City of Blaine
City Council Workshop

April 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 Pro Tem Robertson at 5:30PM.

2. Roll Call

PRESENT: Councilmembers Leslie Larson, Chris Massoglia, Tom Newland, Jess Robertson, and Lori Saroya (arrived at 5:31PM)

ABSENT: Mayor Tim Sanders and Councilmember Terra Fleming.

Quorum Present.

ALSO PRESENT: Community Development Director Erik Thorvig; Community Development Specialist Elizabeth Showalter; Safety Services Director/Police Chief Brian Podany; Community Outreach Coordinator Emily Douglas; Community Outreach Officer Brian Wiens; and City Attorney Eric Larson.

3. New Business

3.1. 2024-97 Anoka County Housing Study
Sponsors: Elizabeth Showalter, Community Development Specialist

Community Development Specialist Showalter stated Karen Skepper, Anoka County Director of Community and Government Relations, was in attendance to present the findings of the Anoka County Housing Study, prepared by Maxfield Research. The study includes market data for Anoka County as a whole and for Blaine specifically.

Karen Skepper, Anoka County Director of Community and Government Relations, presented the Council with findings from the County's recent housing study. She explained there has been robust population growth throughout the entire metro area. She indicated a healthy vacancy rate for apartments was 5% and the metro area was 2.5% currently, which meant rental rates were on the rise. She stated it was becoming increasingly difficult to find affordable housing. She stated there was a strong demand for affordable housing and rental units. In addition, there was a need for more affordable and subsidized senior housing.

Ms. Skepper discussed how many of the people who live in Anoka County drive elsewhere for work. She commented on the percentage of renters and homeowners within the county who were cost burdened or severely cost burdened by their housing. The solutions were to find ways to pay higher wages or to find a way to make housing more affordable. She stated between now and 2030, there was a demand for more than 2,000 additional affordable housing units.

Ms. Skepper commented on how quickly starter homes were selling in Anoka County and discussed how the prices of homes were up 46% since 2018. She reviewed the job growth that was occurring in Blaine and thanked the city for their continued efforts. She commented further on the findings from the study noting Blaine was growing and would continue to grow. She stated the city would be adding roughly 4,000 new households by 2030 and the community had great access to roads. She noted there was a 68% demand for owner occupied products and 32% demand for rental products. She indicated there was a strong market for first time buyers and move up buyers in Blaine. She commented further on the types of units the market would demand over the next six years. She discussed why it was important to have balanced housing in the community, while still meeting the shifting housing needs for seniors.

Councilmember Newland commented on the summary points that state the city needs more rental housing. He questioned how the city sold these points to the public when rental housing requests come before the city. He stated there was always strong push back from the public, especially on projects that were subsidized. Ms. Skepper understood that people did not like change. She encouraged the council to consider who would be living in the new units, who were typically adult children who have just left home or individuals who work in the community.

Councilmember Newland commented on a recent article in the *Star & Tribune* and asked how manufactured homes would be part of the housing crisis solution. Ms. Skepper stated she believed manufactured homes would be part of the solution. She knew HUD was supportive of changing how block grant funds could be used. She hoped more and more resources would become available to improve current manufactured homes.

Councilmember Massoglia asked if the county had a program in place that assisted first time homebuyers with buying down their interest rate. Ms. Skepper explained the county does not have a program in place, but noted Minnesota Housing has a program in place. She was hopeful that the local affordable housing funds could be used to provide this type of assistance in the future. Ms. Showalter commented on the downpayment assistance program the city had in place.

Mayor Pro Tem Robertson thanked Ms. Skepper for her thorough presentation.

3.2. 2024-98 Crime Prevention Through Environmental Design (CPTED)
Sponsors: Emily Douglas

Community Outreach Coordinator Douglas provided the council with a presentation on Crime Prevention Through Environmental Design (CPTED). She explained the CPTED strategies aim to reduce victimization, deter offender decisions that precede criminal acts, and build a sense of community among inhabitants so they can gain territorial control of areas, reduce crime, and minimize fear of crime. Community Outreach is implementing the CPTED program to help decrease opportunities for criminal activity by denying criminals access to potential targets and to create a perception of risk for would-be offenders. CPTED works by eliminating criminal opportunities in and around properties making it a less appealing target.

