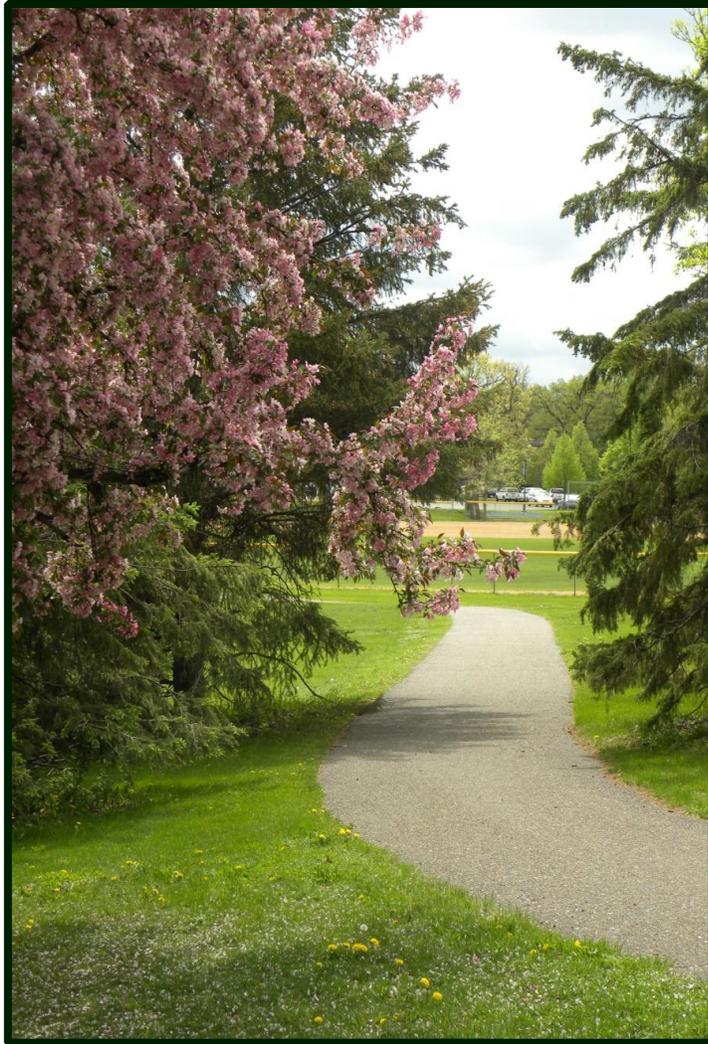


City of Shoreview, Minnesota

2014 Comprehensive Infrastructure Replacement Plan and Policy



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Overview

Comprehensive Infrastructure Replacement Plan

Introduction

Planning and providing financing for capital replacement costs is a difficult challenge that involves evaluating assets and their expected useful lives, determining appropriate repair and replacement strategies (including timing), projecting repair and replacement costs, examining financing options, determining bonding levels, estimating user fees and tax levies, and evaluating the impact on property owners.

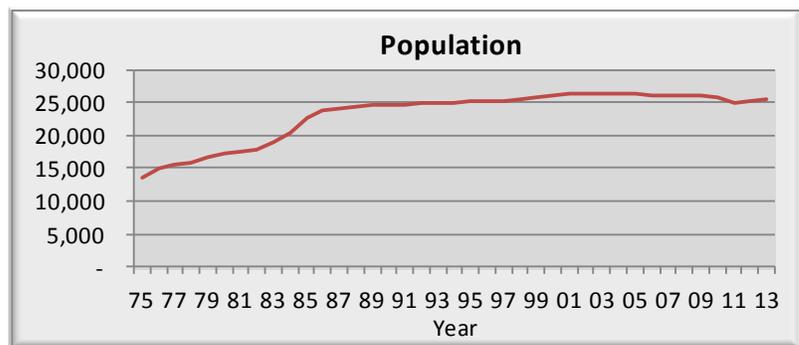
Government entities across the country address this issue in different ways. Some governments plan for capital repair and replacement costs on an annual basis through the budget process; while others plan for replacement needs through a broader capital improvement program (CIP) that typically covers 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 to completely evaluate the long-term impact on citizens and property owners.

To expand the discussion and improve long-term planning efforts, the Shoreview City Council adopted a Comprehensive Infrastructure Replacement Policy in 1992. The policy requires the preparation of an annual Comprehensive Infrastructure Replacement Plan (CHIRP) addressing estimated replacement costs (for a minimum of 40 years) and an analysis of the impact on financing sources (primarily tax levies and user fees). The plan provides an ongoing analytical framework for capital projections (replacements and additions) as well as the resulting impact on tax levies and user fees. This document contains the current result of that analysis.

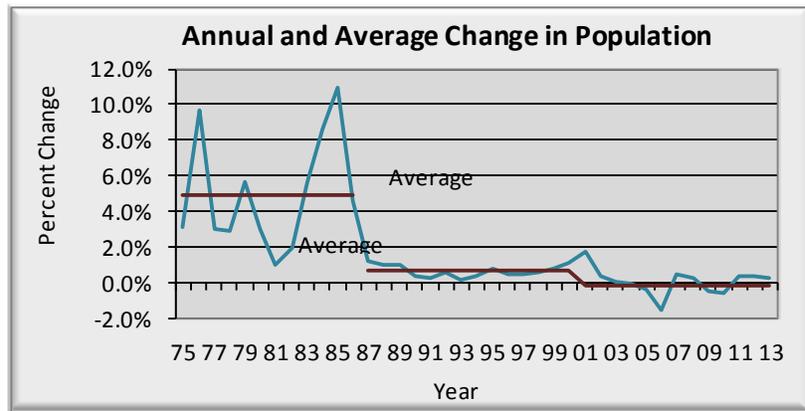
Community Profile

Shoreview offers a full range of services to its 25,000 residents. The annual operating budget is \$25 million, including debt service funds (and excluding transfers between funds). Of that amount, the general fund budget is \$9 million. These budget levels are low in comparison to communities of similar size in the metro area and result in City property taxes and spending per capita well below the average for comparison cities. This puts additional pressure on the City to plan ahead for capital costs in an effort to avoid sharp increases in taxes and user fees.

From 1970 to 1986 Shoreview experienced high population growth, with an average annual change near 5% per year. Growth in total property value during these years provided substantial increases in revenues which helped the City develop high quality community services and facilities.



In more recent years the City has moved closer toward full development. For instance, population growth slowed to an annual average of less than one percent per year from the mid 1980s through the year 2000, and since the year 2000 population has decreased an average of .15 percent annually.



Because Shoreview has been near full development for more than two decades, repair and replacement costs account for approximately 77 percent of total capital costs (excluding the planned addition of a water treatment facility) in the most recent 5-year CIP. Recognizing this shift in the City’s life cycle in the 1980s (from a developing community to fully developed), adopting policies designed to address the changing emphasis, and executing the plan on an annual basis has been essential to maintaining a quality infrastructure system that meets the needs of the community.

Policy Objectives

Shoreview’s CHIRP policy and plan are designed to achieve several objectives including:

- **Create a permanent program** – For more than two decades, the City has incorporated infrastructure replacement estimates into short and long-term financial planning; in part, because examining capital needs well in advance helps identify trends, creates opportunities to carefully consider financing strategies and helps the City maintain quality systems that support services.
- **Moderate changes in the tax levy and user fees** – 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 revenue sources, Shoreview’s policy emphasizes the examination of capital replacement needs on a long-term basis which allows the City to adjust levies and user fees in a more gradual manner.
- **Plan carefully for new debt** – By considering capital costs over the long term, the City has greater ability to balance the use of current resources versus bonded debt well in advance. This allows the City to accumulate necessary resources in advance, avoiding bonding for capital costs in some instances, which reduces reliance on bonded debt where appropriate.
- **Limit special assessments** – Shoreview’s strict assessment policy limits the use of property assessments to once per improvement type, due to the belief the entire community shares the responsibility for the replacement of infrastructure. Therefore, tax levies and user fees (rather than future special assessments) are designed to support replacement costs.

To ensure Shoreview’s long-term planning is successful in meeting these objectives, the infrastructure replacement policy also requires:

- Disclosure of proposed financing mechanisms
- Compliance with the City’s fund balance policy and the fund balance objectives stated in the policy
- Analysis of revenue sources used to finance capital replacements, including tax levies, utility rates, user charges and inter-fund charges

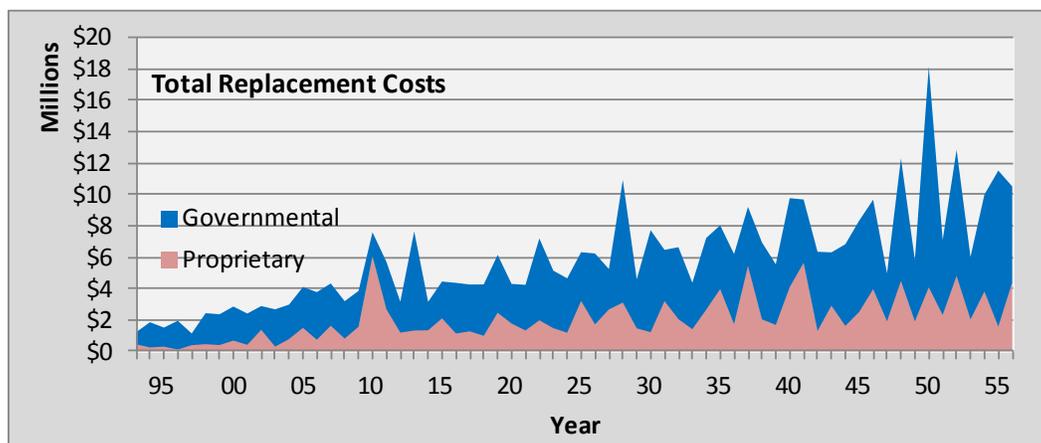
The City’s infrastructure replacement policy identifies potential funding sources for each class of asset, provides restrictions for resources dedicated to replacement costs, and establishes a formal process to authorize a deviation from the policy. In order to deviate from the restrictions outlined in the CHIRP policy, the City Council must follow one of two procedures: 1) declare a financial emergency by at least a four-fifths vote, or 2) conduct a public hearing to declare its intent and invite public input. Notice of the hearing must be provided to the public in each newspaper of general circulation throughout Shoreview at least 30 days prior to the hearing, and the notice must also 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. Capital project funds, enterprise funds and an internal service fund account for capital replacement costs. These funds are described in the next section.

Capital Replacements

Replacement projections and the associated funding mechanisms are separated into two sections, governmental assets (formerly referred to as general fixed assets) and proprietary assets. Replacement of governmental assets is accounted for within capital project funds, and proprietary assets are accounted for within enterprise and internal service funds.

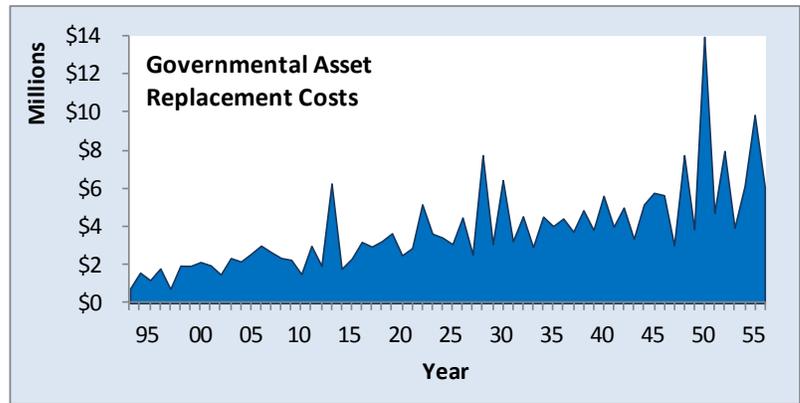
Over the next 40 years this plan provides for the replacement of \$179 million in governmental assets and \$100 million in proprietary assets, for a total of \$279 million in asset replacements. The graph below shows historical and projected replacement estimates.



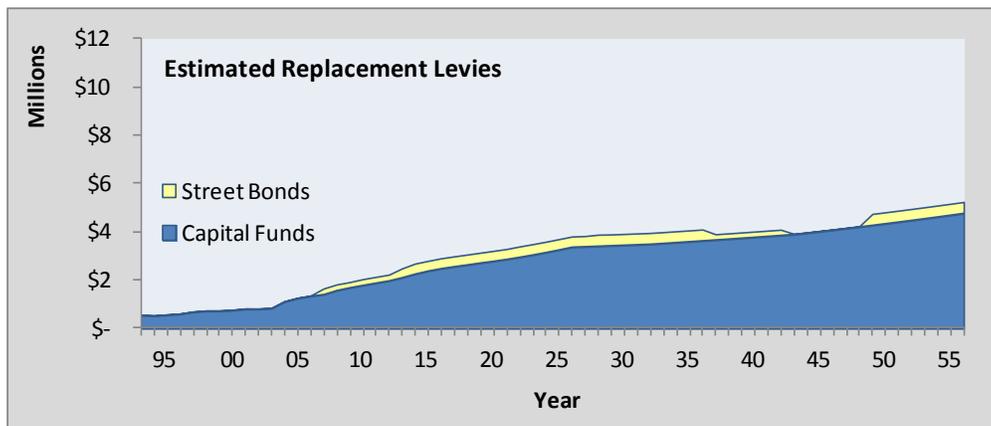
Governmental Assets

Governmental asset replacement costs are accounted for within three capital project revolving funds: the Street Renewal Fund, MSA Fund, 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 these assets are accounted for within governmental funds, depreciation is recorded at the entity-wide level only. Two capital project funds account for governmental asset replacements, in effect, picking up where fund accounting leaves off.

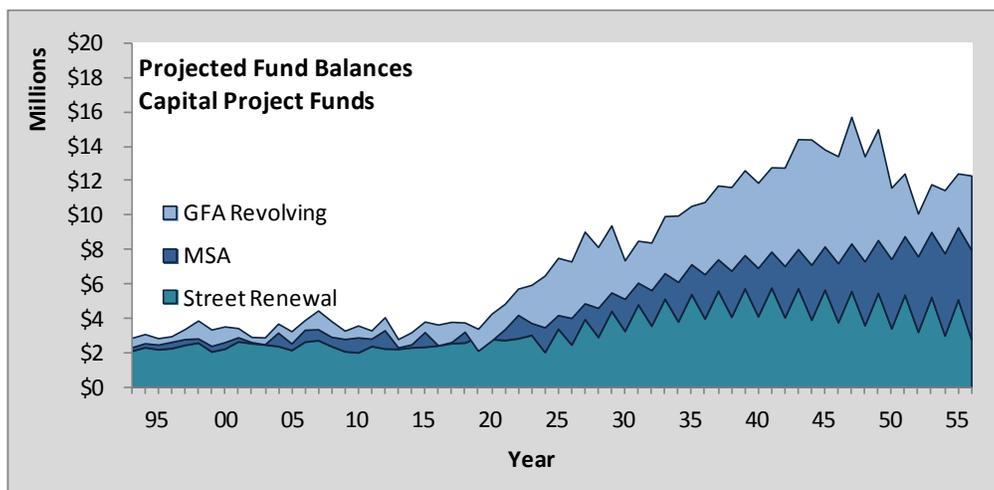
Projections indicate that this plan provides for the replacement of \$73 million in general assets during the first twenty years and another \$106 million in the 20 years after that. As shown in the graph at right, projected replacement costs vary greatly between years (due to the size and nature of specific projects). Resources and fund balances are designed to provide a stable source of funds to finance capital costs.



