



MEMORANDUM

"...meeting community needs...enhancing quality of life."

TO: Community and Economic Development Committee

FROM: Matt Rehbein, Economic Development Specialist

DATE: January 19, 2016

RE: Northeast Business Park – Lots 9 & 10 in the Northeast Industrial Park, PID: 1-5367 & 1-5368 Repurchase

Romenesko Developments, Inc. purchased the above mentioned lots from the City of Appleton on May 15, 2015 for the purpose of construction two multi-tenant buildings. On Lot 9 a building of approximately 12,500 square feet was anticipated and on Lot 10, a building of approximately 17,500 square feet was anticipated.

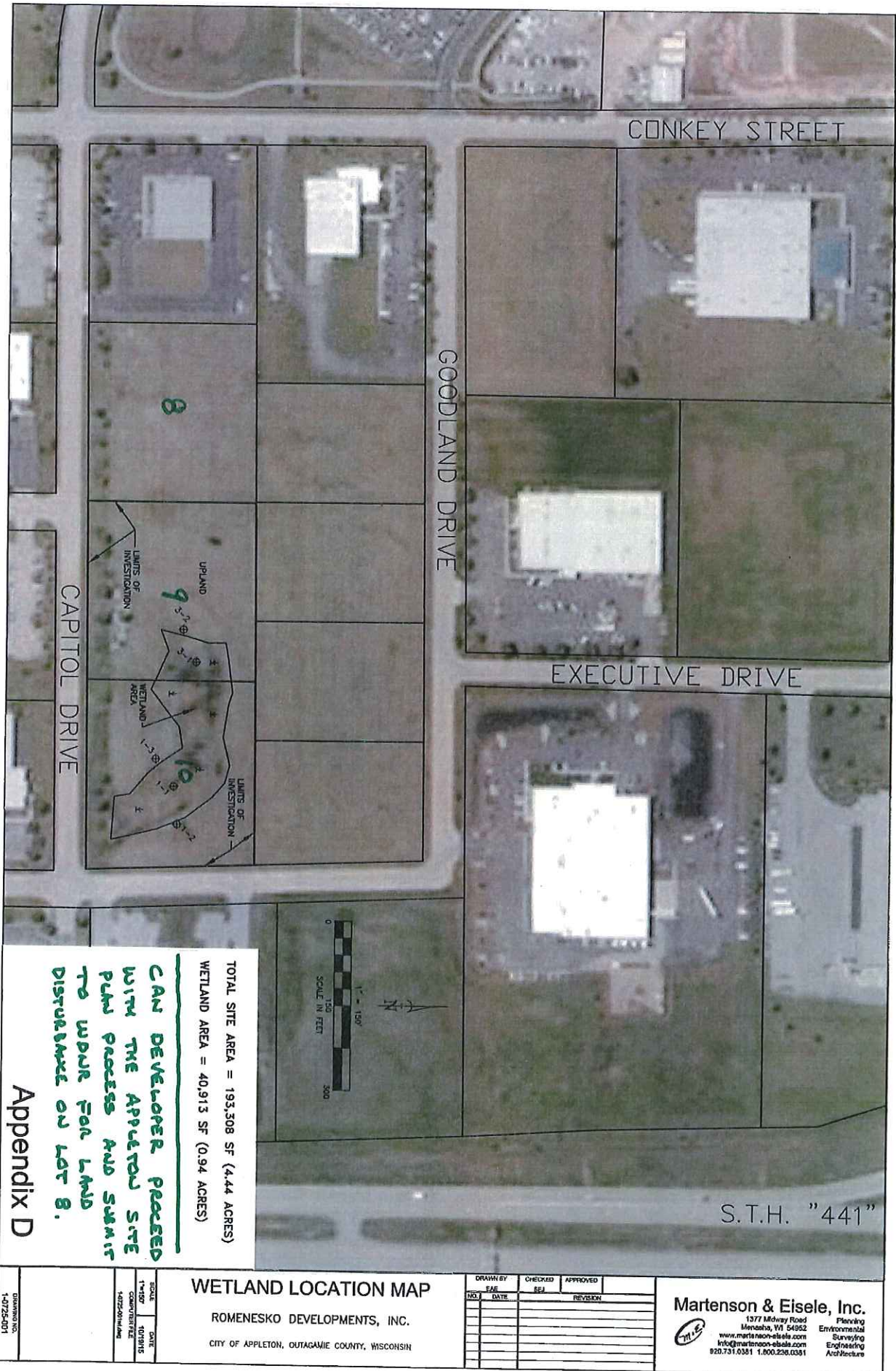
Subsequently, in completion of their due diligence, Romenesko Developments discovered the delineation of wetlands on both sites as indicated on the attached Exhibit A. The City had conducted routine due diligence related to wetlands at the time of platting, however the location of wetlands is dynamic over time. Neither the City nor Romenesko Developments expected wetlands to be found on either site.

