City of Mequon

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Department of Community Development

Economic Development Board
January 24th, 2017
7:30 AM
North Conference Room
Mequon City Hall
11333 N Cedarburg Minutes

1. **Call to Order, Roll Call.**

Members present: Chairman Tim Carr, Jim Baka, Matson Holbrook, Gloria Rosenberg, Bruce Sipiora,
Rick Shneyder (left at 8:00 a.m.), Janette Braverman (left at 8:30 a.m.)

Staff and City Representatives Present:
Kim Tollefson, Director of Community Development
Ald. Pam Adams (Voting Member)
Ald. Connie Pukaite

The board welcomed new member Bruce Sipiora. Mr. Sipiora gave an overview of his work experience and his involvement in local government and all the members introduced themselves. He will send out a detailed biography and contact information.

2. **Approval of meeting minutes from November 29, 2016**

Corrections were made prior to the meeting to correct the spelling of Mr. Shneyder's last name.
Ald. Adams moved to approve the minutes as corrected.
Ms. Rosenberg seconded the motion.
A voice vote was called. All voted aye (8-0)

3. **Town Center TID Incentive Criteria**

Ms. Tollefson explained that the TIF Town Center project plan was created in 2008; at the downturn in the economy. It was required in the TIF district to list the type of expenditures to be made and the amount of money the municipality would spend. At the time, the City was only interested in making expenditures related to infrastructure and beautification efforts. The City had borrowed $7M at a time the interest rates were low. About half of the money was spent on the infrastructure. There was no public water main on Mequon Road from Wauwatosa Road to Cedarburg Road. That infrastructure improvement was made along with utilities being buried along Cedarburg Road and Industrial Drive. A beautification effort along Cedarburg Road was made to make it a convertible street which could be closed for festivals and some improvements along the riverfront were made. The convertible street enhanced the pedestrian amenities and connections were made from the Civic Campus to the riverfront park area.

Ms. Tollefson outlined the expenditures, projects and values generated as part of Town Center and the

Town Center TIF.

In June 2016 there was a Common Council workshop to discuss the status of Town Center projects, the values, the dollars in the TIF and other expenditures that are yet to be made. There are a handful of goals and objectives in terms of consensus among the Council. One of the items discussed was whether incentives should still be offered. The Common Council does want to continue to offer incentives but they would like to be more defined in terms of who is eligible for incentives and align the eligibility with some of the policies that came out of that workshop. Staff has begun to start the analysis of eligibility by looking at the public policy objectives and goals related to Town Center and to analysis the properties. The properties were ranked by low, medium and high priority sites for redevelopment.

Ms. Tollefson provided an overview of staff's analysis this far.

At the workshop the Common Council discussed that they do not want to allow for an incentive for a straight residential project any more. They want to ensure that if there is a financial partnership with the City that the project promotes a mixed use development and that it is occurring in a way that it has an impact on the public realm; they want the commercial component.

Chairman Carr stated that he feels that the Common Council should decide the amount of money to be allotted for incentives. He does not feel that the amount of money offered is a deal breaker. He stated that staff did a good job identifying the properties that could benefit from some incentive money.

Mr. Holbrook does not agree with incentives not being given to solely residential properties because he feels some of the properties may not be appropriate for mixed use.

Ms. Tollefson stated that some properties would probably be split and that the commercial uses would be in the front of the properties and residential uses would be in the back of the properties. This exercise was to identify if there is a pattern or concentration of certain uses that met these criteria from a policy objective stand point that would show or determine what would be desired to be developed either through the private market or the City would need to motivate for it. The next step would be to come back and establish criteria as to those that are eligible.

Ald. Pukaite asked if any developers had recently asked about incentives.

Ms. Tollefson answered that she has had a few phone calls ask about redevelopment and question whether an incentive is available. There has not been any development plans presented thus far. There is a development group that is aware of the policy discussion regarding the incentive programs.

Ald. Pukaite stated that there is an excitement about the district. She does not feel that the incentive is a deal breaker. She feels that if some of the other possible projects come forward and proceed that it will promote redevelopment from surrounding areas.

Ald. Adams feels that it is important to continue the redevelopment on Port Washington Road.

Ald. Pukaite feels that it is very important to fill in some of the ugly spaces in the Town Center district. She feels that the redevelopment of some of the high priority Town Center properties will be expensive. She feels that if may be important to have some incentives available for some of these properties.

