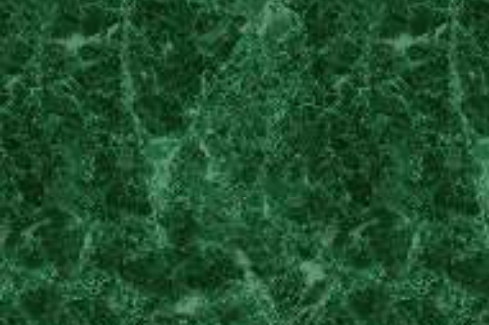
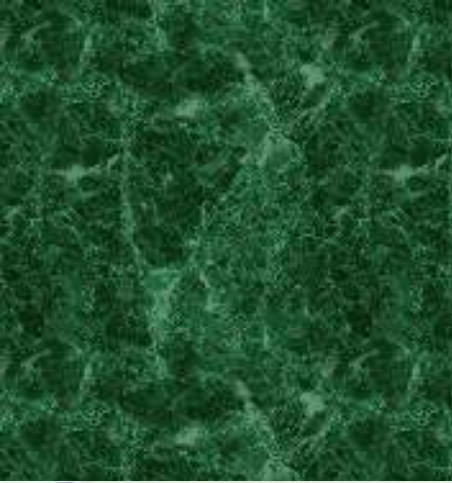


Compete to redevelop!



A-C Tractor Plant Site





Legal Issues



1. **Grundwald v. City of West Allis**
 - **Area Blight Determination**
2. **Relocation issues**
 - **Strip Joints & Junk Yards**

Grundwald vs. City of West Allis

Area Blight Determination



Relocation Issues:

- Exotic Dance Studio
- Junk Yards



Fear of the – Environmental Liability



Known & Unknown
Liability

Giddings & Lewis Corp

VS

Quad Graphics

A Clash of Corporate Cultures



Giddings & Lewis Corp.



CHALLENGES

1. **Purchase Price**
2. **Fear of Quad Graphics suing G & L for off-site Third Party Claims**
3. **Soil & Ground Water Environmental Clean-Up**
4. **Desire to sell property within 60 days or will sell for Big Box Retail development**
5. **Didn't trust Quad Graphics**

QUAD GRAPHICS



CHALLENGES

1. Environmental Clean-up costs
2. Off- site Third Party Environmental Claims
3. The cost of Ozone Non-Attainment for VOC's
4. Not wanting to OWN a contaminated property
5. Didn't trust Giddiness and Lewis



Giddings & Lewis Corp.

1. **Purchase Price** - City Purchased Property (Internal Funds)
2. **Third Party Claims** - Created a \$1,500,000 Indemnification
3. **Environmental Liability** - Completed Environmental Investigation State and City Assumed Liability
4. **Desire to sell property** - City Closed Sale within Required Time
5. **City of West Allis purchased the property from Giddings & Lewis Corp.**



Quad Graphics

1. **Environmental Clean-up costs** - **State legislation (Act 453) limiting liability.**
2. **Third Party Claims** - **Created a \$5,000,000 Indemnification**
3. **Ozone Non-Attainment for VOC's** - **Provided \$1,400,000 to Purchase Air Quality Credits**
4. **Owning a contaminated property** - **Sold Property to Quad on 7 Year Land Sales Contract**
5. **City of West Allis sold the property to Quad Graphics**

Quad Graphics vs Giddings & Lewis



Results:

- 1,000,000+ manufacturing Sq. Ft.
- 850 Manufacturing Jobs



Summit Place - New Growth



Former Allis-Chalmers Vacant Warehouses











\$16,000,000
Base Value

\$56,000,000
New Value

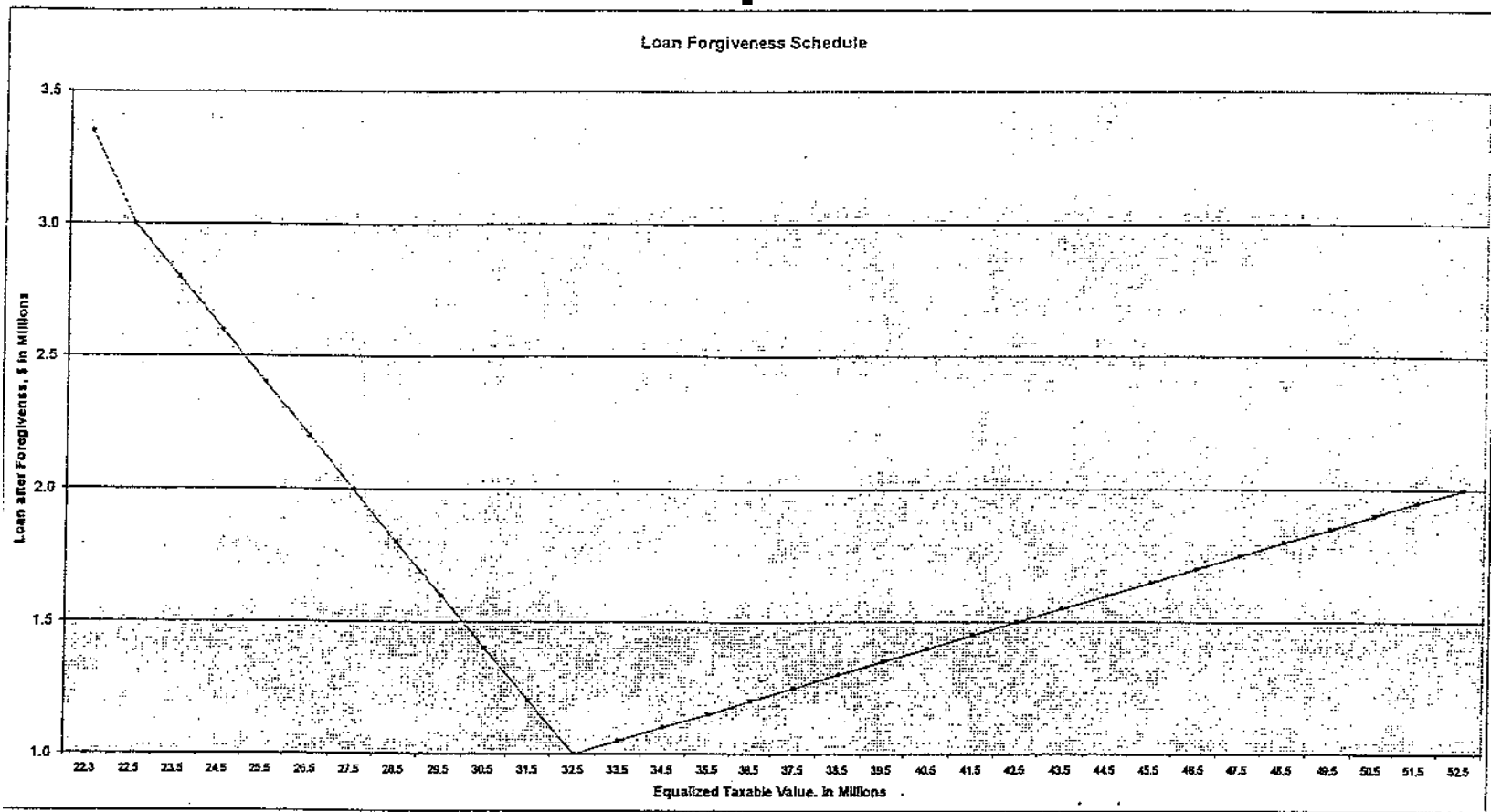
Site Assessment Grants
Storm Water Grants
Brownfield Grants



