

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.

City of Merrill - 318 Grand Avenue Demolition (TID No. 8)

			2012	2013	Paid to City
2012	Quality Title	Title Research	\$100		
2012	Becher-Hoppe Engineering	Demo Bid Specs & Assistance	\$2,740		
2012	Merrill Courier	Demo Bid Ads	\$40		
2012	North Star	Hazardous & Restricted Waste Inspection	\$935		
2012	Merrill Water Utility	Delinquent Water (Not yet Special Charges)	\$735		\$735
2012	Merrill Street Dept*	Snow Removal (Not yet Special Charges)	\$85		\$85
2012	C&D Excavating Inc	Demo & trucking	\$21,300		
2012	Lincoln County Landfill	Disposal	\$3,436		
2013	Lincoln County	Delinquent Real Estate Taxes (2007 - 2011)		\$6,451	
2013	Lincoln County	Delinquent Special Charges (2007 - 2011)		\$2,239	\$2,239
2013	City of Merrill	Real Estate Taxes - 2012		\$901	
2013	Quality Title	Title Policy		\$850	
Total by Year			<u>\$29,370</u>	<u>\$10,441</u>	<u>\$3,059</u> Specials

*Snow removal 2012/2013 winter by City Street Department

Total (Without City) \$36,752
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WHEDA "Blight Elimination" Grant **(\$20,000)**

Net Cost for Acquisition/Demo	\$16,752
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****Previous Assessments:**

Land	\$12,700
Improvements	\$21,400
Total Valuation	\$34,100

**City of Merrill - "Blight" Removal and Redevelopment
Tax Increment District No. 6 - Lincoln House (120 S. Mill St.)**

The following provides a fiscal overview of investment in this property through April 30th, 2013:

	In 2011	In 2012	In 2013 (April)	Total
Revenues				
Rents	(\$11,260)	(\$21,550)	(\$5,345)	(\$38,155)
Insurance			(\$59,500)	(\$59,500)
TOTAL REVENUES	(\$11,260)	(\$21,550)	(\$64,845)	(\$97,655)
Expenditures				
Acquisition/Taxes/Etc.				
Purchase Price	\$150,000			\$150,000
Property Taxes (1/2 Year)	\$3,345			\$3,345
Total Acquisition	\$153,345	\$0	\$0	\$153,345
Environmental/Demo				
Environmental Testing	\$4,185		\$685	\$4,870
Demolition Contractor				\$0
Lincoln County Landfill				\$0
Environmental/Demo	\$4,185	\$0	\$685	\$4,870
Rehab/Operations				
Parking Lot Rehab	\$5,549			\$5,549
Water/Sewer Repairs	\$6,730			\$6,730
Repairs/Maintenance	\$505	\$1,669	\$312	\$2,486
HVAC Repairs	\$5,100	\$210		\$5,310
Elevator Maintenance		\$623	\$779	\$1,401
Flood Repairs			\$56,529	\$56,529
City Personnel Services	\$1,251	\$2,141	\$1,919	\$5,311
Water & Sewer Service	\$673	\$2,323	\$541	\$3,537
Electric & Natural Gas	\$6,945	\$17,752	\$15,197	\$39,894
Garbage Removal	\$573	\$888	\$222	\$1,683
Janitorial Services	\$1,730	\$2,700	\$900	\$5,330
Snow/Weed Services	\$60	\$333		\$393
Operations/Rehab	\$29,116	\$28,638	\$76,399	\$134,154
Redevelopment				
Ads - Legal Notices	\$57			\$57
Financial Services		\$1,933		\$1,933
Redevelopment Total	\$57	\$1,933	\$0	\$1,990
TOTAL EXPENDITURES	\$186,704	\$30,571	\$77,084	\$294,358
NET COST	\$175,444	\$9,021	\$12,239	\$196,703
COST - WITHOUT ACQUISITION	\$22,098	\$9,021	\$12,239	\$43,358

Lincoln House

After being duly advertised and noticed, bids were opened for the asbestos abatement and demolition of the Lincoln House on April 29th, 2013. There were several inquiries, but only a single bid. The bid was received from C&D Excavating in the amount of \$37,780 for asbestos abatement and \$119,000 for demolition, for a total of \$156,780.

