



**CITY OF MERRILL**  
**REDEVELOPMENT AUTHORITY**  
**AGENDA • TUESDAY MAY 2, 2017**

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**Regular Meeting**

**City Hall Council Chambers**

**8:00 AM**

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- I. Call to Order
- II. Minutes of previous meeting (s):
  1. Minutes of April 11th, 2017
- III. Public Comment
- IV. Agenda items for consideration:
  1. Update on WI DNR site closure - former dry cleaners (806 N. Center Ave)
  2. Update on Idle Sites Grant activities for 2017
  3. Update on proposed Nelson's Powerhouse TID No. 8 development - environmental site challenges require an alternative development site
  4. New Annual TID Reporting Requirements - contracted with Ehlers
- V. Next RDA meeting (s)
- VI. 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:
  1. Potential purchase of properties and potential TIF development incentives in TID No. 3 to facilitate new commercial developments
  2. Consider approval of closed session meeting minutes from March 7th
- VII. Adjournment

City of Merrill  
Redevelopment Authority (RDA)

Tuesday, April 11<sup>th</sup>, 2017 at 6:00 p.m.  
City Hall Common Council Chambers

RDA Present: Bill Bialecki, Ryan Schwartzman, Tim Haight, Jill Laufenberg,  
Karen Karow, and Tony Kusserow

RDA Absent: Clyde Nelson

Others: Alderpersons Mary Ball and Rob Norton, City Administrator  
Dave Johnson, Finance Director Kathy Unertl, City Attorney  
Tom Hayden, Mary Rajek from Redevelopment Resources,  
Dewey Pfister, Patricia Karabowski, and City Clerk Bill Heideman

**Call to Order:** Chair Bialecki called the meeting to order at 6:00 p.m.

**Consider approval of meeting minutes:**

**Motion (Schwartzman/Karow) to approve the RDA meeting minutes from March 7<sup>th</sup>.** Carried.

**Public Hearing regarding the proposed amendment of boundaries and project plan for Tax Increment District No. 3 (Notice published on March 31<sup>st</sup>, 2017):**

**Motion (Schwartzman/Karow) to open the public hearing at 6:01 p.m.** Carried.

There were no public comments.

**Motion (Schwartzman/Karow) to close the public hearing at 6:03 p.m.** Carried.

**Consideration of resolution designating proposed amended boundaries and approving a project plan amendment for Tax Increment District No. 3, City of Merrill, Wisconsin:**

Brian Reilly from Ehlers & Associates highlighted the basics of tax increment finance (TIF), district amendment proposal, and timelines. TID No. 3 is a mixed-use district created in 2005 with twenty-year lifespan. This will be the fourth addition of tax parcels into the TID boundary. The final revenue collection year will be 2026.

Three tax parcels are proposed to be added. Unertl advised that these include the existing AmericInn Hotel, a .39 acre land-locked vacant parcel to the north of the hotel, and the existing Subway parcel. Only about 1/3<sup>rd</sup> of the Subway parcel is actually developed.

Reilly reported that the proposed boundary amendment tax base meets the State of Wisconsin's 12% equalized valuation test. The proposed project costs were reviewed.

**Consideration of resolution designating proposed amended boundaries and approving a project plan amendment for Tax Increment District No. 3, City of Merrill, Wisconsin (Continued):**

Unertl advised that now that Center Ave. reconstruction bids have been received, the City would be including on a revised infrastructure map and adding \$400,000 to the Street Improvements – Phase 1 (2017 – 2018) amount. City staff also advised that the Merrill Festival Grounds projects include part of the Expo Center (\$250,000), parking lots/lighting (\$50,000), and then future electrical and paving improvements

**Motion (Karow/Laufenberg) adopting RDA Resolution No. 2017-01 – resolution designating proposed amended boundaries and approving a project plan amendment for Tax Increment District No. 3. Carried.**

**Consideration of resolution authorizing a development agreement by and between the City of Merrill, Wisconsin and Gateway North LLC for expansion of AmericInn Hotel:**

Although a preliminary TIF cash development incentive of \$125,000 had been suggested by City staff, there is larger financial gap to proceed with this development. The proposed hotel expansion is about 12,000 sq. ft. including new entryway, elevator, common/support areas, and twenty new rooms. Projected construction costs of over \$1.2 million dollars with planned future modernization of some existing hotel rooms.

Unertl reported that \$125,000 for almost a million in new tax base with new job creation is a bit lighter than other recent City of Merrill TIF development incentives. For comparison, Kindhearted Home Care is \$100,000 TIF development incentive for projected \$500,000 development and proposed Nelson's Powerhouse is \$225,000 for projected \$1.2 million dollar development.

**Motion (Schwartzman/Karow) recommending authorizing the development agreement by and between the City of Merrill, Wisconsin and Gateway North LLC for \$200,000 TID No. 3 development incentive. Carried.**

**RDA meeting:** Next RDA meeting is scheduled for Tuesday, May 2<sup>nd</sup> at 8:00 a.m.

Depending upon potential development proposals, Unertl advised that it is possible that a joint RDA - Committee of Whole meeting might be needed sometime in May.

