MINUTES

Join Economic Development Committee and Finance Committee Meeting

Date / Time: Wednesday, August 1, 2023, at 5:15 P.M. | ***Meeting called to order by*** Watson at 5:15 P.M.
Meeting called to order by Rasmussen at 5:15 P.M.

In Attendance

ED Members Present:	Sarah Watson (C), Tom Kilian, Lisa Rasmussen, Carol Lukens, Chad Henke
FIN Member Present:	Lisa Rasmussen (C), Doug Diny, Carol Lukens, Michael Martens, Sarah Watson
Others Present:	Kody Hart, Liz Brodek, Randy Fifrick, Atty. Jacobson, Mayor Katie Rosenberg, Chuck Ghidorzi (WOZ), Nick Patterson (T Wall), Alder Gary Gisselman, Alder Doug Diny (attending ED meeting)

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 – Presentation on current state of economic factors in development

Brodek provided a presentation on the current state of economic factors which impact a building development.

Kilian questioned the rationale and strategy on providing public funds for development within the city in context of the presentation. Brodek stated that the properties currently in development have been in a long-term strategy for a number of years and decades and a strategy for redevelopment is geared towards the long term. Kilian stated that long term benefits should not outweigh the short-term risks to city residents and asked for more clear return on investment estimates for development projects. Kilian stated that issues with development exist beyond national and international economic factors.

Agenda Item 2 – Discussion and possible action approving Offer to Purchase of MBX Property at 901 & 1021 Cherry Street and related budget modification.

Fifrick outlined where city staff stand in the process of potentially purchasing this property. It was stated that based on previous committee discussion a preliminary environmental assessment was requested and has since been conducted by environmental surveyor REI. The subsequent report recommended that based on historical use of the site additional soil and groundwater testing be conducted and provided an estimate for the cost of that environmental testing. At a previous meeting of the Bike and Pedestrian Advisory Committee, the committee supported the purchase of the property at 1021 Cherry Street for extension of a trail.

Agenda Item 3 – Discussion and possible action approving Offer to Purchase of property at 1514 N 2nd Street and related budget modification.

Fifrick outlined where city staff stand in the process of potentially purchasing this property. It was stated that this property is adjacent to other city-owned properties which are slated for redevelopment. The property is located within TID #3 and funds have been designated for the purchase of the property in a recent TID amendment.

Diny recommended prioritization of these projects that align with the city's strategic plan and are contingent on clear return on investment estimates and a clear funding source.

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 the approval or purchasing property at 901 & 1021 Cherry Street, and approval of purchasing property at 1514 N 2nd Street.

Motion by Henke to convene the Economic Development Committee into Closed Session, second by Lukens.
Roll Call Vote – Ayes: Henke, Kilian, Lukens, Rasmussen, and Watson. Motion carried unanimously.

Motion by Martens to convene the Finance Committee into Closed Session, second by Diny.
Roll Call Vote – Ayes: Diny, Martens, Lukens, Watson, Rasmussen. Motion carried unanimously.

Finance & ED convened in Closed Session in the Maple Room.

Economic Development Committee reconvened into Open Session at 6:45 pm.
Finance Committee adjourned in closed session with no action taken at 6:45 pm.

Economic Development Committee continued with remaining agenda items.

Agenda Item 4 – Approval of minutes from July 5, 2023

Rasmussen motioned to approve minutes, seconded by Henke. ***Approved Unanimously 5-0.***

Agenda Item 5 –Discussion and possible action approving Wausau Poet Laureate *(Brodek)*

Brodek presented item and noted everything is outlined in the packet.

Henke asked if this was a replacement of the previous Poet Laureate. Brodek responded saying it's a two-year appointment and the current poet laureate's term is expiring this fall. Henke then asked if the current Poet Laureate came through the Economic Development Committee. Brodek responded that because it went through the Arts Commission, which is a subcommittee, so the official decision needs to be made through a standing committee which is the ED Committee for the Arts Commission.

Henke motioned to approve, seconded by Lukens. ***Approved Unanimously 5-0***

Agenda Item 6 – Discussion and possible action approving First Amendment to Foundry on 3rd LLC Development Agreement *(Brodek)*

Brodek reminded the committee that the Foundry's groundbreaking was delayed until spring and therefore an amendment to the development agreement is needed to commemorate that. Brodek noted the original development agreement had a commencement date of 9/1/23 and the First Amendment proposed moving that date to 6/1/24 which then amends the completion deadline from 12/31/24 to 11/21/25 and the minimum assessed value will be determined 2026 instead of 2025 due to the project not being complete until the end of 2025. Lastly, she mentioned the amendment notes the reverse payments may be impacted by the late start date. She said a financing modification is not being requested but they are aware that they may miss a year of reverse TIF payments because of the delayed start.

