

**CITY COUNCIL
PUBLIC HEARING**

7:00 P.M.

Monday, August 7, 2023

Present: Mayor Wade LeBlanc
Richard DeRosier
Dustin Goutermont

Excused: Ben Bautch
Shane Hoff

Lana Fralich, City Administrator
Tim Costley, City Attorney
David Drown, City Planner
Joe Rhein, City Engineer, Bolton & Menk
Kitty Mayo, Lake County Press via ZOOM
Rick Evans, Northshore Journal
John Anderson, Sawtooth 16, LLC
Ruth Koepke
Karsten & Ellen Hogenson
Todd Odden via ZOOM
Ronelle Radle, Lake County
Mary Planten-Krell
Julie Jensen
Noreen Carlson
Marlin Bakken
David A. Samuel
Nelson French

Todd Bollig
Irene Johnson
Anne Marie Moseman
Karen Rautio
Albert Planten-Vanafton
Chuckie Knudson
Carolyn Hudyma
Carol Bakken
Marcia Oates
Mary Hoffman
Marylin French

Mayor LeBlanc called the public hearing to order at 7:00 p.m.

Mayor LeBlanc described the purpose for the hearing which is to receive public comments on the Proposed Business Subsidy to Sawtooth 16, LLC, Tax Increment Financing Plan (TIF 1-1) and Municipal Development District 1, and Tax Abatement Plan to Sawtooth 16, LLC for the Boathouse Bay development project.

Mayor LeBlanc explained that the Council will open the hearing up for public comments, take comments, and then adjourn the Public Hearing. The Regular meeting will immediately follow the Public Hearings at which time the City Council will accept, deny, or table the adoption of the business subsidy, Tax Increment Financing plan and municipal development District 1, and the Tax Abatement Plan.

David Drown provided reviewed the history of the Boathouse Bay project and noted that this public hearing is regarding the finance part of the project.

Tax Increment Financing Plan and Municipal Development District 1- David Drown presented information relating to the Development District and the Tax Increment Financing Plan, explained what Tax Increment Financing (TIF) is, how it is used as a

tool for municipalities to develop eligible projects, and how tax increment financing will be used to help pay back the city's expenses in regards to the project. There was a review of the map of the proposed tax increment financing district to be created, which includes villas, bungalows, and mini storage, along with the estimated value of the completed project being approximately \$25 million, based upon values from the Lake County Assessor. There was review for the project schedule and timeframe for completion, public bid process and timeframe to award the bid, the construction costs being higher than anticipated creating a shortfall, and the City seeking grant assistance from IRRRB to aid in the shortfall. A summary was provided with how the City will aid in the costs of the publicly owned infrastructure and selling land to developer in exchange for the Developer developing the property development in phases, and how the property would revert to the city if not developed in accordance with the Development Agreement.

The Mayor called for comments.

Julie Jensen asked if there is a deadline to develop? Drown stated five years. She also asked if the water treatment plant can handle additional use.

Karsten Hogenson also questioned if the water treatment plant could handle more. Joe Rhein advised that based upon Bolton & Menk's research and review, that the City has the capacity to handle the development growth.

Julie Jensen asked in the future is there a time limit to sell and what happens if it doesn't sell. Drown advised that the Developer has to pay property tax as if it were developed, and the process of tax forfeiture if taxes are not paid.

There was discussion on the city borrowing to pay for infrastructure, using tax increment to finance eligible projects, the difference between GO Bonds and Revenue Bonds, that this project plans to use Revenue Bonds, concern for how a plant closure would affect the project, and how this project will be marketed toward vacationers.

Chuckie Knutson questioned why the city doesn't fix the utilities within the cities, Mayor LeBlanc advised that was a different topic and he would be happy to meet with her.

Julie Jensen asked who would oversee the financials, the city will oversee the grants and financials, with the County and State conducting reviews and audits.

Albert Planten-Vanafton asked if the new development has any impact on the rising property taxes. There was discussion that this project does not raise the taxes on others, but how it can help provide additional funding to the city for additional growth or would help offset everyone's share in the taxes for the city.

Tax Abatement Plan- Drown explained the difference between TIF and Tax Abatement, that the TIF is the collection of taxes on County, School, and City while Tax Abatement is only the city's share of collected property taxes. The Tax Abatement would begin after 8 years of TIF, if bond issuer is not paid in full.

David Samuel asked if the existing property included in TIF. Drown clarified the property district that would be included in the TIF.

Business Subsidy- Drown discussed the rules for municipalities providing a business subsidy, requirements for subsidies that exceed \$150,000, how the city is protected, and how Developer must provide a plan and be responsible to pay back with interest, that the subsidy along with terms of the subsidy is outlined in the Development Agreement and recorded. There was further discussion on the five-year timeframe to complete and how the property would revert to the city, including the Developer's land, if the project does not get developed.

Carolyn Hudyma expressed that there is a lot of information for the community to digest and how can the public give their input. She feels there has to be a better way to get the information out to the public. There was discussion on the months of planning, multiple public meetings, meet with the Mayor meetings, and lack of participation by the public.

Chuckie Knudson feels there needs to be a better way to inform the public of meetings and said many people are wondering how the development will affect them.

Mayor LeBlanc expressed his opinion that if the City does not make changes to help expand tax base, existing property owners will see their taxes increase or services provided by the City would need to reduced.

Member Goutermont stated that the local newspapers are the Council meetings and reports what is happening at our meetings in the paper. There was also discussion on information provided on the City website and in the City newsletter.

Mary Hoffman asked if the design plans have been completed. John Anderson stated all design plans have been complete and design is rustic and simple to blend in with the natural property.

There was discussion that the Developer will still need to go through the permitting process of the City, including the conditional use and building permits.

Julie Jensen asked who Sawtooth 16 LLC is. John Anderson, owner of Sawtooth 16, LLC. identified himself.

Mayor LeBlanc asked if there were any other written or verbal comments received. It was confirmed no additional verbal or written comments had been received.

Mayor LeBlanc called for any additional public comments. There were no further comments.

Mayor LeBlanc called again for any public comments. There were no further comments.

Mayor LeBlanc called for a final time any other comments. Hearing none he requested a motion to close the Public Hearing.

Motion by DeRosier, second Goutermont to adjourn the public hearing at 7:51 p.m.
MOTION CARRIED.

Minutes taken by Lisa Christenson



Wade LeBlanc, Mayor

Attest:



Lana Fralich, City Administrator