

**CITY OF SHOREVIEW
AGENDA
CITY COUNCIL WORKSHOP
AUGUST 10, 2015
7:00 P.M.**

1. ROLL CALL
2. DISCUSSION REGARDING PRELIMINARY LAYOUT FOR I-35W
NORTH MANAGED LANE PROJECT
3. REVIEW OF THE PROPOSED 2016 PRELIMINARY TAX LEVY AND
OPERATING BUDGET
4. DISCUSSION REGARDING THE COMMUNITY CENTER EXPANSION
PROJECT
5. OTHER ISSUES
6. ADJOURNMENT

TO: MAYOR, CITY COUNCIL, AND CITY MANAGER
FROM: MARK MALONEY, PUBLIC WORKS DIRECTOR *mm*
DATE: AUGUST 7, 2015
SUBJ: I-35W NORTH CORRIDOR PRELIMINARY DESIGN

MnDOT has completed a number of studies concerning the future of the I-35W North Corridor, culminating with the Managed Lane Corridor Study that was published in June of 2013, excerpts attached. That study identified potential design options for the segment of I-35W between Minneapolis and Forest Lake. At this time, MnDOT has assembled a Staff Advisory Committee (SAC) which includes transportation officials from the affected cities and counties in a more focused area to provide technical expertise as well as be a connection to elected officials and community members. This group has been meeting monthly and is scheduled to meet through the end of 2015. The goal is help guide MnDOT's efforts in the areas of Environmental Assessment, Traffic Forecasting/Modeling, Preliminary Layouts and Public Involvement. While it appears that the project is likely to be constructed after 2020, it is possible that Legislative action could accelerate the project timeline.

MnDOT representatives are meeting with the elected officials of the various jurisdictions affected by the I-35W North Corridor Preliminary Design process. Time has been allocated for a brief presentation/discussion on the Monday, August 10, 2015 agenda.

Figure ES-4 Segmentation Map

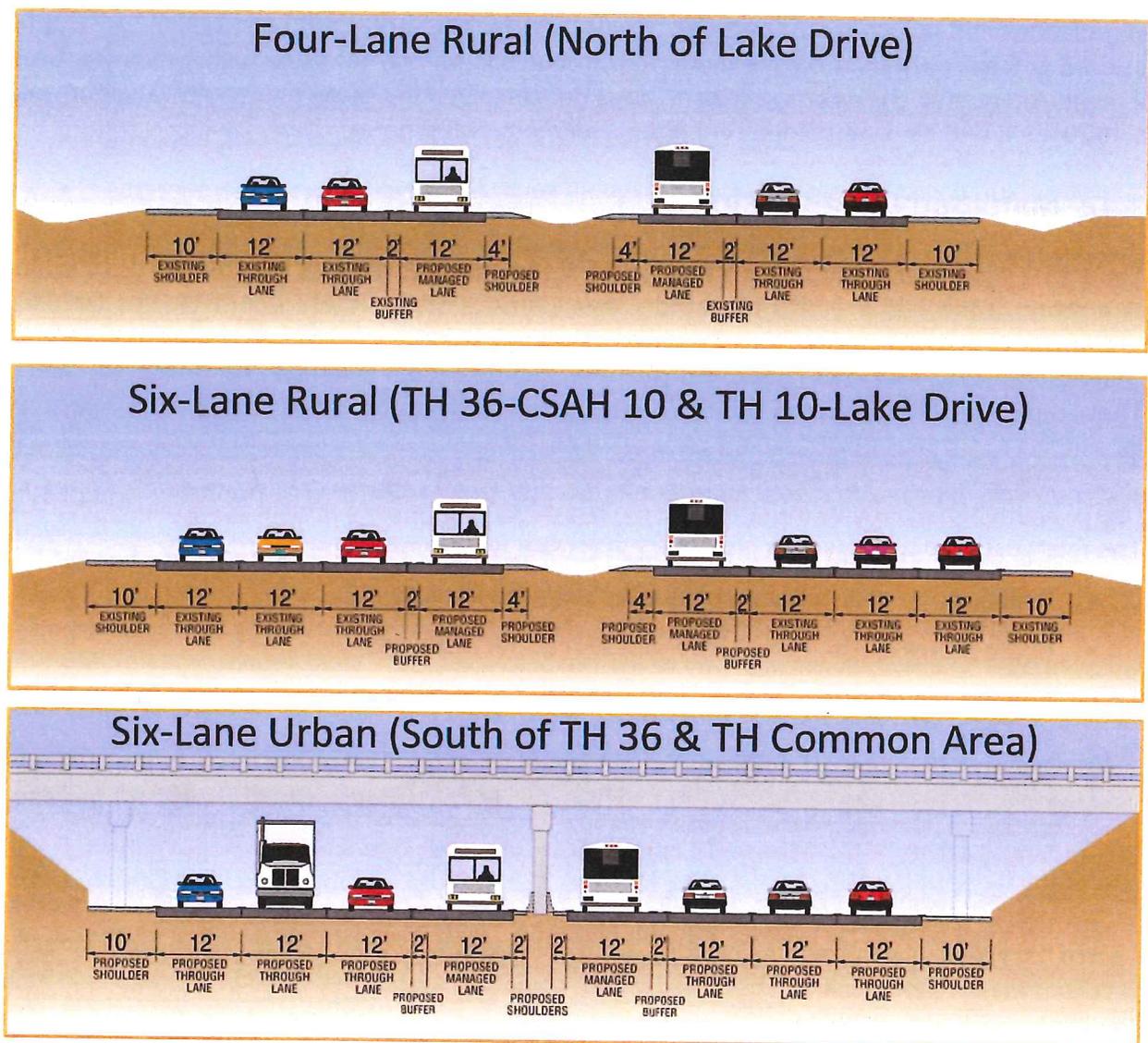


1.11 Identification of Viable Managed Lane Alternative

Based on information that was produced during the evaluation process, the PMT carefully considered trade-offs regarding a viable managed lanes alternative. The group elected to move forward with Alternative 3B for completing the remaining steps in the I-35W North Managed Lanes Corridor Study.

Alternative 3B is characterized by the addition of a managed lane on the inside of the existing lanes in both directions between University Avenue SE in Minneapolis and Lexington Avenue in Blaine. It has full, ten-foot outside shoulders and two to four-foot inside shoulders. In locations where space is available, the width of the inside shoulder could be increased. Figure ES-7 illustrates the proposed cross-sections of this alternative.

Figure ES-7 Viable Alternative Cross Sections



The selection of Alternative 3B as a viable alternative balances construction costs with design standards and operational trade-offs. The specific rationales for selection of Alternative 3B include:

- Fulfills the study goals and objectives
- Provides competitive construction costs when coordinated with preservation needs
- Provides operational benefits
- Provides a full outside shoulder and a variable inside shoulder

In addition to these critical considerations, a number of other characteristics make this viable alternative a strong candidate for managed lane construction. First, it received good scores in primary and secondary screening and no fatal flaws were identified in the screening process. Next, it provides a consistent design through the corridor, resulting in favorable conditions for driver expectations and maintenance strategies. Finally, the inclusion of a full outside shoulder can be utilized as a bus only shoulder for shorter-distance transit service not using managed lanes. Even though Alternative 3B was used as a basis to complete the study; further evaluation and confirmation will be conducted during future environmental process.

1.12 Managed Lanes Vision

The I-35W North Managed Lanes Vision is the set of all improvements selected for the corridor as a result of the I-35W North Managed Lanes Corridor Study. These improvements included additional managed lane capacity through the corridor, localized improvements to relieve existing congestion, and localized improvements to facilitate the addition of managed lanes. The completion of the Managed Lanes Vision is intended to fulfill the study's goals and objectives listed.

I-35W North Managed Lanes Vision was developed by utilizing the project goals and objectives. The four goals and objectives as previously described in this report are:

- Reduce congestion and improve safety along the corridor
- Better utilize existing and future infrastructure investments
- Increase transit ridership and the use of high occupancy vehicles by providing travel time advantages
- Provide a choice for commuters during the peak periods

It is understood that the full Managed Lanes Vision cannot be completed as a single project. It will take many years of separate phases to be realized. The purpose of identifying the Managed Lanes Vision was to ensure that as improvements are made through the corridor, they support and build toward the vision while providing benefits to corridor users with each new improvement. Specific details of the chronological order of these improvements are described in the Implementation Plan chapter.

The improvements included in the I-35W North Managed Lanes Vision were identified through a number of steps in the study evaluation process. First, localized improvements to address existing congestion were developed and evaluated with traffic modeling. The strongest-performing and most cost effective concepts were included in the vision. The viable managed lanes alternative (Alternative 3B) was evaluated in the secondary screening process and included in the vision based on the evaluation results and input from the PMT. Finally, localized improvements to facilitate the managed lanes were developed based on a variety of needs, such as access reconfiguration, roadway realignment, or future congestion issues.

Overview

The I-35W North Managed Lanes Vision developed for the I-35W north corridor includes the following elements:

- Managed lanes between downtown Minneapolis and Lexington Avenue
- Interchange improvements at the I-35W and TH 10 north junction
- Interchange improvements along I-35W at I-694
- Managed lane direct connections to downtown Minneapolis
- Left lane extension to Snelling Avenue along TH 36 eastbound (other potential concept)
- North ramp access at Hennepin Avenue (other potential concept)

It is important to note that the study did identify several geometric concepts that are not included in the vision that will provide operational benefit to the corridor. These concepts require larger investments and could be implemented in the future if needed. More detail on these concepts can be found in the body of the document.

An implementation plan was developed that defines distinct stages that could realistically be constructed in a one to four-year period. The implementation plan was developed to capitalize on bridge and pavement preservation needs that have been identified by MnDOT.

The managed lane phases also provide an orderly approach to addressing corridor congestion with the addition of managed lanes. The projects identified in each stage were based on a combination of these factors and grouped by location and/or consideration of construction impacts.

An illustration of the Managed Lane Vision is shown in Figure ES-10 including the stages and phasing for overall implementation.

The State Transportation Improvement Program (STIP) is the current four-year program of funded projects for the period 2013 to 2016. The I-35W north corridor includes a number of STIP projects as described in the implementation plan. The total cost for these programmed improvements is approximately \$35 million. These investments are fully expected to move forward to construction, and are not influenced by other factors of the managed lane vision.

TO: Mayor and City Council

FROM: Terry C. Schwerm, City Manager
Fred Espe, Finance Director

DATE: August 6, 2015

RE: Preliminary Tax Levy Adoption

Introduction

In order to meet statutory requirements for preparation of preliminary tax statements, the City must adopt and certify a preliminary tax levy by September 30, the EDA and City Council must adopt and certify the HRA levy by September 15. This memo will review the proposed property tax levy, residential property values, General Fund operating budget, and preliminary fund balance projections for tax supported capital funds.

Preliminary Tax Levy

The table below provides a comparison of the 2016 recommended preliminary levy to the 2015 adopted levy. Department requests for 2016 would have resulted in a 6.5% increase in the City levy. City Manager changes resulting from this years' budget review have brought the increase down to 4.32%, as shown in the table below.

Description	2015	2016	Change Over		Impact on Total Levy *
	Adopted Levy	Recommended Levy	2015 Adopted Levy		
			Dollars	Percent	
General fund	\$ 7,023,335	\$ 7,341,458	\$ 318,123	4.53%	3.10%
EDA	90,000	110,000	20,000	22.22%	0.19%
Debt (including Cent Garage)	752,000	755,000	3,000	0.40%	0.03%
Street Renewal fund	950,000	1,000,000	50,000	5.26%	0.49%
General Fixed Asset Repl fund	1,427,583	1,475,000	47,417	3.32%	0.46%
Capital Acquisition Fund (IT)	25,000	30,000	5,000	20.00%	0.05%
Total City Levy	\$ 10,267,918	\$ 10,711,458	\$ 443,540	4.32%	4.32%
HRA tax levy	\$ 95,000	\$ 100,000	5,000	5.26%	
Taxable value (estim for 2016)	\$ 26,673,745	\$ 27,870,000	\$ 1,196,255	4.48%	
City tax rate (estim for 2016)	34.873%	35.074%	0.201%	0.58%	
HRA tax rate (estim for 2016)	0.323%	0.328%	0.005%	1.55%	
Fiscal disparity (estim for 2016)	\$ 965,979	\$ 927,390	\$ (38,589)	-3.99%	
Net Tax paid by property owners	\$ 9,301,939	\$ 9,784,068	\$ 482,129	5.18%	
Change in Tax Paid by Prop Owners	3.59%	5.18%			
* Percent change in this column is computed as the impact on the "Total City Levy"					

It should be noted that the 2016 taxable values, fiscal disparities and City tax rates shown in the previous table are estimates. We expect Ramsey County will release estimated values in late August (before the preliminary levy is adopted).

Residential Property Values

According to the Ramsey County Assessor Payable 2016 Assessor's Report, "Last year, saw substantial value appreciation for our (county wide) residential property. This trend has continued but at a slower pace". The March 26 report further states that "While residential growth has slowed commercial property and apartment property values experienced greater appreciation than last year. While growth has slowed from last year, it is still substantial, and a real improvement from recent years. Increases in all three major property classes should reduce tax shifting between the different classes of property in 2016."

"The Homestead Market Value Exclusion, while benefiting most homesteaded residential property, continues to exacerbate the impact of rising property values due to the nature of the homestead benefit which declines as the value rises. Most homestead property is experiencing a greater increase in taxable market value than in the estimated market value, this is due to the homestead exclusion formula."

In addition, the median home value in Shoreview will increase from \$247,500 for 2015 taxes to \$253,800 for 2016 taxes (a 2.5% increase in value). The table at right shows the change in single family home values since the year 2000.

