



City of Blaine

City Council Workshop

February 10, 2025 | 3:00 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

AGENDA

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

2. Roll Call

3. New Business

- 3.1.** 2025-48 Alternative Revenue Sources & 2026 Budget
Sponsors: Jason Zimmerman, Finance Director
- 3.2.** 2025-49 Visioning, Future Development and Procedures Discussion
Sponsors: Erik Thorvig, Community Development Director
- 3.3.** 2025-50 Proposed Council Code of Conduct, Rules of Order and Procedure, and IT Use Policy Amendments
Sponsors: Cathy Sorensen, City Clerk
- 3.4.** 2025-51 Closed Session Pursuant to MN Statute 13D.05(3)(c)(3) - Discuss Potential Purchase of Portions of Land Identified as PIDs 11-31-23-12-0003 and 11-31-23-11-0001 Located at the Southwest Corner of 125th Avenue and Lexington Avenue
Sponsors: Erik Thorvig, Community Development Director

4. Other Business

5. Adjournment



City of Blaine Staff Report

File Number: 2025-48

Agenda Date	Status
February 10, 2025	
In Control	File Type
City Council	Workshop Item

New Business - Jason Zimmerman, Finance Director

Agenda Item # 3.1

Alternative Revenue Sources & 2026 Budget

Background

Alternative Revenue Sources

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.

Utilization of the various revenue streams available to municipalities 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 city 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

At the January 13th City Council Workshop, representatives from the City's Municipal Advisor, Baker Tilly, provided a broad overview of alternative revenue sources they have seen their clients implement. Concepts presented included Gas and Electric Franchise Fees, Local Option Sales Tax, Streetlight Utility Fund, Special Service Districts and adjusting charges already included in the city's fee schedule. In an

effort to further conversations and gather additional information, the questions below are posed to the Council to provide staff with a framework to move forward.

Alternative Revenue Questions for Council:

1. *Of the alternative revenue sources presented, are there any specific questions or policy concerns?*
2. *Are there other revenue streams the Council would like information on?*
3. *Is there a consensus on a priority list for consideration?*

Budget Basics

Municipal budgets are complex documents that reflect a community's priorities and financial realities. Here are some key concepts to understand:

What is a Municipal Budget?

- A financial plan for a local government (city, town, etc.) that outlines how it will spend money and generate revenue during a specific period.
- A policy document that reflects the community's goals, priorities, and the services it will provide.
- It outlines how funds will be distributed among different departments, programs, and projects.
- It provides a framework for tracking spending and ensuring that funds are used responsibly and efficiently.
- It communicates to residents how their tax dollars are being used and allows them to participate in budget discussions.

Key Components of a Municipal Budget

- Revenues: Where the money comes from (i.e. property taxes, sales taxes, fees, grants, etc.).
- Expenditures: How the money will be spent (i.e. on public safety, public works, infrastructure, parks, etc.).
- Fund Accounting: Governments often use fund accounting, where money is separated into different funds for specific purposes (i.e. a general fund for day-to-day operations, a capital projects fund for long-term investments).
- Generally Accepted Accounting Principles (GAAP) basis classification divides funds into three fund categories: governmental, proprietary, and fiduciary. The GAAP basis classification assigned to a fund impacts how the fund is displayed and reported.

Budgeting Approaches

- Line-Item Budgeting: A traditional approach that focuses on listing expenditures by category (i.e. salaries, supplies, equipment).
- Performance Budgeting: Focuses on the outcomes and results of government spending (i.e. how many potholes were filled, crime rates, how many people were served by a program).
- Zero-Based Budgeting: Requires each department to justify its budget requests from scratch, rather than simply requesting increases to the previous year's budget.
- Priority-Based Budgeting: Allocates resources based on the city's strategic priorities and goals.

- No single "best" approach. Many governments mix and match elements to create a process that works for them.

Important Budget Concepts

- **Balanced Budget:** Revenues equal expenditures. Per sections 6 and 7 of the City's Charter, the total budgeted expenditures appropriated shall be less than the total estimated revenue by a safe margin. This safe margin is to be established at an amount between 1% and 1.5% of the tax levy.
- **Capital Budget:** A separate budget for long-term investments in infrastructure (i.e. roads, buildings, equipment).
- **Operating Budget:** Covers day-to-day expenditures for services and programs.
- **Budget Amendments:** Changes made to the budget during the fiscal year to address unforeseen needs or changing priorities.
- **Fiscal Year:** The 12-month period that a government uses for budgeting and accounting purposes. It may not align with the calendar year.

The Budget Process

- **Preparation:** Departments develop budget requests, which are reviewed by the city manager and finance department.
- **Review and Approval:** The City Council holds public meetings and workshops to discuss the budget and make revisions before final approval.
- **Implementation:** Departments spend/collect funds according to the budget.
- **Monitoring and Evaluation:** The finance department tracks actual spending against the budget, and the city evaluates the effectiveness of its programs and services.

Transparency and Public Engagement

- When residents can easily access and understand how their tax dollars are being spent, it builds trust in their local government.
- Transparency allows citizens to hold their elected officials and government staff accountable for responsible spending.
- Readily available budget information encourages residents to participate in budget discussions and provide valuable input.
- Access to budget information allows policymakers to make informed decisions based on community needs and priorities.

Key Considerations

- **Economic Conditions:** Economic factors like recessions or growth can significantly impact a city's revenues and expenditures.
- **Population Growth & Changing Demographics:** Changes in population can affect the demand for services and the need for infrastructure.

- **State and Federal Mandates:** Local governments must comply with state and federal laws, which can impact their spending priorities.
- **Community Needs:** The budget should reflect the needs and priorities of the community.
- **Reserve Funds:** Maintaining adequate reserves to promote financial stability.
- **Long-Term Planning:** Instead of simply reacting to immediate needs, developing a multi-year capital plan allows municipalities to anticipate future challenges and opportunities while also addressing the ability to fund identified projects.
- **Debt Management:** Governments need to carefully manage debt levels to avoid excessive borrowing and ensure affordability.

Typical Budget Timeline

Preparation Phase (Spring/Summer)

- **Budget Calendar Development:** The city's Finance Department, in collaboration with the City Manager and Council, establishes a detailed budget calendar with specific deadlines for each stage of the process.
- **Departmental Budget Requests:** City departments prepare their budget requests, outlining their anticipated expenditures and revenue projections for the upcoming fiscal year. These requests are usually based on the city's strategic goals, service demands, and available resources.
- **Executive Review:** The city manager and finance department review the departmental budget requests, ensuring they align with the city's overall financial plan and priorities. They may make adjustments or request further information from departments.

Review and Approval Phase (Summer/Fall)

- **Budget Workshops:** The City Council holds budget workshops to discuss the proposed budget, review revenue and expenditure projections, and make amendments as needed. These workshops are open to the public, allowing the community to participate in the process.
- **Public Meetings:** Before the budget and tax levy is finalized, Minnesota requires cities to conduct public meetings to gather feedback from residents and other stakeholders. This is an opportunity for the community to express their priorities and concerns regarding the city's spending plan.
- **Budget Adoption:** The City Council formally adopts the budget and tax levy. Once adopted, the budget becomes the official financial plan for the upcoming fiscal year.

Implementation and Monitoring Phase (Throughout the Fiscal Year)

- **Budget Execution:** City departments implement the budget, spending funds as allocated and providing services as planned.
- **Budget Amendments:** If necessary, the City Council may amend the budget during the fiscal year to address unforeseen circumstances or changing priorities.

- **Budget Monitoring:** The Finance Department monitors the budget throughout the fiscal year, tracking actual revenues and expenditures against the budget projections. This helps identify any potential variances or issues that may require adjustments.

Audit and Evaluation Phase (End of Fiscal Year)

- **Financial Audit:** An independent audit is conducted to ensure the city's financial records are accurate and comply with relevant regulations.
- **Legal Compliance:** Budget and tax levy information is required by the State of Minnesota, Anoka and Ramsey Counties.
- **Budget Evaluation:** The City evaluates the effectiveness of the budget, assessing whether it achieves its intended goals and outcomes. This information is used to form the development of future budgets.

2025 Budget Review

Reflecting back on the 2025 budget process, City staff worked to improve the quality of budget materials presented to the City Council in an effort to provide the information necessary to determine the appropriate property tax levy to support services and programming. This included significant time investment creating content, including written agenda items, levy preview summaries, presentation slides, fund summaries & projections, and Capital Improvement Plan (CIP) descriptions. These efforts were made following several improvements from the 2023 budget cycle which included utilization of modern web-based budget software and budgeting individual positions. Overall, while the 2025 budget provided a broad comprehensive assessment of the city's overall financial condition, the budget will need to evolve to match the changing landscape of local government.

The table below outlines the presentation topics, dates, and number of slides associated with each budgetary topic presented to the Council in 2024 for the 2025 budget.

2025 Budget Workshop/Meeting Items			
Presentation Topic	Date	Agenda Item	Slides
Long Term Staffing Plan	7/15	Yes	77
2025 Budget Preview - GF and EDA	8/19	Yes	62
2025 Budget Preview - GF and EDA	9/4	Yes	24
Facilities Operating and CIP	9/9	Yes	15
Parks CIP	9/9	Yes	13
Transportation CIP	9/9	Yes	15
Equipment and SBM Presentation	9/16	Yes	26

Resolution Adopting the Proposed City Budget	9/16	Yes	-
Resolution Adopting the Proposed EDA Budget	9/16	Yes	-
2025 Charitable Gambling Fund	9/30	Yes	7
2025 Communications Fund	9/30	Yes	5
2025 Internal Service Funds	9/30	Yes	31
2025 Refuse Enterprise Fund	9/30	Yes	14
2025 Utilities Enterprise	9/30	Yes	49
2025-2029 CIP General Fund	11/4	Yes	9
2025 Charitable Gambling Fund	11/13	Yes	7
2025 EDA Levy	11/13	Yes	8
2025 General Fund Budget	11/13	Yes	30
2025 Utilities Enterprise	11/18	Yes	23
2025 General Fund Budget	12/2	Yes	10
Resolution Adopting the Final City Budget	12/16	Yes	47
Resolution Adopting the CIP Program	12/16	Yes	21
Resolution Adopting the Final EDA Budget	12/16	Yes	12

In addition to the 23 agenda items and 505 combined slides, several other documents were created (and updated with numerous versions) during the budget process, as well as the coordination of internal meetings to provide training, outline expectations, and review requests.

In an effort to further improve the budget, the following list contains recommendations and observations for the Council's consideration.

- No outline was established with dates and topics for discussion. Not knowing what budgets were left to review may have impacted direction the Council provided throughout the process.
- Including budget topics on non-council meeting workshop nights was problematic. Often, budget items were the final item on the agenda and would be compressed due to other topics running over and last-minute agenda additions.
- During the staffing discussion, departments were allotted time to provide the Council with an outline of existing and requested positions. Early in the process, it was clear the volume of additional staffing was not financially viable, but no clear direction was established on which positions were of Council priority. Additionally, departments did not present their individual operating budgets.

- The budget process included a base (absent of additional staffing) as well as several other scenarios which were built at varying levy amounts.
- The budget lacked a process for the Council to receive the City Manager's recommended policy/service modifications required to support adjustments to the proposed property tax levy upon conclusion of all presentations.
- The truth-in-taxation (TNT) meeting and adoption of the final property tax levy were both held at the final Council Meeting in December. By conducting the TNT presentation at the first meeting in December, it allows for the levy to be set at a later date should the Council decide to consider public testimony provided.
- Analysis of the budget may have been difficult with 23 agenda items and 505 slides. This level of content development was resource demanding across the organization.
- No formal budget book was prepared (similar to the last several years).

2026 Budget Questions for Council:

- 1. Should a budget calendar be created containing meeting dates and content to be discussed?*
- 2. Does the Council support the concept of discussing the budget on non-council meeting workshop nights in order to provide sufficient time to discuss?*
- 3. Would it be beneficial for the Council to have more direct interaction with department representatives on their budgets and staffing requests?*
- 4. Was the concept of how the budget was built, using a base budget with various additional scenarios beneficial?*
- 5. Should a process be established for the Council to receive the City Manager's recommended policy/service modifications required to support Council-directed adjustments to the proposed property tax levy?*
- 6. Would the Council like to conduct the TNT meeting at the first Council meeting in December and subsequently approve the tax levy/budget at the second meeting in December?*
- 7. Did the Council find the amount of content developed and presented last year to be appropriate/worthwhile?*
- 8. Would the Council like a formal budget book (electronic) - or other public-facing document to be created for future budgets?*

References:

[GFOA Budgeting Best Practices](#)

Staff Recommendation

Questions for Council

Attachment List

1. February Budget Retreat Presentation
2. Baker Tilly Alternative Revenue Sources Presentation
3. Ehlers Alternative Revenue Sources Presentation
4. LMC Budget Guide for Cities
5. TNT Instructions for Payable 2025



Alternative Revenue Sources & 2026 Budget

City Council Workshop | Finance

02/10/2025

City Revenues

- ▶ 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
- ▶ 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
- ▶ Utilization of the various revenue streams available to municipalities can reduce over-reliance of 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 city services***

Alternate Revenue Sources



Gas & Electric
Franchise
Fees



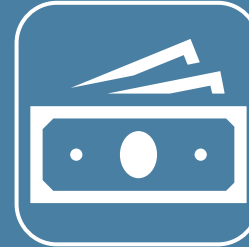
Street Light
Utility Fund



Special
Service
Districts



Local Option
Sales Tax



Fee Schedule
Maintenance

Presented by Representatives from Baker Tilly at the January 13 Workshop

Strategic Planning



- ▶ In early 2023, the City engaged in a strategic planning process to update existing priorities that were established in 2020
- ▶ The plan consists of six strategic priorities - the issues of greatest importance to the City over the next four years
- ▶ ***The strategic priorities serve as a roadmap, ensuring proposed investments reflect Council policy direction***

CenterPoint Gas Rate Book



City	Residential	Com-A Less than 1,500 therms/ yr	Com/Ind B 1,500 > or < 5,000 therms/yr	Com/Ind C > 5,000 therms/yr	Small Volume Dual Fuel A < 120,000 therms/yr	SVDF B > 120,000 therms/yr	Large Volume Firm & Dual Fuel >1,999 therms Peak Day	Effective Date
Afton	\$3.00	\$6.00	\$6.00	\$6.00	\$7.50	\$7.50	\$7.50	01/01/2025
Albertville	5%	5%	5%	5%	5%	5%	5%	11/01/2022
Alexandria	5%	5%	5%	5%	5%	5%	5%	05/10/2014
Anoka	\$3.48	\$3.48	\$9.89	\$42.02	\$87.53	\$340.34	\$991.62	01/01/2020
Baxter	\$2.00	\$7.00	\$22.00	\$22.00	\$65.00	\$65.00	\$65.00	09/01/2016
Benson	\$3.00	\$4.00	\$5.00	\$12.00	\$14.00	\$24.00	\$55.00	03/01/2015
Big Lake	4.00	4.00	8.00	8.00	8.00	8.00	8.00	10/01/2014
Bloomington	\$5.95	\$11.90	\$11.90	\$63.00	\$63.00	\$63.00	\$182.00	01/01/2024
Blue Earth	\$2.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	12/01/2003
Brooklyn Center	\$1.66	\$1.74	\$5.63	\$22.50	\$56.23	\$107.96	\$107.96	01/01/2020
Brooklyn Park	\$7.00	\$6.50	\$20.00	\$70.00	\$160.00	\$160.00	\$160.00	03/01/2016
Burnsville	\$4.00	\$12.00	\$40.00	\$180.00	\$180.00	\$180.00	\$180.00	09/01/2020
Centerville	\$4.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	05/01/2016
Champlin	\$3.98	\$3.98	\$10.78	\$45.33	\$90.67	\$158.66	\$158.66	04/01/2021
Chanhassen	\$5.00	\$5.00	\$9.00	\$20.00	\$90.00	\$90.00	\$90.00	02/01/2020
Chaska	\$2.70	\$2.85	\$8.60	\$39.50	\$140.00	\$315.00	\$715.00	08/01/2014
Coon Rapids	4%	4%	4%	4%	4%	4%	4%	01/01/1992
Cottage Grove	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	10/31/2023
Dayton	\$4.00	\$7.00	\$20.00	\$65.00	\$152.00	\$155.00	\$200.00	01/01/2020
Deephaven	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	01/01/2024
Eagan	\$1.85	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$20.00	06/01/2023
Eagle Lake	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	10/01/2012
Eden Prairie	\$6.50	\$8.50	\$20.50	\$89.50	\$89.50	\$89.50	\$89.50	05/01/2023
Edina	\$3.55	\$6.00	\$17.00	\$71.00	\$71.00	\$71.00	\$71.00	01/01/2024
Elk River	\$4.00	\$4.00	\$16.00	\$50.00	\$70.00	\$70.00	\$70.00	07/01/2013
Excelsior	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	07/13/2013
Golden Valley	\$6.00	\$7.50	\$30.00	\$30.00	\$258.00	\$258.00	\$258.00	04/01/2018

Note: Percents are calculated on percent of revenue



Connexus Electric Rate Book

City	Residential	Small C&I Non-Demand	Small C&I Demand	Large C&I	Institutional (Schools)	Public Street Lighting	Municipal Pumping Non-Demand	Municipal Pumping Demand
Anoka	.004/kWh	.004/kWh	.004/kWh	.004/kWh	-	.004/kWh	.004/kWh	.004/kWh
Big Lake	\$4.00	\$8.00	\$8.00	\$8.00	-	-	-	-
Centerville	\$4.00	\$8.00	\$8.00	\$8.00	-	-	-	-
Champlin	\$3.98	\$10.78	\$45.33	\$158.66	-	\$19.26	\$19.26	\$19.26
Circle Pines	3.00%	3.00%	3.00%	-	-	3.00%	-	-
Coon Rapids	4.00%	4.00%	4.00%	4.00%	-	4.00%	4.00%	4.00%
Dayton	\$4.00	\$12.00	\$45.00	\$200.00	-	\$16.00	\$16.00	\$16.00
Elk River	\$5.00	\$25.00	\$70.00	\$100.00	-	-	-	-
Forest Lake	\$4.00	\$2.50	\$2.50	\$75.00	-	\$7.50	\$2.50	\$2.50
Isanti	\$5.00	\$5.00	\$5.00	\$5.00	-	\$5.00	\$5.00	\$5.00
Lexington	\$4.00	\$6.50	\$40.00	-	-	-	-	-
Princeton	\$1.50	\$2.50	\$2.50	\$55.00	-	-	-	-
Spring Lake Park	\$0.80	\$1.20	\$8.50	\$50.00	-	-	-	-
St. Cloud	4.00%	4.00%	4.00%	4.00%	-	4.00%	4.00%	4.00%
Vadnais Heights	\$4.75	\$6.00	\$50.00	\$300.00	-	-	-	-
Wyoming	\$3.75	\$3.75	\$25.00	\$150.00	-	-	-	-

NSP (Xcel) Gas



Franchise Fees									
City	Residential	Commercial Firm – Non-demand	Commercial Firm – Demand	Small Interruptible	Medium & Large Interruptible	Firm Transportation*	Interruptible Transportation	Effective Date	Expiration Date
Lindstrom	\$2.00	\$8.00	—	\$65.00	—	—	—	04/2016	02/18/2029
Little Canada	\$1.75	\$7.00	\$11.00	\$45.00	—	—	—	04/2024	11/28/2043
Maplewood	\$3.00	\$12.00	\$100.00	\$75.00	\$110.00	\$2.50	\$2.50	11/2018	06/07/2035
Mendota Heights	\$2.00	\$20.00	\$20.00	\$20.00	\$20.00	—	—	04/2024	11/17/2034
Montrose	\$4.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	01/2020	09/08/2039
Moorhead	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	06/2015	02/08/2035
Mounds View	4%	4%	4%	4%	4%	4%	4%	01/2022	12/31/2026
New Brighton	\$2.75	\$15.25	\$430.00	\$125.00	\$175.00	—	—	01/2024	08/21/2043
Newport	\$1.00	\$5.00	\$10.00	\$15.00	\$15.00	\$15.00	\$15.00	01/2011	10/18/2026
North Branch	\$2.00	\$3.00	—	—	—	—	—	08/2018	04/09/2038
North St. Paul	2.75%	2.75%	\$0.005 per therm	\$0.005 per therm	\$0.005 per therm	\$0.005 per therm	\$0.005 per therm	03/2019	11/19/2038
Northfield	\$2.25	\$12.50	\$485.00	\$99.50	\$1,880.00	—	—	03/2021	12/03/2032
Oakdale	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	04/2024	12/11/2043
Pequot Lakes	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	02/2021	04/01/2039
Sauk Rapids	\$4.25	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	01/2024	09/24/2043
Shakopee	3.0%	3.0%	3.0%	3.0%	3.0%	—	—	02/2017	10/31/2036
Shoreview	\$2.25	\$13.00	—	\$115.00	—	—	—	01/2021	07/17/2031
South St. Paul	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	04/2018	04/05/2030

NSP (Xcel) Electric

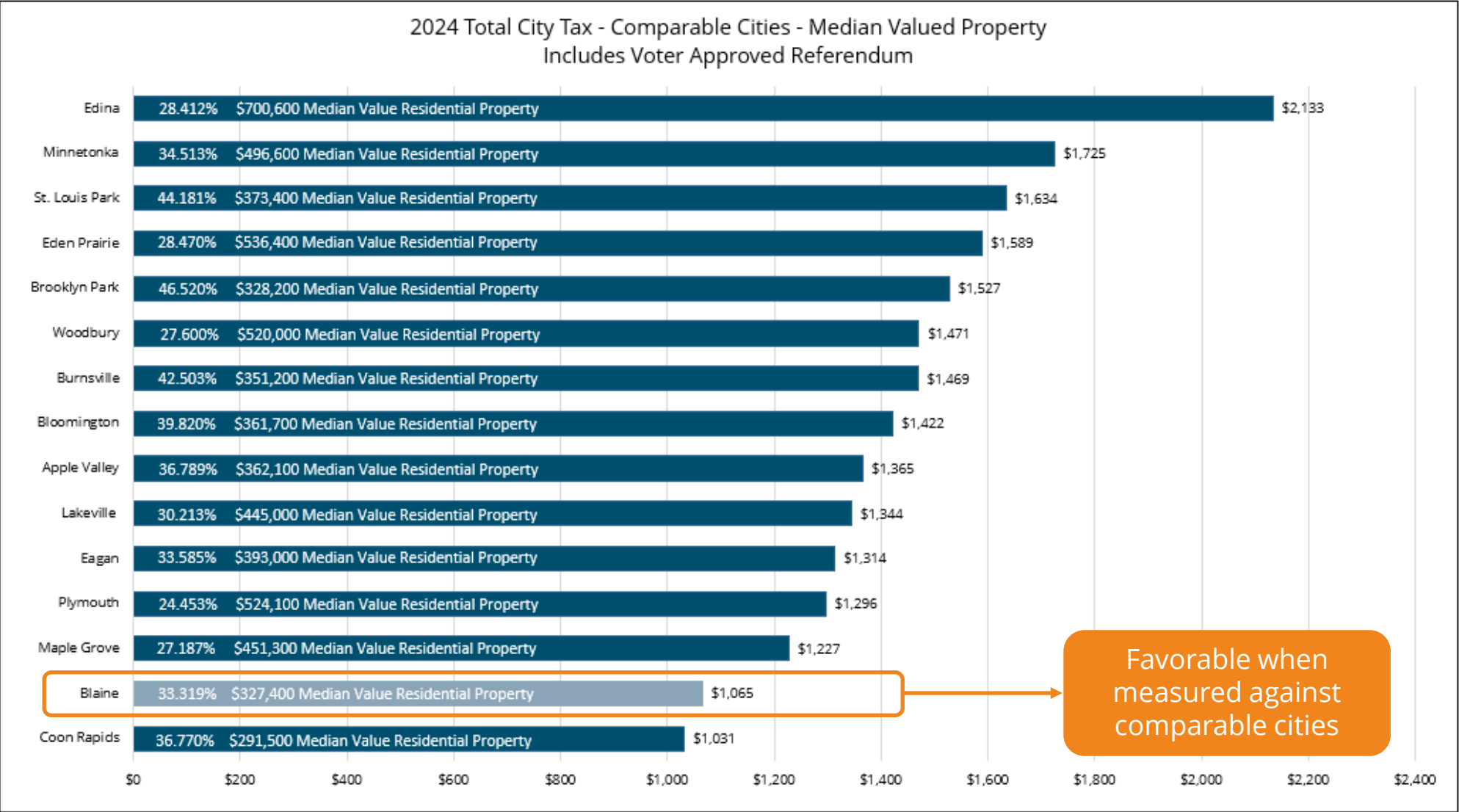


Franchise Fees									
City	Residential	Small C&I Non-demand	Small C&I Demand	Large C&I	Public Street Lighting	Municipal Pumping Non-demand	Municipal Pumping Demand	Effective Date	Expiration Date
Afton	\$3.00	\$7.50	\$7.50	\$7.50	\$1.00	\$1.00	\$1.00	10/2024	06/17/2044
Albertville	\$2.50	\$5.00	\$10.00	\$50.00	\$2.00	—	—	03/2011	09/07/2029
Arden Hills	\$3.00	\$4.00	\$22.00	\$329.00	—	—	—	02/2025	10/27/2044
Bayport	\$1.50	\$3.00	\$25.00	\$50.00	\$3.00	\$3.00	\$25.00	01/2014	05/04/2028
Big Lake	\$4.00	\$8.00	\$8.00	\$8.00	—	—	—	10/2014	07/04/2034
Bloomington	\$5.95	\$11.90	\$63.00	\$182.00	—	—	—	01/2024	12/20/2035
Brooklyn Center	\$1.65	\$4.25	\$22.75	\$103.00	\$13.50	\$13.50	\$13.50	12/2023	10/08/2043
Brooklyn Park	\$7.00	\$7.50	\$45.00	\$160.00	—	—	—	03/2016	12/31/2028
Burnsville	\$4.00	\$12.00	\$40.00	\$180.00	—	—	—	09/2020	02/15/2036
Centerville	\$4.00	\$8.00	\$8.00	\$8.00	—	—	—	05/2016	01/26/2036
Champlin	\$3.62	\$9.80	\$41.21	\$144.24	\$17.51	\$17.51	\$17.51	01/2020	11/23/2028
Chanhassen	\$5.00	\$14.00	\$40.00	\$290.00	—	—	—	02/2020	10/27/2039
Chisago City	\$1.30	\$5.00	\$15.00	\$55.00	\$5.00	\$5.00	\$15.00	06/2009	02/28/2029
Circle Pines	\$2.75	\$3.00	\$35.00	—	\$3.00	—	—	10/2009	08/24/2029
Clara City	\$2.00	\$2.00	\$15.00	\$68.00	\$2.00	\$2.00	\$15.00	01/2014	10/07/2033
Clements	\$5.00	\$7.00	\$7.00	\$10.00	—	—	—	06/2024	03/10/2044
Coon Rapids ¹	4.0%	4.0%	4.0%	4.0%	—	—	—	04/2018	01/13/2032
Cottage Grove ²	3.75%	3.75%	3.75%	3.75%	---	---	---	11/2023	10/31/2043

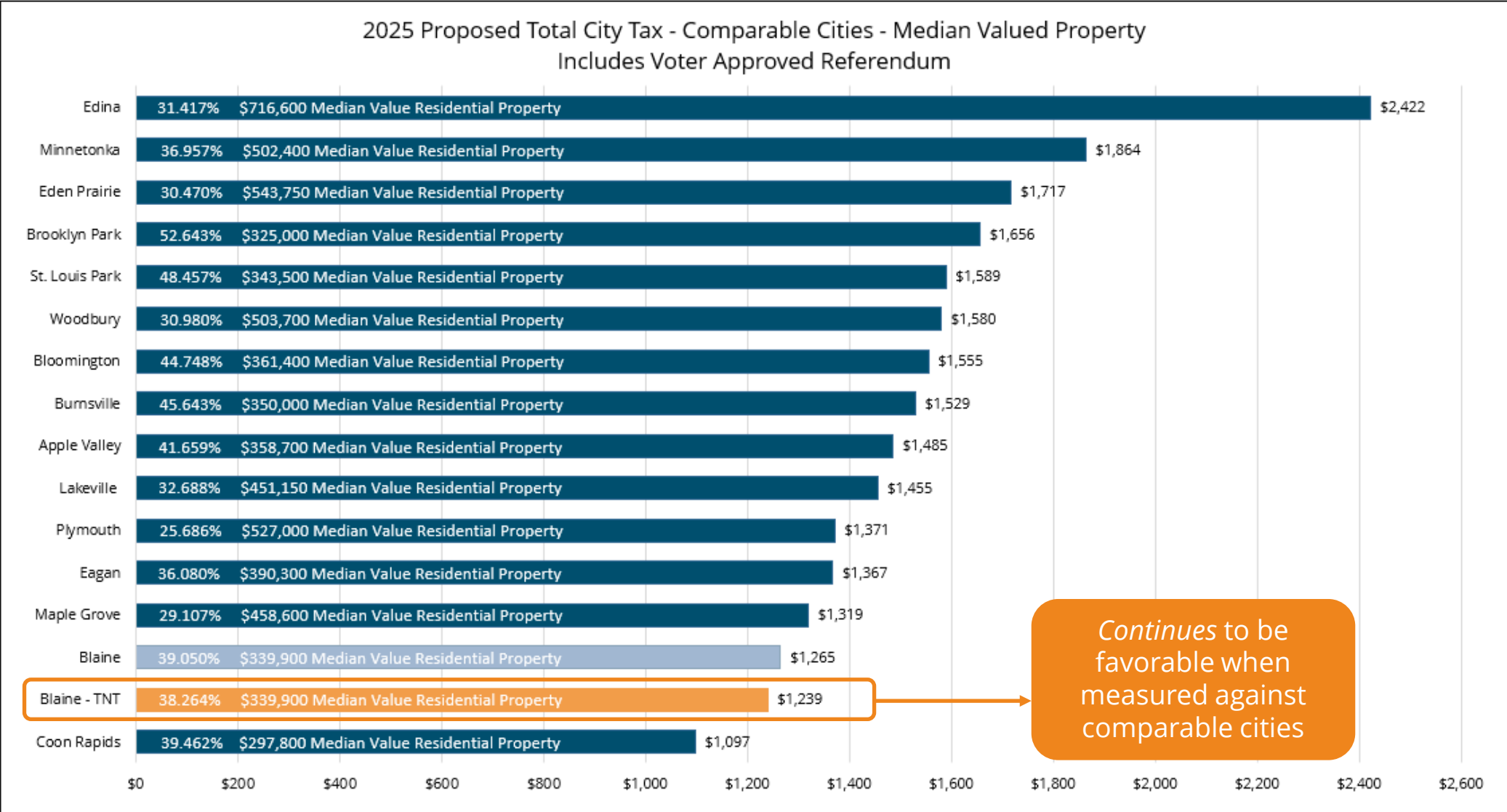
Alternate Revenue Sources – Comparable Cities

