City of Blaine
City Council Workshop

July 14, 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 5:30PM.

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: Interim City Manager/Community Development Director Erik Thorvig; Assistant Community Development Director Sheila Sellman; Deputy Police Chief Joe Gerhard; Finance Director Jason Zimmerman; Director of Administrative Services Scott Johnson; Director of Engineering Dan Schluender; Accountant Haley Chapman; Finance Analyst Nikki Beckers; Public Works Director Nick Fleishhacker; Deputy Public Works Director Jason Grode; City Attorney Eric Larson; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

3. New Business

3.1. 2025-158 State Lobbyist Update
Sponsors: Erik Thorvig, Interim City Manager/Community Development Director

Interim City Manager/Community Development Director Thorvig stated the Lockridge Grindual Nauen team will provide an update on lobbying efforts during the 2025 legislative session. They will address progress on city priorities. They will summarize the specific lobbying work they did on behalf of the City and will request preliminary input on legislative strategy moving forward.

Ann Lenczewski, Lockridge Grindal Nauen, provided the council with an update on the lobbying efforts from the 2025 legislative session. She explained the short session was now complete and the two year budget has been set. She did not anticipate a special session would be called by the governor this fall.

Alex Hassel, Lockridge Grindal Nauen, commented on the bills her organization was advocating for on behalf of the city of Blaine. She explained another community was pursuing an open container/social district and this has been very successful. She understood this might be a very good tool for Blaine. She discussed how the challenges to reach a budget agreement overtook many of the other policy discussions, which meant a liquor bill was not passed. She indicated the transportation bill was introduced for TH65, but there was not a lot of money to go around. She described the changes that were made to the cannabis sales tax noting this would no longer be going to local governments.

Ms. Lenczewski provided further information on the tax bill and how this could benefit the 105th redevelopment district. She reported special taxing districts take years to develop, discuss and be passed. She was pleased to report legislators were open to hearing from the city council. She encouraged the city of Blaine to consider pursuing a state bonding request.

Mr. Thorvig stated at the end of this year he would be working with the council to reevaluate the city's goals in order to create a clear vision for the state lobbyists.

Councilmember Ford asked what the odds were of Blaine getting a tax bill approved in 2026. Ms. Hassel stated this was hard to speculate, but encouraged Blaine to continue to position themselves with legislators. Ms. Lenczewski noted bonding years were the time to get the votes.

Mayor Sanders stated he met with Blaine's legislative delegation last week and had a very good meeting and thanked the representatives for all of their efforts on behalf of the city of Blaine.

3.2. 2025-159 Concept Plan for 10601 Naples Street NE
Sponsors: Sheila Sellman, Assistant Community Development Director

Assistant Community Development Director Sellman stated United Properties has submitted a concept plan for the potential development of the Metro Gun Club property located at 1601 Naples Street. Development of the property requires significant due diligence related to zoning, wetland impacts, property condition, environmental review, etc. The proposed concept plan includes an 84,000-square-foot conceptual commercial anchor with two out parcels on the north side of the site for a total of 94,200 square feet of commercial space. The southern portion of the site shows four industrial buildings (speculative users at this point) totaling 871,500 square feet. A public road is shown that connects Pheasant Ridge Drive to Naples Street. This is a favorable connection as it allows traffic to disperse in multiple directions instead of just using Naples Street. The EDA sold land to the State of Minnesota for the State Emergency Operations Center, and a right-of-way easement was dedicated on the south portion of that site anticipating a future roadway connection. This connection will need to be reviewed and approved by Anoka County. It was noted staff and the applicant are seeking feedback on the proposed concept plan.

Connor McCarthy, United Properties, thanked the council for their time and shared more detailed information on the proposed concept plan. He explained United Properties has been around for the past 100 years and develops all product types. He commented on recent projects that have been completed in the area. He discussed how he was working with the watershed district to address the wetlands on the site.

Mr. Thorvig explained a different developer tried to develop this site three years ago and shared comments from the previous plans.

