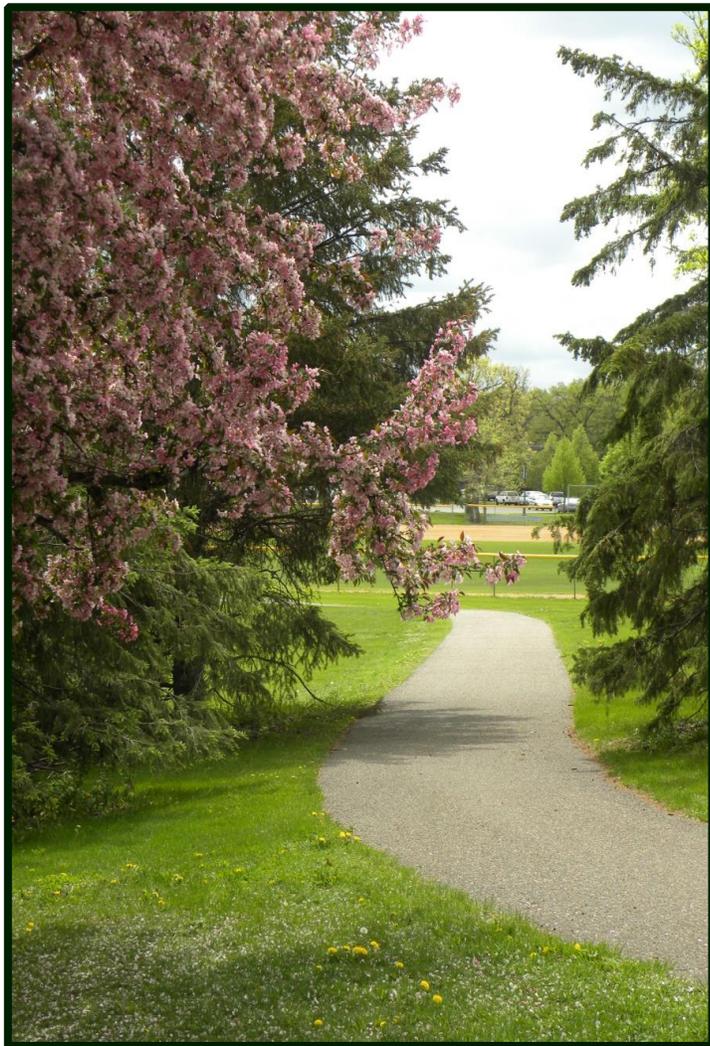


City of Shoreview, Minnesota

2016 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.

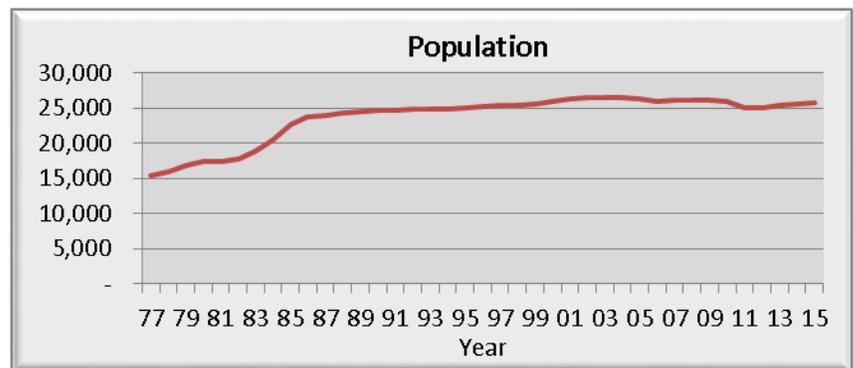
Government entities across the country address this issue in different ways. Some governments plan for capital repair and replacement costs on an annual basis through the budget process; while others plan for replacement needs through a broader capital improvement program (CIP) that typically covers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

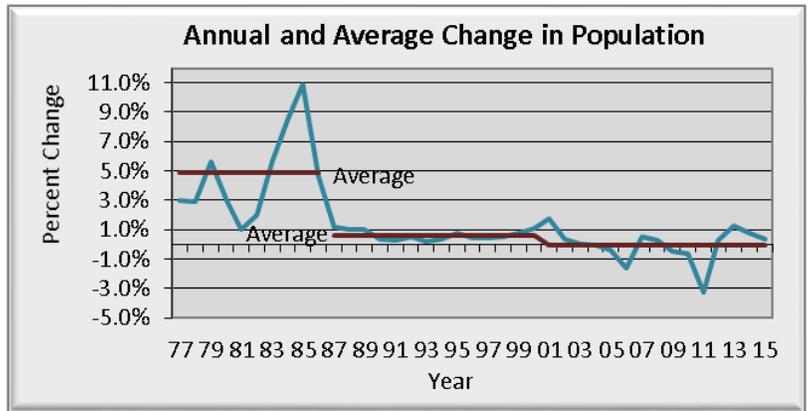
Community Profile

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 .05 percent annually.



Because Shoreview has been near full development for more than two decades, repair and replacement costs account for approximately 81 percent of total capital costs (excluding the water treatment facility, and proposed Community Center expansion) 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

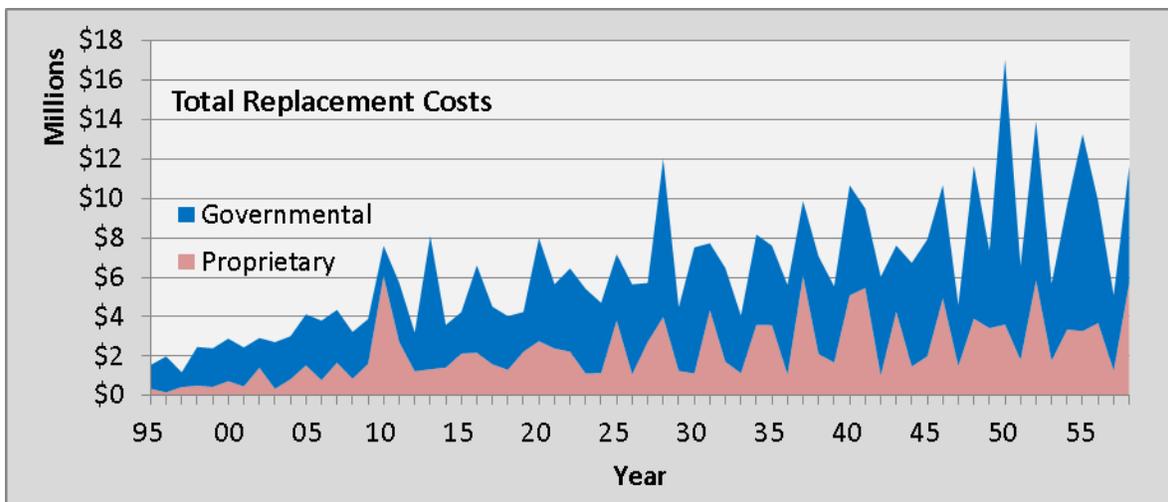
The City’s infrastructure replacement policy identifies potential funding sources for each class of asset, provides restrictions for resources dedicated to replacement costs, and establishes a formal process to authorize a deviation from the policy. In order to deviate from the restrictions outlined 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.

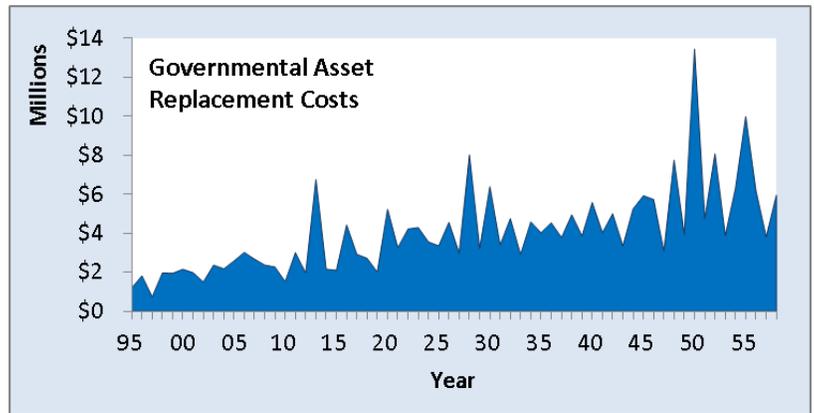
Over the next 40 years this plan provides for the replacement of \$194 million in governmental assets and \$109 million in proprietary assets, for a total of \$303 million in asset replacements. The graph below shows historical and projected replacement estimates.



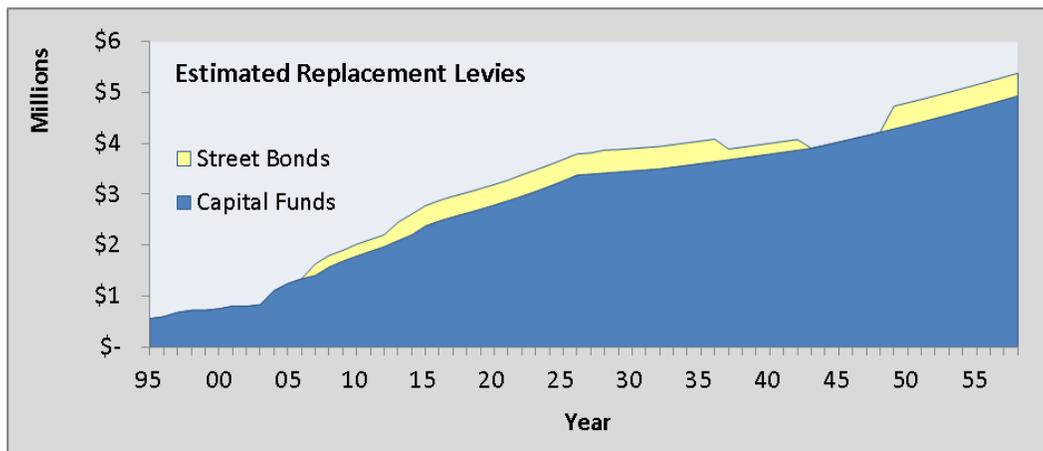
Governmental Assets

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.

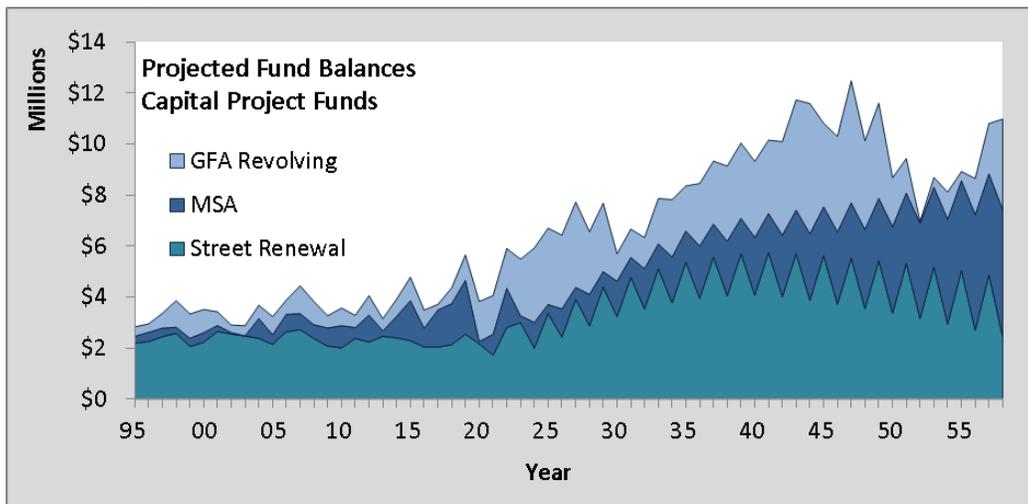
Projections indicate that this plan provides for the replacement of \$81 million in general assets during the first twenty years and another \$113 million in the next 20 year period. As shown in the graph at right, projected replacement costs vary greatly between years (due to the size and nature of 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 .6 percent annually. After 2021, the average impact drops to about .2 percent per year. The portion of the annual property tax levy dedicated to replacement costs is shown in the graph below.

