



## **PRESS RELEASE**

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### **Wausau Chemical and Tax Increment Financing Usage within the City**

There has been a lot of dialog regarding the strategic nature of the Wausau Chemical acquisition that the City of Wausau wishes to clarify to the best of our ability. We offer the following short Q &A in an effort to answer questions.

#### **WHY RELOCATE WAUSAU CHEMICAL?**

The current facility has been in operation along our riverfront since 1962. A lot has changed since then and this use is clearly not the highest and best use for the property. The City is confident that the property will provide more revenue for the City and contribute more to our quality of life if it was redeveloped. This strategic decision is no different than the City's participation with the construction of the Wausau Center Mall, the 400 Block, the Dudley Tower and currently the redevelopment of the East Riverfront areas. As many noticed, Wausau Chemical is the next parcel prime for redevelopment along the water and is immediately adjacent to major investments at Athletic Park and businesses like Thrive.

#### **WHY IS THIS HAPPENING NOW?**

The Tax Increment District (TID) #5 which has assisted in funding projects for economic development expansion in the Business Campus is ready and must be used this year. The City's use of incentives in this district has a long track record of success. This district, which encompasses most of the northern areas of the Business Campus, had a valuation of only \$105,900 and today it is valued at \$44,942,200. These City incentives helped leverage a great deal of this private investment. Countless job creators and businesses have benefited directly from the City's investment and our tax base has grown significantly. When the District mandatorily closes in 2020- all that revenue will be realized to the bottom line- it has been an investment and one that is, and will continue to, pay off.

#### **WHY IS IT SO EXPENSIVE?**

Relocating Wausau Chemical is expensive but is necessary for at least 3 main reasons: environmental, public safety, and redevelopment opportunity. The City has determined it strategic to relocate Wausau Chemical through a friendly condemnation-like process. The City must replace their facility with a like facility that meets current, and much safer, standards. As you might imagine, the standards to build a chemical storage facility are much higher today than when Wausau Chemical was first built and are much more expensive. The new building has been designed to be as inexpensive as possible to serve this need. The costs, while large, are the lowest possible amount. Wausau Chemical worked with three different contractors to find the most economical way to construct the new facility. If this was nearly any other type of business- it would be far cheaper and a much faster return on the City's investment. Of course, if it were nearly any other business it would also be much less environmentally important and not a public safety issue. We all acknowledge this is an expensive project, but the stakes are also much higher and more valuable



**DOES THIS PROJECT COST TAXPAYERS/SCHOOLS?**

No, the project does not add additional cost to taxpayers. The project is funded by existing taxes paid in the business district and the additional ‘increment’ or increase in taxes that Wausau Chemical will pay at their new, safer and modern location within the Business Campus. This project does not extend the mandatory closure of the existing Tax Increment District and it will still end in 2020 and bring all that new revenue to the bottom line at that time. This project does not require, nor cause, the City’s tax rate to increase. The District is being amended to spend more money than previously planned, because the construction of an equal facility that meets current safety and code guidelines is expensive as noted. The current building does not meet, nor is required to meet current safety standards- and the new facility is obviously fundamentally better and safer for the City and the business.

**WHAT IS THE PROJECT’S RETURN ON INVESTMENT OR PAYBACK?**

The relocation of Wausau Chemical is not a business incentive project. It is not like the City’s other economic development incentive projects and it is wrong and unfair to even compare it. Wausau Chemical did not seek funding from the City and is receiving only the minimum to operate in a new facility. But, as noted, this is an expensive project and the relocation payback is a long term, strategic investment- we feel that is nearly invaluable to the City and certainly a wise investment now given that the Tax Increment District can fund the project itself- with no other City monies required.

You may hear the term ‘return on investment’, as it is often mentioned, but if it is considering just the financial ramifications- it is being used improperly. What is the value of the environmental safety of the Wisconsin River? What is the value of a safe water supply or the cost of a new City Water Plant if something were to happen at the current Wausau Chemical site? Just yesterday, in Hanover, Pennsylvania a fire at chemical storage facility killed over 20,000 fish over a 15 mile span of the Conewago Creek in Adams and York Counties and shut down the water supply in the town. We have not, and will not play, a doomsday scenario card here, but we are prudent and the facts are clear. Wausau Chemical has been a good neighbor, but it should not be on our riverfront immediately adjacent to our Water Plant and it must be relocated.

**WHAT WILL HAPPEN TO WAUSAU CHEMICALS EXISTING PROPERTY?**

Wausau Chemical will donate their four existing properties located on or adjacent to the riverfront. The City will facilitate the redevelopment of these sites for commercial or residential purposes. This redevelopment will allow new businesses and residents easier access to the downtown and riverfront and will bring the property use in line with the existing neighborhood. The timing of this redevelopment is perfect given the recent private investment in Athletic Park and the new restaurant in the area.

All of these issues have a value and simplifying the issue to a financial calculation of return on investment does not provide for the other intrinsic values. For the environmental and public safety reasons alone- this project makes good sense for the City. Add the new \$8mil facility on the tax roll in the Business Campus and the value of future redevelopment on the current site and the relocation project adds up to one of the most important redevelopment efforts of our time- right there with the other bold moves like acquisition and development of the 400 Block. The simple fact is, relocating Wausau Chemical makes environmental, public safety, and financial sense for the future of the City- there really is no other way to calculate it.