

Date: Tuesday, November 1, 2016

Time: 7:30 PM

Place: Westside Fire Station

Committee meetings will begin at 6:55 pm pm before this full Council meeting. City Council members frequently attend the committee meetings to gather information. A majority of the Council members may be present at these committee meetings.

CITY OF MONROE COMMON COUNCIL AGENDA

A. CALL TO ORDER & ROLL CALL

B. CORRECTION OF MINUTES

C. PRESENTATION OF PETITIONS AND COMMUNICATIONS

D. BUSINESS BY MAYOR

Updates regarding Mayor's activities

1. MSP REAL ESTATE PRESENTATION ON PROJECT PROPOSAL FOR DOWNTOWN PARKING RAMP PROPERTY

Individual Requesting Item
Expected Length of Discussion

Martin Shanks/MSP Real Estate
30 Minutes

Documents:

[*2016-10-27 MSP Project Request.pdf*](#)

E. APPEARANCES BY THE PUBLIC

F. CONSENT AGENDA (ROLL CALL VOTE)

- * RESOLUTION GRANTING MISCELLANEOUS LICENSES
- * APPROVE CLAIMS AS PRESENTED ON CLAIMS LIST

G. LICENSE COMMITTEE (THOMAN)

1. RESOLUTION GRANTING CLASS "B" FERMENTED MALT BEVERAGE LICENSE TO MONROE BLUELINE CLUB IN CONJUNCTION WITH MONROE BLUES HOCKEY GAMES

Individual Requesting Item
Expected Length of Discussion

City Clerk/DOGG
5 min.

2. RESOLUTION GRANTING TEMPORARY "CLASS B" WINE LICENSE TO MAIN STREET MONROE IN CONJUNCTION WITH WINE WALK AT MULTIPLE LOCATIONS

Individual Requesting Item
Expected Length of Discussion

License Committee
5 min.

H. BOARD OF PUBLIC WORKS (KOCH)

1. RESOLUTION ACCEPTING BIDS AND AWARDING CONTRACT FOR PARKING RAMP PROJECT

(Roll Call Vote)

Individual Requesting Item	Board of Public Works
Expected Length of Discussion	5 min.

I. BUSINESS PRESENTED BY ALDERPERSONS

May make brief informative statements or bring up items to be discussed at a future meeting

J. BUSINESS PRESENTED BY DEPARTMENT HEADS

May make brief informative statements or bring up items to be discussed at a future meeting

1. PARKING RAMP DEMOLITION - TIMELINE OF PROJECT EVENTS

Individual Requesting Item	Mayor Armstrong
Expected Length of Discussion	10 min.

Documents:

[*Parking Ramp RFP Timeline 10-19-2016.pdf*](#)

K. BUSINESS PRESENTED BY THE PRESS

L. BUSINESS: CLOSED

Under Wis. Stats. 19.85(1)(g) Conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved.

and

Under Wis. Stats. 19.85(1)(e) 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.

Attendance is limited to the governing body, necessary staff and other officers such as Clerk and Attorney and other persons whose presence is necessary for the business at hand.

1. HEAR AND DISCUSS STRATEGY FOR LITIGATION REGARDING RAZE ORDER FOR PROPERTY LOCATED AT 1106 19TH STREET AND POTENTIALLY AUTHORIZE CITY ADMINISTRATOR TO TAKE ACTION CONSISTENT WITH SUCH STRATEGY

Individual Requesting Item	City Attorney Dan Bartholf
Expected Length of Discussion	10 min.

2. HEAR AND DISCUSS STAFF RECOMMENDATIONS REGARDING NEGOTIATION STRATEGIES RELATED TO THE CITY'S ACQUISITION OF THE SOON TO BE VACATED BUILDING FOR GREEN COUNTY EMERGENCY MEDICAL SERVICE

Green County EMS is nearly completed with construction of their new facility and will be vacating their current building. The building currently stands on City-owned land adjacent to the Police Department.

Individual Requesting Item
Expected Length of Discussion

City Administrator
30 minutes

M. ADJOURNMENT

This Council may take any action it considers appropriate related to any item on this agenda.

