

COUNCIL PROCEEDINGS  
CITY OF CROSSLAKE, MINNESOTA  
PUBLIC HEARING  
MARCH 25, 1989  
10:00 a.m. at City Hall

The City Council for Crosslake Minnesota met in a Public Hearing on Saturday, March 25, 1989 at City Hall. The following councilmembers were present: Mayor Kurt E. Anderson and Councilmembers Lyle Arends, Roger Burshem, Diana Gallaway and Charles Miller. Also present was Carolyn Drude from Ehlers and Associates and City Clerk Arlene Buchite. There were approximately 75 citizens present.

Mayor Anderson called this public hearing to order at 10:00 a.m. and stated that the primary purpose for this public hearing was to hear discussion on the possibility of declaring Crosslake an economic development area, to declare a portion of the City as a Tax Increment Finance District and to hear discussion on the proposed location of the new post office. Mayor Anderson then turned the meeting over to Ms. Drude.

Ms. Drude stated that one of the reasons that the Federal government came up with Tax Increment Financing was because so many of the other government subsidies and programs were being phased out. Ms. Drude went on to say that many municipalities were requested to obtain bonds for a TIF project but the developers in this proposal were obtaining their own financing. The bonds are repaid by real estate taxes paid by the developer. In the proposal before the City Council the developer will be eligible to receive reimbursement for such things as land acquisition, sewer projects and landscaping because the additional tax monies will not be needed to pay off any bonds. According to Ms. Drude there are approximately 300 cities who have some sort of TIF projects. Walker has a new motel and Cass Lake has a new shopping center that were built with the assistance of TIF.

Mr. Drude explained that if the current real estate taxes are \$326 on a parcel of land and the new taxes after some or all of the development is in are \$9326 the developers could receive \$9,000 in reimburseable expenses each year for up to eight years. In order to receive this money the developer must have paid the taxes and must have receipts to prove he is eligible for the reimbursement. After the eight years the full amount of the taxes comes back to be divided between the City, County and School District.

The County and School district received copies of the plan thirty days prior to the Public Hearing and a notice was published in the legal newspaper announcing the time and place for the Public Hearing at least ten days prior to the hearing according to Ms. Drude. There were no responses from either the County or the School District and comments from citizens would be heard at this public hearing. The theory for TIF is that what is good for the City is good for the county and state and that without TIF the parcel of land may have been undeveloped forever.

The actual legal description of the parcel of land is certified or recorded with the County so that taxes generated from that property are captured for reimbursement. No other taxes are affected in any way.

Ms. Drude explained that the first thing for the Council to do is to set up a development district in the City showing that the Council is encouraging development of whatever kind. In order not to show favoritism Ms. Drude stated that the whole City could be in the development district. It does not change an individuals property at all and will not change an individuals real estate taxes.

Mayor Anderson asked for Council comments at this time. Mr. Arends said he felt there were enough places available and he was against the idea. Mr. Anderson said he felt that somewhere the Council will have to start showing people that Crosslake is interested in development. TIF is for businesses as well as for apartments and duplexes.

Mr. Burshem said he felt it would be very beneficial to the City and since the developers are using their own money the City has nothing to lose. Mr. Bill Reed, local businessman, said he knew of several widows who moved from the area because there were no places to rent that were comparable to the quality of the homes they sold.

Ms. Drude stated that the developer has deposited \$3,500 with the City Clerk to pay all expenses in setting up this district. Also, the City is entitled to 10 percent of the captured or TIF monies for administrative fees.

Mr. Joe Hauser said he has many friends who do not want the work involved in owning their own homes and would jump at the chance to have a nice affordable unit to rent. Several local realtors agreed that there is not adequate housing in Crosslake.

Mr. Dean Eggena said he felt the new project may steal renters from other areas in Crosslake and that may force landlords to sell rental homes. If someone bought the home and lived in it at that point it would put the taxes into homestead category and the taxes derived would not be as great. It was the consensus of the Council that there would still be people to rent the \$250 to \$350 a month properties.

