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City of Ashland, Wisconsin
601 Main Street West — Ashland, WI 54806 — www.coawi.org

PLAN COMMISSION MEETING MINUTES

April 1st, 2025 at 6:00PM at the City Hall Council Chambers and via Go To Meetings

The meeting can be joined in person or by using a computer, smartphone or tablet at
https://meet.goto.com/775025133
The meeting can also be joined by phone at
1 866 899 4679 using Access Code: 775-025-133

Present: John Beirl, Jeff Beirl, Laurie Gregor, JoAnn Erickson, David Eades, Steven Wiley (Planning and Development Director), Mayor Matt Mackenzie, Terri Erickson (Assistant Planner), Sean Lentz (Ehlers, Inc.), various members of the public

Absent: None

AGENDA

1. Call to Order and Roll Call
   Mayor Mackenzie called the meeting to order at 6:00 pm and a quorum was declared present. Mayor Mackenzie explained the reasoning for the special meeting and that there were two action items on the agenda for a public hearing and consideration for approval.
   Mr. Eades made a motion to approve the agenda and John Beirl seconded. Motion Carried 5-0.

2. Approval of the Agenda
   Mackenzie asked for approval of the agenda. Mr. Eades moved to approve the agenda as proposed and John Beirl seconded. The motion carried 5-0.

3. Identify potential conflicts of interest
   None
   JoAnn Erickson arrived (6:31pm)

4. Citizen Participation (non-agenda items)
   None

5. Action Items:
   a. Public Hearing: Regarding the proposed creation of Tax Incremental District No. 11, the proposed boundaries of the District, and the proposed Project Plan for the District.

   Mr. Mackenzie asked Sean Lentz, from Ehlers Public Finance Advisors, to present a briefing of the project plan for TID #11 before asking for motion to go into public hearing.

   Mr. Lentz noted he has been working with Steven Wiley and other city staff on creating Tax Increment District #11 which was summarized in the document prepared and distributed. He reviewed how TID's came about and how they are used as a tool for development. He noted this would be Ashland's 11th TID with no.10 being the only one that is still open. He went on to describe how these funds are generated and used to help develop or redevelop sites in communities. This is an approved tool by the legislature for cities to utilize. He described how the district captures tax dollars on the increased value of the property when it is developed to help pay off the new improvements. He noted that the base tax that is currently distributed to various city entities does not change during the life of the TID. Mr. Eades asked where the tax increment money comes from? Mr. Lentz replied that it is the entity that owns the improved asset on the property. The tax increment funds can be used to pay back infrastructure and utility expenses. Once the TID district closes, the tax funds generated by the improved property reverts back to the original entities that already receive them from the baseline value – the city, school, county and technical college. Mr. Eades asked if all these entities need to approve the TID? Mr. Lentz replied they are part of a Joint Review Board which has a vote similar to the plan commission and council. It was explained that the line of homes between the two potential development areas of the TID will not have raised taxes that contribute to the TID base unless the value of that property goes up. Mr. Eades questioned if the value of these homes will increase due to these potential developments. Mr. Lentz responded that they could depending on what the assessor decides. It is hard to know exactly but the creation of a TID does not affect this outcome. There was additional discussion regarding how or if property values could increase for these homes in between the development nodes and that this may be a concern for these residents. There are many factors that play into this, including the economy of supply and demand. Mr. Lentz went on to explain the specifics of the proposed TID 11. This included the district boundaries, the proposed housing development and the improvement of a "blight elimination district" as defined by Wisconsin law. Fifty percent of the property in the TID must be defined under this category to meet the requirements. Projects are eligible for TID funds within a half mile of the designated district. The projects must be listed in the plan although this does not mean it will necessarily happen and would need to be approved on an individual and ongoing basis by the city. The maximum life of the TID is 27 years and projects receiving funds must be occurring within the first 22 years. He noted that the eligible projects are listed in the plan. This includes utility, infrastructure and park improvements as well as the housing projects. The council would have the power to close the TID earlier if they choose. Mr. Lentz went on to describe the finance aspects of the TID with regards to expenditures and revenue. The total added new value occurring is projected to be about 44 million dollars with the potential housing developments on the north and south ends of the proposed TID. This would generate approximately 19.2 million dollars through 2051 based on the current city's tax rate. Jeff Beirl asked if there are special projects already listed that add up to the 44-million-dollar value? Mr. Lentz responded that the first 30-35 million shown for the first three years stems from the discussions with the development group for the potential apartment building on the north end. The 9-million-dollar value is more of a speculative projection that is estimated for a potential similar type of project on the south end. Jeff Beirl asked if the TIF District will support the first 30-35 million dollars? Mr. Lentz responded that the plan lays out the potential projects and development needed during the TID timeframe to pay it back. If the first phase project moves forward, there is good reason to anticipate success based on input from the development team. The key is matching the revenues with sound decision on expenditures. If all projects moved forward shown in the plan, we would need to get the 44-million-dollar added value to meet the goal. When council considers future projects, planning and financial projections need to take place in order to determine if the value added meets the tax increment goals in order to pay it back. On previous TID's, Ehlers has helped the city to evaluate these decisions and determine risk which is currently taking place on phase1 of this TID proposal. He reiterated that just because a project is listed in the plan now does not mean it is set in stone – each project will still be analyzed individually. Mayor Mackenzie noted that if a project is not on the list than TID money cannot be used to finance it. Mr. Lentz reviewed the timeline for the TID creation. This includes review by the Joint Review Board, a Plan Commission public hearing, a City Council approval and a final JRB (Joint Review Board) meeting for a final vote. An approval of tonight's resolution would move the recommendation to City Council on April 15th. May 22nd would be a second meeting by the JRB for a vote on the TID.

