



MINUTES

REDEVELOPMENT AUTHORITY OF THE CITY OF STEVENS POINT

Date and Time:	August 11, 2015 4:00 PM	Location:	Lincoln Center 1519 Water Street Stevens Point, WI 54481
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Present: Chairperson Schlice, Alderperson Phillips, Commissioner Cooper, Commissioner Molski, Commissioner Sawyer, Commissioner Gardner, and Commissioner Dugan.

Also Present: Executive Director Ostrowski, Alderperson Mrozek, Alderperson Oberstadt, Alderperson Kneebone, Alderperson McComb, City Attorney Beveridge, Travis Haines, Nate Enwald, Victor Dechant, Reid Rocheleau, Kris Pethick, Mary Ann Laszewski, Barb Jacob, Pat Harry, Sharon Boersma, Judith Koback, Brenda Coker, Ron Coker, David Senfelds, and Brandi Makuski.

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1. Roll call.
 2. Persons who wish to address the Board on specific agenda items other than a “Public Hearing” must register their request at this time. Those who wish to address the Board during a “Public Hearing” are not required to identify themselves until the “Public Hearing” is declared open by the Chairperson.
 3. Public comment for pre-registered individuals for matters appearing on the agenda.
- Discussion and possible action on the following:
4. Minutes from the May 19, 2015 Redevelopment Authority meeting and the July 13, 2015 joint Redevelopment Authority / Common Council meeting.
 5. Financial reports, claims, and statements from February, April, May and June 2015. *Please note, the March financial reports, claims, and statements were approved at a previous meeting.*
 6. Amendment No. 3 - AECOM Agreement for Environmental Services – Remedial Action Services – Former Lullabye Furniture Site, 1017 Third Street, Stevens Point, WI 54481.
 7. Ready for Reuse Grant – Application for additional grant funds for the former Lullabye Furniture site, 1017 Third Street, Stevens Point, WI 54481.
 8. 2014 Audit Report.
 9. Modification of the Joint Municipal Agreement of the City of Stevens Point and the Community Development Authority of the City of Stevens Point (now known as the Redevelopment Authority of the City of Stevens Point) for Edgewater Manor.
 10. Edgewater Manor
 - a. Request for funding from the City of Stevens Point for needed improvements to Edgewater Manor.
 - b. Seek alternative sources of financing for Edgewater Manor.

- c. Seek proposals for the sale of Edgewater Manor, including, but not limited to an official request for proposals, a negotiated sale, and/or hiring a real estate professional for official listing.
- d. Transfer the property to the City of Stevens Point.

11. Modification of smoking ban for Edgewater Manor.

12. Executive Director's update (this item is for informational purposes only).

13. Adjourn.

- 1. Roll call.

Present: Schlice, Phillips, Cooper, Molski, Sawyer, Gardner, Dugan

- 2. Persons who wish to address the Board on specific agenda items other than a "Public Hearing" must register their request at this time. Those who wish to address the Board during a "Public Hearing" are not required to identify themselves until the "Public Hearing" is declared open by the Chairperson.
- 3. Public comment for pre-registered individuals for matters appearing on the agenda.

Chairperson Schlice indicated that we will be taking public comment under the specific items.

Discussion and possible action on the following:

Chairperson Schlice moved agenda items 6 and 7 to be discussed first.

- 6. Amendment No. 3 - AECOM Agreement for Environmental Services – Remedial Action Services – Former Lullabye Furniture Site, 1017 Third Street, Stevens Point, WI 54481.

Executive Director Ostrowski explained that this was part of the amended agenda. AECOM has completed their site investigation work, and as part of that they will need to move forward with remediation of the contaminated soil. The amended contract has been provided as well as a map showing where on the southeast corner of the site they will be excavating. There are two areas, one dealing with PCE the dry cleaning fluid and then some petroleum substance. In terms of the agreement with AECOM, this is amendment number three for the agreement increasing the amount by \$108,021 bringing the total to \$281,767. We have received grant funds for this project, which a budget summary has been handed out. The first three columns deal with the original grant proposal. The next three columns are the revised grant with the maximum award being \$200,000. There would also be additional costs that would not be reimbursed under the grant, which would bring the total for the project up to \$303,808. It is anticipated that this will take us through site closure, unless the DNR would require additional monitoring wells to be installed on the site.

Commissioner Gardner clarified that a motion would be needed to approve the AECOM agreement, to which Commissioner Schlice stated correct.