MOTION NO. 3PH2-01-89 WAS MADE BY COUNCILMEMBER MILLER AND SECONDED BY COUNCILMEMBER BURSHEM TO ADOPT THE RESOLUTION APPROVING THE ESTABLISHMENT OF DEVELOPMENT DISTRICT NO. 1 AND THE ADOPTION OF THE DEVELOPMENT PROGRAM RELATING THERETO, AND ESTABLISHING ECONOMIC DEVELOPMENT TAX INCREMENT FINANCING DISTRICT NO. 1-1, AND APPROVING THE TAX INCREMENT FINANCING PLAN RELATING THERETO. MOTION PASSED WITH COUNCILMEMBER ARENDS, BURSHEM, GALLAWAY AND MILLER VOTING AYE. (Complete resolution attached and part of these minutes.)

At this point Mayor Anderson declared a 10 minute recess.

Mayor Anderson reconvened this public hearing by saying the next item on the agenda was the location of the post office.

Mayor Anderson said that after the elections in November the majority of residents who talked to him were concerned about the lcoation of the new post office and wanted to try to keep it in the immediate downtown area.

Mayor Anderson said he contacted Brian Marshall from the U.S. Postal Office about the property immediately south of the old City Hall building. He told Mr. Marshall that he thought the price should be around \$8,500. The amount of land that was offered was 85 frontage feet and the depth would be what ever would be required to build. Mayor Anderson said the post office people like the location and are presently asking if a variance could be granted so they could be 2 feet from the lot line by the old city hall rather than 10 feet which is stated in our ordinances.

Mayor Anderson said he has talked to only one person who does not favor this location for ~~(City Hall)~~ and that was because the person wanted to sell his lot to the post office. Mayor Anderson read a letter he received from the postal department and then opened the meeting up to comments from the residents.

*should  
read  
POST OFFICE  
CORRECTIONS  
made April 10,  
1989 meeting*

Mayor Anderson said that several people told him the old city hall building should be torn or burned down. Some people also told him that if the old police department section were removed from the building it would not require a variance for the post office to build. The underground storage tanks at city hall are scheduled to be removed this year and the septic system would need to be updated if the building were rented or sold.

Mr. Arends said he did not feel that the septic system was that old and should need updating. When questioned, Marlowe Kingstedt, Planning and Zoning Coordinator said any system that predated when the City began issuing permits in 1971 must be updated.

Orval Nelson, owner of C and C Boatworks, said for his business he favored a northern location for the post office but he realized that it would be more beneficial to more people at the downtown location. Mr. Nelson said he had concerns about the City getting a variance and setting a precedence. Mr. Nelson also said he did not feel that the City should continue to pay insurance on an empty building.

The possibility of tearing off the southern section of the building was discussed as well as eliminating the whole building. At one point someone in the audience asked for a show of hands who wanted to see the building torn down. The majority of residents present at the meeting raised their hand.

Mr. Eggena said he was still concerned about the City selling the property for not enough money. His concerns were if the City tears down the building, removes the septic system, reconstructs roads and puts in new curb and gutter it would cost more than the City was receiving for the property. He said he did not feel the City should give the property away and the City should get fair market value or they would be subsidizing the downtown area.

Harold Johnson, Funding and Future Development Commission member, said the land was appraised for \$25,000 so if the City is selling approximately one-half of the land it should be worth about \$12,500. Mayor Anderson said because it is located between two churches it is not saleable to everybody.

Mayor Anderson said he originally felt that \$100 a front foot was a fair price but he would be willing to go back to the post office people with a higher price. Mayor Anderson said the League of Minnesota Cities told him the City could sell it for \$1 if they wanted to.

Mayor Anderson suggested a motion. MOTION NO. 3PH2-02-89 WAS MADE BY COUNCILMEMBER MILLER AND SECONDED BY COUNCILMEMBER BURSHEM TO ELIMINATE THE OLD CITY HALL, TO SELL 87 FEET OF FRONTAGE TO THE POST OFFICE AT \$125 A FRONT FOOT AND TO KEEP THE PUBLIC DRIVE IN FRONT OF THE BUILDING A PUBLIC DRIVE MAINTAINED BY THE CITY OF CROSSLAKE. Councilmember Arends said he felt the property should be appraised again but it was the consensus of the rest of the Council that it had been appraised in 1987 and should not be appraised again.