Year	Median Home Value	Annual Percent Change
2000	143,100	5.2%
2001	155,200	8.5%
2002	168,400	8.5%
2003	182,700	8.5%
2004	207,500	13.6%
2005	236,250	13.9%
2006	265,050	12.2%
2007	279,900	5.6%
2008	286,600	2.4%
2009	275,600	-3.8%
2010	262,200	-4.9%
2011	249,350	-4.9%
2012	235,700	-5.5%
2013	222,200	-5.7%
2014	224,500	1.0%
2015	247,500	10.2%
2016	253,800	2.5%

Operating Budget

The preliminary budget was prepared assuming a 2.5% wage adjustment for regular staff and a \$60 per month increase in the City-share of the health insurance package. The revised budget assumes a 2% wage adjustment which results in a \$16,420 reduction of wages and benefits. As a reminder, 11 years ago the City changed its health insurance to a high-deductible plan and implemented a VEBA (voluntary employee benefit association) plan that resulted in tremendous cost savings for both the City and employees. During the first few years of this program the City's health insurance premium declined as a result of low usage by City employees and their families. This occurred at a time when most health insurance premiums were increasing 8% to 12% annually. Shoreview's premiums continue to be far lower than Ramsey County (the City's former plan) and most other cities.

Adjustments already made to Department expenditure requests/revenue estimates that result in a General Fund levy reduction of \$224,257 are shown in the following table:

Note: (brackets) indicate a decrease in the tax levy	
	Increase (Decrease)
General Fund Revenue Changes:	
License and permits	\$ (57,000)
Administrative charges to capital projects	(20,000)
Transfer from Cable TV	(27,000)
General Fund Revenue Changes	<u>(104,000)</u>
General Fund Expenditure Changes:	
Eliminate Public works part-time position	(16,570)
Reduce Park maintenance part-time position	(10,878)
Reduce Emergency services expenditures	(160)
Reallocation of staff wages to other funds	(76,229)
COLA reduction from 2.5% to 2%	(16,420)
General Fund Expenditure Changes	<u>(120,257)</u>
Total General Fund changes	<u>(224,257)</u>

General Fund revenue and expense for 2015 and 2016 are shown in the table below. A listing of specific items that impact the tax levy is provided on the next page, along with the estimated percent impact on the total levy.

	2015 Budget	2015 Revised Estimate	2016 Requested Budget	Change from 2015 Budget	
				Dollars	Percent
Revenue					
Property Taxes	\$7,023,335	\$7,023,335	\$7,341,458	\$ 318,123	4.5%
Licenses & Permits	330,100	375,625	352,700	22,600	6.8%
Intergovernmental	455,032	529,222	480,622	25,590	5.6%
Charges for Services	1,303,810	1,256,160	1,224,520	(79,290)	-6.1%
Fines & Forfeits	48,800	45,770	42,500	(6,300)	-12.9%
Interest Earnings	50,000	50,000	50,000	-	0.0%
Other Revenues	26,227	25,250	25,450	(777)	-3.0%
Total revenue	<u>9,237,304</u>	<u>9,305,362</u>	<u>9,517,250</u>	<u>279,946</u>	<u>3.0%</u>
Expenses					
General Government	2,232,248	2,199,788	2,353,925	121,677	5.5%
Public Safety	3,424,835	3,459,450	3,590,520	165,685	4.8%
Public Works	1,573,363	1,527,352	1,559,325	(14,038)	-0.9%
Parks and Recreation	1,760,187	1,758,091	1,781,070	20,883	1.2%
Community Development	616,671	621,807	645,410	28,739	4.7%
Total expenditures	<u>9,607,304</u>	<u>9,566,488</u>	<u>9,930,250</u>	<u>322,946</u>	<u>3.4%</u>
Other Sources (Uses)					
Transfers In	748,000	748,000	811,000	63,000	8.4%
Transfers Out	(378,000)	(378,000)	(398,000)	(20,000)	5.3%
Net increase	<u>\$ -</u>	<u>\$ 108,874</u>	<u>\$ -</u>		

The first section of the box shows changes resulting from a reevaluation of all General Fund revenues to reflect current development activity, preliminary capital projects, transfers from the Cable TV fund for communication costs, and transfers from Utility funds. All revenue changes combined account for a .24% decrease in the total tax levy.

The second section of the box shows changes in General Fund expense. These items account for a 3.34% increase in the total proposed tax levy.

The net impact of General Fund changes is a 3.10% increase in the total tax levy.

The EDA, debt funds and capital funds account for a 1.22% increase in the total tax levy, for a combined change in the City levy of 4.32% (3.10% + 1.22%).

Note: (brackets) indicate a decrease in the tax levy	2016 Change	
	Increase (Decrease)	% Impact on Total Levy
General Fund Revenue Changes		
License and permits	(22,600)	
MSA Maintenance	(25,000)	
State Fire Aid	(590)	
Administrative charges to other funds	18,540	
Administrative charges to capital projects	20,000	
Engineering fees	30,000	
Plan check fees	10,000	
Administrative citations	7,000	
Other revenues	827	
Transfer from Cable TV	(33,000)	
Transfer from Utility Funds (PILOT)	(30,000)	
General Fund Revenue Changes	(24,823)	-0.24%
General Fund Expenditure Changes		
Wages full time employees	31,301	
Wages full time employees - overtime	4,050	
Wages part-time employees regular	28,766	
Wages associate employees - regular	12,961	
Wages associate employees - overtime	(14,237)	
PERA	4,430	
FICA	4,608	
Group insurance	37,448	
Workers' compensation	(8,871)	
Community survey	(13,000)	
Election	27,500	
Legal	7,000	
Police	51,175	
Fire	119,670	
Central Garage equipment/building charges	19,050	
Building inspection - inspection contractual	(10,000)	
Community Center building charge	(14,000)	
Postage	7,000	
Misc. other adjustments	28,095	
Transfers out		
Community Center	8,000	
Recreation Programs	12,000	
General Fund Expenditure Changes	342,946	3.34%
Total General Fund changes	318,123	3.10%
Levy Changes in All Other Funds		
EDA Levy	20,000	
Debt (Debt & Central Garage funds)	3,000	
Street Renewal fund	50,000	
General Fixed Asset fund	47,417	
Information Technology fund	5,000	
Levy Changes in All Other Funds	125,417	1.22%
Total Change in City Levy	443,540	4.32%
HRA Levy	5,000	5.26%
Total Levy	448,540	4.33%

Below is a brief listing of specific items having an impact on the 2016 tax levy:

- Revenue changes reflect slightly higher permit-related revenues, MSA Maintenance revenue a reduction in administrative charges, engineering, plan check fees and administrative citations
- Transfers from the Cable TV fund increase in support of communication related costs
- Transfers from utility funds increase in conjunction with the target of no more than 1% of asset value (as a payment in lieu of property taxes)
- Wage cost increases of \$109,327 include a 2% wage adjustment, a \$60 per month increase in the City contribution for health insurance, contributions to PERA and social security, step increases for employees not yet at the regular rate of pay for the position, and position adjustments planned for in 2016
- Workers' compensation costs decreased by \$8,871 due to a change in the City's experience modification factor from 1.01% in 2015 to .83% in 2016. The experience modification factor is an indicator of risk based on past losses and increases the insurance premium if over 100%.
- Election costs increase and community survey costs decrease for a net levy increase of \$14,500.
- Police costs are increasing \$51,175 (2.5%) over 2015.
- Fire costs increase \$119,670 in 2016 and include the final year of additional costs associated with the expansion of the duty crew program that has paid on-call firefighters working different shifts at fire stations. Shoreview's share of costs has also increased due to a rise in the percentage of fire calls which makes up 40% of the cost allocation formula.
- Central garage charges paid by the General Fund are up due to equipment replacements.
- Building inspection changes include the cost of contracted inspection services, which are off-set by increased building permit fees.
- Community Center Building charges decreased by \$14,000 due primarily to decreased community Center utility costs and a decrease in the city hall labor allocation.
- Postage increased \$7,000 as result of absentee election ballots (\$5,000) and the Shoreviews newsletter mailing costs (\$2,000).
- Transfers out increased \$20,000, due to the General funds contribution to the Community Center and Recreation Program funds.
- The impact of all other General Fund changes net to a \$28,095 increase.
- The EDA levy increases \$20,000 to cover increased staff and contractual costs, and the HRA levy increases \$5,000.
- Combined debt levies increase \$3,000, for existing improvement debt funds, maintenance center debt and 2006 and 2013 street bonds.
- The Street Renewal levy increases \$50,000
- The levies for capital replacement increase in the General Fixed Asset Replacement fund (\$47,417) and the Information Technology fund (\$5,000).

MAJOR TAX SUPPORTED CAPITAL FUNDS

Before adoption of the preliminary tax levy, staff wishes to report on projected fund balances for tax supported capital funds. Projections are shown on the next three pages.

Street Renewal Fund projections indicate that tax levy increases ranging from \$50,000 to \$76,000 per year through 2020 will support planned projects. Projects scheduled in 2021 result in a drop in the fund balance below the minimum \$2,000,000.

Street Renewal Fund	Projected						
Capital Projections	2015	2016	2017	2018	2019	2020	2021
Revenue							
Property taxes	\$ 950,000	\$ 1,000,000	\$ 1,060,000	\$ 1,124,000	\$ 1,191,000	\$ 1,262,000	\$ 1,338,000
Assessments	12,931	12,696	12,696	12,696	6,880	6,880	6,880
Investment interest	27,600	28,100	33,900	35,800	41,400	41,400	41,400
Total Revenues	<u>\$ 990,531</u>	<u>\$ 1,040,796</u>	<u>\$ 1,106,596</u>	<u>\$ 1,172,496</u>	<u>\$ 1,239,280</u>	<u>\$ 1,310,280</u>	<u>\$ 1,386,280</u>
Expense							
Street condition survey	8,000	8,000	8,500	8,500	9,000	9,000	9,500
Sealcoat and crack fill	317,500	325,400	336,700	339,700	346,000	352,500	359,100
Street rehabilitation current projects:							
Railroad crossing quiet zones	20,000	-	-	-	-	-	-
Grand Avenue reconstruction	-	306,200	-	-	-	-	-
Turtle Lane neighborhood	747,120	-	-	-	-	-	-
Windward Heights neighborhood	-	503,000	766,500	-	-	-	-
Bridge/Lion neighborhood	-	-	-	873,000	-	-	-
Wabasso neighborhood	-	-	-	-	472,200	-	-
Edgetown Acres-Schutta/Lois/Hillview	-	-	-	-	-	1,337,800	1,457,600
Total Expense	<u>\$ 1,092,620</u>	<u>\$ 1,142,600</u>	<u>\$ 1,111,700</u>	<u>\$ 1,221,200</u>	<u>\$ 827,200</u>	<u>\$ 1,699,300</u>	<u>\$ 1,826,200</u>
Net change	(102,089)	(101,804)	(5,104)	(48,704)	412,080	(389,020)	(439,920)
Fund equity, beginning	2,400,134	2,298,045	2,196,241	2,191,137	2,142,433	2,554,513	2,165,493
Fund equity, ending	<u>\$ 2,298,045</u>	<u>\$ 2,196,241</u>	<u>\$ 2,191,137</u>	<u>\$ 2,142,433</u>	<u>\$ 2,554,513</u>	<u>\$ 2,165,493</u>	<u>\$ 1,725,573</u>
Years of capital coverage (avg expense)	2.5	2.4	2.4	2.4	2.8	2.4	1.9
Tax levy percent change	8.0%	5.3%	6.0%	6.0%	6.0%	6.0%	6.0%

General Fixed Asset Fund projections indicate that tax levy increases ranging from \$10,000 to \$47,417 per year through 2021 will support planned projects. Starting in 2018, the increase in the General Fixed Asset Fund share of the levy is projected to increase .7% annually (unless capital projections change, requiring higher levies).

General Fixed Asset Fund	Projected						
Capital Projections	2015	2016	2017	2018	2019	2020	2021
Revenue							
Property taxes	\$ 1,427,583	\$ 1,475,000	\$ 1,495,000	\$ 1,505,000	\$ 1,515,000	\$ 1,525,000	\$ 1,535,000
Investment interest	4,000	6,000	10,000	10,000	11,000	11,000	11,000
Total Revenues	\$ 1,431,583	\$ 1,481,000	\$ 1,505,000	\$ 1,515,000	\$ 1,526,000	\$ 1,536,000	\$ 1,546,000
Expense							
Fire stations & equipment	134,840	114,917	571,392	89,652	26,350	128,960	646,040
Warning sirens	20,000	20,000	29,000	-	31,000	-	22,000
Municipal buildings	367,797	240,000	571,000	237,400	425,000	230,000	427,600
Park facilities	253,642	285,000	518,000	373,000	223,200	206,000	105,800
Trails	75,000	122,000	127,000	80,000	80,000	80,000	80,000
Total Expense	\$ 851,279	\$ 781,917	\$ 1,816,392	\$ 780,052	\$ 785,550	\$ 644,960	\$ 1,281,440
Other Sources (Uses)							
Transfers out/Capital Imprv (IT) fund	(190,659)	(534,500)	(94,000)	(150,000)	(185,000)	(156,000)	(152,000)
Transfers out/debt funds	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)
Total Other Sources (Uses)	\$ (370,659)	\$ (714,500)	\$ (274,000)	\$ (330,000)	\$ (365,000)	\$ (336,000)	\$ (332,000)
Net change	209,645	(15,417)	(585,392)	404,948	375,450	555,040	(67,440)
Fund equity, beginning	675,302	884,947	869,530	284,138	689,086	1,064,536	1,619,576
Fund equity, ending	\$ 884,947	\$ 869,530	\$ 284,138	\$ 689,086	\$ 1,064,536	\$ 1,619,576	\$ 1,552,136
Months of average capital coverage	8.9	8.8	2.9	6.9	10.7	16.3	15.6
Tax levy percent change	8.2%	3.3%	1.4%	0.7%	0.7%	0.7%	0.7%

Information Technology Fund projections indicate that tax levy increases equal to \$5,000 per year through 2018, and \$10,000 in 2020 will support planned technology purchases. The small tax levy is intended to assist in funding new technology purchases that cannot be funded through replacement funds.

