

CITY COUNCIL

7:00 P.M.

Monday, December 4, 2023

Present: Mayor Wade LeBlanc
 Richard DeRosier
 Dustin Goutermont-left at 7:20 p.m.
 Ben Bautch
 Shane Hoff

Lana Fralich, City Administrator	
Tim Costley, City Attorney	
Joe Rhein, City Engineer, Bolton & Menk via ZOOM	
David Drown, City EDA Director, Public Finance Professional	
John Anderson, Sawtooth 16 LLC	Erik Anderson
Kitty Mayo, Lake County Press via ZOOM	Rick Evans, Northshore Journal
John Jamnick, JPJ Engineering via ZOOM	Noreen Carlson
David Moore	Lori Arnett
Eric & Teresa Judkins	Juie Jensen
Carolyn Hudyma	Chuckie Knudson
Gregg Swartwoudt, Lake County Assessor	Ronni Radle, Lake Co Auditor
Dick Stern	Ron Bautch
Marilyn French	Lisa Berg
Kevin Johansen	

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

Agenda – Motion by Goutermont, second DeRosier to approve the Agenda with moving Resolution 2023-#87 to follow Resolution 2023-#80. MOTION CARRIED.

Consent Agenda – Motion by Bautch, second Hoff to approve the meeting minutes from the November 20, 2023 Regular Meeting. MOTION CARRIED.

Boathouse Bay Development- David Drown provided an overview of the history, development plans, and financing elements of the project.

Acceptance of Bid Extension from Northland Constructors of Duluth, Inc- The city received an email from Northland Constructors of Duluth, Inc. extending their bid through December 5th, 2023 to accommodate the lack of quorum at a Special City Council meeting that had been set for November 29th, to take action on the previously extended bid through November 30th. Motion by Hoff, second Bautch to approve bid extension to December 5, 2023 from Northland Constructors of Duluth, Inc retroactive to November 29, 2023. MOTION CARRIED.

Resolution 2023-#80 Execute an Amended Purchase and Development Agreement, Business Subsidy, and Minimum Assessment Policy with Sawtooth 16, LLC- Council reviewed the Resolution and Amended Purchase and Development Agreement with Sawtooth 16, LLC; which includes the Agreement, the Business Subsidy/Financing, and the Minimum Assessment Agreement. All documents have also been reviewed by the City Attorney, along with Julie Eddington, an Attorney

from Kennedy & Graven working on behalf of the City, and the Attorney for Sawtooth 16, LLC. Motion by Goutermont, second DeRosier to accept Resolution 2023-#80 to Execute an Amended Purchase and Development Agreement, Business Subsidy, and Minimum Assessment Policy with Sawtooth 16, LLC. DeRosier asked if the City Attorney would advise of any concerns, which no advisement was provided. MOTION CARRIED.

Mayor LeBlanc – Aye
Member Bautch – Aye
Member Hoff – Aye

Member Goutermont – Aye
Member DeRosier – Aye

RESOLUTION 2023 – 80 WAS APPROVED: 5 aye, 0 nay, 0 excused

Resolution 2023-#87 Vacating Midbrod Circle Street and a Portion of East Lakeview Drive Street located in the Silver Bay Business Park Plat- Council reviewed the resolution, map, and documents pertaining to vacating of Midbrod Circle Street and a portion of E. Lakeview Drive Street. A public hearing has been held, DNR has been notified with no objections provided. City engineer has reviewed the vacation sketch and had no objections. Motion by Goutermont, second Hoff to accept Resolution 2023-#87 Vacating Midbrod Circle Street and a portion of East Lakeview Drive Street located in the Silver Bay Business Park Plat. MOTION CARRIED.

Mayor LeBlanc – Aye
Member Bautch – Aye
Member Hoff – Aye

Member Goutermont – Aye
Member DeRosier – Aye

RESOLUTION 2023 – 87 WAS APPROVED: 5 aye, 0 nay, 0 excused

Resolution 2023-#81 Creation of a Tax Increment Financing (TIF) District- Council reviewed the resolution, as drafted by David Drown and Associates, including all associated documents relating to the hearings, publication, plan, and map. Motion by DeRosier, second Hoff to accept Resolution 2023-#81 Creation of a Tax Increment Financing (TIF) District. MOTION CARRIED.

Mayor LeBlanc – Aye
Member Bautch – Aye
Member Hoff – Aye

Member Goutermont – Aye
Member DeRosier – Aye

RESOLUTION 2023 – 81 WAS APPROVED: 5 aye, 0 nay, 0 excused

Ron Bautch questioned how long the TIF would last. Drown answered eight years and it is expected to be fully paid before the end of the eight years.

