



# MEMORANDUM

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TO: Community and Economic Development Committee

FROM: Matt Rehbein, Economic Development Specialist

DATE: November 16, 2018

RE: Offer to Purchase – Lot 17, Southpoint Commerce Park, Plat 2 – New Morning Coffee Roasters, Inc.

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The City of Appleton has received an Offer to Purchase from New Morning Coffee Roasters, Inc., for Lot 17, Southpoint Commerce Park, Plat Number 2, comprised of approximately 4.21 acres.

New Morning Coffee Roasters, Inc. anticipates construction of an approximately 20,000 square foot building to roast coffee and for offices. Construction is anticipated to begin in Spring 2019.

The offer to purchase is for the full asking price per acre; however, there are two additional provisions of note listed in the Addendum:

- 1) The purchase price shall be \$40,000 per buildable acre. Buildable acres are 3.65 acres (4.21 acres less .56 acre easement) resulting in a purchase price of One Hundred Forty Six Thousand Dollars (\$146,000) payable at closing subject to the usual and customary prorations.
- 2) The City of Appleton will provide an investment of 50% of the land purchase amount (50% of \$146,000 = \$73,000) to the Buyer upon completion of construction and occupancy of the new building.

The proposed reduction in purchase price to offset for the easement area proposed in Item #1 is not typical. Arguably, this area is not unusable as it counts toward lot coverage area, setback, and with We Energies' permission, potentially maneuvering and/or parking. Staff is not recommending reducing the purchase price to compensate for the easement area.

Item #2 is the same language that has been approved in past transactions to encourage investment in the City resulting in increased net new construction.

The City's commission policy provides for commissions of 8% of the purchase price, which has not been requested in this transaction.

The City's investment in this project would be memorialized by a Development Agreement between the City of Appleton and New Morning Coffee Roasters, Inc.

*Staff Recommendation:*

The City of Appleton counter the Offer to Purchase of Lot 17, Southpoint Commerce Park, Plat Number 2 from New Morning Coffee Roasters, Inc. at a purchase price of \$168,400.00 (\$40,000.00 per acre), comprised of approximately 4.21 acres; and, contingent upon acceptance of that counter-offer, staff is then authorized to negotiate and execute a development or like agreement providing City investment in the project of up to 50% of the land purchase amount (50% of \$168,400 = \$84,200) **BE APPROVED.**