City of Shoreview, Minnesota

Shoreview

2010
Comprehensive Infrastructure Replacement Plan and Policy

City of Shoreview, Minnesota

2010
Comprehensive Infrastructure Replacement Policy and Plan

December 21, 2009

Prepared by: Department of Finance

(651) 490-4600
Jeanne A. Haapala, Finance Director/Treasurer
4600 North Victoria Street
Shoreview, MN 55126

TABLE OF CONTENTS

Introduction

Principal Officials	1
Overview	3-9
Policy Summary (one page presentation)	11

Operating and Capital Projections

Street Renewal Fund	
Description	12-13
Operating summary	14
Replacement costs	15
General Fixed Asset Replacement Fund	
Description	16-17
Operating summary	18
Replacement cost summary	19
Fire equipment, vehicles and stations	20
Warning sirens	21
Information systems	22
Municipal buildings	23
Park facilities	24
Trails and pathways	25
Enterprise Funds	
Description	26
Water system capital costs	27
Sewer system capital costs	28
Surface water management system capital costs	29
Street lighting system capital costs	30
Internal Service Fund (Central Garage)	
Description	31
Operating summary	32
Capital costs	33

Exhibits

Exhibit A	Comprehensive infrastructure replacement policy	35-45
Exhibit B	Utility fund operating projections	47-65

Principal Officials

City Council:	Sandy Martin, Mayor Blake Huffman, Councilmember Terry Quigley, Councilmember Ady Wickstrom, Councilmember Ben Withhart, Councilmember
City Staff:	Terry Schwerm, City Manager Thomas Simonson, Assistant City Manager/ Community Development Director Jeanne Haapala, Finance Director/Treasurer Mark Maloney, Public Works Director Jerry Haffeman, Parks and Recreation Director

This page is left blank intentionally to accommodate document formatting.

Overview
Comprehensive Infrastructure Replacement Plan

INTRODUCTION

Planning and providing financing for capital replacement costs is a difficult challenge for governmental entities. It involves evaluating assets and their expected useful lives, projecting replacement costs, examining financing options, determining bonding levels, estimating user fees and tax levies, and evaluating the impact on property owners.

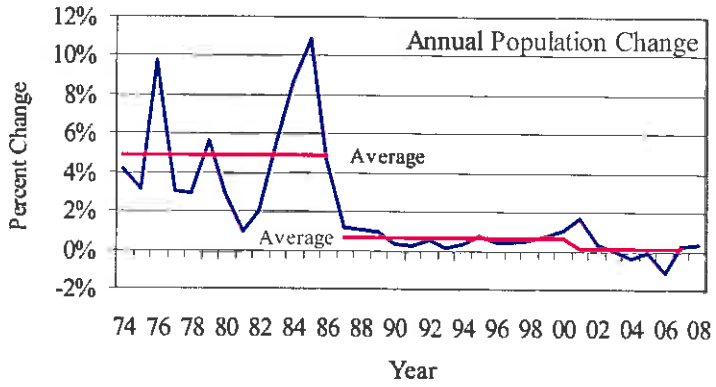
Governmental entities across the country are addressing this issue in different ways. Some governments plan for capital costs associated with repairs or replacements on an annual basis through the budget process; while others plan for replacement needs through a broader capital improvement program (CIP), typically covering five to six years. Both of these approaches are important components of any capital planning process; but neither provides enough information about future replacement needs.

In late 1992 the Shoreview City Council adopted a Comprehensive Infrastructure Replacement Policy requiring a periodic examination of estimated replacement costs, for a minimum of 40 years, as well as the likely sources of financing for replacement costs. As such, this document contains projected replacement needs over the next fifty years, identifies revenue sources, and examines the impact on tax levies and user fees. In addition, this document contains a copy of the infrastructure replacement policy and utility operating projections covering 20 years. This overview provides a summary of our findings.

COMMUNITY PROFILE

Shoreview offers a full range of services to its 27,000 residents. The annual operating budget is $21.7 million (including debt service funds and excluding transfers between funds), and of that amount the general fund budget is $7.8 million. These budget levels are low in comparison to communities of similar size in the metro area and result in low City property taxes for citizens. They also put additional pressure on the City to plan ahead for needed improvements in order to avoid sharp increases in taxes and user fees. In recent years the City has added or improved several major facilities including two remodeled fire stations, and a community center addition that features a fitness center, banquet facility, meeting rooms, picnic pavilion, and concessions. The community center facility draws customers from around the metro area.

From 1970 to 1986 Shoreview experienced high population growth, with an average annual change of near five percent per year. Growth during these years provided substantial increases in revenues and helped the City achieve a reputation for quality community services and facilities. In more recent years the City has moved closer to full development, and population growth has slowed to an average of less than one percent per year.



The percentage of capital costs for repair and replacements is another indication of the life cycle of the City. Approximately 80 percent of capital costs in the 5-year CIP are for repair and replacements. As such, planning for the replacement of existing infrastructure is an important part of Shoreview's long-term financial planning. Recognizing this shift in the City's life cycle, and planning for the replacement of assets is an essential part of maintaining a quality system that meets the needs of the community.

POLICY OBJECTIVES

For nearly two decades the City has incorporated the replacement of infrastructure into short and long term financial planning. This practice was formalized in 1992 through the adoption of the enclosed policy. The following discussion outlines the rationale, concept and policy objectives.

Examining future replacement needs well in advance provides important information about future capital costs, helps identify trends, and creates opportunities to develop and carefully consider different financing strategies. This process is a critical part of maintaining effective infrastructure and supports the City efforts to:

- Moderate changes in tax levies and user fees
- Manage debt levels
- Predict and carefully plan for future debt issuance
- Maintain quality services
- Provide stable tax levies and user fees
- Limit the use of special assessments to finance replacement costs

In general, sharp changes in tax levies and user fees are unacceptable to citizens, business owners, and elected officials. Since large unanticipated capital costs would likely force significant changes in these resources, Shoreview's policy emphasizes the examination of capital replacement needs on a long-term basis. This is advantageous because needed improvements are considered well in advance, which provides the option of accumulating the necessary resources to avoid or reduce the amount of bonding for capital replacement costs.

Shoreview's strict standard relating to the use of special assessments places additional limitations on financing infrastructure replacements. The City's policy limits the use of property assessments to once per improvement type. This means that property owners are asked to pay assessments for streets, water, sewer, and storm sewers only once. The belief employed by the City is that the entire community shares the responsibility for the replacement of infrastructure; therefore tax levies and user fees, rather than future special assessments, support replacement costs.

Shoreview's infrastructure replacement policy, provided as exhibit A, requires:

- Preparation of an annual Comprehensive Infrastructure Replacement Plan (CHIRP)
- Inclusion of cost estimates for a minimum of 40 years in the CHIRP document
- Disclosure of proposed financing mechanisms
- Compliance with established minimum fund balance policy as well as fund balance objectives stated in the policy
- Consideration of replacement costs when determining property tax levies and user fees
- Analysis of revenue sources used to finance capital replacements

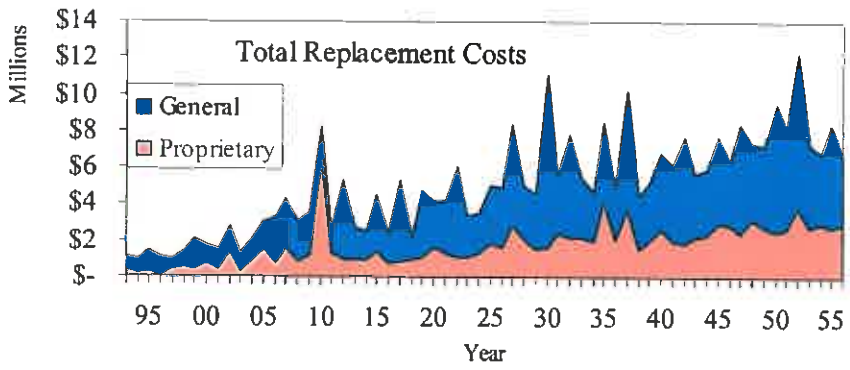
The infrastructure replacement policy identifies funding for replacement costs, provides protections against the use of resources dedicated for replacement costs, and establishes a formal process to authorize a deviation from the policy. For instance, if replacement funds are to be used for other purposes, the City Council must follow one of two procedures. It must either declare a financial emergency by at least a four-fifths vote or conduct a public hearing to declare its intent and invite public input. Notice of any such hearing must be provided to the public and included in each newspaper of general circulation throughout Shoreview at least 30 days prior to the hearing. The notice must include the amount and intended purpose of the proposed expenditure.

The policy also defines eligible replacement costs for each fund and establishes a structure for the accumulation of resources dedicated to replacement costs. Two capital project funds, four enterprise funds and one internal service fund account for capital replacement costs. These funds are described in the next section.

REPLACEMENT NEEDS

Replacement projections and the associated funding mechanisms are separated into two sections, general assets and proprietary assets. Replacements of general assets are accounted for within two capital project revolving funds. Replacements of proprietary assets are accounted for within four enterprise funds and one internal service fund.

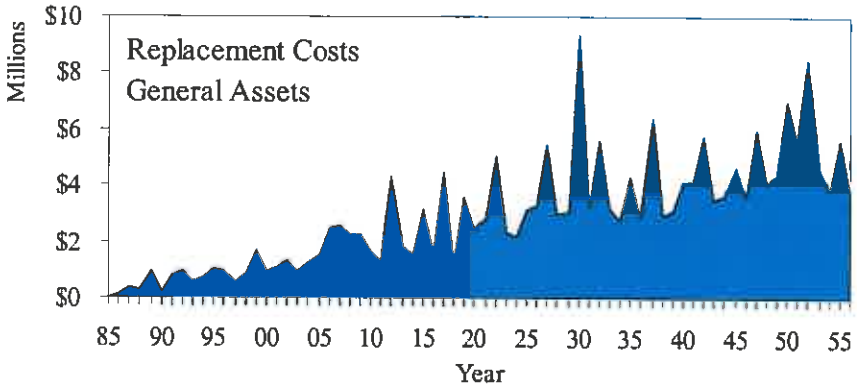
Over the next 40 years indicate that this plan provides for the replacement of $145 million in general assets and $81 million in proprietary assets, for a total of $226 million in asset replacements. The graph at right shows historical and projected replacement estimates.



General Assets

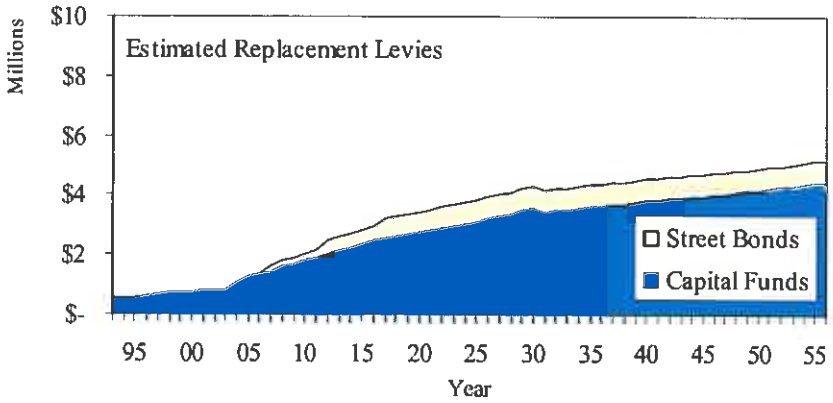
General fixed asset replacement costs are accounted for within two capital project revolving funds: the Infrastructure Reserve Fund (street renewal) and the General Fixed Asset Fund. Replacement costs include residential streets, public safety buildings, public safety equipment, city hall and community center remodeling, furnishings, mechanical systems, data processing systems, park buildings, park improvements and trails. Because expenditures for general assets are accounted for within governmental funds, depreciation of general assets is recorded at the entity-wide level only. Two capital project revolving funds account for general asset replacements, and in effect, pick up governmental fund accounting leaves off.

Projections indicate that this plan provides for the replacement of $58 million in general assets during the first twenty years and another $87 million in the 20 years after that. Because of the size and nature of some improvements, replacement costs vary greatly from year to year. The graph at right shows historical and projected replacement costs. Detailed replacement projections are presented later in this report.

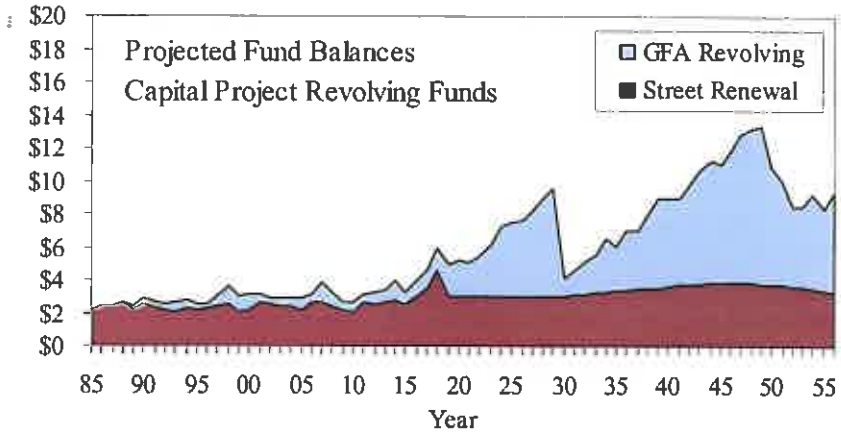


The primary sources of funds for general asset replacements include tax levies, investment interest earnings and street improvement bonds. Over the next 5 years, changes in the replacement portion of the City's levy (including the levy for street bonds) impact the total tax an average of 1.2 percent annually. After 2013, the impact on the total tax levy drops to less than one percent per year on average.

Property tax levies in recent years as well as levies anticipated to support replacement costs over the next twenty years are shown in the graph below.

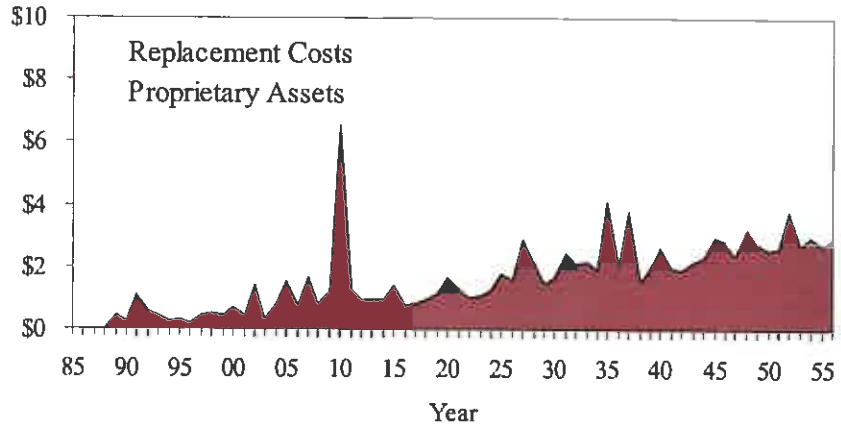


Fund balances are maintained at or above policy objectives, despite capital costs that vary dramatically from year to year, and tax levies that grow at modest rates. The graph below illustrates combined fund balances for the Infrastructure Reserve (street renewal) and General Fixed Asset Revolving Funds.



Proprietary Assets

Replacements of proprietary assets are accounted for within four enterprise funds and one internal service fund. Eligible replacement costs include all water, sewer, surface water, street lighting and central garage facilities, buildings and central equipment. Projections indicate this plan provides for the replacement of $32 million in proprietary assets during the first twenty years and another $49 million in the twenty-five years after that. As with general assets the size and nature of some improvements cause total replacement costs to vary greatly from year to year. The graph at right shows historical and projected replacement costs. Detailed replacement projections for all proprietary assets are presented later in this report.



The City's policy requires that once every five years the City prepare a utility study that examines operating projections, capital replacement costs, and capital additions. The combined projections must cover at least 20 years and the information must be used to analyze and recommend utility rates. As a practical matter, the City prepares these operating projections annually as part of the utility rate setting process. Occasionally, the City hires an outside consultant to complete an independent study. The last consultant-prepared study occurred in 2002. City staff prepared operating projections in this plan.

For 2010, the City is in the fourth year of a five-year program to close the gap between revenues and expenses in enterprise funds. Once these adjustments are complete, the average annual increase in utility rates beyond the year 2014 is near 3 percent for water, between 3 and 4 percent for sewer, between 2 and 4 percent for surface water, and is near zero for street lighting. Larger adjustments occur in some years as a result of significant impacts on operations. Actual annual utility rate adjustments adopted each year may be higher or lower based on the analysis prepared at the time.

Operating projections for the central garage internal service fund, including rental charges, are also included in this plan. As stated earlier in this document, rental fees are designed to support all operating costs of the central garage facility as well as replacement of the building and central garage equipment. Projections indicate that rental fees are projected to be at or below inflation rates over the next twenty years. The projections, which are updated annually as part of the budget process, are used to set rental fees included in the budget document.

Bonded Debt

The infrastructure replacement policy provides for the use of bonding to support replacement costs. Estimated debt issuance over the next 10 years for replacement costs and for the addition of a $9 million water treatment facility, is as follows:

$2.50	million	Water system replacements
9.00	million	Water treatment facility added
.70	million	Sewer system replacements
3.14	million	Surface water system replacements
5.50	million	Central garage building rehabilitation/expansion
1.00	million	Special assessment debt, added improvements
5.00	million	Street rehabilitation

SUMMARY

The City Council has, through the adoption of the infrastructure replacement policy, demonstrated their commitment to maintaining quality services and facilities. Planning for the financing of replacement costs will become even more important as assets age and deteriorate. In the future Shoreview's emphasis on long range planning will make the City more competitive for business. The City's efforts to preserve high quality services, while maintaining lower tax rates and user fees will help Shoreview remain an attractive location for area business and homeowners.

We hope Shoreview's efforts in providing for infrastructure replacement and the national recognition we continue to receive for our efforts will encourage other government jurisdictions to be innovative in planning for the future financing of government services and facilities. Fund balances, including those reserved or designated for infrastructure replacement, are under scrutiny by the State of Minnesota and cities are being challenged to run their organizations more like business. Because proprietary operations are the only funds that record depreciation expense within the fund, this infrastructure replacement plan was developed to pick up where traditional accounting leaves off.

We believe government must plan and budget beyond yearly budget cycles or periodic economic fluctuations to avoid jumping from crisis to crisis. This infrastructure replacement plan helps the City identify current and future resources needed to maintain quality facilities for the citizens of Shoreview. This in turn helps maintain reasonable tax levies and user fees, strong financial condition, moderate debt levels, and high bond ratings in the future.

This page is left blank intentionally to accommodate document formatting.

COMPREHENSIVE INFRASTRUCTURE REPLACEMENT POLICY
Summary of Policy Requirements and Provisions
Policy Adopted November 16, 1992, Resolution #92-184
and Revised October 21, 1996, Resolution #96-119

OBJECTIVES:

- Create a permanent program to finance infrastructure replacements.
- Moderate changes in the tax levies and user fees caused by replacement costs.
- Carefully plan for new debt.
- Avoid assessing property owners twice for improvements.

REQUIREMENTS APPLYING TO ALL REPLACEMENT FUNDS:

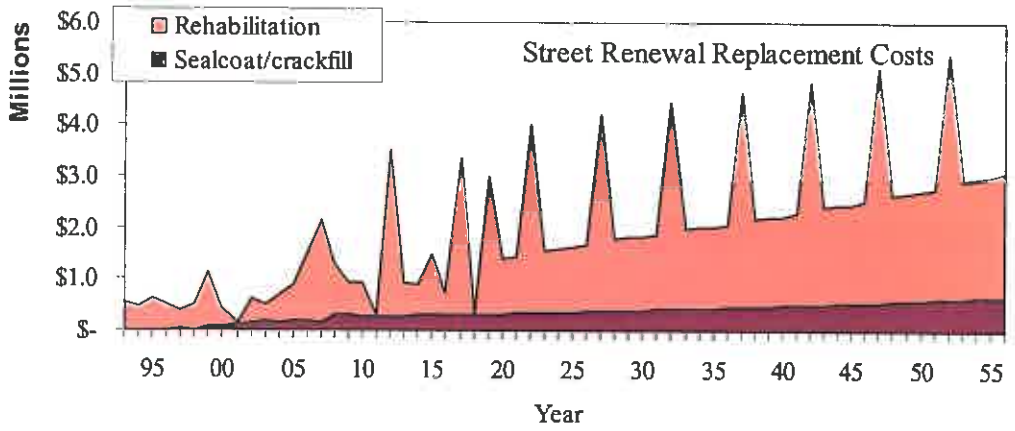
- Investment interest remains in the fund.
- Interfund loans are subject to Council approval and must be repaid with interest.

Description	General Assets		Proprietary Assets			
			Enterprise Assets			Internal Service Assets
	Infrastructure Reserve (Street Renewal)	General Fixed Asset Revolving	Water	Sewer	Surface Water	Central Garage
Replacement projections	40 years	40 years	40 years	40 years	40 years	40 years
New improvement projections	Not applicable	Not applicable	10 years	10 years	10 years	10 years
Operating projections	40 years	40 years	20 years	20 years	20 years	20 years
Source of revenue	Property taxes Investment interest Other future revenues	Property taxes Investment interest Other future revenues	User fees Investment interest Area charges All other revenues	User fees Investment interest Area charges All other revenues	User fees Investment interest All other revenues	Rental fees Investment interest All other revenues
Eligible expenditures	Street reconstruction Street resurfacing Sealcoating Crack filling	Public safety equipment, public safety buildings, street lights, city hall building, furnishings and mechanical systems, data processing system, park buildings and improvements and trails	Water systems and other water fund assets	Sewer systems and other sewer fund assets	Surface water systems and other surface water fund assets	Central garage equipment, buildings and other central garage fund assets
Minimum fund or cash balance	Two million dollars	None	One million dollar minimum cash balance. Desired cash balance over two million dollars.	One million dollar minimum cash balance. Desired cash balance over two million dollars.	None	Half of operating costs
Debt restrictions	Declare replacement monies as source of funding when bonds are authorized and/or Council approves transfers to the debt fund.		No restrictions	No restrictions	No restrictions	Equipment certificates allowed, however current resources are preferred
Procedure required to deviate from definition of eligible costs	4/5 vote of City Council or public notice and public hearing		Not applicable	Not applicable	Not applicable	Not applicable

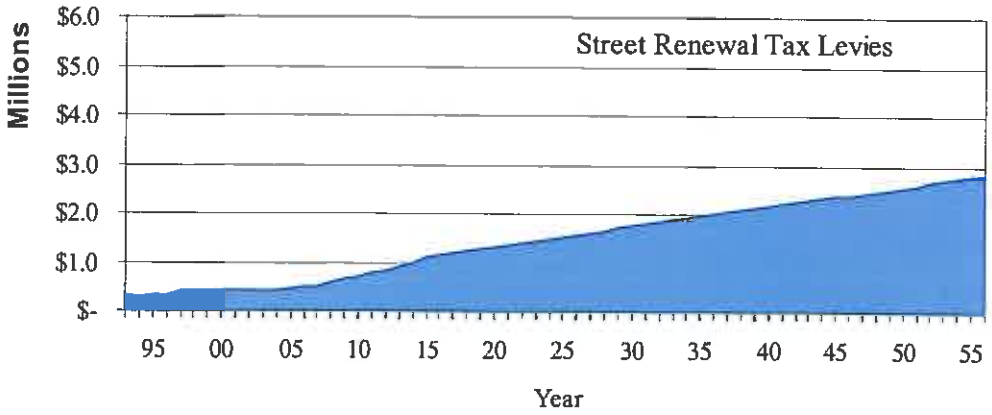
STREET RENEWAL FUND

The City's Street Renewal Fund is an ongoing capital fund used to manage, finance and implement street rehabilitation efforts. This capital project fund was created in 1985 with an initial contribution of two million dollars, derived from bond defeasance savings. Eligible costs include: street reconstruction, resurfacing (mill and overlay), seal coating and crack filling.

