City of Mequon

11333 N Cedarburg Road
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Department of Community Development

Economic Development Board
March 22, 2016
7:30 AM
North Conference Room
Mequon City Hall
11333 N Cedarburg Road

AGENDA

1. Call to Order, Roll Call.
2. Approval of Meeting Minutes: February 23, 2016
3. Economic Development Board Purpose and Work Program
   Discussion
4. Guest Joseph O. Nelson, Vice President-Business Banking, Partnership Bank
   Discussion: Establishing a Community Loan Program with Partnership Bank
5. Staff Updates
6. Announcements
   Next Meeting is April 26, 2016
7. Adjourn

Dated: March 18, 2016 **/s/ Tim Carr, Chairman**

Notice is hereby given that a quorum of other governmental bodies may be present at this meeting to present, discuss and / or gather information about a subject over which they have decision making responsibility, although they will not take formal action thereto at this meeting.

Any questions regarding this agenda may be directed to the Dept. of Community Development office at 262-236-2902, Monday through Friday, 8:00 a.m. – 4:30 p.m.

Persons with disabilities requiring accommodations for attendance at this meeting should contact the City Clerk's Office at 262-236-2914, twenty-four (24) hours in advance of the meeting.

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7:30 AM
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Minutes

1. **Call to Order, Roll Call.**
   Members present: Tim Carr, Jim Baka, Harry Kollman, Mason Holbrook, Rick Shneyder, Ald. Mark Gierl

   Staff and City Representatives Present:
   Kim Tollefson, Director of Community Development

2. **Approval of meeting minutes**
   Correction was made to the spelling of Rick Shneyder's last name

   Mr. Baka made a motion to approve the meeting minutes from February 2, 2016.
   Mr. Shneyder seconded the motion.
   A voice vote was called.
   All voted aye. (6-0)

3. **Staff Updates**
   - Ms. Tollefson stated that Children's Hospital medical clinic is having a ribbon cutting today.
   - Ms. Tollefson stated that in February both the Planning Commission (PC) and the Common Council (COUNCIL) took action on two Town Center (TC) projects for final approval of site design. It is the area next to the Aster Memory Care. It will include an 81-unit apartment building which will be located behind Ivana's Trunk. There will also be a three-story, 60-unit assisted living facility that will be operated by the same group that operates Aster Memory Care Center located immediately behind this building. The PUD requires the removal of the structures on the front of that site. This area will be used as a construction staging area but does require improvements within a certain timeframe. The PUD project does require a commercial structure there which Lakeside Development will handle.

Ald. Gierl asked about how many apartments were approved and what the rent is going to be there. He asked about the total number of apartments in the TC area. He asked how many of

the TC apartments have been rented so far.

Ms. Tollefson answered that 81 apartments were approved. The rates will be between $1,300 - $2,000/month. There are 28 apartments in the TC WiRed/Shaffer project. Dermond has been approved for 33 apartments. Approximately half of the apartments have been rented in the WiRed/Shaffer project.

Mr. Kollman asked if Ms. Tollefson as seen an overall market survey showing the demand for apartments in this area.

Ms. Tollefson answered yes and that there is a larger demand than there is current supply especially on the North Shore. The analysis shows a demand of more than 400 apartments.

Ald. Griel asked for copies of the surveys. He stated that he does not believe the demographics support the demand for these apartments. He would like to do his own research. He doesn't want to vote for these projects unless he sees the studies that support these apartments.

Ms. Tollefson answered that the individual developers supplied the studies at the time and the City does not have the studies on file. She stated that at the upcoming Common Council Town Center workshop, the issue of supply and demand will be discussed. The zoning districts allow for the densities. The Council does have some control over the densities and projects. All of the projects have been approved by Council through PUD's. She stated that if there is concern from the workshop, she would recommend the City do its own market survey related to multiple family.

Mr. Carr stated that there are many residents that want to sell their homes and downsize. He stated that the Riverwalk Highlands apartments filled up very quickly and that it is at the developer's risk to build the apartments.

Ald. Gierl stated that the high density does not add to tax base. He stated that you need more services for high density properties. He stated that if children live in these units, it costs the City money to pay for each student to attend the public schools. He stated that the City will be hurt in the future. He feels that the residents will blame the Council. He says he has all the numbers on this, if anyone wants to look at it. He stated that if there are older people, then assisted living facilities should be built. He wants there to be thoughtful consideration.

Ms. Tollefson stated that the concept of a TC was created in 2000 based on a vision survey done by the City. The feedback from residents is that they want a neighborhood with gathering places and vitality in the city. There have been many years of planning analysis and consultant input in the planning process to execute. In 2007, the zoning districts were created. She stated that it is important for any policy analysis, to review and adjust accordingly. A necessary item is to create the demand for the commercial uses by creating additional rooftops. This was discussed by a number of consultants that worked with the city. The multi-family development is considered to be moderately dense. She stated that there is the option to pull back some and create a tighter district that is more compact. These policy discussions will occur over the next months in Council workshops. She stated that it is very important that the new TC development be successful. Prior to approving the TC zoning a traffic impact study was conducted and staff met with the fire and police chiefs to address city services.

Mr. Kollman stated he is concerned that Dermond will be in competition with the TC

apartments. He stated he would prefer to wait and evaluate how the other apartment developments do before approving additional apartment projects.

Mr. Tollefson stated that would be placing a moratorium and that is not a message that she feels the city wants to send to the developers. She added that developers will not commence construction if they do not feel that they will be successful. Private financing will be contingent on appropriate and necessary market analysis.

Mr. Shneyder stated that he feels that the types of apartments in the two projects are different in size and location. He feels that there are different renters that will be attracted for each project.

Ms. Tollefson reminded the Board that the Dermond project has already been approved. She also feels that the location of the projects lends two differences: Dermond has a much more residential feel than the TC apartments located above commercial buildings. She stated that the amenities and the pricing of the apartments are different and attract a different renter.

Mr. Gierl stated that millennials are not going to want to live here with an older crowd. He expressed doubt about the studies that were done. He said that the demographics need an in depth look.

Ms. Tollefson stated that a community development survey was recently completed and confirmed support for current policies that are in place. The initiative of Central Growth (CG) came out of an economic development summit. Creating 1-acre single family neighborhood densities was a specific strategy related to economic development. The proof that the market is responding and the market analysis was correct is that of the 380 potential sites, 250 have already been platted in less than a year of the City being proactive with rezoning. The market is responding. This is the execution phase and it is successful thus far.

Ald. Gierl stated that we have low taxes, low crime and great schools because the residents are better educated, they have solid values and they have large homes that keep the tax base down. He stated that increased densities lead to increased services and increased taxes. He advised Ms. Tollefson that she slow down and take a look at where we are going.

Ms. Tollefson responded that if the Council collectively choses to make policy decisions to that effect and modifies the regulatory requirements that have been in place since 2007 as it relates to Town Center, then she will follow the Council's lead. Ms. Tollefson indicated that otherwise she will not administer the regulations differently.

4. Town Center TID No. 3 Incentive Application for Dermond Property Investments LLC

Max Dermond, Managing Partner of Dermond Properties
Nora Pecor, CFO of Dermond Properties, leads the development team
Jim Mann from Elhers, City of Mequon financial advisor

Ms. Tollefson stated that Dermond Property Investments has been approved for a 33-unit multi-family development project on Buntrock. It was processed as a PUD project and they have achieved all necessary approvals. There have been ongoing discussions regarding TIF incentive opportunities. There was an incentive program created that is a very structured

formula in which the City covers the cost of the gap; defined as cost of removal of any base improvements values on the property, plus the cost to restore the site back to a green field site (removal of fill, removal of any infrastructure, legal papers related to easements). The formula also requires minimum new development value of $3M above and beyond the base improvement value being taken away. The City offers anywhere from a 5%- 10% incentive on top of that. A slightly different criterion was created for the TC district in terms of the value that needs to be created as part of the program. It also requires that the payback period be 15 years or less.

