City of Ashland – Plan Commission Meeting Minutes

A meeting of the Ashland Plan Commission was held on **Tuesday, April 6, 2021 at 6:30 p.m.** via GoToMeeting.

Committee Members Present: Matt Mackenzie, John Beirl, Ana Tochterman, David Mettille, Katie Gellatly, Mayor Lewis, Laurie Gregor

Committee Members Absent: N/A

Staff Present: Megan McBride

Guest Presenters: Sean Lentz

Mayor Lewis opened the meeting at 6:30 p.m.

Agenda

1) **Approval of Agenda**

Motion to approve the agenda by Ana Tochterman, seconded by Laurie Gregor. Passed unanimously.

2) **Consent Agenda**

Motion to approve minutes from the February 16, 2021 and March 16, 2021 Plan Commission meetings by Ana Tochterman, seconded by David Mettille. Passed unanimously.

3) **Public Comment (non-agenda items)**

Kevin Porter spoke in support of the proposed TID #10 amendments, and said he is very excited to see these downtown development resources come together.

4) **Action Items**

a) Public Hearing regarding the proposed amendment of boundaries and project plan for Tax Incremental District No. 10 (See the Public Hearing Notice which was published on March 30, 2021)

Motion to go into Public Hearing by David Mettille, seconded by Laurie Gregor. Passed unanimously.

Megan McBride summarized the public hearing notice which was posted in the newspaper on March 30, 2021, and also at City Hall, the Vaughn Public Library, Ashland County Courthouse. It was mailed to all properties proposed for inclusion in the TID #10 boundary.

Mayor Lewis stated that she had been contacted by Bobbi Baron-Smith, the daughter of the current owner of 501 3rd Street West. She had questions regarding how the inclusion of this property within the TID boundary would impact the property.

Megan McBride said that she was also contacted by somebody prior to the meeting, which was Darren Smith, husband of Bobbi Baron-Smith who contacted the Mayor. Mr. Smith also had questions regarding the impacts of inclusion in the district, and McBride explained that it would not impact their property taxes but would make the property more eligible for redevelopment incentives.

Sean Lentz provided some context regarding the creation of TID #10, which is a Slum and Blight Elimination TID. He went through the attached slideshow to summarize the proposed changes to the TID #10 Project Plan and boundary. He also highlighted the importance of ongoing oversight of the TID revenue and expenses to ensure that financially responsible decisions continue to be made for each project. He emphasized that approval of the proposed boundary and Project Plan amendments would not authorize any borrowing or spending on its own, as all individual projects would still need to come back to City Council for approval.

Motion to go out of Public Hearing by David Mettille, seconded by Laurie Gregor. Passed unanimously.

b) Consideration and possible action on "Resolution Designating Proposed Amended Boundaries and Approving a Project Plan Amendment for Tax Incremental District No. 10, City of Ashland, Wisconsin"

Motion to recommend approval of proposed Resolution to amend the boundaries and Project Plan for Tax Incremental District No. 10 by Mayor Lewis, seconded by David Mettille.

Laurie Gregor asked what the downsides of the proposed changes would be.

Megan McBride explained that the biggest concern she typically hears is around property taxes, with concern from property owners that inclusion in the TID will increase their taxes, or concern that including additional parcels in the TID will negatively impact the taxing jurisdictions (City of Ashland, Ashland County, Ashland School District, and Wisconsin Indianhead Technical College). She explained that property owners will continue to pay property taxes at the same rate as properties located outside of the TID, and that current property tax values are frozen when properties are included in the TID so there is also no negative financial impact for taxing jurisdictions.

Sean Lentz agreed, and said that he typically sees more opposition involving green sites where there would be new construction that is not constrained by any outside development factors. He explained that downtown and particularly Slum and Blight elimination TID's typically need more assistance, so the types of programs identified in the proposed Project Plan are in line with this intent.

John Beirl said that he is opposed to the proposed extension of the TID boundary, which he feels is random and seems like a type of gerrymandering which could raise suspicions of favoritism. He also said he does not support the proposed Project Plan as he felt he did not have sufficient information, because the values for anticipated future development seem arbitrary.

Mayor Lewis explained that the proposed amendments are not meant to be specific or all-encompassing, but to identify projects as we currently anticipate them and set this up as a development tool with the best information we have at this time. She reminded the Commission that each individual project will need to be reviewed and approved by Council.

