City of Blaine
City Council Workshop

November 18, 2024 | 5:30 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

AGENDA

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

2. Roll Call

3. New Business

3.1. 2024-552 Closed Session Pursuant to MN Statute 13D.05(3)(c)(3) - Discuss Property Purchase Offers Related to Property Identified as PID 21-31-23-24-0009.
Sponsors: Erik Thorvig, Community Development Director

3.2. 2024-540 Northtown Owner Update
Sponsors: Erik Thorvig, Community Development Director

3.3. 2024-504 Utility Enterprise Funds 2025 Operating Budgets and 2025-2029 Capital Improvement Plans
Sponsors: Jason Zimmerman, Finance Director

3.4. 2024-539 Boards and Commissions - 2025
Sponsors: Cathy Sorensen, City Clerk

4. Other Business

5. Adjournment

City of Blaine
Staff Report

File Number: 2024-552

Agenda Date	Status
November 18, 2024	
In Control	**File Type**
City Council	Workshop Item

New Business - Erik Thorvig, Community Development Director

Agenda Item # 3.1

Closed Session Pursuant to MN Statute 13D.05(3)(c)(3) - Discuss Property Purchase Offers Related to Property Identified as PID 21-31-23-24-0009.

Background

Pursuant to MN Statute 13D.05(3)(c)(3), a closed session will be held to discuss offers to purchase property identified as PID 21-31-23-24-0009.

Staff Recommendation

Discuss and provide feedback to staff.

Questions for Council

Attachment List

None

City of Blaine
Staff Report

File Number: 2024-540

Agenda Date	Status
November 18, 2024	
In Control	**File Type**
City Council	Workshop Item

New Business - Erik Thorvig, Community Development Director

Agenda Item # 3.2

Northtown Owner Update

Background

The owner of Northtown Mall will be present virtually to provide an update on the current status of the food court at Northtown Mall.

Staff Recommendation

Questions for Council

Attachment List

None

City of Blaine
Staff Report

File Number: 2024-504

Agenda Date	Status
November 18, 2024	
In Control	**File Type**
City Council	Workshop Item

New Business - Jason Zimmerman, Finance Director, Haley Chapman, Accountant

Agenda Item # 3.3

Utility Enterprise Funds 2025 Operating Budgets and 2025-2029 Capital Improvement Plans

Background

At the September 30 City Council Workshop, the Utility Funds 2025 operating and 2025-2029 capital requests were reviewed. Several attachments were provided, including: 2025 Operating Fund Summaries, 2025-2029 Capital Equipment Fund Summaries, 2025-2029 Detailed Project and Equipment Lists, and the 2025 Utilities Funds Presentation.

General feedback from the Council at the conclusion of the workshop was for staff to:

- Ensure the City's infrastructure is replaced at reasonable intervals to maintain the existing service model
- Reduce the 2025-2029 capital requests
- Revise the model to reflect a less aggressive path to cash funding capital expenditures
- Provide a model that reflects lower annual increases to utility rates

Updated 2025-2029 Utility Funds Models:

2025-2029 Capital Improvement Plans

Finance and Public Works staff have worked together to produce two revised scenarios of the 2025-2029 Capital Improvement Plans for the Water, Sewer, and Stormwater Divisions. The initial CIP proposed a best case scenario for managing the City's utilities infrastructure while maintaining current service levels. The revised scenarios modeled a moderate risk version and a high risk version. While the high risk scenario provides the lowest overall cost, in turn it assumes the most risk for the City; staff does not recommend moving forward with this option. Therefore, the moderate risk scenario was used to model rates and capital funding options, which reduces overall costs and assumes an acceptable level of risk.

2025-2029 Capital Improvement Plan - Water Summary of Preliminary Requests and Department Adjustments						
	2025	**2026**	**2027**	**2028**	**2029**	**Total**
Low Risk Scenario (Preliminary Request)	$7,361,000	$11,155,000	$7,915,500	$33,840,000	$1,163,000	$61,434,500
Moderate Risk Scenario	5,071,000	5,035,000	5,715,500	5,035,000	6,213,000	27,069,500
High Risk Scenario	4,726,000	3,345,000	3,300,500	6,135,000	6,363,000	23,869,500

2025-2029 Capital Improvement Plan - Sewer Summary of Preliminary Requests and Department Adjustments						
	2025	**2026**	**2027**	**2028**	**2029**	**Total**
Low Risk Scenario (Preliminary Request)	$5,835,000	$11,245,500	$9,936,000	$5,820,000	$4,508,200	$37,344,700
Moderate Risk Scenario	2,735,000	10,376,500	10,526,000	3,722,000	4,855,500	32,215,000
High Risk Scenario	2,085,000	10,186,500	9,551,000	3,667,000	4,620,500	30,110,000

2025-2029 Capital Improvement Plan - Stormwater Summary of Preliminary Requests and Department Adjustments						
	2025	**2026**	**2027**	**2028**	**2029**	**Total**
Low Risk Scenario (Preliminary Request)	$2,421,000	$2,005,000	$2,155,000	$2,270,000	$2,188,000	$11,039,000
Moderate Risk Scenario	2,325,000	2,005,000	2,155,000	1,920,000	2,170,000	10,575,000
High Risk Scenario	1,820,000	1,805,000	2,035,000	1,815,000	1,745,000	9,220,000

2025 Operating Budgets

Utilizing the moderate risk scenarios, staff revised the fund summaries to project two different models of funding capital. The first model assumes an incremental approach of prefunding capital in full by year five. The second model also assumes an incremental approach of prefunding capital but with only approximately 50 percent funded by year five. While both models work to address the growing capital needs of the City while reducing our reliance on debt, the first model would accelerate progress toward a primarily cash funded capital plan. With reduced capital requests and cash transfers, both models allowed for a reduction of projected utility rate increases compared to the rates presented on September 30.

The fully funded model for capital assumes an average base of typical capital maintenance and does not include large, less routine capital items, such as a new lift station or water treatment plant. These models accept that irregular projects such as these will require the issuance of debt and staff feel this is a fiscally sound approach to funding capital needs.

Target Annual Capital Funding Amounts:
Water - $6,000,000
Sewer - $5,000,000
Storm - $2,200,000

2025-2029 Utility Rate Projected Increases - Water Summary of Preliminary Requests and Revised Percentages Based on Moderate Risk Models					
	2025	2026	2027	2028	2029
Preliminary Request on Sept. 30.	25%	24%	23%	22%	21%
Scenario #1 - Fully Funded	25%	20%	16%	16%	15%
Scenario #2 - Half Funded	16%	16%	16%	16%	16%

2025-2029 Utility Rate Projected Increases - Sewer Summary of Preliminary Requests and Revised Percentages Based on Moderate Risk Models					
	2025	2026	2027	2028	2029
Preliminary Request on Sept. 30.	14%	14%	14%	14%	14%
Scenario #1 - Fully Funded	15%	15%	14%	13%	12%
Scenario #2 - Half Funded	14%	13%	11%	10%	10%

2025-2029 Utility Rate Projected Increases - Stormwater Summary of Preliminary Requests and Revised Percentages Based on Moderate Risk Models					
	2025	2026	2027	2028	2029
Preliminary Request on Sept. 30.	20%	20%	20%	20%	20%

Scenario #1 - Fully Funded	20%	20%	20%	19%	18%
Scenario #2 - Half Funded	19%	19%	18%	18%	17%

2025 Utility Rate Comparisons

Below is a depiction of how each scenario could affect an average resident in 2025, based on the two scenarios outlined above. This comparison assumes either Scenario #1 or #2 for all funds, but a combination of scenarios can be chosen. While there is a potential for a more significant increase than what has been done historically, it is important to note that the difference between the two options is approximately $30.00 for the full year. The actual financial impact on the average residential utility customer, in addition to the overall proposed percentage increases, should be considered when determining the trajectory of desired cash funding and reliance on debt.

2025 Utility Rate Comparison Annual Utility Costs						
	2024	2025 Scenario #1	Change	2025 Scenario #2	Change	Difference Between Scenarios
Water*	$284.08	$355.10	$71.02	$329.53	$45.45	$25.57
Sewer	322.00	370.30	48.30	367.08	45.08	3.22
Storm	66.52	79.82	13.30	79.16	12.64	0.67
Total	**$672.60**	**$805.22**	**$132.62**	**$775.77**	**$103.17**	**$29.45**

*Water consumption based on average family of four usage at 24,000 gallons per quarter.

Historical Debt Utilization and Policy Considerations

Prior to 2022, the City had only issued utility bonds to finance large scale, non-routine capital outlay. This included $6.3 million through series 2008A for the construction of a water tower (fully paid in 2023) and $30.0 million through series 2018B for the construction of Water Treatment Plant #4, both of which were placed into service to fulfill the demand due to growth along the northeast portion of the City. In recent years, due to insufficient reserves, the City has fully relied upon debt to complete utility projects identified in the Capital Improvement Program.

- On December 8, 2022, the City issued $3.5 million of water, sewer, and stormwater utility revenue bonds through series 2022A for utility related infrastructure improvements associated with the City's pavement management program.
- On December 21, 2023, the City issued $10.7 million of water, sewer, and stormwater utility revenue bonds through series 2023A for various utility infrastructure improvements and capital equipment.
- On November 14, 2024, the City anticipates issuing $15.8 million of water, sewer, and stormwater utility revenue bonds through series 2024B for various utility infrastructure improvements and capital equipment.

As noted by S&P in October 2024, the City has "*high debt with manageable costs*" and "*the city is* *developing a plan to prefund capital equipment through utility rate and operating levy increases, which will likely reduce the size of future annual debt issuances for equipment purchases*." While there is no clear metric that would indicate a trigger to impact the City's AAA credit rating, the City's willingness to develop a model to reduce overall reliance on debt, ensure solvency across all funds, and maintain it's robust management practices will be important in future ratings. Combined with the number of projects and associated costs, failure to identify other resources to prefund these activities will result in significant long-term debt, including associated costs of issuance and interest payments.

A copy of the presentation will be attached before noon on the day of the meeting.

Staff Recommendation

Staff recommends the Council consider recent commentary from S&P along with the overall assessment of risk provided by the Utility Supervisors when determining future rate increases.

Questions for Council

Does the Council have any followup questions on the Utility Fund budgets?

Does the Council support Scenario #1 or Scenario #2? Or is there some other funding level the Council supports?

