

PUBLIC HEARING  
AND  
SPECIAL COUNCIL MEETING  
CITY OF CROSSLAKE  
MONDAY, JUNE 1, 1998  
7:00 P.M. – CITY HALL

The Council for the City of Crosslake met in the Council Chambers of City Hall on Monday, June 1, 1998. The following Councilmembers were present: Mayor Robert Scott, Donna Keiffer, Charles Miller, Raymond Smyth and Richard Upton. Also present was City Administrator Thomas Swenson, City Attorney Paul Sandelin, Sid Inman of Ehlers and Associates, Developer David Barnes, Contractor Jim Cotten and Deputy Clerk Darlene Roach. There were approximately six other individuals in attendance.

Mayor Scott called the meeting to order.

MOTION PH61-01-98 WAS MADE BY RICHARD UPTON AND SECONDED BY CHUCK MILLER TO OPEN THE PUBLIC HEARING REGARDING ESTABLISHMENT OF TIF DISTRICT NO. 1-6. MOTION CARRIED UNANIMOUSLY.

The hearing opened with comments by Sid Inman of Ehlers and Associates. He stated that it was a statutory requirement that a public hearing be held when a Tax Increment Finance District is proposed. The proposed district is for an Ace Hardware Store. It was noted that a Notice of Public Hearing including legal description appeared in the May 21, 1998 edition of the City's official newspaper, the Lake Country Echo. Notification was made to the Crow Wing County Board of Commissioners and acted upon at their May 12, 1998 meeting. They, by motion, waived the thirty day review period. Pequot Lakes Independent School District #186 waived the thirty day notice at their May 11, 1998 school board meeting in order to expedite the City's creation of the Tax Increment District.

The annual tax increment for the proposed district would be approximately \$12,930. Of this amount, the City would retain 10% of the increment. The district, if approved, would exist for a period of nine to eleven years.

One of the items under discussion, which would require action, would be the annulment of the existing zoning permit obtained by Contractor Jim Cotten prior to TIF District 1-6 approval. City Attorney Sandelin and City Administrator Swenson met with Crow County Attorney Ryan and Crow Wing County Auditor Luukkonen regarding this issue. It was their recommendation that the costs incurred by the startup of construction be included in the base values. The developer is required to notify the County Attorney of these costs. The zoning permit would need to be annulled back to the date of issue. If the Resolution approving the district is approved, language regarding the zoning permit will be included in the Agreement.

The meeting was then opened to the public for comments. Donna Ramsdell of Crosslake/Mission Coast to Coast addressed the Council and stated that the only reason the public hearing was being held was because it was a legal requirement. She felt that a decision had already been made by the Council. She had obtained two documents from the State Auditor's Office which she made reference from. One was regarding the "but/for" test and her understanding that TIF was to be used for blighted areas. She also stated that the Community should not lose State Aid because of the Tax Increment Financing District. She stated that the City was experiencing a lot of growth and could not be considered a blighted area. She offered the documents to anyone else who was interested in reading them.

Sid Inman responded to her comments by stating the City has the option of providing a local match which could include infrastructure improvements so as not to lose State Aid. Also, recent State Legislation does not limit Tax Increment Financing to blighted land.

Developer David Barnes addressed the Council and read from an article published in the February 5<sup>th</sup> edition of the Lake Country Echo. This article stated that the Ramsdell's were planning on relocating to a location South of Crosslake. He agreed with the Ramsdell's that they probably wouldn't want the competition but felt it behooved the City to want growth. He explained the reason that prompted him to make a decision to open an Ace Hardware in Crosslake.

Mayor Scott asked whether size was a consideration and Mr. Inman stated that there is a requirement that the size be less than 15,000 square feet.

No further input was received from the public.

MOTION PH61-02-1998 WAS MADE BY RAY SMYTH AND SECONDED BY RICHARD UPTON TO CLOSE THE PUBLIC HEARING AND RECONVENE THE SPECIAL MEETING. MOTION CARRIED UNANIMOUSLY.

MOTION 06S1-01-98 WAS MADE BY RAY SMYTH AND SECONDED BY RICHARD UPTON TO AUTHORIZE THE CITY TO ENTER INTO AN AGREEMENT WITH JIM COTTEN AND DAVID BARNES THAT CANCELS THE ZONING PERMIT THAT WAS ISSUED PREVIOUSLY CONTINGENT ON THE DEVELOPER EXECUTING THE AGREEMENT. MOTION CARRIED UNANIMOUSLY.

