# City of Blaine
# City Council Workshop

May 12, 2025 | 5:00 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

## MINUTES

**NOTICE OF WORKSHOP MEETING**
In accordance with the provisions of Section 3.01 of the Blaine City Charter, a Council Workshop meeting is scheduled for the following purpose:

### 1. Call to Order

The meeting was called to order by Mayor Sanders at 5:30PM.

### 2. Roll Call

PRESENT: Mayor Tim Sanders, Councilmembers Terra Fleming, Chris Ford, Leslie Larson, Chris Massoglia, Tom Newland, and Jess Robertson.

ABSENT: None.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; Assistant Community Development Director Sheila Sellman; Safety Services Director/Police Chief Brian Podany; Police Captain Russ Clark; Finance Director Jason Zimmerman; Director of Administrative Services Scott Johnson; Director of Engineering Dan Schluender; City Attorney Tom Loonan; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

### 3. New Business

**3.1.** 2025-108 Closed Session Pursuant to MN Statute 13D.05 Subd. (3)(d) Security Briefing
*Sponsors: Brian Podany, Safety Services Manager/Police Chief*

After motion and second, the council moved to a closed session meeting pursuant to Minnesota Statute 13D.05 Subd. (3)(d) in order to receive a security briefing.

**3.2.** 2025-109 Development Proposal for EDA-Owned Property at 255 89th Avenue NE
*Sponsors: Sheila Sellman, Assistant Community Development Director*

Assistant Community Development Director Sellman stated True Blue Commercial has provided a townhome concept plan for the three EDA-owned lots off 89th Avenue NE. The three lots total 2.89 acres. 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 single-story residential, for-sale product, no rentals and smaller units. Staff reported 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.

Ms. Sellman reviewed the proposed plan in further detail with the council. She indicated 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.

Ms. Sellman reported 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. She requested the council hold an open discussion on the concept plan and then go into closed session to discuss the financial request and asking price.

Councilmember Ford questioned if the garages could be flipped to face east/west in order to keep the balconies away from the existing homes. The applicant anticipated the density would be impacted if the units were flipped. He commented on the plant barrier that would be installed to assist with screening the units from the existing residential homes.

Councilmember Larson stated she liked the overall development. She believed the townhomes would be something new and different for this area of the Northtown development.

Councilmember Newland reported the neighborhood wanted to see single-story, single-level units. He indicated the tuck-under units would tower over the 10-foot concrete wall and he did not support these units. He explained the TIF request was not a reality either. He commented he could support single-level townhouses on this property but not the proposed towering units.

Councilmember Ford stated he supported the proposed development, but noted he would liked to see them flipped so the balconies were not looking into the backyards of the adjacent residential homes.

Councilmember Robertson indicated she typically deferred to the ward councilmembers for their direction, however, she understood staff has invested a great deal of time on this matter and held open houses with the neighborhood. She explained housing appears to be the preferred vision for this site, but she agreed with Councilmember Newland that a three-story unit would be too imposing given how the adjacent homes were one-story ramblers.

Councilmember Newland reported the city owns this land and the city can be extremely particular about what develops on this site. He indicated this would continue to be an attractive piece of land and he did not have a problem waiting for the right development to come along.

Councilmember Larson asked if the developer had another townhome model that could be considered for this property.

Scott Thompson, True Blue Commercial, introduced himself to the council and commented on several projects he had completed in the community. He discussed how the proposed units would meet the need in the community for affordable housing units. He believed the proposed townhome units would be a win-win for the community.

Jim Boo, True Blue Commercial, explained he was working in a number of different communities to bring new housing products. He discussed how public private partnerships were now being pursued in order to create new affordable housing developments. He stated without a TIF investment from the city, this project does not make financial sense for them. He commented the proposed units would be rent to own.

Mayor Sanders stated the easy properties in Blaine have been developed and the harder parcels remain. He understood there was a lot that went into trying to develop these standalone lots. He questioned if there was another townhome concept that would work on this parcel that was not quite so tall. Mr. Boo stated he has done six different concepts in other communities and reported this was about the only way he knew how to bring home ownership to the community.

Councilmember Newland discussed the comments that were received by the neighbors noting there was a strong preference for single-story units that were owner-occupied. He reiterated that the city was not under a time crunch with this property and could sit back and wait for a project that more closely aligned with the goals of the neighborhood.

Mr. Boo provided further information on the rent to own concept for the proposed townhomes.

Councilmember Ford expressed concern with the rent to own concept because he feared these residents would never really own the units.

Mr. Boo indicated he was bringing forward a housing concept that has worked in other communities and noted there was a rent to own option.

Mayor Sanders thanked the True Blue Commercial representatives for their time.

**3.3.** 2025-110 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*

After motion and second, the council moved to a closed session meeting pursuant to Minnesota Statute 13D.05 Subd. (3)(c)(3) in order to consider the sale of EDA-owned property at 255 89th Avenue NE.