City	Local Government Aid (2025)	Electric Franchise Fee - Residential	Gas Franchise Fee - Residential	Local Option Sales Tax	Street Light Fund Operating Revenue (2024)	Municipal Liquor Transfer (2023)
Apple Valley	No	2.00%	No	No	\$7.50	\$1,850,000
Blaine	No	No	No	No	No	No
Bloomington	No	\$5.95	\$5.95	0.50%	No	No
Brooklyn Park	\$917,834	\$7.00	\$7.00	No	\$12.92	No
Burnsville	\$429,148	\$4.00	\$4.00	No	\$8.85	No
Coon Rapids	\$830,406	4.00%	4.00%	No	No	No
Eagan	No	\$1.85	\$1.85	No	\$8.52	No
Eden Prairie	No	\$6.50	\$4.00	No	No	\$800,000
Edina	No	\$3.55	\$3.55	0.50%	No	\$1,000,000
Lakeville	No	No	No	No	\$10.12	\$3,678,729
Maple Grove	No	No	No	0.50%	\$8.34	No
Minnetonka	No	\$4.50	\$4.50	No	No	No
Plymouth	No	\$3.53	\$3.53	No	\$9.75	No
St. Louis Park	\$72,804	\$6.75	\$6.75	No	No	No
Woodbury	No	\$3.25	\$1.75	No	\$12.80	No

Pay 2024 Taxes – Comparable Cities



Proposed Pay 2025 Taxes – Comparable Cities



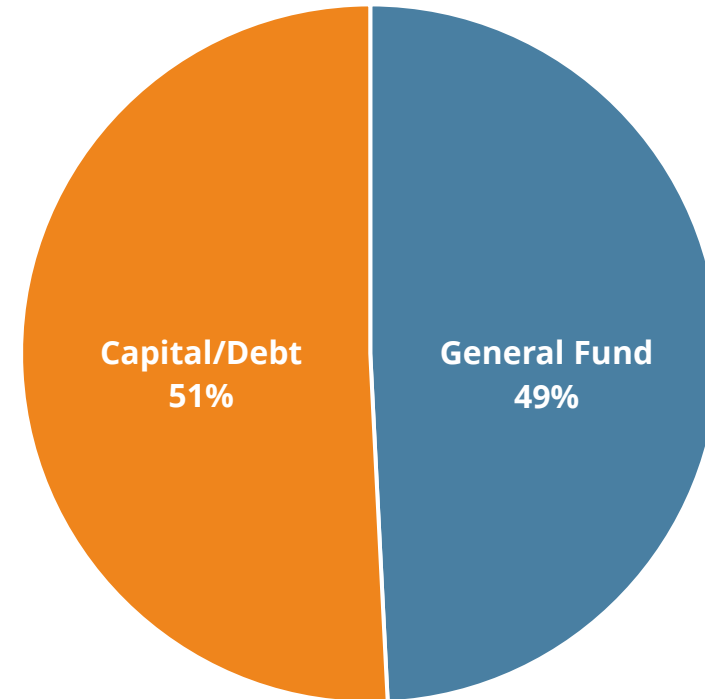
Truth-in-Taxation Levy Allocations

Based on December 2, City Council Workshop

TNT Levy	City-Wide - Steps/Cafeteria Plan/COLA	Personnel	1,524,000
	Position - Police Officer (2)	Personnel	306,000
	Position - Forester (1)	Personnel	143,617
	Positions Held Vacant	Personnel	(195,813)
	Self-Insurance/Work Comp/Facilities	Internal Service Fund	682,300
	Commodities/Services	Department Requests	647,129
	Reduce Engineering Charges	Internal Chargeback	250,000
	Misc Revenue Increase	Department Requests	(278,100)
	Safe Margin	City Charter Requirement	82,880
	Capital	Prefunding - Projects/Equipment	1,569,752
	Debt Service	Debt Levy	1,189,435
	105th Ave Tax Abatement	Debt Levy	505,200
	Total		\$6,426,400

Change from 2024 to 2025 TNT Levy

- ▶ Capital Planning:
 - ▶ Identify desired project outcomes
 - ▶ Prioritize projects while focusing on citizen benefits
 - ▶ Determine funding strategies and consider future operating impacts
- ▶ Prefunding Focus:
 - ▶ Pavement Management
 - ▶ Capital Equipment
 - ▶ Parks and Trails
 - ▶ Vehicles and Equipment



**Historic Levy Commitment to
Community Assets**



City of Blaine, Minnesota

Standard & Poor's Credit Rating

- ✓ "The 'AAA' long-term rating reflects our view of the city's robust management policies and practices, revenue raising flexibility, and continued growth in the local economy, lending to operating stability and robust reserves and liquidity, despite high debt"
- ✓ "Growing local economy.....with a large quantity of developable land that has contributed to its steady development trend and value growth"
- ✓ "Blaine has a long record of running a balanced operating budget, as reflected in its consecutive budget surpluses before annual transfers"
- ✓ "The city is developing a plan to prefund capital equipment through utility rate and operating levy increases, which will likely reduce the size of future annual debt issuances"



Alternative Revenue Sources



- ▶ Questions for Council to provide staff with a framework to move forward
 - ▶ Of the alternative revenue sources presented, are there any specific questions or policy concerns?
 - ▶ Are there other revenue streams the Council would like information on?
 - ▶ Is there a consensus on a priority list for consideration?



What is a Municipal Budget



A financial plan for a local government outlining how it spends money & generates revenue during a specific period



A policy document that reflects the community's goals, priorities, and the services it will provide



It outlines how funds will be distributed among different departments, programs, and projects



It provides a framework for tracking spending and ensuring that funds are used responsibly and efficiently



It communicates to residents how their tax dollars are being used and allows them to participate in budget discussions

Key Components of a Municipal Budget

- ▶ Revenues: Where the money comes from (property taxes, sales taxes, fees, grants, etc.)
- ▶ Expenditures: How the money will be spent (public safety, public works, infrastructure, parks, etc.)
- ▶ Generally Accepted Accounting Principles (GAAP) basis classification divides funds into three fund categories: governmental, proprietary, and fiduciary.
 - ▶ The GAAP basis classification assigned to a fund impacts how the fund is displayed and reported
- ▶ Fund Accounting: Governments often use fund accounting, where money is separated into different funds for specific purposes (a general fund for day-to-day operations, a capital projects fund for long-term investments)

Budgeting

Approaches

- ▶ Line-Item Budgeting: Traditional approach focusing on listing expenditures by category (salaries, supplies, equipment)
- ▶ Performance Budgeting: Focusing on outcomes/results of government spending (how many potholes were filled, crime rates, how many people were served by a program)
- ▶ Zero-Based Budgeting: Requires each department to justify its budget requests from scratch, rather than simply requesting increases to the previous year's budget
- ▶ Priority-Based Budgeting: Allocates resources based on the city's strategic priorities and goals

No single "best" approach

Many governments mix and match elements to create a process that works for them

Budgeting

Concepts

- ▶ **Balanced Budget:** Revenues equal expenditures.
 - ▶ Per sections 6 and 7 of the City's Charter, the total budgeted expenditures appropriated shall be less than the total estimated revenue by a safe margin. This safe margin is to be established at an amount between 1% and 1.5% of the tax levy
- ▶ **Capital Budget:** A separate budget for long-term investments in infrastructure (roads, buildings, equipment)
- ▶ **Operating Budget:** Covers day-to-day expenditures for services and programs
- ▶ **Budget Amendments:** Changes made to the budget during the fiscal year to address unforeseen needs or changing priorities
- ▶ **Fiscal Year:** The 12-month period that a government uses for budgeting and accounting purposes.

The Budget Process



Preparation

Departments develop budget requests, which are reviewed by the city manager and finance department

Review & Approval

The City Council holds public meetings and workshops to discuss the budget and make revisions before final approval

Implementation

Departments spend/collect funds according to the budget

Monitoring & Evaluation

The Finance Department tracks actual spending against the budget, and the city evaluates the effectiveness of its programs and services

Transparency and Public Engagement

Transparency

Allows citizens to hold their elected officials and government staff accountable for responsible spending

Access to budget data allows policymakers to make informed decisions based on community needs and priorities

Public Engagement

When residents can easily access and understand how their tax dollars are being spent, it builds trust in their local government

Readily available budget information encourages residents to participate in budget discussions and provide valuable input

Key Considerations



Economic Conditions

- Economic factors like recessions or growth can significantly impact a city's revenues and expenditures

Population Growth & Changing Demographics

- Changes in population can affect the demand for services and the need for infrastructure

State & Federal Mandates

- Local governments must comply with state and federal laws, which can impact their spending priorities

Community Needs

- The budget should reflect the needs and priorities of the community

Reserve Funds

- Maintaining adequate reserves to promote financial stability

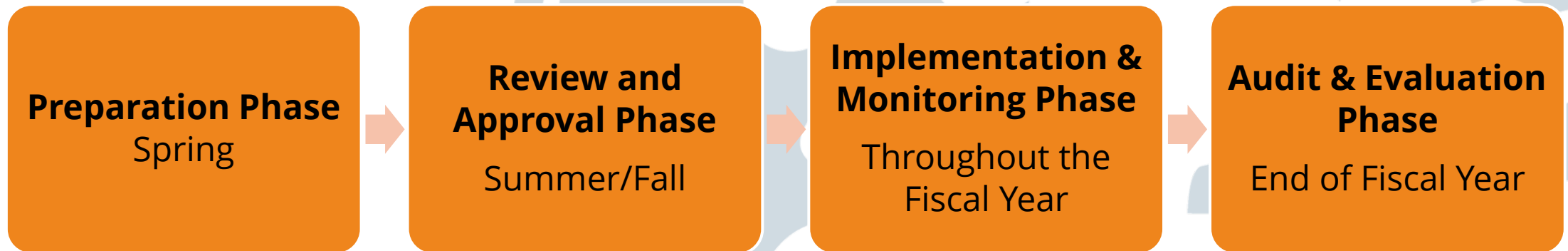
Long-Term Planning

- Instead of reacting to immediate needs, developing a multi-year capital plan allows municipalities to anticipate future challenges and opportunities while also addressing the ability to fund identified projects

Debt Management

- Governments need to carefully manage debt levels to avoid excessive borrowing and ensure affordability

Typical Budget Timeline



Preparation Phase

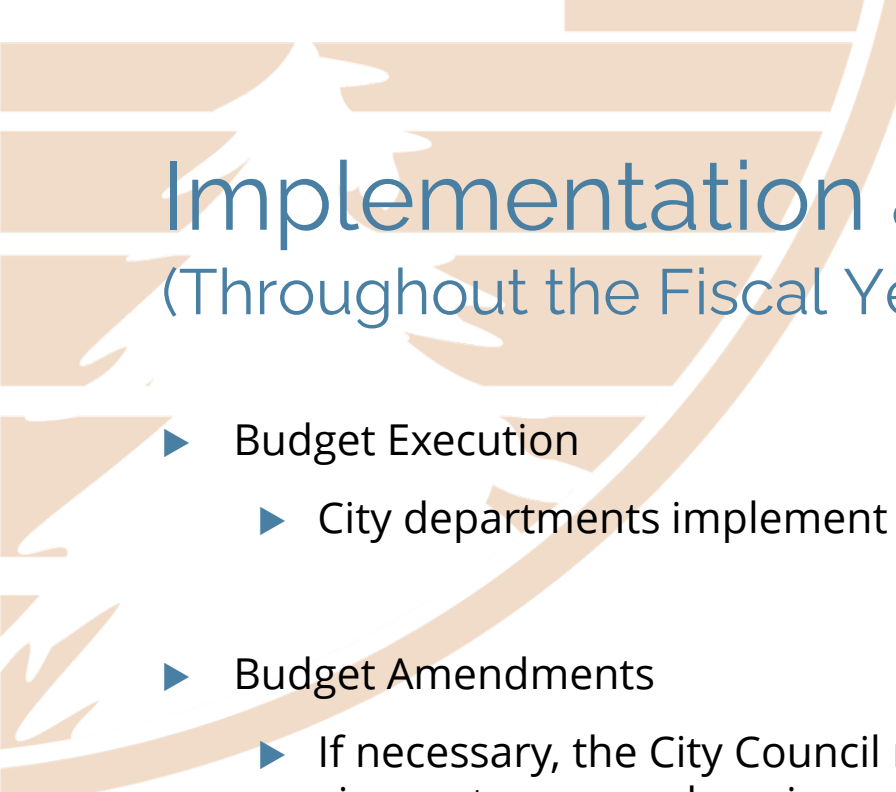
(Spring/Summer)

- ▶ Budget Calendar Development
 - ▶ The city's Finance Department, in collaboration with the City Manager and Council, establishes a detailed budget calendar with specific deadlines for each stage of the process
- ▶ Departmental Budget Requests
 - ▶ City departments prepare their budget requests, outlining their anticipated expenditures and revenue projections for the upcoming fiscal year
 - ▶ These requests are usually based on the City's strategic goals, service demands, and available resources
- ▶ Executive Review
 - ▶ The City Manager and Finance Department review the departmental budget requests, ensuring they align with the city's overall financial plan and priorities.
 - ▶ Adjustments are made or request further information may be requested from departments

Review and Approval Phase

(Summer/Fall)

- ▶ Budget Workshops
 - ▶ The City Council holds budget workshops to discuss the proposed budget, review revenue and expenditure projections, and make amendments as needed.
 - ▶ These workshops are open to the public, allowing the community to participate in the process
- ▶ Public Meetings
 - ▶ Before the budget and tax levy is finalized, Minnesota requires cities to conduct public meetings to gather feedback from residents and other stakeholders
 - ▶ This is an opportunity for the public to express their priorities and concerns regarding the city's spending plan
- ▶ Budget Adoption
 - ▶ The City Council formally adopts the budget and tax levy
 - ▶ Once adopted, the budget becomes the official financial plan for the upcoming fiscal year



Implementation and Monitoring Phase

(Throughout the Fiscal Year)

- ▶ Budget Execution
 - ▶ City departments implement the budget, spending funds as allocated and providing services as planned
- ▶ Budget Amendments
 - ▶ If necessary, the City Council may amend the budget during the fiscal year to address unforeseen circumstances or changing priorities
- ▶ Budget Monitoring
 - ▶ The Finance Department monitors the budget throughout the fiscal year, tracking actual revenues and expenditures against the budget projections
 - ▶ This helps identify any potential variances or issues that may require adjustments

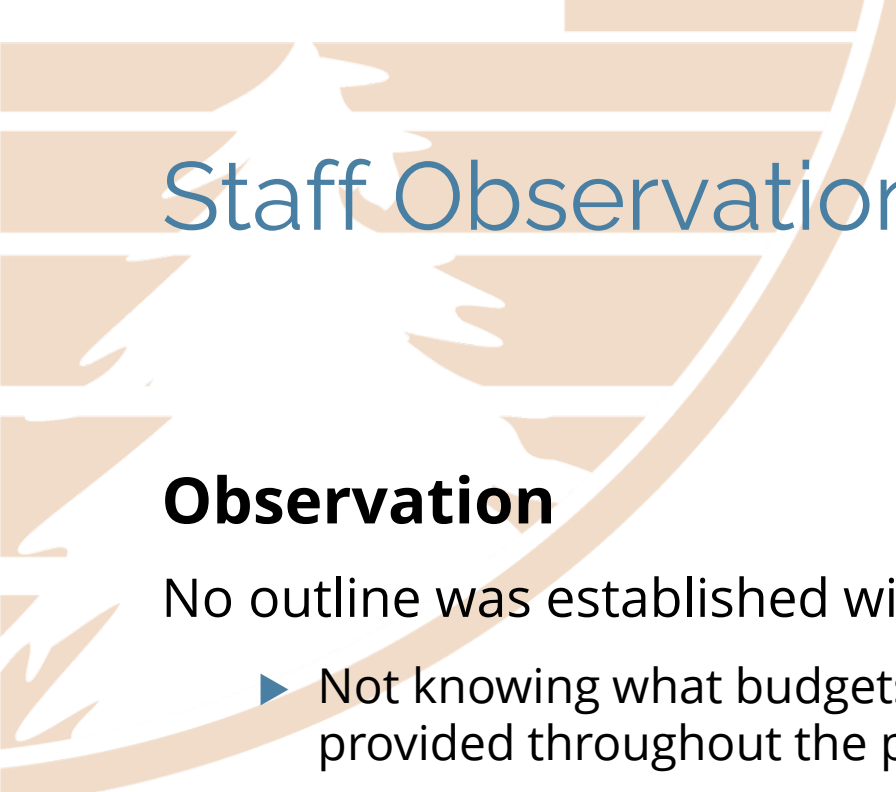
Audit and Evaluation Phase

(End of Fiscal Year)

- ▶ Financial Audit
 - ▶ An independent audit is conducted to ensure the city's financial records are accurate and comply with relevant regulations
- ▶ Legal Compliance
 - ▶ Budget and tax levy information is required by the State of Minnesota, Anoka and Ramsey Counties
- ▶ Budget Evaluation
 - ▶ The City evaluates the effectiveness of the budget, assessing whether it achieves its intended goals and outcomes
 - ▶ This information is used to form the development of future budgets

2025 Budget in Review

- ▶ City staff worked to improve the quality of budget materials presented to the City Council
 - ▶ Information to substantiate Departmental requests and City Manager proposal
 - ▶ Available to public for engagement
 - ▶ Provides funding to align Council policy with City services
- ▶ This included significant time investment creating content, including:
 - ▶ Written Agenda Items (23)
 - ▶ Presentation Slides (505)
 - ▶ Levy Preview Summaries
 - ▶ Fund Summaries & Projections
 - ▶ Capital Improvement Plan (CIP) Descriptions
 - ▶ Training Materials
 - ▶ Other Documents



Staff Observations & Questions for Council #1

Observation

No outline was established with dates and topics for discussion

- ▶ Not knowing what budgets were left to review may have impacted direction the Council provided throughout the process.

Question for Council

Should a budget calendar be created containing meeting dates and content to be discussed?

Staff Observations & Questions for Council #2

Observation

The truth-in-taxation (TNT) meeting and adoption of the final property tax levy were both held at the final Council Meeting in December

- ▶ By having the TNT presentation at the first meeting in December, it allows for the levy to be set at a later date should the Council decide to consider public testimony provided

Question for Council

Would the Council like to conduct the TNT meeting at the first Council meeting in December and subsequently approve the tax levy/budget at the second meeting in December?

Staff Observations & Questions for Council #3

Observation

During the staffing discussion, departments were allotted time to provide the Council with an outline of existing and requested positions

- ▶ Early in the process, it was clear the volume of additional staffing was not financially viable, but no clear direction was established on which positions were of Council priority
- ▶ Additionally, departments did not present their individual operating budgets

Questions for Council

Would it be beneficial for the Council to have more direct interaction with department representatives on their budgets and staffing requests?

Would Council like to discuss staffing requests as part of each Departments Budget request?

Staff Observations & Questions for Council #4

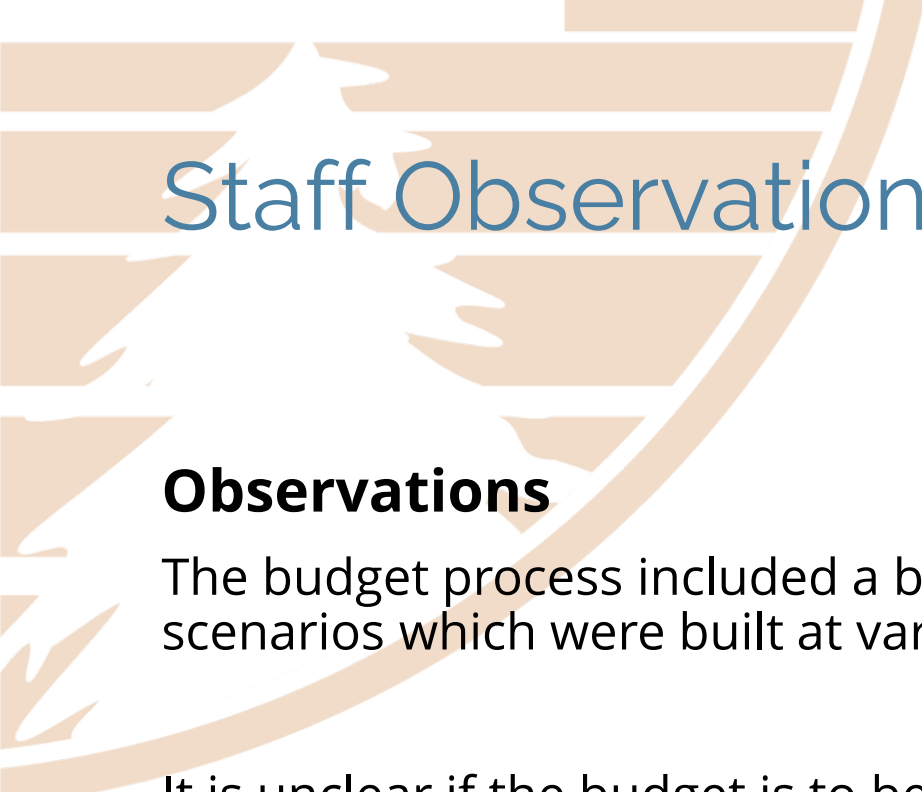
Observation

Including budget topics on non-council meeting workshop nights was problematic

- ▶ Often, budget items were the final item on the agenda and would be compressed due to other topics running over and last-minute agenda additions

Question for Council

Does the Council support the concept of discussing the budget on non-council meeting workshop nights in order to provide sufficient time to discuss?



Staff Observations & Questions for Council #5

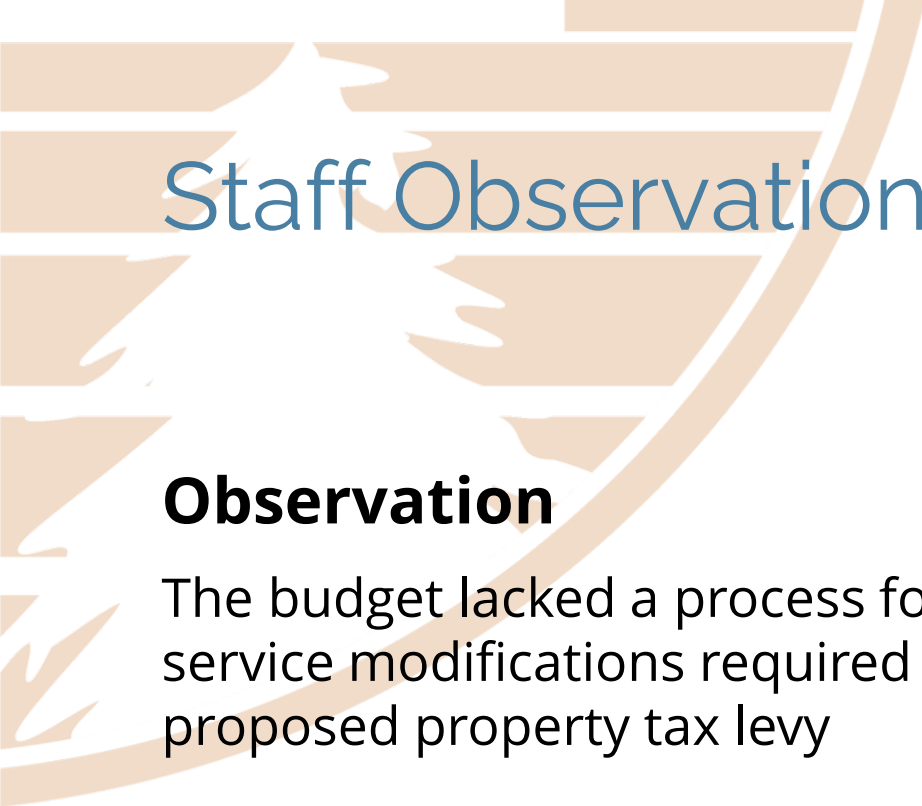
Observations

The budget process included a base (absent of additional staffing) as well as several other scenarios which were built at varying levy amounts

It is unclear if the budget is to be built around service level, financial target, or combination?

Question for Council

Was the concept of how the budget was built, using a base budget based on existing service levels?



Staff Observations & Questions for Council #6

Observation

The budget lacked a process for the Council to receive the City Manager's recommended service modifications required to support Council recommended adjustments to the proposed property tax levy

Question for Council

Should a process be established for the Council to receive the City Manager's feedback and proposed service modifications required to support Council-directed adjustments to the proposed property tax levy?

Staff Observations & Questions for Council #7

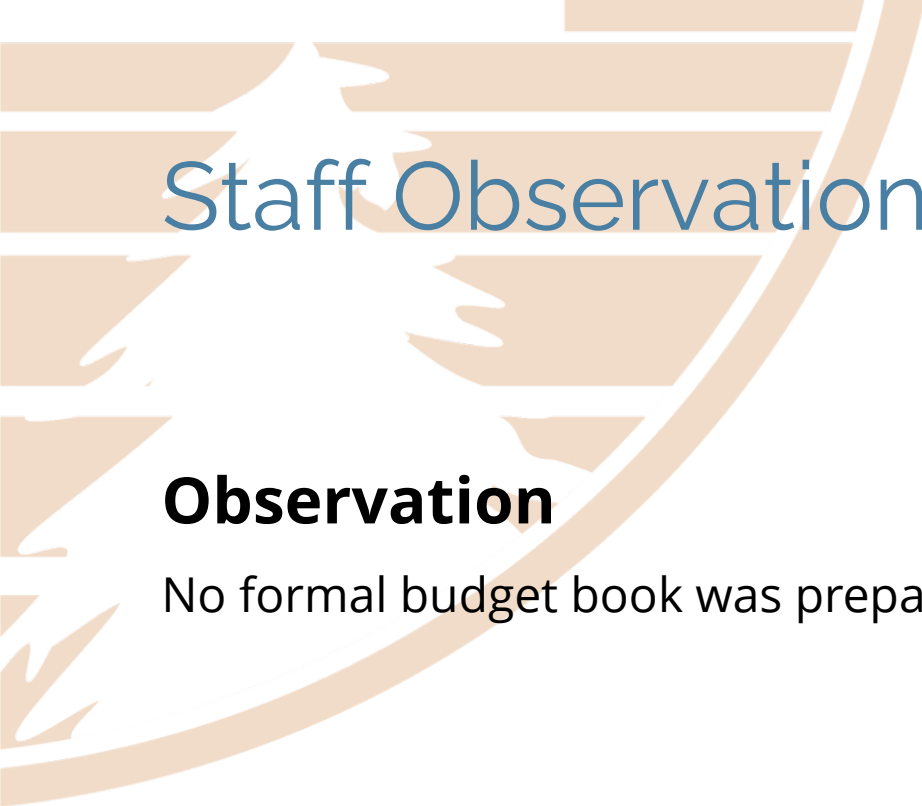
Observation

Analysis of the budget may have been difficult with 23 agenda items and 505 slides

- ▶ This level of content development was resource demanding across the organization

Question for Council

Did the Council find the amount of content developed and presented last year to be appropriate/worthwhile?



Staff Observations & Questions for Council #8

Observation

No formal budget book was prepared (like the last several years)

Question for Council

Would the Council like a formal budget book (electronic) - or other public-facing document to be created for future budgets?



Alternative Revenue Sources for Minnesota Cities

City of Blaine, Minnesota

January 13, 2025

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Topics

Mindset for Discussion: Principals of Sound Tax Policy

- I. Electric and Gas Utility Franchise Fees
- II. Special Service Districts
- III. Special Assessments for Defined Improvements
- IV. Local Option Sales Taxes
- V. Other: Budget neutral revenue adjustments

Principals of Sound Tax Policy

Simplicity

- Easy to comply with and administer.

Transparency

- Clearly define what taxpayers are paying for.

Fairness

- Avoid picking winners and losers.
- *Aligning payments and benefits.*

Stability

- Consistency and predictability.
- Property taxes are considered the most stable.



ALTERNATIVE REVENUE SOURCES

I. Franchise Fees

- Minnesota Statutes, Section 216B.36 authorize cities to require electric and gas public utilities to obtain a “franchise” to operate on public property.
- Cities may require other terms and conditions, *including obligations to pay municipal or franchise fees.*
- May be used “to raise revenue or defray increased municipal costs accruing as a result of utility operations, or both”
- Imposed as a flat monthly fee or percent of use.
- Municipalities may use fees for any public purpose.
- Fee included on monthly utility bill.

