



**CITY OF MONTICELLO
PRESS RELEASE**

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City Leaders Seek New Option to Fund Priority Projects

Monticello, MN – On Monday, January 23 the City Council initiated the process to seek a local sales tax in Monticello. This type of funding source has been gaining popularity across Minnesota as cities seek ways to facilitate big projects in their communities.

Rather than limiting cities to only the taxpayers within their city limits, a sales tax allows revenue to be generated from people shopping in the community. As a regional commercial center, Monticello stands to benefit from a tax that includes contributions from the people drawn to the community from across Central Minnesota.

The funds must be used for projects valuable to the greater region, and Monticello has identified two large-scale projects with regional significance: **Bertram Chain of Lakes Regional Athletic Park** and **The Pointes at Cedar Recreation Area**.

Bertram Chain of Lakes Regional Athletic Park is already a regional destination for recreation. The initial phases of construction created space for regional regular season play as well as tournament play, bringing in teams from across the state. The completion of the first phase of premiere fields allowed the Minnesota Youth Soccer Association to host the 2021 State Soccer Tournament at the park.

The Pointes at Cedar is a more recent project. It's intended to mix residential, commercial, and recreational spaces within a 100-acre development area. The project is anchored by a large central lake surrounded by pathways, art, and entertainment that will add a unique flair to the center of the community.

The City Council is committed to phased development of both projects, but the proposed tax would be a transformational funding opportunity. It will create a specific source to finance future phases of the projects to ensure they can continue to develop for public use.

The City Council resolution outlines a ½ cent sales tax that would be in place for a maximum of 20 years. This would generate \$30 million that would be split evenly to fund \$15 million for each project. State law requires the tax to automatically sunset once funds authorized for the

projects are collected, or the proposed 20 years (pending approved legislation), whichever occurs first.

The approved resolution does not enact the tax, it allows the City of Monticello to submit a request for special legislation from the Minnesota Legislature. If the legislature approves it, the Council must vote on a second resolution to present funding the two projects with the proposed sales tax. Monticello voters would vote for funding each project individually, allowing for both, one, or none of the projects to be funded with the tax.

Local option sales taxes apply to the same items and services as the general state sales tax. Items exempt from the local sales tax include many essential items such as groceries, prescription and over-the-counter medications, baby products and clothing.

During the meeting, staff also noted that regardless of the funding source, the plan is to pursue phased, needs-based development of both projects. City Administrator Rachel Leonard highlighted that a potential sales tax does not mean immediately completing a full build-out of the recreation facilities.

“The idea is we keep looking at the needs of the community and how we can phase this in a responsible way. The sales tax gives us the option to either save that money over time and then pay it out when we decide to do another phase of the projects, or we can use that funding to pay the bond costs if we were to levy debt to complete those projects,” explained Leonard.

Prior to voting on the resolution, members of City Council voiced their opinions about the proposed funding source.

“I think it’s reasonable to expect that a project like Bertram, that’s being utilized by more than just the residents of Monticello,” said Mayor Lloyd Hilgart. “This should be the type of thing that the sales tax is used for. Same with The Pointes, I feel that’s going to be a regional draw for the recreation and shopping that it will have,” he added.

Councilmember Hinz agreed, stating she felt like it was good for the city to have the experience.

“I think this is an excellent opportunity, regardless of the outcome, for the city to walk through the steps of this process. And also for our community to better understand their ability to influence the outcome by learning what they’re voting for. I think it’s a great first step,” said Hinz.

City staff will submit project plans for The Pointes and Bertram, as well as a breakdown of the proposed financial components to the MN state legislature by the deadline of January 31, 2023.

Visit the City of Monticello’s website for more information and some helpful FAQs:

www.ci.monticello.mn.us/593/Local-Option-Sales-Tax

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