

UNAPPROVED

CITY OF BLAINE
ANOKA COUNTY, MINNESOTA
CITY COUNCIL WORKSHOP
Thursday, November 12, 2015

6:30 P.M.
Council Chambers
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 Mike Bourke, Dave Clark; Russ Herbst, Wes Hovland, Jason King, and Dick Swanson.

ABSENT: None.

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; Financial Analyst Ward Brown; Police Chief/Safety Services Manager Chris Olson; Economic Development Coordinator Erik Thorvig; Public Works Director Mike Ulrich; Senior Engineering Technician Al Thorp; City Clerk Cathy Sorensen; and Recording Secretary Linda Dahlquist.

NEW BUSINESS

Item 3.2 was heard at this point in the agenda.

3.1 2016 General Fund Budget Update.

Finance Director Huss stated the Council adopted the preliminary General Fund Budget and Tax Levy for Certification to the County on September 3, 2015. He stated Anoka County has updated its market value estimates and other tax-base related information and the preliminary tax rate is .87% above the 2015 tax rate. He stated in order to bring the total property tax levies in line with the Council's preliminary tax rate target of one-half of one percent above the 2015 rate, the total tax levies would have to be cut. He noted the levy has four purposes which are the general fund, of which the levy is 71% of revenue; EDA operations, which would require a levy of \$627,400 to fund operations; debt service, of which there are full faith and credit requirements; and the pavement management program. He stated the net tax capacity dropped by \$550,000 due to market value reductions and fiscal disparities adjustments by the County. He stated the preliminary tax rate estimate was 36.324% and the actual is 36.692%.

Councilmember Herbst stated the City will be sitting well with 2015 unrestricted reserves.

Finance Director Huss noted the rate volatility for every \$25,000 of levy reduction is .046% drop in tax rate. He gave an overview of two scenarios of the debt service schedule which included scenario one to issue PMP

improvement bonds every other year or scenario two to include scenario one adding \$1.5 million equipment certificate annually. He noted that interest rates are at an all-time low.

Finance Director Huss gave an overview of the levy outlook and assumptions which include a steady tax rate; debt service levy per outlook including equipment certificates; tax base growth of 3.5%; and no change in net fiscal disparities or TIF. He stated cautions include tax base growth under 3.5%; market value corrections; legislative acts; fiscal disparities assumptions; and levy needs for debt service, PMP and EDA.

Councilmember Herbst stated the City would be \$381,000 short at the current tax rate and asked if there are savings still to be made such as wage increases.

Finance Director Huss noted the Pavement Management Program is funded from the unrestricted reserves.

Council discussion on the debt service, using unrestricted reserves to purchase capital equipment, and where unrestricted funds come from taxes and City fees.

Councilmember Swanson summarized the proposed 2016 budget will include an overall levy that maintains the 2015 tax rate; use the 2015 unrestricted reserve funds with \$250,000 for the Pavement Management Program; and \$300,000 to balance the general fund; and the remaining funds to purchase capital equipment.

Councilmember King asked about unrestricted balance from 2014. Finance Director Huss replied approximately \$16,000.

Councilmember Clark stated it will be a tight budget next year.

Councilmember Swanson suggested not funding the Pavement Management Program for 2016.

Mayor Ryan commented 105th Avenue will require a lot of maintenance in the winter.

Councilmember Herbst commented he predicts a 7% net increase in housing in 2016.

Finance Director Huss clarified the proposed 2016 budget will include keeping the 2015 tax rate; use the 2015 unrestricted reserve funds with \$250,000 for the Pavement Management Program; and \$300,000 to balance the general fund; and the remaining funds to purchase capital equipment.

City Manager Arneson clarified the capital budget. He stated \$500,000 will be taken from unrestricted funds and issue a debt service note in order to keep the 2015 tax rate. He noted \$500,000 is a quarter of the capital budget.

Finance Director Huss noted the debt service rate would go up to 4.8%.

Mayor Ryan stated the Blaine Public Safety Association has raised \$32,000 for a new K-9 patrol dog. Council discussion was held on the City staying with two K-9s and placing the funds in the Police Reserve budget. Councilmember Hovland commented the funds should be used for Safety Services. Police Chief/Safety Services Manager Olson stated expanding to a third K-9 had been included in future plans but that other priorities take precedence if necessary.

Council consensus was to support only two K-9 dogs and directed the additional funding go to Safety Services.

Finance Director Huss gave an overview of capital budget reductions made that include phone system, remote backup, email archiving, large screen monitor, patrol area chairs, EOC furniture upgrade, CS inspections vehicles, CH east side canopy painting, athletic field mower and building inspector vehicles. Public Works Director Ulrich stated the current inspector vehicles are 10 and 12 years old but are running well.

Finance Director Huss stated the budget will be reviewed at the next Council Workshop.