- Pay as you go – low risk economic tool for the City
- No money returned until the project is constructed
- Full year of valuation (taxes paid)
- Return the portion of the tax base back to the owner of the project.

The City receives the taxes and then returns a portion of them. An important distinction is that the two TIF's on Port Washington Road receive 100% of the tax revenue back. There was no money borrowed for these two TIF districts and there were no public improvements made there.

Regarding the TC TIF, the City had borrowed money (about $7M) to improve and expand infrastructure. Because money was borrowed and the City is paying back debt on that, it is not good financial practice to pay 100% of the tax base to the developers or the project owners. A portion of that tax base must be captured for the TIF.

New construction value in the TC TIF requires $3 M value beyond the current improvement value. In this case, the current base improvement value is $204,000. This project is estimated to have an $8M value with a pay back period of 15 years or less (Ehlers is estimating about 5 years). Based on expenditures needed, the formula allows for an eligible incentive of $647,000. The total tax base generated from this is approximately $130,000 on an annual basis. The City could provide an incentive of $50,000 per year to the developer and capture the $80,000 for the TIF tax base.

Mr. Mann stated that the developer provided their cash pro forma for the project. Ehlers ran an analysis based on two metrics:

- Cash on cash basis – annualized return
- Internal rate of return – what is the profit margin, overall rate of return

Most developers look for a return in the 10% range. For this specific project, even with the development incentive, the cash on cash return was below 10% for about 5 years. It was about 3 – 5%. They also look at the longevity of a project, about 10 years out. When looking 10 years out, the internal rate of return, even with the incentive, is about 13%. He stated that this is a pretty thin project. Regarding the requested incentive of $647,000, it seems reasonable to allow a return on the investment for the developer within market norms. Although it seems a bit high to subsidize each unit $19,000, without the incentive from the City, the project will not happen.

Another aspect Elhers evaluates is the bottom line, what happens to the tax increment. The analysis shows a positive impact on the tax increment district of about $800,000. Of the $5M deficit in the tax increment district, this project covers about 15% of it. This is a small project on 1 acre, so this is a positive. The project provides foot traffic for the TC district as well.

Mr. Baka asked about another developer that would have a higher IRR there. He asked how you compare this project with something else that may be out there.

Mr. Mann answered that there is not something else out there. Elhers compares this to other projects, not necessarily in Mequon, but other communities.

Ald. Gierl asked the developer about the demographic renter for these apartments. He also emphasized that the incentive is needed to build this development.

Mr. Dermond answered there will be mostly empty nesters. There are high end finishes with many amenities.

Mr. Kollman asked what happens if the assessed value is lower than the projected value.

Ms. Tollefson answered that the development agreement (DA) allows for the change of a few items:

- The expenditures on what it takes to clean up the site. A true up is allowed after construction occurs as well as a true up of the total development value.
- If it does not meet at least the minimum $8M in project value, the City is not obligated to provide the incentive.
- If the assessed value is greater, the incentive can be paid off sooner, if the City chooses.

She stated that whenever staff meets with developers, they ask about incentives that may be made within the TIF. After the WiRed-Shaffer TC project was up and running, staff asked Council if they were still interested in providing developer incentives under a low risk scenario. Council stated they would review these on a case by case basis and not to turn away the option of an incentive. As long as it is low risk, they would most likely be receptive to the idea.

At the time the Council approved the resolution for incentives in TC, they made a certain dollar amount available for incentives of up to $3M. With WiRed-Shaffer, Outpost and the Dermond project, that amount has not yet been met.

Mr. Shneyder asked if there are any contingencies regarding the expenditures and if additional work is needed. He asked who would pay for those costs.

Ms. Tollefson answered that no additional line item expenditures can be added. If it is a legitimate line item that is requested, it would need require an amendment and go through the approval process.

Ms. Pecor was asked about the rents and she stated that the rents start at:

$1,425 for an 837 sq. ft. 1 –bedroom ($1.70 sq. ft.)
$1,700 for a 1,000 sq. ft. 1 –bedroom
$2,400 for 2-bedrooms
$2,850 for 3-bedrooms

Mr. Shneyder asked how the apartments will be marketed.

Ms. Pecor answered that the internet is a main source of marketing. She also stated they

would like some signage on Mequon Rd.

Mr. Dermond stated that they own and manage all their own properties and they keep them well maintained.

Ms. Pecor discussed the history of Dermond Properties and talked about some of the other properties they currently own and manage.

Mr. Dermond feels that the high end finishes and amenities (elevator, heated garage) lend to a higher end renter.

Ms. Tollefson stated that this has been looked at in two prospective:

1. The TIF "But For Test" – would this project happen but for the incentives of the TIF
2. Low Risk Fast Track Formula used takes out the subjectivity of the decision making

The consultants and staff feel that both criteria are being met with this request.

Mr. Mann stated the developer would most likely not move forward without the incentive.

Mr. Carr stated that $800,000 from this 1 acre property is very good. It is much better than the current state of a dilapidated shed sitting on this property.

Ms. Tollefson stated that a recommendation is needed from EDB to Council and the Development Agreement would be issued before the Council meeting.

Ald. Gierl stated that he will be voting no because he feels that this is moving too quickly, he does not have the market survey he wants and he does not feel comfortable about who will be renting the apartments.

Mr. Kollman stated that he has qualms about this and he feels unenthused about it. He feels that he is locked into a vote. He will vote no.

Ms. Tollefson reminded the Board that they are suppose to evaluate the financial information presented and not the land use or design or density of project

Action:
Mr. Baka made a motion to approve the item.
Ms. Holbrook seconded the motion
A voice vote was called.
Voice passed 4-2 (No: Kollman, Gierl)

3. **Staff Updates - continued**
Ms. Tollefson stated that the WiRed-Shaffer project was before the PC for an extension for their DA for the restaurant. It will not be completed in the original time frame. The amendment is June 30, 2016, which aligns with all the hardscaping and landscaping features. The developer suggests they will be done by mid May.

Mr. Gierl asked about the timing of the Shaffer project.

Ms. Tollefson answered that there is Council meeting regarding that project next week. Phase I could commence this fall which would be the townhomes along Buntrock. The City is not vacating the city owned buildings until April of 2017.

The Council approved the contract to sell the property to Shaffer. It will not be sold until all the developmental requirements have been achieved.

She stated that there were a few residential projects at the PC:

- Lakeside Development is proposing a conservation subdivision adjacent to Sarah Chudnow campus on Oriole Lane. There are some environmental issues there. This has not yet proceeded to Council. There is contention around this project.
- Oldenburg Farm on 220 acres is proposed as a 20-lot conservation subdivision. The Council chose not to approve the rezoning to allow for the conservation subdivision. If the project proceeds it will be 5-acre lots.
- Kohler Credit Union was before the PC for rezoning recommendation from B-3 to B-2 and did not grant approval.
- Ms. Tollefson discussed the differences between the B-2 and B-3 zoning districts. She stated that staff had recommended them to apply for a text amendment as opposed to rezoning recommendation.

