

**Minutes
Community Development Authority Meeting
June 28, 2016**

Chair Stolper called the Community Development Authority (CDA) meeting to order at 6:30 pm.

Present: Chair Tom Stolper, Aldm. Mary O'Connor, Mr. Andrew Homburg, Mr. Scott Kelly, Mr. John Surdyk

Excused: Mr. David Lombardo

Absent: Aldm. Doug Wood

Also Present: City Planner & Economic Development Director Sonja Reichertz, City Administrator April Little, City Attorney Bill Cole, Finance Director Marc Houtakker, Mayor Bob Miller.

MINUTES

A motion by Mr. Homburg, seconded by Mr. Surdyk, to approve the minutes of the March 29, 2016 meeting was carried with no revisions.

APPEARANCES

There were no appearances.

OLD BUSINESS

A. Update on Riverfront Development Project

Consultant Scott Harrington updated the CDA on developer recruitment efforts. Two developers that we considered top candidates are no longer interested in the project. One's disinterest is due to lack of capacity because they have just taken on a large project in Colorado. The other's disinterest is due to a less-than favorable market study they received for the hotel which cited limited nearby hotel generators and access difficulty due to its location between the two beltline interchanges. Vandewalle's opinion is that these issues can be overcome and attempted to discuss these unfavorable results with the developer further, but has not received responses to emails and phone calls. Two other developers remain interested and have put in some work on the project, both of which have residential components. Mr. Harrington noted that he still feels strongly that the project requires at least two developments in a Phase I of construction to (1) generate enough tax increment to fund the public project costs, and (2) to create the sense of place necessary to make this development a downtown-like destination.

Planner Reichertz updated the CDA on property acquisition, stating the City closed on the Inland Marina property and now owns most properties outright (Chase Bank building, old Ruby's site, EDS, and the Marina). The option on the Bridge Lounge property was extended until March 2017. The shop building for the marina will be disassembled and removed from the site this summer.

Mr. Harrington proposed possible new strategies for developer recruitment. First, regarding hotel efforts, he spoke with IDM Hospitality who felt the hotel market in the Madison area continues to be strong, and said there is a more detailed report that can be provided for a cost of \$5-6,000 that would come out of the existing Vandewalle budget. Second, Mr. Harrington said that a local investor group could be established that would gather initial funding from local residents to invest in the hotel, and then work with the builder and brand. This has been done in Mt. Horeb and Hartford. Third, Mr. Harrington discussed residential development stating that developers have proposed senior and/or affordable housing. Developers interested in affordable housing were made aware that the project would still need to meet assessed value estimates, and that because of an income-based assessment approach, affordable projects often generate less tax increment than they would if the units were market rate. Developers have discussed units at 80-120% of the County Median Income. For senior housing, federal law allows units to be limited by age for those 50 and over so there could be a range of tenants from empty nesters to individuals requiring a higher level of care. A senior project would require less parking which would benefit the development. Fourth, Mr. Harrington discussed office recruitment. Since there have been skeptics about hotel recruitment, and we are likely able to get a market-rate residential developer, we might turn our efforts back to office recruitment for the second development needed to get the project off the ground. He said it is difficult to build office on speculation and the anchor tenants are not usually broadcasting their property search but rather work behind-the-scenes with brokers. For this reason, he suggested another outreach effort to brokers including a personalized invitation to Build Monona on July 12th.

Finance Director Marc Houtakker shared information on project costs. He reported TID 8 is doing well and Treysta was assessed at \$20 million so they will meet their payback period on time if not early. TID 8 has funded the purchase of Chase and Ruby's and Ruby's demolition as a project cost within a ½ mile. By 2022 TID 8 could be a donor to TID 9 if needed. TID 6 is a potential donor as well in about 8 years when those project costs are paid off, and depending on if another TIF loan is provided in the district. He discussed the city's debt limit and said we have \$10 million of available debt capacity which needs to be allocated to other departments capital needs as well. Other options to reduce debts against this capacity are developer financed TIF or TIF revenue bonds.

Mr. Homburg asked if two districts can be donors to TID 9. Mr. Harrington replied yes. Mr. Homburg supported pursuing office more aggressively and maintaining other standards for market-rate residential. He said some senior units could be acceptable.

Mr. Surdyk suggested short-term rental advertisements to start-up companies following momentum with downtown Madison's Starting Block efforts. Tenant spaces could range from 5,000 SF – 20,000 SF and could be advertised at August's Forward Tech Festival. These rentals could generate interest for potentially longer-term leases and growth for tenants in the new development and provide revenue in the short-term to cover carrying costs.

