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Department of Community Development

## Economic Development Board November 3, 2015 7:30am Minutes

### 1. Call to Order, Roll Call.

Members present: Tim Carr, Gloria Rosenberg, William Arpe, Matson Holbrook, Andrew Petzold, Jim Baka, Harry Kollman, John Wirth

Staff and City Representatives Present:

Kim Tollefson, Director of Community Development  
Will Jones, City Administrator  
Connie Pukaite, Alderman  
Mark Gierl, Alderman  
Pam Adams, Alderman  
Dale Mayr, Alderman

### 2. Approval of meeting minutes

Mr. Arpe made a motion to approve the open and the closed meeting minutes from September 29, 2015.

Mr. Kollman seconded the motion.

**A voice vote was called.**

**All voted aye.**

### 3. Convene into Closed Session:

*Adjourn into closed session pursuant to Section 19.85(1)(e), Wisconsin State Statutes, deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session (**Land Acquisition**).*

Mr. Arpe made a motion to move into closed session.

Mr. Baka seconded the motion.

**A voice vote was called. (No – Mr. Wirth)**

There was a discussion regarding going into closed session versus remaining in open session. Ald. Gierl agreed with Mr. Wirth to stay in open session. Mr. Wirth stated that the merits regarding the proposals are supposed to be held in open session. He added that closed sessions are for bargaining reasons or negotiating. Mr. Carr stated that the EDB may add provisions that go with the recommendation to the CC and that may validate a closed session. Mr. Kollman stated he would like some clarification from the City Attorney about when it is appropriate to be in closed session. He asked that staff get some further explanation from the City Attorney and share that information with EDB. Ald. Adams questioned whether it is legal to be in open session even though it was published on the agenda that it was a closed session

meeting. She stated that other people would have wanted to attend the meeting.

Ald. Pukaite asked what the difference would be to be in open session versus closed session. Mr. Wirth answered that the minutes would become public.

Mr. Carr stated that the meeting would stay in open session unless the conversation warranted going into closed session. Ms. Rosenberg agreed.

Mr. Petzold made a motion to go into open session.

Mr. Arpe seconded the motion.

***A voice vote was called. All voted aye.***

Ms. Tollefson reminded the EDB that the goal of the meeting is to recommend a selected developer to the Common Council for potential action on November 10<sup>th</sup>. This initial recommendation gives staff the permission to further negotiate a development agreement to purchase the land with the selected developer. She stated that last Wednesday there was an all day interview session with each of the three developer finalists. The committee consisted of CC members, EDB members, staff and the two representatives from Colliers. The result from that interview session was to select Shaffer as the developer and WiRed Properties as the runner up.

Mr. Arpe stated that he does not agree with that consensus. He stated that the two Colliers representatives voted to select WiRed based on experience and valuation.

Ms. Tollefson reminded the EDB about the public goals set at the onset of the process:

1. A project that substantially complies with the TC zoning in the spirit and intent of the creation of TC.
2. The project maximizes the potential of value and therefore creates tax increment for the TIF in the near term.

Ehlers did an analysis about 6-9 months ago and had indicated that about \$45M of increment would be needed by January 2016 for the district to close out. There is time to make that up and this project is not the only project to generate that increment. Other projects included are:

- Town Center project (\$20M),
- Dermond Property Investments (\$8M)
- An assisted living facility and market-rate apartments with the existing Memory Care project (\$6-\$7M).

Ms. Tollefson explained that at the all-day interview session each developer was given in advance a set of standardized questions to be answered during their presentation as well as a set of customized questions regarding each development plan was included. The group was asked to evaluate each of the top finalists. The compilation of that evaluation put WiRed in first, UFG and Shaffer in second and third place separated by 1 point. The top finalist overall was Shaffer and the runner-up was WiRed.

The following is a summary of general comments made by the interview committee :

#### **Shaffer**

**Positives:** greatest level of effort through process, most creative, true mixed use, experienced team (Endberg Anderson and Horizon), urban design, the design creates local interest, local financial ownership and financing (Tom Nieman), more custom fit.

**Concerns:** some information anecdotal, schedule more fluid because not all the decisions are made (the hotel), the developer was asked to develop a plan without the hotel and they are willing to do that, they were asked about the hierarchy of decision making due to so many players (Cindy will be the ultimate decision maker)

#### **WiRed**

**Positives:** capable of delivering the commercial development, vested interest in getting the commercial right due to existing TC project, knows the market, highest potential project value, quickest to full assessment (all 1 phase), cohesiveness between the two TC projects

**Concerns:** quality control would be required (over promised and under delivered), plan lacks creativity, question if there is a priority on community needs being met.