Attachment List

1. Fund Summaries - Water - 11.18.2024
2. Fund Summaries - Sewer - 11.18.2024
3. Fund Summaries - Stormwater - 11.18.2024
4. S&P Report - Blaine, Minnesota - 10.9.2024
5. 2025 Utilities Funds Presentation 11.18.24

City of Blaine, Minnesota
Water Utility Fund - 601
Summary of Revenues, Expenditures, Cash, and Net Position
2025 Budget - As of November 18, 2024

BlaineMN.gov

Scenario #1

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Operating Revenues						
Water Fees	$ 9,089,542	$ 10,312,500	$ 12,375,000	$ 14,355,000	$ 16,651,800	$ 19,149,570
Total Operating Revenues	**9,089,542**	**10,312,500**	**12,375,000**	**14,355,000**	**16,651,800**	**19,149,570**
Operating Expenses						
Personal Services	1,506,774	1,705,871	1,808,224	1,916,718	2,131,722	2,359,626
Supplies	1,208,500	1,794,000	1,901,640	2,015,739	2,136,684	2,264,886
Contractual Services	1,983,476	2,628,292	2,785,990	2,953,150	3,130,339	3,318,160
Other Services & Charges	1,148,660	1,218,898	1,292,032	1,369,554	1,451,728	1,538,832
Depreciation	1,697,500	1,799,350	1,907,311	2,021,750	2,143,055	2,271,639
Total Operating Expenses	**7,544,910**	**9,146,411**	**9,695,197**	**10,276,911**	**10,993,528**	**11,753,143**
Operating Income (Loss)	**1,544,632**	**1,166,089**	**2,679,803**	**4,078,089**	**5,658,272**	**7,396,427**
Nonoperating Revenues (Expenses)						
Investment Earnings	45,317	50,000	50,000	50,000	50,000	50,000
WAC Fees	936,500	936,500	936,500	936,500	936,500	936,500
Debt Interest Expense	(52,500)	(631,316)	(1,024,309)	(962,527)	(969,502)	(716,103)
Penalties & Interest	99,406	105,371	111,694	118,396	125,500	133,030
Other Revenues	15,649	16,588	17,584	18,640	19,759	20,945
Total Nonoperating	**1,044,372**	**477,143**	**91,469**	**161,009**	**162,257**	**424,372**
Revenues Over (Under) Expenditures	**2,589,004**	**1,643,232**	**2,771,272**	**4,239,098**	**5,820,529**	**7,820,799**
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	-
Transfer Out to Water Capital	(1,301,029)	(1,000,000)	(2,500,000)	(3,500,000)	(5,000,000)	(6,000,000)
Total Other Financing Sources (Uses)	**(1,301,029)**	**(1,000,000)**	**(2,500,000)**	**(3,500,000)**	**(5,000,000)**	**(6,000,000)**
Change in Net Position	1,287,975	643,232	271,272	739,098	820,529	1,820,799
Net Position, January 1	114,622,024	115,909,999	116,553,231	116,824,503	117,563,601	118,384,130
Net Position, December 31	**115,909,999**	**116,553,231**	**116,824,503**	**117,563,601**	**118,384,130**	**120,204,929**
Net Change in Cash						
Beginning Cash	3,910,109	5,630,584	6,663,166	6,429,749	6,337,597	6,144,181
Change in Net Position	1,287,975	643,232	271,272	739,098	820,529	1,820,799
Add Depreciation	1,697,500	1,799,350	1,907,311	2,021,750	2,143,055	2,271,639
Remove Debt Princial Paid	(1,265,000)	(1,410,000)	(2,412,000)	(2,853,000)	(3,157,000)	(3,442,000)
Ending Cash	**$ 5,630,584**	**$ 6,663,166**	**$ 6,429,749**	**$ 6,337,597**	**$ 6,144,181**	**$ 6,794,619**
Rate Increase		25%	20%	16%	16%	15%

BlaineMN.gov
Live | Work | Grow

City of Blaine, Minnesota
Water Capital Fund - 611
Summary of Revenues, Expenditures, and Change in Fund Balance
2025-2029 Capital Improvement Plan - As of November 18, 2024

Scenario #1

	2024 Budget	2025 Budget	2026 Proposed	2027 Proposed	2028 Proposed	2029 Proposed
Capital Outlay						
Capital Projects	$ 5,070,000	$ 3,940,000	$ 2,860,000	$ 3,790,000	$ 3,850,000	$ 4,650,000
Water Portion of Transportation Projects	1,741,300	520,000	1,385,000	1,460,000	860,000	885,000
Equipment	797,000	611,000	790,000	465,500	325,000	678,000
Total Capital Outlay	**7,608,300**	**5,071,000**	**5,035,000**	**5,715,500**	**5,035,000**	**6,213,000**
Revenues Over (Under) Expenditures	**(7,608,300)**	**(5,071,000)**	**(5,035,000)**	**(5,715,500)**	**(5,035,000)**	**(6,213,000)**
Other Financing Sources (Uses)						
Revenue Bond Proceeds	5,070,000	3,190,000	610,000	540,000	-	-
GO Bond Proceeds	1,741,300	520,000	1,385,000	1,460,000	860,000	-
Equipment Certificates	797,000	611,000	790,000	465,500	-	-
Sale of Fixed Assets	-	-	-	47,500	-	-
Transfers In From Water Utility Operating Fund	1,301,029	1,000,000	2,500,000	3,500,000	5,000,000	6,000,000
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	**8,909,329**	**5,321,000**	**5,285,000**	**6,013,000**	**5,860,000**	**6,000,000**
Net Change in Fund Balance	1,301,029	250,000	250,000	297,500	825,000	(213,000)
Fund Balance, January 1	3,328,802	4,629,831	4,879,831	5,129,831	5,427,331	6,252,331
Fund Balance, December 31	**4,629,831**	**4,879,831**	**5,129,831**	**5,427,331**	**6,252,331**	**6,039,331**
Cash Balance, January 1	1,580,662	-	250,000	500,000	797,500	1,622,500
Less: Cash Commitments for Uncompleted Capital	1,580,662	-	-	-	-	-
Projected Cash Balance, December 31	**$ -**	**$ 250,000**	**$ 500,000**	**$ 797,500**	**$ 1,622,500**	**$ 1,409,500**

City of Blaine, Minnesota
Water Utility Fund - 601
Summary of Revenues, Expenditures, Cash, and Net Position
2025 Budget - As of November 18, 2024

BlaineMN.gov

Scenario #2

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Operating Revenues						
Water Fees	$ 9,089,542	$ 9,570,000	$ 11,101,200	$ 12,877,392	$ 14,937,775	$ 17,327,819
Total Operating Revenues	**9,089,542**	**9,570,000**	**11,101,200**	**12,877,392**	**14,937,775**	**17,327,819**
Operating Expenses						
Personal Services	1,506,774	1,705,871	1,808,224	1,916,718	2,131,722	2,359,626
Supplies	1,208,500	1,794,000	1,901,640	2,015,739	2,136,684	2,264,886
Contractual Services	1,983,476	2,628,292	2,785,990	2,953,150	3,130,339	3,318,160
Other Services & Charges	1,148,660	1,218,898	1,292,032	1,369,554	1,451,728	1,538,832
Depreciation	1,697,500	1,799,350	1,907,311	2,021,750	2,143,055	2,271,639
Total Operating Expenses	**7,544,910**	**9,146,411**	**9,695,197**	**10,276,911**	**10,993,528**	**11,753,143**
Operating Income (Loss)	**1,544,632**	**423,589**	**1,406,003**	**2,600,481**	**3,944,247**	**5,574,676**
Nonoperating Revenues (Expenses)						
Investment Earnings	45,317	50,000	50,000	50,000	50,000	50,000
WAC Fees	936,500	936,500	936,500	936,500	936,500	936,500
Debt Interest Expense	(52,500)	(631,316)	(1,024,309)	(1,001,527)	(1,039,502)	(840,103)
Penalties & Interest	99,406	105,371	111,694	118,396	125,500	133,030
Other Revenues	15,649	16,588	17,584	18,640	19,759	20,945
Total Nonoperating	**1,044,372**	**477,143**	**91,469**	**122,009**	**92,257**	**300,372**
Revenues Over (Under) Expenditures	**2,589,004**	**900,732**	**1,497,472**	**2,722,490**	**4,036,504**	**5,875,048**
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	-
Transfer Out to Water Capital	(1,301,029)	(1,000,000)	(1,500,000)	(2,000,000)	(2,500,000)	(3,100,000)
Total Other Financing Sources (Uses)	**(1,301,029)**	**(1,000,000)**	**(1,500,000)**	**(2,000,000)**	**(2,500,000)**	**(3,100,000)**
Change in Net Position	1,287,975	(99,268)	(2,528)	722,490	1,536,504	2,775,048
Net Position, January 1	114,622,024	115,909,999	115,810,731	115,808,203	116,530,693	118,067,197
Net Position, December 31	**115,909,999**	**115,810,731**	**115,808,203**	**116,530,693**	**118,067,197**	**120,842,245**
<u>Net Change in Cash</u>						
Beginning Cash	3,910,109	5,630,584	5,920,666	5,413,449	5,232,689	5,557,248
Change in Net Position	1,287,975	(99,268)	(2,528)	722,490	1,536,504	2,775,048
Add Depreciation	1,697,500	1,799,350	1,907,311	2,021,750	2,143,055	2,271,639
Remove Debt Princial Paid	(1,265,000)	(1,410,000)	(2,412,000)	(2,925,000)	(3,355,000)	(3,768,000)
Ending Cash	**$ 5,630,584**	**$ 5,920,666**	**$ 5,413,449**	**$ 5,232,689**	**$ 5,557,248**	**$ 6,835,935**
Rate Increase		16%	16%	16%	16%	16%

City of Blaine, Minnesota
Water Capital Fund - 611
Summary of Revenues, Expenditures, and Change in Fund Balance
2025-2029 Capital Improvement Plan - As of November 18, 2024

Scenario #2

	2024 Budget	2025 Budget	2026 Proposed	2027 Proposed	2028 Proposed	2029 Proposed
Capital Outlay						
Capital Projects	$ 5,070,000	$ 3,940,000	$ 2,860,000	$ 3,790,000	$ 3,850,000	$ 4,650,000
Water Portion of Transportation Projects	1,741,300	520,000	1,385,000	1,460,000	860,000	885,000
Equipment	797,000	611,000	790,000	465,500	325,000	678,000
Total Capital Outlay	**7,608,300**	**5,071,000**	**5,035,000**	**5,715,500**	**5,035,000**	**6,213,000**
Revenues Over (Under) Expenditures	**(7,608,300)**	**(5,071,000)**	**(5,035,000)**	**(5,715,500)**	**(5,035,000)**	**(6,213,000)**
Other Financing Sources (Uses)						
Revenue Bond Proceeds	5,070,000	3,190,000	1,660,000	2,140,000	1,700,000	1,550,000
GO Bond Proceeds	1,741,300	520,000	1,385,000	1,460,000	860,000	885,000
Equipment Certificates	797,000	611,000	790,000	465,500	325,000	678,000
Sale of Fixed Assets	-	-	-	47,500	-	-
Transfers In From Water Utility Operating Fund	1,301,029	1,000,000	1,500,000	2,000,000	2,500,000	3,100,000
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	**8,909,329**	**5,321,000**	**5,335,000**	**6,113,000**	**5,385,000**	**6,213,000**
Net Change in Fund Balance	1,301,029	250,000	300,000	397,500	350,000	-
Fund Balance, January 1	3,328,802	4,629,831	4,879,831	5,179,831	5,577,331	5,927,331
Fund Balance, December 31	**4,629,831**	**4,879,831**	**5,179,831**	**5,577,331**	**5,927,331**	**5,927,331**
Cash Balance, January 1	1,580,662	-	250,000	550,000	947,500	1,297,500
Less: Cash Commitments for Uncompleted Capital	1,580,662	-	-	-	-	-
Projected Cash Balance, December 31	**$ -**	**$ 250,000**	**$ 550,000**	**$ 947,500**	**$ 1,297,500**	**$ 1,297,500**

City of Blaine, Minnesota
Sewer Utility Fund - 602
Summary of Revenues, Expenditures, Cash, and Net Position
2025 Budget - As of November 18, 2024