Information Technology Fund	Projected						
Capital Projections	2015	2016	2017	2018	2019	2020	2021
Revenue							
Property taxes	\$ 25,000	\$ 30,000	\$ 35,000	\$ 40,000	\$ 40,000	\$ 50,000	\$ 50,000
Investment interest	100	400	400	1,100	1,600	1,600	1,600
Total Revenues	\$ 25,100	\$ 30,400	\$ 35,400	\$ 41,100	\$ 41,600	\$ 51,600	\$ 51,600
Expense							
Computer equipment/software	193,344	592,900	138,200	156,900	185,800	171,800	235,800
Total Expense	\$ 193,344	\$ 592,900	\$ 138,200	\$ 156,900	\$ 185,800	\$ 171,800	\$ 235,800
Other Sources (Uses)							
Transfers in/Gen Fixed Asset Fund	190,659	534,500	94,000	150,000	185,000	156,000	152,000
Transfers in/Water Fund	400	-	3,400	-	400	-	-
Transfers in/Sewer Fund	400	-	3,400	-	400	400	400
Transfers in/Central Garage Fund	-	15,000	-	-	-	-	-
Total Other Sources (Uses)	\$ 191,459	\$ 549,500	\$ 100,800	\$ 150,000	\$ 185,800	\$ 156,400	\$ 152,400
Net change	23,215	(13,000)	(2,000)	34,200	41,600	36,200	(31,800)
Fund equity, beginning	36,096	59,311	46,311	44,311	78,511	120,111	156,311
Fund equity, ending	\$ 59,311	\$ 46,311	\$ 44,311	\$ 78,511	\$ 120,111	\$ 156,311	\$ 124,511
Months of capital coverage (avg exp)	3.3	2.6	2.5	4.4	6.7	8.8	7.0

Summary

Staff is seeking Council input on the proposed preliminary tax levy prior to adoption in September. The HRA levy needs to be adopted at the Council's September 8, 2015 meeting, while the City's preliminary levy does not need to be adopted until the Council's second meeting in September. In prior years, the City Council has adopted both of these levies at the same meeting (first meeting in September). These levies are then used by the County to prepare the preliminary tax notices that are sent out in late November.

General Fund - Fund Summary

City of Shoreview, Minnesota General Fund - Fund Summary

	2014		2015		2016		Change from	
	Actual	Budget	Budget	Revised Estimate	Requested Budget	2015 Budget	Dollar	Percent
Revenue								
Property Taxes	\$ 6,698,037	\$ 7,023,335	\$ 7,023,335	\$ 7,023,335	\$ 7,341,458	\$ 318,123	4.5%	
Licenses and Permits	628,033	330,100	375,625	375,625	352,700	22,600	6.8%	
Intergovernmental	574,419	455,032	529,222	529,222	480,622	25,590	5.6%	
Charges for Services	1,352,056	1,303,810	1,256,160	1,256,160	1,224,520	(79,290)	-6.1%	
Fines and Forfeits	49,430	48,800	45,770	45,770	42,500	(6,300)	-12.9%	
Interest Earnings	197,442	50,000	50,000	50,000	50,000	-	0.0%	
Gain on Sale of Assets	203	-	-	-	-	-	0.0%	
Other Revenues	28,974	26,227	25,250	25,250	25,450	(777)	-3.0%	
Total Revenue	9,528,594	9,237,304	9,305,362	9,305,362	9,517,250	279,946	3.0%	
Expense								
General Government								
Council and Commissions	\$ 138,565	\$ 151,925	\$ 146,507	\$ 146,507	\$ 155,736	\$ 3,811	2.5%	
Administration	508,845	553,955	544,513	544,513	575,041	21,086	3.8%	
Human Resources	245,355	290,010	276,332	276,332	295,057	5,047	1.7%	
Elections	34,332	4,000	3,000	3,000	39,574	35,574	889.4%	
Communications	195,445	215,944	226,788	226,788	235,359	19,415	9.0%	
Finance and Accounting	512,389	545,070	540,632	540,632	572,534	27,464	5.0%	
Information Systems	322,173	346,344	337,016	337,016	348,624	2,280	0.7%	
Legal	128,048	125,000	125,000	125,000	132,000	7,000	5.6%	
Sub-total	2,085,152	2,232,248	2,199,788	2,199,788	2,353,925	121,677	5.5%	
Public Safety								
Police	1,979,639	2,064,925	2,049,000	2,049,000	2,116,100	51,175	2.5%	
Fire	1,344,161	1,354,780	1,405,380	1,405,380	1,474,420	119,640	8.8%	
Emergency Services	2,947	5,130	5,070	5,070	-	(5,130)	-100.0%	
Sub-total	3,326,747	3,424,835	3,459,450	3,459,450	3,590,520	165,685	4.8%	
Public Works								
Public Works Adm and Engin.	456,455	450,210	446,609	446,609	434,351	(15,859)	-3.5%	
Streets	774,139	864,238	839,734	839,734	871,554	7,316	0.8%	
Trail Management	117,487	132,926	122,366	122,366	131,120	(1,806)	-1.4%	
Forestry and Nursery	125,314	125,989	118,643	118,643	122,300	(3,689)	-2.9%	
Sub-total	1,473,395	1,573,363	1,527,352	1,527,352	1,559,325	(14,038)	-0.9%	

**City of Shoreview, Minnesota
General Fund - Fund Summary**

	2014		2015		2016 Requested Budget	Change from 2015 Budget	
	Actual	Budget	Revised Estimate	Budget		Dollar	Percent
Parks and Recreation							
Municipal Buildings	138,254	131,725	117,028	117,633	(14,092)	-10.7%	
Park/Recreation Admin.	366,627	381,141	381,936	387,165	6,024	1.6%	
Park Maintenance	1,185,557	1,247,321	1,259,127	1,276,272	28,951	2.3%	
Sub-total	1,690,438	1,760,187	1,758,091	1,781,070	20,883	1.2%	
Community Development							
Planning and Zoning Admin.	424,971	449,447	454,380	484,113	34,666	7.7%	
Building Inspection	173,350	167,224	167,427	161,297	(5,927)	-3.5%	
Sub-total	598,321	616,671	621,807	645,410	28,739	4.7%	
Total Expense	9,174,053	9,607,304	9,566,488	9,930,250	322,946	3.4%	
Other Sources (Uses)							
Transfers In	692,000	748,000	748,000	811,000	63,000	8.4%	
Transfers Out	(902,749)	(378,000)	(378,000)	(398,000)	(20,000)	5.3%	
Net Increase (Decrease)	\$ 143,792	\$ -	\$ 108,874	\$ -			

TO: MAYOR AND COUNCILMEMBERS

**FROM: TERRY SCHWERM
CITY MANAGER**

DATE: AUGUST 6, 2015

SUBJECT: DISCUSSION REGARDING COMMUNITY CENTER EXPANSION PROJECT

BACKGROUND

In 2014, the City received a report (attached) from BWBR Architects outlining potential Community Center expansion and remodeling options. At that time, the Parks and Recreation Commission and City Council had worked collaboratively with the architect to look at several expansion options. After some review, the City Council and Commission generally agreed that Alternate A-1 was the preferred expansion option.

Option A-1 involved the construction of a two-level Community Center addition off of the gymnasium and expansion of the indoor playground into the current gym activity room. In addition, there was also support for the addition of more family locker room space near the pool area. The expansion space would consist of a multi-purpose fitness/activity room on the lower level that could be used by various fitness classes, Summer Discovery and other recreation programs. The upper level expansion would also be multi-purpose space. The estimated total cost of this work was approximately \$4.5 million. This cost estimate does not include the addition of an outdoor water play structure which is estimated to cost about \$1.2 million.

More recently, the City Council has also discussed the importance of updating the Shoreview Commons Master Plan. The attached Master Plan was developed at least 10 years ago and currently needs updating. This is particularly true in light of the proposed library expansion that will create a regional library that will access off of the internal Community Center drive. City staff has sent a request for proposal to a few selected firms to prepare an update to the Commons Master Plan. Staff hopes this process can begin in September.

The current Capital Improvement Program includes a \$2.0 million addition to the Community Center in 2017. This estimate was done assuming a smaller addition to the Fitness Center only. In addition, the Capital Improvement Program includes a \$400,000 allowance for the addition of family locker rooms in 2015, and \$550,000 allowance for the replacement of the wading pool in 2015. In total, the three projects allocate nearly \$3.0 million towards Community Center improvements in the next three years. In addition, the Capital Improvement Program anticipates a major park renovations in 2017 and 2019 at an estimated cost of about \$700,000 each. The majority of the costs for these projects are funded through the recently established Community Investment Fund.

DISCUSSION

The Shoreview Community Center is celebrating its 25th Anniversary in 2015. The Center opened in 1990 and, at that time, included the pool area, gymnasium and track, banquet and meeting room space and a small fitness center. The Community Center expansion in 2002-2003 was undertaken primarily to capitalize on the growing interest in fitness and focused primarily on the addition of a fitness center, locker rooms, and fitness studios. It also included a second larger banquet room (Shoreview Room) along with extensive remodeling of the lower level service desk and Wave Café area. This expansion resulted in a tremendous growth in our membership base as fitness memberships became the largest revenue source for Community Center operations. Prior to this expansion, daily admissions were the Community Center's largest revenue source.

Unlike the 2002-2003 expansion, the current preferred expansion alternative is not expected to dramatically increase revenue for the Community Center. From the staff's perspective, it is viewed as a means of enhancing our existing services and programs by providing updated and improved venues such as a larger indoor playground, expanded family locker rooms, an outdoor water play component, and additional space for a variety of recreation and fitness programming. In addition, the second floor expansion may have the potential to address some of the community group space needs that were recently brought to the City Council's attention.

Staff believes the potential revenue increases from the proposed expansion and renovation of the indoor playground area would likely be between \$40,000-\$50,000 per year in daily admission and membership revenue. An outdoor pool area would likely increase revenue by about \$20,000 per year. Additional recreation program revenue from an expansion is estimated to be between \$70,000-\$110,000 per year, however after expenses, the net revenue to the City would likely be between \$35,000-\$55,000. Some of this increased revenue will be needed to cover higher operating costs for utilities and cleaning.

COSTS AND FINANCING

As noted earlier, the current Capital Improvement Program includes a project calling for a \$2.0 million expansion of the Community Center in 2017. Staff is currently in the process of preparing the proposed 2016-2021 Capital Improvement Program and is seeking input from the City Council on the proposed Community Center expansion. The expansion, along with the Shoreview Commons Master Plan, have been identified as high priorities by the City Council during the goal setting that was completed earlier this year. Listed below are the cost estimates for the Community Center expansion, along with estimates for projects that might be included in an update of the master plan:

Community Center Expansion

Multi-purpose addition – 2 story with playground expansion	\$4,000,000 - \$5,000,000
Family Changing Area	\$ 400,000 - \$ 500,000
Cardio-Fitness Expansion	\$ 1,500,000 - \$2,000,000
Outdoor Wading Pool Replacement	<u>\$1,000,000 - \$1,500,000</u>
 TOTAL	 \$6,900,000 - \$8,000,000

Commons Master Plan Projects

Outdoor refrigerated rink and landscaping	\$1,000,000 - \$2,000,000
Plaza Style Skate Park	\$ 300,000 - \$ 500,000
Accessible Playground	\$ 400,000 - \$ 600,000
Veterans' Memorial	\$ 300,000 - \$ 500,000
Trail Connections and Library Access Improvement	\$ 400,000 - \$ 600,000
Miscellaneous Costs	<u>\$ 300,000 - \$ 500,000</u>
 TOTAL	 \$2,700,000 - \$4,700,000

The total cost estimate for all of these projects for the Community Center and Commons area range from about \$10 million to nearly \$13 million. Staff is starting to explore various methods of financing these improvements. The most straight forward method is waiting until the money is available in the Community Investment Fund and doing the project at that time. If most of the money currently programmed for Community Center and park improvements is saved, it is anticipated that there will be around \$4.0 million available in 2017. This would provide enough capital to undertake the preferred expansion, but would not provide money to undertake any other improvements in the Commons area including the wading pool replacement project.

Other financing options could use the issuance of bonds to assist in financing the identified projects. The policy governing the use of the Community Investment Fund allows the use of up to 50% of the annual projected revenue stream of the fund for debt service. Currently, about \$175,000 per year is dedicated for debt service (for the previous Community Center expansion) which would leave about \$325,000 per year available for added debt service payments. A \$325,000 debt payment could support a bond issue of either \$3.6 million (15 years) or \$4.4 million (20 year). If these debt issue values are combined with the available cash from the Community Investment Fund, a project in the \$7-\$8 million range could be undertaken in 2017. A bond issue could also be larger if other funding sources were used to finance a portion of the debt. This could include a financial contribution from the Fixed Asset Revolving Fund and possibly a general debt levy.

SUMMARY

City staff is in the process of putting together the proposed Capital Improvement Program for the next six years. Consistent with the City Council's goals that were identified, staff plans to include an expansion of the Community Center along with several possible elements of the Shoreview Commons Master Plan as part of the CIP. Prior to including this in the CIP, staff wanted to discuss it further with the Council and receive their input on these potential projects.

