

**CITY OF STEVENS POINT  
SPECIAL COMMON COUNCIL MEETING**

**Portage County Public Library  
1001 Main Street  
Pinery Room**

**September 9, 2015  
6:00 P.M.**

**Mayor Mike Wiza, Presiding**

**ROLL CALL:** Ald. Mrozek, Ryan, Oberstadt, Van Stippen, Kneebone, Patton (6:11 p.m.), Phillips, Morrow.

**EXCUSED:** Ald. Doxtator, Slowinski, McComb.

**ALSO**

**PRESENT:** City Clerk Moe, City Attorney Beveridge, C/T Ladick, Director Ostrowski, Int. Chief Skibba, Jim Hamilton, Former Director CDA, Sari Lesk, Stevens Point Journal, Brandi Makuski, City Times, Nate Enwald Portage County Gazette, Larry Lee WSAU, Mary Meyer, Edgewater Manor Spokesperson.

The meeting was called to order by Mayor Wiza at 6:00 p.m. A quorum not present, Mayor Wiza recessed the meeting at 6:01 p.m. to await the arrival of Alderperson Patton.

The meeting was reconvened at 6:11 p.m. with the arrival of Ald. Patton.

Mayor Wiza stated the purpose of this meeting was to provide the Alderpersons with an accurate history of Edgewater Manor as well as options to consider the sale or renovation of the property. He stated City staff would provide financial, legal and developmental information and options.

Mayor Wiza stated no public comment would be taken at this time. He added this meeting would be for discussion and information only. Mayor Wiza said another meeting would be held in October to make a decision concerning Edgewater.

Mayor Wiza allowed one spokesperson, Mary Meyer, five (5) minutes to speak on behalf of Edgewater Manor residents.

Mary Meyer addressed the Alderpersons by stating both the Hi-Rise and Fireside have waiting lists. She added 27 seniors currently residing at Edgewater have vouchers and the remainder have a small Social Security benefit. Ms. Meyer stated just getting the word out in the community about all the attributes Edgewater has to offer has resulted in a 13% vacancy rate. She encouraged the City Council to vote to fund Edgewater's improvements.

Mayor Wiza stated no approval or action will be taken at this time. He introduced Jim Hamilton, former Director of the CDA to provide a brief history of Edgewater.

**2. Discussion of Edgewater Manor history, current status, and future options (discussion only).**

Mr. Hamilton provided the Alderpersons with a memo dated October 22, 2009 which at the time outlined the background and options for Edgewater. He provided a brief history of the development of the CDA, Edgewater Manor and the Housing Trust Fund. Mr. Hamilton added the Housing Trust Fund provided no interest loans to low-income residents who were able to improve approximately 326 properties within the City. He said this provided a ripple effect within the community because local contractors were used for the renovations, other owners were prompted to improve their property and improvements that were made impacted the assessed value of the properties and ultimately helped the City. Mr. Hamilton stated in the event the property was in such disrepair, it was removed and the land sold to Central Wisconsin Habitat for Humanity who in turn built a new home on the site. He stated the loan was repaid when the property was either sold or refinanced.

Mr. Hamilton stated the renovations to the Hi-Rise were over \$5 million and the cost for Edgewater would be significant. He added that elderly housing needs to remain competitive and incorporate amenities that have become standard such as internet. Mr. Hamilton added that there does come a time when the lifecycle of a property ends and needs to be sold.

Ald. Kneebone asked for clarification on the number of vouchers utilized.

Mr. Hamilton stated there were 80 vouchers used in 2009 and currently there are 27 in use. The vouchers have either been surrendered or are used at a different facility.

Ald. Phillips asked how many Habitat for Humanity houses were built with Housing Trust Fund assistance.

Mr. Hamilton stated approximately 12.

Ald. Morrow asked if there was a process in place that ensured repayment was made once the Housing Trust Fund loan was provided to the property owner.

Mr. Hamilton stated repayment occurred when the property was sold or refinanced.

Ald. Van Stippen asked if any of the properties were foreclosed or defaulted on loans.

Mr. Hamilton stated yes, the City did lose some money, but overall the property was improved and the City got the increased value.

City Attorney Beveridge discussed the legal options of what the City Council could do with regard to Edgewater Manor. He stated the powers of the Redevelopment Authority are limited by state statute. The powers of the City Council are broader and there would be no difference between Edgewater than with any other property the City would own. He stated a loan for Edgewater would follow current existing protocol with bonds and loans and the sale of Edgewater would be no different than selling any other City owned property. City Attorney Beveridge added that restrictive covenants could be placed on the sale of the property to insure it remains as low income housing, senior housing, etc., but could potentially discourage a potential buyer or drive down the price of the property. He stated the legal restrictions are relatively narrow and it is up to the City Council as to what to do with the property.

Mayor Wiza stated legally these are the broadest options – selling it with or without restrictions, leasing it or maintaining ownership.

City Attorney Beveridge also pointed out the façade would become a liability if an injury occurred and the City failed to repair the exterior of the building. He also stated within the next six months the façade would need to be addressed.

Director Ostrowski reviewed the possible options available to the Alderpersons. He stated the needs analysis done by the architect outlined renovations which could run as high as \$4.6 million. Dir. Ostrowski said not all of the items on the needs analysis would have to be done. He said other options could include doing the largest repairs, i.e., the façade and parking lot. Dir. Ostrowski reminded everyone the façade would need to be addressed by the summer of 2016. He said if the City Council is considering keeping the property for the long-term, it may be advantageous to consider making other repairs, such as windows, air conditioning and the elevator at the same time as it would be more costly in the future. Dir. Ostrowski stated once repairs are underway, there is no way to know what problems might be encountered.

