



# MINUTES

## REDEVELOPMENT AUTHORITY OF THE CITY OF STEVENS POINT

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<b>Date and Time:</b>	September 15, 2015 4:00 PM	<b>Location:</b>	City Conference Room 1515 Strongs Avenue 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, Barb Jacob, Mary Meyer, and Alderperson Shaun Morrow.

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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 August 11, 2015 Redevelopment Authority meeting.
5. Financial reports, claims, and statements from July 2015.
6. Amendment No. 6 - AECOM Agreement for Environmental Services – Remedial Action Services – SVE System O&M, Confirmation Sampling and Analysis and Case Closure Assistance for Soil Vent Piles on Mason Street (Former Dun-Rite Cleaners).
7. Authorization for the Chairperson and Executive Director to execute contracts with AECOM for environmental remediation services for the former Lullabye Furniture site, 1017 Third Street, Stevens Point WI 54481, up to an amount authorized by the Common Council of the City of Stevens Point.
8. Resolution – Transfer of Edgewater Manor and related checking account assets.
9. Future redevelopment plan/project areas.
10. Use of Housing Trust Fund interest revenue.
11. Executive Director’s update (this item is for informational purposes only).
12. Adjourn.

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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.

Mary Meyer, 1450 Water Street, thanked the Redevelopment Authority for voting to transfer Edgewater to the City, and for suspending the use of the Housing Trust Funds. She asked to continue to not use the Housing Trust Funds for future projects and use it for the repairs and maintenance of Edgewater only.

Discussion and possible action on the following:

4. Approval of the minutes from the August 11, 2015 Redevelopment Authority meeting.

**Motion by Commissioner Molski to approve the minutes from the August 11, 2015 Redevelopment Authority meeting; seconded by Commissioner Dugan.**

**Motion carried 7-0.**

5. Financial reports, claims, and statements from July 2015.

Executive Director Ostrowski explained that there is nothing unusual in these reports, and Edgewater is still in there because at that time it was still the property of the RA. Future reports will now be directed to the Common Council for their review and approval.

**Motion by Alderperson Phillips to approve the financial reports, claims, and statements from July 2015; seconded by Commissioner Gardner. Motion carried 7-0.**

6. Amendment No. 6 - AECOM Agreement for Environmental Services – Remedial Action Services – SVE System O&M, Confirmation Sampling and Analysis and Case Closure Assistance for Soil Vent Piles on Mason Street (Former Dun-Rite Cleaners).

Executive Director explained they are continuing to do the environmental remediation on the piles at the Mason Street site. The sampling locations that have been tested have come back clean. The DNR would like us to do some additional sampling between our sampling points to make sure the entire pile is clean and not just the sampling locations. If everything looks good, we would work for case closure, decommission the system, and move the equipment to the former Normington site on the northwest corner of the MSTC parking lot.

Commissioner Dugan asked what happens to the piles that have been decontaminated, to which Executive Director Ostrowski answered they can be spread at the same location they are on, or can be used at a different location. We do have to work with the DNR for that approval. He added there may be a use for the soil at the sewage treatment facility for additional fill.

Commissioner Molski asked since the DNR is asking for additional testing, are they adding any funds, to which Executive Director Ostrowski stated no they are not adding any funds. We have received grants in the past, but the DNR wants to make sure the soil is clean before it is moved. The bad part about this is the DNR person we have been working with is retiring in early October.

Commissioner Sawyer noticed that the cost of the amendment is \$37,000 and the cost of the consulting services was the largest portion of that. He asked if that fee that has been set by prior contracts. Executive Director Ostrowski explained that fees that we have agreed to pay in prior contracts are on an hourly basis. What their incentive and what they are working for is that we are their client, but they also have to report to the DNR. They have to follow the DNRs testing requirements. The fees are typically higher on the consultant services because they are the ones doing the testing, sampling, and preparing case closure.

Commissioner Molski asked where the funds were coming from, to which Executive Director Ostrowski stated from the second borrowing of the mall project.

Commissioner Cooper asked how much of the seconded borrowing is remaining, to which Executive Director Ostrowski stated the first borrowing is completed, but he will have to get an exact amount for the next meeting. He added once this is closed out, we move the Normington site for remediation starting spring of 2016 and ending within hopefully a year if everything goes well.

Commissioner Dugan asked regarding the Normington site if the contamination is under the MSTC building. Executive Director Ostrowski stated that we have already installed the vapor mitigation system under the MSTC building, which deals with the extent of the plume from the Normington site.