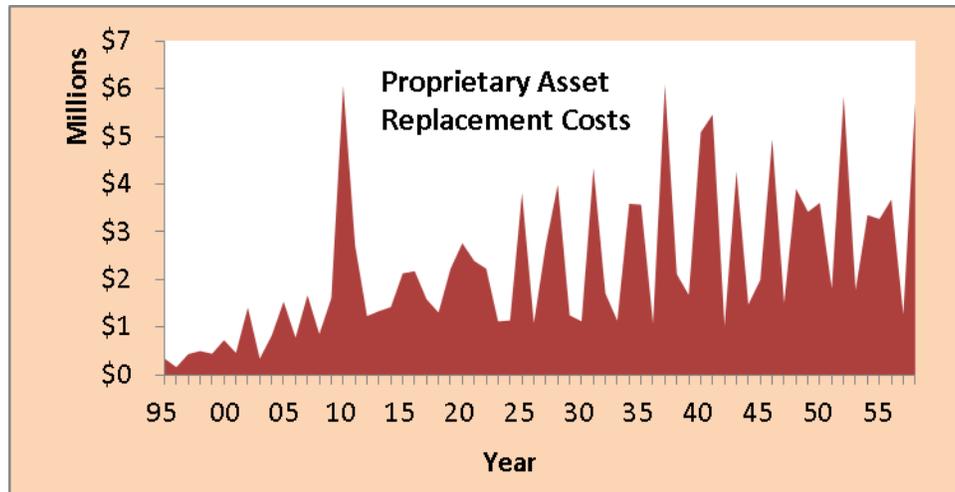


Fund balances in governmental funds are maintained at or above policy objectives, despite capital costs that vary dramatically from year to year, and tax levies that grow at modest rates. The graph below illustrates combined fund balances for the Infrastructure Reserve (street renewal), MSA and General 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 \$45 million in proprietary assets during the first twenty years and another \$64 million in the next twenty year period. 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 2016, the projected annual change in the average total utility bill is 6.6 percent (covering water, sewer, surface water, and street lighting). A one-time 12 percent adjustment to water rates is proposed for 2016 to accommodate debt service associated with the construction of the 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 (excluding \$4.1 million of proposed Community Center expansion debt) over the next 6 years (2016 – 2021) is as follows:

- \$ 3.56 million Water system replacements
- \$ 6.07 million Water treatment facility added
- \$ 3.76 million Sewer system replacements
- \$ 2.77 million Surface water system replacements
- \$ 1.43 million Special assessment debt, added improvements
- \$17.59 million Total Projected 10-Year Debt Issuance

During this same period, the City will retire \$15.09 million in replacement related 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 2015 data indicates that Shoreview is 5th lowest among comparison cities for the city-share of the property tax bill, is 6th lowest for the city property tax rate, and is 10% 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

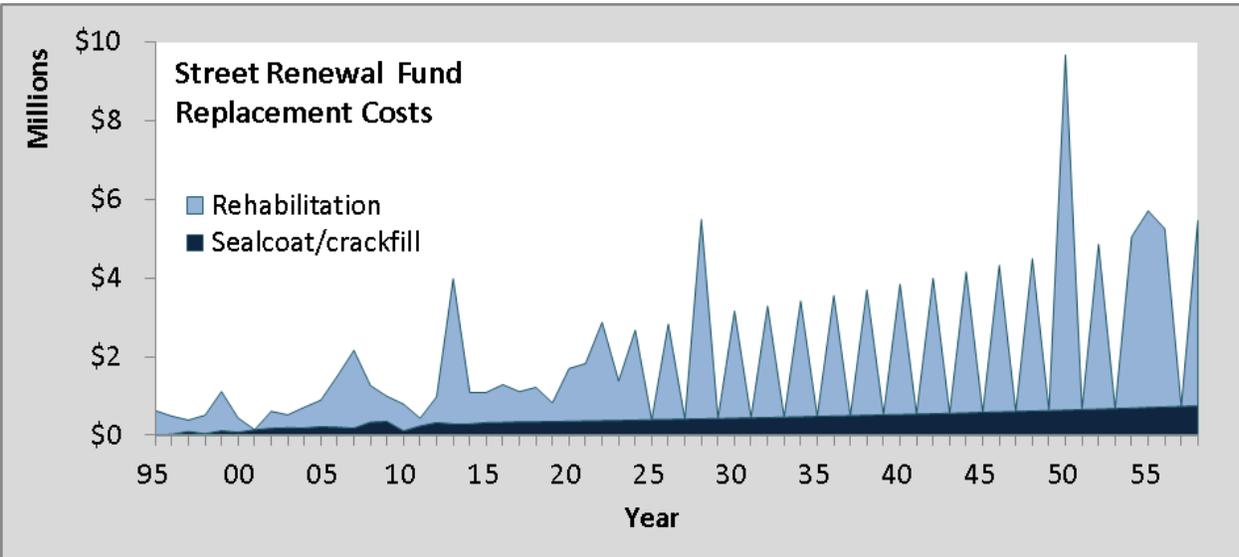
Replacement of governmental assets is accounted for within three capital project funds: the Street Renewal Fund, MSA Fund, and the General Fixed Asset Fund. This section of the CHIRP provides operating and capital projections for these funds.

Street Renewal Fund

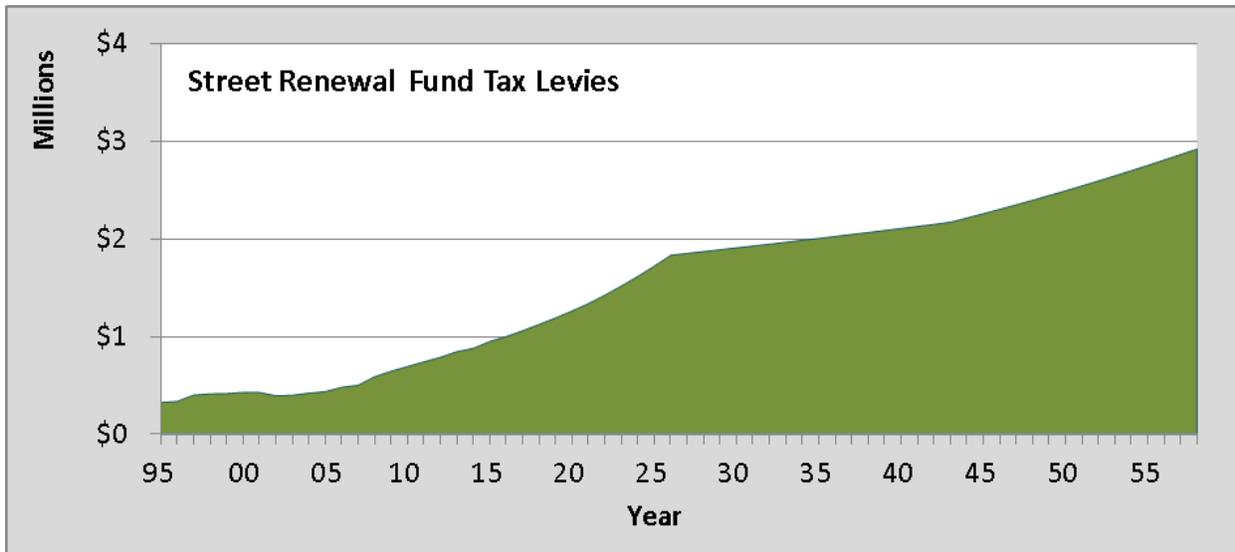
The City’s Street Renewal Fund is an ongoing capital fund used to manage, finance and implement street rehabilitation efforts. The fund was created in 1985 with an initial contribution of two million dollars (obtained from bond defeasance savings) and this initial contribution is maintained as a minimum 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.

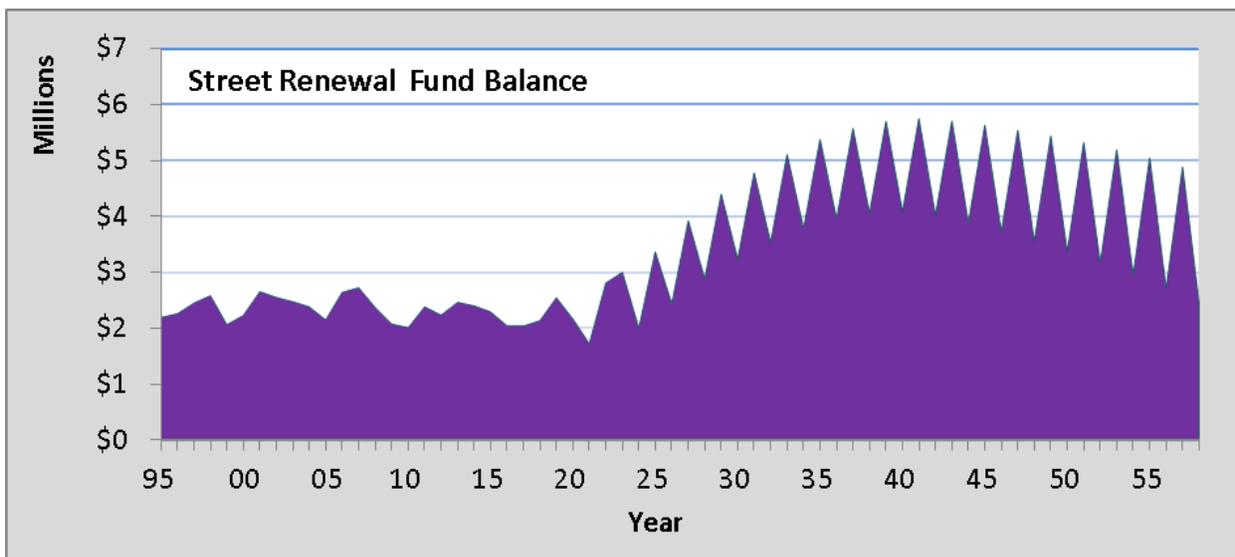
To put the scale of the street rehabilitation into perspective, over the next twenty years the Street Renewal Fund will provide for approximately \$36 million in street renewal efforts. The graph below illustrates historical and anticipated replacement costs, including those financed by street bonds.



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	Property Taxes	Revenue Interest Earnings	Special Assessments	Street Bonds	Total Replacement Costs	Fund Balance
2015	\$ 950,000	\$ 23,000	\$ 12,931	\$ -	\$ 1,092,620	\$ 2,293,445
2016	1,000,000	28,000	12,696	-	1,289,400	2,044,741
2017	1,060,000	33,000	12,696	-	1,111,700	2,038,737
2018	1,124,000	34,000	159,496	-	1,221,200	2,135,033
2019	1,191,000	42,000	6,880	-	827,200	2,547,713
2020	1,262,000	47,000	6,880	-	1,699,300	2,164,293
2021	1,338,000	41,000	6,880	-	1,826,200	1,723,973
2022	1,425,000	34,500	-	2,500,000	2,875,300	2,808,173
2023	1,518,000	56,200	-	-	1,382,100	3,000,273
2024	1,617,000	60,000	-	-	2,676,100	2,001,173
2025	1,722,000	40,000	-	-	399,300	3,363,873
2026	1,834,000	67,300	-	-	2,829,500	2,435,673
2027	1,852,000	48,700	-	-	415,000	3,921,373
2028	1,871,000	78,400	-	2,500,000	5,490,500	2,880,273
2029	1,890,000	57,600	-	-	430,300	4,397,573
2030	1,909,000	88,000	-	-	3,161,100	3,233,473
2031	1,928,000	64,700	-	-	447,200	4,778,973
2032	1,947,000	95,600	-	-	3,286,400	3,535,173
2033	1,966,000	70,700	-	-	464,700	5,107,173
2034	1,986,000	102,100	-	-	3,417,200	3,778,073
2035	2,006,000	75,600	-	-	484,900	5,374,773
2036	2,026,000	107,500	-	-	3,555,800	3,952,473
2037	2,046,000	79,000	-	-	502,900	5,574,573
2038	2,066,000	111,500	-	-	3,697,100	4,054,973
2039	2,087,000	81,100	-	-	522,500	5,700,573
2040	2,108,000	114,000	-	-	3,843,100	4,079,473
2041	2,129,000	81,600	-	-	542,900	5,747,173
2042	2,150,000	114,900	-	-	3,995,900	4,016,173
2043	2,172,000	80,300	-	-	563,100	5,705,373
2044	2,215,000	114,100	-	-	4,154,500	3,879,973
2045	2,259,000	77,600	-	-	587,100	5,629,473
2046	2,304,000	112,600	-	-	4,321,900	3,724,173
2047	2,350,000	74,500	-	-	608,900	5,539,773
2048	2,397,000	110,800	-	-	4,494,200	3,553,373
2049	2,445,000	71,100	-	-	632,600	5,436,873
2050	2,494,000	108,700	-	5,000,000	9,672,300	3,367,273
2051	2,544,000	67,300	-	-	657,300	5,321,273
2052	2,595,000	106,400	-	-	4,858,400	3,164,273
2053	2,647,000	63,300	-	-	681,900	5,192,673
2054	2,700,000	103,900	-	-	5,052,500	2,944,073
2055	2,754,000	58,900	-	5,000,000	5,710,400	5,046,573
2056	2,809,000	100,900	-	-	5,254,600	2,701,873
2057	2,865,000	54,000	-	-	738,100	4,882,773
2058	2,922,000	97,700	-	-	5,463,800	2,438,673

