City of Blaine
City Council Workshop

August 10, 2026 | 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. 2026-156 Cooperative Purchase of Manufactured Home Park (15 Minutes)
Sponsors: Sheila Sellman, Community Development Director

3.2. 2026-157 Conditional Use Permit (CUP) Discussion II (30 Minutes)
Sponsors: Sheila Sellman, Community Development Director

3.3. 2026-158 2027 Budget - City & EDA Property Tax Levy (60 Minutes)
Sponsors: Jason Zimmerman, Finance Director

4. Other Business

5. Adjournment

City of Blaine
Staff Report

File Number: 2026-156

Agenda Date	Status
August 10, 2026	
In Control	**File Type**
City Council	Workshop Item

New Business - Elizabeth Showalter, Housing Program Coordinator

Agenda Item # 3.1

Cooperative Purchase of Manufactured Home Park (15 Minutes)

Background

Staff have been notified that a manufactured home park in Blaine is expected to be sold and there may be a potential for residents to establish a cooperative to purchase the park, preserving it as affordable housing. Resident purchase will not be possible without financial contribution from the City and other public agencies.

Staff will provide more information on the expected sale and potential assistance at the workshop. If the City Council supports financial assistance, staff will analyze the sources and structures for the assistance, and seek additional feedback at a future meeting.

Staff Recommendation

Questions for Council

Do you support financial assistance to assist a resident cooperative purchasing a manufactured home park at risk of sale?

Attachment List

None

City of Blaine
Staff Report

File Number: 2026-157

Agenda Date	Status
August 10, 2026	
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City Council	Workshop Item

New Business - Sheila Sellman, Community Development Director

Agenda Item # 3.2

Conditional Use Permit (CUP) Discussion II (30 Minutes)

Background

Conditional Use Permits (CUPs) are a common zoning application considered by the Planning Commission and City Council. When either approving or denying a conditional use permit, the City Council must make specific findings based on language in the zoning code. In the past several years, staff have recognized ambiguity in the existing code language and would like to discuss with council whether the language should be more direct.

State Statute 462.3595 permits certain land uses as conditional uses under zoning regulations. To approve a CUP, the proposed use must meet the standards and criteria outlined in the local ordinance. Conditions may be attached to the CUP to address and mitigate potential concerns related to the proposed use or location. Section 101-4 of the Blaine Zoning code outlines the criteria, process and revocation of CUPs. Though Minnesota Statutes authorize the ability for cities to address CUPs, cities are allowed the ability to set their own criteria for considering CUP requests.

Section 101-4 (a) lists the findings to approve a CUP as follows:
(1) The use shall not create an excessive burden on existing parks, schools, streets and other public facilities and utilities which serve or are proposed to serve the area.
(2) The use will be located, designed, maintained, and operated to be compatible with adjoining properties and the existing or intended character of the zoning district.
(3) The use shall have an appearance that will not have an adverse effect upon adjacent properties.
(4) The use, in the opinion of the City Council, shall be reasonably related to the overall needs of the City and to the existing land use.
(5) The use shall be consistent with the purposes of the zoning code and purposes of the zoning district in which the applicant intends to locate the proposed use.
(6) The use shall not be in conflict with the comprehensive plan of the City.
(7) The use will not cause traffic hazard or congestion.
(8) The use shall have adequate utilities, access roads, drainage and necessary facilities.

As mentioned, state statue does not provide the findings required in order to approve/deny a CUP. Each city adopts these findings through their zoning code. Staff proposes to revise the findings to enhance clarity and reduce subjectivity, making it easier to determine whether the use complies with the criteria. The proposed changes are below. Underlined is new language.

(1) Public infrastructure and services. ~~The use shall not create an excessive burden on~~ Existing parks, schools, streets, and other public facilities and utilities which serve or are proposed to serve the area shall be able to absorb any additional demand created by the use.
(2) Compatibility. The use will be located, designed, maintained, and operated to be compatible with adjoining properties. ~~and the existing or intended character of the zoning district~~.
~~(3)The use shall have an appearance that will not have an adverse effect upon adjacent properties.~~
(3)~~(4)~~ Health and safety. The proposed use shall not negatively impact the health, safety and general public welfare ~~The use, in the opinion of the City Council, shall be reasonably related to the overall needs of the City and to the existing land use.~~
(4)~~(5)~~ Zoning. The use shall be consistent with the purposes of the zoning code and purposes of the zoning district in which the applicant intends to locate the proposed use.
(5)~~(6)~~ Consistency with the comprehensive plan. The use shall not be in conflict with the comprehensive plan of the City.
(6)~~(7)~~ Traffic. ~~The use will not cause traffic hazard or congestion.~~ The generation and characteristics of the traffic associated with the use and its impact on traffic volumes and safety associated with driveway locations, existing and proposed capacity on adjacent roads, sidewalks and trail connections can be adequately mitigated.
~~(8) The use shall have adequate utilities, access roads, drainage and necessary facilities.~~

Staff Recommendation

Staff requests council to provide feedback on the proposed changes.

