

CITY OF BLAINE
ANOKA COUNTY, MINNESOTA
CITY COUNCIL WORKSHOP
Monday, January 11, 2021

6:00PM

Virtual meeting due to COVID-19 pandemic

CALL TO ORDER

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

ROLL CALL

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

ABSENT: Councilmember Julie Jeppson.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; Police Chief/Safety Services Manager Brian Podany; Finance Director Joe Huss; Public Services Manager/Assistant City Manager Bob Therres; City Engineer Dan Schluender; City Planner Lori Johnson; Communications Manager Ben Hayle; Project Engineer Teresa Barnes; and City Clerk Catherine Sorensen.

3.1 Applewood Pointe Concept Proposal.

City Planner Johnson stated United Properties is interested in constructing an Applewood Pointe senior cooperative housing building on two properties located at 11967 and 11985 Radisson Road. The properties are currently occupied by two single family homes, where owners are wanting to sell. There is a third property at 11945 Radisson Rd which is not part of this proposal, however is anticipated to be developed in the future. Applewood Pointe is a multi-family senior cooperative product that United Properties has built in nine communities throughout the Twin Cities Metro Area. A senior cooperative is an owner-occupied building where an owner purchases an interest into the overall cooperative community. Unlike a condominium, the owner does not own an individual unit. There are two primary costs: the share cost and monthly payment. The share cost is a one-time down payment that purchases a share in the non-profit cooperative corporation. The developer offers multiple tiered pricing options, representing levels of equity. Overall, the site is 9.7 acres. The developer has provided a site plan that includes a 102-unit cooperative building. The building would be four stories with underground parking. It was noted there was a wetland on site that needs to be taken into site planning considerations. Staff provided further comment on the project and explained the applicant was in attendance to provide the Council with further information.

Councilmember Robertson stated she understood the third property was not ready for redevelopment. She questioned how long the proposed project would take to complete. Ms. Johnson commented she was uncertain what the project timeline would be.

Councilmember Robertson indicated this was a unique development because the seniors were buying into a cooperative and not a specific unit or condo. She asked if the site would have amenities. Ms. Johnson reported bocce ball and pickleball courts would be included, along with a garden. She explained the developer would also be required to provide park dedication.

Councilmember Hovland asked if there was a trail along Radisson Road. City Engineer Schluender reported currently there was a trail along the west side of Radisson Road from 125th Avenue to the City's southern border. He reported the Council had not yet considered the idea of a trail along the east side of Radisson Road.

Councilmember Robertson questioned if the County would have a problem with the right-in/right-out off of Radisson Road. Mr. Schluender reported the applicant had spoken with the County and the County has agreed to the right-in/right-out. He explained a full access to the site would not be provided.

Councilmember Robertson inquired if a traffic signal was warranted at the intersection of Radisson Road and Cloud Drive. Mr. Schluender reported this was a warranted intersection and explained the County has applied for funds for this signal.

Councilmember Robertson stated she anticipated the proposed senior use would generate less traffic than a townhome or multi-family apartment complex. Mr. Schluender stated this was the case.

Councilmember Hovland asked if the senior development was for people 65 and older. Dave Young, United Properties, thanked the Council for reviewing his concept plan then explained HUD defined the project as one owner being 62 or older.

Councilmember Hovland indicated he was 64 years old and still working. He explained many seniors are active and may still work to some degree which would generate some level of traffic to and from the proposed development on a daily basis. He stated this four story development would be overlooking the adjacent townhomes and should be taken into consideration.

Councilmember Robertson commented on the height of the adjacent townhomes and noted the proposed development would not be that imposing.

Councilmember Paul stated he appreciated the landscaping that would be put in place to assist with screening and buffering the property. He questioned how the project would proceed without all three properties, as was previously discussed with commercial and low income components. He inquired if the development would have any low income units. Mr. Young explained the new plans was for the two properties to be combined into one parcel and that a four story, 102 unit senior building be constructed. He stated the development would not include any low income units. Ms. Johnson reported there was no low income housing associated with this development, nor was this part of the project last year. She indicated there was not a commercial portion to this project either.

Councilmember Smith questioned if the City would be accelerating the traffic signal at Cloud Drive and Radisson Road. Mr. Schluender discussed the timing of the signal and noted it was the Council's decision. He reported when the City wanted to move forward with this project the City would contact the County and it would begin. Mr. Young discussed the timeline of the project and noted 60% of the units would have to be presold which meant he would be spending one year marketing the project prior to securing financing and breaking ground. He estimated this project would take three years to complete. He commented further on the demand for senior housing in the north metro.

