

**SPECIAL JOINT ARCHITECTURAL BOARD/PLAN COMMISSION MINUTES**  
**MONDAY OCTOBER 16, 2023**  
**5:30 PM**  
**BOARD ROOM**  
**MUNICIPAL BUILDING, 210 COTTONWOOD AVE.**

Present: Jeff Pfannerstill, Jeff Bierman, Ann Wallschlager, David de Courcy Bower, Tim Hallquist, and Chip Schneeberger.

Excused: Dino Xykis

Others Present: Ryan Amtmann, Village Manager Bailey, Clerk Policello and Deputy Clerk Bushey.

Call to Order- 5:30 pm

Roll Call taken.

**1. Public Hearing regarding the proposed creation of Tax Incremental District No. 7, the proposed boundaries of the District and the proposed Project Plan for the District.**

Greg Johnson from Ehlers was present and went through the summary on the Tax Incremental District No. 7, the timeline of meetings and an overview of TIF fundamentals. He explained when a TIF is created, all the properties within the proposed boundary of the district has an existing taxable value which is referred to as the base value of the district. All the taxing jurisdictions, village, county, school district, technical college continue to collect their share of tax revenue on that existing value, there is no change in the current tax revenue collection. The financial benefit comes in to play with a TIF district is if that value increases due to new development within the district, all the tax revenue on that new value is retained by the Village to pay for expenses with the district. A TIF is a partnership between the Village and the other taxing jurisdictions because they are agreeing to forgo their share of tax revenue on that new development to see it come to fruition and then they will see the benefit along with the Village when the TIF district closes, all that value returns to the tax rolls.

Mr. Johnson went over the impacts of TIF and said all approvals require normal authorization by the Village. He said if there is a shortfall in the district at the end of its life, the municipality bares that shortfall entirely but as he will talk about, in the financial approach for this particular district, the Village does not take on the bulk of the financial risk, that is deferred on to the developer.

An overview of the district was given, this is a proposed rehabilitation district as a statutory maximum life of 27 years. The criteria that you need to demonstrate is at least 50% of the area in this case, is carrying out a plan for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements. Rehabilitating a site that has historically been an active quarry site and turning it into productive, higher land use. The developer has made representations and they have reviewed financial submittals from the developer that has demonstrated that the project is not economically viable based on the extraordinary costs associated with the demolition, remediation of the conditions, converting the quarry from its historic use to a higher productive multi-family use. The development will have 267 residential units with 400-500 residents and the total development costs are estimated at approximately \$92 million.

One of the legal findings that has to be met by the village to create a TIF district is the 12% valuation test. That means taking 12% of the village's total equal value which is over 239 million and compare

that to the total incremental value of existing districts plus the existing value of the property in the proposed district and that has to be less than 12 % of the villages total equalized value. Total existing increment is 16,751,700, projected base value of new district is 3,094,400 and total value subject to 12% test is 19,846,100 which is well below the 12%.

The proposed CSM was explained showing the combined existing parcels and the TID boundary will be based off the parcel configuration.

From a financial standpoint the project costs were reviewed. The initial TIF ask included upfront funding of project costs by the Village and waiving of impact fees, this required Village borrowing. The increment is not projected to cover Village debt service cost, it was switched to pay-as-you-go incentive. No Village debt will be issued. Incentive paid from increment generated by the project. If it is not sufficient, the Village is not required to make up shortfall. The Village is also not borrowing money on the front end to pay for those project costs. There are some sewer investments that is necessary, the sewer utility has cash to cover those projects, and the first priority of the tax revenue collected from the project is to cover the sewer and utility costs.

The priority plan of the project is 1<sup>st</sup> to reimburse sewer utility for improvements funded with sewer utility cash on hand. Second is to cover annual ongoing costs for audit, TID reporting and legal review. And third is to provide the development incentive back to the developer to reimburse them for expenses up to a specified amount which will require a developer agreement to be approved between the developer and the Village Board. Mr. Johnson went over a detailed listing of the project expenses and explained the map of the proposed sewer improvements. The TID #7 Financial Analysis Summary was explained. Per the assessor, the estimated incremental value will be approximately 54 million dollars. The trend statewide in TID districts is the tax rate has been declining over the last several years and anticipate it will continue again for the 2023 levy, 2024 budget. The TID tax rate is at about \$11 per thousand now, and they used \$10 per thousand in the analysis. Two cash flow models were included for illustration purposes, both start with the 54 million and use different depreciation factors just to show a sensitive analysis.

Wallschlager asked about the Village paying if it under performs and Mr. Johnson said the Village will not take that debt on, that will be the developer.

President Pfannerstill opened the public hearing at 5:54 pm.

Caroline Joyce 526 W. Capitol Dr. - commented on the quarry boundaries.

Public Hearing was closed at 5:57 pm.

Wallschlager asked if Plan Commission was approving the impact fees. It was pointed out that this still has to go to the Village Board, and any issues can be brought up now.

Wallschlager commented that she liked the project, but she said she doesn't like that they have asked us at the last minute to waive the impact fees and the Village doesn't do this for any other developers. She feels this development will have a big impact on the Village of Hartland and she does not approve of waiving the impact fees.

DeCourcy-Bower commented on the redevelopment costs associated with getting the property into the equivalent of undeveloped condition.

Bierman commented on if the developer would change the townhouses to condo's sometime during the next 27 years, how would it affect the TID. It was stated that the value of the property would increase 1.75% per year, but that is a conservative number and all the other condo developments in Hartland have gone up more than originally discussed. Pfannerstill said historically, there hasn't been a big drop due to that change.

DeCourcy-Bower commented on the sidewalk that is being developed on the west of the development and where that cost would fall. Bailey said that area is outside of Hartland and belongs to Delafield and the state. DeCourcy-Bower asked if there are any other costs beyond what is in the project. Bailey commented that the only other cost would be engineering and legal and that is part of the professional agreement.

Brief discussion on the property value and the pay- go option.

President Pfannerstill briefly went over some of the history if TIF's in Hartland.

Discussion on lot 2 in the project.

## **2. Consideration and possible action on a "Resolution Establishing the Boundaries of and Approving the Project Plan for Tax Incremental District No. 7."**

Motion (Hallquist/Schneeberger) to approve Resolution Establishing the boundaries of and Approving the Project Plan for Tax Incremental District No. 7.

## **3. Adjourn**

Motion (Hallquist/Schneeberger) to adjourn. Carried (5-0).

Adjourned at 6:37 pm.

Respectfully submitted by

Recording Secretary,  
Deidre Bush y, Deputy Clerk