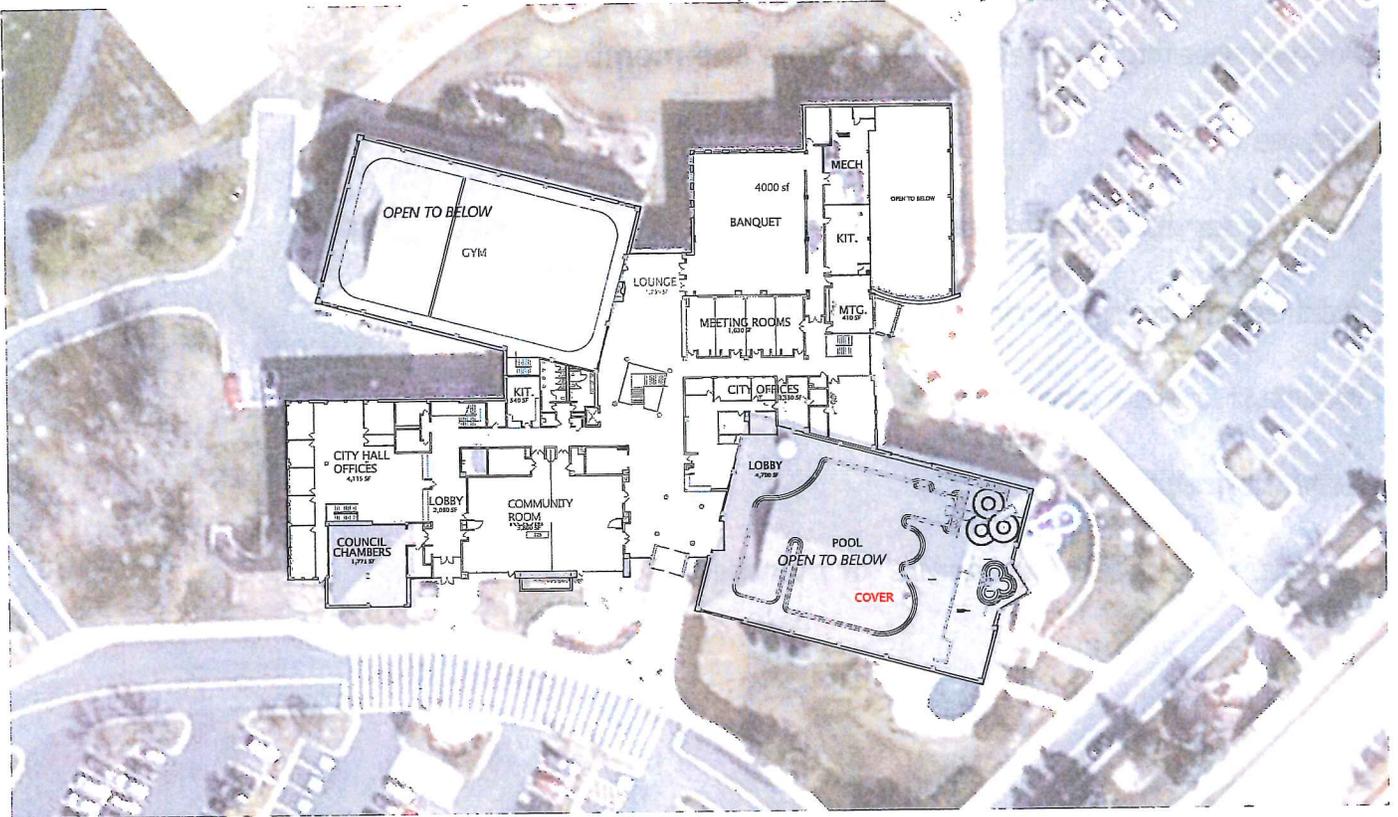
STUDY GOALS AND METRICS

- Are we meeting the needs of residents and members
- Are we relevant
- Provide services with revenue potential
- Address changing demographics and trends
- Maintain current operations during any planned expansion
- Stay competitive
- Maintain a positive experience for members

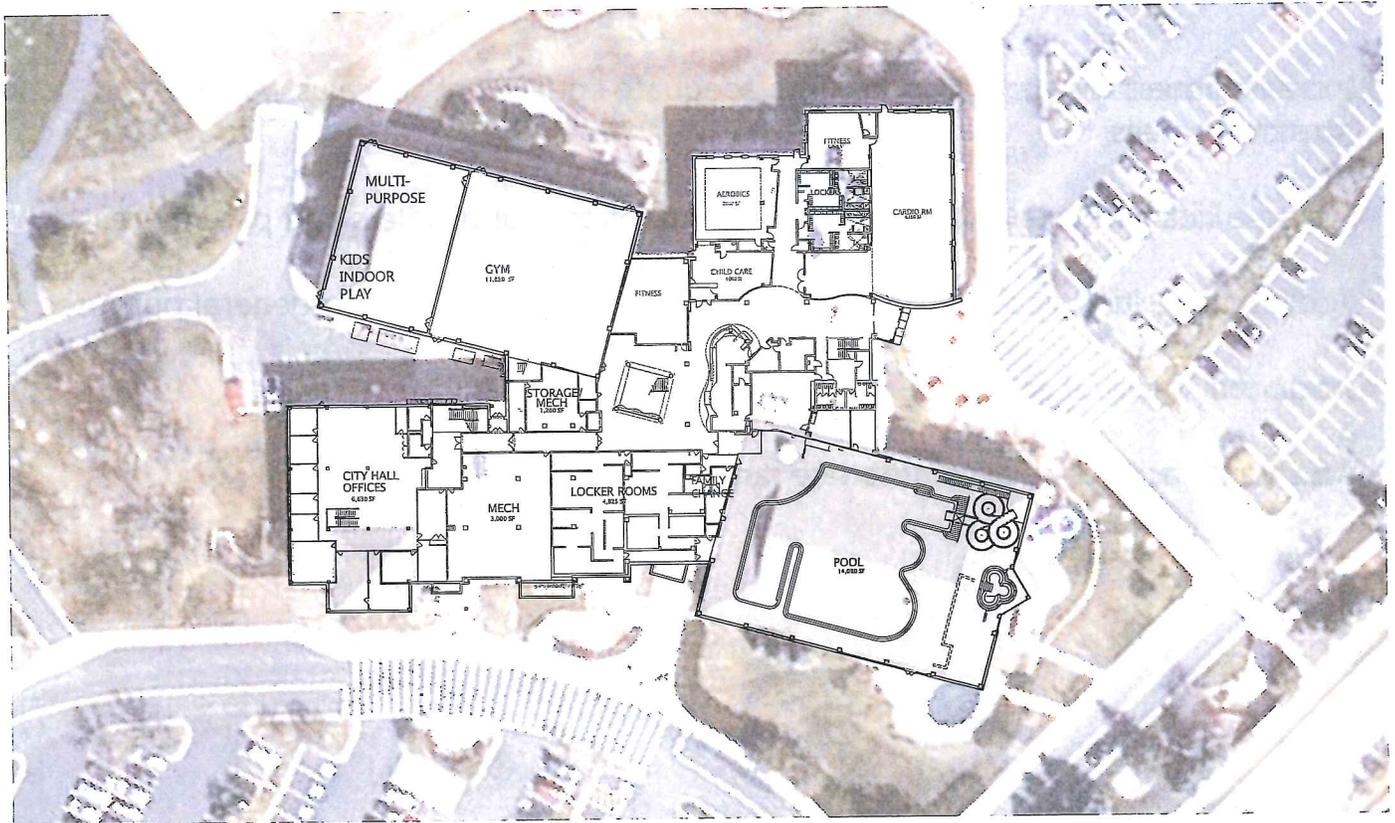
STATED PRIORITIES

- Increase fitness area to accommodate adequate equipment space as well as stretching areas
- Increase kids indoor play area with accommodations for toddlers and parent areas
- Additional multi-purpose rooms for fitness, summer discovery, and general purpose
- Additional banquet space for groups of 300 – 350
- Additional facilities to accommodate family changing for the pool