**Motion by Commissioner Sawyer to approve Amendment No. 6 - AECOM Agreement for Environmental Services – Remedial Action Services – SVE System O&M, Confirmation Sampling and Analysis and Case Closure Assistance for Soil Vent Piles on Mason Street (Former Dun-Rite Cleaners) at a cost of \$37,000; seconded by Commissioner Gardner.**

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

**Nays- None**

**Motion carried 7-0.**

7. Authorization for the Chairperson and Executive Director to execute contracts with AECOM for environmental remediation services for the former Lullabye Furniture site, 1017 Third Street, Stevens Point, WI 54481, up to an amount authorized by the Common Council of the City of Stevens Point.

Executive Director Ostrowski explained this was part of the amended agenda. AECOM has received the results back from the latest testing on the site and there is additional contamination that we will need to deal with. What AECOM found from the excavation there is a thin layer of coal waste that is about 2-3 feet in the soil. This waste layer has acted as a carbon filter so it trapped the PCE contaminated soil preventing it from hitting the groundwater in that location. There is no requirement for us to remove the coal waste, however the coal waste that has PCE contaminates in it does need to be removed. This is before you because we have an open hole sitting there that needs to be covered for safety concerns. There is also coal waste on the southwest corner of the property, and in order for us to go through the VPLE process, we may be required to have some testing in other parts of the site.

Commissioner Dugan asked about liability from the former Lullaby owners. Executive Director Ostrowski explained that when we went through the grant process; in order to be eligible there had to be no viable responsible party left. It was determined there were not. Commissioner Sawyer added when you take a look at legal responsibility, you have to look at what it would cost to prove causation and to litigate it and how viable the source for doing the investigation.

Executive Director Ostrowski stated AECOM's quick estimate for this project would be approximately \$50,000-60,000 to remove the rest of the contamination. The coal waste can stay as long as it does not have any PCE contamination and it is capped. At such time a development comes and disturbs the area, they would have to dispose of it properly.

**Motion by Commissioner Gardner to approve the authorization for the Chairperson and Executive Director to execute contracts with AECOM for environmental remediation services for the former Lullabye Furniture site, 1017 Third Street, Stevens Point, WI 54481, up to an amount authorized by the Common Council of the City of Stevens Point, seconded by Commissioner Dugan.**

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

**Nays- None**

**Motion carried 7-0.**

8. Resolution – Transfer of Edgewater Manor and related checking account assets.

Executive Director Ostrowski explained this was before you prior and ultimately the Common Council had accepted, however your motion did not include the transfer of the financial funds relating to the checking account for Edgewater Manor. This resolution covers the transfer of the property as well as the funds.

**Motion by Alderperson Phillips to approve the Resolution – Transfer of Edgewater Manor and related checking account assets, seconded by Commissioner Molski.**

Commissioner Sawyer asked when we look at net ordinary income on the July 2015 profit and loss statement, there is \$13,394.82 and then under other expense under owners draw for the same amount, is that money that goes into the checking account, to which Executive Director Ostrowski stated it is. Commissioner Molski asked if we have two accounts to transfer, to which Executive Director Ostrowski stated we have one account to transfer with the checking account everything else is held by Candlewood. The Finance Committee approved the agreement with Candlewood to take over the management of that facility.

Commissioner Sawyer clarified what Candlewood has is the account dealing with the security deposits, to which Executive Director Ostrowski explained Candlewood collects all of the revenue and pays all expenses relating to the property and at the end of every month there will be a balance left over that they transfer back to the city to be deposited into the checking account. If there are individuals moving in that provide a security deposit, those funds are held by Candlewood. We used to have a separate account at M&I Bank that we ended up closing and then transferring those funds to the Chase account.

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

**Nays- None**

**Motion carried 7-0.**

9. Future redevelopment plan/project areas.

Executive Director Ostrowski said this was an item that was before you previously. We had discussed we were not going to do any other loans until the situation with Edgewater is somewhat resolved. The council has now taken over Edgewater along with their checking account. We wanted to discuss some future projects that the R A could look at doing. Included in the packet is a redevelopment plan map that was part of our 2006 Comprehensive Plan. We are currently going through an update that will likely identify additional areas.

Executive Director Ostrowski said Commissioner Gardner also reached out to Habitat for Humanity to see if they would be willing to do any remodel projects, which there was a positive reaction. Commissioner Gardner stated they expressed some interest in going after repossessed houses and identified a couple of them and have made an offer on one of them.

Commissioner Molski asked how much money in the interest fund is available, to which Executive Director Ostrowski stated there is about \$200,000.

Commissioner Gardner asked what kind of revenue is there now, to which Director Ostrowski stated maybe 3% the investment getting anywhere from \$70-90 thousand a year in interest revenue. He continued there had been a comment about half of his salary coming out of that fund, we are still in conversations to try and get that out and try to put it back on the city's levy.

Commissioner Dugan is very supportive of Commissioner Gardner's idea of taking the worst house on the block project and the idea of having Habitat remodel. She is unsettled by looking at vast areas that appear to be prime redevelopment areas. It is not necessary for us to have an area to redevelop, we can

go house by house can't we, to which Executive Director Ostrowski stated there should be a redevelopment plan put together.

