

**AGENDA
SPECIAL COUNCIL MEETING
BOARD OF CANVASSERS
NOVEMBER 13, 2012
6:00 P.M.
COUNCIL CHAMBERS**

1. CALL TO ORDER
2. ROLL CALL
3. CERTIFICATION OF ELECTION RESULTS
4. ADJOURNMENT

TO: MAYOR AND COUNCILMEMBERS

**FROM: TERRI HOFFARD
DEPUTY CLERK**

DATE: NOVEMBER 8, 2012

SUBJECT: CERTIFICATION OF ELECTION RESULTS

The City Council is being asked to certify the results from the election that was held on November 6, 2012.

Results are as follows:

Mayor

Sandy Martin	12598
Write-In	267

Councilmembers – 2 4–year terms

Ady Wickstrom	6455
Emy Johnson	5085
Cory Springhorn	3062
Kirk Possehl	2484
Lee Michaels	1898
Doug Blomberg	1957

Below is a breakdown of votes per precinct:

Candidate	Prec. 1S	Prec. 1N	Prec. 2	Prec. 3	Prec. 4	Prec. 5	Prec. 6
Martin	959	1381	1012	2537	1759	2961	1989
Wickstrom	468	616	501	1335	904	1541	1090
Johnson	393	542	386	911	775	1214	864
Springhorn	239	405	350	750	379	624	315
Possehl	139	143	140	439	423	821	379
Michaels	171	294	157	319	268	376	313
Blomberg	137	211	126	467	217	434	365

Voter turnout for the entire city was 87%. Voter turnout for each precinct is as follows:

Precinct 1S (Emmet D. Williams)	90%
Precinct 1N (St. Odilia)	86%
Precinct 2 (Shepherd of the Hills)	87%
Precinct 3 (City Hall)	87%
Precinct 4 (Community Center)	88%
Precinct 5 (Incarnation)	88%
Precinct 6 (Turtle Lake)	86%

ELECTION RESULTS – NOVEMBER 6, 2012

Precinct	Persons Registered as of 7 A.M.	Persons Registered on Election Day	Total Number of Persons Voting
P-1S	1319	124	1305
P-1N	1684	425	1816
P-2	1422	171	1379
P-3	3322	484	3300
P-4	2439	239	2356
P-5	3978	366	3808
P-6	2703	378	2654

Mayor	Martin	Write-In
P-1S	871	24
P-1S (AB)	<u>88</u>	<u>1</u>
P-1S TOTAL	959	25
P-1N	1248	20
P-1N (AB)	<u>133</u>	<u>2</u>
P-1N TOTAL	1381	22
P-2	898	16
P-2 (AB)	<u>114</u>	<u>1</u>
P-2 TOTAL	1012	17
P-3	2165	40
P-3 (AB)	<u>372</u>	<u>5</u>
P-3 TOTAL	2537	45
P-4	1565	36
P-4 (AB)	<u>194</u>	<u>2</u>
P-4 TOTAL	1759	28
P-5	2616	70
P-5 (AB)	<u>345</u>	<u>10</u>
P-5 TOTAL	2961	80
P-6	1734	38
P-6 (AB)	<u>255</u>	<u>2</u>
P-6 TOTAL	1989	40

Council	Wickstrom	Johnson	Springhorn	Possehl	Blomberg	Michaels
P-1S	422	354	223	122	125	163
P-1S (AB)	<u>46</u>	<u>39</u>	<u>16</u>	<u>17</u>	<u>12</u>	<u>8</u>
P-1S TOTAL	468	393	239	139	137	171
P-1N	542	492	377	128	194	266
P-1N (AB)	<u>74</u>	<u>50</u>	<u>28</u>	<u>15</u>	<u>17</u>	<u>28</u>
P-1N TOTAL	616	542	405	143	211	294
P-2	443	346	309	131	112	138
P-2 (AB)	<u>58</u>	<u>40</u>	<u>41</u>	<u>9</u>	<u>14</u>	<u>19</u>
P-2 TOTAL	501	386	350	140	126	157
P-3	1130	787	678	378	385	264
P-3 (AB)	<u>205</u>	<u>124</u>	<u>72</u>	<u>61</u>	<u>82</u>	<u>55</u>
P-3 TOTAL	1335	911	750	439	467	319
P-4	794	709	344	386	194	246
P-4 (AB)	<u>110</u>	<u>66</u>	<u>35</u>	<u>37</u>	<u>23</u>	<u>22</u>
P-4 TOTAL	904	775	379	423	217	268
P-5	1343	1051	566	767	390	335
P-5 (AB)	<u>198</u>	<u>163</u>	<u>58</u>	<u>54</u>	<u>44</u>	<u>41</u>
P-5 TOTAL	1541	1214	624	821	434	376
P-6	926	768	272	347	325	278
P-6 (AB)	<u>164</u>	<u>96</u>	<u>43</u>	<u>32</u>	<u>40</u>	<u>35</u>
P-6 TOTAL	1090	864	315	379	365	313

**CITY OF SHOREVIEW
AGENDA
CITY COUNCIL WORKSHOP
NOVEMBER 13, 2012
7:00 P.M.**

1. ROLL CALL
2. REVIEW OF PROPOSED 2013 BUDGET AND TAX LEVY
3. DISCUSSION REGARDING FIRE STATION IMPROVEMENT PROJECT
4. REVIEW OF SANITARY SEWER ASSET MANAGEMENT INITIATIVE
5. OTHER ISSUES
6. ADJOURNMENT

TO: Mayor and City Council

FROM: Terry C. Schwerm, City Manager
Jeanne A. Haapala, Finance Director

DATE: November 8, 2012

RE: 2013 Budget and Tax Levy

Preliminary Property Tax Levy

The table below provides a comparison of the 2012 adopted levy, the 2013 levy as originally planned in the biennial budget, and as revised by the City Manager’s recommendation. When reviewing the areas impacting the total levy (as shown in the column at the far right-hand side of the table), it is interesting to note that the portion of the levy supporting City services (including the tax supported share of staff costs) causes a 1.86% increase in the tax levy. The remaining 1.53% increase in the levy is the result of debt, capital replacement funds, capital improvement funds, the EDA and HRA. The modest increase in the General Fund share of the levy is due primarily to the increase in police and fire contract costs (\$161,181 cost increase for the two contracts combined).

Description	2012 Adopted Levy	2013 Original Two-Year Budget	2013 Preliminary Levy	Change Over 2012 Adopted Levy		Impact on Total Levy *
				Dollars	Percent	
General fund	\$ 6,467,060	\$ 6,717,037	\$ 6,639,567	\$ 172,507	2.67%	1.86%
EDA	55,000	60,000	60,000	5,000	9.09%	0.05%
Debt (including Cent Garage)	658,026	685,000	685,000	26,974	4.10%	0.29%
Street Renewal fund	800,000	850,000	850,000	50,000	6.25%	0.54%
General Fixed Asset Repl fund	1,200,000	1,250,000	1,250,000	50,000	4.17%	0.54%
Capital Improvement fund	110,000	120,000	120,000	10,000	9.09%	0.11%
Total City Levy	\$ 9,290,086	\$ 9,682,037	\$ 9,604,567	\$ 314,481	3.39%	3.39%
HRA tax levy	\$ 70,000	\$ 75,000	\$ 75,000	\$ 5,000	7.14%	
Taxable value (estim for 2013)	\$25,417,572	\$23,726,394	\$23,726,394	\$(1,691,178)	-6.65%	
City tax rate (estim for 2013)	33.252%	37.246%	36.953%	3.701%	11.13%	
HRA tax rate (estim for 2013)	0.254%	0.289%	0.289%	0.035%	13.78%	
Fiscal disparity (estim for 2013)	\$ 838,214	\$ 845,000	\$ 845,000	\$ 6,786	0.81%	
Net tax paid by property owners	\$ 8,451,872	\$ 8,837,037	\$ 8,759,567	\$ 307,695	3.64%	
Change in Tax Paid by Prop Owners	-0.32%	4.56%	3.64%			

It should be noted that the proposed 2013 preliminary tax levy as shown in the table above is \$77,470 lower than adopted as part of the biennial budget for 2013. The proposed City and HRA levies combined equate to a two-year levy increase of 2.9% for the biennial budget (1.46% annually).

A listing of specific items impacting the tax levy is provided on the next page.

The first section of the box shows changes resulting from a reevaluation of all General Fund revenues to reflect current development activity, preliminary capital projects, new forestry initiatives, transfers from the Cable TV fund for communication costs, and transfers from Utility funds. All revenue changes combined account for a 1.85% decrease in the total tax levy.

The second section of the box shows changes in General Fund expense. These items account for 3.71% increase in the total proposed tax levy.

The net impact of General Fund changes is a 1.86% increase in the total tax levy.

The EDA, debt funds and capital funds account for a 1.53% increase in the tax levy (for a combined change in the levy of 3.39%).

Note: (brackets) indicate a decrease.	2013 Change	
	Increase (Decrease)	% Impact on Total
General Fund Revenue Changes		
License and permits (all combined)	\$ 21,300	
Intergovernmental (net)	2,620	
Administrative charges-operating	70,020	
Administrative charges-capital project	15,000	
Engineering fees	20,000	
Tree sales/reforest.	10,000	
Other park/recr	500	
Plan check fee	5,000	
Misc reimb (copier)	(10,620)	
Transfer from Cable TV (comun costs)	4,000	
Transfer from Util Funds (in lieu of taxes)	34,000	
General Fund Revenue Changes	\$ 171,820	1.85%
General Fund Expense Changes		
Fire	92,710	
Police	68,471	
Wage adjustment (2%)	53,000	
Step & other increases	13,070	
Health insurance (\$50/mo)	25,510	
PERA/FICA	11,951	
Position reclassifications (all combined)	(9,177)	
Community Development intern	10,437	
Communications costs	20,800	
Community survey	20,000	
Information systems maint/lic fees	5,128	
Public works admin contractual	6,000	
Council changes (all combined)	6,112	
Forestry program (all combined)	39,700	
Central garage charges	13,710	
Elections	(30,622)	
Office machines (copiers/see revenue)	(14,000)	
All other costs	(173)	
Transfers out	11,700	
General Fund Expense Changes	\$ 344,327	3.71%
Total General Fund Changes	\$ 172,507	1.86%
Levy Changes in All Other Funds		
EDA Levy	5,000	
Debt (Debt & Central Garage funds)	26,974	
Street Renewal fund	50,000	
General Fixed Asset fund	50,000	
Capital Improvement fund	10,000	
Levy Changes in All Other Funds	\$ 141,974	1.53%
Total Change in City Levy	\$ 314,481	3.39%
HRA Levy	\$ 5,000	7.14%

Below is a brief listing of specific items having an impact on the 2013 tax levy:

- Revenue changes reflect slightly higher permit-related revenues, a slight increase in MSA maintenance revenue, increased administrative charges, and higher engineering fees for capital projects. The budget also includes a \$10,000 increase in tree sale revenue, due to new forestry initiatives.
- Fire costs include the continued expansion of the duty crew program that has paid on-call firefighters working different shifts at fire stations. In 2013, the department will add Sunday shifts between 7 a.m. to 10 p.m. The budget also includes an increase in duty crew pay, to bring rates closer to the market average.
- Police costs are increasing as a result of higher costs for consolidated dispatch, and a 3.5% increase in policing costs due to the addition of a full-time deputy and part-time crime prevention assistance.
- Wage costs include a 2% wage adjustment, a \$35 per month increase in the City contribution for health insurance, contributions to PERA and social security, and step increases for employees not yet at the regular rate of pay for the position.
- Four position reclassifications result in a net decrease in personnel costs before the addition of a community development intern (for a net increase of \$1,260).
- Communication changes include increased supplies, contractual, postage, printing costs, training, and subscriptions.
- An allowance of \$20,000 is included for a community survey.
- Information systems costs include new or increased annual licensing or maintenance fees associated with a number of functions (accounting software, email, building security, document imaging, network hardware and software, and virtual desktops).
- Council and commission changes include slight increases for Northwest Youth and Family Services, increased dues and subscriptions, and Council goal setting.
- New forestry initiatives include an intern to assist with the Emerald Ash Borer (EAB) treatment program, an increase in tree removal costs due to EAB infestation, and reinstating the tree sale program.
- Central garage charges paid by the General Fund are up slightly due equipment replacements.
- Election costs are deleted for 2013.
- Office machinery costs decrease due to the expiration of the lease buyout on old copiers.
- The impact of all other General Fund changes net to a \$173 decrease.
- The EDA and HRA levies each increase \$5,000 to cover additional staff time dedicated to EDA, HRA and Economic Development Commission costs.
- Combined debt levies increase \$26,974 for existing debt funds, maintenance center debt and proposed 2013 street bonds. As a reminder, the City is able to keep a modest debt levy increase even with the planned issuance of \$2.5 million in street rehabilitation bonds, due to General Fund surpluses set aside during the last two years.

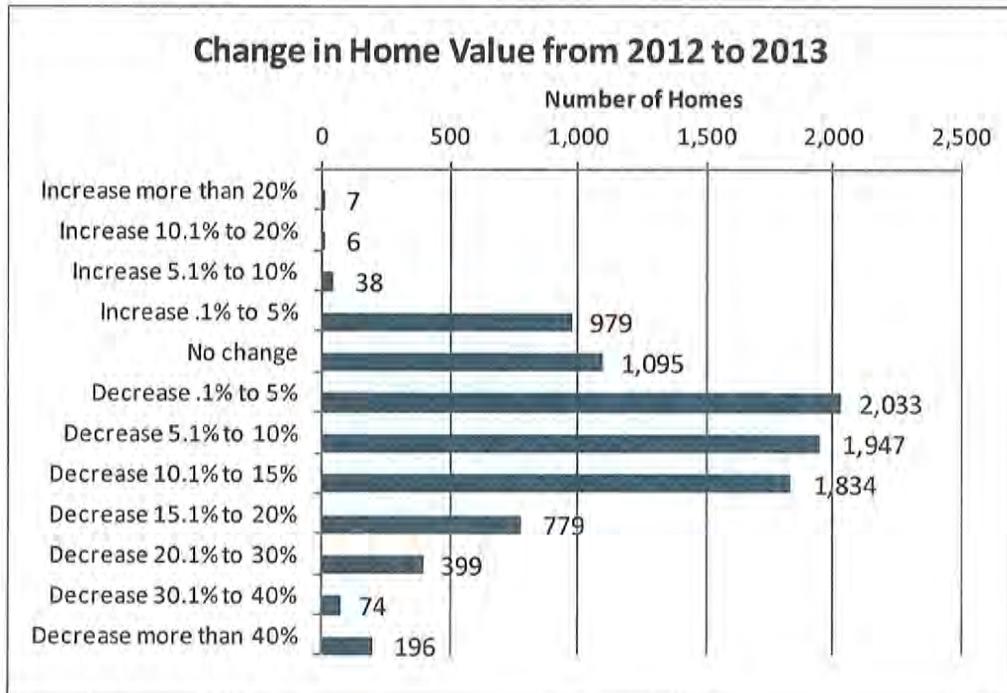
Residential Property Values

According to information provided by the Ramsey County Assessor, the median home value in Shoreview will decrease from \$235,700 for 2012 taxes, to \$222,200 for 2013 taxes (a 5.7% drop in value). The table at right shows the change in Shoreview's median single family home value since 2004.

Year	Median Home Value	Percent Change
2004	\$ 207,500	13.6%
2005	\$ 236,250	13.9%
2006	\$ 265,050	12.2%
2007	\$ 279,900	5.6%
2008	\$ 286,600	2.4%
2009	\$ 275,600	-3.8%
2010	\$ 262,200	-4.9%
2011	\$ 249,350	-4.9%
2012	\$ 235,700	-5.5%
2013	\$ 222,200	-5.7%

Change in home values (all residential)			
	Number of Parcels	Percent Change	Number of Parcels
Increase more than 20%	7	0.1%	
Increase 10.1% to 20%	6	0.1%	
Increase 5.1% to 10%	38	0.4%	
Increase .1% to 5%	979	10.4%	1,030
No change	1,095	11.7%	1,095
Decrease .1% to 5%	2,033	21.7%	
Decrease 5.1% to 10%	1,947	20.7%	
Decrease 10.1% to 15%	1,834	19.5%	
Decrease 15.1% to 20%	779	8.3%	
Decrease 20.1% to 30%	399	4.3%	
Decrease 30.1% to 40%	74	0.8%	
Decrease more than 40%	196	2.1%	7,262
Total Residential Parcels	9,387	100.0%	9,387

Values are decreasing again for the majority of Shoreview homes. As shown in the table at left and the graph below, 7,262 homes experience a decrease in value, 1,095 home values remain the same, and 1,030 home values increase.



Impact on Residential Property Taxes

The table below provides estimated changes in the City and HRA share of the property tax bill (using the assumptions on page 1 of this report) for a median value home. A description of the change in tax for a median home under each assumption follows the table.

Market Value Before MVE		Market Value After MVE			City Portion of Property Tax		Change in City Property Tax		HRA Portion of Property Tax		Change in HRA Property Tax	
2012	2013	2012	2013	Value Change	2012	2013	Dollars	Percent	2012	2013	Dollars	Percent
\$ 255,500	\$ 222,200	\$ 241,300	\$ 205,000	-15.0%	\$ 802.37	\$ 757.54	\$ (44.83)	-5.6%	\$ 6.13	\$ 5.93	\$ (0.20)	-3.3%
\$ 249,000	\$ 222,200	\$ 234,200	\$ 205,000	-12.5%	\$ 778.76	\$ 757.54	\$ (21.22)	-2.7%	\$ 5.95	\$ 5.93	\$ (0.02)	-0.3%
\$ 243,200	\$ 222,200	\$ 227,800	\$ 205,000	-10.0%	\$ 757.48	\$ 757.54	\$ 0.06	0.0%	\$ 5.79	\$ 5.93	\$ 0.14	2.4%
\$ 235,700	\$ 222,200	\$ 219,700	\$ 205,000	-6.7%	\$ 730.55	\$ 757.54	\$ 26.99	3.7%	\$ 5.58	\$ 5.93	\$ 0.35	6.3%
\$ 229,070	\$ 222,200	\$ 212,470	\$ 205,000	-3.5%	\$ 706.61	\$ 757.54	\$ 50.93	7.2%	\$ 5.40	\$ 5.93	\$ 0.53	9.8%
\$ 222,200	\$ 222,200	\$ 205,000	\$ 205,000	0.0%	\$ 681.67	\$ 757.54	\$ 75.87	11.1%	\$ 5.21	\$ 5.93	\$ 0.72	13.8%
\$ 217,650	\$ 222,200	\$ 199,950	\$ 205,000	2.5%	\$ 665.04	\$ 757.54	\$ 92.50	13.9%	\$ 5.08	\$ 5.93	\$ 0.85	16.7%

- 15% drop in value – City taxes decrease \$44.83 and HRA taxes decrease 20 cents
- 12.5% drop in value – City taxes decrease \$21.22 and HRA taxes decrease 2 cents
- 10% drop in value – City taxes remain essentially the same and HRA taxes increase 14 cents
- 6.7% drop in value – City taxes increase \$26.99 and HRA taxes increase 35 cents
- 3.5% drop in value – City taxes increase \$50.93 and HRA taxes increase 53 cents
- No change in value – City taxes increase \$75.87 and HRA taxes increase 72 cents
- 2.5% increase in value – City taxes increase \$92.50 and HRA taxes increase 85 cents

The estimated change in property tax for a median valued home (using preliminary tax rates for each taxing jurisdiction) is shown in the table at right. Under these assumptions, taxes for the median valued home decrease overall. Shoreview will collect about \$27 more in City tax, while other jurisdictions will decrease.

Mounds View Schools	Payable 2012	Payable 2013	Dollar Change	Percent Change	Percent of Total 2012	Percent of Total 2013
Home value	235,700	222,200	(13,500)	-5.7%		
HMVE home value	219,700	205,000	(14,700)	-6.7%		
Taxable value	2,197	2,050	(147)	-6.7%		
Property tax						
City	\$ 730.55	\$ 757.54	\$ 26.99	3.7%	21.23%	22.16%
HRA	5.58	5.93	0.35	6.3%	0.16%	0.17%
County	1,442.24	1,428.13	(14.11)	-1.0%	41.92%	41.78%
School district	1,138.77	1,110.32	(28.45)	-2.5%	33.10%	32.48%
All other jurisdictions	123.60	116.14	(7.46)	-6.0%	3.59%	3.40%
	\$3,440.74	\$3,418.06	\$ (22.68)	-0.7%	100.00%	100.00%

The next 3 tables provide the estimated change in the City portion of the tax bill as well as the total tax bill under 3 different sets of value assumptions, for home values ranging from \$100,000 to \$900,000.