Councilmember Massoglia questioned if this was the best location along Radisson Road for a high density development. He stated he was also concerned with the height of the building. He suggested the development move forward as a medium density residential project and not a high density residential project. He asked if the City had contacted property owners to see if they were ready to sell in order to be included in a proposed

development. Ms. Johnson stated the City does not generally contact property owners but rather left this up to interested developers. She reported the City does ensure that when these plats come in, they include a concept plan for all surrounding properties to ensure they have proper access. She explained the adjacent property was completely independent and could be developed.

Mr. Young commented the number of allowed units under the current land designation was 94 or 96 units. He explained he was asking for 102 units, which was just slightly over the allowed number of units.

Council consensus was to direct staff to move this project forward.

3.2 Artis REIT Financial Request Proposal.

Community Development Director Thorvig stated Artis REIT has an opportunity to deliver a Class A industrial campus on undeveloped land at the northwestern quadrant of the interchange of Interstate 35W and County Road J (85th Avenue NE), a major east-west arterial. The proposed development will include three (3) multi-tenant office/manufacturing/warehouse buildings, 28' - 32' interior clear heights, campus site improvements with comprehensive stormwater management design and cohesive, native landscaping, and flexible parking and dock arrangements. The proposed project costs are estimated to exceed \$35,000,000. Job creation is unknown given the speculative nature of the spaces. Staff commented further on the proposed Artis REIT development and described the extraordinary costs for the project. The complexities of TIF were discussed and four TIF options for this project were reviewed in detail. He requested the Council discuss the proposals and provide staff with direction on how to proceed.

Alex Rexroad, Artis REIT, thanked the Council for their time and consideration. He explained he has been working with staff and the Rice Creek Watershed on this project for the past six months. He reported Artis REIT was primarily an owner and manager of office and industrial assets in Canada and through the United States. He explained he provided the Council with a memo regarding the financial assistance request. He stated he was excited about the project in Blaine. He discussed the extraordinary costs with the site and noted this may be why the site has sat vacant. He said it was his hope he could partner with the City in order to bring this project to fruition.

Councilmember Hovland stated he supported Option 2 that did not include the wetland credits. He believed this would be the best route for the City to go with and explained he would like to see this property developed.

Councilmember Paul commented this project included a lot of information and indicated he could support the City-provided wetland credits in order to preserve other capital. He asked what type of TIF the City would be providing to the developer. Mr. Thorvig reported the TIF funding would be a pay-as-you-go note.

Councilmember Paul explained he supported Option 4.

Councilmember Hovland questioned who owned the wetland credits. Mr. Thorvig commented the wetland credits belonged to the EDA.

Councilmember Hovland stated he wanted to keep the EDA solvent and for this reason he did not want to give away the wetland credits. He indicated he was all in favor of offering the developer TIF.

Further discussion ensued regarding the EDA's wetland bank.

Councilmember Massoglia commented he believed this site made sense for an industrial use however, he did not support the use of TIF. He discussed the amount of industrial space available in Blaine and did not recommend this project be incentivized. He recommended the incentives be saved for unique, large business opportunities.

Councilmember Robertson indicated this was a large amount of capital the City was being asked to provide in TIF. She understood this was a challenging property. She asked how many jobs would be created or what potential employers may be brought to the City of Blaine. She indicated this may help the Council with providing incentives. She questioned what other markets were being pursued by the developer. Mr. Rexroad explained the uncertainty of the last year has made the industrial asset market extremely robust. He indicated there has been a shift in the industrial market and how businesses are bringing their products to market. He reported this project was being driven by domestic companies needing larger spaces to create end products, while also having enough space for supplies and inventory on site. He noted the proposed buildings would have high end finishes and immediate access to the I-35W corridor. He commented further on the need for industrial spaces in the metro area and explained he had an extensive prospective tenant list. He estimated the project would create 200 to 300 jobs. He discussed the potential project timeline and noted the requested finances would make this project feasible.

Councilmember Hovland stated without the assistance of TIF, this property could sit vacant for another 30 years. He supported the City giving a little up front in order to bring new businesses and jobs into Blaine.

Councilmember Smith questioned who created the numbers within the extraordinary cost table. Mr. Thorvig reported the numbers were provided by the developer but staff had reviewed the numbers and found them to be accurate.

Councilmember Smith explained he was less concerned whether or not this project would sell. He indicated the developer was willing to invest far more than the City was being asked for and for this reason, he supported the project moving forward. He requested further information on how the wetland credits worked. Mr. Thorvig explained the City of Blaine had a wetland bank. He stated the City Council can sell these credits to MNDOT, other developers or other cities. He reported the EDA also had a wetland bank and had the right to choose what to do with their wetland credits.

Councilmember Robertson questioned what the return on investment would be if TIF were offered. Mr. Thorvig reviewed the finances for the project. He explained if a TIF District were created, it would be in place for eight years. He stated after year eight the district would be decertified and the full amount of taxes would be paid to the City and school district.

