



MINUTES
PLAN COMMISSION
City Hall Forum - 100 State Street, Beloit, WI 53511
7:00 PM
Wednesday, August 18, 2021

1. CALL TO ORDER AND ROLL CALL

Meeting was called to order at 7:00 PM. Chairman Weeden, Commissioners Toral, Ramsden, Robson, Ruster, Finnegan, Anderson, and Councilor Preuschl were present.

2. MINUTES

2.a. Consideration of the minutes of August 4, 2021 Plan Commission meeting

Motion was made by Commissioner Ruster, seconded by Commissioner Robson to approve the minutes. Motion carried, roll call vote (7-0).

3. REPORTS

3.a. Consideration of proposed Ordinance No. 3719 to create, amend, repeal various sections of the Zoning Ordinance, Chapter 19 of the Code of General Ordinances of the City of Beloit pertaining to zoning of medical facility uses

Julie Christensen, Community Development Director, presented the staff report and recommendation.

Commissioner Weeden opened the public hearing.

Tim Feeley, attorney for the Beloit Health System, provided a hand-out to the Plan Commission. He stated he believes that the Ordinance is controversial because it affects the permitted uses by right for Beloit Health Systems. It restricts the Health Systems' opportunity to expand in those locations in the future. A conditional use is not a permitted use by right and is a significant limitation to expand and develop in the future.

One of the properties with that issue is the office at 1904 Huebbe Parkway. It has always been used as a medical clinic, but since COVID, it was converted to a laboratory use to provide vaccinations and testing. Mr. Feeley stated that if it had to have a Conditional Use, it would have been required to go through the public hearing process through the Plan Commission and the City Council. This could result in the clinic not being able to provide public safety to the community.

Mr. Feeley explained that on page two of the handout he passed out, the Comprehensive Plan was last updated in 2018, and it outlines the uses allowed under the office category which includes medical centers and medical offices. He

asked why would the City want to change the permitted use to a conditional use, which would limit the facility's opportunity to expand in the future. He went on to explain that a City or Village cannot enact or amend a zoning ordinance that is in conflict with the Comprehensive Plan without going through amending the Comprehensive Plan and all the Public hearings. Current zoning and the plan are for institutional uses like medical centers and medical office buildings.

Mr. Feeley states that he does not think it is an appropriate change for the City Council and Plan Commission if the City is interested in protecting the public health and safety of the community. Beloit Health System has vested right under the Wisconsin Law, and it will negatively impact that vested use if the City decides to change those uses to Conditional Uses. Conditional Uses can be limited in terms of duration and may be denied. In addition, Mr. Feeley indicated that he does not believe the notice was sent out correctly, with a map that identifies the properties that would be affected.

Bonnie Wetter, 12228 S County Road K, Chair of the Board of Trustees for Beloit Health Systems, stated she has served on the board since 2004. She is asking the Plan Commission to oppose the new zoning amendment due to the negative impact on the Beloit Health System and the public health of the community. The Beloit Health System has put a lot of heart and energy into the city during the ongoing COVID crisis, and they provide a high level care and maintain financial stability despite seeing disproportionate levels of Medicare, Medicaid, and charity care which has lowered reimbursements from commercial insurance. The Beloit Health System has taken care of the community. The proposed new zoning ordinance restricts its ability to expand at several sites.

Tim McKeveitt, 2318 Boulder Lane, President and CEO of Beloit Health System indicated that he has been with the Beloit Health System and community for 35 years. Mr. McKeveitt asks the Plan Commission to not recommend approval of the proposed amendment and revisions to the zoning ordinance. Beloit Health System is a comprehensive health care organization providing services like emergency room care, physician offices, inpatient care, and 600 inpatients on the COVID unit over the last 18 months, surgical services, cancer, cardiology, and mental health care.

Mr. McKeveitt explained that the ordinance would make it easier for for-profit health care entities to enter the market without the obligation and costs the hospital will encourage maintaining core services like the emergency room and a dedicated COVID unit. These for-profit entities will focus on higher reimbursement commercial insurance patients and will have a negative financial effect on Beloit Health System and the ability to provide care for the entire community.

Mr. McKeveitt indicated that the Beloit Health System is a non-stock non-profit organization. The operating margin is consistent with the industry and averages

only one percent over the last several years. Beloit Health System provides care for patients regardless of their ability to pay and is challenged by having a disproportionate share of Medicare, Medicaid, and charity care at approximately 72 percent. The reimbursement compares to approximately \$35,000 for what a commercial insurance would pay for a hip replacement, and Wisconsin Medicaid pays less than \$5,000. For almost 75 percent of Beloit Health System's business, they receive reimbursement equal to 65 percent of the costs. They manage costs and count on commercial insurance which provides a greater reimbursement to offset these losses. In 2019, the Beloit Health System was shorted on reimbursements which resulted in write-offs of approximately \$700,000,000.