Councilmember Robertson stated this was a unique parcel that was on a very busy corridor through the city. She commented she did not want this project to look like all concrete buildings and appreciated how United Properties was working with property owner Rick Wilder and his family. She noted she was a board member with the Rice Creek Watershed District and understood the wetlands and rare plant species were a challenge for this property. She discussed how traffic in this area would grow over the next 10 years and asked that the developer work to soften the look of these buildings. She asked what kind of commercial uses would be included with this development.

Mr. McCarthy explained he was engaging with counterparts to work on the commercial portion of the development and was looking for feedback from the council on what uses would be acceptable. He stated he still has work to do in this area and still had to have further discussions with the watershed district.

Councilmember Robertson believed the commercial portion of this project was important and wanted to honor the Wilder family through this development with more than concrete buildings.

Mayor Sanders discussed the development to the east of this property and suggested a boutique-style commercial be pursued versus one large commercial user. He stated he liked light industrial or manufacturing in Buildings 3 and 4. He requested the developer work to preserve the natural beauty of this land.

Councilmember Newland asked what the land use was for the properties surrounding this parcel. Ms. Sellman reviewed the land uses for the surrounding properties. She noted the EDA owned the land to the west of this property.

Councilmember Larson stated she was sad to see Metro Gun Club going away because she has been a member for the past several years then inquired if the entrance and exits of the new buildings would be the same and if the proposed buildings would be visible from 109th Avenue. Ms. Sellman reported the entrance/exit point would remain the same and noted the buildings would be visible from 109th Avenue.

Councilmember Larson questioned how tall the new industrial buildings would be. Mr.

McCarthy estimated the buildings would be 35 or 36 feet in height.

Councilmember Massoglia asked if the EDA parcel could be developed. Mr. Thorvig indicated this parcel could be developed.

Councilmember Massoglia stated his initial thoughts on the development were that he supported the south portion of the development and recommended the north side be further discussed in context with the EDA parcel. He believed the industrial uses were a great fit and he liked the fact that Pheasant Ridge would be connected to Naples Street.

Councilmember Ford indicated he liked the concept plan as well, but encouraged the developer to consider how much gray concrete this development would have. He hoped as the plans moved forward the developer would include enhanced building designs and colors.

Ms. Sellman asked what uses the council did not want to see within this development.

Councilmember Robertson recommended the development not include a daycare, storage facility or car wash.

Mayor Sanders suggested staff look to the zoning recommendations from the Lexington and Main Street development as this was the most recent development that was completed in this area of the city.

Councilmember Massoglia questioned if the EDA property could be traded with the developer for the northeast corner of this development. He explained this would then provide the city with a larger parcel to development. Mr. McCarthy stated the value of the commercial land on the northeast corner was quite significant and the land swap would not be a possibility then thanked the council for all of their feedback.

3.3. 2025-160 Federal Lobbying Update

Sponsors: Erik Thorvig, Interim City Manager/Community Development Director

Mr. Thorvig provided a brief update regarding federal lobbying activities. As a reminder, the city issued an RFP for federal lobbying services in 2022. After reviewing proposals and conducting interviews with finalist firms, The Ferguson Group was selected as the city's federal lobbying team. At the federal level, staff continue to work closely with The Ferguson Group (TFG) on the city's FY26 earmark requests. This year, TFG staff once again assisted with the writing and preparation of the city's federal earmark requests. Senator Smith and Senator Klobuchar forwarded the city's request for a mobile command vehicle. Staff also submitted a request to Congressman Emmer's office for some trail projects but that request was not forwarded for consideration.

Mr. Thorvig explained TFG lobbyists are regularly in contact with our Congressional and Senate offices. The Ferguson Group contract is current and runs through the end of the calendar year. The current contract amount is $53,550. TFG meets with city staff every two weeks for a federal briefing, updates on our earmark requests, and information on federal grant programs. They also send regular email updates regarding federal activity, as well as special alerts and special reports. They send a weekly grants update and grant alerts when new grants are announced. TFG staff meet with individual departments at least once annually, to review grant and earmark opportunities, and identify legislation to monitor.

