



**TWO
RIVERS**
WISCONSIN

CITY COUNCIL WORK SESSION

Monday, April 24, 2023 at 6:00 PM

Council Chambers - City Hall, 3rd Floor
1717 E. Park Street, Two Rivers, WI 54241

MINUTES

1. CALL TO ORDER

The meeting was called to order by Council Vice-President Stechmesser at 6:00 PM.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

Councilmembers: Bill LeClair, Darla LeClair, Tracey Koach, Tim Petri, Bonnie Shimulunas, Scott Stechmesser. Absent and Excused: Adam Wachowski

ALSO PRESENT: Dave Buss, Finance Director; Dave Dassey, IT Assistant; Brian Dellemann, Electric Utility Director; Matt Heckenlaible, Public Works Director; Elizabeth Runge, Community Development Director; and Greg Buckley, City Manager

4. ACTION ITEMS

- A. Authorization for Placement of Temporary Signs Directing People to Parking Areas for Cool City Brewing Company, During West Park Street Reconstruction and Upcoming Heartarama Performances at the Community House

Recommended Action:

Authorize placement of the signs on a temporary basis, until restoration of West Park Street is completed, with timing for removal to be at the discretion of the City Manager.

Mr. Buckley noted that the current construction activity on West Park Street, right in front of Cool City Brewing, and the upcoming weekend performances of Heart-a-Rama are combining to create parking concerns for Cool City Brewing.

He recommended Council authorization for signs that have been placed along the 18th Street frontage of the Community House parking lot, pointing to the location of Cool City's off-street customer parking lot on Adams Street. He also recommended that the Council authorize Cool City Brewing to place a "public parking" sign at the 18th Street entry to the Community House lot after 4:30 PM on weekdays and throughout the weekends—times when the entire lot is available for public parking.

The City Manager also stated that City staff will be looking at improved City signage for the Community Center lot, to make users aware that only the easternmost row of parking is "public parking" at all times, with the balance of the lot being reserved for Community House/Senior Center parking weekdays until 4:30 PM and otherwise open to public parking.

Motion made by Shimulunas, seconded by B. LeClair.

Voting Yea: B. LeClair, D. LeClair, Dahlke, Koach, Petri, Shimulunas, Stechmesser

Motion carried upon a roll call vote.

5. DISCUSSION ITEMS

A. Report/Discussion on the Status of Active Tax Incremental Financing Districts

Recommended Action:

None; Information Only

City Manager Buckley reported on the active tax incremental financing districts:

TID No. 6: St. Luke's School Redevelopment

Created 2000 to assist redevelopment of historic St. Lukes School as Marquette Manor Senior Housing (now St. Luke's Apartments). The building contains 32 apartment units.

TID funded a \$165,000 grant to the developer, MetroPlains of St. Paul, MN, to assist its \$3.2 million redevelopment project.

Marquette Manor struggled with high vacancy rates. The development went through foreclosure in 2010, with first mortgage holder US Bank purchasing the property at foreclosure sale. A company affiliated with US Bank took title to the property. While the foreclosure "wiped out" a \$300,000 City Housing Loan and a \$200,000 State of WI loan, the remaining amount owed to the City on its initial \$165,000 advance was fully repaid by the end of 2011, from property taxes captured by the TID.

An Oshkosh-based developer successfully bid on the apartment building at auction sale in March 2013. The new owner upgraded the property with a larger parking lot and other improvements. Re-named "St. Lukes Place," the development is no longer subject to the age and income restrictions that applied to the original development.

The City amended the Project Plan in 2012, to allow it to pay for planning, engineering, legal and administrative expenses associated with pursuing redevelopment of "vacant former industrial properties" located within one half mile of its boundaries: the Hamilton and former Eggers Industries properties, located between this redevelopment TID and the East Twin River.

New expenditures were allowed from this TID through 2023 (22 years after creation). Under current law, the life of this TIF District runs through budget year 2028 (27 years).

TID 6 has a negative fund balance projected at \$157,782 for 2023 year-end. It will likely have a negative balance upon termination in 2028, which will need to be paid off from other City funding sources.

Remaining Project Funding Opportunities: None

TID No. 7, Old Hospital Redevelopment

Created in 2001 to assist in redevelopment of the former Two Rivers Community Hospital complex into a senior assisted living development (Northland Lodge). The developer, Rice Management, also purchased, expanded and continued to operate the attached nursing home (former Hamilton Home, now Atrium Post-Acute Care).

Project Plan also provided for funding reconstruction of 25th Street from Lincoln Avenue to Garfield Street, improvements to the City-owned radio tower located at the former municipal hospital, and minor improvements to adjacent Picnic Hill Park.