**Street Renewal Fund
Capital Summary**

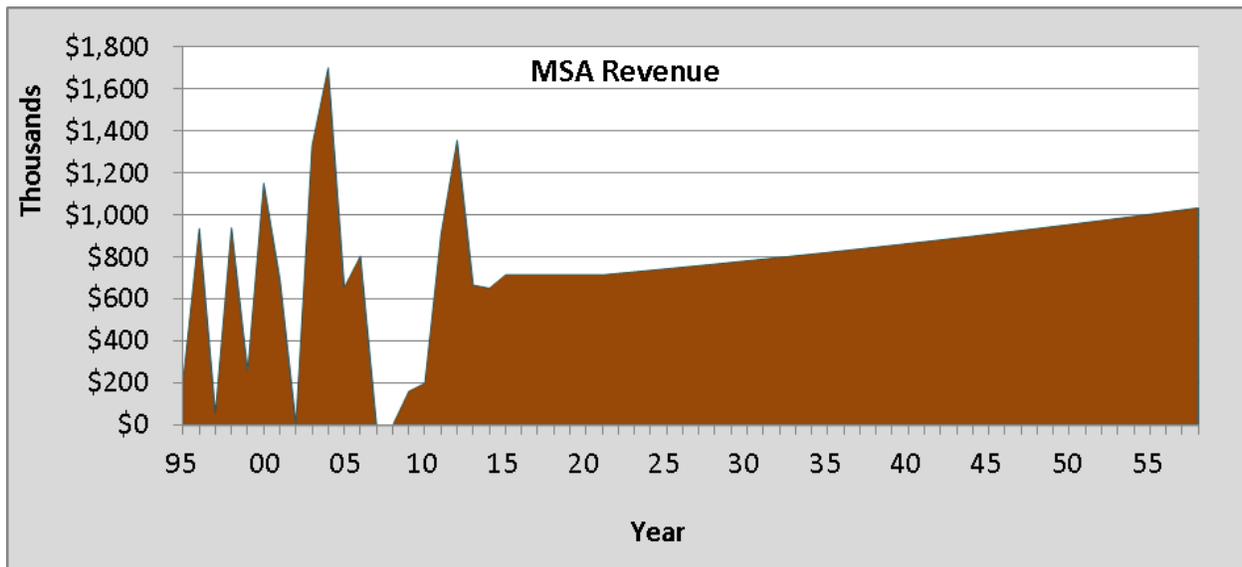
Year	Maintenance			Rehabilitation and Reconstruction			Total Capital Repl Costs
	Street Condition Survey	Cent Gar Equip Chgs	Seal Coat and Crack Fill	Street Bonds	Street Renewal	Neighborhood/Project	
2015	\$ 8,000	\$ 11,000	\$ 306,500		\$ 767,120	Turtle Lane/RR xing's	\$ 1,092,620
2016	8,000	11,000	314,400		956,000	Windward Hts/Grand Ave	1,289,400
2017	8,500	11,000	325,700		766,500	Windward Heights	1,111,700
2018	8,500	13,000	326,700		873,000	Bridge, Lion	1,221,200
2019	9,000	13,000	333,000		472,200	Wabasso Neigh.	827,200
2020	9,000	13,000	339,500		1,337,800	Edgetown Acres	1,699,300
2021	9,500	13,000	346,100		1,457,600	Edgetown Acres	1,826,200
2022	9,500	13,000	352,800	2,500,000			2,875,300
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
2057	21,500	21,000	695,600				738,100
2058	21,500	21,000	709,300		4,712,000		5,463,800

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 \$15 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

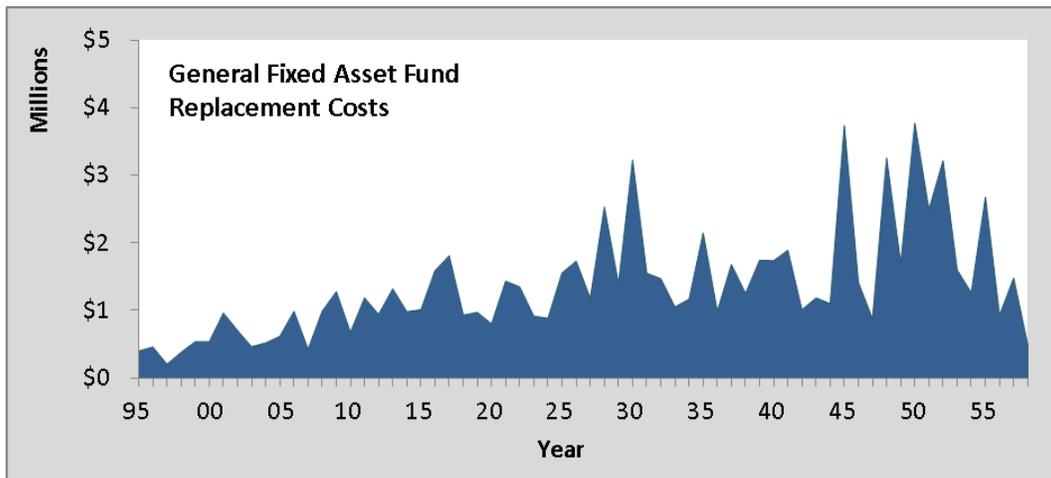
Year	Revenue			Expense	Fund Balance
	MSA Received	Investment Interest	Total Revenue	Project Costs	
2015	\$ 715,783	\$ 6,000	\$ 721,783	\$ -	\$ 1,565,598
2016	715,783	3,000	718,783	1,550,000	734,381
2017	715,783	6,000	721,783	-	1,456,164
2018	715,783	7,000	722,783	570,000	1,608,947
2019	715,783	2,000	717,783	218,000	2,108,730
2020	715,783	-	715,783	2,730,000	94,513
2021	715,783	2,000	717,783	-	812,296
2022	722,941		722,941	-	1,535,237
2023	730,170		730,170	2,000,000	265,407
2024	737,472		737,472	-	1,002,879
2025	744,847		744,847	1,400,000	347,726
2026	752,295		752,295	-	1,100,021
2027	759,818		759,818	1,400,000	459,839
2028	767,416		767,416	-	1,227,255
2029	775,090		775,090	1,400,000	602,345
2030	782,841		782,841	-	1,385,186
2031	790,669		790,669	1,400,000	775,855
2032	798,576		798,576	-	1,574,431
2033	806,562		806,562	1,400,000	980,993
2034	814,628		814,628	-	1,795,621
2035	822,774		822,774	1,400,000	1,218,395
2036	831,002		831,002	-	2,049,397
2037	839,312		839,312	1,600,000	1,288,709
2038	847,705		847,705	-	2,136,414
2039	856,182		856,182	1,600,000	1,392,596
2040	864,744		864,744	-	2,257,340
2041	873,391		873,391	1,600,000	1,530,731
2042	882,125		882,125	-	2,412,856
2043	890,946		890,946	1,600,000	1,703,802
2044	899,855		899,855	-	2,603,657
2045	908,854		908,854	1,600,000	1,912,511
2046	917,943		917,943	-	2,830,454
2047	927,122		927,122	1,600,000	2,157,576
2048	936,393		936,393	-	3,093,969
2049	945,757		945,757	1,600,000	2,439,726
2050	955,215		955,215	-	3,394,941
2051	964,767		964,767	1,600,000	2,759,708
2052	974,415		974,415	-	3,734,123
2053	984,159		984,159	1,600,000	3,118,282
2054	994,001		994,001	-	4,112,283
2055	1,003,941		1,003,941	1,600,000	3,516,224
2056	1,013,980		1,013,980	-	4,530,204
2057	1,024,120		1,024,120	1,600,000	3,954,324
2058	1,034,361		1,034,361	-	4,988,685

General Fixed Asset Replacement Fund

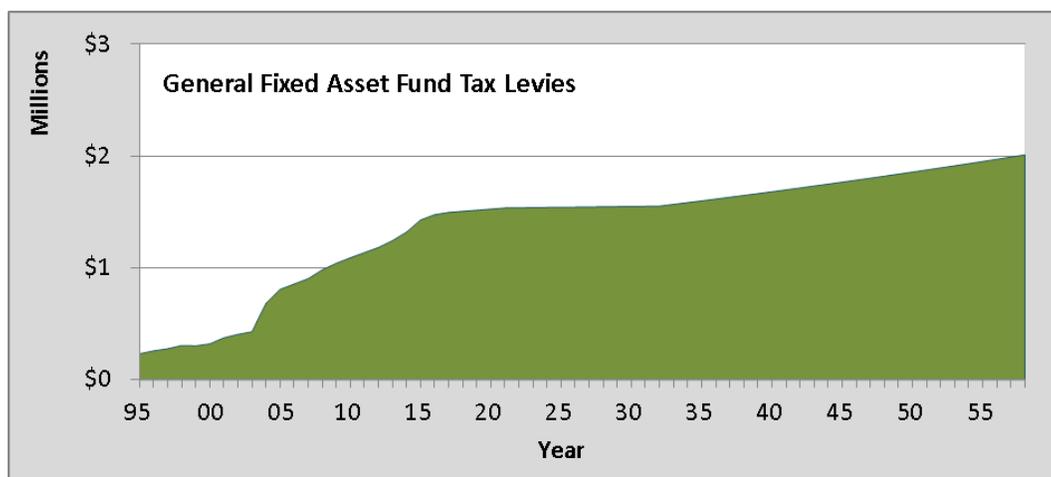
The General Fixed Asset Replacement (GFAR) Fund created in 1989, finances the replacement of all governmental assets. These include fire stations, fire equipment and warning sirens; street signs; community center and city hall buildings and furnishings; building mechanical systems; computer hardware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

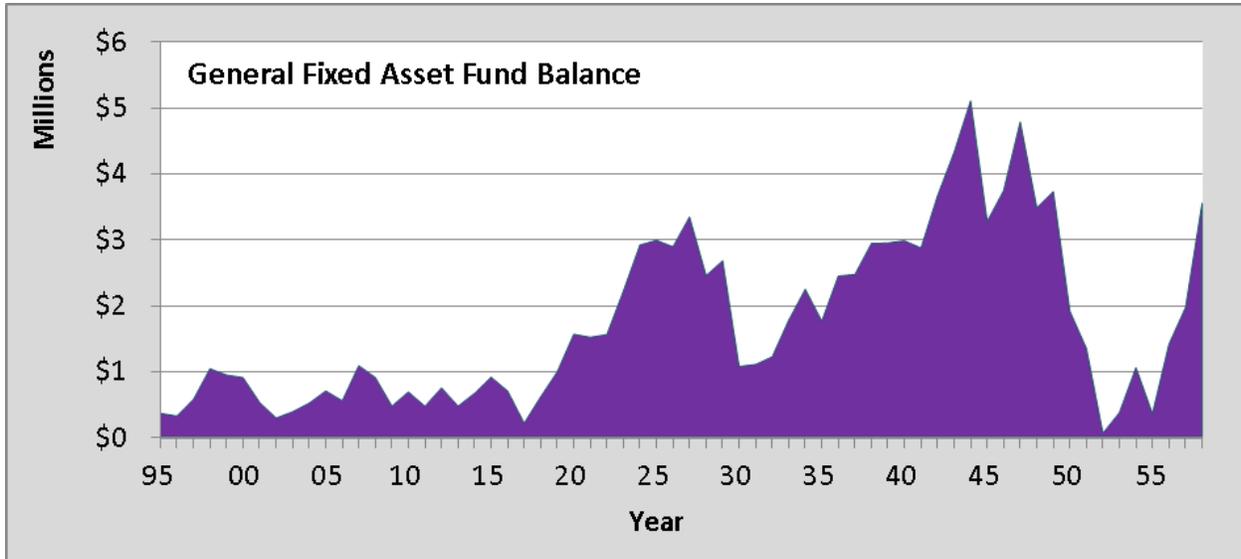
Over the next twenty years, the GFAR Fund will provide for approximately \$30 million in general fixed asset replacements, and will provide an additional \$1.3 million for debt service payments on governmental asset replacements. The first graph below illustrates historical and anticipated replacement 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	Interest Earnings	Replacement Costs	Transfers Out	
2015	\$ 1,427,583	\$ -	\$ 8,000	\$ 1,010,003	\$ 180,000	\$ 920,882
2016	1,475,000	75,000	10,000	1,591,417	180,000	709,465
2017	1,495,000	-	7,000	1,810,392	180,000	221,073
2018	1,505,000	-	7,000	930,052	180,000	623,021
2019	1,515,000	-	14,000	970,550	180,000	1,001,471
2020	1,525,000	-	25,000	800,960	180,000	1,570,511
2021	1,535,000	-	32,000	1,433,440	180,000	1,524,071
2022	1,536,500	-	31,000	1,347,100	180,000	1,564,471
2023	1,538,000	-	33,000	913,700	-	2,221,771
2024	1,539,500	-	46,000	883,887	-	2,923,384
2025	1,541,000	-	88,000	1,557,600	-	2,994,784
2026	1,542,500	-	89,000	1,730,400	-	2,895,884
2027	1,544,000	-	88,000	1,179,718	-	3,348,166
2028	1,545,500	-	97,000	2,532,000	-	2,458,666
2029	1,547,000	-	74,000	1,394,200	-	2,685,466
2030	1,548,500	-	76,000	3,229,600	-	1,080,366
2031	1,550,000	-	32,000	1,550,470	-	1,111,896
2032	1,551,600	-	34,000	1,469,400	-	1,228,096
2033	1,567,100	-	38,000	1,051,500	-	1,781,696
2034	1,582,800	-	55,000	1,166,882	-	2,252,614
2035	1,598,600	-	66,000	2,148,300	-	1,768,914
2036	1,614,600	-	55,000	985,300	-	2,453,214
2037	1,630,700	-	73,000	1,681,200	-	2,475,714
2038	1,647,000	-	75,000	1,251,090	-	2,946,624
2039	1,663,500	-	88,000	1,743,300	-	2,954,824
2040	1,680,100	-	88,000	1,736,400	-	2,986,524
2041	1,696,900	-	89,000	1,893,300	-	2,879,124
2042	1,713,900	-	88,000	1,009,990	-	3,671,034
2043	1,731,000	-	112,000	1,186,500	-	4,327,534
2044	1,748,300	-	132,000	1,099,700	-	5,108,134
2045	1,765,800	-	147,000	3,740,187	-	3,280,747
2046	1,783,500	-	100,000	1,415,000	-	3,749,247
2047	1,801,300	-	115,000	877,500	-	4,788,047
2048	1,819,300	-	139,000	3,259,553	-	3,486,794
2049	1,837,500	-	105,000	1,694,500	-	3,734,794
2050	1,855,900	-	106,000	3,775,500	-	1,921,194
2051	1,874,500	-	56,000	2,494,900	-	1,356,794
2052	1,893,200	-	37,000	3,217,526	-	69,468
2053	1,912,100	-	3,000	1,601,900	-	382,668
2054	1,931,200	-	13,000	1,262,600	-	1,064,268
2055	1,950,500	-	30,000	2,678,721	-	366,047
2056	1,970,000	-	14,000	928,300	-	1,421,747
2057	1,989,700	-	44,000	1,478,900	-	1,976,547
2058	2,009,600	-	64,000	493,300	-	3,556,847