Scenario #1

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Operating Revenues						
Sewer Fees	$ 9,470,961	$ 10,891,605	$ 12,525,346	$ 14,278,894	$ 16,135,150	$ 18,071,368
Total Operating Revenues	**9,470,961**	**10,891,605**	**12,525,346**	**14,278,894**	**16,135,150**	**18,071,368**
Operating Expenses						
Personal Services	849,581	947,622	1,064,480	1,183,349	1,304,350	1,432,611
Supplies	79,000	130,000	137,800	146,068	154,833	164,123
Contractual Services	6,113,638	6,533,832	6,925,862	7,341,414	7,781,899	8,248,813
Other Services & Charges	1,044,910	1,117,548	1,184,601	1,255,678	1,331,019	1,410,881
Depreciation	1,410,000	1,494,600	1,584,276	1,679,333	1,780,093	1,886,899
Total Operating Expenses	**9,497,129**	**10,223,602**	**10,897,019**	**11,605,842**	**12,352,194**	**13,143,327**
Operating Income (Loss)	**(26,168)**	**668,003**	**1,628,327**	**2,673,052**	**3,782,956**	**4,928,041**
Nonoperating Revenues (Expenses)						
Investment Earnings	101,924	50,000	50,000	50,000	50,000	50,000
Debt Interest Expense	(35,750)	(154,775)	(256,532)	(446,874)	(640,737)	(634,212)
Penalties & Interest	118,862	125,994	133,554	141,568	150,063	159,067
Other Revenues	100,658	106,698	113,100	119,886	127,080	134,705
Total Nonoperating	**285,694**	**127,917**	**40,122**	**(135,420)**	**(313,594)**	**(290,440)**
Revenues Over (Under) Expenditures	**259,526**	**795,920**	**1,668,449**	**2,537,632**	**3,469,362**	**4,637,601**
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	-
Transfer Out to Sewer Capital	(302,525)	(1,000,000)	(1,500,000)	(2,250,000)	(3,750,000)	(5,000,000)
Total Other Financing Sources (Uses)	**(302,525)**	**(1,000,000)**	**(1,500,000)**	**(2,250,000)**	**(3,750,000)**	**(5,000,000)**
Change in Net Position	(42,999)	(204,080)	168,449	287,632	(280,638)	(362,399)
Net Position, January 1	80,990,240	80,947,241	80,743,161	80,911,610	81,199,242	80,918,604
Net Position, December 31	**80,947,241**	**80,743,161**	**80,911,610**	**81,199,242**	**80,918,604**	**80,556,205**
Net Change in Cash						
Beginning Cash	5,239,989	6,551,990	7,632,510	8,702,235	9,256,200	8,661,655
Change in Net Position	(42,999)	(204,080)	168,449	287,632	(280,638)	(362,399)
Add Depreciation	1,410,000	1,494,600	1,584,276	1,679,333	1,780,093	1,886,899
Remove Debt Princial Paid	(55,000)	(210,000)	(683,000)	(1,413,000)	(2,094,000)	(2,179,000)
Ending Cash	**$ 6,551,990**	**$ 7,632,510**	**$ 8,702,235**	**$ 9,256,200**	**$ 8,661,655**	**$ 8,007,155**
Rate Increase		15%	15%	14%	13%	12%

City of Blaine, Minnesota
Sewer Capital Fund - 612
Summary of Revenues, Expenditures, and Change in Fund Balance
2025-2029 Capital Improvement Plan - As of November 18, 2024

Scenario #1

	2024 Budget	2025 Budget	2026 Proposed	2027 Proposed	2028 Proposed	2029 Proposed
Capital Outlay						
Capital Projects	$ 4,225,000	$ 1,730,000	$ 9,490,000	$ 9,705,000	$ 2,459,000	$ 3,920,000
Sewer Portion of Transportation Projects	736,000	215,000	256,500	296,000	320,000	360,500
Equipment	287,000	790,000	630,000	525,000	943,000	575,000
Total Capital Outlay	**5,248,000**	**2,735,000**	**10,376,500**	**10,526,000**	**3,722,000**	**4,855,500**
Revenues Over (Under) Expenditures	**(5,248,000)**	**(2,735,000)**	**(10,376,500)**	**(10,526,000)**	**(3,722,000)**	**(4,855,500)**
Other Financing Sources (Uses)						
Revenue Bond Proceeds	4,225,000	980,000	8,240,000	7,955,000	-	-
GO Bond Proceeds	736,000	215,000	256,500	296,000	320,000	-
Equipment Certificates	287,000	790,000	630,000	525,000	-	-
Sale of Fixed Assets	-	-	-	-	-	-
Transfers In From Sewer Utility Operating Fund	302,525	1,000,000	1,500,000	2,250,000	3,750,000	5,000,000
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	**5,550,525**	**2,985,000**	**10,626,500**	**11,026,000**	**4,070,000**	**5,000,000**
Net Change in Fund Balance	302,525	250,000	250,000	500,000	348,000	144,500
Fund Balance, January 1	7,187,698	7,490,223	7,740,223	7,990,223	8,490,223	8,838,223
Fund Balance, December 31	**7,490,223**	**7,740,223**	**7,990,223**	**8,490,223**	**8,838,223**	**8,982,723**
Cash Balance, January 1	2,773,641	-	250,000	500,000	1,000,000	1,348,000
Less: Cash Commitments for Uncompleted Capital	2,773,641	-	-	-	-	-
Projected Cash Balance, December 31	**$ -**	**$ 250,000**	**$ 500,000**	**$ 1,000,000**	**$ 1,348,000**	**$ 1,492,500**

City of Blaine, Minnesota
Sewer Utility Fund - 602
Summary of Revenues, Expenditures, Cash, and Net Position
2025 Budget - As of November 18, 2024

BlaineMN.gov

Scenario #2

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Operating Revenues						
Sewer Fees	$ 9,470,961	$ 10,796,896	$ 12,200,492	$ 13,542,546	$ 14,896,801	$ 16,386,481
Total Operating Revenues	**9,470,961**	**10,796,896**	**12,200,492**	**13,542,546**	**14,896,801**	**16,386,481**
Operating Expenses						
Personal Services	849,581	947,622	1,064,480	1,183,349	1,304,350	1,432,611
Supplies	79,000	130,000	137,800	146,068	154,833	164,123
Contractual Services	6,113,638	6,533,832	6,925,862	7,341,414	7,781,899	8,248,813
Other Services & Charges	1,044,910	1,117,548	1,184,601	1,255,678	1,331,019	1,410,881
Depreciation	1,410,000	1,494,600	1,584,276	1,679,333	1,780,093	1,886,899
Total Operating Expenses	**9,497,129**	**10,223,602**	**10,897,019**	**11,605,842**	**12,352,194**	**13,143,327**
Operating Income (Loss)	**(26,168)**	**573,294**	**1,303,473**	**1,936,704**	**2,544,607**	**3,243,154**
Nonoperating Revenues (Expenses)						
Investment Earnings	101,924	50,000	50,000	50,000	50,000	50,000
Debt Interest Expense	(35,750)	(154,775)	(256,532)	(427,874)	(615,737)	(639,212)
Penalties & Interest	118,862	125,994	133,554	141,568	150,063	159,067
Other Revenues	100,658	106,698	113,100	119,886	127,080	134,705
Total Nonoperating	**285,694**	**127,917**	**40,122**	**(116,420)**	**(288,594)**	**(295,440)**
Revenues Over (Under) Expenditures	**259,526**	**701,211**	**1,343,595**	**1,820,284**	**2,256,013**	**2,947,714**
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	-
Transfer Out to Sewer Capital	(302,525)	(1,000,000)	(2,250,000)	(2,250,000)	(2,250,000)	(2,750,000)
Total Other Financing Sources (Uses)	**(302,525)**	**(1,000,000)**	**(2,250,000)**	**(2,250,000)**	**(2,250,000)**	**(2,750,000)**
Change in Net Position	(42,999)	(298,789)	(906,405)	(429,716)	6,013	197,714
Net Position, January 1	80,990,240	80,947,241	80,648,452	79,742,047	79,312,331	79,318,344
Net Position, December 31	**80,947,241**	**80,648,452**	**79,742,047**	**79,312,331**	**79,318,344**	**79,516,058**
Net Change in Cash						
Beginning Cash	5,239,989	6,551,990	7,537,801	7,532,672	7,831,289	8,002,395
Change in Net Position	(42,999)	(298,789)	(906,405)	(429,716)	6,013	197,714
Add Depreciation	1,410,000	1,494,600	1,584,276	1,679,333	1,780,093	1,886,899
Remove Debt Princial Paid	(55,000)	(210,000)	(683,000)	(951,000)	(1,615,000)	(1,880,000)
Ending Cash	**$ 6,551,990**	**$ 7,537,801**	**$ 7,532,672**	**$ 7,831,289**	**$ 8,002,395**	**$ 8,207,008**
Rate Increase		14%	13%	11%	10%	10%

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City of Blaine, Minnesota
Sewer Capital Fund - 612
Summary of Revenues, Expenditures, and Change in Fund Balance
2025-2029 Capital Improvement Plan - As of November 18, 2024

Scenario #2

	2024 Budget	2025 Budget	2026 Proposed	2027 Proposed	2028 Proposed	2029 Proposed
Capital Outlay						
Capital Projects	$ 4,225,000	$ 1,730,000	$ 9,490,000	$ 9,705,000	$ 2,459,000	$ 3,920,000
Sewer Portion of Transportation Projects	736,000	215,000	256,500	296,000	320,000	360,500
Equipment	287,000	790,000	630,000	525,000	943,000	575,000
Total Capital Outlay	**5,248,000**	**2,735,000**	**10,376,500**	**10,526,000**	**3,722,000**	**4,855,500**
Revenues Over (Under) Expenditures	**(5,248,000)**	**(2,735,000)**	**(10,376,500)**	**(10,526,000)**	**(3,722,000)**	**(4,855,500)**
Other Financing Sources (Uses)						
Revenue Bond Proceeds	4,225,000	980,000	7,490,000	7,705,000	459,000	1,420,000
GO Bond Proceeds	736,000	215,000	256,500	296,000	320,000	360,500
Equipment Certificates	287,000	790,000	630,000	525,000	943,000	575,000
Sale of Fixed Assets	-	-	-	-	-	-
Transfers In From Sewer Utility Operating Fund	302,525	1,000,000	2,250,000	2,250,000	2,250,000	2,750,000
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	**5,550,525**	**2,985,000**	**10,626,500**	**10,776,000**	**3,972,000**	**5,105,500**
Net Change in Fund Balance	302,525	250,000	250,000	250,000	250,000	250,000
Fund Balance, January 1	7,187,698	7,490,223	7,740,223	7,990,223	8,240,223	8,490,223
Fund Balance, December 31	**7,490,223**	**7,740,223**	**7,990,223**	**8,240,223**	**8,490,223**	**8,740,223**
Cash Balance, January 1	2,773,641	-	250,000	500,000	750,000	1,000,000
Less: Cash Commitments for Uncompleted Capital	2,773,641	-	-	-	-	-
Projected Cash Balance, December 31	**$ -**	**$ 250,000**	**$ 500,000**	**$ 750,000**	**$ 1,000,000**	**$ 1,250,000**

City of Blaine, Minnesota
Stormwater Utility Fund - 604
Summary of Revenues, Expenditures, Cash, and Net Position
2025 Budget - As of November 18, 2024

BlaineMN.gov

Scenario #1

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Operating Revenues						
Storm Drainage Fees	$ 2,685,742	$ 3,222,890	$ 3,867,468	$ 4,640,962	$ 5,522,745	$ 6,516,839
Total Operating Revenues	**2,685,742**	**3,222,890**	**3,867,468**	**4,640,962**	**5,522,745**	**6,516,839**
Operating Expenses						
Personal Services	1,002,847	1,085,043	1,210,146	1,337,755	1,468,021	1,606,103
Supplies	264,199	272,199	288,531	305,843	324,194	343,646
Contractual Services	392,058	589,056	624,400	661,864	701,576	743,671
Other Services & Charges	518,330	529,663	561,443	595,130	630,838	668,689
Depreciation	620,000	657,200	696,632	738,430	782,736	829,701
Total Operating Expenses	**2,797,434**	**3,133,161**	**3,381,152**	**3,639,022**	**3,907,365**	**4,191,810**
Operating Income (Loss)	**(111,692)**	**89,729**	**486,316**	**1,001,940**	**1,615,380**	**2,325,029**
Nonoperating Revenues (Expenses)						
Investment Earnings	20,982	20,000	20,000	20,000	20,000	20,000
Debt Interest Expense	(36,500)	(72,375)	(166,507)	(181,849)	(206,837)	(207,437)
Penalties & Interest	24,320	25,780	27,327	28,967	30,706	32,549
Other Revenues	12,160	12,890	13,664	14,484	15,354	16,276
Total Nonoperating	**20,962**	**(13,705)**	**(105,516)**	**(118,398)**	**(140,777)**	**(138,612)**
Revenues Over (Under) Expenditures	**(90,730)**	**76,024**	**380,800**	**883,542**	**1,474,603**	**2,186,417**
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	-
Transfer Out to Storm Capital	(143,300)	(250,000)	(500,000)	(700,000)	(1,500,000)	(2,200,000)
Total Other Financing Sources (Uses)	**(143,300)**	**(250,000)**	**(500,000)**	**(700,000)**	**(1,500,000)**	**(2,200,000)**
Change in Net Position	(234,030)	(173,976)	(119,200)	183,542	(25,397)	(13,583)
Net Position, January 1	43,548,295	43,314,265	43,140,289	43,021,089	43,204,631	43,179,234
Net Position, December 31	**43,314,265**	**43,140,289**	**43,021,089**	**43,204,631**	**43,179,234**	**43,165,651**
Net Change in Cash						
Beginning Cash	3,803,092	4,129,062	4,497,286	4,622,718	4,892,690	4,787,029
Change in Net Position	(234,030)	(173,976)	(119,200)	183,542	(25,397)	(13,583)
Add Depreciation	620,000	657,200	696,632	738,430	782,736	829,701
Remove Debt Princial Paid	(60,000)	(115,000)	(452,000)	(652,000)	(863,000)	(985,000)
Ending Cash	**$ 4,129,062**	**$ 4,497,286**	**$ 4,622,718**	**$ 4,892,690**	**$ 4,787,029**	**$ 4,618,147**
Rate Increase		20%	20%	20%	19%	18%

