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## Washburn moves forward with solar options for the city

8 hrs ago

WASHBURN – The Washburn City Council made two important decisions Monday night: councilors authorized Chequamegon Bay Renewables to move forward with plans to study and construct solar photovoltaic in Washburn and they slowed down the process of development on the city-owned Omaha Street property until they can determine what is best for the city.

After approving two ordinance rewrites related to erosion control during construction and storm run-off, the council listened to Bill Bailey give a presentation on the merits of solar energy and how it can be accomplished in Washburn with help from CBR.

CBR, he explained, has been around for two years, managing a website and supporting solar initiatives, such as Bayfield Electric's new solar farm in Iron River. It only recently became a non-profit with a board of directors and a team of 10 experts, which now enables them to apply for grants, such as the one CBR submitted on March 17.



“We applied for a grant from the Department of Energy’s Sunshot initiative called Solar in Your Community Challenge,” Bailey said. “This grant is unique in that the funds are used for seed money to develop a project.”

The project that Bailey, president of CBR, proposed on Monday is that CBR would act as an agent coordinating efforts by Bayfield County, the City of Washburn and the School District of Washburn to install solar PV at their respective locations. Having three stakeholders, he explained, decreases the cost of the project. Though the grant award wouldn’t pay for installation, it does pay for engineering studies, legal work, and financial consultation.

“The problem is always money,” said Bailey, who has devised a creative financing solution based on models used throughout the United States for solar system purchase and installation. “There are two types of investors: equity investors and non-equity investors. An equity investor is someone who pays a lot of taxes and needs to offset his income. A non-equity investor is anyone willing to give out a loan, hopefully, with a relatively low interest rate.”

He quoted possibly three to four percent with a payback schedule negotiated with each investor.

“It could be eight years or 10,” Bailey said. “It all depends.”

None of the stakeholders would invest any money. Obviously equity investors are the ideal, he said, though harder to find.

The energy generated from these panels would be added to Xcel’s grid and applied to a net metering system – a billing mechanism that credits solar energy system owners. The city would continue to pay monthly electricity bills but eventually, all the stakeholders would not only own these systems but also pay zero in electricity bills.

If CBR gets the grant, which will be announced in a few weeks, the team will proceed with the project in May beginning with legal agreements between the entities involved. Meanwhile, the team is preparing preliminary engineering plans, which includes suggestions for PV sites and capacities.

“It’s a win-win for everyone,” Bailey said.

Washburn approved the resolution unanimously.

The city has been trying to figure out what to do with the Omaha Street property for months, even years. Recently the city requested RFPs for the property. By March, two proposals came back, one from Movin' Out, Inc., an affordable housing developer, and one from Redevelopment Resources LLC, a consultant recently turned developer.

The council considered both proposals at the March meeting, at which Redevelopment Resources stipulated it would only proceed if the city paid for a detailed market analysis (cost \$10,000). If favorable, they would consider adding some higher end housing and maybe some commercial development. The city took no action.

Since March, the two entities decided to collaborate and Movin' Out agreed to pay for the market analysis. On Monday, the new partners presented a joint proposal and requested the city authorize a negotiation contract — in other words make a sincere commitment to the project.

The loophole, as discovered later in the meeting, showed that should the market analysis indicate that what Redevelopment Resources has to offer isn't sustainable in the community, they would leave the project. However, the city would still be obligated to Movin' Out.

At first, Councilors Kristy Jensch, Jeremy Oswald and Linda Barnes supported the joint proposal, citing that more low and high-end housing is desperately needed in Washburn. Councilors Jen Maziasz and Robert Arquette were skeptical, and Councilors Mary McGrath and Mary Nowakowski were adamantly opposed, each for different reasons.

"I think the decision needs to be citywide if we're going to give away one of our city jewels," said McGrath, referring to the property's proximity to the lake and the downtown core.

Nowakowski said she supports affordable housing in Washburn, but isn't sure this is the right location.

"We need to generate more tax revenue," she said on Tuesday. "The intent of getting that property back from John Weinel was to increase our tax base. And that's what council agreed to do."

But because Movin' Out projects are financed in part with tax credits administered through the Wisconsin Housing and Economic Development Authority, this would not provide much of a tax-base increase.

"The problem is property taxes would not be calculated on construction value but on assessed rental value," Nowakowski explained.

Citing the example of a Movin' Out project in Stoughton, which cost \$7 million, she said tax records reveal that the assessed rental value of that property was \$970,000 and the tax bill only \$21,000.

"That's one seventh of the actual construction cost," she said, "and who knows how much they'll be asking for TIF dollars, (Tax Incremental Financing)."

Several audience members voiced their opinions too.

"We're not going to get any tax benefit from this," John Carlson agreed.

There were supporters as well, including Sharon Stewart, and Carla and Peter Bremner, who said he's lived here for 30 years and for most of those years there has been much debate about that property.

"Nothing has happened yet," he said, but he wished it would.

Dave Anderson, from the Washburn grocery family, added, "Washburn's a hard nut to crack...I don't want this property squandered away. I'm wholeheartedly opposed to this project and I know a lot of other business owners are too."

After hearing everybody's opinion, the council decided not to take action at this time. Instead they are going to explore other options, also perhaps pay for their own market analysis and involve the public more. A referendum was even discussed. Though the offer from Redevelopment Resources LLC and Movin' Out, Inc. is set to expire, there's no telling if these partners will be moving out or sticking around for possible future consideration.

Two councilors retired on Monday, Jensch and Barnes. Mayor Scott Griffiths honored them both verbally and with a cake from Coco's. Jensch has served for 10 years in District 1 Ward 1 and is being replaced by incoming Councilor John Gary. Barnes has served four years in District 2, Ward 2/3 and is being replaced by returning Councilor Richard Avol. The next council meeting is May 15.