Mayor Mackenzie asked for a motion to go into public hearing. Motion by Jeff Beirl, second by JoAnn Erickson. Carried 6-0.

Jeran Delaine - 507 Beaser Ave:
Her understanding it that the reason for creating the TID is for the apartment complex development on the north end. She would like more detail regarding what it is that the developers will get out of the TID formation? Mr. Wiley answered that using TIF assistance for this project helps cover the funding gap in their capitol stack. Developers need to seek out multiple funding sources to cover the construction and development costs and the city can help to provide some of this with the formation of a TID. They are asking around 3.5 million (about 10 percent of total costs) in assistance from the city. The developers would pay the taxes but get back around 90 percent each year until their incentive is paid out. The city can take out bonds at a lower rate than what the developers can get loan financing for. He noted that it is unlikely the development could move forward without the TIF assistance. Mayor Mackenzie added that it also helps with the infrastructure and utility costs of the development and surrounding area. It allows the city to bond for the work and use the TIF money to pay off the bond. Mr. Wiley noted that a sewer line will need to be relocated as part of the development which would amount to around 200,000 dollars and would be eligible to receive TIF money. Ms. Delaine asked if the residents would be subsidizing the building costs through taxes? Mr. Wiley responded the city would be helping them with building costs, including materials and labor. Mayor Mackenzie added that it would be considered an investment that the city is making to support getting a big project off the ground that will eventually be adding more to the tax base for the community.

Dave Vandermeulen – 509 Beaser Ave:
He is aware that the city currently owns the Roffers site and asked if it has any value. Mayor Mackenzie responded that tax-wise it has zero value. Mr.Vandermeulen asked if this land will be transferred to the developers and will it have more value? Mr. Wiley responded yes, it would be and currently there are no taxes on it because it is city owned. He then asked if the future taxes on the land go back to the developer or go towards other entities, like the school system? Mr. Lentz answered that if the district is approved, the base value would go back to January 1st of 2025, which is zero. The increment value would be both the land and the residential improvements made. Therefore, the TID would capture all of the value on this parcel. But when the TID period is over the taxes on this property moving forward would then start being dispersed to other entities, such as the schools. Mayor Mackenzie reiterated that currently there is no money going towards the school district or other community entities from this property and moving forward that would still continue to be the case until the TID closes. Ms. Delaine asked if the new building draws in new families which in effect causes the student population to increase in the school district and none of the tax money from this development is going to support this growth and greater demand on the community, how does this get supported financially by the city and community? Mayor Mackenzie noted that, while not being an expert on school spending, the schools receive "per-child" funding from the state regardless of where they are living. In other words, if enrollment goes up, so does the state funding for the school district. Mr. Lentz added that the aid the school district receives

from the state is dependent on how much value is in the school district. It is calculated on the TID out value. If there is a TID that increases the value in the city the school district is not punished by this because that value of the TID is not included in the equation. Mayor Mackenzie noted that the school district does have a seat on the Joint Board of Reviews for their input.

