

## 2019 JOINT REVIEW BOARD MEETING MINUTES

Present: Andy Albarado, Rusk Co. Economic Development Director as voting rep for WITC Board; Dave Willingham-Rusk County Board Chair as voting rep for Rusk County; Al Christianson-City Administrator as primary discussion leader; Alan Christianson, Mayor, as voting rep for City of Ladysmith; Kurt Gorsegner-City DPW; Allen Kenyon-City Attorney; Jim Platteter as public voting member; Paul Uhren, Ladysmith School District Superintendent, as voting member for the Ladysmith School District.

### Public Member:

Motion was made by Albarado, seconded by Willingham and carried by voice vote to approve Jim Platteter to serve as public member on the 2019 Joint Review Board.

### Locations and Purposes:

City Administrator Christianson distributed packets containing draft TID Annual Reports for and aerial views showing locations and boundaries of the City's five active TIFDs; #5,#8,#9, #10 and #11. In each case the purpose each district was created will be described in the context of its location, date of creation and maximum lifespan, including the following:

\*No. 5: This oldest (1997) of the currently active districts was formed to promote industrial growth. It succeeded initially without any development agreement. It has formally been declared "distressed" and has a negative balance of nearly (-) \$130,000. This is due to the rapid decline in the combined State assessed values of the Dunn Paper and Weather Shield plants, which it includes. This, in turn, resulted in lower than projected increments in recent years. The primary expenditure in TIFD #5 was to construct E. 14<sup>th</sup> St. S., later renamed Flambeau Falls Drive, to facilitate industrial expansions there and to provide a second emergency access into the area. Anticipated expansion did occur in TIFD #5 in its early years. As a distressed district no additional expenditures may legally be incurred there and none were in 2018.

\*No. 8: This district was created to remove blight from the (2002) tornado damaged downtown area. There is still a ways to go in this effort such that TIFD #8 is, perhaps, most likely to see additional expenditures in the next few years as its expenditure period ends in 2025. These could include the following:

- Acquire and raze deteriorated buildings making the lots available for resale at or below land value, if there is commitment to construct a new building.
  - Make grants or loans to incentivize property owners to upgrade buildings, inside or out. [Thus far grants of 25-33% of project costs have been made. These have been in the \$400-7,000 range.]
- As a district created for blight removal, it is the only one eligible to receive donations from another district. Districts #9 and #11 have been identified as potential donors to #8, although no donations were made in 2018, or prior.

\*No. 9: This "mixed use" district financed a number of infrastructure improvements, which helped attract O'Reilly's and Kwik Trip, among other businesses. Contrary to public opinion, however, there were no contributions made to Wal-Mart. The City did participate in the cost of a bio filter to handle runoff from nearby City roads. The roads and utilities were all built and paid for by Wal-Mart and then deeded to the City. The same was true with McDonalds, IGA (now Fresh Market) and Pamida previously.

\*No. 10: This "industrial" district was created to attract the Indeck Biofuel Center; a \$20 million private investment, which Mr. Albarado was very involved with attracting. The TIF assistance extended municipal utilities down Meadowbrook Rd. to the purposefully (noise buffer) isolated site and rebuilt that poorly constructed (just to minimal town road standards) access road to handle the heavy truck traffic it now receives.

\*No. 11: This "mixed use" district was created to loop both an emergency access road and a water main

for fire protection to assist expansion of the Ladysmith Nursing Home. As TIFD #11 costs were not very high compared to other districts, it is expected to be paid off in a shorter time frame. For that reason, it has also been formally designated as a “donor district” to TIFD #8.

### **2018 Reports:**

The 2018 reports relating to each district indicate the amount and nature of expenditures made in 2018, the 2018 tax increment for each, and the current balance in each. The following are among items to note with each:

- Some districts have positive balances; others negative. The positives do outweigh the negatives.
- TIFD #8 is a “recipient” district, which may receive donations from other districts. As it was formed to remove blight following the devastating tornado of 2002, TIFD #8 is the only district eligible to receive donations. There are a number of comparatively small beautification projects the City has in process at this time, which involve murals and uniform fencing of public spaces, maybe yet in 2019. The City is currently focusing its road reconstruction attention on the downtown area for 2020 with many of these streets and underlying utilities failing. Some significant TIF expenditures may be made to address this.
- TIFD #9 will be the next district to reach the end of its expenditure period; in 2021. Activities that are needed there should be a focus for the City in upcoming months. TIFD #9 is currently underwriting an initial study of the feasibility of converting the hospital into senior housing. If this initial study proves to be promising, more detailed investigations may follow to include development of remodeling plans and ownership and financing models. Getting through this before 2021 will be a challenge. If that happens TIFD #9 could assist with selected demo costs, access upgrades, parking or other improvements. The City does not intend to acquire the property unless that is short term to enable financing, but rather to assist in making adaptive reuse to accommodate needed elderly housing under private ownership.
- TIFD #9 is an identified “donor” district to TIFD #8, although no such donations have actually been made to date, they might be in the next year or two.
- TIFD #10 is running a negative balance. It is likely that, in the next couple years, TIFD #10 will finance reconstruction of portions of Barnett Rd. and all of Gustafson Rd. at a cost of, perhaps, \$200,000.
- TIFD #11 is also a donor district, which may donate funds to TIFD #8, without necessity of repayment.
- TIFD #11 encompasses a single property; Ladysmith Care Community. Its creation put the City at the Statutory limit of including 12% of a community’s value in all its districts combined. No new districts may be created until the combined value of all the City’s districts drops below that 12% threshold; presumably through dissolution of one or more districts. As State and Federal grant funding opportunities have been severely reduced or even eliminated, TIF is about the only available tool for local economic development. Fortunately, it is largely locally controlled. Unfortunately, Ladysmith’s districts are quickly approaching their expenditure period deadlines. One project currently being planned to be assisted by TIFD #11 will involve resurfacing E. 16<sup>th</sup> St. from Edgewood to Menasha Ave. along the west side of the High School property. A project that has been mentioned, but not gained any traction thus far would involve City acquisition of several parcels south and west of the intersection of E. 16<sup>th</sup> and Menasha for purposes of unifying ownership and enabling future development of a large lot subdivision for new single-family homes served by City utilities. While this could be a nice addition at some time, market conditions don’t presently support it.

### **Halo Zones:**

A question was previously raised whether district boundaries may be altered. It was noted, in response, that while there is a mechanism for doing so, Ladysmith never has. Part of the reason it has not is that the State’s TIF rules were amended a few years back to be much more flexible through allowance for projects in a one-half mile “halo zone” around each district. Adm. Christianson noted, in response to Mr. Uhren’s question, that he is quite certain the former elementary school is in the halo zone (1/2 mile area

around defined district in which TIF activities may be carried out) of TIFD #8. The significance of that is that TIFD #8 could assist adaptive reuse of that facility; particularly if at least a portion of it will become privately owned and contribute to the City's real estate tax base.

**Development Agreements:**

TIFDs No. 9, No. 10 and No. 11 were all created pursuant to "development agreements" enacted in concert with private firms who agreed to construct projects and make investments in exchange for improvements to be made and financed through the respective districts. These private developers were as follows:

\*TIFD #9: Wal-Mart (minimal).

\*TIFD #10: Indeck Ladysmith Biofuel Center (considerable).

\*TIFD #11: Ladysmith Nursing Home a/k/a Ladysmith Care Community (minimal).

**Housing:**

It was again mentioned that recent legislation allows selected TIF districts to apply their final year's revenue to a housing project, which might be applicable here at some point. And it was noted that the community has ongoing housing needs as stated in a recent Housing Supply and Demand Analysis prepared for the City's Main Street Program by the Wisconsin Economic Development Corporation:

-90 units of workforce housing.

-45 units of assisted living.

-60 units of senior oriented housing.

**Challenge:**

While the current hospital seems, at least on the surface, to lend itself to reuse as senior housing, the expenditure period for TIFD #9 in which it is located ends in 2021. The facility is likely to still be in use as a hospital at that time. So, a major challenge becomes how to provide dollars to remove obstacles to or to incentivize the private sector to make such adaptive reuse.

-Could a legislative allowance make it possible for TIFD #11 to pay off negative balance in TIFD #5?

-Would paying off TIFD #5 and dissolving it allow the total value in the remaining TIFDs to drop below the 12% of total value (of all districts) threshold which, once exceeded, a City is prevented from creating additional districts?

-How is base value established for improved, but tax-exempt property, a situation the City was burned on with it TIFD #6?

-Might an overlay district be created over a tax-exempt portion of TIFD #9 despite fact that City is well over 12% limit?

**Shortcoming:**

TIFD #5, formally identified as a "distressed TID" has a current negative balance of \$117,000, but will need 3-4 more years to clear that balance.

**Priority:**

Mr. Platteter stated that keeping first quality medical facilities in the community has been and must remain a top priority.

**Action:**

Board members were asked to approve the respective 2018 TID Annual Reports on the status of Ladysmith TIFDs #5, #8, #9, #10 and #11. Motion was made by Albarado, seconded by Platteter and carried by voice vote to approve the 2018 TIF reports for Ladysmiths' TIFDs #5, #8, #9, #10 and #11.

**Adjourn:**

Upon motion by Albarado the Joint Review Board meeting was adjourned at 4:15 p.m.