Community Outreach Officer Brian Wiens provided further information on how staff was working with developers to make properties more appealing, while also addressing CPTED concerns through the design phase. He explained he and Coordinator Douglas were available to review and assess properties. He stated this resource was available to residential and commercial property owners.

Councilmember Newland stated he supported the city rolling out this new program to both business owners and residents. Ms. Douglas indicated they provided business owners with information on the program last fall and noted residents would be made aware of the program this spring.

Councilmember Larson shared that she was mugged in a bank parking lot years ago and appreciated how this type of crime prevention planning would help others in the community.

Councilmember Saroya asked if eight and nine foot privacy fences were a safety concern. Offficer Wiens explained there were circumstances that led to the eight and nine foot fence requirement. He stated he would not recommend eight foot fences becoming the norm.

Mayor Pro Tem Robertson thanked staff for the presentation and looked forward to seeing how the public responds to this information.

3.3. 2024-99 105th Avenue Redevelopment Financing
Sponsors: Erik Thorvig, Community Development Director

Community Development Director Thorvig stated information was presented at the March 11, 2024, workshop related to the tax abatement structure for the financing of the turf fields at the National Sports Center (NSC). The purpose of the April 8, 2024, workshop is to finalize the tax abatement structure, discuss event stadium financing, and infrastructure/demolition financing. Participation by Anoka County and Spring Lake Park Schools is critical to the financing structure. City staff and Baker Tilly have been working closely with each entity to educate and advance discussions among their staff and boards. Staff commented further on the tax abatement process that would finance the turf fields and it was noted the abatement would be in place for 15 years. The County has estimated the proposed area to have a value between $78 to $140 million based on conservative numbers. He stated $125 million in value was necessary for abatement.

Mikaela Huot, Baker Tilly, discussed the projected tax abatement revenues by taxing entity. She reviewed the properties that were proposed for abatement, which included apartments and a development on the stadium site. She commented on the maximum abatement revenues noting adjustments have been made to the value assumptions. She explained each taxing entity would be establishing their own abatement area. The city's estimated amount is 6.8, the county is 5.277 and the school district is 5.38. She anticipated these rates would change on a yearly basis.

Mr. Thorvig commented further on the timeline for this project, noting the new development in red would be realized in 2028 and payments would stabilize by 2030. He noted the project could be valued as high as $140 million.

Ms. Huot explained bonds would be issued in the spring of 2024 and abatement revenues would be avilable to make the debt service payments. She indicated the first interest payment would be due in the spring of 2025 and the remaining semiannual interest payments would be supported by tax abatement revenues. It was noted the first principle payment would be made February 1, 2027.

Mr. Thorvig stated there were many ways to structure this financing, but there were positives and cost saving measures in place to how the financing was structured. He reported the county has hired a financial consultant, as has the school district. He indicated the school board and county would be holding public hearings to consider the tax abatement on April 9. He explained the city council would be considering the pledge agreements with both the county and school district on April 15. If approved, the council will be asked to set a date for the bond sale.

Councilmember Larson asked if the school board was likely to support the tax abatement request. Mr. Thorvig stated in talking to school board members and the superintendent, they were supportive and confident, but they have not held any formal votes. He reported a public hearing and pledge agreement would be considered by the school district tomorrow.

Councilmember Newland questioned if staff would be able share with the council live results from the county and school board meetings. Mr. Thorvig indicated he could share this information with the council as as he would be attending both meetings with Ms. Huot.

Councilmember Newland inquired if anything had changed in the information that was presented to the council at this meeting from previous meetings. Ms. Huot stated the tax abatement numbers was more refined, but the overall assumptions remain the same.

Councilmember Newland asked if the proposed construction timeline was reasonable. Corey Burstad, developer, stated his goal would be to have the first pitch in the new stadium in May of 2026. He indicated if this date was missed, the goals would have to shift back by one year. He explained he was confident in the timeline at this time.

Councilmember Newland questioned if the construction timeline was agressive. Mr. Burstand stated he believed the construction timeline was doable then explained they recently submitted the AUAR for the project, which would be reviewed and approved by the city council. The AUAR would then be reviewed by the state.