Ald. Gierl asked about if the City needed to buy back the city owned property, who would pay the $60,000 to Colliers. He asked if Shaffer could back out as a contingency if the environmental clean up is more than expected.

Ms. Tollefson answered that Colliers is not paid until the City closes on land regardless of who the developer is. Shaffer can walk away from the deal if the environmental issues are too much. The City is not responsible for the cost of the clean up or prepping the site to be ready for development. The owner is responsible for working with the DNR regrading any conditions identified. Ms. Tollefson stated that the environmental specialist is thus far reporting that there are not any significant issues on the site.

Ms. Tollefson stated that Ruby Tap was approved by the Council as well as Big Shot Sports, with some conditions.

Mr. Carr stated that he would like to work on community outreach. He would like to discuss this further at the next meeting. He feels it is important to reach out and be in touch with the local businesses.

Mr. Baka reported that he has been in touch with the staff at Concordia regarding marketing help for the city. They are going through the channels there to get this approved. This would be a 1-2 year project.

5. Adjourn

The next meeting is scheduled for March 22, 2016.

Mr. Kollman made a motion to adjourn.
Mr. Baka seconded the motion.

The meeting adjourned 9:02 am.

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Department of Community Development

To: Economic Development Board
From: Kim Tollefson, Director of Community Development
Date: March 22, 2016
Subject: Economic Development Purpose & Work Program

Background: The Economic Development Board's purpose is established by the Common Council through an ordinance. The Common Council Ordinance created an Economic Development Board with the purpose of stimulating and encouraging economic development. Serving in an advisory role to the Planning Commission and Common Council, the Economic Development Board has the following powers and duties:

1. Shall manage and administer the City's economic development program,
2. Recommend action on long and short range elements of the economic development program,
3. Recommend an annual work program,
4. Recommend an annual budget for its activities and programs,
5. Make recommendations relative to the revolving loan fund,
6. Engage in policy deliberations relative to economic development activities

2013-2014 Work Program: In 2013 the Board established a work program with the following goals:

- Economic Data
- Promotion & Marketing
- Redevelopment Planning
- Business Outreach & Retention
- Financial Programs

Staff Comment: The information is provided to have an open discussion about the purpose of the Board and establishing goals and objectives for the 2016-2018 Work Program. Targeted efforts previously discussed include the following:

- Provide input to the selection of a new City website and the necessary economic development information to be displayed
- Business Outreach & Retention
- Evaluation of Existing Economic Development Financial Programs
- Creation and Implementation of New Economic Development Programs
- Modify interest rate of the RLF Program

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Department of Community Development

To: Economic Development Board
From: Kim Tollefson, Director of Community Development
Date: March 22, 2016
Subject: **Partnership Bank:** Community Loan Program

Background: Our guest, Joe Nelson, Vice President – Business Banking at Partnership Bank, approached the City with an interest in establishing a community loan program that targets the Board's economic and development goals and offers a program distinct from other economic development tools the City is already leveraging.

Existing Programs: The following highlights our current programs and the goal of each:

- *Revolving Loan Fund Program.* Established through HUD, Community Block Grant program, and is based solely on job creation of low to moderate income producing jobs.

- *Town Center Business Loan Program.* Established through a partnership with First Bank Financial Centre and is targeted for main street, downtown redevelopment efforts and blighted conditions within communities. This program is designated only for properties located within the Town Center zoning districts.

- *Town Center TIF.* Established by the Common Council in April of 2008 as a mixed-use development district, it initially only allowed expenditures related to infrastructure and beautification. In 2012, the Council amended the project plan and authorized developer incentives. This is designated for properties within the Town Center TIF district.

- *TIF No. 4 & No. 5.* Established by the Common Council in February 2012 as blighted development districts. The project plans authorize only developer incentives as expenditures through the Fast Track Formula as created by the Economic Development Board. This is designated for properties within the TIF boundaries of TIF No. 4 & No. 5.

Partnership Bank Program: A new program with Partnership Bank could take a variety of forms. Partnership Bank is most interested in learning from the Board how a pool of available dollars could best suit the City's goals. The Board should view this discussion as an introduction and sharing of ideas. To this point, staff has included a copy of the goals and objectives within the Economic Development Chapter of the 2035 Comprehensive Plan, which may generate ideas for an approach for the new program.

The program policy goals could address job creation, a targeted geographic area, blighted conditions, desired land uses or simply an increase in commercial tax base. The following is a list of brainstorming ideas and sites developed by City staff and Joe Nelson:

- Specific redevelopment sites.
    1. Port Zedler Motel
    2. Property located at 10436 Port Washington Road (large yellow warehouse building that is occupied by an industrial user)
    3. The former Jewish Home site
    4. Steins Garden and Gifts.

- Attraction of Industrial users to the Mequon Business Park II (attached Map # x). Further collaborate and partner with MLG to attract new industrial users.

- Attraction of a specific list of desired commercial uses (see list in Comprehensive Plan).

- Targeted land acquisition and redevelopment through low interest loans to the City.

- Goal based program with broad parameters such as the attraction of three, new business, in three years, with a funding commitment by Partnership Bank to attract new businesses based on the specific business's needs. Examples would include land acquisition, moving costs, tenant build-out or construction costs.

- Specific neighborhoods such as:
    1. Buntrock Avenue and Industrial Drive loop (attached Map # x)
    2. Cedarburg and Donges Bay Road intersection (attached Map # x)
    3. Southwest section of City along County Line Road (attached Map # x)

Planning Staff Comment: On behalf of the Board, I'd like to thank Joe Nelson and Partnership Bank for their interest in partnering with the City.

Selection from Economic Development Chapter of the 2035 Comprehensive Plan

Desired Businesses

Section 66.1001 of the *Wisconsin Statutes* requires that an assessment of categories or particular types of new businesses and industries desired by the City of Mequon be identified in the economic development element of the comprehensive plan. This section includes a list of businesses and industries the City would like to attract, retain, or expand. The list was developed by the Planning Commission. Economic development inventory data from this chapter, demographic data, housing data, and public input outlined in the City and Ozaukee County public participation plans were also reviewed to identify desirable businesses for attraction, retention, and expansion in the community. Desired business and industries for the City include:

- Biotechnology, including the biomedical technology industry
- Health care, including home healthcare firms and facilities such as RCACs and CBRFs
- Information systems, including software development and data processing
- Communications media, including computer/web-based/electronic and print
- Construction industry
- Entrepreneurial companies and independent businesses led by visionaries that will attract venture capital to the City and produce new ideas in fields such as computer technologies and biotechnology
- Research and development firms
- Manufacturing, including advanced technology manufacturing and niche manufacturing such as the plastics and medical industries and manufacturing that requires high precision and low product volume
- Developers specializing in providing housing for seniors, including senior living arrangements
- Educational institutions
- Educational support services
- Necessity retail, such as grocery stores, in areas of the City that are currently underserved
- Financial services, including financial planning, banking, online support facilities, and processing facilities
- Business incubators that provide shared services for small businesses looking for cost efficient start-up facilities, which may grow into larger businesses and expand in Ozaukee County
- Small businesses and home-based businesses[77]
- Niche agriculture, including organic farming; food production for local restaurants, micro-breweries, and other niche marketing; and crop production for the bio-fuel industry
- Dairy farming and other types of agriculture existing in the City
- Additional restaurants, both locally-owned and franchises
- Alternative fuel suppliers

