

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

**Tuesday, June 3rd, 2014 at 8:00 A.M.
City Hall Council Chambers**

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

RDA Absent: None

Others: Alderpersons Chris Malm and Pete Lokemoen, City Administrator Dave Johnson, City Attorney Tom Hayden, Finance Director Kathy Unertl, Susan Ryman from Lincoln County Economic Development Corp (LCEDC), Mike Morrissey from Morrissey Consulting, City Building Inspector/Zoning Administrator Darin Pagel, Community Development Program Administrator Shari Wicke, City Attorney Administrative Assistant Diane Wais, and Collin Lueck from FotoNews

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

Approval of meeting minutes from April 3rd, 2014:

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

Follow up from Joint Committee of Whole and RDA meeting of May 3rd regarding Merrill Area Development Corp. (MADC) development agreements and City acceptance of property from Development and Leasing Corp./River District Development Foundation:

Unertl highlighted the resolution of the two Merrill Area Development Corp. (MADC) development agreements through a net City payment of \$203,634.53. The City/RDA will continue to assist MADC and Merrill Renewal LLC with environmental activities at 201 South Prospect Street.

The City is finalizing the acquisition of Development & Leasing Corp. property, as well as dedication of 100' strip and additional treed area for future River Bend Trail. City Administrator Johnson advised that the City will issue demolition bid request. Funding for this demolition work is coming from Merrill Community Foundation and Church Mutual Insurance. The current D&L salvage contractor will have sixty (60) days to complete their work. Wisconsin DNR has issued environmental site closure letter.

Council Resolution No. 2365 adopted on May 13th, 2014 designates the RDA as responsible for redevelopment and sale of the property.

Follow-up from Joint Committee of Whole and RDA meeting of May 3rd regarding powers of a Redevelopment Authority (RDA):

Unertl highlighted a chart showing two different, but related processes for potential Tax Increment Financing (TIF) development incentives. City staff will be working with Ehlers & Associates on additional Redevelopment Area Plans which require six of eight alderpersons voting to adopt in order to implement.

If there is a Redevelopment Area Plan, such as is the case for TID No. 7/ Redevelopment Area No. 3 (North Center Avenue Area), the Redevelopment Authority can adopt a resolution authorizing a development agreement with TIF development incentives as long as funding available is the current year TID budget.

If there is no Redevelopment Area Plan, the Redevelopment Authority reviews and makes recommendations to the Common Council. Any development agreement with TIF development incentives goes to the Council for consideration. If TIF funding is in the current year TID budget, a Council majority vote is needed. Six of eight alderpersons need to support the resolution if current year TID budget needs to be amended.

There was extensive discussion and review of the chart, TIF development incentive review/approval processes, and the legal authority for the Redevelopment Authority.

Consider RDA Resolution 2014-01: Authorizing development agreement by and between the City of Merrill, Wisconsin and Pine Ridge Restaurant, LLC for property located at 1302 North Center Avenue (Tax Increment District No. 7/Redevelopment Area No. 3):

Schwartzman advised that he no longer owns the former Champs Restaurant site. Bialecki and Unertl emphasized that the development project began with discussion related to east side new restaurant location. Unertl advised that minimal TIF development incentive was initially discussed for remodeling at the 1302 North Center Avenue building. The project went from remodeling to total demolition and new construction at the end of March 2014.

Lokemoen advised that the public was asking why TIF development incentive is necessary. There was extensive discussion related to TIF incentives and process. Mayor Bialecki highlighted recent City of Wausau development incentives. Sturm commented on "TIF Land" signs in Village of Kronenwetter.

Unertl emphasized that the City's objective was to treat property owners/developers consistently throughout the City. Morrissey added that each development is reviewed on project by project basis. Unertl noted that key criteria for TIF development incentives are tax base and jobs.

The new building is about 3,400 square feet which is about 1,100 square feet larger than the former Champs building. It is likely that well over \$300,000 is being spent in this new construction. There will be employment for about thirty (30) individuals. Bialecki expressed hope that an additional new east side restaurant, with additional new jobs, would be considered in the future.

Consider RDA Resolution 2014-01: Authorizing development agreement with Pine Ridge Restaurant, LLC (Continued):

The proposed TIF development incentive is \$10,000 after new building completion in 2014 and then an additional \$10,000 annually in 2016 and 2017 for total of \$30,000. Unertl advised that the proposed 2014 TIF incentive amount is available in the TID No. 7 budget. Further, there is Redevelopment Area Plan No. 3 that includes this site.

Motion (Schwartzman/Hayes) to adopt RDA Resolution 2014-01: Authorizing development agreement by and between the City of Merrill, Wisconsin and Pine Ridge Restaurant, LLC for property located at 1302 North Center Avenue (Tax Increment District No. 7/Redevelopment Area No. 3). Motion carried.

Consider recommendation on proposed development agreement by and between the City of Merrill, Wisconsin and Pine Dells Investments, LLC for property located at 2308 East Main Street (Tax Increment District No. 3):

Morrissey showed the proposed building façade drawing that was prepared by Stacy Ness from Kye Studios. The proposed building will be about 4,800 square feet. Morrissey emphasized that without the TIF development incentive, this redevelopment plan would not proceed. Final building and site plans will be developed after Common Council consideration of the proposed TIF incentive.

City Building Inspector Darin Pagel advised that no State approved building plans would be needed. Pagel also noted the potential for Plan Unit Development (PUD) if an additional building were constructed in the future.

The proposed TIF development incentive is \$10,000 after new building completion in 2014 and then an additional \$10,000 annually in 2016 through 2018 for total of \$40,000. Unertl advised that the proposed 2014 TIF incentive amount is available in the TID No. 3 budget.

Motion (Karow/Smith) to recommend the TIF development incentive and development agreement with Pine Dells Investments, LLC for property located at 2308 East Main Street (Tax Increment District No. 3) to the Common Council. Motion carried.

Status update on demolition timeframe for 419 West Main Street (C&D Excavating) and discussion of potential interest by another individual in building rehabilitation (Tax Increment District No. 8):

The City's September 24th, 2013 agreement with C&D Excavating was for demolition by June 1st, 2014 to facilitate redevelopment. City Administrator Johnson advised that there is an interested individual in rehabilitating the "blighted" building with potential investment of about \$1.7 million over a five-year period.

Status update on demolition timeframe for 419 West Main Street or potential building rehabilitation (Continued):

First phase for potential rehabilitation would be engineering structural analysis followed by roof replacement. Pagel emphasized need for rehabilitation from exterior to inside through window and door replacement and any brick tuck pointing. State approved building renovation plans would be required for the interior.

Unertl advised that the potential downside would be if rehabilitation effort failed. It might be necessary to use TIF \$ to demolish the structure.

Consideration of amendment to allow sale of the building by C&D Excavating would potentially allow for another demolition and redevelopment project in Tax Increment District No. 8. Since there is potential property acquisition negotiation underway, RDA Commissioners determined need to continue discussion and consideration in closed session.

Next RDA meeting: After discussion of July 4th holiday timeframe, next RDA meeting preliminarily scheduled for Tuesday, June 24th at 8:00 a.m.

Public Comment: None.

Closed Session:

Chair Bialecki 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 development incentives for proposed redevelopment projects in Tax Increment District No. 8 (West Side).

Motion (Schwartzman/Smith) to convene in closed session. Carried on roll call vote at 9:07 a.m.

During the closed session, there was discussion on potential property acquisition negotiations and TIF development incentives. No action taken.

Adjournment:

Motion (Schwartzman/Sturm) to adjourn the meeting at 9:20 a.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl