

UNAPPROVED

**CITY OF BLAINE
ANOKA COUNTY, MINNESOTA
CITY COUNCIL WORKSHOP
Monday, August 5, 2019**

6:20 p.m.
Cloverleaf Farm Room
10801 Town Square Drive

CALL TO ORDER

The meeting was called to order by Mayor Ryan at 6:30 p.m.

ROLL CALL

PRESENT: Mayor Tom Ryan, Councilmembers Andy Garvais, Wes Hovland, Julie Jeppson, Richard Paul, Jess Robertson, and Dick Swanson.

ABSENT: None.

Quorum Present.

ALSO PRESENT: Acting City Manager Joe Huss; Community Development Director Erik Thorvig; Public Works Director Jon Haukaas; Police Chief/Safety Services Manager Brian Podany; Public Services Manager/Assistant City Manager Bob Therres; City Engineer Dan Schluender; City Attorney Patrick Sweeney; Senior Engineering Technician Al Thorp; Acting HR Director Sheri Chesness; Communications Technician Roark Haver; Associate Planner Lori Johnson; Accounting Supervisor Bonnie Friedrich; Communications Coordinator Ben Hayle; and City Clerk Catherine Sorensen.

3.1 Update on City Hall/Police Building Renovation and Expansion to Third Floor.

Public Services Manager/Assistant City Manager Therres stated Wold Architects was present to give an update on the progress of the City Hall/Police building renovations and expansion to the third floor. He said they would present concept plans for the proposed renovations and expansion and that staff requested feedback from the Council on the concepts to date and any changes that might need to take place.

Joel Dunning, Wold Architects, discussed the City Hall/Police building renovation and expansion plans with the Council. He explained his staff has been reviewing the programmatic needs at City Hall and how best to plan for the future needs of the City. He described how service was being delivered to residents throughout the building and indicated the City was serving the public well. He noted there was interest in moving the high-volume counters to the first floor while having a welcoming greeting area near the main entrance. He discussed the space standards that were being considered for each department stating each department could also have collaboration and meeting space. The adjustments proposed for the Police Department portion of the building were then reviewed. He then described the plans for the second and third floor of City Hall.

Mayor Ryan stated it was key for him that the consultants gain feedback from each of the departments to ensure all needs at City Hall were being met through this renovation project. He requested an outside elevator be considered for moving building materials into the second and third floor of City Hall.

Councilmember Jeppson asked if the hallway on the first floor was being removed. Mr. Therres stated early conversations with the Council was to have the hallway remain.

Councilmember Swanson requested the hallway remain as it provided an enclosed walkway from the handicap parking area to access City Hall. He stated he had no issues with the second floor but requested a Council meeting area be added on the first floor of City Hall.

Mayor Ryan recommended this designated meeting space be secure in order to keep the Mayor and Council members protected. Mr. Dunning stated he had heard from staff that City Hall did not have enough public meeting spaces.

Mayor Ryan asked what the next steps were for this project. Mr. Therres explained next steps would be to get RJM Construction to review the plans and for staff to bring the price quotes back to the Council for review.

Council consensus was to support the overall concept for the third-floor expansion and customer service area but requested a Council-designated meeting space be considered.

3.2 2018 CAFR/Audit Review.

Finance Director Huss stated representatives from the City's external auditing firm, Redpath and Company, Ltd., was present to discuss the City's 2018 Comprehensive Annual Financial Report (CAFR) and the auditing process. He said discussion would focus primarily on the report on internal control, the audit process, and new auditing standards that are forthcoming. R&C will also be presenting information to the Council at the regular Council Meeting later in the evening under the Communications portion of the agenda.

Peggy Moeller, Redpath and Company, Ltd., reviewed the 2018 audit and financial reports with the Council. She commended the Council on its financial efforts and noted the City had received a clean or unmodified opinion on the audit. She discussed the City's revenues and expenditures for the previous year, along with the City's fund balance policy. She commented on several GASB changes that the City would have to implement in the coming years then thanked staff for their assistance with the audit.

Mayor Ryan thanked staff and Ms. Moeller from Redpath & Company for the detailed reports.

3.3 Consider Development Proposal for EDA Owned Land Next to Former K-Mart.

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. It was noted the EDA owns 2.15 acres along University Ave and 2.88 acres along 89th Avenue. The EDA has been holding the land in hopes of it being part of a larger redevelopment of 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. Another 20,000 sf. of space is also available for lease. 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 were no specific interest from developers and the direction was to wait on both areas.

Mr. Thorvig explained staff have been approached by a developer 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/Planning Commercial. The developer likes this particular site because of its access to walkable amenities and services. He stated the developer is proposing a four-story (one-story parking, three-story residential), 90-unit market rate apartment building with 74 underground stalls and 107 surface stalls. The parking ratio does not meet our 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 by staff along with the general layout of the area noting there would be 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.

Mr. Thorvig indicated the site plan shows 41 studio units, 29 one-bed units and 20 two-bed 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 \$950-\$1100 for a studio, \$1,125-\$1,300 for a one-bedroom and \$1,600-\$1,800 for a two-bedroom unit. These rates are similar to the above referenced apartment buildings. The developer may also look into the possibility of having a portion of the units be made available to renters at a certain percentage of the area median income with a reduction in rental rates. If this occurs, there may be a financial request from the EDA to help off-set the reduced rental income. The developer is requesting clear direction from the city council whether the city is interested in this type of use. If the developer moves forward with a proposal, a formal action and public hearing would be required by the EDA to sell the land along with a rezoning, conditional use permit and plat.

Mayor Ryan asked if the City had too many apartments at this time. Mr. Thorvig stated these were decisions the City let developers make after completing market studies but explained the vacancy rates in Emberwood and Berkshire were quite low and he believed there was still a market for apartment buildings in the City of Blaine.

Councilmember Jeppson indicated she was a proponent for additional housing options in the City and she believed this was a great location for an apartment building.

Councilmember Hovland stated he did not believe the City would be doing the neighborhood a favor by introducing more market rate or low-income housing in this area. He explained he was not opposed to more housing but just wanted the impact for this neighborhood to be further considered then asked if the developer had considered the other EDA-owned site.

Councilmember Swanson indicated he supported the development of housing on this site versus retail. He recommended the design be considered carefully to ensure the adjacent neighborhood was adversely impacted.

Pat Cruikshank, Coalition Development, introduced himself to the Council and explained they had reviewed both sites and indicated his firm worked to redevelop vacant spaces to get them back on the tax rolls. He discussed how the proposed apartment building would serve as a buffer between the adjacent retail and single-family residential homes. He explained he would work to keep a buffer in place between the building and the neighbors. He estimated 90 units could be located on this site.

Councilmember Robertson stated she believed this was a good use of the space and recommended good pedestrian connections be considered for the site. Mr. Cruikshank explained TIF funding could assist with creating an affordable housing development.

Councilmember Garvais stated he liked the concept and suggested further conversations be held regarding affordable housing options.

Councilmember Hovland indicated he did not support an affordable housing complex on this site.

Councilmember Swanson stated if an affordable project were completed on this site he would like to see all future apartment complexes constructed outside of Ward 1.

OTHER BUSINESS

None.

The Workshop was adjourned at 7:28 p.m.

Tom Ryan, Mayor

ATTEST:

Catherine Sorensen, CMC, City Clerk
Submitted by TimeSaver Off Site Secretarial, Inc.