

**CITY OF EDGERTON
REGULAR COMMON COUNCIL MEETING
EDGERTON CITY HALL, COUNCIL CHAMBERS
12 ALBION STREET**

Monday, February 17, 2020 at 7:00 p.m.

1. Call to order; Roll call
2. Pledge of Allegiance.
3. Confirmation of appropriate meeting notice posted on Friday, February 14, 2020.
4. Council acceptance of agenda.
5. Personal appearances for non-agenda items limited to 3 minutes.
 - A. The public will be allowed to speak on agenda items during the meeting.
6. Minutes:
 - A. Consider approval of minutes from February 3, 2020 Council meeting.
7. Committee Reports:
 - A. Finance Committee:
 1. Consider approval of bills and payroll vouchers.
 2. Consider approval of licenses.
 - a. Temporary Class "B" License to Edgerton FFA Alumni on March 7, 2020.
 3. Consider addendum to Cedar Corp agreement for west side Industrial Park pond design.
 4. Consider addendum to Cedar Corp agreement for Henderson Street resurfacing design.
 5. Consider bids for shelter repairs at Racetrack Park.
 6. Consider purchase of scoreboard at Racetrack Park.
 7. Consider City Attorney contract.
 8. Consider charging TIF 5 interest on advance.
 - B. Utility Commission:
 1. Report on discussion and action taken at previous meeting, future agenda items and upcoming scheduled meetings.
 - C. Public Works:
 1. Report on discussion and action taken at previous meeting, future agenda items and upcoming scheduled meetings.
 - D. Tree Board:
 1. Report on discussion and action taken at previous meeting, future agenda items and upcoming scheduled meetings.
8. Discuss and consider TIF 5 affordable housing extension.
9. Mayor, alderperson and staff reports.
10. Adjourn.

Notice: If a person with a disability requires that the meeting be accessible or that materials at the meeting be in an accessible format, call the City Administrator's office at least 6 hours prior to the meeting to request adequate accommodations. Telephone: (608) 884-3341.

**FEBRUARY 3, 2020 COMMON COUNCIL MEETING MINUTES
CITY OF EDGERTON**

Mayor Christopher Lund called the meeting to order at 7:00 p.m.

Present: Sarah Braun, David Esau, Candy Davis, Debbie Olson, Anne Radtke and Jim Burdick

Others Present: City Administrator Ramona Flanigan, City Clerk/Treasurer Cindy Hegglund, Utility Director Randy Oren, Municipal Services Director Howard Moser, Police Chief Bob Kowalski, Fire Chief Randy Pickering, City Attorney Bill Morgan, Edgerton Reporter and a few citizens.

Hegglund confirmed the meeting agendas were properly posted on Friday, January 31, 2020 at the Post Office, Edgerton Library, and City Hall.

ACCEPT THE AGENDA: A Candy Davis/Debbie Olson motion to accept the agenda as posted passed, all voted in favor.

MINUTES: A Candy Davis/Sarah Braun motion to amend the minutes to correct spelling to “finding” in the second motion in the Finance section passed, all voted in favor.

A Candy Davis/Jim Burdick motion to approve the minutes as amended from the January 20, 2020 Common Council meeting passed, all voted in favor.

COMMITTEE REPORTS:

Finance Committee: A Candy Davis/Debbie Olson motion to approve the bills and payroll list in the amount of \$101,700.28 passed on a 6/0 roll call vote.

A Candy Davis/David Esau motion to adopt City of Edgerton Resolution 01-20: Resolution Authorizing the 2019 Property Tax Equivalent Charged to the Water Utility passed on a 6/0 roll call vote.

A Candy Davis/Sarah Braun motion to adopt City of Edgerton Resolution 02-20: Resolution Approving the Assigned Fund Balance for the Year Ending December 31, 2019 in the amount of \$1,065,088 passed on a 6/0 roll call vote.

A Candy Davis/Sarah Braun motion to adopt City of Edgerton Resolution 03-20: Resolution Approving Budget Transfers and Amendments for the Year Ending December 31, 2019 passed on a 6/0 roll call vote.