Project Plan was amended in early 2012 to include funding for infrastructure improvements located within one-half mile of TID 7 boundaries. Amendment allowed up to \$2,466,575 for reconstruction of Lincoln Avenue/STH 42 (local share of WisDOT project), replacement of all City utilities in the project area, and improvements to Garfield Street (used as a bypass route during Lincoln Avenue reconstruction).

Garfield Street work was completed in 2016 and Lincoln Avenue was rebuilt in 2017.

TID 7 is paying off the long-term debt (Clean Water Fund and Safe Drinking Water Fund loans) that funded the water and sanitary sewer infrastructure on Lincoln Avenue. Debt service of \$72,200 annually. In its final year of existence, plans call for the balance still available for debt service on the Lincoln Avenue utility infrastructure to be transferred to the Water and Sewer Utility Funds.

Project Plan was amended in 2022 to allow for investment in the following projects:

- Reconstruction of 17th Street, Bridge to Zlatnik Drive
- Reconstruction of Lincoln Street, 17th to 22nd
- Resurfacing of Zlatnik Drive, 17th to Pierce

TIF revenues received over the remainder of the life of TID 7 can be applied to the debt service on these projects.

Remaining Project Funding Opportunities: None

TID No. 8, Washington Highlands Development

TID 8 was created in 2002 to assist in redevelopment of the former Washington High School site. This TID provided funding to:

- Reimburse certain TID-eligible expenses incurred by the developer: \$975,000
- Undertake park improvements at the new Washington Park: \$300,000, matched with \$300,000 in grants
- Assist the School District with relocation of its administrative offices: \$210,000
- Reimburse City administrative and legal costs: \$45,375

\$1.53 million to fund the above activities was financed through general obligation bonding by the City. Interim financing of these activities was accomplished with the issuance of three-year notes in 2002 (those notes included capitalized interest of the three-year period). Permanent financing was approved by the City Council in 2005, in the form of:

- 15-year General Obligation Bonds for the public improvements, totaling \$560,000
- 20-year State Trust Fund loan, \$1,175,000, for the developer grant

Both of these borrowings have been re-financed for interest rate savings. The 15-year debt was retired in 2019 (14-year repayment). Remaining Debt Service payments on the 20-year debt are just under \$100,000 per year, through 2025.

The Project Plan for TID 8 was amended once in late 2019 and again in early 2020, to allow additional expenditures for the following activities:

- Developer Grant to Riverside Foods: \$400,000
- Public Infrastructure w/in 0.5 mile of TID Boundaries: \$1,315,000
- Possible Remediation/Demo Activity, 2023 Washington St.: \$50,000
- Admin and Legal Costs Related to Amendments 1 and 2: \$35,000
- Cash Grants to Businesses w/in 0.5 mile of TID Boundaries: As feasible
- Added public infrastructure w/in 0.5 mile of TID Boundaries: As feasible

Per a TIF Development Agreement with Riverside Foods signed in 2020, this TID is making payments of \$80,000 annually to the company in the years 2021 to 2025.

In 2021, the City committed TID 8 funds for debt service on borrowing for sanitary sewer infrastructure replacement on sections of 24th, 25th and Madison Streets. This additional debt service payment is reflected in the 2022 transfer to Debt Service.

The 2022 budget proposes paying for reconstruction of the Washington Park tennis courts from this TID, at \$150,000. Budget anticipates spending \$60,000 in 2022, carrying \$90,000 over to spend in 2023.

TID No. 9, Eggers Industrial Development

Industrial development TID, established in 2003 to assist development of the new Eggers Industries headquarters and manufacturing facility on a 75-acre site on STH 42 at Eggers Drive. Total cost for this development was approximately \$23 million. The project was also assisted by a \$750,000 CDBG grant from the State of Wisconsin, which helped fund public infrastructure to serve the development.

This developer-financed (pay-as-you go) TID is reimbursing Eggers (now the Eggers Division of VT Industries) for up to \$2.88 million in TID-eligible costs incurred in the development of its new facility, plus interest. Those TID-eligible activities included site acquisition, site preparation, and relocation of equipment from the old Eggers facility to the new plant.

The City is obligated to pay Eggers only to the extent that funds are available in this TID over its 23-year life. The City is not obligated to make “shortfall” payments from other TID’s or from any other municipal sources.

Remaining Project Funding Opportunities:

None, all revenues are dedicated to funding pay-go grant to Eggers.

TID No. 10, Paragon/Hamilton Warehouse Redevelopment

Redevelopment TID created 2014 to assist redevelopment of former Paragon Electric Company property on Parkway Boulevard and the former Hamilton Industries warehouse property on Roosevelt Avenue.

Project Plan and boundaries were amended in 2015 to include the nearby Edgewater Terrace Apartments. Agreement with WI Housing Preservation Corp provides for \$20,000 annual “interest rate subsidy” payments from TID 10 in budget years 2017-2031. Grant assisted a \$1.8 million renovation of the 40 unit low-income family housing project.

