

VILLAGE OF FONTANA ON GENEVA LAKE  
WALWORTH COUNTY, WISCONSIN

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**REGULAR MEETING of the COMMUNITY DEVELOPMENT AUTHORITY  
Including Joint Session w/ Village Board | RE: STS Presentation**

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**(OFFICIAL MINUTES)**

**Wednesday, December 05, 2007 @ 5:00 PM**

Chairman Turner called the regular monthly meeting of the CDA Board to order at 5:02 pm in the Village Hall, 175 Valley View Drive, Fontana, Wisconsin.

President Pollitt called the Village Board to order at 5:03 pm.

**Commissioners present:** Roll call vote: Chairman Turner, Fisk, Hibbard, Petersen, Chanson & Wilson.

**Commissioners absent:** Commissioner Bliss.

**Board Members present:** Roll call vote: President Pollitt, Kenny, Petersen, Spadoni, O'Connell & Turner.

**Board Members absent:** Trustee Youngquist.

**Also present:** Kevin Kirkland (Lake Geneva Marine), Cary Kerger (Managing Partner - Abbey Provident Hotel Venture, LLC), David Lindelow (General Manager - Abbey Resort), Allen Anderson (Abbey Resort), Terry Tavera (Ruekert Mielke – Arrived @ 5:14 pm), Terry Guen (Terry Guen Design Associates), Leo Linnemanstons (STS Consultants), Matt Emrick (STS Consultants), Village Administrator Kelly Hayden, Department of Public Works Director Craig Workman, Village Treasurer Peg Pollitt (Arrived @ 6:03 pm), Village Librarian Nancy Krei, Village Building Inspector Ron Nyman & CDA Executive Director Joseph A. McHugh.

**JOINT PRESENTATION – Village Board & CDA (Started @ 5:05 pm)**

**STS Consultants** | Redevelopment Feasibility Study for Former Village Dump Site

Leo Linnemanstons of STS Consultants introduced himself and Mr. Matt Emrick and started the presentation. He reviewed the purpose of the report previously delivered, as well as the current presentation, as to be a look at the possible development of the former landfill site as either open parkland or the development of buildings and structures. He noted that the approved plan for the Duck Pond property showed the area under review as planned for passive parkland. Mr. Linnemanstons reported that the size of the landfill was approximately 6 to 8 acres based on the previous phase-one and geotechnical investigations (performed by Liesch). He reminded the group that the former Village Garage, located directly east of the site, was a closed LUST site and was down gradient from the former landfill. He considered that fact significant, since when the ground water data was reviewed from the historical closure, the first round of sampling had been a full VOC scan. The results of the scan completed in 1983 (Circa) indicated that no VOC's were present. This was considered significant because VOC's are indicators of groundwater impacts from a former landfill. Mr. Linnemanstons stated that it was fairly obvious from the topography of the site that the breaks in the slopes coincided with the location of the fill material. The fill material is known to be mature, which is evidenced by the presence of mature trees on the site. For the purposes of the study, STS Consultants reviewed the previous geotechnical study and assessed the landfill cover to confirm the extent of the cover over the fill material. STS further evaluated whether the waste material was generating any gas. At this point in the presentation, Mr. Linnemanstons presented a slide showing the distribution of investigative points. Black, green and red symbols noted the various forms of

investigation. Black being evaluation of cover thickness; green circles noting geotechnical borings down to native fill which were also instrumented with gas monitoring probes to check for landfill gas; and red highlighted areas noting where the presence of petroleum odors had been noted. The previous geotechnical investigation by Liesch indicated that the depth of the fill ranged from 7 ½ to 15 feet. Based on STS's soil borings, the landfill cover ranges from non-existent to 7 ½ feet thick. He stated that the current cover did not provide an adequate direct contact barrier. With respect to landfill gas, only two probes out of the five placed on the site showed any sign of methane. The two that did register showed no more than a tenth of a percent. The regulatory limit is 1.25%. As such, Mr. Linnemanstons stated that it did not appear that the waste was generating an appreciable amount of methane. As regarded the regulatory framework, Mr. Linnemanstons stated that the historical fill site was used before the solid waste regulations were enacted in 1970, although it was listed on the DNR's list of historic fill sites. The regulations prohibit development on-top of a landfill, however, the regulations do allow for a remedial cover to be placed without exemption. If an exemption for development was pursued, the process would require that the waste be characterized. Based on the characterization of the waste, it would be determined if there was a need to address the underlying soil and groundwater quality. Mr. Linnemanstons commented that ground water is about 70 feet deep in the area. If the fill site contained industrial waste, there is an extensive list of compounds that would be looked for in the analysis. Assuming the characterization confirmed that the fill contained just municipal waste, the list of compounds for which testing would be completed would be reduced. Beyond addressing impacts to the environment, a construction exemption would require that threats to human health be addressed, including direct contact, ingestion, and inhalation. The items the DNR would require addressed in an exemption situation include; methane, toxic gases, type and disturbance of the cap, location of utilities, dewatering, general public and worker exposure, supply wells within 1200 feet, and removal of material if necessary. Beyond the environmental issues, Mr. Linnemanstons addressed what types of physical improvements would be needed to the site in order to support either passive parkland or buildings and structures. To address environmental issues, it boils down to capping the site with a direct contact soil cap which protects the public and the environment from the fill materials. The NR500 Clay Cap is an impermeable cap; where the clay is re-compacted in place. It limits infiltration of groundwater through the fill material, which keeps material from leaching into the groundwater.

***Terry Tavera of Ruekert Mielke entered the meeting @ 5:14 pm***

The more extreme option is complete excavation of the entire waste mass and transferring it to a licensed facility. Both alternatives would require that the stormwater be managed. With an impermeable cap, you would need to address the affect of a 7 ½ acre impermeable cover that would catch and direct stormwater runoff. There is a range of costs; with a simple soil cap being the least expensive. The next more expensive option is the impermeable cover. A geo-synthetic cover is the same type of cover as the NR500 cap and is included for pricing comparison. Finally, the most expensive option is the complete removal and disposal of the existing fill. Mr. Linnemanstons considered this an extreme measure, which would only typically be considered if the Village had a high-value development project intended for the site. At this point, Mr. Linnemanstons turned the presentation over to Mr. Matt Emrick to discuss building foundation options.

