

Report of the Community Development Authority of the City of Stevens Point

Tuesday, June 12, 2012 – 6:00 PM  
Lincoln Center – 1519 Water Street, Stevens Point, WI 54481

PRESENT: Chairperson Halverson, Alderperson Beveridge, Commissioner Adamski, Commissioner Cooper, Commissioner Hansen, and Commissioner Onstad.

NOT PRESENT: Commissioner Walther.

ALSO PRESENT: Executive Director Michael Ostrowski, Alderperson Patton, Alderperson Phillips, Alderperson M. Stroik, Director Lemke, Jody Andres (SEH), John Kneer (Rettler Corporation), Brandi Makuski, Matthew Brow, Barb Jacob, Rick Zahn, John Glodowski, Robert Moor, and Cathy Dugan.

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INDEX:

1. Roll call.

Discussion and possible action on the following:

2. Reports of the April 23, 2012 and April 30, 2012 meetings.
3. Presentation on status and future recommendation of the former CenterPoint MarketPlace property, 1201 Third Court and 1101 Centerpoint Drive (Parcel IDs 281-2408-32-2029-51 and 281-2408-32-2029-61).
4. Recommendation on how to proceed with the remaining portion of the former CenterPoint MarketPlace property, 1201 Third Court and 1101 Centerpoint Drive (Parcel IDs 281-2408-32-2029-51 and 281-2408-32-2029-61), including possible demolition of the entire structure.
5. Motion to enter into Closed Session under Section 19.85(1)(e) of the Wisconsin Statutes for the purpose of deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session, relating to:
  - a. Acquisition Agreement with Mid-State Technical College.
  - b. Amendment of the Reciprocal Easements, Parking and Operating Agreement and Declaration of Restrictions which govern and restrict the former CenterPoint MarketPlace property, 1201 Third Court and 1101 Centerpoint Drive (Parcel IDs 281-2408-32-2029-51 and 281-2408-32-2029-61), and which also affect the "Shopko" site (Parcel No. 281-2408-32-2029-50), the inboard parking lot (Parcel No. 281-2408-32-2029-62), and the outboard parking lots.
6. Reconvene into open session for possible action relating to the above.
7. Adjourn.

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1. Roll call.

**Present: Halverson, Beveridge, Hansen, Cooper, and Onstad.**

**Not Present: Adamski and Walther.**

2. Reports of the April 23, 2012 and April 30, 2012 meetings.

*Commissioner Adamski arrived at 6:01 PM.*

**Motion by Commissioner Hansen to approve the reports as presented; seconded by Commissioner Onstad. Motion carried 6-0.**

3. Presentation on status and future recommendation of the former CenterPoint MarketPlace property, 1201 Third Court and 1101 Centerpoint Drive (Parcel IDs 281-2408-32-2029-51 and 281-2408-32-2029-61).

John Kneer, Rettler Corporation said they at the point in the design phase that they need to start making some critical decisions and they wanted to present the options for the commission to consider. Mr. Kneer provided an overview of the of three options for the remaining portion of the former CenterPoint MarketPlace: Demolish Right of Way and Vacate Mall, Demolish Right of Way and Occupy Remaining Mall, and Demolish Entire Mall Except “Dunham’s” Building (see Attachment A).

#### Option 1 – Demolish Right of Way and Vacate Mall

This option is not recommended as there are severe life and safety concerns with leaving the building in an unoccupiable state. With this option the projected costs are as follows:

- Low Cost: \$625,520
- High Cost: \$1,003,744

#### Option 2 – Demolish Right of Way and Occupy Remaining Mall

This option would include demolishing the needed right of way for the proposed Third Street and then constructing a temporary wall and reconnecting the utilities so that the mall is occupiable. With this option, the estimated costs are as follows:

- Low Cost: \$711,088
- High Cost: \$1,089,312

#### Option 3 – Demolish Entire Mall Except “Dunham’s” Building

This option would include demolishing the entire center portion of the building. This option would leave the land vacant and in a prepped and graded state. With this option, the estimated costs are as follows:

- Low Cost: \$903,056
- High Cost: \$1,488,256

Mr. Kneer said they also provided ran numbers for a demolish now, and a demolish later situation. If the board decided to proceed with option 2 now, the costs would be \$711,088 - \$1,089,312. IF for some reason that mall would then be demolished at a later date, that estimated cost would be \$487,760 - \$733,152, for a total cost of \$1,198,848 - \$1,822,464. Compared to the demolish now cost of \$903,056 - \$1,488,256. The cost savings for demolishing now versus demolishing later is \$295,792 - \$334,208.