**Public Comment:** None.

**Adjournment:** Motion (Schwartzman/Laufenberg) to adjourn at 6:23 p.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl

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City of Merrill - Former Dry Cleaners

806 N. Center Ave. (Corner of E. 9th St.)

Expenditures:

	Excavation, Disposal, and Vapor Detection:						Monitoring and the Closure Requests:					Total
	2006	2008	2009	2010	2011	2012	2014	2015	2016	2017		
Site Assessment & Demolition:												
Legal Notices/Permits	\$25	\$32										\$57
Engineering/Analysis - including monitoring wells	\$25,673	\$46,750	\$16,017	\$32,594	\$36,154	\$38,914	\$5,973	\$22,986	\$11,396	\$1,458		\$237,915
Asbestos Abatement	\$2,549											\$2,549
Building Demolition	\$3,800											\$3,800
Soil Excavation/Disposal		\$13,713	\$1,066									\$14,779
Lincoln County Landfill		\$25,557	\$1,865									\$27,422
Brush/Tree Removal		\$1,655										\$1,655
<b>Total Expenditures</b>	<b>\$32,047</b>	<b>\$87,708</b>	<b>\$18,948</b>	<b>\$32,594</b>	<b>\$36,154</b>	<b>\$38,914</b>	<b>\$5,973</b>	<b>\$22,986</b>	<b>\$11,396</b>	<b>\$1,458</b>		<b>\$288,177</b>

\*Lincoln County wrote off delinquent real estate taxes and processed delinquent tax foreclosure. Property was then transferred to City of Merrill in 2006 to facilitate environmental clean-up.

Additional 2017 invoice(s) pending

Funding Sources:

	2006	2008	2009	2010	2011	2012	2014	2015	2016	2017	Total
Grant - WI Brownfield SAG	\$30,000										\$30,000
Grant - WI Ready for Reuse		\$87,708	\$8,948	\$32,594	\$34,304	\$38,914					\$202,467
DERF - Dry Cleaners Remediation Fund											\$0
							Upcoming State DERF request - will reimburse TID No. 7				
Tax Increment Districts (TID)	\$2,047		\$10,000		\$1,850		\$5,973	\$22,986	\$11,396	\$1,458	\$55,710
<b>Total Revenues</b>	<b>\$32,047</b>	<b>\$87,708</b>	<b>\$18,948</b>	<b>\$32,594</b>	<b>\$36,154</b>	<b>\$38,914</b>	<b>\$5,973</b>	<b>\$22,986</b>	<b>\$11,396</b>	<b>\$1,458</b>	<b>\$288,177</b>

Attachment: Former Dry Cleaners-806 N Center Ave (2440 : Update on WI DNR site closure - former dry

DEPARTMENT OF NATURAL RESOURCES  
5301 Rib Mountain Drive  
Wausau, WI 54501

Cathy Stepp, Secretary  
Telephone 715-365-8900  
FAX 715-365-8932  
TTY Access via relay - 711



February 28, 2017

City of Merrill Redevelopment Authority  
Attn: Kathy Unertl  
1004 East First Street  
Merrill, WI 54452

Subject: Remaining Actions Needed  
Margaret Koch Antique Store, 806 North Center Avenue, Merrill,  
Wisconsin  
DNR BRRTS Activity # 02-35-000622

Dear Ms. Unertl:

On February 28, 2017, the Northern Region Closure Committee reviewed your request for closure of the case described above. The Northern Region Closure Committee reviews environmental remediation cases for compliance with state rules and statutes to maintain consistency in the closure of these cases. The following actions are needed to complete our review of your request. Upon completion of these actions, closure approval will be provided.

#### Remaining Actions Needed

##### Monitoring Well

The monitoring wells at the site must be properly abandoned in accordance with ch. NR 141, Wis. Adm. Code. Documentation of well abandonment for all wells must be submitted to Carrie Stoltz-Project Manager, 107 Sutliff Avenue, Rhinelander, WI 54501 on Form 3300-005, found at <http://dnr.wi.gov/topic/groundwater/forms.html>.

##### Documentation

When the required actions have been completed, submit the appropriate documentation within sixty (60) days of the date of this letter, to verify their completion. At that point, your closure request can be approved and your case can be closed.

Submit all changes to the original closure request in one final, complete compact disk. For the paper copy, only revisions or updates need to be submitted. The submittal of both an electronic and paper copy are required in accordance with s. NR 726.09 (1), Wis. Adm. Code.

##### GIS Registry

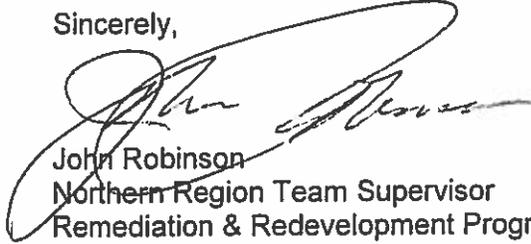
Your site will be listed on the DNR Remediation and Redevelopment Program's GIS Registry, to provide public notice of remaining contamination and continuing obligations. The continuing obligations will be specified in the final closure approval. Information that was submitted with your closure request application will be included on the Bureau for Remediation and Redevelopment Tracking System (BRRTS on the Web), at <http://dnr.wi.gov/topic/Brownfields/rism.html>.

In Conclusion

We appreciate your efforts to restore the environment at this site. This remedial action project is nearing completion. I look forward to working with you to complete all remaining actions that are necessary to achieve closure.

