

CITY OF BLAINE
ANOKA COUNTY, MINNESOTA
CITY COUNCIL WORKSHOP
Wednesday, September 7, 2022

6:00PM
Cloverleaf Farm Room A
10801 Town Square Drive

CALL TO ORDER

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

ROLL CALL

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

ABSENT: None.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; City Planner Sheila Sellman; Safety Services Manager/Police Chief Brian Podany; Finance Director Joe Huss; Deputy Finance Director Alison Bong; City Attorney Chris Nelson; Budget/Fiscal Analyst Ward Brown; and City Clerk Catherine Sorensen.

3.1 Rainbow Village Proposal.

Community Development Director Thorvig provided Council background information on the Rainbow Village proposal. He reported since last fall, the City has finalized the Northtown Area Redevelopment Plan and reviewed existing EDA fund balances to better understand the potential financial commitment needed in the Northtown area to catalyze private redevelopment consistent with the plan. The Northtown plan identifies a shift in land uses from a predominately retail area to a mix of retail, residential, office and civic uses. The market study completed identifies the demand for up to 750 additional Class "A" multi-family units in the next ten years for the area. Class "A" generally means market rate/luxury buildings with high-end exteriors, interior amenities, and high-quality construction. The master plan identifies redevelopment of this site consistent with the proposed plan. With that said, the master plan was based on the previous proposal submitted by Roer's. Staff reviewed a potential site plan in further detail with the Council.

Mr. Thorvig explained the concept of capturing “pooled” dollars mentioned at the July workshop. Typical past practice in Blaine is to provide the developer the committed TIF funds and close out the TIF district in the shortest term possible. This allows the City to collect full property taxes that are generated from the development once the district is closed. Under a pooling scenario, the district would remain open for the full 26 years and the City would retain the maximum allowable amount (up to 25%) for eligible and qualifying redevelopment projects and expenses within the overall Northtown project area. The amount the City could retain is approximately \$4.8M. This is an additional funding source to pay for projects in the Northtown area including public infrastructure and/or providing assistance to other redevelopment projects without the need for additional TIF districts being created and/or use of existing EDA fund balances or general fund dollars. If this approach were used, it is a win-win for the project and City as the project can move forward and the City can retain a significant funding source to help redevelopment elsewhere in the district.

Mikaela Huot, Baker Tilly, commented on the TIF numbers related to the proposed project. She explained \$7.5 million has been requested and noted a TIF district would have to be created for this project. She reported this site would qualify as a redevelopment district due to the fact the existing buildings were substandard. She stated the proposed TIF district would run for 26 years. The development costs were further discussed noting these dollars would be used to correct current site conditions. She commented on the reasons why cities opt to use TIF, which included to spur redevelopment of blighted properties and to encourage uses that would not otherwise locate in the area. She further discussed the financial gap for this project, how a pay as you go note would fund the project, and how the City would collect TIF over the 26-year life of the proposed redevelopment district.

Mr. Thorvig discussed the needs that have been identified within the Northtown Mall area. He reported if this project were to move forward \$4.7 million would be generated to assist with future projects.

Jonathan Adam, Roers Companies representative, read a letter in full for the record from Bill Cooly regarding the redevelopment of the Rainbow Center site. He commented on the need for multi-family housing in Blaine and discussed how the proposed project would spur more redevelopment in the Northtown Mall area.

Shane LeFave, Roers Companies representative, discussed the changes that were made to the proposed apartment building based on the comments he received from the Council. He explained there was a need for more housing in Blaine and stated this building would help address this need. In addition, the redevelopment would assist in catalyzing redevelopment in the Northtown Mall area. He hoped the Council would offer their support to the proposed project.

Mayor Sanders thanked Roers for addressing the initial concerns that were voiced by the Council and for working to be a partner with the City. He then asked for feedback from the Council on this project.

Councilmember Newland stated he initially supported the project, but after speaking with the homeowners in the area he heard a great deal of opposition regarding the proposed project. He explained he wanted to see the Northtown area redevelopment but questioned if a massive market rate apartment building this was the best use for this site.

Mayor Sanders thanked Councilmember Newland for sharing his opinion and for speaking with the residents in the area. He questioned what the neighbors wanted to see in the area, given the fact the area could not remain as is due to the significant rise in crime.