MOTION 06S1-02-98 WAS MADE BY RAY SMYTH AND SECONDED BY RICHARD UPTON THAT CONTINGENT ON THE AGREEMENT CANCELLING THE ZONING PERMIT BETWEEN THE CITY, MR. BARNES AND MR. COTTEN BEING APPROVED BY JUNE 8, 1998, TO APPROVE RESOLUTION 98-15 ESTABLISHING WITHIN DEVELOPMENT DISTRICT NO. 1 TAX INCREMENT

FINANCING DISTRICT NO. 1-6 AND ADOPTING THE RELATED TAX INCREMENT FINANCING PLAN THEREFOR. MOTION CARRIED UNANIMOUSLY.

A revised Tax Increment Financing Policy was prepared for Council review. Mr. Inman reviewed the draft and commented on two items which he felt should be included in the policy. He stated that the City could take a greater amount from the increment to spend on public improvements, however, this needs to be set out in the policy ahead of time. In addition, he felt the financing should be on a "pay-as-you go" basis versus bonding where the City could bond to buy the land and etc. Attorney Sandelin will revise the policy for review at the next Council meeting. MOTION 06S1-03-98 WAS MADE BY RICHARD UPTON AND SECONDED BY CHUCK MILLER TO TABLE ACTION ON THE TAX INCREMENT FINANCING POLICY TO THE JUNE 8, 1998 MEETING. MOTION CARRIED UNANIMOUSLY.

MOTION 06S1-04-98 WAS MADE BY CHUCK MILLER AND SECONDED BY RAY SMYTH TO APPROVE BILLS FOR PAYMENT IN THE AMOUNT OF \$18,967.15. AND \$16,729.24 AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Two quotations for defibrillators were received. Chief Backdahl recommended that the LifePak 500 be purchased through North Memorial Hospital. The purchase of these units would allow familiarity between responding emergency departments assuring that all responders will be able to utilize the equipment rapidly and without confusion. The North Memorial Health Care quote was for \$3060 per unit and the quote from Heartstream was \$3555 per unit. MOTION 06S1-05-98 WAS MADE BY DONNA KEIFFER AND SECONDED BY CHUCK MILLER TO APPROVE THE PURCHASE OF TWO LIFEPAK 500 DEFIBRILLATORS FROM NORTH MEMORIAL HEALTH CARE. MOTION CARRIED UNANIMOUSLY

PERSONNEL ISSUES –

- Public Works - City Administrator Swenson and Councilmember Miller recommended the hiring of Mike Amsden as a permanent full-time heavy equipment operator/maintenance worker at Step 3 paying \$10.72 per hour under the union contract. MOTION 06S1-06-98 WAS MADE BY CHUCK MILLER AND SECONDED BY RAY SMYTH TO APPROVE THE HIRING OF MICHAEL AMSDEN AT STEP 3 OF THE UNION CONTRACT. MOTION CARRIED UNANIMOUSLY. A recommendation for the second position available will not be made until the June 8, 1998 meeting since the second candidate declined the offer for the position.
- Park and Recreation – MOTION 06S1-07-98 WAS MADE BY RAY SMYTH AND SECONDED BY CHUCK MILLER TO ACCEPT THE RESIGNATION OF ROB

- LARSON AS DIRECTOR OF THE PARK AND RECREATION DEPARTMENT. MOTION CARRIED UNANIMOUSLY. A revised job description for Park and Recreation Director, which more closely fits the work previously done by Rob Larson, was reviewed by the Council. MOTION 06S1-08-98 WAS MADE BY RAY SMYTH AND SECONDED BY CHUCK MILLER TO ADOPT THE JOB DESCRIPTION AS REVISED FOR PARK AND RECREATION DIRECTOR. MOTION CARRIED UNANIMOUSLY. City Administrator Swenson and Councilmember Smyth met with retired Park and Recreation Director Dennis Palm and recommended Council approval to hire Mr. Palm on a temporary basis. MOTION 06S1-09-98 WAS MADE BY RAY SMYTH AND SECONDED BY DONNA KEIFFER TO HIRE DENNIS PALM AS PARK AND RECREATION INTERIM DIRECTOR AT \$14.43 PER HOUR. MOTION CARRIED UNANIMOUSLY. Mr. Palm was active on the Community Center Planning Committee and involved in the Citizen's Committee for the bond referendum. Mr. Palm will also serve on the interview committee for the new director.
  
