City of Blaine
Economic Development Authority

December 16, 2024 | 8:00 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

The purpose of the Blaine Economic Development Authority is to increase the City's commercial/industrial tax base, provide employment opportunities, undertake redevelopment to enhance and maintain neighborhood economic stability, and address special needs, such as senior housing. As authorized under Minnesota State statutes, the Blaine City Council also serves as the Blaine Economic Development Authority.

AGENDA

1. Call to Order

2. Roll Call

3. Approval of Minutes

3.1. 2024-596 Approval of the October 21, 2024, Economic Development Authority (EDA) Minutes

Sponsors: Erik Thorvig, Community Development Director

4. New Business

4.1. 2024-551RES 24-231 Adopt the 2025 EDA Fund Budget and Property Tax Levy

Sponsors: Jason Zimmerman, Finance Director

5. Old Business

6. Adjournment

City of Blaine
Economic Development Authority

October 21, 2024 | 8:00 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

MINUTES

1. Call to Order

The meeting was called to order at 7:48PM by President Sanders followed by the Roll Call.

2. Roll Call

PRESENT: President Tim Sanders, Commissioners 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 Erik Thorvig; City Planner Sheila Sellman; Police Captain Russ Clark; Finance Director Jason Zimmerman; Human Resources Manager Lori Carbajal; Public Works Director Nick Fleishhacker; City Attorney Tom Loonan; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

3. Approval of Minutes

3.1. 2024-472 Approval of the October 7, 2024, Economic Development Authority (EDA) Minutes.
Sponsors: Erik Thorvig, Community Development Director

Moved by Commissioner Robertson, seconded by Commissioner Newland, that the Minutes of October 7, 2024, be approved.

Motion adopted unanimously.

4. New Business

4.1. RES 24-206 Resolution Approving the Collection of $10,000 through the Foreclosure of Fresh Picked Pizza at 8683 Central Avenue and Canceling the Remaining Loan Balance

Sponsors: Erik Thorvig, Community Development Director

Community Development Director Thorvig stated on May 4, 2020, the Blaine Economic Development Authority approved a loan for Fresh Picked Pizza, LLC. Fresh Picked Pizza purchased the property at 8683 Central Avenue which contained a vacant nursery that had become dilapidated, and the property was not being maintained. The business owner requested a loan to demolish the existing building and construct a new, 5,000 square foot restaurant. The loan amount approved was $29,359. The Blaine Economic Development Authority funded the loan from the EDA Small Business Loan program. The program was established by the EDA in 2018 to provide financial assistance to small business owners who are improving an existing building and/or redeveloping a commercial or industrial property. In general, projects will increase the tax base, improve blighted properties, increase employment, and bring properties into conformance with existing city and state codes. Demolition of existing buildings is an eligible expense.

Mr. Thorvig explained the business owner completed construction of the new restaurant and opened the business in 2023. Unfortunately, several months after opening, the business closed. Over the last year, the property has been going through a foreclosure process. The EDA's loan was subordinate to primary financing for the project. Typical mortgage and loan documents are executed by the EDA and lender, and prepared by a third-part loan servicer. The outcome of the foreclosure process resulted in the EDA collecting $10,000 of the original loan amount of $29,359. Though the EDA was not able to recover all the funds loaned, EDA's assistance resulted in the removal of a vacant, dilapidated building and construction of a new building. Qamaria Coffee, a Yemini coffee shop currently in Little Canada, will open a location in the building. The EDA Board is required to modify, amend, or adjust any element of the loan agreement by resolution.

Moved by Councilmember Robertson, seconded by Councilmember Newland, to adopt a Resolution Approving the Collection of $10,000 through the Foreclosure of Fresh Picked Pizza at 8683 Central Avenue and Canceling the Remaining Loan Balance.

Councilmember Newland stated it was unfortunate this business closed, but he was pleased a rundown building was removed and a new tenant will be in place soon with a coffee shop.

Motion adopted unanimously.

5. Old Business

None.

6. Adjournment

Moved by Commissioner Massoglia, seconded by Commissioner Robertson, to adjourn the meeting at 7:50PM.

Motion adopted unanimously.

