AGENDA
CITY OF MONONA
COMMUNITY DEVELOPMENT AUTHORITY
Monona City Hall – Conference Room
5211 Schluter Road, Monona, WI
Tuesday January 24, 2017
6:30 p.m.

1. Call to Order

2. Roll Call

3. Approval of CDA Meeting Minutes of December 12, 2016

4. Appearances

5. Old Business

   A. Presentation from Bear Development (Riverfront Development).

   B. Presentation from Galway Companies (Previously listed as McGann Construction) (Riverfront Development).

   C. Convene in Closed Session Pursuant to Wisconsin Statute Section 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 (Riverfront Development).

   D. Reconvene in Open Session Pursuant to Wisconsin Statute Section 19.85(2).

   E. CDA Direction to City Staff on Negotiations Concerning the Development Proposals.

6. New Business

7. Reports of Staff and CDA Members

   A. Update on Existing and Proposed Developments (City Planner).

      - Plan Commission Projects

   B. CDA Questions and Requests for Information Concerning Development Projects.

8. Upcoming CDA Meetings – February 28, 2017 6:30pm

9. Adjournment

Note: Upon reasonable notice, the City of Monona will accommodate the needs of disabled individuals through auxiliary aids or services. For additional information or to request this service, contact Joan Andrusz at (608) 222-2525 (not a TDD telephone number), FAX (608) 222-9225, or through the City Police Department TDD telephone number 441-0399. The public is notified that any final action taken at a previous meeting may be reconsidered

pursuant to the City of Monona ordinances. A suspension of the rules may allow for final action to be taken on an item of New Business. It is possible that members of and a possible quorum of members of other governmental bodies of the municipality may be in attendance at the above stated meeting to gather information or speak about a subject, over which they have decision-making responsibility. Any governmental body at the above stated meeting will take no action other than the governmental body specifically referred to above in this notice.

Minutes
Community Development Authority Meeting
December 12, 2016

Chair Stolper called the Community Development Authority (CDA) meeting to order at 8:25 pm.

Present: Chair Tom Stolper, Aldm. Doug Wood, Mr. Andrew Homburg, Mr. Dave Lombardo, Ald. Mary O'Connor, Mr. Scott Kelly, Aldm. Doug Wood

Absent: Mr. John Surdyk

Also Present: Scott Harrington of Vandewalle & Associates, City Planner & Economic Development Director Sonja Reichertz, City Administrator April Little, Mayor Bob Miller, Adam Templer (Bear Development), Steve Doran and Aaron Kostichka (Galway Companies).

MINUTES

A motion by Mr. Homburg, seconded by Mr. Kelly, to approve the minutes of the November 22, 2016 meeting was carried without corrections.

APPEARANCES

There were no appearances.

OLD BUSINESS

A. Update on Riverfront Development Project

Chair Stolper outlined the future process for CDA review of proposals including that plans will be distributed to CDA members one week in advance of meetings. Consultant Scott Harrington introduced the two developers present at the meeting that will discuss their proposed developments. He noted that the CDA is being asked strictly for conceptual review and feedback and that no decision is being made at this meeting. The CDA also requested that developers bring a set of full poster sized prints of all drawings to future meetings.

B. Presentation from Bear Development (Riverfront Development)

Adam Templer, Bear Development, presented development concepts. They are no longer proposing the use of low-income housing tax credits (LIHTC) and no longer designating certain buildings for senior or family. All units would be for the general population. The concept includes:

- 138 market rate units
- 28 of the units would be limited to 80% AMI (no LIHTC used)
- Parking ratio of 1:1 underground plus surface for a total of 1 ½ :1
- Estimated rents $1.25-$1.45 per square foot.

- Average residential assessment of $119,000 per unit
- 10,420 square feet of commercial, assessment of $150 per square foot
- Total construction costs of $26.2 million
- Construction would be expedited for phase 1 and commence fall 2017
- They also described a subsequent Phase II of 96 market rate units and 5,000+ SF commercial.
- They have had conversations with hotel flags for the site on the river and will have another December 19. If hotel would not work on site one, they would pursue office or commercial.

