City of Blaine
City Council Workshop

August 21, 2023 | 5:30 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

AGENDA

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

2. New Business

2.1. 2023-306 Lakes Parkway and Zest Street Extension Cost Share Options
Sponsors: Daniel Schluender, Director of Engineering

2.2. 2023-381 Council Small Groups Follow-Up and General Budget Updates
Sponsors: Jenna Trittin, Finance Analyst

2.3. 2023-380 Closed Session Pursuant to MN Statute 13D.05(3)(c)(3) - Discuss Property Acquisition of Parcel PID 21-31-23-24-0016
Sponsors: Erik Thorvig, Community Development Director

3. Other Business

4. Adjournment

City of Blaine
Staff Report
File Number: 2023-306

Agenda Date	Status
August 21, 2023	
In Control	**File Type**
City Council	Workshop Item

New Business - Daniel Schluender, Director of Engineering

Agenda Item # 2.1

Lakes Parkway and Zest Street Extension Cost Share Options

Background

Previously presented at the Council Workshop meeting held on June 12, 2023. HJ Development presented their potential development at the southwest corner of 125th Avenue/Lexington Avenue. The subject property is 37.15 acres. The property, along with others to the south, were rezoned in 2021 to B-5 Town Commercial. The City Council created this zoning district specifically for this area to encourage retail, restaurants, office, and other high quality commercial development.

HJ Development has been analyzing potential development for approximately 12-months. The site is challenging due to a large wetland in the middle of the property. Most of the due diligence that has occurred is understanding development options and the associated development costs. They have also been trying to secure an anchor grocer. The developer is close to securing an agreement with an anchor grocer.

HJ Development presented to the City Council at a workshop on July 18, 2022. The presentation included a concept for commercial development on the east side of the proposed new Zest Street extension and approximately 200-240 apartment units on the west side of the proposed new Zest Street extension which would be developed by Enclave. The apartment project requires a rezoning and comprehensive plan land use amendment. At the workshop, the city council provided comments on the proposed apartments and overall, was receptive to the change. No formal changes to the zoning and/or comprehensive plan land use designation has occurred. This request would come forward with a formal development proposal. The developer did apply for a preliminary plat in 2022 which subdivided the property. The plat dedicated the future Zest Street right-of-way through the development and created two outlots. One outlot is 8.83 acres and is on the west side of Zest Street. This would be the future apartment property. The other outlot is 25.83 acres and is on the east side of Zest Street. This would be the future commercial property. The purpose of the subdivision was to allow the potential sale of a portion of the land. However, this has not yet occurred. A final plat would need to be applied for to create the lots.

Over the last 18 months, there has been discussion about the timing and financial responsibility of future roads and infrastructure in this area. On January 10, 2022, Engineering Director, Dan Schluender presented information on five different corridors where the City could be proactive in constructing infrastructure, independent of development. The staff report and minutes are included. Typically, developers are responsible for paying for and constructing all public infrastructure within their developments. The five corridors identified would be difficult for development to construct as they are larger roadways with limited development potential surrounding them.

Both the Lakes Parkway extension from the existing Lakes Parkway going east to Lexington Avenue and the Zest Street extension between 125th Avenue and the future Lakes Parkway were presented and discussed. Of the five corridors discussed, these two roadways had the most support to explore further.

At the July 18, 2022, workshop, information was provided in the staff report regarding the City potentially sharing in the infrastructure costs associated with the development of the southwest corner. Unfortunately, there was little discussion at the workshop about a potential cost share in infrastructure improvements.

Since the July 18, 2022, workshop, the developer has been completing due diligence to understand overall project costs, including infrastructure/roads. The developer has completed sufficient due diligence to determine the project's financial feasibility. Analysis by the developer has determined they can construct and pay for infrastructure within the property boundaries of their project (Zest Street and other roads/infrastructure). However, they would need the City to pay for infrastructure south of their project, which includes a portion of Zest Street, and Lakes Parkway from Zest Street, east to Lexington Avenue. See the attached concept plan. The estimated cost for these roadway portions is $1,068,471. The Lakes Parkway extension to the west of Zest Street is not considered at this time and would be addressed if/when development occurs that abuts this road.

During this meeting, the director of engineering and finance director discussed potential funding sources for the road improvements. The options included:

1. Assessments
2. State Aid
3. Utility Connection Charges

Council requested that staff bring back funding options and options to advance the project (Lakes Parkway from Lexington Avenue to Zest Street and Zest Street from Lakes Parkway to the north end of the treatment plant parcel).

Staff is preparing the following options to discuss and review.

Option 1, is to advance the project with standard assessments of the improvements based on the city's assessment policy. Under this scenario, the benefiting properties would be assessed at 100% of the project cost.

Option 2, is to advance the project with standard assessments of the improvements based on the city's assessment policy, with council ordering that the assessments be deferred until such time as the parcels being assessed are developed.

Option 3, is to advance the project with an offset of the assessments (50%) and the use of the city's Municipal State Aid funds (50%).

Option 4, is to advance the project with no assessments using the city's Municipal State Aid funds (100%).

