City of Blaine
City Council

December 16, 2024 | 7:00 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

MINUTES

1. Call to Order by the Mayor

The meeting was called to order at 7:05PM by Mayor Sanders followed by the Pledge of Allegiance and the Roll Call.

2. Pledge of Allegiance

3. 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.

4. Awards - Presentations - Organizational Business

None.

5. Communications

Mayor Sanders provided a summary of the city manager's performance review.

6. Open Forum

Open Forum is an opportunity for the public to present an issue or concern to City Council. There is a maximum of fifteen minutes set aside for open forum. Each presentation should be limited to no more than three minutes. If your item needs follow-up from the City, staff will arrange for that follow-up and will contact you to let you know what is being done. Thank you for coming this evening.

Mayor Sanders opened the Open Forum at 7:06PM.

Dale Sprouse, 12880 Lexington Avenue, shared concerns regarding the proposed Lexington Crossings project and did not want to see the City providing $2.775 million for infrastructure to help facilitate a grocery store. He was of the opinion these funds belonged to the residents and should not be used to attract a potential high end grocery store.

Dereck Lefford, Head of Government Affairs for Gateway Fiber, provided the Council with an update that they have completed over 6,000 passings of installation in 2024, with the intent to double that figure in 2025. He said they had 22 neighborhoods planned and explained he appreciated the great working relationship he had with city staff and the public.

There being no further input, Mayor Sanders closed the Open Forum at 7:10PM.

7. Adoption of Agenda

The agenda was adopted as amended, removing Item 11.3.

8. Approval of Consent Agenda:

All items listed under the "Consent Agenda" are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember or citizen so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

Moved by Councilmember Newland, seconded by Councilmember Robertson, that the following items on the Consent Agenda be approved.

Motion adopted unanimously.

8.1. 2024-585 Schedule of Bills Paid
Sponsors: Jason Zimmerman, Finance Director

8.2. 2024-586 Approval of Minutes
Sponsors: Cathy Sorensen, City Clerk

8.3. 2024-523 Adopt the 2025 Fee Schedule
Sponsors: Cathy Sorensen, City Clerk

8.4. 2024-576 Approve 2025 Annual Business Licenses
Sponsors: Cathy Sorensen, City Clerk

8.5. RES 24-235 Resolution Authorizing the Mayor and City Manager to Enter into a Cooperative Construction Agreement with the State of Minnesota Department of Transportation (MnDOT) and Anoka County
Sponsors: Daniel Schluender, Director of Engineering

8.6. 2024-603 Ratification of Local 392 (Police Captains) Labor Agreement for 2025-2027
Sponsors: Scott Johnson, Director of Administrative Services

8.7. 2024-604 Approve Amendment to City Manager's Employment Contract
Sponsors: City Council

9. 7:00 PM - Public Hearing and Items Published for a Certain Time

9.1. RES 24-229 2025 Truth in Taxation Meeting: Adopting the 2025 Property Tax Levy and City Budgets
Sponsors: Jason Zimmerman, Finance Director

Finance Director Zimmerman stated council is asked to adopt the 2025 Property Tax Levy and City Budgets. He explained the proposed 2025 property tax levy for the City was certified in September to be $50,248,907, which represents a 17.10 percent, or $7,339,307 increase over 2024. As a reminder, this amount can only be reduced at the time the final levy is set per Minnesota State Statute 275.065. He reported the final 2025 property tax levy for the City of Blaine is presented to be $49,336,000, an increase of 14.98 percent or $6,426,400 over 2024. Revised valuations provided by the County indicate City-wide assessed property values are up 2.66 percent from 2024. At this final levy amount, the median value of a single family property in Blaine valued at $339,900, which experienced an increase in valuation of 3.82 percent, is estimated to have the City's share of their property tax bill increase by approximately $174.49 or 14.84 percent for 2025. As a reminder, assessed values are still subject to change. The proposed levy is anticipated to result in an approximate tax capacity rate of 38.264 percent. He explained how taxes were split between the City, County and school district and discussed how the CIty's levy compared to peer communities. He described how the median value homeowner would be impacted by the proposed tax levy. He commented on the property tax relief programs that were available to residents. Staff commented further on the final tax levy and requested the Council hold the Truth in Taxation Hearing and approve the final tax levy and budgets for 2025.

