City of Blaine
Anoka County, Minnesota
Minutes
City Council Workshop

Blaine City Hall
10801 Town Sq Dr NE
Blaine MN 55449

Monday, October 21, 2019 | **6:00 PM** | **Cloverleaf Farm Room A**

SBM LADDER 3 DEMO @5:30 PM IN FRONT OF CITY HALL

NOTICE OF WORKSHOP MEETING

1 Call to Order

The meeting was called to order by Mayor Ryan at 6:00 p.m.

2 Roll Call

Quorum Present.

ALSO PRESENT: Community Development Director Erik Thorvig; Public Works Director Jon Haukaas; Police Chief/Safety Services Manager Brian Podany; Acting City Manager/Finance Director Joe Huss; Public Services Manager/Assistant City Manager Bob Therres; City Engineer Dan Schluender; City Planner Lori Johnson; City Attorney Patrick Sweeney; Senior Engineering Technician Jason Sundeen; Asset Management Project Coordinator Shawn Smith; Communications Technician Roark Haver; and City Clerk Catherine Sorensen.

Present: 7 - Councilmember Garvais, Councilmember Jeppson, Mayor Ryan, Councilmember Swanson, Councilmember Robertson, Councilmember Paul, and Councilmember Hovland

3 New Business

3-1

COALITION DEVELOPMENT APARTMENT PROPOSAL ON EDA LAND LOCATED AT 255 89TH AVE NE.

Attachments: Attachments

Community Development Director Thorvig stated since 2005, the Blaine EDA has been active in acquiring blighted properties around the former K-Mart building on 89th Avenue in an effort to redevelop the area. The EDA owns 2.15 acres along University Avenue and 2.88 acres along 89th Avenue. The EDA has been holding the land in hopes of it being part of a larger redevelopment for the K-Mart property. The former K-Mart site is going through a substantial internal and external remodel and will have Auto-Zone and Xperience Fitness as tenants. In January, the City Council discussed what should occur with the two EDA/City owned

properties now that the former K-Mart site has been improved. At that time, there was no specific interest from developers and the direction was to wait on both areas. Staff has been approached by a developer that is interested in the 2.88-acre site to the east of Auto Zone and Xperience Fitness. This site is the former Frank's Nursery that the EDA purchased in 2005 for $1.2 million. The property is zoned B-2 (Community Commercial) and has a land use designation of High Density Residential/Planned Commercial. The developer likes this particular site because of its access to walkable amenities and services.

Mr. Thorvig reported the developer is proposing a 4-story (one-story parking, three-story residential), 90-unit apartment building with 74 underground stalls and 107 surface stalls. The parking ratio does not meet current parking standards; however, given the number of studio and one-bedroom units, there could be flexibility in the requirement. A site plan was reviewed showing the general layout of the area with a minimum 35-foot setback to the east property line. Amenities in the building would include a fitness center, community center, in-unit washer and dryer, balconies plus outdoor amenities. The developer is proposing to construct 61 studio units and 29 one-bedroom units. The two recent market rate apartment projects in Blaine (Emberwood and Berkshire Off Central) saw a high demand for studio and one-bedroom units. Rent would range from $875-$1,090 for a studio and $1,280 for a one-bedroom. These rates are similar to the above referenced apartment buildings. He commented further on the TIF the developer was requesting to keep a percentage of units affordable and requested feedback from the Council.

Councilmember Swanson stated he has had mixed feelings about this development since the beginning and how the neighborhood would be impacted with housing along this side of the property. In addition, he believed $1.9 million in TIF was too much for this project.

Councilmember Hovland commented he was opposed to high density affordable housing units at this location. He explained another use for this property would be to create a road connection to create better access for the local businesses. He noted the property was currently zoned B-2 and he would like this zoning to remain. He supported the Council holding further discussions regarding this matter at the upcoming fall retreat.

Mayor Ryan agreed with Councilmember Swanson that this was not the right location for high density housing. He explained the City has owned this property for a long time and he would like to see it redeveloped. He understood the current wall may have to come down and be replaced. He indicated if the development was shifted away from the property line, the housing development may work. He noted the rents for these units were not low-income levels.

