



City of Racine, Wisconsin
COMMON COUNCIL

AGENDA BRIEFING MEMORADUM (ABM)

COMMITTEE: Redevelopment Authority of the City of Racine **LEGISLATION ITEM #:** 1139-18

AGENDA DATE: November 1, 2018

DEPARTMENT:

Prepared By: James M. (Jim) Palenick, City Administrator

Reviewed By: Amy Connolly, RDA Executive Director

SUBJECT:

Communication from the City Administrator requesting that the June 7, 2018 action to to sell and convey a perpetual easement for the parcel of real property at 1828 DeKoven /1811 Phillips Avenue in the City of Racine, to Global Signal Acquisitions IV LLC (representing Crown Castle and Verizon) for an existing telecommunications tower and ground equipment for the lump sum purchase price of four hundred fifty-eight-thousand dollars (\$458,000), be rescinded and approval be granted instead to convey the property as a “fee-simple sale” rather than a “perpetual easement”.

EXECUTIVE SUMMARY:

The RDA owns the small parcel of real property immediately adjacent to the parking area serving the south side industrial park, alternately referred to as 1828 DeKoven Avenue or 1811 Phillips Avenue, on which a cellular telecommunications tower and ground equipment is located. The tower and some of the ground cabinet infrastructure and equipment is owned and maintained by Crown Castle, while some additional ground equipment and hardware is owned and maintained by one of the tower carriers, Verizon Wireless. Crown Castle has a ground lease with the RDA for a 1,196-sq. ft. parcel, while Verizon’s ground lease covers 800 sq. ft. Each of the Ground Leases are set to expire on January 8, 2026.

On June 7,2018, the RDA reviewed and approved a request to convey and sell (to Crown Castle) a “perpetual easement” for a 2,496 square-foot parcel containing both the Crown Castle and Verizon tower and equipment, and expanding by 500 square feet the lands associated therewith. The

negotiated and recommended sale price was established at \$458,000. (Agenda Briefing Memorandum attached)

Since that time, based on further negotiations with Crown Castle, and in the further interest of the City of Racine, we have reached agreement with Crown Castle representatives to evolve the conveyance from that of a "perpetual easement" where the City would continue to own the property while Crown Castle would maintain the perpetual right to occupy, access and maintain; to a simplified and outright "fee-simple sale" of the property to Crown Castle at the same negotiated \$458,000 price.

In this manner, the property will no longer remain publicly-owned and tax-exempt, but instead will be privately-owned by Crown Castle thus subjecting them to the payment of property taxes. This simplified sale will then further take the RDA out of any further concerns or complications which may arise out of owning a property upon which there exists a perpetual right of another to own, maintain, and access a telecommunications tower and equipment on.

BACKGROUND & ANALYSIS:

The "perpetual easement" pertained to the 1,186 sq. ft. parcel under lease to Crown Castle, the 800 sq. ft. parcel under lease to Verizon, and an additional 500 sq. ft. for possible future expansion of ground cabinet/equipment (total 2,496 sq. ft.). These tiny parcels are contained within a slightly larger parcel the RDA owns at this location totaling 5,250 square feet (0.12 acre). Since the remaining 2,754 square of this discreet parcel owned by the RDA could not be of any use or value to anyone other than this purchaser, and since we could not lawfully subdivide such a tiny parcel of land anyway, the proposed, new fee-simple sale will now entail the complete 5,250 sq. ft. parcel at this location. The negotiated price will stay the same, at \$458,000, due upon closing.

Once conveyed to the private-sector purchaser, the parcel will lose its tax-exempt status and thereafter be subject to property taxes.

The City Attorney's Office will provide and/or review and approve any and all documentation necessary to effectuate this conveyance on behalf of the RDA.

BUDGETARY IMPACT:

This \$458,000 in sale proceeds, along with the \$250,000 in sale proceeds from the sale of the 8 acre parcel in the south side industrial park to Jacquet, will provide the RDA access to a combined \$708,000 in funds to further leverage and support quality private-sector investment in economic development and redevelopment in the City of Racine.

OPTIONS/ALTERNATIVES:

- 1.) To approve the fee-simple sale of a 5,250 square-foot parcel of real property at 1828 DeKoven /1811 Phillips Avenue in the City of Racine, to Global Signal Acquisitions IV LLC (representing Crown Castle and Verizon) for an existing telecommunications tower and ground equipment

for the lump sum purchase price of four hundred fifty-eight-thousand dollars (\$458,000), subject to conveyance documentation produced, and/or reviewed and approved by the City Attorney's Office on behalf of the RDA.

- 2.) To defer or reject the fee-simple sale of a 5,250 square-foot parcel of real property at 1828 DeKoven /1811 Phillips Avenue in the City of Racine, to Global Signal Acquisitions IV LLC (representing Crown Castle and Verizon) for an existing telecommunications tower and ground equipment for the lump sum purchase price of four hundred fifty-eight-thousand dollars (\$458,000), subject to conveyance documentation produced, and/or reviewed and approved by the City Attorney's Office on behalf of the RDA.

RECOMMENDED ACTION:

To approve the fee-simple sale of a 5,250 square-foot parcel of real property at 1828 DeKoven /1811 Phillips Avenue in the City of Racine, to Global Signal Acquisitions IV LLC (representing Crown Castle and Verizon) for an existing telecommunications tower and ground equipment for the lump sum purchase price of four hundred fifty-eight-thousand dollars (\$458,000), subject to conveyance documentation produced, and/or reviewed and approved by the City Attorney's Office on behalf of the RDA.

ATTACHMENT(S):

Agenda Briefing Memorandum (ABM) from June 7, 2018 Meeting of the RDA

Proposed letter agreement for fee-simple conveyance between RDA and Global Signal Acquisitions IV LLC.