



City of Blaine

City Council Workshop

July 1, 2024 | 5:30 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

MINUTES

NOTICE OF WORKSHOP MEETING

In accordance with the provisions of Section 3.01 of the Blaine City Charter, a Council Workshop meeting is scheduled for the following purpose:

1. Call to Order

The meeting was called to order by Mayor Sanders at 5:30PM.

2. Roll Call

PRESENT: Mayor Tim Sanders, Councilmembers Terra Fleming, Leslie Larson, Chris Massoglia, Tom Newland, Jess Robertson (absent for roll call), and Lori Saroya.

ABSENT: None.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; Safety Services Director/Police Chief Brian Podany; Finance Director Jason Zimmerman; Director of Engineering Dan Schluender; City Attorney Tom Loonan; Supervisor Accounting Bonnie Friedrich; Fire Chief Dan Retka; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

3. New Business

- 3.1.** 2024-264 2023 Annual Comprehensive Financial Report (ACFR) and Audit Review
Sponsors: Jason Zimmerman, Finance Director

Finance Director Zimmerman stated Minnesota Statutes require that cities issue an annual financial report prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited in accordance with those principles by a firm of licensed certified public accountants or the Office of the State Auditor. This report consists of management's

representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all financial information presented in this report.

Andy Herring, Redpath and Company, Ltd., reported the audit of the city of Blaine's financial statements has been completed. He explained the goal of the independent audit was to provide reasonable assurance that the financial statements of the city for the fiscal year ended December 31, 2023, are free of material misstatement. The independent audit examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessed the accounting principles used; and significant estimates made by management; and evaluated the overall financial statement presentation. He was pleased to report the independent audit has issued an unmodified ("clean") opinion on the city of Blaine's financial statements for the year ended December 31, 2023.

Mr. Zimmerman explained the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the year ended December 31, 2022. This was the 41st consecutive year that the City has achieved this prestigious award. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized report. Staff believes this year's report will satisfy the requirements as well and will submit the finished Annual Comprehensive Financial Report to the GFOA for consideration.

Councilmember Massoglia asked if the 2023 audit included the transfer to the Strategic Priorities Fund. Mr. Zimmerman stated this transfer was included.

Councilmember Newland questioned if the grants the city received for TH65 were included in the audit. Mr. Herring reported the grant revenue would be recorded as revenue at the same time as the city incurs expenses. He explained he understood the financing for this project would be quite intense.

Councilmember Newland inquired if the city would have a financial obligation for the grants that were received by the city and were then forwarded onto MNDOT. Director of Engineering Schluender stated MNDOT will be responsible for tracking the grants that were reassigned to MNDOT.

Councilmember Robertson asked why the outstanding escrow accounts were not identified in the audit last year. Mr. Herring explained he acted as the manager and auditor this year, which allowed him to focus on the finer details and that escrow accounts may have been just excluded in the past.

Councilmember Massoglia questioned if a debt policy should be put in place for the city. Mr. Herring stated this was a tricky question for him to answer. He indicated there was no specific amount of debt that was too much for the city, but rather encouraged the council to consider how outstanding debt was being repaid. Mr. Zimmerman explained statutorily, the city was subject to a 3% debt limit as a percentage of the total market value.

Mayor Sanders thanked Mr. Herring for his detailed report on the 2023 audit.

Mr. Zimmerman during the 2024 session, the Minnesota Amateur Sports Commission (MASC) submitted funding requests for four projects/grant programs, focused on improvements to the Super Rink and other facilities located on the National Sports Center (NSC) campus in Blaine. He reported MASC was created in 1987 by the Minnesota Legislature to promote the economic and social benefits of amateur sports. MASC contributes to the State of Minnesota by generating economic benefits through sporting events, providing increased amateur sports opportunities for Minnesota residents, and improving infrastructure through developing new athletic facilities and programs. To drive the agency's mission of enhancing the economic and social benefits of amateur sports in Minnesota, MASC has worked with select Minnesota cities to develop regional centers in Rochester, Marshall, St. Cloud, Biwabik, and Blaine to attract out-of-state visitors and serve Minnesotans.

Mr. Zimmerman explained the NSC in Blaine has operated as a hallmark destination for sports and events within the state since the facility was opened in 1990. In 1998, the original four hockey rinks were funded by a cooperative of eleven local governments partnering with the NSC including Blaine, Arden Hills, Centerville, Circle Pines, Coon Rapids, Lino Lakes, Mounds View, New Brighton, Shoreview, as well as Ramsey and Anoka Counties. Four additional sheets of ice were opened in 2006, making it the world's largest ice arena. Except for the Covid-19 pandemic, the Super Rink has been operationally self-sufficient since construction through private ice rentals, in-house programs, hospitality, and sponsorships.

