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Department of Community Development

**Economic Development Board  
May 31<sup>st</sup> 2016  
7:30 AM  
North Conference Room  
Mequon City Hall  
11333 N Cedarburg Minutes**

**1. Call to Order, Roll Call.**

Members present: Tim Carr, Jim Baka, Gloria Rosenberg, Jon Safran,  
Alt. John Wirth, Alt. Connie Pukaite

Staff and City Representatives Present:

Kim Tollefson, Director of Community Development

**2. Approval of meeting minutes from May 31, 2016**

Mr. Baka moved to approve the minutes as written.

Mr. Safran seconded the motion.

***A voice vote was called. All voted aye (5-0)***

**3. TIF No.3: Town Center Incentive Request for Outpost Natural Foods located at 7590 W. Mequon Road.**

Pam Menhert, General Manager of Outpost  
Nancy Hagerty, real estate agent from Michael Best

Ms. Tollefson stated that Outpost Natural Foods received a TC TIF incentive under the fast track formula. At the time of the approval it was similar to the other actions in that a % split was arrived at so that the City captured some of the increment to the TIF district while the business owner receives the other portion of the increment. At the time, the split was a 30-70 split; 30% of the tax increment would be returned to Outpost. The Development Agreement (“DA”) allowed for a true up of the costs. The estimated costs for the site repair are evaluated along with any demolition or remediation as well as an estimated project value; the tax base not only created from the real estate but also from the personal property taxes is factored in. Those numbers have been trued up now that the project has been completed. Outpost identified that at the 30% split they would never receive full reimbursement of the dollars they were eligible to receive in return for the clean-up of the site. This was a variable that was looked at at the time. The EDB debated whether the split should be 30-70 or 25-75. The distinction between these two with the numbers presented at the time, at the 25% split it suggested that Outpost would not have receive full reimbursement and this was a key decision factor that the EDB made in terms of recommending the 30% split to the Common Council. All DA have language that state that at the end of the structured payments if there would be a shortfall then the project development team forgoes those monies. In this particular case, with the true up of the dollars, the difference is about \$30,000 between the original numbers and what they would now be eligible for now. An amendment was drafted to address this issue

and allow for repayment. In any given year as long as the \$30,000 is not exceeded, than the reimbursement could be established. The structure allows for equal payments for the life of the TIF; through 2028.

Ms. Hagerty stated they want to accomplish three things today (exhibit D of the packet):

- 1) Create a MRO, which is the IOU from the City to the developer. This form needs to be created.
- 2) A payment was given to Outpost a year early based on a partial assessment, not the full assessment; they were shorted and would like this to be made up on the back end.
- 3) The payment is supposed to be \$25,270 (page 2 of drafted assessment).

She stated that the estimated fast track total is \$299,214 and the actual was \$328,515 that was to be reimbursed. The total is divided by 13 years and then one payment was to be received every 13 years until that amount was reached, subject to that 30%. Outpost is actually receiving \$18,000 a year. Over the life of the TIF they will receive \$81,000 less than was promised. Instead of a \$4M building they would have to have built a \$5.6M building to reach full payment. They want to ensure that get the total costs covered. On page 4 of the DA there is language that states that the 30% limitation exists but that in the 13<sup>th</sup> payment that a balloon can be granted in the final year if needed. They are worried that if they wait until the 13<sup>th</sup> year that they will not receive the full payment. She asked whether the City intended for Outpost to receive the full \$328,515. She feels that it was just not calculated correctly.

Ms. Tollefson stated that the percentage split could be adjusted if needed. She stated that the % split was analyzed. She feels that there was the intent to get the full reimbursement paid by the end of the life of the TIF. She stated that another variable may be that at the time, the fast track was just being initiated into the TC TIF and had discounted in this fast track formula the ability to get the 5% or 10% incentive because the financial health of the TIF was unknown. This may be a reason that it is not flushing out in this case. The 30-70 split is a lower % than some of the other TC TIF incentives. (Dermond is at 42% and The Reserve is also in the 40's). Those property values are much higher. There is not a standard split percentage established, it is evaluated by each case.

Ms. Hagerty stated that if the City states that the MRO is approved and the amendment with the math accounted for that states the actual cost divided by the 13 years, they would be delighted.

Ald. Wirth stated that the EDB makes a recommendation on the change of the overall policy and does not review the MRO.

Ms. Tollefson explained that the role of the EDB is to reconcile that the intent of the fast track formula is met. There is flexibility within the parameters of the DA standards. The actual true up is what it is and the intention was to pay the full reimbursement. Outpost is performing and meeting all the standards requested. There have been other development projects incentives that have allowed for flexibility in the % split. She suggests that the change to the % be made and Elhers can assist in formulating the correct %.

Ald. Wirth made a motion to approve per staff recommendations.

Ms. Rosenberg seconded the motion.

Mr. Safran questioned why there was not any costs allowed for general contractor supervision fees. He wonders if that was missed and he wants to make sure that future projects have that included.

#### **4. Staff Updates**

The upcoming Planning Commission meeting for June 13<sup>th</sup> agenda items:

- Text amendment to allow indoor sport shooting range. It will be in a B-5 zoning on Granville Road in an existing building. There is a substantial amount of construction that needs to be done to the building for a shooting range build out.
- 4200 County Line Road rezoning recommendation back to single family zoning for a single family home. There will also be a PUD there to control the use.
- Café Hollander approval for festoon lighting there. Their lighting goes above the code lighting.

Ms. Tollefson stated that she has had many community members come in to comment how much they love the building. There have been many compliments from residents who previously disliked the project. They love the all the outdoor spaces there.

Mr. Baka stated that the parking is really issue and will especially be when the cold weather comes.

Ms. Tollefson stated that the goal is for the site to be self-sustaining. As the development in TC grows, there will be more opportunities to park and walk. The city has a responsible for the streetscape to be made more comfortable and accommodating. There are 400 parking stalls in the immediate area; public parking, civil parking and on street parking.

Ald. Pukaite stated that the parking is a serious problem. She stated that she is hearing from the tenants that their customers are complaining; especially the health service businesses. The parking is not for a single restaurant but for multiple businesses.

Ald. Wirth stated that he doesn't think people will park across the street and walk across Mequon Road. He stated that the parking needs to be addressed for future developments.

There was a discussion about possible parking solutions; parking structure.

- Neumann Companies – Highlander Estates final plat approval for Phase I - 36 of 111 total lots.
- River Center (Piggly Wiggly) building and site plan amendment. They started construction before receiving approvals. There are two different roof styles and materials, staff is not supportive of these material choices.
- Sommers has a minor lighting request for their parking lot
- River Club Estates final plat approval

## **5. Announcements**

**The next meeting is scheduled for either May 24<sup>th</sup> or May 31<sup>st</sup>.**

The meeting adjourned 8:49 am.