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		
2015	\$ 134,840	\$ 20,000	\$ 190,659	\$ 381,597	\$ 207,907	\$ 75,000	\$ 1,010,003	\$ 180,000	\$ 1,190,003
2016	114,917	20,000	534,500	515,000	285,000	122,000	1,591,417	180,000	1,771,417
2017	571,392	29,000	94,000	441,000	548,000	127,000	1,810,392	180,000	1,990,392
2018	89,652	-	150,000	237,400	373,000	80,000	930,052	180,000	1,110,052
2019	26,350	31,000	185,000	425,000	223,200	80,000	970,550	180,000	1,150,550
2020	128,960	-	156,000	230,000	206,000	80,000	800,960	180,000	980,960
2021	646,040	22,000	152,000	427,600	105,800	80,000	1,433,440	180,000	1,613,440
2022	472,500	-	94,000	390,000	209,000	181,600	1,347,100	180,000	1,527,100
2023	40,000	22,000	89,000	501,000	178,500	83,200	913,700	-	913,700
2024	33,387	23,000	107,000	535,000	100,600	84,900	883,887	-	883,887
2025	40,000	-	89,000	905,000	437,000	86,600	1,557,600	-	1,557,600
2026	1,142,000	-	94,000	266,000	140,100	88,300	1,730,400	-	1,730,400
2027	41,518	-	167,000	355,000	526,100	90,100	1,179,718	-	1,179,718
2028	1,515,000	25,000	94,000	439,000	367,100	91,900	2,532,000	-	2,532,000
2029	287,500	-	389,000	277,000	347,000	93,700	1,394,200	-	1,394,200
2030	28,000	-	107,000	2,727,000	147,000	220,600	3,229,600	-	3,229,600
2031	295,370	-	89,000	766,200	302,400	97,500	1,550,470	-	1,550,470
2032	451,900	-	94,000	550,000	274,000	99,500	1,469,400	-	1,469,400
2033	108,000	-	102,000	488,700	251,300	101,500	1,051,500	-	1,051,500
2034	31,882	-	94,000	640,000	297,500	103,500	1,166,882	-	1,166,882
2035	1,178,000	-	89,000	488,000	287,700	105,600	2,148,300	-	2,148,300
2036	98,000	-	107,000	470,000	202,600	107,700	985,300	-	985,300
2037	687,400	15,000	154,000	375,000	339,900	109,900	1,681,200	-	1,681,200
2038	135,190	-	94,000	627,000	142,800	252,100	1,251,090	-	1,251,090
2039	140,000	16,000	102,000	760,000	611,000	114,300	1,743,300	-	1,743,300
2040	89,800	33,000	102,000	886,000	352,000	273,600	1,736,400	-	1,736,400
2041	852,500	34,000	94,000	684,600	109,300	118,900	1,893,300	-	1,893,300
2042	197,890	35,000	112,000	418,000	125,800	121,300	1,009,990	-	1,009,990
2043	51,000	-	97,000	470,500	444,300	123,700	1,186,500	-	1,186,500
2044	257,500	35,000	102,000	395,000	184,000	126,200	1,099,700	-	1,099,700
2045	148,787	-	107,000	2,001,000	1,180,700	302,700	3,740,187	-	3,740,187
2046	337,700	35,000	99,000	463,000	349,000	131,300	1,415,000	-	1,415,000
2047	162,000	-	162,000	330,000	89,600	133,900	877,500	-	877,500
2048	489,653	40,000	115,000	411,900	2,066,400	136,600	3,259,553	-	3,259,553
2049	148,000	45,000	462,000	635,000	265,200	139,300	1,694,500	-	1,694,500
2050	117,900	-	101,000	3,076,000	338,500	142,100	3,775,500	-	3,775,500
2051	1,690,800	-	111,000	300,000	248,200	144,900	2,494,900	-	2,494,900
2052	1,363,026	-	104,000	1,176,000	236,700	337,800	3,217,526	-	3,217,526
2053	164,900	-	96,000	616,700	573,500	150,800	1,601,900	-	1,601,900
2054	40,000	-	115,000	580,000	373,800	153,800	1,262,600	-	1,262,600
2055	826,821	-	101,000	1,014,000	370,000	366,900	2,678,721	-	2,678,721
2056	41,000	-	106,000	435,000	186,300	160,000	928,300	-	928,300
2057	941,600	-	180,000	80,000	114,100	163,200	1,478,900	-	1,478,900
2058	42,000	-	103,000	126,000	55,800	166,500	493,300	-	493,300

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

Year	Shoreview share 60.7%			Breathing Apparatus	Radio System	Other Equipment	Vehicles	Total Fire Equipment & Buildings
	Buildings	Parking/Driveways						
		Station #3	Station #4					
2015	\$ 17,835	\$ 50,430	\$ -	\$ -	\$ -	\$ 60,425	\$ 6,150	\$ 134,840
2016	12,400	-	-	-	41,540	60,977	-	114,917
2017	38,440	-	-	-	41,540	4,712	486,700	571,392
2018	9,300	-	-	-	41,540	2,232	36,580	89,652
2019	23,560	-	-	2,790	-	-	-	26,350
2020	-	-	-	-	-	-	128,960	128,960
2021	27,900	-	-	-	-	-	618,140	646,040
2022	24,000	-	-	-	-	-	448,500	472,500
2023	40,000	-	-	-	-	-	-	40,000
2024	25,000	4,977	-	-	-	3,410	-	33,387
2025	40,000	-	-	-	-	-	-	40,000
2026	26,000	-	-	-	-	-	1,116,000	1,142,000
2027	40,000	-	1,518	-	-	-	-	41,518
2028	27,000	-	-	-	-	-	1,488,000	1,515,000
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
2057	41,000	-	-	-	-	15,000	885,600	941,600
2058	42,000	-	-	-	-	-	-	42,000

General Fixed Asset Replacement Fund
Capital Summary - Warning Sirens

By Siren Number and Location												
Year	#1	#2	#3	#4	#5	#6	#7	#8	LC		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		
2015	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	20,000
2016	-	-	-	-	20,000	-	-	-	-	-	-	20,000
2017	-	-	20,000	-	-	-	-	-	9,000	-	-	29,000
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	22,000	-	-	-	-	-	-	-	9,000	-	31,000
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	22,000	-	-	-	-	-	22,000
2023	-	-	-	-	-	-	22,000	-	-	-	-	22,000
2024	23,000	-	-	-	-	-	-	-	-	-	-	23,000
2028	-	-	-	-	-	-	-	25,000	-	-	-	25,000
2037	-	-	-	-	-	-	-	-	15,000	-	-	15,000
2039	-	-	-	-	-	-	-	-	-	16,000	-	16,000
2040	-	-	-	33,000	-	-	-	-	-	-	-	33,000
2041	-	-	-	-	34,000	-	-	-	-	-	-	34,000
2042	-	-	35,000	-	-	-	-	-	-	-	-	35,000
2044	-	35,000	-	-	-	-	-	-	-	-	-	35,000
2046	-	-	-	-	-	35,000	-	-	-	-	-	35,000
2048	-	-	-	-	-	-	-	40,000	-	-	-	40,000
2049	45,000	-	-	-	-	-	-	-	-	-	-	45,000

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
2015	\$ 15,000	\$ 2,000	\$ 32,661	\$ 12,650	\$ 78,000	\$ 16,040	\$ 25,308	\$ 5,000	\$ 4,000	\$ 190,659
2016	10,000	2,000	12,700	6,000	57,000	34,800	51,000	357,000	4,000	534,500
2017	10,000	4,000	30,000	4,000	-	2,000	30,000	5,000	9,000	94,000
2018	10,000	6,000	-	23,000	-	27,000	68,000	12,000	4,000	150,000
2019	10,000	18,000	30,000	6,000	100,000	2,000	9,000	5,000	5,000	185,000
2020	10,000	2,000	-	12,000	-	2,000	57,000	62,000	11,000	156,000
2021	10,000	6,000	30,000	6,000	50,000	32,000	8,000	5,000	5,000	152,000
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	8,000	-	13,000	102,000
2041	30,000	12,000	25,000	2,000	-	7,000	5,000	-	13,000	94,000
2042	30,000	12,000	30,000	2,000	13,000	7,000	5,000	-	13,000	112,000
2043	30,000	12,000	25,000	2,000	-	7,000	8,000	-	13,000	97,000
2044	32,000	12,000	30,000	2,000	-	5,000	8,000	-	13,000	102,000
2045	32,000	12,000	25,000	2,000	11,000	7,000	5,000	-	13,000	107,000
2046	32,000	12,000	30,000	2,000	-	5,000	5,000	-	13,000	99,000
2047	32,000	12,000	23,000	2,000	-	5,000	8,000	-	80,000	162,000
2048	32,000	12,000	30,000	2,000	11,000	7,000	8,000	-	13,000	115,000
2049	34,000	12,000	25,000	2,000	-	5,000	5,000	366,000	13,000	462,000
2050	34,000	12,000	30,000	2,000	-	5,000	5,000	-	13,000	101,000
2051	34,000	12,000	25,000	2,000	12,000	5,000	8,000	-	13,000	111,000
2052	34,000	12,000	30,000	2,000	-	5,000	8,000	-	13,000	104,000
2053	34,000	12,000	25,000	2,000	-	5,000	5,000	-	13,000	96,000
2054	36,000	12,000	30,000	2,000	12,000	5,000	5,000	-	13,000	115,000
2055	36,000	12,000	25,000	2,000	-	5,000	8,000	-	13,000	101,000
2056	36,000	12,000	30,000	2,000	-	5,000	8,000	-	13,000	106,000
2057	36,000	12,000	25,000	2,000	15,000	5,000	5,000	-	80,000	180,000
2058	36,000	12,000	30,000	2,000	-	5,000	5,000	-	13,000	103,000