Primary sources of funds for governmental asset replacements include tax levies, MSA (state aid for collector streets), investment interest earnings and street improvement bonds. Over the next 6 years, changes in the replacement portion of the City's levy (including levies for street bonds) cause an average annual increase in the total tax of .9 percent annually. After 2019, the average impact drops to about one half percent per year. The portion of the annual property tax levy dedicated to replacement costs is shown in the graph below.

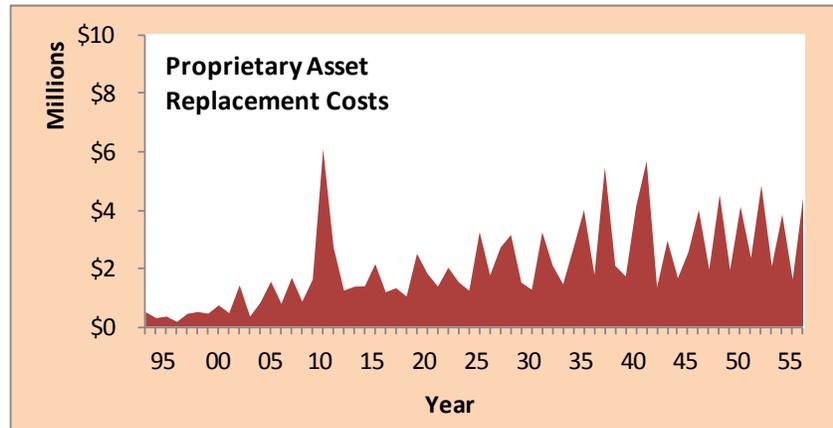


Fund balances in governmental funds are maintained at or above policy objectives, despite capital costs that vary dramatically from year to year, and tax levies that grow at modest rates. The graph below illustrates combined fund balances for the Infrastructure Reserve (street renewal), MSA and General 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, buildings, vehicles and equipment owned by each fund. Projections indicate this plan provides for the replacement of \$38 million in proprietary assets during the first twenty years and another \$62 million in the second twenty years. As with governmental assets, the size and nature of some improvements cause total replacement costs to vary greatly from year to year. The graph below shows historical and projected proprietary asset replacement costs. Detailed replacement projections for all proprietary assets are presented later in this report.



To ensure adequate funding of proprietary asset replacements, the City's policy requires the preparation of a 20-year operating plan at least once every five years. The plan must include examination of operating projections, capital replacement costs, estimated debt issuance, and capital additions, and the information must be used to analyze and recommend future utility rates and inter-fund charges. As a practical matter, the City prepares 5-year operating projections as part of the Biennial Budget and Five-Year Operating Plan (FYOP).

For 2014, the projected annual change in the average total utility bill for the next two years is 4.3 percent (covering water, sewer, surface water, and street lighting). A one-time 12 percent adjustment to water rates is planned for 2016 to accommodate debt service associated with the construction of a water treatment plant.

Operating projections for the Central Garage Fund (an internal service fund), including inter-fund charges, are included in this plan. The inter-fund charges are designed to support operating costs of the maintenance center facility, as well as repair and maintenance of the building, vehicles and equipment. Projections, which are updated annually, indicate rental fees are projected to be at or below inflation rates over the next twenty years.

Bonded Debt

This infrastructure replacement plan assumes the use of bonding to support a portion of replacement costs, and for the addition of a water treatment facility. Estimated debt issuance over the next 10 years is as follows:

- \$ 2.0 million Water system replacements
- \$ 9.1 million Water treatment facility added
- \$ 2.9 million Sewer system replacements
- \$ 2.2 million Surface water system replacements
- \$ 1.1 million Special assessment debt, added improvements
- \$17.3 million Total Projected 10-Year Debt Issuance

During this same period, the City will retire \$16 million in debt.

Summary

The City Council has, through the adoption of the infrastructure replacement policy, demonstrated their commitment to maintaining quality services and facilities through regular long-term financial planning efforts. This support has been essential to achieving this goal, and will be a key component in the future as assets continue to age.

Over the last 20 years Shoreview has funded replacement costs and preserved high quality services while maintaining lower tax rates and user fees. To evaluate how Shoreview compares to 28 metro area cities (of similar size), a Community Benchmarks booklet is prepared annually for property tax, tax rate and spending comparisons. The 2013 data indicates that Shoreview is 6th lowest among comparison cities for the city-share of the property tax bill, is 6th lowest for the city property tax rate, and is 23% below the average per capita total spending. Shoreview's emphasis on long-range planning will help the City maintain this favorable comparison into the future, and remain an attractive location for area businesses and homeowners.

We hope our efforts to provide for infrastructure replacement will encourage other government jurisdictions to be innovative in planning for the future financing of government services and facilities.

Cities are often being challenged to run their organizations more like a 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 Shoreview citizens. This, in turn, helps maintain reasonable tax levies and user fees, strong financial condition, moderate debt levels, and high bond ratings in the future.

Comprehensive Infrastructure Replacement Policy

Summary of Policy Requirements and Provisions

Policy Adopted November 16, 1992, Resolution #92-1984 and Revised October 21, 1996, Resolution #96-119

An abbreviated summary of the City's replacement policy is provided in the table below and on the facing page. It should be noted that in all cases investment interest remains in the fund, and inter-fund loans are subject to Council approval (repaid with interest).

Description	Governmental (General) Assets		
	Infrastructure Reserve (Street Renewal)	General Fixed Asset Revolving	Internal Service Assets
			Central Garage
Replacement projections	40 years	40 years	40 years
New improvement projections	Not applicable	Not applicable	10 years
Operating projections	40 years	40 years	20 years
Source of revenue	Property taxes Investment interest Other future revenues	Property taxes Investment interest Other future 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	Central garage equipment, buildings and other central garage fund assets
Minimum fund or cash balance	Two million dollars	None	Half of operating costs
Targeted working capital target	2-3 years	1 year	4 months
Debt restrictions	Declare replacement monies as source of funding when bonds are authorized and/or Council approves transfers to the debt fund.		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

Description	Enterprise Assets			
	Enterprise Assets			
	Water	Sewer	Surface Water	Street Lighting
Replacement projections	40 years	40 years	40 years	40 years
New improvement projections	10 years	10 years	10 years	10 years
Operating projections	20 years	20 years	20 years	20 years
Source of revenue	User fees Interest earnings Area charges Other revenue	User fees Interest earnings Area charges Other revenue	User fees Interest earnings All other revenues Other revenue	User fees Interest earnings All other revenues Other revenue
Eligible expenditures	Water systems and other water fund assets	Sewer systems and other sewer fund assets	Surface water systems and other surface water fund assets	Street lighting systems and other street lighting fund assets
Minimum fund or cash balance	One million minimum, and desired cash balance over two million dollars.	One million minimum, and desired cash balance over two million dollars.	None	None
Minimum operating, capital, debt coverage	8 months	6 months	5 months	4 months
Debt restrictions	No restrictions	No restrictions	No restrictions	No restrictions
Procedure required to deviate from definition of eligible costs	Not applicable	Not applicable	Not applicable	Not applicable

Governmental Funds

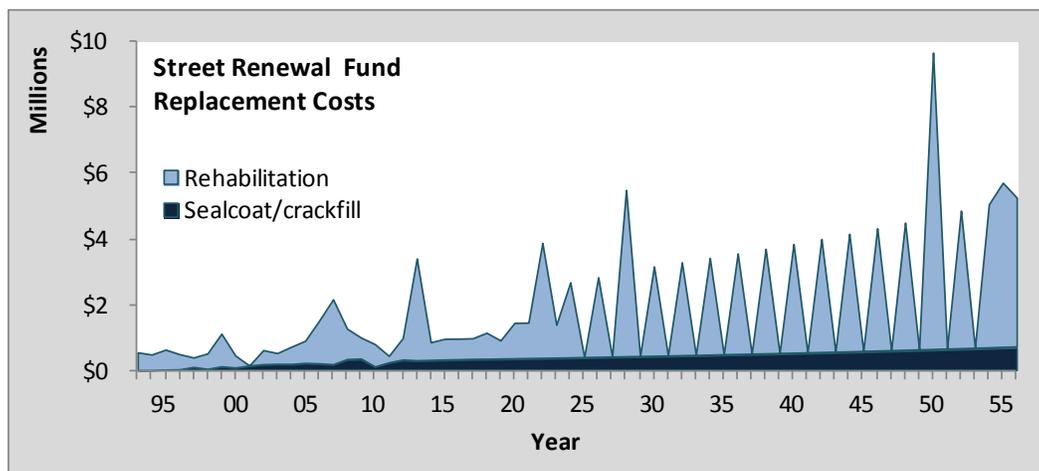
Replacement of governmental assets is accounted for within three capital project funds: the Street Renewal Fund, MSA Fund, and the General Fixed Asset Fund. This section of the CHIRP provides operating and capital projections for these funds.

Street Renewal Fund

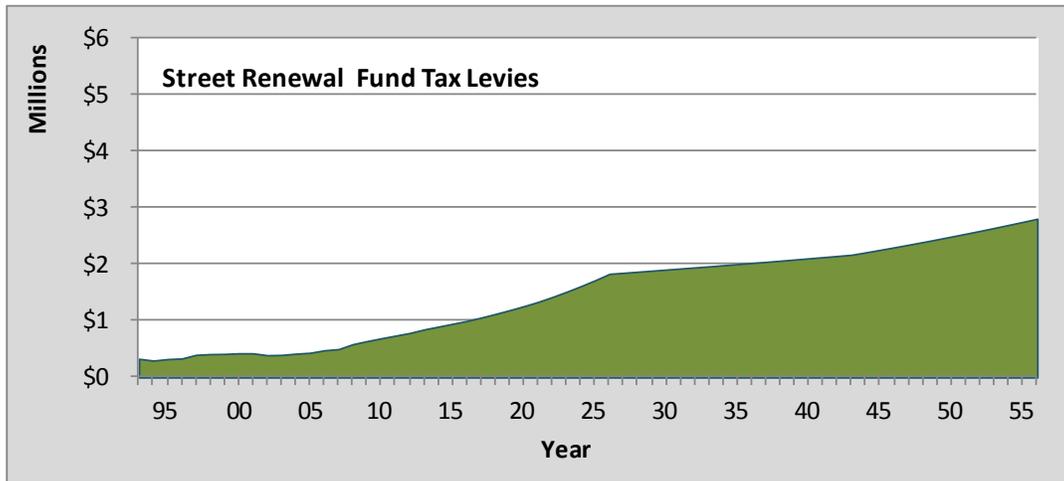
The City's Street Renewal Fund is an ongoing capital fund used to manage, finance and implement street rehabilitation efforts. The fund was created in 1985 with an initial contribution of two million dollars (obtained from bond defeasance savings) and this initial contribution is maintained as a minimum fund balance to provide an ongoing revenue stream from investment earnings. Allowable costs from the Street Renewal Fund include: street reconstruction, rehabilitation (resurfacing or full depth reclamation), seal coating and crack filling.

Long term projections indicate that the City's street rehabilitation strategies will shift away from replacements and toward pavement rehabilitation starting in 2022, because all City streets will be brought up to modern City standards by 2021. By the year 2045, the strategy will shift back to reconstruction because the concrete curb and gutter for most streets will be in excess of 50 years old, and the pavement surface will have been rehabilitated twice. To ensure adequate funding for street reconstruction (given the expected 25-year life of streets), street bonds are proposed every 5 years beginning in 2050 (at \$5 million for each bond issue). Between the annual tax levy and the street bonds the City will endeavor to replace each City street by the year 2070.

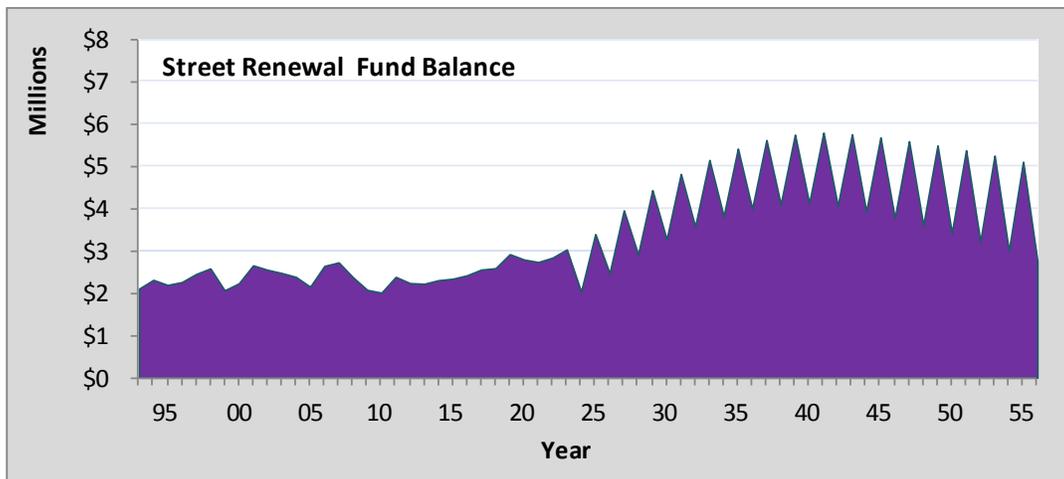
To put the scale of the street rehabilitation into perspective, over the next twenty years the Street Renewal Fund will provide for approximately \$34 million in street renewal efforts. The graph below illustrates historical and anticipated replacement costs, including those financed by street bonds.



Annual property tax levies, interest earnings and street bonds are the primary revenue sources for street rehabilitation and street replacement 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 resources are available to support rehabilitation efforts when needed.



Moderate changes in the street renewal portion of the annual tax levy provide sufficient annual revenues to maintain minimum fund balances at or above minimum requirements, and support replacement costs, even though rehabilitation needs fluctuate between years, and strategies shift between rehabilitation and complete replacement. The graph below shows historical and projected Street Renewal Fund balances.



