City of Blaine
City Council

August 11, 2025 | 7:00 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

MINUTES

1. Call to Order by the Mayor

The meeting was called to order at 7:00PM by Mayor Sanders followed by the Pledge of Allegiance and the Roll Call.

2. Pledge of Allegiance

3. 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; Safety Services Director/Police Chief Brian Podany; Finance Director Jason Zimmerman; Public Works Director Nick Fleischhacker; Director of Administrative Services Scott Johnson; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

4. Awards - Presentations - Organizational Business

None.

5. Communications

None.

6. Open Forum

Open Forum is an opportunity for the public to present an issue or concern to City Council. There is a maximum of fifteen minutes set aside for open forum. Each presentation should be limited to no more than three minutes. If your item needs follow-up from the City, staff will arrange for that follow-up and will contact you to let you know what is being done. Thank you for coming this evening.

Mayor Sanders opened the Open Forum at 7:02PM.

There being no input, Mayor Sanders closed the Open Forum at 7:02PM.

7. Approval of Consent Agenda:

All items listed under the "Consent Agenda" are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

None.

8. 7:00 PM - Public Hearing and Items Published for a Certain Time

8.1. RES 25-138 Public Hearing Related to Property Tax Abatements and Resolution Approving Property Tax Abatement Related to Retail and Parking Project in the 105th Avenue Redevelopment District

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

Interim City Manager/Community Development Director Thorvig stated in order to advance redevelopment of the site, an RFP was advertised in fall 2022 seeking a qualified developer to revitalize the 105th Avenue Redevelopment Area. In the winter of 2022, the City Council selected Elevage Development Group, LLC, as the master developer for the site and charged them with undertaking the construction of a mixed-use development consistent with the concepts outlined in the master plan. Discussion began in the spring of 2023 to identify a process in which the developer could acquire rights to a portion of property that was controlled by the Minnesota Amateur Sports Commission (MASC)/NSC. Based on legislation with which the property was originally acquired, MASC was allowed to lease up to 16 acres for private development. In May 2024, the City issued bonds to secure a long-term lease agreement, with the intent of financing the project with new values not currently included in the City's property tax calculation. Without the City's assistance, this property would have remained vacant. Additionally, the funding provided to MASC for access to the property was fully reinvested back in the NSC campus for capital improvements.

Mr. Thorvig reported on September 16, 2024, the City Council authorized the issuance of tax increment bonds in the amount not to exceed $28,000,000 to facilitate infrastructure, demolition, property acquisition and other TIF-eligible expenditures. Also on this date, the City Council authorized the issuance of tax abatement bonds in the amount not to exceed $9,000,000 to facilitate infrastructure improvements within the district. These bonds have been issued and have resulted in significant infrastructure, demolition and completion of property acquisition in 2025. Earlier this year, the City was approached by the 105th Avenue development team about an interest from Scheels in locating a retail store within the development. Scheels is an employee-owned sporting goods/apparel retailer with 36 locations throughout the United States. They are headquartered in Fargo, ND. Scheels proposes to build a 220,000+ square-foot facility in Blaine with an overall investment exceeding $150,000,000. Scheels has requested a financing package from the City of $50,000,000 to be used towards infrastructure, construction and real estate. In addition, $23,000,000 has been requested from the development group to construct a 750+ stall parking facility for the general district. Construction of the Scheels store would begin in the spring of 2026 with a target opening of May 1, 2028.

Mr. Thorvig commented the overall financing package would not exceed $83,900,000 (principal and interest) via tax abatement bonds. The funding repayment source would be sales tax revenue generated from a sales tax district created within the 105th Avenue Redevelopment District. The sales tax district has yet to be established, however, staff and local elected officials have been working with the city's lobbyist and elected state officials to introduce a bill either in the 2026 or 2027 legislative session. Approval of the sales tax authority would not be necessary until 2032, when the temporary tax abatement bonds require permanent financing. The proposed structure of the sales tax at this time is a 3% sales tax on food, beverage, lodging, and admissions (tickets/entertainment). Additionally, there would be a 1.5% sales tax on retail taxable goods. This would not apply to existing sales-tax-exempt items such as apparel/clothing. If/when a sales tax authority is approved, the bond type would be shifted from tax abatement bonds to sales tax revenue bonds.