If you have any questions regarding this letter, please contact the project manager Carrie Stoltz, at (715) 365-8942, or by email at [Carrie.Stoltz@Wisconsin.gov](mailto:Carrie.Stoltz@Wisconsin.gov)

Sincerely,



John Robinson  
Northern Region Team Supervisor  
Remediation & Redevelopment Program

cc: Dean Fenske-AECOM (via email)  
Carrie Stoltz-DNR

**Attachment D**  
**Maintenance Plans**

**Attached:**

- D.1 Description of maintenance action(s):** **Included with attached Maintenance Plan**
- D.2 Location Map:** **Included with attached Maintenance Plan**
- D.3 Photographs:** **Included with attached Maintenance Plan**
- D.4 Inspection Log:** **Included with attached Maintenance Plan**

## PAVEMENT MAINTENANCE PLAN

August 2016

**Subject Property Located at:** 806 North Center Avenue, Merrill, WI 54452

**Wisconsin Department of Natural Resources (WDNR) Reference Information:**  
BRRTS # 02-35-000622

### Legal Description:

MATHEW & MC CORDS ADD'N LTS 13 & 14 BLK 15  
EX V404 P51 LCR

Parcel Pin Number: [25131061210144](#)

**Zoning Information:** Zoning = Thoroughfare Commercial (TC) under the City of Merrill Zoning Code

### Introduction:

This document is the Maintenance Plan for the asphalt pavement located at the above referenced site prepared in accordance with the general requirements of s. NR 724.13(2), Wisconsin Administrative Code. The maintenance activities relate to the existing asphalt pavement located adjacent to the municipal sidewalk at the northeast corner and east side of the subject property.

More site-specific information about this property may be found in:

- The case file in the DNR Central office.
- [BRRTS on the Web](#) (DNR's internet based data base of contaminated sites) for the link to a PDF for site-specific information at the time of closure and on continuing obligations;
- [RR Sites Map/GIS Registry layer](#) for a map view of the site, and
- The DNR project manager for Lincoln County.

### D.1 Descriptions

The remaining soil contaminants at the subject property include tetrachloroethene (PCE), methylene chloride, chloroform, and bromomethane at concentrations exceeding their respective groundwater pathway generic residual contaminant levels (RCLs) only. Approximately 3,816 cubic yards of soil impacted with PCE at concentrations that exceed the groundwater pathway generic RCL remains at depths ranging between 1 and 20 feet below ground surface (bgs) on the subject property, within the adjacent East 9th Street and North Center Avenue public right-of-ways, and private property to the south. All of the soil which had contaminant concentrations exceeding direct contact RCLs has been excavated and there appears to be no direct contact threat in shallow soil at the subject property.

The levels of PCE in the groundwater beneath the subject property, public right-of-ways, and adjacent and down-gradient private properties to the south, east, and northeast are above the state groundwater enforcement standards (ESs) and/or preventive action limits (PALs) found in chapter NR 140, Wisconsin Administrative Code (WAC). The analytical results at piezometer PZ-1 located on the source property suggest that remaining impacted soil is not significantly impacting groundwater quality. The results of the additional investigation activities and previous investigations at the site indicate that the PCE impacts appear adequately defined, concentrations in groundwater generally appear to be stable or decreasing, and natural biodegradation appears to be occurring.

The extent of the soil and groundwater contamination is shown on the attached Figures B.2.b and B.3.b respectively.

**Description of the Asphalt Pavement to be maintained:**

The cover consists of the remaining asphalt pavement located adjacent to the municipal sidewalk at the northeast corner and east side of the subject property. The adjacent concrete sidewalk, curb, and asphalt pavement located in North Center Ave. and Ninth Street as shown on the attached figures will be maintained by the City of Merrill.

**Cover Barrier Purpose**

The asphalt pavement over the contaminated area serves as a barrier to prevent direct human contact with residual soil contamination that might otherwise pose a threat to human health. The asphalt pavement also acts as a partial infiltration barrier to minimize future soil-to-groundwater contamination migration that would violate the groundwater standards in ch. NR 140, Wisconsin Administrative Code. Based on the current and anticipated future commercial use of the property, the barrier should function as intended unless disturbed.

**Annual Inspection:**

The asphalt pavement overlying the contaminated soil and groundwater plumes and as depicted in the attached Figures D.2 will be inspected once a year, normally in the spring after all snow and ice is gone, for deterioration, cracks and other potential problems that can cause additional infiltration into or exposure to underlying soils. The inspections will be performed by the City or their designated representative. The inspections will be performed to evaluate damage due to settling, exposure to the weather, wear from traffic, increasing age and other factors. Any area where soils have become or are likely to become exposed and where infiltration from the surface will not be effectively minimized will be documented.

A log of the inspections and any repairs will be maintained by the City and is included as D.4, Form 4400-305, Continuing Obligations Inspection and Maintenance Log. The log will include recommendations for necessary repair of any areas where underlying soils are exposed and where infiltration from the surface will not be effectively minimized. Once repairs are completed, they will be documented in the inspection log. A copy of the inspection log will be kept at the address of the property owner and available for submittal or inspection by Wisconsin Department of Natural Resources ("WDNR") representatives upon their request.

**Maintenance Activities:**

If problems are noted during the annual inspections or at any other time during the year, repairs will be scheduled as soon as practical. Repairs can include patching and filling operations or they can include larger resurfacing or construction operations. In the event that necessary maintenance activities expose the underlying soil, the owner must inform maintenance workers of the direct contact exposure hazard and provide them with appropriate personal protection equipment (PPE). The owner must sample any soil that is excavated from the site prior to disposal to ascertain if contamination remains. The soil must be treated, stored and disposed of by the owner in accordance with applicable local, state and federal law.

