



2020 Comprehensive Infrastructure Replacement Plan and Policy

Prepared by the Finance Department
December 2019

This page left blank intentionally, to accommodate document formatting.

Table of contents

Overview – comprehensive infrastructure replacement plan	3 – 10
Summary – comprehensive infrastructure replacement policy requirements and provisions	11 – 12
Operating and capital projections.....	13
Governmental funds.....	13
Street renewal fund.....	13 – 16
MSA fund.....	17 – 18
Capital asset replacement fund	19 – 28
Proprietary funds.....	29 – 32
Water fund.....	32 – 35
Sewer fund.....	36 – 38
Surface water management fund	39 – 41
Street lighting fund.....	42 – 44
Central garage fund.....	45 – 47
Operating and capital projections.....	48
Comprehensive infrastructure replacement policy	48 – 53
Street renewal policy.....	54 – 58

Overview – comprehensive infrastructure replacement plan

Introduction

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

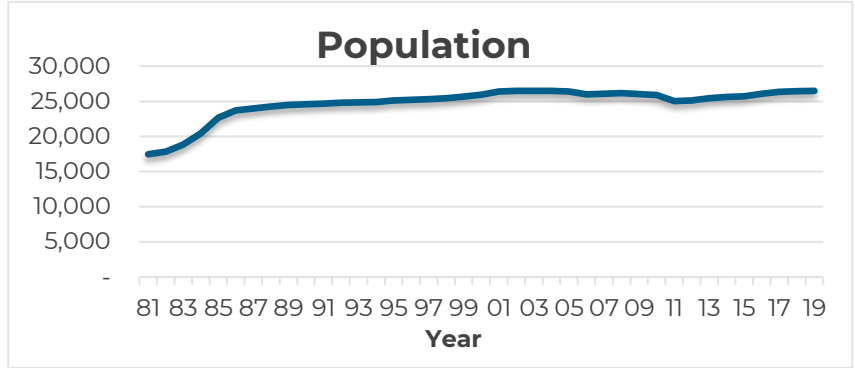
Government entities across the country address this issue in different ways. Some governments plan for capital repair and replacement costs on an annual basis through the budget process; while others plan for replacement needs through a broader capital improvement program (CIP) that typically covers five to six years. Both of these approaches are important components of any capital planning process; but neither provides enough information about future replacement needs to completely evaluate the long-term impact on citizens and property owners.

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

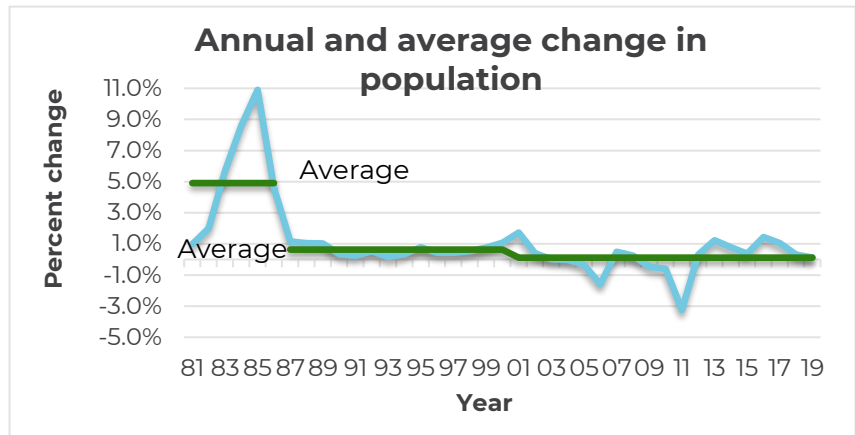
Community profile

Shoreview offers a full range of services to its 26,500 residents. The annual operating budget is \$32.5 million, including debt service funds (and excluding transfers between funds). Of that amount, the general fund budget is \$12.0 million. These budget levels are low in comparison to communities of similar size in the metro area and result in city property taxes and spending per capita well below the average for comparison cities. This puts additional pressure on the city to plan ahead for capital costs in an effort to avoid sharp increases in taxes and user fees.

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



In more recent years the city has moved closer toward full development. For instance, population growth slowed to an annual average of less than 1% per year from the mid-1980s through the year 2000, and



since the year 2000 population has increased an average of 0.16% annually.

Because Shoreview has been near full development for more than two decades, repair and replacement costs account for approximately 79% of total capital in the most recent 5-year CIP. Recognizing this shift in the city’s life cycle in the 1980s (from a developing community to fully developed), adopting policies designed to address the changing emphasis, and executing the plan on an annual basis has been essential to maintaining a quality infrastructure system that meets the needs of the community.

Policy objectives

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

- **Create a permanent program** – For more than two decades, the city has incorporated infrastructure replacement estimates into short and long-term financial planning; in part, because examining capital needs well in advance helps identify trends, creates opportunities to carefully

consider financing strategies and helps the city maintain quality systems that support services.

- **Moderate changes in the tax levy and user fees** – Sharp changes in tax levies and user fees are unacceptable to citizens, business owners and elected officials. Since large unanticipated capital costs would likely force significant changes in these revenue sources, Shoreview’s policy emphasizes the examination of capital replacement needs on a long-term basis which allows the city to adjust levies and user fees in a more gradual manner.
- **Plan carefully for new debt** – By considering capital costs over the long term, the city has greater ability to balance the use of current resources versus bonded debt well in advance. This allows the city to accumulate necessary resources in advance, avoiding bonding for capital costs in some instances, which reduces reliance on bonded debt where appropriate.
- **Limit special assessments** – Shoreview’s strict assessment policy limits the use of property assessments to once per improvement type, due to the belief the entire community shares the responsibility for the replacement of infrastructure. Therefore, tax levies and user fees (rather than future special assessments) are designed to support replacement costs.

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

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

The city’s infrastructure replacement policy identifies potential funding sources for each class of asset, provides restrictions for resources dedicated to replacement costs, and establishes a formal process to authorize a deviation from the policy. In order to deviate from the restrictions outlined in the CHIRP policy, the city council must follow one of two procedures: 1) declare a financial emergency by at least a four-fifths vote, or 2) conduct a public hearing to declare its intent and invite public input. Notice of the hearing must be

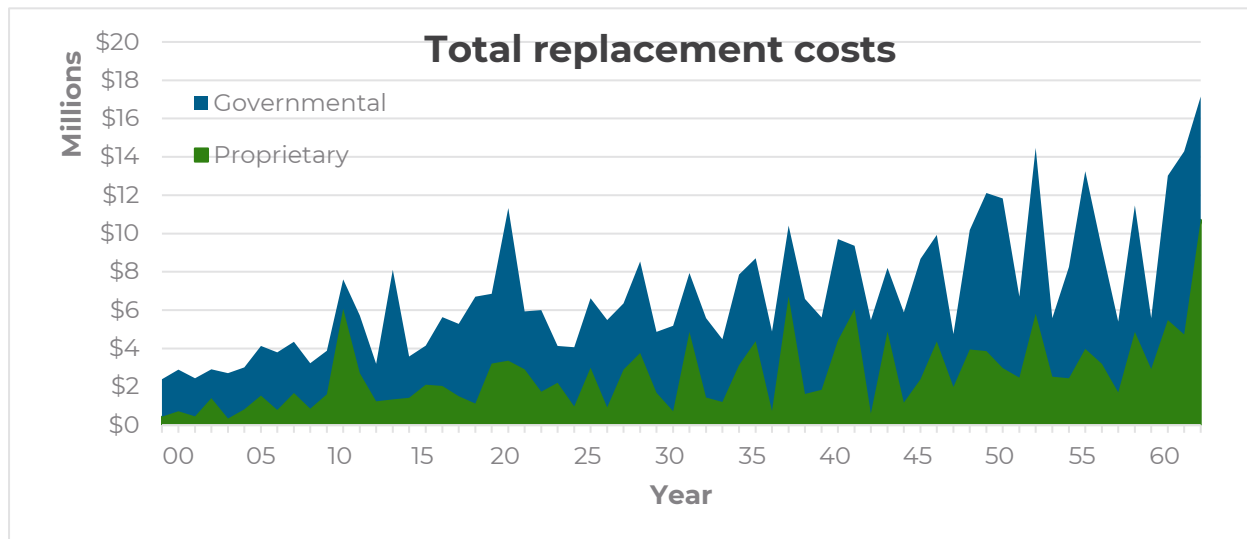
provided to the public in each newspaper of general circulation throughout Shoreview at least 30 days prior to the hearing, and the notice must also include the amount and intended purpose of the proposed expenditure.

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

Capital replacements

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

Over the next 40 years this plan provides for the replacement of \$190 million in governmental assets and \$117 million in proprietary assets, for a total of \$307 million in asset replacements. The graph below shows historical and projected replacement estimates.

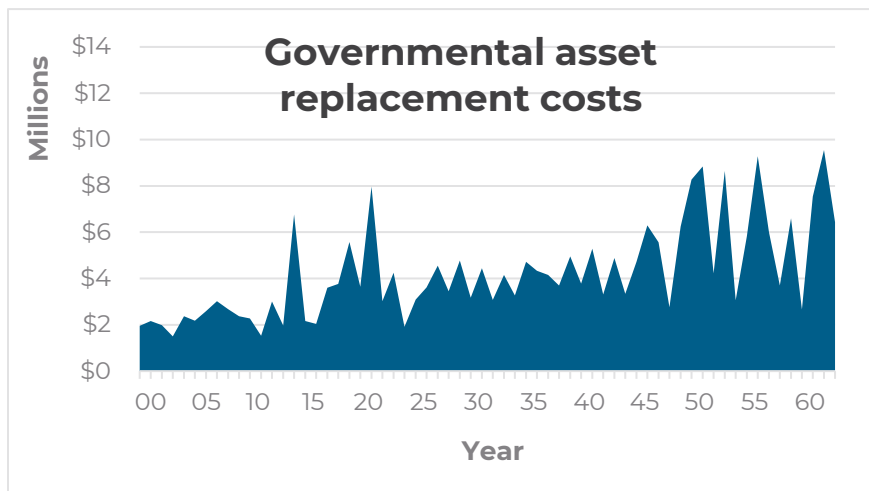


Governmental assets

Governmental asset replacement costs are accounted for within three capital project revolving funds: the street renewal fund, MSA fund, and the capital asset fund. Replacement costs include residential streets, public safety buildings, public safety equipment, city hall and community center remodeling, furnishings, mechanical systems, data processing systems, park

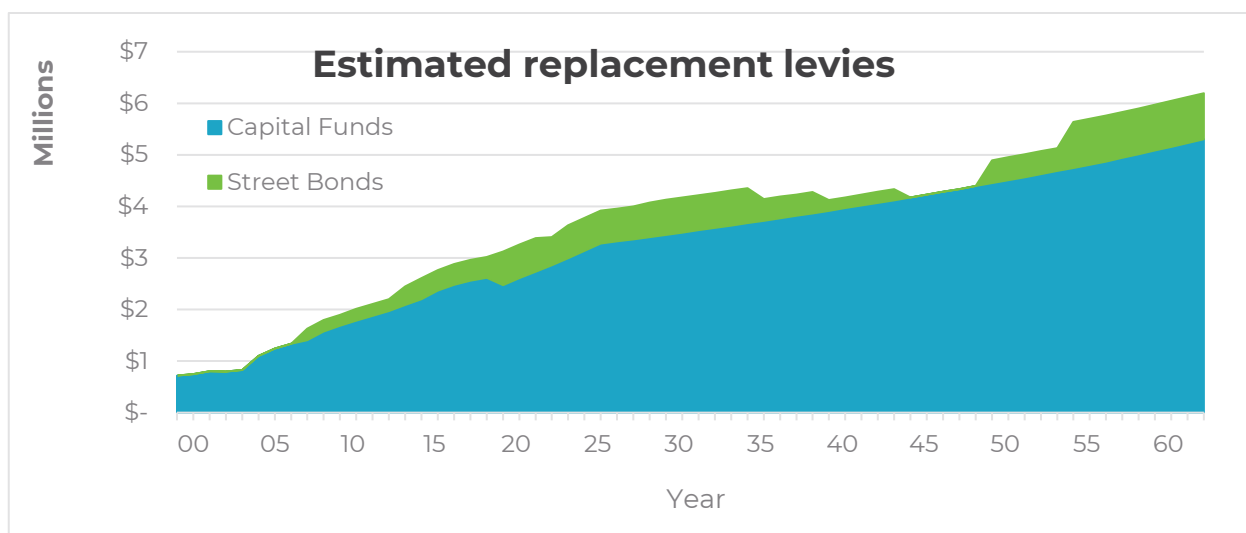
buildings, park improvements and trails. Because expenditures for these assets are accounted for within governmental funds, depreciation is recorded at the entity-wide level only.

