

CITY OF BLAINE  
ANOKA COUNTY, MINNESOTA  
CITY COUNCIL WORKSHOP  
Monday, September 12, 2022

6:00PM  
Cloverleaf Farm Room A  
10801 Town Square Drive

**CALL TO ORDER**

The meeting was called to order by Mayor Sanders at 6:00PM.

**ROLL CALL**

**PRESENT:** Mayor Tim Sanders, Councilmembers Julie Jeppson, Chris Massoglia, Tom Newland, and Jess Robertson.

**ABSENT:** Councilmembers Wes Hovland and Richard Paul.

Quorum Present.

**ALSO PRESENT:** City Manager Michelle Wolfe; Community Development Director Erik Thorvig; Public Works Director Jon Haukaas; Safety Services Manager/Police Chief Brian Podany; Finance Director Joe Huss; Deputy Finance Director Alison Bong; City Engineer Dan Schluender; Communications Manager Ben Hayle; Budget/Fiscal Analyst Ward Brown; Fiscal Analyst Jenna Trittin; Deputy Public Works Director Nick Fleischhacker; Director of Administration Cassandra Tabor; and City Clerk Catherine Sorensen.

3.1 Lake Region Hockey Association Request to Consider Premises Permit at Fogerty Arena/Moe's at the Icehouse.

City Clerk Sorensen stated Scott Jahnke, Lake Region Hockey Association, is requesting consideration of an operational waiver to conduct charitable gambling at Fogerty Arena/Moe's at the Icehouse. Lake Region Hockey Association currently conducts charitable gambling at Moe's American Grill in Mounds View, which supports youth hockey for Mounds View/Irondale schools. Rob Hall, Fogerty Arena, and Jeff Moritko, Moe's at the Icehouse, would like to provide charitable gambling at Fogerty once again as they believe it is necessary for business. Spring Lake Park Lions was conducting gambling at this site but stopped in 2021 as it was no longer financially viable for their organization to continue at this site. A waiver was granted to Spring Lake Park Lions in 2014 as their principal business is in Spring Lake Park. Staff commented on the requirements within City code for charitable gambling permits. It was noted the trade area for lawful expenditures includes the City of Mounds View and Lake

Region Hockey would be required to contribute 10 percent of its net profits from gambling to the City of Blaine if approved. Blaine Youth Hockey had approached Fogerty regarding this site but have reached their maximum of four gambling locations per City code.

Mayor Sanders asked if Spring Lake Park was at their maximum. Ms. Sorensen stated Spring Lake Park was not at their maximum but were approached again and was not interested in locating at Moe's based on their staffing and size.

Councilmember Newland suggested the City do its due diligence to ask some of the Blaine based charitable gambling organizations, specifically the Blaine Festival to ensure that they are not being overlooked first, but if none were interested then he supported Lake Regional Hockey at this location.

Mayor Sanders and Councilmember Jeppson supported this recommendation.

Councilmember Massoglia stated part of him supported Lake Regional Hockey having this opportunity because they asked, but if there were groups in Blaine looking he had no problem reaching out to them.

Councilmember Robertson commented she had no problem with Lake Regional Hockey operating out of Moe's but agreed the Blaine Festival Committee should be asked first about this opportunity. She reported the Council may need to reconsider the number of charitable gambling licenses that are allowed in Blaine as the community continues to grow.

Council consensus was to direct Fogerty Arena to speak with Blaine based charitable gambling organizations to see if they would be interested in locating at Moe's before considering Lake Regional Hockey at this location.

### 3.2 Enterprise Funds Budget Preview and Introduction of Rate Study.

Deputy Finance Director Bong introduced initial high-level models of the City's water, sanitary, and storm sewer utility fund budgets and presented the need for a significant overhaul of the rates charged to support the utilities' operations and systems maintenance. The utility budgets are constructed and funds appropriated with the goal of operating and maintaining systems that meet the level of service established by Council and meet the needs of the City's residents and commercial enterprises. Council guidance supports this endeavor to have water delivered to homes that meet the highest standards possible and wastewater and stormwater drainage cleared through the system with no backups, breaks, or flooding. Discussions during the August 8 workshop related to the City's long-term water treatment plant capacities indicated the Council supported a standard service level that provides fully treated water for normal consumption periods and very low rates (10-25% max) of untreated water on the highest consumption days as the City continues to grow. Staff presented each utility briefly,

discussed new staff members being recommended and commented further on the deferred maintenance that was required by the City.

Councilmember Jeppson questioned how much was spent on the water treatment plant. Public Works Director Haukaas reported the City spent approximately \$30 million.

Councilmember Jeppson asked if staff received any feedback regarding the tiered system. Ms. Bong stated she had not received a great deal of feedback except several residents questioning why rates were being raised. She commented further on how the current tiered structure would not produce the level of service asked for.

Councilmember Jeppson inquired if the tiered system changed behavior or water usage. Mr. Haukaas explained the benefit of a tiered system was that it raised awareness.

Councilmember Jeppson asked if the increases proposed for sanitary sewer were due to deferred maintenance. Mr. Haukaas reported the majority was for deferred maintenance. He stated pumps were growing old along with other equipment. He indicated there was also a need to add in redundancy projects to improve the overall health of the system.

Further discussion ensued regarding how sanitary sewer was charged to residents and how the City addressed large capacity users.

Councilmember Massoglia questioned what kind of capital improvements were needed within the stormwater system. Mr. Haukaas reported the City must meet current standards with all street projects and these improvements go directly to the stormwater enterprise.

Councilmember Robertson asked if the City would pay additional funds for the rate study from Baker Tilly. Ms. Bong reported cost for the rate study was \$43,000, which was a very competitive price against the other quotes the City received.

