



CITY OF MERRILL
REDEVELOPMENT AUTHORITY
AGENDA • WEDNESDAY MAY 1, 2019

Regular Meeting

City Hall Council Chambers

8:00 AM

- I. Call to Order
- II. Minutes of previous meeting(s):
 1. RDA minutes - April 3rd, 2019
- III. Public Comment
 1. Update on 1/1/2019 local assessments and impacts on Tax Incremental Districts (TIDs)
 2. Consider request from DJC, LLC for potential additional TID cash development incentive for expanded new development (900 and 902 E. 1st Street - TID No. 6)
 3. Update and discussion on availability of Lot 1 for new development - 2500 E. Main Street - (TID No. 3)
- IV. Next RDA meeting
- V. Adjournment

City of Merrill
Meeting of Redevelopment Authority (RDA)

Tuesday, April 3rd, 2019 at 8:00 a.m.
City Hall Common Council Chambers

RDA Present: Tim Meehean, Derek Woellner, Clyde Nelson, Jill Laufenberg,
Tony Kusserow, Sheila Polak, and Tim Haight

Others: City Clerk Bill Heideman, City Administrator Dave Johnson, City Attorney Tom Hayden, Finance Director Kathy Unertl participated via phone, Public Works Director Rod Akey, City Building Inspector/Zoning Administrator Darin Pagel, and Ken Maule and Bill Bialecki from Lincoln County Economic Development Corp. (LCEDC), Patrick Taylor from TSI State LLC, Laura Schulte (Wausau Daily Herald), Eric Dayton, and Danielle Faulkner

Call to Order: RDA Chairperson Meehean called the meeting to order at 8:00 a.m.

Consider approval of RDA meeting minutes from March 5th:

Motion (Nelson/Kusserow) to approve the meeting minutes from March 5th. Carried.

Public Comment: Laura Schulte (Wausau Daily Herald) read a statement emphasizing that public meetings should be open unless meet specific criteria. Eric Dayton asked why all the closed sessions?

Chair Meehean advised that closed session agenda items were reviewed by City legal counsel. In addition, the matters relate to negotiation of business agreements.

Bill Bialecki reported that he reviewed the agendas for City of Wausau Economic Development Committee which is comparable to the RDA. That City of Wausau also has closed sessions to review/negotiate economic development proposals.

Next RDA meeting: Wednesday, May 1st at 8:00 a.m. Rather than Tuesdays, RDA Commissioners will be trying Wednesdays for meetings.

Closed Session:

Chair Meehean read the following notice: 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:

- a. Consider approval of closed session RDA meeting minutes from March 5th

- b. Update/discussion on Nelson's Powerhouse development status – Lot 1 – 2500 E. Main St. (TID No. 3 – East Side area)
- c. Update/discussion on potential commercial business rehabilitation and expansion (TID No. 7 – N. Center Ave.)

Motion (Nelson/Laufenberg) to move into closed session. There was extensive discussion regarding appropriateness of closed session. RDA has been established to negotiate details of development agreements to facilitate economic development. Carried 7-0 on roll call vote at 8:15 a.m.

- **Motion (Nelson/Kusserow) to approve the Closed Session meeting minutes from March 5th.** Carried.
- There was extensive discussion of status of the proposed Nelson's Powerhouse development. There will be follow-up at future RDA meetings.
- Ken Maule from LCEDC advised that the potential acquisition and rehabilitation of commercial site on North Center Ave. had been delayed.

Adjournment: Motion (Kusserow/Nelson) to adjourn at 9:20 a.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl

REQUEST TO INCLUDE ITEM ON AGENDA

Board or Committee: Redevelopment Authority (RDA)

Date of Meeting: Wednesday – May 1st, 2019

Request by: Finance Director/RDA Secretary Kathy Unertl

Describe below the item(s) you wish to have put on the agenda:
(please attach any pertinent information):

Update on 1/1/2019 local assessments and impacts on Tax Increment Districts (TIDs)

The following spreadsheets highlight 1/1/2019 local assessments prior to the May 16th Board of Review. Manufacturing assessments are through the Wisconsin Department of Revenue and will not be available until later October.

