City of Blaine
City Council Workshop

December 11, 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; Finance Director Jason Zimmerman; Director of Engineering Dan Schluender; City Attorney Tom Loonan; and Communications Manager Ben Hayle.

2. New Business

2.1. 2023-642 Closed Session Pursuant to Minn. Stat. Section 13D.05 Subd. 3(d) for Security Briefing Relating to Council Chambers and Council Workshops
Sponsors: Tom Loonan, City Attorney , Brian Podany, Safety Services Manager/Police Chief

Motion was made and seconded to move into closed session pursuant to Minnesota State Statute Section 13D.05 Subd. 3(d) for security briefing relating to the council chambers and council workshops.

2.2. 2023-632 Closed Session Pursuant to MN Statute Section 13D.05, Subd. 3(b) Attorney Client Privileged Discussion Regarding Pending Litigation

Sponsors: Tom Loonan, City Attorney

Closed session continued pursuant to Minnesota State Statute Section 13D.05, Subd. 3(b) in order to hold an attorney client privileged discussion regarding pending litigation. Upon conclusion and motion and second, the meeting was opened.

2.3. 2023-633 Budget Update

Sponsors: Jason Zimmerman, Finance Director

Finance Director Zimmerman provided the council with an update on the 2024 budget and tax levy. He stated a 15.26% levy increase would be coming before the council for consideration. He further discussed the action items that would come before the council at the December 18 city council meeting. It was noted a Truth In Taxation hearing would be held at this meeting.

Councilmember Newland asked how many councilmembers had to approve the use of strageic priorities funds.

Mayor Sanders reported this required a 6/7s vote.

2.4. 2023-601 Concept Plan and Ordinance Discussion Related to Self-Storage for 8634 Central Avenue

Sponsors: Sheila Sellman, City Planner

City Planner Sellman stated the subject site is comprised of three parcels that contain a commercial building (Uram Insurance) and vacant land. The existing building was built in 1972. The three properties are under the same ownership. One property (8628 Central Avenue) is zoned Single Family Residential (R-1) and guided Low Density Residential (LDR) in the Comprehensive Plan. The property does not have street frontage and is only developable when combined with the parcel that fronts the Central Avenue frontage road. The property at 8634 Central Avenue is split between two zoning classifications, Community Commercial (B-2) and R-1, but is entirely guided Community Commercial. The third property abuts the Central Avenue frontage road and is zoned B-2 and guided Community Commercial. The property to the north is developed with a multi-tenant commercial building (Batteries Plus and a salon) and the parcel to the south is also developed with a commercial building (Caliber Collision). The parcels to the west are single-family residential. Staff commented further on the proposed project and requested feedback from the council.

Councilmember Massoglia stated he was not supportive of opening up B-2 for self-storage. He explained suggested this only be allowed south of Highway 10 through an overlay district.

Councilmember Fleming supported this recommendation.

Councilmember Newland explained he did not support allowing self-storage in the B-2 zoning district. He stated if an overlay district were created, he would have to recuse himself from discussing this matter because he has a commercial property in this area of Blaine.

Councilmember Larson believed self-storage made sense for the area south of Highway 10. She indicated she was not familiar with overlay districts and would like to hear more from the council before deciding if this was the way the council should move forward.

Councilmember Robertson asked if variances could be provided for the businesses in this area due to the shallow nature of the lots. She supported this option versus creating an overlay district. She commented she did not want to create an issue with Spring Lake Park by placing the proposed self-storage units on the border with this neighboring community. She feared the proposed overlay district would be pocket zoning. She stated there was a reason the council spent a year changing the zoning for self-storage to ensure they were not along the Highway 65 corridor. She cautioned the council from pursuing the overlay district.

Councilmember Larson questioned if this concept was allowed in the overlay district would this mean self-storage was not allowed in B-2 throughout the rest of the city. Ms. Sellman reported this would be the case, noting self-storage would only be allowed in the overlay district.

Councilmember Larson indicated she believed allowing self-storage in the overlay district would be the best option going forward.