City of Blaine, Minnesota
Stormwater Capital Fund - 613
Summary of Revenues, Expenditures, and Change in Fund Balance
2025-2029 Capital Improvement Plan - As of November 18, 2024

Scenario #1

	2024 Budget	2025 Budget	2026 Proposed	2027 Proposed	2028 Proposed	2029 Proposed
Capital Outlay						
Capital Projects	$ 915,000	$ 1,310,000	$ 1,500,000	1,510,000	1,050,000	1,900,000
Stormwater Portion of Transportation Projects	93,000	-	-	-	750,000	-
Equipment	745,000	1,015,000	505,000	645,000	120,000	270,000
Total Capital Outlay	**1,753,000**	**2,325,000**	**2,005,000**	**2,155,000**	**1,920,000**	**2,170,000**
Revenues Over (Under) Expenditures	**(1,753,000)**	**(2,325,000)**	**(2,005,000)**	**(2,155,000)**	**(1,920,000)**	**(2,170,000)**
Other Financing Sources (Uses)						
Revenue Bond Proceeds	915,000	1,185,000	1,125,000	935,000	-	-
GO Bond Proceeds	93,000	-	-	-	550,000	-
Equipment Certificates	745,000	1,015,000	505,000	645,000	-	-
Sale of Fixed Assets	-	-	-	-	-	-
Transfers In From Storm Utility Operating Fund	143,300	250,000	500,000	700,000	1,500,000	2,200,000
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	**1,896,300**	**2,450,000**	**2,130,000**	**2,280,000**	**2,050,000**	**2,200,000**
Net Change in Fund Balance	143,300	125,000	125,000	125,000	130,000	30,000
Fund Balance, January 1	1,123,960	1,267,260	1,392,260	1,517,260	1,642,260	1,772,260
Fund Balance, December 31	**1,267,260**	**1,392,260**	**1,517,260**	**1,642,260**	**1,772,260**	**1,802,260**
Cash Balance, January 1	1,087,172	-	125,000	250,000	375,000	505,000
Less: Cash Commitments for Uncompleted Capital	1,087,172	-	-	-	-	-
Projected Cash Balance, December 31	**$ -**	**$ 125,000**	**$ 250,000**	**375,000**	**505,000**	**535,000**

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City of Blaine, Minnesota
Stormwater Utility Fund - 604
Summary of Revenues, Expenditures, Cash, and Net Position
2025 Budget - As of November 18, 2024

Scenario #2

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Operating Revenues						
Storm Drainage Fees	$ 2,685,742	$ 3,196,033	$ 3,803,279	$ 4,487,869	$ 5,295,685	$ 6,195,951
Total Operating Revenues	**2,685,742**	**3,196,033**	**3,803,279**	**4,487,869**	**5,295,685**	**6,195,951**
Operating Expenses						
Personal Services	1,002,847	1,085,043	1,210,146	1,337,755	1,468,021	1,606,103
Supplies	264,199	272,199	288,531	305,843	324,194	343,646
Contractual Services	392,058	589,056	624,400	661,864	701,576	743,671
Other Services & Charges	518,330	529,663	561,443	595,130	630,838	668,689
Depreciation	620,000	657,200	696,632	738,430	782,736	829,701
Total Operating Expenses	**2,797,434**	**3,133,161**	**3,381,152**	**3,639,022**	**3,907,365**	**4,191,810**
Operating Income (Loss)	**(111,692)**	**62,872**	**422,127**	**848,847**	**1,388,320**	**2,004,141**
Nonoperating Revenues (Expenses)						
Investment Earnings	20,982	20,000	20,000	20,000	20,000	20,000
Debt Interest Expense	(36,500)	(72,375)	(183,507)	(200,849)	(229,837)	(249,437)
Penalties & Interest	24,320	25,780	27,327	28,967	30,706	32,549
Other Revenues	12,160	12,890	13,664	14,484	15,354	16,276
Total Nonoperating	**20,962**	**(13,705)**	**(122,516)**	**(137,398)**	**(163,777)**	**(180,612)**
Revenues Over (Under) Expenditures	**(90,730)**	**49,167**	**299,611**	**711,449**	**1,224,543**	**1,823,529**
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	-
Transfer Out to Storm Capital	(143,300)	(250,000)	(425,000)	(550,000)	(800,000)	(1,200,000)
Total Other Financing Sources (Uses)	**(143,300)**	**(250,000)**	**(425,000)**	**(550,000)**	**(800,000)**	**(1,200,000)**
Change in Net Position	(234,030)	(200,833)	(125,389)	161,449	424,543	623,529
Net Position, January 1	43,548,295	43,314,265	43,113,432	42,988,043	43,149,492	43,574,035
Net Position, December 31	**43,314,265**	**43,113,432**	**42,988,043**	**43,149,492**	**43,574,035**	**44,197,564**
Net Change in Cash						
Beginning Cash	3,803,092	4,129,062	4,470,429	4,425,672	4,504,551	4,669,830
Change in Net Position	(234,030)	(200,833)	(125,389)	161,449	424,543	623,529
Add Depreciation	620,000	657,200	696,632	738,430	782,736	829,701
Remove Debt Princial Paid	(60,000)	(115,000)	(616,000)	(821,000)	(1,042,000)	(1,153,000)
Ending Cash	**$ 4,129,062**	**$ 4,470,429**	**$ 4,425,672**	**$ 4,504,551**	**$ 4,669,830**	**$ 4,970,060**
Rate Increase		19%	19%	18%	18%	17%

City of Blaine, Minnesota
Stormwater Capital Fund - 613
Summary of Revenues, Expenditures, and Change in Fund Balance
2025-2029 Capital Improvement Plan - As of November 18, 2024

Scenario #2

	2024 Budget	2025 Budget	2026 Proposed	2027 Proposed	2028 Proposed	2029 Proposed
Capital Outlay						
Capital Projects	$ 915,000	$ 1,310,000	$ 1,500,000	1,510,000	1,050,000	1,900,000
Stormwater Portion of Transportation Projects	93,000	-	-	-	750,000	-
Equipment	745,000	1,015,000	505,000	645,000	120,000	270,000
Total Capital Outlay	**1,753,000**	**2,325,000**	**2,005,000**	**2,155,000**	**1,920,000**	**2,170,000**
Revenues Over (Under) Expenditures	**(1,753,000)**	**(2,325,000)**	**(2,005,000)**	**(2,155,000)**	**(1,920,000)**	**(2,170,000)**
Other Financing Sources (Uses)						
Revenue Bond Proceeds	915,000	1,185,000	1,200,000	1,085,000	375,000	825,000
GO Bond Proceeds	93,000	-	-	-	750,000	-
Equipment Certificates	745,000	1,015,000	505,000	645,000	120,000	270,000
Sale of Fixed Assets	-	-	-	-	-	-
Transfers In From Storm Utility Operating Fund	143,300	250,000	425,000	550,000	800,000	1,200,000
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	**1,896,300**	**2,450,000**	**2,130,000**	**2,280,000**	**2,045,000**	**2,295,000**
Net Change in Fund Balance	143,300	125,000	125,000	125,000	125,000	125,000
Fund Balance, January 1	1,123,960	1,267,260	1,392,260	1,517,260	1,642,260	1,767,260
Fund Balance, December 31	**1,267,260**	**1,392,260**	**1,517,260**	**1,642,260**	**1,767,260**	**1,892,260**
Cash Balance, January 1	1,087,172	-	125,000	250,000	375,000	500,000
Less: Cash Commitments for Uncompleted Capital	1,087,172	-	-	-	-	-
Projected Cash Balance, December 31	**$ -**	**$ 125,000**	**$ 250,000**	**375,000**	**500,000**	**625,000**

S&P Global
Ratings

RatingsDirect®

Summary:

Blaine, Minnesota; General Obligation; Note

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Summary:

Blaine, Minnesota; General Obligation; Note

Credit Profile		
US$32.035 mil GO bnds ser 2024B due 02/01/2040		
Long Term Rating	AAA/Stable	New
US$27.115 mil GO taxable temp TIF bnds ser 2024C due 08/01/2027		
Short Term Rating	SP-1+	New
US$8.675 mil GO taxable temp abatement bnds ser 2024D due 08/01/2027		
Short Term Rating	SP-1+	New

Credit Highlights

- S&P Global Ratings assigned its 'AAA' long-term rating to Blaine, Minn.'s $32.0 million series 2024B general obligation (GO) bonds and its 'SP-1+' short-term rating to the city's $27.1 million GO taxable temporary tax increment financing bonds and $8.7 million series 2024D GO taxable temporary tax abatement bonds, based on the application of its "Methodology For Rating U.S. Governments," published Sept. 9, 2024, on RatingsDirect.
- At the same time we affirmed our 'AAA' long-term rating on the city's GO debt outstanding.
- The outlook is stable.

Security

The city's full faith and credit and ability to levy unlimited ad valorem property taxes secure the 2024B bonds. The city also pledges available special assessment and utility revenue for the repayment of a portion of the bonds, but we rate the bonds based on the GO pledge as we have insufficient information to rate to the alternative pledges under our criteria. Series 2024B bond proceeds will finance various street and utility improvements and equipment needs.

The short-term rating reflects our criteria for evaluating and rating bond anticipation notes (BANs). In our view, Blaine has very strong capacity to pay principal and interest when the BANs come due. Also in our view, the city has a low market risk profile because it has strong legal authority to issue long-term debt to take out the BANs and regularly provides disclosure to market participants. Series 2024C bond proceeds will finance land acquisition, demolition, site improvements, infrastructure, and related costs for redevelopment of the properties within the east portion of the 105th Ave. Redevelopment project area. Series 2024D bond proceeds will finance site development and infrastructure costs within the west portion of the project area.

Credit overview

The 'AAA' long-term rating reflects our view of the city's robust management policies and practices, revenue raising flexibility, and continued growth in the local economy, lending to operating stability and robust reserves and liquidity, despite high debt and relatively weak gross county product.

Blaine has a long record of running a balanced operating budget, as reflected in its consecutive budget surpluses before annual transfers in excess of policy to its capital project funds. The city is developing a plan to prefund capital equipment through utility rate and operating levy increases, which will likely reduce the size of future annual debt issuances for equipment purchases. As net tax capacity has grown substantially, the city is capitalizing on recent extraordinary valuation growth with the preliminary 2025 property tax levy reflecting an increase of 17.1% from the 2024 levy, representing $7.3 million in additional revenue with 50% earmarked for capital expenditures.

Slightly pressuring the city's recent financial profile are unexpected one-time increases in workers' compensation claims, resulting in higher premiums and a deficit in the worker's compensation fund balance, which management remedied with a $1.85 million advance to the workers' compensation fund from the general fund in fiscal 2023. Management expects to resolve the remaining deficiency in the worker's compensation fund by fiscal 2025, following approved increases to internal service rates and an alternative coverage option that provides greater cost control with a defined deductible. The 2024 budget and projections for the next few years indicate continued modest surpluses, supporting our view that the city's stable operations will likely continue.