Mr. Thorvig commented the city retained the services of a second federal lobbying firm in April 2022. The original goal for hiring this firm was to take advantage of the access they had to congressional offices through former Congressman Rick Nolan and the benefits that could provide while we were seeking funding for TH65 improvements. The original contract was with Jacobson, Magnuson, Anderson & Halloran, P.C. for $4,100 per month; in 2023 they requested an increase to $5,000 per month. Given that the scope of services provided is not as broad as TFG, we agreed to $4,500, which is the current amount. In 2024, our main lobbyist, Reid LeBeau, notified the city that the Jacobson Law Group's Government Relations Division had separated from the firm, and they now operate as Capitol Hill Associates. The city's agreement with Capitol Hill Associates expired March 30. He shared a report of activities and proposed scope of work for an annual contract of $54,000.

The overall lobbying contracts are as follows:
Lockridge (state lobbyist) - $38,000 through end of year 2026.
The Ferguson Group (federal lobbyist) - $53,550 through 12/31/25.
Capitol Hill Associates (federal lobbyist) - Proposed $54,000 from 6/1/25-5/31/26.
Total: $145,550

Mr. Thorvig provided updates regarding federal activity and discussed the future of the contract with Capitol Hill Associates, stating if council wishes to continue maintaining a second federal lobbying contract, staff will place the item on the agenda for the July 21 Council meeting.

Councilmember Newland supported the city having only one federal lobbyist since the city has secured funding for TH65. He supported the city focusing on one lobbyist group.

Councilmember Robertson agreed, noting one side of her believed the city did not need to be spending another $50,000 on lobbyists. However, she also understood it may be helpful to have more insight on what type of funding from the federal government was available going forward. She commented on how a $50,000 investment in a lobbyist may be worth it if the city receives a $10 million grant from the federal government.

Councilmember Massoglia asked what the return on investment was for the city for grants. Mr. Thorvig commented he had a spreadsheet with 75 grant opportunities which focused on public safety and trails. Further discussion ensued regarding the grant opportunities that were available noting the city may not always fit all the requirements for specific grants.

Councilmember Ford indicated he would like to keep both of the lobbyists in place because the current lobbyists have built great relationships on behalf of the city.

Mayor Sanders agreed, noting the strength of the Capitol Hill lobbyists was in building relationships and he understood staff enjoyed working with the Ferguson Group. In addition, he supported the city council thinking hard about what its federal priorities were for the next two or three years.

Councilmember Robertson agreed the city should broaden its scope when it comes to federal lobbying efforts.

Mayor Sanders commented it would benefit the city to consider what types of industries were on the horizon and for the city to consider how to bring these industries to Blaine.

Councilmember Newland stated he supported the city focusing on one federal lobbyist instead of two. Councilmember Larson agreed.

Councilmember Massoglia commented he supported keeping both lobbyists working on behalf of the city.

Councilmember Ford anticipated if the city were to drop one of the lobbyist groups, it may be difficult to pick them back up in the future. For this reason, he supported the city keeping both lobbyist groups in place.

Council direction to staff was to keep both lobbyist groups in place through the end of 2025 and for staff to seek proposals from both groups for 2026.

3.4. 2025-161 2026-2030 Capital Equipment Plan
Sponsors: Jason Zimmerman, Finance Director

Finance Director Zimmerman stated the capital equipment and projects fund is used to account for the city's general capital equipment and projects. Capitalized equipment and projects are defined as items over $15,000 and with a useful life of more than one year. This includes most of the functions of the city, excluding facilities, utilities, and SBM Fire. On May 6, departments were provided instructions for submitting capital requests which were to be completed by June 6. Finance subsequently worked with departments to discuss submissions and prioritize requests. It was noted staff utilizes the processes outlined to guide request timing:

- Computers - replaced on a 4 to 5-year schedule, which is 1 to 2 years later than industry standards. As of 2023, computer replacement dollars were centralized within the information technology (IT) capital equipment budget to better track expenses.
- Software - as of 2023 first-year software implementation and annual fees were centralized within the IT capital equipment budget to better track expenses.
- Vehicles and Equipment - replaced on a varying schedule depending on the class and/or type of the vehicle or equipment. Vehicles and equipment are evaluated by staff annually. Factors taken into consideration are mileage, usage hours, idle hours, frequency of use, age, condition, reliability, and maintenance/repair costs.