**Street Renewal Fund
Operating Summary**

Year	Revenue			Street Bonds	Total Replacement Costs	Fund Balance
	Property Taxes	Interest Earnings	Special Assessments			
2013	\$ 850,000	\$ 22,400	\$ 12,821	\$ 2,500,000	\$ 3,400,866	\$ 2,219,363
2014	900,000	22,200	12,821	-	850,900	2,303,484
2015	950,000	27,600	12,821	-	955,600	2,338,305
2016	1,000,000	28,100	12,821	-	960,100	2,419,126
2017	1,060,000	33,900	12,821	-	971,400	2,554,447
2018	1,124,000	35,800	12,821	-	1,140,900	2,586,168
2019	1,191,000	41,400	6,200	-	906,500	2,918,268
2020	1,262,000	46,700	6,200	-	1,441,000	2,792,168
2021	1,338,000	44,700	6,200	-	1,448,600	2,732,468
2022	1,425,000	54,600		2,500,000	3,875,300	2,836,768
2023	1,518,000	56,700		-	1,382,100	3,029,368
2024	1,617,000	60,600		-	2,676,100	2,030,868
2025	1,722,000	40,600		-	399,300	3,394,168
2026	1,834,000	67,900		-	2,829,500	2,466,568
2027	1,852,000	49,300		-	415,000	3,952,868
2028	1,871,000	79,100		2,500,000	5,490,500	2,912,468
2029	1,890,000	58,200		-	430,300	4,430,368
2030	1,909,000	88,600		-	3,161,100	3,266,868
2031	1,928,000	65,300		-	447,200	4,812,968
2032	1,947,000	96,300		-	3,286,400	3,569,868
2033	1,966,000	71,400		-	464,700	5,142,568
2034	1,986,000	102,900		-	3,417,200	3,814,268
2035	2,006,000	76,300		-	484,900	5,411,668
2036	2,026,000	108,200		-	3,555,800	3,990,068
2037	2,046,000	79,800		-	502,900	5,612,968
2038	2,066,000	112,300		-	3,697,100	4,094,168
2039	2,087,000	81,900		-	522,500	5,740,568
2040	2,108,000	114,800		-	3,843,100	4,120,268
2041	2,129,000	82,400		-	542,900	5,788,768
2042	2,150,000	115,800		-	3,995,900	4,058,668
2043	2,172,000	81,200		-	563,100	5,748,768
2044	2,215,000	115,000		-	4,154,500	3,924,268
2045	2,259,000	78,500		-	587,100	5,674,668
2046	2,304,000	113,500		-	4,321,900	3,770,268
2047	2,350,000	75,400		-	608,900	5,586,768
2048	2,397,000	111,700		-	4,494,200	3,601,268
2049	2,445,000	72,000		-	632,600	5,485,668
2050	2,494,000	109,700		5,000,000	9,672,300	3,417,068
2051	2,544,000	68,300		-	657,300	5,372,068
2052	2,595,000	107,400		-	4,858,400	3,216,068
2053	2,647,000	64,300		-	681,900	5,245,468
2054	2,700,000	104,900		-	5,052,500	2,997,868
2055	2,754,000	60,000		5,000,000	5,710,400	5,101,468
2056	2,809,000	102,000		-	5,254,600	2,757,868

Street Renewal Fund

Capital Summary

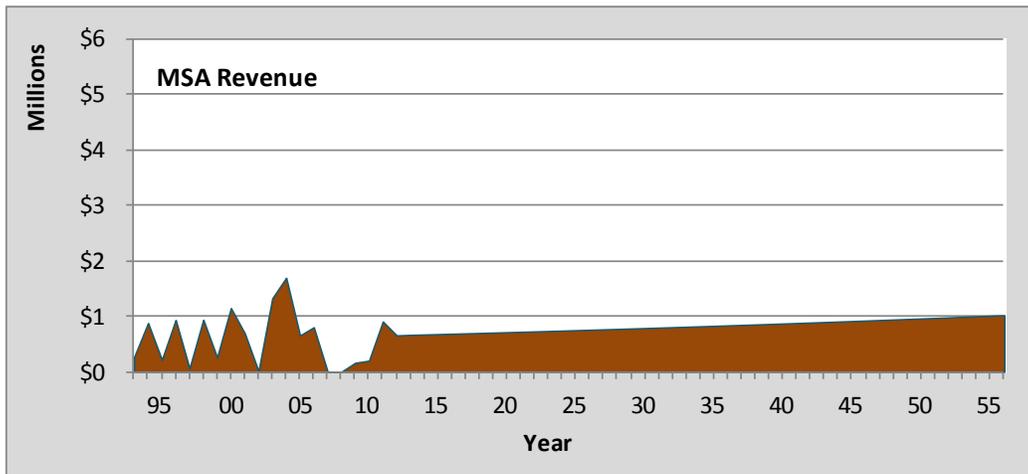
Year	Maintenance			Rehabilitation and Reconstruction		Neighborhood/Project	Total Capital Repl Costs
	Street Condition Survey	Cent Gar Equip Chgs	Seal Coat and Crack Fill	Street Bonds	Street Renewal		
2013	\$ 6,500	\$ 9,000	\$ 287,000	\$ 2,500,000	\$ 598,366	CotgPl,Red Fox Rd,Hawes	\$ 3,400,866
2014	6,500	9,000	298,400		537,000	Hansen, Oakridge	850,900
2015	7,500	11,000	306,500		630,600	Turtle Lane	955,600
2016	7,500	11,000	314,400		627,200	Windward Heights (1/2)	960,100
2017	7,500	11,000	325,700		627,200	Windward Heights (1/2)	971,400
2018	8,500	13,000	326,700		792,700	Bridge, Lion	1,140,900
2019	8,500	13,000	333,000		552,000	Wabasso Neigh.	906,500
2020	8,500	13,000	339,500		1,080,000	Edgetown (1/2)	1,441,000
2021	9,500	13,000	346,100		1,080,000	Edgetown (1/2)	1,448,600
2022	9,500	13,000	352,800	2,500,000	1,000,000		3,875,300
2023	9,500	13,000	359,600		1,000,000		1,382,100
2024	10,500	13,000	366,600		2,286,000		2,676,100
2025	10,500	15,000	373,800				399,300
2026	10,500	15,000	381,000		2,423,000		2,829,500
2027	11,500	15,000	388,500				415,000
2028	11,500	15,000	396,000	2,500,000	2,568,000		5,490,500
2029	11,500	15,000	403,800				430,300
2030	12,500	15,000	411,600		2,722,000		3,161,100
2031	12,500	15,000	419,700				447,200
2032	12,500	15,000	427,900		2,831,000		3,286,400
2033	13,500	15,000	436,200				464,700
2034	13,500	15,000	444,700		2,944,000		3,417,200
2035	14,500	17,000	453,400				484,900
2036	14,500	17,000	462,300		3,062,000		3,555,800
2037	14,500	17,000	471,400				502,900
2038	15,500	17,000	480,600		3,184,000		3,697,100
2039	15,500	17,000	490,000				522,500
2040	15,500	17,000	499,600		3,311,000		3,843,100
2041	16,500	17,000	509,400				542,900
2042	16,500	17,000	519,400		3,443,000		3,995,900
2043	16,500	17,000	529,600				563,100
2044	16,500	17,000	540,000		3,581,000		4,154,500
2045	17,500	19,000	550,600				587,100
2046	17,500	19,000	561,400		3,724,000		4,321,900
2047	17,500	19,000	572,400				608,900
2048	18,500	19,000	583,700		3,873,000		4,494,200
2049	18,500	19,000	595,100				632,600
2050	18,500	19,000	606,800	5,000,000	4,028,000		9,672,300
2051	19,500	19,000	618,800				657,300
2052	19,500	19,000	630,900		4,189,000		4,858,400
2053	19,500	19,000	643,400				681,900
2054	20,500	19,000	656,000		4,357,000		5,052,500
2055	20,500	21,000	668,900	5,000,000			5,710,400
2056	20,500	21,000	682,100		4,531,000		5,254,600

MSA Fund

The MSA Fund receives the construction portion of the state-collected highway user tax, to be used for the rehabilitation and construction of collector routes within the City. The maintenance portion of the allocation is received by the City's General Fund (for street maintenance efforts on collector routes).

Although projections indicate little growth in the City's share of the highway user tax in the future, over the next twenty years the MSA Fund will provide for approximately \$13 million for the rehabilitation of collector routes, on an every other year rotation.

Operating and capital projections in the table at right indicate the City will have sufficient funding for a rehabilitation project approximately every other year in the future.



MSA Fund

Operating and Capital Summary

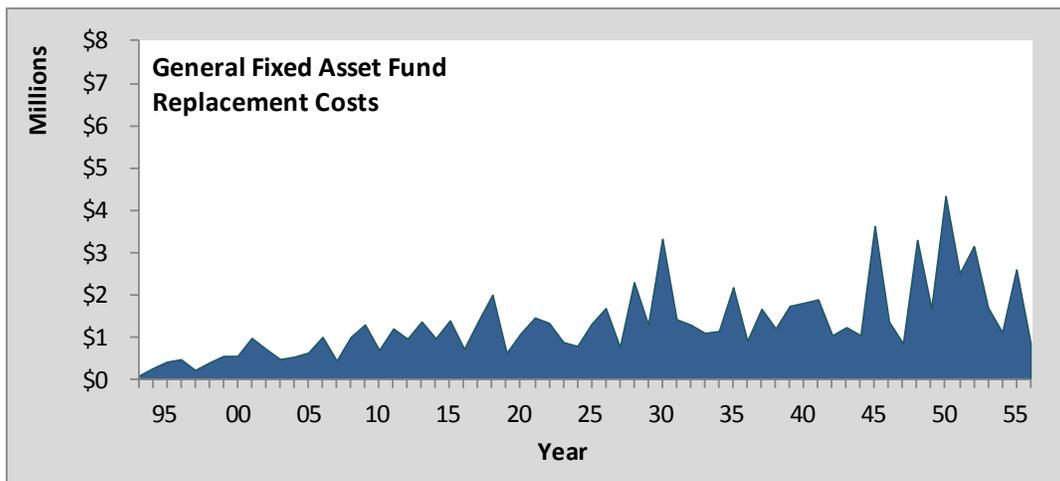
Year	Revenue					Expense	Fund Balance
	MSA Received	(Unearned) or Accrual	Assmts	Investment Interest	Total Revenue	Project Costs	
2013	\$ 667,139	\$ (117,139)	\$ -	\$ 1,400	\$ 551,400	\$ 1,536,419	\$ 76,647
2014	673,810	(581,835)		600	92,575	-	169,222
2015	680,548			1,500	682,048	-	851,270
2016	687,353			8,500	695,853	1,550,000	(2,877)
2017	694,227			-	694,227	638,000	53,350
2018	701,169			800	701,969	132,000	623,319
2019	708,181			9,300	717,481	2,155,000	(814,200)
2020	715,263			-	715,263	-	(98,937)
2021	722,416				722,416	-	623,479
2022	729,640				729,640	-	1,353,119
2023	736,936				736,936	1,400,000	690,055
2024	744,305				744,305	-	1,434,360
2025	751,748				751,748	1,400,000	786,108
2026	759,265				759,265	-	1,545,373
2027	766,858				766,858	1,400,000	912,231
2028	774,527				774,527	-	1,686,758
2029	782,272				782,272	1,400,000	1,069,030
2030	790,095				790,095	-	1,859,125
2031	797,996				797,996	1,400,000	1,257,121
2032	805,976				805,976	-	2,063,097
2033	814,036				814,036	1,400,000	1,477,133
2034	822,176				822,176	-	2,299,309
2035	830,398				830,398	1,400,000	1,729,707
2036	838,702				838,702	-	2,568,409
2037	847,089				847,089	1,600,000	1,815,498
2038	855,560				855,560	-	2,671,058
2039	864,116				864,116	1,600,000	1,935,174
2040	872,757				872,757	-	2,807,931
2041	881,485				881,485	1,600,000	2,089,416
2042	890,300				890,300	-	2,979,716
2043	899,203				899,203	1,600,000	2,278,919
2044	908,195				908,195	-	3,187,114
2045	917,277				917,277	1,600,000	2,504,391
2046	926,450				926,450	-	3,430,841
2047	935,715				935,715	1,600,000	2,766,556
2048	945,072				945,072	-	3,711,628
2049	954,523				954,523	1,600,000	3,066,151
2050	964,068				964,068	-	4,030,219
2051	973,709				973,709	1,600,000	3,403,928
2052	983,446				983,446	-	4,387,374
2053	993,280				993,280	1,600,000	3,780,654
2054	1,003,213				1,003,213	-	4,783,867
2055	1,013,245				1,013,245	1,600,000	4,197,112
2056	1,023,377				1,023,377	-	5,220,489

General Fixed Asset Replacement Fund

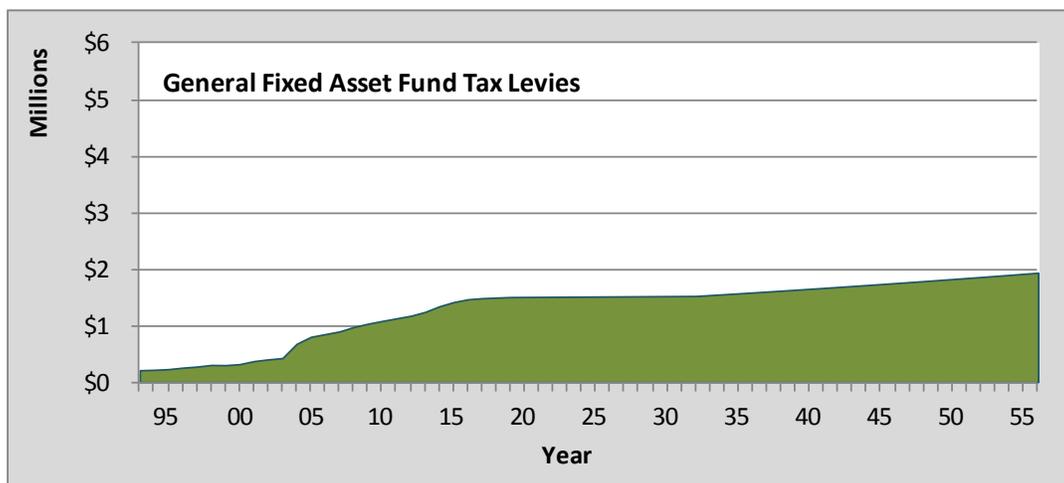
The General Fixed Asset Replacement (GFAR) Fund created in 1989, finances the replacement of all governmental assets. These include fire stations, fire equipment and warning sirens; street signs; community center and city hall buildings and furnishings; building mechanical systems; computer hardware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

Annual tax levies and investment income 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 as a long-term strategy in support replacement costs, and help avoid the issuance of large amounts of debt to finance most replacement needs. The City may choose to issue debt for large scale replacement costs, such as building replacements, because of the cash flow benefits.