The rating reflects our assessment of the city's:

- Growing local economy less than 20 miles north of Minneapolis--home to the National Sports Center, which draws more than four million visitors annually--paired with a large quantity of developable land that has contributed to its steady development trend and value growth;
- Robust management practices and policies, highlighted by thorough long-term planning for capital projects and operations, and comprehensive policies that include a formal reserve policy requiring at least 30% in the unassigned balance
- Consistent budgetary performance, with operating surpluses over the past three years (before transfers to capital project funds) that are projected to continue, and high revenue raising flexibility, supporting consistently very strong reserves and overall liquidity
- High debt with manageable costs with plans to issue an additional $37 million over the next year for a new stadium within the 105th Ave. Redevelopment project area, adjacent to the National Sports Center. In addition, Blaine's pension plan contributions are below our minimum funding progress metric, with current fixed-rate contribution practices that are not expected to materially reduce unfunded liabilities in the near term.
- For more information on our institutional framework assessment for municipalities, see "Institutional Framework Assessment: Minnesota Local Governments," published Sept. 10, 2024.

Environmental, social, and governance

We assessed environmental, social, and governance (factors relative to the city's economy, management, financial measures, and debt and liability profile, and consider them neutral in our credit analysis.

The city was a victim of a spear phishing cyber attack in which it sent $1.5 million to a fraudulent bank account. Shortly after, the real vendor contacted the city indicating that it had not received payment for a previously submitted invoice. The city recovered $750,000 of lost funds and recognized the remaining loss in 2023 in its improvement projects funds.

In response, the city updated its internal controls and safeguards, including monitoring of vendor files to identify and verify changes, implementation of enhanced positive pay and Automated Clearing House filters, screening to authenticate change submissions, and prenoting new vendors. The city also enhanced its security awareness training program and randomized email phishing compliance tests.

Given the city's immediate response to mitigate future threats, we do not view this event as a credit weakness.

Outlook

The stable outlook reflects our expectation that Blaine's continued economic growth, paired with its strong management policies and practices, will support balanced operations and a strong overall financial profile while allowing it to absorb substantial increases to its total debt.

Downside scenario

We could lower the rating if future debt issuance causes Blaine's liabilities to increase disproportionately to the budget or economy, leading to an overall debt and contingent liability profile that is no longer commensurate with the rating. A lower rating is also possible if budgetary imbalance emerges, leading to sustained declines in available reserves.

Rating above the sovereign

Blaine's GO debt is eligible to be rated above the sovereign because we think the city can maintain better credit characteristics than the nation in a stress scenario. Under our criteria, titled "Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions," published Nov. 19, 2013, U.S. local governments are considered moderately sensitive to national risk. Blaine's locally derived revenue secures the bonds, severely limiting the possibility of negative sovereign intervention in debt repayment or operations. The institutional framework in the U.S. is predictable for local governments, allowing them significant autonomy, independent treasury management, and no history of government intervention. The city's very strong budgetary flexibility and liquidity is another supporting feature, in our opinion.

Table 1

Blaine, Minnesota--Credit summary	
Institutional framework (IF)	1
Individual credit profile (ICP)	1.80
Economy	3.0
Financial performance	1
Reserves and liquidity	1
Debt and liabilities	3.00
Management	1.00

Table 2

Blaine, Minnesota--Key credit metrics

	Most recent	2023	2022	2021
Economy				
GCP per capita as % of U.S.	64	--	64	66
County PCPI as % of U.S.	92	--	92	92
Market value ($000s)	11,679,762	11,210,226	9,700,248	8,711,317
Market value per capita ($)	161,390	154,902	141,738	129,365

Table 2

Blaine, Minnesota--Key credit metrics (cont.)				
	Most recent	**2023**	**2022**	**2021**
Top 10 taxpayers as % of taxable value	6	6	8	9
County unemployment rate (%)	2.9	2.8	2.5	3.7
Local median household EBI as % of U.S.	127	126	130	129
Local per capita EBI as % of U.S.	104	111	113	114
Local population	72,370	72,370	68,438	67,339
Financial performance				
Operating fund revenue ($000s)	--	42,689	39,713	38,664
Operating fund expenditures ($000s)	--	40,563	36,936	33,531
Net transfers and other adjustments ($000s)	--	(1,387)	(3,377)	(6,275)
Operating result ($000s)	--	739	(600)	(1,142)
Operating result as % of revenue	--	1.7	(1.5)	(3)
Operating result three-year average %	--	(0.9)	4.8	5.3
Reserves and liquidity				
Available reserves as % of operating revenue	--	40.4	41.8	44.5
Available reserves ($000s)	--	17,227	16,610	17,204
Debt and liabilities				
Debt service cost as % of revenue	9.0	9.0	10.4	9.1
Net direct debt per capita ($)	2,436	1,429	1,270	1,167
Net direct debt ($000s)	176,313	103,412	86,897	78,596
Direct debt 10-year amortization (%)	67.0	--	--	--
Pension and OPEB cost as % of revenue	4	4	5	4
Net pension liabilities per capita ($)	295	295	632	172
Combined net pension liabilities ($000s)	21,324	21,324	43,250	11,613

EBI--Effective buying income. GCP--Gross county product. OPEB--Other postemployment benefits. PCPI--Per capita personal income.

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Ratings Detail (As Of October 9, 2024)		
Blaine GO		
Long Term Rating	AAA/Stable	Affirmed
Blaine GO		
Long Term Rating	AAA/Stable	Affirmed
Underlying Rating for Credit Program	NR	Current
Blaine GO imp and street reconstruction bnds		
Long Term Rating	AAA/Stable	Affirmed

Ratings Detail (As Of October 9, 2024) (cont.)		
Blaine GO imp, util and equip bnds		
Long Term Rating	AAA/Stable	Affirmed
Blaine GO tax abatement bnds		
Long Term Rating	AAA/Stable	Affirmed
Blaine GO wtr rev rfdg bnds		
Long Term Rating	AAA/Stable	Affirmed
Blaine GO		
Long Term Rating	AAA/Stable	Affirmed
Blaine GO		
Long Term Rating	AAA/Stable	Affirmed

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.spglobal.com/ratings for further information. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

2025 Utilities Enterprise Funds

Council Workshop| Finance

11/18/2024

Slide 1

Enterprise Funds

Definition

A public service that generates sufficient revenues to pay for its cost

Structure

Self-supporting from user charges and retail sales:

- Operations
- Maintenance
- Capital Outlay/Preservation (including debt)

City has 4 Enterprise funds:

- Three utilities: Water, Sewer, Stormwater
- One Garbage & Recycling

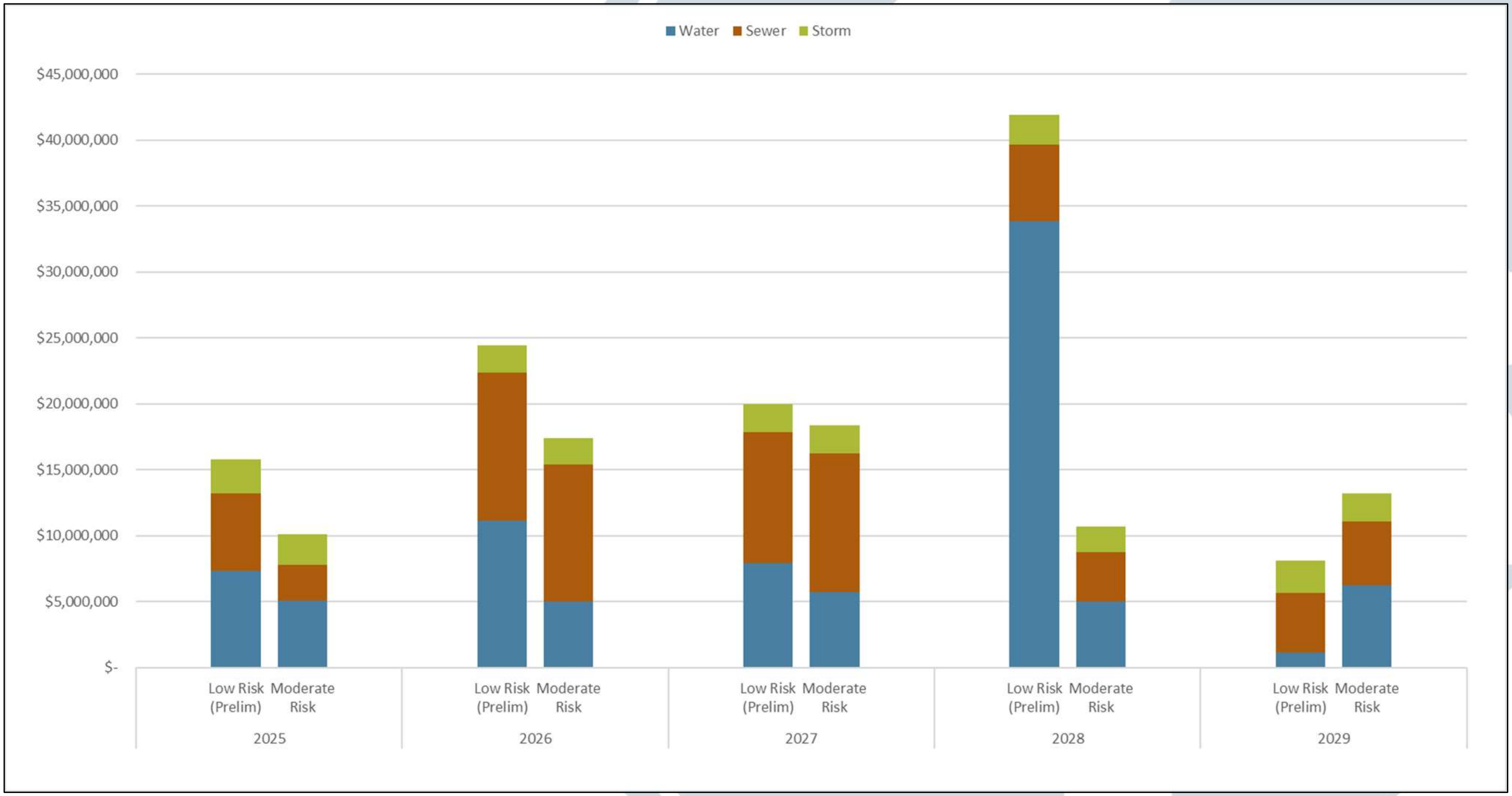
Not intended to be funded through the property tax levy

Background

- On September 30 staff presented the Utility Funds 2025 operating and 2025-2029 capital improvement plans to Council

- Council’s feedback was to:
  - Ensure the City's infrastructure is replaced at reasonable intervals to maintain the existing service model
  - Reduce the 2025-2029 capital requests
  - Revise the model to reflect a less aggressive path to cash funding capital expenditures
  - Provide a model that reflects lower annual increases to utility rates