ELECTRICITY CHARGES		RATE: Res Underground	
DESCRIPTION	USAGE UNITS	RATE	CHARGE
Basic Service Chg			\$6.00
Energy Charge Winter	1312 kWh	\$0.113640	\$149.10
Fuel Cost Charge	1312 kWh	\$0.020229	\$26.54
Sales True Up	1312 kWh	- \$0.000150	- \$0.20 CR
Affordability Chrg			\$2.12
Resource Adjustment			\$11.49
Subtotal			\$195.05
City Fees			\$3.55
Transit Improvement Tax		1.25%	\$2.48
Other Special District		0.25%	\$0.50
City Tax		0.50%	\$0.99
County Tax		0.15%	\$0.30
State Tax		6.875%	\$13.65
Total			\$216.52



ALTERNATIVE REVENUE SOURCES

Comparable Cities

City	Residential	Small C&I Non-Demand	Designated Use	Approximate Annual Revenue	Street Assessments	City NTC Rate
Bloomington	\$4.00	\$2.00	Transportation	\$7.5M	Yes	40%
Brooklyn Park	\$7.00	\$6.50	Capital Projects	\$7.1M	Yes	47%
Burnsville	\$1.00	\$7.50	Facilities	\$5.2M	Yes	43%
Eagan	\$1.85	\$10.00	Climate and Sustainability	\$1.5M	Yes	34%
Eden Prairie	\$4.00	\$3.50	Pavement Management	?	Yes	28%
Edina	\$2.40	\$2.50	Conservation / Trails / GF	\$3.1M	Yes	28%
Lakeville	\$6.00	\$16.00	Fire Department	?	Yes	30%
Minnetonka	\$2.50	\$2.50	Bury Electric Lines / Trails	\$4.0M	No	35%
Plymouth	\$2.12	\$1.60	Capital Projects	\$2.9M	Yes	24%
St. Louis Park	\$6.75	\$6.75	Street / Parking / Sidewalks	\$5.0M	Yes	44%
Woodbury	\$3.25	\$3.50	Parks and Trails	\$2.5M	Yes	28%
Coon Rapids	4.0%	4.0%	General Fund	\$4.0M	Yes	37%

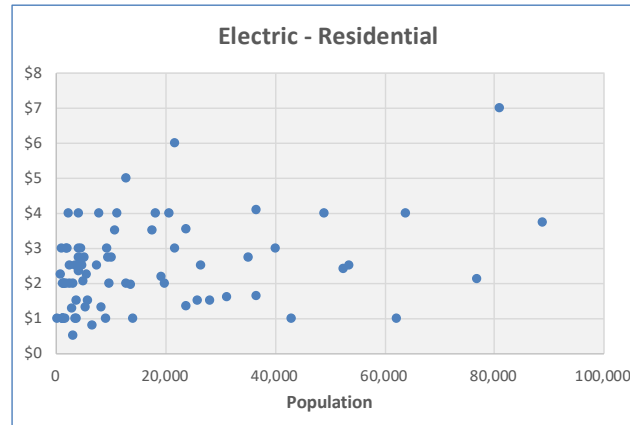
**The franchise fee amounts above are taken from various sources with dates as far back as 2019. As a result, they may not reflect the most current fee charged by the City.*



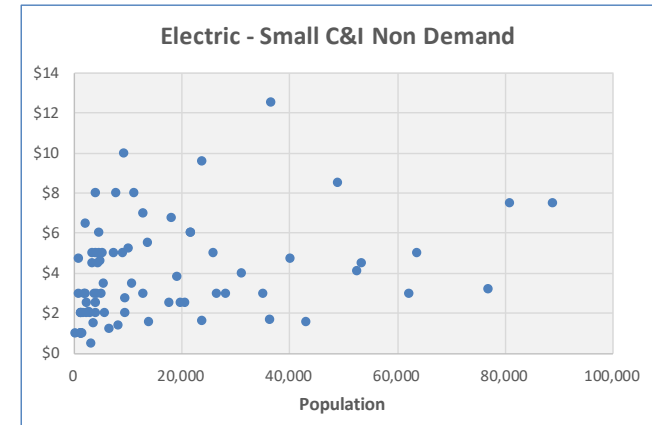
ALTERNATIVE REVENUE SOURCES

Monthly Electric Franchise Fees

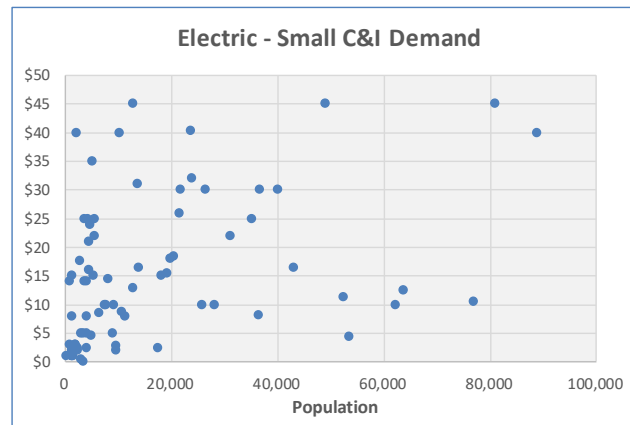
- ✓ Examples of flat monthly charges
- ✓ Primarily Xcel Customers



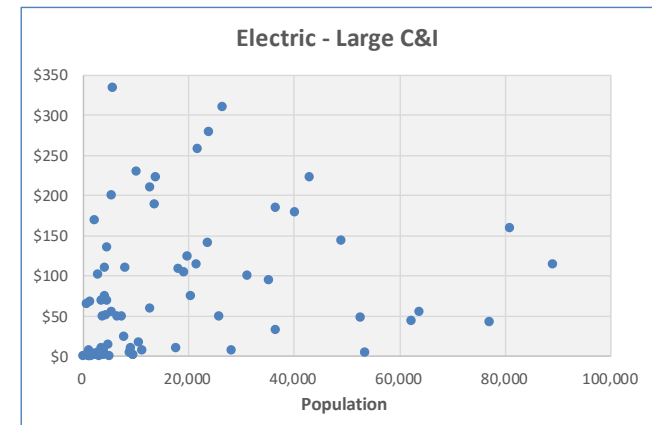
N=	78	Minimum	\$0.50
Mean	\$2.43	Maximum	\$7.00
Median	\$2.30		



N=	78	Minimum	\$0.50
Mean	\$3.89	Maximum	\$12.50
Median	\$3.00		



N=	78	Minimum	\$0.50
Mean	\$15.19	Maximum	\$45.00
Median	\$12.50		



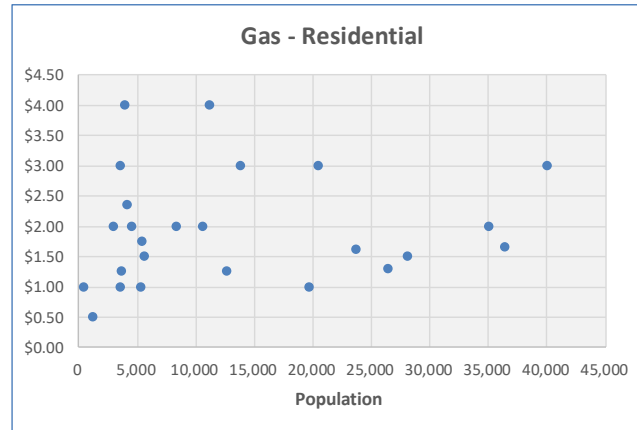
N=	78	Minimum	\$0.50
Mean	\$76.03	Maximum	\$335.00
Median	\$50.00		



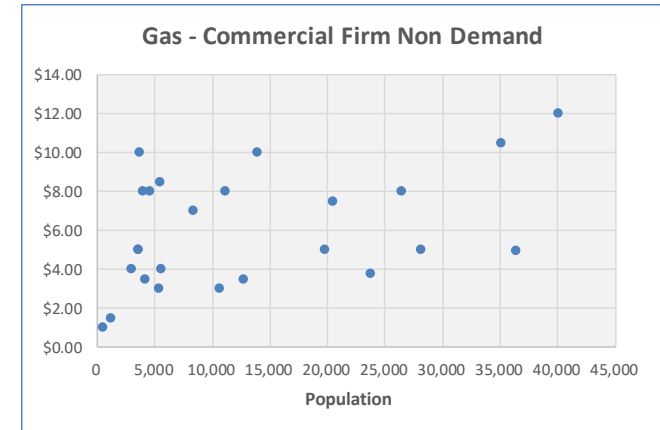
ALTERNATIVE REVENUE SOURCES

Monthly Gas Franchise Fees

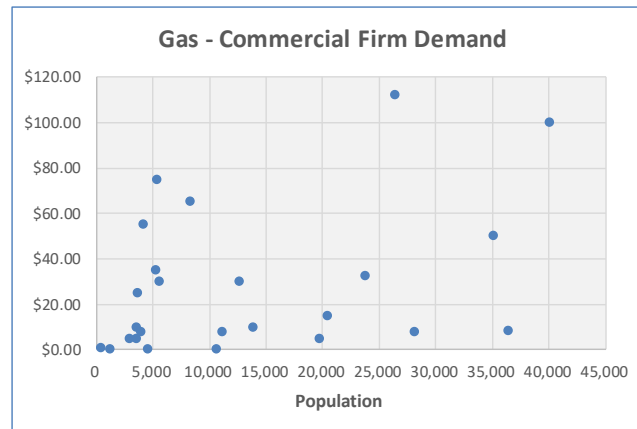
- ✓ Examples of flat monthly charges
- ✓ Primarily Xcel Customers



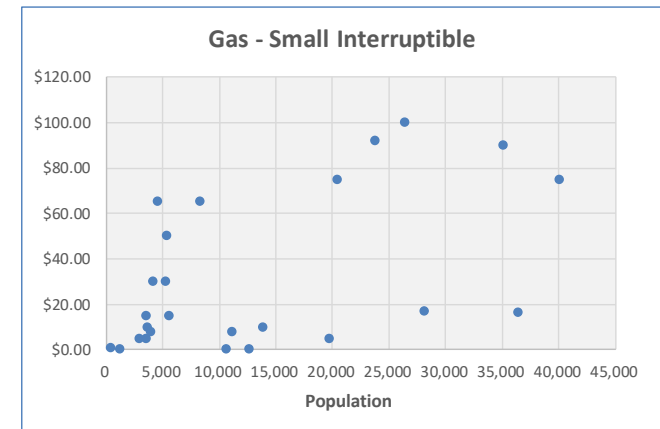
N= 25
Mean \$1.95
Median \$1.75
Minimum \$0.50
Maximum \$4.00



N= 25
Mean \$5.99
Median \$5.00
Minimum \$1.00
Maximum \$12.00



N= 25
Mean \$31.48
Median \$20.00
Minimum \$1.00
Maximum \$112.00



N= 25
Mean \$35.79
Median \$16.75
Minimum \$1.00
Maximum \$100.00



ALTERNATIVE REVENUE SOURCES

Example Revenue Estimates

Equivalent Increase in Monthly Bill by Customer Class

Electric Customer Classes	Approx # of Premises	3.0%	3.5%	4.0%	4.5%	5.0%
Residential	6,532	\$2.50	\$2.75	\$3.25	\$3.75	\$4.00
Small C&I: Non-Demand	486	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00
Small C&I: Demand	214	\$24.25	\$28.50	\$32.50	\$36.25	\$40.25
Large C&I	49	\$740.00	\$867.00	\$990.00	\$1,112.50	\$1,235.00
Estimated Annual Revenue	7,281	\$724,000	\$834,000	\$960,000	\$1,094,000	\$1,193,000

Gas Customer Classes	Approx # of Premises	3.0%	3.5%	4.0%	4.5%	5.0%
Residential	5,237	\$1.25	\$1.50	\$1.75	\$2.00	\$2.25
Commercial Firm: Non-Demand	510	\$7.50	\$8.75	\$10.00	\$11.25	\$12.50
Commercial Firm: Demand	1	\$292.00	\$341.00	\$390.00	\$437.50	\$485.00
Small Interruptible	3	\$59.75	\$70.00	\$80.00	\$89.75	\$99.50
Medium & Large Interruptible	2	\$1,126.00	\$1,313.00	\$1,500.00	\$1,690.00	\$1,880.00
Estimated Annual Revenue	5,753	\$172,000	\$203,000	\$235,000	\$265,000	\$298,000



Franchise Fee Considerations

Advantages

- Acknowledges cost of utilities in City rights-of-way.
- Diversifies City's funding sources.
- Tax-exempt properties contribute.

Disadvantages

- Flat monthly fee (versus percent of use) is regressive.
- Could be considered less transparent.

II. Special Service Districts



M.S. 428.01 – 428.10 authorizes municipalities to establish special service districts



Defined area within the city where special services are rendered, and the costs of the special services are paid from revenues collected from service charges imposed within that area.



Services not provided throughout the city or provided at an increased level than for the rest of the city.



Special services authorized in some city ordinances have included street and sidewalk cleaning, snow and ice removal, lighting, signage, parking, parking enforcement, marketing and promotion, landscaping, and security.

II. Special Service District Examples



Crookston (1991) - Downtown storefront improvements; and 1997, to fund citywide flood control



Duluth (1993) - Improve safety, cleanliness, and economic vitality of the downtown waterfront



Mankato (1998) - Provide and maintain free parking facilities for customers of businesses in district



Minneapolis – 15+ districts to provide decorative lighting, banners, security, cleaning, snow and ice removal, and landscaping (varies by district)



New Ulm (1985) - Provide free on-street and off-street parking



Rochester (2005) - Marketing, physical enhancements, and promotion of special events within the district



Saint Louis Park - Six districts as of 2014 to provide general upkeep, snow removal, landscaping, lighting, banners, and waste removal

III. Special Assessments for Defined Improvements

M.S. 429.021 lists dozens of improvements in which municipalities can assess all or a portion of the cost. Only a handful apply to the City of Blaine:

Streets	Storm and Sanitary Sewers	Streetlights	Recreation	Trees
• Streets, sidewalks, pavement, gutters and curbs • Sewers or other street drainage and connections from sewer, water, or similar mains to curb	• Acquire, develop, construct, reconstruct, extend, and maintain storm and sanitary sewers and systems	• Install, replace, extend, and maintain streetlights and street lighting systems and special lighting systems	• Acquire, improve and equip parks, open space areas, playgrounds, and recreational facilities	• Plant trees on streets and provide for their trimming, care, and removal



IV. Local Option Sales Taxes

- Local Option Sales Tax laws will likely be amended during the 2025 Legislative Session.
- Probable Outcome: Projects must have a regional significance, provide economic benefit and be approved by the voters at a general election.
- There is currently not an option to impose a sales tax on a portion of the City.
- Revenue estimates from the University of Minnesota Extension Office:
 - 0.5% sales tax would generate approximately \$5.5 million annually.
 - 48% would be incurred by non-residents of Blaine.
 - The average resident would spend an additional \$35 annually on taxable good and services.
 - Capitalized Revenue: \$5.5 million annual debt service over 20 years at 4.0% = \$75 million.



Discussion

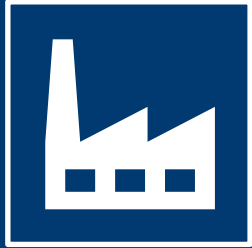




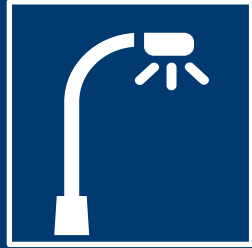
Shaking the Money Tree

Exploring Alternative Funding Sources

Our Discussion Today...



Gas &
Electric Utility
Franchise
Fees



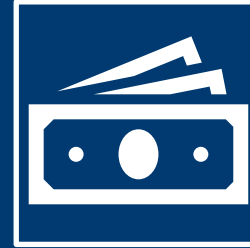
Storm Water
& Street
Lighting
Utilities



Statutory
Districts



Fund
Balances



Fee Schedule
Maintenance
& Other
Revenues

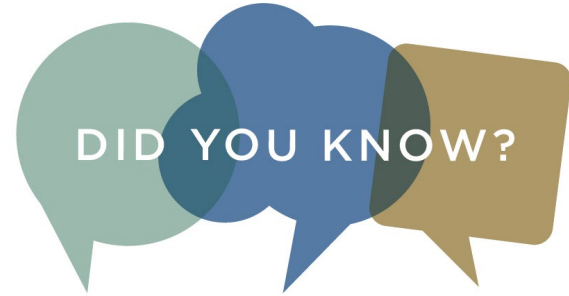


What are Public Utility Franchises?

- Under Minnesota Statutes, Section 216B.36, cities may require public utilities to obtain a franchise to operate on public property
 - ✓ Applicable to electric & gas utility providers
 - ✓ Cities may require other terms & conditions, including obligations to pay municipal or franchise fees
 - ✓ May be used “to raise revenue or defray increased municipal costs accruing as a result of utility operations, or both”
- The franchises are typically negotiated as contracts, then adopted by municipality via ordinance

What Else?

- Given statutory authorization, municipalities may use franchise fee for any public purpose, most commonly:
 - ✓ Streets & sidewalks
 - ✓ Parks & sustainability
 - ✓ Building & public facilities
- Public utilities pass franchise fees though to ratepayers, usually labeled “City Fee” in billing



More than 350 cities in
Minnesota collect
Franchise Fees!

Franchise Fees: The Pros & Cons



Advantages

- Flexible funding source
- Revenue stream diversification
- Capture tax-exempt properties

- More regressive than property taxes
- No state relief program
- Less transparent process



Disadvantages

Okay... Okay... Now Show Us The Fees!

Electric Utility, Franchise Fee Estimates			
Customer Class	Monthly Fee	Average Monthly Accounts	Estimated Annual Revenue
Residential	\$3.00	3,000	\$108,000
Small C&I – Non-Demand	8.00	200	19,200
Small C&I – Demand	30.00	100	36,000
Large C&I	120.00	60	86,400
Subtotal, Electric Utility		3,360	\$249,600

Gas Utility, Franchise Fee Estimates			
Customer Class	Monthly Fee	Average Monthly Accounts	Estimated Annual Revenue
Residential	\$3.00	2,700	\$97,200
Commercial A	8.00	300	28,800
Commercial B	30.00	10	3,600
Commercial C	120.00	10	14,400
SVDF A & B	30.00	10	3,600
LVDF	120.00	-	-
Subtotal, Gas Utility		3,030	\$147,600

Total		6,390	\$397,200
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Storm Water Utility Fund

Authorized under Minnesota Statutes, Chapter 444

- Requires adoption of Watershed Plan or Water Management Plan

Allows municipalities to:

- Shift costs from property tax levy to enterprise activity
- Respond to municipal storm water requirements

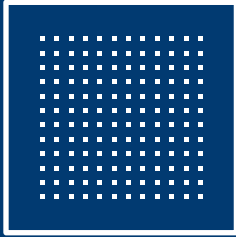
Designed so properties with higher storm water needs pay higher fee

- Costs must be just and equitable, usually based on storm water run-off
- Capture tax-exempt properties

Street Lighting Utility Fund

- Authorized by Minnesota Statutes, Chapter 429
- Allows municipalities to:
 - ✓ Shift costs from property tax levy to enterprise activity
 - ✓ Respond to demand for additional lighting
- Designed so properties with higher lighting needs pay higher fee
 - ✓ Costs must be assessed to benefiting properties
 - ✓ Capture tax-exempt properties

Franchise and Utility Fees, continued...



Flat Fee

All properties pay same amounts, regardless of use



Property Type

Properties pay different amounts based on use



Property Type & Other Factors

Properties pay different amounts based on use & characteristics

Administrative Effort & Equity

Fee Schedule Maintenance

- Local governments should adjust fees annually to account for:
 - ✓ Inflation
 - ✓ Service delivery costs
 - ✓ Competitor pricing
 - ✓ Structure & fairness
- Local governments should adjust fees annually by standard amount
 - ✓ Any change other than the standard requires justification

Fee Schedule Maintenance

Year	Property Tax Levy		Fee Revenue		Cost	
	Amount	Annual Change	Amount	Annual Change	Total	Annual Change
1	50.00	-	50.00	-	100.00	-
2	53.00	6%	50.00	0%	103.00	3%
3	56.09	6%	50.00	0%	106.09	3%
4	59.27	5%	50.00	0%	109.27	3%
5	62.55	5%	50.00	0%	112.55	3%
Change	12.55	25%	-	-	12.55	13%

Cost Share	
Property Tax Levy	Fee Revenues
50%	50%
51%	49%
53%	47%
54%	46%
56%	44%

Economic Development Authorities

Legal Authority

- Mn Statute 469.090-469.1081

Adoption & Collection Method

- Specific to public facility funding - may issue EDA lease revenue bonds without a referendum

Allowable Uses

- May use to finance city facilities such as police and fire facilities, park building, etc.

Other Considerations

- More costly financing option
- Other, better options may exist

Housing Improvement Areas

Legal Authority

- MN Statutes 428A.01 to 428A.20
- Based on Special Service District statute

Adoption & Collection Method

- More than 50% of property owners must petition City
- Established by ordinance after public hearing (fee imposed on units)
- Includes objection & veto process

Allowable Uses

- Finance common area improvements (roofs, siding, drives, etc.)
- Unit owner fees repay city loan or bond debt service

Other Considerations

- Cities can issue taxable bonds to finance improvements
- Fee levied like special assessment to provide strong security
- Can use existing fund balance to finance HIA – fees repay fund

Special Services Districts

Legal Authority

- MN Statutes 428A.01 to 428A.10

Adoption & Collection Method

- Established by ordinance
- Service charge imposed on commercial & multi-family residential

Allowable Uses

- Pay for services in area at a level above "typical"
- Maintenance, lighting, decoration, etc.

Other Considerations

- 2023 change allows multi-family housing to pay service charge
- Can include other property types, but they don't pay fee

Use of Fund Balances

Local governments may use reserves to support certain costs

- General, Capital & Closed Debt Service Funds may be used for any purpose
- Excess funds may be transferred or loaned



To help determine if you have “extra money”

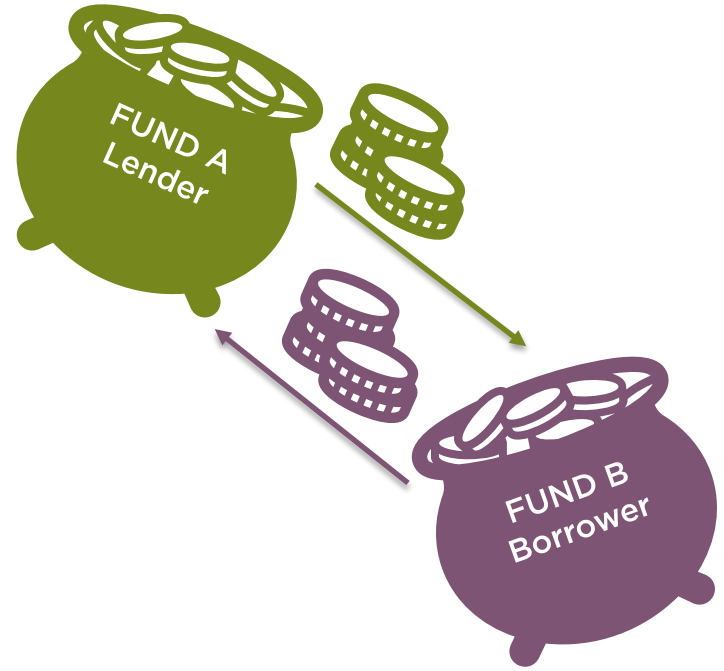
- Set up a financial management plan
- Establish fund balance requirements by fund
- Determine if balances regularly exceed the requirement
- Develop a policy for use of any “excess” balances

Recommended Fund Balance Requirements

Fund	Description	Requirement	Measurement	Basis
General	Small Local Governments	> \$500,000	Credit Rating Agency Req.	Fund Balance
	All Others	42%–50%	Subsequent Year Expenditures	
Special	Property Tax Supported	25%–50%	Subsequent Year Expenditures	
	Other Revenues	0%–50%		
Capital	Equipment & Improvements	25%–35%	Five-Year Rolling Average	
Enterprise	Public Utility	Varies	Six-Months Operating + Debt Service + Capital Projects	Cash Balance
	Other			

Internal Loans & Transfers

- Interfund or Internal Loans
 - ✓ One fund lends to another
 - ✓ Allow organization to retain funds from financing activity vs. pay bondholders
 - ✓ Both borrowing & lending funds should be treated fairly
 - ✓ Can create fund balance & cash flow issues for lending fund
- May be able to “revolve” funds



Interfund Loan Example

Year	Beg. Balance	Principal	Interest	Payment	End Balance
2025	\$100,000	\$7,950	\$5,000	\$12,950	\$92,050
2026	92,050	8,348	4,602	12,950	83,702
2027	83,702	8,765	4,185	12,950	74,936
2028	74,936	9,204	3,747	12,950	65,733
2029	65,733	9,664	3,287	12,950	56,069
2030	56,069	10,147	2,803	12,950	45,922
2031	45,922	10,654	2,296	12,950	35,267
2032	35,267	11,187	1,763	12,950	24,080
2033	24,080	11,746	1,204	12,950	12,334
2034	12,334	12,334	617	12,950	-
Total		\$100,000	\$29,505	\$129,505	

Infrastructure Funding

Special Assessments (MN Statute 429)

- Charges imposed by a local government against benefiting real estate to fund eligible improvements

Tax Increment Financing (TIF)

- Captures additional property taxes or “tax increment” from new development to pay for qualified costs

Tax Abatements

- Redirects or “abate” property taxes to for economic development or certain public improvements

What About Grants?

Federal

- Congressionally Directed Spending
- HUD
- USDA
- US DOT
- US EDA

State

- DEED
- DNR
- IRRRB
- Legislature
- Metropolitan Council
- Minnesota Housing
- Mn/DOT
- PFA

Other

- County Governments
- Individual Donations
- Private Foundations
- Watershed Districts

Grants: A Few Best Practices...



Plan months in advance of a grant applications



Invest in grant plans, proposals & applications



Refine grant accounting & internal controls



Review any subrecipient & contracting rules



Understand any auditing & reporting requirements



Understand any other grant covenants & terms

Conduit Bond Fees

Local governments often asked to issue conduit bonds on behalf of private development projects

Bonds 100% supported by private development

- No recourse to city
- No risk to credit rating

You can charge a fee

- Often up to 1% of bond amount, but should be reasonable
- Fee can be used for any governmental purpose

Developer Escrow for Subsidy Requests

Fees charged to developers requesting public assistance

- Covers third party & staff costs related to review, analysis of request

Can include smaller application fee to cover initial review

- \$1,500 to \$5,000

Larger escrow deposit if project proceeds

- \$10,000 or more + additional, as needed, based on costs
- TIF projects can cost over \$30,000; cities need funding source

Final Thoughts...

- Turns out there's no free lunch
 - ✓ Many options for local governments
 - ✓ Diverse funding sources always helpful
 - ✓ Don't leave money on the table
- Be prepared to think creatively
 - ✓ Consider fairness
 - ✓ Think about who benefits from service





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Budget Guide for Cities

Learn about new and current state and federal laws that significantly affect city budget decisions, including annual financial figures for minimum wage, cost-of-living adjustments, local government aid (LGA), and more. Includes information on taxation notification procedure for fuel excise tax.

RELEVANT LINKS:

Handbook, [Budgeting](#).

See State Auditor's
[Accounting Manual for
Small Cities and Towns](#).

Handbook, [Property Tax
Levy](#).

[The 2024 Law
Summaries](#).

Minnesota House
Research Department:
[State Aids](#).

[Minn. Stat. § 477A.014,
subd. 1](#).

[The 2024 Law
Summaries](#).

I. Basic budget information

This guide presents legislative and administrative information, as of its revision date, which might be considerations in developing a budget for the coming year. This guide takes into consideration changes following the 2024 regular legislative session, and it will be updated to account for changes due to subsequent special sessions as appropriate. Basic budgeting for cities, such as how to compose an annual budget and the legal timeline for budgeting, are not in this guide. Please see chapters 20 and 21 of the *Handbook for Minnesota Cities* for this information.

Handbook chapter 20 describes what a budget is, and how to use it to communicate to the public. It describes what revenues and expenditures a city must examine as a necessary part of budgeting, other factors that may affect the city's budget, and where to find more information on the budgeting process. Handbook chapter 21 gives more background information on taxes and taxation notification law.

For information on the new laws affecting cities, see the League's *2024 Law Summaries*, which is available now.

II. Local government aid (LGA)

The House Research Department has updated estimates of 2025 LGA and a wealth of other related data. City officials should keep in mind that the amounts displayed in the revenue document are estimates only at this point. Aid amounts for 2025 will be certified by August 2024.

III. Legislative changes for 2024

Every year, the League of Minnesota Cities (LMC) publishes the *Law Summaries*, a comprehensive guide to changes and proposed changes from the last legislative session(s). The *2024 Law Summaries* is available now.

This material is provided as general information and is not a substitute for legal advice. Consult your attorney for advice concerning specific situations.

RELEVANT LINKS:

[2024 Minn. Laws Ch. 122; 2024 Minn. Laws Ch. 127, Art 1-3; 2024 Minn. Laws Ch. 127, Art. 14-15.](#)

[2024 Minn. Laws Ch. 112, Art. 3; 2024 Minn. Laws Ch. 112, Art. 2, sec. 13-14; 2024 Minn. Laws Ch. 118.](#)

[2024 Minn. Laws, Ch. 110, Art. 6, § 3 amending Minn. Stat. § 177.24, subd. 1.](#)

[2024 Minn. Laws, Ch. 127, Art. 11.](#)

The 2024 Legislative Session resulted in several changes affecting cities, some of which may impact budgets in the future. There are new funds and grants associated with EMS, transportation and housing. There are also new provisions that may affect budgets based on a city's own circumstances or decisions such as specific city appropriations and the new laws addressing election administration challenges ("presuit" notices), temporary polling places at colleges and universities, and tenants' rights. Throughout the year, the League will provide articles and webinars to help the rollout of these changes. In the meantime, for all legislative changes relevant to cities, please see the *2024 Law Summaries*.

As usual, this *Budget Guide for Cities* features a few of the laws from the current year's legislative session(s) that appear likely to affect or directly relate to most budgets. Those highlights include the following.

Minimum wage change. Previously state law distinguished between employers that do more than \$500,000 in "business" and those that do less for purposes of minimum wage requirements. Effective January 1, 2025, there is no longer a distinction between these "large" and "small" employers. As a result, all employers will be subject to the higher minimum wage standards that were previously only for large employers. (There remain lower rates for employees under the age of 20, during the first 90 days of consecutive employment).

Additionally, effective August 1, 2024, the minimum wage rate will be raised every year the lesser of the percentage of inflation increase over the prior year or 5%. Previously the annual raise was the lesser of the inflation increase or 2.5%. For context, in the Midwest, the percentage increase was below 2.5% measured in 2015 through 2020, and it was higher than 5% in 2021 and 2022. The most recent measurement, from 2022 to 2023, was around 3.4%.

Earned sick and safe time modifications. Several changes were made to this now year-old law. For budgetary purposes, two of the more important changes are the addition of an explicit remedy for noncompliance and the "hourly" rate redefined as a "base" rate. Both changes became effective the day after the law was signed.

The new remedy provision makes employers directly and financially liable to employees for noncompliance with the Earned Sick and Safe Time law. If an employer has insufficient documentation to show compliance, the employer will be held liable for an amount equal to 48 hours of earned sick and safe time for each year the time was not provided, plus liquidated damages.

The "base rate" change is more of a clarification. If an employee makes an hourly wage, the base rate is still the hourly rate. If the employee makes more than one hourly rate, the base rate is the hourly rate during the time the leave is taken. If the employee is salaried, they are entitled to receive what they would have received if they hadn't taken the leave.

RELEVANT LINKS:

[2024 Minn. Laws, Ch. 127, Art. 11, § 7 amending Minn. Stat. § 181, 9445, subd. 5.](#)

[2024 Minn. Laws, Ch. 127, Art. 73, § 10 amending Minn. Stat. § 268B.01, subd. 23.](#)

[Minn. Stat. § 275.065, subd. 1.](#)

[Minn. Stat. § 275.066.](#)

[Minn. Stat. § 275.065, subd. 1.](#)

Department of Revenue:
[Truth in Taxation.](#)
See [Adopting the Final Property Tax Levy](#), LMC Model Resolution.
[Minn. Stat. § 275.065, subd. 3, paragraphs \(c\), \(i\).](#)

Please note: Another change in the law which took effect the day after the law was signed was to exempt several roles from the definition of “employee” for purposes of the Earned Sick and Safe Time law. Those exempt roles are city council members, volunteer/paid on-call firefighters, volunteer ambulance attendants and paid on-call ambulance service personnel.