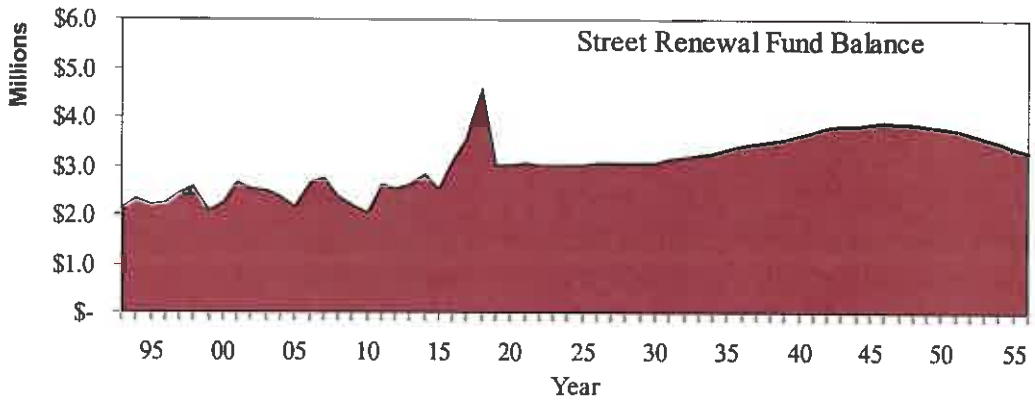
Over the next twenty years the Street Renewal Fund will provide for approximately $37 million in street renewal efforts. The first graph below illustrates actual costs years before 2010 and anticipated future costs. Spikes in cost every 5 years are for street rehabilitation costs financed through street bonds.



Annual property tax levies, interest earnings and street bonds are the primary revenue sources for street rehabilitation and street replacement costs. The initial two million dollar contribution to create the fund is maintained as a minimum fund balance so that an ongoing revenue stream from investment earnings will be available to support costs. Taxing levels for the street renewal portion of the replacement program are established to provide a predictable revenue stream with moderate increases in this portion of the tax levy, so that resources are available to support rehabilitation efforts when they are needed.



Despite rehabilitation needs that continue to increase in the future, moderate increases in the Street Renewal portion of the annual tax levy provide sufficient annual revenues to support replacement costs, and maintain fund balances at or above minimum requirements. The graph below shows historical and projected Street Renewal fund balances.



Operating Summary
Infrastructure Reserve Fund (Street Renewal)

Year	Revenues: Tax Levy	Revenues: Interest Earnings	Revenues: Transfers In	Revenues: Special Assessments	Revenues: Other	Costs Financed by Street Bonds	Total Replacement Costs	Fund Balance
2009	$ 650,000	$ 94,900		$ 8,131		$ -	$ 942,500	$ 2,183,992
2010	700,000	87,400		7,277			925,000	2,053,669
2011	760,000	82,100		7,277			296,100	2,606,946
2012	830,000	104,300		7,277		2,500,000	3,521,400	2,527,123
2013	910,000	101,100		7,277			937,000	2,608,500
2014	1,000,000	104,300		7,277			894,300	2,825,777
2015	1,100,000	113,000		7,277			1,495,400	2,550,654
2016	1,155,000	102,000		7,277			726,400	3,088,531
2017	1,190,000	123,500		7,277		2,500,000	3,364,500	3,544,808
2018	1,226,000	141,800		7,277			352,700	4,567,185
2019	1,263,000	182,700					2,992,000	3,020,885
2020	1,301,000	120,800					1,411,500	3,031,185
2021	1,340,000	121,200					1,450,100	3,042,285
2022	1,380,000	121,700				2,500,000	4,006,800	3,037,185
2023	1,421,000	121,500					1,547,600	3,032,085
2024	1,464,000	121,300					1,589,600	3,027,785
2025	1,508,000	121,100					1,617,800	3,039,085
2026	1,553,000	121,600					1,662,000	3,051,685
2027	1,600,000	122,100				2,500,000	4,226,500	3,047,285
2028	1,648,000	121,900					1,773,000	3,044,185
2029	1,697,000	121,800					1,820,800	3,042,185
2030	1,748,000	121,700					1,837,600	3,074,285
2031	1,800,000	123,000					1,873,700	3,123,585
2032	1,854,000	124,900				2,500,000	4,431,900	3,170,585
2033	1,891,000	126,800					1,969,200	3,219,185
2034	1,929,000	128,800					2,007,700	3,269,285
2035	1,968,000	130,800					2,028,400	3,339,685
2036	2,007,000	133,600					2,068,300	3,411,985
2037	2,047,000	136,500				2,500,000	4,632,400	3,463,085
2038	2,088,000	138,500				-	2,173,600	3,515,985
2039	2,130,000	140,600				-	2,216,000	3,570,585
2040	2,173,000	142,800				-	2,236,600	3,649,785
2041	2,216,000	146,000				-	2,280,400	3,731,385
2042	2,249,000	149,300	-		-	2,500,000	4,850,400	3,779,285
2043	2,283,000	151,200				-	2,396,600	3,816,885
2044	2,317,000	152,700				-	2,444,000	3,842,585
2045	2,352,000	153,700				-	2,468,600	3,879,685
2046	2,387,000	155,200				-	2,517,400	3,904,485
2047	2,423,000	156,200				2,500,000	5,094,400	3,889,285
2048	2,459,000	155,600				-	2,645,700	3,858,185
2049	2,502,000	154,300				-	2,697,100	3,817,385
2050	2,546,000	152,700				-	2,722,800	3,793,285
2051	2,591,000	151,700				-	2,776,800	3,759,185
2052	2,636,000	150,400				2,500,000	5,360,900	3,684,685
2053	2,682,000	147,400				-	2,917,400	3,596,685
2054	2,729,000	143,900				-	2,975,000	3,494,585
2055	2,777,000	139,800				-	3,005,900	3,405,485
2056	2,826,000	136,200				-	3,065,100	3,302,585

Estimated Street Replacement Costs
Infrastructure Reserve Fund (Street Renewal)

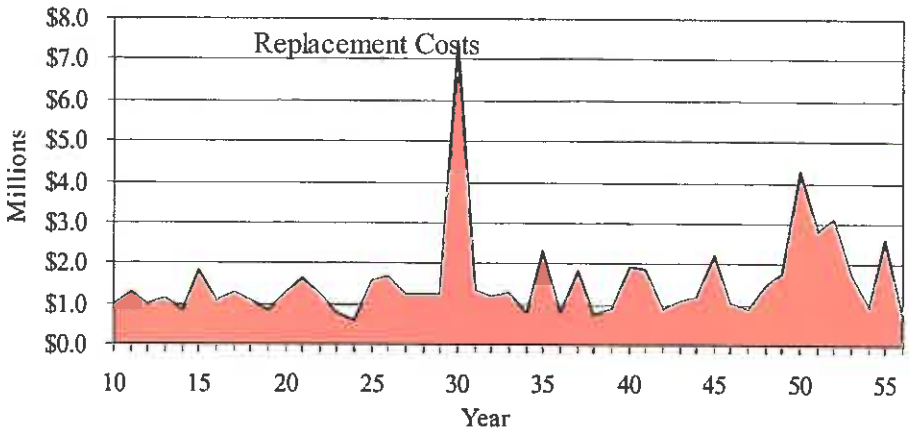
		Maintenance				Rehabilitation and Reconstruction		
		Street	Crack Fill					Total
		Condition	Equip		Seal	Street	Street	Replacement
Year	Miles	Survey	Charges	Supplies	Coat	Bonds	Renewal	Costs
2009	87.6	$ 4,500	$ 9,000	$ 10,000	$ 304,000		$ 615,000	$ 942,500
2010	88.6		9,000	10,000	271,000		635,000	925,000
2011	88.6		9,000	10,000	277,100	-		296,100
2012	88.6	13,000	9,000	10,000	282,400	2,500,000	707,000	3,521,400
2013	88.6	13,000	9,000	10,000	287,000		618,000	937,000
2014	88.6	13,000	9,000	10,000	294,300		568,000	894,300
2015	88.6		11,000	10,000	298,400		1,176,000	1,495,400
2016	88.6		11,000	10,000	304,400		401,000	726,400
2017	88.6	15,000	11,000	10,000	310,500	2,500,000	518,000	3,364,500
2018	88.6	15,000	11,000	10,000	316,700			352,700
2019	88.6	15,000	11,000	10,000	323,000		2,633,000	2,992,000
2020	88.6		11,000	10,000	329,500		1,061,000	1,411,500
2021	88.6		11,000	10,000	336,100		1,093,000	1,450,100
2022	88.6	17,000	11,000	10,000	342,800	2,500,000	1,126,000	4,006,800
2023	88.6	17,000	11,000	10,000	349,600		1,160,000	1,547,600
2024	88.6	17,000	11,000	10,000	356,600		1,195,000	1,589,600
2025	88.6		13,000	10,000	363,800		1,231,000	1,617,800
2026	88.6		13,000	10,000	371,000		1,268,000	1,662,000
2027	88.6	19,000	13,000	10,000	378,500	2,500,000	1,306,000	4,226,500
2028	88.6	19,000	13,000	10,000	386,000		1,345,000	1,773,000
2029	88.6	19,000	13,000	10,000	393,800		1,385,000	1,820,800
2030	88.6		13,000	10,000	401,600		1,413,000	1,837,600
2031	88.6		13,000	10,000	409,700		1,441,000	1,873,700
2032	88.6	21,000	13,000	10,000	417,900	2,500,000	1,470,000	4,431,900
2033	88.6	21,000	13,000	10,000	426,200		1,499,000	1,969,200
2034	88.6	21,000	13,000	10,000	434,700		1,529,000	2,007,700
2035	88.6		15,000	10,000	443,400		1,560,000	2,028,400
2036	88.6		15,000	10,000	452,300		1,591,000	2,068,300
2037	88.6	23,000	15,000	10,000	461,400	2,500,000	1,623,000	4,632,400
2038	88.6	23,000	15,000	10,000	470,600		1,655,000	2,173,600
2039	88.6	23,000	15,000	10,000	480,000		1,688,000	2,216,000
2040	88.6		15,000	10,000	489,600		1,722,000	2,236,600
2041	88.6		15,000	10,000	499,400		1,756,000	2,280,400
2042	88.6	25,000	15,000	10,000	509,400	2,500,000	1,791,000	4,850,400
2043	88.6	25,000	15,000	10,000	519,600		1,827,000	2,396,600
2044	88.6	25,000	15,000	10,000	530,000		1,864,000	2,444,000
2045	88.6		17,000	10,000	540,600		1,901,000	2,468,600
2046	88.6		17,000	10,000	551,400		1,939,000	2,517,400
2047	88.6	27,000	17,000	10,000	562,400	2,500,000	1,978,000	5,094,400
2048	88.6	27,000	17,000	10,000	573,700		2,018,000	2,645,700
2049	88.6	27,000	17,000	10,000	585,100		2,058,000	2,697,100
2050	88.6		17,000	10,000	596,800		2,099,000	2,722,800
2051	88.6		17,000	10,000	608,800		2,141,000	2,776,800
2052	88.6	29,000	17,000	10,000	620,900	2,500,000	2,184,000	5,360,900
2053	88.6	29,000	17,000	10,000	633,400		2,228,000	2,917,400
2054	88.6	29,000	17,000	10,000	646,000		2,273,000	2,975,000
2055	88.6		19,000	10,000	658,900		2,318,000	3,005,900
2056	88.6		19,000	10,000	672,100		2,364,000	3,065,100

GENERAL FIXED ASSET REPLACEMENT FUND

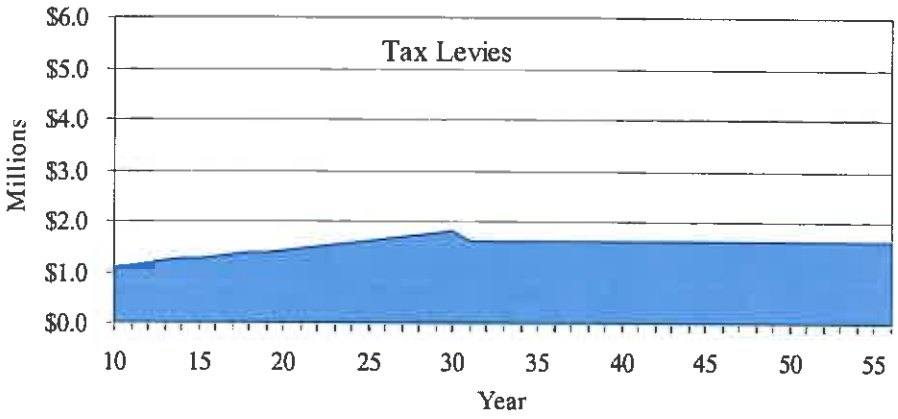
The General Fixed Asset Replacement (GFAR) Fund, created in 1989, finances the replacement of all general fixed assets including fire stations, fire equipment and warning sirens; street signs; community center and city hall buildings and furnishings; building mechanical systems; computer hardware and software; park buildings and improvements; and trails and pathways.

Annual tax levies and investment income, earned on accumulated balances, are designed to cover annual capital replacement costs as well as to build sufficient fund balances for major replacement costs in the future. This approach enables the City to gradually increase tax levies to accumulate fund balances needed to support replacement costs, and helps avoid the issuance of large amounts of debt to finance most replacement needs. The city may choose, in the future, to issue debt for replacement costs such as building replacements because of cash flow benefits.

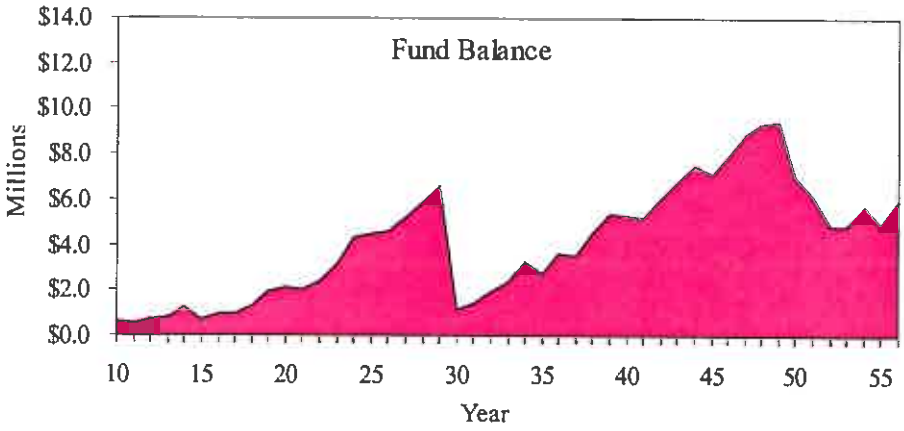
Over the next twenty years the GFAR fund will provide for approximately $21 million in general fixed asset replacements, and will provide an additional $2.7 million for debt service payments on general asset replacements. The first graph below illustrates historical and anticipated replacement costs.



Despite replacement costs that rise and fall sharply, the growth in the GFAR portion of the tax levy is predictable and stable. The next graph (below) illustrates the historical and future GFAR tax levies.



These taxing levels provide a predictable revenue stream with moderate increases in this portion of the tax levy. As shown below, despite varying needs for capital replacements, and slow and predictable growth in the GFAR portion of the tax levy, the City is able to support projected replacement costs and increase the fund balance to a level that will improve the City's flexibility with regard to the timing of replacements.



Because projected capital costs are less certain further into the future, it is likely that long-term fund balance projections will be lower.

Operating Summary
General Fixed Asset Replacement Fund

	Revenues				Expenditures		
Year	Tax Levy	Other, Refunds & Transfers In	Debt Issuance	Interest Earnings	Estimated Replacement Costs	Transfers Out	Fund Balance
2009	$ 1,050,000			$ 26,000	$ 1,355,741	$ 206,000	$ 428,081
2010	1,100,000			14,000	763,077	206,000	573,004
2011	1,150,000			18,000	1,046,562	206,000	488,442
2012	1,180,000			16,000	786,015	206,000	692,427
2013	1,210,000			22,000	903,827	206,000	814,600
2014	1,240,000			26,000	640,255	206,000	1,234,345
2015	1,270,000			36,000	1,630,694	206,000	703,651
2016	1,300,000			22,000	894,006	206,000	925,645
2017	1,330,000			29,000	1,071,070	206,000	1,007,575
2018	1,360,000			32,000	856,728	206,000	1,336,847
2019	1,390,000			42,000	606,637	206,000	1,956,210
2020	1,420,000			60,000	1,086,510	206,000	2,143,700
2021	1,455,500			64,000	1,414,354	206,000	2,042,846
2022	1,491,900			63,000	1,001,900	207,170	2,388,676
2023	1,529,200			74,000	792,700	-	3,199,176
2024	1,567,400			99,000	566,928	-	4,298,648
2025	1,606,600			129,000	1,552,500	-	4,481,748
2026	1,646,800			134,000	1,648,100	-	4,614,448
2027	1,688,000			140,000	1,251,500	-	5,190,948
2028	1,730,200			157,000	1,210,500	-	5,867,648
2029	1,773,500			178,000	1,235,100	-	6,584,048
2030	1,817,800			181,000	7,480,700	-	1,102,148
2031	1,626,800			34,000	1,316,400	-	1,446,548
2032	1,626,800			45,000	1,157,000	-	1,961,348
2033	1,626,800			60,000	1,270,000	-	2,378,148
2034	1,626,800			74,000	798,600	-	3,280,348
2035	1,626,800			96,000	2,309,900	-	2,693,248
2036	1,626,800			83,000	806,300	-	3,596,748
2037	1,626,800			107,000	1,811,100	-	3,519,448
2038	1,626,800			108,000	749,200	-	4,505,048
2039	1,626,800			137,000	894,700	-	5,374,148
2040	1,626,800			160,000	1,890,100	-	5,270,848
2041	1,626,800			157,000	1,850,000	-	5,204,648
2042	1,626,800			158,000	902,600	-	6,086,848
2043	1,626,800			184,000	1,091,800	-	6,805,848
2044	1,626,800			206,000	1,172,600	-	7,466,048
2045	1,626,800			222,000	2,194,400	-	7,120,448
2046	1,626,800			215,000	1,029,500	-	7,932,748
2047	1,626,800			240,000	877,800	-	8,921,748
2048	1,626,800			268,000	1,474,500	-	9,342,048
2049	1,626,800			280,000	1,788,900	-	9,459,948
2050	1,626,800			276,000	4,284,900	-	7,077,848
2051	1,626,800			209,000	2,784,000	-	6,129,648
2052	1,626,800			179,000	3,114,600	-	4,820,848
2053	1,626,800			144,000	1,707,400	-	4,884,248
2054	1,626,800			149,000	927,200	-	5,732,848
2055	1,626,800			169,000	2,602,000	-	4,926,648
2056	1,626,800			151,000	677,200	-	6,027,248

Summary of Replacement Costs
General Fixed Asset Replacement Fund

	Estimated Replacements								Transfer
Year	Fire Stations & Equip	Warning Sirens	Info. Systems	Municipal Buildings	Park Facilities	Trails & Pathways	Other	Total Costs	Out to Debt Funds
2009	$ 147,137	$ -	$ 129,370	$ 699,204	$ 314,030	$ 66,000		$ 1,355,741	$ 206,000
2010	242,308	-	121,500	221,269	108,000	70,000		763,077	206,000
2011	168,062	42,500	91,000	542,000	133,000	70,000		1,046,562	206,000
2012	375,015	22,500	120,500	176,000	-	92,000		786,015	206,000
2013	89,327	15,000	122,500	304,000	300,000	73,000		903,827	206,000
2014	98,755	-	89,500	280,000	32,000	140,000		640,255	206,000
2015	392,694	-	112,000	753,000	199,000	174,000		1,630,694	206,000
2016	275,406	-	104,000	196,000	237,000	81,600		894,006	206,000
2017	506,870	19,000	164,000	195,000	103,000	83,200		1,071,070	206,000
2018	61,428	-	117,000	250,400	343,000	84,900		856,728	206,000
2019	32,037	-	99,000	250,000	139,000	86,600		606,637	206,000
2020	113,210	20,000	104,000	411,000	246,000	192,300		1,086,510	206,000
2021	620,254	-	112,000	514,000	78,000	90,100		1,414,354	206,000
2022	24,000	21,000	104,000	497,000	264,000	91,900		1,001,900	207,170
2023	40,000	-	99,000	436,000	124,000	93,700		792,700	
2024	27,328	22,000	117,000	167,000	138,000	95,600		566,928	
2025	40,000	23,000	99,000	1,036,000	142,000	212,500		1,552,500	
2026	1,073,600	-	104,000	253,000	118,000	99,500		1,648,100	
2027	630,000	-	177,000	243,000	100,000	101,500		1,251,500	
2028	414,000	-	104,000	356,000	233,000	103,500		1,210,500	
2029	212,500	-	465,000	365,000	87,000	105,600		1,235,100	
2030	28,000	-	117,000	6,779,000	324,000	232,700		7,480,700	
2031	289,300	-	99,000	678,200	140,000	109,900		1,316,400	
2032	451,900	-	104,000	371,000	118,000	112,100		1,157,000	
2033	108,000	84,000	112,000	606,700	245,000	114,300		1,270,000	
2034	30,000	-	104,000	298,000	250,000	116,600		798,600	
2035	1,178,000	-	99,000	431,000	343,000	258,900		2,309,900	
2036	98,000	30,000	117,000	340,000	100,000	121,300		806,300	
2037	687,400	-	164,000	721,000	115,000	123,700		1,811,100	
2038	32,000	-	104,000	387,000	100,000	126,200		749,200	
2039	140,000	-	112,000	284,000	230,000	128,700		894,700	
2040	89,800	-	104,000	962,000	446,000	288,300		1,890,100	
2041	852,500	-	99,000	664,600	100,000	133,900		1,850,000	
2042	34,000	35,000	117,000	273,000	307,000	136,600		902,600	
2043	51,000	-	99,000	630,500	172,000	139,300		1,091,800	
2044	257,500	-	104,000	370,000	299,000	142,100		1,172,600	
2045	139,500	37,000	112,000	1,326,000	261,000	318,900		2,194,400	
2046	337,700	-	104,000	315,000	125,000	147,800		1,029,500	
2047	162,000	39,000	164,000	297,000	65,000	150,800		877,800	
2048	486,800	-	117,000	343,900	373,000	153,800		1,474,500	
2049	148,000	41,000	546,000	705,000	192,000	156,900		1,788,900	
2050	117,900	42,000	104,000	3,200,000	471,000	350,000		4,284,900	
2051	1,690,800	-	112,000	596,000	222,000	163,200		2,784,000	
2052	1,352,100	-	104,000	1,221,000	271,000	166,500		3,114,600	
2053	164,900	-	99,000	621,700	652,000	169,800		1,707,400	
2054	40,000	-	117,000	247,000	350,000	173,200		927,200	
2055	823,300	-	99,000	901,000	392,000	386,700		2,602,000	
2056	41,000	-	104,000	252,000	100,000	180,200		677,200	

