

Redevelopment Authority of the City of Eau Claire
Minutes
Tuesday, October 23, 2018
Room 1277, 721 Oxford Ave, Eau Claire County Courthouse

Members Present: Mike DeRosa, Catherine Emmanuelle, Jeff Halloin, Thomas Kemp, Connie Pedersen, Janine Wildenberg, Dale Peters

Members Absent: None

Staff Present: Steve Nick, Jay Winzenz, Josh Solinger, Kristine Basom, Dave Solberg, Scott Allen, Amy Kalmon, Ray French

1. Call to order. This meeting was called to order by Chair DeRosa at 7:30am.
2. Minutes from the meeting of September 19, 2018. The minutes from the meeting of September 19, 2018 were reviewed and a motion to approve was made by Mr. Peters and seconded by Mr. Kemp. The motion carried. Peters/Kemp
3. Financial Statements. Mr. Solinger presented the financial statements for the month ending September 30, 2018. Operating expenses totaled \$5,450, due to utility, auditing, and recording expenditures. Capital expenditures in September total \$1,560.53 due to ongoing rental costs of 1702 and 1706 Oxford Avenue.

Mr. Solinger continued with 2017 audit information. The RDA's net position decreased by \$148,627 in 2017. This is due to remediation and acquisition efforts in the Cannery District. There was a decrease in the value of the property held for resale and a gain on the sale of land. Grant revenues non-expended were written off, and the annual developer incentive of \$60,000 to Phoenix Parkside, LLC was completed in 2017 after 10 years.

The financial statements for the month ending September 30, 2018 and the 2017 Audit were reviewed and a motion to approve was made by Ms. Pedersen and seconded by Ms. Emmanuelle. The motion carried.

4. Motion to grant W Capital Group, LLC a 90-day exclusive right to reach a purchase and development agreement for land on Oxford Avenue in the Cannery Redevelopment District. Mr. Allen introduced the area of the development as immediately north of Family Video and south of The Brewing Projekt. Ms. Emmanuelle asked about the price range of the workforce housing. Mr. Warner offered \$1.00 to \$1.05 per square foot, which would be about \$100 to \$150 less than traditional market rate housing. The starting range for a studio will be \$500 to \$550, 1 bedroom at \$650 to \$750, and a 2 bedroom at \$850 to \$1,000. Mr. Warner also indicated units would be utilized for homeless transitional use. Mr. Kemp asked about the mechanism for below-market rents. Mr. Warner discussed their blended approach to funding the project through WHEDA Low Income Housing Tax Credits, purchased by syndicators, other capital investment, and

possibly tax increment financing. He is excited to provide downtown with much needed subsidized downtown housing project.

There was a motion by Mr. Kemp, seconded by Ms. Emmanuelle, to grant W Capital Group, LLC a 90-day exclusive right to reach a purchase and development agreement for land on Oxford Avenue in the Cannery Redevelopment District. The motion carried.

Presentation and Discussion on projects proposed for 126 N. Barstow Street (“Liner Site”) and 214 N. Barstow Street (“Block 7”). Mr. Allen introduced the proposals received on Block 7 and the Liner Site. The three proposers that included both properties are Commonweal Development, Merge Urban Development Group, and Pablo Properties. Hoeft Builders, on behalf of one of their clients, submitted a proposal for the Liner Site. City staff conducted in-person interviews with each of the proposers. All were invited to make presentations to the Board in the order in which the proposals were received. No representative from Hoeft was available.

Mr. Schaefer presented the proposal from Commonweal Development. Earlier proposals from Commonweal reflected the interests of the community, such as a public market and Just Local Food Co-Op. The demand for housing is strong as reflected in their proposal, and the demand for office is stronger. The designs are preliminary and they have not dug into programming. There is generally commercial or entertainment along N. Barstow Street and residential along Wisconsin Street. He said more work can be done on the office building with higher density and taking advantage of the river views. Mr. Schaefer expressed openness to working with other groups and that their experience and reputation in the market place are reasons to keep them involved.

Mr. Halloin asked about the absorption of Class A office in the community. Mr. Schaefer said there is not a regular cycle of absorption but that they could do about 50,000 to 80,000 square feet in 2 to 3 years. Mr. DeRosa asked about the residential units. Mr. Schaefer expects about 90 apartments with 120 to 130 occupants. They are looking into affordable housing for possible a quarter of the project.

Ms. Hannemann began the proposal from Merge Urban Development. She is a graduate of UW-Eau Claire whose team has been working in Eau Claire since June. Their proposal is unique for its density. She acknowledged the parameters of their proposal are sustainable tax revenue for the project; a sustainable development across the spectrum of housing choices, walkability, transportation, safety, and the environment; and the creativity of buildings and active spaces. She introduced their team, including Dan Drendel of Slingshot Architecture; Brent Dahlstrom of Echo Development Group; and Jon Lancaster of Lancaster Investments. They are looking to utilize opportunity zone financing and for a long-term relationship with the City.

