

23-0006 Request to amend the Development Agreement (Phase II) with Merge LLC

Community & Economic Development Committee

Wed, Jan 11, 2023 4:30PM

Aldersperson Kristin Alfheim (District 11) 00:49

Moving on to number five our action items. 23-0006 request to amend the development agreement Phase two with merge LLC extending the purchase date from February 16, 2023 to September 29 2023 for a mixed-use development located on the southeast corner of West Washington and North Appleton Street. In the tax increment financing district number 11. Director Ho—

Aldersperson Nate Wolff (District 12) 01:14

Motion to approve.

Aldersperson Israel Del Toro (District 4) 01:17

Second

Aldersperson Kristin Alfheim (District 11) 01:17

And we have a second. Director?

Director Kara Homan (Community And Economic Development) 01:19

Right. So, this matter before you has to do with changing the timing of required closing date for land transaction. Matt Rehbein our economic development specialist has been the lead on this matter. So, I'm gonna turn it over to him if that's the will of the chair to give the committee....

Aldersperson Kristin Alfheim (District 11) 01:36

Absolutely.

Matt Rehbein (Economic Development Specialist) 01:38

Thank you. So, you may remember, we were just talking about Merge Urban development back in October at this committee and then in November as Council you approved an amendment to their Phase One development agreement. That was due to some changes in the interest rate environment, supply chain, and also labor shortages. So, this is their Phase Two project. Their idea was that they would complete phase one, and roll right into phase two, which is at the Blue ramp site right behind us. They still would like to do that. That's still the plan.

Matt Rehbein (Economic Development Specialist) 02:12

We have a development agreement that we had signed with them back in January of 2022. And because of the delays on phase one, they would like to push back the closing date to purchase the blue ramp site. The contract that we have now or the development agreement that we have now states that they would close by February 16 of this year. And they would like to push that back to September 31 so they can follow that same model as far as deploying their resources. And roll right into that phase two project upon completion of phase one. Really doesn't impact anything else in terms of the development agreement as far as what we're committing to or the benchmarks that they have to hit to receive payment in TIF support.

Matt Rehbein (Economic Development Specialist) 03:01

Question? Alder Hartzheim?

Aldersperson Sheri Hartzheim (District 13) 03:11

Thank you, chair. In general, I understand and have no problem with this agreement. But I'm wondering what (because I'm not familiar with how this works), but what is what is the value of the delay to the City of Appleton? Like do we—are there? Are we in need of those funds to do something else? How does that whole fund transaction being passed from February to September affect the city?

Matt Rehbein (Economic Development Specialist) 03:35

So, in terms of the TIF, we only pay out on the TIF upon creation of the increment. So, it's not going to cost us anything different because they still have to hit those benchmarks. As far as the purchase price on the land that would still hit within the 2023 budget. And so, whether it's in February or September, it's still within the calendar year.

Aldersperson Sheri Hartzheim (District 13) 04:10

Apologize. So, we're not bridging a budget so there's not any kind of issue in that regard.

Matt Rehbein (Economic Development Specialist) 04:15

Without the finance director here, I can't tell you definitively, but I, to my understanding that money has not been programmed to be spent this month.

Aldersperson Sheri Hartzheim (District 13) 04:23

Excellent. That's all I needed. Thank you.

Aldersperson Kristin Alfheim (District 11) 04:25

Excellent. Alder Thao.

Aldersperson Kristin Alfheim (District 11) 04:28

Thank you, Chair. I think my questions is related, similar to Alder Hartzheim. I wanted to ask if we delay or move this to September, is there a timeline that we are on or there's no timeline on our part—the city part?

Matt Rehbein (Economic Development Specialist) 04:51

So, our timeline kicks in based upon their creation of increments or tax increment. And so, they still are being held to the same timelines as far as their tax increment, which we—the assessed value is looked at on January 1 of any given year. And so, this timeline should not affect the timeframe for completion of their project, because we had still built in a lease up period in there. And so, from that standpoint, it shouldn't affect anything.

Aldersperson Maiyoua Thao (District 7) 05:21

Thank you.

Aldersperson Kristin Alfheim (District 11) 05:23

Any further questions? Hearing none, let's go to a vote. All those in favor of approval signify by saying aye. Aye. That passes unanimously. Thank you.