Executive Director Ostrowski indicated that with regards to the larger redevelopment areas, we don't always have to remove every single home. There are viable structures in those areas, but it provides us a general indication that these are the areas that the city has identified as in the comprehensive plan as the first step in the redevelopment plan process. We can look at other programs that may be established, but he would also look at areas in the comprehensive plan that can make a large positive impact.

Commissioner Molski asked if the city is still applying for community development funds, to which Executive Director Ostrowski stated they are very limited now from the past. We have gotten a grant for just over a half of million dollars in 2012 and those funds have been expended already.

Executive Director Ostrowski explained the city has recently hired a code enforcement officer, who is out issuing notices and orders and violations and many times there are people who cannot afford a repair. That puts us in a situation where we continue to press, but if the person cannot afford the repair, nothing is going to get done with that property until it goes into foreclosure or is taken on tax deed. There is an option of reserving some of the trust fund monies to focus on properties that the city has issued orders on that the person does not have the financial means to repair.

Commissioner Molski pointed out there was a time property owners could take out loans to repaint the house and asked if we still have that project. Executive Director Ostrowski stated we have not done that, but it was a very popular program.

Commissioner Schlice asked about the principle amount to which Executive Director Ostrowski stated the principle is about \$2 million.

Alderman Phillips stated he noticed there are a lot of properties along the Division Street and Church Street corridor. He questioned if we should be doing anything in this area until they decide what will be done with the highway. Executive Director Ostrowski stated this map is from 2006 and he still thinks that a lot of the properties are valid, and Division Street and Business 51 will come back up again. Commissioner Schlice added there is the TIF district for Division Street and if there is activity for redevelopment that could be used as well.

Alderman Phillips stated the city has just purchased a lot across from the KASH playground, but that is not on the redevelopment map, we should look at that property and move quickly for purchasing as homes are sold. We should also look at the park on the other side of the street Sloman Park.

Commissioner Dugan disagreed in making the west side a redevelopment area. She said she does not feel that is a blighted area and there are just a select few homes that need some work.

Alderman Morrow clarified that the Housing Trust Fund has not issued any money for the last four years, to which Executive Director Ostrowski stated it has not been four years, it has been off and on for a number of years because of the complexity with Edgewater and lack of funds within some of the programs. We have not issued a lot of loans through CAP Services. Commissioner Gardner added that is not due to lack of demand, which has been the decision on the part of the Redevelopment Authority.

Commissioner Schlice asked how many of the loans have been written off, to which Executive Director Ostrowski stated he does not have the exact count, but it is not a real high percentage given the amount we have done. Since the programs existence, we have had approximately \$2-3 million worth of loans; keep in mind that also has matching funds. Partnering with these other programs is critical and a lot of these homes are brought up to standards when they are purchased. You could focus funds on exterior

components. We need to determine the goal of the program as to the value of the home and/or the aesthetics in the neighborhood.

Commissioner Sawyer asked if there was any sort of published guidelines for who is eligible for the loans, and are there any figures concerning what percentage of the applicants pay back the loans. Executive Director Ostrowski stated we do have income guidelines and we can try to get you the number of loans who have defaulted. There was a period in 2008-2009 where there were a lot of foreclosures, and issues with the loans.

Commissioner Gardner pointed out that some communities do is a loan review committee look at each and every loan prior to the city issuing the loan. We have not done that here. If we were to do something regarding the property owners who receive orders for repair from the Inspection Department, he would like to have the loans reviewed prior to issuing the funds.

Executive Director Ostrowski explained the issue we are in, is that the property owner does not have the funds to maintain the home, we issue orders, it goes on the tax bill, then the taxes are not paid and it takes four years for the county to take the property on a tax deed. When they take the property and resell it, they are not required to make the city whole on the special charges and we are left holding the bag from all the orders and service charges issued. If we issue a raze order and add it as a special charge to the parcel, the property goes into tax deed, the city does not always get reimbursed for the work done.

Commissioner Schlice brought up the issue of that we have been with CAP Services doing these loans for numerous years, is that the best use of our money for redevelopment in the city. Commissioner Schlice asked the commission to look at the way things were done in the past, and determine if this is the way we want to continue, or do we want to modify that, now that we are more available we should do what this commission was created for.

Commissioner Sawyer stated he would like to know more about the lending of funds and is less inclined to be involved in just painting on a place that will look like it is still a problem property with a fresh coat of paint. He stated he is more in favor of if there are some properties that are really at the tail end of their usefulness, that we do what we can to have it redeveloped. In the potential infill areas, he is in favor of taking down an un-useful building and building something new than he is taking space that is open and wildlife is using for habitat and building something brand new because of cost savings. We are also stewards of the land, and part of that is not building on every piece of property we can get our hands on, but taking pieces of property that are eye sores, and that could do better on the tax roll as improved properties. There has to be a good balance of preserving historic architecture, but also moving into the future.

