City of Blaine
City Council Workshop

May 19, 2025 | 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. 2025-114 City of Blaine Utility Cost Savings Project
Sponsors: Scott Johnson, Director of Administrative Services

3.2. 2025-115 Information on City-Owned Lot Near City Hall on Town Square Drive
Sponsors: Erik Thorvig, Community Development Director

3.3. 2025-116 Proposed City Hall Parking and Storage Facility
Sponsors: Mark Boerboom, Captain, Todd Miller, Deputy Fire Marshal, Brent Larson, Project Engineer

4. Other Business

5. Adjournment

City of Blaine
Staff Report

File Number: 2025-114

Agenda Date	Status
May 19, 2025	
In Control	**File Type**
City Council	Workshop Item

New Business - Scott Johnson, Director of Administrative Services

Agenda Item # 3.1

City of Blaine Utility Cost Savings Project

Background

Staff was directed at the May 5, 2025, City Council Workshop to work with the consultant to bring forward two project options. Option A includes the installation of solar panels on the roof at Water Treatment Plant #4. Option B does not include the installation of solar panels on the roof at Water Treatment Plant #4.

Eliminating the solar panels from the project reduces total savings with the project by $1 million.

The presentation materials will be added to the agenda on Friday 5/16.

Staff Recommendation

Staff recommends moving forward with the investment grade audit and moving forward in the process with option A to take advantage of the $1 million in savings.

Questions for Council

Staff is requesting direction on whether to move forward with the investment grade audit with the consultant and to move forward in the process with either option A or B.

Attachment List

1. Presentation
2. May 5 Staff Report
3. March 10 Presentation

City of Blaine Utility Cost Savings Project

May 19, 2025

Background

- Presented findings to the City Council at the March 10, 2025, and May 2, 2025, Workshops on potential utility cost-saving projects for the City of Blaine.
  - Guaranteed utility savings contracts and tax credits.
  - Recommended improvements to our facilities will help save general fund, facilities fund and utility fund dollars.
  - All costs would be paid by the utility savings generated by the improvements with no up-front costs from the city.
  - City Council requested an option without the solar panels for a cost comparison.
  - The next step in the process is the Investment Grade Audit (IGA). The $82,775 IGA cost is included with the total project cost. The trigger for paying back the audit expense only occurs if the City Council is presented with a workable project by the consultant and decides not to move forward with the project.
  - Staff is occasionally approached by other firms. For example, staff reviewed other energy cost savings programs in 2022; those firms would have retained the savings achieved and not return the savings to the City so those projects were not pursued.

Project Rationale

- WHY NOW?
  - Availability of tax credits now. The proposed project follows the 2025 Federal Tax Code (tax credits may not be an option in 2026)
  - Opportunities for savings to city funds
    - Energy savings
    - Savings on future projects – ex. Change out of lights from fluorescent to LEDs
  - Doing projects at one time provides benefits and creates:
    - Economies of scale
    - Easier/cheaper ongoing maintenance
    - Overall less expensive than piecemeal approach
    - Higher cost savings
  - Consulting firm provides necessary expertise for the project
    - Staff does not have specialized expertise with the programs or the capacity/experience with executing the programs
    - Consultant charges included in the total project cost

Types of Projects

- 1. Projects that, when built/constructed, produce cost savings
  - Savings cover project costs and are guaranteed by the consultant
  - Potential for additional savings above guaranteed amount
  - Not in current capital improvement plan
    - Staff lacks expertise to identify such projects
- 2. Projects that are anticipated or planned in future years (CIP etc.)
  - Facility audit conducted 2022, identified deficiencies and needs
  - Many not in current CIP
    - Limited funding available
    - Utilities funds facing larger rate increases due to other infrastructure needs such as lift stations, water towers, etc.
  - Energy cost savings cover the cost of the projects (rather than taxes and utility fees)

Option A – with Solar

- $0 City contribution
- City partners with the consultant to complete $1.6 million in energy and facility project work.
- City gains $2.5 million over 25 years in taxpayer energy savings.
- Reduce annual utility and operational costs by $75,000 per year.
- The life of the solar panels will match the expected life of the roof at Water Treatment Plant #4. The solar panels can be removed or replaced when the roof needs to be replaced in 25+ years. City of Blaine is not obligated to replace the solar panels after the 20-year project timeline.
- Approximately $150,000 included in construction budget for Treatment Plant #4 to accommodate solar panels.
- Project savings cover the Investment Grade Audit (IGA) cost of $82,775

Option B - No Solar

- $0 City contribution
- City partners with the consultant to complete $900,000 in energy and facility project work.
- City gains $1.5 million over 25 years in taxpayer energy savings.
- Reduce annual utility and operational costs by $50,000 per year.
- Eliminating solar panels reduces total savings of the project by $1 million.
- Project savings cover the Investment Grade Audit (IGA) cost of $82,775

Requested City Council Direction

- Staff is requesting direction on whether to move forward with the investment grade audit with the consultant?
- If the decision is to move forward, does Council prefer Option A or B?

City of Blaine
Staff Report

File Number: 2025-102

Agenda Date	Status
May 5, 2025	
In Control	**File Type**
City Council	Workshop Item

New Business - Scott Johnson, Director of Administrative Services

Agenda Item # 3.4

City of Blaine Utility Cost Savings Project

Background

Staff is requesting further discussion from the City Council at the May 5, 2025, Workshop to receive direction on the potential utility cost-saving project for the City of Blaine. Staff is recommending moving forward in the process based on the following reasons:

- The guaranteed cost savings will be utilized to pay for the improvements. The consultant is required to pay the City of Blaine for any shortfall from the utility savings. The project cost burden is carried by them and not the City of Blaine.
- The proposal will provide complete projects in year 1. The utility cost savings from the project will pay back the project costs over the next 20 years. Any cost savings after the 20-year agreement will go directly to the City of Blaine.
- Staff had the opportunity to speak to Dakota County, City of Apple Valley, and Winona State University. All three public institutions said they would approve the process again with the consultant and explained how the process benefited their organizations with utility savings at their facilities. They recommended this organization and thought this would be a great opportunity for the City of Blaine.
- All three public institutions were able to remove projects from their Capital Improvement Plan (CIP) and implement the projects to start receiving the benefits. All three have been successful with the guaranteed utility savings contracts.

McKinstry presented their findings to the City Council at the March 10, 2025, Workshop on potential utility cost-saving projects for the City of Blaine through guaranteed utility savings contracts and tax credits. They presented information on how the proposed improvements to our facilities will help save general fund, facilities fund and utility fund dollars. The presentation is attached to this item.

Timing is important on this project. We do not know if the tax credits and other funding sources proposed used for financing these projects will be available in 2026 (the proposed project follows the 2025 Federal Tax Code). The proposed project will help the City of Blaine save future energy costs, lighting costs, and save money with updated operations and maintenance systems. The next step in the process is the investment grade audit.

The investment grade audit is a comprehensive and detailed energy audit that focuses on the financial aspects of the energy efficiency improvements. It analyzes potential energy savings and the return on investment (ROI) from the proposed changes or upgrades. The results of the audit provide the final guaranteed savings and project price.

Staff Recommendation

Staff is requesting direction on whether to proceed with the investment grade audit with McKinstry and move forward with next steps in the process.

Questions for Council

Attachment List

1. Presentation

City of Blaine

Utility Cost Savings Potential

Preliminary Cost Savings Evaluation
Council Working Session
March 10, 2025

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About McKinstry

VISION

Together, building a thriving planet.

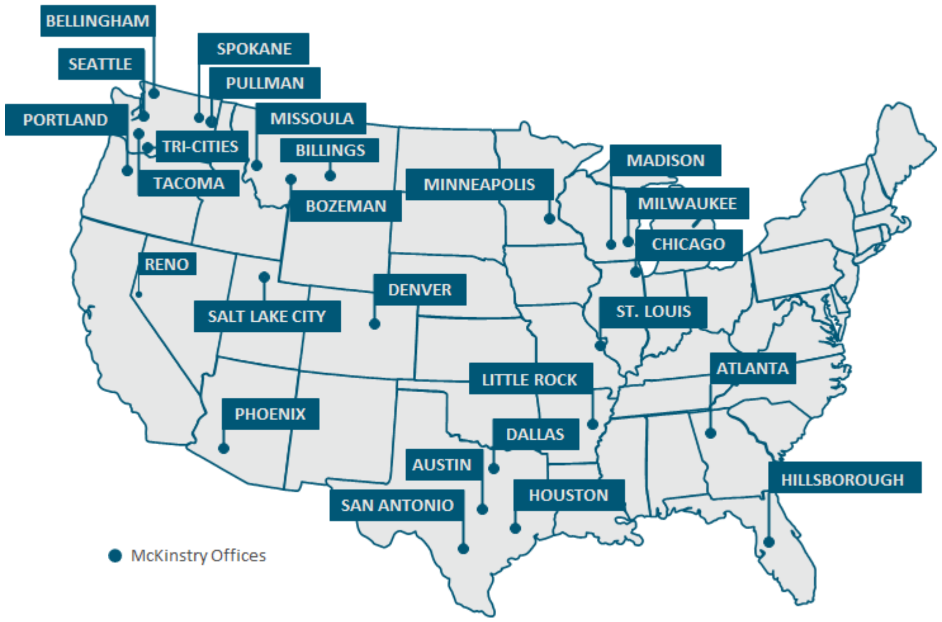
MISSION

To make every building we touch more efficient.

