

STAFF REVIEW

IDLE SITE REDEVELOPMENT PROGRAM

Village of Randolph
 Randolph, WI (Dodge County)
 Total Project Costs: \$1,563,411
 Total Eligible Project Costs: \$1,194,010
 Requested Award Amount: \$250,000
 Recommended Award Amount: \$250,000
 Pre-Review Balance(s) Available FY25: \$2,250,000

MANAGEMENT REVIEW:

Division Vice President: Michael Ward Date: 1/15/2025 APPROVE DENY

Senior Vice President, Strategic Investment & Evaluation or CFO:

Shelly Bran Date: 1/15/2025 APPROVE DENY

CEO or Designee: [Signature] Date: 1/15/2025 APPROVE DENY

Awards Admin. Comm (if applicable):

N/A Date: _____ APPROVE DENY

WEDC Board (if applicable):

N/A Date: _____ APPROVE DENY

Underwriting Checklist
Idle Sites Redevelopment Program FY25

NOTE: Any "No" responses must provide an explanation of the extenuating circumstances warranting a deviation from the guideline.

<u>Statutory Requirements</u>	<u>Yes</u>
This WEDC program is not governed by statute.	NA

<u>Program Guideline Requirements</u>	Yes	No	Explanation
Applicant is a city, village, town, county, government or Tribal entity.	X		
Applicant has:	X		

<ul style="list-style-type: none"> If a private developer is participating in the project, a draft of an officially approved development agreement that describes the project and its goals, anticipated outcomes, project timeline, and actions, obligations and investments to be made by each party that must be executed prior to the first draw of funds; or If the project does not have a private developer, an officially approved resolution that describes the project and its goals, anticipated outcomes, project timeline, and actions, obligations and investments necessary to achieve redevelopment. 			
Applicant has not received more than one ISR award in this fiscal year.	X		
Project will assist in the advancement of the site to shovel-ready status or enhance the site's market attractiveness.	X		
Site has been idle, abandoned, or underutilized for a period of at least two years.	X		
Applicant must provide a signed resolution by the governing body authorizing the submittal of an application to the ISR Program.	X		
Property is: <ul style="list-style-type: none"> one or more industrial parcels that are > 4 acres with over 25 years of industrial usage; OR one or more commercial parcels that are > 4 acres with over 25 years commercial usage. (Economically Distressed community or Opportunity Zone parcels need to be > 2 acres); OR one or more contiguous institutional parcels that exceed 4 acres and had long term (over 25 years) institutional usage; properties of less than 4 acres may be considered when the property is located within a commercial corridor. 	X		One or more contiguous institutional parcels that exceed 4 acres and had long term (over 25 years) institutional usage
Award amount is ≤ \$250,000	X		
Applicants own targeted property or demonstrate legal ability to access and work on the property.	X		
Grant funds are being used for eligible costs demolition, environmental remediation (except where work occurring on properties in which the current owner is also a causer who possessed or controlled the contaminant(s) on the site), rehabilitation, and/or infrastructure improvements. Matching funds may also be used for acquisition costs.	X		Rehabilitation
The applicant must provide matching funds at a rate of 3:1 of the Idle Sites Redevelopment Grant. The matching funds requirement is reduced to a rate of 1:1 of the Idle Sites Redevelopment Grant if the project is located in an Economically Distressed Community.	X		3:1
Grant funds and matching funds will not be used for ineligible costs, which include in-kind contributions, costs of new construction, and indirect construction cost (aka "soft costs") and grant funds will not be used for acquisition costs.	X		
Guidelines	Yes	No	Explanation
Applicant is current on all previous awards	X		

I. PROJECT SUMMARY

Village of Randolph is requesting an Idle Sites Redevelopment Grant in the amount of \$250,000 to assist in the redevelopment of the former Randolph school building located at 265 N High St, Randolph,

WI 53956. The property will be renovated into a 31-unit housing development containing affordable and market-rate apartments and condominiums.

This project uniquely supports economic well-being in Wisconsin as an adaptive redevelopment of this former school will revitalize a large, underutilized site in a community of less than 2,000 people. This infill development will provide 31 needed residential units that to significantly increase taxable property values, reduce urban sprawl, make efficient use of existing infrastructure, that creates a sustainable development and promotes economic well-being of the community.

II. SITE HISTORY

The property at 265 N High St in Randolph was constructed in 1942 and served as the local elementary and middle school until they were relocated to the current Randolph school building, which now houses the elementary, middle, and high schools. Roca Firme Church purchased the property in 2017. However, Roca Firme provided a letter stating that the property largely remained underutilized (<50% usage) during their tenure, leading to the purchase of the property by Obsidian Estates.