\$2.0 Million TIF Loan
\$2.5 Million TIF Grant



Loan Forgiveness & Success Participation Schedule



**THE POWER OF
TAX INCREMENT
FINANCING**

Second Largest office Building in Metro Milwaukee



**Created over
\$60,000,000
in taxable value**

**\$1,500,000 in new
Property taxes**

Development of Unusable Land



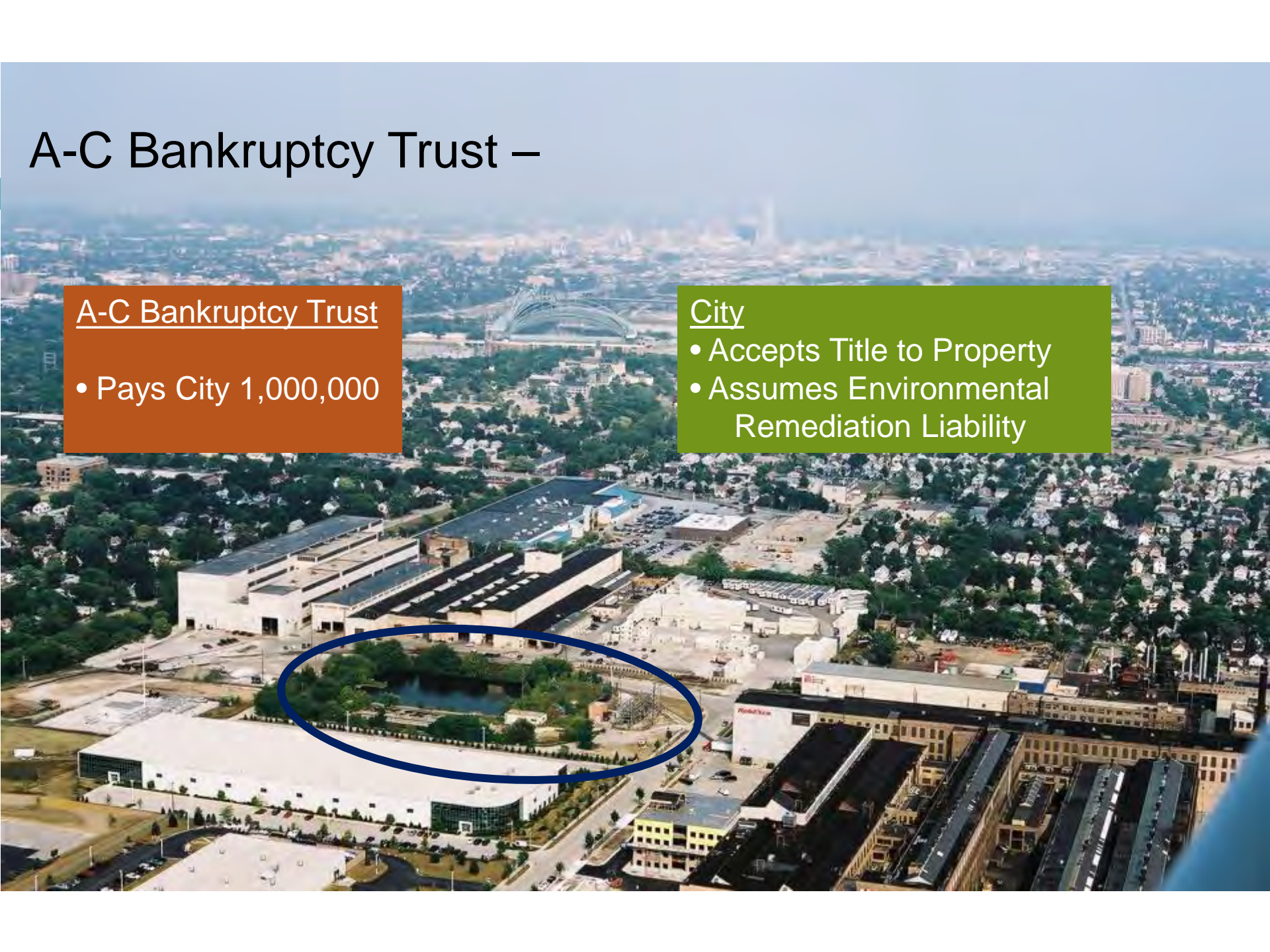
A-C Bankruptcy Trust –

A-C Bankruptcy Trust

- Pays City 1,000,000

City

- Accepts Title to Property
- Assumes Environmental Remediation Liability



- DNR Agreement for \$580,000 Storm Water Grant

- Agreement for Land Swap for Free Parking
- Developer Agreement – for all Public Maintenance

