



City of Blaine

City Council Workshop

May 12, 2025 | 5:00 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. 2025-254 Closed Session Pursuant to MN Statute 13D.05 Subd. (3)(d) Security Briefing
Sponsors: Brian Podany, Safety Services Manager/Police Chief

3.2. 2025-208 Development Proposal for EDA-Owned Property at 255 89th Avenue NE
Sponsors: Sheila Sellman, Assistant Community Development Director

3.3. 2025-252 Closed Session Pursuant to MN Statute 13D.05(3)(c)(3) to Consider the Sale of EDA-Owned Property at 255 89th Avenue NE
Sponsors: Erik Thorvig, Community Development Director

3.4. 2025-226 Strategic Plan Progress Report
Sponsors: Ben Hayle, Communications Manager

3.5. 2025-221 Cannabis Ordinance Amendments
Sponsors: Sheila Sellman, Assistant Community Development Director

3.6. 2025-233 Local Option Sales Tax (LOST)/Minnesota Tournament Wellness Center (MNTWC)
Sponsors: Erik Thorvig, Community Development Director

4. Other Business

5. Adjournment



City of Blaine Staff Report

File Number: 2025-254

Agenda Date	Status
May 12, 2025	
In Control	File Type
City Council	Workshop Item

New Business -

Agenda Item # 3.1

Closed Session Pursuant to MN Statute 13D.05 Subd. (3)(d) Security Briefing

Background

Staff Recommendation

Questions for Council

Attachment List

None



City of Blaine Staff Report

File Number: 2025-208

Agenda Date	Status
May 12, 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 255 89th Avenue NE

Background

True Blue Commercial has provided a townhome concept plan for the three EDA-owned lots off 89th Avenue NE (PID: 31-31-23-23-0003, 31-31-23-23-0004, 31-31-23-23-0002). The three lots total 2.89 acres.

History

The EDA purchased the property from Frank's Nursery in 2005 for \$1,155,000 and demolished the building. The original intent of the purchase was to potentially redevelop this property, along with the commercial center to the west and other EDA-owned property along 90th Lane. In 2017, the owner of the commercial center significantly invested in aesthetic improvements to the building and was able to obtain tenants for the majority of the building. It had previously been a K-Mart that sat vacant for many years. The EDA has marketed the property but has received little interest. An apartment proposal was presented in 2018, but was not supported by the city council. In July 2023, Morty's Bark and Brew brought forward a request at a city council workshop for an indoor/outdoor dog park and tap wall concept. They offered \$100,000 for the property but cited the fair market value of the property as \$340,000. This project did not move forward due to community concern over noise and traffic.

In 2023, the City Council changed the land use in the 2040 Comprehensive Plan for these parcels to Medium Density Residential/Community Commercial (MDR/CC). This was based on the Northtown Revitalization 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 (MU) 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 90th Lane and University 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 (however some comments were made supporting rental housing)

Smaller units

Concept

The submitted concept plan shows 32 attached townhome units with a park/open space in the northeast corner. The townhomes are 8-unit back-to-back with driveway access in the front of the unit. There are 2 and 3-bedroom units with a garage and two levels above. The building elevations include vinyl lap siding and board on batten.

Zoning/Landuse

The subject site is zoned MU and guided MDR/CC. The MU district allows attached townhomes as a permitted use with a minimum of three units. As shown on the concept plan, the 32 units has a density of 11 units/acre. The MDR/CC has a density range of 6-12 units an acre and includes townhomes, twin homes and quad homes. In general, the concept plan meets zoning requirements (with the exception of building elevations), and is in line with the comprehensive land use plan.

Northtown Plan

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/Financial Ask

The developer's pro forma lists the land purchase at \$400,000 and requests \$4,439,404.16 in Housing TIF over 25 years. To qualify, homes must be affordable to buyers earning up to 115% of the Area Median Income (AMI), or \$103,960 annually. The proposed townhomes, priced at \$349,999, meet this requirement. Staff has not engaged Baker Tilly to analyze the developers pro forma. If there is interest in the City Council to sell the property for this use and to provide some level of financial assistance, Baker Tilly will review the pro forma to determine whether the TIF amount requested is reasonable or should be modified. Additionally, city staff and Baker Tilly will analyze what other funding sources may exist, including existing pooled housing TIF the city currently has, that can solely be used for affordable housing projects. Information related to the financial request would be discussed at a future workshop.

A residential developer looks at a price/unit when determining land value versus price/acre. This equates to \$12,500/unit. If the EDA were to market the property for commercial use, the value would be

approximately \$900,000. While the EDA paid \$1,155,000 for the property 20 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.

Two items have been placed on the agenda related to this item. The council will hold an open discussion on the concept plan and can go into closed session to discuss the financial request and asking price.

Staff Recommendation

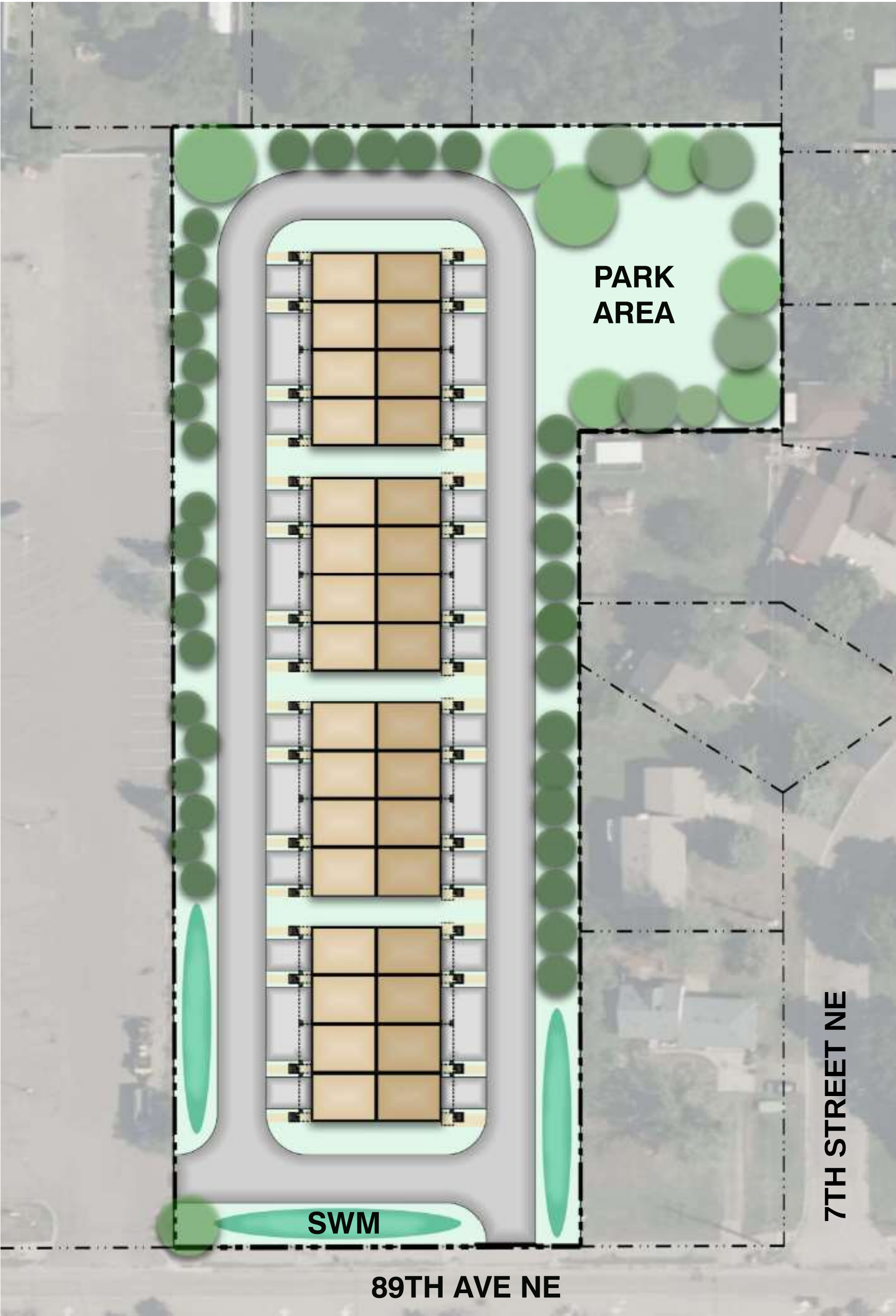
Discuss the request and provide feedback to the developer and staff.

Questions for Council

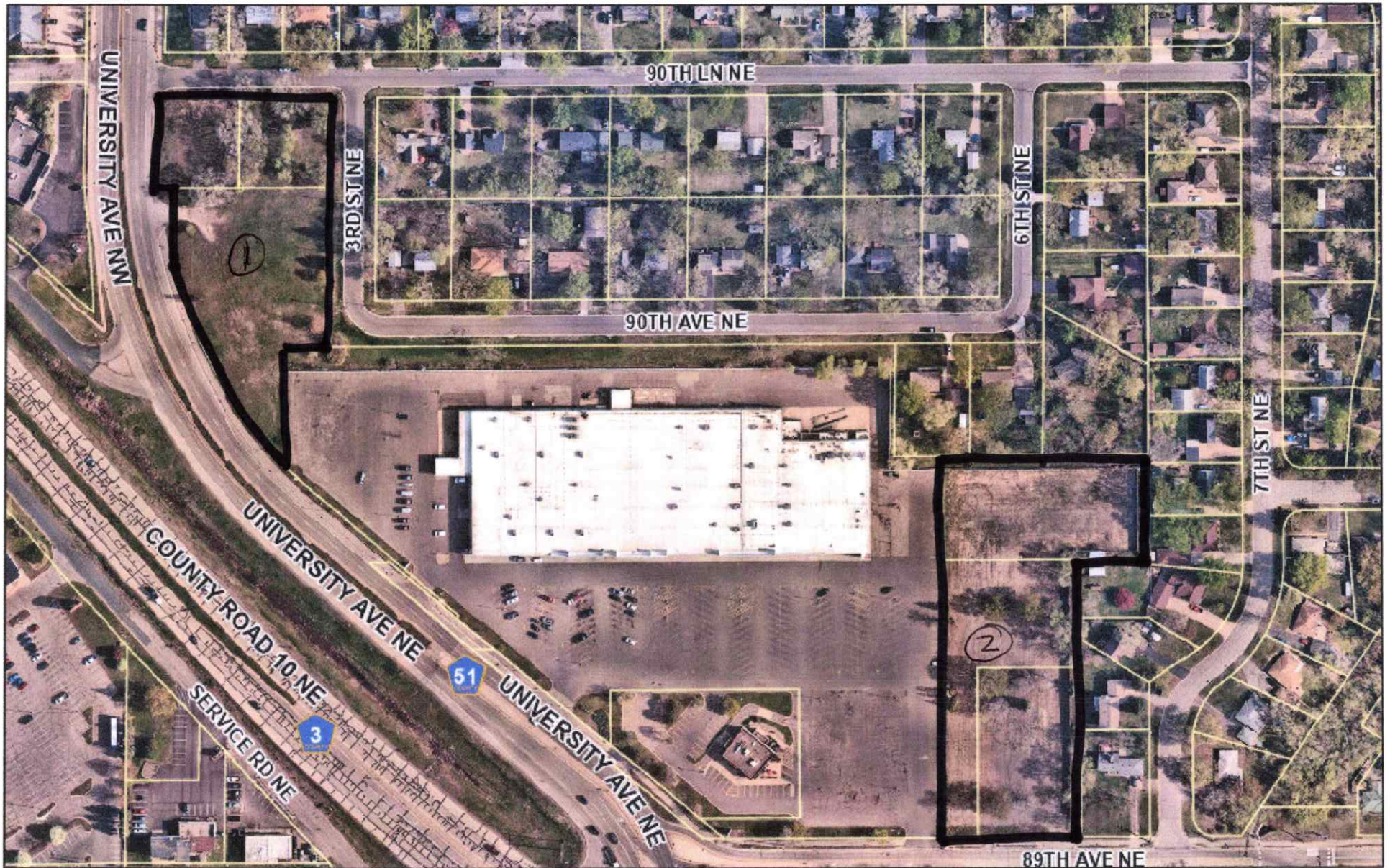
1. Do you support the concept plan?
2. Does the council support selling the property for this use, price, and providing financial assistance?

Attachment List

1. 25 04-07 Blaine Townhome Rendering
2. Blaine Parcel Site 2
3. 8 Unit Plan
4. Blaine Townhome Project Proforma 04-09-25 (2)



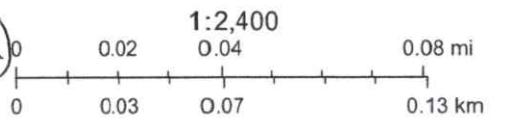
Blaine Properties



3/11/2025, 3:57:01 PM

Key:

- ① = 2.12 Acres (Owned by Blaine Economic Auth)
- ② = 2.84 Acres (Owned by Blaine Economic Auth)



Economic Development Authority

Agendas & Minutes

Agendas are available prior to the meetings. Minutes are available following approval.

[View Most Recent Agendas and Minutes](#)

About the EDA

In May 1985, the Blaine Housing and Redevelopment Authority (HRA) was established to promote economic development. State law empowered HRAs with broad authority to engage in redevelopment and economic development activities. Although the HRA was an autonomous organization, the HRA was governed by a board whose members are the current city council.

In December 1988, the Economic Development Authority (EDA) was established to replace the HRA as the vehicle for subsequent economic development activities. The prior city and HRA projects were consolidated under the EDA's authority. In part this was done because state statute provided the EDA with greater flexibility. The EDA is governed by the Blaine City Council who serve as the EDA's Board of Directors and President. The City Manager is the Executive Director of the Blaine EDA.

Contact Us

Erik Thorvig

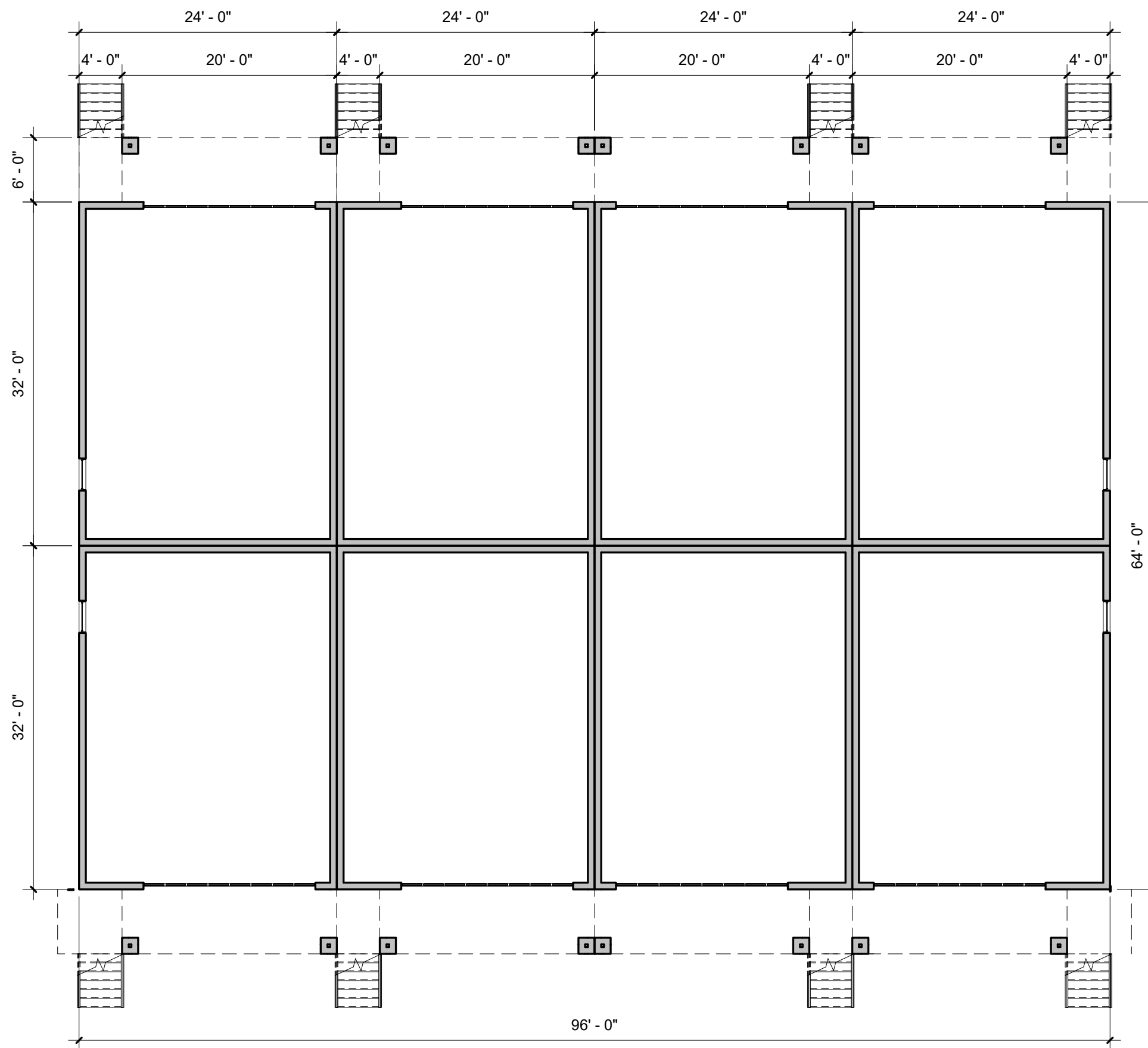
Community Development Director

ethorvig@blainemn.gov

Phone: [763-785-6147](tel:763-785-6147)

Hi 🌟, how can I help?