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

Year	Mechanicals, Roof & Exterior	Carpet	Banquet Rooms	Pool Equip Water Treatment Pool Stairs Water Features	All Other Equipment	Locker Rooms and Other Replacement Allowances	Total Building Replacement Costs
2015	\$ 13,500	\$ 18,725	\$ 13,865	\$ 24,836	\$ 86,971	\$ 223,700	\$ 381,597
2016	50,000	-	15,000	50,000	90,000	310,000	515,000
2017	-	78,000	190,000	100,000	73,000	-	441,000
2018	-	87,000	20,000	80,400	50,000	-	237,400
2019	180,000	-	20,000	95,000	130,000	-	425,000
2020	-	-	90,000	20,000	30,000	90,000	230,000
2021	-	-	20,000	30,000	70,000	307,600	427,600
2022	-	-	15,000	235,000	45,000	95,000	390,000
2023	50,000	-	-	121,000	30,000	300,000	501,000
2024	-	102,000	60,000	43,000	30,000	300,000	535,000
2025	550,000	-	70,000	20,000	45,000	220,000	905,000
2026	-	-	-	-	111,000	155,000	266,000
2027	-	-	-	10,000	45,000	300,000	355,000
2028	-	184,000	15,000	50,000	30,000	160,000	439,000
2029	-	-	50,000	32,000	30,000	165,000	277,000
2030	281,000	-	90,000	126,000	30,000	2,200,000	2,727,000
2031	-	56,000	129,000	106,000	260,000	215,200	766,200
2032	-	-	-	330,000	50,000	170,000	550,000
2033	-	-	-	243,700	30,000	215,000	488,700
2034	300,000	65,000	15,000	55,000	30,000	175,000	640,000
2035	-	95,000	60,000	20,000	50,000	263,000	488,000
2036	-	-	-	-	170,000	300,000	470,000
2037	-	-	75,000	65,000	50,000	185,000	375,000
2038	-	161,000	75,000	-	206,000	185,000	627,000
2039	525,000	-	-	10,000	35,000	190,000	760,000
2040	-	-	115,000	316,000	265,000	190,000	886,000
2041	-	-	-	95,000	35,000	554,600	684,600
2042	-	105,000	-	58,000	60,000	195,000	418,000
2043	-	-	15,000	220,500	35,000	200,000	470,500
2044	-	60,000	-	-	35,000	300,000	395,000
2045	1,331,000	68,000	215,000	10,000	60,000	317,000	2,001,000
2046	-	-	85,000	73,000	100,000	205,000	463,000
2047	-	-	-	65,000	55,000	210,000	330,000
2048	-	65,000	-	101,900	35,000	210,000	411,900
2049	-	110,000	15,000	260,000	35,000	215,000	635,000
2050	255,000	58,000	120,000	228,000	200,000	2,215,000	3,076,000
2051	-	-	-	45,000	35,000	220,000	300,000
2052	-	72,000	95,000	724,000	65,000	220,000	1,176,000
2053	-	-	80,000	276,700	35,000	225,000	616,700
2054	-	70,000	-	-	110,000	400,000	580,000
2055	89,000	115,000	85,000	10,000	365,000	350,000	1,014,000
2056	-	-	-	-	35,000	400,000	435,000
2057	-	-	-	20,000	60,000	-	80,000
2058	-	76,000	15,000	-	35,000	-	126,000

**General Fixed Asset Replacement Fund
Capital Summary - Park Facilities**

Year	Buildings	Picnic Shelters	Playground Equipment	Pavement				Misc. Items	Total All Parks
				Courts	Parking/ Driveway	Fencing/ Backboards	Lights		
2015	\$ 28,152	\$ -	\$ 45,000	\$ 87,525	\$ 9,400	\$ 20,400	\$ -	\$ 17,430	\$ 207,907
2016	50,000	-	-	-	195,000	20,000	-	20,000	285,000
2017	-	30,000	100,000	-	98,000	-	-	320,000	548,000
2018	60,000	-	195,000	40,000	50,000	-	28,000	-	373,000
2019	15,000	-	120,000	40,000	4,200	44,000	-	-	223,200
2020	13,000	-	120,000	40,000	5,000	-	28,000	-	206,000
2021	-	-	-	40,000	5,800	60,000	-	-	105,800
2022	15,000	-	100,000	35,000	5,000	25,000	29,000	-	209,000
2023	-	-	-	40,000	14,500	-	24,000	100,000	178,500
2024	18,000	-	-	40,000	42,600	-	-	-	100,600
2025	62,000	-	-	-	375,000	-	-	-	437,000
2026	-	-	-	-	5,100	35,000	-	100,000	140,100
2027	-	-	-	45,000	381,100	-	-	100,000	526,100
2028	15,000	-	100,000	85,000	7,100	-	-	160,000	367,100
2029	27,000	20,000	-	55,000	200,000	45,000	-	-	347,000
2030	30,000	-	-	40,000	24,000	-	-	53,000	147,000
2031	15,000	-	120,000	45,000	22,400	-	27,000	73,000	302,400
2032	33,000	-	-	45,000	69,000	60,000	-	67,000	274,000
2033	-	-	185,000	-	6,300	-	-	60,000	251,300
2034	55,000	-	135,000	-	7,500	-	-	100,000	297,500
2035	52,000	-	95,000	90,000	8,700	-	42,000	-	287,700
2036	-	-	-	95,000	7,600	-	-	100,000	202,600
2037	15,000	-	142,000	61,000	21,900	-	-	100,000	339,900
2038	-	-	-	65,000	27,800	-	-	50,000	142,800
2039	-	89,000	142,000	50,000	190,000	140,000	-	-	611,000
2040	35,000	38,000	-	50,000	-	164,000	-	65,000	352,000
2041	-	-	-	-	9,300	-	-	100,000	109,300
2042	-	-	115,000	-	10,800	-	-	-	125,800
2043	15,000	-	-	60,000	269,300	-	-	100,000	444,300
2044	33,000	-	-	110,000	-	-	41,000	-	184,000
2045	84,000	-	-	73,000	811,700	-	-	212,000	1,180,700
2046	15,000	-	-	60,000	164,000	-	36,000	74,000	349,000
2047	-	-	-	80,000	9,600	-	-	-	89,600
2048	49,000	-	142,000	60,000	1,715,400	-	-	100,000	2,066,400
2049	64,000	30,000	-	-	13,200	60,000	98,000	-	265,200
2050	20,000	-	142,000	-	11,500	165,000	-	-	338,500
2051	-	-	-	75,000	33,200	-	40,000	100,000	248,200
2052	75,000	-	-	120,000	41,700	-	-	-	236,700
2053	-	-	265,000	80,000	128,500	-	-	100,000	573,500
2054	-	-	200,000	80,000	93,800	-	-	-	373,800
2055	96,000	-	125,000	85,000	14,000	-	-	50,000	370,000
2056	-	-	-	70,000	16,300	-	-	100,000	186,300
2057	-	-	-	-	14,100	-	-	100,000	114,100
2058	15,000	-	-	-	40,800	-	-	-	55,800

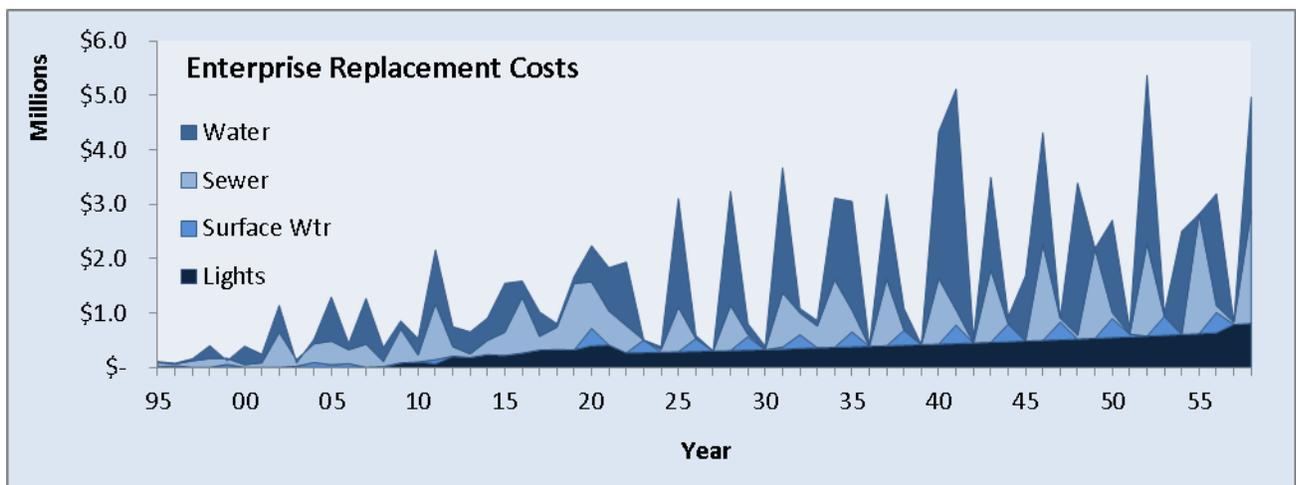
General Fixed Asset Replacement Fund
Capital Summary - Trails and Pathways

Year	Park	Description	Trail Rehabilitation & Replacement		Total Cost
			Rehab.	Replace	
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	80,000	-	80,000
2021	Allowance	Asphalt path	80,000	-	80,000
2022	Allowance	Asphalt path	81,600	100,000	181,600
2023	Allowance	Asphalt path	83,200	-	83,200
2024	Allowance	Asphalt path	84,900	-	84,900
2025	Allowance	Asphalt path	86,600	-	86,600
2026	Allowance	Asphalt path	88,300	-	88,300
2027	Allowance	Asphalt path	90,100	-	90,100
2028	Allowance	Asphalt path	91,900	-	91,900
2029	Allowance	Asphalt path	93,700	-	93,700
2030	Allowance	Asphalt path	95,600	125,000	220,600
2031	Allowance	Asphalt path	97,500	-	97,500
2032	Allowance	Asphalt path	99,500	-	99,500
2033	Allowance	Asphalt path	101,500	-	101,500
2034	Allowance	Asphalt path	103,500	-	103,500
2035	Allowance	Asphalt path	105,600	-	105,600
2036	Allowance	Asphalt path	107,700	-	107,700
2037	Allowance	Asphalt path	109,900	-	109,900
2038	Allowance	Asphalt path	112,100	140,000	252,100
2039	Allowance	Asphalt path	114,300	-	114,300
2040	Allowance	Asphalt path	116,600	157,000	273,600
2041	Allowance	Asphalt path	118,900	-	118,900
2042	Allowance	Asphalt path	121,300	-	121,300
2043	Allowance	Asphalt path	123,700	-	123,700
2044	Allowance	Asphalt path	126,200	-	126,200
2045	Allowance	Asphalt path	128,700	174,000	302,700
2046	Allowance	Asphalt path	131,300	-	131,300
2047	Allowance	Asphalt path	133,900	-	133,900
2048	Allowance	Asphalt path	136,600	-	136,600
2049	Allowance	Asphalt path	139,300	-	139,300
2050	Allowance	Asphalt path	142,100	-	142,100
2051	Allowance	Asphalt path	144,900	-	144,900
2052	Allowance	Asphalt path	147,800	190,000	337,800
2053	Allowance	Asphalt path	150,800	-	150,800
2054	Allowance	Asphalt path	153,800	-	153,800
2055	Allowance	Asphalt path	156,900	210,000	366,900
2056	Allowance	Asphalt path	160,000	-	160,000
2057	Allowance	Asphalt path	163,200	-	163,200
2058	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 2015 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 \$32 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:

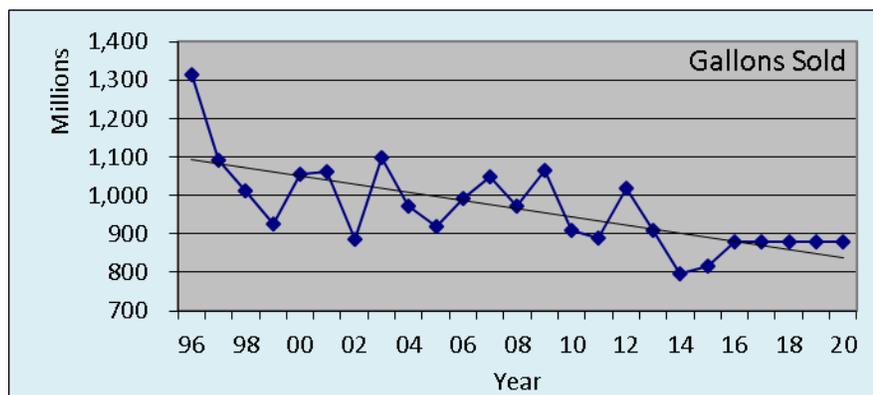
- Cash balances and cash balance objectives
- Debt levels, future debt issuance and debt payments
- New connections to utility services
- Capital costs (additions, repairs and replacements)
- Water consumption trends
- Sewage flows and treatment costs
- Operating costs
- Maintenance strategies