ADDITION/RENOVATION OPTIONS

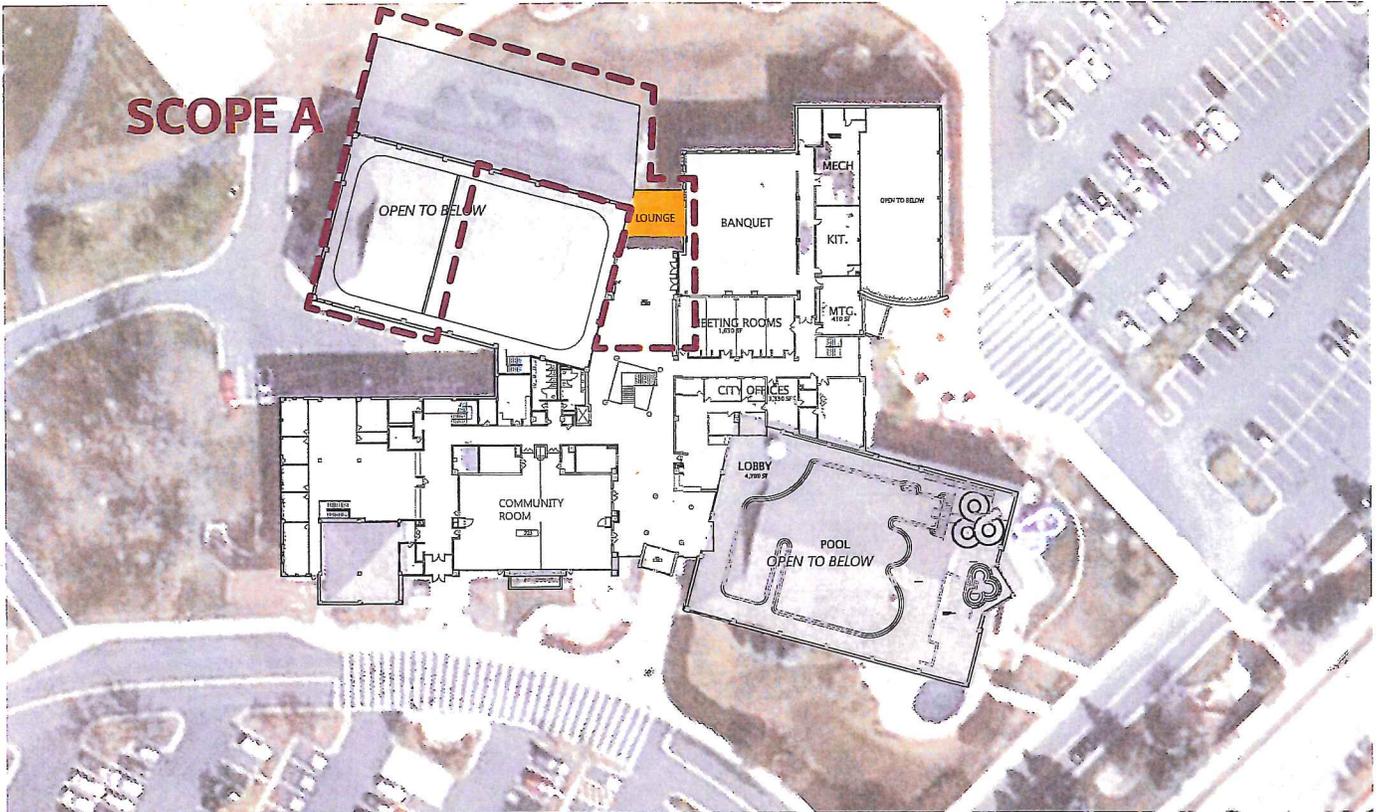


UPPER LEVEL - EXISTING

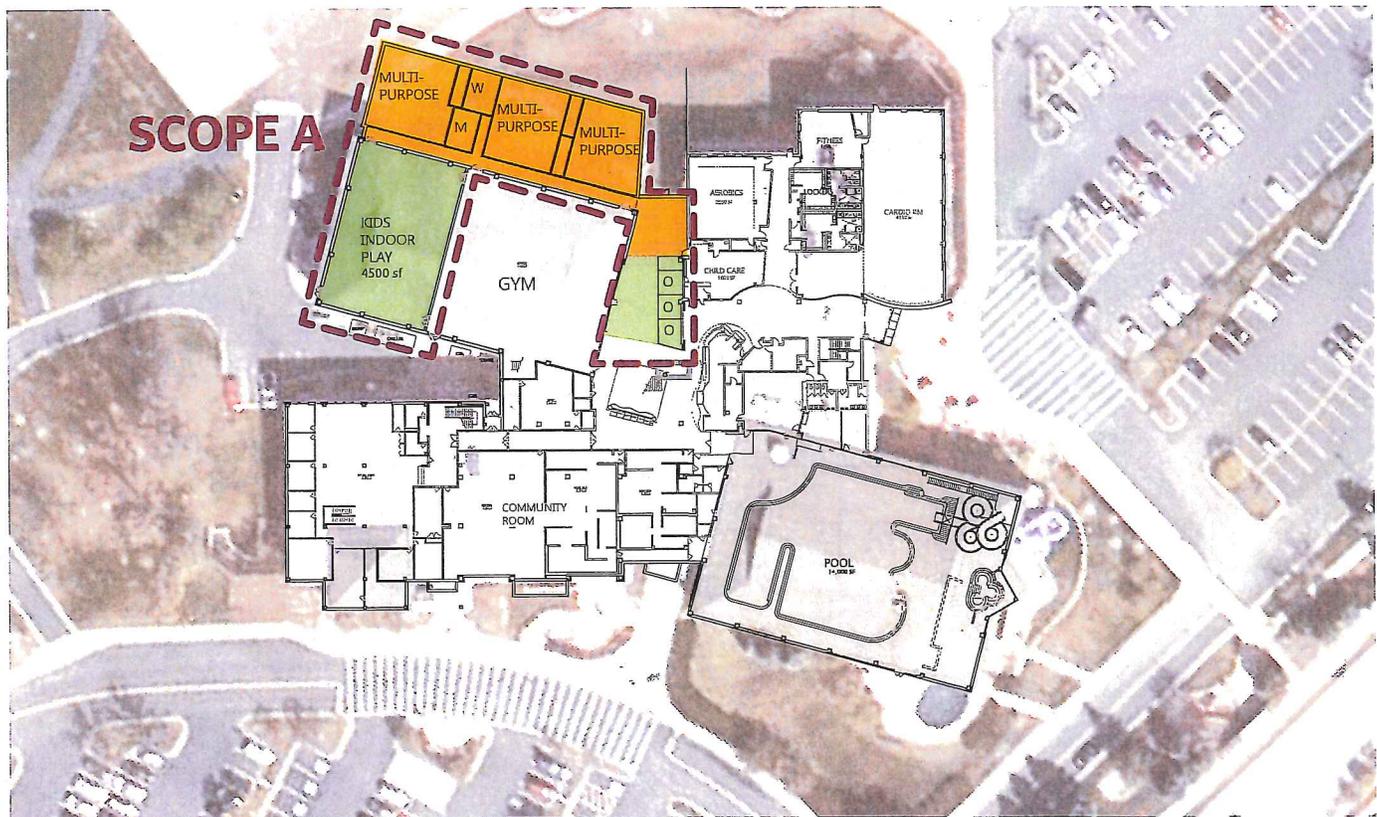


LOWER LEVEL - EXISTING

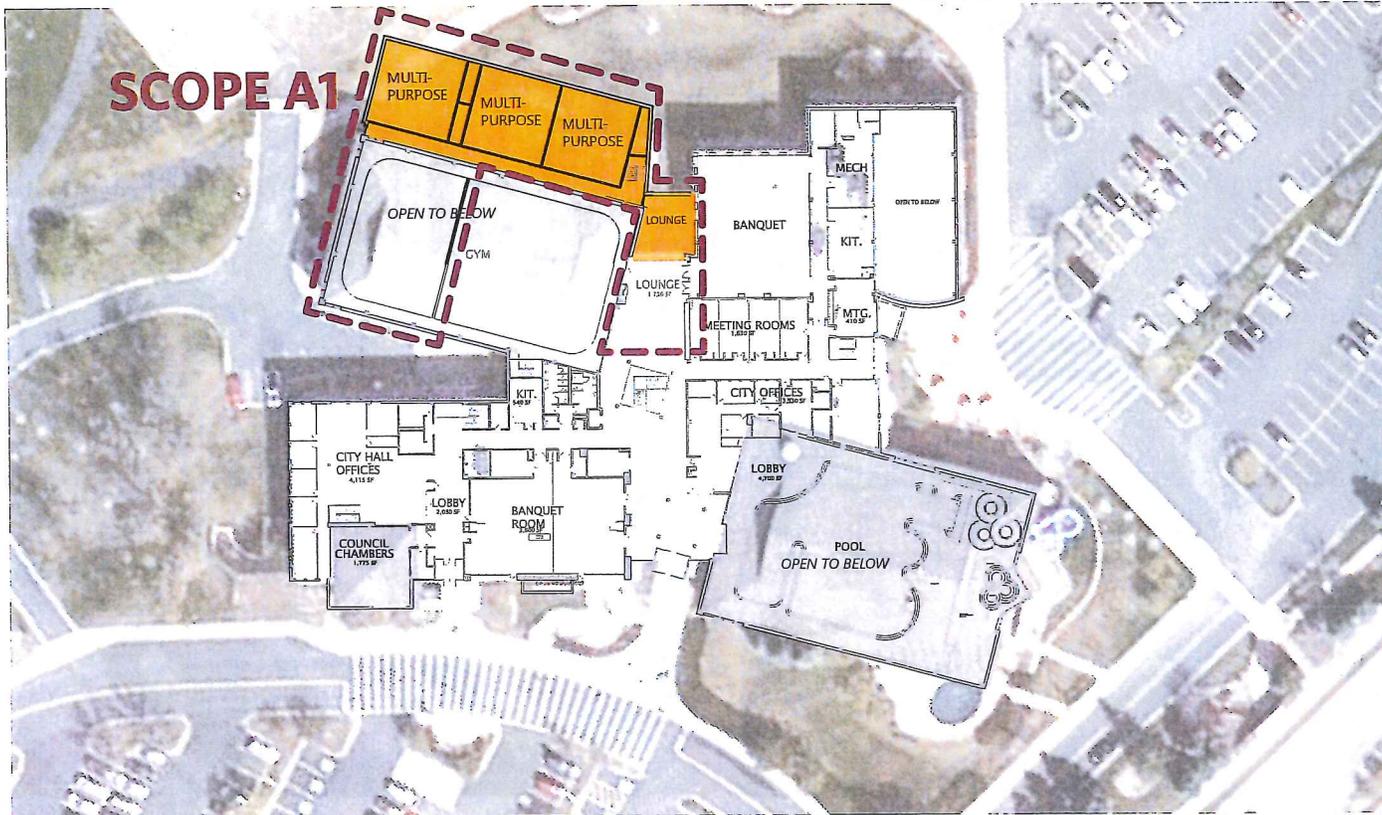
ADDITION/RENOVATION OPTIONS