John Beirl said that when TID #10 was created, it was in conjunction with a very specific project plan for the Cobblestone Hotel. He would be more likely to support this type of project-specific amendment than the proposed Project Plan amendments which rely on estimates for anticipated future tax increment.

Katie Gellatly asked why the specific boundary was identified.

Megan McBride explained that the additional parcels recommended for inclusion in the district have been strategically identified based on anticipated development projects and associated tax increment to be generated in the next three to five years.

Sean Lentz agreed, and added that there is a balance between strategically adding additional parcels to the district and not adding so many or such a broad area that it would no longer meet the Equalized Value and Blight tests that are required for Slum and Blight Elimination TID's.

Motion to approve proposed Resolution to amend the boundaries and Project Plan for Tax Incremental District No. 10 passed with a 5-2 vote, Beirl and Mackenzie opposed.

c) Review and recommendation to City Council regarding a Development Agreement with El Tarasco, LLC for redevelopment of the northern portion of the City-owned former Timeless Timber Site

Matt Mackenzie expressed his support for the project.

John Beirl asked if supporting documentation such as proof of financing commitment for the updated project costs and a full business plan and pro forma will be required from the developer.

Megan McBride explained that these types of items will be listed as conditions of approval of the Development Agreement.

Ana Tochterman recommended including specific language requiring that green infrastructure be incorporated within the site.

Megan McBride said she would share this input with the City Attorney for inclusion in the final Development Agreement draft which will go to City Council on April 20, 2021.

Motion to recommend approval of Development Agreement with El Tarasco, LLC for redevelopment of the northern portion of the City-owned former Timeless Timber site by Ana Tochterman, seconded by David Mettille. Passed unanimously.

5) Announcements/Reports/Comments/Questions

Matt Mackenzie announced that it would be his last Plan Commission meeting since he will no longer be on City Council. The Mayor thanked him for his service to the Commission.

6) Adjournment

Motion to adjourn by Matt Mackenzie. Seconded by Ana Tochterman. Passed unanimously.

Meeting was adjourned at 8:00 pm. Minutes done by Megan McBride.

EHLERS
PUBLIC FINANCE ADVISORS

City of Ashland

Boundary and Project Plan Amendment of Tax Increment District (TID) No. 10

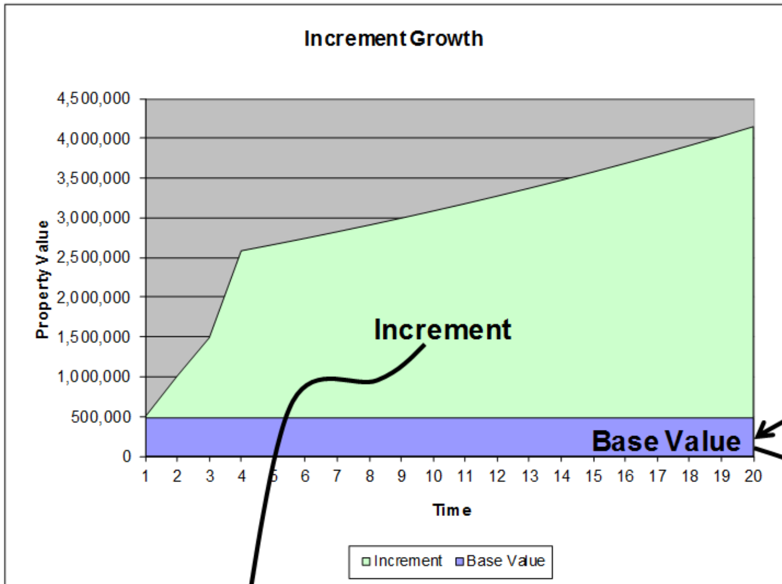
Joint Review Board and Plan Commission Meeting

