City of Blaine
City Council Workshop

January 8, 2024 | 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.

2. Roll Call

PRESENT: Mayor Tim Sanders, Councilmembers Leslie Larson, Chris Massoglia, Tom Newland, Jess Robertson, and Lori Saroya (arrived at 5:36PM).

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; Police Captain Joe Gerhard; Finance Director Jason Zimmerman; Director of Engineering Dan Schluender; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

3. New Business

3.1. 2024-018 Closed Session Pursuant to MN Statute 13D.05 Subd. 3(b) - Discuss Active Litigation with Blaine Atlantic, LLC
Sponsors: Erik Thorvig, Community Development Director

Motion by Councilmember Robertson, seconded by Councilmember Newland, to move into Closed Session pursuant to Minnesota Statute 13D.05 Subd. 3(b) to discuss active litigation with Blaine Atlantic.

Upon conclusion of the closed session topic, Mayor Sanders opened the meeting at 6:00PM.

3.2. 2024-019 NSC Turf Field Financing/Anoka County HRA
Sponsors: Erik Thorvig, Community Development Director

Community Development Director Thorvig stated at the December 11, 2023, workshop, the City Council discussed funding options for the NSC turf field project. One of the options discussed was receiving funding from the Anoka County HRA. There were several questions posed by the City Council. Since that meeting, staff has received additional information from Anoka County staff and analyzed different scenarios. Staff reviewed the scenarios available to the Council in further detail and requested direction on how to proceed.

Mayor Sanders stated the county HRA option is appealing noting once the $12 million is covered, the City would have $1.5 million annually and would save the city $6 million in interest. He indicated he was pleased the city had options when it came to funding the turf fields. He questioned what the mechanics would be to have the city cover the levy ($47 per home). Mr. Thorvig explained the county would levy the funding immediately and the money collected would pay the county back.

Mayor Sanders asked if there was a way for the city to offset the expense of the levy for the residents. Mr. Thorvig did not believe this was possible.

Councilmember Robertson stated the last thing she wanted to do was put up any roadblocks to this project. She indicated she was still apprehensive about joining the Anoka County HRA. She stated she was bothered by adding another line to residents' property tax statement by pursuing another levy. She explained when the council began this process, the goal was to navigate multiple governmental agencies to get a land lease and this hurdle was cleared. She reported the second goal was to not go to the taxpayers to cover the expense of the turf fields. She stated to her it felt disingenuous to get into a scenario where the city would be going to the taxpayers. She indicated she was frustrated by the response from the county. She commented on how she did not want the city to be beholden to the county indefinitely. She reported at this time, she would support the tax abatement option. She stated a backup option for her would be the EDA levy/abatement option.

Councilmember Newland stated he supported the tax abatement option. He discussed how the county HRA option would save money, but then the expense of the project would be assumed by Blaine taxpayers.

Councilmember Massoglia agreed with trying to minimize the burden on Blaine taxpayers. He understood the desire to save $5 million in interest and encouraged staff to continue to find cost saving options. He stated he supported the tax abatement option.

Councilmember Saroya questioned where the developers portion came from. Mr. Thorvig indicated this was a predetermined value put on the NSC property through old legislation when the land was acquired.

Councilmember Saroya inquired if the land value designation could be increased.

Mayor Sanders stated it was his understanding a 90-year lease was in place and noted the NSC pays $300,000 for their land. Mr. Thorvig provided further information on how the land would be owned going forward.

Councilmember Saroya indicated she was struggling with all of these options. She explained she was told residents would not have to pay for this project so she originally offered her support. She stated it feels like taxpayers would be paying for private control of this property. She said she did not approve of the optics of this project and would not be offering her support. Mr. Thorvig reported the tax abatement option would be using new property tax revenue to cover debt service.

Doug Green, Baker Tilly, commented on the bonding numbers and estimated the interest rate would be 3%. However, he noted he was unsure what the interest rates would do in the next three months.

Councilmember Robertson asked what the timeline was for this project. Mr. Thorvig explained the city had to have the funding source identified by March 31.

Mayor Sanders encouraged staff to reengage with the school board and county to let them know the city was interested in moving forward with the tax abatement plan.

