All present are expected to conduct themselves in accordance with our City's Core Values

OFFICIAL NOTICE AND AGENDA

of a meeting of a City Board, Commission, Department, Committee, Agency, Corporation, Quasi-Municipal Corporation, or sub-unit thereof.

Meeting of the:	**COMMITTEE OF THE WHOLE**
Date/Time:	**Tuesday, July 26, 2022 at 6:00 pm**
Location:	**Council Chambers, City Hall, 407 Grant Street, Wausau**
Members:	Carol Lukens, Michael Martens, Tom Kilian, Doug Diny, Gary Gisselman, Rebecca McElhaney, Lisa Rasmussen, Sarah Watson, Dawn Herbst, Lou Larson, Chad Henke, Mayor Katie Rosenberg

AGENDA ITEMS FOR DISCUSSION (No action will be taken)

1. Public Comment
2. Presentation regarding Wausau Mall redevelopment proposed Block 4 project (T-Wall, WOZ)
3. Discussion on Wausau Mall redevelopment proposed Block 4 project
4. Discussion on Tax Increment Financing Application Request
5. Discussion on Next Steps for Block 4 project Committee Work

Adjourn

Becky McElhaney
Council President

NOTICE: It is possible and likely that members of, and possibly a quorum of members of other committees of the Common Council of the City of Wausau may be in attendance at the above-mentioned meeting. No action will be taken by any such groups.

Members of the public who do not wish to appear in person may view the meeting live over the internet, live by cable TV, Channel 981, and a video is available in its entirety and can be accessed at https://tinyurl.com/WausauCityCouncil. Any person wishing to offer public comment who does not appear in person to do so, may e-mail kaitlyn.bernarde@ci.wausau.wi.us with "public comment" in the subject line prior to the meeting start. All public comment, either by email or in person, will be limited to items on the agenda at this time. The messages related to agenda items received prior to the start of the meeting will be provided to the Chair.

This Notice was posted at City Hall and faxed to the Daily Herald newsroom on 7/22/22 @ 2:30 pm

In accordance with the requirements of Title II of the Americans with Disabilities Act (ADA), the City of Wausau will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities. If you need assistance or reasonable accommodations in participating in this meeting or event due to a disability as defined under the ADA, please call the City's ADA Coordinator at (715) 261-6620 or e-mail clerk@ci.wausau.wi.us at least 48 hours prior to the scheduled meeting or event to request an accommodation.

Other Distribution: Media, Council Alderpersons, Department Heads

To: Common Council

From: Liz Brodek, Development Director

Date: May 24, 2022

Re: Former Mall Site Investment Timeline

The Wausau Center Mall area has been a significant and important property in our city for generations. When malls were becoming the economic drivers of America, the City of Wausau had the foresight to locate its mall in the heart of its downtown to help ensure that the city's locally owned businesses would not deteriorate as customers flocked to the new indoor retail destinations. To locate in that area, the city made a significant investment and razed eight blocks of blighted buildings. The City retained ownership of the land and leased it to the mall. When the mall opened in 1983, it became a regional retail destination, drawing people from a two-hour-drive radius to shop and recreate in the heart of our city. Location was so important, the downtown was sometimes referred to as the mall's "fourth anchor" tenant. This property remains as vital to the city's success as it was decades ago. Investments in the mall site over the years spurred additional investments in the immediate area on Third Street and the 400 Block. Google Maps still uses the former mall location as the destination for "Wausau, WI."

The mall began encountering financial troubles when malls around the country did. Revenue began to fall amid the recession in 2008. The following is a timeline that recites the milestones leading up to the mall's closure and some recent updates:

Penney's closed **2014**

- Two tax pins for this site: one that consists of ramp and truck access space (owned by the City, which has no taxable land value as it is owned by the City), the other for the building that sits in air rights (tax pin must be attached to land, so the ramp anchors the pin that includes the building that sits atop it in the air rights)
- Because of tax litigation in 2015 (in which every anchor tenant was involved), the building dropped $3 million in value and the land value was removed
    - Because the City owns the ramp, that land is still exempt
    - WOZ bought the building in 2020 as part of the original development agreement
    - WOZ is paying $50,933.37 in taxes for 2021

Sears Closed **2016**

- City purchased in November 2016 for $650,000. Because of this purchase this parcel became totally exempt from taxation in 2017
    - Land was already off tax rolls from 2015 due to tax litigation
- The city was not able to collect taxes on this parcel until 2021 when WOZ bought in January 2020 and started paying taxes in 2021
- WOZ is paying $63,021.90 in taxes for building and land for 2021

Younkers Closed **2018**

- This building was never off the tax rolls (assessed for personal property for the building)
- Land value was removed in 2015 because of tax litigation
- HOM Furniture came into the space in 2019. There was no City participation in that purchase
    - Personal property taxes have been charged to HOM for the building since they opened. In 2021, that amount was $101,849.67

- When WOZ became the owner and the City relinquished the land, the real estate parcel was assessed as land and building on leased land
- WOZ is paying $38,051.34 in taxes for 2021

Mall closed in **2020**

- Land value was removed from the main mall parcel in 2015 because of tax litigation even though this property was not a party to the litigation.
- The mall's building value was nosediving from $21 million in 2014 to $6.9 million in 2020
- When WOZ bought the property, the land value came back to $3.4 million assessment which brought the total assessment for the entire property up by the same amount
- WOZ is paying $237958.29 in taxes for 2021
  - 2021 taxes included the mall building which has since been demolished
  - 2022 taxes, which will not include the mall building (only the land and slab) will be approximately $87,000

In **July 2019**, the entity running the mall, Rialto Capital Management, decided to put it up for sale in a sealed-bid auction. There were multiple bidders, but none presented a concept that would be appropriate for the location or added to the downtown economy. Some proposed uses were a playzone model using defunct malls, camper storage, and an indoor go-cart track.

Former Development Director Chris Schock put together a committee to generate interest in the mall redevelopment and pursued many local companies to retain local ownership of this key downtown location. The mall's current owner at the time proposed a refinance of approximately $26 million (city contribution plus County sales tax) to tear down the mall and make it a strip mall, which would not have generated significant new property value.

Two local foundations became concerned about the implications of the sale, or the possibility of the building sitting vacant. The Judd S. Alexander Foundation and Dwight and Linda Davis Foundation came together to protect an asset to the city by purchasing it to hold for redevelopment; the property was not purchased as an investment. Holding properties for redevelopment has been a common practice of the Judd S. Alexander Foundation since the 1980s and has resulted in several pivotal developments in the city.

In **late summer/early fall 2019**, the directors of the Judd S. Alexander Foundation and Dwight and Linda Davis Foundation approached Attorney Joe Mella about a partnership to acquire the mall, which is on one of Wausau's two Opportunity Zones. Attorney Mella assisted the foundations in forming Wausau Opportunity Zone (WOZ). To exercise any Opportunity Zone advantages, the entity had to form under Chapter 180 of the Wisconsin State Statutes, making it a for-profit entity. To allow the foundations to contribute to the WOZ entity, it needed a relationship to a nonprofit (the foundations can only donate to a nonprofit), and WOZ became a fully-owned subsidiary of the newly-named Greater Wausau Prosperity Partnership (GWPP), a nonprofit which was formerly the Wausau Region Chamber Foundation.

The foundations put in $2 million and worked with the City to contribute $1 million on the sealed-bid auction. WOZ won the auction in **late 2019**.