Minnesota Paid Leave Law Technical Changes. Effective May 25, 2024, the definition of “family member” is expanded to include the child of a domestic partner. It is also clarified that, if an employee is expected to care for a person only due to the nature of the personal relationship, the person is considered a “family member” only if the employee is not otherwise compensated for their care.

IV. Taxation notification procedure

The table below outlines the annual taxation notification procedure and deadlines (sometimes called “truth in taxation” or “TNT”). The deadline for cities to adopt the preliminary tax levy and certify it to the county auditor is Sept. 30. The deadline for “special taxing districts,” such as economic development authorities (EDAs), housing and redevelopment authorities (HRAs), port authorities, and others, is also Sept. 30.

According to the Department of Revenue, cities with populations of 500 or less and all special taxing districts (except the Metropolitan Council, the Metropolitan Airports Commission, and the Metropolitan Mosquito Control Commission) are exempt from the requirement to hold a meeting with public input prior to adoption of the final levy. All cities, including cities with populations of 500 or less, and special taxing districts must still certify proposed property tax levies to the county auditor on or before Sept. 30, 2024.

RELEVANT LINKS:

[Minn. Stat. § 275.07, subd. 1.](#)

Taxation Notification Summary Chart for Taxes Payable 2025	
Date	Action
On or before Sept. 30	All cities and special taxing districts must adopt any proposed property tax levy and certify the proposed levy to the county auditor.
On or before Sept. 30	At one meeting, in cities of population greater than 500, the city council adopts the proposed property tax levy and announces the time and place of a future city council meeting at which the budget and levy will be discussed and public input allowed, prior to final budget and levy determination. This public input meeting must occur after Nov. 24 and must start at or after 6 p.m. The time and place of the public input meeting must be included in the minutes, but newspaper publication of the minutes is not required. Cities over 500 population must provide the county auditor with the following information*: • The time and place of the meeting at which the budget and levy will be discussed and public input allowed. (Again, meeting must occur after Nov. 24, and must not start before 6 p.m.) • A phone number and website (if available) that city taxpayers may use if they have questions related to the auditor's property tax notice; this does not require listing a private phone number. • An address where comments will be received by mail; this does not require listing a private address. • The certified levy for the current taxes payable year, the proposed levy for taxes payable in the following year, and the increase or decrease between these two amounts, expressed as a percentage.
Nov. 11 to Nov. 24	County auditor prepares and sends parcels specific notices.
Nov. 25 to Dec. 30	Cities of population greater than 500 hold meeting (at 6 p.m. or later) to discuss the budget and property tax levy and, before a final determination, allows public input.
On or before Dec. 30	Cities certify the final levy. Cities must also file the certificate of compliance with the Department of Revenue by Dec. 30, 2024. The department usually supplies a Form TNT for these purposes closer to the time of certification.

All cities and special taxing districts must certify the final property tax levy to the county auditor on or before Dec. 30, 2024 (five working days after Dec. 20). If this deadline is missed, the final levy will stay the same as it was in the preceding year.

RELEVANT LINKS:

26 U.S.C.A. § 3121.
(b)(B)(7)(F) (iv). Circular
E Employers' Tax Guide
(IRS Publication 15).

Social Security
Administration, Election
Workers (Defined).
Election Officials and
Workers. PERA: Social
Security for Government
Employers.

Internal Revenue Service,
*Election Workers:
Reporting and
Withholding.*

PERA Employer Manual,
Ch. 3.
Minn. Stat. § 353.01,
subd. 2b(a)(3).

IRS Standard Mileage
Rates.

V. Election worker wages and withholding

Income tax withholding. Election workers' pay is exempt from state and federal income tax withholding. Election workers are responsible for declaring the wages as personal income and may have to pay income tax depending on the worker's personal situation — but the city need not withhold income taxes.

Federal and/or state tax withholding, including withholding for Social Security and Medicare. If an election worker is paid less than \$2,300 in 2024, no Social Security or Medicare taxes are withheld. Cities do not need to issue W-4s for election workers earning less than \$2,300. At the time of publication, the threshold to anticipate for 2025 had not been established.

Issuing W-2s. If an election worker earns \$600 or more in a year, cities must issue that person a W-2. According to IRS contacts, W-2s may be issued to election workers earning less than \$600 for software and bookkeeping purposes.

PERA withholding. Election judges are local governmental employees, but the wages earned in these positions are not subject to PERA withholding. For example, if a city employee is also employed by the city as an election judge, the wages earned as a city employee are subject to PERA withholding (assuming the earnings threshold is met). However, any wages paid for the election judge services must be subtracted from the gross wages prior to calculating the PERA contributions, as the earnings as an election judge are excluded from PERA withholding.

Payroll. The federal government classifies election judges as employees. Therefore, it seems reasonable to pay them through the payroll system, rather than other accounts, to ensure accurate tracking of wages paid to each judge. However, this is offered as a practical tip, not as a requirement in law or rule.

VI. Employment-related changes

A. Optional standard IRS mileage rate

The IRS standard mileage rate for the latter half of 2023 was 65.5 cents per mile for business miles driven, up from 62.5 cents in early 2022.

The standard mileage rate for 2024 is 67 cents per mile. This is an increase of 1.5 cents per mile from 2023.

At the time of publication, 2025 rates are not yet available.

RELEVANT LINKS:[PERA.](#)**B. 2025 PERA contribution rates**

The 2024 regular legislative session resulted in no changes to employer or employee contributions to either the defined benefit or defined contribution plans.

EMPLOYEE CONTRIBUTIONS		
Defined Benefit Plan (DBP)	Calendar year 2023	Calendar year 2024
Basic	9.10%	9.10%
Coordinated	6.50%	6.50%
Police and Fire	11.8%	11.8%
Defined Contribution Plan (DCP)	Calendar year 2023	Calendar year 2024
Elected Officials	5.00%	5.00%
Physicians	5.00%	5.00%
City Managers/Administrators	6.5%	6.5%
Ambulance/Rescue Squad Personnel	Rate set by employer	Rate set by employer
Certain volunteer or on-call firefighters not covered for that service by the PERA Police and Fire Plan or by a relief association under chapter 424A.	7.5% or more made either solely from compensation paid to the firefighter or through a combination of member and employer contributions.	7.5% or more made either solely from compensation paid to the firefighter or through a combination of member and employer contributions.

RELEVANT LINKS:

[Minnesota Deferred Compensation Plan.](#)

EMPLOYER CONTRIBUTIONS		
Defined Benefit Plan (DBP)	Calendar year 2023	Calendar year 2024
Basic	11.78% ¹	11.78%
Coordinated	7.50% ²	7.50%
Police and Fire	17.7%	17.7%
Defined Contribution Plan (DCP)	Calendar year 2023	Calendar year 2024
Elected Officials/Physicians	5.00%	5.00%
City Managers/Administrators	6.5%	6.5%
Ambulance or Rescue Squad Personnel	Rate set by employer	Rate set by employer
Volunteer or On-call Firefighters not covered for that service by the PERA Police and Fire Plan or by a relief association under chapter 424A.	7.5% or more made either solely from compensation paid to the firefighter or through a combination of member and employer contributions	7.5% or more made either solely from compensation paid to the firefighter or through a combination of member and employer contributions
1 This represents the employer match of the Basic Plan employee deduction (9.10%) and an employer additional amount at 2.68%. 2 This rate represents the employer match of the Coordinated Plan employee deduction (6.50%) and an employer additional amount of 1%.		

C. Employee contributions to deferred compensation

Deferred compensation. Please note: Each calendar year in the fall, the IRS updates the annual contribution limits, based on cost-of-living adjustments (COLA). *At the time of publication, 2025 information is not available.*

2024 Annual Maximum Contribution Limits*

Participant age	Contribution Limits
Under age 50	\$23,000
Age 50 and over	\$30,500
Catch up provision	\$46,000

RELEVANT LINKS:

See [IRS Circular E, Employers' Tax Guide \(IRS Publication 15\)](#).

[2024 Social Security and Medicare Tax Rates](#).

[Unemployment Insurance Minnesota](#).

*The maximum deferral amounts change each year due to changes in the COLA, if any. Although the employee contributions to a deferred compensation plan reduce the individual's taxable income, the city will still need to budget for the employer's share of Social Security and Medicare to the same extent that these withholdings would be required on the employee's regular earnings.

D. Social Security and Medicare withholding

The 2025 Social Security and Medicare withholding amounts are not available at the time of this publication.

In 2024, for employers:

- The Social Security tax rate is 6.2%.
- The Medicare tax rate is 1.45%.

This combined rate of 7.65% is unchanged from 2023.

E. Unemployment costs

A conservative estimate of the amount of unemployment benefits a city may pay a laid off employee is approximately half the employee's average weekly wage, up to the maximum of \$890 per week. Most cities are classified as "reimbursing employers." This means the city reimburses the state for unemployment benefits paid out to a former employee.

F. Health and dental insurance costs

Both health and dental insurance options popular with Minnesota cities have experienced changes in the past few years, resulting in a wide range of pricing from decreases to 50% increases. Both lines of coverage have seen an increase in claims costs driven largely by increased reimbursement rates requested by providers due to labor shortages. Because timing of contracts negotiated between providers and carriers varies, expect to see the full impact of negotiated rates increasing over the next few years. Health insurance is also impacted by federal and state government policy changes, which can dramatically impact cost changes. Lastly, current and predicted increases in pharmaceutical spending continues to contribute to rising employer costs. All of these factors are impacting all cities, including pooled or direct with carrier as well as self-funded and fully-insured.

RELEVANT LINKS:

[IRS Health Reimbursement Arrangements and Other Account-Based Group Health Plans.](#)

[Gallagher Final HRA Regulations.](#)

[Gallagher HRA Summary Comparison.](#)

[IRS Affordable Care Act Guidance.](#)

[IRS FAQs on ACA.](#)

[DOL FAQs on ACA.](#)

[LMC website, Healthcare Reform Provisions Unique to Small Employers.](#)

[LMC website, Federal Health Care Reform.](#)

Given the increases in health insurance premiums and the affordability challenges it creates for both employers and employees, various Federal Departments have updated guidance pertaining to employers reimbursing employees for individual health insurance plans, on either a pre-tax or after-tax basis. While these updated regulations are meant to provide flexibility for employers, these individual coverage HRAs options have not become very popular for most employers. For those cities interested in exploring these options, resources have been included in the links to the left.

Cities need to make sure they are complying with the federal Affordable Care Act (ACA). On Feb. 10, 2014, the IRS released the final regulations implementing the employer shared responsibility mandate which affects many cities.

Employers are permitted to disregard seasonal employees when determining employer size if the employer's workforce exceeds 50 full-time equivalent (FTE) employees for no more than 120 consecutive days and the number of employees exceeding 50 during that time were seasonal employees, based upon the prior years' average number.

While most health care reform provisions apply to employers uniformly, regardless of size, there are a few provisions that may specifically benefit small cities that qualify as small employers. The benefits to small employers include:

- Exemption from penalties since they need not offer coverage.
- Availability of coverage through state exchanges effective Jan. 1, 2014.
- Exemption from reporting health care costs on W-2s.
- The ability to use a SIMPLE Cafeteria Plan.
- Since Jan. 1, 2017, small employers can provide a Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) that reimburses employees for the medical care expenses of the employee, the employee's spouse, and the employee's dependent children, including individual health insurance policies purchased on the individual market. Certain requirements must be met before a city offers a QSEHRA.

There are other provisions and compliance issues associated with health care reform for all employers such as requirements for coverage of preventive care, prohibitions against pre-existing exclusions, essential benefits, break times for nursing mothers, and other employee protections.

The DOL and the IRS continue issuing critical guidance regarding implementation details for health care reform. We recommend you visit the LMC website for the most up-to-date information and guidance on federal health care reform legislation and pending regulations.

RELEVANT LINKS:

[Gallagher guidance on 6055 and 6056 Reporting.](#)

[IRS Resource.](#)

[Minnesota Economy at a Glance](#) from the BLS Midwest Information Office.

See the BLS [Consumer Price Index, Midwest Region](#).
See “[What Inflation Means for State and Local Budgets](#)”.

LMC information memos, [Reducing LMCIT Premium Costs](#) and [Comparing Coverage Quotes](#).

LMC website, [Premium Rates](#).

The ACA has reporting requirements for providers of health insurance and applicable large employers that must be sent to covered individuals and the IRS, which started the beginning of 2016. **Effective Jan. 1, 2024, all employers filing 10 or more returns will be required to file electronically.** This is a significant change from the previous threshold of 250 returns. If you are still in need of a solution, please consider working with your payroll vendor, tax professional, or health insurance broker for more assistance.

G. Cost-of-living adjustment information

Cities often look at cost-of-living adjustments when setting salaries for the coming year. One measure is the consumer price index (CPI), published by the Bureau of Labor Statistics, U.S. Department of Labor. The CPI is a measure of the average change over time in prices paid by consumers for goods and services.

Inflation has dwindled over the past year as it approaches pre-2020 levels, yet prices remain higher. The CPI for the Midwest urban region increased 2.8% between April 2023 and April 2024. This is down from the 4.9% increase for the same period from 2022 to 2023, and the 8.2% increase from 2021 to 2022. Other methods of adjusting salaries for inflation may also exist, depending upon the particular city, and these may be used instead of the CPI.

VII. Coverage and dues

A. LMCIT coverage

Most Minnesota cities are members of the League of Minnesota Cities Insurance Trust (LMCIT) for property, liability, auto, and workers’ compensation coverage. Cities purchasing insurance from a private company should ask their provider about insurance coverage options, claim trends, and costs. Cities looking for possible ways to reduce their premiums can reference the memo [Reducing LMCIT Premium Costs](#).

LMCIT members’ annual premium costs are affected by rates, exposures, and experience. In addition to rates, which are set by LMCIT in the fall, cities’ costs can fluctuate if there are changes in exposures — such as payrolls, city expenditures, or property values — or changes in experience rating for workers’ compensation, municipal liability, or auto liability. Generally, experience rating formulas compare expected losses for individual members within a recent three-year period to the actual losses during the same period, and if losses are greater (or less) than expected, a premium debit (or credit) is applied.

Below are preliminary estimates for rates, which would take coverages renewing on or after Jan. 1, 2025.

RELEVANT LINKS:

These are not guarantees. Annual actuarial reviews, other rate development work, and reinsurance costs will be calculated this fall, at which time LMCIT will be able to give a definite answer on premium rates for 2025. Final rates can vary substantially from our preliminary estimates.

Rates are only one piece of the puzzle — changes in exposures and experience rating will impact premium costs as well. As always, cities can check with LMCIT starting in October for an updated outlook on premiums. Or if you'd like to learn more about your city's specific situation, contact your agent or LMCIT underwriter.

1. Workers' compensation

At this point, we are not expecting a need to increase rates overall for 2025. Claim costs trends have stabilized and we are expecting more investment income moving forward to help subsidize rates.

Of note for 2025: we are adjusting the relative rates for specific job classes — so rates for some job classes will increase and others will decrease. For a member with a diversified mix of payroll exposure by job class, we're not expecting the average rate change to increase. But given we don't yet know for certain which job classes will see rate increases and which will see decreases, and each member's mix of payroll by job class is a little different, we might suggest allowing some cushion by assuming a 5% average rate increase for budgeting purposes.

When budgeting for workers' comp, consider the product of the following: 1) Rates; 2) Increase in exposure (payroll); 3) Change in experience rating modification. For example:

- If current LMCIT premium is \$100,000
- And if rates increase 5%; estimated payroll is increasing 5%; and the experience mod is expected to increase 10%.
- Then, it might be reasonable to budget for \$121,275. ($\$100,000 \times 1.05 \times 1.05 \times 1.10$)

Consider rates, exposure, and experience rating. Rates are only one piece of the puzzle — changes in payroll exposure and experience rating will impact premium costs as well. If you'd like to learn more about your city's specific situation, contact your agent or LMCIT underwriter.

2. Property coverage

Relative to other parts of the country, property losses for LMCIT members in the past few years haven't been overly concerning which is good news for purposes of rate-setting, but we'll need to see what happens with summer storms.

RELEVANT LINKS:

The reinsurance market is still in a somewhat hard cycle, meaning generally higher costs and more limited coverage due to less supply of reinsurance capacity. Reinsurance costs are a significant expense for the LMCIT property coverage program and it's uncertain how the reinsurance market will behave later this year. Given the reinsurance uncertainty, cities may want to allow for a 3-5% increase for property coverage rates on average. Members with electric utility property should be prepared for larger premium increases for those specific building and facility types - an additional 10%.

Inflation is particularly relevant for property coverage. It impacts the cost of claims and the replacement cost value of buildings and contents, which is the basis to which rates are applied to calculate premiums. Property appraisals in recent years have discovered a lot of members' properties to be undervalued. Aside from the property appraisals — which are conducted every seven years — LMCIT applies an inflation guard factor annually to members' property values to keep pace with inflation. The inflation guard factor for renewals effective Nov. 15, 2023-24 is 5% for buildings and 7% for building contents. We'll establish the inflation guard factor for 2025 renewals in July 2024 — at this point, we're expecting something similar, in the range of 4-6%.

When budgeting for property coverage, consider the product of the following: 1) Rates; 2) Increase in exposure (replacement cost value of covered property). For example:

- If current LMCIT premium is \$100,000
- And if rates increase 5% and replacement costs values for covered property are estimated to increase 6%.
- Then, it might be reasonable to budget for \$111,300 ($\$100,000 \times 1.05 \times 1.06$)

Consider rates and exposure. Rates are only one piece of the puzzle — changes in your property replacement cost values will impact premium costs as well. Plan for property value increases of at least 5-7%. If you'd like to learn more about your city's specific situation, contact your agent or LMCIT underwriter.

3. Liability coverage

Loss cost trends in recent years have been relatively stable. Changes in the police liability environment, potential federal or state reforms, and the escalation in the value of serious claims is something we're monitoring and could impact pricing for police liability as well as excess liability limits.

RELEVANT LINKS:

LMCIT suggests cities allow for possible rate increases in the range of 5-9% primarily to account for inflationary considerations, toward the higher end for members with police liability or excess liability limits as the reinsurance market for excess limits is a bit in flux. Inflationary pressure for the insurance industry is due not only to traditional inflationary measures for things like goods, labor, and medical costs, but also due to increased evidence of social inflation, which is a phenomenon by which claim costs increase faster than generic inflation due to increased litigation costs and plaintiffs seeking and receiving increasingly high judgments.

When budgeting for liability coverage, consider the product of the following: 1) Rates; 2) Increase in exposure (#employees, sewer connections, annual expenditures, households) 3) Change in experience rating modification. For example:

- If current LMCIT premium is \$100,000
- And if rates increase 5%; exposures are increasing 3%; and the experience mod is expected to increase 15%.
- Then, it might be reasonable to budget for \$129,780. ($\$100,000 \times 1.05 \times 1.03 \times 1.15$)

Consider rates, exposure, and experience rating. Rates are only one piece of the puzzle — changes in your exposure (annual expenditures, number of employees, number of sewer connections, and number of households) and experience rating will impact premium costs as well. If you'd like to learn more about your city's specific situation, contact your agent or LMCIT underwriter.

4. Auto coverage

Auto coverage loss costs have continued to rise in recent years. Auto claims are costing more due to the increased prevalence in technology in vehicles that's both easy to damage and costly to repair. New and used vehicles are more expensive and components are scarce and more costly to obtain. We'd suggest allowing for 5-10% increases for auto rates to account for the increased cost of claims and for inflationary considerations.

When budgeting for auto coverage, consider the product of the following: 1) Rates; 2) Increase in exposure (#autos) 2) Change in experience rating modification. For example:

- If current LMCIT premium is \$100,000
- And if rates increase 10%; exposures are increasing 2%; and the experience mod is expected to increase 10%.
- Then, it might be reasonable to budget for \$123,420 ($\$100,000 \times 1.10 \times 1.02 \times 1.10$)

RELEVANT LINKS:

Consider rates, exposure, and experience rating. Rates are only one piece of the puzzle — changes in your exposure (number and types of autos) and experience rating will impact premium costs as well. If you'd like to learn more about your city's specific situation, contact your agent or LMCIT underwriter.

B. League dues

Many factors influence the LMC Board's decision when setting dues, including cities' financial situations, inflation, strategic plan initiatives, non-dues revenue sources, and various other factors.

To estimate dues payable January 1, 2025, cities should complete the following steps:

1. Estimate the city's population for 2023.
2. Find the estimated population from step 1 in the table below to compute the estimated dues payable January 1, 2025, covering membership from January 2025 - December 2025.
3. If needed, to estimate the dues payable September 1, 2024, covering membership from September 2024 – December 2024, take the amount calculated in Step 2 and divide by 3.

With the League changing its' fiscal year to a calendar year, League dues for the upcoming 16-month fiscal year (September 2024 – December 2025) will be billed on two separate dates. The first billing on September 1, 2024, will cover membership from September 2024 - December 2024. The second billing on January 1, 2025, will cover membership from January 2025 – December 2025. The estimated dues payable on January 1, 2025, are computed based on the maximum dues schedule below:

Population	Amount	Per capita rate
249 OR LESS	\$476	0
250 - 4,999	\$165	1.2565
5,000 - 9,999	\$1,312	1.0271
10,000 - 19,999	\$2,845	0.8739
20,000 - 49,999	\$9,702	0.5311
50,000 - 299,999	\$28,722	0.1507
300,000 AND OVER	\$48,386	0.0852

For example: If your city's estimated 2023 population is 6,251 residents, your estimated dues to cover membership from January 1, 2025 through December 31, 2025 would be \$7,732 ($\$1,312 + 6,251 \times 1.0271$).

RELEVANT LINKS:

Contact Milton Ferris at the League at mferris@lmc.org or (651) 215-4023 or (800) 925-1122.

See [IRS Publication 510](#) Appendix for Model Certificates:
M - Ultimate Purchaser;
P - Diesel Fuel Tax Exemption; and
R – Buyer of Taxable Fuel.

Due to the League changing fiscal years, your city would be billed \$2,577 (\$7,732/3) on September 1, 2024 for September 2024 – December 2024 membership and the city would be billed \$7,732 on January 1, 2025 for January 2025 – December 2025 membership.

If you need assistance estimating population or dues, call the League's Assistant Finance Director - Operations.

VIII. Excise taxes on motor fuel

Cities are exempt from federal excise tax on diesel fuel and gasoline under various sections of the Internal Revenue Code. Cities may make tax-exempt purchases or apply for a refund of taxes paid upon filing certain certificates.



Truth-in-Taxation Instructions for Taxes Payable 2025

Key Points

- Public meetings must take place at **6:00 p.m.** or later
- **Certification of Compliance** must be submitted on or before Dec. 30, 2024
- The instructions provided here are primarily found in [Minnesota Statutes, section 275.065](#).

Questions? Please email PropTax.Admin@state.mn.us

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Law Changes

The 2024 Legislature made two changes to [Minnesota Statutes, section 275.065](#):

- Added a requirement for property subject to the areawide tax under [section 276A.06, subd. 7](#), for both the current year taxes and the proposed tax amounts, the net tax capacity portion of the taxes shown for each taxing jurisdiction must be based on the property's total net tax capacity multiplied by the jurisdiction's actual or proposed net tax capacity rate.
- Added a requirement for property subject to the areawide tax under [section 276A.06, subd. 7](#), the statement must include a line showing the "fiscal disparities adjustment" equal to the total gross tax payable minus the sum of the tax amounts shown for the individual taxing jurisdictions. The fiscal disparities adjustment may be a negative number. If the fiscal disparities adjustment for either the current year taxes or the proposed tax amount is a negative number, the percentage change must not be shown.

Compliance

The Department of Revenue does not require counties to submit samples of their proposed taxes notice for approval. County staff are welcome to send a sample to Revenue staff at PropTax.Admin@state.mn.us for review and feedback. The county auditor is responsible for preparing the notice according to state law and the guidelines provided by the department. ([M.S. 275.065, subd. 3](#), para. (a))

Truth-in-Taxation Calendar/Checklist for Payable 2025

Done	Due Date	Task
☐	On or before Sep. 16, 2024	The Metropolitan Council and Metropolitan Mosquito Control Commission certify their proposed property tax levies for payable 2025 to the county auditor. See Adoption and Certification of Proposed Tax Levy for more information.
☐	On or before Sep. 30, 2024	Each county, city, town, special taxing district (excluding the Metropolitan Council and Metropolitan Mosquito Control Commission), and school district certifies its proposed property tax levy for payable 2025 to the county auditor. See Adoption and Certification of Proposed Tax Levy for more information.
☐	On or before Sep. 30, 2024	Cities with a population over 500, counties, school districts, the Metropolitan Council, Metropolitan Airports Commission, Metropolitan Mosquito Control District, and regional library authorities established under M.S. 134.201 submits its date for the public meeting to the county auditor. If not received by this date, the county auditor will assign the meeting date.

☐	On or before Oct. 7, 2024	The home county auditor of each school district, city, or special taxing district located in two or more counties certifies the proposed local tax rate to the other county auditor(s).
☐	On or before Oct. 7, 2024	Each school district that received an extension certifies its proposed property tax levy for payable 2025 to the county auditor.
☐	On or before Oct. 10, 2024	A taxing authority certifies the amended portion of its proposed property tax levy to reflect the result of a negotiated agreement for sharing, merging, or consolidating services.
☐	On or before Oct. 10, 2024	The home county auditor certifies the proposed local tax rate to the other county auditor(s) for a taxing district granted an extension located in two or more counties.
☐	Nov. 11 - Nov. 24, 2024	The county delivers a parcel-specific notice of proposed property taxes to each taxpayer. See Parcel-Specific Notice: General Instructions and Parcel-Specific Notice: Detail Explanation for more information.
☐	Nov. 25 - Dec. 30, 2024	Cities with a population over 500, counties, school districts, the Metropolitan Council, the Metropolitan Airports Commission, the Metropolitan Mosquito Control District, and any applicable regional library authority hold their public meetings. See Action Required at Public Meeting more information.
☐	No later than Dec. 30, 2024	Cities with a population over 500, counties, the Metropolitan Council, the Metropolitan Airports Commission, and the Metropolitan Mosquito Control District adopt their final payable 2025 property tax levies and their payable 2025 budgets. School districts adopt their final payable 2025 property tax levies. See Allowable “Add-on” Levies for more information
☐	On or before Dec. 30, 2024	Counties, school districts, all cities, and all special taxing districts certify their final adopted payable 2025 property tax levies to the county auditor. See Certification of Final Property Tax Levy for more information.
☐	On or before Dec. 30, 2024	Any town that has changed its levy at a special town meeting after Sep. 30, 2024, recertifies its final property tax levy amount.
☐	On or before Dec. 30, 2024	Each county, city with a population over 500, school district, the Metropolitan Council, the Metropolitan Airports Commission, the Metropolitan Mosquito Control

		District, fire protection and emergency medical services special taxing districts established under chapter 144F, and any applicable regional library authority submits Form TNT to the Department of Revenue to certify compliance. (See Certification of Compliance for more information.)
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Adoption and Certification of Proposed Tax Levy

Deadline for Metropolitan Council and Metropolitan Mosquito Control Commission to certify proposed levy – Sep. 16, 2024

Each of these metropolitan special taxing districts must adopt its proposed property tax levy for the taxes payable year 2025 and certify that amount to the home county auditor on or before Sep. 16, 2024. The proposed property tax levy certified should be the special taxing district’s proposed property tax levy for all purposes, including debt service.

Deadline for counties, cities, and special taxing districts to certify proposed levy – Sep. 30, 2024

The county board and governing body of each city or special taxing district (other than the Metropolitan Council and Metropolitan Mosquito Control Commission) must adopt its proposed property tax levy for the taxes payable year 2025 and certify that amount to the home county auditor on or before Sep. 30, 2024. The proposed property tax levy certified should be the taxing jurisdiction’s proposed property tax levy for all purposes, including debt service.

The proposed levies of **regional rail authorities** within the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under Minnesota Statutes, chapter 398A, must be included with the county’s proposed levy.

City with a population of 500 or less

At the time that the city certifies its proposed property tax levy, it may inform the county auditor that its proposed levy is also its final property tax levy, in which case no further certification is necessary. However, the city council of a city with a population of 500 or less may revise its levy from the Sep. 30 proposed amount and adopt a final property tax levy at either a regular city council meeting or at a special public meeting held after Sep. 30, 2024. If a city with a population of 500 or less revises its property tax levy from the Sep. 30, 2024, proposed amount, the revised or final levy may also be less than the proposed levy but must not exceed the proposed property tax levy except for certain allowable “add-on” levies. See [Allowable “Add-on” Levies](#) for more information.

Deadline for school districts to certify proposed levy – Sep. 30, 2024

Each school district must adopt its proposed property tax for the taxes payable year 2025 and certify that amount to the home county auditor on or before Sep. 30, 2024. If a school district has agreed with its home county to delay certification, the deadline is Oct. 7, 2024. The proposed property tax levy certified should be the school district’s proposed property tax levy for all purposes, including debt service. The school district must certify its proposed levy in two amounts: (1) the voter-approved referendum and debt levies; and (2) the sum of the remaining school levies, or the maximum levy limitation certified by the commissioner of education according to Minnesota Statutes 126C.48, subd. 1, minus the amounts levied under (1). “Voter-approved levies” means school district taxes approved at

referendums for both (a) operating purposes, and (b) debt. Voter approved levies include those referendum levies based on market value and net tax capacity.

Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under Minnesota Statutes 123A.44 to 123A.446, and Common School Districts No. 323 (Franconia) and No. 815 (Prinsburg) are special taxing districts for the purposes of [M.S. 275.065](#), and are exempt from the public meeting requirements.

Deadline for towns to certify levy – Sep. 30, 2024

Each town must certify its final property tax levy to the county auditor on or before Sep. 30, 2024. This is also considered the town's proposed levy. If the town board changes the levy at a special town meeting after Sep. 30, 2024, it must recertify its levy to the county auditor by Dec. 30, 2024.

Failure to certify a proposed levy

If a taxing authority fails to certify its proposed levy by the due dates specified in this section, the county auditor shall use the authority's previous year's final certified levy for purposes of determining its proposed taxes notices.

Market value-based referendum taxes

Market value-based referendum taxes must be certified separately from the proposed property taxes of the county, school district, city, town, and special taxing district.

Sharing, merger, or consolidation of services

If two or more taxing authorities are negotiating an agreement for the sharing, merger, or consolidation of services at the time that the proposed levy is to be certified, each of them is to certify its proposed levy to the county auditor and include a notification of the specific service or services involved in the agreement that is not yet finalized. Each of these taxing authorities may amend the portion of its proposed property tax levy relating to the specific service or services involved as late as Oct. 10 of the levy year to reflect the result of the negotiated agreement.

If there is an agreement pending when the county auditor sends the Department of Revenue the preliminary levy survey under [M.S. 275.07, subd. 4](#), that information should be noted with the survey. The county auditor is to certify the amended proposed levies for these taxing authorities to the Department of Revenue as soon as possible after Oct. 10.

Overlapping jurisdictions

In the case of a school district, city, or special taxing district located within two or more counties, the home county auditor must certify the proposed levy and the proposed local tax rate to the other county auditor(s) by Oct. 5, 2024 (Oct. 10 for a school district that had reached an agreement with the county auditor to certify their proposed levy on or before Oct. 7). The home county auditor must estimate the rate if another county has not certified the appropriate information. If requested by the home county auditor, the other county auditor must furnish an estimate of the appropriate information to the home county auditor.

Public Meeting

Public meeting requirements

The following taxing authorities are required to hold a meeting at which the budget and levy will be discussed, and the public allowed to speak.

- Counties
- Cities with a population over 500
- School districts
- Metropolitan special taxing districts
- Fire protection and emergency medical services special taxing districts established under chapter 144F
- Regional library authorities established under [M.S. 134.201](#)

The meeting must be after Nov. 24 and no later than Dec. 30 and held at 6:00 p.m. or later. This meeting may be part of a regularly scheduled meeting. If a regular meeting is not scheduled between Nov. 24 and Dec. 30 at 6:00 p.m. or later, it will be necessary to schedule a special meeting for this purpose.

Towns are not required to hold a public meeting. Special taxing districts (except for those listed above) are not required to hold a public meeting.

Public meeting announcement

A taxing authority shall announce, at the meeting in which the proposed tax levy is adopted, the time and place of its subsequent regularly scheduled meetings at which the budget and levy will be discussed, and the public allowed to speak. For taxing authorities required to hold a public meeting, this should include the meeting required to be held after Nov. 24 and no later than Dec. 30, at 6:00 p.m. or later. For taxing authorities required to publish a summary of proceedings in an official newspaper, the time and place of the public meeting must also be included in the publication ([M.S. 123B.09, subd. 10](#); [375.12](#); or [412.191, subd. 3](#)).

Public meeting information to the home county auditor

A taxing authority required to hold a public meeting must inform its home county auditor of the time and place of the public meeting at the same time the proposed levy is certified, so it may be included in the parcel-specific notice.

Public meeting information on the parcel-specific notice

The parcel-specific notice must state for each taxing authority required to hold a public meeting, the time and place of the regularly scheduled meeting at which the budget and levy will be discussed and the public allowed to speak.

No county coordination of meetings

The county auditor is not required to coordinate a taxing authority's selection of its meeting date to prevent a conflict with a meeting of another taxing authority.

Parcel-Specific Notice: General Instructions

Purpose

The parcel-specific notices inform taxpayers about their proposed 2025 tax amounts by jurisdiction. They also provide the necessary information for each taxing authority required to hold a public meeting to discuss their proposed property budgets and levies for taxes payable year 2025 or, in the case of school districts, the current school year budget.

Delivery dates – Nov. 11 – 24, 2024

The county auditor is responsible for preparing the parcel-specific notices and the county treasurer is responsible for delivering the notice by first class mail to each taxpayer in the county. It must be delivered by first class mail after Nov. 10 and on or before Nov. 24.

Notice sent to each taxpayer

The law provides a parcel-specific notice must be sent to each taxpayer listed on the county's assessment roll for the taxes payable year 2025. This must be done for each parcel within the county owned by the taxpayer. This includes real and personal property, but not manufactured home property taxed as personal property. Manufactured home property taxed as personal property is not included since it is assessed and taxed in the same year. A buyer under a contract for deed is to be considered a "taxpayer" for the purpose of this notice.

Notice sent to taxpayer even if not the party paying taxes

The parcel-specific notice must be sent to the taxpayer of a parcel of real or personal property even if the taxpayer is not the party paying the property taxes. An example would be a homeowner whose property tax is paid by a lending institution through an escrow account. In this example, the parcel-specific notice should be sent to the homeowner. The notice is not to be sent to the lending institution.

Notice not sent for tax-exempt property

A parcel-specific notice does not need to be sent to the owner of tax-exempt property.

Classification change since 2024 property tax statements issued

If the classification of the property has changed between the 2024 and 2025 tax years, the 2024 amounts are still to be shown as long as a split or parcel combination is not involved.

Optional Supplemental information

With consent of the county board, the governing body of a county, city, or school district may include supplemental information with the notice of proposed property taxes about the impact of state aid increases or decreases and on the level of services provided in the affected jurisdiction. The supplemental information may include information for the following year, current year, and as many consecutive preceding years as deemed appropriate by the governing body. The information may only include:

1. The impact of inflation as measured by the implicit price deflator for state and local government purchases;
2. Population growth and decline;

3. State or federal government action; and
4. Other financial factors that affect the level of property taxation and local services.

The information may be presented using tables, written narrative, and graphs. The information may contain instruction toward further sources of information or opportunity for comment. ([M.S. 275.065, subd. 3](#), para. (j))

County or city with population over 15,000

A county or city with population over 15,000 may include the salary information required by law on the parcel-specific notice. ([M.S. 471.701](#))

Parcel-Specific Notice: Formatting

Form prescribed by the Department of Revenue

Law provides that the commissioner of revenue must prescribe the form of the parcel-specific notice. The headings and text of your county's parcel-specific notice must be exactly as shown on the prescribed form. No other comments or information may be included on the form except as permitted below.

The Department of Revenue's [truth-in-taxation webpage](#) provides examples of payable 2025 parcel-specific notices.

Format of notice

The dimensions of the county's parcel-specific notice are **not** restricted to the dimensions of the example notices (8-1/2" X 11"). The overall size should at least 8-1/2" X 11" and can be larger, such as 8-1/2" x 14". The name and address of the taxpayer may be repositioned as needed to fit in a window envelope.

In order to fit onto a notice adapted to the county's printing capabilities, the text of the notice may be separated from the tax data and printed on the back side of the notice, or the text and the tax data may be printed side by side.

The parcel-specific notice may be printed on a pressure-sealer mailer, however, this may not be compatible with the **Required Supplemental Information** and a sample is not provided for this format.

Electronic notice

Upon written request by the taxpayer, the treasurer may send the notice electronically instead of on paper through the mail.

Parcel-Specific Notice: Detail Explanation

Identification Section

Owner(s). The name and address shown should be for the taxpayer, not a lending institution. A taxpayer must receive a separate notice for each parcel of property within the county that he or she owns or is purchasing under a contract for deed.

Property identification number. The property identification number must be shown on the notice.

Property address. The address where the parcel is located is not required, though it may be shown at the county's discretion.

Legal description. The property description shown on the parcel-specific notice should be the current description that applies to the parcel of real or personal property. This is not required but may be shown at the county's discretion.

Steps 1, 2, & 3 Section

The "Steps" part of the box in the upper right corner represents the three documents the taxpayer receives for each parcel. Step 1 is the valuation notice, Step 2 is the proposed taxes notice, and Step 3 is the property tax statement.

Step 1

This step represents the valuation notice the taxpayer received in early 2024. The heading is "VALUES AND CLASSIFICATION." The following items should be shown in two columns, one for the actual taxes payable in 2024, and the other for the proposed taxes payable in 2025.

Property classification. The class of property should be shown in both the 2024 column and the 2025 column. In the case of split classification properties, at least the primary classification should be shown, but others may be shown at the county's discretion. Space limitations will require abbreviations be used.

Homestead status. Each parcel-specific notice prepared for residential property and agricultural property must state whether the property is designated as homestead or nonhomestead. This information may result in a reclassification of property from nonhomestead to homestead. If a taxpayer's notice lists their property as nonhomestead and the taxpayer can provide satisfactory documentation to the county assessor that the property was used as the owner's homestead on Dec. 31 of the levy year of the notice, the taxpayer has until Dec. 31 to file for homestead classification. If satisfactory documentation is provided, the county assessor must reclassify the property to the appropriate homestead classification for taxes payable in the following year. ([M.S. 273.124, subd. 9](#))

Abbreviations. Abbreviations may be difficult for the general public to understand. Please refrain from using abbreviations if the entire classification can be printed in the space provided. If there is not enough space, try using abbreviations in a way that makes their meaning clear and obvious.

Estimated market value. This is the parcel's estimated market value as determined by the assessor, before applying any exclusions, deferrals, or other reductions.

Homestead exclusion. This is the calculated amount of the homestead market value exclusion.

Other exclusions/deferrals exclusion. ****THIS FIELD IS OPTIONAL**** If a county chooses to display this field on the parcel-specific notice, it should reflect the total of all other exclusions and/or deferrals that a parcel receives.

Taxable market value. Each parcel-specific notice must clearly inform the taxpayers of the years the taxable market values apply to. The taxable market values are used in determining net tax capacity for computing property taxes for the two taxes payable years.

The **payable 2024 and 2025** final taxable market values shown must be the values after calculating any of the following applicable exclusions or deferrals:

1. Homestead market value exclusion
2. Green Acres Law deferment
3. Rural Preserves Law deferment
4. Open Space Law deferment
5. Aggregate Resource Preservation Law deferment
6. Platted vacant law exclusion
7. Exclusions for a homestead of a veteran with a disability
8. Mold damage exclusion

Parcels split or combined since 2024 property tax statements issued. If a parcel has split or combined with another parcel after the 2024 property tax statements were issued, no information is to be shown for 2024. The notice should indicate “N/A,” for “not applicable,” where 2024 amounts would normally be shown.

Step 2

This area should be highlighted and/or in larger or bolder font to indicate this notice reports the data for Step 2. The heading is “PROPOSED TAX.” The proposed tax amount for payable 2025 should be displayed.

Calculating proposed 2025 property taxes for all properties except those properties subject to [M. S. 276A.06, subd. 7](#). The proposed 2025 property tax amounts should be calculated by following the same taxable value, tax rate levy, tax rate, and credit determination procedures used in calculating the final 2024 tax amounts.

For taxes based on net tax capacity:

- Taxable value = total net tax capacity - tax increment retained captured net tax capacity (if applicable) - fiscal disparity final contribution net tax capacity (if applicable) - powerline credit net tax capacity.
- Tax rate levy = certified levy (excluding market value-based referendum taxes) - fiscal disparity distribution tax (if applicable).
- Initial tax rate = tax rate levy divided by the taxing district taxable value.
- Disparity reduction aid rate = disparity reduction aid divided by the unique taxing area taxable value.
- Local tax rate = initial tax rate - disparity reduction aid rate.

For market value-based referendum taxes:

- Referendum tax rate = certified market value-based referendum tax divided by the referendum market value.

Calculating proposed 2025 property taxes for properties subject to Minnesota Statutes, section 276A.06, subdivision 7. Beginning in pay 2025 the proposed 2025 property tax amounts should be calculated by following the below taxable value, tax rate levy, tax rate, and credit determination procedures.

For taxes based on net tax capacity:

- Taxable value = total net tax capacity - tax increment retained captured net tax capacity (if applicable) - powerline credit net tax capacity.
- Tax rate levy = certified levy (excluding market value-based referendum taxes) - fiscal disparity distribution tax (if applicable).
- Initial tax rate = tax rate levy divided by the taxing district taxable value.
- Disparity reduction aid rate = disparity reduction aid divided by the unique taxing area taxable value.
- Local tax rate = initial tax rate - disparity reduction aid rate.

For market value-based referendum taxes:

- Referendum tax rate = certified market value-based referendum tax divided by the referendum market value.

School building bond agricultural credit. This credit must be shown on the parcel-specific notice. The school building bond agricultural credit for qualifying property must be deducted in determining the net tax capacity property taxes for all local taxing jurisdictions for taxes payable in 2024 and 2025.

Agricultural homestead market value credit. This credit must be shown on the parcel-specific notice. The agricultural market value credit for qualifying property must be deducted in determining the net tax capacity property taxes for all local taxing jurisdictions for taxes payable in 2024 and 2025.

Step 3

The HEADING for this step is “PROPERTY TAX STATEMENT.” Underneath the header should read, “Coming in 2025.”

“Proposed Property Taxes and Meetings by Jurisdiction for Your Property” Section

Four columns

The lower part of the notice must have four columns to provide the following information by jurisdiction:

1. Contact Information,
2. Meeting Information,
3. Actual taxes paid in 2024, and
4. Proposed taxes for 2025.

Column 1: Contact Information

Telephone number, website address, and mailing address. The parcel-specific notices must show, for each taxing authority required to hold a public meeting, the telephone number, website address, and mailing address for taxpayer use. A personal phone number or address does NOT need to be provided on the notice of proposed taxes. If a local taxing jurisdiction does not maintain a public phone number, the county auditor will leave the telephone number blank. If a local taxing jurisdiction does not maintain a website, the county auditor will leave the website address blank.

Column 2: Meeting Information

Date, time, and place of public meetings. The parcel-specific notices must show, for each taxing authority required to hold a public meeting, the date, time, and place for the meeting.

Towns and special taxing districts (except for the three metropolitan special taxing districts and fire and emergency medical services districts) are not required to hold truth-in-taxation meetings. For towns, under “Meeting Information” it should read “Budget set at your annual town meeting in March 2024.” Special taxing districts, other than the metropolitan special taxing districts (if applicable), are not listed under “Meeting Information.”

Cities with a population of 500 or less are not required to hold truth-in-taxation meetings. The information shown under “Meeting Information” for a city with a population of 500 or less should read, “No meeting required.”

Columns 3 and 4: Actual 2024 property taxes and Proposed 2025 property taxes

Actual 2024. This column should show the net taxes payable for the county, the city or town, the state, the school district, any required special taxing districts, tax increment, fiscal disparity, fiscal disparities adjustment (if applicable), and the total net taxes that were levied against the parcel for taxes payable in 2024. These amounts should not include special assessments. These amounts should reflect final tax data after abatements and additions. The non-school taxes should be the same as the amounts shown on the 2024 property tax statement that was mailed to the owner of the parcel of property earlier in 2024. However, the net tax of the county, the city or town, and any required special taxing districts should include its share, if any, of the amount of “Non-school voter approved referenda levies” shown on the 2024 property tax statement.

(Where applicable, the state general tax is used to determine credits, but any credits based on the state general tax are allocated to the local net tax capacity-based taxes.)

Proposed 2025. This column should show the net taxes payable for the county, the city or town, the state, the school district, any required special taxing districts, tax increment, fiscal disparity, fiscal disparities adjustment (if applicable), and the total net taxes that would apply to the parcel for taxes payable in 2025, if adopted as their final property tax levies. These amounts include market value-based referendum taxes (based on referendums held prior to Sep. 16) certified by the county board, the city or town, the school district, or any required special taxing districts. These amounts should not include special assessments.

Jurisdictional Content

State general property tax. The proposed state general property tax for 2025 should be determined by the county auditor for each parcel of property subject to this tax. The county auditor applies the preliminary tax rate certified by the Department of Revenue on or before Sep. 30, 2024, to the net tax capacity of the property for state tax purposes.

Contamination tax. For a parcel subject to contamination taxes in 2025, a note must be computer printed in the text area of the notice. The note should state the payable 2025 property taxes shown on the notice do not include the contamination tax resulting from a market value reduction for contamination of the property.

Lake improvement district. If the county levy includes an amount for a lake improvement district as defined under Minnesota Statutes, sections 103B.501 to 103B.581, the amount must be separately stated from the rest of the levy.

Public safety communication system. If the county incurs debt for public safety communication system infrastructure and equipment for use on the statewide, shared public safety radio system, the county may report the levy to pay the principal and interest on the capital improvement bonds or capital notes as a separate line item on the property tax statement. It may also be listed separately on the parcel-specific notice. ([M.S. 373.47](#))

Regional rail authorities. For the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, the tax data for the county must include any levies made by the regional rail authority within the county.

Anoka County. Anoka County may show its levy for funding public safety capital improvements or equipment projects approved by the Anoka County Joint Law Enforcement Council or for paying principal and interest on bonds or notes issued to finance the cost of certain communication system infrastructure and equipment as a separate line item on the parcel-specific notice. This county levy should appear on the notice between the county tax and the city or town tax. ([M.S. 383E.21](#))

Hennepin County (City of Minneapolis). For Hennepin County, the parcel-specific notices prepared for parcels located within the City of Minneapolis must list separately, under the City of Minneapolis, the tax information for Minneapolis Park and Recreation and the remainder of the city tax.

Ramsey County (City of St. Paul). For Ramsey County, the parcel-specific notices prepared for parcels located within the City of St. Paul must list separately, under the City of St. Paul, the tax information for the St. Paul Library Agency and the remainder of city tax.

Ramsey County. The parcel-specific notice prepared for parcels located within Ramsey County may list separately the amount levied by Ramsey County for library purposes.

Fiscal Disparities adjustment. For commercial-industrial properties subject to the areawide tax under [M.S. 276A.06, subd. 7](#), there must be a “fiscal disparities adjustment” line shown. The adjustment must be equal to the total gross tax payable minus the sum of the tax amounts shown for the individual taxing jurisdictions.

TIF and fiscal disparities. Tax increment net taxes and fiscal disparity net taxes, if they exist, should be shown separately from “special taxing districts.” Tax increment net taxes and fiscal disparity net taxes are not special taxing district net taxes.

County tax rate differential abatement. For an eligible county that has a pending county economic development tax abatement (county tax rate differential abatement) to one or more eligible parcels of commercial and/or industrial property within the county for the taxes payable year 2025, the proposed tax rates for all affected taxing jurisdictions must be calculated without regard to the potential county tax abatement. The potential value affected by the pending abatement agreement must be included in the tax base of the affected taxing jurisdictions. The proposed property taxes shown for the parcel(s) of commercial and/or industrial property affected by the pending abatement agreement must also be the proposed tax amounts before any potential abatement. ([M.S. 375.194](#))

Economic development tax abatements. The proposed property taxes of a county, city, town, or school district must include the estimated amount of all current year economic development tax abatements granted under Minnesota Statutes, sections 469.1812 to 469.1815. The tax amounts shown on the parcel-specific notice should be before the reduction for any economic development tax abatements that will be granted on the property.

School district tax breakdown. School district net taxes must be broken down to two lines: one line for “Voter-approved levies” and one line for “Other local levies.” “Voter-approved levies” means school district taxes approved at referendums for both operating purposes and debt. This includes those referendum levies based on market value and net tax capacity. The commissioner of education certifies levy limits to school districts by Sep. 8 each year ([M.S. 126C.48](#)).

The school district tax amounts are to include tax amounts for any cooperative secondary facilities districts that may apply in addition to regular school district taxes. Taxes for cooperative districts are not to be included with special taxing districts.

Special School District No. 1, Minneapolis. If Special School District No. 1, Minneapolis, or the city of Minneapolis, make additional employer contributions to the Teachers Retirement Association in whole or in part by a levy, the levy may be classified as a special taxing district on the parcel-specific notice. ([M.S. 354.435](#))

School district operating referendum. If the school district has certified that it will hold a referendum on a proposed property tax increase (for operating purposes, **not** bonds) at the November general election, a note must be computer printed directly under the school tax amounts. The note must state a referendum is pending and that, if approved by the voters, the school tax amount for 2025 may be higher than the amount shown on the notice. Both examples of the parcel-specific notice show the language to use for this computer printed notification and its location (directly underneath the school district tax amounts). This notification must **not** be preprinted on the parcel-specific notices. ([M.S. 126C.17, subd. 9](#))

Metropolitan special taxing districts. The parcel-specific notices prepared by the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington must show, under special taxing districts, a separate line of combined tax data, labeled “Metro Special Taxing Districts” or “Metro Spec. Tax. Dists.” for the following metropolitan special taxing districts: the Metropolitan Council, the Metropolitan Airports Commission, and the Metropolitan Mosquito Control District.

Also for the metro counties, the combined net taxes for all other special taxing districts (excluding the taxes for the metropolitan special taxing districts listed above and excluding regional rail authorities) must be shown on a separate line for “Other Special Taxing Districts” or “Other Spec. Tax. Dists.”

Fiscal Disparities adjustment percentage change. For properties subject to [M.S. 276A.05, subd. 7](#), the percentage change must be shown for the proposed fiscal disparities adjustment compared to the actual fiscal disparities adjustment for the current year. If the fiscal disparities adjustment for either the current year taxes or the proposed tax amount is a negative number, the percentage change must not be shown.

Total Property Tax percentage change The percentage change must be shown for the total proposed property tax compared to the total actual property tax for the current year. Do not show percentage changes for each taxing authority. The percentage of increase or decrease in the proposed total property tax for all taxing authorities combined should be carried out no further than one decimal place, as shown on the examples of the payable 2025 parcel-specific notice. Any decreases in the overall percentage of decrease should be preceded by the negative sign (-).

Delivery of Parcel-specific Notice by Owners of Rental Housing

Deadline for delivery/posting – Nov. 27, 2024

Owners of rental property (class 4 residential property used as a residence for lease or rental periods of 30 days or more) are required to deliver a copy of their parcel-specific notice to their tenants or post a copy in a conspicuous place on the premises occupied by the tenants. This must be done by Nov. 27, 2024, or within three calendar days of the receipt of the notice from the county, whichever is later. Owners of rental property are allowed to notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the parcel-specific notice should be mailed.

Action Required at Public Meeting

Discuss budget and proposed property tax

The proposed property tax levy for the taxes payable year 2025 and the proposed budget for the taxes payable year 2025, or current school year budget in the case of school districts, must be discussed at the public meeting.

Public comment and questions

The public must be given a reasonable amount of time to comment on the proposed property tax levy and budget and to ask questions. Robert’s Rules of Order may be used to govern the conduct of the meeting.

Allowable “Add-on” Levies

The following levies, by statutory authorization, may be “added on” to the proposed property tax levy of counties, school districts, cities, metropolitan taxing districts, and regional library authorities established under [M.S. 134.201](#). This may result in a final levy that is greater than the proposed levy.

1. **Voter-approved operating or capital expenditure levies.** Levy increases for operating costs or capital expenditures approved by the voters at a referendum held after the proposed levy was certified.
2. **Bond referendums.** The amount of a levy to pay the principal and interest on bonds approved by voters after the proposed levy was certified. This allowance does not apply to bonds issued after the proposed levy was certified if the bonds were issued without voter approval. ([M.S. 475.58](#))
3. **Natural disaster costs.** The amount of a levy to pay the repair and clean-up costs due to a natural disaster that occurred after the proposed levy was certified, if the taxing authority appeals to the commissioner of revenue for the authorization to make this additional levy and receives the commissioner's approval. The commissioner's approval may be in the amount requested or in a lesser amount determined by the commissioner based upon the information submitted in support of the appeal. The commissioner's decision is final.
4. **Tort judgment costs.** The amount of a levy to pay the costs of a tort judgment that became final after the proposed levy was certified, if the taxing authority appeals to the commissioner of revenue for the authorization to make this additional levy and receives the commissioner's approval. The amount requested cannot exceed the lesser of \$50,000 or 10 percent of the taxing authority's proposed property tax levy. The commissioner's approval may be in the amount requested or in a lesser amount determined by the commissioner based upon the information submitted in support of the appeal. The commissioner's decision is final.
5. **Non-school levy limitation increase.** The amount of an increase in the levy limitation (for whatever purpose) for a county, city over 2,500 population, or for a metropolitan special taxing district, certified by the commissioner of revenue after the proposed levy was certified.
6. **School district levy limitation increase.** The amount of an increase in a school district levy limitation (for whatever purpose) certified by the commissioner of education after the proposed levy was certified.
7. **School districts; default avoidance.** The amount necessary to pay for a potential default in payments on school district tax anticipation certificates of indebtedness, aid anticipation certificates of indebtedness, or general obligation bonds. ([M.S. 126C.55](#))
8. **Emergency debt certificates.** The amount necessary to pay emergency debt certificates authorized and issued after the proposed levy was certified. ([M.S. 475.55](#))
9. **Unallotment.** The amount necessary to cover the increase of the levy due to unallotments occurring after the proposed levy was certified. See also the information on the next page about authority to recertify levies. ([M.S. 275.07, subd. 6](#))

Certification of Final Property Tax Levy

Deadline for certifying final levy – Dec. 30, 2024

The county board, each school district within the county, each city with a population over 500, each metropolitan special taxing district, and each regional library authority established under [M.S. 134.201](#) must certify its final payable 2025 property tax levy to the county auditor no later than Dec. 30, 2024. Cities with a population of 500 or less, towns, and other special taxing districts must also certify their

final payable 2025 property tax levies by this time if the proposed levy certified in September 2024 is not their final levy. No exceptions or extensions will be granted, except as provided below.

Market value taxes certified separately

Market value-based referendum taxes must be certified separately from the final property tax levy of the county, school district, city, town, or special taxing district.

Final property tax levy restriction

The final property tax levy certified by a town or special taxing district (except a metropolitan special taxing district) may be the same as, less than, or greater than its proposed property tax levy. For a county, school district, city, metropolitan special taxing district, and regional library authority established under section 134.201, however, the final property tax levy cannot exceed the proposed property tax levy except as the result of one or more of the allowable “add-on” levies listed above.

Authority to recertify levies

Taxing authorities are allowed to adjust their final levies when late unallotments impact their December aid or credit payment. If a late unallotment occurs, an affected taxing authority is allowed to recertify its final levy by Jan. 15 of the payable year and report the recertified amount to the county auditor within two business days after Jan. 15 of the payable year. The taxing authority is permitted to increase the final levy to exceed the proposed levy in this case. ([M.S. 275.07, subd. 6.](#))

Required Supplemental Information

[Minnesota Statutes 275.065, subdivision 3b](#)

The county auditor must include, on or with the proposed taxes notice, the following supplemental information for the county, all cities, and all school districts within the county, listed separately for each:

- Certified levy for the current taxes payable year
- Proposed levy for taxes payable in the following year
- Increase or decrease between these two amounts, expressed as a percentage

This may be printed on the back of the notice or enclosed as a separate sheet with the notice. The samples show how it could be provided on the back of the notice.

This supplemental information must be sent in electronic form or by email if the taxpayer requests an electronic version of the proposed taxes notice.

Certification of Compliance

Deadline to certify compliance to the Department of Revenue – Dec. 30, 2024. All counties, cities with a population over 500, school districts, the three metro special taxing districts (the Metropolitan Council, the Metropolitan Airports Commission, and the Metropolitan Mosquito Control District), fire protection and emergency medical services special taxing districts established under chapter 144F, and regional library authorities established under section 134.201 must complete Form TNT to certify compliance with truth-in-taxation law to the commissioner of revenue.

The form will be available by mid-November, at <https://www.revenue.state.mn.us/truth-taxation>. It must be completed by Dec. 30, 2024, the same time the final levy must be certified to the county auditor.

Penalty for Violation of Truth-in-Taxation

Examples of serious TNT violations

A penalty is to be imposed if a county, school district, city over 500 population, metropolitan special taxing district, fire protection and emergency medical services special taxing district established under chapter 144F, or regional library authority established under section 134.201 seriously violates truth-in-taxation. Examples of serious violations are:

- Failure to hold a public meeting
- Failure to hold public meeting at 6:00 p.m. or later ([M.S. 275.065, subd. 3](#), paragraph (c))
- Failure to allow the public to speak at the public meeting
- Failure to complete and submit a compliance form (Form TNT) to the Department of Revenue

Explanation of penalty

The penalty for a serious violation of truth in taxation for payable 2025 is a reduction of the taxing authority's property tax levy for the taxes payable year 2025 to the sum of:

1. The amount of its certified levy for the taxes payable year 2024; and
2. The additional amounts necessary to pay the principal and interest on general obligation bonds of the taxing authority if the bonds were issued before 1989.

For the purpose of this penalty, the taxing authority's certified levy for the taxes payable year 2025 would be its final payable 2024 certified levy amount.

County auditor's responsibility

If the penalty is imposed, the county auditor must use the sum of the taxing authority's payable 2024 final certified property tax levy and the additional debt service amounts mentioned above when determining the taxing authority's payable 2025 tax rates under [M.S. 275.08](#). If the taxing authority's final certified levy for the taxes payable year 2025 is equal to or less than the sum of its certified levy for the taxes payable year 2024 and its additional debt service amounts mentioned above, no penalty is imposed.

Possible remedial action to avoid penalty

If a county, school district, city with a population over 500, metropolitan special taxing district, fire protection or emergency medical services special taxing district established under M.S. 144F.01, or regional library authority established under M.S. 134.201 inadvertently commits a significant error during the truth-in-taxation process, it may be possible to take some remedial action to avoid the penalty. The Department of Revenue must be contacted immediately if this situation arises. Please email PropTax.Admin@state.mn.us.



City of Blaine Staff Report

File Number: 2025-49

Agenda Date

February 10, 2025

Status

In Control

City Council

File Type

Workshop Item

New Business - Erik Thorvig, Community Development Director

Agenda Item # 3.2

Visioning, Future Development and Procedures Discussion

Background

Staff will present information on the following topics:

1. Four Priority Areas Established in 2021 (30 Minutes)
 - a. 125th and Lexington Avenue
 - b. Northtown
 - c. 105th Redevelopment Area
 - d. West side of Highway 65, North of 99th Avenue
2. Development Application Procedures (30 Minutes)
 - a. 350' public notification area
 - b. Public comment policy
 - c. Neighborhood Open House Policy
3. Potential Housing and Industrial Developments in 2025 (30 Minutes)
4. Economic Development Efforts and Targets (30 Minutes)

Staff Recommendation

Discuss the various topics and provide feedback/direction.

Questions for Council

Attachment List

1. Presentation



2025 Winter Retreat

Agenda

- Review Four Priority Areas (40 minutes)
- Discuss Procedural Situations (40 minutes)
- Potential Single Family and Large Sites for Development in 2025 (15 minutes)
- Economic Development Efforts (25 minutes)



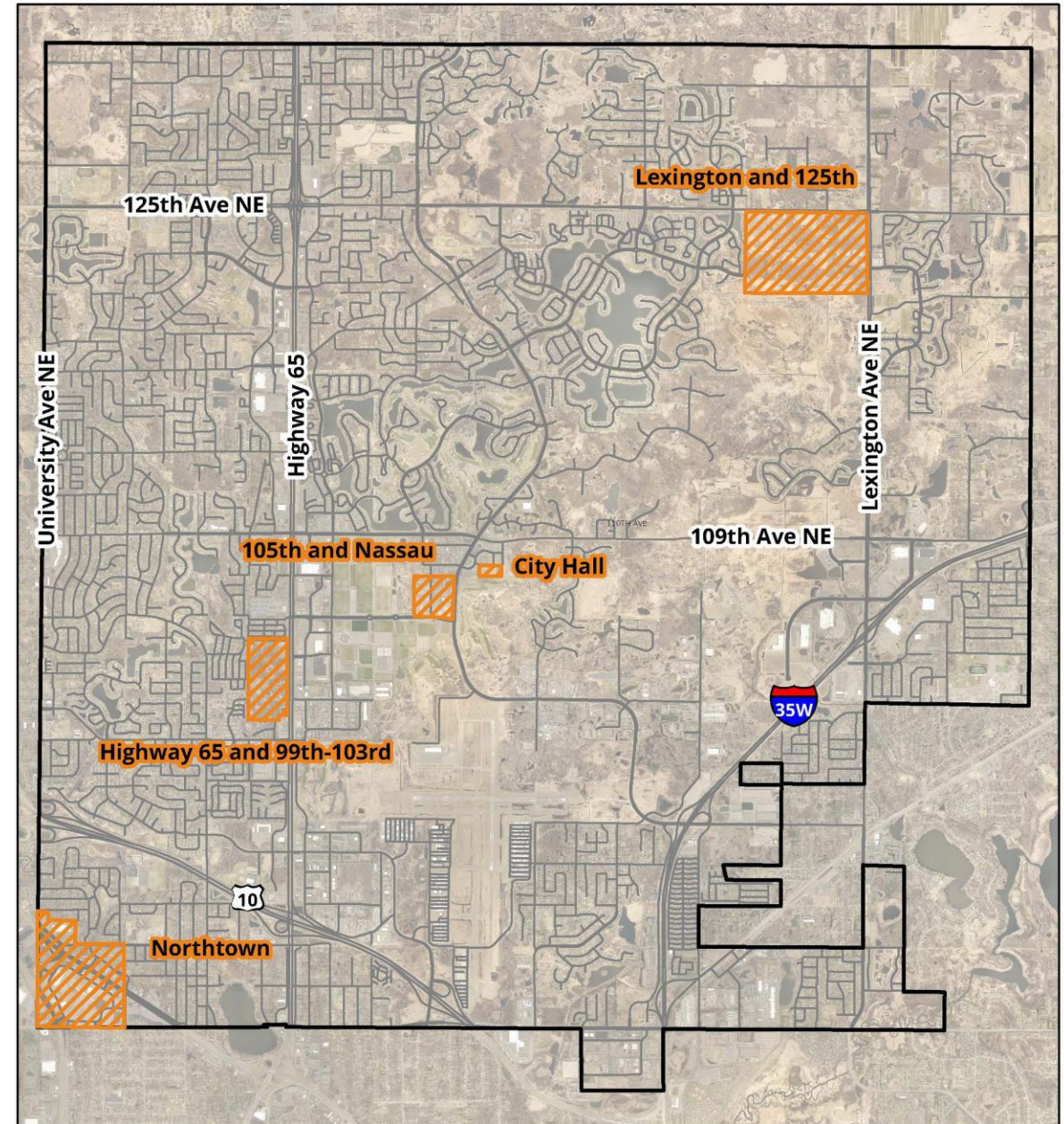
2021 Visioning Themes

- Sports - Capitalize on the sport/athletic activity in Blaine and continue to be a sports destination. Attract businesses/uses that can benefit from the sports activity in Blaine.
- Unique Spaces and Identity - Create unique destinations and developments in the community for people to gather, eat, and be entertained. This could include a city core and utilizing other unique spaces and assets in Blaine such as the Blaine Wetland Sanctuary, Aquatore Park, etc. Create our own identity instead of trying to be like others.
- Housing and Redevelopment - Provide a variety of housing for all ages and income levels. Invest and focus on redevelopment in the older parts of Blaine to keep those areas part of a cohesive community.
- Infrastructure – Complete Highway 65 upgrades and have a connected community with trails, sidewalks, etc.



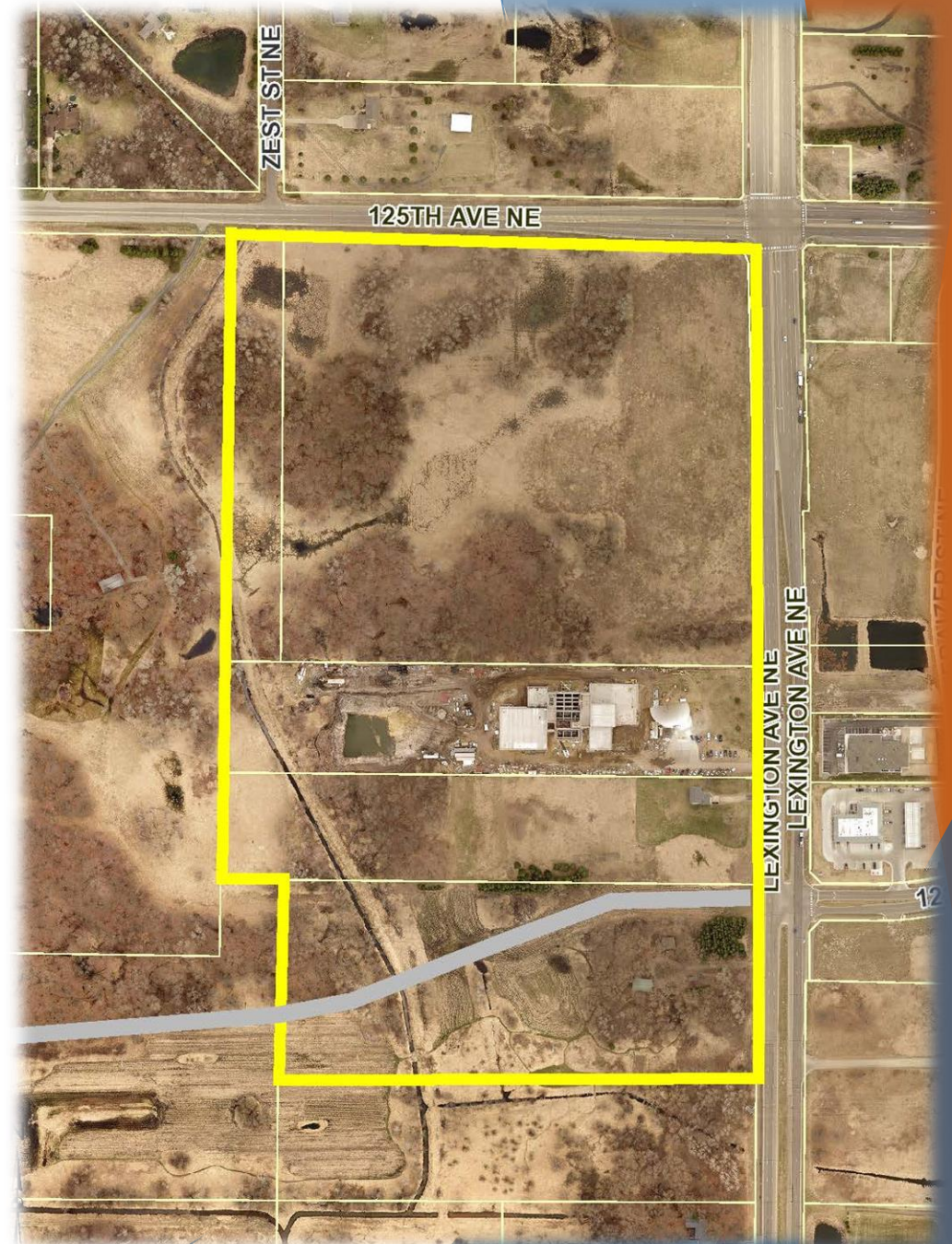
Four Priority Areas

- ▶ Southwest Corner of 125th Ave. and Lexington Ave.
- ▶ Northtown Area
- ▶ 105th Ave. and Nassau St./City Hall Site
- ▶ West Side of Highway 65 Between 99th and 103rd Aves.



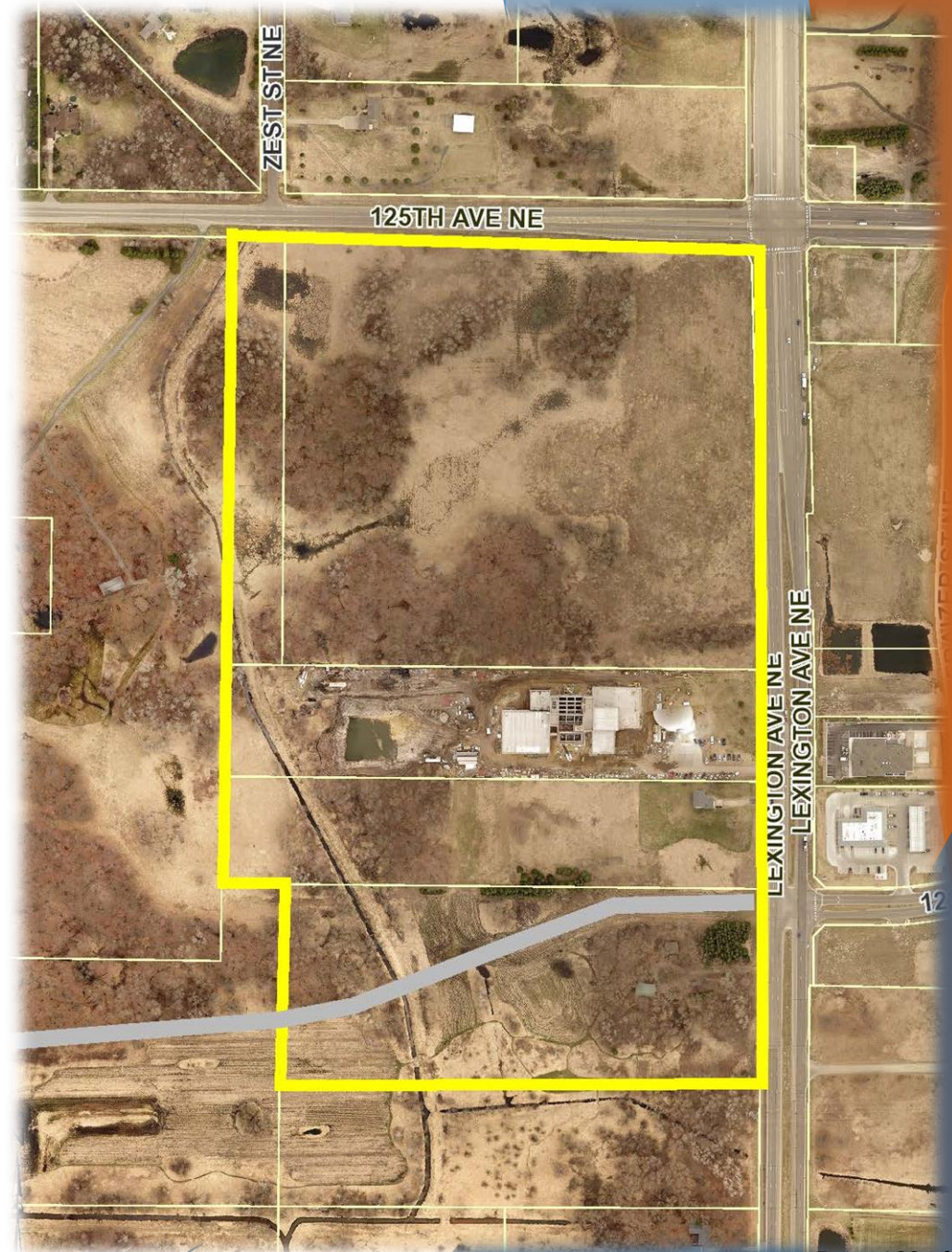
Southwest Corner of 125th and Lexington Ave. (2021 Discussion)

- ▶ Reactive vs. Proactive Approach
- ▶ Planning discussion with stakeholders about how the area should develop.
- ▶ May involve specific zoning regulations for this area and can be completed by staff.
- ▶ Focusing on development of the Northeast Area of Blaine is identified as a priority in the Strategic Plan.



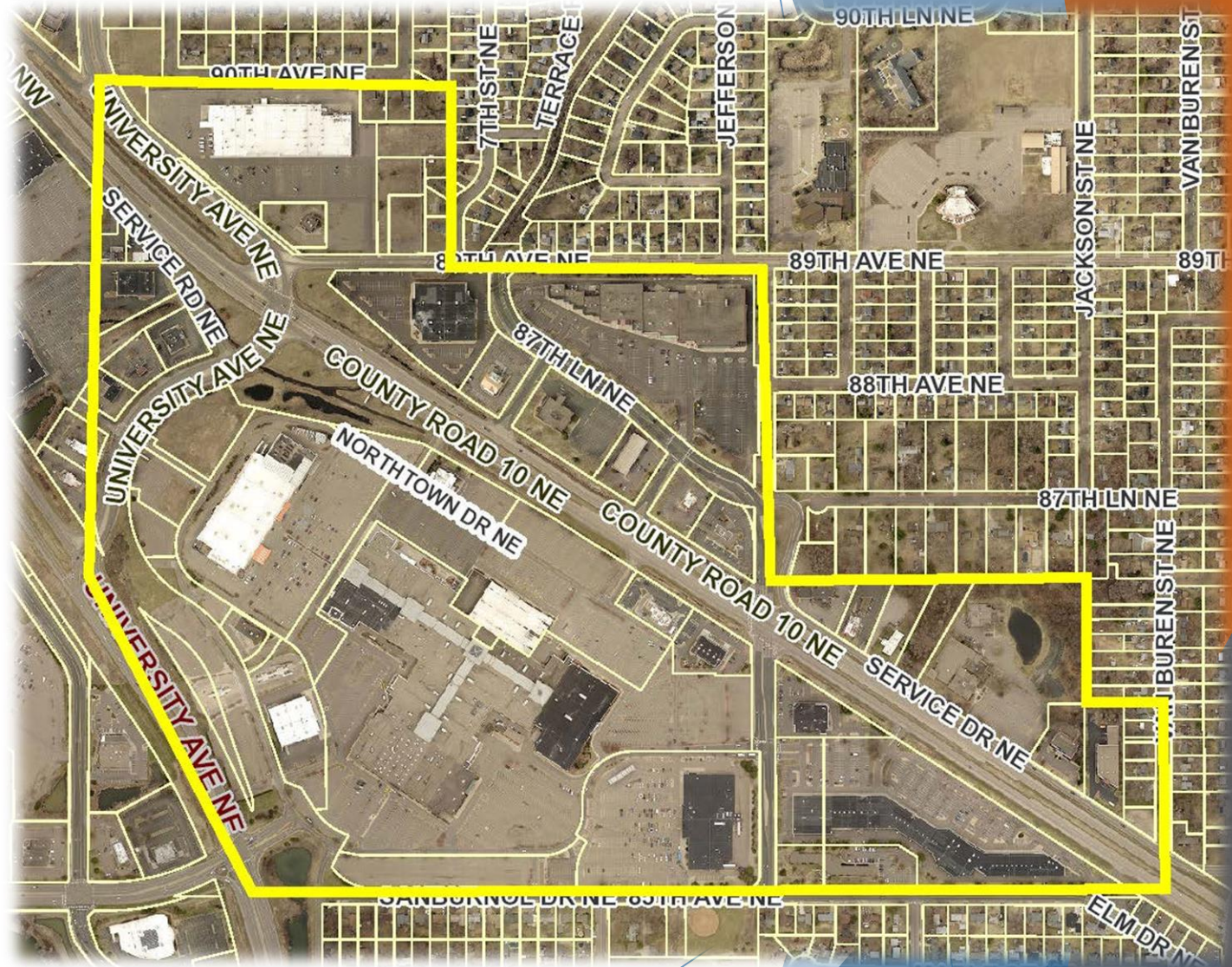
Southwest Corner of 125th and Lexington Ave. (What occurred)

- ▶ Property was pro-actively rezoned in 2021 to identify preferred uses by the City Council.
- ▶ Developer has been working on a proposal for several years for the southwest corner.
- ▶ Properties to the south of the water treatment plant could be developed once infrastructure improvements are installed.



Northtown Area (2021)

- ▶ Critical commercial node in Blaine.
- ▶ Area includes several major retail centers with redevelopment activity.
- ▶ Northtown Mall ownership group is vested in the long-term viability of the property.



Northtown Area (2021)

- ▶ Other cities have completed planning studies around their regional mall.
- ▶ Create a plan for the area that addresses land use, redevelopment, housing, multi-modal transportation, public spaces, etc.
- ▶ Would require hiring a consultant.
- ▶ Development of a plan for the Northtown area is identified as a priority in the Strategic Plan.

R/C



Rosedale Center
is setting a new
standard in
retail innovation.

Greater Southdale
District Plan



Draft Plan for
Discussion:
September 5, 2017

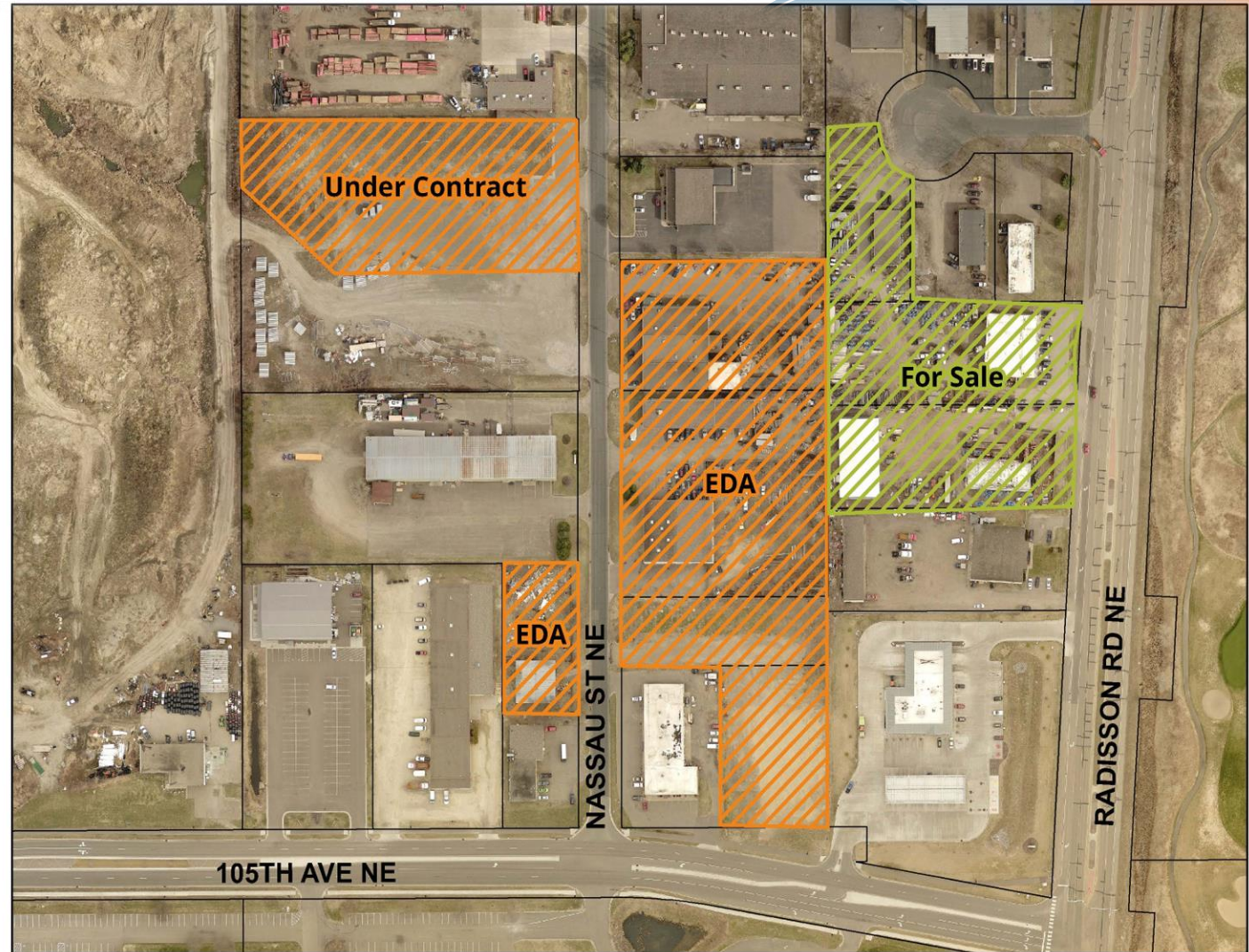
Northtown Area (What Occurred)

- ▶ Northtown Plan was completed in 2022
- ▶ Rezoning and comprehensive plan changes occurred in 2023 (scaled back from original Northtown Plan)
- ▶ AUAR completed in 2024
- ▶ Change in mall ownership and reinvestment (Asia Village, former LA Fitness Space, parking lots for sale)
- ▶ Coming in 2025
 - ▶ Council to discuss infrastructure opportunities.
 - ▶ Potential sale of EDA owned property.



105th and Nassau St./City Hall Area (2021)

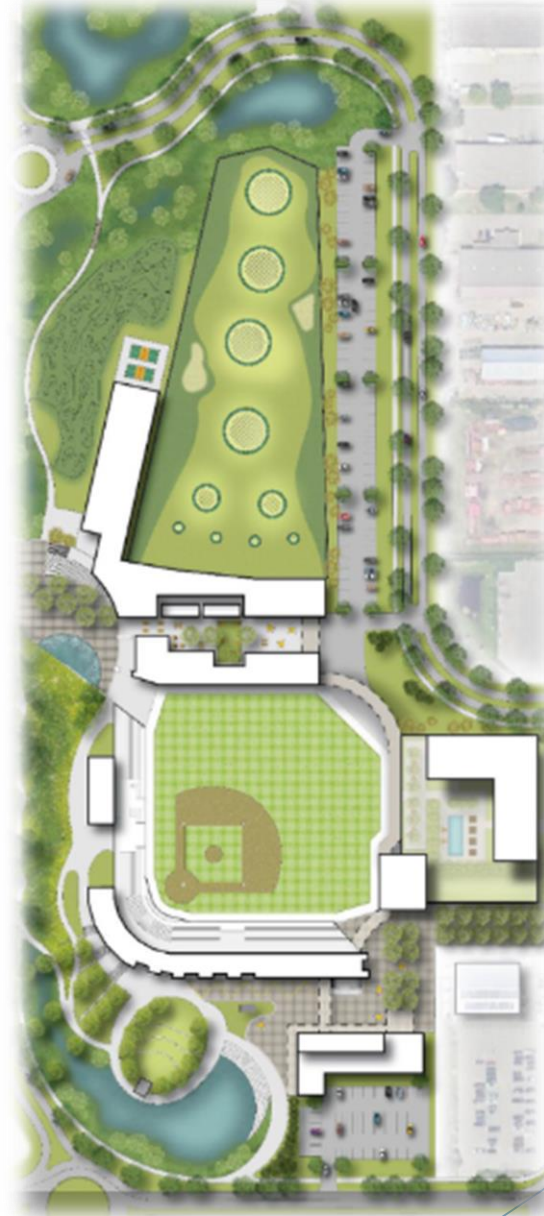
- ▶ EDA has been active in acquiring property since 2016.
- ▶ Properties that have been acquired are blighted and/or antiquated for modern industrial use.
- ▶ Complete a planning study for the area that identifies preferred uses, design elements, etc.
- ▶ This area has been identified as a priority in the 2040 Comprehensive Plan and Strategic Plan.



105th Avenue and Nassau Street Redevelopment Area

105th and Nassau St./City Hall Area (What occurred)

- ▶ Council completed vision plan in 2022
- ▶ Master developer selected in December 2022
- ▶ Approvals for the master plan and financing completed in 2024
- ▶ Groundbreaking in 2024
- ▶ Building construction in 2025



105th and Nassau St./City Hall Area (2025)

- ▶ City owns 5.66 acres on Town Square Drive (\$3MM asset)
- ▶ Included as area as part of the original 105th Ave. planning study.
- ▶ Identify preferred land uses, etc.
- ▶ Engage the owner of the vacant townhome land.



72 Acres on West Side of Highway 65 (2021)

- ▶ Mostly vacant with eight different property owners, including the EDA.
- ▶ Various owners have expressed a desire to develop.
- ▶ Frontage road planned as part of the Highway 65 improvements will make the property more attractive for development.
- ▶ Property is guided for commercial however there has been some residential interest.



72 Acres on West Side of Highway 65 (2021)

- ▶ Reactive vs. Proactive Approach
- ▶ Planning discussion with stakeholders about how the area should develop.
- ▶ May involve specific zoning regulations for this area and can be completed by staff.
- ▶ Identified as a redevelopment area in the 2040 Comprehensive Plan.



72 Acres on West Side of Highway 65 (What occurred)

- ▶ Property was pro-actively rezoned in 2022 to identify preferred uses by the City Council.
- ▶ Frontage road to serve properties has been identified in the Highway 65 improvements.
- ▶ Staff has responded to various developer inquiries for the properties.



Discussion

- ▶ **What other areas/priorities should we focus on in 2025?**



Public Comment Policy

What is considered public comment that will be included in a city council/planning commission packet?

- Planning Department has a dedicated email box for public comments to be included in the public record.
- This email is provided in all public hearing notices for residents to send comments to.
- planning@blainemn.gov



Public Comment Policy

- Comments are accepted until 12pm, the day of the meeting. Any comments received between initial publishing of the agenda and 12pm, the day of the meeting, will be republished the day of the meeting.
- If comments are received after 12pm, paper copies will be provided to the City Council.



Public Comment Policy

- Residents will often email the city council (either individually or as a body) or staff directly with comments.
- These comments are not included in the public record unless the sender explicitly states they want them included.
- Council or staff can respond and ask the sender if they want them included in the public record.
- If the sender authorizes, those comments can be sent from the councilmember or resident to planning@blainemn.gov.



Public Hearing Notification Area Requirements

- Minnesota Statute 462.357 states that public hearing notices shall “be mailed at least ten days before the day of the hearing to each owner within 350 feet of the property”.
 - Measured from the subject property boundary. Properties partially within the 350’ notification area are included.
- Staff adheres to this requirement for the sake of consistency. Occasionally properties that are slightly outside of the area are included.
 - For example, if nine homes within a townhome complex are within the notification area however the tenth home isn’t, all ten properties would be notified.
- Staff cannot be put in an arbitrary position for selecting a notification boundary.
 - For example, we can’t do 350’ for one project, 750’ for another and 1000’ for another.
 - Residents and/or applicants may ask “Why did you notify differently for this project versus another?” – Creates a fairness and equity concern
 - It’s impossible for staff to guess who may care and/or be “impacted” by a project.



Public Hearing Notification Area Requirements

- Signs are placed on properties where an application has been submitted to help notify people that may be outside of the notification boundary.
- Public hearing notices are also available on the city's webpage and social media. People may also sign up to receive notifications citywide of applications.
- Public hearing notices are published in the Life newspaper.

