

Sheboygan Municipal Armory Redevelopment

Bernard Rammer, Purchasing Agent
Roberta Filicky-Peneski, Citizen Member Armory Review
Task Group

Armory Background

- 2005- City closes Armory to public events.
- 2010- Spaceport Sheboygan occupies space.
- 2012- Spaceport vacates.
- 2014- City issues Request for Proposals for the adaptive reuse of Armory.
 - A nation-wide search for a developer to repurpose the Armory – Over 1,000 contacts made with the RFP.
 - Two proposals are submitted.
 - SEAS proposes demolition of the Armory, development of apartments and corporate headquarters site.
 - Oshkosh developer proposes market rate housing.

Armory Background continued

- 2014 - Common Council agrees with working with SEAS to redevelop the site.
 - Armory is prepared for demolition: all interior furnishings are sold, lead and asbestos testing is completed.
 - Historic Preservation Commission enacts 90-day hold to find other interested parties to redevelop the building.
 - City shows property to two interested parties, who ultimately say the cost is too much to rehabilitate.
 - SEAS withdraws application because they purchase property near the 8th Street Bridge.
 - Oshkosh developer is no longer interested.

Armory Background continued

- 2016 – Milwaukee Bucks D-League proposal to house the team in the Armory prepared.
- 2016- 2017 – little to no interest happens during this time and building continues to aggressively deteriorate.
- 2017 - May, Common Council authorizes Purchasing Agent to seek demolition bids and issue Request for Proposals for the redevelopment of the site.
- 2017 – September, Common Council awards demolition bid to Vinton Construction for \$355,573.78.
- 2017 November, Historic Preservation Commission imposes the 2nd 90 day hold on demolition.

Results of Request for Proposal (RFP)

- January 3, 2018, deadline for submitting proposals.
 - Six proposals received of which four proposals to redevelop site and two proposals to re-purpose current building.
- Consistent with the RFP, a review task group was created:
 - Michael Vandersteen, Mayor
 - Darrell Hofland, City Administrator
 - Nancy Buss, Director of Finance
 - David Biebel, Director of Public Works
 - Chad Pelishek, Director of Planning
 - Bernard Rammer, Purchasing Agent
 - G. Pauly, Citizen
 - Roberta Filicky- Peneski, Citizen

Review Process

- Each task group member was provided with copies of the proposals and 6 score sheets with council approved RFP-criteria.
- Each person completed a review sheet for each proposal.
- Matrix of the points was prepared.
- The first group meeting was held to review individual strengths and weaknesses of the proposal.
- A second group meeting was held to further review the top two projects.

RFP review criteria

- RFP specific Council- approved criteria:
 - Proposal includes a use or variety of uses which complements Downtown Sheboygan.
 - Proposal maximizes taxable value to the city.
 - Proposal offers a reasonable purchase price/lease rate to the city.
 - Proposer offers financial strength and can implement/construct quickly.
 - High-quality design personnel and contractors are available to complete the project.

TDK Group, Inc.



Project: Renovation of current armory building to be used for concerts, entertainment and meeting space.



