City of Blaine
City Council Workshop

January 13, 2025 | 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 Chris Ford, Chris Massoglia, Tom Newland, and Jess Robertson.

ABSENT: Councilmembers Terra Fleming and Leslie Larson.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; Assistant Community Development Director Sheila Sellman; Deputy Police Chief Joe Gerhard; Finance Director Jason Zimmerman; Director of Administrative Services Scott Johnson; Public Works Director Nick Fleishhacker; City Attorney Kevin Sandstrom; League of Minnesota Cities Attorneys; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

3. New Business

3.1. 2025-19 Closed Session Pursuant to MN Statute 13D - Blaine Atlantic Funding LLC/City of Blaine Litigation
Sponsors: Erik Thorvig, Community Development Director

After a motion and second, the Council moved to a closed session meeting pursuant to State Statute 13D to discuss the Blaine Atlantic Funding LLC litigation.

3.2. 2025-20 Closed Session Pursuant to MN Statute 13D.05 Subd. 3(b) - Attorney Client Privileged Discussion Regarding Lexington Water System Interconnections
Sponsors: Michelle Wolfe, City Manager

After a motion and second, the Council moved to a closed session meeting to discuss the Lexington water system interconnections.

3.3. 2025-21 Alternative Revenue Sources
Sponsors: Jason Zimmerman, Finance Director

Finance Director Zimmerman stated as noted by members of the City Council at various stages of the 2025 budget process, among peer communities in Minnesota, Blaine is the only city that continues to rely predominantly on the imposition of a property tax to fund general government functions including police and fire operations. With rapidly increasing demands for services and infrastructure amidst constraints on traditional revenue sources, identifying and implementing alternative revenue mechanisms can help diversify the city's income portfolio and address funding gaps. Alternative revenue streams can help diversify the city's income, reduce over-reliance on the existing property tax levy, and provide dedicated resources for critical projects. These approaches not only enhance fiscal resilience but may also be structured to allow for more equitable contributions from residents, businesses, and visitors who benefit from local services. This discussion will focus on identifying and evaluating potential revenue sources that align with Blaine's Strategic Priorities of:

- Financial Sustainability
- Economic Development
- Infrastructure Management
- Organizational Health
- Collaboration & Engagement

Doug Green, Baker Tilly, commented on how local government only had a few revenue sources and there were very few levers to pull. He discussed the options available to the City for new revenue streams, which included local options sales tax, special service districts, franchise fees and special assessments. He explained fairness and transparency was easier to achieve at a local level versus the state and federal level. He reported franchise fees were universal and could be charged by all cities given how utility companies access the city's streets and right-of-way. He noted the city of Blaine does not currently charge any franchise fees. He stated the city could opt to charge a flat monthly fees or a percent of use for franchise fees. He reported all of the comparable communities charge a franchise fee. The advantages and disadvantages of a franchise fee were further discussed.

Councilmember Newland asked if franchise fees were charged for electric or gas utilities. Mr. Green reported franchise fees were charged for both utilities.

Councilmember Newland questioned how long it would take to implement a franchise fee. Mr. Zimmerman discussed the process that would be followed in order to implement a franchise fee. He explained notice would have to be provided to the gas and electric providers in the city. Mr. Green estimated it would take three to six months to get a franchise fee in place.

Councilmember Robertson asked if the fees could be flexible given the percentage of residential versus commercial properties within a community. Mr. Green stated this was flexible.

Councilmember Ford asked if water and cable were considered utilities as well. Mr. Green explained cable had a separate franchise. Mr. Zimmerman explained gas and electric furnished by other entities for the public could be charged franchise fees by the city.

Mr. Green spoke further to the benefits of a special services taxing district.

Councilmember Massoglia requested further information on the differences between a special services district and local option sales tax. Mr. Zimmerman stated a special services district would be requested by the entity to be taxed. He indicated a local options sales tax would require the city to make a request from the state.

Mr. Green commented on the other special assessments that could be charged by the city, such as for street lights or new recreation areas. He reported the last option available to the city council was to consider a local options sales tax. He noted the legislature was reconsidering this matter and may make a change that local options sales tax would no longer require legislature approval, but rather would only require a local referendum. He explained a .5% sales tax in Blaine would generate $5.5 million in additional tax revenue annually.

Councilmember Robertson asked that staff report back to the council with further information on the potential timeline for implementing each option.

Councilmember Ford questioned if Blaine would ever receive LGA. City Manager Wolfe explained the city does not and will not receive LGA, unless the State's formula were to drastically change.

Councilmember Robertson reported the city of Blaine would likely never receive LGA given its AAA bond rating.

