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CITY ANNOUNCES CANCELLATION OF DEVELOPMENT AGREEMENT FOR 111 S. WATER STREET

Watertown, Wis. (October 9, 2023) – The City of Watertown has cancelled the development agreement for the property located at 111 S. Water Street. The original development agreement, signed in September 2021, had aimed to transform this prime location into a vibrant community asset.

The project, initially envisioned as the construction of an apartment building comprising approximately 87 apartment units and 97 parking stalls, had promised to bring riverfront housing constructed with high-quality materials and amenities to the area. As part of the agreement, the City committed to commence construction of the adjacent Bentzin Family Town Square by June 1, 2023, a promise realized on May 20, 2023 with the grand opening celebration. To assist in funding this transformative project, the developer had sought Tax Increment Financing (TIF) assistance from the City's newly created TID 8.

Despite the initial promise of the project, a series of delays and extension requests ultimately led to the cancellation of the development agreement. The developer had exercised two 60-day extensions to the contingency period of the agreement, the first in October 2022 and the second in December 2022. In Spring 2023, they requested an extension through November 30, 2023, which the City agreed to extend through September 30, 2023.

On August 28, 2023, the developer requested yet another extension, this time for one year, extending the agreement through October 31, 2024. Citing escalating construction costs and financial difficulties in securing financing, the developer also indicated their intent to lower the project's total number and size of apartment units and reduce on-site parking significantly. Following a thorough review by the City's Finance Committee, the extension request was declined.

The developer's final extension obligated them to pull building permits and break ground by September 30, 2023. Regrettably, neither of these critical milestones was met.

In a unanimous decision on Tuesday, October 3rd, the Common Council voted to serve notice to the developer that the City was canceling the development agreement. The city attorney has been instructed to formally request the transfer of ownership back to the City. Under the terms of the previously signed agreement, the developer has 60 days to return the parcel to the City.

Following the return of ownership, the City intends to put out a Request for Proposal (RFP) for the site, seeking new development opportunities that align with the City's vision for the area.

“While we are disappointed by this temporary setback, we also believe this presents a new opportunity for the City of Watertown. As the renovation and expansion of the Watertown Public Library and the construction of the Bentzin Family Town Square have both been completed since the previous development agreement had originally been signed, we believe the riverfront parcel at 111 S. Water St. should attract renewed interest. We look forward to engaging with developers and other stakeholders to bring a catalytic project to the area,” said City of Watertown’s Strategic Initiatives and Development Coordinator Mason Becker.

“To see this development not come to fruition is disappointing; I do think this is the right use of this land and I’m confident we will get the right development there,” Mayor Emily McFarland said.

City of Watertown mission statement: To provide for, protect, and serve the citizens and businesses of Watertown in an efficient, strategic, and measured manner, while creating a community culture where close knit connections are key, that is rich in small town values balanced with modern conveniences, that is poised for development, and is an idyllic community that leverages location and outdoor opportunity.