



City of Blaine Anoka County, Minnesota Minutes

Blaine City Hall
10801 Town Sq Dr NE
Blaine MN 55449

City Council Workshop

While this is a public meeting where interested persons are welcome to attend, it is a work session for Council and staff to discuss issues before them. It is not for the purpose of receiving public input.

*To participate in the meeting join the Zoom Webinar at
<https://blainemn.zoom.us/j/97951894637>*

Questions? Email - Communications@BlaineMN.gov

Monday, April 13, 2020

6:00 PM Due to the COVID-19 pandemic, city meetings will now be held as virtual meetings until further notice.

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: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; Public Works Director Jon Haukaas; Police Chief/Safety Services Manager Brian Podany; Finance Director Joe Huss; Public Services Manager/Assistant City Manager Bob Therres; City Engineer Dan Schluender; City Planner Lori Johnson; City Attorney Chris Nelson; Communications Technician Roark Haver; Senior Engineering Technician Jason Sundeen; 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

COUNTY ASSESSOR UPDATE

City Clerk Sorensen reported this item was being brought to the Council in preparation of some changes that would occur this year with the Local Board of Appeals and Equalization Board meeting. She explained per State Statute a member of the Board has to be trained and that as of February 1 no members were current in their training. She indicated she has been in communication with Anoka

County and the Department of Revenue to confirm and stated the City would then have to hold the Local Board of Appeals and Equalization/Special Board of Review meetings in coordination with the County for 2020 through an Open Book process. She commented this same process would be held again 2021.

County Assessor Alex Guggenberger provided the Council with an update on the upcoming Local Board of Appeals and Equalization/Special Board of Review meeting and discussed the process that would be followed for Open Book meetings. He noted Blaine residents would still be able to address the County with concerns regarding their property valuations and reported the meetings would be held May 5 and May 6 at the Anoka County Courthouse. He commented in 2021 the City of Blaine could elect to host an Open Book meeting at City Hall.

Ms. Sorensen reported the original Board of Appeals meeting date was May 11 then explained Mr. Guggenberger would instead be attending the Council workshop meeting that night and provide the Council with a recap on the Open Book meetings. She stated she had informed the Board members of the changes that would occur for 2020 and 2021 and commented Anoka County would be working to educate the public of the change for this year and noted City staff would be doing the same.

Mayor Ryan asked if the City Council could serve as the Board of Review. Ms. Sorensen stated this would not be allowed at this time because the Council did not have the required training as well.

Mr. Guggenberger anticipated 2020 would be a unique year for Board of Appeal meetings given the fact the majority of meetings were being held virtually. He stated with an Open Book process residents would have a longer timeframe to contact Anoka County.

Councilmember Paul asked how issues were resolved with residents after Board of Appeals meetings. Mr. Guggenberger discussed the mass appraisal process that was followed by Anoka County and how this information was used to value properties in mass. He reported through these valuations some assessments are better than others. He stated the appeal rates in Blaine were typically low due to proper valuations, however, there were some neighborhoods of the City that needed adjustments. He indicated he would work to keep the valuations in proper alignment. He explained he had statistical data for home sales in the City of Blaine that he could provide to the Council. He commented further on how the County values properties based on sale data, for residential, commercial and industrial properties. He stated residential, commercial and industrial properties values all saw increases in 2020.

Mayor Ryan thanked Mr. Guggenberger for his presentation to the Council.

15 Minute Discussion**3-2****FRESH PICKED PIZZA ASSISTANCE REQUEST**

Attachments: [Attachments](#)
 [Powerpoint Presentation](#)

Community Development Director Thorvig stated in July 2019, Fresh Picked Pizza received approvals for construction of a new restaurant at 8683 Central Avenue. The owner of the restaurant is proposing to construct a new 5,000 square foot restaurant with take-out, dine-in and patio seating. The property currently has a dilapidated former nursery building which will be removed for the new restaurant. Many other significant aesthetic improvements will occur on the site. He reviewed a statement provided by the restaurant owner and stated since last July, the restaurant owner has been determining project costs and attempting to secure financing. One of the challenges that the restaurant owner has expressed is the ability to make a project financially feasible.

Mr. Thorvig explained the Sewer Availability Charge (SAC) is a fee by the Metropolitan Council to maintain wastewater infrastructure. SAC fees vary based on the type of use and the amount of discharge they produce into the wastewater system. Based on information provided by the Metropolitan Council, the SAC fee for the restaurant will be approximately \$27,765. The City has an account with approximately \$125,000 that was collected from SAC credits available to the City from building demolitions. Typically, the City acts as a pass-through to the Metropolitan Council for SAC payments. The money available was collected by the City however did not have to be distributed to the Metropolitan Council because credits were available.