Mr. Zimmerman commented on the capital budget requests submitted by MASC, as well as the project prioritization ranking, governor's recommendation, and governor's planning estimates. A 2023 Facility Condition Assessment of the NSC found issues that are now reaching poor to critical levels. The cumulative deferred maintenance is estimated to be \$82.7 million, with \$58.6 million required to bring the condition back to a fair ranking, which includes costs for the Super Rink, irrigation fields, and the original campus repairs. The National Sports Center Asset Preservation Project was submitted to address a number of these deferred maintenance categories including mold remediation, flood plain mitigation, life safety / energy efficiency, storm water management, building envelope replacement, water supply replacement, mechanical system replacement, and ADA compliance. The breakdown of the asset preservation funding was requested to be:

- Super Rink R22 changeover: \$12 million
- Dormitory ADA renovation for the Special Olympics: \$10.57 million
- NSC Original Campus asset preservation irrigation: \$2.3 million

Mr. Zimmerman stated while a gap exists between the funding requested and the governor's recommendation, representatives from MASC and the NSC were prepared to adjust the project scope accordingly. Unfortunately, while committee hearings were promising, with less than ten minutes left in the legislative session, the House approved a \$71 million cash-only capital investment bill, which was unable to be heard on the senate

floor before the session concluded on May 20. Despite the failure to secure funding, MASC and the NSC remain steadfast in their mission and commitment to address the backlog of deferred maintenance. The NSC is looking at completing a large capital improvement at the Super Rink for necessary rink plant improvements along with other physical improvements to the rinks and entryway. A committee is being formed with MASC and NSC staff to identify several options in terms of project scope, timing, and funding structures to address critical aspects of the previously identified issues, with a focus on generating improvements to the Super Rink. Current cost estimates to address all deferred maintenance and desired capital improvements to the full design for the Super Rink were reviewed. Staff commented further on the proposed rink improvements and discussed how the improvements could be financed. He asked if the council would support some level of financing for the rink improvements.

Mayor Sanders stated he believed it was important for the city to find some way to help provide a solution for the youth hockey associations. He explained Blaine was a sports recreation community and the Super Rink was located in the heart of the city. He understood that the Super Rink was one of the largest ice facilities in the world at one point in time and this facility was now falling behind. He wanted to see the NSC remain relevant. He fully supported the city finding a solution that would help bridge some of the gap. In addition, the city would continue to apply pressure to the state during upcoming legislative sessions.

Councilmember Larson asked if this conversation would be held if the state had approved funding.

Mayor Sanders reported the state had not adequately approved funding for the NSC and the NSC was now in need of greater assistance. Mr. Zimmerman reported the local youth hockey associations would still be asking for assistance even if the \$71 million from the state had been approved.

Pete Carlson, NSC Ice Arena Operations, spoke to the council regarding the needs of the Super Rink facility, noting this included refrigeration and entrance improvements. He stated the ask was for \$750,000 for Blaine Youth Hockey and \$600,000 from Spring Lake Park Youth Hockey. He commented on how this funding would help keep ice rates down over time.

Councilmember Newland asked what type of financial commitment the Blaine Youth Hockey and Spring Lake Park Hockey associations would be making to the rink improvements. Community Development Director Thorvig stated the youth hockey associations were being asked to make a \$1.35 million commitment to the NSC and these associations were asking the city to make a contribution to offset this amount.

Councilmember Newland stated he did not have a problem with the city contributing something, but he also wanted to see the hockey associations making a contribution as well. He hoped that a contribution could be made by Anoka County as well, given the fact the majority of the players using the NSC were coming from Anoka County. Mr. Carlson reported Anoka County got out of the ice arena business back in 1997, when the NSC took over the Columbia Ice Arena. He commented on how the county had assisted with bonding for Rinks 5 through 8. He discussed how Andover and Burnsville had subsidized ice arenas

in their communities. He was of the opinion \$1.35 million was not a huge ask to ensure ice time over the next 20 years was kept low for Blaine youth skaters.

Councilmember Robertson supported this item coming back to the council at a future workshop meeting. She expressed frustration with the fact the state continues to inadequately support the NSC and the backup plan continues to be the city. While she understood the majority of the users were coming from Blaine, she wanted to have a larger conversation on how to find solutions to fund the rink improvements.

Council consensus was to continue the discussion at a future workshop to identify ways to assist with the NSC Super Rink improvements, including other entities as well as the city.

3.3. 2024-275 SBM Fire Department - Quarterly Update
Sponsors: Dan Retka, Fire Chief

Fire Chief Retka provided the Council with an update from the SBM Fire Department. He commented on the staffing changes that had been made to date and noted the department was trending under budget for the first six months of 2024. He reported response times were continuing to improve. He explained calls for service were up 30% from last year, with many of these calls coming in the overnight hours. He indicated Station 1 was now being staffed overnight. He commented on the great training his firefighters receive and discussed how the fire corp was supporting the community. He explained the department should hear about the safer grant and SCBA grant in August.

4. Other Business

City Manager Wolfe shared her upcoming schedule and announced that Administrative Services Director Scott Johnson will begin July 8.

5. Adjournment



Signed by

Tim Sanders, Mayor

Signed by

Catherine M. Sorensen, CMC, City Clerk

The workshop was adjourned at 6:59PM.