



City of Blaine

City Council Workshop

August 21, 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 at 5:00 p.m. by Mayor Sanders.

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

ABSENT:

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; City Planner Sheila Sellman; Safety Services Director/Police Chief Brian Podany; Director of Engineering Dan Schluender; City Attorney Tom Loonan; Finance Analyst Jenna Tritten; Communications Manager Ben Hayle; Public Works Director Nick Fleischhacker; and City Clerk Catherine Sorensen. Also present Finance Director Appointee Jason Zimmerman.

2. New Business

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

Director of Engineering Schluender stated HJ Development previously 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.

Mr. Schluender explained 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, staff presented information on five different corridors where the city could be proactive in constructing infrastructure, independent of development. 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.

Mr. Schluender indicated 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%).

City Attorney Loonan explained Options 3 and 4 would deviate from the city's assessment policy and may set a precedent in the future. He indicated this could be challenged by future property owners. He recommended the city council draft findings if a deviation were to occur from current policy. He reported if a deferment were pursued, the assessments would have to be paid no later than 30 years of being levied.

Mr. Schluender requested the council speak about which option they would like to move forward with and if these two roadways should be constructed.

Councilmember Newland supported the construction of the two roadways. He noted the development would benefit from the construction and the city should participate.

Councilmember Massoglia agreed noting it would be important to connect to Lexington Avenue. He fully supported the city participating in the roadway extension.

Councilmember Fleming agreed.

Mayor Sanders also agreed. He asked if the council had a preferred assessment option based on the information presented by staff.

Councilmember Massoglia stated he would support the 50/50 option (Option 3). He indicated he would be hesitant to do a deferment as he believed this would be unfair.

Councilmember Newland indicated Option 2 would be his preferred option. He questioned if State Aid dollars have been used before to construct a new roadway. Mr. Schluender stated State Aid dollars were used to resurface a roadway last year and noted these dollars have never been used to construct a new roadway.

Councilmember Fleming asked why these dollars have never been used to construct a roadway in the past. Mr. Schluender commented the rationale was because new development pays for roadway expansions. He stated these two corridors were unique because they were limited on what could develop on each side of them.

Councilmember Robertson questioned if assessments were the only option to assist with infrastructure costs. Community Development Director Thorvig explained TIF dollars could be used, but they were focused on other projects in the city.

Councilmember Robertson inquired if Option 2 would have a timeline put in place. Mr. Schluender indicated the deferment would allow the city to assess the parcel and the owners would not be responsible for the cost until the property sells or in 30 years.

Councilmember Robertson commented she had concerns about using the PMP dollars given the projects the city had planned for the next five years. She indicated she could support the deferment option, if allowed by state statute. Mr. Loonan reported this would be allowed by statute and the council would have to determine an interest rate.

Councilmember Massoglia stated he had concerns with Option 2 because deferments were not allowed for non-profits or farmers. Mr. Schluender explained these deferments were denied because the properties were already on improved roadways and this project was for raw land and new roadways. Mr. Loonan reported this was the case and stated a deferment took into consideration unimproved properties and the development that would come.

Councilmember Fleming commented it made sense the city should move forward with Option 2.

Councilmember Saroya noted she supported Option 3.

Mayor Sanders indicated he could support Option 2 or 3.

Chris Moe, HJ Development, spoke to the council regarding the timeline for this project. He anticipated this project would begin in early 2025 due to some endangered species on the site.

Council supported further exploration of Option 3 to advance the project with an offset of the assessments (50%) and the use of the city's Municipal State Aid funds (50%) at a future workshop meeting.

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

Finance Analyst Jenna Tritten stated councilmembers participated in small group discussions between July 19 and July 31 during which staff presented initial General Fund budget information. Council had the opportunity to provide feedback, topics for future council workshops, and to 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 were reviewed by staff along with 2024 initial department requests under consideration.

Councilmember Saroya asked if water treatment facility upgrades should be considered then commented on her water concerns for Ward 1. City Manager Michelle Wolfe explained staff has prepared the preliminary general fund budget and the water treatment facility would be addressed under the utilities budgets when they come forward.

Councilmember Saroya reported she would also like a bigger investment for snow plowing in Ward 1.

Councilmember Newland commented on how the model for the fire department has shifted based on the feedback being received from the firefighters.

Ms. Tritten described how charitable gambling funds can be utilized by the city then reviewed key dates and schedule for the 2024 budget.

Mayor Sanders encouraged councilmembers to reach out to staff with questions regarding the budget as the council moves through the approval process.

Communications Manager Ben Hayle commented on the proposed communications budget for 2024. He discussed how it was important to increase engagement with the public in order to strengthen the city's brand and to improve public trust. He stated he was also interested in creating an internship program as well.

Public Works Director Nick Fleischhacker discussed his request for additional dollars for dead and diseased trees in the community. He stated at this time the city was falling behind on the number of dead/diseased trees in the city. He described how regular tree trimming was also necessary in order to keep sight lines clear on city streets. He explained \$300,000 was in the budget for dead and diseased trees and noted he would be requesting an additional \$300,000 to address tree trimming. He stated he would be seeking \$1 million in 2025 to accelerate ash tree removal. He reported this expense would stop at some point once all of the ash trees were removed. He indicated his last request would be to address weed control within the city's parks in order to improve the quality of the turf.

Ms. Tritten explains there has been a request to increase the fireworks expense by \$5,000 to \$40,000. She noted the last time there was an increase was in 2016. She indicated the charitable gambling fund could support this increase. She asked if the council had any comments or questions regarding the information that was presented.

Councilmember Massoglia stated he would like to better understand how the proposed utility rates, with a 9% increase over the next three years, would impact the utility fund balances.

Councilmember Saroya questioned if the city would be considering adding a deputy director or grant writer on staff. Ms. Wolfe stated this request has not been brought forward. She indicated two police officers had been proposed in the budget and there was a list of other potential positions that were being considered.

- 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

Motion by Councilmember Newland, seconded by Councilmember Massoglia, to enter into closed session to discuss property acquisition of parcel.

Motion adopted unanimously.

3. Other Business

None.

4. Adjournment



Signed by

Tim Sanders, Mayor

Signed by

Catherine M. Sorensen, CMC, City Clerk

The meeting adjourned at 7:04PM.