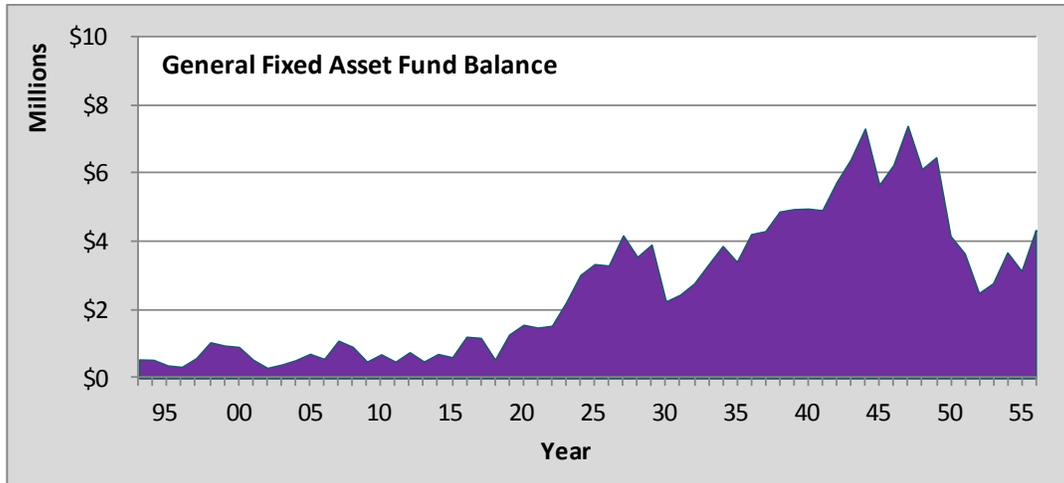
Over the next twenty years, the GFAR Fund will provide for approximately \$31 million in general fixed asset replacements, and will provide an additional \$2 million for debt service payments on governmental asset replacements. The first graph below illustrates historical and anticipated replacement 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, while fund balance is allowed to fluctuate. As shown in the graph below, despite varying needs for capital replacements, and slow 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 replacement costs.



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

General Fixed Asset Replacement Fund
Operating Summary

Year	Revenue				Expense		Fund Balance
	Tax Levy	Other, Refunds & Transfers In	Debt Issuance	Interest Earnings	Replacement Costs	Transfers Out	
2013	\$ 1,250,000			\$ 6,000	\$ 1,349,089	\$ 180,000	\$ 484,956
2014	1,350,000			4,000	952,848	180,000	706,108
2015	1,425,000	32,226		6,000	1,377,598	180,000	611,736
2016	1,475,000			6,000	702,531	180,000	1,210,205
2017	1,495,000			11,000	1,358,745	180,000	1,177,460
2018	1,505,000	7,860		14,000	1,985,318	180,000	539,002
2019	1,515,000			8,000	606,932	180,000	1,275,070
2020	1,516,500			20,000	1,071,475	180,000	1,560,095
2021	1,518,000			24,000	1,444,206	180,000	1,477,889
2022	1,519,500			30,000	1,316,400	180,000	1,530,989
2023	1,521,000			32,000	866,100	-	2,217,889
2024	1,522,500			46,000	770,269	-	3,016,120
2025	1,524,000			91,000	1,297,100	-	3,334,020
2026	1,525,500			100,000	1,667,400	-	3,292,120
2027	1,527,000			101,000	745,318	-	4,174,802
2028	1,528,500			123,000	2,282,900	-	3,543,402
2029	1,530,000			107,000	1,276,000	-	3,904,402
2030	1,531,500			112,000	3,306,500	-	2,241,402
2031	1,533,000			68,000	1,404,470	-	2,437,932
2032	1,534,500			74,000	1,276,400	-	2,770,032
2033	1,549,800			85,000	1,080,600	-	3,324,232
2034	1,565,300			101,000	1,126,082	-	3,864,450
2035	1,581,000			114,000	2,160,600	-	3,398,850
2036	1,596,800			104,000	889,700	-	4,209,950
2037	1,612,800			126,000	1,650,600	-	4,298,150
2038	1,628,900			130,000	1,185,590	-	4,871,460
2039	1,645,200			146,000	1,720,900	-	4,941,760
2040	1,661,700			148,000	1,794,100	-	4,957,360
2041	1,678,300			148,000	1,873,100	-	4,910,560
2042	1,695,100			149,000	1,024,890	-	5,729,770
2043	1,712,100			173,000	1,216,500	-	6,398,370
2044	1,729,200			194,000	1,024,800	-	7,296,770
2045	1,746,500			213,000	3,607,387	-	5,648,883
2046	1,764,000			171,000	1,349,600	-	6,234,283
2047	1,781,600			190,000	829,900	-	7,375,983
2048	1,799,400			217,000	3,279,053	-	6,113,330
2049	1,817,400			184,000	1,658,100	-	6,456,630
2050	1,835,600			186,000	4,321,200	-	4,157,030
2051	1,854,000			123,000	2,488,800	-	3,645,230
2052	1,872,500			106,000	3,135,526	-	2,488,204
2053	1,891,200			75,000	1,679,000	-	2,775,404
2054	1,910,100			86,000	1,095,800	-	3,675,704
2055	1,929,200			108,000	2,582,021	-	3,130,883
2056	1,948,500			97,000	842,800	-	4,333,583

General Fixed Asset Replacement Fund
Capital Summary

Year	Estimated Replacements							Transfer Out to Debt Funds	Total Expense
	Fire Stations & Equip	Warning Sirens	Info. Systems	Municipal Buildings	Park Facilities	Trails & Pathways	Total Costs		
2013	\$ 437,696	\$ -	\$ 106,410	\$ 208,983	\$ 531,000	\$ 65,000	\$ 1,349,089	\$ 180,000	\$ 1,529,089
2014	116,848	-	122,000	457,000	117,000	140,000	952,848	180,000	1,132,848
2015	92,598	18,000	144,000	756,000	292,000	75,000	1,377,598	180,000	1,557,598
2016	49,531	-	138,000	225,000	168,000	122,000	702,531	180,000	882,531
2017	506,845	27,000	108,500	410,000	179,400	127,000	1,358,745	180,000	1,538,745
2018	44,918	-	629,000	295,400	936,000	80,000	1,985,318	180,000	2,165,318
2019	2,732	27,000	104,000	150,000	243,200	80,000	606,932	180,000	786,932
2020	120,875	20,000	94,000	416,000	339,000	81,600	1,071,475	180,000	1,251,475
2021	636,206	21,000	102,000	542,000	59,800	83,200	1,444,206	180,000	1,624,206
2022	472,500	21,000	94,000	365,000	179,000	184,900	1,316,400	180,000	1,496,400
2023	40,000	22,000	89,000	490,000	138,500	86,600	866,100		866,100
2024	32,369	-	107,000	482,000	60,600	88,300	770,269		770,269
2025	40,000	-	89,000	880,000	198,000	90,100	1,297,100		1,297,100
2026	1,102,400	-	94,000	256,000	123,100	91,900	1,667,400		1,667,400
2027	48,518	-	167,000	330,000	106,100	93,700	745,318		745,318
2028	1,462,200	25,000	94,000	439,000	167,100	95,600	2,282,900		2,282,900
2029	287,500	-	389,000	415,000	87,000	97,500	1,276,000		1,276,000
2030	28,000	-	107,000	2,734,000	213,000	224,500	3,306,500		3,306,500
2031	295,370	-	89,000	756,200	162,400	101,500	1,404,470		1,404,470
2032	451,900	-	94,000	440,000	187,000	103,500	1,276,400		1,276,400
2033	108,000	-	102,000	513,700	251,300	105,600	1,080,600		1,080,600
2034	31,882	-	94,000	635,000	257,500	107,700	1,126,082		1,126,082
2035	1,178,000	29,000	89,000	403,000	351,700	109,900	2,160,600		2,160,600
2036	98,000	-	107,000	465,000	107,600	112,100	889,700		889,700
2037	687,400	46,000	154,000	370,000	278,900	114,300	1,650,600		1,650,600
2038	135,190	-	94,000	572,000	127,800	256,600	1,185,590		1,185,590
2039	140,000	48,000	102,000	750,000	562,000	118,900	1,720,900		1,720,900
2040	89,800	33,000	94,000	967,000	332,000	278,300	1,794,100		1,794,100
2041	852,500	34,000	89,000	664,600	109,300	123,700	1,873,100		1,873,100
2042	197,890	35,000	107,000	383,000	175,800	126,200	1,024,890		1,024,890
2043	51,000	36,000	89,000	470,500	441,300	128,700	1,216,500		1,216,500
2044	257,500	-	94,000	385,000	157,000	131,300	1,024,800		1,024,800
2045	148,787	-	102,000	1,976,000	1,072,700	307,900	3,607,387		3,607,387
2046	337,700	-	94,000	388,000	393,300	136,600	1,349,600		1,349,600
2047	162,000	-	154,000	300,000	74,600	139,300	829,900		829,900
2048	489,653	40,000	107,000	411,900	2,088,400	142,100	3,279,053		3,279,053
2049	148,000	-	455,000	705,000	205,200	144,900	1,658,100		1,658,100
2050	117,900	-	94,000	3,203,000	758,500	147,800	4,321,200		4,321,200
2051	1,690,800	-	102,000	290,000	255,200	150,800	2,488,800		2,488,800
2052	1,363,026	-	94,000	1,136,000	198,700	343,800	3,135,526		3,135,526
2053	164,900	-	89,000	701,700	566,500	156,900	1,679,000		1,679,000
2054	40,000	-	107,000	495,000	293,800	160,000	1,095,800		1,095,800
2055	826,821	48,000	89,000	904,000	341,000	373,200	2,582,021		2,582,021
2056	41,000	-	94,000	425,000	116,300	166,500	842,800		842,800

General Fixed Asset Replacement Fund
Capital Summary - Fire Equipment, Vehicles and Stations

Year	Buildings	Shoreview share 60.7%		Breathing Apparatus	Radio System	Other Equipment	Vehicles	Total Fire Equipment & Buildings
		Parking/Driveways Station #3	Station #4					
2013	\$ 306,475	\$ -	\$ -	\$ 24,000	\$ -	\$ 23,501	\$ 83,720	\$ 437,696
2014	-			22,459		16,693	77,696	116,848
2015	40,669	49,774				2,155	-	92,598
2016	23,066					26,465	-	49,531
2017	30,350						476,495	506,845
2018	-		12,140				32,778	44,918
2019	-					2,732		2,732
2020	26,910		1,275				92,690	120,875
2021	40,000						596,206	636,206
2022	24,000						448,500	472,500
2023	40,000							40,000
2024	25,000	4,977				2,392		32,369
2025	40,000							40,000
2026	26,000						1,076,400	1,102,400
2027	40,000		1,518			7,000		48,518
2028	27,000						1,435,200	1,462,200
2029	40,000				75,000	8,000	164,500	287,500
2030	28,000							28,000
2031	40,000	6,070		241,300		8,000		295,370
2032	29,000						422,900	451,900
2033	40,000					9,000	59,000	108,000
2034	30,000		1,882					31,882
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	103,190						135,190
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		163,890					197,890
2043	40,000					11,000		51,000
2044	35,000						222,500	257,500
2045	40,000	9,287				12,000	87,500	148,787
2046	36,000			301,700				337,700
2047	40,000				110,000	12,000		162,000
2048	37,000		2,853				449,800	489,653
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	10,926					1,313,100	1,363,026
2053	40,000					14,000	110,900	164,900
2054	40,000							40,000
2055	40,000		3,521			14,000	769,300	826,821
2056	41,000							41,000

General Fixed Asset Replacement Fund
Capital Summary - Warning Sirens

By Siren Number and Location												
Year	#1	#2	#3	#4	#5	#6	#7	#8	LC	VH	Radio Controls	Total Siren Costs
	Maint Center	Sherwd Road	Lake Judy	Victoria & 694	Turtle Lake School	Well #6	Rice Crk Park/ Pkvw Dr	Shamrock Park	50% of cost			
									Rice & Country Dr	Rice & Snl Lk Rd		
2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2014												\$ -
2015	18,000											18,000
2016												-
2017				18,000					9,000			27,000
2018												-
2019					18,000					9,000		27,000
2020			20,000									20,000
2021						21,000						21,000
2022		21,000										21,000
2023							22,000					22,000
2028								25,000				25,000
2035	29,000											29,000
2037				31,000					15,000			46,000
2039					32,000						16,000	48,000
2040			33,000									33,000
2041						34,000						34,000
2042		35,000										35,000
2043							36,000					36,000
2048								40,000				40,000
2055	48,000											48,000

General Fixed Asset Replacement Fund
Capital Summary - Information Systems

Year	Computers	Printers	Servers	Security Systems	Recovery/ Backup	Communica-tions	LAN/ Network	Specialized Software	Other	Estimated Replacement Cost
2013	\$ 20,000	\$ 19,300	\$ 4,000	\$ 13,000	\$ 12,000	\$ 7,710	\$ 12,400	\$ 12,000	\$ 6,000	\$ 106,410
2014	10,000	10,000	9,000	48,500	-	8,500	21,000	5,000	10,000	122,000
2015	15,000	2,000	33,000	22,000	50,000	2,000	9,000	5,000	6,000	144,000
2016	10,000	2,000	10,000	12,000	-	7,000	82,000	6,000	9,000	138,000
2017	10,000	23,000	22,000	15,500	-	2,000	9,000	17,000	10,000	108,500
2018	10,000	2,000	-	12,000	40,000	22,000	7,000	530,000	6,000	629,000
2019	15,000	2,000	-	12,000	-	2,000	9,000	55,000	9,000	104,000
2020	22,000	12,000	30,000	2,000		7,000	8,000		13,000	94,000
2021	22,000	12,000	25,000	2,000	13,000	7,000	8,000		13,000	102,000
2022	22,000	12,000	30,000	2,000		7,000	8,000		13,000	94,000
2023	22,000	12,000	25,000	2,000		7,000	8,000		13,000	89,000
2024	24,000	12,000	30,000	2,000	11,000	7,000	8,000		13,000	107,000
2025	24,000	12,000	25,000	2,000		5,000	8,000		13,000	89,000
2026	24,000	12,000	30,000	2,000		5,000	8,000		13,000	94,000
2027	24,000	12,000	25,000	2,000	9,000	7,000	8,000		80,000	167,000
2028	24,000	12,000	30,000	2,000		5,000	8,000		13,000	94,000
2029	26,000	12,000	25,000	2,000		7,000	4,000	300,000	13,000	389,000
2030	26,000	12,000	30,000	2,000	9,000	7,000	8,000		13,000	107,000
2031	26,000	12,000	25,000	2,000		5,000	6,000		13,000	89,000
2032	26,000	12,000	30,000	2,000		5,000	6,000		13,000	94,000
2033	26,000	12,000	25,000	2,000	9,000	7,000	8,000		13,000	102,000
2034	28,000	12,000	30,000	2,000		4,000	5,000		13,000	94,000
2035	28,000	12,000	25,000	2,000		4,000	5,000		13,000	89,000
2036	28,000	12,000	30,000	2,000	7,000	7,000	8,000		13,000	107,000
2037	28,000	12,000	23,000	2,000		4,000	5,000		80,000	154,000
2038	28,000	12,000	30,000	2,000		4,000	5,000		13,000	94,000
2039	30,000	12,000	25,000	2,000	5,000	7,000	8,000		13,000	102,000
2040	30,000	12,000	30,000	2,000		7,000			13,000	94,000
2041	30,000	12,000	25,000	2,000		7,000			13,000	89,000
2042	30,000	12,000	30,000	2,000	13,000	7,000			13,000	107,000
2043	30,000	12,000	25,000	2,000		7,000			13,000	89,000
2044	32,000	12,000	30,000	2,000		5,000			13,000	94,000
2045	32,000	12,000	25,000	2,000	11,000	7,000			13,000	102,000
2046	32,000	12,000	30,000	2,000		5,000			13,000	94,000
2047	32,000	12,000	23,000	2,000		5,000			80,000	154,000
2048	32,000	12,000	30,000	2,000	11,000	7,000			13,000	107,000
2049	34,000	12,000	25,000	2,000		5,000		366,000	11,000	455,000
2050	34,000	12,000	30,000	2,000		5,000			11,000	94,000
2051	34,000	12,000	25,000	2,000	9,000	5,000			15,000	102,000
2052	34,000	12,000	30,000	2,000		5,000			11,000	94,000
2053	34,000	12,000	25,000	2,000		5,000			11,000	89,000
2054	36,000	12,000	30,000	2,000	7,000	5,000			15,000	107,000
2055	36,000	12,000	25,000	2,000		5,000	3,000		6,000	89,000
2056	36,000	12,000	30,000	2,000		5,000	3,000		6,000	94,000

