



MCKENZIE
APARTMENT COMPANY

CITY OF VERONA SUGAR CREEK RFP

McKenzie Apartment Company

Dear Verona City Council Members,

We want you to know how much this project matters to us and how we have listened to you.

OUR FAMILY HAS DEEP ROOTS IN VERONA

- My 92-year-old father's first apartment development was in Verona in 1960. He partnered with our neighbor, Dan Neviaser, who had moved from Virginia to become the sales manager at Carnes Corporation. That was my first exposure to real estate.
- My son and partner, Jack, and his wife, Sarah, met at school in Verona and graduated from Verona High. Sarah grew up in the Cross Country Heights neighborhood.
- Our two longest-term employees, Michelle Booth (now Hegg), who has been with us for 21 years, and Susan Hageman, who has been with us for 14 years, both grew up in Verona.
- We are very proud of our Siena Ridge apartments which we built on Ineichen Drive in 2012-2013. We worked hard to make it a beautiful project that would fit in with the Harmony Hills neighborhood.

McKenzie Apartment Company is a third generation family business. We have never sold anything we have built and we never will. My children will own 50% of this project if we are selected. They participate in the business and they too will never sell. We only do one or two projects at a time and we will personally be on site every day until it is done right. We are guided by pride of ownership and operate with a determination to earn the trust of our residents.



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The last meeting on June 8th was interesting. We heard some reactions that we expected and some that we did not. This is what we heard:

- 1) You have mixed feelings about the commercial space.
- 2) You have mixed feelings about density.
- 3) You want 3 bedroom units.
- 4) You want the space to be a destination and would like multi-season use.
- 5) You like the skilled trades training facility.
- 6) You have mixed feelings about each plan and you wish you could combine the best features of each into a single plan. I was asked if we are flexible and what we would offer if the council decided they didn't want a pool at that location.

We would like to take one last opportunity to respond to these issues and give you a look at an alternative plan that doesn't include a pool

COMMERCIAL MIXED-USE

The Steve Brown Apartments (SBA) proposal includes 10,000 sq. ft. of commercial space in a mixed-use building. We do not propose adding commercial space at this time. Mixed use buildings are challenging. The only other one I am aware of in Verona is Velocity on Nine Mound Road. The ground-floor commercial there has never rented in the approximately five years since it was built. As for commercial on Verona Avenue, it is important to recognize the amount that has been built or approved already. Our assessment of the market at this time concludes that absorbing this space will be daunting.

This is what you already have:

MARKET 5 - This project, which is nearing completion, has just under 29,000 sq. ft. of commercial space. Only one lease has been signed to Summit Credit



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Union which is in a separate building. It should be a serious concern that Market 5 and the high school are essentially complete and the storefronts are empty.

SUGAR CREEK COMMONS - This project has 26,000 sq. ft. of commercial space. It has a fence around it with no construction activity. This is a bad sign.

NORTHPOINTE - The property near the Klassik has been assembled by Northpointe and they are planning to build an undetermined amount of commercial space.

TRUE STUDIO - On the other end of Verona Ave a 10,000 sq. ft. building has been completed and two-thirds is still vacant and not leased.

Is this the right time to add more commercial space? The commercial/retail market which was soft anyway, may look much worse post-COVID19.

If we have been unable to persuade you against additional commercial space and Verona still feels the need to add it at the corner of Verona Ave. & Marietta, we would be willing to detach and sell that portion of the Sugar Creek site that SBA has identified in their proposal so they could proceed. Verona and SBA could have additional commercial space even if McKenzie Apartment Company is selected to do the Sugar Creek project.

3 BEDROOM APARTMENTS

More than once I was asked about 3 bedroom apartments. The 92-unit affordable apartments by our partner, Stonehouse, will include 3 bedroom units. Our original plan for market-rate apartments did not include 3 bedroom units. It is apparent to us now that we should include 3 bedroom units in the market rate buildings as well to accommodate families. We have learned 3 bedroom apartments are hard to find in Verona. We plan to revise the plan to include 3 bedroom units.

DENSITY

One Alder stated that he preferred low density and therefore gave an edge to SBA. Respectfully, I would like to make the following points in favor of density.



