MINUTES

Economic Development Committee Meeting

Date | time Tuesday, November 1, 2022, at 5:15 P.M. | *Meeting called to order by* Watson at 5:15 P.M.

In Attendance

Members Present:	Sarah Watson, Chad Henke, Tom Kilian, Carol Lukens, Lisa Rasmussen
Others Present:	Liz Brodek, Randy Fifrick, Shannon Graff, Tammy Stratz, MaryAnne Groat, Mayor Rosenberg, Atty. Anne Jacobson, Lt. Jacob Chittum, Tracy Rieger, Rick Rubow, Alder Gary Gisselman, Trent Claybaugh (Gorman & Company, LLC), Rolly Lokre, David and Rebecca Hummer (Wausau Museum of Contemporary Art)

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

Agenda Item 1 – Approval of Minutes from 10/17/22

Kilian motioned to approve minutes from 10/17/22, seconded by Henke.

Approved Unanimously 5-0.

Agenda Item 2 – Discussion and possible action approving First Amendment to Planning Option for Gorman & Co. at 415 S. 1st Avenue (Brodek, Claybaugh)

Brodek reminded the committee that Gorman won a response to an RFP for 415 1st Avenue. They submitted a tax credit application in December of 2021 that was not approved but plan to resubmit the application this year. Brodek explained the current planning option goes through December 2022 with an option to extend 6 months. Gorman requested an extension through December 31, 2023, in part because of the WHEDA tax credit cycle which usually occurs at the end of the year is occurring in early 2023.

Rasmussen motioned to approve amendment, seconded by Kilian.

Approved Unanimously 5-0.

Agenda Item 3 – Discussion and possible action approving sale of 110 S 84th Avenue in the Business Campus to Wausau Coated Enterprises II, LLC (Fifrick)

Fifrick advised staff was approached by Wausau Coated about purchasing a land locked parcel that adjoins their existing facility, which would be used for future expansion and parking. Fifrick stated the typical asking price for land in the Business Park is $12,500 but this parcel is unique because it has a crick running through the north half of it restricting further development and because it is landlocked. Wausau Coated offered $10,000 and Fifrick stated staff felt that was a fair offer.

Rasmussen motioned to approved to accept the offer for the sale of 110 S 84th Avenue, seconded by Henke.

Approved Unanimously 5-0.

Agenda Item 4 – Discussion and possible action on the Waiver of First Right of Refusal for Jim N.E. Cricket, LLC at 309 McClellan Street (Stratz, David Hummer – Museum Owner)

Stratz stated David and Rebecca Hummer of Jim N E Cricket, LLC and owners of Wausau Museum of Contemporary Art received a commercial rehabilitation loan to assist with the repairs of the building when he purchased it. As part of this program, the borrower signed a Right of First Refusal so the property would remain taxable. Stratz explained the owners would like to transfer their LLC to their non-profit to see if their property taxes could be exempt. Stratz noted her conversations with them about the First Right of Refusal they signed and discussed the option of a PILOT payment to save money, but they struggled to make it work because the tax amount was higher than anticipated.

Rasmussen commented that she saw the condition of the building when the Hummer's took over the property and noted how dire the condition of the building was and that it wasn't fit for anyone to operate out of. She explained the Hummer's used the rehabilitation loan to complete what the previous owner tore apart and left and created something that now draws in room tax. Rasmussen said she does not understand why the city would demand a pilot payment from this entity when the Woodson Art Museum doesn't operate under the same standard. She noted Woodson Art Museum operates on an endowment, don't pay tax, and receive room tax on two separate allocations none of which the Hummer's receive for their museum. She stated that both facilities are bringing art appreciation to the community and deserve to receive the same benefits. She also commented the fear when this museum was established that it would cut into the fund's others receive but that has not occurred. She noted the Hummer's vision to renovate the upstairs of the building to then rent out as event space which if happens, that portion would remain taxable even though the museum is a non-profit.

Rasmussen motioned to approve waiving First Right of Refusal and waive the imposition of a PILOT payment, seconded by Henke.

Kilian asked if the Woodson Art Museum signed a First Right of Refusal. Brodek responded she is not aware of one.

Kilian commented he was not aware of the Woodson signing one other and thinks a PILOT approach would be appropriate but requested more details. He noted the packet stated the PILOT payment would be based on the city's current tax rate but asked how that would apply to future assessments.

Stratz noted she reviewed the current tax bill which was about $15,000 and the city's portion of the taxes was just over $6,000. Stratz indicated she would have to discuss with finance because she was unsure whether the amount would be the same forever or if it would fluctuate.

Kilian noted the assessed value is $595,900 but also noted it was recently listed for sale for $950,000 and although he is unsure whether it is sold/closed yet he commented on the wide variance between the numbers. Kilian agreed it makes sense to transfer the property to the non-profit but from other perspectives does not think waiving a valid agreement would be warranted. He stated if the PILOT payment would be reflective of the current rate and future assessments, he would support it.

Mr. Hummer, owner of the museum, spoke to the committee about the positive impact it has had on the community.

Approved 4-1 with Kilian being the dissenting vote.

Agenda Item 5 – Discussion and possible action approving the sale of 205 N 10th Street to Nathan Tvedten (Stratz)

Stratz advised she received an offer to purchase from the neighbor of the city-owned lot at 205 N. 10th Street. She said the offer was for $2,000 and they potential buyer wants to increase their lot size because the lot their home sits on is small. Stratz noted the lot, which was included in the recent request for ARPA funds to build single family homes, is one of the difficult lots to build on.