The City has three options: 1) Let the building stand and do minimal interior work; 2) spend the proceeds from the insurance settlement to put the interior back like it was; or 3) demolish the structure and start with a clean lot for downtown development. If option 1 or 2 is chosen, the City will be forced to expend a significant amount on the exterior of the structure to bring it to compliance with the Exterior Maintenance Ordinance. The entire structure must be painted, wood trim replaced where it is rotting, windows replaced where broken and rotting and tuck-pointing work must be done on the brick. If this exterior work is done the City will still have a building that developers have rejected as a non-viable development project and we will likely end up demolishing the structure in the long run, after having thrown additional funds into the structure.

Historically and architecturally the building has been stripped of significance. The façade of the structure has changed significantly since it was a hotel, the columned front portico has been removed, the original woodwork and flooring has all been removed and interior walls have been moved to accommodate businesses and apartments. The City made several attempts to redevelop the property and all came to naught. From a business standpoint, the only choice is to demolish the Lincoln House and free up a lot for downtown development. The City has \$130,000 available from the insurance settlement to utilize to either repair or demolish the structure.

It is the recommendation of the City Administrator that the Council accept the bid for the asbestos abatement and demolition of the Lincoln House, at a cost of \$156,780, and authorize staff to begin the process of relocating tenants and move forward with the demolition process.

Lincoln House asbestos abatement and demolition bid summary April 29, 2013

Bidder	Bond	Abatement Bid	Demolition Bid	Total bid
C+D Excavating, LLC	Yes	\$37,780.	\$119,000.	\$156,780

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Lincoln House

In 2011, the City of Merrill purchased Court View Apartments and Lincoln House from Bank of Wausau for \$25,000 and \$150,000 respectively. The City subsequently demolished Court View Apartments with the property scheduled to become a parking lot/green space in 2013. The Lincoln House continued in operation with five apartments and two office spaces rented out through today. We now have two apartment renters and one office space renter. This rental income paid for our upkeep expenses to the extent that the building has been kept up.

Although I was not here at the time, I believe that the City made the right decision to take over the Lincoln House. Had the City not done so I believe that we would have seen the building boarded up and left vacant in our downtown.

In early 2013, a water line break on the third floor caused water damage from the third floor down to the lower level. We just received a settlement offer for the water damage of \$130,000, plus the insurance paid approximately \$56,529.01 for water mitigation, asbestos abatement and demolition to dry the structure.

Initially, the City talked with developers who were seeking different forms of government assisted funding to redevelop the Lincoln House. In one instance the project was on the shortlist but was beat out by other projects for available funding. In another instance the criteria for eligibility for available funds changed and the Lincoln House did not score high enough to receive funding.

After this initial effort at redevelopment, three different developers, each with a building contractor, looked at the property. All three came to the same conclusion – it is not a viable project for three reasons: 1) Accessibility, you must go up or down steps to enter the building and reach an elevator, ADA compliance is a huge issue; 2) Wood vs concrete floors, all flooring is wood rather than concrete which is a fire protection issue; 3) Cost, the amount that would have to be spent to renovate the building makes the project cost prohibitive without outside funding assistance.

We have now placed exterior maintenance orders on the Lincoln House in order to maintain consistency in enforcement. If the City wants to retain the building it will require a significant investment in 2013 in order to bring it into compliance with the City's Exterior Maintenance Ordinance. The building must be painted, rotted wood trim replaced, broken windows replaced, and many wood window frames must be replaced. We would also need to repair the interior damage from the January flooding in order to continue to rent space in the building. The interior work alone would take the entire \$130,000 settlement amount. If all this exterior and interior work were done we would still be left with a building that developers feel is not a viable project.

Although the hoped for redevelopment of the building has not come to fruition, the City controls the property and has a much larger voice in what happens to the property if the building is demolished. My opinion is that the best use of the property is to take the insurance settlement and use it toward the demolition of the Lincoln House. This would leave the City with a good size lot for downtown development, preferably high-rise downtown housing.

We received an initial ballpark estimate of \$130,000 to demolish the building, and another \$10,000-20,000 for asbestos abatement. I have requested a formal quote for both phases of this work. An asbestos inspection was performed in the building on March 28 to determine the extent of the remaining asbestos in order to determine a cost of abatement. The City would incur costs to relocate renters holding current leases, the greatest cost being for the radio station. It is my recommendation that the Common Council, by consensus, authorize the City Administrator to seek bids for the demolition of Lincoln House, such bids to be brought before the Common Council for approval.