700 car
Private
Parking
Structure

345 car
Public
Parking
Lot



Former Allis-Chalmers Shop Buildings



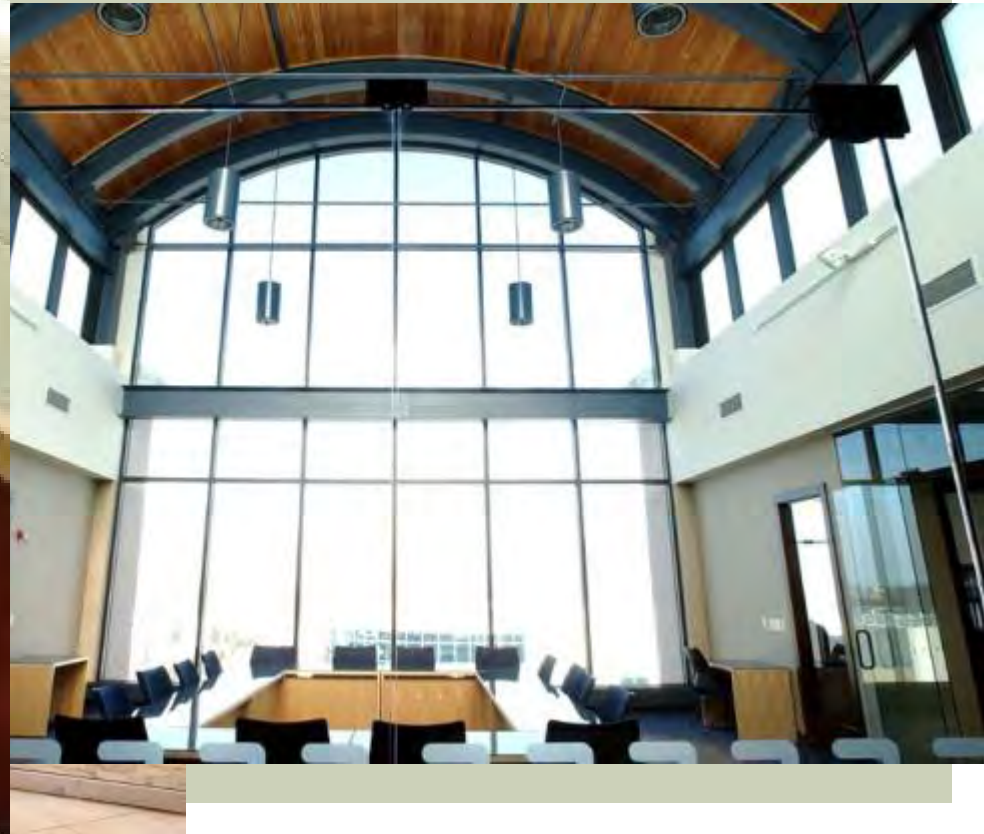
Local Historic
Landmark
Designation

The image shows the interior of a large, empty industrial building. The space is characterized by a high ceiling with a complex network of dark metal trusses and beams. On the left side, a long row of tall, narrow windows allows natural light to enter, creating a bright glow. The floor is a light-colored, possibly concrete or stone, surface that shows some signs of wear and discoloration. A series of vertical metal columns supports the ceiling structure, extending from the floor to the top. The overall atmosphere is one of a vast, open, and somewhat desolate space. The text "Historic Designation Agreement" is overlaid in the center in a white, sans-serif font.

Historic
Designation
Agreement



\$250,000
Savings

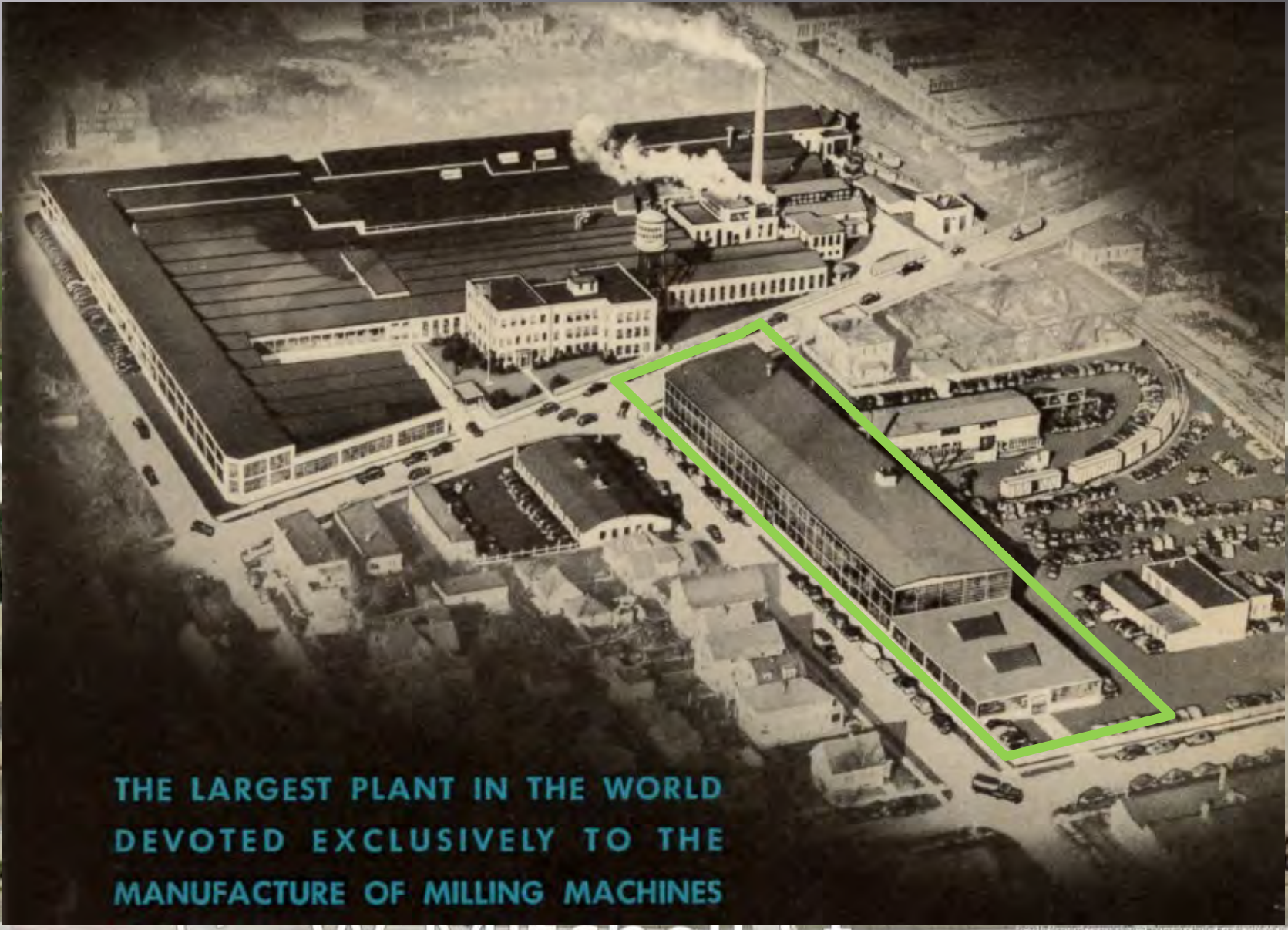


Potential Signature building? Reduce Inquiry Cost

Completed Extensive
Environmental
Investigations: Including
Soils, Groundwater and
Vapor.



Co. • West Alle

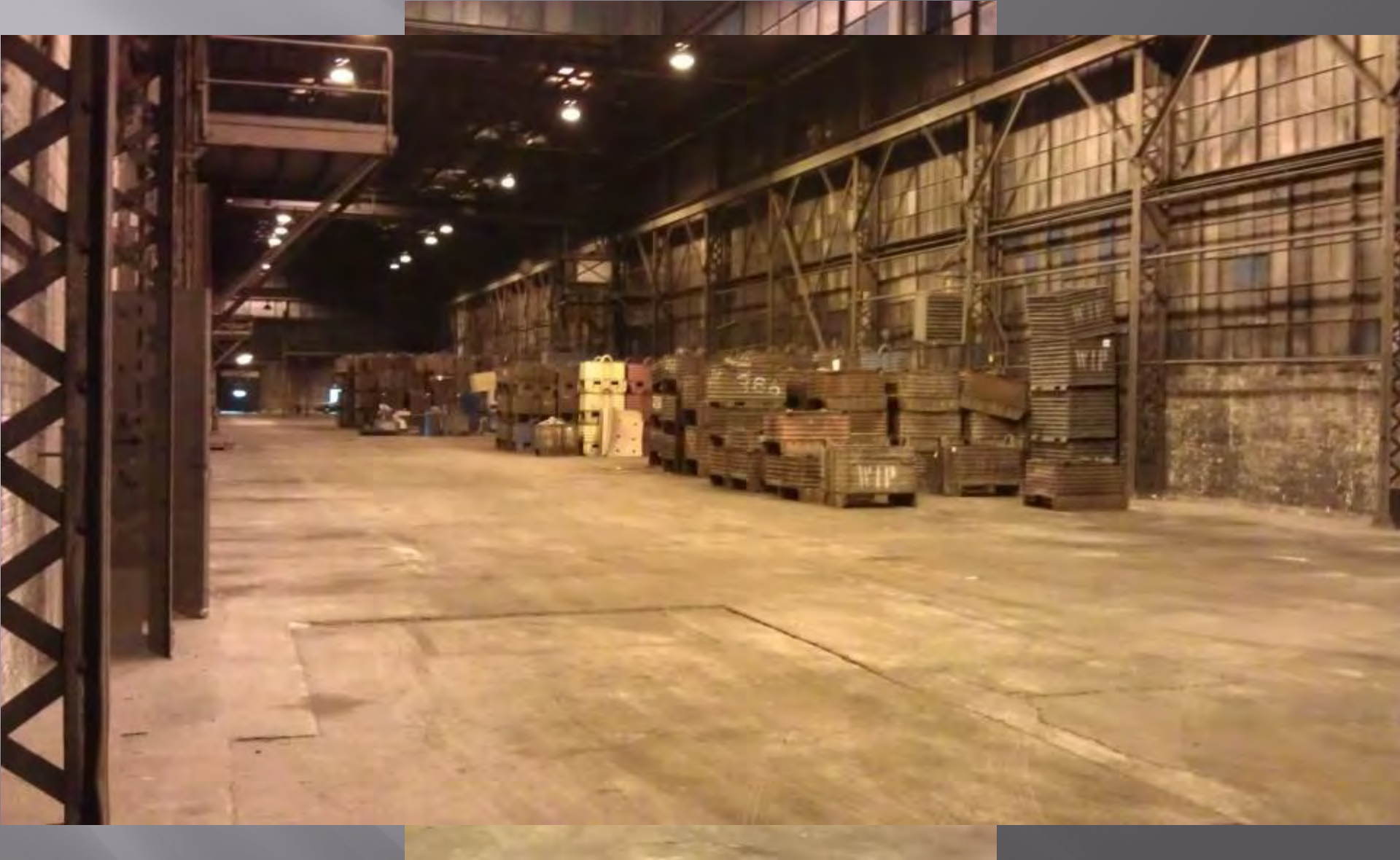


**THE LARGEST PLANT IN THE WORLD
DEVOTED EXCLUSIVELY TO THE
MANUFACTURE OF MILLING MACHINES**

St

W. MITCHELL ST

© 2018 Microsoft Corporation. All rights reserved. Microsoft, Bing, and the Microsoft Dynamics logo are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries.



West Allis has done this before...



DEAN W. TRECKER CORP.

Sign near entrance

Proposed Multi-Family 42,000 sq. ft.



New Markets Tax Credits



FIRE
FIRST-RING INDUSTRIAL REDEVELOPMENT ENTERPRISE
MILWAUKEE • RACINE • KENOSHA

Overview

- What are New Markets Tax Credits?
 - Tax credit program designed to stimulate investment in projects located in “low-income communities”
 - Project types include for-profit, non-profit, real estate, operating businesses, or community facilities
 - The program is administered by the US Treasury Department through a division called the CDFI Fund, in a unique “public/private partnership” with Community Development Entities (CDEs)

Blend of Programs

116th & Rogers

Former Yellow Freight Terminals

Former Yellow
Freight Truck
Terminal

\$3.4 Base
Value

Local, state,
and federal
programs



Site Assessment Grants – key

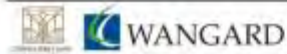




PERSPECTIVE



FRONT ELEVATION



WEST ALLIS INDUSTRIAL DEVELOPMENT
116TH AND ROGERS
PRELIMINARY BUILDING DESIGN

* *EPA Loan : Environmental Cap*

- parking lot
- foundation
- flooring, etc.

