

CITY OF MERRILL
Redevelopment Authority (RDA)

Tuesday, February 2nd, 2016 at 8:00 a.m.
Location – City Hall Common Council Chambers
1004 East 1st Street

AGENDA

Voting RDA Members: Bill Bialecki, Ryan Schwartzman, Amanda Kostman, Wally Smith,
Karen Karow, Jill Laufenberg, and Tony Kusserow

1. Call to order
2. Public Comment
3. Consider approval of meeting minutes from:
 - a. January 5th, 2016 Open Session;
 - b. January 5th, 2016 Closed Session on 120 S. Mill St. redevelopment proposal; and
 - c. January 20th, 2016 joint RDA/City Plan Commission/Committee of Whole meeting
4. Update on proposed new apartment development at 1501 Highway 107
(Tax Increment District No. 5)
5. Consider motion recommending purchase of Lot 4 of Certified Survey Map No. 2467 for
\$200,000 to facilitate the 1501 Highway 107 apartment development
6. Consider a resolution authorizing a development agreement by and between the City of
Merrill, Wisconsin and Nicolet/Premier's LLC (Phase 1 Apartments)
7. Follow-up discussion on MSP Real Estate proposal for 120 S. Mill St. redevelopment
(former Lincoln House site) in Tax Increment District No. 6
8. Next RDA meeting
9. 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. Potential property acquisition to facilitate redevelopment opportunities in
Redevelopment Area No. 3 (Tax Increment District No. 10)
10. Adjournment

Agenda prepared by RDA Secretary Kathy Unertl
Reviewed by RDA President Bill Bialecki

Note: A potential quorum of the Common Council could attend the meeting for information. There will be no Common Council action taken.

The Merrill City Hall is accessible to the physically disadvantaged. If special accommodations are needed, please contact the Merrill City Hall at 536-5594.

Date and time agenda was posted: _____

Posted by: _____

City of Merrill
Redevelopment Authority (RDA)

3a

Tuesday, January 5th, 2016 at 8:00 A.M.
City Hall Common Council Chambers

RDA Present: Bill Bialecki, Wally Smith, Amanda Kostman, Tony Kusserow,
Ryan Schwartzman, Karen Karow, and Jill Laufenberg

RDA Absent: None

Others: Alderpersons Dave Sukow and Kandy Peterson, City Administrator Dave Johnson, Finance Director Kathy Unertl, City Attorney Tom Hayden, City Building Inspector Darin Pagel, Ken Maule from Lincoln County Economic Development Corp., Mary Rajek from Redevelopment Resources, Ryan Peacock and Mark Raymer, Mark Hammond from MSP Real Estate, Inc., and Linda Berlin from Trophy Bar

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

Public Comment: None.

Consider approval of meeting minutes from December 3rd, 2015:

Motion (Schwartzman/Smith) to approve the meeting minutes. Carried.

Consider award of \$231,000 demolition contract to C&D Excavating, LLC for former Page Milk structure located at 2200 Sturdevant St. (TID No. 9):

Johnson reported that sixteen potential contractors attended the mandatory walk through on December 2nd. Six firms submitted bids including environmental work and demolition/disposal. The bids ranged from low of \$231,000 to high of \$400,000.

Laufenberg asked about comparable demolition projects? Johnson advised that C&D Excavating has successfully handled demolition of Lincoln House, Anson-Gilkey buildings, and other commercial and residential structures.

Motion (Schwartzman/Karow) to award the demolition contract to C&D Excavating, LLC. Carried.

Consider a resolution authorizing development agreement by and between the City of Merrill and Mark Raymer for 1504 W. Main St. rehabilitation – TID No. 8:

RDA Commissioners reviewed the architectural renderings that were prepared by Stacy Ness from Kye Studios. Ryan Peacock advised that potential commercial tenants include laundromat, liquor store, and professional service offices. There will also be two apartments.

Laufenberg noted that several new jobs would result from the redevelopment in addition to the tax increment generated. Unertl reported that the proposed \$30,000 TIF cash development incentive would be covered by the proposed tax increment. Unertl and Schwartzman advised that the Community Development Committee would be considering the requested \$50,000 Façade Loan. Public sector financial component is about 25% of the acquisition and redevelopment project.

Motion (Schwartzman/Kostman) to recommend the resolution and development agreement to the Merrill Common Council. Motion carried.

Update on accepted \$200,000 offer to purchase 17 acres and request for proposals for new development at 1501 Highway 107 (TID No. 5):

In follow-up to December 2015 RDA closed session discussion, Johnson advised that there is an accepted offer to purchase the 17 acre Lokemoen Construction property for \$200,000. The City's offer to purchase is contingent upon development proposals.

RFP development responses are due Thursday, January 21st. Johnson reported that one proposal has already been received.

City staff anticipates being able to review the RFP responses and potentially having a proposed development agreement for consideration at the February RDA meeting.

Next RDA meetings: Next regular RDA meeting is scheduled for Tuesday, February 2nd at 8:00 a.m.

Due to the redevelopment proposal for the Lincoln House site and deadline for WHEDA tax credit applications, a joint Common Council, RDA, and Plan Commission meeting is tentatively planned for Wednesday, January 20th at 6:00 p.m.

Bialecki 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. Continued discussion on potential new commercial development in TID No. 3 (East Side) and potential TIF development incentives
- b. Update on and consideration of potential request for proposal responses for redevelopment at 120 S. Mill St. (former Lincoln House site) in TID No. 6
- c. Discussion of potential property acquisition northwest Merrill to facilitate new residential development (Proposed site would be included in future expanded TID No. 8 boundary amendment)

Motion (Schwartzman/Kostman) to move to closed session. Motion carried 7-0 on roll call vote at 8:25 a.m.

There was discussion on above issues and options.

Motion (Schwartzman/Smith) to reconvene in open session. Carried at 9:32 a.m. There was no action on closed session items.

Unertl informed Linda Berlin that there would be joint meeting between RDA, Common Council, and Plan Commission tentatively at 6:00 p.m. on Wednesday, January 20th in follow-up to the redevelopment proposal for the Lincoln House site.

Adjournment: Motion (Schwartzman/Kostman) to adjourn at 9:35 a.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl

City of Merrill
Redevelopment Authority (RDA)

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Tuesday, January 5th, 2016 at 8:00 A.M.
City Hall Common Council Chambers

RDA Present: Bill Bialecki, Wally Smith, Amanda Kostman, Tony Kusserow,
Ryan Schwartzman, Karen Karow, and Jill Laufenberg

Others: Alderpersons Dave Sukow and Kandy Peterson, City Administrator Dave Johnson, Finance Director Kathy Unertl, City Attorney Tom Hayden, City Building Inspector Darin Pagel, Ken Maule from Lincoln County Economic Development Corp., Mary Rajek from Redevelopment Resources, and Mark Hammond from MSP Real Estate, Inc.

Closed Session Minutes – 120 S. Mill St. Site:

RDA Commissioners were provided an update on and discussed the MSP Real Estate, Inc. redevelopment proposal (which was handed out at the meeting) for the former Lincoln House site. Key points that were noted:

- Proposed development is solely on the former Lincoln House site. The development assumes that the existing Trophy Bar is unaffected.
- Total of 40 residential units, of which 6 would be market rent and 34 at reduced rent due to participation in WHEDA low-to-moderate income tax credit program.
- Proposed new four-story building includes 30 underground parking stalls and several surface parking spots. Option to lease about 20 additional parking spots in the City parking lot west of the development site is being requested.
- There is proposed club/community room.
- A small potential retail space is proposed (i.e. about 375'). Hammond advised that due to likely rental cost, only minimal retail space appears feasible.
- There is outdoor space/patio on Northwest corner of the property.
- Proposed financing for the almost \$6 million development includes:
 - First Mortgage \$ 856,000
 - TIF Grant \$1,085,000
 - Land Pledge \$ 1 [Sale of former Lincoln House site]
 - Tax Credits \$3,999,734 [WHEDA low-to-moderate tax credits]
- Deadline for the WHEDA tax credit application is end of January.

- Items needed to support the WHEDA tax credit application include:
 - Option by MSP Real Estate to purchase the site for \$1.00.
 - Preliminary City of Merrill TIF financial commitment.
 - Letters from area employers in support of workforce housing. [Mary Rajek from Redevelopment Resources following-up.]
 - Former action on Plan Unit Development (PUD) to allow conceptual zero lot line new development for residential overlay. Note: Public hearing held at the City Plan Commission on Tuesday, January 5th, 2016.
 - Letters of support from City of Merrill and community representatives.

Finance Director Unertl clarified that the requested TIF cash development incentive is proposed as up-front payment vs. pay-as-you-go TIF. Unertl advised that she will need to further review with the City's independent financial consultant firm, Ehlers & Associates.

Due to the scope of the proposal and WHEDA tax credit application deadlines, consensus that joint meeting be requested between RDA, City Plan Commission, and Committee of Whole members. Tentatively scheduled for 6:00 p.m. on Wednesday, January 20th, 2016.

Motion (Schwartzman/Smith) to reconvene in open session. Carried at 9:32 a.m. There was no action on closed session items.

Unertl informed Linda Berlin that there would be joint meeting between RDA, Common Council, and Plan Commission tentatively at 6:00 p.m. on Wednesday, January 20th in follow-up to the redevelopment proposal for the Lincoln House site.

Adjournment: Motion (Schwartzman/Kostman) to adjourn at 9:35 a.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl

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**City of Merrill
Redevelopment Authority/City Planning Commission/
Committee of Whole (joint meeting)
Wednesday, January 20th, 2016 at 6:00 P.M.
City Hall Common Council Chambers
1004 East First Street**

Redevelopment Authority members present: Bill Bialecki, Ryan Schwartzman, Wally Smith, Jill Laufenberg, Amanda Kostman, and Tony Kusserow (Karen Karow excused)

City Plan Commission voting members present: Mayor Bill Bialecki, Alderperson Peter Lokemoen, Melissa Schroeder, Ken Maule, Mike Willman, Ralph Sturm, and Robert Reimann

Committee of the Whole members present (9 of 9): Mayor Bill Bialecki, Alderperson Chris Malm (First District), Alderperson Peter Lokemoen (District 2), Alderperson Ryan Schwartzman (Third District), Alderperson Kandy Peterson (Fourth District), Alderperson John Burgener (Fifth District), Alderperson Dave Sukow (Sixth District), Alderperson Rob Norton (Seventh District), and Alderperson Tim Meehean (Eighth District)

Other attendees: City Administrator Dave Johnson, City Attorney Tom Hayden, Finance Director Kathy Unertl, City Public Works Director Rod Akey, City Building Inspector Darin Pagel, City Clerk Bill Heideman, Mary Rajek from Redevelopment Resources, Art Lersch from UW Extension, and about thirty interested individuals

Call to order

Mayor Bialecki called the meeting to order at 6:00 P.M. Bialecki advised that there would be short presentation from MSP Real Estate, Inc. before public comment.

Overview of 120 S. Mill St. development proposal:

Mark Hammond from MSP Real Estate reported that his firm has about 2,000 senior and multi-family apartments throughout Wisconsin and Minnesota. MSP has been in business for about twenty years.

In response to request from City of Merrill representatives and market analysis of housing needs, MSP prepared the forty-unit apartment proposal for the former Lincoln House site. There would be six market-rate apartments and thirty-four low-to-moderate income units. WHEDA tax credits would be the major financing tool for the project. A revise building rendering was displayed and copy provided to meeting participants.

Public Comment: Mayor Bialecki opened up public comment at 6:12 p.m.

Andrea Krueger asked if the rents were subsidized. She also noted that the tax equity investor recently moved to 9% return.

RDA Commissioner Kostman provided rent information of existing units in Merrill based upon market analysis prepared for the Merrill Housing Authority. The proposed MSP rents are based upon income levels of tenants. Acceptance of WHEDA tax credits involves a thirty-year commitment for affordable rents. For example, an individual making up to \$26,700 would be eligible to live in 60% rental apartment.

Michael Caylor, Jr. asked what the rush was. Caylor expressed concern with the proposed City borrowing. The loss of 20 to 30 parking spots would hurt downtown business owners. Caylor also cited MSP litigation against City of New Berlin, WI.

Unertl clarified that use of WHEDA tax credits trigger income-based assessment approach. The proposed development would be taxable; however, at lower valuation due to the lower rental income.

Art Lersch from U.W. Extension highlighted the City's Strategic Plan to grow tax base, create jobs, and attract new residents. Lersch emphasized that economic development ties into housing. About 65% of the City's equalized tax base is residential property.

Mary Rajek highlighted Redevelopment Resources efforts of the past five years to eliminate "blight" and create vision plans. Despite attempts to attract commercial tenants to the former Lincoln House site, that has not be possible based upon cash flow projections. Past RDA discussion has been for multi-story new building at the site.

Trina Johnson and Mark Raymer both commented that parking could impact on existing commercial businesses. Andrea Krueger suggested that occupancy other than low-to-moderate income tenants could affect other rental property owners.

Bialecki emphasized that the City's Strategic Plan and Downtown Vision Plan endorsed transformative development for the community.

Kostman noted that there might be about a 10% overlap in potential tenants between the proposed MSP building and Merrill Housing Authority properties. Kostman asked for clarification on the MSP information as to construction costs and maintenance. Hammond from MSP provided amounts and emphasized that his firm takes operations and maintenance seriously.

Aldersperson Chris Malm asked about construction materials, specifically that the exterior bottom two exterior levels were brick. Kostman wondered about potential to look historical? Hammond confirmed brick exterior and MSP approach to fit in with other existing structures.

RDA Commissioner Wally Smith asked about potential greenspace for kids. Hammond noted that the City's proposed "pocket park" is about a block away. Streeter Square Park is about two blocks from the site.

Plan Commissioner Ken Maule confirmed the vetting process for tenants would include criminal background and credit checks. City Administrator Johnson emphasized that regardless of income, people are looking for nicer residential units than some of the rental properties currently available in Merrill.

Alderman Pete Lokemoen expressed concern that the proposed tax increment would not recoup the \$1 million in TIF over the next twenty years. Lokemoen believes that there is suitable housing in Merrill except for potentially handicapped individuals. The proposed development could impact existing downtown businesses with parking, so he does not support the proposed development.

There was brief discussion regarding availability of housing. Malm questioned whether other potential locations were considered. Mayor Bialecki emphasized that ongoing hiring by Merrill businesses and bringing in potential new residents. Having housing downtown could support shopping in the area. For WHEDA tax credits, there are points provided for walking from residential to shopping and employment centers. Plan Commissioner Bob Reimann supported the concept of downtown walkability related to potential residential development.