**3.4.** 2025-111 Strategic Plan Progress Report
*Sponsors: Ben Hayle, Communications Manager*

Communications Manager Hayle stated 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. He explained 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. Staff is proposing that the council receive quarterly updates in writing through the council update and then an annual progress report would be provided at a council workshop meeting.

Councilmember Newland stated he believed the six strategic priorities for the city were very solid.

Economic Development Specialist Tucker commented on the economic development occurring in the city. She reported staff continues to work towards their economic development targets.

Director of Administrative Services Scott Johnson discussed the infrastructure management within the city.

Mr. Hayle discussed the collaboration, community engagement and trust building efforts being pursued by the city. He provided further comment on how the city would be pursuing scientific data in order to assist with trust building in the community.

Councilmember Larson stated she greatly appreciated the assistance staff provided to her whenever she had questions from residents.

Councilmember Robertson asked if the data collection would be costing the city money. Mr. Hayle reported it would cost the city money, but was within the 2025 budget.

Mr. Hayle asked for clarity from the council on how often staff should be providing updates on the strategic plan.

Council consensus was for staff to provide quarterly updates in writing through the council update and then an annual progress report would be provided at a council workshop meeting.

Mr. Hayle questioned if a new strategic plan should be pursued by staff every four years.

Mayor Sanders believed this was an important practice for the city to continue every four years.

Councilmember Robertson agreed, stating it would be important to bring the new city manager into this process.

City Manager Wolfe stated it was important for the council to have check ins, especially when it comes to the budget each year.

**3.5.** 2025-112 Cannabis Ordinance Amendments
*Sponsors: Sheila Sellman, Assistant Community Development Director*

Ms. Sellman stated 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 mezzo business (up to 15,000 square feet of plant canopy indoors or up to one acre of mature flowering plants outdoors) or a micro business (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.

Ms. Sellman explained the state recently completed the rule making 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).

City Clerk Sorensen offered a definition for daycare noting cannabis retail has to have a 500 foot buffer from any commercial daycare as well as residential daycare and that staff would be bringing forward a code amendment to make that clear.

Mayor Sanders stated he supported the I-2A and I-2.

Community Development Director Thorvig explained the I-2A and I-2 zoning districts were typically further away from residential neighbors.

Councilmember Massoglia asked if the city could make this a conditional use in the industrial zoning district. Ms. Sellman stated this would be allowed.

The council supported this recommendation.

Councilmember Larson questioned if this use created odor. Mr. Thorvig stated he was uncertain, but that he had read odor was a concern. He reported if this use was made conditional, the council could put conditions in place to address odor concerns.

Councilmember Robertson inquired which zoning district would limit this use the most. Ms. Sellman stated I-2A zoning district would limit this use the most.

Councilmember Ford reported all cannabis sold in Minnesota has to be grown in Minnesota.

Mayor Sanders inquired if the council should discuss the municipal cannabis shop. Mr. Thorvig indicated staff sent a message to all five groups interested in working with the city and noted staff would be bringing proposals back to the council in June. He commented the goal would be to interview these groups on June 14 and the preferred partner would be selected.

Police Chief Podany provided the council with information on how the city's grant funding would be impacted if the city were to pursue a cannabis retail shop. He explained the crime analyst position would not be impacted, but noted the overtime funding could be impacted by $7,000.

**3.6.** 2025-113 Local Option Sales Tax (LOST)/Minnesota Tournament Wellness Center (MNTWC)

*Sponsors: Erik Thorvig, Community Development Director*

Mr. Thorvig stated 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. At this point, staff has not engaged the assistance of bond counsel or a municipal financial consultant to analyze the financial structure further.

Mr. Thorvig commented staff was 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 provided further information on the items that LOST tax revenue could and could not be used on.

Mayor Sanders described the process that would be followed in the coming weeks between the house and senate in order for a bill to move forward. He stated he was uncertain how the final bill would look and if it would be completed by the end of the session. He anticipated if the bill were to move forward, all cities that approve a LOST in the future would be paying a portion back to the state.

Mr. Thorvig discussed the potential revenues the city could receive on an annual basis if a LOST were put in place. He commented on how these funds could be used for both a sports complex and fire station. He indicated MNTWC has requested the donation of land for the sports facility, noting the facility would require a larger property. He commented on a potential EDA property that could work for the proposed sports facility. He explained this property has a number of challenges given the wetlands onsite and would not draw a large purchase price due to the investment that would be required from future developers.

Councilmember Robertson stated this site has the ability to generate revenue greater than $1 if the property were not developed. Mr. Thorvig reported the proposed property was directly adjacent to the Blaine Wetland Sanctuary and the council could consider expanding the wetland sanctuary onto this property, where additional wetland banking could be completed for the EDA.

Councilmember Robertson estimated 60% of this property could be banked for wetland credits and wetland credits sell for $2.50 per square foot. She indicated this would generate $3.7 million for the city.

