City of Blaine
City Council Workshop

September 9, 2026 | 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 Pro Tem Robertson at 5:34PM.

2. Roll Call

PRESENT: Mayor Tim Sanders (arrived at 5:36PM), Councilmembers Terra Fleming, Chris Ford, Leslie Larson, Chris Massoglia, Tom Newland, and Jess Robertson.

ABSENT: None.

Quorum Present.

ALSO PRESENT: City Manager Erik Thorvig; Community Development Director Sheila Sellman; Safety Services Director/Police Chief Brian Podany; Finance Director Jason Zimmerman; Director of Administrative Services Scott Johnson; Public Works Director Nick Fleishhacker; Director of Engineering Dan Schluender; City Attorney Eric Larson; Assistant Finance Director Kyle Stasica; Accounting Manager Haley Chapman; and City Clerk Catherine Sorensen.

3. New Business

3.1. 2026-167 2027 Internal Service Funds Budgets
Sponsors: Jason Zimmerman, Finance Director

Finance Director Zimmerman provided the council with an update on the proposed budgets for the self-insurance, workers' compensation, and compensated absences. Further information was provided on the city's capital fund, along with the amount of liability insurance the city had through the League of Minnesota Cities.

Director of Administrative Services Johnson provided the council with an update on the facilities funds and discussed on the maintenance projects that were completed in 2026.

City Manager Thorvig commented on how staff was focusing on necessary maintenance needs in order to sustain the long-term viability of the city's facilities. He thanked the council for making difficult decisions over the past two years to shore up the self-insurance and workers' compensation fund, noting the city was in a much better place going into 2027.

Councilmember Newland asked how the city's experience mod compared to peer cities. Mr. Zimmerman stated he could not speak to the experience mod for peer cities. He noted the city was above 1.

Councilmember Larson inquired if PTSD claims were in reaction to something that happened in the city. Mr. ZImmerman explained PTSD claims have to be a workplace injury and take a great deal of time to play out.

Councilmember Newland questioned how the city was managing the employee sick and safe leave time. Mr. Zimmerman reported the city is picking up half of the premium and employees are paying the remaining half. Further discussion ensued regarding FMLA and severance that had to be paid to employees that choose to leave the city.

3.2. 2026-168 2027 Budget - City Tax Levy / Capital Equipment Plan Funding
Sponsors: Jason Zimmerman, Finance Director

Mr. Zimmerman stated at the July 13 city council workshop, staff presented the proposed capital equipment plan, noting the current process was established back in 2024. Initial direction at that time was to create a long-term equipment replacement plan that maintains service levels, reduces reliance on debt, and incorporates predictable, historically supported expenditure growth. A revised model using a 3% annual inflation factor guided the 2025 and 2026 plans that were ultimately adopted by the council. In 2026, council also evaluated sidewalk plowing policy options, and the majority supported shifting responsibility to adjacent property owners, which resulted in removing three sidewalk plows from the 2027–2031 capital schedule and reducing the plan by $720,000. For the upcoming cycle, the city manager directed staff to limit annual plan growth to 1% instead of 3%, requiring departments to reassess equipment condition, risks, and replacement timing to meet the revised targets. Although spending across the proposed five-year plan as presented is not linear, the model was within the newly outlined framework and reflected Council direction, with total planned expenditures being approximately $56k under the total target limit. At the conclusion of the workshop, while not unanimous, the majority of council supported the plan as presented. This replacement program covers many of the city’s core functions, including police, street and park maintenance, forestry, building inspections, community standards, and information technology.

Mr. Zimmerman reported at the August 10 workshop, staff presented the city manager’s recommended 2027 city and EDA property tax levies. The proposed 2027 budget was developed to align council priorities with available resources, emphasizing investment in core capital assets, maintaining service levels, and minimizing new ongoing operational costs. Early year council meetings helped shape several guiding principles for the budget, including reducing reliance on the property tax levy, prioritizing deferred infrastructure needs, supporting staff compensation, and considering long-term financial sustainability. Staff presented a proposal in June that included a $59,500,000 levy which would have represented an increase of 9.7% from 2026 values, but council asked for further refinement based on historical spending and service-level needs. In response, the city manager applied a zero-based budgeting approach and implemented several adjustments: right-sizing line item budgets, shifting license plate reader funding to public safety aid, reducing planned staffing additions from two new positions to one, and reallocating mowing costs from the capital to operating levy. These changes lowered the proposed levy to $59,070,000, which would represent an 8.9% increase from the 2026 final levy and reduced the June proposal by $430,000.

Mr. Zimmerman explained as part of the CIP process, staff develop five-year revenue forecasts to estimate the levy and other funding needed to support the requested capital expenditures to ensure the fiscal sustainability of each fund. The 2024 capital equipment plan included elevated levy increases to establish a fully pre-funded model by 2029 and eliminate the need to issue debt. The revised plan proposes levy increases of $600,000 in 2027, $500,000 in 2028, $400,000 in 2029, and $100,000 annually in 2030 and 2031. These adjustments, along with efforts to scale back capital plans, would make 2027 the final year bonds are needed to support the capital equipment plan. With early 2026 year-end projections indicating a surplus sufficient to cover the planned 2027 bonding amount, issuing debt in 2027 may not be necessary.

Mr. Zimmerman stated at the conclusion of the workshop, Councilmember Massoglia suggested the levy could be further reduced, noting the potential to eliminate the $600,000 planned increase for capital equipment in 2027. A majority of council supported reviewing this option at a future workshop. Please note that if a reduction occurs in 2027, increases will still need to occur in future years to fully pre-fund capital equipment purchases. Following the proposal at the August 10 Workshop to reduce the city manager's recommended capital equipment levy, staff would like clarification on a few key concepts to prepare an alternative for adoption in December. Staff presented an alternative scenario that reduces SBM capital in lieu of the city capital, along with positive outcomes to the city's workers' compensation fund that reduces the levy. Both scenarios presented reduce the proposed levy below 8%. Staff provided feedback on the potential impacts to operations if the budget was further reduced.

Councilmember Larson stated it appears the preliminary levy has now come in at 7.4% and could go lower. Mr. Thorvig reported this was the case and 7.4% would be the number used on the preliminary tax statements.

Councilmember Newland inquired if the reduction from the League of Minnesota Cities would be a trend going forward or was this a one time reduction. Mr. Zimmerman stated he was uncertain, but noted the legislative changes were helping the city.

Further discussion ensued regarding the annual contribution the city makes to the SBM Fire Department.

Councilmember Fleming thanked staff for continuing to look at options to bring the levy down. She hoped there would be a unified council supporting the proposed levy increase for the coming year.

Councilmember Larson commented on how the levy could be positively impacted next year once franchise fees are instituted.

Councilmember Massoglia appreciated the fact staff had gotten the preliminary levy down to 7.4%. He indicated he had questions regarding the balance of the workers' comp fund. Mr. Zimmerman reported this fund had a balance this high for risk management purposes.

Councilmember Massoglia stated he would still like the council to take a closer look at the capital equipment spending proposed for next year, but noted he could support the 7.4% preliminary levy.

Mayor Sanders thanked Finance Director Zimmerman for his efforts on the budget, levy and CIP for 2027.

4. Other Business

None.

5. Adjournment

The workshop adjourned at 6:59PM.

Signed by ______________________________

Tim Sanders, Mayor

Signed by ______________________________

Catherine M. Sorensen, City Clerk