Projections indicate that this plan provides for the replacement of \$80 million in general assets during the first 20 years and another \$110 million in the next 20-year period. As shown in the graph at right, projected replacement costs vary greatly between

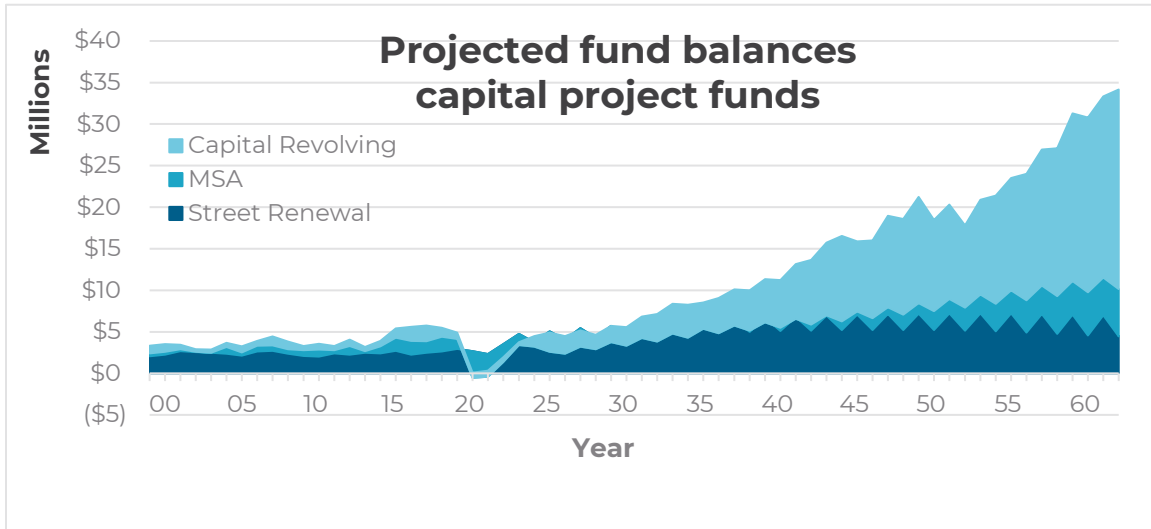


years (due to the size and nature of specific projects). Resources and fund balances are designed to provide a stable source of funds to finance capital costs.

Primary sources of funds for governmental asset replacements include tax levies, MSA (state aid for collector streets), investment interest earnings and street improvement bonds. Over the next 6 years, changes in the replacement portion of the city's levy (including levies for street bonds) cause an average annual increase in the total tax of 0.8% annually. After 2025, the average impact drops to about 0.2% per year. The portion of the annual property tax levy dedicated to replacement costs is shown in the graph below.

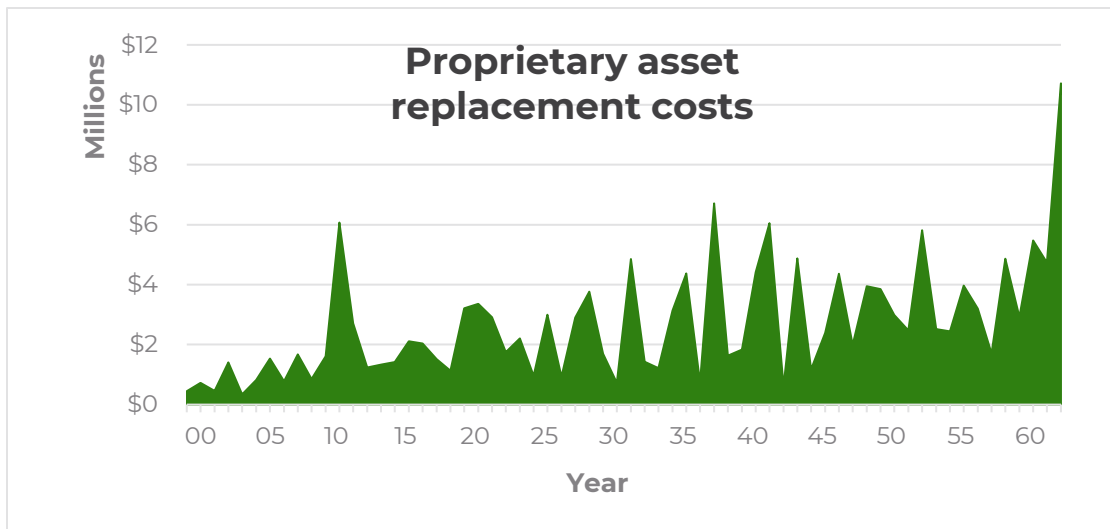


Fund balances in governmental funds are maintained at or above policy objectives, despite capital costs that vary dramatically from year to year, and tax levies that grow at modest rates. The graph below illustrates combined fund balances for the infrastructure reserve (street renewal), MSA and capital asset revolving funds.



Proprietary assets

Replacements of proprietary assets are accounted for within four enterprise funds and one internal service fund. Eligible replacement costs include all water, sewer, surface water, street lighting, buildings, vehicles and equipment owned by each fund. Projections indicate this plan provides for the replacement of \$50 million in proprietary assets during the first 20 years and another \$67 million in the next 20-year period. As with governmental assets, the size and nature of some improvements cause total replacement costs to vary greatly from year to year. The graph below shows historical and projected proprietary asset replacement costs. Detailed replacement projections for all proprietary assets are presented later in this report.



To ensure adequate funding of proprietary asset replacements, the city's policy requires the preparation of a 20-year operating plan at least once every five years. The plan must include examination of operating projections, capital replacement costs, estimated debt issuance, and capital additions, and the information must be used to analyze and recommend future utility rates and inter-fund charges. As a practical matter, the city prepares 5-year operating projections as part of the biennial budget and five-year operating plan (FYOP). For 2020, the projected annual change in the average total utility bill is 4.8% (covering water, sewer, surface water, and street lighting).

Operating projections for the central garage fund (an internal service fund), including inter-fund charges, are included in this plan. The inter-fund charges are designed to support operating costs of the maintenance center facility, as well as repair and maintenance of the building, vehicles and equipment. Projections, which are updated annually, indicate rental fees are projected to be at or below inflation rates over the next 20 years.

Bonded debt

This infrastructure replacement plan assumes the use of bonding to support a portion of replacement costs. Estimated debt issuance over the next 6 years (2020 – 2025) is as follows:

- \$ 6.29 million water system replacements
- \$ 5.11 million sewer system replacements
- \$ 3.14 million surface water system replacements
- \$ 2.50 million street rehabilitation
- \$ 1.09 million special assessment debt, added improvements
- \$18.13 million total projected 10-year debt issuance

During this same period, the city will retire \$19.0 million in replacement related debt.

Summary

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

Over the last 20 years, Shoreview has funded replacement costs and preserved high quality services while maintaining lower tax rates and user fees. To evaluate how Shoreview compares to 28 metro area cities (of similar size), a community benchmarks booklet is prepared annually for property tax, tax rate and spending comparisons. The 2019 data indicates that Shoreview is fourth lowest among comparison cities for the city-share of the property tax bill, is fourth lowest for the city property tax rate, and is 24% below the average per capita total spending. Shoreview's emphasis on long-range planning will help the city maintain this favorable comparison into the future, and remain an attractive location for area businesses and homeowners.

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

Cities are often being challenged to run their organizations more like a business. Because proprietary operations are the only funds that record depreciation expense within the fund, this infrastructure replacement plan was developed to pick up where traditional accounting leaves off. We believe government must plan and budget beyond yearly budget cycles or periodic economic fluctuations to avoid jumping from crisis to crisis.

This infrastructure replacement plan helps the city identify current and future resources needed to maintain quality facilities for Shoreview citizens. This, in turn, helps maintain reasonable tax levies and user fees, strong financial condition, moderate debt levels, and high bond ratings in the future.

Summary – comprehensive infrastructure replacement policy requirements and provisions

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

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

Description	Governmental (general) assets		
	Infrastructure reserve (street renewal)	Capital asset revolving	Internal service assets
			Central garage
Replacement projections	40 years	40 years	40 years
New improvement projections	Not applicable	Not applicable	10 years
Operating projections	40 years	40 years	20 years
Source of revenue	Property taxes Investment interest Other future revenues	Property taxes Investment interest Other future revenues	Rental fees Investment interest All other revenues
Eligible expenditures	Street reconstruction Street resurfacing Sealcoating Crack filling	Public safety equipment, public safety buildings, street lights, city hall building, furnishings and mechanical systems, data processing system, park buildings and improvements and trails	Central garage equipment, buildings and other central garage fund assets
Minimum fund or cash balance	Two million dollars	None	Half of operating costs
Targeted working capital target	2-3 years	1 year	4 months
Debt restrictions	Declare replacement monies as source of funding when bonds are authorized and/or Council approves transfers to the debt fund.		Equipment certificates allowed, however current resources are preferred
Procedure required to deviate from definition of eligible costs	4/5 vote of city council or public notice and public hearing		Not applicable

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

Operating and capital projections

Governmental funds

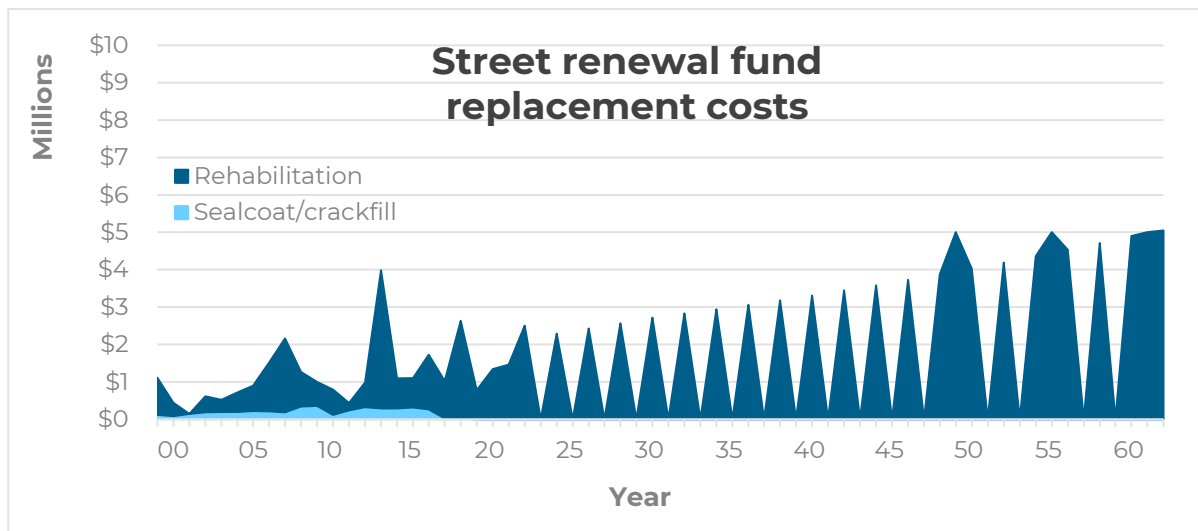
Replacement of governmental assets is accounted for within three capital project funds: the street renewal fund, MSA fund, and the capital asset fund. This section of the CHIRP provides operating and capital projections for these funds.

