MINUTES

Joint Finance & Economic Development Committee Meeting

Date | time Tuesday, June 1, 2021 at 5:15 P.M. | *Meeting called to order by* Rasmussen & Neal at 5:15 P.M.

In Attendance

ED/FIN Members Present:	Tom Neal (ED chair), Sarah Watson, Becky McElhaney, Lisa Rasmussen (FIN Chair) Dawn Herbst, Michael Martens, Deb Ryan and Tom Kilian
Others Present:	Mayor Katie Rosenberg, Brad Lenz, MaryAnne Groat, Tammy Stratz, Anne Jacobson, William Harris, Patrick Peckham, Shannon Graff (Webex), Ted Matkom (Webex), Nick Patterson (Webex), Gary Gisselman

In accordance with Chapter 19, Wisc. Statutes, notice of this meeting was posted and sent to the Daily Herald in the proper manner.

Joint Items

Agenda Item #1 – Discussion and possible action on the $350,000 funding request from Gorman & Company, LLC for 221 Scott Street (Landmark Apartments) Affordable Housing project. Funding sources to be considered are TID 12 and American Rescue Plan Act Local Fiscal Recovery Funds

Lenz introduced the agenda item and referred to the TID application in the packet where gap financing was requested by Gorman & Company in the amount of $350,000.

Rasmussen mentioned TID projects don’t score well due to return on investment because tax credit projects are assessed at a lower rate than standard properties.

Ryan asked if Landmark has loan approval from the CDA. Lenz and Matkom confirmed approval for $900,000.

Kilian asked Matkom about the question in the TID application regarding pending litigations that was answered no. Matkom stated Gorman & Company has 6,000 units in Wisconsin and they have landlord/tenant issues which are always occurring but there are no major litigations for Gorman & Company at this time. Kilian requested a list of current list of litigations the Gorman & Company is involved in for the past 5 years. Matkom clarified if Kilian is requesting litigation no matter how small to which Kilian responded, yes. Matkom said he would supply this information as requested. Rasmussen asked Kilian if he wanted Matkom to include evictions as standard practice. Kilian said he was open for discussion but would like anything that would be considered a civil suit.

Ryan questioned the renovation process and how current residents will be affected by it. Matkom answered they held two meetings with residents. The renovations will begin on floors 8, 7 and 6. Residents on those floors will relocate to “hotel units” within the building for 45-60 days until renovation is complete. Every time a floor is completed, they will start renovating another floor and no one will be displaced with that strategy.

Ryan asked if they would be notifying everyone that they will be in a Section 8 building. Matkom replied the Landmark will not be a Section 8 project but rather Section 42. Ryan asked if the tenants would be income qualified for units which Matkom replied yes. Ryan asked if there are current tenants who are at market rate rents or above the income limit who would stay in the building once renovation is completed. Matkom responded there are no leases on the apartments now and those who do not income qualify would have to relocate because there will be no market rate apartments. Ryan asked if there would be dollars set aside to help renters who need to find other housing, to help with moving costs, higher rent/utilities.

Matkom responded there isn't funding set aside for relocation on a month to month lease. He stated if they were breaking a lease due to changing the requirements to rent there, that would be a different story. Matkom said they have always offered to help people move their belongings out and into a moving truck but does not help pay for moving costs.

Groat added there is no requirement for the city to provide funds for relocation from The Landmark. Groat stated if there was a street project that impacted residents living situation then there would be an obligation to support those households. Groat asked Matkom to explain how many apartments the complex will have when the renovations are completed.

Matkom stated there are currently 105 units but once the project is complete there will be 94 due to several current units not being legal living space. He stated about 50% of people living in the complex now are living there because the rent is what they can afford. The other 50% can afford higher rent but choose to live in the Landmark because rent is cheap. Matkom stated they would make 100% of the units affordable, targeting 60% of the county median income meaning an individual income limit would be about $25-30,000/yr. and a family of 4, the income limit would be about $50,000.

Ryan mentioned she is concerned about the residents who will have to move from the Landmark but may not be able to afford moving expenses or higher rent. Ryan suggested perhaps there would be money down the road that could be used from CDBG to help residents with relocation.