The proposed zoning ordinance makes it easier for for-profit entities to enter the market without the obligations to take care of all residents regardless of their ability to pay, and they will target the more lucrative patients and restrict and limit Medicare and Medicaid patients to their practice. For example, in 2019, Orthollinois saw 11 percent Medicare patients, and Beloit Health System saw 50 percent Medicare. Orthollinois did not list any charity care on the application, and the Beloit Health System gave \$27,000,000 in charity care.

There will be a financial strain on the Health System which may cause them to reduce its core services which will not be in the best interest for the Beloit community. He went on to say that when they built the cancer center, the Beloit Health System did not ask for or receive special treatment for the zoning issue. They followed the zoning ordinance in place, even though the cancer center was not specifically called out in the ordinance.

The proposed new ordinance restricts the Health System's ability to expand in several preexisting locations by changing the approval process to expand or to change the use of the facilities. As a result, they will not be able to provide the necessary primary care, specialty care, and the ability to recruit top quality physicians to the community.

An example is the Family Health Associates building, 1904 Huebbe Parkway that was converted to a COVID testing lab. Had the new zoning been in place, they would be subject to the Conditional Use permit process which may have delayed or restricted the ability to provide service to the community. At that site they provided 25,000 COVID tests, and 30,000 vaccinations.

The Beloit Health System employs a 1,600 team member, and the employees and physicians are generous and active to the community and have provided 70,000 hours of volunteer time to the public non for-profit service organizations. If forced to reduce staff due to economic challenges as a result for-profit facilities that would not be in the community's best interest. Mr. McKevevtt respectfully asked the commission to not to recommend the proposed changes to the ordinance.

Jack Wang, 1067 Ridgeview Drive, Inverness, Illinois, indicated that he has been employed by Beloit Health System since 2007, and he has been practicing since 2003. Mr. Wang sees patients from pediatrics to geriatrics and asked the commission to vote no against the proposed zoning ordinance due to its negative impact on the Beloit Health System and the community. The proposed new zoning ordinance restricts the services and ability for the Beloit Health System to expand. As a member of the Beloit Health System medical staff, he is able to see patients regardless of their ability to pay, and most of them have Medicaid and charity care. Mr. Wang stated this new ordinance makes it easier for for-profit organizations to come to the community who do not do charity care.

Bob Sage, 2288 Cobblestone Lane, Beloit, is a podiatrist at the Beloit Health System and the current president of the medical staff. Mr. Sage wants to thank the commission for letting them speak to them and is respectful of their time. Like his other colleagues said he is here to voice an objection to the zoning amendment proposed by the City staff to create the new category for medical facilities in the City. Zoning laws are created so they can be administered for the benefit of everyone, and it appears the City is looking to favor the outside developer over the facilities in the area including the Beloit Health System.

One of the consequences of this is it changes the medical clinics that are currently listed as Permitted Use by right to Conditional Uses. Mr. Sage does not think this is in the community's best interest as several of the colleagues agree. The new ordinance will make Orthollinois' proposed development a Permitted Use by right. It does not make any sense to favor for-profit entities which as a group traditionally tend to cherry pick the highest paying patients with commercial insurance without obligation to take all the patients regardless of the ability to pay.

Mr. Sage indicated that this change to the zoning laws will hamper the ability to recruit new physicians, and to keep existing physicians as uncertainty over the ability to continue surfaces. They are already battling recruiting issues, trying to get physicians to come to the area that is not located in a large city. Beloit Health System did not ask for or get special zoning treatment and did not want any special zoning treatment. All of these organizations worked with the existing zoning ordinances and input from the elected officials to build and operate at these facilities. The existing zoning laws are adequate and have allowed different health care facilities from different organizations to build and operate in the Beloit area. The city does not need to create new laws which appear inconsistent and have a hint of bias. Mr. Sage states that for those reasons, he asks the Plan Commission to deny the proposed amendment.

Eric Anthopoulos, 1670 Lee Lane, said that he has moved to Beloit recently. He is against the proposed zoning ordinance amendment. Mr. Anthopoulos stated he is

concerned about the ability to expand the service line as a right, if there is a medical need to do so, and he worries it might make it difficult or impossible to deal with Medicaid and Medicare patients.

