City of Blaine
City Council Workshop

May 19, 2025 | 5:30 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

MINUTES

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

1. Call to Order

The meeting was called to order by Mayor Sanders at 5:33PM.

2. Roll Call

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

ABSENT: Councilmember Terra Fleming.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; Deputy Police Chief Joe Gerhard; Finance Director Jason Zimmerman; Director of Administrative Services Scott Johnson; Public Works Director Nick Fleishhacker; City Attorney Tom Loonan; Project Engineer Brent Larson; Deputy Fire Marshal Todd Miller; and City Clerk Catherine Sorensen.

3. New Business

3.1. 2025-114 City of Blaine Utility Cost Savings Project
Sponsors: Scott Johnson, Director of Administrative Services

Director of Administrative Services Johnson stated staff was directed at the May 5, 2025, city council workshop to work with the consultant to bring forward two project options for the utility cost savings project. Option A includes the installation of solar panels on the roof at water treatment plant #4. Option B does not include the installation of solar panels on the roof at Water Treatment Plant #4. Eliminating the solar panels from the project reduces total savings with the project by $1 million. Staff recommends moving forward with the investment grade audit and moving forward in the process with Option A to take advantage of the $1 million in savings. It was noted that project saving would cover the cost for the investment grade audit.

Councilmember Massoglia questioned what projects would be completed with the $900,000 option. Mr. Johnson explained this would include everything, except the solar project.

Councilmember Larson commented on how technology changes and evolves quickly. She indicated the investment in solar panels worried her because 20 years from now the technology would be very different and did not support moving the city down a path that would become too heavy in the future. Mr. Johnson indicated once the city reaches the 20-year agreement, the city could remove the solar panels or replace the panels with new technology.

City Manager Wolfe discussed the guaranteed savings from McKinstry and noted they were recommending a solar solution that would be constructed on the roof. She reported this solar installation would have to produce the savings that are projected through the audit process and if it does not, then McKinstry would have to provide the savings to the city.

Councilmember Ford stated he supported Option A moving forward given the amount of savings that would be provided to the city.

Councilmember Newland indicated he received clarification on this topic after meeting with Mr. Johnson. He explained that overall he supported the energy savings, but the question was to what level. He reported that in looking at the number of buildings the city has, he could support the proposed energy savings, noting the savings dollars could be directed elsewhere. He commented on the companies that were doing solar noting these companies were quite aggressive when pursuing savings for their clients. He was of the opinion that there were strong benefits to the city being more energy efficient. He supported the city moving forward with Option A and the investment grade audit.

Councilmember Robertson stated she did not support Option A or B. She did not believe anyone was against a shift into energy efficiency, but explained this was a policy decision that would have to be made by the council. She indicated that after coming out of the last budget cycle, these types of projects were to be pre-funded. She understood this project was a hybrid type of project, but she felt this was a piece of a larger puzzle that the council has not had a chance to review and discuss. She explained she had a problem with spending money to save money, noting the solar panels would not last forever, neither would irrigation or HVAC systems. She indicated the council has worked to dialogue an overarching energy-efficient mindset but this topic always dies. She reported if this project were to move forward, the city would be agreeing to these types of improvements long term. She recommended the council look at the bigger picture with a broader lens that looks out 10 to 15 years and said while she appreciated the presentation from McKinstry, she was of the opinion the plan felt disjointed and stated she would not be supporting this project moving forward.

Councilmember Massoglia commented that out of the two options, he preferred the no solar option. He indicated he did not understand solar because it only lasts 25 years and then another investment would have to be made. He explained he was hesitant on this moving forward because it was not included in the city's Capital Improvement Plan (CIP). He reported this project could be added to the CIP going forward. He was of the opinion staff had enough expertise to change out lighting controls, window film, and irrigation systems for water conservation purposes. He stated when the city looked at the amount of money that was being spent on the facilities team, he believed these individuals could install motion sensors and LED light bulbs. He did not believe it made sense to pay consultants to complete this work. He understood there would be ongoing costs and was not comfortable with this.