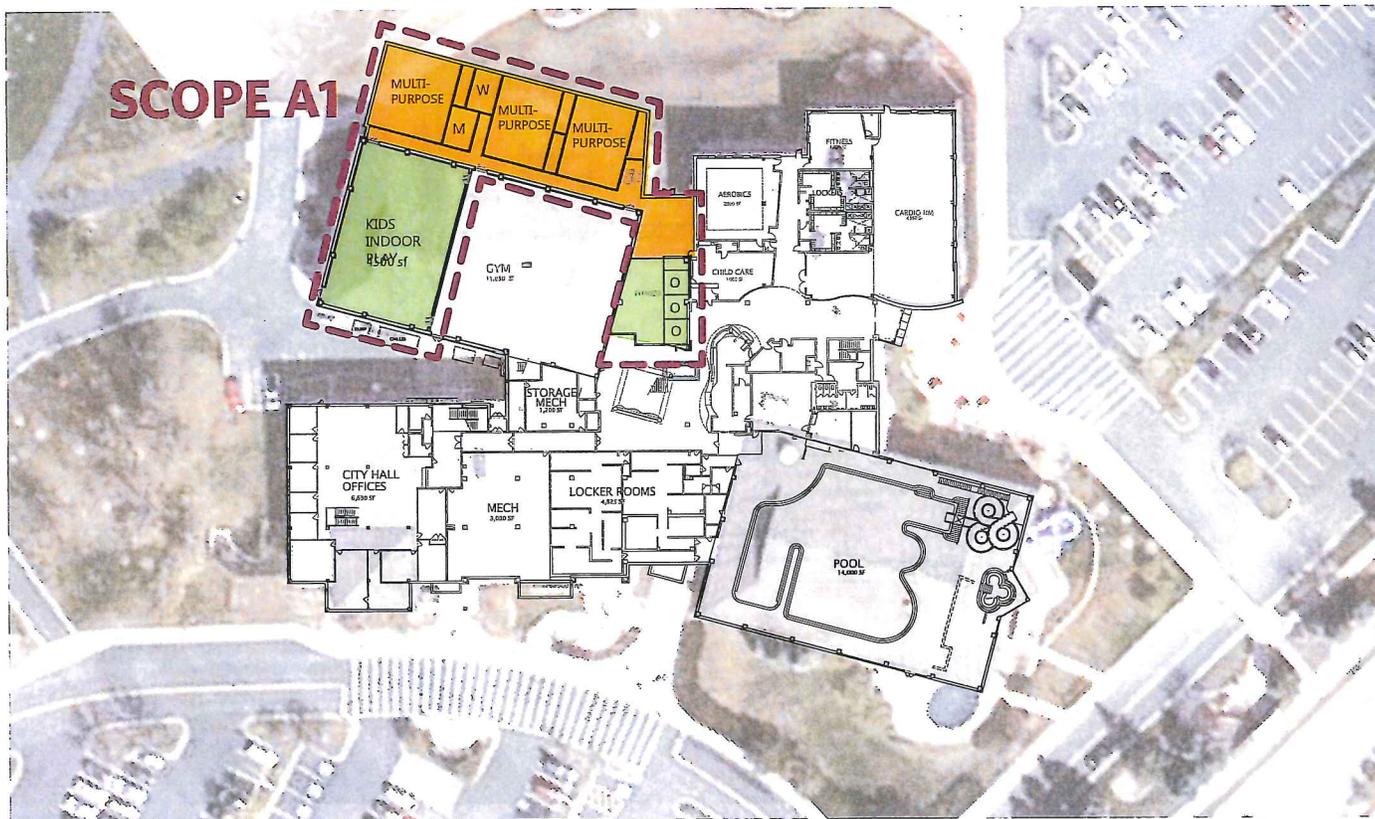
UPPER LEVEL



LOWER LEVEL



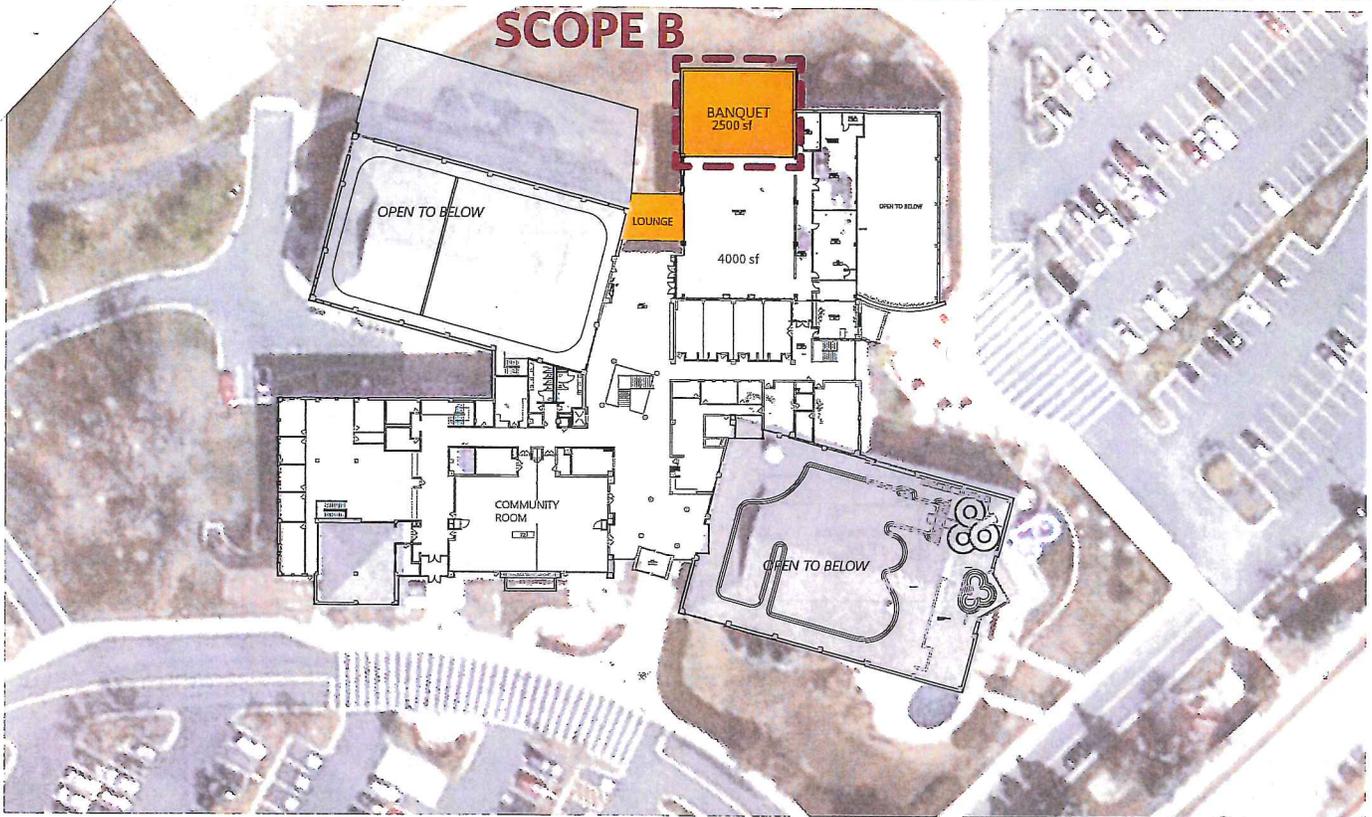
UPPER LEVEL



LOWER LEVEL

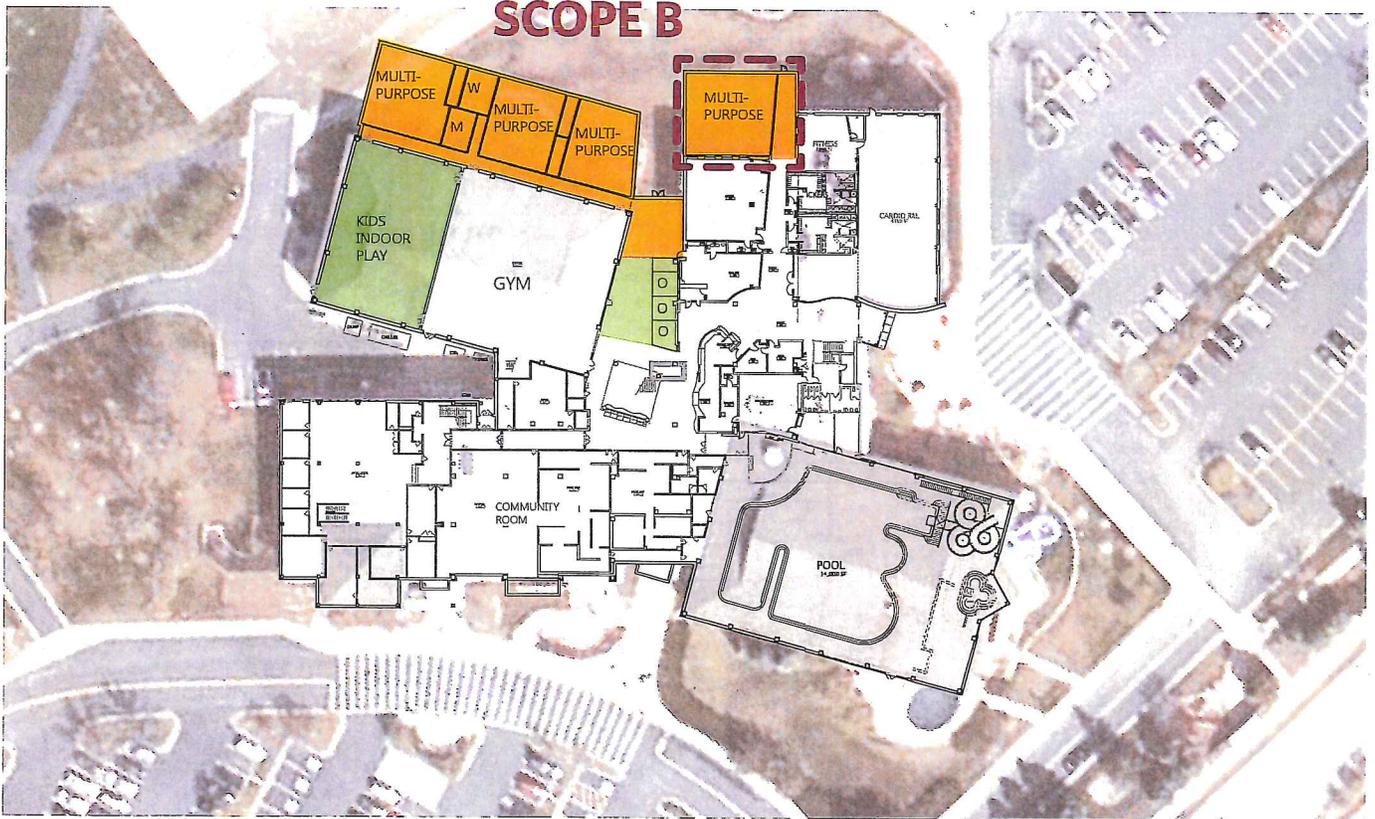
ADDITION/RENOVATION OPTIONS

SCOPE B



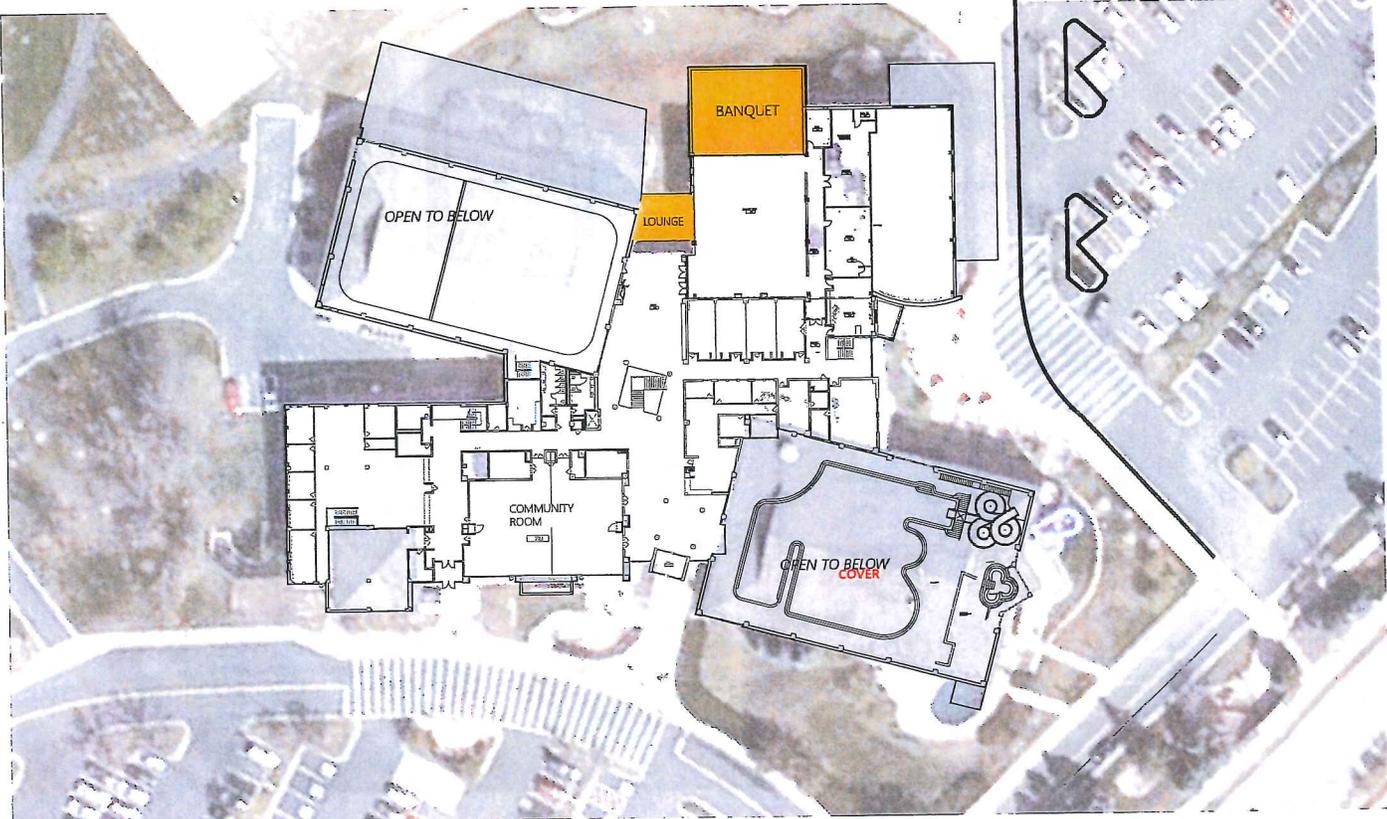