Mr. Templer felt Bear would be the best choice because of their experience and ability, have a strong team and financial partner. They were unwilling to promise a hotel initially, but feel if there was the right flag they could. The phasing plan will help minimize infrastructure needs without limiting possibilities for future development. LIHTC is not being considered for phase 2, at the city's direction.

C. Presentation from McGann Construction / Galway Companies (Riverfront Development)

Steve Doran (Galway Companies) and partner Aaron Kostichka (McGann Construction) presented their development concept which includes:

- Phase I at the Riverfront site of 60-70 market rate apartments and 25,000 SF of commercial (office/retail). They modified their plan on the north side to engage with the plaza and add river level retail. It would function more like a two-story building. They hope to attract kayak/bike and boutique retail. The parking is also open for park users. They added abuilding walk-through to connect to the park.
- Anticipated construction is summer 2017. Estimated value is $12 million.
- A subsequent Phase II was described as two buildings of 80 residential units each of multi-family or senior housing; no commercial. Parking ramp would be under all. The revised site plan shows the building facing toward the park and arterial street parking. Estimated value is $18 million.
- Phase III would be on the old Ruby's restaurant site, where they intend to seek a build-to-suit office user for the entire site; no residential. They request flexibility of use however if office does not work within a certain amount of time. Estimated value is $6-10 million.

Mr. Doran became involved in this project because he thought Monona deserved better than low income housing. Mr. Kostichka has been brought in for his housing experience, and now they have a very competent team. They wish to start phasing with site A on the river. They feel site A is the highest impact site because of the river, but is the most costly. The developer would need free land and City help with infrastructure and parking.

D. Convene in Closed Session

A motion was made by Mr. Kelly, seconded by Alder O'Connor, to convene in Closed Session Pursuant to Wisconsin Statute Section 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 (Riverfront Development).

On a roll call vote, the motion carried unanimously.

E. Reconvene in Open Session

A motion was made by Alder Wood, seconded by Mr. Lombardo, to reconvene in Open Session under Wisconsin Statute section 19.85(2). The motion carried.

A motion was made by Alder Wood, seconded by Mr. Homburg, to authorize city staff and consultant Scott Harrington to relay the CDA's feedback to Bear Development and Galway Companies and to solicit full proposals from both for the January 24, 2017 meeting.

The motion carried unanimously.

NEW BUSINESS

A. Review and Consideration of Lease Agreement with a Tenant for the Building at 802 W Broadway, the Latino Chamber of Commerce.

City Administrator Little explained that this tenant requested a longer lease than month-to-month and wishes to go through May 31, 2017 and month-to-month after that.

A motion was made by Mr. Homburg, seconded by Mr. Kelly to approve the resolution authorizing the lease as proposed.

The motion carried.

REPORTS OF STAFF AND CDA MEMBERS

Reichertz provided an update on Plan Commission projects. Redevelopment of the sites at 105 E Broadway and 6400 Monona Drive for a new PDQ convenience store and gas station has been proposed. This project is not in a redevelopment district and therefore does not require CDA review. There were no questions from CDA members. The next meeting is January 24, 2017.

ADJOURNMENT

A motion was made by Alder Wood, seconded by Alder O'Connor, to adjourn. The motion carried. (10:45 pm)

Respectfully submitted by:
Sonja Reichertz
City Planner & Economic Development Director

DRAFT

Minutes
Joint Meeting of the City of Monona Plan Commission & Community Development Authority
December 12, 2016
7:00pm

CDA Chair Stolper called the joint meeting of the City of Monona Plan Commission and Community Development Authority to order at 7:00pm.

Present: Plan Commission Chair Alder Jim Busse, Mr. Grif Dorschel, Ms. Susan Fox, Mr. Chris Homburg, Ms. Kathy Thomas, Alder Brian Holmquist, Mr. Dale Ganser, Mr. Robert Stein, Chair Stolper, Mr. Andrew Homburg, Mr. Scott Kelly, Ms. Alder Mary O'Connor, Mr. Alder Doug Wood, and Mr. David Lombardo

Excused: Mr. John Surdyk

Also present: City Planner & Economic Development Director Sonja Reichertz, Mayor Bob Miller, City Administrator April Little

Appearances

Alder Doug Wood appeared before the Commission/CDA and remarked that he had recently had some serious personal health issues and that he is lucky and grateful to be with the Commissions this evening. He expressed his gratitude to his family, friends, and hospital staff for being extremely supportive and patient with him throughout his treatment and recovery.

