City of Blaine
City Council Workshop

November 13, 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 5:45PM.

2. Roll Call

PRESENT: Mayor Tim Sanders, Councilmembers Leslie Larson, Chris Massoglia, Tom Newland, and Jess Robertson.

ABSENT: Councilmembers Terra Fleming and Lori Saroya.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; City Planner Sheila Sellman; Safety Services Director/Police Chief Brian Podany; Finance Director Jason Zimmerman; Director of Administrative Services Scott Johnson; Director of Engineering Dan Schluender; City Attorney Tom Loonan; and Communications Manager Ben Hayle.

3. New Business

3.1. 2024-496 MnDOT TH47 and University Avenue Design Update
Sponsors: Daniel Schluender, Director of Engineering

Director of Engineering Schluender stated the Minnesota Department of Transportation had a representative present to explain the design concepts, ongoing work, and schedule of the TH 47/University Avenue corridor proejct.

Chris Bauer, Area Engineer for MNDOT, reviewed the TH47/University Avenue corridor concepts with the City Council. He commented on the two fatal crashes that occurred at 85th and University Avenue. He reported pedestrian crashes were not typical and then reviewed the improvements that were proposed in 2025 in order to improve corridor safety. He commented on how the speed of traffic along this corridor was a concern. The number of lanes proposed for University Avenue were further discussed, along with the potential for roundabouts and grade separated pedestrian crossings within the corridor. He indicated MNDOT would be discussing cost sharing options with the cities and counties along the corridor.

Councilmember Newland stated he did not believe it made sense to have a roundabout at 85th, but he did support a grade separated pedestrian crossing at this intersection. Mr. Bauer discussed how pedestrians would have to cross through the roundabout if a grade separated crossing were not installed. He commented further on how roundabouts were good for slowing traffic.

Councilmember Robertson discussed how human behavior was unpredictable when navigating roundabouts and stated the intersection at 85th and University Avenue was an intersection that had to be improved for vehicular and pedestrian safety. Mr. Bauer stated it was his hope the roundabouts would provide a long term safety solution for this corridor.

Councilmember Massoglia asked if MNDOT had thought about moving the transit center across the street, given the fact that many pedestrians were walking to Target and Walmart. Mr. Bauer indicated this would be a question for Metro Transit.

Safety Services Director/Police Chief Podany discussed how pedestrians moved in and around the Northtown Mall area. He recommended the pedestrian bridge be close to 85th Avenue. He indicated many pedestrians were walking to and from the Springbrook Apartments in Fridley.

Mayor Sanders thanked Mr. Bauer for his presentation and for addressing the Council's questions.

3.2. 2024-506 Charitable Gambling - 2025 Awards
Sponsors: Jason Zimmerman, Finance Director

Finance Director Zimmerman stated the 2025 Charitable Gambling Fund budget and award process was presented at the September 30 workshop with the intent of remaining consistent with past practice based on council feedback. On October 3, staff emailed the council scoring sheets and supplemental information for each of the 20 applications received to assist with allocating the 2025 funds. In preparation for this meeting:

- Staff collected councilmember scoring sheets
- Staff averaged scoring sheet amounts provided by each councilmember
- Staff generated two scenarios of potential award options for council consideration
- Available funding is $192,818, which is based on actual 2023 charitable gambling revenues

- Centennial Senior All Night Party submitted a request on October 23 for $750 which was not included, as the window for accepting requests closed September 15, which was communicated via email, letters, and on the City website

Finance Analyst Beckers explained staff used council feedback as a guide to develop two scenarios for consideration or modification. The council recommended funding for each organization will be what is brought forward for the 2025 Charitable Gambling Fund budget for adoption on December 16. Staff anticipates disbursing the awards and recognizing the benefiting non-profits at the February 3, 2025 meeting. Staff reviewed these scenarios in further detail with the Council and requested direction on how to proceed.

Councilmember Robertson reported she preferred Scenario 2. She believed this scenario was more balanced with the caveat she wanted to see full funding provided to the Alexandra House. In addition, she suggested all food shelf related entities be given the same amount of funding so as not to show preference to one organization over another.

Councilmember Larson supported Hope for Youth being fully funded, which was done in Scenario 1 versus Scenario 2.

Councilmember Robertson suggested the funding proposed for the Centennial Food Shelf be allocated to Hope for Youth, because the Centennial Food Shelf had not requested funding this year.

Councilmember Newland indicated he appreciated the process council followed for allocating this funding. He did not support giving funding to organizations that do not make a request. He stated he was comfortable balancing the funding provided to the food shelf organizations.

