

ABSTRACT/SYNOPSIS OF THE ESSENTIAL ELEMENTS OF THE OFFICIAL ACTIONS OF THE COMMON COUNCIL OF THE CITY OF WHITEWATER, WALWORTH AND JEFFERSON COUNTIES, WISCONSIN.

Joint Meeting between Common Council, Plan and Architectural Review Commission, and Community Development Authority.

May 5, 2021

Call to Order and Roll Call – Council President Binnie called the Council meeting to order remotely at 6:01 p.m. COUNCILMEMBERS PRESENT: Binnie, McCormick, Allen, Dawsey Smith, Brown, Schulgit, Majkrzak. COUNCILMEMBERS ABSENT: None. The Plan and Architectural Review Commission and the Community Development Authority was called to order as well. (CDA Members Present: Dawsey Smith, Allen, Singer, Gleason; Plan and Architectural Review Commission Members Present: Binnie, Stone, Stanek, Miller, Brown).

REVIEW OF TAX INCREMENT FINANCING. Greg Johnson of Ehlers, Inc. explained that there are several types of Tax Incremental Financing (“TIF”) districts (a/k/a Tax Increment Districts or TIDs). Those include industrial, mixed use, blighted area (in need of rehabilitation or conservation) , and environmental remediation. Johnson explained that a TID may stay open for 20-27 years. The premise for creating a TID is that “but for” the creation of a TID, development may not occur at all, may not occur in same time frame, may not achieve the same value, may not provide the same amenities, or it may not result in the same level of job creation. He explained that a TID is a defined geographic area and consists of whole and contiguous parcels. At the time of TIF creation, all of the parcels in a TIF boundary have a taxable value, called the **base value**. During the life of the TID, all taxing jurisdictions continue to receive taxes on the base value. Increases in value due to the development of parcels in the TID creates an increase in value to those properties, called **incremental value**. The City retains the taxes on that incremental value of the properties to help pay for project costs. Once a TID closes, the entire value goes back on the tax roll and all taxing jurisdictions receive their share of the taxes. Types of costs allowed for use of the increment include infrastructure, remediation, administrative costs and some other costs.

The incremental value of any existing TID plus the base value of any new TID cannot exceed 12% of a community’s total equalized value. Whitewater was previously at that maximum, but now that the City has closed all of its existing TIDs, it can now create new TIDs. The process to create a TID requires determination of the feasibility of the creation, a meeting of the Joint Review Board, a Public Hearing and approval of the TID creation at either a CDA or Plan Commission, and final approval by the Common Council. A subsequent meeting of the Joint Review Board (consists of representatives of each taxing jurisdiction) and approval by that Board allows the City to submit the TIF plan to the Department of Revenue (“DOR”) for review and certification.

Once development occurs, TID expenses are offset by the revenue of the TID. If there is a shortfall in revenue, the City must make up the difference. The other taxing jurisdictions are not required to contribute to the shortfall.

In response to a question from Councilmember Brown, Johnson confirmed that asbestos remediation would be an eligible project cost under TIF. Johnson also explained that if needed, TIF boundaries can be amended, adjusting up to four times during the life of the TID. Johnson also confirmed that there is generally agreement between all taxing jurisdictions regarding the benefits of a TID.

WHITEWATER PARCEL DATA, CAPITAL PROJECTS, DEVELOPMENT OPPORTUNITIES AND GROWTH AREAS.