Staff Recommendation

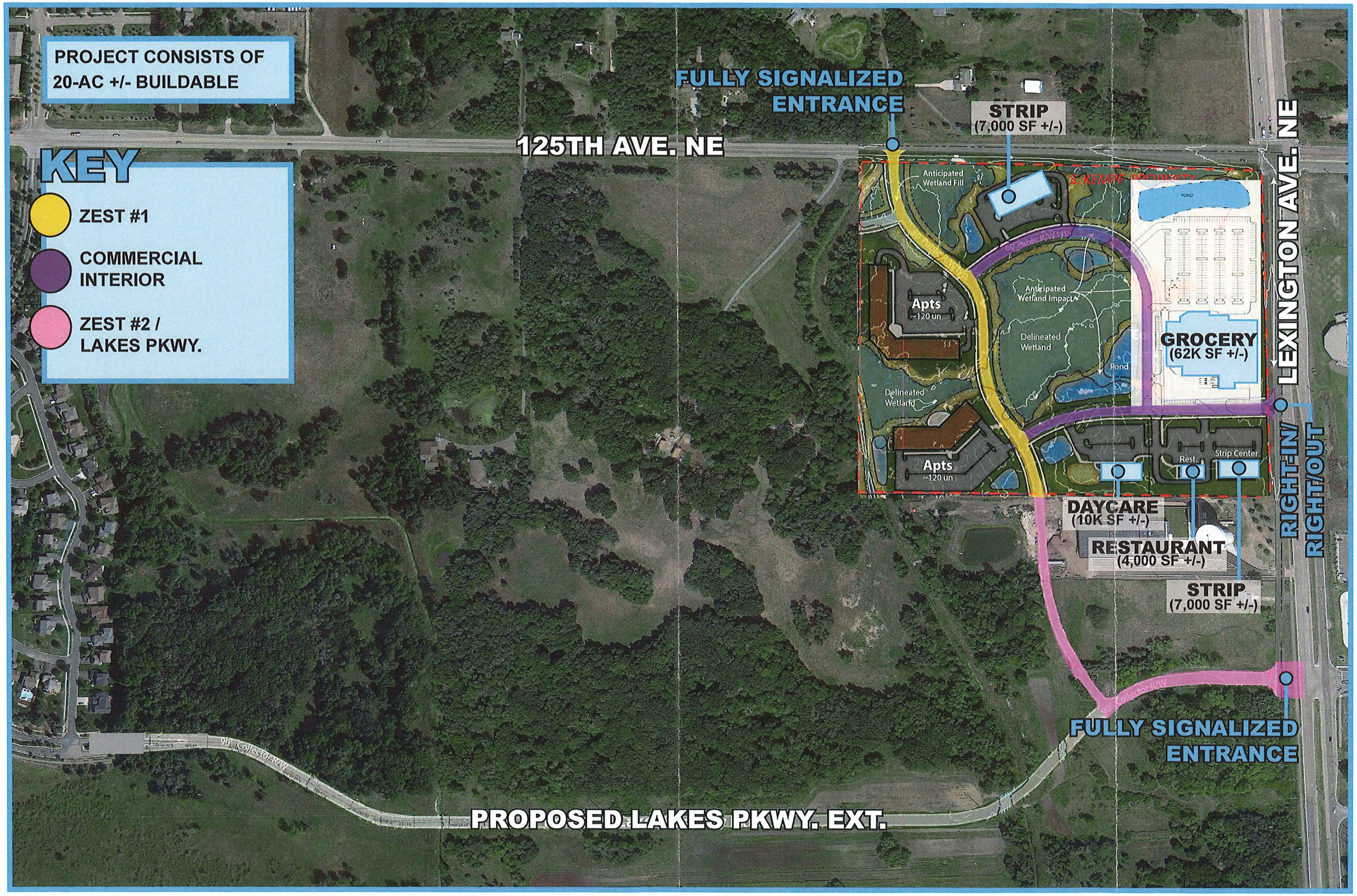
Based on discussion and preferred option, staff can prepare an item for council to initiate a project.

Questions for Council

Attachment List

1. Concept Plan
2. Parcels

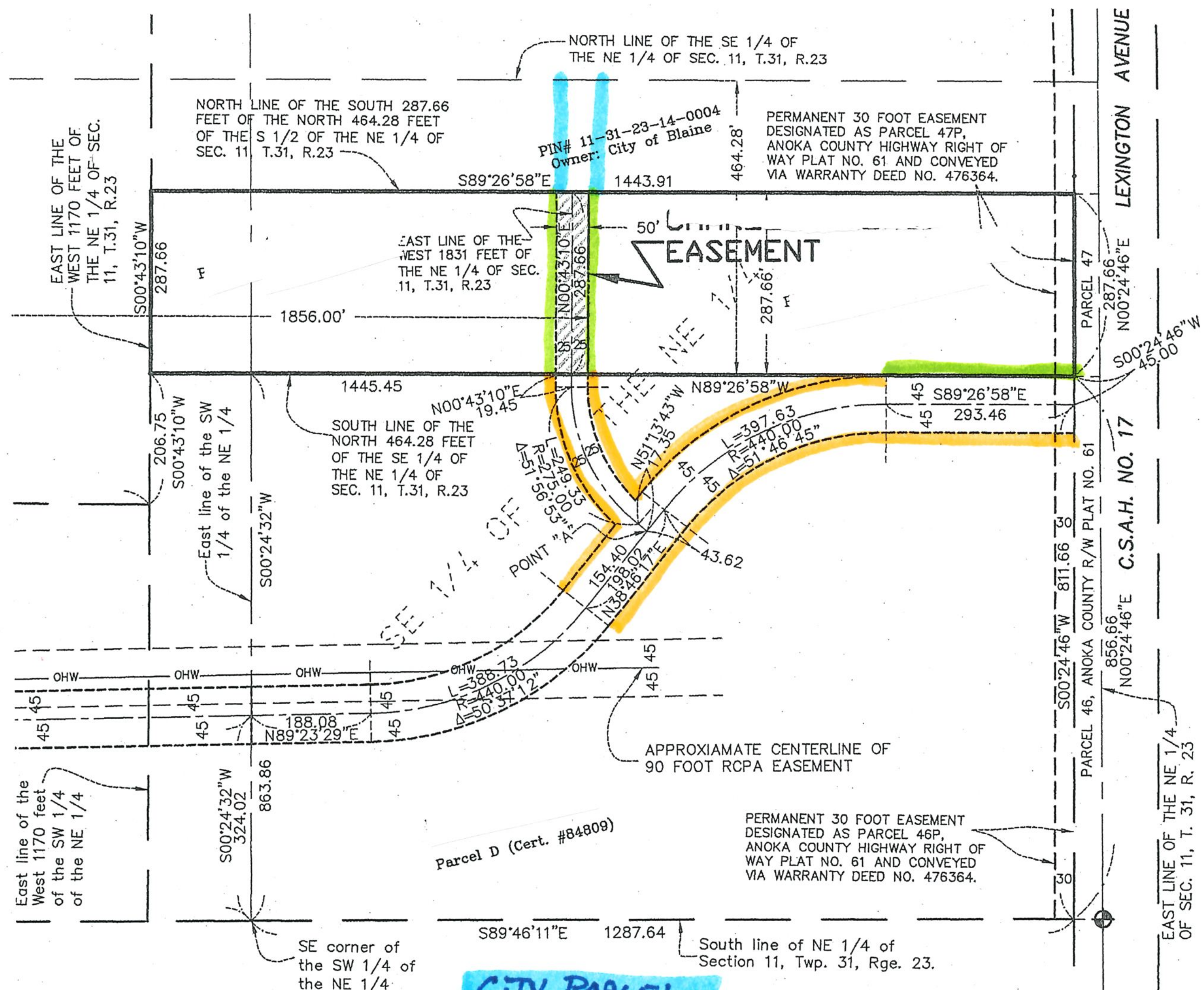
125th Avenue NE & Lexington Avenue NE | Blaine, MN 55449



Chris Moe, CCIM | HJ Development | 2655 Cheshire Lane North, Plymouth, MN 55447 | 952-476-9400 | hjdevelopment.com

SKETCH & DESCRIPTION:

~for~ The City of Blaine



CITY PARCEL

PARCEL #1

PARCEL #2

PROPERTY DESCRIPTION:

(Description from Land Title, Inc. Comm. No. 323246)

City of Blaine
Staff Report

File Number: 2023-381

Agenda Date	Status
August 21, 2023	
In Control	**File Type**
City Council	Workshop Item

New Business - Jenna Trittin, Finance Analyst

Agenda Item # 2.2

Council Small Groups Follow-Up and General Budget Updates

Background

Council members participated in small group discussions between July 19-31 during which staff presented initial General Fund budget information.