City of Mequon Economic Development Strengths and Weaknesses

Section 66.1001 of the *Wisconsin Statutes* also requires that an assessment of City of Mequon strengths and weaknesses with respect to attracting and retaining businesses and industries be completed as part of the economic development element. This section includes a list of perceived strengths and weaknesses, which were identified by the Planning Commission using the same inventory data and public input as the desired businesses list for the City. The perceived strengths for attracting and retaining businesses and industries include:

- Low tax rate.
- Strong educational system including the primary and secondary schools within the local school district and technical schools (MATC). The City also has four year colleges such as Concordia University and is in close proximity to regional educational resources such as the University of Wisconsin – Milwaukee (UWM), Marquette University, and the Medical College of Wisconsin in Milwaukee County

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[77] *According to the 2000 Census, 3.7 percent of employed County residents worked at home. In 1990 the Census reported that 3.6 percent of residents worked at home.*

- Strong quality of life, including good healthcare; tourism, recreational, and open space amenities; rural character; high quality public services; low crime rate; location in the Milwaukee Metropolitan Area; and strong historic preservation
- Good highway system, with location near I-43 and good access to Milwaukee and Chicago; easy work commutes
- Convenient access to good healthcare given the location of Columbia St. Mary's hospital and associated medical clinics and offices.
- Tax Increment Financing (TIF) and Revolving Loan Fund Financing incentives
- High level of public health
- Available land within the City of Mequon existing and planned business/industrial parks
- An educated and skilled workforce
- City of Mequon government that is free from corruption and is receptive to business needs
- Location of the City of Mequon east of the Great Lakes Watershed Divide. This location ensures that the City will have access to Lake Michigan water in the future and lessens dependency on other sources of water, such as ground water. The City is also better able to accommodate industries that use large volumes of water than areas that rely on groundwater as their only water source
- Availability of business services
- Consistent population growth
- Highly developed utility infrastructure, including gas and electric lines and the We Energies power plant in the City of Port Washington
- Strong public transportation system including the Ozaukee County Express Bus System, Ozaukee County Shared Ride Taxi System, and Port Washington Transport Shared Ride Taxi System
- Access to transportation and shipping through Mitchell International Airport and the Port of Milwaukee
- Strong regional cooperation and promotion through the Milwaukee 7 economic development initiative

The City of Mequon's perceived weaknesses regarding attracting and retaining desirable businesses and industries include:

- Lack of jobs with pay levels high enough to afford housing in the City
- Lack of affordable workforce housing
- Many educated young people leave the City[78]
- Aging of the City workforce population
- Lack of awareness of opportunities including technical education and employment in "trade jobs"
- Lack of workers with skills suited to trade jobs and manufacturing jobs
- High land costs
- High infrastructure costs in communities with large minimum lot sizes
- Lack of venture capital
- Disconnect between the education system and the business sector – students are not necessarily learning the skills required by employers
- Lack of public transportation options
- Over-regulation of businesses
- Residents can be reluctant to change and fearful of new business ideas
- Lack of meeting, convention, and exhibition facilities that operate year-round in the City and County to showcase local businesses
- "NIMBY" (Not In My Back Yard) attitude in some cases

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[78] *It is perceived that many young educated residents of Ozaukee County and the Milwaukee Metropolitan Area as a whole leave the area for larger regions with greater job opportunities, such as Chicago. According to the 2000 Census, 23.9 percent of Chicago PMSA residents were in the 25 to 29 age group, compared to 21.9 percent in the Milwaukee-Waukesha PMSA.*

Summary: The City has many positive attributes, or strengths, that may be used to attract target businesses, such as a strong educational system, good healthcare services, good quality of life, location, development incentives and available commercial land, and water resources. The City's weaknesses for attracting businesses include the lack of workers with skills suited to trade jobs and manufacturing jobs, lack of public transportation options, over-regulation of businesses and the potential decrease in the labor force.

GOALS, OBJECTIVES, POLICIES AND PROGRAMS:

- ***Goal: Develop and Retain a Diverse Tax Base***
- ***Objectives:***
  - Identify and encourage desirable businesses and job development.
  - Emphasize business retention and expansion.
  - Encourage enhancement and growth of educational uses.
  - Support local agriculture as an integral part of the City's economic base.
  - Allow only a limited amount of heavy industry.
  - Relocate existing heavy industrial uses where conflict with surrounding area exists to appropriate sites within the City
  - Protect Port Washington Road's ability to continue to provide a wide range of desired goods and services, its ability to accommodate traffic and strengthen its position as a commercial retail center serving the local area and visitors.
  - Direct large-scale, auto-oriented shopping centers to locate along major arterials that have immediate freeway access.
  - Support small-scale sales and services in neighborhood commercial node areas.

- ***Policies and Programs:***
  - Promote the City's interest in attracting businesses on the "Desired Business and Industries" list, specifically health care and information systems, including software development and data processing.
  - Develop methods to retain and encourage farming as a viable part of the economy.
  - Promote the use of our TDR program to promote agricultural land.
  - Promote a reasonable supply of workers (approximately an additional 2,000) to meet the employment needs of businesses located in the City through 2035
  - Study neighborhood commercial nodes to evaluate issues and opportunities for business development and formulate recommendations.
  - Expand role of City's Economic Development Board.
  - Support, distribute information about and enhance communication between government and educational organizations and their economic development programs and businesses.
  - Encourage business development that matches the educational attainment of residents within the City.
  - Consider the use of government funding, programs and tools, such as TIF in the future and manage and promote existing TIF districts.
  - Further utilize and promote the City's Revolving Loan Fund (RLF)
  - Streamline development review process.

- ***Goal: Ensure Well-Designed, Visually Attractive Development While Preserving the City's Existing Small Town Character***
- ***Objectives:***
  - Limit development to identified areas on the Land Use Plan Map.
  - Maintain the City's safe environment and low crime rate.
  - Require high quality design.

- Ensure uses don't negatively impact neighboring properties.

- ***Policies and Programs:***
  - Consider the use of government funding, programs and tools to assist in public improvements.
  - Maintain location, operation, open space and design standards through the zoning code and planning staff and/or Planning Commission review process.
  - Study the Port Washington Road corridor to determine necessary efforts to maintain vitality.
  - Consider the need for reuse plans for new, large-scale buildings in the event the business moves out or closes in the future.
  - Require development to be designed in a manner that compliments the site's existing site features, surrounding features and maintain open space and protect significant environmental features and viewsheds.
  - Continue to utilize the Planned Unit Development ordinance for projects that may not meet typical zoning standards.
  - Revise the City Zoning Code to address landscaping and lighting.
  - Ensure maintenance of streets and landscaped areas in private and public right-of-way areas to preserve character.
  - Continue enforcement efforts to correct violations.

- ***Goal: Continue to Invest in the City's Infrastructure***
- ***Objectives:***
  - Provide high quality infrastructure in an aesthetic manner to make sites attractive to businesses.
  - Promote development in areas with existing infrastructure and public services and where costs remain relatively low for municipal, state government and utilities.
  - Consider vehicular, pedestrian and bike interconnectivity as part of any development.
  - Continue to promote neighborhood livability, including safety, traffic calming, streetscape, green space as it is recognized as being vital to commercial success.

- ***Policies and Programs:***
  - Attain to the greatest possible degree of enhancements when making infrastructure improvements or modifications.
  - Coordinate with state, county and other agencies to increase efficiencies and study the use of funds, such as TIF, Transportation Economic Assistance (TEA) and Frieght Railroad Infrastructure Improvement Programs.
  - Consider how the City's infrastructure can promote convenient and flexible transportation options between the City and the neighboring communities.
  - Consider how TIF districts, and other financial tools, can assist the City in infrastructure improvements.
  - Evaluate how technology and information infrastructure can offer high quality work environments.
  - Evaluate relevance of rail service to industries and formulate recommendation based on industry needs and neighborhood livability and formulate recommendations.
  - Evaluate the anticipated Ozaukee County study regarding various transportation service components to determine how the recommendations may fit the needs of Mequon businesses.

