

**CITY OF MENASHA
Redevelopment Authority
100 Main Street-Room 207
September 25, 2017
MINUTES**

A. CALL TO ORDER

The meeting was called to order at 5:06 pm by Chairmen Kim Vanderhyden.

B. ROLL CALL/EXCUSED ABSENCES

REDEVELOPMENT AUTHORITY MEMBERS PRESENT: Kim Vanderhyden, Ald. Rebecca Nichols, Linda Kennedy, Gail Propp, and Bob Stevens.

REDEVELOPMENT AUTHORITY MEMBERS EXCUSED: Kip Golden and Matt Vanderlinden

OTHERS PRESENT: CDD Buck, PP Schroeder, ASD Jacobs, Mayor Merkes, Alderman Sevenich, Alderman Taylor, Alderman Zelinski, Alderman Grade, and Tom Fisk (Newmark Grubb Pfefferle)

C. MINUTES TO APPROVE

1. Minutes of the August 31, 2017 Redevelopment Authority Meeting

Motion to approve the August 31, 2017 Redevelopment Authority meeting minutes as presented made by Gail Propp, seconded by Kim Vanderhyden. Motion carried.

D. PUBLIC COMMENT ON ANY ITEM OF CONCERN ON THIS AGENDA

Alderman Sevenich explained to the Redevelopment Authority the reasoning behind his no vote on the RDA's August 31, 2017 recommendation to move forward with the acquisition of the R.R. Donnelley and Sons/LSC Communications property at 460 Ahnaip Street forwarded to the Common Council at their September 5, 2017 meeting. Reasons included: 1) if the State of Wisconsin Department of Transportation wants to move forward with the reconstruction of the Racine Street Bridge, they would be in a better position to and should purchase the property, clean the site and then have discussions with the City to take ownership of the property; 2) the City could have sufficient control over any potential redevelopment of the site through regular zoning regulation and we don't need to acquire it; and 3) taking ownership of this property is a major risk that does not need to fall on the City's shoulders. While the environmental study was more positive than anticipated there are still a lot of unknowns. The City does not have unlimited funds and using them to purchasing this property could jeopardize potential alternative future projects.

Alderman Taylor thanked the committee members for volunteering their time to sit on the RDA. He explained that he had recently toured the facility and found the building to be a great potential for redevelopment. He expressed his opinion that redevelopment could take place on the western end of the building as the State Department of Transportation would only need to remove the eastern building and that there was potential for it to be used for upper end loft style housing, which is what a lot of people are looking for. He encouraged

the City to look at potential developers that have done this type of redevelopment. Lastly, Alderman Taylor stated that he also voted no because he feels that if the State wants a new bridge, they should purchase the property.

E. ACTION ITEMS

1. Lake Park Square Listing Agreement with Newmark Grubb Pfefferle

PP Schroeder gave a brief explanation of a draft listing agreement with Newmark Grubb Pfefferle noting highlights such as a reasonable 6% commission rate and that there was no suggested changes in the existing asking prices. Similar to the agreement made with Community First Credit Union with Lots 7, 8, and 9 in Lake Park Square, staff also suggested "Addendum B" be added that would restrict the permitted uses by-right for these properties and give the RDA an opportunity to review uses that may not be compatible with existing and anticipated surrounding uses. Lastly, PP Schroeder introduced Tom Fisk, one of the two joint listing agents with Newmark Grubb Pfefferle.

The RDA members asked Mr. Fisk a multitude of questions to try and find out what Newmark Grubb Pfefferle will provide, how the properties will be marketed, how the company has changed over the years, what the current market is like, and how he fits in with the listings. Mr. Fisk explained that Newmark is growing company that continues to expand and learn as the commercial real estate market changes. He is a joint listing agent with Elizabeth Ringgold. They work together on many projects to ensure better customer service and availability. As noted on the listing agreement, there is a wide variety of marketing tools used including on-site signage, internet marketing, direct mailings, and postings on national networks such as *Loopnet*, *InWisconsin*, *Xcelligent* and *CoStar*. As for the market, Mr. Fisk stated that while construction cost are high, the supply of vacant commercial buildings has gone down which has the effect that more people are looking at construction and vacant lots such as the listings here.

Bob Stevens arrived at 5:28 PM

Motion to approve the listing agreement for a one year contract with Newmark Grubb Pfefferle with the addition of Addendum B limiting the allowable land uses by-right within Lake Park Square was made by Ald. Rebecca Nichols, seconded by Gail Propp. Motion carried unanimously.

