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THE POST-CRESCENT

Appleton | Fox Cities, Wisconsin

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USA TODAY | JOB GROWTH LAPS INTO HIGHER-WAGE INDUSTRIES | PAGE B1

Appleton spa sues city for damage

Water main break emptied 360,000 gallons into building

By Ariel Cheung
Post-Crescent Media

APPLETON — An Appleton spa is suing the city after a broken municipal pipe flooded the business with 360,000 gallons of water last year.

Sunflower Spa, 1024 S. Olde Oneida St., filed a civil lawsuit against the city July 21. The spa's owner, Lacy Hardy, said the city refused to pay for the \$62,552 in cleanup costs, lost business and structural damages caused by the ruptured main.

Hardy accuses the city of violating her federal and state constitutional rights by temporarily taking her property without compensation. She also sued the city for depriving her of all beneficial use of the property for two weeks and for negligent maintenance of the 88-year-old water main.

City officials declined to comment on specifics of the case, citing the ongoing litigation.

The city does have plans to replace the Olde Oneida Street water main, although there have not been any issues with it prior to the Sunflower Spa incident, said Chad Doran, Appleton communications coordinator.

'They blew us off'

Hardy got a phone call from Appleton police on May 23, 2013, informing her the spa was flooded. The pipe burst around 5:30 a.m. and was shut off about 1½ hours later, she said.

"There was a 6-foot geyser like Old Faithful coming out (of the storm drain)," Hardy told Post-Crescent Media. "So 360,000 gallons of water were poured into my building. The water mark at our back door was 16 inches high."

Once a clean-up service vacuumed out the water, the spa closed for two weeks for repairs. Two layers of flooring had to be torn out, and drywall

See **LAWSUIT**, Page A6

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GANNETT WISCONSIN MEDIA INVESTIGATIVE TEAM REPORT

PUBLIC LOANS STRUGGLED AMID THE GREAT RECESSION

RAISING the STAKES

By Eric Litke | Gannett Wisconsin Media Investigative Team

The Great Recession was a major blow to banks across the country, and public records show Wisconsin's local economic development groups felt the impact starting in 2009.

Data provided by more than 40 municipalities showed few economic development loan write-offs through 2008 — one from 2004 through 2006, six in 2007 and one in 2008, according to records from central and eastern Wisconsin economic development groups examined by the Gannett Wisconsin Media Investigative Team.

SEARCH ONLINE LOAN DATABASE

Get details on nearly 1,000 loans issued by local development groups in our searchable database, online with this story at postcrescent.com.

But the business loan write-offs jumped to 12 in 2009 as the recession took hold, and continued to average a dozen per year through the end of 2013.

They included a Green Bay start-up, Plastic Composites, that received a \$125,000 loan to convert milk jugs into plastic lumber. Officials say management and competition issues were exacerbated by the plunging demand for construction materials in the recession, and the remaining \$104,000 of the loan was written off by Brown County in 2011.

Chad Pelishek, Sheboygan's director of planning and development, said Sheboygan tried to limit the number of write-offs by working with businesses to refinance or push payments off to "make it through the tough times." Sheboygan has written off six loans totaling \$794,000 since the recession, second-most among the entities surveyed.

It's difficult to tie the failed loans directly to the recession, because loans can be officially written off years after payments stop in some cases. And other business conditions such as overseas competition also can cause loan recipients to default.

See **LOANS**, Page A4

ABOUT THIS REPORT

Over the course of several months, the Gannett Wisconsin Media Investigative Team gathered data on nearly 1,000 loans to examine the efficiency and impact of local economic development funds. The programs serve a similar role to the statewide Wisconsin Economic Development Corp. but typically receive less scrutiny. Gannett Wisconsin Media filed public records requests in March with more than 50 cities, counties and villages in central and eastern Wisconsin for information on all loans current as of January 2004 or issued since. In all, 42 entities provided records on 965 loans issued by municipalities or regional development groups. In many cases the funds originated at the federal or state level, but all business loans approved and administered by a local group were included in the analysis. The information was combined into a searchable database, which is available online with this story. The remaining entities reported they did not have an economic development or revolving loan fund.

Sunday: Local business loans bring risk, reward

Today: Public loans struggled amid recession

Tuesday: How Fox Valley funds perform

