CITY OF MERRILL
Redevelopment Authority (RDA)

Tuesday, July 5th, 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 June 7th, 2016
4. Consider purchase of 401 W. Main St. and adjacent parking lots from C&D Excavating for future in-fill new construction (TID No. 8 – West Side Area)
5. Update on potential purchase of part of Whispering Pines Community (TID No. 3 – East Side) – On hold pending review of City 2016 borrowing plan
6. Consider implementation of TIF loan program for vacant "blighted" commercial or manufacturing buildings to facilitate environmental review and demolition
7. Next RDA meeting
8. 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)

Tuesday, June 7th, 2016 at 8:00 A.M.
City Hall Common Council Chambers

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

RDA Absent: None

Others: Alderperson Paul Russell, City Administrator Dave Johnson, Finance Director Kathy Unertl, City Attorney Tom Hayden, Public Works Director Rod Akey, City Building Inspector Darin Pagel, Mary Rajek and Mike Morrissey from Redevelopment Resources, Ken Maule from Lincoln County Economic Development Corp. (LCEDC), Jeremy Ratliff from Merrill Courier, Dave Sukow, Robert Caylor, and about five residents of Whispering Pines Community

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

Public Comment: None.

Consider approval of meeting minutes:

Motion (Laufenberg/Smith) to approve the RDA meeting minutes from April 26th and the joint RDA/Committee of Whole meeting minutes from May 10th. Carried.

Consider a resolution authorizing purchase of 1905 E. 14th St. to facilitate future multi-family residential redevelopment (TID No. 10 – Highway G Area):

Unertl highlighted the resolution which emphasized that there are four major employers located on East 14th Street (Lincoln County Highway G); there is strong market demand for rental housing; the site is served by existing infrastructure; there are schools in close proximity; and that there are parks and recreational amenities nearby.

Johnson reported that Merrill Housing Authority and Horizon Design Build Manage are interested in developing sixty (60) units of new housing of which 51 would be income-based and 9 apartments would be market rate. There would be three buildings with one, two, and three bedroom units with attached garages.

Bialecki emphasized that developers are looking for "clean site" for construction without existing buildings or potential environmental issues. The existing former light manufacturing building will be demolished prior to City ownership of the almost five and a half acre site.

Consider a resolution authorizing purchase of 1905 E. 14th St. to facilitate future multi-family residential redevelopment (TID No. 10 - Continued:

There is public hearing scheduled for July 5th at the Plan Commission for rezoning the property to allow Plan Unit Development (PUD). The proposed Housing Authority/Horizon development is contingent upon WHEDA tax credits and other potential grant funding. Unertl advised if the development proceeds, there would a formal development agreement and future RDA and Common Council review and action as noted in the final resolve clause of the resolution. Potential future TIF development incentive of about $525,000 has been requested.

Motion (Schwartzman/Karow) to recommend a resolution authorizing purchase of 1905 E. 14th St. for $450,000.00 to facilitate future multi-family residential redevelopment (TID No. 10 – Highway G Area). Carried.

Consider a resolution authorizing purchase of various properties along State Highway 64 (East Main Street) to facilitate future commercial redevelopment:

Mayor Bialecki reported that City staff has requested deleting the potential purchase of the three Badger Portfolio, LLC parcels from the resolution. Unertl advised that additional discussions are needed with Continental Properties regarding potential relocation of the existing mobile homes.

The City will be acquiring two small lots the front on State Highway 64 (East Main Street). One is vacant lot which had structure razed in 2014. The yellow house is owned by former Merrill resident whom now lives in Tennessee. The house will be vacant when acquired by the City of Merrill and will then be demolished.

Pagel and Unertl reported that City staff have previously tried to market the vacant lot for small office building. Based upon Unertl's review of existing east side commercial developments, it is possible that over $3,000,000 in new future commercial/business buildings could be developed on the entire eight acre redevelopment area.