Councilmember Gallaway said she thought that changing the drive should be in a negotiable package as to who pays what. She also said she would like to sell them the land all the way to CSAH #6. Mayor Anderson said they do not want unusable land and anything west of the drive is unusable. He suggested giving it to a garden club to plant.

Councilmember Arends said he did not feel that the City should spend any money on asphaltting. Mayor Anderson said any changes in the public drive would be the cities expense.

Libby Andolshek said she would like to reiterate what Don Coulter, City Surveyor, said about keeping the land for the telephone company because some day down the road they will probably need it.

Mr. Eggena again stated he would like to see the City get some prices on blacktop, curb and gutter. Mr. Eggena suggested doing the improvements first and add that into the selling price.

Mayor Anderson said he feels that the City has wasted money on many things and since this is something he feels that most residents want, it would not bother him to spend some money on it. Councilmembers Burshem and Miller agreed with the Mayor.

Mayor Anderson called for a vote on the motion on the floor. MOTION PASSED WITH COUNCILMEMBER ARENDS ABSTAINING.

MOTION NO. 3PH2-03-89 WAS MADE BY COUNCILMEMBER MILLER AND SECONDED BY COUNCILMEMBER BURSHEM TO ADJOURN THIS PUBLIC HEARING AT 11:36 A.M. MOTION PASSED UNANIMOUSLY.

Recorded and transcribed by:



Arlene A. Buchite  
City Clerk/Treasurer

519C

EXTRACT OF MINUTES OF MEETING OF THE  
CITY COUNCIL OF THE CITY  
OF CROSSLAKE, MINNESOTA

HELD: March 25, 1989

Pursuant to due call and notice thereof, a public meeting of the City Council of the City of Crosslake, Crow Wing County, Minnesota, was duly held on the 25th day of March, 1989, at 10:00 o'clock a.m.

The following members of the Council were present:

Mayor Kurt E. Anderson, Councilmembers Lyle Arends, Roger Burshem, Diana Gallaway and Charles Miller.

and the following were absent:

None.

Member Charles Miller introduced the following resolution and moved its adoption:

RESOLUTION APPROVING THE ESTABLISHMENT  
OF DEVELOPMENT DISTRICT NO. 1 AND THE ADOTPION  
OF THE DEVELOPMENT PROGRAM RELATING  
THERETO, AND ESTABLISHING ECONOMIC  
DEVELOPMENT TAX INCREMENT FINANCING  
DISTRICT NO. 1-1, AND APPROVING THE TAX  
INCREMENT FINANCING PLAN RELATING THERETO

WHEREAS:

A. It has been proposed that the City of Crosslake (the "City") create Development District No. 1 and adopt a development program with respect thereto and create Economic Development Tax Increment Financing District No. 1-1 within Development District No. 1 and adopt a tax increment financing plan with respect thereto under the provisions of Minnesota Statutes, Sections 469.124 to 469.134 and 469.174 to 469.179 (collectively the "Act");

B. The Council has investigated the facts and has caused to be prepared a development program for Development District No. 1, and has caused to be prepared a proposed tax increment

financing plan for Economic Development Tax Increment  
Financing District No. 1-1.

C. The City has performed all actions required by law to be performed prior to the creation of Development District No. 1 and Economic Development Tax Increment Financing District No. 1-1 and the adoption of the proposed development program and tax increment financing plan relating thereto, including, but not limited to, notification of Crow Wing County and Independent School District No. 186 having taxing jurisdiction over the property to be included in Economic Development Tax Increment Financing District No. 1-1, a review by the City Planning Commission of the proposed Development Program for Development District No. 1, and the holding of a public hearing upon published and mailed notice as required by law.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Crosslake as follows:

1. Development District No. 1. There is hereby established in the City of Crosslake Development District No. 1, the initial boundaries of which are fixed and determined as shown on page 2-1 of the Development Program.

