City of Blaine
City Council Workshop

November 4, 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 5:33PM.

2. Roll Call

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

ABSENT: Councilmember Lori Saroya

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; City Planner Sheila Sellman; Police Captain Joe Gerhard; Finance Director Jason Zimmerman; Director of Engineering Dan Schluender; Director of Administrative Services Scott Johnson; City Attorney Tom Loonan; Communications Manager Ben Hayle; Public Works Director Nick Fleischhacker; and Finance Analyst Nikki Beckers

3. New Business

3.1. 2024-508 Development Proposal for EDA owned Property at 90th Lane and University Avenue
Sponsors: Erik Thorvig, Community Development Director

Community Development Director Thorvig stated the City of Blaine Economic Development Authority (EDA) owns three parcels at 90th Lane and University Avenue. The parcels are 9011 University Avenue, 9021 University Avenue and 20 90th Lane. The parcels total 2.15 acres. The EDA acquired the parcels in separate real estate transactions in 2008 and 2012. The total acquisition costs were $1,280,000. The parcels contained a gas station and retail building which have since been demolished. The EDA acquired the properties in anticipation of redevelopment of the entire commercial area north of 89th Avenue and east of University Avenue. The building to the south was mostly vacant for many years after K-Mart closed. Several years ago, the building was remodeled and occupied by various tenants. With the investment of this building, a larger redevelopment of the area isn't anticipated. Therefore, the EDA could look at selling property for development on a smaller scale.

Mr. Thorvig explained in 2023, the City Council changed the land use in the 2040 Comprehensive Plan for these parcels to Medium Density Residential/Community Commercial. This was based on the Northtown Revitilization Plan and extensive discussion by the City Council regarding future land use. The current land use designation allows for residential development at densities between 6-12 units/acre in the form of detached or attached housing, but not apartments. The previous land use was high density residential/planned commercial. The properties were rezoned to County Road 10 Mixed Use along with all the properties within the Northtown area. The City held an open house on August 26, 2024, to obtain feedback from residents regarding future use of EDA owned property, which included the subject site and property at 211 89th Avenue. This information was presented to the City Council at a workshop on September 4, 2024. Comments related to housing included the following:

- Single story residential (concern about height and compatibility with single-story houses in the neighborhood)
- For-sale product, no rentals
- Smaller units
- Install turn lane to 90th Lane from University Avenue

Mr. Thorvig reported a developer has approached city staff about development of the subject site. The developer is Ranger Development, partnering with Hedberg Homes. They have previously done work in Blaine, most recently the Arroyo Villas project at 115th and Ulysses Street. They are proposing 12 twin-home style, single-level units. The units would access from 90th Lane and 3rd Street with open space, screening, and buffering along University Avenue. A homeowners association would be established for maintenance. The proposal addresses many of the concerns/comments heard at the open house, specifically related to height. However, the proposal is inconsistent with several regulations in the new County Road 10 Mixed Use District. Those include product type and height. The ordinance allows attached townhomes, with a minium of three units and residential building heights required to be a minium of two stories. The requirements were intended to create a more "urban style" townhome development versus a product type that you may see elsewhere in the City. Given that this site is on the edge of the Northtown area and adjacent to single-family use, though the proposal doesn't meet the requirements of the zoning ordinance, the proposal's design does make sense for the site and adjacent uses. The developer could request a rezoning to Development Flex (DF), which would allow the twin homes and a single-level design.

Mr. Thorvig commented at this point, the developer is still completing due diligence to understand the cost of the project, therefore a purchase price hasn't been discussed. The developer is seeking guidance from the City Council on whether this concept is supported. If yes, the developer will continue due diligence and determine a purchase price which would be reviewed by the EDA.

Councilmember Robertson thanked staff for the thorough presentation on this project and for engaging with the neighbors. She was of the opinion this project was consistent with the council's thoughts for this property and would provide a much needed housing product for the community. She indicated she did not support an access point to University Avenue.

Councilmember Fleming agreed stating when she was door knocking, she understood there was a need in the community for one-level units that were not apartments. She thanked staff for their efforts on this project.

