

Economic Development Committee
Special Meeting
Tuesday, May 9, 2017 – 4:00 p.m. - City Council Chambers

Members present: Morack, Asman, O'Connell, Faucher, Kopitzke, Bishop, Johnson (4:20), and Steinhorst. Tate and Bishop excused.

Also present: Mayor Henke, Administrator Hager, Scott Bellile, Ann Hunt, Wally Schmidt, Judy McDaniel, Jennifer Grumann, Milton Staskal, Judy Shaw, Lee Shaw, Connie Zolkoske, Betty Roberts, Ruth Rex, Dave Rex, Ginny Schlais, Mike Huzzar, and Christine Bermann.

1. The meeting was called to order by Chairman Morack at 4:03 pm.
2. O'Connell/Steinhorst to adopt the agenda. Passed 7-0.
3. Chairman Morack opened the meeting by giving a brief summary of where the Request For Qualifications process stands for soliciting developers to consider building on the City river front property to include a mixed-use library facility. The City received two replies to the Request For Qualifications. One from Wisconsin Redevelopment, Inc., and the other from a partnership of Short Elliott Hendrickson, Inc. and Stadtmueller & Associates, LLC. At a previous April 25th joint meeting of the Economic Development Committee with representatives from the Library Commission present, it was agreed to invite both firms to be interviewed. Administrator Hager arranged for Wisconsin Redevelopment to be present today and the partnership of Short Elliott Hendrickson and Stadtmueller & Associates will be interviewed on Tuesday, May 16th at 4:00 pm.
4. Todd Hutchison, Principal of Wisconsin Redevelopment, LLC introduced himself. Todd is a New London native. He is a licensed architect and a licensed real estate broker. He graduated from the University of Wisconsin Milwaukee. He has over 15 years of construction and real estate development experience. Todd has a very diverse professional and educational background, bringing a wide range of skills and experiences to the real estate development process.

Todd reviewed a series of preliminary designs for development of the New London riverfront property that he had developed in response to a 2010 request for proposals that the City had distributed. At that time he was proposing tax credit housing. There were options including two larger buildings with 24 apartments each and a smaller development proposal with townhouses. He always wants property to not look like a sea of asphalt due to the need for substantial parking. He suggested that perhaps it would be best to develop a single story development with a stand-alone library and apartments. Todd noted that if this property was easy to develop, it would have been done so already. Development of a library is difficult as are market rate apartments. In his opinion, it makes it that much more difficult to develop when you combine the two uses. A mixed-use building would need different heating and ventilation facilities and different access for private and public access including separate elevator facilities. You typically see a mix-use facility in more high density, urban areas where land is more expensive and the neighboring land uses are also densely developed.

Todd mentioned that he had previously talked to St. Joes about possible development on this site, but he was recently informed that St. Joes is expanding on their own property but they would be willing to consider managing another facility if it were built.

Todd suggested three alternatives to consider. The first would be larger apartment buildings on the property. The second would be townhome development. The third is to subdivide the property into smaller lots and sell the lots off for single family homes. The City needs to determine what we want on the property and then figure out how the development would be financed and the roll that the City would play. Right now, to obtain financing for market rate apartments is more difficult with banks calling for 75% loan to 25% equity for a project. Utilizing tax credits for senior housing is a possibility, or just sell to a private developer for a private subdivision of smaller single-family homes.

If the City were to contract for development of the property with a private entity, it would be necessary to utilize some option language to get the project done by having measurable benchmarks that would have to be met. Select someone to work with and give them a period of time to make a definitive offer to develop the property or if not, then move on to the next developer. There is also a need to foster buy-in from the community.

There are a lot of ways the property can be developed. You select a developer who retains an architect and creates a design. The developer interviews with contractors and construction estimates are developed. Financing is pursued and there will always be a “gap” in the financing. You find a solution that may include a Tax Increment Financing alternative, or potentially some grant funding. You then structure how ownership will occur and if it goes, all is well, if not, you part ways and move on.

A question was asked about what is a typical TIF incentive. Todd had a \$21 million dollar project in Milwaukee and the TIF contributed \$1.2 million.

When asked about how to involve the public and get the required “buy-in,” Todd suggested that public involvement is always beneficial, but that lots of time this input is not realistic. It is important to get local real estate brokers involved, and to get the local bankers and representatives from the business community to participate.

The Committee thanked Todd for sharing his insights. The Committee will interview the next firm on Tuesday, May 16th at 4:00 pm and further consider how to proceed at the regular monthly Committee meeting scheduled for Tuesday, May 30th at 4:30 pm.

5. Motion by O’Connell and seconded by Johnson to adjourn. The meeting adjourned at 5:12 pm.

Kent Hager
City Administrator