City of Blaine
City Council Workshop

July 5, 2023 | 5:30 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

MINUTES

NOTICE OF WORKSHOP MEETING
In accordance with the provisions of Section 3.01 of the Blaine City Charter, a Council Workshop meeting is scheduled for the following purpose:

1. Call to Order

The meeting was called to order by Mayor Sanders at 5:30PM.

PRESENT: Mayor Tim Sanders, Councilmembers Terra Fleming, Leslie Larson, Chris Massoglia, Tom Newland, Jess Robertson, and Lori Saroya.

ABSENT: None.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Eric Thorvig; City Planner Sheila Sellman; Safety Services Director/Police Chief Brian Podany; Deputy Finance Director Ali Bong; City Attorney Tom Loonan; and Communications Manager Ben Hayle.

2. New Business

2.1. 2023-206 Park Construction Wetland Credit Purchase Reduction Request
Sponsors: Erik Thorvig, Community Development Director

Community Development Director Thorvig stated in 2015, the Blaine Economic Development Authority (EDA) established a wetland bank through wetland restoration of the Blaine Wetland Sanctuary. Concurrently, the city of Blaine also established a separate wetland bank. Each bank is independently operated and has different purposes for use of funds and sale of credits. The EDA currently has 8.0716 acres of credits available to sell. The current market value of said credits is $878,997. The City wetland bank also owes the EDA wetland bank 14 acres of credits. These credits will be transferred once the City wetland bank gets another release of credits in the future. The value of those 14 acres is $1,524,600. The total value of the remaining EDA wetland credits is $2,403,597. Park Construction has received development approval from the City of Blaine to relocate their headquarters to Blaine at 10101 Naples Street. Park Construction, incorporated in 1916, specializes in fields such as earthwork, road construction, utilities and demolition. The company is currently located in Spring Lake Park and the owner lives in Blaine. The project includes construction of a 15,000 sf office/shop, an 8,000 sf warehouse and yard for various activities related to the business. Relocation of the business to Blaine will bring approximately 70 existing jobs to the community in the skilled trades and administrative staff. These positions include higher level salaries with an average income exceeding $100,000 per year.

Mr. Thorvig explained Park Construction has limited options to relocate their business given the heavy industrial nature. Park Construction was unsuccessful in obtaining approval for a different site in Blaine in 2017. The site they were looking at was zoned appropriately, however was located next to a residential neighborhood that opposed the project. The City Council ultimately denied the conditional use permit request. In 2022, they were also unsuccessful in receiving approval from the City of Columbus for similar reasons. The site they have identified in Blaine is appropriate for their use, however has various wetland challenges. The company has been working with the City of Blaine, Rice Creek Watershed District (RCWD) and the Army Corps of Engineers over the last year to understand wetland impact and necessary mitigation. The project requires 10.25 acres of wetland mitigation. The mitigation amount has been approved by the RCWD and Army Corps. As noted earlier, the EDA currently has 8.0716 acres of credits available. The developer will need to purchase any remaining credits from other wetland banks. Given the escalating project costs, the developer/business is requesting a grant of credits. The EDA has several options to consider, including granting or reducing the price of credits. If the EDA were to grant the credits, the EDA would lose $878,997 in potential sales revenue. The EDA could reduce the cost of credits. Additionally, the City could waive the $37,200 tree replacement fee that is required for the project. The company is unable to plant the necessary amount of replacement trees (93 trees) on the property and is required to pay $37,200 into the city reforestation account. This fee could be waived to assist in reducing overall project costs. Staff commented further on the request and requested feedback from the council on how to proceed.

Jeff Carlson, Park Construction, reported this was the fourth site he has considered for his new office/shop, warehouse and yard. He explained the property he was buying was mostly wetlands and he has received approval from the Rice Creek Watershed, along with the Army Corp of Engineers. He discussed how construction costs have risen since 2018. He stated he has reached the limit for his budget and was asking for some assistance from the city.

Mayor Sanders thanked Park Construction for choosing Blaine. He stated he was uncertain the city could approve the entire requested amount, given the high level of development that was occurring in Blaine at this time. However, the council could consider the request further.

Councilmember Larson asked where the business was currently operating. Mr. Carlson reported his business was currently located in Spring Lake Park and Fridley. He commented on how his business has grown over the past six years and noted he has outgrown his space.