- Planning and Zoning – Zoning Administrator Teri Hastings and City Administrator Swenson prepared a job description, pay equity job match list and a cost analysis showing how an additional staff person could be funded in the Planning and Zoning Department. This additional information was prepared based on the Council's authorizing the drafting of a job description and assignment of comparable worth points at the May meeting. Not included in the funding consideration was a revised zoning fee schedule which will be presented at a later time. Additional revenue of approximately \$5205, savings in the department of \$4500 and \$1300 of the proceeds from the sale of one of the lots in the business park would fund an additional person for the remainder of 1998. Planning and Zoning Chairman Darrell Swanson addressed the Council and stated that he met with City Administrator Swenson to review priorities in the Planning and Zoning Department. He supported the request for an additional staff person. MOTION 06S1-10-98 WAS MADE BY RICHARD UPTON AND SECONDED BY DONNA KEIFFER TO APPROVE ADVERTISING FOR A FULL-TIME PERSON FOR THE PLANNING AND ZONING DEPARTMENT. MOTION CARRIED UNANIMOUSLY. The job description was reviewed by the Council and a recommendation made to change "Ability to accept responsibility for the direction, control or planning of an activity" to "*Ability to accept responsibility for the planning and operating of an activity*". MOTION 06S1-11-98 WAS MADE BY RICHARD UPTON AND SECONDED BY CHUCK MILLER TO APPROVE THE PLANNING AND ZONING ASSISTANT JOB DESCRIPTION AS REVISED. MOTION CARRIED UNANIMOUSLY. Comparative job positions evaluated to determine pay equity was the public works foreman, police officer and planning and zoning administrator positions. MOTION 06S1-12-98 WAS MADE BY RICHARD UPTON AND SECONDED BY DONNA KEIFFER TO APPROVE COMPARABLE WORTH POINTS OF 233 POINTS FOR

- THE PLANNING AND ZONING ASSISTANT. MOTION CARRIED UNANIMOUSLY. The pay scales were reviewed for consistency and equity. MOTION 06S1-12-98 WAS MADE BY RICHARD UPTON AND SECONDED BY DONNA KEIFFER TO APPROVE THE RECOMMENDED PAY SCHEDULE AS FOLLOWS: 1998 PAY SCHEDULE FOR STEP 1: \$10.92; STEP 2: \$11.41; STEP 3: \$11.91; STEP 4: \$12.40; STEP 5: \$12.90; STEP 6: \$13.39; STEP 7: \$13.88; STEP 8: \$14.37. 1999 PAY SCHEDULE FOR STEP 1: \$11.25; STEP 2: \$11.75; STEP 3: \$12.27; STEP 4: \$12.77; STEP 5: \$13.29; STEP 6: \$13.79; STEP 7: \$14.30; STEP 8: \$14.80. MOTION CARRIED UNANIMOUSLY. The pay schedule will be forwarded to the Union.

Councilmember Ray Smyth commented that the dedication and first baseball game at the new ball field would take place at 6:15 P.M. on Thursday, June 11, 1998.

MOTION 06S1-13-98 WAS MADE BY RAY SMYTH AND SECONDED BY RICHARD UPTON TO CLOSE THE MEETING FOR DISCUSSION OF A PERSONNEL MATTER. MOTION CARRIED UNANIMOUSLY.

Taped and transcribed by:



