

ECONOMIC DEVELOPMENT AUTHORITY

2:00 P.M.

Wednesday, October 9, 2024

Present: Nelson French
Beth Smuk
Richard DeRosier
Shane Hoff

Excused: Steve VanHouse
Absent: Katelyn Goutermont
Alex Truax

David Drown, Economic Development Director
Eric & Teresa Judkins
Tammy Alcaraz
Ray Parker
Donny Thompson
Wendy Jensen
Janey Knaffla
Marcia Oates

French called the meeting to order at 2:00 p.m.

Agenda – Motion by DeRosier, second Smuk to approve the agenda as presented. **MOTION CARRIED.**

Minutes – Motion by DeRosier, second Hoff to approve the minutes of the September 4, 2024 regular meeting. **MOTION CARRIED.**

COMMUNICATIONS- None at this time.

Economic Development Director- Drown provided an update on projects within the city, *Green New Deal* - Drown met with team, toured homes in the city, and discussed how the project is in its early stages of planning for the purpose of updating existing homes in need to become more energy efficient.

Business meeting - Drown has met with a business person interested in creating a disc golf course in the area and toured the “preserve” area in the business park.

Boathouse Bay- utility work has started, with much of the city water/sewer utilities and grading estimated to be complete this year. The board reviewed photos of current progress. It was noted that the rock is softer than originally expected, resulting in less crushing/blasting, and that the rock can be immediately used, which would likely save the city money. Janey Knaffla asked for clarification regarding “city saving money.” Drown clarified how city funds are used for the public utility portion of project, to be repaid by tax revenue from the improvements made by new property owners in the Boathouse Bay area. Tammy Alcaraz asked if permits were obtained, Drown stated the current work is by project permits, no building permits issued yet. Teresa Shultz asked if the old gun club area has been cleaned up, in which it has.

Golf Course Subdivision- Planning & Zoning has created a new zoning division which recommendation was made to council, who has referred it to EDA for comments, and that the city is going through the process to approve a plat of 37 residential sites. Janey Knaffla questioned if a study had been done regarding the impact of 37 wells and concerned that at times, the golf course has to conserve water. Drown stated a study has not been done, a test well may be put in. The golf course uses ground water, not well water, for maintenance of the course.

OLD BUSINESS –

French stated that after a long discussion at Planning & Zoning meeting regarding short-term rental for the Golf Course Subdivision, the language to allow all 37 properties be short-term rental was adopted and referred to council, which they have referred to EDA to obtain their recommendation. There was review of the P&Z recommendations, changes to the code, and clarifying that short-term rentals would be interim use.

Change to Chapter 12 Zoning, Section 1210.01 Zoning Districts Established, Section 1210.10 Forest Reserve to Clean Up Duplication and Clarify Short-Term Rental as Interim Use- DeRosier clarified that the change is to clean up language and get rid of duplications. Motion by DeRosier, second Smuk to move forward with City Attorney drafting the changes to Chapter 12 Zoning, Section 1210.01 and recommend to Council for approval, as recommended by Planning and Zoning. MOTION CARRIED.

New Zoning District Chapter 12, Zoning, Section 1210.14 Silver Bay Golf Course Residential- Consensus of board to table until next meeting to allow City Attorney to draft Planning & Zoning recommendations. TABLE TO NEXT MEETING.

Revisions to Chapter 12, Zoning Section 1239 – Short Term Rentals, Subd. 5, D.1 by Adding Golf Course Residential District Cap and Clarifying Short Term Rental Permits Limited to Golf Course Residential, Forest Reserve, and Bayview Park District- French reported that this is the same language that would continue to limit the number of short-term rentals in the Forest Reserve at six, but not limit them in either the Golf Course Residential or the Bayview Park Boathouse Bay area. Consensus of board to table until next meeting to allow City Attorney to draft Planning & Zoning recommendations. TABLED TO NEXT MEETING.

French feels that the way the city is handling the short-term rental issue by not allowing them within the city and limiting them in certain districts protects the city.

Tammy Alcaraz asked if short-term rentals has been recently discussed with the town residents and not just Council. French advised her to discuss her concerns with the Mayor and/or City Council.

Janey Knaffla attended the public hearing along with four other residents and expressed her concern that none of those attending wanted thirty-seven short-term rentals, yet it was approved. Also was concerned that the meetings are held in the afternoon when most working people cannot attend.

French commented that should there be 37 short-term rentals allowed in Golf Course Residential, 6 in Forest Reserve, and 20-25 in Boathouse Bay, would only be about 5-7% of housing stock allowed to have short-term rentals in the city.

Donny Thompson asked if the city was going to be the developer of the project or sell to a developer who would then be responsible to put roads in and do the surveying. He further stated that he is not opposed to it, but if the city is going to bear some of the cost to put road in and years later there are empty lots, he feels it isn't feasible to the city and doesn't want to see empty lots if the city is developer. Drown stated that the EDA has discussed both options, where the city would start as the developer and then possibly selling to a developer to complete remaining project,

advantages and disadvantages between each option, financial risk and profits, and use of profits for future needs of the city, and that no decision has been made, and possibility of creating a TIF district to attract a developer.

Janey Knaffla commented on what she understood at the public hearing, the property would be sold to a developer and all the language was changed to be interim use vs. permitted, to appease those that if there is a problem the permit can be taken away.

