

City of Stevens Point

SPECIAL JOINT COMMON COUNCIL / REDEVELOPMENT AUTHORITY

**Lincoln Center
1519 Water Street**

**June 9, 2014
5:30 P.M.**

1. Roll Call.
2. Discussion of maintenance needs and financial projections of Edgewater Manor (Discussion Only).
3. Adjournment.

Any person who has special needs while attending this meeting or needs agenda materials for this meeting should contact the City Clerk as soon as possible to ensure that reasonable accommodation can be made. The City Clerk can be reached by telephone at (715) 346-1569, TDD #346-1556, or by mail at 1515 Strongs Avenue, Stevens Point, WI 54481.

Copies of ordinances, resolutions, reports and minutes of the committee meetings are on file at the office of the City Clerk for inspection during the regular business hours from 7:30 A.M. to 4:00 P.M.



Memo

Michael Ostrowski, Director

Community Development

City of Stevens Point

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Stevens Point, WI 54481

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City of Stevens Point – Department of Community Development

To: Redevelopment Authority and Common Council
From: Michael Ostrowski
CC:
Date: 6/3/2014
Re: Edgewater Manor

At last month's Redevelopment Authority (RA) meeting the RA discussed the current situation regarding the façade at Edgewater Manor. At that time it was decided to proceed with the temporary fix (fastening the façade to the building and recaulking the window areas) until a long term solution could be decided upon. According to the engineer that the RA hired, the temporary solution is about a one to two year fix. Following that, the entire façade is recommended to be removed and replaced. Therefore, the RA and Common Council will need to decide how they plan to proceed with the property.

The following is a list of options that may be pursued relating to the property. **Please be aware that we have not selected a preferred option. The options listed below are intended to assist with the conversation on Monday. When evaluating a project, all options need to be identified and then analyzed accordingly.**

- Option 1 - Replace the façade and windows, along with doing the needed renovations to the facility.

This option would involve a complete removal and replacement of the façade. In addition, once the façade is off the building, it would be advantageous to also replace the windows, as well as the other upgrades that would be required to make the property more competitive. I did receive an estimate for the removal and replacement of the façade and windows. There were two options, (1) replace the façade with brick veneer at a price of about \$665,679, or (2) replace the façade with EIFS at a price of about \$440,000. In addition, the window cost would be about \$430,000 regardless of the option. The architectural fees would be about \$25,000-\$45,000. This would be a total of about \$919,000 to \$1,144,679. In addition to this price, it would likely be the best time to do the needed upgrades to the facility. This cost estimate is approximately \$1,929,785. This would bring the total project cost to about \$3.2 million with contingency.

With the above option, Edgewater Manor would lose about \$400,000 over the next twenty years. This assumes an increasing occupancy, a one percent increase in rents per year,

about \$25,000 worth of capital expenses per year, and \$5,000 per year dedicated to marketing. Please see the attached spreadsheet for further information.

This option could also include selective updates.

- Option 2 - Put the facility up for sale on the open market and attempt to sell it as is. Even in its current state, there may be buyers for the facility. With this option, you would likely need to set a price and put it on the open market and review any potential offers that are submitted.
- Option 3 – Look for other tax credit options. The difficulty with this option is that tax credits are competitive and certain timelines need to be met for the applications. Given the need to do something within the next one to two years, this may not really be an option.
- Option 4 – Other. The options listed above are not all inclusive. There are other options that may exist for the property, including the potential of razing the building and selling the real estate for new development. Given the current state of the facility, and the cost to bring it up to a somewhat marketable property, there may be other options for the real estate.

The reason we are having a joint meeting with the Common Council is because the Common Council will need to be involved with this facility one way or another. If it is decided that the facility is going to be renovated, the City would likely have to borrow the needed funds. If it is decided that the property will be sold, the City will need to sign off on the sale, per the agreement between the RA and the City. Having a joint meeting, along with future meetings will hopefully assist in getting everyone on the same page with a common goal for the facility.

There are several options that could be pursued with this facility, and each of them has their advantages and disadvantages. With this said, I think the RA and Common Council really need to review each option and evaluate them to determine a proper course of action. You have approximately a year to two years to decide what to do with the facility, according to the engineer. Given that some of the options may take some time to go through, it would be best to start discussing this now. The joint meeting on Monday is intended to discuss the current situation and look at options that you would like to pursue further.

Please note, the joint meeting will be for discussion only.