Council had the opportunity to provide feedback, topics for future council workshops, and ask questions. In response, staff has produced a final copy of the presentation from the small group meetings which includes a list of council proposed topics.

General budget updates will also be provided at the meeting.

Staff Recommendation

Provide feedback on the proposed small group discussion topics.

Questions for Council

Which council proposed topics should be scheduled for further discussion at future workshops?

Attachment List

1. 2023.08.21 - Presentation - 2024 Budget Updates
2. 2023.08.21 - 2024 Initial Budget - Council Small Groups Slides with Supplemental Information

2024 Budget Updates

Council Workshop| Finance

08/21/2023

Agenda

- Budget Updates
- Council Discussion

Budget Updates

Section 1 of 2

Budget Calendar – as of 8/18/23

General Fund
Workshop
Last seen: August 21
Upcoming: September 11, September 18

Council meeting
September 18 – Preliminary levy adoption
November 27 – Truth in Taxation
December 4 – Adopt levy

Charitable Gambling
Workshop
September 25

Council meeting
October 16 - Adoption

Communications
Workshop
September 25

Council meeting
October 16 - Adoption

Economic Development Authority
Workshop
September 11
September 18

EDA meeting
September 18 – Preliminary levy adoption
November 27 – Truth in Taxation
December 4 – Adopt levy

Parks CIP
Workshop
July 25 – Park Board
August 15 – NRCB & Park Board
September 25

Council meeting
October 16 - Adoption

Transportation
Workshop
Last seen: August 14

Council meeting
October 16 - Adoption

Facilities
Workshop
September 25

Council meeting
October 16 - Adoption

Capital Equipment
Workshop
September 25

Council meeting
October 16 - Adoption

Refuse
Workshop
October 2

Council meeting
November 6 - Adoption

Sanitary Sewer
Workshop
Last seen: August 14
Upcoming: October 9

Council meeting
November 6 - Adoption

Storm Drainage
Workshop
Last seen: August 14
Upcoming: October 9

Council meeting
November 6 - Adoption

Water
Workshop
Last seen: August 14
Upcoming: October 9

Council meeting
November 6 - Adoption

2024 Initial Department Requests Under Consideration

Council Established Guidance

Department	Request	Amount
Administration	~~Executive Recruitments~~	~~35,000~~
	Classification & Compensation Update	35,000
	All Staff Training	20,000
	NeoGov Onboarding	9,500
Finance	Finance Software Services	26,800
	Citywide IT Training	11,000
	City Software Services	10,000
Safety Services	Axon Contract Expansion	49,000
Public Works	Increased Equipment Rentals	6,000
Recreation	Parks Facilities Repairs & Maintenance	45,000
Community Development	iMS System Enhancements	10,000
Total Requests	**0.6% Increase from 2023 Adopted**	**257,300**

Council Initiatives

Department	Request	Amount
Council	Funds for Council Initiatives	60,000
Administration	Enhanced City Marketing and Engagement	20,000
Public Works	Dead & Diseased Tree Removals	300,000
	Weed Control	152,000
Total Council Initiatives	**1.3% Increase from 2023 Adopted**	**532,000**

Council Discussion

Section 2 of 2

Council Discussion

- Charitable Gambling – Request to Increase Fireworks Budget by $5,000 to $40,000
  - Last time fireworks budget was increased was 2016 from $30,000 to $35,000
- Any questions or requests for information on the utilities presentation?

2024 Initial Budget and Levy Trends

Small Group Discussions | Finance

July 2023

Agenda

- Budget Background
- Initial General Fund Overview
- Trends
- Discussion

Slide 2

Budget Background

Section 1 of 3

Budgeted City Funds

General Fund
Primary Funding Source
- Property Taxes

Services
- Police and Fire
- Street Maintenance
- Parks Programs
- Administration

Charitable Gambling
Primary Funding Source
- Charitable Gambling Taxes

Services
- Distribute charitable gambling proceeds to eligible organizations

Communications
Primary Funding Source
- Cable Franchise Fees

Services
- Municipal Cable Channel
- Broadcast City Council Meetings

Economic Development Authority
Primary Funding Source
- Property Taxes

Services
- Redevelopment
- Economic Development

Parks CIP
(Open Space, Parks & Trails, Parks Development)

Primary Funding Sources
- Park Dedication Fees, Property Taxes, Wetland Credits

Services
- Trail Maintenance
- Park Development
- Park and Open Space Preservation

Transportation
Primary Funding Source
- General Obligation Bonds

Services
- Road Preservation
- Road Construction
- Traffic Signals

Facilities
Primary Funding Source
- Chargebacks to Other Funds

Services
- Preservation and Maintenance of City Facilities

Capital Equipment
Primary Funding Source
- Capital Equipment Notes
- Contributions from Other Funds

Services
- Replacement of Capital Equipment
- Purchase of New Capital Equipment

Refuse
Primary Funding Source
- User Charges

Services
- Refuse and Recycling Program

Sanitary Sewer
Primary Funding Source
- User Charges

Services
- Operate and Maintain City's Wastewater treatment system

Storm Drainage
Primary Funding Source
- User Charges

Services
- Operate and Maintain City's Storm Water Management System

Water
Primary Funding Source
- User Charges

Services
- Operate and Maintain City's Water System

Budget Calendar – as of 8/18/23

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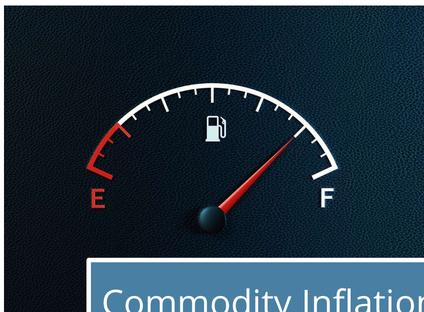
Trends and Themes