Mayor Sanders stated an overlay district would assist the council in spurring development for this area of Blaine in the future.

Councilmember Saroya explained she supported this project moving forward. She liked the idea that the office was in the front. She noted she was previously told self-storage was not possible on this property. She explained she was now being told self-storage could be allowed through an overlay district and this was creating confusion for her. She apologized to the applicant for how long they have been working with the city on this project and was of the opinion this developer was kind and gracious, and not difficult to work with.

Ms. Sellman reported self-storage was not allowed in the B-2 zoning district. She stated the only way to allow self-storage in the B-2 zoning district would be to amend the ordinance. She explained the council could agree to move forward with an ordinance amendment or could create an overlay district. She indicated this property could not be rezoned to I-2 because it was adjacent to residential.

City Manager Wolfe commented the overlay district would not be for just one parcel, but rather would be for an area south of Highway 10.

2.5. 2023-583 MWF Development Proposal at 9550 Central Avenue

Sponsors: Elizabeth Showalter, Community Development Specialist

Community Development Specialist Showalter stated staff was approached by MWF Properties, a multifamily housing developer about property at 9550 Central Avenue. They are requesting feedback on a comprehensive plan amendment and a financial request related to affordable housing. This proposal is being brought to workshop in accordance with the policy that all comprehensive plan amendment applications are reviewed at a workshop prior to formal application, and the consensus by the City Council at the May 22, 2021 retreat to consider financial requests related to affordable or workforce housing on a case by case basis, starting with a workshop discussion. Staff explained feedback at the workshop would be advisory in nature and can be used by the developer to determine whether to move forward with formal applications, which would include the required neighborhood meeting and public hearing. Alternatively, if the feedback isn't positive, the developer may choose to abandon the project.

Matt Yetzer, MWF, thanked the council for their time. He provided background information on MWF and further discussed his proposal. He explained he has 3,300 units in his portfolio in the Twin Cities and Rochester. He noted his motto was to focus on high quality construction that would last. He indicated he was the long term owner and operator of these developments. He provided examples of some recent workforce projects he completed throughout the metro area. He indicated this multi-family project would have community rooms, a secure package room, and mail room. He commented further on the finishes that would be used within the building. He explained he was looking to construct 102 units with an average of 60% AMI. He reported he would apply for tax-exempt bonds for this project and stated he would be requesting pooled TIF funds as well. He indicated he really liked the location of this site along Central Avenue and believed his project would provide a high quality buffer to the surrounding residential to the west. He stated he looked forward to hearing the council's feedback and thoughts.

Ms. Showalter requested the council begin their discussion by focusing on the land use request.

Councilmember Robertson thanked Mr. Yetzer for his interest in developing in Blaine. She reported this was a challenging project to consider because apartments were unpopular among residents. However, she understood there was a need for them. She stated in her opinion, this use does not align with the property because there was no mass transit in the area. She indicated she did not want the existing mobile home community to feel book-ended by large apartment buildings. She wanted these residents to feel that their quality of life was being considered by the city. She did not believe the synergy was right for this location and noted she would oppose the land use request for the applicant.

Councilmember Massoglia agreed with Councilmember Robertson. He agreed the proposed apartment building would take away from the mobile home community and was not the right fit for this property.

Councilmember Newland agreed with his colleagues stating he did not believe it would sit well with the residents of the mobile home community to have apartment buildings on each side. In addition, he noted this was a challenging site. He commented he would not support a comprehensive plan amendment for this property.

Councilmember Larson stated she agreed with everything that has been stated.

Councilmember Fleming thanked the applicant for his presentation, but noted she could not support this use either.

Mayor Sanders indicated he could support a rezoning from R-4 to something else. He explained it does not appear there was support for this project on this property. Community Development Director Thorvig stated this was a challenging site and he anticipated the council would see other proposals for it in the future.

