City of Blaine
City Council Workshop

May 5, 2025 | 5:30 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. 2025-99 Pulte Residential Concept for Property South of 125th Avenue and West of Zest Street
Sponsors: Sheila Sellman, Assistant Community Development Director

3.2. 2025-100 Development Proposal for EDA Owned Property at 90th Lane and University Avenue
Sponsors: Sheila Sellman, Assistant Community Development Director

3.3. 2025-101 Closed Session Pursuant to MN Statute 13D.05(3)(c)(3) Consider Offer for EDA-Owned Property at 90th Lane and University Avenue
Sponsors: Erik Thorvig, Community Development Director

3.4. 2025-102 City of Blaine Utility Cost Savings Project
Sponsors: Scott Johnson, Director of Administrative Services

3.5. 2025-107 Closed Session Pursuant to MN Statute 13D.05(3)(c)(3) Consider Offer for EDA-Owned Property at 10500 Nassau Street NE
Sponsors: Erik Thorvig, Community Development Director

4. Other Business

5. Adjournment

City of Blaine
Staff Report

File Number: 2025-99

Agenda Date	Status
May 5, 2025	
In Control	**File Type**
City Council	Workshop Item

New Business - Sheila Sellman, Assistant Community Development Director

Agenda Item # 3.1

Pulte Residential Concept for Property South of 125th Avenue and West of Zest Street

Background

Section 75-31 of City Code requires a concept review to ensure that all subdividers are informed of the procedural requirements and minimum standards and the requirements or limitations imposed by other city ordinances, plans and/or policies, prior to the preparation of a preliminary plat. All subdividers shall present a concept plan to the zoning administrator prior to filing a preliminary plat. Concept plans for subdivisions proposing 50 or more residential units and utilizing development flex zoning shall be referred to the city council for review. Concept plans being referred to the city council for review shall be reviewed by the city council within 60 days of submission of a concept plan meeting the submission requirements of section 75-31(b). The subdivision concept review and feedback provided by staff, and the city council is advisory in nature does not constitute any form of approval of the project. The city council reserves the right for additional comment and review during the formal preliminary plat application process.

A concept plan application has been made for properties located at 3900 125th Avenue (two parcels) and 3700 125th Avenue. The three subject properties are a total of approximately 83 acres and have an existing single-family home with accessory buildings on the two western parcels. The larger eastern parcel has accessory buildings located on the parcel. The properties are zoned Farm Residential (FR) and guided for Low Density Residential (LDR) development at a density of 2.5-6 units per acre. The applicant's concept plan is for 83 single-family homes and 91 townhomes, which would be 3.5 units/acre for density.

The parcels to the west and south are zoned Farm Residential (FR) and guided Low Density Residential (LDR) and are vacant. The parcels to the east are zoned Town Commercial (B-5) and are guided Planned Commercial (PC) except for the City water tower site which is zoned Planned Business District (PBD). The parcels to the east include an existing single-family home, water tower and a vacant parcel.

The concept proposes:

Single Family – 65’ Lots

- Base square footage: 2,391 – 3257
- Bedrooms: 3 to 6
- Bathrooms: 2.5 to 4
- 3-stall garages
- Two stories, move-up single family

Townhomes – 24’ wide

- 1,883 to 2,020 square feet
- 2 to 4 bedrooms
- 2.5 bathrooms
- 2-car garage
- 2-stories

The site has vast amounts of wetlands and may have plants categorized as endangered species. Pulte has stated they will do their best to preserve significant trees where they are able to and provide new plantings to augment the trees that will be removed by development. The existing tree cover on the west and north sides of the development will be preserved to provide backyard privacy. The developer proposes to install a tree line in the rear yards of townhomes to ensure privacy for both the townhomes and single-family homes.

Utilities

Currently, the watermain is installed within an existing roadway and utility easement, across the property to the south. In addition, the watermain and the sanitary sewer are proposed to be extended along the future Zest Street extension to 125th Avenue NE. The proposed project will need to connect to the future watermain and sanitary sewer system within the Zest Street extension. In addition, the watermain will be required to be constructed within an easement across the property to the south to create a loop with an additional connection to the existing watermain to the south.

Storm water system will be required to be installed to meet City of Blaine and Rice Creek Watershed District specifications.

There is an existing monitoring well on the property adjacent to 125th Avenue that will be required to remain and contained within a dedicated easement.

Access

The project currently proposes to provide access to the future Zest Street extension.

Additional access will need to be set up and planned for a future connection to the proposed Lakes Parkway alignment.

The project currently proposes an emergency access on the south side of 125th Ave NE. This proposed emergency access will need to receive written approval from Anoka County. In addition, documentation will need to be provided indicating the length of time the emergency access will be permitted and, once removed, how the area will be restored.

Wetlands/Watershed

The property is known to have existing wetlands onsite. In addition, the property may have threatened and/or endangered species present. The development of the property will be required to avoid these areas when possible and mitigate other areas where permitted. All necessary permits are required prior to any approval being received from the City.

Approval from the Rice Creek Watershed District will be required.

Required Right of Way Dedication

In addition to the dedication of right-of-way for the proposed subdivision streets, additional right-of-way will need to be acquired across a small portion of the property to the east to allow for access to the future Zest Street alignment.

Additional right-of-way dedication over the existing roadway and utility easement for the future Lakes Parkway extension will be required to be provided. Coordination of the potential for cost share for the construction of this section of the future Lakes Parkway will need to continue.

In order to develop as proposed, the following approvals are required:

1. The project will require a rezoning from FR to Development Flex (DF).
2. The project will require a land use change from LDR to L/MDR for the area where townhomes are proposed.
3. The project requires a preliminary and final plat which will include right of way dedication.
4. If the property is rezoned to DF, a conditional use permit will be required to allow the City Council to review the site and building design and apply conditions if needed.
5. The project will need to receive an issued permit from Rice Creek Watershed District.

Staff Recommendation

Provide feedback on rezoning, land use change, single-family elevations, townhome elevations, and general layout of the proposal.

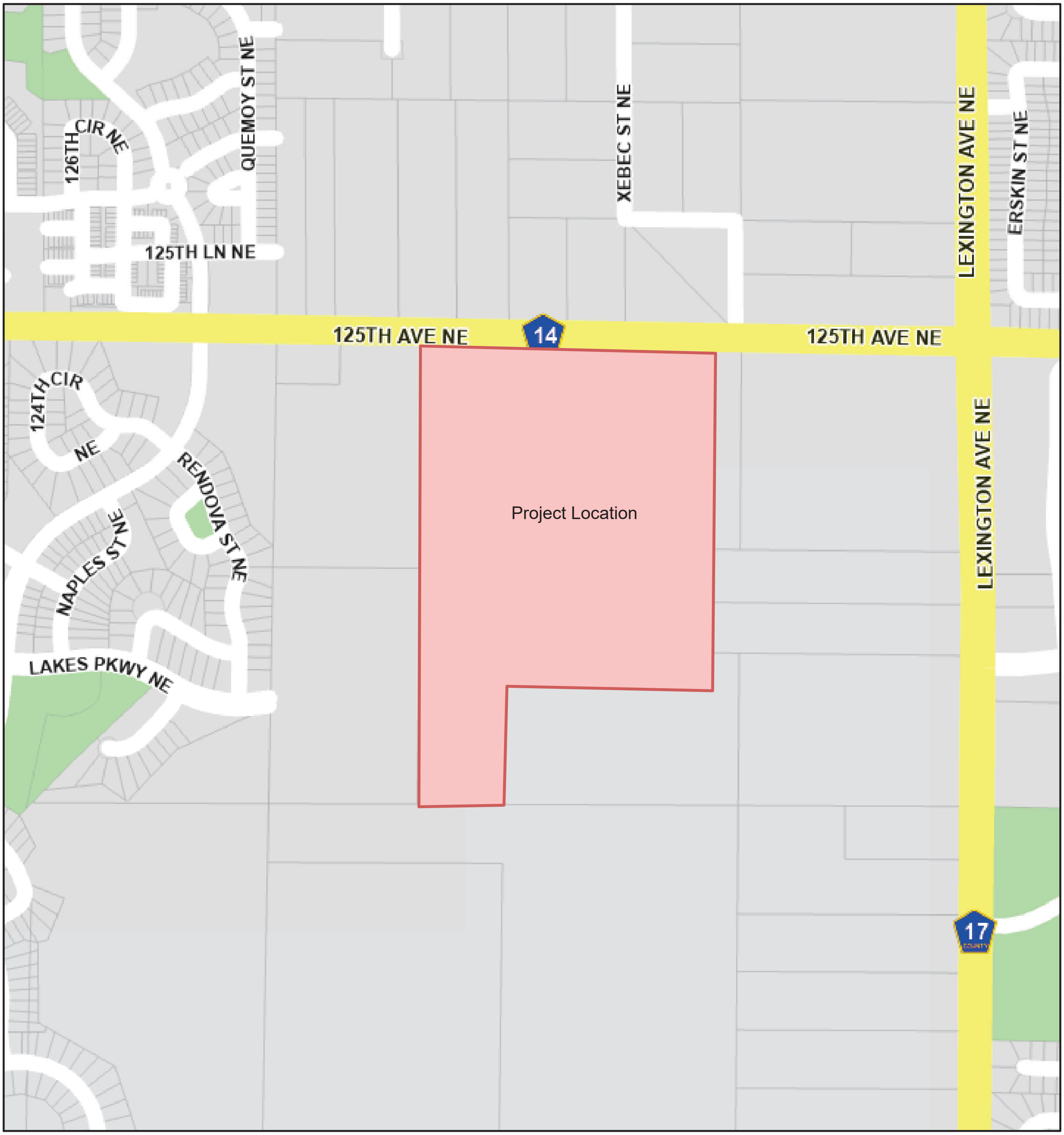
Questions for Council

1. Does the Council support a land use change to L/MDR (Low Density Residential/Medium Density Residential) on a portion of the site to allow townhomes?
2. Does the Council support a rezoning to DF (Development Flex)?
3. Does the Council have any feedback on the layout of the site (lot sizes, etc.)?
4. Does the Council have any feedback on single-family and townhome elevations?
5. Council discussion of Lakes Parkway, future landscape and parkway vision of extension and potential for the city to participate in parkway construction.