Statement of Loss

Claim # 20130118

Crawford & Company
 175 North Patrick Blvd
 Brookfield, WI 53045
 262-278-1101 (Cell) 262-975-5010 (office)
 jim_camacho@us.crawco.com

			3/26/2013
Adjuster	Jim Camacho		
Phone	(262) 278-1101		
Insured Name	City of Merrill		
Loss Address	120 S Mill St, Merrill, WI 54452		
Phone Number	(715) 536-5594		
Other Phone	(715) 536-5594	Ins Claim # 20130118	Date of Loss 1/23/2013
Ins Company	LOCAL GOVERNMENT PROPERTY INSURANCE FUND FOR THE STATE OF WI		

Abstract of Coverage

Policy #	140420	Effective	-	
Forms				
Coverage	Limit	Co-Insurance	Deductible	
Dwelling	\$0.00		\$500.00	
Other Structures	\$0.00		\$0.00	

Coverage - Dwelling

Coverage	\$0.00	Not Applicable					
			RC Detail	ACV Detail	Value	Loss	Claim
Replacement Cost Value			\$0.00		\$0.00		
Actual Cash Value				\$0.00	\$0.00		
Total Estimated Loss			\$186,529.01	\$186,529.01		\$186,529.01	
Less Depreciation				(\$0.00)			
ACV Loss				\$186,529.01			
Less Non-Recoverable Depreciation			(\$0.00)				
Sub-Total			\$186,529.01	\$186,529.01			
Less Deductible Applied			(\$500.00)	(\$500.00)			
Adjusted Loss Amount			\$186,029.01	\$186,029.01			\$186,029.01
Recoverable Depreciation			\$0.00				

Total Loss & Claim		\$186,529.01	\$186,029.01
Total Recoverable Depreciation	\$0.00		

A copy of this document does not constitute a settlement of this claim. The above figures are subject to Insurance company approval.

Accepted by _____

4

Sec. 105-244. - Safe and sanitary maintenance of property.

- (a) *Purpose.* The purpose of this section is to recognize the private and public benefits resulting from the safe, sanitary, and attractive maintenance of residential buildings, yards, or vacant areas. Attractive and well-maintained property will enhance the neighborhood and city and provide a suitable environment for increasing physical and monetary values.
- (b) *Maintenance requirements.* Every owner or operator shall improve and maintain all property under his control to comply with the following minimum requirements:
- (1) *Drainage.* All courts, yards, or other areas on the premises shall be properly graded to divert water away from the building. Adjacent ground surface shall be sloped away from the structure with a grading of at least one-half inch per foot for a minimum of five feet where possible or by other means such as eaves troughs and downspout extensions.
 - (2) *Weeds.* All exterior property areas shall be kept free from noxious weeds as required by this Code and the state statutes. Where required weed and grass cutting is not performed by the property owner, the weed commissioner shall perform said weed cutting and process the charge therefor as a special charge against the benefited property.
 - (3) *Debris.* All exterior property areas shall be properly maintained in a clean and sanitary condition free from debris, rubbish or garbage, physical hazards, rodent harborage and infestation, and animal feces. All animal feces shall be removed within 24 hours.
 - (4) *Fences, walks, parking areas.* Fences, other minor construction, walks, driveways, parking areas, and similar paved areas shall be properly maintained in a safe, sanitary and substantial condition. Approved walks shall provide convenient all-weather access to buildings.
 - (5) *Exterior surfaces.* Exterior surfaces of buildings and structures not inherently resistant to deterioration shall be treated with a protective coating of paint or other suitable preservative which will provide adequate resistance to weathering and maintain an attractive appearance. Any exterior surface treated with paint or other preservative shall be maintained so as to prevent chipping, cracking, or other deterioration of the exterior surface or the surface treatment and to present an attractive appearance. All paint or other preservative shall be applied in a workmanlike fashion.
 - (6) *Yard areas.* Yard areas of real estate shall not be permitted to deteriorate or remain in a condition that is not in accordance with the following:
 - a. Yard areas shall be kept in a clean and sanitary condition, free from any accumulation of combustible or noncombustible materials, debris, or refuse.
 - b. Yards shall not be used to store appliances, furnaces, hot water heaters, water softeners, or building material not used within ten days, or any unsightly bulk items.
 - c. Landscaping, plantings and other decorative surface treatments, including common species of grass, shall be installed if necessary and maintained to present an attractive appearance in all court and yard areas.
 - d. Lawns shall be maintained to a height in compliance with city ordinances.
 - e. Plantings shall be maintained as not to present hazards to adjoining properties or to persons or vehicles traveling on public ways and shall be maintained so

as to enhance the appearance and value of the property on which located, and thereby the appearance and value of the neighborhood and city.