Bank Debt \$ 8,600,000

* ***EPA Loan \$ 400,000 @ 1%***

NMTC Equity \$ 3,000,000

Developer Equity \$ 2,000,000

\$ 14,000,000



Participation
LOAN

\$14,000,000 Development

- Expansion of existing West Allis business

- New industrial building (Spec Development)

Achieved 15% above market rent



Disaster Isn't All Bad

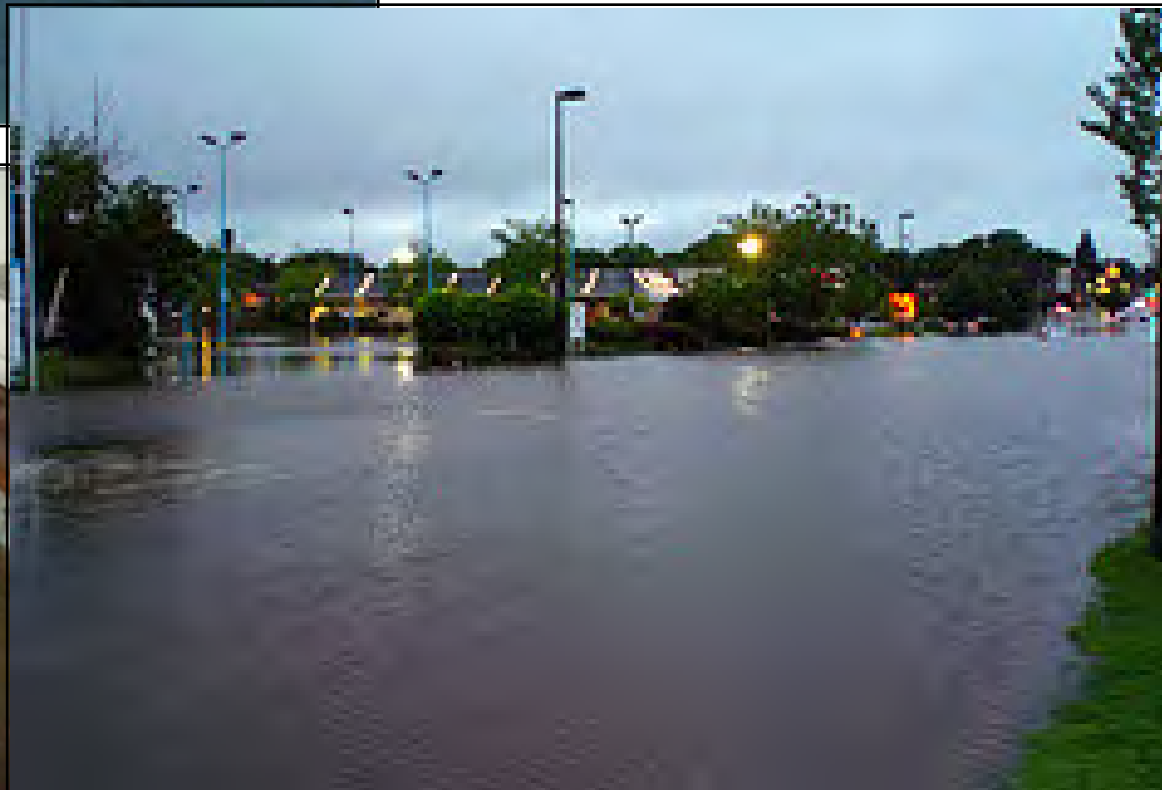


2008/2009

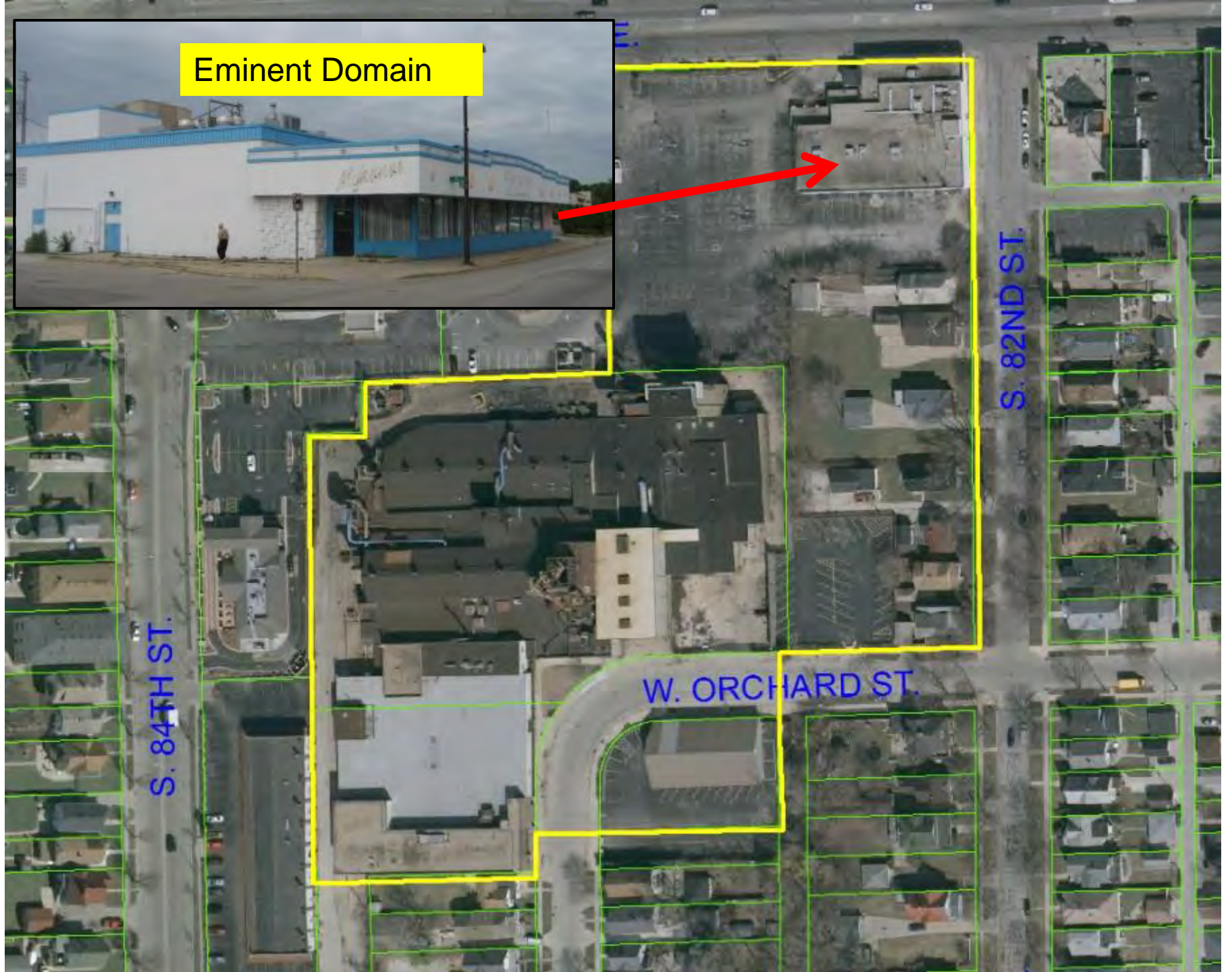
**Wi Dept. of
Administration**

FLOOD