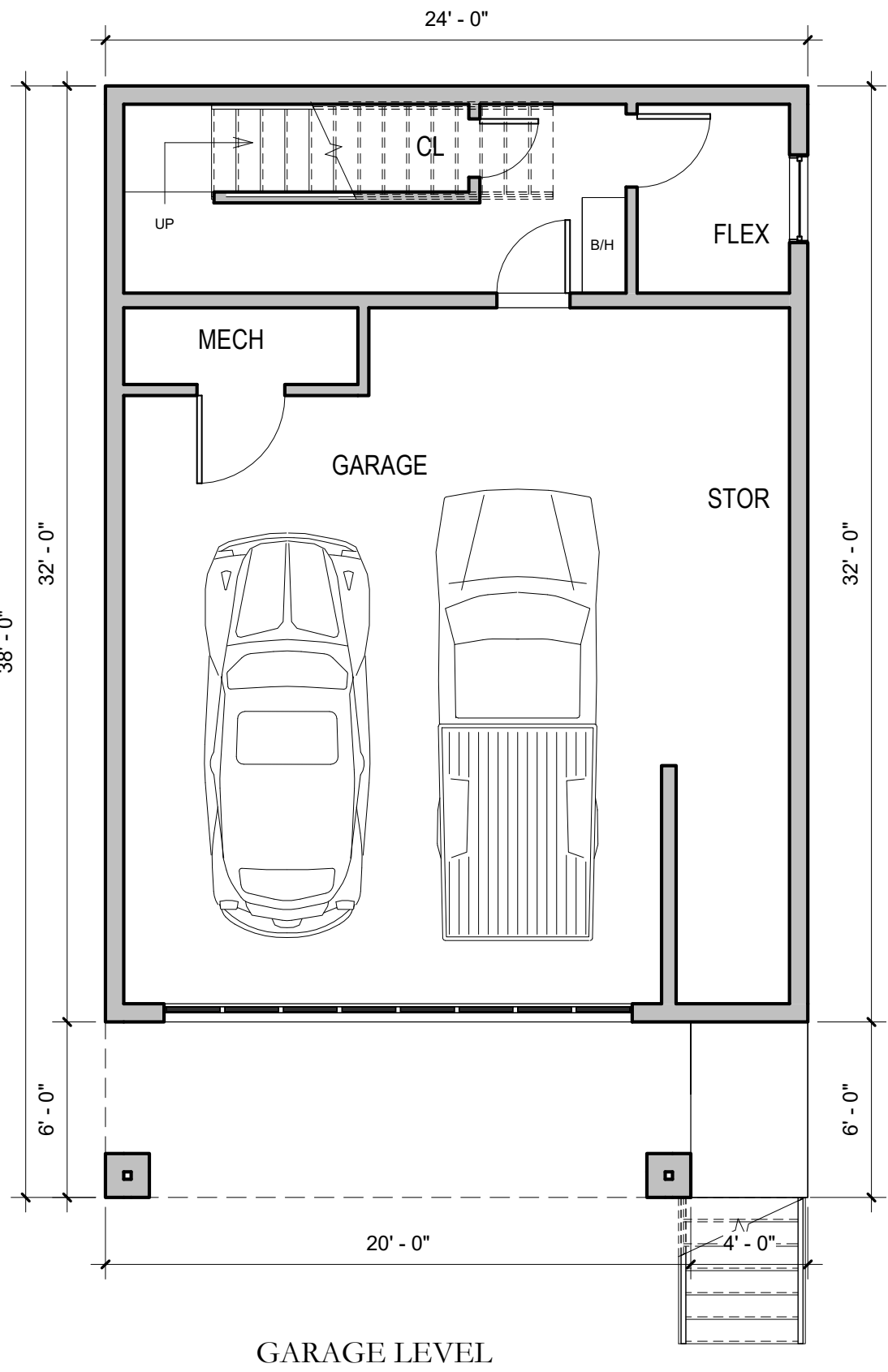




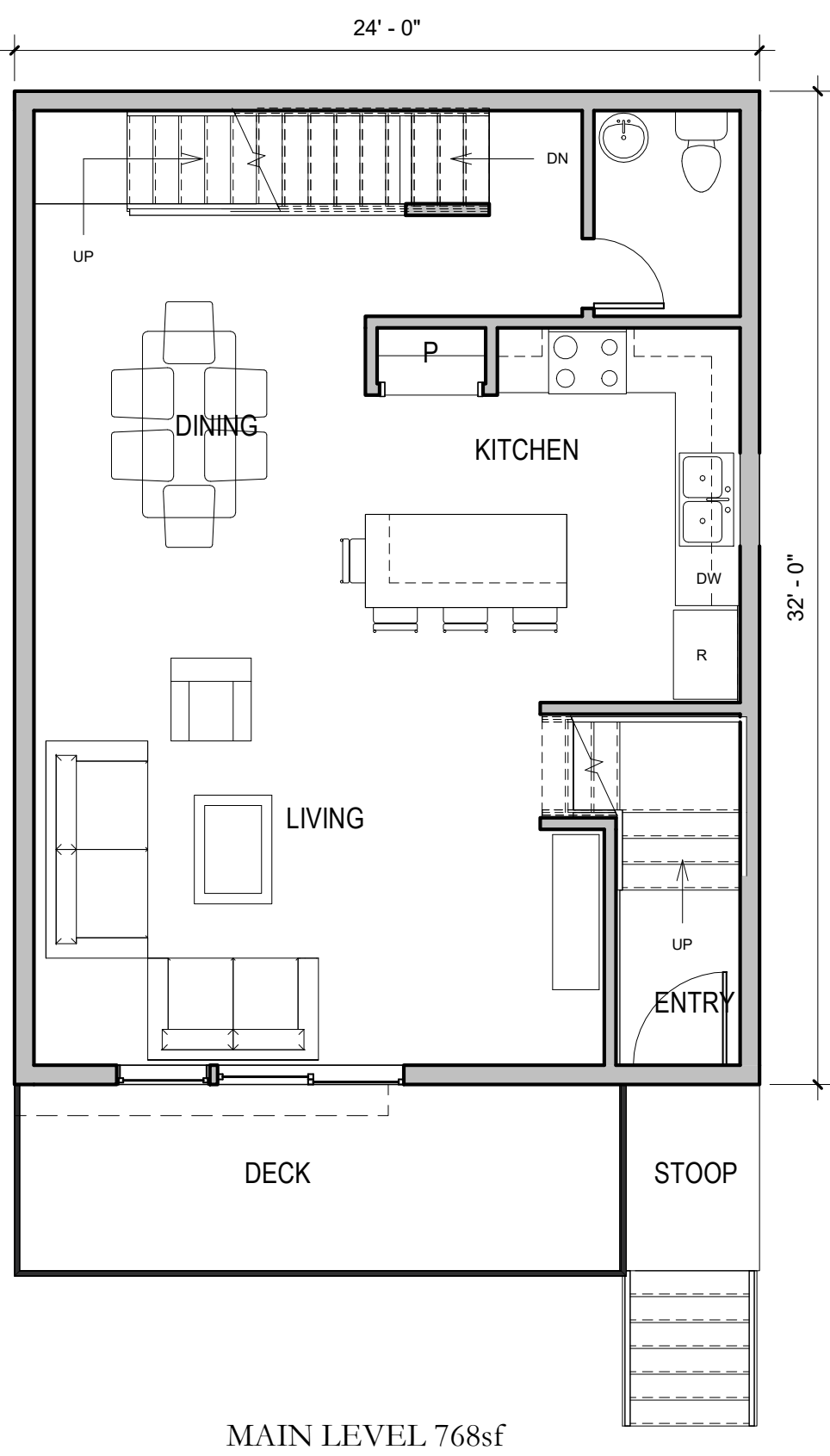
8-UNIT BUILDING PLAN

SCALE: 3/32"=1'-0"

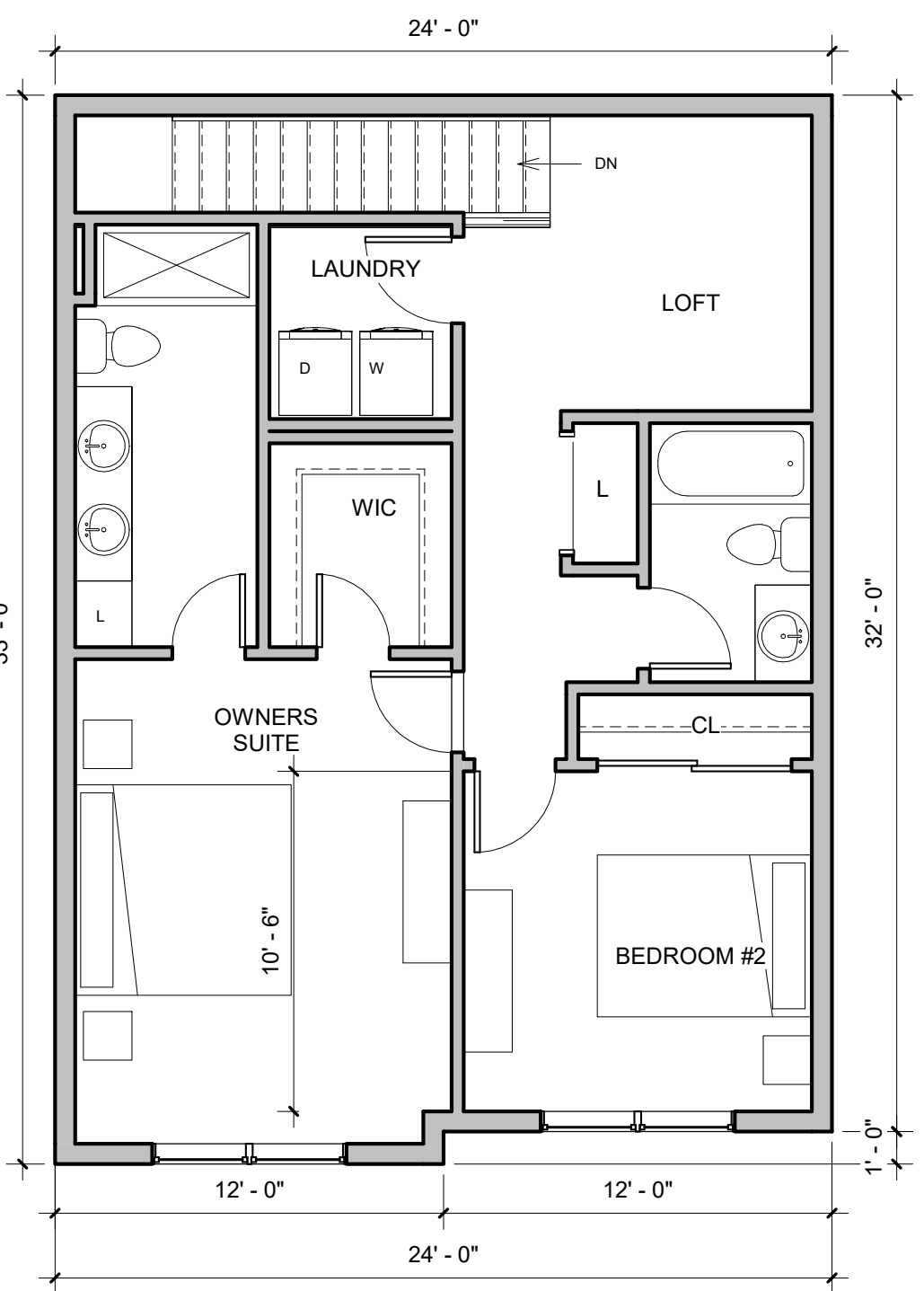
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GARAGE LEVEL

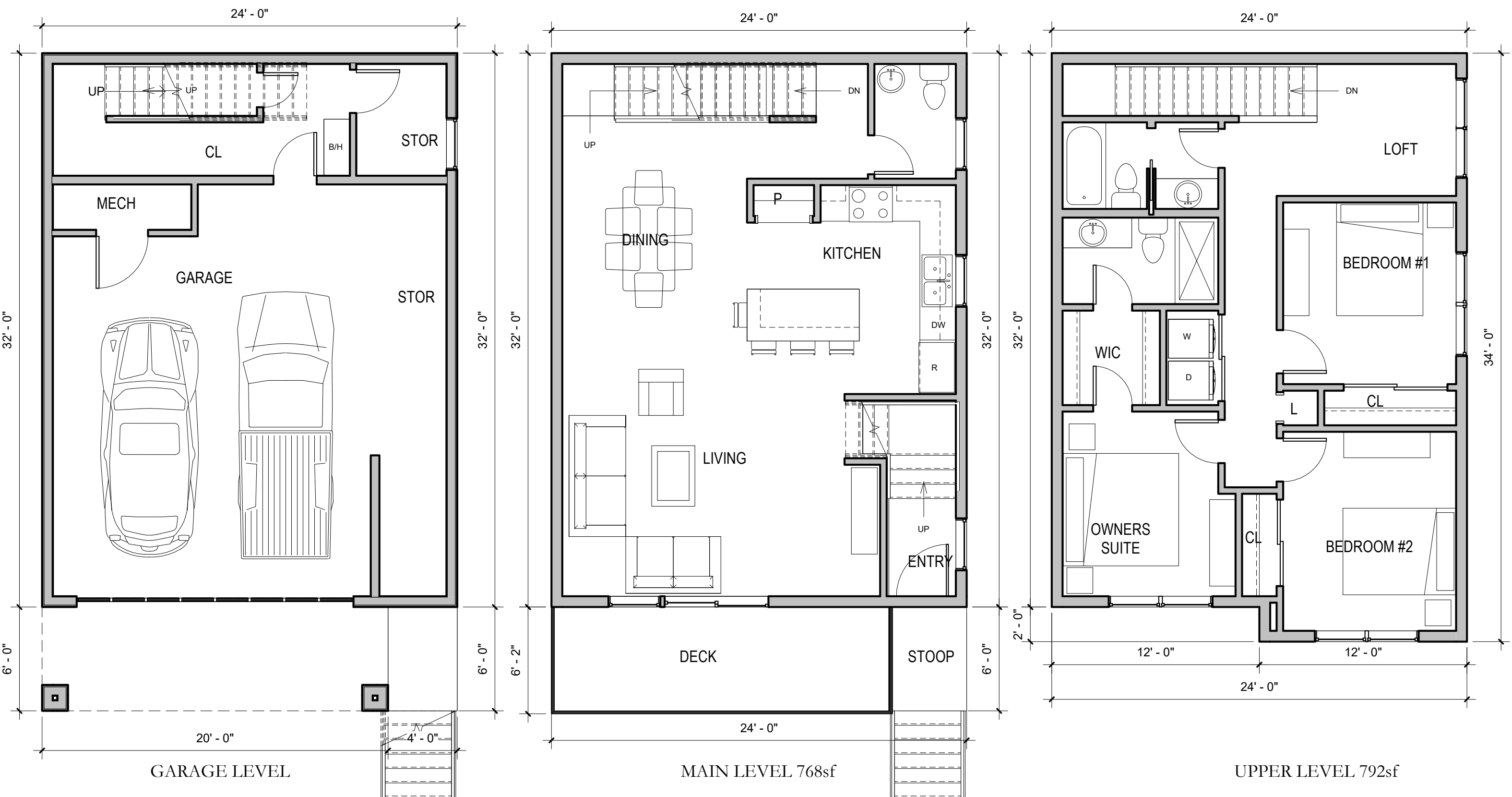


MAIN LEVEL 768sf



UPPER LEVEL 780sf

2-BED INTERIOR UNIT 1548sf

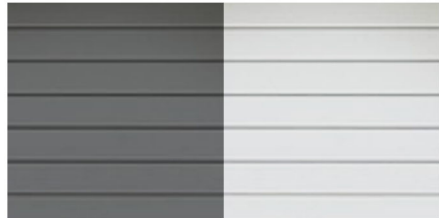


3-BED EXTERIOR UNIT 1560sf

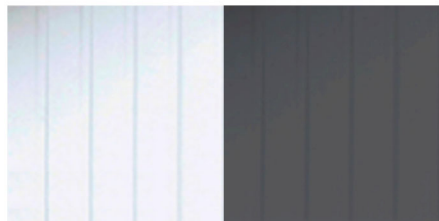
BUILDING
MATERIALS



BLACK ASPHALT SHINGLES



VINYL LAP SIDING



VINYL BOARD & BATTEN

BLACK ACCENTS



FRONT PERSPECTIVE

NO SCALE



FRONT ELEVATION

SCALE: 3/32"=1'-0"