Attachment List

1. Attachments

CONCEPT25-0001 // Pulte Concept



4/22/2025, 9:22:49 AM

1:9,600

0 440 880 1,760 ft

0 135 270 540 m

SITE DATA

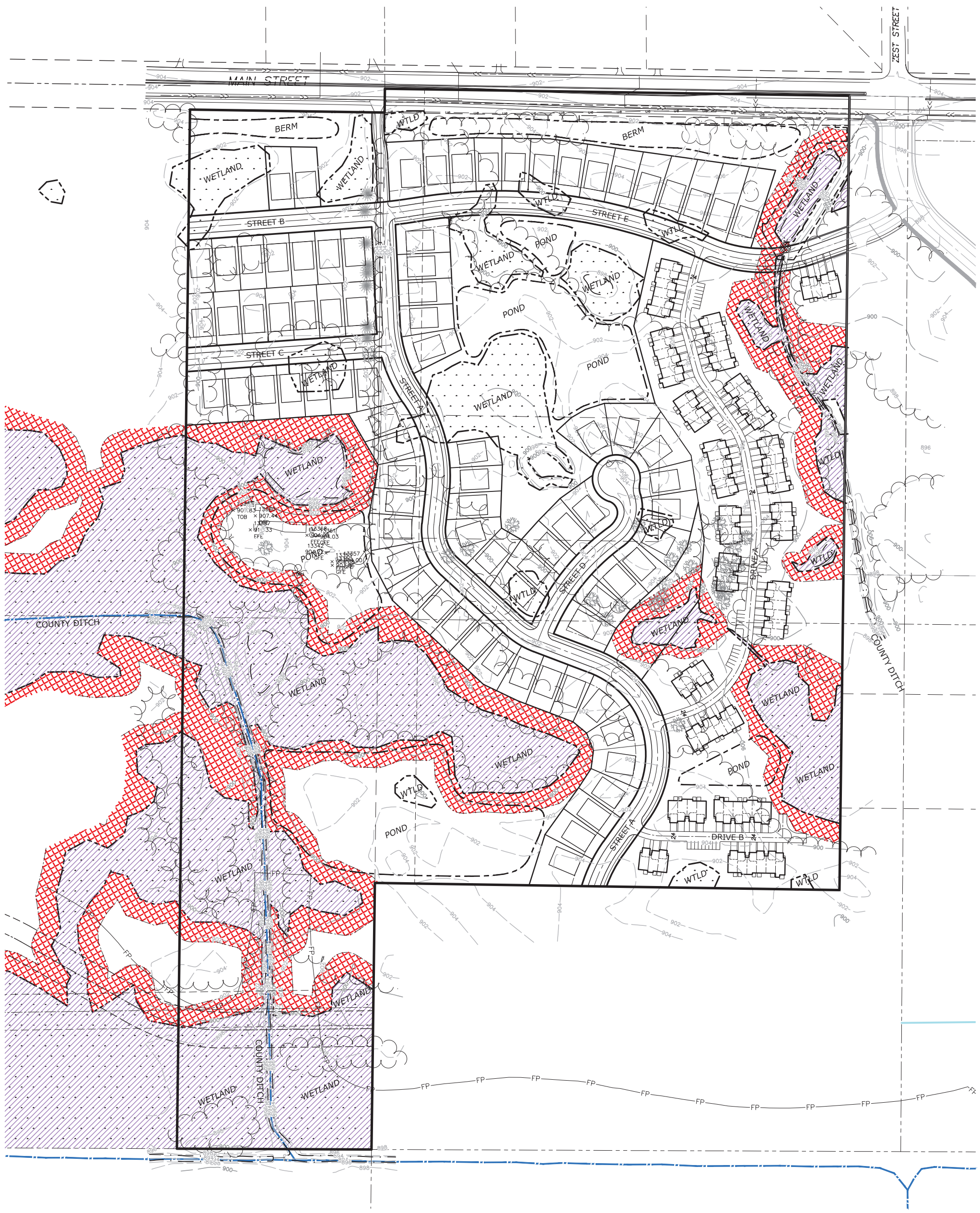
Total Site Area	**±83.12 ac**
Total Number of Lots	**174**
65' Single Family Lots	83
Townhome Lots	91
Minimum Setbacks - Single Family	
Front	25 ft
Side (Garage)	7.5 ft
Side (House)	7.5 ft
Side (Corner)	20 ft
Rear	30 ft
Minimum Setbacks - Townhomes	
Front	22 ft
Side (Between Bldgs)	20 ft
Side (Corner)	20 ft
Total Street Centerline Length	**±6,620 ft**
Public ROW	4,750 ft
Private Drive	1,870 ft

KEMPF - MCKINLEY CONCEPT PLAN

Blaine, MN | 04/16/25

N 0 150 300

CARLSON ENGINEERING



SITE DATA

TOTAL SITE AREA — ±83.12 AC.
TOTAL NUMBER OF LOTS — 174
65' SINGLE FAMILY LOTS — 83
TOWNHOME LOTS — 91

65' SINGLE FAMILY LOTS
MINIMUM RESIDENTIAL SETBACK DATA:
FRONT — 25 FT.
SIDE (GARAGE) — 7.5 FT.
SIDE (HOUSE) — 7.5 FT.
SIDE CORNER — 20 FT.
REAR SETBACK — 30 FT.

TOWNHOME LOTS
MINIMUM RESIDENTIAL SETBACK DATA:
FRONT — 22 FT.
SIDE (BETWEEN BUILDINGS) — 20 FT.
SIDE CORNER — 20 FT.

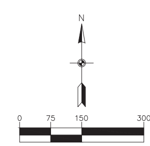
TOTAL CENTERLINE LENGTH — ±6,620 L.F.
PUBLIC ROW — ±4,750 L.F.
PRIVATE DRIVE — ±1,870 L.F.

LEGEND

- Denotes Delineated Wetland
- Denotes WMC Wetland
- Denotes WMC Wetland Buffer (25' Min. — 50' Average)

NOTES

1) Field work completed January 21, 2025.
2) Title commitment furnished by Title Resources Group with Commitment Date: November, 24th 2024 at 12:00am.
3) Wetlands delineated by Anderson Engineering of Minnesota, LLC. May 28th, 2024.



CARLSON ENGINEERING
ENGINEERING SURVEYING PLANNING
3890 PHEASANT RIDGE DRIVE NE, SUITE 100, BLAINE, MN 55449
TEL 763.489.7900 \ FAX 763.489.7959 \ CARLSON-ENGINEERING.COM

CONCEPT PLAN A

KEMPF/McKINLEY PARCELS
Blaine, Minnesota

PULTE GROUP
1650 W. 82nd St. South
Bloomington, MN 55431

REVISIONS	
1. 02/26/2025 Revise layout.	
2. 04/16/2025 Revise layout.	
3.	
4.	
5.	
6.	
DRAWN BY:	C#
ISSUE DATE:	02/21/2025
FILE NO:	XXX

REVIEW COPY

1 of 1

Save Date: 04/15/25 F:\Jobs\11181 - 11200\11196 - kempf-mckinley parcels blaine\cad c3d\survey\layouts\11196 layout 5.dwg

Blaine McKinley Kemp

APPLICATION FOR:
CONCEPT PLAN

Blaine, MINNESOTA
March 24, 2025

Introduction

Pulte Homes of Minnesota, LLC ("Pulte") is pleased to be submitting this application.

Our company mission statement is ***"Building Incredible Places Where People Can Live Their Dreams."*** We currently operate under three distinct brands of homebuilding throughout the country: Pulte Homes, Centex Homes, and Del Webb. The office for Pulte's Minnesota Division is in Bloomington. We will sell and build over 700 homes in the Twin Cities a year under the Pulte Homes and Del Webb brands.

Pulte will act as both developer of the property and builder of the homes. The primary contact for Pulte is:

Dean R. Lotter, Director of Land Planning & Entitlement
1650 West 82nd Street
Suite 300
Bloomington, MN 55431
952-219-9082
Dean.Lotter@PulteGroup.com

The owners of the property:

(1) Lisa McKinley
3900 125th Avenue NE
Blaine, MN 55449
763-913-2854
Lisa.a.Mckinely@gmail.com

(2) Jeffery and Susan Kempf
8852 Deer Trail
Pequot Lakes, MN 56472
612-816-5264
eljefe.kempf@gmail.com

The planner, surveyor, civil engineer, and landscape architect are:

Carlson McCain
Attn: Chris Sharp
3890 Pheasant Ridge Drive NE
Suite 100
Blaine, MN 55449
763-489-7920
csharp@carlson-engineering.com

The Property

Legal Description:

(1) THE N 2000 FT OF W 1170 FT OF NE1/4 OF SEC 11 TWP 31 RGE 23, EX S 310 FT OF N 1130 FT OF W 702.58 FT OF SD 1/4, EX RD, SUBJ T
(2) THE S 310 FT OF THE N 1130 FT OF THE W 702.58 FT OF THE NE1/4 EX RD SUBJ TO EASE OF REC
(3) THAT PRT OF E1/2 OF NW1/4 OF SEC 11 T31 R23 DESC AS FOL: COM AT N1/4 COR OF SD SEC TH W ALG N LINE OF SD SEC 490 FT, TH S PRL

Property Identification Number

(1) 11-31-23-12-0001
(2) 11-32-23-12-0002
(3) 11-31-23-24-0002

Key Facts

• Existing zoning	Farm Residential
• Guided zoning	Low Density Residential/Commercial
• Proposed zoning	Dwelling Flex (DF)
• Proposed use	174 homes total 83 single family homes 91 townhomes
• Gross calculations:	
○ Gross area	83.12 acres
○ Gross density	2.09 units/acre
○ Net Area	49.02 acres
○ Net Density	3.55 units/acre
• Dimensions/Setbacks – 24’ Townhomes	
○ Front Setback	22 feet
○ Side between buildings	20 feet
○ Side Corner	20 feet
• Dimensions/Setbacks – 65’ Single Family Lots	
○ Front setback	25 feet
○ Corner setback	20 feet
○ Rear setback	30 feet
○ Side setback	7.5 feet and 7.5 feet
○ Minimum lot width	65 feet
○ Minimum lot depth	126 feet

The Homes

Pulte Homes is known for the extraordinary steps that we take to ensure that we are designing and building homes that meet the needs and desires of home buyers. You can click on this link to learn more about Pulte's homebuilding process https://www.pulte.com/design/life-tested. We continually reach out to home buyers and Pulte homeowners to get feedback to improve our home designs. It is what we call Life Tested®. Through this intensive process, we have conceived of and incorporated innovative features such as the Pulte Planning Center, the Everyday Entry, Super Laundry, Oversized Pantry, and the Owner's Retreat. This exhaustive process has played a major part in Pulte's success in **"*Building Incredible Places Where People Can Live Their Dreams*."**

In striving to continually be in lock step with the home buying public, we update the design of our homes frequently. These changes are driven by the desires and tastes of the home buying public through the process described above. The homes that will be built are outlined below. They will range in price from the high \$500k's to the high \$600k's for the single family homes and the townhomes will range from \$375,000 to \$405,000.

Single Family – 65' Lots

- Base square footage: 2,391 – 3257
- Bedrooms: 3 to 6
- Bathrooms: 2.5 to 4
- 3-stall garages
- Two stories, move-up single family

Townhomes – 24' wide

- 1,883 to 2,020 square feet
- 2 to 4 four bedrooms
- 2.5 bathrooms
- 2-car garage
- 2-stories

The Site Plan

Pulte's proposal consists of a blend of townhomes and single-family homes. Please see sample elevations of both towards the end of this narrative. The single-family homes are proposed to be built on 65' lots and are considered our move up homes for growing families who need more living space. We are proposing 83 of the lots to be single family homes. The townhomes are placed between the proposed retail/commercial uses that are planned immediately to the east of our site. This will allow for a logical transition in terms of intensity of use.

HJ Development's site is proposed to be retail/commercial. As you move from east to west through the HJ site and cross over into the McKinley/Kempf site, Pulte proposes to build townhomes just west of the HJ property line and single-family homes to the north, west and southwest of the proposed townhomes. It's understood that the development of the McKinley/Kempf site relies on street access and utilities being made available by the development of the HJ Development site. A temporary right-in and right-out access will be allowed by the County to provide additional access into the site. We understand HJ's proposal will be in front of planning commission on April 8th and the city council shortly after that. Pulte is excited about the opportunity to provide needed housing in the market that will also bring residential to support the proposed retail/commercial development HJ Development is proposing.

Environmental Due Diligence

We plan to do the necessary site due diligence regarding wetlands and endangered species. We have already had the site surveyed, phase 1 completed and Geotech work performed. Pulte has a consultant already scheduled to delineate the wetlands later this spring and also plans to have an endangered species consultant review the site throughout this season so we can take into account any additional efforts needed to develop the site in a manner consistent with the applicable rules and regulations.

Energy Efficiency

The homes that Pulte will be constructing will have extremely high energy efficiency. Each home is tested using the Home Energy Rating System (HERS) index, which is the industry standard for measuring energy efficiency. Heating, cooling, and water heating constitute the largest cost of homeownership outside of the mortgage. The U.S. Department of Energy has determined that a typical resale home scores 130 on the HERS Index while a home built to the 2004 International Energy Conservation Code is awarded a rating of 100 (lower is more energy efficient). Pulte Homes measures the HERS score of every new home constructed. The average HERS score for our homes runs in the range of 47 to 53. We are building extremely energy efficient homes that dramatically exceed the International Energy Conservation Code threshold.

Park Dedication

It is the applicant's intent to meet the City's Park dedication requirements by paying park dedication fees.

Phasing & Schedule

The City of Blaine's application schedule suggests that staff review, and possible planning commission and council consideration would occur as follows:

Concept Plan Review	May/June 2025
Preliminary plat approval	August/September 2025
Site development	Spring 2026
Model home opens	late 2026
Full build of homes	early 2029

Conceptual Home Elevations

City of Blaine
Staff Report

File Number: 2025-100

Agenda Date	Status
May 5, 2025	
In Control	**File Type**
City Council	Workshop Item

New Business - Sheila Sellman, Assistant Community Development Director

Agenda Item # 3.2

Development Proposal for EDA Owned Property at 90th Lane and University Avenue

Background

History

The City of Blaine Economic Development Authority (EDA) owns three parcels at 90th Lane and University Avenue. The parcels are 9011 University Avenue, 9021 University Avenue and 20 90th Lane. The parcels total 2.15 acres.