The City and WOZ entered into a Development Agreement in **January of 2020** to purchase the mall. When WOZ bought the mall, they retained the same mall management company that had been working on the property. The group intended to continue operating the mall for some time to allow time to plan for redevelopment. The original Development Agreement included provisions that allowed the mall to continue operating in the black. Some highlights from the original Development Agreement include:

- $1,000,000 forgivable loan to buy the property
    - From TID 8
- TID grant of seven annual installments of $327,000/year subject to CPI inflation
    - Paid from TID 8
- Environmental indemnity
- Purchase option on both parking ramps for $1 each exercisable anytime until 2050

Forty-five days after closing, in **March 2020**, the mall closed temporarily due to Covid. It was allowed to re-open in **June or July of 2020**, but some retailers did not re-open. By **August 2020**, it became clear that the mall was no longer feasible to operate. Because of the prior downslide and new closures due to Covid, WOZ decided to accelerate the redevelopment timeline from seven years to 24 months. Over the next six months, all existing tenants left the premise, and the last tenant left in **March 2021**.

The First Amendment to the Development Agreement was executed in **January 2021** to reflect the revised redevelopment timeline. Some highlights from that agreement include:

- Released Parking Lot 2 (Sears) from the purchase option
- Upfront TID Grant of $3,500,000.
    - The City's seven annual payments of $327,000 to WOZ (a total of $2,289,000) ceased
    - This amount covers demolition, environmental work, and HOM façade renovation (because that part of the building was never intended to be exposed to outdoor elements)
    - Each draw request needed to be submitted to the City for approval in advance of payment
    - To date, the City has paid $1,343,000 of the anticipated $3.5 million
    - Payments are coming from TID 12
    - The balance of the TID Grant was carried over to the 2022 budget
- WOZ will dedicate 95,000 sq ft to ROW (valued at $15/sq ft = $1,425,000)
- The $1 million forgivable loan was no longer completely forgivable. The repayment amendment springs when ROW dedication occurs:
    - WOZ repays $660,000 of the loan by $110,000 per year starting the calendar year after the ROW dedication occurs

This amendment was entered into with the plan that ROW dedication and road construction would start in the **summer of 2021**. WOZ bought the building "as is" and was aware of possible contamination on the site. But because it was an operating mall, due diligence could not be performed prior to closing. When demolition began, WOZ was able to perform environmental testing and found contamination was found in the soil. The City assumed liability for the soil contamination as had been negotiated in the original development agreement.

Through the **summer of 2021**, Chuck Ghidorzi, who was hired as the managing director of WOZ, hired Epstein Ewing to develop a plan and REI for the plat. Mr. Ghidorzi was also soliciting interest from developers who would be interested in projects within the redevelopment plan.

The preliminary plat was submitted to Plan Commission and was approved by this Common Council in **spring 2022**. WOZ and City staff are continuing to work through the final plat and street designation and design.

The Second Amendment is before you today, **May 24, 2022**. That amendment cleans up title to the property so WOZ is able to sell land to a developer. Some highlights of the amendment include:

- Replaces the ground and air rights lease with specific agreements to go forward. This will be a condo structure for Parking Lot 1 and the remainder of that block given the concept of vertical ownership (i.e. building(s) over the parking structure). There is a need to retain flexibility for this block so that different development opportunities can be pursued.
- Provides for the deeding of a new total of 130,119 sq ft (at $15/sq ft = $1,951,785) of land to the City to make the new streets, and the City's agreement to do so.
- Memorializes the current status of the DNR case and requirements relating thereto. It also confirms, but does not expand, the City's current obligations with respect to contaminated soils.
- Provides for a deadline to demolish the JC Penney's building.
- Clarifies that the City has the option in the future to cease operating one or both of the parking lots. WOZ has the opportunity to buy for $1 if that happens.

The Second Amendment must be approved to begin the next steps in the redevelopment process so that the developer(s) WOZ works with can hold title to property that they will buy and develop.

The longer this land sits vacant, the worse it the situation for the surrounding area which includes many locally-owned businesses. Vacancy and stagnation negatively impact surrounding property owners. Our downtown real estate continues to feel negative impacts from Covid in the form of significantly reduced personnel in offices, which makes up the bulk of our downtown occupancy. The downtown has already lost approximately 400 office workers. This development not only replaces a significant number of those people, but in the form of residents who tend to be more engaged with the area they live and are needed for a viable downtown economy. The proposed investments in Block 4 are significant, raising the tax base approximately $500,000, which benefits the entire city. The development of Block 4 starts the momentum of building something great downtown again. And there are four additional developable blocks that will continue to add to the momentum, vibrancy, and tax base. This area supports not just the core of our community but our regional economy and helps define our regional identity.

To summarize public and private investments, a table of investments to date and speculative future investments are laid out below.

Investments and Obligations to Date

	City/Public	WOZ/Private
Sears purchase (2016, from levy)	$650,000	
Mall purchase (2020 from TID 12)	$1,000,000	$2,000,000
Operational loss support (2020)	$327,000	
Operational loss termination (2021)	-$327,000	
Demolition & associated costs (to date)	$1,342,920.83	
Street Design	$99,000	
Taxes (2021)	N/A	$389,964.90
Additional expenses	Legal fees to be added	$2,048,035.10
TOTAL	**$3,091,920.83**	**$4,438,000**

Future investments

	City/Public	WOZ/Private
HOM facade	*TBD – accounted for in $3.5m TID Grant in Amendment 1, carried in to 2022 budget,* remaining draw amount is $2,157,079.17	*TBD*
Street dedication		$1,951,785
Loan repayment		$660,000
Professional fees	*TBD (legal)*	*$350-450,000/yr x 3-4 years*
Environmental	*Approx. $200-250,000*	
Street design and construction including storm sewer, retention, and all amenities in ROW	$2,677,500	
Block 4	*TBD*	*$20-40 million*
Taxes Pre-Block 4 development, 2021 with building Pre-Block 4 without building, land only Post-Block 4 development, assuming $20 million construction Blocks 1, 2, 3, and 5 developments	 N/A N/A N/A N/A	 $389,964.90 Apprx. $87,000 *Apprx. $502,600* *TBD, if projects average $20 million in construction each = approx. $2.5m*
TOTAL	***$5,034,579.17-5,534,579.17***	***$4,640,749.90-$45,390,749.90***

*Note items in italics are estimates and largely unknown at this time.

To: Common Council

From: Liz Brodek, Development Director

Date: July 12, 2022

Re: Mall Redevelopment Update

City staff has been working diligently on progress in the development agreement with T. Wall Enterprises, the developer Wausau Opportunity Zone (WOZ) selected for the mall redevelopment site. We expect a development agreement to be prepared and coming to Economic Development and Finance Committees, as well as this Common Council, in the next two months or so.

WOZ owns the site of the former mall and, as a private property owner, sought out a developer that met several criteria for the intended development. (A list of criteria provided by WOZ is included with this memo.) After talking with several developers, WOZ selected T. Wall Enterprises as the developer for the project. T. Wall has established a new LLC for the project, The Foundry on 3rd Development, LLC, which is the entity that will be listed as the Developer in the Development Agreement.

City staff received a draft development agreement from T. Wall on May 20, 2022. (This is not included with this memo, as we are in negotiations, and releasing any draft could harm the negotiations.) Upon receiving the draft development agreement, staff instructed the developer to complete a TIF application before engaging in development agreement negotiations. The Developer submitted a TIF application on May 25, 2022, which was not received by staff until May 31 due to a technical glitch in the submission system. (The TIF application is not included with this memo as it is related to negotiations with the development agreement.) The TIF application is intended to help the City determine the necessary amount of public participation for the project to go forward. This gap analysis is also commonly called the “but for” test for TIF participation. The “but for” test means that “but for” the use of TIF assistance, the project would not occur i) as proposed, ii) within the same time frame, or iii) with the same level of value. Independent third-party financial reviewers are hired for this review to provide objective analysis. They examine cash flows of the project as well as sources and uses of funds to assess whether and how the project pencils out with or without TIF assistance.

