

VILLAGE OF GRAFTON

COMMUNITY DEVELOPMENT AUTHORITY MEETING MINUTES

JUNE 17, 2009

The Community Development Authority (CDA) meeting was called to order by Vice Chair Roger Kirgues at 6:18 p.m.

CDA members present: Roger Kirgues, Ron LaPean, Alan Kletti, and Sharon Walbrun.

Absent: John Gassert, Jim Grant and Dan McKelvey

Staff/Officials present: Village Administrator Darrell Hofland, Director of Planning and Development Michael Rambousek, and Village Clerk Teri Dylak.

MINUTES

Motion by Trustee LaPean, seconded by Alan Kletti, to approve the minutes of the May 20, 2009, Community Development Authority meeting, as presented.
Approved unanimously.

HEAR PERSONS REQUESTING TO BE HEARD

None.

SIGN GRANT REQUEST - PARAMOUNT GRILLE & BAKEHOUSE - 1304 12TH AVENUE

Director of Planning and Development Michael Rambousek presented an updated drawing of the sign for the Paramount Grille & Bakehouse, 1304 12th Avenue. He indicated that the applicant is requesting a matching sign grant in the amount of \$1,000.

Mr. Rambousek informed the members that the applicant is currently requesting three signs, which will require a variance from the Plan Commission. The sign grant request is for the main canopy sign.

There was limited discussion on the sign grant request.

Village Administrator Darrell Hofland stated that the applicant will be closing on the purchase of the property on June 19. It is anticipated that the restaurant will open in mid-July. He also indicated that the developer has determined that the developer incentive offered by the CDA is no longer needed.

Trustee LaPean questioned if a sign grant was given to the previous owner.

Sharon Walbrun commented that signage is very important to a business as well as its patrons. There are a number of businesses in the community that do not have adequate signage.

Mr. Rambousek informed the members that Trustee Grant has indicated that he is only in favor of a front entrance sign.

Motion by Trustee LaPean, seconded by Alan Kletti, to approve the sign grant request for the Paramount Grille & Bakehouse, Brian Bernier and Lisa Docter, in the amount of \$1,000, with staff to work with the applicant on the final design. Approved unanimously.

FINANCIAL REVIEW OF TID NO. 3 – DOWNTOWN DISTRICT AND TID NO. 4 – SOUTH COMMERCIAL DISTRICT BY EHLERS AND ASSOCIATES

Todd Taves, Financial Advisor/Executive Vice President of Ehlers & Associates, was present to review the Village of Grafton tax incremental financing districts.

Mr. Taves indicated that, due to the current economic conditions, new assumptions are being made for a 1 percent increase in property valuations for the duration of the district's life. In addition, a new assumption of a 2 percent drop in the Village's tax rate over the next four years will be used.

Mr. Taves reviewed the economic health of each TID district and provided options to strengthen those districts having financial difficulty.

TID No. 2 – Grafton Business Park

TID No. 2 has adequate funds to allow for the closure of the district. Mr. Taves stated that after allocating funds for the final two payments of the Village's share of the refunding bonds and repayment of a developer advance, the remaining balance would be approximately \$650,000 in fund balance at district closure.

Mr. Taves indicated that the resources of TID No. 2 are greater than the limited obligations of the district. TID No. 2 would make a good donor TID because of its financial strength. In order to allocate funds from one TID to another, the project plan would need to be amended. The process to amend a plan is similar to the requirements for the creation of the district.

Mr. Taves also informed the members that new legislation limits the allowable levy increase resulting from closing a TID to only 50 percent of the increment value. This makes it advantageous to keep a district open for the allowable time period.

Alan Kletti, Ozaukee County Supervisor and CDA member, commented that the Ozaukee County Board would like to see TIDs closed as soon as possible. He questioned how he responds to their request to close the district when it is economically viable to do so.

Mr. Taves responded that TID No. 3 is in financial distress and it would not be in the best interest of any of the taxing jurisdictions to let the district fail thus causing a burden on the taxpayers of the community. Using the donor TID option, it may enable to district to break even.

