

**CITY COUNCIL
PUBLIC HEARING**

7:00 P.M.

Monday, May 23, 2022

Present: Mayor Wade LeBlanc
Ben Bautch
Richard DeRosier
Shane Hoff

Excused: Dustin Goutermont

Lana Fralich, City Administrator
David Drown, Community Planner
Ronelle Radle, Lake County
Cole Ernest, Silver Bay Police Dept.
Lisa Berg

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 Creation of Municipal Development District No. 1, a Development Program Relating to Establishing of Tax Increment Financing Districts No. 1-1 and 1-2 and the Adoption of Tax Increment Financing Plans Relating to Each, Tax Abatement in Connection with Sawtooth 16, LLC Development of Boathouse Bay Development Project, Adoption of Business Subsidy Criteria, and Proposed Business Subsidy to Sawtooth 16, LLC.

Mayor LeBlanc explained that the Council will open the hearing up for public comments, take comments, and then adjourn the Public Hearing. The Special Meeting will immediately follow the Public Hearing at which time the City Council will accept or deny Creation of Municipal Development District No. 1, a Development Program Relating to Establishing of Tax Increment Financing Districts No. 1-1 and 1-2 and the Adoption of Tax Increment Financing Plans Relating to Each, Tax Abatement in Connection with Sawtooth 16, LLC Development of Boathouse Bay Development Project, Adoption of Business Subsidy Criteria, and Proposed Business Subsidy to Sawtooth 16, LLC.

Creation of Municipal Development District No. 1, a Development Program Relating to Establishing of Tax Increment Financing Districts No. 1-1 and 1-2 and the Adoption of Tax Increment Financing Plans Relating to Each, Tax Abatement in Connection with Sawtooth 16, LLC Development of Boathouse Bay Development Project-

David Drown presented information on how TIF and Tax Abatements work. TIF law allows the City to establish areas of town called TIF Districts. When a new development occurs, within the TIF districts, the new property taxes are used by the City as tax increments and not used like normal property taxes. These tax increments can only be used to pay for certain costs necessary to make the new development financially feasible. When properly

done, a new project pays for its own subsidy by using its own new property taxes paid in future years with no public impact. In the development of Boathouse Bay, there are two proposed TIF districts, with lifespans of 9 years each. District No. 1 will include the housing components meeting the tourism statutory requirement. TIF District No. 2 will include mini storage component meeting economic development district requirement.

Regarding Tax Abatement, which works similar to TIF by using future property taxes to pay for its subsidy, the main difference is that abatement only uses the City's share of new taxes and not the County or School that is used with TIF. Setting up both the TIF and Tax Abatement is needed for bonding to fund the public utility costs. Tax Abatement is only used as a secondary source of payment should the development occur slower than expected, and the future taxes are not sufficient to pay off the Revenue Bonds over the 9-year lifespan of the TIF Districts. The abatement would allow payments to continue in years 10-15 to pay off bonds, if needed.

Drown, a professional public financial consultant, further explained how TIF and Tax Abatement would work relating to Sawtooth 16, LLC's Boathouse Bay Development Project, how the TIF would cover the public costs relating to public utilities, land valuation, permitting, legal and engineering development fees, and developing trails through Bayview Park. It is expected that the TIF revenues generated by the development will pay for all these costs and will be done in 6-7 years and worst case needed abatement revenues to cover costs will need 15 years. Either through the use of TIF or Tax Abatement, there are no taxpayer funds directly or indirectly needed.

Ronelle Radle expressed concern that using tax abatement would lower the levy the city receives, resulting in city taxpayers covering the development costs. Drown confirmed Radle's comments in theory, but further advised that there would be a net zero impact due to the increase in the tax base that would be created to offset any tax increase.

Cole Ernest asked about the current water treatment plant being able to supply the new development without impacting the city. Councilor Hoff asked if plans were reviewed for the additional water use, with Drown confirming that this had been reviewed.

Administrator Fralich received one electronic correspondence from Carolyn Hudyma opposing TIF/tax abatement.

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

Adoption of Business Subsidy Criteria- David Drown provided explanation relating to the state law requiring cities to have a written set of criteria to govern how, why, and when subsidies can be used, a written agreement between a city and developer, and recourse for when a project fails. There was discussion that the city recently updated its Business Subsidy Policy, and now requires a public hearing.

Shane Hoff stated he is in favor of the very detailed new proposed Business Subsidy Criteria.

Ben Bautch expressed concern of the minimum wage not being high enough and should be a livable wage. Drown provided examples of how the wage goal is required by the state, and that minimum wage is used because there may be a business that provides a necessary good or service that benefits the community that may not pay a higher wage. It allows for flexibility.

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

Proposed Business Subsidy to Sawtooth 16, LLC- Developer has pulled application so no public comments were taken.

Motion by DeRosier, second Hoff to adjourn the public hearing at 7:43 p.m. MOTION CARRIED.

Minutes taken by Lisa Christenson



Wade LeBlanc, Mayor

Attest:



Lana Fralich, City Administrator