Staff selected Ehlers Public Finance Advisors to perform the gap analysis and “but for” test for the developer’s pro formas. Elhers was chosen because they have previously consulted with the City on TIF gap analyses and are assessing a gap analysis for another T. Wall project in another community. We are awaiting a final report from Ehlers and expect to receive that later this month.

Anticipating that the gap analysis will be within an acceptable range, staff is preemptively scheduling meetings internally, with its counsel, and the developers to keep negotiations progressing. Internal meetings involve several people from various departments (DPW/Engineering, Legal, Finance, and Economic Development at this point) and outside legal counsel and can be difficult to schedule with a variety of summer vacations. It is important to involve these people and departments for the most comprehensive and thorough agreement. We are being diligent in our efforts to keep the process moving forward while ensuring that all aspects are accounted for. In sum, we are navigating a dynamic environment of schedules and information and remain focused on developing a beneficial agreement for this project.

A summary of our progress on the agreement is below:

- Draft agreement form T. Wall received
- TIF application from T. Wall received
- TIF application, draft development agreement, and pro formas (direct from T. Wall) sent to Ehlers for analysis
- Discussion with developer on parking plans for partial use of the Sears ramp (which is likely to be in a separate agreement or amendment, as most similar parking agreements are)
- Internal development agreement discussion meeting scheduled
- Development agreement discussion with developer scheduled

The development agreement and TIF gap analysis report will be presented to Economic Development and Finance Committees as well as Common Council when they are ready for review.

Liz,

WOZ's selection of our first developer for the mall project focuses on the following:

1) Previous projects of high-quality that they produced in other communities of our size, and some larger.

2) Previous projects that particularly addressed the "revitalizing" of downtown areas in communities they built in.

3) T. Wall Enterprises has developed successful, high-quality projects in the downtowns of several Wisconsin communities, including Green Bay, Middleton Madison, Watertown, Neenah, Elm Grove, Racine and Monona.

4) We selected a developer who has also combined the retail aspect of their developments with residential. T. Wall has successfully accomplished this in many of their projects.

5) We were particularly interested in the architecture the developer would bring to the project to capture the historic amenities of our downtown.

6) We wanted a developer who is hands-on in managing their development and are in it for the long term.

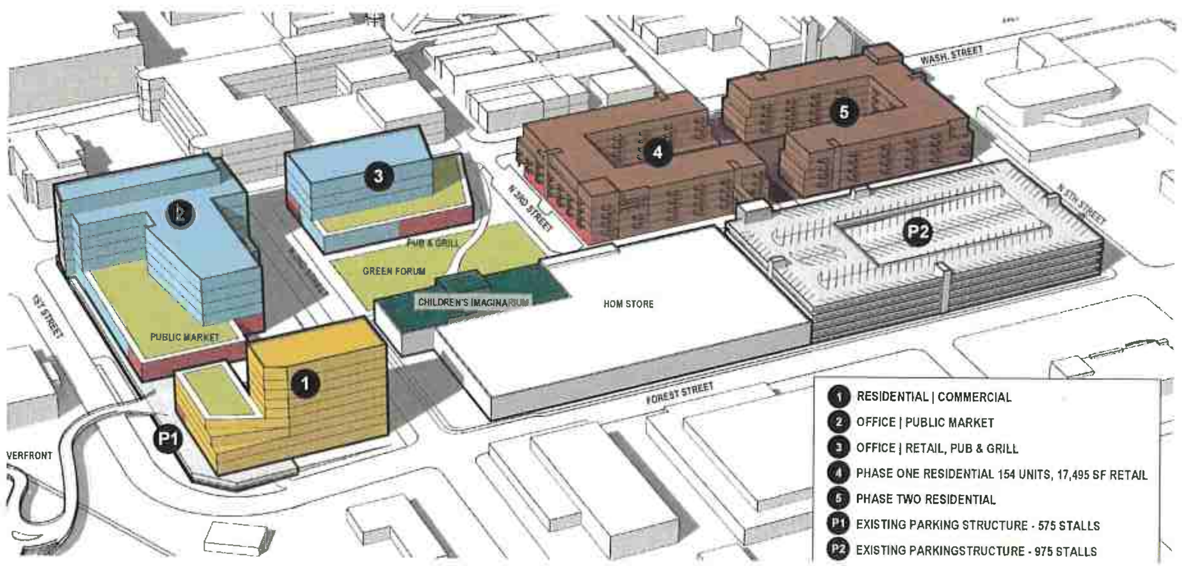
7) A developer that would embrace our GWPP mission of placemaking to attract workforce into our communities and Wausau's downtown in particular.

8) We also wanted to find a developer who pushed the residential component of their projects with a high number of available units in multiple phases, i.e., Block 4 and 5.

9) Last but not least, a developer with financial wherewithal to see their projects through to successful completion.

Aerial View looking East

Foundry on 3rd



Site Plan

Public Forum looking North

Greater Wausau Prosperity Partnership | Greater Wausau Chamber of Commerce | Wausau Opportunity Zone

The Greater Wausau Region Economic Development Strategic Plan

"Downtown Revitalization"

1. Key Consultant Reports and Recommendations

We have been directed in our dynamic mix use development plan by key consulting firms whose recommendations have been well received and are directing our path forward.
They include:

- TIP Strategies, *The Greater Wausau Region Economic Development Strategic Plan,* March 2020
- Neighborhood Planners, *South Riverfront Master Plan,* February 2020
- North Central Planning, *City of Wausau Comprehensive Plan,* July 2017
- Toole Design, *Wausau Center Urban Design and Transportation Master Plan,* May 2019

2. Environmental Closure

Through a collaborative effort among the "Green Team" of the Wisconsin Department of Natural Resource, the City of Wausau and Wausau Opportunity Zone, we have received our "Case Closure" status with a cover which allows us to move forward with our new streets and building construction.

3. Parking

- **"Sears Ramp" (P2)** – This parking will continue to serve our downtown users and will be owned and operated by the City.
- **"Penny's Ramp" (P1)** – This parking will continue to serve our downtown users and future buildings Blocks 1 and 2.
- **Street Parking** – The current plan under design by the City and Toole Design is anticipated to add parking on all new streets.
- **Building Parking** – The new urban apartment buildings on Blocks 4 and 5 will have parking garages underneath the buildings.

4. New Street Design & Construction

- The new, widened Washington St, 3rd St extension, Jackson St and 2nd St will have two-way traffic with parking.
- These new streets will be 78 ft wide with design features to include parking, bike traffic, wide sidewalks for pedestrians, dining areas, trees and green spaces.
- Construction of these new streets will begin in 2023 and will be temporary in nature until construction phases are completed in the different blocks.
- 40% (130,119 sq. ft.) of the mall property will be deeded back to the City for streets by Wausau Opportunity Zone.