Councilmember Jeppson explained she agreed with much of what the Mayor and Councilmember Swanson said and indicated she would like to see the building and parking lot split. She believed the City had a very good opportunity to embrace new affordable housing in the community and noted this was a major need throughout Minnesota. She agreed $1.9 million was too much in TIF and challenged the developer to come up with a new financial plan. She explained $875 per month was not an affordable price point for rent.

Councilmember Garvais said he agreed with statements made by the Council and encouraged the Council to Google affordable housing to better understand the crisis in the country. He stated Anoka County was in need of affordable studio and one-bedroom apartment units. He feared that with the rents at $875, Blaine residents would not be able to afford this rate. He anticipated the TIF amount would have to be adjusted by the developer.

Councilmember Robertson stated she believed the proposed plans needed to be adjusted in order to better accommodate the existing neighborhood. She indicated government was not responsible for addressing the housing crisis and that no amount of TIF would correct the current situation.

Councilmember Hovland agreed with this statement. He indicated there was a larger problem in the country with regard to jobs, mental health, drugs and alcoholism and said his biggest concern with this development was the location.

Councilmember Jeppson stated she did not think the request for TIF was trying to solve a larger government problem and commented further on how the City has created TIF districts to assist businesses in the past. She reported the problems residents were experiencing had to do with not being able to find a job that pays enough to cover the expense of housing.

Councilmember Hovland indicated there were a number of issues that were contributing to the housing crisis.

Councilmember Jeppson cautioned against contributing mental health and chemical dependency issues to the housing crisis. She believed this was a major disservice to the affordable housing crisis because it put a stigma to a problem that was real to many people who were not suffering from mental health or chemical dependency issues.

Councilmember Paul explained he appreciated the proposed project and the housing that would be offered to Blaine residents. He commented on how the residents living in this development would be spending their money in the City of Blaine. He reported the City of Blaine had to develop this property or the City

would begin paying taxes on the property.

Councilmember Swanson said he understood affordable housing was a major issue then questioned what impact the proposed 18 affordable housing units would have on the housing crisis. He suggested the Council discuss affordable housing at an upcoming worksession meeting and that the funding from the North Suburban Hospital District be further considered. He added he did not support the City spending $1.9 million in TIF for this project.

Mayor Ryan agreed the City needed more affordable housing but believed $1.9 million was too much in TIF funding.

Councilmember Garvais commented the proposed 18 units would assist the City in addressing the affordable housing crisis.

Acting City Manager/Finance Director Huss explained staff could further negotiation the $1.9 million in TIF with the developer. He commented further on how TIF assisted developers with setting affordable rental rates.

Councilmember Hovland proposed this item be discussed in further detail by the Council at the upcoming fall retreat.

Councilmember Jeppson supported the Council holding further discussions regarding affordable housing, but stated she did not want to see the Council waiting on this project. She questioned why the Council would delay helping 18 families that may be in need of an affordable housing unit.

Councilmember Garvais discussed how the purchase price for the property would benefit the City, along with the new housing development. He commented further on how this location would benefit residents in need of transit.

Councilmember Swanson stated he did not support the use of $1.9 million in TIF and encouraged the Council to consider an office complex on this property.

Pat Cruikshank, Coalition Development, commented he would never tell a community what was best as that was for each community to decide. He reported he was not an affordable housing developer but rather a market rate housing developer and that based on the discussions did not believe his firm was right for this site. He explained he liked to work with communities that fully embraced the work they did and did not want to create a controversial development so for this reason he would be withdrawing his proposal.

Councilmember Garvais stated he appreciated the developer’s candor and honesty

and indicated that it was unfortunate the City was not on the same page at this time. He anticipated the Council would have to further discuss the future for this property.

After much discussion regarding alternate uses for the site and concerns regarding affordable housing units the applicant withdrew the proposal.

Discussed

3-2 FATS, OILS, AND GREASE (FOG) CONTROL CODE AMENDMENT

Attachments: Proposed Amendment

Public Works Director Haukaas stated the proposed ordinance would set forth requirements to aid in the prevention of sanitary sewer blockages, obstructions and overflows due to the contribution and accumulation of fats, oils and grease (FOG) into the City's sanitary sewer system from commercial and industrial businesses, and food service establishments (FSE). The ordinance would regulate such businesses and FSEs by requiring grease interceptors and other devices and equipment be used and by requiring that such devices and equipment be installed, implemented and maintained in accordance with the provisions hereof. The objective is to eliminate FOG related sanitary sewer overflows and sewer line blockages to prevent residential and commercial property damage, decrease sewer maintenance costs, improve sanitary sewer pipe and lift station conditions, and to protect the environment.

