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WE CHOOSE The Confluence Project

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What is the Confluence Project?

The Confluence Project is a public-private partnership created to address facility and programming needs of the community arts organizations and UW-Eau Claire; to promote regional long term economic viability; and to stimulate redevelopment in downtown Eau Claire.

The Confluence Project includes an Arts Center and Haymarket Landing, a mixed use building providing university housing and commercial uses. A public plaza will complement the project and facilitate access to pedestrian walkways and bike trails.

Collaboration and a combination of funding sources enables the stakeholders to have something significantly greater than any single entity could build and support on its own.

Who are the parties that will design and develop each project component?

Haymarket Landing is privately owned and developed by the members of Haymarket Concepts; Blugold Real Estate (a subsidiary of the UW-Eau Claire Foundation), Commonweal Development and Market and Johnson.

The Confluence Arts Center is a true collaboration among the UW-Eau Claire, local community arts organizations, the City of Eau Claire, Eau Claire County and various other financial supporters. Eau Claire Confluence, Inc., a non-stock, non-profit corporation will own the building and will oversee Haymarket Concepts design and construction of the Arts Center. The public plaza will be developed by the City of Eau Claire. There continues to be input from a broad base of the community.

Why is a new Arts Center needed?

The State Theater, owned by ECRAC, is aged and limited in its performance facilities for local and touring productions. The Kjer Theater on the UW-Eau Claire campus is aging and inadequate to meet current needs. Appropriate facilities are essential to high quality programming and necessary to support the growth of creative industries. This project will slow the leakage of cultural and entertainment dollars to Minnesota and will provide the “place” and the cultural quality of life infrastructure necessary to attract the Millennial Generation of workers. Expanding and exciting the redevelopment of downtown Eau Claire is another important outcome of this regional economic development strategy.
What will the Confluence Arts Center include?
The Confluence Arts Center will have a 1,200 to 1,500-seat main theater, 450-seat smaller theater, and a 250-seat flexible theater for live theater, musical concerts, comedy acts and special events to assure visitors and patrons frequent and memorable experiences. The building will also include offices, classrooms, rehearsal rooms, art studios and theater production space for the University and community arts organizations. The building will be a public gathering place and tourist attraction, and will nurture arts education and outreach.

Is a new performing Arts Center sustainable?
Yes. Optimizing use and sharing operating expenses through collaboration between the community and the university is a unique advantage for this project and critical to operational success. While a business model is in place that demonstrates viability, numerous suggestions are currently being vetted that appear to offer additional revenue sources and operational efficiencies. Flexible-sized venues will help keep pricing affordable for local arts groups and patrons. A broader spectrum of high quality traveling shows and artist performances, rental of office space and private functions will also help sustain the performing Arts Center.

Who will manage the day-to-day operations?
The Confluence Council will oversee management and operations of the Confluence Arts Center. The Confluence Council includes members from ECRAC and the arts community, UW-Eau Claire, Visit Eau Claire, the City and at-large community members. The Confluence Council will be accountable to the building owners, Eau Claire Confluence, Inc.

What is the economic and broader impact of the Confluence Arts Center?

**Taxable property valuation increases:**
- $1.5 million – North Barstow area valuation in 1995
- $21 million – North Barstow area valuation in 2011
- $70 million – new construction in anticipation of Confluence project  
  (JAMF $12MM; River Front Terrace $12MM; Lismore Hotel $14MM; Green Tree Inn $2MM; Haymarket Landing $30MM)
- $1 million – minimum increase in local property tax revenue by 2017

**Sales tax impacts (first year):**
- 176,000 patrons; estimated 40% from outside County
- $4.6 million – total direct economic impact (without multiplier)
- $20,000 - Eau Claire County share directly related to Arts Center
- $140,000 – Eau Claire County share with NEA 6.9 multiplier
- $1.4 million – State of Wisconsin share
Job creation:
500 construction jobs
181 total FTE jobs directly related to Arts Center
500 estimated FTE brain-based jobs within 2-3 years
1,500 projected spin off jobs

Is the government involved and why?
The City of Eau Claire and Eau Claire County each posed 2014 referendum questions and each received the voter’s approval to support the building of the Arts Center. The City has pledged $5 million and the County $3.5 million. Additionally, Governor Walker has publicly voiced his support for the Confluence Arts Center. The project has applied for a $25 million non-state agency matching grant, which the Governor has suggested is the appropriate avenue for securing state funding.

Each level of government benefits from a new model of funding capital projects that relies on pooled resources and leverage of public funds with private investment. In addition to addressing university and community needs, both the state and local governments will benefit from the enhancement of the cultural quality of life being demanded by a younger brain-based workforce. Job creation is a particularly important strategy in light of the undeniable demographic that nearly 50% of Wisconsin’s workforce will retire in the next decade.

Arts centers are excellent generators of sales tax and room tax revenues. The state and the county benefit from the sales tax while the city is the primary beneficiary of the hospitality tax. All benefit from property tax revenues. To date, we can identify $70 million of new construction attributable to the expectation that the Arts Center will be completed.

Is this a wise investment of public funds?
This public investment is not only wise because it is effective and efficient use of public resource, it is essential for regional and local economic viability in the future.

How much will the Confluence Arts Center cost?
Projected cost of the building is $50 million.

What is the funding breakdown for the performing Arts Center?
$25 million from a non-state agency grant; $13.5 million from businesses, foundations and individuals; $5 million from the City of Eau Claire; $3.5 million from Eau Claire County; and $3 million from new market tax credits.
Will all the philanthropy and corporate support go only to the Confluence Arts Center?
All gifts and pledges coming from individuals and businesses which are designated for the Confluence Arts Center will be used exclusively for the Arts Center project. Haymarket Landing is entirely privately funded and seeks no philanthropy.

