

**Minutes**  
**Community Development Authority Meeting**  
**October 25, 2011**

The meeting of the Community Development Authority for the City of Monona was called to order by Chair Robb B. Kahl at 6:30 p.m.

Present: Chair Robb B. Kahl, Aldm. Jim Busse, Mr. Andrew Homburg, Mr. George Lightbourn, Mr. Jason Scott, Mr. John Surdyk, and Aldm. Jeff Wiswell

Also Present: Mayor Bob Miller, City Administrator Patrick Marsh, Planning and Community Development Coordinator Paul Kachelmeier, and CDA consultant Gary Becker from Vierbicher Associates.

**MINUTES**

A motion was made by Aldm. Busse, seconded by Mr. Homburg for approval of the minutes of September 13, 2011.

The motion carried.

**APPEARANCES**

There were no appearances and the appearances section was declared closed.

**OLD BUSINESS**

There was no Old Business.

**NEW BUSINESS**

Mr. Homburg who is the CDA representative on the Joint Review Board gave an update on the approval of the amendment to Tax Incremental Financing District (TID) Number 2 and TID Number 4 by the Joint Review Board. He said that members of the Joint Review Board gave the City positive feedback on the City's TIF Districts.

Milo Pinkerton of MSP Real Estate, Inc. appeared and presented plans for the development of Phase II of the Monona Heritage Senior Housing Campus at 111 Owen Road. He said that the Phase I development of the senior housing campus constructed in 2009 including independent living apartments, assisted living units and memory care units has been very successful, and they have just 4 units in the independent living apartment building vacant right now. He said they are proposing to build Phase 2 now with 28 units of assisted living licensed as a CBRF, and 40 units of memory care, and these new units will provide a greater level of care for seniors.

(Mr. Lightbourn arrived.)

Mayor Miller said that there seems to be a need for these types of senior housing units, and said the 2-bedroom independent living apartment units are full and have a waiting list and it seems like a huge need for this type of unit.

Mr. Pinkerton said that there is a need for market rate rental senior housing, but there is not the financing available, and if could find the financing he would like to build market rate units.

Planning and Community Development Coordinator Paul Kachelmeier said that the Plan Commission had approved a zoning permit for the new Phase II development with conditions of approval, including a condition that approval of the CDA is required.

Mr. Pinkerton said that the change to the Developers Agreement was that they will be building the Phase II building sooner than originally proposed, but it will have less value than stated in the Developers Agreement.

The CDA's consulting engineering from Vierbicher Associates Gary Becker said that the value in the Developers Agreement was \$5.4 million.

Mr. Lightbourn said that we had a troubled spot in Monona, we found a good developer and they developed a project far beyond our expectations. Now the developer is bringing us a business proposal that is a little different. He said that his bias is to work with developers who have done a great job in Monona. Now the project is a few units less and a little less value, but it is a great project overall and has been very successful.

Aldm. Wiswell said that this site was in bad condition and we didn't have a lot of solutions, and this senior housing development turned out very well, and especially in the current economy this is great.

City Administrator Pat Marsh said that the CDA need to make a recommendation to amend the Developers Agreement for Phase II from a value of \$5.8 million to \$5.24 million, and recommend this to the City Council.

A motion was made by Aldm. Wiswell, seconded by Mr. Scott, to recommend to the City Council the amendment of the Developers Agreement between the City of Monona and MSP Real Estate, to change the TIF amount from \$5.8 million to \$5.4 million for the Phase II development.

Mr. Homburg said he would have liked to see more information about this request in the agenda packet. He said he supports this project but he just has a concern about the process, and taking a vote on something he just read at the meeting tonight.

City Attorney Bill Cole said that Mr. Pinkerton is seeking a reduction in the value of the project of about \$555,000. It will have a lower value too after the TID is closed.

Chair Kahl suggested that if CDA members wanted act on the proposal tonight they could, and then if there were any concerns on the analysis a special meeting could be held.

Mr. Scott said that he thinks we can feel comfortable with the analysis Gary Becker has done, and if someone has a concern or question they can raise it before the request is reviewed by the City Council.

The motion carried with one naye.

City Administrator Pat Marsh said that this recommendation will go to the City Council at their next meeting November 7, 2011.

There was a discussion of the consideration of the CDA of a Tax Incremental Financing (TIF) request for redevelopment at 6400 Monona Drive.

Mr. Homburg said he would be recusing himself as a CDA member on this discussion.

City Administrator Pat Marsh said that the Mayor has said he was not in favor of using Tax Incremental Financing (TIF) assistance for the area on Monona Drive from Nichols Road to Broadway.