The first table assumes that property value drops 5.7%. Under this assumption the City portion of the tax bill increases between \$4.96 and \$143.99 (depending on the home value), and the total tax bill decreases from \$25.20 to \$65.89.

Market Value						City Portion of Property Tax		Change in City Property Tax		Total Property Tax		Change in Total Property Tax	
2012		2013		Value Change		2012	2013	Dollars	Percent	2012	2013	Dollars	Percent
Before HMVE	After HMVE	Before HMVE	After HMVE	Before HMVE	After HMVE								
\$ 106,000	\$ 78,300	\$100,000	\$ 71,800	-5.7%	-8.3%	\$ 260.36	\$ 265.32	\$ 4.96	1.9%	\$ 1,272.98	\$ 1,247.78	\$ (25.20)	-2.0%
\$ 159,100	\$ 136,200	\$150,000	\$126,300	-5.7%	-7.3%	\$ 452.89	\$ 466.72	\$ 13.83	3.1%	\$ 2,160.61	\$ 2,135.77	\$ (24.84)	-1.1%
\$ 212,100	\$ 193,900	\$200,000	\$180,800	-5.7%	-6.8%	\$ 644.76	\$ 668.11	\$ 23.35	3.6%	\$ 3,045.36	\$ 3,023.76	\$ (21.60)	-0.7%
\$ 235,700	\$ 219,700	\$222,200	\$205,000	-5.7%	-6.7%	\$ 730.55	\$ 757.54	\$ 26.99	3.7%	\$ 3,440.74	\$ 3,418.06	\$ (22.68)	-0.7%
\$ 265,100	\$ 251,700	\$250,000	\$235,300	-5.7%	-6.5%	\$ 836.95	\$ 869.50	\$ 32.55	3.9%	\$ 3,931.42	\$ 3,911.74	\$ (19.68)	-0.5%
\$ 318,100	\$ 309,500	\$300,000	\$289,800	-5.7%	-6.4%	\$1,029.15	\$1,070.90	\$ 41.75	4.1%	\$ 4,817.49	\$ 4,799.74	\$ (17.75)	-0.4%
\$ 371,200	\$ 367,400	\$350,000	\$344,300	-5.7%	-6.3%	\$1,221.68	\$1,272.29	\$ 50.61	4.1%	\$ 5,705.12	\$ 5,687.73	\$ (17.39)	-0.3%
\$ 530,200	\$ 530,200	\$500,000	\$500,000	-5.7%	-5.7%	\$1,788.29	\$1,847.65	\$ 59.36	3.3%	\$ 8,323.20	\$ 8,240.96	\$ (82.24)	-1.0%
\$ 742,300	\$ 742,300	\$700,000	\$700,000	-5.7%	-5.7%	\$2,669.80	\$2,771.48	\$ 101.68	3.8%	\$12,321.35	\$12,247.31	\$ (74.04)	-0.6%
\$ 954,400	\$ 954,400	\$900,000	\$900,000	-5.7%	-5.7%	\$3,551.31	\$3,695.30	\$ 143.99	4.1%	\$16,319.52	\$16,253.63	\$ (65.89)	-0.4%

The next table assumes that property value drops 2%. Under this assumption the City portion of the tax bill increases between \$19.59 and \$293.62 (depending on the home value), and the total tax bill increases between \$42.15 and \$612.78.

Market Value						City Portion of Property Tax		Change in City Property Tax		Total Property Tax		Change in Total Property Tax	
2012		2013		Value Change		2012	2013	Dollars	Percent	2012	2013	Dollars	Percent
Before HMVE	After HMVE	Before HMVE	After HMVE	Before HMVE	After HMVE								
\$ 102,000	\$ 73,900	\$100,000	\$ 71,800	-2.0%	-2.8%	\$ 245.73	\$ 265.32	\$ 19.59	8.0%	\$ 1,205.63	\$ 1,247.78	\$ 42.15	3.5%
\$ 153,100	\$ 129,600	\$150,000	\$126,300	-2.0%	-2.5%	\$ 430.95	\$ 466.72	\$ 35.77	8.3%	\$ 2,059.56	\$ 2,135.77	\$ 76.21	3.7%
\$ 204,100	\$ 185,200	\$200,000	\$180,800	-2.0%	-2.4%	\$ 615.83	\$ 668.11	\$ 52.28	8.5%	\$ 2,911.92	\$ 3,023.76	\$ 111.84	3.8%
\$ 226,700	\$ 209,900	\$222,200	\$205,000	-2.0%	-2.3%	\$ 697.96	\$ 757.54	\$ 59.58	8.5%	\$ 3,290.49	\$ 3,418.06	\$ 127.57	3.9%
\$ 255,100	\$ 240,800	\$250,000	\$235,300	-2.0%	-2.3%	\$ 800.71	\$ 869.50	\$ 68.79	8.6%	\$ 3,764.32	\$ 3,911.74	\$ 147.42	3.9%
\$ 306,100	\$ 296,400	\$300,000	\$289,800	-2.0%	-2.2%	\$ 985.59	\$1,070.90	\$ 85.31	8.7%	\$ 4,616.70	\$ 4,799.74	\$ 183.04	4.0%
\$ 357,100	\$ 352,000	\$350,000	\$344,300	-2.0%	-2.2%	\$1,170.47	\$1,272.29	\$ 101.82	8.7%	\$ 5,469.08	\$ 5,687.73	\$ 218.65	4.0%
\$ 510,200	\$ 510,200	\$500,000	\$500,000	-2.0%	-2.0%	\$1,705.16	\$1,847.65	\$ 142.49	8.4%	\$ 7,946.16	\$ 8,240.96	\$ 294.80	3.7%
\$ 714,300	\$ 714,300	\$700,000	\$700,000	-2.0%	-2.0%	\$2,553.42	\$2,771.48	\$ 218.06	8.5%	\$11,793.51	\$12,247.31	\$ 453.80	3.8%
\$ 918,400	\$ 918,400	\$900,000	\$900,000	-2.0%	-2.0%	\$3,401.68	\$3,695.30	\$ 293.62	8.6%	\$15,640.85	\$16,253.63	\$ 612.78	3.9%

The final table assumes that property value remains the same in both years. Under this assumption the City portion of the tax bill increases between \$26.57 and \$370.1 (depending on the home value), and the total tax bill increases between \$74.51 and \$959.65.

Market Value						City Portion of Property Tax		Change in City Property Tax		Total Property Tax		Change in Total Property Tax	
2012		2013		Value Change		2012	2013	Dollars	Percent	2012	2013	Dollars	Percent
Before HMVE	After HMVE	Before HMVE	After HMVE	Before HMVE	After HMVE								
\$ 100,000	\$ 71,800	\$100,000	\$ 71,800	0.0%	0.0%	\$ 238.75	\$ 265.32	\$ 26.57	11.1%	\$ 1,173.27	\$ 1,247.78	\$ 74.51	6.4%
\$ 150,000	\$ 126,300	\$150,000	\$126,300	0.0%	0.0%	\$ 419.97	\$ 466.72	\$ 46.75	11.1%	\$ 2,008.81	\$ 2,135.77	\$ 126.96	6.3%
\$ 200,000	\$ 180,800	\$200,000	\$180,800	0.0%	0.0%	\$ 601.20	\$ 668.11	\$ 66.91	11.1%	\$ 2,844.34	\$ 3,023.76	\$ 179.42	6.3%
\$ 222,200	\$ 205,000	\$222,200	\$205,000	0.0%	0.0%	\$ 681.67	\$ 757.54	\$ 75.87	11.1%	\$ 3,215.36	\$ 3,418.06	\$ 202.70	6.3%
\$ 250,000	\$ 235,300	\$250,000	\$235,300	0.0%	0.0%	\$ 782.42	\$ 869.50	\$ 87.08	11.1%	\$ 3,679.89	\$ 3,911.74	\$ 231.85	6.3%
\$ 300,000	\$ 289,800	\$300,000	\$289,800	0.0%	0.0%	\$ 963.64	\$1,070.90	\$ 107.26	11.1%	\$ 4,515.42	\$ 4,799.74	\$ 284.32	6.3%
\$ 350,000	\$ 344,300	\$350,000	\$344,300	0.0%	0.0%	\$1,144.87	\$1,272.29	\$ 127.42	11.1%	\$ 5,350.97	\$ 5,687.73	\$ 336.76	6.3%
\$ 500,000	\$ 500,000	\$500,000	\$500,000	0.0%	0.0%	\$1,662.60	\$1,847.65	\$ 185.05	11.1%	\$ 7,753.20	\$ 8,240.96	\$ 487.76	6.3%
\$ 700,000	\$ 700,000	\$700,000	\$700,000	0.0%	0.0%	\$2,493.90	\$2,771.48	\$ 277.58	11.1%	\$11,523.60	\$12,247.31	\$ 723.71	6.3%
\$ 900,000	\$ 900,000	\$900,000	\$900,000	0.0%	0.0%	\$3,325.20	\$3,695.30	\$ 370.10	11.1%	\$15,293.98	\$16,253.63	\$ 959.65	6.3%

Operating Budget

As discussed at previous budget workshops, the 2013 budget is the first off-year budget since the implementation of the biennial budget. That means that the City will formally amend the second year of the biennial budget and no new formal budget document will be prepared. Instead, the City Council will authorize amendments to the budget and CIP, and will pass resolutions setting the funding level and documenting the changes. This section of the memo provides a summary of budget changes for each operating fund, along with general discussion about the changes to each budget.

General Fund revenue changes include modifications to license and permit revenue, minor changes to intergovernmental revenue, an increase in administrative charges, and the expected loss of charitable gambling revenue. Expense changes are most significant for general government with the reclassification of an office position, additional communications costs, reduced liability insurance and higher software maintenance. Public works changes include higher contractual costs in engineering and streets, lower street maintenance supplies, savings from the reclassification of the environmental officer position, and new forestry initiatives. Parks and recreation changes include savings from the reclassification of a staff position and lower liability insurance costs. Community development changes are the result of continuation of the intern (not originally budgeted for 2013).

	2011 Actual	2012		2013		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
General Fund						
Revenue						
Property Taxes	\$6,265,673	\$6,467,060	\$6,467,060	\$6,717,037	\$ (77,470)	6,639,567
Licenses and Permits	441,243	292,750	422,450	279,750	34,300	314,050
Intergovernmental	188,521	183,002	185,122	184,302	1,320	185,622
Charges for Services	1,198,357	1,164,450	1,196,950	1,205,680	79,290	1,284,970
Fines and Forfeits	62,135	62,000	62,000	62,500	-	62,500
Interest Earnings	79,714	45,000	45,000	45,000	-	45,000
Other Revenues	40,264	35,160	35,160	25,600	(1,560)	24,040
Total Revenue	8,275,907	8,249,422	8,413,742	8,519,869	35,880	8,555,749
Expense						
General Government	\$1,839,812	\$2,085,610	\$2,129,847	\$2,107,075	\$ 26,987	\$2,134,062
Public Safety	2,556,068	2,721,227	2,708,944	2,884,628	(1,935)	2,882,693
Public Works	1,298,219	1,400,009	1,390,917	1,461,077	14,743	1,475,820
Parks and Recreation	1,716,548	1,588,453	1,577,944	1,625,645	(14,352)	1,611,293
Community Development	530,288	534,323	535,160	547,944	10,437	558,381
Total Expense	7,940,935	\$8,329,622	\$8,342,812	\$8,626,369	\$ 35,880	\$8,662,249
Other Sources (Uses)						
Transfers In	471,450	481,000	481,000	519,000	-	519,000
Transfers Out	(751,145)	(400,800)	(400,800)	(412,500)	-	(412,500)
Net Increase (Decrease)	55,277	-	151,130	-	-	-
Fund Equity, beginning	3,921,135	3,976,412	3,976,412	4,127,542		4,127,542
Fund Equity, ending	\$3,976,412	\$3,976,412	\$4,127,542	\$4,127,542		\$4,127,542

Recycling Fund changes are the result of lower SCORE grant funding and revised estimates generated by the recycling charge (based on new information from Ramsey County), and the net impact of savings from the reclassification of the environmental officer position and higher administrative charges.

	2011 Actual	2012		2013		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Recycling Fund						
Revenue						
Intergovernmental	\$ 70,845	\$ 69,000	\$ 66,883	\$ 70,000	\$ (3,000)	67,000
Charges for Services	432,868	451,300	458,180	473,300	7,680	480,980
Interest Earnings	683	-	-	-	-	-
Other Revenues	-	-	-	-	-	-
Total Revenue	504,396	520,300	525,063	543,300	4,680	547,980
Expense						
Public Works	\$ 449,107	\$ 489,474	\$ 487,682	\$ 504,240	\$ (74)	\$ 504,166
Net Increase (Decrease)	55,289	30,826	37,381	39,060	4,754	43,814
Fund Equity, beginning	59,671	114,960	114,960	152,341		152,341
Fund Equity, ending	\$ 114,960	\$ 145,786	\$ 152,341	\$ 191,401		\$ 196,155

Community Center Fund changes include the reclassification of a position, lower liability insurance costs, and a shift from capital costs to rental costs (for fitness equipment).

	2011 Actual	2012		2013		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Community Center Fund						
Revenue						
Charges for Services	\$ 2,311,069	\$ 2,269,985	\$ 2,269,985	\$ 2,323,755	\$ -	\$ 2,323,755
Interest Earnings	20,674	8,000	8,000	9,000	-	9,000
Other Revenues	758	-	-	-	-	-
Total Revenue	2,332,501	2,277,985	2,277,985	2,332,755	-	2,332,755
Expense						
Parks and Recreation	2,401,866	2,458,919	2,459,428	2,555,899	5,825	2,561,724
Other Sources (Uses)						
Transfers In	297,000	300,000	300,000	312,000	-	312,000
Net Increase (Decrease)	227,635	119,066	118,557	88,856	(5,825)	83,031
Fund Equity, beginning	600,652	828,287	828,287	946,844		946,844
Fund Equity, ending	\$ 828,287	\$ 947,353	\$ 946,844	\$ 1,035,700		\$ 1,029,875

Recreation Programs Fund changes include revised revenue estimates based on recent registration history. Expense changes include savings due to the reclassification of a staff position, increased insurance costs and increased staff costs for the Summer Discovery program.

	2011 Actual	2012		2013		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Recreation Programs Fund						
Revenue						
Charges for Services	\$ 1,303,082	\$ 1,277,740	\$ 1,278,296	\$ 1,303,300	\$ 97,626	\$ 1,400,926
Interest Earnings	12,323	4,600	4,600	4,800	-	4,800
Other Revenues	60	-	-	-	-	-
Total Revenue	1,315,465	1,282,340	1,282,896	1,308,100	97,626	1,405,726
Expense						
Parks and Recreation	\$ 1,173,158	\$ 1,246,802	\$ 1,241,477	\$ 1,270,619	\$ 26,503	\$ 1,297,122
Other Sources (Uses)						
Transfers In	65,000	65,000	65,000	70,000	-	70,000
Transfers Out	(70,000)	(75,000)	(75,000)	(80,000)	-	(80,000)
Net Increase (Decrease)	137,307	25,538	31,419	27,481	71,123	98,604
Fund Equity, beginning	407,898	545,205	545,205	576,624		576,624
Fund Equity, ending	\$ 545,205	\$ 570,743	\$ 576,624	\$ 604,105		\$ 675,228

Cable Television Fund changes are the result of increased administrative charges and transfers in support of computer replacement costs.

	2011 Actual	2012		2013		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Cable Television Fund						
Revenue						
Charges for Services	\$ 287,206	\$ 280,000	\$ 280,000	\$ 288,400	\$ -	\$ 288,400
Interest Earnings	3,174	1,800	1,800	1,800	-	1,800
Other Revenues	1,200	1,200	1,200	1,200	-	1,200
Total Revenue	291,580	283,000	283,000	291,400	-	291,400
Expense						
General Government	\$ 140,936	\$ 165,095	\$ 162,885	\$ 152,498	\$ 900	\$ 153,398
Other Sources (Uses)						
Transfers Out	(154,057)	(121,950)	(121,950)	(115,000)	(1,920)	(116,920)
Net Increase (Decrease)	(3,413)	(4,045)	(1,835)	23,902	(2,820)	21,082
Fund Equity, beginning	219,077	215,664	215,664	213,829		213,829
Fund Equity, ending	\$ 215,664	\$ 211,619	\$ 213,829	\$ 237,731		\$ 234,911

The EDA Fund budget has no proposed changes for 2013.

	2011 Actual	2012		2013		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
EDA Fund						
Revenue						
Property Taxes	\$ 24,818	\$ 55,000	\$ 55,000	\$ 60,000	\$ -	\$ 60,000
Interest Earnings	3,969	-	-	-	-	-
Other Revenues	-	-	-	-	-	-
Total Revenue	28,787	55,000	55,000	60,000	-	60,000
Expense						
Community Development	\$ 44,469	\$ 49,783	\$ 50,242	\$ 52,547	\$ -	\$ 52,547
Other Sources (Uses)						
Transfers In	26,556	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Net Increase (Decrease)	10,874	5,217	4,758	7,453	-	7,453
Fund Equity, beginning	174,650	185,524	185,524	190,282		190,282
Fund Equity, ending	\$ 185,524	\$ 190,741	\$ 190,282	\$ 197,735		\$ 197,735

HRA Fund changes include continued costs for the intern position (not originally included in the 2013 budget).

	2011 Actual	2012		2013		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
HRA Fund						
Revenue						
Property Taxes	\$ 57,380	\$ 70,000	\$ 70,000	\$ 75,000	\$ -	\$ 75,000
Interest Earnings	269	-	-	-	-	-
Other Revenues	-	-	-	-	-	-
Total Revenue	57,649	70,000	70,000	75,000	-	75,000
Expense						
Community Development	\$ 46,777	\$ 53,726	\$ 59,745	\$ 59,368	\$ 10,439	\$ 69,807
Other Sources (Uses)						
Transfers In	10,861	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Net Increase (Decrease)	21,733	16,274	10,255	15,632	(10,439)	5,193
Fund Equity, beginning	13,967	35,700	35,700	45,955		45,955
Fund Equity, ending	\$ 35,700	\$ 51,974	\$ 45,955	\$ 61,587		\$ 51,148

The Slice of Shoreview Fund budget has no proposed changes for 2013.

	2011 Actual	2012		2013		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Slice of Shoreview Fund						
Revenue						
Charges for Services	\$ 24,818	\$ 22,000	\$ 22,000	\$ 23,000	\$ -	\$ 23,000
Interest Earnings	1,189	-	-	-	-	-
Other Revenues	37,864	25,000	25,000	25,000	-	25,000
Total Revenue	63,871	47,000	47,000	48,000	-	48,000
Expense						
General Government	\$ 56,660	\$ 57,200	\$ 57,405	\$ 58,200	\$ -	\$ 58,200
Other Sources (Uses)						
Transfers In	10,000	10,000	10,000	10,000	-	10,000
Net Increase (Decrease)	17,211	(200)	(405)	(200)	-	(200)
Fund Equity, beginning	35,347	52,558	52,558	52,153		52,153
Fund Equity, ending	\$ 52,558	\$ 52,358	\$ 52,153	\$ 51,953		\$ 51,953

The Debt Service Fund budget has no proposed changes for 2013.

