



City of Racine, Wisconsin
AGENDA BRIEFING MEMORADUM

AGENDA DATE:	July 18 – Redevelopment Authority July 22 – Finance and Personnel Committee August 7 – Common Council
SUBJECT:	REPORT TO RDA AND COMMON COUNCIL REGARDING the transfer of Property at 1500 North Memorial Drive from City of Racine to the Redevelopment Authority
PREPARED BY:	Amy Connolly, Director of City Development
SUMMARY:	<p>City staff are seeking RDA approval of a resolution necessary for the RDA to acquire a property at 1500 N. Memorial Drive (“UPEC Property”) from the City of Racine.</p> <p>The documents requiring approval include:</p> <ol style="list-style-type: none">1. Resolution 19-21 Proposing a project area consisting of the UPEC Property and Approving and Recommending acquisition of the UPEC Property <p>The Wisconsin Statute § 66.1333 (5) (c) 1g. requires that before any blighted property is acquired by the RDA in an area not subject to a redevelopment plan, the City Council must approve the acquisition by resolution on two-thirds vote, the resolution must contain a finding that a comprehensive development plan is not necessary to determine the need for acquisition, the uses after acquisition and the relationship of the acquisition to other redevelopment by the RDA.</p> <p>The Wisconsin Statute § 66.1333 (5) (c) 2. requires that before any property is acquired by the RDA the RDA must hold a public informational hearing to determine if the property is blighted, which provides the owner with the opportunity to object. This procedure is unnecessary in this situation, as at the City received a court issued raze order in a proceeding which establishes the property as a nuisance because of dilapidated, dangerous conditions that make it unsafe and unfit for use and a danger to the public. The City willingly took possession and is expected to willingly transfer the property to the RDA. A hearing is not necessary to provide opportunity for the owner to object. Moreover, any technical omission or error in the required procedure does not invalidate the determination of blight or the acquisition.</p> <p>A “project area” is a blighted area which the Common Council declares to be in need of a blight elimination, slum clearance and urban renewal project.</p> <p>The Wisconsin Statute § 66.1333 (2m) (bm) defines “blighted property” to include a property where the buildings, by reason of dilapidation, deterioration, age or obsolescence or conditions which endanger life or property or by any combination of such factors is conducive to ill health or crime and is detrimental to the public health, safety, morals or welfare, or impairs the sound growth of the city, constitutes an economic or social liability and is a menace to the public health, safety, welfare or morals in its present condition.</p>

BACKGROUND:

The UPEC property is an industrial property of approximately 3.1 acres, generally known for the name of a past owner, “Unlimited Products Engineering Co.” or “UPEC”. There are four masonry and steel buildings and one wood frame building on the site. The total floor area of the buildings is approximately 69,200 square feet. Phase I and II environmental assessments have been completed on the property. Because of its current condition it is characterized as a brownfield property.

The City Attorney sought and obtained a raze order on the property in 2016, which establishes the conditions regarding the building exteriors sufficient to conclude the property is blighted. The City of Racine (City) became receiver of the UPEC Property when the Racine County Circuit Court determined the UPEC Property to be a public nuisance and the buildings deteriorated to the point to where they must be razed. Since acquisition by the City, the conditions inside the buildings have been documented to present significant danger as a result of stored containers of waste being exposed to the weather due to roof collapse.

The UPEC property was acquired by Racine County in December 2018 through In Rem foreclosure and promptly transferred by quit claim deed to the City of Racine. The property has been vacant for years and is in general disrepair with a portion of the roof collapsed. The building contains asbestos and many abandoned containers of waste, some of which are exposed to the elements and all of which would be accessible to trespassers. Graffiti inside suggests trespassers have been present in the past.

Upon acquisition by the City, a qualified waste contractor was promptly hired to inspect, repack and selectively remove the most degraded containers of waste, but the partially collapsed roof and severe winter weather left several inches of ice on the floor, impeding the work. The container sorting and removal work continues. There are many known former underground tanks and a probability that several tanks remain in place and may have leaked. Petroleum odors near a locked shack suggest it may contain a fuel dispensing system. The building has no operating fire suppression system, the deteriorated condition of the building and property detracts from the neighborhood, and the exposed asbestos and waste containers make it a danger to the public.



To safeguard the public and the environment, the threats should be removed and to eliminate blight the buildings should be demolished and the property should be investigated for environmental pollution and remediated in preparation for redevelopment. However, the RDA may not act until the property is brought within a designated “project area” and the Common Council declares the area blighted and in need of acquisition to eliminate blight and also approves the RDA’s acquisition of the property.

City staff recommend that the RDA acquire the property from the City for \$1.00 and other good and valuable consideration. In preparation to take

title, the RDA recently obtained a Phase I ESA that is required to establish defenses to federal environmental liability and make the property eligible for federal grants. The RDA will also qualify for the Local Government Unit (LGU) Exemption from environmental liability under Wisconsin Statutes s. 292.11(9).

Conclusions of the Executive Director:

1. The benefits for the RDA to acquire the property include:
 - a. The City would be removed from risk of environmental liability.
 - b. The RDA will qualify for the LGU Exemption and federal defenses to liability upon acquisition.
 - c. The property and RDA will be eligible for federal grant money for demolition, environmental investigation and cleanup.
 - d. The RDA may continue to remove threats and eliminate blight.
 - e. The RDA may consolidate the project area with others into one Redevelopment Plan Area for coordinated redevelopment.
 - f. If the cost of cleanup becomes too great, the RDA may use the LGU Exemption to refuse or slow down environmental cleanup.
2. The advantages of the RDA taking ownership indicate the City of Racine should:
 - a. find the property blighted and in need of blight elimination;
 - b. find that a comprehensive development plan is not necessary to determine the need for acquisition or the uses after acquisition or the relationship of the acquisition to other redevelopment by the RDA; and
 - c. accept the RDA's designation of the UPEC Property as a project area and authorize the RDA to acquire the property and demolish the buildings.
3. A redevelopment plan is not required before acquisition by the RDA, but would be required before the RDA may prepare the property for redevelopment.
4. The liability risk of the City retaining ownership suggests the prudent course is for the RDA to acquire the property before a redevelopment plan has been prepared and approved.

FISCAL NOTE:

The RDA will expend funds to continue the removal of abandoned containers, but funds to demolish the structures, investigate the environmental condition of the property and perform environmental cleanup are expected to be paid by federal and state grants, subject to matching fund requirements.

RECOMMENDATION:

City staff recommends the RDA adopt a resolution finding and declaring the UPEC property to be a "blighted property", designating it as a "project area", and seeking the approval of the Common Council as provided below.

City staff also recommends, the Common Council find and declare the UPEC property blighted and in need of a blight elimination project, find that a comprehensive development plan is not necessary to determine the need for acquisition or the uses after acquisition or the relationship of the acquisition to other redevelopment by the RDA, approve the designation of the property as a project area, approve the proposed transfer from City to RDA for the sum of \$1.00 and other good and valuable consideration, and approve the RDA undertaking demolition of any structures within the project area to occur only following acquisition of the project area by the RDA.