



City of Blaine Anoka County, Minnesota

Blaine City Hall
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Sponsors: Erik Thorvig
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Attachments: 1. Xylite Street Zoning, 2. Xylite Street Land Use, 3. Signed Letter to City of Blaine - Premier Bank Outlot A, The Sanctuary 1.11.21, 4. PowerPoint Presentation

Date	Ver.	Action By	Action	Result
1/20/2021	1	City Council Workshop	Discussed	

WORKSHOP ITEM - *Erik Thorvig, Community Development Director*

DISCUSS 10251 XYLITE STREET ZONING AND EDA INTEREST (PID 22-31-23-33-0015)

The property at 10251 Xylite St (subject property) is currently owned by Premier Banks. The property was previously owned by Gary Larson and Premier Banks obtained the property via foreclosure in 2019.

Mr. Larson was a landowner partner for the Sanctuary residential neighborhood to the north when it was developed in early 2000s. Even though the properties were under the same original ownership, the subject property was not planned to be part of the Sanctuary residential development and therefore was not rezoned. The property is 18.50 acres with approximately 12 acres of upland. A majority of the wetland is located along the north and northeast portion of the property.

A development proposal was submitted in 2017 by Park Construction. Park Construction intended to develop the property for offices, interior equipment storage and an outdoor contractor yard. The proposal essentially maximized the site by filling 2.5 acres of wetland on the north and west portions of the site. The project required a conditional use permit (CUP) approval by the City Council. The CUP was denied by the City Council and the project did not move forward.

During the process concerns were brought forward by the adjacent residential property owners which generally focused on negative residential property value impacts, noise/odor, and visual

impacts due to extensive outdoor storage. Screening efforts were made by the developer to attempt to mitigate these concerns. Discussion also occurred about the compatibility of I-2 zoning adjacent to residential property.

Historic Zoning

The property has been zoned I-2 (Heavy Industrial) since at least 1979. The Sanctuary neighborhood directly north of the subject property was historically zoned either industrial or agricultural up until the late 1990s/early 2000s when it was rezoned to R-1B to allow for residential development. Properties to the west, east and south have historically been zoned industrial. The subject property is guided Heavy Industrial in the 2040 Comprehensive Plan which is consistent with the current zoning. Minnesota State Statute requires zoning and land use to be consistent regardless of the city's future vision for a property. Maps are included that show the current zoning and 2040 Comprehensive Plan land use designations for the area.

Zoning Information

The purpose of the I-2 district is to provide for the development of heavy industrial uses ranging from small to large scale industry with a need for outdoor uses and storage and related services. This district shall encourage the development of industrial uses accessible to major highways and utilizing city services of sanitary sewer, water, street, and storm drainage. **Such heavy industrial areas should be located next to light industrial and airport districts** and shall be free of hazardous or objectionable elements such as noise, odor, dust, smoke, glare, or other pollutants. The I-2 zoning district permits a variety of traditional industrial uses such as manufacturing, office, warehousing which is permitted in all industrial districts. I-2 zoning however allows more intensive uses and outdoor storage which require a conditional use permit.

There are two light industrial zoning districts identified as I-1 and I-1A. The purpose of these districts is to provide for the development of industrial uses ranging from small to large scale industry and related services. These districts shall encourage the development of industrial uses accessible to major highways and utilizing city services of sanitary sewer, water, street, and storm drainage. **Such light industrial areas can be located next to heavy industrial, commercial, residential, and airport districts** and shall be free of hazardous or objectionable elements such as noise, odor, dust, smoke, glare, or other pollutants. The I-1A zoning district allows minimal outdoor storage limited to a maximum of 50% of the total building footprint and requires appropriate screening. The I-1 zoning district allows no outdoor storage.

There are two other areas in Blaine where I-2 zoning exists adjacent to residential properties. Those areas are located off West Lakes Pkwy/Cloud Dr and 125th Ave and Xylite St and 85th Ave. In these instances, the I-2 properties had existing uses prior to the homes being built so the homeowners had a general idea of what existed prior to purchasing their homes.

Recent Property Interest

Premier Banks had been working with an interested buyer that would have utilized the southern portion of the site for a new building and outside storage. The buyer had discussions with staff about a potential buffer between their use and the residential neighborhood. This would've required some type of economic development authority (EDA) assistance in order to make the project financially feasible. In the last two months the buyer determined not to proceed, therefore nothing was brought forward for the City Council/EDA to consider.

Premier Banks has been marketing the property since the previous potential buyer declined their interest. Staff has spoken with several interested parties which include uses that would meet the I-1 or I-1A zoning and also uses that would require the I-2 zoning.

Economic Development Authority (EDA) Purchase Interest

The bank had an appraisal completed that valued the land at approximately \$1.9M. The EDA typically purchases property that is part of a redevelopment area, is blighted, to control future use of the property and/or is not being purchased by the private market because of site challenges. This site is not part of a redevelopment area, is not blighted and there has been interest in the property by the private market.

The main reason to consider purchase in this instance is to control the future use. Staff believes that rezoning the property is the most appropriate way to control the future use of the property. Rezoning the property to I-1 still allows for a significant user on the property that would produce jobs and tax base however not be as objectionable to the residential neighborhood as a use with outdoor storage.

There has been discussion in the past about providing a buffer area between the residential properties to the north and any development on the site. The EDA may have to consider financial assistance in order for providing a buffer by a developer to make the project financially feasible. This option would come at a far less cost than purchasing the property and also would be less of a risk to the EDA.

Zoning Discussion

Staff would like the City Council to discuss the appropriateness of I-2 zoning for the property and whether there is interest from the Council in directing staff to bring forward a rezoning request to either I-1 or I-1A. Staff requested a legal opinion from the city attorney regarding rezoning the property and which been provided to the City Council via a confidential memo. A rezoning would also require a subsequent land use change in the 2040 Comprehensive Plan to Light Industrial which requires a supermajority (5 of 7 votes) approval. A letter has been provided by an attorney representing Premier Banks noting their opposition to a rezoning and desire for the EDA to purchase the property.

EDA Purchase

Staff would like the EDA/City Council to discuss whether there is interest in purchasing the property. Staff would recommend not purchasing the property however consider financial assistance to achieve a buffer on the site. Any details related to this would come before the EDA in the future when a specific development is proposed.