



# City of Blaine Anoka County, Minnesota

Blaine City Hall  
10801 Town Sq Dr NE  
Blaine MN 55449

## Legislation Text

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File #: WS 18-78, Version: 1

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**WORKSHOP ITEM** - *Joe Huss, Finance Director*

### **ESTABLISHING AN INTERNAL SERVICE FUND FOR FACILITIES MANAGEMENT**

As part of the city's efforts to stabilize its General levy and provide a mechanism for ensuring long-term funding of facilities improvements is in place, Staff is recommending the implementation of a new fund to account for Facilities Management. The new fund will be an Internal Service Fund. Internal service funds are used to account for the financing of goods and services provided by one department or activity to other departments or activities of the government on a cost reimbursement basis.

The facilities that would be managed under this fund include all facilities currently accounted for in the General Fund - City Hall and attached garages, Public Works and the PW cold storage facility, the Police training facility and the Senior Center. Because of this connection to the General Fund, staff is proposing to provide the new fund with a start-up balance of \$250,000 to help provide a contingency reserve for emergency or unforeseen repairs that might be needed before the fund has had sufficient time to build reserves. The source of the start-up funds would be from unused, unrestricted reserves in the General Fund. Reserves still on hand from positive General Fund performance in 2017 would be used to fund the initial Facilities Management Fund reserve.

Over the past several months, Finance staff has worked to extract facilities maintenance activity from the General Fund and develop a separate Facilities Management Fund to account for facilities operations. The process includes reviewing current annual facilities maintenance costs and developing an appropriate internal charge to all operating divisions or subdivisions within the City for their respective share of these operating costs. The result is an internal space and occupancy charge designed to recover both annual operating costs to maintain City facilities and the costs to provide for the replacement of major facilities components such as plumbing or heating and cooling equipment. This will result in more stable, predictable annual costs in both the General Fund and the Capital and Equipment Fund.

At the October 11 Council Workshop, staff will present the first draft of the new fund's 2019 Proposed Budget as well as a five-year budget plan for facilities management. Included in this work is the development of a 2019 budget and five-year plan.

Staff is seeking Council's review and comments on the 2019 Proposed Facilities Management Fund Budget and five-year plan.