Key points:

- City real estate assessments increased \$7.175 million with almost \$6.289 million in TIDs.
- Majority of TID tax increment growth was in TID No. 3 (i.e. Park City Credit Union and One Way Collision) and TID No. 12 (Rock Ridge Apartments – Phase II for partial assessment).
- There were further reductions in Personal Property. I will be reviewing TID No. 4 further to see what changed.
- Page 4 highlights the significant tax increment growth in TID No. 11 which is now over \$3 million dollars, as well as projected TID revenue (i.e. property tax from Rock Ridge apartments). There will be additional 1/1/2020 assessment increases reflecting completion of the three Phase II apartment buildings.
- Page 5 compares the 1/1/2015 and 1/1/2019 assessments for the former mobile home frontage on State Highway 64. Additional 1/1/2020 assessment increases will come from the now completed Park City building (i.e. closest to Thielman Street). Lots 1 and 2 are available for new development.

Date: 4/25/2019

City of Merrill - Locally Assessed Valuations

Source: City Assessor Kitt Koski (Bowmar Appraisal)

Real Estate Property - Locally Assessed Total

2018	RE Land	RE Imp	Total RE	Change
Residential	\$26,183,800	\$217,209,900	\$243,393,700	
Commercial	\$18,724,000	\$98,142,600	\$116,866,600	
Agricultural	\$38,900		\$38,900	
Undeveloped	\$52,900		\$52,900	
Ag Use Forest	\$3,900		\$3,900	
Prod Forest	\$15,300		\$15,300	
	\$45,018,800	\$315,352,500	\$360,371,300	\$4,987,200

Change	(\$329,600)	\$5,316,800	\$4,987,200	
		PP Total	\$14,920,770	(\$6,419,510)

Total Local \$375,292,070

Total Change (\$1,432,310)

2019	RE Land	RE Imp	Total RE	Change
Residential	\$26,210,700	\$218,148,700	\$244,359,400	
Commercial	\$19,052,300	\$104,025,800	\$123,078,100	
Agricultural	\$36,800	\$0	\$36,800	
Undeveloped	\$52,900	\$0	\$52,900	
Ag Use Forest	\$3,900	\$0	\$3,900	
Prod Forest	\$15,200	\$0	\$15,200	
	\$45,371,800	\$322,174,500	\$367,546,300	\$7,175,000

Change	\$353,000	\$6,822,000		
		PP Total	\$13,614,820	(\$1,305,950)

Total Local \$381,161,120

Total Change \$5,869,050

2018	RE Land	RE Imp	Total RE	Change
District				
TID No. 3	\$5,845,100	\$27,798,400	\$33,643,500	\$3,047,400
TID No. 4	\$2,629,100	\$7,235,600	\$9,864,700	\$800
TID No. 5	\$17,100	\$0	\$17,100	\$0
TID No. 6	\$1,979,300	\$10,000,300	\$11,979,600	\$31,900
TID No. 7	\$1,432,300	\$5,881,900	\$7,314,200	\$69,700
TID No. 8	\$1,789,900	\$8,560,000	\$10,349,900	\$100,100
TID No. 9	\$740,100	\$3,170,200	\$3,910,300	(\$63,300)
TID No. 10	\$0	\$0	\$0	\$0
TID No. 11	\$539,800	\$5,067,600	\$5,607,400	\$1,823,200
TID No. 12	\$79,700	\$276,700	\$356,400	\$356,400
	\$15,052,400	\$67,990,700	\$83,043,100	\$5,009,800

