



City of Blaine

City Council Workshop

December 2, 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 5:35PM.

2. Roll Call

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

ABSENT: Councilmember 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; Finance Analyst Nikki Beckers; Public Works Director Nick Fleishhacker; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

3. New Business

- 3.1.** 2024-575 Closed Session Pursuant to Minnesota Statute 13D.05, Subd. 3(a) - City Manager Performance Review
Sponsors: Scott Johnson, Director of Administrative Services

After a motion and second the City Council moved into a closed session to conduct the City Manager performance review.

3.2. 2024-572 2025 General Fund Budget and City Property Tax Levy
Sponsors: Jason Zimmerman, Finance Director

Finance Director Zimmerman recapped the proposed 2025 general fund budget and property tax levy in detail with the Council. He explained staff is requesting a consensus from Council on a levy target to allow ample time for staff to prepare materials for the December 16 truth-in-taxation meeting.

Mayor Sanders stated none of the council likes the position the city is in and the numbers being faced, but this was the reality the council was facing. He indicated he was open to ideas but noted the intent of this meeting was to gain consensus in order to move the budget forward.

Councilmember Robertson commented she was past the point where the council sits in silence and that direction was needed. She understood staff had to prepare documents for the truth in taxation hearing. She agreed no one on the council liked the way the numbers were coming in. She stated this was her sixth budget cycle and each one has come forward in a different manner. She commented there were many things she was unaware of, such as the city's deferred maintenance costs and the magnitude of bonding versus prefunding. She commented on how valuable staff was to her, along with prefunding capital improvements going forward. She indicated she was not supportive of the 17.1% levy increase, however she supported the public safety department and forester positions based on the comments she has received from the public. She explained she reviewed with staff the spending for the past five years along with the proposed spending for the next five years. She reported the city has budgeted \$450,000 to address trees. She proposed these dollars be removed from the general levy while keeping the city forester and one or two of the police officers. She reiterated how much she values the public safety department and stated she did not want the city's officers being burned out as calls for service continue to rise. She discussed how she was not focusing on any one department and noted the council has invested over \$2 million into public works department and suggested certain facility items be reconsidered along with proposed park improvements. She stated if these changes were made to the budget the levy would be just under 15%. She apologized for the long dialogue, but stated this levy would have real impacts on Blaine families.

Councilmember Massoglia asked if staff had numbers for Councilmember Robertson's proposed plan. Mr. Zimmerman reported the proposed levy increase would be 14.98% or an increase of \$6,426,307.

Councilmember Robertson commented on the expenditures that were proposed for the council chambers and hallways at city hall. She supported working to reduce these numbers. City Manager Wolfe stated staff has not had time to determine if some of these suggestions were sustainable and noted staff had not had time to see if all the options were feasible.

Council recessed the city council workshop at 7:00PM and reconvened at 8:10PM.

Mr. Zimmerman summarized that Councilmember Robertson was proposing to fill the forestry position along with one or two of the police officer positions. He indicated Happy

Acres improvements was proposed to be removed from the budget along with \$100,000 in facilities funding, which would require \$500,000 in future facilities dollars being shifted.

Councilmember Robertson stated she was hoping to bring forward enough changes because she could not support the proposed base budget and levy at 17%.

Councilmember Fleming asked what would happen if the Council were to not pass a budget. Mr. Zimmerman reported the Council is required to establish a tax levy which is then certified with Anoka County and the State. He commented the budget is more an appropriation and authority to spend and an internal document for staff. He indicated it would be very difficult for staff if a budget were not approved for 2025.

Mayor Sanders commented there would be other consequences as well if not approve, such as losing the City's AAA bond rating.

Ms. Wolfe indicated the council will have to have some serious discussions because putting together this budget had been extremely difficult and the time and effort from staff monumental. She understood nobody likes the numbers, but six months ago the council supported the base budget with the forester and two additional police officers. She stated she never received direction from the council that the preliminary levy would be supported but that the final budget had to come down. She anticipated some of the cuts could have service level impacts or result in postponing some projects or maintenance. She explained she understood her place and understood the council was the policy-making board and reported the budget process would be a discussion for the new year. She stated she has heard the feedback from the council and understood that council appreciated all the efforts from staff.

Safety Services Director/Police Chief Podany commented on the facilities budget. He explained he was concerned with the long term state of city facilities noting if delays were to occur, he worried about setting the city up for catastrophic failures. He reported he would be willing to sacrifice one new officer in order to invest in a city facility manager position. He reported some of the facility expenditures were becoming safety issues. He discussed how new ventilation was necessary in the evidence room due to the items being stored in this area. He understood the council wanted to pass a budget that worked, but noted he also wanted to protect the investments the city had made in its facilities and assets.

Councilmember Robertson asked if there was more merit to a facilities manager than a fleet manager. Police Chief Podany stated he was uncertain, but stated the city's facilities were large items to manage. He stated if a position was not added, this ancillary duty would continue to be placed with himself or the Administrative Services Director and that he did not have the capacity or knowledge to manage this long term. He explained it may benefit the City to forego hiring one new officer this year in lieu of hiring a facilities manager.

Councilmember Robertson thanked Chief Podany for this feedback. She stated she did not disagree with these statements. She indicated she spoke with Chief Podany about her proposed changes and noted she did not want to create a situation that compromises the safety or health of officers or staff. She commented she could support a fence around the air conditioning unit at the Mary Ann Young Center (MAYC) but asked that the cost be reduced from \$15,000 to \$1,000 or \$2,000.

Councilmember Larson questioned what the current levels were within the evidence room right now. Police Chief Podany stated he was uncertain, but noted the ventilation and negative pressure system in the evidence room was not adequate at this time.

Councilmember Massoglia thanked Councilmember Robertson for her suggested proposal. He indicated he was working on the same thing with staff to see where cuts could be made. He explained he wanted to get to a yes vote for the budget and tax levy. He commented as hard as this year is, he believed there was a consistent vision for setting a process for next year. He commented he supported the levy last year at 15% noting there were a lot of one time adjustments that were made. He stated supporting a 15+% increase against this year was not palatable for him. He reviewed his proposed cuts, noting he was trying to get down to a 10.7% levy increase. He indicated this would include significant cuts, but reported the core functions were public safety, roads, infrastructure, clean water and sewer. He stated this led him to consider what non-essential things could be paused or cut for a year.

Councilmember Newland stated this was his third budget cycle. He noted the first year was very eye-opening for him given how much it cost to run the city. He indicated this last year has been difficult but believed the city manager had brought forward the needs of the community. He commented he could support the 17.1% levy increase but recommended the council look into new revenue sources in the coming year because he wanted to see the city getting ahead instead of playing catch up.

Mayor Sanders reported the council could have a budget subcommittee that would begin operating in January. He commented when looking at the numbers, he had to consider the value of the services received by Blaine residents. He discussed how Blaine only received revenues from property taxes, while other cities had franchise fees and LGA. For this reason, he believed Blaine was the best value in Anoka County and among comparable cities, even with the proposed tax levy increase.

Councilmember Larson stated she wished the council would have added some expenditures last year in order to offset the burden for this year. She explained she was taking into consideration what services were necessary in the city.

Further discussion ensued regarding the new hockey rink at Jim Peterson Park.

Mayor Sanders stated larger discussions could be held next year regarding services, along with what level of services a top 10 city should be providing to its residents. He was of the opinion that there was not a lot of waste in the city. He reported it cost a lot of money to run the 9th largest city in the state. He commented on how the minor levy increases in the past could be contributing to the concerns the council was facing now. In addition, residents were moving to Blaine and they were asking for more amenities and services, which came at a cost.

Councilmember Larson asked if the three parks slated for improvements in 2025 were a need. Ms. Wolfe stated this was a separate fund and would not impact the tax levy. She commented there were a lot of things that go into selecting park equipment and noted the Park Board works to gain feedback from the community before finalizing the park equipment.

Councilmember Robertson questioned if there was consensus on what the council doesn't want. She stated she would not be voting to support the base budget. She explained this was the reason she brought forward another option in order to bring forward a forester and an officer for the police department.

Councilmember Massoglia reiterated that the council approved a 15% levy increase last year and was not going to be able to support a 17% levy increase this year. He indicated this was hard for him to get behind. He commented he would like to continue with what Councilmember Robertson started to see what other options there were or if certain programs could be paused for a year. He stated he could work on this with Councilmember Robertson later this week.

Mayor Sanders reported the council was past this point and noted they had to provide staff with direction on the levy at this meeting in order to allow staff time to prepare for the truth in taxation meeting. He cautioned the council from making too many cuts this year, because it could have impacts on the levy for 2026.

Councilmember Massoglia indicated the baseline budget had \$782,000 in expenditures that were one-time expenses for workers compensation and self insurance. He suggested cuts be made in this amount because the city would not have this expense again in 2026. Mr. Zimmerman reported the increases were a direct response to the deficit this fund had in the past. He explained the city needed to have the financial resolve to pay out should a claim occur. He indicated the city's self insurance policy went up 10% last year and this continues to be an issue the city has to deal with.

Councilmember Massoglia asked if the expense for this fund would be the same next year. Mr. Zimmerman reported this would be dependent upon claims.

Councilmember Massoglia indicated there were other items that could be put on pause for one year that would assist with lowering the levy.

Ms. Wolfe stated the city had a deficit that required a one-time fix to get the fund even. She indicated the city has not adequately been funding deductibles.

Councilmember Massoglia discussed how the city was proposing to prefund a great deal of capital in the general levy. He asked if this could be removed and that the parks and trails levy be reduced.

Councilmember Robertson stated she did not support adjusting the prefunding because she wanted to see the city planning for the future instead of needing additional bonding. She wanted to see the city getting out of debt.

Mayor Sanders indicated the difficult part was the city did not have too many projects that came forward that were not critically needed. He explained the council was now trying to cut fat when the budget was already lean. He discussed how the city was transitioning into a large city and while he understood no one liked the numbers there was not a lot of waste in the budget. He stated the police department was still understaffed and he would not be the person who voted against public safety. He commented on how the council was now trying

to cut things and it was not waste but rather were items that were needed to run the city. He asked what the council could agree to move forward with respect to the budget and tax levy.

Councilmember Fleming indicated she would have been okay with the base budget and tax levy but noted she could support Councilmember Robertson's proposal because it would include another police officer.

Councilmember Larson asked if the counter-proposal included the facility needs within the police department. Mr. Zimmerman reported this would not be included.

Police Chief Podany inquired if the council could support spending public safety funds for items within the budget. Councilmember Robertson indicated she could support the police chief spending these dollars as he deemed fit.

Councilmember Larson questioned if there was any support to cutting the capital prefunding proposed for 2025. Councilmember Newland stated he did not support this option.

Ms. Wolfe explained staff was doing its duty to provide the council with the best information possible. She indicated staff would work to provide the council with information to understand the impact of the proposed changes to the levy. She anticipated that the proposed cuts would have service level impacts.

Councilmember Newland commented on how the cost to run the city would not be going down rather costs would continue to rise. He stated he could support the 14.98% levy increase as proposed by Councilmember Robertson.

Council consensus was to explore additional revenue sources going forward such as franchise fees and to direct staff to prepare for the truth in taxation meeting on December 16 based on a 14.98% general levy increase.

4. Other Business

None.

5. Adjournment

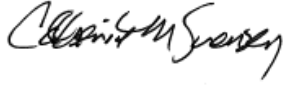
The workshop was adjourned at 9:46PM.

Signed by



Tim Sanders, Mayor



Signed by 
Catherine M. Sorensen, CMC, City Clerk