

City of Merrill
Meeting of Redevelopment Authority (RDA)

Wednesday, September 4th, 2019 at 8:00 a.m.
City Hall Common Council Chambers

RDA Present: Sheila Polak, Ken Maule, Clyde Nelson, Tony Kusserow, Steve Sabatke, Dan Koblitz, and Derek Woellner (whom arrived at 8:27 a.m.)

Others: Alderperson Rick Blake, City Clerk Bill Heideman, City Administrator Dave Johnson, City Attorney Tom Hayden, Finance Director Kathy Unertl, Public Works Director/City Engineer Rod Akey, Bill Bialecki from Lincoln County Economic Development Corp., Fire Chief Josh Klug, Qemal Alimi from Merrill Pine Ridge LLC, Attorney Jim Wedemeyer, and Ryan Schwartzman

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

Consider approval of RDA meeting minutes from August 21st:

Motion (Maule/Polak) to approve the meeting minutes from August 21st. Carried.

Public Comment: None.

Update on FreMarq Innovations TID Development Incentive (1101 N. Mill St) in TID No. 7):

The \$100,000 TID No. 7 Development Incentive Loan was paid on August 20th, 2019 after certification from the firm that there are now 51 employees working in Merrill.

The TID development loan becomes a grant if that employment level continues for two years. Unertl reported that RDA Commissioners had previously requested quarterly updates on employment levels.

Continued review and discussion of TID developments overview, background information and development agreement formats:

Every development agreement is going to be different. If City-owned land involved, there would be property title reversion provision if new development not started timely. Unertl reported that the Minimum Assessed Valuation and property tax guarantees would impact upon potential borrowing moving from tax-exempt to taxable status at higher interest rates. If City-funded infrastructure were planned, these types of developer guarantees should be avoided. If development is not timely, some type of fiscal penalty (such as reduced TID development incentive amount) would be preferable approach. City Attorney Hayden will continue research.

This agenda item will be included on the next RDA meeting when Woellner available for input.

Consider revised draft development agreement by and between the City of Merrill and Ryan Ott Development & Construction LLC for single-family residential development on former Kienitz property (between W. 10th St. and W. St. Paul St. in TID No. 11):

Unertl and Hayden highlighted the red-lined changes made to the draft development agreement. Unertl also highlighted overall housing development fiscal projections using three new homes annually over four years. The overall project would generate adequate TID tax increment to cover development incentives, proposed infrastructure improvements, and future debt service expenses.

Key development agreement provisions include timing to trigger the agreement if City of Merrill successfully transferred title to three new Certified Survey Map (CSM) lots by October 1st, 2019. This timing is critical to allow for Developer investment in basement construction before winter begins. There would be \$777 reduction per new house in the TID No. 11 cash development incentive if these timeframes were not met. Koblitz asked about the \$777 amount. Unertl reported that \$777 was the estimated property tax that would be generated from a basement foundation assessed valuation of \$25,000.

Sabatke discussed his potential modifications to the spec home project that would shift the TID development incentive to home purchaser instead of the developer. Any new utility and Superior Street infrastructure extension (projected at \$245,000 expense) would be delayed until construction of five new homes on W. St. Paul St. Sabatke suggested that the City priority should be downtown housing instead of at the outskirts of the community.

Nelson emphasized that the revised development agreement reflected the Redevelopment Authority's negotiations with Ryan Ott and that both the Developer and financial lender would be reluctant to proceed with spec houses under Sabatke's suggested modifications. Unertl reemphasized that Phase 1 only covers construction of three new spec homes on W. St. Paul St. and provides right-of-first refusal to Ott on future phased lot sales by the City of Merrill.

Although the Certified Survey Map (CSM) should be completed by REI and approved by Building Inspector/Zoning Administrator Darin Pagel by the end of September, only three lots can be conveyed through the CSM process. A formal Plat process requires additional reviews, a Plan Commission public hearing, and then Common Council action. The Plat approval process likely will not be completed until early 2020.

Unertl reported that the development agreement only includes planning for potential 2020 City utility and street infrastructure improvements. There would need to be inclusion of funding in the 2020 TID No. 11 budget; engineering specifications developed; and bidding and contract award process before any utility or street infrastructure improvements occur.