- ***Goal: Redevelop the Town Center area to Create a Heart of the Community***
- ***Objectives:***
  - Promote Town Center as the City's unique mixed-use neighborhood with entertainment, arts and cultural activities and walkable, natural amenities.
  - Recognize the importance of creating an identity for the area including both hardscape and open space/natural features.
  - Design and develop projects with pedestrian activity as a priority.

- Serve the area with alternative transportation, superior amenities and attractive employment opportunities.

- ***Policies and Programs:***
  - Consider the use of TIF and other funding mechanisms.
  - Support Town Center plans and studies in effort to move towards implementation of specific public improvement projects and promotion of private development.
  - Hire Economic Development Specialist to promote Town Center.

- ***Goal: Develop a Proactive Economic Development Strategic Plan***
- ***Objectives:***
  - Support and retain existing businesses and attract and establish new businesses.
  - Build public/private partnerships to foster retention and new development.
  - Promote use of government programs.
  - Provide assistance to those interested in business activities in the City.

- ***Policies and Programs:***
  - Implement a strategy to attract businesses on the "Desired Business and Industries" list, specifically health care and information systems, including software development and data processing.
  - Implement a business retention component to the overall strategic plan.
  - Consider how to connect residents to jobs.
  - Utilize City website and local economic development organizations, boards and partnerships to market ourselves and businesses.
  - Determine how the City can support local economic development organizations, boards and partnerships in their efforts of economic development for the region and formulate recommendations.
  - Study the feasibility of redeveloping contaminated sites and promote redevelopment where possible.
  - Assist Ozaukee County Economic Development Corporation in distributing a survey to businesses. Portions of the survey will focus on transportation options and affordable housing options for resident and non-resident workers, job skills sought by businesses, and the strengths and weaknesses for attracting and retaining businesses.

General Economic Development Organizations and Programs: A number of economic development organizations and programs have been established to assist in the establishment, retention, and expansion of businesses in the City of Mequon.

Federal Programs and Administrators
- US Department of Labor
- Fast Trac National Program
- H-1B Advanced Manufacturing Program
- Federal Brownfields Assessment Grants
- Federal Brownfields Site Cleanup Grants

State Programs and Administrators
- Wisconsin Community Development Block Grant (CDBG) Program
- CDBG-Economic Development Program
- Technology Zones
- Tax Increment Financing (TIF)
- Community Development Authorities (CDA)

- Brownfield Site Assessment Grants (SAG)
- Blight Elimination and Brownfield Redevelopment (BEBR) Grants
- Brownfield Green Space and Public Facilities Grants
- Petroleum Environmental Cleanup Fund Award (PECFA)

Local Programs and Administrators

- Ozaukee County Economic Development Corporation
- Business Retention Services
- Business Attraction and Marketing Programs
- Business and Business Financing Programs
- Programs Promoting Ozaukee county Through Regional Partnerships
- Workforce 2010
- Ozaukee County Development Foundation, Inc.
- Washington-Ozaukee-Waukesha (WOW) Workforce Development Board
- Regional Economic Partnership (REP)
- The Milwaukee 7
- Ozaukee County Revolving Loan Fund
- City of Mequon Revolving Load Fund
- City of Mequon Economic Development Board
- City of Mequon Town Center Economic Development Specialist

City of Mequon

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Department of Community Development

To: Economic Development Board
From: Kim Tollefson, Director of Community Development
Date: March 22, 2016
Subject: **Partnership Bank:** Community Loan Program

Background: Our guest, Joe Nelson, Vice President – Business Banking at Partnership Bank, approached the City with an interest in establishing a community loan program that targets the Board's economic and development goals and offers a program distinct from other economic development tools the City is already leveraging.

Existing Programs: The following highlights our current programs and the goal of each:

- *Revolving Loan Fund Program.* Established through HUD, Community Block Grant program, and is based solely on job creation of low to moderate income producing jobs.

- *Town Center Business Loan Program.* Established through a partnership with First Bank Financial Centre and is targeted for main street, downtown redevelopment efforts and blighted conditions within communities. This program is designated only for properties located within the Town Center zoning districts.

- *Town Center TIF.* Established by the Common Council in April of 2008 as a mixed-use development district, it initially only allowed expenditures related to infrastructure and beautification. In 2012, the Council amended the project plan and authorized developer incentives. This is designated for properties within the Town Center TIF district.

- *TIF No. 4 & No. 5.* Established by the Common Council in February 2012 as blighted development districts. The project plans authorize only developer incentives as expenditures through the Fast Track Formula as created by the Economic Development Board. This is designated for properties within the TIF boundaries of TIF No. 4 & No. 5.

Partnership Bank Program: A new program with Partnership Bank could take a variety of forms. Partnership Bank is most interested in learning from the Board how a pool of available dollars could best suit the City's goals. The Board should view this discussion as an introduction and sharing of ideas. To this point, staff has included a copy of the goals and objectives within the Economic Development Chapter of the 2035 Comprehensive Plan, which may generate ideas for an approach for the new program.

The program policy goals could address job creation, a targeted geographic area, blighted conditions, desired land uses or simply an increase in commercial tax base. The following is a list of brainstorming ideas and sites developed by City staff and Joe Nelson:

- Specific redevelopment sites.
    1. Port Zedler Motel
    2. Property located at 10436 Port Washington Road (large yellow warehouse building that is occupied by an industrial user)
    3. The former Jewish Home site
    4. Steins Garden and Gifts.

- Attraction of Industrial users to the Mequon Business Park II (attached Map # x). Further collaborate and partner with MLG to attract new industrial users.

- Attraction of a specific list of desired commercial uses (see list in Comprehensive Plan).