Capital by Fund – Preliminary vs. Moderate Risk

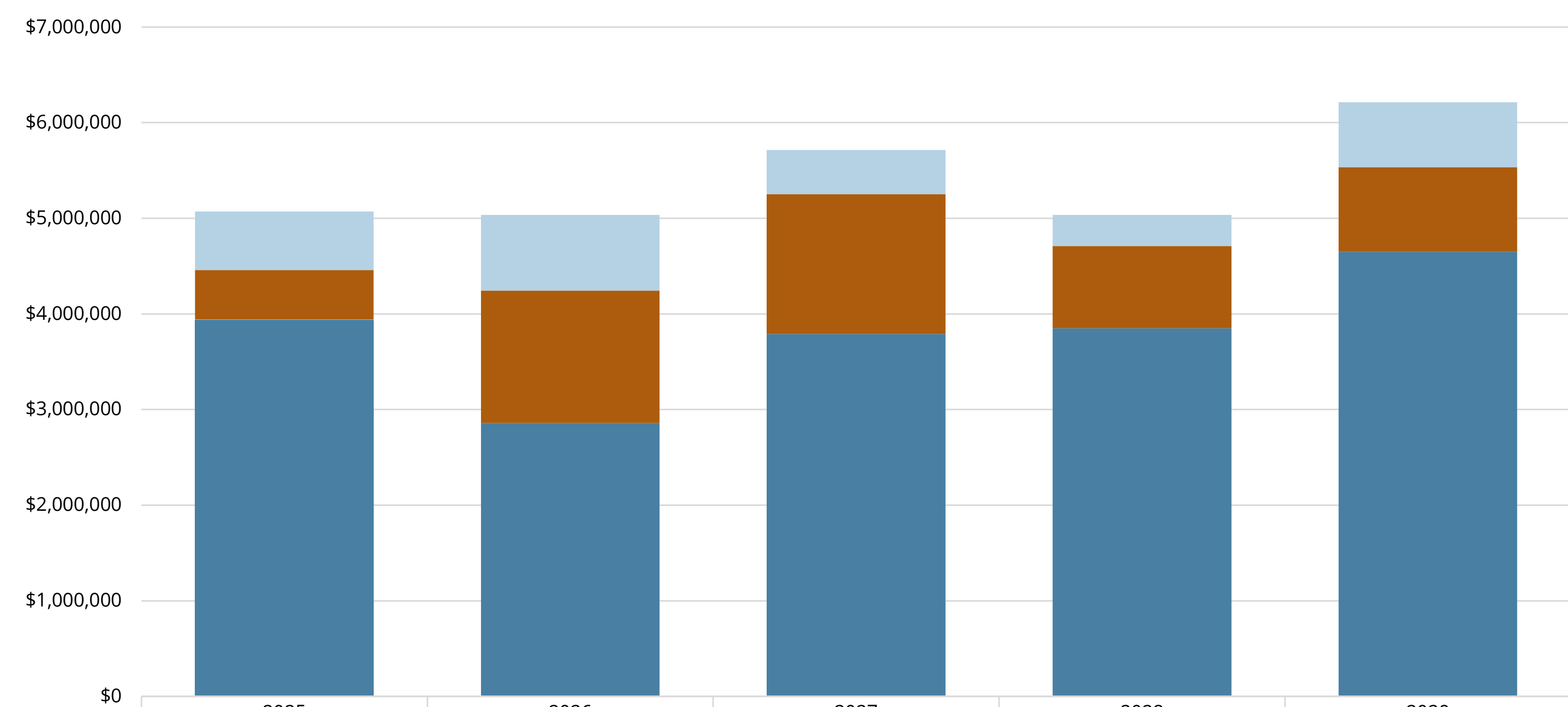


Slide 4

Water Fund Long-Term Financial Plan

- 2024 beginning cash position = $3.9 million
- Revised 2025-2029 projected operating expenses = $51.8 million
- Revised 2025-2029 requested CIP = $27.0 million
- Scenario #1
  - Utilized the moderate risk capital plan
  - Assumes target funding of $6.0 million (fully funded)
  - Achieves target funding by 2029
- Scenario #2
  - Utilized the moderate risk capital plan
  - Assumes approx. half funding of $3.1 million
  - Achieves half funding by 2029

Water Capital by Type



	2025	2026	2027	2028	2029
Equipment	611,000	790,000	465,500	325,000	678,000
Water Transportation	520,000	1,385,000	1,460,000	860,000	885,000
Capital Projects	3,940,000	2,860,000	3,790,000	3,850,000	4,650,000

Slide 6

City of Blaine, Minnesota
Water Utility Funds
2025-2029 CIP - As of November 18, 2024

BlaineMN.gov

Scenario #1

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Operating Fund - Ending Cash Balance	$ 5,630,584	$ 6,663,166	$ 6,429,749	$ 6,337,597	$ 6,144,181	$ 6,794,619
Rate Increase		25%	20%	16%	16%	15%
Water Capital Fund - 611						
Capital Outlay						
Capital Projects	$ 5,070,000	$ 3,940,000	$ 2,860,000	$ 3,790,000	$ 3,850,000	$ 4,650,000
Water Portion of Transportation Projects	1,741,300	520,000	1,385,000	1,460,000	860,000	885,000
Equipment	797,000	611,000	790,000	465,500	325,000	678,000
Total Capital Outlay	**7,608,300**	**5,071,000**	**5,035,000**	**5,715,500**	**5,035,000**	**6,213,000**
Revenues Over (Under) Expenditures	**(7,608,300)**	**(5,071,000)**	**(5,035,000)**	**(5,715,500)**	**(5,035,000)**	**(6,213,000)**
Other Financing Sources (Uses)						
Revenue Bond Proceeds	5,070,000	3,190,000	610,000	540,000	-	-
GO Bond Proceeds	1,741,300	520,000	1,385,000	1,460,000	860,000	-
Equipment Certificates	797,000	611,000	790,000	465,500	-	-
Sale of Fixed Assets	-	-	-	47,500	-	-
Transfers In From Water Utility Operating Fund	1,301,029	1,000,000	2,500,000	3,500,000	5,000,000	6,000,000
Total Other Financing Sources (Uses)	**8,909,329**	**5,321,000**	**5,285,000**	**6,013,000**	**5,860,000**	**6,000,000**
Net Change in Fund Balance	1,301,029	250,000	250,000	297,500	825,000	(213,000)
Fund Balances:						
Fund Balance, January 1	3,328,802	4,629,831	4,879,831	5,129,831	5,427,331	6,252,331
Fund Balance, December 31	**4,629,831**	**4,879,831**	**5,129,831**	**5,427,331**	**6,252,331**	**6,039,331**
Cash Balance, January 1	1,580,662	-	250,000	500,000	797,500	1,622,500
Less: Cash Commitments for Uncompleted Capital	1,580,662	-	-	-	-	-
Projected Cash Balance, December 31	**$ -**	**$ 250,000**	**$ 500,000**	**$ 797,500**	**$ 1,622,500**	**$ 1,409,500**

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City of Blaine, Minnesota
Water Utility Funds
2025-2029 CIP - As of November 18, 2024

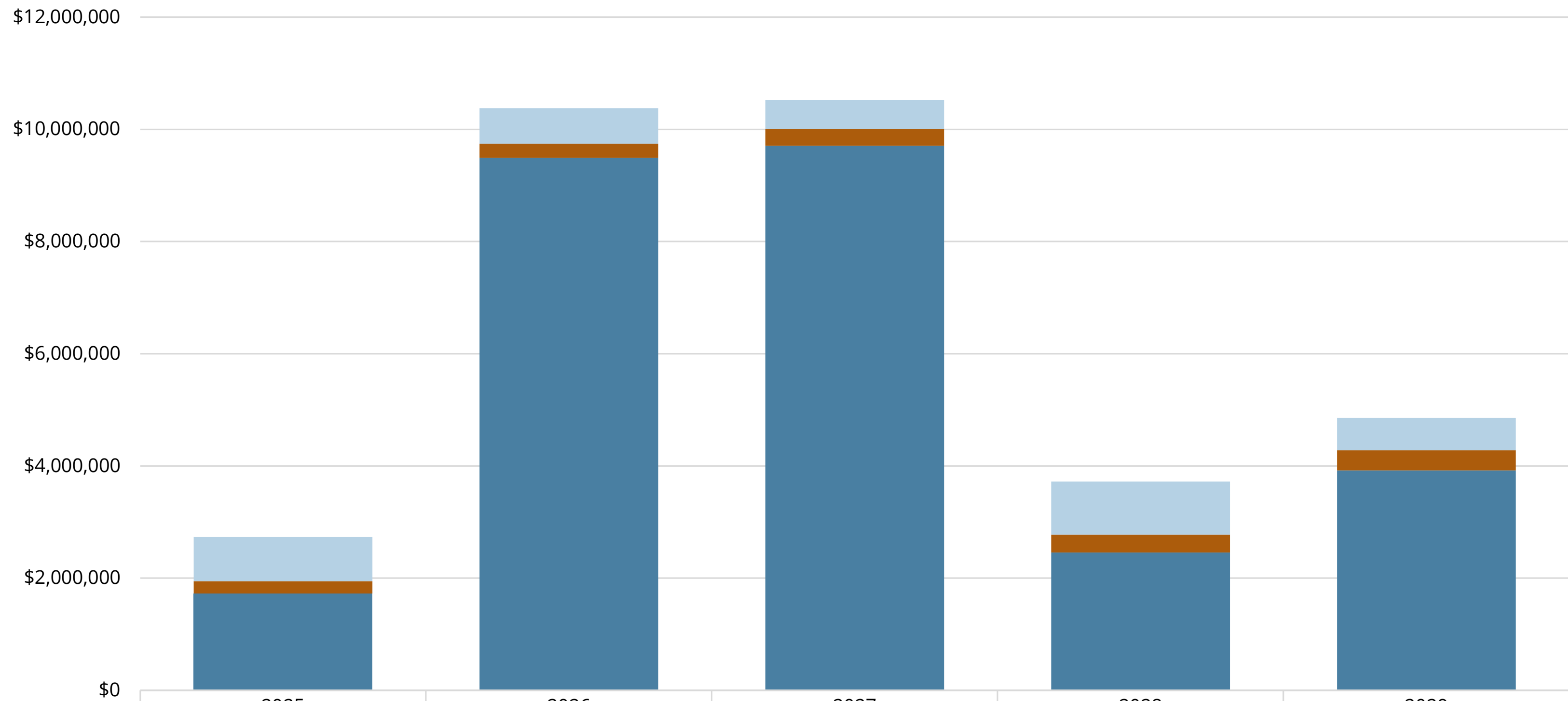
Scenario #2

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Operating Fund - Ending Cash Balance	$ 5,630,584	$ 5,920,666	$ 5,413,449	$ 5,232,689	$ 5,557,248	$ 6,835,935
Rate Increase		16%	16%	16%	16%	16%
Water Capital Fund - 611						
Capital Outlay						
Capital Projects	$ 5,070,000	$ 3,940,000	$ 2,860,000	$ 3,790,000	$ 3,850,000	$ 4,650,000
Water Portion of Transportation Projects	1,741,300	520,000	1,385,000	1,460,000	860,000	885,000
Equipment	797,000	611,000	790,000	465,500	325,000	678,000
Total Capital Outlay	**7,608,300**	**5,071,000**	**5,035,000**	**5,715,500**	**5,035,000**	**6,213,000**
Revenues Over (Under) Expenditures	**(7,608,300)**	**(5,071,000)**	**(5,035,000)**	**(5,715,500)**	**(5,035,000)**	**(6,213,000)**
Other Financing Sources (Uses)						
Revenue Bond Proceeds	5,070,000	3,190,000	1,660,000	2,140,000	1,700,000	1,550,000
GO Bond Proceeds	1,741,300	520,000	1,385,000	1,460,000	860,000	885,000
Equipment Certificates	797,000	611,000	790,000	465,500	325,000	678,000
Sale of Fixed Assets	-	-	-	47,500	-	-
Transfers In From Water Utility Operating Fund	1,301,029	1,000,000	1,500,000	2,000,000	2,500,000	3,100,000
Total Other Financing Sources (Uses)	**8,909,329**	**5,321,000**	**5,335,000**	**6,113,000**	**5,385,000**	**6,213,000**
Net Change in Fund Balance	1,301,029	250,000	300,000	397,500	350,000	-
Fund Balance, January 1	3,328,802	4,629,831	4,879,831	5,179,831	5,577,331	5,927,331
Fund Balance, December 31	**4,629,831**	**4,879,831**	**5,179,831**	**5,577,331**	**5,927,331**	**5,927,331**
Cash Balance, January 1	1,580,662	-	250,000	550,000	947,500	1,297,500
Less: Cash Commitments for Uncompleted Capital	1,580,662	-	-	-	-	-
Projected Cash Balance, December 31	**$ -**	**$ 250,000**	**$ 550,000**	**$ 947,500**	**$ 1,297,500**	**$ 1,297,500**

Sewer Fund Long-Term Financial Plan

- 2024 beginning cash position = $5.2 million
- Revised 2025-2029 projected operating expenses = $58.2 million
- Revised 2025-2029 requested CIP = $32.2 million
- Scenario #1
  - Utilized the moderate risk capital plan
  - Assumes target funding of $5.0 million (fully funded)
  - Achieves target funding by 2029
- Scenario #2
  - Utilized the moderate risk capital plan
  - Assumes approx. half funding of $2.75 million
  - Achieves half funding by 2029