Commissioner Gardner clarified there is one spot with PCE which we presume a drycleaner was the source, to which Mr. Senfelds stated yes. Commissioner Gardner then asked if there was any ability to try and go back to recover the funds. Executive Director Ostrowski explained it would be very difficult to try and make that connection back to the drycleaner. We had the original contamination source to the north of this, which was closer to Dun-Rite Cleaners. South of that area there was no contamination identified, until we reached the newly found source. The newly found source is likely from the filling or leveling of the site as it is only with the top 2-3 feet of the soil.

Commissioner Gardner then asked what choice we have, to which Executive Director Ostrowski explained that if we want to redevelop this property and go for case closure we would have to remediate it. The one benefit with this is that we do have a partner with the DNR to help cover a lot of these costs. Out of the \$303,000, about \$200,000, if approved by additional grant funds, would be reimbursed.

Motion by Commissioner Gardner to approve the Amendment No. 3 - AECOM Agreement for Environmental Services – Remedial Action Services – Former Lullabye Furniture Site, 1017 Third Street, Stevens Point, WI 54481 and give staff the flexibility to cover up to 15% of additional funds, seconded by Commissioner Dugan.

Commissioner Sawyer asked if we know who the prior owners are and if they are still in existence. Executive Director Ostrowski explained that when we went through the grant process, in order to be eligible for the grant, there had to be no viable responsible party. Commissioner Sawyer continued that is one of the reasons why developing a site that has environmental problems is so difficult. The new owners don't want to come in and be responsible for something they did not cause. It is frustrating for the city to pay out more and more as those responsible are not around to face the issues that they have caused to our environment.

Commissioner Dugan added that the previous owners are still around, but maybe we are beyond that now. Executive Director Ostrowski explained that there is also the process of making the connection between this contamination and the cleaners; you have to have a strong link to make that case. There is a challenge due to the break in the contamination, and there is also groundwater contamination under the source we will be excavating. With this process we are applying for a voluntary party liability exemption certificate with the DNR. As long as we clean this up to the DNR standards and they sign off on it, if any future contamination is found, they would be responsible not the city, Redevelopment Authority, or future owners.

Roll Call: Yeas- Schlice, Phillips, Cooper, Molski, Sawyer, Gardner, Dugan.

Nays – None

Motion carried 7-0.

7. Ready for Reuse Grant – Application for additional grant funds for the former Lullabye Furniture site, 1017 Third Street, Stevens Point, WI 54481.

Executive Director Ostrowski explained we will be applying for the maximum amount of \$200,000. There will be a required 22% match (\$44,000), which we will exceed.

Motion by Commissioner Molski to approve the Ready for Reuse Grant – Application for additional grant funds for the former Lullabye Furniture site, 1017 Third Street, Stevens Point, WI 54481; seconded by Alderperson Phillips.

Roll Call: Yeas- Schlice, Phillips, Cooper, Molski, Sawyer, Gardner, Dugan.

Nays– None.

Motion carried 7-0.

4. Approval of the minutes from the May 19, 2015 Redevelopment Authority meeting and the July 13, 2015 joint Redevelopment Authority / Common Council meeting.

Executive Director Ostrowski commented that in the special meeting there were two changes where Mayor Wiza indicated that Edgewater was "market place," it should state "market rate", and on the final pages when Executive Director Ostrowski specified the necessary repairs, façade should also be included in the list.

Motion by Commissioner Sawyer to approve the minutes from the May 19, 2015 Redevelopment Authority meeting and the July 13, 2015 joint Redevelopment Authority / Common Council meeting; seconded by Alderperson Phillips.

Motion carried 7-0.

5. Financial reports, claims, and statements from February, April, May and June 2015. *Please note, the March financial reports, claims, and statements were approved at a previous meeting.*

Commissioner Sawyer asked why we are hit with four different months of financial reports at the same time. Executive Director Ostrowski explained that February was missed, and we did not have a regular meeting in June, as we had a special meeting to discuss Edgewater only. Commissioner Sawyer stated that one of the things he is concerned with is that he is not sure what is included in building repairs. Executive Director Ostrowski clarified that includes anything we do at the building in terms of maintenance, cleaning, turnaround of apartments, or any other similar repairs that would be needed. Commissioner Sawyer pointed out that the materials used for these repairs were zero. Director Ostrowski explained that is taken out of the same line item of building repairs. Commissioner Schlice suggested that quarterly; we can break down maintenance and see everything that was done or twice a year.

Motion by Commissioner Cooper to approve the financial reports, claims, and statements from February, April, May and June 2015; seconded by Commissioner Molski.

Motion carried 6-1, with Sawyer voting in the negative.

8. 2014 Audit Report.

