



11333 N. Cedarburg Road
Mequon, WI 53092
Phone: 262-236-2903
Fax: 262-242-9655
www.ci.mequon.wi.us

ECONOMIC DEVELOPMENT BOARD

Tuesday, June 29, 2021

8:00 AM

Virtual Meeting

AGENDA

ELECTRONIC MEETING NOTICE: Pursuant to the current recommendation of the CDC limiting the size of public gatherings and the various federal and state orders implementing that recommendation, and to help protect our community from the Coronavirus (COVID-19) pandemic, this meeting will be held virtually through the GoToMeeting platform with each member accessing the meeting remotely. Citizens may join the meeting online or by phone. Please go to <https://global.gotomeeting.com/join/156685141> to join the meeting online or call into the meeting by dialing 1.877.309.2073 and enter access 156-685-141.

WRITTEN PUBLIC COMMENTS may be made in writing in advance of the meeting. Written comments should be directed to the Department of Community Development at least 2 hours prior to the meeting by email at DCD1@ci.mequon.wi.us addressed to the intended committee. Written public comment may also be deposited in the drop box at City Hall on 11333 N. Cedarburg Road, Mequon at least 2 hours prior to the meeting. Comments received timely will be forwarded to all members of the body for their consideration.

VERBAL PUBLIC COMMENTS will be accepted only from members of the public who register in advance. Registration shall be made by sending an email to Robin Buzzell at rbuzzell@ci.mequon.wi.us or by leaving a message at 262.236.2902 no later than 2 hours prior to the meeting.

1) Call to Order, Roll Call

2) Approval of Meeting Minutes from May 25, 2021

Action requested: review and approve

3) Revolving Loan Fund Application for Aleska Learning Center, a daycare center, located at 1415 Donges Bay Road

Action requested: review and recommend

4) Staff Updates

5) Announcements

The next meeting is Tuesday, July 27, 2021

6) Adjourn

Dated: June 25, 2021

/s/ Tim Carr, Chairman

.....
Notice is hereby given that a quorum of other governmental bodies may be present at this meeting to present, discuss and / or gather information about a subject over which they have decision making responsibility, although they will not take formal action thereto at this meeting.

Any questions regarding this agenda may be directed to the Dept. of Community Development office at 262-236-2903, Monday through Friday, 8:00 a.m. – 4:30 p.m.



See Agenda Packet for
Login and Complete Packet Details
Mequon, WI 53092
Phone: 262-236-2903
Fax: 262-242-9655

www.ci.mequon.wi.us

ECONOMIC DEVELOPMENT BOARD

Tuesday, May 25, 2021

8:00 AM

Virtual Meeting

Minutes

1) Call to Order, Roll Call

Present:

Chair Timothy Carr
Alderman Brian Parrish
Board Member James Baka
Board Member Dennis Engel
Board Member Daniel Gannon
Board Member Tracy Johnson
Board Member Michael Kramer
Board Member Jeff McLean
Board Member Bruce Sipiora
Board Member Andrew Petzold -- **Absent**

2) Approval of Meeting Minutes from April 27, 2021

Action

Mr. Baka made a motion to approve the meeting minutes from April 27, 2021.

Ald. Parrish seconded the motion.

A voice vote was taken, vote passed (8-0)

RESULT: **Approved [Unanimous]**

MOVED BY: Baka

SECONDED BY: Alderman Parrish

AYES: Carr, Parrish, Baka, Engel, Gannon, Johnson, Kramer, McLean, Sipiora

ABSENT: Petzold

3) Introduction of Board Members

The Board introduced themselves to each and gave a quick background on their work and volunteer experience.