Mr. Anthopoulos stated that he has quadrupled the number of patients since he started and has had constant communication with the leadership to expand the cancer center, if there is a need to do so. This Zoning Ordinance would complicate or jeopardize those plans. He worries as a provider that this could change their ability to recruit specialists. It is putting more obstacles in place for expansions of their clinics. This will change the ability to provide care for the people in the community. Mr. Anthopoulos asked the Plan Commission to vote no against the new Zoning Ordinance amendment.

Nummo Donald, 430 E Grand Avenue, Unit 300, stated she is here to voice her concerns and objection to the zoning amendment proposed by City Staff. Ms. Donald says she is proud to serve with a dedicated group of healthcare leaders and front-line providers who serve with dedicated passion for the community. Ms. Donald does not know why the city would consider a Zoning Ordinance that will allow Orthollinois to construct an Ambulatory Surgery Center.

Ms. Donald stated that this will place a conditional restriction on Beloit Health System by disabling the Beloit Clinic, UW Cancer Center, the Occupational Health, Sports Medicine, and Family Medicine Clinic. These are facilities with uses that are permitted by right under the current Zoning Ordinance. The City is now seeking to restrict Beloit Health System's use of these properties by requiring them to apply for a Conditional Use subject to continued city approval. This means the Beloit Health System's will not be able to expand, improve, or update the facilities with additional services in the future.

Erin Daniels, 5875 E Riverside Boulevard, Rockford, Illinois, Human Resources Director at Orthollinois, stated that they would hire local RNs, Surgical Techs, Physicians, patient services, operations, purchasing, and scheduling. Orthollinois Physicians are fellowship trained specialists from top programs in the country including Harvard Medical School, Cleveland Clinic, Mayo Clinic, among others.

Orthollinois is selective who joins their group, and that is how they maintain the high quality outcomes that Orthollinois has. Their surgical quality outcomes are less than one percent complication rate, and this is over 100 percent better than the national average of 2.1 percent. The physicians are actively involved with research, and they published 11 papers last year contributing to new innovation in technology. Many of them are teachers. Last year, they provided instruction for more than 110 students, and they come from all over the world and they choose to settle here.

Ms. Daniels and her husband run a dairy farm in Brodhead, Wisconsin (Hickory Hill Dairy) caring for almost 400 cows, and the milk is locally processed one mile from the farm and the cheese can be found many grocery stores. Ms. Daniels is excited that OrthoIllinois recognizes and values their people and all they have to offer and is grateful they are interested in bringing their services to the Beloit community.

Kris Johnston, 950 E Windfield Court, Beloit, MRI technologist at OrthoIllinois, indicated that she has enjoyed working there for the past 28 years, and her job is to assist the doctors with connecting the dots. Ms. Johnston explained that by understanding what is going on inside the patient the doctors can better understand and help the patient return to their everyday routines. Ms. Johnston says she takes great pride in her work and her colleagues' work, and OrthoIllinois who is her family away from her family, and has been for almost three decades.

Ms. Johnston stated they have a mission statement at OrthoIllinois, partnering with people to promote and restore active lives, and that is what they are hoping to do in Beloit, Wisconsin. OrthoIllinois are 100 percent focused on helping people. The doctors are specialists and are committed to the best practice and patient outcomes. OrthoIllinois helps tackle hunger and has given more than a half a million dollars to support child nutrition programs in Winnebago, McHenry, and Kane counties. OrthoIllinois which will operate in Beloit as OrthoWisconsin will be generous to the community too, and they will be hiring locally, focused on the same mission to help people.

Greg Kladar, 643 E Franklin Street, Rockton, Illinois, is a resident in the state line area for almost 36 years, and now works for Ringland Johnson Construction as a Vice President. Mr. Kladar's daughter was a track athlete in high school, and her sophomore year she had serious stress fracture in her leg. They went to OrthoIllinois, and the care was outstanding. Through the therapy, she was healed in six months. Mr. Kladar stated without that care, it could have been the end of her running right there, and they had a choice and OrthoIllinois gives an incredible level of care.

OrthoIllinois would be an asset for the people of Beloit to have that kind of choice. OrthoIllinois is going to be paying a lot of taxes, and he did the construction budget. Over four million dollars will be paid in good trade wages, if this is built. The dollars will be for Wisconsin employees. There are 35,370 people in Rockton and Roscoe Township from the 2020 census, and those people will come to Beloit.

Don Schreiner, 324 Roxbury Road, Rockford, Illinois, CEO for OrthoIllinois, stated that he appreciates the opportunity to speak to the Plan Commission. Since its founding over fifty years ago, OrthoIllinois has steadily grown to become one of the leading bone and joint providers in Northern Illinois. It is based on a one-stop multi-

specialty philosophy, and the certified physicians oversee every aspect of care from diagnoses to rehabilitation therapy.