Mr. Homburg said that his company owns the building at 6400 Monona Drive, a former retail and office building just north of PDQ that is now vacant, and they have been trying to attract a restaurant there. The developer of the restaurant he was working with SARA Investments inquired about TIF assistance for the project, and he told them they should approach the City directly regarding TIF assistance. They were told TIF assistance was not available for the project, and he was very surprised by this, and wondered why TIF assistance wouldn't be available for this project. Redeveloping the site and building with a new restaurant he was proposing would remove blight and improve the area. He asked the CDA if there is a policy where we now don't feel the private sector needs any additional help now that the infrastructure on the Phase I part of Monona Drive has been completed. The opportunities for big redevelopment sites for TIF projects are decreasing. He said he wants to know if there is a CDA policy for providing TIF assistance. He said the use is a fast food sit down restaurant, a Dairy Queen that will be work \$1.5 million or more, and will have a drive-thru, and it will provide jobs too.

Mayor Miller said that his position is to not support the use of TIF assistance in the area of Monona Drive from Nichols Road to Broadway. He said he has been working on projects with larger potential for possible TIF assistance. He said that he does not speak for the CDA and he had asked that this be brought up for discussion by the CDA. He said that where he would propose providing TIF assistance would be on big projects.

City Administrator Pat Marsh said that he had made the statement that he does not speak for the Mayor or the City Council or the CDA, but the proposal for the restaurant would not create enough increment to pay back the TIF request. This was based on the fact that a project

proposed earlier for the development of a new Princeton Club at this site that was a higher value also did not create enough increment to payback the TIF assistance.

Chair Kahl said it is about the use of the taxpayer's money and that looking at the south part of Monona Drive it will have to be a pretty big project to provide TIF assistance. With the new street it should be easier for redevelopment to occur. But we should still look at the increment it would generate. He said that providing assistance to a Dairy Queen development is a tough sell for him. He said his policy when he was mayor was for certain large companies he would not support TIF assistance. He said he still thinks we could look at it on a case-by-case basis.

Mr. Scott said that he has the same opinion. We don't want to set a policy because each development will have different circumstances. We don't always have to break even and there could be other reasons to provide TIF assistance. The use is an important factor, he would be hesitant to support a Dairy Queen too, but lets not have blanket policies.

Aldm. Wiswell said that it is hard to get the little projects done, and he thinks the CDA should not just write off any project.

Mr. Lightbourn said that he does not find this proposal that attractive but if the restaurant was for instance incorporated into the expansion that PDQ has proposed it might be different, and he thinks the CDA should consider TIF assistance on a case-by-case basis too.

Mr. Homburg said that he would be happy to meet with SARA Investments and the Mayor to discuss this project.

Mayor Miller said that he just wanted to clarify that the City did not cause this project to not go ahead.

Chair Kahl said he feels the project would have to stand on its own.

Aldm. Busse said if there are just 7 years left in this TIF District, TID No. 2, how much increment can it generate, and how much TIF assistance could it justify?

Chair Kahl asked if there is a need or desire to discuss the Façade Improvement Program grant amount, and maybe other options for TIF assistance that would provide more of a middle ground.

Gary Becker said there is a range of TIF policies in different communities.

Chair Kahl said that it seems like this project would have to stand on its own, and the area it is located in would make a difference too.

## **MISCELLANOUS BUSINESS**

Planning and Community Development Coordinator Paul Kachelmeier gave a brief report on the status of commercial and residential development projects in the City.

City Administrator Pat Marsh gave a report on the status of the School District's plans for Nichols School. He said the School District has the authority to pursue selling Nichols School.

Gary Becker gave an update on the market potential for some sites in the City. Regarding foreclosures and vacant homes in the City, he said that the rental vacancy rate has come down, and the housing market seems to be picking up in the community. He said at the beginning of the year there were about 100 homes in foreclosure in Monona and that is now down to about 51. He said some communities set up vacant property registries for commercial and residential properties.

Mayor Miller said there seems to be concern about unoccupied buildings, and this is something worth looking at, is there the ability to see if utilities have been turned off for instance?

Chair Kahl said the City could probably do this through the Building Inspection Department.

City Attorney Bill Cole said that the City does not really have the staff to do this.

The next meeting is scheduled for November 22, 2011.

## **ADJOURNMENT**

A motion was made by Aldm. Wiswell, seconded by Mr. Surdyk to adjourn.

The motion carried.

8:30 p.m.

1011-31.1