

City of Merrill  
Joint Meeting of Redevelopment Authority (RDA) and  
Committee of Whole (COW)

Tuesday, June 13<sup>th</sup>, 2017 at 6:00 p.m.  
City Hall Common Council Chambers

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

RDA Absent: Clyde Nelson and Karen Karow (Excused)

COW Present: Bill Bialecki, Ryan Schwartzman, Kandy Peterson, Pete Lokemoen,  
Paul Russell, John Burgener, Rob Norton, and Tim Meehean

COW Absent: Mary Ball (Excused)

Others: City Clerk Bill Heideman, City Attorney Tom Hayden,  
Finance Director Kathy Unertl, Public Works Director Rod Akey,  
City Building Inspector Darin Pagel, Street Superintendent Dustin  
Bonack, Ken Maule from Lincoln County Economic Development  
Corp. (LCEDC), Gene Bebel, Scott Kwiecinski from Horizon  
Development Group, and Jeremy Radliff from FotoNews/Courier

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

**Public Comment:** None.

**Notification of Weinbrenner Shoe Company intent to purchase factory property  
subject to lease agreement:**

City Attorney Hayden reported that the Weinbrenner Shoe Factory has provided written notice of intent to exercise their option to purchase the factory property pursuant to the 1993 lease agreement. Documentation has been provided as to Weinbrenner's maintenance improvements of over \$400,000. The 1993 lease established purchase price of \$234,300 less maintenance improvements, but not less than \$10.00.

Motion (Meehean/Burgener) to recommend sale of the factory property to Weinbrenner Shoe Company for \$10.00 per the 1993 lease provisions. Carried.

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**Consider request from Horizon Development Group, Inc. to extend authorization for TID No. 10 development agreement and sale of the City-owned property into 2018:**

Bialecki reported that Horizon was not awarded 2017 WHEDA tax credits for the proposed 60 unit housing development on the former Fox Point site. Scott Kwiecinski from Horizon Development Group advised that tax credits likely would have been awarded if the housing application had been submitted in the Rural Set Aside category. That tax credit category is limited to maximum of 40 housing units. For the proposed new WHEDA tax credit application, Kwiecinski proposed two phase project – Phase 1 of 40 units and future Phase II of 24 units. Russell distributed proposed site layout for Prairie View Townhomes.

Lokemoen commented that a new PUD (Planned Unit Development) zoning would be needed. Bialecki and City staff advised that consideration of new PUD zoning would be an offer to purchase contingency.

Kwiecinski advised that first deadline is grant application to Federal Home Loan Bank which is due June 16<sup>th</sup>. One key application criteria is having site control through a revised offer to purchase. As far as WHEDA tax credits, the application timeframe has been moved up to December 2017 and award notification should occur in February 2018. This would allow for construction to start by the end of 2018.

Bialecki requested Finance Director Unertl to highlight her fiscal memo and background information. Unertl noted that the base valuation for TID No. 10 at creation was \$333,200 (i.e. \$8,957 in property taxes) and that no tax increment into TID No. 10 will be generated until over this base valuation.

Two conceptual fiscal spreadsheets prepared by Unertl were included in the agenda packet – one version with just forty units which would have annual negative TID No. 10 cash flow and the second version with an additional twenty-four units which would generate positive annual TID No. 10 cash flow once constructed. Merrill Area Housing Authority (MAHA) Executive Director Paul Russell has committed to PILOT (Payment in lieu of property taxes) from MAHA to cover any annual deficits, as well as special assessment contributions for streetlight improvements.

Haight asked how soon the proposed Phase 2 addition units would be constructed. Russell committed on behalf of MAHA for market-rate housing construction by 2020 even if unsuccessful in obtaining WHEDA tax credits for these additional 24 units.

Unertl asked for update on the Horizon contingency to conduct a market study by March 3, 2017 related to potential demand for 60 units of housing. Unertl noted that there were more two and three bedroom units being proposed for the Phase 1 – forty unit development. Kwiecinski noted that the unit size configuration had been changed and that the market analysis is being updated. Russell reported on MAHA information on affordable housing needs of over two hundred units. The last new family housing was constructed in 1979.

### **Consider request from Horizon Development Group, Inc. (Continued):**

Meehean asked about WHEDA scoring compared between the different programs. Kwiecinski reported that the same scoring would be used for 2018 tax credit awards. Other developers would also be retooling their development projects, so there is no guarantee for successful 2018 WHEDA tax credits in the Rural Set Aside category.

Kwiecinski reported that the Fox Point site scores well on the WHEDA tax credit criteria although the walkability score was not high. WHEDA representatives have reviewed the Fox Point site and had positive comments. The Park Place WHEDA tax credit process took two applications.

Meehean commented that the City should consider issuing another Request for Proposal (RFP) to see if additional development interest. Lokemoen questioned what is in it for us and whether there is a demand for housing. Russell reported that MAHA has waiting list of over forty from Lincoln County for family housing and another forty whom currently live elsewhere.

Kusserow asked if there were other things that would improve the ranking. Kwiecinski from Horizon emphasized that additional City financial participation (such as through a loan) would provide additional scoring points. Haight noted that the other housing developer had requested \$250,000 of TIF development incentive in addition to the property at no cost.

### **Redevelopment Authority (RDA) Action:**

Motion (Schwartzman/Laufenberg) to recommend extension of TID No. 10 development agreement and sale of the City owned property to Horizon Development Group into 2018 contingent upon Payment in lieu of Taxes (PILOT) from Merrill Area Housing Authority (MAHA) for any annual TID No. 10 deficits and subject to Planned Unit Development (PUD) zoning approval. Carried. RDA Commissions also requested MAHA to provide timeframe for proposed Phase 2 – 24 unit development.

### **Committee of Whole Action:**

Mayor Bialecki reported that Alderperson Russell would be abstaining.

Motion (Schwartzman) to concur with the RDA recommendation. Since there was no second to the motion, no further consideration occurred.

**Adjournment:** Motion (Burgener/Meehean) to adjourn at 6:57 a.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl