

FINANCE/PURCHASING & BUILDING COMMITTEE
January 31, 2023

A meeting of the Finance/Purchasing & Building Committee was called to order at 4:00 pm by Chairperson Bacon in the Council Chambers, City Hall. Roll call: Alderpersons Bacon, Wiederanders and Williams were present. Also present: Mayor Ward, Alderperson Statz, City Administrator Van Lieshout, City Treasurer/Finance Director Clarizio, Municipal Services Director Barker, Police Chief Henry, Planning/Zoning Administrator Servia, Community Development Director Olejniczak, and Office Accounting Assistant II Metzger.

A motion was made by Alderperson Williams, seconded by Alderperson Wiederanders to adopt the following amended agenda:

1. Roll call.
2. Adoption of agenda.
3. Public comment on agenda items and other issues related to finance & purchasing.
4. Consideration of: Award of Bid for updating the City of Sturgeon Bay's Aquatic Plant Management Plan.
5. Consideration of: Development Agreement and Incentives for Cobblestone Hotel Project.
6. Consideration of: Memorandum of Understanding-Howard Immel Inc. -Industrial flex Building.
7. Consideration of: Purchase of Property from Steve and Lori Ehlers (part of parcel # 281-62-15000116)
8. Convene in closed session in accordance with the following exemptions:

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

- a. Consideration of: Purchase of Property from Steve and Lori Ehlers (part of parcel # 281-62-15000116)
- b. Consideration of: Development Agreement and Incentives for Cobblestone Hotel Project.

Move to reconvene in open session to take formal action upon preceding subject of closed session, if appropriate; or to conduct discussion or give further consideration where the subject is not appropriate for closed session consideration. The Committee may adjourn in closed session.

9. Review bills.
10. Adjourn.

Carried.

The following spoke during public comment on agenda items and other issues related to finance & purchasing: Chris Kellems, 120 Alabama.

Consideration of: Award of Bid for updating the City of Sturgeon Bay's Aquatic Plant Management Plan.

Municipal Services Director Barker presented the bid for updating the aquatic plant management plan. The 2023 capital budget allocated \$40,000 for updating the plan. One bid was received from Onterra, LLC in the amount of \$33,790.

Moved by Alderperson Williams, seconded by Alderperson Wiederanders to recommend to Common Council to approve the bid from Onterra, LLC for updating the aquatic plant management plan as outlined

in the RFP in an amount not to exceed \$33,790. Carried.

Consideration of: Development Agreement and Incentives for Cobblestone Hotel Project:

Community Development Director Olejniczak explained that for some time Cobblestone Hotel has been looking at the possibility of building a hotel in the City. The City contracted with a consultant to perform a hotel market feasibility study which returned positive results. Seven sites were recommended, the site at the corner of 12th Ave and Egg Harbor Rd, in TID 6, was considered to be the most suited for the development. The owners of the site are interested in partnering with Cobblestone Hotels. Mr. Olejniczak stated upon discussions with City staff, Robert W Baird and Cobblestone, they have agreed to \$1.2 million total TIF assistance. \$600,000 of incentive would be paid after construction and occupancy. The remaining \$600,000 would be paid in annual installments of \$50,000 over 12 years. Cobblestone will guarantee an assessed value of at least \$6 million, which insures enough increment coming back to cover the City's investment and it would provide some excess increment that the City could use for other development needed in the TIF district such as addressing stormwater concerns.

Anna Jakubek of Cobblestone Hotels stated they approached the City in 2017 about building a hotel. They currently have 165 open properties, 11 currently under construction in 29 states. They specialize in building upper midscale hotels. Cobblestone is proposing a 62- room, 4 story hotel that will feature local historical artwork in the rooms and guest areas.

Consideration of: Memorandum of Understanding-Howard Immel Inc. -Industrial flex Building:

City Administrator Van Lieshout stated the City will be closing TID 1 soon which is largely the Industrial Park. The Industrial Park has experienced large amounts of growth and most of the land had been developed for manufacturing uses. A few years ago, the City purchased the Zak property for future expansion needs. DCEDC brought Immel Construction to the City with an interest in put up a specular flexible manufacturing building. The City and Immel are requesting to enter into a MOU to collaborate on the potential project.

Howard Immel, Inc representative Carol Karls explained they are interested in building a 50,000sq ft industrial flex building. It is speculative as we don't know what exactly is going into the space but it will be constructed with flexibility and with the ability to expand by another 50,000sq ft. At this stage there are a lot of steps yet to get to a workable project.

Aldersperson Bacon questioned the difference between the current incubator and this project. DCEDC Executive Director Michelle Lawrie explained the incubator, incubates companies at a low rate for 5 years then they grow out of the spacing allowing new companies to come in. However, there has been lack of space for the businesses to grow and move out. This building would help some of the businesses to grow and have the space to do so. It will be market rates and will not act as an incubator.

City Administrator Van Lieshout commented that DCEDC will not own the industrial flex space they are supporting the project.

Community Development Director Olejniczak added that some infrastructure will be needed, with TID 1 soon to close the option is available to create another TID.

Moved by Aldersperson Williams, seconded by Aldersperson Wiederanders to recommend to Common Council approve the memorandum of understanding between Howard Immel, Inc. and the City of Sturgeon Bay for industrial flex building as presented. Carried.

Consideration of: Purchase of Property from Steve and Lori Ehlers (part of parcel #281-62-15000116):

Community Development Director Olejniczak stated Ehlers Insurance located on 12th Ave sits on a large site of which a portion of the site is vacant. The City has flooding and stormwater issues in the little creek

basin and to address the issue the City needs land to contain the water before it reaches the Georgia Street and 14th Ave intersection. The Ehlers land if acquired would be used to construct a detention pond. The land is in TID 6 and the project is included in the project plan. The Ehlers are willing to have the City subdivide the property and sell approximately 74,000 sq. ft to the City. They prefer the City makes the initial financial offer.

After Alderperson Bacon announced the statutory basis, it was moved by Alderperson Williams, seconded by Alderperson Wiederanders to convene in closed session. Roll call: Alderpersons Bacon, Wiederanders and Williams voted aye. Carried. The meeting moved into closed session at 4:36 pm. The meeting reconvened at 5:01pm.

Moved by Alderperson Wiederanders, seconded by Alderperson Williams to recommend to Common Council to approve the development agreement with Cobblestone Hotels subject to City Attorney review. Carried.

Review bills

Moved by Alderperson Wiederanders, seconded by Alderperson Williams to approve the bills as presented and forward to the Common Council for payment. Carried.

Moved by Alderperson Williams, seconded by Alderperson Wiederanders to adjourn. Carried. The meeting 5:05pm.

Respectfully submitted,

Tricia Metzger