



Caterpillar Inc.

100 NE Adams Street  
Peoria, Illinois 61629

*Via Email and U.S. Mail*

December 21, 2016

Mr. John Dargle, Jr. CPRP  
Director of Parks, Recreation and Culture  
Milwaukee County  
9480 Watertown Plank Road  
Wauwatosa, WI 53226-3560

Mr. Dargle:

This letter follows up on our presentation to the Milwaukee County Parks, Energy and Environment Committee on December 6, 2016, and provides additional information on Caterpillar's proposed purchase of a 2.006-acre parcel of County-owned property adjacent to the existing Caterpillar facility at 1118 Rawson Avenue, South Milwaukee, Wisconsin. This letter outlines the property history, existing conditions, and the terms of the proposed transfer.

**Property History**

In 2012, Caterpillar conducted a review of site boundary information for its property in the City of South Milwaukee (the "Site") for the purposes of improving site security and its perimeter fencing. During that review, Caterpillar determined that a portion of land it believed was part of the Site was actually outside of its current property boundary. Further investigation revealed that, in about 1950, Bucyrus Erie had deeded a portion of its South Milwaukee property to the County for expansion of the Oak Creek Parkway ("Parkway"). The transfer included a 2.006-acre area of property with a steep slope down to Oak Creek that is heavily vegetated and undevelopable (the "Slope") as shown in the illustration on Figure 1. The Slope runs adjacent to the eastern portion of the current boundary of the Site and supports the remaining area of the Site at the top of the Slope.

The Slope forms the eastern edge of a portion of the Site considered a historical fill site. Activities on this historical fill site are conducted in coordination with the Wisconsin Department of Natural Resources (WDNR). The Slope was fenced in such a manner that Caterpillar believed it to be part of the Site and, due to the steep slope and other features, it is not easily accessible from the Parkway. The Slope, while undevelopable and unusable for most purposes, constitutes an important part of overall stability and security for the Site.

Following our presentation on December 6, 2016, we have developed a proposal that we believe is a mutually beneficial solution whereby the County will sell the Slope to Caterpillar, subject to the conditions outlined in this letter.

## **Existing Slope Conditions & Limited Future Uses**

The total area of the Slope subject to this transaction is 2.006 acres, based on a new Certified Survey Map (CSM) as shown in Figure 2. The Slope is located entirely on a parcel of County-owned property adjacent to the Parkway. The Slope includes a steep grade that prohibits future development and restricts most uses, is heavily vegetated and generally inaccessible from the Parkway. Caterpillar intends to maintain the Slope to ensure Site stabilization in the future, act as a buffer with respect to the Parkway, and to secure the Caterpillar site from unauthorized access by improving existing fencing along the Slope.

## **Terms of Proposed Slope Transfer**

Caterpillar proposes to acquire the Slope from the County through a deed describing the property pursuant to the new CSM to be recorded prior to the transfer, and any transfer would be subject to the following conditions:

### **A. Purchase of Slope at Fair Market Value Plus Premium**

Caterpillar has conducted a survey of existing vacant, industrial property and has concluded that average land costs for undevelopable property in the current market are approximately \$7,500/acre. The contents of our land cost survey are included as Figure 3. Caterpillar, therefore, proposes to acquire the 2.006-acre Slope from the County for \$30,000. This offer price is equivalent to fair market value of the land including a 2X premium.

### **B. Slope Deed Restriction**

Portions of the Slope are located in a designated environmental corridor. The County has had preliminary discussions with the Southeastern Wisconsin Regional Planning Commission (SEWRPC) regarding this issue and SEWRPC has requested that the transfer of the Slope include deed restrictions to restrict future uses of the Slope and to protect the natural resource features of the existing environmental corridor. Caterpillar proposes recording a deed restriction applicable to the Slope that would run with the land, binding subsequent owners of the Site. The proposed deed restrictions are as follows:

1. No grading, filling or excavation shall be permitted within the portion of the Slope that is designated as a primary environmental corridor as delineated on the CSM, except as necessary to comply with federal, state or local laws or the requirements of government agencies, and except as necessary to remove existing surficial slope debris and soil piles.
2. No building or structure shall be erected within the portion of the Slope designated as a primary environmental corridor as delineated on the CSM.
3. No removal or destruction of native vegetative cover except dead and diseased vegetation and noxious weeds shall be permitted within the portion of the Slope designated as a primary environmental corridor as delineated on the CSM, except as necessary to comply with federal, state or local laws or the requirements of government agencies. The

introduction of plants not indigenous to the existing environment of the designated primary environmental corridor shall be prohibited.