Questions for Council

1. Does the City Council agree with the proposed changes to the findings?

Attachment List

None

City of Blaine
Staff Report

File Number: 2026-158

Agenda Date	Status
August 10, 2026	
In Control	**File Type**
City Council	Workshop Item

New Business - Jason Zimmerman, Finance Director

Agenda Item # 3.3

2027 Budget - City & EDA Property Tax Levy (60 Minutes)

Background

In accordance with the city's budget schedule, the August 10 Workshop was set aside for a presentation and discussion on the City Managers' recommended 2027 budget and property tax levy. With the feedback received during prior public meetings, the current proposal was developed with the intent of aligning City Council priorities with available financial resources to provide Blaine property owners, residents, and visitors with quality municipal services at a responsible tax level. Based on established guidance, staff have prioritized investments in capital assets that provide a broad benefit across the community, while minimizing additional ongoing operating requests.

Because this document is being prepared in late July, many assumptions continue to be made based on trends in prior years' financial performance. Several factors may impact the final budget, including legislative changes, state mandates, economic shifts, and union negotiations. County-generated estimated market values for taxes payable in 2027 have yet to be provided, so at this time staff are unable to prepare an estimated tax capacity rate or impact scenario on the median valued single-family home. Additionally, metro-wide fiscal disparity information isn't anticipated until sometime in late August, which staff also need to calculate an accurate estimate of tax rate/impact.

Budget Preparation

The budgetary process began with staff budget team conducting small group discussions with all members of the Council between March 31 and April 2 to provide measured assumptions that incorporated operating, capital, and debt funding strategies as outlined in previous budgetary cycles while maintaining existing staffing and service levels at anticipated 2027 costs. These conversations culminated in a set of Council-driven considerations and themes for the 2027 budget and property tax levy, which were reviewed and informally supported by the majority of the Council at the April 13 Workshop and are outlined below:

- Support for equitable staff compensation & professional development
- Levy increases to support the reduction of debt; not new spending
- Control costs through innovation & process improvement
- Reduce reliance on the property tax levy
- Leverage unrestricted reserves to fund nonrecurring items
- Prioritize core municipal functions & customer service
- Sustained investment in previously deferred infrastructure improvements
- Consider future budgets and levies beyond 2027
- Continue periodic review of budget to actuals

On April 27, City Manager Thorvig issued a memo to all budget contacts outlining the process, expectations, and strategic vision for the upcoming fiscal cycle. Following prior Council guidance, staff were directed to prioritize long-term investments in community-wide capital assets while minimizing requests for new, ongoing operating expenditures. This organizational approach was intended to ensure that early fiscal planning was focused on achieving outcomes that directly support Council direction and provide for an efficient budget process.

The 2027 departmental requested budget scenario was then made available, requiring leadership to route all submissions through their respective department heads for approval by the May 15 deadline. Budget requests were evaluated, discussed, and further adjusted to ensure compliance with the direction provided by City Council and to maintain a consistent fiscal approach city-wide. At the June 8 Workshop, staff presented a revised 2027 city budget that would require a $59,500,000 tax levy, which represented a $5,270,000 or 9.7% increase from 2026. In an effort to conform with the specific actions outlined below, staff focused on reviewing historical spending and carefully checking all discretionary, or optional, costs. Feedback from Council was to continue refining the budget while considering historical fiscal performance and ensuring adequate resources to deliver city services at a responsible tax levy. Significant assumptions and factors impacting the baseline department requested 2027 city-based budget / property tax levy include:

- Development of a metrically driven budget process and spending targets
- Use of the Consumer Price Index (2.7%) for inflationary purposes
- Flat travel & training budget; review of out-of-state policy
- Two additional positions; elimination of one vacant position
- New funding for contracted services to enhance the uses of public amenities
- Additional resources for capital consistent with the CIP
- Strategic use of unrestricted reserves for 2026 capital equipment
- Bonding for 2026 pavement projects at current estimates

City Manager Recommended Budget and Tax Levy

While the responsibility of adopting the budget is that of the City Council, Blaine Charter Sec 7.05 specifies: "The city manager shall prepare the estimates for the annual budget of the general fund. Estimates may be prepared for other funds as deemed necessary by the city manager or the city council. The city manager shall submit with the estimate such explanatory statements as such manager may deem necessary". Providing the City Council, staff, and the public with a budget which provides the financial blueprint to carry out the city's strategic plan while outlining the true cost of delivering municipal services is one of the core duties the city manager is expected to perform annually. Effectively managing the budgetary process is paramount for transparency, accountability, and successful financial governance.

In response to the feedback received at the June 8 Workshop, the city manager requested a multi-layer approach to reduce the tax levy and impacts on property owners. The actions taken were done in an effort to secure sustainability in future budgets, ensuring that one-time funds were not used to supplant ongoing operating costs which would result in future budgets starting with unfunded deficits. Additionally, the modifications within this revised proposal were done based on the current economic conditions, with cross-departmental consideration for city initiatives, and not simply relying on the prior year's budget, also known as zero-based budgeting. Zero-Based Budgeting (ZBB) offers a rigorous, bottom-up financial methodology designed to enhance resource allocation and fiscal accountability. Unlike traditional incremental budgeting, which adjusts prior-year figures by a standard baseline, ZBB requires departments to justify all expenditures from the ground up for each fiscal cycle. By treating every line item as starting at zero, this approach eliminates routine complacency, replacing historical precedent with a mandatory evaluation of current operational necessity.