Mr. Thorvig reported staff is proposing to provide a forgivable loan to the restaurant owner for the SAC fees. Funds from the account would be used to pay the Metropolitan Council for the SAC charges. The loan could be structured where if the business is open for a period of five years, the loan is forgiven. However, if the business closes prior to five years, the loan must be paid back with interest. SAC is a fee that can be assessed against a property so the loan is secured as the City can collect funds through an assessment if needed.

Mr. Thorvig indicated the restaurant owner is also requesting a \$72,500 grant to assist in the overall \$145,000 demolition costs. He said it was not uncommon for a developer to ask for assistance with demolition costs under a redevelopment scenario. Demolition is an additional significant expense for developers who buy a redevelopment site. Redevelopment of blighted sites is a benefit to the City, so the EDA has provided demolition assistance in a variety of ways including grant and

loan. Assisting a developer in demolition is often a less expensive for the EDA than the EDA purchasing a blighted property. Staff provided further comment on the requests and requested direction from the Council on how to proceed.

Lee Anderson, owner of Fresh Picked Pizza, thanked the Council for considering his request. He stated his intention was to create a pizza bistro that would be a blessing to the community. He explained it was very expensive to develop a restaurant but noted he had surrounded himself with experts in the industry. He discussed the challenges he has had along the way and stated any assistance the City could provide would greatly benefit his business moving forward

Councilmember Swanson commented this neighborhood greatly needed redevelopment. He indicated the City has approved this type of loan in the past. He believed the proposed requests made a great deal of sense and would add another restaurant to this corner of Blaine.

Councilmember Robertson asked if the collected SAC funds could only be used towards Met Council type expenses. Mr. Thorvig reported these funds could be used for any type of Met Council expense but the City has held them as an incentive for SAC related expenses. Finance Director Huss reported this was the case.

Councilmember Robertson stated she understood the challenges of being a small business owner. She indicated she did not have a problem with the requested SAC fees but noted she did have concerns regarding the demolition grant.

Councilmember Hovland agreed with Councilmember Swanson on this issue and he would like to see this site developed as because it has become quite an eyesore. He anticipated the development of this site would spur additional redevelopment in the area. He supported the City assisting the developer in order to have the restaurant completed.

Mayor Ryan stated it was a big cost to redevelop this site and indicated he too would like to see the restaurant completed.

Councilmember Robertson feared the City would be setting a dangerous precedent by offering SAC and demolition assistance. She indicated she wanted to be sensitive to this local business owner, but noted all small businesses were struggling at this time.

Councilmember Hovland stated he supported helping this business in order to further spur redevelopment in this area of Blaine.

Councilmember Swanson asked if the demolition assistance would be a grant or a loan. Mr. Thorvig stated the business owner could apply for a loan through the small business program. He indicated another option would be to grant the amount, or a portion of the amount to the business owner. He reported this action would require EDA action in the future.

Councilmember Jeppson questioned how much the demolition fee was for the property at 125th and Lexington Avenues. Mr. Thorvig reported the City paid the full demolition expense for this property and estimated the cost was \$70,000.

Councilmember Jeppson stated she had a problem with the cost of this demolition and questioned why it cost over \$140,000 to demo this site. Mr. Anderson explained after speaking with several contractors the bid for the site demo was \$142,000. He commented further on the work that had to be done to clear the site.

Councilmember Jeppson questioned why it had taken the applicant nine months to come before the City with this request. Mr. Anderson stated it had taken him some time to work on this project because he also owns and operates another restaurant. He explained financing has been a challenge for him. He discussed how he was working to lower costs in order to bring his dream for this site to fruition.

Mayor Ryan stated he had been in this building several times and explained it had a basement that would have to be filled in.

Councilmember Robertson indicated she wanted businesses to come and thrive in this community but she was having a hard time understanding why the City would just give away close to \$80,000 and feared this would set a precedent, adding money was tight for everyone right now.

Mayor Ryan commented this was an underused portion of Blaine and there were not many restaurants to serve the residents that lived in this area of the City.

Councilmember Garvais stated the proposed restaurant would have dine-in, take-out and patio seating. He discussed the economic climate the City was in at this time. He stated he was not against offering some sort of assistance but supported the assistance being the SAC fee with a five year repayment requirement. He suggested the demo fees be loan based with repayment required. He commented on the current business environment and stated he had concerns with giving away too much money in these uncertain times.

Councilmember Hovland explained the City has had a lot of redevelopment projects over the years where assistance has been requested. He commented

because of the times we are in he wanted to support this business and encourage this development.

