

MINUTES

Economic Development Committee Meeting

Date | time Tuesday, November 2, 2021, at 5:15 P.M. | *Meeting called to order by* Watson at 5:15 P.M.

In Attendance

Members Present: Sarah Watson (Vice-Chair), Lisa Rasmussen, Becky McElhaney and Tom Kilian
Member Absent: Tom Neal (C)
Others Present: Mayor Rosenberg, Liz Brodek, Anne Jacobson, Tammy Stratz, Shannon Graff, Randy Fifrick, MaryAnne Groat, Chuck Ghidorzi, Trent Claybaugh, Jeff Stubbe, Mark Craig and Dave Eckman

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 the Minutes from 10/5/2021

Rasmussen motioned to approve minutes, seconded by Kilian. Motion carried 4-0

Agenda Item 2 | Discussion and Possible Action on Appointment of City's Poet Laureate

Brodek presented the agenda item. Brodek explained the resolution came from the Arts Commission and needs to be approved by a standing committee to be officially adopted of which the E.D. Committee is the "parent committee" to the Arts Commission. Brodek commented that adopting a poet laureate for our city puts Wausau in an echelon of a dozen or fewer Wisconsin cities.

Rasmussen moved to approve the appointment of the Poet Laureate, seconded by Kilian. Motion carried 4-0.

Agenda 3 | Discussion and Possible Action on Blenker Phase III Fourth Amendment

Brodek explained the amendment is to amend the commencement and completion date for the agreement. The most recent commencement date in May 2021 and December 2022 completion date. Brodek stated the developer is requesting more time due to supply chain issues and construction costs and is requesting a new commencement date of June 1, 2022 and December 31, 2024.

Rasmussen moved to approve the new timeline, seconded by Kilian. Motion carried 4-0.

Agenda Item 4 | Presentations, discussion, and possible action on responses to RFP for Westside Battery

Brodek stated the city received two proposals in response to the RFP for the Westside Battery – Gorman & Company, LLC and W.O.Z. Brodek introduced Trent Claybaugh, Development Manager, from Gorman who presented their proposal first.

Claybaugh described Gorman & Company's proposal to build a 50-unit, high quality, affordable housing complex on the site. He explained Gorman would offer the City of Wausau \$100,000 for the parcel contingent upon an environmental investigation. He projected the development would generate roughly \$2.23 Mil of annual tax base for the city. Claybaugh explained 20% would be for income levels at 30% or lower AMI, 40% of units would be for 31-49% AMI and 40% from 50-59% AMI. Claybaugh explained each unit would have at least one parking space underground and he has already been in contact with the adjacent property in case additional parking is needed. Claybaugh explained the breakdown of how the project would be estimated to be funded. He explained they are looking to apply for Neighborhood Investment Funds which could potentially cover the entire gap financing portion.

Kilian asked how soon they would know about the Neighborhood Investment Funds. Claybaugh responded the application is due back 11/11/21 and the deadline for a response is early December. Kilian then asked if Gorman is hopeful those funds would cover the nearly \$1.7 Mil in gap financing. Claybaugh responded that would be the best-case scenario and that is what they would request from the fund. Kilian responded, if they do not receive all the funds requested from the fund, how does Gorman plan to finance the remainder of the

gap. Claybaugh responded he envisioned the gap financing component would be to include a mixture of TIF, Home Investment loan and Wheda subordinate debt (allowed to borrow on a 1 to 10 basis). Kilian also asked if they anticipate any accessibility issues with the development being on a one-way street.

Rasmussen suggested if there is a portion remaining that other sources of funds be looked at in conjunction with or instead of TID financing due to this being a tax credit project and by law property taxes are paid at a rate of about 30% of that of a market rate building would and there would not be sufficient new increment to pay off TID debt sufficiently for taxpayers. Rasmussen also recommends having a closed session to discuss these proposals further.

Chuck Ghidorzi presented a proposal on behalf of Wausau Opportunity Zone (W.O.Z.). He provided poster visuals of the site with a four (4) story building and a poster visual with no building. He reminded the committee Wausau's master plan targeted the river life and downtown areas as key elements to the community's success. Ghidorzi explained the plan calls for a "sense of arrival", initially planned for Washington and 1st Streets but suggested it could occur much sooner. Ghidorzi voiced the addition of 4-story building on this site would destroy the master plan vision and mentioned several potential issues with constructability of the site. Ghidorzi offered W.O.Z.'s proposal as an exchange of the site for an additional 20,000 sq. ft. of land needed for the 78-foot street design on 3rd, Washington, Jackson, and 2nd Streets. He explained the mall land is currently assessed for \$15/sq. ft., the cost to W.O.Z. has been \$4.5 mil and the cost to the community has been \$2.5 mil which equated to \$22.43/sq. ft. to prep the pad for construction. He further stated the estimated value of land being exchanged is somewhere between \$3-400k. Ghidorzi continued that the amendment to the purchase and development agreement proposed 95k sq. ft. of land for the street and the new design would increase it to about 121k sq. ft. Ghidorzi explained W.O.Z. proposes to amend the amendment to the purchase contract and put the property on the tax rolls in 2022. He explained Westside Battery would be raised in 2022 at their cost, estimated to be \$100-125k. W.O.Z. would put \$50k down in good faith pending finalization of the land transfer and the final street design.