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1. More units = more taxable revenue for Verona.
2. More units = more customers for Verona merchants. This not only benefits existing businesses but will be crucial in enhancing the chances that vacant and approved but unbuilt commercial space will get absorbed.
3. Walkability - This was mentioned as a desired feature of a development plan. To be walkable you need people in the area to do the walking.
4. Density has environmental benefits because of shorter commutes. Spreading people out increases traffic and air pollution,
5. Density helps create a more lively and diverse community.

SKILLED TRADES

As I have said, the boards of both Madison Area Builders Association (MABA) and Boy & Girls Club of Dane County have voted to move forward on a partnership to build a skilled trades facility. This is an initiative that I started and have been working on for over two years. We had planned to build it in Sun Prairie at the McKenzie Family Boys & Girls Club. I have encouraged the parties to consider the New Century School and they have both reacted favorably if McKenzie Apartment Company is selected on the Sugar Creek site. If we are not selected, we will proceed with the Sun Prairie location.

I feel strongly that a skilled trades awareness and training facility will be a huge benefit to young people and businesses. Construction trade jobs are well paying and in great demand. Not everyone can or should go to college. These jobs are crucial to our future. We need more young people entering the trades because the workforce is getting older. We see great opportunity to partner with Verona High School. Along with MABA we can enhance training, education and provide job opportunities to Verona High School students and graduates.

We intend to offer this building also for general community use. We have done this with the facility in Sun Prairie and this has been very well received.



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POOL PLAN OR AN ALTERNATIVE

During the discussions the council had after the meeting on June 8th, some members suggested that the pool we have proposed is too small and asked what we would do in place of a pool. Accordingly, we have designed an alternative plan. Either plan is acceptable to us and we are willing to explore any other options that you like. In either case, our TIF request is significantly less than the SBA proposal.

OPTION A - POOL

Both Page 37 of the Comprehensive Outdoor Recreation Plan for Verona and the public input phase prior to issuing the RFP indicated that respondents' top priorities include a municipal pool. We have proposed a pool that can be expanded.

SBA superimposed on the site an outline of the Middleton Aquatic Center and the Goodman Pool in Madison showing that that they are much larger than our proposed pool. Bear in mind that Middleton has twice the population of Verona and Madison's population is 25 times larger. Naturally they would have larger facilities.

Another consideration should be the likelihood of finding a site large enough for a large Aquatic Center and the means to fund it. The Sugar Creek site, with its central location, is ideal because it is a quick, safe bike ride from many Verona neighborhoods. An alternative location will likely be more remote. The cost to the taxpayers of Verona would be substantial for a large Aquatic Center and may not fit into the budget for many years, if ever. This is a historic opportunity to provide a size appropriate, centrally located outdoor community pool that the residents can start to enjoy within the next couple of years. We have done research on the area pools since the last meeting and we believe there is sufficient area to build a pool the size of the city of Monona's community pool.