Street renewal fund

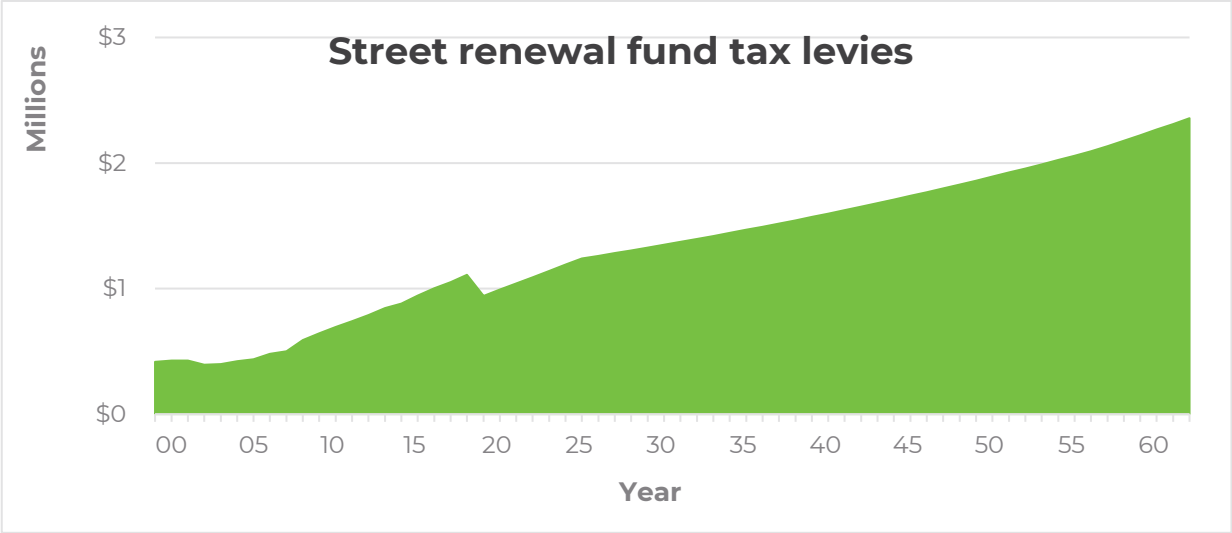
The city's street renewal fund is an ongoing capital fund used to manage, finance and implement street rehabilitation efforts. The fund was created in 1985 with an initial contribution of two million dollars (obtained from bond defeasance savings) and this initial contribution is maintained as a minimum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

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

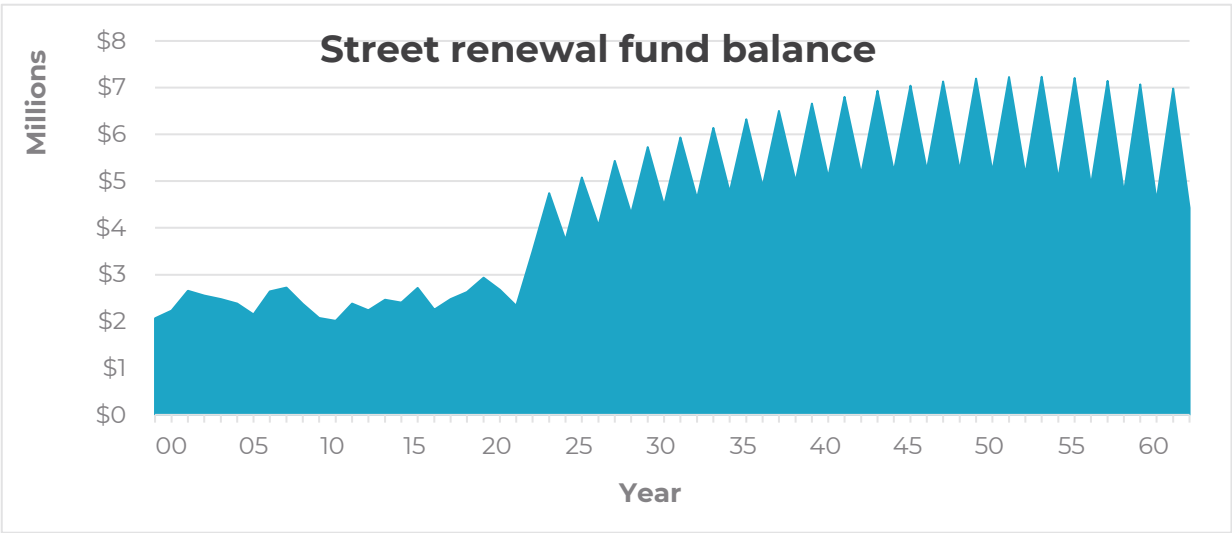
To put the scale of the street rehabilitation into perspective, over the next 20 years the street renewal fund will provide for approximately \$27 million in street renewal efforts. The graph below illustrates historical and anticipated replacement costs, including those financed by street bonds.



Annual property tax levies, interest earnings and street bonds are the primary revenue sources for street rehabilitation and street replacement costs. Taxing levels for the street renewal portion of the replacement program are established to provide a predictable revenue stream with moderate increases in this portion of the tax levy, so resources are available to support rehabilitation efforts when needed.



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



**Street renewal fund
Operating summary**

Year	Revenue			Street bonds	Total replacement costs	Fund balance
	Property taxes	Interest earnings	Special assessments			
2019	\$ 941,000	\$ 42,000	\$ 109,250	\$ -	\$ 779,000	\$ 2,937,413
2020	992,000	45,600	35,490	-	1,337,800	2,672,703
2021	1,040,000	41,200	34,387	-	1,457,600	2,330,690
2022	1,090,000	44,400	34,387	2,500,000	2,500,000	3,499,477
2023	1,140,000	67,600	34,200	-	-	4,741,277
2024	1,190,000	62,200	28,932	-	2,286,000	3,736,409
2025	1,240,000	71,800	28,932	-	-	5,077,141
2026	1,261,000	101,500	28,933	-	2,423,000	4,045,574
2027	1,282,000	80,900	28,933	-	-	5,437,407
2028	1,304,000	108,700	21,582	-	2,568,000	4,303,689
2029	1,326,000	86,100	11,713	-	-	5,727,502
2030	1,349,000	114,600	3,457	-	2,722,000	4,472,559
2031	1,372,000	89,500	3,457	-	-	5,937,516
2032	1,395,000	118,800	3,457	-	2,831,000	4,623,773
2033	1,419,000	92,500	3,457	-	-	6,138,730
2034	1,443,000	122,800	3,457	-	2,944,000	4,763,987
2035	1,468,000	95,300	-	-	-	6,327,287
2036	1,493,000	126,500	-	-	3,062,000	4,884,787
2037	1,518,000	97,700	-	-	-	6,500,487
2038	1,544,000	130,000	-	-	3,184,000	4,990,487
2039	1,570,000	99,800	-	-	-	6,660,287
2040	1,597,000	133,200	-	-	3,311,000	5,079,487
2041	1,624,000	101,600	-	-	-	6,805,087
2042	1,652,000	136,100	-	-	3,443,000	5,150,187
2043	1,680,000	103,000	-	-	-	6,933,187
2044	1,709,000	138,700	-	-	3,581,000	5,199,887
2045	1,738,000	104,000	-	-	-	7,041,887
2046	1,768,000	140,800	-	-	3,724,000	5,226,687
2047	1,798,000	104,500	-	-	-	7,129,187
2048	1,829,000	142,600	-	-	3,873,000	5,227,787
2049	1,860,000	104,600	-	5,000,000	5,000,000	7,192,387
2050	1,892,000	143,800	-	-	4,028,000	5,200,187
2051	1,924,000	104,000	-	-	-	7,228,187
2052	1,957,000	144,600	-	-	4,189,000	5,140,787
2053	1,990,000	102,800	-	-	-	7,233,587
2054	2,024,000	144,700	-	-	4,357,000	5,045,287
2055	2,058,000	100,900	-	5,000,000	5,000,000	7,204,187
2056	2,093,000	144,100	-	-	4,531,000	4,910,287
2057	2,135,000	98,200	-	-	-	7,143,487
2058	2,178,000	142,900	-	-	4,712,000	4,752,387
2059	2,222,000	95,000	-	-	-	7,069,387
2060	2,266,000	141,400	-	-	4,901,000	4,575,787
2061	2,311,000	91,500	-	5,000,000	5,000,000	6,978,287
2062	2,357,000	139,600	-	-	5,048,000	4,426,887

Street renewal fund

Capital summary

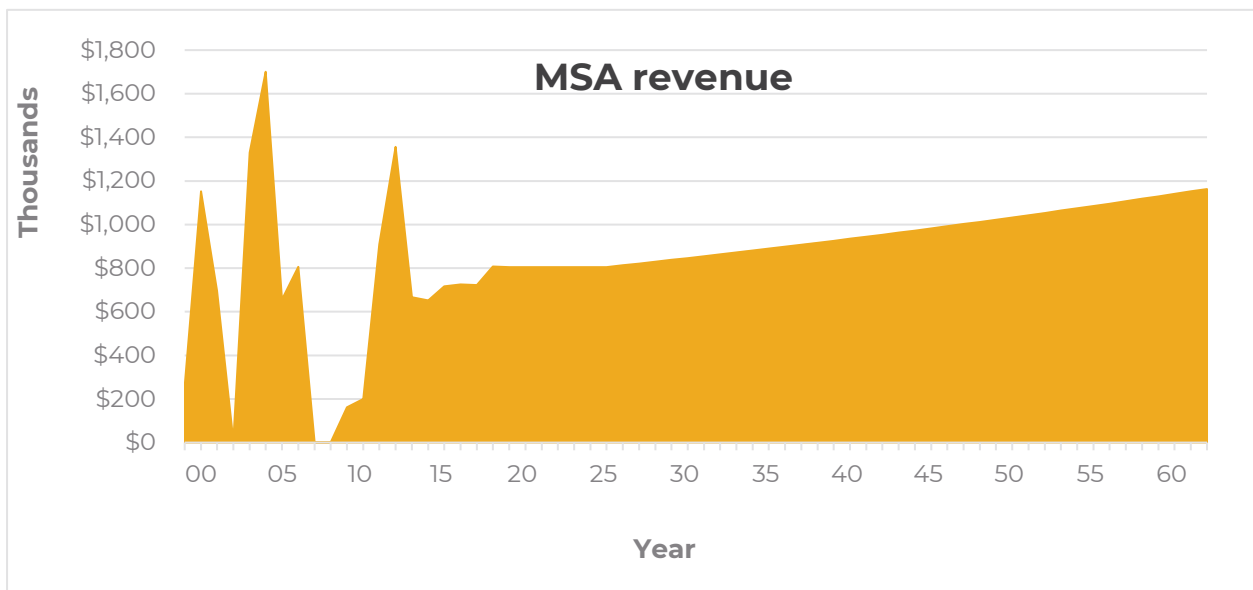
Year	Rehabilitation and reconstruction		Neighborhood/project	Total capital repl costs
	Street bonds	Street renewal		
2019	\$ -	\$ 779,000	Wabasso Neigh.	\$ 779,000
2020	-	1,337,800	Edgetown Acres	1,337,800
2021	-	1,457,600	Edgetown Acres	1,457,600
2022	2,500,000	-		2,500,000
2023	-	-		-
2024	-	2,286,000	Street rehabilitation	2,286,000
2025	-	-		-
2026	-	2,423,000		2,423,000
2027	-	-		-
2028	-	2,568,000		2,568,000
2029	-	-		-
2030	-	2,722,000		2,722,000
2031	-	-		-
2032	-	2,831,000		2,831,000
2033	-	-		-
2034	-	2,944,000		2,944,000
2035	-	-		-
2036	-	3,062,000		3,062,000
2037	-	-		-
2038	-	3,184,000		3,184,000
2039	-	-		-
2040	-	3,311,000		3,311,000
2041	-	-		-
2042	-	3,443,000		3,443,000
2043	-	-		-
2044	-	3,581,000		3,581,000
2045	-	-		-
2046	-	3,724,000		3,724,000
2047	-	-		-
2048	-	3,873,000		3,873,000
2049	5,000,000	-		5,000,000
2050	-	4,028,000		4,028,000
2051	-	-		-
2052	-	4,189,000		4,189,000
2053	-	-		-
2054	-	4,357,000		4,357,000
2055	5,000,000	-		5,000,000
2056	-	4,531,000		4,531,000
2057	-	-		-
2058	-	4,712,000		4,712,000
2059	-	-		-
2060	-	4,901,000		4,901,000
2061	5,000,000	-		5,000,000
2062	-	5,048,000		5,048,000

MSA fund

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

Although projections indicate little growth in the city's share of the highway user tax in the future, over the next 20 years the MSA fund will provide for approximately \$19 million for the rehabilitation of collector routes, on an every other year rotation.

Operating and capital projections in the table at right indicate the city will not have sufficient funding for a rehabilitation project approximately every other year in the future.