Mr. Halloin asked about the different uses in the proposal. Mr. Dahlstrom discussed Building D on the Liner Site, which includes a restaurant/brew pub, micro retail, corner retailer, and specialty grocer from Madison. In the micro retail spaces, Merge is

responsible for the build out, allowing the new retail owners to grow. Building E along the Liner Site are walk-up residential units.

On Block 7, Building C could be the Children's Museum location. Design would need some work there. Building B has first floor commercial activity and space, including a fast casual restaurant. Building A is residential. All buildings have the ability to convert to office. Ms. Emmanuelle asked whether any units would be available to purchase. Mr. Dahlstrom explained that utilizing opportunity zone financing, they will have to own the project for 10 years. He went on to say that 248 units are planned at market rate, with a large portion being 1 bedroom and studio. Rates are at about \$1.20 per square foot. 1 bedroom apartments at 600 square feet would be \$720 per month. 2 bedroom apartments would be up to \$1,300 to \$1,500 per month, enough for dual income households. To accommodate market prices they are reducing the need for a car with the commercial activity and walkable development.

Mr. Kemp asked about office rates. Mr. Dahlstrom said their 800 square foot micro units would be \$800 per month fully built out. With opportunity zone financing they can invest in the space so business owners do not go into debt and can grow. Ms. Emmanuelle asked if there is an opportunity for mixed housing development. Mr. Dahlstrom discussed the affordability of the market rate units with an example of a similar project in Waterloo, IA that had higher rents. They are also looking to start as soon as possible and a tax credit would create a timing issue.

Ms. Johnson presented the proposal from Pablo Properties. She discussed that their motivation with the proposal is around "the stacks" on the Liner Site. It provides easy, entry-level access to retail. There is a perimeter of containers built out for tenants, including a shared kitchen and restrooms. It is not for long-term shops with low rent and a low lease commitment, allowing the business to graduate to a larger space. The cool factors are the stage, outdoor theater, and ice rink. They chose the Liner Site for the stacks so they were not putting up a wall close to the river. The interesting and open architecture draw from both North and South Barstow. Block 7 helps pay for the site and make the valuation work. Block 7 features 125,000 square feet of Class A office with retail on the bottom, including 4,000 square feet for a grocer. She said there are banks and retail spaces that would like a pedestrian friendly downtown location. They have proposed to resell the land to the Children's Museum to take away the tax commitment, but the assessments of the development make up for it. The stacks development would start later but finish at the same time as Block 7.

Mr. Kemp asked about the management of the common spaces. Ms. Johnson said the plaza is public access and does not envision private events. The programming for the container park would be through the association managed by Pablo Properties, not competing with already established events Downtown. Ms. Pedersen asked about the flexibility to add residential. Ms. Johnson said they could convert later on if needed, but they are not seeing residential as the best use.

Mr. Halloin asked about the plaza. Ms. Johnson said they worked with BWBR architects and loved this design. It features stairs into the ground with a stage, shaded spaces along the office building for café tables, public art, and possibly a Kubb field. Their desire is to create a space people are interested to walk by but invites you in. Ms. Emmanuelle asked how the decision was made to not have residential. Ms. Johnson discussed other residential projects they are involved in and that they anticipate an affordable housing project next. With those other projects they chose Block 7 to support the entrepreneurial cause in the stacks, with valuation in the office space. Mr. Kemp asked about the valuations. Ms. Johnson identified \$29.5 million on Block 7, excluding the Children's Museum, and \$2.5 million on the Liner Site.

Mr. Allen acknowledged Mike McHorney of the Children's Museum in attendance.

5. Interim Executive Director's Report. Mr. Allen indicated that staff had finished a second set of interviews yesterday for the Economic Development Manager position with applicants that came in after the initial review. He hopes they will have an appointment at the next meeting.

There was discussion about the meeting on November 21, 2018 that Ms. Pedersen and Mr. Halloin do not anticipate attending.

Mr. Allen added they are recruiting for the Downtown Communications and Promotions Coordinator with review of applications beginning today.

6. Announcements, directions and correspondence. No other announcements and correspondence.

There was a motion made by Ms. Wildenberg to go into closed session, seconded by Ms. Pedersen. The motion carried and the meeting continued into closed session.

CLOSED SESSION

The Redevelopment Authority may convene in closed session for discussion and direction on the terms and conditions of a purchase of properties located at 1704 Oxford Avenue and 106 Cameron Street, as well as discussion and direction on negotiation strategy to be employed regarding the selection of projects proposed for 126 N. Barstow Street and 214 N. Barstow Street ("Block 7"), which is permitted by Wis. Stat. §19.85(1)(e) for competitive or bargaining reasons.

There was a motion made by Ms. Wildenberg and seconded by Ms. Emmanuelle to go back into open session. The motion carried and the meeting continued back in open session.

OPEN SESSION

The meeting was adjourned at 9:59 am.

A handwritten signature in black ink, appearing to read "Connie Pedersen", written over a horizontal line.

Connie Pedersen, Secretary