

Subject: Fact-check information on 2 S Barstow

To Don Huebscher

From: Rebecca Noland

Sent: Tuesday, March 18, 2014 12:30 PM

Hello Don,

Thank you for your inquiry about 2 South Barstow. The RDA sold the property to John Mogensen for \$5. The property had been donated to the RDA for free by a previous developer who was not able to feasibly develop it into a mixed used facility. The sale to Mr. Mogensen included a PILOT agreement that specified that the valuation would be \$800,000 within a certain time period. The RDA extended the development period for one year. In the meantime the City Council unanimously approved a general development plan for the entire block.

Subsequent to the Council's action, the RDA agreed to allow Mr. Mogensen to transfer the property to the Confluence development partners, with certain conditions. The conditions include the PILOT terms. The new owners will take on the PILOT liability which will be due for 2014 taxes collectible in 2015. The amount will be about \$17,500, subject to the 2014 tax rates.

In addition, the transfer terms include an easement for the trail that is planned along the riverfront. The easement and setback requirements will require a significant allocation of the land.

The transfer between Mr. Mogensen and the new owners is a private transaction, and we do not know the private terms, other than the RDA requirements. As I indicated above, the RDA received the building for free and has on several occasions sought requests for proposals for development. The RDA's decision to allow the transfer to is consistent with the Council's approval of the general development plan for the entire block.

**Document being fact-checked:**

A good deal for some

The Confluence Project as proposed encompasses the first block of each of the following streets: Graham, Eau Claire and South Barstow. This area was selected by a partnership consisting of a developer, a construction company and the UW-Eau Claire Foundation, which purchased the first two blocks and has an option on the third block.

The partnership evicted their tenants on Graham and Eau Claire, leaving those buildings empty now for over a year. Despite lacking a building plan and the \$5.9 million of city funding allegedly needed to proceed with the student housing, the tenants of South Barstow are also being evicted on March 31. Not only does that impose a hardship on the tenants, particularly the Scandinavian Imports Store that has been there for more than 43 years, but it also ensures yet another block of empty buildings.

The city provided one of the South Barstow buildings to a citizen for \$5 with the absolute commitment that the building would be transformed into a property with an assessed value of \$800,000. That was three years ago. No development occurred; the building was allowed to deteriorate into a state of disgraceful disrepair. Instead, the citizen has been authorized to sell the "\$5" property to the partnership at full value and keep the proceeds. The property is quite valuable today, because without it, there is no block to sell.

Why is the city giving away a valuable city asset? Why is it rewarding someone who broke a promise? Why hasn't the city inquired about the planned sale price for the property and its share of the proceeds? Why are some taxpayers more equal than others? Why should each of us in Eau Claire County contribute our taxes to those few?

The Confluence provides hardship for some but a bounty for others.

CORINNE CHARLSON

Eau Claire