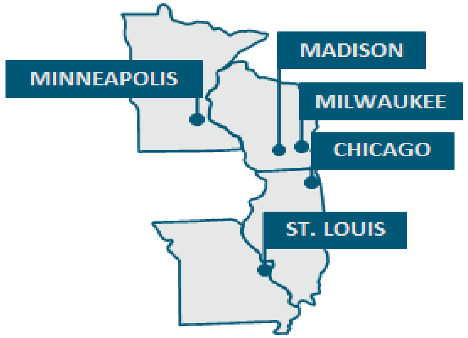
Our National Footprint

Local Team – Supported by National Expert Teams

- National leader in designing, constructing, operating and managing high-performing facilities
- Founded in 1960
- 26+ offices nationwide
- 3,000+ employees
- 100 PEs & Architects
- $995 M annual revenue
- 250 MW Solar PV Installed

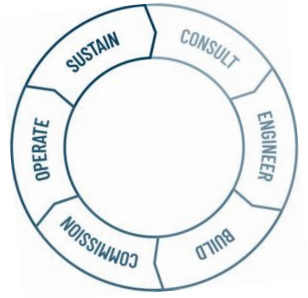


Our Midwest Footprint



- More than 80 projects worth over **$350M in last five years**
- More than **45 Solar projects**
- Strong partnerships leading to **legacy clients**
- St. Louis Park, MN office

For the Life of Your Infrastructure



Creating a continuum of expertise and assistance that you can access at any point FOR THE LIFE OF YOUR BUILDINGS.

Engineering, Consulting & Community

- Mechanical, Electrical, Plumbing
- Internet of Things (IoT) and Data
- Energy/Environmental
- Climate Action Planning
- Community Engagement

Construction & Financing

- Design, Implement, Operate, Maintain, Own
- Finance via Competitive Network
- Performance-Based Contracting/Guaranteed Energy Savings Projects

Energy Efficiency & Renewables

- Reduce, Produce, Procure
- Energy Efficient Buildings
- Solar, Storage, Microgrids
- Resiliency
- Flexible Financial Structures via Competitive Network

Facility Services

- Facility and Energy Asset Management Programs
- Commissioning
- Operational Optimization
- Active Energy Management
- powerED

High Performance/ Smart Buildings & Grid

- Eco Districts
- Microgrid
- Solar + Storage
- Internet of Things
- Telecommunications

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Current Challenges in Managing Your Buildings

With so many challenges and decisions facing today, we are a partner that understands your needs and can help navigate the options.