In the event that paved areas overlying the impacted soil is removed or replaced, the replacement barrier must be equally impervious. Any replacement barrier will be subject to the same maintenance and inspection guidelines as outlined in this Maintenance Plan unless indicated otherwise by the WDNR or its successor.

The property owner, in order to maintain the integrity of the asphalt pavement, will maintain a copy of this Maintenance Plan on-site and make it available to all interested parties (i.e. on-site employees, contractors, future property owners, etc.) for viewing.

**Prohibition of Activities and Notification of DNR Prior to Actions Affecting a Cover or Cap**

The following activities are prohibited on any portion of the property where asphalt pavement is required as shown on the attached map, unless prior written approval has been obtained from the Wisconsin Department of Natural Resources: 1) removal of the existing barrier; 2) replacement with another barrier; 3) excavating or grading of the land surface; 4) filling on capped or paved areas; 5) plowing for agricultural cultivation; 6) construction or placement of a building or other structure; or 7) changing the use or occupancy of the property to a residential exposure setting, which may include certain uses, such

as single or multiple family residences, a school, day care, senior center, hospital, or similar residential exposure settings.

If removal, replacement or other changes to a cover, or a building which is acting as a cover, are considered, the property owner will contact DNR at least 45 days before taking such an action, to determine whether further action may be necessary to protect human health, safety, or welfare or the environment, in accordance with s. NR 727.07, Wis. Adm. Code.

**Amendment or Withdrawal of Maintenance Plan:**

This Maintenance Plan can be amended or withdrawn by the property owner and its successors with the written approval of the WDNR.

**Contact Information (as of August 2016):**

Site Owner and Operator:

City of Merrill  
Attn: Ms. Kathy Unertl  
Finance Director/RDA Secretary  
City of Merrill Redevelopment Authority  
1004 East First Street  
Merrill, WI, 54452  
715-536-5594

Consultant: Dean Fenske  
Project Manager  
AECOM  
200 Indiana Avenue  
Stevens Point, WI 54481  
715-342-3043

WDNR: Ms. Gena Larson, PG  
Wisconsin Department of Natural Resources  
101 South Webster St.  
P.O. Box 7921  
Madison, WI 53707-7921  
608-261-5404

**D.2 Location Maps**

Attached: Figure D.2 - Asphalt Pave Area  
Figure B.2.b - Residual Soil Contamination  
Figure B.3.b - GW Isoconcentration

**D.3 Photographs of Cover/Barrier**

Attached:

**D.4 Continuing Obligations Inspection and Maintenance Log**

Attached: WDNR Form 4400-305



PHOTOGRAPH LOG

**Client Name:**  
City of Merrill

**Site Location:** 806 North Center Avenue, Merrill,  
WI 54452

**Project No.**  
60331589

**Photo No.**  
1      **Date:**  
8/23/16

**Direction Photo Taken:**

South/Southeast

**Description:**

View of asphalt pavement adjacent to sidewalk on east side of property.



**Photo No.**  
2      **Date:**  
8/23/16

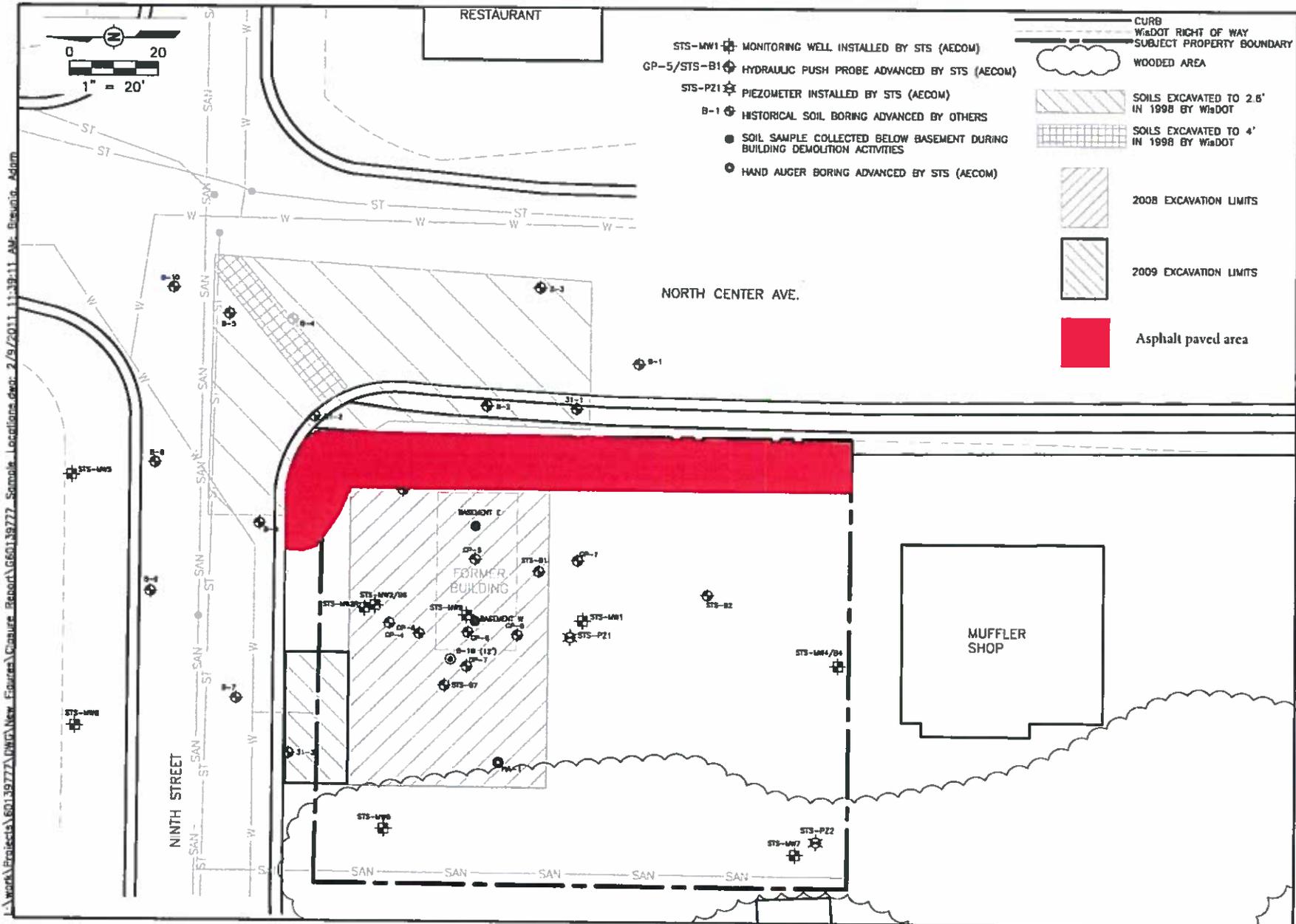
**Direction Photo Taken:**

Northeast

**Description:**

View of asphalt pavement adjacent to sidewalks at the northeast corner of property.





L:\work\Projects\60139777\DWG\New\_Eources\Closure\_Report\660139777\_Schedule\_Location.dwg: 2/9/2011 11:39:11 AM Revision: Admin

- STS-MW1 MONITORING WELL INSTALLED BY STS (AECOM)
- GP-5/STS-B1 HYDRAULIC PUSH PROBE ADVANCED BY STS (AECOM)
- STS-P21 PIEZOMETER INSTALLED BY STS (AECOM)
- B-1 HISTORICAL SOIL BORING ADVANCED BY OTHERS
- SOIL SAMPLE COLLECTED BELOW BASEMENT DURING BUILDING DEMOLITION ACTIVITIES
- HAND AUGER BORING ADVANCED BY STS (AECOM)

- CURB
- WISDOT RIGHT OF WAY
- SUBJECT PROPERTY BOUNDARY
- WOODED AREA
- SOILS EXCAVATED TO 2.6' IN 1998 BY WISDOT
- SOILS EXCAVATED TO 4' IN 1998 BY WISDOT
- 2008 EXCAVATION LIMITS
- 2009 EXCAVATION LIMITS
- Asphalt paved area

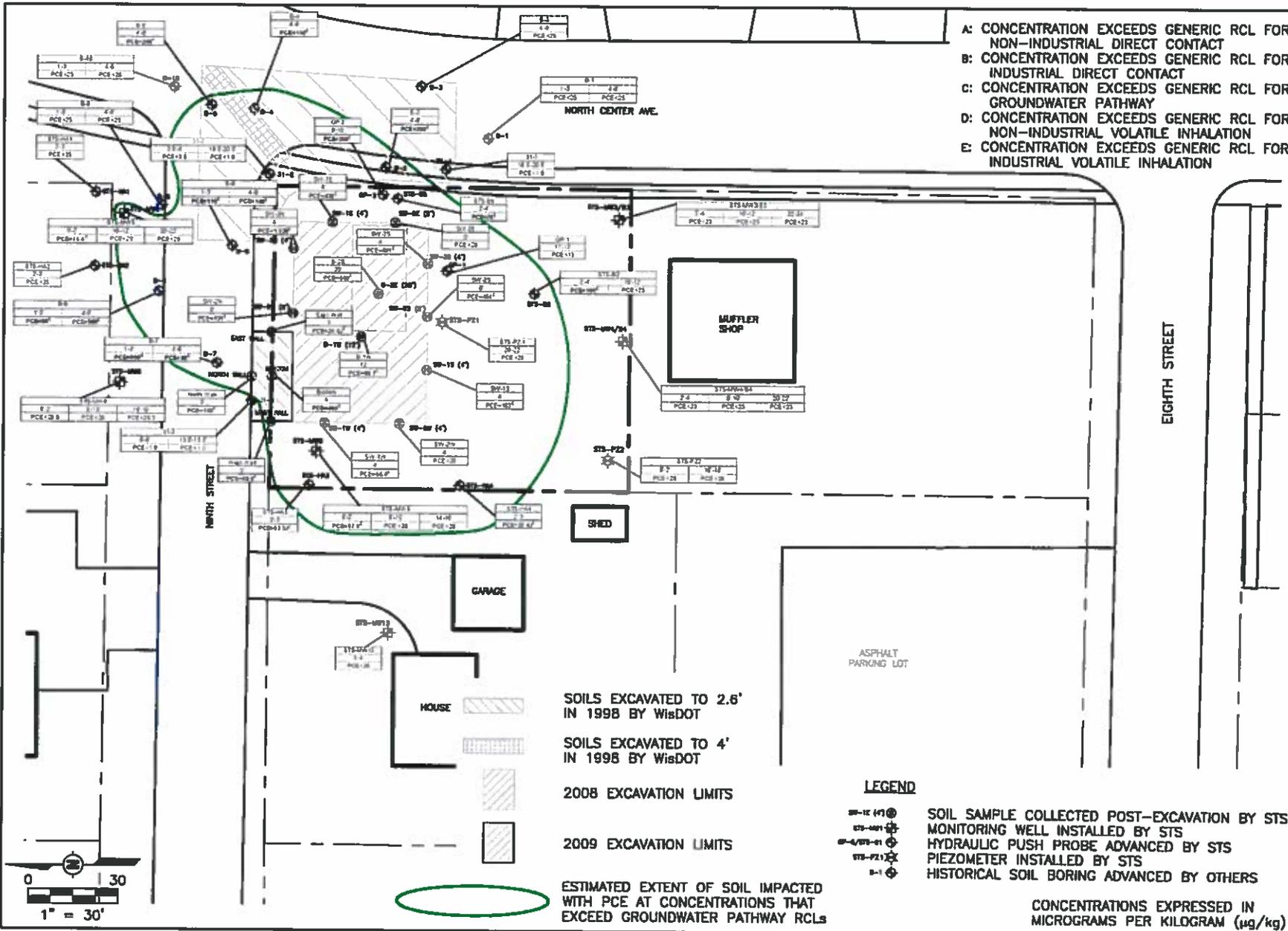
**AECOM**  
 200 Indiana Avenue  
 Stevens Point, WI 54481  
 715.341.8110  
 www.aecom.com  
 Copyright © 2011, by AECOM USA, I