Public Works Director Fleischhacker explained the city employs a vehicle and equipment department that is charged with the maintenance, service, and recommending the replacement of existing assets, including over 600 units of rolling stock. Staff reviewed the projected capital equipment revenues and expenditures for 2026 in further detail with the council. At the September 14 workshop, staff presented a preliminary 2025-2029 capital equipment fund plan and general feedback from the council to staff was to come back with an alternative proposal that ensured the city's equipment is replaced at reasonable intervals to maintain the existing service model; develop an annual expenditure model that is generally linear and based on historical price increases; and create a model to reduce the city's reliance on equipment certificates (debt) for the 2030 budget. Finance staff, in conjunction with the city manager, developed a revised model using the 2024 capital equipment fund budget of $3,034,467 and increasing it by 3% annually to account for inflation in creating a spending target for each year of the CIP. This structure was generally supported and utilized in creating the plan that was formally approved at the December 18, 2024, city council meeting.

Mr. Zimmerman reported the creation of the proposed 2026-2030 capital equipment fund was done using the established guidance. For the years 2026 through 2029, the spending guidelines remain the same as presented in the 2024-2029 plan. To create the 2030 spending target, the same concept was utilized by applying a 3% increase to the 2029 limit. While the plan is not linear, it does demonstrate a practical implementation of council direction and ensures that the cumulative spending of the plan at no point exceeds the established targets. The council should anticipate some level of lumpiness in spending as staff attempt to maximize the life cycle of assets and replace them at the most responsible intervals. The total planned expenditures over the five-year plan are approximately $90,000 less than what the spending model would allow for. As a reminder, this fund does not account for equipment related to the city's utility functions, facilities, or SBM Fire. Staff provided the council with further information on the 2026-2030 capital equipment plan and asked for comments or questions.

Councilmember Robertson asked if the fleet manager position was filled internally or externally. Mr. Fleischhacker reported the position was filled internally.

Councilmember Massoglia questioned what the numbers were for the capital equipment with inflaters for 2026. Mr. Zimmerman explained it was initially at $4.3 million and it was now down around $3 million.

Councilmember Newland inquired if the 3% number was adequate for an inflation standard. Mr. Zimmerman stated 3% was typical for an inflation standard. He commented on how heavy equipment costs were more volatile.

Councilmember Robertson asked how many squad computers were being purchased for next year. Mr. Zimmerman stated he did not have this information in front of him and would get back to the council with this number. Further discussion ensued regarding the equipment that was needed for police squads in the coming year.

Councilmember Massoglia questioned if the city could be spending less on the CSO vehicles. Deputy Police Chief Joe Gerhard reported these pickup trucks still had lighting, light bars and a computer without a cage in the back. He commented on how these vehicles served a dual purpose and were utilized by the police department on heavy snow days.

Councilmember Robertson inquired if the sidewalk plowing was completed by the city or residents. Mr. Fleischhacker explained all sidewalks were cleared by city staff at this time.

Councilmember Robertson supported the council having a larger conversation about this topic because if residents were responsible for clearing this snow, then the city could reduce overall expenses. Mr. Fleischhacker reported the council could have a conversation, but noted if a change were made, the city would then have to enforce the policy to ensure all residents were clearing their sidewalks. For those residents that had not cleared their sidewalk, public works would have to be dispatched and the resident would then be charged for the service. He explained that for those residents who are multi-modal, unclear sidewalks create a disjointed environment for them to commute or move about the city. He commented on how it was important to have sidewalks clear around schools and on all city properties. He noted staff could review and prioritize which properties should be cleared first in snow events, should the council want to have residents begin clearing sidewalks.

Councilmember Robertson supported the council reevaluating its snow clearing ordinance and explained she could support staff evaluating the GIS map for the entire city in order to prioritize which sidewalks would have to be cleared by the city and which would not.

Councilmember Massoglia agreed with Councilmember Robertson and supported the city not clearing sidewalks going forward. He stated the sidewalk sweeper was a $250,000 expense for the city. He explained city code requires property owners to clear their sidewalk and charter allows for an assessment if not done and that he would like the city to go back to this. Mr. Thorvig reported it would take some time for staff to evaluate what was and was not within the city's service area and what the overall costs would be to make a change.