**Proposed
Development**

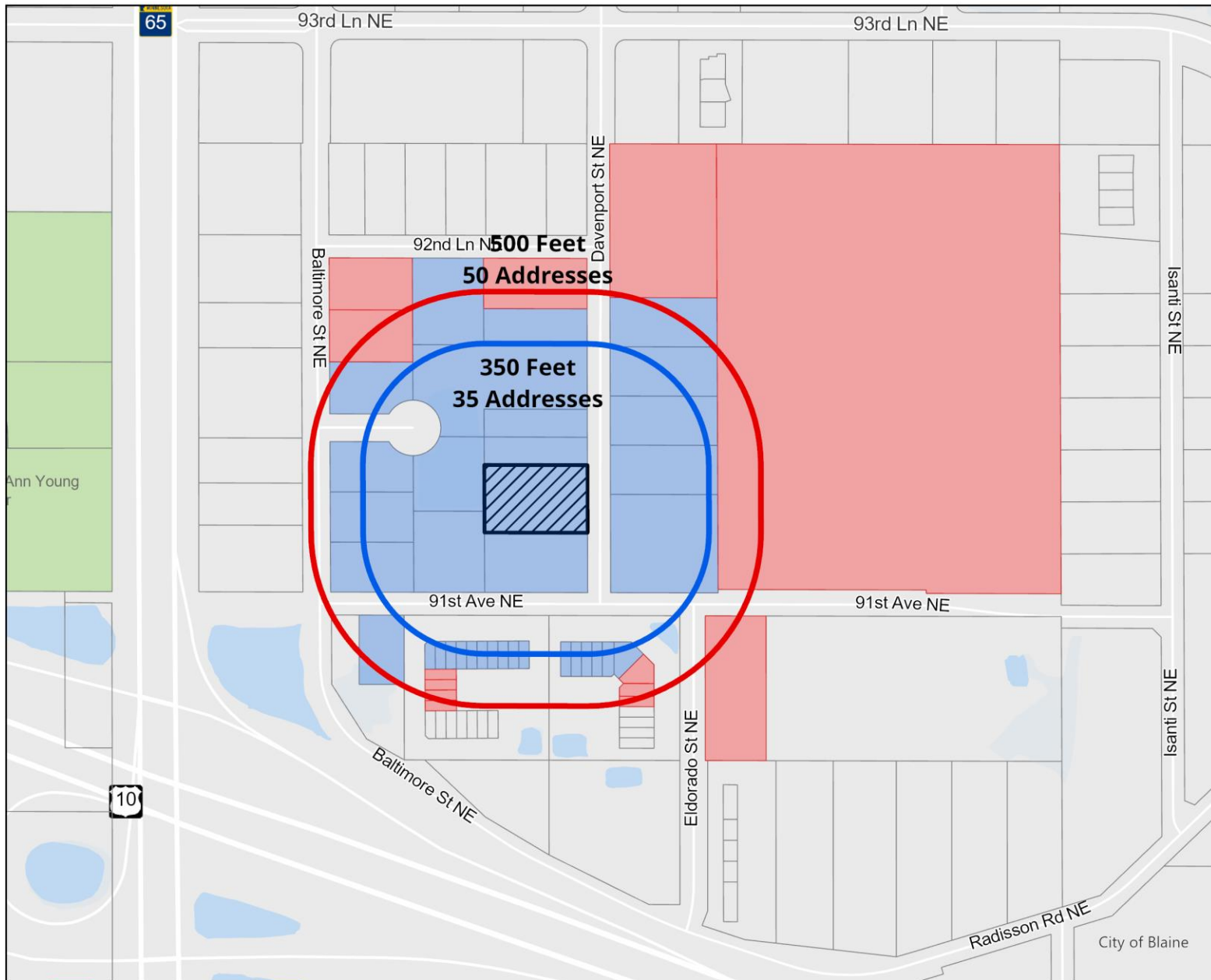


Learn More
763-785-6180
BlaineMN.gov/
PublicNotices

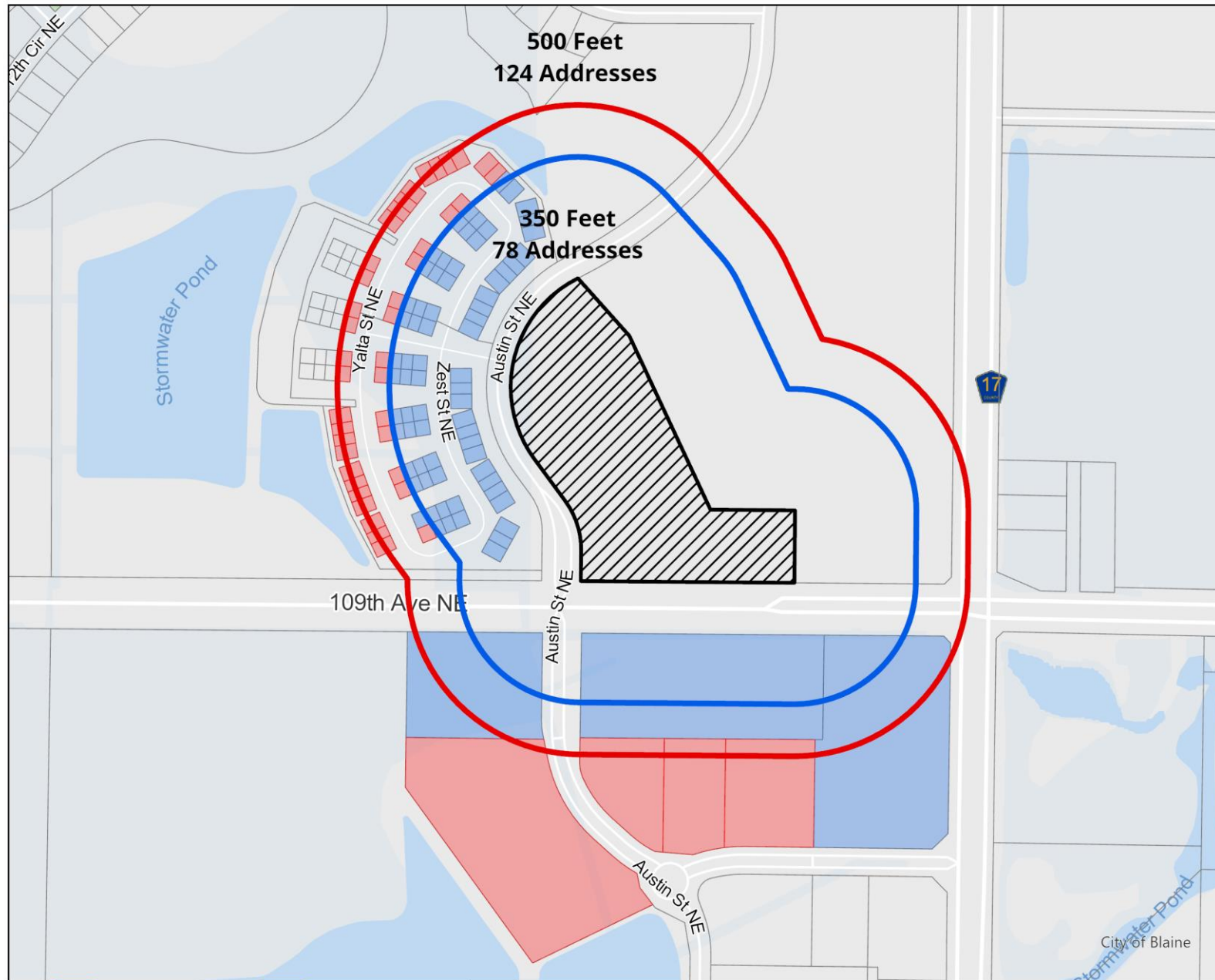
**Notice of
Public Hearing**



Learn More
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PublicNotices

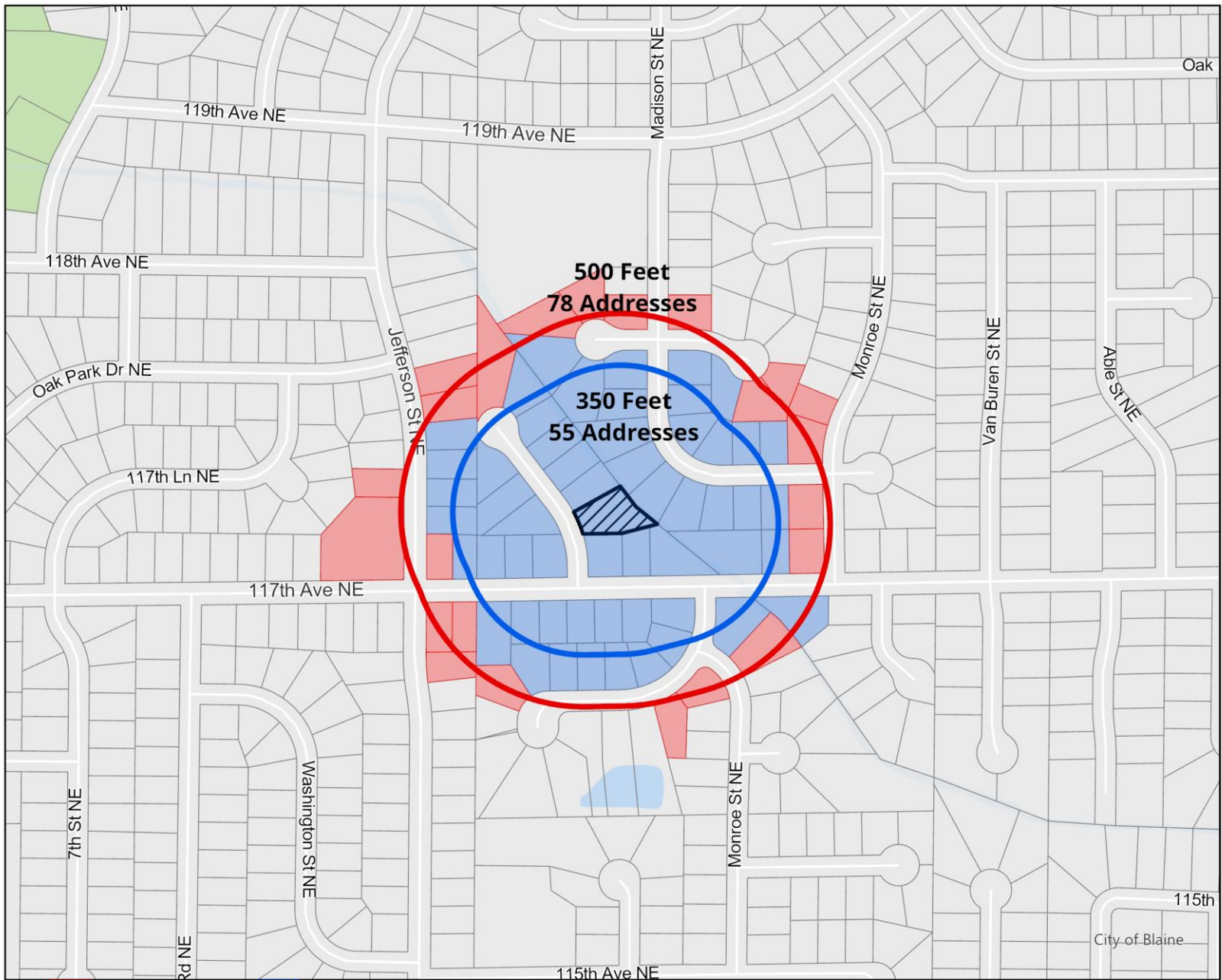


* Larger notification areas increase costs, however those can be passed onto the applicant



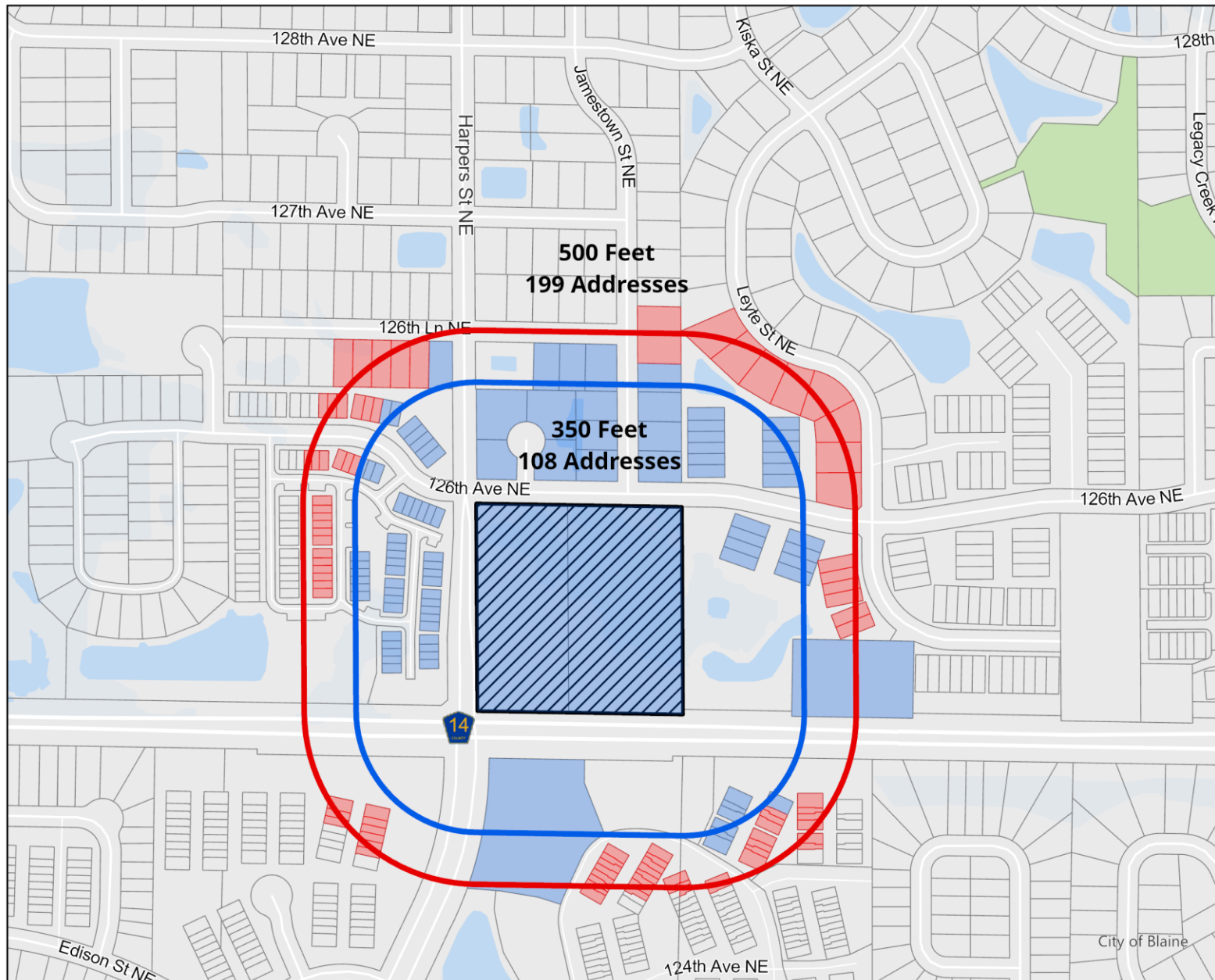
500 Foot Radius 350 Foot Radius Subject Parcel
500 Foot Parcels 350 Foot Parcels Property Lines





-  500 Foot Radius
-  350 Foot Radius
-  Subject Parcel
-  500 Foot Parcels
-  350 Foot Parcels
-  Property Lines





- 500 Foot Radius
- 350 Foot Radius
- Subject Parcel
- 500 Foot Parcels
- 350 Foot Parcels
- Property Lines



Public Hearing Notification Area Requirements

- Council can, by ordinance, increase the notification boundary.



Neighborhood Open House Policy

- Established in 2020 to provide an opportunity for developers to meet with residents prior to the public hearing.
- Allows the developer to hear comments/concerns and amend plans prior to the Planning Commission meeting. Also allows another forum for residents to learn and ask questions outside of the public hearing.
- Occurs for most development applications that involve new construction (not including single family subdivisions).
- Notices are sent by the developer. Developers are the “host” of the meeting.
- Meetings occur after an application has been formally submitted, but prior to the public hearing.



Neighborhood Open House Policy

- Staff typically doesn't attend unless its an anticipated controversial project.
- If council attends, they are asked to attend as spectators and not get involved directly in the dialogue.
- Council shall notify staff if they plan to attend to avoid an inadvertent quorum of councilmembers.

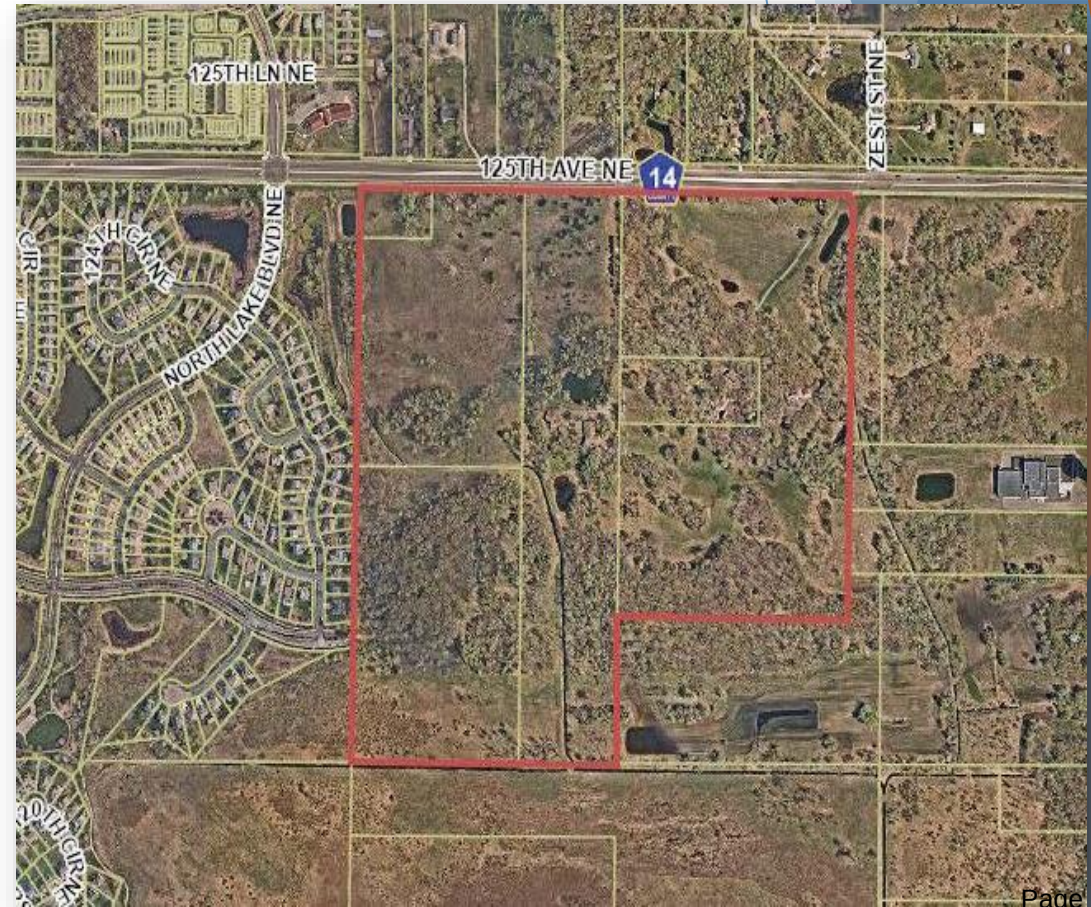
For those that have attended meetings, what concerns/comments do you have about these meetings?

Should anything be changed procedurally for these meetings?



Potential Developments for 2025/2026

- McKinley/Kempf Residential Parcels
- Discussed at October 10, 2024, workshop
- McKinley parcels under contract
- Any development requires significant due diligence (wetlands, development costs, etc.)
- Any proposal would require concept review by city council at workshop
- Staff has informed developers the council's desire for wider lots and elevated housing product per previous council discussions.



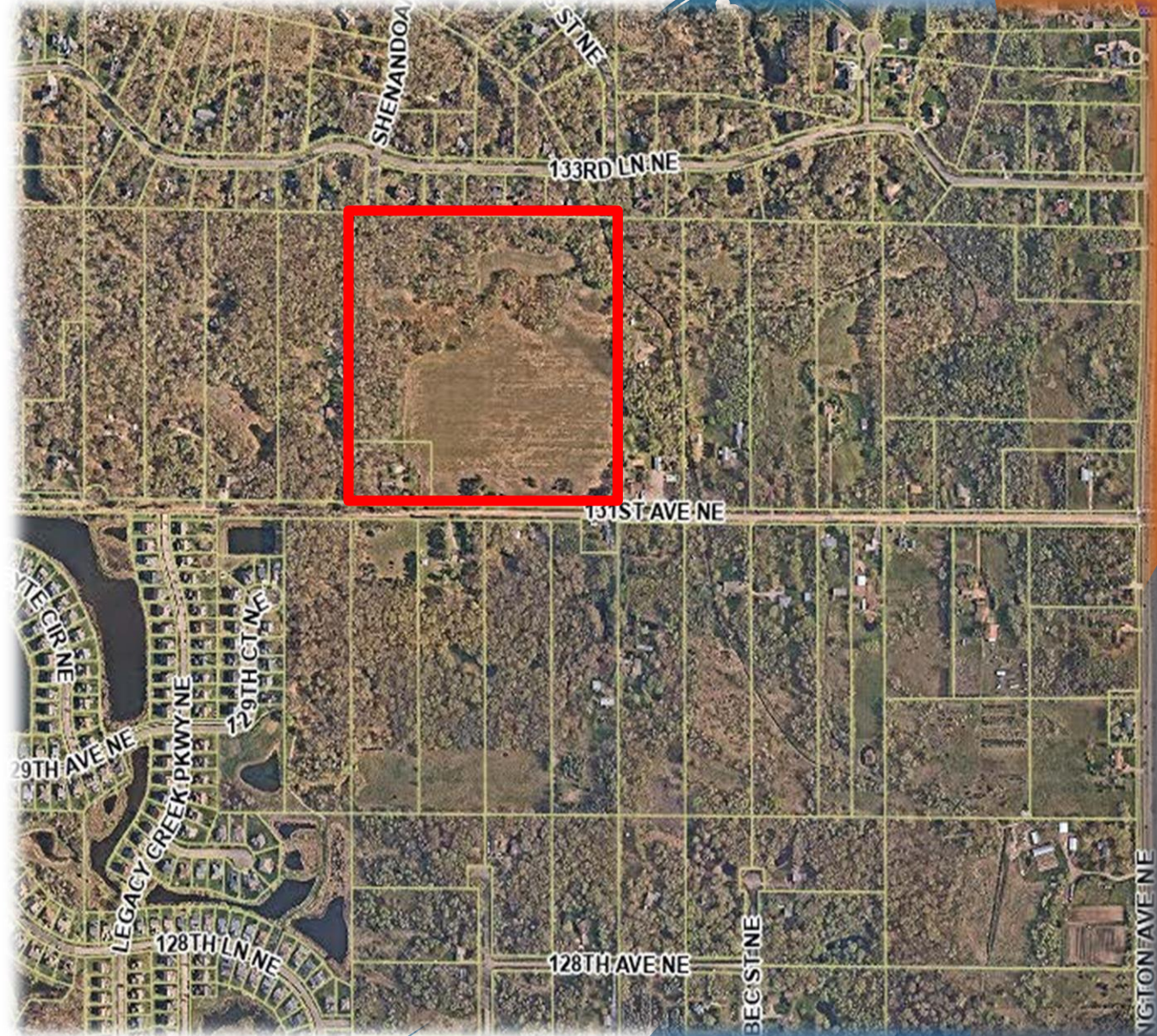
Potential Future Developments for 2025/2026

- Sunset Ave. and 125th Avenue
- 20-acre parcel
- Guided for single family development
- Staff has received inquiries about the parcel



Potential Future Developments for 2025/2026

- 131st Avenue
- 40-acre parcel
- Guided for single family development
- Staff has received inquiries about the parcel
- Staff has informed developers the council's desire for wider lots and elevated housing product per previous council discussions.
- Developers have expressed concern about market demand for larger lot, elevated product for the entire site.



Economic Development Efforts

- Subcommittee was created in 2021 to focus on business attraction and marketing of the city.
 - Includes Ruth Tucker, Erik Thorvig, Michelle Wolfe, Mayor Sanders and Councilmember Robertson
- Strong focus on restaurant and grocery store recruitment
 - Efforts have included cold calling, tours, visits with business owners, networking with brokers and developers to foster relationships
 - Strategic Plan and Priority Areas have been a driver for areas of focus
- Relationships created over the last four years has been a driver for invitations for the 3M Open and other events like the 2023 Blaine EDA Summit



Challenges

- Perception of Blaine
 - We're still overcoming historic perceptions
 - We're being watched in the development community (for better or worse)
- Land availability and Geography
 - Many of the sites left in Blaine are challenging either from physical conditions or redevelopment obstacles
 - Other competing communities have the luxury of major corridors (I-94, 494, 694)
 - Limited options along 35W



Challenges

- Demographics
 - Other communities we compete with have higher household incomes and population adjacency
 - Household Incomes:
 - Blaine - \$103,400
 - Plymouth - \$133,900
 - Maple Grove - \$129,500
 - Woodbury - \$126,200
 - Eden Prairie - \$127,700
 - Lakeville - \$138,100
- Neighboring Communities and Population
 - Arbor Lakes is very successful due to location (I-94/694 split).
 - Also has large cities surrounding (Plymouth, Brooklyn Park, Maple Grove)





City of Blaine Staff Report

File Number: 2025-50

Agenda Date	Status
February 10, 2025	
In Control	File Type
City Council	Workshop Item

New Business -

Agenda Item # 3.3

Proposed Council Code of Conduct, Rules of Order and Procedure, and IT Use Policy Amendments

Background

Council Code of Conduct

Council adopted the current code of conduct March 2024. After review of several other cities' codes of conduct, staff is suggesting including additional language to help clarify the following topics:

- Other Engagement Opportunities - provides guidance for councilmembers who wish to hold/host small resident/business engagement opportunities outside of formal meetings while maintaining transparency and adhering to open meeting law
- Connecting Residents with Staff Resources - provides guidance for councilmembers on when to connect residents and others with staff resources while still maintaining important direct interactions
- Councilmember Behavior/Conduct - defines accountability and consequences and establishes a process for reporting concerns and outlines possible resulting actions

Rules of Order and Procedure

Council adopted the current rules in January 2025. Staff is suggesting some language be added around open forum to help clarify that the intent of open forum is to provide the public the opportunity to share comments with the council but not for direct response or discussion and that any necessary follow-up will occur outside of the meeting by staff, likely at a later date.

IT Use Policy (Email Automatic Replies)

All users of city-issued IT equipment, including staff and council, are required to review and sign an IT Use Policy as part of the onboarding process. Staff is suggesting adding language to the current policy to include best practices around use of email automatic replies.

Staff Recommendation

Staff is seeking feedback on the proposed amendments.

Questions for Council

Council is asked to provide feedback on the proposed amendments to the code of conduct, rules of order and procedure, and IT use policy for email automatic replies.

Attachment List

1. Blaine Code of Conduct - Draft Amendments February 2025
2. Orders of Business - Draft Amendments February 2025
3. IT Policy Draft Addition - Email Automatic Replies



BLAINE CITY COUNCIL – CODE OF CONDUCT

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INTRODUCTORY PLEDGE

Blaine residents and businesses deserve a fair, ethical and accountable local government that earns the public's full confidence for integrity. Recognizing these goals, the code of conduct is established for all elected officials of the City of Blaine. As a member of the Blaine City Council I agree to uphold the introductory pledge for elected officials adopted by the city council and conduct myself by the following model of behavior. I will:

- Comply with the law, including
 - Staying within the city council's authority
 - Following the open meeting, gift, and conflict of interest laws
- Respect city council roles and responsibilities when working with staff, boards and commissions
- Be consistent in policy and respect process
- Fulfill the council's fiduciary responsibility to act in the best interest of the city, and all of its residents, both financially and legally by:
 - keeping the common good as the highest purpose to focus on achieving constructive solutions for the public benefit
 - not disclosing private or confidential information of the city or using that information to advance personal interests. The mayor and councilmembers must maintain the confidentiality of all non-public information concerning property, personnel, or legal affairs of the City. They must neither disclose confidential information without proper legal authorization, nor use such information to advance their personal, financial or other private interests. Such disclosure is a violation of the Rules of Order and Procedure and the Council Code of Conduct.
 - protecting city interests and liability by following advice of legal counsel

COMPLIANCE AND ENFORCEMENT

The code of conduct expresses standards of ethical conduct expected for members of the Blaine City Council. Members themselves have the primary responsibility to assure the public that ethical standards are understood and met, and that the public can continue to have full confidence in the integrity of government. We will hold ourselves and each other accountable and when there is a suspected violation of the law, we will discuss with the city manager.

COMPLY WITH THE LAW

Members shall comply with the applicable federal laws, state laws, and city ordinances in the performance of their public duties.

Authority

The city's legislative powers are granted to the council as a whole, and not to individual members. The council as a whole is a policy-making board and as such, it is not the duty of the council to administer the day-to-day operations of the city. Many items will come before the council as required by city ordinance, but many issues are more discretionary in nature. It is important that the council and staff work together to differentiate between administrative duties that are relevant to staff, and those decisions that are of a policy-making nature and should come before the council. All councilmembers, including those serving as presiding officer, have equal votes. No councilmember has more power than any other councilmember, and all should be treated with equal respect.

Members are elected officials serving on the City Council and the Councilmembers shall not attempt to act as, or carry out the responsibilities of, City Staff or the City Manager beyond what is outlined in the City Charter and Code. Councilmembers shall not undermine the authority of the City Manager and City Staff as those individuals carry out their duties as authorized by the City Charter, Code and the motions and resolutions adopted by majority of the City Council. Including but not limited to speaking on behalf of Council or City Staff, media engagement, developers, property owners or residents without approval of a majority of Council.

Mayoral Role

According to **Blaine City Charter Chapter 2, Section 2.06** the mayor is a full member of the council in addition to acting as presiding officer of meetings; representing the city ceremoniously; and executing official documents.

Open Meeting Law (OML)

Public deliberations and processes shall be conducted openly and in a transparent manner. The Minnesota Open Meeting Law (**Chapter 13D**) requires that meetings of governmental bodies generally be open to the public in order to:

- Prohibit actions being taken at a secret meeting where it is impossible for the interested public to become fully informed about a public board's decisions or to detect improper influences
- Assure the public's right to be informed and observe public meetings

The Minnesota Supreme Court has noted that meetings of less than a quorum of a public body held serially to avoid a public meeting or to fashion agreement on an issue of public business may violate the open meeting law.

Gift/Donations

Gifts from Interested Persons: Under **MN Statute 471.895**, councilmembers may not receive gifts from any "interested person" in conjunction with their city council duties:

- A "gift" is defined as money, real or personal property, a service, loan, a forbearance or forgiveness of debt, or a promise of future employment, that is given and received without the giver receiving something of equal or greater value in return
- "Interested person" means a person or a representative of a person or association that has a direct financial interest in a decision that a local official is authorized to make
 - Virtually every resident or person doing business in the city could have a direct financial interest in a decision
- See statute for exemptions

Gifts to the city: councilmembers can recommend acceptance of general gifts through the city's donation policy. All gifts to the city must be accepted by city council resolution.

Logo

Members shall not use the city's name or logo for the purpose of endorsing any political candidate or business.

Conflict of Interest

Conflict of interest is when any member who has a "financial interest" in, or who may receive a financial benefit as a result of, any action or if there is potential for the appearance of conflict of interest. Questions about a potential conflict of interest shall be discussed with the city manager.

Contractual Conflict of Interest: (**MN Statute 471.87, with exceptions in MN Statutes 123B.195 and 471.88**) A public officer who is authorized to take part in any manner in making any sale, lease, or contract in official capacity shall not voluntarily have a personal financial interest in that sale, lease, or contract or personally benefit financially therefrom.

Non-Contractual Conflict of Interest: Non-contractual matters may include such things as council decisions on zoning, local improvements, and the issuance of licenses. Although not generally prohibited by state law, an interested councilmember most likely should abstain from participating in council discussion and from voting on these issues.

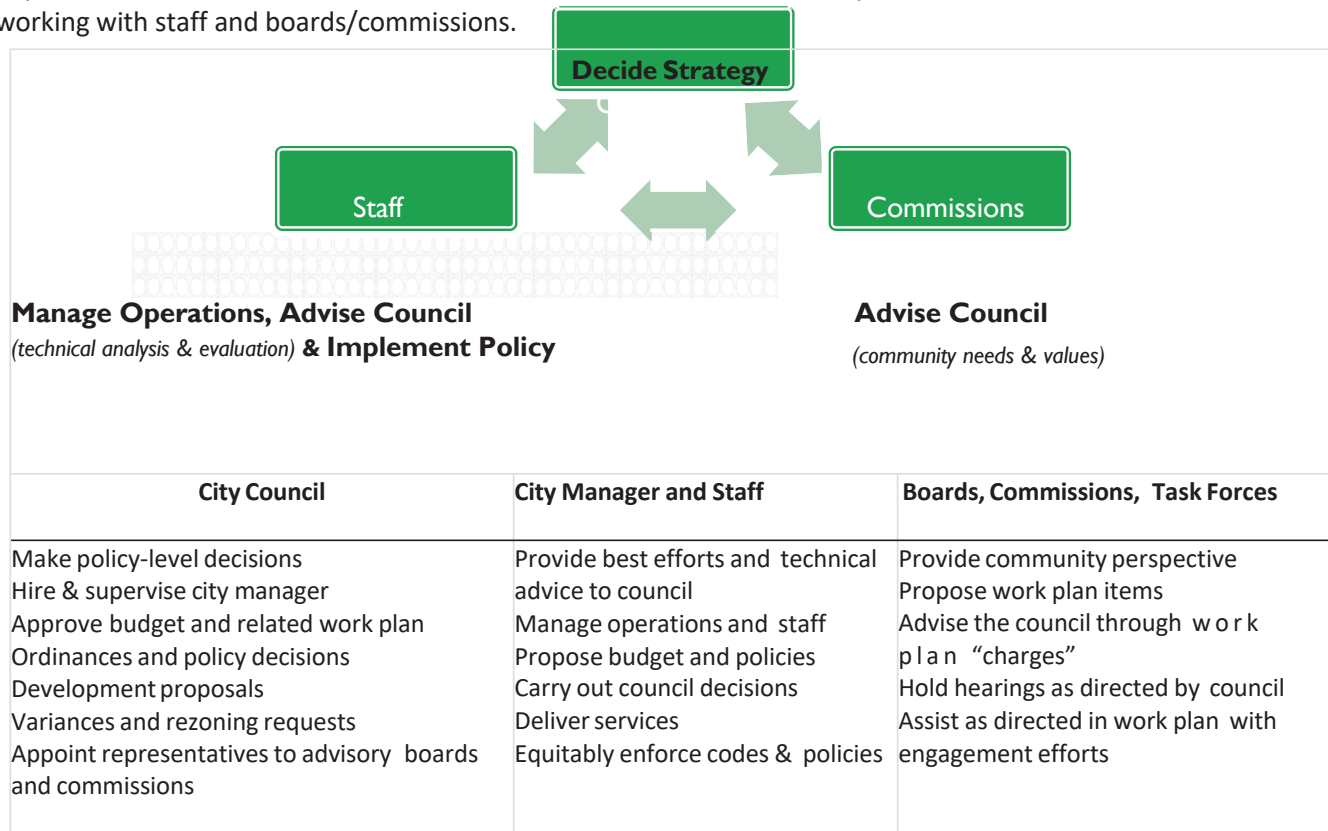
Members who have a potential conflict of interest shall:

- Disclose the conflict of interest to the group, and
- Abstain from the council discussion debate and vote

ROLES OF COUNCIL, STAFF AND COMMISSIONS

We are all part of a team committed to the residents of Blaine both today and in the future. To be effective we

must come to meetings with an open mind, think strategically about city issues and delegate details of implementations to staff. We will strive to maintain a culture of trust, respect and candor as a council and when working with staff and boards/commissions.