**Asphalt Cap Maintenance Area**  
 FORMER MODERN DRY CLEANER  
 806 NORTH CENTER AVENUE  
 MERRILL, WISCONSIN

Drawn:	ALB 04/27/2K
Checked:	RSR 04/27/2K
Approved:	RSR 04/27/2K
PROJECT NUMBER	60139777
FIGURE NUMBER	D.2

Attachment: Former Dry Cleaners-806 N Center Ave (2440 : Update on WI DNR site closure - former dry

C:\Users\jgordon\Documents\Reports\60139777\_Rev.dwg 6/29/2011 4:06:27 PM 1025345.dwg STJ:ab



- A: CONCENTRATION EXCEEDS GENERIC RCL FOR NON-INDUSTRIAL DIRECT CONTACT
- B: CONCENTRATION EXCEEDS GENERIC RCL FOR INDUSTRIAL DIRECT CONTACT
- C: CONCENTRATION EXCEEDS GENERIC RCL FOR GROUNDWATER PATHWAY
- D: CONCENTRATION EXCEEDS GENERIC RCL FOR NON-INDUSTRIAL VOLATILE INHALATION
- E: CONCENTRATION EXCEEDS GENERIC RCL FOR INDUSTRIAL VOLATILE INHALATION



200 Indiana Avenue  
 Stevens Point, WI 54481  
 715.341.6110  
 www.aecom.com  
 © 2011 AECOM

**Residual Soil Contamination**  
**FORMER MODERN DRY CLEANER**  
**808 NORTH CENTER AVENUE**  
**MERRILL, WISCONSIN**

SOILS EXCAVATED TO 2.6'  
 IN 1998 BY WisDOT  
  
 SOILS EXCAVATED TO 4'  
 IN 1995 BY WisDOT  
  
 2008 EXCAVATION LIMITS  
  
 2009 EXCAVATION LIMITS

**LEGEND**

- STS-11 (A) SOIL SAMPLE COLLECTED POST-EXCAVATION BY STS
- STS-01 (B) MONITORING WELL INSTALLED BY STS
- STS-01 (C) HYDRAULIC PUSH PROBE ADVANCED BY STS
- STS-01 (D) PIEZOMETER INSTALLED BY STS
- B-1 (E) HISTORICAL SOIL BORING ADVANCED BY OTHERS

CONCENTRATIONS EXPRESSED IN  
 MICROGRAMS PER KILOGRAM (µg/kg)

Drawn:	ALB 11/01/2
Checked:	RSR 11/01/2
Approved:	RSR 11/01/2
PROJECT NUMBER:	60139777
SCALE:	B.2.b

Attachment: Former Dry Cleaners-806 N Center Ave (2440 : Update on WI DNR site closure - former dry

K:\Data\Forms\Figure 3 through 7.dwg 8/27/2018 11:31:03 AM, STODER, AECOM, \*\*\*



**LEGEND**

- MONITORING WELL
- ABANDONED MONITORING WELL
- PIEZOMETER
- ABANDONED PIEZOMETER
- 2.4 PCE CONCENTRATION (µG/L)
- ESTIMATED EXTENT OF PCE CONCENTRATIONS EXCEEDING ES



200 Indiana Avenue  
Sevens Point, WI 54481  
715.341.8110  
www.aecom.com  
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GROUNDWATER ISOCONCENTRATION  
FORMER MODERN DRY CLEANER  
806 NORTH CENTER AVENUE  
MERRILL, WISCONSIN

Drawn:	
Checked:	
Approved:	
PROJECT NUMBER	60331589
FIGURE NUMBER	B.3.b

Attachment: Former Dry Cleaners-806 N Center Ave (2440) : Update on WI DNR site closure - former dry

# City of Merrill - TID No. 9 & WEDC Idle Sites Grant

## Planned 2017 investments:

### Status - Timeframes

#### Property Purchase

Purchase of former Merrill Pavers property      Completed - early March

Environmental assessment/demolition of building on former Merrill Pavers property      Pending scheduling

#### River Bend Trail - East (S. Park St. to Cooper St.)

Subgrade work      Bid opening 5/11th @ 2 p.m.