Council Member Goutermont left the meeting at 7:20 p.m.

Resolution 2023-#82 Creation of a Tax Abatement District- Council reviewed the resolution, as drafted by David Drown and Associates, and all associated documents relating to the hearings, publication, plan, and cost analysis. Motion by Hoff, second DeRosier to accept Resolution 2023-#82 Creation of a Tax Abatement District. MOTION CARRIED.

Mayor LeBlanc – Aye
Member Bautch – Aye
Member Hoff – Aye

Member Goutermont – Absent
Member DeRosier – Aye

RESOLUTION 2023 –82 WAS APPROVED: 4 aye, 0 nay, 1 excused

Julie Jensen asked if this was a requirement by the bank. David Moore asked if it stays on tax rolls after eight years. Drown was confident it would not be needed, but it is a security measure for the city relating to the repayment of the bond after the TIF has ended.

Resolution 2023-#83 Authorizing the Issuance, Sale, and Delivery of a \$1,707,895 Taxable Revenue Note, Series 2024A- Council reviewed the resolution and documents pertaining to the Issuance, Sale, and Delivery of a \$1,707,895 revenue note, Series 2024A. The bank bond will be at 8% interest with option to refinance. City is able to draw down monthly which will save interest. Motion by Bautch, second Hoff to accept Resolution 2023-#83 Authorizing the Issuance, Sale, and Delivery of a \$1,707,895 Taxable Revenue Note, Series 2024A. MOTION CARRIED.

Mayor LeBlanc – Aye
Member Bautch – Aye
Member Hoff – Aye

Member Goutermont – Absent
Member DeRosier – Aye

RESOLUTION 2023 – 83 WAS APPROVED: 4 aye, 0 nay, 1 excused

Approval of Execute the Loan Agreement Relating to the Bond Issuance- Motion by DeRosier, second Hoff to approve of executing the loan agreement outlining how funds will be drawn down from the bank as needed for project costs relating to the bond issuance in Resolution 2023-#83. MOTION CARRIED.

Resolution 2023-#84 Approval of Conditional Use Permit- Council reviewed the previously approved Conditional Use Permit for the Boathouse Bay Development outlining the changes from the previous plat. Planning & Zoning Commission has held required public hearings and is recommending approval. Motion by Hoff, second DeRosier to accept Resolution 2023-#84 Approval of Conditional Use Permit for the Boathouse Bay Development. MOTION CARRIED.

Mayor LeBlanc – Aye
Member Bautch – Aye
Member Hoff – Aye

Member Goutermont – Absent
Member DeRosier – Aye

RESOLUTION 2023 – 84 WAS APPROVED: 4 aye, 0 nay, 1 excused

Resolution 2023-#85 Approval of Preliminary Plat- Council reviewed the preliminary plat and sketches for the Boathouse Bay Development. The City Engineer has reviewed with no objections. Public hearings have been held and it is being recommended for approval by the Planning & Zoning Commission. Motion by Hoff, second Bautch to accept Resolution 2023-#85 Approval of Preliminary Plat. MOTION CARRIED.

Mayor LeBlanc – Aye
Member Bautch – Aye
Member Hoff – Aye

Member Goutermont – Absent
Member DeRosier – Aye

RESOLUTION 2023 – 85 WAS APPROVED: 4 aye, 0 nay, 1 excused

Resolution 2023-#86 Approval of Planned Unit Development (PUD)- Council reviewed the Planned Unit Development outlining the conditions relating to items still requiring submission,

including permits and additional plans. Planning and Zoning Commission is recommending approval with outlined conditions. Motion by DeRosier, second Bautch to accept Resolution 2023-#86 Approval of Planned Unit Development (PUD) with outlined conditions requiring to be met. MOTION CARRIED.

Mayor LeBlanc – Aye
Member Bautch – Aye
Member Hoff – Aye

Member Goutermont – Absent
Member DeRosier – Aye

RESOLUTION 2023 – 86 WAS APPROVED: 4 aye, 0 nay, 1 excused

City Attorney advised the Council the resolutions relating to PUD, Lot Splits, Public Utilities Easements will be revised to become recordable. John Anderson questioned the time line, which City Attorney advised he would begin working on them the next day.