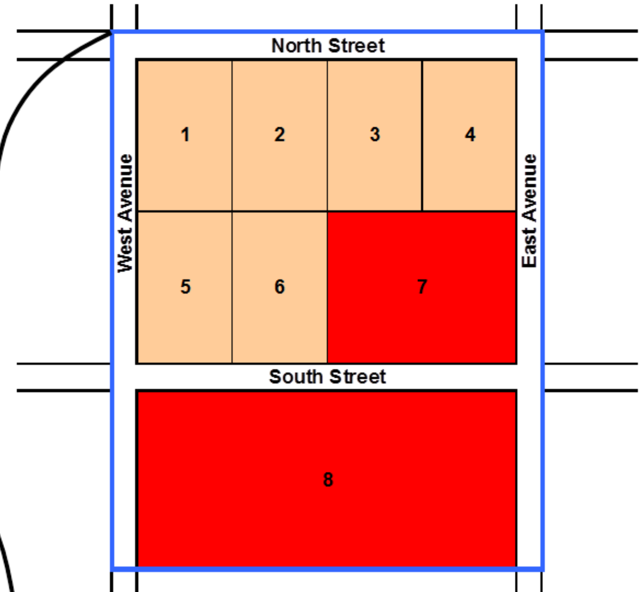
April 6, 2021

Tax Increment Financing

Tax Increment Financing captures new tax revenue from construction to create a funding source for incentives and infrastructure that can redevelop a downtown

How does TIF work?





	Mill Rate
TID	20.00
Total	20.00

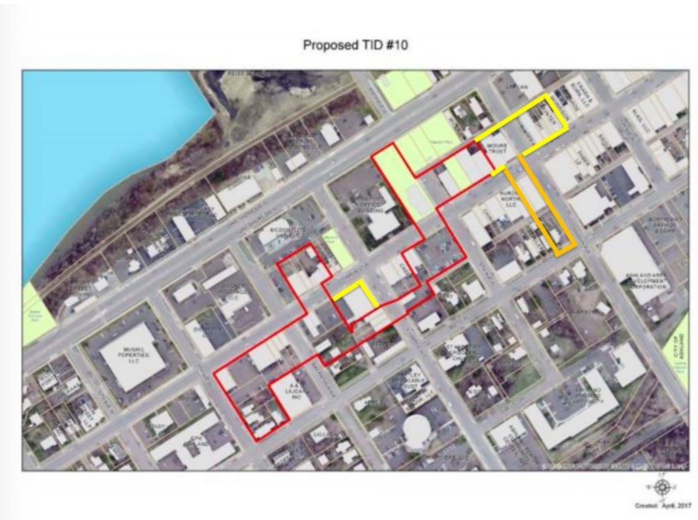
The TID receives taxes on the increment value at the combined rate of all taxing entities

	Mill Rate
Local	6.50
County	4.00
School	7.50
VTAE	2.00
Total	20.00

All taxing jursidictions continue to receive their share of the tax levy on the base value of the TID

TID No. 10 Amendment

- TID 10 is an existing blight district created in 2017.
  - ✓ Initial Cobblestone Hotel project has created a solid annual revenue stream for TID No. 10
- Proposed amendment will add territory to the existing TID 10 and add new projects including:
  - ✓ City directed Downtown building improvement grant program
  - ✓ Main Street West construction debt
  - ✓ Business plan Competitions
  - ✓ Development Incentives for:
    - ➢ 417 Main St.
    - ➢ 501 3rd St.
    - ➢ 509-515 Main St.
    - ➢ Potential future projects



TID No. 10:
Preliminary Development & Increment Assumptions

City of Ashland, Wisconsin
Tax Increment District #10
Tax Increment Projection Worksheet

Type of District	Blighted Area	Base Value	1,539,978
District Creation Date	May 30, 2017	Appreciation Factor	0.00%
Valuation Date	Jan 1, 2017	Base Tax Rate	$25.09
Max Life (Years)	27	Rate Adjustment Factor	
Expenditure Period/Termination	22 5/30/2039		