Requests from persons with disabilities who need assistance to participate in this meeting, including need for an interpreter, materials in alternate formats, or other accommodations, should be made to the Office of the City Clerk at (608) 329-2564 with as much advance notice as possible so that proper arrangements can be made.



CITY OF MONROE

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MEMORANDUM

DATE: October 27, 2016
TO: Common Council
FROM: Martin Shanks
RE: MSP Real Estate Project Proposal/TIF Assistance Request for Parking Ramp Site

Attached with this memo is a TIF Assistance Request package submitted by MSP Real Estate for a multi-family apartment development on the downtown parking ramp site.

MSP representatives approached City staff in early September with this project. After reviewing their proposal and request it was determined the best course of action was to present the scope of the project and TIF request to the full Council for consideration before any other action was taken.

MSP has followed all procedures in our adopted TIF Policy and their request for assistance package is responsive to our outlined procedure.

Preliminary renderings and floor plans will be provided in the meeting.

Known issues to be addressed:

- Zoning code: the existing central business district code does not allow residential on the bottom floor of buildings within a defined area around the core downtown, which includes the ramp site.
- Funding the financial request: the City would not be able to utilize the recent bonding and financing for the ramp tear down towards this project.

From Greg Johnson, Ehler's:

Unfortunately, there are two problems with this approach. Since the City issued G.O. Corporate Purpose Bonds for the parking ramp project, these funds must be spent on parking improvements. The Resolution for the bonds identified \$670,000 for parking lot projects; \$1,760,000 for street projects; and \$735,000 for sewerage projects. A related issue is that these bonds were issued on a tax-exempt basis with the expectation the City would use the funds for parking projects benefiting the public at large. If this money is used to provide an incentive to a developer, this is likely going to trigger private activity and private use concerns that could threaten the tax-exempt status of the bonds.

...there are three general ways to use the bond proceeds for parking improvements:

- 1. Use the proceeds for parking improvements anywhere in the City (generally defined as developing parking areas for public use).*
- 2. Use the proceeds to defease (pay off) part of the bonds. This is not cost effective at this time since the bonds have just been sold.*
- 3. Use the proceeds for parking improvements anywhere in the City (generally defined as developing parking areas for public use) and if any funds are left over deposit them into the debt service fund to pay the principal and interest payment on the bonds on the next available payment date.*

If the site where the ramp now exists could be developed, the City should spend the proceeds elsewhere on parking improvements presumable to replace the parking facility that would be lost.



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Potential Next Steps:

If the City Council would like to move forward with this project there are a few steps to consider:

- Request that the developer provide additional information, if desired.
- Conduct our own financial analysis of project to ensure viability and present options towards financing City TIF request. In the past we have utilized Ehler's to provide this service.
- Begin draft of purchase and development agreement and legal review of project.
- Initiate process to modify central business district code to allow project.

Request for City of Monroe Financial Assistance

Submitted By: MSP Real Estate, Inc.

Project: 40-unit 3-story apartment building on the site of the 15th Avenue and 11th Street Parking Ramp

Downtown Monroe Multi-Family Apartments

Description of Site & Proposed Use

The City of Monroe and Green County face a significant shortage in high quality multifamily housing, as the City has not had a new multi-family development in over 10 years. The City had a housing study completed in August of 2016 and concluded there is a need for more quality and affordable housing options for both owners and renters. To meet these needs, MSP Real Estate is proposing to construct a 40-unit apartment building at 1501 11th Street (currently a City-owned parking ramp). This development will serve families and individuals of all income levels and include some units that are set-aside for low-income veterans. The site is currently owned by the City of Monroe and has a three-level parking ramp structure that is currently in use. The City has determined the approximately 60-year-old parking ramp has structural damage and will need to be demolished.

MSP plans to develop these apartments on the approximately 0.55 acres that is currently the three-level parking ramp. This location is ideal for a multi-family development because of its walkability in the heart of downtown Monroe, jobs, retail, and restaurants.

Our project entails a single phase of apartments consisting of one, two and three bedroom units. Thirty-four of the units will be set aside for residents earning 30%, 50% and 60% of the area median income. The remaining six units will be market rate with no income restrictions. The project will feature 39 underground parking stalls as well as an additional surface parking.