Executive Director Ostrowski explained that the audit report was provided to you last month, as well as within this month's packet. One of the concerns that will have to be addressed going forward is making sure that the HTF loans match between the RA and CAP Services, as there were a few discrepancies.

Commissioner Schlice added we did change firms for the audit this year and they did come up with a number of suggestions and recommendations and we have those finalized.

Motion by Alderperson Phillips to approve the 2014 Audit Report; seconded by Commissioner Schlice.

Roll Call: Yeas – Schlice, Phillips, Cooper, Molski, Sawyer, Gardner, Dugan

Nays – None

Motion carried 7-0.

9. Modification of the Joint Municipal Agreement of the City of Stevens Point and the Community Development Authority of the City of Stevens Point (now known as the Redevelopment Authority of the City of Stevens Point) for Edgewater Manor.

Executive Director Ostrowski explained this was an item put before the Common Council along with your request to ask them to fund repairs needed for Edgewater Manor. They did approve to dissolve the agreement with the Redevelopment Authority, which would give full control back to the RA pending our discussion on the next item agenda. Any modification to that agreement has to be approved by both parties.

Commissioner Sawyer asked what the consideration was with Common Council that gave the Council the veto power over the sale of the property. Executive Director Ostrowski said it related to the mall redevelopment project where some believed that the sale of Edgewater Manor was only being considered to bail out the downtown TIF district. In order to receive additional funds to carry out the project, the RA gave the Council a say as to whether or not the property could be sold.

Motion by Commissioner Sawyer to approve the modification of the Joint Municipal Agreement of the City of Stevens Point and the Community Development Authority of the City of Stevens Point (now known as the Redevelopment Authority of the City of Stevens Point) for Edgewater Manor; seconded by Alderperson Phillips.

Roll Call: Yeas – Schlice, Phillips, Cooper, Molski, Sawyer, Gardner, Dugan

Nays – None

Motion carried 7-0.

10. Edgewater Manor

- a. Request for funding from the City of Stevens Point for needed improvements to Edgewater Manor.
- b. Seek alternative sources of financing for Edgewater Manor.
- c. Seek proposals for the sale of Edgewater Manor, including, but not limited to an official request for proposals, a negotiated sale, and/or hiring a real estate professional for official listing.
- d. Transfer the property to the City of Stevens Point

Executive Director Ostrowski explained back in 2009 this property was part of the CDA and the contract was not renewed with HUD. Upon non-renewal of the contract with HUD the CDA receive 81 vouchers. In 2012 the CDA was dissolved and the Housing Authority and Redevelopment Authority were created. The thought was the easiest process to go through was to keep all HUD related properties with the Housing Authority, and all non-HUD properties with the Redevelopment Authority. Since the RA is given its power under state statutes, and mainly through redevelopment plans, their ability to own or operate this facility is questionable, as there is not officially designated redevelopment plan for this property. Therefore, the ownership of this facility may be best suited for the City, not the RA. There are a couple of options that the RA could consider, including creating a redevelopment plan for this area, or transferring the property to the City, as the City has broader powers.

Attorney Beveridge discussed this is a unique situation; the statutes do not considered a situation in which a redevelopment authority would acquire a property in the way that this body has. Here you own a piece of property, but do not have the tools to do anything with it. There is a question if this body can even legally accept funds from the city and use those to rehabilitate the property. The RA has broad powers in the context of blight elimination, but in order to do that, you have to have a plan for redevelopment. The options are establishing a plan or to transfer it to the City.

Commissioner Schlice clarified that the Council can not lend money for the rehabilitation of the property. Attorney Beveridge explained the Council can lend the money, but it is questionable if the RA can accept the funds.

Commissioner Sawyer clarified the statute allows the RA to borrow money, and to hold the property in eminent domain. He feels that if we can issue municipal bonds, then we should be able to accept funds from the city on whatever terms are appropriate. He is not convinced that the RA cannot own and operate an apartment building so long that it is not considered a public housing project. He is troubled in that a board of appointed members has the authority to sell a building that means quite a bit to the past, current, and future residents when we are not elected officials and are not accountable to the voters. If there was a sale to a third party, we cannot guarantee the new owners would be able to keep it as senior housing if faced with the same challenges that we are facing now. It makes sense that the city owns this building and the Common Council vote on what they want to do with this property.

Commissioner Schlice allowed public comment for those who were registered to speak.

Mary Ann Laszewski, 1209 Wisconsin Street, feels Edgewater Manor should remain with elected officials. She feels that Edgewater Manor is needed due to the fact there are not a lot of options available for senior housing.