Councilmember Robertson believed this topic merited further conversation from the council given how an ordinance was in place and the city was not currently following this ordinance.

Councilmember Ford stated he supported amending the ordinance because he did not want to take away this city-sponsored service. He commented on how residents have become accustomed to this service and he did not want elderly residents to be out clearing their sidewalks as this could create safety concerns. He believed one charge of the city council was to consider the safety of its residents and clearing the sidewalks created greater safety for all. He was of the opinion $450,000 was a small price to pay to keep residents safe and to avoid slip and fall injuries.

Councilmember Massoglia commented not all sidewalks in Blaine were currently being cleared after every snow event, which meant there was some selection that was occurring. He did not believe it was the city's responsibility to clear all residential sidewalks. He then asked if the water tanker was necessary. Mr. Fleischhacker reported the current water tanker was quite old and noted this piece of equipment was used to flood hockey rinks, assist with dust control and watering grass.

Councilmember Fleming stated she believed the sidewalk-clearing issue was a slippery slope. She explained if all sidewalks were cleared for residents because this was a safety issue, would the city then also have to mow all lawns because this was a safety concern. She was of the opinion that clearing a sidewalk was a property owner's responsibility. She reported elderly homeowners could always opt to hire someone to clear the snow from their sidewalk. She stated hockey was a huge sport in Minnesota and the outdoor rinks in Blaine were heavily used. She indicated she supported the water tanker remaining in the capital equipment plan.

Councilmember Newland explained he supported the sidewalk sweeper remaining in the plan.

Mayor Sanders stated he would like to see data in order to better understand how the sidewalk sweeper was saving or costing the city money. Mr. Fleischhacker commented on the trail routes that were cleared by the city in the winter months for residents and reported the sidewalk sweeper was used for this work. He explained if the sidewalk sweeper were to go away, the city would still have to do the work of clearing certain sidewalks, but this work would take a great deal longer to complete.

Councilmember Robertson reiterated the city council had an ordinance in place that states residents were responsible for clearing sidewalks and she hoped there could be consistency in enforcing the ordinance.

Councilmember Larson recalled this topic being discussed last winter and understood residents have come to expect the city will clear sidewalks. She anticipated residents would notice if this service were taken away.

Mayor Sanders agreed something needed to change, whether it be the ordinance, or the manner in which sidewalks were addressed. He asked what should be done in order to assist the council with making this decision.

Councilmember Fleming indicated the city has an ordinance in place and this ordinance has not been followed. She stated the residents have come to expect a certain level of service and if the council were to take away this service, the residents would notice. She reported residents will also notice if their tax levy goes up in order to provide funding for these services.

Councilmember Ford stated one of the major operations of the city was to offer services for residents. He believed sidewalk clearing in the winter months was one of these services. He discussed how sidewalks were located within the city's easement and therefore the city should be responsible for clearing the snow.

Mr. Thorvig stated there was direction from the majority of the council to bring this topic back for further discussion at a future workshop.

Councilmember Larson stated she would like to know what Mr. Fleischhacker thinks about changing policy. Mr. Fleischhacker explained if the council were to direct staff to stop clearing sidewalks, an enforcement team would have to be created to visit properties after snow events, pictures would have to be taken, and public works would have to be dispatched to clear these sidewalks. He stated conversations would have to be held with these property owners and the properties would have to be assessed.

Mayor Sanders reiterated that he would like to know more about the costs when it comes to clearing sidewalks and the cost for not clearing sidewalks when this topic is further discussed.

Mr. Zimmerman shifted the discussion to the debt levy for capital equipment purchases.

Councilmember Massoglia stated he appreciated the proposed approach and believed prefunding capital expenses was the right approach. He commented his only concern was if all of the capital equipment purchases were necessary. Mr. Fleischhacker discussed how purchases were planned for the next five years and noted items had been slotted into the plan to ensure capital funding is not lost.