General Fixed Asset Replacement Fund
Capital Summary - Municipal Buildings (including city hall and community center)

Year	Mechanicals,		Pool Equip		All Other Equipment	Locker Rooms and Other Replacement Allowances	Total Building Replacement Costs
	Roof & Exterior	Carpet	Banquet Rooms	Water Treatment Pool Stairs Water Features			
2013	\$ 84,420	\$ -	\$ 13,000	\$ 81,563	\$ 30,000	\$ -	\$ 208,983
2014	10,000	135,000	90,000	71,000	151,000	-	457,000
2015	450,000	-	15,000	80,000	110,000	101,000	756,000
2016	-	-	15,000	100,000	30,000	80,000	225,000
2017	-	78,000	117,000	150,000	65,000	-	410,000
2018	-	87,000	20,000	63,400	40,000	85,000	295,400
2019	-	-	20,000	20,000	20,000	90,000	150,000
2020	-	-	106,000	-	20,000	290,000	416,000
2021	-	85,000	40,000	39,000	70,000	308,000	542,000
2022	-	-	15,000	235,000	20,000	95,000	365,000
2023	-	-	-	160,000	30,000	300,000	490,000
2024	-	102,000	60,000	-	20,000	300,000	482,000
2025	550,000	-	15,000	20,000	75,000	220,000	880,000
2026	-	-	-	-	101,000	155,000	256,000
2027	-	-	-	10,000	20,000	300,000	330,000
2028	-	184,000	15,000	50,000	30,000	160,000	439,000
2029	-	-	50,000	120,000	80,000	165,000	415,000
2030	281,000	-	142,000	126,000	20,000	2,165,000	2,734,000
2031	-	56,000	129,000	106,000	250,000	215,200	756,200
2032	-	-	-	250,000	20,000	170,000	440,000
2033	-	-	-	243,700	95,000	175,000	513,700
2034	300,000	65,000	15,000	55,000	25,000	175,000	635,000
2035	-	95,000	-	20,000	25,000	263,000	403,000
2036	-	-	-	-	165,000	300,000	465,000
2037	-	-	75,000	20,000	90,000	185,000	370,000
2038	-	161,000	75,000	-	151,000	185,000	572,000
2039	525,000	-	-	10,000	25,000	190,000	750,000
2040	-	-	206,000	316,000	255,000	190,000	967,000
2041	-	-	-	95,000	95,000	474,600	664,600
2042	-	105,000	-	58,000	25,000	195,000	383,000
2043	-	-	15,000	220,500	35,000	200,000	470,500
2044	-	60,000	-	-	25,000	300,000	385,000
2045	1,331,000	68,000	150,000	10,000	100,000	317,000	1,976,000
2046	-	-	85,000	73,000	25,000	205,000	388,000
2047	-	-	-	65,000	25,000	210,000	300,000
2048	-	65,000	-	101,900	35,000	210,000	411,900
2049	-	110,000	15,000	260,000	105,000	215,000	705,000
2050	255,000	58,000	257,000	228,000	190,000	2,215,000	3,203,000
2051	-	-	-	45,000	25,000	220,000	290,000
2052	-	72,000	95,000	724,000	25,000	220,000	1,136,000
2053	-	-	80,000	276,700	120,000	225,000	701,700
2054	-	70,000	-	-	25,000	400,000	495,000
2055	89,000	115,000	15,000	10,000	325,000	350,000	904,000
2056	-	-	-	-	25,000	400,000	425,000

General Fixed Asset Replacement Fund
Capital Summary - Park Facilities

Year	Buildings	Picnic Shelters	Playground Equipment	Pavement			Fencing/ Backboards	Lights	Misc. Items	Total All Parks
				Courts	Parking/ Driveway					
2013	-	-	100,000	35,000	281,000	-	-	115,000	531,000	
2014	22,000	40,000	-	35,000	-	-	-	20,000	117,000	
2015	-	5,000	120,000	50,000	77,000	20,000	-	20,000	292,000	
2016	50,000	-	-	-	78,000	20,000	-	20,000	168,000	
2017	-	-	100,000	-	9,400	-	-	70,000	179,400	
2018	60,000	-	195,000	40,000	613,000	-	28,000	-	936,000	
2019	15,000	-	100,000	80,000	4,200	44,000	-	-	243,200	
2020	37,000	-	-	40,000	129,000	60,000	28,000	45,000	339,000	
2021	-	-	-	-	5,800	-	-	54,000	59,800	
2022	15,000	-	100,000	30,000	5,000	-	29,000	-	179,000	
2023	-	-	-	-	14,500	-	24,000	100,000	138,500	
2024	18,000	-	-	-	42,600	-	-	-	60,600	
2025	42,000	-	-	-	56,000	-	-	100,000	198,000	
2026	-	-	-	18,000	5,100	-	-	100,000	123,100	
2027	-	-	-	-	6,100	-	-	100,000	106,100	
2028	42,000	-	100,000	18,000	7,100	-	-	-	167,100	
2029	27,000	20,000	-	18,000	-	22,000	-	-	87,000	
2030	-	-	100,000	36,000	24,000	-	-	53,000	213,000	
2031	15,000	-	-	25,000	22,400	-	27,000	73,000	162,400	
2032	33,000	-	-	18,000	69,000	-	-	67,000	187,000	
2033	-	-	185,000	-	6,300	-	-	60,000	251,300	
2034	15,000	-	135,000	-	7,500	-	-	100,000	257,500	
2035	76,000	-	95,000	-	8,700	80,000	42,000	50,000	351,700	
2036	-	-	-	-	7,600	-	-	100,000	107,600	
2037	15,000	-	142,000	-	21,900	-	-	100,000	278,900	
2038	-	-	-	50,000	27,800	-	-	50,000	127,800	
2039	-	89,000	142,000	111,000	190,000	30,000	-	-	562,000	
2040	15,000	38,000	-	50,000	-	164,000	-	65,000	332,000	
2041	-	-	-	-	9,300	-	-	100,000	109,300	
2042	-	-	115,000	50,000	10,800	-	-	-	175,800	
2043	15,000	-	-	57,000	269,300	-	-	100,000	441,300	
2044	33,000	-	-	50,000	-	33,000	41,000	-	157,000	
2045	49,000	-	-	-	811,700	-	-	212,000	1,072,700	
2046	15,000	-	-	-	268,300	-	36,000	74,000	393,300	
2047	-	-	-	-	9,600	65,000	-	-	74,600	
2048	49,000	-	142,000	82,000	1,715,400	-	-	100,000	2,088,400	
2049	64,000	30,000	-	-	13,200	-	98,000	-	205,200	
2050	50,000	-	142,000	-	401,500	165,000	-	-	758,500	
2051	-	-	-	82,000	33,200	-	40,000	100,000	255,200	
2052	75,000	-	-	82,000	41,700	-	-	-	198,700	
2053	-	-	265,000	73,000	128,500	-	-	100,000	566,500	
2054	-	-	200,000	-	93,800	-	-	-	293,800	
2055	75,000	-	125,000	77,000	14,000	-	-	50,000	341,000	
2056	-	-	-	-	16,300	-	-	100,000	116,300	

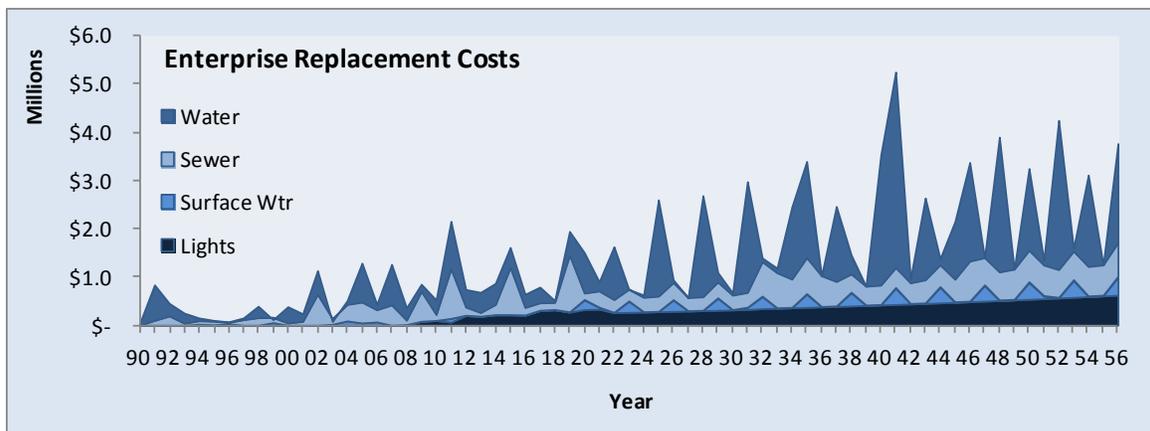
General Fixed Asset Replacement Fund
Capital Summary - Trails and Pathways

Year	Park	Description	Trail Rehabilitation & Replacement		Total Cost
			Rehab.	Replace	
2013	NE Corner	Asphalt path	\$ 65,000		\$ 65,000
2014	Bobby Theisen	Asphalt path	70,000		70,000
2014	County Road I (W end)	Asphalt path	70,000		70,000
2015	Center section	Asphalt path	75,000		75,000
2016	Windward Hgts neighborhood	Asphalt path	-	47,000	47,000
2017	Windward Hgts neighborhood	Asphalt path	-	47,000	47,000
2016	Allowance	Asphalt path	75,000		75,000
2017	Allowance	Asphalt path	80,000		80,000
2018	Allowance	Asphalt path	80,000		80,000
2019	Allowance	Asphalt path	80,000		80,000
2020	Allowance	Asphalt path	81,600		81,600
2021	Allowance	Asphalt path	83,200		83,200
2022	Allowance	Asphalt path	84,900	100,000	184,900
2023	Allowance	Asphalt path	86,600		86,600
2024	Allowance	Asphalt path	88,300		88,300
2025	Allowance	Asphalt path	90,100		90,100
2026	Allowance	Asphalt path	91,900		91,900
2027	Allowance	Asphalt path	93,700		93,700
2028	Allowance	Asphalt path	95,600		95,600
2029	Allowance	Asphalt path	97,500		97,500
2030	Allowance	Asphalt path	99,500	125,000	224,500
2031	Allowance	Asphalt path	101,500		101,500
2032	Allowance	Asphalt path	103,500		103,500
2033	Allowance	Asphalt path	105,600		105,600
2034	Allowance	Asphalt path	107,700		107,700
2035	Allowance	Asphalt path	109,900		109,900
2036	Allowance	Asphalt path	112,100		112,100
2037	Allowance	Asphalt path	114,300		114,300
2038	Allowance	Asphalt path	116,600	140,000	256,600
2039	Allowance	Asphalt path	118,900		118,900
2040	Allowance	Asphalt path	121,300	157,000	278,300
2041	Allowance	Asphalt path	123,700		123,700
2042	Allowance	Asphalt path	126,200		126,200
2043	Allowance	Asphalt path	128,700		128,700
2044	Allowance	Asphalt path	131,300		131,300
2045	Allowance	Asphalt path	133,900	174,000	307,900
2046	Allowance	Asphalt path	136,600		136,600
2047	Allowance	Asphalt path	139,300		139,300
2048	Allowance	Asphalt path	142,100		142,100
2049	Allowance	Asphalt path	144,900		144,900
2050	Allowance	Asphalt path	147,800		147,800
2051	Allowance	Asphalt path	150,800		150,800
2052	Allowance	Asphalt path	153,800	190,000	343,800
2053	Allowance	Asphalt path	156,900		156,900
2054	Allowance	Asphalt path	160,000		160,000
2055	Allowance	Asphalt path	163,200	210,000	373,200
2056	Allowance	Asphalt path	166,500		166,500

Proprietary Funds

Proprietary operations are accounted for through enterprise funds (for utility operations) and internal service funds (for operation of the maintenance center). The infrastructure replacement policy requires preparation of 20-year operating projections 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 comprehensive twenty-year analysis of operations and capital costs; and provide a recommendation for utility rates and inter-fund charges (in support of Internal Service operations). The 2013 utility rate study was prepared by staff, and the last study prepared by an outside consultant occurred in 2002.

Enterprise capital costs are financed through a combination of debt issuance and the use of current resources. Over the next twenty years enterprise funds will provide for the replacement of approximately \$26 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, presented in this document, 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 project 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.

The City's Enterprise Funds include:

- Water Fund
- Sewer Fund
- Surface Water Management Fund
- Street Lighting Fund

Factors considered as part of the annual utility analysis, the FYOP, and periodic 20-year operating projections include:

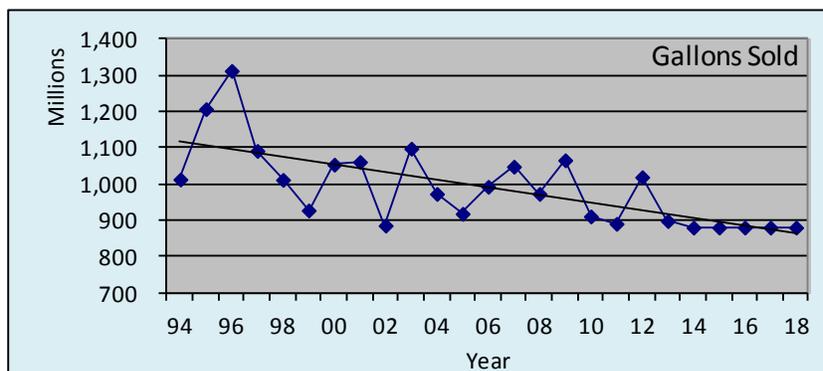
- Cash balances and cash balance objectives
- Debt levels, future debt issuance and debt payments
- New connections to utility services
- Capital costs (additions, repairs and replacements)
- Water consumption trends
- Sewage flows and treatment costs
- Operating costs
- Maintenance strategies

Operating projections provided on the following pages were prepared as part of the City's FYOP, and were compiled based on a number of assumptions; including the rate of inflation, water consumption levels, estimated replacement costs and others. These projections, in conjunction with historical activity, help identify and address potential changes in advance, provide the basis for the operating projections, and influence utility rate adjustments. Establishing utility rates as a long-term strategy helps the City adjust rates gradually whenever possible, reducing the impact in any single year.