	2011 Actual	2012		2013		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Debt Service Funds						
Revenue						
Property Taxes	\$ 520,312	\$ 442,026	\$ 442,026	\$ 501,000	\$ -	\$ 501,000
Special Assessments	182,938	115,865	115,865	107,971	-	107,971
Intergovernmental	831	-	-	-	-	-
Interest Earnings	43,029	17,850	17,850	19,050	-	19,050
Total Revenue	747,110	575,741	575,741	628,021	-	628,021
Expense						
Debt Service	\$ 1,578,202	\$ 1,743,547	\$ 1,743,547	\$ 1,718,741	\$ -	\$ 1,718,741
Other Sources (Uses)						
Debt Proceeds	-	-	-	20,000	-	20,000
Transfers In	1,200,366	1,019,490	1,019,490	1,247,286	-	1,247,286
Transfers Out	-	(1,490)	(1,490)	(126,000)	-	(126,000)
Net Increase (Decrease)	369,274	(149,806)	(149,806)	50,566	-	50,566
Fund Equity, beginning	1,888,073	2,257,347	2,257,347	2,107,541		2,107,541
Fund Equity, ending	\$ 2,257,347	\$ 2,107,541	\$ 2,107,541	\$ 2,158,107		\$ 2,158,107

Water Fund changes include a slight revision to the allocation of gallons per tier, a 3% water rate increase for 2013 (down from the 4% planned in the five-year operating plan), lower projected interest earnings, increased contractual costs and higher administrative charges and credit card fees.

	2011 Actual	2012		2013		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Water Fund						
Revenue						
Special Assessments	\$ 1,187	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	13,366	13,200	13,200	12,940		12,940
Charges for Services (utility chgs)	2,184,742	2,468,800	2,710,800	2,564,000	27,000	2,591,000
Interest Earnings	80,297	55,000	40,000	55,000	(20,000)	35,000
Other Revenues	210	-	-	-	-	-
Total Revenue	2,279,802	2,537,000	2,764,000	2,631,940	7,000	2,638,940
Expense						
Enterprise Operations	1,368,874	1,455,461	1,444,027	1,488,456	80,961	1,569,417
Debt Service	202,063	184,287	184,287	171,435	-	171,435
Depreciation	609,067	630,000	630,000	637,000	(7,000)	630,000
Total Expense	2,180,004	2,269,748	2,258,314	2,296,891	73,961	2,370,852
Other Sources (Uses)						
Sale of Asset-Gain (Loss)	(108,152)	-	-	-	-	-
Transfers Out	(225,000)	(240,000)	(240,000)	(262,500)	-	(262,500)
Net Increase (Decrease)	(233,354)	27,252	265,686	72,549	(66,961)	5,588
Note: Excludes contributed assets						

Sewer Fund changes include a 6% sewer rate increase for 2013 (up from the original 3% planned in the five-year operating plan), and lower projected interest earnings, increased contractual costs (for a new sewer inventory initiative) and higher administrative charges and credit card fees.

	2011 Actual	2012		2013		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Sewer Fund						
Revenue						
Special Assessments	\$ 1,541	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	10,649	10,515	10,515	10,310	-	10,310
Charges for Services (misc)	3,680	200	200	200	-	200
Charges for Services (utility chgs)	3,543,104	3,506,500	3,516,500	3,611,500	105,000	3,716,500
Interest Earnings	58,518	25,000	25,000	30,000	(5,000)	25,000
Total Revenue	3,617,492	3,542,215	3,552,215	3,652,010	100,000	3,752,010
Expense						
Enterprise Operations	2,953,041	2,942,296	2,927,599	3,055,226	97,399	3,152,625
Debt Service	76,061	72,843	72,843	68,884	-	68,884
Depreciation	295,893	300,000	300,000	310,000	-	310,000
Total Expense	3,324,995	3,315,139	3,300,442	3,434,110	97,399	3,531,509
Other Sources (Uses)						
Transfers Out	(187,000)	(188,000)	(188,000)	(196,500)	-	(196,500)
Net Increase (Decrease)	105,497	39,076	63,773	21,400	2,601	24,001
Note: Excludes contributed assets						

Surface Water Fund changes include lower Snail Lake Augmentation charges (due to lower operating costs), lower projected interest earnings, lower contractual costs (resulting from discontinuance of contributions to Grass Lake) and higher administrative charges and credit card fees. The planned 10% increase in surface water rates for 2013 is unchanged.

	2011 Actual	2012		2013		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Surface Water Fund						
Revenue						
Special Assessments	\$ 472	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,863	3,815	3,815	3,750	-	3,750
Charges for Services (utility chgs)	1,007,679	1,109,462	1,106,430	1,215,101	(2,961)	1,212,140
Interest Earnings	20,606	24,000	12,000	28,000	(20,000)	8,000
Total Revenue	1,032,620	1,137,277	1,122,245	1,246,851	(22,961)	1,223,890
Expense						
Enterprise Operations	669,298	760,233	705,969	756,856	(42,430)	714,426
Debt Service	91,277	85,602	85,602	75,594	-	75,594
Depreciation	214,061	218,000	218,000	223,000	-	223,000
Total Expense	974,636	1,063,835	1,009,571	1,055,450	(42,430)	1,013,020
Other Sources (Uses)						
Transfers Out	(97,000)	(107,000)	(107,000)	(126,900)	-	(126,900)
Net Increase (Decrease)	(39,016)	(33,558)	5,674	64,501	19,469	83,970
Note: Excludes contributed assets						

Street Lighting Fund changes include increased electric costs and administrative charges. The planned 4% increase in street lighting rates for 2013 is unchanged.

	2011 Actual	2012		2013		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Street Lighting Fund						
Revenue						
Special Assessments	\$ 142	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services (utility chgs)	365,333	456,000	456,000	474,000	-	474,000
Interest Earnings	4,337	2,500	2,500	2,700	-	2,700
Other Revenues	-	500	500	500	-	500
Total Revenue	369,812	459,000	459,000	477,200	-	477,200
Expense						
Enterprise Operations	281,610	251,740	257,575	259,451	9,120	268,571
Depreciation	36,865	40,000	40,000	48,000	-	48,000
Total Expense	318,475	291,740	297,575	307,451	9,120	316,571
Other Sources (Uses)						
Transfers Out	(12,600)	(15,600)	(15,600)	(19,000)	-	(19,000)
Net Increase (Decrease)	38,737	151,660	145,825	150,749	(9,120)	141,629
Note: Excludes contributed assets						

Central Garage Fund changes include lower projected interest earnings, higher electric costs and lower insurance costs.

	2011 Actual	2012		2013		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Central Garage Fund						
Revenue						
Property Taxes	\$ 97,886	\$ 216,000	\$ 216,000	\$ 184,000	\$ -	\$ 184,000
Intergovernmental	87,391	120,715	120,715	86,530	-	86,530
Central Garage Charges	1,060,926	1,134,680	1,134,680	1,150,020	-	1,150,020
Interest Earnings	17,484	22,000	22,000	22,000	(12,000)	10,000
Other Revenues	3,562	3,000	3,000	3,000	-	3,000
Total Revenue	1,267,249	1,496,395	1,496,395	1,445,550	(12,000)	1,433,550
Expense						
Central Garage Operations	537,045	576,564	567,700	590,407	3,159	593,566
Debt Service	250,112	247,157	247,157	243,128	-	243,128
Depreciation	481,085	673,000	673,000	696,000	-	696,000
Total Expense	1,268,242	1,496,721	1,487,857	1,529,535	3,159	1,532,694
Other Sources (Uses)						
Sale of Asset-Gain (Loss)	57,794	12,000	12,000	41,000	-	41,000
Transfers In	180,600	180,600	180,600	200,900	-	200,900
Net Increase (Decrease)	237,401	192,274	201,138	157,915	(15,159)	142,756
Contributed Capital Assets	-	-	-	-	-	-
Fund Equity, beginning	3,475,830	3,713,231	3,713,231	3,914,369		3,914,369
Fund Equity, ending	\$ 3,713,231	\$ 3,905,505	\$ 3,914,369	\$ 4,072,284		\$ 4,057,125

The Short-term Disability Fund budget has no proposed changes for 2013.

	2011 Actual	2012		2013		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Short-term Disability Fund						
Revenue						
Charges for Services (misc)	\$ 7,467	\$ 7,500	\$ 7,500	\$ 7,500	\$ -	\$ 7,500
Interest Earnings	948	600	600	600	-	600
Total Revenue	8,415	8,100	8,100	8,100	-	8,100
Expense						
Miscellaneous	12,101	8,000	10,000	8,000	-	8,000
Net Increase (Decrease)	(3,686)	100	(1,900)	100	-	100
Fund Equity, beginning	45,189	41,503	41,503	39,603		39,603
Fund Equity, ending	\$ 41,503	\$ 41,603	\$ 39,603	\$ 39,703		\$ 39,703

The Liability Claims Fund budget has no proposed changes for 2013.

	2011 Actual	2012		2013		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
Liability Claims Fund						
Revenue						
Interest Earnings	\$ 3,904	\$ 2,200	\$ 2,200	\$ 2,400	\$ -	\$ 2,400
Other Revenues	43,002	20,000	20,000	30,000	-	30,000
Total Revenue	46,906	22,200	22,200	32,400	-	32,400
Expense						
Miscellaneous	29,892	32,000	32,000	32,000	-	32,000
Net Increase (Decrease)	17,014	(9,800)	(9,800)	400	-	400
Fund Equity, beginning	175,040	192,054	192,054	182,254		182,254
Fund Equity, ending	\$ 192,054	\$ 182,254	\$ 182,254	\$ 182,654		\$ 182,654

Utility Rates

The change in the total utility bill will vary based on the amount of water used by each customer, and by the type of customer. To put the rate change into perspective, two tables are presented to estimate the change on residential customers at various water usage levels.

For the average residential customer (using an average of 17,500 gallons of water per quarter, and 12,000 gallons of in the winter) the total utility bill will increase \$8.04 per quarter. The majority of the increase is for sewer charges.

Average User			
	2012	2013	Change
Water	\$ 44.20	\$ 45.58	\$ 1.38
Sewer	75.66	80.20	4.54
Surface water	17.57	19.33	1.76
Street lighting	9.11	9.47	0.36
State fee	1.59	1.59	-
Total	\$ 148.13	\$ 156.17	\$ 8.04

The next table shows the change in the utility bill for residential customers at 6 different usage levels.

Customers with the lowest usage receive a smaller increase in cost than customers with higher usage levels. The second column of the table shows the percentage of residential customers that fall within each usage level.

Use Level	% of Homes	Water Gallons	Sewer Gallons	Total Utility Bill		Change in Quarterly Bill
				2012	2013	
Very low	10%	5,000	4,000	\$ 97.34	\$ 103.12	\$ 5.78
Low	22%	10,000	8,000	\$ 116.70	\$ 123.38	\$ 6.68
Average	42%	17,500	12,000	\$ 148.13	\$ 156.17	\$ 8.04
Above avg	19%	25,000	22,000	\$ 180.04	\$ 189.47	\$ 9.43
High	5%	55,000	26,000	\$ 287.74	\$ 300.52	\$ 12.78
Very high	2%	80,000	34,000	\$ 399.98	\$ 416.73	\$ 16.75

Franchise Fees

At the August and September budget workshop meetings the City Council discussed the desire to consider additional funding options for future capital improvements. It was noted that many projects have been delayed or eliminated from the capital improvement program due to lack of funding. Some of the delayed projects include: the outdoor water play area, Commons Master Plan, and park renovations. The City is currently the second park renovation project (Bucher Park) since the completion of the Park Facility Analysis and Master Plan Update in 2006. Further, these park renovations have been more expensive than originally projected and many of the suggested improvements have been deleted from plans due to the lack of funding.

The Council has also discussed the potential of extending trail segments along County Road E and Soo Street, as well as on the Southern portion of Victoria Street. However, these projects have not been included in the capital improvement program due to funding constraints. Other projects that haven't been funded or projects that could potentially be improved through additional funding include:

- Community center expansion
- Property acquisition for parks and the Shoreview Commons campus
- Expansion of the indoor playground area
- Tropics Water Park improvements.

Shoreview has put considerable effort into long-term planning for both operating and capital replacement costs, but as noted above, has not yet identified new significant revenue sources for future improvements to parks, buildings, trails, etc. A revenue option used by many other cities is electric and gas franchise fees. These fees can generate substantial revenue, which can serve to diversify the City's revenue stream and potentially reduce future pressure on the City's tax levy. Some cities likely implemented utility franchise fees in response to cuts in state aid, while others have used utility franchise fees for specific purposes such as street rehabilitation and the cost burying underground utilities.

The table below provides a summary of cities collecting utility franchise fees through Xcel Energy, the total revenue collected according to the most recent financial report on each City's website, how each City uses the revenue (if available), and the rate charged. As shown, Chaska receives the highest utility franchise fee when measured on a per capita basis (\$123.45 per year); while Coon Rapids received the highest total revenue from utility franchise fees (\$3.1 million in one year). Eden Prairie and Edina have recently approved implementation of franchise fees to assist in funding their street renewal programs.

City	Population	Total Franchise Revenue	Franchise Revenue Per Capita	Use	Rate	Annual Cost Per Home
Chaska	23,770	\$ 2,934,401	\$ 123.45	General fund	kilowatt hour	based on usage
Coon Rapids	61,476	\$ 3,148,840	\$ 51.22	General fund	4.0%	based on usage
Mound	9,052	\$ 408,821	\$ 45.16	General fund	\$ 2.75	\$ 33.00
Robbinsdale	13,953	\$ 582,971	\$ 41.78	General fund & capital projects	4.0%	based on usage
South St Paul	20,160	\$ 830,981	\$ 41.22	General fund	3.0%	based on usage
West St Paul	19,540	\$ 779,287	\$ 39.88	General fund	5.3%	based on usage
Mounds View	12,155	\$ 482,578	\$ 39.70	General fund, Street Impr fund	4.0%	based on usage
Little Canada	9,773	\$ 337,787	\$ 34.56	Infrastructure	\$ 2.75	\$ 33.00
St Paul Park	5,279	\$ 166,781	\$ 31.59	General fund	\$ 3.00	\$ 36.00
North St Paul	11,460	\$ 356,519	\$ 31.11	General fund	2.8%	based on usage
St Louis Park	45,250	\$ 1,298,517	\$ 28.70	Pavement Management fund	\$ 2.00	\$ 24.00
Golden Valley	20,371	\$ 581,600	\$ 28.55	Street improvements	\$ 2.00	\$ 24.00
Champlin	23,089	\$ 655,126	\$ 28.37	General fund	\$ 2.50	\$ 30.00
Prior Lake	22,796	\$ 624,145	\$ 27.38	General fund	\$ 1.50	\$ 18.00
Richfield	35,228	\$ 897,600	\$ 25.48	Special Rev fund (General fund support)	\$ 2.05	\$ 24.60
New Brighton	21,456	\$ 507,933	\$ 23.67	General fund, public works	kilowatt hour	based on usage
Apple Valley	49,084	\$ 1,160,771	\$ 23.65	No information available (2010)	rate unknown	based on usage
Stillwater	18,225	\$ 425,617	\$ 23.35	General fund (2010)	\$ 3.00	\$ 36.00
Wayzata	3,688	\$ 82,377	\$ 22.34	General fund	\$ 2.06	\$ 24.72
Brooklyn Center	30,104	\$ 659,066	\$ 21.89	Street reconstruction	\$ 1.52	\$ 18.24
New Hope	20,339	\$ 430,494	\$ 21.17	General fund	\$ 1.50	\$ 18.00
Minnetonka	49,734	\$ 802,751	\$ 16.14	Special Revenue fund	\$ 2.50	\$ 30.00
Cottage Grove	34,589	\$ 535,188	\$ 15.47	Street sealcoating	\$ 3.30	\$ 39.60
White Bear Lake	23,797	\$ 254,468	\$ 10.69	General fund	1.5%	based on usage
Maplewood	38,018	\$ 262,000	\$ 6.89	Street Light utility (2010)	\$ 0.75	\$ 9.00

Recently Xcel Energy providing current estimates of the potential utility franchise fee revenue for Shoreview. The table below shows the revenue that would be generated by a utility franchise fee equal to 1%, 2% or 2.5%.

	Estim # of Accts	1.0% 2012	Franchise Revenue	2.0% Rates	Franchise Revenue	2.5% Rates	Franchise Revenue
Electric							
Residential	10,912	\$ 1.00	\$ 130,944	\$ 2.00	\$ 261,888	\$ 2.50	\$ 327,360
Commercial, small firm non-demand	414	\$ 1.25	6,210	\$ 2.50	12,420	\$ 3.13	15,525
Commercial, small firm demand	180	\$ 11.00	23,760	\$ 22.00	47,520	\$ 27.50	59,400
Commercial, large	55	\$ 140.00	92,400	\$ 280.00	184,800	\$ 350.00	231,000
Street lighting	43	\$ 3.00	1,548	\$ 6.00	3,096	\$ 7.50	3,870
Municipal pumping non-demand	15	\$ 1.25	225	\$ 2.50	450	\$ 3.13	563
Municipal pumping demand	3	\$ 11.00	396	\$ 22.00	792	\$ 27.50	990
Total	11,622		\$ 255,483		\$ 510,966		\$ 638,708
Gas							
Residential	9,390	\$ 0.50	56,340	\$ 1.00	112,680	\$ 1.25	140,850
Commercial firm non-demand	415	\$ 3.20	15,936	\$ 6.00	29,880	\$ 7.50	37,350
Commercial firm demand	1	\$ 58.00	696	\$ 120.00	1,440	\$ 150.00	1,800
Small interruptible	5	\$ 34.00	2,040	\$ 84.00	5,040	\$ 105.00	6,300
Transportation firm	0	\$ 1.00	-	\$ -	-	\$ -	-
Transportation interruptible	0	\$ 1.00	-	\$ -	-	\$ -	-
	9,811		\$ 75,012		\$ 149,040		\$ 186,300
Estimated Franchise Revenue			\$ 330,495		\$ 660,006		\$ 825,008

If the Council is interested in developing a new revenue source for community improvements, staff would suggest the creation of a Community Investment Fund utilizing electric and gas franchise fee revenue. This fund could be designed to support many of these projects as well as dedicate 25% of the annual revenue stream to grow the fund balance until a \$3 million minimum fund balance is achieved (so that the fund can continue to serve the community in the future). The table at right is an illustration of how the fund could be utilized over the next 20 years at the 2.5% franchise fee level.

Under these assumptions, new funding provided for City projects amounts to \$14.2 million over 20 years:

First 5 years	\$ 1,800,000
Second 5 years	\$ 3,000,000
Third 5 years	\$ 4,400,000
Fourth 5 years	\$ 5,000,000
Total	\$14,200,000

Community Investment Fund				
Year	2.5% Franchise Revenue	Interest Earnings	Available Project Spending	Fund Balance
2013	\$ 825,000		\$ 600,000	\$ 225,000
2014	825,000	1,913	600,000	451,913
2015	825,000	3,458	600,000	680,371
2016	825,000	10,929		1,516,300
2017	825,000	19,288		2,360,588
2018	825,000	34,664	500,000	2,720,252
2019	825,000	39,159	1,500,000	2,084,411
2020	825,000	37,454	1,000,000	1,946,865
2021	825,000	35,390		2,807,255
2022	825,000	56,346		3,688,601
2023	825,000	71,769	2,000,000	2,585,370
2024	825,000	59,957		3,470,327
2025	825,000	77,657		4,372,984
2026	825,000	107,673	2,400,000	2,905,657
2027	825,000	74,659		3,805,316
2028	825,000	105,445		4,735,761
2029	825,000	128,707	2,500,000	3,189,468
2030	825,000	99,054		4,113,522
2031	825,000	124,466		5,062,988
2032	825,000	164,265	2,500,000	3,552,253

Benchmarks Booklet

An updated, and slightly expanded, version of the Community Benchmarks booklet is provided for Council review and feedback. This year staff added 4 pages to the booklet to accommodate additional explanation about the comparisons provided, particularly during the MLC comparisons of property taxes by type of taxing jurisdiction. We believe the changes improve the booklet and make it easier to understand as a stand-alone document.

Summary

The proposed budget is consistent with Council direction received prior to adoption of the preliminary tax levy. Staff is seeking feedback from the City Council on the budget, proposed tax levy and utility rate adjustments before designing the budget hearing presentation and completing budget handout materials (Benchmarks, Utility Operations and Budget Summary booklets).

