



City of Blaine Anoka County, Minnesota

Blaine City Hall
10801 Town Sq Dr NE
Blaine MN 55449

Legislation Text

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WORKSHOP ITEM - *Joe Huss, Finance Director*

RECOMMENDED 2021 FACILITIES MANAGEMENT FUND BUDGET

In 2019, as part of the city's efforts to stabilize its General levy and provide a mechanism for ensuring long-term funding of facilities improvements, the City Council authorized the creation of an internal service fund to account for Facilities. 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 managed under this fund include City Hall and attached garages, Public Works and the PW cold storage facility, the Police training facility and the Mary Ann Young Center. As activity in this fund was previously accounted for in the General Fund, in 2019 Council authorized a transfer from the General Fund to the Facilities Fund to provide the new fund with a start-up balance of \$250,000. This funding provided a contingency reserve for emergency or unforeseen repairs that might be needed before the fund has had sufficient time to build reserves.

For 2020, Council approved an expenditures budget totaling \$1,071,370, including \$155,750 of capital improvements.

A first draft of the Proposed 2021 Facilities Fund Budget was reviewed and discussed at the September 21 Council Workshop. Budget revisions have been made and the 2021 proposal is now brought forward for further Council review before final adoption (anticipated for mid-November).

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: maintenance and replacement. 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 2021, maintenance and replacement charges will increase a combined \$29,600 (3%), from \$986,500 to \$1,016,100.

Expenditures

Operationally, the Facilities Maintenance fund accounts for wages and benefits of staff related to building maintenance. Consistent with other City staff, a 3% increase in wages and a \$50/month increase in benefits has been incorporated into the 2021 Facilities Budget. Other expenditures include utility fees for City Hall, Public Works, and the Mary Ann Young Senior Center, and cleaning, and pest control services.

The Facilities Fund accounts for the contract the City has with McGough Facility Management, LLC. McGough acts as the City's facility manager and assists the City in the management of maintenance and repairs at City Hall, Public Works, and the MAYC. McGough's fees for management services are expected to remain flat for 2021, while reimbursable costs for repairs and maintenance of equipment is expected to decrease by about \$30,000 in 2021. McGough has held the facilities management contract for the last several years and staff is recommending a Request for Proposals (RFP) process for 2021.

2021 Capital Requests

For capital, there are mechanical system components and exterior improvements that are scheduled for City Hall. These include:

- Exterior caulking \$42,250
- VAV Controllers \$35,010
- Exhaust Fan Replacements \$13,440

While the above items are scheduled for 2021, Blaine staff and McGough reps are reviewing the condition of the above items to determine if the work is necessary and advisable in 2021.

Additionally, there are items that are under review for consideration in 2021 for City Hall:

- Carpet replacement \$20,600
- Chair Replacement (conference rooms) \$7,500
- Garage flooring repairs \$6,000
- Exterior security cameras \$20,000
- Clock tower repair \$15,000
- Atrium & Exterior Painting \$18,040

For Public Works facilities, there are three requests under consideration:

- Additional parking lot lights \$35,000
- Security cameras (Cold storage building) \$25,000
- Brick replacement (Cold storage building) \$20,000

The current projected fund balance for 2021 would be adequate for funding all operating and capital expenditures without additional unrestricted reserve transfers.

Informational - staff is requesting Council's review and input on the 2021 Facilities Budget.