How can we help assure the preservation of the State Theatre?
The best chance to preserve the State theatre building, as well as the many arts related businesses it has helped create, is to choose growth. As demand for downtown property increases, there will be enhanced motivation to re-purpose this building and encourage investment in other existing structures in the area.

What is the impact on the local taxpayer?
The City taxpayer will not pay any of the costs for constructing the Arts Center, the mixed use building or the public plaza. All City expenditures are provided through a tax incremental financing (TIF) mechanism which advances funds to be repaid with property tax revenues resulting from the improvements related to the public investment. In the case of the Confluence Project, the City has committed $5 million for the Arts Center, $2 million for the public plaza and $5.9 million for Haymarket Landing ($2.95 million is conditioned upon completion of the Arts Center and on generation of excess tax revenue from Haymarket Landing). All of these City advanced funds are to be fully repaid with TIF #8 and #10 property tax proceeds so as to not impact the local taxpayer. The developer and owners of Haymarket Landing have guaranteed the payment of taxes adequate to pay for the City’s costs of the debt incurred to fund the confluence improvements.

County taxpayers approved a referendum supporting a nominal property tax increase estimated at $5.68 per $100,000 of valuation if financed over a ten year period.

The value to the county, school district and technical college is that eventually, property tax revenues from these districts are expected to be substantially greater than those that would be available if the development had not occurred. Accordingly, all have voted to support tax incremental financing for this project.

Why should the City help fund Haymarket Landing?
Haymarket Landing generates the property tax revenue to support the City’s investment. The City hired an independent consultant to confirm that the TIF funding is essential to project viability. The amount is further supported by the difference in project costs (driven by City and developer requirements to construct a steel and masonry structure with enhanced exterior finishes) and fair market value as determined by independent appraisal.
How does the developer benefit from the public investment?
The benefit is common to all stakeholders; the public investment affords project viability.

What is the developer’s role, risk and compensation in the Arts Center project?
Haymarket Concepts, LLC (Developer) is responsible for site acquisition, site planning and permitting, designing, financing and constructing the project. They have funded all project costs to date and will be reimbursed for project eligible expenses at a rate of 4% per year for the use of their funds. They are at risk for all project front end expenses, for construction financing and for completion of the project within budget.

Blugold Real Estate receives no compensation other than interest on their invested capital.

Market and Johnson will be paid a negotiated fee for construction administration services. All significant work elements will be competitively bid. M&J is not assured of being awarded contracts for any of the construction work. The model employed for this project is patterned after the model Eau Claire County recently used to construct the Law Enforcement Center. The County recently reported that even after scope additions, the project was completed under budget. The developer feels that this delivery model is more efficient and less risky than the design-bid-build system often used on public projects.

Commonweal Development is contracted to oversee and execute the project planning, permitting and financing responsibilities and to perform normal day-to-day administrative functions. Commonweal has agreed to do so at a reduced fee expressed as a percentage of construction costs. Blugold Real Estate, as part of its due diligence and in exercise of its fiduciary responsibility to UW-Eau Claire Foundation, obtained an independent opinion from a major financial services firm on the reasonableness of the developer’s fee. The analysis indicated that the compensation to Commonweal is half or less of what a developer acting in this capacity would expect to receive for a similar project.

What is the timeline for completion of the Arts Center?
The non-state agency grant will be considered in the 2015 Legislative session, with a decision likely to be finalized by June 30, 2015. Architects have been retained and initial design work has begun. It is conceivable that the Confluence Arts Center could be open by late 2017.
Is it important to donate and/or pledge to the Arts Center building fund now?
YES. The non-state agency grant actually is a matching grant that is funded only after the other funding sources have been secured. During the Legislative deliberations, State leaders will be looking for a substantial level of commitment in the philanthropy. To date, nearly one-half of the $13.5 million has been committed and/or given. By committing now, you help demonstrate the broad and growing support for the project. Gifts to the Arts Center are tax deductible.

How will businesses be acknowledged?
All donors will be invited to the Arts Center’s ground breaking and grand opening ceremonies. Gifts of $5,000 to $9,999 will be recognized with the donor name/company logo on a seat in one of two larger theaters. Gifts of $10,000 and higher will have the donor name/company logo listed on the prominent donor recognition display. Gifts of $50,000 to $99,999 will be recognized in a special section on the donor wall. Gifts of $100,000 and higher, will be recognized with the donor name/company logo on a specific named area of the Arts Center for a period of five years with first right of refusal to retain its placement designation for future years. For gifts of $250,000 or more, naming rights will be for 15 years, and renewable with an additional similar gift. Gifts of $500,000 or higher will entitle the donor to have their name permanently connected with a specific named area.

Are there naming or legacy opportunities?
The following areas are available for naming: $5 million - your name of the building.; $2.5 million - your company name on the largest theater; $1 million - your name on the main lobby; $500,000 - your name on the largest stage; $250,000 – your name in a prominent public area for 15 years; $100,000 - your name on a smaller public space such as a studio or screen shop, dressing room or office suites for five years.

Can my company and I pledge to an amount over time?
You may fulfill your commitment over a period of up to five years.

Where would we send a gift or pledge?
Pledges and checks should be sent to the Eau Claire Community Foundation. Further questions, please contact Sue Bornick at 715-552-3801 or suebornick@eccommunityfoundation.org

How will progress on the Confluence Project be followed?
You will receive regular newsletters and updates. You also can join the Community for the Confluence at www.communityfortheconfluence.org to receive regular news and updates.

THANK YOU FOR YOUR SUPPORT OF THE CONFLUENCE ARTS CENTER!