Administrator Hofland reminded the CDA that closing the district would only allow for the realization of 50 percent of tax levy to the taxing jurisdictions, not 100 percent.

TID No 3 – Downtown Redevelopment

Mr. Taves indicated that TID No. 3 is in poor financial health. If this district does not receive additional projects or funding, the district will have a negative balance at the end of the district life. Even with developer guarantees, for shortfall payments due to lower than projected property valuations, the district is not financially viable. Mr. Taves stated that approximately \$7.4 million is needed from other sources to pay for the obligations of this district.

Administrator Hofland informed the members that staff anticipates to present potential proposals for the development of the Lumberyard site at the July 1, CDA meeting. However, the development of this area will not provide enough increment to make the district solvent.

The members briefly reviewed the possibility of allocating funds from TID No. 2 to assist TID No. 3.

TID No. 5 – Grafton Commons

The 2008 value of TID No. 5 was approximately \$26,000,000. Based upon information from Village Assessor Ernie Matthies, the projected 2009 valuation of the district is approximately \$40,000,000. This valuation includes existing construction as of January 1, 2009. There are several projects yet to be completed in this district.

It is anticipated that 2009 construction will add approximately \$1.5 million in new value to the district. In addition, approximately \$750,000 will be added in 2010 when the Grafton Commons area will be completely built-out.

Mr. Taves stated that, at this time, he is not recommending that TID No. 5 become a donor TID at this time, due to the outstanding planned financial obligations of the district. He did state that, in the future, this district will be a viable donor source of funding should TID No. 3 or TID No. 4 require financial assistance.

TID No. 4 – South Commercial District

Mr. Taves suggested that if the CDA decides to amend TID No. 2 to allow the allocation of funds to another district, he recommends that the project plan be amended to include both TID No. 3 and TID No. 4. This will allow financial support for TID No. 4 should the need arise in the future.

Financial projections, based on potential developments, were reviewed. Staff anticipates the possibility of approximately \$26 million in development at the end of 2013. If this occurs, the district will in a couple of year have a cash flow deficit of \$150,000. This deficit could be addressed by an advance from another TID or capitalized interest.

Roger Kirgues questioned what happens if the development projections do not materialize.

Mr. Taves responded that the obligations of the district must be paid either from increment or tax levy.

Mr. Taves stated that there is legislation in process to enable a community to label a district as “distressed” based upon the economic viability of the district. The change is being considered due to the current economic downturn. Many Wisconsin TIDs are struggling due to developer bankruptcy and lack of new development. The advantage of declaring a TID as “distressed” is that it adds 13 years, for a total of 40 years, to the life of the district. The disadvantage is that once a “distressed” designation is placed on a TID, the district cannot be amended to add or undertake new projects and the district cannot become a donor TID should it become financially viable.

Roger Kirgues commented that each district must be looked at carefully and all options explored. The limits placed on a “distressed” district make it an advantage for a community to utilize the donor TID option.

The members briefly discussed the option of donor TIDs. Mr. Taves stated that the Village would determine, on an annual basis, the funds needed by the recipient district. He also reviewed possible refunding of several Bond Anticipation Notes.

Administrator Hofland informed the members that staff has eliminated all but Village critical projects from the 5-Year Capital Improvement Plan to lessen the financial impact. He also stated that the Village anticipates debt issuance later this year, as well as refinancing on several bond anticipation notes. When the debt issue is forwarded to Moody’s Investor Service a financial plan must be in place of how the TID will meet their obligations.

It was the consensus of the CDA that staff work on a plan amendment to allow TID No. 2 – Grafton Business Park to become a donor district for TID No. 3 – Downtown Redevelopment and TID No. 4 – South Commercial District.

Administrator Hofland informed the CDA that the Village of Germantown utilized the donor TID option several years to support a struggling district.

PARAMOUNT PLAZA KIOSK PROJECT

Director of Planning and Development Rambousek informed the CDA that staff has been working on the final design and cost for the Paramount Plaza kiosk project. This project, and the record medallion project, marks two of the final amenities to be placed in Paramount Plaza. Mr. Rambousek stated that the TID No. 3 project budget for the Paramount Plaza is \$25,000. The medallion project will cost between \$6,000 and \$8,000 when complete and fabrication of this item has already begun with a local vendor. There are additional installation charges and granite stone that will be needed for mounting; however, at this time these prices are unknown. It is anticipated that the total project cost will not exceed \$8,000.