Change	(\$54,800)	\$5,421,000	\$5,366,200	
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2019	RE Land	RE Imp	Total RE	Change
District				
TID No. 3	\$5,928,900	\$32,916,700	\$38,845,600	\$5,202,100
TID No. 4	\$2,593,900	\$7,235,600	\$9,829,500	(\$35,200)
TID No. 5	\$17,100	\$0	\$17,100	\$0
TID No. 6	\$2,034,400	\$9,961,800	\$11,996,200	\$16,600
TID No. 7	\$1,462,200	\$5,915,400	\$7,377,600	\$63,400
TID No. 8	\$1,767,700	\$8,641,400	\$10,409,100	\$59,200
TID No. 9	\$740,100	\$3,170,200	\$3,910,300	\$0
TID No. 10	\$0	\$0	\$0	\$0
TID No. 11	\$657,800	\$5,932,600	\$6,590,400	\$983,000
TID No. 12	\$79,700	\$276,700	\$356,400	\$0
	\$15,281,800	\$74,050,400	\$89,332,200	\$6,289,100

Change	\$229,400	\$6,059,700	\$6,289,100	
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Please see following spreadsheet for Personal Property Assessments.

City of Merrill - Locally Assessed Valuations

Source: City Assessor Kitt Koski (Bowmar Appraisal)

Personal Property - Locally Assessed

	2017	Difference	2018	Difference	2019	Difference
TID No. 3	\$3,522,980	(\$545,730)	\$2,475,290	(\$1,047,690)	\$2,739,960	\$264,670
TID No. 4	\$7,391,490	\$962,510	\$5,658,540	(\$1,732,950)	\$4,793,790	(\$864,750)
TID No. 5	N/A		N/A		N/A	
TID No. 6	\$534,990	\$46,810	\$403,850	(\$131,140)	\$359,000	(\$44,850)
TID No. 7	\$513,000	\$203,350	\$158,120	(\$354,880)	\$145,830	(\$12,290)
TID No. 8	\$267,630	(\$2,670)	\$132,470	(\$135,160)	\$132,190	(\$280)
TID No. 9	\$910,610	\$29,480	\$158,290	(\$752,320)	\$197,630	\$39,340
TID No. 10	\$0	(\$5,000)	\$0	\$0	\$0	\$0
TID No. 11	\$651,700		\$100,860	(\$550,840)	\$87,890	(\$12,970)
TID No. 12	N/A		\$0	\$0	\$790	\$790
TID Total	\$13,792,400	\$688,750	\$9,087,420	(\$4,704,980)	\$8,457,080	(\$630,340)
Non-TID	\$7,547,880	\$415,210	\$5,833,350	(\$1,714,530)	\$5,157,740	(\$675,610)
Total PP	\$21,340,280	\$1,103,960	\$14,920,770	(\$6,419,510)	\$13,614,820	(\$1,305,950)

Attachment: Update on 1-1-2019 Local Assessments (4119 : Update on 1/1/2019 local assessments and

Revised: 4/21/2019

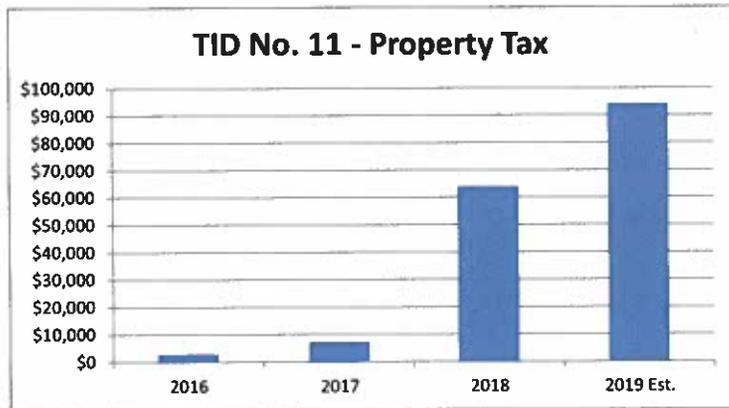
City of Merrill - TID No. 11 (Former Lokemoen Development field)

	Acres	Land	Improved	Total
251-3106-101-0203 Lokemoen Development sold to City of Merrill for \$200,000 (6/6/2016)	17.800	\$57,000	\$8,000	\$65,000
1/1/2016 Assessments				