MSA fund

Operating and capital summary

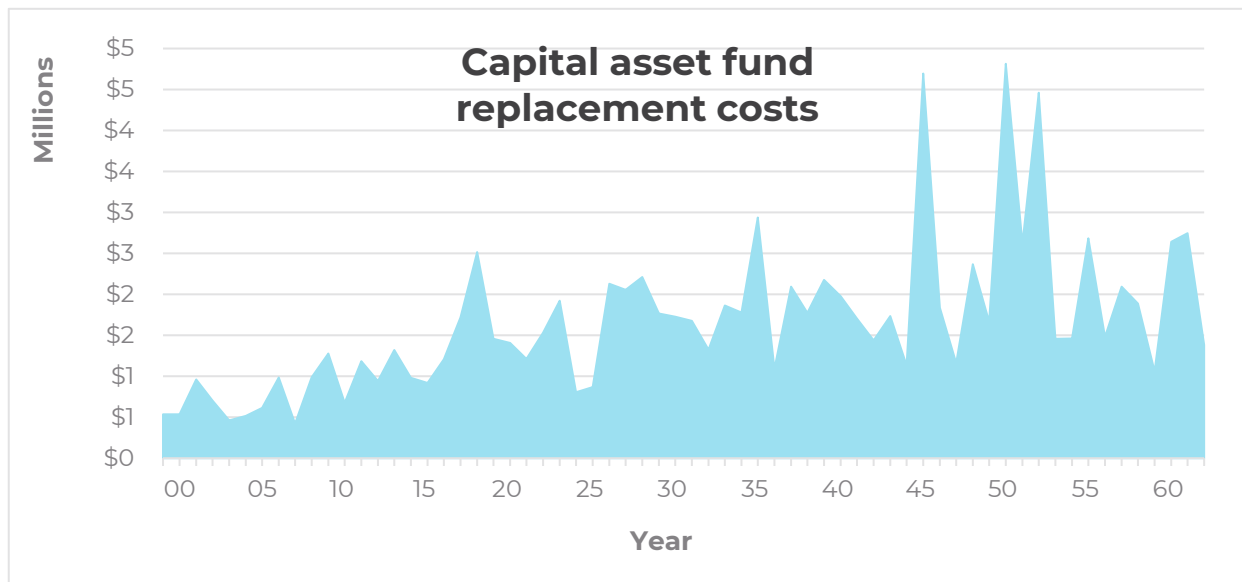
Year	Revenue			Expense	Fund balance
	MSA received	Investment interest	Total revenue	Project costs	
2019	\$ 805,121	\$ 13,000	\$ 818,121	\$ 1,399,545	\$ 1,208,871
2020	805,000	1,000	806,000	5,217,120	(3,202,249)
2021	805,000	1,000	806,000	345,000	(2,741,249)
2022	805,000	1,000	806,000	218,000	(2,153,249)
2023	805,000	1,000	806,000	-	(1,347,249)
2024	805,000	1,000	806,000	-	(541,249)
2025	805,000	1,000	806,000	2,744,000	(2,479,249)
2026	813,050	-	813,050	-	(1,666,199)
2027	821,181	-	821,181	1,400,000	(2,245,018)
2028	829,393	-	829,393	-	(1,415,625)
2029	837,687	-	837,687	1,400,000	(1,977,938)
2030	846,064	-	846,064	-	(1,131,874)
2031	854,525	-	854,525	1,400,000	(1,677,349)
2032	863,070	-	863,070	-	(814,279)
2033	871,701	-	871,701	1,400,000	(1,342,578)
2034	880,418	-	880,418	-	(462,160)
2035	889,222	-	889,222	1,400,000	(972,938)
2036	898,114	-	898,114	-	(74,824)
2037	907,095	-	907,095	1,600,000	(767,729)
2038	916,166	-	916,166	-	148,437
2039	925,328	-	925,328	1,600,000	(526,235)
2040	934,581	-	934,581	-	408,346
2041	943,927	-	943,927	1,600,000	(247,727)
2042	953,366	-	953,366	-	705,639
2043	962,900	-	962,900	1,600,000	68,539
2044	972,529	-	972,529	-	1,041,068
2045	982,254	-	982,254	1,600,000	423,322
2046	992,077	-	992,077	-	1,415,399
2047	1,001,998	-	1,001,998	1,600,000	817,397
2048	1,012,018	-	1,012,018	-	1,829,415
2049	1,022,138	-	1,022,138	1,600,000	1,251,553
2050	1,032,359	-	1,032,359	-	2,283,912
2051	1,042,683	-	1,042,683	1,600,000	1,726,595
2052	1,053,110	-	1,053,110	-	2,779,705
2053	1,063,641	-	1,063,641	1,600,000	2,243,346
2054	1,074,277	-	1,074,277	-	3,317,623
2055	1,085,020	-	1,085,020	1,600,000	2,802,643
2056	1,095,870	-	1,095,870	-	3,898,513
2057	1,106,829	-	1,106,829	1,600,000	3,405,342
2058	1,117,897	-	1,117,897	-	4,523,239
2059	1,129,076	-	1,129,076	1,600,000	4,052,315
2060	1,140,367	-	1,140,367	-	5,192,682
2061	1,151,771	-	1,151,771	1,800,000	4,544,453
2062	1,163,289	-	1,163,289	-	5,707,742

Capital asset replacement fund

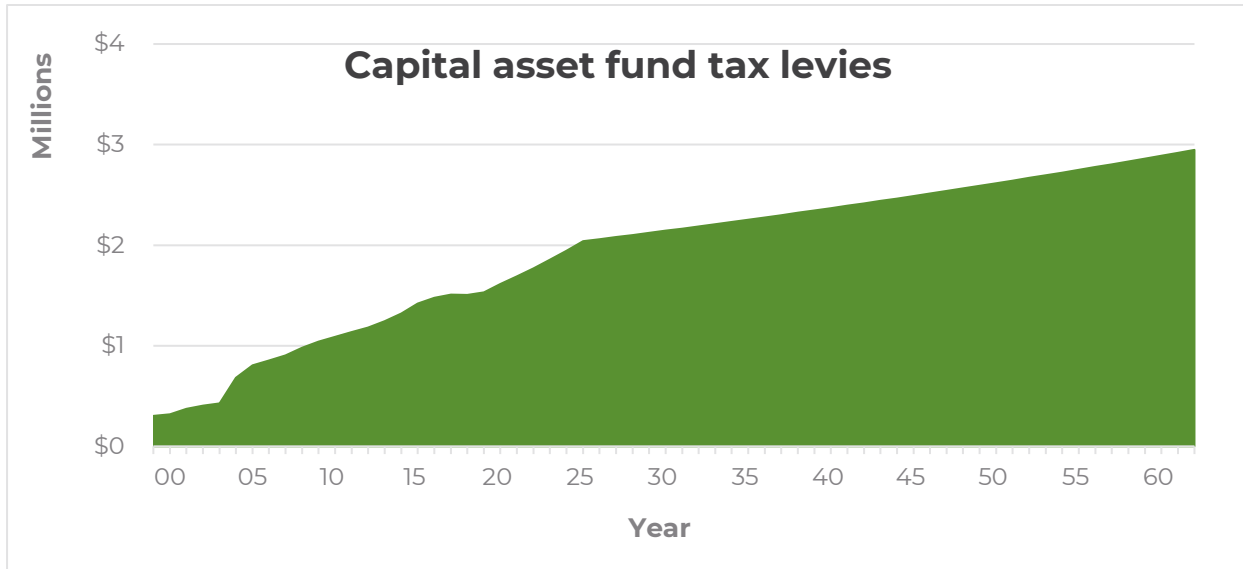
The capital asset replacement fund created in 1989, finances the replacement of all governmental assets. These include fire stations, fire equipment and warning sirens; street signs; community center and city hall buildings and furnishings; building mechanical systems; computer hardware and software; park buildings and improvements; as well as trails and pathways.

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

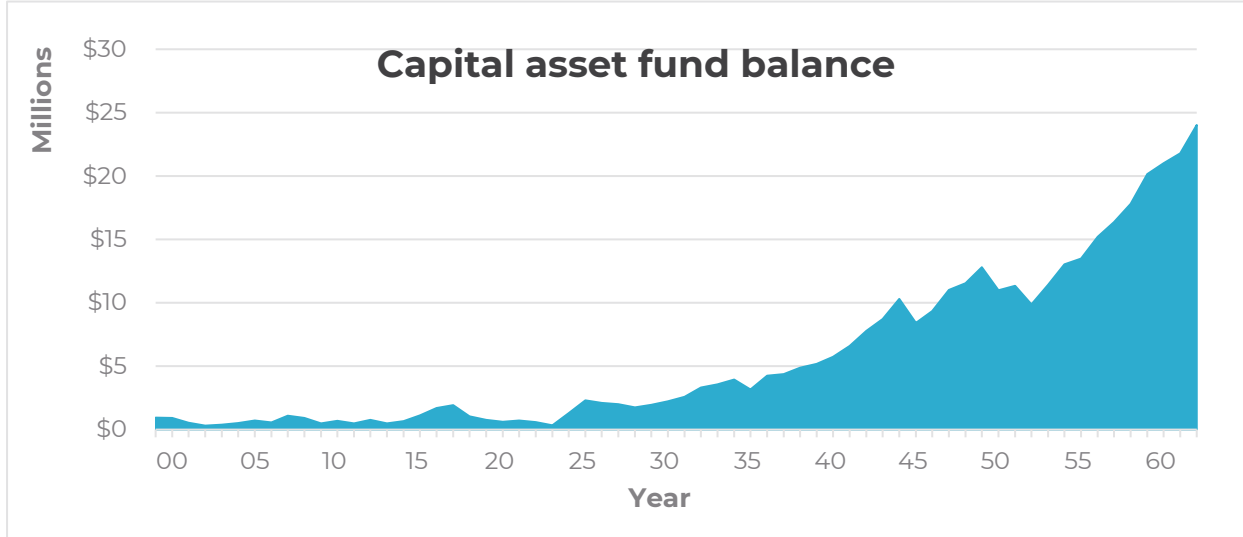
Over the next 20 years, the capital asset replacement fund will provide for approximately \$34 million in capital asset replacements, and will provide an additional \$4.3 million for debt service payments on governmental asset replacements. The first graph below illustrates historical and anticipated replacement costs.



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



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



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

Capital asset replacement fund

Operating summary

Year	Revenue		Expense		Fund balance
	Tax levy	Interest earnings	Replacement costs	Transfers out	
2019	\$ 1,530,000	\$ 21,000	\$ 1,458,928	\$ 380,000	\$ 764,917
2020	1,615,000	16,000	1,406,554	380,000	609,363
2021	1,690,000	14,000	1,213,394	380,000	719,969
2022	1,770,000	14,000	1,533,509	380,000	590,460
2023	1,855,000	12,000	1,920,650	200,000	336,810
2024	1,945,000	10,000	804,176	200,000	1,287,634
2025	2,040,000	43,000	868,600	200,000	2,302,034
2026	2,060,400	69,000	2,130,100	200,000	2,101,334
2027	2,081,000	63,000	2,053,650	200,000	1,991,684
2028	2,101,800	59,000	2,212,127	200,000	1,740,357
2029	2,122,800	53,000	1,767,200	200,000	1,948,957
2030	2,144,000	60,000	1,725,600	200,000	2,227,357
2031	2,165,400	68,000	1,678,000	200,000	2,582,757
2032	2,187,100	80,000	1,324,400	200,000	3,325,457
2033	2,209,000	101,000	1,863,700	200,000	3,571,757
2034	2,231,100	109,000	1,776,500	200,000	3,935,357
2035	2,253,400	116,000	2,938,600	200,000	3,166,157
2036	2,275,900	99,000	1,088,700	200,000	4,252,357
2037	2,298,700	128,000	2,092,300	200,000	4,386,757
2038	2,321,700	133,000	1,774,820	200,000	4,866,637
2039	2,344,900	147,000	2,176,300	-	5,182,237
2040	2,368,300	157,000	1,975,400	-	5,732,137
2041	2,392,000	174,000	1,705,100	-	6,593,037
2042	2,415,900	201,000	1,439,620	-	7,770,317
2043	2,440,100	235,000	1,733,200	-	8,712,217
2044	2,464,500	265,000	1,133,700	-	10,308,017
2045	2,489,100	303,000	4,693,200	-	8,406,917
2046	2,514,000	254,000	1,837,000	-	9,337,917
2047	2,539,100	284,000	1,158,900	-	11,002,117
2048	2,564,500	331,000	2,367,400	-	11,530,217
2049	2,590,100	349,000	1,664,300	-	12,805,017
2050	2,616,000	378,000	4,814,000	-	10,985,017
2051	2,642,200	330,000	2,616,700	-	11,340,517
2052	2,668,600	335,000	4,458,900	-	9,885,217
2053	2,695,300	300,000	1,457,400	-	11,423,117
2054	2,722,300	346,000	1,461,800	-	13,029,617
2055	2,749,500	391,000	2,685,200	-	13,484,917
2056	2,777,000	408,000	1,479,000	-	15,190,917
2057	2,804,800	458,000	2,092,800	-	16,360,917
2058	2,832,800	494,000	1,888,500	-	17,799,217
2059	2,861,100	539,000	1,059,700	-	20,139,617
2060	2,889,700	605,000	2,638,900	-	20,995,417
2061	2,918,600	630,000	2,747,400	-	21,796,617
2062	2,947,800	659,000	1,384,720	-	24,018,697

Capital asset replacement fund

Capital summary

Year	Estimated replacements							Transfer out to debt funds	Total expense
	Fire stations & equip	Warning sirens	Info. systems	Municipal buildings	Park facilities	Trails & pathways	Total costs		
2019	\$ 188,989	\$ -	\$ 89,602	\$ 288,329	\$ 812,008	\$ 80,000	\$ 1,458,928	\$ 380,000	\$ 1,838,928
2020	166,254	-	235,800	365,000	559,500	80,000	1,406,554	380,000	1,786,554
2021	127,394	18,000	302,000	449,000	237,000	80,000	1,213,394	380,000	1,593,394
2022	500,409	-	229,500	348,000	274,000	181,600	1,533,509	380,000	1,913,509
2023	314,950	18,000	87,500	1,167,000	250,000	83,200	1,920,650	200,000	2,120,650
2024	220,276	20,000	51,000	270,000	158,000	84,900	804,176	200,000	1,004,176
2025	40,000	-	97,000	443,000	202,000	86,600	868,600	200,000	1,068,600
2026	1,125,800	-	94,000	370,000	452,000	88,300	2,130,100	200,000	2,330,100
2027	681,550	-	167,000	520,000	595,000	90,100	2,053,650	200,000	2,253,650
2028	1,007,227	25,000	94,000	634,000	360,000	91,900	2,212,127	200,000	2,412,127
2029	287,500	-	389,000	630,000	367,000	93,700	1,767,200	200,000	1,967,200
2030	28,000	-	107,000	1,195,000	175,000	220,600	1,725,600	200,000	1,925,600
2031	289,300	-	89,000	917,200	285,000	97,500	1,678,000	200,000	1,878,000
2032	451,900	-	94,000	474,000	205,000	99,500	1,324,400	200,000	1,524,400
2033	108,000	-	102,000	1,422,200	130,000	101,500	1,863,700	200,000	2,063,700
2034	30,000	-	94,000	779,000	770,000	103,500	1,776,500	200,000	1,976,500
2035	1,178,000	-	89,000	1,173,000	393,000	105,600	2,938,600	200,000	3,138,600
2036	98,000	-	107,000	536,000	240,000	107,700	1,088,700	200,000	1,288,700
2037	687,400	85,000	154,000	711,000	345,000	109,900	2,092,300	200,000	2,292,300
2038	136,720	-	94,000	1,062,000	230,000	252,100	1,774,820	200,000	1,974,820
2039	140,000	16,000	102,000	1,485,000	319,000	114,300	2,176,300	-	2,176,300
2040	89,800	33,000	102,000	1,193,000	284,000	273,600	1,975,400	-	1,975,400
2041	852,500	34,000	94,000	505,700	100,000	118,900	1,705,100	-	1,705,100
2042	200,320	35,000	112,000	936,000	35,000	121,300	1,439,620	-	1,439,620
2043	51,000	-	97,000	821,500	640,000	123,700	1,733,200	-	1,733,200
2044	257,500	35,000	102,000	440,000	173,000	126,200	1,133,700	-	1,133,700
2045	139,500	-	107,000	3,118,000	1,026,000	302,700	4,693,200	-	4,693,200
2046	337,700	35,000	99,000	471,000	763,000	131,300	1,837,000	-	1,837,000
2047	162,000	-	162,000	556,000	145,000	133,900	1,158,900	-	1,158,900
2048	486,800	40,000	115,000	1,009,000	580,000	136,600	2,367,400	-	2,367,400
2049	148,000	45,000	462,000	512,000	358,000	139,300	1,664,300	-	1,664,300
2050	117,900	-	101,000	3,348,000	1,105,000	142,100	4,814,000	-	4,814,000
2051	1,690,800	-	111,000	430,000	240,000	144,900	2,616,700	-	2,616,700
2052	1,352,100	-	104,000	1,461,000	1,204,000	337,800	4,458,900	-	4,458,900
2053	164,900	-	96,000	715,700	330,000	150,800	1,457,400	-	1,457,400
2054	40,000	-	115,000	961,000	192,000	153,800	1,461,800	-	1,461,800
2055	823,300	-	101,000	999,000	395,000	366,900	2,685,200	-	2,685,200
2056	41,000	-	106,000	940,000	232,000	160,000	1,479,000	-	1,479,000
2057	941,600	75,000	118,000	415,000	380,000	163,200	2,092,800	-	2,092,800
2058	42,000	-	106,000	1,254,000	320,000	166,500	1,888,500	-	1,888,500
2059	228,900	-	106,000	350,000	205,000	169,800	1,059,700	-	1,059,700
2060	972,700	-	118,000	650,000	725,000	173,200	2,638,900	-	2,638,900
2061	1,554,700	-	106,000	370,000	290,000	426,700	2,747,400	-	2,747,400
2062	253,520	-	106,000	487,000	358,000	180,200	1,384,720	-	1,384,720

Capital asset replacement fund

Capital summary - fire equipment, vehicles and stations

Year	Shoreview share 61.6%		Breathing apparatus	Radio system	Other equipment	Vehicles	Total fire equipment & buildings	
	Buildings	Parking/driveways						
		Station #3						Station #4
2019	\$ 64,187	\$ -	\$ -	\$ 2,464	\$ -	\$ 20,698	\$ 101,640	\$ 188,989
2020	45,703	-	-	-	2,444	29,512	88,595	166,254
2021	18,330	-	-	-	-	60,184	48,880	127,394
2022	28,717	-	-	-	-	13,442	458,250	500,409
2023	40,000	-	-	-	-	-	274,950	314,950
2024	25,000	-	-	3,361	2,505	-	189,410	220,276
2025	40,000	-	-	-	-	-	-	40,000
2026	26,000	-	-	-	-	-	1,099,800	1,125,800
2027	40,000	-	-	-	-	-	641,550	681,550
2028	27,000	-	-	-	-	-	980,227	1,007,227
2029	40,000	-	-	-	75,000	8,000	164,500	287,500
2030	28,000	-	-	-	-	-	-	28,000
2031	40,000	-	-	241,300	-	8,000	-	289,300
2032	29,000	-	-	-	-	-	422,900	451,900
2033	40,000	-	-	-	-	9,000	59,000	108,000
2034	30,000	-	-	-	-	-	-	30,000
2035	40,000	-	-	-	-	9,000	1,129,000	1,178,000
2036	31,000	-	-	-	-	-	67,000	98,000
2037	40,000	-	-	-	-	10,000	637,400	687,400
2038	32,000	104,720	-	-	-	-	-	136,720
2039	40,000	-	-	90,000	-	10,000	-	140,000
2040	33,000	-	-	-	-	-	56,800	89,800
2041	40,000	-	-	-	-	11,000	801,500	852,500
2042	34,000	-	166,320	-	-	-	-	200,320
2043	40,000	-	-	-	-	11,000	-	51,000
2044	35,000	-	-	-	-	-	222,500	257,500
2045	40,000	-	-	-	-	12,000	87,500	139,500
2046	36,000	-	-	301,700	-	-	-	337,700
2047	40,000	-	-	-	110,000	12,000	-	162,000
2048	37,000	-	-	-	-	-	449,800	486,800
2049	40,000	-	-	-	-	13,000	95,000	148,000
2050	38,000	-	-	-	-	-	79,900	117,900
2051	40,000	-	-	110,000	-	13,000	1,527,800	1,690,800
2052	39,000	-	-	-	-	-	1,313,100	1,352,100
2053	40,000	-	-	-	-	14,000	110,900	164,900
2054	40,000	-	-	-	-	-	-	40,000
2055	40,000	-	-	-	-	14,000	769,300	823,300
2056	41,000	-	-	-	-	-	-	41,000
2057	41,000	-	-	-	-	15,000	885,600	941,600
2058	42,000	-	-	-	-	-	-	42,000
2059	42,000	-	-	-	-	15,000	171,900	228,900
2060	43,000	-	-	-	-	-	929,700	972,700
2061	43,000	-	-	377,200	-	16,000	1,118,500	1,554,700
2062	44,000	209,520	-	-	-	-	-	253,520

Capital asset replacement fund
Capital summary - warning sirens

By siren number and location												
Year	#1	#2	#3	#4	#5	#6	#7	#8	LC		VH	Total siren costs
	Maint center	Sherwd Road	Lake Judy	Victoria & 694	Turtle Lake school	Well #6	Rice Crk Park/ Pkvw Dr	Shamrock Park	50% of cost		Radio controls	
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	18,000	-	-	-	-	-	-	-	-	-	18,000
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	18,000	-	-	-	-	-	18,000
2024	-	-	-	-	-	-	-	20,000	-	-	-	20,000
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	25,000	-	-	-	25,000
2029	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	15,000	-	70,000	85,000
2038	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	16,000	-	16,000
2040	-	-	-	33,000	-	-	-	-	-	-	-	33,000
2041	-	-	-	-	34,000	-	-	-	-	-	-	34,000
2042	-	-	35,000	-	-	-	-	-	-	-	-	35,000
2043	-	-	-	-	-	-	-	-	-	-	-	-
2044	-	35,000	-	-	-	-	-	-	-	-	-	35,000
2045	-	-	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	35,000	-	-	-	-	-	35,000
2047	-	-	-	-	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	40,000	-	-	-	40,000
2049	45,000	-	-	-	-	-	-	-	-	-	-	45,000
2050	-	-	-	-	-	-	-	-	-	-	-	-
2051	-	-	-	-	-	-	-	-	-	-	-	-
2052	-	-	-	-	-	-	-	-	-	-	-	-
2053	-	-	-	-	-	-	-	-	-	-	-	-
2054	-	-	-	-	-	-	-	-	-	-	-	-
2055	-	-	-	-	-	-	-	-	-	-	-	-
2056	-	-	-	-	-	-	-	-	-	-	-	-
2057	-	-	-	-	-	-	-	-	-	-	75,000	75,000
2058	-	-	-	-	-	-	-	-	-	-	-	-
2059	-	-	-	-	-	-	-	-	-	-	-	-
2060	-	-	-	-	-	-	-	-	-	-	-	-
2061	-	-	-	-	-	-	-	-	-	-	-	-
2062	-	-	-	-	-	-	-	-	-	-	-	-