Rasmussen said the meat of their discussion is what pot of money to pull from if the committee chooses to support the project. She stated this satisfies a goal of the council to create more affordable.

Ryan stated she attended the Water Commission meeting earlier in the day and it was discussed to use recovery funds for lead lateral replacements for low income neighborhoods. She asked the Mayor if there is latitude on that. Mayor Rosenberg stated they voted to give Director Lindman 60 days to determine how recovery funds could be used towards lead lateral replacement for low income neighborhoods. She stated the council would need to vote on it but Mayor Rosenberg wants to ensure their needs as a utility are voiced.

Rasmussen reiterated the disadvantage of TID funding for this project because normally when TID funding is used, the taxable value of the property increases and those gains are used to pay the taxes. Conversely, using TID funding for a tax credit property will not produce those same results making it less desirable to use TID funding. Rasmussen would like to see a robust plan with a diverse mix of uses for the American Recovery Funds to get the largest bang for the dollars received.

Watson asked if there is a potential income generating projects in TID 12 that could offset the loss of generation from the Gorman project. Groat responded The Landmark is not in TID 12 but the project plan does allow for development incentives within a ½ mile boundary, which this parcel is. The city could choose to amend the district to include it but because the value of the building is not expected to increase there is no incentive to amend the district to include the parcel.

Ryan motioned to use the American Rescue funds versus TID 12 for the Gorman Project, seconded by Martens.

FIN Committee voted and motion carried 5-0.

ED Committee member McElhaney motioned to use the American Rescue Funds for the Gorman Project, seconded by Watson.

Kilian recommended using $350,000 in TID funds and using American Rescue Funds to help those displaced from The Landmark to provide them a soft landing. Neal asked Matkom to address Kilian's concern about the displacement of residents and a possible partnership with the city.

Matkom replied first by correcting the numbers discussed earlier. There are currently 20 vacancies and 70 occupied units. Of the 70 occupied units, he stated about 50 are affordable and 20 are market. He made this clarification to provide a more correct number of people that could be displaced. He said the market rate tenants are being given complete flexibility to provide whatever notice they want (a month, a week, or a day) up to August 1st, to move from the property. Their security deposits will be returned in full. If the resident needs help moving their belongings from their unit into a loading van, they will provide this assistance but Gorman will not assist them to/at their new unit.

Rasmussen stated helping residents financially who will be displaced from Landmark was not part of the request on the application and the possibility of funds to those dislocated should be for a different discussion.

Ryan asked Stratz if the CDBG is something that can be used for the displaced residents. Stratz responded it is not black and white and would be dependent on how it's structured. Stratz said if CDBG funds were used, the money would have to be used to help a low income person(s). Though, those being displaced are over income per Section 42 requirements, therefore they would not meet criteria for CDBG. Additionally, the money used would be considered funding a public service activity which would take money away from non-profits.

Kilian motioned to increase the request by $30,000 in order to help those displaced with moving elsewhere (figuring $1,500 for each unit impacted). No second on this motion.

Rasmussen responded including the increase in the request would need to take place during a later discussion and not assume the American Rescue Funds can be used for that type of an expense. She said there should be an analysis of how much a request might be and not assume each person will need $1,500. Rasmussen said we need to look at the need and the rules before making that type of decision.

Kilian amends his motion and requested an analysis be completed by the attorney's office to see if the American Rescue Funds can be used for transitional expenses. No second on this motion.

ED Committee voted and motion to use American Rescue Funds for the Gorman Project carried 5-0.

Agenda Item #2 – Discussion and possible action on the extension on the deferral of principal payments on city-funded loans for small businesses in the aftermath of the COVID-19 pandemic

Rasmussen introduced the agenda item stating that last year businesses that had city loans were offered a deferment on their payments due to the pandemic and since we are still not through the pandemic fully, the committee is being asked to consider an additional deferral until businesses stabilize. Rasmussen pointed out there is no money actually lost as interest is still accruing, but it allows businesses flexibility on their repayments.

Neal asked how the current deferrals are being administered.

