

MEMO

TO: Jefferson County Finance Committee

FROM: Atty. Steven T. Chesebro

DATE: July 26, 2023

RE: 100 Western Ave., Watertown WI 53094 Past Due Taxes PIN 291-0815-0424-088

REQUEST

The City is requesting the County's assistance addressing two safety issues within the City of Watertown and Jefferson County located at 100 Western Ave., Watertown, WI. The City will be covering approximately \$30,400.00 in past due fees to the City, costs of razing the building, and covering property taxes associated with the parcel. Currently there are past due property taxes totaling \$8,143.75 and the property will be charged property taxes for the 2023 tax year. The City is requesting that the County contribute toward the purchase of this property in an amount of \$10,113 which is approximately 1/3 of the cost of acquisition and remediation.

BACKGROUND

The property located at 100 Western Ave. Watertown, WI 53094 was involved in a fire on December 9, 2022 resulting in three deaths and a total loss of the property. An investigation into the cause of the fire was conducted by the State, however the State was not able to determine the specific cause of the fire. There is no suspicion that foul play was involved. The structure at 100 Western Ave. is unstable and needs to be razed. In addition to the instability of the structure, the lot creates a second hazard as it is a corner lot with the structure built on both right-of-way lines substantially reducing visibility of all vehicles arriving at the intersection from the East and reducing visibility for vehicles approaching from the North.

At this time legal ownership of the building resides with Renee R. Sterwalt f/k/a Zsa Zsa Seefeldt. Mrs. Sterwalt has agreed to provide a Warranty Deed to the City excepting therefrom any special assessments or past due tax obligations on the property. Mrs. Sterwalt lives in Alaska on disability and failed to maintain insurance on the property prior to the fire. Mrs. Sterwalt tried to sell the property to Ms. Arenz by Land Contract. Mrs. Sterwalt alleges that she received no payment on the Land Contract in the last three years, and due to her fixed income was unable to hire an attorney to evict Ms. Arenz. A foreclosure judgment was granted against Mrs. Sterwalt regarding the property the day before the fire occurred.

Based on representations by Specialized Loan Servicing's attorney, the mortgage provider did file a claim for loss of value of its collateral under an insurance policy. It opted to use those proceeds to pay off the outstanding mortgage obligation and has signed and filed a Satisfaction of Mortgage and Release of Lis Pendens. Copies of both documents are attached hereto as Exhibit A. An email from Specialized Loan Servicing's attorney stating the company's position is attached as Exhibit B. Specialized Loan Servicing has also vacated the foreclosure judgment.

Ms. Arenz has signed any interest she may have in the property to the City of Watertown, terminating any claim she may have had regarding ownership of the property.

RESTRICTIONS ON PROPERTY

Watertown Ordinance 550-85(C)(4) in compliance with Wis. Stat. § 62.23(7)(hc) would permit the property to be restored to the size, location, design, and use that it had immediately before the fire. This would recreate the safety risk that the City's ownership and use of a portion of the property would be aiming to eliminate. If the individual did not restore the house to its prior design, size and location, the property would not be able to meet any of the minimum lot sizes for development required by Watertown's Zoning Code as it would just be under 3,500 sq. ft. Setbacks for a residential lot would leave a structure that is at most 11.66 feet x 19.5 feet. As such if the property is sold to the public, the most likely result is that any auction or sale would fail, or the buyer would rebuild the building and the property would continue to create a dangerous intersection by blocking driver's view of the intersection as they approach.

COSTS

The City intends to cover the demolition cost of the building, which is currently estimated at \$14,500.00. A table outlining the current anticipated costs of razing the building and returning the lot to vacant land is attached as Exhibit C. Should the City proceed with further dividing the lot in an attempt to sell portions of the parcel to the neighboring property owners the costs incurred by the City will likely increase by approximately \$3,000 for costs associated with dividing the property including the obtaining of a Certified Survey Map. Given that if the space was only divided in half there would be less than 1,750 square feet or .04 acres available for the neighboring properties. The likely space remaining for the neighboring parcels after division would likely not result in substantial sales.

In addition to the cost of razing the building and subdividing the property, there is an outstanding water utility bill of \$2,788.62 as of May 24, 2023 that the City will assume responsibility for.