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

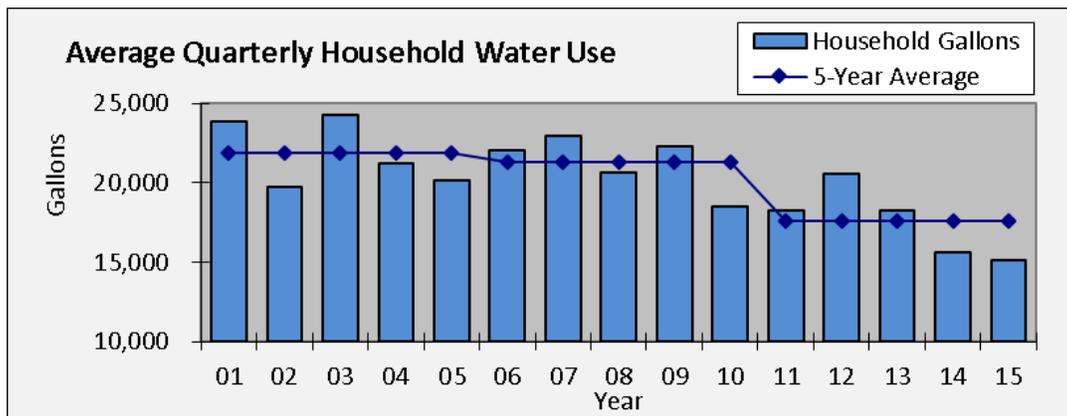
In recent years a combination of weather (rainfall), an aging population, and changes in usage patterns have contributed to an overall decline in average household water use. Although the City expects variations in water consumption from year to year, mainly due to rainfall fluctuations and timing, a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

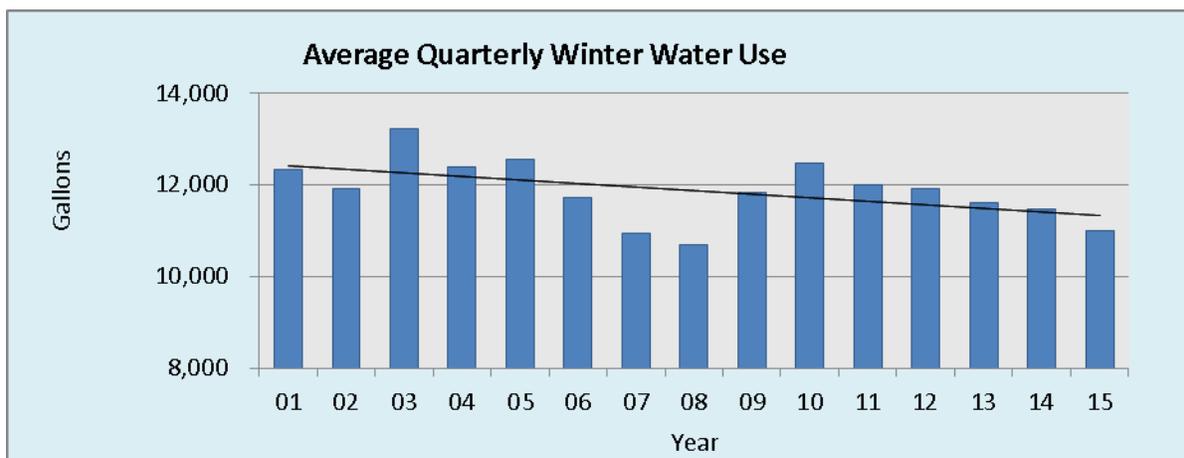


Over the last seventeen years household water use has accounted for 68% to 76% of total gallons consumed. Two graphs provided on the next page illustrate a decline in quarterly household water use.

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.



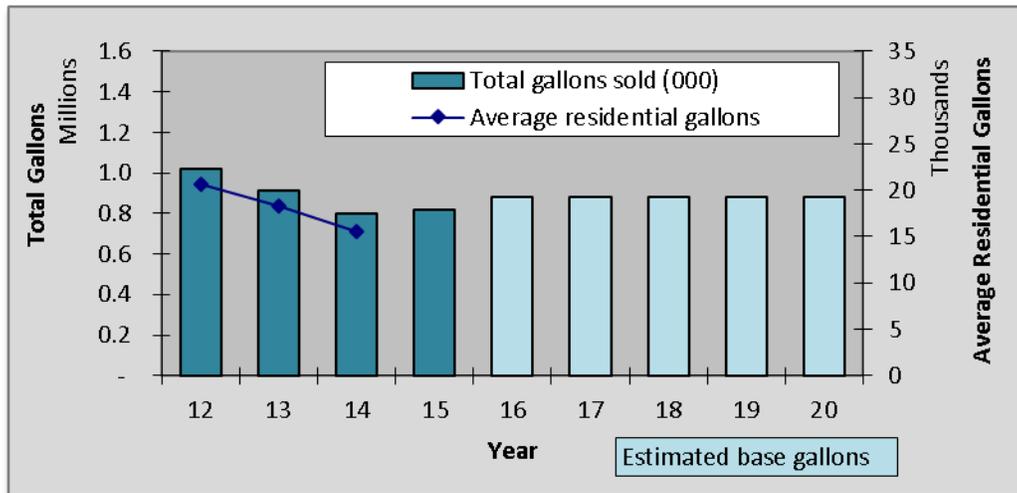
Overall, average quarterly household water use during winter months is also declining. The graph below shows average quarterly winter water use as well as a trend line for winter consumption since 2001.



Water Fund

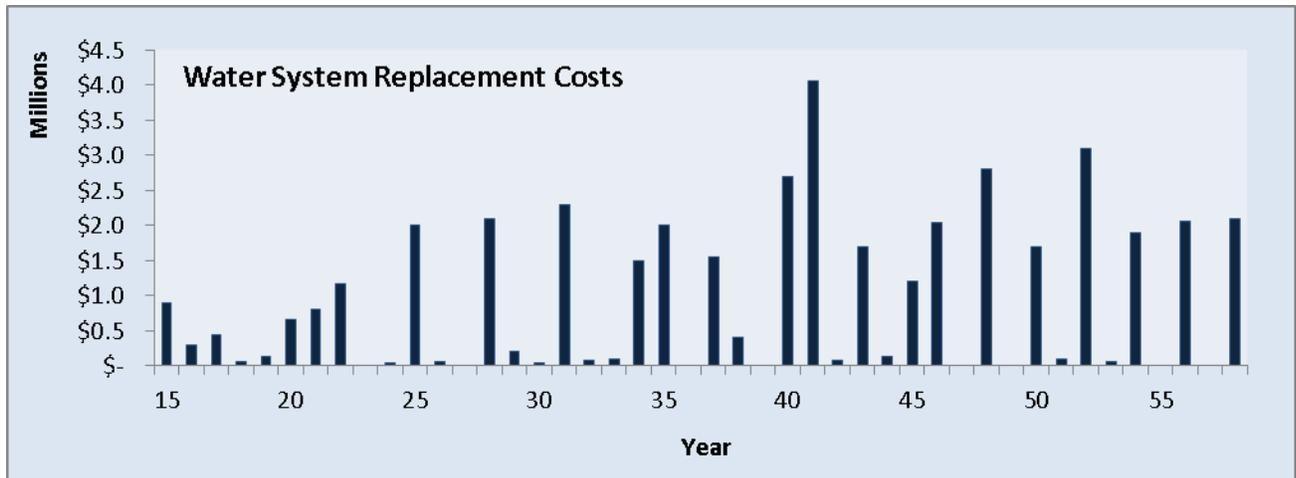
In setting water rates the City expects fluctuations in water consumption from year to year, and the resulting fluctuations in water revenue. Revenue projections utilize a “base year” approach for estimating gallons sold, which enables the City to set rates at levels that support operations, without 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 operating and overall net gains in all years.

Significant water system costs for the near future include water line replacements, rehabilitation of the north tower and the addition of a water treatment plant.



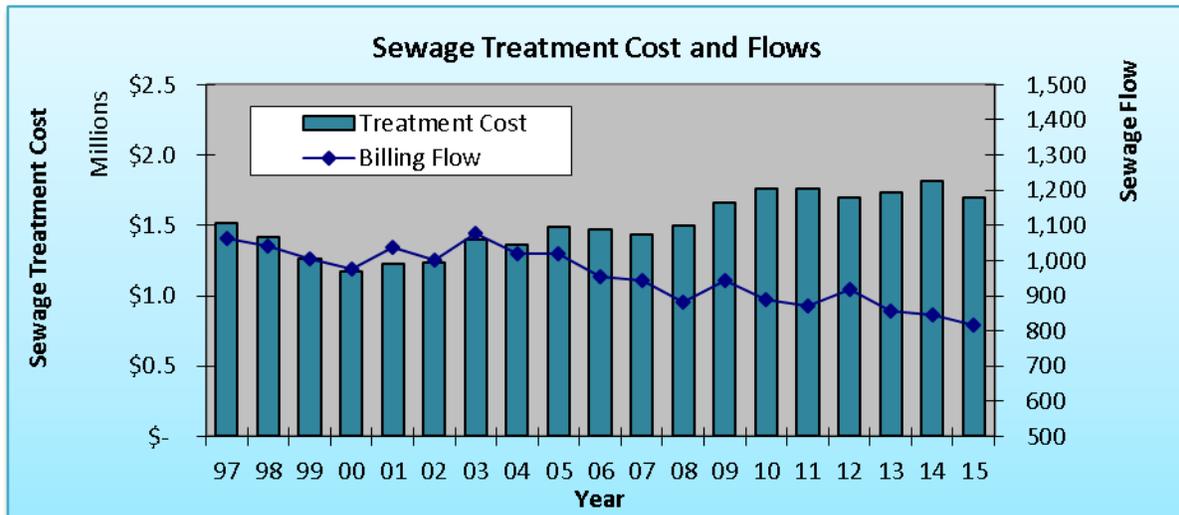
Water Fund	2015 Estimate	2016 Budget	2017 Budget	2018 Projected	2019 Projected	2020 Projected
Revenue						
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	2,620,000	3,185,000	3,442,000	3,579,000	3,722,000	3,869,000
Late Fees/Utility Charges	-	-	-	-	-	-
Water Facility Charges	8,000	8,000	9,000	9,000	10,000	10,000
Other Charges	29,500	25,500	26,000	26,000	26,500	26,500
Other Revenues	-	-	-	-	-	-
Total Revenue	2,657,500	3,218,500	3,477,000	3,614,000	3,758,500	3,905,500
Expense						
Enterprise Operations	1,472,457	1,581,485	1,569,265	1,659,916	1,833,422	1,760,087
Miscellaneous	-	-	-	-	-	-
Depreciation	649,000	669,000	799,000	923,000	922,000	919,000
Total Expense	2,121,457	2,250,485	2,368,265	2,582,916	2,755,422	2,679,087
Operating Income (Loss)	536,043	968,015	1,108,735	1,031,084	1,003,078	1,226,413
Other Sources (Uses)						
Interest Earnings	38,000	38,000	42,000	42,000	45,000	45,000
Sale of Asset-Gain	-	-	-	-	-	-
Contributed Capital Assets	-	-	-	-	-	-
Intergovernmental	975	-	-	-	-	-
Debt Service	(184,164)	(307,431)	(437,926)	(438,305)	(411,093)	(389,928)
Transfers Out	(345,400)	(363,000)	(376,400)	(383,000)	(393,400)	(403,000)
Net Change	45,454	335,584	336,409	251,779	243,585	478,485
Fund Equity, beginning	13,592,660	13,638,114	13,973,698	14,310,107	14,561,886	14,805,471
Fund Equity, ending	\$ 13,638,114	\$ 13,973,698	\$ 14,310,107	\$ 14,561,886	\$ 14,805,471	\$ 15,283,956
Months of operating coverage	16.1	15.1	14.3	13.7	14.2	12.4
Cash balance	\$ 4,039,068	\$ 4,731,652	\$ 4,943,661	\$ 4,937,440	\$ 5,023,625	\$ 4,576,110
Capital costs	\$ 6,643,400	\$ 6,857,000	\$ 853,400	\$ 66,000	\$ 129,400	\$ 670,000
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of assets	0.90%	0.79%	0.80%	0.82%	0.84%	0.85%
Rate Increase	7.0%	12.0%	8.0%	4.0%	4.0%	4.0%
Change in utility charge revenue	12.7%	21.6%	8.1%	4.0%	4.0%	3.9%
Debt issued	\$ 6,885,000	\$ 6,995,000	\$ 890,000	\$ -	\$ 200,000	\$ -
Debt payments (principal)	\$ 1,410,000	\$ 450,000	\$ 960,000	\$ 1,115,000	\$ 1,150,000	\$ 1,175,000
Debt balance (year end)	\$ 9,580,000	\$ 16,125,000	\$ 16,055,000	\$ 14,940,000	\$ 13,990,000	\$ 12,815,000
Debt Capacity after transfers	\$ (716,521)	\$ 554,584	\$ 175,409	\$ 59,779	\$ 15,585	\$ 222,485
Gallons of water sold (000)	817,362	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					Misc. Capital	Total Capital Costs
	Water Lines	Treatment Plant	Wells, Generator, & Controls	Towers/ Reservoir	Additions		
2015	\$ 871,000	\$ -	\$ 29,000	\$ -	\$ 5,743,000	\$ -	\$ 6,643,000
2016	300,000	-	-	-	6,557,000	-	6,857,000
2017	450,000	-	-	-	400,000	-	850,000
2018	66,000	-	-	-	-	-	66,000
2019	129,000	-	-	-	-	-	129,000
2020	670,000	-	-	-	-	-	670,000
2021	100,000	-	-	700,000	-	-	800,000
2022	1,100,000	-	-	70,000	75,000	-	1,245,000
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
2057	-	-	-	-	-	-	-
2058	2,100,000	-	-	-	-	-	2,100,000