Assessed Valuations - 1/1/2019

	Acres	Land	Improved	Total
251-3106-101-0210 Rock Ridge - Phase II	5.545	\$118,000	\$865,000	\$983,000
251-3106-101-0211 Rock Ridge - Phase I	6.874	\$125,400	\$1,973,700	\$2,099,100
251-3106-101-0212 City of Merrill - Future III	5.314	\$0	\$0	\$0
	17.733	\$243,400	\$2,838,700	\$3,082,100

	Land	Improved	Total
TID No. 11 Tax Increment	\$186,400	\$2,830,700	\$3,017,100



Property Tax Comparison

Lokemoen Development
 Rock Ridge - Footings
 Rock Ridge - Phase I
 Rock Ridge - Phase I & II
 (Partial assessment for II)

Property Tax Bill

2016 \$2,747
 2017 \$7,142
 2018 \$63,993
 2019 Est. \$94,004 Estimated

**City of Merrill - Property Acquisitions for Commercial Redevelopment
Tax Increment District No. 3 State Highway 64 frontage to Thielman Street**

The following properties were purchased by City of Merrill for \$686,668 (including demolition expense).

Former PIN	Location	Ownership	Assessed Valuation - 2015			
			Acres	Land	Improved	Total
251-3107-073-0128	East of O'Reilly Auto	Badger Portfolio LLC	3.989	\$280,000	\$0	\$280,000
251-3107-073-0048	Between Pearl/Gem Streets	Badger Portfolio LLC	2.479	\$152,000	\$0	\$152,000
251-3107-073-0047	2604 E. Main St.	Brandt, Troy (Tennessee)	0.207	\$10,200	\$40,000	\$50,200
251-3107-073-0046	2606 E. Main St.	Galella, Andre	0.126	\$9,400	\$0	\$9,400
			6.801	\$451,600	\$40,000	\$491,600

Total 2015 property taxes = \$13,243

Source: City Assessor Kitt Koski (Bowmar Appraisal)

The following were 1/1/2019 assessments for Lots 1 thru 3:

New PIN	Location	Ownership	Acres	Land	Improved	Total
251-3107-073-0131	Lot 1 - Vacant Site	TSI State Property LLC	2.19	\$83,800	\$0	\$83,800
251-3107-073-0132	Lot 2 - One Way Collision	One Way Park City LLC	1.80	\$95,700	\$650,700	\$746,400
251-3107-073-0133	Lot 3 - Pending sale/development	City of Merrill	2.70	\$0	\$0	\$0
			6.69	\$179,500	\$650,700	\$830,200

One Way Collision - Personal Property **\$20,730**

The following were 1/1/2019 assessments for Lots 1 thru 3:

Tax Increment Increase \$359,330

Attachment: Update on 1-1-2019 Local Assessments (4119 : Update on 1/1/2019 local assessments and

DJC LLC
6405 Von Kanel St
Schofield, WI 54476

April 13, 2019

City of Merrill
1004 East First Street
Merrill, WI 54452

RE: Development Agreement between the City of Merrill and DJC LLC dated December 11, 2018

I would like to thank you for the \$40,000 aggregate amount as stated in the Development Agreement under Article II Incentive Payments to Developer.

During the process of gathering my construction costs, I have realized that with purchasing the property and home next door along with demolition costs my expenses have increased.

As original stated under E. in the Development Agreement I was originally going to construct a 2,000 square foot building. Plans have changed and I plan on constructing a 3,000 square foot multi-tenant building now. At this point the preliminary tenant will be a new business in town.

With these changes and increased expenses, I would like to request an additional \$20,000 for a total of \$60,000 as a pay-as-you-go development incentive.

Thank you for your consideration.