Resolution 2023-#88 Approval of Access Easement Sketch & Description and a Preliminary Public Utility Easement Map- Planning & Zoning is recommending approval of the Access Easement Sketch and Description and the Preliminary Public Utility Easement map. Discussion regarding the purpose of easement is to make sure property owners have the legal right to access the street from their properties. The City Engineer has reviewed and has no objection. Motion by Bautch, second Hoff to accept Resolution 2023-#88 Approval of Access Easement Sketch & Description and a Preliminary Public Utility Easement Map. MOTION CARRIED.

Mayor LeBlanc – Aye
Member Bautch – Aye
Member Hoff – Aye

Member Goutermont – Absent
Member DeRosier – Aye

RESOLUTION 2023 – 88 WAS APPROVED: 4 aye, 0 nay, 1 excused

Resolution 2023-#89 Approval of Lot Splits- A public hearing was held and the Planning & Zoning Commission is recommending the approval of nine different lot splits. Council reviewed the lot split sketches and descriptions. The City Engineer has reviewed and has no objections. Discussion followed regarding the Resolution will be revised for recording purposes and for compliance with Opportunity Zones. Motion by DeRosier, second Hoff to accept Resolution 2023-#89 Approval of Lot Splits. MOTION CARRIED.

Mayor LeBlanc – Aye
Member Bautch – Aye
Member Hoff – Aye

Member Goutermont – Absent
Member DeRosier – Aye

RESOLUTION 2023 – 89 WAS APPROVED: 4 aye, 0 nay, 1 excused

Carolyn Hudyma expressed her concern regarding the project and other consequences to the community.

Acceptance of the Conformed Project Manual and Construction Plans- Bolton & Menk, Inc. has reviewed the conformed Project Manual and Construction Plans and have no objections. Council reviewed the manual and plans. Motion by DeRosier, second Hoff to accept the Conformed Project Manual and Construction Plans. MOTION CARRIED.

Notice of Support of Award to Northland Constructors of Duluth, Inc- Motion by DeRosier, second Bautch to support the bid award to Northland Constructors of Duluth, Inc., which the contract will be between Northland Constructors of Duluth, Inc. and Sawtooth 16, LLC for installation of public utility infrastructure. The City Engineer will oversee the public utility portion to insure installation meets city standards and that once utility construction is completed will make the recommendation for acceptance as part of the city-owned utility infrastructure. MOTION CARRIED.

Authorize Payment to JPJ Engineering- Per Resolution 2022-17A Council had approved engineering services by JPJ for the final design, bid documents, and construction for the public utility portion, pending meeting approval from the City Engineer. Motion by Hoff, second Bautch to approve payment of \$63,012.85 to JPJ Engineering for that portion of public utility design. MOTION CARRIED.

David Drown thanked everyone who has worked to get the project to this point. It has been a two-year complicated process that involved a lot of time and effort.

Chuckie Knudson wanted to go on record stating there have been many articles regarding the need for affordable house, and questioned when is affordable housing projects going to start. Drown and Mayor LeBlanc assured her there are multiple housing projects being explored.

Mayor LeBlanc expressed support for the Boathouse Bay Development being a positive step forward in expanding the tax base to help alleviate the tax burden on current property owners. He thanked John Anderson and all who have worked on the project.

John Anderson thanked everyone who has supported and worked to make the Boathouse Bay Development a reality and is excited to bring this development to Silver Bay.

David Drown, John Anderson, Eric Anderson, John Jamnick, Lisa Berg, and Marilyn French all left meeting at 7:50 p.m.

Truth in Taxation-Public Comments- Mayor LeBlanc addressed the public that property valuations and allocation of taxes are completed by the County and that this meeting is related to the proposed budget and levy for 2024. Greg Swartwoudt and Ronnie Radle from Lake County were available in the Mayor's office to speak with residents regarding property valuations and allocation of taxes.

Swartwoudt stated that property valuations are based on sales from 20-30 months ago and that valuations in Silver Bay are becoming more in line with other Lake County properties. He further discussed valuations to be in compliance with State requirements.

Kevin Johansen expressed his concern regarding the year-after-year increases.

David Moore stated that citizens feel like they are being penalized for the price other citizens have sold their homes for and asked how that is fair.

Swartwoudt stated that assessments are starting to equalize and does not see house values going down. There was discussion on the loss of market value credits relating to rising valuations that are impacting the portion of taxes being paid, even if the City did not change the levy.

City Administrator provided a summary of the proposed 2024 Budget and levy that was set at 9.4% or \$1,719,695 in September, and amending that original proposed budget down towards 6.4% or, \$1,673,495, with the final budget review and levy to be presented at the December 18th Council

meeting. There was discussion on the line-item budget process, review of the tax rate, the net tax capacity, and highlights of the General Fund and other department funds.