3.2 105th Avenue NE/Nassau Street Redevelopment Discussion

Economic Development Coordinator Thorvig gave an overview of the redevelopment activities on Nassau Street. He noted the zoning is I-2 Heavy Industrial and the land use designation is planned commercial/industrial. He stated there are 26 parcels that have 24 buildings. He commented this area is identified as a redevelopment area in the 2030 comprehensive plan. He gave an overview of projects occurring:

- Carlson Equipment, 10630 Nassau Street, is expanding and adding improvements to his building.
- 2025 105th Avenue is City owned and has a proposed purchase agreement with the Brewery.
- 2191 106th Lane is City owned and the building needs improvements. The owner of 2171 106th Lane has approached the EDA to purchase the property and plans to occupy the building.
- Owner of 10610 Nassau Street has received several offers from uses not desirable by the City. The building is required to be demolished and owner asked the City to pay for the demolition and be repaid when the property is sold.
- NSC owns 10604 Nassau Street and plans to build a new maintenance facility. The existing building is to be demolished by September 2016.
- Blake Drilling, 10590 and 10604 Radisson Road, has a CUP that was approved in 2010. The applicant is required to submit a financial guarantee to ensure that fire suppression and other issues are addressed.
- Owner of 10500 Radisson Road is interested in selling for commercial use.
- Carlson Equipment, 10621 Nassau Street, is for sale or lease.

Economic Development Coordinator Thorvig asked the Council if the EDA should purchase the property at 10610 Nassau Street; if staff should work a deal with neighboring property owner or demolish the building at 2191 106th Lane; and other acquisitions such as Blake Drilling or other properties.

Councilmember Bourke suggested having properties west of Nassau Street have light industrial uses.

Councilmember King commented the properties west of Nassau Street will be valuable.

Councilmember Hovland asked about existing zoning being changed. Planning and Community Development Director Schafer replied the zoning would not be changed for existing businesses. He commented the National Sports Center may be interested in 10610 Nassau Street.

Councilmember Herbst commented he is concerned about changing the zoning in this area.

Councilmember Swanson asked if this is a TIF district and where the funding would come from. Planning and Community Development Director Schafer replied it is a TIF area but not a TIF District.

Councilmember Bourke asked if 10500 Nassau Street could be used for commercial. Planning and Community Development Director Schafer replied this property needs a zoning change.

Community Development Director Schafer asked if the building at 10610 Nassau Street be demolished by the City. Councilmember Swanson stated he is in support of demolishing the building. Councilmember Herbst stated he is in support of demolishing the building. Councilmember Bourke stated he is not in favor of purchasing the property or opposed to demolishing the building.

Councilmember Clark stated he is in favor of demolishing the building at 2191 106th Lane. Economic Development Coordinator Thorvig stated the adjacent property owner is interested in the property. Councilmember Clark asked is the Highway 65 overlay standard could be placed on these properties. Community Development Director Schafer replied yes with a CUP.

Councilmember Hovland asked for the status of the school building for the 2025 105th Avenue. City Manager Arneson replied the school is still working on a Letter of Intent on three properties.

Councilmember Clark stated the feedback from the public is that they do not want a school in this area.

Councilmember Herbst asked about the purchase price of the property of 2025 105th Avenue. Economic Development Coordinator Thorvig stated the property with the building was purchased in 2009 for \$840,000. He stated the purchase agreement for the property is \$3.90 per square foot or \$298,000.

Councilmember Swanson asked when TIF dollars will be lost and what is happening with the light industrial properties. Planning and Community Development Director Schafer replied light industrial business is increasing. Economic Development Coordinator Thorvig stated the City could enter into a purchase agreement contingent upon an environmental assessment.

Councilmember King stated he is not opposed to purchasing 10610 Nassau Street contingent upon an environmental assessment. Economic Development Coordinator Thorvig replied the NSC is very interested. He noted the \$325,000 purchase price reflects the value of the land at \$3.07 per square foot.

Councilmember Herbst stated he is not in favor of purchasing the property.

Council consensus on completing an environmental assessment on 10610 Nassau Street.

Economic Development Coordinator Thorvig stated the building on 2191 106th Lane needs improvements. He stated the adjacent property owner is interested in purchasing the property and completing improvements to the building. He stated the owner would buy the property for \$100,000 and put \$100,000 improvements into the building. He stated a second option is for the EDA to demolish the building and sell the land. Planning and Community Development Director Schafer stated it would cost under \$10,000 to demolish the building. He noted the property owner of 2171 106th Lane would be able to expand their business into the existing building.

Council consensus to sell 2191 106th Lane to the owner of 2171 106th Lane.

OTHER BUSINESS

Mayor Ryan stated an elected official is needed to represent the City on the Highway 65 Coalition and offered to serve but noted an alternate would be needed. Councilmember Bourke said he would likely be able to serve as the alternate.

The Workshop adjourned at 8:20 p.m.

Tom Ryan, Mayor

ATTEST:

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