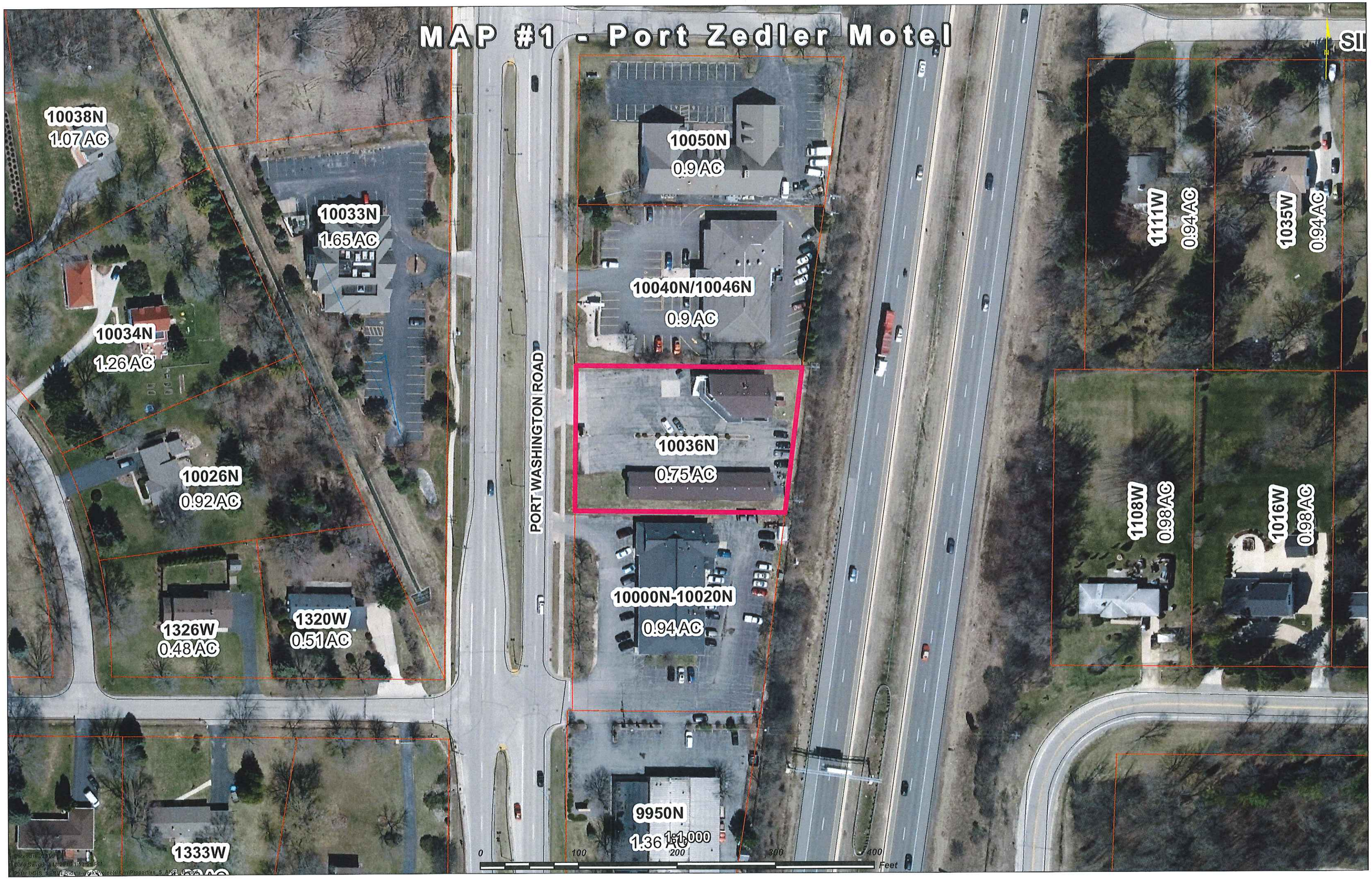
- Targeted land acquisition and redevelopment through low interest loans to the City.

- Goal based program with broad parameters such as the attraction of three, new business, in three years, with a funding commitment by Partnership Bank to attract new businesses based on the specific business's needs. Examples would include land acquisition, moving costs, tenant build-out or construction costs.

- Specific neighborhoods such as:
    1. Buntrock Avenue and Industrial Drive loop (attached Map # x)
    2. Cedarburg and Donges Bay Road intersection (attached Map # x)
    3. Southwest section of City along County Line Road (attached Map # x)

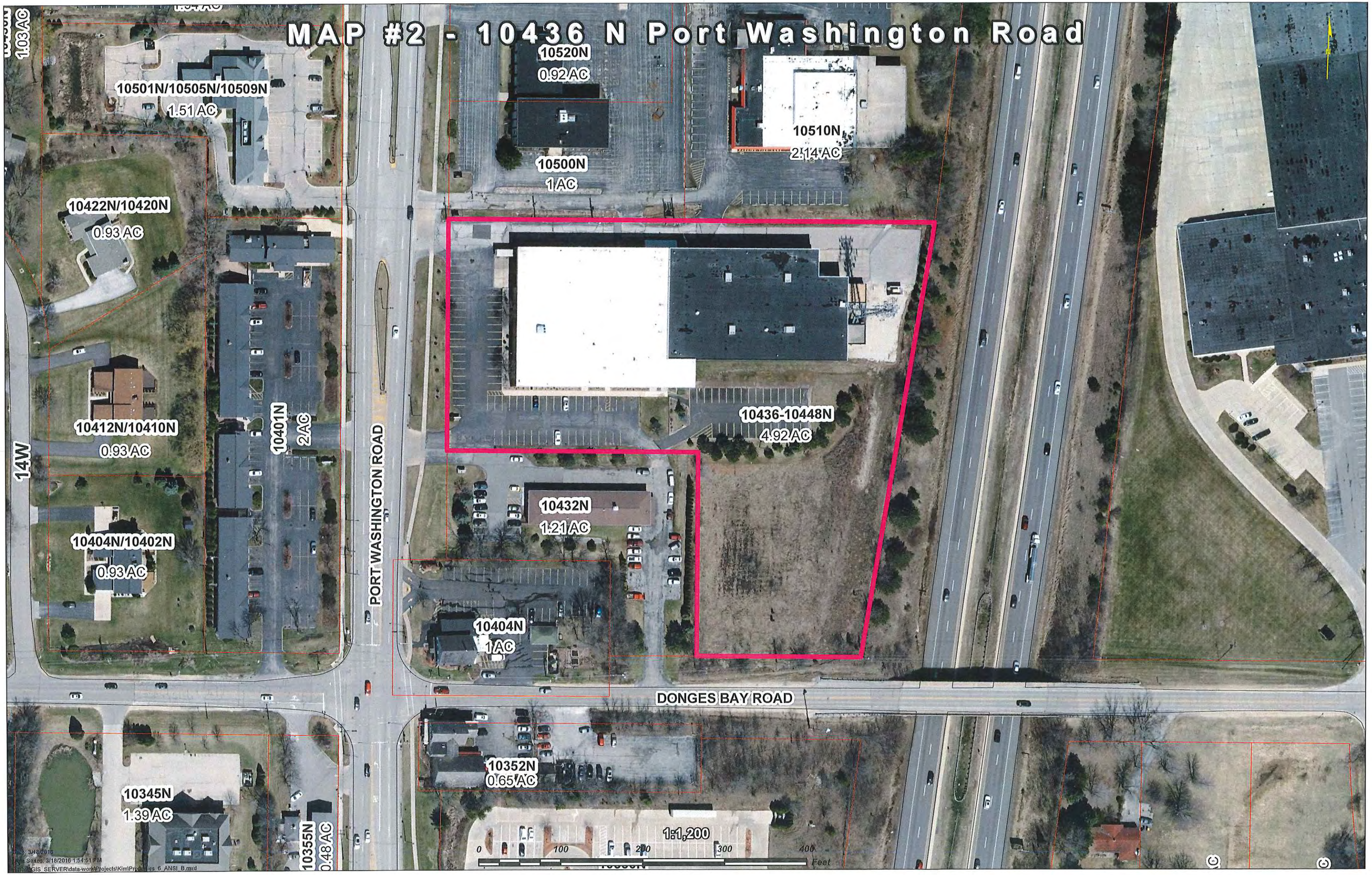
Planning Staff Comment: On behalf of the Board, I'd like to thank Joe Nelson and Partnership Bank for their interest in partnering with the City.