Mitigation

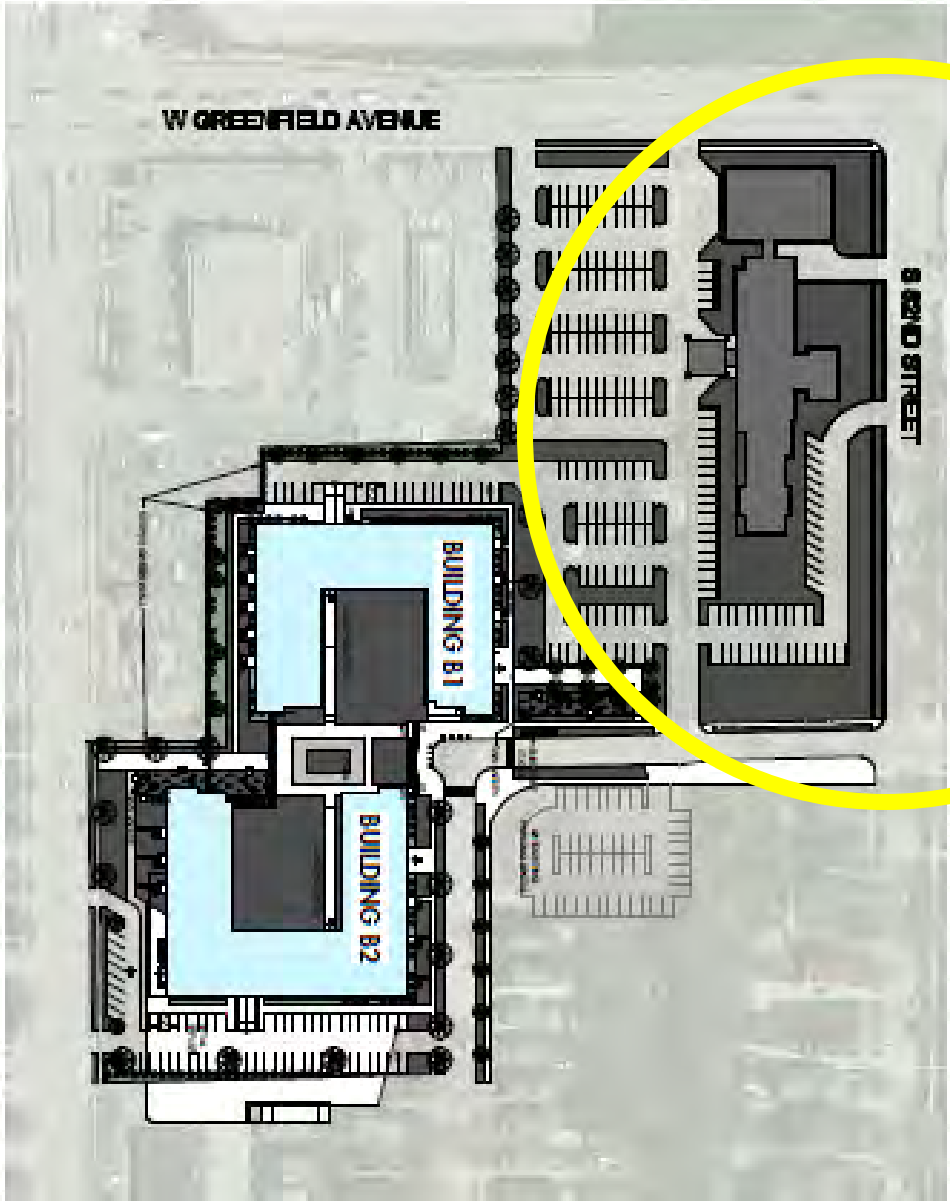


Eminent Domain



Partnerships - 84th & Greenfield





EB-5 Financing

- **The EB-5 visa is a method of obtaining a green card for foreign nationals**
- **By investing at least \$ 500,000 and create at least 10 jobs.**



Deal Structure

- \$ 9.5 Million EB-5
- \$ 3.7 Million Traditional Debt
- \$ 600,000 NMTC Direct Project Benefit
- \$ 600,000 NMTC support for Stormwater
- \$ 500,000 Equity
- \$14,900,000