Mr. Thorvig stated if this site did not work out, the MNTWC would have to look at private parcels of land, which would increase the project costs. He commented further on how abatement bonds could be utilized for this project, but noted the city could not get close to the $52 million request.

Councilmember Massoglia explained he loved the heart and ideas from the team behind the MNTWC project, but explained he was not supportive of the project or of LOST. He was of the opinion this facility would fit better in another community.

Councilmember Newland agreed, stating there were too many unknowns when it came to this development. He reported the request was quite large and he did not know if this project would substantiate the investment. He believed the city owed it to the developers to say no versus waiting to make a decision later.

The applicant indicated he would like the residents of Blaine to have the right to vote on this matter. He stated another way of looking at this project would be an avenue for the city to bring the most requested amenity, a community center, to the residents. He explained the ROI was less than 1% so there would not be a big impact on the taxpayers. He suggested a task force be created to allow the residents of Blaine to further discuss the potential of a sports facility/community center and to see if there was an interest in putting tax dollars towards this. He commented on how the proposed facility would make enough money to pay for itself.

Councilmember Massoglia stated there is a process in the charter to petition in order to get items on the ballot. He reported he campaigned in 2020 for no city sales tax. He indicated during the last election there were candidates that campaigned on bringing a community center to Blaine and each of these candidates lost by 70%. He did not believe it was an accurate statement to say all residents in Blaine wanted a community center.

Councilmember Fleming indicated she has heard from Ward 1 constituents that the children in the area need a place for activities. She explained she campaigned against a city-wide sales tax. However, she stated she could support the city's residents making a decision on whether they want to have a LOST. She did not anticipate the city would lose business if visitors had to pay an additional $.50 or $1 on a $100 purchase.

Councilmember Massoglia was of the opinion the residents in his ward were very clear and elected him with the thought there would be no new local sales taxes. He reported by being elected the residents had spoken to him that the majority do not want a LOST. He recommended 10% of the registered voters get together to form a petition if a group wanted to bring a LOST request before the city.

Councilmember Fleming stated she would be okay with a LOST if the city received feedback there was support from the community.

Councilmember Ford indicated he liked the MNTWC project but did not support the proposed location. Even though he was interested in the project, he feared the moratorium would be delayed until 2026 which meant this project could not go forward at this time.

Councilmember Robertson commented that this project may have had a different outcome if it came to the city 10 years ago. She reported the city made a long-term commitment to a partnership with a developer who is developing amenities that closely align with a community center within a district that was sports-centric. She indicated the city was in a legally binding agreement to bring this product to market. She explained she did not support giving away the EDA-owned property because it did have value and could prove to be a revenue stream for the city. She reiterated that it seems unfair to turn the city's focus away from its current commitment to the proposed sports facility. She indicated she had knocked on almost every door in her ward twice while running for office. She stated she was elected to make decisions on behalf of these residents with the city's best interests in mind and, for this reason, she did not support going to the voters to see how they felt about a LOST. She commented she was also frustrated by the fact the state was proposing to require city's with a LOST to give a percentage back to the state. She explained the council was working to create new revenue streams while cutting costs in order to benefit taxpayers.

Councilmember Fleming agreed the EDA property could serve as a revenue stream for the city and she did not appreciate the fact that the state was looking to take a cut on future

LOST. She indicated these were issues she had also, along with the timing of the project.

Councilmember Larson reported she had a problem with the timing of this project and noted she did not support the proposed location on the EDA property. She stated she liked the idea of wetland banking the EDA property in order to generate revenues for the city, while also preserving the beauty of the city. She commented on how the city was working to redevelop the 105th Avenue area and needed a new fire station. She believed it was more palatable to work towards these projects, noting she personally advocated for a fire station instead of apartments.

Councilmember Ford supported the city moving and doing things bad while he appreciated the points that were being made, he did not believe the city was doing too much and would rather see the city doing what it can.

The applicant commented he was not tied to the EDA property and stated his project would only need 30 acres of the parcel and indicated the remaining 50 acres could be banked. He explained he has been working on this project for the past four years with the city and asked for additional information on what would be included in the 105th redevelopment.

Mr. Thorvig discussed what would be included in the proposed field house with a Top Golf concept. He reported the golf component may be taken out in order to include more indoor activities. He stated nothing specific has been determined.

Mayor Sanders indicated a lot more has to be determined before the council could consider using LOST for this project. Mr. Thorvig thanked the council for their feedback and stated staff would continue to monitor the two LOST bills being considered by the state and an update can be provided to the council at the end of the legislative session.

## 4. Other Business

Mayor Sanders commented on the union work that would be completed on the baseball stadium in response to a concern raised at the last council open forum. He explained Mammoth would be overseeing the project and would be hiring a lot of local construction crews to complete the work.

## 5. Adjournment

The workshop was adjourned at 8:38PM.

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

**Signed by** ______________________________

Tim Sanders, Mayor

**Signed by** ______________________________

Catherine M. Sorensen, CMC, City Clerk