Rasmussen commented that it was already known there will be a groundbreaking delay but also mentioned there is other noticeable progress occurring on the site with HOM Furniture, Children's Imaginarium and the infrastructure itself. She said seeing that progress and knowing the developer is aware of the loss of reverse TIF payments that the timeline still adheres to what's been expected.

Kilian asked Atty. Jacobson what the original date of commencement was. Atty. Jacobson said the initial commencement date was 9/1/23. Kilian then asked her what would happen if the committee did not approve the amendment. Atty. Jacobson responded it would mean they'd miss the commencement date. He questioned if the commitment was made on a prior date and who agreed to it. Atty. Jacobson responded it was the date established and approved in the original development agreement that Foundry on 3rd, LLC agreed to. Lastly, he asked if the City has kept up their end of the deal in the agreement thus far based on her knowledge; she responded, yes. Kilian asked if the amendment was not approved, would that be a breach to the agreement. Atty. Jacobson clarified it would be an event of default.

Kilian mentioned it does not appear the City of Wausau was at fault for what has transpired. He asked staff if it is accurate that without consulting the City, the board of Wausau Opportunity Zone (WOZ) voted to allow an extension on this development. Brodek responded that is her understanding but there is no firsthand knowledge of it and directed Kilian to the managing director of WOZ, Chuck Ghidorzi, who replied that the board has approved the extension but is unsure of the date that occurred. Kilian asked if the board knew that an extension could result in a default on an agreement. Ghidorzi responded the board was aware an Amendment would be needed to approve an extension.

Kilian continued with questions of Brodek. He noted he reviewed DNR documents and asked if his understanding was correct that the cement was to be left in place to provide a sort of default cap over contaminated soil. Brodek responded that was her understanding, but that DPW and Engineering have been in weekly meetings regarding this site, but ED staff has not been. No representatives were available from DPW or Engineering to answer Kilian's questions. Kilian asked if anyone knew what happened when that soil was to be removed. Brodek replied DPW staff would be helpful to provide a timeline. She noted there have been internal meetings trying to piece everything together but does not have all the dates of those meetings and who was responsible for what and when. She offered for Kilian to provider he a list of his questions for her to present to DPW and she would work on getting answers on what has transpired. He agreed to providing a list of questions for her to obtain answers however, referred his question about what happened to the soil to Atty. Jacobson who replied she did not have any firsthand knowledge of anything with the soil and referred the question to Ghidorzi saying he'd likely have the most accurate information.

Kilian asked Ghidorzi if the soil was to be removed and provide the sequence of events on what occurred with the soil removal. Ghidorzi said the cap was removed on Block 4 for the purpose of utility work as well as if there was not a delay in the development of the Foundry on 3rd that the development could move forward. He clarified the site will be capped if construction does not start after the utility work is completed. Kilian asked who made the decision to not have soil removed; Ghidorzi responded that he did. Kilian follow up asking that there was someone who was going to remove the soil, but a decision was made to not remove it. Ghidorzi responded yes, a company was under contract with the city and per the city's obligation, to remove the soil. Kilian asked who was responsible for paying cost of removing the soil; Ghidorzi responded per the development agreement, it is the city's responsibility. Kilian asked what happens when a company shows up to remove the soil per their contract with the city and the work is rejected. Ghidorzi responded saying he contacted Eric Lindman at the City to explain they were not ready to move the soil. Lindman asked Ghidorzi what a good timeframe would be for this to occur, so WOZ met with T-Wall to determine a timeline to present to the city. Kilian asked if there would be additional costs for that service since the timeline was moved; Ghidorzi responded there could be because there are consequences for breaking contracts but that is unknown at this time.

Watson paused and asked Atty. Jacobson if what is being discussed is within the realm of what is agendized. Atty. Jacobson responded that it's really up to the committee to decide that but because they are looking at amending a development agreement, anything related to that amendment can rightfully be discussed.

