MINUTES OF THE TAX INCREMENTAL DISTRICTS JOINT REVIEW COMMITTEE

THURSDAY, SEPTEMBER 6, 2018, 5:30 PM
CITY HALL

A. ROLL CALL.

Present: Chad Weininger, Cale Pulczinski, Bob Mathews, Diana Ellenbecker, Brent Weycker

Also Present: Development Director Kevin Vonck

B. APPROVAL OF THE AGENDA.

Moved by Bob Mathews, seconded by Cale Pulczinski to approve. Motion carried.
Yes- Chad Weininger, Cale Pulczinski, Bob Mathews, Diana Ellenbecker, No- None, Abstain- None

C. APPROVAL OF MINUTES.

1. Approval of the minutes from the June 28, 2018 meeting.

Minutes were not included in the packet so this item will be held until the next meeting.

D. REGULAR BUSINESS.

1. Adoption of a Territory Amendment to the Project Plan for Tax Incremental District Twelve (TID 12): I-43 Industrial Park, which proposes the addition of 926 Erie Road (Tax Parcel 21-171).

Moved by Bob Mathews, seconded by Cale Pulczinski to approve. Motion carried.
Yes- Chad Weininger, Cale Pulczinski, Bob Mathews, Diana Ellenbecker, No- None, Abstain- None

2. The dissolution of Tax Incremental District Seventeen (TID 17): 900 Block North Broadway.

Moved by Chad Weininger, seconded by Bob Mathews to approve. Motion carried.
Yes- Chad Weininger, Cale Pulczinski, Bob Mathews, Brent Weycker, Diana Ellenbecker, No- None, Abstain- None

3. The creation of rehabilitation and conservation Tax Incremental District Twenty (TID 20): Whitney Park and adoption of the Project Plan.

Moved by Bob Mathews, seconded by Chad Weininger to approve. Motion carried.
Yes- Chad Weininger, Cale Pulczinski, Bob Mathews, Brent Weycker, Diana Ellenbecker, No- None, Abstain- None

4. The creation of blight elimination Tax Incremental District Twenty-One (TID 21): Green Bay Packaging and adoption of the Project Plan.

Moved by Bob Mathews, seconded by Brent Weycker to approve. Motion carried.
Yes- Chad Weininger, Cale Pulczinski, Bob Mathews, Brent Weycker, Diana Ellenbecker, No- None, Abstain- None

E. ADJOURNMENT.

Moved by Brent Weycker, seconded by Chad Weininger to adjourn. Motion carried.
Yes- Chad Weininger, Cale Pulczinski, Bob Mathews, Brent Weycker, Diana Ellenbecker, No- None, Abstain- None

VERBATIM MINUTES

- All right, we'll call to order the Tax Increment District District Joint Review Board Committee for Thursday, September 6. To take roll call, we have Chad Weininger from Brown County.

- Here.

- We have Bob Matthews from NWTC.

- Here.

- Cale Pulczinski from Green Bay Area Public Schools.

- Here.

- I'm Diana Ellenbecker from the City of Green Bay. And at this point Brent Weycker is not in attendance. Cale is replacing John Kasha. That is rollcall.

- Could we just

- We will take approval of the agenda. Any questions on the agenda?

- Approved agenda. Motion to approve the agenda.

- All right. Anyone want to second the agenda?

- I second.

- All right. All in favor?

- Aye.

- All in favor of the agenda? Are you still... You do.

- You can

- Okay. Motion passes. We're gonna do approval of the minutes from the June 28, 2018 meeting. Oh, I managed to have a copy.

- Do you just do motions?

- We just do motions. It looks like it was missed from the packet. No, it wasn't in the packet. So we can hold it to the next meeting. Okay, moving on to regular business. Number one, adoption of the territory amendment to the project plan for tax incremental District 12 from the I43 industrial Park, which proposes the addition of 926 Erie Road, which is tax parcel 21-171.

- All right, so included in your packet was a map of Tax Incremental Financing District number 12. This map on the board shows the current existing boundaries of the district. As you can see there is a little tooth in there, up across Marlene Lane, in the southwest corner of Mason Street and Road.