2012 Shoreview Property Tax

For every property tax dollar you pay:

On average, 79 cents of each dollar goes to your county, school district, and other taxing jurisdictions, and

21 cents goes to Shoreview



Shoreview's 21-cent share is allocated as follows in 2012:

- 6 cents Public Safety
- 5 cents Capital
- 4 cents Parks/Recreation
- 2 cents General Govt
- 2 cents Debt Service
- 1.5 cents Public Works
- .5 cent Community Development

Public Safety – Police, fire, animal control and emergency services

Capital – Replacement costs for all general assets: streets, buildings, equipment, fire trucks, trails, park facilities, mechanical systems, computer systems, warning sirens and a small allowance for improvements

Parks/Recreation – Park and recreation administration and park maintenance

General Government – Administration, City Council, newsletter, human resources, elections, accounting, information systems and legal

Debt Service – Payment of bonds issued for past projects

Public Works – Engineering, street maintenance, trail management and forestry

Community Development – Planning, code enforcement, building inspection and economic development



Capital costs make up the second highest share of the City's property tax because of Shoreview's approach to financing infrastructure replacement (such as streets). Many cities utilize special assessments to recover all or a significant portion of the cost of street and utility replacements. In Shoreview, considerable effort is put into planning for infrastructure replacement. The City identifies the resources (taxes and utility fees) that are necessary to support upcoming capital replacement costs well in advance, so that resources are available when needed.

Although one might think that this practice would result in higher taxes for Shoreview, it has actually helped the City keep a stable and competitive tax rate. When comparing the City portion of the property tax bill to 28 other metro-area cities similar to Shoreview in size, Shoreview ranks 5th lowest.

More information about benchmark comparisons is available in the *Community Benchmarks* booklet titled *How Does Shoreview Compare?* (available at city hall or on the City's website)

TO: MAYOR AND COUNCILMEMBERS

**FROM: TERRY SCHWERM
CITY MANAGER**

DATE: NOVEMBER 8, 2012

SUBJECT: FIRE STATION PROJECT

BACKGROUND

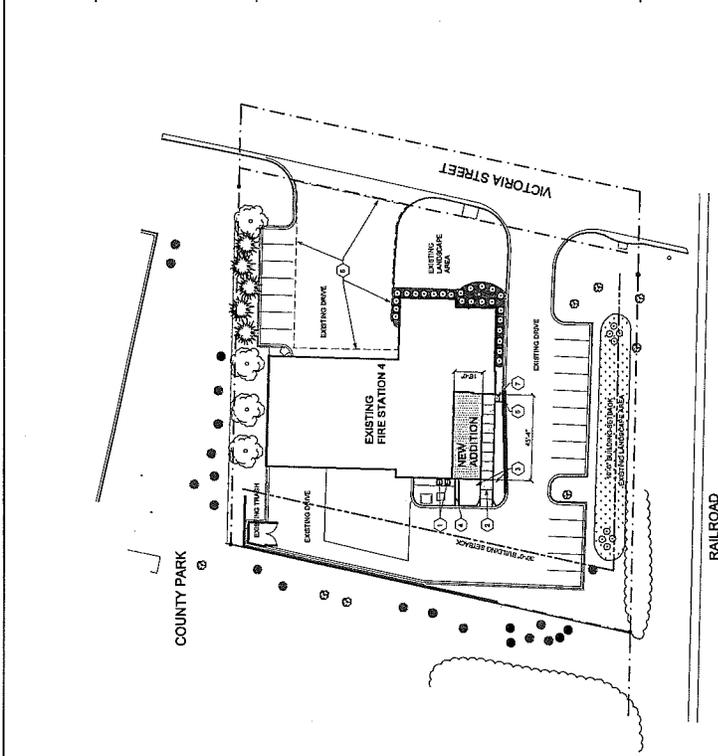
The 2013 Capital Improvement Program includes a project that anticipates the construction of sleeping quarters at Fire Stations 2 and 4. The estimated cost for this project is \$508,000 with \$399,000 allocated for a small addition and improvements to Station 4 located on Victoria Street near County Road E; and \$109,000 planned for interior renovations at Station 2 located on Hodgson Road just north of Highway 96. Shoreview's share of the total cost of this project is about \$304,000. Arden Hills and North Oaks will be funding the remainder of the project.

As the Council is aware, during the past few years, the Lake Johanna Fire Department has been implementing a new service model called a Duty Crew program. Under this program, paid on-call firefighters are staffed at two stations in the City for various shifts, with the ultimate goal of staffing the stations 24 hours per day. During times when Duty Crews are assigned to stations, they respond to all fire and medical emergencies. During these scheduled shifts, the Duty Crews also perform public fire education activities and also assist with other responsibilities at the stations. Beginning in April 2013, the LJFD will have Duty Crews assigned every day of the week between the hours of 7 am – 10 pm. The next phase of the program will include covering overnight hours with duty crews. Prior to that occurring, Stations 2 and 4 need to be retrofitted to include sleeping quarters.

As noted earlier, Station 4 needs a small addition to the south side of the building to accommodate the new sleeping quarters. The existing footprint of this station is so small that it could not accommodate sleeping quarters within the existing station footprint. Station 2 will undergo interior renovations to create sleeping quarters. When completed, each station will have four individual rooms that can be used as sleeping quarters by firefighters that are working overnight shifts. These overnight shifts are scheduled to begin in 2014.

Attached are the plans for the station improvements. The improvements at Station 4 in Shoreview have already been reviewed by the Planning Commission and are scheduled for formal approval by the City Council at the November 19th meeting.

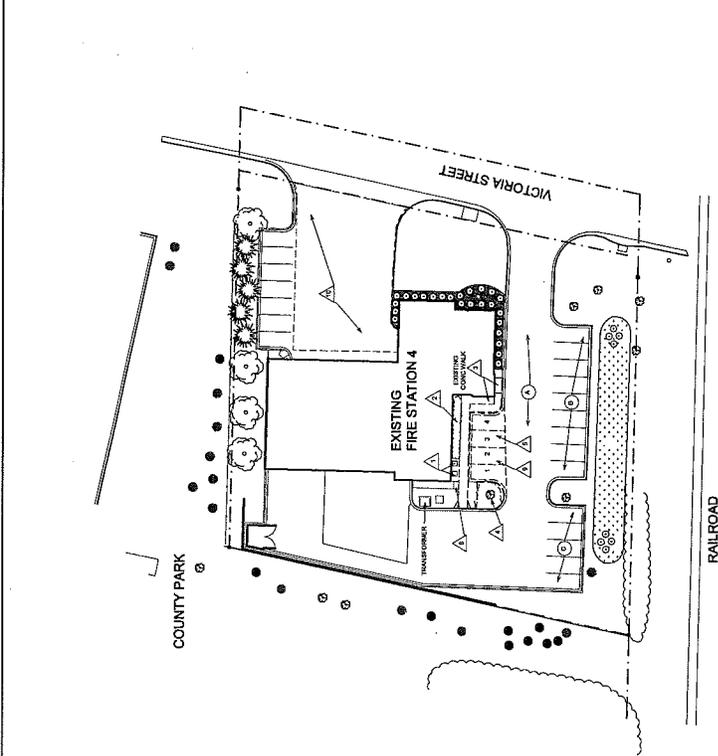
Fire Chief Tim Boehlke is planning to attend the workshop meeting to answer questions about this project and the duty crew program.



SITE PLAN - NEW
 1" = 30'-0"

NOTE: THE FIRE STATION WILL REMAIN OPERATIONAL. IN ORDER TO AVOID DISRUPTION OF OPERATIONS, THE CONSTRUCTION PHASES OF THE NEW ADDITION AND REMODELING.

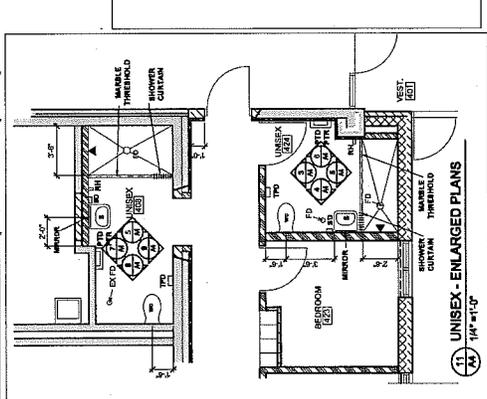
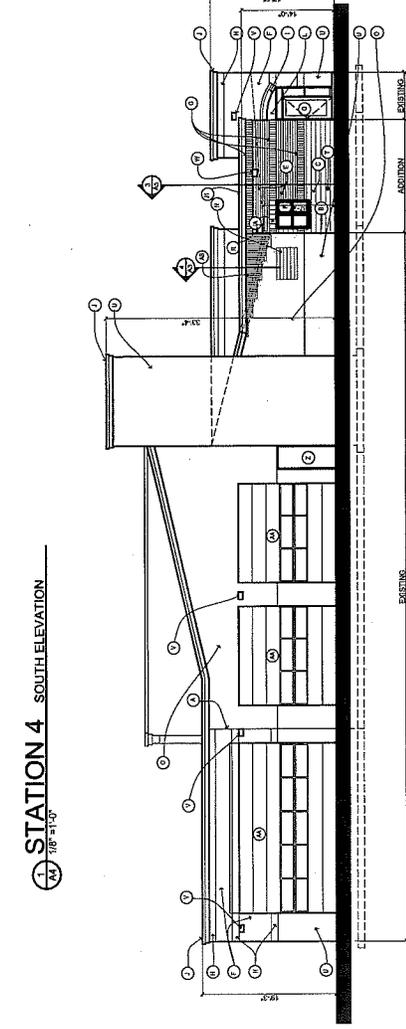
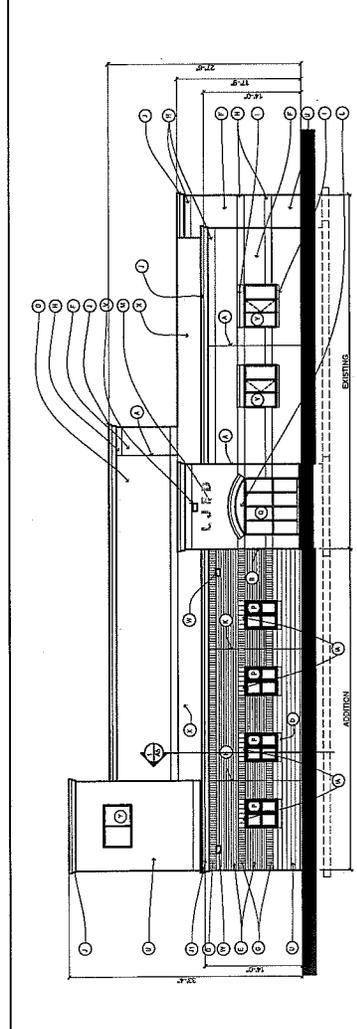
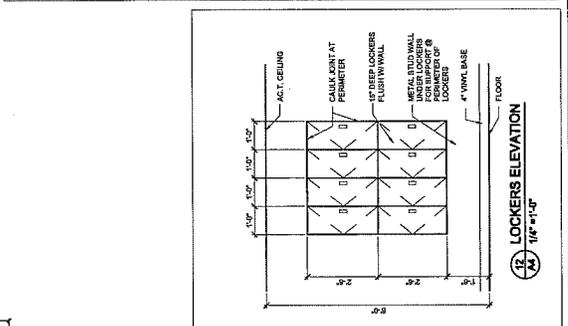
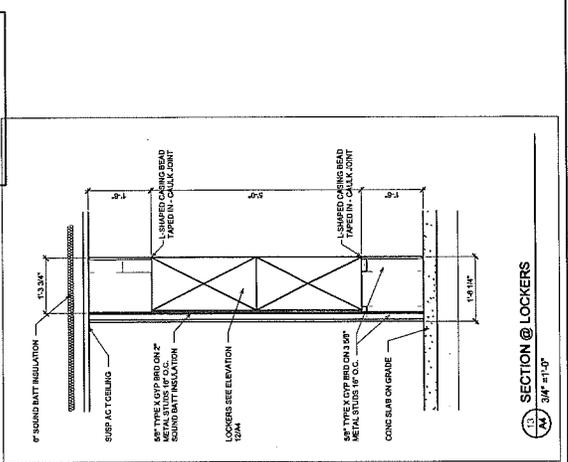
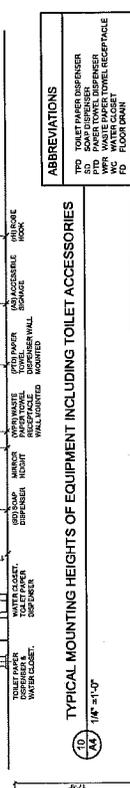
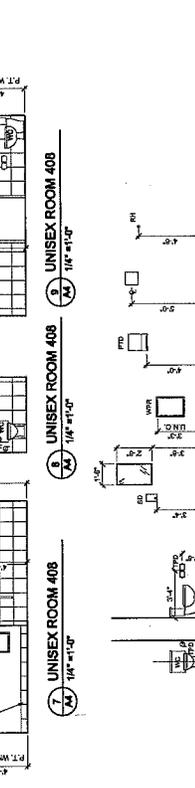
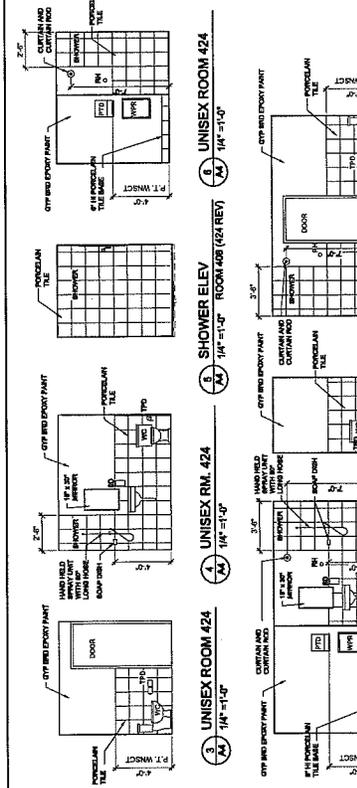
- ITEMIZATION NOTES**
- 1. DEMOLITION OF EXISTING CONCRETE DRIVE TO EXISTING REAR EXISTING DRIVE
 - 2. NEW CONCRETE DRIVE WITH BROOM FINISH AND 10' WIDE AT JUNCTION TO EXISTING DRIVE
 - 3. EXISTING DRIVEWAY TO EXISTING DRIVE
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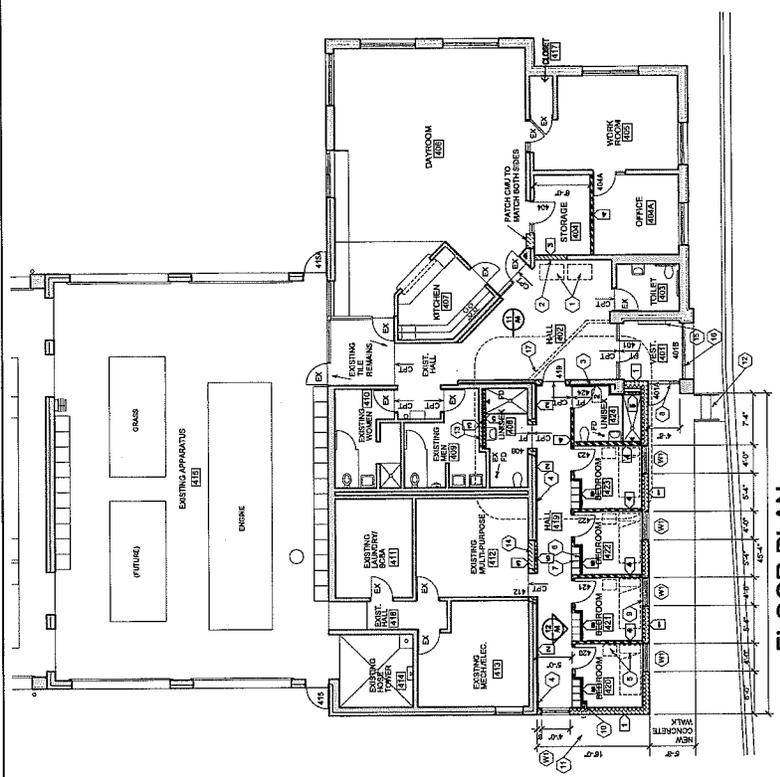
SITE PLAN - DEMOLITION
 1" = 30'-0"

NOTE: CONTRACTOR TO FIELD VERIFY ALL CONDITIONS.

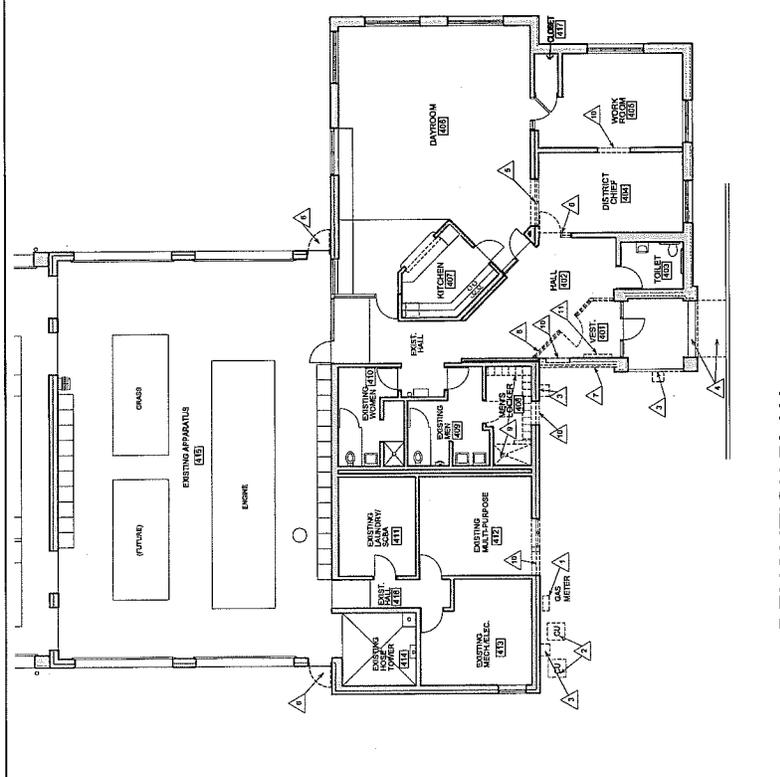
- DEMOLITION NOTES**
- 1. DEMOLITION OF EXISTING CONCRETE DRIVE TO EXISTING REAR EXISTING DRIVE
 - 2. NEW CONCRETE DRIVE WITH BROOM FINISH AND 10' WIDE AT JUNCTION TO EXISTING DRIVE
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 - 18. EXISTING DRIVEWAY TO EXISTING DRIVE
 - 19. EXISTING DRIVEWAY TO EXISTING DRIVE
 - 20. EXISTING DRIVEWAY TO EXISTING DRIVE



- ELEVATION KEYED NOTES**
- 1 EXISTING CONTROL JOINT
 - 2 NEW EXPANDED JOINT
 - 3 NEW ROCK FACE BLOCK - PAINT
 - 4 NEW ROCK FACE BLOCK - PAINT
 - 5 NEW SMOOTH FACE GUN BALL
 - 6 NEW 4\"/>
 - 7 EXISTING 4\"/>
 - 8 NEW 4\"/>
 - 9 EXISTING 4\"/>
 - 10 EXISTING 4\"/>
 - 11 EXISTING 4\"/>
 - 12 EXISTING 4\"/>
 - 13 EXISTING 4\"/>
 - 14 EXISTING 4\"/>
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 - 16 EXISTING 4\"/>
 - 17 EXISTING 4\"/>
 - 18 EXISTING 4\"/>
 - 19 EXISTING 4\"/>
 - 20 EXISTING 4\"/>
 - 21 EXISTING 4\"/>
 - 22 REPRESENTED METAL ROOF EDGE - MATCH EXISTING



DEMOLITION PLAN
 1/8" = 1'-0"



TO: MAYOR, CITY COUNCIL, CITY MANAGER
FROM: MARK J. MALONEY, PUBLIC WORKS DIRECTOR
DATE: NOVEMBER 8, 2012
SUBJ: SANITARY SEWER ASSET MANAGEMENT INITIATIVE

INTRODUCTION

The 2013 Budget reflects the beginning of a 5-year effort to collect information and build a database to aid the City in managing the public sanitary sewer infrastructure. Staff will be presenting an agreement for the necessary services at an upcoming City Council meeting for formal approval.

