

JOINT FINANCE & ECONOMIC DEVELOPMENT COMMITTEES

Date and Time: Tuesday, April 11, 2023 @ 5:15 pm., Council Chambers

Finance Members Present: Lisa Rasmussen, Michael Martens, Carol Lukens, Sarah Watson, Doug Diny

ED Members Present: Sarah Watson, Chad Henke, Tom Kilian, Carol Lukens, Lisa Rasmussen

Others Present: Maryanne Groat, Anne Jacobson, Eric Lindman, Matt Barnes, Robert Barteck, Ben Bliven, Randy Fifrick, Gary Gisselman, Katie Rosenberg, Mary Goede

In accordance with Chapter 19, Wisc. Statutes, notice of this joint meeting was posted and sent to the Daily Herald in the proper manner. The Finance Committee was called to order by Chairperson Lisa Rasmussen and Economic Development Committee was called to order by Chairperson Sarah Watson.

Discussion and possible action regarding Tax Incremental District No. 3 Project Plan Amendment in Order to Add Projects and Project Costs

Maryanne Groat stated TID #3 is a downtown blight district based on the statutes, so we have several groupings of projects to consider. The McClellan Ramp has reached the end of its useful life and given Covid and the raising of the mall our parking demands have changed dramatically. This proposal includes the demolition of the ramp replaced by surface parking and restoration work, as well as some parking expansion to support the riverfront activity and Athletic Park. She stated the relocation of the water utility has freed up some space to use for parking, at least on the short term.

Groat stated there is \$2.2 million budgeted for land acquisition and there are two prime sites of interest. One is the property north of Great Lakes Cheese for redevelopment purposes and for River Edge Trail expansion. It will give us an opportunity to move the River Edge further north and connect to Gilbert Park. The other is the MBX property on the west side where we have been trying to get access for the River Edge Trail expansion for a number of years.

Groat stated street improvements include Fulton Street from N 1st to N 7th Street, and 1st Street/River Drive from McIndoe Street - 300 feet north of Fulton Street. She indicated there were plans for site remediation of Dive Point, Wausau Chemical, Water Plant and MBX, as well as \$600,000 for development incentives.

Groat noted the plan specifies project costs in both in the district and the half mile radius. There is a cashflow which does not include any growth in increment and shows we are able to fund these projects and still close the district with a profit.

Doug Diny questioned the net impact, if any, on the 12% TID cap. Groat explained this did not impact the 12% cap, it is adding project costs and projects so the cap not applicable.

Finance Committee vote

Motion by Martens, second by Watson to approve the Project Plan Amendment for TID #3. Motion carried 5-0.

Tom Kilian questioned if the cap will be relevant for the TID #12 amendment regarding the subtraction of properties. Groat stated the cap is not applicable when doing a subtraction. She indicated we are currently at 13.38% and what the actual rate will be once the subtraction takes place we don't know at this time. She explained once we do this change and turn in all the compliance reports to the state, they will evaluate them and after the equalized value and ratio are calculated in August, we will know our percentage. She reiterated this subtraction will comply with state law.

ED Committee vote

Motion by Henke, second by Rasmussen to approve the Project Plan Amendment for TID #3. Motion carried 4-1. (Kilian was the dissenting vote.)

Discussion and possible action regarding Tax Incremental District No. 8 Project Plan Amendment in Order to Add Projects and Project Costs

Maryanne Groat stated this is a rehabilitation district to which we are adding expenses but are not changing the boundaries. The plans include the reconstruction of 17th Avenue from Stewart Avenue to Elm Street. She commented although it is an expensive project it is very important because it supports a lot of businesses and traffic in that area. She noted they were unable to fit it into our regular 2023 budget. There is also the Washington Street Siphon Project and retaining wall; reconstruction of N 8th Avenue, including utilities; and other street improvements.

Groat stated this district and plan amendment proposes spending within the district and the half mile radius. The cashflow shows the district will be able support these public improvements with the increment currently generated.

