

**City of Merrill  
Redevelopment Authority/City Planning Commission/  
Committee of Whole (joint meeting)  
Wednesday, January 20<sup>th</sup>, 2016 at 6:00 P.M.  
City Hall Common Council Chambers  
1004 East First Street**

Redevelopment Authority members present: Bill Bialecki, Ryan Schwartzman, Wally Smith, Jill Laufenberg, Amanda Kostman, and Tony Kusserow (Karen Karow excused)

City Plan Commission voting members present: Mayor Bill Bialecki, Alderperson Peter Lokemoen, Melissa Schroeder, Ken Maule, Mike Willman, Ralph Sturm, and Robert Reimann

Committee of the Whole members present (9 of 9): Mayor Bill Bialecki, Alderperson Chris Malm (First District), Alderperson Peter Lokemoen (District 2), Alderperson Ryan Schwartzman (Third District), Alderperson Kandy Peterson (Fourth District), Alderperson John Burgener (Fifth District), Alderperson Dave Sukow (Sixth District), Alderperson Rob Norton (Seventh District), and Alderperson Tim Meehean (Eighth District)

Other attendees: City Administrator Dave Johnson, City Attorney Tom Hayden, Finance Director Kathy Unertl, City Public Works Director Rod Akey, City Building Inspector Darin Pagel, City Clerk Bill Heideman, Mary Rajek from Redevelopment Resources, Art Lersch from UW Extension, and about thirty interested individuals

**Call to order**

Mayor Bialecki called the meeting to order at 6:00 P.M. Bialecki advised that there would be short presentation from MSP Real Estate, Inc. before public comment.

**Overview of 120 S. Mill St. development proposal:**

Mark Hammond from MSP Real Estate reported that his firm has about 2,000 senior and multi-family apartments throughout Wisconsin and Minnesota. MSP has been in business for about twenty years.

In response to request from City of Merrill representatives and market analysis of housing needs, MSP prepared the forty-unit apartment proposal for the former Lincoln House site. There would be six market-rate apartments and thirty-four low-to-moderate income units. WHEDA tax credits would be the major financing tool for the project. A revise building rendering was displayed and copy provided to meeting participants.

**Public Comment:** Mayor Bialecki opened up public comment at 6:12 p.m.

Andrea Krueger asked if the rents were subsidized. She also noted that the tax equity investor recently moved to 9% return.

RDA Commissioner Kostman provided rent information of existing units in Merrill based upon market analysis prepared for the Merrill Housing Authority. The proposed MSP rents are based upon income levels of tenants. Acceptance of WHEDA tax credits involves a thirty-year commitment for affordable rents. For example, an individual making up to \$26,700 would be eligible to live in 60% rental apartment.

Michael Caylor, Jr. asked what the rush was. Caylor expressed concern with the proposed City borrowing. The loss of 20 to 30 parking spots would hurt downtown business owners. Caylor also mentioned MSP litigation against City of New Berlin, WI.

Unertl clarified that use of WHEDA tax credits trigger income-based assessment approach. The proposed development would be taxable; however, at lower valuation due to the lower rental income.

Art Lersch from U.W. Extension highlighted the City's Strategic Plan to grow tax base, create jobs, and attract new residents. Lersch emphasized that economic development ties into housing. About 65% of the City's equalized tax base is residential property.

Mary Rajek highlighted Redevelopment Resources efforts of the past five years to eliminate "blight" and create vision plans. Despite attempts to attract commercial tenants to the former Lincoln House site, that has not be possible based upon cash flow projections. Past RDA discussion has been for multi-story new building at the site.

Trina Johnson and Mark Raymer both commented that parking could impact on existing commercial businesses. Andrea Krueger suggested that occupancy other than low-to-moderate income tenants could affect other rental property owners.

Bialecki emphasized that the City's Strategic Plan and Downtown Vision Plan endorsed transformative development for the community.

Kostman noted that there might be about a 10% overlap in potential tenants between the proposed MSP building and Merrill Housing Authority properties. Kostman asked for clarification on the MSP information as to construction costs and maintenance. Hammond from MSP provided amounts and emphasized that his firm takes operations and maintenance seriously.

Aldersperson Chris Malm asked about construction materials, specifically that the exterior bottom two exterior levels were brick. Kostman wondered about potential to

look historical? Hammond confirmed brick exterior and MSP approach to fit in with other existing structures.

RDA Commissioner Wally Smith asked about potential greenspace for kids. Hammond noted that the City's proposed "pocket park" is about a block away. Streeter Square Park is about two blocks from the site.