2.6. 2023-540 99th Avenue and 101st Avenue Traffic Study
Sponsors: Daniel Schluender, Director of Engineering

Director of Engineering Schluender stated council directed staff to conduct a neighborhood traffic study for the neighborhood bordered by the streets of 99th Avenue/101st Avenue to 97th Avenue and University Avenue Service Drive and 6th Street. The engineering firm, Bolton and Menk, was hired by the city to prepare the traffic study on February 7, 2023. The process started with a neighborhood meeting, held on March 7, 2023, to determine what concerns the neighborhood had and what they were experiencing. There were 29 residents, representing 22 properties, in attendance and some of the concerns that were expressed included lack of sidewalks, cut-through traffic, traffic speeds, and parking. Data was then collected at the locations needed to determine the traffic patterns and to determine what was occurring at some of the locations identified in the neighborhood meeting. The study was prepared and posted on the project page on August 28, 2023. The neighborhood was sent a link to the page along with an invitation to another neighborhood meeting, held on September 14, 2023, to review the report and discuss the data and the findings. There were 12 residents, representing 11 properties, present at this meeting and there was discussion on what the findings of the report recommended and when some of these improvements could be constructed. Staff commented further on the mitigation options available to the city and requested feedback from the council on how to proceed.

Councilmember Newland thanked staff for completing a comprehensive traffic study for this area. He believed the sidewalks were great along with adding the crosswalk. He questioned if the city would put two roundabouts that close together. He understood that one roundabout made sense. Mr. Schluender explained the roundabouts could be further studied. He commented further on how the two roundabouts would work in tandem to assist in slowing traffic, which may detour cut through traffic.

Councilmember Saroya stated she has been receiving a lot of positive feedback on the traffic study from the neighborhood. She thanked Mr. Schluender and the consulting firm for their efforts. She stated she understood a speed bump was being considered on 97th and suggested speed bumps also be considered on 6th and 3rd. Mr. Schluender indicated the neighborhood was not very supportive about speed bumps.

Counclimember Saroya asked if any turn lanes were considered. Mr. Schluender stated turn lanes were not proposed at this time. He commented on how the turn lanes would be addressed should the roundabout be pursued.

Councilmember Saroya indicated she supported the roundabouts moving forward. She questioned if a stop light at Polk and 99th was part of this study. Mr. Schluender indicated this was a separate issue from a study that was completed in 2019. He reported this intersection was put in the CIP and would be addressed in 2025.

Mayor Sanders asked if staff had enough feedback to move forward. Mr. Schluender asked if staff should find costs for the roundabouts and place the project in the five years CIP.

Councilmember Massoglia indicated he supported the original stop light remaining in place. However, if the project were tied to future development, and the cost for the roundabouts would be paid by a future developer, he could support the roundabouts moving forward.

Councilmember Saroya explained she supported placing the roundabouts in the five year CIP.

Councilmember Newland stated he would be interested to see how traffic flows in this area after TH65 was completed. He commented on how traffic would back up at the roundabout due to the traffic signal. He questioned if city funding should be set aside for this project. Mr. Schluender reported 99th was an MSA roadway and would be eligible for state aid funding.

2.7. 2023-604 105th Avenue Redevelopment Financial Discussion

Sponsors: Erik Thorvig, Community Development Director

Mr. Thorvig stated various agreements have recently been approved by the City Council and other entities regarding the 105th Redevelopment Project. As the City Council is aware, a key initial component of advancing the project is determining the financing structure for turf fields at the National Sports Center. The agreements approved by the City Council on October 16, 2023, and the ground lease between the MASC and the developer identify the installation of ten turf fields at the NSC. Funding and installation of the turf fields is the mechanism for the MASC/NSC to enter into the ground lease with the developer which allows the developer control of approximately 16 acres of MASC land for private development. The concept of the City issuing a $12MM bond has been discussed with the City Council. City staff, with the assistance of their municipal financial consultant Baker Tilly, identified a payment structure for the $12MM bond. The payment structure is in the form of tax abatement. The annual debt service for the bond is approximately $1,300,000. The term of the debt is 15 years. Tax abatement is like tax increment financing (TIF), where the increased property taxes received because of new development can be captured to pay debt for various improvements related to a project. Unlike TIF, the county and school district have the option to participate in tax abatement. County and school district participation is crucial in making debt service payments feasible.