Councilmember Robertson indicated she did not know if she could commit to one of the options this evening. She asked if this project could go forward with just wetland credits. Mr. Thorvig stated he was uncertain if the project could proceed with just wetland credits.

Councilmember Hovland questioned who owned the property at this time. Mr. Thorvig reported the property was privately owned and vacant at this time.

Councilmember Hovland stated this has been a difficult property to develop because of the high costs involved with developing the site.

Councilmember Paul supported moving forward with just wetland credits.

Mr. Rexroad thanked the Council for their time and feedback. He explained a number of developers have looked into this site and walked away. He commented further on how difficult it would be to develop this site due to the wetlands. He indicated he has worked with staff for six months to bring about a viable option. He stated he has created a win-win situation that would minimize the impact on the high quality wetlands. He reported he was proposing to save over 30% of the wetlands. He discussed the Rice Creek Watershed requirements noting he would have to replace the wetlands on a 2:1 basis, which increased the cost for the project. He emphasized again the amount of time he has spent on the site.

Mayor Sanders thanked Mr. Rexroad for all of the work his team has completed for this project. He explained the Council would continue to work with staff. He anticipated this project would come back to the Council for further discussion at a future workshop meeting.

3.3 Background on the Distribution of Funds from the Dissolution of the North Suburban Hospital District and Development of a Strategic Priorities Fund Policy.

Finance Director Huss stated on December 15, 2016, the Blaine City Council adopted a resolution accepting the determination of the North Suburban Hospital District (NSHD) to dissolve and petitioned the NSHD to proceed with the requirements of dissolution. In early 2019 the NSHD adopted a formal dissolution plan and a resolution directing the transfer of NSHD funds. On April 1, 2019, pursuant to the dissolution plan and resolution, the City Council accepted a check for \$2,648,000 from the NSHD, representing Blaine's share of funds remaining after the dissolution of the hospital district. At the May 6, 2019 Workshop, the Council consensus regarding these funds was to (1) place the funds in a separate fund to be used pursuant to Council priorities as established at a later date and (2) set aside \$100,000 of the proceeds to be used as a matching grant to assist in funding for the new Veterans Memorial Park. Per this direction, the City's Strategic Priorities Fund was established and on October 7, 2019 a payment of \$100,000 to Veterans Memorial Park was approved. As of year-end 2020, the Strategic Priorities Fund had a balance of roughly \$2,675,000. Additionally, the 2021 Tax Levy, adopted by the City Council on December 21, 2020, included a Strategic Priorities levy of \$325,000.

Mr. Huss reported at the time the funds were placed into the Strategic Priorities Fund, the City Council expressed its intent to develop a policy governing expenditures from the fund. Per Council discussions, it was intended that the fund be used only for items that the Council considers to be of high priority for accomplishing established strategic initiatives. With the adoption of the 2021 levy, Council also expressed a desire to establish a strategy whereby, in the event of an economic downturn, the City would have a funding source from which to draw to maintain basic service levels without putting undue pressure on the tax levy. With respect to the preceding parameters, Council was supportive of reviewing a draft policy for use of Strategic Priorities funds that is modeled after the City's Capital Improvement Fund Policy, including (and especially) the requirement that expenditures from the fund must be supported by at least five (5) affirmative votes of the Council. Staff commented further on the potential draft policy and requested feedback from the Council on how to proceed.

Councilmember Hovland supported these funds being treated similar to the Capital Improvement Fund. He indicated these are taxpayer funds and should be used for the taxpayers.

Councilmember Paul thanked Mr. Huss for his detailed presentation. He requested further information on how the funds could be used. Mr. Huss explained the intent would be to have the funds used in strategic ways with some return. He indicated it has been suggested these funds assist with the intersections or the signaling of intersections. He reported the Council would have to deliberate and decide how to spend these dollars. He stated the intention was to only use these funds when no other funding source was available. He

encouraged the Council to keep in mind the funds do not have to be spent and the only restrictions on the funds have been imposed by the Council.

Councilmember Robertson stated she believed the Council would have to use the hospital funds in the Reserve Fund given how difficult 2020 was. She suggested the use of these funds be more difficult and require a 6/7 vote. She reported she would never support the use of these funds for anything related to Anoka County until the JPAs can be further addressed. She was of the opinion these funds were a last resort for when times get really tough.

Councilmember Smith thanked Councilmember Robertson for her comments. He questioned if mechanisms could be put in place in the event an economic down turn were to occur that the funds be allowed to be used for assistance.