Detailed Replacement Costs
General Fixed Asset Replacement Fund
Fire Equipment, Vehicles and Stations

	Estimated Replacement Costs					
Year	Buildings	Breathing Apparatus	Radio System	Other Equipment	Vehicles	Total Fire Equipment & Buildings
2009	$ 28,100	$ -	$ -	$ -	$ 119,037	$ 147,137
2010	132,100	-	-	15,074	95,134	242,308
2011	36,000	-	-	2,008	130,054	168,062
2012	62,500	-	-	5,500	307,015	375,015
2013	10,000	-	-	5,413	73,914	89,327
2014	10,000	-	-	3,783	84,972	98,755
2015	10,000	-	-	2,066	380,628	392,694
2016	58,000	192,060	-	25,346	-	275,406
2017	50,000	-	-	-	456,870	506,870
2018	30,000	-	-	-	31,428	61,428
2019	30,000	-	-	2,037	-	32,037
2020	23,000	-	-	-	90,210	113,210
2021	40,000	-	-	-	580,254	620,254
2022	24,000	-	-	-	-	24,000
2023	40,000	-	-	-	-	40,000
2024	25,000	-	-	2,328	-	27,328
2025	40,000	-	-	-	-	40,000
2026	26,000	-	-	-	1,047,600	1,073,600
2027	40,000	70,000	75,000	7,000	438,000	630,000
2028	27,000	-	-	-	387,000	414,000
2029	40,000	-	-	8,000	164,500	212,500
2030	28,000	-	-	-	-	28,000
2031	40,000	241,300	-	8,000	-	289,300
2032	29,000	-	-	-	422,900	451,900
2033	40,000	-	-	9,000	59,000	108,000
2034	30,000	-	-	-	-	30,000
2035	40,000	-	-	9,000	1,129,000	1,178,000
2036	31,000	-	-	-	67,000	98,000
2037	40,000	-	-	10,000	637,400	687,400
2038	32,000	-	-	-	-	32,000
2039	40,000	90,000	-	10,000	-	140,000
2040	33,000	-	-	-	56,800	89,800
2041	40,000	-	-	11,000	801,500	852,500
2042	34,000	-	-	-	-	34,000
2043	40,000	-	-	11,000	-	51,000
2044	35,000	-	-	-	222,500	257,500
2045	40,000	-	-	12,000	87,500	139,500
2046	36,000	301,700	-	-	-	337,700
2047	40,000	-	110,000	12,000	-	162,000
2048	37,000	-	-	-	449,800	486,800
2049	40,000	-	-	13,000	95,000	148,000
2050	38,000	-	-	-	79,900	117,900
2051	40,000	110,000	-	13,000	1,527,800	1,690,800
2052	39,000	-	-	-	1,313,100	1,352,100
2053	40,000	-	-	14,000	110,900	164,900
2054	40,000	-	-	-	-	40,000
2055	40,000	-	-	14,000	769,300	823,300
2056	41,000	-	-	-	-	41,000

Detailed Replacement Costs
General Fixed Asset Replacement Fund
Warning Sirens

By Siren Number and Location												
	#1	#2	#3	#4	#5	#6	#7	#8	LC	VH		
					Turtle		Rice Crk		50% of cost			Total
Year	Maint Center	Sherwd Road	Lake Judy	Victoria & 694	Lake School	Well #6	Park/ Pkvw Dr	Shamrock Park	Rice & Country Dr	Rice & Snl Lk Rd	Radio Controls	Siren Costs
2009	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2010			-									-
2011				15,000					7,500		20,000	42,500
2012					15,000					7,500		22,500
2013			15,000									15,000
2014												-
2017		19,000										19,000
2020								20,000				20,000
2022						21,000						21,000
2024	22,000											22,000
2025							23,000					23,000
2033				28,000	28,000				14,000	14,000		84,000
2036			30,000									30,000
2042		35,000										35,000
2045								37,000				37,000
2047						39,000						39,000
2049	41,000											41,000
2050							42,000					42,000

Detailed Replacement Costs
General Fixed Asset Replacement Fund
Information Systems

	Hardware Replacements/Upgrades				Software Repl.			Estimated
Year	PCs	Printers	File Servers	Other	Finance	Other	Other Costs	Replacement Cost
2009	$ 10,000	$ 5,000	$ 25,520	$76,000	$ -	$ 12,850		$ 129,370
2010	22,000	2,000	10,000	74,500	-	13,000		121,500
2011	22,000	2,000	30,000	29,000	-	8,000		91,000
2012	20,000	21,000	26,000	20,500	-	33,000		120,500
2013	20,000	7,000	37,000	20,500	-	38,000		122,500
2014	20,000	2,000	5,000	48,500	-	14,000		89,500
2015	37,000	25,000	25,000	10,000		15,000		112,000
2016	37,000	12,000	30,000	10,000		15,000		104,000
2017	37,000	12,000	25,000	10,000		80,000		164,000
2018	37,000	25,000	30,000	10,000		15,000		117,000
2019	37,000	12,000	25,000	10,000		15,000		99,000
2020	37,000	12,000	30,000	10,000		15,000		104,000
2021	37,000	25,000	25,000	10,000		15,000		112,000
2022	37,000	12,000	30,000	10,000		15,000		104,000
2023	37,000	12,000	25,000	10,000		15,000		99,000
2024	37,000	25,000	30,000	10,000		15,000		117,000
2025	37,000	12,000	25,000	10,000		15,000		99,000
2026	37,000	12,000	30,000	10,000		15,000		104,000
2027	37,000	25,000	25,000	10,000		80,000		177,000
2028	37,000	12,000	30,000	10,000		15,000		104,000
2029	37,000	12,000	25,000	10,000	366,000	15,000		465,000
2030	37,000	25,000	30,000	10,000		15,000		117,000
2031	37,000	12,000	25,000	10,000		15,000		99,000
2032	37,000	12,000	30,000	10,000		15,000		104,000
2033	37,000	25,000	25,000	10,000		15,000		112,000
2034	37,000	12,000	30,000	10,000		15,000		104,000
2035	37,000	12,000	25,000	10,000		15,000		99,000
2036	37,000	25,000	30,000	10,000		15,000		117,000
2037	37,000	12,000	25,000	10,000		80,000		164,000
2038	37,000	12,000	30,000	10,000		15,000		104,000
2039	37,000	25,000	25,000	10,000		15,000		112,000
2040	37,000	12,000	30,000	10,000		15,000		104,000
2041	37,000	12,000	25,000	10,000		15,000		99,000
2042	37,000	25,000	30,000	10,000		15,000		117,000
2043	37,000	12,000	25,000	10,000		15,000		99,000
2044	37,000	12,000	30,000	10,000		15,000		104,000
2045	37,000	25,000	25,000	10,000		15,000		112,000
2046	37,000	12,000	30,000	10,000		15,000		104,000
2047	37,000	12,000	25,000	10,000		80,000		164,000
2048	37,000	25,000	30,000	10,000		15,000		117,000
2049	37,000	12,000	25,000	10,000	447,000	15,000		546,000
2050	37,000	12,000	30,000	10,000		15,000		104,000
2051	37,000	25,000	25,000	10,000		15,000		112,000
2052	37,000	12,000	30,000	10,000		15,000		104,000
2053	37,000	12,000	25,000	10,000		15,000		99,000
2054	37,000	25,000	30,000	10,000		15,000		117,000
2055	37,000	12,000	25,000	10,000		15,000		99,000
2056	37,000	12,000	30,000	10,000		15,000		104,000

Detailed Replacement Cos
General Fixed Asset Repla
Municipal Buildings (city hall and community center)

Year	Mechanical Systems	Carpet	Banquet Rooms	Pool	Equipment	Community Center Exterior	Other Misc. Allowance	Total Building Replacement Costs
2009	$ 70,000	$ -	$ 49,789	$121,415	$ 51,241	$ 306,759	$ 100,000	$ 699,204
2010	-	44,000	-	71,269	60,000	-	46,000	221,269
2011	252,000	-	-	100,000	115,000	-	75,000	542,000
2012	-	-	-	131,000	15,000	-	30,000	176,000
2013	37,000	90,000	15,000	87,000	-	-	75,000	304,000
2014	-	40,000	90,000	-	75,000	-	75,000	280,000
2015	60,000	48,000	-	10,000	155,000	400,000	80,000	753,000
2016	-	-	101,000	-	15,000	-	80,000	196,000
2017	-	-	-	45,000	65,000	-	85,000	195,000
2018	23,400	52,000	-	65,000	25,000	-	85,000	250,400
2019	-	85,000	15,000	45,000	15,000	-	90,000	250,000
2020	-	-	106,000	-	15,000	-	290,000	411,000
2021	29,000	97,000	-	10,000	70,000	-	308,000	514,000
2022	-	-	15,000	235,000	17,000	135,000	95,000	497,000
2023	39,000	-	99,000	121,000	27,000	-	150,000	436,000
2024	-	-	-	-	17,000	-	150,000	167,000
2025	616,000	90,000	15,000	20,000	75,000	-	220,000	1,036,000
2026	-	-	-	-	98,000	-	155,000	253,000
2027	-	56,000	-	10,000	17,000	-	160,000	243,000
2028	-	104,000	15,000	50,000	27,000	-	160,000	356,000
2029	-	-	-	120,000	80,000	-	165,000	365,000
2030	215,000	-	256,000	126,000	17,000	-	6,165,000	6,779,000
2031	31,000	95,000	15,000	75,000	247,000	-	215,200	678,200
2032	108,000	-	-	76,000	17,000	-	170,000	371,000
2033	116,500	60,000	-	160,200	95,000	-	175,000	606,700
2034	-	-	15,000	88,000	20,000	-	175,000	298,000
2035	73,000	55,000	-	20,000	20,000	-	263,000	431,000
2036	-	-	-	-	160,000	-	180,000	340,000
2037	-	100,000	146,000	20,000	90,000	180,000	185,000	721,000
2038	-	56,000	-	-	146,000	-	185,000	387,000
2039	-	64,000	-	10,000	20,000	-	190,000	284,000
2040	-	-	206,000	316,000	250,000	-	190,000	962,000
2041	75,000	-	-	20,000	95,000	-	474,600	664,600
2042	-	-	-	58,000	20,000	-	195,000	273,000
2043	43,000	165,000	15,000	177,500	30,000	-	200,000	630,500
2044	-	-	150,000	-	20,000	-	200,000	370,000
2045	831,000	68,000	-	10,000	100,000	-	317,000	1,326,000
2046	-	-	15,000	73,000	22,000	-	205,000	315,000
2047	-	-	-	65,000	22,000	-	210,000	297,000
2048	56,900	-	-	45,000	32,000	-	210,000	343,900
2049	45,000	110,000	15,000	215,000	105,000	-	215,000	705,000
2050	255,000	58,000	257,000	228,000	187,000	-	2,215,000	3,200,000
2051	35,000	137,000	172,000	10,000	22,000	-	220,000	596,000
2052	150,000	-	15,000	574,000	22,000	240,000	220,000	1,221,000
2053	45,000	-	-	231,700	120,000	-	225,000	621,700
2054	-	-	-	-	22,000	-	225,000	247,000
2055	89,000	115,000	15,000	10,000	322,000	-	350,000	901,000
2056	-	-	-	-	22,000	-	230,000	252,000

Replacement Costs
General Fixed Asset Replacement Fund
Park Facilities

Year	Buildings	Picnic Shelters	Playground Equipment	Pavement: Courts	Pavement: Parking/ Driveway	Fencing/ Backboards	Lights	Misc. Items	Total All Parks
2009	$ 13,000	$ -	$ 85,000	$ 34,750	$ 75,880	$ 6,500	$ -	$ 98,900	$ 314,030
2010	-	-	-	15,000	63,000	10,000	-	20,000	108,000
2011	-	-	-	15,000	118,000	-	-	-	133,000
2012	-	-	-	-	-	-	-	-	-
2013	-	20,000	120,000	40,000	-	-	-	120,000	300,000
2014	32,000	-	-	-	-	-	-	-	32,000
2015	-	10,000	-	-	63,000	30,000	-	96,000	199,000
2016	33,000	-	90,000	40,000	54,000	20,000	-	-	237,000
2017	-	-	-	40,000	63,000	-	-	-	103,000
2018	18,000	-	155,000	40,000	82,000	20,000	28,000	-	343,000
2019	15,000	-	-	80,000	-	44,000	-	-	139,000
2020	37,000	-	-	40,000	36,000	60,000	28,000	45,000	246,000
2021	-	-	-	74,000	-	-	-	4,000	78,000
2022	15,000	-	220,000	-	-	-	29,000	-	264,000
2023	-	-	-	-	-	-	24,000	100,000	124,000
2024	18,000	-	120,000	-	-	-	-	-	138,000
2025	42,000	-	-	-	-	-	-	100,000	142,000
2026	-	-	-	18,000	-	-	-	100,000	118,000
2027	-	-	-	-	-	-	-	100,000	100,000
2028	42,000	-	100,000	18,000	73,000	-	-	-	233,000
2029	27,000	20,000	-	18,000	-	22,000	-	-	87,000
2030	-	-	100,000	36,000	135,000	-	-	53,000	324,000
2031	15,000	-	-	25,000	-	-	27,000	73,000	140,000
2032	33,000	-	-	18,000	-	-	-	67,000	118,000
2033	-	-	185,000	-	-	-	-	60,000	245,000
2034	15,000	-	135,000	-	-	-	-	100,000	250,000
2035	76,000	-	95,000	-	-	80,000	42,000	50,000	343,000
2036	-	-	-	-	-	-	-	100,000	100,000
2037	15,000	-	-	-	-	-	-	100,000	115,000
2038	-	-	-	50,000	-	-	-	50,000	100,000
2039	-	89,000	-	111,000	-	30,000	-	-	230,000
2040	15,000	38,000	-	50,000	114,000	164,000	-	65,000	446,000
2041	-	-	-	-	-	-	-	100,000	100,000
2042	-	-	257,000	50,000	-	-	-	-	307,000
2043	15,000	-	-	57,000	-	-	-	100,000	172,000
2044	33,000	-	142,000	50,000	-	33,000	41,000	-	299,000
2045	49,000	-	-	-	-	-	-	212,000	261,000
2046	15,000	-	-	-	-	-	36,000	74,000	125,000
2047	-	-	-	-	-	65,000	-	-	65,000
2048	49,000	-	142,000	82,000	-	-	-	100,000	373,000
2049	64,000	30,000	-	-	-	-	98,000	-	192,000
2050	50,000	-	142,000	-	114,000	165,000	-	-	471,000
2051	-	-	-	82,000	-	-	40,000	100,000	222,000
2052	75,000	-	-	82,000	114,000	-	-	-	271,000
2053	-	-	265,000	73,000	214,000	-	-	100,000	652,000
2054	-	-	200,000	-	150,000	-	-	-	350,000
2055	75,000	-	125,000	77,000	65,000	-	-	50,000	392,000
2056	-	-	-	-	-	-	-	100,000	100,000

Detailed Replacement Costs
General Fixed Asset Replacement Fund
Trails and Pathways

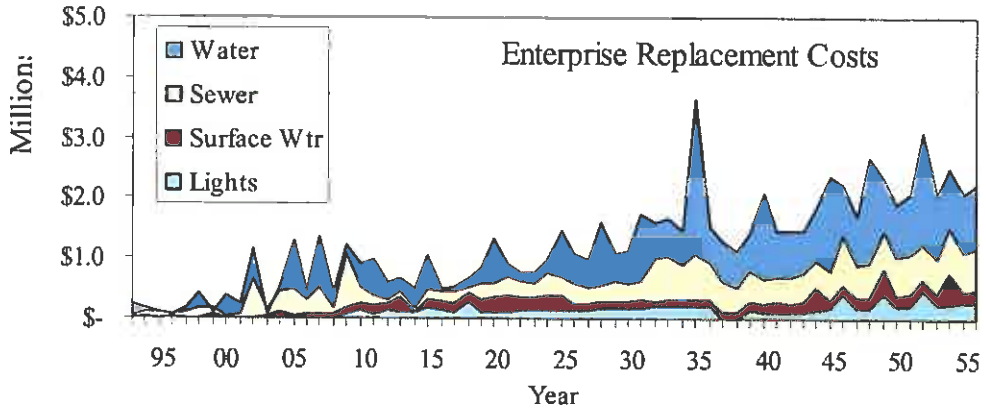
Year	Park	Description	Trail Rehabilitation & Replacement Rehab.	Trail Rehabilitation & Replacement Replace	Total Cost
2009	Hodgson Rd & Vivian Ave	Asphalt path		66,000	$ 66,000
2010	Lake Judy	Asphalt path	21,000		21,000
2010	Wilson	Asphalt path	23,000		23,000
2010	Commons	Asphalt path	26,000		26,000
2011	Resurface trails	Asphalt path	70,000		70,000
2012	County Rd F, Demar, Floral	Asphalt path		22,000	22,000
2012	Various segments	Asphalt path	70,000		70,000
2013	Resurface trails	Asphalt path	73,000		73,000
2014	Bobby Theisen	Asphalt path	70,000		70,000
2014	McCullough	Asphalt path	70,000		70,000
2015	Allowance	Asphalt path	80,000	94,000	174,000
2016	Allowance	Asphalt path	81,600		81,600
2017	Allowance	Asphalt path	83,200		83,200
2018	Allowance	Asphalt path	84,900		84,900
2019	Allowance	Asphalt path	86,600		86,600
2020	Allowance	Asphalt path	88,300	104,000	192,300
2021	Allowance	Asphalt path	90,100		90,100
2022	Allowance	Asphalt path	91,900		91,900
2023	Allowance	Asphalt path	93,700		93,700
2024	Allowance	Asphalt path	95,600		95,600
2025	Allowance	Asphalt path	97,500	115,000	212,500
2026	Allowance	Asphalt path	99,500		99,500
2027	Allowance	Asphalt path	101,500		101,500
2028	Allowance	Asphalt path	103,500		103,500
2029	Allowance	Asphalt path	105,600		105,600
2030	Allowance	Asphalt path	107,700	125,000	232,700
2031	Allowance	Asphalt path	109,900		109,900
2032	Allowance	Asphalt path	112,100		112,100
2033	Allowance	Asphalt path	114,300		114,300
2034	Allowance	Asphalt path	116,600		116,600
2035	Allowance	Asphalt path	118,900	140,000	258,900
2036	Allowance	Asphalt path	121,300		121,300
2037	Allowance	Asphalt path	123,700		123,700
2038	Allowance	Asphalt path	126,200		126,200
2039	Allowance	Asphalt path	128,700		128,700
2040	Allowance	Asphalt path	131,300	157,000	288,300
2041	Allowance	Asphalt path	133,900		133,900
2042	Allowance	Asphalt path	136,600		136,600
2043	Allowance	Asphalt path	139,300		139,300
2044	Allowance	Asphalt path	142,100		142,100
2045	Allowance	Asphalt path	144,900	174,000	318,900
2046	Allowance	Asphalt path	147,800		147,800
2047	Allowance	Asphalt path	150,800		150,800
2048	Allowance	Asphalt path	153,800		153,800
2049	Allowance	Asphalt path	156,900		156,900
2050	Allowance	Asphalt path	160,000	190,000	350,000
2051	Allowance	Asphalt path	163,200		163,200
2052	Allowance	Asphalt path	166,500		166,500
2053	Allowance	Asphalt path	169,800		169,800
2054	Allowance	Asphalt path	173,200		173,200
2055	Allowance	Asphalt path	176,700	210,000	386,700
2056	Allowance	Asphalt path	180,200		180,200

ENTERPRISE FUNDS

Enterprise funds (water, sewer and surface water management) are designed to support operating costs as well as the replacement of all water assets. Project costs are financed through a combination of debt issuance and the use of current resources. Regardless of the financing method for any specific project, utility rates are established considering operating costs, capital costs and debt payments.

The infrastructure replacement policy requires that operating projections covering a minimum of 20 years be analyzed and computed at least every 5 years. City staff prepares the analysis in most years, and on occasion an outside consultant is hired to prepare a utility rate study. Both methods include a twenty-year analysis of operating, capital replacement, and capital addition projections for all enterprise funds. The information is used to analyze and recommend utility rates. The last utility rate study prepared by an outside consultant was completed in 2002.

Over the next twenty years enterprise funds will provide for the replacement of approximately $16 million in water, sewer and surface water system replacements. The following graph provides an illustration of historical and anticipated replacement costs.



The replacement projections for utility assets on the following pages are prepared in aggregate considering the overall age and condition of the assets. Repair and replacement projections are not prepared for specific neighborhoods or projects until the anticipated cost is included in the five-year capital improvement program.

For example, a review of water and sewer lines indicates that materials used during different stages of Shoreview's development resulted in different expected lives. Lines installed in the 1960's and early 1970's were made of materials that cannot be expected to last as long as the lines installed later in the 1970's and in the 1980's. Newer materials and construction techniques allow us to assume longer life spans for lines installed during the latter stages of the rapid residential growth.