Finance Committee vote

Motion by Martens, second by Lukens to approve the Project Plan Amendment for TID #8. Motion carried 5-0.

ED Committee vote

Motion by Henke, second by Rasmussen to approve the Project Plan Amendment for TID #8. Motion carried 4-1. (Kilian was the dissenting vote.)

Discussion and possible action regarding Tax Incremental District No. 12 Project Plan Boundary Amendment in Order to Subtract Territory and Add Projects and Project Costs

Maryanne Groat stated this is the only boundary change, referring to the map which indicates 29 parcel removals on both the north and south ends of the boundaries and seven parcel additions. The seven parcel additions all represent parcels that used to be in the mall or Sears footprint. In addition to making those changes the plan would fund the streets, pedestrian and utilities construction for the street grids; remediation in that area; parking improvements to Sears and Penneys Ramps; and developer incentives for TWall and Swiderski.

Finance Committee vote

Motion by Martens, second by Watson to approve the Project Plan Amendment for TID #12. Motion carried 5-0.

Chad Henke questioned if the value of what is removed must equal the value of what is added. Groat clarified the process is to look back at the values when the district was created, and those values need to be more than the values being added to the district today.

Tom Kilian questioned if it is true that we cannot close a district when we are in those planned or anticipated increment payments to the developer, such as in the reverse TIFs. Keith Dahl, Ehlers, responded that during the obligation the TID could not be closed because that agreement is still valid, but if the TID ends that is when the agreement is not valid anymore and don't have to pay any more than has already been paid. Kilian felt it was important for the public and committees to know that as long as we are paying out on the planned increment over these years, and with TWall it is over 20 years, that we can't be closing the district to reap any benefits of closure. The longer these agreements go on, not only is there millions of dollars more in interest, but we're not able to close the district. He commented although it has been said there is less risk with a reverse TIF type scenario, we are still committing massive amounts of future city revenue to these projects.

ED Committee vote

Motion by Henke, second by Rasmussen to approve the Project Plan Amendment for TID #12. Motion carried 4-1. (Kilian was the dissenting vote.)

Discussion and possible action approving Development Agreement with S.C. Swiderski, LLC at Riverlife Lots 6, 7, and 8 (Fifrick, S.C. Swiderski Rep)

Jacqui McElroy, Director of Business Development and Kortni Wolf, Business Development Manager, at Swiderski presented an overview of the project. <https://www.youtube.com/watch?v=oVcOO2Gfgs8>

Kortni Wolf stated it is a mixed-use development featuring 200 market rate apartments in the newly designed seven-story Sterling building. The units will include studio suites, 1 and 2-bedrooms, as well as penthouse suites. In addition to living space, the project will feature two ground level commercial retail spaces. There will be ground level street and ramp parking options available. The Sterling building has a Community Room as well as a Conference Room, Yoga Studio, Fitness Room, Patio and Grill area, and Rooftop Terrace for gathering. Due to a high ground water table, there will be 44 parking spaces within the actual building and an additional parking ramp providing 280 spaces for tenants. In addition to that they will provide 21 exterior parking spaces open to the public. There is an open-air breezeway leading to the commercial area.

Randy Fifrick, Economic Development, stated construction for the project is proposed to start in June 2024 with a completion date of 2027. The anticipated development costs slightly over \$51.8 million and the project is located in TID #12 with an estimated market value of the project over \$29 million. The city engaged Ehlers as part of the review process to assist reviewing the developer's application for TIF assistance and determining the appropriate

funding required to close the public financing gap. He indicated the city has proposed a pay-as-you-go or reverse TIF in which the developer gets a portion of the tax revenue they generated with their development returned to them after successfully completing the project.