#### C. Environmental Indemnification

Caterpillar will indemnify, defend and hold harmless the County from any environmental liability under federal or state law imposed on the County by any government agency arising solely from the County's ownership of the Slope.

#### D. Slope Fence Line Improvements

Portions of the existing fence line adjacent to Oak Creek are failing and in need of replacement. Caterpillar proposes to, at its own expense, repair those portions of the existing fence line to assist with Site security.

#### E. Site Stormwater Flow Improvements

To mitigate potential future erosion impacts to the Slope, Caterpillar proposes to regrade Site property in front of the Slope access road gate to ensure the flow of stormwater from the main portion of the Site is directed into the existing stormwater retention pond. Furthermore, Caterpillar proposes to, at its own expense, remove or regrade soil piles on the Slope access road to enhance erosion control measures and improve the aesthetics of the Slope.

#### F. Removal of Surficial Slope Debris

Given that the Slope is part of the historical fill site, there is some steel scrap and debris remaining on the surface of the Slope. However, given the heavy vegetation of the Slope, such remnants and debris are not easily visible or removable. Caterpillar has visually assessed the Slope and prepared a Surficial Debris Map ("Map"). The Map is enclosed as Figure 4. Caterpillar proposes to, at its own expense, and subject to any permits or approvals to conduct the work, remove the surficial debris from the Slope as indicated in the Map.

### **This Transfer is Consistent with Applicable Park Policies**

The proposed transfer is intended to comply with the Parks Department Procedure for Disposing of Excess Property. The proposed transfer complies with the following criteria:

1. *The property is not required in fulfilling the current and foreseeable future needs of the public and goals of the Parks Department.* The Slope is unusable for park purposes due to the steep terrain and is inaccessible from the Parkway due to lack of access to any public roads or paths. The Slope is not used as part of the adjacent Parkway.
2. *The sale or transfer of property will improve the function of an existing park through redesign or exchange of land.* The proposed transfer will provide additional funds to the County that could be used by the County for improvements in the Parkway or other parts of the County park system. Additionally, allowing Caterpillar to maintain the Slope will

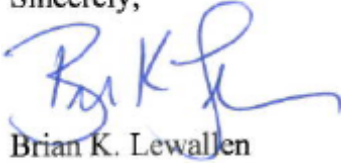
help preserve the remaining portion of the Parkway and allow the County to avoid costs related to ongoing Slope maintenance and potential issues associated with the Slope being part of a historical fill site.

Pursuant to the policy, Caterpillar as the abutting property owner has the ability to acquire the property from the County at an estimated sales price determined based on factors such as (a) existing market values and demand, (b) urgency of disposition, and (c) maintenance and administrative disposition costs. Caterpillar believes the proposed purchase price of \$30,000 is consistent with existing market values for this type of property with a 2x premium and provides the County with sufficient consideration to cover administrative costs for the transaction. Because the Slope is not buildable, no appraisal is necessary under the policy to complete this transaction.

The proposed transfer is also consistent with the County Land Distribution Procedure for Remnant Parcels, which authorizes the County to sell property that can only be marketable if consolidated with adjacent land due to its size, location, shape or topography. Consistent with the policy, Caterpillar, as the adjacent property owner, is proposing to acquire the property for the price listed above and to be responsible for the costs associated with transferring title.

We look forward to continuing to work with the County to acquire this parcel of property to improve the existing Site and Slope and to provide the County with additional resources for other park land.

Sincerely,



Brian K. Lewallen  
Corporate Counsel

Enclosures: Figure 1: Site Location Map, Figure 2: Certified Survey Map, Figure 3: Land Value Comparison Survey, Figure 4: Surficial Debris Map