



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 City Council and staff to discuss issues before them. It is not for the purpose of receiving public input.

Monday, April 4, 2022

6:00 PM

Cloverleaf Farm Room A

NOTICE OF WORKSHOP MEETING

1 Call to Order

The meeting was called to order by Mayor Sanders at 6:06PM.

2 Roll Call

PRESENT: Mayor Tim Sanders, Councilmembers Julie Jeppson, Chris Massoglia, Richard Paul, Jess Robertson, and Jason Smith.

Adjunct Member Drew Brown.

ABSENT: Councilmember Wes Hovland.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; City Planner Sheila Sellman; Community Development Specialist Elizabeth Showalter; Public Works Director Jon Haukaas; Deputy Chief Dan Pelkey; Finance Director Joe Huss; City Engineer Dan Schluender; City Attorney Chris Nelson; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

Present: 6 - Councilmember Robertson, Councilmember Paul, Massoglia, Smith, Sanders, and Councilmember Jeppson

Absent: 1 - Councilmember Hovland

3 New Business

3-1

Suite Living of Blaine Follow-Up Discussion

Attachments: [Blaine Senior Housing Demand Assessment](#)
[Developer Provided Information](#)

City Planner Sellman stated at the January 19, 2022 City Council

meeting, the Council considered a rezoning from B-2 (Community Commercial) to DF (Development Flex) for the property located at 9280 Baltimore Street, and considered granting a conditional use permit for a 32-unit assisted living and memory care facility. The proposed building is 21,000 square feet and will provide 32 private suite units with 20 units providing assisted living, and the other 12 units providing memory care. At the meeting, the City Council expressed concerns with the proposal. The Council explained that this area is an entrance to the City and that the Highway 65 corridor is better suited for commercial uses. The applicant asked the Council if they could have more time to work with staff on the site and bring this item to a workshop to have a more in-depth conversation with the Council. The Council agreed and this item was postponed. Depending on the outcome of the discussion, the item would need to come back to the Council for formal action at a future regular meeting.

Jeremy Larson, Suite Living representative, discussed the single level 32 memory care facility he was proposing to construct in Blaine. He explained he employs 20 to 25 part time/full time employees. He provided the Council with a handout with information on why he believes this facility would benefit Blaine and the seniors aging in the community. He reviewed the occupancy rate for the facilities he already has in operation.

Joe Larson, Suite Living representative, explained his company builds, runs, and maintains the memory care facilities. He reported high visibility sites were important to him and his clients. He explained being on a busy street was also very important. He discussed the work he had completed with staff and noted staff supported this facility being located on this site.

Mr. Larson stated a market study was completed and reported a need was shown for this product in this general area.

Councilmember Robertson explained she does not have an issue with the project. She understood Blaine had a very large senior population that was engaged in the community. She also understood that seniors wanted to be near their families when they reached end of life situations. She respected this fully, but noted her concerns remained with the location, stating this property was on the "front porch" of Blaine. She did not believe this was the right location for senior/memory care units and encouraged the applicant to find another location.

Mr. Larson discussed the surrounding uses for the subject property and noted they were quite varied. He questioned why the Council did not believe the proposed use would fit.

Councilmember Robertson indicated this Council had not approved those uses and was working to transition and redevelop this area of the City. She discussed how the entire TH65 corridor would be reengineered in the coming years which meant there was a lot of unknowns as to how this area would change.

Mr. Larson expressed frustration with the fact this information was not shared with him and his colleagues considering he had spent \$100,000 on the plans for this site over the past year and a half.

Mayor Sanders stated the Council was sympathetic to this but indicated the City Council does not support a zoning change at this time. He indicated the Council did not review this plan until January of 2022. He explained the Council had been saying no to a lot of changes or variance requests along TH65.

Mr. Larson commented he has been doing this for 40 years and asked why the Council had not followed the recommendation of the Planning Commission or had a liaison to the Planning Commission.

Mayor Sanders explained the City Council had the final say on all zoning and rezoning requests. He stated when this request was previously discussed by the Council, the Council had encouraged the applicant to consider other sites in the City.

Mr. Larson expressed frustration with the fact staff had not provided him with any other sites to consider and that staff had proposed this site initially. He shared concerns regarding a disconnect between staff, the Planning Commission, and the City Council. He anticipated the concerns that have been raised by the Council could have been addressed 90 to 120 days ago.

Councilmember Robertson reported she attended the Planning Commission meeting when this project was discussed. She stated when this meeting took place, she reached out to planning staff and told them this was not the right location for this project. She explained it can get complicated because she can't have dialogue with her colleagues outside of the meetings. She apologized to the applicant for the frustration. She noted the Council was attuned to the Planning Commission and was not working to manipulate the outcomes of this group but rather took their recommendations under consideration.

