

## **Questions that were not answered on October 27<sup>th</sup> at the Information meeting:**

William Donovan – Will residents have an opportunity to vote yes or no to a recommended develop

*At a public hearing residents will provide their comments related to the proposed development.*

Kimberly Knight – What is the financial risk to the average tax payer? If current proposal for developers goes forward.

*The last estimate based on a development valued at \$36 million that was made in July of 2021 stated that a resident with an average priced home of \$600,000 would pay an estimated \$4,558 over a 16-year period. These were based on estimates of what the development would yield. Those amounts may change once we have final information from a developer.*

Daniel Bruckner – MMSD is paying \$4,700,000 for use of the farm. Why is the village not getting any of this money?

*The Village is not receiving any money but is benefitting from the rain water collection system.*

Daniel Bruckner – Tell us your calculations for increased costs of schools, building ins, teachers, salary increases social security, insurance, workman's comp, unemployment costs for teachers beside road and additional police costs. You look at possible distant increased taxes, how about increased costs.

*There has been no calculation made for additional teachers or costs of schools. Any road costs would be paid for by the development as the roads are intended to be private. The only public road would be at the entrance to the development and would be maintained by the village. Police costs would be paid by the village and there is no request for additional officers.*

Daniel Bruckner – According to your May 1, 2021 letter, if you raised taxes \$300, as you proposed, you could pay your bills. This seems reasonable versus the huge risk and expenditures of a development totally out of place in river hills. How are you going to pay your bills with condos built years from now.

*There has not been a proposal to raise taxes \$300. The amount that was stated in the May letter was if there was no development residents could pay up to \$300 per year for the debt that had been issued per the lawsuit. The proposal is to build single-family homes over a four to six year period. Those homes will add value to the tax base.*

Ganesh Elangovan – So if nothing is done about \$5000 admi taxes over 10 years.

*If there is no development, for a development valued at \$36 million, it is estimated that someone with an average home of \$600,000 would pay up to \$300 per year for a total of \$4,558 over a 16-year period.*

John Machulak – After requesting time to apply why did the village not follow through with an application for Knowles Nelson funding so as to determine whether state funds would be available to use the parcel as a conservancy?

***The village never offered to complete the Knowles Nelson grant as the village does not have enough staff to complete the regular duties and an application. At the time Peter Thornquist and Bob Boucher requested that the village petition to the DNR that the land was going to be purchased and was looking for DNR approval to apply. The village did send the letter and it was acknowledged by the DNR. Following this step, it was understood per Peter Thornquist that the application would be taken care of by him/his group. The village has an email from Peter Thornquist showing that he intended to complete the application.***

Richard Yuspeh – Did Carol Esswein consider the current zoning before designing the development? Was any plan drawn up to meet the R1 zoning?

***Carolyn Esswein was aware of the existing zoning; however, she was asked develop a concept that would generate a significant amount of economic value for the parcels.***

Kathy Gutenkunst – will proposals being considered on Nov. 17 be available for review by residents before meeting? If not, will the Board delay action so residents have time to review and comment?

***As stated at the meeting, all proposals received for the property will be made available for review at village hall and will be posted to the website.***

Robert Gribble – Why did the proposed budget levy calculation drop by \$300,000 from 2019 to 2020? Please go over the part again where you said you didn't know this would happen as a result of refinancing?

***As explained at the information meeting, the reduction of \$300,000 in the tax levy was due to refinancing of debt from 2017, 2018, and 2019. The village did not know that the refinancing would affect the tax levy calculation in that way.***

Ted Knight – Your claim that the new zoning would only apply to the property, not the rest of the village, is spot zoning, which is illegal. Why do you not acknowledge that? Why do you continue to ignore your constituents – 90% of whom oppose this development?

***The question/statement presents 2 questions regarding zoning. Is the Village's proposal which would eliminate the 5 acre and 2 acre minimum lot sizes on the 53.4 acres "spot" zoning and is "spot" zoning illegal? First of all this is Not "spot" zoning and "spot" zoning is not per se illegal as the question/statement suggests. The Wisconsin Supreme Court in *Rodgers v. Menomonee Falls*, 55 Wis. 2d 563, (1972), a case involving the rezoning of 42 acres of land stated that: "No authority can be found where rezoning a tract as large as the 42-acre tract involved here was called "spot" zoning." The court in its analysis stated that the size of the tract rezoned indicates that "spot" zoning is not involved. Although the current proposal is not "spot" zoning, the Wisconsin Supreme court in the *Rodgers* case and others has consistently stated that "spot" zoning is not per se illegal because zoning is a legislative function, judicial***

*review is more limited and the courts do not substitute their judgment for that of the legislative body that makes the zoning decision.*

Debra Koenig – (sent after the meeting)

1. Would a referendum allow River Hills to raise taxes sufficiently to pay off the Eder debt? This would be a very democratic way to determine if people want to put their money where their mouths are (I think there are very few people in favor of this currently if tonight's presentation is any indication). This might particularly be the case if the referendum indicated that the Village was putting lots up for sale (which would reduce the need for increased taxes), and because of this, MMSD was willing to go ahead with the conservation part of the project. See #4, below.