4) Port Washington Road Redevelopment

Asst. Dir. Zader talked through the story map provided for the Board via a link provided in board packet:

- Overview of both TIF #4 and TIF #5 Districts.
- TIF #4:
 - US Bank – high potential for redevelopment, underutilized, large site.
 - Pavilions – 2018-2019 façade improvements to ½ of the structures. They did not seek incentives. Staff has encouraged the owner to do something more wholesale and they are not interested.
 - Ace Hardware – smaller, constrained site. Part of the Town Square condo development. Rumor that they are looking for a larger site; would be high priority redevelopment site.
 - ICAP Development – 5 parcel development, approached staff about TIF incentive but did not follow through.
 - The Feedbag – built in 2010, a good business, property is in good shape.
 - Milwaukee PC – built in 2012, constricted site due to wetlands.
 - Stein – large parcel, successful business, may have potential for redevelopment outside current incentive programs for some beautification/site improvement efforts.
- TIF #5:
 - Newport Square 2 – two separate condo buildings, received incentive. 2012-2015 successful redevelopment.
 - Newport Square 1 – land in the rear available for redevelopment, not a priority site and would not qualify for current incentive plan (it is already green land). Good add incentive for this type of development.
 - Office Development (adjacent to yellow warehouse bldg.) – on going construction, did not qualify for incentive. Maybe have lost opportunity for redevelopment on this site.
 - Copy Master Building – difficult due to multiple owners, was targeted as high priority but surrounding parcels in redevelopment phase.
 - Warehouse – recently approved for storage facility. Received an incentive.
 - Good Year – good business on a small site, not a high priority.
 - Ferrantes – active business, small site, not a high priority at this point.
 - Single Family & 2 Duplexes (directly behind Chalet) - at one point thought to incorporate 3 parcels, multiple owners now.
 - Chalet Motel – very small parcel, could have been combined with residential parcels behind it. High priority for redevelopment, but very small parcel and active business there now (Crave).
 - Sobelmans – very small parcel, for sale now, some interested parties but difficult to build on the parcel due to setbacks. At one point thought could be combined with Baymont site.
 - Baymont Hotel – haven't heard any interest in combining parcels.
 - Lakeshore Eye Care – built in 2013, active user, not a high priority site.
 - Mixed Use Building – behind Lakeshore Eye Care – very small site.
 - Clark Gas Station – razed and rebuilt in 2019, did not qualify for an incentive

- (went down in value).
- Lakeside Mixed Use – built in 2000's, active user, nice building. good condition.
 - North Shore Detailing – high priority for redevelopment façade or some remodeling, small site. Modification of incentive policy would be required.
 - Funeral Home – large parcel, active user, good upkeep of property.
 - Mixed Use Office – 2 offices (condo) next to each other, small parcel, hard to lease, reduced assessment.
 - RDC Investments – several improvements made, did not qualify for incentive, looking to expand but are up against their FAR requirements.
 - Skygen – good business, active user.
 - Mixed Use Office – mixed use, office condo, loss of assessed value.
 - Office – good shape, active use, not a priority site.
 - Mixed Use Commercial – site needs some work, could use incentive for façade or minor site work or wholesale redevelopment.
 - Mixed Use with restaurant – would have been good to combine with Port Zedler.
 - Port Zedler – high priority site, currently has a raze order, once razed will need for incentive is gone.
 - Park Place – attractive to combine with Port Zedler, owner has some interest.
 - Mixed Use with daycare – tired site and building, façade upgrade or raze.

Asst. Dir. Zader showed pictures of Port Washington Road:

- Corridor is very wide.
- No landscaping.
- Lighting does not match.
- Very few vertical elements other than utility poles.
- Lack of street trees, medians.

He commented that matching lighting and the addition of some street trees would add needed landscaping.

He stated that staff is interested in feedback from the board on creating new incentive programs and the level of interest in implementing some beautification efforts.

The board discussed the available funds to do some of the beautification projects and how much should be allotted (approx. \$700,000 available). Adopt-a-highway and maintenance programs were discussed. It was suggested that the three most southern properties (#27, #28, #29) are high priority target sites for redevelopment. There is also an interest in site improvements for the north end of The Pavilions. There is agreement to focus/target priority sites.

The board supports modified incentive programs to spur redevelopment for the properties in these two TIF districts as well as new incentive formulas other than pay as you go. Additionally, there is support of possible incentives to encourage assemblage packages.

Board agreement to use some of the cash reserve for both incentives and some beautification efforts.

