



City of Blaine Anoka County, Minnesota

Blaine City Hall
10801 Town Sq Dr NE
Blaine MN 55449

Legislation Details (With Text)

File #: WS 22-106 **Version:** 1 **Name:** 2023 Capital Equipment Fund Budget
Type: Workshop Item **Status:** Agenda Ready
File created: 9/19/2022 **In control:** City Council Workshop
On agenda: 9/19/2022 **Final action:** 9/19/2022
Title: 2023 Capital Equipment
Sponsors: Ali Bong

Indexes:

Code sections:

Attachments: 1. 2023 Capital Equipment Initial Requests, 2. 2023 Capital Equipment Presentation

Date	Ver.	Action By	Action	Result
9/19/2022	1	City Council Workshop	Informational: no action required	

Workshop Item *Alison Bong, Deputy Finance Director*

Title

2023 Capital Equipment

Background

Capital equipment includes assets that have a useful life longer than one year and a cost of at least \$5,000. Items typically included are computer hardware, software, vehicles, and heavy machinery. The City budgets for capital equipment in the Capital Equipment Fund, Utility Funds, and the Facilities Fund. The Capital Equipment Fund includes general government capital equipment. The Utility Funds include capital equipment used in the operations of the water, sewer, and storm drainage utilities. The Facilities Fund includes equipment used to maintain City buildings.

Revenue

Capital Equipment Fund

Traditionally, funding for capital assets in the Capital Equipment Fund comes from a transfer of unrestricted reserves from the General Fund or proceeds from the issuance of a debt instrument, such as a certificate of indebtedness or capital note.

Utility Funds

Funding for utility capital assets comes from utility user fees, unrestricted utility reserves, or proceeds from the issuance of a debt instrument.

Facilities Fund

Funding for facility capital assets comes from fees charged to other departments and from the transfer of unrestricted General Fund reserves.

2023 Initial Requested Expenditures

Requests were submitted totaling \$5.3 million across all funds. This is an increase over prior year requests; however, part of the increase is due to cost suppression/containment measures taken in the

few preceding years. The Capital Equipment Fund budget was reduced from around \$2.6 million in 2020 to \$1.7 million in 2021 in an effort to suppress costs due to uncertainty around the pandemic. Although the Capital Equipment Fund budget increased to \$2.3 million in 2022, there was a continued cautious approach. While additional expenditures may have been justified, staff set a lower cap to allow for the completion of the fleet rightsizing study and to continue to analyze the impacts of the pandemic on city funds and equipment availability. The 2023 requests include several pieces of equipment that were deferred from 2021 and 2022. Each individual request was evaluated by the budget team to verify it was feasible, reasonable, defensible, and data driven. Requests are now being reviewed to determine their feasibility and will be brought back for Council review in October.

Summarized below are the City's initial capital equipment requests for 2023. Requests are classified as follows:

Capital Equipment Fund requests by department:

Information Technology	\$541,650
Public Works	\$1,744,000
Safety Services	\$979,149
SBM Fire	\$400,000
TOTAL CAPITAL EQUIP FUND	\$3,579,299

Utility Funds Capital Equipment requests by fund:

Water	\$299,500
Sewer	\$480,000
Storm Drainage	\$860,000
TOTAL UTILITY FUNDS	\$1,639,500

Facilities Fund Capital Equipment requests:

Facilities	\$85,500
TOTAL FACILITIES FUND	\$85,500

Five-Year Outlook

The focus of this year's process was to pinpoint needs and to focus on vetting the 2023 requests. A five-year capital equipment plan will be compiled as part of the 2024 budgeting process. Staff will utilize the fleet rightsizing study to update vehicle and equipment replacement schedules which will aid in budgeting and long-term capital planning.

Staff Recommendation

This workshop is the first opportunity for high-level Council review of 2023 capital requests. Staff will continue to review requests with special consideration given to the need for increased funding levels needed to meet established service levels. A fully developed capital budget is planned for discussion at the Council Retreat.

Attachment List

- 2023 Capital Equipment Request Listing
- 2023 Capital Equipment Presentation