	Construction Year	Value Added	Valuation Year	Inflation Increment	Total Increment	Revenue Year	Tax Rate	Tax Increment
1	2017	-	2018	-	-	2019	$25.09	0
2	2018	4,073,100	2019	-	4,073,100	2020	$24.38	99,307
3	2019	(139,300)	2020	-	3,933,800	2021	$25.09	98,711
4	2020	-	2021	-	3,933,800	2022	$25.09	98,711
5	2021	500,000	2022	-	4,433,800	2023	$25.09	111,257
6	2022	-	2023	-	4,433,800	2024	$25.09	111,257
7	2023	400,000	2024	-	4,833,800	2025	$25.09	121,294
8	2024	-	2025	-	4,833,800	2026	$25.09	121,294
9	2025	-	2026	-	4,833,800	2027	$25.09	121,294
10	2026	300,000	2027	-	5,133,800	2028	$25.09	128,822
11	2027	-	2028	-	5,133,800	2029	$25.09	128,822
12	2028	-	2029	-	5,133,800	2030	$25.09	128,822
13	2029	300,000	2030	-	5,433,800	2031	$25.09	136,350
14	2030	-	2031	-	5,433,800	2032	$25.09	136,350
15	2031	-	2032	-	5,433,800	2033	$25.09	136,350
16	2032	-	2033	-	5,433,800	2034	$25.09	136,350
17	2033	-	2034	-	5,433,800	2035	$25.09	136,350
18	2034	-	2035	-	5,433,800	2036	$25.09	136,350
19	2035	-	2036	-	5,433,800	2037	$25.09	136,350
20	2036	-	2037	-	5,433,800	2038	$25.09	136,350
21	2037	-	2038	-	5,433,800	2039	$25.09	136,350
22	2038	-	2039	-	5,433,800	2040	$25.09	136,350
23	2039	-	2040	-	5,433,800	2041	$25.09	136,350
24	2040	-	2041	-	5,433,800	2042	$25.09	136,350
25	2041	-	2042	-	5,433,800	2043	$25.09	136,350
26	2042	-	2043	-	5,433,800	2044	$25.09	136,350
27	2043	-	2044	-	5,433,800	2045	$25.09	136,350
Totals		**5,433,800**		**0**		**Future Value of Increment**		**3,314,845**

- Future redevelopment in the downtown area expected to generate $1,500,000 in new taxable value.
- Total tax increment revenue is projected to be approximately $3.3 million through the life of the TID.
- No inflation on the base or increment values is projected.

