

City of Merrill
Joint meeting of Meeting of Redevelopment Authority (RDA)
and Committee of Whole

Wednesday, April 7, 2021 at 5:15 p.m.
City Hall Common Council Chambers

RDA Present: Clyde Nelson, Tony Kusserow, Derek Woellner, Steve Sabatke,
Sheila Polak, Lori Anderson-Malm, and Val Mindak

Additional Committee of Whole Present: Alderpersons Steve Hass, Rick Blake, Steve Osness,
John Van Lieshout, Mark Weix, Paul Russell (via phone), and
Mike Rick Jr. (via phone)

Others: Finance Director Kathy Unertl, City Administrator Dave Johnson,
City Attorney Tom Hayden, Public Works Director/City Engineer
Rod Akey, City Building Inspector/Zoning Administrator Darin Pagel,
Jim Jaworski from JJ Premier Investments, Bill Bialecki from Lincoln
County Economic Development Corp. (LEDC), City IT Manager
Dustin Brown, and Merrill Productions camera operator

Call to Order: Mayor Woellner called the meeting to order at 5:15 p.m. and then turned over to
RDA Chair Nelson.

Consider approval of RDA meeting minutes from March 10th, 2021:

Consensus to approve the meeting minutes from March 10th, 2021. Carried.

Public Comment: None

Update on new residential developments (2009 through March 2021):

Unertl and Johnson highlighted the single-family and multi-family building permit information. There were nine single-family permits issued in 2020. Except for 2015 when five houses were constructed, the typical number has been one or two annually for the past decade.

The three homes constructed on W. St. Paul St. are now occupied and two additional homes are under construction by Denyon Homes-Ott Development. There is also a buyer for future home to be built along the Superior Street extension. Another house permit has been issued for Rio Grande Ave. JJ Premier is requesting additional lots for new home construction along the future Parkview Dr.

Update on new residential developments (2009 through March 2021) - Continued:

Sabatke asked about rising cost of building materials. From developer perspective, Jim Jaworski indicated that rising costs are a concern; however, his firm is pre-buying and in bulk quantities.

Jaworski emphasized that JJ Premier's objective is to maintain pricing in \$189,000 to \$209,000 range. Nelson commented that some of the increased new home expenses are partially offset by lower interest rates. Mindak also highlighted the challenges due to the lack of available housing and appraisal pricing information.

Update on TID No. 11 – Superior St. Extension-W. St. Paul St. infrastructure improvements:

A total of six bids were received. Three construction bids under \$300,000 for paving of W. St. Paul St. and utility and street extension of Superior Street. Low bid was from Merrill Gravel & Construction Co. at \$279,356.55 which is about \$100,000 lower than the TID No. 11 adopted 2021 budget. The bid award will be considered at the April 13th Common Council meeting.

Review of Rock Ridge Park Plat and request from JJ Premier LLC for five additional lots for 2021 new single-family construction:

RDA Commissioners reviewed the Preliminary Plat which includes ten lots with new Parkview Street connecting from Edgewater Dr. to Rock Ridge Ct. JJ Premier is requesting five (instead of four) of these lots single-family home construction during 2021. Jaworski reported that Wisconsin Public Service would like to install electrical and natural gas when Parkview Dr. is improved.

Consider potential 2021 TID No. 11 budget amendment request to facilitate utility and street infrastructure construction of Parkview Drive through Rock Ridge Park Plat:

City Engineer preliminary construction estimate is \$225,000 (including streetlighting). Without construction of Parkview Dr., it isn't possible to access/develop the five new single-family homes proposed by JJ Premier. With the savings on W. St. Paul St. and Superior St., a TID No. 11 budget amendment of \$125,000 is being requested.

Kusserow asked about the new housing window of opportunity future. From her financing experience, Mindak emphasized that there are lots of moving parts. There is considerable borrowing interest in new home construction, as well as refinancing existing mortgages. Interest rates are likely to remain low. There are dynamic economic trends for working from home and people relocating to different areas. Woellner noted that the additional street construction costs would be paid back in about ten years with the tax increment generated by proposed new single-family homes.

