



City of Blaine Anoka County, Minnesota

Blaine City Hall
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Legislation Details (With Text)

File #: MO 22-154 **Version:** 1 **Name:** Adopt Strategic Priorities Fund Use Policy
Type: Motion **Status:** Passed
File created: 9/7/2022 **In control:** City Council
On agenda: 9/7/2022 **Final action:** 9/7/2022
Title: Adopt Strategic Priorities Fund Policy
Sponsors: Joe Huss
Indexes:
Code sections:
Attachments: 1. Strategic Priorities Fund Use Policy

Date	Ver.	Action By	Action	Result
9/7/2022	1	City Council	Approved	Pass

Administration - *Joe Huss, Finance Director/Asst. City Manager*

Title

Adopt Strategic Priorities Fund Policy

Executive Summary

Council is requested to adopt a policy governing the use of funds placed in the city’s Strategic Priorities Fund.

Background

The Strategic Priorities Fund was established in May 2019 from the proceeds of the dissolution of the North Suburban Hospital District (NSHD). On May 6, 2019, Council directed that the \$2,648,000 from NSHD be placed in a Strategic Priorities fund to be used pursuant to Council priorities as established at a later date. Council also directed that \$100,000 of this amount be set aside as a matching grant to assist in funding the new Veterans Memorial Park. The Strategic Priorities Fund was established and on October 7, 2019 a payment of \$100,000 to Veterans Memorial Park was approved.

Since 2019, the City Council has authorized an additional \$4.875 million be placed in the Strategic Priorities Fund including \$4.2 million of unrestricted General Fund reserves and \$575,000 in general tax levies. At the adoption of this policy, the Strategic Priorities Fund will have a balance of roughly \$7.3 million.

At the time the funds were placed into the Strategic Priorities Fund, the City Council expressed its intent to develop a policy that would govern expenditures from the fund. Initially, it was intended that the fund be used only for items considered to be of high priority for accomplishing established strategic initiatives. In 2021, Council expressed a desire to also 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 drafting a policy for use of Strategic Priorities funds that allowed for the above and would be modeled after the City’s Capital Improvement Fund Policy,

especially the requirement that expenditures from the fund must be supported by at least five (5) affirmative votes of the Council.

Examples of strategic fund uses suggested by both this council and previous councils include:

- Supplemental resource for funding capital equipment purchases
- Facilities Fund reserve
- Aquatore Park bandshell
- Traffic signals
- Trails (109th street)
- Redevelopment
- Road expansion
- Reserve for levy containment

Draft policies were reviewed and discussed by Council at the following workshops and retreats:

- March 8, 2021
- January 29, 2022
- May 7, 2022 (Postponed)
- June 13, 2022

Based on the initial direction and subsequent workshop and retreat discussions, the attached policy has been drafted for Council review and adoption.

Following is a summary of the draft policy:

- 1. Policy Statement** - the purpose of the Strategic Priorities Fund is:
 - a. To fund items that the Council considers to be of high priority for accomplishing established strategic initiatives.
 - b. As a supplemental, levy-stabilizing funding source from which to draw to maintain basic service levels in the event of an economic downturn.
- 2. For Strategic Priorities**
 - a. Expenditures or transfers from the Strategic Priorities Fund shall be made only after the careful deliberation of the City Council.
 - b. In authorizing expenditures from the fund, the city council must identify that:
 - i. The project has sufficient community-wide benefit which is consistent with established strategic initiatives, city goals, or programs; and
 - ii. The project will advance or achieve one or more of the strategic initiatives identified in the City's adopted Strategic Plan.
- 3. For Levy Stabilization** - The City Council will consider the use of the Strategic Priorities Fund as a supplemental funding source for the General Fund in the event of an economic turndown as measured by:
 - a. A decline in the City's overall taxable property value of 0.5%.
 - b. A decline in non-property tax revenue equal to 5% of annual revenue.
 - c. A mid-year decline in revenue to the extent that the General Fund's reserves would be depleted but for a transfer from the Strategic Priorities Fund.
- 4.** The specific project, initiative, or General Fund levy supplement to be funded and the amount of funds to be appropriated for the project shall be incorporated into an authorizing resolution.
- 5.** Expenditures or transfers from the Strategic Priorities Fund are to be made only if the adoption of the authorizing resolution is approved by an affirmative vote of at least five (5) Councilmembers.

Strategic Plan Relationship

The Strategic Priorities Fund could be the funding source for initiatives identified in the Strategic Plan.

Board/Commission Review

None required.

Financial Impact

There is no immediate financial impact from the adoption of the policy. However, the implementation of this policy and subsequent use of the Strategic Priorities Fund provides an alternative funding source for projects or initiatives that would otherwise require the use of tax levy or other limited revenue resources to accomplish.

Public Outreach/Input

None required.

Staff Recommendation

Adopt the following resolution.

Attachment List

Draft *Use of Strategic Priorities Funds Policy*

WHEREAS, in April 2019 the City received \$2,648,000 from the dissolution of the North Suburban Hospital District (NSHD); and

WHEREAS, in May 2019 the Blaine City Council directed that the funds be placed in a separate fund to be used pursuant to Council-approved priorities; and

WHEREAS the Strategic Priorities Fund was created; and

WHEREAS, the Blaine City Council has since directed an additional \$4,875,000 be deposited in the fund; and

WHEREAS the Blaine City Council directed that a policy governing the use of Strategic Priorities funds be developed; and

WHEREAS a draft policy governing the use of Strategic Priorities funds has been developed and reviewed by the City Council.

NOW, THEREFORE, BE IT RESOLVED, that the Blaine City Council adopts the attached *Use of Strategic Priorities Funds Policy*.

PASSED by the City Council of the City of Blaine this 7th day of September 2022.