Respectful Behavior

Members should **STRIVE TO**:

Treat people with courtesy, politeness, and kindness
 Encourage others to express their opinions and ideas
 Listen to what others have to say
 Use the ideas of others to improve decisions and outcomes
 Recognize and respect differences
 Prepare for the issues at hand
 Focus on the business of the body
 Consider only legally germane information in decisions
 Act as a decision maker, not an advocate

Members should **AVOID**:

- Speaking over or cutting off another individual's comments
- Insulting, disparaging, or putting down people or their ideas
- Bullying other members by displaying a pattern of belittling, demeaning, judging or patronizing comments
- Violence or the threat of violence will not be tolerated

WORKING WITH CITY STAFF

Members shall respect and adhere to the council-manager structure of Blaine city government. This means:

City Council does...

Hire, fire, and supervise city manager
 Set the strategic direction for the city
 Consider and approve budget and related work plan, and monitor performance relative to those items
 Consider and approve policy decisions
 Consider and approve development proposals
 Consider and approve variances and rezoning requests
 Appoint citizens to citizen advisory boards and commissions
 Approve and amend work plans and bylaws

City Council does not...

- Hire and fire staff
- Direct activities of staff other than city manager
 - Individually direct activities of boards, commissions or other resident groups
 - Individually approve policies, projects etc.
 - Individually commit resources or staff to specific causes
 - Individually enforce policies, city code, etc. or speak or prepare official correspondence on behalf of the city unless authorized by council

City Councilmembers promise city staff they will:

- Respect staff as valued resources and members of our team
- Support the maintenance of a positive and constructive workplace environment for city employees where individual members, staff and the public are free to express their ideas and work to their full potential
- Provide direction to the city manager as a body and not direct the work of individual staff
- Encourage staff to focus on the big picture in reports
- When possible, notify the city manager in advance of a council meeting of questions or requests to pull agenda items from the consent agenda so the appropriate staff can compile the information needed
- Agree that information they ask of the city manager will be shared equally with all councilmembers
- Copy the city manager on all communications with staff, including questions on topics such as agenda items.

WORKING WITH BOARDS AND COMMISSIONS

As set forth in the **Blaine City Charter Chapter 2, Section 2.02**, Blaine's boards and commissions are established by the council and serve as advisory to the council. Specific board and commission roles are:

- Investigate matters within the scope of the commission or as specifically directed by the council
- Advise the council by communicating the viewpoint or advice of the commission
- At the direction of council, hold hearings, receive evidence, conduct investigations, and, based on such hearings, evidence and investigations, make decisions and recommendations to the council

City councilmembers promise boards and commissions they will:

- View boards and commissions as vitally important resources to support our decision-making
- Communicate effectively with boards and commissions to ensure they have the tools to do their work
- Give clear direction as a body and take adequate time to review the result of their deliberations
- Because of the value of the independent advice of boards, commissions, and task forces to the public decision-making process, members of council shall refrain from using their position to influence the deliberations or outcomes of board, commission, and task force proceedings
- The expectation is that councilmembers will not typically attend board, commission, committee, working group or task force meetings. However, under special circumstances, if we attend a meeting:
 - We will do so only as an observer and prior to attending will notify the appropriate staff liaison
 - Strive for good communication by reporting out to other councilmembers

WORKING WITH THE COMMUNITY

Residents: City staff is the first call for help for residents. We will refer residents who have concerns to the city manager. If a resident has contacted the city manager but is still not satisfied, we will discuss with the city manager. We acknowledge if a resident receives conflicting information from different councilmembers or staff that is difficult for the resident and could increase liability for the city.

Businesses or other interests: The purpose of a city council meeting is to discuss information needed to make an informed decision, review that information, and decide. It is not feasible to conduct all business in a public meeting. Particularly around development, business interests might ask a member to meet outside of the city council meeting to facilitate idea generation about proposals.

The city council's overarching principles for working the community are:

- Never grant any special consideration, treatment, or advantage
- Respect sensitivity of personal information

- Honor our rules regarding public testimony and clearly communicate the rules
- Make ourselves available to all parties on an equal basis and not advocate for a certain point of view
- Be cautious about how we participate in meetings or events and not prejudice the issue before the council has had a chance to deliberate

CITY STAFF AND THE PUBLIC

Public decision-making must be fair and impartial and shall not be discriminatory on the basis of those protected classes outlined in federal, state, and city laws and ordinances. City policy dictates that elected officials and advisory board members conduct business in a manner which, both internally and in relation to each other and their constituencies, is free from illegal discrimination based on race, color, creed, religion, national origin, sex, disability, age, marital status, socio-economic status, or sexual orientation.

Meetings requested by residents or businesses:

1. AFTER DECISION: If we are invited to a meeting about an issue the council has decided upon, we will explain how the council arrived at the decision.
2. DURING DECISION: If we are invited to a meeting about an issue that will be before the council in the future, we will uphold the above principles for working with the community, and:
 - a. We will not make our decision about an issue before the city council until the process allows.
 - b. We will be sensitive to the fact that we are not hearing everyone, and we will give equal consideration to all feedback regardless of the way it is received.
3. DURING SPECIFIED ENGAGEMENT PROCESS: If we meet with a resident during a planned engagement process, we will notify the resident that we are there to listen and encourage them to participate through the established process to engage. We will ensure that staff received the feedback provided to us.

{ADDED LANGUAGE (UNDERLINED) WAS TAKEN FROM THE CITY OF FRIDLEY}

4. OTHER ENGAGEMENT OPPORTUNITIES: ~~To allow staff to be best prepared for meetings and questions that arise, we will notify the city manager if we wish to attend meetings with staff to best ensure the appropriate staff are present and to ensure no possible open meeting law concerns.~~ Events outside of council meetings are often effective and meaningful ways to connect with residents in a less formal manner. However, because councilmembers must be mindful of the open meeting law, such engagement events should be deemed listening sessions as an opportunity for the public to share sentiments and feedback for the councilmember to relay to the full council in its deliberations.

If a councilmember would like to schedule an engagement event, they should:

- Inform the city manager to allow staff time to notify residents of the opportunity, ensuring equal access for all and ensuring that all regulatory and open meeting law requirements are met.
- Inform their fellow councilmembers that an engagement event will take place.
- The goal of these smaller engagement events/listening sessions is to provide one or two councilmembers the opportunity to engage with their constituents in a smaller group setting, different than larger, staff-supported events such as neighborhood meetings or other meetings that may be subject to the open meeting law.

Councilmembers should use these opportunities to:

- Listen to constituents' concerns and ideas.
- Encourage residents to attend council meetings and participate in the public decision-making process.
- Collaborate with the city manager to ensure that constituents' concerns and ideas are addressed through staff and in accordance with established policies and procedures.

Councilmembers should avoid:

- Making promises or commitments on behalf of the council or city.
 - Discussing confidential, private, or non-public sensitive information and redirect conversations to the appropriate public forum(s).
 - Directing staff or making specific requests outside of the established protocol (i.e., via the city manager).
 - Campaigning for re-election - councilmembers should keep a separation between their official duties and any campaign activities.
5. We will also notify the city manager in the event we wish to attend board/commission meetings as well as legislative committee meetings/hearings so staff can notify the chair(s) and/or lobbyists in order to be best prepared.

By following these guidelines, councilmembers can effectively engage with the public outside of formal council meetings while maintaining transparency, upholding ethical responsibilities and encouraging active participation in the local government decision-making process.

COUNCIL CONDUCT WITH CITY STAFF

Direction to Staff for Projects/Agenda Items - Direction is given to city staff to pursue items that generally impact the public policy of the city by reaching consensus during a workshop or through a direct binding majority vote of the council at a special or regular business meeting. This direction can occur either through a workshop item agenda form with general consensus of the council or under other business on the regular business agenda through a motion/second and majority vote. Once direction is given, the city manager will assign the work to a staff member or advise the council that additional staffing will be needed to carry out the task. City staff, including the direct employees of the council (the city manager and city attorney), are not obligated to pursue items for only one councilmember. If a councilmember wishes to direct staff to work on a specific item, the councilmember must receive consent of the council by reaching consensus during a workshop meeting, by a majority vote of approval, or by submitting a workshop item agenda form that results in consensus of the council.

Requests for Information on Non-Agenda Items - City staff carry out the day-to-day business of operating the city. The council should keep this in mind when requesting information or asking to perform these functions. Generally, all interactions with staff members should flow through the city manager. If a councilmember is asking for information from city staff that will require more than 30 minutes of staff time to collect or research a problem and prepare a response, the request will need to be approved by the council to ensure that staff resources are allocated in accordance with overall council priorities.

Interaction with Staff - It is not appropriate for councilmembers to admonish city staff when disagreeing with the information brought forth for presentation to the governing body. Concerns should be taken up with the city manager, and if an issue is identified that needs to be addressed by the whole council, it will be brought forth accordingly. In any event, there shall be no personal attacks on city staff.

COUNCIL CONDUCT WITH THE PUBLIC

Public Meetings - Making the public feel welcome is an important part of the democratic process. Recognizing that the actions of each council member impact the public perception of the whole council, councilmembers shall strive to treat the public with respect.

{ADDED LANGUAGE (UNDERLINED) WAS TAKEN FROM THE CITY OF FRIDLEY}

Connecting Residents with Staff Resources - Councilmembers serve as the link between residents and their local government. Through various channels such as mail, telephone, face-to-face interactions, and electronic means, council facilitates a crucial two-way exchange of information.

On one hand, councilmembers are often the first point of contact for residents who wish to express concerns, seek assistance or provide recommendations for policy; therefore, it is essential that councilmembers handle these interactions with tact and professionalism to maintain positive relationships and foster citizen support for the government. On the other hand, councilmembers also play a key role in disseminating information about city programs and policies to the public. By educating residents about local government and the rationale behind city policies, councilmembers can help build understanding and support for city initiatives.

In day-to-day community interactions, councilmembers need not act as intermediaries between city staff and community members when advocating for a community issue brought directly to the councilmember. Councilmembers ~~may~~ should connect community members to the appropriate city resources when contacted about various issues by reaching out to the city manager ~~or~~ and appropriate department heads and requesting follow-up as needed. The city manager ~~or~~ and appropriate department heads shall address the issue or delegate it to the appropriate staff for follow-up. Further follow-up with the councilmember by the city manager ~~or~~ and appropriate department heads for informational purposes may occur if necessary.

{ADDED LANGUAGE (UNDERLINED) WAS TAKEN FROM THE CITY OF BROOKLYN PARK}

Councilmembers' Behavior and Conduct: Councilmembers who violates the code of conduct are subject to admonition, reprimand, or censure. Any violations that potentially constitute criminal conduct shall be handled by the criminal justice system.

Accountability/Consequences: A potential action for failing to comply with this code of conduct may include the following:

1. Admonition. An admonition shall be verbal or written statement made by the Mayor to the Council Member.
2. Reprimand. A reprimand shall be administered to the Council Member by letter. The letter shall be approved by the City Council and shall be signed by the Mayor, or by the Mayor Pro Tem if the Mayor position is vacant, or if the matter involves the Mayor.
3. Censure. A censure shall be administered pursuant to a formal resolution adopted by the Council.

{ADDED LANGUAGE (UNDERLINED) WAS TAKEN FROM THE CITY OF BIG LAKE}

Censure: A member may receive a public admonishment for failure to conform with any provisions of these bylaws, state statute, violation of confidentiality or attorney-client privilege, or other acts considered to merit reprimand by the city council. The city council, as a body, may by motion and a 4/5ths vote, commend or censure one of its own. If the act involves two members of the Council, a majority vote is required.

{ADDED LANGUAGE (UNDERLINED) WAS TAKEN FROM THE CITY OF BROOKLYN PARK}

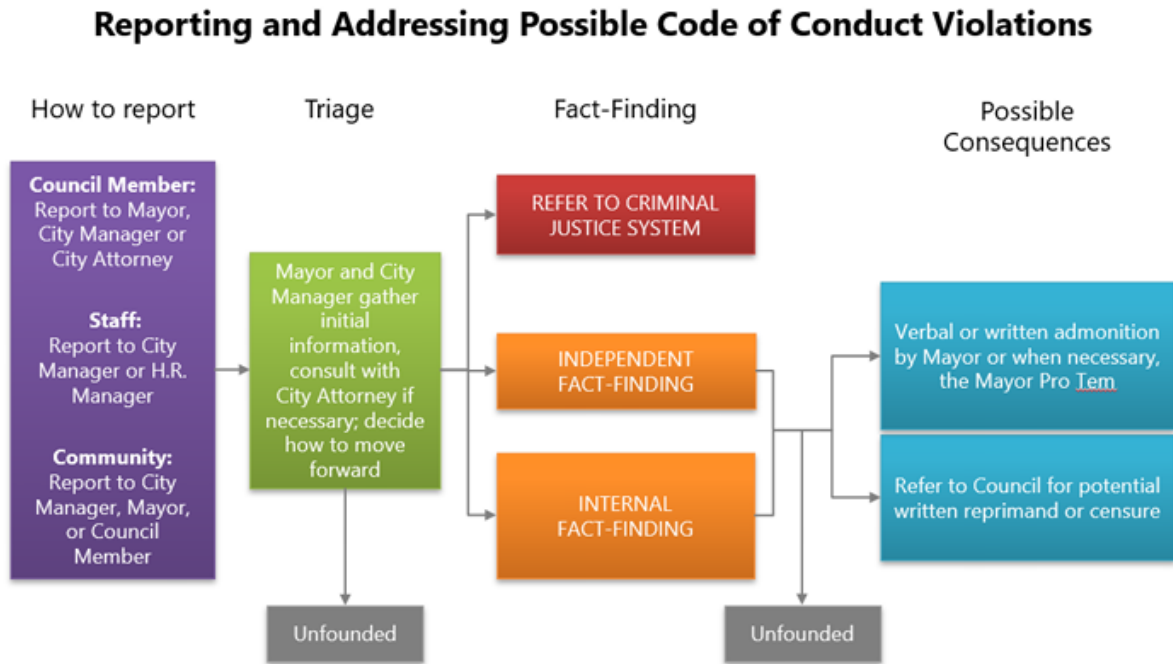
Factors that will be considered in determining the appropriate consequence include but are not limited to the seriousness of the violation and/or the number of preceding violations.

Procedures for reporting:

1. A member of the Blaine City Council may report a potential code of conduct violation by a member of the council by bringing the matter to the attention of the mayor, city manager, or city attorney.
2. A city staff member may report a potential code of conduct violation by a member of the council by bringing the matter to the attention of the city manager or human resources manager.
3. If the potential violation involves the mayor, it should be brought to the attention of the mayor pro tem, city manager or city attorney.

4. A community member may report potential code of conduct violations by a member of the council to the mayor, city manager or any member of the council.

5. Upon receipt of a complaint, the following diagram highlights the process that will be used:



6. For inappropriate statements or conduct by councilmembers occurring during a council meeting, a verbal correction by the mayor will normally be the first step to address the matter either during or outside of the council meeting. Further incidents may be addressed by subsequent verbal corrections accompanied by use of the gavel. Repeated incidents can give rise to the mayor not recognizing the offending councilmember to speak. A councilmember can request that the mayor take any of these actions against an offending councilmember if the mayor has not done so on their own.

If the mayor and/or mayor pro tem are unable to be involved in reviewing the code of conduct complaint for any reason, the matter will be reviewed by the next most senior member of the council that is not involved in the complaint.

INTERNAL COUNCIL CONDUCT

The council exists to work in the interest of the public. The council should strive to work as a team in achieving the best outcome for the community. The council should conduct business in a civil, efficient, and cooperative manner with other members of the council and city staff. It is incumbent upon the members of council to listen to one another and give full opportunity for all viewpoints to be heard. All disagreements should be handled in a civil fashion.

Councilmembers must act in a respectful, courteous and professional manner while acting in their roles as

elected officials. Councilmembers are entitled to disagree regarding City direction and decisions relating to regulations, policies and positions, but Members may not use their title as Councilmember or any City-sponsored means of communication (e.g.: city issued email, social media posts, etc.) to disparage other members, council decisions, City staff or any City-related issues. Personal attacks against staff, other Councilmembers, or members of the public by a Councilmember without basis is a violation of the Rules of Order and Procedure and the Council Code of Conduct.

Councilmembers acknowledge they are elected to be one member of a decision-making body and at times members may disagree with the approved decisions of a majority of the Council. While Councilmembers may respectfully disagree with decisions made by the majority, members should not publicly disparage or undermine approved Council decisions in any manner that may be detrimental to the City carrying out such decisions and acting as directed by a majority of the Council.

INTERGOVERNMENTAL RELATIONS

Members shall represent positions approved by the council to the best of their ability when working with:

- Legislative bodies
- Federal or state agencies
- Other local governments, such as school boards, counties, or municipalities

If an individual councilmember's opinion differs from the city position, or a matter agreed upon by the full council, members shall explicitly state they do not represent their city council or the City of Blaine, nor will they allow the inference that they do.

Members will represent the official policies or positions of the City as set forth in the City Charter, City ordinances, and the motions and resolutions adopted by a majority of the City Council to the best of their abilities. When presenting their individual opinions and positions that differ from the official policies or positions of the City, Members must explicitly state they are speaking in their personal capacity and do not represent the position of the City or the Council.



Rules of Order and Procedure

Amendments to the Rules of Order and Procedure

Amendments to these rules shall be made by resolution and shall require a 2/3 vote in the affirmative by the majority of all members of the council.

Meeting Manner/Debate

Speaking to the Motion. Councilmember remarks are limited to a total of eight minutes on each agenda item. Councilmembers may forfeit their time to speak to another councilmember without a vote. For purposes of this section, questions asked of staff members, applicants, or the public are not included in the limitation on the number of times spoken or the length of time spoken.

Interruption. No member of the council shall interrupt or argue with any other member while such member has the floor.

Courtesy. Members of the council shall be courteous in their language and demeanor in the discussion, comments, or debate of any matter, and shall not engage in disorderly behavior, make personal comments, derogatory remarks, or insinuations or accusations in respect to any other member of the council, staff, or public.

Discipline. If a member of the council violates these rules, the presiding officer shall call such member to order, in which case such member shall be silent except to explain or continue in order. Any other member of the council may, under a point of order, call the presiding officer or other member to order. Additional discipline may include but is not limited to, a verbal admonition, public reprimand, and expulsion from the meeting at which the conduct is occurring.

Challenge. Any member of the council shall have the right to challenge any action or ruling of the presiding officer, or member, in which case the decision of the majority of the members of the council present, including the presiding officer, shall govern.

City Staff. The city manager, city attorney, and city clerk or their designees shall have the right to enter into a discussion of any matter coming before the council. Other city staff may enter into a discussion through the city manager or designee or when asked a direct question by a member of the council. When city staff provide presented materials on agenda items, presentations should be brief, not to exceed 15 minutes with exceptions such as truth in taxation. City staff may attend meetings virtually but must be able to be clearly heard and seen while giving testimony before the council.

Council Meetings

Chapter 3. – Procedure of Council, Sec. 3.01. outlines the procedure for council meetings to be held, both regular meetings and special meetings such as workshops. While regular meetings and special meetings may allow public comment, workshops are an opportunity for council and staff to discuss agenda items/issues before them and not intended for the purpose of receiving public comment. While workshops are public meetings where interested persons are welcome and encouraged to attend, workshops are for city council and staff and not for the purpose of receiving public input unless at the discretion of the mayor, or in the mayor's absence the mayor pro tem, presiding over the workshop.

Agenda Item Additions Procedure

Items can be added to future workshop and/or regular meeting agendas in the following manner:

- Consensus reached during workshop, with consensus defined as the agreement of a majority of councilmembers present.
- Two (2) councilmembers can request an agenda item be added to an upcoming workshop during the Other Business portion of a regular meeting. No formal vote or consensus is needed to have the item added to workshop. When the item is discussed, consensus as defined above is required to bring the item forward for formal consideration at a regular council meeting.
- One (1) councilmember can request an item be added to a future workshop agenda through the workshop request form. The request form process does not provide discussion of the item itself but the opportunity for consensus as defined above to add the item to a future workshop.
- If an item has been reviewed at workshop and consensus as defined above is not reached to bring the item forward for formal consideration, one (1) councilmember may make a request under Other Business of any regular council meeting to add the item to a future council meeting. If the request is verbally supported on record by at least one (1) other councilmember, the item will be added to a future council meeting for formal consideration.

Agenda item addition requests not in compliance with this policy will be ruled out of order by the mayor/pro tem as chair of the meeting. Agenda item additions will be scheduled as soon as reasonably practicable, based on the priority of the item in relation to the priority of all other items as well as amount of staff time needed for review/research for the item.

1. Call to Order

The mayor, or in the mayor's absence the mayor pro tem, presides over all meetings of the city council and after determining that a quorum is present calls the meeting to order. The mayor or mayor pro tem shall:

- a. Preserve order and decorum in the council chambers.

- b. Observe and enforce all rules adopted by the council for its government.
- c. Decide all questions on order, in accordance with these rules.
- d. Recognize members of the council in the order in which they request the floor. No member shall be recognized and given the floor to speak on the same matter more than once until after all other members of the council have had an opportunity to be recognized and heard.
- e. Retain the authority during public comment to determine whether a speaker's remarks fail to comply with these rules or exceed the scope of the designated forum. The presiding officer shall have the authority to suspend such person's right to speak, subject to the council's right to overrule such decision.

2. *Pledge of Allegiance*

Following the call to order, those in attendance are asked to join the council in reciting the Pledge of Allegiance.

3. *Roll Call*

The city clerk, deputy city clerk, city attorney or manager takes roll and announces the presence or absence of individual councilmembers.

4. *Adoption of Agenda*

This order of business formally adopts the agenda as posted in accordance with state statute, city charter, and open meeting law. Changes may be presented by the city manager that result in the need to amend the posted agenda (revised order of agenda items, removal of items, addition of items due to accelerated timelines or increased priorities, etc.). Addition of agenda items for future meetings should be addressed as outlined in the Agenda Items Additions Procedure.

5. *Awards-Presentations-Organizational Business*

This order of business is the appropriate time to present awards, proclamations, or to recognize residents, staff, elected officials or others. It is also where business is conducted for the first meeting of the year to appoint council liaisons, designate the official newspaper and financial institutions.

6. *Communications*

This section is designated as an opportunity to relay information to the city council and community that is not on the agenda. Items for discussion under this section could include presentations by other elected officials such as legislators or commissioners, reports by councilmembers on a conference they attended, information presented by local organizations, or information council members feel would be important for the entire council.

7. *Open Forum*

This order of business provides a time for any individual to approach the council and share comments, concerns, or input on other items. While open forum is not intended to provide for response or discussion opportunities, if follow-up is needed, city staff will work to contact the speaker(s) outside of the meeting to arrange for that follow-up. Each speaker will be limited to 3

minutes with a maximum of 15 minutes set aside for open forum. The mayor will advise the audience of the time limit when introducing the open forum portion of the meeting.

8. *Consent Agenda*

Those matters of business that require action by the council which are considered to be of a routine and non-controversial nature and normally do not require any discussion are placed on the consent agenda. Any councilmember or the mayor may request an item be removed from this agenda and placed on the regular agenda. Council can ask questions/make clarifications on any item without the need for formal removal/separate action from the consent agenda as a whole. This action should be taken at the time the agenda is formally adopted. The individual items on the consent agenda shall be approved, adopted or enacted by one motion of the council.

Examples of such items include, but are not limited to:

- Approval of minutes (approved by full council even if absent from that meeting)
- Schedule of bills paid
- Renewal of licenses (i.e., tobacco, temporary nursery, peddlers/solicitors)
- Temporary on-sale 3.2 percent beverage licenses
- Premises permits for charitable gambling organizations
- Resolutions ordering public hearings
- Vacation of drainage/utility easement ordinances¹
- Final plats
- Development agreements/releases

9. *Public Hearings and Items Set for a Certain Time*

All public hearings will be held after the meeting begins at 7:00PM following the consent agenda unless otherwise noted. This order of business allows speakers to give testimony concerning the item set for a public hearing. The council holds public hearings as required by city ordinance and state statute. All members of the community wishing to speak about items during a public hearing may do so either in-person or in writing, including email. If attending in person, those wishing to speak are requested to please sign the public comment card prior to the meeting located outside the chambers and submit to the city clerk. Sign-up is first-come, first-serve. Names will be called and the speaker will step to the podium and speak into the microphone to address the council. Failure to complete a comment card will not preclude an individual's right to speak.

10. *Development Business*

This section includes items that relate to planning and development within the city, such as conditional use permits, preliminary/final plat approval, land use and zoning changes, concept plan approval, etc.

11. *Administration*

Those items which relate to the administration and details of city business should be placed under this section. Examples include, but are not limited to:

- Approval or authorization to enter into contracts
- Establishing policies

- Ordinances¹ (other than zoning related)
- Accepting bids for projects
- Appointing members to boards or commissions
- Budget adjustments
- Capital purchases requiring council approval
- Appropriating money for projects or other items
- Agreements
- Other items or non-development items requiring discussion
- Items which have been postponed or tabled to later date
- Reports

12. *Other Business*

This order of business provides an opportunity for councilmembers and staff to bring up items not included on the adopted agenda. Items to be addressed during this portion of the meeting are limited to:

- Questions or concerns of councilmembers
- Questions or concerns that have been expressed to councilmembers by residents or others
- Future agenda items as outlined in the Agenda Item Additions Procedure

Additional items or topics may be considered during Other Business upon a motion to suspend the rules, which will require a second and approval of two-thirds of the body.

13. *Adjournment*

A councilmember may propose to close the meeting by moving to adjourn. The meeting will close upon the majority vote of the council. A motion to adjourn will always be in order and decided without debate.

¹*First and Second Ordinance Readings:* As outlined in City Charter Sec. 3.05. - Procedure on Ordinances the enacting clause of all ordinances passed by the council shall be in the words, "The City of Blaine does ordain." Every ordinance shall be presented in writing at the meeting at which it is introduced. If a councilmember or one Blaine resident present at the meeting request[s] that the ordinance be read in its entirety, the ordinance shall be read at the meeting at which it is introduced. No ordinance except an emergency ordinance shall be passed at the meeting at which it is introduced, nor before the next regularly scheduled meeting of the council. In order to ensure consistency surrounding public input for proposed ordinance readings:

- a. First reading of an ordinance allows the city council to review the text and purpose of the proposed ordinance. At this reading council will ask questions of staff and the applicant(s) regarding the proposed ordinance contents and purpose, after which the clerk will hold first reading of the proposed ordinance number and title, unless requested its reading in its entirety.

b. Second reading of an ordinance will provide the city council an opportunity to hear public comment on the matters contained therein and allow the applicant(s) to present their request to the city council. Upon conclusion the council, by motion will vote to adopt, deny, postpone, or table second reading and ordinance adoption.

Automatic Replies

All staff are expected to use the automatic reply function in the City's email system when they are out of the office using any type of leave; exceptions can be made for staff who routinely work outside of regular business hours. Automatic replies should include when they expect to return to the office and who to contact during their time away from the office. Automatic replies should not include additional information or be used during a time when an individual is working, unless authorized by a supervisor.

1. Professional Tone and Content

- **Keep it concise and professional:** Avoid unnecessary details or humor that may be misinterpreted.
- **Include essential information only:** Such as the dates of absence, reason (optional), and alternative contacts.

Example:

"Thank you for reaching out. I am out of the office from [start date] to [end date] and will have limited access to email. Please contact [alternative contact] for urgent matters at [contact details]. I will respond to your email upon my return."

2. Avoid Over-Sharing

- **Do not disclose too much personal information:** Avoid sharing details like specific vacation destinations or reasons that could invite security risks.

Insecure: "I'm out hiking in the Rockies until Friday."

Secure: "I am out of the office and unavailable until Friday, [date]."

3. Security and Privacy

- **Use different messages for internal and external recipients:** External out of office (OOO) messages should not disclose sensitive company information.
- **Avoid revealing organizational details:** Keep responses general to protect against phishing attempts or unauthorized access.

Example External Message:

"I am currently out of the office and unable to respond to emails. Please contact [department email or phone] for assistance."

4. Accessibility of Back-Up Contacts

- Clearly indicate who can be contacted in the employee's absence, including their email address or phone number.

- Ensure the backup contact is informed and agrees to be listed.

Elected Officials

For the purpose of this policy elected officials are considered staff while using City systems and/or devices. Elected officials may not use city systems or devices for the purposes of campaigning for themselves or other candidates.



City of Blaine Staff Report

File Number: 2025-51

Agenda Date

February 10, 2025

Status

In Control

City Council

File Type

Workshop Item

New Business - Erik Thorvig, Community Development Director

Agenda Item # 3.4

Closed Session Pursuant to MN Statute 13D.05(3)(c)(3) - Discuss Potential Purchase of Portions of Land Identified as PIDs 11-31-23-12-0003 and 11-31-23-11-0001 Located at the Southwest Corner of 125th Avenue and Lexington Avenue

Background

Pursuant to MN Statute 13D.05(3)(c)(3), the City Council will discuss the potential purchase of portions of land identified as PIDs 11-31-23-12-0003 and 11-31-23-11-0001 located at the southwest corner of 125th Avenue and Lexington Avenue.

Staff Recommendation

Questions for Council

Attachment List

None