Growing deferred maintenance backlog and staffing availability / workloads

Limited infrastructure budget

Renewable energy

High energy spend

Need for healthy and safe indoor environments

Aging or isolated central utility plant

Outdated operations and maintenance systems

Inefficient/outdated lighting

Outdated emergency systems

Excessive and expensive water use/operations

City of Blaine

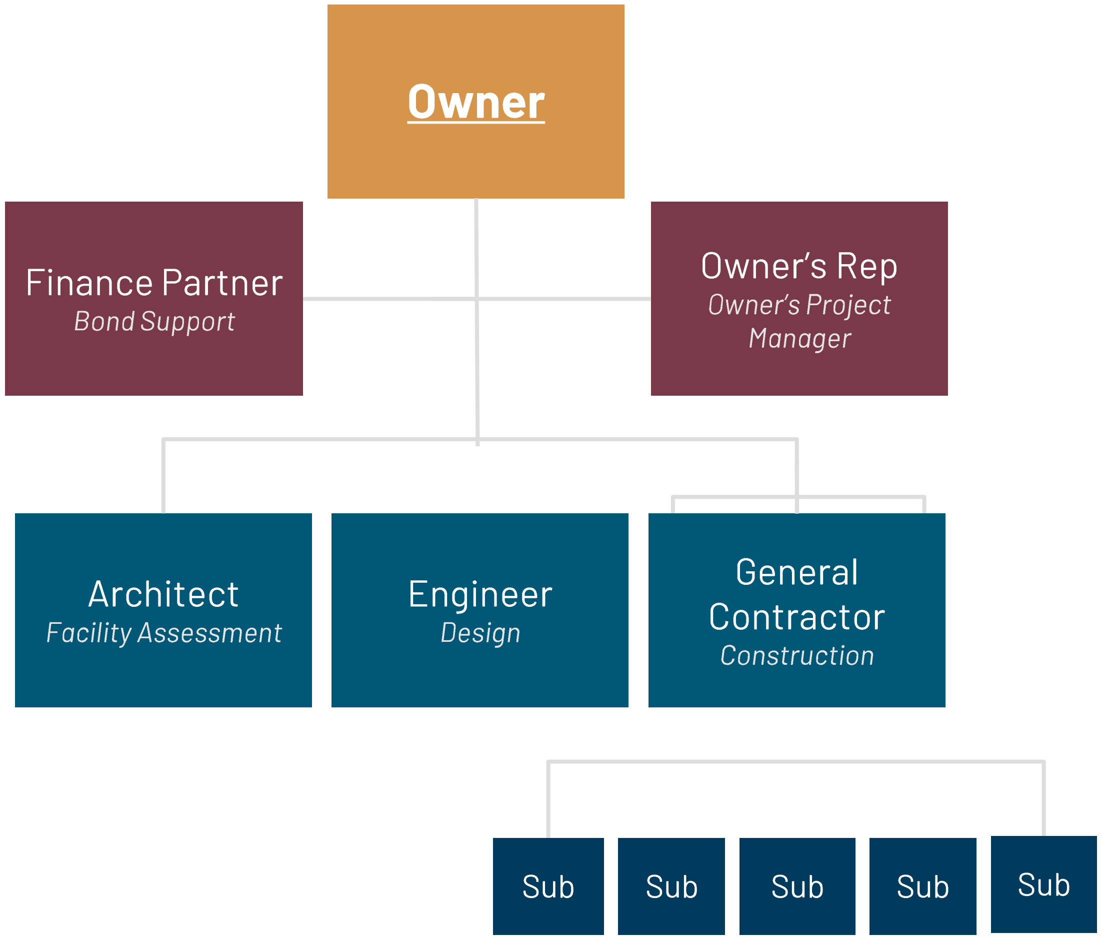
Achieving Cost Savings

How We Work With You

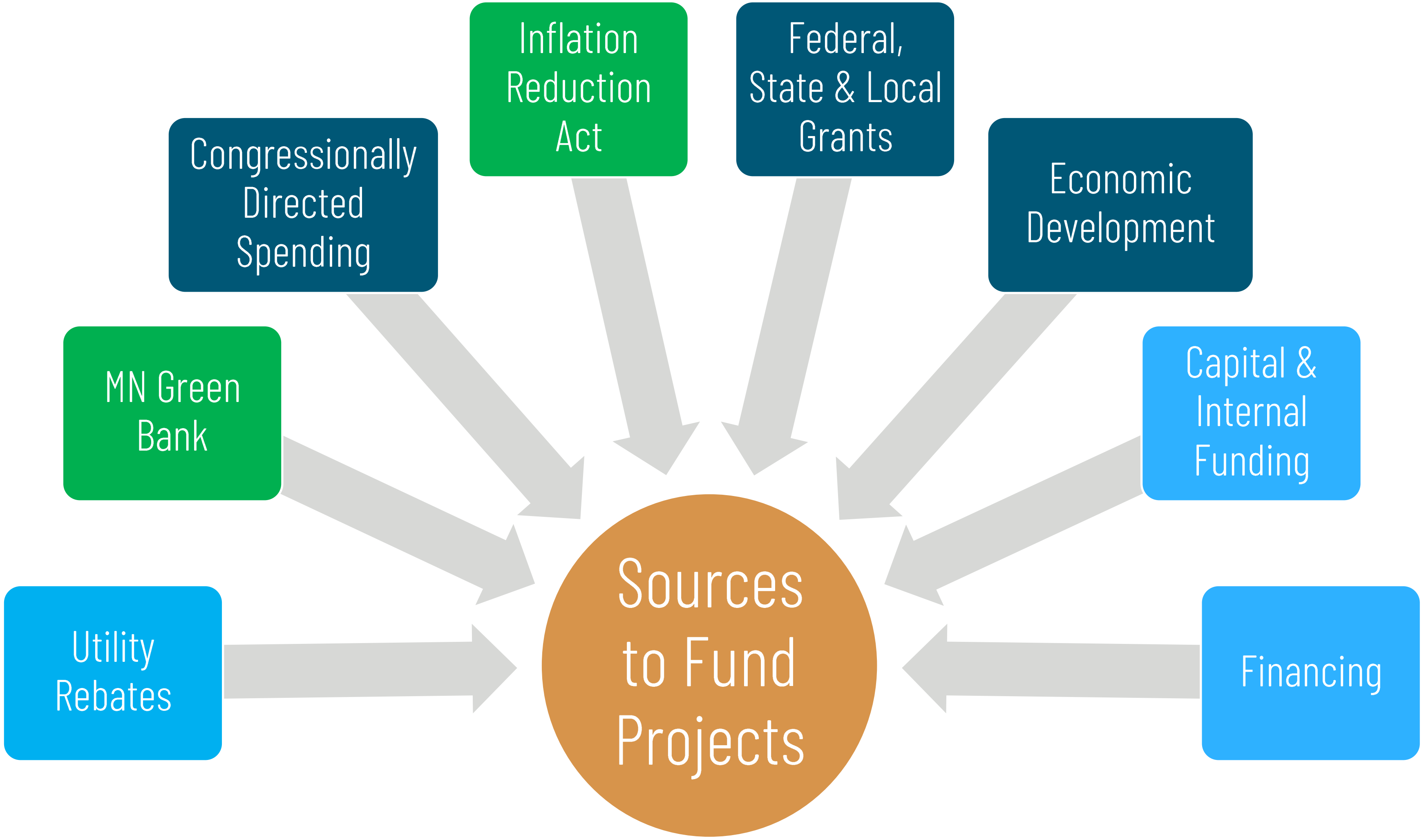
Guaranteed Utility Savings Contract

Utility Savings Project Partnership

Traditional Project Construction

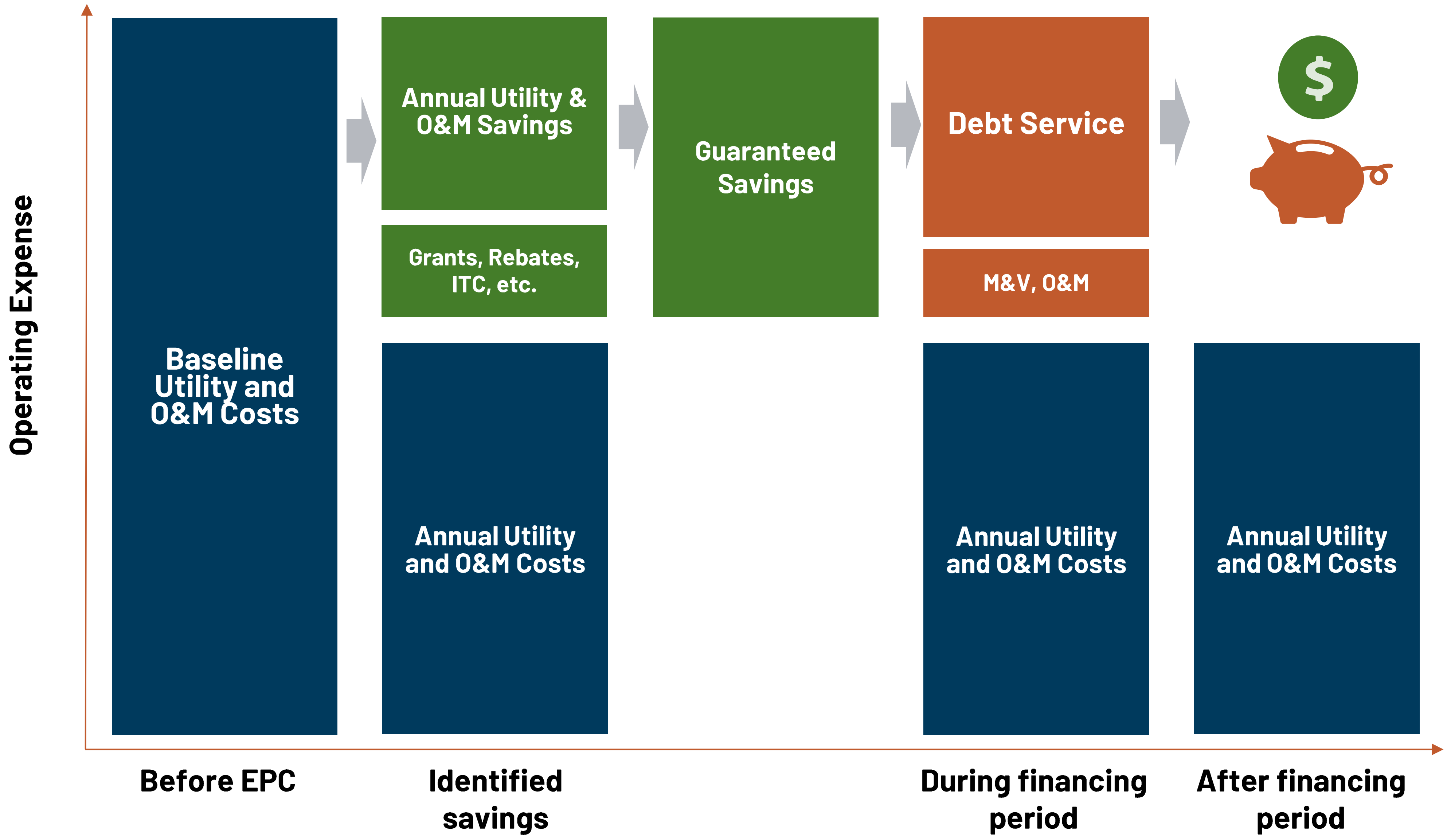


Guaranteed Savings Project Financing



Cashflow positive Projects - not to exceed 20 years

Cost Savings Project – Budget Neutral



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Budget Neutral – Funding for Energy Projects

Your Annual Budget Expenses	Your Annual Budget Liabilities / Expenses	Results / Benefits
$$ for Utility costs $$ for Deferred Maintenance and Repairs $$ Equipment Replacements $$ for Current Operations and Maintenance	Bond/Debt or Tax-Exempt Lease (Off-balance sheet = similar to equipment leasing) Payments **Payments structured to match the annual guaranteed savings each year**	Each year the Budget $'s for Energy and Operation costs are used to pay the Financing payments = **Budget Neutral** **After the financing period is completed, all the savings continues to occur and accumulate**

This Allows for No "Out of Pocket" $'s from City Budget

City of Blaine

Preliminary Results:
Cost Saving Opportunities

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Improvement Opportunities

	FACILITY ASSESSMENT	BALL FIELDS	BLAINE BASEBALL COMPLEX	CITY HALL/PD/FIRE	COLD STORAGE	FIRE STATION #2	LEXINGTON ATHLETIC COMPLEX	MARY ANN YOUNG CENTER	PUBLIC WORKS OFFICE/GARAGE	WATER TREATMENT 1	WATER TREATMENT 2	WATER TREATMENT 3	WATER TREATMENT 4
BASE PROJECT	Solar PV	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☑
	HVAC Renewal and Upgrades	☐	☐	☑	☐	☑	☐	☐	☐	☐	☐	☐	☐
	Building Automation Controls	☐	☐	☑	☐	☐	☐	☑	☐	☐	☐	☐	☐
	Lighting and Controls	☐	☑	☑	☑	☑	☑	☐	☐	☑	☑	☑	☐
	Retro commissioning	☐	☐	☑	☐	☐	☐	☑	☑	☐	☐	☐	☐
	Water Conservation/Irrigation	☑	☑	☑	☑	☑	☑	☑	☑	☑	☑	☑	☑
	Building Envelope	☐	☐	☑	☑	☑	☐	☑	☑	☑	☑	☑	☑
	Waste Oil Burner	☐	☐	☐	☐	☐	☐	☐	☑	☐	☐	☐	☐
	Stripping Tower Blower	☐	☐	☐	☐	☐	☐	☐	☐	☑	☐	☐	☐
	Window Film	☐	☐	☑	☐	☐	☐	☐	☐	☐	☐	☐	☐
	Duct Sealing	☐	☐	☑	☐	☐	☐	☐	☐	☐	☐	☐	☐
	Generator Block Heater	☐	☐	☑	☐	☐	☐	☐	☐	☐	☐	☐	☑
STRETCH PROJECT	Carport Solar Canopy	☐	☐	☑	☐	☐	☐	☐	☐	☐	☐	☐	☐
	Peak Shaving Generator	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☑

City of Blaine

Preliminary Results:
Cost Saving Financials

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Preliminary Assessment: Self-Funding Project Example

For

$30K

City Contribution

City Completes

$1.59M

Energy & Facility Project Work

City Gains

$2.48M

25-year Savings Benefit to City

Reduce annual utility and operational costs by ~$75K/yr

City-wide Project, Completing Great work Utility Savings = 10%

Opportunity for ~$185K-$235K in "Direct Pay" Incentives

Current Annual City Utility Costs = $735,743

*Water/Sewer Utility Analysis has already generated ~$14,000 savings in '24 Q3 (not included in above numbers)

City of Blaine

Preliminary Results:
Project Benefits

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Self- Funding Project Achievement Overview

- Significant Utility cost reduction = 10%
- Showcase at the WTP #4 = Rooftop Solar addition
  - 22% Utility cost reduction
- Complete City-Wide Lighting and Controls upgrades
- Gain operational and maintenance savings
- Modernize and standardize systems
- Hedge against rising utility costs
- No upfront cost – savings funded
- Lower overhead costs = taxpayer savings
- Potential for Connexus support = ratepayer and city savings

City of Blaine

Our Ask: Path to Achieve Savings

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BlaineMN.gov Live | Work | Grow

Action Plan: Blaine's – Utility Savings Project

Preliminary Assessment

Today

City preview of findings.
~15% engineering

Council Approval

Approvals

Develop and approve agreement language.

Investment Grade Audit

~90 days

Collaboration. Design, spec, price project.
~75% engineering

Agreement to move to Construction

~30 days

Approve final project agreement.