Usage Trends

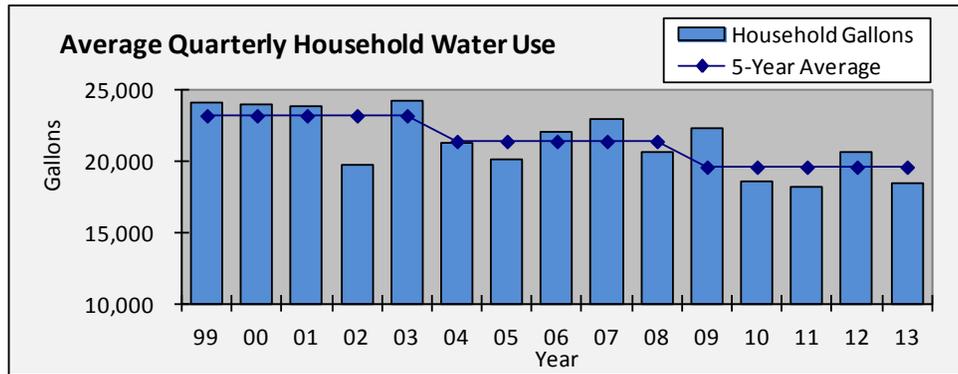
In recent years a combination of weather (rainfall), an aging population, and changes in usage patterns have contributed to an overall decline in average household water use. Although the City expects variations in water consumption from year to year, mainly due to rainfall fluctuations and timing, a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

The graph at right shows the fluctuations in total water use from year to year, and also illustrates an overall trend toward lower water 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.

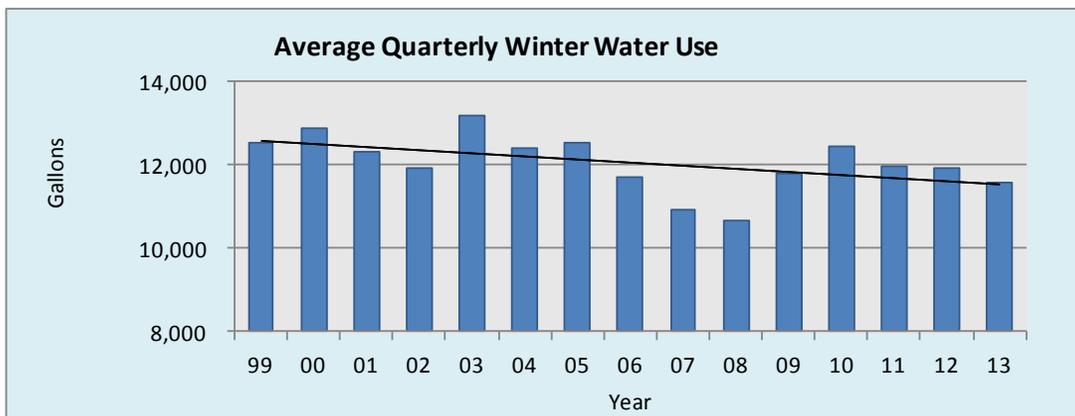


Household water use accounts for 70% to 77% of gallons consumed. Two graphs provided on the next page illustrate a decline in quarterly household water use.

Average quarterly household water use in the last five years (2009 to 2013) is approximately 8.4 percent lower than the previous 5 years, and about 20.4 percent lower than the late 1990s.



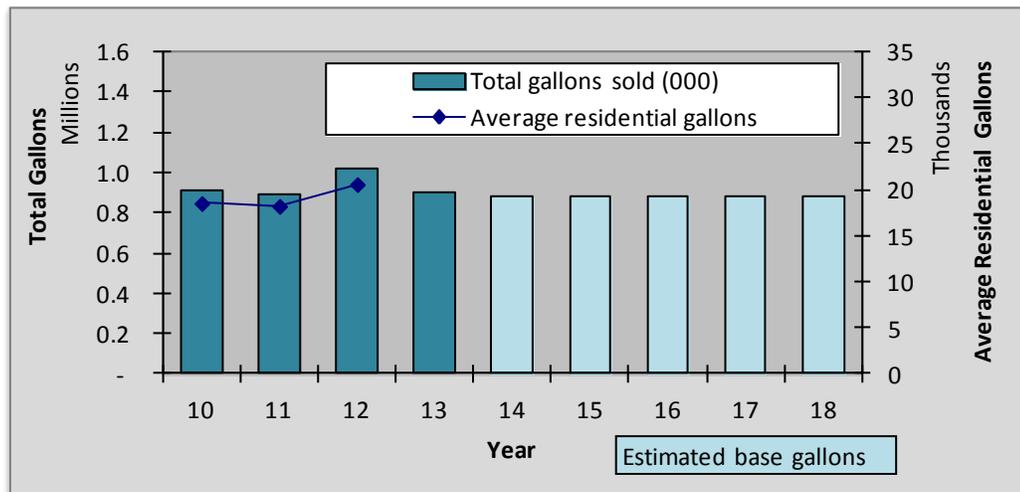
Overall, average quarterly household water use during winter months is also declining. The graph below shows average quarterly winter water use as well as a trend line for winter consumption since 1999.



Water Fund

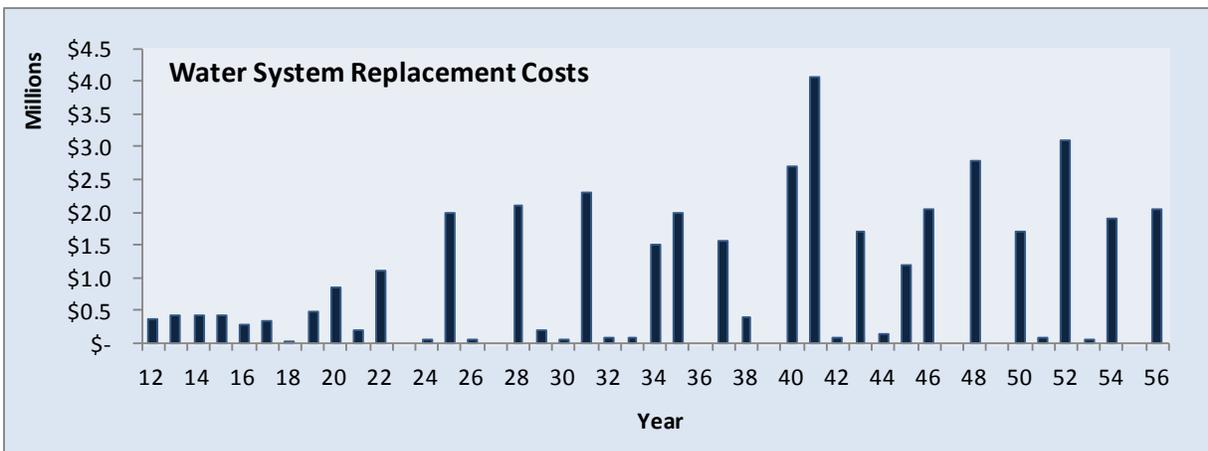
In setting water rates the City expects fluctuations in water consumption from year to year, and the resulting fluctuations in water revenue. Revenue projections utilize a “base year” approach for estimating gallons sold, which enables the City to set rates at levels that support operations, without allowing temporary fluctuations in revenue to increase gallon projections.

Due to the historical trend toward reduced water consumption, the “base year” gallon estimate is set near record low water consumption, and is projected to remain low in the future.



Despite the challenges that fluctuating water consumption can cause, the operating projections on the next page show that planned adjustments to the City’s water rates will adequately support operations and capital costs with an operating gain in all years and an overall net gain in most years.

Significant water system costs for the near future include water line replacements, rehabilitation of the underground reservoir, an update of well controls and the addition of a water treatment plant.



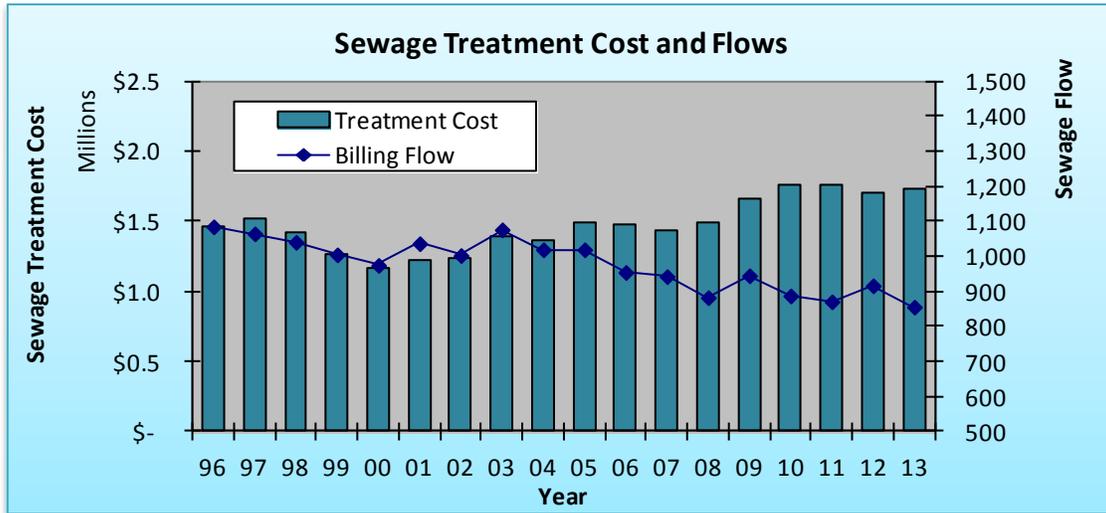
Water Fund	2013 Estimate	2014 Budget	2015 Budget	2016 Projected	2017 Projected	2018 Projected
Revenue						
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	2,580,000	2,630,000	2,740,000	3,070,000	3,235,000	3,405,000
Late Fees/Utility Charges	-	-	-	-	-	-
Water Facility Charges	8,000	7,000	5,000	5,000	5,000	5,000
Other Charges	19,000	16,500	15,000	15,000	15,000	15,000
Other Revenues	-	-	-	-	-	-
Total Revenue	2,607,000	2,653,500	2,760,000	3,090,000	3,255,000	3,425,000
Expense						
Enterprise Operations	1,489,821	1,503,536	1,565,163	1,606,402	1,662,608	1,723,291
Miscellaneous	-	-	-	-	-	-
Depreciation	624,000	639,000	651,000	658,000	754,000	850,000
Total Expense	2,113,821	2,142,536	2,216,163	2,264,402	2,416,608	2,573,291
Operating Income (Loss)	493,179	510,964	543,837	825,598	838,392	851,709
Other Sources (Uses)						
Interest Earnings	30,000	34,000	38,000	38,000	42,000	42,000
Contributed Capital Assets	-	-	-	-	-	-
Intergovernmental	11,815	12,620	12,200	11,630	10,935	10,110
Debt Service	(207,718)	(160,623)	(148,243)	(483,439)	(459,265)	(461,693)
Transfers Out	(262,500)	(303,000)	(345,000)	(363,000)	(373,000)	(383,000)
Net Change	64,776	93,961	100,794	28,789	59,062	59,126
Fund Equity, beginning	12,997,602	13,062,378	13,156,339	13,257,133	13,285,922	13,344,984
Fund Equity, ending	\$13,062,378	\$13,156,339	\$13,257,133	\$13,285,922	\$13,344,984	\$13,404,110
Months of operating coverage	12.7	10.9	13.2	12.9	12.1	14.1
Cash balance	\$ 4,246,339	\$ 2,559,436	\$ 8,310,608	\$ 3,922,642	\$ 4,233,196	\$ 4,806,172
Capital costs	\$ 694,800	\$ 1,455,000	\$ 4,435,800	\$ 4,290,000	\$ 347,800	\$ 56,500
Unspent bond proceeds	\$ 800,000	\$ -	\$ 4,420,000	\$ -	\$ 329,000	\$ -
General transfer percent of assets	0.72%	0.93%	0.93%	0.87%	0.89%	0.92%
Rate Increase (middle tier)	3.0%	4.2%	4.2%	12.0%	5.0%	5.0%
Change in utility charge revenue	-8.9%	1.9%	4.2%	12.0%	5.4%	5.3%
Debt issued	\$ 1,690,000	\$ -	\$ 9,900,000	\$ -	\$ 630,000	\$ 560,000
Debt payments (principal)	\$ 460,000	\$ 965,000	\$ 465,000	\$ 785,000	\$ 785,000	\$ 840,000
Debt balance (year end)	\$ 5,930,000	\$ 4,965,000	\$14,400,000	\$13,615,000	\$13,460,000	\$13,180,000
Gallons of water sold (000)	898,000	880,000	880,000	880,000	880,000	880,000
Quarterly residential gallons (avg)	18,400					
Quarterly multi-family gallons (avg)	9,600					

**Water Fund
Capital Summary**

Year	Replacements						Total Capital Costs
	Water Lines	Treatment Plant	Wells, Generator, & Controls	Towers/ Reservoir	Additions	Misc. Capital	
2013	\$ 420,500	\$ -	\$ -	\$ -	\$ 259,000	\$ 15,000	\$ 694,500
2014	400,000	-	40,000	-	1,000,000	15,000	1,455,000
2015	320,000	-	100,000	-	4,000,000	15,000	4,435,000
2016	275,000	-	-	-	4,000,000	15,000	4,290,000
2017	329,000	-	-	-	-	15,000	344,000
2018	41,500	-	-	-	-	15,000	56,500
2019	370,000	-	125,000	-	-	15,000	510,000
2020	141,000	-	-	700,000	-	-	841,000
2021	122,000	-	-	70,000	-	-	192,000
2022	1,100,000	-	-	-	75,000	-	1,175,000
2023	-	-	-	-	-	-	-
2024	-	-	50,000	-	-	-	50,000
2025	1,100,000	-	-	900,000	-	-	2,000,000
2026	-	-	60,000	-	-	-	60,000
2027	-	-	-	-	-	-	-
2028	1,300,000	-	-	800,000	3,000,000	-	5,100,000
2029	-	200,000	-	-	-	-	200,000
2030	-	-	50,000	-	-	-	50,000
2031	1,300,000	-	-	1,000,000	-	-	2,300,000
2032	-	-	-	80,000	-	-	80,000
2033	-	-	100,000	-	-	-	100,000
2034	1,500,000	-	-	-	-	-	1,500,000
2035	-	-	2,000,000	-	-	-	2,000,000
2036	-	-	-	-	-	-	-
2037	1,500,000	-	60,000	-	-	-	1,560,000
2038	-	-	400,000	-	-	-	400,000
2039	-	-	-	-	-	-	-
2040	1,700,000	-	-	1,000,000	-	-	2,700,000
2041	-	4,000,000	60,000	-	-	-	4,060,000
2042	-	-	-	85,000	-	-	85,000
2043	1,700,000	-	-	-	-	-	1,700,000
2044	-	-	130,000	-	-	-	130,000
2045	-	-	-	1,200,000	-	-	1,200,000
2046	2,000,000	-	50,000	-	-	-	2,050,000
2047	-	-	-	-	-	-	-
2048	1,600,000	-	-	1,200,000	-	-	2,800,000
2049	-	-	-	-	3,500,000	-	3,500,000
2050	1,700,000	-	-	-	-	-	1,700,000
2051	-	-	-	100,000	-	-	100,000
2052	1,800,000	-	-	1,300,000	-	-	3,100,000
2053	-	-	60,000	-	-	-	60,000
2054	1,900,000	-	-	-	-	-	1,900,000
2055	-	-	-	-	-	-	-
2056	2,000,000	-	60,000	-	-	-	2,060,000