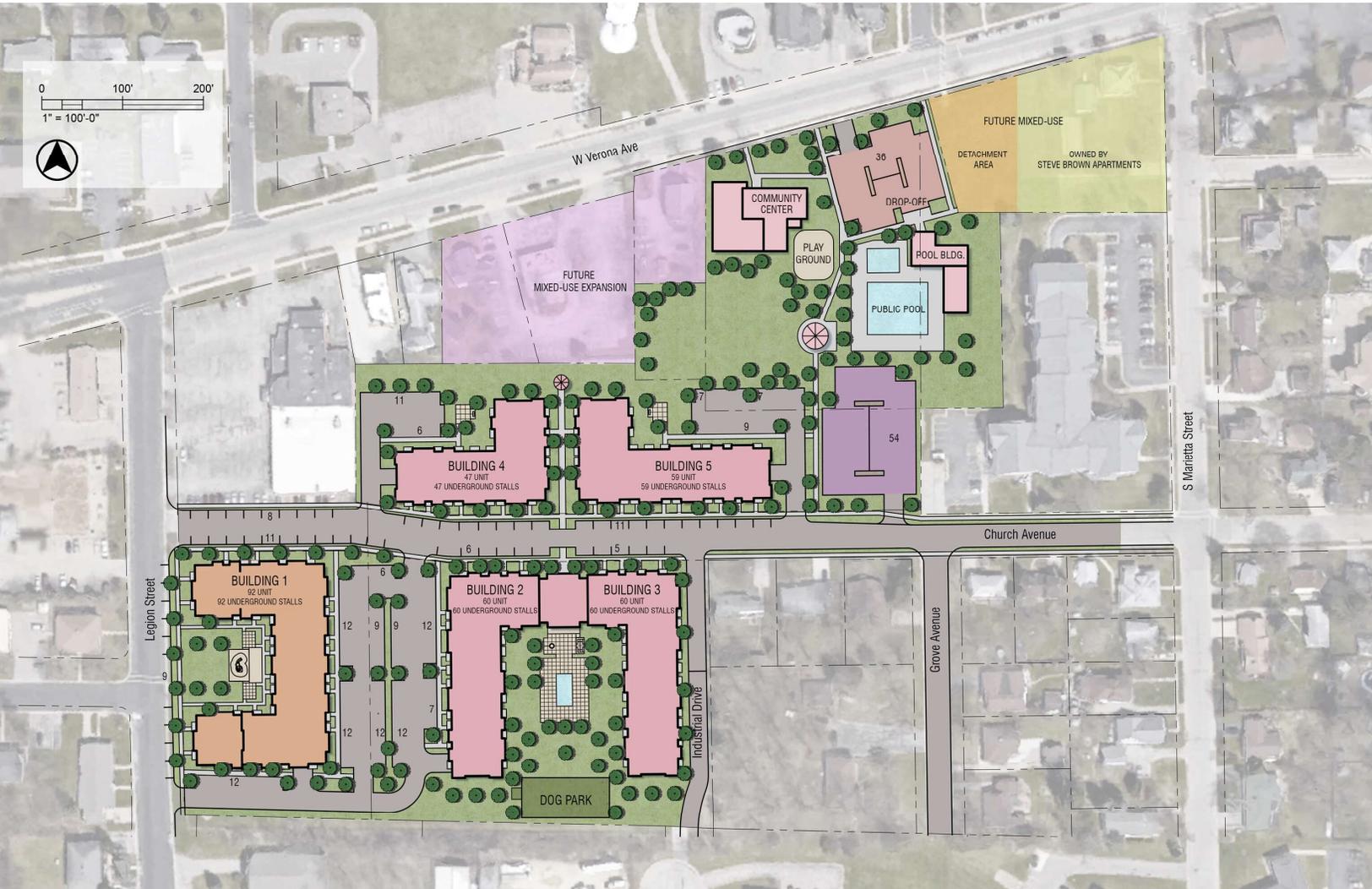


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SUGAR CREEK REDEVELOPMENT - OPTION A





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OPTION B - FOUR-SEASON PLAN

This new plan responds to the desire to expand public space options with an alternative to a Community Pool. Some Alders expressed a desire for four-season use and walkability. As you can see, the plan includes an ice rink, similar to the one at the Edgewater in downtown Madison, and extensive walkways. We have included a pavilion that can be used in all seasons. It features restrooms and a concession area that could include skate rental, lounge space and a warming area for skate changing. This ice rink area has summer use in combination with the Community Green for an expansive Arts and Craft Fair or a Farmer's Market. The Performance Green with a bandstand will have contoured, elevated seating areas with an amphitheater feel to enhance theatre and concert performances.

Our previous proposal made a Community Pool the centerpiece of our public area plan, however, we are equally enthusiastic about this alternative Option B. Although we have not had adequate time to obtain final pricing, it is our expectation that we can deliver it for close to our original \$2,000,000 TIF request but certainly no more than \$2,500,000.

We hope that by preparing this alternate plan you will see that we are flexible and responsive to your input. We know if we are selected the final design will be a collaborative effort with the Council & the community at large. We look forward to this process because we ultimately all want this to be the best it can be and a significant enhancement to life in Verona.