Construction & Savings

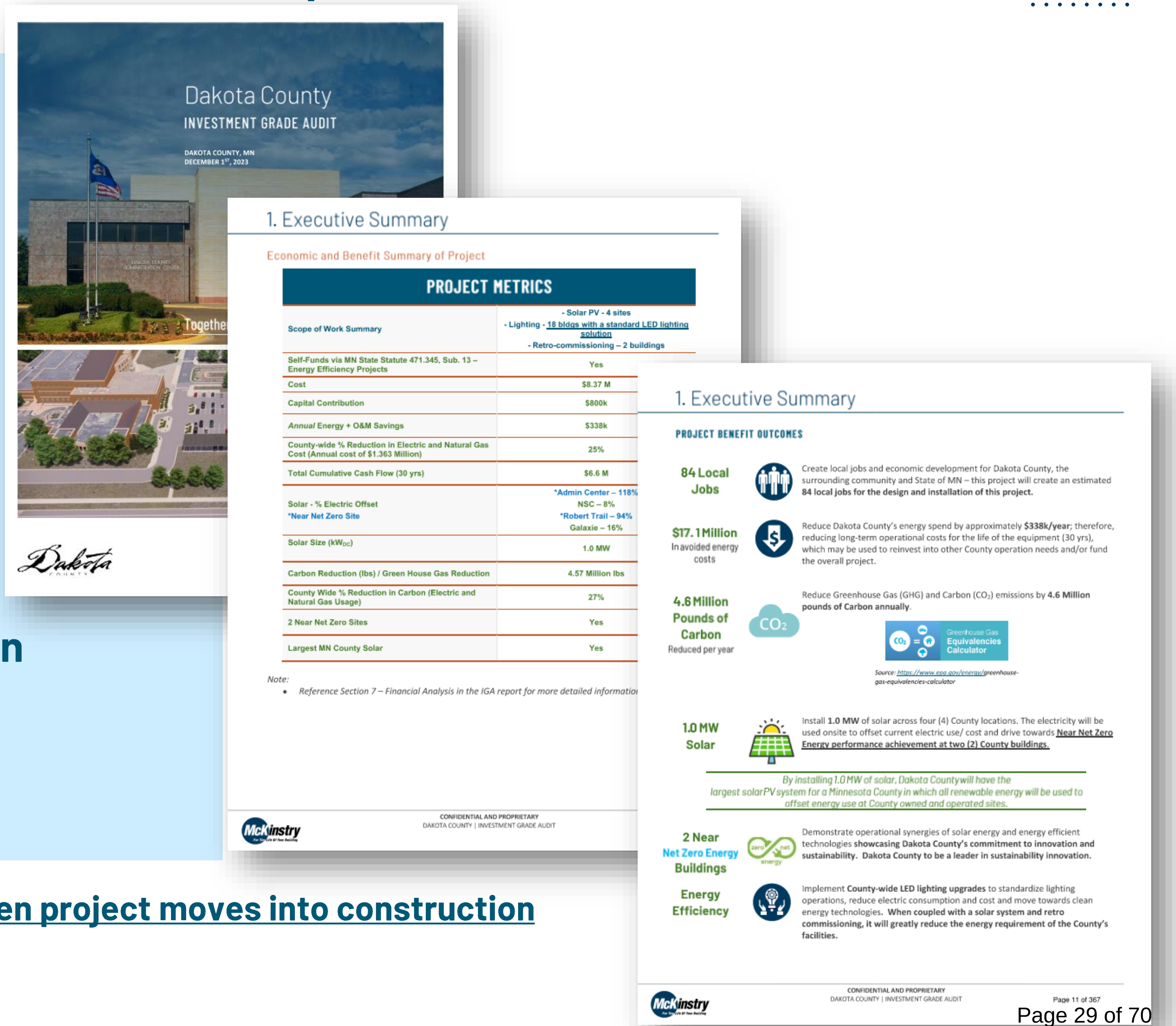
~1 yr. +

Performance Measure & Verification

IGA (Investment Grade Audit) Report

Deliverables:

- ✓ "Construction Ready" Project
  - Detailed Drawings
  - Specified Equipment/ Bidding
- ✓ Identification of Grants and Rebates
  - IGA is required to apply
- ✓ Capital Budget Items?
- ✓ Utility / Operation Savings Verification
- ✓ Cashflow Justification
- ✓ Competitive Financing



1. Executive Summary

Economic and Benefit Summary of Project

PROJECT METRICS	
Scope of Work Summary	- Solar PV - 4 sites - Lighting - 18 bldgs with a standard LED lighting solution - Retro-commissioning – 2 buildings
Self-Funds via MN State Statute 471.345, Sub. 13 – Energy Efficiency Projects	Yes
Cost	$8.37 M
Capital Contribution	$800k
Annual Energy + O&M Savings	$338k
County-wide % Reduction in Electric and Natural Gas Cost (Annual cost of $1.363 Million)	25%
Total Cumulative Cash Flow (30 yrs)	$6.6 M
Solar - % Electric Offset *Near Net Zero Site	*Admin Center – 118% NSC – 8% *Robert Trail – 94% Galaxie – 16%
Solar Size (kW_{DC})	1.0 MW
Carbon Reduction (lbs) / Green House Gas Reduction	4.57 Million lbs
County Wide % Reduction in Carbon (Electric and Natural Gas Usage)	27%
2 Near Net Zero Sites	Yes
Largest MN County Solar	Yes

Note:
- *Reference Section 7 – Financial Analysis in the IGA report for more detailed information*

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DAKOTA COUNTY | INVESTMENT GRADE AUDIT

1. Executive Summary

PROJECT BENEFIT OUTCOMES

84 Local Jobs — Create local jobs and economic development for Dakota County, the surrounding community and State of MN – this project will create an estimated **84 local jobs for the design and installation of this project.**

$17.1 Million In avoided energy costs — Reduce Dakota County's energy spend by approximately **$338k/year**; therefore, reducing long-term operational costs for the life of the equipment (30 yrs), which may be used to reinvest into other County operation needs and/or fund the overall project.

4.6 Million Pounds of Carbon Reduced per year — Reduce Greenhouse Gas (GHG) and Carbon (CO_2) emissions by **4.6 Million pounds of Carbon annually**.

Greenhouse Gas Equivalencies Calculator

Source: https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

1.0 MW Solar — Install **1.0 MW** of solar across four (4) County locations. The electricity will be used onsite to offset current electric use/ cost and drive towards **Near Net Zero Energy performance achievement at two (2) County buildings.**

By installing 1.0 MW of solar, Dakota County will have the largest solar PV system for a Minnesota County in which all renewable energy will be used to offset energy use at County owned and operated sites.

2 Near Net Zero Energy Buildings — Demonstrate operational synergies of solar energy and energy efficient technologies **showcasing Dakota County's commitment to innovation and sustainability. Dakota County to be a leader in sustainability innovation.**

Energy Efficiency — Implement **County-wide LED lighting upgrades** to standardize lighting operations, reduce electric consumption and cost and move towards clean energy technologies. **When coupled with a solar system and retro commissioning, it will greatly reduce the energy requirement of the County's facilities.**

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DAKOTA COUNTY | INVESTMENT GRADE AUDIT
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Development Cost for IGA: no upfront cost to City when project moves into construction

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City of Blaine

Utility Cost Savings Project

Questions / Comments?

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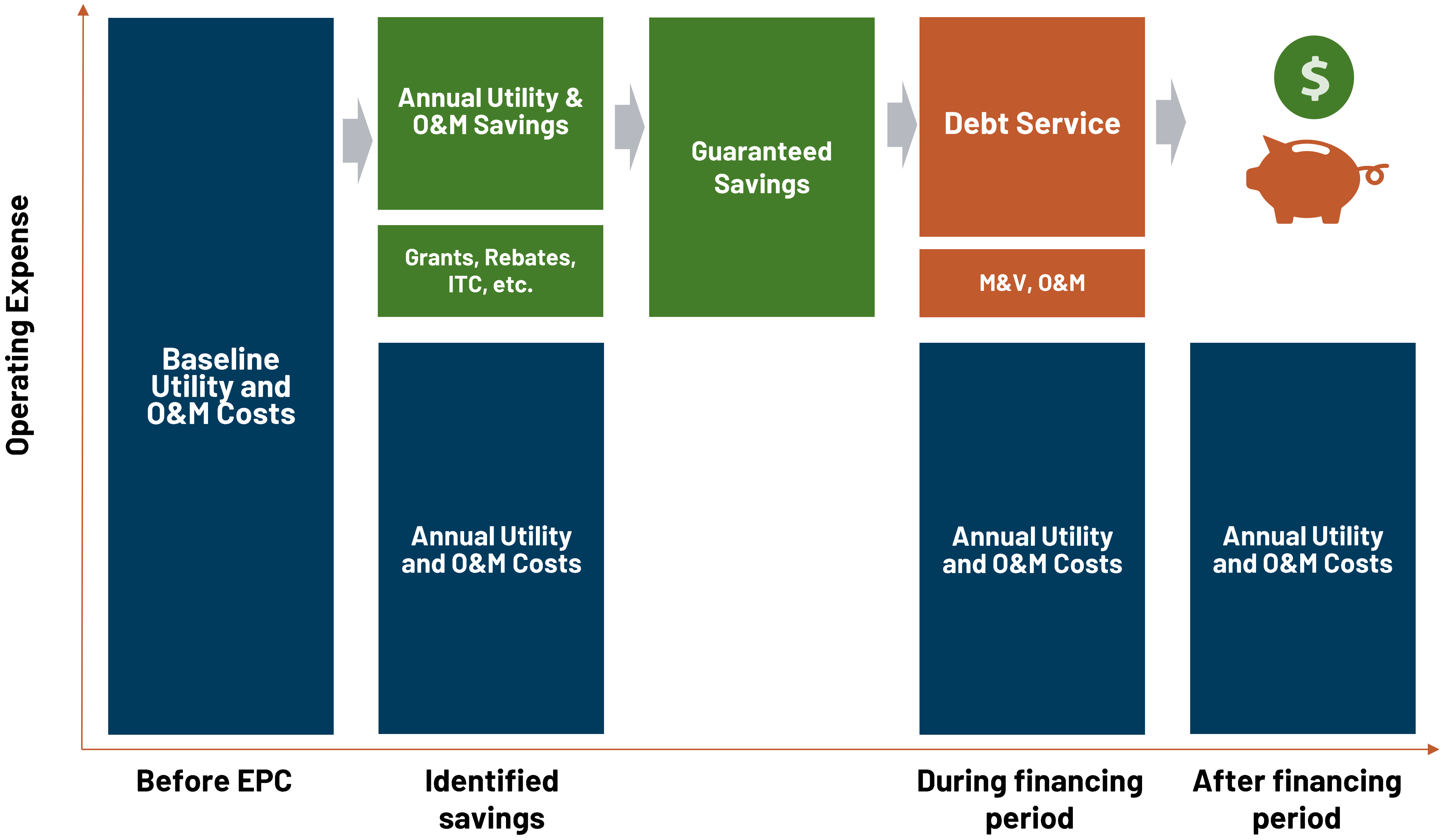
Appendix A: Financing Deeper Dive