Julian Deplacito – 418 Beaser:
Mr. Deplacito is wondering how far things have moved along with the development of the apartment complex. He noted the last time he attended a meeting for a development of this site there was a site plan that showed tiny homes placed up to his property line that wouldn't have allowed him to get out of his driveway. Mr. Wiley responded the applicant has filed for the first part of a Planned Unit Development which will be on the Plan Commission agenda for the end of the month. He noted the plans are being evaluated for code compliance and must meet ordinance standards unless granted relief for specific conditions which requires justification and possible relief in other ways. They will need to meet zoning setbacks along with impervious standards and there should not be any issues with getting out of his driveway. The developer has requested relief from the height standards which is 45 feet. They are proposing a pitched roof that may go as high as 60 feet at the peak that would fit in better aesthetically with the neighborhood. Current drawings are not detailed but they do have a site plan that shows the building, access and drives. He noted they have been accommodating to requested revisions by the city staff. Mr. Deplacito asked if there is a timeframe when residents will be able to see the development plans? Mr. Wiley responded that there will be a notice published and another public hearing for the Planned Unit Development coming up at the end of the month. Notices will be sent out to all neighbors within 200 feet of the development. Mayor Mackenzie added that they are looking at having the first floor of the building contain parking to help minimize the size of the open parking lot on the site.

Kelly Westlund (501 11th Ave E)
First, Ms. Westlund was concerned about requirements from the DNR after remediation of the Roffers site. She is wondering if the costs that come with the relocation of utilities in regards to this development have been factored in with existing DNR requirements still in place for this site? Second, if the city is helping to come up with gap financing for this project up to 3.4 million dollars, she noted that efficiency units staring at $1,200 per month is almost double what fair market rent is according to HUD. Due to the public investment that is making the development possible, she is wondering if there are any provisions within the development agreement that would make sure there are some apartments kept affordable for people who live here. Mayor Mackenzie responded that the details of the development agreement have not been reached and is still being worked on. Regarding clean-up of the site, the shallow area that has not yet been cleaned up is where the residents still exist on the southwest corner. If there are any contaminated soils found it will have to be disposed of properly. Mr. Wiley added that all the DNR information has been shared with the developer during the RFP process.

Motion to go out of public hearing: motion by Ms. Erickson, second by Ms. Gregor, Carried 6-0.

Mr. Wiley noted that he sent plan information to one individual whose property was in the proposed TIF district that asked for additional information.

b. Consideration and possible action on a "Resolution Establishing the Boundaries of and Approving the Project Plan for Tax Incremental District No. 11."

Motion for recommendation for approval to forward to council: motion by Ms. Erickson, second by Mr. Eades.

Discussion:
John Beirl commented that the entire plan seems to be based on estimates. How did the city arrive at 44 million dollars? Is it based on cost or an appraisal of the improvements? Mr. Lentz responded that it is a combination of evaluating similar facilities and consulting with the city assessor on the proposed facility for phase one. The future phases, which encompasses about 9 million of the 44 million dollars, are not projects that the city currently has in hand. It is based more on the potential of the property with regards to size and scale. Mr. Wiley noted that the project will have a re-evaluation in the next year or so because the assessment ratio is rather low at 63 percent and this is not compliant with the state DOR requirements. The goal is to get it back up towards 100 percent. John Beirl asked again if this was based on estimates including the breakdown of the costs. Mr. Wiley responded that we do have preliminary plans for a 150 unit building but they are not finalized. The developer has filed for a Planned Unit Development and intend to move forward. John Beirl inquired about the development incentive for 4.3 million dollars which is mainly paid to the developer as incentive to do the project in Ashland. Is that a specific amount for the 130 unit building or is some of it built in for future projects as well? Mr. Wiley and Mr. Lentz responded there is a specific amount for the apartment building and some built in for future projects. Going back to page seven on the handout, Mr. Lentz explained that it was broken into multiple phase development incentives. John Beirl stated that moving forward with this development as shown with the TIF financial plan would require borrowing on behalf of the city and the matching of revenue to expenses in order to afford this financing. Does this project handcuff the city to borrowing limits for future projects or capitol expenditures in the future? Mr. Lentz responded that they are working with Julie Vaillancourt (City of Ashland finance director) to assist with researching and selecting the best financial tools to avoid putting the city in a position where it cannot pursue other projects. He also noted that the incentives and projects are broken into two categories. Some would be financed with debt by the city. The 3.5 million dollar incentive is proposed to be paid on a pay-as-you-go basis where the tax revenue from the proposed residential development would be used to pay debt service that the city issues. What is left over can go to pay that incentive and if there is a shortfall, it’s the incentive that is not getting paid. Mr. Beirl inquired if the incentive to the developer is the lynch pin for a project? Mr. Lentz agreed and explained that the developer will take that incentive to the bank and they will lend the money based on this revenue. They will only do this to the extent that they are comfortable that the money will be there to pay them back. Mr. Beirl asked if this was part of the development agreement and Mr. Lentz replied, absolutely. The development agreement, which will come back before the mayor and the council, will have these details further locked in with specified commitments from both sides to minimize the risk. Mr. Beirl commented again that these numbers were based on estimates and it comes down to trusting the city staff to check the boxes and flesh out all the details. Mr. Lentz replied that the development is in a preliminary planning stage and is not yet approved. This only allows the TIF to be used to help pay for the project. It is the approval of the Development Agreement, down the road, that is a firm commitment to moving forward with the actual project. That is the point at which the numbers need to be tighter and possibly include provisions in the agreement that state a minimum guaranteed value, for example, to help mitigate the risk of the development going forward. Mr. Beirl asked what has been the history of the city with successful TIF plans in the past, as this would be #11? Mayor Mackenzie responded that a couple have recently closed that were successful. There is only one district that is still open. Jeff Beirl asked if it is under water? Mr. Lentz replied no, it is in the black; this is the district that includes the Cobblestone Hotel. The mayor noted that two TIDs, one near