An overview of Whitewater maps and detailed layers were presented. The maps supplied information relating to parcel assessment, retired TIF district properties, capital improvement projects, economic development, new market tax credit and opportunity zones, and a residential growth area layer. Director of Public Works, Brad Marquardt presented information on capital improvement opportunities. Marquardt highlighted some proposed projects, including a new water tower at Indian Mound and Highway 12, a looping water main to tie in on the south side of Janesville St.; a looping water main on northeast side to tie in with the water main to the business park, a looping water main near the Elkhorn Road Kwik Trip location; and a sanitary sewer lift station upgrade north of the Walmart site. Street improvements planned include business park Streets; Janesville Street and Highway 59 near the new Kwik Trip location; East Main just north of Milwaukee Street, from Newcomb to Bluff Road; and Jefferson Street reconstruction. Future infrastructure projects include an extension for future development north of the business park; Elkhorn Road from the roundabout south; near the water tower south of Walworth Ave. and west of the high school; and north of Walmart and Park Crest to the west area of Tratt Street. Resident Al Stanek questioned whether lift station failures are related to increased density. Marquardt responded that increased density is not the reason, but rather they are a result of the old age of the system. Councilmember Dawsey Smith inquired whether assessment values stated were those assigned in April of 2021. Finance Director Hatton indicated the numbers on the map are 2020 assessed values, and not 2021. Resident Jeff Knight was impressed with the mapping and layers, and indicated it was very well done. Knight questioned whether Loos Development was included in the proposed development on the northwest side of the City. Knight also asked how accurate the capital project costs listed on the map were. Marquardt indicated the costs are based on those of recently completed projects, and Marquardt was fairly confident they are accurate.

CDA Director Anderson reported on the new market tax credit and opportunity zone map layer. New market tax credits were established in 2000. The City of Whitewater is identified by US Treasury as a low-income community, and as a result, is eligible for new market tax credits. The City applies for the credits, but the investor is the recipient. Opportunity Zone tax incentives encourage people to invest in low-income, undercapitalized communities. The two opportunities of tax credits and incentives can be “stacked” to provide even more incentive for investors.

City Manager Clapper presented information on the residential development portion of the map. Clapper indicated that with regard to Loos Development question, the area around the subdivision was not included in the residential growth area as it is already being developed, and the vacant area around it has been platted. The map refers to *unplatted* areas available for growth. CDA Director Anderson said her approach to housing is owner-occupied housing.

CDA member Patrick Singer inquired as to whether there are funds that could be used to rehabilitate existing properties. Clapper interjected that one of the areas the City is looking at for a TID could be used

for rehabilitating existing properties. It was noted that there are immediate plans to take advantage of housing dollars received through the increment collection for TIF 4 for the next tax year cycle.

CDA Director Anderson presented economic development projects. She indicated that the TID district proposals made by the City are not set in stone. Areas highlighted as immediate TID priorities are based on current projects underway and projects known to be occurring later this year and next year. This will allow an almost immediate benefit of increased increment. **Area A** is located in the business and technology park area and Starin Road, part of which was formerly TIF 9. Starin Road could see future residential development. **Area B** is an area that starts at the roundabout and extends almost to the bypass. Clapper indicated that the City would anticipate commercial growth along the Elkhorn Road corridor, and residential development off of Elkhorn Road. It also includes the south end of Trippe Lake, where park structures could be developed. **Area C** is downtown in an area where rehabilitation, razing and commercial and residential development are a possibility. Making this a rehabilitation district would extend the TID life from 20 to 27 years. **Area D** includes the school district property and area to the east and south of it, to the south and west to include the bypass and some agricultural land to the south of the bypass. **Area E** includes areas in a previous TID. The Main Street corridor would be mostly commercial development, and north toward Park Crest subdivision is expected to be owner occupied residential. **Area H** is the first area for potential future TID development. A portion of this area was in the former TID 8. Commercial development would be primary. Clapper indicated there are no immediate projects planned in this area. Clapper next highlighted the center portion of the City, including the downtown. He noted that area has a more immediate need. This area includes the library, portions of Ann and James Streets, the end of Center Street, and the Milwaukee Street corridor. **Area G** is located between Walworth Ave and the bypass, with the city limits on the north and Main Street on the south. This would be primarily an area of residential development.