Estimated Capital Costs
Water System

Year	Miles	Replacements: Water Lines	Replacements: Controls	Replacements: Towers/ Reservoir	Additions	Misc. Capital	Total Capital Costs	Total Other/ Non-Capital Costs
2009	102.8	$ 70,000	$ 75,000	$ -	$ 2,100,000	$ -	$ 2,245,000	$ -
2010	102.8	325,000	-	50,000	-	-	375,000	-
2011	102.8	75,000	-	500,000	-	3,800	578,800	-
2012	102.8	294,000	-	-	-	-	294,000	-
2013	102.8	221,000	-	-	-	-	221,000	-
2014	102.8	257,000	40,000	-	-	3,000	300,000	-
2015	102.8	467,000	100,000	-	9,000,000	-	9,567,000	-
2016	102.8	42,000	-	-	-	-	42,000	-
2017	102.8	60,000	-	-	-	-	60,000	-
2018	102.8	122,000	-	-	-	-	122,000	-
2019	102.8	141,000	80,000	-	-	-	221,000	-
2020	102.8	145,000	-	600,000	-	-	745,000	-
2021	102.8	149,000	-	70,000	-	-	219,000	-
2022	102.8	154,000	-	-	75,000	-	229,000	-
2023	102.8	158,000	-	-	-	-	158,000	15,000
2024	102.8	163,000	50,000	-	-	-	213,000	15,000
2025	102.8	168,000	-	600,000	-	-	768,000	15,000
2026	102.8	435,000	60,000	-	-	-	495,000	15,000
2027	102.8	445,000	-	-	-	-	445,000	15,000
2028	102.8	459,000	-	600,000	3,000,000	-	4,059,000	-
2029	102.8	472,000	-	-	-	-	472,000	-
2030	102.8	487,000	50,000	-	-	-	537,000	-
2031	102.8	501,000	-	600,000	-	-	1,101,000	-
2032	102.8	516,000	-	80,000	-	-	596,000	-
2033	102.8	532,000	100,000	-	-	-	632,000	-
2034	102.8	548,000	-	-	-	-	548,000	-
2035	102.8	564,000	2,000,000	-	-	-	2,564,000	-
2036	102.8	581,000	-	-	-	-	581,000	-
2037	102.8	598,000	60,000	-	-	-	658,000	-
2038	102.8	616,000	-	-	-	-	616,000	-
2039	102.8	635,000	-	-	-	-	635,000	-
2040	102.8	654,000	-	773,000	-	-	1,427,000	-
2041	102.8	673,000	60,000	-	-	-	733,000	-
2042	102.8	694,000	-	85,000	-	-	779,000	-
2043	102.8	715,000	-	-	-	-	715,000	-
2044	102.8	736,000	130,000	-	-	-	866,000	-
2045	102.8	758,000	-	800,000	-	-	1,558,000	25,000
2046	102.8	781,000	50,000	-	-	-	831,000	25,000
2047	102.8	804,000	-	-	-	-	804,000	25,000
2048	102.8	828,000	-	919,000	-	-	1,747,000	25,000
2049	102.8	853,000	-	-	3,500,000	-	4,353,000	-
2050	102.8	879,000	-	-	-	-	879,000	-
2051	102.8	905,000	-	100,000	-	-	1,005,000	-
2052	102.8	932,000	-	900,000	-	-	1,832,000	-
2053	102.8	960,000	60,000	-	-	-	1,020,000	-
2054	102.8	989,000	-	-	-	-	989,000	-
2055	102.8	1,000,000	-	-	-	-	1,000,000	-
2056	102.8	1,000,000	60,000	-	-	-	1,060,000	-

Estimated Capital Costs
Sanitary Sewer System

Year	Miles	Replacements: Sewer Lines	Replacements: Relining-Televising	Replacements: Lift Stations	Additions	Misc. Capital	Total Capital Costs	Total Other/ Non-Capital Costs
2009	107.9	$ 70,000	$ 550,000	$ -	$ -	$ -	$ 620,000	$ 260,000
2010	107.9	92,000	-	210,000	-	-	302,000	-
2011	107.9	135,000	55,000	-	-	3,800	193,800	-
2012	107.9	65,000	-	-	-	-	65,000	-
2013	107.9	44,000	60,000	-	-	-	104,000	-
2014	107.9	34,000	-	30,000	-	3,000	67,000	-
2015	107.9	69,000	65,000	20,000	-	-	154,000	-
2016	107.9	100,000	-	75,000	-	-	175,000	-
2017	107.9	110,000	70,000	25,000	-	-	205,000	-
2018	107.9	92,000	-	25,000	-	-	117,000	-
2019	107.9	218,000	75,000	-	40,000	-	333,000	-
2020	107.9	225,000	-	30,000	-	-	255,000	-
2021	107.9	232,000	80,000	-	-	-	312,000	-
2022	107.9	239,000	-	30,000	-	-	269,000	-
2023	107.9	246,000	-	-	-	-	246,000	-
2024	107.9	253,000	100,000	40,000	-	-	393,000	-
2025	107.9	261,000	-	60,000	-	-	321,000	-
2026	107.9	269,000	-	90,000	-	-	359,000	-
2027	107.9	277,000	-	-	-	-	277,000	-
2028	107.9	285,000	-	-	-	-	285,000	-
2029	107.9	294,000	-	40,000	-	-	334,000	-
2030	107.9	303,000	-	-	-	-	303,000	-
2031	107.9	312,000	-	-	-	-	312,000	-
2032	107.9	321,000	-	400,000	-	-	721,000	-
2033	107.9	331,000	-	400,000	-	-	731,000	-
2034	107.9	341,000	-	250,000	-	-	591,000	-
2035	107.9	351,000	-	400,000	-	-	751,000	-
2036	107.9	362,000	-	280,000	-	-	642,000	-
2037	107.9	373,000	-	140,000	-	-	513,000	-
2038	107.9	384,000	-	-	-	-	384,000	-
2039	107.9	396,000	125,000	-	-	-	521,000	-
2040	107.9	408,000	-	-	-	-	408,000	-
2041	107.9	420,000	-	-	-	-	420,000	-
2042	107.9	433,000	-	-	-	-	433,000	-
2043	107.9	446,000	-	40,000	-	-	486,000	-
2044	107.9	459,000	-	-	-	-	459,000	-
2045	107.9	473,000	-	-	-	-	473,000	-
2046	107.9	487,000	-	350,000	-	-	837,000	-
2047	107.9	502,000	-	70,000	-	-	572,000	-
2048	107.9	517,000	-	70,000	-	-	587,000	-
2049	107.9	533,000	-	100,000	-	-	633,000	-
2050	107.9	549,000	-	110,000	-	-	659,000	-
2051	107.9	565,000	-	75,000	-	-	640,000	-
2052	107.9	582,000	-	-	-	-	582,000	-
2053	107.9	599,000	-	-	-	-	599,000	-
2054	107.9	617,000	150,000	-	-	-	767,000	-
2055	107.9	636,000	-	-	-	-	636,000	-
2056	107.9	655,000	-	50,000	-	-	705,000	-

Estimated Capital Costs
Surface Water Management System

Year	Replacements: Storm Systems	Replacements: Controls	Additions	Total Capital Costs	Total Other/ Non-Capital Costs
2009	$ -	$ -	$ 1,250,000	$ 1,250,000	$ 100,000
2010	-	-	421,000	421,000	105,000
2011	-	30,000	60,000	90,000	110,000
2012	-	-	319,000	319,000	110,000
2013	-	-	189,000	189,000	250,000
2014	-	-	298,000	298,000	-
2015	-	-	545,000	545,000	130,000
2016	-	-	114,130	114,130	130,000
2017	-	-	369,000	369,000	130,000
2018	-	-	760,000	760,000	130,000
2019	70,000	-	60,000	130,000	140,000
2020	72,000	-	65,000	137,000	150,000
2021	74,000	35,000	65,000	174,000	150,000
2022	76,000	-	65,000	141,000	150,000
2023	78,000	-	-	78,000	150,000
2024	80,000	-	-	80,000	150,000
2025	82,000	-	-	82,000	150,000
2026	84,000	-	-	84,000	-
2027	87,000	-	-	87,000	-
2028	90,000	-	-	90,000	-
2029	93,000	-	-	93,000	-
2030	96,000	-	-	96,000	-
2031	99,000	40,000	-	139,000	-
2032	102,000	-	-	102,000	-
2033	105,000	-	-	105,000	-
2034	108,000	-	-	108,000	-
2035	111,000	-	-	111,000	-
2036	114,000	-	-	114,000	-
2037	117,000	-	-	117,000	-
2038	121,000	-	-	121,000	-
2039	125,000	-	-	125,000	-
2040	129,000	-	-	129,000	-
2041	133,000	40,000	-	173,000	-
2042	137,000	-	-	137,000	-
2043	141,000	-	-	141,000	-
2044	145,000	-	-	145,000	250,000
2045	149,000	-	-	149,000	-
2046	153,000	-	-	153,000	-
2047	158,000	-	-	158,000	-
2048	163,000	-	-	163,000	-
2049	168,000	-	-	168,000	250,000
2050	173,000	-	-	173,000	-
2051	178,000	50,000	-	228,000	-
2052	183,000	-	-	183,000	-
2053	188,000	-	-	188,000	-
2054	194,000	-	-	194,000	300,000
2055	200,000	-	-	200,000	-
2056	206,000	-	-	206,000	-

Estimated Capital Costs
Street Light System

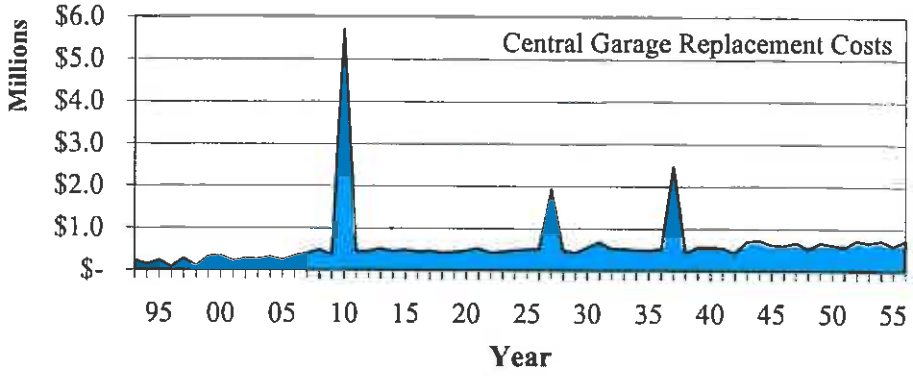
Year	Replacements: Allowance	Replacements: Street Projects	Additions	Total	Other/ Non-Capital
2009	$ 85,000	$ -	$ -	$ 85,000	$ -
2010	62,250	66,000	-	128,250	10,000
2011	63,450	-	-	63,450	-
2012	64,650	61,000	-	125,650	-
2013	66,000	35,000	-	101,000	-
2014	67,350	50,000	-	117,350	-
2015	92,000	97,000	-	189,000	-
2016	93,000	41,000	135,488	269,488	-
2017	95,000	21,000	-	116,000	-
2018	97,000	192,000	-	289,000	-
2019	99,000	-	133,839	232,839	-
2020	111,000	-	-	111,000	-
2021	113,000	-	-	113,000	-
2022	126,000	-	136,760	262,760	-
2023	129,000	-	-	129,000	-
2024	142,000	-	-	142,000	-
2025	145,000	-	-	145,000	-
2026	148,000	-	-	148,000	-
2027	151,000	-	-	151,000	-
2028	178,000	-	-	178,000	-
2029	181,000	-	-	181,000	-
2030	185,000	-	-	185,000	-
2031	189,000	-	-	189,000	-
2032	192,000	-	-	192,000	-
2033	196,000	-	-	196,000	-
2034	200,000	-	-	200,000	-
2035	204,000	-	-	204,000	-
2036	194,000	-	34,695	228,695	-
2037	-	-	-	-	-
2038	-	-	36,100	36,100	-
2039	147,000	-	-	147,000	-
2040	113,000	-	37,555	150,555	-
2041	115,000	-	-	115,000	-
2042	117,000	-	39,070	156,070	-
2043	120,000	-	-	120,000	-
2044	122,000	-	40,645	162,645	-
2045	166,000	-	-	166,000	-
2046	414,000	-	42,290	456,290	-
2047	173,000	-	-	173,000	-
2048	176,000	-	44,000	220,000	-
2049	422,000	-	-	422,000	-
2050	201,000	-	45,780	246,780	-
2051	205,000	-	-	205,000	-
2052	476,000	-	47,630	523,630	-
2053	233,000	-	-	233,000	-
2054	258,000	-	-	258,000	-
2055	263,000	-	-	263,000	-
2056	268,000	-	-	268,000	-

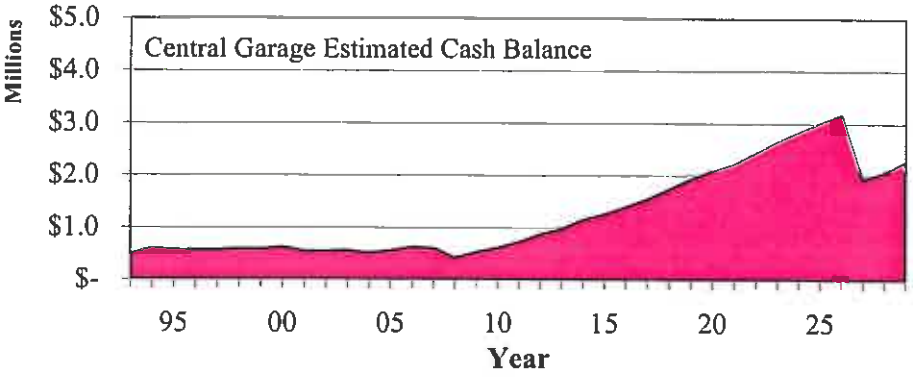
INTERNAL SERVICE FUND (Central Garage)

The Central Garage Fund supports the operating costs, purchase, replacement and maintenance of the maintenance garage and all equipment. In turn, operating funds and activities that use the equipment owned by the Central Garage Fund pay rental fees (motor pool and building charges) to the fund. These charges (included in the annual operating budget) are revised annually and are set based on projected operating costs, capital replacement needs, and anticipated capital additions.

The strategy used by the City when establishing rental fees is to consider a long-range view, because the fees are designed to increase gradually over time. Since capital needs vary from year to year, it is desirable to smooth out the impact on operating funds to avoid sharp increases and decreases in the resources that ultimately finance rental charges. For this reason, fund equity and cash balances are expected to rise and fall from year to year. In order to ensure that adequate balances are preserved, the City has established a minimum guideline for Central Garage Fund cash balances equal to one half of annual operating costs.

Over the next twenty years the Central Garage Fund will provide for the replacement of approximately $16.6 million in garage assets. The first graph below shows historical and projected replacement costs. The second graph shows historical cash balances and projected cash balances for 20 years.





Operating Summary
Central Garage Internal Service Fund

Year	Revenues: Rental Fees	Revenues: Investment Interest	Operating Expenses	Other Revenue (Expense)	Estimated Ending Balance: Fund Equity	Estimated Ending Balance: Cash Balance	Cash Coverage of Operating Expense
2004	$ 628,884	$ 10,334	$ 677,105	$ (19,029)	$ 3,084,414	$ 503,025	0.74
2005	663,591	12,289	695,381	27,135	3,092,048	547,430	0.79
2006	733,104	26,760	731,878	22,189	3,142,223	609,903	0.83
2007	757,534	34,733	759,960	(1,334)	3,173,196	595,926	0.78
2008	903,653	16,679	877,087	5,483	3,221,924	407,962	0.47
2009	$ 994,226	$ 15,000	$ 915,107	$ 12,468	$ 3,328,511	$ 519,453	0.57
2010	1,034,135	15,000	963,002	4,750	3,419,394	596,836	0.62
2011	1,085,600	14,900	1,108,907	8,000	3,418,987	716,717	0.65
2012	1,139,700	21,500	1,169,880	15,000	3,425,307	862,955	0.74
2013	1,179,400	28,000	1,213,299	16,000	3,435,408	960,983	0.79
2014	1,220,600	33,600	1,277,506	17,000	3,429,102	1,141,831	0.89
2015	1,254,173	45,700	1,298,000	(15,000)	3,415,975	1,248,635	0.96
2016	1,291,542	49,900	1,328,000	(14,000)	3,415,417	1,388,545	1.05
2017	1,329,707	55,500	1,369,000	(13,000)	3,418,624	1,539,113	1.12
2018	1,369,016	61,600	1,416,000	(12,000)	3,421,240	1,727,373	1.22
2019	1,409,505	69,100	1,460,000	(11,000)	3,428,845	1,922,877	1.32
2020	1,451,209	76,900	1,510,000	(10,000)	3,436,954	2,080,283	1.38
2021	1,494,164	83,200	1,568,000	(9,000)	3,437,318	2,213,391	1.41
2022	1,538,407	88,500	1,626,000	(8,000)	3,430,225	2,428,221	1.49
2023	1,584,304	97,100	1,675,000	(7,000)	3,429,629	2,645,555	1.58
2024	1,631,242	105,800	1,725,000	(6,000)	3,435,671	2,825,121	1.64
2025	1,679,589	113,000	1,789,000	(5,000)	3,434,260	3,004,377	1.68
2026	1,729,385	120,200	1,845,000	(4,000)	3,434,845	3,161,267	1.71
2027	1,780,674	126,500	1,925,000	(3,000)	3,414,019	1,920,660	1.00
2028	1,833,504	76,800	2,009,000	(2,000)	3,313,323	2,047,174	1.02
2029	1,887,919	81,900	2,072,000	(1,000)	3,210,142	2,278,238	1.10

Estimated Capital Costs
Central Garage Internal Service Fund

Year	Replacements: Buildings	Replacements: Machinery, Equipment	Replacements: Other	Additions	Total Capital Costs	Total Other/ Non-Capital Costs
2009	$ -	$ 352,126	$ 22,502	$ -	$ 374,628	$ -
2010	5,500,000	161,500	41,000	267,250	5,969,750	10,500
2011	-	431,000	15,000	15,000	461,000	7,000
2012	-	423,500	25,000	15,000	463,500	-
2013	-	452,000	67,000	15,000	534,000	-
2014	-	433,000	20,000	15,000	468,000	-
2015	-	470,000	15,000	15,000	500,000	10,000
2016	-	430,000	20,000	26,000	476,000	10,000
2017	-	450,000	15,000	10,000	475,000	10,000
2018	-	400,000	20,000	27,000	447,000	10,000
2019	-	425,000	15,000	10,000	450,000	10,000
2020	-	450,000	20,000	28,000	498,000	10,000
2021	45,000	450,000	25,000	10,000	530,000	10,000
2022	-	400,000	25,000	29,000	454,000	10,000
2023	-	425,000	25,000	10,000	460,000	10,000
2024	50,000	400,000	25,000	30,000	505,000	10,000
2025	-	475,000	25,000	10,000	510,000	10,000
2026	-	480,000	25,000	31,000	536,000	10,000
2027	1,500,000	400,000	25,000	10,000	1,935,000	10,000
2028	55,000	400,000	25,000	32,000	512,000	10,000
2029	-	400,000	25,000	10,000	435,000	10,000
2030	-	530,000	25,000	33,000	588,000	10,000
2031	60,000	600,000	25,000	10,000	695,000	10,000
2032	-	500,000	25,000	34,000	559,000	10,000
2033	-	500,000	25,000	10,000	535,000	10,000
2034	65,000	400,000	25,000	35,000	525,000	10,000
2035	-	460,000	25,000	10,000	495,000	10,000
2036	-	480,000	25,000	36,000	541,000	10,000
2037	2,000,000	450,000	25,000	10,000	2,485,000	10,000
2038	-	400,000	25,000	37,000	462,000	10,000
2039	-	540,000	25,000	10,000	575,000	10,000
2040	75,000	455,000	25,000	38,000	593,000	10,000
2041	-	520,000	25,000	10,000	555,000	10,000
2042	-	406,000	25,000	39,000	470,000	10,000
2043	80,000	600,000	25,000	10,000	715,000	10,000
2044	-	700,000	25,000	40,000	765,000	10,000
2045	-	600,000	25,000	10,000	635,000	10,000
2046	85,000	500,000	25,000	41,000	651,000	10,000
2047	-	650,000	25,000	10,000	685,000	10,000
2048	-	500,000	25,000	42,000	567,000	10,000
2049	90,000	550,000	25,000	10,000	675,000	10,000
2050	-	600,000	25,000	43,000	668,000	10,000
2051	-	550,000	25,000	10,000	585,000	10,000
2052	-	700,000	25,000	44,000	769,000	10,000
2053	-	650,000	25,000	10,000	685,000	10,000
2054	-	700,000	25,000	45,000	770,000	10,000
2055	75,000	500,000	25,000	10,000	610,000	10,000
2056	-	700,000	25,000	50,000	775,000	10,000

This page is left blank intentionally to accommodate document formatting.

Exhibit A

Comprehensive Infrastructure Replacement Policy and Street Reconstruction Policy

10-15-96

CITY OF SHOREVIEW, MINNESOTA
COMPREHENSIVE INFRASTRUCTURE
REPLACEMENT POLICY

INTRODUCTION

The City of Shoreview is nearing full development, making replacement of its aging infrastructure of critical importance. Council members and management staff have deemed it necessary to adopt this comprehensive infrastructure replacement policy in order to facilitate the financial planning necessary to accommodate the timely replacement of assets, and to accommodate the following concerns.

- Providing for future replacements of infrastructure is a priority incorporated into the City of Shoreview's short and long term financial planning.
- Financing replacement costs is a difficult challenge for governmental entities throughout the country.
- Implementing replacement efforts at the appropriate time is considered necessary for national economic recovery.
- Maintaining reasonable tax levies and user fees, strong financial condition, moderate debt levels, and high bond ratings are priorities of the City.

I. **OBJECTIVES** - This infrastructure replacement plan is designed to:

A. **Create a permanent program** including a plan that shall be updated annually during the budget process. The replacement estimates and cash flow projections in the plan will be used to determine tax levies and user fees.

B. **Moderate annual increases in the tax levy and user fees** by taking a long-term view of the revenue sources used to finance capital replacements.

C. **Carefully plan for new debt** by requiring a long-term emphasis on rate setting because capital costs fluctuate from year to year. The long-term emphasis is desirable because capital replacement costs if funded exclusively through current revenues, would cause the citizens and business owners to experience dramatic annual changes in tax and utility bills.

D. **Avoid assessing property owner twice** for the same improvement. Special assessments for any given improvement will be levied against a property only once. The City, as a whole, is primarily responsible for the payment of replacement and rehabilitation costs. The maximum cost to be assessed for any reconstruction and/or rehabilitation improvement is limited to the cost of added improvements plus a proportionate share of project engineering and administrative costs. The street renewal policy attached specifically addresses special assessments against benefited properties for street reconstruction, rehabilitation and resurfacing.

II. **GENERAL ASSETS** - Capital costs associated with the replacement of general assets are accounted for in two capital project revolving funds, including the Street Renewal Fund, and the General Fixed Asset Replacement (GFAR) Fund. These funds accumulate resources dedicated for eligible capital replacements. Annual appropriations are made in the capital improvement program.

A. **Requirements** which apply to both the Street Renewal and GFAR funds include:

1. Expenditures shall be limited to eligible capital replacement costs as described for each fund.

2. Replacement projections shall be prepared for a minimum of forty years.

3. Investment interest earned within each fund shall remain in the fund.

4. Inter-fund loans are subject to City Council approval and must be repaid with interest at the average rate of return on the City's investment portfolio. The finance department will determine the annual interest rate to be charged on inter-fund loans.

