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

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Prepared by the City of West Allis Department of Development
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

  **Opportunity cost**

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

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

- Johnson Controls: +800 jobs
- Children's Hospital of Wisconsin: +475 jobs
- KONECRANES: +100 jobs
- Brookdale Senior Living: +200 jobs
- Sullivan-Schein: +200 jobs
Public Policy

• Creative People

• See things differently
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
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
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.

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
Historic Designation Agreement
$250,000 Savings
Potential Signature building?

Reduce Inquiry Cost

Completed Extensive Environmental Investigations: Including Soils, Groundwater and Vapor.
THE LARGEST PLANT IN THE WORLD
DEVOTED EXCLUSIVELY TO THE
MANUFACTURE OF MILLING MACHINES
West Allis has done this before…
Proposed Multi-Family 42,000 sq. ft.
New Markets Tax Credits

FIRST-RING INDUSTRIAL REDEVELOPMENT ENTERPRISE
MILWAUKEE • RACINE • KENOSHA
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
Bank Debt $8,600,000

* EPA Loan $400,000 @ 1%

NMTC Equity $3,000,000

Developer Equity $2,000,000

$14,000,000
$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
TIF - Split Funded (GO and Developer)

$33.4 million development
DNR approval of Off-Site Disposal onto other City owned property
CHANGING THE MAKRET
Six Points / Farmers Market

All Local
Since 1919!
6350 W. Greenfield Ave.
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: $1,700,000 @ .5% for 20 years
95% of all material from the demolition was recycled.
Drums, Chemicals, and Waste
Prepare for Success

**B E F O R E**

**J o h n s o n  C o n t r o l ,  I n c**

**A F T E R**
City Operating Reserves - $4.2 Million Loan

Generated an additional $150,000 per year
800 High Tech Jobs
140,000 sq. ft. High Tech Office
Allocation of Risks

OK, I don't know how much more of this I can swallow.

Level of RISK

MKT. INVESTORS
Mid-night Dumping

W. Greenfield Ave.
S. 113 St.
The Day before Mid-Night Dumping
## Sources:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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<tr>
<td>Site Assessment Grant (SAG)</td>
<td>$42,000</td>
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<tr>
<td>Ready for Reuse Grant:</td>
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<td>Private Funds from Home Juice land sale:</td>
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<td>EPA RLF grant/forgivable loan:</td>
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<td>Tax Increment Financing</td>
<td>$194,000</td>
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<td><strong>TOTAL:</strong></td>
<td><strong>$672,000</strong></td>
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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
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

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