Plan Commissioner Ken Maule confirmed the vetting process for tenants would include criminal background and credit checks. City Administrator Johnson emphasized that regardless of income, people are looking for nicer residential units than some of the rental properties currently available in Merrill.

Aldersperson Pete Lokemoen expressed concern that the proposed tax increment would not recoup the \$1 million in TIF over the next twenty years. Lokemoen believes that there is suitable housing in Merrill except for potentially handicapped individuals. The proposed development could impact existing downtown businesses with parking, so he does not support the proposed development.

There was brief discussion regarding availability of housing. Malm questioned whether other potential locations were considered. Mayor Bialecki emphasized that ongoing hiring by Merrill businesses and bringing in potential new residents. Having housing downtown could support shopping in the area. For WHEDA tax credits, there are points provided for walking from residential to shopping and employment centers. Plan Commissioner Bob Reimann supported the concept of downtown walkability related to potential residential development.

Aldersperson Dave Sukow highlighted issue the Merrill Housing Authority could have had with potential Park Place tenant. It would not have been possible to limit occupancy despite adverse background information/concerns. Plan Commissioner Melissa Schroeder reported that Section 8 housing allowed for vetting of potential tenants.

Kostman verified timeframe related to WHEDA tax credit obligations for the developer. The tax credits are for the first ten years. Then, there is five year compliance period. Kostman asked about MSP's plan for the long haul for years sixteen through thirty? Hammond reported that MSP still owns and manages all developments funded through WHEDA tax credits.

In response to question from RDA Commissioner Jill Laufenberg, Mary Rajek from Redevelopment Resources and Ken Maule from Lincoln County Economic Development Corp. highlighted efforts to attract more commercial businesses to Merrill, including potential steakhouse.

Aldersperson Tim Meehean expressed reservations on the site, proposed building size, timing, and TIF cash flow projections. Rajek reported that commercial, market-rate apartments, and underground parking probably would not be economically feasible

without additional TIF development incentives. Unertl reported that TID No. 6 is scheduled to expire in 2036.

Unertl advised that the 900 E. 1<sup>st</sup> Street new development was discussing contracting for parking with the adjacent church. A potential parking ramp has been mentioned as potential option.

The discussion/public comment ended about 7:45 p.m.

**Consider potential recommendation to sell former Lincoln House site for \$1.00 (with contingencies, including obtaining potential WHEDA tax credits):**

No member of the Redevelopment Authority made any motion(s).

**Consider potential preliminary TIF development incentive commitment of up to \$1,085,000 to MSP Real Estate, Inc. for 120 S. Mill St. (Tax Increment District No. 6):**

No discussion or action on this agenda item.

**Update on accepted \$200,000 offer to purchase 17 acres and discuss conceptual new development at 1501 Highway 107 (Tax Increment District No. 5):**

Johnson advised that the property owner (Lokemoen Construction) has accepted a \$200,000 purchase offer from the City of Merrill. The City's land purchase offer is contingent upon potential development proposals and TIF development agreement.

The Request for Proposal (RFP) deadline is January 21<sup>st</sup>, 2016. Johnson reported that one RFP response has already been received. Background information on other apartment developments from across Wisconsin, as well as pictures of units in Village of Plover, were provided in the joint meeting agenda packet.

Aldersperson Malm questioned whether other developers had been contacted? There were also questions whether it might be possible for residential development without TIF? For proposed Phase 1 (i.e. three apartment buildings with total of thirty-six apartments), Johnson reported that the TIF development incentive request is for \$500,000 in addition to the land.

**Adjournment of RDA and Committee of Whole:**

Motion (Smith/Schwartzman) to adjourn RDA. Carried.

Motion (Burgener/Norton) to adjourn the Committee of Whole. Carried.

Adjourned at 7:55 P.M.

## **CITY PLAN COMMISSION**

### **City Plan Commission meeting minutes from January 5<sup>th</sup>, 2016:**

Motion (Maule/Schroeder) to approve the City Plan Commission meeting minutes from January 5<sup>th</sup>, 2016. Carried.

### **Consider Certified Survey Map from Lincoln Storage:**

Consider Certified Survey Map from Lincoln Storage for land located at the east end of Mathews Street in the City of Merrill. A revision was requested at the January 5<sup>th</sup>, 2016 City Plan Commission meeting.

Motion (Lokemoen/Maule) to approve the revised Certified Survey Map. Carried.

### **Adjournment of City Plan Commission:**

Motion (Lokemoen/Maul) to adjourn the City Plan Commission. Carried.

Adjourned at 7:58 P.M.

Minutes prepared by RDA Secretary Kathy Unertl