Motion (Kostman/Karow) to recommend a resolution authorizing purchase of two properties along State Highway 64 (East Main Street) for $73,000.00 to facilitate future commercial redevelopment. Motion carried.

Consider a resolution authorizing development agreement by and between the City of Merrill and Badger Portfolio, LLC (Continental Properties):

There is a 15.572 acre site that fronts on Thielman Street which will continue to operate as Whispering Pines Community. There was no additional discussion or action on the draft resolution.

Consider purchase of the lot between W. 10th St. and W. St. Paul St. – vacant lot owned by Kathleen Kienitz-Olson and Geraldine Knowles (TID No. 11 – Northwest Area):

The parcel is about 6.767 acres. The property owners live in Florida and have no interest in future development. Immediately to the west of the lot, the City of Merrill owns property that is part of the Champage Street drainage way. City staff and consultant discussion has included potential "pocket neighborhood" development.

Motion (Schwartzman/Kostman) to recommend the purchase of the lot between W. 10th St. and W. St. Paul St. – vacant lot owned by Kathleen Kienitz-Olson and Geraldine Knowles (TID No. 11 – Northwest Area) for $9,165.84. Motion carried.

Consider purchase of 911 E. Main St. – vacant lot owned by Merrill Federal Savings & Loan for Downtown "Pocket Park" (TID No. 6 – Downtown):

Johnson reported that Merrill Federal is offering the small lot for $3,000 to expand the downtown "pocket park". There would be an access easement to maintain the building. In addition, Merrill Federal would have the right to purchase the property back for $10,000 within five years.

Kusserow asked how likely it would be that Merrill Federal would expand in the future. Johnson reported that the area would be mainly grass with some shrub beds instead of proposed rocks that Merrill Federal would use for landscaping. City acquisition of the lot would allow for continuous retaining wall on the alley side.

Motion (Karow/Laufenberg) to recommend the purchase of the lot at 911 E. Main Street (TID No. 6 – Downtown) for $3,000.00. Motion carried.

Consider implementation of TIF loan program for vacant "blighted" commercial or manufacturing buildings to facilitate environmental review and demolition:

Unertl emphasized that the City of Merrill was not in position to purchase every property in need of redevelopment. With developers looking for vacant developable properties without "blighted" buildings and/or environmental contamination, there are properties with obsolete existing structures that hinder marketability for redevelopment, as well as negatively impact on adjacent properties.

One potential option would be a TIF loan for properties that had property taxes current; City staff would not recommend use of TIF development incentives to rehabilitate existing buildings; and the proposed TIF loan would be secured by mortgage on the property with repayment due upon property sale.

RDA Commissioners suggested requiring that the property be listed for sale. Discussion also focused upon what would happen if existing property owners would redevelop themselves. There will be further review and discussion at the next RDA meeting.

Next RDA meeting: Next meeting is scheduled for Tuesday, July 5th at 8:00 a.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:

Potential property acquisition(s) and potential TIF development incentives to facilitate redevelopment opportunities in Tax Increment District No. 8 (West Side Area)

Motion (Schwartzman/Kostman) to move to closed session. Motion carried 7-0 on roll call vote at 8:30 a.m. Alderperson Paul Russell arrived at 8:47 a.m.

There was discussion on above items.

Adjournment: Motion (Schwartzman/Kusserow) to adjourn at 9:02 a.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl

City of Merrill
Redevelopment Authority
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Date: June 28th, 2016

To: RDA Commissioners

From: Kathy Unertl, Finance Director/RDA Secretary Kathy Unertl

RE: Consider purchase of 401 W. Main St. and adjacent parking lots from C&D Excavating

Dan Colehouse from C&D Excavating has purchased the property from Romans 12 Enterprises LLC for $70,000. Environmental remediation (i.e. asbestos removal) and demolition is estimated at an additional $70,000.