Developer and Owner

MSP Real Estate has experience in developing market rate and affordable apartments. MSP has developed over 1,400 units of workforce housing for individuals and families in the Midwest.

MSP Real Estate, under the leadership of Milo Pinkerton, has developed over 2,400 units spanning over 30 years. Milo's unique background of architecture, real estate, and construction has enabled MSP projects to be of consistent high quality, on time, and on budget. Milo is also the President and Owner of all the other MSP arms (construction and property management). MSP is a long-term owner that owns over 90 percent of what we have built.

Profitability

Due to the lack of similar projects in Monroe, it is difficult to project with certainty the expected cash flow of this project. However, our best estimate projects annual distributable cash flow in the \$10,000 to \$22,500 range. The tax credit investor will require that MSP cover any cash short falls in the event the project operates at a loss for any period of time. The cash flow is contingent on multiple factors including, but not limited to, rents (both market rate and workforce housing), other income (parking/storage rentals), operating expenses, mortgage payment, and real estate taxes. MSP has taken

a conservative approach and stress testing has been done to verify this project will have positive cash flow.

Overview of Private-Sector Financing & WHEDA Tax Credits

We currently anticipate approximately the project being able to support a \$1.325M First Mortgage.

We further anticipate Tax Credit Equity of \$3.85M.

Because we anticipate total project costs of approximately \$6.45M, the project has a gap of \$1.275M that we are requesting City Financial Participation through TIF financing.

Summary of Increment Projections

Below is a list of Monroe apartments that have been completed within the past 25 years and their respective assessed value and taxes per unit.

Project	2016 Assessed Value/Unit	2015 Taxes/Unit
Brook View Apartments	\$36,250	\$967
Brook View II Apartments	\$38,756	\$1,033
Twinning Valley Apartments	\$27,113	\$894
Countryview Apartments	\$28,500	\$761
West Win Heights Apartments	\$37,638	\$1,006

Based on the chart above, we anticipate our project to have a per unit assessed value between \$30,000 and \$40,000 per unit. This implies our 40-unit project would have a total assessed value between \$1.2M and \$1.6M.

This implies annual real estate taxes of \$800 to \$1,068 per unit. With 40 units, this implies total annual real estate taxes between \$32,000 and \$42,720 per year.

Because the current use on the property is tax-exempt government use, the above is 100% increment.

Total Development Costs

We are currently projecting the total development costs to be \$6.45M.

Construction Information

MSP Construction will be the General Contractor on the job. With being our own General Contractor, it allows us to save costs and ensure quality on all our development projects. In 2015, MSP Construction has constructed and is currently constructing 300 units with project costs totaling over \$33 million.

MSP will work with the City of Monroe to create a project that conforms to its design standards. The current parking ramp will be razed and replaced with a three story, 40-unit apartment complex that is 43,850 sf with a 13,715 sf basement parking area for a total of 57,565 sf. The exterior of the new building will be constructed with high quality construction materials including fiber cement siding, split

face block, and brick. MSP is committed to building its developments with sustainable design features. A few examples of green features that will be incorporated into the construction are: energy star rated appliances, Low E windows, and radiant in floor heat.

The 40 units will range from 600 sq. ft. to over 1,200 sq. ft. consisting of 1, 2, and 3 bedrooms. Of the 40 units, 34 of the units will be reserved for residents earning no more than 60% of the area median income. The remaining six units will be market rate units with no income restrictions. There will be 39 underground parking spaces along with 9 surface parking spaces. MSP plans to work with the City to allow for additional parking on the parcel north of the subject parcel.

Project Start and End Date

MSP will be going through the approval process with the City of Monroe through the fall and winter of 2016. MSP will be applying for Low-Income Housing Tax Credits to WHEDA at the end of January 2017. If MSP is awarded the tax credits, we would be prepared to close and start construction by fall of 2017. We expect construction to take 11-12 months and lease up to be 6 months.