Kilian commented the city purchased the lot for $10,000 and demolished the duplex that was located on the site, but the offer received is for $2,000. He asked if the assessed value of the vacant lot is known.

Stratz said she doesn't have an assessed value on it because it's tax exempt but when she asked the attorney's office what the value of a lot would be she was told it would depend on whether there are utilities to the lot because it would be more valuable than other lots. Stratz noted this lot does not even have a driveway, nor any curb cuts for one. She stated when the city bought the property and demolished it, it didn't have a true driveway and was encroaching on the neighboring property and the lot lines needed to be fixed. Stratz said considering the complexities of the lot to make it developable, she would assume the value would not exceed $5-6,000.

Kilian clarified that there was a duplex on the lot prior to the city owning it. Stratz confirmed there was a duplex on it but when it was inspected, it was determined it was not habitable, which precipitated the demolition of it. Kilian recalled the adjacent properties, one of similar size and one slightly larger, have assessed values between $15-17,000. He noted that other lots around town, some which are vacant, appear to have a consistent value of $15,000 and feels that $2,000 for this lot is exceptionally low and although he doesn't necessarily think it should be sold at a price consistent with how the city assesses, he also does not think the city should sell it at a loss and recommended a sale price of $10,000. Kilian said citizens are paying taxes for lots of similar size with an assessed value around $15,000 and said he would likely approve this sale if the city would reevaluate how they are currently assessing these other lots throughout Wausau.

Rasmussen mentioned if the lot requires regular upkeep (lawn mowing, snow removal, etc.) and is a challenging lot with no prospects in 10 years, the city is likely incurring maintenance costs that this sale would eliminate and potentially provide cost savings. Stratz commented the city has been maintaining the property for the past 10 years. She also noted the city attempted to sell it to the previous owner of this home, but they were unable to afford it.

Watson also noted the city could benefit from the sale considering they would no longer have to provide maintenance.

Henke noted that although there's a difference between industrial and residential, a sale was just approved in the industrial park for $10,000 where typically lots sell for $12,500. He said if it was a .165 size lot, which would equate to $2,000 and wonders if there could be a mid-point, like $5,000 for this lot.

Lukens asked if the sale of this lot would then generate tax revenue. Stratz replied, it would. Lukens noted she likes Henke's idea but does see the benefit of selling it at the current offer, through tax revenue and reduced maintenance costs.

Watson asked if this offer is comparable to the sale of lots in the past. Stratz replied it is in the range and also commented that if someone would make an offer of $2,000 on a more desirable city-owned, she would argue against selling at that price. Stratz noted it would cost much more to build a home on this lot than it would ever be worth.

Rasmussen motioned to approve sale as proposed, seconded by Henke.

Kilian asked in the timeframe the city has owned the property, was it actively put on the market for sale. Stratz said yes, since it was purchased, it's been on the property disposition page and ads in the paper for some time and there is a sign on the lot. Kilian asked if it was ever put on a list for the private sector. Stratz said they have not ever hired a realtor to list it because the commission that would need to be paid would be more than the lot would be worth and it would also increase the cost of the property to the private sector but has not been on the MLS because an agent was not hired.

Approved 4-1 with Kilian being the dissenting vote.

Agenda Item 6 – Update on parcel 722 Jefferson Street an opportunity for a COPs building (Stratz, Lt. Chittum)

No action needed for this agenda item.

Agenda Item 7 – Discussion and possible action on First Amendment to the Development Agreement of Mountain Lanes apartments at 1401 Elm Street (Michael Loy, Atty. Jacobson)

Rasmussen motioned to approve First Amendment to the Development Agreement, seconded by Lukens.

Approved Unanimously 5-0.

Agenda Item 8 – Discussion and possible action consenting to Assignment and Assumption of sale of Mountain Lanes apartments from 1401 Elm Street, LLC and Roland Lokre to Dean Kincaid, Inc. (Michael Loy, Atty. Jacobson)

Rasmussen moves to approve transfer, seconded by Henke.

Approved Unanimously 5-0.

Agenda Item 9 – Discussion and possible action approving Wausau Opportunity Zone (WOZ) Condominium Declarations and Plat (Brodek, Atty Roang, Atty. Mella, Ghidorzi)

This item was removed from the agenda at meeting start.

Agenda Item 10 – Discussion and possible action on potential amendment to Riverlife Condo Development Agreement (Brodek).

Discussion occurred in closed session as it was agendized.

Agenda Item 11 – **CLOSED SESSION** pursuant to 19.85(1)(e) of the Wisconsin Statutes for deliberating or negotiating the purchase of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session: relating to Update and Review of T. Wall/Foundry on Third Development Agreement & Review and Possible Action on Third Amendment to Riverlife Condos Development Agreement.

Motioned by Rasmussen, seconded by Kilian to move into closed session.

Roll call vote Approved Unanimously 5-0.

Agenda Item 12 – **RECONVENE** into Open Session to take action on Closed Session items, as necessary

Rasmussen motioned to direct staff to issue the appropriate notice of default under the development agreement to the developer and that will then start the timeline for the process. Seconded by Lukens.

Approved Unanimously 5-0.

Agenda Item 13 – Discussion and possible action on December meeting date.

Brodek stated she would not be available for the 12/6/22 meeting and asked the committee if they would like to keep the meeting date the same and have Fifrick run it or change the date. The committee agreed to keep the meeting date the same for December.

Agenda Item 14 – Adjournment

Henke motioned to adjourn, seconded by Lukens

Approved Unanimously 5-0

Meeting adjourned at 6:52 p.m.