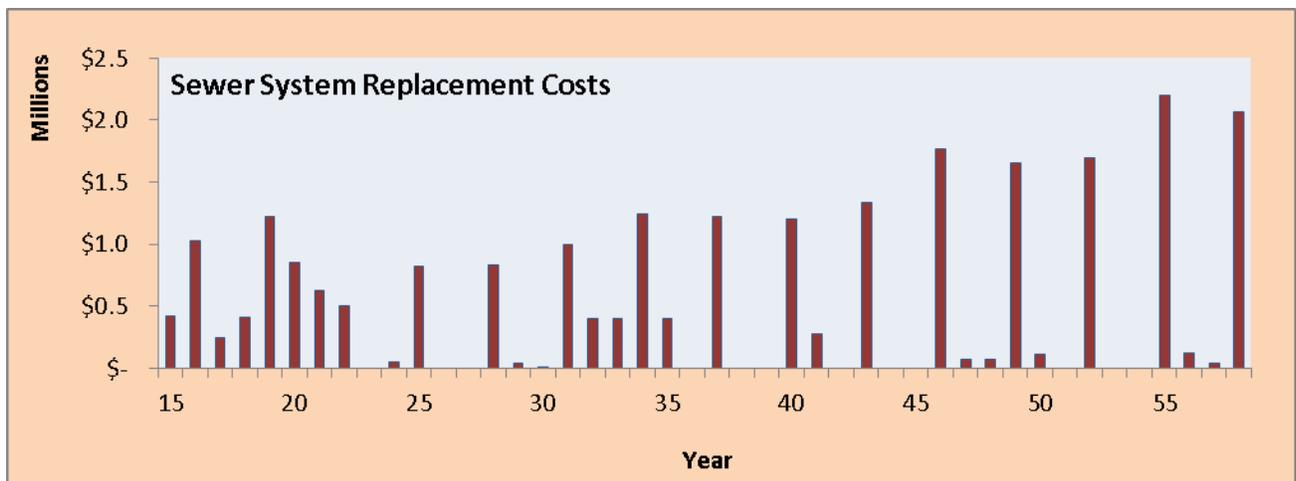
Sewer Fund

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 have not declined at the same rate.



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 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	2015 Estimate	2016 Budget	2017 Budget	2018 Projected	2019 Projected	2020 Projected
Revenue						
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	1,500	1,500	1,500	1,500	1,500	1,600
Utility Charges	3,917,000	4,051,000	4,172,000	4,296,000	4,463,000	4,642,000
Late Fees/Utility Charges	-	-	-	-	-	-
Sewer Facility Charges	4,000	4,000	5,000	5,000	5,000	5,000
Other Charges	2,500	2,500	2,500	2,500	2,500	2,500
Total Revenue	3,925,000	4,059,000	4,181,000	4,305,000	4,472,000	4,651,100
Expense						
Enterprise Operations	3,269,570	3,359,142	3,497,181	3,565,725	3,706,721	3,944,520
Depreciation	340,000	354,000	348,000	337,000	357,000	377,000
Total Expense	3,609,570	3,713,142	3,845,181	3,902,725	4,063,721	4,321,520
Operating Income (Loss)	315,430	345,858	335,819	402,275	408,279	329,580
Other Sources (Uses)						
Interest Earnings	27,000	27,000	30,000	30,000	33,000	33,000
Sale of Asset-Gain	-	-	-	-	-	-
Contributed Capital Assets	-	-	-	-	-	-
Intergovernmental	775	-	-	-	-	-
Debt Service	(54,869)	(78,764)	(75,469)	(77,566)	(70,597)	(122,568)
Transfers In	-	-	-	-	-	-
Transfers Out	(181,400)	(183,000)	(190,400)	(191,000)	(203,400)	(208,400)
Net Change	106,936	111,094	99,950	163,709	167,282	31,612
Fund Equity, beginning	7,807,995	7,914,931	8,026,025	8,125,975	8,289,684	8,456,966
Fund Equity, ending	\$7,914,931	\$8,026,025	\$8,125,975	\$8,289,684	\$8,456,966	\$8,488,578
Months of operating coverage	8.4	8.8	9.3	8.5	9.6	7.5
Cash balance	\$ 3,561,242	\$ 3,057,336	\$ 3,281,886	\$ 3,107,595	\$ 3,852,477	\$ 3,045,689
Capital costs	\$ 716,400	\$ 1,024,000	\$ 253,400	\$ 410,000	\$ 1,224,400	\$ 850,400
Unspent bond proceeds	\$ 781,065	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of assets	0.95%	0.90%	0.91%	0.91%	0.92%	0.90%
Rate Increase (middle tier)	3.0%	3.0%	3.0%	3.0%	4.0%	4.0%
Change in utility charge revenue	4.4%	3.4%	3.0%	3.0%	3.9%	4.0%
Debt issued	\$ 1,650,000	\$ 230,000	\$ 260,000	\$ -	\$ 1,720,000	\$ -
Debt payments (principal)	\$ 915,000	\$ 175,000	\$ 230,000	\$ 265,000	\$ 275,000	\$ 365,000
Debt balance (year end)	\$ 3,135,000	\$ 3,190,000	\$ 3,220,000	\$ 2,955,000	\$ 4,400,000	\$ 4,035,000
Debt Capacity after transfers	\$ (468,839)	\$ 290,094	\$ 217,950	\$ 235,709	\$ 249,282	\$ 43,612
Commercial gallons (000)	86,500	86,500	86,500	86,500	86,500	86,500
Winter gallons-residential (avg)	11,754					
Winter gallons-multi-family (avg)	8,378					

**Sewer Fund
Capital Summary**

Year	Replacements				Total Capital Costs
	Sewer Lines	Relining- Televising	Lift Stations	Additions	
2015	\$ 316,000	\$ 65,000	\$ 45,000	\$ 290,000	\$ 716,000
2016	224,000	800,000	-	-	1,024,000
2017	220,000	-	30,000	-	250,000
2018	380,000	-	30,000	-	410,000
2019	244,000	950,000	30,000	-	1,224,000
2020	850,000	-	-	-	850,000
2021	550,000	-	75,000	-	625,000
2022	-	471,000	30,000	-	501,000
2023	-	-	-	-	-
2024	-	-	50,000	-	50,000
2025	-	760,000	60,000	-	820,000
2026	-	-	-	-	-
2027	-	-	-	-	-
2028	-	831,000	-	-	831,000
2029	-	-	40,000	-	40,000
2030	-	-	15,000	-	15,000
2031	-	909,000	90,000	-	999,000
2032	-	-	400,000	-	400,000
2033	-	-	400,000	-	400,000
2034	-	993,000	250,000	-	1,243,000
2035	-	-	400,000	-	400,000
2036	-	-	-	-	-
2037	-	1,086,000	140,000	-	1,226,000
2038	-	-	-	-	-
2039	-	-	-	-	-
2040	-	1,188,000	20,000	-	1,208,000
2041	-	-	280,000	-	280,000
2042	-	-	-	-	-
2043	-	1,299,000	40,000	-	1,339,000
2044	-	-	-	-	-
2045	-	-	-	-	-
2046	-	1,419,000	350,000	-	1,769,000
2047	-	-	70,000	-	70,000
2048	-	-	70,000	-	70,000
2049	-	1,552,000	100,000	-	1,652,000
2050	-	-	110,000	-	110,000
2051	-	-	-	-	-
2052	-	1,696,000	-	-	1,696,000
2053	-	-	-	-	-
2054	-	-	-	-	-
2055	-	1,852,000	350,000	-	2,202,000
2056	-	-	125,000	-	125,000
2057	-	-	40,000	-	40,000
2058	-	2,023,000	40,000	-	2,063,000

Surface Water Management Fund

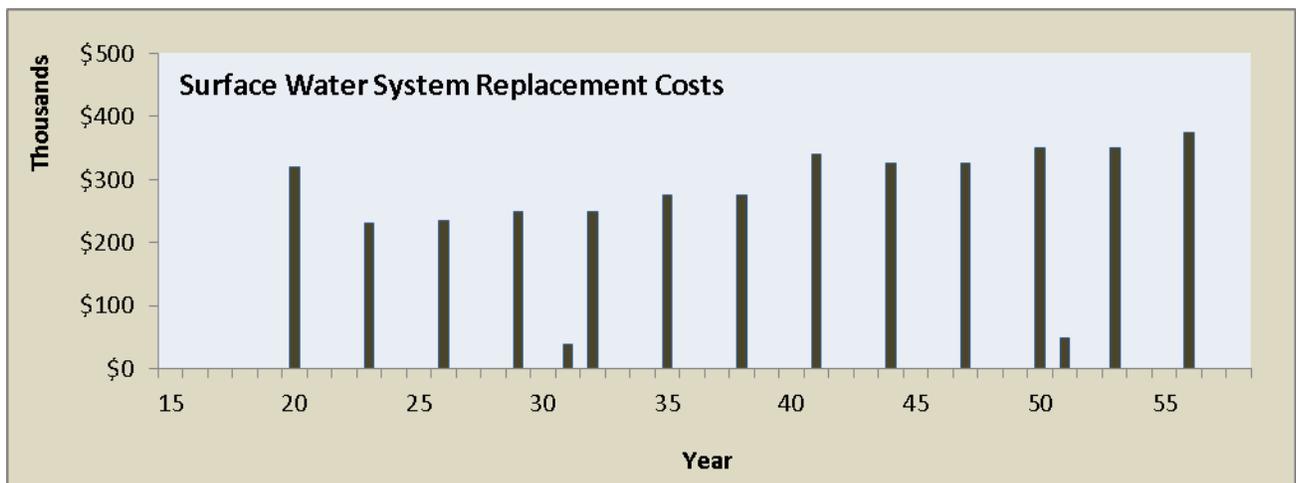
The City's surface water system collects and directs storm water runoff and provides protections for ground water quality. The program is designed to preserve and use natural water storage and retention systems, as much as practical, to reduce capital expenditures necessary to:

- 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	2015 Estimate	2016 Budget	2017 Budget	2018 Projected	2019 Projected	2020 Projected
Revenue						
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	1,407,000	1,546,000	1,699,000	1,867,000	1,941,000	2,018,000
Late Fees/Utility Charges	-	-	-	-	-	-
Snail Lake Augmentation Chgs	39,990	44,503	45,038	45,081	45,544	46,227
Other Charges	7,100	7,500	7,500	7,500	8,000	8,000
Total Revenue	1,454,090	1,598,003	1,751,538	1,919,581	1,994,544	2,072,227
Expense						
Enterprise Operations	721,882	969,519	947,460	983,715	1,029,434	1,064,885
Depreciation	259,000	269,000	277,000	286,000	298,000	314,000
Total Expense	980,882	1,238,519	1,224,460	1,269,715	1,327,434	1,378,885
Operating Income (Loss)	473,208	359,484	527,078	649,866	667,110	693,342
Other Sources (Uses)						
Interest Earnings	9,000	9,000	10,000	10,000	11,000	11,000
Sale of Asset-Gain	-	-	-	-	-	-
Contributed Capital Assets	-	-	-	-	-	-
Intergovernmental	280	-	-	-	-	-
Debt Service	(74,698)	(82,239)	(79,061)	(80,625)	(70,981)	(84,387)
Transfers Out	(152,000)	(159,000)	(168,000)	(176,000)	(186,000)	(191,000)
Net Change	255,790	127,245	290,017	403,241	421,129	428,955
Fund Equity, beginning	8,387,422	8,643,212	8,770,457	9,060,474	9,463,715	9,884,844
Fund Equity, ending	\$8,643,212	\$8,770,457	\$9,060,474	\$9,463,715	\$9,884,844	\$10,313,799
Months of oper/capital coverage	9.3	8.5	9.6	8.2	12.7	9.6
Cash balance	\$ 1,281,349	\$ 1,177,594	\$ 1,399,611	\$ 1,234,852	\$ 2,040,981	\$ 1,584,976
Capital costs	\$ 350,500	\$ 545,000	\$ 345,000	\$ 454,000	\$ 313,000	\$ 738,960
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of assets	0.91%	0.92%	0.95%	0.97%	1.01%	0.94%
Rate Increase	10.0%	10.0%	10.0%	10.0%	4.0%	4.0%
Change in utility charge revenue	10.5%	9.9%	9.9%	9.9%	4.0%	4.0%
Debt issued	\$ 860,000	\$ 380,000	\$ 360,000	\$ -	\$ 810,000	\$ -
Debt payments (principal)	\$ 610,000	\$ 335,000	\$ 360,000	\$ 400,000	\$ 410,000	\$ 460,000
Debt balance (year end)	\$3,345,000	\$3,390,000	\$3,390,000	\$2,990,000	\$3,390,000	\$ 2,930,000
Debt Capacity after transfers	\$ (95,490)	\$ 61,245	\$ 207,017	\$ 289,241	\$ 309,129	\$ 282,955