Mr. Thorvig stated approximately $125MM in new value is needed to generate annual taxes in the amount of $1.3MM to cover the annual debt service. The developer has identified approximately $100MM in new development that would occur on the MASC property. This property does not generate any tax dollars today. Because the ground lease allowing the developer control of the MASC property is dependent upon financing of the fields, no development, nor new tax value would be generated on the MASC property unless the turf field financing is approved. The remainder of the project would likely be captured in a TIF district to assist in typical redevelopment costs such as demolition, environmental, infrastructure and public parking facilities. Any taxes currently collected from properties in a future TIF district would continue to be collected by the various taxing entities. The $100MM in new development on the west side of the project would be captured in the tax abatement. The remaining $25MM in value needed would be captured elsewhere in the City, likely from one or two new apartment builds that opened in 2023. The apartments are Arris II, which is located at 9460 Ulysses Street and Glenfield Park Estates, which is located at 8585 and 8615 Groveland Court. Both are in the SLP school district. Baker Tilly is analyzing whether both buildings are needed to achieve the value necessary to generate the needed abatement dollars. Because the apartments are new, the full value hasn't been realized on the tax rolls. Therefore, there is no "take" of existing tax dollars collected by the various taxing authorities.

Mr. Thorvig reported the financial analysis is still being reviewed and revised. It is dependent on estimated values and actual development. The developer is currently finalizing a concept master plan which will provide better clarity on values, timing, etc. The final development and financial proposal would be completed prior to any formal action. The City of Blaine is requesting Anoka County and Spring Lake Park Schools to consider a formal participation request at a board meeting in January, ahead of the City formally considering bond issuance in February. City staff are having ongoing discussions with Anoka County and Spring Lake Park Schools regarding their participation in tax abatement. Spring Lake Park Schools was provided with information on the tax abatement option. Their staff are meeting in small groups with their board and could potentially take action on January 9.

Mr. Thorvig indicated staff presented to the Anoka County Board on November 9, 2023, outlining the project and request. The county board discussed the proposal at their November 28, 2023, workshop. In general, the county board is supportive of the project, however, some commissioners have concerns about using tax abatement as a tool. Tax abatement has not been used by Anoka County and there is concern about setting a precedent and whether the proposal meets the current county tax abatement policy. County staff presented an alternative funding method through the Anoka County HRA. The county has used this entity for economic development purposes in other cities, most recently a $1MM grant for expansion of an industrial facility in the City of Anoka. The Anoka County HRA has separate levy authority and 12 of the 21 cities in Anoka County participate in the HRA. Blaine does not. Most cities are smaller, except for Columbia Heights and Ramsey. Ramsey, Columbus and Columbia Heights have an Anoka HRA levy, along with city HRA and/or EDA levies. Discussions between Anoka County and city staff outlined a potential scenario where Anoka County would front either all or a portion of the $12MM funding needed for the turf fields at 0% interest. This would eliminate the need to utilize tax abatement to repay debt. Anoka County would require the City of Blaine to participate in the Anoka County HRA, with an estimated annual levy of $1.8-1.9MM issued by the Anoka County HRA, which would allow the Anoka County HRA to repay themselves with levy proceeds. This repayment would occur in 6–7 years. The levy would be from the Anoka County HRA. For a median valued home in Blaine, the additional levy would be approximately $47 annually. Staff commented further on the financial options available to the city and requested feedback from the Council on how to proceed.

Councilmember Newland asked if a new line item would appear on the residents' property tax statement. Mr. Thorvig reported this was the case.

Councilmember Newland inquired if there was a catch and asked why the county would offer this funding to the city without interest. Mr. Thorvig stated after attending the county board meeting, it appeared this was the more protective option than having to consider future tax abatement requests. He stated the Anoka County HRA was a tool available for economic development projects.

Councilmember Newland explained he supported the city pursuing the HRA levy with Anoka County.