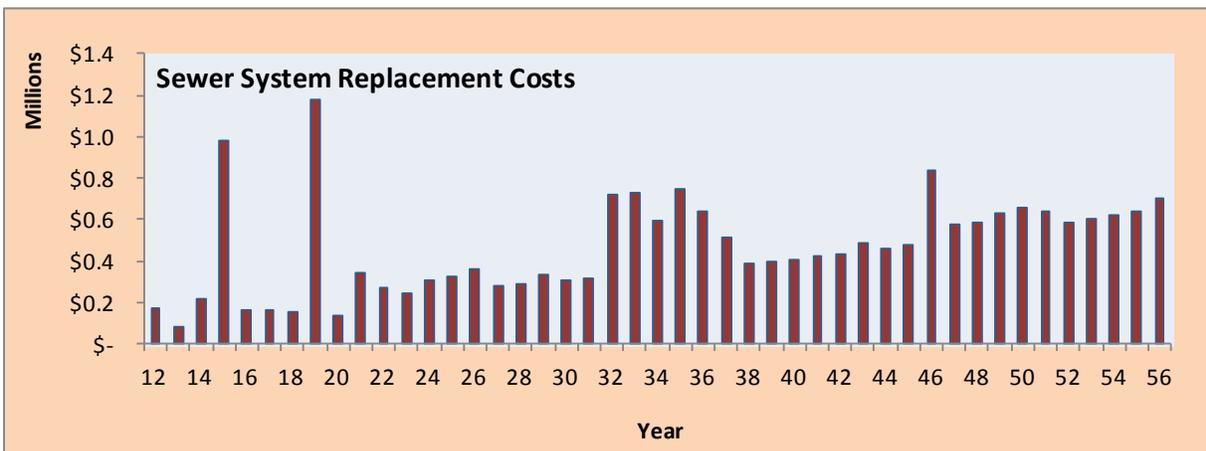
Sewer Fund

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. Sewer rates are designed to reward low volume customers with lower sewer rates, and to charge high volume customers more due to contributing more flow to the sewer system. As shown in the graph below, even though sewage flow has declined, sewage treatment costs continue to rise.



Groundwater infiltration and storm water inflow, particularly during periods of heavy rain, impact the volume of sewage flow 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 recently completed a commercial roof and residential sump pump inspection program in an effort to identify inappropriate discharge into the sewer system and further reduce sewage flows.

The operating projections on the following page show planned adjustments to the City's sewer rates will adequately support operations and capital costs.



Sewer Fund	2013 Estimate	2014 Budget	2015 Budget	2016 Projected	2017 Projected	2018 Projected
Revenue						
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	1,000	1,000	1,000	1,000	1,000	1,000
Utility Charges	3,694,000	3,816,000	3,930,000	4,048,000	4,168,000	4,293,000
Late Fees/Utility Charges	-	-	-	-	-	-
Sewer Facility Charges	4,000	4,000	4,000	4,000	4,000	4,000
Other Charges	2,500	2,500	2,500	2,500	2,500	2,500
Total Revenue	3,701,500	3,823,500	3,937,500	4,055,500	4,175,500	4,300,500
Expense						
Enterprise Operations	3,120,250	3,219,590	3,308,671	3,430,900	3,540,995	3,557,140
Depreciation	326,000	330,000	348,000	350,000	338,000	338,000
Total Expense	3,446,250	3,549,590	3,656,671	3,780,900	3,878,995	3,895,140
Operating Income (Loss)	255,250	273,910	280,829	274,600	296,505	405,360
Other Sources (Uses)						
Interest Earnings	21,000	24,000	27,000	27,000	30,000	30,000
Contributed Capital Assets	-	-	-	-	-	-
Intergovernmental	9,415	10,050	9,720	9,290	8,770	8,100
Debt Service	(74,499)	(58,177)	(54,309)	(86,242)	(80,353)	(87,763)
Transfers Out	(196,500)	(181,000)	(181,000)	(183,000)	(187,000)	(191,000)
Net Change	14,666	68,783	82,240	41,648	67,922	164,697
Fund Equity, beginning	7,441,425	7,456,091	7,524,874	7,607,114	7,648,762	7,716,684
Fund Equity, ending	\$7,456,091	\$7,524,874	\$7,607,114	\$7,648,762	\$7,716,684	\$7,881,381
Months of operating coverage	6.0	6.6	7.6	7.5	8.4	8.9
Cash balance	\$2,288,614	\$2,137,397	\$2,611,837	\$2,598,485	\$2,961,607	\$4,479,304
Capital costs	\$90,300	\$225,000	\$990,800	\$170,000	\$172,800	\$160,000
Unspent bond proceeds	\$335,000	\$-	\$-	\$-	\$-	\$1,180,000
General transfer percent of assets	0.91%	1.00%	0.93%	0.94%	0.95%	0.97%
Rate Increase (middle tier)	6.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Change in utility charge revenue	6.2%	3.3%	3.0%	3.0%	3.0%	3.0%
Debt issued	\$285,000	\$-	\$1,200,000	\$-	\$330,000	\$1,400,000
Debt payments (principal)	\$275,000	\$325,000	\$165,000	\$235,000	\$200,000	\$225,000
Debt balance (year end)	\$1,995,000	\$1,670,000	\$2,705,000	\$2,470,000	\$2,600,000	\$3,775,000
Commercial gallons (000)	86,500	86,500	86,500	86,500	86,500	86,500
Winter gallons-residential (avg)	12,432					
Winter gallons-multi-family (avg)	8,588					

**Sewer Fund
Capital Summary**

Year	Replacements			Additions	Misc. Capital	Total Capital Costs
	Sewer Lines	Relining- Televising	Lift Stations			
2013	\$ 80,000	\$ -	\$ -	\$ -	\$ 10,300	\$ 90,300
2014	175,000	-	40,000	-	10,000	225,000
2015	135,000	800,000	45,000	-	10,800	990,800
2016	85,000	-	75,000	-	10,000	170,000
2017	129,000	-	30,000	-	13,800	172,800
2018	120,000	-	30,000	-	10,000	160,000
2019	230,000	950,000	-	-	10,800	1,190,800
2020	109,000	-	30,000	-	-	139,000
2021	109,000	232,000	-	-	-	341,000
2022	-	239,000	30,000	-	-	269,000
2023	-	246,000	-	-	-	246,000
2024	-	253,000	50,000	-	-	303,000
2025	-	261,000	60,000	-	-	321,000
2026	-	269,000	90,000	-	-	359,000
2027	-	277,000	-	-	-	277,000
2028	-	285,000	-	-	-	285,000
2029	-	294,000	40,000	-	-	334,000
2030	-	303,000	-	-	-	303,000
2031	-	312,000	-	-	-	312,000
2032	-	321,000	400,000	-	-	721,000
2033	-	331,000	400,000	-	-	731,000
2034	-	341,000	250,000	-	-	591,000
2035	-	351,000	400,000	-	-	751,000
2036	-	362,000	280,000	-	-	642,000
2037	-	373,000	140,000	-	-	513,000
2038	-	384,000	-	-	-	384,000
2039	-	396,000	-	-	-	396,000
2040	-	408,000	-	-	-	408,000
2041	-	420,000	-	-	-	420,000
2042	-	433,000	-	-	-	433,000
2043	-	446,000	40,000	-	-	486,000
2044	-	459,000	-	-	-	459,000
2045	-	473,000	-	-	-	473,000
2046	-	487,000	350,000	-	-	837,000
2047	-	502,000	70,000	-	-	572,000
2048	-	517,000	70,000	-	-	587,000
2049	-	533,000	100,000	-	-	633,000
2050	-	549,000	110,000	-	-	659,000
2051	-	565,000	75,000	-	-	640,000
2052	-	582,000	-	-	-	582,000
2053	-	599,000	-	-	-	599,000
2054	-	617,000	-	-	-	617,000
2055	-	636,000	-	-	-	636,000
2056	-	655,000	50,000	-	-	705,000

Surface Water Management Fund

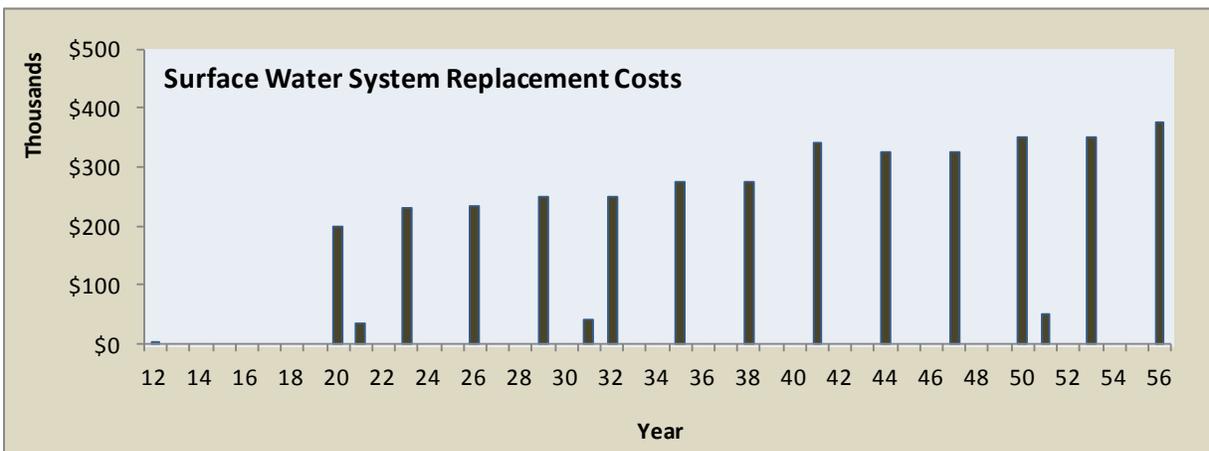
The City's surface water system collects and directs storm water runoff and provides protections for ground water quality. The program is designed to preserve and use natural water storage and retention systems, as much as practical, to reduce capital expenditures necessary to:

- Control excessive volumes and reduce the rate of ground water 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 through efforts such as sediment removal.

The operating projections, on the next page, show planned adjustments to the City's surface water rates will adequately support operating and capital costs.

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.



Surface Water Fund	2013 Estimate	2014 Budget	2015 Budget	2016 Projected	2017 Projected	2018 Projected
Revenue						
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	1,162,000	1,277,000	1,404,000	1,543,000	1,610,000	1,679,000
Late Fees/Utility Charges	-	-	-	-	-	-
Snail Lake Augmentation Chgs	45,140	43,577	44,803	44,641	45,175	48,182
Other Charges	5,000	5,000	5,000	5,000	5,000	5,000
Total Revenue	1,212,140	1,325,577	1,453,803	1,592,641	1,660,175	1,732,182
Expense						
Enterprise Operations	706,117	826,595	865,205	935,314	926,610	973,802
Depreciation	229,000	248,000	266,000	278,000	288,000	300,000
Total Expense	935,117	1,074,595	1,131,205	1,213,314	1,214,610	1,273,802
Operating Income (Loss)	277,023	250,982	322,598	379,327	445,565	458,380
Other Sources (Uses)						
Interest Earnings	7,000	8,000	9,000	9,000	10,000	10,000
Contributed Capital Assets	-	-	-	-	-	-
Intergovernmental	3,580	3,660	3,550	3,400	3,190	2,930
Debt Service	(99,661)	(82,116)	(72,244)	(90,343)	(80,765)	(92,148)
Transfers Out	(126,900)	(147,000)	(152,000)	(159,000)	(168,000)	(176,000)
Net Change	61,042	33,526	110,904	142,384	209,990	203,162
Fund Equity, beginning	7,514,553	7,575,595	7,609,121	7,720,025	7,862,409	8,072,399
Fund Equity, ending	\$ 7,575,595	\$ 7,609,121	\$ 7,720,025	\$ 7,862,409	\$ 8,072,399	\$ 8,275,561
Months of oper/capital coverage	6.0	3.3	5.4	4.0	6.6	6.5
Cash balance	\$ 762,760	\$ 427,323	\$ 761,574	\$ 552,070	\$ 970,201	\$ 1,553,392
Capital costs	\$ 782,550	\$ 257,000	\$ 547,700	\$ 249,950	\$ 249,950	\$ 405,080
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 546,000
General transfer percent of assets	0.58%	0.88%	0.88%	0.91%	0.95%	0.97%
Rate Increase (homes)	10.0%	10.0%	10.0%	10.0%	4.3%	4.3%
Change in utility charge revenue	10.8%	9.9%	9.9%	9.9%	4.3%	4.3%
Debt issued	\$ 1,305,000	\$ -	\$ 840,000	\$ -	\$ 520,000	\$ 870,000
Debt payments (principal)	\$ 415,000	\$ 360,000	\$ 335,000	\$ 380,000	\$ 350,000	\$ 385,000
Debt balance (year end)	\$ 3,190,000	\$ 2,830,000	\$ 3,335,000	\$ 2,955,000	\$ 3,125,000	\$ 3,610,000

