

CITY OF ONALASKA MEETING NOTICE

PLEASE NOTE
MEETING
LOCATION

COMMITTEE/BOARD: Plan Commission
DATE OF MEETING: June 16, 2016 (Thursday)
PLACE OF MEETING: Omni Center, 255 Riders Club Road, Onalaska, WI 54650
BANQUET ROOMS
TIME OF MEETING: 6:30 P.M.

PURPOSE OF MEETING

1. Call to Order and roll call.

Consideration and possible action on the following items:

2. Presentation by the City of Onalaska on the draft Payment in Lieu of Taxes (PILOT) Program Ordinance. (Proposed draft PILOT Program Ordinance available on the City of Onalaska website under "News & Announcements".)
3. Public Input Session.
4. Adjournment

At no time during this meeting will any action or voting be made on this or any other issue.

PLEASE TAKE FURTHER NOTICE that members of the Common Council of the City of Onalaska who do not serve on the commission may attend this meeting to gather information about a subject over which they have decision making responsibility.

Therefore, further notice is hereby given that the above meeting may constitute a meeting of the Common Council and is hereby noticed as such, even though it is not contemplated that the Common Council will take any formal action at this meeting.

NOTICES MAILED TO:

* Mayor Joe Chilsen, Chair

Ald. Jim Binash

Ald. Jim Olson

Ald. Jim Bialecki

*Ald. Bob Muth

Ald. Barry Blomquist

Ald. Harvey Bertrand

* Jarrod Holter, City Engineer

City Attorney Dept Heads

La Crosse Tribune Charter Com.

Onalaska Holmen Courier Life

WIZM WKTY WLXR WKBH

*Jan Brock

*Paul Gleason

*Knute Temte

*Craig Breitsprecher

* Andrea Benco - Chair Parks & Rec.

** Victor Hill - Vice Chair Parks & Rec.

JD Manske Family Land Holdings, Inc.

Onalaska Public Library

Date Notices Mailed and Posted: 6-8-16

In compliance with the Americans with Disabilities Act of 1990, the City of Onalaska will provide reasonable accommodations to qualified individuals with a disability to ensure equal access to public meetings provided notification is given to the City Clerk within seventy-two (72) hours prior to the public meeting and that the requested accommodation does not create an undue hardship for the City.

Payment in Lieu of Taxes

3-5-1 Payment in Lieu of Taxes

Sec. 3-5-1 Payment in Lieu of Property Taxes (“PILOT”).

- (a) **Purpose.** There is created a fair share payment in lieu of taxes program in which the City seeks payments from owners of tax-exempt properties in recognition of the services those properties receive from the City. Payments received through this program are intended to diversify the City’s revenue sources, compensate the City for lost revenues resulting from the large portion of the City’s land area that is tax-exempt and reduce the subsidy of service provision to tax-exempt properties by owners of taxable properties. By creating this ordinance, the City seeks to generate additional revenues needed to maintain the high level of services it provides to residents, businesses and visitors, even during times of limited financial resources and challenging city budgets.
- (b) **Definitions.**
- (1) "Assessor" is the City of Onalaska Assessor
 - (2) “Owner” means a tax-exempt organization or institution that owns or intends to acquire real property in the City of Onalaska.
 - (3) “PILOT” means Payment in Lieu of Taxes.
- (b) **Administrative Authority.**
The City Finance Department is authorized and directed to carry out the program established in this section, with assistance to be provided by other City departments as noted.
- (c) **Procedure.**
- (1) **Initiation.** The procedures described in this subsection shall be initiated by the Finance Department whenever the City Planning Department or Assessor receives a new application for property tax exemption or whenever the Planning Department notifies the Assessor and Finance Director that an Owner has demonstrated its intent to expand, improve, replace or acquire a facility, as evidenced by an application for a site plan, , development agreement, zoning change, conditional use or variance.
 - (2) **PILOT Project Profile.** The Planning Department shall contact the Owner regarding the possibility of an agreement to make payments in lieu of taxes to the City. As part of this communication, the Planning Department shall provide the Owner with a new Pilot project profile form on which the Owner is asked to provide the information about the tax-exempt institution and its existing and proposed facilities that is necessary for development of a PILOT. The Planning Department shall ask the Owner to submit for the new PILOT project profile form and the master plan for the project.
 - (3) **Communication.** Once the Owner submits the new PILOT project profile form and master plan showing existing and proposed facilities, the Assessor shall calculate the anticipated amount of the PILOT and the Finance Director, Attorney and a representative from the Planning Department shall discuss the formulation of the PILOT agreement and the amount of the annual payment with the owner.