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SIDE ELEVATION

SCALE: 3/32"=1'-0"

SIDE ELEVATION

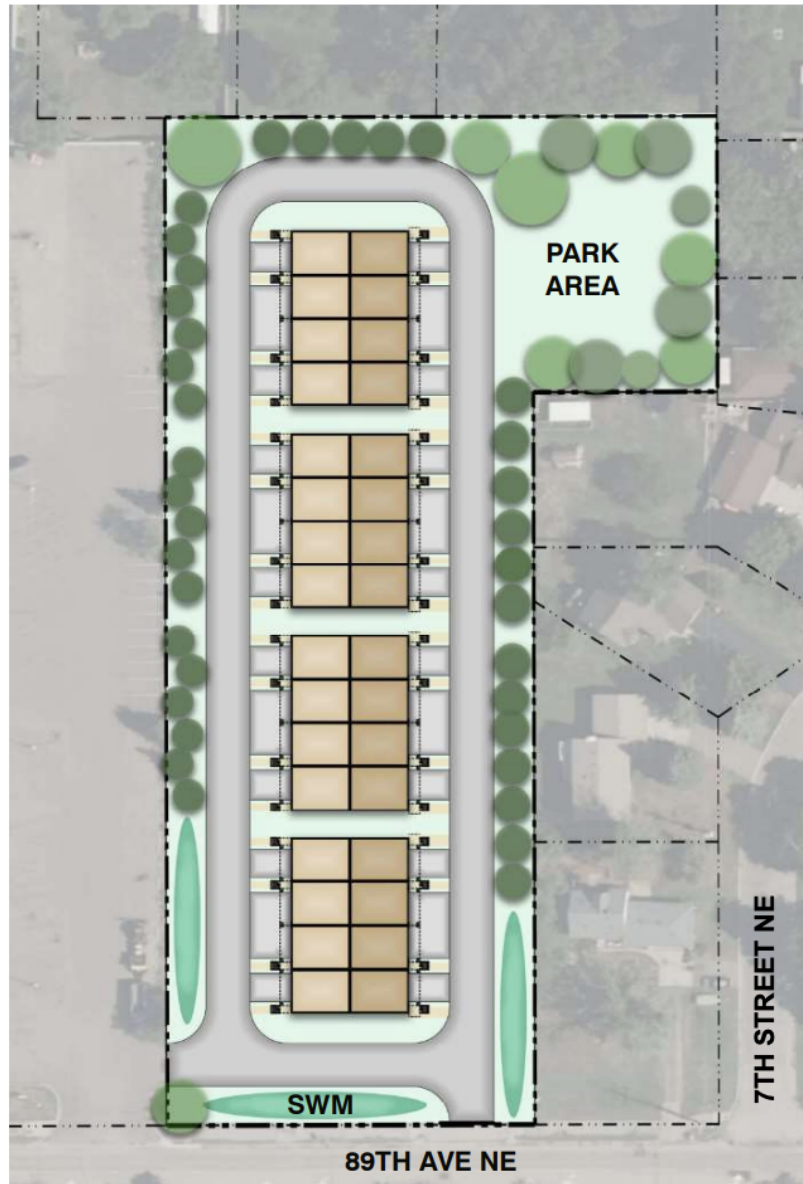
SCALE: 3/32"=1'-0"



REAR ELEVATION

SCALE: 3/32"=1'-0"

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BLAINE TOWNHOMES
CONCEPT PLAN
Blaine, Minnesota



BLAINE TOWNHOME PROJECT

UNIT TYPE	SALE PRICE	UNITS	TOTAL PAD INCOME	TAXABLE UNITS	ASSESSED VALUE	TOTAL ASSESSED VALUE
Townhomes	\$349,999	32	\$11,199,968	32	\$399,999	\$12,799,968
Total Sales Income			\$11,199,968			\$12,799,968

HARD COSTS:

Land Costs	\$12,500	32	\$400,000
Building Costs	\$7,900,000	1	\$7,900,000
Design Costs	\$480,000	1	\$480,000
Site Work	\$2,000,000	1	\$2,000,000
storm water managment	\$2	46200	\$92,400
Small Utilities, Electric, Gas, Data	\$24	0	\$0
Site Amenities	\$50	980	\$49,000
WAC/SAC	\$0	0	\$0
Building Permits and City Fees	\$400,000	1	\$400,000
Site costs (Job trailer,on-sitestorage	\$550	32	\$17,600
Total Hard Expense			\$11,339,000

SOFT COSTS:

Development Fees			\$113,390
Legal/Accounting Tax	0.0075	\$11,339,000	\$85,043
Entitlement Work			\$56,695
Interest/bank fees			\$50,000
Property tax	0.0097	\$1	\$0
Broker Fees	0.06	\$11,199,968	\$671,998
Marketing Budget	0.003	\$11,199,968	\$33,600
Insurance	0.0012	\$11,199,968	\$13,440
Contingency/Unknown	0.1	\$400,000	\$40,000
Total Soft costs			\$1,064,165
Total - Projected Sales			\$11,199,968
TIF w/Inflation @85%	\$3,773,494	0.55	\$2,075,421
Total - Projected Development Expenses			\$12,403,165

Total Project Profits

\$872,224

TYPE OF TIF PROJECT: AFFORDABLE HOUSING

		Twinhomes			1.75%	Base Value ?
		32	\$3,879.99			
YEAR	CONST. YEAR	UNITS COMPLETE	ANNUAL TAX REV	VALUATION YEAR	Annual Inflation	REVENUE YEAR
1	2025	2	\$7,759.98	2026	\$11,530.92	2027
2	2026	32	\$124,159.69	2027	\$184,494.72	2028
3	2027	32	\$124,159.69	2028	\$184,494.72	2029
4	2028	32	\$124,159.69	2029	\$184,494.72	2030
5	2029	32	\$124,159.69	2030	\$184,494.72	2031
6	2030	32	\$124,159.69	2031	\$184,494.72	2032
7	2031	32	\$124,159.69	2032	\$184,494.72	2033
8	2032	32	\$124,159.69	2033	\$184,494.72	2034
9	2033	32	\$124,159.69	2034	\$184,494.72	2035
10	2034	32	\$124,159.69	2035	\$184,494.72	2036
11	2035	32	\$124,159.69	2036	\$184,494.72	2037
12	2036	32	\$124,159.69	2037	\$184,494.72	2038
13	2037	32	\$124,159.69	2038	\$184,494.72	2039
14	2038	32	\$124,159.69	2039	\$184,494.72	2040
15	2039	32	\$124,159.69	2040	\$184,494.72	2041
16	2040	32	\$124,159.69	2041	\$184,494.72	2042
17	2041	32	\$124,159.69	2042	\$184,494.72	2043
18	2042	32	\$124,159.69	2043	\$184,494.72	2044
19	2043	32	\$124,159.69	2044	\$184,494.72	2045
20	2044	32	\$124,159.69	2045	\$184,494.72	2046
21	2045	32	\$124,159.69	2046	\$184,494.72	2047
22	2046	32	\$124,159.69	2047	\$184,494.72	2048
23	2047	32	\$124,159.69	2048	\$184,494.72	2049
24	2048	32	\$124,159.69	2049	\$184,494.72	2050
25	2049	32	\$124,159.69	2050	\$184,494.72	2051
Total TIF run			\$2,987,592.53		\$4,439,404.16	TIF + Inflation



City of Blaine Staff Report

File Number: 2025-252

Agenda Date	Status
May 12, 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) to Consider the Sale of EDA-Owned Property at 255 89th Avenue NE

Background

See regular workshop item 3.1.

Staff Recommendation

Questions for Council

Attachment List

None



City of Blaine Staff Report

File Number: 2025-226

Agenda Date	Status
May 12, 2025	
In Control	File Type
City Council	Workshop Item

New Business - Ben Hayle, Communications Manager

Agenda Item # 3.4

Strategic Plan Progress Report

Background

In 2023, the City of Blaine engaged in a strategic planning process. This was a collaborative process led by an outside consultant involving both elected officials and city staff. That process resulted in a strategic plan with six strategic priorities. These priorities are areas of importance and focus for the City during 2023-2026. Each strategic priority has a staff lead and the six strategic priority leads meet to share progress and address any issues.

Strategic Priority Leads

Financial Sustainability - Finance Director Jason Zimmerman

Economic Development - Economic Development Specialist Ruth Tucker

Infrastructure Management - Director of Administrative Services Scott Johnson

Organizational Health - HR Manager Lori Carbajal

Collaboration and Engagement - Communications Manager Ben Hayle

TH 65 Improvement - Director of Engineering Dan Schluender

Staff will provide the council with a progress update on each of the strategic priorities. Council will be asked to provide feedback on the current strategic initiatives and will be asked to provide direction on how often they would like to receive updates on the strategic plan. The full strategic plan is attached to this item and is available at [BlaineMN.gov/StrategicPlan](https://blainemn.gov/StrategicPlan). Staff is proposing that the council receive quarterly updates in writing through the council update and then an annual progress report at a council workshop.

Staff Recommendation

Receive the report from staff and provide direction on the next steps with the strategic plan.

Questions for Council

1. How often would council like to receive progress updates on the strategic plan?
2. Does the council want staff to plan to continue our current practice of producing a new strategic plan every four years?

Attachment List

1. City of Blaine Strategic Plan 2023-2026



FY 2023 – 2026 **STRATEGIC PLAN**

AUGUST 2023



City of Blaine



RAPP CONSULTING GROUP

August 25, 2023

RE: 2023-2026 Strategic Plan – City of Blaine

Dear Mayor Sanders,

Enclosed is the City of Blaine's 2023-2026 Strategic Plan. The plan reflects the organization's priorities, commitment to measurable results and the delivery of quality services.

It has been a pleasure assisting the City of Blaine with this important effort. The entire organization displayed openness, dedication, and a desire for continuous improvement.

I particularly wish to thank City Manager Michelle Wolfe and Communications Manager Ben Hayle for their help and support during the process.

Yours truly,

Craig R. Rapp
President

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EXECUTIVE SUMMARY

From April 2023 through August 2023, the City of Blaine engaged in a strategic planning process. The process yielded a strategic plan covering 2023-2026.

The plan consists of six **strategic priorities** — the issues of greatest importance to the City over the next four years. Associated with each priority is a set of **desired outcomes**, **key outcome indicators**, and **performance targets**, describing expected results and how the results will be measured. The plan also includes **strategic initiatives** that will be undertaken to achieve the targeted outcomes.

The planning effort began with an examination of the operating environment, consisting of an Environmental Scan and a Strengths, Weaknesses, Opportunities & Threats (SWOT) analysis. On June 12, 2023, the City's leadership team held a full day strategic planning session. They identified a set of priorities, key outcomes, performance targets, and reviewed the City's vision, mission, and values statements.

Based upon those priorities, the City's management team met on July 13, 2023, to determine a set of strategic initiatives and begin the process of developing detailed action plans. The strategic priorities, key outcome indicators, performance targets and strategic initiatives are summarized here and on the following page.



strategy

The Plan

Six Strategic Priorities

- 1 FINANCIAL SUSTAINABILITY
- 2 ECONOMIC DEVELOPMENT
- 3 INFRASTRUCTURE MANAGEMENT
- 4 ORGANIZATIONAL HEALTH
- 5 COLLABORATION AND ENGAGEMENT
- 6 TH 65 IMPROVEMENT

STRATEGIC PLAN SUMMARY 2023-2026

City of Blaine

Strategic Priority	Desired Outcome	Key Outcome Indicator	Target	Strategic Initiatives
Financial Sustainability <i>A financially responsible organization</i>	Financial stability in all funds	- Year-end fund balances - Policy targets met	- Meet utility and proprietary fund balance targets by 12/2026	a) Development of Comprehensive Financial Manual
	Structurally balanced financial system	- Financial plan adoption - Funding plan adoption	- Long-term financial plan in place and funded by 12/2026	b) Identify & evaluate alternative funding sources
	Non-tax revenues increased	- Annual increase in non-tax revenue - Number of non-tax revenue sources	- Maintain ratio of tax/non-tax revenue sources - General fund non-tax revenues increased ___% 2023-2027	c) Create/adopt Comprehensive Long-range Financial Plan
Economic Development <i>Thoughtfully planned growth and renewal</i>	Successful redevelopment of priority projects	- 105th St. project initiated - Rainbow Village completion	- 40% of 105th St. project completed by 12/2027 - Rainbow Village completed by 12/2026	a) Revised Master Plan for 105th Area
	Targeted development areas improved	- Lex Meadows completed - Lex Crossings ground broken	- Completion of Lex Meadows by 12/2026 - Lex Crossings groundbreaking by 1/2026	b) Implementation of Northtown Master Plan
	Improved commercial-retail sector	- Retail sq. ft. added - # of new retail projects	- 60,000 sq. ft. of new retail space added 12/2023-12/2026	c) Lexington Meadows implementation d) Lexington Crossings implementation e) Create commercial/retail sector marketing strategy
Infrastructure Management <i>Reliable, sustainable, infrastructure</i>	Sustainable capital assets	- Capital assets replaced on schedule	- All capital assets replaced at 80% of scheduled life cycle	a) Develop 10 YR CIP and funding plan
	Well-maintained infrastructure	- Infrastructure rating achieved - Maintenance schedule adherence	- > ___% of all infrastructure meets maintenance & reliability standards annually	b) Develop inspection and maintenance strategy
	Infrastructure adequate to support growth	- CIP adopted - Funding plan approved	- 10 yr. CIP/asset mgmt. & funding plan in place by ___	c) Create Comprehensive Asset Management Plan
Organizational Health <i>Capabilities and capacity to meet community needs</i>	Adequate staff to meet core services and demands	- Service level defined - Staffing plans adopted	- Staffing plan and service levels in ___#_ core services by ___	a) Conduct a Staffing Analysis
	Well-trained leaders	- % of leadership vacancies filled internally	- > ___% of leadership vacancies filled internally	b) Establish Departmental Succession Plans
	Healthy workplace culture	- Survey results confirm healthy workplace	- > 75% of employees confirm a positive workplace culture by 12/2026	c) Finalize Supervisor Training Plan d) Develop Organizational Culture Enhancement Plan
Collaboration and Engagement <i>Collaborating to increase our connection</i>	An inclusive, engaged, involved community	- Positive feedback on community inclusiveness & engagement	- > ___% of feedback confirms inclusive enrollment by ___ - > ___% of feedback positive re: City engagement efforts by ___	a) Create Governance Index
	Healthy Council working relationships	- Positive Council Governance Index score - Positive Council-Staff Relationship Index Score	- Council Governance Index score =/> ___% annually - Council-Staff Relationship Index score =/> ___% annually	b) Establish Council governance training process
	Improved trust in City government	- Stakeholder Feedback reflects trust in City gov't	- > ___% respondents indicate they trust City by ___	c) Create Council/Staff Relationship Index d) Create a Comprehensive Community Engagement and Trust Building Program
TH 65 Improvement <i>Transportation to meet local and regional needs</i>	Segment #2 (99th to 117th) progress	- Segment #2 completed	- Segment #2 construction complete by 2028	a) Segment #1 project coordination
	Segment #2 (99th to 117th) Right of way secured	- ROW secured	- ROW in place entire corridor by February 2025	b) Segment #2 project delivery coordination
	Segment #1 (CSAH 10 to 93) clarified	- Segment #1 alignment decision	- Segment #1 preferred alignment by 2026	c) Segment #2 project right of way coordination

STRATEGIC PLANNING PROCESS

Strategic planning is a process that enables leaders to examine the current state of the organization, determine a desired future state, establish priorities, and define a set of actions to achieve desired outcomes. The process followed by the City of Blaine was designed to answer four key questions: (1) Where are we now? (2) Where are we going? (3) How will we get there? (4) What will we do? The process is divided into a development phase and an implementation phase. The full process is depicted below.



