

CDI Grant Narrative
Relating to Economic Impact of
Office Tower Project

Need for Grant Funding

Unlike many other communities, Menasha does not have large green field sites adjacent to major highway corridors that are most sought after for corporate offices. These sites offer easy access, plenty of space for surface parking, flexible building footprints, relative freedom from environmental concerns, and less involved regulatory and building processes with fewer delays. But for the commitment of the project investors to the community, the development would have most likely landed on one of those sites.

The challenge posed by this project is to contain development costs to levels that are supportable by market lease rates. With the site assembly cost and the cost for the multi level parking garage added to the development cost for the office building, these rates cannot be met. Development assistance is therefore required if the project is to succeed.

The owner/developer has secured \$1 million in equity from local investors and the owner/developer and Community First Credit Union have reached a tentative agreement for \$11 million in project financing. The term sheet for the development agreement contemplates the formation of a new TIF district to fund most of the parking structure and infrastructure improvements. At the same time that the project plan is adopted for the new TID, an amendment to an existing TIF district will be proposed to share increment with the new TID. Increment sharing is necessary to fund the remaining \$500,000 gap in parking structure financing. The WEDC funds are necessary to finance the gap between what the tenant leases will support and office tower construction and operating costs.

Potential of the Project to Enhance Economic Viability

This project will have huge economic impact on Menasha's downtown and the community as a whole. Bringing in 325 jobs, a large proportion of which are in high paying professional and technical occupations and the wages associated therewith will have tremendous positive impacts. The annual wages generated by the employees within the office tower are estimated to be in excess of \$18 million. The 100 + temporary jobs associated with construction of the office tower and parking structure will generate an additional \$4 to \$6 million in annual wages.

The new employment and disposable income will have a profound positive impact on nearly all local businesses and will create opportunities for new businesses to become established. The boost to the local economy anticipated with this project is essential to help turn around the economically distressed condition of Menasha's Census Tract 29, in which the project is located. Low household and per capita incomes, declining property values and deteriorating housing stock are all reflections of the economic distress of Menasha's near downtown areas.

To help quantify the positive impacts associated with the project, a request was made to the Fox Cities Regional Partnership to evaluate the direct and indirect impact of the project as related to the employment based upon the data provided in Section H of the application. Using the Jobs EQ model, the impacts are projected as follows:

Job Classifications	Direct Employment	Indirect Employment	Induced Employment	Total
Engineering	280	33	121	434
Administrative Services	45	7	14	66
Total	325	40	135	500

Job Classifications	Sales/Output Direct	Sales/Output Indirect	Sales/Output Induced	Total
Engineering	\$32,355,916	\$3,358,022	\$11,759,412	\$47,473,351
Administrative Services	\$ 3,833,648	\$ 679,878	\$ 1,453,188	\$ 5,966,714
Total	\$36,189,564	\$4,037,900	\$13,212,600	\$53,440,065

Impact of the Project on the Neighborhood

Downtown Menasha has been undergoing change since the first keystone project - the Menasha Marina -was constructed in the mid 1980's. That project, undertaken as a public-private partnership transformed the downtown environment enough to stimulate investment in new office buildings and housing development. Subsequently, other office buildings were built, the Curtis Reed Square at the heart of downtown was developed into green space and investments were made in renovating the facades of some of the historic buildings. In the latter half of the last decade, corporate tenants in several major office buildings relocated, taking with them the employment and income that helped support the downtown economy. Only recently has this trend begun to reverse itself.

In 2008, Faith Technologies began relocating employees into the Discovery Pointe office building at 225 Main Street. In 2014 a completely renovated full service grocery store opened near downtown at 305 Third Street, (made possible in part through a CDI grant from WEDC). Within the past month, Menasha Corporation has relocated its corporate offices to the Harbor Place office building (although this occupancy is temporary while new corporate offices are being built elsewhere, the impact is nonetheless significant). Within the next month a children's clothing boutique will be opening and a renovated restaurant will be reopening.

The most recent of these changes have been attributed in part to the removal of the blighting influences of the vacant buildings and former Rivers Edge Apartments that were described earlier in this application. It was exactly this type of change that the investors in the project were seeking.

Project as a Catalyst for Change

Bringing the corporate offices of Faith Technologies to Downtown Menasha will have enormous impact on opportunities for business growth and new development/redevelopment. Businesses offering specialized services to Faith, and other entities affiliated with its business enterprises will be drawn to the community. Customers, vendors, suppliers will generate additional traffic and will be potential customers for the retail, business and professional services, eating and drinking establishment and others. The employees will become engaged with the community and will create an energy in the downtown that has been lacking. It's expected there will be fresh interest in community events and opportunities for recreational and cultural pursuits. This project is expected to be the engine that helps move Menasha to a new state of economic stability and will spawn renewed interest in Menasha as a place for people to live, work and do business.