2016 development agreement with Holy Family Memorial provided TIF assistance for HFM’s new Lakefront Campus, on former Hamilton warehouse site. Assistance included site planning and environmental, purchase of the right-of-way for a new street (Lakefront Way), acquisition of an easement from the Canadian National Railroad to allow the street to cross its ROW, and street construction (\$200,000 in borrowed funds to be repaid over 10 years from this TID).

HFM development was ultimately determined to be tax-exempt. Development agreement provides for an annual “payment in lieu of taxes” on the new clinic. PILOT amount is \$27,500 for 10 years (starting in 2018) then drops to a minimum payment of \$13,750, annually in 2028, continuing for at least 10 more years.

Project Plan amended in 2021 to add possible developer grant of \$250,000 to aid Paragon redevelopment and to allow spending of \$500,000 for blight elimination.

Valuation increment for this TID dropped significantly in 2020 as the result of the City acquiring the Paragon property through foreclosure in October 2019. The City’s sale of the Paragon to an Oshkosh investor for \$1.2 million in 2022 will return it to the tax rolls in 2023, providing a boost to tax increment revenue for this TID

Remaining Project Funding Opportunities:

None in the near term, as this TID has a \$177,000 deficit balance to address.

Project Plan provides for spending to upgrade water and sewer infrastructure to aid redevelopment of Paragon (\$750,000), street infrastructure to serve Hamilton warehouse site.

TID No. 11, St. Peter the Fisherman/Vinton Redevelopment

Redevelopment TID created September 2016 to assist with Vinton Construction's redevelopment of the former St. Peter the Fisherman School for corporate offices.

Project Plan also includes potential redevelopment properties along the west side of Lincoln Avenue and provides for possible developer grants or public infrastructure investment, if financially feasible.

The City's maximum obligation to Vinton under the related Development Agreement is \$200,000 (20 percent of documented project expenses, up to \$200,000), plus five percent annual interest on the outstanding balance, to be repaid from TIF revenues, but only to the extent they are available, through 2039.

Vinton certified its total redevelopment costs at just over \$1 million, in a filing with the City in April 2019. Annual payments to the company began in 2020; after the payment due in 2024, the City will have paid in full the developer grant owed to Vinton, and annual TIF revenues of approximately \$45,000 will be available for other activities authorized by the Project Plan

Remaining Project Funding Opportunities:

Other possible investments by TID 11, addressed in the Project Plan include:

- Reconstruction of 35th Place and Jackson Street infrastructure
- Construct 35th Street from Lincoln Avenue to Jackson Street
- Improvements at Vietnam Veterans Park
- Developer grants to assist development activity on Lincoln Avenue properties located in this TID

TID No. 12, Suettinger/Cobblestone Hotel Blight Elimination

Created September 2018 to assist in blight elimination and redevelopment in the Suettinger Hardware block and nearby areas.

City worked with Two Rivers Hotel Group, LLC to redevelop this block with a new, 55-room Cobblestone hotel. Construction on the hotel began in the Fall of 2019; the hotel opened its doors in early August 2020. Project marked a major milestone in efforts to redevelop the city's downtown waterfront.

The \$6.3 million project was assisted with a developer grant funded through TID 12. The City borrowed \$750,000 to fund that grant, with a State Trust Fund Loan (20 years at 4 percent annual interest, since refinanced for a lower rate) that will be repaid with TIF revenues generated by the hotel development.

The City also secured a \$250,000 grant from the WI Economic Development Corporation's Community Development Investment (CDI) grant program, to assist the project

Remaining Project Funding Opportunities:

Projected property taxes on the hotel in support of the 2023 Budget, at \$103,342, are well in excess of the minimum \$65,000 annual payment required under the City's Development Agreement with Two Rivers Hotel Group.

Project Plan and boundaries were amended in 2021 to include properties at the NW corner of Washington and 12th Streets (former M&M Lunch and adjacent properties) and to allow for:

- Developer grant to assist with redevelopment of the Washington/12th site

- Improvements to the historic, City-owned High Lift Building
- Pedestrian safety improvements to the Washington/12th intersection
- Public water access improvements along the downtown waterfront

TID No. 13: Culvers/North Side Downtown Redevelopment

TID 13 was created in February 2020, intended to assist with a new Culver's restaurant proposed as a redevelopment project at the southwest corner of Washington and 22nd Streets. The City and a developer finalized a TIF development agreement that provided for a TIF developer grant with two components:

A \$250,000 "up front" grant, from funds borrowed by the City (to be repaid through the TID)
A \$250,000 "pay as you go" grant, to be paid to the developer, with interest, in installments from the TID 13 revenue

Unfortunately, the developer in July 2020 notified the city and the owners of the properties that he had under contract that the project would not be proceeding, citing the negative economic impacts of the COVID-19 pandemic.