- What we worked on this past year, correction, last year, was a development agreement with Nature's Way, constructing a health food manufacturing facility out there. They purchased roughly 30 acres from the city, which is this corner. It actually was four parcels, two larger parcels and then two smaller old farmsteads. With that the farmstead here at the bottom right, going right at the corner, was not included in the original Tax Increment District. The developer is requesting that that be added in to the district so that they can combine the parcel all into one. Right now they can't. And just based on the way their structure is built they are right up to the property line, so in order to meet building requirements, zoning requirements, they need to all be on one parcel. So we would recommend that this one parcel be added to 10 12. It would go in, right now it's a base value of about $170,000.00. That is what would be added to that.

- Who owns that parcel?

- Who owns the parcel? The city, they do now.

- But the city, why wasn't it

- Originally

- on there originally?

- So originally it was in private hands when it went into the TID. The city purchased it in 2017 and then sold it to the developer as part of the development agreement, but 1/1 of '17, Nature's Way closed on it in 2017. So starting on it, it's going in with a value net of zero.

- I make motion to approve the amendment to the TID 12 for the additional parcel.

- Any other discussions? Get a second?

- I'll second.

- All in favor?

- Aye.

- Aye.

- It passes. I show the first was by Bob Matthews and the second one was by Cale.

- We're two for two.

- All right.

- We're waiting for Chad.

- All right, moving on to the second item, the dissolution of Tax Increment District 17, TID 17, the 900 block North Broadway.

- We'll note it's the west side, it's okay.

- So it's a train, right?

- No there was nothing

- No, there was another meeting and I was trying to get out of there. Thank you.

- So this is Tax Increment District number 17. It's a smaller district, probably one of the smallest. It was created for a project, a redevelopment project, on the 900 block of North Broadway. That project has since been completed and is finalized. With that, we do not anticipate any additional development up in this area. We do note that in the developer's agreement the developer has not basically fulfilled the obligations in the developer agreement. And so we will be looking at recouping, basically based on the guarantee, what they owe us. That can be done whether the tax district exists or not because we still have the agreement with them, and then the guarantee that will go through with that. But with that, there's going to be no additional development in this area. Keeping it open, we could keep it open, but I think thecould still take us at least ten years, 12 years to recoup back what we needed to do, and we felt really wasn't worth keeping it open. Because again there is no other additional projects. I mean, it is what it is and that we would recommend that we dissolve this TID district and have it go back on the tax rolls.

- What is the current position on that? Is it in surplus or is it in deficit?

- You all need to bring that with meetings.

- Let me pull out...

- Excuse me as we started I said I have information to be brought up. It does have an incremental value. At the end of 2017, it does have a positive increment of $267,300.00. So we just were expecting a higher increment. It does have a positive.

- Correct, so it has positive increment. The fund balance right now we're short about $64,000.00. And this was as of the end of...

- '17.

- '17, so this year because this won't be dissolved until next year there will be some additional revenues and as you see it will cash flow. Eventually the increment as is will put it back above the positive. I think we're at a point right now though to look at...

- I would assume that when you go back and get your, you recoup your investment, you'll be more

- Correct.

- as well. So is that something that you can do before the end of this year?

- Yeah, well before we close it. It would be a closure actually in 2019. It's just starting the process now. So that we can, like we did...

- But you don't anticipate any fights or challenges in terms of the developer, or you do or...

- Potentially, yeah I mean I don't wanna discuss legal strategy

- No, that's fine.

- too much here, but the project overall has been a challenge. So there may be some challenges in moving forward with that.

- Okay, but that's a risk the city is willing to take?

- I think in terms of the scheme of the amount. I mean, it's $64,000.00, it's enough, but in the scheme of our budget it's not worth it in terms of keeping this piece open.

- Any other discussion on number two?

- Are there other TIDs we are looking to dissolve as well?

- Yes, so we had talked about... We had talked about initially, at our annual meeting, we had put on the possibility, and actually had council draft resolutions, to designate the RDA to be the authority to do what we're doing here today, but to also potentially close number seven of Barty Ashland, number nine University Heights, I'm sorry. Yeah, seven, eight, and nine.

- Okay, and eight further

- Barty Ashland. Berger Morrow and University Heights. These were our '17 numbers. We wanted to start the process of closure.