Assuming that the medallion project will be \$8,000, the remaining available funds for the kiosk project is approximately \$17,000 to \$19,000. Mr. Rambousek informed the CDA that the total cost of this project is expected to be \$23,523. Based on this cost estimate, Staff is requesting that the total budgeted amount in the 2009 TID No. 3 budget increase to \$32,000 to cover the two projects.

Mr. Rambousek commented that it is anticipated that the kiosk and medallion amenities will become a focal point and a destination in the Paramount Plaza.

Mr. Rambousek informed the CDA that, although \$3,000 in donations was identified in the 2009 budget, it is anticipated that the donation will be closer to \$13,000, due to a corporate sponsorship of the kiosk.

Trustee LaPean stated that he is concerned with allocating additional funds for this project. The CDA just heard that TID No. 3 is has significant financial problems and he questioned if the funds would be better utilized elsewhere. He stated that just because the item is budgeted it does not mean we have to spend the funds.

Trustee LaPean also questioned if staff is confident that the donation will be \$13,000 for this project. Administrator Hofland responded that the project would not proceed without the additional \$10,000 commitment.

Motion by Trustee LaPean, seconded by Alan Kletti, to increase the TID No. 3 Paramount Plaza budget from \$25,000 to \$32,000 to accommodate both the medallion and kiosk projects, subject to the commitment of an additional 10,000 donation. Approved unanimously.

CONVENE TO CLOSED SESSION

Motion by Trustee LaPean, seconded by Sharon Walbrun, to convene to closed session, at 7:25 p.m., pursuant to Wisconsin Statutes 19.85(1)(e) for real estate and competitive bargaining matters (purchase of downtown properties for parking and redevelopment including Grafton Hotel, Paramount Grille and Bakehouse development agreement, Grafton Village Center loan, and other redevelopment efforts). Approved unanimously by roll call vote.

A closed session of approximately 35 minutes was held. During the closed session staff updated the CDA members on the status of the Grafton Hotel building and the Grafton Village Center loan. In addition, the development agreement for the Paramount Grille & Bakehouse as well as a potential development in the downtown was discussed.

RE-CONVENE TO OPEN SESSION AND THE REGULAR ORDER OF BUSINESS

Motion by Trustee LaPean, seconded by Sharon Walbrun, to reconvene to open session and the regular order of business at 7:58 p.m. Approved unanimously by roll call vote.

OLD BUSINESS / NEW BUSINESS

1231 13th Avenue – construction status of future public parking lot

The new parking lot, on the former Smith property, has been completed. The new striping layout matches the parking lot on the Downey property (former Grafton State Bank). Signage will be completed soon. The parking lot is already being utilized by downtown patrons.

Update on master redevelopment plan for Lumberyard Site

Director Rambousek presented an update on the potential development of the former lumberyard site. He indicated that one proposal is to break-up the site into several smaller development pods. He also stated that site parking will be an issue for this site. A site analysis is in process to determine the viability if underground parking is an option.

Mr. Rambousek stated that potential development options for this site will be presented to the CDA at the August 5, meeting.

Discussion regarding Brewery Site redevelopment options

CDA member Jim Grant requested this item be placed on the agenda. He received a comment from a resident regarding the condition of the old brewery site. The resident stated that the parcel is “an eyesore” and wants the Village to do something to get the owner to clean up the area.

Administrator Hofland stated that the CDA has previously discussed options for this site. He indicated that one option may be to share the cost of clean-up with the property owner. It is likely that removal of the existing signs and site clean-up could cost between \$10,000 and \$15,000.

After limited discussion, it was the consensus of the CDA not to pursue this matter any further, at this time.

ADJOURN

Motion by Trustee LaPean, seconded by Alan Kletti, to adjourn at 8:08 p.m.
Approved unanimously.