DISCUSSION

The City of Shoreview owns and operates a municipal sanitary sewer collection system consisting of over 116 miles of buried pipe, more than 2,100 manholes and 17 sewer lift stations. These pipes range in sizes from 6 to 36 inches in diameter and vary in their material type. Our best estimate of the composition of our system at this time is:

Cast/Ductile Iron Pipe (CIP/DIP)	2.94 miles	(2.5%)
Reinforced Concrete Pipe (RCP)	20.79 miles	(18.0%)
Polyvinyl Chloride Pipe (PVC)	40.72 miles	(35.1%)
Vitrified Clay Pipe (VCP)	51.42 miles	(44.4%)

Based on the records we have, the value of the City's sanitary sewer collection system using current construction estimates exceeds \$51M. Shoreview's 2012 Comprehensive Infrastructure Replacement Plan estimates over \$15M in expenditures over the next 30 years to rehabilitate sanitary sewer infrastructure. Given the magnitude of these numbers it is in the City's best interest to have the most accurate asset management tools in place as possible. We have historically used project specific video records, reports and sewage back-up experiences to help prioritize sanitary sewer rehabilitation projects. At this time we have video inspection reports for less than 25% of the system; much of that information is more than 15 years old and obsolete.

We have record plans of the original construction of the sanitary sewer lines in the city that we use as the foundation of our management system. In the case of sanitary sewer construction that was in the context of a public improvement, designed and inspected by city employees and/or consultants and specially assessed, we've found these records to be generally accurate and helpful. However, a significant amount of public infrastructure in Shoreview was built as a function of housing developments by private developers. In these cases our records are lacking and often don't reflect adjustments that were made "in the field" during construction. There have been numerous instances of discovering significant discrepancies between the records and actual

locations, sizes and material types of sewer pipes as we've repaired them. In this regard we feel that we're operating with an incomplete record of the sanitary sewer system.

As the system ages, and given the constraints of the available funds for rehabilitation, it follows that there is a pressing need for the City to have an improved sanitary sewer infrastructure database and asset management system. Our goal is to have a tool similar to our Pavement Management Program (PMP) where we can more effectively identify future rehabilitation needs of the sanitary sewer collection system and be able to better estimate those costs. While we have sound preventative maintenance philosophies and a relatively limited history of sewage back up claims, there is recognition that we need better information concerning the actual condition of the underground pipes as our system ages.

We expect that an improved asset management approach for the sanitary sewer collection system would serve the City by:

- Helping avoid or reducing sewage backups through proper operation and preventive and predictive maintenance.
- Identifying the priorities for proactive capital expenditures that reduce annual and overall costs.
- Insuring that the existing sanitary sewer infrastructure supports land use changes and potential redevelopments.
- Assists in setting and maintaining stable and justifiable user rates.

The City has identified a tangible benefit from the strategy of re-lining certain portions of the sanitary sewer system. Efforts to reduce Infiltration and Inflow (I & I) have been cost effective given corresponding reductions in sewage treatment costs (approx. \$1.7M annually) and surcharges paid to Metropolitan Council Environmental Services. A better asset management tool for the sanitary sewer collection system will result in more refined re-lining priorities and an optimized schedule for future system replacement or repair projects. That will, by extension, help the City control future sewage treatment costs.

With these goals in mind, staff has been researching asset management options that are applicable for systems of our size and complexity. The best condition data is still derived from televised/visual inspections, which has been the industry's approach for the past 40 years, but the advances in technology have allowed the data to be digitized and integrated with GIS and other mapping tools. In the past, the City would receive televised sewer inspections in the form of video tapes (1980/90's) or more recently DVDs. Paper reports concerning defects, locations of services, and other data would be supplied with the visual inspections. There really isn't a feasible way to integrate all the records over the various formats into a usable tool for the City. What is possible now is to have all of the City's sanitary sewer lines televised robotically, ideally over the next year, and have the data usable in an asset management system that would allow us to more accurately forecast and optimize future rehabilitation (re-lining) projects. We believe the "shelf life" of this visual inspection data is about 10 years; at that time the City would need to

reinspect the sewer lines but there would be a template for what data would be collected and how it would be implemented.

Our analysis of the City's needs and examination of options in the market led us to a series of meetings with the firm Redzone Robotics of Pittsburgh, PA. The firm has for some time been on the forefront of using advanced technologies for infrastructure inspection and data collection, but in the past few years began developing a complete, web based asset management module to integrate the inspection data into a supported, usable system for public works departments. They market this package of data collection, characterizations of conditions, supported and hosted web based software and integration with Shoreview's GIS as their Your Entire System (Y.E.S. Program). One very interesting aspect of their proposal, and unique in the market as far as we've determined, is that while the data would be collected and system fully functional within 12 months, their agreement would allow the City to pay for the services over a 5 year period.

Attached is a copy of the draft agreement between the City and Redzone Robotics that would be presented for future consideration by the City Council. The total cost of the services described above, which include robotic data collection and integration, software installation and support, and staff training is \$609,695, or \$121,939 per budget year.

This amount is reflected in the draft preliminary 2013 budget for Sanitary Sewer Operations, 602-45550-3190 (Contractual Fees) and has been comprehended in the analysis of future sanitary sewer rates.



Unsolicited Proposal for

Professional Services Agreement for System-Wide Sanitary
Sewer Categorization & Development of a Wastewater Asset
Management Information System

City of Shoreview, MN

June 12, 2012

Submitted by:

Contact Name	Matt Loberg
Company Name	RedZone Robotics, Inc.
Address	91-43rd Street
City, State, Zip Code	Pittsburgh, PA 15201
Telephone	612.202.3424
E-mail	mloberg@redzone.com

This proposal is intended solely for the consideration of the addressee.



June 12, 2012

Mark Maloney, P.E.
City of Shoreview
4600 Victoria Street North
Shoreview, MN 55126

**RE: Professional services proposal for system-wide collection system characterization.
RedZone Robotics Y.E.S. Your Entire System Program**

Dear Mark:

Based on our discussions I am pleased to extend to you this offer for RedZone's unique 'Y.E.S. Your Entire System' program with our current promotional terms and conditions.

Benefits of the Y.E.S. Your Entire System program include:

- Efficient and focused spending of capital and operations and maintenance dollars
- Easier meeting of service expectations and regulatory requirements set forth by Metropolitan Council Environmental Services.
- Fact based rate setting based on sound operational planning
- Establishing a centralized system of record to document the system and its condition for today and for future managers.

From our discussions, it is clear that you share many of the common challenges faced by today's wastewater asset managers including the following:

- Increasing demand for services & stringent regulatory requirements
- Determining the optimal time and method for rehabilitation
- Limited resources and funds
- Desire to set rates at proper levels

All of these challenges are compounded by a lack of facts pertaining to the current state of the abundant, difficult to access collection system.

This proposal provides the most efficient and cost effective means to provide you with the highest quality condition assessment and management tools and technologies to execute a sustainable infrastructure management solution. RedZone will use advanced, autonomous data collection technology to efficiently map and inspect the entire wastewater collection system. This information will be paired with software to manage the data in one centralized location, and will include decision support tools to enable prioritization and planning. The program will enable you to be proactive and make fact based decisions about how to best use scarce financial and human resources.

We thank you for considering our technology and services and welcome the opportunity to work together.
Sincerely,

Matt Loberg
RedZone Robotics, Inc.

RedZone Robotics Firm Background

About RedZone

RedZone Robotics simplifies wastewater management by providing municipal clients with the truly meaningful information that is required to make critical decisions on their infrastructure. RedZone Robotics is the industry leader in world-class robotic inspection technologies and sophisticated data-analysis software. RedZone provides the most accurate and comprehensive pipe condition information in the industry.

RedZone consistently delivers high performance pipeline inspection products and services for municipalities, contractors and engineering firms across North America.

Today's wastewater managers are tasked with making critical decisions about their most valuable assets, their buried infrastructure. By combining innovative robotic inspection technologies with an easily deployed software-as-a-service, we facilitate a continuous asset management cycle of Map, Inspect, Understand, Plan & Execute.



At RedZone, we take full advantage of world class robotics and software engineering resources and the invigorated business atmosphere to combine world class robotic inspection technologies with sophisticated data analysis software. Our solutions provide the truly useful information that is required to make better decisions while managing risk, optimizing spending and reducing environmental impacts.

A TRUSTED PARTNER GLOBALLY

Over 100 Wastewater Clients, including:

- o King County – Seattle, WA
- o New York City, NY
- o Los Angeles, CA
- o Baltimore, MD
- o Columbus, OH
- o DCWASA – Washington, DC
- o San Jose, CA
- o Ft. Worth/Dallas, TX
- o Honolulu, HI
- o Chicago, IL
- o Akron, OH
- o Cedar Rapids, IA
- o San Antonio, TX
- o Cincinnati, OH
- o Las Vegas, NV
- o Portland, OR
- o Richmond, VA
- o Salt Lake City, UT
- o Houston, TX
- o Atlanta, GA
- o Pittsburgh, PA
- o Toronto, Canada
- o Montreal, QC
- o PUB – Singapore
- o Riyadh, KSA
- o Mexico City, MX



Recognized Innovators:

At RedZone we pride ourselves on practical, innovative solutions and our innovations have been recognized recently in some popular industry and technology journals such as Trenchless Technology & Popular Science.

The more mainstream magazine Popular Science identified SOLO, our autonomous inspection robot, as one of 26 technologies that may help transform America's crumbling infrastructure...



Trenchless Technology featured our business in general based on our recent innovations, most notably the launch of SOLO, the world's first commercially available, autonomous pipe inspection robot.

Municipal Sewer and Water featured our client Rimersburg, PA. They had a state DEP consent order removed and \$3M in required construction of a new treatment plan cancelled.



RedZone Robotics Inc. www.redzone.com

Corporate Headquarters:
91 43rd Street, Suite 250 Pittsburgh PA 15201

Phone (412) 476-8980
Fax (412) 476-8981

EXECUTIVE SUMMARY

THE PROBLEM:

Working collaboratively, the City of Shoreview and RedZone Robotics have framed out a scope of work based on the RedZone Y.E.S. Your Entire System program to address the fundamental problem facing most collection system managers: a lack of a complete baseline understanding of the true current state of assets.

The failure to truly understand the current state of collection system assets makes it needlessly difficult to answer these common questions that collection system managers must deal with:

1. Where are the most pressing problems to address in order to maintain services?
2. What are my long-term concerns that need to be factored into future CIP and O&M budgets?
3. What are the most appropriate projects to do at any given time to maintain services?

Ultimately the critical question is, "What is the best way to spend the limited funds available to be the most responsible steward of these abundant and critical wastewater assets?" The answer lies in information that to-date has been unattainable, but that will be gathered and made easy-to-use with this program.

According to the EPA, sewer system assets that are not sufficiently understood and proactively maintained will typically deteriorate faster than expected and lead to higher replacement costs and emergency repair costs. The EPA stipulates that there are 5 core questions at the core of proper asset management practices:

1. What are my required levels of service?
2. What is the current state of my assets?
3. Which are my critical assets?
4. What are the minimum life cycle costs?
5. What is the most appropriate long-term funding strategy?

Typically people are so consumed with #1 that they never get to 2-5

THE SOLUTION:

Enabled by uniquely aligned financial incentives, and industry leading technologies, the RedZone Y.E.S. Your Entire System program proposed for Shoreview will provide the following benefits:

1. Gain a complete and accurate understanding of the collection system and its true baseline condition
2. Establish a centralized system-of-record to manage essential information
3. Achieve 'smart sewer spending' by making defensible, fact based decisions
4. Facilitate compliance with local and federal regulatory agencies
5. Protect the environment from disasters resulting from unknown problems
6. Make better use of resources. Do 'more with less'.



'Y.E.S. YOUR ENTIRE SYSTEM' PROGRAM SPECIFIC HIGHLIGHTS:

The Y.E.S. Your Entire System Program provides you with one vendor with well aligned financial incentives and unique technology solutions to provide the following:

1. Current state characterization of the entire collection system in **approx. 12 months**
2. Characterization of findings/defects in pipes according to industry standards (NASSCO PACP)
3. Industry leading ICOM3 collection system asset management software as a hosted service (SaaS)



City of Shoreview, MN 'Y.E.S. Program' Budget Pricing Proposal

Proposal Date:		Expiration Date:	
June 12, 2012		September 30, 2012	
Prepared for:		Prepared by:	
Mr. Mark Maloney, P.E. City of Shoreview 4600 Victoria Street North Shoreview, MN 55126		Matt Loberg Regional Business Development Manager RedZone Robotics, Inc. 612-202-3424 mloberg@redzone.com	
Opportunity Name		Opportunity Number	
MN, Shoreview Y.E.S. Program		OPP-103048	
Proposal Type:			
Formal pricing. Expires as indicated above			
General Description			
This proposal is an all-encompassing professional services offering called the 'RedZone YES Your Entire System' program. RedZone will render services and establish this system of record in the ICOM3 software during an expedited initial term			
YES PROGRAM OFFERING SUMMARY			
LINE	SKU	DESCRIPTION	
ICM-700C		ICOM3 Hosted Software as a Service: Core Framework, <500 miles of asset length	
ICM-702		ICOM3 Hosted Software as a Service: Inspection Management Module: View inspections, edit defect coding, query results, overlay results to map.	
ICM-703		ICOM3 Hosted Software as a Service: Maintenance Management Module: Schedule, issue, and track work/maintenance activities such as cleaning	
ICM-707		ICOM3 Hosted Software as a Service Asset Management Module: Create CIP Plan, Schedule, Budget. Risk and criticality calculations	
ICM-401		Software professional services: Configuration of work orders and service call forms in ICOM3	
ICM-402		Software professional services: Configuration of reports and queries in ICOM3	
ICM-500		Software professional services: Interactive training for ICOM3.	
ICM-201		Data Services: Create GIS Data from Field-collected GPS points	
INS-400		Assessment services: RZ-deploy CCTV Inspections. – non SOLO	
INS-200		Assessment services: RZ-deploy Solo inspection for 8-12" pipe	
INS-100		Assessment services: RZ-deploy multi-sensor inspection for 30" and larger pipe	
RPT-120		Reporting services: PACP coding and analysis for CCTV pipe inspections	
ICM-120		Reporting services: Load of inspection CCTV data into ICOM3	
ICM-130		Reporting services: Load of SOLO Inspection data and PACP codes into ICOM3	
RPT-200		Reporting services: PACP Coding of Solo & CCTV inspections. Includes PACP Report, MPEG Video, and V-360 imagery.	
RPT-100		Reporting services: Process all multi-sensor data and complete multi-sensor inspection report.	
RPT-399		Engineering support services: Civil engineering support to assist in set-up of work planning and O&M candidate evaluation & prioritization.	
FIN-001		Extended payment financing subject to annual appropriations	

PRICING SUMMARY

Budget Cost:

- Includes aforementioned items for collection system with clarifications as hereby noted below.

MN SHOREVIEW: PIPE SIZE INVENTORY: (LF = Linear Feet)

- 8-12" Collection System Pipe segments totaling 518,298 LF
- 6", 15-30" Collection System Pipe Segments totaling 61,276 LF
- 30"+ Collection System Pipe segments using MSI totaling 3,867 LF
- Total system characterization of all lines segments not to exceed total linear feet of : 630,000 LF

PRICING PLAN : Five (5) year payments

Term: Sixty (60) month term

Total Amount: \$609,695.00

Payment schedule:

Five (5) annual payments due of \$121,939.00 OR

Twenty (20) quarterly payments due of \$30,484.75

Payment Terms

- The first invoice will be issued upon execution of This Proposal.
- All invoices are due Net 30

ICOM3 Software:

ICOM3 Software. At the end of the agreed upon term, an annual subscription, Maintenance and Support contract is required in order to maintain the hosted license, maintenance and support services. Annual maintenance and support fees will be in the amount of ten thousand eight hundred dollars (\$10,800) annually. These fees cover the hosting of the application, upgrades, bug fixes and both telephone and e-support. Increases to annual maintenance and support fees will not exceed 10% for any renewal period.

The subscription, Maintenance and Support fees for the first five (5) years are included

Training and Configuration Services:

Two Hundred (200) hours of professional services have been allocated to this project to perform a variety of services inclusive of, but not limited to, training, initial configuration and engineering support. Details will be finalized in a jointly determined work order. These hours are estimated to cover the time required to provide initial training, support and project management, inclusive of the following:

- Importing of existing Client Data associated with manholes
- Importing of existing Client Data associated with any existing CCTV pipe segment data

Additional Services:

INSPECTIONS: If at any time in the agreed upon term Shoreview wishes to contract with RedZone to complete additional condition assessment work, the job will be quoted based on the required scope of work. Linear foot pricing will be eighty cents (\$0.80) per linear foot for pipe diameters of < 6", 8", 10" and 12". Linear foot pricing will be two dollars (\$2.00) per linear foot for larger diameters of pipe inspected with CCTV only. Linear foot pricing for additional multi-sensor inspections will be (\$6.00) per linear foot. These fees cover the price of RedZone deployed inspection, PACP coding, and configuring of information into ICOM3. These fees assume that a minimum scope required for RedZone services would entail ten thousand dollars (\$10,000) of fees. Nothing in this Proposal binds Shoreview to use RedZone for such additional services as other options exist inclusive of Shoreview renting equipment and self-performing or using other contractors for work above and beyond the stated scope of work in This Proposal.



*2013
Budget Summary*

Budget Hearing
7:00 p.m. December 3, 2012
City Hall Council Chambers

4600 Victoria Street N
Shoreview, MN 55126
(651) 490-4600
www.shoreviewmn.gov

November 2012

Dear Citizens:

In preparing our 2013 Operating Budget and Capital Improvement Program the City Council is committed to maintaining the services, programs and facilities that make Shoreview one of the premier suburban communities in the Twin Cities Metropolitan area. Accomplishing this goal is a continuing challenge in these difficult economic times, and we believe it is critical because these City services have a direct impact on our citizens.

Despite the obvious challenges in the last few years, Shoreview has managed to:

- Hold the two-year increase in the tax levy to 2.9% (an annual increase of 1.4%)
- Maintain the City's AAA bond rating, the highest rating awarded
- Preserve quality services and programs for our residents

As we look to the future, the City must ensure that our limited financial resources continue to be used to provide services such as police and fire protection; maintenance and snowplowing of streets; water and sewer services; and recreational programs and facilities (including parks and trails) in an effective manner. We are also committed to maintaining and updating our infrastructure such as streets, trails and our utility systems to ensure their reliability for our residents.

We hope you find the information included in this 2013 Budget Summary helpful in explaining how the City puts your tax dollars to work in our community. If you have questions about the City's budget, please contact us at 651-490-4600.

Sandy Martin
Mayor

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Budget Objectives

The two-year Operating Budget and five-year Capital Improvement Program are developed based on long-term projections, resident feedback during the year, periodic community surveys, and City Council goals. Primary budget objectives for 2013 include:

- Balance the General Fund budget
- Maintain existing services and programs through efficient use of tax dollars
- Recover utility costs through user fees
- Fund infrastructure replacement
- Continue five-year financial planning for operating funds
- Meet debt obligations
- Maintain the City’s AAA bond rating
- Amend the second year of the City’s two-year budget
- Protect and enhance parks, lakes and open space areas
- Position the City to effectively address future challenges and opportunities (revitalize neighborhoods, encourage reinvestment, assist redevelopment opportunities, and utilize technology to improve services and communications)

Executive Summary

The following listing provides a summary of key information discussed in this document:

- No major service level changes for 2013 despite the continued elimination of the Parks and Recreation Director position
- Proposed 3.4% increase in the combined City and HRA levy, which is \$77,470 lower than planned in the biennial budget
- Total taxable property value drops 6.6% due to a combination of value reductions and continuation of the Homestead Market Value Exclusion (HMVE) program
- City tax rate increases 11% due to the combined impact of the levy decrease and declining taxable value
- City receives approximately 22% of total property taxes in 2013, and other taxing jurisdictions collect the remaining 78%
- City share of the tax bill ranks 5th lowest among comparison cities in 2012 (24% below the average)
- About 29 cents of each property tax dollar goes to support public safety, followed by replacement costs at 22 cents, parks and recreation at 20 cents, general government at 9 cents, public works and debt service at 8 cents each, community development at 3 cents, and all other costs at 1 cent
- About 77% of home values decline for 2013 taxes, and 12% of home values remain the same
- The change in individual property tax bills varies depending on the change in property value

Budget Process

The budget process starts in May with the distribution of budget materials to departments, followed by a series of staff budget discussions. Council budget workshops are held from early August through November, followed by a budget hearing the first regular Council meeting in December and budget adoption at the second regular Council meeting in December. The budget is published, posted to the City's website, and distributed to the County Library in January.