Mayor Ryan questioned if the previous user paid a SAC fee on this property and expressed frustration with the need for SAC fees. Mr. Thorvig stated they may have but it would have been credited towards a future use.

Councilmember Paul asked if the applicant still wanted to pursue this project. Mr. Anderson stated he did as he had invested his life savings into this project.

Councilmember Paul indicated the City would benefit from this development and for this reason supported the City offering assistance. Mr. Thorvig discussed the proposed redevelopment and stated if the City would have purchased the property, demolished the building and put the property up for sale, the City would have spent quite a bit more than was being requested at this time. He stated he saw the request as a good investment for the City.

Mayor Ryan agreed and stated he wanted to see the City helping this business get started.

15 Minute Discussion

3-3

UPDATE ON NATIONAL SPORTS CENTER PARKING LOT PAVING / 3M OPEN

Attachments: [Powerpoint Presentation](#)

Mr. Thorvig stated staff has had several meetings with Anoka County, National Sports Center, and 3M Open regarding the paving project. Staff provided the City Council with an update on the status of the paving project and a brief update on the 3M Open. He explained the EDA approved up to \$405,000 for paving improvements. He reported the engineer's estimate for the work came in at \$1,000,000, which included removal of the mounds of dirt. He indicated the County would be bidding this project in April and staff was hopeful that the City would receive favorable bids. He broke down the costs further for the Council and stated Lot 2 was proposed to cost \$610,000, or \$305,000 for the City's portion. He encouraged the Council to consider having the dirt piles knocked down or removed as part of this project if the bids came in favorably.

Mr. Thorvig explained he has been speaking to 3M Open staff and discussed how events have been shifted or rescheduled for the 2020 season. He reported the British Open has been canceled but as of this date the 3M Open in Blaine was still planned to be held in July. He asked if the Council had any comments or questions regarding the paving project.

Councilmember Jeppson asked who owned the piles of dirt. Mr. Thorvig reported these piles were owned by the NSC.

Councilmember Jeppson questioned why the NSC was able to continue to come to the City for financial assistance in order to maintain their property. She stated this was extremely frustrating. She indicated she would also be frustrated if the work was completed in 2020 and then the 3M Open was canceled. Mr. Thorvig understood this was a risk, but given the bidding climate staff recommended the project be completed in 2020 regardless of what happened to the golf tournament. City Manager Wolfe explained the project would be bid in an ala carte manner which would assist the City in selecting which portions of the project should be completed this year. She reported staff believed the bid environment was in the City's favor and if the bids came back and were not favorable, the bids could be rejected.

Councilmember Swanson stated he was not enthused about this project and explained the City had already allocated \$405,000 for this project and he would not support spending any more.

Mayor Ryan commented with the ongoing pandemic, he anticipated the State would not have funding for the NSC maintenance building.

Councilmember Garvais stated he would like to better understand what the 3M Open plans to do if the pandemic continues into the summer. Mr. Thorvig said he did not anticipate the event would be rescheduled.

Councilmember Paul asked if the County had agreed to pay 50% of the costs. Mr. Thorvig reported this was the case. He noted the NSC has agreed to do some of the grading and seeding of the parking lots areas.

Council directed staff to keep the Council apprised once the bids come in.

15 Minute Discussion

3-4

GARAGE SALES IN THE CITY DURING COVID-19 PANDEMIC

Attachments: [PowerPoint](#)

Police Chief/Safety Services Manager Podany stated the City is in active discussions and conducting research regarding holding garage sales during the COVID-19 pandemic. He reported staff is concerned about the ability for garage sales to be held in a manner that is consistent with safe practices during this time of

local emergency. It is not currently clear if the ability to conduct garage sales will be directly affected by State of Minnesota Executive Orders, or whether City Council action will be required to regulate the sales. He reviewed City Code language regarding garage sales and commented there was concerns with the Johnsville neighborhood garage sales. He reported this event went beyond a typical garage sale and discussed how busy this event was each year. He commented further on the importance of social distancing during the pandemic while also maintaining emergency vehicle access during special events. He feared that if the City did nothing a large neighborhood garage sale type event would become a liability to the City.

Police Chief Podany stated after receiving several calls regarding this years events he has recommended a task force be created to address permitting these types of events. He explained based on public health concerns he had proposed an emergency Ordinance be adopted to address the temporary nuisance that would be created by the neighborhood garage sales. He was of the opinion such an event would be in direct violation of the Governor's Stay at Home Order. He stated he wanted to focus on education and public health. He anticipated residents would want to begin holding garage sales as the weather begins to warm but noted the Governor's Stay at Home order currently goes through May 4.