MAP #1 - Port Zedler Motel

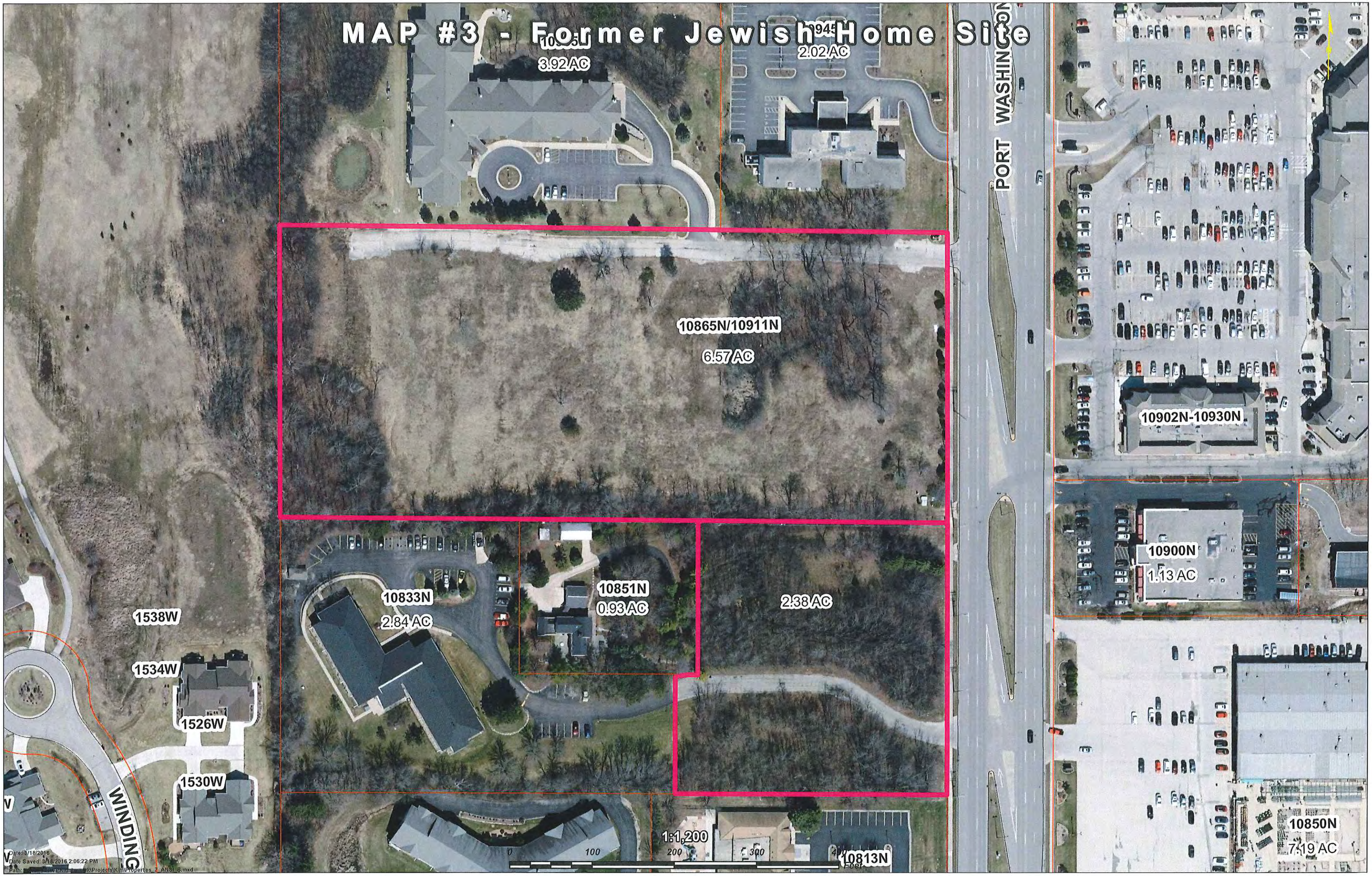


MAP #2 - 10436 N Port Washington Road

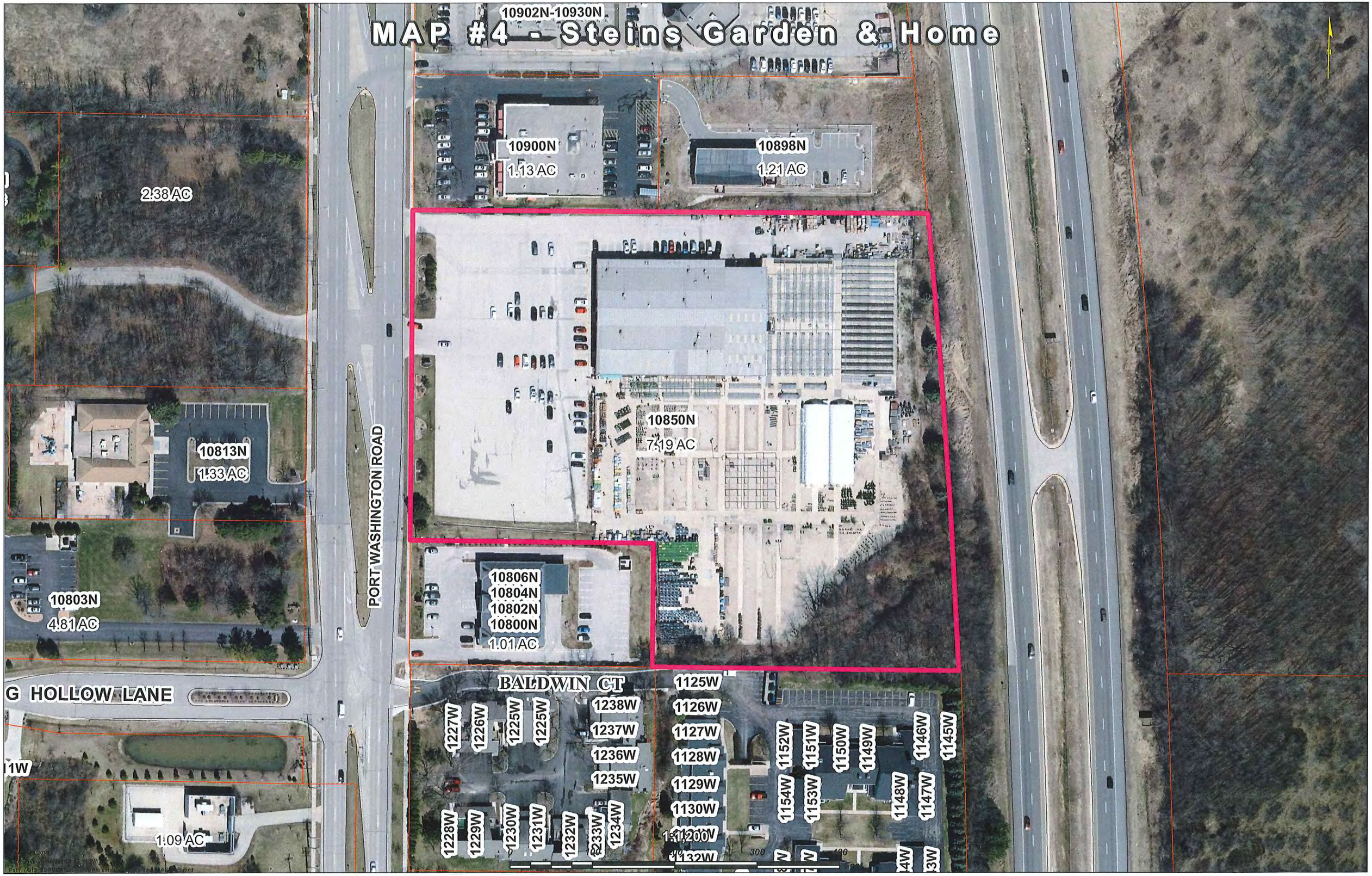
MAP #2 - 10436 N Port Washington Road



MAP #3 - Former Jewish Home Site

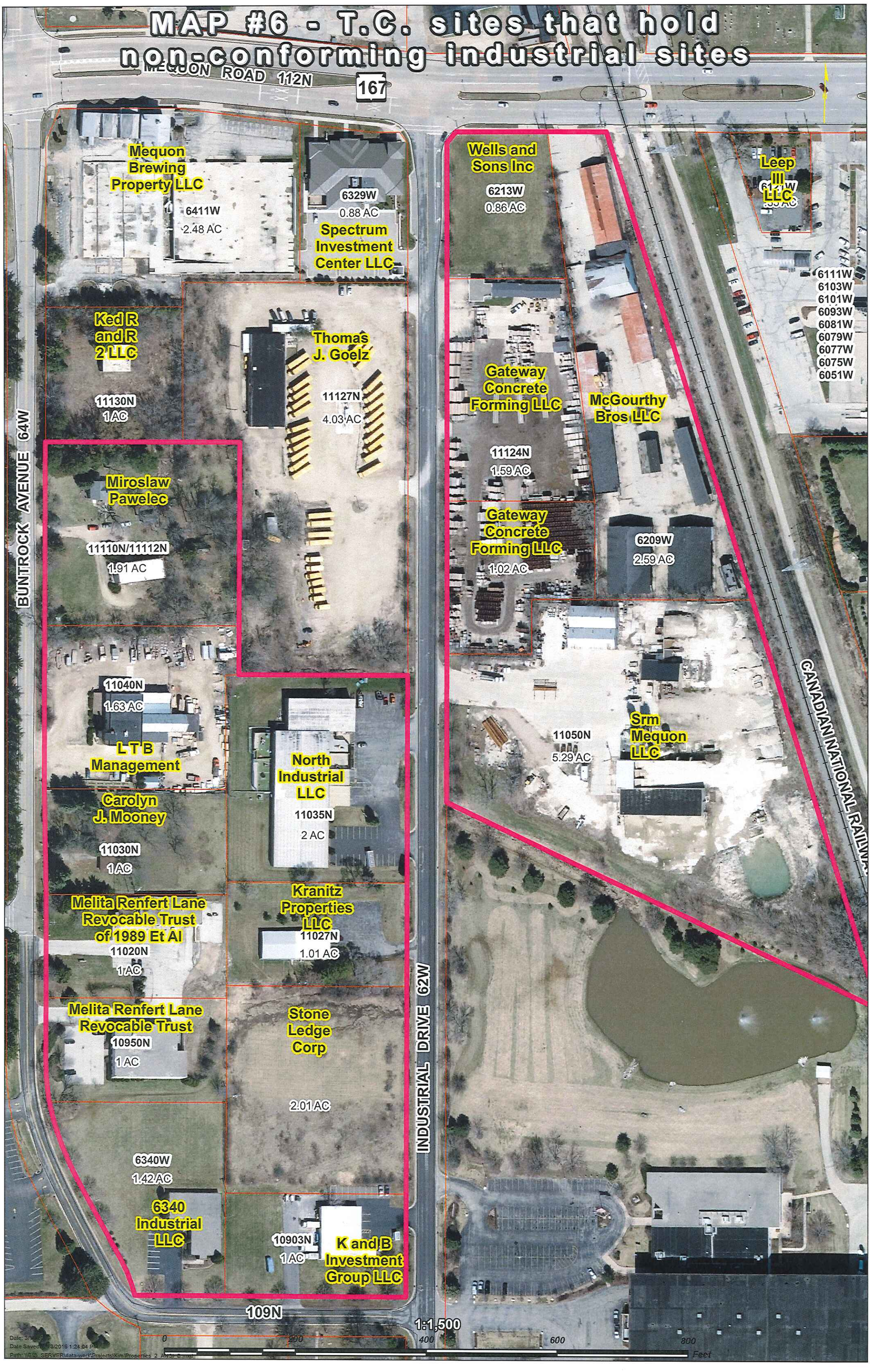


MAP #4 - Steins Garden & Home



MAP #5 - Mequon Business Park
57 Acres

MAP #6 - T.C. sites that hold non-conforming industrial sites



MAP #7
Frinzi Trust
1.29 AC
Jill T. Baubonis
5447W
1.36 AC
Amer S. Tfaili
5439W
0.95 AC
William D. Roche
5431W
0.95 AC
Gordon D. Lookatch
0.98 AC
Abundant Grace Christian Worship Church Inc
10423N
0.93 AC
5341W
1.17 AC
1.27 AC
Kathy-Ann Edwards
10420N
1.2 AC
Harder Properties LLC
10503N-10509N
1.37 AC
Thomas J. Gallagher
10448N
1 AC
Christopher M. Hart
10442N
1.65 AC
Estate of Arthur Lucht Jr
1.32 AC
Riverlake Homeowners Association Inc
18.33 AC
Palina Auchynnikava
10434-10436N
1.02 AC
Pkh Properties LLC
10418N
1.57 AC
4828W
3.05 AC
Jeremy S. Lasage
10406N
1.42 AC
Suburban Motors of Grafton Inc
5616W
1.72 AC
Rogelio C. Mendoza
5508W
5506W
2.1 AC
Stroli Real Estate LLC
J Perry Kallas
5416W
1.51 AC
BURNING BUSH LANE
10402N
1.16 AC
Tanya L. Ball
5226W
5302W
5304W
2.26 AC
Stroli Real Estate LLC
