

CITY OF SHEBOYGAN

FINANCE AND PERSONNEL COMMITTEE

FEBRUARY 26, 2018

Chair Donohue called the meeting to order at 4: 00 p.m. The Pledge of Allegiance followed.

COMMITTEE MEMBERS PRESENT:

Chair Mary Lynne Donohue, Vice Chair Jim Bohren, Alderpersons Ron Rindfleisch, Andy Ross and Todd Wolf

STAFF / OFFICIALS PRESENT:

Alderpersons Henry Nelson, Ryan Sorenson and Markus Savaglio, City Administrator Darrell Hofland, Police Chief Christopher Domagalski, Finance Director Nancy Buss, Director of Public Works David Biebel, Director of Planning and Development Chad Pelishek, Assistant City Attorney Thomas Cameron, Purchasing Agent Bernie Rammer, Mead Public Library Business Manager Debbie DeAmico, Budget Analyst Carrie Arenz, Administrative Assistant/Communications Specialist Sarah Schwefel, Management Intern David DeTroye

MINUTES

Motion by Alderperson Wolf, seconded by Alderperson Rindfleisch to approve the minutes of February 12, 2018. Motion carried.

ITEMS FOR DISCUSSION AND POSSIBLE ACTION

3.1 RES 134 - 17 - 18 / FEBRUARY 5, 2018 / DOC

7.3 /

9.2: Resolution authorizing city staff to negotiate a developer's agreement between the City of Sheboygan and Scott Crawford, Inc. for the redevelopment of the former Sheboygan Armory site.

City Administrator Hofland provided the background on the eight-member Armory task force review of project proposals. The task force's review assigned a points-based numerical rating within a criteria matrix in which each project had the potential to earn a maximum of 100 points. The task force assigned the

highest ranking of 84 points to the proposal submitted by Scott Crawford, Inc. This proposal provides 122 mixed-use housing units combined with retail space. The total project cost is estimated to be \$26 million, utilizing a 15 percent TID incentive request and an offer to purchase the property for \$500,000. Director of Planning and Development Pelishek provided the Proposal for Development of the Sheboygan Auditorium/Armory Site Decision Matrix used by the Armory task force. The matrix indicates details of each proposal and the points earned by each project relative to the task force review criteria. Chair Donohue asked Assistant City Attorney Cameron to clarify the Finance and Personnel Committee's ability to advance one or more of these three projects for development consideration. The advanced consideration would include negotiations with the developers including details specific to the funding, timelines and proformas of each of the development entities. Alderperson Wolf suggested a review of two proposals; one proposal for redevelopment and the other for preservation. Alderperson Rindfleisch requested clarification on the parameters for the development agreements as they move through the negotiation process. Director of Planning and Development Pelishek confirmed negotiations for each of these projects would follow the same framework utilized by all other development projects. City Administrator Hofland confirmed the process will provide insight to the details of each of the two projects in an effort to determine the best project for the Armory site. A representative from Scott Crawford, Inc. presented details of their respective proposal. The anticipated development includes affordable housing units funded by the Wisconsin Housing and Economic Development Association (WHEDA), the needs of which were confirmed by Director of Planning and Development Pelishek. Alderperson Rindfleisch requested details on the history of Scott Crawford, Inc. and completion of their development projects. This information was provided along with details relative to their current property management company, Team Management. Logistically, the closest development Team Management handles is located in Manitowoc, which contains affordable housing units based on an hourly wage of \$11. City Administrator Hofland indicated the negotiations with the two developers would occur over the next month. The anticipated presentation of the negotiated development agreements would potentially occur at the March 19, 2018 Common Council meeting.

Alderperson Wolf was unable to stay for the remainder of the meeting and unable to participate in any further voting.

Motion by Alderperson Rindfleisch, seconded by Alderperson Ross to recommend the Common Council approve Resolution No. 134 - 17 - 18 to authorize city staff to negotiate a developer's agreement with Scott Crawford, Inc. Motion carried.

3.2 RES 145 - 17 - 18 / FEBRUARY 19, 2018 / DOC

9.3: Resolution authorizing city staff to negotiate a developer's agreement between the City of Sheboygan and representatives of the Armory Community Project for the redevelopment of the Sheboygan Armory and the surrounding site.

This proposal provides a 40 unit apartment complex and a \$5.9 million renovation to the existing Armory for creation of a community center. The total project cost is \$12.5 million with an additional \$1.1 million endowment. An offer of \$1 to purchase the property is included in the proposal. According to the Proposal for Development of the Sheboygan Auditorium/Armory Site Decision Matrix, this proposal achieved 49 of the 100 point maximum. Alderperson Bohren sought clarification on the status of the potential businesses that would

operate from the lower levels of the redevelopment. The developer would be required to provide a three to five year business plan for each of those businesses during the negotiation process. Alderperson Nelson requested clarification on comments made by the Armory Community Project staff indicating the city had negotiated in bad faith, which was provided by the group's representative. If this proposal is selected for advancement, the developer will then file necessary paperwork to achieve non-profit status. The application could add three months to the tenure of their project. Alderperson Savaglio indicated the additional time would be acceptable and necessary. Alderperson Nelson asked the group's representative if Gorman and Company would remain as the property manager. The group's representative indicated that Gorman and Company are prepared to demolish the Armory and to develop as many as 100 apartment units on this site in the event this project would not qualify for tax credits.

Motion by Alderperson Rindfleisch, seconded by Alderperson Ross to recommend the Common Council approve Resolution No. 145 - 17 - 18 to authorize city staff to negotiate a developer's agreement with Armory Community Project. Motion carried.