Unfinished Business

There was no unfinished business.

New Business

A. Presentation of an update to the City of Monona 2007 Strategic Housing Plan from UW Course Urban and Regional Planning 590 – Graduate Student Workshop, with Professor Kurt Paulsen, as part of the City of Monona's UniverCity Year.

Planner Reichertz explained the UniverCity Year partnership with UW-Madison and described the classes involved and their final presentations. Staff welcomed UW-Madison professors and academic staff Jason Vargo.

Ms. Emily Lutz, Mr. Alexander Brown, and Ms. Ruanda McFerren presented on behalf of the Graduate Student Workshop and explained their Strategic Housing Plan project. Ms. Lutz stated that there are four major components of the plan and two main strategies to improve the housing stock, either through rehabilitation or redevelopment. She explained that a lot has been accomplished since the 2007 plan including the Renew Monona Program and hiring a code enforcement officer. Ms. Lutz stated that Monona is not affordable for many first time home buyers and that there is a demand for loans to both purchase and rehabilitate homes.

Mr. Brown described the existing local and state loan programs currently available for Monona residents. He stated that there is no advantage to concentrating loans based on geographic areas and recommended that the Renew Monona eligibility be based on household income.

Ms. McFerren stated options for housing redevelopment in Monona either through mixed-use properties or small lot subdivisions. She explained mixed-use and small lot subdivision concepts and

stated approaches to guide future development. For small lot subdivisions, the planning workshop recommended creating a small lot subdivision ordinance, creating small lot subdivision guidelines, or making no changes which could possibly hinder development. Ms. McFerren also explained the emerging issue of short term rentals and stated that Monona could prohibit them all together, permit them with regulations, or take a hands off approach. She stated that this is not currently an issue for the City, but it may become more relevant in the future.

There were no further comments at this time.

B. Presentation of Redevelopment Concepts for Redevelopment Area No. 7 from UW Course Real Estate 611 – Residential Property Development, Professor Tom Landgraf, as part of the City of Monona's UniverCity Year.

Professor Tom Landgraf introduced himself and explained his role in the UniverCity Year. He is a real estate professor in the UW Business School and teaches both a fall and spring course that focuses on redevelopment. Mr. Landgraf explained the scope of work for the fall semester and described all of the development options for lots 1 and 2 in Redevelopment Area Number 7. 38 students formed 8 groups, and produced eight different development concepts for the blocks on Monona Drive between Dean, Lofty and Gordon. He stated that these projects have either a senior living or mixed-use component and will increase the tax base. He said that the hardest part of getting these projects off the ground is the land acquisition component. Groups detailed their project's financial feasibility, TIF request, parking, density, sources of financing, expected rents, etc. This detailed information will all be shared with City Staff to distribute to the Commisison & CDA.

Mr. Landgraf said that his class next semester will look at tying in development options with the recommendations from the Urban and Regional Planning workshop. The class will focus on pocket neighborhoods and small lot subdivisions, accessory dwelling units, and remodeling for energy efficiency for seniors that want to stay in Monona and age in place.

C. Discussion and Questions Regarding the UniverCity Year Presentations.

Mayor Bob Miller stated that he was very impressed by the first round of UniverCity Year presentations and that the students' work achieves the goals of the partnership. He also said that the students have done a lot of the necessary legwork in order to pursue future development. Mayor Miller asked the students what their initial impressions of Monona were and if those impressions changed throughout the semester. He also asked if they would want to live in Monona and if not, what amenities would attract them to the city.

A real estate student said that the quality of schools is an attraction, but a challenge is the lack of trendy things to do for young professionals. The population is shrinking and the demographics are getting older. Mr. Ganser asked the student to identify possible trendy things to bring to Monona. The student responded that he would like to see mixed-use development with retail, a boutique grocery, and pizza and/or sub shops. He said he would like something similar to Monroe Street, Atwood Avenue, or Williamson Street in Madison. He also said that he would like to see more options for night life.