The following adjustments have been made to the June 8 proposal in the development of the City Managers' current proposed budget/tax levy.

1. <u>Line Item Budget Review</u>: In a similar effort to the work that was completed for the 2026 budget, the City Manager conducted detailed budget meetings between June 22 and July 6 with each department, along with finance staff to review budget requests while comparing these inputs to historical results and the current 2026 budget as amended. This process identified opportunities to right-size budgets and further enhance the itemization and justification for each budget request, helping ensure service continuity and accountability. This represents a reduction from the 2.7% planned increase considered in previous levy proposals. *Levy reduction = $135,162.*
2. <u>Alternative Funding</u>: While initially considered to be paid for out of the General Fund budget after the initial 3-year term expired, the revised budget proposal continues to fund the annual license plate reader program through the Public Safety Aid Fund. *Levy reduction = $100,000.*
3. <u>Staffing Adjustment</u>: In the early planning stages, funding was outlined for the addition of two new full-time employees. Based on detailed discussions with individual departments and overall organizational consideration, the revised proposal has been modified to include only one new staff member within the police department. *Levy reduction = $136,128.*
4. <u>Contracted Mowing</u>: Staff had proposed an additional $85,000 for contracted mowing to restore service levels to select parks and reduce the volume of current no-mow areas within the city. Given the current condition of the parks capital improvement plan (CIP), $75,000 is recommended to be reallocated from the CIP and to the parks operating budget for these mowing services. *Levy reduction = $85,000*

<u>The city managers' recommended budget includes a $59,070,000 tax levy, which represents an increase of $4,840,000 or 8.9% as outlined in the table below. This figure is $430,000 less than what was included in the June presentation, resulting in nearly a 1% reduction in the rate of levy increase.</u>

City Levy History							
Levy Item	2022 Levy	2023 Levy	2024 Levy	2025 Levy	2026 Levy	2027 Department Requested Levy (June)	2027 City Manager Recommended Levy (August)
Operating	$29,350,000	$31,712,000	$36,385,585	$39,547,598	$43,239,487	$46,221,184	$45,863,458
Capital	$450,000	$600,000	$200,000	$1,769,752	$3,165,360	$3,940,360	$3,865,360
Debt	$4,800,000	$4,800,000	$6,324,015	$8,018,650	$7,825,153	$9,338,456	$9,341,182
Total	$34,600,000	$37,112,000	$42,909,600	$49,336,000	$54,230,000	$59,500,000	$59,070,000

Within the City Managers' recommended budget and property tax levy is the recommendation to utilize unrestricted reserves that are in excess of the city's fund balance policy, which were through the city's long-standing tradition of budgetary performance over several years. Audited financial statements indicate approximately $5.2 million of unrestricted funds are available, which represents the fund balance in excess of the following policy requirements:

- 25% or more of the succeeding year’s budgeted expenditures to fund cash flow needs
- 5% of the current year’s gross property tax levy as a safeguard for property tax delinquencies
- An amount equal to State funding commitments that are not constitutionally guaranteed by the State

The adopted 2026 budget called for approximately $3.3 million of general capital equipment, with $2.3 million to be funded through equipment certificates, which is a form of debt. Consistent with the June 8 budget proposal, the City Manager is recommending utilizing unrestricted General Fund reserves to pay for these purchases in lieu of bonding. This recommendation is being made based on prior Council direction to reduce borrowing when possible and the use of these funds doesn't create additional spending, as these commitments were previously authorized. The appropriation of reserves for capital equipment would leave approximately $2.9 million of unrestricted funds available for other Council-approved uses. Maintaining an amount in excess of policy also demonstrates fiscal strength to financial statement users and serves as a crucial tool for managing risk. Depleting these funds could expose the city in the short term, as the Strategic Priorities Fund, which was established in part to navigate economic volatility, has no further fiscal capacity beyond the City's purchase agreement assignment and cost share for the proposed development at Lexington Crossings.

Economic Development Authority Levy

Acting as a separate taxing authority, the Economic Development Authority (EDA) is focused on achieving three key outcomes: economic growth, the creation of high-quality job opportunities, and the expansion of the commercial tax base. These efforts are essential for cultivating a vibrant business climate and enhancing the overall quality of life for all residents. Operating under Minnesota Statutes 469.033, the EDA is authorized to levy taxes to fund its operations and strategic initiatives. This special taxing district status empowers the city to make long-term investments in redevelopment and infrastructure.

Blaine created its Housing and Redevelopment Authority (HRA) in May 1985 to address the city's housing and redevelopment needs. As a separate legal entity, the HRA led projects aimed at removing blight, such as deteriorated, vacant, or neglected properties, remediating environmental contamination and supporting new housing development to strengthen the community and increase the city's tax base. In December 1988, the city established the Economic Development Authority (EDA) to succeed the HRA as the primary tool for ongoing economic development. While HRAs and EDAs differ mainly in their statutory purposes, an EDA provides broader operational flexibility and can support a wider range of redevelopment activities, including commercial, industrial, and mixed-use projects.