5) Recap of Town Center TID Workshop on May 4, 2021

Dir. Tollefson stated that there was a great amount of consensus on the priority on the public improvement projects; based on final design and cost. Each individual project will be back in front of the Common Council for final approval if any further expenditure is made. Staff recommended a package of both cash financing and borrowing in order to complete the projects. The Council was receptive to utilizing dollars beyond just the cash financing for an approximate total of \$4.5M.

6) I-43 Construction Update

Dir. Tollefson gave an update that the timeline for the I-43 project is a minimum 3-year construction schedule which will start later this year.

7) Staff Updates

8) Announcements

The next meeting is a date change to June 28th at 8:00 a.m.

9) Adjourn

Action

Mr. Kramer made a motion adjourn the meeting.

Mrs. Johnson seconded the motion.

A voice vote was taken, vote passed (8-0)

Respectfully Submitted,

Kim Tollefson

Director of Community Development



11333 N. Cedarburg Road
Mequon, WI 53092
Phone: 262-236-2902
Fax: 262-242-9655

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Office of Community Development

TO: Economic Development Board
FROM: Kim Tollefson, Director of Community Development
DATE: June 29, 2021
SUBJECT: (ID # 6346) A Resolution Approving a Revolving Loan Fund application for \$100,000 for Aleska Learning Center, a daycare center, located at 1415 Donges Bay Road

Background: The City of Mequon is in receipt of an application by Aleska Learning Center for \$100,000 from our Revolving Loan Fund (RLF). Please find attached a memo from Ozaukee County Economic Development Director, Kathleen Cady-Schilling dated June 1, 2021, which summarizes the proposal and analysis.

The request for the loan is to assist with the acquisition of the property and make necessary building renovations. The new day care center is proposed at 1415 Donges Bay Road, which is the location of former day care facilities and subject to a conditional use grant as part of zoning approvals. The new business intends to add 12 new jobs and as part of the loan application, commits to creating at least 5 new, full-time positions within two years of this loan.

The funding request was evaluated by Ozaukee County Economic Development and by an outside financial consultant working on behalf of the City. In addition to the new job creation, the loan approval is contingent upon the use of private equity and finalization of a \$327K loan from First Financial Centre, a 10-year term and amortization, an interest rate of 1.67% and collateral.

Should the Board find the job creation valuable and find that the new business creates economic benefit, then staff recommends use of the RLF dollars.

Revolving Loan Fund Balance: The balance of the city's revolving loan fund is \$370,087. These funds are administered by the Department of Commerce and Ozaukee County Economic Development. Action to approve the application by Aleska Learning Center will result in a fund balance of \$270,087.

Staff Recommendation:

Planning staff and the Ozaukee County Economic Development Director recommend **approval** of the RLF application for Aleska Learning Center, subject to action by the Finance-Personnel Committee and Common Council with contingencies as recommended by OED and the City's financial consultant, as attached.

Economic Development Board Recommendation:

The Economic Development Board's recommendation will be forwarded to the Finance & Personnel Committee and Common Council for action on July 13, 2021.

Attachments:

Ozaukee County Economic Development Recommendation(PDF)

Alaska Learning Center RLF Application (PDF)

COMMON COUNCIL
OF THE
CITY OF MEQUON

A Resolution Approving a Revolving Loan Fund application for \$100,000 for Aleska Learning Center, a daycare center, located at 1415 Donges Bay Road

- A. The City Economic Development Board recommended approval of the \$100,000 revolving loan fund application for Aleska Learning Center located at 1415 Donges Bay Road at their meeting on June 29, 2021, in accordance with the recommendation of Ozaukee County Economic Development; and
- B. The Finance & Personnel Committee and Common Council recommended approval of the loan at their meeting on July 13, 2021; and
- C. The loan will create a minimum of 5 full-time equivalent jobs; and
- D. The loan will be used to assist with acquisition of the building and necessary building renovations; and

BASED UPON THE FOREGOING RECITALS, IT IS RESOLVED by the Common Council of the City of Mequon, Wisconsin, that:

1. The \$100,000 loan application for Aleska Learning Center is approved in accordance with the attached recommendation from Economic Development Board and Finance & Personnel Committee.