- (4) Guidelines for establishing PILOT amount. The PILOT amount shall be calculated by multiplying the value of the owner's property by the City's mill rate each year in which the property is determined to be tax exempt. The Assessor shall estimate the value of the tax-exempt property, including both existing facilities and new construction, using standard appraisal methodologies that the Assessor deems most appropriate.
- (5) PILOT Agreement. The Attorney's office in conjunction with the Finance Department shall draft the PILOT agreement between the City and Owner. If the Owner's tax exempt property contains multiple buildings or facilities and the Owner anticipates multiple alterations to the buildings or facilities, the agreement may take the form of a comprehensive agreement that applies to all buildings and facilities on the property. The provisions of a PILOT agreement may include but shall not be limited to the following:
- a. The parties agree that the City will provide the Owner's property with public services typically funded by the property tax, such as fire and police protection, street maintenance and street lightening.
 - b. The Owner of the tax exempt property understands that it may still be subject to special assessments, special charges, special taxes or fees charged by the City pursuant to the City's statutory authority.
 - c. The Owner agrees to pay an annual PILOT for the tax-exempt property. The method of calculating the PILOT shall be specified, as shall the technique for annually adjusting the PILOT for inflation.
 - d. The Owner shall pay the entire PILOT on or before January 31 of the year following the tax year for which the PILOT was calculated. Alternatively the Owner may pay ½ of the PILOT on or before January 31st with the other ½ being paid on or before July 31st.
 - e. The City may use the PILOT revenues for purposes it deems appropriate. The Finance Director shall treat all PILOT payments as general fund revenues and accounted for specifically in the General Property Taxes category.
 - f. The City reserves the right to grant or deny the Owner's application for tax-exempt status, pursuant to § 70.11, Wis. Stats. If the City grants tax-exempt status, the City may review, reconsider and, if necessary, altar that tax-exempt status each January. If part or all of the property does not qualify for tax-exempt status, the impact on the PILOT shall be specified.
 - g. The agreement shall be considered void from the date of its execution if the Owner does not become the holder of legal title to the property by December 31 of the tax year or if the Assessor determines that the property is no longer tax exempt.
- (d) **Execution.** The PILOT shall be executed when the Owner of the tax exempt property, the Mayor, the Clerk and the City Attorney have signed the Agreement.
- (e) **Awareness.** The Planning Department along with the Assessor shall develop, implement and continuously maintain a campaign to create awareness of the faire share payment in lieu of taxes program among property owners requesting exemption and current owners of tax exempt properties.
- (f) **Impact.** Whether or not an Owner has entered into a PILOT shall not have an effect on the property's tax exempt status.
- (g) **When Required.** A PILOT agreement shall be a voluntary agreement except in all instances in which the City can legally require a PILOT, for example a conditional use permit, development agreement or other similar agreement or condition.

To the city of Onalaska and it's planners,

I recently received the letter from the city of Onalaska and found it rather concerning. We as a church recently went through this PILOT process for the Soon to open day care that is starting in our facility. We were told about the PILOT program part way through the process of getting our conditional use permit. It became a strong arm that the city used against us saying basically, "you sign and pay or we are not giving you the conditional use permit." We reluctantly compromised and began the process of starting the day care.

The mayor, financial planner, city planner and lawyer seem to feel this is a good idea for the community.

At Rivers Harvest our current square footage that was deemed a day care was roughly 4,000 square feet. With this square footage the city was going to implement a \$2,100 dollar PILOT. In the present proposal the city would do the same to the churches. They are leaving it ambiguous concerning the value and mill rate. If this proposal was extended to our present facility, our church would begin paying a PILOT fee of 8 to 10 thousand dollars on the whole facility. This does not include the land or other structures, or the value that they would assess on the property.

Certain Questions that come into play with this proposal.

