



City of Blaine Anoka County, Minnesota

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Title:	BACKGROUND ON THE DISTRIBUTION OF FUNDS FROM THE DISSOLUTION OF THE NORTH SUBURBAN HOSPITAL DISTRICT AND DEVELOPMENT OF A STRATEGIC PRIORITIES FUND POLICY				
Sponsors:	Joe Huss				
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WORKSHOP ITEM - *Joe Huss, Finance Director*

BACKGROUND ON THE DISTRIBUTION OF FUNDS FROM THE DISSOLUTION OF THE NORTH SUBURBAN HOSPITAL DISTRICT AND DEVELOPMENT OF A STRATEGIC PRIORITIES FUND POLICY

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.

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. It is with this direction that staff will work in developing a draft policy.

For Council discussion at this time, staff is requesting Council review of the following elements that would be used to develop a policy for use of the Strategic Priorities Funds:

1. Expenditures or transfers from the Strategic Priorities Fund shall be made only after careful deliberation of the City Council.
2. The city council must identify that the project has sufficient community-wide benefit which is consistent with other city goals, programs, or policies.
3. Expenditures or transfers from the Strategic Priorities Fund are to be made upon the adoption of a resolution approved by an affirmative vote of at least five (5) Councilmembers.

Staff requests Council review and discuss the proposed elements of a draft Strategic Priorities Fund use policy and provide direction for staff to develop a policy.