Reid Rocheleau, 408 Cedar Street, feels we have an obligation to this property, the seniors, and the city to keep Edgewater and maintain it.

Barb Jacob, 1616 Depot Street, said that this is the home of 81 people, it does not matter who controls the property, just to get it fixed. She said that the city should borrow the funds, and du updates as they are needed and keep the facility.

Brenda Coker, 1450 Water Street Apt 305, in our lease it states it is a non-smoking facility, after moving in, they were notified that some persons have been grandfathered in and allowed to smoke. She is asking for something to be done as she has health issues and does not want to be in a smoking environment.

Pat Harry, 1450 Water Street, pointed out we do not have other alternatives for living in Stevens Point.

Mary Meyer, 1450 Water Street, asked for a commitment to Edgewater by keeping it and preserving it as senior housing.

Donna Gallegar, 1450 Water Street Apt 113, is a recent tenant of Edgewater as of June this year, but was unsure previously due to the uncertainty of ownership.

Aldersperson McComb stated she has worked with Aldersperson Morrow regarding these comments. She has seen the occupancy grow for Edgewater and feels that the funds are needed for the high priority repairs. This would allow Edgewater to build up its reserve fund. She agreed there is a risk that Edgewater might not be able to support itself over the long term, but there is a risk anytime the city would borrow or commit funds. She feels there are numerous benefits of keeping Edgewater. She asked the board to make a decision that would benefit the most people, as the alderpersons have been advised to do so by Mayor Wiza.

Travis Haines, Candlewood Property Management, stated he is there to address any questions that the board may have regarding the management of the property.

Jim Hamilton explained that he ran Edgewater for 22 years as well as the other housing properties. The decision to not renew the contract with HUD was because the demand was for vouchers in the community, not at Edgewater. Today there are 80 families that are using those vouchers. There is less than that at Edgewater. If the subsidy had stayed with the units, there would be 20 less families in the community that would not be getting rental assistance. No matter who owns this building, there will have to be a lot of money invested. The proposal before the council last year by keeping a portion of the units' low income can be enforceable through covenants. We have a housing trust fund that has rehabilitated hundreds of housing units over the last 25 years.

Comptroller/Treasurer Corey Ladick explained there are a lot of things we don't know due to being unable to predict the future. He showed five scenarios and described them with the different variables with the most significant and unpredictable being building repairs. We cannot predict the future, there is risk no matter which entity has control, but you need to be ready to accept that risk.

Commissioner Gardner stated he had conversations with the Portage County Housing Authority about allowable rent increases because of the voucher program. Executive Director Ostrowski stated we could absorb a modest rent increase. Commissioner Gardner stated the county did not see much of an increase being permitted. He then asked if it is permissible to borrow money and to hold on to some of it.

Comptroller/Treasurer Corey Ladick stated you do run into restrictions, as you have to make sure you are not investing it at a rate that is higher than the rate on the bonds.

Commissioner Dugan mentioned that there is a risk with the future repairs, but we do have a very thorough structural assessment and probably would not be hit with any major expenses in the foreseeable future.

Commissioner Sawyer asked in terms of doing the borrowing and not spending it all immediately, is it permissible to borrow for future repairs we have listed, but not spend it until we need to spend it on those planned repairs. Mr. Ladick stated it is permissible, but you just have to make sure you're not earning an interest rate in excess of what the bonds are, but there are a number of options that we could look at regarding those funds.

Commissioner Sawyer feels that it is a matter of morality and a term of obligation to our citizens. It is a unique property that is close to downtown, the Lincoln Center, and it is not something that can be replicated due to its location. We may find there may be a financial reward in making a commitment and going out and putting the bids out for specific projects and finding it may be less expensive than we thought it would be.

Commissioner Molski agreed with everything Commissioner Sawyer had said and we once and for all have to make up our mind as to what we are going to do.

Commissioner Dugan stated this is a matter of conscience, and it is our obligation to protect our vulnerable citizens and we need to make amends.

Aldersperson Phillips stated that the city is a bad landlord and should get out of this business and now is the time to do it.

Commissioner Gardner asked if the elevator operational, to which Mr. Haines stated it is and was fixed prior to the joint meeting. The city has been a landlord for a long time and has done a good job. He feels that our only option is to give the property to an authority that can raise funds or accept funds to fix the building and accomplish what we would like to see done, and that is to move it to the Common Council.

Commissioner Cooper stated he thinks there is an obligation but it is tough. We keep bouncing back and forth and he feels that it should be put in the hands of the elected officials.