Initiating the Process: Setting Expectations, Charting the Course

The strategic planning process began with a meeting of the City's senior staff on April 10, 2023. The meeting included a review of strategic planning principles, discussion on the status of previous strategic plans, current organizational challenges, and other operational issues.

The group established a framework for developing an environmental scan, a process for conducting a SWOT analysis, and details regarding implementation.

Over the subsequent two months, the environmental scan and SWOT analysis were conducted. The environmental scan was presented to the Council on May 8, 2023. Council provided feedback on the scan to staff that was incorporated into the strategic planning process.

Setting Direction: Mission, Value Proposition, Vision, Priorities

On June 12, 2023 the City Council and senior staff held a retreat to develop the strategic plan. To address the question "Where are we now?" the group was challenged to define its value proposition. A value proposition is how an organization provides value to its customers and chooses to deliver its services. Three different value propositions are used across all sectors of the economy (see below). Organizations choose a primary value proposition, then set, and meet threshold standards on the other two.

During extended discussion, it was acknowledged that value propositions and service approaches varied by department and circumstance. It was concluded however, that operational excellence has been foundational and will continue to be important for operational stability. For that reason, **operational excellence** was chosen as the primary value proposition, with **customer intimacy** the secondary focus.

From Challenges to Priorities

The leadership team reviewed the current operating environment using the results of the environmental scan and SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis conducted in advance of the planning session.

THREE VALUE PROPOSITIONS

Operational Excellence

(example: Wal-Mart, Southwest Airlines) *Motto: They adjust to us*

Product/Service Leadership

(example: Apple, Google)
Motto: They 'ooh and ah' over our services

Customer Intimacy

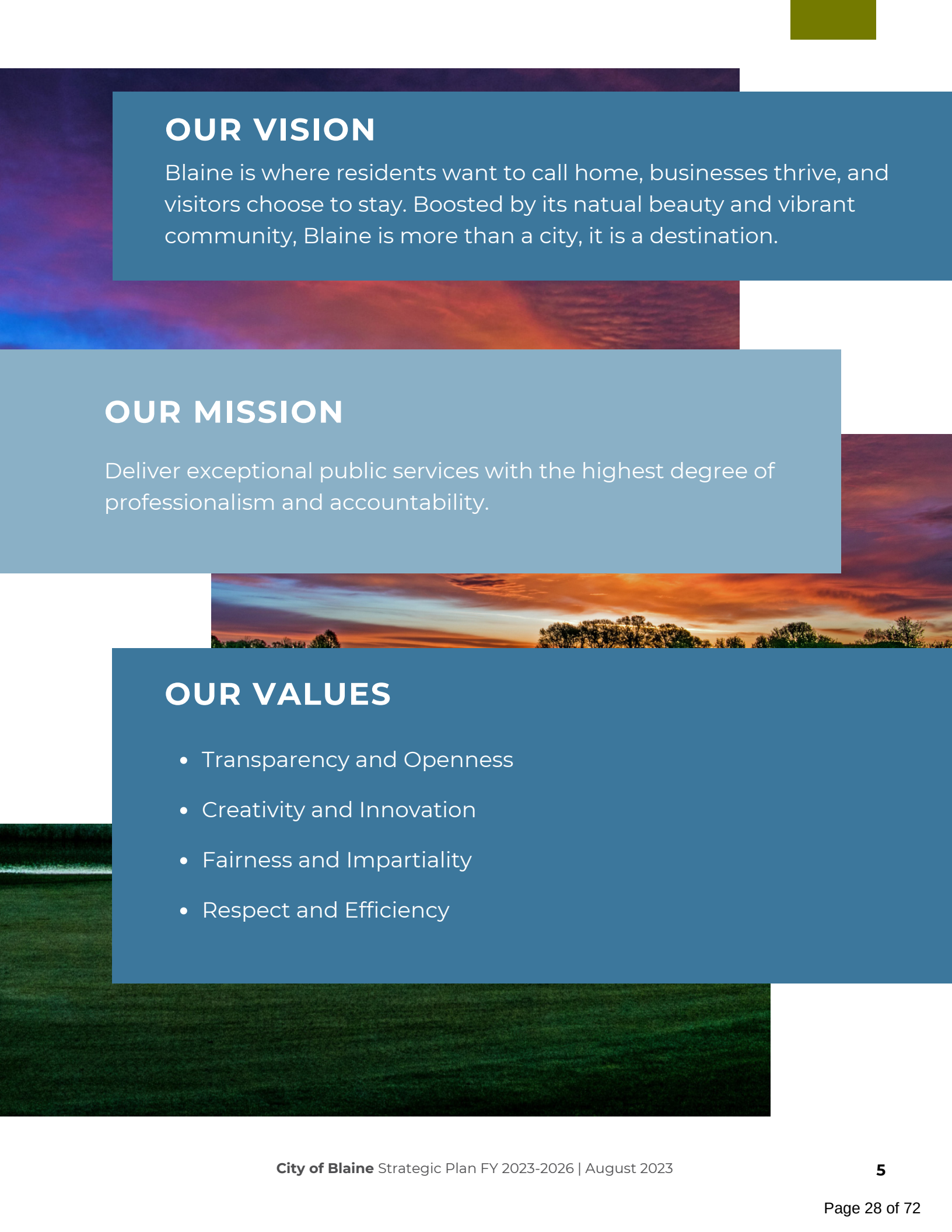
(example: Nordstrom, Ritz-Carlton)
Motto: We get to know them, solve their problems, satisfy their needs



A facilitated process based on the scan and SWOT yielded a set of organizational challenges and strategic issues confronting the City.

Based upon the challenges and issues, a set of six strategic priorities were established. Within each priority, a set of desired outcomes were defined, along with key outcome indicators (KOI's), and a set of performance targets.

To address the strategic priorities, achieve outcomes and reach the targets, the management staff, with guidance from the City Council, identified a set of strategic initiatives and detailed action plans, which will be implemented over the duration of the plan.



OUR VISION

Blaine is where residents want to call home, businesses thrive, and visitors choose to stay. Boosted by its natural beauty and vibrant community, Blaine is more than a city, it is a destination.

OUR MISSION

Deliver exceptional public services with the highest degree of professionalism and accountability.

OUR VALUES

- Transparency and Openness
- Creativity and Innovation
- Fairness and Impartiality
- Respect and Efficiency

Reviewing the Environment: SWOT Analysis

An important part of the strategic planning process is a review of the current operating environment and an evaluation of the challenges confronting the community. This was accomplished via a SWOT analysis—a process that examines the organization's internal strengths and weaknesses, as well as the opportunities and threats in the external environment. The results are displayed below. A link to the entire SWOT data can be found [HERE](#).

STRENGTHS

- Excellent, experienced and dedicated staff
- Strong leadership (both elected & staff)
- Strong financial management
- Commitment to community
- Future growth opportunities
- Collaboration and relationships

WEAKNESSES

- Lack of Council experience
- Unity infrastructure and deferred maintenance
- Staffing and work culture burnout
- Finance Director retirement

SWOT Analysis

- Hwy 65
- Redevelopment
- The potential the City of Blaine has
- Reputation of Blaine's Police Department
- Being a desirable place
- Becoming a sports destination

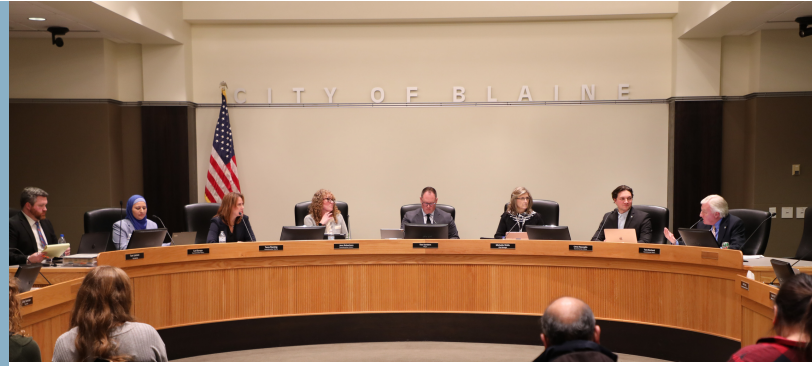
OPPORTUNITIES

- Inequity with development and resources
- Hwy 65
- Distrust and misinformation
- Lack of consensus in the new Council and its culture
- The housing market and economy
- Recruitment and retention of staff
- Increasing resident expectations

THREATS

STRATEGIC PRIORITY 1

Financial Sustainability



OUTCOME

Financial stability in all funds

KEY OUTCOME INDICATOR

Year-end fund balances; policy targets met

TARGET

Meet utility & proprietary fund balance targets by 12/2026

OUTCOME

Structurally balanced financial system

KEY OUTCOME INDICATOR

Financial plan adoption; funding plan adoption

TARGET

Long-term financial plan in place and funded by 12/2026

OUTCOME

Non-tax revenues increased

KEY OUTCOME INDICATOR

Annual increase in non-tax revenue; number of non-tax revenue sources

TARGET

Maintain ratio of tax/non-tax revenue sources; general fund non-tax revenues increased __% 2023-2027

STRATEGIC INITIATIVES

1. Develop Comprehensive Financial Manual
2. Identify & evaluate alternative funding sources

3. Create & adopt a Comprehensive Long-range Financial Plan

STRATEGIC PRIORITY 2

Economic Development



OUTCOME

Successful redevelopment of priority projects

KEY OUTCOME INDICATOR

105th St. project initiated; Rainbow Village completion

TARGET

40% of 105th St. project completed by 12/2027; Rainbow Village completed by 12/2026

OUTCOME

Targeted development areas improved

KEY OUTCOME INDICATOR

Lex Meadows completed; Lex Crossings ground broken

TARGET

Completion of Lex Meadows by 12/2026; Lex Crossings groundbreaking by 1/2026

OUTCOME

Improved commercial-retail sector

KEY OUTCOME INDICATOR

Retail sq. ft. added; # of new retail projects

TARGET

60,000 sq. ft. of new retail space added 12/2023-12/2026

STRATEGIC INITIATIVES

1. Revised Master Plan for 105th Area
2. Implementation of Northtown Master Plan
3. Lexington Meadows (109th and Lexington Avenue) implementation
4. Lexington Crossings (125th and Lexington Avenue) implementation
5. Create commercial/retail sector marketing strategy

STRATEGIC PRIORITY 3

Infrastructure Management



OUTCOME

Sustainable capital assets

KEY OUTCOME INDICATOR

Capital assets replaced on schedule

TARGET

All capital assets replaced at 80% of scheduled life cycle

OUTCOME

Well-maintained infrastructure

KEY OUTCOME INDICATOR

Infrastructure rating achieved; maintenance schedule adherence

TARGET

>__% of all infrastructure meets maintenance & reliability standards annually

OUTCOME

Infrastructure adequate to support growth

KEY OUTCOME INDICATOR

CIP adopted; funding plan approved

TARGET

10 yr. CIP/asset mgmt. and funding plan in place by ____

STRATEGIC INITIATIVES

1. Develop 10 YR CIP and funding plan
2. Develop inspection and maintenance strategy

3. Create Comprehensive Asset Management Plan

STRATEGIC PRIORITY 4

Organizational Health



OUTCOME

Adequate staff to meet core services and demands

KEY OUTCOME INDICATOR

Service level defined; staffing plans adopted

TARGET

Staffing plan and service levels in __#__ core services by ____

OUTCOME

Well-trained leaders

KEY OUTCOME INDICATOR

__% of leadership vacancies filled internally

TARGET

> than __% of leadership vacancies filled internally

OUTCOME

Healthy workplace culture

KEY OUTCOME INDICATOR

Survey results confirm healthy workplace

TARGET

>75% of employees confirm a positive workplace culture by 12/2026

STRATEGIC INITIATIVES

1. Conduct a Staffing Analysis
2. Establish Departmental Succession Plans

3. Finalize Supervisor Training Plan
4. Develop Organizational Culture Enhancement Plan

STRATEGIC PRIORITY 5

Collaboration and Engagement



OUTCOME

An inclusive, engaged, involved community

KEY OUTCOME INDICATOR

Positive feedback on community inclusiveness & engagement

TARGET

>__% of feedback confirms inclusive enrollment by __; >__% of feedback positive re: City engagement efforts by __

OUTCOME

Healthy Council working relationships

KEY OUTCOME INDICATOR

Positive Council Governance Index score; Positive Council-Staff Relationship Index score

TARGET

Council Governance Index score =/>__% annually; Council-Staff Relationship Index score =/>__% annually

OUTCOME

Improved trust in City government

KEY OUTCOME INDICATOR

Stakeholder feedback reflects trust in City gov't

TARGET

>__% respondents indicate they trust City by __

STRATEGIC INITIATIVES

1. Create Governance Index
2. Establish Council governance training process

3. Create Council/Staff Relationship Index
4. Create a Comprehensive Community Engagement and Trust Building Program

STRATEGIC PRIORITY 6 TH 65 Improvement



OUTCOME

Segment #2 (99th to 117th) progress

KEY OUTCOME INDICATOR

Segment #2 completed

TARGET

Segment #2 construction complete by 2028

OUTCOME

Segment #2 (99th to 117th)
Right of way secured

KEY OUTCOME INDICATOR

ROW secured

TARGET

ROW in place entire corridor by February 2025

OUTCOME

Segment #1 (CSAH 10 to 93) clarified

KEY OUTCOME INDICATOR

Segment #1 alignment decision

TARGET

Segment #1 preferred alignment by 2026

STRATEGIC INITIATIVES

1. Segment #1 project coordination
2. Segment #2 project delivery coordination

3. Segment #1 project ROW coordination

STRATEGIC PLANNING PARTICIPANTS

The Strategic Plan was developed with the hard work and dedication of many individuals. The City Council led the way, taking time out of their schedules to commit to long-term thinking. They defined a direction and a set of outcomes that are important to the community stakeholders with whom they partner and serve.

The City's senior staff supported the Council and offered an operations perspective as well as ideas for continuous improvement.

CITY COUNCIL

Tim Sanders, *Mayor*

Terra Fleming, *Councilmember*

Leslie Larson, *Councilmember*

Chris Massoglia, *Councilmember*

Tom Newland, *Councilmember*

Jess Robertson, *Councilmember*

Lori Saroya, *Councilmember*

DEPARTMENT HEADS & STAFF

Michelle Wolfe, *City Manager*

Joe Huss, *Finance Director/Assistant City Manager*

Erik Thorvig, *Community Development Director*

Cassandra Tabor, *Director of Administration*

Brian Podany, *Police Chief*

Dan Schluender, *Director of Engineering*

Nick Fleischhacker, *Public Works Director*

Ben Hayle, *Communications Manager*

Sheri Chesness, *Deputy Human Resources Director*

Cathy Sorensen, *City Clerk*

Sheila Sellman, *City Planner*

Jerome Krieger, *Senior Parks and Rec Manager*

Ali Bong, *Deputy Finance Director*

Lisa Derr, *Senior Management Analyst*

CONSULTANTS

Rapp Consulting Group

Craig Rapp, *President*



City of Blaine Staff Report

File Number: 2025-221

Agenda Date	Status
May 12, 2025	
In Control	File Type
City Council	Workshop Item

New Business - Sheila Sellman, Assistant Community Development Director

Agenda Item # 3.5

Cannabis Ordinance Amendments

Background

In January of this year, the City adopted Ordinance 25-2572, zoning amendments related to the regulation of cannabis. The ordinance that was adopted was based on guidance from the League of Minnesota Cities and identified zoning districts for retail cannabis.

The current ordinance prohibits manufacturing, unless the business is a mezzobusiness (up to 15,000 square feet of plant canopy indoors or up to one acre of mature flowering plants outdoors) or a microbusiness (up to 5,000 square feet of plant canopy indoors or up to one-half acre of mature flowering plants outdoors). At the time of ordinance creation, it was the staff's understanding that manufacturing could be limited to these business types.

The state recently completed the rulemaking process related to cannabis which requires cities to allow the manufacturing of cannabis. The statute explicitly states that cities cannot prohibit the use. Blaine's local ordinance needs to be amended to now include the manufacturing of cannabis. The purpose of the workshop discussion is to determine which zoning districts should allow manufacturing.

