

UNAPPROVED

CITY OF BLAINE
ANOKA COUNTY, MINNESOTA
CITY COUNCIL WORKSHOP
Thursday, April 13, 2017

6:30 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 Dave Clark, Andy Garvais, Wes Hovland, Julie Jeppson, and Dick Swanson.

ABSENT: Councilmember Jason King.

Quorum Present.

ALSO PRESENT: City Manager Clark Arneson; Planning and Community Development Director Bryan Schafer; Finance Director Joe Huss; Police Chief/Safety Services Manager Chris Olson; Economic Development Coordinator Erik Thorvig; Public Services Manager Bob Therres; Fire Chief Charlie Smith; City Engineer Jean Keely; Communications Technician Roark Haver; Senior Engineering Technician Jason Sundeen; and City Clerk Catherine Sorensen.

3.1 Redevelopment of 102nd Avenue/University Avenue Offices.

Planning and Community Development Director Schafer stated early last summer a housing provider submitted a concept plan for the redevelopment of the three walk-up office buildings located at University and 102nd Avenues. At the time the Council consensus was that the apartment building project was too tall (3 stories over parking) and might create a negative impact for the neighborhood to the east. Over the past 10 months a number of inquiries have been made related to possible redevelopment of the site and at this point the owners are anxious to see if redevelopment is possible. All of the interest (3 different development proposals) at this point involves some type of higher density housing to replace the three offices and detached garages. He commented on the amount of gap financing that may be needed to assist with this redevelopment project. Staff reviewed the preliminary site plans and product info from all three proposals and requested direction on how to proceed.

Councilmember Swanson asked if the City had housing TIF available for this project. Planning and Community Development Director Schafer reported the City had housing TIF or redevelopment TIF available for this project.

Councilmember Hovland questioned how many townhome units would fit in this project. Planning and Community Development Director Schafer estimated that 12 units would fit on the site.

Rod Lee, Premier Commercial Properties, explained he listed his property and was looking to redevelop the site. He understood Blaine would like to see new office/medical buildings. However, it was his opinion that apartments or townhouses would be a better fit for this location.

Councilmember Jeppson understood the neighbors did not want to see taller four-story buildings placed on this site and asked how that conclusion was reached. Planning and Community Development Director Schafer stated the City did not hold any public hearings or received formal public comment on that former redevelopment proposal as staff brought the item to a workshop to obtain Council direction first before the applicant submitted a formal application.

Planning and Community Development Director Schafer discussed the proposed townhouse project and noted this would be the lowest density project. He stated the townhomes would range in price from \$225,000 to \$275,000, noting there would be four and eight unit buildings. He explained the buildings would be two stories in height and would be built on a slab. It was estimated the project would require \$850,000 from the City for gap financing.

Mark Strandland, provided further comment on the owner occupied townhome concept. He stated there was a growing demand for maintenance free units. He provided an overview on the layout of the site and described how the townhouses would transition nicely into the adjacent neighborhood, stating it was important to him to keep the unit price under \$300,000.

Councilmember Hovland asked if this would be a senior development. Mr. Strandland stated the proposed project would not be a senior development.

Councilmember Swanson requested further information on how traffic would flow through the property. Mr. Strandland described how traffic would flow through the site.

Councilmember Clark questioned how the gap financing would be used by the developer. Mr. Strandland reported this financing would assist with preparing the raw land.

Planning and Community Development Director Schafer described the potential of a market rate apartment building with 60 units on the proposed site. He noted the building would have one and two bedroom apartments and the rents would range from \$1,000 to \$1,500. The gap financing for this project would be \$600,000.

Randy Goltz provided further comment on the market rate apartment concept. He stated the number of units proposed would assist in keeping the rental price affordable. He then described how the building would be placed on the site.

Mayor Ryan questioned how the building would be managed. Mr. Goltz stated this was an issue he was still working on for the project.

Councilmember Clark asked how tall the building would be. Mr. Goltz reported the building would be four stories in height and contain underground parking.

Councilmember Clark inquired how the developer would be using the gap financing. Mr. Goltz explained the financing would be used to prep the site for the apartment building.