Commissioner Hansen asked what is operational expenses for the mall if the mall remained. Mr. Kneer said if you go with option 2, you would be faced with operational costs. Mayor Halverson said historically, since we placed with the Clerk of Courts Office the original jurisdictional offer, we have experience a little over \$81,000. This includes maintenance, snow removal, utilities, everything associated with everything associated with running the mall. This was roughly a years’ worth of costs. The highest utility bill was about \$15,000 for the coldest month. Understandably, the new portion would not be heated and cooled in such a way that it was before, but it would still will cost money to maintain and operate it, without a revenue source. We have been using the bond

proceeds to pay for these costs. If the mall remains standing, the City of Stevens Point will need to find a revenue source to operate and maintain the mall for a unknown amount of time.

Commissioner Adamski said if you assume the \$81,000 is annual and you divide it into the high cost estimate of \$334,208, it is 4.12 year breakeven. If you cannot sell it in 4.12 years, you are losing money.

Aldersperson Beveridge asked what is referred to as site amenities. Mr. Kneer said it is the streetscape amenities, benches, bollards, lighting, etc. It is the level of finish. Aldersperson Beveridge said this would account for from Centerpoint to Main Street. Mr. Kneer said that was correct.

Director Ostrowski said some of the concerns with leaving the remaining portion of the mall is that it is very difficult to market. If we proceed with the plan that was formed, it leaves us with 15,000 square feet of common space which is very difficult for a developer to do. If we did phase 2, we would be looking at also constructing the southern and eastern walls of the building which would be a significant cost. This cost would not include additional costs to renovate the interior of the structure.

Director Ostrowski said if we leave the mall as is, we have an issue with parking. We will be giving MSTC about 260 parking stalls for their use. The only parking that would remain would be the area north and east of the former Dunham's building. Aldersperson Beveridge asked what are the parking requirements. Mayor Halverson said in terms of code requirements it would be fine because it is in the Central Business District, which does not require parking. Director Ostrowski said while no parking is required we do need to look at what a business needs to be functional in that area.

Commissioner Onstad said we cannot just leave the building site there and do nothing.

Mayor Halverson stated that these costs were brought to our attention and they have some definite variability on how we proceed. We were not able to do the analysis until we were certain that the lawsuit was settled. We need to use the remaining dollars to the best of our ability to set up the area for the greatest chance of redevelopment and success.

Director Ostrowski indicated that if we leave the mall as is, there would be just over 100 spaces for parking to the north and east of the former Dunham's building. With about 117,000 square feet of building space, this equates to 1 space per 1,000 square feet. For retail, we typically require 1 space per 200 square feet.

Aldersperson Beveridge said the cost estimate for option 2 does not include the cost of the roads other than extending Third Street, the walls, or the parking areas.

Mayor Halverson said we are talking about \$180,000 difference between option 2 and 3.

Commissioner Hansen said there would need to be two heating systems, plus you would have a temporary wall without longevity. Commissioner Hansen asked if the estimate included the cost for the utilities. Jody Andres said they do have a good estimate of the costs. In addition, the temporary wall would be fairly substantial to carry the load.

4. Recommendation on how to proceed with the remaining portion of the former CenterPoint MarketPlace property, 1201 Third Court and 1101 Centerpoint Drive (Parcel IDs 281-2408-32-2029-51 and 281-2408-32-2029-61), including possible demolition of the entire structure.