Mayor Sanders thanked staff for the detailed presentation on the budget and tax levy then opened the Truth in Taxation public hearing at 7:43PM.

Barb Bailey, resident of Blaine, said she is dissatisfied with the proposed increase of 19%. She explained residents were paying a lot for gas, groceries, and other items and asked that the Council look at what the City really needs to spend funds on.

Brian Pattock, 3890 99th Avenue NE, asked how the increased amount could be at 15% when inflation is only 3%. He felt the City needed to live within its means and believed the increase should be right around 3%. He asked how the 105th Avenue project area tax abatement affected the levy and asked that the budget information be presented sooner next year to garner more input and felt the proposed increase was not fiscally responsible or sustainable.

Mr. Zimmerman indicated the abatement was only 1.2% of the levy.

Ann Somerfield, 4061 97th Lane NE, shared concerns with the amount of development in the city. She encouraged the city to balance residential with commercial and that the city should work to keep property taxes low. She was of the opinion the proposed tax levy increase was too high and too much. She believed the City needed to stop the construction and be more strategic in with development going forward.

Curt Lund, 2927 Edison Street, discussed how his property value went down, but his property taxes went up. He didn't understand how that could occur. He said he loved living in the community due to the quality of life Blaine offered. He encouraged the City Council to work to protect this quality of life through integrity.

Jim Thalhuber, 2242 129th Court NE, shared concerns with the proposed increase and commented on how this will not be sustainable year after year, especially for retired individuals living in the community. He encouraged the City Council to review to find fair and reasonable property tax increases for Blaine residents.

Karen Nelson, 2201 Arnold Palmer Drive, commented that 42.4% of the budget was capital and debt service, which was a lot and felt this could be brought down. She commented on the increases residents were feeling with auto and homeowners insurance and felt the proposed tax levy was too much and asked the Council to reconsider.

John Chamberlain, 3952 87th Lane NE, explained he was a 30-year resident of Blaine. He explained Coon Rapids had a population of 63,000 and Blaine had a population of 73,000. He questioned how Coon Rapids came in with a 7.8% tax levy increase while Blaine had a 15% increase. He encouraged the City to reconsider its priorities in order to bring forward a fair tax levy for the residents of Blaine.

There being no additional public input, Mayor Sanders closed the Truth in Taxation public hearing at 8:04PM.

Moved by Councilmember Fleming, seconded by Councilmember Larson, to adopt the 2025 Property Tax Levy and City Budgets.

Councilmember Robertson stated she shared in some of the frustrations that were voiced and explained she went through this budget line by line, noting she recommended items be removed. She commented the difference between Blaine and neighboring communities was that these other cities have other revenue streams that offset the tax levy. She reported she paid property taxes as well and noted her taxes went up $1,500 last year. She reported she scrutinized this budget and indicated this was always a very difficult decision for the City Council. She discussed how much plow trucks cost and how residents wanted their streets plowed in a timely manner which required numerous plow trucks and drivers. She commented on how she valued the public safety department, which made up 50% of the budget and adding in public works brought this percentage to 70%. She explained the budget does not have any extra programs or waste. She indicated the City Council has had numerous conversations on this budget and tax levy and she could not justify cutting another $500,000 from the budget that was allotted for park improvements. She discussed how years ago the City Council bonded for capital infrastructure that the City was still paying on. She reported this Council was working to prefund projects going forward.

A member from the public asked why the City does not have franchise fees. Mayor Sanders explained this would be another tax passed along to residents. He stated it was more transparent for the City to have only a tax levy for residents without additional taxes and fees but reported the Council was having discussions on how to increase revenue streams.