Planning and Community Development Director Schafer commented on the third proposed concept for the property being a 118-unit affordable senior housing project. He explained the units would be for independent senior living, noting a commercial kitchen was not proposed. He indicated the building would be three stories in height and have underground parking. The gap financing for this project would be roughly \$800,000 to \$900,000.

Matt Goldstein, Schuette Company, thanked the Council for their time. He introduced himself and provided a brief history of his company. He explained his company worked to provide affordable senior living to individuals not ready for a nursing home. He discussed the proposed site plan and noted the building would be only three stories in height.

Councilmember Swanson asked if everyone in the building would have a car. Mr. Goldstein said he did not believe this would be the case. He stated this building would be marketed towards active seniors, but not every senior would require a car. He estimated the development would require parking spaces for 90 cars.

Mayor Ryan said he was pleased that the vehicles would be underground and not on a surface lot.

Councilmember Swanson requested further information on the rental rates. Mr. Goldstein estimated the units would be rented for \$1,500 a month and would include a minimal amount of services, such as housekeeping. He stated the rental rates would be mid-range when compared to luxury senior living. He described how the level of services could grow over time in order to allow seniors to age in place.

Councilmember Swanson questioned the timing of this project. Mr. Goldstein discussed the timing of the project, how the project would be financed and noted he would be willing to pursue DEED funding and other grants for the senior housing project.

Councilmember Swanson asked what the market value would be for each project. Planning and Community Development Director Schafer described the estimated value for each project and noted the park dedication that would be paid to the City for each specific project.

Councilmember Garvais inquired how the City could ensure the senior housing remained affordable. Planning and Community Development Director Schafer reported this would be addressed through the TIF agreement with the developer.

Councilmember Hovland believed the City would have to consider how to repurpose senior living after the large demand ebbs and flows. He stated at this time he supported the senior living apartment complex versus the market rate concept but understood the townhomes would have the least impact on the adjacent neighborhood.

Councilmember Swanson commented he did not support the creation of small townhome associations. However, he believed the townhome project was a good fit for this site. He stated he did not like the market rate apartment project but was supportive of the senior living project. He anticipated the senior living project would be fully supported over the next 30 to 40 years.

Councilmember Garvais said he was most supportive of the affordable senior living project.

Mayor Ryan agreed and believed this would be a good fit for the surrounding neighborhood.

Councilmember Jeppson said she appreciated the affordable senior living model but stated she would like to see the townhome project on this site. She explained the townhome project would have less traffic and would impact the surrounding neighborhood less.

Councilmember Clark stated he supported the townhome project and believed this development would fit nicely into the University Avenue corridor. He asked how quickly the site could be sold and developed. Mr. Lee stated he has received two offers on the property. He indicated he was waiting to receive input from the City on how to proceed.

The consensus of the Council was to direct staff and the developer to pursue the townhouse development concept on the proposed redevelopment site.

3.2 Board of Review Market Discussion.

City Manager Arneson stated the Council, Board of Review members, and Anoka County Assessing staff was present to discuss market data in preparation for the upcoming Board of Review meeting which would be held on April 17, 2017, adding the Assessor's Report will be available by then.

Anoka County Assessor Alex Guggenberger discussed the sales volume and median sales prices for housing sales in 2015 and 2016 in Blaine with the Council. He believed housing sales were becoming more consistent. He commented on the number of active listings in the City and noted the median list prices.

Further discussion ensued regarding housing sales and median sales prices.

Randi Erickson, BOR Chair, said she feared that prices were rising too quickly and could create another housing bubble. She noted there was a need for more reasonably priced entry level housing.

Councilmember Clark questioned if housing sales would plateau. Chair Erickson said she did not believe this would take place given the fact there was not enough new construction or entry level housing.

Councilmember Swanson said he believed the City had quite a few of infill projects with high end housing. He asked if these houses were maintaining their prices. Chair Erickson stated these houses were selling but noted there was a need for smaller starter homes.

County Assessor Guggenberger provided the Council with information on commercial and retail sales.

Chair Erickson requested the City research the ability for Board Members to view commercial/retail sales data as part of their property review work for 2018.

Councilmember Clark said he would be open to that request but recommended staff research this further to ensure there are no concerns with data practices. He questioned which Councilmembers would be attending the BOR meeting on April 17th. City Clerk Sorensen stated she would be sending a meeting notice to the Councilmembers for this meeting.