Pursuant to Minnesota Statutes, an Economic Development Authority (EDA) exercising the powers of a Housing and Redevelopment Authority (HRA) is authorized to impose a special benefit tax levy. The maximum capacity for this levy is restricted to 0.0185% of the total taxable estimated market value of the city. Revenue generated through the exercise of these specific HRA powers is formally excluded from the municipality's general levy limit calculations. For taxes payable in 2026, the final estimated market value for Blaine provided by Anoka County was $11,778,461,700, which would allow for the EDA to levy up to $2,179,015 for the 2027 tax year.

The EDA tax levy was increased from $750,000 to $1,000,000 in 2023 to provide funding for capital-related projects including land acquisition, development assistance, and supporting redevelopment activities. While the baseline 2025 EDA operating budget aligned closely with prior years, the Board authorized a property tax levy of $1,150,000 with the full $150,000 increase dedicated to future targeted development/redevelopment initiatives, and authorized staff to place these funds in a separate fund for transparency purposes. The 2026 levy was increased by $75,000 to provide for the ongoing operations of the EDA while maintaining a $150,000 levy for targeted economic initiatives.

On April 6, 2026, the City Council held a Public Hearing and adopted a resolution approving property tax abatements for the west parking facility in the 105th Redevelopment District. This action formally established the tax abatement district and provided the authority for the city to issue general obligation bonds to finance the parking structure. The project cost is estimated at $15 million. Existing revenue sources within the district, including tax abatement and tax increment financing from new development, have already been committed to other public infrastructure obligations. Because these revenues are fully allocated, they are not sufficient to support the new debt service associated with the parking structure. Conversations during the workshops and public hearing indicated most of the Council supported financing this activity with EDA funds. Annual debt service for the facility is estimated at approximately $1,293,000 with a 20-year amortization schedule. The first debt service payment is scheduled for 2028 and is proposed to be paid using EDA levy dollars collected in 2027. Annually, the city council will determine how to fund the ramp debt service and can utilize any funding source available, which could include the EDA levy in the future or other sources.

The 2027 City Manager's recommended levy is at $2,179,015 or the maximum allowed by statute. At this level, $1,293,000 will be allocated to finance the estimated debt service for the west parking facility and $888,015 will be used to fund the general operations of the EDA. This operating levy is suitable for the continuation of routine ongoing operations, including staff salaries, business appreciation events, and deliverables at the 3M Open as a result of reducing the annual transfer of funds to the General Fund general administrative support. It's important to note that while this levy is sufficient to cover existing obligations, no additional funds will be made available for development opportunities.

EDA Levy History						
Levy Item	2022 Levy	2023 Levy	2024 Levy	2025 Levy	2026 Levy	2027 City Manager Recommend Levy
Operating	$750,000	$1,000,000	$1,000,000	$1,000,000	$1,075,000	$888,015
Non-Operating	-	-	-	$150,000	$150,000	$1,293,000
Total	$750,000	$1,000,000	$1,000,000	$1,150,000	$1,225,000	$2,179,015

Levy Setting Process

State statute requires local governments to adopt a preliminary levy by September 30. After that approval, the preliminary budget can still be changed and the levy can be reduced, but not increased, prior to adopting the final budget and levy in December. Best practice is to adopt a preliminary levy that provides adequate flexibility for the council to react to changing economic conditions and needs of the community.

Remaining Budget Schedule:

~~January 26~~	~~Council Retreat~~
~~February 18~~	~~Budget Calendar Review & City Manager Guidance~~
~~March 23 - April 2~~	~~Small Group Meetings with Mayor and Councilmembers~~
~~April 13~~	~~Budget Review Post-Small Group Meetings – General Council Direction~~
~~June 8~~	~~General Fund and City Tax Levy~~
~~July 13~~	~~Capital Funds~~
August 10	Review General Fund and EDA Levy
Septmeber 9	Reserved for Budget Review if needed (Preliminary Levy)
September 14	Internal Service Funds
September 21	Adopt Proposed General Fund, EDA, Capital Budgets, and City Tax Levy
October 5	Charitable Gambling and Communications Funds
October 12	Utilities and Refuse Funds
October 19	Reserved for Budget Review if Needed (Levy & Utility Rates)
November 2	Review Charitable Gambling Fund Scoring
November 9	Truth-in-Taxation Preparation and Budget Review
December 7	Truth-in-Taxation Public Meeting
December 21	Adopt Final General Fund, EDA, Capital Budgets, and Tax Levies

Staff Recommendation

Questions for Council

Does the Council support the City Managers' recommended 2026 City and EDA property tax levies?
The current calendar calls for the adoption of the proposed property tax levies at the September 21 Council meeting. Further adjustments will occur throughout the fall prior to final adoption in December.