2. Real Estate Purchase – 460 Ahnaip Street (RR Donnelley/LSC Communications)

CDD Buck gave a brief background of the Real Estate Purchase and Sales Agreement for the property located at 460 Ahnaip Street, in addition to the environmental assessment, and where we are today with the potential real estate purchase. As explained at the RDA meeting on August 31, 2017, per the agreement RR Donnelley supplied the City with a Phase I Environmental review as well as a Limited Site Investigation (LSI) report done by Terracon on August 14, 2017. This environmental review or Limited Site Investigation (LSI) report described the work/testing that had taken place, results of said testing, provided a proposed site investigation work plan, which included preparation of a site investigation/remediation action plan exclusively for vacant industrial use of the property. Per the Purchase and Sales Agreement (PSA) the RDA and the City were allotted 30 days to review and determine how they would like to proceed with the purchase of the Ahnaip Street property. Over that next 30 days the City forwarded the LSI report to our consultants Omni Associates, received a summary of the

report, brought an action item to the RDA on August 31, 2017 and an action item to the Common Council on September 4, 2017.

At the August 31st RDA meeting, a motion was approved to move forward with the acquisition of the RR Donnelley and Sons property at 460 Ahnaip Street with the following conditions:

1. The site investigation work plan proposed by Terracon, environmental consultant for RR Donnelley and Sons, must not be limited to only industrial future uses.
2. Wisconsin Department of Natural Resources approval/acceptance of an environmental remediation plan resulting from further site investigation.

The City Common Council, at their September 4, 2017 meeting approved the RDA motion to move forward with the property acquisition with the listed conditions. It was a heavily discussed item that ultimately ended in a 4 to 4 vote with the Mayor ultimately breaking the tie in favor of moving forward with the property acquisition,.

For multiple reasons following the motion to approve, RR Donnelley and Sons/LSC Communications did not accept the conditions placed on the purchase/sale. City staff feels that because there are different remediation standards moving a contaminated site forward depending on the future use of residential, commercial or mixed-use versus industrial, it would to a large degree be pointless testing as proposed. Furthermore, any testing and remediation plan that could be drafted without a proposal for site redevelopment would end up being based on a worst case scenario. In addition to being somewhat irrelevant without a specific redevelopment plan, per the Purchase and Sales Agreement, parent 6(d) on page 5, the City would be required to fully perform the activities required in the Limited Site Investigation (LSI) report regardless of the Limited Government Unit (LGU) exemption status afforded the City. At this time, staff is recommending moving forward with the Real Estate Purchase and Sales Agreement with the condition that the requirements of Section 6(d) be removed from the PSA.

CDD Buck further touched on the public comments regarding the risk of taking ownership of the property and that the State should be the ones purchasing the property, consuming the risk and clean up. CDD Buck explained that he has had conversations with the Wisconsin Department of Transportation Racine Street Bridge Project Manager Bill Bertrand. He informed staff that the Wisconsin DOT would neither have to nor necessarily want to take ownership of this property. In similar circumstances, the DOT has been able to acquire temporary limited easement(s) allowing them to remove the entire or a portion of the affected structure while leaving underlying land ownership with the original property owner.

The members of the RDA discussed a wide range of options and the pros and cons of each. Ultimately, if the City/RDA does not take ownership of the property and the State does not take ownership of this property, RR Donnelley and Sons/LSC Communications could likely sell the industrial zoned property to potentially be reused for not the highest and best use such as an industrial type business including but not limited to warehousing. The City's cost to acquire the property at a later date could therefore greatly increase and may not end up being feasible. The RDA agreed that while there are risks in acquiring the property, it is a risk worth taking to ensure Menasha continues on the path of revitalization, to support the desirability and redevelopment Gilbert site, to protect the residential character of the neighborhood, to protect and control the future

use of the waterfront and allow the shoreline to be available for potential public use such as trails/Riverwalk.

Kim Vanderhyden motioned to recommend that the Redevelopment Authority move forward with the acquisition of the property located at 460 Ahnaip Street with the condition that Section 6(d) noted on page 5 of the Real Estate Purchase and Sale Agreement between R.R. Donnelly & Sons Company and the Redevelopment Authority of the City of Menasha be removed. Motion was seconded by Linda Kennedy. Motion carried unanimously.

F. Discussion

No Discussion.

G. Adjournment

Kim Vanderhyden motioned to adjourn the meeting at 6:11 pm. Motion was seconded by Ald. Rebecca Nichols. Motion carried unanimously.

Minutes respectfully submitted by PP Schroeder.