Mr. Emrick presented four options, with respect to potential construction of buildings and structures on the site. The options applicability to the Village's situation would depend on the type of load anticipated on the site – from very lightly loaded to heavily loaded. The first option entails actually going in and removing the unsuitable fill materials from below the footings and/or the entire building, and replacing it with suitable fill. The next option, a compensated foundation, is a situation where you remove a certain volume of fill and replace that material with a light-weight foam, or something of that nature. The intent is to not increase the total stress or total load on the fill which limits settlement. A third option, a Geo-Pier, would be considered an intermediate foundation. And finally, Drilled Shafts are a foundation system that would be used in the case of heavily loaded structures. In the Village's case, over excavation and replacement may be a simple option that can be

completed by conventional earthwork contractors. Compensated foundations, geo-piers and drilled shafts would require installation by more specialized contractors. Chairman Turner commented that all of the options presented appeared to be quite expensive. Mr. Emrick agreed that they were expensive options when compared to standard foundation construction. He further noted that one of the advantages of a compensated foundation, where unsuitable fill material is removed and replaced with foam block, is that it allows for the construction of a conventional foundation system over the top, which makes it fairly straight-forward. Commissioner Petersen commented that geo-foam had been utilized on the highway improvement project and Mr. Emrick confirmed that it would be the same system. Mr. Emrick went on to describe geo-piers as a proprietary foundation system that basically improves the existing soil in place, which eliminates the need to manage the movement of the material off the site. For geo-piers the process involves drilling hollow pipes into the ground, which are then filled with granular aggregate and then manually vibrated to create an improved soil mass on which the building foundation can be placed. While analyzing the site for its ability to support structures, pavement, whether it was parking lots or walking paths, was also considered. It was his opinion that, from a soils and geotechnical standpoint, pavement could be supported with nominal improvement to the existing soil. At this point, Mr. Linnemanstons reviewed the potential financial assistance that the Village could possibly seek in addressing the former landfill. He reminded the group that because the Village owned the landfill and is considered responsible for its presence, a large portion of the grant programs and financing options would not be available. He did note two options that could be investigated. First, the Greenspace Facilities Grant program could be used to finance development of greenspace, following the capping of the landfill and the necessary remediation. A second program that could be investigated would be the Land Recycling Loan program, which is a mechanism for a zero percent loan with a 20 year term. Mr. Linnemanstons summarized the options and issues presented and restated that greenspace could possibly be developed without the need to get a construction exemption. However, any other type of development was going to require cover improvements, such as a direct contact barrier, assuming that there were no groundwater impacts. Chairman Turner asked if the Village would need to do the water analysis before simply installing a direct contact barrier type cap. Mr. Linnemanstons answered that it may be a possibility, but that it wouldn't be prudent to cap the site without doing the groundwater study. Mr. Linnemanstons commented that from a regulatory framework, the lack of a direct contact barrier should be addressed by at least controlling access to the site. Regarding the preliminary characterization of the waste material, it is known that it is old and has shown some indication of petroleum based on odors. He noted that no analytical samples had been taken up to this point, other than the samples originally taken from the closed LUST site. Chairman Turner requested clarification on the need for groundwater investigation prior to installing a direct contact barrier type clay cap. Mr. Linnemanstons offered that the groundwater investigation would need to be completed in order to determine the type of cap needed. Chairman Turner asked if STS would recommend installing a cap without doing groundwater analysis, and Mr. Linnemanstons said no, and clarified that he did feel that the cap could be installed without having to obtain a landfill construction exemption. In summary, the minimal cost for greenspace would include the cost completing groundwater analysis, plus the cost of the landfill cap itself. Trustee Spadoni referenced the approximately \$1.9 million to completely remove the fill material and transport it offsite. He commented that from a decision making point of view, the true cost of removal would be the incremental difference between complete removal and the lesser amount being proposed to cap the material in place. He asked the engineers if complete removal would be the best option, if budget was not a factor. Mr. Linnemanstons offered that removing it completely would not be the best value for the Village. Chairman Turner offered that the Village may be able to reduce the cost of the landfill cap by utilizing material already existing on the site. He responded to Trustee Spadoni's point, by stating that the most important responsibility the Village had to its residents is to ensure that there was no groundwater contamination. The first alternative, he stated, should be confirming the absence of contamination, capping the site, and developing the passive parkland as proposed in the approve Duck Pond master-plan. The second option, based on conversations he had previously with the engineers, would be to go through the VPLE (Voluntary Party Liability Exemption) program. In that scenario, the Village would work hand-in-hand with the DNR and perform the

groundwater analysis, landfill gas testing, and soil analysis. From there the landfill would be capped and a certificate of liability exemption could be obtained that limited future liability to the Village. Trustee Spadoni commented that the Village should focus on the health and welfare of the citizens; not just the future legal liability. Commissioner Chanson commented that both goals should be strived for, while at the same time being fiscally responsible. Chairman Turner noted that there would still be the risk that the need for further remediation would be identified through further groundwater, gas and soil analysis. To that point, Chairman Turner opined that the Village should want to know if there was contamination. Mr. Linnemanstons reviewed the VPLE process and relayed that it entails partnering with the DNR and going through a step-wise procedure with the DNR reviewing the Villages plans at each step of the way. Once the site was fully investigated, a formal remedial alternatives analysis would be prepared promoting the best option, and the DNR would then review and comment. It is a rigorous process, but when completed the likelihood of any future issues would be minimal and the Village would have zero liability. Chairman Turner asked Mr. Linnemanstons how many successful VPLE applications he had personally administered and Mr. Linnemanstons stated that he had completed one VPLE closure with the DNR. He reviewed that the situation was an industrial client and the process took two years from start to finish. In response to Trustee O'Connell's question on cost, Mr. Linnemanstons estimated that the referenced project cost a total of \$250k in testing and remediation. He did note that it was not a fair comparison to the Village of Fontana's case, in that the site had significant chlorinated contamination from a former industrial use. With respect to the ease of working with the DNR and maneuvering the VPLE process, Mr. Linnemanstons commented that it truly depended on the situation. President Pollitt asked if the DNR took the future plans for the site, such as a desire to develop buildings and structures, into consideration, and Mr. Linnemanstons answered that they did. Commissioner Fisk asked for an approximation of the testing time period, and it was stated that the DNR liked to see quarterly testing over a period of 2 years, especially if impacts were being tracked. If impacts were not being tracked, the Village would typically be required to do two rounds; an initial round to obtain the lab results, and then a confirmatory round. The initial round involved the mobilization of a drill rig on the site, acquisition of samples, and two weeks to get the results from the lab. The results would then be compared to the State of Wisconsin's tabulated standards. The two tiered standards consist of PAL's, or Preventative Action Limits, which may eventually require a PAL exemption, or Enforcement Standards, which require an affirmative action on behalf of the Village. If the initial round of testing was clean, a verification and/or confirmatory round would be completed with a reasonable amount of time between tests; typically three months. In summary, if the initial round of tests was clean, the entire groundwater investigation process could take as little as 6 months. Trustee Pollitt asked why the former monitoring well for the former LUST site couldn't simply be sampled and Mr. Linnemanstons answered that it had been closed. He then reiterated the fact that the first round of testing on the former LUST site incorporated a full VOC scan, which is a laundry list of approximately 30 compounds; including chlorinated solvents, which are the biggest concern when you are investigation former municipal landfills. Because it was a LUST (Leaking Underground Storage Tank) site, the subsequent samples were just for the shortened petroleum list which contains only about 6 compounds. With just the initial test being a full VOC scan, and with the unfortunate situation that the initial reports were no longer available for review, the fact that the site was closed by the DNR with a closure report that did not indicate any VOC's is still a good sign, although not clear-cut evidence. This means that in 1992-93 (Circa) there was apparently not a plume of VOC's emanating down gradient from the landfill. Mr. Linnemanstons noted that the LUST site did get a PAL exemption for lead, but that it was below the "enforcement standard." If the Village did choose to pursue the VPLE certificate, the DNR would likely require waste characterization, as well as soil and groundwater analysis. He added that the DNR could always request more sampling, more testing and/or more sample points. To clarify the plans for the site, Chairman Turner asked the group present if anyone desired to see development of buildings or structures on the site. Executive Director McHugh expanded the question to consider any types of structures requiring foundations, such as parking lot lighting, which may be necessary if the area was proposed for a parking area. Trustee Petersen commented that the CDA may not be able to fund the project if some sort of commercial enterprise was not created that generated property taxes. Chairman Turner responded



that the old Village Garage site, directly east of the former landfill, had always been the site proposed for development. President Pollitt asked if the CDA had ever considered development elsewhere on the 88 plus acres. Chairman Turner stated his thoughts that there was plenty of available land for development and that the former landfill would be best suited for passive greenspace. Chairman Turner asked if STS would recommend pursuing the VPLE, and Mr. Linnemanstons answered that it would be a value judgment the Village would have to make. Commissioner Chanson asked why the Village shouldn't just do the water sampling first and then make a decision from there. Mr. Linnemanstons noted that if any contamination was uncovered, he and his firm would be obligated to report it. Executive Director McHugh recommended initiating a working relationship with the DNR prior to completing any further analysis. He offered that the Village would be in a much better position if contamination was uncovered, if a plan was already in place with the DNR. Trustee Spadoni stated his opinion that the Village should proceed with the groundwater sampling and then decide how to proceed based on the results. Trustee Petersen and Commissioner Chanson agreed. President Pollitt agreed as well and offered that if the initial tests were clean the Village would have been saved the unnecessary expense of pursuing the VPLE. Trustee Spadoni offered that working with the DNR from the beginning may be more prudent. Mr. Linnemanstons agreed. DPW Workman relayed that the Public Works Committee had reviewed the original "draft" of the Redevelopment Feasibility Report at its October meeting, and was recommending that the Village move forward.

Commissioner Petersen/Commissioner Chanson 2<sup>nd</sup> made a MOTION, on behalf of the CDA, to proceed with obtaining proposals for the groundwater testing of the site under review, including the formation of an implementation plan addressing the regulatory framework, and the MOTION carried without negative vote.

Trustee O'Connell/Trustee Turner 2<sup>nd</sup> made a MOTION, on behalf of the Village Board, to proceed with obtaining proposals for the groundwater testing of the site under review, including the formation of an implementation plan addressing the regulatory framework, and the MOTION carried without negative vote.

Trustee Turner/Trustee Petersen 2<sup>nd</sup> made a MOTION to adjourn the Village Board meeting at 5:55 pm, and the MOTION carried without negative vote.

*At 5:55 pm, Chairman Turner called for a 5 minute recess. At this point, Mr. Leo Linnemanstons and Mr. Matt Emrick of STS Consultants left the meeting.*

5 Minute Recess
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*At 6:02 pm, Chairman Turner called CDA meeting back to order.*

#### **Visitors Heard**

Chairman Turner asked if there were any visitors who wished to be heard and no response was received.

#### **Announcements**

Chairman Turner reviewed the announcements listed on the agenda.

#### **Approve Minutes**

Commissioner Fisk/Commissioner Chanson 2<sup>nd</sup> made a MOTION to approve the minutes for meeting held on November 06, 2007 and the MOTION carried without a negative vote.

#### **Approval of Current Payables**

Executive Director McHugh presented the "Claims Payable Report", prepared by Treasurer Pollitt, totaling \$85,871.32. In response to questions from Chairman Turner he noted that the claims had been reviewed and approved by him, the Director of Public Works, and the associated project

engineers where applicable.

Commissioner Petersen/Commissioner Fisk 2nd made a MOTION to approve the Claims Payable report, of \$85,871.32, and the MOTION carried without a negative vote.

**Finance Report – Treasurer Pollitt**

**Update / Review – Full Accounting Statement & TIF Revenue Increment Projections**

Chairman Turner reviewed the Full Accounting Statement and noted that it had been updated by Executive Director McHugh and Treasurer Pollitt to reflected the anticipated impact of the proposed projects included in the 2008 Work Plan, which was to be considered later in the meeting. Chairman Turner reviewed the newly update project numbers for the reconstruction of Kinzie Avenue, as an extension of the STH 67 Improvement Project, as well as the increased projections related to funding the proposed TIF Development Assistance program. Commissioner Fisk asked if Treasurer Pollitt would combine the previous year's expenditure columns to a single historical column to clean up the report.

**2008 Tax Increment Calculations**

Chairman Turner reviewed the TID #1 Tax Increment Worksheet showing the total amount of the increment payment that the Village and the CDA would receive in 2008 - \$793,771.71. Executive Director McHugh noted that the approximately \$30k shortfall caused by the late filing of paperwork by Accurate Assessors was being credited back to the Village on the assessor's contract and would be transferred to the CDA's account by Treasurer Pollitt. Executive Director McHugh reported that the proposal had been recommended by the Finance Committee and was accepted by the assessing firm.

**PRESENTATIONS**

*No additional Presentations were made at this Meeting.*

**TID #1 Infrastructure Projects - Public Works Director Workman**

**Porter Court Plaza**

Chairman Turner reported that the work on Porter Court Plaza had been delayed due to DNR permitting issues. It was unlikely that any work will commence until spring, but the contract specifies substantial completion by the Memorial Day Holiday.

**Wild Duck Road & Pedestrian Path**

Chairman Turner commented that everyone should take a moment to go up and view the project, especially the new pedestrian path. He noted that the landscaping is scheduled for installation in the spring.

**Mann Brothers – Pay Request No. 2 (\$408,867.35)**

Chairman Turner introduced the current Pay Request for the Wild Duck Road project, submitted by Mann Brothers, and recommended by Ruckert Mielke for payment. He noted that the Village Board had approved the Pay Request at their previous meeting, subject to approval by the CDA. Executive Director McHugh alerted the group to the Village's plan to convene a meeting on December 17<sup>th</sup> for the purpose of short-term borrowing in order to cover project expenses until the TID #1 Increment Payment is received on January 15<sup>th</sup>.

Commissioner Petersen/Commissioner Fisk 2nd made a MOTION to approve Pay Request No. 2 for the Wild Duck Road Reconstruction Project, for a total of \$408,867.35, and the MOTION carried without a negative vote.

**General Construction Updates**

*No additional Construction Updates were provided.*

**TID #1 Development Projects**

**Mill Street Plaza (FairWyn, Ltd.) – Update**

Executive Director McHugh informed the group that he had recently been receiving inquiries on the Retail Building in the Mill Street Plaza development. Chairman Turner reiterated the CDA's original intent that the commercial space would be occupied by a food service and/or retail type use. Executive Director McHugh noted that the number of inquiries into the space had increased recently and that the recent purchase of the Citgo gas station was hopefully indicative of interest in the area.

**The Cliffs of Fontana (PAR Development) – Update**

Chairman Turner noted that the development was progressing steadily.

**General Business**

**DNR Recreational Trails Program - Grant Award (Walworth-Fontana Pedestrian Path)**

*This item discussed later in the meeting.*

**Select CDA Representative to Ad-Hoc Pedestrian Connection Committee**

*This item discussed later in the meeting.*

**TID #1 – Financial Assistance Program – Forms & Policies**

Chairman Turner introduced the TIF Financing Application Package prepared by Executive Director McHugh and noted that it had been forwarded to the representatives of the Abbey Provident Hotel Venture, LLC for completion.

*This item acted upon later in the meeting.*

**Abbey Resort & Fontana Spa – TIF Assistance Application**

Chairman Turner presented the proposal submitted by Mr. Cary Kerger, on behalf of the Abbey Provident Hotel Venture, LLC, for the renovation of the Fontana Spa. Executive Director McHugh noted that the group had previously stipulated that applicants requesting TIF assistance must submit documentation that supports a “but for” argument, details of the proposed project, and specific acceptance of the proposed “development agreement,” which requires a financial guarantee for the TIF commitment. He further noted that the applicant had complied with the application requirements, was acknowledging acceptance of the standard agreement, was willing to supply the required financial guarantee, in the form of a letter of credit, and had submitted letters of support from Park National Bank, Hostmark Management and the Getty's Design Group documenting the details of the proposed project, the “but for” requirement, and the financial need for TIF assistance. The applicant has stated that the benefits of the project included increased property tax value through increased occupancies, as well as increased room tax income to the Village. He reported that the total TIF assistance requested was \$500k, which would be spent as detailed in the proposal submitted. The additional \$500k is to be financed with \$350k of owner equity and \$150k of association reserves. In summary, Executive Director McHugh recommended the project for approval, and restated the fact that the Abbey was currently operating at an occupancy which was approximately 20 points below the “competitive set”, which is the occupancy being achieved by comparable properties. He further noted that his research had shown a perceptible decline in resale values of condominium units in the resort hotel. Commissioner Chanson requested clarification of the financial guarantee being offered and Executive Director McHugh explained that the agreement would contain a requirement for an LOC (Letter of Credit) that would guarantee payment to the CDA of the full amount of the TIF assistance, if for any reason the tax increment should not prove sufficient to satisfy the yearly payment and the applicant subsequently failed to cover the shortfall. Commissioner Petersen expressed concern with not being familiar with the bank proposed to back the LOC. Chairman Turner stated that the bank should be found to be acceptable to the CDA. Mr. Cary Kerger explained that the LOC was an irrevocable obligation irrespective of the person that secured the LOC; it was an obligation of the bank directly to the Village and the CDA. He went on to explain that the bank they would most likely be using would be Park National Bank. He offered

that Park National Bank was also the primary mortgage holder on the resort and was a significant lender in the Chicago land area. Commissioner Petersen asked why the bank wouldn't simply loan the money, if they were willing to secure the LOC. Mr. Kerger responded that the properties DCR (Debt Coverage Ratio) was inadequate to secure the additional financing, without being credited for the tax increment. Commissioner Wilson commented that she was in favor of the proposal and was happy to see that the applicant had agreed to comply with the CDA's stipulations. She further commented that she was excited by the prospect of a viable and popular spa operation and believed it would have a positive impact on occupancy and value of the property. Commissioner Chanson requested clarification regarding the property on which the agreement would be based on and Mr. Kerger responded that the Fontana Spa was a separate condominium unit within the resort property. The unit (SABB-5001) is one of 11 total commercial units, and currently maintains an assessed value of \$1.5 million. Commissioner Chanson asked how the unit would be appraised in the future, and Executive Director McHugh explained that it was a statutorily separate process performed independently by the Village's Assessor. He added that the fact that the future assessment of the unit could only be projected with a partial degree of certainty, as a result of unknown variables such as the overall state of the economy, was the impetus for requiring an LOC in case the future increment was not sufficient to cover the payment on the CDA's contribution. With regard to potential excess increment, Executive Director McHugh confirmed that any increment generated in excess of the required payment would remain with the Village. Mr. Kerger added that although the spa was a separate element capable of supporting the additional increment, the additional occupancy which is being projected to occur, as a result of the renovated spa, would serve to increase the values of the over 300 residential hotel units, which in turn would drive increases in tax increment for TID #1. Commissioner Chanson asked what Mr. Kerger's plan was if he was unable to obtain the requested TIF assistance, and Mr. Kerger stated that they would limit the renovation to the \$500k available to complete the project. Commissioner Chanson asked if a scaled-back project wouldn't be just as successful, and Mr. Kerger stated his opinion that a smaller scale renovation would not be sufficient to significantly raise the spa to a level where it would have a discernable impact on occupancy. Commissioner Chanson asked why the amount of TIF assistance had been increased from the \$200k originally anticipated to \$500k. Mr. Kerger explained that the construction estimates, for the project as designed by the Getty's Group, came in higher than expected. He further explained that the original budget for the project totaled \$700k, of which they were requesting \$200k in the form of TIF assistance to add to the \$500k they had available in owner equity and association reserves. Commissioner Petersen referred back to his concerns of properly qualifying the bank being proposed to back the LOC, and Chairman Turner agreed that qualifying the bank as acceptable would need to be part of any approval. Commissioner Hibbard asked if the \$1 million projected cost included everything proposed, and Mr. Kerger referred to the cost estimates, provided by Scott Lowell (Lowell Construction Management), which were included in the application. Chairman Turner disclosed for the group that he was involved in a limited partnership with Mr. Lowell, but that he had no financial interest in Lowell Construction Management. Mr. Kerger noted that Mr. Lowell had provided the cost estimates, but that the final General Contractor for the project had not yet been selected. He added that they had also received an estimate from Scherrer Construction, and that they had worked with Kraemer Construction on past projects as well. Commissioner Hibbard asked what elements, if any, would be cut if the project experienced cost overruns. Mr. Kerger offered that exterior landscaping could be scaled back, and/or postponed to some future date, if costs exceeded the budget. With respect to the exterior elements, Mr. Kerger stated that creating a separate exterior entrance to the spa, in order to better attract day-spa users and residents, was a principal objective of the project. A second exterior objective was to create outdoor areas for the proposed VIP suite and the Spa Conference Room. Other exterior elements, such as the proposed plunge pool, the fireplaces, and the exterior signage, could be phased in over time if budget constraints necessitated. Commissioner Chanson stated that he was in favor of the project, based on the fact that the payback of the TIF assistance was to be guaranteed. With respect to providing TIF assistance to a private entity, Commissioner Chanson asked if the CDA was in fact setting a precedent. Executive Director McHugh answered that the intent of the newly created TIF Assistance Policy was to implement a redevelopment funding program as detailed in the Village's TID #1 Project Plan, approved in 2001.



He offered that the intent of the policy was to encourage economic development in the district, subject to the requirements specified by the CDA; specifically that the proposal was found to be a beneficial project that fully complied with the Village's master plan and design guidelines. Due to the clearly stated requirements, there would be no precedent to approve poor projects simply because the applicant was able to show financial need. Applicants would also need to show, as per State Statute, that the project would not occur at all, or would not occur at such a high level, "but for" the TIF assistance. Commissioner Hibbard maintained that each project would need to be evaluated on an individual basis. Chairman Turner added that it was the CDA's responsibility to consider projects beneficial to the community, as long as the applicant was willing to guarantee the pay-back of the CDA's commitment.

Chairman Turner/Commissioner Chanson 2nd made a MOTION to approve the Spa Renovation project, as presented, and the associated TIF Financial Assistance agreement, subject to final review of the legal terms by the CDA's attorney, Hank Gempeler of Foley and Lardner, financial review of the financing plan by Ehlers & Associates, and review of the financial institution providing the "Letter of Credit", Park National Bank, in order to confirm that it was acceptable, by Ehlers & Associates, and the MOTION carried 5 to 0, with Commissioner Fisk abstaining from the vote.

In discussion following the vote, Chairman Turner reminded the group that the positive financial calculations presented did not even include the added benefit to the village of increased room revenue, which would result if the occupancy was increased as projected. Mr. Cary Kerger thanked the CDA and assured those present that they would do everything in their power to make the project something of which the village could be proud.

*At this point, Mr. Cary Kerger, Mr. David Lindelow, and Mr. Allen Andersen left the meeting.*

#### **General Business**

##### **DNR Recreational Trails Program - Grant Award (Walworth-Fontana Pedestrian Path)**

Chairman Turner quickly reviewed the status of the DNR Grant for the Pedestrian Path.

##### **Select CDA Representative to Ad-Hoc Pedestrian Connection Committee**

Chairman Turner noted that the next step in the Fontana-Walworth Pedestrian Path project was the creation of an Ad-Hoc Pedestrian Connection Committee. He further noted that he already knew the perfect CDA Commissioner – Cindy Wilson. Commissioner Wilson gladly accepted and Executive Director McHugh stated that he would move forward in setting up a meeting with the Village of Walworth.

Chairman Turner/Commissioner Petersen 2nd made a MOTION to appoint Commissioner Wilson as the CDA's representative to the newly created Ad-Hoc Pedestrian Connection Committee, and the MOTION carried without a negative vote.

##### **TID #1 – Financial Assistance Program – Forms & Policies**

Chairman Turner asked for comments from the group regarding the TID #1 Financial Assistance Application Package, as prepared and presented by Executive Director McHugh. In response to questions regarding the standard commitment percentage detailed in the new TID #1 Financial Assistance policy, it was agreed to leave the line blank for the time being and to consider upcoming projects on a case by case basis.

Commissioner Petersen/Commissioner Fisk 2nd made a MOTION to accept and approve the Application Package for the newly created TID #1 Tax Increment Financing Assistance Program, as presented, and the MOTION carried without a negative vote.

##### **STH 67 Driveway Entrance to Abbey Ridge Subdivision – Update**

Chairman Turner presented the preliminary exhibit prepared by Crispell Snyder and a cost estimate prepared by DPW Workman, for a revised driveway entrance to the Abbey property from STH 67. DPW Workman's estimate projects the cost at \$20 to \$30k. Executive Director McHugh explained that the concept plan had been forwarded to the Wisconsin Department of Transportation for

review and an update would be provided to the group at the next month's meeting. He went on to explain that the fact that the entrance to the Abbey property from STH 67 was technically a private driveway, it would be reviewed and considered as if it were any other private property looking to access a State Highway. Chairman Turner commented that it might be easier for the Abbey Ridge Association to contract directly for the proposed work, and it might also result in a cost savings.

### **Duck Pond Gateway Triangle Landscaping Project**

Chairman Turner reminded the group that the \$150k budget for the upcoming landscaping project included funds for construction and contract administration.

### **TGDA Construction Administration Proposal**

Chairman Turner presented the Construction Administration Services proposal from Terry Guen Design Associates for a total of \$32,940. He asked Ms. Terry Guen if the total proposed was a hard cost, and she indicated that it was. Executive Director McHugh noted that the proposal had been reduced twice by Ms. Guen's since its first submission. He further noted that the proposal included services through the first growing season. Chairman Turner observed that the proposal was a joint-effort between Terry Guen Design Associates and Ruckert-Mielke and both Terry Guen and Terry Tavera agreed that it was.

Commissioner Petersen/Commissioner Hibbard 2nd made a MOTION to approve the proposal submitted by TGDA (Terry Guen Design Associates), for the finalization of bid documents and contract specifications, coordination of contract bidding and award, and management construction administration for the Duck Pond Gateway Triangle Landscaping project, as presented at a total not to exceed \$32,940, and the MOTION carried without a negative vote.

Following the vote, Commissioner Fisk asked if the CDA was tracking the number of trees installed as a result of CDA projects, and Executive Director McHugh responded that he was already in the process of documenting the total number of trees installed in order to complete the "Tree City USA" application. Chairman Turner asked that he forward a copy of the information to the board when it was available.

### **Lakefront Space-Needs Planning Study (PDI) - Update**

Executive Director McHugh noted that as a result of the Thanksgiving Holiday, the previously requested report and presentation by PDI analyzing the lakefront would be scheduled for the January 9<sup>th</sup> CDA meeting, in order to allow adequate time to gather the necessary information and prepare the report. Regarding the planned outline of the presentation, Executive Director McHugh presented a memorandum prepared by Ms. Carolyn Esswein. Commissioner Chanson noted that PDI was going to consider the museum and library concepts, and he asked what happened to the marina idea. Executive Director McHugh explained that the Marine Museum concept, as it is referenced in the memorandum, is the concept originally put forth by Kevin Kirkland and Bill Gage, and includes the marine-type uses. Commissioner Chanson asked why a library was even being considered and Chairman Turner explained that the idea was one of the concepts being considered for the site. Commissioner Wilson commented that the group had never precluded the idea of having a library on the lakefront. She added that the more she became involved with the library, the more apparent it became that it did in fact function as a community center; the two uses are not mutually exclusive. Commissioner Chanson expressed his concern that there was no way to fit a library on the lakefront. Executive Director McHugh stated that his direction to Ms. Esswein was to review where the planning process started, where it was at now, and what possible options were available moving forward. He added that the direction also included review of the physical site constraints, as well as the proposal received during the Lakefront Development RFP process. Chairman Turner directed Executive Director McHugh to make sure that the Marina concept was considered in the analysis. With respect to the current Marina using the space, Chairman Turner noted that he had discussed the future of the site with Mr. Kevin Kirkland, and it became apparent that the intensive boat repair types uses were not really all that necessary on site. Mr. Kirkland was more interested in a small office space, as well as space on the pier to run his in-out service. Mr.

Kirkland, in response to a question from Chairman Turner, agreed that he would prefer to see something on the lakefront with a commercial aspect. Commissioners Petersen and Chanson agreed that they would prefer a commercial use on the lakefront, and asked why the Library concept was still being discussed. Commissioner Wilson responded that the library concept was originally presented at the lakefront workshop over a year and a half earlier, which was when the list of potential uses for the lakefront was created. Commissioner Chanson asked that the concept of a library annex be investigated; he contended that only the popular titles would need to be kept on the lakefront. Chairman Turner directed Executive Director McHugh to see if anything similar had been done by other communities. Commissioner Wilson reminded the group that one of the advantages of having the library on-site with a community center was that it provided an active staff to maintain and operate the building. Chairman Turner asked if there were any other options that should be considered, and Commissioner Wilson asked that “do nothing” be included in the conversation. Commissioner Petersen asked that PDI be asked to determine whether or not there was even a need for additional space, and Executive Director McHugh remarked that PDI was not going to provide expert testimony regarding the need for a library. If the project were to proceed to that point, there are professionals available to prepare analyses of library demand and need. He also cautioned that PDI was not going to be able to address every possible use, and/or combination of uses, on the lakefront with the nominal budget authorized for the preliminary analysis. In response to Commissioner Chanson, Executive Director McHugh stated that the current marine building was around 6,500 to 7,000 square feet. Chairman Turner noted that the square footage represented a single story building and asked if the Village could live with a two-story building on the lakefront. He relayed a comment from Architect Jan van den Kieboom that it’s the first floor that blocks the view. He also added that the Village had a prime piece of property and it would be wonderful if it could be shared with the rest of the community. Commissioner Chanson commented that people are already out there in their cars in the morning enjoying the lakefront now. Ms. Terry Guen commented that she had visited the Urban Ecology Center in Milwaukee that morning, and asked if the group would ever consider the addition of green-building elements in the construction of a public facility on the lakefront. Executive Director McHugh ended the discussion by reminding the group that the presentation would be scheduled for the upcoming meeting – January 9<sup>th</sup>.

#### **Commissioner Robert Chanson – Reappointment Recommendation**

Chairman Turner informed the group that Commissioner Chanson’s term would expire at the end of the year and that the Village Board would take recommendations from the CDA on either replacing or reappointing Commissioner Chanson. Chairman Turner noted that he had already spoken with Commissioner Chanson and that he was ready to serve for another four year term.

Commissioner Petersen/Commissioner Fisk 2nd made a MOTION to recommend to the Village Board the reappointment of Commissioner Robert Chanson to another four (4) year term with the Community Development Authority, and the MOTION carried without a negative vote.

#### **Newsletter Article – Topic Discussion**

Executive Director McHugh noted that it was that time of year again – the next CDA newsletter article would be due by December 13<sup>th</sup>. In relation to Chairman Turner’s pledge to the Village Board to issue an opinion survey on the lakefront, Executive Director McHugh asked if there was an intention of including the lakefront survey in the upcoming newsletter.

*Chairman Turner halted discussion on the Newsletter Article in order to address the 2008 Workplan first.*

#### **158 Fontana Boulevard – Acquisition Update**

*This item discussed later in the meeting*

#### **Executive Director Employment Contract**

*This item discussed later in the meeting*

#### **Mill House Pavilion – Update**

*This item discussed later in the meeting*

**Village Board Report – Chairman Turner**  
**2008 CDA Work Plan & Project Schedule**

Chairman Turner presented his revised version of the CDA's 2008 Work Plan and noted that he had reorganized the list of items to coincide with the relatively priority assigned to the projects by the Village Board at their meeting the previous Monday evening. Beyond the resorting of the projects, he added that the only substantive change was including the Lakefront Opinion Survey that had been promised to the Village residents. He added that the Village was not going to get anywhere without doing a survey first, and he recommended sending out a survey to all property owners in order to determine what the community would like to do on the lakefront. He envisioned the survey as soliciting input on the proposed community center, the configuration of lake street, the incorporation of commercial uses, and the potential relocation of the Library. He summarized and stated that the Village Board had unanimously approved the work-plan at the previous meeting, including the opinion survey provision, and has asked that the Kinzie Street Reconstruction project be moved up the list in priority. In considering the work-plan, Chairman Turner reminded the group that Executive Director McHugh had incorporated the new budget amounts in the current reports, and asked that the group review the updated Full Accounting Statement to see the relative impact of the proposed work-plan.

Chairman Turner/Commissioner Wilson 2nd made a MOTION to approve and accept the revised 2008 CDA Work Plan, as presented by Chairman Turner, and the MOTION carried without a negative vote.

**General Business (Cont.)**

**Newsletter Article – Topic Discussion (Cont)**

Chairman Turner noted that it was premature to issue a survey on the lakefront at the present time. Commissioner Petersen agreed. With respect to timing, Executive Director McHugh noted that the upcoming newsletter would be the last one received by the public prior to the April Election and the Referendum on CDA projects. Chairman Turner and Commissioner Fisk both offered the upcoming newsletter was too early in the process to discuss the April election and the proposed Referendum. Commissioner Hibbard suggested that a separate mailing, similar to what had been produced for the Beach Fence project, would be more appropriate for the Referendum topic. Commissioner Fisk restated his opinion that the newsletter should systematically promote the benefits and the value of the TID to the community. The group spent a great deal of discussing the mechanics of Tax Increment Financing, its benefit to the community, and its impact to property tax. Following the discussion, it was decided that a complicated explanation of the mechanics behind tax increment financing could probably not be effectively covered in a short newsletter article. Chairman Turner offered to draft the newsletter article based on the group's consensus that it should promote the basic benefits to the community provided by TID #1.

**158 Fontana Boulevard – Acquisition Update**

Executive Director McHugh noted for those present that this agenda item would be the subject of discussion during the closed session portion of the meeting and would remain open for action.

**Executive Director Employment Contract**

Executive Director McHugh noted for those present that this agenda item would be the subject of discussion during the closed session portion of the meeting and would remain open for action.

**Mill House Pavilion – Update**

Executive Director McHugh informed the group that the Mill House Pavilion project was slated for construction to commence in the spring of 2008. Chairman Turner noted that the village was still in the process of finalizing the overall cost of the project and the related contribution from the PAR Development as part of the Cliffs of Fontana project.



**Village Board Report – Chairman Turner (Cont.)**

**Third Avenue Referendum Question – Update**

Chairman Turner informed the group that the Village Board had approved the concept of placing a Referendum Question on the April 01, 2008 ballot. Executive Director McHugh restated that the next newsletter would not be distributed early enough to address the Referendum Question prior to the election, and Chairman Turner confirmed Commissioner Hibbard's suggestion that a separate mailing piece should be prepared on the topic and the entire group agreed.

**Lakefront & Harbor Report – Commissioner Chanson**

**Third Avenue Project – Parking Meter Recommendation**

Commissioner Chanson relayed that the Lakefront & Harbor Committee had discussed the concept of utilizing a centralized parking meter payment kiosks in the redesign of Third Avenue. Commissioner Petersen expressed his opinion that the referenced element should certainly be included in the redevelopment of the street in order to get rid of the standard of a parking meter at each stall. He further offered that the new system should be designed so as to allow credit-card payment.

**Park Commission Report – Commissioner Hibbard | Executive Director McHugh**

Commissioner Hibbard informed the group that the Park Commission had not met in the month of November.

**Little Foot Playground Improvements**

Executive Director McHugh informed the group that the subject of equipment replacement in Little Foot Park was going to be added to the upcoming Park Commission agenda in response to several complaints filed with the village as to the relatively dilapidated condition of some of the existing equipment. Commissioner Chanson asked if there was a request for funding from the CDA and Executive Director McHugh responded that he had been approached about the availability of TIF funds for the project, but that a formal request had not yet been made. Commissioner Petersen stated his opinion that the project should not be funded with tax increment since it would not generate any increment in return. Commissioner Hibbard noted that the Park Commission did not have the funds in their budget. Executive Director McHugh noted that improvements to Little Foot Park were listed as one of the eligible projects on the approved Project Plan, and that improvements, such as new sidewalk, and a new drinking fountain, were included in the design for the Third Avenue project previously discussed. He further noted that a new swing set had been funded by the CDA in 2007. It had been installed to replace the previously existing swing set which had been removed to make way for the construction of the new Main Lift Pump Station. Commissioner Hibbard expressed that she was in favor of funding the installation of new equipment in Little Foot Park. Commissioner Fisk asked who had paid for the original equipment, and Executive Director McHugh responded that it had been paid for through fund raising. Commissioner Fisk asked rhetorically why fund raising wasn't an option for replacement. Commissioner Hibbard stressed that projects like playground equipment were good for the children of the community and should be considered.

**Executive Director Report – CDA Director McHugh**

No Report

**Announcement for CDA to Consider Going into Closed Session – Chairman Turner**

At 7:09 pm, all audience members exited the meeting room as the CDA moved into Closed Session.

Commissioner Chanson/Commissioner Petersen 2<sup>nd</sup> made a MOTION for the CDA to go into closed session pursuant to Chapter 19.85 (1)(c) Wis. Stats. "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," specifically: **TID Property Acquisition and Investment of Public Funds in a TID Redevelopment Project**, and Chapter 19.85 (1)(e) Wis. Stats. "Considering employment, promotion, compensation or

performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility,” specifically: **CDA Executive Director**, and a roll call vote followed:

Commissioner Fisk – Yes  
Commissioner Petersen – Yes  
Commissioner Hibbard – Yes  
Chairman Turner – Yes  
Commissioner Wilson – Yes  
Commissioner Chanson – Yes

The MOTION carried on a 6-0 vote, with Commissioner Bliss not in attendance.

**Executive Director McHugh left the closed session meeting @ 7:28 pm prior to the discussion on the Executive Director’s Employment Agreement.**

**Closed Session Adjournment**

Commissioner Chanson/Commissioner Wilson 2<sup>nd</sup> made a MOTION to adjourn the CDA’s Closed Session at 7:35 pm and to reconvene in open session, and the MOTION carried without negative vote.

The meeting room was opened and Chairman Turner announced that the Community Development Authority was back in open session at 7:35 pm.

**Also present:** CDA Executive Director Joseph A. McHugh.

**General Business (Cont.)**

**158 Fontana Boulevard – Acquisition Update (Cont.)**

Based on deliberation during the closed session, the group declined to take any affirmative action on the proposed purchase of the property identified as 158 Fontana Boulevard.

**Executive Director Employment Contract (Cont.)**

Based on deliberation during the closed session as regarded the upcoming expiration of the Executive Director’s Employment Contract, the group agreed to extend the employment of the Executive Director an additional year at a salary of \$60k.

Commissioner Chanson/Commissioner Wilson 2<sup>nd</sup> made a MOTION to approve a 1 year extension of the employment of Joseph A. McHugh as the CDA’s Executive Director, to December 31, 2008, with an increase in salary to a total of \$60k per year, and the MOTION carried without negative vote.

**Confirm Quorum for upcoming Meetings**

**Next Regular Monthly Meeting – January 09, 2007 @ 6:00 pm (No Closed Session)**

No Discussion

**Agenda Item Requests for January Meeting**

No Discussion

**Pending / Future Items**

No Pending /Future Items were discussed.

- Fontana Fen – Property Line Delineation
- Crispell Snyder Reimbursement Request: STH 67 Crosswalk Repair Costs
- Alliant Energy – Charges for Utility Burial Engineering Work
- Program Plan: Industrialization of VOF Compost Operations (DPW Proposal)
- Fontana Boulevard Landscaping Project
- 2008 CDA Budget

- 2008 Equalized Value Deficiency - VOF Resolution w/ Accurate Assessors
- Beach Fence Construction & Maintenance Easements

Commissioner Chanson/Commissioner Wilson 2<sup>nd</sup> made a MOTION to adjourn the meeting at 7:40 pm, and the MOTION carried without negative vote.

Minutes prepared by: Joseph A. McHugh, CDA Executive Director

**APPROVED: VILLAGE BOARD - 02.04.2008 | CDA - 02.11.2008**