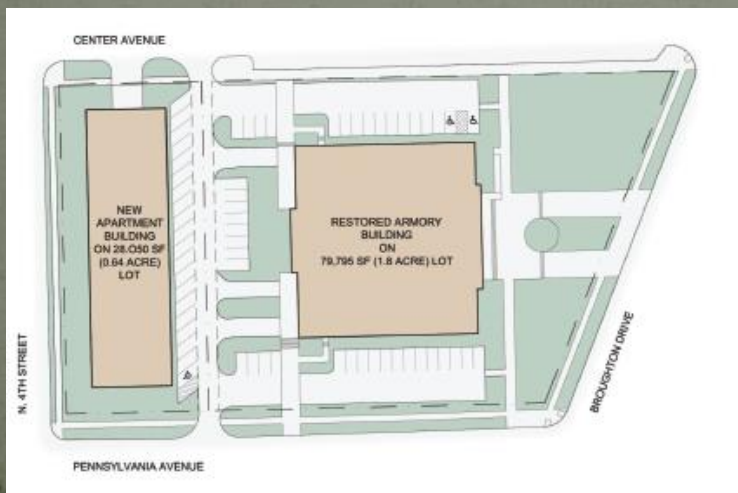
TDK Group, LLC

- Strengths:
 - Provides a variety of uses.
 - Would be privately owned and pay property taxes (amount unknown)
- Weaknesses:
 - Proposer would purchase building for \$10 and require unknown amount of TID funded incentives.
 - Lack of data about anticipated assessed property value.
 - Very limited information on renovation costs.
 - No financial projection on construction and operation provided.
 - No facility redevelopment or facility operating experience.

Armory Community Project



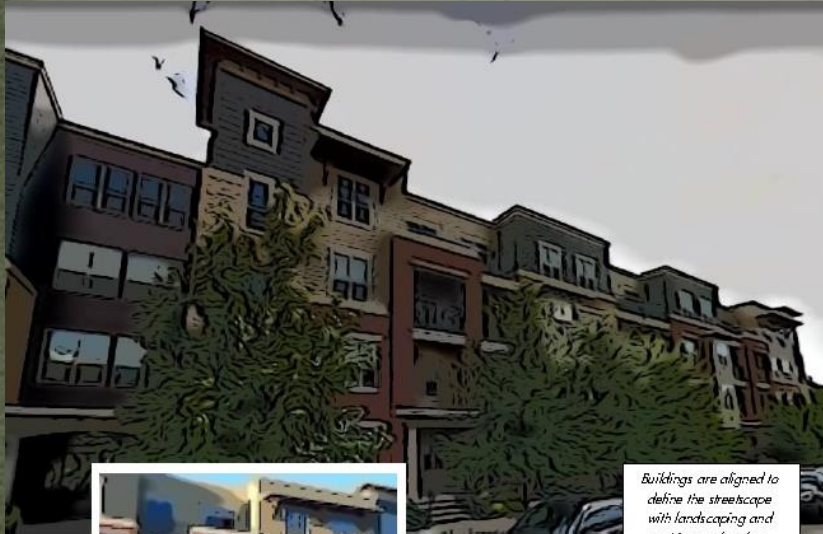
Project: Renovation of the current building into a state of the art community center and 40 new multi-family housing units.



Armory Community Project

- Strengths:
 - Provides a variety of uses.
 - Separate housing component of 40 market rate apartments with estimated value of \$6.6 million (\$55,000 in taxes to the city).
 - Will to deed property back to City on 12/31/2018 if funding is not acquired.
- Weaknesses:
 - Property purchased for \$1; Requires city funding allocated for demolition to be put in escrow account.
 - No funding in place (budget is \$7.7M)
 - To be owned by a yet to-be-created not-for-profit entity.
 - Since not for profit is new, no facility redevelopment or facility operating experience exists.
 - No evidence current market/demand can support the proposed type of entertainment use.

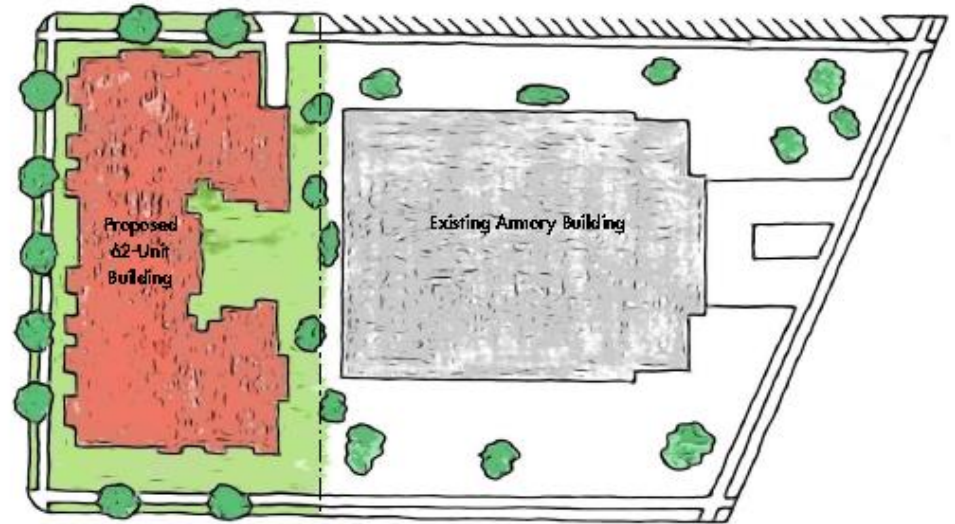
True Vine Development



Buildings are aligned to define the streetscape with landscaping and architectural scale to encourage pedestrian walkability