Aldersperson Phillips asked about the Moodie property on the west side of town. He confirmed that it is for redevelopment and it is in a TIF district. Executive Director Ostrowski explained that one of the concerns now is that it is in the floodplain and he is in the process of removing it. There has been a conditional letter of map revision approval from the FEMA, and so long as he builds it to spec and submits the paperwork, he can pull it out of the floodplain making the property more attractive for sale and development, and that is an option for a redevelopment area.

Executive Director Ostrowski continued there are a number of properties which are blighted on the west side and north side, but they are older parts of the city, and whether that means sticking money to fix them up, or raze them and allow new construction, there can be a mixture of both. There is no need to tear down an entire block, but there are areas of the city we are more likely to focus on than others. There is part of a larger project like the Moodie property, that adds a benefit because it adds additional tax base to the city on existing land that is already within the municipal borders and served by utilities.

We don't always need to look at greenfield development. There are a number of areas that we can look at redeveloping. In the comprehensive plan neighborhood sessions, that was one of the main comments heard. There are instances where we will grow, for industrial purposes, because we don't have much available land needed for industrial users in the city core. In terms of residential and commercial, maybe we don't focus on doing another 40 acre subdivision; maybe we focus on an area of the city with a number of dilapidated homes, and maybe they are torn down and new housing is built.

Commissioner Gardner stated we should probably have Soik Plumbing in the possible redevelopment area as well as several properties and lots south of Arlington along Water Street and coordinating with the county regarding their possible expansions.

Commissioner Sawyer added eminent domain is an option whether or not a property owner wants to sell, if there is an appropriate reason for the city to take control.

Executive Director Ostrowski stated that is one of the reasons the Redevelopment Authority was created. It is controversial, that is one of the reasons why the board members are not elected officials. We don't always have to use eminent domain, we could make it a long term project where the Redevelopment Authority purchase property as it becomes available.

Commissioner Dugan stated in the past, there was a lot of taking of properties based on eminent domain. We are now seeing a more balance look with the historic homes and new developments.

Executive Director Ostrowski stated he can start looking at areas of the city and providing some recommendations of programs. We don't have to open up the Housing Trust Funds today; this is just before you just in case you would want to start to do that. We may choose to hold onto it for awhile and accumulate a certain amount for larger projects.

Aldersperson Phillips asked if there is any way for us to approach owners with empty lots that are just sitting there. Executive Director Ostrowski stated you can if they are willing to sell the lot.

Commissioner Gardner stated infill is great, but are the lots available to develop, but many times the owner is not willing to sell. He then asked if there was some type of presentation on what it is that the Housing Trust Funds are doing with the lending, and the advantages of coordinating with CAP.

Commissioner Dugan added that the commission might benefit from a summary of some of the plans that we already have in place and that the council either has bought into or is likely to buy into. We have a new Bicycle Pedestrian Plan, we also have the Path to Sustainability which has an entire section on housing and transportation, which all of these things feed into redevelopment and infill.

10. Use of Housing Trust Fund interest revenue.

Discussion included in previous agenda item.

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

Executive Director Ostrowski stated there is nothing further as everything has been covered and discussed.

Commissioner Cooper asked if we are still a member of the regional revolving loan fund. Executive Director Ostrowski stated CWED is a revolving loan fund that the city is a member of. It was started back in 2008 when a number of communities combined their revolving loan fund dollars received from the state into a larger pool. The idea was as the funds were lent out and repaid, the fund would become de-federalized and there would be less federal guidelines to meet and make the process more efficient. Commissioner Gardner added this was considered job creation funds. Executive Director Ostrowski continued we have been doing loans for a number of years, until this past year. There were some issues

where the way that CWED was formed was an error and it does not de-federalize the funds. Commissioner Gardner added the error was on the part of the state. Executive Director Ostrowski stated we are working together to find a solution for the loans that were made when we were under the assumption that the loans were de-federalized. At this point CWED has put a hold on all new loans.

Commissioner Molski asked if there were others besides Service Cold Storage who had received funds from CWED. Executive Director Ostrowski stated that loan was declined after approved due to the interest rate. Executive Director Ostrowski stated we have done others.

Executive Director Ostrowski explained the other question that came up was how the board is made up and whether or not elected officials can sit on the board and if local boards can approve loans or all loans have to go through CWED.

12. Adjourn.

**Meeting adjourned at 5:23 PM.**

**Approved:**

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**John Schlice, Chairperson**

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**Date**

**Attest:**

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**Michael Ostrowski, Executive Director**

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**Date**