The County has a claim against the property in the total amount of \$8,143.75 for past due taxes from 2020 and the current year's taxes. This amount will need to be paid to the County to clear the past due taxes and is accruing interest charges monthly. In addition, the taxes will be assessed to the property for 2023. The exact amount of 2023 taxes have not yet been determined. A rough estimate places this amount between \$381.41 and \$1,968.53 depending on assessed value and utilizing 2022's tax rate.

In total the cost to the City of taking over the property, razing the structure, and potentially subdividing the property would be approximately \$30,400.90. If the County is able to contribute \$10,112.28 that would be less than 1/3 of the cost incurred by the City to address the safety issue.

FUTURE PLANS

Mrs. Sterwalt's attorney is drafting documents that would transfer ownership of the property to the City, including a Warranty Deed, excepting therefrom any taxes or special assessments. The City's immediate concern with the property would be to raze the building and return it to a vacant lot so that the substantial hazard to the community is resolved. If this proposal is approved by the County, the City would close on the property as soon as possible, and begin obtaining quotes for razing the property as quickly as possible. The goal of the City would be to have the property razed before the end of September.

Once the property has been returned to a vacant lot the City will explore potential other uses for the property. While not fully explored, the intersection which the house sits next to is currently considered a dangerous intersection and a portion of the land may be used to explore enhancing the safety of that intersection. The City's Public Works Director, Jaynellen Holloway, has provided a memo discussing potential options for the intersection depending on the costs and what portion of the land is available. A copy of the Memo is attached hereto as Exhibit D.

Some individuals have expressed an interest in turning the parcel or portion thereof into a memorial park dedicated to the three young children who lost their lives in the fire. Others are interested in transferring ownership to private individuals for development of the vacant lot or to expand neighboring lots to ensure the land gets back onto the tax roll.

Without the City or County's involvement the property would remain standing as Mrs. Sterwalt is unable to cover the cost of razing the building. The delinquent taxes would eventually allow the County to foreclose on the property. Waiting for that time to pass though could result in the structure collapsing and injuring others. Alternatively the City could obtain a judgment against the property owner permitting the City to raze the structure and special assess the charges. This would increase the delinquent taxes resulting in the County having to eventually foreclose on the property with a tax burden that would likely exceed the parcel's value.

CONCLUSION

The City of Watertown is requesting the County assist the City in addressing a substantial safety issue by reimbursing the City for less than 1/3 of the cost the City will incur in removing the structure. This is an extremely unique situation in which there was a substantial fire which not only destroyed the property but claimed three young children's lives. The property owner is on a fixed income and despite trying to sell the property years ago has been unable to do so, in part due to being unable to evict the original purchaser. There is no insurance available to cover the cost of razing the building. The building exists in an area where it creates a dangerous intersection by limiting the view of those who approach the intersection. The City is willing to incur substantial costs to address the safety issues.

Given the options are to address the situation now, or let it continue to deteriorate until the City or County are forced to address it, as well as the uniqueness of the situation the best outcome appears to be that the City and County work together to minimize the total cost of both parties. To that end the City is willing to take ownership of the parcel and raze the structure. The City is requesting that the County contribute toward the purchase of this property in an amount of \$10,113 which is approximately 1/3 of the cost of acquisition and remediation.

Document Number

1474743

Office of Register of Deeds
Jefferson County, WI
RECEIVED FOR RECORD
06/15/2023 08:02:28 AM
Staci M. Hoffman

Total Pages: 1

REC FEE: 30.00

TRANSFER FEE:

EXEMPT #

****The above recording information
verifies that this document has
been electronically recorded
and returned to the submitter****

When Recorded Return To:
Specialized Loan Servicing LLC
6200 S Quebec St, Ste 300
Greenwood Village, CO 80111

Parcel ID Number:
291-0815-0424-088

RELEASE AND SATISFACTION OF MORTGAGE

KNOWN ALL MEN BY THESE PRESENTS, that SPECIALIZED LOAN SERVICING, LLC is the lien holder of a Mortgage in the original amount of \$123,500.00 executed on November 18, 2009 by Zsa Zsa Sterwalt f/k/a Zsa Zsa Seefeldt, a/k/a Renee R. Sterwalt, in favor of Mortgage Electronic Registration Systems, Inc., as nominee for M&I Marshall & Ilsley Bank, and its successors and assigns, recorded in the Register of Deeds of Jefferson County, Wisconsin on December 3, 2009 as Document #1269566.