Mr. Johnson shared that facilities staff were not mechanical engineers and were not looking for energy upgrades day in and day out but were tasked with completing maintenance projects as requested.

Deputy Fire Marshal Todd Miller reported this was the case. He explained he and his team were completing many reactionary projects when things break down and would like to see his department being more proactive. He stated the savings would be large and there was still more work that could be done with the building automation system. He reported the proposed project would complete everything all at once, versus being done through piecemeal projects over time. He indicated there were four individuals in the facilities department and these individuals were responsible for maintaining six buildings. He commented on how the data collected by McKinstry was valuable because his staff did not include engineers.

Councilmember Massoglia stated he supported the city completing these projects in a piecemeal manner. He explained the city can better understand what was going on and what the savings would be. He said he would rather these projects come to the council and policy discussions held on what items should be taken on and what should not. Mr. Miller commented this would increase the CIP and likely not receive approval from the council. He discussed the cost for a new building automation system and noted the city would be incurring another large expense to replace all florescent light bulbs in the city because they could no longer be purchased. He was of the opinion this program would benefit the city to complete these projects all at once, versus piecemeal and would also help with the facilities budget going forward.

Councilmember Robertson questioned how the math worked on either option with the city having no contribution. Mr. Johnson reported the tax credits would cover the upfront expenditures.

Councilmember Robertson indicated she could not commit to this project because there were so many things the council had to discuss regarding facilities prior to approving a project like this. She reported the city council has not been presented with a long-term facilities capital plan and it was hard to make a decision without this information. Ms. Wolfe explained she worked very hard to help inform this presentation. She indicated staff had been asked to find ways to save money and this project was brought forward to save money without using city tax dollars or utility funds. She reported the proposed project would use tax credits and grant funding. She stated this project was not in the CIP because there was not enough money within the CIP to complete these projects, nor did staff have the expertise to identify projects that will save money with energy that could then fund these other projects.

Councilmember Larson questioned if the grants would be available through Option B. Mr. Johnson reported there would still be grant opportunities available to the city.

Councilmember Larson indicated she could support the city moving forward with Option B, without the solar project.

Mayor Sanders inquired if an option had to be identified before moving forward with the audit. Adam Seidel, McKinstry, walked through the mechanics of this project and noted no dollars from the city would be required for the investment grade audit. He reported the council could opt not to move forward with the solar option. He stated if Option B were to move forward, the analysis for the solar would not be done.

Mr. Johnson explained no city contribution would be required up front. He stated Option B would have the city realizing $50,000 in annual savings for utility costs, in addition to the tax credits.

Community Development Director Thorvig questioned how the $900,000 cost would be paid. Mr. Seidel explained he would put out an RFP to have a national capital partner provide the financing and this would be matched to the guaranteed savings each year. The savings each year would then be used cover the payback of the financing and any savings over and above would belong to the city.

Mayor Sanders asked if the city holds this financing or would it be carried by McKinstry. Mr. Seidel reported the city would own the financing along with the assets. He explained a tax exempt lease would not sit on the city's tax rolls or debt caps.

Councilmember Massoglia questioned if the window film stops working after five to ten years, who would pay to replace the film. Mr. Seidel reported if this was a warranty issue, the film would be replaced and if there was a differential in savings, this would be covered by McKinstry. He stated McKinstry would manage the warranties for the products installed for 20 years.

Councilmember Massoglia inquired if McKinstry would be measuring the cost savings year after year. Mr. Seidel explained McKinstry would be completing a measurement verification every year that would be presented to the city council in order to present the savings that were achieved.

Councilmember Ford stated he did not believe the council should be afraid of solar just because they did not understand it. He indicated he did not want to micromanage staff on this project, but rather supported staff's recommendation. He supported letting the department heads and staff move forward with Option A.