Project is consistent with goals and objectives of the TIF Project Plan

TID #7 plan identifies the City's goals as the following:

- Expand the economic base through the redevelopment of its central business district
- Encourage growth as well as redevelopment, conservation, and rehabilitation
- Encourage, develop, and maintain a strong growth pattern
- Maximize private investment within the TID and to significantly enhance the value of all other real estate in the TID
- Make currently underdeveloped areas of the City more attractive
- Encourage and promote conformity with the City's land use and development policies
- City of Monroe's Comprehensive Plan for increasing the amount of affordable rental properties throughout the city through creative development
- The TID project plan amendment of 2016 identifies that one of the purposes of the amendment to facilitate development through cash grants or development incentives

Description of Public Benefits

If MSP is approved for developing and constructing the 40 apartments units, the City will have improved its stock in high quality, affordable multi-family housing. With the project being located in downtown Monroe, it allows residents access to all the great amenities downtown Monroe has to offer (retail, restaurants, library, schools). With the increased quality housing stock, it will offer people who work in Monroe another option to reside in Monroe rather than live in a nearby community. This project also achieves the objective in City of Monroe's Comprehensive Plan for increasing the amount of affordable rental properties throughout the city through creative development (page 19 of comprehensive plan).

During construction, we anticipate a workforce of over 100 people. When the project is complete, we will have an onsite property manager as well as a maintenance worker.

TIF Request

MSP Real Estate is requesting \$1,275,000 in Traditional Tax Increment Finance Assistance from the City of Monroe to help finance the construction of the proposed 40 apartments and make the project feasible.

Without the City's financial assistance in the form of TIF to help offset demolition costs and the high cost to construct new multifamily housing, this project is not feasible. To finance this affordable workforce housing project, we intend to leverage both public and private capital sources including tax credit equity, conventional debt and TIF. Total project costs are estimated to be approximately \$6,450,000 so the City's participation represents approximately 20% of the total project cost. Tax Credit Equity represents about 60% of total project costs. The remaining 20% will be funded through mortgage debt financing.

Parking Ramp Demolition RFP/Contract Timeline

- April 19, 2016 Council approves implementation of razing current Parking Ramp and replacing with surface lot.
- May 2nd, 2016 Contacting Engineering Firms for submittal of RFP for design services.
- May 5th, 2016 Meeting with prospective engineering firm to go over project scope.
- May 12th, 2016 Emailing Engineering Firms structure documents (Plans and studies)
- May 12th, 2016 Meeting with prospective engineering firm to go over project scope.
- May 16th, 2016 Meeting with prospective engineering firm to go over project scope.
- May 17, 2016 Administrator Rath informed Council that RFP's will be out to Engineering Firms by the end of the month.
- May 31st, 2016 Received proposals for design services from engineering firms.
- June 7th, 2016 Finance and Taxation Committee has discussion regarding financing of Capital projects and equipment.
- June 20th, 2016 Final review of proposals and selection by staff.
- June 21st, 2016 Discussion of Capital Project and equipment financing at Council. Some discussion on cost savings potential if we were to wait and bid ramp project in 2017, due to repeal of prevailing wage rate.
- June 28th, 2016 Diggers Hotline Locate is called in by design engineer for site survey work.
- July 19, 2016 Council approves financing for Capital projects and equipment. No further discussion of prevailing wage.
- July 21st, 2016 Review of structure for asbestos abatement.
- July 31st, 2016 Design Work 25% complete (survey work, review of original plans, asbestos review).
- August 2nd, 2016 Finance and Taxation recommends to Council Finance options for 2016/2017 Capital Equipment and Projects. Informed not to bid or award projects until Bond sale is finalized.
- August 2nd, 2016 Council resolution approving issuance of Bonds for funding of 2016/2017 Capital Equipment and Projects.
- August 31st, 2016 Design Work 40% complete (survey work, structural review, initial plan work).

Sept. 30 th , 2016	Design Work 90% complete (Final structural removal plans and contract specifications).
Sept. 25, 2016	Bond sale is completed.
Sept 29 th , 2016	Email discussion with Mayor in regards to a desire to hold off on the project until 2017 in order to reap potential benefits from repeal of prevailing wage rate requirements. Will review bids when submitted, and possibly rebid in January if substantially higher than estimate. Savings is considered to be negligible due to size of project and limited sub contractors.
Oct. 6 th , 2016	Plan and Specification review with consultant.
Oct. 14 th , 2016	Plans and Specification are advertised with the Monroe Times and posted on Quest plan holding.