



**City of Blaine**  
**Anoka County, Minnesota**  
**Minutes - Final**  
**City Council**

Blaine City Hall  
10801 Town Square Dr NE  
Blaine, MN 55449

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Thursday, December 10, 2015

7:30 PM

Council Chambers

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**1. CALL TO ORDER BY THE MAYOR**

The meeting was called to order at 7:50 p.m. by Mayor Ryan followed by the Pledge of Allegiance and the Roll Call.

**2. PLEDGE OF ALLEGIANCE**

**3. ROLL CALL**

Quorum present.

**ALSO PRESENT:** City Manager Clark Arneson; City Attorney Patrick Sweeney; Planning and Community Development Director Bryan Schafer; Public Services Manager Bob Therres; Finance Director Joe Huss; Economic Development Coordinator Erik Thorvig; Senior Engineering Technician Al Thorp; City Clerk Catherine Sorensen; and Recording Secretary Linda Dahlquist.

**Present:** 7 - Tom Ryan, Councilmember Swanson, Councilmember Bourke, Councilmember Herbst, Councilmember Clark, Councilmember King and Councilmember Hovland

**4. APPROVAL OF MINUTES**

**4.-1 [MIN 15-37](#) RECENTLY HELD MEETINGS**

**Moved by Councilmember Swanson, seconded by Councilmember Bourke, that the Regular Meeting Minutes of November 5, 2015, be approved.**

**Motion adopted 5-0-2 (Councilmember Clark abstained from the Regular Meeting Minutes of November 5, 2015 due to his absence. Councilmember Hovland abstained from the Regular Meeting Minutes of November 5, 2015 due to his absence.)**

**Aye:** 5 - Mayor Ryan, Councilmember Swanson, Councilmember Bourke, Councilmember Herbst and Councilmember King

**Abstain:** 2 - Councilmember Clark and Councilmember Hovland

**5. AWARDS - PRESENTATIONS - ORGANIZATIONAL BUSINESS**

None.

**6. COMMUNICATIONS**

None.

**7. OPEN FORUM FOR CITIZEN INPUT**

None.

**8. ADOPTION OF AGENDA**

Mayor Ryan moved agenda items 11.1, 11.2 and 11.3 up on the agenda.

**9. 8:00 P.M. - PUBLIC HEARING AND ITEMS SET FOR A CERTAIN TIME**

Moved on the agenda to follow agenda item 11.3.

**10. APPROVAL OF CONSENT AGENDA:**

None.

**11. DEVELOPMENT BUSINESS****11.-1 [RES 15-203](#)**

GRANTING A COMPREHENSIVE LAND USE AMENDMENT FROM LI (LIGHT INDUSTRIAL) TO HI (HEAVY INDUSTRIAL) AT 9949 NAPLES STREET NE. CROWN ENTERPRISES, INC. (CASE FILE NO. 15-0051/BKS)

Planning and Community Development Director Schafer stated Crown Enterprises, a national truck freight company, is pursuing a 40-acre site on Naples Street.

Councilmember Hovland stated he is in favor of heavy industrial in this area.

Councilmember Bourke requested the differences between heavy industrial and light industrial. Planning and Community Development Director Schafer replied the difference is the type of traffic and products.

Councilmember Bourke commented there is no difference between this business and a busy warehouse. Planning and Community Development Director Schafer replied light industrial is common near residential areas. He noted it is the site activity and that heavy industrial should not be near residential and this will be a very busy site.

Councilmember Swanson commented he is going to vote against all three agenda items.

Mayor Ryan commented his entire life has revolved around trucking and noted other trucking firms' properties are well kept. He commented the Crown site plan looks nice. He noted light industrial wages are not as high as heavy industrial business and that this business fits the area.

Councilmember Bourke stated lots near this site are zoned light industrial. He noted this site is primarily wetlands and the owner could only use 2/3 of the property. He commented he supports all three agenda items.

Councilmember King stated he agrees with Mayor Ryan and Councilmember Bourke and believes this business will be a good fit for the area.

Councilmember Clark stated he has issues with expanding trucking near the airport. He commented office development or light industrial businesses create more jobs. He noted that the whole area will go to heavy industrial.

Councilmember Hovland commented the heavy industrial industry has livable wages.

**Moved by Councilmember Hovland, seconded by Councilmember King, that Resolution 15-203, "Granting a Comprehensive Land Use Amendment from L-I (Light Industrial) to H-I (Heavy Industrial) at 9949 Naples Street NE. Crown Enterprises, Inc.," be approved.**

**Councilmember Bourke – Yes  
Councilmember Clark – No  
Councilmember Herbst – Yes  
Councilmember Hovland – Yes  
Councilmember King – Yes  
Councilmember Swanson – No  
Mayor Ryan – Yes**

**Motion adopted 5-2.**

**Aye:** 5 - Mayor Ryan, Councilmember Bourke, Councilmember Herbst, Councilmember King and Councilmember Hovland

**Nay:** 2 - Councilmember Swanson and Councilmember Clark

## 11.-2 [ORD 15-2331](#)

### SECOND READING

GRANTING A REZONING FROM I-1 (LIGHT INDUSTRIAL) TO I-2A (HEAVY INDUSTRIAL) AT 9949 NAPLES STREET NE. CROWN ENTERPRISES, INC. (CASE FILE NO. 15-0051/BKS)

Planning and Community Development Director Schafer stated Crown Enterprises, a national truck freight company, is pursuing a 40-acre site on Naples Street.