The statute states that manufacturing can only occur indoors. Cities may permit or conditionally permit the use. General manufacturing is permitted in all industrial districts and is a conditional use in the Planned Business District (PBD).

Staff Recommendation

Provide staff with direction on which zoning districts cannabis manufacturing should be permitted in, and whether it should be permitted or conditionally permitted.

Questions for Council

1. What industrial zoning district does the Council want to allow manufacturing of cannabis?
2. Should the use be permitted or conditionally permitted?

Attachment List

None



City of Blaine Staff Report

File Number: 2025-233

Agenda Date	Status
May 12, 2025	
In Control	File Type
City Council	Workshop Item

New Business - Erik Thorvig, Community Development Director

Agenda Item # 3.6

Local Option Sales Tax (LOST)/Minnesota Tournament Wellness Center (MNTWC)

Background

On March 3, 2025, a presentation was made by the Minnesota Tournament Wellness Center (MNTWC). The primary decision before the city council is whether to support a resolution to move forward a referendum vote to consider a Local Option Sales Tax (LOST) to pay for a portion of the facility. At the March 3, 2025 meeting, several councilmembers requested additional information on LOST and what other potential city projects may be eligible to use LOST. Earlier this year, the city council discussed alternative revenue sources to reduce the impact of the city levy on property taxpayers.

Background Information on MNTWC Provided in the March 3, 2025, Staff Report

In 2021, staff was approached by a group wanting to construct a community-oriented athletic facility in Blaine. The facility is called the Minnesota Tournament Wellness Center (MNTWC). The facility would serve the community and region in several ways. The over 250,000 sf. facility would have the following components:

- 12 full-size basketball courts that convert to 24 full-size volleyball courts
- 6 professional pickleball courts
- Fitness center
- Professional training center for youth athletes
- Family and kid zone activity center
- E-sports
- Media/theater space for educational opportunities
- Classrooms/meeting rooms
- Retail space for sports-oriented products
- Food/concession areas
- Aquatics (being further analyzed due to cost)

The team behind the idea consists of local residents and other national partners that have expertise in the

construction, operation and management of sports facilities. Shawn and James O'Keefe, along with Shaun Jensen, are the creators of the vision.

James O'Keefe began his working career as a firefighter in Sioux City, IA before joining the Army. James is currently a Lieutenant Colonel with over 20 years of active duty. He is looking forward to continue serving his community by providing health, fitness, and purpose with the MNTWC. "Our kids rank near the bottom in education, suicide is up across the board, and through technology we have become more isolated than ever. Let's get to work and change course."

Shawn O'Keefe is a local Blaine resident. Shawn studied business and entrepreneurship in college due to a passion for business ownership. Shawn currently owns a printing business that he started 22 years ago and has owned a post-market surveillance business serving the medical device industry. His passion for the future is to make a positive impact on the community through the MNTWC affecting youth, people with disabilities, and seniors using sports, fitness, and a place to reconnect with one another. "The MNTWC will be changing lives for the next hundred years."

Shaun Jensen grew up in Minneapolis and Blaine attending Spring Lake Park Schools. He was an all-state basketball player in high school and then became an all-American at St. Cloud State. Shaun graduated with a degree in finance with a passion to help build strong financial futures for people. Shaun started his own wealth management firm in 2021. Shaun knows the value in what sports and fitness can do for kids, especially for kids who need guidance and structure. "We have the ability to completely change the trajectory of so many kids in our community with the positive, impactful programming at the MNTWC. Let's go!"

Sports Facilities Company (SFC) has been involved since initial discussions. SFC, located in Clearwater, Florida, opening in 2003, has become the trusted resource to plan, fund, develop and operate sports, recreation, entertainment and fitness facilities throughout the country. They have guided projects in over 3,000 communities nationwide and overseen \$15 billion in the development of sports facilities. SFC has played a critical role for this project in creating a pro-forma for both construction and operation of the facility.

George Fantauzza with Populous Architects has been the lead resource on design of the facility. Mr. Fantauzza's recent experience includes work on the new stadium for the Buffalo Bills, renovation of the Toronto Blue Jays stadium, Golden State Warrior's Arena and Allegiant Stadium in Las Vegas.

History

The group initially approached staff in 2021 with the vision. At the time, they were exploring development of the 40-acre site at the southwest corner of 125th and Lexington Avenue. After due diligence was completed for the site, it was determined that development of the site was too cost-prohibitive.

In 2022, the group engaged with the National Sports Center about locating the facility on the east portion of the NSC campus, north of 105th Avenue. At that time, the city was in the early phases of visioning for the 105th Redevelopment project. The site that was identified was closer to 109th Avenue, and outside the scope of what the city council, at that time, envisioned for the 105th Redevelopment project.

In March 2023, the group presented to the city council at workshop. In general, the city council was supportive of the vision and concept and saw benefit to the community and region, however, funding for the facility needed to be analyzed further. At the time, a proposal to fund construction of the facility through a public/private partnership was discussed. The facility would be privately owned and operated after construction is completed without further city financial involvement. The city council provided direction to

staff to continue to work on the project.

Also in 2023, the master developer for the 105th Redevelopment Project engaged with the NSC to understand the scope and scale of the redevelopment project. After negotiations with the NSC, the 105th Redevelopment project expanded to include a larger portion of NSC property, extending to 109th Avenue. This expansion eliminated the possibility of the MNTWC facility being located near the NSC campus.

As discussions continued regarding the MNTWC in 2023, it was determined that a Local Option Sales Tax (LOST) was the most feasible public financing option for construction of the facility. Around this same time, the Minnesota Legislature placed a moratorium on LOST requests until the end of the 2025 legislative session. As such, it has been difficult to advance discussions with the MNTWC until the legislature completes analysis and potential changes to the law regarding LOST. During the last 18 months, staff and the MNTWC have continued to meet to discuss the project, identify potential sites and determine a path forward.

2016 Community Center Referendum

In many aspects, this proposal will function as a community center for Blaine, however, privately-owned and operated. In 2016, the City explored the endeavor of constructing a city-owned and operated community center. A ballot referendum was prepared asking voters if they supported a property tax increase to construct a community center at an approximate cost of \$29,350,000. It was estimated that the first-year cost of a house valued at \$200,000 was \$60. Any operating expenses not covered by the operating revenue would be paid by taxpayers. The referendum failed by approximately 2,300 votes (53.63% of the voters voting no).

Local Option Sales Tax (LOST)

A Local Options Sale Tax (LOST) is a financial tool cities may use to fund capital projects. Cities have historically used LOST to fund transportation, park improvements, public safety and community center projects. Under current law, cities need to follow strict rules and procedures to get legislative authority for the creation of a local sales tax. Cities seeking local sales tax authority must file requests with legislators on the House and Senate Taxes committees by January 31. The city must submit a resolution proposing the local sales tax, details on the projects that will be funded by the tax, and documentation on regional significance.

Local option sales taxes can only be used for “regionally significant” capital projects. Though this is a privately-owned facility, there are strong regional and community benefits to meet the intent and requirements of the statute. State law limits these projects to “a single building or structure, including associated infrastructure needed to safely access or use the building or structure; improvements within a single park or named recreation area; or a contiguous trail.” In recent years, several of the requests were modified to exclude road and other infrastructure projects, on the basis that those projects are not “regionally significant” and can be financed, at least in part, with other revenue sources.

Under current law, the process to establish a LOST is as follows. Note that changes to the process may occur based on a study completed during the moratorium. Potential changes to the law and process will likely be addressed this legislative session. Due to the moratorium, no action can be taken by the city until the 2025 legislative session is complete.

1. Adopt a resolution - The city council must first adopt a resolution proposing the tax. The resolution must include the proposed tax rate, documentation of the “regional significance” of

each project to be funded, the amount to be raised with the tax, and the estimated length of time the tax will be needed.

2. Submit resolution and supporting materials to state tax committees - The city is required to submit the adopted resolution, details on the projects, and documentation on regional significance to the chairs and ranking minority members of the House and Senate Taxes committees and appropriate subcommittees by January 31 of the year that it is seeking the special law.
3. Get legislative authorization - The city must secure the passage of a special law authorizing the enactment of the local sales tax. The city would typically work with its local legislators to introduce special legislation.
4. Adopt a resolution - After approval, the city must adopt a resolution accepting the new law.
5. Hold a referendum - The city must conduct a referendum during a general election within two years of receiving legislative authority for the local sales tax. The referendum must include separate questions for each project, and only the ballot questions approved by voters may be funded by the sales tax. The next general election is November, 2026.
6. Pass an ordinance - The city council must pass an ordinance imposing the tax. It must also notify the commissioner of Revenue at least 90 days before the first day of the calendar quarter that the tax will be imposed.

A LOST is a sales tax that can be applied to the sale of goods and services within the community. It is not a property tax. To understand the potential financial benefit of a LOST, the city of Blaine hired the University of Minnesota (U of M) to complete an analysis. The U of M has experience in completing these types of studies for many cities in Minnesota. The cost of the study was less than \$4,000. The study found that if a 0.5% (50 cents on a \$100 purchase) citywide local option sales tax were in place in 2022, it would have garnered \$4,800,000 in tax proceeds for that year, according to MN Department of Revenue analysts. Blaine residents would have contributed \$2,510,400 in taxes (52%), and non-residents would have contributed \$2,289,600 (48%). Based on these estimates, each Blaine resident would have paid, on average, an additional \$35.92 in sales tax in 2022. Figures 5 and 6 on Page 5 of the attached study, show historic LOST revenues and projections through 2026. As the chart shows, there has been a slight to steady increase since 2013.

A moratorium was established by the legislature in 2023, halting new LOST requests. A study was completed, and various bills are currently being presented to the house and senate. Information on both bills is attached. Both bills have received hearings, but neither body has released their omnibus tax proposal at this point. Once they do, there will be a better sense of how these bills may move forward.

The city has recently discussed alternative revenue sources to alleviate increases in the general levy to fund capital projects related to utilities, parks and public safety. LOST cannot be used for utility infrastructure projects but can be used for sports and public safety facilities and parks and trails. Staff have identified the following city projects as potential uses of LOST. This list isn't exhaustive and could include other projects.

1. New SBM Fire Station - SBM Fire has identified the need for a new station in the northeast area of Blaine. The cost of said facility is unknown nor has a funding source been identified. Typically, debt would be issued to construct the facility and paid back via property taxpayers. Blaine's

responsibility would be 76% based on the existing JPA between Blaine, Mounds View and Spring Lake Park. If LOST were used, property taxpayers wouldn't directly pay for the facility via property tax and levy increase.

2. Parks and Trails - \$500,000 is currently allocated from the general fund for parks and trail improvements. LOST could be an alternative funding source for a specific project.

Below are highlights of each bill that may be applicable to projects listed above and the MNTWC project.

House Bill

- Legislative approval is no longer required for certain projects such as sports complexes, community centers, public safety facilities and parks and trails.
- Limits the total tax rate imposed under this section to .5% and to a term of no more than 30 years.
- A voter referendum is required.
- Proceeds of the tax must be used for a specific project(s).
- The city would be limited to funding not more than three specified capital projects with the tax and each project would need to receive voter approval.
- For sports complexes/community centers, entry fees for use of the facility must be the same for residents and nonresidents and no similar facility may be located within an 8-mile radius.
- A "law enforcement facility" includes a fire station. Law enforcement facilities must demonstrate the need for the facility and surrounding counties and cities provide resolutions affirming that the functions of the facility will meet the needs of the surrounding area.
- Trails must serve more than the local population and encompass multiple jurisdictions, and connect to existing planned state or regional parks or trails.
- Parks must provide outdoor recreation facilities and multiple activities that are primarily natural resource-based; occupy at least 100 acres, are utilized by the regional population; and include natural historic or cultural features.
- Sales tax must not exceed 30 years.
- 15 percent of the tax imposed must be shared with other jurisdictions via the commissioner of revenue.
- **The House omnibus tax bill proposes to extend the moratorium until June 30, 2026. If the moratorium is extended, no new proposals could be made until the moratorium is lifted.**

Senate Bill

- Legislative approval is no longer required for certain projects that demonstrate "regional significance".
- Limits the total tax rate imposed under this section to .5% and to a term of no more than 30 years.
- Requires a public hearing to provide information regarding each specified capital project that the political subdivision proposes to fund with a local sales tax.
- A voter referendum is required.
- A "law enforcement facility" includes a fire station. Law enforcement facilities must demonstrate the need for the facility and surrounding counties and cities provide resolutions affirming that the functions of the facility will meet the needs of the surrounding area.

- Regional sports complexes require the city to demonstrate the regional nature of the project and conduct and present an analysis of the surrounding region to demonstrate that there is no similar facility open to nonresidents at the same cost as residents.
- Limits use for parks and trails and may not be applicable to Blaine.
- Between five and eight percent of the tax imposed must be shared with other jurisdictions via the commissioner of revenue, pending date and terms of the tax.

It's possible that more than one project could be used for LOST revenue. For example, the fire station and MNTWC facility could both be considered as a 2026 ballot referendum question. Until further due diligence is completed to understand the cost of a fire station, it's unknown what the annual debt service for a fire station would be.

Partnership Financial Ask

An updated pro forma was completed by SFC prior to the March 3, 2025, meeting. The pro forma identifies a total construction cost of \$112,147,061. Original discussions in March 2023 centered around a private/public cost share of the construction of the facility at around 50% by each party. Based on SFCs model, the city's share in cost participation would be approximately \$52,425,079. Private sources of funds would include equity and bank financing. If the city were to participate financially, bonds would need to be sold for the project and paid back by LOST revenue. As an example, if the bond interest rate was 5% over a 25-year term, annual debt service payments would be \$3,677,661. If the bond interest rate was 7% over a 25-year term, annual debt service payments would be \$4,446,355. These identified debt service payments would be less than the amount of LOST generated by the city at a rate of 0.05%.

In addition to the LOST request, the team has also requested a donation of EDA land. A final site has not been determined. However, the group has an interest in the EDA-owned property south of 109th Avenue, east of the Sanctuary development (see attached map). This site was purchased by the EDA in 2009 for \$1,950,000. The overall site is 80 acres. However, only approximately six acres of upland exist, which is not contiguous. The site will be extremely challenging to develop due to the wetlands, regardless of whether it's this group or not, and staff would anticipate a significantly reduced sale price from anyone looking to develop the site in order to off-set wetland mitigation costs. Given the challenges, it's possible this site may not work, resulting in the need to explore alternative, privately-owned sites. If the project proceeds through a voter referendum process, a final site would need to be finalized and under contract prior to any vote.

The team has also requested tax abatement to help offset development costs. Tax abatement requires approval by each individual taxing entity (city, county, school district). One, two or all entities can participate. The City Council has recent experience with tax abatement for the 105th Redevelopment Project. For that project, the city sold bonds and bonds will be repaid through new property tax generation from the development. In this instance, the city would not bond for up-front costs, but instead the tax abatement would be an annual payment (refund of the portion of property tax paid to the taxing entity) to the group that can be used to pay any debt service. Staff have not contacted Anoka County to understand the potential taxable value of the facility to determine property tax liability. Staff did analyze the existing Lifetime Fitness in Fridley to gather some understanding of what a privately-owned recreational facility may pay in taxes. The building was built in 1990, but it is similar in size. The overall value for Lifetime is \$14,514,100. The city portion of taxes is \$85,046. If just the city were to implement tax abatement, the term could be up to 20 years. In total, this would result in approximately

\$1,700,000 in available tax abatement. It's likely the Blaine facility would have a higher taxable value and, in turn, higher taxes are paid, but the previous information demonstrates potential tax abatement revenue. Tax abatement revenue could be used to reduce the LOST ask or pay for other debt service related to the construction of the project. If the project proceeds through a voter referendum process and the city council is interested in utilizing tax abatement, further analysis would occur regarding taxable value and structure for the use of tax abatement funds. Additionally, the group could approach other taxing entities to gauge interest in tax abatement. If all taxing entities participated, the overall tax abatement amount would still be less than \$52,425,079 ask however would reduce the amount of LOST needed.

Next Steps

At this point, staff has not engaged the assistance of bond counsel or a municipal financial consultant to analyze the financial structure further. Staff are seeking specific direction at the workshop from the council whether this project is something the city would be interested in participating in. If so, staff will continue to monitor any changes to LOST laws in the current legislative session, and at some point, engage additional expertise in the matter. Additional updates will be provided to the council after the legislative session is complete with a potential resolution considered by to propose the tax. If the moratorium is extended, this delays any action until the moratorium is lifted.

This is the first step in the process as outlined above. Understanding that staff and the MNTWC group have been working on this project for almost four years, the team needs direction from the City Council whether this project is of interest to the Blaine City Council, so they can either continue work in Blaine or look elsewhere.

