

2022 Facilities Maintenance Fund

Executive summary

In an effort to stabilize the city's general tax levy, and to provide a mechanism for ensuring that long-term funding of facilities improvements is in place, the Facilities Management internal service fund was established in 2019. Internal service funds are used to account for the financing of goods and services provided by one department or activity on behalf of other city departments or activities. Costs are then distributed to those departments or activities on a cost reimbursement basis. The facilities managed under this fund include City Hall and attached garages, Public Works and the cold storage facilities, the Police training facility, Mary Ann Young Center, and old fire station #5.

Revenue

The primary funding source for the internal service fund comes from charges assessed to each of the departments in the city's general and utilities funds. The charges are split between two different categories: the maintenance chargeback is used for operational expenses and any repairs to the facilities maintained in this fund, while the replacement charge assists in funding capital replacement items. For 2022, maintenance and replacement charges combined will increase by \$42,000 (4%), from \$1,016,100 to \$1,058,100.

Expenditures

Operating expenditures include the wages and benefits of a 3-person staff charged with day-to-day building maintenance. A 3% general wage increase and a \$50/month increase in benefits is included. Other expenditures include utility fees for City Hall, Public Works, and the Mary Ann Young Senior Center, cleaning supplies, general supplies, small tools, and office equipment and furnishings (e.g. carpeting and chairs).

The City maintains a contract with an outside vendor for facility management and capital planning services. Early in 2021, the City solicited requests for proposals and began a new contract with Gaughan Companies effective October 1, 2021. As a result, the city will realize savings of approximately \$1,400.00 per month (\$16,800 annually). The new contract is set for three years and does not decrease the level of service or hours dedicated to these facilities compared to the previous contract.

Roof Repair (\$12,000): Gaughan Companies staff recommends a 10-year maintenance plan to improve the condition of the public works roof. The plan would patch and repair any areas of existing damage/leaks, and would provide a budget of approximately \$10,000 per year. Gaughan staff believe this is a feasible alternative to a full roof replacement, which are estimated to cost \$450,000.

Existing contracts for cleaning services through MSI and Marsden are expected to remain in place through 2022. The rates for cleaning are increasing for the MSI contract due to the increased cleaning areas for the completed 3rd floor workspace. Staff will solicit RFPs in 2022 to ensure the City is receiving the best value.

2022 capital requests

City Hall:

- **A/C Units for Server Rooms** (\$45,135): This will replace aging units that are critical for the continued operation of the City's servers. Temperature control is vital for the effectiveness and longevity of this hardware and failure of these units would likely cause a disruption in service to the staff and residents.
- **Water Distribution/Recirculation Pumps** (\$30,000): The existing pumps are original to the boiler and chiller and are nearing the end of their life cycles. The pumps circulate either hot or cold water for the heating and cooling systems. Without functioning pumps, it would be impossible maintain a comfortable temperature within City Hall.
- **Brick replacement – PD parking area** (\$55,000): This will repair or replace the existing brick wall that encloses the police parking area. Exposure to typical Minnesota weather and lack of preventative maintenance has resulted in damage, which could lead to complete failure of the wall.
- **Tuck pointing of brick areas** (\$25,000): This is a preventative measure that corrects vulnerability in the brick areas of the City Hall building. The tuck pointing would restrict water from infiltrating the brick façade and creating damage to the exterior.
- **Door access readers** (\$72,600): This would replace all existing access card readers that are vulnerable to security breaches. Staff have discovered that the existing readers are easily susceptible to card hacking/cloning tools that are easily producible.

Public Works:

- **Parking lot lights** (\$35,000): This was originally approved for the 2021 budget, but due to time constraints was not able to be completed. This will update existing lights with LED, and install additional fixtures. The improved lighting will increase safety in the parking lot, especially during the darker, winter months.
- **Electrical Power Stations (3)** (\$30,000): These power stations will provide a dedicated charging area for all electric equipment and attachments used by Public Works. The all-electric pickup truck proposed in the 2022 capital equipment budget would utilize this type of charging station.