The CDA discussed and agreed that (1) they are somewhat skeptical of a hotel especially as a first phase, (2) efforts should be directed to office recruitment, (3) affordable housing should not be specifically pursued due to impacts on assessed value, and (4) senior housing as a small component could be acceptable.

NEW BUSINESS

A. Discussion/Authorization of Revised Application for 2015 Renew Monona Loan Program Recipient.

Chair Stolper introduced the issue stating that the applicants were previously awarded a Renew Monona loan and have since torn down the house, and plan to continue a rebuild with similar improvements as originally planned. Planner Reichertz provided additional background. She stated that the program materials do not expressly prohibit tear downs. The eligibility is based on whether the home is one of the lowest-cost in the community, or at or below 120% of the median assessed value, owner-occupied, and if the improvements meet the program intent to improve energy efficiency and make housing stock more attractive to young families. She said the improvements still appear to meet these standards. She said applicants have not been limited as to how much the home can be improved in terms of values.

The applicants were present. Mr. Nathan Dederich said the home's value will be improved from \$182,000 to over \$400,000.

Attorney Cole noted that the program loan is a secondary mortgage, so it is important that the owner has equity or a down payment since the home is torn down, so there is an asset as collateral.

The CDA discussed that it is more difficult to have a home in Monona that is comparable to the newer larger homes in other communities and that these improvements are necessary to "level the playing field." The CDA consensus was that the revisions to the applicant's plan still meet the program intent and that they can move forward to complete the Renew Monona paper work that was previously approved. The CDA agreed to review the program language at a future meeting and further discuss the pros and cons of allowing or prohibiting tear-downs.

A motion was made by Mr. Homburg, seconded by Mr. Surdyk to reauthorize the Renew Monona loan for Mr. Nathan Dederich. The motion carried unanimously.

B. Discussion of Status of Contracts for Economic Development Services.

Planner Reichertz updated the CDA on the status of contracted work for economic development services. Over the past 10-15 years the CDA has worked on an as-needed basis with Gary Becker at Vierbicher Associates. Mr. Becker has been the primary contact on CDA projects including all TIF project plans, redevelopment area plans, annual TIF reports to show how all City TIFs are performing together, and advising us of any issues like needed amendments, legislative updates, and review of TIF assistance requests from developers including gap analysis, and analysis of the projected pay back periods, and other special projects like the 2013 TIF Case Study report from 2013, drafting the Renew Monona loan program and façade improvement grant program, and a Monona Drive corridor market study in 2009. Mr. Becker has retired from Vierbicher and continues consulting privately on select projects. His assistants have also left Vierbicher, so it seemed an appropriate time to discuss with the CDA to evaluate these services and consider whether we might get competitive bids or services from other firms. The intent of this discussion is to gauge the CDA's interest and discuss the process of soliciting proposals.

After discussion, the CDA requested staff to contact Gary Becker and see if he is interested in continuing to work with the CDA on an as-needed basis through his private consulting work. The CDA consensus was that they were pleased with Mr. Becker's work and he would offer consistency

Community Development Authority Minutes

June 28, 2016

Approved September 27, 2016

and institutional knowledge. If Mr. Becker was unavailable, the CDA wants to know who he would recommend for similar services.

C. Convene in Closed Session.

A motion was made by Alder O'Connor, seconded by Mr. Kelly, 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 (Property Acquisition for Redevelopment.)

On a roll call vote, the motion carried unanimously.

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

A motion was made by Mr. Kelly, seconded by Mr. Homburg, to reconvene in open session.

The motion carried.

REPORTS OF STAFF AND COMMUNITY DEVELOPMENT AUTHORITY MEMBERS

7.A. Update on Existing and Proposed Developments

Planner Reichertz reported that Build Monona will be held on July 12, 2016. Reichertz updated the CDA on Plan Commission projects including a 15,000 SF addition at Wiedenbeck, a fourth-generation owned company located in Monona since 1986. Reichertz updated the CDA on the UniverCity Year (UCY) projects. A website is available at www.mymonona.com/UCY and information is posted there on each of the projects and courses, as well as videos and other presentations. She said a panel of UW System Representatives discussed the project last month in Eau Claire, and they received word from UW System President Ray Cross that they would like this model scaled up across the UW System as one of their priority initiatives. President Ray Cross may attend our fall kick-off meeting which is tentatively scheduled for September 14, 2016 at the Aldo Leopold Nature Center.

7.B. CDA Questions and Requests for Information Concerning Commercial/Residential Development Projects/Proposals.

There were no questions.

UPCOMING CDA MEETINGS - The next meeting is July 26, 2016 at 6:30 pm.

ADJOURNMENT

A motion by Mr. Homburg, seconded by Mr. Kelly to adjourn was carried. (9:30 pm)

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