Staff Recommendation

Questions for Council

1. Does the City Council need more information regarding LOST and its potential use on projects?
2. Is the City Council interested in funding the MNTWC facility with LOST?
3. Does the City Council have interest in other financial components of the project, including land donation and/or tax abatement?

Attachment List

1. Senate Bill Summary
2. House Bill Summary
3. P3 MNTWC Proposal Narrative



S.F. No. 375 – Modifications to local sales tax enactment requirements (as proposed to be amended by the A-5 amendment)

Author: Senator Ann H. Rest

Prepared by: Nora Pollock, Senate Counsel (nora.pollock@mnsenate.gov)
Rachel Johnson, Legislative Analyst (rachel.johnson@mnsenate.gov)

Date: February 25, 2025

This bill modifies the process by which local units of government (cities and counties) may enact local sales tax. Local governments may impose a local sales tax without receiving legislative authorization if the project funded by the sales tax meets criteria established in the bill, including meeting specific project requirements, receiving voter approval, and timely filing certification of local approval with the Secretary of State. The bill also establishes a revenue sharing requirement for cities that impose a local sales tax under the proposed structure.

Section 1. Authorization; scope. Provides that the section of statute currently governing local sales taxes applies to sales taxes enacted before July 1, 2025. Effective the day following final enactment.

Section 2. Requirements. Strikes language in current law regarding the benefits of local sales taxes in relation to property taxes and property tax refunds. Effective the day following final enactment.

Section 3. Legislative authority required before voter approval; requirements for adoption, use, termination. Makes modifications to the statute governing currently authorized local sales taxes:

- Strikes unnecessary language requiring a reduction in the duration of a tax imposed if not all projects authorized under a special law are approved by the voters.
- Prohibits political subdivisions from commingling tax revenues for a project approved by the voters with revenue from a tax authorized under the new section of statute established in section 4 or any other law, ordinance, or city charter, including an extension of or modification to the uses of the tax for a different project.
- Requires a political subdivision to notify the commissioner and at least 90 days before the political subdivision anticipates that revenues raised from a local sales tax are sufficient to fund each project approved by the voters. Also requires a political subdivision to notify the commissioner within 30 days of the date that sufficient revenues have been raised to fund the projects approved by the voters.
- Strikes obsolete language pertaining to local sales taxes for which voter approval was received in 2018.

- Limits the total tax rate imposed under this section and the new provisions of section 4 to .5%. This limit would not apply to taxes prior to June 1, 2023, but upon expiration of a tax authorized under this section, the .5% limit applies.
- Provides that counties may impose a local sales tax at the maximum rate of .5% described above in addition to the maximum .5% county transportation sales tax allowed under current law.

Effective the day following final enactment.

Section 4. Specified capital projects; local authorization allowed; requirements. This section establishes the requirements for a political subdivision to impose a local sales tax without legislative authorization.

Subd. 1. Definitions. Defines terms applicable to the section. Facilities funded by a local sales tax not requiring legislative approval must meet the definitions in this subdivision.

Subd. 2. Policy; requirements. Provides general policy statements regarding local sales taxes. Requires that access fees for facilities funded by local sales taxes must be equal for residents and nonresidents.

Subd. 3. Local authorization allowed. Allows a political subdivision to impose a local sales tax without legislative authorization by demonstrating the regional significance of a capital project as provided in this section. These provisions also apply to an extension of or modification to a local sales tax authorized under provisions of current law.

Subd. 4. Regional community centers; regional sports complexes. Requires political subdivisions seeking to impose a local sales tax to fund a regional community center or regional sports complex to demonstrate the regional nature of the project, as those facilities are defined in subdivision 1, and conduct and present an analysis of the surrounding region to demonstrate that there is no similar facility open to nonresidents at the same cost as residents.

Subd. 5. Criminal justice facilities. Specifies the requirements for a political subdivision to impose a local sales tax to fund a correctional facility, district court office, or law enforcement center, as those terms are defined in subdivision 1. In particular, a political subdivision seeking to impose a local sales tax to fund a law enforcement center must provide resolutions of support from surrounding communities.

Subd. 6. Convention centers; parks and trails. Specifies the requirements for a political subdivision to impose a local sales tax to fund these facilities, as those terms are defined in subdivision 1.

Subd. 7. Demonstration of regional benefit; public hearing. Requires a political subdivision to conduct a public hearing to provide information regarding each specified capital project that the political subdivision proposes to fund with a local sales tax. Specifies requirements for notice of the hearing. States that political subdivisions are encouraged to obtain demonstrations of support of a proposed local sales tax from adjacent political subdivisions and townships.

Subd. 8. Resolution required. Requires the governing body of the political subdivision to adopt a resolution indicating its approval of the tax and specifies the contents of the resolution. Requires the political subdivision to submit the resolution and supporting documentation to the commissioner under the provisions of section 5.

Subd. 9. Voter approval required. Requires a political subdivision to seek voter approval of a local sales tax at a general election or special election held within two years of the date it submits the resolution and documentation under subdivision 8. Each project proposed to be funded by a local sales tax must be stated in a separate question. Specifies the requirements of the ballot question to approve a local sales tax. In particular, the ballot language must not contain a statement that informs voters that by voting “no” the voter acknowledges that the project may be funded by increased property taxes.

Subd. 10. Administration; termination.

- Requires that tax revenues must be dedicated exclusively to construction and rehabilitation and associated bonding costs related to the specific capital projects approved by the voters, and, if applicable equalization distributions governed under section 6.
- Prohibits political subdivisions from commingling tax revenues for a project approved by the voters with revenue from a tax authorized under this section or current law governing local sales taxes or any other law, ordinance, or city charter, including an extension of or modification to the uses of the tax for a different project.
- Requires political subdivisions to notify the commissioner at least 90 days before the date the political subdivision anticipates that revenues raised from the tax are sufficient to fund the projects approved by the voters. Requires the tax to terminate after sufficient revenues have been raised to fund the projects approved by the voters. The political subdivision must notify the commissioner within 30 days of the date sufficient revenues have been raised.
- Establishes a one-year moratorium on imposing a new local sales tax after a tax imposed under this section has been terminated.
- Provides that if a tax is terminated because sufficient revenues have been raised and before the quarterly termination required under current law, any amount collected that is greater than the average quarterly revenue collected over the last 12 months must be retained by the commissioner for deposit to the general fund.

Subd. 11. Other provisions apply. References provisions of current local sales tax law that apply to local sales taxes authorized under this section. Limits the total tax rate imposed under this section to .5%. This limit would not apply to taxes authorized prior to June 1, 2023, but upon expiration of a tax authorized prior to that date, the .5% limit applies. Counties may impose a local sales tax at the maximum rate of .5% described above in addition to the maximum .5% county transportation sales tax allowed under current law.

Subd. 12. Bonds; authorization. Provides that municipal debt limits under current law apply to bonds issued for projects under this section. Establishes the maximum amount of time that a tax may be imposed as the earlier of 30 years or the time necessary to collect sufficient revenue to fund the specified capital projects, plus associated bonding costs.

Subd. 13. Filing and imposition requirements. Requires political subdivisions that have received voter approval to impose a local sales tax file a certificate of local approval with the secretary of state within 60 days of the approval. The tax must be imposed within 15 months of receiving voter approval, or the authority to impose the tax expires.

Subd. 14. Allowance for inflation. Allows an increase of up an unspecified amount of the amount for increased project costs or an unspecified number of years of tax collection, as

those were approved by the voters (or both), if the political subdivision adopts a resolution approving those amounts before 15-month tax imposition period expires. The duration extension would not apply to voter-approved taxes that would be imposed for the maximum amount of 30 years. The political subdivision must file the resolution with the commissioner within an unspecified number of days after adoption but before the 15-month period has expired.

Subd. 15. Collection and retention. Requires the commissioner to remit tax proceeds at least quarterly to the political subdivision, less not more than 1% for administrative costs, and, if the political subdivision is a city, less a 5% or 8% contribution share.

Subd. 16. Contribution share. Requires the commissioner to retain 5% of local sales tax revenues for cities imposing a tax under the requirements of this section or extending an existing tax under the requirements of this section, and 8% for cities authorized to impose a local sales tax under special law.

Subd. 17. Accounts established; transfer. Establishes the local sales tax equalization distribution account in the special revenue fund and requires distributions from the account under the provisions of section 6.

Effective the day following final enactment.

Section 5. Local sales taxes; oversight. Requires that a political subdivision seeking to impose a local sales tax submit the resolution and documentation required under section 4 to the commissioner by October 31 of the year before the political subdivision seeks voter approval of the tax. Requires the commissioner to verify whether a project included in the submission meets the criteria specified in section 4 and to notify the political subdivision of the determination by January 10 of the first year the political subdivision may seek voter approval of the local sales tax.

Section 6. Local sales tax equalization distributions.

Subd. 1. Definitions. Defines the following terms: city, sharing pool, commissioner, contribution share, contributor, local sales tax, metropolitan county, population, and qualified recipient.

Subd. 2. Contribution share. Requires the commissioner of revenue to annually retain the contribution share of each city included in the definition of contributor. Requires the commissioner to designate, for each contributor, a sharing pool for each county in which the contributor is located. The commissioner must allot a contributor's contribution share among the contributor's sharing pools proportionally to its population in each county in which it is located.

Subd. 3. Distribution share; requirements.

- Requires qualified recipients to adopt a resolution supporting a proposed local sales tax imposed by a contributor in order to receive a distribution share.
- Requires the commissioner to divide each contributor's sharing pools among qualified recipients:
 - For a contributor's sharing pool for a metropolitan county, the pool is distributed among all qualified recipients that are contiguous to the contributor. The distribution is proportional to the population of qualified recipients in the sharing pool.
 - For a contributor's sharing pool for a county that is not a metropolitan county, the pool is distributed among all qualified recipients that are located in the same

county outside of the metropolitan area. The distribution is proportional to the share of each qualified recipient's population that resides in the sharing pool's county.

A qualified recipient's distribution is the sum of the distributions it receives from any sharing pool.

Subdivision 4. Certification. Requires the commissioner to annually calculate and certify each city's contribution share and qualified recipient's distribution shares, based on local sales taxes collected in the previous year. Establishes that a contributor shall be paid its contribution share if there are no qualified recipients of its contribution share. Requires the commission to provide notice of certification to each political subdivision by January 31.

Subdivision 5. Payment. Requires the commissioner to pay each qualified recipient the certified amount by March 15 annually.

Subdivision 6. Appropriation. Appropriates from the local sales tax equalization distribution account to the commissioner the amount required to make distributions under this section.

Effective the day following final enactment.



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Subject Local sales tax authorization and revenue sharing

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Overview

This bill creates a process for counties and cities to establish local sales taxes without legislative approval to fund certain projects. To establish a tax, the political subdivision would need to apply to the commissioner of revenue and receive voter approval. Taxes established under this process would be subject to a revenue sharing program, which would share a portion of the proceeds of the tax with other nearby counties or cities. This bill also limits the total combined rate of local sales taxes imposed by a political subdivision to 0.5 percent.

Summary

Section	Description
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1	Authorization.
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	Allows a political subdivision to establish a local sales tax under section 4 and provides that the current statutes governing local sales taxes apply to taxes established prior to July 1, 2025.
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2	Scope.
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	Requires any local sales taxes enacted prior to July 1, 2025, to meet the requirements of section 4 if they are amended or extended.
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3	Legislative authority required before voter approval; requirements for adoption, use, termination.
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	Adds an annual reporting requirement, established under section 5, to current local sales taxes. This section subjects a political subdivision imposing a local sales tax under special law to the combined rate limit of 0.5 percent (the limit would not apply until after the expiration of a tax currently in place and does not apply to county transportation local sales taxes). This section also requires political subdivisions imposing a tax authorized under special law to:
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- File a certificate of local approval with the secretary of state;
- Impose the tax within 15 months of receiving voter approval;

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| | <ul style="list-style-type: none">▪ Notify the commissioner of revenue of any project cancellations occurring after a project receives voter approval. If this occurs, the commissioner must proportionately decrease the maximum amount of tax the political subdivision is allowed to collect, and the political subdivision must return any revenue collected for the cancelled project. Returned revenue must be distributed in the political subdivision's sharing pool under section 6. |
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4	Local sales taxes; local authorization allowed.
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Subd. 1. Definitions. Defines terms for this section. Included are definitions for community center, convention center, district court, law enforcement center, library, park, sports complex, and trail; all of which are considered a "specified capital project." Under this bill, a local sales tax can be established without legislative approval to fund a specified capital project.

Subd. 2. Local authorization allowed. Allows a political subdivision (a county or a city) to impose, extend, or modify, without legislative approval, a local sales tax to finance a specified capital project. Voter approval would still be required and the political subdivision would need to receive approval from the commissioner of revenue. This applies to new local sales taxes established pursuant to this section, and to local sales taxes already authorized under current law that are extended or modified.

Subd. 3. Use of proceeds. Requires the proceeds of a tax established under this section to be used to fund a specified capital project. These projects include a community center, convention center, district court, law enforcement center, library, park, sports complex, or trail. The political subdivision would be limited to funding not more than three specified capital projects with the tax and each project would need to receive voter approval. This section also prohibits political subdivisions from commingling revenue from a tax authorized under this section with revenue from another local sales tax.

Subd. 4. Sports complexes, community centers, and convention centers; additional requirements. Adds additional requirements to funding the construction of sports complexes, community centers, and convention centers with a sales tax established under this section. Documentation showing the requirements are met must be submitted to the commissioner of revenue for approval. The additional requirements include:

- No similar facility may be located within a 15-mile radius if the political subdivision is outside the metro area;
- No similar facility may be located within an 8-mile radius if the political subdivision is in the metro area; and

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| | <ul style="list-style-type: none">▪ Entry fees for use of the facility must be the same for residents and nonresidents. |
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Subd. 5. District courts; law enforcement centers; additional requirements.

Adds additional requirements to funding the construction of district courts and law enforcement centers with a sales tax established under this section.

Documentation showing the requirements are met must be submitted to the commissioner of revenue for approval. The additional requirements include:

- A political subdivision must demonstrate need for the facility by providing the age of the current facility and a description of the improvements needed; and
- Surrounding counties, cities, and townships must provide resolutions affirming that the functions of the facility will meet the needs of the surrounding area.

Subd. 6. Parks and trails; additional requirements. Adds additional requirements to funding the construction of parks and trails with a sales tax established under this section. Documentation showing the requirements are met must be submitted to the commissioner of revenue for approval. In determining whether a proposed park or trail meets the additional requirements, the commissioner may consult examples and guidance provided by the Department of Natural Resources Parks and Trails Legacy Plan.

This subdivision requires that parks:

- Provide outdoor recreation facilities and multiple activities that are primarily natural resourced-based;
- Occupy at least 100 acres;
- Are utilized by a regional population; and
- Include natural, historic, or cultural features.

This subdivision requires trails:

- Serve more than the local population and encompass multiple jurisdictions; and
- Connect to existing or planned state or regional parks or trails.

Subd. 7. Tax rate and duration. Limits the total combined rate of local sales taxes imposed by a political subdivision to 0.5 percent and the maximum duration of a local sales tax imposed under this section to no more than 30 years. For counties, the rate limit excludes the county transportation tax.

Section	Description
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	Subd. 8. Bonds; authorization. Allows a political subdivision to issue bonds to finance the cost of a qualifying capital project. The bond amount must not exceed the cost of the project(s) plus the costs of issuing the bonds, including interest.
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	Subd. 9. Public hearing required. Requires a political subdivision to hold a public hearing prior to establishing a local sales tax under this section. The political subdivision must provide 30 days' notice of the hearing and publish the proposed tax rate, a description of each proposed project, and the amount of tax revenue and estimated time needed to pay for each project. The public must be allowed to speak at the hearing, which must not be held before 6:00 p.m.
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	Subd. 10. Resolution required. Requires a political subdivision to adopt a resolution indicating its approval of the tax. The resolution must not be adopted until after the public hearing and must contain:
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| | <ul style="list-style-type: none">▪ The proposed rate;▪ A description of no more than three projects funded by the tax;▪ Documentation of the regional significance of each project;▪ The amount of local sales tax revenue that will be used for each project and the estimated time to raise that revenue; and▪ The total revenue that will be raised for all projects before the tax expires and the estimated length of time the tax will be in effect. |
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The adopted resolution must be submitted to the commissioner of revenue as part of the approval process in section 5.