Mr. Walter Jankowski stated from the audience that one of the concept plans from the real estate students' presentations included a rooftop bar with fire pits. He explained that the graphics were cool and worth looking at. Professor Landgraf said that the Plan Commission and CDA will receive a copy of the graphics and plans.

Another real estate student said that she is originally from Fond du Lac, WI, which is a comparable community to Monona. She said her prior perception of Monona was that it was a suburb of Madison

and a quieter neighborhood. She stated that Monona needs more multi-family units for people to rent. The goal of her group's development project was to create a destination in Monona.

Chair Busse commented on the Workshop's recommendation for development with reduced parking. He said that internal transportation is very limit in Monona and it is challenging for people to give up their vehicle, especially if they work on the other side of Madison. Professor Paulsen stated that the Urban and Regional Planning transportation workshop group conducted a survey with parents in the community, and the results showed an overwhelming concern about kids being able to safely walk to school without sidewalks and that the lack of sidewalks is a big barrier for purchasing a home in Monona.

Mr. Ian Aley, an Urban and Regional Planning graduate student, stated that as part of the housing project he conducted a series of interviews with people in Monona to learn more about their experience living in the city. He said that access to buses and sidewalks was a major complaint. He suggested a bilateral agreement with Madison Metro similar to Sun Prairie.

Ms. Thomas said that Public Works once conducted an assessment for sidewalks and people did not want them. She also stated that for a long time Monona had a "family focus" and described that sometimes the cost of development is greater than the taxes and the resources that the projects bring in. She said that it is not because the mill rate goes up, but property values have gone up so much which burdens many families. She stated that whatever Monona does it cannot add to the existing burden.

Mr. Ganser said that he thinks the residential tax-payer is being burdened by the low value of commercial property on Monona Drive. He said that because Monona has so much commercial, it is hurting the residential property in the City. He stated that the City needs to address Monona Drive redevelopment in an aggressive way.

Professor Landgraf stated that his class identified the tax income from sites 1 and 2 was around $58,000 compared to one example project that had a tax income of $1,000,000. He said that none of the groups ended up within a project that did not at least triple the value. Landgraf said the single most important barrier to development is land assemblage. There are many individual parcels with different property owners and the solution to this barrier is for the community to become more active. He said that land assemblage puts a lot of pressure on the developer and if the City could acquire all the parcels in side 1 and 2, the spot could easily become a destination like the riverfront.

Alder Wood supported the suggestion to be more aggressive in land assemblage, but stated that they have been busy with the riverfront redevelopment. He said that Monona has not traditionally acquired real estate by condemnation. Alder Wood said that the problems on the north end of Monona Drive are because the properties have long term owners who do not have any debt and can support a cash flow with small sales. He also stated that the City has recently added a lot of senior housing including Frost Woods Commons and Monona Heritage. Alder Wood said that often times what Monona wants is not always what developers want to build and that using TIF assistance can give the City more control over the project. Alder Wood pointed out that the data students shared shows Monona is unaffordable; however the median income is relatively low and asked why. Dr. Paulsen explained that the median household income is for existing property owners, not potential buyers.

Ms. McFerren explained that many people her age have monthly student loan payments. She said that all of her friends who recently bought homes could only do it because of financial support from their parents.

Ms. Thomas asked for the ratio of senior housing units compared to the senior population in Monona. Do the housing developments serve Monona residents or other people from Wisconsin?

Mr. Andrew Homburg said that he would like the classes to think about what Monona could do to incentivize developers to build the “cool stuff”. He stated that they often struggle with the commercial aspect of development and would like input on how to get developers to incorporate it in their plans. Professor Landgraf said that this will be a significant piece of what his class will do next semester. Lowering commercial rent can provide incentive to non-chain restaurants. He stated that restaurants are important because they keep people in the neighborhood.

Alder Wood stated that the reports were excellent and are great resources for the City. He said he likes the idea of expanding the Renew Monona program. Ms. Thomas said that Monona has tried for years to get high end retail, but have been most successful with vintage and repurposing stores like The Cozy Home. She likes these kinds of commercial stores because they are destination oriented.

Chair Stolper suspended the joint meeting at 8:18 and the Plan Commission and CDA reconvened separately.