A Candy Davis/David Esau motion to approve the agreements with Dane County Humane Society for impoundment and stray animals passed on a 6/0 roll call vote.

A Candy Davis/David Esau motion to approve the purchase of fill from Bob McGuire for 407 N Main St in the amount of \$10 per cubic yard passed on a 6/0 roll call vote.

A Candy Davis/David Esau motion to approve the loan subordination for Edgerton Gear passed on a 6/0 roll call vote.

VETERAN'S MEMORIAL BUILDING REALTOR RFP: The Council reviewed a draft RFP to send to realtors for the sale of the Veterans' Memorial Building. Flanigan stated the current draft of the RFP contains 2 different fee options. The first one pertains to the sale of the building to a party who has not approached the city previously. The City is currently aware of 3 parties who have shown interest in the property. If the sale is to one of the known interested parties, the fees could be less.

Sarah Braun asked how long the contract would be for? Flanigan stated the initial contract period would be for 6 months. The RFPs would be due on February 13th. If the Council would like to extend that date it could be extended. Candy Davis inquired what would be the benefit of extending the date? Attorney Morgan stated this is just to choose the realtor so there would be no benefit to extending the date.

Anne Radtke/Sarah Braun moved to amend the Realtor RFP to change the due date to March 13, 2020. The motion failed on a 3-3 roll call vote. Mayor Lund did not cast a vote. Sarah Braun, Candy Davis and Jim Burdick voted against the motion.

Candy Davis/Jim Burdick moved to amend the Realtor RFP to change the due date to February 27, 2020. The motion passed on a 4/2 roll call vote. Debbie Olson and Anne Radtke voted against the motion.

A Candy Davis/David Esau motion to approve the Realtor RFP for the sale of the Veteran's Memorial Building with the due date of February 27, 2020 passed on a 5/1 roll call vote. Debbie Olson voted against the motion.

Being no other business before the Council, a Candy Davis/David Esau motion to adjourn passed, all voted in favor.

Cindy Hegglund/wl
City Clerk-Treasurer
Adopted February 17, 2020

Memo

To: Common Council
From: Staff
Date: 2/14/2020
Re: February 17, 2020 Meeting

Cedar Contract for Henderson: The 2020 Budget includes funding to resurface Henderson Street and to construct a cul de sac at the end of the street. The attached contract is for the design of this project. Please note that the contract will include engineering for some minor utility infrastructure upgrades.

Scoreboard purchase: A scoreboard controller for a softball field at Racetrack Park has ceased to function. Staff worked with the school and the softball league to select a replacement scoreboard and controller. The board is the same as other boards at the park and is only available through a single source distributor so we do not have other quotes. The school has agreed to pay half the cost and the softball league will pay for a quarter of the cost. The City is proposing to fund the other quarter of the cost (\$1,418.75) using Racetrack Park advertising funds. The balance in the advertising account is \$4,311.

Interest charges the TIF owes the General Fund: When a TIF borrows money (called an advance) from the General Fund, the General Fund charges the TIF interest on the loan. It has been the City's practice to charge the TIF the same interest rate the City earned on its savings during the term of the loan since this would be the amount of interest income the City was unable to earn on the loaned money. In the case of TIF #5, the remaining interest the TIF owes the General Fund is \$11,064.90. The Council would have to approve the transfer of funds from TIF #5 to the General Fund.

TIF Affordable Housing Extension: In 2009, the state legislature passed a law allowing the extension of a TIF District for one additional year to provide funding for affordable housing initiatives. The attached League of Municipalities article provides 6 examples of how other communities have used funds created by an AHE. In general, most programs use the funds to create new affordable housing units; to fund public infrastructure repair in low-moderate income neighborhoods; or to improve existing housing.

TIF #5, the Business Park TIF, will have collected adequate funds to pay all of its obligations and will close before April 15th of this year. This district could be extended for a year to provide funds for affordable housing efforts. Here are some quick facts about this idea:

- If the City decides to implement the AHE, it must pass a resolution to that effect by April 15th.
- An estimated \$300,000 would be available for affordable housing initiatives if the entire year's worth of increment is collected.