Councilmember Massoglia inquired how the capital improvements within the enterprise funds were connected to the CIP. Ms. Bong described how the capital improvements were connected to the CIP. Finance Director Huss commented on how the rate study would assist staff in planning for future capital expenditures.

### 3.3 Preliminary Levy and City Manager Initial General Fund Budget.

Mr. Huss stated Council members participated in small group discussions between August 2 and August 10 during which staff presented the City Manager's initial general fund budget and a recommendation for the preliminary levy. Based on that feedback, staff produced a final presentation from the small group meetings which includes additional details and a

supplement with questions and answers and topics requested for further discussion by Council.

Ms. Bong reported State statute requires local governments to adopt a preliminary levy by September 30; Council will vote to adopt the preliminary levy for both the general levy and the Economic Development Authority (EDA) levy at the September 19 Council meeting and will adopt the final levy for both on December 19. Best practice is to adopt a preliminary levy that provides adequate flexibility for the Council to react to changing economic conditions and needs of the community. Because the final levy cannot exceed the preliminary levy, staff has prepared a few scenarios for Council to consider for a preliminary levy. Staff commented further on the preliminary levy and requested comments or questions from the Council.

Councilmember Jeppson requested further information regarding proposed tax levy increase. Mr. Huss explained the 5.4% increase is the increase in the dollar amount of the levy, not the increase in the tax rate.

City Manager Wolfe commented on several items being proposed for 2023 such as special event banners in the City. Councilmember Robertson stated this was her suggestion and believed the banners would assist in branding the City.

Mayor Sanders supported the City investigating banners for 2023.

Councilmember Newland did not believe this was a priority at this time.

Ms. Wolfe discussed small business loan grant relief program and stated she anticipated the City would have to adjust the amount in the revolving fund. She commented on how staff would continue to educate residents and market the community to businesses. The City's other strategic priorities for 2023 were reviewed.

Mayor Sanders stated he was interested in having further discussion regarding service levels and what it would cost to take care of the City's parks.

Councilmember Jeppson suggested the North Metro Mayors Association (NMMA) be added back into the budget as she believed this group would be important to keep moving TH65 forward.

Mayor Sanders indicated he spoke with NMMA and how the \$23,000 would be used to benefit the City as we were already paying a federal lobbyist to advocate on behalf of the community. He stated if the organization could provide value, he would consider rejoining the North Metro Mayors Association.

Councilmember Robertson reported she did not support rejoining this group.

Councilmember Newland commented he understood relationship building took time but believed there had to be a measurable, tangible result in order for him to support rejoining this organization.

Councilmember Jeppson agreed and recommended the City hold this group to a higher standard.

Councilmember Robertson anticipated most mayors were not eight-year legislators like Mayor Sanders and did not support the City spending \$23,000 when the City already has lobbyists working on their behalf. She appreciated how Lockridge and the federal lobbyists have risen to the occasion.

Ms. Bong questioned if the Council supported increasing the EDA levy.

Councilmember Newland stated he supported increasing the EDA levy.

Mayor Sanders asked what these additional funds would be spent on. Community Development Director Thorvig explained the additional funding could be used to complete a traffic and utility study on the Northtown Mall area or other one-time studies that will be needed for the 105<sup>th</sup> area.

Mr. Huss reported the \$1.2 million provides a safety net for the Council and noted this amount could always be pulled back in December.

Councilmember Jeppson questioned if the EDA paid the City property taxes for commercial businesses when they purchase a commercial property. Mr. Thorvig explained the City can apply for tax exemption for properties that are held for redevelopment. He stated in properties that are purchased and leased back; the City may be responsible for paying property taxes.

Councilmember Jeppson stated she did not feel comfortable providing any direction on the preliminary levy and budget because she still had questions answered then requested further comment on the \$2 million in increases as she would like to confirm if they were truly needed. Ms. Wolfe discussed the proposed increases in further detail with the Council.

Councilmember Massoglia stated he appreciated the approach taken on the budget this year. He explained he liked seeing the service level model for the budget along with the base level budgeting and indicated he could support a 5% increase in the general fund. He did not support an 8% increase but noted he could support an increase for the EDA as well as for parks and trails.

Councilmember Newland commented he could support a maximum amount, with the initial plus the 3% as a cap. He stated the Council could always come back and reduce this amount. He explained if the Council were to set the amount at 5% for the preliminary levy, levels of flexibility would be limited.

Councilmember Robertson explained she appreciated the budget process followed this year because it was more engaging and there were fewer surprises but believed there were still gaps. She noted she had further questions with how inflation was impacting the tax rate.

Ms. Wolfe stated her goal would be to keep the additional request low or have it fit within the original amount. She reported she was hearing support for \$1.2 million on the EDA levy and the 5% for the rest of the budget and said staff would prepare the preliminary budget and levy based on these figures.

### Other Business

#### 4.1 American Rescue Plan Act Update

Mr. Huss provided the Council with an update on the American Rescue Plan Act. He reported the City was still waiting to receive its second payment and had contacted the Treasury Department.

Ms. Wolfe explained staff was getting closer to bringing a recommendation forward for the City's ARPA funds.

Ms. Wolfe provided the Council with an update from the Ferguson Group and commented on their draft federal agenda and work plan. She discussed the work the Jacobson Law Group could do for the City to assist with earmarking dollars at the federal level for TH65. She noted an agreement with the Jacobson Law Group would be coming before the Council for formal consideration.

Mr. Thorvig requested Council respond regarding developer interview dates for the 105<sup>th</sup> Avenue development project.

The Workshop was adjourned at 8:41 PM.

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Tim Sanders, Mayor

ATTEST:

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Catherine Sorensen, CMC, City Clerk  
*Submitted by Minute Maker Secretarial*