Councilmember Larson questioned why every windmill had been turned off when she drove through Iowa last week and suggested there were downsides to solar, especially given the investment that would be required to replace the solar in 20 years. Mr. Seidel discussed how wind machines were rotated out of the wind when wind speed reached a level that was too high. He reported this was done in order to protect the blades on the wind machines. He indicated this was normal operation then explained for the solar portion of this project, McKinstry would guarantee the solar savings for 20 years, and the solar manufacturers would guarantee the solar output for 25 years. He commented if the council was unsure about solar, this would be a great mechanism to capture the savings because it comes in a guaranteed package. He reported the city would see $1 million in savings without having to make the investment.

Councilmember Massoglia asked how long McKinstry has been in business. Mr. Seidel stated McKinstry has been in business for the past 60 years, doing this exact same work.

Councilmember Larson inquired how the city would get new solar panels in 20 years.

Mayor Sanders reported this would require a discussion among the city council in 20 years.

Councilmember Larson did not support setting a future council up for a huge CIP expense.

Councilmember Massoglia indicated this was the reason he did not support this project moving forward. Ms. Wolfe reported if the solar panels were not functioning in 20 to 25 years, the solar panels could be removed when the roof was replaced on the water treatment plant. Mr. Seidel indicated the water treatment plant had an enhanced roof that was all set up for solar.

Mayor Sanders requested the finance director review through the mechanics of this project. Finance Director Zimmerman explained the city would have a lease obligation that looks like debt on the financial statements except this payment would not be on the debt summary. The city council would have to determine how this payment would be made, whether through the levy or utility rates.

Councilmember Massoglia commented he did not understand why the roof on the water treatment plant would have to be replaced in 20 to 25 years.

Mayor Sanders requested direction from the council on how to proceed with this item.

Councilmember Newland indicated he supported Option A moving forward.

Councilmember Larson supported Option B moving forward.

Councilmember Ford commented he supported Option A, noting he was not very supportive on the roof replacements because this would be an extra expense.

Mayor Sanders explained he liked the idea of the proposed energy savings for the next 20 years. Mr. Seidel clarified these were guaranteed savings and noted most of the projects completed by McKinstry overachieve, which meant the city would see additional savings.

Mayor Sanders questioned what the debt obligation looks like for the city over the next five to ten years. Mr. Zimmerman indicated staff was working on a debt plan to prefund projects as much as possible. He stated there was a long list of requests across the street for capital equipment, streets and other projects. He commented on how this project was somewhat intertwined.

Councilmember Massoglia indicated he did not support this project moving forward and recommended the facilities staff look into moving forward with lighting replacements, window film, water conservation efforts and building envelope improvements.

Mayor Sanders stated he was not in favor of moving forward with the project at this point in time, adding it was a timing issue for him.

Councilmember Robertson reiterated she did not support the project.

Council consensus was to not move forward with the investment grade audit with McKinstry.

3.2. 2025-115 Information on City-Owned Lot Near City Hall on Town Square Drive
Sponsors: Erik Thorvig, Community Development Director

Mr. Thorvig stated in the early 2000s, the City of Blaine EDA acquired 70+ acres of property at the southeast corner of 109th and Radisson Road for future development. The city solicited development requests for proposals for the future "Blaine Town Square". Development occurred in the early 2000s, which included various commercial/office projects; senior apartments, townhomes, city park and city hall. Due to the recession in 2008, development stalled, which resulted in the townhome project not being completed and the city holding 7+ acres of land on the south portion of the development. In 2019, the city sold 1.73 acres of the original 7-acre parcel south of Town Square Drive for the Synergy Center office development. The remaining land the city owns is a 5.66-acre parcel. A majority of the parcel is vacant with a portion being used for the community garden.