**Moved by Councilmember Herbst, seconded by Councilmember Bourke, that Ordinance 15-2331, "Granting a Rezoning From I-1 (Light Industrial) to I-2A (Heavy Industrial) at 9949 Naples Street NE. Crown Enterprises, Inc.," be**

approved.

**Councilmember Bourke – Yes**  
**Councilmember Clark – No**  
**Councilmember Herbst – Yes**  
**Councilmember Hovland – Yes**  
**Councilmember King – Yes**  
**Councilmember Swanson – No**  
**Mayor Ryan – Yes**

**Motion adopted 5-2.**

**Aye:** 5 - Mayor Ryan, Councilmember Swanson, Councilmember Clark,  
Councilmember King and Councilmember Hovland

**Nay:** 2 - Councilmember Bourke and Councilmember Herbst

**11.-3** [RES 15-204](#)

GRANTING A CONDITIONAL USE PERMIT TO ALLOW FOR DEVELOPMENT OF A TRUCK TERMINAL/TRANSFER FACILITY AT 9949 NAPLES STREET NE. CROWN ENTERPRISES, INC. (CASE FILE NO. 15-0051/BKS)

Planning and Community Development Director Schafer stated Crown Enterprises, a national truck freight company, is pursuing a 40-acre site on Naples Street.

**Moved by Councilmember Bourke, seconded by Mayor Ryan, that Resolution 15-204, “Granting a Conditional Use Permit to Allow for Development of a Truck Terminal/Transfer Facility at 9949 Naples Street NE. Crown Enterprises, Inc.,” be approved.**

**Councilmember Bourke – Yes**  
**Councilmember Clark – No**  
**Councilmember Herbst – Yes**  
**Councilmember Hovland – Yes**  
**Councilmember King – Yes**  
**Councilmember Swanson – No**  
**Mayor Ryan – Yes**

**Motion adopted 5-2.**

**Aye:** 5 - Mayor Ryan, Councilmember Swanson, Councilmember Bourke,  
Councilmember Herbst and Councilmember King

**Nay:** 2 - Councilmember Clark and Councilmember Hovland

Moved by Councilmember Swanson, seconded by Councilmember Hovland, that a six-month moratorium be placed on trucking until the Council defines a heavy industrial trucking policy.

City Attorney Sweeney stated the City has the right to place a moratorium on property to complete a study.

Councilmember Clark asked if it would be sufficient for the Council to

consider changes to the zoning ordinance that would impact an applicant as a justification for the moratorium. City Attorney Sweeney said yes, but the Council should outline the justification more stating a moratorium is an opportunity to research and investigate different impacts of different uses.

Councilmember Swanson withdrew his motion.

Councilmember Bourke commented the City's zoning needs to be expanded.

Councilmember King asked if there are potential zoning changes in the near future. Planning and Community Development Director Schafer replied yes, there is more activity now that could involve zoning changes.

**Moved by Councilmember Clark, seconded by Councilmember Swanson for staff to research heavy industrial zoning to determine if a moratorium is necessary and justified and to report back to Council at the next Regular Council meeting.**

**Motion adopted unanimously.**

**Aye:** 7 - Mayor Ryan, Councilmember Swanson, Councilmember Bourke, Councilmember Herbst, Councilmember Clark, Councilmember King and Councilmember Hovland

#### **8:00 P.M. - PUBLIC HEARING AND ITEMS SET FOR A CERTAIN TIME (continued)**

##### **9.-1 [Com 15-03](#)**

#### **TRUTH-IN-TAXATION HEARING**

Finance Director Huss stated this is the annual truth in taxation public hearing and no action will be taken tonight. He gave an overview of how property taxes are determined.

Finance Director Huss stated the estimated 2016 Tax Levy preliminary tax rate was estimated at 36.324% and the actual rate is 36.692%. He stated Council directed staff to reduce the proposed 2016 tax levy by .5% resulting in a proposed tax levy of 35.824% equaling the tax rate of 2015. He gave an overview of levy comparisons in previous years and the tax rates and comparative costs in taxes and utilities with surrounding cities.

Finance Director Huss gave an overview of the preliminary 2016 General Fund Budget. He stated with the proposed tax levy of 35.824%, the proposed 2016 General Fund budget will need to be subsidized by \$280,000 unrestricted reserve draw.