Deeper dive and questions on financing structures

Energy Savings Project – Budget Neutral



Budget Neutral – Funding for Energy Projects

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Funding Energy Projects – Options

Your Budget	Bond Issue	Tax-Exempt Lease Purchase (TELP)	Part of Your Budget & Part Financing
$$ for Utility costs $$ for Deferred Maintenance and Repairs $$ Equipment Replacements $$ for Current Operations and Maintenance **Requires current budget cash availability or cash via next year's budget**	Traditional GO bond issuance Issuing costs Structural debt and credit report impact Your CFO to compare Bond vs. TELP costs and rates over time	RFQ via McKinstry network of top-tier financial firms (no $'s to McKinstry – part of our services) McKinstry compiles offers You compare terms from several financial institutions **Energy Savings + Lease payments each year = no out of pocket costs** **Off-Balance Sheet format, like Equipment Leasing**	McKinstry implements projects in your Budget/CIP Results in more impactful projects Gain guaranteed savings, bundle efforts **Complete projects in less than 1 year with our team instead of your staff time**

Preliminary Assessment: Self-Funding Project Example

For

$30K

City Contribution

City Completes

$1.59M

Energy & Facility Project Work

City Gains

$2.48M

25-year Savings Benefit to City

Reduce annual utility and operational costs by ~$75K/yr

City-wide Project, Completing Great work Utility Savings = 10%

Opportunity for ~$185K-$235K in "Direct Pay" Incentives

Current Annual City Utility Costs = $735,743

*Water/Sewer Utility Analysis has already generated ~$14,000 savings in '24 Q3 (not included in above numbers)

Preliminary Self-Funding Project Example Cash Flow Model

Summary of Economics and Cash Flow							
Capital Contribution ($)		**Project Cost ($)**			**Total Benefit****		
$15,000***		**$1,585,000**			**$2,480,641**		
Year	**Project Cost ($)**	**Avoided Energy + O&M Savings**	**IRA Incentives and CIP Contribution***	**Lease Payment**	**End Balance**	**Annual Cashflow**	**Total Cumulative Cash Flow**
0	**($1,585,000)**	**$0**	**$0**	**$1,585,000**	**$0**	**$0**	**$0**
1		$75,000	$225,000	($299,999)	($1,356,326)	$1	$1
2		$78,000	$0	($77,999)	($1,339,362)	$1	$2
3		$81,120	$0	($81,119)	($1,318,514)	$1	$3
4		$84,365	$0	($84,364)	($1,293,483)	$1	$4
5		$87,739	$0	($87,738)	($1,263,952)	$1	$5
6		$91,249	$0	($91,248)	($1,229,581)	$1	$6
7		$94,899	$0	($94,898)	($1,190,015)	$1	$7
8		$98,695	$0	($98,694)	($1,144,872)	$1	$8
9		$102,643	$0	($102,642)	($1,093,749)	$1	$9
10		$106,748	$0	($106,747)	($1,036,220)	$1	$10
11		$111,018	$0	($111,017)	($971,833)	$1	$11
12		$115,459	$0	($115,458)	($900,107)	$1	$12
13		$120,077	$0	($120,076)	($820,536)	$1	$13
14		$124,881	$0	($124,880)	($732,580)	$1	$14
15		$129,876	$0	($129,875)	($635,672)	$1	$15
16		$135,071	$0	($135,070)	($529,207)	$1	$16
17		$140,474	$0	($140,473)	($412,549)	$1	$17
18		$146,093	$0	($146,092)	($285,022)	$1	$18
19		$151,936	$0	($151,935)	($145,913)	$1	$19
20		$158,014	$0	($152,479)	$0	$5,535	$5,554
21		$164,334	$0	$0	$0	$164,334	$169,888
22		$170,908	$0	$0	$0	$170,908	$340,796
23		$177,744	$0	$0	$0	$177,744	$518,539
24		$184,854	$0	$0	$0	$184,854	$703,393
25		$192,248	$0	$0	$0	$192,248	$895,641
Totals	**($1,585,000)**	**$3,123,443**	**$225,000**	**($2,452,802)**	**$0**	**$895,641**	

Financial Disclaimer: McKinstry is not engaged in providing legal, tax, or financial advice. The information provided herein is intended only to assist you in your decision-making and is broad in scope. Accordingly, before making any final decisions you should consider obtaining additional information and advice from your accountant or other financial advisers who are fully aware of your specific circumstances.

Incentives*	include indicative estimates of available utility and IRA Direct Pay credits.
Total Benefits**	includes the Project Cost + Total Cumulative Cashflow.
Capital Contributions***	Reserves $15,000 of CIP funding for filing costs

Financial Report Format – Notes on Equipment Lease (TELP)

BLAINE, CITY OF
TABLE OF CONTENTS

City of Blaine

	Reference	Page No.
INTRODUCTORY SECTION		

BlaineMN.gov

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $536,024,458 at the close of the most recent fiscal year.

The largest portion of the City's net position (84 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Blaine's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$102,353,157	$110,590,002	$33,182,973	$16,444,357	$135,536,130	$127,034,359
Capital assets	329,981,410	314,251,138	226,655,425	218,246,892	556,636,835	532,498,030
Total assets	$432,334,567	$424,841,140	$259,838,398	$234,691,249	$692,172,965	$659,532,389
Deferred outflows						
Related to pensions	$22,153,468	$26,371,909	$ -	$ -	$22,153,468	$ 26,371,909
Long-term liabilities outstanding	$92,176,919	$105,404,987	$44,961,813	$35,506,910	$137,138,732	$140,911,897
Other liabilities	14,641,750	21,089,593	3,403,531	2,604,693	18,045,281	23,694,286
Total liabilities	$106,818,669	$126,494,580	$48,365,344	$38,111,603	$155,184,013	$164,606,183
Deferred inflows						
Related to leases	$1,873,147	$2,040,199	$ -	$ -	$ 1,873,147	$ 2,040,199
Related to pensions	21,244,815	473,016	-	-	21,244,815	473,016
Total deferred inflows	$23,117,962	$2,513,215	$ -	$ -	$ 23,117,962	$ 2,513,215
Net position:						
Net investment in capital assets	$264,781,260	$257,114,952	$186,643,312	$186,018,080	$451,424,572	$443,133,032
Restricted	22,218,429	21,591,171	-	-	22,218,429	21,591,171
Unrestricted	37,551,715	43,499,131	24,829,742	10,561,566	62,381,457	54,060,697
Total net position	$324,551,404	$322,205,254	$211,473,054	$196,579,646	$536,024,458	$518,784,900

Net position was positively impacted by $17,239,558 at December 31, 2023. This is primarily due to additional net investment in capital assets of $8.3 million. Much of this increase was a result of various infrastructure projects throughout the city.

In 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Essentially, the standard required the unfunded portion of defined benefit pension plans to be reported by all participating employers. Recording the net pension liability and the pension related deferred outflows and inflows of resources do not change the City's future funding requirements or obligations under the plans, which are determined by Minnesota Statutes.

Net position was negatively impacted by $20,415,333 at December 31, 2023 due to the standard. Pension-related amounts included in the above schedule related to the standard are as follows:

Deferred Outflows of Resources	$22,153,468
Deferred Inflows of Resources	(21,244,815)
Noncurrent liabilities	(21,323,986)
	($20,415,333)

A small portion of the City's net position, four percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $62,381,457 may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF BLAINE, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2023
With Comparative Totals For December 31, 2022

