

Wisconsin Department of Transportation

www.dot.wisconsin.gov

Scott Walker
Governor

Mark Gottlieb, P.E.
Secretary

Office of the Secretary
4802 Sheboygan Avenue, Room 120B
P O Box 7910
Madison, WI 53707-7910

Telephone: 608-266-1113
FAX: 608-266-9912
E-mail: sec.exec@dot.wi.gov

March 26, 2015

George Poirier, P.E.
FHWA Division Administrator
525 Junction Road, Suite 800
Madison, WI 53717
Via Email: george.poirier@dot.gov

Dear Mr. Poirier:

Thank you for your letter of July 22, 2014, regarding the disposal of surplus land parcels in the Park East Redevelopment Corridor, Blocks 1, 2, 3, and 4. By letter dated August 12, 2014, the Wisconsin Department of Transportation (WisDOT) acknowledged the Federal Highway Administration, Wisconsin Division's (FHWA) approval of an exception to the requirement under Title 23, United States Code Section 156(b), thereby allowing these lands to be sold for less than fair market value (FMV).

FHWA's July 22, 2014 letter also provided certain terms and conditions under which the aforementioned parcels may potentially be sold for less than FMV. After discussing the City of Milwaukee's Park East Redevelopment Plan in more detail with staff from FHWA, WisDOT, and Milwaukee County (County), WisDOT respectfully makes the following requests of FHWA.

Request 1.

For Block 22 of the City of Milwaukee's *Park East Redevelopment Plan* (PERP) (June 14, 2004), WisDOT requests that the conditions under which FHWA's July 22, 2014 exception was granted be extended to include this block. Notably, the County has committed to seek development proposals for Block 22 under its *Request for Proposals: Acquisition and Development of Block(s) 1, 2, 4, and/or 7, Park East, Milwaukee, Wisconsin*, RFP #2014-ED-01 (June 10, 2014) (Westside RFP). The Westside RFP is the same RFP contemplated in FHWA's July 22, 2014 letter. For this parcel, WisDOT will continue to monitor each sale of County lands containing a federal interest, and will follow the terms and conditions of FHWA's July 22, 2014, letter, as those terms and conditions are amended by FHWA's response to this request.

Request 2.

For PERP Block 12, WisDOT and the County agree that development of this parcel is unlikely unless assembled with nearby parcels. Operating under the 2002 *Park Freeway Land Disposition Plan and Agreement* (2002 Agreement), the County has worked with developers who have brought forward a plan to assemble Block 12 with adjacent parcels (see County Board File No. 14-724). However, the County has concluded the assemblage plan is only feasible if Block 12 is sold for less than its appraised FMV, and WisDOT finds this conclusion

reasonable. The 2002 Agreement does not grant the necessary exception to sell a federal-interest parcel for less than the parcel's FMV.

WisDOT is requesting an exception for less-than-FMV disposal of PERP Block 12 based on a finding of public interest for economic purposes. The key facts supporting this finding are:

- Parcels within Block 12 were acquired by the County in part with the use of federal funds from FHWA for the purposes of establishing the Park East Freeway right-of-way. The Park East Freeway removal was completed in 2002 and right-of-way lands have been determined to be surplus.
- As noted in County Resolution No. 14-724, the County had established the purchase price for this parcel at \$700,000. However, environmental remediation costs for Block 12 are estimated at \$450,000 to \$475,000. The County, by the same resolution, has now required that the parcel be sold for at least \$100,000.
- Because assemblage with adjacent property owners is required, the County's Westside RFP would not be the appropriate tool to seek proposals to develop this property. However, Block 12 is subject to the *Park East Redevelopment Compact* (City of Milwaukee (City) Resolution No. 04-492 (adopted December 16, 2004)), which provides for substantially similar economic benefits as those found in the Westside RFP (see secs. 2.9 and 2.10 of the Westside RFP). As such, for the development of Block 12 the County, by County Resolution No. 14-742, has set requirements for prevailing wages and Disadvantaged Business Enterprise (DBE) participation, as well as goals for apprenticeships, job training, and local workforce participation.
- The federal portion of the proceeds of any sale of Block 12 will be distributed as required by Title 23 of the Code of Federal Regulations (CFR), sec. 710.430(e), as well as the 2002 Agreement and the 2005 *Project Agreement for the Removal of the Milwaukee County Courthouse Annex* (2005 Annex Agreement) between WisDOT and the County.
- The County has committed to presenting the plan to develop this parcel as an assembled property to WisDOT. WisDOT will review this proposal to ensure the sale fulfills the conditions for which the requested federal exception is granted.

Request 3.

Finally, WisDOT further requests that FHWA amend or clarify certain terms and conditions found in its July 22, 2014 letter:

- A. On page 2 of FHWA's July 22, 2014 letter, FHWA granted approval for "Blocks 1, 2, 3 and 4." However, in developing the Memorandum of Understanding for this project (MOU), it has become apparent that several block numbering systems have been used over time. Please confirm that "Blocks 1, 2, 3 and 4" refer to the block numbering convention used in the plat *Park East on the West Side of the Milwaukee River* (May 18, 2007 Doc. No. 09434632). Plat block numbers 1, 2, 3, and 4 correspond to Blocks 1, 2, 4, and 7, respectively, of the City's *Park East Redevelopment Plan*.

George Poirier, P.E.

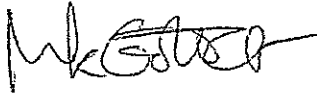
March 26, 2015

Page 3

- B. For Item No. 4, found on Page 3 of its July 22, 2014 letter, please amend this item to more closely reflect the reimbursement terms found in FHWA's August 24, 2005 letter and the 2005 Annex Agreement.
- C. For Item No. 7, since inter-agency memorandum of understanding are typically not recorded, and because recordation could cause future uncertainty as to the federal and WisDOT interests in these lands, please amend this term to remove the requirement for producing the required MOU in recordable form, and the requirement for recording this MOU.
- D. Also under Item No. 7, after reviewing how the 2002 Agreement has been implemented, and reviewing parcel titles within the Park East corridor, the parties have concluded that it is no longer necessary that the City be required to execute the contemplated MOU. Please amend this term to remove the requirement that the City execute the MOU.

Thank you for your continued willingness to work with us on this important redevelopment effort. If you have any further questions, please do not hesitate to contact Brad Basten at (608) 266-0786.

Sincerely,



Mark Gottlieb, P.E.
Secretary

cc: Julie Dingle, Attorney, FHWA Office of Chief Counsel, Mid-West Legal Services
Joel Batha, FHWA Wisconsin Division Civil Rights and Right-of-Way Officer
Brad Basten, Economic Development Officer, WisDOT Office of the Secretary
Claudia Peterson, Chief, WisDOT DTSD Southeast Region Technical Services Section
Cameron Smith, Attorney, WisDOT Office of General Counsel