Stratz stated initial outreach to businesses produced several participants in the loan deferral. After the extension was approved approximately half the initial businesses continued to participate and currently there are only four businesses participating. Stratz reached out to those businesses last week to remind them the extension will end in June with payments starting in July but she has not heard from any of them.

Rasmussen suggested approving the option to continue the deferral for those who need it and those who don't need it could opt to restart payments. Rasmussen asked Stratz if she would recommend the authority to defer up to a year if needed. Stratz responded she would appreciate that flexibility.

Herbst motioned to allow Stratz the leeway to work with businesses who are interested in deferring their loan payments to the City of Wausau for up to the next 12 months, seconded by Watson.

FIN Committee voted and motion carried 5-0.

Neal asked Stratz if someone who didn't take advantage of the deferral before but wants to now, are they able to participate. Stratz said she would like the ability for additional businesses to participate even if they hadn't before.

Kilian motioned to allow Stratz the leeway to work with businesses who are interested in deferring their loan payments to the City of Wausau for up to the next 12 months, seconded by McElhaney.

Kilian commented that we should show the same level of leniency to not only our businesses but our residents as well.

ED Committee voted and motion carried 5-0.

Agenda #3 – Adjournment FINANCE Committee

Rasmussen asked for a motion to adjourn the Finance committee portion of the meeting.

Herbst motioned to adjourn, seconded by Martens.
Committee voted and motion carried 5-0.

Economic Development Only Items

Agenda #4 – Approval of the Minutes from 5/4/2021

Kilian motioned to approve 5/4/21 meeting minutes, seconded by McElhaney.

Committee voted and motion carried 5-0

Agenda Item #5 – Discussion and possible action on the 4th amendment to the development agreement with Entrepreneurial and Education Center Inc., formerly known as Wausau Business Incubator.

Lenz introduced the agenda item as presented in the packet. As a result of MCDEVCO joining the EEC, there are new terms being considered and the development agreement addressed what the city would be responsible for.

Neal commented this is an ongoing relationship between the EEC and the city for years and there have been services rendered since the beginning. He stated the document lays out the terms of that partnership.

Rasmussen motioned to approve the amendment, seconded by Watson.

Kilian asked Lenz to highlight the updated agreement and what are the key changes. Lenz requested assistance from Atty. Jacobson to provide the information Kilian requested. Atty. Jacobson provided the key changes as: to maintain and bid service contracts for utilities, open mail addressed to the incubator (not the tenants), invoice conference room and kitchen rentals. Kilian asked why we are providing these activities. Neal replied this is a long standing partnership. The center itself provides an important avenue to entrepreneurs who are looking to establish a new business, properly operate it and potentially rent space in the center for a period of time. Neal continued that once established, the hope is the business can be absorbed into our regular economy so it's a strategic partnership.

Rasmussen said our goal has always been to seed, incubate and help businesses headquartered in Wausau and who remain here and help generate vitality into our local economy. The EEC has started, launched and had dozens of local businesses succeed and are still in Wausau.

Committee voted and motion carried 4-1 with Kilian being the dissenting vote.

Agenda Item #6 – Discussion and possible action on terms of a Development Agreement with T. Wall Enterprises Development LLC for city-owned land in the Riverlife north zone lots #6, 7 and 8

Lenz introduced the agenda as presented in the packet.

Agenda #7 – CLOSED SESSION pursuant to Section 19.85(1)(e) of the Wisconsin statutes for 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 regarding terms of a Development Agreement with T. Wall Enterprises Development LLC for city-owned land in the Riverlife north zone lots #6, 7 and 8

Rasmussen motioned to move to closed session, seconded by Watson.

Roll call vote completed and motion carried to move to closed session 5-0.

Agenda #8 – RECONVENE to take action on Closed Session item, if necessary

Neal calls meeting back to open session.

Neal stated the committee has met and after discussion and reached a general agreement. The committee is asking staff to go back to finalize a definitive term sheet for council to consider at the next council meeting.

Agenda #9 – Discussion and possible action on the Community for All Resolution

Mayor Rosenberg presented the agenda item as provided in the packet. She stated the County has been working on a resolution since the historic George Floyd march last June. Mayor Rosenberg stated her intention with her proclamation was to support the work they've done, support the community and make people feel like they belong here. Mayor Rosenberg shared that community reaction has been overwhelmingly positive.