Statement 1

	Primary Government			
	Governmental Activities	Business-Type Activities	Totals 2023	Totals 2022
Assets:				
Cash, cash equivalents, and pooled investments	$95,835,650	$23,092,770	$118,928,420	$110,723,063
Delinquent taxes receivable	331,983	-	331,983	219,901
Tax increment receivable	4,449	-	4,449	478
Accounts receivable	273,371	4,724,646	4,998,017	4,221,734
Special assessments receivable	4,617,407	389,404	5,006,811	5,181,624
Intergovernmental receivable	1,551,881	99,911	1,651,792	1,083,637
Internal balances	(4,852,525)	4,852,525	-	-
Prepaid items and other assets	616,570	3,673	620,243	654,086
Loans receivable	894,527	-	894,527	1,805,215
Lease receivable	1,873,147	-	1,873,147	2,040,199
Accrued interest receivable	206,697	20,044	226,741	104,422
Notes receivable	1,000,000	-	1,000,000	1,000,000
Capital assets (net of accumulated depreciation):				
Land	174,148,661	2,476,028	176,624,689	172,761,051
Building and structures	34,109,367	31,845,494	65,954,861	34,671,980
Machinery and equipment	11,120,405	9,452,299	20,572,704	19,041,378
Distribution and collection system	-	141,512,422	141,512,422	136,021,087
Infrastructure	96,184,433	37,633,645	133,818,078	119,547,878
Construction in progress	14,418,544	3,735,537	18,154,081	50,454,656
Total assets	432,334,567	259,838,398	692,172,965	659,532,389
Deferred outflows of resources:				
Related to pensions	22,153,468	-	22,153,468	26,371,909
Liabilities:				
Accounts payable	835,905	1,178,976	2,014,881	2,230,742
Accrued liabilities	849,955	83,454	933,409	847,027
Deposits payable	9,594,486	9,050	9,603,536	12,252,271
Contracts payable	1,632,125	834,558	2,466,683	1,103,104
Intergovernmental payable	64,422	338,298	402,720	215,395
Bond interest payable	978,983	569,791	1,548,774	1,379,751
Unearned revenue	685,874	389,404	1,075,278	5,665,996
Noncurrent liabilities:				
Due within one year	5,414,471	1,380,000	6,794,471	6,203,914
Due in more than one year	86,762,448	43,581,813	130,344,261	134,707,983
Total liabilities	106,818,669	48,365,344	155,184,013	164,606,183
Deferred inflows of resources:				
Related to leases	1,873,147	-	1,873,147	2,040,199
Related to pensions	21,244,815	-	21,244,815	473,016
Total deferred inflows of resources	23,117,962	-	23,117,962	2,513,215
Net position:				
Net investment in capital assets	264,781,260	186,643,312	451,424,572	443,133,032
Restricted for:				
Debt service	15,591,836	-	15,591,836	15,530,458
Tax increment purposes	2,167,945	-	2,167,945	4,614,705
Public safety programs	2,683,143	-	2,683,143	559,861
Community services	257,597	-	257,597	257,157
Fire Department capital projects	1,517,908	-	1,517,908	628,990
Unrestricted	37,551,715	24,829,742	62,381,457	54,060,697
Total net position	$324,551,404	$211,473,054	$536,024,458	$518,784,900

The accompanying notes are an integral part of these financial statements.
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McKinstry
For The Life Of Your Building

City of Blaine
Staff Report

File Number: 2025-115

Agenda Date	Status
May 19, 2025	
In Control	**File Type**
City Council	Workshop Item

New Business - Erik Thorvig, Community Development Director

Agenda Item # 3.2

Information on City-Owned Lot Near City Hall on Town Square Drive

Background

In the early 2000s, the City of Blaine EDA acquired 70+ acres of property at the southeast corner of 109th and Radisson Road for future development. The city solicited development requests for proposals for the future "Blaine Town Square". Development occurred in the early 2000s, which included various commercial/office projects; senior apartments, townhomes, city park and city hall. Due to the recession in 2008, development stalled, which resulted in the townhome project not being completed and the city holding 7+ acres of land on the south portion of the development. In 2019, the city sold 1.73 acres of the original 7-acre parcel south of Town Square Drive for the Synergy Center office development. The remaining land the city owns is a 5.66-acre parcel. A majority of the parcel is vacant with a portion being used for the community garden.

The EDA acquired the 70+ acre property for $1,107,200. Parcels were sold by the EDA for development and any proceeds were used to cover acquisition costs and any other investment to develop the property. The vacant lot in front of city hall on Town Square Drive was transferred from the EDA to the City. Because previous financial obligations have been satisfied, any proceeds from the sale would be available to the city to use at their discretion. If sold for commercial purposes, the land would be valued between $2.4-$3+MM. Land value for residential development would vary depending on the product type and number of units.

The site was included in the 105th Avenue Redevelopment Visioning discussion in 2022. Concepts showed either an expansion of the office uses that exist adjacent to the parcel, open space, and/or residential use. The City hasn't openly marketed the parcel, but staff have included it in various site searches that developers complete. The site is zoned Development Flex and guided for Neighborhood Commercial in the Comprehensive Plan. The zoning and/or land use could be changed depending on the council's desire for the site and/or a development proposal.

Most recently, staff have explored the potential expansion of the 105th Avenue Tax Increment

Financing (TIF) District to include this parcel. Development of the parcel would generate additional TIF revenue for the 105th Avenue Redevelopment District, if needed for future projects within the District. Further analysis and due diligence are currently being completed.

The purpose of the workshop discussion is to inform the City Council of the status of the property. No specific direction is requested, and future workshop discussions will occur around the future use and approach for the sale of the property.

Staff Recommendation

Questions for Council

Informational only.

Attachment List

1. Site Location Map
2. 2022 Concept 1
3. 2022 Concept 2


108TH LN NE
RADISSON RD NE
108TH AVE NE
PARK DR NE
TOWN SQUARE DR NE

City of Blaine
Staff Report

File Number: 2025-116

Agenda Date	Status
May 19, 2025	
In Control	**File Type**
City Council	Workshop Item

New Business - Scott Johnson, Director of Administrative Services

Agenda Item # 3.3

Proposed City Hall Parking and Storage Facility

Background

Staff presented information to the City Council at the January 22, 2025, Workshop on the proposed City Hall parking and storage facility. (See attached materials.) City hall, police department and public works garages and storage are now at capacity. Council requested additional background information regarding current proposed parking and storage facility locations. Tours of the existing parking and storage facility were offered to the City Council. Four Councilmembers were able to tour the current facility.

Staff Recommendation

Staff recommends additional discussion and evaluation of the proposed locations. Next steps would include further refining the scope of the project and obtaining quotes for a consultant to prepare a project cost estimate to be used for budget and capital planning.

Questions for Council

Does the City Council support ongoing discussion and evaluation of this project as we start to develop the 2026 5-year CIP program? What additional information would the City Council like to hear as discussion about this project continues?

Attachment List

1. January 22 Workshop Staff Report
2. January 22 Workshop Presentation
3. City of Blaine Utility Cost Savings Project - 2nd Workshop May 19, 2025

City of Blaine
Staff Report

File Number: 2025-26

Agenda Date	Status
January 22, 2025	
In Control	**File Type**
City Council	Workshop Item

New Business - Scott Johnson, Director of Administrative Services

Agenda Item # 3.3

Proposed City Hall Parking and Storage Facility

Background

The Blaine City Hall and Police Department were designed in the late 1990s and the facility opened in 2001. The current garages at the site are now at capacity. The population for the City of Blaine has more than doubled since the facility opened (45,000 population in 2001). Additional staff, vehicles, and specialized equipment has been added since 2001. Specifically, 34 police officers including squad cars and support vehicles have been added. The new vehicles are stored in various locations around the City of Blaine.

The Town Square Drive Land Usage Working Group was formed in 2022 to discuss the use of the property south of Town Square Drive for Fire Department and/or a parking garage. At the time, the working group concluded that this area should not be used for a new fire station or parking garage. The working group identified the area north of the Fire Barn as a potential site for the new Fire Station and the southeast corner of the existing City Hall parking lot as a potential site for a new parking garage.

Staff has reviewed the current and future parking and equipment storage needs for Blaine City Hall and Police Department. Staff proposes development of a project to construct a parking and storage facility (potentially in the southeast corner of the existing City Hall parking lot) to accommodate current and future needs for parking and storage of equipment. The current garage will likely have some deferred maintenance issues that should be addressed as part of a project to allow the current garage to meet existing needs.

The Public Works facility does not have capacity for any significant expansion at the current site. The parking and storage needs at that location are also at or near capacity. It may be possible to address those needs as part of this same project, as some of the vehicles and equipment are used seasonally (roughly six months of the year).

Staff Recommendation

One goal at the January 22 workshop is to introduce the project to council and receive initial feedback. It is also important that council is aware of future projects that involve significant cost, especially as the city plans for future financial needs and prepares for the development of the 2026 budget and capital plan. Staff recommends additional discussion and evaluation of the proposed project. Next steps would include further refining the scope of the project and obtaining quotes for a consultant to prepare a project cost estimate to be used for budget and capital planning.

Questions for Council

Does Council support ongoing discussion and evaluation of this project as we start to develop the 2026 five-year CIP program? What additional information would Council like to hear as discussion about this project continues?

Attachment List

1. Presentation

Proposed City Hall Parking Garage and Storage Facility

1/22/2024

Agenda

- Background Information
- Existing Parking and Storage
- Proposed Improvements
- Proposed Parking and Storage
- Next Steps and City Council Questions

Background

- City hall and Police Department building designed in the late 1990s and opened in 2001
- Garages and storage are now at capacity
- 2001 population was approximately 45,000, current population 70,000+
- Additional staff has been added since 2001
  - specifically, 34 officers including squad cars and support vehicles
- New vehicles stored in various places around the City
- “Cold” Garage now at capacity

Background

- Town Square Drive Land Usage Working Group was formed in 2022 to discuss the use of the property south of Town Square Drive for Fire Department and/or a parking garage.
- At the time, the working group concluded that this area should not be used for a new fire station or parking garage.
- Working Group identified the area north of the fire barn as a potential site for the new fire station and the southeast corner of the existing City Hall parking lot as a potential site for a new parking garage.