Kilian continued and asked Ghidorzi if he knows what the DNR's perspective on what will need to happen with the uncapped soil; if they'll allow it to remain uncapped when a large percentage was said to be contaminated. Ghidorzi responded that there are two parts to removing the cap. He noted the cap is removed from 2nd Street, the green forum that extends across the Children's Imaginarium and down Jackson Street and down 3rd Street to install necessary utilities per the plan. Once utilities are completed it will have to be re-capped with 3 inches of road base which is an approved system with the DNR with whom they've been in contact. Ghidorzi noted if Block 4 is not started, the same process will occur there to re-cap it.

Discussion continued for an additional 22 minutes. This portion of the meeting can be viewed from minute 2:16 through 39:01 at this link: https://youtu.be/IAno806yJWI

Rasmussen motioned to approve the extension, seconded by Henke. ***Approved 4-1 with Kilian being the dissenting vote.***

Agenda Item 7 – Discussion and possible action on termination of lease agreement with Marathon County UW-Extension *(Brodek)*

Atty. Jacobson noted this item is housekeeping due to oversight. Marathon County UW-Extension previously leased the lot at 700 Grand Ave for a healing garden. Atty. Jacobson noted the trees have been relocated and formally terminating the lease is needed to document and officially close out their file.

Lukens motioned to approve the motion, seconded by Henke. ***Approved Unanimously 5-0***

Agenda Item 8 – Discussion and possible action of termination of recorded deed restrictions and recording set of revised deed restrictions for 145 S. 84th Avenue (Rib Mountain Glass, Inc.) *(Atty. Jacobson)*

Atty. Jacobson noted this item was an action taken with another business earlier. She explained this request is taking one step out of a two-step process and rather than present a waiver of right of first refusal and a consent to transfer and then a termination of the old deed restrictions and record new ones going this route goes right to the second piece of the process once the revised deed restrictions are recorded ED's consent will not be needed. She did note there are safeguards built into the new deed restrictions to prevent certain unwanted scenarios from occurring without city knowledge. Alternatively, Atty. Jacobson asked to provide an option to waive the right of first refusal.

Lukes motioned to approve termination of recorded deed restrictions and record revised deed restrictions. Seconded by Kilian. ***Approved Unanimously 5-0***

Agenda Item 9 – Update on The River concert venue (Brodek)

Brodek explained that staff contacted at least a dozen companies regarding a feasibility study for The River concert venue and narrowed those responses to three. Staff then contacted the developers to provide the proposals for their review. In a July 18th meeting between staff and the developers, the developers said they did not want to pay for the study and felt the city should pay for it because they wanted it. Brodek reminded the developers of the direction given by the committee on June 6, 2023, and confirmed on July 5, 2023, was that the developers would be responsible to pay for a study. Brodek stated staff understanding of that direction was confirmed via phone call with the committee Chair on July 19, 2023. Brodek said she emailed the developers on July 21, 2023, to explain staff understanding of direction was correct and that the city would not move forward if the developers did not complete and pay for a feasibility study and to contact her if they changed their mind or have any questions.

Watson commented about the meeting where the feasibility study was discussed and noted that initially an Ehlers financial analysis was considered but at that time City Finance Director indicated that would not be a good first step because there isn't a lot of market information for that analysis, so gears were switched to a market study instead.

Rasmussen commented that two of the items of concern from The River proposal was the location and the objectivity of the numbers presented and she noted hesitation on the reliability of those numbers. Rasmussen explained after discussing the proposal with other sources, to generate the type of ticket volume as outlined in the revenue impact portion of their presentation, would make the venue, in "little Wausau", one of the top 10 in the country. She questioned if Wausau would be able to sustain those kinds of numbers if (a) they come or (b) will ever come. Rasmussen noted comments from others in the industry who have said getting them to come is already a struggle which is why an independent study was necessary and that the finance director made it clear it is not the taxpayer's responsibility to pay for a study to determine whether that project will work here or not.

Lukens and Kilian agreed with Rasmussens statements.

Agenda Item 10 – Adjournment

Motion to adjourn by Rasmussen, seconded by Lukens. **Meeting adjourned at 7:32 PM.**

CITY OF WAUSAU, MEETING LINKS

ALL City of Wausau Meetings can be viewed at:

- https://www.youtube.com/@CityofWausauMeetings

The Joint ED and Finance portion of the meeting from 8/1/23 can be viewed at:

- https://www.youtube.com/live/jJ7Jje6OS8c?feature=share

The ED only portion of the meeting from 8/1/23 can be viewed at:

- https://youtu.be/IAno806yJWI