

Item 25-0064: Request to approve entering into a cost reimbursement agreement with Thrivent Financial for Lutherans for an initial amount of \$100,000 to fund Tax Incremental District (TID) creation/fiscal consulting, engineering-related consulting and other City consulting services deemed necessary to facilitate the redevelopment of Thrivent's office campus located north of I-41 and west of Ballard Road (Associated with File #25-0046)

Item 25-0046: Request to award a contract to Ehlers in an amount of \$14,000 for Tax Incremental District (TID) creation services and further fiscal analysis services to be billed at \$325/hour, conditioned on approval of the cost reimbursement agreement with Thrivent Financial for Lutherans (Associated with File #25-0064)

Community Development Committee

Wed, Feb 12, 2025 4:30PM

Aldersperson Sheri Hartzheim (District 13) 13:32

Director Homan, would the gentleman who is joining us remotely want us to skip to the bottom two items, or should we continue as we are?

Director Kara Homan (Community And Economic Development) 13:45

It's at your discretion. Ian, wouldn't be opposed if the committee moved your items sooner.

Ian Martin (Thrivent's Master Developer) 13:55

I wouldn't be opposed, opposed to that, but I'd be grateful, and sorry to create this inconvenience for you all.

Aldersperson Sheri Hartzheim (District 13) 14:04

It's not a convenience. So, with the Committee's approval, I would like to move on to item number 25-0064, request to approve entering into a cost reimbursement agreement with Thrivent Financial for Lutherans for an initial amount of \$100,000 to fund Tax Incremental District creation/fiscal consulting, engineering related consulting and other city consulting services deemed necessary to facilitate the redevelopment of Thrivent's office campus located north of I 41 and west of Ballard road. Do I have a motion?

Aldersperson Vaya Jones (District 10) 14:38

Move to approve.

Aldersperson William Siebers (District 1) 14:39

Second.

Aldersperson Sheri Hartzheim (District 13) 14:40

Have a motion and a second. Who would like to begin with this? Director Homan. I think you're live.

Director Kara Homan (Community And Economic Development) 14:46

I am. Thank you, Chair. What you have before you is a cost reimbursement agreement. This is something that as we've been working through the next steps in Thrivent's implementation of their master plan, it's come to light that, in particular in our engineering division, there is need for additional capacity and specialized engineering consulting services to really do a thorough job of the infrastructure planning. And in addition, as we've been

consulting with Ian and his team and the folks at Thrivent there has been an indication that TID creation and TID financing may be warranted for this site to be built out in whole or in part. So, in order to accomplish that in a way that's really thoughtful and fiscally prudent for the city, we've negotiated a cost reimbursement agreement with Thrivent Financial for Lutherans.

Director Kara Homan (Community And Economic Development) 15:48

The way that it works is they front \$100,000 to the city of which we can then draw down the expenditures for the various consultants that we hire to work on our behalf. If you take a look at the agreement, some of the provisions in it says it starts with \$100,000. If for some reason, we believe our expenses are approaching and possibly can exceed, we do have the ability to request additional funding.

Director Kara Homan (Community And Economic Development) 16:16

I also wanted to point out that under Payment Terms on page two, first paragraph, if, for some reason, you know, we start hiring consultants, we bring on a TID consultant, which is the next action item, and for some reason, the work needs to stop, or Council doesn't approve something, or just whatever happens, money we've spent, they're not able to claw it back. That's all kind of written into the agreement. So that was something we wanted to make sure we had in there to protect the city.

Director Kara Homan (Community And Economic Development) 16:50

Really, this is just step one. It's allowing us to get consultants to help us work through this. In particular, the consultant that this committee would have jurisdiction on would be TID-related consultants, which I'll review in detail for the next action item.

Director Kara Homan (Community And Economic Development) 17:09

We do have Ian Martin (Thrivent's Master Developer) on Zoom, due to the storm. He's in Milwaukee, where I understand it's snowing much worse than it is even here. If the committee would have any questions for him. He is serving as Thrivent's master developer and is very well versed in these sorts of agreements.

Aldersperson Sheri Hartzheim (District 13) 17:27

Mr. Martin, would you like to give any remarks to start off or just answer questions?

Ian Martin (Thrivent's Master Developer) 17:34

I think Karen did a great job describing it, so more than happy to answer any questions you have.

Aldersperson Sheri Hartzheim (District 13) 17:40

Thank you. Does anyone on the committee want to start? All right. Well, I guess it's the chair that wants to start. I am not concerned about having an agreement and having a potential large development offer to assist the city in moving this development forward. What concerns me is the piece that talks about TID creation. I don't know that we can approve this item and then say, "but you can't create a TID," but I don't know that you can do the opposite either. So, I feel conflicted about this item, because I want to have the consultancy available to the city, because there is a lot of infrastructure change. There is a lot of—there are a lot of things that we as a—you, as a small department, aren't going to be able to necessarily manage with managing everything else that you have to manage as well. So, I don't mind the creation of this fund, and I'm appreciative that the developer, the property owner, is interested in partnering with the city in that regard. But again, my concerns starts at the TID creation piece.

Alderson Sheri Hartzheim (District 13) 19:04

Any other questions or comments from anybody? All right, there being none, we'll move on to a vote. All those in favor signify by saying aye.

Aldersons Siebers, Smith, Jones, and Wolff 19:14

Aye.

Alderson Sheri Hartzheim (District 13) 19:16

Opposed? Nay. That vote passes 4 to 1.