Councilmember Massoglia explained he supported Scenario 2 without the allocation to the Centennial Food Shelf. He believed it was more fair to give all organizations a little less than to over fund just the Alexandra House.

Councilmember Robertson commented on how Hope for Youth and Alexandra House were providing emergency services for residents in Blaine and noted there was only one youth shelter and domestic shelter in the community. She indicated she still supported fully funding both of these organizations.

Councilmember Larson supported giving Hope for Youth a $12,000 donation versus a $10,000 donation.

Councilmember Robertson supported this recommendation.

Councilmember Massoglia indicated he supported giving each organization a little less, due to the fact there was a little less to allocate in charitable gambling funding.

Councilmember Newland stated he would defer to staff and allow staff to alter the funding based on the needs in the community. Mr. Zimmerman commented on the requests that were made for 2025 and explained staff did not have a strong position on how to allocate the funding. He further described how the scenarios were based on the council's scoring results as well as the amount of charitable funding available for distribution.

Council consensus was to direct staff to proceed with Scenario 2, moving the Centennial Food Shelf funding to Hope for Youth.

3.3. 2024-511 2025 EDA Budget and Property Tax Levy
Sponsors: Jason Zimmerman, Finance Director

Mr. Zimmerman stated to begin the 2025 budget and property tax levy setting process, Council members were invited to participate in two rounds of small group discussions between May 13-29 and July 16-23. The first round of meetings centered around known changes and assumptions based on recent trend data. The second round of meetings was focused on the EDA operating budget and funding available for capital related development/redevelopment initiatives. At the August 19 City Council Workshop, staff presented information on the 2025 EDA budget, including background and initiatives, as well as the current state of the EDA Wetland Bank Fund, EDA Capital Fund, and the EDA Operating Fund. Staff provided potential scenarios and preliminary tax levy options which ranged from a zero percent to 20 percent increase from the 2024 levy.

Mr. Zimmerman reported at the September 4 City Council Workshop, staff reviewed the 2025 EDA budget and preliminary tax levy options. The consensus by Council was support for scenario three. The flexibility provided at this preliminary levy target was intended to provide the Council with an opportunity to gather more information regarding known and potential strategic opportunities before the final levy is set in December. On September 16, the EDA formally adopted the 2025 proposed EDA tax levy at $1,150,000, with the intention of committing the 15% increase from the 2024 EDA levy for dedicated capital development programs. As a reminder, the final levy that must be adopted in December may not exceed the proposed levy. Staff commented further on the EDA tax levy and requested direction on how to proceed.

Councilmember Newland indicated he supported the EDA levy as proposed.

Councilmember Massoglia commented he did not have an issue with the EDA levy increasing. He stated he was concerned with the fact the general fund admin fees made up half of the EDA levy. Mr. Zimmerman discussed how these fees worked to balance staff time spent on EDA matters. He stated this has been the past practice for the city. City Manager Wolfe reported if these funds were not put aside, the costs would still be real and occurring, and the general levy would then see these fees.

Councilmember Newland stated he supported the in flux of EDA funds into the general fund as this covered the generational projects the city was working to complete at this time.

Councilmember Massoglia stated it did not make sense to him that the EDA levy continued to increase on an annual basis when more and more of these funds were simply allocated to the general fund. He indicated he would rather see these increases set aside for targeted redevelopment or focused towards Emerald ash borer. Mr. Zimmerman described the legacy payback process that was followed for staff time for the EDA.

Councilmember Newland appreciated the successful EDA programs the City had in place. He explained the City was about to see great benefits and new developments based on previous land purchases. He stated he accepted the time that was spent by staff to achieve these goals. He reiterated his support for the EDA levy.

Councilmember Larson asked what would happen if the EDA levy increase were not approved. Mr. Zimmerman commented the slight increase would allow for financial participation in any new developments that may come forward. He reported the City has greatly benefited by having staff and funding available for new developments.

Councilmember Robertson discussed how the EDA has assisted in making projects happen by having resources available, especially for those projects that have difficult or expensive infrastructure needs. She believed it was imperative for the EDA to have these resources and funds available. Community Development Director Thorvig discussed how the vacant properties that remained in Blaine would be challenging to develop and future developers may need assistance with wetland or infrastructure expenses.

Councilmember Massoglia appreciated the EDA having resources available but commented again on how a portion of the proposed levy increase would be put into the general fund, which meant the dollars would not be available for future developers.

Councilmember Newland commented on how there would be a synergy being built once work on TH65 and the 105th Area Redevelopment District began, and he believed the EDA should be diligent in setting aside dollars for this future redevelopment.

Councilmember Robertson agreed with staff, noting the remaining properties in Blaine would be challenging to develop. She indicated she could support Scenario 4 for the EDA levy. Mr. Zimmerman discussed how staff was working with the developer on 105th noting the City would be refunded for some of the upfront costs for this project.

Mayor Sanders encouraged the Council to speak with staff in order to address their concerns on the EDA levy.

3.4. 2024-505 2025 General Fund Budget and City Property Tax Levy
Sponsors: Jason Zimmerman, Finance Director

Mr. Zimmerman stated on September 16, Council formally adopted the 2025 proposed property tax levy at $50,248,907, which represents a 17.1 percent increase from the 2024 levy and set the 2025 Truth-in-Taxation meeting for 7:00 p.m. on Monday, December 16, 2024. As a reminder, the final levy that must be adopted in December may not exceed the proposed levy. Significant assumptions and factors impacted the General Fund budget/2025 preliminary property tax levy:

- Removal of one-time expenditures and revenues from the 2024 budget to the 2025 budget
- No new initiatives or programs not already provided for within the 2024 budget

- Proposed progression through the City's compensation plan for union and non-union employees as well as a three percent cost of living adjustment
- Increased contributions to full-time benefit eligible employees' insurance coverage/cafeteria plan
- Funding to further address the operation of the City's internal service functions, including Workers' Compensation, Self-Insurance, and Facility Funds
- Inflationary impacts on commodities, supplies, and professional services
- Additional capital levy to assist in pre-funding capital equipment to reduce future debt requirements
- Increased debt service levy to support the City's street improvement program.
- Implementation of an Enterprise Asset Management System (EAMS) to improve management of resources, coordination of work, and community responsiveness
- Bonding in 2024 to finance transportation improvements and capital equipment purchases; new tax levy in 2025 to support debt service

Mr. Zimmerman reported upon certification of the values approved by Council, the County Auditor is required to prepare and deliver parcel specific proposed property tax statements to each taxpayer in the City after November 10 and on or before November 24, as outlined by Minnesota State Statutes. The new fiscal disparities and market value homestead exclusion requirements were described, along with how this change impacted the City's tax rate. The impact of the proposed levy on the median value homeowner was discussed. He reported on the proposed levies for peer communities and explained Blaine continues to be a desirable community for families. He further described how the City's tax rate was calculated. The significant investments that would be made through the 2025 levy was reviewed with the Council. Staff commented further on the proposed general fund budget and tax levy and requested direction on how to proceed.

Councilmember Larson asked if Blaine's levy increase was due to its continued growth and new construction. Mr. Zimmerman reported this was a component of the levy along with many other factors. He stated Blaine home values continue to go up due to the housing stock appreciation, new construction, and the people who were willing to purchase homes in the community.

Ms. Wolfe commented on the staffing changes that would occur in 2025. She reported two new officers would be added to the Blaine Police Department, along with a City Forester and Commercial Building Inspector. She noted additional public works seasonal staff members would also be added to assist with parks maintenance. Mr. Zimmerman stated staff was following Council's direction to make investments in public safety and police officers.

Councilmember Newland stated he supported the maximum levy given how the City continues to grow. He commented on how the population of Blaine has increased over the past 10 years. He reported staff was proposing to add essential staff members and he supported the proposed investments in equipment. He reported he has been supportive of every budget coming forward from staff, noting the City has work to do and the time to do this work was now. He indicated it would never be easy to do this work but the investments were necessary.

Councilmember Robertson explained she did not disagree with these comments, but stated the lack of attention from previous Councils for the past 20 to 30 years was now this Council's responsibility. She reported investments were needed in public works, infrastructure, equipment and public safety. She was frustrated by the fact that this Council was being asked to fix 20-30 years of investments all at once. She stated it was wildly unpopular to be in favor of the base budget, but noted she was struggling with this. She indicated this was not because she didn't value public safety or City staff members. She understood the City would be accomplishing some of the pivotal core functions through the base budget, but she expressed concern with how residents would be impacted by the proposed tax levy increase. She was of the opinion the Council was in a really difficult position at this time because either staff or the residents would be disappointed by the levy that moves forward. She stated from a policy only perspective she believed the Council could accomplish its goals while also maintaining its AAA bond rating, but she was frustrated with the decisions the Council was being tasked with. She commented at this time she could not give staff a final answer on any of the scenarios or budget options.

Ms. Wolfe reported she has spent the last year trying to figure out how the City got where it is now and how she can explain this to the community. She stated she has discovered there was a lot of good news to report. She commented on the story Blaine had to tell its residents, noting the community has prioritized public safety, which has made the Blaine Police Department a destination department in the metro area and crime rates were going down. She explained one fourth of the levy increase was due to investments in public safety. She commented further on the investments the City Council was making in infrastructure, TH65, and new development. She noted Blaine was able to make all of these investments without needing local government aid while still remaining one of the lowest taxed cities among its peer communities. She stated this was very impressive. She explained she would be available to have one on one conversations with Councilmembers to further discuss the proposed budget and tax levy.

Councilmember Robertson encouraged the Council to reach out to staff to further discuss the budget. She indicated she wanted the Council to address the problems at this time in order to offer support for the budget in December. She commented on how the budget was a core function of the City Council, and she did not want there to be concern whether or not the budget would pass.

Ms. Wolfe discussed how difficult the levy increase was last year and how Mr. Zimmerman came on board as the new Finance Director and they both understood this was not the type of increase staff wanted to present to the City Council. She indicated the right thing to do was approve a higher levy increase and not postpone support of a higher increase later on. She believed very firmly in the proposed budget and tax levy as it would maintain the service levels in the community.

Mr. Zimmerman requested the Council speak with him in the coming days and weeks about matters that need to be addressed.

Councilmember Massoglia explained he met with staff last week. He reported he agreed with a lot of what Councilmember Robertson stated. He indicated the main question he was considering was what the Council's policy was when it came to the budget and service levels. He recommended the City Council take a deeper look at its budget policies. He stated he would have a hard time continually approving 15% tax levy increases.

Councilmember Newland discussed how the cost for everything was going up and there may be a new norm when it comes to the tax levy. He believed residents were asking for and expected certain items. He commented on how a full time fire department was on the horizon and would be coming to Blaine sooner rather than later noting this was a core service the City had to provide. He was of the opinion a 15% increase may be the norm for the coming years in order to allow the City to catch up.

Ms. Wolfe reported staff would be working to set dates for Council retreats in order to allow for deeper discussions on Council policies.

Police Chief Podany discussed the industry standards four or five years ago and commented on the calls for service per year. He noted he proposed adding two officers per year based on the calls for service going up 4% per year, when the actual percentage increase was closer to 8%. He stated even though two officers per year were being added, we were still falling behind each year. He indicated Blaine has the slowest response time when compared to all the other departments in Anoka County. He reiterated that he was not complaining, because he understood the City Council was in a difficult situation and noted he was a taxpayer too. He stated he was very appreciative of the support the City Council has offered the department, but explained calls for service were going up more than staff had anticipated and current staffing levels were not keeping pace with the City's growth.

Councilmember Robertson stated she was a tremendous supporter of the public safety team. She recommended public safety be added as a line item within the budget to eliminate some level of confusion for residents. She supported the Council further addressing staffing models when policies were discussed. She wanted to see the City better educate the public on how to read a tax statement in the coming year. She understood the Council didn't want to discuss a franchise fee, but she supported the Council discussing other non property tax revenue streams, such as further investments in the City's wetland banks.

Mayor Sanders commented two councilmembers were not able to provide feedback on the budget at this meeting. Ms. Wolfe reported Councilmember Fleming has set up a time to discuss the budget with staff.

Mayor Sanders explained it was the Council's duty to pass a budget. He recommended the Council discuss their concerns or issues with staff in the coming weeks in order to have a budget that can be passed in December.

Councilmember Massoglia stated just because he was not supportive of the proposed scenarios didn't mean he would not vote to move a budget forward. He indicated he would be willing to support a 10% levy increase.

Mayor Sanders encouraged Councilmember Massoglia to speak with staff and bring forward the proposed cuts that would have to be made in order to achieve a 10% levy increase. Mr. Zimmerman clarified if the Council wanted to cut 5% from the budget, this would mean the Council would have to find $2.1 million in reductions. Ms. Wolfe stated cutting $2.1 million from the budget would risk the City's bond rating and would have drastic impacts on the Public Safety Department. She reported if there was a way to come in with a lower budget and levy, staff would have done so.

4. Other Business

None.

5. Adjournment

The workshop was adjourned at 8:43PM.

CITY OF BLAINE
L'ETOILE DU NORD
ANOKA CO., MINN.

Signed by ______________________
Tim Sanders, Mayor

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