5. Planned Construction Activities

- **Block 4** - Our first mixed use building (Foundry on 3rd) will have approximately 17,495 sq. ft. of smaller retail and commercial spaces and 154 urban apartments in a mix of studios, 1-bedroom, 2-bedroom, and 3-bedroom units. It will have parking underneath, additional parking in Sears Ramp and an interior courtyard with open air amenities.
- **Children's Imaginarium** - 13,570 sq. ft. facility will be developed in the northwest corner of the existing HOM Furniture building.
- **HOM Furniture** - 85,000 sq. ft. retail store will continue to serve the Wausau market as it does currently.
- **Additional Residential Development** - 100 renovated units of low-income housing at The Landmark; 50 units of low-income housing at West Side Battery Site; 30 Condominium Units at River Life
- **Additional Commercial Development** - The Depot will become the new home for the Greater Wausau Chamber of Commerce and GWPP; WPS Powerhouse will become the Center for Innovation; Aspirus Downtown Clinic will be opening soon

Please direct your questions to
Chuck Ghidorzi, Managing Director WOZ
chuckg@ghidorzi.com | 715.574.7282

6. Future Phases

- **Block 5** – Approximately 150 urban apartment units
- **Block 1 & 2** – Multi-story mixed use building over the Penny's ramp
- **Public Market** – Desired component of the first floor of Block 2 with an upper deck
- **Green Forum** – 20,000 sq. ft. green space for public activities
- **Block 3** – Multi-story mixed use building

7. Community Impacts

- Revitalization and support of our current restaurants and merchants in our downtown community
- Revitalization and support of our office, services, and social organization in our downtown community
- Upwards of $150 million in new construction in our downtown that will serve a key role in building our workforce and making Wausau a greater place to live, work and play

8. Financial Update

Community Spending/Credits	
Sears Purchase	$650,000
Mall Purchase (loan)	$1,000,000
Demolition/Reconstruction Funding	$3,500,000
Mall Operational Loss Support	$327,000
Received Back from WOZ to City	
Mall Purchase Loan Repayment	- $660,000
Operational Loss Termination	- $1,962,000
Land given back for New Streets	- $1,952,000
City's Total Investment to Date	**$903,000**
Foundations Gifting to the project	
Mall Purchase	$2,000,000
Loan Payable to City	$660,000
Additional Expenses	$2,438,000
Total Gifting to Date	**$5,098,000**
Approximate Investment by Developer in Construction of Block 4	**$40,000,000**

Wausau Metropolitan Area
Regional Housing Assessment
Fact Sheet 1

Introduction

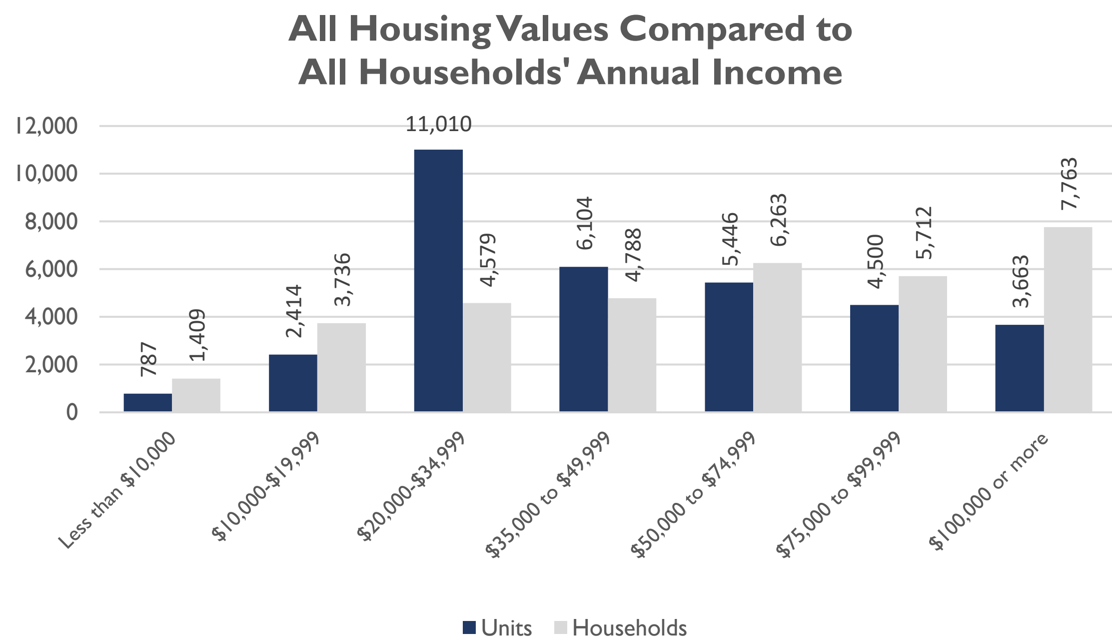
The North Central Wisconsin Regional Planning Commission is completing a regional housing assessment for the Town of Rib Mountain, Villages of Kronenwetter, Maine, Marathon City, Rothschild, and Weston, and Cities of Schofield and Wausau. This project uses Census data, real estate data, surveys, and interviews to find out what kinds of housing needs to be built in the region and what communities can do to help. Surveys and interviews will take place Fall 2022 and project completion is December 2022. This fact sheet summarizes the project's findings as of Summer 2022.

Demographics

- The region's population is growing and will continue to grow
- The average age is increasing, like much of Wisconsin
- People are living longer and staying in their homes longer
- Households are getting smaller, and more people are living alone

Housing

- Most structures are middle-income single-family homes, making housing choices limited
- Housing growth since 2010 has been slow and hasn't kept up with demand
- Older neighborhoods tend to be more walkable; Newer neighborhoods depend on cars
- One-quarter of households spend more than 30% of their income on housing (cost-burdened)
- One-tenth of households spend more than 50% of their income on housing (severely cost-burdened)
- 12,920 households are considered low-income. There are at least 2,028 subsidized low-income housing units. The City of Wausau has a housing voucher wait list of around 550 households.
- Other market-rate housing units may be affordable to low-income households, but they are difficult to track and unlikely to meet the remaining need of over 10,000 units
- Low-income households must stretch their budget and compete with middle-income households for housing
- There is a shortage of higher-end housing, so those with higher incomes also compete for the same housing as middle-income households, driving prices up for everyone
- An expected 2,000+ housing units of all types are needed by 2025 and another 1,100+ units are needed by 2030 according to population projections
- Zoning varies by community, enabling or restricting the types and sizes of housing that can be built
- Larger lot sizes and design requirements increase cost; higher densities and mixed-use development offer a greater variety of housing choices and prices
- Vacant, developable land is abundant in the region, but infrastructure costs are a concern.



The figure above shows all renter- and owner-occupied housing units by price (blue) compared to how many households can afford them (gray). A shortage of units for households making less than $20,000 and more than $50,000 puts pressure on the inventory of housing for households making between $20,000 and $50,000.