Attachment List

1. City Levy Exhibits
2. General Fund & EDA Budgets

Levy Item	Fund	2026 Final Levy	2027 City Manager Recommended (August)	Total Change From '26 to '27 Levy	Percent Change From '26 to '27 Levy
	City of Blaine, Minnesota				
	Exhibit A - 1				
	2027 Property Tax Levy - Detail - August 10, 2026 Workshop				
	General Fund	$ 43,239,487	$ 43,239,487		
1	Personnel (Union & Nonunion Step Progression)	-	1,825,907		
2	Cafeteria Plan Increase	-	167,520		
3	Self-Insurance	-	125,000		
4	Workers Compensation	-	-		
5	Compensated Absences	-	50,000		
6	Facilities Fund Internal Service Charges	-	125,000		
7	Commodities/Services	-	271,838		
8	Contractual Commitments Above CPI	-	-		
9	Anoka County Flock/LPR Consortium	-	-		
10	SBM Fire Funding (Operating)	-	184,008		
11	2026 Election Year	-	(92,525)		
12	Reduce Engineering Charges for City Projects	-	200,000		
13	Misc. Revenue Increase	-	(356,188)		
14	Additional Safe Margin	-	50,000		
15	Additional Position(s)	-	163,872		
16	Additional Mowing Services	-	75,000		
17	Modify Asst. Comm Dev Director Position	-	(165,461)		
	Total General Fund	**43,239,487**	**45,863,458**	**2,623,971**	**6.1%**
	Capital				
18	Pavement Management Plan	650,000	800,000		
19	Capital Equipment	1,000,000	1,600,000		
20	Parks & Trails	500,000	450,000		
21	SBM Capital Equipment	1,015,360	1,015,360		
	Total Capital	**3,165,360**	**3,865,360**	**700,000**	**22.1%**
22	**Debt Service**				
	GO Improvement Bonds 2013A (67)	-			
	GO Equipment Capital Note 2016A (70) (NMTV)	-			
	GO Improvement Bonds 2016A (71a)	17,068			
	GO Improvement Bonds 2016A (71b)	163,251			
	GO Improvement Bonds 2016A (71d)	723,870	717,570		
	GO Taxable Improvement Bonds 2017A (72a)	253,888	250,248		
	GO Improvement Bonds 2019A (75)	556,306	555,865		
	GO Capital Improvement Plan Bonds 2019B (76)	487,725	487,463		
	GO Capital Improvement Plan Bonds 2020A (77)	513,115	510,498		
	GO Improvement Bonds 2021A (78A)	466,096	465,473		
	GO Improvement Bonds 2021A (78B)	112,248	113,928		
	GO Improvement Bonds 2022 (79A)	675,884	675,918		
	GO Improvement Bonds 2023A (80A)	713,129	714,749		
	GO Equipment Certificates 2023A (80C)	692,475	688,800		
	105th Ave Tax Abatement Turf Fields (81) 2024A	603,435	878,535		
	GO Improvement Bonds (82A) 2024B	806,813	807,294		
	GO Equipment Certificates (82B) 2024B	689,850	693,000		
	City Improvement Bonds 2025A	350,000	256,841		
	City Improvement Bonds 2026	-	675,000		
	City Equipment Bonds 2026	-			
	105th Avenue Tax Abatement Infrastructure 2026	-	850,000		
	Debt Service Total	**7,825,153**	**9,341,182**	**1,516,029**	**19.4%**
	Total Levy	**$ 54,230,000**	**$ 59,070,000**	**4,840,000**	**8.9%**

City of Blaine, Minnesota			
Exhibit A - 2			
2027 Property Tax Levy - Detail - August 10, 2026 Workshop			
Levy Item	**Fund/Category**	**Detail**	**Total Change From '26 to '27 City Manager Recommended Levy**
1	**Personnel (Union & Nonunion Step Progression)**	Base/existing employment base	$ 1,825,907
		Includes position reclassifications or adjustments through 7/15/2026	
		Assuming union group compensation per final contract settlements	
2	**Cafeteria Plan Increase**	Cafeteria plan assumes $600/year increase (same as previous years)	167,520
		$1,640 / month for full time employees electing coverage	
		$855 / month for full time employees if coverage is waived	
3	**Self Insurance**	2026 funding $1.25MM, 2026/2027 Standard Premium $623k; Excess Liability $193k	125,000
		$100k deductible per occurrence/$200k standard aggregate/$4M MEL aggregate; Plan Year July-June	
		Ending 2025; $1.5MM of expenses and $1.2MM of revenue	
		Ending 2025: Net Position $90k, incurred but not reported $380k	
		No current/proposed funding for new vehicle/equipment replacement (residual vs new)	
		Land-use litigation costs are based on a sliding scale, includes a 15% copay on the first $250k and 40% on amounts above that	
		Increase spread amongst funds, 75% General Fund	
4	**Workers Compensation**	2026 funding $2.1MM, 2026/2027 Premium $919k	-
		2026/2027 Standard policy, $10k Deductible per occurrence; plan year July-June	
		2025 Retro-Premium refund of $493k; 2026 Retro-Premium charge of $66k (spring/annually)	
		2025 Audit Adjustment refund of $40k (fall/annually)	
		Ending 2025: Net Position $1.1M	
		No Increase (Typically spread amongst funds, 92% General Fund)	
5	**Compensated Absences**	2021-2025: Funding $789k; Payouts $2.6MM; Total shortfall $1.8M	50,000
		2025: Funding $161k; Payouts $408k; Shortfall $247k	
		Ending 2025: Cash $1.04M	
		Increase spread amongst funds, 93% General Fund	
6	**Facilities Fund Internal Service Charges**	Assumes 8.5% increase year over year per 5-year fund summary and CIP	125,000
		Increase spread amongst funds, 76% General Fund	
7	**Commodities/Services**	Assumes usage of overall Consumer Price Index change for 2025 = 2.7%	271,838
		Total 2026 Expenditure Budget for General Fund = $53,352,887	
		Excludes: T&T = $312,725; SBM = $2,911,335; Facilities = $1,466,770; Personnel = $37,597,203	
		Remaining Budget to apply CPI: $10,983,303	
		Historical increases: 25% for 2022 Actuals; 11% for 2023; 2% for 2024; 7% for 2025	
8	**Contractual Commitments Above CPI**	Various costs the city incurs are subject to discretion and contractual commitments	-
		Assumes some level of cost increase beyond consumer price index	
		Departments were able to remain within the CPI increase; planned for extra 1% or $110k	
9	**Anoka County Flock/LPR Consortium**	On December 18, 2023 Council approved a three year agreement with Flock Safety	-
		Current contract for cameras/LRP is paid for from Public Safety Aid Funds $100k annually	
		County contract anticipated to start in 2027; city share to remain in Public Safety Aid one more year	
10	**SBM Fire Funding (Operating)**	Ongoing operating funding: 2024 up 3.5%; 2025 up 10.0%; 2026 up 5.1%	184,008
		2027 SBM proposed budget; city share $3.1M up 5.83%	
		Blaine 76%; Mounds View 15.5%; Mounds View 8.5%	