Councilmember Larson supported the city moving forward with the tax abatement option.

Council consensus was to pursue the tax abatement option with the EDA levy/abatement option as a back-up if needed.

3.3. 2024-020 Concept Subdivision Review for 9240 West 35W Service Drive
Sponsors: Sheila Sellman, City Planner

City Planner Sellman stated the subject site is 4.71 acres and is zoned Single Family Residential (R-1AA) and guided Low Density Residential (LDR). The applicant is requesting feedback on rezoning to Development Flex (DF) for 22 townhomes with a private street. The townhome units will be in groups of three and four. In addition to the rezoning, a comp plan amendment is necessary for the proposed townhome development. The LDR designation allows for single-family homes and manufactured homes with a density of 2.5-6 units an acre. The applicant was unable to lay out a single family detached subdivision on the lot that met the minimum density of the LDR land use (2.5 units per acre) due to the configuration of the wetlands on the property, and is therefore proposing a townhome development. In order to allow for the townhome development, the land use designation will need to be changed to Low Density Residential/Medium Density Residential (LDR/MDR) which has a density of 2.5-12 units an acre and allows single family residential, manufactured homes, and attached single family such as triplexes, quads, and townhomes. As proposed, the density is 5.96 units an acre. As proposed, there are 22 townhome units that are in blocks of three or four and accessed by a private street. Staff commented further on the proposed subdivision and requested feedback from the Council.

Councilmember Newland requested further information regarding why the current zoning for single family does not work. Ms. Sellman explained density calculations allow for wetlands to be removed, and after this land has been removed from the equation, the lot sizes will not work for single family residential.

Councilmember Robertson indicated she could possibly support this project. She explained the surrounding lots were not typical city lots but all varied in size. She noted she did not want quality of life to be upset for the neighboring properties. She hoped that if a development were to occur on this site that the proposed facades would be elevated and the trees be protected.

Councilmember Newland explained he was leaning towards not supporting this concept. He reported there were no townhomes in this area and the area was surrounded by commerce, industrial properties and a park and ride. He did not support this site having townhomes given the high level of traffic that would be passing by this property on a daily basis. He commented on how the surrounding neighborhood was against the church that was proposed in this area because it meant the tree buffer would be lost.

Councilmember Larson indicated she normally doesn't like switching from low-density residential to a higher density. However, she was not opposed to this proposal because the units are not stacked or a higher elevation. She did not believe the surrounding property owners would see the proposed townhomes. She explained she appreciated the high level of trees that would be saved as this would provide a buffer between the existing homes and proposed townhomes.

Councilmember Massoglia stated he did not strongly support this proposal. He was of the opinion this was a prime spot for a light industrial use.

Councilmember Saroya indicated she did not support changing the zoning, nor did she support the proposed townhomes. She asked what the options were for this property if the townhomes did not move forward. Ms. Sellman reported a comprehensive plan amendment and rezoning would be required to develop this property. She explained the property could develop into townhomes, apartments or an industrial use. Mr. Thorvig stated an industrial use or commercial use would have more impact than the proposal currently before the council.

Councilmember Robertson stated the intent behind the proposal was to recoup land costs. She anticipated the landowner could build two homes on this property. Ms. Sellmen estimated two or three homes could be build.

Councilmember Larson commented if the council were oppose the townhomes, she wondered how the neighbors would respond to an industrial proposal.

Councilmember Massoglia indicated the neighboring homes were quite a distance from this property. He was of the opinion a light industrial use would have a minimal impact.

Mayor Sanders stated Commers Water was just to the south of this property and the homes could not see that location.

Councilmember Robertson discussed how tree removal on the subject property could adversely impact the neighbors and their view of the new use.

Councilmember Massoglia stated this was a fair point, but he believed the city does have a need for additional light industrial properties.

Councilmember Newland suggested a tree inventory be completed on this property.

Councilmember Robertson supported this suggestion and recommended a traffic study also be completed.

Councilmember Saroya asked if the city has engaged with the surrounding residents. Ms. Sellman reported this would not occur until a formal application was brought to the city.