Obsidian Estates will act as the developer on this project and has owned the subject property since August 2023, when they purchased it from the Roca Firme church. The sale of the building was approved by the Village of Randolph. The Village entered into a development agreement with Obsidian Estates, effective 09/13/2024. A signed resolution dated 06/03/2024 was provided by the Village of Randolph.

III. PROJECT DESCRIPTION

Village of Randolph states that this project aims to address the diverse needs of residents in Randolph and the surrounding areas by offering 1-, 2-, and 3-bedroom units. Given the significant rise in new home prices, the applicant states it is crucial for residents to have access to safe and affordable housing options. The project site encompasses 4.6 acres in the Village and contains the vacant school building and parking lot, which will be renovated and redeveloped into market-rate and affordable housing. The applicant states that the redevelopment of the former school will result in 28 apartments and 3 condo units. The applicant states that 26 units will be offered at less than the market rate and 5 units will be offered at the market rate. The Village states that tenant amenities will include an interior community room, community garden, on-site laundry, workout gym, and storage units.

The Village hopes to achieve the following by leveraging ISR grant and matching funds:

- Revitalize a dormant and underutilized parcel to reduce blight and increase tax base.
- The project will promote housing diversity by providing an array of housing options, including both market-rate and affordable units, catering to a range of income levels.
- Incorporate sustainable design principles to reduce environmental impact and enhance energy efficiency.
- Enhance the surrounding neighborhood by creating a vibrant development.

The applicant states that Obsidian Estates has previously redeveloped other properties into housing developments. The Village will contract with Winter Crest Corporation, which will manage all work for the Randolph conversion. Contacts and related documents will flow through Winter Crest. Winter Crest will be providing labor for the general trades, carpentry, and finishes for this project.

PROJECT START DATE: 11/12/2024

PROJECT END DATE: 06/30/2026

IV. ECONOMIC AND COMMUNITY BENEFIT:

The Village of Randolph states that the redevelopment project of the Randolph Elementary/Middle School represents a multifaceted effort to reinvigorate the area by providing diverse housing options, creating jobs and boosting the tax base. The applicant states that this ambitious undertaking is poised to be a catalyst for economic and community development in the region. The Village believes that this project is expected to have a significant impact on economic and community development in the area. Key factors include:

- **Increased Tax Base:** The applicant states there will be a substantial increase in the assessed value. The redevelopment will result in approximately \$2,250,000 of new assessed value/tax base, contributing significantly to the village's revenue, allowing for improved public services and infrastructure development.
- **Increase customer base for utilities:** The redevelopment project has the potential to create 31 additional customers for the Village's sewer/water system and utilities. The Village states that this increase in customer base will assist in maintaining lower rates for all Village residents.
- **Job Creation:** The redevelopment project will create temporary and permanent jobs during various phases, including construction, property management, and maintenance. The applicant hopes that these employment opportunities will stimulate economic growth and reduce unemployment rates in the community.
- **Community Revitalization:** With new residents moving into the apartment complex, the Village hopes that there will be increased demand for goods and services in the surrounding area. Local businesses such as restaurants, grocery stores and retail shops may experience higher sales, leading to increased revenues.

The Village of Randolph expects that the redevelopment project will contribute to the reduction of urban sprawl by concentrating new housing within the core of Randolph. By repurposing an existing site rather than developing on undeveloped land on the outskirts of the village, it helps preserve open spaces, agricultural land, and natural habitats. The applicant states that utilizing a pre-existing infrastructure substantially reduces the need for expensive and resource-intensive infrastructure expansion, enhancing efficiency championing sustainability, as well as responsible land use practices.

ECONOMIC IMPACT:

According to the IMPLAN report, this analysis contains 1 IMPLAN economic activity, which includes:

- New construction
- Plant, equipment, and machinery
- Renovation
- Furniture, fixtures, and equipment
- Site remediation
- Infrastructure
- Other activities

According to the IMPLAN report, this project will have the following economic impact in the Columbia County region for capital investment:

Impact Type	Employment	Labor Income	Value Added
Direct	9	\$717,320	\$857,797
Indirect	1	\$50,856	\$88,191
Induced	3	\$166,823	\$311,986
Total	12	\$934,999	\$1,257,974

Per the IMPLAN report, the capital investment for this project could directly support 9 jobs, \$717,320 of labor income and \$857,797 in value added products and services upon project completion. Considering the multiplier effect, the project could support 12 jobs, \$934,999 of labor income and \$1,257,974 in value added products and services in total through the end of the project.