Aldersperson Beveridge said he is very skeptical in leaving any portion of the center portion of the mall. It has been an underperforming structure for years and the construction costs would be phenomenal and we could still end up with a property that does not perform.

Commissioner Onstad asked what would we do with the mall if we did not tear it down. Mayor Halverson said it would sit there until we found a developer that would redevelop it. The issue with

the building is the common space that does not produce any revenue. Therefore, you are going to need to compartmentalize it, without any parking. From a redevelopment perspective, our ability to market a freestanding Dunham's with parking that supports it and prepping the site for redevelopment is a much easier process.

Commissioner Cooper said he would of liked to see something done with the mall, but large vacant buildings are not a premium. Having vacant land gives us a better opportunity to redevelop the site.

Commissioner Adamski said with demolishing the mall now, we know what the costs are. In keeping it we go to an unpredictable number.

Aldersperson Beveridge said the removing the structure would provide certainty and would give business owners along Main Street the ability to plan accordingly.

Mayor Halverson said he does not think we can market the remaining portion of the building without augmenting it. At that time, you will be using additional funds.

Barb Jacob, 1616 Depot Street, said you are forgetting how you got this money. She said we got together and you developed a plan and people were under the assumption that this plan would take place and this is when they voted for it. She indicated that people should have known that we would have these additional expenses.

Mayor Halverson indicated that the referendum was passed before the concept was created.

Ms. Jacob said the people have no say in what is going to happen. She said we should have a public hearing and let people come in and say what they want. She indicated that we gave you that money with the understanding that part of the mall was going to stay.

Mayor Halverson stated that the \$5.9 million was derived based on the retention of the Dunham's building and the complete removal of the center portion of the mall, and this number was locked in and approved by the voters prior to the adoption of the concept plan. There were never any dollars associated with doing that concept plan. We indicated at the meetings that we would need a private partner to complete phase 2. There were never any cost assumptions derived from that concept plan. Mayor Halverson said we are reusing nearly 80,000 square feet of that building.

Aldersperson Slowinski, 6<sup>th</sup> District, said he was disappointed in the process and questioned why we ever did the public input sessions. He asked why wasn't it told that we would not have money to do this, or that it would not have enough parking. Mayor Halverson said we made that very clear. He said the building could legally operate because it was in the Central Business District, but not from a practical standpoint.

Aldersperson Slowinski said he wished we would have just said that we could not do this. Mayor Halverson said we did not know this at the time, nor did we anticipate spending nearly \$250,000 in holding costs, including legal fees.

Aldersperson Beveridge said he understands peoples' frustration with tearing down the mall. However, he thinks it was clear that doing so was contingent upon finding a private partner. To be that this partner will materialize is a bad bet and it will cost us more money in the long run and opportunity costs.

**Motion by Chairperson Halverson to proceed with complete demolition of the CenterPoint MarketPlace and charge to the Executive Director and Chairperson to execute based on the estimates from Rettler and SEH; seconded by Commissioner Hansen.**

**Roll call:**

- **Ayes – Halverson, Adamski, Beveridge, Hansen, Cooper, and Onstad.**

- **Nays – None.**

**Motion carried 6-0.**

5. Motion to enter into Closed Session under Section 19.85(1)(e) of the Wisconsin Statutes for the purpose of deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session, relating to:
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**Motion by Commissioner Beveridge to enter into closed session; seconded by Commissioner Cooper.**

**Roll call:**

- **Ayes – Halverson, Adamski, Beveridge, Hansen, Cooper, and Onstad.**
- **Nays – None.**

**Motion carried 6-0.**

6. Reconvene into open session for possible action relating to the above.

**Motion by Commissioner Hanson to return to open session; seconded by Commissioner Adamski.**

**Roll call:**

- **Ayes – Halverson, Adamski, Beveridge, Hansen, Cooper, and Onstad.**
- **Nays – None.**

**Motion carried 6-0.**

There was no further action taken.

7. Adjourn.

**Meeting adjourned at 7:35 PM.**

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Chairperson

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date