OrthoIllinois is not only convenient for the patients, but it is a big cost savings up to 42 percent lower than standard hospital rates in the region. Today they offer exceptional care in expertise from their locations in Elgin, one in Algonquin, one in McHenry, and two in Rockford. Mr. Schreiner is hoping to be able to build an Ambulatory Surgery Center in Beloit operating as OrthoWisconsin. Mr. Schreiner stated they have studied the market place, and they predict to draw in 3,000 patients and their families from Northern Illinois and Southern Wisconsin to Beloit each year. He is expecting up to 30 percent of the payers to be Medicare and Medicaid.

Commissioner Weeden closed the public hearing.

Commissioner Ramsden stated that last year they had a public hearing and there was a vote. The City was supposed to accept the result and he does not support the legal maneuvers taken and that is not how the government is supposed to work. Commissioner Ramsden said that people are starting to question the motives for this ordinance and does not appreciate the process for developing this ordinance behind closed doors. Commissioner Ramsden says that it reflects poorly on our City, and he is opposed.

Commissioner Ruster asked what the office building is in Rockton that is OrthoIllinois. Mr. Schreiner stated that the office building is a rehabilitation therapy location. Commissioner Ruster asked if OrthoIllinois is serving people on Medicare and Medicaid. Mr. Schreiner says absolutely and they do now in the current surgery center, and they will have contracts with Medicare and Medicaid.

Commissioner Robson said that the City has failed to justify the need to rewrite the City Ordinance for the Ambulatory Surgery Center. Commissioner Robson stated that since November 20, 2020, the City has engaged in a haphazard process in trying to find a creative way to allow OrthoIllinois to come to Beloit, and this is the fourth attempt to have a center here. Commissioner Robson stated that this inconsistent process has caused some concern in the community, has caused confusion, and conflict.

Commissioner Robson stated there is a clash between the City of Beloit and its largest employer, Beloit Health System. This difficult process has pitted citizen against citizen during this difficult time in our lives with COVID. The cost benefit analysis on the ordinance is weak to nonexistent, and no one seems to be clamoring for an Ambulatory Surgery Center. The benefit to the City is marginal. OrthoIllinois is a for-profit medical center, and they are not taking Medicaid patients and as a result, it is a burden on the Beloit Health System.

Commissioner Robson stated that Beloit Health System has a high Medicaid population. The latest census that was released shows about 9 percent of the population has no insurance at all. Commissioner Robson asked where will the patients turn for surgical care. They would go to the Beloit Health System, based on no insurance, charity care, and they are a community organization. The City has no obligation to provide such a use in the City.

Commissioner Robson says that as the ordinance is written, there are obstacles that have been put in front of Beloit Health System with their ability to provide services and expand their facilities. Commissioner Robson stated that the community does not need a for-profit Ambulatory Surgical Care center, and for that reason she is voting no.

Commissioner Anderson said there are two key issues that have come up that he has seen in the emails for the opposition of the Ambulatory Surgery Center, such as the impact on the existing facilities ability to expand and the fairness of profit vs no profit business models. Commissioner Anderson stated that both models exist throughout the country, and comments indicate that the nonprofit structure should be the only appropriate structure in Beloit. Commissioner Anderson said that as a banker, he cannot stop a credit union from opening next door that does not pay taxes.

Commissioner Anderson asks if they can find a way to solve problem one related to the existing impact on the facilities, and if they could change the zoning on the existing facilities have those uses permitted by right.

Councilor Preuschl says they were all there at the November meeting back in 2020, listening to lawyers and propositions that the Plan Commission did not hear prior to that meeting, and the meeting concluded with (3-3) with no decision which fell to being a non-recommendation. Councilor Preuschl stated he was not sure how he felt about it at the end of the meeting, and he was undecided and saw valid points on both sides.

Councilor Preuschl mentioned that staff already knew before the meeting that neither the State of Wisconsin nor the City of Beloit Ordinances had any language relating to the establishment of the Ambulatory Surgery Center. Councilor Preuschl said the next day he talked with the City Manager about whether they should allow nonprofit or for-profit, and he was concerned more about the City of Beloit being dragged into a legal battle, and having to use the limited resources to fight a battle that they did not ask for. Councilor Preuschl states that this is a market-driven business, and whether it is Orthollinois or some entity from upper Wisconsin, as long as our current language remains, the debate will continue and will come back to visit us again. Councilor Preuschl stated this topic will be brought up again if

another developer wants to bring an Ambulatory Surgery Center to Beloit. City Staff looked at all businesses and did their job with a solution to allow all employers a fair shot, and that is what the Plan Commission is dealing with here tonight.