Keith Dahl, Ehlers, reviewed their analysis/recommendation in the packet at the following link beginning on pg 74: https://www.ci.wausau.wi.us/Portals/0/Departments/Council/Archives/Standing%20Committees/Finance%20Committee/2023/FINC_ECON_20230411_Packet.pdf

Doug Diny questioned if there was a difference in what was proposed six or seven months ago to what the final development agreement is today in regard to any unexpected expenses, costs, economic factors. Dahl stated Swiderski was requesting a principal amount of approximately \$7.25 million over the remaining term of the TID but looking at it from a present value MRO perspective, we negotiated it down with city staff to \$5.49 million that is being considered this evening. He also noted from 2020 - 2022 construction costs have increased by about 26%.

Please go to the meeting video for full discussion: <https://www.youtube.com/watch?v=oVcQO2Gfgs8>

Public Comment was accepted: Dave Eckmann spoke in favor of the project and Tony Brown spoke about the apartments not being big enough for families, but still supported the project. As well as and Mike Vanderloop, part owner of WOW, was excited about the development but expressed concern about the parking during and after construction. He requested that all staging of construction materials and employee parking not be in the main parking lots near WOW. He also requested the north side of River Drive be reconstructed to allow for additional parking. He recommended the water utility and Wausau Chemical sites be used as additional parking.

Rasmussen stated action would be taken on this item after Closed Session.

Discussion and possible action approving Offer to Purchase County Materials property at 103, 105, 111 Winton Street and that portion of 402-406 Winton Street lying west of the railroad tracks and related budget modification (Brodek)

Liz Brodek, Economic Development Director, stated the city was approached with an opportunity to purchase vacant portions of the land that was owned by County Materials and is in the process of being transferred to a new owner along the north riverfront. She referred to the memo in the packet outlining the proposed acquisition and the strategic reasons for it. She explained it allows for the extension of the trail further north, including a railroad crossing that would connect the north end of the River Edge Trail to eventually connect to Gilbert Park. She indicated the new owner has offered to do the trail grading for us this year and it puts us in control of the property that would be contiguous and adjacent parcels next to the parcels that we own. It would also include the next phase of the riverfront development.

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 approval of SCS Wausau, LLC Development Agreement

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

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

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 approval purchasing properties located at 103, 105, 111 Winton Street and portion of 402-406 Winton Street lying west of the railroad tracks

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

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

Reconvened into Open Session to take action on Closed Session item.

Rasmussen stated they would not be taking action on the Winton Street acquisition as more work needed to be done.

Development Agreement with S.C. Swiderski, LLC at Riverlife Lots 6, 7, and 8 (Fifrick, S.C. Swiderski Rep)
Finance Committee

Motion by Watson, second by Martens to approve the agreement. Motion carried 5-0.

Tom Kilian commented what Swiderski and their team presented was excellent, but the challenge for him was the high amount of public dollars for high end development at this time.

ED Committee

Motion by Rasmussen, second by Henke to approve the agreement. Motion carried 4-1. (*Kilian was the dissenting vote.*)

Rasmussen stated due the Council meeting needing to start the rest of the Finance agenda items (*listed below*) would be deferred to the next Finance Committee meeting on April 25th.

- **Minutes of the previous meeting(s): (3/28/23)**
- **Discussion and Possible Action to Approve Starting Wage Increases and Promotions at the Beginning of the Pay Period**
- **Discussion and Possible Action to Classify Newly Created Fleet Analyst Position (Approved in 2023 Budget).**
- **Discussion and possible action on Production Agreement between Wausau School District Board of Education and Administration and City of Wausau**
- **Discussion and possible action regarding budget modification request to reallocate 2022 CIP funds (Police Dept)**
- **Discussion and possible action on authorizing the write-off of certain uncollectible delinquent personal property tax accounts from the City's accounting records**

Adjournment

Motion by Watson, second by Lukens to adjourn the Finance Committee. Motion carried unanimously. Joint meeting adjourned at 7:02 pm.

Motion by Henke, second by Kilain to adjourn the Economic Development Committee. Motion carried unanimously.