Ms. Sorensen stated she had received calls from vendors regarding the Johnsville neighborhood sale prior to March 15 and staff made them aware that the City was uncertain what would happen with this event and that any special event may not be allowed for a period of time based on the pandemic. She explained a special event permit was not requested given the turn of events.

City Attorney Chris Nelson stated he has been reviewing this with the City's prosecution team and explained a neighborhood garage sale does not qualify as a special event. He reported an Ordinance amendment would be necessary to address this type of event. He commented the Governor's Order does discourage these types of events as people were not to leave their homes. He indicated this type of event would aid in people leaving their homes for non-essential activities. He stated the City did not want to have to cite individuals for this type of activity and explained the City Council could adopt a temporary Ordinance declaring neighborhood garage sales a public nuisance during the pandemic.

Mayor Ryan indicated he was in favor of the City not allowing neighborhood garage sales in the month of May. Police Chief Podany agreed, but stated if the Governor's Order expired on May 4 the City may need to take additional action.

Councilmember Hovland explained given the circumstances with the pandemic, he recommended all neighborhood garage sale be postponed until this fall. Mr.

Nelson stated the City would still need to take action in order to discourage the Johnsville event from being held in May because at this time, City authority was limited.

Councilmember Robertson stated she was not in favor of adopting an emergency Ordinance but rather the City speak with this neighborhood encouraging them to postpone the garage sale to the fall. She believed this was the most amicable way to move forward.

Councilmember Jeppson commented this was a real slippery slope for her. She discussed how dangerous it was to be in this neighborhood during the time of the garage sales already because of the number of cars and understood the need for police assistance during the event. She recommended some due diligence be done and conversations happen prior to the Council considering any emergency Ordinance.

Councilmember Robertson supported a task force being created with residents from the Johnsville neighborhood along with staff members in order to address the concerns the community was facing in hopes of reaching a compromise.

Mayor Ryan discussed how busy this neighborhood garage sale was and feared the event would draw too many people.

Councilmember Robertson agreed and stated the residents had to better understand the concerns of the City. She commented if the conversations led nowhere the Council would have to take action.

Ms. Wolfe stated the direction for staff was to reach out via Facebook to make a request to have the event postponed until the fall of 2020 for the safety of the overall community. Staff was also directed to work on establishing a task force if needed to better plan for these types of events going forward into the future.

Councilmember Garvais supported this recommendation. He anticipated that even if the Governor's Order was lifted May 4 gatherings would still have to be limited to 10 or less people. He supported a temporary action to prohibit these garage sales while also directing staff to organizing a task force to address the overall larger concern.

Councilmember Paul feared that if the City prohibited the Johnsville event it may move to another neighborhood in the City. He recommended conversations be held between City staff and representatives in the neighborhood. He suggested the neighborhood sale be pushed back to this fall.

Councilmember Hovland stated other cities have similar events and it may be good for staff to reach out on how these communities are managing this situation. Ms. Sorensen explained staff had reached out to other cities as well as Anoka County and reported Anoka County was discouraging these types of events based on the Governor's Order. She commented on how the large neighborhood sale would not follow social distancing requirements. Ms. Wolfe indicated most cities are part of the neighborhood garage sale planning process and assist in making decisions on the event. She explained that all of these events have been postponed to the fall.

Councilmember Hovland commented there has been a rumor that the City has shut down certain restaurants that were providing curbside food service. Ms. Sorensen stated to her knowledge no businesses had approached the City with these concerns and noted curbside food service was allowed per the Governor's Order. Police Chief Podany indicated he was not aware of any restaurants the City has taken action against as well.

Ms. Wolfe stated staff would reach out to representatives from the neighborhood garage sales and look into creating a task force to address future concerns of these large community events. She stated staff would also speak with the City Attorney in case an injunction had to be approved by the Council prior to May 9.

15 Minute Discussion

3-5

93rd AVENUE UTILITY BREAK UPDATE

Attachments: [PowerPoint](#)

Public Works Director Haukaas provided the Council with pictures showing the progress made on the 93rd Avenue utility break and discussed the work to be completed in the coming week. He noted additional projects were necessary to prevent future deterioration of the existing sewer mains and would be completed through a design and open bid process. This work would involve cured in-place pipe (CIPP) lining of the remaining section of 27" CMP sewer, CIPP lining of the next two downstream stretches of sewer, CIPP lining of several sections of sewer in the industrial areas upstream of the lift stations leading to this, along with spray lining of several manholes. Funding has been appropriated in the Sewer Fund to complete the majority of this work. Projects are planned to be bid out and brought back to Council for final approval in May or June.