- Can you broaden F? Sorry.

- Yeah, so you can see it. So these three, on Barty Ashland that is where the Tundra Lodge is. As of this year that fund balance is back up positive again. So we wanted to wait to make sure we got that fund balance for sure above positive before closure. And then in terms of Berger Morrow and University Heights, those are pretty much would be intertwined. I wouldn't close one without closing the other in terms of the balance there in order to try and not impact anything on the levy. We basically use fund balance from Berger Morrow to cover the loss from University Heights. We wanted to have, at least go through the end of this year to see is there anyone kind of last chance with University Heights in terms of development out there. It hasn't looked promising, but we felt in terms of the closure date that we wanted to start the process, but we still needed to crunch a few more numbers before we officially start that closure.

- So do you think that will happen, or is that...

- I think that for number seven, there is no eminent projects. I think that one we probably for sure could look at closing. I think we just have to talk internally to our development team a few more items in terms of potential development out at University Heights. I think we, you know as we talked about with TID 12, potentially closing that one down early, and looking at expansion of...

- That was my next question.

- Correct, so we were just getting the numbers through for TID 12 in terms of what expenditures are out there. If you've been out there you've seen the new stretch of Erie Road, actually out by Nature's Way. So the stretch has all been replaced and done, and the sewer is going in from here all the way back up to basically the school district property up there. That was done all at about a cost of $2 million. We're about a third of the way done with the whole project. We ran into some wetlands here, so it's going into next year to finish expanding. So we're all in probably about 6 1/2 million dollars for that project. And as I said the fund balance in there right now is just under I think five million. So again at that increment we should be able to pay that in cash and still be able to target an early closure date for that. And that goes back to then once that is completed it basically opens up all that area east to get ready for development, and we've had more interested in being east of I-43 than we have at University Heights. If someone would pop up this year, I think maybe we'll come back to University Heights and see about keeping it open, but I don't anticipate that happening.

- I think the conversation has been let's put University Heights to bed. If you come back with a new TID I perfectly understand that, but...

- We've tried and the economy's probably about as good as it's gonna be in terms of employment and growth and those types of things and if it's not hitting at peak economy I don't know when...

- Right, I'm sorry.

- it's gonna hit.

- I meant Industrial Park, I'm sorry. I may have misspoke, Industrial Park.

- Correct.

- And then these TIDs that you're talking about closing down, are these the same ones that were brought to us last time we met, the exact same ones, or are we missing any?

- Nope, I think these are the exact same ones. We talked about...

- I thought there was one that was close to Green Bay Packaging that was gonna, you were talking about shutting down.

- That already is closed.

- That is closed.

- They closed that this year. So this year, the actions we took last year, we closed six, which was Navarino down here.

- That has, okay.

- We closed 11 Old Main and we closed 15 Old North.

- Thanks, Kevin. Thanks for a refresh.

- So those are now closed.

- Perfect, okay.

- And then we talked about yeah, seven, eight, and nine. And then the other one we didn't bring here was we also had resolution to create a new one for the shipyard, but we feel we're going to do that one in 1/1 of '19 instead of this year.

- Just out of curiosity, how's the military TID going?

- Currently, at the end of '17 it had a negative fund balance of 583. That one is going to stay negative because it has more project costs, mostly because of the infrastructure.

- So nothing's really changed then.

- At this point nothing's changed.

- It's at least going in the right direction for fund balance, but it's got a ways to crawl up because last year was

- 700.

- 717 in the hole.

- No, that's fine, I guess I was just curious.

- Any other discussion on number two? Can we take a motion?

- Motion to dissolve.

- I'll second.

- And we had a first one Chad, and a second by Bob. And all in favor?

- Aye.

- Aye.

- That passes. Moving on to number three, the creation of rehabilitation and conservation Tax Increment District number 20 to 20, Whitney Park, and adoption of the project plan.