1. Wouldn't it become easier to not maintain our properties because they may be taxed more?
2. Wouldn't this take away all incentive of churches to add on to their facilities?
3. Does the city want to take away the prospect of new churches coming into town?
4. For smaller churches with tight budgets, do you want them to go out of business?
5. Specifically concerning us:
 - Which of our ministries do the city fathers want us to cut out of the church?
 - Do you want to cut out our 'River of Recovery' group that ministers to those with addictions?
 - Maybe it's our youth group or children's ministry?
 - Maybe it's our outreach to the poor and needy which recently fed over 400?

Be assured there will be something cut out. So which ones do you want to eliminate?

The list from the other churches would be similar to ours, but varied. The truth is that we as churches and pastors do some of the things for the community that you as a government would never do. Nor would you pay for it.

Our people are being asked on a regular basis to support what we do as a church. This is beyond all there other bills. The support is all voluntary. These people already pay taxes.

Looking around the state there were a few cities that are the population and size of Onalaska. Here are the total expenditures in there budgets.

Wisconsin Rapids: Spends 18 Million a year
Howard: Spends 5.5 Million a year
Menasha: spends 16.7 Million a year
Menomonie: spends 14.3 Million a year
Ashwaubenon: spends 14.6 Million a year

The two highest with the population of Onalaska are.....
Onalaska: which Spends 22 million a year
Middleton: which spends 24.8 million a year

That means Onalaska is at the top of the cities in Wisconsin in spending for it's size.

When compared to LaCrosse per capita. Onalaska spends just as much as LaCrosse.

The point being that this city spends (per capita) on the higher end of all cities in the state. The only difference is that (if it's true on your balance sheet?) The city of Onalaska has a balance of 52.3 million at the end of 2015 whereas all the other examples balance there budgets out. If this figure of 52 million (that was on the web site) is not a true picture of the cities budget balance, The other figures still show that this city is taking in finances at a higher level per capita than other cities of it's size. Which is great for the city, but maybe a reason we shouldn't go after churches for more.

When it comes to the churches. How much does the city want to generate from the churches? If this proposal were to pass, why is it done in a slow phase? Is this so we as churches will swallow the pill? Hey, if it doesn't affect me right now, why worry right? This is not the best idea for this city. It is not a good precedence for the state.

NOT TO MENTION, AGAINST THE FEDERAL & STATE TAX CODES
If the city generates 250,000 from the churches, is this enough? It's only 1/88th of the cities budget. If it's not enough, do we change the rules that govern churches later on? This is why it's a bad idea. It's a form of callousness that I don't believe this city needs and it should be halted for the churches and it's ministries.

Thank you for your consideration,

Andy LeFebre

Pastor of Rivers Harvest Church

Wisconsin Rapids 18,367

Middleton 17442 Approved Expenditures 24,789,000 (Balance 250,000)
(<http://www.ci.middleton.wi.us/DocumentCenter/View/3258>)

Howard 17399
Expenditures 5,539,300 approved Balance: Balance of 2015 2,795,723

Menasha 17,353
Expenditures: 16,757,348 Balance: Nill
<http://www.cityofmenasha-wi.gov/content/departments/finance/documents/2016%20Draft%20Budget-CIP.pdf>

Menomonie 16,963
Expenditures 14,363,355 Balance 1,013,023
http://www.menomonie-wi.gov/index.asp?SEC=2CE3E306-E0EB-48FA-9D5A-E0EA61464666&Type=B_BASIC

Ashwaubenon 16963

Total Expenditures: 14,667,692 Balance: 5,350,679

<http://www.ashwaubenon.com/Portals/Ashwaubenon/Departments/Finance/Documents/Final%202016%20Budget%20Book%20-%20Online%20Version.pdf>

LaCrosse Wis 2016
Expenditures 71,704,608
Population 51,522

51,522/17736

Aspenson, Katie

From: Stephen Kinyon <stephen.kinyon@gmail.com>
Sent: Wednesday, June 15, 2016 12:47 PM
To: Aspenson, Katie
Subject: PILOT

Follow Up Flag: Follow up
Flag Status: Flagged

What has changed recently that makes Onalaska want to charge non-profits and churches for services? Anything? Onalaska has gotten along just fine for the last 150 years without charging non-profits and churches.

Perhaps Onalaska would like to pay non-profits and churches for all the services they render to Onalaska residents. If these entities were not around, Onalaska would have to pay for those services.