Mayor Pro Tem Robertson stated if the proposed values were on the conservative side, would the city have the opportunity to pay off the bonds before the 15 year term. Ms. Huot explained the assumptions she has used were on the low range of the value estimate. She indicated this provides some comfort level. She reported no inflationary growth was included in the projections either. She felt that based on the conservatively realistic numbers the abatement bonds would be paid off in 15 years.

Councilmember Massoglia asked why the city's tax abatement percentage was higher than the school district and the county. Ms. Huot stated the allocation was based on respective tax rates for each taxing entity.

Councilmember Massoglia questioned how the $200,000 in maintenance fees would be managed. Mr. Thorvig reported these fees would be addressed during the stadium discussion then shared the estimated event stadium project cost of $40 million and how the development group would be privately financing $10 million and the city was being asked to finance the remaining $30 million. This $30 million expense would have a term 20-year term with an annual debt service of $2.9 million. It was noted the stadium would be privately owned and operated, which factored into how the financing would be structured. He revisited the guiding principles for this project and requested feedback from the council on how to proceed.

Mr. Burstad described how the revenues generated by the event stadium would be put towards the bonds. He stated once the bonds were paid off, the $200,000 in turf maintenance would be allocated to the EDA and could be used by the sports center. He reported he had been in contact with all 28 teams within the league and had reviewed all of their revenue averages and was confident with the numbers that have been shared with the city.

Councilmember Saroya commented on the statement "no taxpayer dollars" are being used on the stadium and asked if this had to do with the stadium itself. She believed it was not fair to say no taxpayer dollars were being spent considering how much staff time has been spent on this project. She questioned if this project should even move forward and if the stadium really reflected what the community wanted. She stated she was extremely uncomfortable with this entire project and believed there was a conflict of interest with this project as well. Mr. Thorvig reported the developer was paying for Ms. Huot's and City Attorney Larson's time and city staff time was already in place.

Mr. Burstad stated there was only so much square footage he could build on (up to 20%) on the State of Minnesota's land. He indicated this equated to just under 16 acres of land for the proposed structures. He explained the NSC decided to mine all of the sand out of the ground, which has since been filled with terrible soils. He reported he would have to build on 100-foot peers. He stated nothing could be built on this property given how the soils had been stripped. He indicated the $300,000 amount has been worked out over a 90-year period. He commented on the amount of work that was needed in order to make this area come alive. He believed the payment amount was in line, given the amount of work that was needed to build on this property. He described how the stadium would energize the entire area and bring significant dollars to Blaine. He discussed how difficult it was to work with the NSC, but noted all parties have come together to bring about a fantastic project to Blaine. He felt very confident this project was moving in the right direction and that there was a lot of positive energy around it.

Mr. Thorvig indicated the financing for the stadium project does not require a referendum.

Councilmember Massoglia questioned when the council would see the revenue sharing figures. Mr. Thorvig reported he has scheduled weekly meetings between the development team and staff and it was his hope to have something for council review in May.

Mr. Burstad explained he has been meeting with the baseball commissioner and team ownership and shared a vote would be taken by the board next Tuesday regarding the team expansion. He felt confident there was support for the new team, adding the public relations work would be exciting in terms of naming the team and the district.

Mr. Thorvig discussed the financing that was required for infrastructure. He explained the developer would like to start work on the infrastructure in late 2024 in partner with the stadium construction that was being done in Phase 1. He commented further on the buildings that would need to be demolished. He described how the infrastructure work would assist in making buildings pads ready for redevelopment. He noted this work was estimated to cost $20 million and includes roads, utilities, storm water, and demolition work.

Mr. Burstad discussed how this would be a TIF Redevelopment District then commented on the environmental work that would have to be done on the site.

Councilmember Larson asked how many properties the city did not own in the project area. Mr. Thorvig stated there were four properties and one of them was being discussed in closed session later this evening.

Mr. Thorvig stated the city could issue bonds to pay for the up front demolition, infrastructure and utility costs and repayment could be made with TIF. That was analyzing what about of TIF could be generated to see how the infrastructure could be paid for.

Mr. Burstad commented on the infrastructure prep work that he would like to complete in 2024.