TID No. 10: Preliminary Cash Flow

City of Ashland, Wisconsin
Tax Increment District #10
Cash Flow Projection

	Projected Revenues			Expenditures																	Balances				
				State Trust Fund Loan 550,000			State Trust Fund Loan 357,500			State Trust Fund Loan 75,000			G.O. Bond 1,000,000								Advances from General Fund				
				Dated Date:	09/05/18		Dated Date:	06/01/21		Dated Date:	06/01/21		Dated Date:		06/01/28										
Year	Tax Increments	Interest Earnings/ (Cost)	Total Revenues	Principal	Est. Rate	Interest	Principal	Est. Rate	Interest	Principal	Est. Rate	Interest	Principal	Est. Rate	Interest	Cap. Int.	Business Plan Competition	Other Development Incentives	Admin.	Total Expenditures	Annual	3%	Cumulative	Principal Outstanding	Year
2017			0																	0	0		0	2,385,000	2017
2018			0																	0	0		0	2,385,000	2018
2019	0		0																	0	0		(9,634)	2,385,000	2019
2020	99,307		99,307	41,900	4.00%	33,573													5,000	80,473	18,835	(289)	8,912	2,343,100	2020
2021	98,711		98,711	55,149	4.00%	20,324													15,000	90,473	8,238	-	17,150	2,287,952	2021
2022	98,711		98,711	57,354	4.00%	18,118	14,851	4.00%	11,244	6,586	4.00%	2,280							5,000	115,434	(16,723)	-	427	2,209,160	2022
2023	111,257		111,257	59,649	4.00%	15,824	12,389	4.00%	13,706	6,230	4.00%	2,637							5,000	115,434	(4,177)	-	(3,750)	2,130,892	2023
2024	111,257		111,257	61,998	4.00%	13,475	12,849	4.00%	13,247	6,472	4.00%	2,394					10,000		5,000	125,434	(14,177)	(112)	(18,039)	2,039,574	2024
2025	121,294		121,294	64,515	4.00%	10,958	13,399	4.00%	12,696	6,738	4.00%	2,128						10,000	5,000	125,434	(4,140)	(541)	(22,720)	1,944,923	2025
2026	121,294		121,294	67,095	4.00%	8,377	13,935	4.00%	12,160	7,007	4.00%	1,859						10,000	5,000	125,434	(4,140)	(682)	(27,541)	1,846,886	2026
2027	121,294		121,294	69,779	4.00%	5,694	14,492	4.00%	11,603	7,287	4.00%	1,579						10,000	5,000	125,434	(4,140)	(826)	(32,507)	1,745,327	2027
2028	128,822		128,822	72,562	4.00%	2,910	15,042	4.00%	11,054	7,575	4.00%	1,291					10,000	10,000	5,000	135,434	(6,612)	(975)	(40,094)	1,630,148	2028
2029	128,822		128,822				15,673	4.00%	10,422	7,882	4.00%	984	10,000	3.00%	48,225	(13,907)		10,000	5,000	94,279	34,543	(1,203)	(6,754)	1,586,593	2029
2030	128,822		128,822				16,300	4.00%	9,795	8,197	4.00%	669	40,000	3.00%	31,350			15,000	5,000	126,311	2,511	(203)	(4,446)	1,507,095	2030
2031	136,350		136,350				16,952	4.00%	9,143	8,525	4.00%	341	45,000	3.00%	30,075			15,000	5,000	130,036	6,314	(133)	1,735	1,421,617	2031
2032	136,350		136,350				17,607	4.00%	8,488				50,000	3.00%	28,650			15,000	5,000	124,745	11,605	-	13,340	1,339,010	2032
2033	136,350		136,350				18,335	4.00%	7,760				55,000	3.00%	27,075		10,000	15,000	5,000	138,170	(1,820)	-	11,520	1,240,675	2033
2034	136,350		136,350				19,068	4.00%	7,027				45,000	3.00%	25,575			15,000	5,000	116,670	19,680	-	31,200	1,161,607	2034
2035	136,350		136,350				19,831	4.00%	6,264				55,000	3.00%	24,075			15,000	5,000	125,170	11,180	-	42,379	1,071,776	2035
2036	136,350		136,350				20,609	4.00%	5,486				60,000	3.00%	22,350			15,000	5,000	128,445	7,905	-	50,284	976,167	2036
2037	136,350		136,350				21,449	4.00%	4,647				60,000	3.00%	20,550			15,000	5,000	126,645	9,705	-	59,989	879,718	2037
2038	136,350		136,350				22,307	4.00%	3,789				60,000	3.00%	18,750			15,000	5,000	124,845	11,505	-	71,494	782,412	2038
2039	136,350		136,350				23,199	4.00%	2,896				65,000	3.00%	16,875			15,000	5,000	127,970	8,380	-	79,874	679,213	2039
2040	136,350		136,350				24,121	4.00%	1,974				65,000	3.00%	14,925			20,000	5,000	131,020	5,330	-	85,204	570,092	2040
2041	136,350		136,350				25,092	4.00%	1,004				65,000	3.00%	12,975			20,000	5,000	129,070	7,280	-	92,484	460,000	2041
2042	136,350		136,350										95,000	3.00%	10,575			20,000	5,000	130,575	5,775	-	98,259	345,000	2042
2043	136,350		136,350										95,000	3.00%	7,725			20,000	5,000	127,725	8,625	-	106,884	230,000	2043
2044	136,350		136,350										100,000	3.00%	4,800			20,000	5,000	129,800	6,550	-	113,434	110,000	2044
2045	136,350		136,350										110,000	3.00%	1,650				5,000	116,650	19,700	-	133,134	0	2045
Total	3,314,845	0	3,314,845	550,000		129,253	357,500		164,405	72,500		16,162	1,075,000		346,200	(13,907)	30,000	300,000	140,000	3,167,112					Total

- Preliminary finance plan - Development incentives to be funded with State Trust Fund Loans.
- Main Street West construction (TID 10 portion) debt to be funded with G.O. Bond.
- Business Plan Competitions and Other Development Incentives to be funded with pay-as-you-go contributions.
- All TID No. 10 projects will need Council approval before incurring the actual expenses.

Preliminary Timeline

- April 6, 2021
    1. Initial Joint Review Board Meeting
    2. Planning Commission Public Hearing
    3. Approval of Resolution recommending the amended TID No. 10 Project Plan
- **April 13, 2021 – City Council meeting** with approval of TID No. 10 Project Plan Amendment
- TBD - Joint Review Board reconvenes to vote on Project Plan Amendment

Questions?

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