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MINUTES

Community Development Authority Meeting

February 6, 2019

Members Present: Sue Smith, Ken Brost, Shaun O'Hearn Jerry Dietzel

Members Absent: Stephanie Brassington, Toni Stolarik, Peter Bloechl-Anderson

Staff Present: Pauline Boness, Matt Schuenke, Karen Knoll

Others Present: Ryan Quam, Clair Utter, Elisabeth Yszenga

1. **Call to Order**
   Brost called the meeting to order at 7:00 p.m.

2. **Public Appearances**

   Clair Utter – 5220 Rustling Oaks- spoke in opposition to the proposals of 4719 Farwell Street, he feels more public input is needed.
   Utter is in support of the development of 4703 Terminal Drive

   Elisabeth Yszenga – 4905 Farwell Street – spoke in opposition to the proposals of 4719 Farwell Street. Feels more public input is needed.

4. BUSINESS.

a. Discussion and possible recommendation to the Village Board for financial participation regarding two TIF loan applications submitted by Ryan Quam for mixed development of residential/office uses at 4703 Terminal Drive.

Schuenke summarized Quam gave a general overview at the CDA, Plan Commission and Village Board meeting last month. The applications for TIF financing are for Phases 1 & 2 as submitted with comments provided by Andrew Bremer of MSA, which will be reviewed. There are some options, which will be discussed.

Quam summarized the proposed project he submitted; he is working on estimated costs for his project, and has met with some banks to discuss his proposal for financing. The site plan has not changed much from last month. First phase will be an apartment building, second phase will be an office building which will require him to collaborate with a professional partner. Quam met with one whom he feels this will be ideal, however; they are looking at other sites, and have concerns about the tanks, view and access to the property. Quam is hoping the CDA will support this so he can start moving forward. If Quam receives approval, he can move forward with the apartment portion, and will still have time to put together something for the office portion. Quam summarized why he feels this project would meet the TIF requirements. He is working on another layout, which would take the buildings further away from the highway, with the parking lot on the highway side of the buildings.

O'Hearn asked the number of people who would be working there, and would these be new jobs or transfer of current employees. Quam replied they could not grow in their current space in Madison; they also have a building in Milwaukee. The owners currently reside in McFarland and Monona; they currently have about 20 employees.

Smith had concerns over the parking being visible from Hwy. 51. Quam showed members how the views would be, it will not be highly visible, and there will be underground parking. The first office building will be 2 stories and the second will be 3 stories.

Schuenke summarized the request in total is $1.1 million, with $675,000 for Phase 1 and $425,000 for Phase 2. There are processes of reviews, which have to go into place, once done, there would be a formal financial agreement put into place. Tonight we are looking at the request and application to decide if it should be forwarded to the Village Board.

Andrew Bremer from MSA summarized when the TID application process was put into in effect in 2017 there were 15 criteria, which needed to be met by an applicant. Bremer reviewed his memo of this proposal, and went over section 2, the performa analysis. Quam indicated the property value upon completion would go from about $250,000 to $4.9 million provided the construction is completed in 2020. Bremer reviewed the gap of $125,000 if it did not cash flow; there is the possibility to collect in 2019 depending on when the project is started. A project delay could reduce the property value before any value is added. Bremer felt the future assessment value could be a little aggressive.

Bremer reviewed how the proposal lays out with of Phase 1 and Phase 2 combined and options with Members per information provided in the packet. Overall, Bremer felt this project could be a good candidate for TID financing. Schuenke stated the first 3 options are what you have at your disposal present day, items 4 & 5 would have to go before the Joint Review Board, and it would push out the timeframe. They would offer more flexibility later on, but, you need to work with other tax authorities on this, and there is more work before you can bring it to fruition.

O'Hearn inquired of Quam if he would be able to come up with the difference between the 1.1 million and the $980,000. Quam responded there are a couple of things, which could derail this project, he feels he could come up with 10 – 12%. Brost said the biggest concern is if there was something else they wanted to do with this TIF. Schuenke replied Terminal and Triangle redevelopment have always been something the Village has wanted to do, but very costly. It would be a possibility for TID 6. Boness inquired of

Quam, a lot of staff time is being spent, plus time of his own time for this project, when did he feel he would be getting a commitment from the bank for financing? Quam replied on his last project the bank would not commit until late in the process, they wanted to know all had been approved through the Village, and all contracts in place. They then take it to their Board, and that can take weeks. Schuenke reviewed the timeframe of the approval process through the Village. It could be a part of the agreement for a date for when the financing is approved by. The other part, Schuenke has expressed is the office building, it is up to the group to decide when they are comfortable knowing who the partner is, at some point the Village would need to know who the partner is as what the money is being used for, this is part of the process. Boness inquired when would Quam would have some type of commitment from the other partner, did he have a deadline in mind? Quam replied he would love to state who it is, but he is concerned they may take their project to another site. Quam is concerned other developers may be seeking them out. Quam would be comfortable telling staff tomorrow, but is not ready for it to be out yet. It is slated for a 2020 start, if he had the approval from the Committee and Village Board it could happened any time before December. If he only gets the apartments up, he would be able to cover his costs, he feels the bank may also see it that way, and they would want to know that information for the loan. Boness stated obviously, you do not want to be caught in a situation where you cannot make your debt service.