3.3 DIRECT REFERRAL / RES 146 - 17 - 18 / FEBRUARY 26, 2018: Resolution authorizing city staff to negotiate a developer's agreement between the City of Sheboygan and TDK Group, LLC for the redevelopment of the former Sheboygan Armory site.

This proposal provides preservation of the Armory as a mixed use venue for events and rentals. An offer of \$10 to purchase the property is included in the proposal. According to the Proposal for Development of the Sheboygan Auditorium/Armory Site Decision Matrix, this proposal achieved 27 of the 100 point maximum. This proposal received the lowest composite score by the Armory task force during the review process. Alderperson Sorenson and Nelson inquired why this proposal was brought before the Finance and Personnel Committee. Sponsors of the resolution were not present at the meeting. Alderperson Rindfleisch suggested this proposal to merge with the proposal referenced in Item 3.2 as no apartment-styled housing was included with this particular proposal. Alderperson Bohren indicated his concern this proposal included relatively few details.

Motion by Alderperson Rindfleisch, seconded by Alderperson Ross to recommend the Common Council file Resolution No. 146 - 17 - 18. Motion carried.

ITEM FOR DISCUSSION ONLY

4.1 Armory referendum question referred by the Committee of the Whole.

Alderperson Sorenson is drafting a resolution relative to the proposed referendum. He is seeking feedback to determine if the referendum is necessary. Clarification by Assistant City Attorney Cameron determined the potential to

place the referendum on the August primary election ballot. Alderperson Rindfleisch asked if the potential referendum would be strictly advisory or if it would include the the details regarding the ability to raise funding for the project, and clarifiy that the city may ultimately own and operate the renovated Armory venue. Alderperson Sorenson indicated his desire to pose the potential referendum as an advisory question. Alderperson Bohren reiterated the fact the Common Council approved demolition of the Armory building in 2017 and some hazardous materials remediation is already complete. Alderperson Nelson concurred with Alderperson Bohren that a referendum is not necessary. Director of Planning and Development Pelishek indicated a referendum may delay construction or rehabilitation work on any of the previously discussed proposals until 2020.

ITEMS FOR DISCUSSION AND POSSIBLE ACTION

5.1 RES 137 - 17 - 18 / FEBRUARY 19, 2018 / DOC

5.1: Preliminary resolution declaring intent to exercise the police power to levy special assessments for the replacement of lead and/or galvanized iron water laterals.

Finance Director Buss provided details of the special assessments levied for the replacement of lead and/or galvanized iron water laterals. A portion of the funding for the replacement construction costs may be forgiven through a state grant program and/or the possibility of a low cost loan over a five year period.

Motion by Alderperson Bohren, seconded by Alderperson Ross to recommend the Common Council approve. Motion carried.

5.2 RES 138 - 17 - 18 / FEBRUARY 19, 2018 / DOC

5.2: Resolution authorizing the Purchasing Agent to enter into a contract renewal for obtaining financial advisory services formerly referred to as bond counsel services.

Finance Director Buss indicated the contract with Wisconsin Public Finance Professionals, LLC expires in March, 2018. Director Buss noted the city had contracted with Ehlers and RBC Captial Markets in the years prior. Director Buss affirmed the fact that Wisconsin Public Finance Professionals has provided strong guidance over the past two years. She noted the financing for the City Hall renovation process is straddling the current and subsequent contract, and switching financial advisors may complicate the funding process.

Motion by Alderperson Bohren, seconded by Alderperson Ross to recommend the Common Council approve. Motion carried.

5.3 RES 139 - 17 - 18 / FEBRUARY 19, 2018 / DOC

5.3: Resolution authorizing the continuation of the self-insured worker's compensation program.

Finance Director Buss indicated the State of Wisconsin's requirement that in addition to providing annual worker's compensation data, all self-insured municipalities approve a resolution to recognize the self-insurance process every three years.

Motion by Alderperson Rindfleisch, seconded by Alderperson Ross to recommend the Common Council approve. Motion carried.

5.4 (1) RO 131 - 17 - 18 - Claim No. 13 - 17 - American Orthodontics Corp. (2) RO 212 - 17 - 18 - Claim No. 20 - 17 - Richard Besler (3) RO 209 - 17 - 18 - Claim No. 21 - 17 - Nicole Dessloch

Assistant City Attorney provided the following details on these claims: (1) RO 131 - 17 - 18 - Claim No. 13 - 17 - American Orthodontics Corp. has been resolved.(2) RO 212 - 17 - 18 - Claim No. 20 - 17 - Richard Besler has been resolved.(3) RO 209 - 17 - 18 - Claim No. 21 - 17 - Nichole Dessloch has been denied.

Motion by Alderperson Rindfleisch, seconded by Alderperson Ross to recommend the Common Council approve the staff's recommendation. Motion carried.

CLOSED SESSION

Motion by Alderperson Rindfleisch, seconded by Alderperson Bohren to convene in closed session. AYE: Chair Donohue, Alderperson Bohren, Rindfleisch and Ross. Motion carried.

6.2 RO 209 - 17 - 18 / NOVEMBER 6, 2017 / DOC

5.4: Claim No. 21 - 17 - 18 from Nicole Desslich for alleged damages to her vehicle when it was hit from behind by a vehicle driven by a city employee in the 1600 block of Erie Avenue.

OPEN SESSION

Motion by Alderperson Bohren, seconded by Alderperson Ross to reconvene in open session.AYE: Chair Donohue, Alderperson Bohren, Rindfleisch and Ross. Motion carried.

DATE OF NEXT REGULAR MEETINGMarch 12, 2018

ADJOURN

Motion by Alderperson Bohren, seconded by Alderperson Ross to adjourn at 5: 18 p.m. Motion carried.