

**City of Merrill
Redevelopment Authority (RDA)**

**Tuesday, April 23rd, 2013 at 8:00 A.M.
City Hall Council Chambers**

RDA Present: Bill Bialecki, Ryan Schwartzman, Ralph Sturm, David Hayes,
Karen Karow, Jill Laufenberg, and Wally Smth

RDA Absent: None

Others: Finance Director Kathy Unertl, City Attorney Tom Hayden, City Administrator
Dave Johnson, Alderperson Chris Malm, Jim Beam from WJMT Radio,
Community Development Program Administrator Shari Wicke, and City
Building Inspector/Zoning Administrator Darin Pagel from Northwinds
Inspection

Call to Order: Chair Bialecki called the meeting to order at 8:00 a.m.

Approval of meeting minutes from January 29th, 2013:

Motion (Schwartzman/Sturm) to approve the meeting minutes. Carried.

Consider contract extension for Redevelopment Resources consulting services:

Unertl advised that she missed this contract item for the January 29th RDA meeting. Proposal is to provide consulting services at \$90.00 per hour rate for a year vs. \$95.00 per hour rate for six month contract. Same mileage rate of \$0.55 per mile and developer recruitment/business recruitment pay for performance provisions. Redevelopment Resources typically is providing about fifty (50) hours of service per month although this varies depending upon potential development/redevelopment activities.

Motion (Schwartzman/Karow) to extend the consulting services contract with Redevelopment Resources for a year. Carried.

Consider insurance settlement for water-damaged Lincoln House, update on potential demo timeframes, and discussion of future site redevelopment options:

City Administrator Dave Johnson highlighted discussions with potential developers. Main concerns included ADA challenges with the elevator access, wood vs. metal/concrete floors, and overall potential costs. For consistency with City exterior maintenance enforcement, there would need to be window replacement and extensive painting this summer.

The water leak was from third floor apartment with lots of water running throughout the center of the building, including the basement which needed to be pumped out.

The Statement of Loss of \$186,029 prepared by Crawford & Company was distributed. Less a \$500 deductible, the City has been reimbursed for contractor costs for plumbing repairs, asbestos abatement, and drying out the building. Johnson advised that he had negotiated a potential \$130,000 insurance settlement for either restoration or to offset demolition expenses.

There remain two residential tenants and the radio station. Laufenberg asked about requirements for tenant relocation. City Attorney Hayden reported that relocation costs are required when tenants are displaced by government action.

Bialecki and Johnson reported that the Common Council has requested bids for demolition, including asbestos abatement. Unertl commented that the same potential funding options exist for new development such as CDBG (Community Development Block Grant) funding, WHEDA tax credits if residential, and TIF development incentives. Unertl also noted that both a rehabilitation of City of Antigo Housing Authority property and new apartment complex were just awarded tax credits (i.e. two of the twenty-three proposals receiving WHEDA approval).

As far as future site redevelopment, Unertl advised that Redevelopment Resources/City management team discussions have focused upon underground parking, potential 1st floor retail, and then three to five residential floors. Johnson emphasized that upper stories would have Wisconsin River views over the CosmoTheater building.

Smith questioned availability of parking. Both the underground parking and adjacent City parking lot could meet needs. Karow commented that she could not see sticking money into a ruined building and recommended starting fresh. Unertl asked about preferences for architectural style and noted that Karow had expressed interest in something historical. Schwartzman and Hayes suggested that there needed to be a "fit" with the adjacent area, but not necessarily historical façade.

City staff will keep RDA Commissioners updated on future Common Council action.

Next RDA Meeting: At the call of the RDA Chair.

Public Comment: None.

Closed Session – Potential Sale of 811-813 East 1st Street:

City Attorney Tom Hayden read the following: The RDA may convene in closed session per Wis. Stats. Sec. 19.85(1)(e) - deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session to consider potential TIF development incentives including in TID No. 6 (Downtown) to review and discuss Request for Proposal (RFP) responses for the sale of 811-813 East 1st Street.

Motion (Schwartzman/Hayes) to move to closed session. Motion carried on 7-0 roll call vote at 8:20 a.m.

There was discussion of the two RFP responses which included: 1) \$25,000 offer from DSwan, LLC (dba: First Street Coffee Station) subject to bank loan and potential TIF funds and any grants; and 2) \$35,000 from Brian & Nicole Hoffman with a \$2,000 credit for Buyer's Brokerage Compensation and subject to property appraisal.

Both RFP responses acknowledged the HVAC, electrical, and roof issues with the building. RDA Commissioners discussed potential costs for additional rehabilitation work. The Hoffman's propose using the building for antique business with second floor for storage. The Swan's propose expansion of their business and lease of additional storefront, as well as second floor residential.

Unertl distributed cost comparison between 811-813 East 1st Street of about \$59,000 for delinquent tax acquisition, interior trash removal/disposal, and exterior façade restoration vs. almost \$37,000 for delinquent tax acquisition and demolition of 318 Grand Avenue. The City received a \$20,000 WHEDA blight elimination grant for 318 Grand Avenue to reduce the cost to about \$17,000 with unresolved common wall damages to adjacent building. Given the costs, the City/RDA need to be strategic in which buildings trying to rehabilitate. Enforcement of City ordinances is also critical to avoid the deteriorated building conditions that we have been handling.

Unertl noted that one option open to the RDA was to continue to own the building, make additional improvements, and lease the space out. City Administrator Dave Johnson reported that he spent hours to repair/improve roof drainage this spring. Building Inspector Darin Pagel observed that there would likely be more costs the longer the City/RDA held the building.

Motion (Schwartzman/Sturm) to reconvene in Open Session at 8:40 a.m. Carried.

Reconvened in Open Session – Sale of 811-813 East 1st Street:

Motion (Sturm/Hayes) to accept the offer to purchase of 811-813 E. 1st St. from Brian & Nicole Hoffman for \$35,000 which includes \$2,000 credit for Buyer's Brokerage Compensation and is subject to property appraisal.
Carried.

Adjournment:

Motion (Karow/Schwartzman) to adjourn the meeting at 8:43 a.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl