City of Mequon

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ECONOMIC DEVELOPMENT BOARD
Tuesday, June 29, 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 Michael Kramer
Board Member Jeff McLean
Board Member Bruce Sipiora
Board Member Tracy Johnson -- **Absent**
Board Member Andrew Petzold -- **Absent**

2) Approval of Meeting Minutes from May 25, 2021

Action
Mr. Kramer made a motion to approve the meeting minutes from May 25, 2021.
Mr. McClean seconded the motion.
A voice vote was taken; vote passed (6-0)

RESULT:	**Approved [Unanimous]**
MOVED BY:	Board Member, Kramer
SECONDED BY:	Board Member, McLean
AYES:	Carr, Parrish, Baka, Gannon, Kramer, McLean, Sipiora
ABSENT:	Engel, Johnson, Petzold

3) Revolving Loan Fund Application for Aleska Learning Center

1. **RESOLUTION 3857** A Resolution Approving a Revolving Loan Fund Application for Aleksa Learning Center, Located at 1415 Donges Bay Road, in the Amount of $100,000

Kathleen Cady-Schilling, Ozaukee County Economic Development Director, stated that the applicant, Julia Klimkovich, contacted her in April regarding her interest in purchasing and renovating the building at 1415 W. Donges Bay Road for a daycare; Aleksa Learning Center. Her mother, who has 30 years of experience in the daycare industry, will be the director and in charge of the daily operations. Julia will own the building and the business.

Ms. Cady-Schilling explained that both herself and Trish McEnerney, representative from BMO Harris Bank, reviewed the financials as well as the business plan and agrees that Ms. Klimkovich has a strong business plan to support her request for a $100,000 loan. The prime will be 1.75 with a 6-month deferral of principal. She has received a loan of $327,000 from First Bank Financial Centre but will also contribute her own equity of $150,000 and will continue working full time as Finance Director for Sargento.

Ms. Klimkovich stated that she is very excited about this new business and believes it will be successful as there is a market for high-quality daycare in Mequon. Their program is focused on education and learning, and she believes her mother's experience, 20 years working in daycares in Ozaukee County, will help provide a wonderful daycare experience for local families. She explained that she plans to invest in technology to enhance the communication that parents can have with their children throughout the day. She requested some extended hours from the Planning Commission approval to provide some parent social network opportunities as well as a night for parents to have a date night. She will update the property's landscaping and will decorate the building to be a bright, fun and attractive place for children.

Director Kim Tollefson stated that the RLF is created based on adding new jobs to the city; a commitment of 5 new full-time positions must be created. On June 28, 2021, the Planning Commission did approve the business operations in the CUG, which is required for a daycare use. She commented that no other actions by the city are required as the necessary approvals have been achieved.

The Board asked the applicant about her pricing related to revenue stream. Ms. Klimkovich explained that she built her business plan based on a conservative figure of $280 per week per child. She believes that the market will allow for $290/week. She explained that typically these rates go up 3-5% annually. The fees are paid bi-weekly.

When questioned about loans received, Mrs. Cady-Schilling made a correction to page 11 to discard a sentence that states a loan from First Bank for a 5-year term was received. This was simply a clerical error, and that sentence was left over from a previous document.

There were questions from the Board about the history of the past few owners of this building and whether there is a market for another daycare in the community. Ms. Klimkovich stated that her market research shows that there is a market for this use and specifically that there are waiting lists for newborns. Ms. Cady-Schilling stated that when reviewing this application, Ms. McEnerney confirmed that on the bank business side there is a need for daycares in Mequon.

A Board member asked about the financials of the applicant and Ms. Cady-Schilling answered that the applicant has very strong personal financials, a very high credit score and plenty of personal assets that enabled her to receive the recommendation of approval to the EDB of the requested RLF. She is also maintaining her full-time job which provides a stable income.

There was discussion about the challenge of the ability to hire enough staff given the tight job market. It was commented that it may take longer to build the business to full operating status, but Ms. Klimkovich is stiving to be at full occupancy with 52 students and 12 teachers in two years. She plans to have an incentive program for her staff and to utilize local colleges to attract employees.

Ms. Klimkovich stated she will purchase the building for $385,000 and she will fix the roof after she closes on the property and will she need renovation funds for improvements on site.

Action
Mr. Gannon made a motion to recommend the approval of the requested RLF to the Common Council.
Mr. Kramer seconded the motion.
A voice vote was taken; vote passed (7-0)

RESULT:	**Approved [Unanimous]**
MOVED BY:	Board Member, Gannon
SECONDED BY:	Board Member, Kramer
AYES:	Carr, Parrish, Baka, Engel, Gannon, Kramer, McLean, Sipiora
ABSENT:	Johnson, Petzold

4) Staff Updates

Dir. Tollefson reminded the Board that last spring some of the RLF dollars were shifted to the Emergency Load Funds (ELF) for community businesses that were open to the public, smaller sized and affected by the closures due to the pandemic. Those loans had a maximum dollar amount of $15,000 and there were 20 recipients of the loan with most of them at the maximum loan amount. The payments were deferred until July of 2021, and all the loan recipients have received a courtesy notice that the loan payments are coming due in July. Three of the recipients have already paid back the loan in full and a fourth is expected sometime this week. Once these loans are paid back the funds will replenish the existing $270,000 in the RLF. She commented she believes it was a very successful program provided from the city.

Asst. Dir. Zader updated the Board on a few questions asked at the previous meeting regarding the I-43 project. He explained that the properties on the south end of Port Washington Road, the properties targeted by the Board as high priority, will not be impacted by the construction project.

He stated that he has found some traffic count studies for that corridor, but he is still looking for some projected traffic count studies based on the I-43 project changes.

Asst. Dir. Zader stated that he has been working to create a TIF policy for Port Washington Road that will highlight the targeted properties. He also has some developed some strategies for the properties outside of the Fast-Track Formula. This will be presented to the Board at the July meeting.

Ms. Tollefson stated the following items were approved at the Planning Commission meeting the previous evening:

- A 68-unit assisted living facility on Port Washington Road, just north of the eastside fire station.
- The White Rabbit Bar & Grill was approved for a new outdoor deck to expand seating.
- Life Storage received approval for their master sign plan.
- Last month the Common Council took action for Coops Industries, currently constructing a new building in the industrial park, as a recipient of an industry revenue bond.

5) Announcements

The next meeting is Tuesday, July 27, 2021, at 8:00 a.m. and this meeting will be virtual.

The Board will not meet in August but will meet again in September, which may be in person.

6) Adjourn

Action
Mr. Gannon made a motion to adjourn the meeting.
Mr. Sipiora seconded the motion.
A voice vote was taken; vote passed (7-0)

Respectfully Submitted,

Kim Tollefson
Director of Community Development