- So I just handed out a project plan to you that has just been updated and took care of some grammatical, spelling, and other things, just an updated version. No content changes involved, I just wanted you to have a fresh copy. With that, this is what we talked about at our annual meeting, we talked about potentially creating a Tax Increment District around the Whitney Park area, based on some development projects that we have been talking with through the Redevelopment Authority and the city over this past year. Those three projects, one is the redevelopment of the Whitney School property, rehabbing the school and the 21 Monterey Apartments, building a dozen townhomes here on the outside, May 901 20 market rate apartments right at the tip of Van Buren, Main Street. And then Whitney Park Townhomes, an extension or another phase of townhomes along Van Buren Street, taking the corner of Van Buren and Cherry, starting with four townhomes, but developer looking to work its way north up the block. So those three projects were discussed, contemplated, and had development agreements passed by RDA and council. Those developers have asked the city to pursue the GRB, to pursue creating Tax Increment District to allow for those to happen. I talked to you a little bit last time about just some projections based on those three projects and the performa about how those would move forward. All three of those projects are pay-go TID incentives, so its incentive is really dependent on them creating the increment. With that we feel these are good projects that will create some decent increment in that district. They're gonna bring some much-needed diversity and housing options to the city, just outside of the downtown corridor, providing some housing for a lot of downtown workers potentially, but maybe at a little different price point.

- What's the target lower price?

- So the townhomes, not quite as low as the NeighborWorks townhomes, sold for about 150, 160. The developers here were looking at these townhomes from like low 200s, 210, up to potentially 225, 230. I think we estimated them in at about 220. I know for the Whitney Park townhomes, I think they already had two or three pre-sales at 220.

- Kevin, I think Garrett had developed these other townhome styles?

- Correct.

- What did those sell for?

- So those initially started selling for about 145 for the interior, to like 150 for the exterior. Some recent sales on them have been up to 160, 175. So they've appreciated in value. They are included in this district. They're newer, but based on trends we anticipate them to appreciate. They're not going to get torn down anytime soon so I didn't build it into this model, but there could be some additional increment from those as those resell.

- Sure, no, that makes sense. So the quality, is it about the same level of quality for appraisal value, or are they going to be lesser or greater?

- So the developer knows that these will be assessed at the sale price, so long as it is a market sale.

- At the sale price and not... Okay.

- Yep, and so we worked with the assessor and the developer on what they anticipate selling. Again, I know Mr. Bader has two or three pre-sales on his. I know Whitney has talked about some pre-sales. They haven't publicly announced anything, in terms of where they've sold those. But we've kind of estimated it. We did talk to the assessor and also some other real estate folks to kind of, all right, does this make sense? Then we feel that that 200, 210 does fit in that area. They will be probably, I would say, in terms of grades and finishes, a step above the existing townhomes that Mr. Bader did.

- Then, just out of curiosity, if you don't mind me just asking you a few more questions, on the site here, that square, are you going to be demoing that, any of the property there?

- Which square, the parking lot?

- Yeah.

- So just the garage will get taken down. The church and the house on the southwest corner, those both remain. Those are not part of the corrective.

- The house isn't...

- No, no, so the house and the church will stay.

- And then you're gonna do something across the street, too, right?

- Yep, That's where the other townhomes will go.

- Okay, those will be all...

- There's a house right here it's like...

- For sale, market rate.

- kind of hugs it

- But didn't you have to go to all of those houses?

- Or do you have to like...

- It's like a French thatched roof.

- We do, so we, the RDA on the properties. Let me show, right here. RDA owns this, RDA owns this. We're actually gonna close on it with the developer tomorrow, and then the developer has control over these homes here. Still working to get these here, but at least there's enough to start, for four townhomes here.

- And what happens with the church?

- The church here? The church stays. The church stays, the house next to it stays.

- They're included in this TID, though.

- Correct.

- They're in the territory.

- Correct.

- And then is the thought to refurbish the Whitney school, or is that raised and... What's the thought? Is there any type to...

- The school?

- Yeah.

- It'll be a rehab. So they actually are getting historic tax credits for it. So there will be the... What was the defining feature? The hallways are historic with the marble slab and everything like that. And again, I say the best I've ever seen.

- Because of the

- Those are the redeeming quality. Yeah, so it will be a rehab. The only thing that will be taken down is that old garage on the site. And those are where the townhomes will be.

- Any other questions on item number three?

- And the agreements are locked and loaded?

- All of them have binding development agreements. Again, they're all dependent upon...

- Passage.

- The city creating a Tax Increment District for that area.