Councilmember Massoglia expressed frustration with the fact the budget was being set on a certain dollar amount instead of staff taking a critical look at the age, mileage and condition of each piece of equipment before putting it into the replacement plant. Mr. Fleischhacker reported his list included priority items that fit within the framework and he did not want to lose this funding year after year. He stated he spent weeks discussing equipment replacement with his staff members and not everything made the list. Mr. Zimmerman explained as debt falls off, these funds would be used to back fill this portion of the levy.

Councilmember Ford asked what factors were considered for the equipment replacements. Mr. Fleischhacker stated mileage wasn't the main consideration and explained software and lack of replacement parts were a major factor. He indicated his list would be replacing the worst of the worst pieces of equipment while trying to incorporate large pieces of equipment each year so as not to create a huge increase in the future.

Mr. Zimmerman discussed the public safety aid and SBM capital equipment fund and asked for comments or questions on the overall plan from the council.

Deputy Chief Gerhard reported some of the public safety aid would be used for camera trailers and to assist with funding the Anoka County SWAT team.

Councilmember Newland stated the city had $45 million worth of equipment and by putting funding aside on a yearly basis, the council was making the replacement of these items more palatable. He stated he supported the capital equipment plan as presented by staff. In addition, he supported investing in the city's equipment because costs were only going to continue to rise over time.

Councilmember Robertson commented the statements everyone was making were all true. She discussed how the council learned two years ago that the city had $160 million in deferred maintenance as well as $45 to $60 million in capital expenses. She indicated the council was now working to address these concerns, which were created years before this council was elected. She explained she would struggle to approve new purchases at this time and recommended replacements be the focus. She commented further on how it would take the council more than a few budget cycles to solve a $200 million problem.

Councilmember Massoglia stated he did not believe the capital equipment plan was bad, but he did have concerns with the sidewalk clearing.

Councilmember Larson explained she looked forward to the council further discussing sidewalk clearing and learning more about the cost of not clearing the sidewalks.

Councilmember Ford indicated he supported the capital equipment plan and he appreciated the fact the city would be setting funding aside to assist with future purchases. He asked if it would make sense to spread the SCDA purchases over two years. Mr. Zimmerman explained staff was pursuing grants to assist with this purchase.

Councilmember Massoglia inquired if the police fund had to have a $1 million balance. Deputy Chief Gerhard reported the police chief would like to keep this funding in place for one-time purchases or if an emergency purchase were necessary.

Councilmember Fleming stated she supported the capital equipment plan as presented.

3.5. 2025-162 2026-2030 Transportation Capital Improvement Plan
Sponsors: Jason Zimmerman, Finance Director

Director of Enginering Schluender stated the city of Blaine has a commitment to its residents and the traveling public to maintain the over 270 miles of city streets in a condition that provides for functional, safe and efficient travel in a cost-efficient manner. Proactive pavement management is crucial for extending roadway service life and minimizing costs. As pavement deteriorates, the required maintenance treatments become more extensive and expensive. While routine activities like crack sealing and pothole patching are common and visible, periodic, more intensive pavement maintenance is also necessary to maximize a street's lifespan. Without consistent maintenance, a street may require full reconstruction in under 25 years. Numerous factors, including underlying soil conditions, initial street construction, traffic loads, and stormwater drainage, significantly influence the deterioration rate of any given pavement section.

Mr. Schluender explained by applying the right treatment to the right pavement at the right time, and using the correct materials, cities can prevent roads from degrading to a point where more costly interventions are necessary. This means implementing periodic pavement improvements, such as seal coats and bituminous overlays, when roads are at a critical point in their deterioration curve. Such proactive measures are not only more effective in preserving infrastructure, but they are also significantly less expensive for taxpayers as opposed to neglecting maintenance and being forced into expensive full reconstructions. Ultimately, prioritizing preventative treatments over reactive, corrective measures is the most fiscally responsible and effective approach to maintaining a city's roadways. The city's most recent pavement condition index, which was completed in 2022, showed the overall roadway score was 79, which is considered very good and an improvement from the 2019 report, which provided a score of 74 - demonstrating the positive impact of the city's commitment to pavement projects and funding provided to increase project size between measurement dates. As a side note, staff have requested $125,000 within the 2026 budget to provide for an updated PCI assessment, which is recommended every 3 to 5 years.

