

CITY OF BLAINE
ANOKA COUNTY, MINNESOTA
CITY COUNCIL WORKSHOP
Monday, June 14, 2021

6:00PM
Council Chambers
10801 Town Square Drive

CALL TO ORDER

The meeting was called to order by Mayor Sanders at 6:00PM. Due to the COVID-19 pandemic this hybrid meeting was held both virtually and in person.

ROLL CALL

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

Adjunct Member Drew Brown.

ABSENT: None.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; City Planner Lori Johnson; Public Works Director Jon Haukaas; Finance Director Joe Huss; City Engineer Dan Schluender; Water Resources Manager Rebecca Haug; City Attorney Chris Nelson; Communications Manager Ben Hayle; Deputy Police Chief Dan Szykulski; and City Clerk Catherine Sorensen.

3.2 Rainbow Village Redevelopment/Revitalization Proposal.

City Planner Johnson stated the new owner of the site, Blaine/Atlantic Funding, in partnership with Jonathon Adam, Silverstone Realty, is proposing to remove the old Rainbow grocery store tenant space on the east side of the site and replace it with two apartment buildings. In addition to the apartments, the proposal includes renaming the center to the Blaine Lakes Center, new building elevations, new site signage, new lighting and landscaping upgrades.

Ms. Johnson explained Roers Companies would be the developer of the 250-unit market-rate apartment complex. Two apartment buildings are included on this site with two configurations being proposed on two different site plans. The density of the project would be approximately 60 units per acre. This apartment proposal will require a land use change that

will need to be approved by the Metropolitan Council. She reported the apartment developer has also indicated that a TIF request will be made to assist in the cost of demolition of the former Rainbow space and other existing site improvements. A more thorough analysis of development costs would occur between the city and developer if the project moves forward to better understand how much TIF is reasonable to make the project financially feasible. Staff asked if the council was willing to consider a high density housing project on this property and would the council be willing to provide financial assistance. Staff commented further on the proposed project and requested direction on how to proceed.

Jonathan Adams, Silverstone Realty, explained he purchased the Rainbow Village and Northtown Center. He thanked the council for considering his request and understood this area of Blaine needed revitalization. He indicated he has partnered with Roers Company on several different projects throughout the metro area and stated this was a great company to work with. He was of the opinion this would be a great location for additional apartments.

Councilmember Smith stated he wanted to be sensitive to the residents who lived along Jefferson Street when considering this project and recommended there be screening along that property line.

Councilmember Robertson commented she did not want to see one more vacated building in Blaine. She explained she wanted to see something done on this property that would bring it back to life and appreciated how the additional residential density would assist the surrounding commercial businesses.

Councilmember Jeppson stated she supported the proposed project but suggested postponing direction until the council has further discussed future plans for the entire Northtown area. She wanted the entire area be considered before moving forward with this project and suggested the council have a conversation about the rent pricing.

Councilmember Hovland commented he has been opposed to high density residential in this area for years. He indicated the height of the proposed building would negatively impact the surrounding homeowners. He did not see how the proposed apartments would positively impact an area of the community that was economically depressed and said the proposed apartments would adversely impact traffic in this area. He explained he would rather wait on this project in order to better understand how the entire Northtown area would redevelop. He stated he was not in favor of providing financial assistance for a project of this nature but commented he could support townhomes on this property.

Councilmember Paul indicated he believed this would be a good project for this area of Blaine. He discussed the study the city needed to complete on the Northtown area and recommended the city reach out to the neighbors to see if they would support a four-story apartment building on the Rainbow Village property.

Mayor Sanders questioned what the developer's ideal timeline would be for this project. Mr. Adams explained his hope would be to move through the approval process in 2021 in order to break ground in 2022. He discussed how bringing new people into this area would help the adjacent retail tenants.

Mayor Sanders requested information from staff as to the status of the Northtown area study. Ms. Johnson reported the Northtown RFPs were due back to staff on June 18 then indicated interviews would be held on June 28 and June 29, after which staff would return to council with a recommendation in August or September. She estimated it would take nine months to a year to complete the study.

Mayor Sanders stated the Northtown area was the number one area in the city in need of revitalization as identified by the council. He stated he was thrilled that Silverstone and Roers were interested in investing in the community and excited about this project. He said while he understood the concerns of Councilmember Hovland he believed the proposed building design showed the developer was sensitive to the neighbors. He indicated the city needed investors in this area of the community and encouraged the council to give this proposal further consideration. He questioned if the council would support changing the zoning of this property to HDR-2.

The council supported the rezoning of this property to HDR-2.

Mayor Sanders asked if the council was willing to consider financial assistance for this project. He commented further on how the study would help the council in eliminating the patchwork feel that Blaine has with its developments. He indicated the council was interested in creating synergy and cohesion with the surrounding commercial developments.

Councilmember Massoglia stated he believed apartments made sense in the area and in general would support this project. He commented he understood the building height concerns and hoped the council could work with the neighbors to ensure there was enough screening in place. He was of the opinion a new TIF District should not be created for this project and did not support financial assistance for this project either.

Councilmember Paul indicated he supported apartments in this area of Blaine and asked if the project timeline would be correlated with the Northtown area study. Ms. Johnson explained the Northtown area study would not be completed prior to this item being considered by the planning commission and city council. She anticipated this item would come before the planning commission in August or September of this year.

Councilmember Hovland stated after looking at the proposed rental rates, even for a studio, he anticipated these rates were higher than 80% of the homes in the area. He feared that the developer would have a hard time finding renters for these units and for this reason believed

the proposed apartments did not fit in this neighborhood. He commented an alternative would be to create a lower-priced apartment but feared this would increase police calls in the community. He reported he would rather see owner occupied units in this area such as townhomes versus rental apartments.

Councilmember Robertson explained she could not address the financial assistance question without knowing the request. She agreed with the concerns that were raised regarding patchwork development, however was of the opinion this area of the city could use more housing. She discussed how important it would be to gather input from the public before moving this project forward.

Councilmember Jeppson stated conversations do not cost anything and supported the council discussing this matter further. She explained data would assist in educating the city council and the surrounding neighbors on how these apartments would be supported by the market, adding she understood the city needed more rental units.

Community Development Director Thorvig reported the financial question was not clear right now until staff fully understood the request. He said staff would work with the developer further in order to gain a better understanding on what the costs would be and bring that back for further discussion.

Mayor Sanders thanked Mr. Adams and Roers Companies for being willing to invest in the city of Blaine and that he looked forward to discussing this project further at a future meeting.

3.3 Southwest Corner of Main Street and Lexington Avenue Zoning Discussion.

Mr. Thorvig stated as part of the visioning discussion that occurred in early 2021, four priority development areas were identified by the city council. Those areas were the southwest corner of Main Street and Lexington Avenue, Northtown Area, 105th Avenue and Radisson Road, and the area west of Highway 65 north of 99th Avenue. The areas were identified because they are either larger vacant parcels of land that are available for development, or redevelopment efforts are required. The council identified the need to be more proactive in the future development of these areas to ensure what is developed is consistent with the vision of the community.

Mr. Thorvig reported the southwest corner of Main Street and Lexington Avenue has a 40-acre parcel that is currently being marketed for sale. South of the 40-acre parcel is the City's new water treatment plant and three privately owned homes. A map was shared which shows the project area, the future Lakes Parkway road connection with signal at Lexington Avenue and 122nd Avenue, and future Low Density Residential (LDR) land use to the west. An area outlined in grey identified with a question mark has a land use designation of commercial in the 2040 Comprehensive Plan, however, based on various natural boundaries such as ditches

and wetlands, it may make more sense for this property to be developed as LDR with the properties to the west. The approach staff would like to take with the area outlined in red is to create a zoning district that identifies various uses specific for this area along with design and development standards that are consistent with the requirements of the Planned Business District (PBD).