- So is there infrastructure involved from the city's perspective, or is that all built in?

- So the infrastructure that was proposed in the budget. We kind of talked about this maybe about two years ago. It looked like University Ave., or even last year with East Town Mall, there are things that we could look at as that Tax Increment District accumulates money that we could spend money on.

- Do some parks and

- Enhancing the park.

- open space.

- Enhancing, we had talked about perhaps decorative lighting in that area or signage to brand the district.

- But you don't have...

- But none of that needs to be done up front.

- It is built-in, or is not built-in to your financials?

- So there are no expenditures in this performa. This has us not spending any of that money yet.

- Right, that's what I'm asking.

- There's a budget for it.

- There's nothing that you have to do ahead of, except for getting the TID established.

- Correct, all the projects will require private infrastructure improvements, but that's all part of their costs.

- And built into the pay bill.

- Correct.

- And so, just to be clear, so there's no intent on the city's behalf, because I think this is kind of what got some of the other TIDs in, so I believe is they just beautified and then they just, nothing materialized, and they can't just becolumn and I know you guys get that, but that's not your intent, right?

- So if things come then we'll beautify.

- Beautify, right, so only after.

- Correct.

- And then if you can find it with no TID. And this is an 80% pay-go?

- So for the Whitney School deal it's an 80%. All of them are at 80%, with the exception of the 901 Main is 100% for the first five years to take care of some additional environmental. But with that, the Whitney...

- 901 right? What is 901?

- That's a bus station. So here's Somewhere in Time Antiques, Simonets Bar, the old Greyhound station right here. It's that lot right in front of Somewhere in Time.

- What's wrong with it?

- What's wrong with it? It's an old gas station.

- Oh so it hasn't been...

- Just this, where here?

- Correct.

- That area?

- So that's 100%.

- So that needs to be excavated and called out there.

- And that's gonna be townhomes, too. This area is gonna be townhomes?

- That's the apartments.

- Apartments.

- Yep, 20 apartments.

- And I apologize, what's the market rate on the apartments?

- Just a touch under Metro. I could go back and look at the numbers, but I wanna say for one or two bedrooms,

- Just roughly.

- I want to say two bedrooms...

- Well, how about this, let me ask this question. Is this gonna cannibalize what they're doing over on the Titletown side? Is it competing in that same market? Or is it a little different, or is there enough capacity?

- Yes, and yes. So right now as far as apartments go, we are at functionally like zero vacancy.

- Really?

- Yes, and that's both for market rate and affordable housing. Yeah, functionally we're at zero. We're at maybe one or two percent. But naturally it should be like five to eight percent. And we're at one to two. And they have also done, through their market numbers, tried to differentiate themselves. They know they're not gonna be CityDeck Landing or Metro levels. But they also, they can see and the Whitney Apartments, and the Main Apartments know that there's different price points or clientele for that.

- This is still kind of in the realm, but a little bit off, but I know there's a lot of single-family houses that are being rented out. Is that market solid around here, too? Or is that softening now?

- As far as taking a home and...

- Yeah, because it seems like there's still a lot of rental units that are single homes in that area.

- Yeah, there are. We're trying to work on improving the quality of those rentals.

- No, no, and I didn't mean...

- In terms of market?

- in that way. But are they still pretty solid, or is that weakening at all?

- Still pretty solid. I mean the numbers, I gotta go pull back some other stuff, but half of all new households that are being created, half of them are renters.

- Half of them are renters, okay.

- So in terms of future market...

- That's standard.

- Half people are still going to rent.

- Perfect, thanks.

- So what's the demographic that they're targeting? Is this 20s and 30s professional, or... I'm just trying to...

- Yeah, yep. I think some of the things they've talked about are professionals, younger professionals work downtown. Maybe even, some of the ones they've talked about are teachers or people in government work. Not executive level, but a rung or two,

- Professionals.

- in terms of salary-wise. Right, professionals. But they've also had interest from empty-nesters, who are just like they wanna be downtown, maybe can't afford a Metro, but still wanna be closer and not have to deal with maintenance and all those other types of things. You kind of get the mix. There's not a lot of... They're not really building for families. Most of these things are one and two bedrooms. With the exception of the townhomes, they do have three bedrooms, with possibly converting the basement. So those have seen some families, but the apartments are primarily empty-nesters, professionals, kind of these ends of the spectrum.