Storm Water Pond vs Developable Land



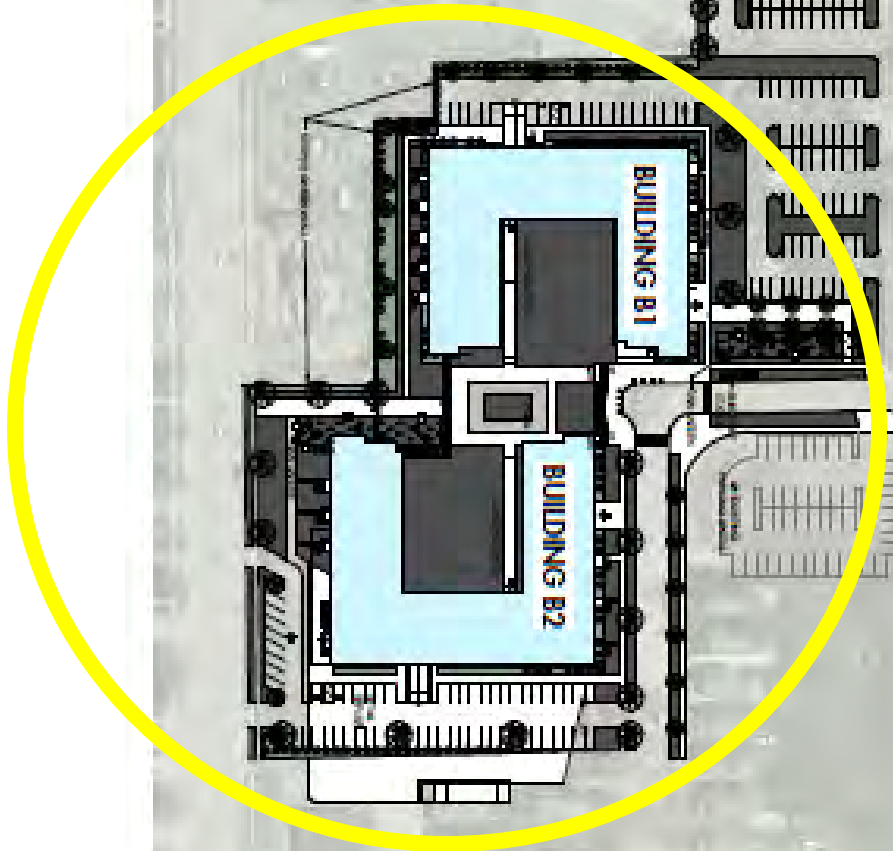






W GREENFIELD AVENUE

8 62ND STREET



BUILDING B1

BUILDING B2

TIF - Split Funded (GO and Developer)



\$33.4 million development

DNR approval of Off-Site Disposal onto other City owned property







CHANGING THE MARKET

Six Points /Farmers Market

All Local
Since 1919!





6350 W. Greenfield Ave.



Transformative Development











1. Board of Commissioners of Public Land loan \$3,100,000
2. DNR Site Assessment Grants totaling about: \$340,000
3. Commerce Dept. Brownfield Grant: \$855,000
4. EPA Assessment Grants totaling about: \$400,000
5. US Dept. of Housing & Urban Development (CDBG): \$945,000
6. DNR Land Recycling Loans: \$1,7000,000 @ .5% for 20 years



95 % of all material
from the demolition
was recycled.