The EDA acquired the parcels in separate real estate transactions in 2008 and 2012. The total acquisition costs were $1,280,000. The parcels contained a gas station and retail building which have since been demolished. The EDA acquired the properties in anticipation of redevelopment of the entire commercial area north of 89th Avenue and east of University Avenue. The building to the south was mostly vacant for many years after K-Mart closed. Several years ago, the building was remodeled and occupied by various tenants. With the investment of this building, a larger redevelopment of the area isn't anticipated. Therefore, the EDA could look at selling property for development on a smaller scale.

In 2023, the City Council changed the land use in the 2040 Comprehensive Plan for these parcels to Medium Density Residential/Community Commercial. This was based on the Northtown Revitilization Plan and extensive discussion by the City Council regarding future land use. The current land use designation allows for residential development at densities between 6-12 units/acre in the form of detached or attached housing, but not apartments. The previous land use was high density residential/planned commercial. The properties were rezoned to County Road 10 Mixed Use along with all the properties within the Northtown area.

The City held an open house on August 26, 2024, to obtain feedback from residents regarding future use of EDA owned property, which included the subject site and property at 211 89th Avenue. This information was presented to the City Council at a workshop on September 4, 2024. Comments related to housing included the following:

- Single story residential (concern about height and compatibility with single-story houses in the neighborhood)
- For-sale product, no rentals
- Smaller units
- Install turn lane to 90th Lane from University Avenue

Hedberg Homes approached staff last fall about a townhome project on the subject property. The City Council discussed the proposal at the November 4, 2024, workshop and supported the developer exploring the concept further. Since that meeting, the developer has revised his plan based on feedback from Anoka County regarding a turn lane on University Avenue. Originally, the plan showed twelve twin-home units. The plan has been revised to show ten detached units.

Concept

The developer is proposing a 10-unit detached townhome development. Each unit will be a slab on grade with a two-car garage. The developer has indicated this type of development attracts an older demographic that prefers privacy and low maintenance living. The detached development will align well with the surrounding single-family neighborhood. Land will need to be dedicated for a right turn lane on University Avenue, this is reflected on the concept plan.

Zoning and Land Use

The subject site is zoned County Road 10 Mixed Use (MU) and guided Medium Density Residential/Community Commercial (MDR/CC). The MU district allows attached townhomes as a permitted use with a minimum of three units. The proposed concept is a detached product and is not currently permitted in the MU district, if this were to move forward a rezoning would be required. The lot sizes are just over 5,000 square feet, which is common for slab on grade homes.

As shown on the concept plan the 10-units has a density of 4.6 units/acre. The MDR/CC has a density range of 6-12 units an acre and includes townhomes, twin homes and quad homes. If this were to move forward, a Comprehensive Land Use Plan Amendment would be necessary to Low Density Residential/Medium Residential (LDR/MDR) in order to meet the housing type and lower density.

The development proposal is consistent with the Northtown Plan and meets some of the guiding principles. Specifically, Principle #6 Strengthen the District and #8 Move in.

Strengthen the District Principle #6: Broaden the mix of land uses in the district to create a place where people can live, shop, work and recreate. Promote more compact, dense development patterns that encourage a walkable environment.

Move In Principle #8: Provide a diverse range of residential opportunities in the district - i.e. senior, multi-generational, multi-family, market rate, affordable housing options. Integrate future development with surrounding neighborhood edges by transitioning the scale of new development adjacent to existing single-family residential neighborhoods. Meet the housing demand for rental and ownership and create an environment that is enticing to live, work, and play.

Purchase Price

The developer has offered $260,000 for the property. A residential developer looks at a price/unit when determining land value versus a price/acre. This equates to $26,000/unit. This is a market-rate price for this type of transaction. If the EDA were to market the property for commercial use, the value would be approximately $700,000-$800,000. While the EDA paid $1,280,000 for the property 13+ years ago, the EDA is reminded that this transaction included buying property with existing buildings. It's not uncommon for cities to sell land for less than they purchased in redevelopment scenarios such as this. The EDA/Council can go into closed session to discuss the land offer.

Staff Recommendation

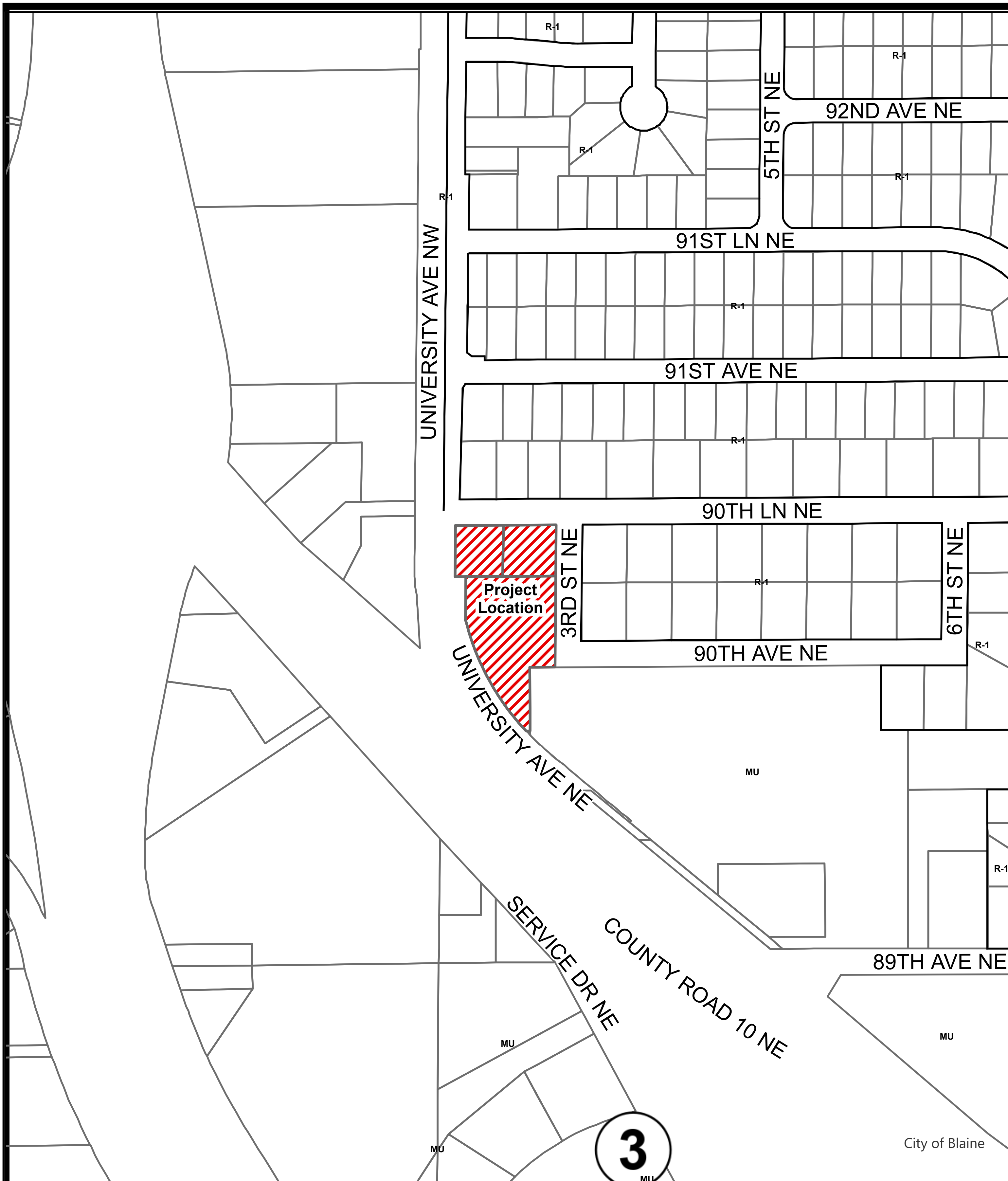
Provide feedback and direction

Questions for Council

1. Is council comfortable with changing the land use designation from MDR/CC to LDR/MDR?
2. Provide feedback on concept plan.
3. Purchase price (Closed Session).