County Board Supervisor, William Harris said he thinks it's important we affirm our values publicly, that we say the city does welcome a community for all and to all, acknowledge diversity in our community, to celebrate our differences and meet our challenges together as a community. He stated by doing this, we remain a vibrant, inclusive and growing city that will continue to prosper and have a bright future. He wants everyone in the community to feel like they belong, have access to the same opportunities, and want everyone to contribute. From an Economic Development standpoint, being more inclusive lets businesses know they can invest here because we welcome their talented and diverse workforces. He states in order to move forward, we must do so together.

Neal commented this item was important to be part of the ED Committee because we are the county seat where important issues tend to fall on us. He said the negative publicity the city received due to the county board's decision could hurt our bottom line and we need to step up and support this to show we are all in this together.

Rasmussen discussed her struggle with the proclamation saying the committee was blindsided by this proclamation. She said she doesn't think local government can fix a nationwide social issue and pointed out the County Board worked on their proclamation for a year and could not come to an agreement and several Members of the Board share the same constituents the council members do and that shared constituency is as divided as it's ever been so no matter what decision is made, half the residents are going to be angry with the decision made. Rasmussen stated the Council/ED Committee did not have a hand in the document before them and because of that have been left with a false choice. She said she understands why the Mayor felt she needed to issue a proclamation but asked what one would be accused of if you did or did not vote for the proclamation. She said they are elected to be bi-partisan and vote for what the majority of what their constituents want and they have not had an opportunity to interact with their people about the proclamation but the document is before them now ready for action. Rasmussen said the proclamation presented contains a lot of the same language as the one presented to the board such as containing equity and not equality. She explained many people will read equity as a financial term that creates an outcome. She said when resolutions have been issued, it has done nothing to modify people's behaviors or beliefs but does a lot to stir up inflammations that already exist in the community. She continued stating she doesn't think the proclamation is a way to dial down the temperature of the community politically. She expressed dismay about the New York Times article being referenced in the proclamation because historically, they have not created new policies as a reaction to negative media. Rasmussen stated she feels Wausau has already made strides in the past several years to help make Wausau a welcoming community and questioned if the steps taken are actually helping the people they're meant to help or making the situation worse.

Neal responded he does not think this proclamation is without precedent around the community or state. Neal agreed the proclamation will not change certain people's behaviors but states the committee has a responsibility to represent the city's image and brand. Neal is angered that people or businesses may be less apt to move here because they've heard what it's like and said it's important the committee/council stand up for what is inherently and intrinsically right. He stated the committee needs to rise above the pettiness of picking apart what a particular word means.

Watson agreed the proclamation is important because it shapes the city's image and shows what the community represents. She commented that a lot of what is in the proclamation has been discussed at the Liberation and Freedom Committee as well so it's not only coming from the County Board.

Mayor Rosenberg clarified the Liberation and Freedom Committee did recommend supporting the proclamation and stated they sat on it for a bit but due to the publicity it became more of a focus.

Watson agreed with Rasmussen in taking out the part mentioning the New York Times article because a Community For All has been discussed for some time and is not a result of the New York Times article.

Neal agreed with removing the section mentioning the New York Times from the proclamation.

McElhaney agreed with removing the mention of the New York Times article and said if the committee is going to vote for the proclamation it shouldn't be a knee-jerk reaction to negative media, but something that's coming from the heart.

Kilian disagreed with others and said perhaps committees should start to respond to negative publicity. He said every time the committee takes an action and makes a decision on policy the committee has an opportunity to affirm this is a Community For All whether it's race, ethnicity or socioeconomics. Kilian said leaders lead from the front and must do what is right and just and approving the proclamation would be a good start. He would like to see this stapled to every ED Packet, environmental review so everyone remembers that people are to be protected and included and the committee can act as an example.