By the way, what about separation of church and state? Come on, PILOT is a tax, no matter what name you call it.

If Onalaska needs more money, increase taxes. Don't fool around with principles.

Steve Kinyon

Aspenson, Katie

From: Jeffrey Moorhouse <jeffm@paragon-assoc.biz>
Sent: Thursday, June 16, 2016 10:48 AM
To: Aspenson, Katie
Cc: Pastor Park
Subject: PILOT tax public forum 6-16-2016

Katie,

I am requesting that the following be read and be made part of the record of the meeting tonight:

To the Leaders of the City of Onalaska:

I am not able to attend the public forum tonight but I would still like to stand up OPPOSED to this tax. The PILOT program is a tax and is nothing but a misguided money seeking adventure.

Over many years of existence, our society took the high road and has established rules and conditions for an organization to be tax exempt. These rules were purposefully guided considering both the human condition and sound reasoning. This action of creating tax exempt status was not considered lightly or without wisdom. So important was this topic that it was ultimately adopted by our Federal Government for our Nation.

I find it hard to believe that the leaders of City of Onalaska would insult the men and women who created the tax exempt laws in the first place by finding themselves so superior in wisdom and reason as to question the validity and purpose of the laws created to protect the public interest! Is the ignorance at City Hall so profound as to think that the leaders of the past somehow did not fully understand the consequence of tax exemption? On the contrary; our past leaders perfectly comprehended the costs as well as the benefits.

If the City does not like the law, then move to change it. If the only interest here is to improve the balance sheet of the City, the wisdom is folly and the reasoning unsound. We do not need to take the low road in this City to satisfy the budget.

Jeffrey S. Moorhouse
1979 Sandalwood Dr.
Onalaska, WI 54650

ONALASKA UNITED METHODIST CHURCH

LOCAL PUBLIC BENEFITS PROVIDED BY ONALASKA UMC

The traditional legal basis of the tax exemption for non-profit and religious institutions is that they provide services that the local government might otherwise have to provide. **The value of time, meals, donations, and other services provided by Onalaska UMC and its members to our local community in the past year is estimated to be \$205,721.**

This does not include our missional commitments outside the Onalaska area, the impact of OUMC on local arts and culture, or the financial impact of people who attend our programs on the local economy.

- During the school year, our Wednesday evening SOAR program provides a free meal and two hours of educational programming to students grades 5-12 and their families. Community families participate in this program. We typically serve about 70 people a week for 36 weeks, or an estimated 2,520 meals. **Estimated value: \$12,600 (meal) + \$50,040 (programming)***
- OUMC's Community Dinner on the second Tuesday of the month offers a free, hot meal to anyone. Participants include poor families, senior citizens, and those who could afford their own dinner but appreciate the fellowship. County institutions such as the Extension Office sometimes use this meal as a forum for community outreach and education. We serve 120-140 people each month, or around 1,600 meals a year. Surplus food is donated to the Salvation Army. **Estimated value: \$8,000 (meal)**
- Our annual Vacation-Bible School provides a free meal and 2.5 hours of education programming to children and families. Many community people participate in this summer event. We typically serve about 130 people a night (70 kids plus parents and volunteers) for five nights. **Estimated value: \$2,600 (meal) + \$8,750 (programming)**
- We host an after-care program for elementary school kids whose parents are not home in the afternoon. Students come to OUMC 3:30-5:00pm for a healthy snack, help with homework, and some recreational activities. **Estimated value: \$1,330 (snack) + \$9,975 (programming)**
- Our youth have Make-A-Difference nights periodically throughout the year. About 20-25 people have participated. The kids have led bingo at an assisted living facility, collected 2,000 cans of soup for Salvation Army, made dog toys for the Humane Society, baked cookies for college students, collected/sorted items for the clothing closet, shoveled snow for neighbors, and raked yards for the elderly. **Estimated value: \$2,200 (goods) + \$735 (services)**
- Clergy associated with our church provide counseling, funeral and wedding services to non-members. This time is often donated, or if compensated are heavily discounted because the church pays for our expenses. In the past year, OUMC clergy have performed three non-member weddings, four non-member funerals, and a few dozen hours of counseling services. **Estimated value: \$4,700 (services)**
- Clergy from Onalaska United Methodist Church provide hour-long worship services at two local nursing homes each month, serving over 40 people monthly. We do extra services at Easter and Christmas. We provide this comforting ministry to approximately 600 people annually. **Estimated value: \$2,700 (speakers)**
- Stephen Ministers are highly-trained lay ministers who provide ongoing support to people experiencing difficulty (grief, marital distress, illness, financial trouble, etc.). OUMC's Stephen Ministers provide care to an average of 20 people weekly. **Estimated value: \$20,800 (services)**