	Subd. 11. Community support required. Requires a political subdivision to submit to the commissioner of revenue letters or resolutions from surrounding local governments that acknowledge there is a local or regional need for the proposed specified capital project.
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	Subd. 12. Voter approval required. Requires voter approval for a local sales tax established under this section. The tax would first need approval from the commissioner of revenue. The referendum must be held at a general or special election in November, must not be the only item on the ballot, and must be held within the two-year period after the political subdivision has received authority from the commissioner of revenue to impose the tax. The ballot must contain the following information:
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| | <ul style="list-style-type: none">▪ A description of each project;▪ The projected start date of the tax;▪ The proposed tax rate; |
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| | <ul style="list-style-type: none">▪ The cost of each project;▪ The maximum amount of time the tax will be imposed;▪ Acknowledgment that the total cost may increase due to the inflation allowance under subdivision 18;▪ A statement that a portion of the revenue will be subject to the sharing requirements of this bill; and▪ A statement that an affirmative vote means that a new tax will be imposed or that an existing tax will be extended or increased. |
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The ballot language cannot contain a statement that a “no” vote may result in the projects being funded by an increase in property taxes. Each project must have a separate question. The political subdivision may not advertise or expend money promoting support for imposing the tax.

Subd. 13. Legislative approval required. Requires a political subdivision to obtain legislative approval to impose a local sales tax if the tax does not meet the requirements of this section. To obtain this approval, the political subdivision would need to provide a resolution detailing why the request does not meet the requirements of this section and letters or resolutions from surrounding local governments acknowledging that there is a local or regional need for the proposed capital project.

Subd. 14. Filing and imposition requirements. Requires a political subdivision to file a certificate of local approval within 60 days after receiving voter approval for the tax. The tax must be imposed within 15 months of receiving voter approval.

Subd. 15. Administration; termination. Creates various administrative requirements for sales taxes authorized under this section. These requirements include a prohibition on commingling revenue of a tax authorized under this section with another local sales tax, a requirement that the political subdivision notify the commissioner of revenue at least 90 days before it anticipates revenues raised from the tax have covered the cost of the projects, and the requirement that the political subdivision notify the commissioner if it cancels a project approved by voters. This subdivision also prohibits a political subdivision from imposing a new local sales tax under this section for a period of one year after a tax imposed under this section has expired.

Subd. 16. Collection and retention. Requires the commissioner of revenue to deduct from the proceeds of a political subdivision’s local sales tax the following amounts:

- One percent to be retained by the commissioner for administration; and

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- The political subdivision's contribution share (defined in subd. 17).

Subd. 17. Revenue sharing required. Requires a political subdivision imposing a local sales tax to share revenue from the tax with other jurisdictions. The revenue sharing program is outlined in section 6. This subdivision requires the commissioner of revenue to retain the following amounts from each jurisdictions' local sales tax to be shared under the program:

- 15 percent for a tax imposed under this section;
- 15 percent for a tax that was imposed prior to July 1, 2025, which is amended, extended, or otherwise modified; and
- 20 percent for a tax authorized by special law after July 1, 2025.

Subd. 18. Allowance for inflation. Allows a political subdivision to change, by resolution, the amount of revenue collected by a tax under this section or increase the amount of time the tax may be imposed. This adjustment can occur any time after receiving voter approval and before the imposition of the tax. The total cost of the project approved by voters can be increased by 10 percent plus the rate of inflation between the time of initial application to the commissioner of revenue for the tax and the month that the tax is approved by voters.

Subd. 19. Account established. Creates the local sales tax equalization distribution account in the special revenue fund. The account is used for the revenue sharing program under section 6.

Subd. 20. Other provisions apply. Applies provisions of current local sales law to local sales taxes imposed under this section. This subdivision also requires the prevailing wage rate to apply to all contracts for construction of specified capital projects funded by a tax imposed under this section.

5 **Local sales taxes; verification and oversight.**

Subd. 1. Filing requirement. Requires a political subdivision to apply to the commissioner of revenue when seeking to impose a local sales tax under the previous section. The commissioner must verify each project meets the requirements of the previous section and must make a determination within 60 days of receiving the application.

Subd. 2. Annual financial reporting. Requires a political subdivision imposing a local sales tax to submit to the commissioner of revenue information regarding the uses of the local sales tax.

Subd. 3. Enforcement. Allows the commissioner of revenue to expire a local sales tax if a political subdivision is out of compliance with the financial reporting

Section	Description
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	requirement in the previous subdivision or if the political subdivision is improperly using the proceeds of the tax.
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Subd. 4. Report. Requires the commissioner of revenue to annually submit a report to the legislature summarizing the information provided by political subdivisions under subdivision 2.

6	Local sales tax equalization distributions.
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Subd. 1. Definitions. Defines the following terms for this section: adjusted net tax capacity (ANTC), average fiscal capacity, city sharing pool, contribution share, contributor, county sharing pool, distribution index, distribution share, economic development region, fiscal capacity, local sales tax, political subdivision, population, and qualified recipient.

Subd.2. Local sales tax revenue sharing required. Requires a political subdivision to share revenues pursuant to this section if the political subdivision establishes a new local sales tax, either under section 4 or by special law, or modifies or extends an existing sales tax. Any political subdivision that does not impose a local sales tax is eligible to receive a distribution from the revenue sharing pool.

Subd. 3. Contribution share. Requires a political subdivision imposing a local sales tax to annually contribute a portion of the revenues from the tax to a sharing pool. Political subdivisions imposing a local sales tax under section 4 and political subdivisions modifying an existing sales tax must contribute 15 percent of the annual proceeds to their sharing pool. Political subdivisions establishing a local sales tax by special law after July 1, 2025, must contribute 20 percent of the annual proceeds to their sharing pool.

The sharing pool for a city is comprised of all cities located within the same economic development region. The sharing pool for a county is comprised of all counties located within the same economic development region.

Subd. 4. Final distribution. Requires the commissioner of revenue to calculate distributions from each sharing pool and make payments of the shared revenue in each pool to the qualified recipients.

For a city sharing pool, each city within the pool that does not impose a local sales tax is eligible for a distribution. The distribution amount for each recipient is based on the city's ANTC per capita. Cities with higher ANTC per capita will receive smaller per capita distributions, and cities with lower ANTC per capita will receive larger per capita distributions.

For a county sharing pool, each county within the pool that does not impose a local sales tax is eligible for a distribution. The distribution amount for each

Section	Description
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	recipient is based on the county's ANTC per capita. Counties with higher ANTC per capita will receive smaller per capita distributions, and counties with lower ANTC per capita will receive larger per capita distributions.
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Subd. 5. Certification and settlement. Requires the commissioner of revenue to annually calculate and certify each contributor's contribution to their sharing pool and each recipient's distribution from their sharing pool.

Subd. 6. Appropriation. Appropriates annually from the local sales tax equalization distribution account an amount necessary to pay distributions under this section.

7	Repealer.
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	Repeals the current moratorium on local sales taxes.
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Project Background: Minnesota Tournament and Wellness Center (MNTWC) first approached the City of Blaine in 2021 regarding the desire to partner to develop and construct a multi-purpose indoor court sports, fitness and tournament venue operating within a community center for Blaine. MNTWC's vision is to provide community focused programming to fill critical amenities and services gaps for Blaine residents' quality of life. This dynamic facility would function holistically providing community, aquatic, fitness, and tournament centers all under one roof. The discussions were favorable, and MNTWC worked with the city to identify possible parcels of land that would be suitable for this project

Following the review of several properties with the help of the City one parcel appeared to be the front runner in terms of location, access, and comprehensive plan. A city owned parcel of 40-80 acres on 109th Ave. N. MNTWC worked closely with Populous Architects to propose and fit a 350,000 sq ft multi-use indoor court facility, with all the essential amenities for community, aquatic, fitness and tournament centers. The intent is to also include accessory structures and components to support the facility's year-round operations.

The parcel was large enough to include associated development of a hotel, medical user and dining options in the site design concepts.

Due to the nature of the MNTWC's multi-use indoor court tournament facility, orthopedics providers seek opportunities to partner with projects like the MNTWC. Early in project development orthopedic service providers and MNTWC had meetings seeking to develop a Sports Performance and PT / Rehab center in Blaine to expand their service offerings. Orthopedic service providers indicated relationship with MNTWC would be an essential component of this new facility. This appeared to be an excellent fit for a development that would be dedicated to indoor sports and recreation with the added components of Sports performance and PT/rehab along with youth and amateur athlete development. The concept plan of an indoor sports venue, fitness center, and Sports Medicine is developed and presented here-in.

This development concept is in support of the City of Blaine's commitment to be the "sports destination in the state of Minnesota" and creates a unique sports facility asset coupled with a community center for the city's residents.

Participants / Project Team:

Minnesota Tournament and Wellness Center: Private member of a proposed Private Public Partnership (P3) operating as a Limited Liability Corporation providing private capital, operating management, design and ongoing repair and maintenance for the life of the project.

City of Blaine: Public member of a proposed Private, public, Partnership (P3) providing the authority to author a resolution for a referendum so that the citizens of Blaine can decide to allocate a small portion of their sales tax to help pay for the construction of the facility. The city will also help with all aspects of working with the local and state agencies to facilitate the construction.

Sports Facilities Company (SFC): Since 2003, the Sports Facilities Companies, comprised of Sports Facilities Advisory, Sports Facilities Management, and Sports Facilities Development, have become the trusted resource for communities who want to plan, fund, develop, or operate sports, recreation, entertainment and fitness centers. In this time, we've guided projects in over 3,000 communities nationwide and overseen \$15 billion in developed projects. Through our managed venues in the SF Network, we host more than 25 million visits annually and drive \$200 million in overnight hotel stays annually.

At the Sports Facilities Companies, our team comes from a wide variety of places and industries. From former professional athletes, entrepreneurs, and facility operators to executive and leadership positions with big brands like Galleon's Sporting Goods, House of Blues, and more, our staff is unified by the belief that sport positively impacts lives far beyond the field or court. We're also passionate about increasing access to sport for all. As such, we have become one of the founding members of the Aspen Institute's Project Play 2020 initiative, developed partnerships in the communities we serve, and launched the SF Access program; all initiatives designed to create the opportunity for "free and reduced-cost play" for more kids and families across the country.

Populous Architects: MNTWC P3 has selected Populous Architects! Populous has been designing iconic spaces for the world's most renowned names in sports and entertainment, from stadiums and arenas to event spaces and urban environments. Our innovations have revolutionized experiences in thousands of communities worldwide and for billions of viewers watching at home. In Minnesota some developments you may recognize that we designed are the MN Twins Ballpark and Allianz Field Stadium.

With our global headquarters in Kansas City and regional headquarters in London and Brisbane, our diverse team includes specialists across a range of disciplines, from

architecture and interior design to branded environments, urban planning, event design and landscape architecture.

Our work transforms neighborhoods, revitalizes cities, builds relationships and connects people to the incredible and the awe-inspiring. It's our vision for design excellence that has led Fast Company to name Populous one of the world's 50 most innovative companies, ranking us No. 1 in architecture.

As we move forward, our commitment to enhancing the fan experience will result in venues unlike any the world has seen before, with new digital technologies creating immersive experiences that blur the boundaries between the real and the virtual. Balancing that, our dedication to sustainability will see spaces that are more accessible, adaptable and ecologically responsible, setting the stage for the next evolution in major events.

Developer / Builder: The project developer is responsible for overseeing all aspects of land development projects from inception to completion. This includes preparing land for construction, obtaining necessary permits, coordinating with contractors and architects, and ensuring that projects are completed on time and within budget. The project developer is contracted to complete various but not limited to responsibilities such as to coordinate with architects and contractors to provide input and execute development plans. Additionally, the project developer will negotiate contracts, secure necessary permits, approvals, manage project budgets and schedules. Essential to the MNTWC P3 project is ensuring all projects comply with legal, safety, and environmental regulations while preparing and presenting project updates and reports to the P3 team. Developer selection is ongoing and the P3 team selection takes place once a resolution to take the project to a referendum is passed.

Construction partners: The MNTWC P3 selected commercial construction company, is selected to deliver high-quality projects on time and within budget, all while maintaining safety and client satisfaction as top priorities. Builder selection is ongoing and the P3 team selection takes place once a resolution to take the project to a referendum is passed. Below are some key attributes that make a commercial construction company excel and is the minimum expectation for the MNTWC P3 project.

A top-tier commercial construction company is a trusted partner in bringing complex building projects to life. Their ability to deliver high-quality work, stay within budget, and provide exceptional customer service throughout the process makes them a valuable asset for any business looking to build or renovate commercial spaces. Whether it's a new office complex, a retail outlet, or a medical facility, a great construction company ensures that each project is executed to the highest standards of excellence.

Teams of engineers: Engineers for land development combine technical expertise with strong problem-solving skills and an ability to collaborate effectively with diverse teams. Here are key qualities and skills that make a good engineer for land development and is the minimum expectation for the MNTWC P3 project.

MNTWC P3 land development engineers must possess a combination of technical proficiency, problem-solving skills, leadership, and an understanding of environmental and community needs. Their ability to navigate complex projects while maintaining high standards of safety, quality, and sustainability makes them key players in land development.

Proposed Project Development Components

Community Center: The MNTWC will operate as the community center for Blaine as well as for the surrounding communities. Blaine will have a community center that is one of the largest and most comprehensive in the upper Midwest. There will be no community center in Minnesota that will compare with the MNTWC. High end finishes throughout with the focused programming for all ages and demographics of our community. 365 days a year of the best community center experience in the state.

Fitness Center: Blaine sits in a dead zone for a fitness center. The MNTWC P3 provides strategic health initiatives for all segments of a community. Blaine has many quick service and low fee warehouse fitness shops but nothing that compares to the high-end Lifetime Fitness centers that many other cities enjoy in the Metro. Our fitness center will have all the high-end feel of a Lifetime Fitness without the premium membership fees. We will offer a lower membership fee so that we can get as many people in Blaine and the surrounding area to change their fitness level, change their abilities, and create a new outlook on life as possible. A plan that fits each person and their goals. People need to be treated as individuals because we all have our own unique circumstances, and we all want to improve our lives.

Aquatics Center: 40,000 sq. ft. of indoor aquatics space. There will be a place for everyone here. Slides, zero entry depth pool, large lap swimming pool and possibly a tournament swimming environment for our schools and other events.

Tournament Center: 13 Full-Size basketball courts that convert into 26 volleyball courts. Badminton, wrestling, futsal, dance, gymnastics and just about anything you can think of doing in an indoor sports complex. Currently, Minnesota does not have a court-based tournament center anywhere in the state. The MNTWC will be sized so that we can host local, state, regional, and national tournaments. This will bring in \$25 million in economic spending to the area every year as well as a major indoor sports spotlight to Blaine. The Twin-Cities North area has a great need for indoor court space and this will solve that need now and well into the future.

Family Fun Zone: High quality indoor space for families to come and have fun is a huge need in the area. Our winters are long, and families need a place for fun activities and exercise. Our fun zone will change often with different activities so families will want to come in and play. A great place for parties and sports teams and any group that wants to build comradery and build chemistry in a fun environment.

ESPORTS: This concept is being developed by our team. We want to promote human interaction and movement at the MNTWC. More to come with Esports.

Player Amenities: Our sports training will offer many levels so that there is a program that fits each person. One amenity that will be available for our sports specific training clients will be a player's lounge. This will be a unique atmosphere where athletes that are training to be the best can build relationships and share a common vision. Greatness is contagious and hanging around with a group of people that are ambitious, and hard working will benefit everyone.

Retail Space: There is a perfect opportunity for specific businesses to operate inside the MNTWC. Things like a salon, nail care, massage, chiropractic, banking, martial arts, etc. are a perfect fit for the people who utilize this facility. Having services that fit the lifestyle needs of the community in the same space where they come for fun and fitness is convenient and easy.

Quick service café: The people of our community will enjoy healthy smoothies and coffee and many other drink options here. Quick grab and go food as well as some hot and order options will provide our guests with the ability to grab a bite in a hurry. It will also provide food options for kids' parties and people who just want a treat. This is separate from the concessions area that will provide food and drink during tournaments.

Atrium/lobby area: This will be a large, open space with many seating options and lots of light. There will be many plants and trees and green spaces to lift spirits during our long grey winters. This area is designed for our community to come in and visit with each other, to play games and cards, and to just enjoy a large open indoor space outside of their home. We all need to get out of our homes and off our screens. Bring back community.

Sports Medicine Connection: One piece of the MNTWC P3 development is a sports medicine partner. There is strong interest in the MNTWC by sports medicine clinics as it brings them great recognition from the hundreds of thousands of visitors that will come through the doors. This is just another piece of the overall concept that allows the MNTWC to pay for all repairs and maintenance as well as all operating expenses.