Finance Director Huss gave an overview of the five-year projection with the assumption of a 3.5% annual increase in tax base and a second projection with the assumption of a 5% annual growth in the City's tax base. He noted concerns include EDA operations are not fully supported by levy and PMP relying on unrestricted funds. He noted other concerns are market value

corrections or unrealized projections, legislative acts on levy limits and taxable value formula changes, and fiscal disparities assumptions. He commented the City has three employees for every 1,000 residents. He noted the City maintains AA+ Bond rating from Standard and Poor's.

Mayor Ryan opened the public hearing at 8:44 p.m.

John Erar, 2543 Tournament Players Court South, stated last year the Council reduced the budget by \$500,000 and the net of new dollars was \$1,400,000. He stated the City will collect \$543,110 in new dollars in 2015. Finance Director Huss replied that was the number from the preliminary budget.

Mr. Erar stated the City's fund balance increased by \$1.3 million. City Manager Arneson replied three police officer positions were held open. He stated revenues are up but not through taxes.

Mr. Erar asked why the Council does not talk about new dollars that are collected. He asked if there is any discussion on tax capacity rate. Councilmember Bourke replied the new tax capacity is from new development. He stated the new money is not in excess, it is used in operations. He noted staffing levels have not increased.

Mr. Erar asked what new parks are open. Mayor Ryan replied the Lexington Complex is a new park and also the acquisition of 105th Avenue from Anoka County.

Councilmember Herbst stated the preliminary budget has been lowered. He noted the new money is used for wage increases and elections. He commented the City is bargaining with the Unions.

Mr. Erar asked the Council what they are doing to cut expenses. He noted that the funds are going to the general fund reserve. He commented commercial and industrial have dropped. City Manager Arneson replied commercial and industrial property values have not fully recovered from the recession.

Mr. Erar stated the City is low compared to other cities. He asked what level is needed in the reserves. Finance Director Huss replied 33-35% is needed in reserve. He noted that \$1.1 million was designated for the Pavement Management Program and capital equipment. He noted revenues came in higher than budgeted and are used to offset expenses.

Councilmember Herbst stated the general fund has contingency funds and cash flow funds. He noted the money manager is managing \$70 million.

Councilmember Bourke stated the Council has been using the unrestricted

funds to cover expenses.

Councilmember Herbst commented the City uses the unrestricted funds for street seal coating.

Mr. Erar asked why levy more than what is needed.

Mayor Ryan commented some of the homes in Club West continue to drop in value.

Mr. Erar stated as property values decline, the City will need to raise the levy to collect the amount from the year before and that is dangerous.

Councilmember Clark commented the values that are declining now may come back in 2018 because there is a lag and the Council continues to look for efficiencies.

Mr. Erar stated the Council needs to look at technology to improve efficiency. Councilmember Clark replied the Council is evaluating IT and looking at external organizations for efficiencies.

Councilmember Bourke commented be brought up researching unessential mowing and other opportunities.

Councilmember Clark commented the staff uses assumption based budgeting.

Pat Schroedl, 782 125th Lane NE, stated her taxes increased 40% in 2015 and are going up 12% more in 2016. She asked why it is going up again. She stated her home value is estimated to be \$112,700.

Finance Director Huss stated Ms. Schroedl's home is increasing in value and reducing in market value exclusion. He noted her statement was based on the preliminary tax levy and will go down.

Councilmember Clark commented the increase in 2015 was used for services and programs.

Councilmember Bourke commented there have been no layoffs and the City has been proactive in improving infrastructure.

Mayor Ryan commented it is difficult to predict taxable market values.

Mayor Ryan closed the public hearing at 9:13 p.m.

**Public hearing held.**

## AMENDING APPENDIX D - FEE SCHEDULE OF THE MUNICIPAL CODE OF THE CITY OF BLAINE

Mayor Ryan opened the public hearing at 9:14 p.m.

City Manager Arneson gave an overview of the proposed Fee Schedule for services provided by the City.

Councilmember Bourke asked about mowing administration fee. City Manager Arneson replied this fee covers staff cost.

Councilmember Clark commented the services are self sustaining through the fee.

Councilmember Herbst asked about large group park fees Aquatore Park and Town Square. Public Services Manager Therres replied this is a new fee for large groups using the large parks.

Being no comments, Mayor Ryan closed the public hearing at 9:18 p.m.

**Declared by Mayor Ryan that Ordinance 15-2336, "Amending Appendix D – Fee Schedule of the Municipal Code of the City of Blaine" be introduced and placed on file for second reading at the December 17, 2015, Council meeting.**

### 12. ADMINISTRATION

None.

### 13. OTHER BUSINESS

Mayor Ryan stated a replacement piano has been purchased for Cloverleaf Courts.

**Informational; no action required.**

### 14. ADJOURNMENT

**Moved by Councilmember Herbst, seconded by Councilmember Bourke, to adjourn the meeting at 9:20 p.m.**

**Aye:** 7 - Mayor Ryan, Councilmember Swanson, Councilmember Bourke, Councilmember Herbst, Councilmember Clark, Councilmember King and Councilmember Hovland