Attachment List

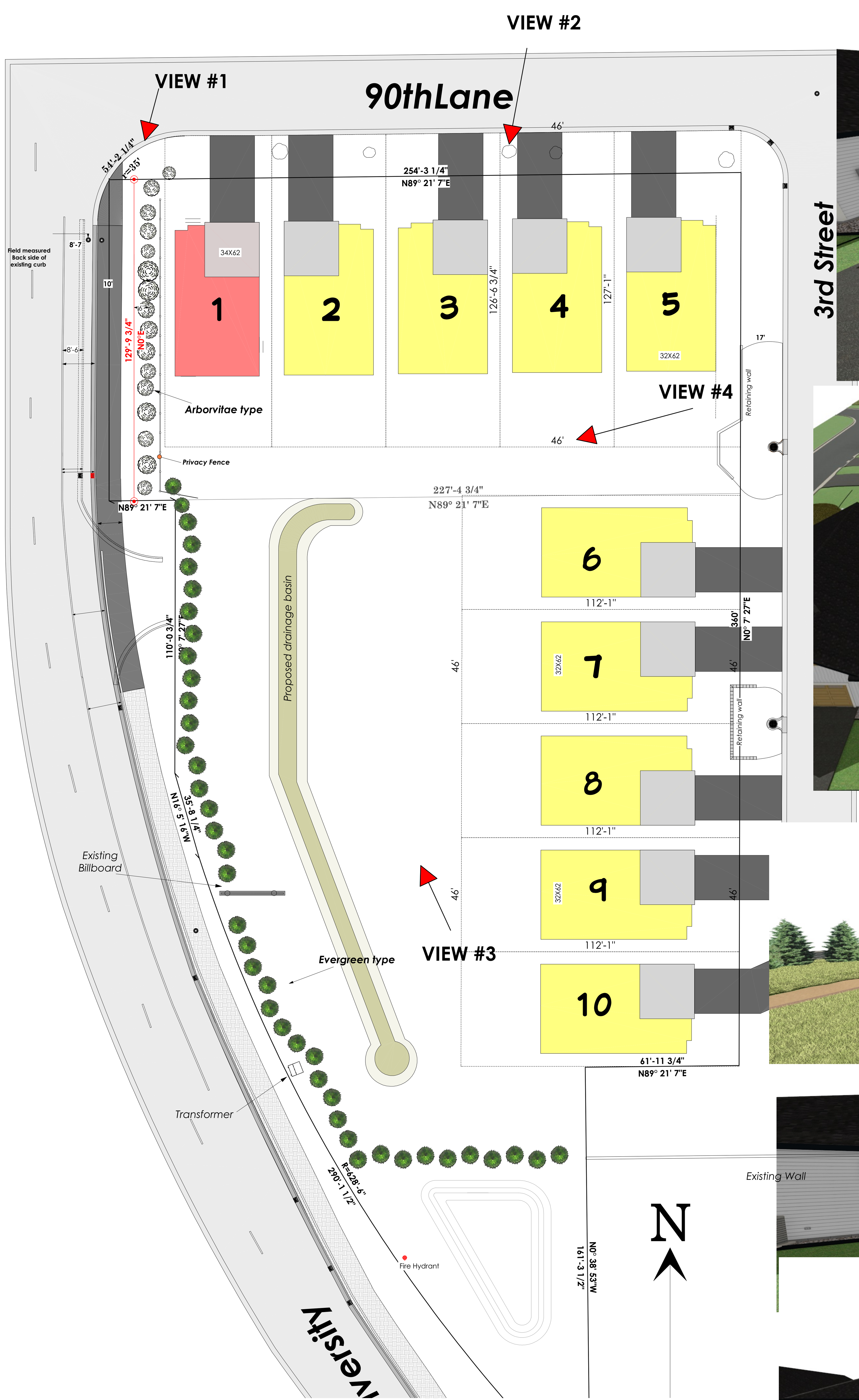
1. Location map
2. Northtown

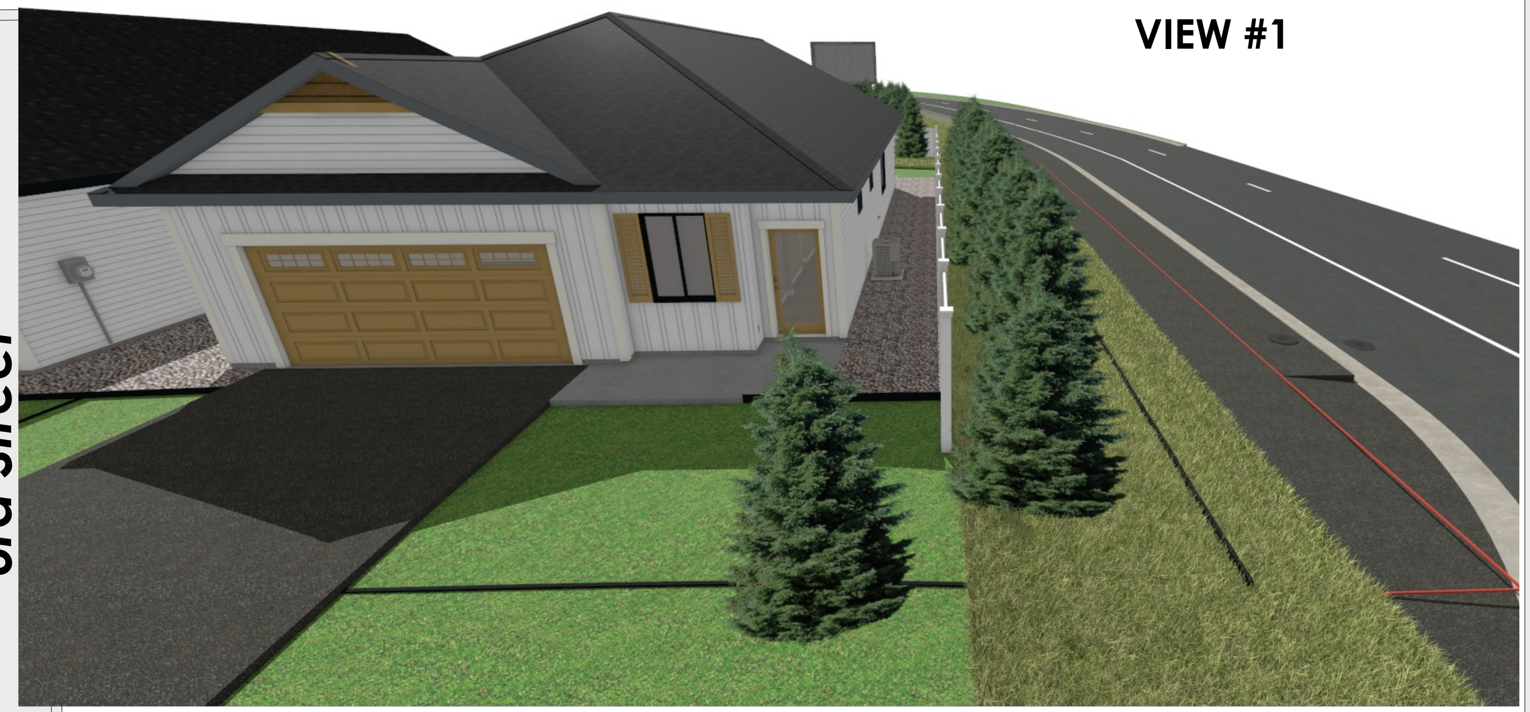


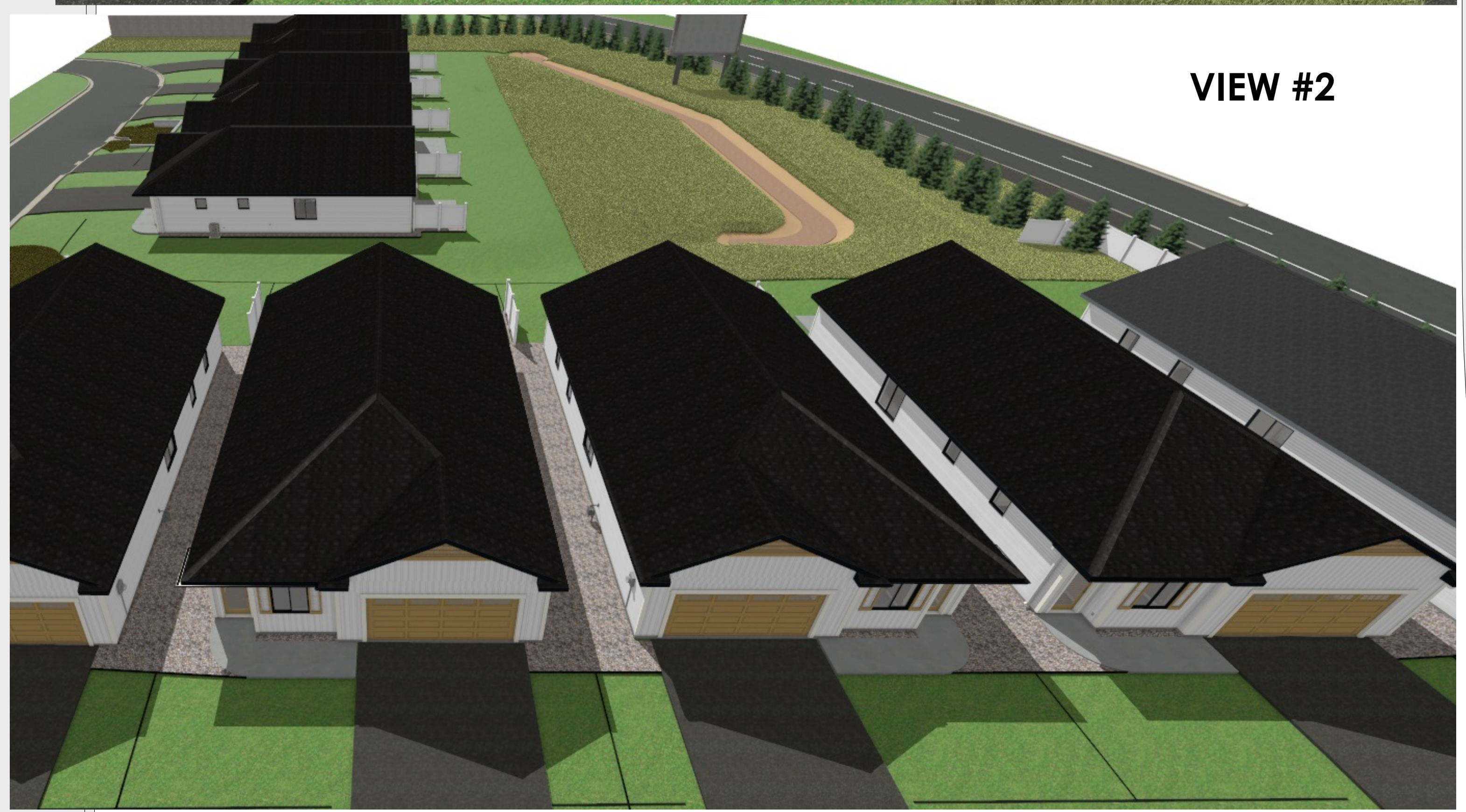
BlaineMN.gov

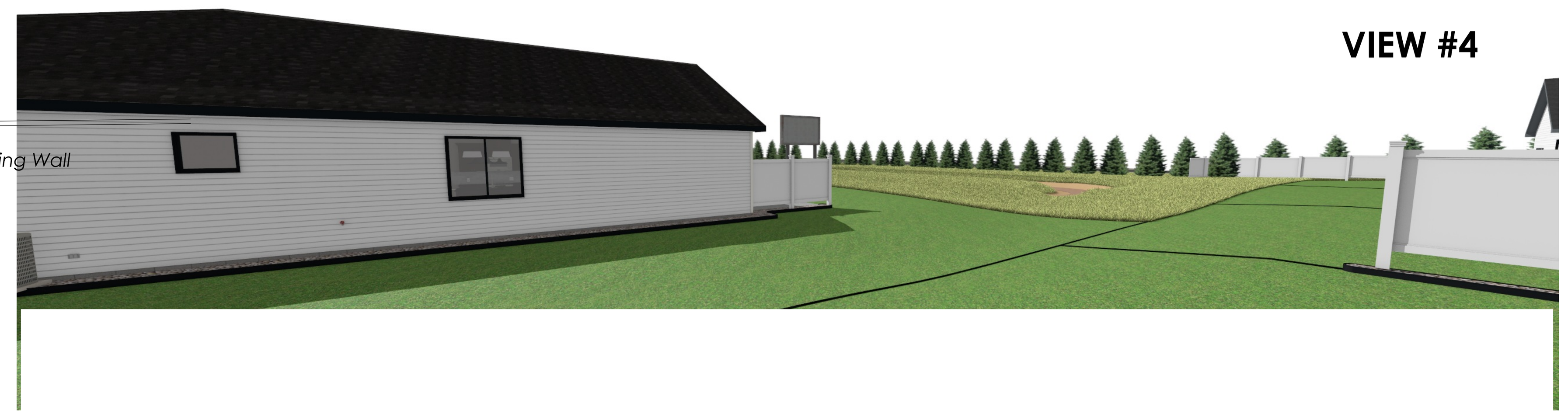
EDA Lots - Northtown

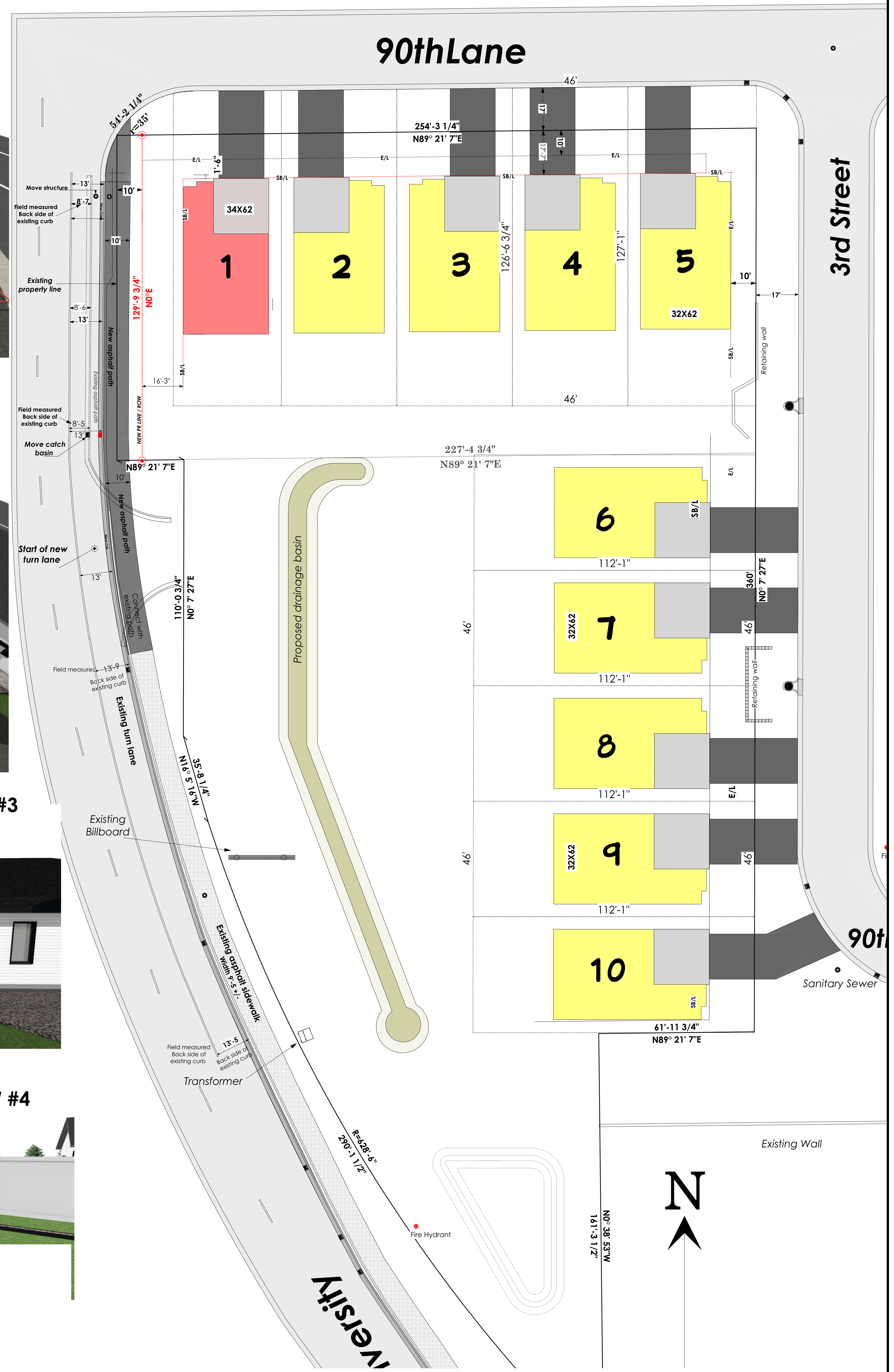
Blaine Planning Department / 10801 Town Square Dr NE / Blaine, MN 55449 / (763) 785-6180











10 SINGLE UNIT CONCEPT TREE FENCE
1 in = 30 ft

10 SINGLE UNIT CONCEPT
1 in = 30 ft

Developer:
RANGER DEVELOPMENT
4247 117th Ave. NE Blaine MN. 55449
763.242.3706 hedberghomes@hedberghomes.com

Builder:
HEDBERG HOMES Inc. Est.1985
4247 117th Ave. NE Blaine MN. 55449 763.242.3706
hedberghomes@hedberghomes.com Lic# 1698

Site Location:
90TH LANE & 3RD STREET
BLAINE

REVISION TABLE

DATE	DESCRIPTION
3/25/2025	12 UNIT 4 PLEX
3/25/2025	10 UNIT DETACHED

SHEET INDEX

Label	Title
P-1	12 Unit Concept
P-2	TURN LANE
P-3	12 UNITS 4 PLEX
P-4	10 UNIT DETACHED

10 UNIT DETACHED
SHEET: P-4-4
DATE: 3-3-25

City of Blaine
Staff Report

File Number: 2025-101

Agenda Date	Status
May 5, 2025	
In Control	**File Type**
City Council	Workshop Item

New Business - Erik Thorvig, Community Development Director

Agenda Item # 3.3

Closed Session Pursuant to MN Statute 13D.05(3)(c)(3) Consider Offer for EDA-Owned Property at 90th Lane and University Avenue

Background

See regular workshop item 3.2.