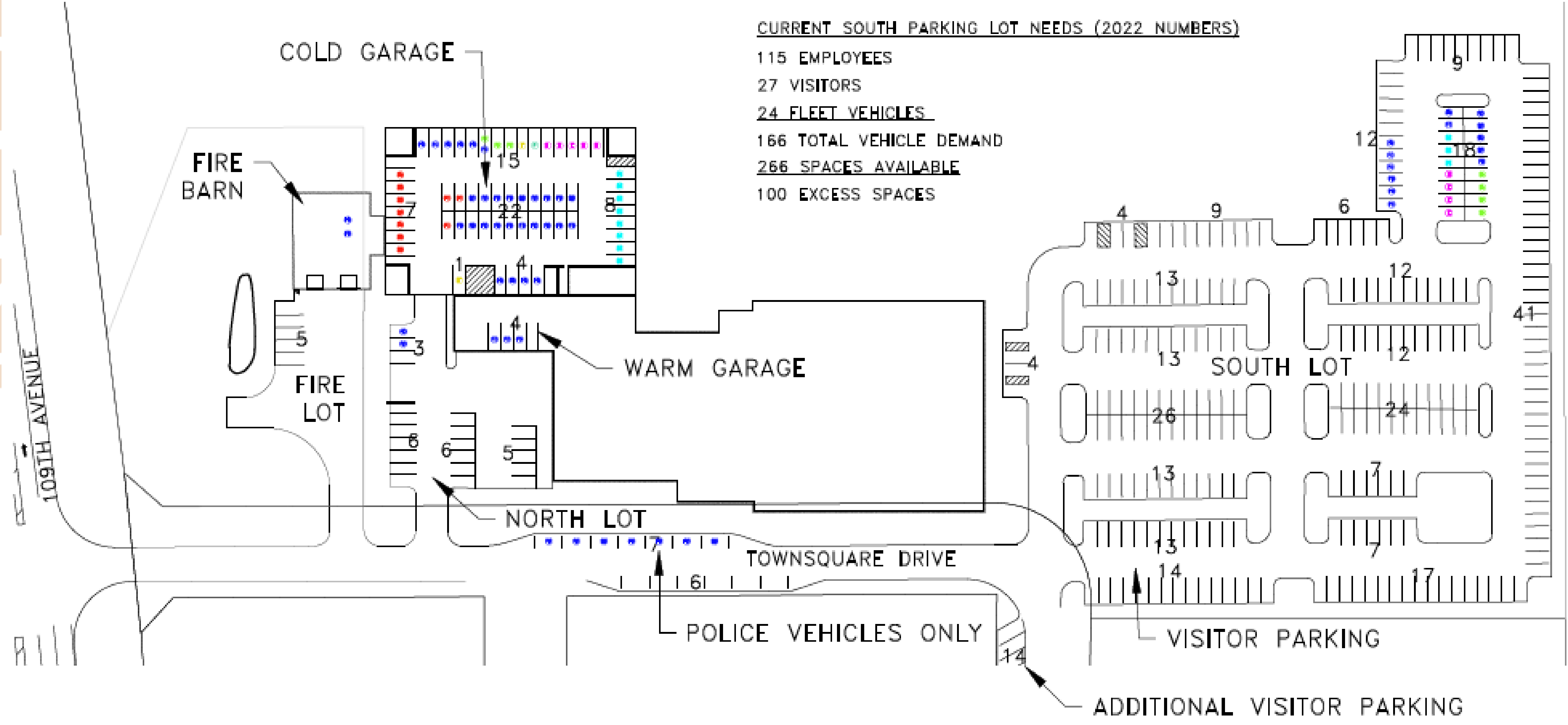
Background

- Public Works facility does not have capacity for any significant expansion at the current site. The parking and storage needs at that location are also at or near capacity.
- It may be possible to address those needs as part of this same project, as some of the vehicles and equipment are used seasonally (roughly six months of the year).

Existing Parking

CURRENT SOUTH PARKING LOT NEEDS (2022 NUMBERS)

115 EMPLOYEES
27 VISITORS
24 FLEET VEHICLES
166 TOTAL VEHICLE DEMAND
266 SPACES AVAILABLE
100 EXCESS SPACES



Existing Parking

DEPARTMENT	CITY HALL GARAGE (COLD)	CITY HALL GARAGE (WARM)	CITY HALL STREET/ HOME	CITY HALL FIRE BARN	CITY HALL FIRE LOT	CITY HALL NORTH LOT	CITY HALL SOUTH LOT	LARSON LOT GARAGE (TRAINING)	FIRE STA#2 GARAGE	PUBLIC WORKS	DEPT TOTALS
FD FIRE/COMMUNITY STANDARDS	10										10
PD POLICE DEPARTMENT	29 (41)②	3	9	2	0	2	13	(4)	5	2	81 ②
BI BUILDING INSPECTION	8						3				11
PK PARK AND RECREATION	2						4 ①	①			7
P PLANNING	1										1
E ENGINEERING	5						4				9
PW PUBLIC WORKS											
F FACILITIES	2										2
TOTAL USED	57 (69)	3	9	2	0	2	24	(4)	5	2	121
TOTAL AVAILABLE	57	4?			5	20	266(+8)	~90			

Existing Parking

<u>Cold Garage</u>

- 57 Spaces Available, PD has 29 spaces but ~41 vehicles share between garage, street, and lot parking. Typically, 6 patrol vehicles on duty at a time

<u>South Parking Lot</u>

- 266 Spaces Available
- 115 City Hall and Police Department Employees
- 27 Visitor Stalls
- <u>24 Fleet Vehicles (2024)</u>
  - 166 Spaces Needed

Existing Parking

Water Tower

- Four speed trailers

Water Treatment Plant

- Camera Trailer

Training Building

- Community Outreach Trailer
- Bait Trailer
- UOF Trailer

Proposed Improvements

- Staff has reviewed the current and future parking needs at City Hall
- 10 to15 year additions
  - PD added 17-22 vehicles
  - 2 Building Inspection vehicles
  - 1 Facility
- Staff has reviewed the current and future parking needs and proposes constructing a new 102 stall garage to accommodate future needs at City Hall.
- Current garage would be entirely filled by police department vehicles. Some issues should be addressed to allow current garage to meet existing needs.

Proposed Improvements

- New Garage features include;
  - Single-story
  - Secured (cameras and security access)
  - Heated (at least partially); option to only partially heat one side
  - Electric hookups for Police and other vehicles with the need
  - Storage for Parks and Rec (currently storing a lot of summer program equipment on 3rd floor of City Hall)
  - Secure, fully climate-controlled storage for voting equipment.
  - Explore solar panels on the roof as well as infrastructure for future e-charging vehicles.
  - Explore cost saving options through proposals

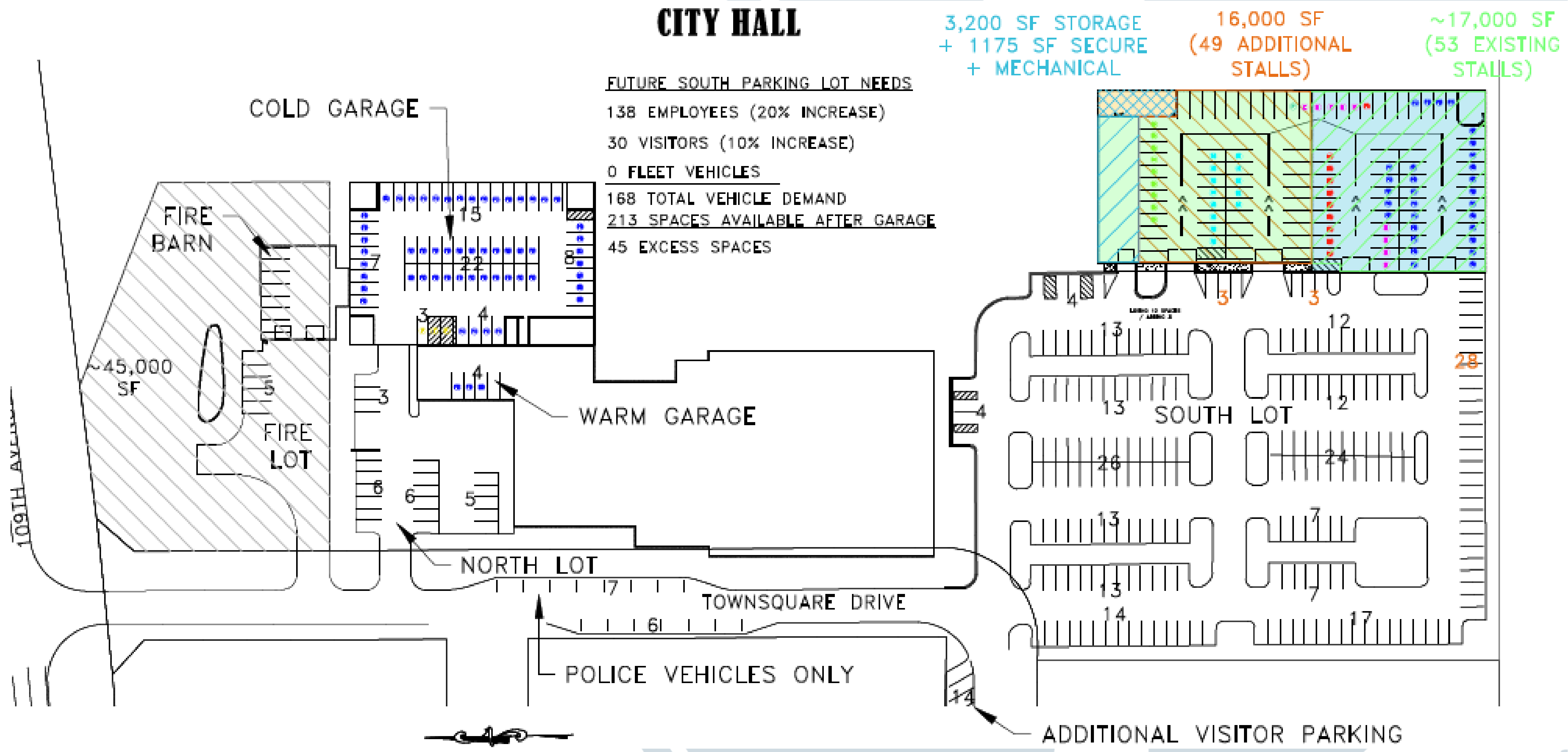
Proposed Improvements

- Existing Garage improvements include;
  - Heating Entire Garage
  - Additional Electric to Stalls
  - Adding Floor Drains
  - Resurfacing the Deteriorated Concrete Floors
  - Adding lighting and light-colored paint

Proposed Improvements

- Public Works facility does not have capacity for any significant expansion at the current site. The parking and storage needs at that location are also at or near capacity.
- Explore options for Public Works with this proposed project.