Other Facilities:

- **Brick replacement – Cold Storage Building (\$18,000):** This is a continuation of a project started in 2021. Due to the lack of gutters or weather guard, rain and ice had been building up on the top of the brick veneer causing increasing wear. To avoid further damage and water from settling behind the brick, staff are installing tin sheets in 2021 to move any falling/melting water away from the brick. This request will complete the project by repairing the damaged brick areas.
- **Security Cameras – Cold Storage (\$30,000):** This was approved for the 2021 budget, but due to time constraints and changing priorities was unable to be completed. The security cameras will provide an added level of security to the worksite. This site contains a number of high value pieces of machinery and equipment, and is also the location of the City's police training facility.

The current projected fund balance for 2022 is adequate for funding all operating and capital expenditures without additional unrestricted reserve transfers.

Five-Year Outlook

The five-year outlook for the facilities maintenance fund is stable for covering ongoing operating expenditures.

Staff continues to update and refine the City's five-year Capital Improvement plan, which includes the facilities maintenance plan. With the new facility management company onboarding in 2021, they will be performing a full facility audit with an expected completion in late 2021. The City is expecting this study will provide crucial information and data to aid in capital planning, projecting, and prioritizing of capital requests.

CITY OF BLAINE, MINNESOTA

2022 SUMMARY BUDGET

Public Facilities Fund - 711

	2021 Adopted Budget	2021 Projected	2022 Proposed Budget	2023 Projected	2024 Projected	2025 Projected	2026 Projected
Beginning Working Capital Balance	\$ 225,887	\$ 225,887	\$ 274,259	\$ 30,006	\$ 48,766	\$ 13,756	\$ 154,376
<u>REVENUES</u>							
Internal Charges							
Operating	933,700	933,700	973,200	1,002,400	1,032,500	1,063,500	1,095,400
Capital	82,400	82,400	84,900	87,400	90,000	92,700	95,500
Miscellaneous		18,245					
Investment earnings	1,950	1,950	2,000	2,050	2,100	2,150	2,150
Transfers/Alt. Funding	-	75,000	-	-	-	-	-
TOTAL REVENUES	\$ 1,018,050	\$ 1,111,295	\$ 1,060,100	\$ 1,091,850	\$ 1,124,600	\$ 1,158,350	\$ 1,193,050
<u>EXPENDITURES</u>							
Operating							
Personal Services	\$ 272,190	\$ 272,000	\$ 281,578	\$ 290,400	\$ 299,000	\$ 307,900	\$ 317,100
Supplies	55,300	19,885	70,600	61,600	52,700	43,800	49,900
Contractual Services	557,400	585,480	599,440	661,090	647,910	656,030	676,000
TOTAL EXPENDITURES	\$ 884,890	\$ 877,365	\$ 951,618	\$ 1,013,090	\$ 999,610	\$ 1,007,730	\$ 1,043,000
Operating Gain (Loss)	\$ 133,160	\$ 233,930	\$ 108,482	\$ 78,760	\$ 124,990	\$ 150,620	\$ 150,050
Capital & Infrastructure							
City Hall	83,450	90,239	227,735	-	-	-	-
Public Works	35,000	75,319	77,000	10,000	160,000	10,000	10,000
Other Structures	45,000	20,000	48,000	50,000	-	-	-
TOTAL CAPITAL	\$ 163,450	\$ 185,558	\$ 352,735	\$ 60,000	\$ 160,000	\$ 10,000	\$ 10,000
Net Gain (Loss)	\$ (30,290)	\$ 48,372	\$ (244,253)	\$ 18,760	\$ (35,010)	\$ 140,620	\$ 140,050
<u>FUND BALANCE RESERVE</u>							
Beginning	225,887	225,887	274,259	30,006	48,766	13,756	154,376
Net Addition	(30,290)	48,372	(244,253)	18,760	(35,010)	140,620	140,050
Y/E Fund Reserve	\$ 195,597	\$ 274,259	\$ 30,006	\$ 48,766	\$ 13,756	\$ 154,376	\$ 294,426