Proposal provides for 155 market rate apartments in two phases.

Phase 1



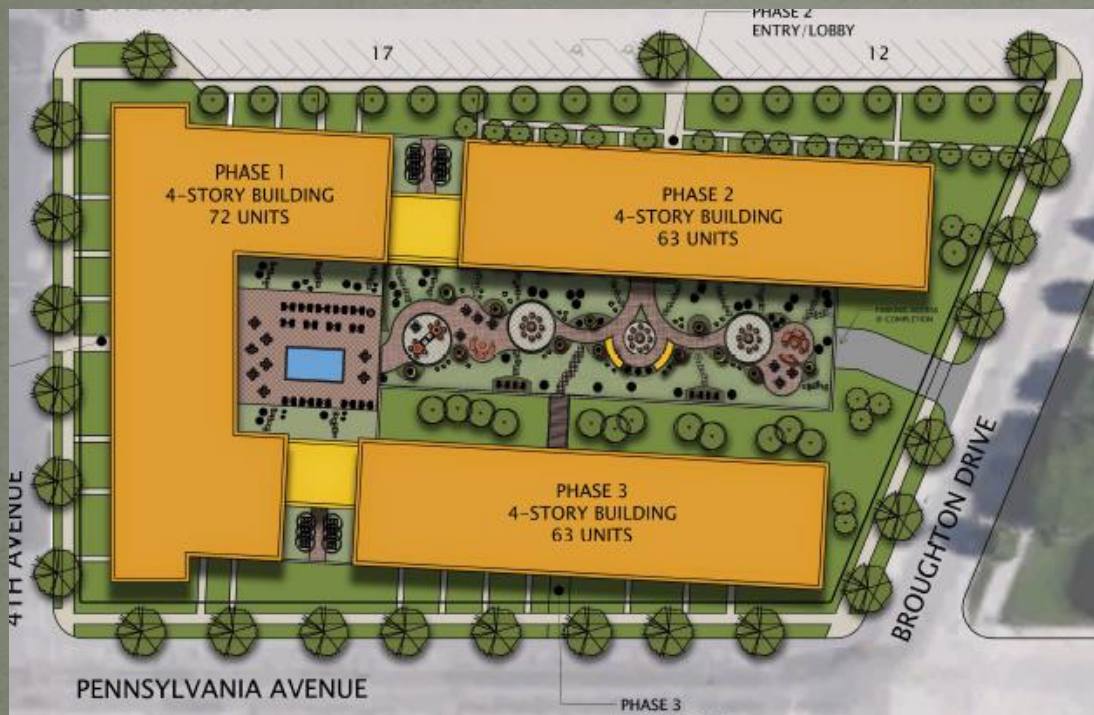
Phase 2 (Full Buildout)



True Vine Development

- Strengths:
 - Estimated property assessed value of \$35.5 million (\$300,000 in taxes to city).
 - Proposal proposes a quality design.
- Weaknesses:
 - Proposer would purchase property for \$1 and requires TID funding of \$3.1 million.
 - Two phases, phase 1 in 2019 and phase 2 in 2020.
 - Delay in demolition of armory coincides with phase 2.
 - Review group was concerned with two phased approach and whether second phasing would be completed.

