



City of Blaine Anoka County, Minnesota Minutes

Blaine City Hall
10801 Town Sq Dr NE
Blaine MN 55449

City Council Workshop

While this is a public meeting where interested persons are welcome to attend, it is a work session for City Council and staff to discuss issues before them. It is not for the purpose of receiving public input.

Monday, July 18, 2022

6:00 PM

Cloverleaf Farm Room A

NOTICE OF WORKSHOP MEETING

1 Call to Order

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

At 6:00PM

2 Roll Call

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

ABSENT: Councilmember Wes Hovland.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; City Planner Sheila Sellman; Police Chief/Safety Services Manager Brian Podany; Deputy Finance Director Ali Bong; City Engineer Dan Schluender; City Attorney Chris Nelson; Communications Manager Ben Hayle; Budget/Fiscal Analyst Ward Brown; Finance Analyst Jenna Trittin; and City Clerk Catherine Sorensen.

Present: 5 - Councilmember Robertson, Councilmember Paul, Massoglia, Sanders, and Councilmember Jeppson

Absent: 1 - Councilmember Hovland

3 New Business

3-1 **Rainbow Village Apartment Proposal**

Attachments: [Narrative](#)
 [Concept Site Plan](#)
 [Project Pro-Forma](#)
 [Market Analysis](#)
 [Short-Term Plan](#)
 [June 14 Minutes](#)
 [October 11 Minutes](#)

Community Development Director Thorvig stated in 2021, Roers Companies presented a development proposal for the Rainbow Village shopping center at 551 87th Avenue. The development proposal presented in 2021 included demolition of the former Rainbow grocery store and construction of 250 units of multi-family housing. The new owner of the strip center was also proposing aesthetic upgrades to the exterior of the center including new building elevations, site signage, lighting, and landscape upgrades. The development plan included a request for tax increment financing (TIF) to off-set redevelopment costs and allow for the rent structure of the building to be slightly less than market-rate and target rent levels for those making 70% of the area median income, or approximately \$82,740 for a family of four.

Mr. Thorvig provided the Council with further information on this project and how it has evolved over the past year. He stated the property owner has been patiently waiting to bring a proposal forward until the Northtown plan was finalized. It was noted Roers is still interested in developing a four story 220-unit multi-family project on the site. The site plan and project has changed since the discussions in 2021. These differences were discussed in further detail with the Council along with the proposed TIF request for the project. It was noted Baker Tilley had completed an analysis on the project showing \$9.3 million in TIF could be generated from this project, depending on the term of the TIF district. The rent structure for the project was reviewed and staff explained Roers was seeking \$7.5 million in TIF. Staff commented further on the project and requested feedback from the Council on how to proceed.

Shane Lafay, Roers Companies, thanked the Council for their time. He reported this development was originally proposed to have an affordability component. He explained in the past year this has changed and he was now proposing to construct a 100% market rate apartment complex. He reviewed the proposed rent levels in further detail with the Council. He described how the proposed rent levels may grow over time as the Northtown Mall area redevelops. He commented further on the proposed project and requested comments from the City Council.

Councilmember Newland questioned how much of the Northtown Mall

redevelopment area was proposed to be high density housing. Mr. Thorvig reported changing the regulations for this area was being reviewed and noted staff does not have an exact percentage that would be set aside for high density housing.

Councilmember Newland stated he was concerned about having the high-density apartment complex right next to single family residential homes. He recommended a buffer with trees be put in place between the two properties given the substantial size of the apartment structure. He indicated he could support the rezoning of this property.

Councilmember Robertson explained one of the themes in the study was that this was a complicated area. She recalled the Council discussing easing in the higher density from the south side of the project. She commented while she liked this project, she did have concerns with how the neighborhood would respond to this apartment complex but noted she also valued the project the developer was bringing to the table.

Mayor Sanders questioned how much higher this building was proposed to be than Rainbow Foods. Mr. Lafay reported the apartment building would be approximately 45 feet in height and he estimated the current building was 25 to 30 feet high. He discussed the ways in which he had worked to soften the building from the adjacent residential homes, noting a berm was in place.