Motion (Mindak/Polak) to recommend a \$125,000 TID No. 11 budget amendment to facilitate construction of Parkview Dr. Carried.

Consider a resolution authorizing a development agreement by and between the City of Merrill, Wisconsin and JJ Premier LLC – Phase 2 (TID No. 11):

Motion (Kusserow/Sabatke) to recommend the development agreement by and between the City of Merrill, Wisconsin and JJ Premier LLC – Phase 2 (TID No. 11). Carried.

Next RDA meetings: Regular RDA meeting on Wednesday, May 5th at 8:00 a.m. and then on Tuesday, May 25th at 6:00 p.m. for public hearing on proposed TID No. 14 creation.

Closed Session: Chair Nelson the following: The RDA may convene in closed session per Wis. Stats. Sec. 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 to consider:

- a. Consider potential negotiation terms for cash development incentive(s) to facilitate redevelopment along E. Main St. (Parcel within existing TID No. 3) and would be included in proposed new TID No. 14 Overlay District
- b. Update on potential purchase of property in TID No. 8 to facilitate new residential developments
- c. Consider negotiation terms for cash development incentive(s) to facilitate multi-family home development in TID No. 8
- d. Update on additional single-family and duplex housing opportunities in TID No.8 and consider negotiation terms for cash development incentive(s)

Motion (Sabatke/Mindak) to move into Closed Session at 5:55 p.m. Carried 7-0 on roll call vote.

Closed Session Summary:

There was extensive discussion on proposed E. Main St. redevelopment project on a parcel located within TID No. 3 (which will be within proposed TID No. 14 Overlay District). Negotiation terms for cash development incentive will be included in the development agreement that will be considered at the May 25th RDA meeting.

Johnson and Hayden provided update on potential land purchase to facilitate new housing construction in TID No. 8 (West Side Area). Negotiations continue. Additional potential properties will be reviewed.

Maximum potential negotiation terms for cash development incentive for multi-family housing proposal were discussed and City staff will relay to the developer.

Johnson reported that there is developer interest in construction of both single-family homes and rental duplexes. However, nothing is possible without available land.

Adjournment: (Mindak/Kusserow) to adjourn at 7:25 p.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl

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Closed Session: Chair Nelson read the following: The RDA may convene in closed session per Wis. Stats. Sec. 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 to consider:

- a. Consider potential negotiation terms for cash development incentive(s) to facilitate redevelopment along E. Main St. (Parcel within existing TID No. 3) and would be included in proposed new TID No. 14 Overlay District
- b. Update on potential purchase of property in TID No. 8 to facilitate new residential developments
- c. Consider negotiation terms for cash development incentive(s) to facilitate multi-family home development in TID No. 8
- d. Update on additional single-family and duplex housing opportunities in TID No.8 and consider negotiation terms for cash development incentive(s)

Motion (Sabatke/Mindak) to move into Closed Session at 5:55 p.m. Carried 7-0 on roll call vote.

There was extensive discussion on proposed E. Main St. car wash and showroom redevelopment project on a parcel located within TID No. 3 (which will be within proposed TID No. 14 Overlay District). Negotiation terms finalized for a cash development incentive of \$130,000 with payments structured over three years after construction and occupancy.

Johnson and Hayden provided update on potential land purchase to facilitate new housing construction in TID No. 8 (West Side Area). Negotiations continue. Additional potential future housing properties will be reviewed.

Maximum potential negotiation terms for cash development incentive for multi-family housing proposal were discussed and City staff will relay to the developer. City final offer of Land for \$1.00 and a maximum \$200,000 cash development incentive.

Johnson reported that there is developer interest in construction of both single-family homes and rental duplexes. However, nothing is possible without available land.

Adjournment: (MIndak/Kusserow) to adjourn at 7:25 p.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl