



## Memorandum

**To:** Community Development Committee

**Date:** 8/17/20

**Re:** **Determination if additional extension should be allowed for LADCO to develop on 7<sup>th</sup> and Jackson, or re-list property or pursue secondary offer**

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**2/17/20:** LADCO was asked to provide the following, to Staff, within 60 days (4/17/20):

- Start negotiations with the property owner of 1008 7<sup>th</sup> St to ensure that the acquisition will be realized. The offer to purchase 1008 7<sup>th</sup> St should be contingent upon purchasing 624 Jackson St and any other contingencies LIPCO may require,
- Provide a copy of LIPCO's minutes approving of the purchase of 7<sup>th</sup> & Jackson St and 1008 7<sup>th</sup> St
- Start developing a Business plan; including sources and uses, proof of financing, 10-year operating plan, MOU and/or draft Partnership Agreement with the Koloujus,
- Draft architectural plans and estimated construction costs

**3/10/20:** Developer advised that the LIPCO Board has met to further discuss the 7<sup>th</sup> & Jackson St Development. Additional approvals for entering into purchase agreements and expenditure of funds would be voted on in the upcoming days. Current action items:

- Working group meeting every Wednesday (4 meetings so far).
- SBDC at UW-La Crosse working with group to develop business plan for retail operations.
- Team continues being assembled to complete due diligence and feasibility study (sources and uses-commercial loan funding and community partnership investments).
- LADCO preparing 10-year operating plan and Memorandum of Understanding with Koloujus and other community partners.
- Review feasibility proforma and renderings with city staff in coming weeks.
- Negotiations to purchase adjacent lot underway.

**3/24/20:** Developer asked for an extension for the items that the City requested on 2/17/20 so they could focus their efforts on assisting small business during the COVID-19 Pandemic. Please refer to attachment "Request-Update on 7<sup>th</sup> & Jackson St Development". A specific timeframe for extension was not requested.

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# PLANNING AND DEVELOPMENT

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**4/30/20:** Developer advised that they just completed one of their planning sessions and provided a detailed timeline, see attachment “Request-Update on 7<sup>th</sup> & Jackson St Development”. The developer advised that they would have preliminary rendering and design specifications by May 5<sup>th</sup>.

**5/4/20:** Developer advised that the preliminary designs would not be ready by May 12<sup>th</sup> as originally anticipated.

**5/5/20:** Staff requested clarification of some of the benchmarks, copies of documents for the completed items on the timeline provided on 4/30/20.

**5/14/20:** Received resolution from LADCO demonstrating the authorization to enter into negotiations with the property owner of 1008 7<sup>th</sup> St.

**7/17/20:** Sent a follow up email to LADCO to check on the status of the property negotiations (1008 7<sup>th</sup> St), MOU or partnership agreement with Koloujus, proof of financing, the proforma and 10 yr operating plan. These items were to be completed by July 7<sup>th</sup>.

**7/22/20:** LADCO provided written documentation that they were awarded a Grant from the La Crosse County Acquisition and Demolition Grant Program. They were approved up to \$100,000 to assist with the purchase and demolition of 1008 7<sup>th</sup> St. LADCO also provided a neighborhood impact statement, a signed contract with Keller, Inc. and preliminary designs. LADCO advised that the Kolouju’s had a meeting with Coulee Bank on 7/27/20 to determine the capacity for their portion of the project. Once determined an MOU would be formed to establish management and ownership structure.

**8/13/20:** LADCO is requesting an extension to the deadlines that they have surpassed. MOU or partnership agreement with the Koloujus, proof of financing, a proforma which shall include sources and uses and the 10 yr operating plan. LADCO advised that they have established an asking price from the owner of 1008 7<sup>th</sup> St. The owner has set a sales price of \$175,000, the owner’s realtor suggested a list price of \$150,000. LADCO provided a revised preliminary design.

**Staff concerns:** The preliminary designs provided on 8/16/20 demonstrate 6 units of housing and 3 retail units. The concept presented to the Committee was 4 units of housing and 1-3 units of commercial/retail space. What is the new preliminary cost estimate? The purpose of the mix use development was to lessen the impact of a poorly performing asset within the investment portfolio. Has the pandemic changed the need for Retail space? Additionally, LADCO has consistently not met established deadlines and still does not have financing set up.

**Items still needed:** A business plan, including sources and uses, proof of financing, 10-year operating plan and a MOU or draft partnership agreement with the Koloujus.

## **Staff Recommendations:**

- A. Rescind offer.** Communicate with secondary offer and re-list property for sale (\$350). If LADCO/LIPCO is able to produce those items, can still have the opportunity to sell it to them if not other viable offers are received.
- B. Establish a firm final deadline,** with the understanding that if they miss the deadline, the offer is rescinded.

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