*A referendum would allow the Village to increase the budget (levy) in order to continue to provide services to the residents. In order to repay the debt, the Village would have to increase the levy \$2.8 million, which would be cause for a huge tax increase. The municipal levy calculation currently allows for debt payments which are considered separately from our operating budget. Starting in 2025, the payment for principal and interest will increase from \$45,372.50 to \$242,372.50 for the development. Payments continue at or close to this amount until 2030 when a payment of \$1,883,557.50 is due. The Village could continue with the debt schedule as forecasted which would increase the tax rate for residents from 2025 through 2029 and then in 2030 the village would probably have to refinance the loan payment of \$1,883,557.50.*

2. To get a sense of how much taxes would have to increase, what is the term and terms of the existing debt. It sounds like it's at 1.8% interest, which is very attractive. What does the payment schedule look like?

*The borrowing is over a ten-year period. The first four years of the debt schedule are for interest payments totaling \$178,843.27 which was capitalized and set aside. The next six payments are \$242,372.50; \$206,822.50; \$243,327.50; \$246,146.25; \$243,512.50; and \$1,883,557.50 in 2030. The true interest cost for the borrowing is 1.3964585%. The plan was to refinance the final payment in 2030 if it has not been paid off at that time.*

3. I realize a referendum would take time. Would it be possible to move on parallel tracks to negotiate a development agreement contingent on the referendum not passing? If not, the land would still have significant value - maybe even more so with inflation such that the price would rise. What are the issues with delay, other than some disappointed developers?

*I am not sure that a developer would want to move forward on something that a referendum may not allow. This matter would have to be researched in greater detail.*

4. I'm surprised that MMSD is not interested in doing the conservation part of the project without development. It would just allow them to capture more runoff. We should confirm that's the case. Would they still be willing to do it if a certain number of lots were to be available for sale? That would make the lots more valuable (because of the conservation easement), and would satisfy Save River Hills.

***That is the case – MMSD is not interested in doing the conservation part of the project without the development that was proposed.***

5. Is part of what is going on here the fact that we seem to have a structural deficit and we're trying to work our way out of it by having a larger tax base? If given the TID, all the taxes from these new homes go to pay off the debt, don't the rest of us have to pay increased RE taxes to cover the variable costs associated with this new development like fire and policing until the TID is paid off? And, doesn't the increased tax base allow River Hills to raise taxes on the rest of us. Is this really a long game that after the TID is paid off, we'll have a bigger tax base to support fixed costs and the variable costs won't increase by much. If so, there should be a model that supports this, and it should be explained this way. Maybe this would be a selling point.

***Ehlers who is the financial advisor to the Village has forecasted that when the TID closes and the value of the property is added to the tax base, the tax rate is projected to decrease \$1.75 per thousand for equalized value. The deficit that we have is related to the municipal tax levy and how it is calculated. The 2020 borrowing covered 3 years of borrowings that were refinanced which saved the village approximately \$300,000 – it also decreased our ability to include the amount in the levy calculation. The village was forced to cut that amount from the budget.***

6. I think I'm pretty sophisticated financially, but I did not understand the financial presentation tonight. Can someone boil it down so it's understandable. I assume it was presented because the Board felt it would garner support for the project, but, unfortunately, it seems to have backfired. If not, what was the purpose? It might help us understand the material.

***The budget information was presented because the residents at the meeting at Cardinal Stritch did not believe that the village is having an issue with funding our budget. The information presented showed that for next year's budget, the village has to use fund balance to offset our operating budget. We only have so much set aside and we need to build our reserves rather than reducing them. The state has us locked down so that we cannot increase our budget to offset the increases that we are experiencing. In addition, 81% of the budget is based on wages and contracted services – we don't have the ability to cut back unless we begin to cut services.***

11/1/21 - Constance Ganapes - What was the basis of the Eder lawsuit against the village and why did the village relent and buy the property after declining so many times due to lack of funds?

***The Eder lawsuit alleged three claims:***

***1) that the Village could not enforce its zoning code requiring single family residential development because as alleged by them, the Village's comprehensive plan was not in compliance with the state statutes on comprehensive plans;***

***2) the Village did not provide them with due process by denying their application without referring their application to the Plan Commission and holding a public hearing;***

3) *that the Village's zoning ordinance requiring single family residences with minimum lot sizes of 1, 2 or 5 acres was in violation of the Federal Fair Housing Act (FFHA) in that they alleged the Village ordinances had a disparate impact on persons protected under the FFHA.*

*The Village denied all of those claims and was prepared to litigate all of them if a settlement could not be reached. That would have led to protracted, expensive and disruptive litigation for a small community like River Hills. The ability of the Village to control the property as compared to the property remaining in private hands and the Village having to react to a private property owners decisions was always a significant consideration. The concerns that I outlined in my presentation were intended to point out that it was not an easy decision but as with all negotiations, there are two sides to it, the Village and the property owner.*

*Lack of funds was not the driving factor for the Village, the question was what was a reasonable amount to pay as the Trustees are just that; trustees of the taxpayer's money. At different times in the earlier discussions, negotiations and the litigation settlement negotiations, there were different factors that were considered due to the changing nature of the complex situation. However, the Village's primary consideration was always about arriving at a way to acquire the property at an amount that was reasonable in light of the competing interests involved.*