Ald. Pukaite stated that WiRed broke many promises on the existing TC project. She feels the project is not a quality project and is disappointed that it is still not complete and the apartments are not rented.

Mr. Arpe stated that the staff does not have a vote in the selection and the past experiences should not be in the equation.

Ms. Tollefson stated that is correct that staff does not have a vote. Staff will work professionally and respectfully with whichever developer is selected for this process. The goal is to manage and deliver a successful project for the entire community.

Mr. Petzold stated that he is surprised by the current ranking of the preferred developer as at the last EDB meeting on September 29th, the EDB ranked the developers with Shaffer being third. He thinks Shaffer does not have the experience needed for this level of a project. He thinks WiRed is qualified and should not be judged solely on the last project, they have developed many viable projects throughout the state.

Mr. Carr stated that the interviews revealed many more detailed plans. He feels that the Shaffer plan was very impressive. She brought together a very strong team. He said she seems to be a great problem solver. He thinks WiRed is capable. He feels that all the developers would be able to produce a quality project.

Mr. Baka stated that he was silent at the last EDB meeting because there were no details, it was concept only. He feels that the Shaffer plan is very creative. He does not know about the execution but the interview day was focused on the concept of the overall plan for the project.

Mr. Kollman stated that he is wants clarification on the role of the EDB. He believes that the role of the EDB is to look at the economic vitality of the project plus the design concept and everything that goes with it. He stated that if that is the case to look at everything, than Shaffer has the greatest overall concept design. If it is just economic vitality, than he prefers WiRed. He stated they have problems that they have too many apartments located all over the site. The commercial portion of the Shaffer design is off point. He feels there are positives and negatives about both plans.

Ms. Tollefson explained that the EDB is responsible to make recommendations to the CC regarding projects that affect the economy of the city and specifically on situations like this one where there is land acquisition. This board helps the CC vet through those decisions. She added that the value on a project is also generated from the type of the design, the sense of community that is created, the physical and design attributes that are brought to the site and the project as well as tax base value.

She explained that some of the goals regarding the community needs in the zoning district are:

- To create a more traditional neighborhood design
- Pedestrian-oriented activity
- Opportunity for gathering spaces, vitality on the street

- Mixed-use development

She explained that when the EDB is evaluating a project, in addition to the financial aspects, the above mentioned list are tangibles that help to create a community. These factors of influence should also be considered of value.

Ald. Gierl does not like the idea of a hotel and he does not think one is needed in Mequon. He does not think the hotel is going to work and he thinks this location is the wrong location.

Ms. Rosenberg replied that this concept only. The plan will change many times. She stated that many in the community would like to have a hotel and that there is a support for one. She stated that people living in those apartments would use the hotel for overnight guests.

Ms. Tollefson stated the hotel idea is anecdotal at best. The interview team had gone back to Schaffer and expressed concerns about the hotel, about the timing of the hotel and asked about an alternative plan if the hotel idea is not going to work. Shaffer was asked if they are willing to develop an alternative plan up front in the process that does not include a hotel and a timeframe in which it would be decided if a hotel would be feasible and approved.

Mr. Wirth thinks that the EDB should be doing a fundamental analysis to determine which developer will get the project done and whether they come through with the desired increment. He also thinks the commercial and residential aspects should be evaluated.

Mr. Petzold agrees with Mr. Wirth. He believes his role is to evaluate the economic best interest of the city. He looks to which developer is going to deliver the increment and who has the experience to deliver the increment.

Mr. Kollman stated that Mr. Petzold is stating something different than what Ms. Tollefson advised.

Ald. Adams stated there are a few other apartment projects coming forward from the private sector that are solely focused on the apartments. This is the only project to meet further community needs and desires.

Mr. Wirth feels that there is too much conversation about community needs. He said the market determines what the needs are and what will make money. He thinks whichever developer that can make money is the preferred choice.

Mr. Baka clarified the role is to look at the concepts. He said that if the only goal is to look at the economics than they shouldn't look at the concept at all. He asked if the role of the EDB is to only look at economics.

Ms. Tollefson answered that the role of the EDB in this specific process is to facilitate the transaction of the sale of the city owned land. Two public goals were established for this project that need to be considered in the decision making process.

Mr. Arpe stated that any apartments developed would be very high end. He did some valuation work and concluded:

- The residential rate is \$182 sq. ft
- The office side is \$167 sq. ft.
- The retail would be \$220sq. ft.