Sewer Capital by Type



	2025	2026	2027	2028	2029
Equipment	790,000	630,000	525,000	943,000	575,000
Sewer Transportation	215,000	256,500	296,000	320,000	360,500
Capital Projects	1,730,000	9,490,000	9,705,000	2,459,000	3,920,000

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BlaineMN.gov

City of Blaine, Minnesota
Sewer Utility Funds
2025-2029 CIP - As of November 18, 2024

Scenario #1

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Operating Fund - Ending Cash Balance	$ 6,551,990	$ 7,632,510	$ 8,702,235	$ 9,256,200	$ 8,661,655	$ 8,007,155
Rate Increase		15%	15%	14%	13%	12%
Sewer Capital Fund - 612						
Capital Outlay						
Capital Projects	$ 4,225,000	$ 1,730,000	$ 9,490,000	$ 9,705,000	$ 2,459,000	$ 3,920,000
Water Portion of Transportation Projects	736,000	215,000	256,500	296,000	320,000	360,500
Equipment	287,000	790,000	630,000	525,000	943,000	575,000
Total Capital Outlay	**5,248,000**	**2,735,000**	**10,376,500**	**10,526,000**	**3,722,000**	**4,855,500**
Revenues Over (Under) Expenditures	**(5,248,000)**	**(2,735,000)**	**(10,376,500)**	**(10,526,000)**	**(3,722,000)**	**(4,855,500)**
Other Financing Sources (Uses)						
Revenue Bond Proceeds	4,225,000	980,000	8,240,000	7,955,000	-	-
GO Bond Proceeds	736,000	215,000	256,500	296,000	320,000	-
Equipment Certificates	287,000	790,000	630,000	525,000	-	-
Sale of Fixed Assets	-	-	-	-	-	-
Transfers In From Water Utility Operating Fund	302,525	1,000,000	1,500,000	2,250,000	3,750,000	5,000,000
Total Other Financing Sources (Uses)	**5,550,525**	**2,985,000**	**10,626,500**	**11,026,000**	**4,070,000**	**5,000,000**
Net Change in Fund Balance	302,525	250,000	250,000	500,000	348,000	144,500
Fund Balance, January 1	7,187,698	7,490,223	7,740,223	7,990,223	8,490,223	8,838,223
Fund Balance, December 31	**7,490,223**	**7,740,223**	**7,990,223**	**8,490,223**	**8,838,223**	**8,982,723**
Cash Balance, January 1	2,773,641	-	250,000	500,000	1,000,000	1,348,000
Less: Cash Commitments for Uncompleted Capital	2,773,641	-	-	-	-	-
Projected Cash Balance, December 31	**$ -**	**$ 250,000**	**$ 500,000**	**$ 1,000,000**	**$ 1,348,000**	**$ 1,492,500**

City of Blaine, Minnesota
Sewer Utility Funds
2025-2029 CIP - As of November 18, 2024

BlaineMN.gov

Scenario #2

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Operating Fund - Ending Cash Balance	$ 6,551,990	$ 7,537,801	$ 7,532,672	$ 7,831,289	$ 8,002,395	$ 8,207,008
Rate Increase		14%	13%	11%	10%	10%

Sewer Capital Fund - 612

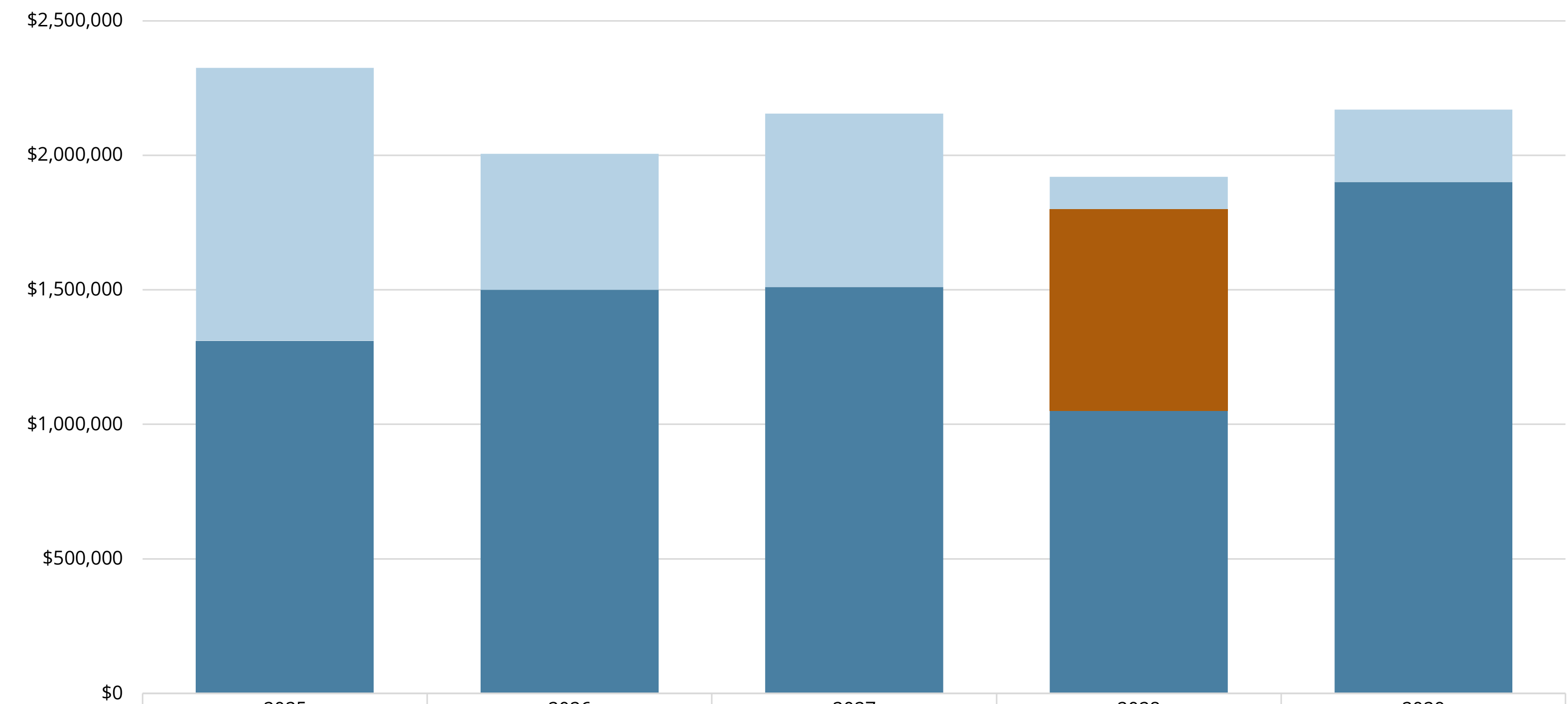
	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Capital Outlay						
Capital Projects	$ 4,225,000	$ 1,730,000	$ 9,490,000	$ 9,705,000	$ 2,459,000	$ 3,920,000
Water Portion of Transportation Projects	736,000	215,000	256,500	296,000	320,000	360,500
Equipment	287,000	790,000	630,000	525,000	943,000	575,000
Total Capital Outlay	**5,248,000**	**2,735,000**	**10,376,500**	**10,526,000**	**3,722,000**	**4,855,500**
Revenues Over (Under) Expenditures	**(5,248,000)**	**(2,735,000)**	**(10,376,500)**	**(10,526,000)**	**(3,722,000)**	**(4,855,500)**
Other Financing Sources (Uses)						
Revenue Bond Proceeds	4,225,000	980,000	7,490,000	7,705,000	459,000	1,420,000
GO Bond Proceeds	736,000	215,000	256,500	296,000	320,000	360,500
Equipment Certificates	287,000	790,000	630,000	525,000	943,000	575,000
Sale of Fixed Assets	-	-	-	-	-	-
Transfers In From Water Utility Operating Fund	302,525	1,000,000	2,250,000	2,250,000	2,250,000	2,750,000
Total Other Financing Sources (Uses)	**5,550,525**	**2,985,000**	**10,626,500**	**10,776,000**	**3,972,000**	**5,105,500**
Net Change in Fund Balance	302,525	250,000	250,000	250,000	250,000	250,000
Fund Balance, January 1	7,187,698	7,490,223	7,740,223	7,990,223	8,240,223	8,490,223
Fund Balance, December 31	**7,490,223**	**7,740,223**	**7,990,223**	**8,240,223**	**8,490,223**	**8,740,223**
Cash Balance, January 1	2,773,641	-	250,000	500,000	750,000	1,000,000
Less: Cash Commitments for Uncompleted Capital	2,773,641	-	-	-	-	-
Projected Cash Balance, December 31	**$ -**	**$ 250,000**	**$ 500,000**	**$ 750,000**	**$ 1,000,000**	**$ 1,250,000**

2

Stormwater Fund Long-Term Financial Plan

- 2024 beginning cash position = $3.8 million
- Revised 2025-2029 projected operating expenses = $18.2 million
- Revised 2025-2029 requested CIP = $10.5 million
- Scenario #1
  - Utilized the moderate risk capital plan
  - Assumes target funding of $2.2 million (fully funded)
  - Achieves target funding by 2029
- Scenario #2
  - Utilized the moderate risk capital plan
  - Assumes approx. half funding of $1.2 million
  - Achieves half funding by 2029

Stormwater Capital by Type



	2025	2026	2027	2028	2029
Equipment	1,015,000	505,000	645,000	120,000	270,000
Storm Transportation	-	-	-	750,000	-
Capital Projects	1,310,000	1,500,000	1,510,000	1,050,000	1,900,000

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City of Blaine, Minnesota
Stormwater Utility Funds
2025-2029 CIP - As of November 18, 2024

Scenario #1

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Operating Fund - Ending Cash Balance	$ 4,129,062	$ 4,497,286	$ 4,622,718	$ 4,892,690	$ 4,787,029	$ 4,618,147
Rate Increase		20%	20%	20%	19%	18%
Stormwater Capital Fund - 613						
Capital Outlay						
Capital Projects	$ 915,000	$ 1,310,000	$ 1,500,000	$ 1,510,000	$ 1,050,000	$ 1,900,000
Water Portion of Transportation Projects	93,000	-	-	-	750,000	-
Equipment	745,000	1,015,000	505,000	645,000	120,000	270,000
Total Capital Outlay	**1,753,000**	**2,325,000**	**2,005,000**	**2,155,000**	**1,920,000**	**2,170,000**
Revenues Over (Under) Expenditures	**(1,753,000)**	**(2,325,000)**	**(2,005,000)**	**(2,155,000)**	**(1,920,000)**	**(2,170,000)**
Other Financing Sources (Uses)						
Revenue Bond Proceeds	915,000	1,185,000	1,125,000	935,000	-	-
GO Bond Proceeds	93,000	-	-	-	550,000	-
Equipment Certificates	745,000	1,015,000	505,000	645,000	-	-
Sale of Fixed Assets	-	-	-	-	-	-
Transfers In From Water Utility Operating Fund	143,300	250,000	500,000	700,000	1,500,000	2,200,000
Total Other Financing Sources (Uses)	**1,896,300**	**2,450,000**	**2,130,000**	**2,280,000**	**2,050,000**	**2,200,000**
Net Change in Fund Balance	143,300	125,000	125,000	125,000	130,000	30,000
Fund Balance, January 1	1,123,960	1,267,260	1,392,260	1,517,260	1,642,260	1,772,260
Fund Balance, December 31	**1,267,260**	**1,392,260**	**1,517,260**	**1,642,260**	**1,772,260**	**1,802,260**
Cash Balance, January 1	1,087,172	-	125,000	250,000	375,000	505,000
Less: Cash Commitments for Uncompleted Capital	1,087,172	-	-	-	-	-
Projected Cash Balance, December 31	**$ -**	**$ 125,000**	**$ 250,000**	**$ 375,000**	**$ 505,000**	**$ 535,000**

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City of Blaine, Minnesota
Stormwater Utility Funds
2025-2029 CIP - As of November 18, 2024