Rasmussen commented she doesn't want the committee to over emphasize the value of negative press. She said she doesn't see that story having any long term impact on the community. Rasmussen again stated the reference to the New York Times article absolutely needs to be omitted from the proclamation. Rasmussen added if they look at who approves of the proclamation between left, right and center, it is definitely not the right. She said there is a lot of negative dialogue happening in the community and for all the people who appreciate the city taking this on, there is another group who would say it's not in the city's sphere. That group feels the job of the local government is to approve the budget and provide services the community needs, wants and expects at an affordable price and beyond that, they get accused of sticking their feet into management waters that perhaps belong at state and national level and it's not the place for a tiny local government.

Neal disagreed with Rasmussen's comments and said even if the New York Times article never appeared, he would have pushed for the proclamation based on the actions of the Executive Committee of the County Board.

Rasmussen questioned if the committee is confident the vast majority of their residents want to see this happen. She said she agrees with a lot of points in the proclamation but she's not sure she can make a decision that balances an equal portion of public sentiment.

Neal stated he didn't think they could have a referendum on the relative merits of equality.

Watson said there was a lot of support for this proclamation at the last council meeting when it was discussed pushing it back to ED. She said voting on this and sending it to council will allow more people to become aware and voice their opinions. She added that the proclamation ultimately recognized the article and the statement itself is powerful and attracting business. She mentioned if a business were looking to relocate here, they could Google Wausau, WI and news and the New York Times article would most likely populate, but if a business saw the city established this proclamation, they may be more open to investigating.

Neal commented that what is being asked here is something that is fundamentally human and something to stand up for as a community and show it. He mentioned the city does not have a clear statement on this issue which has raised its head over the past year or more. He said to Kilian's point that sometimes leaders just need to lead and do the right thing.

Mayor Rosenberg commented that many businesses have contacted her supporting this stance and when media asks who they should talk to, the mayor provided options who then didn't want to comment on it. She said this is an opportunity for us to get our businesses to stand with us and not be scared. She said a Community For All aligns with our 5-7 year strategic plan.

McElhaney asked that people with disabilities be considered just as much as other marginalized populations.

Gisselman commented that after attending many meetings within the community, he recognized a lot of people look to the City Council as leaders of this community who set the standards. He said there is no room for people being talked down to because of race, ethnicity, sexual orientation, etc.

Watson makes a motion to approve the proclamation after it's amended to remove the fourth Whereas referring to the New York Times article, seconded by McElhaney.

Committee voted on the motion to amend and then approve the resolution. Motion carried 5-0.

Rasmussen motioned for a second amendment to substitute all instances of the word equity for equality, seconded by McElhaney.

Harris discussed the definition of equity as fair and impartial treatment which is the dictionary definition. By defining it, it seemed to satisfy those who were opposed to the word equity. He pointed out that equity came about in the 14th century and socialism came about in the 19th century so one has nothing to do with the other from a historical standpoint. He mentioned if the committee defined what equity is, then that may help with the opposition of the term.

Kilian commented that recent executive orders have defined equity as fair and impartial treatment to all and said opposing equity is not a legitimate conservative ideal.

Rasmussen responded that no one said that one side or the other is opposing the concept of equity, only that there has been a lot of emphasis in recent months on the use of the term. She added, if the committee is going to meet in the middle, you either have to define equity per definition or clarify the use of the term that people be treated fairly and equally which would then dispel the notion that equity is tied to the economics of the term equity.

Neal asked if replacing equity with equality would clear that misconception.

Rasmussen replied it's either that or add the definition just to make it clear.

McElhaney recommended to define equity versus replacing it with equality.

Rasmussen amended her motion to define equity rather than replace it with equality.

Harris clarified the difference between equity and equality. Equality means everyone receives the same thing. Equity means fair which does not always equate to equal.

Committee voted on the motion with the two aforementioned amendments and motion carried 5-0.

Agenda #10 – Staffing Updates

Lenz reminded everyone that Fitzgerald has left but Lenz will be there in the interim until a new director is hired. Lenz also welcomed the new Assistance City Planner Sam Wessel to the Economic and Community Development team. Wessel joined us from River Falls and will be helping with all things Planning, Economic and Community Development.

Agenda #11 – Adjournment

Watson motioned to adjourn, seconded by Kilian. Committee voted and motion to adjourn carried 5-0. Meeting adjourned at 7:32 P.M.