City of Blaine
City Council Workshop

November 20, 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 Leslie Larson, Chris Massoglia, Tom Newland, Jess Robertson, and Lori Saroya (arrived at 5:43PM).

ABSENT: Councilmember Terra Fleming.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; City Planner Sheila Sellman; Safety Services Director/Police Chief Brian Podany; Finance Director Jason Zimmerman; Finance Analyst Jenna Trittin; Senior Parks & Recreation Manager Jerome Krieger; Director of Engineering Dan Schluender; City Attorney Tom Loonan; and City Clerk Catherine Sorensen.

2. New Business

2.1. 2023-584 2024 General Fund Budget
Sponsors: Jason Zimmerman, Finance Director

Finance Director Zimmerman stated at the September 11 council workshop, staff presented information on the General Fund and Economic Development Authority (EDA) budgets, background on the debt levy and internal service funds, and preliminary levy options. At the September 18 council workshop, staff provided additional information on the General Fund and Council adopted a preliminary city levy of $44,222,501, an increase of 19.2 percent, at the September 18 council meeting.

Finance Analyst Trittin provided further information regarding the 19.2 percent preliminary levy increase, while commenting on the range of options available to the council and requested feedback on how to proceed.

City Manager Wolfe commented on how the tax levy last year resulted in some residents in Blaine seeing a property tax decrease. She indicated the proposed increase would bring these residents back to the property taxes they were paying in the previous year.

Councilmember Newland asked if staff had any updates from Anoka County for the financial assumptions. Mr. Zimmerman reported home values were slightly lower than initially proposed by the county.

Councilmember Newland explained he supported the city manager's proposed budget with the final levy being 19.2%. In addition, he wanted to see the city addressing the debt levy. He explained he wanted to leave the city better than it was, which took money and investments.

Councilmember Massoglia thanked staff for all of their work on the budget and reported he supported a 5% to 7% levy increase. He stated he wanted to see the city begin to level out its spending. He commented on how he supported addressing the debt levy, but he did not support the city spending more money in every category.

Councilmember Newland stated in speaking with constituents in his ward, he learned they want the city to continue to invest in city services, parks and streets in order to receive a fair return on their investment when they look to sell their home in the future. He discussed how the city would begin to receive returns on its investments with both the Northtown and 105th Avenue redevelopment areas.

Councilmember Massoglia explained he supported the union contracts moving forward but did not see the need to go beyond the 3% COLA for non-union staff members. He believed there were other areas in the budget that the council could look at ways to reduce spending.

Councilmember Larson requested further information regarding worker's compensation costs. Mr. Zimmerman provided the council with further information regarding worker's comp and the internal fund that was used to cover the premiums. He explained the city has done a tremendous job in addressing worker's comp by being proactive in planning in order to reduce the rate. He discussed how the proposed budget and levy would assist with proactively funding the premium.

Mayor Sanders stated he understood Councilmember Massoglia's comments and appreciated how he was trying to be respectful to the Blaine taxpayers but noted Blaine runs very lean when compared to other like-sized cities and does not have a lot of waste. He indicated he would not support budget cuts that would come at staff expense and stated scenario 2 may be the best option for the council at this time. He commented on how important it was for the council to consider the service levels the residents of Blaine were seeking and how additional budget cuts would impact service levels.

Ms. Wolfe explained Blaine was a growing city and stated scenario 4 would only cover increases requested from SBM Fire and two additional police officers. She stated reducing the budget beyond this point would require the loss of positions. She commented further on the percentage of the levy that was allocated to staff and noted meaningful reductions could not be made without impacting costs related to personnel.

Mr. Zimmerman reported scenario 4 would require the city to spend $500,000 of cash on hand to cover debt service payments.

Councilmember Larson asked how the proposed increase compared to previous years. Mr. Zimmerman discussed how the city worked to keep the tax capacity flat in previous years and noted in 2022 the city approved a 6.49% tax levy increase. Ms. Wolfe reviewed the proposed tax levy increases for 2024 for comparable cities. She stated even with the proposed 19.2% tax levy increase, Blaine was still on the low end when looking at comparable cities. She discussed how the city has been conservative and lean with its spending for years and explained this has finally caught up with the city.

Councilmember Larson questioned why other revenue sources such as franchise fees, municipal liquor, and others were not considered by the city in order to lessen the burden on taxpayers.

Councilmember Robertson reported franchise fees were considered unpopular by the business community.

Councilmember Newland discussed how franchise fees were a hidden fee that hides the cost of operating services for cities within a utility bill. He supported fees from the city being clearly stated on a property tax bill.

Ms. Wolfe commented on how the city's fiscal disparities went down in 2022, noting this would require the city to increase its tax levy.

Mayor Sanders discussed how the new commercial zones of Northtown and the 105th Area would assist in growing the city's commercial tax base. He stated the city could look at a taxing district for the 105th Area or consider whether the city should operate municipal cannabis or liquor stores.

Council consensus was to continue to meet with staff to provide direction prior to the truth in taxation hearing on December 18.

Mayor Sanders thanked staff for all of their efforts on behalf of the community and stated he supported the closing of all city offices on Tuesday December 26 to allow staff to have an additional day off this year.

Councilmember Newland commented on the number of holidays that were offered to public workers versus private workers and stated he would like to review a calendar before offering his support to this matter.

Councilmember Massoglia stated he fully supported staff having December 26 off.

2.2. 2023-582 2024 Charitable Gambling Fund Budget

Sponsors: Jason Zimmerman, Finance Director

Ms. Trittin stated the 2024 Charitable Gambling Fund budget was presented to the council at the September 25 workshop. At the workshop, the council directed staff to:

- Base allowable annual allocations of charitable gambling proceeds on the amount received in the last full fiscal year ($215,265 for 2024)
- Create and distribute a form for requesting organizations to submit
- Create and distribute a councilmember scoring sheet to allocate funding
- Average the scoring sheet amounts from all councilmembers
- Require that for an organization to receive funding, at least 3 councilmembers must allocate funding on their score sheets

Ms. Trittin explained in October, staff developed and distributed a form to organizations who received or requested funding in the last year. The City Council received 21 applications for charitable gambling funds with $331,500 in requests.The budgeted amount to award is $215,265. Councilmembers were provided with the submitted forms, supplemental information, historical funding, and a scoring sheet in early November. The attached shows the returned scoring allocations and the average award which is the average of the allocations rounded to the nearest $10 (non-weighted). The council-recommended funding for each organization will be what is brought forward for the 2024 Charitable Gambling Fund budget for adoption on December 18.

Councilmember Saroya asked if all of this funding would remain in Blaine. Ms. Trittin explained each of the organizations were asked to describe how they help Blaine residents.

Councilmember Saroya indicated she was confused about the lack of donation support for the veteran's park memorial as four councilmembers voted to allocate any charitable gambling dollars to this park. She commented on what a positive impact this park had on the community and noted she supported allocating a portion of the charitable funds to this park.

Councilmember Massoglia explained he understood the great work Steve Guider was doing in the community and appreciated veteran's memorial park however did not support the allocation of any charitable gambling funds to the park but instead supported the council further discussing how to support this park outside of charitable gambling funds.

Councilmember Larson reported there were some concerns with Mr. Guider's accounting and explained she did not appreciate his recent Facebook post where his disparaged the city. Ms. Wolfe commented on how staff has been working with Mr. Guider to get his non-profit registered with the state.

Councilmember Newland stated he appreciated seeing the scoring sheet. He explained he supported the city offering equal funding to all three high schools. In addition, he recommended the same level of funding be provided to all the food shelves. He indicated he liked going through this process each year and suggested the city move forward with donations based on averages.

Councilmember Robertson recommended the food shelves be given the same donation. She stated the council has nothing but good things to say about the veteran's memorial park but understood there were some things that needed to be worked out with Mr. Guider before additional dollars were committed from this fund. She indicated she was not supportive of the booster fund requests, nor did she support the donations being based on averages. She explained the city did not have to spend all the charitable funds and suggested the city not do this.

Councilmember Larson supported the schools and food shelves receiving the same donation amount in order to be consistent.

Council supported donations in equal amounts to the food shelves and high schools. Discussion was held on the Veterans Memorial Park's requested amount and how the city could offer support in other ways.

2.3. 2023-571 Closed Session Pursuant to MN Statute 13D.05(3)(c)(3) - Discuss Purchase of 10550 Radisson Road

Sponsors: Erik Thorvig, Community Development Director

The council moved and seconded a motion to meet in closed session pursuant to Minnesota Statute 13D.05(3)(c)(3) to discuss the purchase of 10550 Radisson Road.

3. Other Business

None.

4. Adjournment

Signed by ______________________________
Tim Sanders, Mayor

Signed by ______________________________
Catherine M. Sorensen, CMC, City Clerk

The workshop was recessed at 7:03PM then reconvened at 9:25PM to conclude discussion on the closed item; Councilmember Saroya was absent for the reconvening. Upon conclusion of the closed session discussion, the workshop was adjourned at 9:44PM.