Councilmember Robertson questioned how much the City has spent on this project for repair costs. Mr. Haukaas estimated the City has spent \$1.7 million in emergency repairs.

Mayor Ryan stated at this time the City had no choice but to repair the broken lines

and thanked staff for the thorough report.

15 Minute Discussion

3-6

FINANCE UPDATE - 1ST QUARTER 2020

Attachments: [PowerPoint](#)

Finance Director Huss provided the Council with first quarter financial review. He then discussed how the second quarter outlook would be in light of the COVID-19 pandemic and how this was anticipated to impact the economy and the City's financial picture. He indicated there would be much more volatility through the remaining of the year the longer the Stay at Home Order remained in place. He discussed how property taxes may be impacted during the pandemic and stated during the Great Recession the City saw a 5% delinquency rate. He commented how building permit activity was being impacted. He reported MSA funding was locked in for 2020. He stated charges for services were down 20% to 40% for this year. He noted recreation programs were down by the greatest amount (97% decline) but explained expenditures for recreation programs were also down.

Mr. Huss recommended an immediate freeze on all vacant positions. He stated this would be reevaluated by staff in the coming months. He suggested all seasonal hires be suspended as well and while this hiring process had already begun staff could evaluate the candidates in order to make recommendations if the City was in need of seasonal employees later this year. He discussed how the need for office supplies was down and noted State contracts were being considered to assist in reducing costs for the City. He indicated staff was cutting back on printing and color printing in order to reduce expenses. He stated all contracts were under review for cost saving opportunities. He explained all travel has been suspended. It was noted no new 2020 capital purchases would be considered.

Mr. Huss commented the proposed cost saving measures would bring about a balanced budget for the City. He stated seasonal pay was typically \$300,000 each year. He indicated property taxes were not anticipated to decline given the fact residential property taxes were escrowed with mortgages. He explained that commercial businesses may be more impacted by the pandemic and could impact the amount the City receives in property tax revenues from commercial properties. He stated if there was a steep decline in property taxes collected in May this would affect the City's cash flow. He reported the City had reserves in place to get through August. He indicated the City would have a better idea on the level of property taxes that were collected in the next two or three weeks. Once this information was better understood, staff could make better decisions on the cost containment measures that should be taken going forward. He stated the City had additional reserves available to assist with keeping the City operational through the

end of the year. He then asked for comments or questions from the Council.

Mayor Ryan asked if the seasonal workers were not hired if the use of the City's parks would be limited. Mr. Huss discussed how the City's parks would be maintained in the coming weeks and months given the fact large events were not being held at the City's parks.

Mayor Ryan commented the beach was a big concern. Mr. Huss reported staff was proposing the beach be closed all summer. He stated if orders were lifted later in the summer, the beach could be opened.

Councilmember Hovland questioned how a one month deferral from the County would impact the City. Mr. Huss indicated a one month deferral would not impact the City as much as a 90 day deferral would. He stated he would not know how the City would be impacted until staff had a better understanding what percentage of taxes were paid to the County. He discussed how property valuations would be impacted in 2021.

Councilmember Hovland commented further on how local businesses have been impacted by the pandemic.

Mayor Ryan anticipated the residential side of property taxes would not be a concern, but was of the opinion commercial properties could be a concern. He stated the City has never faced something quite like this but indicated the City would get through this.

Councilmember Garvais thanked Mr. Huss for pulling this information together for the Council and said he appreciated staff's team approach on this matter. Ms. Wolfe explained as the City moves forward matters may have to come before the Council for further discussion, such as service levels within City parks.

Mr. Thorvig discussed how development would be impacted in 2020. He noted there were a great deal of single family permits being requested at this time. He stated it was hard to get a read on how development would be impacted. He commented banks were trying to help small businesses at this time in order to get through the pandemic.

Mayor Ryan thanked staff for all of their tremendous efforts.

Ms. Sorensen discussed how liquor licenses would be impacted for 2020. She noted license renewals had been sent with a letter stating the City understood businesses had been impacted by the Governor's Order. She stated the liquor license period was from July 1 through June 30 and understood that Banquets of

Minnesota would be closing operations in Blaine as of April 1. Mr. Huss reported his financial scenarios did show a rebate to liquor license holders for the two month closure of their establishments and indicated this reduction would be passed along to license holders through a reduction in upcoming license renewals fees.

30 Minute Discussion

4 Council Calendar Review

Ms. Wolfe reviewed the Council Calendar.

OTHER BUSINESS

None.

ADJOURN

The Workshop was adjourned at 8:51 p.m.