T. Wall Enterprises

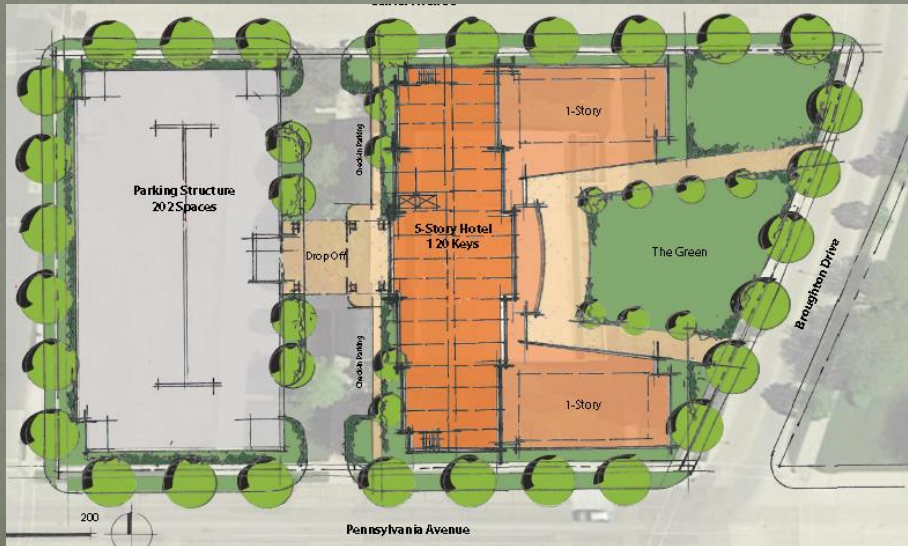


Project:
198 units of
market rate
apartments.

T. Wall Enterprises

- Strengths:
 - Estimated property assessed value of \$31.8 million (\$269,000 in taxes to city).
 - Proposed use complements Downtown Sheboygan.
- Weaknesses:
 - Purchase property for \$1 and require all of the increment from the project- totaling \$11 million.
 - Project would be constructed in three phases.
 - No renderings provided to determine design of the project.

Catellus Group



Project:

Proposal provides for \$18.6 million, 125 room lakefront hotel and conference center.

Catellus Group

- Strengths
 - The project would be completed in one phase.
 - Proposer would cover costs of the parking structure.
 - Pro-forma includes the cost of the demolition. (savings of \$355,000)
 - \$18.6 million of assessed value. (\$157,000 in taxes to city)
- Weaknesses:
 - Purchase property for \$100.
 - May require TID funding, amount unknown.
 - Not sure of the vitality of the project with up to three new hotels entering the market.
 - Unknown whether the hotel is a franchised hotel or an independently owned hotel.

Need for additional apartment units

Job Openings over \$50,000/year:	280+
Average Household County Income:	\$62,255
Average Household Net Worth:	\$414,204
Unemployment Rate:	2.9%
County Population:	115,569

Scott Crawford, Inc.



Proposal provides for 122 mixed use housing.

Approximately 48 units of affordable housing

Approximately 74 units of market rate housing including rental townhomes.

Proposal provides for approximately 8,600 square feet of first floor commercial space.