Capital asset replacement fund

Capital summary - Information systems

Year	Computers	Printers	Servers	Security systems	Recovery/ backup	Communica- tions	LAN/ network	Imaging/ records	Specialized software	Other	Estimated replacement cost
2019	\$ 12,000	\$ 24,000	\$ -	\$ 6,000	\$ -	\$ 1,500	\$ 29,500	\$ -	\$ 12,602	\$ 4,000	\$ 89,602
2020	12,000	12,000	-	86,000	-	1,500	9,300	30,000	-	85,000	235,800
2021	10,000	2,000	54,000	6,000	-	5,000	215,000	-	5,000	5,000	302,000
2022	10,000	4,000	-	6,000	100,000	-	103,500	-	-	6,000	229,500
2023	10,000	3,000	-	6,000	-	10,000	48,500	-	5,000	5,000	87,500
2024	10,000	-	-	6,000	-	25,000	5,000	-	-	5,000	51,000
2025	10,000	-	56,000	21,000	-	-	5,000	-	-	5,000	97,000
2026	24,000	12,000	30,000	2,000	-	5,000	8,000	-	-	13,000	94,000
2027	24,000	12,000	25,000	2,000	9,000	7,000	8,000	-	-	80,000	167,000
2028	24,000	12,000	30,000	2,000	-	5,000	8,000	-	-	13,000	94,000
2029	26,000	12,000	25,000	2,000	-	7,000	4,000	-	300,000	13,000	389,000
2030	26,000	12,000	30,000	2,000	9,000	7,000	8,000	-	-	13,000	107,000
2031	26,000	12,000	25,000	2,000	-	5,000	6,000	-	-	13,000	89,000
2032	26,000	12,000	30,000	2,000	-	5,000	6,000	-	-	13,000	94,000
2033	26,000	12,000	25,000	2,000	9,000	7,000	8,000	-	-	13,000	102,000
2034	28,000	12,000	30,000	2,000	-	4,000	5,000	-	-	13,000	94,000
2035	28,000	12,000	25,000	2,000	-	4,000	5,000	-	-	13,000	89,000
2036	28,000	12,000	30,000	2,000	7,000	7,000	8,000	-	-	13,000	107,000
2037	28,000	12,000	23,000	2,000	-	4,000	5,000	-	-	80,000	154,000
2038	28,000	12,000	30,000	2,000	-	4,000	5,000	-	-	13,000	94,000
2039	30,000	12,000	25,000	2,000	5,000	7,000	8,000	-	-	13,000	102,000
2040	30,000	12,000	30,000	2,000	-	7,000	8,000	-	-	13,000	102,000
2041	30,000	12,000	25,000	2,000	-	7,000	5,000	-	-	13,000	94,000
2042	30,000	12,000	30,000	2,000	13,000	7,000	5,000	-	-	13,000	112,000
2043	30,000	12,000	25,000	2,000	-	7,000	8,000	-	-	13,000	97,000
2044	32,000	12,000	30,000	2,000	-	5,000	8,000	-	-	13,000	102,000
2045	32,000	12,000	25,000	2,000	11,000	7,000	5,000	-	-	13,000	107,000
2046	32,000	12,000	30,000	2,000	-	5,000	5,000	-	-	13,000	99,000
2047	32,000	12,000	23,000	2,000	-	5,000	8,000	-	-	80,000	162,000
2048	32,000	12,000	30,000	2,000	11,000	7,000	8,000	-	-	13,000	115,000
2049	34,000	12,000	25,000	2,000	-	5,000	5,000	-	366,000	13,000	462,000
2050	34,000	12,000	30,000	2,000	-	5,000	5,000	-	-	13,000	101,000
2051	34,000	12,000	25,000	2,000	12,000	5,000	8,000	-	-	13,000	111,000
2052	34,000	12,000	30,000	2,000	-	5,000	8,000	-	-	13,000	104,000
2053	34,000	12,000	25,000	2,000	-	5,000	5,000	-	-	13,000	96,000
2054	36,000	12,000	30,000	2,000	12,000	5,000	5,000	-	-	13,000	115,000
2055	36,000	12,000	25,000	2,000	-	5,000	8,000	-	-	13,000	101,000
2056	36,000	12,000	30,000	2,000	-	5,000	8,000	-	-	13,000	106,000
2057	36,000	12,000	30,000	2,000	12,000	5,000	8,000	-	-	13,000	118,000
2058	36,000	12,000	30,000	2,000	-	5,000	8,000	-	-	13,000	106,000
2059	36,000	12,000	30,000	2,000	-	5,000	8,000	-	-	13,000	106,000
2060	36,000	12,000	30,000	2,000	12,000	5,000	8,000	-	-	13,000	118,000
2061	36,000	12,000	30,000	2,000	-	5,000	8,000	-	-	13,000	106,000
2062	36,000	12,000	30,000	2,000	-	5,000	8,000	-	-	13,000	106,000

Capital asset replacement fund

Capital summary - municipal buildings (including city hall and community center)

Year	Mechanicals, roof & exterior	Carpet	Banquet rooms	Pool equip water treatment pool stairs water features	All other equipment	Locker rooms and other replacement allowances	Total building replacement costs
2019	\$ -	\$ -	\$ 5,408	\$ 50,000	\$ 150,000	\$ 82,921	\$ 288,329
2020	-	-	90,000	140,000	95,000	40,000	365,000
2021	-	95,000	20,000	38,000	107,000	189,000	449,000
2022	-	35,000	15,000	223,000	75,000	-	348,000
2023	850,000	52,000	15,000	100,000	50,000	100,000	1,167,000
2024	-	115,000	15,000	15,000	50,000	75,000	270,000
2025	-	50,000	105,000	65,000	68,000	155,000	443,000
2026	-	10,000	8,000	66,000	131,000	155,000	370,000
2027	-	50,000	-	55,000	115,000	300,000	520,000
2028	-	145,000	15,000	144,000	170,000	160,000	634,000
2029	-	-	50,000	365,000	50,000	165,000	630,000
2030	281,000	-	90,000	419,000	85,000	320,000	1,195,000
2031	-	150,000	129,000	143,000	280,000	215,200	917,200
2032	-	-	100,000	124,000	80,000	170,000	474,000
2033	800,000	75,000	49,000	203,200	80,000	215,000	1,422,200
2034	350,000	45,000	15,000	89,000	50,000	230,000	779,000
2035	-	115,000	60,000	20,000	565,000	413,000	1,173,000
2036	-	-	-	46,000	190,000	300,000	536,000
2037	-	60,000	75,000	41,000	130,000	405,000	711,000
2038	-	220,000	75,000	241,000	341,000	185,000	1,062,000
2039	525,000	-	-	700,000	55,000	205,000	1,485,000
2040	-	20,000	125,000	573,000	285,000	190,000	1,193,000
2041	-	-	-	115,000	55,000	335,700	505,700
2042	-	125,000	-	376,000	90,000	345,000	936,000
2043	75,000	70,000	15,000	286,500	90,000	285,000	821,500
2044	-	55,000	-	30,000	55,000	300,000	440,000
2045	2,281,000	190,000	215,000	25,000	90,000	317,000	3,118,000
2046	-	-	85,000	81,000	100,000	205,000	471,000
2047	-	25,000	11,000	160,000	150,000	210,000	556,000
2048	-	135,000	50,000	344,000	205,000	275,000	1,009,000
2049	-	135,000	15,000	92,000	55,000	215,000	512,000
2050	255,000	-	120,000	418,000	265,000	2,290,000	3,348,000
2051	-	-	-	155,000	55,000	220,000	430,000
2052	-	290,000	95,000	511,000	95,000	470,000	1,461,000
2053	-	-	80,000	315,700	95,000	225,000	715,700
2054	-	100,000	12,000	159,000	110,000	580,000	961,000
2055	89,000	-	85,000	120,000	355,000	350,000	999,000
2056	-	145,000	-	340,000	55,000	400,000	940,000
2057	-	-	-	35,000	150,000	230,000	415,000
2058	-	385,000	15,000	399,000	225,000	230,000	1,254,000
2059	-	-	-	35,000	55,000	260,000	350,000
2060	-	-	-	355,000	55,000	240,000	650,000
2061	-	-	-	70,000	55,000	245,000	370,000
2062	-	-	-	187,000	55,000	245,000	487,000

Capital asset replacement fund
Capital summary - park facilities

Year	Buildings	Picnic shelters	Playground equipment	Pavement			Fencing/backboards	Lights	Misc. items	Total all parks
				Courts	Parking/driveway					
2019	\$ 15,000	\$ -	\$ 95,000	\$ 54,700	\$ 205,000	\$ 55,000	\$ -	\$ 387,308	\$ 812,008	
2020	41,000	-	260,000	55,000	-	12,000	35,000	156,500	559,500	
2021	50,000	-	-	-	-	60,000	-	127,000	237,000	
2022	-	-	125,000	55,000	-	25,000	39,000	30,000	274,000	
2023	-	-	100,000	40,000	-	-	-	110,000	250,000	
2024	18,000	-	-	40,000	-	-	-	100,000	158,000	
2025	42,000	-	20,000	40,000	100,000	-	-	-	202,000	
2026	-	-	110,000	-	-	110,000	57,000	175,000	452,000	
2027	25,000	-	-	45,000	375,000	50,000	-	100,000	595,000	
2028	20,000	-	235,000	105,000	-	-	-	-	360,000	
2029	27,000	-	-	70,000	200,000	70,000	-	-	367,000	
2030	70,000	-	-	40,000	-	-	-	65,000	175,000	
2031	20,000	-	120,000	45,000	-	-	27,000	73,000	285,000	
2032	33,000	-	-	45,000	-	60,000	-	67,000	205,000	
2033	-	-	70,000	-	-	-	-	60,000	130,000	
2034	90,000	-	130,000	-	-	-	-	550,000	770,000	
2035	63,000	-	240,000	90,000	-	-	-	-	393,000	
2036	-	-	-	120,000	-	-	-	120,000	240,000	
2037	20,000	-	145,000	80,000	-	-	-	100,000	345,000	
2038	-	-	115,000	65,000	-	-	-	50,000	230,000	
2039	-	24,000	-	50,000	105,000	140,000	-	-	319,000	
2040	50,000	38,000	130,000	50,000	-	-	-	16,000	284,000	
2041	-	-	-	-	-	-	-	100,000	100,000	
2042	-	-	-	-	-	35,000	-	-	35,000	
2043	20,000	-	200,000	60,000	260,000	-	-	100,000	640,000	
2044	33,000	-	-	140,000	-	-	-	-	173,000	
2045	84,000	-	-	90,000	790,000	-	-	62,000	1,026,000	
2046	90,000	-	145,000	60,000	164,000	140,000	-	164,000	763,000	
2047	-	-	-	80,000	-	65,000	-	-	145,000	
2048	89,000	-	90,000	60,000	200,000	-	41,000	100,000	580,000	
2049	69,000	30,000	150,000	-	-	60,000	49,000	-	358,000	
2050	35,000	-	300,000	-	750,000	-	-	20,000	1,105,000	
2051	-	-	-	75,000	-	-	40,000	125,000	240,000	
2052	80,000	-	170,000	155,000	750,000	-	49,000	-	1,204,000	
2053	-	-	130,000	100,000	-	-	-	100,000	330,000	
2054	-	-	-	80,000	82,000	-	30,000	-	192,000	
2055	160,000	-	150,000	85,000	-	-	-	-	395,000	
2056	-	-	-	70,000	-	-	62,000	100,000	232,000	
2057	-	-	170,000	-	-	110,000	-	100,000	380,000	
2058	20,000	50,000	250,000	-	-	-	-	-	320,000	
2059	-	40,000	-	80,000	-	75,000	-	10,000	205,000	
2060	-	50,000	-	170,000	400,000	-	-	105,000	725,000	
2061	20,000	-	-	110,000	15,000	-	45,000	100,000	290,000	
2062	50,000	-	160,000	85,000	18,000	45,000	-	-	358,000	

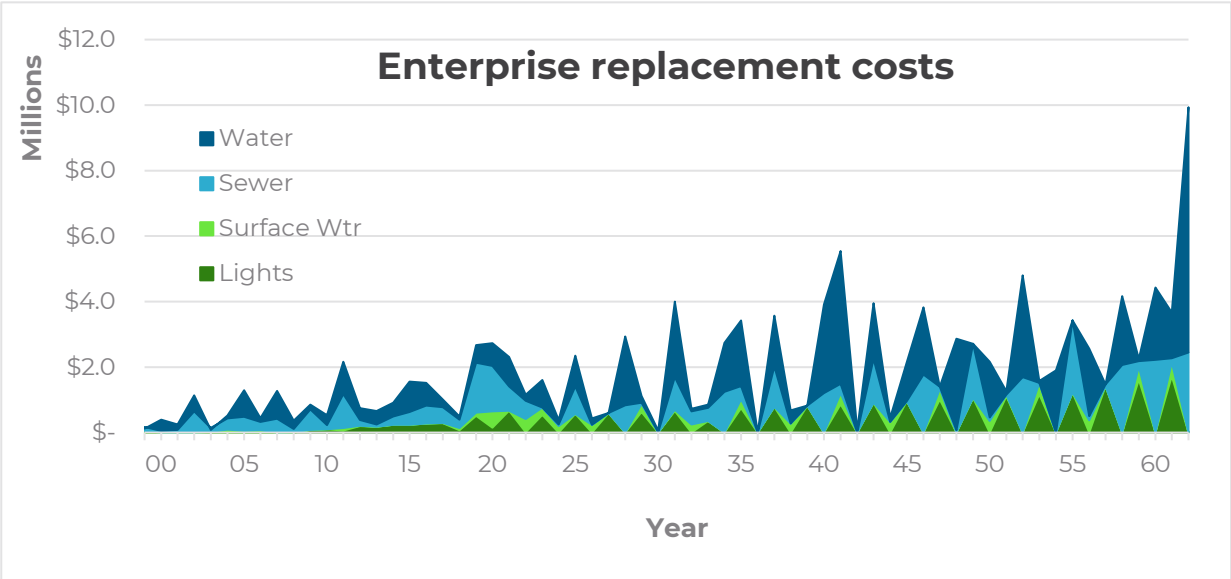
Capital asset replacement fund
Capital summary - trails and pathways