Mayor Ryan thanked the representatives from the County and the BOR for attending this evening.

Second Ladder Truck Purchase

Fire Chief Smith provided the Council with several handouts and reviewed how the City's ISO rating would be positively impacted if a second ladder truck were purchased. He discussed how he would like to improve the City's ISO rating to a Class 3. He reviewed the area served by the current ladder trucks and noted there was good coverage throughout the entire fire district. He commented the SBM Fire Department had a ladder truck on order at this time and explained a second purchase could be made at a discounted rate.

Fire Chief Smith reviewed the LMCIT insurance rates for each of the member cities. He explained all three cities would be receiving the same ISO classification at their next review. He discussed the impact on each City in detail and said his recommendation was that Council consider purchasing a second ladder truck. Fire Chief Smith described how this purchase would reduce the City's long-term insurance rates over the next 20 years.

Councilmember Clark questioned how often the Fire Department's ISO rating was evaluated. Fire Chief Smith stated this used to be conducted every 10 years but was now being conducted every five years. He reported the next ISO rating was scheduled to be conducted in the fall of 2017. He indicated he was trying to have this pushed back to 2018.

Councilmember Clark requested further information regarding the required amount of training hours. Fire Chief Smith commented 190 hours were required per year and commented on how the hours had to be reported.

City Manager Arneson stated the question before the Council at this time was if the truck could be purchased now or if further budgeting discussions needed to be held.

Councilmember Clark said he supported the ladder truck being purchased now versus later. He stated he would like further information on how this would fit into the City's budget.

Councilmember Garvais asked how much time the Council had to make a decision on the second ladder truck. Fire Chief Smith stated in order to receive the discounted price a decision would have to be made by the end of April.

Finance Director Huss reported funding for the fire truck would have to be identified by staff as well.

Councilmember Clark stated based on this information he recommended the purchase be delayed to allow the Council to hold additional budgeting discussions on the ladder truck purchase. He explained he supported the purchase and understood the benefit to the Blaine business community.

Mayor Ryan agreed. He indicated he would like to purchase the truck at this time, but believed the purchase should be delayed in order to the City Council to better understand how the truck would be financed.

3.3 Presentation of Master Plan Concept for 45 Acre Mixed Use Development – Wellington/Dominium (Former Allina Site – at 35W Corner 109th and Lexington).

Planning and Community Development Director Schafer stated Wellington Development of St. Paul has the 80 acre Allina site under contract and is working on a development plan that they would like to show to the City Council. Their very preliminary development plan calls for approximately 40-45 acres of development after deducting the wetlands, the public ditch, storm ponds and borrow area for sand needed to raise the site. The plan calls for a mixed-use development of retail, large box and in-line shops, restaurants, medical and general office as well as possibly a large format grocer or hotel.

Planning and Community Development Director Schafer reported the mixed-use component includes a 5-acre senior site that has proposed by Dominion Development. They are hoping to construct 180-190 unit independent living senior (55+) building. The project would be similar to the new Dominion building in Coon Rapids which just opened. As proposed the project rents would be a more affordable option for seniors than what is currently available in the Blaine market.

Planning and Community Development Director Schafer explained the “Preliminary” concept plan is very tentative at this point as Wellington is still working on it as well as courting potential users. The information from Dominion lays out a few similar projects they have developed in the north metro. In particular, the City Council will be asked at the workshop to provide direction on two primary questions:

- Is the City Council receptive to including a five-acre senior housing element into this 45-acre development site?
- Because the goal is to provide a more affordable independent living option for seniors is the City Council receptive to providing pay-as-you TIF assistance similar to the Town Square and Crestview senior projects?

Planning and Community Development Director Schafer stated after being dormant for many years this site is suddenly very active now that it is finally under contract. The City will be asked to provide direction on this and other issues with limited timeframes as they are trying to gather momentum and start development yet this fall or very early in 2018. Staff believes the inclusion of a nicely designed independent senior facility would be a good catalyst and support for this area and be a nice housing option for this eastern side of the community. Staff requested the Council discuss and provide direction to staff and the development team on the land use and financial questions.