Councilmember Newland stated he looked forward to the Council discussing new revenue streams in 2025. He commented on how budget discussions for the Council were always difficult and noted the Council has been discussing this budget since May and that it was his hope the City would have new revenue streams to consider in the coming year. He discussed how the police department was falling behind in its hiring given how calls for service were on the rise. He stated he was proud of the fact the crime rate in the community has dropped and stated this was the result of an intentional investment this Council has made in public safety for the entire community. He further discussed how much it cost to maintain the City's streets, trails and parks. He understood budget talks were never fun but he thanked the finance department for doing an extraordinary job. He stated he would be offering his support to the 2025 budget and property tax levy.

Councilmember Fleming explained this was her second budget cycle. She reported this was a very difficult process for the Council to follow noting this City Council was full of integrity. She discussed how lengthy discussions have been held and cuts have been made. She thanked Finance Director ZImmerman for all of his efforts on behalf of the community. She reported she fully supported the City beginning to prefund its debt to ensure the City is not upside down in the future. She indicated she would be offering her support for the budget and tax levy.

Councilmember Massoglia thanked the residents in attendance and indicated he would not be able to support the proposed budget and tax levy. He discussed the tax increase the City approved last year and stated he could not support another 15% increase this year. He thanked Councilmember Robertson for her proposed cuts that brought the levy increase to just below 15%. He thanked the finance team for all of their efforts on the budget and tax levy. He reported his no vote was in no way a reflection on the work that has been done by staff. He stated he was hopeful for next year, in that spending would level out, and the City would be pursuing new revenue sources.

Councilmember Larson thanked the Council for their comments and thanked staff for all of their efforts on the budget. She explained last year was her first year on the City Council. She indicated she has held meetings with staff in order to learn more about the budget and the budgeting process. She understood people were in a hard position and she feared the City was close to crossing a line. She supported the City working to live within its means while working to pay down its debt.

Mr. Zimmerman stated the City issued $12 million in street reconstruction bonds in November. He reported the City will pay over $4 million in interest for this bond issuance. He explained the Council and staff has been discussing how it would be beneficial to prefund capital projects in order to eliminate the need to pay back bonds with interest.

Councilmember Robertson asked what happens if the budget does not pass. Mr. Zimmerman reported if the property tax levy does not move forward it would revert back to the amount that was approved in September.

Councilmember Robertson indicated she has only supported one budget in her time on the City Council. She reported she has a lot of frustrations, but explained the City Council had a charter responsibility to approve a budget and tax levy each year. She stated the City Council does not create a budget but rather this was presented by staff and was reviewed and considered by the Council. She explained the Council would be making policy driven decisions with respect to the budget and would be pursuing new revenue streams in the coming year.

Councilmember Massoglia stated if this budget did not pass he would be happy to amend the proposed levy reducing it down to 10%.

Councilmember Robertson requested a roll call vote.

A roll call vote was taken. Motion adopted 4-2 (Councilmembers Larson and Massoglia opposed).

10. Development Business

None.

11. Administration

11.1. RES 24-230 Resolution Adopting the 2025-2029 Capital Improvement Program and Authorizing 2025 Purchases and Projects
Sponsors: Jason Zimmerman, Finance Director

Mr. Zimmerman stated the Council is asked to approve the 2025-2029 Capital Improvement Program (CIP) and 2025 Purchases and Projects. He explained the CIP sets a blueprint for a community's five year needs while setting aside financing for these projects. He commented further on the components of the CIP process, highlighted the notable projects that would be completed in 2025, and recommended approval of the five year CIP.

Moved by Councilmember Newland, seconded by Councilmember Fleming, to adopt a Resolution approving the 2025-2029 Capital Improvement Program and Authorizing 2025 Purchases and Projects.

Councilmember Robertson asked if this was a five year spending plan. Mr. Zimmerman reported this was the case.

Councilmember Robertson questioned if the City could pull back on the amount of roads that were improved each year given how the cost for these projects has significantly increased. Mr. Zimmerman reported each element of the CIP was provided to the City Council and revisions were made based on Council feedback. He explained the 2024 projects were the high water marks and noted there was a cautious effort to use other dollars to assist with street improvement projects so as not to overburden taxpayers going forward.

Councilmember Massoglia supported reducing spending going forward. He explained capital equipment expenditures were too high at this time. He supported the Council taking an in depth look at streets, parks, and equipment expenditures.