5. Expenditures for purposes outside of the eligible costs for general assets are allowed only under one of the following two procedures:
   - The City Council declares a financial emergency by at least a four fifths vote, or
   - The City Council conducts a public hearing to declare its intent and to invite public input. Notice must be provided to the public and to each newspaper of general circulation throughout the City at least 30 days prior to the hearing. The notice shall include the amount and intended purpose of the proposed expenditure.

B. **Street Renewal** - The Street Renewal fund was created in 1985 with an initial contribution of two million dollars from savings realized from a major bond defeasance in 1984. The fund provides a permanent program to manage, finance and implement the reconstruction, rehabilitation and resurfacing of residential streets within the City. The street renewal policy attached outlines design standards and the use of special assessments for new improvements. The following requirements are established for the Street Renewal Fund:

1. **Eligible capital costs** include the reconstruction, rehabilitation and resurfacing of residential streets. Property owners shall be assessed the estimated cost of added improvements and the street replacement cost shall be paid by the street renewal fund. Costs associated with the construction of new streets, water, sewer or storm improvements are not eligible capital costs in this fund.

2. **Sources of revenue** include property taxes, investment interest and any additional monies the City may dedicate to residential street replacement in the future.

3. **Minimum fund balances** of two million dollars shall be reserved and maintained so that an ongoing revenue stream from investment interest will be available. Capital replacement costs, which would cause a drop in fund balance below the initial contribution of two million dollars, shall not be allowed.

4. **Use of bonding.** The street renewal fund shall have no direct outstanding debt. It is the intent of the City to finance the street renewal share of capital costs through the use of current resources. Transfers may be made to a debt service fund for the street renewal share of any project which is financed through the use of bonds provided that:
   - The street renewal monies are shown as a source of funding when the bond sale is authorized, and/or
   - The transfer is approved by the City Council in the budget document or through separate authorization.

C. **General Fixed Asset Replacement Fund** (GFAR) was created in 1989 to collect revenues dedicated to the replacement and/or rehabilitation of general fixed assets. The fund provides a permanent program to manage and finance the replacement of assets accounted for in the general fixed asset account group. The following requirements are established for the GFAR fund:

1. **Eligible capital costs** include any replacement or rehabilitation costs for general fixed assets. Capital costs for new assets, or operating costs are not eligible. Assets reported in this account group include:
   - Public safety buildings and equipment
   - City hall building and furnishings
   - Community center building, furnishings and mechanical systems
   - Data processing systems
   - Park improvements and buildings
   - Trails

2. **Sources of revenue** include property taxes, investment interest and any additional monies the City may dedicate to general fixed asset replacements in the future.

3. **Minimum fund balances** are not required for the GFAR fund. Because of dramatic shifts in capital costs from year to year, no minimum fund balance is specified. However, capital costs, which would create a deficit, shall not be allowed.

4. **Use of bonding.** The GFAR fund shall have no direct outstanding debt. It is the intent of the City to finance most general fixed asset replacement costs through the use of current resources. However, on occasion the City may finance certain capital costs through the use of bonds, certificates of participation, equipment certificates, capital leases or some other financing mechanism. In these instances transfers may be made from the GFAR fund to a debt service fund for the replacement portion of general fixed assets provided that:
   - The GFAR fund is shown as a source of funding when the debt issue is authorized, and/or
   - The transfer is approved by the City Council in the budget document or through separate authorization.

III. **PROPRIETARY ASSETS** - Capital costs associated with the replacement of proprietary assets are accounted for within three enterprise funds and one internal service fund. User fees charged by enterprise and internal service funds are designed to support operating and debt service expenses as well as capital replacements, additions and improvements that provide a citywide benefit.

A. **Requirements** for the enterprise and internal service funds are general in nature because asset replacement is only one aspect of enterprise and internal service fund operations. For these funds the objective of this policy is to encourage long range thinking when establishing current user fees.

1. **Replacement** costs shall be projected for a minimum of forty years.

2. **Future system expansion** estimates (new improvements) shall be prepared for a minimum of ten years.

3. **Operating projections** shall be prepared at least once every five years, and shall cover a period of twenty years.

4. **User fees** shall be established each year based on operating, debt service and capital cost projections.

B. **Enterprise Funds** account for the operations of utility services in a manner similar to private business enterprises. Each fund is designed so that the costs of providing goods and services to the public are recovered primarily through user charges, and depreciation is recognized for all assets. The City's enterprise funds include the Water Fund, Sewer Fund and the Surface Water Management (SWM) Fund. The following requirements are established for the City's enterprise funds:

1. **Sources of revenue** include all revenues collected by the enterprise funds. These typically include users fees (water, sewer and surface water), connection charges, area charges, investment interest and any additional monies the City may dedicate to enterprise operations.

2. **Minimum cash balances** of one million dollars each in the Water and Sewer Funds are required. However, it is the City's intent to maintain Water and Sewer Fund cash balances in the amount of two million dollars or more for the majority of the years covered in the operating projections. Because the SWM fund has been in operation for less than one year, no minimum cash balance is required at this time.

3. **Use of bonding.** It is the intent of the City to utilize operating and cash flow projections to determine the appropriate level of bonding in enterprise funds for capital costs on an annual basis. Capital cost projections, minimum cash balance requirements and projected increases in user fees will provide the basis for projected debt levels. Most capital costs financed through the use of general obligation revenue bonds will be repaid over ten to fifteen years. However, revenue bonds issued for large capital costs such as water towers, treatment facilities, trunk lines etc. may be repaid over twenty years if projected user fees, as a result of ten to fifteen year bonds, would be substantially higher than the rate of inflation.

C. **Internal Service Fund.** The Central Garage Fund was created in 1984 to provide for the operation of the maintenance garage, as well as the operation, maintenance, replacement and acquisition of central garage equipment. The Central Garage Fund charges motor pool and building charges to all departments on a cost-reimbursement basis for the use of equipment and the maintenance facility. The following requirements are established for the Central Garage Fund:

1. **Sources of revenue** include investment interest and fees charged to departments, funds and outside organizations.

2. **Minimum cash balances** equal to one half of annual operating costs are required.

3. **Use of bonding.** It is the intent of the City to finance most central garage capital costs through the use of current resources. However, when financing large capital costs with current resources would cause the cash balance of the fund to drop below two hundred thousand, or when projected increases in user fees would be substantially higher than the rate of inflation the City may choose to finance capital costs with general obligation equipment certificates. Equipment certificates will be repaid over a period of no more than five years, as provided by state statutes.

CITY OF SHOREVIEW, MINNESOTA
STREET RENEWAL POLICY
AMENDED OCTOBER 21, 1996

I. INTENT

It is the intent and purpose of this policy to maintain a permanent program to manage, finance and implement the reconstruction or rehabilitation of the streets within the City of Shoreview. This policy is intended to allow the City to adequately plan for the major capital costs that will ultimately occur as the City's existing streets age and deteriorate. It is also the intent of this policy to create a financing and payment system that will be fair and equitable to all property owners within the City during future years as it becomes necessary to reconstruct or rehabilitate the City's street system.

II. ELIGIBLE PROJECTS

Street improvement projects eligible under this policy consist of improvements to existing paved public streets within the City, which are in public use and which are maintained by the City. Unimproved, unmaintained public rights-of-way are not eligible. Street improvements to Ramsey County roadways or State highways located within the City, which are performed as a joint City/County or City/State project, under the terms of an agreement that obligates the City to participate in the cost of the improvement, are also eligible for this policy.

No street improvement project shall be initiated under this policy until all underground utilities that are or will be located within the roadway area have been inspected and determined to be adequate, or have been repaired or rehabilitated to a condition that will provide a projected useful life of the utility in excess of the anticipated useful life of the new or rehabilitated roadway. In addition, all future publicly-owned underground utility systems that will be required for the ultimate development and service of the project area must be installed prior to the implementation of street improvements under this policy.

The rehabilitation, replacement, or installation of new sanitary sewer, water systems or storm drainage systems, which are required to satisfy this policy, shall <u>not</u> be considered as an element of the street improvement program. Such underground utility improvements, which are required in advance or at the time of the street improvement project, shall be implemented by the City under the prevailing policies and regulations for such utility improvements, and the costs involved in such utility improvements shall not be included as a cost of the street improvement project. Minor modifications to utility systems, which are required to facilitate the new street, such as manhole, catch basin, and valve adjustments, shall be considered as an element of the street project.

The City shall perform a detailed inventory of all City streets that are eligible for improvement under this policy, and maintain such information in an automated

Pavement Management Program (PMP). The PMP shall measure and document the condition of all City streets, taking into account such factors as surface texture and wear, the extent of cracking, the roughness, adequacy of drainage and such other factors that will assist in the evaluation of the roadway. The data collected by the PMP shall be evaluated by the City Engineer and, based on that evaluation; the City shall prepare a comprehensive schedule and cost estimate for the anticipated street improvements. In addition, a Capital Improvement Program (CIP) shall be prepared which shall identify the estimated cost, sequence, and schedule in which projects should be implemented. The PMP shall be reviewed and updated every four years, and a new cost estimate, rating, and CIP shall be prepared with each update of the PMP.

III. DESIGN STANDARDS

All City streets, except those streets on the Municipal State Aid Street System (MSA) shall be designed to a uniform performance standard. The basic standards shall be a 32-foot width measured from face of curb, a pavement and base section adequate for a 7-ton loading based upon the characteristics of the underlying sub grade soils, and it shall include concrete curb and gutter. In areas where platted right-of-ways and/or existing land uses make the consideration of 32-foot-wide streets impractical, the City shall analyze the feasibility of narrower streets. Such analysis shall include emergency service needs, existing topography, access issues, cost, and other factors deemed appropriate. The specific design details, specifications and material standards used for a street improvement project shall generally conform to the City's ordinances and procedures, applicable at the time the project is implemented.

To the maximum extent possible, the existing streets and in-place materials shall be used or left in place. Seal coating, crack-filling and pavement overlay strategies will be used to rehabilitate roadways when deemed cost-effective through analysis of the City's Pavement Management Program. Existing concrete curb shall be left in place if its condition is adequate for the anticipated life of the new or rehabilitated pavement. In-place pavement and aggregate base materials shall be recycled and reused when it is determined that it is the most cost-effective method.

Design standards for City streets that are on the MSA system shall be as required by the MSA regulations. Design standards for Ramsey County or Mn/DOT roadways shall be determined by each respective agency.

IV. PAYMENT AND FINANCIAL PROGRAM

It is the intent of this policy that the City, as a whole, is primarily responsible for the payment of the street replacement and rehabilitation program. It is also the intent of this policy to identify the specific benefits that are created by the street improvements to the adjacent properties, specifically the enhancement of property values as a result of the adjacent street improvements.

The financial program shall consist of the following elements:

A. The City shall designate, to the maximum extent possible, all of its available MSA mileage allocation, with the objective of security the maximum amount of MSA funds for use in conjunction with the Street Renewal Program.

B. The City will maintain a permanent Street Renewal Fund from which the majority of the cost of the street renewal program shall be paid. The Street Renewal Fund shall be reviewed periodically, and adjustments to the policy shall be made where necessary to assure the adequacy of the fund.

C. The City shall levy special assessments on adjacent benefiting properties when the street improvement project includes the installation of concrete curb and gutter in locations where concrete curb and gutter did not exist prior to the improvement.

   The cost to be assessed to abutting properties shall be a portion of the cost to bring the street up to a modern standard, being approximately equal to the cost of new concrete curb and gutter, including a proportionate share of all project Engineering and Administrative costs of the improvement. The assessment rate shall be computed on a per-lot unit basis, with a lot unit being defined as a platted single-family residential lot or equivalent which, according to current Shoreview code, cannot be further subdivided for R-1 detached residential. A lot unit dimension may be set as the average width based on detached residential/R-1 lots within the improvement area.

   In computing the assessable units, consideration shall be given to properties that can be further subdivided into lot units. All properties other than single family residential (R-1 detached residential) such as parks, attached and detached residential, high-density, residential, churches, schools, offices, commercial and industrial properties shall be superficially subdivided to determine the assessable lot units or part thereof. To reflect the number of increased traffic generation by commercial, industrial, and high-density residential properties, a factor of 2 will be applied to determine the rate of assessment for properties of these types.

   Benefits from street renewal improvements shall be considered to extend a minimum of 130 feet each side of the street right-of-way. A half-unit width shall be considered on corner lots where both streets are not currently being improved. Lots fronting on or immediately adjacent to more than one improved public street shall not be doubly assessed.

   If a street renewal project is requested to be constructed to a greater width and/or thickness than the standard by the abutting property owners, then the excess cost above that of the standard reconstruction cost shall be fully assessed to those properties.

If a property has been assessed on a lot unit basis for a public improvement, and subsequently a property division is made creating additional lot units, then a supplemental charge shall be made to the property at the same rate which applied under the original assessments.

The assessment process shall be carried out in accordance with Minnesota Statutes Chapter 429. The assessment rate shall be on a per-lot unit basis and shall be calculated and processed in accordance with the current City Street Renewal Program and Unit Assessment Policy.

No special assessments shall be levied in situations with existing concrete curb and gutter.

V. IMPLEMENTATION PROCEDURES

A. Consideration of a street for improvement under this policy shall be initiated by any of the following:

1. Petition by the adjacent property owners.

2. Recommendation by the City staff based upon the Capital Improvement Program (CIP) and/or the Pavement Management Program (PMP).

3. Request by Ramsey County and/or Mn/DOT for City participation in a joint improvement.

4. Initiation by City Council.

B. If the City Council determines that it is desirable to consider the project, an engineering feasibility study shall be prepared. The study shall examine the need for the project, its relative priority to other streets that are in need of improvement, the extent of utility repairs and improvements required in advance of the street improvement, and the cost and financial considerations. If the proposed project includes special assessments, all subsequent work and activities shall be performed in accordance with the applicable provisions of the MSA regulations, current City policy, and Minnesota Statutes Chapter 429.

C. Following the Public Hearing, the Council will either order the work or reject the project.

Adopted by the Shoreview City Council on the 21st day of October 1996.

This page is left blank intentionally to accommodate document formatting.

Exhibit B

Enterprise Fund Operating projections

- Water
- Sewer
- Surface Water Management
- Street Lighting

Utility Fund Operating Projections

December 2009

Introduction

Each year an analysis of the City's enterprise funds is prepared to determine recommended utility rates that will support operating costs and provide for repair and replacement of utility systems over the next 20 years. The City's enterprise funds include:

- Water
- Sewer
- Surface Water Management
- Street Lighting

Factors considered as part of the utility analysis include:

- Cash balances and cash balance objectives
- Debt levels, future debt issuance and debt payments
- New connections
- Capital costs (additions, repairs and replacements)
- Water consumption trends
- Sewage flows and treatment costs
- Operating costs
- Maintenance strategies
- Water meter replacement program

Operating projections provided on the attached pages have been compiled based on number of different assumptions including the rate of inflation, water consumption levels, estimated replacement costs and others. These projections, in conjunction with historical activity, provide the basis for the operating projections and recommended rate adjustments.

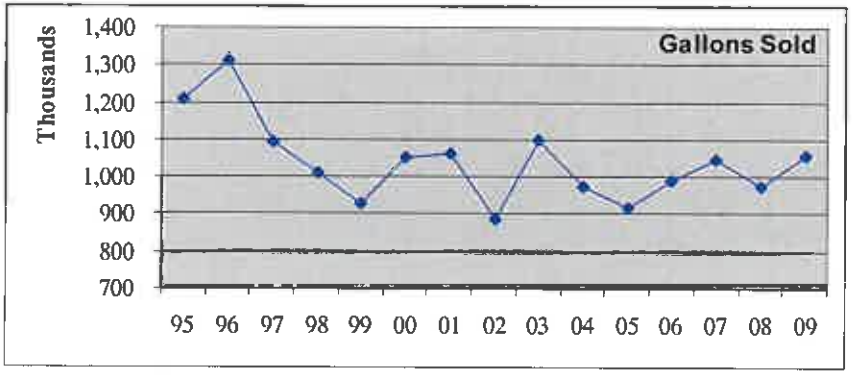
The rate setting process is designed to make gradual changes in rates whenever possible, focusing on a long-term strategy. As such, the City expects years with net profit as well as years with net loss.

Operating projections are updated annually in an effort to identify and address potential changes early and to ensure that utility rates charged to customers adequately cover utility costs (operation, maintenance, and replacement). In addition, the long-term nature of these projections helps the City carefully plan the timing of debt issuance, and moderate adjustments to utility rates.

Usage Trends

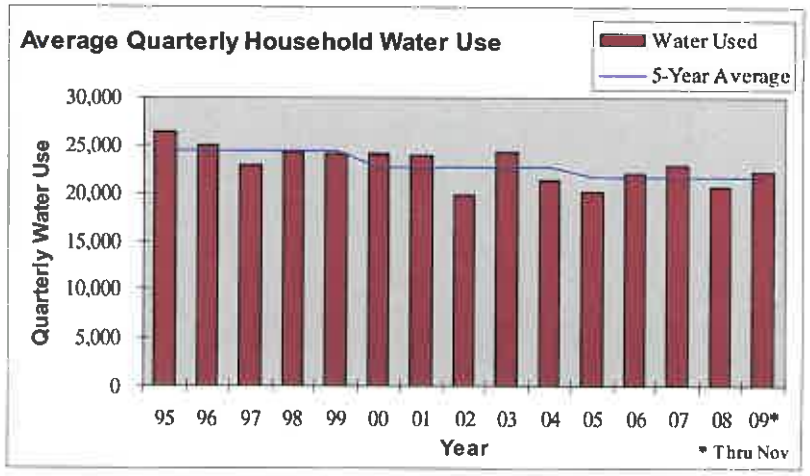
In recent years a combination of weather (rainfall), an aging population, and changes in usage patterns have contributed to an overall decline in average household water use. Although the City expects variations in water consumption from year to year, mainly due to rainfall fluctuations and timing, a trend among residential customers in winter months also demonstrates reduced water consumption.

The graph below shows how total water use fluctuates from year to year, and illustrates the overall trend toward lower consumption. Major changes from year to year are primarily the result of rainfall, because 50% of water is sold during the four months that make up the growing season.

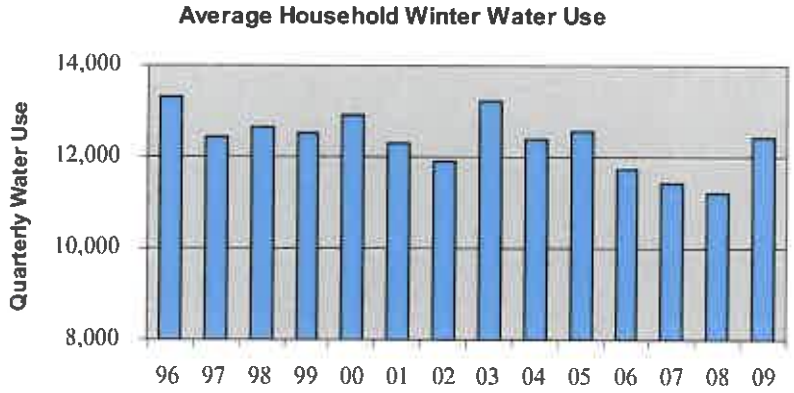


Household water use accounts for about 70 percent of gallons consumed. The two graphs on the right-hand side of this page illustrate a decline in quarterly household water use.

Average quarterly household water use in the last five years (2004 to 2008) is approximately 8.2 percent lower than household the previous 5 years, and even further behind the late 1990s (12.9 percent lower).



Average quarterly household water use during winter months is also declining, as shown the graph below.



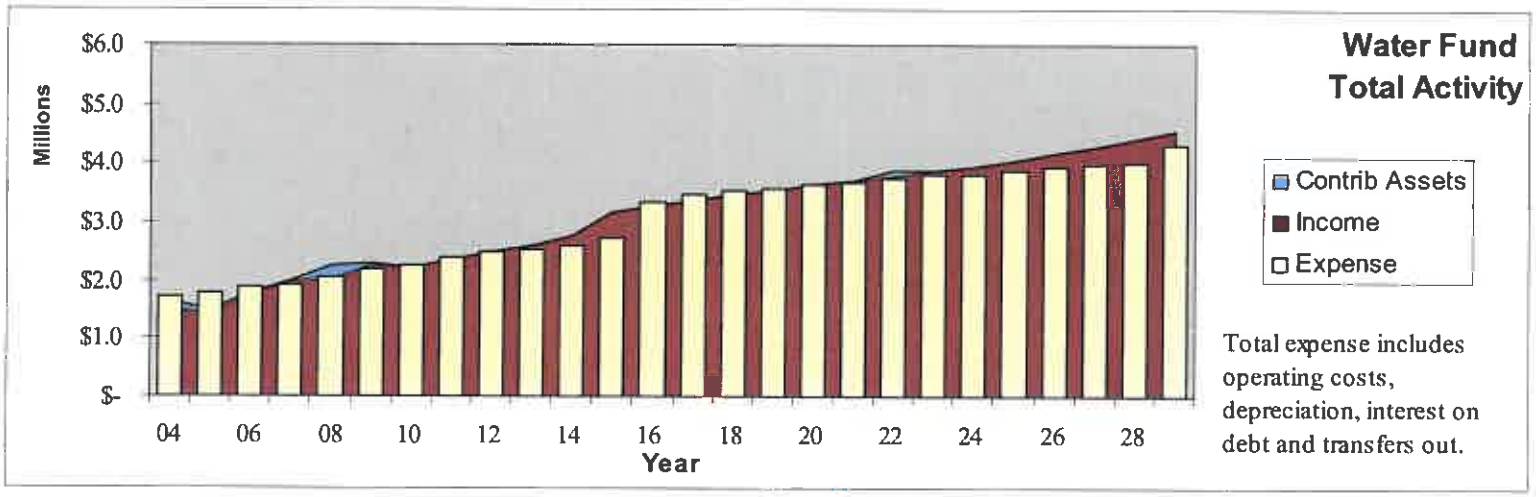
Water Fund Operations

In setting water rates the City expects fluctuations in water consumption from year to year, and therefore expects fluctuations in water revenue.

Revenue projections in the Water Fund utilize a "base year" approach for estimating gallons sold. This approach enables the City to set rates at levels that support operations, without allowing temporary fluctuations in revenue to increase gallon projections. Between the historical trend toward reduced water consumption, and the anticipated gain in gallons sold due to new water meters, the "base year" estimate of gallons is expected to increase 5 percent in each of the next 2 years.

Despite the challenges that fluctuating water consumption can cause, the graph below and the operating projections on the pages that follow show that planned adjustments to the City's water rates will adequately support operations and capital costs over the next 20 years.

Significant water system costs planned for the near future include: water line replacements, exterior coatings on the South water tower, rehabilitation of the underground reservoir, an update of well controls and the addition of a water treatment plant.