Director Ostrowski stated the second option would be to sell the property, list with a realtor or put up a for sale sign with a sale price. He added the other options would be negotiating with a potential buyer or putting out an RFP. Dir. Ostrowski stated there has been interest in the past from individuals but both of those proposals were denied. He stated given the problem with the façade, any offer would probably come in at a reduced price.

Dir. Ostrowski stated the third option would be to look for other funding options, such as Section 42. He said it would be challenging to get an application in on time as it is due by the end of the year.

C/T Ladick provided five financial scenarios which included both optimistic and pessimistic projections of funding Edgewater. He added that it would be difficult to predict the future because the extent of the repairs needed are not fully known, such as the case with the façade.

C/T Ladick stated he wanted to provide all of the possibilities so everyone would have a good understanding of all of the risks and can accept those risks. He pointed out the difference between G.O. and revenue bonds and cautioned that should there be a default on a revenue bond, the City would be downgraded to junk bond status. C/T Ladick stated it would be important to understand the risks and the possibilities as well as what risks the City Council is willing to accept.

Ald. Patton stated the only option would be to advance the money for repairs.

C/T Ladick stated he agreed with the City Attorney concerning the façade issue and once the City has been notified of needed repairs and fails to make those repairs, the City would be liable should an accident occur.

Ald. Patton asked if there were other funding sources available.

Mayor Wiza stated the only financial option at the present time is for the City to borrow on behalf of Edgewater.

Ald. Morrow asked if there was a savings/investment that was set aside for the unexpected repairs.

C/T Ladick stated ongoing maintenance is important but not everything can be planned or budgeted for. He said there is \$100,000 budgeted for building repair but that may not cover everything and there needs to be continual reinvestment.

Mayor Wiza stated there is no crystal ball as to know what repair would be needed or expected. He said the study from AGL outlined a number of repairs both essential and cosmetic and just fixing the essential problems does not enhance the marketability of the property.

Mr. Hamilton stated the repair to the Hi-Rise Manor it cost roughly \$85,000 per unit. If that is projected to Edgewater, it would cost \$6.8 million, not \$2.275 million. Half would still be \$3.4 million which would include a total rehab making Edgewater viable for the next 20 years.

Ald. Oberstadt asked what the worst and best case scenario would be for the taxpayers and how much taxes would go up.

C/T Ladick stated the worst case scenario would be \$5.4 million advanced from the City for 20 years. This would increase the current levy rate of \$9.84 to \$10.03, approximately 19 cents per \$1,000. On a \$100,000 property, it would mean a \$19.00 increase in taxes.

Ald. Van Stippen asked if there is taxpayer money currently being used to subsidize Edgewater.

C/T Ladick replied the voucher program is funded through the federal government but no local taxpayer dollars are used. He added that shortfalls have been covered by the Housing Trust Fund.

Ald. Van Stippen asked if there was a projected sale price point for the sale of Edgewater.

Director Ostrowski stated when proposals were solicited, three proposals were received: \$500,000, \$525,000 with a request for TIF money and the last was \$1.5 million. All offers were denied. He said last year there was a \$1.5 million offer with the known façade issue. Dir. Ostrowski stated there seems to be interest in the property but he does not know what to expect for an offer. He stated possibly \$1 million, perhaps as much as \$1.5 million.

Ald. Van Stippen asked if that proposal included restrictive covenants.

Dir. Ostrowski stated the offer included a 10 year commitment to keep the facility senior housing with no more than a 1% rental increase per year and included some upgrades with different levels of care within the facility. He said if the sale occurred, the money would go into the Housing Trust Fund. Dir. Ostrowski added \$1.5 million in government invested securities at 4% would yield an additional \$60,000 into the Housing Trust Fund. He said the average property project cost is \$20,000 which would help two to three low-income property owners per year.

Mayor Wiza stated no loans from the Housing Trust Fund have been made in the past four years.

Ald. Mrozek asked if the \$2.275 million included any cosmetic improvements.

Director Ostrowski said the \$2.275 million included the façade, elevator, generator, windows and some carpet in the common room – nothing cosmetic in the individual units.

Mayor Wiza discouraged the Alderpersons from considering a bare-bones minimum renovation project just to get by. He said the residents of Edgewater deserve better. He said whatever decision is made, will be difficult and thanked the audience and the Alderpersons for attending. Mayor Wiza said as elected officials, we represent over 26,000 people and need to do what is in the best interest of everyone.

Ald. Mrozek asked Mr. Hamilton, based on his experience with the Hi-Rise project, could he provide a summary of what unexpected problems were encountered during that renovation.

Mr. Hamilton stated the Hi-Rise Manor was entirely gutted and units were reconfigured to various sizes to accommodate various disabilities. He said there are currently 81 units at Edgewater and after reconfiguration there would be fewer units at a cost of more than \$4 million. He added upgrades done to the Hi-Rise elevator alone were \$400,000.

Mayor Wiza concluded by stating City staff would be available to the alderpersons to answer any questions.

**3. Adjournment.**

The meeting was adjourned at 7:47 p.m.