Full Remodel - 1% increase in rents

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Vacancy Rate	35%	30%	25%	20%	15%	10%	8%	8%	8%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Operating Receipts (Inc 1%)	530.00	535.30	540.65	546.06	551.52	557.04	562.61	568.23	573.91	579.65	585.45	591.30	597.22	603.19	609.22	615.31	621.47	627.68	633.96	640.30
3100 Gross Potential Rents (\$530x80+\$625x1)	509,425.00	514,513.00	519,651.88	524,842.15	530,084.32	535,378.91	540,726.45	546,127.47	551,582.49	557,092.07	562,656.74	568,277.05	573,953.58	579,686.86	585,477.48	591,326.00	597,233.01	603,199.09	609,224.84	615,310.83
3105 Vacancy Loss	178,298.75	154,353.90	129,912.97	104,968.43	79,512.65	53,537.89	43,258.12	43,690.20	44,126.60	27,854.60	28,132.84	28,413.85	28,697.68	28,984.34	29,273.87	29,566.30	29,861.65	30,159.95	30,461.24	30,765.54
3110 Net Rental Revenue	331,126.25	360,159.10	389,738.91	419,873.72	450,571.67	481,841.02	497,468.34	502,437.27	507,455.89	529,237.46	534,523.90	539,863.20	545,255.90	550,702.52	556,203.61	561,759.70	567,371.36	573,039.14	578,763.59	584,545.29
3120 Excess Utilities	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Total Rental Income	332,626.25	361,659.10	391,238.91	421,373.72	452,071.67	483,341.02	498,968.34	503,937.27	508,955.89	530,737.46	536,023.90	541,363.20	546,755.90	552,202.52	557,703.61	563,259.70	568,871.36	574,539.14	580,263.59	586,045.29
3610 Interest on General Fund Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3690 Other Income	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00
3690.010 Other Income - Cable Revenue (Inc 3%)	18,300.00	18,849.00	19,414.47	19,996.90	20,596.81	21,214.72	21,851.16	22,506.69	23,181.89	23,877.35	24,593.67	25,331.48	26,091.42	26,874.17	27,680.39	28,510.80	29,366.13	30,247.11	31,154.53	32,089.16
3690.020 Other Income - Laundry Revenue	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
3690.030 Other Income - Vending Machine Revenue	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00
3690.040 Other Income - Resident Charges	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Total Operating Income	359,326.25	388,908.10	419,053.38	449,770.62	481,068.48	512,955.74	529,219.49	534,843.96	540,537.78	563,014.81	569,017.57	575,094.68	581,247.32	587,476.68	593,784.00	600,170.51	606,637.49	613,186.25	619,818.12	626,534.45
4230 Contract Costs (Cable-Increase 3%)	29,600.00	30,488.00	31,402.64	32,344.72	33,315.06	34,314.51	35,343.95	36,404.27	37,496.39	38,621.29	39,779.92	40,973.32	42,202.52	43,468.60	44,772.66	46,115.84	47,499.31	48,924.29	50,392.02	51,903.78
Total Resident Services	29,600.00	30,488.00	31,402.64	32,344.72	33,315.06	34,314.51	35,343.95	36,404.27	37,496.39	38,621.29	39,779.92	40,973.32	42,202.52	43,468.60	44,772.66	46,115.84	47,499.31	48,924.29	50,392.02	51,903.78
Utilities Expenditures		3% Increase																		
4310 Water	3,500.00	3,605.00	3,713.00	3,825.00	3,940.00	4,060.00	4,179.00	4,305.00	4,434.00	4,567.00	4,704.00	4,845.00	4,990.00	5,140.00	5,294.00	5,453.00	5,616.00	5,785.00	5,959.00	6,137.00
4311 Sewer (includes storm water fee)	8,500.00	8,755.00	9,018.00	9,288.00	9,567.00	9,854.00	10,149.00	10,454.00	10,768.00	11,091.00	11,423.00	11,766.00	12,119.00	12,483.00	12,957.00	13,243.00	13,640.00	14,049.00	14,471.00	14,905.00
4320 Electricity	44,500.00	45,835.00	47,210.05	48,626.35	50,085.14	51,587.70	53,135.33	54,729.39	56,371.27	58,062.41	59,804.28	61,598.41	63,446.36	65,349.75	67,310.24	69,329.55	71,409.44	73,551.72	75,758.27	78,031.02
4330 Gas	16,300.00	16,789.00	17,292.67	17,811.45	18,345.79	18,896.17	19,463.05	20,046.94	20,648.35	21,267.80	21,905.84	22,563.01	23,239.90	23,937.10	24,655.21	25,394.87	26,156.71	26,941.42	27,749.66	28,582.15
4390 Other Utilities Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Utilities Expense	72,800.00	74,984.00	77,233.72	79,550.80	81,937.94	84,397.86	86,926.38	89,535.33	92,221.62	94,988.21	97,837.12	100,772.42	103,795.26	106,909.85	110,216.46	113,420.42	116,822.15	120,327.14	123,937.93	127,655.17