Councilmember Newland stated he was uncertain what the neighbors wanted and they understood the site was blighted. However, they did not support a massive apartment building.

Councilmember Massoglia indicated the neighbors were not excited about the proposed development then questioned if the proposed apartment building would have an affordability component. Mr. LeFave stated the original plan was to have an affordable component but after hearing from the Council Roers had decided to propose a market rate project.

Councilmember Massoglia asked why the TIF request was not lowered given the fact the building would not include affordable housing units. Mr. LeFave explained the cost of construction was on the rise, which left the TIF request at the same level.

Councilmember Jeppson stated she supported this project because it would be a catalyst for change and redevelopment. She anticipated once developers saw the City Council supporting something new and different in this area, additional redevelopment would be spurred in this area. She understood there has been discussion about the Northtown redevelopment area and how it needs to be inclusive. She commented on how the Rainbow Center site was adjacent to Northtown but would always be a separate development area, which meant this area would always be a unique redevelopment or project. She commented that most would not want an apartment building in their neighborhood and for this reason encouraged the Council to take the emotion out of the decision and look at what was needed for the community. She reported the data shows that the City needs apartments. She explained this meant apartments were going to have to be constructed in the City and this development could prove to be a catalyst to the whole Northtown area. She requested staff provide the Council with the negatives of defining this project area as a redevelopment TIF district.

Ms. Huot stated if the City does nothing, the values in this area could continue to decline. She indicated the goal of the redevelopment district would be to freeze the value decline. In addition, she reported there was no risk to the City with a pay as you go assistance.

Councilmember Robertson commented she understood there was a need for multi-family apartments in the City, especially in the Northtown area. She stated she had no issue with the TIF request and appreciated the fact that the Councilmembers Massoglia and Newland conducted door knocking in this area. She discussed how hard change was for existing neighborhoods and noted there was a communication gap with this project. She explained she was concerned with the mass or scale of the proposed structure and asked if the large building could be broken down into to smaller buildings. She questioned what the plan was for the rest of the property.

Mr. LeFave stated his proposal would be to add multi-family along with upgrades for the existing tenants. He explained how the area would change over the next 10 years as retail continues to evolve. The amount of money that would have to be spent to revitalize the Rainbow Center if not turned into housing was discussed.

Mr. LaFave commented further on the proposed building size and explained how breaking the site into multiple buildings would break up the flow on the site. He stated if the building were broken into two the height of the two buildings may need to increase and the underground parking would be impacted.

Mayor Sanders asked what the unit count was to make this project work. Mr. LeFave anticipated the unit count could drop to 200 and it could still work.

Councilmember Hovland stated he has been opposed to apartments on this site due to its close proximity to an existing residential neighborhood. He is concerned that this apartment building would greatly increase traffic in the area which would adversely impact the neighbors. While he recognized change was going to happen, he did not support the proposed apartment building. He understood communities throughout the metro area were considering high density apartment buildings but he also understood the neighbors were pushing back. He stated he would not be able to support the proposed project based on the feedback he has received from the neighbors. Lastly, he explained he did not support the use of TIF funding for this project.

Mayor Sanders questioned what the neighbors would like to see on this site. Councilmember Hovland stated the neighbors would support townhomes on this site.

Mayor Sanders expressed concern with the fact the City had an area in the community that was deteriorating. He stated he wanted to see this area revitalized and redeveloped given the

elevated crime in this area then explained this developer was willing to bring \$36 million to the table for this redevelopment project for an area that was drastically in need.

Councilmember Massoglia commented residents were not opposed to apartments in this area but were concerned about putting a very large apartment building on the proposed property because it was adjacent to residential homes. In addition, the area already had a lot of traffic concerns.

Mayor Sanders asked if the Council would rather see storage facilities on this property than multi-family housing. Councilmember Hovland stated the concern with this project was that there was no buffer to the adjacent neighborhood and for that reason believed the project did not fit.

Councilmember Paul commented he would rather see townhouses. Mayor Sanders indicated townhouses were not being proposed at this time.

Councilmember Robertson questioned if the footprint of the building could be reduced with the TIF request increased.

Mr. LeFave asked if the rest of the Council would support this idea. Mayor Sanders and Councilmember Jeppson stated they could support this change.

Councilmember Hovland anticipated this still would not receive full support from the City Council.