Changing Conditions

- Interest rates and home prices keep rising along with inflation, impacting affordability
- Broadband, transportation, handicap accessibility, square footage, number of bedrooms, number of floors, and other factors play a role in where people choose to live
- The best Census data available is from 2020; housing costs and incomes have risen since then
- Housing for the lowest income households is hardest to build because of construction and land costs
- Existing older housing may be less affordable relative to its purchase price due to needed large repairs
- Homes built in recent decades eventually need new roofs, furnaces, windows, or other repairs

What's Next

- NCWRPC will host three open houses in Fall 2022 to discuss the project and hear from the community
- NCWRPC will survey the public and interview builders, lenders, realtors, businesses, and other organizations to learn what the biggest housing challenges are
- Additional fact sheets will be provided throughout the project
- NCWRPC will complete and present the assessment by December 2022

Project Contact:

Sam Wessel, AICP, Senior Planner
North Central Wisconsin Regional Planning Commission
swessel@ncwrpc.org / 715-849-5510 Ext. 303

Projection Revenue

Staff Notes

This project involves:

- (●) Rental Property
- ( ) Sales Property

Rental Revenue Projections

	Year 1	Year (1, 2, 3+)	Year (1, 2, 3+)
Income rent per SF (or avg.)	$	$	$
Commercial Rent	$	$	$
Commercial Expense Recoveries	$	$	$
Residential Rent	$ 2931984.00	$	$
Other	$ 195900.00	$	$
Gross Potential Income (Sum of Income Sources)	$ 3,127,884.00	$ 0.00	$ 0.00
Commercial Vacancy	$ 25529.00	$	$

Add

Remove Remove Remove

Residential Vacancy	$ 146599.00	$	$
Effective Gross Income (EGI)	$ 35324.00	$	$
Maintenance & Repairs	$ 72350.00	$	$
Real Estate Taxes	$ 625307.00	$	$
Insurance	$ 32940.00	$	$
Management Fee	$ 195904.00	$	$
Professional Fees	$ 122200.00	$	$
Other Expenses	$ 82100.00	$	$
Total Expenses	$ 1130801.00	$	$
Net Operating Income: NOI (EGI - Total Expenses)	$ 2134270.00	$	$
Capital Expenses	$	$	$
Debt Services	$ 2025217.00	$	$
	Remove	Remove	Remove

Net Cash Flow (NOI - Capital Expense and Debt Services)

$ 109053.00	$	$
Remove	Remove	Remove

Previous

Next

City of Wausau TIF Application

Last Updated: 5/25/2022 6:24:04 PM local time

Getting Started

City of Wausau

TAX INCREMENTAL FINANCING APPLICATION

The City of Wausau is a proud partner in assisting investment and business development.Our Development Team welcomes consultation with prospective applicants in advance of this formal application process.

Please complete and submit the following information to the City of Wausau for a more detailed review of the feasibility of your request for Tax Incremental Financing (TIF) assistance. The application is comprised of four parts: 1) Applicant Information, 2) Project/Property Information, 3) Project Budget/Financial Information, and 4) Attachments.

Where there is not enough space for your response or additional information is requested, please use an attachment. Use attachments only when necessary and to provide clarifying or additional information.

Applicant Information

Staff Notes

Legal Name

Terrence Wall

D/B/A

The Foundry on 3rd Development, LLC

Mailing Address

PO Box 620037
Middleton WI 53562
United States

Primary Contact Number

6082208940

Cell Phone Number

Email

nick@twallenterprises.com

Attorney

Taylor Brengel

Legal Entity (check one)

LLC

If not a Wisconsin corporation/partnership/ LLC, state where organized

Will a new entity be created for ownership?

No

Principals of existing or proposed corporation/partnership/LLC and extent of ownership interests:

Name

T. Wall Enterprises

Address

1818 Parmenter

Title

Manager

Ownership Percentage

100%

Investors and extent of ownership interests:

Name

Address

Title

Ownership Percentage

Applicant and all principals and investors, please provide a residence list for the past 20 years. This listing will be used to further complete the background and reference check investigation process in other municipalities/states as applicable.

Terrence R. Wall 1. 4927 Breakers Rock Rd. Middleton, Wi 53562 2. 57 Cambridge Rd. Madison, WI 53704

Is any owner, member, stockholder, partner, officer, or director of any previously identified entities, or any member of the immediate family of any such person, an employee of the City of Wausau? (check one)

No

Have any of the applicants (including the principals of the corporation / partnership / LLC and any investors in the project) ever been charged or convicted of a misdemeanor or felony?

No

All applicants (including the principals of the corporation / partnership / LLC and any investors in the project) shall have a credit, criminal and financial investigations completed as follows at the expense of the applicants:

- Criminal Background Check through the Department of Justice. Report will be run by Wausau Police Department.
- Wisconsin Court System Circuit Court Access Search (https://wcca.wicourts.gov/index.xsl).
- Credit Bureau Report, using at least one of the available providers, shall be obtained (personal/business).
- Any other sources deemed necessary by all the parties involved in the application approval process.

Project/Property Information Project Narrative

Staff Notes

Overall Project Summary and Objectives (feel free to upload a document for your answer):

The project consists of one 5-story mixed-use building with underground parking. The building will have approximately 17,000 SF of commercial space and 154 units. I have enclosed a site plan and building data for reference.

Project Summary Document

220523-Foundry on 3rd-Project Summary.pdf (/CityOfWausau/TIF/file/8c726fb1-5f16-4ff6-baf2-40e0cfc6f480)

Parcel Address(es):

Portion of 301 Washington Street (Known as Block 4 on Alexander Davis Plat)

Proposed Parcel/Land Area: (in Acres)

1.35

Proposed Building Area: (in Square Feet)

Number of Dwelling Units:

154

Number of Stories

5

Number of Parking Spaces

Current and Proposed Uses:

Current: vacant parcel Proposed: mixed-use commercial on first floor and multi-family above.

Description of End Users:

The development will bring in several commercial and retail operators along with hundreds of new residents to downtown.

Current Assessed Value:

Current Property Taxes:

Describe any zoning changes that will be needed:

PUD

Identify any other approvals, permits or licenses needed (ie. Liquor License, Health Department. etc.):

DNR Permit, Building Permit, and Occupancy Permit

Describe briefly what the project will do for the property and/or neighborhood:

The project will increase property value/tax base from $883,000 to an estimated $25,000,0000. The project will bring hundreds of new residents to the core downtown and will bring in $10,000,000 in disposable incomes to support the local economy. The project will also bring new jobs and additional opportunities for retailers. This project will be focused on energy efficiency and long-term sustainability, which is why the project is proposing installation of electric vehicle charging stations in the lower level parking garage.

Project Timeline

Final Plan/Specification Preparation

12/2022

Bidding and Contracting

01/2023

Firm Financing Approval

12/2022

Construction/Rehabilitation

02/2023

Landscaping/Site Work

10/2023

Occupancy/Lease Up

04/2024

Development Team

Developer

The Foundry on 3rd Development, LLC

Architect

JLA Architects

Surveyor

REI Engineering

Contractor

TBD

Others

Describe Development Team expertise and experience in developing similar projects:

Our team started back in 1989 (during a recession), developing multi-family communities for a number of years, and then sold those communities when they saw the market changing. T. Wall then developed a number of major office parks, 5 retail centers, and has been the only developer to ever partner with the City of Madison to develop an industrial park. The T. Wall team withstood the dip in 1993 with tax law changes, the tech stock market crash of 2000, 9/11 and the recession that followed in 2001, the Great Recession of 2008-2012, and the imposed COVID recession of 2020. We have developed and currently manage 1,800 units and 89,000 SF of commercial space. The company is recognized as a pioneer and leader in green development with the largest multi-family solar array in the state.

Other current Development Team projects in development:

We just received occupancy permit for Solaris on Main in Neenah. We are currently under construction on Hidden Creek phase 3 in Madison and Covered Bridge Residences in Windsor. We are set to begin construction on Riverhouse on the Rock in Watertown in the Fall.

Past Development Team projects for references:

Community Name

Tribeca Village

Contact Person

Nick Patterson

Contact Phone Number

608-220-8940

Community Name

Middleton Center

Contact Person

Nick Patterson

Contact Phone Number

608-220-8940

Community Name

Peloton Residences

Contact Person

Nick Patterson

Contact Phone Number

608-220-8940

Community Name

The Masters Residences

Contact Person

Nick Patterson

Contact Phone Number

608-220-8940

Provide a list of References for suppliers and trade groups you have worked on past projects with. Please note, these references will be checked to verify for past performance:

Supplier

Dave Jones, Inc.