Greg Johnson stated that the life of a TIF district starts at creation, and if there is not development during the first three or four years, the City loses out on those years of increment. Ehlers is developing a feasibility analysis for the potential TIF districts. At this point, the analysis includes the immediate TIF districts.

Al Stanek asked what percent of base equalized value is included in the immediate TIDs? Finance Director Hatton said that they had not yet figured the aggregate value. The base value of each TID must be less than 12% of the equalized value. After the creation of the TIDs, the increment is what needs to meet the 12% test; the base value does not matter. If an additional TID is created a few years after the first ones, the *cumulative* increment from all the open TIF districts plus the base of the new TIF district is what needs to meet the 12% test. Johnson explained that if a TID is created prior to 9/30/21 with the creation date being the date of approval by the Common Council, the base value would be as of January 1, 2021. Any construction that takes place in 2021 would be valued as of January 1, 2022, and that tax increment would be collected as of 2023. Clapper stated that about half of the areas shown as potential residential growth areas are included in the proposed immediate TIDs.

TIMELINE FOR TID DEVELOPMENT. City Manager Clapper stated that the timeline is somewhat aggressive. He does not want to eliminate opportunities for the public and partner organizations to give feedback, but he does not want any down time, as projects are “on the move”. Clapper reported that the Common Council extended TIF 4 at their 3/16/21 meeting and closed TIDs 5-9. On 4/20/21, TID 4 was terminated. Clapper indicated that staff will be available by appointment to community organizations the

week of May 10 to answer questions. He indicated that on May 13, he will be presenting to the Greater Whitewater Committee, and there will be a Town Hall meeting repeating the information presented at tonight's meeting. He indicated that the School District and the University will be included in meetings this week, and he will share updated information at regular monthly meetings. Plans are to hold a joint meeting on May 20 (CDA and Plan Commission and Council). Based on public response, the Joint Review Board will be assembled. Adoption of the TID creation resolution would occur at the July 20 Common Council meeting.

Being no further business to come before the Plan and Architectural Review Commission and the Community Development Authority, it was moved by Singer and seconded by Smith to adjourn the CDA meeting. Motion carried by unanimous voice vote. It was then moved by Stanek and seconded by Stone to adjourn the Plan and Architectural Review Commission meeting. Motion carried by unanimous voice vote. The Plan Commission and the CDA adjourned at 7:47 p.m.

PLANNING SERVICES AGREEMENT WITH VANDEWALLE.(WITH REGARD TO TRATT STREET / TRATT ROAD SINGLE FAMILY RESIDENTIAL HOUSING). City Manager Clapper indicated that this item is being brought back for re-approval from the March meeting, due to virtual meeting issues and the inability of some residents to log back on to the meeting. CDA Director Anderson provided information on the Arch Development project on North Tratt Street. The developer was planning on building a thirty-two unit building, with future plans to build two additional buildings. Anderson indicated she reached out to the developer, just as she would any developer seeking to invest in Whitewater, in an effort to get the most benefit. She noted that a public – private partnership provides benefit to the citizens through the tax base. She is requesting approval of a planning services agreement through Vandewalle to review the feasibility of the project.

Resident Jeff Knight asked whether the CDA had reviewed the agreement and recommended approval of that agreement. City Manager Clapper indicated that he personally gave the direction for this agreement to go directly to Council. Councilmember Allen indicated that Clapper's direction was not mentioned at the prior meeting. Allen responded that had this agreement come before the CDA first, CDA could have provided some historical information with regard to the project. Clapper reiterated that it was his personal decision, due to time sensitivity, to bring the proposed agreement to the Council prior to CDA involvement. Clapper indicated the procedure was not intended to circumvent normal channels or to be nontransparent, and he indicated this procedure will not be his normal course of action. Councilmember Dawsey Smith asked for more information about another housing study that was mentioned earlier. Clapper stated he has asked Vandewalle about a general city-wide housing study, and expressed interest in expanding the scope of the study to include more area, or the entire City, but at this point, he does not know the cost or the possibility of obtaining this. Allen supports a study encompassing more area than just the Arch Development area. Allen's concern is perception that the City is catering to one developer, and that other developers are not receiving the same resources from the City. Allen knew that was not the intent of the Council or City, but that was the feedback he was receiving from other developers. He feels that continuing on for this one project is ludicrous and it needs to be expanded to the entire city and to all developers. CDA Director Anderson stated that housing studies that include Whitewater have been done by Walworth and Jefferson Counties and the UW Extension. She feels that a "windshield" housing study of Whitewater should be done, but any gaps in that study could be filled in using the studies from the counties and UW Extension. Anderson stated that the mission of the CDA is to grow Whitewater as a