**Surface Water Management Fund
Capital Summary**

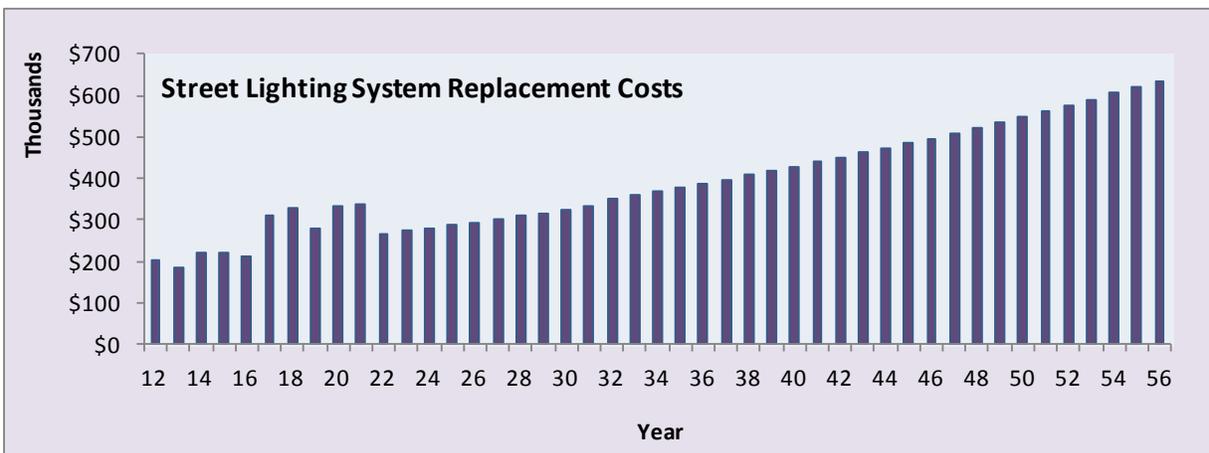
Year	Replacements			Additions	Misc. Capital	Total Capital Costs
	Storm Systems	Controls				
2013	\$ -	\$ -	\$ 782,550	\$ -	\$ 782,550	
2014	-	-	257,000	-	257,000	
2015	-	-	547,700	-	547,700	
2016	-	-	249,950	-	249,950	
2017	-	-	249,950	-	249,950	
2018	-	-	405,080	-	405,080	
2019	-	-	426,000	-	426,000	
2020	200,000	-	495,600	-	695,600	
2021	-	35,000	495,600	-	530,600	
2022	-	-	65,000	-	65,000	
2023	230,000	-	125,000	-	355,000	
2024	-	-	-	-	-	
2025	-	-	-	-	-	
2026	235,000	-	-	-	235,000	
2027	-	-	-	-	-	
2028	-	-	-	-	-	
2029	250,000	-	-	-	250,000	
2030	-	-	-	-	-	
2031	-	40,000	-	-	40,000	
2032	250,000	-	-	-	250,000	
2033	-	-	-	-	-	
2034	-	-	-	-	-	
2035	275,000	-	-	-	275,000	
2036	-	-	-	-	-	
2037	-	-	-	-	-	
2038	275,000	-	-	-	275,000	
2039	-	-	-	-	-	
2040	-	-	-	-	-	
2041	300,000	40,000	-	-	340,000	
2042	-	-	-	-	-	
2043	-	-	-	-	-	
2044	325,000	-	-	-	325,000	
2045	-	-	-	-	-	
2046	-	-	-	-	-	
2047	325,000	-	-	-	325,000	
2048	-	-	-	-	-	
2049	-	-	-	-	-	
2050	350,000	-	-	-	350,000	
2051	-	50,000	-	-	50,000	
2052	-	-	-	-	-	
2053	350,000	-	-	-	350,000	
2054	-	-	-	-	-	
2055	-	-	-	-	-	
2056	375,000	-	-	-	375,000	

Street Lighting Fund

Street lighting 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 an effort to recover operating and replacement costs through user fees. Operation and maintenance of the street lighting system includes periodic rewiring of lights, energy costs, street light repairs, and complete 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 operating projections on the next page show planned adjustments to the City's street lighting rates will adequately support operating and capital costs.



Street Lighting Fund	2013 Estimate	2014 Budget	2015 Budget	2016 Projected	2017 Projected	2018 Projected
Revenue						
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	474,000	493,000	513,000	533,000	613,000	644,000
Late Fees/Utility Charges	-	-	-	-	-	-
Other Revenues	500	500	500	500	500	500
Total Revenue	474,500	493,500	513,500	533,500	613,500	644,500
Expense						
Enterprise Operations	267,038	267,491	276,409	283,826	290,859	296,935
Miscellaneous	-	-	-	-	-	-
Depreciation	48,000	58,000	66,000	72,000	80,000	90,000
Total Expense	315,038	325,491	342,409	355,826	370,859	386,935
Operating Income (Loss)	159,462	168,009	171,091	177,674	242,641	257,565
Other Sources (Uses)						
Interest Earnings	2,000	2,200	2,500	2,500	2,700	2,700
Contributed Capital Assets	-	-	-	-	-	-
Transfers Out	(19,000)	(20,400)	(22,400)	(25,400)	(28,400)	(32,400)
Net Change	142,462	149,809	151,191	154,774	216,941	227,865
Fund Equity, beginning	941,636	1,084,098	1,233,907	1,385,098	1,539,872	1,756,813
Fund Equity, ending	\$ 1,084,098	\$ 1,233,907	\$ 1,385,098	\$ 1,539,872	\$ 1,756,813	\$ 1,984,678
Months of oper/capital coverage	7.1	6.3	6.0	6.2	5.6	5.0
Cash balance	\$ 193,266	\$ 181,075	\$ 178,266	\$ 192,540	\$ 179,981	\$ 171,626
Capital costs	\$ 186,770	\$ 220,000	\$ 220,000	\$ 212,500	\$ 309,500	\$ 326,220
General transfer percent of assets	0.75%	0.82%	0.82%	0.87%	0.87%	0.91%
Rate Increase	4.0%	4.0%	4.0%	4.0%	15.0%	5.0%

**Street Lighting Fund
Capital Summary**

Year	Replacements		Additions	Misc. Capital	Total Capital Costs
	Allowance	Street Projects			
2013	150,000	36,770	-	-	186,770
2014	150,000	70,000	-	-	220,000
2015	150,000	70,000	-	-	220,000
2016	150,000	62,500	-	-	212,500
2017	235,000	74,500	-	-	309,500
2018	241,220	85,000	-	-	326,220
2019	247,230	30,000	-	-	277,230
2020	253,410	78,750	-	-	332,160
2021	259,740	78,750	-	-	338,490
2022	266,240	-	-	-	266,240
2023	272,900	-	-	-	272,900
2024	279,710	-	-	-	279,710
2025	286,720	-	-	-	286,720
2026	293,890	-	-	-	293,890
2027	301,250	-	-	-	301,250
2028	308,770	-	-	-	308,770
2029	316,480	-	-	-	316,480
2030	324,380	-	-	-	324,380
2031	332,480	-	-	-	332,480
2032	351,450	-	-	-	351,450
2033	360,230	-	-	-	360,230
2034	369,240	-	-	-	369,240
2035	378,480	-	-	-	378,480
2036	387,950	-	-	-	387,950
2037	397,650	-	-	-	397,650
2038	407,590	-	-	-	407,590
2039	417,780	-	-	-	417,780
2040	428,240	-	-	-	428,240
2041	438,930	-	-	-	438,930
2042	449,920	-	-	-	449,920
2043	461,180	-	-	-	461,180
2044	472,700	-	-	-	472,700
2045	484,510	-	-	-	484,510
2046	496,620	-	-	-	496,620
2047	509,030	-	-	-	509,030
2048	521,760	-	-	-	521,760
2049	534,800	-	-	-	534,800
2050	548,160	-	-	-	548,160
2051	561,860	-	-	-	561,860
2052	575,920	-	-	-	575,920
2053	590,300	-	-	-	590,300
2054	605,060	-	-	-	605,060
2055	620,170	-	-	-	620,170
2056	635,680	-	-	-	635,680

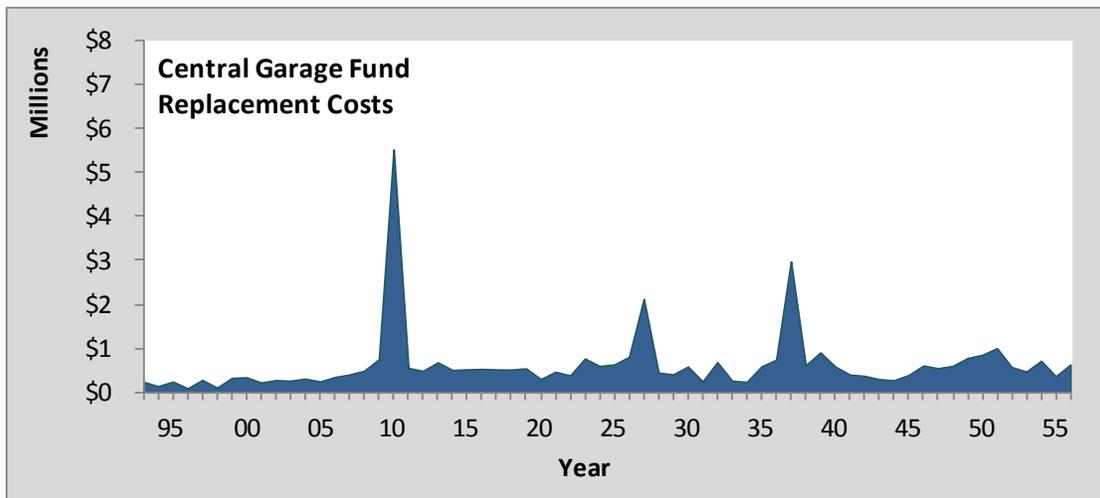
Central Garage Fund

The Central Garage Fund supports operating costs, acquisition and replacement of vehicles and equipment, and maintenance of the garage facility. In turn, activities which use equipment pay inter-fund charges (equipment and building fees) to the fund. These charges are revised annually and are set based on projected operating costs, capital replacement needs, and anticipated capital additions.

When establishing equipment and building fees, the City's strategy is to consider a long-range view. Therefore, fees are designed to increase gradually over time. Since capital needs vary yearly, it is desirable to smooth out the impact on operating funds to avoid sharp increases and decreases in the resources which 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 the 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 \$12 million in garage assets. The graph below shows historical and projected replacement costs.

Operating projections are presented on the next page.



Central Garage Fund	2013 Estimate	2014 Budget	2015 Budget	2016 Projected	2017 Projected	2018 Projected
Revenue						
Central Garage Charges	\$ 1,196,240	\$ 1,242,855	\$ 1,256,090	\$ 1,281,880	\$ 1,317,480	\$ 1,360,660
Total Revenue	1,196,240	1,242,855	1,256,090	1,281,880	1,317,480	1,360,660
Expense						
Central Garage Operations	577,942	599,799	617,652	634,269	649,401	665,717
Depreciation	640,000	660,000	660,000	664,000	689,000	700,000
Total Expense	1,217,942	1,259,799	1,277,652	1,298,269	1,338,401	1,365,717
Operating Income (Loss)	(21,702)	(16,944)	(21,562)	(16,389)	(20,921)	(5,057)
Other Sources (Uses)						
Property Taxes	184,000	184,000	208,000	208,000	200,000	200,000
Interest Earnings	8,500	9,500	10,500	10,500	11,500	11,500
Other Revenues	-	-	-	-	-	-
Sale of Asset-Gain (Loss)	40,000	29,000	-	50,000	39,000	56,000
Contributed Capital Assets	-	-	-	-	-	-
Intergovernmental	81,255	83,170	80,850	78,200	75,090	71,530
Debt Service	(243,128)	(238,054)	(234,187)	(223,862)	(214,966)	(204,810)
Transfers In	200,900	119,400	119,400	119,400	119,400	119,400
Transfers Out	-	-	(14,000)	-	-	-
Net Change	249,825	170,072	149,001	225,849	209,103	248,563
Fund Equity, beginning	3,963,820	4,213,645	4,383,717	4,532,718	4,758,567	4,967,670
Fund Equity, ending	\$ 4,213,645	\$ 4,383,717	\$ 4,532,718	\$ 4,758,567	\$ 4,967,670	\$ 5,216,233
Months of oper/cap coverage	7.8	8.4	8.9	9.5	10.3	11.3
Cash balance	\$ 1,130,630	\$ 1,236,402	\$ 1,318,403	\$ 1,441,252	\$ 1,580,355	\$ 1,751,918
Capital costs	\$ 679,097	\$ 524,000	\$ 533,000	\$ 548,000	\$ 527,000	\$ 540,000
Expense percent change	4.0%	3.4%	1.4%	1.6%	3.1%	2.0%
Average annual percent change	7.2%					2.3%
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund charges percent change	4.6%	3.9%	1.1%	2.1%	2.8%	3.3%
Average annual percent change	5.8%					2.6%
Debt issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt payments (principal)	\$ 245,000	\$ 245,000	\$ 250,000	\$ 255,000	\$ 265,000	\$ 270,000
Debt balance (year end)	\$ 5,270,000	\$ 5,025,000	\$ 4,775,000	\$ 4,520,000	\$ 4,255,000	\$ 3,985,000

**Central Garage Fund
Capital Summary**

Year	Estimated Replacement Costs					Total Capital Costs
	Buildings		Machinery, Vehicles		Additions	
	Buildings	Parking/ Driveways	Equipment	Other		
2013			654,097	25,000		679,097
2014			479,000	25,000	20,000	524,000
2015			494,000	25,000	14,000	533,000
2016			503,000	25,000	20,000	548,000
2017			467,000	50,000	10,000	527,000
2018			463,000	50,000	27,000	540,000
2019			491,000	50,000	10,000	551,000
2020			247,000	50,000	28,000	325,000
2021	45,000		368,000	50,000	10,000	473,000
2022			330,000	50,000	29,000	409,000
2023			717,000	50,000	10,000	777,000
2024	50,000		495,000	50,000	30,000	625,000
2025		15,000	565,000	50,000	10,000	640,000
2026			755,000	50,000	31,000	836,000
2027	1,500,000		576,000	50,000	10,000	2,136,000
2028	55,000		339,000	50,000	32,000	476,000
2029			354,000	50,000	10,000	414,000
2030			532,000	50,000	33,000	615,000
2031	60,000		134,000	50,000	10,000	254,000
2032		18,600	615,000	50,000	34,000	717,600
2033			209,000	50,000	10,000	269,000
2034	65,000		117,000	50,000	35,000	267,000
2035		200,000	337,000	50,000	10,000	597,000
2036			690,000	50,000	36,000	776,000
2037	2,000,000		931,000	50,000	10,000	2,991,000
2038			562,000	50,000	37,000	649,000
2039		23,000	832,000	50,000	10,000	915,000
2040	75,000		460,000	50,000	38,000	623,000
2041			349,000	50,000	10,000	409,000
2042			320,000	50,000	39,000	409,000
2043	80,000		165,000	50,000	10,000	305,000
2044			220,000	50,000	40,000	310,000
2045			339,000	50,000	10,000	399,000
2046	85,000	28,100	442,000	50,000	41,000	646,100
2047			495,000	50,000	10,000	555,000
2048			548,000	50,000	42,000	640,000
2049	90,000		637,000	50,000	10,000	787,000
2050			800,000	50,000	43,000	893,000
2051			953,000	50,000	10,000	1,013,000
2052			521,000	50,000	44,000	615,000
2053		35,000	384,000	50,000	10,000	479,000
2054			665,000	50,000	45,000	760,000
2055	75,000		236,000	50,000	10,000	371,000
2056			580,000	50,000	50,000	680,000

Comprehensive Infrastructure Replacement Policy (Adopted October 15, 1996)

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.

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 not 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.