Drums, Chemicals, and Waste





CLOSED
USE
OTHER
STREET

can can can can







Prepare for Success



BEFORE

Johnson Control, Inc



AFTER







City Operating Reserves - \$4.2 Million Loan

Generated an additional
\$150,000
per year



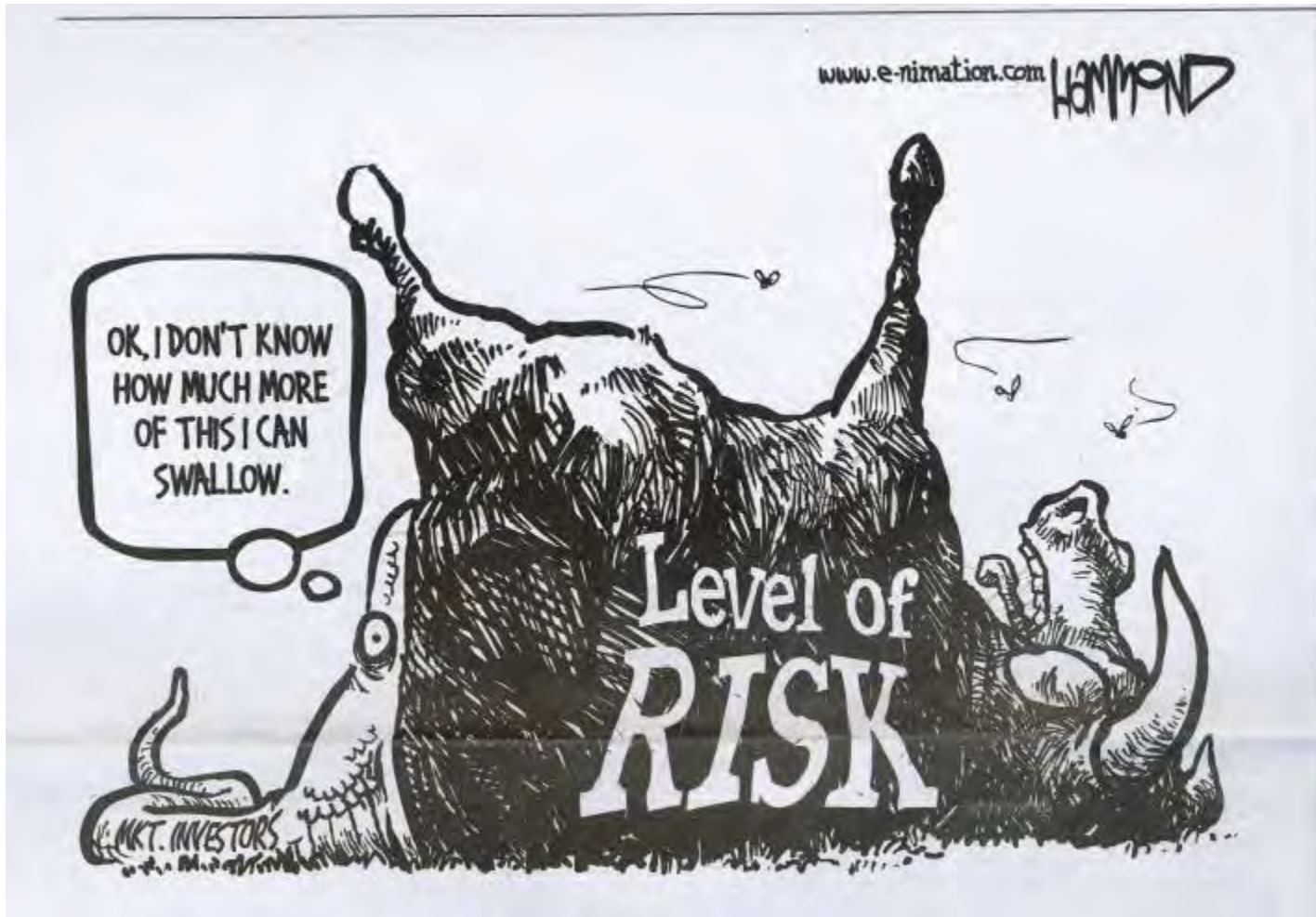
Liberty Heights Park Improvements



800 High Tech Jobs
140,000 sq. ft. High Teck Office



Allocation of Risks



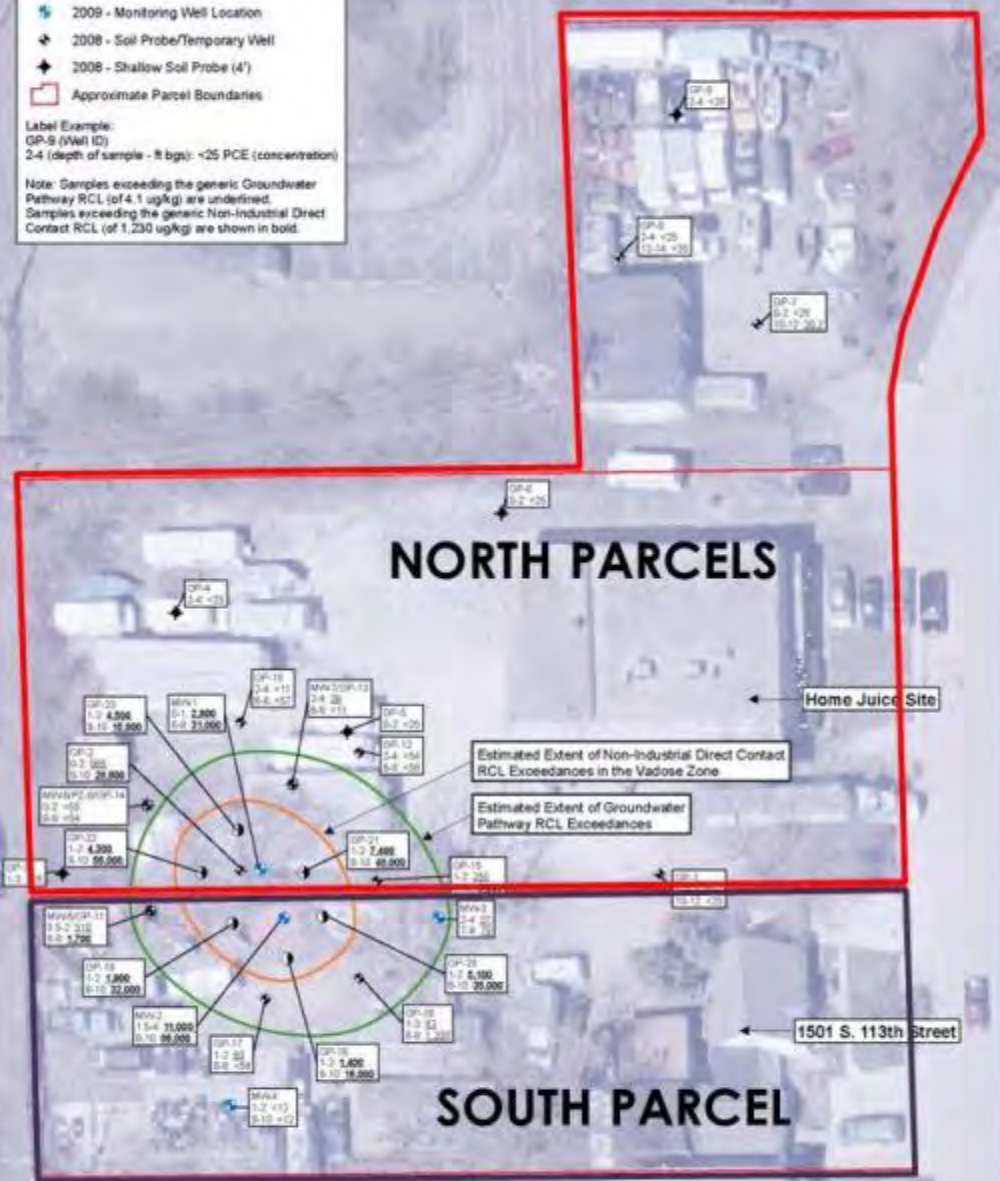
Mid-night Dumping



The Day before Mid-Night Dumping



- ⊕ 2010 - Monitoring Well Location
 - ⬇ 2010 - Soil Probe/Temporary Well
 - ⬇ 2010 Soil Probe (10')
 - ⬇ 2009 - Monitoring Well Location
 - ⬇ 2008 - Soil Probe/Temporary Well
 - ⬇ 2008 - Shallow Soil Probe (4')
 - ⬜ Approximate Parcel Boundaries
- Label Example:
 GP-9 (Well ID)
 2-4 (depth of sample - ft bgs) -25 PCE (concentration)
- Note: Samples exceeding the generic Groundwater Pathway RCL (of 4.1 ug/kg) are underlined.
 Samples exceeding the generic Non-Industrial Direct Contact RCL (of 1,230 ug/kg) are shown in bold.





113th & Greenfield Ave.

□ Sources:

Site Assessment Grant (SAG)	\$ 42,000
Ready for Reuse Grant:	\$ 35,000
Private Funds from Home Juice land sale:	\$250,000
EPA RLF grant/forgivable loan:	\$150,000
Tax Increment Financing	<u>\$194,000</u>
TOTAL:	\$672,000

City Assumes Liability for Clean-up

- City provides developer environmental indemnification until Case Closure is obtained.
 - Allows developer to obtain financing
 - Allows for the immediate start of the taxable development

Today



Public Policy

A city is not gauged by its length and width,
but by the **broadness of its vision** and
the **height of its dreams.**

Herb Caen



Pot at the End of Rainbow



**Thanks to
WDNR Our
future is
so bright,
we gotta
wear
shades!**





WWW.LOCATEINWESTALLIS.COM



Thank you

John F. Stibal, Director of
Development

jistibal@westalliswi.gov