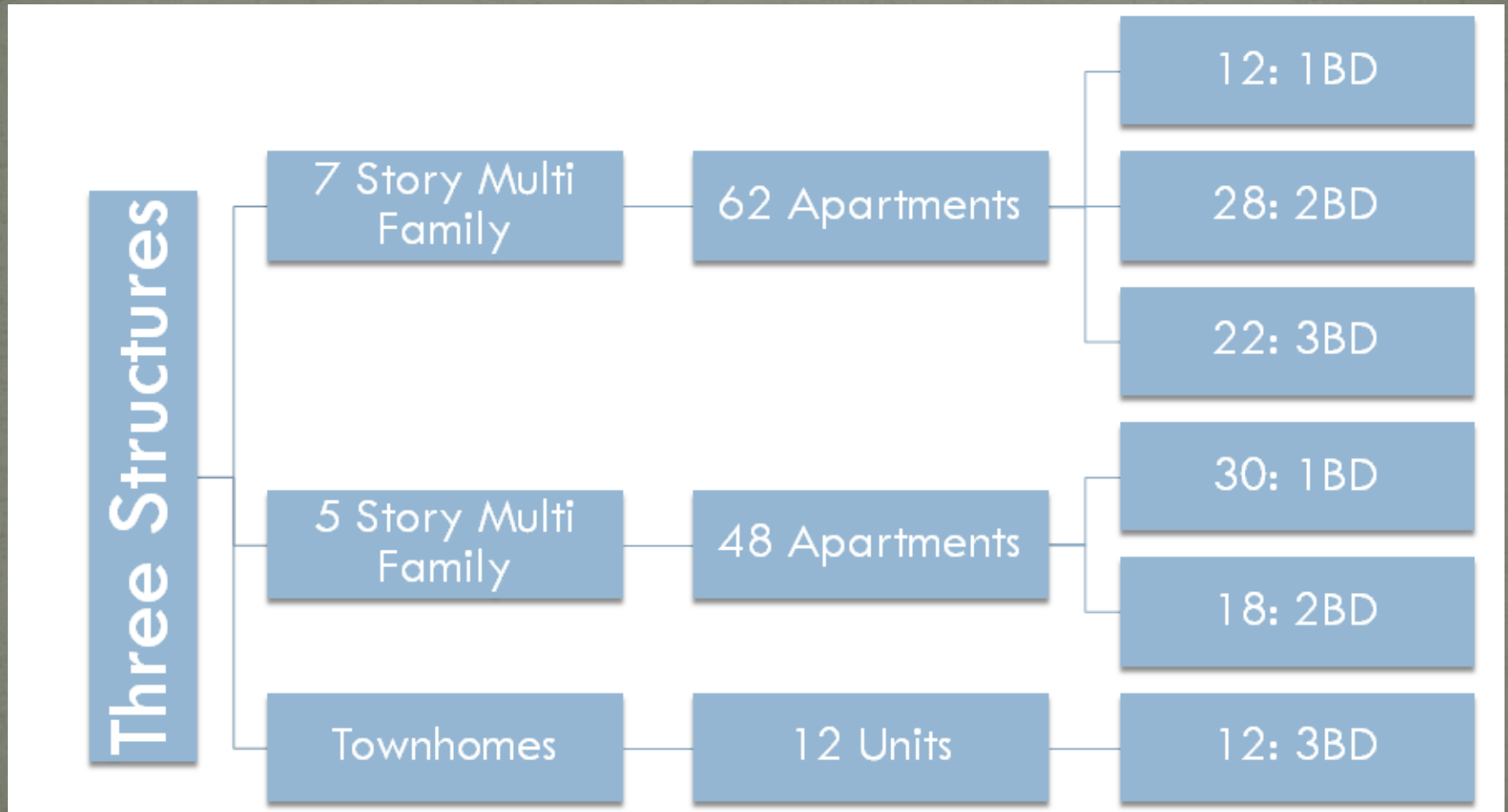
Scott Crawford, Inc.

- Strengths:
 - Purchase property for \$500,000.
 - \$26 million assessed value to be constructed in one phase (\$220,000 in taxes to city).
 - Substantial developer equity in pro-forma of approximately \$7.2 million.
 - Financial commitment for mortgage amount provided.
 - Project start construction in fall 2018 and be completed in spring 2020.
- Weaknesses:
 - Requires approximately \$4 million in TID incentives (not upfront, but tax rebate)

Market Analysis by Scott Crawford, Inc.

- According to an article in the Sheboygan Press the vacancy rate of Sheboygan has been as low as 0.4% which is below the statewide average of 3.96% and that national average of 4.2%.
- 57% of survey respondents earned over \$50,000 yearly in salary. 10% of those residents made over \$150,000 per year.
- 82% of respondents wanted 2 or 3 bedrooms in a downtown development.

Market Analysis by Scott Crawford, Inc.



Scott Crawford, Inc. recommendation, why?

- Proposes mixed use development with both affordable and market rate units with rents between \$715 and \$850 for the affordable units.
- Proposes first floor commercial space for retail, entertainment and/or restaurant/lounge.
- Strong financial plan in place.
- Strong management team (with on-site manager).
- Will be completed in one phase.
- Substantial developer equity.
- Developer has done research on need for additional units.
- Timing is right and market is stable.