Proposed Tax Levy

The table below provides a two-year comparison of Shoreview’s tax levy, taxable values, tax rate and the metro-wide fiscal disparities contribution. Key changes for 2013 include:

- Combined City and HRA levy increases 3.4%
- Taxable value decreases 6.6% for 2013 (to \$23.7 million) due to a combination of declining residential values and the continued impact of the Homestead Market Value Exclusion (HMVE) program
- City tax rate increases 11.1% for 2013 due to the combined impact of the levy increase and declining property values
- Fiscal disparities contribution from the metro-area pool increases .8%

	2012	2013	Change	
	Adopted Levy	Proposed Levy	Amount	Percent
General Fund	\$ 6,467,060	\$ 6,639,567	\$ 172,507	2.67%
EDA and HRA Funds	125,000	135,000	10,000	8.00%
Debt Funds (all combined)	658,026	685,000	26,974	4.10%
Replacement Funds	2,000,000	2,100,000	100,000	5.00%
Capital Improvement Funds	110,000	120,000	10,000	9.09%
Total Tax Levy	\$ 9,360,086	\$ 9,679,567	\$ 319,481	3.41%
Taxable Value (millions)	\$ 25.418	\$ 23.726	\$ (1.691)	-6.65%
Tax Rate-City	33.252%	36.953%	3.701%	11.13%
Tax Rate-HRA	0.254%	0.289%	0.035%	13.78%
Fiscal Disparities Contribution	\$ 838,214	\$ 845,000	\$ 6,786	0.81%

The majority of the General Fund levy increase for 2013 is related to public safety costs. Police and fire costs alone increased \$161,181, which is only \$11,326 less than the change in the General Fund levy. Replacement funds account for \$100,000 of the levy increase, followed by \$26,974 for debt payments, \$10,000 for the EDA and HRA, and \$10,000 for capital improvements. Additional information is provided on the next page.

The listing below provides a summary of items causing either an increase or a decrease in Shoreview’s proposed 2013 tax levy, followed by a brief discussion of each item:

Public safety contracts (police and fire)	\$ 161,181
Capital replacements	100,000
Debt payments	26,974
EDA and HRA	10,000
Capital improvements	10,000
All other changes combined (net)	<u>11,326</u>
Total Levy Changes	\$ 319,481

- Public safety provides for police (patrol, investigations, dispatch and animal control) and fire (continued duty-crew implementation and overall fire protection costs)
- Capital replacement levies support replacement of streets and other assets as needed
- Debt payment levies have been structured to minimize the impact on current and future tax levies by setting aside \$378,064 of General Fund surplus from the year 2010 and \$311,728 from 2011.
- EDA and HRA levies support economic development and housing related programs and activities
- Capital improvement levies provide funding for park enhancements
- Other significant expense changes include a 2% wage adjustment for full-time staff, health insurance costs, forestry program changes for the Emerald Ash Borer infestation, a community survey and equipment charges. These costs are mostly offset by projected revenue changes in the operating budget (license and permits, tree sales, administrative and engineering charges, and transfers).

All Operating Funds Combined

Shoreview prepared a Biennial Budget, a Five-Year Operating Plan (FYOP) covering all operating and debt service funds, and a 5-year Capital Improvement Program (CIP) last year. As a result, the budget cycle this year focuses on amending the 2013 budget and CIP rather than preparing a new comprehensive document. The table on the next page summarizes the total proposed 2013 budget in comparison to prior years. The following funds are included in the table:

- General Fund
- Special Revenue Funds
 - Recycling
 - Community Center
 - Recreation Programs
 - Cable Television
 - Economic Development Authority
 - Housing and Redevelopment Authority
 - Slice of Shoreview
- Debt Funds
- Enterprise Funds
 - Water
 - Sewer
 - Surface Water Management
 - Street Lighting
- Internal Service Funds
 - Central Garage
 - Short-term Disability
 - Liability Claims

The above list, and the table on the next page include funds that receive tax dollars as well as funds that receive no tax support. For instance, the Recycling, Community Center, Recreation Programs, Cable Television, and Enterprise Funds cover the majority of operating costs through user charges and outside revenue.

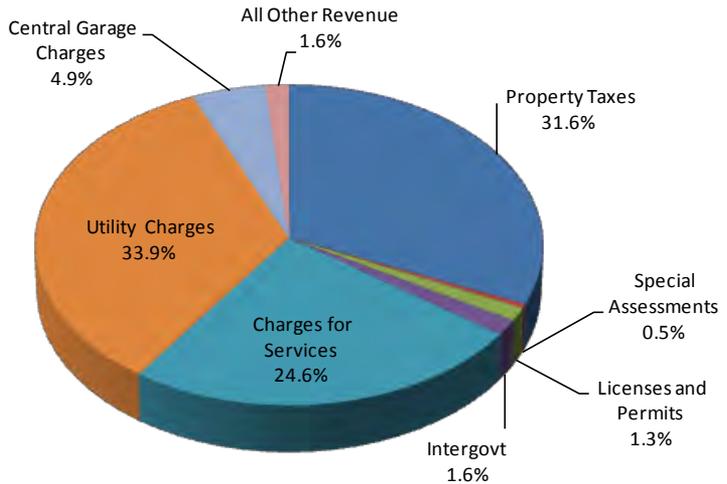
Capital Project Funds (for the construction and replacement of major assets) are not included in the table on the next page.

Total operating and debt service costs (excluding transfers between funds) are expected to increase 3.5% for 2013.

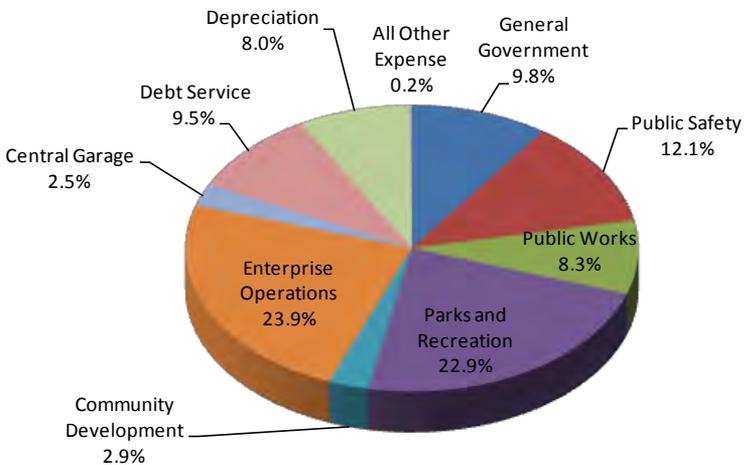
	2011	2012		2013
	Actual	Budget	Revised Estimate	Revised Budget
Revenue				
Property Taxes	\$ 2,954,659	\$ 7,250,086	\$ 7,250,086	\$ 7,459,567
Special Assessments	175,849	115,865	115,865	107,971
Licenses and Permits	441,243	292,750	422,450	314,050
Intergovernmental	(545,313)	400,247	400,250	366,152
Charges for Services	5,565,789	5,473,175	5,513,111	5,809,731
Fines and Forfeits	62,135	62,000	62,000	62,500
Utility Charges	7,100,858	7,540,762	7,789,730	7,993,640
Central Garage Chgs	1,060,926	1,137,680	1,137,680	1,153,020
Interest Earnings	164,100	208,550	181,550	163,350
Other Revenues	(331,652)	81,860	81,860	80,740
Total Revenue	\$ 16,648,594	\$ 22,562,975	\$ 22,954,582	\$ 23,510,721
Expense				
General Government	\$ 2,330,860	\$ 2,307,905	\$ 2,350,137	\$ 2,345,660
Public Safety	2,697,842	2,721,227	2,708,944	2,882,693
Public Works	3,765,611	1,889,483	1,878,599	1,979,986
Parks and Recr.	6,122,520	5,294,174	5,278,849	5,470,139
Community Devel.	647,268	637,832	645,147	680,735
Enterprise Oper.	5,290,104	5,409,730	5,335,170	5,705,039
Central Garage	537,045	576,564	567,700	593,566
Miscellaneous	156,808	48,000	50,000	40,000
Debt Service	7,563,067	2,333,436	2,333,436	2,277,782
Depreciation	1,636,971	1,861,000	1,861,000	1,907,000
Total Expense	\$ 30,748,096	\$ 23,079,351	\$ 23,008,982	\$ 23,882,600
Other Sources (Uses)				
Sale of Asset-Gain	63,705	20,000	20,000	41,000
Debt Proceeds	-	-	-	20,000
Debt Refunding	4,620,000	-	-	-
Contrib Assets	17,281	-	-	-
Transfers In	417,104	2,056,090	2,056,090	2,359,186
Transfers Out	(4,106,563)	(1,149,840)	(1,149,840)	(1,340,320)
Net Change	\$ (13,087,975)	\$ 409,874	\$ 871,850	\$ 707,987

The anticipated increase in fund equity for 2012 and 2013 occur primarily in special revenue, utility and internal service funds. These changes in fund balance are consistent with the fund balance goals established in the 2012-2016 Five-year Operating Plan (FYOP).

Utility charges (water, sanitary sewer, surface water and street lighting) provide 34% of operating fund (the largest share), followed by 32% from property taxes, 25% from charges for service , 5% from central garage charges, 2% from intergovernmental revenue, 1% from licenses and permits and 1% from all other revenue.



Public works accounts for 32% of operating expense (24% for enterprise operations and 8% for engineering, streets, trails and forestry). Parks accounts for 23%, followed by public safety at 12%, general government and debt at 10% each, depreciation at 8%, community development at 3% and central garage at 2%.



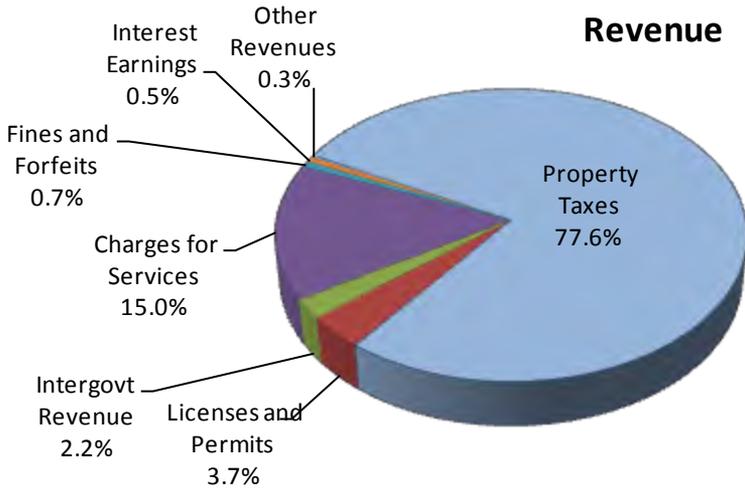
General Fund

The General Fund is the City’s primary operating fund. As such, it accounts for costs associated with basic government activities not already accounted for elsewhere, including: police and fire, street maintenance and snow plowing, community development, park and trail maintenance, city hall operations, and general government services.

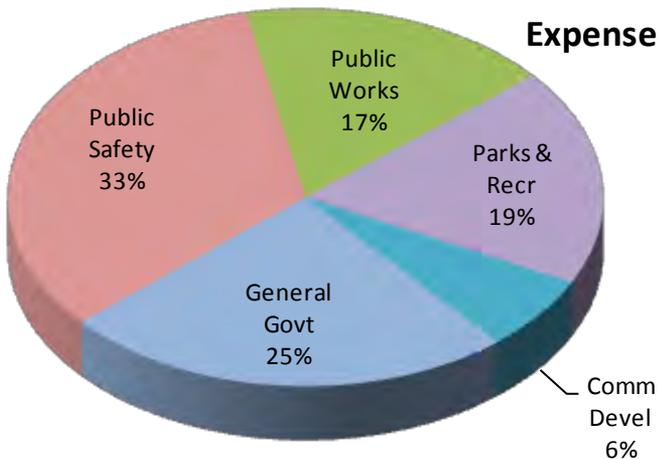
Contractual costs account for 53% of General Fund expense, followed by personal services at 44%, and supplies at 3%.

	Actual 2011	Budget 2012	Proposed 2013 Budget	
			Original	Revised
Revenue				
Property Taxes	\$ 6,265,673	\$ 6,467,060	\$ 6,717,037	\$ 6,639,567
Licenses and Permits	441,243	292,750	279,750	314,050
Intergovernmental	188,521	183,002	184,302	185,622
Charges for Services	1,198,357	1,164,450	1,205,680	1,284,970
Fines and Forfeits	62,135	62,000	62,500	62,500
Interest Earnings	79,714	45,000	45,000	45,000
Other Revenues	40,264	35,160	25,600	24,040
Total Revenue	\$ 8,275,907	\$ 8,249,422	\$ 8,519,869	\$ 8,555,749
Expense				
General Government	\$ 1,839,812	\$ 2,085,610	\$ 2,107,075	\$ 2,134,062
Public Safety	2,556,068	2,721,227	2,884,628	2,882,693
Public Works	1,298,219	1,400,009	1,461,077	1,475,820
Parks and Recreation	1,716,548	1,588,453	1,625,645	1,611,293
Community Devel.	530,288	534,323	547,944	558,381
Total Expense	\$ 7,940,935	\$ 8,329,622	\$ 8,626,369	\$ 8,662,249
Transfers In	471,450	481,000	519,000	519,000
Transfers Out	(751,145)	(400,800)	(412,500)	(412,500)
Net Change	\$ 55,277	\$ -	\$ -	\$ -

Property taxes account for 78% of General Fund revenue, followed by 15% from charges for services, 4% from licenses and permits, and 3% from all other sources combined.



Public safety accounts for the largest share of the General Fund budget at 33%, followed by 25% for general government, 19% for parks and recreation, 17% for public works and 6% for community development.



Special Revenue Funds

The City operates seven special revenue funds, as follows:

- Recycling accounts for the bi-weekly curbside program.
- Community Center accounts for operation/maintenance of the facility. Admissions/memberships provide about 62% of revenue, while rentals, concessions and other fees provide 26%. Inter-fund transfers include \$232,000 from the General fund (to keep membership rates affordable and offset free or reduced room rental rates for community groups), and \$80,000 from the Recreation Programs fund for use of the facility.
- Recreation Programs accounts for fee-based recreational and social programs, and receives \$70,000 from the General fund for playground and general program costs.
- Cable Television accounts for franchise administration (through North Suburban Communications Commission) and City communication activities. The primary revenue is cable franchise fees.

	Recycling	Community Center	Recreation Programs	Cable Television
Revenue				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	67,000	-	-	-
Charges for Services	480,980	2,323,755	1,400,926	288,400
Interest Earnings	-	9,000	4,800	1,800
Other Revenues	-	-	-	1,200
Total Revenue	547,980	2,332,755	1,405,726	291,400
Expense				
General Government	-	-	-	153,398
Public Works	504,166	-	-	-
Parks and Recreation	-	2,561,724	1,297,122	-
Community Development	-	-	-	-
Total Expense	504,166	2,561,724	1,297,122	153,398
Other Sources (Uses)				
Transfers In	-	312,000	70,000	-
Transfers Out	-	-	(80,000)	(116,920)
Net Change	\$ 43,814	\$ 83,031	\$ 98,604	\$ 21,082

- EDA accounts for Economic Development Authority activities, including: business retention and expansion, targeted redevelopment, employment opportunities, and efforts to strengthen and diversify the City’s tax base.
- HRA accounts for Housing Redevelopment Authority efforts to preserve housing stock, and maintain quality neighborhoods through programs and policies designed to promote reinvestment and improvements to homes.
- Slice of Shoreview accounts for donations, sponsorships, revenues and expenses associated with the Slice of Shoreview event. The General fund provides \$10,000 in support to help defray costs of the event.

	EDA	HRA	Slice of Shoreview	Total
Revenue				
Property Taxes	\$ 60,000	\$ 75,000	\$ -	\$ 135,000
Intergovernmental	-	-	-	67,000
Charges for Services	-	-	23,000	4,517,061
Interest Earnings	-	-	-	15,600
Other Revenues	-	-	25,000	26,200
Total Revenue	60,000	75,000	48,000	4,760,861
Expense				
General Government	-	-	58,200	211,598
Public Works	-	-	-	504,166
Parks and Recreation	-	-	-	3,858,846
Community Development	52,547	69,807	-	122,354
Total Expense	52,547	69,807	58,200	4,696,964
Other Sources (Uses)				
Transfers In	-	-	10,000	392,000
Transfers Out	-	-	-	(196,920)
Net Change	\$ 7,453	\$ 5,193	\$ (200)	\$ 258,977

Debt Service Funds

The table below provides a summary of revenue and expense for Debt Service Funds. Revenue derived from the debt levy and special assessments provide about 26% of the funding needed for annual principal and interest payments in 2013. These revenues are legally restricted to the payment of the debt, and therefore are held within the corresponding debt fund until the debt issue is paid in full. The remainder of funding for debt payments is provided by internal sources (in the form of transfers from other funds), interest earnings, tax increment collections, etc.

	G.O. Bonds & Capital Lease	TIF Bonds	G.O. Impr. Bonds	Total Debt Funds
Revenue				
Property Taxes	\$ 501,000	\$ -	\$ -	\$ 501,000
Special Assessments	-	-	107,971	107,971
Interest Earnings	13,500	-	5,550	19,050
Total Revenue	514,500	-	113,521	628,021
Expense				
Debt Service	844,436	677,845	196,460	1,718,741
Other Sources (Uses)				
Debt Proceeds	10,000	-	10,000	20,000
Transfers In	561,000	676,286	10,000	1,247,286
Transfers Out	-	-	(126,000)	(126,000)
Net Change	\$ 241,064	\$ (1,559)	\$ (188,939)	\$ 50,566

The planned decrease in fund balance for TIF and G.O. Improvement Bonds is due to the use of fund balances that have been accumulated and held for the payment of debt, including the use of General Fund surplus set aside in 2010 and 2011 to reduce the impact of future debt payments on the tax levy.

Internal Service Funds

The City operates three internal service funds, as follows:

- Central Garage accounts for operation and maintenance of vehicles, heavy machinery, miscellaneous equipment and the maintenance facility. The primary source of revenue is inter-fund equipment and building charges designed to recover operating expense. Property taxes, intergovernmental revenue (federal interest credits) and transfers in cover debt payments.
- Short-term Disability is a self-insurance fund that accounts for premiums charged for short-term disability coverage and expense associated with disability claims.
- Liability Claims accounts for dividends received annually from the League of Minnesota Cities Insurance Trust for the City's liability insurance coverage as well as losses not covered by the City's insurance (due to deductibles).

	Central Garage	Short-term Disability	Liability Claims	Total
Revenue				
Property Taxes	\$ 184,000	\$ -	\$ -	\$ 184,000
Intergovernmental	86,530	-	-	86,530
Charges for Services	-	7,500	-	7,500
Central Garage Charges	1,153,020	-	-	1,153,020
Interest Earnings	10,000	600	2,400	13,000
Other Revenues	-	-	30,000	30,000
Total Revenue	1,433,550	8,100	32,400	1,474,050
Expense				
Central Garage	593,566	-	-	593,566
Miscellaneous	-	8,000	32,000	40,000
Debt Service	243,128	-	-	243,128
Depreciation	696,000	-	-	696,000
Total Expense	1,532,694	8,000	32,000	1,572,694
Other Sources (Uses)				
Sale of Asset-Gain	41,000	-	-	41,000
Transfers In	200,900	-	-	200,900
Net Change	\$ 142,756	\$ 100	\$ 400	\$ 143,256

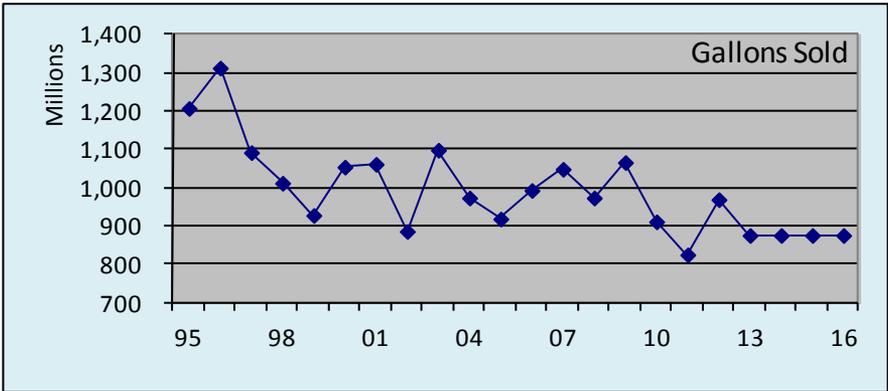
Enterprise (Utility) Funds

The City operates four utility funds. These funds account for services that are supported primarily through quarterly utility fees designed to cover operating costs, debt service, depreciation expense and replacement costs. The table below shows the proposed 2013 budget for each of these funds.