Dietzel move to make a recommendation to the Village Board to approve the use of projected surplus from TID #3 revenues to fund applications 1 and 2 for financial participation regarding two TIF loan applications submitted by Ryan Quam for mixed development of residential/office uses at 4703 Terminal Drive. O'Hearn seconded the motion. Motion carried 4-0.

b. Discussion and action to provide direction regarding revisions to the proposals submitted for the Farwell Street Property Redevelopment project located at and around 4719 Farwell Street.

Schuenke summarized at the previous CDA meeting it was discussed the need for development and the steps we needed to take place. The open houses were held, about 24 people attended each, and we did receive feedback. We need to give feedback to the developers, based on feedback received.

Brost and members discussed affordable housing and the vacancies currently in McFarland in units which would be considered affordable, or, workforce rate apartments Members had concern over putting in additional affordable units when those we have are not filled. Smith concurred, do we want to compete with rentals in the area. Brost stated while there is supply and demand, how do the older buildings compete with something which is new and affordable. Bremer stated if you add new units in the area at a similar price, what does that do to a building that is much older, it would create competition. Boness stated there is always the concern that there is not enough affordable housing in McFarland, then why are there vacant units in buildings, which have affordable rents. Smith stated who would choose to rent in an older building when

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you can rent for the same amount in a new building; she is concerned this may compete for rent against current owners. Brost concurred this is one if his concerns also. Members were also concerned over density, and, too large of a building with too many units in one area. Members discussed the need for developers to have rentals to cover the financial parts of the project; it is likely the site would not fare as well if just a commercial project. There does need to be some density, Smith pointed out this is mainly a commercial area, does adding residential cover the need for more businesses on Farwell Street. Concerns also came up over the current traffic on Farwell Street and the number of units along with only one exit in and out causing more traffic issues. Smith had concerns over having a picnic/play area close to the street and safety issues with that location. There were also concerns voiced over both projects relying on low income to meet financing, what happens if a project is accepted and fails to secure the needed financing and tax credits, does the Village then have a vacant lot sitting and waiting. Schuenke replied if they cannot they will possibly ask the Village for more money, bring on additional partners, look for additional financing, there are many options, it would likely be asking the Village first for more financing. O'Hearn stated to preserve green space he would rather see a slightly taller building, with less of a footprint rather than a wider building with less green space, but still keeping it in scale. Bremer summarized it appears increased commercial is a top request, would they be willing to be more lenient on the number of residential if there was more commercial space. Bremer stated in response to Smith's question, telling the developers that you want a minimum of 25% market rate, and then have the developer respond and tell the CDA what they feel will work is an appropriate path. Boness added the master plans for the downtown were based on more residences in the area who would be able to walk to the businesses.

Schuenke went over the CDA review –Proposal Revision Criteria and feedback forms in packets with Members. It is the feeling that each party is fully capable of doing the project, and there was no need to do another RFP. Schuenke and CDA Members discussed the topics of Residential/Commercial; Affordable/Market Rate; Density; Outdoor Usage; Aesthetic and Impact fees and completed the details (per the attached sheet) to be submitted to the two proposed developers. Bremer mentioned listing the aspects of the projects, which the authority liked, and listing that as items they would like to see kept in the proposal, such as outdoor commercial space and outdoor residential space along with the underground parking. Schuenke will take the list back to the developers, listen to their feedback, and work with them to try to resubmit. The timeline would be a submittal by the 25th of February to allow staff time to review, it would then be brought before the March 7th CDA meetings. Schuenke explained once a partnership is made there would be many steps to take in the future, as the project moves forward and there are parts of the plan, which may change through this process.

Brost moved to direct the Village Administrator and Community Development Director to provide the criteria established at the 2.6.19 meeting to the developers for revisions to be submitted back to the CDA for further review. O'Hearn seconded the motion. Motion carried 4-0.

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5. **SCHEDULE NEXT MEETING DATE**.

Next meeting will be March 6, 2019

6. ADJOURNMENT.

Smith moved to adjourn, seconded by O'Hearn. Motion carried. Meeting adjourned at 9:20 p.m.

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