Mr. Larson questioned why staff believed this was a good spot for his project when the Council did not support this location.

Ms. Sellman explained she spoke with applicants and did her best to provide guidance on what she thought was a good project. She reported with any rezoning, there was always a chance that it will not be approved. She indicated staff brought this project forward with no guarantees.

Mr. Larson commented there is usually an indication as to what was going on. He questioned why the Council was considering office on this site.

Mayor Sanders reported this was due to the fact the property was zoned commercial.

Cheryl, property owner of 9280 Baltimore Street, discussed how the changes proposed for TH65 would be from 99th to 117th Avenues.

Mayor Sanders explained this was the case but noted the grade separation would extend beyond 99th Avenue. He indicated there would be frontage roads on both sides of TH65 as well and the City does not have engineering for these frontage roads just yet.

The seller questioned what type of project the City would accept for this property.

Mayor Sanders stated this property was zoned B-2 Community Commercial and any project that meets the B-2 zoning requirements would be supported. However, if a zoning change was requested, Council support would be needed. He indicated he wanted the property owner to be able to sell her property but noted if the buyer was proposing a use outside of the B-2 zoning district it would require a rezoning. He encouraged the seller to have a meeting with staff to learn about what uses would be allowed on this site.

City Manager Wolfe described how staff works closely with developers to make projects work, but noted in the end, this was a public process.

Councilmember Jeppson commented she did not want to stand in the way of a long time resident making plans for her property. She also did not want to stand in front of a business that was trying to make sound business decisions. She reported the Council does not fully know what will happen to this corridor and the unknown was a concern to her. She expressed concern with the fact the applicant was compelled to move forward with this project based on their data, despite all the red flags that have been raised by the City Council. She anticipated there would be very different conversations held soon once this roadway began reconstruction.

Mr. Larson stated he does not know what was going to happen, but he believes this was a good location. He indicated he was the one supporting the project and was willing to do that, however, he was not going to spend anymore money if he did not have the Council's support.

Councilmember Smith commented he likes to be flexible with zoning, but with this project he had trepidation. He discussed the vision for the area, which was general retail, services, and brew pub which fits the area. He stated this is where Blaine was now and where the City wants to be in the future. He explained he supported the project being proposed but did not support rezoning the proposed site to fit this use. He wished the applicants had come forward with another site for the proposed memory care facility.

Councilmember Paul thanked the applicants for attending this meeting. He stated this area was so busy and may require a sound wall in the future. He discussed how the area surrounding 99th Avenue may change after the road was reconstructed, which would impact this project. He discussed how rezoning requests were considered by the Council. He encouraged the applicant to work with staff to find a new location for this project.

Councilmember Massoglia stated while he understood the applicants were frustrated, he would not be able to support the rezoning. He indicated this was a highly visible property in the community that was visioned to be a commercial area.

Council consensus was to not support a rezoning for this site/use.

30 Minute Discussion

3-2

Establishing Housing Improvement Area for Parkshire Woods

Attachments: [Powerpoint Slides](#)
 [Bloomington HIA Policy](#)

Community Development Specialist Showalter stated the Parkshire Woods Townhome Association reached out to City staff inquiring about the possibility of establishing a Housing Improvement Area (HIA) to finance necessary improvements to common elements. HIAs are a mechanism established through Minnesota statutes that allows cities to essentially loan money to a Homeowner's Association (HOA) with the loan paid back with property taxes, similar to special assessments. HOAs have limited ability to borrow from conventional sources due to lack of meaningful collateral. HIAs are a common tool to facilitate improvements to common elements, most often private roads, utilities,

siding, roofing, and similar infrastructure. While the City of Blaine has not previously received a request for establishing an HIA, communities with large numbers of older townhome associations frequently establish HIAs. As housing in Blaine ages, the City is likely to receive more requests for establishing HIAs.

Mayor Sanders asked if the Council supported the development of an HIA policy.

Councilmember Massoglia questioned what would happen if one of the units within the HIA sits vacant for two or three years. Ms. Showalter explained if the property were to go into foreclosure the City would get their money first and what was left would go to the mortgage holder. She understood that this would be a large assessment, considering the overall price of the units.

Councilmember Smith stated it seems these requests may come in waves because the townhomes in the community were aging. For this reason, he supported the City having an HIA policy in place.

Councilmember Robertson commented her inclination was to not support an HIA policy because she did not have a full understanding. She did not believe she would be able to decide on this after one meeting, but rather would require additional information and further dialogue. She reported she wanted to know all the risks prior to moving forward with an HIA policy.