Staff Recommendation

Questions for Council

Attachment List

None

City of Blaine
Staff Report
File Number: 2025-102

Agenda Date	Status
May 5, 2025	
In Control	**File Type**
City Council	Workshop Item

New Business - Scott Johnson, Director of Administrative Services

Agenda Item # 3.4

City of Blaine Utility Cost Savings Project

Background

Staff is requesting further discussion from the City Council at the May 5, 2025, Workshop to receive direction on the potential utility cost-saving project for the City of Blaine. Staff is recommending moving forward in the process based on the following reasons:

- The guaranteed cost savings will be utilized to pay for the improvements. The consultant is required to pay the City of Blaine for any shortfall from the utility savings. The project cost burden is carried by them and not the City of Blaine.
- The proposal will provide complete projects in year 1. The utility cost savings from the project will pay back the project costs over the next 20 years. Any cost savings after the 20-year agreement will go directly to the City of Blaine.
- Staff had the opportunity to speak to Dakota County, City of Apple Valley, and Winona State University. All three public institutions said they would approve the process again with the consultant and explained how the process benefited their organizations with utility savings at their facilities. They recommended this organization and thought this would be a great opportunity for the City of Blaine.
- All three public institutions were able to remove projects from their Capital Improvement Plan (CIP) and implement the projects to start receiving the benefits. All three have been successful with the guaranteed utility savings contracts.

McKinstry presented their findings to the City Council at the March 10, 2025, Workshop on potential utility cost-saving projects for the City of Blaine through guaranteed utility savings contracts and tax credits. They presented information on how the proposed improvements to our facilities will help save general fund, facilities fund and utility fund dollars. The presentation is attached to this item.

Timing is important on this project. We do not know if the tax credits and other funding sources proposed used for financing these projects will be available in 2026 (the proposed project follows the 2025 Federal Tax Code). The proposed project will help the City of Blaine save future energy costs, lighting costs, and save money with updated operations and maintenance systems. The next step in the process is the investment grade audit.

The investment grade audit is a comprehensive and detailed energy audit that focuses on the financial aspects of the energy efficiency improvements. It analyzes potential energy savings and the return on investment (ROI) from the proposed changes or upgrades. The results of the audit provide the final guaranteed savings and project price.

Staff Recommendation

Staff is requesting direction on whether to proceed with the investment grade audit with McKinstry and move forward with next steps in the process.

Questions for Council

Attachment List

1. Presentation

City of Blaine

Utility Cost Savings Potential

Preliminary Cost Savings Evaluation
Council Working Session
March 10, 2025

McKinstry
For The Life Of Your Building

BlaineMN.gov
Live | Work | Grow

About McKinstry

VISION

Together, building a thriving planet.

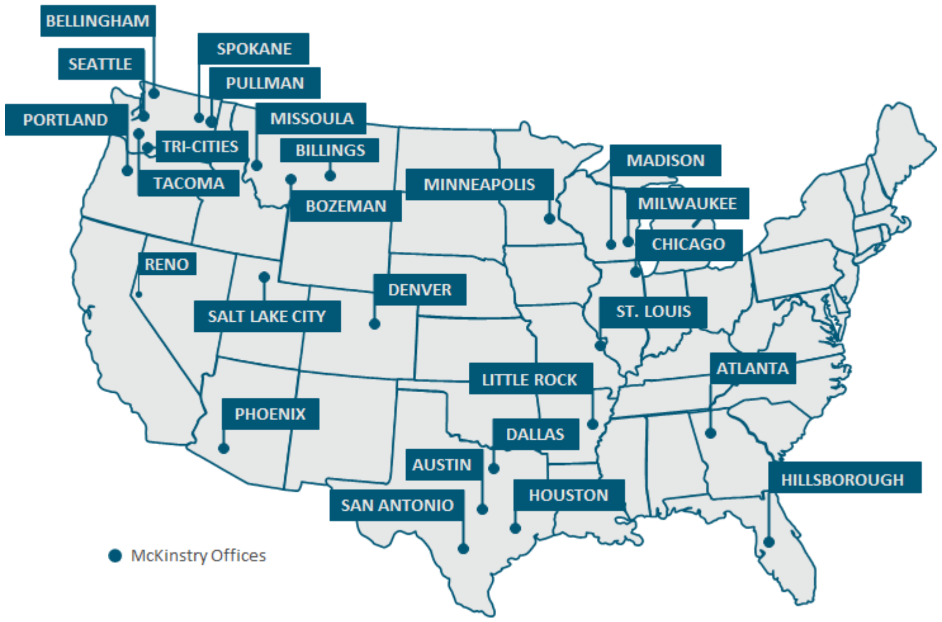
MISSION

To make every building we touch more efficient.

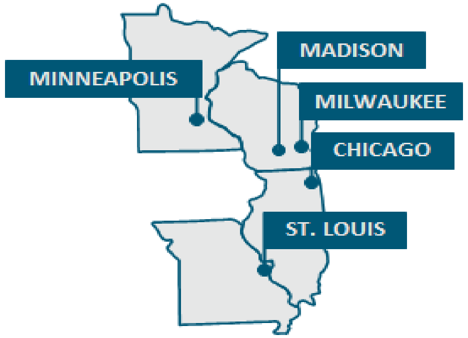
Our National Footprint

Local Team – Supported by National Expert Teams

- National leader in designing, constructing, operating and managing high-performing facilities
- Founded in 1960
- 26+ offices nationwide
- 3,000+ employees
- 100 PEs & Architects
- $995 M annual revenue
- 250 MW Solar PV Installed

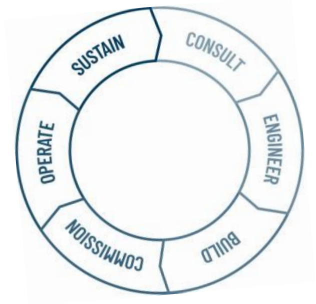


Our Midwest Footprint



- More than 80 projects worth over **$350M in last five years**
- More than **45 Solar projects**
- Strong partnerships leading to **legacy clients**
- St. Louis Park, MN office

For the Life of Your Infrastructure



Creating a continuum of expertise and assistance that you can access at any point FOR THE LIFE OF YOUR BUILDINGS.

Engineering, Consulting & Community

- Mechanical, Electrical, Plumbing
- Internet of Things (IoT) and Data
- Energy/Environmental
- Climate Action Planning
- Community Engagement

Construction & Financing

- Design, Implement, Operate, Maintain, Own
- Finance via Competitive Network
- Performance-Based Contracting/Guaranteed Energy Savings Projects

Energy Efficiency & Renewables

- Reduce, Produce, Procure
- Energy Efficient Buildings
- Solar, Storage, Microgrids
- Resiliency
- Flexible Financial Structures via Competitive Network

Facility Services

- Facility and Energy Asset Management Programs
- Commissioning
- Operational Optimization
- Active Energy Management
- powerED

High Performance/ Smart Buildings & Grid

- Eco Districts
- Microgrid
- Solar + Storage
- Internet of Things
- Telecommunications

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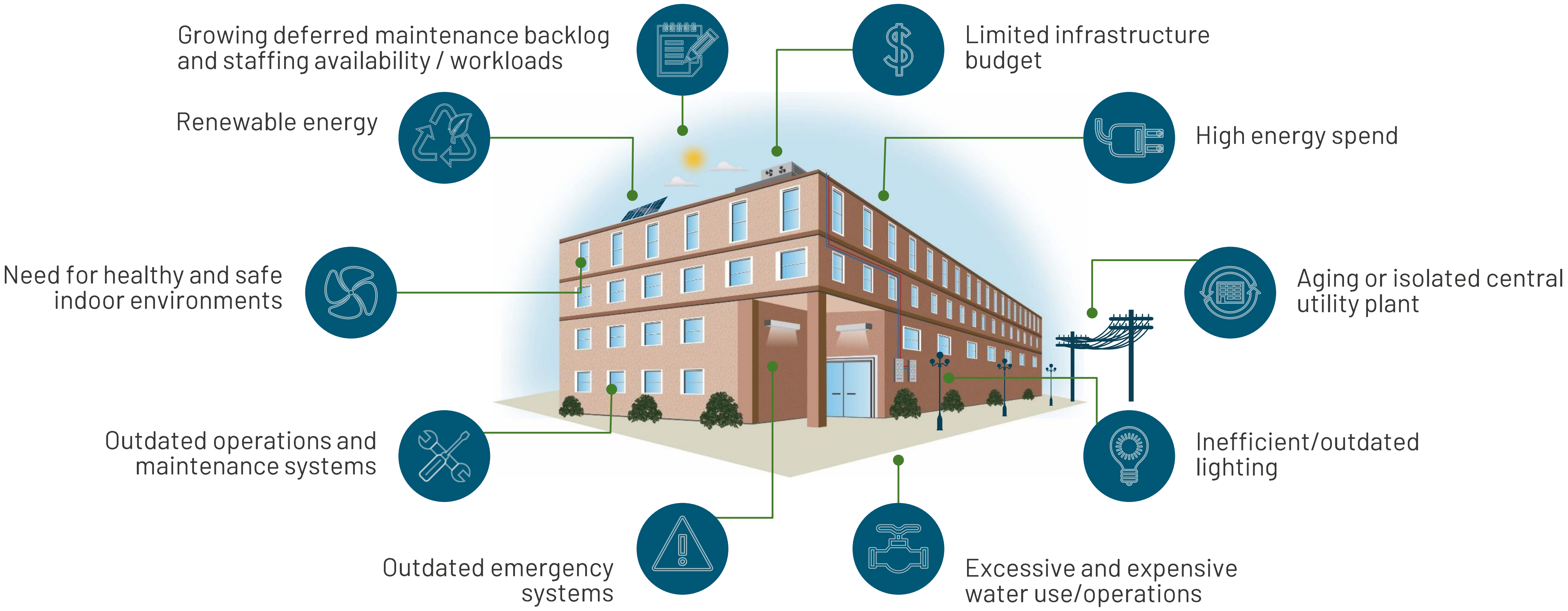
Current Challenges in Managing Your Buildings

With so many challenges and decisions facing today, we are a partner that understands your needs and can help navigate the options.