- In the year the TIF retires, the City's levy limit will increase by an estimated \$39,000. This increase in the levy limit would be postponed by one year if the AHE were implemented.
- Funds created by the AHE can be used anywhere in the city, not just within the TIF#5 boundary.

The Council should discuss the cost and benefits of implementing the TIF Affordable Housing Extension (AHE). If the Council wishes to proceed with the AHE, it should direct the Finance Committee to develop program procedures and policies for Council approval.

City Attorney Contract: Please recall the City decided to offer a contract extension to Murphy Desmond from City Attorney services. The attached three year contract offers the same services as the previous contract with an average annual retainer fee increase of 1.3% and an hourly wage increase of five dollars per year for services outside the contract.

Cedar Contract for west side pond: The PW committee recommended the City proceed with the construction of the west side stormwater pond in order to utilize TIF funding for a portion of the pond cost before the TIF expenditure period expires and to create fill needed to construct the street to serve the 4 acres the City plans to buy. (Please refer to the staff report below from the PW meeting regarding the pond). The attached contract amends an earlier Cedar contract by adding the engineering for the pond design to the street design contract.

February 10, 2020 Public Works Committee staff report

West side industrial park pond and street: Please recall the Council has taken actions to construct the street needed to serve the four acres the City plans to purchase off of Gear Drive. Given the terrain, this street will require a significant amount of fill. The most cost effective way to obtain the fill is to use the excess fill created by the construction of the main stormwater pond planned for the corner of Dallman Road and W Fulton Street.

In 2015, the City constructed the "settling basin" portion of the stormwater pond. The main pond has not yet been constructed. The City always planned to build the main pond but was waiting until development drove the need for the pond or until the TIF District, TIF #8, used to fund a portion of the pond was set to close. TIF#8 expenditure period expires in September of this year thus the City should consider constructing the pond now in order to utilize these funds. The estimated cost of the pond is \$240,000. When discussing how to finance the settling pond, the City decided to not special assess existing property owners so settling the pond was financed using TIF funds and the stormwater utility.

The Committee should consider if the City should proceed with the construction of the pond, and if so, how to finance it. The policy questions regarding funding for the main pond are as follows. The pond drainage area is broken into several different sections by land use. The land use dictates funding options. (See attached map)

- Existing residential development (\$35,019) – Staff recommends use of stormwater utility funds as opposed to special assessments.
- Existing and future industrial land in the TIF (\$165,713.34) – Staff recommends the use of TIF funds as opposed to special assessments or utility funds.
- Future residential development in the TIF (residential land north of W Fulton Street)(\$29,544) – Staff recommends the use of TIF funds as opposed to special assessments or utility funds. If special assessments were used, they would be paid by the developer when the property developed. If the stormwater utility funded the improvements, all property owners in the City would pay for that portion of the pond improvements serving that area through their regular rates.
- Future residential development not in the TIF (undeveloped land near West Meadows Drive)(\$9,723) – Staff recommends the use of deferred special assessments as opposed to the stormwater utility.

Using TIF to Benefit Affordable Housing

Curt Witynski, J.D., Deputy Executive Director, League of Wisconsin Municipalities



Most municipal officials are familiar with using tax incremental financing (TIF) to help fund infrastructure and create incentives to promote economic development and job creation within a community. Less are aware that after a TIF district has paid all of its infrastructure and development costs, but before it is formally terminated, it can be repurposed for one additional year to benefit affordable housing and improve housing stock anywhere within the community.

The “Affordable Housing Extension” (AHE) was added to TIF law in 2009, but relatively few of the 600 cities and villages in the state have taken advantage of the option. Under Wis. Stat. sec. 66.1105(6)(g), a city or village with a TIF district that has retired its debt and paid for all of its project costs can extend the life of the district for one year if the city or village does the following: (a) adopts a resolution extending the life of the TIF district for a specified number of months (up to one year) and specifies how the city or village intends to improve its housing stock; and (b) forwards a copy of the resolution to the department of revenue (DOR), notifying the department that it must continue to authorize the allocation of tax increments to the district.

Upon receiving such notice, DOR must authorize the allocation of tax increments to the district during the TIF district’s extended life, without regard to any other statutory requirements that would otherwise require termination of the allocation of such increments. A city or village must use at least 75% of those tax increments to “benefit affordable housing” anywhere within the city or village in which the district exists. Affordable housing is defined as housing costing no more than 30% of the household’s gross monthly income. A household consists of an individual and his or her spouse and all minor dependents. Any remaining portion of the increments must be used by the municipality to improve its housing stock.

Examples of Municipalities Using the Affordable Housing Extension Option

Several communities around the state have taken advantage of the affordable housing extension in the TIF law:

Milwaukee. Since 2015, the City of Milwaukee has extended seven TIDs for an additional year to benefit affordable housing and improve housing stock in the city. In total, over \$2 million of increment has been realized to date for this purpose.

The money has been used to fund many of the programs within the city’s Strong Neighborhoods Plan. An overview of the Strong Neighborhoods Plan is available on the city’s website <http://bit.ly/MilwStrongNeighborhoods>

Madison. Madison has used the provision five times to help fund the city’s Affordable Housing Initiative Fund, which is used to incentivize developers to pursue Section 42 federal tax credits for affordable housing developments. Under the program, the city invites proposals from developers to build affordable units in amenity-rich areas with easy access to public transportation. Affordable units set rents at 30, 50, and 60 percent of area median income.

The Affordable Housing Initiative Fund has led to the funding of 486 affordable housing units over the last three years, representing \$100 million of development between eight developers, supported by \$7.58 million from the city’s fund.

The city budgets about \$4.5 million annually for the Affordable Housing Initiative Fund. Most of that comes from general obligation bonding. However, when a closing TID is capable of being extended one year for affordable housing purposes, the increment from the TID in its last year is added to the fund.

Fitchburg. Fitchburg recently kept one of its TIF districts open an extra year to begin to pay into a fund for affordable housing. The one-year extension generated \$127,000. The City is using approximately \$40,000 of those funds to begin Fitchburg Housing Goals, Strategies, Toolkit, and Implementation Plan with a focus on affordability. The city has hired MSA & Urban Assets as their consultants on implementing their plan.

Monona. Monona used the affordable housing extension to keep its TID #3 open an additional year to help fund a new program called “Renew Monona.” Renew Monona is a housing stock renewal loan program created by the CDA and

Feature

administered by the City of Monona. The program offers 0% interest loans to those purchasing or residing in a home in the city to be used for making substantial improvements to the home to enhance its energy efficiencies and bring it up to modern standards.¹

La Crosse. La Crosse used a combination of CDBG grants and TIF dollars from the affordable housing extension to fund the construction of five energy efficient houses in a struggling neighborhood to be sold to low-moderate income households at an average sale price of \$154,000.

Appleton. Appleton extended its TID #2 for one year under the affordable housing extension provision and used the tax increment to help pay for street repairs in a low-moderate income neighborhood.

Conclusion

Before your next successful TIF district comes to a close, consider taking advantage of the option provided in TIF law to extend the district for one more year and use the tax increments to “benefit affordable housing” within your community.

About the author:

Curt manages the League’s lobbying program, representing the League before the Legislature, the Governor’s office, and state agencies. He writes the *Legislative Bulletin* and *Capitol Buzz* newsletters, organizes legislative material and the Budgeting Toolkit for the League’s web page, and answers questions from the media and members about legislation that the League is following. Additionally, he helps plan League conferences and meetings. Contact Curt at witynski@lwm-info.org

1. The Monona, La Crosse, and Appleton examples are taken from a paper prepared by Abigail Jackson in 2015 as she was pursuing her master’s degree at UW-Madison. Her *Analysis of Wisconsin’s Act 28, the Affordable Housing Extension* is posted online: https://jacksonabby.files.wordpress.com/2016/04/jackson_final-paper-844-1.pdf

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