	Water	Sewer	Surface Water	Street Lighting	Total
Revenue					
Intergovernmental	\$ 12,940	\$ 10,310	\$ 3,750	\$ -	\$ 27,000
Charges for Services	-	200	-	-	200
Utility Charges	2,591,000	3,716,500	1,212,140	474,000	7,993,640
Interest Earnings	35,000	25,000	8,000	2,700	70,700
Other Revenues	-	-	-	500	500
Total Revenue	2,638,940	3,752,010	1,223,890	477,200	8,092,040
Expense					
Enterprise Operations	1,569,417	3,152,625	714,426	268,571	5,705,039
Debt Service	171,435	68,884	75,594	-	315,913
Depreciation	630,000	310,000	223,000	48,000	1,211,000
Total Expense	2,370,852	3,531,509	1,013,020	316,571	7,231,952
Other Sources (Uses)					
Transfers Out	(262,500)	(196,500)	(126,900)	(19,000)	(604,900)
Net Change	\$ 5,588	\$ 24,001	\$ 83,970	\$ 141,629	\$ 255,188

Even though water consumption increased in 2012, due to extended periods of drought throughout the summer, water use has generally declined in recent years due to changing demographics (age and number of residents per home), changing usage patterns (lower household use), and changing weather patterns. Because the decline in consumption makes it difficult to recover operating costs, the City made a structural change to water rates in 2012 by splitting the lowest tier into two tiers. This change, coupled with slightly higher water consumption, will result in an operating surplus for 2012.

The graph below demonstrates the downward trend in total water consumption since 1995, and the estimated gallons used for future revenue projections (for the year 2013 through 2016). In general, weather is the primary cause of fluctuations in gallons sold from year to year (either due to sustained periods of drought or heavy rain). To ensure adequate water revenue in the future, base gallons are projected to continue at low levels through 2016.



Recent utility rate adjustments, combined with the structural change in water rates, are expected to result in a net gain in each of the City’s utility funds for 2012 and 2013.

Significant items impacting utility operations include: depreciation of existing assets (\$1.2 million), replacement costs, sewer televising, sewage treatment costs (\$1.7 million), street light repairs, and energy costs.

More information about the City’s utility funds is available in a separate document devoted entirely to utility operations.

City Property Tax by Program

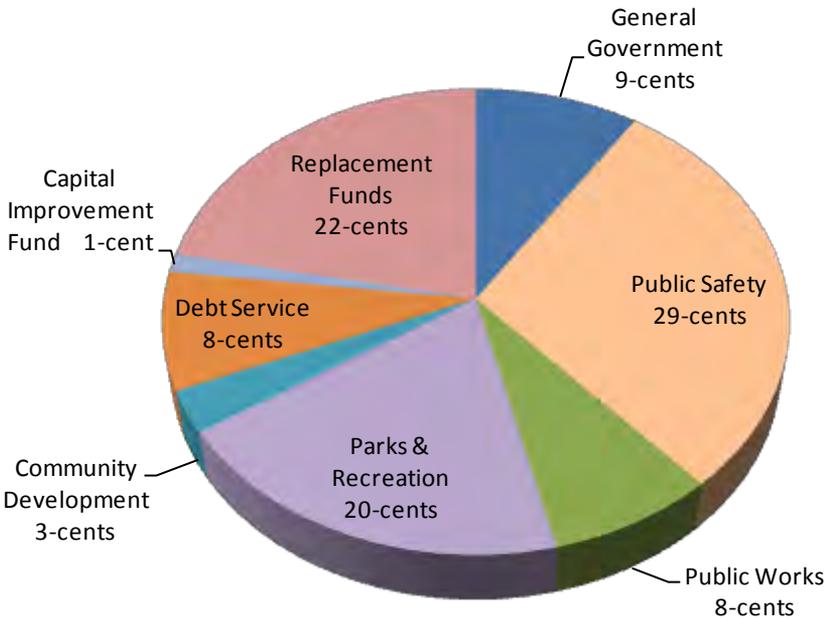
Shoreview's median home will pay about \$27 more for the City share of the property tax bill in 2013 (assuming a 6.7% decrease in value after the Homestead Market Value Exclusion is applied). Because property taxes support a variety of City programs and services, the table below is presented to illustrate the annual tax support by program for a median home value.

- Public safety accounts for the largest share at \$220 per year and accounts for nearly half of the increase (a \$13 increase)
- Replacement funds account for \$166 per year (an \$8 increase)
- Parks (all combined) account for \$148 per year (\$3 increase)
- General government (Council, administration, legal, city hall, etc.) accounts for \$70 per year (\$3 decrease)
- Debt service accounts for \$62 per year (\$2 increase)
- Public works accounts for \$60 per year (\$2 increase)
- Capital improvement accounts for \$9 per year (\$1 increase)
- Community development accounts for \$22 (less than \$1 increase)

Program	2012	2013	Change	
	City Tax	City Tax		
	value before MVE->	value after MVE->	\$	%
	\$ 235,700	\$ 222,200		
	\$ 219,673	\$ 204,958		
	Home	Home		
General Government	\$ 73.71	\$ 70.38	\$ (3.33)	
Public Safety	206.68	219.98	13.30	
Public Works	58.01	59.92	1.91	
Parks and Recreation:				
Park Admin and Maint	122.00	124.09	2.09	
Community Center Operation	17.68	18.33	0.65	
Recreation Programs	5.11	5.53	0.42	
Community Development	21.84	22.27	0.43	
Debt Service	59.61	61.97	2.36	
Capital Improvement Fund	8.62	9.47	0.85	
Replacement Funds	157.29	165.60	8.31	
Total City Taxes	\$ 730.55	\$ 757.54	\$ 26.99	3.7%

The pie chart below illustrates how the City will spend each tax dollar it receives in 2013:

- 29 cents for public safety
- 22 cents for replacement funds
- 20 cents for parks
- 9 cents for general government
- 8 cents for public works
- 8 cents for debt service
- 3 cents for community development
- 1 cent for capital improvements



What does this mean to my taxes?

Minnesota’s property tax system uses market value to distribute tax burden (adopted levies) among property served.

Market Value Changes—Per the Ramsey County Assessor, 12% of Shoreview home values will remain at the same value for 2013 taxes, 11% of home values will increase, and the remaining 77% of home values will decrease.

Despite these value reductions, property taxes will increase for most property owners due to the combination of declining taxable values and levy changes.

Shoreview Residential Property		
Value Change	Number of Homes	Percent of Total
Increase more than 5%	51	0.5%
Increase up to 5%	979	10.4%
No change	1,095	11.7%
Decrease .1% to 5%	2,033	21.7%
Decrease 5.1% to 10%	1,947	20.7%
Decrease 10.1% to 15%	1,834	19.5%
Decrease more than 15%	1,448	15.4%
Total Homes	9,387	100.0%

Homestead Market Value Exclusion (HMVE) — The HMVE program (new for 2012 property taxes) continues for 2013. This program is designed to exclude a portion of market value for homes valued less than \$413,000. The overall effect of the new program is that it:

- Shifts tax burden from lower valued residential property to commercial/industrial, apartment and higher valued residential property
- Reduces overall taxable values by excluding a portion of home value from tax purposes
- Increases tax rates due to the reduction in values (tax rates are computed by dividing tax levies by the total taxable value for the taxing entity)

Change in City Tax on Median Home Value—The table below illustrates how changes in value impact Shoreview’s share of the tax bill for a median value home (for the City share of the tax bill only). Each line assumes a different change in market value.

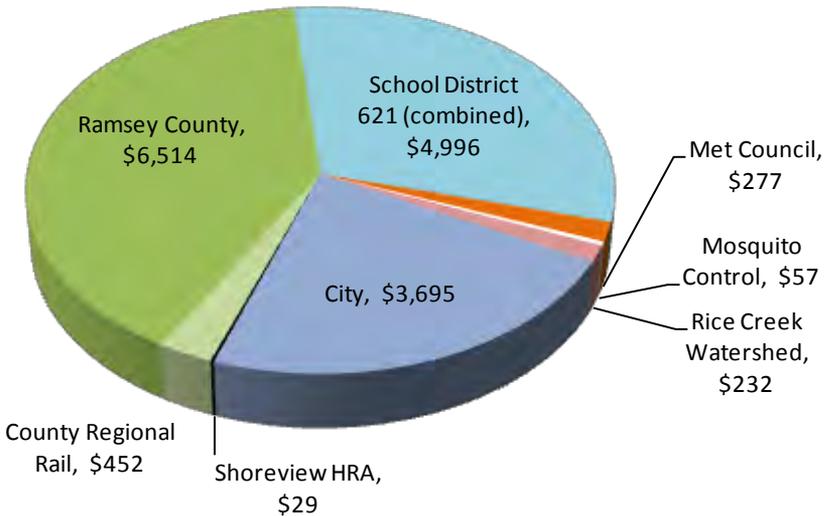
- A home with a 15% drop in value will pay \$45 less in City taxes for 2013
- A home with a 12.5% drop in value will pay \$21 less in City taxes for 2013
- A home with a 10% drop in value will essentially pay the same amount for City taxes in 2013
- A home with a 6.7% drop in value will pay \$27 more in City taxes for 2013
- A home with a 3.5% drop in value will pay \$51 more in City taxes for 2013
- A home with no change in value will pay \$76 more in City taxes for 2013
- A home with a 2.5% increase in value will pay \$93 more in City taxes for 2013

Market Value			City Portion of Property Tax		Change in City Property Tax	
After MVE		Value Change	2012	2013	Dollars	Percent
2012	2013					
\$ 241,300	\$ 205,000	-15.0%	\$ 802.37	\$ 757.54	\$ (44.83)	-5.6%
\$ 234,200	\$ 205,000	-12.5%	\$ 778.76	\$ 757.54	\$ (21.22)	-2.7%
\$ 227,800	\$ 205,000	-10.0%	\$ 757.48	\$ 757.54	\$ 0.06	0.0%
\$ 219,700	\$ 205,000	-6.7%	\$ 730.55	\$ 757.54	\$ 26.99	3.7%
\$ 212,470	\$ 205,000	-3.5%	\$ 706.61	\$ 757.54	\$ 50.93	7.2%
\$ 205,000	\$ 205,000	0.0%	\$ 681.67	\$ 757.54	\$ 75.87	11.1%
\$ 199,950	\$ 205,000	2.5%	\$ 665.04	\$ 757.54	\$ 92.50	13.9%

Distribution of Property Tax Bill

About 22% of the total property tax bill goes to Shoreview. For 2013, Shoreview's median home value is \$222,200, which is reduced to \$205,000 by the HMVE. The total tax on the \$205,000 value (for homes located in the Mounds View School District) is about \$3,418, and Shoreview's share is \$758.

The pie chart below shows the total tax bill by jurisdiction (using preliminary tax rates). The Mounds View school district share is combined in the chart (regular levies and referendum levies) for a total of \$1,110.



School district taxes in the Roseville school district (for the same home value) would be \$861, as compared to \$1,110 as shown above for the Mounds View district.

Property Tax Comparison - City Taxes

The graph below compares the 2012 City portion of the property tax bill for Shoreview and 28 other metro-area cities. All estimates are for a \$235,700 home value (Shoreview's median value in 2012). Shoreview ranks 5th lowest, and is about 24% lower than the average of \$961. Despite the favorable comparison for the City share of the tax bill, the total tax bill for all jurisdictions (City, County, school district and special taxing districts combined) ranks 9th highest for the same group of cities (4% above average) largely due to County taxes.



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Ramsey County Sheriff, non-emergency.....(651) 484-3366

Lake Johanna Fire Dept, non-emergency.....(651) 481-7024



Community Benchmarks

How does Shoreview compare?

September 2012

City of Shoreview, Minnesota
4600 Victoria Street North
Shoreview, MN 55126

Introduction

Comparisons of taxes and spending among cities are a topic of interest as the City moves through the annual budget process. Benchmark comparisons are assembled for metro-area cities closest to Shoreview in size (using population levels), and for peer cities that generally receive high quality-of-life ratings from citizens in their respective community surveys.

The comparisons are useful to illustrate how taxes and spending compare to Shoreview, as well as to evaluate how Shoreview's ranking changes over time. This document provides a summary of the information in preparation for the annual budget hearing.

Statistical information is derived from two key sources:

1. League of Minnesota Cities (LMC) publishes a report each fall on City property values, tax levies, tax rates and state aid for the current year. The most recent report provides 2012 data.
2. Minnesota Office of State Auditor (OSA) publishes a report in the spring on final City revenue, spending, debt levels and enterprise activity for two years earlier. The most recent OSA report provides 2010 data.

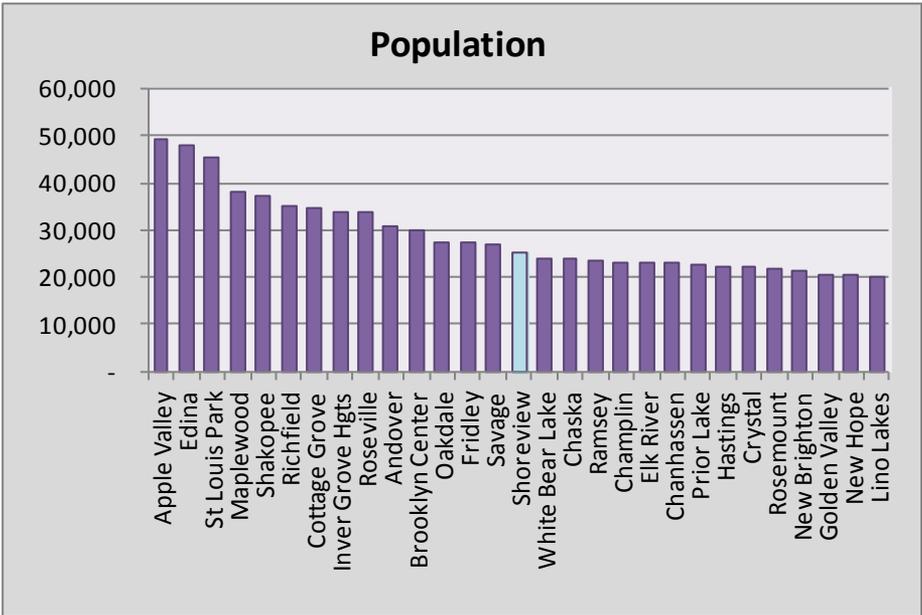
Shoreview uses both the LMC and OSA information to assemble two sets of data:

1. Comparison Cities - to illustrate how Shoreview ranks in relation to metro-area cities with population levels closest to Shoreview by selecting 14 cities larger and 14 cities smaller. These are cities with populations between 20,000 and 50,000.
2. MLC Cities - to illustrate how Shoreview ranks in relation to cities belonging to the Municipal Legislative Commission (MLC).

The 16 peer cities represented by the Municipal Legislative Commission (MLC) provide important comparisons because these cities have achieved high quality-of-life rankings from their residents in their respective community surveys, and they are often recognized as having sound financial management. In fact, most of the 16 cities have AAA bond ratings, as does Shoreview.

Population

The graph below contains the 2011 population for each of the comparison cities. By design, Shoreview falls exactly in the middle. A similar graph with population levels for MLC cities is presented on page 13.



City-Share of Property Taxes

The 2012 City-share of property taxes for a \$235,700 home (Shoreview's median value) is illustrated in the graph below. Shoreview ranks 5th lowest at \$731, and is about 24% below the average of \$961. It should be noted that for property tax purposes, the home value is reduced from \$235,700 to \$219,673 due to market value exclusion (MVE).



Tax Levy Ranking

Shoreview's tax levy rank has improved in the last 10 years in relation to comparison cities. For instance, in the year 2002 Shoreview ranked 18, and has dropped 2 positions to rank 20 in 2012. Shoreview's tax levy was 21.2% below the average of comparison cities in 2002, compared to 23.7% below the average for 2012.

2002		
Rank	City	Levy
1	Edina	\$16,990,739
2	Apple Valley	15,157,362
3	St. Louis Park	14,272,112
4	Golden Valley	10,682,329
5	Richfield	10,231,685
6	Maplewood	9,645,563
7	Brooklyn Center	9,503,505
8	Inver Grove Hgts	8,922,888
9	Roseville	8,922,740
10	Cottage Grove	8,466,017
11	New Hope	7,488,634
12	Chanhassen	6,742,474
13	Rosemount	6,735,846
14	Savage	6,614,823
15	Oakdale	6,607,519
16	Hastings	6,576,242
17	Shakopee	6,500,394
18	Shoreview	5,979,013
19	Lino Lakes	5,902,284
20	Crystal	5,644,690
21	Andover	5,626,617
22	Fridley	5,613,258
23	Champlin	5,256,896
24	New Brighton	5,162,859
25	Elk River	5,118,217
26	Prior Lake	4,805,197
27	Ramsey	4,623,388
28	White Bear Lake	4,307,701
29	Chaska	2,051,788
Average		\$ 7,591,475
Shvw to Avg		-21.2%

2012		
Rank	City	Levy Before MVHC Cuts
1	Edina	\$25,641,719
2	St Louis Park	23,763,589
3	Apple Valley	20,223,318
4	Maplewood	17,167,391
5	Richfield	16,981,362
6	Golden Valley	16,410,340
7	Inver Grove Hgts	14,958,700
8	Shakopee	14,717,435
9	Savage	14,670,008
10	Roseville	14,137,295
11	Brooklyn Center	13,208,169
12	Cottage Grove	12,241,249
13	Hastings	11,746,070
14	Andover	10,448,972
15	Fridley	10,383,597
16	Rosemount	10,331,935
17	Elk River	10,275,572
18	Oakdale	9,880,974
19	Chanhassen	9,802,043
20	Shoreview	9,290,085
21	New Hope	9,229,295
22	Crystal	8,792,834
23	Ramsey	8,414,125
24	Prior Lake	8,285,601
25	Lino Lakes	8,227,487
26	New Brighton	7,289,559
27	Champlin	7,239,634
28	Chaska	4,880,331
29	White Bear Lake	4,665,427
Average		\$ 12,182,901
Shvw to Avg		-23.7%

State Aid

Shoreview receives no local government aid (LGA) to help support the cost of City services. The table below shows the total LGA received by each comparison city, as well as the amount of LGA per capita. The highest city (on a per capita basis) is Crystal at \$65.69 of LGA per capita. Most comparison cities receive no LGA.