Non-Growth



Commodity Inflation

Wage Competition

Insurance

Deferred Maintenance

Growth

New Assets

Increased Call Volume

Increased Property Values

Slide 6

Driving forces behind the budget

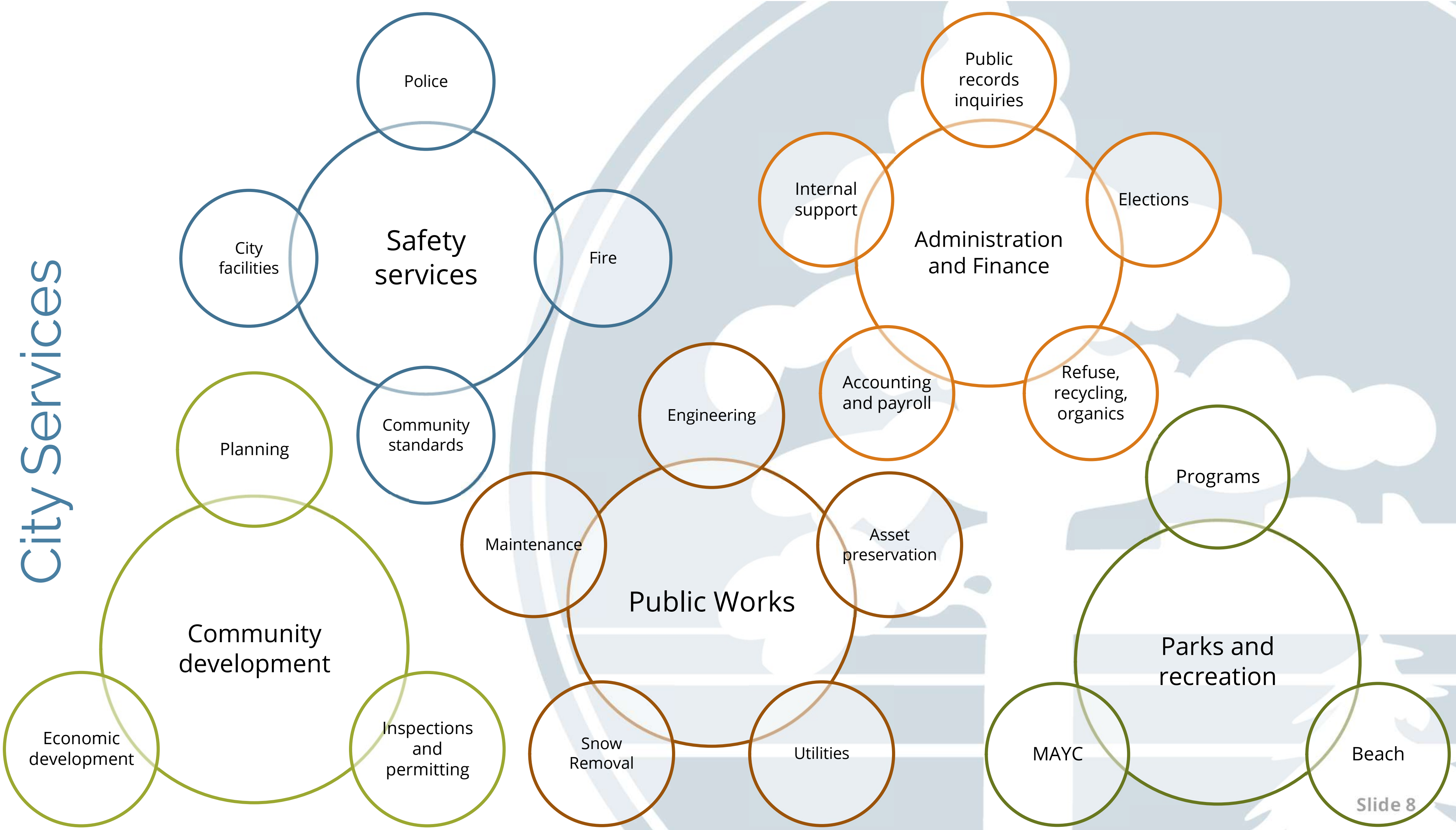
Non-growth

- Wage competition
- Inflation
- Legislative/regulatory requirements
- Labor contracts
- Infrastructure resiliency
- Commodity pricing/ insurance premiums
- Increase services to improve quality

Growth

- Streets, sidewalks, trails
- Parks
- Waste disposal
- Water quality and availability
- Housing development
- Public Safety

City Services



Service Level Focus

Council Established Guidance

- Restore
- Maintain
- Shift

Seeking Council Guidance

- Enhance
- New

Slide 9

Budget Stage			
Timeline	*Department*	*City Manager*	*City Council*
Department Requests			
March to June	Estimate cost of services	Sets budget direction	Sets policy guidance
City Manager's Budget			
July to August	Adjust requests	Vet requests; propose budget	Workshop policy/programs
Council Adjustments			
August to November	Respond to new guidance	Coordinate changes	Workshop policy/programs
Council Adoption			
November to December	Adopt budgets, final levies, and Capital Improvement Programs		

Slide 10

Process

Department Requests
Complete by June 30

- 5-Year Staffing Plan
- Operating Budget requests due May
- 5-Year Capital Improvement Program (CIP) requests due June
- Department Review with Budget Team

City Manager's Budget
July to August

- Department review with City Manager
- Councilmember Small Group Meetings
- Council establishes preliminary guidance

Council Adjustments
August to November

- Preliminary Levy Adoption September 18
- Budget Workshops

Council Adoption
November to December

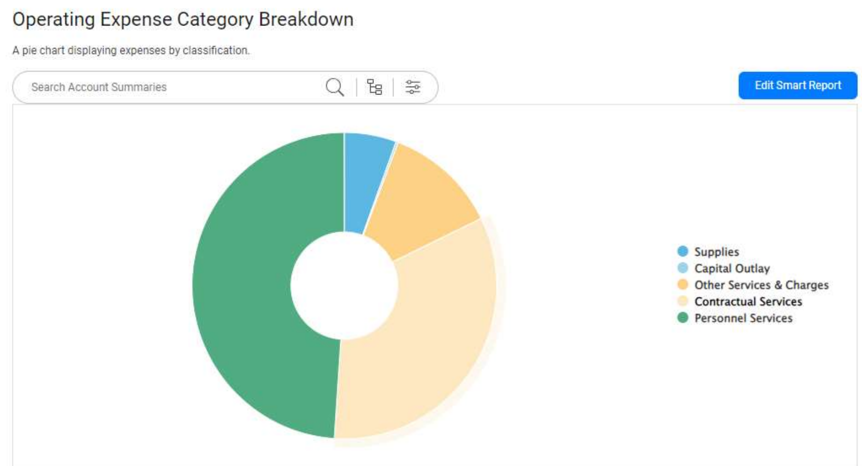
- Truth in Taxation Public Hearing
- Adoption of All Budgets
- Adoption of 5-Year CIP

Process Improvements

Digital Budget Book

- Increased transparency
- Easier to navigate
- Interactive site

Budget Software



- Increased budget accuracy
- Increased reporting capabilities
- Increased transparency

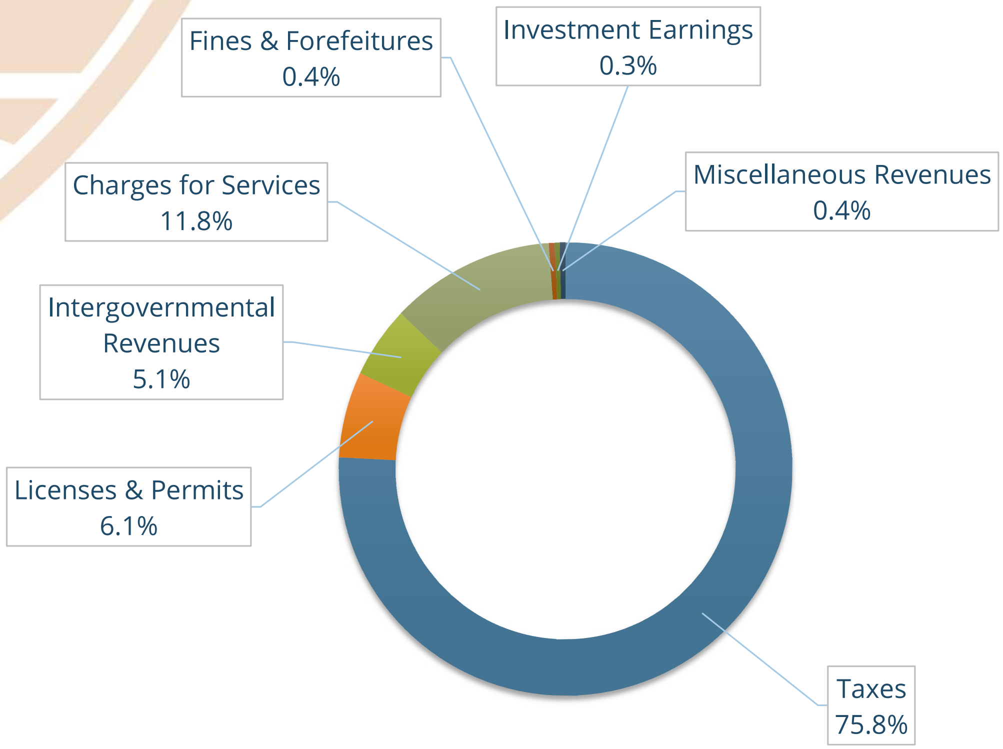
Slide 12

Initial General Fund Overview

Section 2 of 3

Initial submissions under review; numbers subject to change

Revenues by Source



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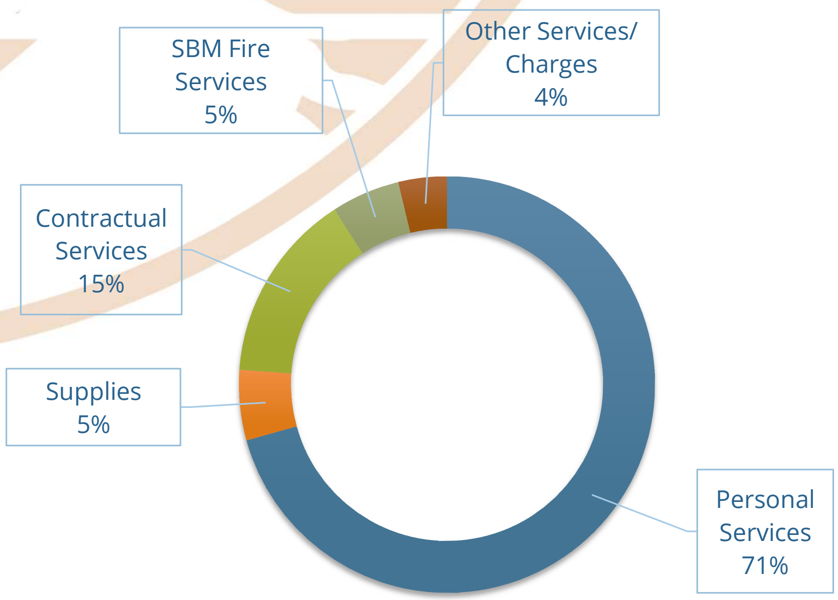
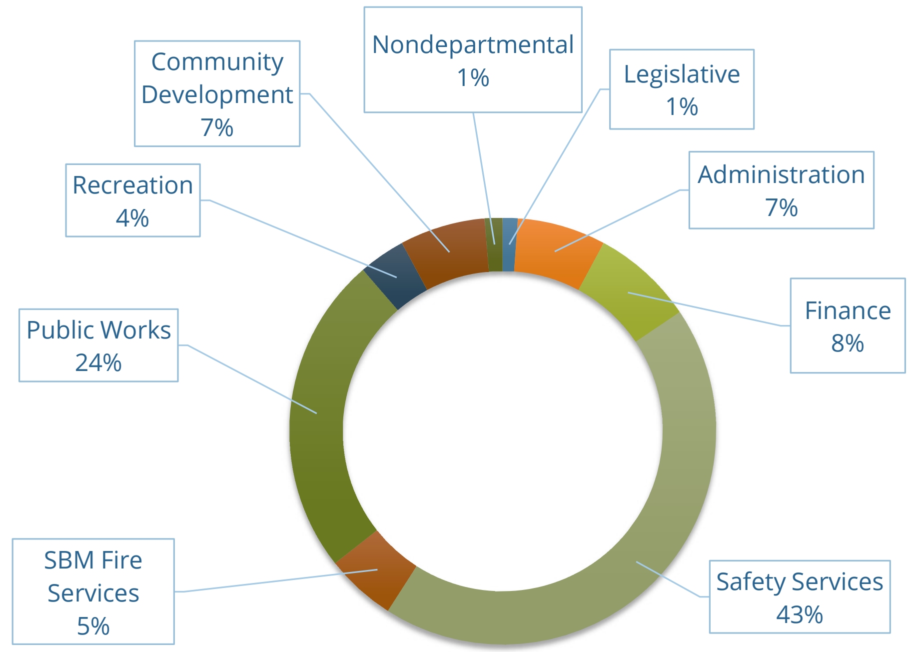
Expenditures by Category



Expenditures by Department



Slide 15

Initial Base Budget Assumptions

2023 service levels at 2024 costs

Assumptions

Personnel	3% COLA, Cafeteria, Adjustments *(251.5 FTEs, 3 Interns, Temp & Seasonal Staff)*	2,047,517
	Patrol Officers (2) *(wages, benefits, workers comp)*	290,192
	Insurance and Compensated Absences	1,075,663
Commodities	Salt, Vehicle & Equip Repair Supplies, Fuel	316,324
Other Services & Charges	Taxes, Other Charges, Membership Dues, Training	75,045
Facilities	Operations & Maintenance	288,790
Election Year Adjustment	Election Judges and Related Expenses	187,300
Contractual	SBM Fire, Software, Insurance, Fence Consortium, Legal Fees	715,059
	Total	4,995,889

8/21/2023

City Manager Guidance

City Manager Direction	5-Year Staffing Plan
▪ Maintain service levels ▪ Feasible, reasonable, defensible, and data driven ▪ Moderate levy growth ▪ Gentle adjustments for deferrals ▪ Request ratios proportionate to operations ▪ Service enhancements and/or new programs should be proposed based on council direction, community input, and/or supported by data or strategic plan ▪ Annually assess line-item expenses for realignment and adjustments ↑ or ↓	• Feasibility of year one additions based on 5-year average • Level requests over 5-year plan • Service levels maintained across 5 years • Significant management team input in prioritization process