Councilmember Newland indicated the turf fields will pay for themselves then requested further information on the other buildings that were being proposed within the development. Mr. Burstad reviewed the site map in detail with the council. He stated the stadium, fieldhouse, food hall and mini golf would be included in Phase 1, along with the 15,000-square foot restaurant. He commented just east of the stadium would be a hotel and restaurant and to the north there would be a hotel, ropes course and waterpark. He reviewed where the apartment and medical office buildings were proposed.

Councilmember Newland stated he looked forward to having the city owned buildings demolished because it would create more interest in the district.

Mayor Pro Tem Robertson questioned if the infrastructure work would encompass both phases of the prjoect. Mr. Burstad reported this was the case for the overall master plan, but noted individual projects would be reviewed and approved by the city council on a case by case basis as building pads are sold off for development.

Councilmember Massoglia stated if the entire east side could be a TIF District and could a second district be created at a later time. Mr. Thorvig explained the city would have to consider its financing cap for this district. He indicated the council would have to make a policy decision.

Mayor Pro Tem Robertson indicated she could support the use of TIF for infrastructure improvements. She believed it was important that this area be well parked or overly parked so visitors coming to the area can easily find parking.

Councilmember Newland explained he supported all of the infrastructure work being done at once. Mr. Burstad stated this would be the best way forward for this project.

Councilmember Massoglia reported there was a lot of interest in this project and he looked forward to the community having more commercial interests in Blaine.

Mayor Pro Tem Robertson thanked the development team and staff for all of their efforts on this project.

3.4. 2024-100 MN Local Affordable Housing Aid

Sponsors: Elizabeth Showalter, Community Development Specialist

Ms. Showalter stated in 2023, the legislature and governor approved a new 0.25% sales tax in the seven-county metro to be used for affordable housing. A portion of that revenue will be distributed to local governments based on the number of households in the city paying over 30% of their income on housing. This portion of the sales tax revenue is called Local Affordable Housing Aid (LAHA). Blaine is expected to receive between $550,000 and $600,000 annually, with dispersement beginning in July. Funds must be spent or transferred to an affordable housing trust fund within three years of receiving the funds, or they must be returned to the state.

Ms. Showalter explained the LAHA funds can be used for affordable rental housing at or below 80% of Area Median Income ($94,650) or for owner-occupied housing at or below 115% of Area Median Income ($143,650). Funds can be used to create new affordable housing, make existing housing more affordable, or improve the habitability of existing affordable housing. These funds are more flexible than other affordable housing funding sources (TIF, competitive grant programs, existing revolving loan funds, etc). Staff presented six categories of eligible projects and programs and requested council rank each category based on their interest in potentially pursuing projects or programs in that category.

Mayor Pro Tem Robertson asked if there has been any innovative ways other communities were proposing to use these dollars. Ms. Showalter stated the six categories cover the majority of the ways cities were using this funding. She explained a lot of cities were looking to provide deeper down payment assistance. She noted Roseville would be using a large portion of their funding for Habitat for Humanity housing renovations.

Mayor Pro Tem Robertson questioned if the city had any gaps in its housing assistance programs. Ms. Showalter indicated the city sometimes received requests for renovations to address accessibility needs. She understood there was also a need for manufactured home replacement.

Counclimember Massoglia requested staff provide the council with a list of housing programs and funding that was currently available to Blaine residents.

Councilmember Newland asked when the city would be receiving this funding. Ms. Showalter stated this is yet to be determined by the legislature.

3.5. 2024-101 Closed Session Pursuant to MN Statute 13D.05, subd. 3(c) - Discuss Potential Property Purchase - PID 21-31-23-24-0025

Sponsors: Erik Thorvig, Community Development Director

After motion and second, the council moved into a closed session pursuant to MN Statute 13D.05, Subdivision 3(c) to discuss a potential property purchase for PID 21-31-23-24-0025.

4. Other Business

Mr. Thorvig commented on the missing middle bill noting it was now off the table with the state legislature. He stated this was good news because it was a bill of concern.

Councilmember Larson noted she spoke with the owner of the auto shop that was discussed last week and shared the owner would like to address his landscaping requirements after TH65 was complete. Mr. Thorvig stated he could look into this with the auto shop owner and would report back to the council.

5. Adjournment

Signed by ______________________________

Tim Sanders, Mayor

Signed by ______________________________

Catherine M. Sorensen, CMC, City Clerk

The workshop was adjourned at 8:26PM.