UPPER LEVEL

SCOPE B

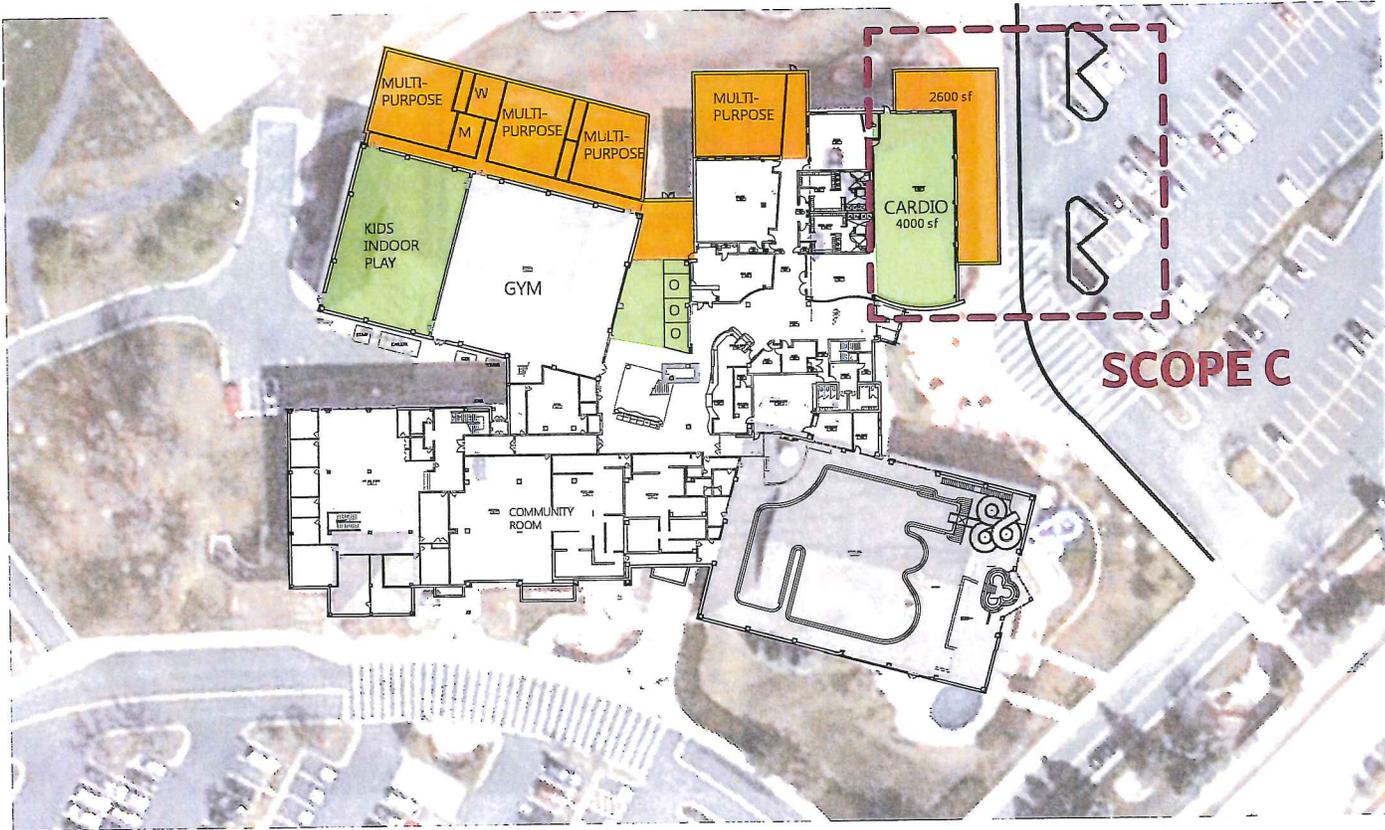


LOWER LEVEL

ADDITION/RENOVATION OPTIONS

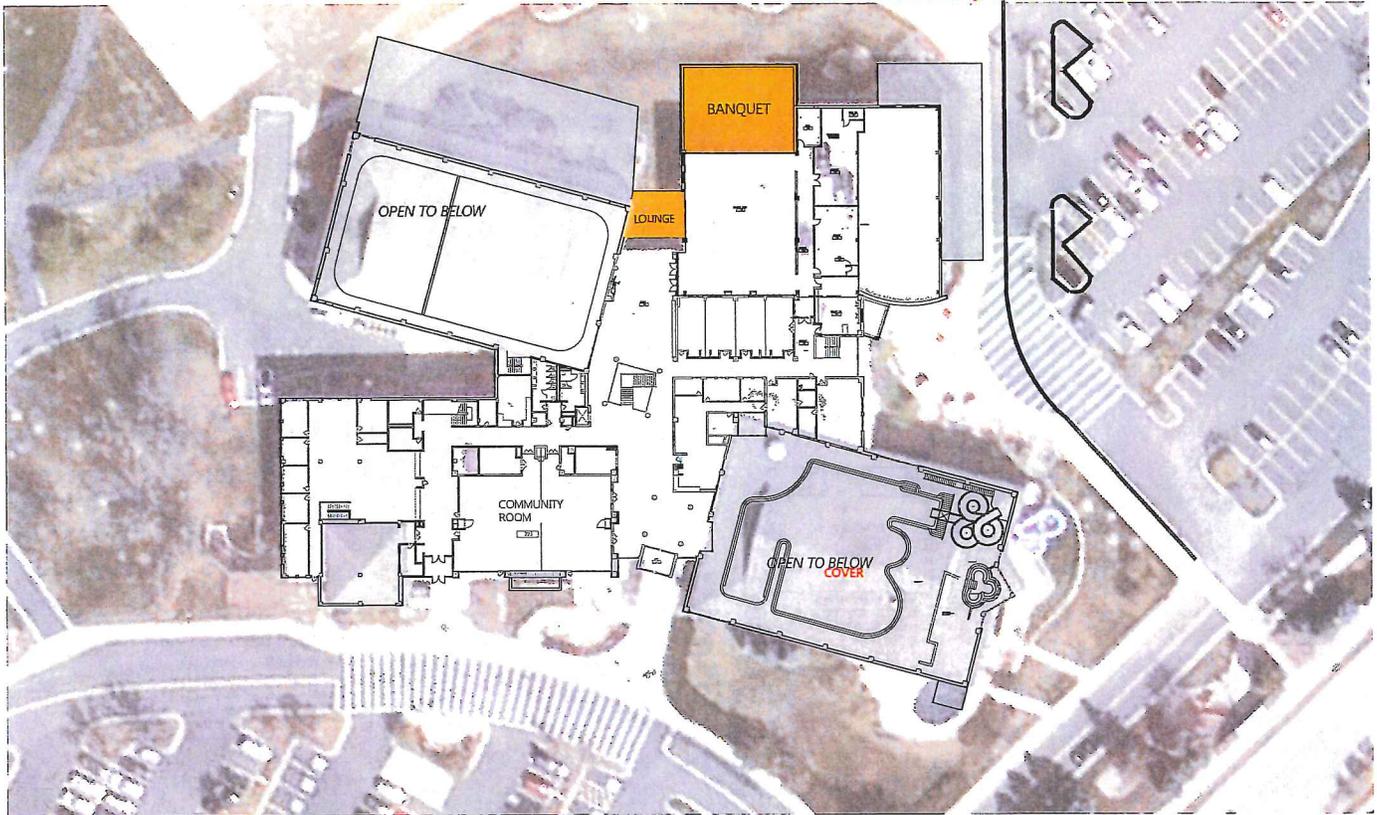


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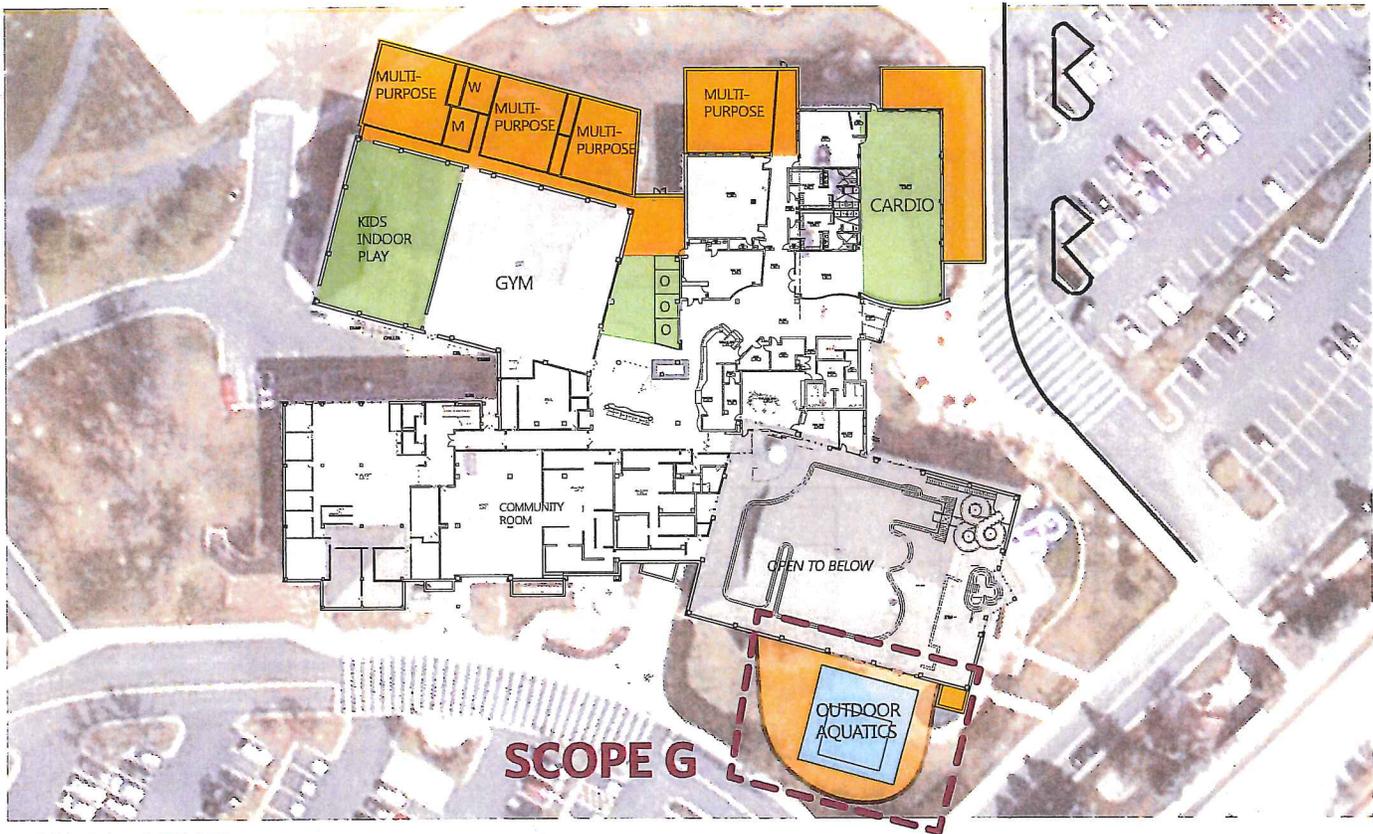