The determination of wetlands adds both cost in terms of engineering fees, as well as additional time to secure a determination(s) on whether the sites, or portions of, are buildable. Romenesko Developments, Inc. has a lease agreement with a current tenant and they would not have time to meet their contractual obligations if they were to explore the necessary determination(s) and permitting from the DNR necessary to build on these two sites. For this reason, Romenesko Developments, Inc. has an accepted offer to purchase pending on Lot 8 in the Northeast Industrial Park.

In the interest of reaching a reasonable resolution and promoting future development in the City, the attached letter, dated January 12, 2016 was presented to Romenesko Developments, Inc., the terms of which they agreed to on January 13, 2016.

Staff Recommendation:

Community and Economic Development Department repurchase Lot 10 of Plat 4, in the Northeast Industrial Park from Romenesko Developments, Inc. for the original purchase price of \$35,000.00 per acre for a total of \$79,800.00 (2.28 Acres x \$35,000 per acre) be approved.





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**Community & Economic
Development**

100 North Appleton Street
Appleton, Wisconsin 54911-4799
(920) 832-6463 FAX (920) 832-5994
e-mail: matthew.rehbein@appleton.org

January 12, 2016

Mr. Carl Romenesko
Romenesko Developments, Inc.
1818 E. Wisconsin Ave.
Appleton, WI 54911

Re: Lots 9 & 10 in the Northeast Industrial Park, PID: 1-5367 & 1-5368, Wetlands

Dear Mr. Romenesko:

This letter is in response to the conversations we've had regarding the above mentioned lots and the discovery, subsequent to your taking ownership, that portions of both are considered wetlands. The City sold the parcels in good faith, with the understanding that both lots were buildable. The delineation of wetlands was a surprise to us both.

Per the information we have received, there is 8,681 square feet of wetland located along the eastern portion of Lot 9 and substantially more (32,252 sf) on Lot 10 extending from the northwest corner to the southeast corner.

Given the square footage of wetlands on Lot 9 is under 10,000 square feet, this should be buildable with a General Permit from the DNR. We understand the turnaround for a General Permit is 2 to 4 weeks. While some reconfiguration on site may be required, the parcel should still be usable for the originally anticipated 12,500 square foot building.

Given the location of the wetlands on Lot 10, we agree that the ability to construct a 17,500 square foot building on that lot is more uncertain given the additional permitting steps and DNR Individual Permit approval.

I have reviewed this information with others within our department, the City Attorney's office and our Stormwater Engineers. For the reason(s) cited above, we would agree to the City buying back Lot 10 at the original purchase price of \$35,000 per acre ($\$35,000 \times 2.28\text{Ac} = \$79,800$). This transaction would only apply to Lot 10 and you would retain ownership of Lot 9.

If you are agreeable to this proposal, I will prepare a memorandum for the next scheduled CEDC Meeting which is January 27, 2016. This would then go before the Common Council for final approval on February 3, 2016 and we should be able to close shortly thereafter.

I appreciate your willingness to work with the City to address this unforeseen circumstance. I look forward to hearing back from you. Thank you.

Sincerely,



Matthew J. Rehbein
Economic Development Specialist

Cc: Karen Harkness, Director
Monica Stage, Deputy Director
Chris Behrens, Deputy City Attorney
Sue Olson, Professional Engineer
Pete Neuberger, Professional Engineer