2. The Mayor, City Clerk, and other appropriate City staff are directed and authorized to sign and close the loan agreement subject to any clerical, technical and/or legal changes deemed necessary and appropriate by the City Attorney and the following conditions:

- A \$100,000 RLF loan shall be provided to Aleska Learning Center. The loan will be used to assist in the purchase of the property located at 1415 Donges Bay Road and building renovations.
- That a corresponding loan of \$327,000 is provided to the Company by First Bank Financial Centre.
- The RLF loan shall be provided with a ten-year term and amortization and an interest rate of 1.67 percent.
- The RLF loan shall include a six month deferral of principal payments.

- That the loan be secured with a third mortgage on the collateral of a second mortgage on the property at Donges Bay Road behind First Citizens Bank, a person al guarantee from Julia Klimkovich and a General Business Security Agreement on the business.
- That the Company creates at least 5 new full-time equivalent positions within 24 months of the closing on the RLF loan.
- That the Company provide to the County, or its designee, on an annual basis, semi-annual financial statements that are certified by the borrower, annual financial statements that are compiled by a certified public accountant, and signed copies of its corporate Federal income tax return.

Approved by: John Wirth, Mayor

Date Approved: June 29, 2021

I certify that the foregoing Resolution was adopted by the Common Council of the City of Mequon, Wisconsin, at a meeting held on June 29, 2021.

Caroline Fochs, City Clerk



MEMORANDUM

TO: Mequon Economic Development Board

FROM: Kathleen Cady Schilling, Executive Director
Ozaukee Economic Development

DATE: June 1, 2021

SUBJECT: **REVOLVING LOAN FUND LOAN: Aleska Learning Center**

The purpose of this memorandum is to provide a summary and staff analysis of the request from Aleska Learning Center for a Revolving Loan Fund (RLF) loan for the purchase of a building to house their business and renovations to the building. Aleska Learning Center has a purchase agreement for the building at 1415 Donges Bay Road. They would be opening their day care center at this site. The funds from the RLF will be utilized to assist with the building purchase and renovations. The business has requested a \$100,000 loan.

Background

Aleska Learning Center will be a new day care operated out the Donges Bay facility. The company will focus on providing innovative programs utilizing a play-based curriculum that enhance development in motor and communication skills, social and emotional development, creativity and imagination and problem solving. The company feels it can stand out due to its location, quality teachers, maintaining a clean and safe environment and connecting directly with parent.

The company will be directed by Liliya Bachynskaya. Liliya will be the director and has over thirty years of experience working with early childhood development. Lilliya will lead planning and implementation of the center's program for children, supervision of staff and continuing education. Liliya will be assisted by Robert Wagner, who will be working with Aleska on marketing and sales, as well as customer communications and parent relations. Robert has had over 20 years of experience in sales and marketing. The company will be owned by Julia Klimkovich. Julia has over 15 years of business and finance experience. During the company's initial years, Julia will be maintaining her current employment with Sargento Foods as their Finance Director, providing additional support and stability to the organization.

Alaska has provided the City with detailed financial projects breaking out their costs on a monthly basis. The business shows that it will have a loss in year one, but began a profitable cash flow by month seven. In years two and three, the company will be able to see a solid profit. With these financials, Ms. Klimkovich's outside employment will assist the company as it moves into profitability.

The company will be hiring several employees. Alaska will be hiring 6 full time teachers in year one, and by the end of year two, expects that the company will have 12 full time employees.

Funding Request

The Company is requesting that the \$100,000 RLF loan be provided with a term of ten years and an interest rate of 1.675 percent, with a six month deferral of principal to ease the original start-up costs. The company has received an approval for \$327,000 loan from First Citizens Bank. The loan from First Bank Financial Centre 5 year term loan amortized at a twenty years. Additionally, Ms. Klimkovich will be putting in \$150,000 of equity in the business.

The collateral available to secure the loan would be a second mortgage on the property at Donges Bay behind First Citizens Bank, a personal guarantee from Julia Klimkovich and a General Business Security Agreement on the business.