Council shared concerns about the attractiveness of the proposed units and felt that the units did not fit with the site. Council was not opposed to the proposed elevation compared to an apartment building given the current presence of tree coverage and felt the site may be better suited for a light industrial use. Council suggested a tree study and traffic study be conducted to determine potential tree loss and road/driveway access before final direction could be provided.

3.4. 2024-021 Lakes Parkway and Zest Street Extension Cost Share Options
Sponsors: Daniel Schluender, Director of Engineering

Director of Engineering Schluender stated this item was first introduced to council at a workshop meeting in July 2022, when the HJ Development team presented their potential development at the southwest corner of 125th Avenue/Lexington Avenue. There was information 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 that workshop about a potential cost share in infrastructure improvements. This item was brought back to council in June, 2023, where staff presented to council the estimated cost of the infrastructure outside developer's property/project boundaries. That infrastructure includes a portion of Zest Street, and Lakes Parkway from Zest Street, east to Lexington Avenue. The estimated construction cost for these roadway portions is estimated at $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. Council requested that staff bring back funding 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 reviewed the options available to the Council and requested direction on how to proceed.

Councilmember Massoglia indicated he would support Option 3 or 4.

Councilmember Larson asked what needs to get started. Mr. Schluender indicated a developer laid out a preliminary plan for a potential development and noted this developer was seeking direction from the city on how this roadway would develop. Mr. Thorvig explained HJ Development was locked into the commercial piece of the development and was looking to begin construction in 2025. He noted what happens on the west side of the roadway was still fluid.

Councilmember Robertson indicated she could support the use of MSA dollars for this project. She indicated this was a unique project. She commented on how the city has offered wetland credits or other assistance to other developments and for this reason, she could support offering aid to this project.

Councilmember Saroya questioned how MSA dollars could be used by the city. Mr. Schluender explained MSA dollars can be used for maintenance of state aid routes in Blaine. He noted they are also used when reconstructing MSA roadways.

Councilmember Saroya asked how big the MSA fund was at this time, and how much was being proposed for this project. Mr. Schluender reported the city receives $2 million annually and the city uses around $1.5 to $2 million each year for projects.

Councilmember Newland stated he supported using the MSA funds for this project. He supported Option 3 moving forward.

Mr. Thorvig commented on how the commercially zoned properties along this roadway would increase in value once the roadway was completed.

Councilmember Newland asked how the neighbors felt about pending development. Mr. Schluender indicated the city has not had conversations with the homeowners directly, but they are aware that development is occurring around them.

Councilmember Robertson questioned when these properties were rezoned. Mr. Thorvig reported the rezoning occurred two years ago.

Councilmember Larson stated she supported Option 3 or 4 moving forward.

Councilmember Saroya inquired if the residents were thinking about selling or were they being forced out of their homes because of the proposed that was occurring around them. Mr. Schluender explained the last time he spoke with both property owners was to purchase right of way for installation of the water and sewer. He noted one of the individuals has entertained offers but may not be interested in selling yet and the other parcel owner knows it is a development opportunity but it was all about timing at this point. He reported staff would be speaking with the property owners after this meeting.

Councilmember Newland stated he did not believe Option 4 was fair given the fact the property owners would have zero assessment. For this reason, he supported Option 3 moving forward.

Mayor Sanders asked if Option 3 would allow for a deferment until the properties developed. Mr. Schluender stated he could speak to the city attorney to see if this was an option.

Councilmember Larson recommended Option 3 move forward.

Council consensus was to use 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%) and if allowed defer the 50% payment until the parcels develop.

Mr. Schluender explained he would reach out to the commercial developer stating there was a general consensus for Option 3, noting this project could be laid out for 2025 construction.

3.5. 2024-022 State and Federal Legislative Agendas
Sponsors: Michelle Wolfe, City Manager

City Manager Wolfe stated the City of Blaine has contracts in place with one state lobbying firm and two federal lobbying firms. It is important to establish the city's legislative agendas as a means to set goals for our lobbyists. For the past few years, funding for T.H. 65 has been the city's clear number one priority. With the successful 2023 efforts to obtain funding for the Phase 2 segment of the project, our legislative priorities need to be re-established. Staff reviewed the draft state lobbying priorities document. It also includes goals for lobbyists. In addition, there is some verbiage included regarding how staff will approach requests for city positions on proposed legislation. During the workshop discussion, staff would like feedback from council regarding the priorities and other topics.