2. Development Program. The development program for Development District No. 1, a copy of which is on file in the office of the City Clerk-Treasurer, is adopted as the Development Program for Development District No. 1.

3. Economic Development Tax Increment Financing District No. 1-1. There is established in the City of Crosslake within Development District No. 1 a tax increment financing district, the initial boundaries of which are fixed and determined as shown on page 3-8 of the Tax Increment Financing Plan.

4. Tax Increment Financing Plan. The Tax Increment Financing Plan is adopted as the tax increment financing plan for Economic Development Tax Increment Financing District No. 1-1, and the City Council makes the following findings:

(a) Economic Development Tax Increment Financing District No. 1-1 is an economic development district as defined in Minnesota Statutes, Section 469.174, subd. 12, the specific basis for such determination being that the project to be undertaken by La-Rever Properties will increase employment in the City and it will result in the preservation and enhancement of the tax base of the City.

(b) The proposed redevelopment in the opinion of the City Council, would not occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

The reasons supporting this finding are that:

La-Rever Properties has represented to the City that it would not undertake the project in Crosslake without the City's use of tax increment financing. Private investment will not finance these development activities because of prohibitive costs. It is necessary to finance these development activities through the use of tax increment financing so that other development by private enterprise will occur within Development District No. 1.

(c) The Tax Increment Financing Plan for Economic Development Tax Increment Financing District No. 1-1 conforms to the general plan for development or redevelopment of the City of Crosslake as a whole.

The reasons for supporting this finding are that:

- (i) Economic Development Tax Increment Financing District No. 1-1 is properly zoned;
- (ii) The tax increment financing plan will generally compliment and serve to implement policies adopted in the City's comprehensive plan.

(d) The Tax Increment Financing Plan will afford maximum opportunity, consistent with the sound needs of the City of Crosslake as a whole, for the development or redevelopment of Economic Development Tax Increment Financing District No. 1-1 by private enterprise.

The reasons supporting this finding are that:

The development activities are necessary so that development and redevelopment by private enterprise can occur within Development District No. 1.

5. Public Purpose. The Development Program for Development District No. 1 and the adoption of the Tax Increment Financing Plan for Economic Development Tax Increment Financing District No. 1-1 conform in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up to provide employment opportunities to improve the tax base, and to improve the general economy of the State and thereby serves a public purpose.

6. Certification. The Auditor of Crow Wing County is requested to certify the original tax capacity of Economic Development Tax Increment Financing District No. 1-1 as described in the Tax Increment Financing Plan, and to certify in each year thereafter the amount by which the original tax capacity has increased or decreased in accordance with the Act; and the City Clerk-Treasurer is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within Economic Development Tax Increment Financing District No. 1-1 for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.

7. Filing. The City Clerk-Treasurer is further authorized and directed to file a copy of the Development Program and Tax Increment Financing Plan for Economic Development Tax Increment Financing District No. 1-1 with the Commissioner of Trade and Economic Development.

8. Administration. The administration of Development District No. 1 is assigned to the City Clerk-Treasurer who shall from time to time be granted such powers and duties pursuant to Minnesota Statutes, Sections 469.130 and 469.131 as the City Council may deem appropriate.

The motion for the adoption of the foregoing resolution was duly seconded by member Roger Burshem and upon vote being taken thereon, the following voted in favor thereof: Councilmembers Arends, Burshem, Gallaway and Miller.

and the following voted against the same: None.

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA  
COUNTY OF CROW WING  
CITY OF CROSSLAKE

I, the undersigned, being the duly qualified and acting Clerk-Treasurer of the City of Crosslake, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes relate to the formation of Development District No. 1, and Economic Development Tax Increment Financing District No. 1-1 in the City.

WITNESS my hand and the seal of said City this 25<sup>th</sup>  
day of March, 1989.

Arlene A. Buchite  
City Clerk-Treasurer

(SEAL)