Councilmember Robertson stated she appreciated the fact Park Construction has made their way back to Blaine. She explained she was not comfortable with the full grant amount and indicated she was also concerned with the timing of this request. She commented on the numerous redevelopment projects the city was working on at this time. She stated she would be open to helping in some way, but not with the full grant amount.

Councilmember Newland asked if the cost for the wetland credits could be deferred for some amount of time. He stated this may assist with managing costs up front. Mr. Carlson indicated this would be helpful. Mr. Thorvig explained this has not been done before and staff would have to look into this further.

Councilmember Robertson questioned if park dedication fees would apply to this project. Mr. Thorvig reported park dedication fees would not apply because the property was already platted.

Mayor Sanders and Councilmember Newland supported waiving the tree replacement fee.

Councilmember Massoglia indicated he supported the city helping Park Construction in some way, but noted the city has received a large number of requests recently. He stated the timing was unfortunate, given the fact the city was reaching the end of its wetland credits. He noted he would be willing to offer some form of help.

Councilmember Saroya requested further information regarding wetland credits and asked if there was a deadline to sell the credits. Mr. Thorvig offered the council further information regarding wetland credits the city has in place and noted there was no deadline in place to sell the credits.

Further discussion ensued regarding the process that had to be followed to create new wetlands.

Mayor Sanders stated at this point in time, he could support the $1.25 price range as well as waiving the tree replacement fee.

Councilmember Newland requested staff and the city attorney look into the potential of deferring the wetland credit expense for Park Construction.

Mayor Sanders asked what the timeline was for this project. Mr. Carlson explained he was waiting to receive approval from the Army Corp of Engineers. After receiving this approval, he could move forward with the project.

Mayor Sanders supported staff running the numbers and reporting back at a future EDA meeting.

2.2. 2023-267 Northtown Land Use and Density Discussion

Sponsors: Sheila Sellman, City Planner

City Planner Sellman explained in June, staff held two open houses in the Northtown Mall to introduce the adopted plan and receive feedback on the council initiated changes. Both nights had a good turnout with about 30 people attending each night, in addition to staff and councilmembers. A common theme from those that attended was interest in the timeline for the project, and that the city was going to implement the plan and do all of the redevelopment. She shared that many good questions were asked and people were excited about the plan. She noted while most agreed that something needs to happenthere were questions around rumors of the mall selling and what the mall was going to do, adding topics of homelessness and panhandling was mentioned by most.

Councilmember Newland stated he believed both meetings were relatively positive and the people in attendance were fairly engaged. He did not believe additional meetings had to be held to engage the public.

Councilmember Robertson commented the updated visuals were helpful. She discussed the feedback that was received from the meetings and indicated the meetings provided a great opportunity to clear things up for the public.

Councilmember Saroya stated she has heard repeatedly that something needs to be done. She appreciated the fact that people were excited about the renovations coming to the Northtown Mall area. She noted there were a lot of questions regarding the Rainbow property and what would be coming to this site. She supported the city holding more events like this.

Ms. Sellman stated at the October 2022 fall retreat, the Council had a general multi-family discussion. At the retreat, staff presented some multi-family statistics, reviewed existing HDR (High Density Residential) sites, high density estimates for Northown Area and 105th Avenue, recent approval history, and discussed the review process for requests are made. An outcome of the retreat was to consider changing the HDR land use for two properties and shift that density to the Northtown Area. The first property change was identified at the northwest corner of Main and Lexington, changing 8.82 acres from HDR (High Density Residential) to MDR/LDR (Medium/Low Density Residential) or MDR (Medium Residential). The second property change identified was at 99th and Polk, changing 10 acres from HDR (High Density Residential) to MDR (Medium Density Residential). At the May 1, 2023 workshop, council discussed the changes outlined above and some changes to the Northtown plan including land use changes. Those changes are outlined in the Northtown proposed land use change map. If council agrees with these changes, staff will begin the process for a comprehensive land use plan amendment. As part of this process, the density shift can take place as well. The maps outline the proposed changes that were discussed above. Property owners have not been contacted regarding these changes yet. Outreach will include letters to property owners with a Frequently Asked Questions document, and the opportunity to meet individually with staff. Staff commented further on the proposed density shift and requested feedback from the council.

Councilmember Newland stated this was exactly the type of changes that had to occur and should occur for the Northtown area, pulling the high density developments to the Northtown area. He supported pulling mixed use into the area as well. He commented on how valuable it was to have renderings available at the recent open house meetings.