The direct capital investment activities could generate \$23,400 in company payroll, income, property, sales, and corporate taxes for the state upon project completion. Considering the multiplier effect, the total state tax impacts could amount to \$46,140 through the end of the project.

V. BUDGET:

PROJECT BUDGET

TOTAL PROJECT INVESTMENT INCLUDING NON-ELIGIBLE COSTS					
Budget Code	Project Activities	WEDC	Horicon Bank	Obsidian Estates	Total
0385	Renovation	\$250,000	\$944,010	\$0	\$1,194,010
Total Eligible Costs*		\$250,000	\$944,010	\$0	\$1,194,010
INELIGIBLE PROJECT COSTS					
Contingency		\$0	\$76,590	\$42,811	\$119,401
Labor**		\$0	\$0	\$250,000	\$250,000
Total Ineligible Costs		\$0	\$76,590	\$292,811	\$369,401
Total Investment		\$250,000	\$1,020,600	\$292,811	\$1,563,411

Matching funds must equal at least \$750,000 in order for Recipient to obtain the maximum amount of the ISR Funds.

**These labor costs are considered ineligible as the work is being performed by an entity related to Obsidian Estates, via their mutual ownership, and is therefore not considered an arms-length transaction.

The eligible Renovation expenses requested to be covered by ISR Grant funds include the following expenditures:

- New interior and exterior building renovations including all building systems, fire protection demolition, permanent fixtures, flooring, masonry, roofs and gutters, doors and windows, and electrical, HVAC, and plumbing (excluding labor costs incurred by Winter Crest Corporation).

Total	<u>\$250,000</u> \$250,000
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The matching Renovation expenses that will be incurred include:

- New interior and exterior building renovations including all building systems, fire protection, demolition, permanent fixtures, flooring, masonry, roofs and gutters, doors and windows, and electrical, HVAC, and plumbing (excluding labor costs incurred by Winter Crest Corporation). \$944,010
- Total** **\$944,010**

Contract Budget

Budget Code	Eligible Project Costs	SOURCES		TOTAL
		WEDC	Private Funds	
0385	Renovation	\$250,000	\$944,010	\$1,194,010
Total		\$250,000	\$944,010	\$1,194,010

Matching funds must equal at least \$750,000 in order for Recipient to obtain the maximum amount of the ISR Funds.

VI. ENVIRONMENTAL CONDITIONS

The Wisconsin Bureau for Remediation and Redevelopment Tracking System (BRRTS) shows 0 reports associated with this property. The applicant states that no environmental assessments have been performed at the property as there has been no history or other indication of environmental contaminants.

VII. FINANCIAL INFORMATION

The applicant states that the project will be financed with a combination of loan funds from Horicon Bank and developer funds from Obsidian Estates. The applicant provided a letter of commitment from Horicon Bank.

The Village of Randolph states the redevelopment of an existing building will reduce the cost associated with providing additional housing to the community. However, the scope of the project totals approximately \$1.5 million and the renovation of the underutilized property may go unfinished without financial assistance from WEDC.

VIII. PREVIOUS WEDC AWARDS

Village of Randolph has received the following prior financial assistance from the Wisconsin Department of Commerce/WEDC.

Contract Date	Contract #	Program	Award Amt.	Drawn	Lapsed	Status
09/27/21	FY22-52901	SAG	\$39,400	\$39,400	\$0	Closed

FY22-52901: Village of Randolph requested and was approved for a Brownfield Site Assessment Grant in the amount of \$39,400 to assist in the demolition and site investigation of the deteriorating structure located at 319 Stark St, Randolph, WI. The project was expected to be completed 06/30/2022. All funds have been drawn and this award has been closed.

IX. STAFF ANALYSIS

Staff has reviewed the applicant’s materials and has determined it has met all programmatic requirements to obtain a WEDC Idle Sites Redevelopment grant.

The Village of Randolph states that WEDC ISR grant funds will be leveraged to redevelop the former Randolph school building, which has been largely underutilized for the last 7 years. The applicant plans to work with developer and current building owner, Obsidian Estates, to turn the property into a 31-unit housing development containing both affordable and market-rate housing. The Village of Randolph hopes that the redevelopment of the site will result in necessary housing for the community and increase the property’s taxable value, thereby adding revenue to the Village.

The total eligible project costs for this project are \$1,194,010 and the award of \$250,000 represents 21% of total eligible project costs.

The project will leverage over \$5.25 for each dollar invested in the redevelopment when non-eligible costs are included in the calculation.

Recommendation

Staff recommends awarding up to a \$250,000 Idle Site Redevelopment Program Grant funding to fund disbursements for eligible activity costs incurred in redeveloping the former Randolph School Site.