The existing building would be demolished prior to proposed City of Merrill acquisition. Proposed City purchase price of $140,000 for the future vacant lot and parking lots. Funding source will be cash transfer from TID No. 3 to TID No. 8.

As emphasized in the West Side Renewal Plan, demolition of this vacant building would be a transformative investment. Redevelopment could include:

- Lease to Merrill Area Housing Authority for parking during the Park Place redevelopment projects; and then
- Request for Proposal process for infill redevelopment (see concept drawing from West Side Renewal Plan).

There is continued interest in the vacant 407 W. Main St. building. However, the interested individual wants to consider potential purchase/new business after the former LCB building is demolished.

Assessment Note: Since 401 W. Main St. and parking lot properties were owned by St. Vincent De Paul as of 1/1/2016, there is no assessed valuation (i.e. tax exempt).

Tax Increment Districts

June 27, 2016

Boundary

AddressPoints

CityRoads

CityParcels

1:1,128

0 0.0125 0.025 0.05 mi

0 0.02 0.04 0.08 km

TID No. 8

Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

City of Merrill

City of Merrill

401 W. Main Street

The Former St. Vincent building, once thought to be an historic rehabilitation opportunity, was found to be economically unfeasible for this approach, due to the combination of extensive damage to the original façade and the current state of the roof on the building. As an alternative, reviving this corner property with an architecturally cohesive new development could offer new leasable commercial space, new apartment housing units, and create new tax base (as it currently generates no revenue due to its non-profit ownership).

Recommendation: Acquire, clear and redevelop the 401 W. Main Street
Budget: $125,000 - $200,000
Timing: As soon as practical

In some cases, transformative change can be spearheaded by the private sector, requiring public support in principle, or perhaps in the form of gap financing when viable, for the project. Such examples are also found in the Westside Business District, including the 1892 Building (located at 403 Grand Avenue) and the former Armory Building (located at 419 W. Main Street). While other opportunities exist, these projects are currently underway (either in design phase or in construction), and stand alongside other successful rehabilitations in the area as testimony to the viability and vitality of Merrill's Westside.

Taken together, the impact of these four transformative projects will begin to change the nature and positioning of the Westside for the benefit of the City as a whole.

Conceptual Illustration: Possible West Main Street Renewal Plan outcome

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City of Merrill, Wisconsin

DRAFT – 6/28/2016

Proposed TIF Loan Program

July 2016

Loan Program Objective: To promote redevelopment within the City of Merrill through demolition of blighted and environmentally contaminated commercial and industrial buildings.

Purpose: To establish a Tax Increment Financing (TIF) funded loan program to improve the marketability of properties with vacant buildings to facilitate redevelopment of sites served with existing public infrastructure.

Program: The TIF loan program is a low interest, short term loan to property owners who apply for funding for eligible TIF activities and purposes.

Eligible Properties: Eligible properties include vacant commercial and industrial properties that City staff would not recommend use of TIF development incentives to rehabilitate existing buildings. All property taxes must be current as to payment status. Property owners must also be actively marketing the property for sale.

Eligible Activities: Loan funds could be used for:

1) Assessment and remediation of environmentally contaminated sites, and
2) Demolition of buildings and property clean-up,

Loan Administration and Terms: Loans shall be approved by the Redevelopment Authority and Common Council. Program will be administered by the Finance Director/RDA Secretary.

Loans shall be offered at 2% interest and amortized over 5 years. Repayment would be deferred for two (2) years from date of first disbursement of loan funds with all remaining principal and interest due and payable at the end of year five (5).

Unless there is another redevelopment TIF development agreement, the City's TIF loan is to be paid at closing with proceeds from the land sale and any additional owner monies as necessary when the property is sold.

Collateral shall consist of a mortgage on subject property. These terms shall be set forth in a TIF development agreement which shall include a provision whereby the City may purchase the vacant property at its' then assessed fair market land value if not sold or redeveloped by the property owner within five (5) years.