Darlene J. Roach  
Deputy Clerk

BILLS FOR PAYMENT			
1-Jun-98			
VENDOR	DEPT	CHECK #	PD WITH AMOUNT
Anderson Brothers - Class 5	PW		\$448.56
Anderson Brothers - Rental of water truck	PW		\$680.00
Armond Gease - Repair pa syst at City Hall	Govt		\$40.00
Brainerd Dispatch - baseball coach ad	Park		\$39.95
Council 65 - Union Dues	All		\$92.40
Country Recorder - Deferred Assess Recording	P&Z		\$29.50
Crosslake Rolloff - Recycling for June	Recycle		\$1,500.00
Crosslake Telephone Company - Rea Loan			\$925.93
Crosslake TV - UPS postage	PW		\$6.00
Crow Wing Coop - ESC	Govt		\$385.00
Crow Wing Coop - Garage	Park		\$17.48
Crow Wing Coop - Park	Park		\$230.13
Crow Wing Coop - Street Lights	PW		\$29.71
Crow Wing Coop - Warehouse	Park		\$47.67
Crow Wing Coop - Warming House	Park		\$20.67
Deferred Comp - payroll	All		\$800.00
Delta Dental	All		\$760.30
Donald Coulter - Surveyor Services	P&Z		\$260.00
Echo - Envelopes	Adm/P&Z		\$51.52
Echo - Letterhead	Adm/P&Z		\$48.05
Echo - Window Envelopes	Adm		\$48.05
Echo Publishing - Classified Ad	Park		\$42.00
Echo Publishing - Police Off Ad	PD		\$19.40
Ehlers & Assoc - Ace Hardware TIF	TIF		\$450.00
Ehlers & Assoc - Reed's TIF	TIF		\$240.00
Federal Withholding	All		N/A
Gammello & Sandelin - 1/2 city fines	Legal	April rec'd May	\$429.34
Gammello & Sandelin - Retainer	Legal		\$600.00
Greg Larson Sports - Anchors	Park		\$15.95
Greg Larson Sports - soccerball supplies	Park		\$90.19
Joos Electric - Install new breaker for pump	Park		\$86.95
Kustom Signals Inc. - Radar for '98 Ford	PD		\$1,411.12
L&M Steel - Soccer goals	Park		\$639.00
Martin Communications - Battery & Case	Fire		\$103.57
Medica			\$4,250.13
Medicare	All		N/A
Minnesota Mutual - Life Insurance	All		\$184.00
Mn Benefits Assn - insurance	Admin		\$78.00
Municipal Clerks & Fin Assoc - Tom/Darlene	Admin		\$60.00
Nisswa Parks & Rec - Soccer Net	Park		\$39.00
North Country Medical - Emergency Medical Kit	Police		\$850.99
North Memorial Amb Subsidy			\$1,103.00
Northland Drilling - Abandon well on downtown road	PW		\$300.00
Northland Drilling - Svc call on 1/2 hp pump	PW		\$443.50
Office Shop - clip dispenser & printer ribbon	PD		\$12.46



CITY OF CROSSLAKE  
CROW WING COUNTY  
STATE OF MINNESOTA

Council member Ray Smyth introduced the following resolution and moved its adoption:

**RESOLUTION NO. 98-15**

**RESOLUTION ESTABLISHING WITHIN DEVELOPMENT DISTRICT NO. 1  
TAX INCREMENT FINANCING DISTRICT NO. 1-6 AND ADOPTING THE  
RELATED TAX INCREMENT FINANCING PLAN THEREFOR.**

BE IT RESOLVED by the City Council (the "Council") of the City of Crosslake, Minnesota (the "City"), as follows:

Section 1. Recitals.

1.01. The City has heretofore established Development District No. 1 and adopted the Development Program therefor. It has been proposed that the City establish within Development District No. 1 Tax Increment Financing District No. 1-6 ("District No. 1-6") and adopt the related Tax Increment Financing Plan therefor (the "Plan"); all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.124 through 469.134 and 469.174 through 469.179, all inclusive, as amended, all as reflected in the Plan, and presented for the Council's consideration.

1.02. The Council has investigated the facts relating to the Plan and has caused to be prepared the Plan.

1.03. The City has performed all actions required by law to be performed prior to the adoption and approval of the proposed Plan, including, but not limited to, notification of Crow Wing County and School District No. 186 having taxing jurisdiction over the property to be included in District No. 1-6, a review of and written comment on the Plan by the City Planning Commission, and the holding of a public hearing upon published notice as required by law.

1.04. Certain written reports (the "Reports") relating to the Plan and to the activities contemplated therein have heretofore been prepared by staff and submitted to the Council and/or made a part of the City files and proceedings on the Plan. The Reports include data, information and/or substantiation constituting or relating to the bases for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

Section 2. Findings for the Adoption and Approval of the Plan.

2.01. The Council hereby finds that the Plan, is intended and, in the judgment of this Council, the effect of such actions will be, to provide an impetus for development in the public purpose and accomplish certain objectives as specified in the Plan, which is hereby incorporated herein.

Section 3. Findings for the Establishment of Tax Increment Financing District No. 1-6.

3.01. The Council hereby finds that Tax Increment Financing District No. 1-6 is in the public interest and is an "economic development district" under Minnesota Statutes, Section 469.174, subd. 12.