Alderman Dave Sukow highlighted issue the Merrill Housing Authority could have had with potential Park Place tenant. It would not have been possible to limit occupancy despite adverse background information/concerns. Plan Commissioner Melissa Schroeder reported that Section 8 housing allowed for vetting of potential tenants.

Kostman verified timeframe related to WHEDA tax credit obligations for the developer. The tax credits are for the first ten years. Then, there is five year compliance period. Kostman asked about MSP's plan for the long haul for years sixteen through thirty? Hammond reported that MSP still owns and manages all developments funded through WHEDA tax credits.

In response to question from RDA Commissioner Jill Laufenberg, Mary Rajek from Redevelopment Resources and Ken Maule from Lincoln County Economic Development Corp. highlighted efforts to attract more commercial businesses to Merrill, including potential steakhouse.

Alderman Tim Meehan expressed reservations on the site, proposed building size, timing, and TIF cash flow projections. Rajek reported that commercial, market-rate apartments, and underground parking probably would not be economically feasible without additional TIF development incentives. Unertl reported that TID No. 6 is scheduled to expire in 2036.

Unertl advised that the 900 E. 1st Street new development was discussing contracting for parking with the adjacent church. A potential parking ramp has been mentioned as potential option.

The discussion/public comment ended about 7:45 p.m.

Consider potential recommendation to sell former Lincoln House site for \$1.00 (with contingencies, including obtaining potential WHEDA tax credits):

No member of the Redevelopment Authority made any motion(s).

Consider potential preliminary TIF development incentive commitment of up to \$1,085,000 to MSP Real Estate, Inc. for 120 S. Mill St. (Tax Increment District No. 6):

No discussion or action on this agenda item.

Update on accepted \$200,000 offer to purchase 17 acres and discuss conceptual new development at 1501 Highway 107 (Tax Increment District No. 5):

Johnson advised that the property owner (Lokemoen Construction) has accepted a \$200,000 purchase offer from the City of Merrill. The City's land purchase offer is contingent upon potential development proposals and TIF development agreement.

The Request for Proposal (RFP) deadline is January 21st, 2016. Johnson reported that one RFP response has already been received. Background information on other apartment developments from across Wisconsin, as well as pictures of units in Village of Plover, were provided in the joint meeting agenda packet.

Aldersperson Malm questioned whether other developers had been contacted? There were also questions whether it might be possible for residential development without TIF? For proposed Phase 1 (i.e. three apartment buildings with total of thirty-six apartments), Johnson reported that the TIF development incentive request is for \$500,000 in addition to the land.

Adjournment of RDA and Committee of Whole:

Motion (Smith/Schwartzman) to adjourn RDA. Carried.

Motion (Burgener/Norton) to adjourn the Committee of Whole. Carried.

Adjourned at 7:55 P.M.

CITY PLAN COMMISSION

City Plan Commission meeting minutes from January 5th, 2016:

Motion (Maule/Schroeder) to approve the City Plan Commission meeting minutes from January 5th, 2016. Carried.

Consider Certified Survey Map from Lincoln Storage:

Consider Certified Survey Map from Lincoln Storage for land located at the east end of Mathews Street in the City of Merrill. A revision was requested at the January 5th, 2016 City Plan Commission meeting.

Motion (Lokemoen/Maule) to approve the revised Certified Survey Map. Carried.

Adjournment of City Plan Commission:

Motion (Lokemoen/Maul) to adjourn the City Plan Commission. Carried.

Adjourned at 7:58 P.M.

Minutes prepared by RDA Secretary Kathy Unertl

Hwy 107 Proposed Apartments (on Lokemoen Development Parcel)



The interested developer has proposed **Phase 1** location northwest of the pond on Highland Drive. Existing Edgewater Dr. and Highland Dr. are gravel with planned 2017 improvements*.

***Board of Public Works** – Public information discussion on proposed 2017 improvements (i.e. curb, gutter, and paving) of Edgewater Dr. and Highland Dr.

Wednesday, February 24th, 2016 at 6:00 p.m.

Major Technical Issue –

There is only 16' between the ordinary high water mark of the pond and the western edge of the Highland Dr. right-of-way. So, this is not a viable access option.

As an alternative, City staff has proposed construction of new City of Merrill street with direct access to State Highway 107. Two concept layouts have been provided for developer review.

Although a higher initial TID No. 5 expenditure*, installation of water, sanitary sewer, and new street (with cul-de-sac for turning around snow plows and transit buses) will facilitate additional future residential development.

*Engineering probable construction estimate will be provided at the RDA meeting.