Bituminous paving      Bidding later this summer

Any finishing amenities      Later this summer

#### S. Park St. Improvements (E. 2nd St. to WI River)

- including River Bend Trailhead parking lot      Bidding later this summer

Attachment: TID9-Idle Sites Plans - 2017 (2443 : Update on Idle Sites Grant activities for 2017)



City of Merrill  
Redevelopment Authority  
Kathy Unertl, RDA Secretary  
1004 East 1st Street • Merrill, Wisconsin • 54452  
Phone: 715.536.5594 • Fax: 715.539.2668  
e-mail: Kathy.Unertl@ci.merrill.wi.us

6

Date: April 26<sup>th</sup>, 2017

To: RDA Commissioners

From: Kathy Unertl, Finance Director/RDA Secretary *Kathy Unertl*

RE: Update on Nelson's Power House (Needs alternative development site)

After a year of engineering review/analysis, there are environmental challenges to the proposed site at the corner of S. State St./Kinzel St. (i.e. south of Merrill Manufacturing). An alternative site is needed.

As background for review, attached is the development overview from April 2016 for this proposed TSI State Property LLC development.

There will be additional discussion in Closed Session regarding potential alternative site(s) and TID development incentives.

## City of Merrill – TIF Development Incentive Overview

TID No. 8 (West Side)

From April 2016

- Property Owner: TSI State Property LLC
- Business Entity: Nelson's Power House
- Location: Corner of S. State St./Kinzel St.  
(Vacant land south of Merrill Manufacturing Co. which is being split into separate property tax parcel)
- Development: Two new commercial buildings – owner investment of about \$1,215,000 on vacant land site.
- Showroom & Service Center - about 7,500 sq. ft.
  - Supplementary Warehouse – about 7,200 sq. ft.
- Jobs: Maintaining existing jobs, along with several new positions.
- Infrastructure: N/A – None for City of Merrill.
- Developer will need to connect to City water, sanitary sewer, and have stormwater drainage for site. Existing City water main may also be relocated.

**TID Development Incentives:**

- Developer: Total of \$225,000 to be paid as follows:  
\$45,000 upon occupancy  
\$45,000 annually for four years

**TID Lifespan Tax Increment:**

New tax increment projected at over \$690,000 - please see TIF spreadsheet.

**TSI State Property, LLC**

Tenant -- Nelson's Power House (Within TID No. 8)

	<u>Total \$</u>
Showroom & Service Center 7,500 sq. ft. Building, Approximately 20' clear ceiling	\$710,000
Supplementary Warehouse 7,200 sq. ft. Building, Approximately 20' clear ceiling	\$305,000
Additional site development	\$100,000
Equipment and Fixtures	\$100,000
<b>Developer Investment (Plus Land)</b>	<b><u>\$1,215,000</u></b>

**Without Equipment and Fixtures @ 20% would be \$223,000**

**Employment - Nelson's Power House:**

Administrative &amp; Management - 2 FTE

Sales &amp; Customer Service - 3 FTE

Service Technicians - 3 FTE

E-Commerce Processing &amp; Fulfillment - 3 FTE

**City of Merrill - Projected Tax Increment for A Taylor Stategic Industries LLC**

**Corner of S. State St./Kinzel St.**

**Tenant - Nelson's Power House**

**Would be split from Merrill Manufacturing Co. parcel -**

**PIN: 251-3106-142-0005**

**Parcel: 34-0005-000-259-00-00**

<u>Real Estate</u>	<u>Existing Valuation</u>		<u>Estimated*</u>	<u>Projected Valuation</u>	
Land	\$15,000			Land	\$25,000
Improved	\$0			Improved	\$1,000,000
<b>Total</b>	<b>\$15,000</b>			<b>Total</b>	<b>\$1,025,000</b>