2024 Initial Department Requests Under Consideration

Council Established Guidance

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Administration	•Executive Recruitments	35,000
	•Classification & Compensation Update	35,000
	•All Staff Training	20,000
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Total Council Initiatives	**•1.3% Increase from 2023 Adopted**	**532,000**

Slide 18

2024 FTE Staffing Requests

Positions

- Submitted
- Scored
- City Manager review

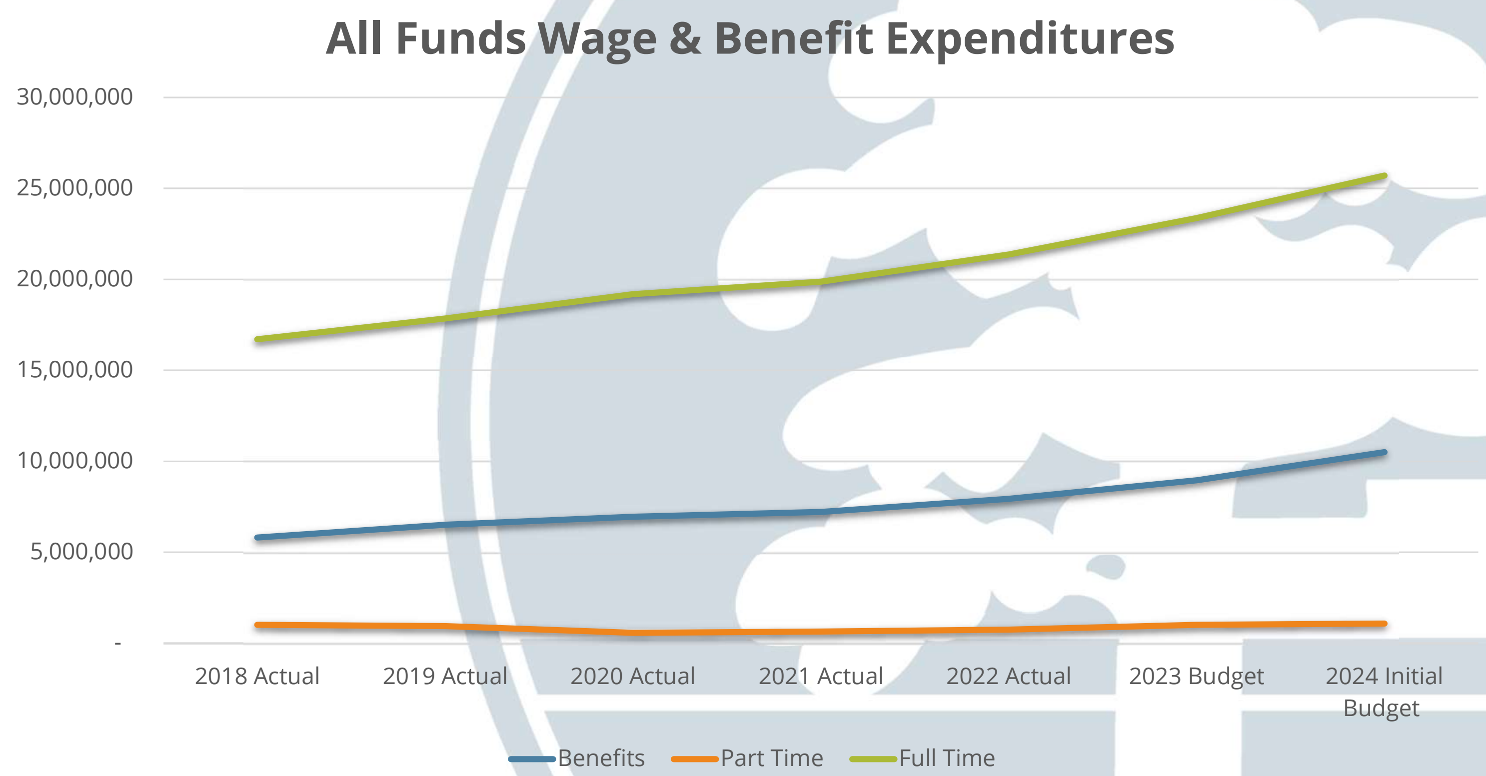
Ranking Criteria

- Service level impact/alignment
- Risk
- Public interaction/impact
- Cross-functional interaction

Personnel Additions

2023	5-year Averages
General & Other Funds • 7 FTEs • $ 762,550 • 1.7% budget Utility Funds • 2 FTEs • $ 214,560 • 0.8% budget	General & Other Funds • 6.3 FTEs • $ 641,900 • 1.6% budget Utility Funds • 0.8 FTEs • $ 59,700 • 0.2% budget