Support for recommendation:

- The applicant states that this project will result in the redevelopment of a previously underutilized building in the Village of Randolph.
- The redevelopment of the former school building has the potential to create up to 31 new housing units.
- The applicant states that the project has the potential to create both temporary and permanent employment for local residents.

Idle Site Grant Program Project Measurements				
Measurement	Measurement Type	Baseline	Goal	End/Due Date
Taxable Property Value	Result	\$0	\$2,250,000	06/30/2026
Capital Investment	Result	\$0	\$1,194,010	06/30/2026
Site Work – Renovation/Rehabilitation	Explicit	\$0	\$1,194,010	06/30/2026
Leverage - Total	Result	\$0	\$1,313,411	06/30/2026

TERMS & CONDITIONS
Village of Randolph
Opportunity Number Idle Sites Redevelopment FY25-54203

RECIPIENT: Village of Randolph
PROJECT LOCATION: 265 N High St, Randolph, WI 53956
GRANT AMOUNT: Up to \$250,000
REQUIRED MATCHING FUNDS: \$750,000
PROJECT START DATE: 11/12/2024
PROJECT END DATE: 06/30/2026

RECIPIENT INFORMATION

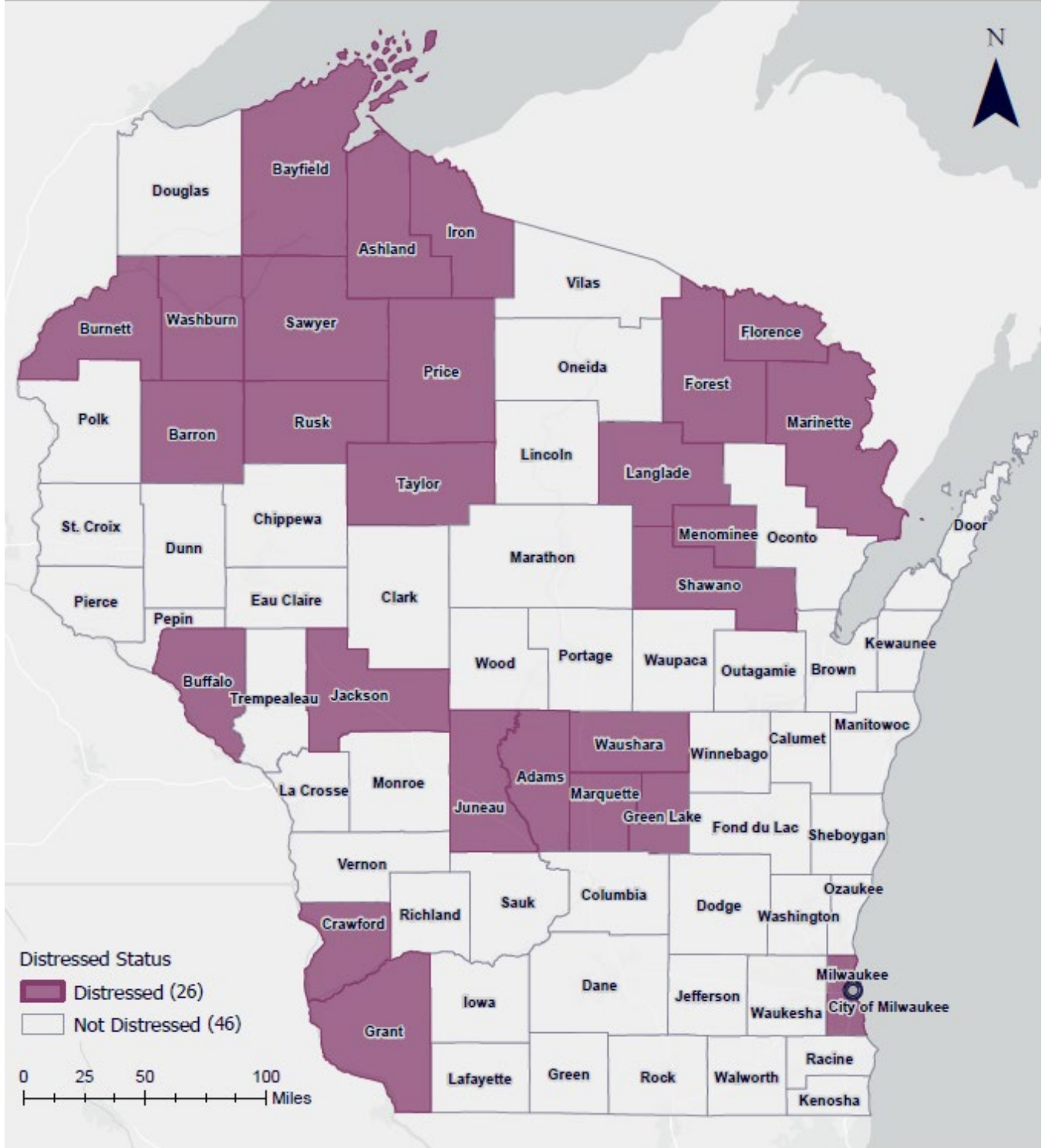
Recipient's Principal Place of Business: 248 W. Stroud Street, Randolph, WI 53956
Recipient's Fiscal Year End: 12/31