Year	Park	Description	Trail rehabilitation & replacement		Total cost
			Rehab.	Replace	
2019	Allowance	Asphalt path	\$ 80,000	\$ -	\$ 80,000
2020	Allowance	Asphalt path	80,000	-	80,000
2021	Allowance	Asphalt path	80,000	-	80,000
2022	Allowance	Asphalt path	81,600	100,000	181,600
2023	Allowance	Asphalt path	83,200	-	83,200
2024	Allowance	Asphalt path	84,900	-	84,900
2025	Allowance	Asphalt path	86,600	-	86,600
2026	Allowance	Asphalt path	88,300	-	88,300
2027	Allowance	Asphalt path	90,100	-	90,100
2028	Allowance	Asphalt path	91,900	-	91,900
2029	Allowance	Asphalt path	93,700	-	93,700
2030	Allowance	Asphalt path	95,600	125,000	220,600
2031	Allowance	Asphalt path	97,500	-	97,500
2032	Allowance	Asphalt path	99,500	-	99,500
2033	Allowance	Asphalt path	101,500	-	101,500
2034	Allowance	Asphalt path	103,500	-	103,500
2035	Allowance	Asphalt path	105,600	-	105,600
2036	Allowance	Asphalt path	107,700	-	107,700
2037	Allowance	Asphalt path	109,900	-	109,900
2038	Allowance	Asphalt path	112,100	140,000	252,100
2039	Allowance	Asphalt path	114,300	-	114,300
2040	Allowance	Asphalt path	116,600	157,000	273,600
2041	Allowance	Asphalt path	118,900	-	118,900
2042	Allowance	Asphalt path	121,300	-	121,300
2043	Allowance	Asphalt path	123,700	-	123,700
2044	Allowance	Asphalt path	126,200	-	126,200
2045	Allowance	Asphalt path	128,700	174,000	302,700
2046	Allowance	Asphalt path	131,300	-	131,300
2047	Allowance	Asphalt path	133,900	-	133,900
2048	Allowance	Asphalt path	136,600	-	136,600
2049	Allowance	Asphalt path	139,300	-	139,300
2050	Allowance	Asphalt path	142,100	-	142,100
2051	Allowance	Asphalt path	144,900	-	144,900
2052	Allowance	Asphalt path	147,800	190,000	337,800
2053	Allowance	Asphalt path	150,800	-	150,800
2054	Allowance	Asphalt path	153,800	-	153,800
2055	Allowance	Asphalt path	156,900	210,000	366,900
2056	Allowance	Asphalt path	160,000	-	160,000
2057	Allowance	Asphalt path	163,200	-	163,200
2058	Allowance	Asphalt path	166,500	-	166,500
2059	Allowance	Asphalt path	169,800	-	169,800
2060	Allowance	Asphalt path	173,200	-	173,200
2061	Allowance	Asphalt path	176,700	250,000	426,700
2062	Allowance	Asphalt path	180,200	-	180,200

Proprietary funds

Proprietary operations are accounted for through enterprise funds (for utility operations) and internal service funds (for operation of the maintenance center). The infrastructure replacement policy requires preparation of 20-year operating projections at least every 5 years. City staff prepares the analysis in most years, and on occasion an outside consultant is hired to prepare a utility rate study. Both methods include a comprehensive 20-year analysis of operations and capital costs; and provide a recommendation for utility rates and inter-fund charges (in support of Internal Service operations). The 2019 utility rate study was prepared by staff, and the last study prepared by an outside consultant occurred in 2002.

Enterprise capital costs are financed through a combination of debt issuance and the use of current resources. Over the next 20 years, enterprise funds will provide for the replacement of approximately \$32 million in water, sewer and surface water system replacements. The following graph provides an illustration of historical and anticipated replacement costs.



The replacement projections for utility assets, presented in this document, are prepared in aggregate considering the overall age and condition of the assets. Repair and replacement projections are not prepared for specific neighborhoods or projects until the anticipated project is included in the five-year capital improvement program. For example, a review of water and sewer lines indicates that materials used during different stages of Shoreview's development resulted in different expected lives. Lines installed in the 1960's

and early 1970's were made of materials that cannot be expected to last as long as the lines installed later in the 1970's and in the 1980's. Newer materials and construction techniques allow us to assume longer life spans for lines installed during the latter stages of the rapid residential growth.

The city's enterprise funds include:

- Water fund
- Sewer fund
- Surface water management fund
- Street lighting fund

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

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

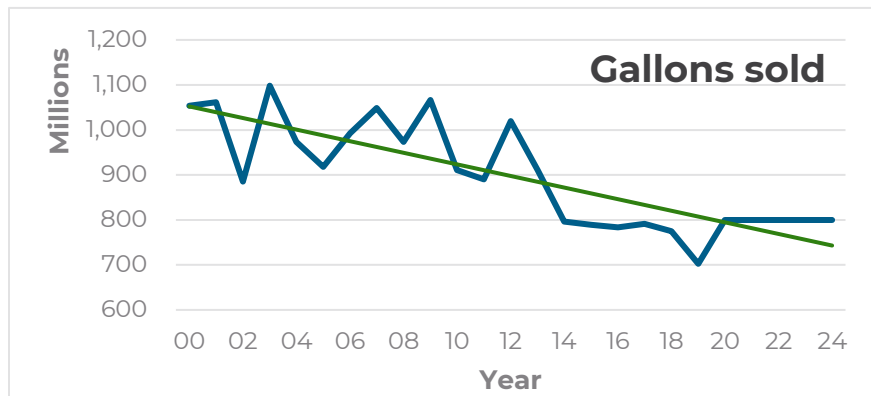
Operating projections provided on the following pages were prepared as part of the city's FYOP, and were compiled based on a number of assumptions; including the rate of inflation, water consumption levels, estimated replacement costs and others. These projections, in conjunction with historical activity,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

Usage trends

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

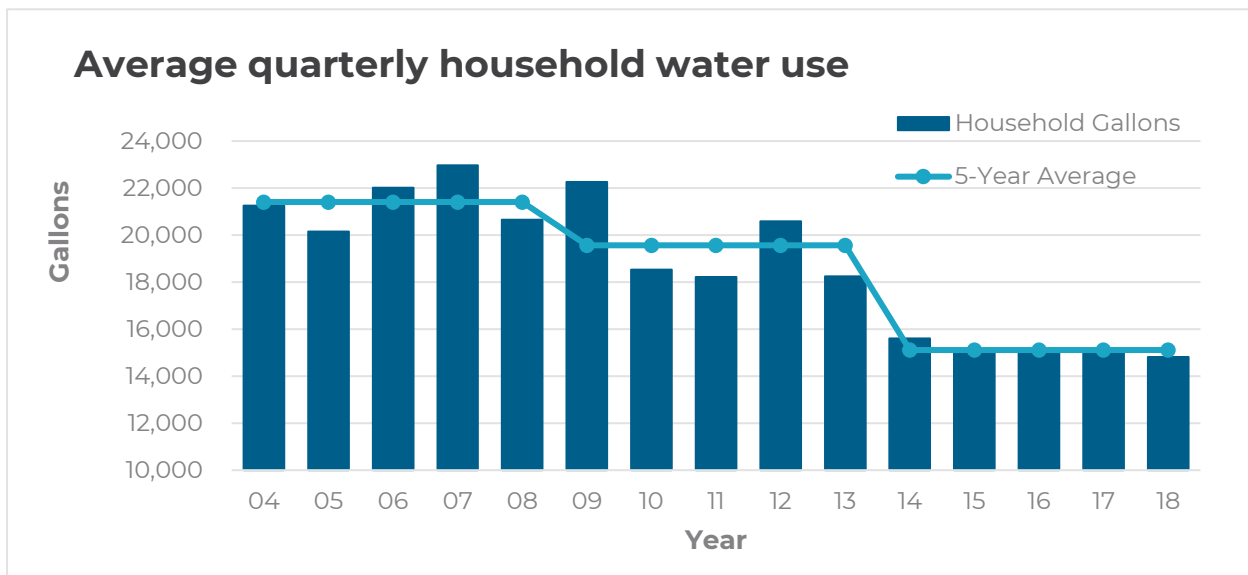
a trend among residential customers in winter months also demonstrates reduced water consumption.

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

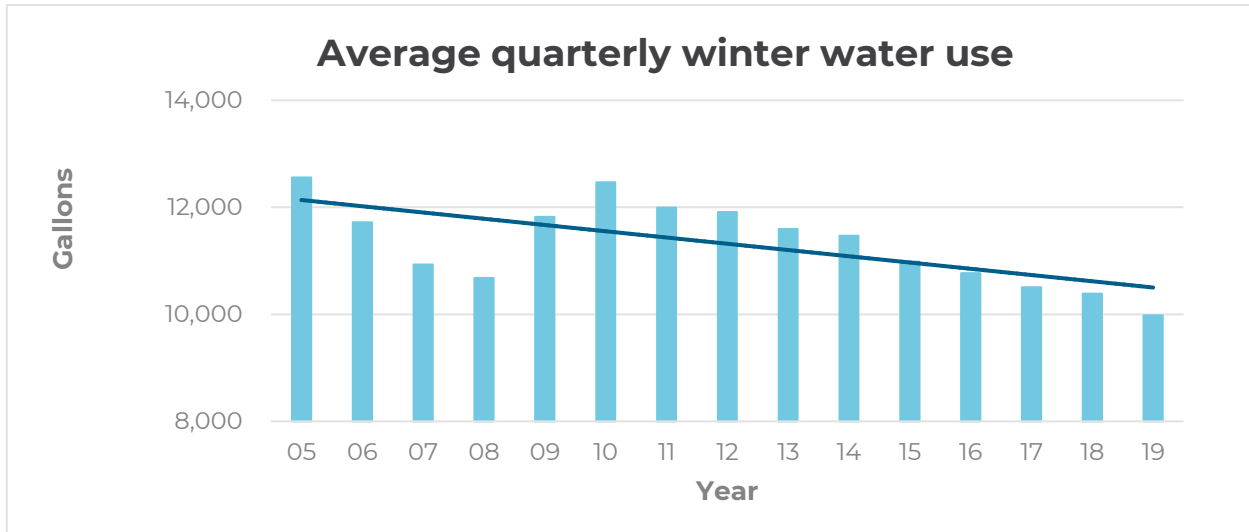


Over the last nine years, household water use has accounted for an average of 75% of total gallons consumed. Two graphs provided on the next page illustrate a decline in quarterly household water use.

Average quarterly household water use in the last five years (2014 to 2018) is approximately 22.8% lower than the previous 5 years, and about 29.4% lower than the early 2000s.