The city, after due notice to the property owner, will cause to be cut or trimmed nonconforming areas and place said cost as a special charge due against the property.

(7) *General requirements.*

- a. Every interior floor, wall, and ceiling, including door and window assemblies, shall be kept clean and in good repair, and shall be capable of affording privacy. Any hazardous sagging or bulging shall be properly repaired to a level or plumb position. All surfaces shall be free from serious cracking, irregularities, and peeling paint. A waterproof and hard surface shall be provided in spaces subject to moisture. All surface repairs shall be completed to closely match the existing surface color and texture. Floor surfacing shall provide ease of maintenance and durability appropriate for the use of the room.
- b. Every foundation, exterior wall, floor and roof shall be reasonably weathertight, watertight, and rodentproof and shall be kept in proper repair and shall be capable of affording privacy. Any hazardous sagging or bulging shall be properly repaired to a level or plumb position. All chimneys and breaching shall be so constructed and maintained as to ensure that it safely and properly removes the products of combustion from the building.
- c. Every gap allowing the accumulation of dirt or other objectionable matter in bathing, toilet, or food preparation areas shall be tightly sealed with an impervious and cleanable material.

(8) *Windows and doors.*

- a. Every window, exterior door, interior door, and basement hatchway shall be reasonably weathertight, watertight, rodentproof and kept in proper repair. All door and window hardware shall be installed and maintained in proper working condition.
- b. Each main entrance door into a nonowner occupied dwelling unit shall contain an approved door viewer, except where a window in the door, or a window immediately adjacent to the doorway, provides a clear view of the entrance.
- c. All doors into each dwelling unit shall be equipped with door hinges so arranged as to be inside the dwelling unit or with approved locking pin hinges.
- d. All doors into each dwelling unit shall have a keyed deadbolt lock with a minimum one-inch throw, which is openable with a key on the exterior side of the door and a knob on the interior side of the door. The strike plate shall be held in place by 2½ inch screws. Patio doors shall have an approved secondary locking device (i.e., locking pins or two by fours of proper length).
- e. All basement, first, and second story windows and all other windows accessible by balconies, fire escapes, trees, or other existing means shall be provided with sash fasteners.
- f. All double-hung and sliding windows and doors below the second story and all other double-hung and sliding windows accessible by balconies, fire escapes, trees or other existing means shall be equipped with approved window ventilating sash fasteners to allow each window to be located at one to five inches open. Such window ventilating bolts or locks shall be movable to permit the window to be fully opened from the inside of the dwelling unit.
- g. Alternative locking devices to equally resist illegal entry may be substituted with the approval of the board of appeals.

- (9) *Stairs.* Every inside and outside stair, every porch, and every appurtenance thereto shall be so constructed as to be safe to use and capable of supporting the load that normal use may cause to be placed thereon, and shall be kept in proper condition and repair and shall present an attractive appearance. All interior and exterior stairs and steps and every appurtenance thereto shall comply with the requirements specified in Wis. Admin. Code § COMM 21.04, as dictated by the type of occupancy in the building.
- (10) *Plumbing fixtures.* Every plumbing fixture and water and waste pipe shall be properly installed and maintained in good working condition, free from defects, leaks, and obstructions.
- (11) *Bathrooms.* Every water closet compartment floor surface and bathroom floor surface shall be properly constructed and maintained so as to be reasonably impervious to water and so as to permit such floor to be easily kept in a clean and sanitary condition.
- (12) *Supplied facilities.*
- a. Every supplied facility, piece of equipment, or utility shall be so constructed, installed, and maintained so that it will function in a proper working condition.
 - b. The owner of any dwelling or apartment in which a cooking stove and/or refrigerator are furnished for the use of the tenants as part of a rental agreement shall keep such cooking stove and/or refrigerator in good mechanical working condition.
 - c. It shall be the responsibility of the tenant to maintain supplied facilities in a clean and sanitary condition when contained within the tenant's dwelling unit.
- (13) *Equipment removal restricted.* No owner, operator, or occupant shall cause any service, facility, equipment, or utility which is required under this article to be removed from or shutoff from or discontinued for any occupied dwelling, dwelling unit, or lodging room let or occupied by him, except for such temporary interruption as may be necessary while actual repairs are in process, or during temporary emergencies when discontinuance of service is approved by an authorized inspector.
- (14) *Abandoned fuel oil tanks.* Abandoned fuel oil tanks shall be removed from the building.
- (15) *Removal of debris.*
- a. No person shall dispose of rocks, trees, stumps, waste building material, or other debris from land development, building construction, street grading, or installation of underground utilities upon the surface of any land in the city, except at approved disposal sites.
 - b. No landowner shall allow an accumulation of rocks, trees, stumps, waste building material or other debris from land development, building construction, street grading, or installation of underground utilities upon the surface of his land for a period of more than ten days.
 - c. All vacant lands within the city shall be leveled off to permit the mowing of weeds as outlined within this Code. This includes the removal of stones, bottles, wires and other debris that will interfere with mowing operations.
 - d. All lands in the city shall be kept free of weeds and maintained so there is no detrimental influence to the public health, safety, comfort or general welfare of the immediately neighborhood or community.