Ms. Tollefson stated that one of the initial goals of incentivizing the Town Center project was that it would be the catalyst for the neighborhood which it did. It is important to discuss whether developers will continue to need the incentive. Of the initial $7M that the City borrowed, there are still a number of expenditures listed in the project plan that have not yet been accomplished. It is a document out there that conveys a message to the private market about what the City has committed to do and the responsibility to develop the neighborhood as intended. The quicker the pace of the development, the quicker the pot gets repaid, the sooner decisions about executing some of the projects intended to do be done can be done.

Ms. Tollefson stated that at the workshop in June of 2016, a power point of imagery was shown of what Cedarburg Road looked like before and after and some anecdotal information about the volume of traffic was provided from both a bicycle and pedestrian comparison stand point to previous volumes. Also imagery of Mequon Road without those same streetscaping beautification efforts was shown and what it looks like and there is quite a distinction. There is a public policy objective and benefit to the City in getting these dollars sooner rather than later, so that the City can continue to make sure the improvements are happening in the public street and the connection from site to site. Some of the critique or disappointment has been that the City has not been able to achieve the aesthetic or visual theme to make Town Center look like it is a special and unique neighborhood.

Chairman Carr asked if giving incentives delays the City's ability to make the improvements or helps make the improvements happen.

Ms. Tollefson answered that a good way to asses this question would be for Elhers to evaluate the return on the City's investment and in what year would there be money available. This could be compared to the TIF project plan to project when money could be infused back into the neighborhood.

Ald. Pukaite stated that this information would be valuable to the Common Council. She stated that the incentive is not needed to obtain the interest of the developers but it may be needed to make it financially feasible for the developers. She feels that it is in the city's best interest to help the areas in red (on the map provided).

Chariman Carr stated that he feels that a minor incentive is a nice benefit to have in the market. He wants to vote whether the criteria makes sense and send the recommendation to the Common Council.

Ms. Tollefson stated that she would come back with a modified formula. The formula needs to have a set of criteria that will apply to everyone and will not be decided on a case by case basis. She feels that the Common Council will continue to support a formula that forces the developer to show what it takes to get the specific site back to green field land; like the Fast Track formula.

Ms. Tollefson stated that the EDB should:

i. Give feedback regarding the criteria used by staff to rank the sites and is there any policy objective or goal that was missed.
ii. Should Elhers be asked to do an analysis to help make a decision based on how much benefit there is to the city. *Consensus was affirmative.*
iii. Help with educating the public about the city's financial involvement. The dollars that the city has used to infuse new projects is on average about 7%; which is very low. Most communities are around 12%-15%; Mequon is almost half that amount. It is pay as you go. No one gets any money until they deliver the project and create the value.

<u>Action</u>

There was consensus from the board to continue moving forward with the criteria and formula for incentives.

4. Staff Updates

Ms. Tollefson stated that the Shaffer project on the city owned site has achieved all of their development approvals. In February the development agreement and an amendment to the contract to purchase will be brought to Finance and Personnel and to Common Council. The land is being sold for $1 and the site was appraised at $2.2M. This is similar to the overall package provided to the Shaffer/Wired development.

The two Logemann Center RFP proposals that the EDB weighed in on were supposed to go to Common Council in December for a broader conversation but was delayed until January. Ms. Tollefson provided an overview to the Common Council regarding the history of some of the Town Center planning efforts related to this property and wanted to have a conversation with them about the merit of private versus public development in that space and then talk specifically about the two proposals. After about an hour of conversation the pros and cons of each project were still not addressed. In the staff memo there were a number of elements of the Leszczynski proposal as parameters of what would need to be done over the next few months if the Common Council accepted that proposal. The other half of the meeting was intended to talk through these items and to get some feedback from the Common Council. It was decided to set up a special Common Council meeting to discuss this issue and to hear the proposals in February. The EDB is invited to attend this meeting.

5. Announcements

The February meeting is changed to February 28th.

Ms. Braverman would like to host the March meeting at Rockwell and to provide a tour for the EDB.

Action
Ms. Rosenberg made a motion to adjourn.
Mr. Holbrook seconded that motion.
All voted aye (6-0)

Meeting adjourned at 8:55 a.m.