Councilmember Robertson indicated she could support this as well. She stated she was curious if there was anything expected from the city if the county were to administer this levy to the city.

Councilmember Fleming supported the city pursuing the Anoka County HRA levy as well. She suggested staff speak with other cities that have taken advantage of an Anoka County HRA levy in order to learn more about how it will work.

Councilmember Massoglia stated he did not support this option because the project was not supposed to be a tax burden on Blaine residents. He supported the city staying with the original plan, which was to move forward with tax abatement.

Mayor Sanders questioned if the city could help mitigate the $47 per year for residents would Councilmember Massoglia then support this option. Councilmember Massoglia explained the city was continuing to raise taxes and fees for Blaine residents and he did not support council proceeding in this manner. He asked if the tax abatement option was off the table. Mr. Thorvig reported the direction the commission gave to staff was to explore the Anoka County HRA option first and if this was not supported, to further reconsider the tax abatement option.

Councilmember Massoglia recommended the original plan move forward for the tax abatement.

Mayor Sanders stated if the Anoka County HRA option was as good as it seems, saving $5 million in interest or debt service would greatly benefit the city. In addition, the city would get $100 in commercial property value on the tax rolls within a year of the new fields being built. He reported if the tax abatement option were to move forward, the city would be responsible for the debt service and it delays the commercial property taxes for 11 to 12 years.

Councilmember Massoglia stated this may be the case, but there would be no burden on the taxpayers.

Mayor Sanders explained taxpayers would be indirectly burdened by the $5 million in debt service. He questioned if through the EDA or through revenue sharing from the project, the $1.8 million were mitigated.

Councilmember Massoglia stated if there were no additional taxes, he could support the Anoka County HRA levy moving forward.

Councilmember Newland asked if the city were to opt into the Anoka County HRA, could the city opt out in the future. Mr. Thorvig stated this would be allowed.

Councilmember Saroya indicated she did not like the Anoka County HRA levy option. She supported the developer coming up with options to fund this project. She feared there were conflict of interest issues and was not comfortable moving forward with this project the way it was. She questioned if there was an out of state private developer that would be willing to take this project on. She explained she was concerned with the fact the city council was making major decisions about an entertainment district without gaining feedback from the public. She stated she would want an independent review of this project before it moves forward.

Mr. Thorvig explained 13 months ago the city completed an RFP process and four developers submitted proposals for this project.

Councilmember Saroya asked if any of the councilmembers recused themselves from this process and if not she had concerns. Mr. Thorvig stated this did not occur.

Councilmember Fleming noted there was a different council in place 13 months ago.

Councilmember Saroya stated she was not comfortable with the relationship some of the councilmembers had with the chosen developer.

Mayor Sanders encouraged Councilmember Saroya to stop using divisive narrative and used his gavel to gain order over the meeting. Councilmember Saroya said she believed the gavel was an abuse of power and should not be done to a woman.

Mayor Sanders explained he took this action in order to stop the cross talk at the meeting. He stated the gavel was not directed at any one person but was used to gain order. He reported the divisive narrative Councilmember Saroya continues to pursue was false and noted the city attorney has addressed all of Councilmember Saroya's concerns.

Councilmember Saroya stated she wanted an independent review and explained she had the right to ask for this.

Mayor Sanders indicated there was no conflict of interest with this project according to the city attorney and per the policies and procedures of the city. He stated this project has been in the works for years. He commented on how the developer that was selected would be investing hundreds of millions of dollars into this project. He reported the city was working to purchase land in order to have rights over the land. He explained the council was now being asked to consider what was the best method forward for funding the turf fields.

Councilmember Massoglia directed staff to not waste any staff time on issues that were not clearly council consensus for this project, because some members of the council were not on the same page. He stated if Councilmember Saroya wanted to do her own independent review, this could be done on her own time. He explained he did not agree with what Councilmember Saroya was saying on this topic. He encouraged the council to be clear with what the consensus of council was along with the direction to staff when it came to this project.