Councilmember Hovland questioned why standalone apartments were not considered for this area. Mr. Thorvig stated this was based on the direction staff received from the council.

Councilmember Robertson indicated the council had discussed this made more sense on the north side of 125th Avenue than the south side. She commented she could support a small micro-multi-use apartment building in this area.

Councilmember Massoglia stated he supported the proposed plans from staff. He noted he could support a small mixed use/micro-apartment building as well. He indicated he was leaning towards more commercial stating this would fit the area better.

Councilmember Paul commented on the map and explained the speed of cross traffic was quite high. He discussed how close the water tower was to the area and recommended a grocery store or liquor store be considered for this area.

Mayor Sanders explained there would have to be an exceptional concept in order for him to support a multi-family apartment building.

Councilmember Massoglia asked if the site could remain commercial and then if a concept comes before the city, it could be reviewed by the council. Mr. Thorvig reported this could be done noting the council could remain reactive to future plans for this corner.

Councilmember Hovland stated the council was trying to define what could go on this corner. He questioned why the council supported a four-story apartment building in a fully developed existing neighborhood but did not support a four-story apartment building on this corner.

Mayor Sanders explained the Northtown area was in need of revitalization in order to bring this area back to life and stated the proposed apartment building would assist with this.

Councilmember Robertson questioned how staff defined office buildings and medical uses. Mr. Thorvig reported this would include small pocket uses or a 50,000 square foot medical use.

Councilmember Robertson commented she did not want to see a large medical building on this corner given the fact there was a large medical building less than one mile away. However, she noted she did support a small dental office.

Councilmember Paul stated anything that could be developed that would bring jobs to the area would be acceptable to him. He indicated the other item was this corner should support the school in the area.

Mr. Thorvig asked if the council supported fitness uses at this corner, along with gas convenience or fast food restaurants.

Councilmember Smith asked if the size could be limited or set for the fitness uses.

Councilmember Massoglia stated he would like to see a Kowalski's or a great restaurant from Blue Plate at this corner. However, he did not believe the council could state a gas station or fast food would not be allowed. He indicated he would rather see a gas station at this corner than a vacant lot for four or five years. He encouraged the city to be proactive in the type of uses that it seeks for this corner. He commented he would like to see a high end grocer on this corner and supported the use of TIF to attract a high end grocer.

Councilmember Robertson agreed a high end grocer would be ideal at this corner. She suggested fitness not be allowed on this corner at this time.

Councilmember Paul supported more commercial uses on this corner without fitness uses. He indicated there were gas stations very close to this corner and believed another gas station was not necessary.

Councilmember Jeppson stated she believed this was the perfect location for a non-city operated fitness center. She questioned if it was better to wait to see what comes about, or to try and attract the right use. Mr. Thorvig commented there were pros and cons to both sides and explained at this time, fitness centers were allowed.

Councilmember Hovland recalled that the city had ghost platted this area and asked if this had been reviewed by staff. Mr. Thorvig stated the ghost platting typically focused on the adjacent residential and identified this corner for commercial.

Mayor Sanders supported keeping fitness out at this time with the understanding if the right fitness use were to come before the city the council could take this under consideration. He commented at this time he would not support gas stations as a use. Councilmember Robertson, Councilmember Hovland and Councilmember Smith agreed.

Councilmember Jeppson, Councilmember Massoglia and Councilmember Paul said they would possibly support gas stations on this corner.

Mr. Thorvig reported the planning commission would be reviewing this matter and additional input would be gathered from the land owner.

Mayor Sanders questioned how the council felt about having fast food restaurants at this corner.

Councilmember Paul commented he believed fast food would be good for this corner given the growing population surrounding this commercial development.

Councilmember Robertson stated she supported fast food on this corner, such as Crispin Green or Portillo's. She did not want to see the city miss out on an opportunity just because there was a blanket statement made regarding fast food establishments.

Mayor Sanders agreed there were some restaurants that would be a great fit for this corner, but he preferred to state no fast food was allowed. He indicated this would allow the city to pursue the right restaurants.

Councilmember Jeppson supported fast food being allowed. She noted the closest fast food was over two miles away. She anticipated the number of residents living in this area would want fast food options. She commented the city could always pursue the restaurants it wanted on this corner.

Councilmember Massoglia stated he did not want to see fast food on this corner. He understood this could always be changed if the right use was interested in locating in the area. He suggested space be set aside for a nicer Class 1 restaurant.

Councilmember Hovland discussed how difficult it was to attract a high end restaurant. He was concerned if the city limited this corner to only a high end restaurant, it may not happen. He anticipated if the corner were opened up for fast food, this would move into the corner faster than a restaurant. He stated he supported fast food on this corner.

Councilmember Jeppson commented she did not support fast food on this corner. She indicated there were pockets of fast food surrounding this area and noted she would rather see a restaurant at this corner instead.

Councilmember Robertson explained she was not typically a supporter of fast food but anticipated the families that lived in this area of Blaine or were driving along this corridor would want to have fast food options at this corner. Mr. Thorvig thanked the council for the feedback. He recommended he be allowed to do more research on how to phrase the council's desires for this corner and noted he would report back at a future meeting.

3.4 Wetland Banking 101.

Public Works Director Haukaas explained staff would be providing the council with a base level of understanding as to what is meant by wetland banking.

Water Resources Manager Haug stated wetland mitigation banking is the restoration, creation or enhancement of wetlands for the purpose of compensating for unavoidable impacts to wetlands at another location. Wetland mitigation banking is commonly used to compensate for wetland impacts from development. Wetland banking was created as an incentive for property owners to maintain and protect wetlands from destruction from development while still providing a financially beneficial use of property that has traditionally been seen as having less value.

Ms. Haug explained developers can buy credits from wetland mitigation banks to compensate for the impact of lost wetlands. When a mitigation bank is established, the landowner retains ownership and use of the property, while a conservation easement protects the wetlands from incompatible de-grading activities. The size and scope of the wetland restoration, creation, or enhancement activities determine the quantity of credits available for sale. The price of credits is negotiated between the buyer and seller. The city currently has two wetland banks; one is owned by the Economic Development Authority (EDA) and the other by the city. Both banks are located in the Blaine Wetland Sanctuary (BWS). These banks were created with the dual purpose of aiding in development and providing a funding source other than taxes to maintain the city's open spaces and trails. Current valuation of potential revenue from both sites is approximately \$8 million. It was noted annual maintenance costs are approximately \$75,000.

Councilmember Hovland asked if native plants were kept in place through wetland restoration. Mr. Haukaas stated this was the case, noting invasives were removed because they were choking out the native species.

Councilmember Hovland questioned if the money received for wetland credits was being invested in order to assist with future maintenance of the wetland sanctuary. Finance Director Huss reported when the 25 year wetland plan was created investment and interest earnings was taken into consideration.

Councilmember Hovland stated he wanted to make sure the city had finances in place to ensure the wetland sanctuary could be maintained both now and going into the future.

Councilmember Smith indicated he supported the city creating and preserving wetlands in the city because they were already in place. He did not support the city artificially holding onto wetland credits unless the city could not receive a fair price for them.

Councilmember Paul requested further information on how wetland banks were created. Mr. Haukaas described how wetland banks were created through the cities efforts to restore wetland property. It was noted the city maintained ownership of all wetlands that were restored even when wetland credits were sold to other entities.

Councilmember Massoglia asked if there was a legal requirement for the city to develop a certain number of acres of wetlands. Mr. Haukaas stated there were no set legal requirements.

3.5 Pioneer Park Wetland Mitigation Bank.

Ms. Haug stated the city has the opportunity to restore a portion of Pioneer Park including wetland restoration, an improved trail system, and addressing the damage to the trees from the Emerald Ash Borer. By doing this as a Wetland banking project, the city will also benefit from the potential for credit sales estimated at \$1.7M to \$3.6M as a revenue source other than a tax to fund its Open Spaces and trails. At council direction, city staff has completed the first two steps in the process toward creating this wetland bank and preparing for the improvements. The next steps for this project were discussed in detail. It was noted staff is providing this information to aid the city council in a final decision to move forward with the project.