Asset Management Project Coordinator Shawn Smith introduced himself to the Council noting he had been working in the Public Works Department for the past seven years. He discussed the need for a FOG ordinance and how it would benefit the City as it was the leading cause of sewer backups. He described how devastating sewer backups were to both the City and property owners. He reported periodic inspections would be written into the FOG Ordinance in order to address the City's program goals. He commented on how other cities were addressing this concern. He indicated education would be critical in order to reduce the expense to the City to eliminate FOG and FOG related sewer backups and noted Anoka County fully supported the proposed plan.

Mayor Ryan commented he understood this was a concern for the City and said he supported the proposed ordinance.

Councilmember Hovland questioned if the slip lining that was completed in the City helps address this problem. Mr. Smith stated this makes the sewer lines last longer but noted these lines can still become trapped with FOG. He indicated he would like to see ordinances from other cities when staff brings this item forward.

Councilmember Jeppson stated she supported the proposed program but noted she did not want to see additional staff hired in order to implement the program. Mr. Haukaas discussed how the proposed program and ordinance would assist in eliminating extra visits and line cleaning that has been conducted for local businesses.

Councilmember Robertson supported the proposed program and recommended the penalties be increased in order to fully cover staff time.

Council consensus was to move forward with the proposed code amendment with the recommendation that higher fines or penalties be considered and that education be stressed in order to achieve compliance.

Mayor Ryan recessed the workshop meeting at 7:20 p.m. to convene the regular Council meeting.

Mayor Ryan reconvened the workshop meeting at 8:05 p.m.

3-3 THERAPEUTIC MASSAGE ORDINANCE DISCUSSION

City Clerk Sorensen requested the Council discuss the therapeutic massage ordinance particularly with respect to the number of enterprise licenses in conjunction with locations selling to new owners and provide staff with feedback on how to proceed. It was noted the City currently has 18 therapeutic massage licenses and two owners have their businesses for sale at this time.

Police Chief/Safety Services Manager Podany commented on the current ordinance and discussed the work the Police Department has been doing over the past year that resulted in a search warrant last week for one location and an arrest due to suspected trafficking and criminal activity.

Councilmember Swanson stated he did not support massage licenses being transferred for businesses that have been having problems, even if the new buyer had a clean background check. Police Chief Podany reported language was already included in the ordinance.

Councilmember Jeppson agreed with this recommendation and indicated she was not willing to increase the number of enterprises then asked if the business recently served with a warrant was at risk for losing their license. Police Chief Podany reported this was the case. Ms. Sorensen commented further on the license hearing process that would be followed by the City.

Councilmember Hovland feared it would be unachievable to reduce the number of licenses to 10 if new licenses were allowed.

Councilmember Robertson reported there could not be more than 18 licenses in the City and noted the City would work its way to 10 enterprises through attrition and movement of businesses.

Mayor Ryan said he supported business owners who operated in a positive manner in the City being able to sell their business to another license holder if approved by the City.

Councilmember Robertson questioned how the City would reach its goal of 10 enterprises. Ms. Sorensen explained the City had 28 enterprises when the ordinance amendment went into effect and believed the cap would be reached over time.

Councilmember Jeppson stated she supported the ordinance as written.

Councilmember Swanson commented he did not want an enterprise not in good standing to benefit by being able to sell their business and obtain a new license.

Councilmember Paul explained he supported the number of massage therapy licenses being reduced to 10.

Councilmember Hovland questioned if the number of enterprises was raised to 18 with the caveat that license holders would lose their license if not operating properly. Mr. Huss indicated the license holders do not own the license but rather licenses are issued by the City for a fee and can be revoked.

Councilmember Hovland stated he wanted the City to remain meeting the supply and demand for massage therapy.

Council consensus was to continue to allow application and consideration of new enterprise owners to locations in good standing with the overall goal of having 10 enterprises in the City through attrition.

OTHER BUSINESS

None.

ADJOURN

The Workshop was adjourned at 8:20 p.m.

Adjourned