Councilmember Larson asked which option would save the city money or cost the city less money. Mr. Thorvig explained Baker Tilly has been working through this, and he could further investigate the longer term impacts before a decision is made on this.

Councilmember Larson stated she looked forward to learning more about the cost savings from these options. Ms. Wolfe indicated the goal tonight was to see if there was enough interest to explore the Anoka County HRA option and noted staff would continue to gather information.

Councilmember Larson supported the exploration of the HRA option.

Mr. Thorvig commented on the pre-development agreement that was approved between the city and Elevage in December of 2022. He noted this agreement outlines three different phases in an effort to get shovels in the ground. He explained one of the things in the agreement identifies a process where the EDA will front the cost of certain work until the developer has land control. He reported if the project moves forward, the EDA would be reimbursed for these costs. He explained the developer was ready to move forward with some of this work and the cost to the EDA would be $450,000. He indicated the council would be looking at concept plans on January 17, 2024 after which time public feedback would be pursued. He then provided a breakdown on the preliminary engineering work that was being proposed for the site. He stated because this was such a large number, staff wanted to receive approval from the council before moving forward.

Ms. Wolfe explained the EDA has been purchasing land in the 105th area for years in hopes of redevelopment. She discussed how the preliminary engineering work would be of value to the city because the city owned this property.

Councilmember Newland stated he supported the preliminary engineering work moving forward, noting the city would be fronting the expense and would be reimbursed at a later date.

Councilmember Robertson thanked staff for bringing this matter to the council for transparency purposes. She explained she supported the city moving forward with the preliminary engineering work in order to keep this project moving forward. She stated it was her understanding the AUAR had a strict timeline. Mr. Thorvig reported this was the case noting the AUAR would take six months to complete.

Councilmember Massoglia supported the preliminary engineering work moving forward as well.

The consensus of council was to direct staff to move forward with the preliminary engineering work.

2.8. 2023-625 Review State and Federal Lobbying Contracts and Update Current Legislative Agenda

Sponsors: Michelle Wolfe, City Manager

Ms. Wolfe reviewed the current lobbying contracts and legislative agenda for 2024. It was noted the city maintained contract relationships with three lobbying firms during 2023, which were Lockridge Grindal Nauen P.L.L.P. ("LGN"), The Ferguson Group ("TFG") and Jacobson Law Group. Staff reviewed the year-end reports from all three lobbying firms. It was an extremely successful year, with all three firms supporting our efforts to secure funding necessary to proceed with the TH65 project, which was the city's top legislative priority. LGN and TFG assisted the city with a number of other legislative efforts, as outlined in the year-end reports. The contract with The Jacobson Group runs through March 31, 2024. Discussions about a new contract will take place in the first quarter of the year.

Ms. Wolfe explained the contracts with LGN and TFG run with the calendar year. Therefore, they expire at the end of 2023. It is necessary to renew contracts for 2024. The LGN contract would be a proposed three-year agreement and LGN was proposing an annual fee of $38,000. The current annual fee is $38,000. The contract fee was $36,000 annually from 2018 through 2022. LGN has been lobbying for the city since 2018. The TFG contract currently had a monthly fee of $5,000 or $60,000 annually, and that rate will remain in effect for 2024. She reported staff is awaiting information regarding the proposed fee for 2024. The Ferguson Group was selected as the city's federal lobbying firm following an RFP process, and a contract was awarded effective April 5, 2022 through the end of December.

Ms. Wolfe reported a legislative agenda including city council's 2024 priorities needs to be developed. An hour of time at a January workshop has been set aside for discussion of the 2024 legislative agenda. In preparation for that discussion, staff would be interested in initial input from mayor and city councilmembers. In addition, staff has prepared a draft of items to potentially include in the 2024 priorities.

Council consensus was to direct staff to pursue contracts with TFG and LGN.

3. Other Business

None.

4. Adjournment

The workshop was adjourned at 7:28PM.

Signed by ______________________________

Tim Sanders, Mayor

Signed by ______________________________

Catherine M. Sorensen, CMC, City Clerk