- Onalaska UMC is a major supporter of the Onalaska/Holmen Food Basket through monthly collections of food and donations. At Christmas 2015, we donated our entire Christmas Eve offering to the Food Basket. **Estimated value: \$7,274 (food and cash)**
- The CROP Walk is an annual event raising money to fight hunger and poverty; much of the money raised stays in the local community. OUMC is regularly one of the top supporters. This year we had 37 walkers who raised \$2,600. **Estimated value: \$2,600 (donations)**
- The St. Nicholas Fund is used to help families in need at Christmas with presents and meals, and during the rest of the year helps with significant one-time needs such as a car payment or repair, rent assistance, transitional living, etc. **Estimated value: \$2,500 (financial support)**
- Onalaska UMC provides limited support in the form of food and gas cards to local and transient people in great need. **Estimated value: \$455 (gift cards)**
- The Compassionate Community Faith Alliance (CCFA, formerly AMOS) is a La Crosse-area interfaith social justice ministry providing services including transitional support for released prisoners, food pantry support, and other services. Onalaska UMC supports the CCFA with donations and volunteer support. **Estimated value: \$600 (financial support) + \$480 (services)**
- Onalaska UMC supports the Common Ground ecumenical college ministry in La Crosse. We have donated cash, goody bags, and food. Following the campus bomb threat this spring, we provided food for students locked out of the cafeterias. Two volunteers from OUMC provided handyman support for the Common Ground mission trip to Wounded Knee, SD. Other volunteers cooked pancakes and grilled hotdogs for students during finals week. **Estimated value: \$650 (financial support) + \$2,970 (services)**
- Onalaska UMC hosts multiple Red Cross blood drives per year. In this calendar year, we collected 105 pints of blood which can save up to 315 lives. **Estimated value: \$15,750 (blood)**
- Volunteers from Onalaska UMC do check-in, serve overnight shifts, and prepare 20 meals for the La Crosse warming center every Sunday night over the winter. **Estimated value: \$2,600 (meals) + \$3,315 (services)**
- We support La Crosse's Feed the Kids program which packs lunches for low-income and at-risk children in the La Crosse area by packing ten meals over the summer, with at least 8 volunteers helping with each meal. **Estimated value: \$1,400 (services)**
- Head Start provides childcare and early education services to 18 children at our facility. Childcare is a needed resource in our community. The wait list is so large that Head Start is considering opening a second classroom in our facility. We donate much of their space, saving them considerable rent money. **Estimated value: \$40,697 (donated space)**
- Church members supported 100 local children through the Giving Tree at Christmas.
- The Bible Study Fellowship, which meets at OUMC Wednesday mornings during the school year, brings 300 women and children from the greater La Crosse area to our community. Other organizations that meet regularly in our space include the Coulee Classics Car Club, Three Rivers Quilt Guild, and Voices of the Baroque music group. A local music teacher uses our building for lessons. We will soon host a Strong Seniors weekly exercise program. Many of these visitors shop, eat, or buy gas in our area, supporting the local economy.

In addition to local benefits provided by Onalaska UMC, we support regional and global missions...

- Methodist missions and ministries worldwide: \$62,220
- Emergency disaster relief through UMCOR: \$2,676
- Imagine No Malaria campaign: \$2,200
- Multiple mission trips for our youth and adults.

*For these estimates, we value a meal at \$5 and an hour of childcare and programming at \$10.