Mr. Schluender reported the pavement condition index (PCI) was developed by the United States Army Corps of Engineers during World War II to assess a pavement’s condition and assign a numerical value that represents overall condition. The PCI is a composite numerical rating between 0 and 100 that describes the pavement condition based on the type, extent and severity of distress. A PCI of 100 represents a pavement in excellent condition, and a PCI below 10 represents a pavement that has failed or reached the end of its service life. It was noted the city maintains three separate funds to account for investments in its transportation infrastructure, focused on roadway reconstruction, rehabilitation, and repair in addition to other related infrastructure, including traffic management devices, street lighting, and drainage improvements. The MSA fund, PMP Fund, and crack sealing fund were established to account for municipal state aid, pavement management program, and crack sealing projects respectively.

Councilmember Newland thanked staff for their efforts on the map and suggested this be posted on the city's website.

Mr. Zimmerman reviewed the finances for the proposed projects, noting streets cost the city 1% of the levy each year. Staff commented on the projects proposed for 2026 and requested feedback from the council on how to proceed.

Councilmember Massoglia thanked staff for their efforts on this plan. He asked if the $125,000 PCI expense on the 2026 levy would be carried forward or could it be eliminated all together. Mr. Schluender reported this expense would be needed every three years in order to evaluate the city's street ratings.

Councilmember Newland asked if the city could look at alternative revenue streams to assist with paying for streets, whether this be a utility or franchise fee. He explained the costs for roads were not going down and street expenditures would continue indefinitely. Mr. Thorvig reported CenterPoint Energy reached out to him a couple of weeks ago as an introductory meeting and the first thing he discussed was franchise fees. He stated he would also be having a meeting with Xcel and Connexus Energy in the next two weeks to discuss franchise fees. He explained he would be presenting the council with further information on franchise fees on August 18. He indicated staff was also evaluating what a cannabis retail shop would look like, but noted this would not occur until 2026.

Councilmember Newland stated he supported the transportation CIP as presented. The council was in agreement as well.

3.6. 2025-163 105th Redevelopment Project Discussion

Sponsors: Erik Thorvig, Interim City Manager/Community Development Director

Mr. Thorvig presented information on changes to the master plan and financial requests related to new users and parking infrastructure. He stated the developer has a $73 million ask for a retailer ($50 million) with the remainder ($23 million) being used for the parking structure. He reviewed the site plan with the council that included the parking structure, hotel and retailer box. He indicated the preferred revenue source for this funding would be the implementation of a new sales tax district. He stated it may make the most sense to push hard for this in 2027. He indicated Option 1 available to the city at this time would be to pursue temporary bonds, which would be for three years and could be extended for an additional three years. He commented this six -year window would allow the city to pursue the sales tax and the tax abatement bonds could be replaced with sales tax bonds. He discussed the potential sales tax revenue that could be generated from the 105th redevelopment district and there would be sufficient funds to cover the $73 million bond request. He stated another alternative would be to pursue abatement bonds with the hope the sales tax would be approved in the coming years. He reported staff would continue to analyze the options available to the city, noting this would take some time. He indicated one thing the council would have to consider was expanding the TIF district in order to include lots to the north. He stated other revenue sources the council could consider include EDA land sales, the sale of wetland credits, franchise fees and a cannabis retail shop.

Councilmember Robertson thanked the development team and staff for their work then shared this was an uncomfortable topic for her because the topic was unfamiliar and the city was trying to complete a billion dollar project. She indicated the risk for this project was high but the reward was also high. She explained she wanted to keep the additional costs off the tax levy, as this was a promise to the residents, and appreciated all of the options that staff was looking into.

Councilmember Ford supported the city making revenue off of the parking. He expressed concern with how the footprint for the development has changed from mom-and-pop shops to a large retailer and stadium. He indicated he had some concerns with the fact that pillars have not been put in place for the stadium.