City	Local Govt Aid (LGA)	LGA Per Capita
Crystal	\$ 1,455,066	\$ 65.69
White Bear Lake	\$ 1,532,448	\$ 64.40
Richfield	\$ 1,218,346	\$ 34.58
Fridley	\$ 759,414	\$ 27.91
Brooklyn Center	\$ 411,378	\$ 13.67
New Hope	\$ 41,843	\$ 2.06
Chaska	\$ 37,441	\$ 1.58
Apple Valley	\$ -	\$ -
Edina	\$ -	\$ -
St Louis Park	\$ -	\$ -
Maplewood	\$ -	\$ -
Shakopee	\$ -	\$ -
Cottage Grove	\$ -	\$ -
Inver Grove Hgts	\$ -	\$ -
Roseville	\$ -	\$ -
Andover	\$ -	\$ -
Oakdale	\$ -	\$ -
Savage	\$ -	\$ -
Shoreview	\$ -	\$ -
Ramsey	\$ -	\$ -
Champlin	\$ -	\$ -
Elk River	\$ -	\$ -
Chanhassen	\$ -	\$ -
Prior Lake	\$ -	\$ -
Hastings	\$ -	\$ -
Rosemount	\$ -	\$ -
New Brighton	\$ -	\$ -
Golden Valley	\$ -	\$ -
Lino Lakes	\$ -	\$ -

Tax Rates

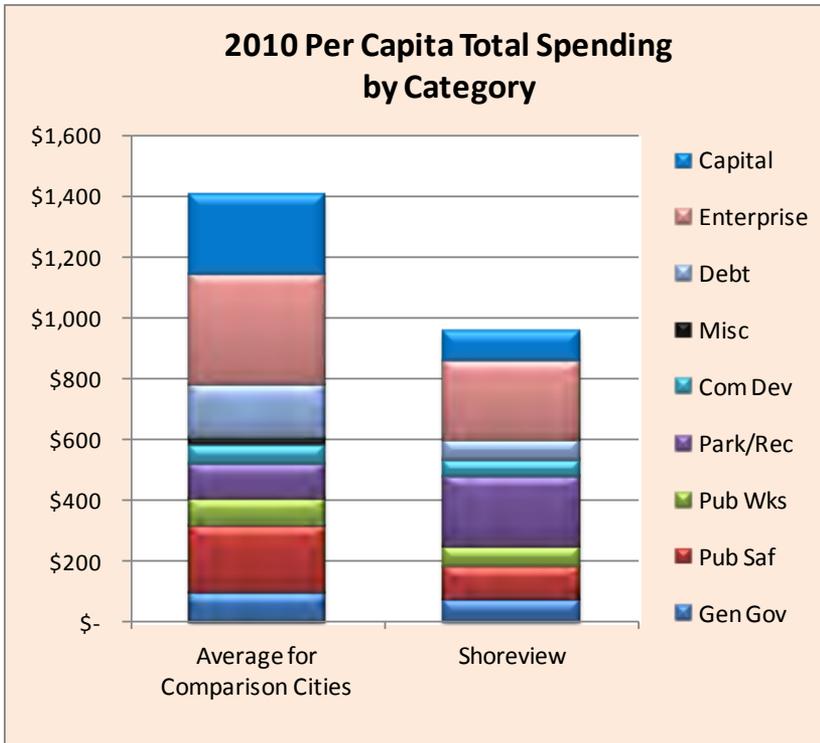
Tax rates provide a useful comparison because they measure both levies and values (the levy is divided by the taxable value to compute the tax rate). Shoreview's tax rate has remained relatively constant in the last 10 years, ranking 6th lowest in both 2002 and 2012. For 2012, Shoreview is about 22.4% below the average tax rate of 42.83%.

2002		
Rank	City	Tax Rate
1	Rosemount	59.55%
2	Hastings	58.66%
3	Brooklyn Center	57.71%
4	New Hope	53.79%
5	Lino Lakes	53.08%
6	Richfield	51.72%
7	Golden Valley	51.49%
8	Cottage Grove	47.41%
9	Apple Valley	45.94%
10	Inver Grove Hgts	45.23%
11	Elk River	43.60%
12	Crystal	43.36%
13	Champlin	42.36%
14	Oakdale	42.09%
15	Ramsey	41.58%
16	Prior Lake	39.89%
17	New Brighton	38.90%
18	St Louis Park	38.13%
19	Chanhassen	37.77%
20	Maplewood	35.44%
21	Savage	34.11%
22	Shakopee	33.98%
23	Andover	33.27%
24	Shoreview	30.40%
25	Fridley	29.99%
26	Roseville	29.41%
27	Edina	27.81%
28	White Bear Lake	27.37%
29	Chaska	19.84%
Average		41.17%
Shvw to Avg		-26.2%

2012		
Rank	City	Tax Rate
1	Hastings	66.08%
2	Brooklyn Center	64.36%
3	Richfield	60.81%
4	Golden Valley	55.80%
5	New Hope	55.11%
6	Crystal	51.34%
7	Savage	51.12%
8	Elk River	47.59%
9	Rosemount	46.99%
10	Inver Grove Hgts	45.36%
11	Ramsey	44.17%
12	Apple Valley	44.11%
13	Maplewood	44.06%
14	St Louis Park	43.87%
15	Lino Lakes	42.89%
16	Andover	42.26%
17	New Brighton	41.43%
18	Cottage Grove	41.29%
19	Champlin	41.20%
20	Fridley	39.62%
21	Oakdale	39.25%
22	Shakopee	36.66%
23	Roseville	33.45%
24	Shoreview	33.25%
25	Prior Lake	29.74%
26	Chanhassen	28.52%
27	Edina	26.25%
28	Chaska	25.49%
29	White Bear Lake	19.94%
Average		42.83%
Shvw to Avg		-22.4%

Total Spending Per Capita

Data obtained from the OSA each year helps Shoreview compare total spending per capita. The graph below contrasts the average spending per capita in 2010 for comparison cities along side the per capita spending in Shoreview. Shoreview's total 2010 spending is about \$954 per capita, which is about 32% below the average of \$1,395.



Spending Per Capita by Activity

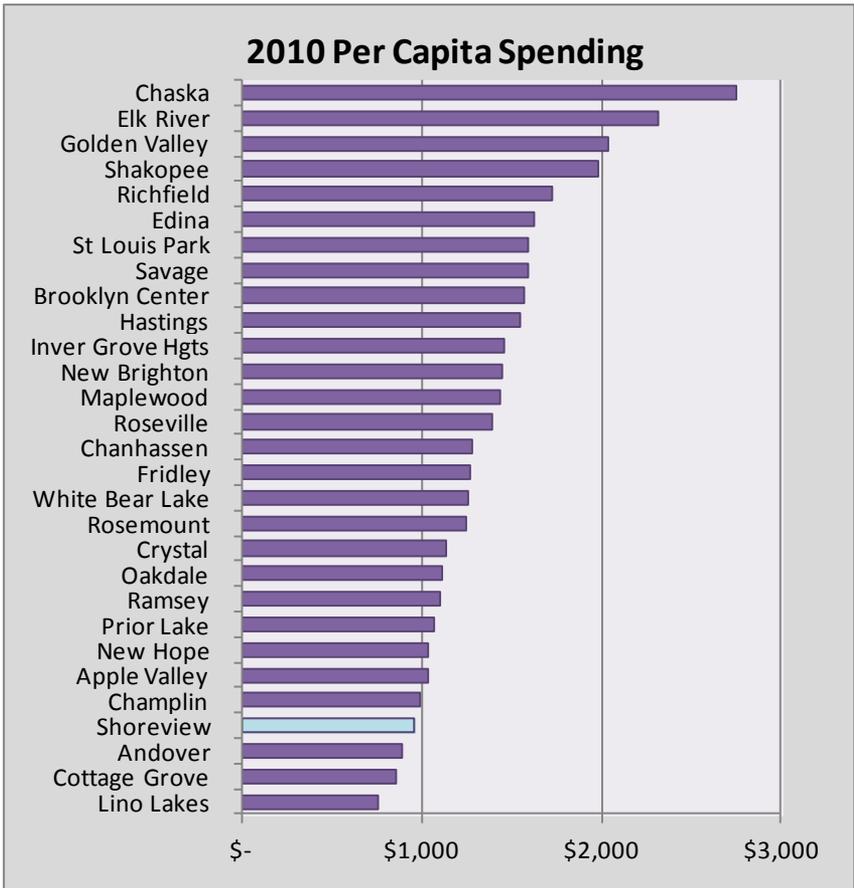
When reviewing spending in more detail, Shoreview is below average in all activities except parks and traditional utility operations (water, sewer, storm and street lighting).

- Parks and recreation spending is higher in Shoreview due to the Community Center and Recreation Program operations (largely supported by user fees and memberships).
- Utility spending is higher due to differences in how cities account for storm sewer and street light operations. For instance, some cities support these operations with property tax revenue.
- Public safety spending in Shoreview is the lowest for all comparison cities, at \$111.96 per capita, due to the efficiencies gained by contracting for both police and fire protection.
- Debt payments are 63% below average in Shoreview due to lower overall debt balances.

2010 Per Capita Spending	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
General government	\$ 94.20	\$ 69.47	\$ (24.73)	-26.3%
Public safety	220.10	111.96	(108.14)	-49.1%
Public works	88.88	62.59	(26.29)	-29.6%
Parks	114.90	233.38	118.48	103.1%
Commun devel/EDA/HRA/Housing	60.29	52.61	(7.68)	-12.7%
All other governmental	16.29	3.44	(12.85)	-78.9%
Water/sewer/storm/st lights	232.08	259.75	27.67	11.9%
Electric	109.76	-	(109.76)	-100.0%
All other enterprise operations	22.65	-	(22.65)	-100.0%
Debt payments	175.20	65.17	(110.03)	-62.8%
Capital outlay	260.67	95.54	(165.13)	-63.3%
Total All Funds	\$ 1,395.02	\$ 953.91	\$ (441.11)	-31.6%

The graph below shows total 2010 spending per capita (spending divided by population) for all comparison cities. Spending levels range from a high of \$2,754 in Chaska to a low of \$760 in Lino Lakes.

Shoreview ranks 4th lowest at \$954 per capita, and is 32% below the average of \$1,395.



Revenue Per Capita by Source

Shoreview is below average for every revenue classification in 2010 except charges for service and traditional utility revenue, and is about average for tax increment. Recreation program fees and community center admissions and memberships cause Shoreview to collect charges for service revenue well above average. Shoreview is 2nd lowest for special assessments and state aid (from all sources combined), while remaining more than 17% below average in property taxes.

2010 Per Capita Revenue	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
Property tax	\$ 417.95	\$ 345.37	\$ (72.58)	-17.4%
Tax increment (TIF)	74.33	77.29	2.96	4.0%
Franchise tax	16.61	11.31	(5.30)	-31.9%
Other tax	1.62	0.59	(1.03)	-63.6%
Special assessments	50.90	8.32	(42.58)	-83.7%
Licenses & permits	26.42	20.01	(6.41)	-24.3%
Federal (all combined)	22.84	0.36	(22.48)	-98.4%
State (all combined)	64.22	15.15	(49.07)	-76.4%
Local (all combined)	14.09	2.38	(11.71)	-83.1%
Charges for service	123.71	209.55	85.84	69.4%
Fines & forfeits	8.46	1.31	(7.15)	-84.5%
Interest	17.37	5.34	(12.03)	-69.3%
All other governmental	32.20	8.00	(24.20)	-75.2%
Water/sewer/storm/street lighting	229.86	263.75	33.89	14.7%
Electric enterprise	118.84	-	(118.84)	-100.0%
All other enterprise	27.57	-	(27.57)	-100.0%
Total Revenue per capita	\$ 1,246.99	\$ 968.73	\$ (278.26)	-22.3%

The combined results for property tax and special assessments is striking because Shoreview's long-term strategy for the replacement of streets shifts a greater burden for replacement costs to property taxes and utility fees, and away from special assessments. Shoreview's Comprehensive Infrastructure Replacement Policy states that "the City, as a whole, is primarily responsible for the payment of replacement and rehabilitation costs".

Shoreview's policy further states "the maximum cost to be assessed for any reconstruction and/or rehabilitation improvements is limited to the cost of added improvements", meaning property owners pay for an improvement only once via assessments. This practice is uncommon among comparison cities.

In order to achieve this result, Shoreview estimates replacement costs for a minimum of 40 years and identifies the resources (tax levies and user fees) necessary to support capital replacement costs well in advance. To comply with the policy requirements, Shoreview prepares an annual Comprehensive Infrastructure Replacement Plan (CHIRP).

This practice would seem to suggest that property taxes would be significantly higher in Shoreview to generate the resources needed to fund capital replacements, yet the tables and graphs provided on previous pages in this document illustrate that Shoreview remains not only competitive but ranks consistently lower than comparison cities.

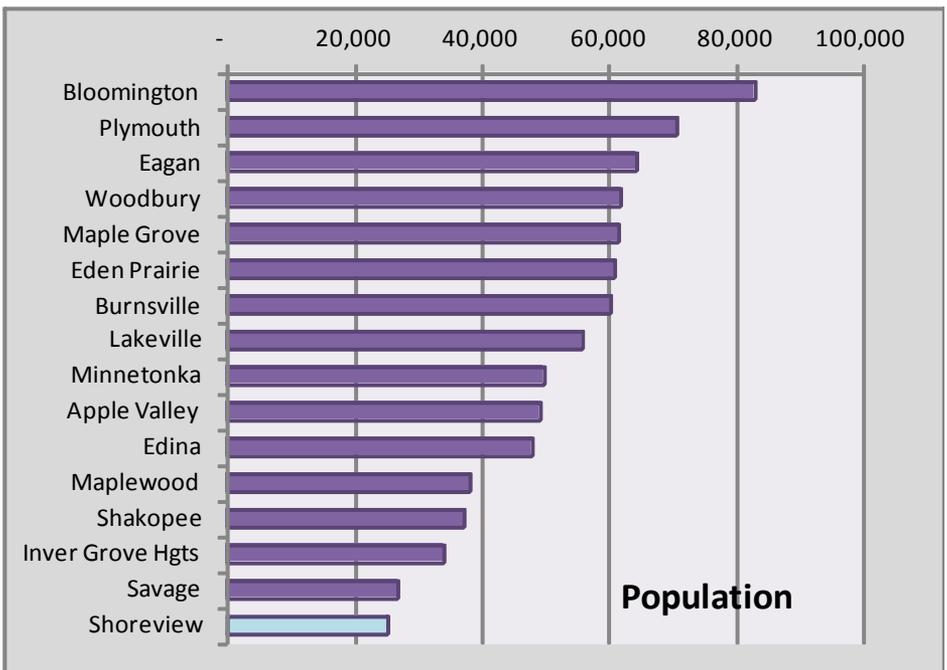
- Shoreview's 2010 spending per capita ranks 4th lowest
- Shoreview's assessment collections per capita are 2nd lowest among comparison cities
- Shoreview's share of the 2012 property tax bill, on a home valued at \$235,700, is 5th lowest
- Shoreview receives no state aid (LGA) to help pay for city services and reduce the property tax burden
- Shoreview's tax rate has remained stable and low in relation to comparison cities, ranking 24th among comparison cities in 2012 and in 2002

In short, Shoreview's long-term capital replacement planning has allowed the city to keep pace with replacement needs, and strongly limit the use of assessments while keeping property taxes lower than most comparison cities.

Comparison to MLC Cities

Comparisons for the 16 cities belonging to the Municipal Legislative Commission (MLC) provide an important comparison because these peer cities generally achieve high quality-of-life rankings from their residents in their respective community surveys, and are often recognized as having sound financial management (and most have AAA bond ratings, like Shoreview).

Shoreview has the smallest population in the group, and is roughly half of the average for the group.



Market Value comparisons are most useful when viewed on a per capita basis, because the geographic size and total market value of each community can vary greatly. For instance, Bloomington has the highest total market value at \$131.9 million followed by Edina with total market value of \$83.0 million. Once the value is divided by population, Edina's ranks highest at \$189,859 of value per resident, while Bloomington ranks 5th at \$116,560.

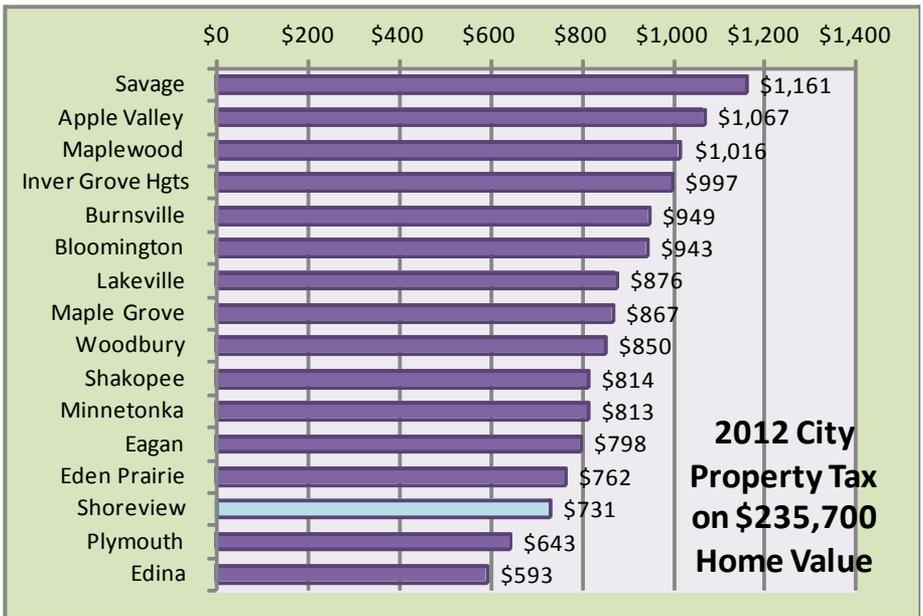
The graph below presents market value per capita for each MLC city. Shoreview is near the middle of the group (about 6.2% below the average of \$109,418).



Property Tax by Component Unit comparisons are perhaps the most revealing because taxes are compared for each type of component unit (i.e. city, county, school district and special districts).

The next 5 graphs compare property taxes by the type of taxing jurisdiction, starting with the city share of the tax bill.

City taxes are presented below for a home valued at \$235,700 (Shoreview’s median value). Shoreview ranks 3rd lowest at \$731, compared to a high of \$1,161 in Savage, and a low of \$593 in Edina. The average City tax for MLC cities is \$867.



School District property taxes are presented in the table below. It should be noted that the estimate for Shoreview assumes that the property is located in the Mounds View school district. Since MLC cities are located throughout the metro area, this illustration provides a comparison for a variety of school districts.

Property taxes in the Mounds View school district rank about 4% above the MLC city average.



Special Districts also vary throughout the metro area, depending on the watershed districts and local housing districts in each City. In Shoreview, special districts include the Regional Rail Authority, Metropolitan Council, Mosquito Control, Rice Creek Watershed and the Shoreview HRA. The special district tax bill in Shoreview breaks down as follows:

Regional Rail	\$ 95
Metropolitan Council	59
Mosquito Control	12
Rice Creek Watershed	52
Shoreview HRA	<u>6</u>
Total Special District Tax	\$224

The graph below presents an estimate for combined special district property taxes in each City. In Shoreview, the combined tax for these districts ranks 24% above the average of \$181.



County property taxes have the largest variance from the highest cities to the lowest cities.

- Ramsey County taxes are \$1,347, the highest for MLC cities. Cities in Ramsey County include Maplewood and Shoreview.
- Hennepin County cities are \$1,060, second highest for MLC cities (including the cities of Bloomington, Eden Prairie, Edina, Maple Grove, Minnetonka and Plymouth).
- Scott County taxes are \$852 (including the cities of Savage and Shakopee).
- Washington County taxes are \$706 (Woodbury).
- Dakota County is lowest at \$703 (including the cities of Apple Valley, Burnsville, Eagan, Inver Grove Heights and Lakeville).



Total taxes in Shoreview (for all taxing jurisdictions combined) rank 2nd highest among MLC cities (see graph below).



To further put the difference into perspective, the table below provides a side-by-side comparison of the total tax bill in Shoreview compared to the total tax bill in Eagan (the lowest MLC city). For the same value home, county property taxes are \$644 higher in Shoreview, school district taxes are \$57 higher, special district taxes are \$113 higher and City taxes are \$67 lower.

Jurisdiction	Shoreview	Eagan	Difference
County	\$ 1,347	\$ 703	\$ 644
School District	1,139	1,082	57
City	731	798	(67)
Special Districts	224	111	113
Total	\$ 3,441	\$ 2,694	\$ 747

Summary

Additional information on the City's budget, tax levy and utility rates will be made available in late November on the City's website and at city hall through two other informational booklets:

- Budget Summary
- Utility Operations

The budget hearing on the City's 2013 Budget is scheduled for December 3, 2012 at 7:00 p.m., in conjunction with the first regular Council meeting in December.

Adoption of the final tax levy, budget, capital improvement program and utility rates is scheduled for December 17, 2012 (the second regular Council meeting in December).

This document was prepared by the City's finance department.