Mr. Haukaas discussed how Pioneer Park has been impacted by Emerald Ash Borer. He reported the vast majority of the trees within the park were ash and these trees have been devastated. It was his hope that the dead trees could be removed and the natural plants would begin to thrive. He estimated the initial investment in Pioneer Park would be \$100,000. He discussed the ongoing maintenance costs for this park and requested feedback from the council on how to proceed.

Mayor Sanders discussed the tree canopy and asked if any trees would remain along the property line with the adjacent neighborhood. Mr. Haukaas reported the existing tree buffer would remain in place for this neighborhood.

Councilmember Hovland stated ash and oak trees were typically found on upland. He questioned if the areas proposed for restoration had ash trees. Mr. Haukaas reported the wetland areas did have ash trees that needed to be removed. He explained the proceeds from previous wetland credit sales would be used to fund this project.

Councilmember Hovland asked if the council wanted to see a trail in this park or should the area remain natural or undisturbed.

Councilmember Jeppson commented she appreciated the private/public partnership that has been developed with property owner Jason Husveth and expressed her concern for this area. She supported the city building this area back up and recommended a circle trail be considered through Pioneer Park.

Councilmember Massoglia reported there was a one mile loop that could be walked around at this park. Ms. Haug stated the wood chip trail was illegal wetland fill and would have to be

removed as part of this project. She indicated the city was proposing to create a legal loop through the wetland park.

Councilmember Robertson stated she was having a hard time following along with this because the packet maps did not match with the staff presentation. She indicated she understood the benefit of the wetland bank for ecological purposes. She commented her only concern was the with the knowledge gap between the city and the public. She explained she did not want to push this project through unless there were support from the surrounding neighbors. Ms. Haug explained staff had planned to do some education prior to moving forward with the next phase, however, COVID had hampered these efforts. She indicated there was still an opportunity to hold open houses prior to moving this project forward. She stated if Phase III were started, the city still had time to engage the public because Phase III would take over a year to complete. She explained the city needed to make some decisions on what it wanted to do given the fact a private property owner was moving forward with a wetland bank.

Councilmember Massoglia recommended the private property owner move forward with his project. He stated based on the feedback on social media, the public did not support the city moving forward with wetland restoration at Pioneer Park. He explained there were very few shaded trails in Blaine, and he would like the existing trail at Pioneer Park to remain in place. He understood that there were dead trees that needed to be removed at Pioneer Park but also wanted to keep the 100-year-old trees in place. He believed the city had a great wetland area in place already within the BWS and recommended Pioneer Park remain as is.

Mr. Haukaas understood the existing trail goes through some very nicely wooded areas. He explained these areas would not be touched and this is where additional education would be beneficial for the public. He stated the areas that were next to the lowlands would have dead and dying trees removed. He discussed how the park would be enhanced through restoration. He agreed that the existing trail was beautiful and noted the city was not proposing to eliminate these trees.

Councilmember Paul supported the city finding a time to educate the public and for the public to voice their concerns for this project. He understood there were a lot of dead and dying trees that had to be removed within Pioneer Park. He recommended the walking trail remain as is. He supported the city coming together with the public before this project moves forward. Mr. Haukaas reviewed a map of the project with the council noting the location of the nicely wooded trail and discussed the area where the dead and dying ash trees would be removed.

Councilmember Hovland questioned when the private landowner would like to move forward with his project.

Jason Husveth, property owner, introduced himself to the council and stated he would like to move forward with the wetland bank application phase this summer along with the draft application. He commented further on location of the proposed boardwalk. He commented his future vision for this area was to have this wetland combined with the Pioneer Park wetlands.

Mr. Haukaas stated if the boardwalk were required by the city this would reduce the area that could be restored for wetlands.