Councilmember Paul indicated he would want to know more about how such a policy and the financing would impact tomorrow. He stated the initiative would be good especially for those who cannot afford to get a loan to improve their housing. He explained the proposed improvements would help the City in the long run because it would be an investment in the housing stock. He anticipated there were a lot of people struggling at this time and would be in need of assistance to maintain their properties. He commented he could support the City moving forward with an HIA policy but would like more information. Ms. Showalter discussed the HIA policy the City of Bloomington had in place. She reported a maximum amount of money could be set within the policy. She commented further on the financial requirements that could be written into the policy, noting only one request could be made from each townhome association in the community.

Mayor Sanders stated he would be in support of pursuing this type of tool for the City. However, he believed more conversations had to be held, especially if bonding was required to assist with financing a project. He wanted to be sure all risks were mitigated as well. He indicated the

consensus of the Council was to support an HIA policy. At this time, he asked if a representative from Parkshire Woods wanted to address the Council.

Zack Hunter, Field Service Management, discussed how his firm maintains the Parkshire Woods property and found the structural problem within the garages. He reported if the structural problem was not addressed, the units will fail. He discussed the expense for the project noting safety would be the utmost importance for both the units themselves and his workers. He commented on the preventative maintenance that would have to be done to prevent future ice dams.

Kate Grutzmacher, president of management firm, introduced herself to the Council. She reported Anne Crisp with Encompass Engineering would be working with her and Mr. Hunter on this project. She reported it was imperative that this work be completed and that it be done in a timely manner. She discussed the unique challenges that were facing Parkshire Woods given the fact this was an intimate community.

Councilmember Jeppson asked what the risk was to the occupants of the property and the urgency to get this taken care of. Ms. Grutzmacher reported the properties have been stabilized and the property was in a temporary holding station. She indicated the temporary shoring was not a long-term solution. She commented the occupants could not sit on this project for multiple years, but rather should have the work done in the next 12 months. Ms. Crisp commented it was much riskier in the winter months because of the weight or load on the roof. She indicated at this time the properties were stable and she was concerned how the units would respond to a large snowfall next winter.

Further comment ensued regarding the scope of the project.

Mayor Sanders questioned what the average value was for a unit within Parkshire Woods at this time. Spokesperson estimated the units were approaching \$215,000.

Councilmember Robertson commented she had so many questions and recommended this matter be brought back to a future workshop meeting. Ms. Showalter requested the Council forward their questions to staff to allow her to prepare for a future meeting.

Councilmember Robertson questioned if homeowner's insurance could cover any of the expense for the repairs. Ms. Grutzmacher described the type of events that were covered by homeowner's insurance (wind, hail, act of God) and those that were not. She reported this was not a

coverable loss because it was not a one-time event, but rather happened over time due to a construction defect.

Mayor Sanders expressed concern with the fact these units were valued at \$200,000 to \$215,000 and the cost to get these units to a point where they could function was 30% to 40% of their value. He recommended the Council look further into the risk and gain of this type of financing. He did not want to pass along an assessment of \$80,000 if the homeowners do not have at least \$80,000 in equity. Ms. Grutzmacher reported the homeowner's association cannot get financing for this project and anticipated without financing these units will be foreclosed.

Councilmember Massoglia asked if the homeowner's association should be contacting a lawyer to assist with addressing the disfunction. Ms. Grutzmacher reported the property was well outside the statute of limitation for a construction defect.

Councilmember Massoglia indicated he wanted to help the residents, but he did not want to put the City in a bad situation.

Mayor Sanders requested staff further investigate how an HIA could be established and report back to the Council at a future meeting.

Council requested more information at a future workshop meeting on how an HIA could be established to assist Parkshire Woods.

30 Minute Discussion

3-3

Police Department 2021 Year in Review

Attachments: [2021 BPD Annual Report](#)
 [2021 BPD Year in Review](#)

Deputy Chief Pelkey stated the police department publishes an annual report each year to provide public disclosure of their accomplishments, activities, budgets, and crime statistics over the past year. A detailed presentation was made to the Council on the 2021 Annual Report. He discussed how administrative services was under budget due to lack of staffing. He commented on the renovation project that occurred at City Hall. He noted calls for service have continued to grow as the City continues to grow but noted there has been a decline in Part 1 and Part 2 crimes. He discussed the number of overdoses that were occurring in the community stating these were on the rise. He commented on how the mental health professional has been positively impacting the community while also leading to a reduction in calls for service. The value of the department's crime analyst was described. He thanked the City Council for their continued support noting this was greatly valued by all members of the Blaine Police Department.

Councilmember Robertson requested an update on the home on 124th Avenue. Deputy Chief Pelkey provided the Council with the plan of action that has been taken for this property.

Discussed

30 Minute Discussion

4 Other Business

None.

ADJOURN

The Workshop was adjourned at 7:30PM.

Adjourned