Mayor Sanders stated it was his expectation that vertical construction would begin in 2025. He commented on how important it was to bring forward a project that works because it was a generational project. He indicated the project has evolved over time and noted there would still be room for people to walk or bike around the district. He agreed it was important for the district to have amenities for visitors and not just shopping or a stadium. He wanted this district to be full of entertainment and restaurants as well as shopping.

Councilmember Massoglia thanked staff for all of their time and for meeting with him. He appreciated the fact this project would have more retail in place. He was confident staff could get the special taxing district in place and he wanted to see all the city's partners working to get this project across the finish line.

Councilmember Newland asked if the sales tax would just be on food, beverage and lodging. Mr. Thorvig stated the 3% tax that was proposed was for food, beverage and lodging. He indicated the new retailer that has been brought on does not support the 3% sales tax because it might drive customers to go somewhere else.

Mr. Thorvig addressed Councilmember Ford's question regarding the stadium and why pillars were not being put in place was that due to some challenges regarding this unique use, there has been another $20 million request. He indicated the city would act as a lender and the developer would pay the mortgage through revenues from the stadium. He reported staff was analyzing the terms for this option and an amendment to the previous parameters would have to be considered by the council.

Councilmember Larson asked who would be paying for the additional police officers that would be needed. Mr. Thorvig stated this district would be placing stress on both police and public works. He explained initially the discussions had been that sales tax revenues would cover the additional costs. However, if these revenues were used for the parking structure and retailer, the city would have to consider alternative funding sources. He indicated all overtime for special events or baseball games would have to be paid for by the NSC or the stadium.

Councilmember Ford stated he supported the project but was concerned with the fact the city was putting all of its eggs in one basket and he wanted to be able to support other ventures in the community as well.

Mayor Sanders explained there were certain projects that lend towards a public/private partnership, which this project was. He hoped this project would become a national model for public/private partnerships. He commented on the project that was moving forward at 125th and Lexington Avenue, noting this development would bring additional tax dollars into the community. He anticipated there would be robust development off of 109th and Lexington as well. He commented further on how important it was for the city to have the NSC thriving. He discussed how important it was for the council to focus on increasing the amount of commercial development in the city in order to reduce the levy pressures on residents. He indicated it would be important for the city and developer to continue to work together in order to solve the parking problems surrounding the NSC as well.

Councilmember Newland reported the request to the city was now up to $180 million and asked when the funding for the most recent request would be required. Mr. Thorvig stated formal action on the $73 million could be coming before the council in August. He stated staff would be looking for a commitment from the council, but the bonds would not be sold next month. He reported with regard to the stadium, the developer was hoping to break ground yet this fall and, in order to do this, the parameters resolution would have to be amended.

Councilmember Newland inquired if the $180 million would be the total request from the developer or would there be additional asks in the future.

Mayor Sanders reported the city asked the developer to put this project on an accelerated timeline and the requests were a one-time thing as a result. He stated while something else may arise in the future, after reviewing the finances extensively, this should be the final request. He explained the city's next step would be to bring the county and state into this project in order to assist with the financing because the city of Blaine would be bringing 1,000 jobs and a billion dollar project to the region.

Councilmember Larson stated this was a hard topic because it feels like this project was snowballing and she did not want additional financial requests. However, she also understood that this project would be coming with big risks and big rewards.

Mayor Sanders provided the council with detailed information on the meetings he had with local legislators regarding this project and said he would be meeting with the tax committee chairs this fall.

Corey Burstad, developer, commented on the number of agreements that were in place in order to move this project forward. He stated the infrastructure would take 18 months to complete. He was pleased to report he now had full control over the Invictus property and noted he was still negotiating with the Tipsy Steer restaurant. He indicated the new retailer was extremely important to this development and was excited to be a part of this development then thanked Eric Larson and Mikaela Huot of Baker Tilly for all of their assistance on this project.

4. Other Business

None.

5. Adjournment

The workshop was adjourned at 9:57PM.

CITY OF BLAINE
THE GREAT SEAL OF THE STATE OF MINNESOTA
MNI SOTA MAKOCE
MINNESOTA

Signed by ______________________________
Tim Sanders, Mayor

Signed by ______________________________
Catherine M. Sorensen, City Clerk