**Surface Water Management Fund
Capital Summary**

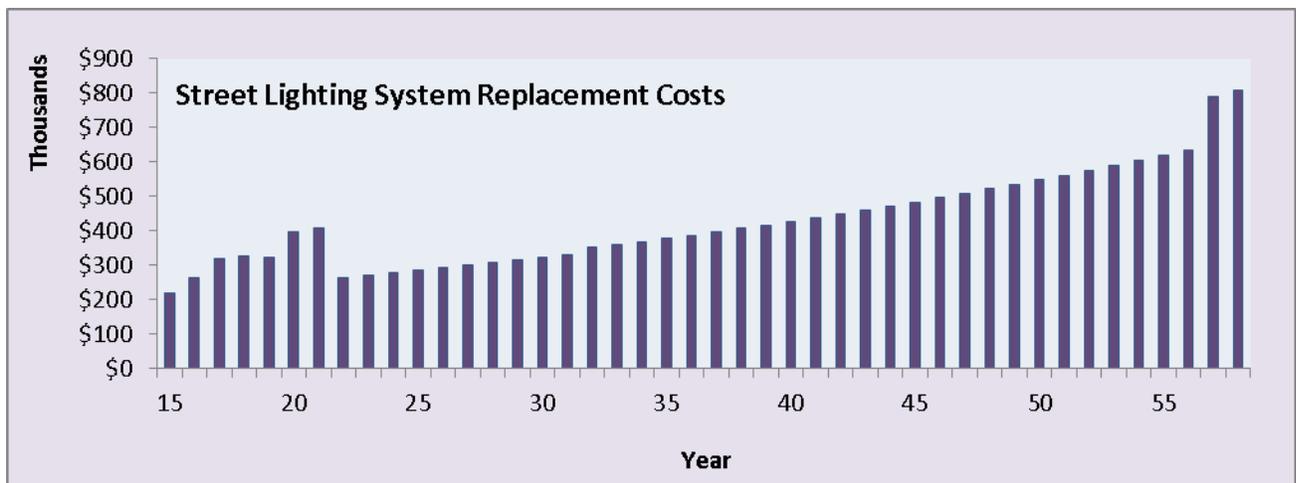
Year	Replacements			Total Capital Costs
	Storm Systems	Controls	Additions	
2015	\$ -	\$ -	\$ 350,500	\$ 350,500
2016	-	-	545,000	545,000
2017	-	-	345,000	345,000
2018	-	-	454,000	454,000
2019	-	-	313,000	313,000
2020	320,000	-	418,960	738,960
2021	-	-	422,320	422,320
2022	-	-	-	-
2023	230,000	-	-	230,000
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
2057	-	-	-	-
2058	-	-	-	-

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	2015 Estimate	2016 Budget	2017 Budget	2018 Projected	2019 Projected	2020 Projected
Revenue						
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	520,000	551,000	634,000	665,000	699,000	733,000
Late Fees/Utility Charges	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-
Total Revenue	520,000	551,000	634,000	665,000	699,000	733,000
Expense						
Enterprise Operations	264,285	279,118	287,637	293,856	296,809	308,377
Miscellaneous	-	-	-	-	-	-
Depreciation	61,000	69,000	75,000	85,000	100,000	117,000
Total Expense	325,285	348,118	362,637	378,856	396,809	425,377
Operating Income (Loss)	194,715	202,882	271,363	286,144	302,191	307,623
Other Sources (Uses)						
Interest Earnings	2,500	2,500	2,700	2,700	2,900	2,900
Contributed Capital Assets	-	-	-	-	-	-
Transfers Out	(22,400)	(25,400)	(28,400)	(32,400)	(37,400)	(42,400)
Net Change	174,815	179,982	245,663	256,444	267,691	268,123
Fund Equity, beginning	1,363,119	1,537,934	1,717,916	1,963,579	2,220,023	2,487,714
Fund Equity, ending	\$ 1,537,934	\$ 1,717,916	\$ 1,963,579	\$ 2,220,023	\$ 2,487,714	\$ 2,755,837
Months of oper/capital coverage	7.2	6.4	6.1	6.3	7.1	6.4
Cash balance	\$ 208,341	\$ 193,323	\$ 193,986	\$ 207,210	\$ 252,671	\$ 239,384
Capital costs	\$ 220,000	\$ 264,000	\$ 320,000	\$ 328,220	\$ 322,230	\$ 398,410
General transfer percent of assets	0.85%	0.88%	0.88%	0.91%	0.96%	0.95%
Rate Increase	4.0%	6.0%	15.0%	5.0%	5.0%	5.0%

**Street Lighting Fund
Capital Summary**

Year	Replacements		Total Capital Costs
	Allowance	Street Projects	
2015	\$ 150,000	\$ 70,000	\$ 220,000
2016	150,000	114,000	264,000
2017	235,000	85,000	320,000
2018	241,220	87,000	328,220
2019	247,230	75,000	322,230
2020	253,410	145,000	398,410
2021	259,740	150,000	409,740
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
2057	789,800	-	789,800
2058	809,560	-	809,560

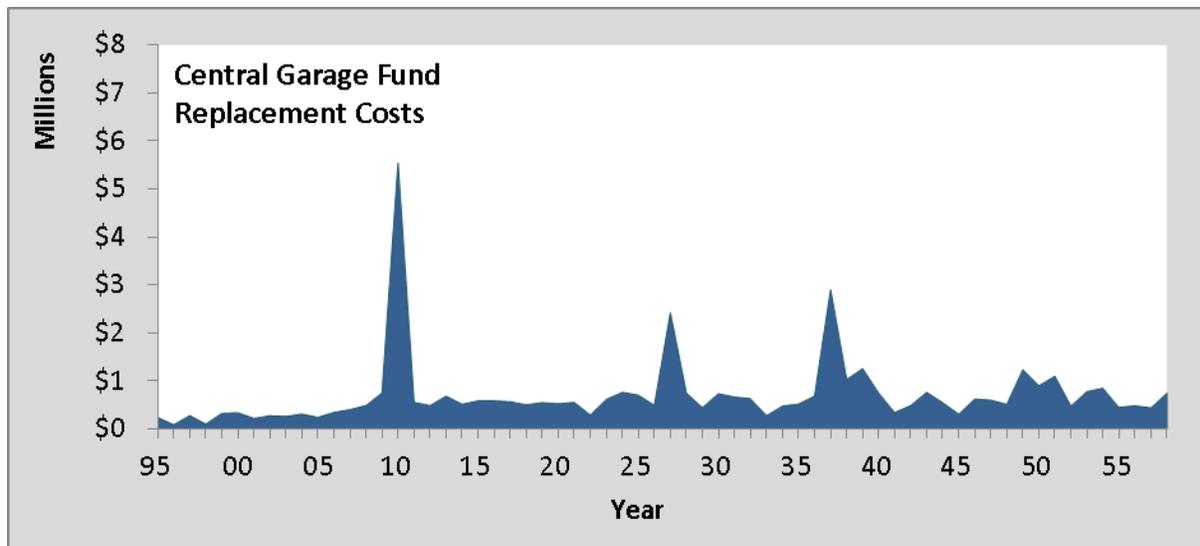
Central Garage Fund

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 reviewed 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 \$13 million in garage assets. The graph below shows historical and projected replacement costs.

Operating projections are presented on the next page.



Central Garage Fund	2015 Estimate	2016 Budget	2017 Budget	2018 Projected	2019 Projected	2020 Projected
Revenue						
Central Garage Charges	\$ 1,262,430	\$ 1,281,150	\$ 1,338,660	\$ 1,379,780	\$ 1,410,600	\$ 1,444,870
Total Revenue	1,262,430	1,281,150	1,338,660	1,379,780	1,410,600	1,444,870
Expense						
Central Garage Operations	605,046	638,373	651,523	683,362	682,177	713,577
Depreciation	659,000	663,000	690,000	720,000	737,000	755,000
Total Expense	1,264,046	1,301,373	1,341,523	1,403,362	1,419,177	1,468,577
Operating Income (Loss)	(1,616)	(20,223)	(2,863)	(23,582)	(8,577)	(23,707)
Other Sources (Uses)						
Property Taxes	208,000	184,000	184,000	184,000	184,000	184,000
Interest Earnings	10,500	10,500	11,500	11,500	12,500	12,500
Other Revenues	-	-	-	-	-	-
Sale of Asset-Gain (Loss)	-	32,000	43,000	46,000	75,000	52,000
Contributed Capital Assets	-	-	-	-	-	-
Intergovernmental	6,410	-	-	-	-	-
Debt Service	(136,691)	(110,635)	(105,502)	(100,119)	(94,719)	(83,431)
Transfers In	119,400	119,400	119,400	119,400	119,400	119,400
Transfers Out	-	(15,000)	-	-	-	-
Net Change	206,003	200,042	249,535	237,199	287,604	260,762
Fund Equity, beginning	4,314,763	4,520,766	4,720,808	4,970,343	5,207,542	5,495,146
Fund Equity, ending	\$ 4,520,766	\$ 4,720,808	\$ 4,970,343	\$ 5,207,542	\$ 5,495,146	\$ 5,755,908
Months of oper/cap coverage	10.1	10.3	10.9	12.3	13.5	14.8
Cash balance	\$ 1,369,886	\$ 1,467,928	\$ 1,615,963	\$ 1,833,162	\$ 2,063,766	\$ 2,308,528
Capital costs	\$ 583,408	\$ 585,000	\$ 565,000	\$ 503,000	\$ 547,000	\$ 523,000
Expense percent change	-1.9%	3.0%	3.1%	4.6%	1.1%	3.5%
Average annual percent change	8.7%					3.1%
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund charges percent change	1.7%	1.5%	4.5%	3.1%	2.2%	2.4%
Average annual percent change	3.9%					2.7%
Debt issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt payments (principal)	\$ 5,025,000	\$ 220,000	\$ 260,000	\$ 270,000	\$ 280,000	\$ 285,000
Debt balance (year end)	\$ 4,670,000	\$ 4,450,000	\$ 4,190,000	\$ 3,920,000	\$ 3,640,000	\$ 3,355,000

**Central Garage Fund
Capital Summary**

Year	Estimated Replacement Costs				Total Capital Costs
	Buildings		Machinery, Vehicles Equipment	Other	
	Buildings	Parking/ Driveways			
2015			\$ 533,408	\$ 50,000	\$ 583,408
2016			520,000	65,000	585,000
2017			515,000	50,000	565,000
2018			453,000	50,000	503,000
2019			497,000	50,000	547,000
2020			473,000	50,000	523,000
2021			482,000	70,000	552,000
2022			230,000	60,000	290,000
2023			556,000	60,000	616,000
2024	50,000		652,000	60,000	762,000
2025		16,000	627,000	60,000	703,000
2026			433,000	60,000	493,000
2027	1,500,000		860,000	60,000	2,420,000
2028	55,000		633,000	60,000	748,000
2029			384,000	60,000	444,000
2030			674,000	60,000	734,000
2031	60,000		543,000	60,000	663,000
2032		19,500	551,000	60,000	630,500
2033			216,000	60,000	276,000
2034	65,000		351,000	60,000	476,000
2035			457,000	60,000	517,000
2036			615,000	70,000	685,000
2037	2,000,000		834,000	70,000	2,904,000
2038			960,000	70,000	1,030,000
2039			1,187,000	70,000	1,257,000
2040	75,000	300,000	304,000	70,000	749,000
2041			270,000	70,000	340,000
2042			417,000	70,000	487,000
2043	80,000		613,000	70,000	763,000
2044			477,000	70,000	547,000
2045			238,000	70,000	308,000
2046	85,000	28,500	439,000	70,000	622,500
2047			528,000	70,000	598,000
2048			441,000	70,000	511,000
2049	90,000		1,074,000	70,000	1,234,000
2050			830,000	70,000	900,000
2051			1,029,000	70,000	1,099,000
2052			405,000	70,000	475,000
2053		35,000	672,000	70,000	777,000
2054			777,000	70,000	847,000
2055	75,000		302,000	70,000	447,000
2056			412,000	70,000	482,000
2057			368,000	70,000	438,000
2058			676,000	70,000	746,000

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.