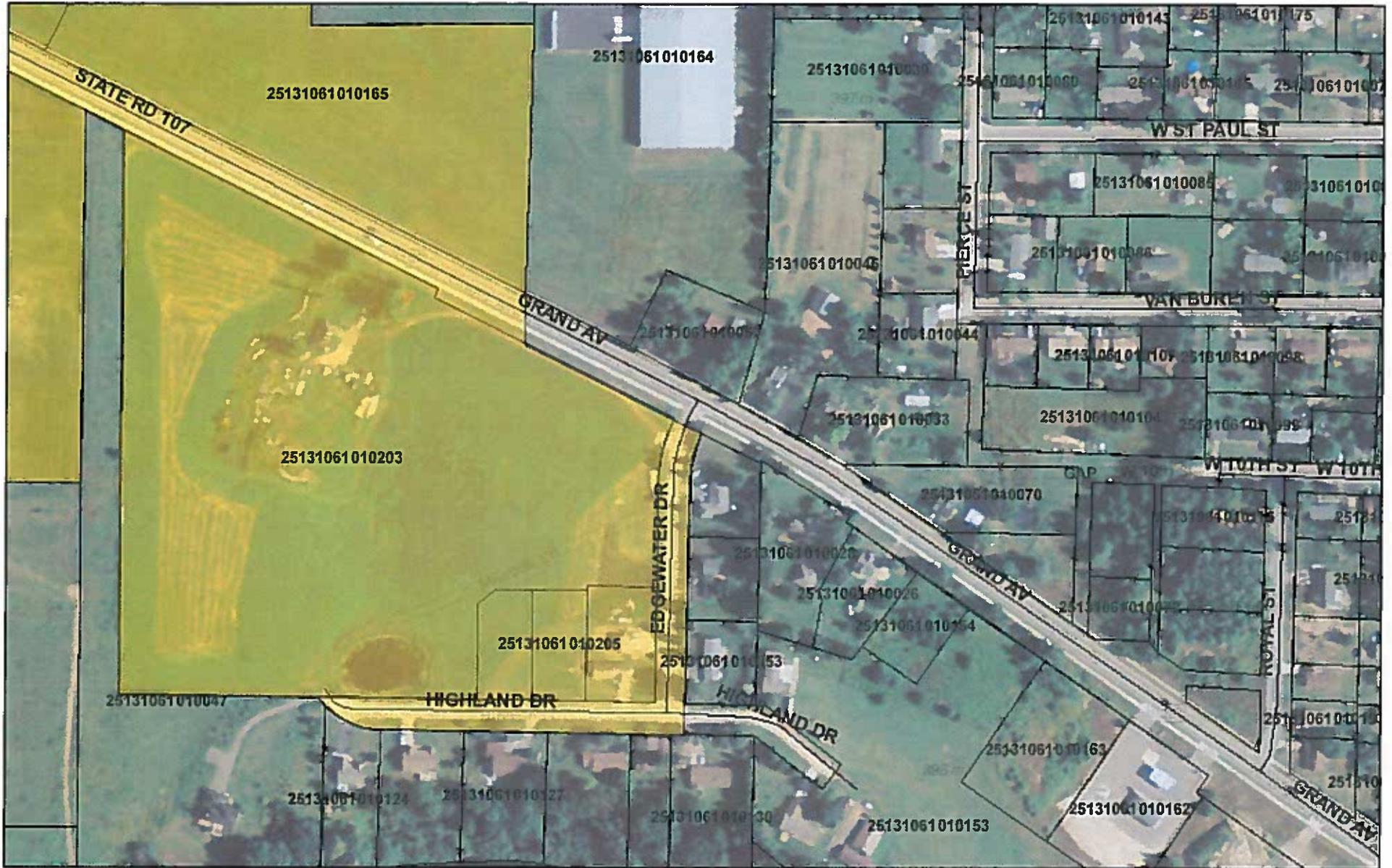
Next Steps –

- Need formal authorization to purchase the property.
- Need resolution authorizing development agreement with Nicolet/Premier's LLC for Phase 1. There will be three 12-unit apartment buildings with attached garages – total of 36 rental units. Construction to begin by July 2016. TID No. 5 cash development incentive of \$500,000.

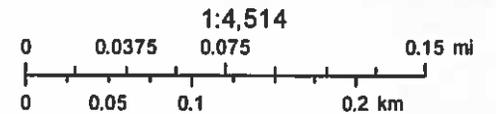
There will also be option for potential Phase 2 if exercised within 18 months – by end of 2018.

- Need Certified Survey Map dividing up the property and dedicating the new City street right-of-way.
- Need infrastructure designed and bidding for 2016 construction of new City street to facilitate this residential development.

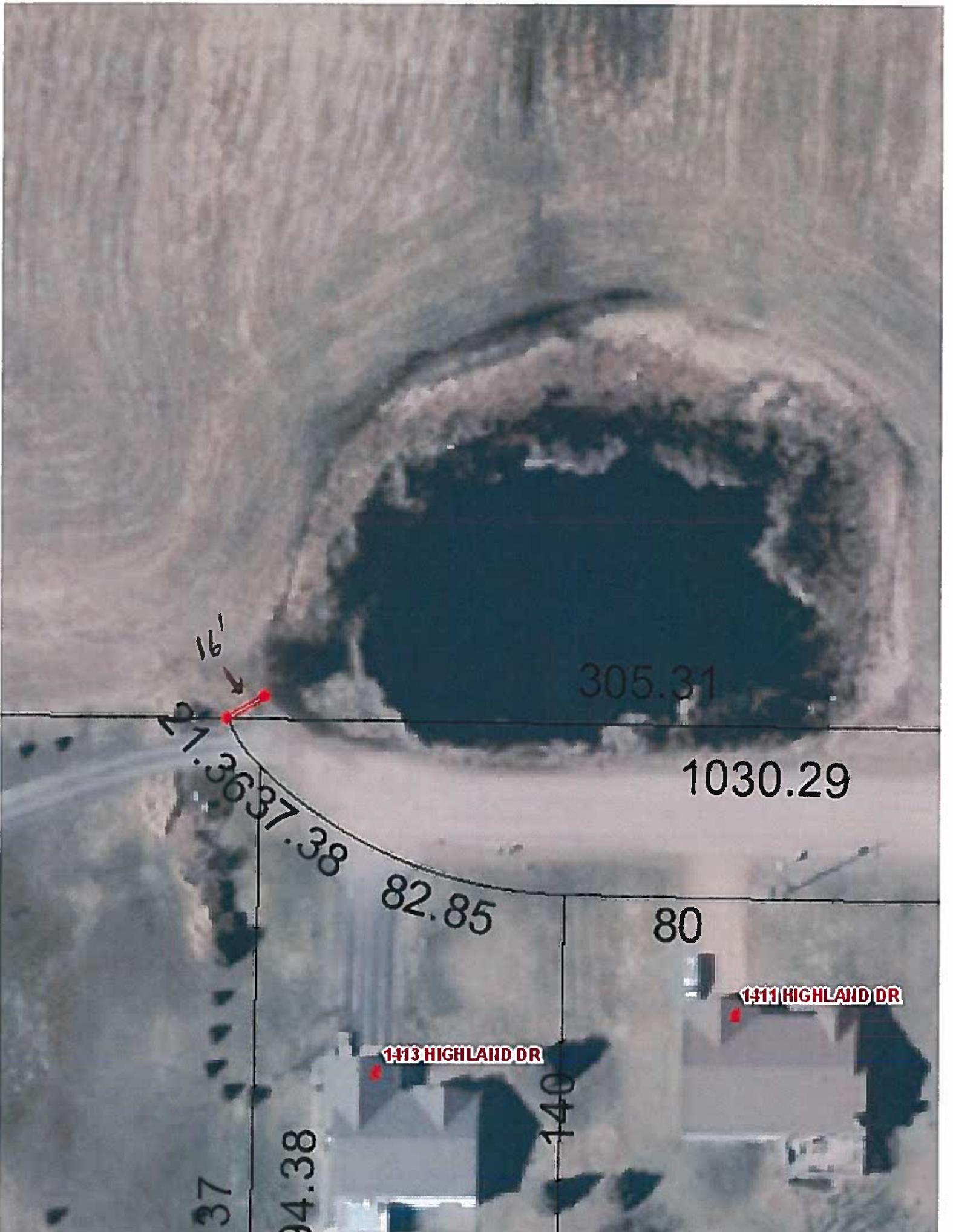
City of Merrill's Tax Increment Districts



October 6, 2015



Source: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey,



305.31

1030.29

16'



17.36

37.38

82.85

80

1-11 HIGHLAND DR

1-13 HIGHLAND DR

140

94.38

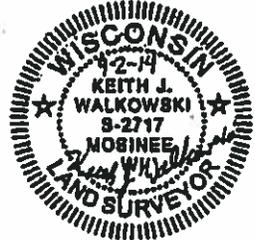
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Consider motion recommending purchase of Lot 4 of Certified Survey Map No. 2467 for \$200,000

Property is 17.805 acres currently owned by Lokemoen Development Company, LLC fronting on State Highway 107

V.14 p.58
LINCOLN COUNTY
CERTIFIED SURVEY MAP NO. 2467
 Of part of the Northwest 1/4 of the Northeast 1/4 and part of Government Lot 4
 located in Section 10, Township 31 North, Range 8 East, City of Merrill,
 Lincoln County, Wisconsin.



<p>RIVERSIDE LAND SURVEYING LLC 604 KELLY PLACE WESTON, WI 54476 PH 715-341-7888 - FAX 715-343-4184 email - mail@riversidelandsurveying.com</p>	DRAWN BY M.F.L.	DATE AUGUST 28, 2014
	CHECKED BY K.L.W.	PROJECT NO. 1847
	PREPARED FOR: JEFF LOKEMOEN	

Lincoln County Land Record

Report Generated:
1/28/2016 at 11:50:53 AM



Request: 25131061010203
PIN: 251-3106-101-0203
Parcel: 34-0008-000-382-01-04
Municipality: City of MERRILL

For reference purposes only.

No warranties are expressed or implied for the data provided.

View Type: Internal

Account: User

(1) General Parcel Information:

PIN 251-3106-101-0203
Parcel Number 34-0008-000-382-01-04
Parcel Status Active
Sale Type NOT OPEN MARKET
Sale Date 12/19/2006
Sale Amount \$0.00
Transfer Tax \$0.00
Deed Type Warranty Deed
Deed Reference D0455913
Mailing Address LOKEMOEN DEVELOPMENT
 COMPANY LLC
 1505 COTTER AV
 MERRILL, WI
 54452

(2) Parcel Owners Names:

Owner # 1 LOKEMOEN DEVELOPMENT
Owner # 2 COMPANY LLC

(3) Parcel Addresses:

Address # 1 1501 STATE RD 107 MERRILL, WI 54452
Address # 2 0 HIGHLAND DR MERRILL, WI 54452
Address # 3 0 EDGEWATER DR MERRILL, WI 54452

(4) Parcel Descriptions:

Year	Acre	Description
2014	17.805	SEC 10-31-06 PRT OF NW 1/4 NE 1/4 & GL 4 NKA LOT 4 OF CSM 2467 D0510060 *382AD

(5) Parcel Assessment:

Year	Use	Acre	Land Value	Improvement Value	Total Value
2015	RESIDENTIAL	1.00	\$15,000.00	\$8,000.00	
	UNDEVELOPED	16.81	\$42,000.00	\$0.00	
	Totals for 2015	17.81	\$57,000.00	\$8,000.00	\$65,000.00

(7) Recent Taxes:

View Payoff Statement (for current month of all unpaid taxes, interest, and penalty)

Year	Description	Due	Paid	Unpaid	Description	Value
2015					Fair Mkt. Value *	20,500.00
	General Net	1,696.64			Wood Fair Mkt. Value	0.00
	Lottery Credit	0.00				
	General Tax	1,696.64	286.64	1,410.00	Land	15,000.00
	Special	0.00	0.00	0.00	Use Assessment	42,000.00
	Wood	0.00	0.00	0.00	Improvement	8,000.00

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DRAFT

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING A DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF MERRILL, WISCONSIN AND NICOLET/PREMIER'S LLC (PHASE 1 APARTMENTS)

WHEREAS, the Common Council of the City of Merrill created Tax Increment District (TID) No. 5 on August 27, 2007; and,

WHEREAS, Nicolet/Premier's LLC proposes acquisition of about five acres of land at 1501 Highway 107, for construction of three apartments buildings with attached garages, which is located within TID No. 5; and,

WHEREAS, the City of Merrill finds that the proposed redevelopment and the fulfillment of the items and conditions of the attached Agreement are in the vital and best interest of the City of Merrill, Redevelopment Authority and City residents and serves a public purpose in accordance with State law; and,

WHEREAS, the City and Nicolet/Premier's LLC have negotiated the development agreement to provide an incentive payment not to exceed \$500,000 to facilitate the development;

NOW THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF MERRILL, WISCONSIN this 9th day of February, 2016, that the Mayor and City Clerk are authorized to sign the development agreement by and between the City of Merrill and Nicolet/Premier's LLC and to facilitate the implementation thereof.

Recommended by: Redevelopment Authority (RDA)

CITY OF MERRILL, WISCONSIN

Moved: _____

William R. Bialecki
Mayor

Passed: _____

William N. Heideman
City Clerk

City of Merrill – TIF Development Incentive Overview

TID No. 5 (Highway 107)

- Property Owner:** Proposed land purchase by City of Merrill from Lokemoen Development Company LLC
- Location:** About five acres at the southwest corner of the 1501 State Highway 107 parcel would be transferred for \$1.00 to Nicolet/Premier's LLC
- Development:** Three 12-unit apartment buildings with attached garages
- Infrastructure:** Extension of water and sanitary sewer, as well as construction of new City street with direct access from State Highway 107.

TID Development Incentives:

- Developer:** Total of \$500,000 as pay-as-you-go TIF – after occupancy of three apartment buildings

TID Lifespan Tax Increment:

New tax increment projected at \$818,123 - please see TIF spreadsheet for Phase 1.

Based upon timing of completion of 11 apartment buildings, there potentially new tax increment projected at over \$2 million dollars – please see TIF spreadsheet for three phases.

City of Merrill - TID No. 5 (Hwy 107/MARC Area)

**Projected Tax Increment for proposed
new apartment development**

Phase 1 - Three Buildings

Total land is 17.805 acres with 16.81 assessed as Undeveloped

The 2015 property tax generated was \$1,697

Projected Assessment:

	Land Valuation	Improved Valuation	Total RE Valuation
2015	\$57,000	\$8,000	\$65,000
2017	\$62,500	\$2,750,000	\$2,812,500
New Tax Increment	\$5,500	\$2,742,000	\$2,747,500

**Projected
Tax Increment

\$2,747,500**

Projected Tax Increment:

Const. Year	Value Year	Revenue Year	TID Value Increment	Tax Rate	Projected Tax Increment
2016	2017	2018	\$2,747,500	27.07	\$74,375
2017	2018	2019	\$2,747,500	27.07	\$74,375
2018	2019	2020	\$2,747,500	27.07	\$74,375
2019	2020	2021	\$2,747,500	27.07	\$74,375
2020	2021	2022	\$2,747,500	27.07	\$74,375
2021	2022	2023	\$2,747,500	27.07	\$74,375
2022	2023	2024	\$2,747,500	27.07	\$74,375
2023	2024	2025	\$2,747,500	27.07	\$74,375
2024	2025	2026	\$2,747,500	27.07	\$74,375
2025	2026	2027	\$2,747,500	27.07	\$74,375
2026	2027	2028	\$2,747,500	27.07	\$74,375

\$818,123 Total

City of Merrill - TID No. 5 (Hwy 107/MARC Area)

Projected Tax Increment for proposed new apartment development

With three phases

Total land is 17.805 acres with 16.81 assessed as Undeveloped

The 2015 property tax generated was \$1,697

Projected Assessment:

	Land Valuation	Improved Valuation	Total RE Valuation		
2015	\$57,000	\$8,000	\$65,000	Current	
2017	\$62,500	\$2,750,000	\$2,812,500	3 buildings	
2019	\$125,000	\$6,300,000	\$6,425,000	7 buildings	
2021	\$187,500	\$9,900,000	\$10,087,500	11 buildings	
New Tax Increment	\$130,500	\$9,892,000	\$10,022,500		Projected Tax Increment \$10,022,500

Projected Tax Increment:

Const. Year	Value Year	Revenue Year	TID Value Increment	Tax Rate	Projected Tax Increment
2016	2017	2018	\$2,247,500	27.07	\$60,840
2017	2018	2019	\$2,247,500	27.07	\$60,840
2018	2019	2020	\$6,360,000	27.07	\$172,165
2019	2020	2021	\$6,360,000	27.07	\$172,165
2020	2021	2022	\$10,022,500	27.07	\$271,309
2021	2022	2023	\$10,022,500	27.07	\$271,309
2022	2023	2024	\$10,022,500	27.07	\$271,309
2023	2024	2025	\$10,022,500	27.07	\$271,309
2024	2025	2026	\$10,022,500	27.07	\$271,309
2025	2026	2027	\$10,022,500	27.07	\$271,309
2026	2027	2028	\$10,022,500	27.07	\$271,309
					\$2,365,174 Total





JMM CONSULTING, LLC

CONSULTING ENGINEERS

840 CHALLENGER DRIVE - SUITE 140
GREEN BAY, WI 54311
PHONE: (920) 592-9606
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Why a Community will offer TIF funds for Private Multi-Family Housing Project?

