



U.S. Department
of Transportation
**Federal Highway
Administration**

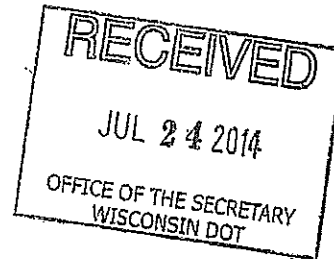
Wisconsin Division

July 22, 2014

525 Junction Road, Suite 8000
Madison, WI 53717
(608) 829-7500
(608) 829-7826
www.fhwa.dot.gov/widiv/

In Reply Refer To:
HAD-WI

Mark Gottlieb, P.E., Secretary
Wisconsin Department of Transportation
4802 Sheboygan Avenue, Room 12B
Madison, WI 53707



Dear Mr. Gottlieb:

Your May 2, 2014 letter highlights the economic importance of the Milwaukee Park East Redevelopment Corridor to the City of Milwaukee (City), Milwaukee County (County) and the Wisconsin Department of Transportation (WisDOT). As represented in the City's Park East Redevelopment Plan, the redevelopment of the former Park East Freeway right-of-way will provide a key component in revitalizing the economic viability and job potential of the area.

The Park East Corridor property (the Property) was acquired in part with federal funds to enable construction of the Park East Freeway, STH 145. An Environmental Assessment of Park East Freeway and Finding of No Significant Impact dated April 23, 2001 supported removal of the freeway and construction of surface street connections. The project, completed in 2003, provided access to the Property and restored area traffic circulation to permit redevelopment of the remaining freeway right of way. The February 5, 2002 Park Freeway Land Disposition Plan and Agreement represents that the remnant land parcels are surplus and will not be needed for future transportation purposes.

Surplus property with a federal interest is subject to property disposal requirements of title 23 United States Code (U.S.C.) 156(b) and the regulation at title 23 Code of Federal Regulations (C.F.R.), Part 710, Section 403. Disposal must be conducted in accordance with procedures established in the WisDOT Real Estate Program Manual. Exceptions to disposal of property at current fair market value require FHWA approval. Accordingly, in response to your May 2, 2014 request, FHWA approves an exception to Fair Market Value (FMV) for disposal of real property based on a finding of public interest for economic purposes.

The body of documentation supporting this determination includes the following:

- November 4, 2005 Project Agreement for Removal of the Milwaukee County Courthouse Annex, which establishes priority for use of the federal share of proceeds from sale of Park East ROW;
- April 23, 2001 Park East Freeway Finding of No Significant Impact, which establishes redevelopment as a primary benefit supporting removal of the freeway;
- February 5, 2002 Park Freeway Land Disposition Agreement, which establishes the split of federal and local interest in the ROW and how the property will be disposed;

- June 15, 2004 Park East Redevelopment Plan;
- February 15, 2005 Milwaukee County Board Resolution adopting the Park East Redevelopment Compact;
- April 22, 2014 letter from Milwaukee County and the City of Milwaukee to WisDOT requesting WisDOT approval for the disposal of the remaining Park East ROW parcels as outlined in the RFP (below); and
- June 10, 2014 Milwaukee County in conjunction with the City of Milwaukee Request for Proposals Acquisition and Development of Block(s) 1, 2, 3, 4, and/or 7 Park East, Milwaukee Wisconsin (RFP).

More specifically, FHWA approves the option of disposing of the surplus Park East ROW parcels in Blocks 1, 2, 3 and 4 at less than FMV. The approval of this option is subject to the following terms and conditions:

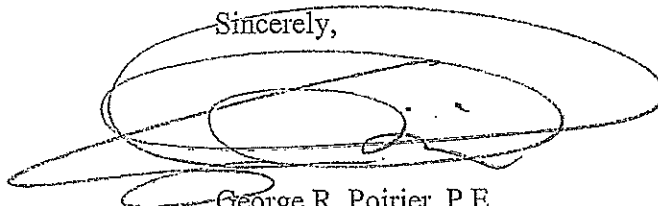
1. WisDOT Responsibility. As the Park East Corridor property was acquired in part with federal funds, the federal share of the net income from the revenues obtained from the sale and disposal of the surplus property would have been under the direct control of the WisDOT and would have been used by WisDOT for transportation projects within Milwaukee County eligible for funding under Title 23 of the U.S.C. The financial impact of FHWA's approval to dispose of these parcels at less than FMV under 23 U.S.C. 156(b) falls on WisDOT, since WisDOT will be denied the use of the full federal share of the net income from revenues obtained after the sale of the Park East surplus parcels. Due to the potential loss of the use of this net income, the WisDOT must not only concur in the grant of FHWA's exception but must also: monitor each parcel sale to make sure that the conditions for which the federal exception is granted are fulfilled; ensure there is a remedy in the event of a developer's default (e.g., the land reverting to WisDOT); and, ensure that the Federal share of the remaining proceeds of the sale or equivalent compensation are used for transportation projects eligible under Title 23 of the U.S.C. See *infra* at paragraph 3.
2. Federal approval for disposal at less than FMV is contingent upon disposal of the Park East parcels in accordance with the Milwaukee County/City of Milwaukee RFP. Any changes in this document will require concurrence from FHWA. Under provisions of the RFP process sale price is one of a number of criteria used to rank proposals. The best proposal under this process may result in sale of surplus Park East ROW parcels at less than FMV.
3. Proceeds from sale of any surplus Park East ROW parcels will follow the original 2002 Federal, State, and County of Milwaukee agreement. Repayment of the Federal share for these parcels under the agreement will be applied to activities eligible for funding under title 23 of the Code of Federal Regulations (CFR), Part 710. 23 CFR 710.403(e) states, in pertinent part:

The Federal share of net income from the sale or lease of excess real property shall be used by the State Transportation Department] for activities eligible for funding under title 23 of the [U.S.C.]. Where project income derived from the sale or lease of excess property is used for subsequent title 23 projects, use of the income does not create a Federal-aid project.

4. Pursuant to the terms of the Courthouse Annex Removal Agreement dated November 2005, the City's share of any proceeds received from the sale of the surplus Park East ROW will be credited to satisfy any outstanding debt the City owes to the County.
5. The intent of FHWA's approval to allow the disposal of Park East ROW at less than FMV under the RFP procedure is to support the overall policy of spurring economic development in this area of the City by creating an opportunity for prospective developers to purchase Park East surplus ROW on favorable terms. This federal action is predicted to create a basis for attracting new jobs and a sustainable economic tax base. Should the net income derived from the final sale price of the Park East surplus ROW exceed the relative percentage of investment shares required to fully satisfy outstanding obligations owed to both the County and the State, then, pursuant to the provisions of 23 CFR 710.403(e), the remaining funds shall be credited back to FHWA, and the funds shall be available for use by WisDOT for other activities eligible under title 23 of the U.S.C.
6. Should a future highway or transportation related need arise, WisDOT will be precluded from requesting or using Federal Funds for the repurchase of any interests originally acquired for the Park East ROW.
7. A Memorandum of Understanding (MOU), in recordable form, capturing the intent of the parties as expressed herein, will be drawn up, executed by representatives from the WisDOT, City of Milwaukee, County of Milwaukee, and the FHWA Wisconsin Division Office and recorded.

We appreciate the time, patience and discussion that you have brought to this unique opportunity to spur the economic development in the State of Wisconsin and in the City of Milwaukee specifically. Please contact Joel Batha at 608-829-7519 if you have any questions or concerns.

Sincerely,

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and curves, positioned above the printed name.

George R. Poirier, P.E.
Division Administrator

ecc:

Julie Dingle, Attorney, FHWA Office of Assistant Chief Counsel for Mid-West
Virgil Pridemore, Director, FHWA Office of Real Estate Services
Brad Basten, Economic Development Officer, WisDOT Office of the Secretary
Rory Rhinesmith, Operations Manager, WisDOT DTSD
Rebecca Burkel, Chief, WisDOT, DTSD, Bureau of Technical Services
Claudia Peterson, WisDOT, Southeast Region