Respectfully submitted by:
Sonja Reichertz, City Planner

From:	Adam Templer
To:	Sonja Reichertz; Scott Harrington (sharrington@vandewalle.com)
Cc:	S.R. Mills
Subject:	RE: Monona Costs
Date:	Tuesday, January 17, 2017 3:30:40 PM

Hi Sonja-

I apologize for the delay. I received your VM as well but I was tied up on a conference call that I couldn't jump off.

I had a similar conversation with Scott yesterday, but given where I am projecting our numbers I don't see a realistic and viable path forward for us on the transaction. It doesn't make sense for us to propose something that does not make financial sense for the city; certainly being under water by $1.7 million on the first phase and $5.2 million overall does not make sense for the City.

The flip in our numbers was driven by our conversation last week regarding the sitework costs, land costs, rising borrowing costs for the city, our rising borrowing costs, and changes we are seeing in the multifamily rental market. The combination of all of these items had a substantial negative impact on our projections for all phases of the development.

We are very appreciative of the opportunity to review the site and try to put a development plan together, but at this point we do not feel comfortable making a proposal to the CDA. We still think the best solution on the site would involve an initial phase with 9% LIHTC, but understand that this is not the preferred path for the CDA.

Thank you again.

Adam

Adam Templer
Vice President
Bear Development, LLC
Direct: 608-230-6206
Mobile: 312-405-3277
adam@beardevelopment.com

GALWAY
COMPANIES

January 17, 2017

Ms. Sonja Reichertz, AICP
City Planner & Economic
Development Director
City of Monona
5211 Schluter Road
Monona, WI 53716

Re: Monona Riverfront Development

Dear Sonja:

Please find enclosed a concept master plan we would like to formally present to CDA on Tuesday January 24th, 2017.

Over the last month we've been able to fine tune our plan, projections, and develop a plan that we feel will create a lifetime project for the City of Monona. We've had a chance to meet with several very high quality restauranteurs who would be interested in being a part of the project; if we were to develop it. We have also been able to meet with members of the Four Lakes Yacht Club to discuss their goals, and also Jake Anderson from Parks and Recreation. The plan you see before you is a result of input from several of these groups as well as multiple planning sessions with our architects.

In staying consistent with our first presentation to CDA; we remain focused on developing the property where Chase bank is currently located first. Again; we feel strongly that setting the tone of the development with a quality project on this site with great retailers and restaurants will ensure the success of Phase II and III. As can be seen from the plans, Phase I consists of a (73) unit apartment building (all market rate) and 26,000 sf of commercial/retail/office/public space. 15,500 sf of the commercial space will be located on the first floor facing Broadway and be primarily made up of restaurant and retail space. 6,800 sf will be located on the 2nd level which will be primarily office space. On the lower level at the plaza elevation we have incorporated 3,700 of commercial space that we are working to make interactive retail and restaurant type spaces. There is an additional 3,000sf of flex space on the lower level which we currently have slotted to be a public bathroom/park shelter type space. The estimated assessed value of Phase I is $12,140,000 using a value of $120,000 per residential unit and $130/sf for the commercial space. We intend on starting construction on Phase I during the summer of 2017 and have it completed by fall of 2018.

We have strongly taken into consideration CDA's comments to incorporate a 5th floor of apartments and have been able to add such 5th floor. We were able to balance the parking ratio by adding the office space on the 2nd floor which is a use that can share parking with the residents. We have reviewed making the top floor of the project condominiums; with potential lenders, advisors and market experts. At this time we are not able to commit to condos on the top floor. However, we fully intend to set them up as condo convertible units so that we can easily be in a position to offer them for sale once the project is stabilized.

GALWAY
COMPANIES

Phase II remains primarily as it was originally presented at CDA. This phase consists of (160) market rate and/or senior housing units. The building is set up where it can easily accommodate both unit types. The estimated value of this Phase is $19,200,000 based on an assessment of $120,000 per unit. We intend on beginning construction on this phase Spring of 2019 and delivering occupancy Fall of 2021.