- There is a significant need for quality affordable rental housing.
- To entice a developer into taking a risk in a moderate to weak rental market.
- To offset excessive costs of the development to make it economically feasible to construct the development.
- A combination of all of the above.

Some Typical Excessive Costs:

- Land Costs (over \$2,500 per unit)
- Sewer and Water Extensions
- Regional Detention Ponds
- Fill
- Dealing with significant topography changes
- Park, Impact, SAC, etc. Fees

SAC - Sewer Anticipation

Recent TIF Offers to Nicolet/Premier:

<u>Year</u>	<u>Community</u>	<u># of Blds/Est. Value</u>	<u>TIF Package</u>	<u>Outcome</u>
2012	Village of Kiel	4/\$3.3 mil	\$750,000	Built 4 Bld/\$68,500 Taxes
2013	Village of Elkart Lake	4/\$3.3 mil	\$687,000	Passed
2014	Village of Plover-Ph I	6/\$4.98 mil	\$556,000	Constructing Phase I
2015	Village of Plover-Ph II	4/\$3.3 mil	Asking \$300,000	Being Negotiated
2015	Village of Kiel-Ph II	4?/\$3.3 mil	Asking \$300,000	Being Discussed

1. What is a newly platted residential development?

An example is a residential development on a previously undeveloped parcel of land that was not divided for residential lots. This would include subdividing a farm field for housing.

TIF law only allows for increment revenue to be spent on newly platted residential development in mixed-use TIDs if one of the following three applies:

- density of the residential housing is at least 3 units per acre,
- residential housing is located in a conservation subdivision, as defined in sec. 66.1027(1)(a), Wis. Stats., or
- residential housing is located in a traditional neighborhood development, as defined in sec. 66.1027(1)(c), Wis. Stats.

The municipality must determine what is newly platted land.

2. Can newly platted residential property be included in a TID created after 9/30/95?

Yes, however, no project costs associated with it may be incurred. A mixed-use TID created after 10/1/04 can incur project costs for newly platted residential property, but the property may not exceed 35% by area of the TID.

APARTMENT LOG
Of Projects for Nicolet Lumber done by Terry B.

<u>Job</u>	<u>Location</u>
1996 176 Unit Coldspring Apt.	Town of Menasha
1997 64 Unit TriPark Apt.	Town of Grand Chute
48 Unit Henry Street Apt.	Seymour
16 Unit Fond Du lac Road Apt.	Oshkosh
96 Unit Irish Road Apt.	Town of Menasha
1998 48 Unit Still Meadows Apt.	Appleton
1999 32 Unit Old Orchard Apt. -Phase 1	Sturgeon Bay
116 Unit Hawthorn Trails Apt.	Appleton
68 Unit American Drive Apt.	Town of Menasha
96 Unit Gillette Street Apt.	Town of Grand Chute
Proposed 192 unit Sycamore Apt. - Did not Proceed	Green Bay
2000 48 Unit Plank Road Apt.	Appleton
2001 56 Unit Old Orchard Apt. - Phase 2	Sturgeon Bay
36 Unit Greenville Apt.	Greenville
2002 40 Unit Kewaunee Apt.	Kewaunee
126 Unit Bridgewood Apt.	Neenah
112 Unit Green Avenue Apt.	Stevens Point
24 Unit Commercial Street Apt.	Neenah
48 Units Old Orchard Apt. - Phase 3	Sturgeon Bay
112 Unit Metro Apt.	Schofield
80 Unit Fond du Lac	Fond du Lac
64 Unit Valley Road Apt.	Appleton
100 Unit Glory Road Apt.	Appleton
60 Unit Spartan Road Apt.	Green Bay
64 Unit Ashbury Apt.	Appleton
Proposed Sherwood Apt. - Did Not Proceed	Sherwood
104 Unit Cherry Court Apt.	Oshkosh
60 Unit Main Street Apt.	Oshkosh
2003 100 Unit Gateway Apt.	Beloit
16 Unit Longfellow Apt.	Ripon
158 Unit Garages Courtyard Apt.	Fond du Lac
84 Unit Charlotte Court Apt.	Antigo
96 Unit Grand Avenue Apt.	Wausau
Clubhouse for Courtyard Apt.	Fond du Lac
46 Unit Gatchouse Apt.	Eau Claire

2004	66 Unit East Ridge Estates Apt. 100 Unit Shadow Ridge Apt. 48 Unit Bridgewoods Apt. - Phase II 68 Unit Linden Drive Apt. Garages for Evergreen Village 96 Unit Burton Street Apartments 100 Unit Bos Creek Apartments 84 Unit Northgate Apartments 68 Unit Pelican River Apt.	Marshfield Lawrence Necnah Holmen Fond du Lac Beloit Wausau N. Fond du Lac Rhinelander	
2005	64 Unit Stanton Street Praireview Garages 8 Unit Apt Red Granite Apartments 96 Unit Davenport Street Apartments	Ripon Fond du lac Red Granite Rhinelander	
2006	92 Units Northgate Phase 2 52 Units Lakeview Apartments- Did Not Proceed 52 Units Foxfire Estates 80 Units Kadlec Drive	N. Fond du lac Kewaunee Waupaca Beloit	
2007	80 Units Timber Creek Estates 36 Units Kadlec Drive Condos 12 Units Plank Road Condos 18 Units Tacoma Beach Condos 18 Units Eagle River Condos 40 Units Eagle River Apartments	Kronenwetter Beloit Appleton Sturgeon Bay Eagle River Eagle River	
2008	44 Units Whiting Ave 12/16 Apartments 84 Units Fox Ridge Apartments 4 Unit Condo - Did Not Proceed 56 Units Timbercreek Estates II 120 Units Country Creek Apartments 84 Units StoneMeadow Apartments w/ Garages	Stevens Point Platteville Luxemburg Kronenwetter Fond du Lac Appleton	
2009	40 Units Park Avenue Apartments Royal St. Patricks Apartments - Did Not Proceed 36 Units Whiting Ave. Apartment w/Garages 96 Units MountView Apartments w/Garages	Town Beloit Wrightstown Stevens Point Wausau	(Under Construction) (24 built, Under Construction)
2010	24 Unit West Bend Fire Replacement	West Bend	
2011	12 Unit Foxwood Fire Renovation	Necnah	
2012	168 Unit French Garden Apartments w/Garages 40 Unit River View Apartments w/ Garages 40 Units Cobblestone Apartments w/ Garages	Appleton Kiel Ripon	(60 built, Under Construction) (Under Construction) (Under Construction)
2013	60 Units Premier Hillside Apt. w/ Garages 60 Units Stoncy Ridge Apartments w/ Garages	Port Washington Little Chute	(State Approval stage) (State Approval stage)

City of Merrill - MSP Real Estate, Inc.



Proposal Discussion - 120 S. Mill St. Apartment Building

Clearly we did not have time to adequately consider the proposal from 12/29/2015 in time for required approvals for submission of WHEDA tax credit application by end of January 2016.

The following page summarizes the proposed 40-unit apartment proposal, including types of units and proposed monthly rents. I have also provided FY 2015 income limit information.

Is 40 units too big for the site? Do you want research on smaller number of apartments? Other things you want information on?

Key things learned:

WHEDA tax credit funding would result in income-based assessment for thirty-years. I have provided tax increment projections for existing TID No. 6, as well as potential new TID.