Water Fund Operating Projections	Actual 2000	Actual 2001	Actual 2002	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Estimated 2009
Revenue										
User charges	$ 1,324,965	$ 1,350,686	$ 1,128,583	$ 1,484,928	$ 1,339,006	$ 1,313,313	$ 1,584,700	$ 1,829,484	$ 1,883,743	$ 2,106,500
Facility charges	112,777	91,824	25,823	29,463	107,379	15,644	46,315	5,500	13,750	5,500
Meter sales	46,376	12,023	11,760	10,913	14,233	20,323	11,944	4,551	10,232	4,000
Other	19,339	7,903	9,632	16,404	10,810	10,854	6,195	8,312	12,635	9,500
Total Revenue	1,503,457	1,462,436	1,175,798	1,541,708	1,471,428	1,360,134	1,649,154	1,847,847	1,920,360	2,125,500
Expense										
Operations	924,745	989,116	1,014,801	1,028,744	1,010,200	1,144,102	1,164,562	1,193,418	1,235,563	1,334,358
Meters	96,077	77,102	47,758	38,100	32,426	41,747	79,160	46,513	94,056	-
Depreciation	341,589	352,079	369,404	379,858	391,392	414,137	430,841	448,850	465,963	516,000
Total Expense	1,362,411	1,418,297	1,431,963	1,446,702	1,434,018	1,599,986	1,674,563	1,688,781	1,795,582	1,850,358
Operating income (loss)	141,046	44,139	(256,165)	95,006	37,410	(239,852)	(25,409)	159,066	124,778	275,142
Other Sources (Uses)										
Miscellaneous items	47,071	1,021	556	6,722	262	-	-	-	(362)	-
Interest earnings	287,705	209,081	138,364	39,523	58,830	55,639	99,989	133,727	112,658	130,000
Transfer to General fund	(80,000)	(80,000)	(100,000)	(100,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(130,000)
Transfer to Debt & Capital funds	-	-	-	(8,994)	(73,267)	(3,190)	-	-	-	-
Interest and agent fees	(128,776)	(123,484)	(121,813)	(107,906)	(96,561)	(73,373)	(101,273)	(103,071)	(126,890)	(220,000)
Total Other Sources (Uses)	126,000	6,618	(82,893)	(170,655)	(230,736)	(140,924)	(121,284)	(89,344)	(134,594)	(220,000)
Contributed capital assets	258,859	87,375	24,000	27,000	124,280	50,730	30,485	-	212,000	50,000
Net change	525,905	138,132	(315,058)	(48,549)	(69,046)	(330,046)	(116,208)	69,722	202,184	105,142
Net assets at year-end	$ 12,695,683	$ 12,833,815	$ 12,518,757	$ 12,470,108	$ 12,401,062	$ 12,071,016	$ 11,954,808	$ 12,024,530	$ 12,226,714	$ 12,331,856
								weighted	weighted	
Rate increase (middle tier)	1.01%	1.00%	1.08%	3.01%	2.75%	3.43%	10.04%	8.02%	11.99%	4.99%
Change in user revenue	14.0%	1.9%	-16.4%	31.6%	-9.8%	-1.9%	20.7%	15.4%	3.0%	11.8%
Cash balance	$ 3,440,229	$ 3,971,756	$ 3,110,273	$ 2,799,470	$ 2,701,539	$ 1,769,292	$ 2,541,260	$ 2,770,388	$ 4,923,229	$ 2,984,474
Months of operating/capital coverage	22.6	19.5	21.5	17.0	12.4	10.5	11.0	14.0	13.3	13.6
Unspent bond proceeds						$ -	$ -	$ -	$ 2,116,195	$ -
Ratio/cash to operating expense	2.53	2.98	2.17	1.94	1.88	1.11	1.56	1.64	2.74	1.61
General transfer percent of net assets	0.70%	0.70%	0.84%	0.87%	1.04%	1.00%	1.03%	0.99%	0.98%	0.93%
General transfer percent of gross assets	0.46%	0.46%	0.54%	0.54%	0.64%	0.61%	0.61%	0.58%	0.57%	0.55%
Capital costs	$ 342,002	$ 205,217	$ 794,067	$ 71,732	$ 252,507	$ 816,391	$ 119,027	$ 861,990	$ 325,778	$ 2,245,000
Debt issued	$ -	$ 680,000	$ 295,000	$ -	$ 445,000	$ -	$ 860,000	$ 845,000	$ 2,365,000	$ -
Debt payments	$ 300,000	$ 370,000	$ 405,000	$ 475,000	$ 475,000	$ 200,000	$ 215,000	$ 220,000	$ 275,000	$ 315,000
Debt balance (year end)	$ 2,355,000	$ 2,665,000	$ 2,555,000	$ 2,080,000	$ 2,050,000	$ 1,850,000	$ 2,495,000	$ 3,120,000	$ 5,210,000	$ 4,895,000
Residential - tier 1	$ 0.627	$ 0.633	$ 0.640	$ 0.659	$ 0.677	$ 0.700	$ 0.770	$ 0.770	$ 0.816	$ 0.857
Residential - tier 2	$ 1.105	$ 1.116	$ 1.128	$ 1.162	$ 1.194	$ 1.235	$ 1.359	$ 1.468	$ 1.644	$ 1.726
Residential - tier 3	$ 1.603	$ 1.621	$ 1.639	$ 1.688	$ 1.734	$ 1.793	$ 1.972	$ 2.268	$ 2.608	$ 2.738
Residential - availability	$ 7.39	$ 7.46	$ 7.54	$ 7.77	$ 7.98	$ 8.25	$ 9.08	$ 10.90	$ 12.54	$ 13.17
Gallons sold (000)	1,053,300	1,061,395	885,448	1,098,341	973,093	918,150	992,794	1,048,408	973,104	1,050,576
Average residential gallons (qtr)	24,144	24,002	19,750	24,283	21,342	20,201	22,017	22,970	20,650	22,229
Customer accounts	8,250	8,307	8,393	8,418	8,433	8,477	8,516	8,551	8,586	8,589

CHIRP Summary

Water Fund Operating Projections	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019
Revenue										
User charges	$ 2,123,000	$ 2,235,000	$ 2,346,000	$ 2,464,000	$ 2,587,000	$ 2,974,000	$ 3,064,000	$ 3,156,000	$ 3,251,000	$ 3,348,000
Facility charges	5,500	-	-	-	-	-	-	-	-	-
Meter sales	4,000	9,000	3,500	2,000	2,000	-	-	-	-	-
Other	7,500	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Total Revenue	2,140,000	2,250,000	2,355,500	2,472,000	2,595,000	2,980,000	3,070,000	3,162,000	3,257,000	3,354,000
Expense										
Operations	1,330,320	1,390,800	1,431,800	1,474,700	1,518,900	1,564,500	1,661,600	1,711,500	1,762,700	1,815,500
Meters	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Depreciation	566,000	582,400	597,200	600,800	606,700	612,400	709,300	802,200	802,100	804,600
Total Expense	1,906,320	1,983,200	2,039,000	2,085,500	2,135,600	2,186,900	2,380,900	2,523,700	2,574,800	2,630,100
Operating income (loss)	233,680	266,800	316,500	386,500	459,400	793,100	689,100	638,300	682,200	723,900
Other Sources (Uses)										
Miscellaneous items	-	-	-	-	-	-	-	-	-	-
Interest earnings	100,000	125,000	145,000	133,000	161,000	177,000	209,000	206,000	204,000	198,000
Transfer to General fund	(145,000)	(160,000)	(175,000)	(190,000)	(205,000)	(235,000)	(265,000)	(295,000)	(325,000)	(350,000)
Transfer to Debt & Capital funds	-	(50,040)	(79,740)	(80,064)	(80,280)	(80,424)	(80,460)	(80,424)	(80,280)	(80,964)
Interest and agent fees	(200,000)	(186,390)	(200,184)	(179,605)	(186,167)	(225,965)	(607,776)	(580,084)	(550,555)	(519,246)
Total Other Sources (Uses)	(245,000)	(271,430)	(309,924)	(316,669)	(310,447)	(364,389)	(744,236)	(749,508)	(751,835)	(752,210)
Contributed capital assets	-	-	-	-	-	-	-	-	-	-
Net change	(11,320)	(4,630)	6,576	69,831	148,953	428,711	(55,136)	(111,208)	(69,635)	(28,310)
Net assets at year-end	$ 12,320,537	$ 12,315,907	$ 12,322,483	$ 12,392,313	$ 12,541,267	$ 12,969,978	$ 12,914,842	$ 12,803,634	$ 12,733,999	$ 12,705,689
Rate increase (middle tier)	4.98%	5.02%	4.99%	5.01%	5.00%	14.98%	3.00%	2.99%	3.01%	3.00%
Change in user revenue	0.8%	5.3%	5.0%	5.0%	5.0%	15.0%	3.0%	3.0%	3.0%	3.0%
Cash balance	$ 3,125,248	$ 3,213,571	$ 2,962,400	$ 3,568,424	$ 3,928,219	$ 4,650,968	$ 4,584,463	$ 4,525,581	$ 4,400,398	$ 4,180,434
Months of operating/capital coverage	12.7	13.8	12.9	14.7	3.8	16.5	15.5	14.9	13.9	11.5
Unspent bond proceeds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ratio/cash to operating expense	1.64	1.62	1.48	1.71	1.84	2.12	2.08	1.79	1.71	1.59
General transfer percent of net assets	1.05%	1.16%	1.30%	1.45%	1.60%	1.08%	1.26%	1.45%	1.65%	1.84%
General transfer percent of gross assets	0.61%	0.65%	0.71%	0.76%	0.81%	0.67%	0.76%	0.84%	0.93%	0.99%
Capital costs	$ 375,000	$ 578,800	$ 294,000	$ 221,000	$ 300,000	$ 9,567,000	$ 42,000	$ 60,000	$ 122,000	$ 221,000
Debt issued	$ 390,000	$ 600,000	$ -	$ 520,000	$ 310,000	$ 9,700,000	$ -	$ -	$ -	$ -
Debt payments	$ 425,000	$ 480,000	$ 530,000	$ 340,000	$ 375,000	$ 370,000	$ 655,000	$ 670,000	$ 715,000	$ 755,000
Debt balance (year end)	$ 4,860,000	$ 4,980,000	$ 4,450,000	$ 4,630,000	$ 4,565,000	$ 13,895,000	$ 13,240,000	$ 12,570,000	$ 11,855,000	$ 11,100,000
Residential - tier 1	$ 0.900	$ 0.945	$ 0.992	$ 1.042	$ 1.094	$ 1.258	$ 1.296	$ 1.335	$ 1.375	$ 1.416
Residential - tier 2	$ 1.812	$ 1.903	$ 1.998	$ 2.098	$ 2.203	$ 2.533	$ 2.609	$ 2.687	$ 2.768	$ 2.851
Residential - tier 3	$ 2.875	$ 3.019	$ 3.170	$ 3.329	$ 3.495	$ 4.019	$ 4.140	$ 4.264	$ 4.392	$ 4.524
Residential - availability	$ 13.83	$ 14.52	$ 15.25	$ 16.01	$ 16.81	$ 19.33	$ 19.91	$ 20.51	$ 21.13	$ 21.76
Gallons sold (000)	1,019,500	1,024,400	1,024,400	1,024,400	1,024,400	1,024,400	1,024,400	1,024,400	1,024,400	1,024,400
Average residential gallons (qtr)	-	-	-	-	-	-	-	-	-	-
Customer accounts	8,589	8,589	8,589	8,589	8,589	8,589	8,589	8,589	8,589	8,589

Water Fund Operating Projections	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
Revenue										
User charges	$ 3,431,000	$ 3,517,000	$ 3,605,000	$ 3,695,000	$ 3,787,000	$ 3,901,000	$ 4,018,000	$ 4,139,000	$ 4,263,000	$ 4,391,000
Facility charges	-	-	-	-	-	-	-	-	-	-
Meter sales	-	-	-	-	-	-	-	-	-	-
Other	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Total Revenue	3,437,000	3,523,000	3,611,000	3,701,000	3,793,000	3,907,000	4,024,000	4,145,000	4,269,000	4,397,000
Expense										
Operations	1,869,900	1,925,900	1,983,700	2,058,200	2,119,400	2,182,500	2,247,600	2,314,500	2,368,500	2,439,600
Meters	10,000	10,000	10,000	25,000	25,000	25,000	25,000	25,000	10,000	10,000
Depreciation	815,800	814,300	815,800	815,700	803,900	815,300	814,000	805,000	817,900	887,100
Total Expense	2,695,700	2,750,200	2,809,500	2,898,900	2,948,300	3,022,800	3,086,600	3,144,500	3,196,400	3,336,700
Operating income (loss)	741,300	772,800	801,500	802,100	844,700	884,200	937,400	1,000,500	1,072,600	1,060,300
Other Sources (Uses)										
Miscellaneous items	-	-	-	-	-	-	-	-	-	-
Interest earnings	188,000	183,000	171,000	159,000	151,000	145,000	144,000	136,000	135,000	137,000
Transfer to General fund	(365,000)	(380,000)	(395,000)	(410,000)	(425,000)	(440,000)	(455,000)	(460,000)	(475,000)	(490,000)
Transfer to Debt & Capital funds	(80,604)	(81,054)	(80,460)	(80,694)	(80,784)	(80,730)	(81,450)	(81,090)	(79,704)	(79,110)
Interest and agent fees	(485,935)	(479,438)	(440,983)	(403,214)	(366,479)	(328,747)	(326,400)	(295,300)	(265,300)	(397,400)
Total Other Sources (Uses)	(743,539)	(757,492)	(745,443)	(734,908)	(721,263)	(704,477)	(718,850)	(700,390)	(685,004)	(829,510)
Contributed capital assets	-	-	100,000	-	-	-	-	-	-	-
Net change	(2,239)	15,308	156,057	67,192	123,437	179,723	218,550	300,110	387,596	230,790
Net assets at year-end	$ 12,703,451	$ 12,718,759	$ 12,874,815	$ 12,942,007	$ 13,065,444	$ 13,245,167	$ 13,463,717	$ 13,763,827	$ 14,151,423	$ 14,382,213
Rate increase (middle tier)	2.49%	2.50%	2.50%	2.51%	2.51%	3.01%	3.01%	3.01%	3.01%	3.00%
Change in user revenue	2.5%	2.5%	2.5%	2.5%	2.5%	3.0%	3.0%	3.0%	3.0%	3.0%
Cash balance	$ 4,077,338	$ 3,808,493	$ 3,523,305	$ 3,354,824	$ 3,221,506	$ 3,191,392	$ 3,019,032	$ 2,989,542	$ 3,049,948	$ 2,869,068
Months of operating/capital coverage	12.5	11.6	10.7	10.0	8.3	8.6	8.2	4.4	7.7	
Unspent bond proceeds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ratio/cash to operating expense	1.57	1.36	1.28	1.16	1.09	1.06	0.98	0.95	0.95	0.86
General transfer percent of net assets	1.92%	2.07%	2.21%	2.38%	2.55%	2.65%	2.79%	2.89%	2.48%	2.61%
General transfer percent of gross assets	1.01%	1.05%	1.08%	1.12%	1.15%	1.17%	1.19%	1.19%	1.11%	1.13%
Capital costs	$ 745,000	$ 219,000	$ 229,000	$ 158,000	$ 213,000	$ 768,000	$ 495,000	$ 445,000	$ 4,059,000	$ 472,000
Debt issued	$ 630,000	$ -	$ -	$ -	$ -	$ 630,000	$ -	$ -	$ 3,630,000	$ -
Debt payments	$ 785,000	$ 860,000	$ 910,000	$ 875,000	$ 830,000	$ 865,000	$ 690,000	$ 670,000	$ 695,000	$ 805,000
Debt balance (year end)	$ 10,945,000	$ 10,085,000	$ 9,175,000	$ 8,300,000	$ 7,470,000	$ 7,235,000	$ 6,545,000	$ 5,875,000	$ 8,810,000	$ 8,005,000
Residential - tier 1	$ 1.451	$ 1.487	$ 1.524	$ 1.562	$ 1.601	$ 1.649	$ 1.698	$ 1.749	$ 1.801	$ 1.855
Residential - tier 2	$ 2.922	$ 2.995	$ 3.070	$ 3.147	$ 3.226	$ 3.323	$ 3.423	$ 3.526	$ 3.632	$ 3.741
Residential - tier 3	$ 4.637	$ 4.753	$ 4.872	$ 4.994	$ 5.119	$ 5.273	$ 5.431	$ 5.594	$ 5.762	$ 5.935
Residential - availability	$ 22.30	$ 22.86	$ 23.43	$ 24.02	$ 24.62	$ 25.36	$ 26.12	$ 26.90	$ 27.71	$ 28.54
Gallons sold (000)	1,024,400	1,024,400	1,024,400	1,024,400	1,024,400	1,024,400	1,024,400	1,024,400	1,024,400	1,024,400
Average residential gallons (qtr)	-	-	-	-	-	-	-	-	-	-
Customer accounts	8,589	8,589	8,589	8,589	8,589	8,589	8,589	8,589	8,589	8,589

Sewer Fund Operations

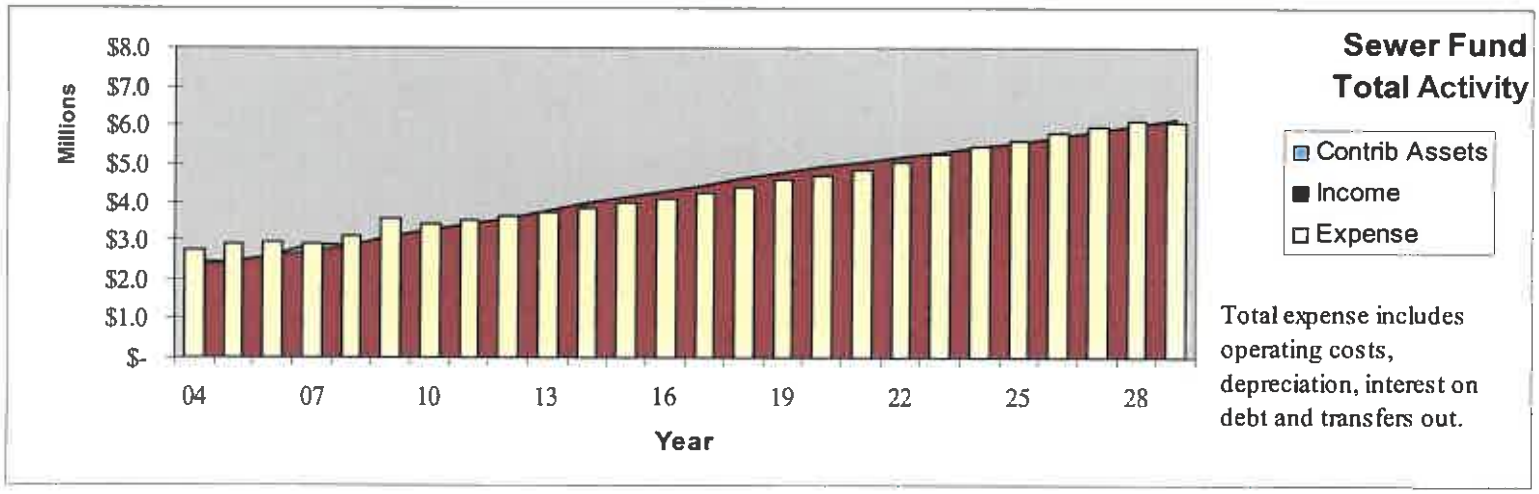
The City's Sewer Fund accounts for the collection and treatment of wastewater (sewage) from homes and businesses throughout the community. Sewage is routed or pumped into facilities owned and operated by Metropolitan Council Environmental Services. Because the cost of sewage treatment is represents about half of the sewer budget, sewer rates are designed to reward low volume customers with lower costs, and to charge high volume customers more because they contribute more flow to the sewer system.

Groundwater infiltration and storm water inflow, particularly during periods of heavy rain, impact sewage flows as well. Cracks in sewer lines, openings in manholes, and connections of roof drains to the sewer system allow water to flow directly into sewer pipes, driving up flows and sewage treatment costs.

In an effort to reduce sewage flow the City is actively working to evaluate sewer lines and is using relining techniques to repair lines more effectively. The City is also nearing the completion of a commercial roof and residential sump pump inspection program to further reduce sewage flows.

Significant sewer system costs planned for the near future include: sewer line repairs and relining, manhole replacement, sewer line replacement in conjunction with street renewal projects, and rehabilitation of lift stations.

The graph below and the operating projections on the pages that follow show that planned adjustments to the City's sewer rates will adequately support operating and capital costs over the next 20 years.