Commissioner Schlice asked the Comptroller what interest rate is being used in the calculations, to which he answered a 3.5% on a G.O. bond and a second calculation that was a revenue bond at 6%. Commissioner Schlice feels that we should do our best to protect and preserve the current arrangements; however, he has a concern about the viability of this project for the long term. If the Common Council would not borrow the money through the guaranteed taxing powers of the city, and we wind up mortgaging what little assets we have, what impact does that have on future generations if we default. The long term risks and the issues you have, if we borrow 1.5 million dollars, we are still not going to be able to do a lot to this building over the next 20 years. He agrees that we need to make a decision, and we need to do something, but his preference is to send this back to the city and if they do not want to handle it, then it is time to sell the building.

Commissioner Gardner added he is not sure if all of the options have been explored. Before this board makes a decision, and before they borrow the funds, he would want a second opinion on the façade, and have local contractors look and explore options of repairs. He would like to see other alternatives as far as having the Housing Authority explore a tax credit option and to explore other options. Let's get a better rent history established and a list of priority needed repairs.

Attorney Beveridge clarified in his opinion the RA does not have the power to make these investments. He said it appears there is a consensus of investing into the building. There are a couple ways to do that, by going through the project plan process for rehabilitation of the building, or to transfer it to the city for the same purpose. Both options require the cooperation of the Common Council as a willing partner. In the event the Council would approve the project plan but not approve the funding, the RA would have the authority to leverage whichever funding sources or assets it could find.

Commissioner Sawyer asked how long the process of putting together a rehabilitation project plan dealing just with Edgewater. Executive Director Ostrowski answered about 2-3 months. Commissioner Sawyer then asked if we vote to go forward and develop this plan, would that give an indication to the Common Council as to a consensus being voiced. Attorney Beveridge stated a motion to direct staff to make very specific request to the Council for a very specific plan is allowable. Executive Director Ostrowski added in the project plan the current and future uses would be addressed along with how much funding is needed and where the funding would come from.

Commissioner Gardner clarified that if the funds are granted and another issue comes up we would still have to go back to the Council for the funds. He would like to see one entity to own, operate, and fund the building. Commissioner Sawyer responded that in the future it will not be as big of fix needed as the façade issue. We might need more money, but it will not be a huge number. Executive Director Ostrowski stated the three large items that need to be taken care of now are the façade, the windows and the parking lot. He added that if we are spending the funds on the façade, then we are committing to the building.

Commissioner Schlice agrees with Commissioner Gardner and Aldersperson Phillips in that this is something

that would be best suited if the City, so this commission can get back to what it was created for. We are spending a lot of time working on a residential property that we should not be in the business of doing.

Motion by Commissioner Cooper to transfer ownership of Edgewater Manor to the City of Stevens Point; seconded by Adperson Phillips.

Roll Call: Yeas – Schlice, Phillips, Cooper, Molski, Gardner

Nays – Sawyer, Dugan

Motion carried 5-2.

11. Modification of smoking ban for Edgewater Manor.

Executive Director Ostrowski explained that in 2012 the CDA banned smoking for all new tenants and leases in all of their facilities, which included Edgewater Manor at the time. They allowed existing tenants to smoke until they vacated their units. There is a request to completely ban smoking within the building, as the smoke is starting to impact tenants.

Commissioner Schlice asked regarding the smoking tenants, when their leases come up, to which Executive Director Ostrowski answered one is fairly soon and one is about 10 months out. Mr. Haines added there are only two people left in the building who are grandfathered in to smoke in their units.

Aldersperson Phillips asked the city attorney to clarify the ordinance regarding smoking in any public building. Attorney Beveridge answered it is not that simple, but defined as places of employment and apartment buildings were specifically exempt from that.

Commissioner Sawyer asked if the city or county have any type of smoking cessation program, to which Executive Director Ostrowski was unsure and Mr. Haines answered for clarification, we are not asking them to stop smoking, they would have to just use the designated outside areas for smoking.

Commissioner Dugan asked why they cannot just use the outside areas, to which Mr. Haines stated most do, but since the two are grandfathered in, they smoke in their apartment because they can.

Motion by Aldersperson Phillips that upon lease renewal all apartments should be non-smoking; seconded by Commissioner Schlice.

Roll Call: Yeas – Schlice, Cooper, Phillips, Dugan, Molski, Sawyer, Gardner

Nays – none

Motion carried 7-0.

12. Executive Director’s update (this item is for informational purposes only).

No update was given.

13. Adjourn

Meeting adjourned at 6:36 PM.

Approved: _____
John Schlice, Chairperson Date

Attest: _____
Michael Ostrowski, Executive Director Date