- I make a motion to approve.

- Second.

- Pardon?

- Second.

- Okay, we have a first by Bob Matthews and we have a second by Chad. All in favor?

- Aye,

- Aye.

- That passes. All right, moving on to number four. The creation of Light Illumination Tax Increment District 21, TID 21. Remit packaging and adoption of the project plan.

- All right, also at our annual meeting we talked about the potential for a Tax Increment District around Green Bay Packaging property over on Quincy Street, subdivide 43. Pretty much no secret that they're working on construction of the new $500 million mill facility. Also making some improvements to their box plant, which is at the corner of Quincy and Radisson. And they are on a very fast track to move forward with that. As I said it's a pretty substantial investment, for goodness sake, and basically keeping partnership with the city, the county, the state, are looking to create this Tax Increment District to help finance costs of the project. You're dealing with a 50, 60-year-old paper mill. When you talk about blight elimination, one of the things here is functional obsolescence of some of these things. Health and safety measures, in terms of the mill, or just update it to the current codes. Additionally there's environmental issues that need to be dealt with. When this thing was built environmental rights are little bit different than they are now. With that I think they've also been pretty forward about some of the environmental improvements they'll be doing in terms of converting from coal to natural gas, and actually doing a zero water waste facility, which is pretty unique in terms of the papermaking industry. But with that, we're proposing a Tax Increment District that really is and of Green Bay Packaging Parcels themselves. Nicki is involved. Basically the mill facility on Quincy Street, towards the river, and the rest of the parcel that they own. Really most of this work is going to be taking place on that facility, or on their own parcels. And with that we proposed a pay-go in this area. It's a 90% pay-go, but with that we are talking about some substantial dollars in terms of we anticipate right now it's about $18 million assessed. We've been working with the state DOR because they're the ones that do the industrial assessment, but they figure we're probably gonna end up around 64, $65 million. Again, that does not include any personal property for both this and that one. I think Finance Director Ellenbecker and I generally don't include personal property just because there's too much variation and we just saw something yesterday about the way now it's being distributed. There's too much variability in it, so if it ends up coming in, great. But we're not counting on any of that. So with that, we anticipate this producing some pretty good income for the TID itself. If there are some things, we have a project Webster Avenue reconstruction going on, we really don't anticipate any public infrastructure pieces. Those are again, they're all included in here.

- In the pay-go?

- Correct, and in terms of, I think the county was helping out with some things. I think they're moving a ton of dirt from... There's a big hole, and making another mountain. But in terms of the infrastructure, we're actually looking at potentially closing some public streets in there, so that will actually become private responsibility, in terms of for maintenance in the future. But again we have a smaller fund, but a fund available in case there are things that come up in terms of maybe like traffic improvements or things like that along Webster.

- So is that like where the 10% is gonna be?

- Correct.

- So on Webster you'd do some traffic signals or something?

- There's a lot of it already budgeted for in our Webster reconstruction project. This looks at okay, the mill's operating for 10, 15 years, are there adjustments that need to be made? Like if they know we need to add another turn line, are based on the truck traffic. Those things like that, can we make some tweaks to Webster or a different route?

- So you're holding off back to take care of potentials.

- Correct, yeah just a cushion to deal with things up in that area.

- I think that's more than fair.

- Yeah, this one was typical of...

- I'll make the motion on this one.

- The second on this one?

- Second.

- So we have a first by Bob, and the second by Brent. All in favor?

- Aye.

- Aye.

- And that passes.

- So then, just next up in terms of process, we will be having our public hearing on this, the RDA will be holding a public hearing Monday at 4:00 p.m. in this room. So we've sent out, again new notice of taxing jurisdictions. We sent out notice to all the property owners for that hearing. And then after that hearing, based on the hearing recommendation from RDA, those resolutions will be drafted to go to our council. And then we'll look at a day, probably to meet at the end of this month to, or early October, to approve those resolutions and make a plan.

- Good.

- Any other questions? Motion to adjourn?

- So moved.

- Second.

- We have a motion by Brent and second by Chad. All in favor?

- Aye.

- Aye.

- That's approved.