As to overall TID No. 11 fiscal status, Unertl added that there is adequate tax increment to cover Phase 1 and future infrastructure expenses. A larger TID No. 11 Revenue Bond borrowing amount is planned for 2020 to include refinancing the 2016 Note Anticipation Note (NAN) for Rock Ridge Apartments, the TID No. 11 development incentives for Phase 2 of Rock Ridge Apartments; and the proposed W. St. Paul St. and Superior St. improvements. It is more cost effective to borrow larger amounts and TID Revenue Bonds (instead of General Obligation borrowing) is the preferred method of financing.

Consensus of RDA Commissioners that the red-line development agreement changes are consistent with RDA decision-making and discussions/negotiations with Ryan Ott. Unertl reported that there was formal RDA motion recommending the development resolution at the August 21st meeting.

Review and discuss information on City of Marshfield housing incentive program:

Detailed review and discussion deferred to the next RDA meeting. Polak requested historical information be obtained on how many new residential units were being built annually in Marshfield before their new housing incentive program.

Next RDA meetings: Unertl suggested that an additional RDA meeting would be needed to review 2020 budgets and consider potential redevelopment projects. Next meetings scheduled for: Wednesday, September 18th at 8:00 a.m. and Wednesday, October 2nd at 8:00 a.m.

Closed Session:

Chair Nelson 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 August 21st
- b. Negotiation of potential development incentives (including proposed sale of City-owned property) for market-rate housing development on former Fox Point site (1905 E. 14th St. in TID No. 10)
- c. Consider potential City purchase of property and development agreement terms to facilitate new restaurant development if the Developer is successful in obtaining accepted offer to purchase land (TID No. 3)

Motion (Maule/Kusserow) to move into closed session. Carried 7-0 on roll call vote at 8:42 a.m.

- **Motion (Woellner/Kusserow) to approve the Closed Session meeting minutes from August 21st.** Carried.
- RDA Commissioners continued review of the offer to purchase from Impact Seven for former Fox Point site in TID No. 10. Unertl emphasized that any development at this site needs to be fully taxable. Johnson reported that Impact Seven would be providing additional information as to potential timeframes for proposed development.

Polak asked about traffic impacts for this proposed multi-family housing. Public Works Director/City Engineer Akey did not anticipate any major traffic-related impacts with two access points (onto Lincoln County Hwy G and onto Sales St.). Bialecki noted that there was likely more traffic at shift changes when Fox Point Sportswear was in operation.

- Bialecki from LCEDC and Attorney Wedemeyer (representing Merrill Pine Ridge LLC) highlighted status of property purchase negotiation with Wal-Mart. RDA Commissioners reviewed draft resolution and development agreement information. Projected construction cost of over \$800,000 with planned twenty-five (25) new employees. The existing Pine Ridge Restaurant on N. Center Ave. would be backfilled with another food/bar operation.

Motion (Kusserow/Koblitz) to reconvene in Open Session. Carried 9:02 a.m.

Acquisition of land and development agreement by and between City of Merrill and Merrill Pine Ridge LLC for new restaurant development:

The development site east of Park City Credit Union would be acquired by the City of Merrill from Wal-Mart for \$300,000 with sale to Merrill Pine Ridge LLC for \$150,000. If the new restaurant construction is not underway by June 30th, 2020, title to the property would revert to the City of Merrill with no reimbursement to Merrill Pine Ridge LLC for any expenditures (including purchase price).

The development site is on a private street (owned and maintained by Wal-Mart) and utility service for the new restaurant would be off the Wal-Mart-owned water main, sanitary sewer main, and stormwater drainage systems.

After property purchase, Merrill Pine Ridge LLC would like to clear the brush and trees from the site before the end of 2019 to facilitate spring 2020 construction. As shown on the preliminary site plan, Attorney Jim Wedemeyer reported that the natural gas line restricts where the restaurant building could physically be located with just parking lot over the natural gas main.

Motion (Maule/Woellner) to recommend the resolution authorizing the development agreement by and between the City of Merrill, Wisconsin and Merrill Pine Ridge LLC. Carried. RDA Commissioners requested opportunity to review building elevations and renderings once architectural design and State Approved Building Plans finalized.

Adjournment: Motion (Woellner/Kusserow) to adjourn at 9:10 a.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl

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