City of Blaine, Minnesota			
Exhibit A - 2			
2027 Property Tax Levy - Detail - August 10, 2026 Workshop			
Levy Item	**Fund/Category**	**Detail**	**Total Change From '26 to '27 City Manager Recommended Levy**
11	**Elections**	2027 is a non-election year, costs fluctuate accordingly	(92,525)
12	**Engineering Fees**	Engineering staff track their time spent on city projects then charge this time back to the associated project account (capital project or utility fund)	200,000
		Most of the this time/cost is allocated to activities funded through debt	
		The current revenue budget for this activity in the General Fund is $250k, 2027 is the final year of a 3-year timeline to eliminate this chargeback; $50k to remain in budget for costs incurred by developers	
13	**Revenue Increases**	Administration fees charged to the EDA Fund for services provided by city employees, $419k per year	(356,188)
		Administration fees charged to the Enterprise Funds for services provided by city employees, $2.6MM per year	
		Vehicle & equipment maintenance fees charged to the Water and Sewer Funds, $433k per year	
		Police State Aid increase = $1.0M	
		Municipal State Aid Maintenance increase = $1.0M	
14	**Additional Safe Margin**	City safe margin to be established in an amount between 1% and 1.5%, the adjustment brings the 2027 safe margin to $490k	50,000
15	**Additional Positions**	Reflects the estimated cost to add one Police Detective; early planning anticipated an two additional hires	163,872
16	**Mowing Services**	In 2025 the work crew which performed basic landscaping services discontinued	75,000
		Impacts to the overall aesthetics of city parks and open space	
		In lieu of additional staff, funding established to pursue additional contracted mowing services	
		Funded through a reduction in the parks capital improvent plan levy	
17	**Modify Asst. Comm Dev Director Position**	Remove full-time position; reclassify into internship role	(165,461)
18	**Pavement Management Plan**	Crack-sealing program funding to remain at $250k; city-wide 7 year program	150,000
		Additional funding to buy-down future bonding requirements	
		Pavement Condition Index (PCI) Study budgeted for in 2026; use of unrestricted GF reserves	
19	**Capital Equipment**	2026-2030 CIP increased funding from $1.0M to $1.6M	600,000
		Goal is to be pre-funded by 2029	
		Lack of prefunding capital needs may impact credit rating	
20	**Parks & Trails**	Reduced capital levy to accommodate contracted mowing services in parks	(50,000)
21	**SBM Capital Equipment**	Increased funding from $569,752 in 2025 to $1,015,360 for 2026 and 2027	-
		Capital funding was born out of reallocating retired debt service related to the fire department	
		No additional capital funding planned for until future fire station financing is determined	
		Blaine Share 76%; Mounds View 15.5%; Mounds View 8.5%	
22	**Debt Service**	Main funding source for capital projects	1,516,029
		Assumes 25% of all improvements will be assessed for the 2026 transportation projects	
		Use of unrestricted General Fund reserves to purchase capital equipment	
		2026 pavement project related bond levy at $675k annually for 15 years	
		Permanent Financing of 2024D 105th Tax Abatement Bond at $850k annually for 20 years	
		Assumes current interest rate environment and no contingency buffer	
		Total 2027 CMR Property Tax Levy Increase	**$ 4,840,000**

City of Blaine, Minnesota
General Fund - 101
Summary of Revenues, Expenditures, and Change in Fund Balance
2027 City Manager Recommended Budget - Aug 10, 2026