Councilmember Newland was of the opinion that the proposed units would be a nice fit for the neighborhood and the proposed development would meet the needs of the surrounding residents. He indicated his only concern was if a homeowners' association for the 12 units would be able to meet the needs of the HOA.

The applicant explained the homeowners within this development would own their own home and lot. He reported the road would be public and HOA funds would only be collected for fencing, mowing and snow removal. He indicated his goal would be to have homeowners able to sit on their patios without hearing their neighbors. He commented on how each unit would have a storm area in the center of the unit.

Councilmember Fleming thanked the developer for including this in his slab on grade home designs.

Councilmember Newland anticipated these units would be fairly well received by the neighbors.

Councilmember Massoglia questioned if the City had been marketing this property. Mr. Thorvig commented the City has not been marketing this property. The applicant explained he found the property while searching through GIS online.

Councilmember Larson indicated she has known the developer for years. She reported she spoke with him again last year when she was door knocking and stated she was very impressed by the quality in the homes he builds.

Councilmember Massoglia believed this project made sense for this property. He asked that the City work to make its money back on the purchase price for the land. Mr. Thorvig explained the City would not receive $1.28 million for this land because it was previously zoned commercial. He indicated staff would work to find a reasonable price for raw land for residential units.

Council consensus was to support this project moving forward.

3.2. 2024-447 Trunk Highway 65 Update
Sponsors: Daniel Schluender, Director of Engineering

Director of Engineering Schluender presented the Council with an overall update on the TH

65 corridor, including Project design and Project meetings of note for both Segment 2 and Segment 3. He explained the environmental documents were submitted to the FHWA in September after receiving positive reports on the rusty patch bumblebee. He commented TKDA was reviewing the documents and would report back to the City for approval by the end of the year. After that time, right of way issues could be addressed. He reported the goal would be to have the design plans finalized by next fall with the project going out for bid in March of 2026. He commented further on the traffic modeling that was being done to better understand the temporary flow of traffic while the project was underway. He reviewed the City utilities that would be disrupted and would have to be replaced throughout the project area.

Councilmember Massoglia requested an update on the status of the noise walls. Mr. Schluender explained this segment of the project has six noise walls and four were voted in and two were not.

Councilmember Robertson asked who would be approaching the landowners for rights of way discussions. Mr. Schluender stated MnDOT would be conducting those conversations. He anticipated these conversations would be held sooner rather than later.

Councilmember Robertson questioned if MnDOT would be placing signage along the corridor to inform the public of the project timeline. Mr. Schluender stated he would speak with MnDOT about advanced signage.

Councilmember Massoglia asked how many lanes of traffic would remain open throughout construction. Mr. Schluender reported the contract requires MnDOT to keep two lanes of traffic in each direction on Highway 65.

Councilmember Newland inquired when the TH65 project would wrap up. Mr. Schluender explained the project would begin in 2026 and would wrap up in 2028.

3.3. 2024-491 2025-2029 Capital Equipment Plan
Sponsors: Jason Zimmerman, Finance Director

Finance Director Zimmerman stated at the September 16 City Council Workshop, the general capital equipment (non-utility) requests for 2025-2029 were reviewed. Several attachments were provided, including: 2025-2029 Capital Equipment Fund Summary, 2025-2029 Detailed Equipment List, and the 2025-2029 Capital Equipment Presentation. General feedback from the Council at the conclusion of the workshop was for staff to:

- Ensure the City's equipment is replaced at reasonable intervals to maintain the existing service model
- Reduce the 2025 equipment request from $4.3 million, as initially proposed
- Develop an annual expenditure model that is generally linear and based on historical price increases
- Create a model to reduce the City's reliance on equipment certificates (debt) by 2030

Finance Analyst Beckers reported finance staff worked with requesting departments to revise the 2025-2029 Capital Equipment Fund Summary. The model was developed using the 2024 amended capital equipment fund budget of $3,034,467 and increasing it by 3% annually to account for inflation in creating a spending target for each year of the CIP. In order to accommodate the established targets based on the proposed model, several important actions are incorporated, including deferrals, removals, and alternative funding sources.

Mr. Zimmerman commented on the current finance software, noting it was outdated and difficult to use. He explained a financial software replacement was necessary, but has been deferred for the time being. He stated this upgrade was only needed once every 10-15 years. Staff commented further on the capital equipment plan and requested feedback from the council if there was support for the revised plan.

Councilmember Massoglia asked if a subscription model was available for the finance software, versus paying close to $1 million for the software. Mr. Zimmerman discussed the upfront and annual fees that would be required for the new finance software. He indicated it was expensive to implement and maintain new software.

Councilmember Newland asked if the plan was reality or were the deferrals in place for the sake of deferring. He commented it appeared the accounting software was necessary and questioned why the expense had been deferred. Mr. Zimmerman stated the finance department was not in a place logistically, to implement new software. He believed it was in the City's best interest to pause and evaluate the needs of the finance department prior to making this purchase.

Public Works Director Fleischhacker discussed how important it was to staff to make future purchases without the use of debt. He reported he had several pieces of equipment that may require more maintenance dollars than was typically spent to keep equipment running. While he understood things may be difficult in the short term, he believed the long-term goals would greatly benefit the City.

Councilmember Larson inquired how the City's finance software compared to the finance director's previous city. Mr. Zimmerman stated the software was not good. He reported the City's software was 20 years old. He commented on how finance software has evolved over the past 20 years. City Manager Wolfe indicated staff has discussed moving the finance software out five years with the understanding this may need to be moved up. She commented on how the current software was not able to generate basic reports. She reported staff will be evaluating and considering its needs to figure out what the options were for the City's financial software.

Councilmember Massoglia thanked staff for taking another look at the capital equipment plan. He stated he supported the changes that were made. He appreciated the fact the City would be moving away from large debt payments in the future.

Councilmember Robertson commented she appreciated the policy-driven method that was being used when considering this plan. She anticipated this method would assist with setting budgets going forward. She thanked staff for being willing and able to pivot and consider other options within this plan.

Ms. Wolfe stated staff would be looking at winter retreat dates for the Council after the election. She indicated the work of the finance team on the budget has been stellar. She thanked her department heads as well for their impressive work on the budget. She stated she was very proud to see the great work coming from her staff members.

Council consensus was to direct staff to bring the capital equipment plan forward for council approval at a future meeting.

4. Other Business

Ms. Wolfe reported there was some significant damage to monuments at Veterans Memorial Park. She reported one of the police department's detectives used video footage and spoke with the party that had rented the park, and no suspects have been identified to date. She recommended the losses be turned over the League of Minnesota Cities.

City Attorney Loonan advised the losses would not reach the City's deductible, so the City will be paying for the damages, but the League will be doing the subrogation piece. He indicated the form the renter filled out states they will be responsible for any losses or damages. He commented if the renter wants to fight this, the matter will end up in litigation and the League of Minnesota Cities will pursue this for the City, and recover what they can from the renter.

Ms. Wolfe explained staff has let the renting party know that the matter has been turned over to the League of Minnesota Cities and has been in contact with Steve Guider about the matter. She reported the winter/spring recreation guide is going to print and noted staff was proposing to charge more for the rental of Tom Ryan Park. She indicated staff was discussing having a site manager, Boy Scout Troop or CSO on site when events are hosted at Tom Ryan Park.

Councilmember Larson supported the use of a Boy Scout Troop or other volunteers overseeing events at Tom Ryan Park.

Councilmember Robertson asked if the language within the rental contract was strong enough to address damages, should they occur. Mr. Loonan believed the language was strong enough within the rental contract. He reported the issue that arises was when a smaller amount of damage occurs that wasn't worth pursuing and the City would be responsible for the expenses.

Councilmember Massoglia inquired if staff looked at installing cameras within this park. Ms. Wolfe stated staff had looked into this and it would cost over $100,000 to install cameras.

Ms. Wolfe indicated the City could increase the damage deposit for renting this park in order to assist with covering costs. The Council supported this recommendation.

5. Adjournment

The workshop was adjourned at 6:56PM.

Signed by ______________________
Tim Sanders, Mayor

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