Councilmember Paul explained he wanted to know more about how the neighborhood would be included in this project. Mr. Thorvig stated if Roers Companies were to submit plans, a neighborhood meeting would be held. He commented in this instance the applicant may want to hold this meeting prior to submitting plans to the City. He indicated he would be curious to see what the neighborhood thinks about the plans because what was in place at this time was crime ridden. He noted this could be a positive change.

Mr. Lafay discussed the neighborhood meetings that were held for the apartment complex constructed in Fridley near the Holly Center, noting two meetings were held with the neighbors in order to receive feedback. The main concerns that were raised were with the trees and fencing remaining in place.

Councilmember Jeppson indicated she supported the rezoning and having high density residential in this area. She reported the City did need apartments and she was excited to see a developer willing to redevelop this blighted area. She believed this was a good project. She anticipated the City would be asked for TIF no matter what comes to this

site. She explained \$7.5 million was too high of an ask for this project and encouraged the developer to reconsider their numbers. She anticipated the main concerns that would come from the neighbors would be lighting and the parking lot.

Mayor Sanders stated entrances and exits have been considered. He noted the adjacent neighborhood would not want to see an influx of traffic and he appreciated how the traffic would flow in and out of this site. Mr. Thorvig reported the plans submitted would have zero traffic impact on the adjacent residents.

Councilmember Newland asked if the existing berm and trees would remain in place. Mr. Lafay stated it would be his intent to keep the berm and trees in place.

Councilmember Massoglia thanked Roers Companies for being willing to work with the adjacent residents to address their concerns. He stated in general he didn't like four story apartment buildings next to residential homes as did not believe this was the proper transition and perhaps townhomes should be considered for this site. He was concerned it would be a mistake to put high density on this property.

Mayor Sanders questioned what this project would bring to the property and surrounding area. Mr. Lafay stated he participated in the Northtown Mall area study and discussed how high-density residential developments would bring more vibrancy to the area. He was of the opinion housing was the best option for this property.

Councilmember Robertson stated she was not opposed to rezoning the property to high density but explained she also wanted to protect the long-time Blaine residents that lived adjacent to the proposed development.

Mayor Sanders indicated this was a higher crime area that the Blaine Police Department would like to see addressed. He noted one property had been vacant for six years while the other had been vacant for eight years.

Councilmember Jeppson discussed how the Northtown Mall area would redevelop over a long period of time and not all at once. She encouraged the Council to consider if this development fit into the overall concept for the Northtown area.

Mr. Thorvig thanked the Council for their feedback and asked for further comments regarding the TIF portion of this project.

Councilmember Massoglia stated he would not support TIF being used for any housing project in Blaine. He encouraged the developer to reconsider their rental rates in order to cover their costs.

Councilmember Newland asked if this would be a new TIF district. Mr. Thorvig reported this was the case.

Further discussion ensued regarding how property values within the Northtown area would be increasing over time and how this would assist with raising rental rates for the proposed project, while also assisting with paying off the TIF request in a shorter amount of time.

Mayor Sanders stated he supported this project, along with the rezoning of this property to high density. He believed this was a good project for this area stating this project would bring vibrancy to this area. He recommended the TIF request not be more than 10% of the project, noting this has been the amount considered in the past.

Mr. Thorvig stated he could work with Baker Tily and could come back to the Council with different TIF scenarios for this project.

Informational: no action required

3-2

125th Avenue and Lexington Avenue Concept Plan

Attachments: [Attachments](#)
 [Presentation](#)

City Planner Sellman stated the subject site is located at the southwest corner of Lexington and 125th Avenue consisting of about 37 acres (27 acres on the corner and 10 acres adjacent). As part of the City Council visioning discussions in early 2021, this area was included and identified as a priority development area. The Council recognized the need to be more proactive in future development to ensure it is consistent with the vision of the community. A new zoning district was created for this area known as B-5 (Town Commercial), the site was rezoned to B-5, and a comprehensive land use amendment was approved for PC (Planned Commercial) in August 2021.