Unaudited

	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2026 Amended Budget	2027 City Manager Budget	2028 Projection	2029 Projection	2030 Projection	2031 Projection
Revenues										
Taxes	$ 31,233,575	$ 36,252,629	$ 38,813,505	$ 43,239,487	$ 43,239,487	$ 45,863,458	$ 49,400,000	$ 53,500,000	$ 57,700,000	$ 61,900,000
Special Assessments	799	-	-	-	-	-	-	-	-	-
Licenses & Permits	2,952,707	3,045,226	2,481,978	2,348,700	2,373,700	2,304,450	2,254,450	2,204,450	2,154,450	2,104,450
Intergovernmental	2,079,673	2,500,893	3,022,169	2,308,000	2,587,934	2,538,173	2,613,173	2,688,173	2,763,173	2,838,173
Charges for Services	5,348,447	5,321,971	4,945,902	5,269,300	5,250,300	5,446,850	5,471,850	5,496,850	5,521,850	5,546,850
Fines & Forfeits	263,017	299,602	307,547	220,000	220,000	220,000	245,000	270,000	295,000	320,000
Investment Earnings	566,600	951,279	1,479,630	230,000	230,000	230,000	230,000	230,000	230,000	230,000
Miscellaneous	75,920	127,329	196,506	120,000	120,000	120,000	125,000	130,000	135,000	140,000
Total Revenues	42,520,738	48,498,929	51,247,237	53,735,487	54,021,421	56,722,931	60,339,473	64,519,473	68,799,473	73,079,473
Expenditures										
Legislative	460,109	463,329	556,250	541,921	541,921	639,977	671,976	705,575	740,854	777,897
Administrative Services	2,642,225	2,924,481	2,730,939	3,294,364	3,292,364	3,299,878	3,464,872	3,638,116	3,820,022	4,011,023
Finance	3,207,501	3,199,059	3,514,717	4,614,247	4,614,247	4,805,826	5,046,117	5,298,423	5,563,344	5,841,511
Safety Services	17,369,766	18,872,206	19,977,746	23,085,914	23,092,784	24,497,283	26,072,147	27,725,754	29,462,042	31,285,144
Fire Services	2,361,784	2,490,793	2,724,708	2,911,335	2,911,335	3,095,343	3,250,110	3,412,616	3,583,247	3,762,409
Public Works	7,863,921	8,092,330	8,465,408	10,326,719	10,501,765	10,828,599	11,495,029	12,069,780	12,798,269	13,438,182
Engineering	1,884,954	1,999,846	2,147,896	2,379,975	2,404,975	2,506,509	2,631,834	2,938,426	3,085,347	3,239,614
Recreation	1,560,596	1,683,678	1,799,601	1,904,822	1,904,822	2,072,122	2,175,728	2,284,514	2,398,740	2,518,677
Community Development	2,657,734	2,750,179	2,661,361	3,210,532	3,297,531	3,274,906	3,438,651	3,610,584	3,791,113	3,980,669
Unallocated	436,319	627,889	939,451	1,148,058	1,148,058	1,334,888	1,617,932	1,919,429	2,242,100	2,589,205
Total Expenditures	40,444,909	43,103,790	45,518,077	53,417,887	53,709,802	56,355,331	59,864,396	63,603,217	67,485,078	71,444,331
Revenues Over (Under) Expenditures	2,075,829	5,395,139	5,729,160	317,600	311,619	367,600	475,077	916,256	1,314,395	1,635,142
Other Financing Sources (Uses)										
Transfers In	112,807	37,500	-	122,400	122,400	122,400	129,000	136,000	143,000	151,000
Transfers Out	(1,500,000)	(362,895)	(2,915,696)	-	(2,000)	-	-	-	-	-
Total Other Financing Sources (Uses)	(1,387,193)	(325,395)	(2,915,696)	122,400	120,400	122,400	129,000	136,000	143,000	151,000
Net Change in Fund Balance	688,636	5,069,744	2,813,464	440,000	432,019	490,000	604,077	1,052,256	1,457,395	1,786,142
Beginning Fund Balance	16,352,276	17,040,912	22,110,656	22,110,656	22,110,656	22,550,656	23,040,656	23,644,733	24,696,989	26,154,384
Ending Fund Balance	17,040,912	22,110,656	24,924,120	22,550,656	22,542,675	23,040,656	23,644,733	24,696,989	26,154,384	27,940,526
Adjust for Inventory	280,492	360,270	339,640			-	-	-	-	-
Adjust for Prepaid Items	57,236	74,893	345,660			-	-	-	-	-
Adj Fund Balance, Dec 31 (Net of Restricted)	16,703,184	21,675,493	24,238,820			23,040,656	23,644,733	24,696,989	26,154,384	27,940,526
30% Subsequent Years Budget	13,972,460	14,904,629	16,025,366			17,959,319	19,080,965	20,245,523	21,433,299	22,867,977
5% Subsequent Years Property Tax Levy	1,819,279	1,977,380	2,161,974			2,470,000	2,675,000	2,885,000	3,095,000	3,365,548
State Funding Un-Allotment	670,000	820,000	820,000			1,190,000	1,190,000	1,190,000	1,190,000	1,190,000
Budget Roll Forward Assignment	-	-	25,134			-	-	-	-	-
Minimum Unassigned Fund Balance	16,461,739	17,702,009	19,032,474			21,619,319	22,945,965	24,320,523	25,718,299	27,423,525
Unrestricted Fund Balance	$ 241,445	$ 3,973,484	$ 5,206,346			$ 1,421,337	$ 698,768	$ 376,466	$ 436,085	$ 517,001