Councilmember Robertson requested a roll call vote.

A roll call vote was taken. Motion adopted 4-2 (Councilmembers Massoglia and Robertson opposed).

11.2. RES 24-242 Resolution to Approve a Purchase Agreement for 10500 Nassau Street NE.
Sponsors: Erik Thorvig, Community Development Director

Community Development Director Thorvig stated the City of Blaine has identified the 105th Redevelopment Area as a priority redevelopment area in the 2030 and 2040 comprehensive plans. The comprehensive plan states that the "EDA/City should continue to explore land assembly options with willing sellers as they come up". The EDA/City has been active in acquiring property within the 105th Redevelopment District since 2016. A master developer was selected for the project in 2022 and significant work has occurred over the last 18 months to advance the redevelopment project. Property acquisition has continued to occur after the master developer was selected to secure property to complete the overall redevelopment project. The EDA has been the purchaser of other properties within the redevelopment area. However, due to the funding source for the purchase, the City will act as the buyer.

Mr. Thorvig reported agreements with the master developer require the city/EDA to be under contract with the three remaining to-be-acquired properties by December 31, 2024. As such, there is urgency to approve necessary purchase agreements to be in compliance with existing agreements. The city sold tax increment financing bonds on November 14, 2024, and $3,000,000 in proceeds from those bonds have been set aside to complete acquisitions. City staff and attorney have been in communication with the property owner of 10500 Nassau Street for several years attempting to negotiate a purchase. Several closed sessions have been held to discuss acquisition strategy. At a closed session on November 18, 2024, direction was provided by the City Council regarding the purchase price. Over the last month, the City Attorney has been working directly with the property owner and their attorney to finalize a purchase price, agreement and closing date for the property. The purchase price is $980,000 + $50,000 in relocation costs for the existing tenant. A closing date is still being negotiated and will be finalized when a purchase agreement is drafted. At this time, a purchase agreement hasn't been prepared. However, if this action is approved, the purchase agreement would reflect the approved purchase price and include other typical language related to a property closing. Depending on closing, a lease agreement would be considered with the existing tenant allowing them to lease the property for $1 for a period of time.

Moved by Councilmember Robertson, seconded by Councilmember Massoglia, to adopt a Resolution approving a Purchase Agreement for 10500 Nassau Street NE.

Councilmember Larson asked what the appraised value per square foot was for this property. Mr. Thorvig stated he did not have this information in front of him. He reported the appraised value per square foot was lower than the proposed purchase price.

Councilmember Larson indicated she did not support the proposed purchase price or the $50,000 that was being offered in relocation costs.

Motion adopted 5-1 (Councilmember Larson opposed).

11.3. First Reading
Ordinance to Repeal Sec. 82-6. Traffic Commission, Amend Sec. 54-31. Park Board, and Amend 27.02 Planning Commission/Board of Appeals and Adjustments
Sponsors: City Council

City Clerk Sorensen requested the Council hold first reading of an ordinance amendment to dissolve the Blaine Traffic Commission and amend portions of code for the Park Board and Planning Commission to reflect changes made in council policy.

Declared by Mayor Sanders that Ordinance No. 24-2572, “Ordinance to Repeal Sec. 82-6. Traffic Commission, Amend Sec. 54-31. Park Board, and Amend 27.02 Planning Commission/Board of Appeals and Adjustments,” be introduced and placed on file for second reading at the January 6, 2025 Council meeting.

12. Other Business

Moved by Councilmember Robertson, seconded by Councilmember Fleming to suspend the rules.

Motion adopted unanimously.

Councilmember Robertson stated in appreciation of City staff for their hard work and dedicated service to the community she would like to recommend City offices be closed on Tuesday, December 24.

Moved by Councilmember Robertson, seconded by Councilmember Newland, to recommend City offices be closed on Tuesday, December 24, 2024.

Motion adopted unanimously.

13. Adjournment

Moved by Councilmember Robertson, seconded by Councilmember Massoglia, to adjourn the meeting at 8:55PM.

Motion adopted unanimously.

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

Signed by ______________________________
Tim Sanders, Mayor

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