(Code 1993, § 15-5-5)

Sec. 26-65. - Junk storage.

- (a) *Prohibited—When.* No person shall store junked or discarded property including boats, snowmobiles, aircraft, all-terrain vehicles, motorcycles, automobiles, automobile parts, trucks, motors, refrigerators, furnaces, washing machines, stoves, machinery or machinery parts, scrap wood, brick, cement blocks or other unsightly debris on private property or parked on the street or in public right-of-way which depreciates property values in the neighborhood except in an enclosure which houses such property from public view, or upon permit issued by the common council. The building inspector, zoning administrator, property inspector, and/or police chief or his or her designee may require by written order any premises violating this section to be put in compliance within the time specified in such order, and if the order is not complied with, may have the premises put in compliance and the cost thereof assessed as a special tax against the property.
- (b) *Inoperable vehicles, junked and discarded property or other unsightly debris—Removal.*
- (1) No disassembled, inoperable, junked or wrecked motor vehicles, salvage materials, parts, or other debris may be stored or allowed to remain in the open upon public or private property within the city for longer than three days unless it is in connection with a vehicle sales or repair business enterprise located in a properly zoned area. A vehicle that is operable but is unlicensed must be either removed or licensed within 30 days after notice from the police department to the owner or person storing the vehicle.
 - (2) Whenever the police chief or his or her designee shall find any such vehicles placed or stored in the open upon public property within the city, he shall cause such vehicles to be removed and stored for 30 days, at the end of which time the chief of police shall dispose of such vehicle, unless previously claimed by the owner, subject to conditions of subsection (b)(3) below.
 - (3) Whenever the building inspector, zoning administrator, property inspector, and/or police chief or his or her designee shall find any such vehicles, junked and discarded property or other unsightly debris placed or stored in the open upon private property within the city, or parked on the street or in public right-of-way he shall notify the owner of the property upon which vehicles, junked and discarded property or other unsightly debris are placed or stored of the intention of the city to remove such vehicles, junked and discarded property or other unsightly debris immediately. If such vehicles, junked and discarded property or other unsightly debris are not removed within three days, the building inspector, zoning administrator, property inspector, and/or police chief or his or her designee shall cause such vehicles, junked and discarded property or other unsightly debris to be removed, the cost of such removal to be charged to the property from which they are removed, which charges shall be entered as a special charge on the tax roll.

(Code 1993, § 11-3-11; Ord. No. 04-13, 9-15-2004; Ord. No. 2009-14, § 1, 5-12-2009; Ord. No. 2012-10, § 1, 6-12-2012)

State law reference— Vehicle abandonment prohibited, removal, disposal, Wis. Stats. § 342.40.

Sec. 26-157. - Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Public nuisance means a thing, act, occupation, condition or use of property which shall continue for such length of time as to:

- (1) Substantially annoy, injure or endanger the comfort, health, repose or safety of the public;
- (2) In any way render the public insecure in life or in the use of property;
- (3) Greatly offend the public morals or decency;
- (4) Unlawfully and substantially interfere with, obstruct or tend to obstruct or render dangerous for passage any street, alley, highway, navigable body of water or other public way or the use of public property.

(Code 1993, § 11-6-2)