LEGAL DESCRIPTION:

**The South fifty-two and one-half feet of lot four, block thirty-eight of Cole, Bailey & Co.'s plat, the same being the original plat of the East side of the City of Watertown.
Commonly known as: 100 Western Ave., Watertown, WI 53094**

Now Therefore, for good and valuable consideration, the receipt whereof is hereby acknowledged, the undersigned does hereby satisfy, and release said Mortgage and hereby authorizes, and requests said Recorder of Deeds to enter satisfaction and release thereof on the proper Record in its office.

IN WITNESS WHEREOF, the said lienholder has caused these presents to be executed in its name by its proper officer thereunto duly authorized, this 16, day of May, 2023.

SPECIALIZED LOAN SERVICING, LLC

By: [Signature]

State of Colorado
County of Arapahoe

This foregoing instrument was acknowledged before me on this 16 day of May, 2023 by Nicholas J. Raab
as Assistant Vice President of Specialized Loan Servicing, LLC. The undersigned is personally known to me.

[Signature]
Notary Public

BENJAMIN HENSLEY
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20214019703
MY COMMISSION EXPIRES 05/19/2025

Document Prepared By: Randall S. Miller & Associates, 342 N. Water St., Suite 600, Milwaukee, WI 53202

EXHIBIT

A

1473117

**Office of Register of Deeds
Jefferson County, WI
RECEIVED FOR RECORD
04/19/2023 10:55:31 AM
Staci M. Hoffman**

Total Pages: 1

REC FEE: 30.00

TRANSFER FEE:

EXEMPT #

****The above recording information
verifies that this document has
been electronically recorded
and returned to the submitter****

RELEASE OF LIS PENDENS

Document Number

Document Title

STATE OF WISCONSIN CIRCUIT COURT JEFFERSON COUNTY

Specialized Loan Servicing LLC

Plaintiff,

vs.

Case No: 2022CV000098

Renee R Sterwalt f/ka Zsa Zsa Sterwalt f/k/a Zsa Zsa Seefeldt, Jeff L. Sterwalt;

Defendants

PLEASE TAKE NOTICE that pursuant to S. 840.10 (3), Wis. Stat., the Lis Pendens in the above action previously recorded by the plaintiff on 04/29/2022 as 1461895, which affects the title to the real estate described as attached is hereby **DISCHARGED AND RELEASED**. The legal description of the subject property is as follows:

The South Fifty-Two and One-half feet of Lot Four, Block Thirty-eight of Cole, Bailey and Co's plat, the same being the original plat of the East side of the City of Watertown.
100 Western Ave., Watertown, WI 53094

Dated: 19th day of April, 2023

By: Electronically signed by /s/ James D. Major
James D. Major
State Bar No. 1103081

Randall S. Miller & Associates, LLC
120 North LaSalle Street, Suite 1140
Chicago, IL 60602
P: (414) 937-5992
F: (414) 921-5628
wisconsin@rsmalaw.com
Our Case Number: 22WI00105-1

Drafted by: Alishia Dingle

Recording Area

Name and Return Address:

Randall S. Miller & Associates, LLC
342 N. Water Street, Suite 613
Milwaukee, WI 53202

291-0815-0424-088

Parcel Identification Number (PIN)

Steven Chesebro

From: Chris Stroebel <christopher.stroebel@stroeblaw.com>
Sent: Monday, April 17, 2023 3:03 PM
To: Steven Chesebro
Subject: FW: Specialized Loan Servicing v Sterwalt, Jefferson County Circuit Court, Case No. 2022CV98
Attachments: Re: Specialized Loan Servicing v Sterwalt, Jefferson County Circuit Court, Case No. 2022CV98

Steve,

I just received this from Atty. Major. Specialized Loan Servicing is taking the insurance money and "dismissing the foreclosure action, and releasing its lien as soon as practicable." By this, he seems to mean voluntarily vacating its foreclosure judgment.

Ms. Sterwalt will continue to cooperate with the City is seeing that the property is razed ASAP.

Sincerely,

Chris
Chris Stroebel
STROEBEL LAW, LLC
30 W. Mifflin Street, Suite 1001
Madison, WI 53703
t. (608) 441-8100
f. (608) 257-2722
christopher.stroebel@stroeblaw.com

PRIVILEGED & CONFIDENTIAL COMMUNICATION:

DO NOT read, copy or disseminate this communication unless you are the intended recipient. If you have received this communication in error, please notify me immediately and permanently delete this communication.