5214W
0.93 AC
Robert E. Goldschmidt
Saynes LLC
10401N
2.26 AC
51W
CEDARBURG ROAD
Elizabeth Wick
5520W
1.63 AC
DONGES BAY ROAD 104N
5607W
1.38 AC
Donald G Omon Revocable Trust
Steve W. Petrie
5117W
1.95 AC
Sy-Fi LLC
10365N
1.03 AC
4811W
1.00 AC
Sirrah LLC
10351N
2.88 AC
10360N
3.51 AC
4815W
2.62 AC
10337N
0.96 AC
Laura A. Hildahl
Kasch Bldng Ptship
Wulffs Island Country Inn LLC
10250N
6.06 AC
5401W
5353W
5205W
5201W
35.05 AC
Wmi Milwaukee LLC
Dortha G. Shutic
10269N
1.21 AC
Kenneth C. Spies
10263N
1.4 AC
10257N
1.5 AC
Elizabeth R. Henning
10249N
1.58 AC
William John
10240N
5.35 AC
Vivian Kaiser
10233N
1.64 AC
Kurt Kaiser
10237N
0.95 AC
Vivian Kaiser
10239N
1.59 AC
10212N
1.88 AC
Jerome T. Hetrick
Stephen S. French
10208N
1.86 AC
Kurt W. Kamka
10204N
1.94 AC
Lynn M.
Gregory A. Gardner
Timothy T. Zimmerman
4928W
1.08 AC
10215N
0.81 AC
Allan G. Block
5010W
5102W
1.08 AC
5244W
1.08 AC
5258W
1.08 AC
5322W
1.08 AC
5328W
1.08 AC
5402W
1.32 AC
CANADIAN NATIONAL RAILW
1:2,400

MAP #8
N
62 Ac
40.8 Ac
1.6 Ac
11.4 Ac
85 Ac
20.6 Ac
2 Ac
7.6 Ac
37.2 Ac
81 Ac
12.3 Ac
60.3 Ac
32.1 Ac
2.4 Ac
28.8 Ac
GRANVILLE ROAD
WASAUKEE ROAD
COUNTY LINE ROAD
COUNTY Q ROAD
1:4,600
0 300 600 900 1,200
Feet