\*Part of existing 7.35 acre tax parcel

**Projected RE Tax Increment \$1,010,000**

**Personal Property - Projected:**

**Equipment and Fixtures (Averaged) Projected \$22,500**

**Projected Tax Increment (TID No. 8 - West Side)**

Const. Year	Value Year	Revenue Year	PP Value Increment 10% Dep.	Total Value Increment	Tax Rate	Real Estate Tax Increment	PP Tax Increment	Projected Total Tax Increment
2016	2017	2018	\$35,000	\$1,045,000	\$31.91	\$32,229	\$1,117	\$33,346
	2018	2019	\$31,500	\$1,041,500	\$31.91	\$32,229	\$1,005	\$33,234
	2019	2020	\$28,350	\$1,038,350	\$31.91	\$32,229	\$905	\$33,134
	2020	2021	\$25,515	\$1,035,515	\$31.91	\$32,229	\$814	\$33,043
	2021	2022	\$22,964	\$1,032,964	\$31.91	\$32,229	\$733	\$32,962
	2022	2023	\$20,667	\$1,030,667	\$31.91	\$32,229	\$659	\$32,889
	2023	2024	\$18,600	\$1,028,600	\$31.91	\$32,229	\$594	\$32,823
	2024	2025	\$16,740	\$1,026,740	\$31.91	\$32,229	\$534	\$32,763
	2025	2026	\$15,066	\$1,025,066	\$31.91	\$32,229	\$481	\$32,710
	2026	2027	\$12,500	\$1,022,500	\$31.91	\$32,229	\$399	\$32,628
	2027	2028	\$12,500	\$1,022,500	\$31.91	\$32,229	\$399	\$32,628
	2028	2029	\$12,500	\$1,022,500	\$31.91	\$32,229	\$399	\$32,628
	2029	2030	\$12,500	\$1,022,500	\$31.91	\$32,229	\$399	\$32,628
	2030	2031	\$12,500	\$1,022,500	\$31.91	\$32,229	\$399	\$32,628
	2031	2032	\$35,000	\$1,045,000	\$31.91	\$32,229	\$1,117	\$33,346
	2032	2033	\$31,500	\$1,041,500	\$31.91	\$32,229	\$1,005	\$33,234
	2033	2034	\$28,350	\$1,038,350	\$31.91	\$32,229	\$905	\$33,134
	2034	2035	\$25,515	\$1,035,515	\$31.91	\$32,229	\$814	\$33,043
	2035	2036	\$22,964	\$1,032,964	\$31.91	\$32,229	\$733	\$32,962
	2036	2037	\$20,667	\$1,030,667	\$31.91	\$32,229	\$659	\$32,889
	2037	2038	\$18,600	\$1,028,600	\$31.91	\$32,229	\$594	\$32,823
<b>Projected Tax Increment</b>						<b>\$676,811</b>	<b>\$14,663</b>	<b>\$691,474</b>
						<b>Real Estate</b>	<b>PP</b>	<b>Total</b>



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## New Annual TIF Reporting Requirements for 2017

By Todd Taves, Senior Municipal Advisor



2015 Wisconsin Act 257 requires that any political subdivision with a tax incremental district (TID) file an annual report with all overlapping taxing jurisdictions and the Wisconsin Department of Revenue (DOR). Additionally, a meeting of the Joint Review Board must be convened to review the annual report and to review the performance and status of each of the political subdivision's TIDs.

This Act was one of four pieces of legislation approved during the 2015-2016 legislative session that originated from the 2014 Legislative Council Study Committee on the Review of Tax Increment Financing.

### Required Report

Prior to Act 257, political subdivisions were required to provide an annual report to overlapping taxing jurisdiction's not later than May 1 annually. The law did not specify a format for the report and there were no penalties for non-compliance.

**Under Act 257, political subdivisions must now file their annual report electronically through the DOR's website not later than July 1 annually.** The first report, due July 3, 2017 (first business day following the statutory deadline) will be for the 2016 reporting year. The DOR expects the online form to be available in mid-February, and a separate report must be filed for each active TID.

Unlike the prior reporting requirement, the new report will contain mandatory field entries and consists largely of the information found on the Statement of Revenues, Expenditures and Changes in Fund Balance in a typical audited financial statement. Accordingly, political subdivisions may want to ask their auditors to complete this portion of their work earlier in the process, especially if the overall audit is not expected to be complete prior to the July 1 deadline. In addition to filing the online form, a copy of the submitted report must also be transmitted by the political subdivision to each overlapping taxing entity.

The reporting requirement applies to all types of political subdivisions and to all types of TIDs, to include environmental TIDs, industry-specific Town TIDs created under Wis. Stat. § 60.23 and Town TIDs created under Wis. Stat. § 60.85.



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## Estimated Reports and Filing Extensions

If a governmental unit is not prepared to file its annual report for 2016 by the July 3, 2017 deadline, an estimated report may be filed. Provided that the estimated report is filed by the deadline, an automatic 30-day filing extension to August 2, 2017 will be granted.

There is also an ability to file an amended report through November 1 if it becomes necessary to restate any information following filing of the annual report.

Political subdivisions which do not file their annual report on or prior to the July 3, 2017 deadline, or the August 2, 2017 deadline in cases where an estimated report was filed, will receive notice from DOR of the failure to file. If the annual report is not filed within 60 days following issuance of this notice, DOR is required to assess a \$100 penalty for each day the report is past due.

## Joint Review Board Meeting Requirement

Act 257 also requires that the Joint Review Board meet each year to review the annual report and the performance and status of each district governed by the Board. A single meeting can be held for purposes of reviewing all active TIDs within the political subdivision provided that all are overlapped by the same taxing jurisdictions.

While the Act requires that the meeting be held on July 1, or when the annual report becomes available, DOR has issued guidance indicating that there is no specific requirement as to how soon the Joint Review Board meeting must occur following availability of the annual report. As such, meetings should be scheduled based on the availability of Joint Review Board representatives noting that county and technical college district representatives will be asked to attend multiple meetings throughout their jurisdictions in the same general timeframe.

As the purpose of the meeting is to review the annual report, no action by the Joint Review Board is required other than to convene the meeting. To make the annual meeting a more useful exercise, Ehlers recommends preparation of updated forward looking cash flow projections for your TIDs and provision of other supplemental information that helps to more fully explain the current position of each TID.

## How Can Ehlers Help?

Ehlers has developed a scope of services for governmental units that may require or prefer to have assistance in complying with some or all of these requirements. Your Ehlers' Municipal Advisor will be contacting you soon to discuss these services so that you can determine what assistance you may need.