Ms. Sellman explained the submitted concept plan for discussion includes commercial/retail uses along Lexington Avenue and 125th Avenue, and two apartments on the interior of the development on the west side of the proposed Zest Street extension. This concept is proposed by three partnerships. HJ Development will develop the 27-acre commercial piece, Thompkins Development LLC will develop

10.3 acres with apartments and Enclave will own and manage the apartments. Staff commented further on the proposed project and requested feedback from the Council on the apartments and roadway extensions.

Chris Moe, HJ Development, introduced himself to the Council noting he had completed several developments in Blaine. He explained he has been working with Mayor Sanders and Councilmember Robertson to find an area where he could bring a new commercial development to Blaine. He introduced the project to the Council and stated he appreciated the City's big vision for this area. He reported the apartments included in the project would assist with driving the proposed commercial.

Mayor Sanders thanked the developers for their interest in Blaine. He stated this was a critical property for expanding the City and he believed a grocery store would be a great fit as well as the apartments. He recommended more high-quality restaurants be considered and suggested walking paths through the wetland be constructed to allow the apartment residents to be able to walk to shopping or restaurants.

Councilmember Jeppson supported the City completing the road in order to attract development.

Mr. Moe discussed how completing the infrastructure would assist with attracting commercial development in this area.

Mayor Sanders requested staff pursue grants for this infrastructure in order to assist the City with this expense.

Councilmember Robertson commented this was a challenging piece of property and she supported the proposed development. She indicated her only concern with the apartment complex was with the building height and size. She encouraged the developer to reconsider the unit count for the apartment building. She supported the development having more standalone restaurant space and recommended the daycare be turned into another use.

Councilmember Massoglia stated he liked the mixed uses within this development. He understood residents were concerned about the overall density in this area, noting there was little room at the schools and parks in this area. He commented his only concern was how this area would be impacted if additional high density were located on the adjacent corner. Mr. Thorvig commented there may be some merit this and staff could speak to the Metropolitan Council regarding this matter.

Councilmember Newland indicated he supported the proposed development, especially if it included a grocery store. He asked what the City had in mind for controlling the access points onto the major streets. City Engineer Schluender commented on the entrance points and noted the City had had conversations with Anoka County. He explained a signal had been confirmed at Zest Street and the City would have to work with the County on spacing of the right-ins and right-outs.

Councilmember Jeppson understood this was a concept plan. She discussed how the large buildings along Highway 65 served a great purpose but were not aesthetically pleasing. She encouraged the developer to construct buildings at Main Street and Lexington Avenue that were attractive.

Councilmember Paul stated he believed this was a very good concept plan.

Mayor Sanders commented this could become a destination area with the right amount of creativity and with the proper plan. He anticipated the development at this intersection would draw residents from Ham Lake and Lino Lakes for shopping and dining.

Brian Bochman, Enclave, introduced himself to the Council noting his business was based out of North Dakota and St. Louis Park. He reported he currently has 17 projects underway in the metro area. He discussed how exciting this intersection was given the traffic counts. He stated this was a multi-family friendly development given how spaced out the adjacent neighborhoods were. He explained he was excited to be a part of this project and thanked the Council for their input.

Councilmember Massoglia asked if any parks would be constructed within this development. Brian Bochman, Enclave stated this would be difficult given the number of wetlands in the area.

Mayor Sanders thanked the developers for coming forward and presenting their concept plan in further detail to the City Council.

Informational: no action required

3-3

Introduction of the 2023 Preliminary Budget

Attachments: [2022.07.18 - Workshop Presentation - Prelim Budget Background Intro](#)

Deputy Finance Director Bong presented core background information related to the 2023 preliminary budget to the Council in order to prepare for small group discussions which will be hosted late July and early

August of the calendar year. She discussed the growth that was occurring with revenues and commented on how this was positively impacting the City. She commended the Council for their efforts over the years, noting the City was continuing to grow and asked for comments or questions on the preliminary budget.

Councilmember Massoglia stated he would like to see what areas of the budget could be reduced versus assuming all areas will continue going into 2023.

Mayor Sanders thanked Ms. Bong for her presentation and stated he looked forward to further discussing the 2023 budget in August. He encouraged the Council to reach out to Ms. Bong with questions regarding the budget.

Informational: no action required

4 Other Business

None.

ADJOURN

The Workshop was adjourned at 7:24PM.

Reconvened