CHIRP Summary

Sewer Fund Operating Projections	Actual 2000	Actual 2001	Actual 2002	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Estimated 2009
Revenue										
User charges	$ 2,050,687	$ 2,126,976	$ 2,149,995	$ 2,233,347	$ 2,333,859	$ 2,444,623	$ 2,575,807	$ 2,688,544	$ 2,841,078	$ 3,120,000
Facility charges	75,340	63,965	10,535	10,659	8,583	13,777	36,350	2,475	4,125	3,500
Other	5,964	4,102	7,708	3,208	4,765	4,006	3,886	4,895	3,797	2,500
Total Revenue	2,131,991	2,195,043	2,168,238	2,247,214	2,347,207	2,462,406	2,616,043	2,695,914	2,849,000	3,126,000
Expense										
Operations	656,633	745,536	809,412	823,716	925,959	929,252	983,068	977,660	1,093,256	1,391,999
Sewage treatment	1,167,776	1,222,261	1,232,496	1,398,218	1,365,072	1,492,122	1,472,338	1,438,485	1,496,964	1,657,500
Depreciation	163,935	170,236	183,487	192,642	202,753	211,236	226,161	243,644	251,630	261,000
Total Expense	1,988,344	2,138,033	2,225,395	2,414,576	2,493,784	2,632,610	2,681,567	2,659,789	2,841,850	3,310,499
Operating income (loss)	143,647	57,010	(57,157)	(167,362)	(146,577)	(170,204)	(65,524)	36,125	7,150	(184,499)
Other Sources (Uses)										
Miscellaneous items	9,389	13,660	23,841	2,092	3,733	-	1,714	-	(362)	-
Interest earnings	210,959	163,940	105,167	32,649	50,948	50,714	88,847	103,979	74,581	70,000
Transfer to General fund	(80,000)	(80,000)	(100,000)	(100,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)
Transfer to Debt & Capital funds	-	-	-	(8,994)	(69,593)	(3,190)	-	-	-	-
Interest and agent fees	-	-	-	-	(11,231)	(10,923)	(21,362)	(23,635)	(34,913)	(57,000)
Total Other Sources (Uses)	140,348	97,600	29,008	(74,253)	(146,143)	(83,399)	(50,801)	(39,656)	(80,694)	(107,000)
Contributed capital assets	34,247	(4,647)	-	27,000	105,000	-	-	200,000	24,000	-
Net change	318,242	149,963	(28,149)	(214,615)	(187,720)	(253,603)	(116,325)	196,469	(49,544)	(291,499)
Net assets at year-end	$ 7,686,546	$ 7,836,509	$ 7,808,360	$ 7,593,745	$ 7,406,025	$ 7,152,422	$ 7,036,097	$ 7,232,566	$ 7,183,022	$ 6,891,523
Rate increase (middle tier)	-5.0%	1.8%	1.8%	3.3%	5.5%	4.6%	5.5%	5.7%	6.2%	10.0%
Change in user revenue	-1.5%	3.7%	1.1%	3.9%	4.5%	4.7%	5.4%	4.4%	5.7%	9.8%
Cash balance	$ 2,622,806	$ 2,689,294	$ 2,556,948	$ 2,340,398	$ 2,396,057	$ 1,854,669	$ 1,939,084	$ 1,928,594	$ 2,483,341	$ 1,780,354
Months of operating/capital coverage	13.6	10.6	10.9	9.2	9.0	7.2	7.2	7.5	7.3	5.8
Unspent bond proceeds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 509,212	$ -
Ratio/cash to operating expense	1.32	1.26	1.15	0.97	0.96	0.70	0.72	0.73	0.87	0.54
General transfer percent of net assets	1.96%	2.01%	2.22%	2.18%	2.47%	2.37%	2.35%	2.19%	2.24%	2.10%
General transfer percent of gross assets	0.98%	0.97%	1.11%	1.08%	1.24%	1.19%	1.16%	1.09%	1.08%	1.02%
Capital costs	$ 49,583	$ 97,875	$ 711,508	$ 297,791	$ 365,266	$ 435,113	$ 256,032	$ 427,853	$ 96,295	$ 620,000
Debt issued	$ -	$ -	$ -	$ -	$ 395,000	$ -	$ 270,000	$ 260,000	$ 580,000	$ -
Debt payments	$ -	$ -	$ -	$ -	$ -	$ 30,000	$ 30,000	$ 30,000	$ 45,000	$ 55,000
Debt balance (year end)	$ -	$ -	$ -	$ -	$ 395,000	$ 365,000	$ 605,000	$ 835,000	$ 1,370,000	$ 1,315,000
Residential - tier 1				$ 36.10	$ 38.09	$ 39.84	$ 42.03	$ 39.85	$ 39.66	$ 43.63
Residential - tier 2				$ 40.62	$ 42.87	$ 44.84	$ 47.30	$ 47.18	$ 48.16	$ 52.98
Residential - tier 3	$ 42.09	$ 42.85	$ 43.62	$ 45.15	$ 47.63	$ 49.82	$ 52.56	$ 55.56	$ 58.99	$ 64.89
Residential - tier 4				$ 49.68	$ 52.41	$ 54.82	$ 57.83	$ 63.71	$ 70.19	$ 77.21
Residential - tier 5				$ 54.20	$ 57.18	$ 59.81	$ 63.09	$ 72.36	$ 82.84	$ 91.13
Commercial (consumption)	$ 2.110	$ 2.150	$ 2.190	$ 2.267	$ 2.392	$ 2.502	$ 2.640	$ 2.798	$ 2.970	$ 3.270
Commercial gallons (000)	87,766	90,995	76,582	94,670	94,354	90,439	92,563	88,102	84,071	86,000
Customer accounts	10,820	10,877	11,109	11,122	11,134	11,182	11,227	11,426	11,469	11,477

CHIRP Summary

Sewer Fund Operating Projections	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019
Revenue										
User charges	$ 3,260,000	$ 3,417,400	$ 3,583,500	$ 3,761,900	$ 3,950,200	$ 4,108,500	$ 4,272,900	$ 4,443,700	$ 4,621,500	$ 4,806,100
Facility charges	3,500	-	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Other	2,500	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Total Revenue	3,266,000	3,419,400	3,589,500	3,767,900	3,956,200	4,114,500	4,278,900	4,449,700	4,627,500	4,812,100
Expense										
Operations	1,155,970	1,197,661	1,235,554	1,264,321	1,302,100	1,340,994	1,381,140	1,427,473	1,465,128	1,509,145
Sewage treatment	1,757,600	1,810,000	1,860,000	1,920,000	1,980,000	2,080,000	2,180,000	2,290,000	2,400,000	2,520,000
Depreciation	278,000	285,790	289,167	292,105	294,884	298,397	299,386	298,957	299,736	298,525
Total Expense	3,191,570	3,293,451	3,384,721	3,476,426	3,576,984	3,719,391	3,860,526	4,016,430	4,164,864	4,327,670
Operating income (loss)	74,430	125,949	204,779	291,474	379,216	395,109	418,374	433,270	462,636	484,430
Other Sources (Uses)										
Miscellaneous items	-	-	-	-	-	-	-	-	-	-
Interest earnings	53,000	67,000	64,000	67,000	85,000	93,000	99,000	106,000	113,000	124,000
Transfer to General fund	(121,000)	(122,000)	(123,000)	(124,000)	(125,000)	(126,000)	(127,000)	(128,000)	(129,000)	(130,000)
Transfer to Debt & Capital funds	-	(50,040)	(79,740)	(80,064)	(80,280)	(80,424)	(80,460)	(80,424)	(80,280)	(80,964)
Interest and agent fees	(60,400)	(61,448)	(57,596)	(53,387)	(68,013)	(61,789)	(55,399)	(50,071)	(44,442)	(38,301)
Total Other Sources (Uses)	(128,400)	(166,488)	(196,336)	(190,451)	(188,293)	(175,213)	(163,859)	(152,495)	(140,722)	(125,265)
Contributed capital assets	-	-	-	-	-	-	-	-	-	-
Net change	(53,970)	(40,539)	8,443	101,023	190,923	219,896	254,515	280,775	321,914	359,165
Net assets at year-end	$ 6,837,553	$ 6,797,014	$ 6,805,457	$ 6,906,480	$ 7,097,403	$ 7,317,298	$ 7,571,813	$ 7,852,588	$ 8,174,502	$ 8,533,667
Rate increase (middle tier)	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Change in user revenue	4.5%	4.8%	4.9%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Cash balance	$ 1,915,296	$ 1,822,241	$ 1,912,922	$ 2,430,651	$ 2,657,983	$ 2,834,843	$ 3,020,343	$ 3,222,948	$ 3,548,917	$ 3,682,380
Months of operating/capital coverage	6.2	5.9	6.0	7.4	7.7	7.9	8.1	8.5	8.7	8.8
Unspent bond proceeds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ratio/cash to operating expense	0.60	0.55	0.57	0.70	0.74	0.76	0.78	0.80	0.85	0.85
General transfer percent of net assets	2.11%	2.16%	2.27%	2.37%	2.50%	2.59%	2.68%	2.76%	2.89%	2.89%
General transfer percent of gross assets	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	0.99%	0.98%	0.98%	0.97%
Capital costs	$ 302,000	$ 193,800	$ 65,000	$ 104,000	$ 67,000	$ 154,000	$ 175,000	$ 205,000	$ 117,000	$ 333,000
Debt issued	$ 320,000	$ -	$ -	$ 380,000	$ -	$ -	$ -	$ -	$ -	$ -
Debt payments	$ 80,000	$ 105,000	$ 105,000	$ 110,000	$ 145,000	$ 150,000	$ 155,000	$ 130,000	$ 135,000	$ 145,000
Debt balance (year end)	$ 1,555,000	$ 1,450,000	$ 1,345,000	$ 1,615,000	$ 1,470,000	$ 1,320,000	$ 1,165,000	$ 1,035,000	$ 900,000	$ 755,000
Residential - tier 1	$ 45.81	$ 48.10	$ 50.50	$ 53.03	$ 55.68	$ 57.91	$ 60.23	$ 62.64	$ 65.14	$ 67.74
Residential - tier 2	$ 55.63	$ 58.41	$ 61.33	$ 64.40	$ 67.62	$ 70.33	$ 73.14	$ 76.06	$ 79.10	$ 82.26
Residential - tier 3	$ 68.13	$ 71.54	$ 75.12	$ 78.88	$ 82.82	$ 86.14	$ 89.59	$ 93.17	$ 96.90	$ 100.77
Residential - tier 4	$ 81.07	$ 85.12	$ 89.38	$ 93.85	$ 98.54	$ 102.49	$ 106.59	$ 110.85	$ 115.28	$ 119.89
Residential - tier 5	$ 95.68	$ 100.46	$ 105.48	$ 110.76	$ 116.29	$ 120.95	$ 125.79	$ 130.82	$ 136.05	$ 141.49
Commercial (consumption)	$ 3.434	$ 3.606	$ 3.786	$ 3.975	$ 4.174	$ 4.341	$ 4.515	$ 4.696	$ 4.884	$ 5.079
Commercial gallons (000)	84,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Customer accounts	11,479	11,479	11,479	11,479	11,479	11,479	11,479	11,479	11,479	11,479

CHIRP Summary

Sewer Fund Operating Projections	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
Revenue										
User charges	$ 4,926,300	$ 5,049,400	$ 5,175,700	$ 5,305,000	$ 5,437,600	$ 5,573,600	$ 5,712,800	$ 5,855,900	$ 6,002,400	$ 6,152,600
Facility charges	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Other	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Total Revenue	4,932,300	5,055,400	5,181,700	5,311,000	5,443,600	5,579,600	5,718,800	5,861,900	6,008,400	6,158,600
Expense										
Operations	1,554,561	1,601,418	1,654,657	1,699,520	1,750,853	1,803,802	1,858,515	1,914,840	1,972,929	2,032,936
Sewage treatment	2,650,000	2,780,000	2,920,000	3,070,000	3,220,000	3,320,000	3,420,000	3,520,000	3,630,000	3,740,000
Depreciation	299,205	299,491	298,195	298,371	296,999	297,634	297,724	298,108	298,877	300,866
Total Expense	4,503,766	4,680,909	4,872,852	5,067,891	5,267,852	5,421,436	5,576,239	5,732,948	5,901,806	6,073,802
Operating income (loss)	428,534	374,491	308,848	243,109	175,748	158,164	142,561	128,952	106,594	84,798
Other Sources (Uses)										
Miscellaneous items	-	-	-	-	-	-	-	-	-	-
Interest earnings	129,000	135,000	138,000	140,000	141,000	137,000	134,000	133,000	133,000	133,000
Transfer to General fund	(132,000)	(134,000)	(136,000)	(139,000)	(142,000)	(145,000)	(148,000)	(151,000)	(154,000)	(157,000)
Transfer to Debt & Capital funds	(80,604)	(81,054)	(80,460)	(80,694)	(80,784)	(80,730)	(81,450)	(81,090)	(79,704)	(79,110)
Interest and agent fees	(31,869)	(25,311)	(18,118)	(11,602)	(5,752)	(1,883)	-	-	-	-
Total Other Sources (Uses)	(115,473)	(105,365)	(96,578)	(91,296)	(87,536)	(90,613)	(95,450)	(99,090)	(100,704)	(103,110)
Contributed capital assets	-	-	-	-	-	-	-	-	-	-
Net change	313,061	269,126	212,270	151,813	88,212	67,551	47,111	29,862	5,890	(18,312)
Net assets at year-end	$ 8,846,728	$ 9,115,854	$ 9,328,124	$ 9,479,937	$ 9,568,150	$ 9,635,701	$ 9,682,812	$ 9,712,674	$ 9,718,564	$ 9,700,252
Rate increase (middle tier)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Change in user revenue	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Cash balance	$ 3,865,036	$ 3,941,185	$ 3,991,935	$ 4,020,270	$ 3,906,391	$ 3,839,755	$ 3,794,740	$ 3,813,610	$ 3,800,347	$ 3,714,831
Months of operating/capital coverage	8.9	8.8	8.6	8.2	7.9	7.5	7.3	7.1	6.9	6.6
Unspent bond proceeds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ratio/cash to operating expense	0.86	0.84	0.82	0.79	0.74	0.71	0.68	0.67	0.64	0.61
General transfer percent of net assets	2.97%	3.00%	3.07%	3.17%	3.17%	3.22%	3.24%	3.33%	3.40%	3.44%
General transfer percent of gross assets	0.96%	0.96%	0.95%	0.96%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%
Capital costs	$ 255,000	$ 312,000	$ 269,000	$ 246,000	$ 393,000	$ 321,000	$ 359,000	$ 277,000	$ 285,000	$ 334,000
Debt issued	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Debt payments	$ 145,000	$ 150,000	$ 160,000	$ 145,000	$ 75,000	$ 80,000	$ -	$ -	$ -	$ -
Debt balance (year end)	$ 610,000	$ 460,000	$ 300,000	$ 155,000	$ 80,000	$ -	$ -	$ -	$ -	$ -
Residential - tier 1	$ 69.43	$ 71.17	$ 72.95	$ 74.77	$ 76.64	$ 78.56	$ 80.52	$ 82.54	$ 84.60	$ 86.72
Residential - tier 2	$ 84.32	$ 86.43	$ 88.59	$ 90.80	$ 93.07	$ 95.40	$ 97.78	$ 100.23	$ 102.74	$ 105.31
Residential - tier 3	$ 103.29	$ 105.87	$ 108.52	$ 111.23	$ 114.01	$ 116.86	$ 119.78	$ 122.78	$ 125.85	$ 129.00
Residential - tier 4	$ 122.89	$ 125.96	$ 129.11	$ 132.34	$ 135.64	$ 139.03	$ 142.51	$ 146.08	$ 149.73	$ 153.48
Residential - tier 5	$ 145.03	$ 148.66	$ 152.38	$ 156.19	$ 160.09	$ 164.10	$ 168.20	$ 172.41	$ 176.72	$ 181.14
Commercial (consumption)	$ 5.206	$ 5.336	$ 5.469	$ 5.606	$ 5.746	$ 5.890	$ 6.037	$ 6.188	$ 6.343	$ 6.502
Commercial gallons (000)	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Customer accounts	11,479	11,479	11,479	11,479	11,479	11,479	11,479	11,479	11,479	11,479

Surface Water Management Operations

The City's surface water system collects and directs storm water runoff and provides protections for ground water quality. The program is designed to preserve and use natural water storage and retention systems are used as much as is practical to reduce capital expenditures necessary to:

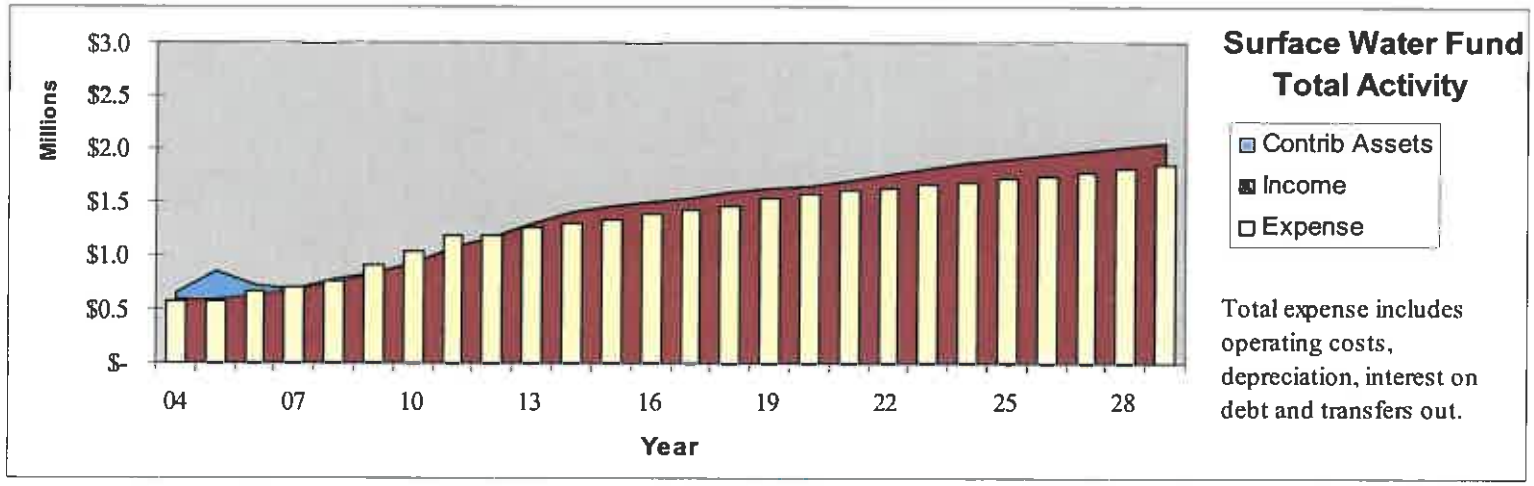
- Control excessive volumes and rates of runoff
- Improve ground water quality
- Prevent flooding and erosion from surface water flows
- Promote ground water recharge
- Protect and enhance fish and wildlife habitat
- Protect lake water quality

The program seeks to prevent flooding and improve ground water quality through utilization of wetlands, ponds and artificial detention areas.

Wetland management allows the City to improve water quality and reduce City maintenance efforts. Emphasis is placed on sediment removal as the primary method of water quality improvement.

Significant surface water system costs planned for the near future include: storm system repairs and replacements, improvements, pond dredging, lift station controls, and storm improvements in conjunction with street renewal projects.

The graph below and the operating projections on the pages that follow show that planned adjustments to the City's surface water rates will adequately support operating and capital costs over the next 20 years.



CHIRP Summary

Surface Water Fund Operating Projections	Actual 2000	Actual 2001	Actual 2002	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Estimated 2009
Revenue										
User charges	$ 443,348	$ 502,212	$ 521,023	$ 571,143	$ 583,241	$ 589,757	$ 612,947	$ 656,750	$ 723,966	$ 790,000
Facility charges	-	20,720	-	-	-	-	-	-	-	-
Snail lake augmentation	7,986	6,069	5,612	1,705	7,258	3,804	13,853	10,731	12,884	42,451
Other	1,907	3,332	11,695	5,423	6,066	5,815	5,355	16,906	13,117	5,000
Total Revenue	453,241	532,333	538,330	578,271	596,565	599,376	632,155	684,387	749,967	837,451
Expense										
Operations	282,715	310,651	419,727	410,462	415,069	404,321	468,245	413,808	460,507	527,231
Snail lake augmentation	14,366	10,784	9,310	3,127	12,231	6,420	23,400	18,123	21,796	71,708
Pond dredging	-	-	-	-	-	10,904	344	84,595	63,454	60,000
Depreciation	61,168	77,665	95,894	104,825	120,284	130,263	140,903	151,543	159,159	167,000
Total Expense	358,249	399,100	524,931	518,414	547,584	551,908	632,892	668,069	704,916	825,939
Operating income (loss)	94,992	133,233	13,399	59,857	48,981	47,468	(737)	16,318	45,051	11,512
Other Sources (Uses)										
Miscellaneous items	1,171	(362)	201	11,641	7,756	-	286	20,512	49,638	105,000
Interest earnings	29,217	33,072	19,888	7,909	17,990	19,193	38,336	46,861	37,161	30,000
Transfer to General fund	-	-	-	-	-	-	-	-	-	(20,000)
Transfer to Debt & Capital funds	-	-	-	-	-	-	-	-	-	-
Interest and agent fees	-	-	(5,514)	(14,902)	(29,451)	(27,538)	(26,492)	(32,303)	(48,344)	(55,000)
Total Other Sources (Uses)	30,388	32,710	14,575	4,648	(3,705)	(8,345)	12,130	35,070	38,455	60,000
Contributed capital assets	876,202	620,592	125,796	376,103	47,107	247,124	98,062	-	37,063	-
Net change	1,001,582	786,535	153,770	440,608	92,383	286,247	109,455	51,388	120,569	71,512
Net assets at year-end	$ 4,851,618	$ 5,638,153	$ 5,791,923	$ 6,232,531	$ 6,324,914	$ 6,611,161	$ 6,720,616	$ 6,772,004	$ 6,892,573	$ 6,964,085
Rate increase - homes	44.7%	12.5%	3.0%	3.5%	2.5%	2.5%	3.2%	6.0%	10.1%	10.0%
Change in user revenue	16.2%	13.3%	3.7%	9.6%	2.1%	1.1%	3.9%	7.1%	10.2%	9.1%
Cash balance	$ 456,182	$ 448,545	$ 569,086	$ 391,167	$ 821,318	$ 843,595	$ 793,618	$ 900,456	$ 946,904	$ 1,090,449
Months of operating/capital coverage	8.8	5.0	7.9	5.8	15.1	12.9	7.3	10.2	5.3	8.9
Unspent bond proceeds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,977	$ -
Ratio/cash to operating expense	1.27	1.12	1.08	0.75	1.50	1.53	1.25	1.35	1.34	1.32
General transfer percent of net assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.24%
General transfer percent of gross assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.20%
Capital costs	$ 3,135	$ 220,839	$ 537,974	$ 329,106	$ 229,206	$ 72,563	$ 128,157	$ 603,385	$ 309,673	$ 1,250,000
Debt issued	$ -	$ -	$ 475,000	$ -	$ 535,000	$ -	$ -	$ 600,000	$ 230,000	$ 1,240,000
Debt payments	$ -	$ -	$ -	$ -	$ 35,000	$ 80,000	$ 80,000	$ 80,000	$ 80,000	$ 110,000
Debt balance (year end)	$ -	$ -	$ 475,000	$ 475,000	$ 975,000	$ 895,000	$ 815,000	$ 1,335,000	$ 1,485,000	$ 2,615,000
Residential rate (homes)	$ 7.90	$ 8.89	$ 9.16	$ 9.48	$ 9.72	$ 9.96	$ 10.28	$ 10.90	$ 12.00	$ 13.20
Residential rate (townhomes)	$ 8.38	$ 9.43	$ 9.71	$ 10.05	$ 10.30	$ 10.56	$ 10.90	$ 11.55	$ 12.71	$ 13.98
Comm, apart, condo rate (per acre)	$ 66.17	$ 74.44	$ 76.67	$ 79.35	$ 81.33	$ 83.36	$ 86.07	$ 91.23	$ 100.35	$ 110.40
Customer accounts	8,865	8,565	8,666	9,229	9,187	9,244	9,199	9,273	9,286	9,288

