

Peterson Companies' request gets nowhere.

BY DENISE MARTIN

Wyoming City Council couldn't muster a second to the mayor's motion last week, so a request for tax aid for a longtime area business expansion plan was not even addressed.

Wyoming Mayor Eric Peterson made a motion calling for a public hearing September 6 for the Peterson Companies' abatement request, at which time the council could legally consider and act on the abatement. Nobody made a second and it died.

Council member Roger Elmore stated he didn't even support bringing the matter to a public hearing.

Applicant Jon Peterson was somewhat taken aback.

Peterson Companies, he said, really wants to stay on land his family has owned for generations. He added that he only seeks this abatement aid to cash flow what is going to be a major physical site expansion. (Terms of the abatement also require five new jobs be created annually for at least five years.)

Peterson said the company certainly didn't ask for the fire that destroyed their facility on Wyoming Trail, last spring.

He stressed that the aid he's requesting amounts to the difference between what the site generated in taxes before the fire, and what will be generated after a multi-million dollar structure goes up. If he doesn't locate the headquarters there, Wyoming gets nothing, he continued, and Wyoming got little tax revenue before the fire too.

Council member Elmore and the city's EDA President complained that existing business people see a tax abatement as "unfair."

Economic Development Authority Pres. Ted Phillips pointed to the Hallberg Marine business fire and said the city didn't approve any assistance there. Peterson responded that the industrial park building was rebuilt at the same size and there weren't new jobs added. "This is not the same thing, you can't compare."

The Peterson Companies site was divided in two when annexation was pursued that wiped out the township. The Chisago City and Wyoming border slices the property now, drawn by an administrative law judge.

Chisago City and Chisago County elected officials have already gone on the record supporting the application to benefit from the business subsidy program and use of a Revolving Loan Fund for this project. The final cog in the wheel was Wyoming City participation.

Peterson said quite frankly, this very outcome is why he originally asked if he could just annex the whole parcel into Chisago City. He foresaw hurdles like this, in getting all the jurisdictions on the same page.

The two cities have drafted a Joint Powers Agreement that is supposed to distribute future parcel valuation and tax revenues, and also defines who is responsible for construction inspections, etc. Peterson said with the JPA in place he sees no reason to annex out of Wyoming when the abatement timeframe expires, which was a concern expressed. (The abatement allows for the capture of \$45,000 in city taxes paid, which are applied to the development costs. This amount could be achieved in a few years or it could require a maximum of 10 years, it depends on the property valuation.)

Peterson observed, "I'm not grasping what the issue is here. This will be a true 100 percent net gain to the city with no extra city costs, it's a county road there's no additional public works costs, no staff costs because Chisago City is handling the (inspections)."

Phillips said there were EDA discussions that resulted in a potential plan that would allow zero tax increase for five years, but then in the sixth year the full new amount would be owed the city. This results in about \$30,000 available to the project cost abatement.

Peterson said that is not sufficient to resolve his project financing issues.

Mike Soule, a city EDA member, stood in the audience and told council not all members agreed with Phillips' assessment of the group's review of the application. He said the city must send a message that Wyoming is willing to work with anyone proposing economic development projects. If the council just ignores this, he advised, "...you'll send a message loud and clear that Wyoming is unfriendly to business.

"To a person, everyone of you who campaigned last time said the city needs to do all it can to improve Wyoming's business climate."