Alderson Sheri Hartzheim (District 13) 19:23

Then we'll move on to item number 25-0046, request to award a contract to Ehlers in an amount of \$14,000 for Tax Incremental TID creation services and further financial analysis services to be billed at \$325, an hour, conditioned on approval of the cost reimbursement agreement with the Thrivent Financial for Lutherans. Do I have a motion?

Alderson Vaya Jones (District 10) 19:45

Move to [...]

Alderson William Siebers (District 1) 19:46

Second.

Alderson Sheri Hartzheim (District 13) 19:47

Move to approve and a second. Director Homan, would you like this one as well?

Director Kara Homan (Community And Economic Development) 19:52

Yes, please. Also described in the memo that we had the overview for the cost reimbursement was a request for proposal process that Lily and our team went through to solicit proposals from consultants that are capable of doing this work. We did receive four quotes. Director Ohman from the Finance Department was also part of the review team. We went through initial evaluation individually, met as a group, conducted interviews for the top two, did reference checks, and then did follow up Q and A, and ultimately landed on Ehlers Associates.

Director Kara Homan (Community And Economic Development) 20:31

The proposal that you have in front of you is what they had submitted. It's really two components. One is what they call TID creation services, which starts with a feasibility analysis as phase one. That's where they really start digging into the numbers and the but for and the justification for the TID. And then once you get through that feasibility, you start working on fleshing out the actual map and document and working through the process.

Director Kara Homan (Community And Economic Development) 20:58

The second piece that we are electing to exercise is their fiscal consultant services, where they do pro forma analysis which is another layer of that, but for piece, where if there's a development proposal related to the TID, they have a really thorough—I would say best in class—process for really digging into what is the ask, validating the ask, knowing where the market's at, and then advising the city based on what we've told them our goals are.

Director Kara Homan (Community And Economic Development) 21:29

It's—the way it would work is it's \$14,000 for the TID creation services, and then the other piece is billable per hour, and it really is based on how long and how complex and how much back and forth there is between the city, developer, and Ehlers. I'd be happy to answer any questions.

Aldersperson Sheri Hartzheim (District 13) 21:49

Thank you. Any questions, thoughts from the committee? Aldersperson Smith.

Aldersperson Martyn Smith (District 4) 21:56

Thank you. So, this is \$14,000 and then the hourly, and that is just a portion of the 100—overall \$100,000. What are the other consultants that you would be expecting? I imagine there's waters, storm water, and things like that, but just kind of a quick list.

Director Kara Homan (Community And Economic Development) 22:17

Yep. So, the only consultant my department would procure at present is Ehlers. Public Works Engineering has, I believe, Tool Design Group. It Tool? Tool Design Group for bicycle and pedestrian consulting as it relates to the traffic impact and how the traffic is going to flow. And then also their storm water consultant is advising on storm water and I believe flood control. Currently, we know there's three. If there's any others identified, there's a provision in here that we would alert Thrivent to that fact, and then we would mutually agree that we can proceed.

Aldersperson Martyn Smith (District 4) 23:00

Thank you. That's helpful.

Aldersperson Sheri Hartzheim (District 13) 23:01

And this was really related to the previous item, not necessarily this particular one.

Director Kara Homan (Community And Economic Development) 23:06

Correct.

Aldersperson Sheri Hartzheim (District 13) 23:07

Thank you. Any other questions or concerns from the committee? My thought process remains the same here. The words "TID creation services" put up all kinds of red flags for me, and I'm sure not anyone is surprised by that. So, my concern is not that we would look at feasibility for that. But I guess this feels to me like a slippery slope, and I would prefer that we be very clear as a city about we're looking only at feasibility not actual creation services. It feels like a tiny, little fine line, but I think walking across that line means it's almost a done deal, as opposed to a not a done deal. That's just my feelings in that regard.

Director Kara Homan (Community And Economic Development) 23:54

And I appreciate that. The good news is, is that to create a TID involves multiple committees, multiple votes. There'll be the joint Review Board meeting process. We'll go to Outagamie County and review it with their finance department. The City Plan commission will also have a kick at it, and ultimately, Common Council would have the TID adoption resolution. So, you can really get through the whole process, and if Council doesn't want to do it, there's nothing today that would bind Council, plan commission, Joint Review Board, or any of the various legislative or advisory bodies from proceeding. It's really just allowing us to go through the process at this point.

Aldersperson Sheri Hartzheim (District 13) 24:39

Right. And when you mentioned the county, I think about how a creation of a TID in this particular area would affect our school district, county taxes, all of that sort of thing. They lose the increment for that period of time. And those sorts of things concern me. And that's where this slippery slope gets me very concerned.

Director Kara Homan (Community And Economic Development) 24:57

And that that is true, that the way a TID works is that we would capture mill rate for all the taxing jurisdictions, but if we do the "but for" correctly, the development wouldn't be happening but for this. And the other taxing jurisdictions still get to benefit from net new construction that results from the TID. So, it's not that they wouldn't be able to raise revenue, they just wouldn't be getting it directly from those particular parcels.

Aldersperson Sheri Hartzheim (District 13) 25:26

Understood. Any other questions or concerns from the committee? There being none, all those in favor, please signify by saying aye.

Alderspersons Siebers, Smith, Jones, and Wolff 25:33

Aye.

Aldersperson Sheri Hartzheim (District 13) 25:34

Opposed? Nay. That passes four to one. Thank you, sir for joining us. I'm going to exit you.

Ian Martin (Thrivent's Master Developer) 25:44

Thank you, guys. Have a good evening.

Aldersperson Sheri Hartzheim (District 13) 25:46

Thank you.