Mayor Sanders thanked Mr. Green for his detailed presentation and stated he looked forward to further discussing this topic at a future workshop meeting.

3.4. 2025-22 Cable Merger Update
Sponsors: Michelle Wolfe, City Manager

Ms. Wolfe stated since the last time this item was discussed, the cable commission has had further discussions about this topic. It was noted the Commission agreed by consensus to discontinue the CCX merger discussions. As liaison to the cable commission, Councilmember Massoglia would like to update the city council and discuss other potential options. It was noted the city council previously discussed this topic and authorized a letter to be sent to CCX TV, requesting the opportunity to explore the option of merging cable commissions. CCX TV responded that they would be open to such a discussion. North Metro Cable Commission has had discussions about this topic, with a recent vote resulting in a tie. The commission will be discussing the topic again this month. Councilmember Massoglia is Blaine's representative on the Commission, and would like the opportunity to update the council on the status of these discussions.

Councilmember Massoglia commented he has been the liaison to the Cable Commission for the last couple of years. He explained a merger was being considered between NMTV and CCX TV. He reported the idea was to explore economies of scale and to get more eyes on the content coming from the city of Blaine. He reported after a year of exploration, a merger had not yet been discussed with CCX and he has learned that NMTV was not interested in looking into a merger. He questioned how the city council wanted to proceed, noting the city could leave things as is, hire a new executive director for NMTV, or explore merging with CCX TV without the partner cities.

Eric Houston and Danika Peterson, Interim Co-Executive Directors for NMTV, explained they would like Blaine to remain with NMTV noting they believed their organization did a great job providing cable services for the community.

Mike Bradley, attorney for NMTV, discussed the cutting edge services, talented staff and programming provided by NMTV for the city of Blaine and stated he was available for comments or questions from the Council.

Councilmember Newland asked what options the Cable Commission wanted to explore. Mr. Bradley reported the Cable Commission discussed the potential merger and noted there was reluctance to change and move forward with a merger. He indicated this came about through a split vote after much discussion by the Cable Commission.

Councilmember Robertson commented on how important relationships were for the City. She stated a potential hybrid option the Council could consider would be to continue with NMTV and that conversations be held to elevate the content that was already be provided to Blaine. Mr. Bradley agreed relationships were valuable and noted if there were ways in which NMTV could improve the services provided, they looked forward to having these conversations.

Ms. Wolfe explained the operations committee has discussed this topic on end and commented on how cable franchise fees were decreasing, which should be taken into account by the council when moving forward with a decision. She reported she was very pleased the Cable Commission had received approval from Comcast for another five years of franchise fees.

Mayor Sanders asked when the Cable Commission would meet next. Ms. Peterson reported the Cable Commission would be meeting on February 13.

Councilmember Newland indicated he attended a Cable Commission meeting and noted he was impressed by the robust discussions held by this group.

Councilmember Ford stated he really likes all of the local programming that was provided by NMTV and noted he would like to keep the programming local.

Communications Manager Hayle shared about the importance of technical assistance and repair services offered by NMTV in such a timely manner.

Councilmember Massoglia commented about balancing local relationships as well as the goal of what makes the most sense financially for Blaine and felt the council could continue the conversation.

Mayor Sanders was of the opinion this topic required further discussion at a future workshop meeting to include the full council input and some visionary work for both the city and NMTV.

3.5. 2025-23 Federal Legislative Agenda
Sponsors: Michelle Wolfe, City Manager

Ms. Wolfe stated the City of Blaine has contracts in place with two federal lobbying firms and that it was important to establish the city's legislative agenda as a means to set goals for our lobbyists. 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 (TFG) 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 has been 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 in the "Federal Agenda Priorities 2025" prepared by TFG.

Ms. Wolfe reported since December, we have created two tracking/prioritization documents. The grants document will be used to track throughout the year as federal grants are announced and evaluated for potential eligibility/application. The Earmarks document was created to assist with evaluating and prioritizing the projects we believe are most likely to gain support with our delegation. Our lobbyists at TFG are actively researching and speaking with appropriations committee staff to assist with that process. We will also be asking our lobbying team with Capitol Hill to weigh in with their thoughts. Currently, TFG has indicated that they believe the 800 MHz radio replacement project is an excellent candidate and would be competitive. They continue to evaluate other projects. We may have additional informational updates at the workshop and may need a quick additional discussion at future workshops to finalize the projects to be submitted. As with state legislation, if we become aware of any federal bills for which we should take a position to have our lobbyists represent, we will bring the matter to the attention of the council as outlined in the State priorities document.

4. Other Business

None.

5. Adjournment

The workshop was adjourned at 9:00PM.

Signed by ______________________________
Tim Sanders, Mayor

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