City of Blaine

Achieving Cost Savings

How We Work With You

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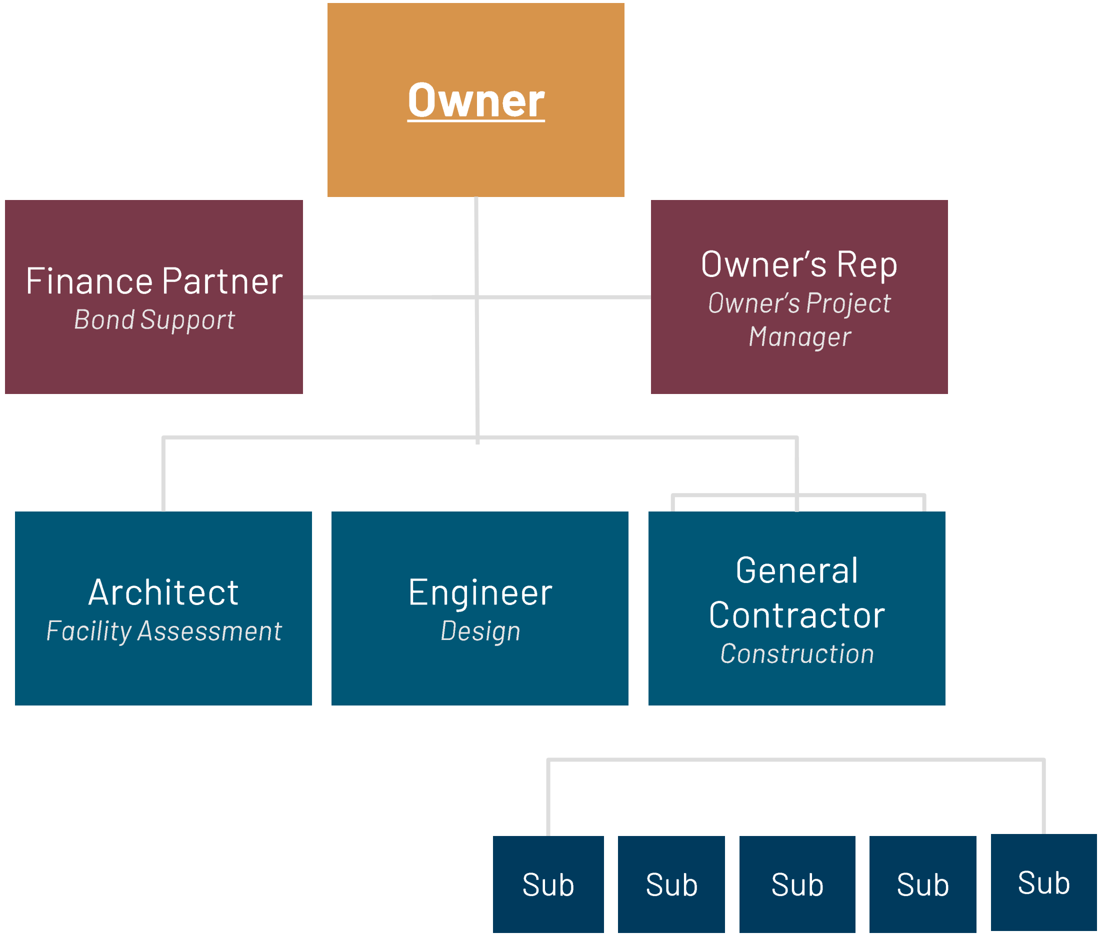
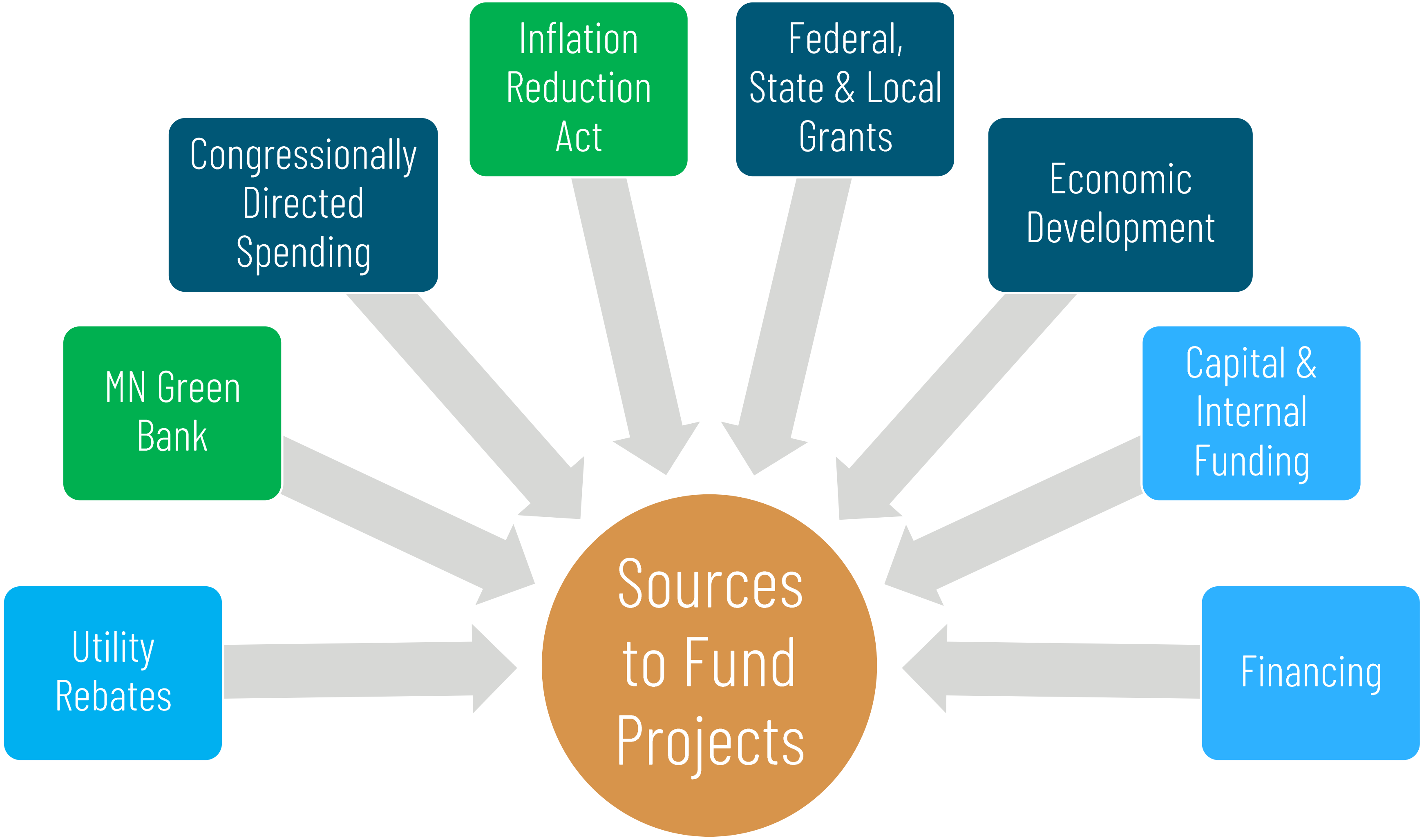
Guaranteed Utility Savings Contract

Utility Savings Project Partnership

Traditional Project Construction

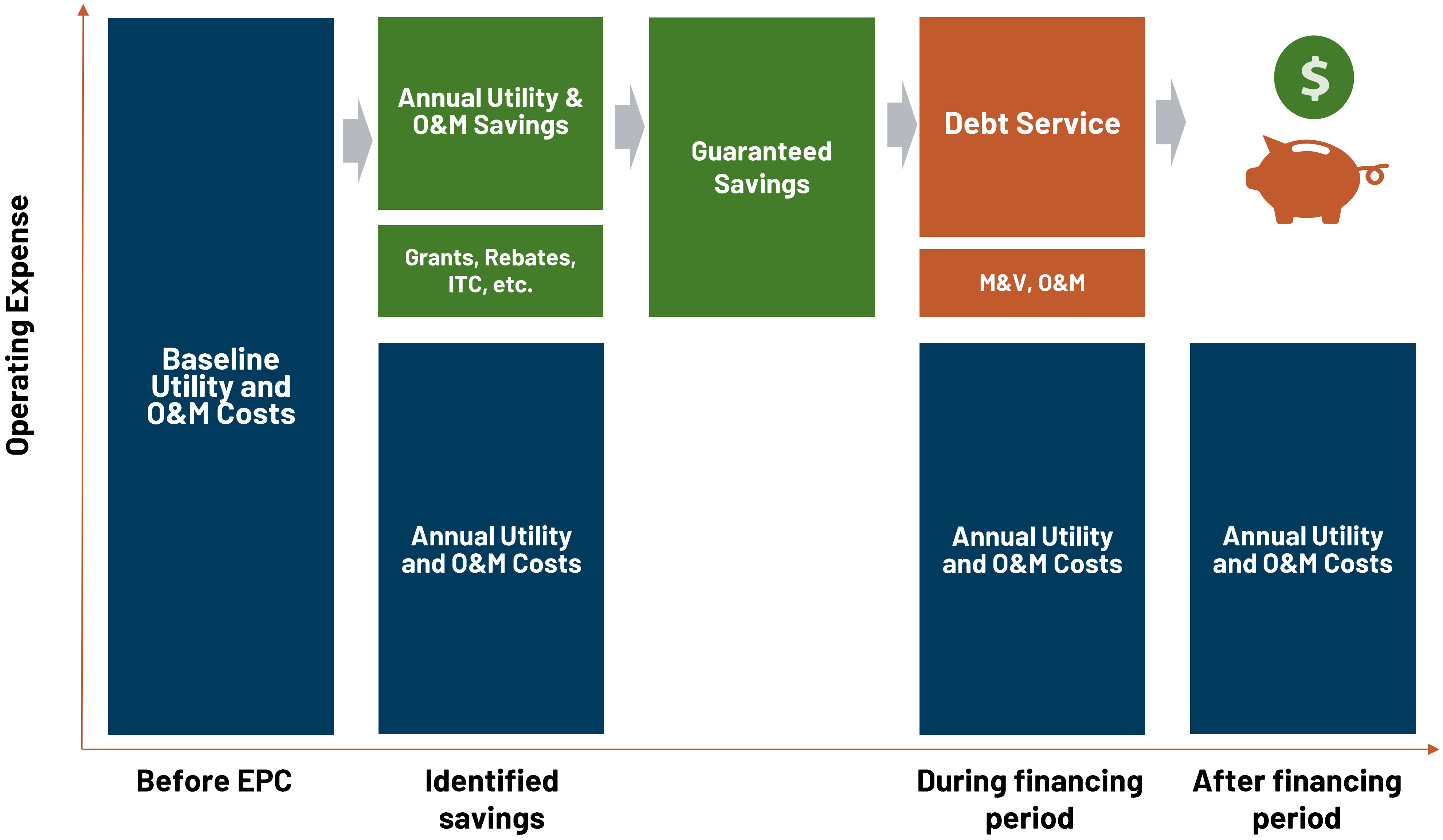


Guaranteed Savings Project Financing



Cashflow positive Projects - not to exceed 20 years

Cost Savings Project – Budget Neutral



Budget Neutral – Funding for Energy Projects

Your Annual Budget **Expenses**	Your Annual Budget **Liabilities / Expenses**	**Results / Benefits**
$$ for Utility costs $$ for Deferred Maintenance and Repairs $$ Equipment Replacements $$ for Current Operations and Maintenance	Bond/Debt or Tax-Exempt Lease (Off-balance sheet = similar to equipment leasing) Payments **Payments structured to match the annual guaranteed savings each year**	Each year the Budget $'s for Energy and Operation costs are used to pay the Financing payments = **Budget Neutral** **After the financing period is completed, all the savings continues to occur and accumulate**

This Allows for No "Out of Pocket" $'s from City Budget

City of Blaine

Preliminary Results:

Cost Saving Opportunities

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Improvement Opportunities

	FACILITY ASSESSMENT	BALL FIELDS	BLAINE BASEBALL COMPLEX	CITY HALL/PD/FIRE	COLD STORAGE	FIRE STATION #2	LEXINGTON ATHLETIC COMPLEX	MARY ANN YOUNG CENTER	PUBLIC WORKS OFFICE/GARAGE	WATER TREATMENT 1	WATER TREATMENT 2	WATER TREATMENT 3	WATER TREATMENT 4
BASE PROJECT	Solar PV	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☑
	HVAC Renewal and Upgrades	☐	☐	☑	☐	☑	☐	☐	☐	☐	☐	☐	☐
	Building Automation Controls	☐	☐	☑	☐	☐	☐	☑	☐	☐	☐	☐	☐
	Lighting and Controls	☐	☑	☑	☑	☑	☑	☐	☐	☑	☑	☑	☐
	Retro commissioning	☐	☐	☑	☐	☐	☐	☑	☑	☐	☐	☐	☐
	Water Conservation/Irrigation	☑	☑	☑	☑	☑	☑	☑	☑	☑	☑	☑	☑
	Building Envelope	☐	☐	☑	☑	☑	☐	☑	☑	☑	☑	☑	☑
	Waste Oil Burner	☐	☐	☐	☐	☐	☐	☐	☑	☐	☐	☐	☐
	Stripping Tower Blower	☐	☐	☐	☐	☐	☐	☐	☐	☑	☐	☐	☐
	Window Film	☐	☐	☑	☐	☐	☐	☐	☐	☐	☐	☐	☐
	Duct Sealing	☐	☐	☑	☐	☐	☐	☐	☐	☐	☐	☐	☐
	Generator Block Heater	☐	☐	☑	☐	☐	☐	☐	☐	☐	☐	☐	☑
STRETCH PROJECT	Carport Solar Canopy	☐	☐	☑	☐	☐	☐	☐	☐	☐	☐	☐	☐
	Peak Shaving Generator	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☑

City of Blaine

Preliminary Results:

Cost Saving Financials

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Preliminary Assessment: Self-Funding Project Example

For

$30K

City Contribution

City Completes

$1.59M

Energy & Facility Project Work

City Gains

$2.48M

25-year Savings Benefit to City

Reduce annual utility and operational costs by ~$75K/yr

City-wide Project, Completing Great work Utility Savings = 10%

Opportunity for ~$185K-$235K in "Direct Pay" Incentives

Current Annual City Utility Costs = $735,743

*Water/Sewer Utility Analysis has already generated ~$14,000 savings in '24 Q3 (not included in above numbers)

City of Blaine

Preliminary Results: Project Benefits

Self- Funding Project Achievement Overview

- Significant Utility cost reduction = 10%
- Showcase at the WTP #4 = Rooftop Solar addition
  - 22% Utility cost reduction
- Complete City-Wide Lighting and Controls upgrades
- Gain operational and maintenance savings
- Modernize and standardize systems
- Hedge against rising utility costs
- No upfront cost – savings funded
- Lower overhead costs = taxpayer savings
- Potential for Connexus support = ratepayer and city savings

City of Blaine

Our Ask: Path to Achieve Savings

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Action Plan: Blaine's – Utility Savings Project

Preliminary Assessment

Council Approval

Investment Grade Audit

Agreement to move to Construction

Construction & Savings

Today
City preview of findings.
~15% engineering

Approvals
Develop and approve agreement language.

~90 days
Collaboration. Design, spec, price project.
~75% engineering

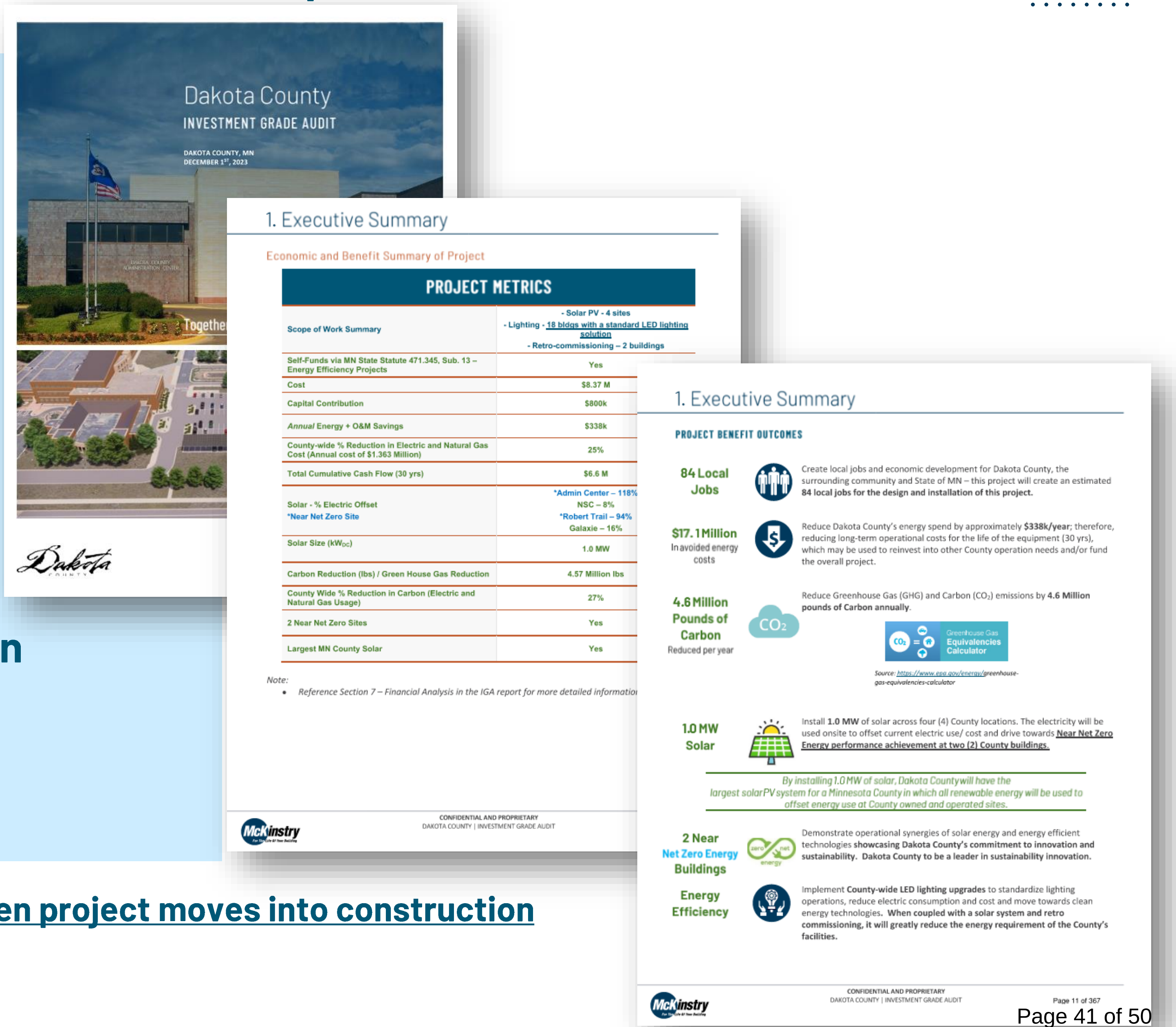
~30 days
Approve final project agreement.

~1 yr. +
Performance Measure & Verification

IGA (Investment Grade Audit) Report

Deliverables:

- ✓ "Construction Ready" Project
  - Detailed Drawings
  - Specified Equipment/ Bidding
- ✓ Identification of Grants and Rebates
  - IGA is required to apply
- ✓ Capital Budget Items?
- ✓ Utility / Operation Savings Verification
- ✓ Cashflow Justification
- ✓ Competitive Financing



Dakota County
INVESTMENT GRADE AUDIT
DAKOTA COUNTY, MN
DECEMBER 1ST, 2023

1. Executive Summary

Economic and Benefit Summary of Project

PROJECT METRICS	
Scope of Work Summary	- Solar PV - 4 sites - Lighting - 18 bldgs with a standard LED lighting solution - Retro-commissioning – 2 buildings
Self-Funds via MN State Statute 471.345, Sub. 13 – Energy Efficiency Projects	Yes
Cost	$8.37 M
Capital Contribution	$800k
Annual Energy + O&M Savings	$338k
County-wide % Reduction in Electric and Natural Gas Cost (Annual cost of $1.363 Million)	25%
Total Cumulative Cash Flow (30 yrs)	$6.6 M
Solar - % Electric Offset *Near Net Zero Site	*Admin Center – 118% NSC – 8% *Robert Trail – 94% Galaxie – 16%
Solar Size (kW_{DC})	1.0 MW
Carbon Reduction (lbs) / Green House Gas Reduction	4.57 Million lbs
County Wide % Reduction in Carbon (Electric and Natural Gas Usage)	27%
2 Near Net Zero Sites	Yes
Largest MN County Solar	Yes

Note:
- *Reference Section 7 – Financial Analysis in the IGA report for more detailed information*

CONFIDENTIAL AND PROPRIETARY
DAKOTA COUNTY | INVESTMENT GRADE AUDIT

1. Executive Summary

PROJECT BENEFIT OUTCOMES

84 Local Jobs — Create local jobs and economic development for Dakota County, the surrounding community and State of MN – this project will create an estimated **84 local jobs for the design and installation of this project.**

$17.1 Million In avoided energy costs — Reduce Dakota County's energy spend by approximately **$338k/year**; therefore, reducing long-term operational costs for the life of the equipment (30 yrs), which may be used to reinvest into other County operation needs and/or fund the overall project.

4.6 Million Pounds of Carbon Reduced per year — Reduce Greenhouse Gas (GHG) and Carbon (CO_2) emissions by **4.6 Million pounds of Carbon annually**.

Greenhouse Gas Equivalencies Calculator

Source: https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

1.0 MW Solar — Install **1.0 MW** of solar across four (4) County locations. The electricity will be used onsite to offset current electric use/ cost and drive towards **Near Net Zero Energy performance achievement at two (2) County buildings.**

By installing 1.0 MW of solar, Dakota County will have the largest solar PV system for a Minnesota County in which all renewable energy will be used to offset energy use at County owned and operated sites.

2 Near Net Zero Energy Buildings — Demonstrate operational synergies of solar energy and energy efficient technologies **showcasing Dakota County's commitment to innovation and sustainability. Dakota County to be a leader in sustainability innovation.**

Energy Efficiency — Implement **County-wide LED lighting upgrades** to standardize lighting operations, reduce electric consumption and cost and move towards clean energy technologies. **When coupled with a solar system and retro commissioning, it will greatly reduce the energy requirement of the County's facilities.**

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DAKOTA COUNTY | INVESTMENT GRADE AUDIT
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Development Cost for IGA: no upfront cost to City when project moves into construction

City of Blaine

Utility Cost Savings Project

Questions / Comments?

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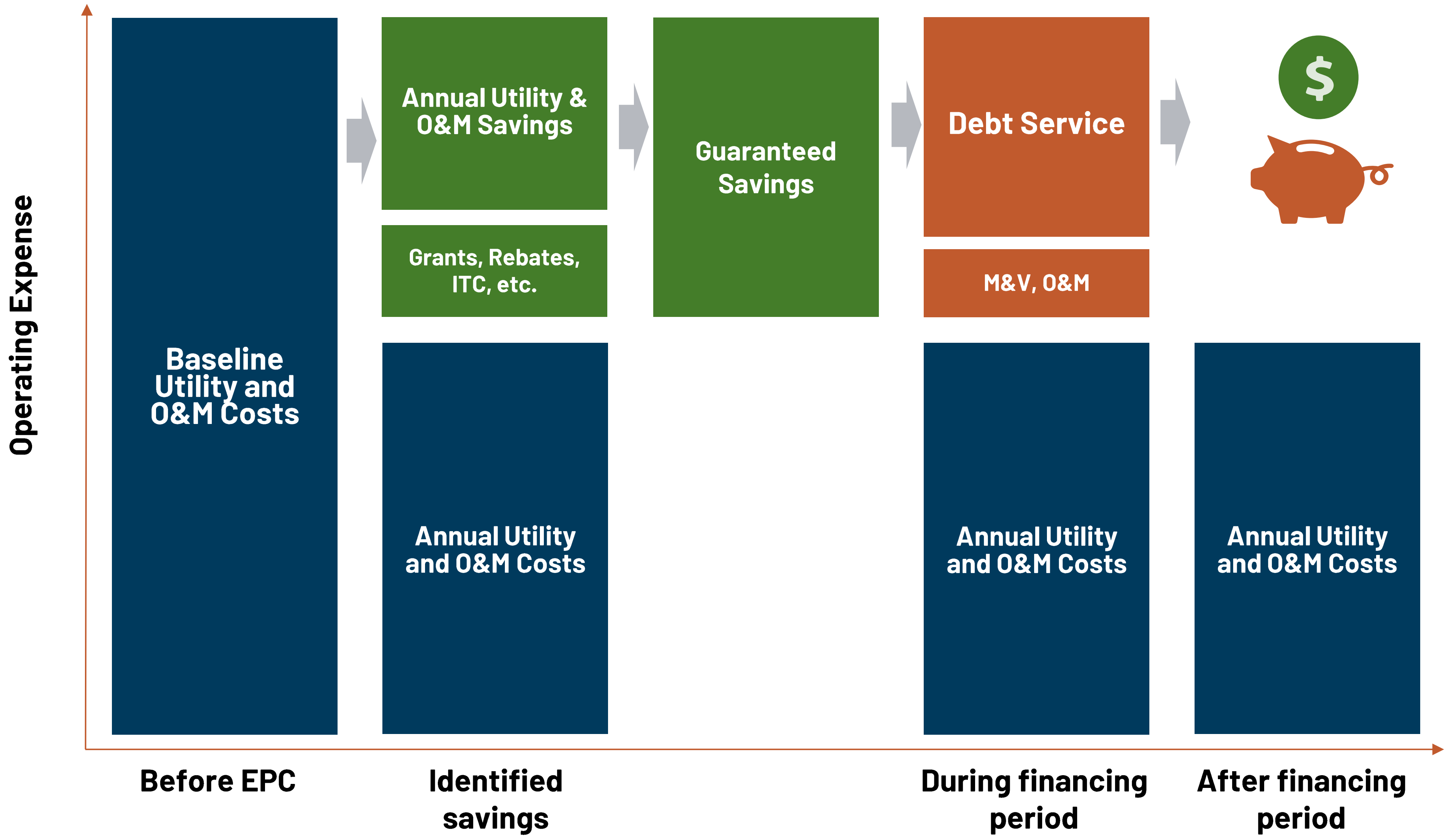
Appendix A: Financing Deeper Dive