Councilmember Hovland suggested an expenditure amount be set for these funds. He stated the only dollars coming back into this fund was through interest. He reported the Council could not spend more than a certain amount or it would be cutting into the principal. He explained it would be great to get to a point where interest was accruing and the principle was not touched. He agreed a super majority vote should be required to approve any spending of the hospital funds.

Councilmember Smith stated he believed requiring a 6/7 vote may be extensive. He questioned if this was required for any other Council votes. Mr. Huss explained the Capital Improvement Fund requires five votes to spend interest and requires six votes to spend any principle of the fund. He stated this same policy could be established.

Councilmember Robertson supported the expenditure of any principal for these funds to require a 6/7 vote. She also supported an economic downturn scenario being included in the policy.

Mr. Huss thanked the Council for their input and explained he would begin drafting a strategic priorities policy for these funds based on the feedback provided by the Council.

3.4 Protesting in Residential Areas.

Safety Services Manager/Police Chief Podany stated recently multiple cities have enacted ordinances regulating targeted picketing in residential neighborhoods. This subject was given increased attention over the summer after multiple high profile protests in residential neighborhoods. This has not been presented previously to the City Council for consideration nor has the City Attorney drafted potential legislation. According to the 2020-2023 Strategic Plan, a strength of the City of Blaine is our residential growth. Additionally, an opportunity identified in the SWOT Analysis was our vibrant community. Maintaining peaceful residential neighborhoods is an important piece of this. Historical legal perspective and analysis was provided to the council for discussion. Staff is requesting guidance from Council on whether to proceed with researching and drafting proposed legislation in conjunction with the City Attorney regulating targeted picketing in residential neighborhoods.

Councilmember Hovland questioned if this type of ordinance would apply to neighborhood focused development types of scenario. Police Chief Podany explained this would pertain only to residential neighborhoods. He explained if picketing were occurring on private property the property owner can call the police.

Councilmember Paul questioned if demonstrations or protests at apartment complexes would be included in the proposed ordinance. Police Chief Podany explained apartments, townhomes, mobile homes and single-family homes would all be included.

Councilmember Robertson thanked Police Chief Podany for looking into this and for his report.

Council consensus was to direct staff to draft a protesting in residential area ordinance.

3.5 2021 Board/Commission Appointments.

City Clerk Sorensen stated with new Mayor/Council starting staff would like input on the 2021 Board/Commission appointment process which will occur in March. In the past, Council has interviewed both incumbents and new applicants to provide Council and members an opportunity to meet. If that is Council's wish staff will schedule those interviews, likely virtually this year, but if Council prefers a different process that could be arranged as well. Options could include interviewing new applicants only, a subcommittee of Council could conduct interviews for recommendation to full Council, or staff liaison interviews for Council recommendation. City Council had requested that periodic joint meetings be scheduled between the Council and the Boards/Commissions. The first joint meeting was scheduled with NRCB in spring 2020; it was postponed due the pandemic, and was recently held in December. In 2021, it is anticipated that joint meetings will be scheduled with other Boards/Commissions.

Councilmember Hovland asked if limits were set as to how long Commission and Board members could serve. Ms. Sorensen stated these limits were in place and had been taken into consideration with the proposed interviews. City Manager Wolfe indicated one other option the Council could consider would be to have the individual Commissions conduct the interviews and make a recommendation to the City Council.

Councilmember Robertson indicated she supported interviewing Board and Commission candidates as she believed interviews assisted in communications between Council and Commissions.

Councilmember Smith suggested a subset of the Council be created to complete the interviews.

Councilmember Hovland explained he supported Council interviews as well and asked that some of the questions be reworded in order to simplify the questions.

Councilmember Paul stated he supported interviewing all of the new candidates because they were willing to serve the City of Blaine. He asked if the City would be making appointments for the Board of Review. Ms. Sorensen stated these appointments would not be made until 2022.

Council consensus was to direct staff to move forward with the Board and Commission interviews with the same process that has been followed in the past. Staff requested the Council forward to staff dates that do not work for these interviews.

3.6 COVID-19 Impacts/Other.

Ms. Wolfe discussed the governor's recent executive orders and how this has impacted the City of Blaine. She reported staff has been working diligently to keep the City's website up to date. She explained programming at MAYC and for Parks and Recreation was being considered and would comply with the most recent executive orders. She noted warming houses would be opened to 25% capacity for the remainder of the season. She reported the staffing models for the police department were being further considered.

Councilmember Hovland asked if the ice rinks in the City were open for use. Public Works Director Haukaas reported all rinks were open for use and have pretty good ice. He noted the temperatures would be challenging this week, but stated the overnight temperatures have been consistently low.

Further discussion ensued regarding a dispute a resident was having with Walter's Refuse.

The Workshop was adjourned at 8:38PM.

ATTEST:

Tim Sanders, Mayor

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