Scenario #2

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Operating Fund - Ending Cash Balance	$ 4,129,062	$ 4,470,429	$ 4,425,672	$ 4,504,551	$ 4,669,830	$ 4,970,060
Rate Increase		19%	19%	18%	18%	17%
Stormwater Capital Fund - 613						
Capital Outlay						
Capital Projects	$ 915,000	$ 1,310,000	$ 1,500,000	$ 1,510,000	$ 1,050,000	$ 1,900,000
Water Portion of Transportation Projects	93,000	-	-	-	750,000	-
Equipment	745,000	1,015,000	505,000	645,000	120,000	270,000
Total Capital Outlay	**1,753,000**	**2,325,000**	**2,005,000**	**2,155,000**	**1,920,000**	**2,170,000**
Revenues Over (Under) Expenditures	**(1,753,000)**	**(2,325,000)**	**(2,005,000)**	**(2,155,000)**	**(1,920,000)**	**(2,170,000)**
Other Financing Sources (Uses)						
Revenue Bond Proceeds	915,000	1,185,000	1,200,000	1,085,000	375,000	825,000
GO Bond Proceeds	93,000	-	-	-	750,000	-
Equipment Certificates	745,000	1,015,000	505,000	645,000	120,000	270,000
Sale of Fixed Assets	-	-	-	-	-	-
Transfers In From Water Utility Operating Fund	143,300	250,000	425,000	550,000	800,000	1,200,000
Total Other Financing Sources (Uses)	**1,896,300**	**2,450,000**	**2,130,000**	**2,280,000**	**2,045,000**	**2,295,000**
Net Change in Fund Balance	143,300	125,000	125,000	125,000	125,000	125,000
Fund Balance, January 1	1,123,960	1,267,260	1,392,260	1,517,260	1,642,260	1,767,260
Fund Balance, December 31	**1,267,260**	**1,392,260**	**1,517,260**	**1,642,260**	**1,767,260**	**1,892,260**
Cash Balance, January 1	1,087,172	-	125,000	250,000	375,000	500,000
Less: Cash Commitments for Uncompleted Capital	1,087,172	-	-	-	-	-
Projected Cash Balance, December 31	**$ -**	**$ 125,000**	**$ 250,000**	**$ 375,000**	**$ 500,000**	**$ 625,000**

2025 Scenario #1 Based Rate Comparison

Water						
Quarterly	**2022**	**2023**	**2024**	**2025**	**Unit**	**Change**
Flat Fee	5.50	7.70	8.86	11.08	Flat	2.22
0-24,000	1.61	2.25	2.59	3.24	/1,000 gal	0.65
24,001-75,000	2.03	2.84	3.41	4.26	/1,000 gal	0.85
75,001-150,000	2.08	2.91	4.07	5.09	/1,000 gal	1.02
150,000+	2.80	3.92	4.90	6.13	/1,000 gal	1.23
Mobile Home Parks	1.61	2.25	2.59	3.24	/1,000 gal	0.65
Water Test Fee	2.43	2.43	2.43	3.04	Flat	0.61

Stormwater						
	2022	**2023**	**2024**	**2025**	**Unit**	**Change**
Residential Quarterly	10.50	11.55	13.86	16.63	Flat	2.77
Commercial Monthly	3.50	3.85	4.62	5.54	Flat	0.92
Commercial Quarterly	10.50	11.55	13.86	16.63	Flat	2.77

Sewer						
Quarterly	**2022**	**2023**	**2024**	**2025**	**Unit**	**Change**
Residential	63.00	70.00	80.50	92.58	Flat	12.08
Senior Rate	31.50	35.00	35.00	40.25	Flat	5.25
Apartments Mon. (per Unit)	15.75	17.50	20.13	23.14	Flat	3.02
Apartments Qtr. (per Unit)	47.25	52.50	60.38	69.43	Flat	9.06
Commercial Monthly						
0-5,833	21.00	23.33	26.83	30.86	Flat	4.03
5,833+	3.60	4.00	4.60	5.29	/1,000 gal	0.69
Commercial Quarterly						
0-17,499	63.00	70.00	80.50	92.58	Flat	12.08
17,500+	3.60	4.00	4.60	5.29	/1,000 gal	0.69

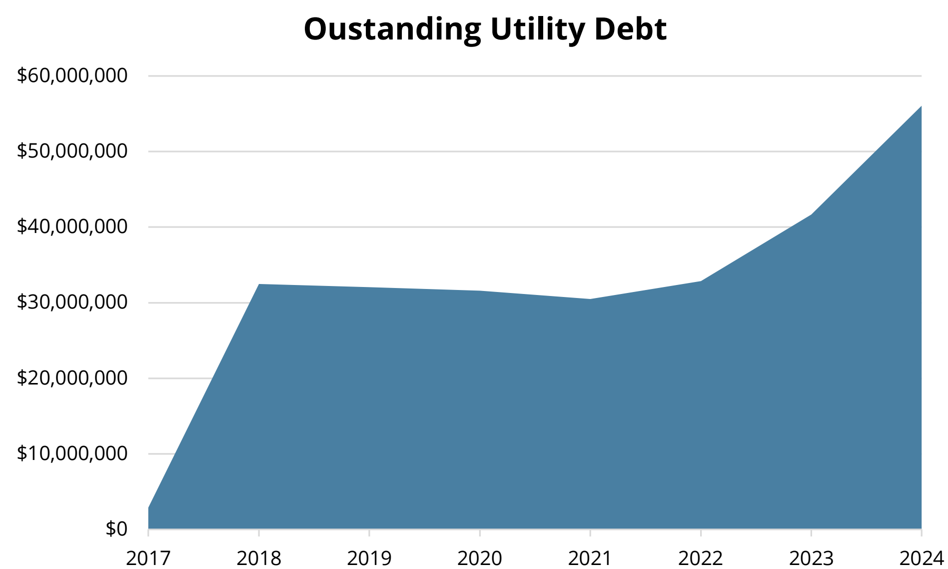
Average Annual Utility Bill

	2024	2025 Scenario #1	Change	2025 Scenario #2	Change	Difference Between #1 & #2
Water*	284.08	355.10	71.02	329.53	45.45	25.57
Sewer	322.00	370.30	48.30	367.08	45.08	3.22
Storm	66.52	79.82	13.30	79.16	12.64	0.67
Total	**672.60**	**805.22**	**132.62**	**775.77**	**103.17**	**29.45**

*assumes typical usage by a family of four; approx. 24,000 gallons per quarter or 96,000 gallons per year

Historical Debt Utilization

- Prior to 2022
  - Limited debt issuances
  - Only financed large scale, non-routine capital outlay
    - 2008 – $6.3 million for a new water tower
    - 2018 – $30.0 million for a new water treatment plant
- 2022 to Present
  - 2022 - $3.5 million in utility revenue bonds
  - 2023 - $10.7 million in utility revenue bonds
  - 2024 - $15.8 million in utility revenue bonds
  - 2025 - $10.1 million (estimated) in utility revenue bonds



Credit Rating Process

- S&P Global Ratings is an international credit rating agency that provides credit ratings, analyses, and market insights for a variety of local governments, including cities, counties, and school districts

- Analyst-driven approach to evaluate a municipality's creditworthiness, considering factors such as financial condition, operating performance, and risk management strategies

- The City engages with S&P to provide a rating update in advance of each competitive bond sale

Investment Grade			
AAA	AA(+/-)	A(+/-)	BBB(+/-)
Extremely strong capacity to meet financial commitments	Very strong capacity to meet financial commitments	Strong capacity to meet financial commitments, but somewhat susceptible to economic conditions in circumstances	Adequate capacity to meet financial commitments, but more subject to adverse economic conditions

Slide 20

S&P Debt Profile History

- October 15, 2020 - “The city plans to issue approximately $8 million to $12 million annually over the next few years for its pavement management projects, though we do not believe this will significantly alter the city's debt profile”
- November 3, 2022 - “Debt is somewhat elevated compared with similar-rated peers... but it could potentially weaken to adequate levels based on plans to issue up to $15 million of additional debt annually”
- November 22, 2023 - “Weak debt and contingent liability profile, compared with previous strong levels, due to slightly slowed debt amortization with the addition of Blaine's tentative future debt plans, which could nearly double total direct debt ($104 million) over the next two years”
- October 9, 2024 - “High debt with manageable costs with plans to issue an additional $37 million over the next year for a new stadium within the 105th Ave. Redevelopment project area, adjacent to the National Sports Center”

Policy Considerations

- October 9, 2024 S&P Rating Reporting stated " *The city is developing a plan to prefund capital through utility rate and operating levy increases, which will likely reduce the size of future annual debt issuances for capital purchases*"
- While there is no clear metric that would indicate a trigger to impact the City's AAA credit rating, the following will be important in future ratings:
  - willingness to develop a model to reduce overall reliance on debt
  - ensuring solvency across all funds
  - maintaining robust management practices
- Combined with the number of projects and associated costs, failure to identify other resources to prefund these activities will result in significant long-term debt, including associated costs of issuance and interest payments.

Questions and Notes for Council

- Does the Council have any follow up questions on the Utility Fund budgets?
- Does the Council support Scenario #1 or Scenario #2? Or is there some other funding level the Council supports?

Slide 23

City of Blaine
Staff Report
File Number: 2024-539

Agenda Date	Status
November 18, 2024	
In Control	**File Type**
City Council	Workshop Item

New Business -

Agenda Item # 3.4

Boards and Commissions - 2025

Background

Council in the past has discussed possible changes to the composition of Traffic, NRCB, and the Park Board. As we approach 2025 and council begins to consider appointments/reappointments for all boards and commissions for terms ending April 2025, staff is seeking input regarding those potential changes.

Staff Recommendation

Staff is requesting council input. The current board/commission list is attached that includes term expiration.

Questions for Council

Council is asked to provide staff input regarding upcoming board and commission appointments for 2025.

Attachment List

1. Council and Commissions List - Terms Expiring 2025

City of Blaine
2024 Directory
Council and Commissions

Charter Commission (Up to 15 Members)

Name	Term Ends
Jeffrey Lester, Chair	5/25
Ayman Ali Khan	5/27
Ken Anderson	5/27
Tom Doran	5/28
Alan Goracke	5/26
Jason Halpern	5/28
Jason Hartmann	5/26
Terri Homan	5/25
Abdi Hussein	5/28
Dick Swanson	5/25
Arman Tagarro	5/25
Nyle Zikmund	5/27

***Natural Resources Conservation Board (7 Members)**

Name	Term Ends	Ward
Gene Rafferty, Chair	3/25	Ward 1 2012
Ken Anderson	3/27	Ward 3 2023
Jayson Dahl	3/27	Ward 3 2024
Carolyn Panning	3/25	Ward 3 2018
Mary Jo Truchon	3/27	Ward 3 2005
VACANCY	3/27	
VACANCY	3/27	

Park Advisory Board (7 Members)

Name	Term Ends	Ward
Jeffrey Lester **Chair**	3/25	Ward 2 2013
Amanda Van Buren	3/27	Ward 3 2023
Chris Ford	3/25	Ward 1 2022
Chad Henderson	3/27	Ward 2 2024
Tonya Lizakowski	3/25	Ward 3 2018
Amanda Neubert	3/27	Ward 3 2023
Kristofer Paulseth	3/25	Ward 3 2018

Planning Commission (7 Members)

Name	Term Ends	Ward
Alan Goracke **Chair**	3/25	Ward 3 2008
Terri Homan	3/25	Ward 1 2011
Jason Halpern	3/25	Ward 2 2016
Jonathan Gorzycki	3/26	Ward 2 2022
Maisa Olson	3/26	Ward 3 2015
Lauren Patrin Deonauth	3/25	Ward 1 2020
Nichole Swanson	3/25	Ward 2 2022

Traffic Commission (7 Members)

Name	Term Ends	Ward
Todd Haas **Chair**	3/25	Ward 3 2017
Terry Wold **Vice Chair**	3/25	Ward 2 2017
Loren Hill	3/25	Ward 2 2017
Feyeso Ombe	3/26	Ward 1 2023
Corey Sundseth	3/27	Ward 2 2024
Mark Wifler	3/25	Ward 3 2020
VACANCY	3/26	