Phase III is where we intend to primarily seek out a build to suit office user of at least 33,600sf. The site is set up where there is sufficient at grade parking; however we would be able to expand the size of the office space for a user that was interested in more space by adding underground parking below the entire site. Assuming a 33,600 office user we believe the assessed value of this site will be at least $5,040,000 based on an assessment multiplier of $150 sf. If we are unable to find a single tenant office user this site could have 1st floor retail with office above.

Our assumptions include the city providing financial support for the land, infrastructure, and $2,000,000 in TIF assistance for the parking and site complexities associated with Phase I. We have shared our pro-forma and income assumptions with Scott Harrington to ensure our assumptions are in-line with market expectations and costs. In addition, we have worked with Scott Harrington to understand that with only Phase I built, the city is short about $11.7m in value to generate enough increment to pay back all of the TIF, land costs, and public infrastructure costs. Our intentions are to develop this entire site and ensure that it's completed the right way. As such, we are willing to guarantee additional development of $11.7m so that the city is made whole. As stated above, Phase II is expected to generate a value of over $19,200,000 and is much easier site to develop with less risk and more financial reward. As a result, we are confident the City will be made whole. While it would be easier for us to just start with Phase II; we feel very strongly that we need to complete Phase I first. This approach will set high standards for the overall project and ensure we are providing retailers, restaurants, and amenities which will attract the right type of residents for Phase II and a first class office user for Phase III.

Thank you for taking the time to review and evaluation our project. We are requesting formal approval from CDA at this meeting to enter into an exclusive negotiation with us to finalize a development agreement for this project.

Sincerely

Steve Doran
Galway Companies, Inc.
6430 Bridge Road, Suite 230
Madison, WI 53713
P 608-327-4000
F 608-237-2117
C 608-347-6208
E sdoran@galwaycompanies.com

cc: Aaron Kostichka, partner in proposed project

JLA ARCHITECTS

YAHARA RIVER REDEVELOPMENT

MASTERPLAN & DENSITY STUDY

1"=100'

JANUARY 13, 2017

PHASE 1

	AREA		RESIDENTAIL				COMMERCIAL				INDOOR PARKING			SURFACE PARKING	
		STUDIO	1 BR	2 BEDROOM	Common Ammenity		RESTAURANT	RETAIL OR OFFICE	PARK BLDG						
		465 SF	700 SF	1215 SF											
BUILDING A															
5th floor	17,400	4	14	2											
4th floor	22,500	4	14	6											
3rd floor	22,500	4	14	6											
2nd floor	22,500	3	10	4	2000			6800							
1st floor	22,550		4		4400*		6800	4700						84	
Lower Level							3700		3000		216				
STREET PARKING															64
PHASE 1 TOTALS	92,050	15	42	16			10500	11500	3000		216			148	
	(+71,300 SF GARAGE)		73				25000				364				

PARKING RATIOS 1 STALL / BEDROOM 10 / 1000 SF 4/1000 SF 4 / 1000 SF

targets 89 105 48 12 254

*INCLUDES LEASING OFFICE

PHASE 2

		STUDIO	1 BR	2 BR										
BUILDING B		500 sf	685	1180	Common Ammenity									
4th floor	40,600	10	19	11										
3rd floor	40,600	10	19	11										
2nd floor	40,600	10	19	11										
1st floor	40,600	10	19	11										
Lower Level	4000				4000						178			
PHASE 2 TOTALS	170400	40	76	44			0	0	0		178		0	
	(+64,000 SF GARAGE)		160				0				178			

current total

PARKING RATIOS target 1 STALL / BEDROOM .87 / bedroom

targets 204 1.1 / unit

PHASE 3

BUILDING C													
3rd floor	11,200					11,200							
2nd floor	11,200					11,200							
1st floor	11,200					11,200						85	
Lower Level								30					
PHASE 3 TOTALS	33600	0	0		0	33600	0	30			85		
	(+11,200 SF GARAGE)	0				33600		115					

current total

PARKING RATIOS 4 / 1000 SF 3.4/1000 sf

**135 target

**If underground garage full size of surface lot = 48,700 sf

**If parking garage extends below surface lot, 142 total underground

DEVELOPMENT TOTALS

	296,050	SF	233	UNITS	58600	SF	657	STALLS
	143,600 SF GARAGE SPACE							

targets of 254+204+135+20(req'd for breakwater and yacht club) = 593