Member DeRosier stated that the existing short-term rental agreement in the FR district, which currently allows for six (6) only has one (1), that he was surprised with the Planning & Zoning Administrator's recommendation to allow for all 37 lots in the Golf Course Residential be approved as short-term rental but understood that was best option to not have empty lots, and for the purpose of enticing a developer to get involved, and that developer's would o want to have the ability to make the decision of how to develop.

Member Hoff stated that the reason the board started discussing the Golf Course project is because there is a residential housing shortage in the city. Hoff suggested that the board needs to put some thought into where these houses are, residents are not going to want to live next to VRBO's, keeping the reason why project is being done in mind which he felt was for residential housing and not for a bunch of VRBO's.

Ray Parker asked if the short-term rental decisions could be put on the ballot and let residents vote on it. Drown replied that state law specifically says certain things can be put on for referendum but for a project like this it cannot.

Janey Knaffla expressed that she agrees with what Member Hoff said but feels that city residents are tired of seeing things going for people who aren't in the community. Member Hoff stated that both sides of the project are being discussed but every single one of the board members are for the people in the city but sometimes situations are little more complex than just one or the other, for example Boathouse Bay is for economic tax base, this project, in his opinion, is more residential housing than tax base although it can provide both.

Member Smuk stated that the city does not have the money to do the needed City projects because we don't have the tax revenue, but these project will help with the projected tax revenue.

Teresa Schultz asked why there has to be so many projects at one time, would like the city to work on one project at a time and inform the people of the city what is going on. She would like city to slow down.

Tammy Alcaraz asked why homes purchased by investors are sitting empty and when the MN Design Team came into the city things became much worse.

Member French commented on the current projects and managing those project, not adding. He further commented on the city newsletter, public meeting schedules, and that these projects are not surprises, and that he appreciates residents engaging. He discussed similarities between the 1985 MN Design Team and the one that was conducted more recently, that the requests by residents were not realized at that time, new attempts to get items accomplished, understanding the resistance to change, and that the city is working on smart changes.

Member Smuk stated that forty years ago the community were asking for the same things they are asking for now, street repair was in the forefront and nothing has happened to any of those requests in forty years. The board is trying to make something positive out of the requests of the citizens and trying to find a way that we can do it financially without putting the burden on the citizens. Janey Knaffla expressed she isn't trying to be controversial but she was on the Library Board and many times it was suggested by department heads to put money away for projects. Member Smuk stated that the requests of the people are still relevant today as they were years ago. The EDA is doing more projects now than they have done in the past, she feels that in order to make the city viable and get the tax revenue needed, projects need to be done to bring in the tax revenue. Janey Knaffla expressed that if the city puts big developments in like neighboring communities, the city will not be able to receive grants either due to higher tax base. Theresa Schultz stated that everyone was told that the campground revenues would go to the people of the town, but it only goes to Park & Rec and now the city is asking citizens to be ok with something else. Member DeRosier clarified that the campground money is going to into Parks and Rec, which helps the city budget.

Member French directed discussion back to agenda items and asked if the board had any thoughts on moving the existing Planning & Zoning language back to the council or table until the next meeting to allow for additional discussions. The purpose of changes to Chapter 12 Section 1210.01 was to clean up language and remove duplications, continue to allow six short-term rental interim uses within the entire Forest Reserve District. Member DeRosier stated that the most important part, other than the number, is that all short-term rentals require a permit, as well as an application and approval for a conditional use permit so it gives the city control to review each application that comes in. Member Hoff suggested the board put more thought into how the golf course project is going to go. He does not like the thought of making every one of lots VRBO and would like to give residents first chance to build a home there. Drown stated that if VRBO is allowed the lots will be more expensive, easier to sell, and houses being built there will be bigger and pay more property tax. If it is looked at as investment to generate tax base so the city can do other things, which would argue for VRBO fairly strongly. The city doesn't have many medium development opportunities and this would allow an opportunity for some of that to take place. If the goal off the project is more families in town with revenue as a secondary consideration that would argue that way. Drown cautioned that if VRBOs are not allowed, the pace of development will be slower. If the city is the developer, the city should plat it and allow lots to be sold, only construct the first phase of street work when city has sale proceeds to be able to afford it. If the city allows VRBOs it would happen quickly and take almost all financial risk out of it. If only single family homes are allowed it will be a slower process. The big picture in the long run is what is the bigger need for the community, is it the tax revenue or is it the family housing. Member Smuk suggested making a section in the development for just VRBO's and have residential homes in a different section. Discussion followed on potential area for only VRBOs, access and distance/noise from Gun Club area.

Special Joint Meeting- City Council, Planning & Zoning, and EDA- Cannabis- Motion by DeRosier, second Smuk to set a Special Joint meeting with City Council and Planning & Zoning on Monday, October 28, 2024 at 2:00 p.m. to discuss the city's plans to handle cannabis retail. Lake County is in the process of drafting a county ordinance and would like the city's input.
MOTION CARRIED.

Member DeRosier provided an update regarding funding for SilverPointe II- the State of MN did not approve funding for the project. HRA is exploring other options for funding.

NEW BUSINESS- None at this time.

Motion by DeRosier, second Hoff to adjourn at 3:27 p.m. **MOTION CARRIED.**

Minutes taken by Lisa Christenson.