Contact Person

Greg Jones, CEO

Contact Phone Number

608-268-7505

Supplier

Stevens Construction Corp.

Contact Person

Mark Rudnicki, CEO

Contact Phone Number

608-222-5100

Supplier

Nonn's Kitchen Bath & Flooring

Contact Person

Adam Nonn, CEO

Contact Phone Number

608-836-8833

Supplier

Terra Engineering

Contact Person

Scott Zimmerman, CEO

Contact Phone Number

608-210-3919

Describe the financial ability of the applicant to complete the project:

Our team has had the financial capacity to build 20+ apartment buildings. We have the capacity to consistently build 4 to 5 buildings per year.

Number of full-time jobs to be created in the City of Wausau by the proposed project:

Average estimated annual salary for full-time jobs to be created by the proposed project

Number of part-time jobs to be created in the City of Wausau by the proposed project:

Average estimated annual salary for part-time jobs to be created by the proposed project

If existing business, number of current full-time employees located in the City of Wausau:

$0

If existing business, number of current part-time employees located in the City of Wausau:

$0

Will you or have you completed a market study related to the project?

Yes

Will you or have you obtained an appraisal on the proposed property acquisition?

Yes

Project Budget/Financial Information

Staff Notes

Describe why the project cannot occur "but for" City participation:

The project cannot occur but for TIF because our construction costs have increased incrementally by 90.5% since prior to Covid. We used to build multi-family communities for $105,000 per unit in 2019 and now construction costs are exceeding $200,000 per unit. We cannot raise rents by 90.5%, so we must find a way to meet the gap.

Identify the sources and uses of funds for the project. Typical sources include equity, lender financing, mezzanine financing, government financing, other anticipated types of public assistance, and any other types or methods of financing.

Use of Funds

Building Construction/Renovation

Amount ($)

$36695000

% of total uses

Use of Funds

Soft Cost/Fees: Other

Amount ($)

% of total uses

Use of Funds

Contingency

Amount ($)

$2210000

% of total uses

Total Uses of Funds Amount

Sources

Equity Type

Loan: Construction Financing

Describe Other

Amount ($)

$33308000

% of total sources

Equity Type

Developer Equity

Describe Other

Amount ($)

$8059000

% of total sources

Equity Type

Other TIF Assistance

Describe Other

TIF Loan

Amount ($)

$0

% of total sources

Total Sources of Funds Amount

Loan Information

Describe Loan

Construction Loan

Amount

$33308263

Terms: (Years and Interest Rate)

3-5 yr; 5.0%

Contact Information

Describe Loan

TIF Loan

Amount

$6216000

Terms: (Years and Interest Rate)

5 yr; 5.5%

Contact Information

Detailed Pro Forma

Staff Notes

Pro Forma Income and Expense Schedule

Applicants whose projects involve the rental of commercial, retail, industrial, or living units must submit project pro formas that identify income and expense projections on an annual basis for a minimum five-year to a maximum eleven-year period. If you expect a reversion of the asset after a holding period please include that in your pro forma as well. Please check with city staff to determine the time period needed for the pro forma. Identify all assumptions (such as absorption, vacancies, debt service, operational costs, etc.) that serve as the basis for the pro formas. **Two sets of pro formas are to be submitted. The first set should show the project without TIF assistance and the second set with TIF assistance.**

For owner-occupied industrial and commercial projects, detailed financial information must be presented that supports the need for financial assistance (see below).

Pro Forma (One without TIF and one with TIF)

No files uploaded.

Analysis of Financial Need

Each application must include financial analyses that demonstrate the need for TIF assistance. **Two analyses must be submitted: one WITHOUT TIF assistance and one WITH TIF assistance.** The applicant must indicate the minimum return or profit the applicant needs to proceed with the project and rationale for this minimum return or profit. The analyses will necessarily differ according to the type of project that is being developed.

Rental Property: For projects involving rental of space by the developer to tenants (tenants include offices, retail stores, industrial companies, and households), an internal rate of return on equity must be computed with and without TIF assistance based on the pro forma of income and expense prepared for the Income and Expense Schedule below. The reversion at the end of the ten-year holding period must be based on the capitalized 11th year net operating income. The reversionary value is then added to the 10th year cash flow before discounting to present value. State all assumptions to the analyses.

For Sale Residential: Show profit as a percent of project cost (minus developer fee and overhead and minus sales commissions and closing costs, which should be subtracted from gross sales revenue). Other measure of profitability may be submitted, such as profit as a percent of sales revenue.

Mixed Use Commercial / For-Sale Residential: Provide either separate analyses for each component of the project or include in the revenue sources for the for-sale portion, the sale value of the commercial component based on the net operating income of the commercial space at stabilization. Indicate how the sale value was derived.

Owner-Occupied Commercial: For projects, such as "big-box" retail projects, provide copies of the analyses that the company needs to meet or exceed the company's minimum investment threshold(s) for proceeding with the project.

Analysis (One without TIF and one with TIF)

No files uploaded.

Projection Revenue

Staff Notes

This project involves:

Rental Property

Additional Consideration

Staff Notes

Please Answer the Following:

Will you sign a community workforce agreement with the local Building Trades Council?

No

Will you agree to source all sub-contractors from within a 100-mile radius of City of Wausau?

No

Will you agree to not protest to the Board of Review, except in cases of material inaccuracies, your real estate assessment for the subject properties?

Yes

Will you complete the design assistance process of the Wisconsin Focus on Energy Program, which offers incentives and consultations on energy efficiency?

Yes

Will you consider using Property Assessed Clean Energy (PACE) funding which can provide financing support for construction which meets energy efficiency or alternative energy standards?

Yes

Will you provide corporate tax filing verification information for job creation reporting purposes, if requested?

Yes

Will you authorize the City to check references, run a credit report and verify criminal and financial backgrounds

Yes

Attachments

Staff Notes

Sumary Letter

Provide a summary of the project in the form of a letter addressed to the City of Wauau. The lettershould not exceed two (2) pages in length and should include only the following essential information about the project:

- Description of site or building
- Description of end users
- Profitability
- Overview of private sector financing
- Summary of increment projections
- Total development costs
- Current and proposed uses
- Project start and end dates
- Description of public benefits, including job creation
- Amount of TIF assistance requested
- Name of developer and owner
- Statement regarding why TIF is essential and why the “but for” provision will be met

Note: In the “but for” discussion, you must clearly describe why TIF is needed to help this project and why the project will not / cannot proceed without such support. Failure to clearly provide the “but for” explanation will delay action on your application.

Summary Letter

No file uploaded.

Project Narrative

Provide an in-depth overview of the project in narrative format. The narrative must include a description of the following aspects of the project:

- Current condition of the site and historical overview that includes the size and condition of any existing structures, environmental conditions, and past uses of the site.
- Proposed use(s) of project (e.g. industrial, commercial, retail, office, residential for sale or rental, senior housing, etc.).
- Construction information about the project including: size of any existing structure to be demolished or rehabbed; size of any new construction: types of construction materials (structural and finish); delineation of square foot allocation by use; total number and individual square footage of residential units; type of residential units (e.g. for-sale, rental, condominium, single-family, etc.); number of affordable residential units; number and type of parking spaces; and construction phasing.
- If in an existing TID or redevelopment area, confirm that this project is consistent with the goals and objectives in the Project or Redevelopment Plan.
- A summary of the proposed "green" features to be included in the project. All projects that receive TIF assistance are encouraged to include environmentally friendly features.

Project Narrative

No file uploaded.