HISTORICAL BACKGROUND FOR TAX EXEMPTION OF CHURCHES

Tax exemption for churches (research from <http://churchesandtaxes.procon.org/>)

1. English law recognized that churches relieved the state of some governmental functions and deserved a benefit in return. This tax exemption was incorporated in the English Statute of Charitable Uses Acts of 1601, which was the basis of American law on tax exemptions for charities.
2. At the time of the American Revolution, nine of the thirteen colonies were providing some kind of tax relief to churches. Virginia passed a property tax exemption for churches in 1777; New York did so in 1799.
3. Churches were exempted from federal income tax in 1894. This exemption was repeated in the Revenue Act of 1913, which established our modern American income tax system.
4. The US Supreme Court upheld this exemption in 1924's *Trinidad v. Sagrada Orden*, writing "the exemption is made in recognition of the benefit which the public derives [from churches'] corporate activities."
5. In 1970, the US Supreme Court upheld property tax exemptions for church in *Walz v. Tax Commission of the City of New York*. This 8-1 decision of the justices defended the tax benefit on the basis that churches "foster [the community's] moral and mental improvement." The court warned that taxing churches would be a violation of the Free Exercise Clause of the First Amendment.

PILOT fees

1. The most common use of PILOT fees is for a higher level of government to reimburse a lower level of government for publicly-owned land. Under Public Law 94-565, enacted in 1976, the federal government began a program of making payments in lieu of taxation to local governments affected by this reduction in their tax bases. Some states make payments in lieu of taxes to local governments for state-owned universities or schools.
(https://en.wikipedia.org/wiki/Payment_in_lieu_of_taxes)
2. According to the Chancellor of the New Jersey Conference of The United Methodist Church, PILOT fees are often paid by the federal or state government to local governments for housing projects and nursing homes. State statutes specifically exempt churches from these fees. The trend in New Jersey is that municipalities are refusing to extend PILOT agreements with HUD facilities
3. According to the Chancellor of the Michigan Conference of The United Methodist Church, a similar ordinance was proposed to charge a fee for emergency services to non-profits (eight churches, an American Legion, and a church school) in a Michigan township. The United Methodist Church was preparing to legally challenge this because the ordinance showed that the fees would clearly cover services otherwise paid for by property taxes, and thus was essentially a tax disguised with a different name. However, the ordinance was voted down before this legal challenge became necessary.

**Payment in Lieu of
Taxes (PILOT)
Public Forum –
Listening Session**

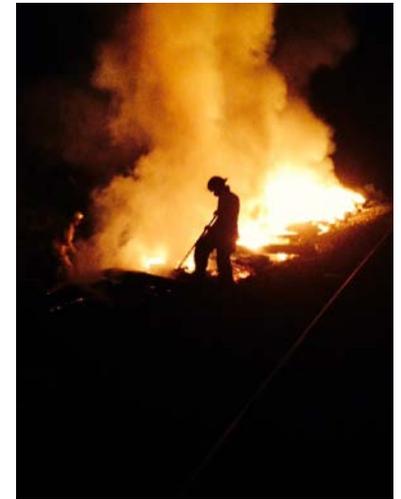
**Plan Commission Meeting
June 16, 2016**

Presentation Topics:

- Purpose of the proposed draft PILOT Ordinance
- When PILOTs would be initiated
- How PILOT rate is calculated

Purpose of PILOT Ordinance:

- Creation of a program where Onalaska receives payments from tax-exempt properties in recognition of provided City services.



PILOTs initiated when proposed by a tax-exempt agency:

- New building or building expansion/addition/change in use that would require a Development Agreement;
- New building or building expansion/addition/change in use that would require a Variance;
- Purchase of taxable land to convert to tax-exempt property;

PILOTs initiated when proposed by a tax-exempt agency:

- A change in “use” of property that would require a Conditional Use Permit;
- A change in building use/business that would require Rezoning to a different zoning district; and/or
- New building or building expansion/addition.

PILOT Rate Calculation:

- PILOTs reflect ONLY Onalaska's Mill Rate:

Mill Rate*: .00649909

X

Assessed Value =

Annual PILOT Payment

*Does not include any other taxing entities.

*Mill rate is adjusted on an annual basis.

Public Input – Order of Operations:

- Statements / Questions by Public
- City Staff will answer questions after all public comment has been made.
- There will be not be discussion by the Plan Commission at tonight's meeting.

Next Plan Commission Meeting:

- June 28, 2016 @ 7:00 P.M.
- Onalaska Common Council Chambers
- City Hall, 415 Main Street