

Economic Development Committee
Tuesday, July 31, 2018 – 4:30 p.m. - City Council Chambers

Members present: Morack, O’Connell, Zaug, Kopitzke, Faucher, Steinhorst, Bishop, Asman and Myah Henderson. Johnson, Schirpke, and Travis Voight excused.

Also present: Mayor Henke, Administrator Hager, Mike Barrington, Ann Hunt, Judy McDaniel, Dan Froding, Faye Wohlrabe, Connie Zolkoske, Betty Roberts, Christine Cross Mike Huzzar, Brenda Hansen, Maureen Fazen, Kathy Kelly, Chris Bermann, Emmanuelle Weill, Hans Thompson, and Ginny Schlais.

1. The meeting was called to order by Chairman Morack at 4:30 p.m. O’Connell/Zaug to adopt the agenda, approved. Zaug/Steinhorst to approve the minutes. Passed.
2. Randy Stadtmueller was first on the agenda, but due to his later arrival, the Committee proceeded with the agenda. The Highway 45 billboard was discussed. The City intends to renew the billboard with the north face being done by the City and the south face being done by the Tourism Commission. John Faucher distributed two alternatives for the City side of the billboard. The proposal is to show a night-time river view photo of downtown. The differences in wording on the sign are to incorporate the City zip code or not. A motion was made by O’Connell and seconded by Asman to utilize the proposed river view photo that incorporates the City zip code. Passed unanimously. April reported that the Tourism Commission will be meeting later this month. They will be working on ideas for the south face advertisement.
3. Kent led a general discussion on the changes being mandated by the federal Department of Housing and Urban Development to the State of Wisconsin regarding the closure of the Revolving Loan Fund program. The state intends to have the Revolving Loan Fund program close-out procedures in place by this October. The City will have to make some critical decisions regarding how we would like to proceed. At this time it looks like we will have some funding left that will remain under the City’s jurisdiction. Kent will keep the Committee informed as the closeout process is formalized.
4. Randy Stadtmueller arrived and began his presentation with the distribution of status report summary and a redevelopment site plan drawing. Randy summarized the following: the pre-development work that has occurred, the project vision, the project challenges, the strategy and the next steps. Randy noted that there is a soft residential market with a low absorption rate for the type of development being proposed for the site. The principal project challenge is the debt limitations for the City and the resulting difficulty of making a financial plan for the project proposal. Randy would like to meet with the City’s financial advisor along with City staff to further review financing options. Kent and Judy will make the arrangements as soon as possible.

A determination needs to be made regarding use of a Redevelopment Authority Bond. Will there be sufficient density to generate enough money to float a \$3 million debt? In general, there will need to be \$12 million of new tax base to meet this goal. Randy is talking about 32 townhomes and two, twelve-unit apartments along with 40 senior affordable apartments above the library. This will cost \$5 to \$6 million of which about \$2 million will be taxable given the apartments tax credit standing. With all the units constructed, you arrive at about \$11.7 million of value or new increment. How fast will they sell? How fast will they fill up? We need the tax income to pay the bond. If everything sells in 8 years, with some bridge financing, we could generate sufficient revenue for the \$3 million bond at 4% interest and a term of 27 years for a total debt of \$4.28 million. We need to affirm the feasibility of the bond then go to the next step. If it is feasible, then maybe the residential units are built as planned to test how to handle the mixed use library. The library is also subject to securing a competitive tax credit application for the housing segment. The library would have to be relied upon to generate sufficient funding in excess of the \$3 million bond to meet the construction budget. The general estimate being utilized is the mixed use library could cost \$5 to \$6 million. A determination of the cost to re-establish the museum needs to be finalized. A decision on whether or not to have a referendum needs to be made and if one is held, a determination of what is being asked for has to be made.

Clearly, finding a financial path forward is difficult, but it does not appear impossible. We need to be creative and conservative at the same time. Timing issues are numerous and a referendum question may be required. The consultants that Randy is working with may have a tax credit application ready for submission this November for the housing portion of the mix-use library. This discussion will continue at the meeting next month.

5. The Committee reviewed Kent's monthly memo.
6. The next Committee meeting will be held on Tuesday, August 28, 2018 at 4:30 pm. It is anticipated that Brian Yerkey, New London High School Principal will be at the meeting to talk about the apprenticeship program.
7. There was no public comment.
8. Motion by O'Connell and seconded by Asman to adjourn the meeting. Motion passed. The meeting adjourned at 5:50 pm.

Kent Hager, City Administrator