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City of Blaine, Minnesota
Economic Development Authority - 213 & 415
Summary of Revenues, Expenditures, and Change in Fund Balance
2027 City Manager Recommended Budget - Aug 10, 2026

Unaudited

	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2026 Amended Budget	2027 City Manager Budget	2028 Projection	2029 Projection	2030 Projection	2031 Projection
EDA Operating Revenues										
Taxes	$ 996,729	$ 1,008,661	$ 994,435	$ 1,080,000	$ 1,080,000	$ 891,015	$ 930,000	$ 970,000	$ 1,010,000	$ 1,050,000
Special Assessments	5,739	5,518	5,297	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Charges for Services	64,440	97,934	108,698	69,400	69,400	62,200	64,700	67,200	69,700	72,200
Investment Earnings	165,943	116,710	125,929	15,000	15,000	10,000	10,000	10,000	10,000	10,000
Miscellaneous	2,229	1,952	-	-	-	-	-	-	-	-
Total EDA Operating Revenues	1,235,080	1,230,775	1,234,359	1,167,400	1,167,400	966,215	1,007,700	1,050,200	1,092,700	1,135,200
EDA Operating Expenditures										
Personnel Services	182,652	195,559	203,228	214,428	214,428	226,668	236,668	246,668	256,668	266,668
Supplies	361	105	304	500	500	500	500	500	500	500
Contractual Services	334,658	294,443	289,699	452,000	452,000	286,055	298,555	311,055	323,555	336,055
Other Services & Charges	493,343	513,678	476,623	502,161	502,161	452,683	471,977	491,977	511,977	531,977
Capital Outlay	1,091,180	(4,042)	-	-	-	-	-	-	-	-
Total EDA Operating Expenditures	2,102,194	999,743	969,854	1,169,089	1,169,089	965,906	1,007,700	1,050,200	1,092,700	1,135,200
EDA Operating Subtotal	(867,114)	231,032	264,505	(1,689)	(1,689)	309	-	-	-	-
EDA Targeted Initiatives Revenues										
Taxes	-	-	150,000	150,000	150,000	1,293,000	1,300,000	1,300,000	1,300,000	1,300,000
Investment Earnings	(145,697)	5,888	90,542	-	-	10,000	10,000	10,000	10,000	10,000
Miscellaneous	-	-	66,876	-	-	-	-	-	-	-
Total EDA Targeted Initiatives Revenues	(145,697)	5,888	307,418	150,000	150,000	1,303,000	1,310,000	1,310,000	1,310,000	1,310,000
EDA Targeted Initiatives Expenditures										
Contractual Services	-	1,499,000	180,000	-	-	-	-	-	-	-
Capital Outlay	436,559	2,554,406	3,632,555	-	-	-	-	-	-	-
Total Targeted Initiatives Expenditures	436,559	4,053,406	3,812,555	-	-	-	-	-	-	-
EDA Targeted Initiatives Subtotal	(582,256)	(4,047,518)	(3,505,137)	150,000	150,000	1,303,000	1,310,000	1,310,000	1,310,000	1,310,000
Other Financing Sources (Uses)										
Transfers In	2,594,435	3,961,046	-	-	-	-	-	-	-	-
Transfers Out	3,700	-	-	-	-	-	-	-	-	-
Transfer Out - 105th West Parking Debt Service	-	-	-	-	-	(1,300,000)	(1,300,000)	(1,300,000)	(1,300,000)	(1,300,000)
Land Sale Proceeds	-	-	3,011,799	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	2,590,735	3,961,046	3,011,799	-	-	(1,300,000)	(1,300,000)	(1,300,000)	(1,300,000)	(1,300,000)
Net Change in Fund Balance	1,141,365	144,560	(228,833)	148,311	148,311	3,309	10,000	10,000	10,000	10,000
Beginning Fund Balance	3,118,180	4,259,545	4,404,105	4,331,972	4,331,972	4,323,583	4,326,892	4,336,892	4,346,892	4,356,892
Ending Fund Balance	4,259,545	4,404,105	4,175,272	4,480,283	4,480,283	4,326,892	4,336,892	4,346,892	4,356,892	4,366,892
Cash Reconcilliation										
Beginning Cash	783,726	2,113,610	2,498,814	2,571,241	2,571,241	2,283,681	2,286,990	2,296,990	2,306,990	3,316,990
Change in Cash	1,329,884	385,204	(363,444)	148,311	148,311	3,309	10,000	10,000	1,010,000	1,464,430
Ending Cash	$ 2,113,610	$ 2,498,814	$ 2,135,370	$ 2,719,552	$ 2,719,552	$ 2,286,990	$ 2,296,990	$ 2,306,990	$ 3,316,990	$ 4,781,420
Loans/Accounts Receivable	$ 1,563,541	$ 2,803,798	$ 2,921,177			$ 2,921,177	$ 2,921,177	$ 2,921,177	$ 1,921,177	$ 466,747