CHIRP Summary

Surface Water Fund Operating Projections	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019
Revenue										
User charges	$ 870,000	$ 1,025,942	$ 1,128,532	$ 1,241,597	$ 1,365,736	$ 1,406,650	$ 1,448,759	$ 1,492,360	$ 1,537,180	$ 1,583,347
Facility charges	-	-	-	-	-	-	-	-	-	-
Snail lake augmentation	44,279	46,402	46,111	45,839	45,584	47,617	49,577	49,194	51,098	50,660
Other	5,000	-	-	-	-	-	-	-	-	-
Total Revenue	919,279	1,072,344	1,174,643	1,287,436	1,411,320	1,454,267	1,498,336	1,541,554	1,588,278	1,634,007
Expense										
Operations	588,813	655,110	621,890	639,140	658,690	678,850	699,660	721,140	743,310	766,170
Snail lake augmentation	28,895	29,760	30,650	31,570	32,520	33,500	34,510	35,550	36,620	37,720
Pond dredging	89,400	110,000	110,000	120,000	130,000	130,000	130,000	130,000	130,000	140,000
Depreciation	177,000	188,800	202,400	214,000	219,200	224,700	235,400	243,400	248,900	263,700
Total Expense	884,108	983,670	964,940	1,004,710	1,040,410	1,067,050	1,099,570	1,130,090	1,158,830	1,207,590
Operating income (loss)	35,171	88,674	209,703	282,726	370,910	387,217	398,766	411,464	429,448	426,417
Other Sources (Uses)										
Miscellaneous items	-	-	-	-	-	-	-	-	-	-
Interest earnings	28,000	29,000	21,000	23,000	22,000	23,000	26,000	25,000	29,000	33,000
Transfer to General fund	(40,000)	(50,000)	(60,000)	(75,000)	(85,000)	(90,000)	(100,000)	(110,000)	(120,000)	(130,000)
Transfer to Debt & Capital funds	-	(36,140)	(57,590)	(57,824)	(57,980)	(58,084)	(58,110)	(58,084)	(57,980)	(58,474)
Interest and agent fees	(118,200)	(119,435)	(110,246)	(122,315)	(121,289)	(123,052)	(134,209)	(123,020)	(127,104)	(146,330)
Total Other Sources (Uses)	(130,200)	(176,575)	(206,836)	(232,139)	(242,269)	(248,136)	(266,319)	(266,104)	(276,084)	(301,804)
Contributed capital assets	-	-	-	-	-	-	-	-	-	-
Net change	(95,029)	(87,901)	2,867	50,587	128,641	139,081	132,447	145,360	153,364	124,613
Net assets at year-end	$ 6,869,056	$ 6,781,155	$ 6,784,022	$ 6,834,609	$ 6,963,250	$ 7,102,331	$ 7,234,778	$ 7,380,138	$ 7,533,502	$ 7,658,115
Rate increase - homes	10.0%	18.0%	10.0%	10.0%	10.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Change in user revenue	10.1%	17.9%	10.0%	10.0%	10.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Cash balance	$ 965,064	$ 699,070	$ 753,668	$ 733,368	$ 774,680	$ 882,276	$ 819,299	$ 958,216	$ 1,098,678	$ 994,900
Months of operating/capital coverage	9.1	5.5	6.2	5.5	4.9	7.0	5.5	5.2	7.9	7.0
Unspent bond proceeds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ratio/cash to operating expense	1.09	0.71	0.78	0.73	0.74	0.83	0.75	0.85	0.95	0.82
General transfer percent of net assets	0.47%	0.59%	0.70%	0.88%	0.98%	1.01%	1.13%	1.23%	1.27%	1.39%
General transfer percent of gross assets	0.39%	0.48%	0.56%	0.69%	0.76%	0.77%	0.85%	0.90%	0.93%	1.00%
Capital costs	$ 421,000	$ 90,000	$ 319,000	$ 189,000	$ 298,000	$ 545,000	$ 114,130	$ 369,000	$ 760,000	$ 130,000
Debt issued	$ 440,000	$ -	$ 430,000	$ 200,000	$ 310,000	$ 570,000	$ -	$ 390,000	$ 800,000	$ -
Debt payments	$ 205,000	$ 235,000	$ 235,000	$ 265,000	$ 285,000	$ 270,000	$ 305,000	$ 260,000	$ 290,000	$ 350,000
Debt balance (year end)	$ 2,850,000	$ 2,615,000	$ 2,810,000	$ 2,745,000	$ 2,770,000	$ 3,070,000	$ 2,765,000	$ 2,895,000	$ 3,405,000	$ 3,055,000
Residential rate (homes)	$ 14.52	$ 17.13	$ 18.84	$ 20.72	$ 22.79	$ 23.47	$ 24.17	$ 24.90	$ 25.65	$ 26.42
Residential rate (townhomes)	$ 15.38	$ 18.15	$ 19.97	$ 21.97	$ 24.17	$ 24.90	$ 25.65	$ 26.42	$ 27.21	$ 28.03
Comm, apart, condo rate (per acre)	$ 121.44	$ 143.30	$ 157.63	$ 173.39	$ 190.73	$ 196.45	$ 202.34	$ 208.41	$ 214.66	$ 221.10
Customer accounts	9,288	9,288	9,288	9,288	9,288	9,288	9,288	9,288	9,288	9,288

CHIRP Summary

Surface Water Fund Operating Projections	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
Revenue										
User charges	$ 1,630,759	$ 1,679,816	$ 1,730,174	$ 1,782,200	$ 1,835,653	$ 1,872,305	$ 1,909,594	$ 1,947,890	$ 1,986,850	$ 2,026,473
Facility charges	-	-	-	-	-	-	-	-	-	-
Snail lake augmentation	22,999	23,692	24,402	25,136	25,888	26,664	27,463	28,286	29,132	30,008
Other	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,653,758	1,703,508	1,754,576	1,807,336	1,861,541	1,898,969	1,937,057	1,976,176	2,015,982	2,056,481
Expense										
Operations	789,760	814,120	839,240	865,170	891,910	919,520	948,000	977,390	1,007,730	1,039,040
Snail lake augmentation	38,850	40,020	41,220	42,460	43,730	45,040	46,390	47,780	49,210	50,690
Pond dredging	150,000	160,000	170,000	180,000	190,000	200,000	210,000	220,000	230,000	240,000
Depreciation	275,700	279,000	282,400	284,500	286,100	287,700	289,300	290,900	292,600	294,400
Total Expense	1,254,310	1,293,140	1,332,860	1,372,130	1,411,740	1,452,260	1,493,690	1,536,070	1,579,540	1,624,130
Operating income (loss)	399,448	410,368	421,716	435,206	449,801	446,709	443,367	440,106	436,442	432,351
Other Sources (Uses)										
Miscellaneous items	-	-	-	-	-	-	-	-	-	-
Interest earnings	30,000	28,000	25,000	23,000	23,000	26,000	31,000	37,000	44,000	52,000
Transfer to General fund	(135,000)	(138,000)	(140,000)	(141,000)	(141,000)	(143,000)	(143,000)	(143,000)	(143,000)	(143,000)
Transfer to Debt & Capital funds	(58,214)	(58,539)	(58,110)	(58,279)	(58,344)	(58,305)	(58,825)	(58,565)	(57,564)	(57,135)
Interest and agent fees	(131,112)	(117,784)	(103,799)	(88,594)	(74,648)	(60,774)	(50,700)	(42,100)	(34,800)	(24,800)
Total Other Sources (Uses)	(294,326)	(286,323)	(276,909)	(264,873)	(250,992)	(236,079)	(221,525)	(206,665)	(191,364)	(172,935)
Contributed capital assets	-	-	-	-	-	-	-	-	-	-
Net change	105,122	124,045	144,807	170,333	198,809	210,630	221,842	233,441	245,078	259,416
Net assets at year-end	$ 7,763,237	$ 7,887,282	$ 8,032,089	$ 8,202,422	$ 8,401,231	$ 8,611,861	$ 8,833,703	$ 9,067,144	$ 9,312,222	$ 9,571,638
Rate increase - homes	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Change in user revenue	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Cash balance	$ 932,083	$ 833,905	$ 772,722	$ 781,476	$ 868,660	$ 1,031,236	$ 1,249,788	$ 1,473,049	$ 1,730,638	$ 2,006,404
Months of operating/capital coverage	6.3	5.6	5.3	5.3	5.8	6.8	8.0	9.3	10.7	12.1
Unspent bond proceeds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ratio/cash to operating expense	0.74	0.64	0.58	0.57	0.62	0.71	0.84	0.96	1.10	1.24
General transfer percent of net assets	1.47%	1.52%	1.56%	1.61%	1.65%	1.72%	1.76%	1.81%	1.85%	1.90%
General transfer percent of gross assets	1.02%	1.03%	1.04%	1.04%	1.03%	1.04%	1.03%	1.03%	1.02%	1.01%
Capital costs	$ 137,000	$ 174,000	$ 141,000	$ 78,000	$ 80,000	$ 82,000	$ 84,000	$ 87,000	$ 90,000	$ 93,000
Debt issued	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Debt payments	$ 295,000	$ 315,000	$ 335,000	$ 355,000	$ 305,000	$ 245,000	$ 200,000	$ 205,000	$ 180,000	$ 175,000
Debt balance (year end)	$ 2,760,000	$ 2,445,000	$ 2,110,000	$ 1,755,000	$ 1,450,000	$ 1,205,000	$ 1,005,000	$ 800,000	$ 620,000	$ 445,000
Residential rate (homes)	$ 27.21	$ 28.03	$ 28.87	$ 29.74	$ 30.63	$ 31.24	$ 31.86	$ 32.50	$ 33.15	$ 33.81
Residential rate (townhomes)	$ 28.87	$ 29.74	$ 30.63	$ 31.55	$ 32.50	$ 33.15	$ 33.81	$ 34.49	$ 35.18	$ 35.88
Comm, apart, condo rate (per acre)	$ 227.73	$ 234.56	$ 241.60	$ 248.85	$ 256.32	$ 261.45	$ 266.68	$ 272.01	$ 277.45	$ 283.00
Customer accounts	9,288	9,288	9,288	9,288	9,288	9,288	9,288	9,288	9,288	9,288

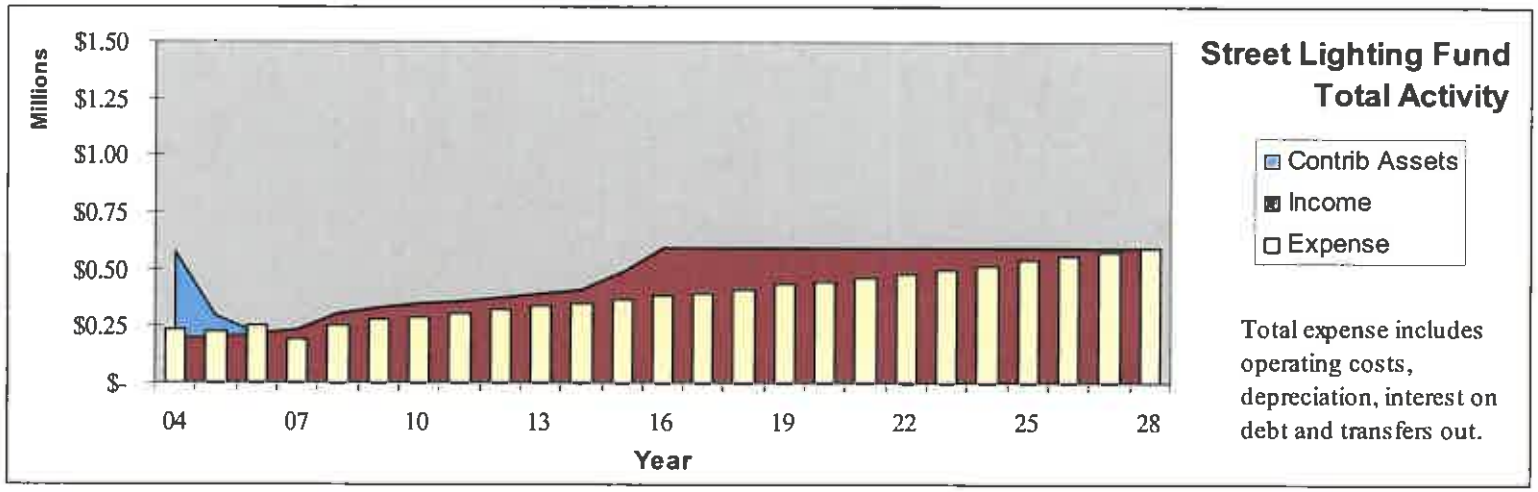
Street Lighting Operations

Street light operations provide support for safe vehicle and pedestrian traffic throughout the community. The system includes lights owned by the City as well as lights leased from Xcel Energy.

The City's Street Lighting Fund was created in 2004 in effort to cover the cost of operations and capital replacements through user fees. Operation and maintenance of the street lighting system includes periodic rewiring of lights, energy costs and repair and replacement of lights.

Street light additions, replacements, repairs and energy costs have the most significant impact on the street lighting budget and rates. Repair and energy costs account for two-thirds of the street lighting budget, and replacement costs are expected to increase steadily as the oldest lights in the City are replaced.

The graph below and the operating projections on the pages that follow show that planned adjustments to the City's street lighting rates will adequately support operating and capital costs over the next 20 years.



CHIRP Summary

Street Lighting Fund Operating Projections		Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Estimated 2009
Revenue							
User charges		$ 197,552	$ 197,102	$ 218,112	$ 232,375	$ 302,600	$ 333,000
Other		-	6	(11)	44	1,097	-
Total Revenue	Note: The Street Lighting fund was created in 2004	197,552	197,108	218,101	232,419	303,697	333,000
Expense							
Operations		153,331	162,996	180,713	184,111	205,167	216,887
Street light repairs		39,505	24,680	36,930	29,606	13,109	25,000
Depreciation		41,043	38,137	39,223	40,871	38,825	36,000
Total Expense		233,879	225,813	256,866	254,588	257,101	277,887
Operating income (loss)		(36,327)	(28,705)	(38,765)	(22,169)	46,596	55,113
Other Sources (Uses)							
Miscellaneous items		-	-	-	-	-	-
Interest earnings		52	-	262	1,036	3,982	3,000
Transfer to General fund		-	-	-	-	-	(3,000)
Transfer to Debt & Capital funds		-	-	-	60,000	-	-
Interest and agent fees		-	-	(263)	(421)	-	-
Total Other Sources (Uses)		52	-	(1)	60,615	3,982	-
Contributed capital assets		380,979	95,053	-	-	-	-
Net change		344,704	66,348	(38,766)	38,446	50,578	55,113
Net assets at year-end		$ 344,704	$ 411,052	$ 372,286	$ 410,732	$ 461,310	$ 516,423
Rate increase			0.0%	10.0%	5.9%	30.0%	10.1%
Change in user revenue			-0.2%	10.7%	6.5%	30.2%	10.0%
Cash balance		$ 6,298	$ 832	$ 690	$ 68,206	$ 143,557	$ 150,090
Ratio/cash to operating expense			0.00	0.00	0.27	0.56	0.54
Months of operating/capital coverage		0.3	0.0	0.0	3.2	4.7	4.3
General transfer percent of net assets		0.00%	0.00%	0.00%	0.00%	0.00%	0.92%
General transfer percent of gross assets		0.00%	0.00%	0.00%	0.00%	0.00%	0.24%
Capital costs		$ -	$ -	$ -	$ -	$ -	$ 85,000
Home/townhome rate		$ 4.00	$ 4.00	$ 4.40	$ 4.66	$ 6.06	$ 6.67
Apartment/mobile home rate		$ 3.00	$ 3.00	$ 3.30	$ 3.50	$ 4.55	$ 5.00
Commercial/industrial rate (per acre)		$ 12.00	$ 12.00	$ 13.20	$ 14.00	$ 18.20	$ 20.02
Customer accounts		10,885	10,916	10,978	11,020	11,035	11,035

CHIRP Summary

Street Lighting Fund Operating Projections	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019
Revenue										
User charges	$ 347,000	$ 360,517	$ 375,019	$ 390,062	$ 409,524	$ 491,434	$ 589,817	$ 589,817	$ 589,817	$ 589,817
Other	-	-	-	-	-	-	-	-	-	-
Total Revenue	347,000	360,517	375,019	390,062	409,524	491,434	589,817	589,817	589,817	589,817
Expense										
Operations	220,878	230,940	238,305	243,785	250,453	257,368	264,438	272,755	279,268	287,005
Street light repairs	25,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000	34,000
Depreciation	36,000	38,000	42,000	45,000	47,000	53,000	60,000	63,000	68,000	78,000
Total Expense	281,878	294,940	307,305	316,785	326,453	340,368	355,438	367,755	380,268	399,005
Operating income (loss)	65,122	65,577	67,714	73,277	83,071	151,066	234,379	222,062	209,549	190,812
Other Sources (Uses)										
Miscellaneous items	-	-	-	-	-	-	-	-	-	-
Interest earnings	3,000	3,500	4,500	3,600	3,600	3,300	2,700	2,300	6,600	5,500
Transfer to General fund	(6,000)	(9,000)	(12,000)	(15,000)	(18,000)	(20,000)	(22,500)	(23,500)	(26,000)	(28,500)
Transfer to Debt & Capital funds	-	(2,780)	(4,430)	(4,448)	(4,460)	(4,468)	(4,470)	(4,468)	(4,460)	(4,498)
Interest and agent fees	-	-	-	-	-	-	-	-	-	-
Total Other Sources (Uses)	(3,000)	(8,280)	(11,930)	(15,848)	(18,860)	(21,168)	(24,270)	(25,668)	(23,860)	(27,498)
Contributed capital assets	-	-	-	-	-	-	-	-	-	-
Net change	62,122	57,297	55,784	57,429	64,211	129,898	210,109	196,394	185,689	163,314
Net assets at year-end	$ 578,545	$ 635,842	$ 691,626	$ 749,055	$ 813,266	$ 943,164	$ 1,153,273	$ 1,349,667	$ 1,535,356	$ 1,698,670
Rate increase	4.0%	4.0%	4.0%	4.0%	5.0%	20.0%	20.0%	0.0%	0.0%	0.0%
Change in user revenue	4.2%	3.9%	4.0%	4.0%	5.0%	20.0%	20.0%	0.0%	0.0%	0.0%
Cash balance	$ 118,162	$ 148,609	$ 118,743	$ 118,372	$ 109,533	$ 90,331	$ 75,252	$ 219,346	$ 184,135	$ 193,410
Ratio/cash to operating expense	0.42	0.50	0.39	0.37	0.34	0.27	0.21	0.60	0.48	0.48
Months of operating/capital coverage	3.8	4.0	3.3	3.0	2.4	1.7	1.8	3.8	3.3	4.1
General transfer percent of net assets	1.43%	2.02%	2.27%	2.57%	2.75%	2.53%	2.25%	2.23%	2.04%	1.99%
General transfer percent of gross assets	0.43%	0.62%	0.76%	0.89%	1.00%	1.00%	0.99%	0.99%	0.97%	0.98%
Capital costs	$ 128,250	$ 63,450	$ 125,650	$ 101,000	$ 117,350	$ 189,000	$ 269,488	$ 116,000	$ 289,000	$ 232,839
Home/townhome rate	$ 6.94	$ 7.22	$ 7.51	$ 7.81	$ 8.20	$ 9.84	$ 11.81	$ 11.81	$ 11.81	$ 11.81
Apartment/mobile home rate	$ 5.20	$ 5.41	$ 5.63	$ 5.86	$ 6.15	$ 7.38	$ 8.86	$ 8.86	$ 8.86	$ 8.86
Commercial/industrial rate (per acre)	$ 20.82	$ 21.65	$ 22.52	$ 23.42	$ 24.59	$ 29.51	$ 35.41	$ 35.41	$ 35.41	$ 35.41
Customer accounts	11,035	11,035	11,035	11,035	11,035	11,035	11,035	11,035	11,035	11,035

CHIRP Summary

Street Lighting Fund Operating Projections	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
Revenue										
User charges	$ 589,817	$ 589,817	$ 589,817	$ 589,817	$ 589,817	$ 589,817	$ 589,817	$ 589,817	$ 589,817	$ 589,817
Other	-	-	-	-	-	-	-	-	-	-
Total Revenue	589,817	589,817	589,817	589,817	589,817	589,817	589,817	589,817	589,817	589,817
Expense										
Operations	294,968	303,125	312,518	320,175	329,128	338,373	347,828	357,495	367,488	377,788
Street light repairs	35,000	36,000	37,000	38,000	40,000	42,000	44,000	46,000	48,000	50,000
Depreciation	85,000	89,000	96,000	104,000	109,000	115,000	120,000	125,000	130,000	138,000
Total Expense	414,968	428,125	445,518	462,175	478,128	495,373	511,828	528,495	545,488	565,788
Operating income (loss)	174,849	161,692	144,299	127,642	111,689	94,444	77,989	61,322	44,329	24,029
Other Sources (Uses)										
Miscellaneous items	-	-	-	-	-	-	-	-	-	-
Interest earnings	5,800	9,400	12,800	11,400	13,700	15,300	16,500	17,200	17,500	16,600
Transfer to General fund	(29,500)	(30,500)	(33,000)	(34,000)	(35,000)	(37,000)	(38,000)	(40,000)	(41,000)	(43,000)
Transfer to Debt & Capital funds	(4,478)	(4,503)	(4,470)	(4,483)	(4,488)	(4,485)	(4,525)	(4,505)	(4,428)	(4,395)
Interest and agent fees	-	-	-	-	-	-	-	-	-	-
Total Other Sources (Uses)	(28,178)	(25,603)	(24,670)	(27,083)	(25,788)	(26,185)	(26,025)	(27,305)	(27,928)	(30,795)
Contributed capital assets	-	-	-	-	-	-	-	-	-	-
Net change	146,671	136,089	119,629	100,559	85,901	68,259	51,964	34,017	16,401	(6,766)
Net assets at year-end	$ 1,845,341	$ 1,981,430	$ 2,101,059	$ 2,201,618	$ 2,287,519	$ 2,355,778	$ 2,407,742	$ 2,441,759	$ 2,458,160	$ 2,451,394
Rate increase	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Change in user revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash balance	$ 314,781	$ 427,170	$ 380,439	$ 456,898	$ 510,399	$ 549,258	$ 574,022	$ 582,939	$ 552,140	$ 503,374
Ratio/cash to operating expense	0.76	1.00	0.85	0.99	1.07	1.11	1.12	1.10	1.01	0.89
Months of operating/capital coverage	6.6	6.9	7.3	8.3	9.0	9.4	9.5	9.1	8.3	
General transfer percent of net assets	2.03%	2.06%	2.01%	2.04%	2.05%	2.13%	2.16%	2.24%	2.23%	2.29%
General transfer percent of gross assets	0.98%	0.98%	0.97%	0.97%	0.96%	0.97%	0.96%	0.98%	0.96%	0.96%
Capital costs	$ 111,000	$ 113,000	$ 262,760	$ 129,000	$ 142,000	$ 145,000	$ 148,000	$ 151,000	$ 178,000	$ 181,000
Home/townhome rate	$ 11.81	$ 11.81	$ 11.81	$ 11.81	$ 11.81	$ 11.81	$ 11.81	$ 11.81	$ 11.81	$ 11.81
Apartment/mobile home rate	$ 8.86	$ 8.86	$ 8.86	$ 8.86	$ 8.86	$ 8.86	$ 8.86	$ 8.86	$ 8.86	$ 8.86
Commercial/industrial rate (per acre)	$ 35.41	$ 35.41	$ 35.41	$ 35.41	$ 35.41	$ 35.41	$ 35.41	$ 35.41	$ 35.41	$ 35.41
Customer accounts	11,035	11,035	11,035	11,035	11,035	11,035	11,035	11,035	11,035	11,035