-----Original Message-----

From: James Major <jmajor@rsmalaw.com>
Sent: Monday, April 17, 2023 2:20 PM
To: Chris Stroebel <christopher.stroebel@stroeblaw.com>
Subject: Re: Specialized Loan Servicing v Sterwalt, Jefferson County Circuit Court, Case No. 2022CV98

Re: Specialized Loan Servicing v Sterwalt, et.al., Case No. 22CV98; 100 Western Ave., Watertown, WI 53094

Hello Chris,

I have an update on this matter and I apologize for the delay on my part. Due in part by findings in the City's March 22, 2023 Raze Order that repair of the property would exceed 50% of its assessed value and thus repair and restoration would not be economically feasible, the imminent demolition by the City, and other considerations, SLS has elected to apply the fire loss proceeds to the underlying debt as permitted under the terms of the mortgage in these circumstances.



SLS also intends on dismissing the subject foreclosure action, and releasing its lien, as soon as practicable. Thus, please consider this email notice that SLS is taking such action with respect to the subject loss proceeds. SLS has also indicated that separate notice and correspondence on this issue will be sent to your clients at their notice address in Alaska.

Please do not hesitate to contact me with any questions, Thanks Jim

James D. Major
Attorney
Randall S. Miller & Associates, LLC
120 N. LaSalle Street, Suite 1140
Chicago, Illinois 60602
Direct: (312) 239/3512
Main: (312) 239/3432
Fax: (312) 284/4820
jmajor@rsmalaw.com

THIS FIRM MAY BE ACTING AS A DEBT COLLECTOR AND ANY INFORMATION OBTAINED MAY BE USED FOR THAT PURPOSE.

This message has been sent from a law firm and may contain information that is confidential or privileged. If you are not the intended recipient, please advise the sender immediately by reply e-mail and delete this message and any attachments without retaining a copy. Any disclosure, copying, distribution or use of the contents of this message is prohibited. If you have any questions, please feel free to call us. Thank you.

100 WESTERN AVENUE - PRELIMINARY DEMOLITION COSTS

ITEM	TIMELINE	COMPLETED	WHO	COST	EST. COST
Budget:				\$10,000	
Abatement Inspection					
Abatement					
Boarding up Basement windows	Winter 2023		Street/Solid Waste	?	DONE
Remove Gas/Electric	July?		Ritch/WE Energies	\$1,500	\$ 1,500.00
Remove Water Meters (2)	July?		Pete	Free	
Asphalt Patch for Water/San. Removal (Western)	?		Ann. St. Program	\$1,500	\$ 1,500.00
Demo Permit	30 day notice to neighbors/All of July?	Letter: X/Permit: X (2 ea.)	<u>Letter:</u> Brian <u>Permit:</u> Ritch	\$0	\$ -
Erosion Control Plan	July?		Engineering	\$0	\$ -
Demo	August?		St. Division	\$0	\$ -
Tipping Fees for Demo	August?		the City	\$10,000	\$ 10,000.00
Grading the Sight and gravel, and landscaping	Fall		Street/Solid Waste	?	\$ -
Fencing	Winter 2023		Street/Solid Waste	?	DONE
Concrete (sidewalk and C&G)	Fall		Sidewalk Contract?	\$1,500	\$ 1,500.00
ESTIMATED TOTAL COST					\$ 14,500.00

EXHIBIT

C

tabbles

Jaynellen J. Holloway, P.E.
920.262.4050

Andrew Beyer, P.E.
920.262.4052

Maureen McBroom, ENV SP
920-206-4264

Ritchie M. Piltz
920.262.4034

Secretary, Wanda Fredrick
920.262.4368

MEMO

TO: Mayor McFarland and Attorney Chesebro
FROM: Jaynellen J. Holloway, P.E.
DATE: July 26, 2023
RE: Potential City Use of 100 Western Avenue

Attached please find four diagrams.

Diagram #1: If nothing else would change with the future Surface Transportation Program (STP) – Local Western Ave./S. First St. project road design wise, a softer turning radius would be incorporated for driver maneuverability. The softer/larger turning radius would require the modification of the Americans with Disability Act (ADA) curb ramp. At minimum, a small portion of 100 Western Ave. would need to be purchased to place a conforming ADA curb ramp, which is required by State law.

Diagram #2: The existing structure at 100 Western Ave. occupies the "vision triangle". Vision triangles or sight-triangles identify areas at the corners of intersections of roads and driveways where views of approaching traffic should not be obstructed.

The Vision Triangle consists of a triangular-shaped area on a corner lot formed by measuring the prescribed distance from the intersection of the front and street side property lines, an intersecting alley, or an intersecting driveway, and connecting the lines diagonally across the property, making an approximate 90-degree triangle. The City of Watertown's code is 25 feet.

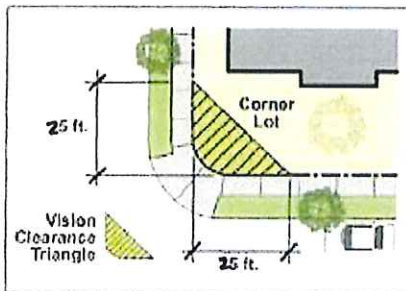


Diagram #3: Diagram #3 illustrates a potential design for the improvement of the intersection of Western Ave. and S. First St. The illustration is conceptual, it is not too scale or follows any design standards. The City of Watertown does intend to create a left turn only lane for westbound traffic to ease ingress and egress traffic into the City's Street/Solid Waste Division facility. The City also intends to add bicycle lanes as it is in the City's bicycle master plan to connect the downtown corridor with the Interurban Trail head along Western Ave. and S. First St.

Diagram #4: Diagram #4 shows a potential cross section of what could be the new cross section on Western Av. at S. First St. Again, this diagram is only a concept.

Enclosed: Diagrams #1 - #4



Parcels

① **SOFTER RADIUS :**

ADA RAMP WILL GO ONTO PRIVATE PROPERTY



Parcels

② VISION TRIANGLE : 25' SETBACK FROM PROPERTY LINE.



CITY OF WATERTOWN

City of Watertown Geographic Information System

Scale: 1"=30' (31) Printed on: July 25, 2023

SCALE BAR = 1"

Author: Private User

DISCLAIMER: This map is not a substitute for a professional survey or other investigation. The accuracy of this map is limited to the quality of the records from which it was assembled. The City of Watertown makes no warranty whatsoever concerning this information.



Parcels

③ CONCEPTUAL ONLY - NOT TO SCALE OR DESIGN STANDARDS

N

CITY OF
WATERTOWN
MA

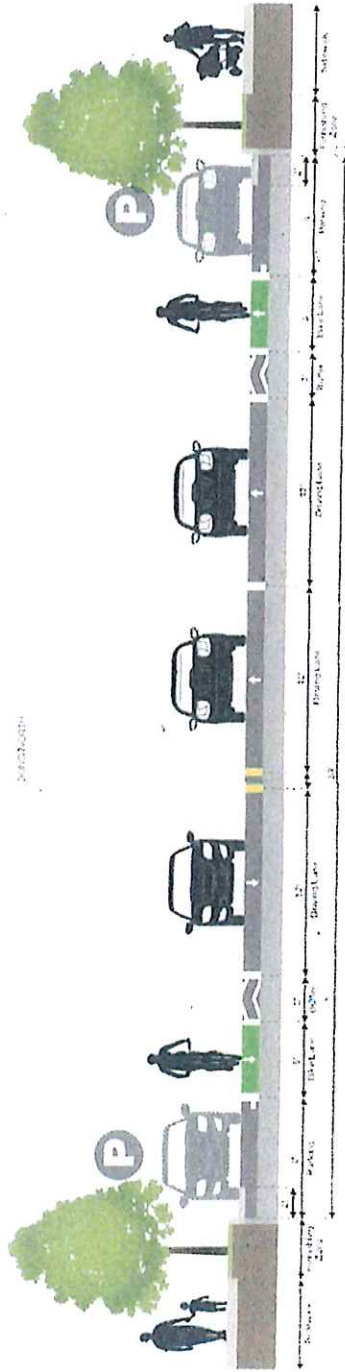
City of Watertown Geographic Information System

Scale: 1 inch = 30 feet Printed on: July 25, 2023

SCALE BAR = 1"

Author: Private User

DISCLAIMER: This map is not a substitute for an actual field survey or aerial investigation. The accuracy of this map is limited to the quality of the records from which it was assembled. City of Watertown makes no warranty whatsoever concerning this information.



④ CROSS SECTION