



MEMORANDUM

TO: Community and Economic Development Committee (CEDC)

FROM: Matt Rehbein, Economic Development Specialist

DATE: December 13, 2023

RE: Request Approval to Extend Purchase Date per the Development Agreement Between the City of Appleton and Merge, LLC in TIF #11

The Appleton City Council approved a Development Agreement (DA) with Merge, LLC (Developer) in January 2022 and amended February 3, 2023 for development of a site at the southeast corner of Washington Street and Appleton Street (the Blue Ramp Site). This is the second phase of Merge's development, with the first nearly complete immediately east of the subject site at 115 E. Washington Street. Phase I construction was delayed due to changing environments of interest rates, supply chain challenges, and labor shortages.

Per the existing Development Agreement, Merge was to acquire the Former Blue Ramp Site from the City by September 29, 2023. We have received a request from Merge to extend this date to July 31, 2024. As part of due diligence, Merge discovered previously unknown environmental contamination and an old building foundation, thereby adding cost to the project. Additionally, the interest rate environment has changed, making the extended timeline more feasible. Extending the timeline will allow Merge to align construction with Phase I completion and allow time for significant pre-construction investment and coordination among architects and contractors as well.

This proposed extension only extends the timeline for purchase of the property to ensure it remains under contract. A future amendment to the DA is anticipated closer to closing to reflect then current interest rates and construction costs currently unknown.

Staff Recommendation:

An extension of the purchase date from September 29, 2023 to July 31, 2024 under the Development Agreement between the City of Appleton and Merge, LLC for Tax Id #31-2-0272-00 **BE APPROVED.**