



MEMORANDUM

"...meeting community needs...enhancing quality of life."

TO: CEDC

FROM: Karen Harkness, Director of Community & Economic Development

DATE: June 4, 2014

RE: Foremost Site Development

Site History and Overview

The site consists of 8.3+-acres of land which has served the community since 1886 to the present.

1886- East John St. crossed through the site and over the Fox River. North of East John St. one building structure was identified as a tannery. There was a raceway connecting the Fox River. South of East John St. three separate building structures were identified with a flour mill, a foundry and an electric street railway company.

1891- A structure was identified as "Champion Pulp Company" and a railroad was identified on the southern half of the site.

1895- A foundry was identified adjacent to the west of the tannery and a stone quarry occupied a majority of the tail raceway.

1901- The flour mill and foundry appeared to re-placed with larger buildings structures that were identified as "Wisconsin Tissue Paper" and "Appleton Knitting Company". The tannery was identified as a machine shop named "Appleton Hay Tool". The stone quarry was not identified.

1911- Wisconsin Tissue Paper building structure expanded to the north. Champion Pump Company was identified as "Interlake Paper Company". The railroad ran along the entire length of the sites eastern boundary.

1924- Wisconsin Tissue Paper was identified as Thilmany Pulp and Paper Company. Neither the electric street railway nor the Appleton Hay Tool structures were present.

1950- The Thilmany building was identified as a milk plant named Western Condensing.

1970- Western Condensing building was identified as Foremost Farms. The previous building structure layout was present with the exception of the office building structure to the west.

From the 1950's to 2003, operations at the site generally consisted of dairy activities related to the processing of whey. There were three plants at this site- sugar, whey for feed and an edible product for babies.

From 1886 through 1970 the immediate surrounding areas were occupied with residential structures to the west and an elevated railroad over the Fox River and parallel to the east of the Subject Site. The 1907 and 1959 photos showed residentially developed land and undeveloped woodlands to the west of the Subject site. Industrial developed land was present on the eastern bank of the Fox River. The John St. Bridge crossed the Fox River to the east of the subject site between 1886 and 1950 but was not present in 1970. The John Street Bridge was removed in about 1960.

Foremost Farms USA, Environmental Process and Pre-Development Information:

In investigating the history of this, I have spoken to a retiree from Foremost Farms USA management, who stated,

“The operation at this site had well over 100 employees in the plant as well as a large trucking component. This Foremost site operated three shifts seven days a week.”

Foremost Farms USA (FFUSA) operations ceased at the facility in 2003 and subsequent decommissioning activities removed all of the processing equipment and storage tanks including associated piping. Aesthetically, the site in its blighted condition was a detriment to the neighborhood. Since the FFUSA ceased operations in 2003, the building, and site, had been poorly maintained, trespassed upon, and vandalized.

FFUSA entered the site into the Wisconsin Department of Natural Resources Voluntary Party Liability Exemption (VPLE) program on March 3, 2004. Northern Environmental was retained by FFUSA in April 2004 to determine the environmental impacts at the site. Soil and groundwater investigations were conducted from April 2004 through December 2005. The results are summarized in the Site Investigation Report completed by Northern Environmental, dated September 2005. On December 6, 2005 Ms. Jennifer Borski, WDNR Project Manager, issued a letter stating that FFUSA had completed investigation activities and the site was remediated to industrial standards.

PHP, a local Developer, subsequently hired ARCADIS in 2006 to performing further due diligence to:

- determine what environmental remediation was required for a residential use,
- how the site could be made ready for a single-family residential development, and
- Whether the costs to do these things made the project feasible.

ARCADIS completed a number of studies including a Phase I Environmental Site Assessment in December 2006, a preliminary geotechnical assessment of the site including a subsurface assessment of the soils underlying the existing building, and a raceway abandonment assessment. Despite a significant, targeted marketing effort, the Developer could not get three pre-sales and, therefore, could not lock in any financing.

At that point, the focus of the project changed considerably. The Developer had invested over \$200,000 into the project already and did not want to walk away from the property. At the same time, the lack of financing made it foolish even to think about proceeding. Meanwhile, all parties involved recognized that it would not be in the best interest of the Developer or the current owner, FFUSA, or the City to lose the opportunity to complete the remediation process to residential standards that was already well underway. The engineering had already been performed, and the site was awarded a \$600,000 Commerce Grant needed to bring this site back to productive use (the Commerce Department later became Wisconsin Economic Development Corporation- WEDC).

The City of Appleton reviewed the options and impacts of each option. Aesthetically, the site in its blighted condition was a detriment to the neighborhood. Since the FFUSA ceased operations in 2003, the building, and site, had been poorly maintained, trespassed upon, and vandalized.

Since the Developer could not proceed with this project and the City of Appleton did not want to lose the \$600,000 grant already awarded by WEDC, and our due diligence indicated other potential available funding, the City of Appleton made the decision to take over this project and bring it to completion. The Commerce/WEDC grant has the requirement that the City of Appleton, with private development partners, shall develop this property and will create an assessed value of this property of no less than \$5,000,000 by April 22, 2016.

The City of Appleton acquired the Site on June 28, 2011 and hired ARCADIS to continue environmental remediation and deconstruction. The City applied and was awarded a DNR \$300,000 loan at 0 % interest and FFUSA agreed to partner by escrowing \$500,000 for site remediation and demolition. These sources, along with the WEDC grant, secured the \$1.4 million needed by the City for demolition and mitigation of the site.

The building structures were demolished and Site restoration activities were completed in June 2012. The Site currently consists of vacant land with a vegetative cap (engineered barriers). The DNR issued site closure on May 20, 2014 for the environmental conditions at residential standards are processing the final documents.

Recruitment for Redevelopment of the Site:

On October 12, 2012, the Request for Proposals (RFP) was issued by the City for the redevelopment of the site. The RFP was sent out to 81 potential respondents in addition to publication on the City's website, Facebook, Twitter, LinkedIn and media articles for anyone to respond. The RFP is attached for your review.

In November of 2012 we received one proposal from Vetter Denk and Ganther. Staff did follow up with several of the 81 potential respondents to better understand why others did not respond. The potential respondents shared they were worried about the Presidential election, the fiscal cliff, their ability to obtain financing, and concern about taking on additional debt and the overall economy.

Since November of 2012, City staff has worked with Vetter Denk and Ganther and the community to craft a project that addressed:

- Concerns and needs of the neighborhood,
- Conformance to the requirements and objectives of the *City of Appleton Comprehensive Plan 2010-2030*.
- Compatibility of the project with the adjacent land uses.
- The ability of the developer to carry out the proposal.
- Amount of investment and contribution to the City's tax base.
- The ratio of private investment to public investment.
- Purchase price of site.
- Quality and stability of proposed development.

The Vetter Denk and Ganther Development Agreement presented for your consideration meets and/or exceeds the City's requirements and expectations as outlined in the RFP.

The Appleton Redevelopment Authority unanimously approved this Development Agreement at their May 28, 2014 meeting.

Staff recommends approval of the Vetter Denk and Ganther Development Agreement.

ATTACHMENTS:

Foremost Farms decision matrix
Development agreement
Revised *traffic study*
Lawrence letter
Neighborhood survey
Request for Proposals
Vetter Denk and Ganther Power Point Presentation