3.02. The Council further finds that the proposed development would not occur solely through private investment within the reasonably foreseeable future and that the increased market value on the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of District No. 1-6 permitted by the Tax Increment Financing Plan, that the Plan conforms to the general plan for the development or redevelopment of the City as a whole; and that the Plan will afford maximum opportunity consistent with the sound needs of the City as a whole, for the development of District No. 1-6 by private enterprise.

3.03. The City elects to make a qualifying local contribution in accordance with Minnesota Statutes, Section 273.1399, subd. 6(d), in order to qualify District No. 1-6 for exemption from state aid losses set forth in Section 273.1399.

3.04. The Council further finds, declares and determines that the City made the above findings stated in this Section and has set forth the reasons and supporting facts for each determination in writing, attached hereto as Exhibit A.

Section 4. Approval and Adoption of the Plan.

4.01. The Plan, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, is hereby approved, ratified, established, and adopted and shall be placed on file in the office of the City Administrator.

4.02. The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the Plan and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

4.03. The Auditor of Crow Wing County is requested to certify the original net tax capacity of District No. 1-6, as described in the Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and the City of Crosslake 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 District No. 1-6, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

4.04. The City is further authorized to file the Plan for Tax Increment Financing District No. 1-6 with the Commissioner of Revenue.

The motion for the adoption of the foregoing resolution was duly seconded by Council member Richard Upton, and upon a vote being taken thereon, the following voted in favor thereof:

Mayor Scott, Donna Keiffer, Chuck Miller, Ray Smyth and Richard Upton

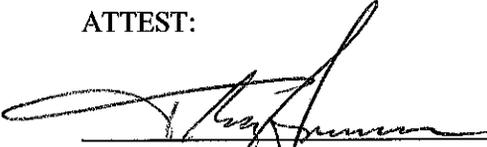
and the following voted against the same:

None

Dated: June 1, 1998

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Administrator

(Seal)

EXHIBIT A  
RESOLUTION # 98-15

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 1-6, ("District No. 1-6") as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that the District No. 1-6 is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

Tax Increment Financing District No. 1-6 is a contiguous geographic area within the City's Development District No. 1, delineated in the Plan, for the purpose of financing economic development in the City through the use of tax increment. District No. 1-6 consists of a portion of Development District No. 1 not meeting requirements for other types of tax increment financing districts, which is in the public interest because it will facilitate construction of a hardware store which will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality; it will increase employment in the state, and preserve and enhance the tax base of the state.

It has been confirmed that the City of Crosslake has a population less than 5,000 and is located at least 10 miles from a city with a population greater than 10,000 and therefore the City meets the definition of a "small city" found in *M.S. Section 469.174 Subd. 27*.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of District No. 1-6 permitted by the Plan.*

*The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the development proposed in this plan is a retail facility that meets the City's objectives for economic development. The cost of land acquisition, site and public improvements and utilities makes development of the facility infeasible without City assistance. The developer was asked for and provided a letter and a proforma as justification that he would not have gone forward without tax increment assistance ( see attachment in Appendix E).

*The increased market value of the site that could reasonable be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the Plan:* The City supported this finding on the grounds that the cost of site and public improvements and utilities add to the total development cost. Historically, site development costs in this area have made development infeasible without tax increment assistance. Therefore, the City reasonably determines that no other development of any kind is anticipated on this site without substantially similar assistance being provided to the development. Accordingly, the increased market value anticipated without tax increment assistance is \$0.

A comparative analysis of estimated market values both with and without establishment of Tax Increment Financing District No. 1-6 and the use of tax increments has been performed as described above. If all

development which is proposed to be assisted with tax increment were to occur in District No. 1-6, the total increased market value would be up to \$425,000. The present value of tax increments from District No. 1-6 is estimated to be \$67,825. It is the Council's finding that a development with a market value greater than \$357,175 would not occur without tax increment assistance in this district within 9 years. This finding is based upon evidence from general past experience with the high cost of acquisition, site improvements and public utilities in the general area of District No. 1-6 (see the but/for analysis in the cashflow in Appendix C).

3. *Finding that the Tax Increment Financing Plan for District No. 1-6 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Plan was reviewed by the Planning Commission on May 15, 1998. The Planning Commission found that the Plan conforms to the general development plan of the City.

4. *Finding that the Tax Increment Financing Plan for District No. 1-6 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Development District No. 1 by private enterprise.*

The project to be assisted by District No. 1-6 will result in increased employment in the City and the State of Minnesota, increased tax base of the State, and add a high quality development to the City.