AERIAL VIEW OF PROJECT LOCATION



SITE PLAN





Distressed Status is determined by the comparison of yearly, county-wide Average Annual Wages, Median Household Income, Per Capita Income, Real Estate Value Change, Unemployment Rates, Lay-Off Rates, and Poverty Rates. In addition to counties, the City of Milwaukee can (and does) also receive the status of Distressed. WEDC is under statutory requirement to use these specific metrics when determining counties' Distressed Status per Wisconsin State statute § 238.306(2)(e).

Meghan Zachman

From: Michael Ward
Sent: Wednesday, January 15, 2025 11:20 AM
To: Shelly Braun; Sam Ridders; Meghan Zachman; Shayna Hetzel
Subject: Re: Approval Needed - MRC 1/15/2025

I approve

Get [Outlook for iOS](#)

From: Shelly Braun <shelly.braun@wedc.org>
Sent: Wednesday, January 15, 2025 11:15:10 AM
To: Sam Ridders <sam.ridders@wedc.org>; Meghan Zachman <meghan.zachman@wedc.org>; Shayna Hetzel <shayna.hetzel@wedc.org>; Michael Ward <michael.ward@wedc.org>
Subject: RE: Approval Needed - MRC 1/15/2025

I approve.

Shelly A. Braun | EDFP
Senior Vice President Strategic Investment &
Evaluation
She/Her/Hers

Wisconsin Economic Development Corporation

Email: shelly.braun@wedc.org

WEDC @ The Hub
2352 S. Park St., Suite 303
Madison, WI 53713



Websites: lookforwardwisconsin.com | wedc.org

Newsletters: wedc.org/newsletters



From: Sam Ridders <sam.ridders@wedc.org>
Sent: Wednesday, January 15, 2025 11:09 AM
To: Meghan Zachman <meghan.zachman@wedc.org>; Shayna Hetzel <shayna.hetzel@wedc.org>; Michael Ward <michael.ward@wedc.org>; Shelly Braun <shelly.braun@wedc.org>
Subject: Re: Approval Needed - MRC 1/15/2025

Approved.

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From: Meghan Zachman <meghan.zachman@wedc.org>
Sent: Wednesday, January 15, 2025 11:00:46 AM
To: Sam Ridders <sam.ridders@wedc.org>; Shayna Hetzel <shayna.hetzel@wedc.org>; Michael Ward <michael.ward@wedc.org>; Shelly Braun <shelly.braun@wedc.org>
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54160- FY25- Staff Review- CC- UWM Research Foundation, Inc.
54198-FY25-Staff Review-CC-West Central Wisconsin Regional Planning Commission
54145-FY25-Revised Staff Review-EMG-Board of Regents of the University of Wisconsin System-20250107
54150- FY25- Revised Staff Review- KSP- Board of Regents of the University of Wisconsin System obo Center for Technology Commercialization
54147-FY25-Revised Staff Review-SBIR-STTR-Board of Regents of the University of Wisconsin System-20241011
54214-FY25-Staff Review-QNBV-Vetta Marine Corporation. 20241216
54132- FY25- Staff Review- BTC 2- Worthington Cylinders Wisconsin, LLC
54173-FY25-Staff Review-DBD-Midwest Minority Supplier Development Council.20241111
54203- FY25- Staff Review- ISR- Randolph, Village of
54208-FY25-Staff Review-FLG-School District of Belleville
52956-FY22-AAF1-BTC-BreakthroughFuel, LLC-20250106

Meghan Zachman
Strategic Investment & Evaluation Administrative
Coordinator
she/her/hers

Wisconsin Economic Development Corporation

 meghan.zachman@wedc.org

 +1.608.210.6810

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Sent: Wednesday, January 15, 2025 11:15 AM
To: Sam Ridders; Meghan Zachman; Shayna Hetzel; Michael Ward
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I approve.

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