Proposed Parking



Proposed Parking

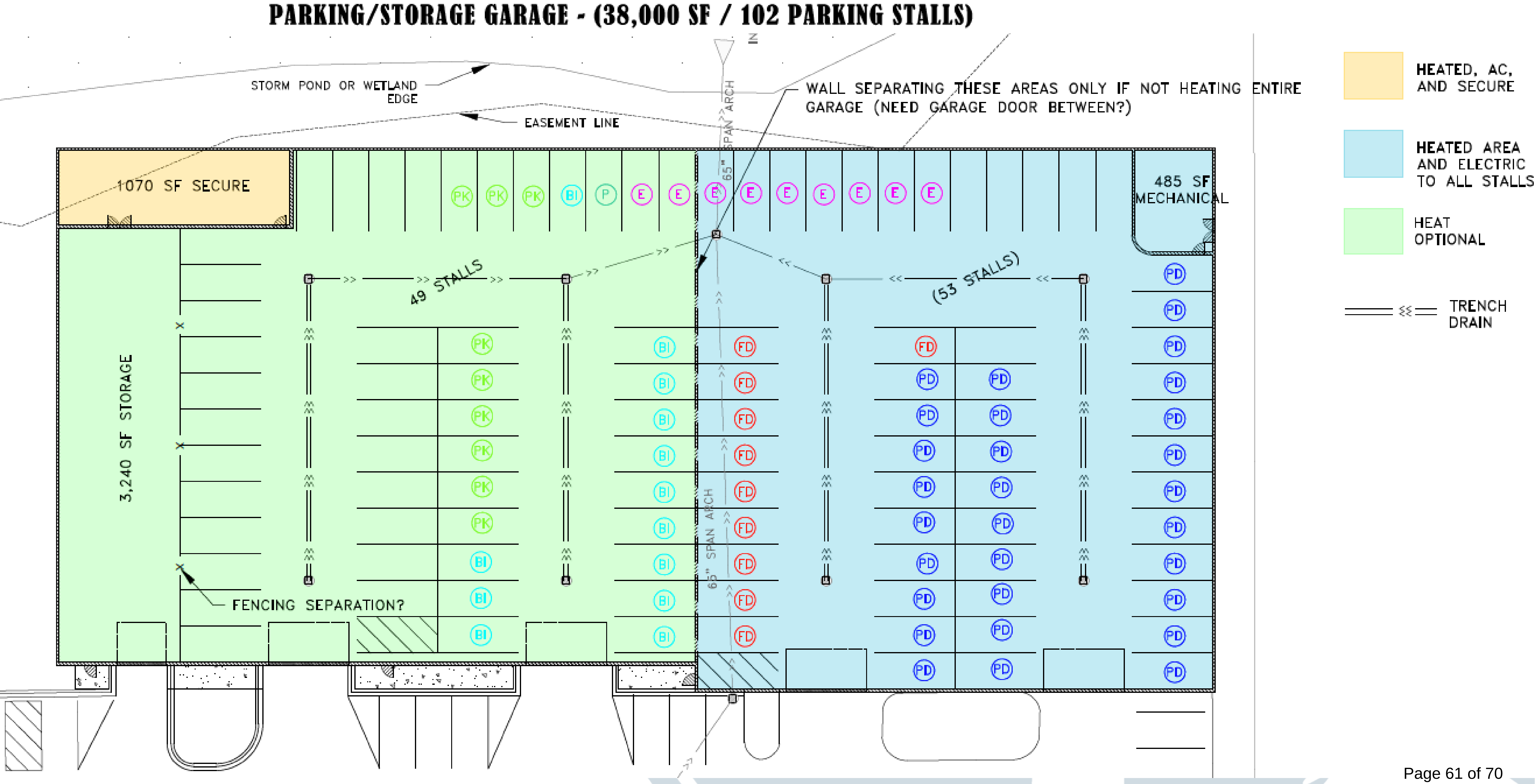
NEED TO FIND NEW SPACE FOR BEAR CAT UTV IF FIRE BARN NOT AVAILABLE

DEPARTMENT	CITY HALL GARAGE (COLD)	CITY HALL GARAGE (WARM)	CITY HALL STREET/ HOME	CITY HALL ~~FIRE BARN~~	CITY HALL ~~FIRE LOT~~	CITY HALL NORTH LOT	CITY HALL SOUTH LOT	LARSON LOT GARAGE (TRAINING)	FIRE STA#2 GARAGE	PUBLIC WORKS	NEW GARAGE	DEPT FUTURE TOTALS
FD FIRE/COMMUNITY STANDARDS											10	10
PD POLICE DEPARTMENT	56	3		2	0				5(+2)	2	30	98
BI BUILDING INSPECTION											13	13
PK PARK AND RECREATION											9	9
P PLANNING											1	1
E ENGINEERING											9	9
PW PUBLIC WORKS												
F FACILITIES	3											3
TOTAL USED	59	3		2	0		26	(4)	5(+2)	2	72	140–146
TOTAL AVAILABLE	57(+2)	4?			5	20	266(+8)	~90			80–102	

0

1 inch =

Proposed Parking



Staff Recommendation

- Receive initial City Council Feedback and discuss
- Future projects will involve significant cost – preparing for the 2026 budget and 5 year capital plan
- Further refinement to the project scope
- Obtain quotes from consultants to prepare a project cost estimate which will be utilized for budgeting and capital planning.

City Council Questions

- Does the City Council support ongoing discussion and evaluation of this project as we start to develop the 2026 5 year CIP program?
- What additional information would the City Council like to hear as discussion about this project continues?

City of Blaine Utility Cost Savings Project

May 19, 2025

Background

- Presented findings to the City Council at the March 10, 2025, and May 2, 2025, Workshops on potential utility cost-saving projects for the City of Blaine.
  - Guaranteed utility savings contracts and tax credits.
  - Recommended improvements to our facilities will help save general fund, facilities fund and utility fund dollars.
  - All costs would be paid by the utility savings generated by the improvements with no up-front costs from the city, delivering a day 1 return on investment.
  - City Council requested an option without the solar panels for a cost comparison.
  - The next step in the process is the Investment Grade Audit (IGA). The $82,775 IGA cost is included with the total project cost. The trigger for paying back the audit expense only occurs if the City Council is presented with a workable project by the consultant and decides not to move forward with the project.
  - Staff investigated other energy cost savings programs in 2022. Firms would retain the savings achieved and not return the savings to the City. Staff is regularly approached by other firms – this option makes sense financially.

Project Rationale

- WHY NOW?
  - Availability of tax credits now. The proposed project follows the 2025 Federal Tax Code (tax credits may not be an option in 2026)
  - Opportunities for savings to city funds
    - Energy savings
    - Future savings – changing lights from fluorescent to LEDs
  - Doing projects at one time provides benefits and creates:
    - Economies of scale
    - Easier/cheaper ongoing maintenance
    - Overall less expensive than piecemeal approach
    - Higher cost savings
  - Consulting firm provides necessary expertise for the project
    - Staff does not have specialized expertise with the programs or the capacity/experience with executing the programs
    - Consultant charges included in the total project cost

Types of Projects

- 1. Projects that, when built/constructed, produce cost savings
  - Savings cover project costs and are guaranteed by the consultant
  - Potential for additional savings above guaranteed amount
  - Not in current capital improvement plan
    - Staff lacks expertise to identify such projects
- 2. Projects that are anticipated or planned in future years (CIP etc.)
  - Facility audit conducted 2022, identified deficiencies and needs
  - Many not in current CIP
    - Limited funding available
    - Utilities Fund facing larger rate increases due to other infrastructure needs such as lift stations, water towers, etc.
  - Energy cost savings cover the cost of the projects (rather than taxes and utility fees)

Option A – with Solar

- For $0 City Contribution
- City partners with the consultant to complete $1.6 million in energy and facility project work.
- City gains $2.5 million over 25 years in taxpayer energy savings.
- Reduce annual utility and operational costs by $75,000 per year.
- The life of the solar panels will match the expected life of the roof at Water Treatment Plant #4. The solar panels can be removed or replaced when the roof needs to be replaced in 25+ years. City of Blaine is not obligated to replace the solar panels after the 20-year project timeline.
- Approximately $150,000 additional cost occurred to have Water Treatment Plant #4 solar panel ready when constructed in 2021.
- Project savings cover the Investment Grade Audit (IGA) of $82,775

Option B - No Solar

- For $0 City Contribution
- City partners with the consultant to complete $900,000 in energy and facility project work.
- City gains $1.5 million over 25 years in taxpayer energy savings.
- Reduce annual utility and operational costs by $50,000 per year.
- Eliminating the solar panels reduces total savings with the project by $1 million.
- Project savings cover the Investment Grade Audit (IGA) of $82,775

Requested City Council Direction

- Staff is requesting direction on whether to move forward with the investment grade audit with the consultant and move forward in the process with either option A or B.