

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

Wednesday, September 23rd, 2020 at 6:00 p.m.
City Hall Common Council Chambers

RDA Present: Clyde Nelson, Mayor Derek Woellner, Tony Kusserow, Sheila Polak, Alderperson Steve Sabatke, Lori Anderson-Malm, and Val Mindak

Additional Committee of Whole Present: Alderpersons Steve Hass, Rick Blake, Steve Osness, John Van Lieshout, Mike Rick, Mark Weix, and Paul Russell (via phone)

Others: City Clerk Bill Heideman, City Administrator Dave Johnson, City Attorney Tom Hayden, Finance Director Kathy Unertl, Bill Bialecki from Lincoln County Economic Development Corp. (LCEDC), Jim Jaworski from JJ Premier Investments and Travis Carlson from CMO Building Services, Brian Reilly from Ehlers & Associates, and Merrill Productions camera operator

Call to Order: Mayor Woellner called the joint meeting to order at 6:00 p.m.

Public Comment: None

RDA Chair Nelson facilitated the rest of the joint meeting.

Consider potential housing development concept for Lot 3 CSM 2554 of former Lokemoen Development parcel (Tax Increment District No. 11):

Bialecki and Johnson reported that JJ Premier Investments and CMO Building Service representatives remain interested in constructing single-family homes in Merrill. Per the September 2nd RDA direction, another potential City-owned development site was reviewed. Several potential concept layouts were prepared for the 5.3 acre Lot 3 of former Lokemoen Development parcel. The land option for Rock Ridge Apartments (potential Phase III) has expired. There has been no response from the developers when City representatives have called in recent months.

Johnson distributed Concept #2 map which would split the property and with a new City of Merrill street running between Rock Ridge Court and Edgewater Drive. There is potential for 15 lots. First priority is the three lots fronting on Edgewater Drive. Bialecki and Jim Jaworski expressed interest in construction of two to three single-family homes starting in Fall 2020.

Osness asked about costs of construction materials. Jaworski responded that CMO Building Services and JJ Premier Investments believe that prices will stabilize and their firms are looking for work over the winter months. Sabatke asked for clarification on potential Tax Increment District (TID) incentives. Johnson and Bialecki reported that requesting the same terms as the Denyon Homes/Ryan Ott Construction single-family home development (i.e. land for \$1 per lot and \$10,000 TID cash development incentive upon completion of each new home).

Sabatke asked about zoning. Since the former Planned Unit Development (PUD) concept from Rock Ridge Apartments isn't being constructed, Hayden and Johnson reported that City zoning reverted back to the original R-1 zoning (which allows for single-family home development). What is needed is a Certified Survey Map (CSM) to split off three lots on Edgewater Drive and then a future Plat. Sabatke requested cost information for the survey work.

Consider potential housing development concept for Lot 3 CSM 2554 of former Lokemoen Development parcel (Tax Increment District No. 11) - Continued:

Woellner expressed concerns about where the potential River Bend Trail crosses Lot 3. Johnson will follow-up and provide an update at future meetings regarding the proposed single-family home development project.

Motion (Woellner/Kusserow) to proceed with the development concept, contingent upon resolving potential location of River Bend trail easement and following the Denyon Homes/Ott Construction TID development incentive terms. Motion carried.

Unertl advised that a formal resolution and draft development agreement would be provided for consideration at the Wednesday, October 7th RDA meeting and then at the Tuesday, October 13th Common Council meeting.

Review and discussion of Tax Increment Districts (TIDs) status and future plans:

Unertl emphasized that fifteen years ago, Tax Increment District (TID) No. 3 had just been created and had zero tax increment and zero TID funds. The objectives of this joint RDA/COW meeting is to provide everyone with detail on fiscal status and planning future fiscal directions.

Unertl highlighted the significant equalized valuation growth within the City of Merrill and within Tax Increment Districts (TIDs). Total TID equalized valuation is \$53,707,200 as of 1/1/2020. Reilly noted that City of Merrill TID equalized valuation is at 11.57% of the tax base. The State of Wisconsin TID limit restricting when new TIDs can be created is 12.0%.

The City has now had four straight years of Net New Construction of 1.0% or higher. The TID 2019 Annual Reports were provided, including a pie chart showing Revenues (such as Tax Increment, new borrowing, State Aids, and other). TID expenses in 2019 included investments of almost \$2.5 million in utility and street infrastructure.

Unertl's background information also included fund balance comparison between 2018 and 2019 year-end from the CLA 2019 audit management communications report. Due to the timing of construction completion, there will be about \$325,000 in reimbursements credited to the 2020 fiscal year related to 2019 infrastructure improvements.

Tax Increment District (TID) No. 3 has a TID Share Plan with TID No. 6 (Downtown), No. 7 (North Center Avenue Area), and TID No. 8 (West Side Area). During 2016 through 2018, \$858,069 was transferred from TID No. 3 to "blighted area" TIDs. No transfer occurred in 2019,

Brian Reilly from Ehlers & Associates presented detailed information on the fiscal status of each of the Merrill TIDs. TID No. 3 can no longer make new expenditures as of 9/13/2020. The future TID No. 3 tax increment will be used for debt service and TID cash development incentives, per existing development agreements, over the next six years (i.e. 2021 through 2026 revenue years). It is possible for the City of Merrill to keep the TID open for one additional year for housing improvements throughout the community. Reilly noted that 75% of the TID increment amount needs to be dedicated for "affordable housing"

Review and discussion of Tax Increment Districts (TIDs) status and future plans (Continued):

Due to Wisconsin Statutes changes, TID No. 6 would have an additional revenue year than shown on Reilly's presentation materials. There are several TIDs that could donate tax increment to "blighted area" TIDs that have existing General Fund Advances. Minimizing additional General Fund Advances is one of the fiscal concerns of bond rating firms (such as Standard & Poor's).

Due to annual cash flow to support debt service, additional transfers from TID No. 3 to TID No. 8 (West Side Area) were recommended. With a new TID Share Plan, TID No. 4 could transfer positive tax increment balances to TID No. 9 (Wisconsin River frontage and South Center Avenue). Depending upon future developments, it is also possible to extend the life of a TID another three years. This might be a potential option for TID No. 9.

Unertl will bring TID Share recommendations and 2021 proposed TID budgets to the Wednesday, October 7th RDA meeting for consideration. Reilly recommended formal Common Council action on TID Sharing to address Standard & Poor's bond rating comments.

Adjournment: (Osness/Rick) to adjourn at 7:50 p.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl