City of Blaine
City Council Workshop

December 16, 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 5:30PM.

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; Finance Analyst Nikki Beckers; Senior Parks and Recreation Manager Jerome Krieger; City Attorney Tom Loonan; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

3. New Business

3.1. 2024-544 Lexington Crossings (125th and Lexington Avenue) Development Scenarios
Sponsors: Erik Thorvig, Community Development Director

Community Development Director Thorvig stated the property at the southwest corner of 125th Avenue and Lexington Avenue has been proposed for development. The 37.15 acre site is privately owned and was listed for sale. The property is under contract by two separate buyers, HJ Development (commercial development on the east side of future Zest Street), and Thompkins Development LLC (west side of future Zest Street). HJ Development has proposed to develop five commercial buildings which include a grocery store, retail/restaurant, and a higher end daycare/preschool. Significant portions of the site would be preserved for wetland, stormwater ponds and open space. Thompkins Development would purchase land west of future Zest Street and has been working with North Shore Development Partners to construct an apartment building on Lot 6, and would retain Lot 5 for future commercial development to be done by another developer.

Mr. Thorvig reported HJ Development would construct all the infrastructure on the site including roads, utilities, traffic signal at Zest Street and 125th Avenue and site grading/preparation. The overall site development costs for roads, utilities, traffic signal at Zest Street and 125th Avenue, and site grading/preparation is approximately $5,487,524. Developers of the sites west of future Zest Street would be responsible for approximately $1,275,379 in infrastructure and site preparation costs, with HJ Development being responsible for approximately $4,212,145.

Mr. Thorvig explained North Shore Development Partners submitted an application for a comprehensive plan land use amendment for the proposed apartment site. The current land use for the entire property is Planned Commercial (PI). Development of an apartment building requires a land use change to high density residential. The City Council considered this item at their November 4, 2024, meeting. Several council members expressed concern about the land use change and a motion was made to postpone this item to allow the City Council to consider options for the project that would not involve an apartment building. Staff commented further on the three scenarios for this property and requested direction from the Council on how to proceed.

Councilmember Robertson asked if the delineations on the west side showed the available upland. The developer reported this was accurate, noting the buildable size may be larger. Mr. Thorvig discussed how one of the lots could be made bigger and the pond could be made smaller if a one story building were constructed.

Councilmember Robertson questioned if there were endangered plant species on this property. The developer explained he has been working with the DNR and he understood there was an endangered raspberry plant that was present. He commented he has a budget to remove these species.

Councilmember Robertson thanked the developers for attending the meeting and for being engaged with the City. She stated she heard the concerns from the developer and discussed how the Council was working to be more intentional with development. She commented on how growth has occurred in the City over the past five to ten years. She understood there was a need for commercial development on this corner. She indicated she did not support Option 1. She believed Option 2 had some merit, but there was a lack of opportunity for the City to recoup any funds. She stated she could support Option 3 moving forward. She explained there were businesses and restaurants that want to own land in Blaine. She discussed how Option 3 would allow for this opportunity. She reported another option for this land would be for a future fire station. She commented further on how Option 3 would use zero taxpayer dollars.

Councilmember Larson stated using this land for a fire station was a new idea for her, but she liked it. She questioned if this was the right location for the City. She asked how the City has purchased and constructed fire stations in the past. Mr. Thorvig stated in 2020, he and the previous fire chief were looking at a piece of land for Station 6. He stated he was negotiating with a private land owner and the price kept going up. He explained around that same time, the model for the fire department began to change and the City began considering building a fire station at City Hall, but this was somewhat challenging. He reported in the last six months, the fire department has began looking for land in the northeast corner of Blaine for Station 6. He indicated a fire station would fit on this corner and a commercial lot could still be sold off. He explained SBM could potentially pay the City back for the land cost. He stated additional discussions would have to be held if the fire station were pursued.

Councilmember Newland stated the fire board met in Coon Rapids recently and he learned the cost for their new fire building was $17 million and the land was given to Coon Rapids. He agreed this would be an interesting site for the City to consider for a future fire station. He understood there was a need to house both people and equipment for the fire department. He stated he understood this was a challenging property to develop given the wetlands. He asked if the City had a relationship with the developer or could other developers be considered for these sites. The developer stated other developers could be considered for the sites owned by the City.

Councilmember Larson questioned if the challenges on the site were the City's responsibility or the landowner's responsibility. The developer explained there has been a price reduction on the land given the challenges for developing the site. He was of the opinion the price was fair market value.

Councilmember Massoglia questioned why the developer was not pursuing Scenario 3. The developer indicated he could not carry that much land for financing purposes. Mr. Thorvig explained the City would be a cash buyer and would not need to take out a loan for the land, nor would the City be responsible for property taxes. He indicated if the City were to purchase this land, it would be less risky and the City could turn a profit.

Councilmember Massoglia stated he would be interested in discussing this land further with Fire Chief Retka. He believed a fire station would be a good use for the land and the strategic priority funds. Mr. Thorvig reported cities do not typically buy vacant land. Rather, cities get involved in property acquisition in order to get something new and different on a site. He stated the goal would be to make this property shovel ready for a future potential developer.

Councilmember Robertson indicated she spoke with Fire Chief Retka and Police Chief Podany regarding this matter. She explained the fire chief was interested in ongoing conversations to try and make this site meet their needs for the future.

Councilmember Massoglia inquired if Option 3 could be made contingent upon a purchase agreement from SBM Fire. Mr. Thorvig stated the challenge with this would be the timing for the purchase agreement. He explained if the fire station did not move forward, the City would still have two valuable commercial properties the City could sell.

Further discussion ensued regarding the financial lending that was needed for the land purchases and development of this property.

Councilmember Robertson stated lending was extremely complex and different for commercial development versus purchasing a home. She reported this project had no TIF request, which she appreciated and meant the project would immediately generate property taxes once completed.

Councilmember Fleming explained she did not support Option 1, but would be open to considering Option 3. She believed this was a great site for a fire station if SBM Fire was open to this. She indicated she could support the site being shovel ready and resold as well.

Mayor Sanders stated he supported Option 3 as well. He commented this was an area the City had prioritized for economic development. He understood this was a desirable corner for development and discussed how the Council had been intentional with the zoning for this property. He hoped this City could develop this property strategically in order to meet the City's vision.

Councilmember Larson supported moving forward with Option 3 minus the $500,000 fee from the developer. The developer indicated he would be willing to further negotiate this with the City.

Councilmember Massoglia recommended staff speak with SBM in order to receive clarity on how a future fire station would proceed.

Council consensus was to explore Option 3 including exploring a fire station.

3.2. 2024-592 State and Federal Legislative Agendas
Sponsors: Michelle Wolfe, City Manager

City Manager Wolfe stated the City of Blaine has contracts in place with one state lobbying firm and two federal lobbying firms. It is important to establish the city's legislative agenda as a means to set goals for our lobbyists. For several years, through the 2023 legislative session, funding for T.H. 65 was the city's clear number one priority. With the successful 2023 efforts to obtain funding for the Phase 2 segment of the project, our legislative priorities need to be re-established on an annual basis. Staff commented on the draft state lobbying priorities document. It also includes goals for lobbyists. In addition, there is some verbiage included regarding how staff will approach requests for city positions on proposed legislation. During the workshop discussion, staff would like feedback from council regarding priorities and other topics.

Ms. Wolfe reported in terms of federal lobbying, our recent focus has been on congressional directed funding/"earmarks". For 2024,staff reviewed the capital projects/equipment plans and worked with our lobbying team to identify potential options for funding. Another focus for our federal lobbying has been grants. Staff's suggestion for 2024 is to continue with these efforts for funding sources. Staff met with the team from The Ferguson Group to review our capital plans and other city priorities. TFG prepared a plan that identifies potential federal grant programs, including congressional directed spending ("earmarks"), which could be pursued during the year. The Ferguson Group will be our primary resource for grant programs, and they assist staff with identifying top prospects for earmark funding as well as grants. The Jacobson Law Group will focus on supporting our 2025 federal earmark requests. Staff proposes working with our federal lobbying team to determine which of our projects have the best opportunities for successful earmark funding and begin preparations for submission. We will report back to council with the top options. During the workshop discussion council can provide feedback on the projects listed prepared by TFG.

Mayor Sanders supported a special taxing district and social district being pursued. He commented on the transportation issues that need to be addressed by the City surrounding TH65. He discussed how important it was for Blaine to maintain local control and to oppose unfunded mandates. He reported he received an email from the Red Pine Group noting they were seeking legislation regarding municipal cannabis. He commented on how Blaine was now the ninth largest city in Minnesota and he wanted Blaine to be recognized as a player with issues before the State legislature.

Councilmember Newland questioned when the moratorium on special taxing districts would expire. Mr. Thorvig reported this would expire in May of 2025.

Councilmember Robertson commented on how agency mandates were impacting local governments. She suggested the lobbyists keep monitoring these types of mandates because they adversely impact Blaine.

Councilmember Massoglia recommended the special taxing district be further discussed by the City Council at a future workshop meeting in order to create clarity on what properties were included in the district.

Councilmember Larson supported the special taxing district assisting with the cost of additional police officers that will be needed to patrol this area. Mr. Thorvig indicated it may take several legislative sessions in order for the district to be approved by the State, but noted additional police expenditures could be covered by the taxes that were raised.

Councilmember Massoglia suggested the City offer local support for day cares.

4. Other Business

None.

5. Adjournment

The workshop was adjourned at 6:58PM.

Signed by Tim Sanders ______________________

Tim Sanders, Mayor

Signed by ______________________________

Catherine M. Sorensen, CMC, City Clerk