Mr. Thorvig explained the EDA acquired the 70+ acre property for $1,107,200. Parcels were sold by the EDA for development and any proceeds were used to cover acquisition costs and any other investment to develop the property. The vacant lot in front of city hall on Town Square Drive was transferred from the EDA to the City. Because previous financial obligations have been satisfied, any proceeds from the sale would be available to the city to use at their discretion. If sold for commercial purposes, the land would be valued between $2.4 to $3+ million. Land value for residential development would vary depending on the product type and number of units.

Mr. Thorvig reported the site was included in the 105th Avenue Redevelopment Visioning discussion in 2022. Concepts showed either an expansion of the office uses that exist adjacent to the parcel, open space, and/or residential use. The City hasn't openly marketed the parcel, but staff have included it in various site searches that developers complete. The site is zoned Development Flex and guided for Neighborhood Commercial in the Comprehensive Plan. The zoning and/or land use could be changed depending on the council's desire for the site and/or a development proposal. Most recently, staff have explored the potential expansion of the 105th Avenue Tax Increment Financing (TIF) District to include this parcel. Development of the parcel would generate additional TIF revenue for the 105th Avenue Redevelopment District, if needed for future projects within the District.

Further analysis and due diligence are currently being completed. The purpose of the workshop discussion is to inform the City Council of the status of the property. It was noted no specific direction is requested, and future workshop discussions will occur around the future use and approach for the sale of the property.

Councilmember Larson asked if the city has received any interest in this property. Mr. Thorvig indicated the property is not actively being marketed but noted staff receives site requests from time to time but to date nothing has been the right fit.

Councilmember Newland inquired if the original concept plan included a medical complex. Mr. Thorvig reported that in 2022, prior to going through the RFP process, the council and staff hired a firm to put together a vision for the 105th area and this property was included.

Mayor Sanders appreciated how the city could drive what developed on this property because the city owns the land. He was hopeful this property could play a role in the 105th development as well.

3.3. 2025-116 Proposed City Hall Parking and Storage Facility

Sponsors: Mark Boerboom, Captain, Todd Miller, Deputy Fire Marshal, Brent Larson, Project Engineer

Mr. Johnson explained staff presented information to the city council at the January 22, 2025, workshop on the proposed city hall parking and storage facility. City hall, police department and public works garages and storage are now at capacity. Council requested additional background information regarding current proposed parking and storage facility locations. Tours of the existing parking and storage facility were offered to the city council. Four councilmembers were able to tour the current facility. Next steps would include further refining the scope of the project and obtaining quotes for a consultant to prepare a project cost estimate to be used for budget and capital planning.

Project Engineer Larson discussed the alternate locations that were available for additional parking and storage. He stated the site north of the existing cold garage was the leading site originally, but this site may be used for a fire station. He commented the soils and wetlands in this area make this site pretty tight. He reported the next site that was looked at was directly behind the cold storage building, but building at this location would have more wetland impacts. He commented the last site was in the southeast corner of the parking lot. He indicated this location would meet the needs of the city for the next 10 to 15 years. He indicated this site could provide for a climate controlled/secured access area for the voting equipment. He reported this location would have no impact on the wetlands. He commented further on the estimated costs for the proposed parking and storage facility. Staff requested additional discussion and evaluation of the proposed locations.

Mayor Sanders asked if the site shown in yellow was more appealing now that the fire station would be located elsewhere. Mr. Larson stated this location would be a little tight and would cost more to construct, given the soil conditions. He indicated the flow of traffic would be less than ideal from this location and for this reason, he preferred the site at the southeast corner of the parking lot.

Councilmember Larson explained she wondered the same thing and thanked staff for the detailed information on each of the potential building sites.

Councilmember Robertson stated she believed the site at the southwest corner of the parking lot was the best option. She indicated she could support staff pursuing quotes for the project, but wanted the council to still have a deeper discussion on the city's needs and wants for this facility.

Council consensus was to support obtaining quotes to prepare a cost estimate but stressed any resulting project would be based on needs and not wants.

4. Other Business

None.

5. Adjournment

The workshop was adjourned at 6:58PM.

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

Signed by ______________________________
Tim Sanders, Mayor

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