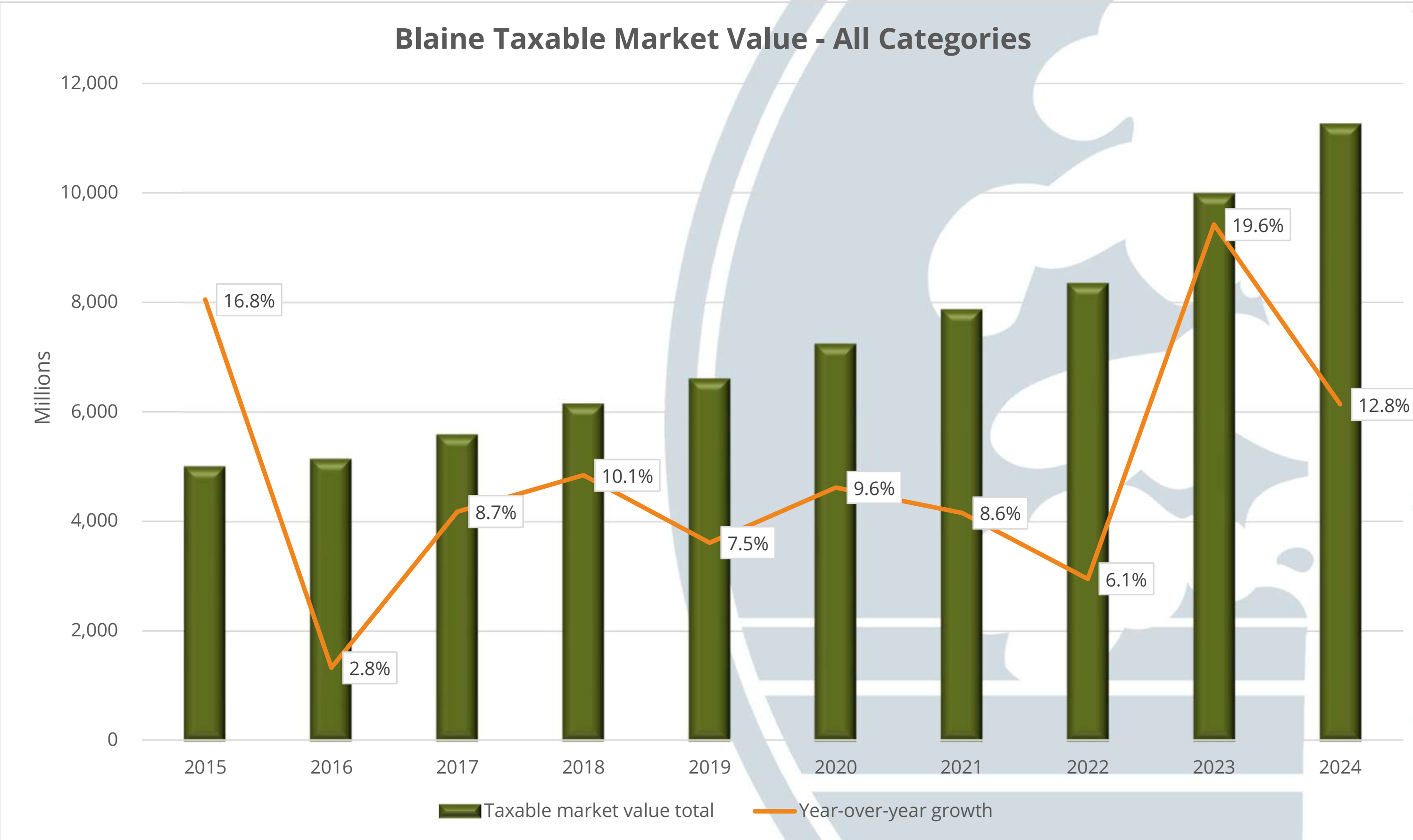
Blaine Wages



Economic Outlook and Revenues

Section 3 of 3

Blaine Market Value Trends



Percent Change

2024

- 47.5% Agriculture
- -5.5% Residential
- 34.1% C/I
- 11.3% Personal
- 12.8% Total

5-year

- -2.8% Agriculture
- 30.9% Residential
- 52.5% C/I
- 10.0% Personal
- 55.6% Total

10-year

- 12.0% Agriculture
- 89.7% Residential
- 111.2% C/I
- 51.8% Personal
- 125.5% Total

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Anoka County Market Value Trends

Percent Change

2024

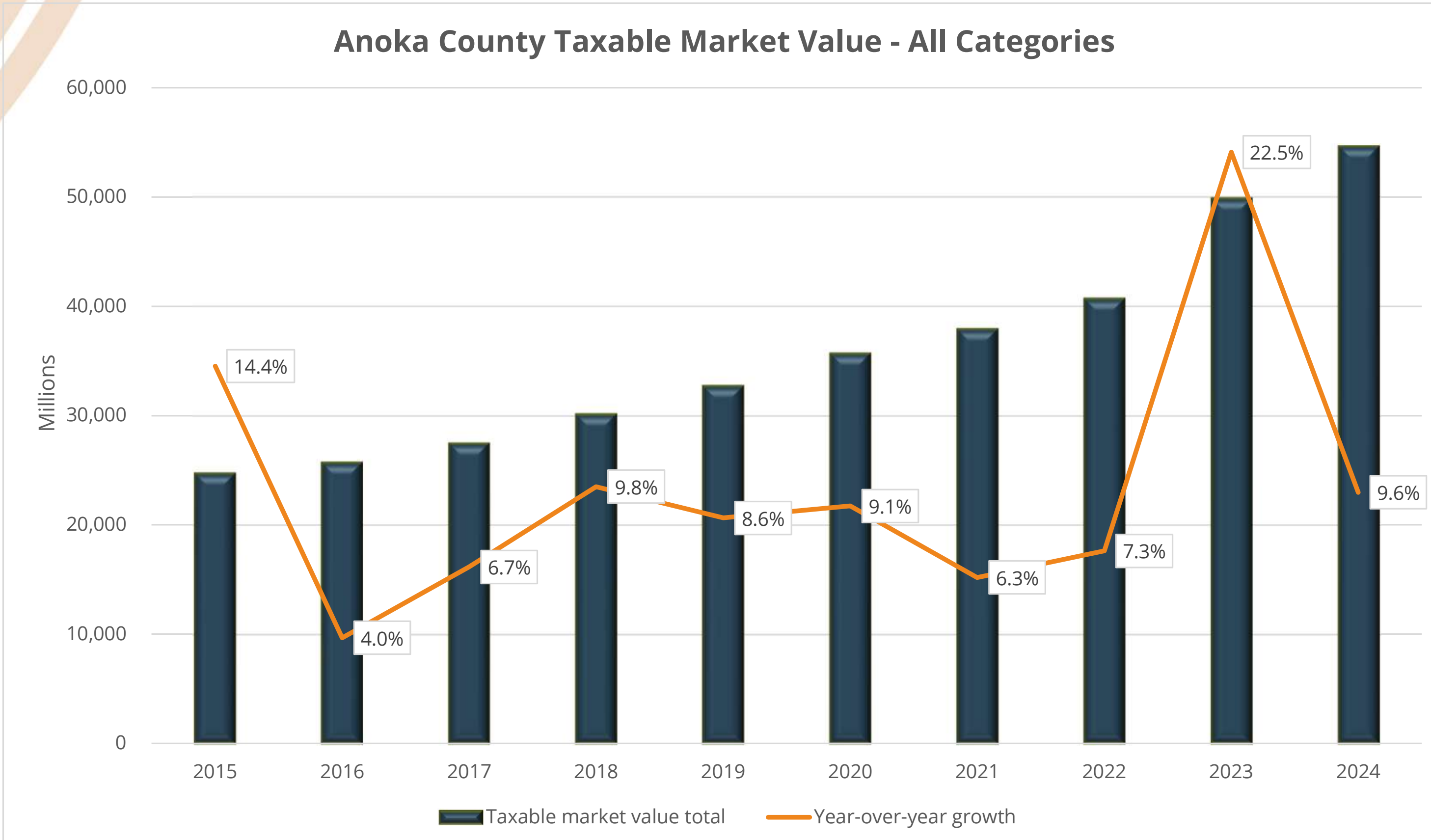
- 38.1% Agriculture
- -6.4% Residential
- 27.8% C/I
- 2.3% Personal
- 9.6% Total

5-year

- 75.8% Agriculture
- 31.3% Residential
- 52.9% C/I
- -1.2% Personal
- 53.3% Total

10-year

- 110.2% Agriculture
- 89.9% Residential
- 103.9% C/I
- 22.9% Personal
- 121.3% Total



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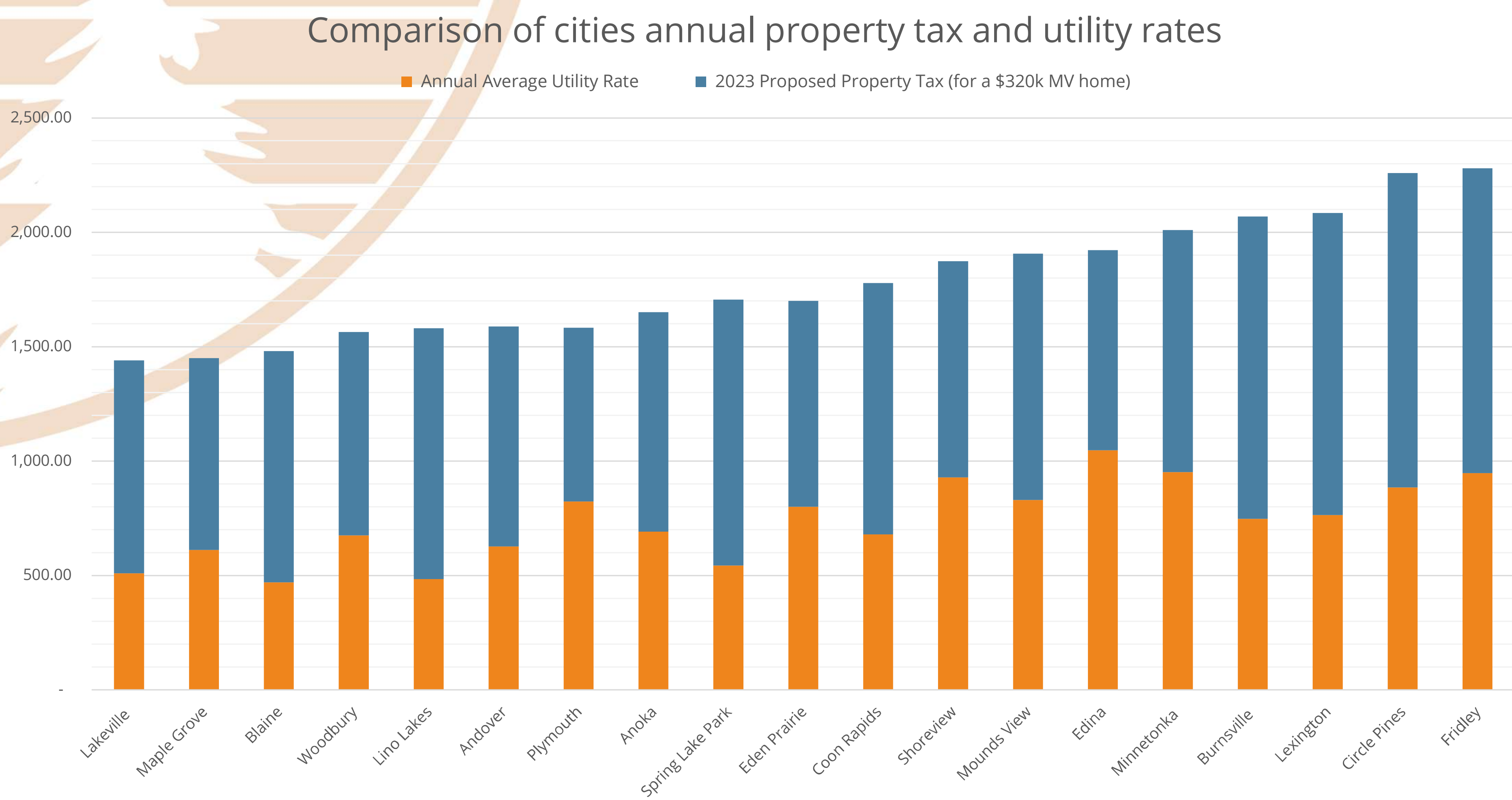
Comparison of cities annual property tax and utility rates
Annual Average Utility Rate
2023 Proposed Property Tax (for a $320k MV home)
2,500.00
2,000.00
1,500.00
1,000.00
500.00
-
Lakeville
Maple Grove
Blaine
Woodbury
Lino Lakes
Andover
Plymouth
Anoka
Spring Lake Park
Eden Prairie
Coon Rapids
Shoreview
Mounds View
Edina
Minnetonka
Burnsville
Lexington
Circle Pines
Fridley

Slide 25

Prior Adopted Levies

	2022 Levy	2023 Levy
General Fund	$29,350,000	$31,712,000
PMP	$100,000	$100,000
Debt Service	$4,800,000	$4,800,000
EDA	$750,000	$1,000,000
Parks, Trails	$350,000	$500,000
Strategic Priorities/Additional Levy Capacity	$250,000	$0
Total Levy	**$35,600,000**	**$38,112,000**
Tax Rate	**35.875%**	**32.369%**

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2023 in Review

Tax Rate
- Decrease
- 35.875% - 2022 Adopted
- 32.369% - 2023 Adopted

Tax Levy
- Increase
- 7% - 2023 Adopted

General Fund Expenditures
- Increase
- 8% - 2023 Adopted
  - 5.7% - Public Safety; Public Works; SBM
  - 2.3% - All other city functions

Discussion

- What questions and topics does council want addressed in the 2024 budget?

Supplemental Information

Questions and Answers | Future Topics

August 21, 2023

Council Proposed Discussion Topics

Administration

- Increased city branding throughout community

Community Development

- Film incentive program through the EDA

Slide 30

Council Proposed Discussion Topics

Parks

- How is increased parks & trails levy being used to address complaints from residents?
- What is enough money for parks & trails maintenance?
- How committed is the city to the parks system?
- What is the level of parks the city wants to have?
- What is benefit of increased investment in parks & trails?

Public Works

- Median and boulevard maintenance and weed control

Revenue

- Information on how increasing city’s market value impacts residential taxes

Council Questions

- Question: What is SBM increase for duty crew and new fire station?
  - Answer: Proposed budget represents 10% increase over 2023
- Question: How can Charitable Gambling funds be used?
  - Answer: Defined by state law section 349.12, subdivision 7a
    - Summarized on Blaine's Charitable Gambling page
- Question: What is the percent increase of PTSD claims?
  - To be researched and answered at a future workshop

City of Blaine
Staff Report

File Number: 2023-380

Agenda Date	Status
August 21, 2023	

In Control	File Type
City Council	Workshop Item

New Business - Erik Thorvig, Community Development Director

Agenda Item # 2.3

Closed Session Pursuant to MN Statute 13D.05(3)(c)(3) - Discuss Property Acquisition of Parcel PID 21-31-23-24-0016

Background

Staff will provide a confidential memo related to property acquisition discussions for the parcel identified with PID 21-31-23-24-0016. This item will be discussed after the regular and EDA meeting on August 21, 2023.

Staff Recommendation

Questions for Council

Attachment List

None