The TID 13 Project Plan also allows for the expenditure of TIF funds for other developer cash grants and for public infrastructure work within the district and a half mile radius of its boundaries , and for legal/administrative costs.

This TID remains available as a tool to incentivize redevelopment activity at the north end of the downtown Washington Street corridor.

After running a small deficit in its early years, this TID is projected to have a positive fund balance of \$8,600 at 2023 year-end.

TID No. 14, Woodland Industrial Park Industrial Development

Created in 2021 to aid in further development of the City's Woodland Industrial Park. Project Plan provides for direct grants to assist business investment at the industrial park, and for investment in expansion of the public street and utility infrastructure.

City Council in October 2021 approved a \$250,000 TID 14 development grant to Sleger Holdings, LLC, to assist in construction of a new, 12,000 SF facility at the industrial park. This assistance was structured as a "pay as you go" grant--that is, payments will be made to the developer on an annual installment basis, as revenues from the project are received. Payments under this grant will commence in 2024, as the completed facility will not hit the tax rolls until January 1, 2023.

Since 2021, there have been early discussions with an existing company at the industrial park as well as a couple of prospective new tenants, regarding possible TID 14 assistance.

Remaining Project Funding Opportunities:

Additional assistance to business development and expansion; extension of street and utility infrastructure south of STH 310.

TID No. 15: 3000 Forest Avenue Redevelopment

This TID was created in 2021 to assist in redevelopment of the former Hansen the Florist property at 3000 Forest Avenue.

An Appleton area developer held a purchase contract on that property and presented the City with preliminary plans for redevelopment of this site--identified as a priority redevelopment site in the City's 2010 Comprehensive Plan--with market rate apartments.

The developer proposed an investment of approximately \$4.5 million in the project, and requested City TIF assistance totaling \$1.3 million: half up front from City borrowing and half from TID 15 revenues, on a "pay as you go" basis.

A Development Agreement was finalized in 2022, but the project failed to proceed. TID 15 remains an available tool to aid in redevelopment of this priority site.

TID No. 16: Eggers East Redevelopment

Created in 2021 to assist in redevelopment of the City-owned former Eggers Industries "East Plant" property on the downtown waterfront.

The City has a TIF Development Agreement with The Confluence, LLC, which calls for a \$1.8 million TIF grant (\$900,000 up front/\$900,000 Pay-as-you go) to assist a proposed \$13 million project on the northerly portion of the development site.

The developer proposes to construct a building with 50+ units of market rate apartment housing on the northerly portion of the site, with an option to purchase the southerly portion of the site.

An update on this project is expected at one of the May Council meetings.

TID No. 17, Eggers West Redevelopment

Created in 2022 to assist Milwaukee-based developer Scott Crawford Company with construction of a new, 54-unit apartment building offering new, affordable housing on a priority redevelopment site: the former Eggers West plant site, across the West Twin River from downtown.

Staff is currently working with the developer to finalize a Development Agreement that would provide \$500,000 in TIF funding assistance (pay-as-you-go) and \$100,000 in TIF-funded affordable housing monies to assist this \$13 million project. The Development Agreement is expected to be presented for Council action in May.

- B. Report/Discussion on City's Pursuit of Funding Opportunities Related to Shoreline Stabilization, Erosion Control, Habitat Restoration, Recreational Development and Harbor Improvements Along the Lake Michigan Shoreline and River Corridors

Recommended Action:

None; Information Only

Elizabeth Runge, Community Development Director gave a summary that the City has a Harbor Master Plan that provides the basis for grant applications. The City is working with a consultant is pursuing funds currently from the Sustain Our Great Lakes (SOGL) part of the National Fish and Wildlife Foundation to protect and restore shoreline along Lake Michigan. The grant proposes green infrastructure, pollinator gardens, and other tools to reduce loss of sand on the beach, to reduce erosion of the shoreline and to promote resiliency along Lake Michigan. Other funding sources will be pursued to implement the Harbor Master Plan.

6. INVITATION TO PLANNED TOURISM WEEK EVENT AND EXPLORE TWO RIVERS KICKOFF: MAY 11, 5:30 to 7:00 PM, HAMILTON WOOD TYPE AND PRINTING MUSEUM

Brian Dean, Tourism Director invited Council Members to attend the event promoting tourism to impact stakeholders in the community.

7. ADJOURNMENT

Motion to adjourn the meeting at 8:35 PM.

Motion made by Dahlke, seconded by B. LeClair

Voting Yea: B. LeClair, D. LeClair, Dahlke, Koach, Petri, Shimulunas, Stechmesser

Motion carried upon a voice vote.

Respectfully submitted,

Lisa Kuehn
Deputy City Clerk