Todd Kaufman, Wellington Management, described the proposed development in further detail with the Council. He noted he was working on soil borings for the 79-acre project. The conceptual plans with potential retail and medical tenants were discussed. He stated he hoped to close on the property in July of 2017.

Councilmember Clark questioned if a market study had been completed. Mr. Kaufman commented on the market research he had conducted to date.

Mayor Ryan understood the younger people in the community were looking for something unique and different.

Councilmember Clark questioned why this concept plan was before the Council. Planning and Community Development Director Schafer reported Dominion was proposing to have a senior living element within the project and staff was seeking comment from the Council on this matter.

Nick Anderson, Dominion, introduced himself and his company to the Council. He explained this location has been identified for an affordable senior living housing complex. He stated retail would be located along Lexington Avenue and the senior housing project would be located along the back of the site. He noted the senior housing complexes that he had completed in the metro area. He indicated he was proposing to construct a four-story senior building with one, two and three bedroom units. Several photographs and potential renderings were reviewed with the Council, along with the amenities that would be provided within the complex. He provided further comment on the affordable housing price point, noting the rental rates and income restrictions. He reviewed a potential site plan and stated he would be taking advantage of the

natural wetlands by providing outdoor seating areas. He commented on the project financing and reported the project would qualify for federal tax credits and would require 10 years of TIF.

Councilmember Swanson questioned the average age of the residents within Dominion's senior housing complexes. Mr. Anderson estimated the residents were in their lower 70s. He reported the technical age required individuals to be 55+.

Councilmember Jeppson asked if the other Dominion developments were surrounded by restaurants and retail. Mr. Anderson reported each development differed based on location. He anticipated that the proposed number of senior units would assist in supporting the proposed adjacent retail.

Mayor Ryan stated he was pleased to see continued growth in this area of Blaine.

Councilmember Clark questioned what could be built to the west of this development. Planning and Community Development Director Schafer noted the proposed development was 45 acres in size that was adjacent to a large wetland. He described how development in this area had to be reduced due to the large expense of bringing in fill.

Councilmember Clark inquired if the proposed affordable housing would reduce the potential for high end retail in this area of the City. Planning and Community Development Director Schafer stated the additional housing units would drive retail in a positive direction.

Councilmember Swanson stated he visited a Dominion unit and believed they were very nice non-assisted units.

Councilmember Garvais commented he would like to receive more information on the type of retail that would be brought into this development.

Councilmember Jeppson understood Dominion was offering a high-quality product; however, she stated at this time she was not supportive of the affordable senior living component. She indicated this portion of the development made her extremely nervous and she feared what tone would be set for the retail. She stated she wanted to see a high-quality retail development in this location.

Councilmember Swanson encouraged the Council to keep in mind the number of rooftops that would be able to support the proposed retail if the senior housing complex were approved. He asked how much time the Council had to make a decision on this project. Mr. Anderson stated he would have to apply for State funding in August.

Councilmember Garvais stated he would like to see this area developed and wanted to hear more from Wellington on their plans for this site as well as background on past projects. Mr. Anderson stated the type of retailers would vary depending on if the senior housing component was included or not because the 190+ senior units would provide for a captive audience for potential retailers.

Councilmember Hovland said he believed this would be a great location for senior housing.

Mayor Ryan agreed.

Councilmember Clark said he understood Dominion would build a high-quality product; he just wanted to be assured the retail that followed was of the same quality.

Councilmember Hovland reiterated that the City could not control the retail that came to this area but rather would be driven by the market.

Councilmember Clark agreed with Councilmember Garvais and stated he would like to see additional information from Wellington regarding the direction of the proposed retail.

City Manager Arneson suggested Wellington return to the May 4 City Council workshop to provide more information. The Council was in agreement.

OTHER BUSINESS

Councilmember Hovland requested the City Council discuss the potential of becoming a sanctuary city at a future workshop meeting.

Councilmember Garvais said he did not believe it was necessary for the Council to discuss this topic based on input received from the Police Chief as the City had to follow federal laws regarding this topic.

Councilmember Clark agreed, stating he did not see a reason to review or change the City's current direction.

Spring Lake Park Elementary School

Discussion was held regarding the Spring Lake Park Elementary School proposal for the National Sports Center property.

The Workshop was adjourned at 10:11 p.m.

Tom Ryan, Mayor

ATTEST:

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