The Company has agreed to create at least 5 new full-time equivalent jobs in exchange for the RLF loan (The company plans on hiring 12 new positions.). The jobs would be recruited through the Ozaukee County Workforce Development Center and the company would agree to submit income survey information on all applicants. The company agrees to hire 51% of its employees from low to moderate income households.

Per Mequon's requirements, OED had this loan reviewed secondarily by Trish McEnerney from BMO Harris. Ms. McEnerney provides this analysis to OED and the City of Mequon. Ms. McEnerney is recommending approval per her review, she felt that the company's financials were strong and that Ms. Klimkovich's business background should help guide the business, additionally the income from Ms. Klimkovich's other employment can help maintain the business during its difficult year one. Her only concern is the challenge of finding employees. However, Ms. Klimkovich notes this issue and will be working with a variety of venues to find these employees.

Contingencies

If the City approves the loan request, it is recommended that the following conditions accompany the approval:

1. That a \$100,000 RLF loan is provided to Aleska Learning Center. The loan would be used for the purchase of the property at 1415 Donges Bay Road and for renovations of the building.
2. That a loan of \$327,000 is provided to the Company by First Citizens Bank.

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3. That the RLF loan is provided with a ten-year term and amortization and an interest rate of 1.67 percent.
4. That the RLF loan have a six month deferral of principal payments.
5. That the loan is secured with the collateral identified above.
6. That the Company creates at least 5 new full-time equivalent positions within 24 months of the closing on the RLF loan and that the new jobs are made available through the Ozaukee County Workforce Development Center.
7. That the Company provides to the County, or its designee, on an annual basis, semi-annual financial statements that are certified by the borrower, annual financial statements that are compiled by a certified public accountant, and signed copies of the corporate Federal income tax return.

* * *

Attachment A

City of Mequon
Revolving Loan Fund Application

1. Business Name:

DayCare Start-Up

Address:

1415 W Donges Bay Rd

Mequon, WI 53092

Contact Person:

Julia Klimkovich

Telephone No.:

414-429-1818

2. Brief Project Description: Mequon Daycare / Learning Center Start-up

Start-up capital is required for building acquisition, indoor and outdoor cosmetic and code required updates, creating spacious and fun outdoor playground, obtaining furniture, equipment, electronic and toys for safe and stimulating child development.

3. Source and Use of Funds

	RLF Financing	Bank Financing	Other Financing	Owner's Equity	TOTAL
a) Real Estate Purchase	\$ 80,000	\$ 320,000			\$ 400,000
b) Building Construction					\$ -
c) Building Renovation	\$ 20,000			\$ 15,000	\$ 35,000
d) Leasehold Improvements				\$ 50,000	\$ 50,000
e) Capital Equipment					\$ -
f) Working Capital				\$ 80,000	\$ 80,000
g) Closing Costs				\$ 5,000	\$ 5,000

TOTAL PROJECT COSTS	\$	100,000	\$	320,000	\$	-	\$	150,000	\$	570,000
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4. RLF Assistance Requested:

a) Loan Amount	\$	100,000
b) Interest Rate (percent)		2.00%
c) Loan Term (years)		10
d) Principal Deferral (months)		6

5. Source of Private Debt Financing

Name: First Citizens Bank
 Address: 10401 W Innovation Drive, Suite 150
Wauwatosa, WI

Contact Person: Rick Adyniec
 Telephone No.: 414-708-2891

6. Job Creation and Retention

	New Jobs		Retained Jobs	
	Number	Pay Range	Number	Pay Range
Full-Time Jobs	12.0	\$12-15		
Part-Time Jobs				
TOTAL JOBS		FTE = 12		

7. Date Project Will Begin: July 1, 2021

I hereby certify that the information provided above and in the attached supporting documentation is to the best of my knowledge true and correct.

Signature _____ Date _____

For additional information about the City of Mequon RLF program, please contact Kathleen C. Schilling, Executive Director, Ozaukee Economic Development (262) 238-7730.

Please submit the RLF application and supporting documentation to:

Kathleen Schilling, Executive Director
Ozaukee Economic Development
121 W. Main Street
Port Washington, WI 53074