Commissioner Finnegan said that the Plan Commission is voting on a Zoning Ordinance, and not voting whether it is for-profit or non-profit. Commissioner Finnegan stated he believes there is a market for this or Orthollinois would not be here tonight. Commissioner Finnegan said that he talked with someone who is in that health field, and that person has been in that for year and it is the most cutthroat business out there. Commissioner Finnegan indicated that we should leave the C-1 zoning as it is.

Commissioner Ruster said that the area they are looking in putting the Ambulatory Surgical Center is at the Freeman property, and that is residential back there and she is uncomfortable with having a facility back there.

Commissioner Toral asked what the difference was between State licensing and local Zoning and if it was consistent with the Wisconsin Federal law. Rachel Snyder, stated that state laws or licensing regulate how businesses operate. Local zoning ordinances regulate where an activity can take place.

Commissioner Weeden said there is an issue as to where we stand as the community, and we did not get to this point by building walls around the City of Beloit. Commissioner Weeden stated Beloit's history is full of businesses, educational institutes, and financial institutions that moved aggressively in to areas where there was a need, and they did not stop and put walls around the City. Commissioner Weeden mentioned that if you do not accommodate growth, development, and new ways of doing things, then you will be left behind.

Commissioner Weeden says that there are two key issues: one being the impact on the current Beloit Health System facilities, and the other is the competitive nature that is a much larger issue than what the Plan Commission is responsible for. Commissioner Weeden stated that Plan Commission is not here to solve all the issues in the health system such as reimbursements, and they have to do what they can do to benefit the community.

Commissioner Weeden asked about a few amendments on the chart in Section 3 of the Ordinance. If they changed the designation for C-1 from Conditional to Permitted, what impact would that have on existing clinics that are operated by the Beloit Health System? Ms. Christensen stated it would make the Beloit Clinic, the facility across the street which is a laboratory for COVID, Occupational Health, and Beloit Cancer Center Permitted Uses, like they are now under the current Ordinance. They would be allowed to expand, as long as they follow the site plan review process.

Commissioner Weeden suggested changing the designation for CBD-1 on the table in Section 3 from a Conditional Use to a Permitted Use. Commissioner Weeden explained that we would still require ground-floor offices to get a Conditional Use Permit, but then the upper floors which could be filled with doctor and dentist offices would be permitted.

Ms. Christensen stated she did not think that change through. Since ground floor office spaces require a Conditional Use Permit, we made all medical facilities conditions. Making it a Permitted Use still gives the ability to have the ground floor office spaces to be conditional, and would allow medical office spaces on the upper floors.

Commissioner Finnegan moved to approve the Zoning Ordinance Amendment, seconded by Commissioner Anderson.

Commissioner Weeden moved to make two amendments in the table in Section 3 of the proposed Ordinance, changing the designation from Conditional to Permitted for the C-1 and CBD-1 districts. It was seconded by Commissioner Finnegan. Motion carried, roll call vote (5-2).

Commissioner Robson stated that she knows that Plan Commission cannot fix the entire Health Care System, but what Plan Commission can do in Beloit, Wisconsin is help Beloit grow. Commissioner Robson stated that the Ambulatory Surgical Center is not going to help grow Beloit. Commissioner Robson stated that the property that the Ambulatory Surgical Center is looking at would be beautiful for condos, high end executive ranches, and patio homes. That is what will grow Beloit where people will live here.

Commissioner Robson stated that the for-profit medical facilities do not take Medicare, and they limit Medicaid as well and not sure if Orthollinois is even taking Medicaid. Commissioner Robson thinks the Ambulatory Surgical Center will be detrimental to Beloit.

Commissioner Finnegan stated that Mr. Schreiner told Plan Commission that they would take up to 30 percent Medicaid, so basically Commissioner Robson thinks he was lying to Plan Commission. Commissioner Finnegan stated that Plan Commission is looking at a Zoning Ordinance that could have more impact than just Orthollinois and Beloit Health Systems, and there are other medical facilities that would like to possibly come to Beloit.

Commissioner called the vote. The motion, as amended, passed with a vote of 4-3.

4. STATUS REPORT ON PRIOR PLAN COMMISSION ITEMS

Ms. Christensen updated the Plan Commission on the actions taken by City Council related to a variety of items previously reviewed by Plan Commission. The next Plan Commission meeting is scheduled for September 8, 2021.

5. **ADJOURNMENT**

Motion made by Commissioner Robson, and seconded by Commissioner Ruster to adjourn the meeting. Motion carried, roll call vote (5-0). Meeting adjourned at 8:30pm.

Timothy Weeden, Chairman