Councilmember Saroya indicated she disagreed, noting residents in the Northtown Area have made it clear they do not want high density residential. She understood this was a 25-30 year plan and did not support moving all of the city's future high density developments to this one area.

Councilmember Robertson noted HDR included quad homes and not just apartments. She explained the city would also like to see more mixed use developments in this area. She indicated the city would have the ability to cater to new developments and could set building height requirements. She stated there was a growing need for senior housing in the community. She reported no one wants to fill this entire area with apartments, but she believed the city could create housing to meet the needs of the community that included senior housing.

Ms. Sellman reviewed the areas slated for HDR and HDR-2. She explained 79 acres have been set aside for HDR.

Councilmember Saroya supported reducing the acreage set aside for HDR.

Councilmember Massoglia asked if the Rainbow Village area, which was currently zoned MDR/CC, would allow for apartments. Ms. Sellman stated MDR would not allow for apartments, but would allow for townhomes.

Councilmember Massoglia suggested the city have 13 acres of HDR-2 instead of 80 acres. Ms. Sellman stated the city could do this, but this would not align with the current vision for the area. Mr. Thorvig commented on how the city would rather be proactive than reactive in order to accommodate future developers.

Councilmember Robertson stated she was comfortable with the proposed land uses for the Northtown Mall area. She discussed how mall areas were redeveloping throughout the metro area and noted she does not have any fears that the mall would be demolished.

Councilmember Saroya expressed concern with the fact decisions were made for the Northtown Mall area last October and she was not on the city council at that time. She noted these decisions would impact this development tremendously going forward for the next 25-30 years. She expressed confusion when it comes to the vision for this area and noted she did not support this area having a high level of HDR.

Mr. Thorvig discussed how each city had to have land set aside for affordable housing, and HDR land was the most conducive for affordable housing.

City Manager Wolfe understood there were concerns surrounding what the city does not want. She commented on how staff was working to properly position the city while striking a balance with flexibility. She believed she was hearing land use could be set in a manner to offer flexibility, while zoning could address what the city does not want.

Councilmember Fleming asked if the people who attended the open houses were from Ward 1. Ms. Sellman stated from the people who signed in, 19 were from Ward 1.

Councilmember Fleming questioned if staff received negative feedback from the residents at the open houses regarding the proposed maps. Ms. Sellman stated she did not receive any negative feedback. She heard that people would appreciate townhomes near existing homes with apartments toward the center of the development. She also heard that the older population needs a place to live.

Councilmember Fleming explained she liked what was being proposed and appreciated the buffer being put in place surrounding the existing residential.

Councilmember Massoglia indicated his only concern was with MDR property but understood this area could be considered further if a request were to come forward.

Councilmember Larson stated she liked what would be done to the properties directly adjacent to the mall. She noted her only concern was with the proposed housing and questioned who would want to live next to the mall.

Further discussion ensued regarding the Polk and Clover Leaf property. Councilmember Robertson and Mayor Sanders supported changing this property to MDR.

Ms. Sellman asked if the property at Lexington and Main should remain LDR/MDR. Mayor Sanders supported the property remaining LDR/MDR. Councilmember Fleming indicated she was more in favor of LDR. Councilmember Massoglia concurred.

Councilmember Robertson stated she could support LDR on this property but feared this would make it difficult to sell and develop the property. Councilmember Saroya supported an LDR designation for this property.

Councilmember Larson indicated she supported the property being LDR/MDR because this would provide more options for future developers.

Councilmember Robertson agreed an LDR/MDR designation may be the best option for this property.

2.3. 2023-284 Closed Session Pursuant to MN Statute 13D.05(3)(c)(3) - Property Acquisitions Related to 10550 Radisson Road

Sponsors: Erik Thorvig, Community Development Director

Upon motion, second, and vote the council met in closed session pursuant to MN Statute 13D.05 (3)(c)(3) to discuss property acquisitions related to 10550 Radisson Road.

2.4. 2023-289 Closed Session Pursuant to MN Statute 13D.05 Subd. 3(b) - Attorney Client Privileged Discussion Regarding Well Interference Claims

Sponsors: Michelle Wolfe, City Manager

The council met in closed session pursuant to MN Statute 13D.05 (3)(b) to discuss well interference claims. Upon motion, second, and vote the council returned to open session.

3. Other Business

None.

4. Adjournment

The Workshop was adjourned at 6:55 PM.

Signed by ______________________________
Tim Sanders, Mayor

Signed by ______________________________
Cathy Sorensen, CMC, City Clerk