Filing Requirements

Staff Notes

You must provide all the following items with your signed application for it to be considered complete:

1. Fee: A nonrefundable fee of $1,000 made payable to the City of Wausau.

2. Site Maps: Provide a map that shows the location of the site and a map that focuses on the project and its immediate surroundings.

Site Maps

Foundry on 3rd-Site Plan - 5.25.2022.pdf (/CityOfWausau/TIF/file/08061c50-35a4-433b-a5fa-d2fa68805300)

3. Project Renderings: Provide preliminary architectural drawings, plans, and renderings for the project.

Project Renderings

Foundry on 3rd-Rendering - 5.20.2022-2.pdf (/CityOfWausau/TIF/file/6cfdf277-ffb2-4eff-a254-a921c976d227)

4. Projections: Provide cash flow projections for the project.

Cash Flow Projections

No files uploaded.

5. Statements: Profit and loss statements for the past three (3) years (if applicable) – this may be shared in a closed session if necessary and requested.

Profit and Loss Statements

No files uploaded.

Declarations

The City requests answers to the following for any applicant, investor, developer, officer or affiliate of an entity or LLC with an ownership or share of 20 percent or greater in the proposed project:

Involved in a previous or pending lawsuit or legal proceeding?

Yes

Involved in a previous or pending bankruptcy or insolvency proceeding?

No

Charged with a crime, paid or otherwise complied with civil penalties, or been the subject of a criminal or civil investigation?

No

Have any outstanding tax liens currently or previously?

No

Have any projects with a construction delay of six months or greater?

No

Please attach a detailed explanation of any YES responses.

Disclosure statement.pdf (/CityOfWausau/TIF/file/9c5840d6-ba2f-4c1a-a744-65c848750702)

Submit

Staff Notes

I, by signing this application, agree to the following:

1. I have read, and will abide by all the policies, standards and reporting requirements of the City for Tax Incremental Financing (TIF).
2. The information submitted is correct and adequately represented.
3. I understand the City reserves the right to deny approval, regardless of preliminary approval or the degree of construction completed before application for final approval.
4. I authorize the City to check references, run/obtain credit reports, verify criminal and financial backgrounds and obtain other relevant information on the applicant and parties.
5. I agree to provide additional information as may be requested by the City after filing this application.

Applicant Full Name

Terrence R. Wall

Date

05/24/2022

<u>Non-Discrimination Statement</u> -*The City of Wausau does not discriminate on the basis of race, color, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, sexual orientation, or military status, in any of its activities or operations.*

Approval Of Application

Staff Notes

Historic Landmarks Commission Review

Approved By

Date

Economic Development Committee Review

Approved By

Date

Begin User

nick@twallenterprises.com

Begin Date

05/11/2022

Submitted User

support+sapphire@bmisw.com

Submitted Date

05/25/2022

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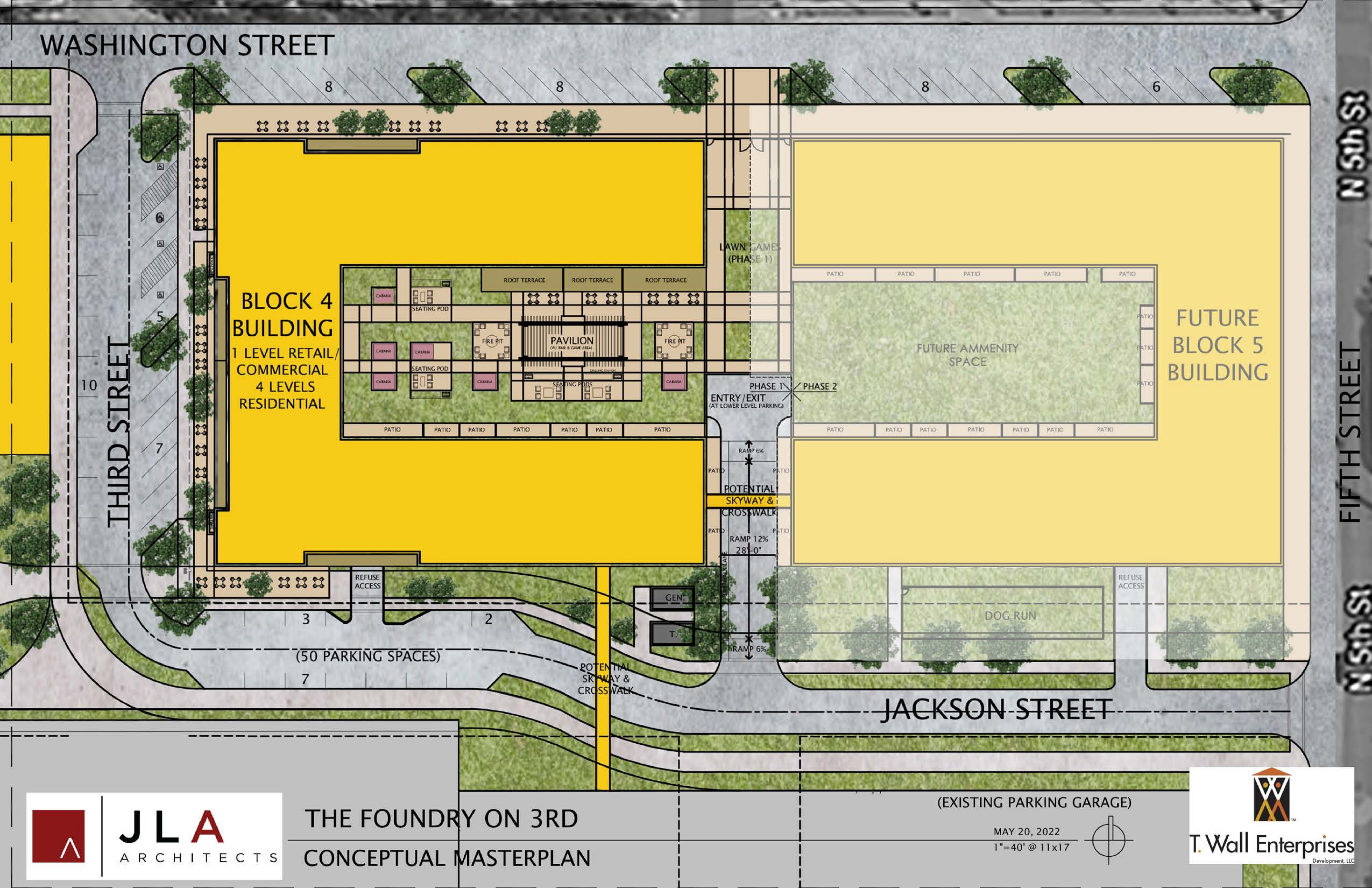

WASHINGTON STREET
8
8
8
6
N 5th St
THIRD STREET
FIFTH STREET
6
5
10
7
BLOCK 4 BUILDING
1 LEVEL RETAIL/ COMMERCIAL
4 LEVELS RESIDENTIAL
ROOF TERRACE
ROOF TERRACE
ROOF TERRACE
SEATING POD
SEATING POD
SEATING PODS
CABANA
FIRE PIT
PAVILION
PATIO
LAWN GAMES (PHASE 1)
FUTURE AMMENITY SPACE
FUTURE BLOCK 5 BUILDING
PHASE 1
PHASE 2
ENTRY/EXIT (AT LOWER LEVEL PARKING)
RAMP 6%
POTENTIAL SKYWAY & CROSSWALK
RAMP 12% 28'-0"
REFUSE ACCESS
REFUSE ACCESS
GEN.
T.
DOG RUN
3
2
(50 PARKING SPACES)
7
POTENTIAL SKYWAY & CROSSWALK
JACKSON STREET
(EXISTING PARKING GARAGE)
JLA ARCHITECTS
THE FOUNDRY ON 3RD
CONCEPTUAL MASTERPLAN
MAY 20, 2022
1"=40' @ 11x17
T. Wall Enterprises
Development, LLC