David Cooper
American Family Insurance

Attachment: TID6n - DJC 900-902 E 1st St (4120 : Consider request from DJC, LLC - Development Incentive)

City of Merrill – TIF Development Incentive Overview

TID No. 6 (Downtown)

Property Owner:	Developer paid City \$5,000 for the delinquent tax foreclosure lot in 2017. Developer has now acquired the adjacent parcel and will be demolishing the existing house.
Business Entity:	DJC, LLC [for David J Cooper Agency, Inc.]
Location:	900 and 902 East 1 st Street
	The Developer has been responsible for mowing and snow removal since 2017.
Development:	New commercial building – about 3,000 sq. ft. which is an additional 1,000 sq. ft. from 2017 preliminary plan.
Jobs:	Maintaining existing jobs [American Family Insurance], as well as —— (pending info) new jobs from new business coming to Merrill.
Infrastructure:	N/A – None for City of Merrill. Developer will need to connect to City water, sanitary sewer, and have stormwater drainage for site.

TID Development Incentives:

The original 2017 TID development incentive was for total of \$40,000.

Finance Director: Potential option could be \$55,000 payment as follows:

-\$25,000 upon occupancy (An additional \$15,000 related to environmental-demolition

-\$10,000 in each of the following three years

TID Lifespan Tax Increment:

New tax increment projected at over \$100,000 - please see TIF spreadsheet.

Development Overview – David J. Cooper Agency Inc.

Attachment: TID6n - DJC 900-902 E 1st St (4120 : Consider request from DJC, LLC - Development Incentive)

City of Merrill - Projected Tax Increment for New Commercial Building
Expanded 2019 development site **DJC, LLC [for David J Cooper Agency Inc.]**
About 3,000 sq. ft. (instead of 2,000 sq. ft.) **Downtown - TID No.**

			900 & 902 E. 1st St.		
Real Estate	902 E. 1st St.		251-3106-123-0061		Project
	<u>Valuation</u>		251-3106-123-0060		<u>Valuation</u>
Land	\$4,100			Land	\$1
Improved	\$37,600			Improved	\$22
Total	\$41,700			Total	\$24

Note: The corner lot (900 E. 1st Street) was a delinquent tax foreclosure and previous building required demolition.

Projected RE Tax Increment \$20

Personal Property:

Relocated insurance business & new business \$ 0

Projected Tax Increment:

Const. Year	Value Year	Revenue Year	PP Value Increment 10% Dep.	Total Value Increment	Tax Rate	Real Estate Tax Increment	PP Tax Increment	Projected Tax Incre
2019	2020	2021	\$6,500	\$206,800	\$30.93	\$6,195	\$201	\$ 6
	2021	2022	\$5,850	\$206,150	\$30.93	\$6,195	\$181	\$ 6
	2022	2023	\$5,265	\$205,565	\$30.93	\$6,195	\$163	\$ 8
	2023	2024	\$4,739	\$205,039	\$30.93	\$6,195	\$147	\$ 2
	2024	2025	\$4,265	\$204,565	\$30.93	\$6,195	\$132	\$ 7
	2025	2026	\$3,838	\$204,138	\$30.93	\$6,195	\$119	\$ 4
	2026	2027	\$3,454	\$203,754	\$30.93	\$6,195	\$107	\$ 2
	2027	2028	\$3,109	\$203,409	\$30.93	\$6,195	\$96	\$ 1
	2028	2029	\$4,798	\$205,098	\$30.93	\$6,195	\$148	\$ 4
	2029	2030	\$4,318	\$204,618	\$30.93	\$6,195	\$134	\$ 9
	2030	2031	\$3,886	\$204,186	\$30.93	\$6,195	\$120	\$ 5
	2031	2032	\$3,498	\$203,798	\$30.93	\$6,195	\$108	\$ 3
	2032	2033	\$3,148	\$203,448	\$30.93	\$6,195	\$97	\$ 3
	2033	2034	\$2,833	\$203,133	\$30.93	\$6,195	\$88	\$ 3
	2034	2035	\$2,550	\$202,850	\$30.93	\$6,195	\$79	\$ 4
	2035	2036	\$2,295	\$202,595	\$30.93	\$6,195	\$71	\$ 6
Projected Tax Increment						\$99,124	\$1,990	\$10
						Real Estate	PP	Total

Attachment: TID6n - DJC 900-902 E 1st St (4120 : Consider request from DJC, LLC - Development Incentive)