LOWER LEVEL

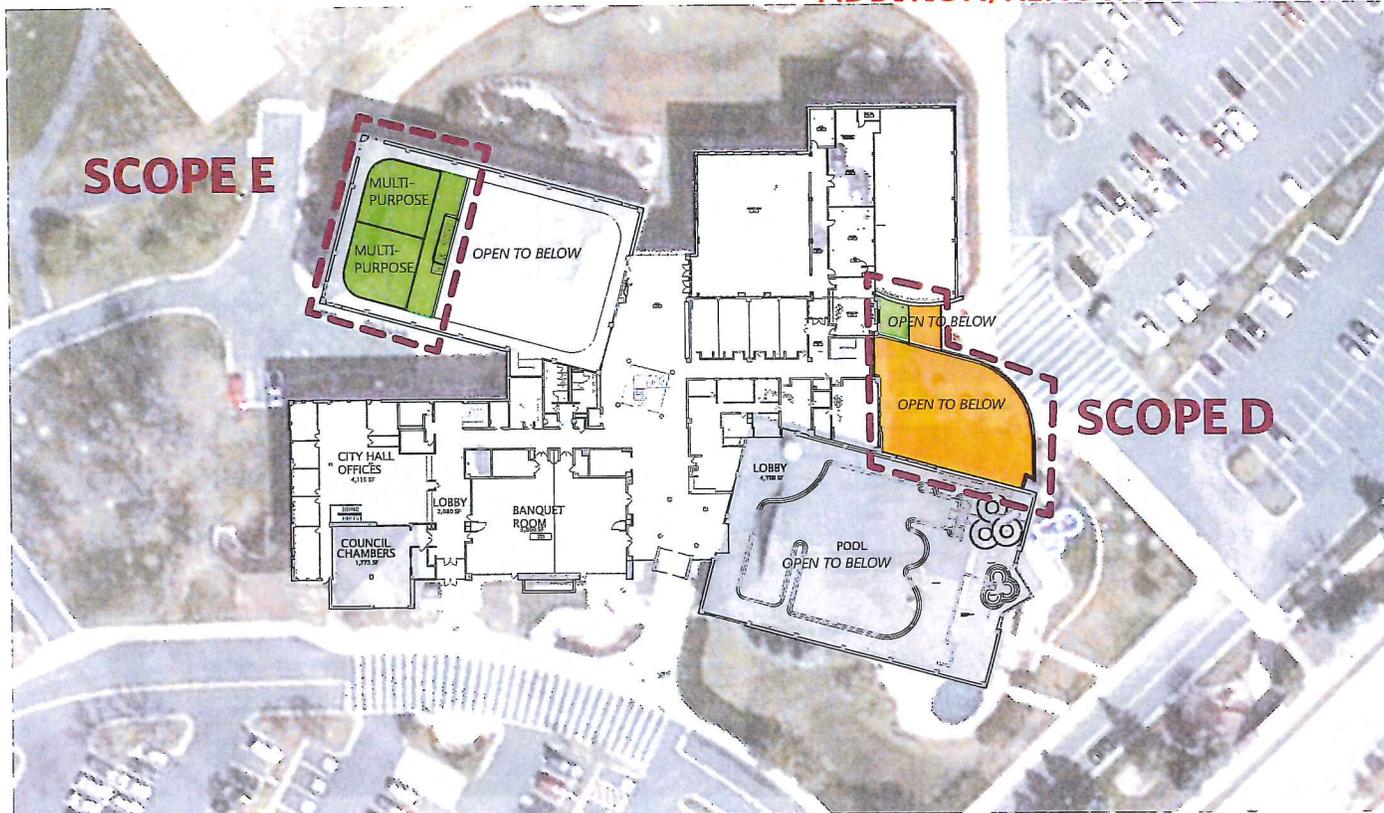
ADDITION/RENOVATION OPTIONS



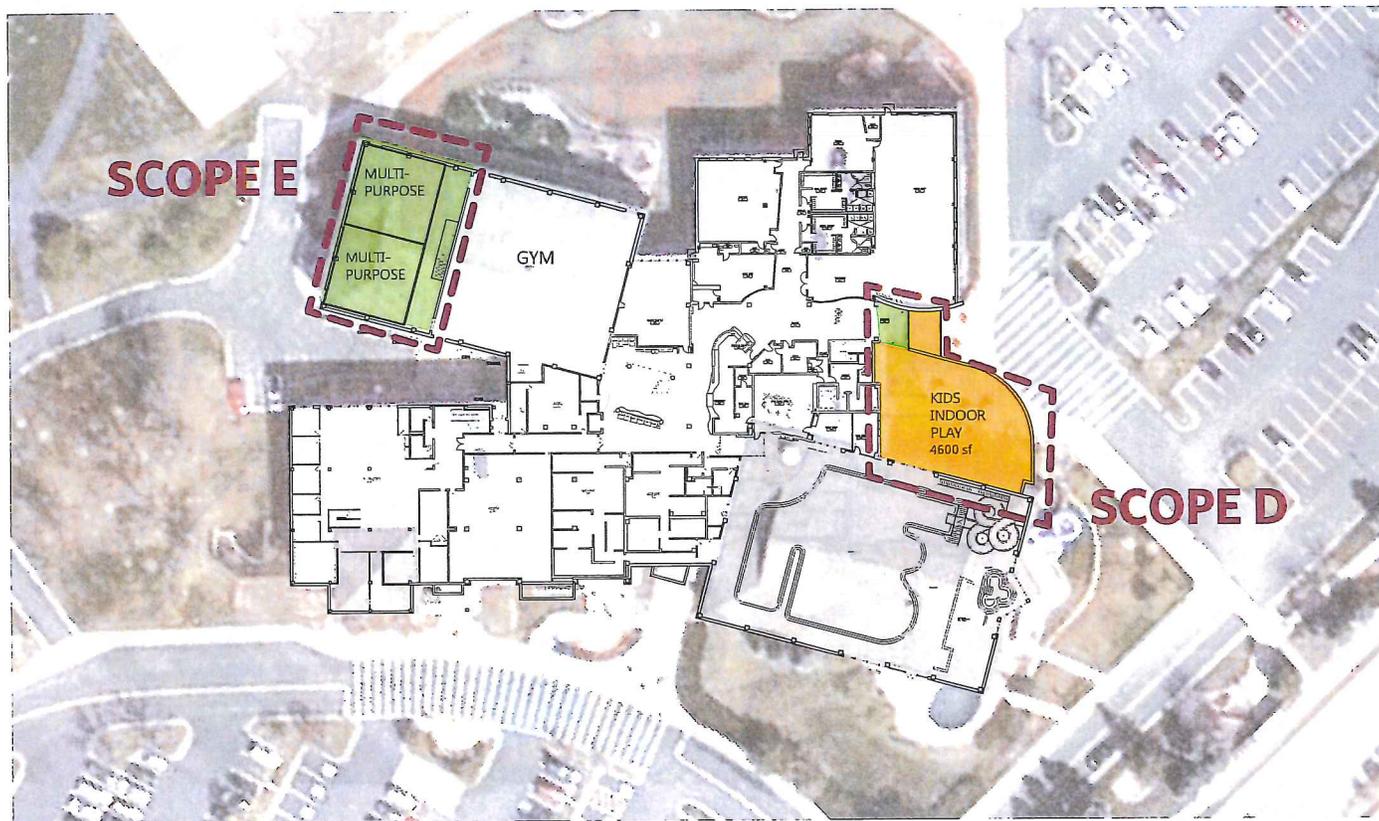
UPPER LEVEL



LOWER LEVEL

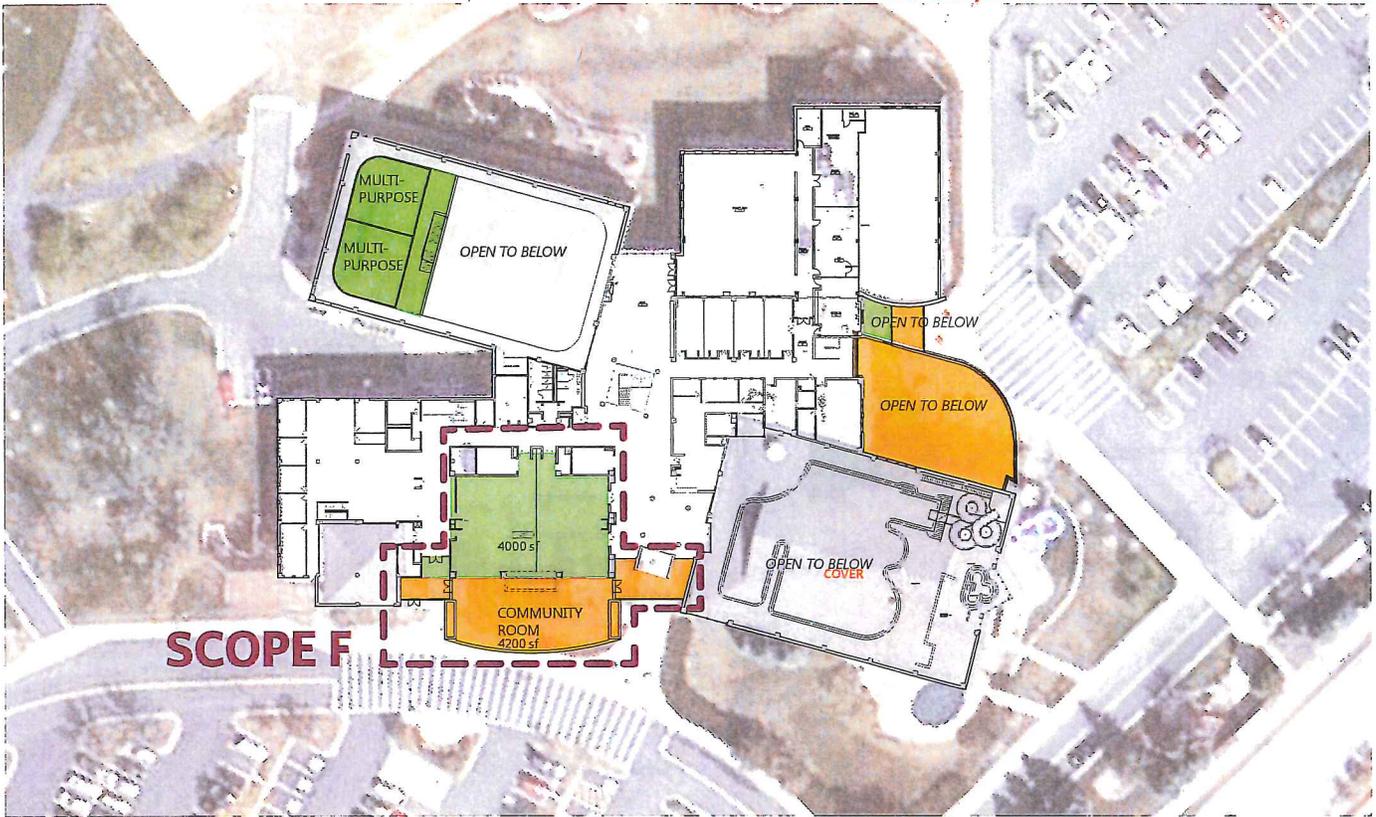


UPPER LEVEL

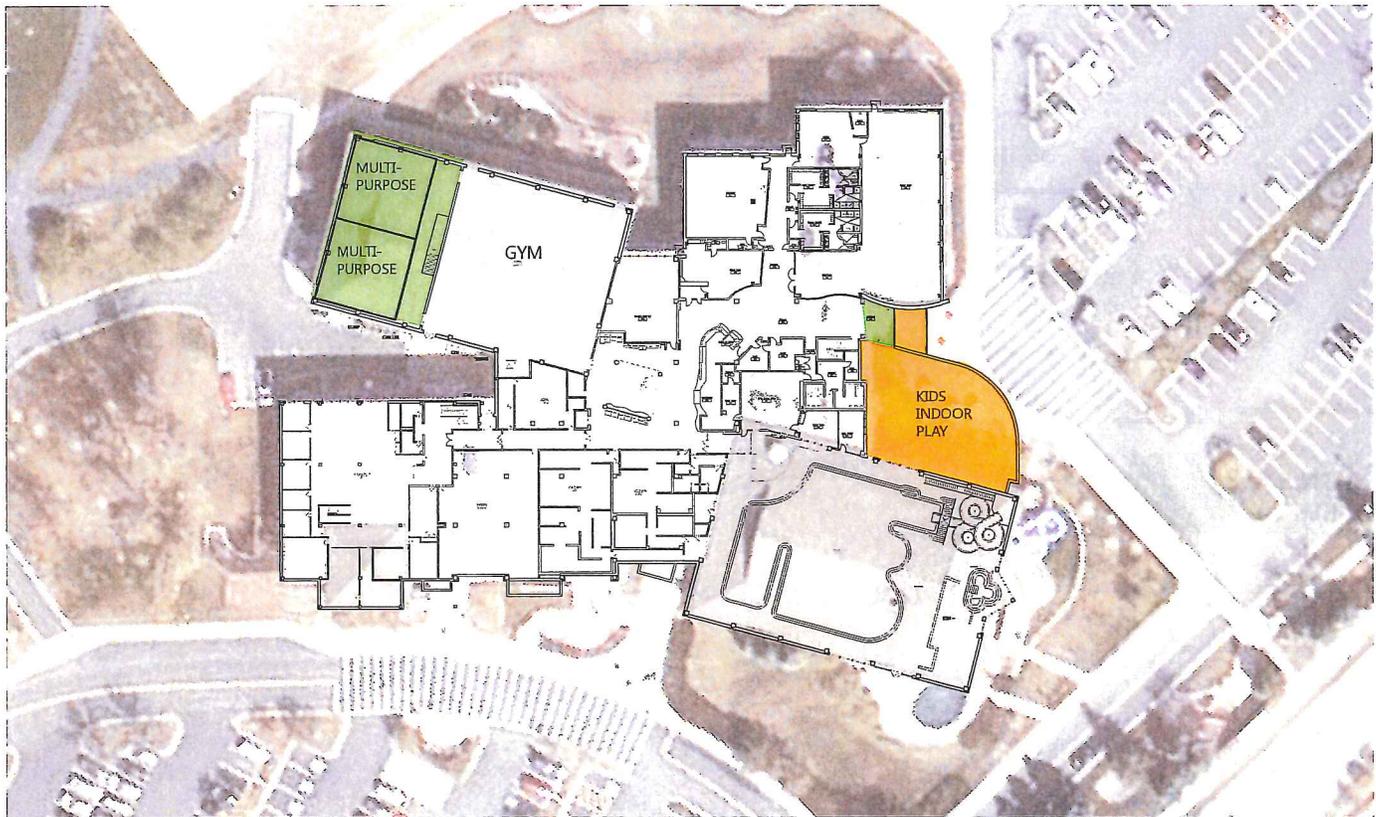


LOWER LEVEL

ADDITION/RENOVATION OPTIONS

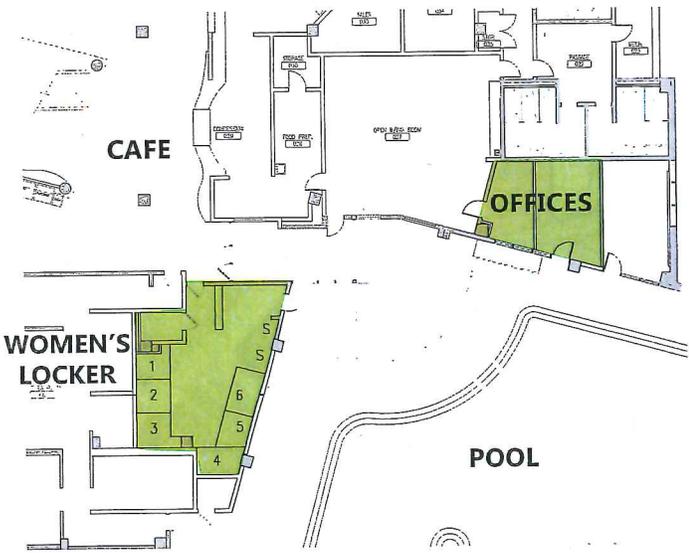


UPPER LEVEL

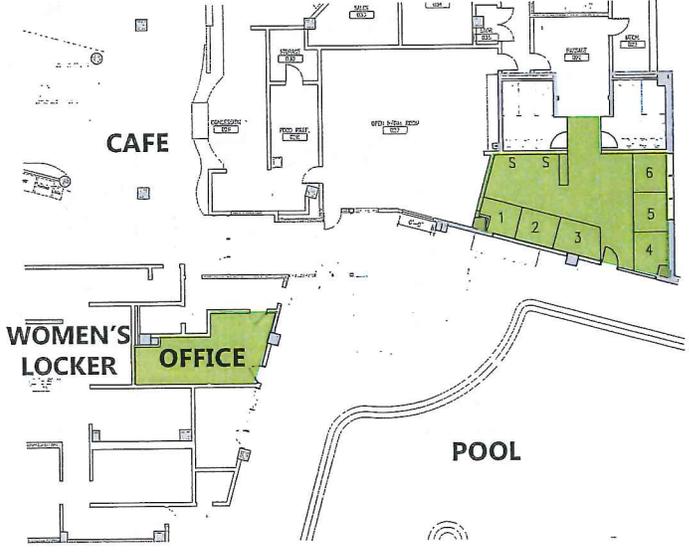


LOWER LEVEL

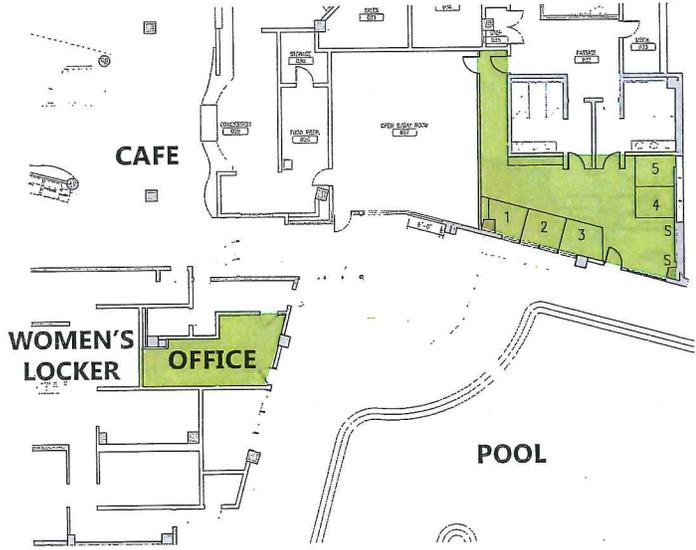
FAMILY CHANGE ROOMS AND OFFICE OPTIONS



A



B

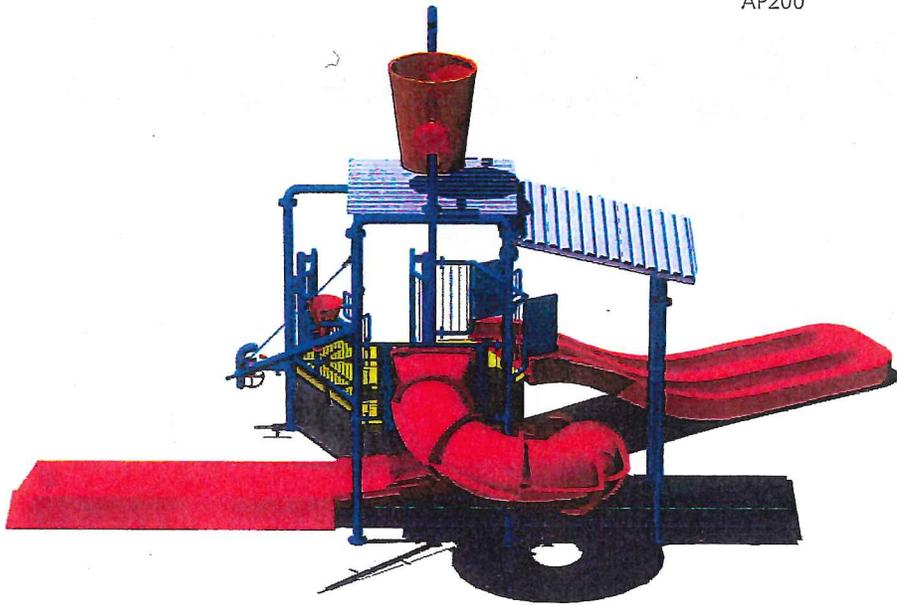


C

PARTIAL LOWER LEVEL PLANS

WATERPLAY OPTIONS

AP200



AP150



CONCEPTUAL SCOPE BUDGET ESTIMATE

Conceptual Budget Estimate				Additional Project Costs	Total Project Budget Estimate	
		new construction	remodeling			
Scope A	Multipurpose Addition / Remodel	7600sf	6200sf	\$2,200,000	\$530,000	\$2,750,000
Scope A1	Multipurpose Addition / Remodel (2 story)	15200sf	6200sf	\$3,300,000	\$825,000	\$3,575,000
Scope B	Multipurpose/ Banquet Addition	5850sf		\$861,000	\$215,250	\$1,076,250
Scope C	Cardio/Fitness Addition	2600sf	4000sf	\$1,200,000	\$300,000	\$1,500,000
Scope D	Kids Indoor Play Addition	4600sf	315sf	\$1,640,000	\$410,000	\$2,050,000
Scope E	Multipurpose Remodel		7900sf	\$800,000	\$200,000	\$1,000,000
Scope F	Community Room Addition/Remodel	4200sf	4000sf	\$1,340,000	\$335,000	\$1,675,000
Scope G	Outdoor Aquatics	2400sf-pool, 3600sf-deck		\$1,025,000	\$256,250	\$1,281,250
	Family Change/Office Remodel		1050sf	\$290,000	\$72,500	\$362,500

EAST BUILDING ENTRY



WEST BUILDING ENTRY



Shoreview Commons

City of Shoreview, Minnesota

Prepared by:

LAND USE PLANNING AND DESIGN
BRAUER
 & ASSOCIATES, LTD.

Project 603-04
 Date 6-9-02



Water
893.9

Storm Water Pond
(aerate pond to reduce odor)

PLAY AREA
for children attending picnics, performances and for youth programs within the Community Center.

Picnic / Performance Shelter

Concert seating area for 470 people.

Trail around pond.

Adult seating area

Decorative fencing to separate park from parking lot.

Parking Lot



Decorative fencing for entry control

Rock Climbing Feature

Seating

Skate Park

Trail with pedestrian seating

Picnic Table - typ.

Sand Volleyball Court

Trail with pedestrian seating

Island

Trail around pond.

Pond Overlook with seating.

Plaza - stepping down to pond.

NATURALIZED POND:
Summer - "Up North Pond" with fish and aquatic plant materials.

Arched Bridges

Winter - Skate trail, holiday light display

DECORATIVE POND:
Summer Use - radio controlled boat regattas, fountains, fish and aquatic plant materials.

Winter Use - general ice skating, holiday light display

Garden & Sculpture Area

COMMUNITY CENTER

Identifiable entrance for general park.

VIEW "B"

VIEW "A"

Master Plan