Kilian commented the city is currently indebted to this property for about \$390k. Kilian asked if W.O.Z. would be willing to pay the city \$390k for the site. Ghidorzi responded their proposal speaks for itself and they feel the value of the exchange of land is equivalent to what the city has invested. Kilian expressed concern about the proposal and the master plan called for redevelopment rather than complete elimination of current development. Kilian also expressed concern regarding the financial piece of the proposal and said if W.O.Z. would be willing to pay the city \$390k for the property he would potentially revisit his other concerns.

Rasmussen commented the committee is not equipped to decide regarding the proposals presented. She stated Gorman's rendering offers a quality product with the gateway appearance desired. Rasmussen discussed the concerns of building on the site but also mentioned the committee should focus on quality projects when presented. She continued that affordable housing and what is needed for the downtown is discussed often and what is needed is for people to live there or near there.

Watson spoke in support of Gorman's proposal due to the high demand for affordable housing.

McElhaney spoke in support of Gorman's proposal, but she did ask the tight timeline regarding submission of applications for tax credits.

Claybaugh responded the site isn't zoned for the density they're proposing so they preemptively applied for a planned unit development. Plan commission would review the application at Plan Commission on 11/16/21 and Common Council on 11/23/21.

It was the will of the committee to reconvene on 11/10/21 to discuss the proposals presented further.

Riverfront Condo Project:

Brodek stated staff continues to work through a development agreement with Mitch Viegut and his team. There have been two meetings with them in the last week and a multistep process was developed to address soil contamination issues and engineering concerns. Brodek stated a meeting is scheduled for next week to hopefully wrap up the agreement.

Rasmussen commented that it has always been known these sites have had contamination issues and asked if there was anything different about this site other than what is already known. Brodek responded there is nothing different with this site to her knowledge but said there appears to have been a misunderstanding between the city and developer regarding soil contamination and management and they're now working through that.

T-Wall:

Brodek stated the city was approached by W.O.Z. to discuss a potential reorganization of projects that T-Wall is involved in, in Wausau. Ghidorzi stepped forward to explain the request and answer any questions.

Ghidorzi provided an update on the progress of the downtown revitalization. He explained at the same time T-Wall expressed an interest in the Riverlife project, they also expressed interest in the mall project and immediately sent W.O.Z. a letter of intent to purchase block for an to have an option to purchase block 1. Ghidorzi explained the mall project has moved along much faster than expected and because of that, a strategy was discussed among W.O.Z., the Mayor's office and team, and T-Wall to prioritize the mall site for construction in 2022 and Riverlife in 2024. Ghidorzi outlined many positives of reversing the timeline of the developments.

Rasmussen expressed concern about the request due to the timelines agreed upon in the development agreement with T-Wall for the Riverlife project. She stated a representative from T-Wall needs to present in front of the committee and council to request a revision of the timeline promptly.

McElhaney expressed frustration that the committee was not made aware of changes to development agreements sooner.

Mayor Rosenberg addressed the committee and explained staff has been working tirelessly on this project and this is a unique opportunity to shift the focus to the now vacant mall area.

MaryAnne Groat discussed TIF, assessed value and equalized value and how it affects to the mall.

Rasmussen asked if it would be necessary to request an exemption due to the construction timeline. Groat responded it would be because if construction starts in 2022, the value would be lost.

Kilian commented that certain discussions should not be held in backdoor sessions that the committee and the body is not involved in and when there are profound changes, he would like to hear about them a lot sooner.

Neighborhood Investment Program Fund:

Brodek explained that this fund is intended to assist local and tribal governments in significant transformational projects that help neighborhoods recover from the negative effects of Covid and provide long term benefits to the neighborhood. The projects must include a significant upfront investment to achieve those goals. Every applicant can submit for up to \$15 mil. in funding. Brodek stated Wausau is applying for two grants through the fund to attempt to get some projects off TID funding. One request will be for \$10.5 mil for the pedestrian bridge at the mall redevelopment and the other will be for \$490k for the infrastructure under

the streets at the mall redevelopment site because roads cannot be funded but other infrastructure can be. After these two requests, there is a remaining amount of just under \$4 mil. if needed.

Kilian asked for more detail about its history and eligible activities and applications.

Brodek said the program is run through the DOA and they intend to award up to \$200 mil. dollars in grants to communities in throughout the U.S. The funds can be used for housing, childcare, and public improvements of which the pedestrian bridge and street project would fall under. The projects need to tie into the negative effects of the pandemic and Brodek said there's a strong argument the mall closed at a pace much faster than expected and the project is in a qualified census tract which is another component of the grant.

Groat explained these are ARPA funds the state received and the application period provided is a very short.

Brodek said the application must be submitted by 11/11/21 and all funds must be expended by 12/31/24.

Kilian expressed disappointment in the decision to request grant funding for public improvements when the money can be used for dire needs like housing and childcare.

Brodek explained the mall projects are in queue right now and would otherwise be funded through other public dollars, likely through the city. The grant provides an opportunity to move these projects quickly and due to the short timeline, there wasn't enough time to put together a multi-million-dollar project to use the grant funding for.

Rasmussen asked if qualified projects for the grant need to be shovel ready. Brodek responded that a project that is shovel ready scores 5 points higher than any other category.

Rasmussen spoke in support of requesting the funding for the mall redevelopment projects.

Mayor Rosenberg commented that although the city itself does not have shovel ready projects ready for childcare there are other agencies in Wausau who do have projects ready and are applying for these grants as well.

Agenda Item 6 | Adjourn

Kilian motioned to adjourn, seconded by Rasmussen. Motion carried 4-0. Meeting adjourned at 6:50 P.M.