healthy, sustainable community and grow the tax base. She said that the Arch Development project would do that. She believes it is a project that needs a partner and the City is a good partner. Allen stated that the size of the project does not warrant a study for \$15,000. Anderson said the project has the potential of adding 23 single-family homes or 40 townhouses to the community, and each single-family home would add to the tax base.

Clapper stated that doing a detailed study of the entire city is probably not feasible for the City to do, but he could certainly gather that information and bring it to the Council. Clapper brought up the housing market report proposal that has been referred to earlier in the meeting. It only deals with single family housing, not multi-family and is not a site plan level study, which is why it is less costly than the other site plan level study. Allen stated that the development has already been approved, but wonders why the City should bear the cost of the study. Clapper responded that it is only because Anderson reached out to the developer, that the possibility of single family housing has come up as part of the development. The original intention was to develop only multi-family properties. Clapper indicated that in order for this broader project to happen, there would have to be some cost to the City, either in purchasing the land or putting in infrastructure. Before spending any taxpayer money on purchasing the property, Clapper believes it needs to be determined whether this property could be useful for the City. The analysis will indicate whether the proposal would be useful to the City. Allen said this is a two-year old conversation where this developer came to the City and wanted to do multi-family development. The City asked him to consider some single-family development on the land as well, and at that time the developer indicated that he was not interested. Allen is now hearing that Arch Development will sell the land to the City for single-family development. Clapper stated that the developer has not offered to sell the land to the City for development, but at this time, on his own, the developer is not interested in building anything but multi-family housing on a portion of the land in question. The proposal would give the City information that would be used to determine whether it is worth it for the City to go ahead with any action, or if it would not have enough of a return for the City to make any action worth it. McCormick wondered whether the developer would reimburse the City for the analysis if the project goes forward since the City has done the groundwork. Anderson replied that if the project goes ahead, an offset could certainly be put in the Memorandum of Understanding. Anderson replied that it was, in order to keep on pace for the 2021 building season, and in consideration indicated that the analysis is time sensitive. Clapper indicated that at this point, the study would be strictly for City use, and not for this or any developer.

Brown stated that she would be in favor of a public-private partnership and having the study done if it would result in improving this area of the City. She would like to see amenities that would give more of a neighborhood feel, rather than a high-density housing feel to the area. Anderson said that aesthetics are very important to her, and any CDA development would incorporate that into the plan. Binnie said that the City has been in need of single-family housing. An independent task force also established the need for single family housing. The only development that occurred as a result was the Loos development in Park Crest Subdivision. As far as Binnie knows, no other developers have approached the City wanting to build single family housing.

Resident Larry Kachel, a property owner whose vacant land adjoins the land being discussed, said he has talked to the other neighboring property owners who may be interested in establishing a public-private partnership with the City to develop single family housing on their land. Anderson replied that if there had been any other landowners that had projects that had gone through the Plan Commission, she would

have reached out to them, just as she did to this developer. Brown asked if Anderson felt, from her perspective, that the study needed to be done. Anderson stated that she did because it is part of the required due diligence in order to go ahead with this project as a partner with the developer. Resident Jeff Knight stated that he thought that had other local landowners/developers known that the City was willing to form public-private partnerships, they would have come forward to talk about developing. Knight indicated that this procedure has never been done before, and he feels the interest should have been made known to all. Knight feels that this project should go back to the CDA and go through the proper channels.