Lodging: Bringing a hotel that will attach to the MNTWC brings many benefits for everyone. Provides great tax revenue for the city and a perfect stay and play option for our visitors. Hosting large tournaments requires a lot of hotel rooms. This hotel on campus will not accommodate all of our guests so the surrounding hotels in the area will benefit greatly from the tournament operations held at the MNTWC.

Dining: A restaurant is another great piece that would fit nicely on campus. Restaurants like to be next to event centers so attracting one should not be difficult. Just another piece of the development that provides more tax base and better options for visitors and our local population.

Life University: A programming dream for parents. This will be held at our media/theater space and will provide many educational opportunities for every age group. The purpose of this program is to provide interesting, fun, and sometimes challenging topics for learning and discussion that isn't typically taught in schools. The goal? To give kids the tools and knowledge to take all of life's many challenges and face them with confidence and skill. We have many goals at the MNTWC but empowering kids to thrive while hoping to greatly reduce anxiety and depression is one of our biggest.

Theater/media room: This space is designed to provide educational opportunities, team sports viewing secessions, career demonstrations and opportunities, senior specific education, training and future opportunities, and many more.

Previous 109th Proposed Project information relevant to MNTWC P3:

In November 2020 a sports project team worked to investigate the feasibility of a development concept for the 109th location. The initial investigation included the following steps:

- Wetland delineation and analysis
- Rare plant species assessment and analysis
- Survey of property boundaries
- Phase 1 Environmental report
- Preliminary civil engineering study
- Preliminary watershed and storm water compliance study
- Site design concept development
- Development of a preliminary project construction budget model.

The following information has been discovered from the above tasks:

1. The parcel of land is covered with significant area of wetland and the area impacted by the proposed site plan in more than 30 acres of disturbance. This will require a significant wetland exchange process with acquisition of wetland replacement credits; however, the quantity of this replacement may exceed the regulations for such work. Additionally, the area of disturbance will trigger the preparation of EAW, AUAR, or EIS which will require 6-24 months of review prior to any submittal for development approval.
2. The soils conditions are very typical of the land in Blaine with topsoil of organic materials with a significant layer of sand below the organics. The depths of the topsoil range from 2 feet to 14 feet. The northwest portion of the site along with a few pockets scattered on the western half of the site have upland which is easily ready to receive the construction of buildings and parking lots. Significant grading and mining of the site is required to make the whole site ready for development.
3. The Phase 1 Environmental Report does not indicate any serious issues, and the site is generally clean for development.
4. Civil engineering for the site requires the creation of pond areas in the locations where mining of appropriate soils will be taken to create the buildable zones and the management of storm water to comply with watershed regulations may require underground water retention.
5. The site planning must be adjusted and create a development that will respond to the conditions discovered and the issues presented will make it difficult to develop the

site as densely as the original concept had proposed. The cost of preparing this site to be developed as originally planned is proving to exceed the budgets developed to make a financially sustainable project for all parties.

The results of these investigations have led the team consider refinement to the site development concept site plan and overall realities of the project

Site Development for MNTWC P3 Project:

The project design team has prepared an site development plan that responds to the constraints of this site compatible with the City of Blaine vision for sports venue development.

The site plan would include the construction of a Sports Performance center, a hotel with connected access to the MNTWC, and a possible dining option on the site.

This new development concept and site design has many benefits:

- The reduction of wetland impact of the alternate site plan from 30 acres+/- to >15 acres.
- Site design plans to keep the areas of disturbance 150 feet away from the critical wetland areas thus reducing the replacement ratio to 1:1 vs 1.5:1 or 2:1
- Reduce the cost of the development by reduction of the need for significant earthwork and wetland replacement credits.
- Greater sensitivity to the environmental impact of the site by reduction of the scope of the development.
- Reduce the potential schedule of the project by elimination of required environmental reporting processes.

MNTWC and the City of Blaine are in the process of creating a potential working foundation of a P3 and details of the project components.

MNTWC and the City of Blaine are in the process of exploring financing courses of action for the construction of the project in conjunction with additional City priorities.

Sports Facilities Company prepared operational pro-forma for the operations of the MNTWC facility. SFC has discussed this during previous Council Working Groups.

Closing Discussion:

The city, MNTWC team and design team has invested time and resources to evaluate the best possible way to develop the site. While there are environmental constraints associated with this site it is our belief that the scope of the project is an excellent way to capture the buildable portion and create the MNTWC as a premier community asset.

MNTWC is committed to working with the city of Blaine in a P3 capacity to create this once in a lifetime opportunity on the 109th St. site. The potential for alternate locations should not be overlooked as new sites may become available requiring consideration.

Exhibits attached with this report:

- Site location/selection map
- Master Site concept Site Development plan
- Preliminary Architecture Site plan
- Wetland delineation map

Documents available for Review from City of Blaine from previous project

- Wetland report
- Rare plant species analysis document
- Phase 1 Environmental report
- Geotechnical soils report
- Survey

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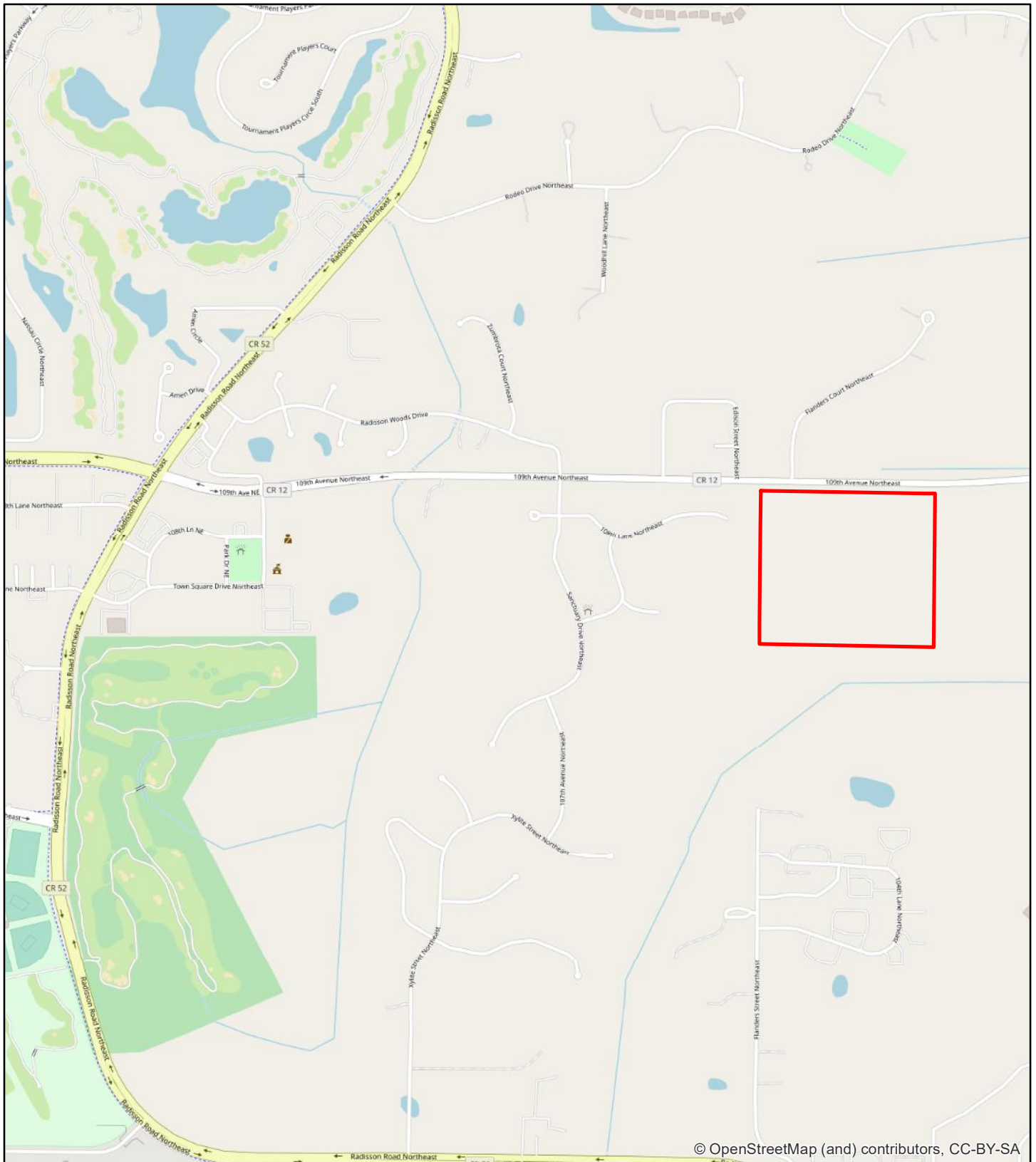
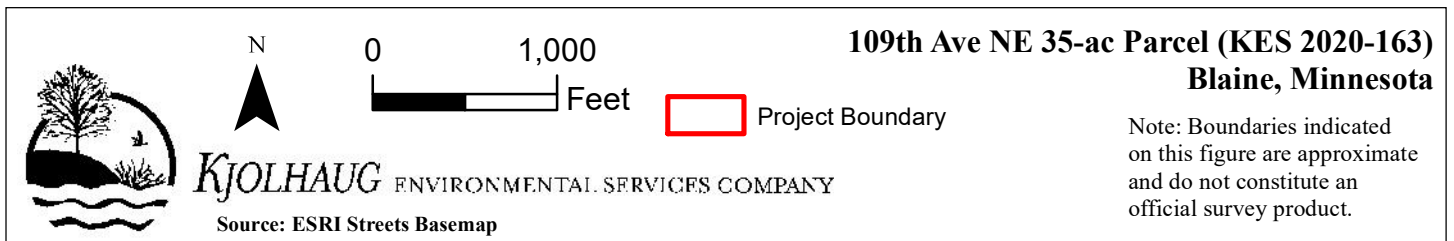
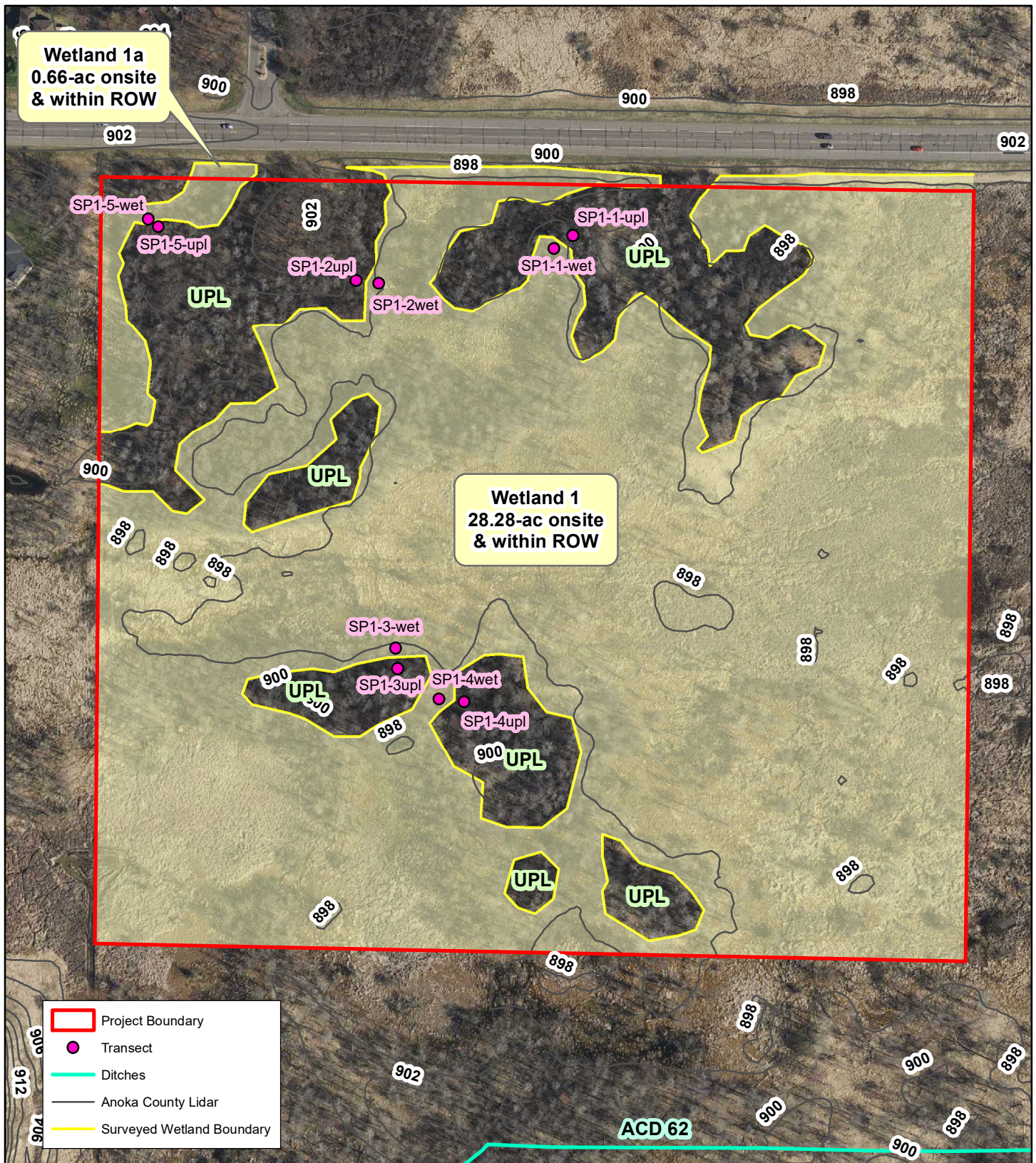


Figure 1 - Site Location Map





12-7-2020 Revised Figure 2 - Existing Conditions (2016 MnGEO Photo)



KJOLHAUG ENVIRONMENTAL SERVICES COMPANY

Source: MNGEO Spatial Commons

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0 250 Feet

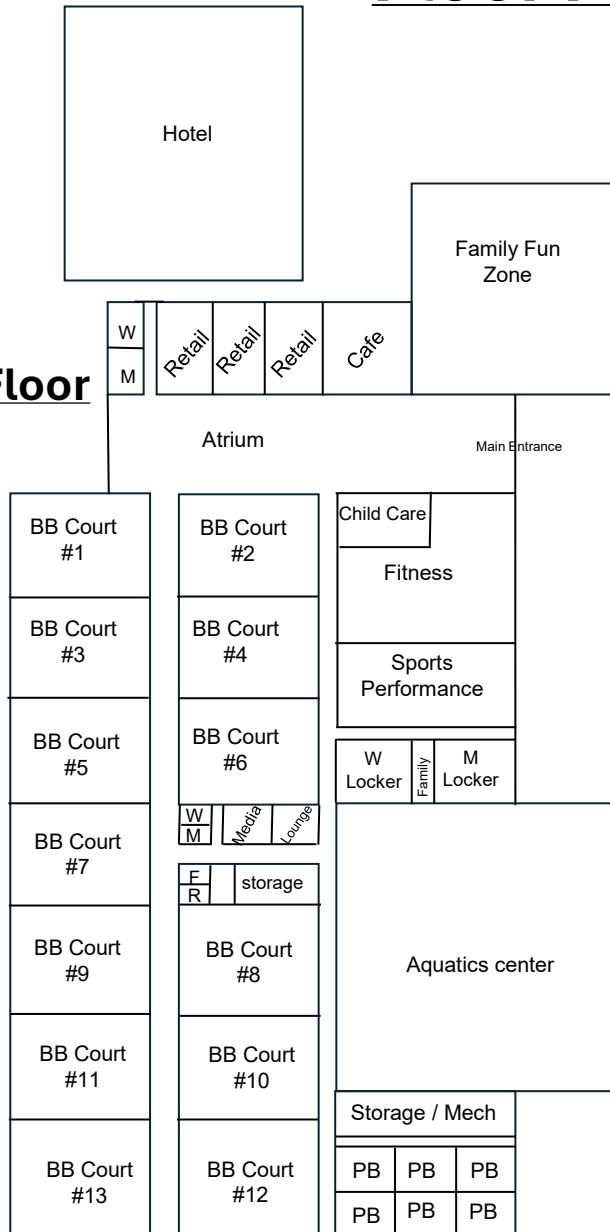


109th Ave NE 35-ac Parcel (KES 2020-163)
Blaine, Minnesota

Note: Boundaries indicated on this figure are approximate and do not constitute an official survey product.

Floor Plan Concept

First Floor



Second Floor