Councilmember Newland indicated with this project he was trying to be considerate of the new while also respecting the existing residents in the neighborhood, which was difficult to balance. He believed Councilmember Robertson's idea warranted additional consideration because the proposed building was too massive. He anticipated if the building size was decreased it may become more palatable.

Finance Director Huss asked with the project changes in the proposed manner would the TIF analysis have to be reconsidered. Ms. Huot stated if the unit count was reduced, the valuation changed and the project gap modified, a new TIF analysis would be required.

Council consensus was to explore Roers Companies reducing the scale of the building to 200 units within two buildings and to have staff review the resulting TIF analysis.

Other Business

4.1 SBM Duty Crews

City Manager Wolfe stated Interim SBM Fire Chief Dan Retka provided a quarterly department update at the August 15 workshop and shared concerns about future recruitment of volunteers and would like to explore the option of duty crews. Staff concurs that duty crew staffing is a viable option that would support the current SBM volunteer model, while expanding our ability to recruit new volunteers in the community, assist with response times, and potentially lower fleet costs. She questioned how the Council wanted to proceed.

Council consensus was to support SBM Fire exploring the option of duty crews.

3.2 2023 Proposed Refuse Fund Budget.

Deputy Finance Director Bong stated the Sanitation Fund accounts for the City's refuse and recycling program. Walters Recycling and Refuse, Inc. provides refuse, recycling, and organics collection services for all Blaine residents. The current contract term, which was extended in 2019, ends June 30, 2024. The Purchasing Policy requires the City to regularly issue Requests for Proposals (RFP) to ensure a competitive contracting process. An RFP process for waste management services will begin in July 2023 to ensure that a new contract is in place when the current contract expires. Additional information regarding the RFP process follows the budget report. Walters Recycling and Refuse was initially awarded a 5½ year contract beginning January 1, 2015. They submitted the lowest cost proposal of four respondents. In response to substantial changes in global recycling and local solid waste hauling markets, and in an effort to secure favorable pricing for services, the City extended the contract with Walters through June 30, 2024. Staff commented further on the revenues and expenditures for 2023 and requested feedback from the Council.

Councilmember Hovland stated he supported the proposed rates for 2023. He explained he appreciated the RFP process that is followed as it ensures the City was receiving the best services possible for the residents. He reported he supported the proposed increase from Walter's and thanked them for providing their tremendous services to the community.

Mayor Sanders agreed stating he did not support pursuing an RFP process given the fact Walter's was providing the City with great service.

Councilmember Jeppson commented she appreciated the fact the City could support a Blaine business while providing a necessary service for Blaine residents.

Mayor Sanders stated he supported the proposed increases and thanked Walter's for providing the community with high quality refuse services.

Councilmember Robertson explained she valued the relationship the City had with Walter's. She did not believe it was necessary to complete an RFP for refuse services given the relationship the City had with Walter's.

Councilmember Newland agreed Walter's was a tremendous partner with the City and the residents of Blaine were benefitting from this relationship.

Councilmember Hovland indicated he supported the City going through the RFP process for garbage services. Ms. Bong stated if the Council was amenable staff could do some additional research as to what the competitive rates would be for City-wide refuse collection.

Councilmember Jeppson supported staff conducting this preliminary research.

Mayor Sanders thanked Walters representatives for attending this meeting and for providing the community with great refuse services.

The Council recessed the workshop to the City Council meeting at 7:33 p.m.

The Council reconvened to a closed session meeting at 8:45 p.m.

3.3 Closed Session Pursuant to MN Statute 13D.053(c)(3) to Discuss the Potential Purchase of 10550 Nassau Street NE.

The Council met in closed session pursuant to Minnesota Statute 13D.053(c)(3) to discuss the potential purchase of 10550 Nassau Street NE.

3.4 Closed Session Pursuant to MN Statute 13D.05 Subd. 3(b) to Discuss Threatened Litigation Regarding the Lever Street Improvement Project.

The Council met in closed session pursuant to Minnesota Statute 13D.05 Subd. 3(b) to discuss threatened litigation regarding the Lever Street Improvement Project.

The workshop was adjourned at 9:25PM.

Tim Sanders, Mayor

ATTEST:

Catherine Sorensen, CMC, City Clerk

Submitted by Minute Maker Secretarial