City of Blaine
Staff Report

File Number: 2024-551RES 24-231

Agenda Date	Status
December 16, 2024	
In Control	**File Type**
Economic Development Authority	Resolution

New Business - Jason Zimmerman, Finance Director

Agenda Item # 4.1

Adopt the 2025 EDA Fund Budget and Property Tax Levy

Executive Summary

The Board is asked to adopt the 2025 Property Tax Levy and EDA Budget.

Background

To begin the 2025 budget and property tax levy setting process, board 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. Discussions continued throughout the fall, including Council Workshops on August 19 and November 13.

Minnesota statutes allow special taxing districts to certify property tax levies on all real property within their jurisdiction. The Blaine Economic Development Authority (EDA) functions as a special taxing district and is therefore authorized to levy taxes under state law.

The proposed 2025 property tax levy for the Blaine EDA was adopted on September 16, 2024, and was certified at $1,150,000, with the intention of committing the entire 15 percent increase from the 2024 EDA levy for capital investments and strategic development within the City. None of this additional funding will be available for administrative or overhead costs associated with the operation of the EDA. As a reminder, this amount can only be reduced at the time the final levy is set per MN State Statute.

In November 2024, parcel specific estimates of property taxes for 2025 were mailed by the County Property Tax Department to property owners. The estimated taxes were based on the proposed tax levy adopted at the September 16, 2024, EDA Board Meeting.

The EDA tax levy was increased from $750,000 to $1,000,000 in 2023 to provide funding for capital related projects including land acquisition, development assistance, and supporting redevelopment activities. The final 2025 EDA levy is proposed to equal the amount adopted in September of $1,150,000. As previously noted, while the baseline 2025 EDA operating budget aligns closely with prior years, the 15 percent increase to the proposed EDA levy dedicates $150,000 to the same targeted development/redevelopment initiatives as the 2023 increase. This additional funding would act as a bridge to provide the EDA with capital should strategic opportunities arise in the near future and before the EDA is reimbursed for property within the 105th Redevelopment Area.

The median value single family property in Blaine valued at $339,900, which experienced an increase in valuation of 3.82 percent, is estimated to have the EDA's share of their property tax bill increase by approximately $4.64 or 19.1 percent for 2025. As a reminder, assessed values are still subject to change slightly. The proposed levy is anticipated to result in an approximate tax capacity rate of 0.894 percent.

Strategic Plan Relationship

Adoption of the property tax levy and an annual budget ensures the overall financial stability of the EDA.

Board/Commission Review

N/A

Financial Impact

The proposed budget, if adopted, of $1,150,000, is a 15 percent increase from the 2024 adopted EDA levy, with the intention of committing the 15 percent increase for targeted development/redevelopment initiatives.

Public Outreach/Input

N/A

Staff Recommendation

By motion, adopt the resolution included herein.

Attachment List

1. 2025 EDA Levy Presentation
2. 2025 EDA Final Fund Summary

City of Blaine

Signature Copy

Resolution: RES 24-231

Adopt the 2025 EDA Fund Budget and Property Tax Levy

WHEREAS, a proposed Blaine Economic Development Authority (the "EDA") Budget for the fiscal year commencing January 1, 2025 has been prepared by the Executive Director; and

WHEREAS, said proposed Budget has been prepared and presented to the EDA Board in accordance with all statutes and ordinances of the City of Blaine; and

WHEREAS, the EDA has examined, studied, and reviewed said proposed Budget; and

WHEREAS, the EDA has, after due consideration and deliberation, made such amendments and adjustments in the proposed 2025 Budget as they consider necessary, desirable, or expedient.

WHEREAS, the EDA has the powers provided in Minnesota Statutes 469.001 through 469.017 (the "ACT"); and

WHEREAS, the EDA will continue to develop and implement programs in accordance with the Act and consistent with the City's 2040 Comprehensive Plan; and

WHEREAS, Minnesota Statutes, Section 469.033, Subdivision 6, allows the levy of a special district tax not to exceed 0.0185 percent (.000185) of taxable market value for purposes specified therein.

NOW, THEREFORE, BE IT RESOLVED by the EDA of the City of Blaine as follows:

1. That the proposed EDA Budget shown below is approved.
2. That the 2025 budget appropriations shown below are approved.
3. That the City Manager/Executive Director is authorized and directed to implement and to administer, within the budgetary funding limits and relevant State and City laws and regulations, said approved EDA Budget.
4. That the Blaine Economic Development Agency approves of. and consents to a final levy in the amount of $1,150,000, but not to exceed 0.0185 percent of taxable market value of the City as authorized by the Act and described above.

EDA OPERATING (213) REVENUES:	**AMOUNT**
Property taxes	$1,000,000
Lodging taxes	5,000
TIF administration fees	40,000
Building rentals	14,400
Investment earnings	15,000

Other	3,000
TOTAL REVENUES	**$1,077,400**

EDA OPERATING (213) EXPENDITURES:	**AMOUNT**
Personnel services	$203,571
Supplies	500
Professional services	7,000
Dues, subscriptions, training	9,000
3M Tournament	130,000
Targeted redevelopment	172,371
Fire suppression grants	25,000
Business appreciation	15,000
Property holding costs	65,000
General administrative fees	449,958
TOTAL EXPENDITURES	**$1,077,400**

EDA CAPITAL (415) REVENUES:	**AMOUNT**
Property taxes	$150,000
TOTAL REVENUES	**$150,000**

EDA CAPITAL (415) EXPENDITURES:	**AMOUNT**
Strategic Development Initatives	$150,000
TOTAL EXPENDITURES	**$150,000**

PASSED by the Blaine Economic Development Authority this 16th day of December 2024.

Economic Development Authority (EDA) 2025 Tax Levy & Budget

Economic Development Authority| Finance

12/16/2024

EDA History

- In May 1985, the Blaine Housing and Redevelopment Authority (HRA) was established to promote economic development
  - State law empowered HRAs with broad authority to engage in redevelopment and economic development activities
- In December 1988, the Economic Development Authority (EDA) was established to replace the HRA as the vehicle for subsequent economic development activities
  - This allowed for greater flexibility per Minnesota Statute
  - Governed by the City Council
  - City Manager serves as the Executive Director

EDA Background

- Primary powers of an EDA:
  - Set a property tax levy
  - Issue revenue and general obligation bonds
  - Purchase and sell property for development and redevelopment
  - Serve to promote business and to recruit new businesses
  - Serve as a financial partner to businesses and non-profits through loans, tax increment
  - Tax Increment Financing (TIF) and other financial mechanisms
  - Carry out marketing and promotional efforts on behalf of the City

About Blaine's Businesses

- Blaine has a strong and growing industrial and commercial business sector. Blaine is home to nearly 1,400 businesses, including:
  - Aveda Corporation
  - Infinite Campus
  - Old Dominion
  - Carley Foundry
  - General Pattern
- Over 25,000 people are employed by businesses located within the city
- Blaine is the home of the Anoka County-Blaine Airport, which is the metro area's busiest reliever airport

EDA Services

- The Blaine Economic Development Division offers a variety of services to businesses, developers, and real estate professionals. Services include:
  - Assisting developers in identifying potential sites
  - Business retention & expansion visits
  - Coordinating redevelopment needs
  - Providing information about Blaine development activity
  - Identifying public and private development financing alternatives
  - Coordinating various City approvals for developments
  - Providing staff support to the Blaine Economic Development Authority Board and City Council

EDA Programs and Initiatives

General Programs

3M Tournament Sponsorship

City Monument Signs

Economic Development Programs

Targeted Redevelopment

Fire Suppression Grant

Blaine Business Appreciation Day

Property Holding

EDA Levy Considerations

October 2024 cash balance for all EDA operations ≈ $675,000

The EDA has traditionally leveraged its financial position to advance the City's strategic plan and impact targeted development/redevelopment projects

Significant outlays in recent years to acquire property within the 105th Avenue Redevelopment Area (land sale process to be defined within development agreement)

Levy Scenarios provided would dedicate any amount over $1,000,000 (2024 levy) to accumulate in the EDA Capital Fund for non-operating funding opportunities

EDA Operating Fund

- Provides for the routine activities of the EDA
  - Staff costs
  - Business engagement
  - Property holding costs

- Levy increased to $1,000,000 annually in 2023
  - Was $750,000 previously
  - Increased to provide flexibility for future opportunities

	2024 Adopted Budget	2025 Proposed Budget	2024 Adopted vs. 2025 Proposed	
Beginning Fund Balance	**$ 4,265,433**	**$ 4,266,517**		
REVENUES				
Tax levy	$ 1,000,000	$ 1,000,000	$ -	0.0%
Lodging Tax Fee	5,000	5,000	-	0.0%
TIF Admin Fees	40,000	40,000	-	0.0%
Building Rentals	15,000	14,400	(600)	-4.0%
Investments	80,000	15,000	(65,000)	-81.3%
Other	3,000	3,000	-	0.0%
TOTAL REVENUE	**$ 1,143,000**	**$ 1,077,400**	**$ (65,600)**	**-5.7%**
EXPENDITURES				
Operating				
Personal Services	$ 195,666	$ 203,571	$ 7,905	4.0%
Supplies	700	500	(200)	-28.6%
Contractual Services	7,000	7,000	-	0.0%
Other	-	-	-	N/A
Programs				
3M Tournament	122,000	130,000	8,000	6.6%
City Monument signage	-	-	-	N/A
Economic Development Programs				
Targeted Redevelopment	250,000	172,371	(77,629)	-31.1%
Fire Supression Grants	35,000	25,000	(10,000)	-28.6%
Business Appreciation	30,000	15,000	(15,000)	-50.0%
Property holding costs	83,000	65,000	(18,000)	-21.7%
Dues, subscriptions, training	9,600	9,000	(600)	-6.3%
Gen Fund Admin Fees	407,900	448,800	40,900	10.0%
Facilities Maintenance	920	1,015	95	10.3%
Facilities Replacement	130	143	13	10.0%
TOTAL EXPENSES	**$ 1,141,916**	**$ 1,077,400**	**$ (64,516)**	**-5.6%**
Increase (Decrease) in Fund Balance	**$ 1,084**	**$ -**		
Ending Fund Balance	**$ 4,266,517**	**$ 4,266,517**		

EDA Capital Fund

- Used to account for non-operating activities including land transactions and providing for economic incentives

- Future proceeds from land sales within the 105th Avenue Redevelopment Area will be recorded in this fund
  - Structured as a note, first payment deferred to 2028 with a balloon in 2032

- Authorized assistance for extraordinary development costs within the Southside Entertainment District
  - $1,499,000 in total

- 2024 & Prior = No property tax levy support

2025 EDA Property Tax Levy

- Proposed property tax adopted on September 16
  - Certified at $1,150,000
  - Operating levy to remain at $1,000,000
  - Additional $150,000 levy to be dedicated to capital investments and strategic development
- Final tax levy presented at $1,150,000 consistent with proposed levy
- Further supports strategic goal of Economic Development

2025 EDA Levy & Tax Impact

	2022 Final Levy	2023 Final Levy	2024 Final Levy	2025 Levy
EDA Operating Levy	$ 750,000	$ 1,000,000	$ 1,000,000	$ 1,000,000
EDA Capital Levy	$ -	$ -	$ -	$ 150,000
EDA Total Levy	**$ 750,000**	**$ 1,000,000**	**$ 1,000,000**	**$ 1,150,000**
EDA Levy % Change	**0.00%**	**33.33%**	**0.00%**	15.00%
EDA Tax Rate	0.763%	0.880%	0.761%	0.894%
Median EMV SFH	$ 270,600	$ 320,400	$ 327,400	$ 339,900
EDA Tax Impact	**$ 19.66**	**$ 27.46**	**$ 24.32**	**$ 28.96**
$ Change	**$ 2.37**	**$ 7.79**	**$ (3.13)**	**$ 4.64**
% Change	**13.7%**	**39.6%**	**-11.4%**	**19.1%**

EMV = Estimated Median Value
SFH = Single Family Home

Action Item

- Consider resolution adopting the 2025 EDA Fund Budget and Property Tax Levy

CITY OF BLAINE, MINNESOTA

2025 SUMMARY BUDGET
EDA FUND - 213

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