TIF is needed due to gap in financing. For example, it costs about \$20,000 for each underground parking spot (i.e. 30 x \$20,000 = about \$600,000).

Even at about \$1.2 million in income-based assessed real estate, this would be among the top 25 real estate valuations in Merrill.

City Parking Commission has not met since 2002. Parking Lot #3 has eight (8) overnight permits issued (see following information). Further review of potential parking issues, including west side, is needed. Daytime? Evening? Alternatives?

Fiscal Note:

City of Merrill has over \$300,000 invested in the former Lincoln House site.

City of Merrill - MSP Real Estate, Inc.

Proposal Overview - 120 S. Mill St. Apartment Building

Total of 40 units (with 6 Market and 34 LIHTC)

	Sq. Ft.	30%	50%	60%	Market	# Units
1.1A	560	8				8
1.1B	650	2	5		2	9
2.1A	800		6	5		11
2.2A	950			2	4	6
3.1.5 A&B	1,200		2			2
3.2 A&B	1,100		4			4
		<u>10</u>	<u>17</u>	<u>7</u>	<u>6</u>	<u>40</u>

LIHTC - WHEDA Low to Moderate Income Tax Credits funding

Note: Also proposed 375 sq. ft. for retail on 1st floor

Proposed Monthly Rents

	Sq. Ft.	30%	50%	60%	Market
1.1A	560	\$357			
1.1B	650	\$357	\$580		\$610
2.1A	800		\$615	\$678	
2.2A	950			\$678	\$680
3.1.5 A&B	1,200		\$775		
3.2 A&B	1,100		\$775		

Income Limits - FY 2015*

From information provided by City of Merrill Community Development and Merrill Housing Authority, the amounts for 30%, 50%, and 80% are correct. Range and mid-point for 60% confirmed.

Lincoln County Median Income \$ 63,500

	Household Size =							
	1	2	3	4	5	6	7	8
30%	\$13,350	\$15,930	\$20,090	\$24,250	\$28,410	\$32,570	\$36,730	\$40,890
50%	\$22,250	\$25,400	\$28,600	\$31,750	\$34,300	\$36,850	\$39,400	\$41,950
60%	\$26,700			\$38,100				\$53,340
80%	\$35,600	\$40,650	\$45,750	\$50,800	\$54,900	\$58,950	\$63,000	\$67,100

*Sources: CDBG Household Income Limits - City of Merrill
Section 8 Household Income Limits - Merrill Housing Authority
60% range provided by MSP Real Estate, Inc.

City of Merrill - TID No. 6 (Downtown)

Projected Tax Increment for proposed former Lincoln House Site Redevelopment

Projected Assessment:

	Land Valuation	Improved Valuation	Total RE Valuation
2015	\$0	\$0	\$0
2018	\$65,000	\$1,130,000	\$1,195,000 *
New Tax Increment	\$65,000	\$1,130,000	\$1,195,000

REVISED
30 Years -
Income Based
Assessment

**Projected*
Tax Increment
\$1,195,000**

*Tax Cap Rate 10%
**30 Years -
Income Based
Assessment**

Projected Tax Increment:

Const. Year	Value Year	Revenue Year	TID Value Increment	Tax Rate	Projected Tax Increment
2016	2017	2018		27.07	\$0
2017	2018	2019	\$1,195,000	27.07	\$32,349
2018	2019	2020	\$1,195,000	27.07	\$32,349
2019	2020	2021	\$1,195,000	27.07	\$32,349
2020	2021	2022	\$1,195,000	27.07	\$32,349
2021	2022	2023	\$1,195,000	27.07	\$32,349
2022	2023	2024	\$1,195,000	27.07	\$32,349
2023	2024	2025	\$1,195,000	27.07	\$32,349
2024	2025	2026	\$1,195,000	27.07	\$32,349
2025	2026	2027	\$1,195,000	27.07	\$32,349
2026	2027	2028	\$1,195,000	27.07	\$32,349
2027	2028	2029	\$1,195,000	27.07	\$32,349
2028	2029	2030	\$1,195,000	27.07	\$32,349
2029	2030	2031	\$1,195,000	27.07	\$32,349
2030	2031	2032	\$1,195,000	27.07	\$32,349
2031	2032	2033	\$1,195,000	27.07	\$32,349
2032	2033	2034	\$1,195,000	27.07	\$32,349
2033	2034	2035	\$1,195,000	27.07	\$32,349
2034	2035	2036	\$1,195,000	27.07	\$32,349
					\$582,276 Total

City of Merrill - Proposed new TID (27 Years)

Projected Tax Increment for proposed former Lincoln House Site Redevelopment

Projected Assessment:

REVISED

30 Years -
Income Based
Assessment

	Land Valuation	Improved Valuation	Total RE Valuation
2015	\$0	\$0	\$0
2018	\$65,000	\$1,130,000	\$1,195,000 *
New Tax Increment	\$65,000	\$1,130,000	\$1,195,000

**Projected*
Tax Increment
\$1,195,000**

*Tax Cap Rate 10%

**30 Years -
Income Based
Assessment**

Projected Tax Increment:

Const. Year	Value Year	Revenue Year	TID Value Increment	Tax Rate	Projected Tax Increment
2017	2018	2019			\$0
2018	2019	2020	\$1,195,000	27.07	\$32,349
2019	2020	2021	\$1,195,000	27.07	\$32,349
2020	2021	2022	\$1,195,000	27.07	\$32,349
2021	2022	2023	\$1,195,000	27.07	\$32,349
2022	2023	2024	\$1,195,000	27.07	\$32,349
2023	2024	2025	\$1,195,000	27.07	\$32,349
2024	2025	2026	\$1,195,000	27.07	\$32,349
2025	2026	2027	\$1,195,000	27.07	\$32,349
2026	2027	2028	\$1,195,000	27.07	\$32,349
2027	2028	2029	\$1,195,000	27.07	\$32,349
2028	2029	2030	\$1,195,000	27.07	\$32,349
2029	2030	2031	\$1,195,000	27.07	\$32,349
2030	2031	2032	\$1,195,000	27.07	\$32,349
2031	2032	2033	\$1,195,000	27.07	\$32,349
2032	2033	2034	\$1,195,000	27.07	\$32,349
2033	2034	2035	\$1,195,000	27.07	\$32,349
2034	2035	2036	\$1,195,000	27.07	\$32,349
2035	2036	2037	\$1,195,000	27.07	\$32,349
2036	2037	2038	\$1,195,000	27.07	\$32,349
2037	2038	2039	\$1,195,000	27.07	\$32,349
2038	2039	2040	\$1,195,000	27.07	\$32,349
2039	2040	2041	\$1,195,000	27.07	\$32,349
2040	2041	2042	\$1,195,000	27.07	\$32,349
2041	2042	2043	\$1,195,000	27.07	\$32,349
2042	2043	2044	\$1,195,000	27.07	\$32,349
2043	2044	2045	\$1,195,000	27.07	\$32,349
					\$841,065 Total