Ms. Wolfe reported in terms of federal lobbying, the top priority was T.H. 65. The other focus for our federal lobbying has been grants. Staff's suggestion for focus in 2024 is on grants. We will be meeting with our federal lobbying teams to review our capital plans and other city priorities to identify potential federal grant programs, including congressional directed spending ("earmarks"), which could be pursued during the year. The Ferguson Group will be our primary resource for grant programs. The Jacobson Law Group will focus on potential 2024 earmark requests. Once those meetings have occurred, staff will report back to the City Council regarding proposed plans for the year. As with state legislation, if we become aware of any federal bills for which we should take a position to have our lobbyists represent, we will bring the matter to the attention of the council as outlined in the State priorities document. Staff reviewed the proposed priorities for the upcoming year and requested direction from the Council on how to proceed.

Mr. Thorvig commented on a potential sales tax district that could be pursued by the city for the 105th Redevelopment Area/tourism district. He explained the funding received could be used to pay down the turf debt and to maintain this area.

Councilmember Saroya indicated she could support a tourism tax, but she did not want this tax to be charged to Blaine residents.

Councilmember Massoglia stated he would be open to discussing a tourism tax for the months of June and July, but he did not believe this should be very high on the city's legislative priorities.

Councilmember Robertson supported the city keeping this an option because this would be a non-property tax revenue source for the city. She supported the city finding a way to pursue dollars for Fogerty Arena because they are in need of energy improvements.

Mayor Sanders suggested federal dollars be pursued for these improvements.

Councilmember Massoglia asked that staff provide the council with more information regarding Fire Station 5, noting all members of the council may not support this plan. Safety Services Director/Police Chief Podany stated discussions have been suspended to allow the city to get through the budget cycle and the new year. He reported this topic will be brought to the full council at some point.

Mayor Sanders stated he would like to be alerted if there is a committee hearing regarding the cable television issue. He noted the council Could then discuss the topic and make a decision.

Councilmember Massoglia agreed. He commented on how the attorney for North Metro Television, who is also the attorney for CCX, drafted the legislation regarding this matter. He discussed who the proposed legislation would allow franchise fees to be imposed on those with cable, fiber and internet subscriptions.

Ms. Wolfe reported the goal for many of the items listed by staff would be for the lobbyists to monitor and report back to the city.

Councilmember Saroya explained she liked the list then asked that further work be done to protect manufactured homes. Mr. Thorvig stated he could speak with Ms. Showalter to learn more about this legislation.

Councilmember Saroya asked that homelessness and encampments be another item added to the list to be monitored. She recommended childcare/healthcare and mental health be focused on. She inquired how the city could engage its state reps for the upcoming session. Ms. Wolfe reported with Highway 65 staff worked with the state reps directly, but the initiatives for 2024 would require more monitoring and discussion. She noted the list of items to be monitored would be shared with the state reps to ensure they know where the city is at.

Councilmember Robertson suggested funding for the city's ADA transition plans be pursued both from the state and federal government. Ms. Wolfe explained the city may not be successful in receiving dollars for this topic, but noted she would add this priority to the list for federal grant or earmark dollars.

Ms. Wolfe noted she would redraft the priorities and provide the new document to the council for review.

4. Other Business

City Clerk Sorensen provided the council with an update regarding city commissions and boards. She reported the city received 15 applications by the December 31 deadline. She explained these applications would be provided to the council for review in the coming weeks in order to schedule interviews.

Ms. Wolfe noted staff would be contacting each of the councilmembers to learn about how they are utilizing their city issued devices.

Ms. Wolfe reported staff does not have a date set for the council/staff retreat but will be sending date options soon.

5. Adjournment

Signed by ______________________________
Tim Sanders, Mayor

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

The workshop was adjourned at 8:10PM.