Maintenance Expenditures		3% Increase																		
4410 Labor (1/2 time Maint Person assigned)	18,700.00	19,261.00	19,838.83	20,433.99	21,047.01	21,678.43	22,328.78	22,998.64	23,688.60	24,399.26	25,131.24	25,885.17	26,661.73	27,461.58	28,285.43	29,133.99	30,008.01	30,908.25	31,835.50	32,790.56
4420 Materials	2,000.00	2,060.00	2,121.80	2,185.45	2,251.02	2,318.55	2,388.10	2,459.75	2,533.54	2,609.55	2,687.83	2,768.47	2,851.52	2,937.07	3,025.18	3,115.93	3,209.41	3,305.70	3,404.87	3,507.01
4430 Contract Costs-Other	800.00	824.00	848.72	874.18	900.41	927.42	955.24	983.90	1,013.42	1,043.82	1,075.13	1,107.39	1,140.61	1,174.83	1,210.07	1,246.37	1,283.77	1,322.28	1,361.95	1,402.80
4430.1 Contract Costs-Heat & Cooling	1,700.00	1,751.00	1,803.53	1,857.64	1,913.36	1,970.77	2,029.89	2,090.79	2,153.51	2,218.11	2,284.66	2,353.20	2,423.79	2,496.51	2,571.40	2,648.54	2,728.00	2,809.84	2,894.14	2,980.96
4430.2 Contract Costs-Door Openers/Security	1,000.00	1,030.00	1,060.90	1,092.73	1,125.51	1,159.27	1,194.05	1,229.87	1,266.77	1,304.77	1,343.92	1,384.23	1,425.76	1,468.53	1,512.59	1,557.97	1,604.71	1,652.85	1,702.43	1,753.51
4430.3 Contract Costs-Elevator Maintenance	10,000.00	10,300.00	10,609.00	10,927.27	11,255.09	11,592.74	11,940.52	12,298.74	12,667.70	13,047.73	13,439.16	13,842.34	14,257.61	14,685.34	15,125.90	15,579.67	16,047.06	16,528.48	17,024.33	17,535.06
4430.4 Contract Costs-Grounds	200.00	206.00	212.18	218.55	225.10	231.85	238.81	245.97	253.35	260.95	268.78	276.85	285.15	293.71	302.52	311.59	320.94	330.57	340.49	350.70
4430.5 Contract Costs-Unit Turnaround	5,000.00	5,100.00	5,202.00	5,306.04	5,412.16	5,520.40	5,630.81	5,743.43	5,858.30	5,975.46	6,094.97	6,216.87	6,341.21	6,468.03	6,597.39	6,729.34	6,863.93	7,001.21	7,141.23	7,284.06
4430.6 Contract Costs-Electrical	800.00	824.00	848.72	874.18	900.41	927.42	955.24	983.90	1,013.42	1,043.82	1,075.13	1,107.39	1,140.61	1,174.83	1,210.07	1,246.37	1,283.77	1,322.28	1,361.95	1,402.80
4430.7 Contract Costs-Plumbing	1,200.00	1,236.00	1,273.08	1,311.27	1,350.61	1,391.13	1,432.86	1,475.85	1,520.12	1,565.73	1,612.70	1,661.08	1,710.91	1,762.24	1,815.11	1,869.56	1,925.65	1,983.42	2,042.92	2,104.21
4430.8 Contract Costs-Extermination	1,200.00	1,236.00	1,273.08	1,311.27	1,350.61	1,391.13	1,432.86	1,475.85	1,520.12	1,565.73	1,612.70	1,661.08	1,710.91	1,762.24	1,815.11	1,869.56	1,925.65	1,983.42	2,042.92	2,104.21
4430.9 Contract Costs-Janitorial	1,400.00	1,442.00	1,485.26	1,529.82	1,575.71	1,622.98	1,671.67	1,721.82	1,773.48	1,826.68	1,881.48	1,937.93	1,996.07	2,055.95	2,117.63	2,181.15	2,246.59	2,313.99	2,383.41	2,454.91
4431 Contract Costs-Garbage & Trash Removal	3,000.00	3,090.00	3,182.70	3,278.18	3,376.53	3,477.82	3,582.16	3,689.62	3,800.31	3,914.32	4,031.75	4,152.70	4,277.28	4,405.60	4,537.77	4,673.90	4,814.12	4,958.54	5,107.30	5,260.52
Compensated Absences	2,000.00	2,060.00	2,121.80	2,185.45	2,251.02	2,318.55	2,388.10	2,459.75	2,533.54	2,609.55	2,687.83	2,768.47	2,851.52	2,937.07	3,025.18	3,115.93	3,209.41	3,305.70	3,404.87	3,507.01
4433 Employee Benefits Contributions - Maint	14,700.00	15,141.00	15,595.23	16,063.09	16,544.98	17,041.33	17,552.57	18,079.15	18,621.52	19,180.17	19,755.57	20,348.24	20,958.69	21,587.45	22,235.07	22,902.12	23,589.18	24,296.86	25,025.77	25,776.54
Total Maintenance Expense	63,700.00	65,561.00	67,476.83	69,449.11	71,479.53	73,569.79	75,721.68	77,937.02	<											

Units	81	
Flooring	2500	
Appliances	4650	
Sink/Garbage	300	
Cabinets	2500	
Bathroom	2000	
Wall Finishing	400	
Misc.	1000	
TOTAL	13350	1081350

Common Areas		
Flooring and Furnishings	175000	
Common Bath	7500	
Exterior Doors	15000	
First Floor Kitchen	7500	
HVAC w/ Control	35000	
Boiler	15000	
TOTAL	255000	

Exterior		
Windows	430000	
Exterior Façade	710679	
Trees	3000	
Landscaping	15000	
Roof	200000	
Parking Lot	200000	
TOTAL	1558679	

10% Contingency 289502.9

TOTAL 3184531.9