Mr. Thorvig explained establishing a tax abatement district provides the authority to sell bonds. The properties identified are scattered throughout the City and were chosen as they are not anticipated to be in either a future tax abatement or tax increment financing district. Under a worst-case scenario, the City’s share of annual property taxes generated by these properties could be used to pay annual debt service instead of being included within the City’s general fund. Property owners within a tax abatement area are not required to be notified, nor is there any impact on property owners included within the abatement area regarding how much property tax they pay, as compared to all property owners within the City. Unlike the tax abatement approved for the turf field bond, Anoka County and Spring Lake Park were not asked to actively participate in this tax abatement financing.

Mayor Sanders opened the public hearing at 7:23PM.

There being no public input, Mayor Sanders closed the public hearing at 7:24PM.

Moved by Councilmember Robertson, seconded by Councilmember Fleming, to adopt a Resolution Approving Property Tax Abatement Related to Retail and Parking Project in the 105th Avenue Redevelopment District.

Motion adopted unanimously.

8.2. RES 25-137 Public Hearing Related to Property Tax Abatements and Resolution Approving Property Tax Abatements and Amending Resolution 24-192 Related to the Stadium Project in the 105th Avenue Redevelopment District

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

Mr. Thorvig stated discussion began in the spring of 2023 to identify a process in which the developer could acquire rights to a portion of property that was controlled by the Minnesota Amateur Sports Commission (MASC)/NSC. Based on legislation with which the property was originally acquired, MASC was allowed to lease up to 16 acres for private development. In May 2024, the City issued bonds to secure a long-term lease agreement, with the intent of financing the project with new values not currently included in the City's property tax calculation. Without the City's assistance, this property would have remained vacant. Additionally, the funding provided to MASC for access to the property was fully reinvested back in the NSC campus for capital improvements. On September 16, 2024, the City Council authorized the issuance of tax increment bonds in the amount not to exceed $28,000,000 to facilitate infrastructure, demolition, property acquisition and other TIF-eligible expenditures. Also on this date, the City Council authorized the issuance of tax abatement bonds in the amount not to exceed $9,000,000 to facilitate infrastructure improvements within the district. These bonds have been issued and have resulted in significant infrastructure, demolition and completion of property acquisition in 2025.

Mr. Thorvig commented on September 16, 2024, the city council adopted Resolution 24-183, whereby it authorized the sale of taxable general obligation temporary bonds for stadium infrastructure and construction subject to certain parameters. The City did not issue the bonds by the end of the second calendar quarter of 2025 as authorized by Resolution 24-183. The City Council has subsequently determined it is in the best interest of the City to identify different abatement parcels and increase the maximum par amount for the stadium bonds. The increase in the par amount from $38,000,000 in 2024 to $63,000,000, per this action, addresses additional costs to the stadium and identifies specific dollars to be used for a pedestrian overpass over 105th Avenue.

Mr. Thorvig explained on October 7, 2024, the City Council adopted Resolution 24-192, which authorized the parcels within a new tax abatement district. Establishing a tax abatement district provides the authority to sell bonds. The properties identified are scattered throughout the City and were chosen as they are not anticipated to be in either a future tax abatement or tax increment financing district. Under a worst-case scenario, the City’s share of annual property taxes generated by these properties could be used to pay annual debt service instead of being included within the City’s general fund. Property owners within a tax abatement area are not required to be notified, nor is there any impact on property owners included within the abatement area regarding how much property tax they pay, as compared to all property owners within the City. Unlike the tax abatement approved for the turf field bond, Anoka County and Spring Lake Park were not asked to actively participate in this tax abatement financing.

Mr. Thorvig reported the overall stadium cost, which includes all hard construction costs and soft costs, totals $70,985,000. The stadium bond would contribute $63,000,000 with an additional $7,985,000 in private investment. Repayment of the debt service incurred by bond issuance is structured to be paid via a "lease payment" from the baseball/stadium ownership group. A detailed operating pro forma was provided and analyzed which shows sufficient annual revenue to support the lease payments. Additional revenue is available to build a capital reserve fund for future capital improvements to the stadium. If revenues fall short in any given year, the capital reserve fund and/or anticipated excess cash flow can be utilized to make lease payments. Additionally, there are interest earnings bond dollars that are in an interest-bearing account that could be utilized, per council approval. Agreements outlining the terms and conditions of this arrangement will be approved and memorialized by the city council prior to bond issuance.