Clapper stated that the closed session on the agenda for the previous Common Council meeting was to discuss whether the concept was something the Council was interested in pursuing. Clapper indicated that the proposal itself was intentionally left out of the board packet, because he was afraid it would be misunderstood without explanation. Closed session consensus was to go proceed with the analysis. Attorney McDonnell recommended new action be taken, due to the public not being able to comment on the item at the last meeting.

Councilmember Binnie asked whether some of the affordable housing money available would be used for this project. Clapper stated it would probably come through the TID creation, not through the affordable housing money. Binnie said he didn't think it was essential to make a decision tonight. Binnie regrets the comments about out-of-town developers. The goal of the Council should be to encourage development for the betterment of the City, regardless of who the developer is or where they are from. However, Binnie is concerned that the City moved too fast on this project, and wants to consider the possibility of talking to property owners about using a public-private partnership to encourage the building of single family housing. Majkrzak and Schulgit agreed with Binnie's comments, and appreciated hearing the public comments. Dawsey Smith said that if the item is going to be put off, she would like to see it back on the agenda within a month. She said that single-family housing is a need that should be addressed quickly and she doesn't want to see this take several months to be decided.

Anderson asked that the Council determine where they want to go with housing, so that she can move forward knowing their intent. Clapper said that as a staff, the City can look at a broader study in regard to future single-family development.

Councilmember McCormick moved that the Council reconsider the proposal until they have heard from other entities and bring back it back to the first meeting in June; and the prior action is null and void. Majkrzak seconded. Binnie asked if that would allow sufficient time to receive information from any other vacant land owners. Anderson replied that she thought it would be possible for her to mail a letter to land owners. McCormick amended motion to come back to council at June 15 meeting. Majkrzak seconded amended motion. AYES: Brown, Binnie, Schulgit, Dawsey Smith, Majkrzak, McCormick, Allen. NOES: None. ABSENT: None.

CONSIDERATION OF ALCOHOL LICENSE APPLICATIONS FILED WITH CLERK ON OR BEFORE APRIL 15, 2021. City Attorney Wallace McDonnell recommends that the Council consider the renewal alcohol licenses applied for on or before April 15, and acknowledge that the Council is in session from day to day for the purpose of acting on the licenses before June 15. Allen moved, Schulgit seconded. AYES: Brown, Binnie, Schulgit, Dawsey Smith, Majkrzak, McCormick, Allen. NOES: None. ABSENT: None.

APPOINTMENT OF COUNCILMEMBER REPRESENTATIVE TO ALCOHOL LICENSING COMMITTEE.

City Manager Clapper indicated that a new council representative must be appointed to the Committee, as Councilmember Schulgit will be resigning. Schulgit's last meeting will be May 18 as he will be graduating from UW-Whitewater and leaving the area. It was noted that there is a need for continuity on the Committee. Councilmember McCormick nominated Councilmember Allen to serve on the Alcohol Licensing Committee. Majkrzak seconded the nomination. No other nominations were made. A vote was taken on appointment of James Allen to the Alcohol Licensing Committee. AYES: Brown, Binnie, Schulgit, Dawsey Smith, Majkrzak, McCormick. NOES: None. ABSTAIN: Allen.

REQUEST FOR FUTURE AGENDA ITEMS AND FUTURE POLCO QUESTIONS. None.

ADJOURNMENT. It was moved by Majkrzak and seconded by Brown to adjourn the Council meeting. AYES: McCormick, Schulgit, Binnie, Allen, Brown, Dawsey Smith, Majkrzak. NOES: None. The meeting adjourned at 9:18 pm.

Respectfully submitted,

Michele R. Smith, Clerk