Chuckie Knudsen expressed her concern regarding condition of City Hall parking lot and sidewalk near Library, she is concerned about people falling. Discussion on costs and that parking lot improvements are in the budget to be done after Library construction project complete.

David Moore expressed concern regarding residents allowing their sump pumps to drain on the sidewalks causing slippery conditions. Moore was asked to provide the address and contact City Hall when issues are noticed.

All residents attending Truth in Taxation left meeting at 8:10 p.m.

Petitions, Requests, and Communications –

Public Comments- None at this time.

Lake County Sex Trafficking Taskforce Candlelight Vigil- Lake County is having a candlelight vigil on January 8th at the Law Enforcement Center in Two Harbors. 4:30 pm-5:30 pm.

RAMS Annual Dinner Invitation- The RAMS Annual Meeting and Dinner will be held December 14th in Virginia, MN. Please rsvp by December 8th. Councilor Hoff plans to attend.

Public Meeting for 2024 CSAH Road and Utility Improvement Project- Lake County will be holding an informational meeting at the Reunion Hall on December 13th, beginning at 6:00 p.m. They will provide information regarding the CSAH Street Improvements along Edison from Horn to Penn Boulevard and along Banks Boulevard from Horn to Davis Dr. Residents along those streets were encouraged to attend.

City Administrator –

East Lakeview Drive Project Update and Payment Request #2- Council reviewed an updated progress report for the East Lakeview Drive project and second payment request by Ulland Brothers Inc. Motion by Bautch, second Hoff to recommend approval of payment to Lake County, as Sponsor Agent, in the amount of \$291,705.50. MOTION CARRIED.

Independent Contract Renewal with Juel Salveson for Mary Mac Manager- The contract renewal for Mary Mac Manager with Juel Salveson was presented with a change to \$45/hour. Motion by DeRosier, Second Bautch to approve the 2024 Mary Mac Manager Contract with Juel Salveson at \$45/hour. MOTION CARRIED

Independent Contractor Contract Renewal with Gary Thompson for Building Official Services- The contract renewal for City Building Official with Gary Thompson was presented with increase from \$35 to \$40 per inspection fee. Motion by Hoff, second DeRosier to approve the 2024 Building Official Contract with Gary Thompson at \$300 monthly fee, with an additional \$40 per inspection fee that will be paid annually. MOTION CARRIED.

Contract Renewal for City Attorney, Tim Costley- Council reviewed the 2024 renewal contract with Tim Costley, as the City Attorney. with no changes. Motion by DeRosier, second Bautch to renew the contract with Tim Costley as City Attorney. MOTION CARRIED.

Fire Department Officers for 2024- The firefighters of the Fire Department have voted and recommended the officers for 2024 remaining the same, to include: Fire Chief- Mike Rowlee, Jr. 1st Assistant- Faron Meeks, 2nd Assistant- Eric Berquist, Captain-Bradley. Motion by Hoff, second Bautch to accept recommendation and appoint 2024 Fire Department Officers with the same stipend as 2023. MOTION CARRIED.

Advertise for PT Bartender Hiring- Motion by Hoff, second Bautch to approve advertising for part-time bartenders. MOTION CARRIED.

City Attorney – Nothing at this time.

OLD BUSINESS – None at this time.

NEW BUSINESS –

Josh Aldinger Fire Department Resignation- Motion by Bautch, second Hoff to accept Josh Aldinger resignation from the Fire Department with regrets. MOTION CARRIED.

Jim FitzGerald Public Works Board Re-Appointment- Motion by Bautch, second Hoff to approve Jim FitzGerald renewal to the Public Works Board. MOTION CARRIED.

Appointment of Bradley Rowlee to Liquor Commission- Motion by Hoff, second Bautch to appoint Bradley Rowlee to the Liquor Commission. MOTION CARRIED.

Appointment of Ward Danielson to Liquor Commission- Motion by DeRosier, second Hoff to appoint Ward Danielson to the Liquor Commission. MOTION CARRIED.

Claims – Motion by Bautch, second DeRosier to approve payment of \$118,660.49 in unpaid claims and \$260,543.21 in paid claims. MOTION CARRIED.

Mayor LeBlanc – Aye
Member Bautch – Aye
Member Hoff – Aye

Member Goutermont – Absent
Member DeRosier – Aye

Motion by Hoff, second Bautch to adjourn at 8:45 p.m. MOTION CARRIED.

Minutes taken by Lisa Christenson

Wade LeBlanc, Mayor

Attest:

Lana Fralich, City Administrator