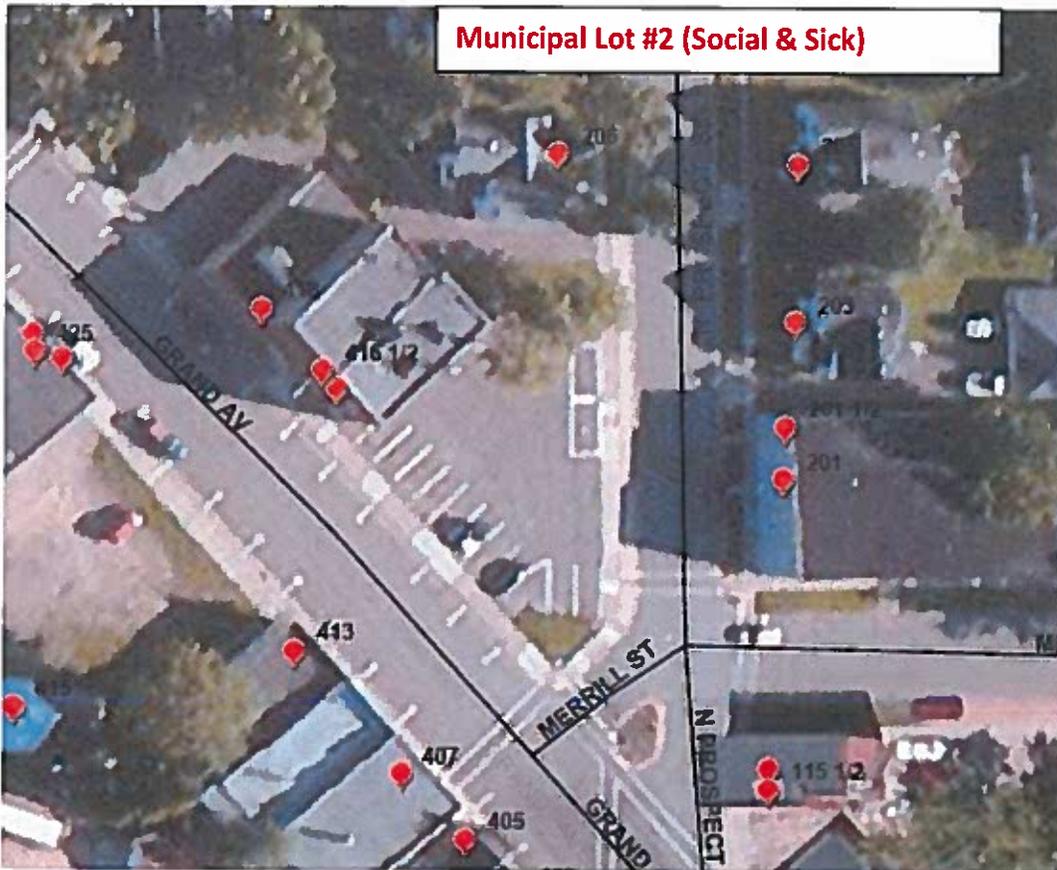
**12 Hour permit is required for overnight parking in Municipal lots 2, 3, & 4. Permit fee is \$15.00/mos.
No overnight parking is permitted in lot #1.**

Municipal Lot #1 (NAPA Auto Parts)



(24) 12 Hour spots, (20) 8 Hour spots, (17) 2 Hour spots, (3) Handicapped spots- No overnight parking is allowed and no parking permits are available.

Municipal Lot #2 (Social & Sick)



(6) 12 Hour spots

(6) 8 Hour spots

(2) 2 Hour spots

(1) Handicapped

Overnight Parking w/permit

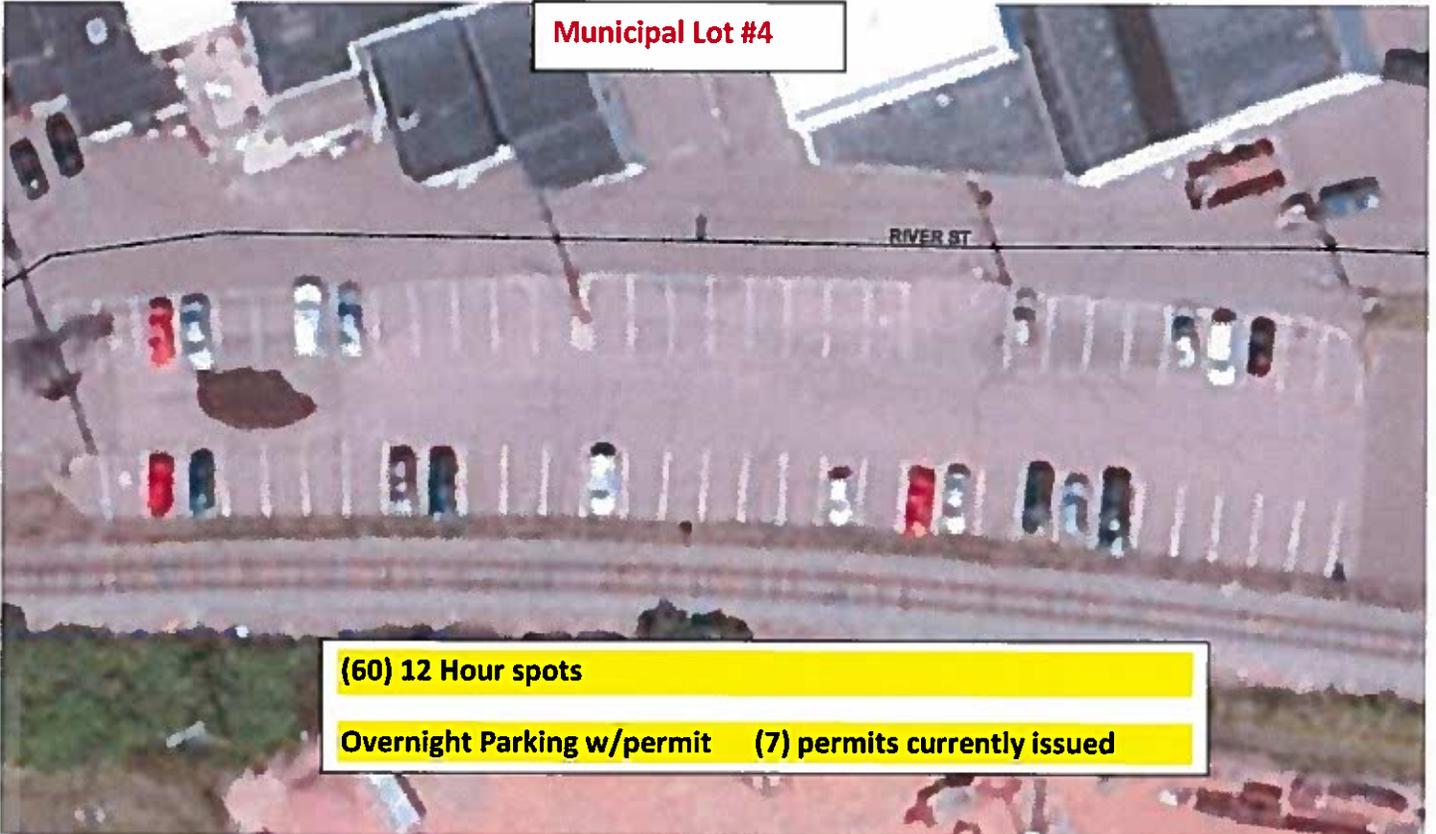
Currently (4) permits issued

Municipal Lot #3 (Lokemoen Lot)



(46) 12 Hour spots
Overnight Parking w/ permit
(8) permits currently issued

Municipal Lot #4



(60) 12 Hour spots
Overnight Parking w/permit (7) permits currently issued