Deeper dive and questions on financing structures

Energy Savings Project – Budget Neutral



Budget Neutral – Funding for Energy Projects

Your Annual Budget Expenses	**Your Annual Budget Liabilities / Expenses**	**Results / Benefits**
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This Allows for No "Out of Pocket" $'s from City Budget

Funding Energy Projects – Options

Your Budget	Bond Issue	Tax-Exempt Lease Purchase (TELP)	Part of Your Budget & Part Financing
$$ for Utility costs $$ for Deferred Maintenance and Repairs $$ Equipment Replacements $$ for Current Operations and Maintenance **Requires current budget cash availability or cash via next year's budget**	Traditional GO bond issuance Issuing costs Structural debt and credit report impact Your CFO to compare Bond vs. TELP costs and rates over time	RFQ via McKinstry network of top-tier financial firms (no $'s to McKinstry – part of our services) McKinstry compiles offers You compare terms from several financial institutions **Energy Savings + Lease payments each year = no out of pocket costs** **Off-Balance Sheet format, like Equipment Leasing**	McKinstry implements projects in your Budget/CIP Results in more impactful projects Gain guaranteed savings, bundle efforts **Complete projects in less than 1 year with our team instead of your staff time**

Preliminary Assessment: Self-Funding Project Example

For

$30K

City Contribution

City Completes

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Preliminary Self-Funding Project Example Cash Flow Model

Summary of Economics and Cash Flow							
Capital Contribution ($)		**Project Cost ($)**			**Total Benefit****		
$15,000***		**$1,585,000**			**$2,480,641**		
Year	**Project Cost ($)**	**Avoided Energy + O&M Savings**	**IRA Incentives and CIP Contribution***	**Lease Payment**	**End Balance**	**Annual Cashflow**	**Total Cumulative Cash Flow**
0	**($1,585,000)**	**$0**	**$0**	**$1,585,000**	**$0**	**$0**	**$0**
1		$75,000	$225,000	($299,999)	($1,356,326)	$1	$1
2		$78,000	$0	($77,999)	($1,339,362)	$1	$2
3		$81,120	$0	($81,119)	($1,318,514)	$1	$3
4		$84,365	$0	($84,364)	($1,293,483)	$1	$4
5		$87,739	$0	($87,738)	($1,263,952)	$1	$5
6		$91,249	$0	($91,248)	($1,229,581)	$1	$6
7		$94,899	$0	($94,898)	($1,190,015)	$1	$7
8		$98,695	$0	($98,694)	($1,144,872)	$1	$8
9		$102,643	$0	($102,642)	($1,093,749)	$1	$9
10		$106,748	$0	($106,747)	($1,036,220)	$1	$10
11		$111,018	$0	($111,017)	($971,833)	$1	$11
12		$115,459	$0	($115,458)	($900,107)	$1	$12
13		$120,077	$0	($120,076)	($820,536)	$1	$13
14		$124,881	$0	($124,880)	($732,580)	$1	$14
15		$129,876	$0	($129,875)	($635,672)	$1	$15
16		$135,071	$0	($135,070)	($529,207)	$1	$16
17		$140,474	$0	($140,473)	($412,549)	$1	$17
18		$146,093	$0	($146,092)	($285,022)	$1	$18
19		$151,936	$0	($151,935)	($145,913)	$1	$19
20		$158,014	$0	($152,479)	$0	$5,535	$5,554
21		$164,334	$0	$0	$0	$164,334	$169,888
22		$170,908	$0	$0	$0	$170,908	$340,796
23		$177,744	$0	$0	$0	$177,744	$518,539
24		$184,854	$0	$0	$0	$184,854	$703,393
25		$192,248	$0	$0	$0	$192,248	$895,641
Totals	**($1,585,000)**	**$3,123,443**	**$225,000**	**($2,452,802)**	**$0**	**$895,641**	

Financial Disclaimer: McKinstry is not engaged in providing legal, tax, or financial advice. The information provided herein is intended only to assist you in your decision-making and is broad in scope. Accordingly, before making any final decisions you should consider obtaining additional information and advice from your accountant or other financial advisers who are fully aware of your specific circumstances.

Incentives*	include indicative estimates of available utility and IRA Direct Pay credits.
Total Benefits**	includes the Project Cost + Total Cumulative Cashflow.
Capital Contributions***	Reserves $15,000 of CIP funding tor filing costs

Financial Report Format – Notes on Equipment Lease (TELP)

BLAINE, CITY OF
TABLE OF CONTENTS

City of Blaine

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $536,024,458 at the close of the most recent fiscal year.

The largest portion of the City's net position (84 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Blaine's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$102,353,157	$110,590,002	$33,182,973	$16,444,357	$135,536,130	$127,034,359
Capital assets	329,981,410	314,251,138	226,655,425	218,246,892	556,636,835	532,498,030
Total assets	$432,334,567	$424,841,140	$259,838,398	$234,691,249	$692,172,965	$659,532,389
Deferred outflows						
Related to pensions	$22,153,468	$26,371,909	$ -	$ -	$22,153,468	$ 26,371,909
Long-term liabilities outstanding	$92,176,919	$105,404,987	$44,961,813	$35,506,910	$137,138,732	$140,911,897
Other liabilities	14,641,750	21,089,593	3,403,531	2,604,693	18,045,281	23,694,286
Total liabilities	$106,818,669	$126,494,580	$48,365,344	$38,111,603	$155,184,013	$164,606,183
Deferred inflows						
Related to leases	$1,873,147	$2,040,199	$ -	$ -	$ 1,873,147	$ 2,040,199
Related to pensions	21,244,815	473,016	-	-	21,244,815	473,016
Total deferred inflows	$23,117,962	$2,513,215	$ -	$ -	$ 23,117,962	$ 2,513,215
Net position:						
Net investment in capital assets	$264,781,260	$257,114,952	$186,643,312	$186,018,080	$451,424,572	$443,133,032
Restricted	22,218,429	21,591,171	-	-	22,218,429	21,591,171
Unrestricted	37,551,715	43,499,131	24,829,742	10,561,566	62,381,457	54,060,697
Total net position	$324,551,404	$322,205,254	$211,473,054	$196,579,646	$536,024,458	$518,784,900

Net position was positively impacted by $17,239,558 at December 31, 2023. This is primarily due to additional net investment in capital assets of $8.3 million. Much of this increase was a result of various infrastructure projects throughout the city.

In 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Essentially, the standard required the unfunded portion of defined benefit pension plans to be reported by all participating employers. Recording the net pension liability and the pension related deferred outflows and inflows of resources do not change the City's future funding requirements or obligations under the plans, which are determined by Minnesota Statutes.

Net position was negatively impacted by $20,415,333 at December 31, 2023 due to the standard. Pension-related amounts included in the above schedule related to the standard are as follows:

Deferred Outflows of Resources	$22,153,468
Deferred Inflows of Resources	(21,244,815)
Noncurrent liabilities	(21,323,986)
	($20,415,333)

A small portion of the City's net position, four percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $62,381,457 may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF BLAINE, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2023
With Comparative Totals For December 31, 2022

Statement 1

	Primary Government			
	Governmental Activities	Business-Type Activities	Totals 2023	Totals 2022
Assets:				
Cash, cash equivalents, and pooled investments	$95,835,650	$23,092,770	$118,928,420	$110,723,063
Delinquent taxes receivable	331,983	-	331,983	219,901
Tax increment receivable	4,449	-	4,449	478
Accounts receivable	273,371	4,724,646	4,998,017	4,221,734
Special assessments receivable	4,617,407	389,404	5,006,811	5,181,624
Intergovernmental receivable	1,551,881	99,911	1,651,792	1,083,637
Internal balances	(4,852,525)	4,852,525	-	-
Prepaid items and other assets	616,570	3,673	620,243	654,086
Loans receivable	894,527	-	894,527	1,805,215
Lease receivable	1,873,147	-	1,873,147	2,040,199
Accrued interest receivable	206,697	20,044	226,741	104,422
Notes receivable	1,000,000	-	1,000,000	1,000,000
Capital assets (net of accumulated depreciation):				
Land	174,148,661	2,476,028	176,624,689	172,761,051
Building and structures	34,109,367	31,845,494	65,954,861	34,671,980
Machinery and equipment	11,120,405	9,452,299	20,572,704	19,041,378
Distribution and collection system	-	141,512,422	141,512,422	136,021,087
Infrastructure	96,184,433	37,633,645	133,818,078	119,547,878
Construction in progress	14,418,544	3,735,537	18,154,081	50,454,656
Total assets	432,334,567	259,838,398	692,172,965	659,532,389
Deferred outflows of resources:				
Related to pensions	22,153,468	-	22,153,468	26,371,909
Liabilities:				
Accounts payable	835,905	1,178,976	2,014,881	2,230,742
Accrued liabilities	849,955	83,454	933,409	847,027
Deposits payable	9,594,486	9,050	9,603,536	12,252,271
Contracts payable	1,632,125	834,558	2,466,683	1,103,104
Intergovernmental payable	64,422	338,298	402,720	215,395
Bond interest payable	978,983	569,791	1,548,774	1,379,751
Unearned revenue	685,874	389,404	1,075,278	5,665,996
Noncurrent liabilities:				
Due within one year	5,414,471	1,380,000	6,794,471	6,203,914
Due in more than one year	86,762,448	43,581,813	130,344,261	134,707,983
Total liabilities	106,818,669	48,365,344	155,184,013	164,606,183
Deferred inflows of resources:				
Related to leases	1,873,147	-	1,873,147	2,040,199
Related to pensions	21,244,815	-	21,244,815	473,016
Total deferred inflows of resources	23,117,962	-	23,117,962	2,513,215
Net position:				
Net investment in capital assets	264,781,260	186,643,312	451,424,572	443,133,032
Restricted for:				
Debt service	15,591,836	-	15,591,836	15,530,458
Tax increment purposes	2,167,945	-	2,167,945	4,614,705
Public safety programs	2,683,143	-	2,683,143	559,861
Community services	257,597	-	257,597	257,157
Fire Department capital projects	1,517,908	-	1,517,908	628,990
Unrestricted	37,551,715	24,829,742	62,381,457	54,060,697
Total net position	$324,551,404	$211,473,054	$536,024,458	$518,784,900

The accompanying notes are an integral part of these financial statements.
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City of Blaine
Staff Report

File Number: 2025-107

Agenda Date	Status
May 5, 2025	
In Control	**File Type**
City Council	Workshop Item

New Business - Erik Thorvig, Community Development Director

Agenda Item # 3.5

Closed Session Pursuant to MN Statute 13D.05(3)(c)(3) Consider Offer for EDA-Owned Property at 10500 Nassau Street NE

Background

Closed session to discuss purchase of 10500 Nassau Street NE.

Staff Recommendation

Questions for Council

Attachment List

None