CONCEPT DATA – THE FOUNDRY ON THIRD – PHASE 1 – 5 STORIES OVER 1 PARKING

FLOOR	GROSS AREA (s.f.)	NET LEASABLE RESIDENTIAL	NET LEASABLE COMMERCIAL	COMMON AREAS	RESIDENTIAL UNITS									PARKING PROVIDED*				
					JR.	ST.	1BR	1BR+	2BR	2BR+	3BR	TOTAL	BEDS	COVERED	SURFACE	STREET	TOTAL	RATIO
5	34,205	27,350		6,170	0	8	9	3	5	6	2	33	48					
4	34,990	28,140		6,170	0	8	8	1	7	6	3	33	52					
3	36,610	29,720		6,200	0	8	9	1	7	6	2	33	51					
2	36,610	29,720		6,200	8	11	6	1	5	6	2	39	55					
1	37,600	9,085	17,495	9,385	8	4	1	1	0	2	0	16	18			**50		2.8 CARS/1000 SF
B	52,685*													131				
T.	180,015	124,015	17,495	34,125	16	39	33	7	24	26	9	154	224	131		**50	181	1.17/UNIT
					10%	25%	21%	5%	16%	17%	6%							0.81/BDRM
							26%		33%									

* PARKING AREA IS NOT INCLUDED IN NET TO GROSS AREA TOTALS

** STREET PARKING FOR RETAIL/COMMERCIAL TO BE SUPPLEMENTED BY PARKING IN EXISTING RAMP ADJACENT TO BLOCK 4 SITE

*** 137 TOTAL COVERED BIKE SPACES

JLA ARCHITECTS

THE FOUNDRY ON 3RD – PHASE 1

CONCEPTUAL BUILDING DATA

MAY 20, 2022

T. Wall Enterprises Development, LLC

JLA ARCHITECTS

THE FOUNDRY ON 3RD - PHASE 1

PERSPECTIVE

MAY 20, 2022
1"=30' @ 11x17

T. Wall Enterprises
Development, LLC

JLA ARCHITECTS

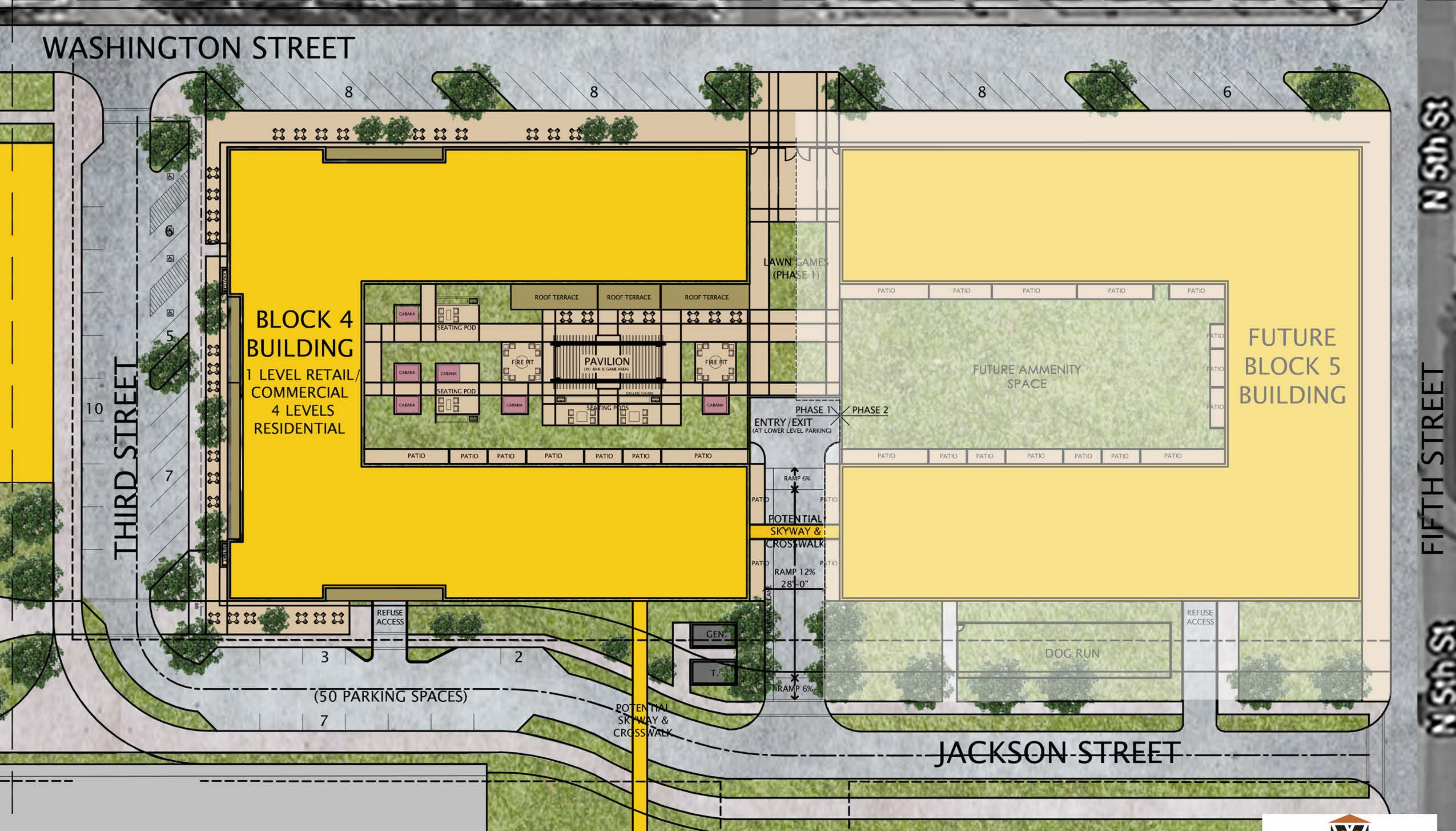
THE FOUNDRY ON 3RD – PHASE 1

PERSPECTIVE

MAY 20, 2022

1"=30' @ 11x17

T. Wall Enterprises Development, LLC



JLA ARCHITECTS

THE FOUNDRY ON 3RD

CONCEPTUAL MASTERPLAN

MAY 20, 2022

1"=40' @ 11x17

T. Wall Enterprises Development, LLC

JLA ARCHITECTS

THE FOUNDRY ON 3RD - PHASE 1

PERSPECTIVE

MAY 20, 2022

1"=30' @ 11x17

T. Wall Enterprises Development, LLC

DISCLOSURE STATEMENT

APPLICANT: The Foundry on 3rd Development, LLC

SPONSOR(s) NAME: Terrence R. Wall;

Terrence Wall secured a construction loan from Wells Fargo bank in the fall of 2008 to develop two office/warehouse facilities in Mesa, *AZ*. In December 2009 Wells Fargo requested a re-margin of the loan for the full loan amount even though only 75% of the loan had been drawn to construct the facilities. The borrower made all of the required payments due under the loan since inception and at no time was the loan ever in default. Wells Fargo foreclosed on the security in January 2011, subsequently sold the properties 100% vacant at a time when economy was near a low point and then filed a judgment against the borrower in the amount of approximately $2.7 million. The judgment was appealed and fully satisfied in early 2016.