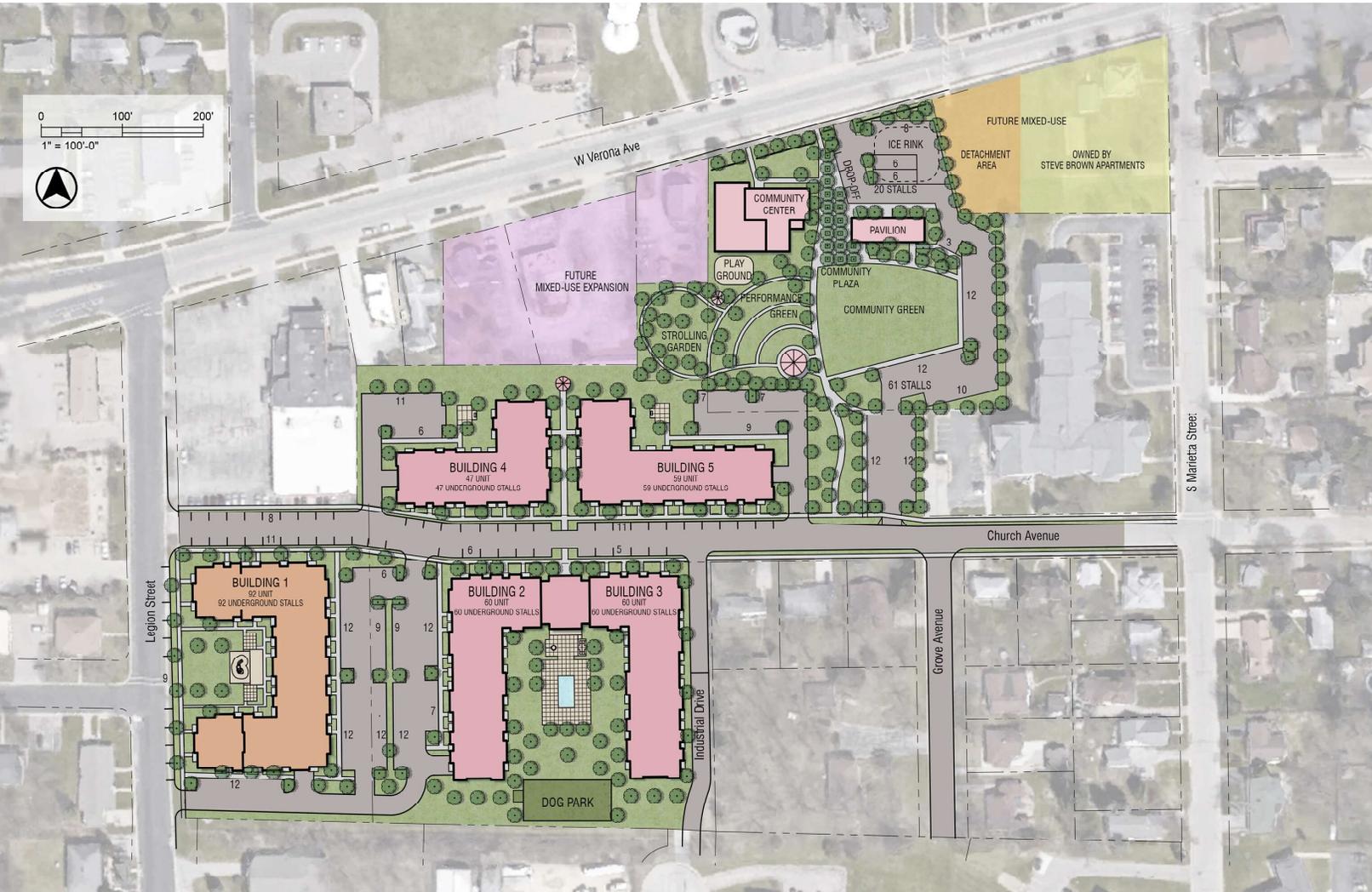


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SUGAR CREEK REDEVELOPMENT - OPTION B





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We hope that this has provided helpful food for thought as you sort through the costs and benefits of the two proposals. This is truly an important decision point that will impact the City of Verona for years to come.

Obviously, we hope you choose to work with McKenzie Apartment Company on the development of this special property. In any event, we respect the faith and trust that the residents of Verona have placed in their elected officials and will respect your decision knowing that we have done our best to persuade you.

Respectfully,
John McKenzie





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