Mayor Sanders opened the public hearing at 7:25PM.

There being no public input, Mayor Sanders closed the public hearing at 7:26PM.

Moved by Councilmember Robertson, seconded by Councilmember Newland, to adopt a Resolution Approving Property Tax Abatements and Amending Resolution 24-192 Related to the Stadium Project in the 105th Avenue Redevelopment District.

Councilmember Massoglia asked if the parameters in the resolution had changed. Mr. Thorvig explained that overall, the resolution is very similar to the resolution adopted in September with some exceptions and a few additional conditions.

Councilmember Robertson thanked staff for the detailed presentation. She reported the updated resolution includes a pedestrian overpass over 105th Avenue. She thanked the developer for hearing and addressing this concern.

Motion adopted unanimously.

9. Development Business

None.

10. Administration

10.1. RES 25-139 Resolution Authorizing the Sale of General Obligation Temporary Tax Abatement Bonds (Retail and Parking Facility), Subject to Certain Parameters

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

Mr. Thorvig stated earlier this year, the city was approached by the 105th Avenue development team about an interest from Scheels in locating a retail store within the development. Scheels is an employee-owned sporting goods/apparel retailer with 36 locations throughout the United States. They are headquartered in Fargo, ND. Scheels proposes to build a 220,000+ square-foot facility in Blaine with an overall investment exceeding $150,000,000. Scheels has requested a financing package from the city of $50,000,000 to be used towards infrastructure, construction and real estate. In addition, $23,000,000 has been requested from the development group to construct a 750+ stall parking facility for the general district. Construction of the Scheels store would begin in the spring of 2026 with a target opening of May 1, 2028.

Mr. Thorvig reported the overall financing package would not exceed $83,900,000 (principal and interest) via tax abatement bonds. The funding repayment source would be sales tax revenue generated from a sales tax district created within the 105th Avenue Redevelopment District. The sales tax district has yet to be established. However, staff and local elected officials have been working with the city's lobbyist and elected state officials to introduce a bill either in the 2026 or 2027 legislative session. Approval of the sales tax authority would not be necessary until 2032, when the temporary tax abatement bonds require permanent financing. The proposed structure of the sales tax at this time is a 3% sales tax on food, beverage, lodging, and admissions (tickets/entertainment). Additionally, there would be a 1.5% sales tax on retail taxable goods. This would not apply to existing sales-tax-exempt items such as apparel/clothing. If/when a sales tax authority is approved, the bond type would be shifted from tax abatement bonds to sales tax revenue bonds. The bonds are a general obligation of the city, secured by its full faith and credit and taxing power. In the event that a sales tax is not authorized, the city is still responsible for making payment from whatever sources are available. The city council has discussed various funding sources outside of property tax revenue that could be utilized to make debt service payments. Those sources do not need to be memorialized at this time and would be considered in the future if the circumstances where a sales tax district isn't created occur.

Moved by Councilmember Robertson, seconded by Councilmember Massoglia, to adopt a Resolution Authorizing the Sale of General Obligation Temporary Tax Abatement Bonds (Retail and Parking Facility), Subject to Certain Parameters.

Motion adopted unanimously.

10.2. RES 25-140 Resolution Authorizing the Sale of General Obligation Temporary Tax Abatement Bonds (Stadium Facility), Subject to Certain Parameters

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

Mr. Thorvig stated the proceeds of the bond sale will be used to assist in financing the construction of a multipurpose event stadium within the west district of the 105th Avenue Redevelopment Area.

Moved by Councilmember Robertson, seconded by Councilmember Fleming, to adopt a Resolution Authorizing the Sale of General Obligation Temporary Tax Abatement Bonds (Stadium Facility), Subject to Certain Parameters.

Motion adopted unanimously.

11. Other Business

None.

12. Adjournment

Moved by Councilmember Newland, seconded by Councilmember Robertson, to adjourn the meeting at 7:29PM.

Motion adopted unanimously.

Signed by ______________________________
Tim Sanders, Mayor

Signed by ______________________________
Catherine M. Sorensen, City Clerk