Councilmember Hovland questioned if the boardwalk were not installed, would there be enough space within Pioneer Park for a trail loop. Ms. Haug stated something could be done. She indicated land would have to be identified and the amount of wetland credits for the city would be reduced.

Councilmember Massoglia stated he appreciated the residents' commitment to the wetland area, but he supported the city stopping all work at Pioneer Park because the community was so opposed to this project.

Councilmember Robertson asked which property Mr. Husveth owns. Mr. Husveth noted he owns the "L" shaped lot on the west side of Pioneer Park.

Councilmember Jeppson questioned if it was over 200 feet from the project area to the closest house. Mr. Haukaas reported this was the case.

Ms. Haug clarified the wetland restoration project requires the replanting of healthy trees within the wetland area in order to restore the tree canopy.

Councilmember Massoglia questioned what trail segments would be removed through this project. Ms. Haug reported only the wood chip trail would be removed and that all paved trails would remain in place.

Councilmember Robertson explained this would not be the last time the council would discuss Pioneer Park. She recommended staff educate and engage the public in order to clear up the misunderstandings surrounding this project. She stated she supported city staff working with the private landowner.

Mr. Haukaas thanked the council for the feedback. He understood there was some controversy surrounding this project and he noted he would work to clarify the maps in order to create a clear boundary for the project area.

Councilmember Massoglia indicated he was against this project moving forward. He stated the city would have to pay the private landowner for the trail if this project moves forward. Mr. Haukaas reported this was the case.

Council consensus was to direct staff to work with the private landowner on the wetland bank.

3.6 Food Truck Ordinance Modifications.

The council supported staff's proposed ordinance modifications regarding food trucks as presented.

3.7 American Rescue Plan (ARP) Funding Update.

Mr. Huss stated on March 11, the American Rescue Plan (ARP) Act of 2021, also called the COVID-19 Stimulus Package or American Rescue Plan, was signed into law. The act is a \$1.9 trillion economic stimulus bill that builds upon previously enacted aid measures in 2020. Previous estimates indicated Blaine would receive about \$7.3 million; that figure has since changed and Blaine's total allocation is now set at \$6,793,793. The first payment, \$3,396,896.50, equaling one-half of the total of Blaine's allocation, has been received. The remainder of the funds is expected by mid-2022. Eligible uses of ARP funds and deadlines for expenditures of ARP funds were reviewed in further detail with the council. Staff explained while this provides very broad guidelines for the use of ARP funds, staff continues to gather information regarding specific uses and reporting requirements. To that end, a cross-departmental staff committee is being formed to identify projects that are eligible for ARP. From this committee will come a proposed spending plan that will be presented for council consideration at the July 12 council workshop.

3.1 Council Requested Items for Discussion.

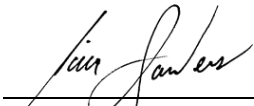
City Manager Wolfe questioned if the council had any items to discuss at a future workshop meeting. She recommended the council provide her with ideas prior to the next meeting.

Ms. Wolfe reported the city was extremely busy at this time and several closed meetings were necessary. She requested the council plan to hold closed meetings on Monday, June 21, 2021 at 5:30PM to discuss the properties located at 10590 Nassau Street, 10600 Nassau Street and 2150 106th Lane and Wednesday, July 7, 2021 at 5:30PM. Council consensus was to direct staff to hold both closed meetings.

Ms. Wolfe explained only the front half of the Cloverleaf Conference Room had access to microphones. She explained if the council and staff members were spread out in the room it may be difficult to complete minutes. For this reason, staff recommended the council plan to

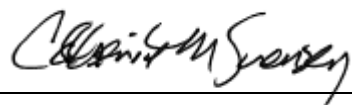
meet in the council chambers for upcoming workshop meetings until social distancing requirements were eliminated. Further discussion ensued regarding COVID restrictions and when the final restrictions would be lifted.

The Workshop was adjourned at 8:46PM.



Tim Sanders, Mayor

ATTEST:



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