the Culvers and another near the fire station, both recently closed successfully. Jeff Beirl commented that the city had to extend the Ellis Avenue TIF district to help pay for two or three that were severely under water. Mayor Mackenzie responded that the district that was distressed was the Culvers district and money was transferred from the Ellis Avenue district and it turned around and ended up being a good project. He agreed that several TID's have not been without challenges but reiterated without this new district, this project will not move forward. The city does not have the money to pay for the required infrastructure improvements and this is a way to do it without relying solely on a bank. Jeff Beirl asked if the TIF funding mechanism could be further broken down and explained. Is the 18 or 19 million borrowed right up front? Mr. Lentz responded that phase one included infrastructure improvements for about 3 million dollars and a 3.5 million dollar development incentive. The 3 million would be borrowed and the 3.5 million is on the pay-as-you-go basis meaning the revenue is there once the building is built and people pay their taxes which goes towards the city's debt and payments to the developer. Phase one would not include borrowing from the outside. To move forward into phase two, there would be an analysis completed at that time looking at the ability of the TID to pay the costs to do additional projects. This would require further approval by the council. Mayor Mackenzie noted that there is an annual review by the Joint Board of Review that consists of the city, county, public schools, and the technical college that reviews the status of the TID districts and gives recommendations. Ms. Erickson asked if the development was less than 150 units, would it be less money generated? Mayor Mackenzie stated that the development will be no less than 130 units, possible up to 150 units. Mr. Eades inquired if it is accurate to say that the developer is paying the taxes but 90 percent of this is going back to the developer? This would mean that the city is taking out loans to fund the TID? Mr. Lentz replied that from his discussions with the developer, when the development is completed it will be in the 30 to 35-million-dollar taxable value. The taxes would be paid and the city would use it to pay their debt first. What is left from the taxes (that the developer paid 90 percent of) goes to their pay-as-you-go incentive. The other 10 percent from their development goes to the city. It was established that the developers will own the land. Ms. Gregor asked if the agreement holds any requirements for a preference to hiring local contractors for the construction work? Mr. Wiley noted that this is something that could be discussed with the developer. Mr. Lentz noted that there may be certain rules regarding this and that input from the city attorney may be helpful.

Mayor Mackenzie called the question to vote to make a recommendation of approval for a resolution to establish the boundaries of and approving the project plan for Tax Incremental District no.11.

Roll call vote: motion carried 6-0.

6. Next Meeting Date
There will be a required council reorganization meeting on April 15th. Due to this, the next Plan Commissions meeting with be on April 22nd at 6:30 PM.

7. Adjournment
Motion by Ms. Gregor, Second by John Beirl. Carried 6-0.
Meeting closed at 7:06 pm

It is possible that a quorum of members of other governmental bodies of the municipality may be in attendance at the above stated meeting to gather information or speak about a subject, over which they have decision-making responsibility. Any governmental body at the above stated meeting will take no action other than the governmental body specifically referred to above in this notice. The City of Ashland does not discriminate on the basis of sex, race, creed, color, national origin, sexual orientation, age or disability in employment or provision of services, programs or activities. NOTE: Upon reasonable notice, the City of Ashland will accommodate the needs of disabled individuals through auxiliary aids or services. For additional information or to request this service, contact the Planning & Zoning Dept. at (715) 682-7041.