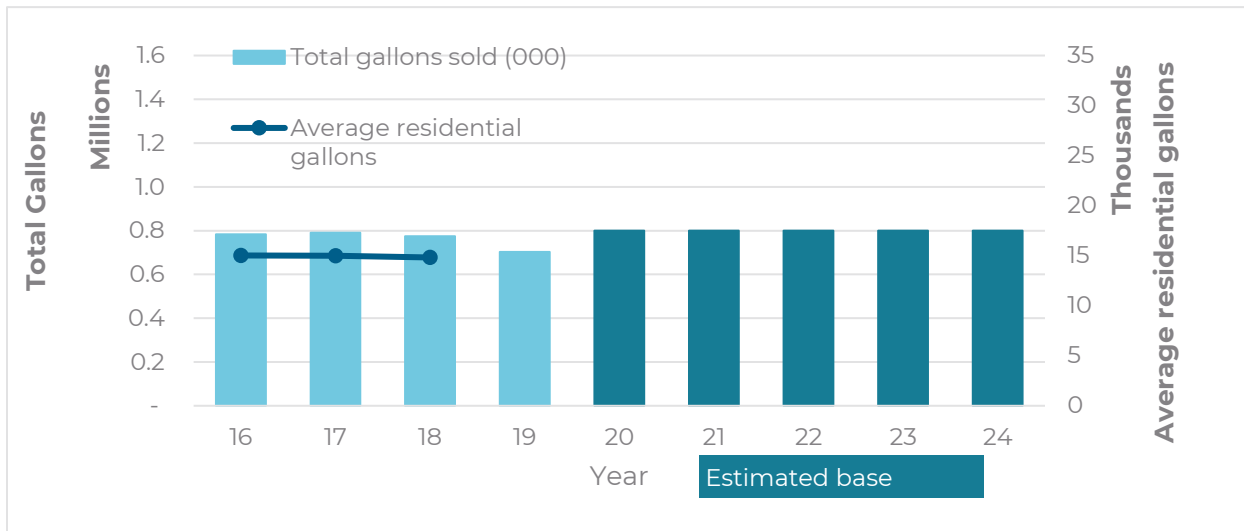
Overall, average quarterly household water use during winter months is also declining. The graph below shows average quarterly winter water use as well as a trend line for winter consumption since 2005.



Water fund

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

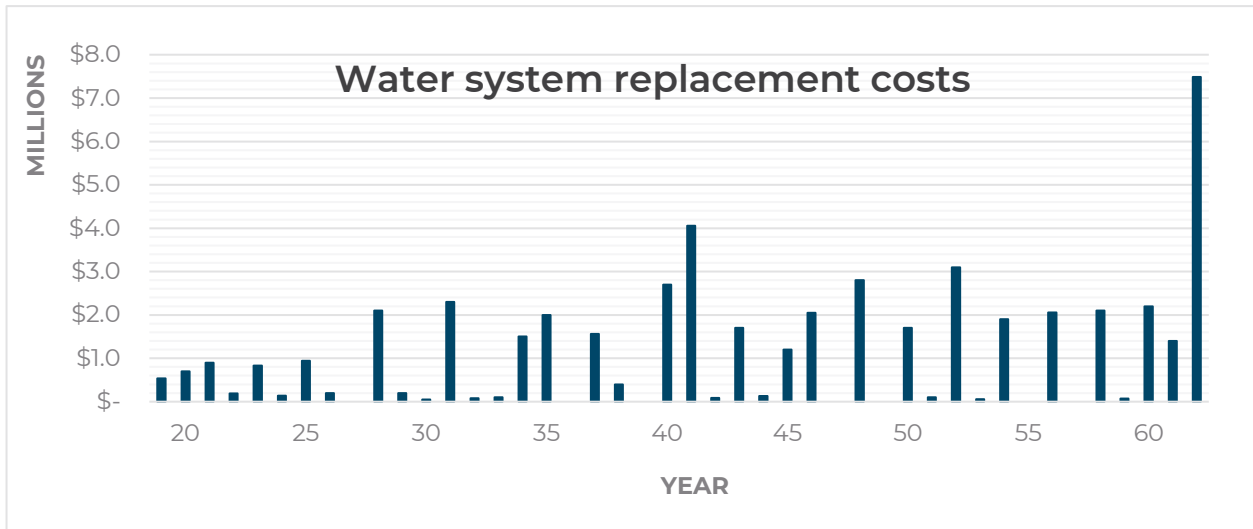
Due to the historical trend toward reduced water consumption, the “base year” gallon estimate is set near record low water consumption, and is projected to remain low in the future.



Despite the challenges that fluctuating water consumption can cause, the operating projections on the next page show that planned adjustments to the

city's water rates and rate structure will adequately support operations and capital costs with operating and overall net gains in all years.

Significant water system costs for the near future include water line replacements and rehabilitation of the north tower.



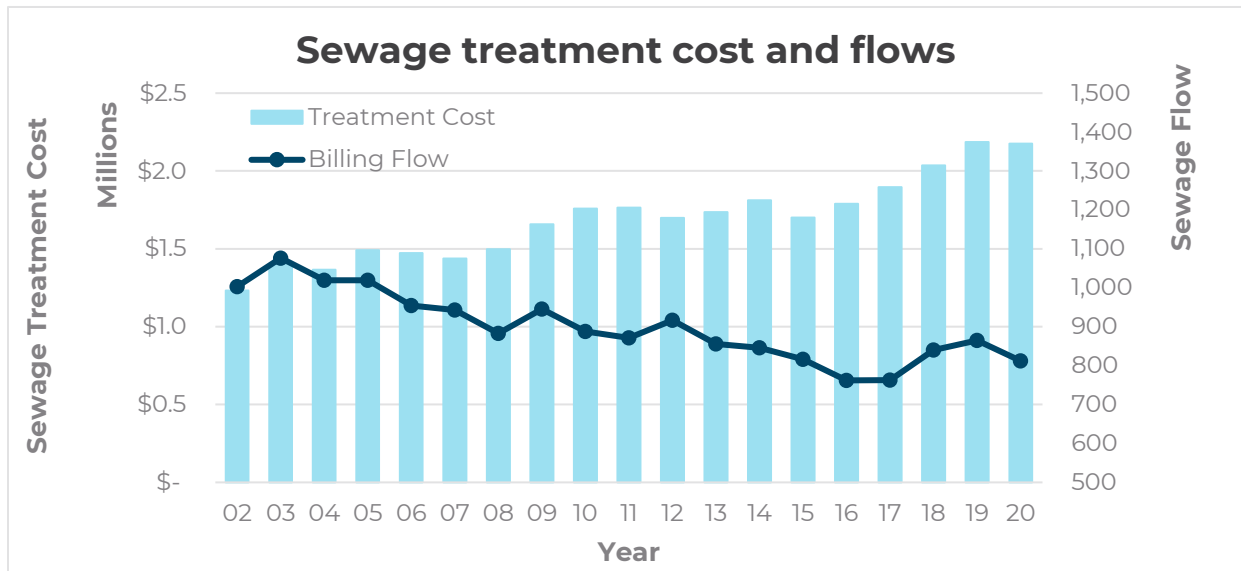
Water fund	2019 estimate	2020 budget	2021 budget	2022 projected	2023 projected	2024 projected
Revenue						
Utility Charges	\$ 3,054,000	\$ 3,732,000	\$ 3,973,000	\$ 4,223,000	\$ 4,377,000	\$ 4,537,000
Water Facility Charges	10,000	10,000	10,500	11,000	11,000	11,000
Other Charges	26,500	26,500	27,000	27,500	27,500	27,500
Total Revenue	3,090,500	3,768,500	4,010,500	4,261,500	4,415,500	4,575,500
Expense						
Enterprise Operations	1,781,388	1,951,684	2,060,962	2,034,933	2,082,230	2,147,505
Depreciation	959,000	971,000	970,000	976,000	988,000	989,000
Total Expense	2,740,388	2,922,684	3,030,962	3,010,933	3,070,230	3,136,505
Operating Income (Loss)	350,112	845,816	979,538	1,250,567	1,345,270	1,438,995
Other Sources (Uses)						
Interest Earnings	40,000	40,000	40,000	42,000	44,000	45,000
Debt Service	(429,618)	(391,336)	(416,445)	(416,320)	(377,437)	(389,881)
Transfers Out	(393,000)	(416,000)	(423,000)	(433,000)	(443,000)	(453,000)
Net Change	(432,506)	78,480	180,093	443,247	568,833	641,114
Fund Equity, beginning	13,509,686	13,077,180	13,155,660	13,335,753	13,779,000	14,347,833
Fund Equity, ending	\$13,077,180	\$13,155,660	\$13,335,753	\$13,779,000	\$14,347,833	\$14,988,947
Months of operating coverage	6.7	9.0	9.0	7.6	9.8	10.1
Cash balance	\$ 2,501,772	\$ 3,484,452	\$ 3,579,545	\$ 3,064,792	\$ 3,911,625	\$ 4,156,739
Capital costs	\$ 1,193,500	\$ 701,800	\$ 900,000	\$ 589,000	\$ 835,000	\$ 135,000
General transfer percent of asset:	0.80%	0.83%	0.84%	0.85%	0.86%	0.87%
Rate Increase (tiers)	4.0%	2.0%	5.0%	5.0%	4.0%	4.0%
Change in utility charge revenue	-5.2%	22.2%	6.5%	6.3%	3.6%	3.7%
Debt issued	\$ -	\$ 1,810,000	\$ 1,050,000	\$ -	\$ 1,500,000	\$ -
Debt payments (principal)	\$ 2,190,000	\$ 1,175,000	\$ 1,205,000	\$ 1,345,000	\$ 1,375,000	\$ 1,250,000
Debt balance (year end)	\$16,280,000	\$16,915,000	\$16,760,000	\$15,415,000	\$15,540,000	\$14,290,000
Debt Capacity after transfers	\$ (1,663,506)	\$ (125,520)	\$ (54,907)	\$ 74,247	\$ 181,833	\$ 380,114
Gallons of water sold (000)	702,469	800,000	800,000	800,000	800,000	800,000

**Water fund
Capital summary**

Year	Replacements					Additions	Misc. capital	Total capital costs
	Water lines	Treatment plant	Wells, generator, & controls	Towers/ reservoir				
2019	\$ 412,500	\$ -	\$ 125,000	\$ -	\$ -	\$ 656,000	\$ -	\$ 1,193,500
2020	698,800	-	-	-	-	-	-	698,800
2021	900,000	-	-	-	-	-	-	900,000
2022	54,000	-	135,000	-	-	400,000	-	589,000
2023	-	-	135,000	700,000	-	-	-	835,000
2024	-	-	135,000	-	-	-	-	135,000
2025	40,000	-	-	900,000	1,000,000	-	-	1,940,000
2026	-	-	195,000	-	-	-	-	195,000
2027	-	-	-	-	-	-	-	-
2028	1,300,000	-	-	800,000	3,000,000	-	-	5,100,000
2029	-	200,000	-	-	-	-	-	200,000
2030	-	-	50,000	-	-	-	-	50,000
2031	1,300,000	-	-	1,000,000	-	-	-	2,300,000
2032	-	-	-	80,000	-	-	-	80,000
2033	-	-	100,000	-	-	-	-	100,000
2034	1,500,000	-	-	-	-	-	-	1,500,000
2035	-	-	2,000,000	-	-	-	-	2,000,000
2036	-	-	-	-	-	-	-	-
2037	1,500,000	-	60,000	-	-	-	-	1,560,000
2038	-	-	400,000	-	-	-	-	400,000
2039	-	-	-	-	-	-	-	-
2040	1,700,000	-	-	1,000,000	-	-	-	2,700,000
2041	-	4,000,000	60,000	-	-	-	-	4,060,000
2042	-	-	-	85,000	-	-	-	85,000
2043	1,700,000	-	-	-	-	-	-	1,700,000
2044	-	-	130,000	-	-	-	-	130,000
2045	-	-	-	1,200,000	-	-	-	1,200,000
2046	2,000,000	-	50,000	-	-	-	-	2,050,000
2047	-	-	-	-	-	-	-	-
2048	1,600,000	-	-	1,200,000	-	-	-	2,800,000
2049	-	-	-	-	3,500,000	-	-	3,500,000
2050	1,700,000	-	-	-	-	-	-	1,700,000
2051	-	-	-	100,000	-	-	-	100,000
2052	1,800,000	-	-	1,300,000	-	-	-	3,100,000
2053	-	-	60,000	-	-	-	-	60,000
2054	1,900,000	-	-	-	-	-	-	1,900,000
2055	-	-	-	-	-	-	-	-
2056	2,000,000	-	60,000	-	-	-	-	2,060,000
2057	-	-	-	-	-	-	-	-
2058	2,100,000	-	-	-	-	-	-	2,100,000
2059	-	-	70,000	-	-	-	-	70,000
2060	2,200,000	-	-	-	-	-	-	2,200,000
2061	-	-	-	1,400,000	-	-	-	1,400,000
2062	2,300,000	5,000,000	75,000	115,000	-	-	-	7,490,000

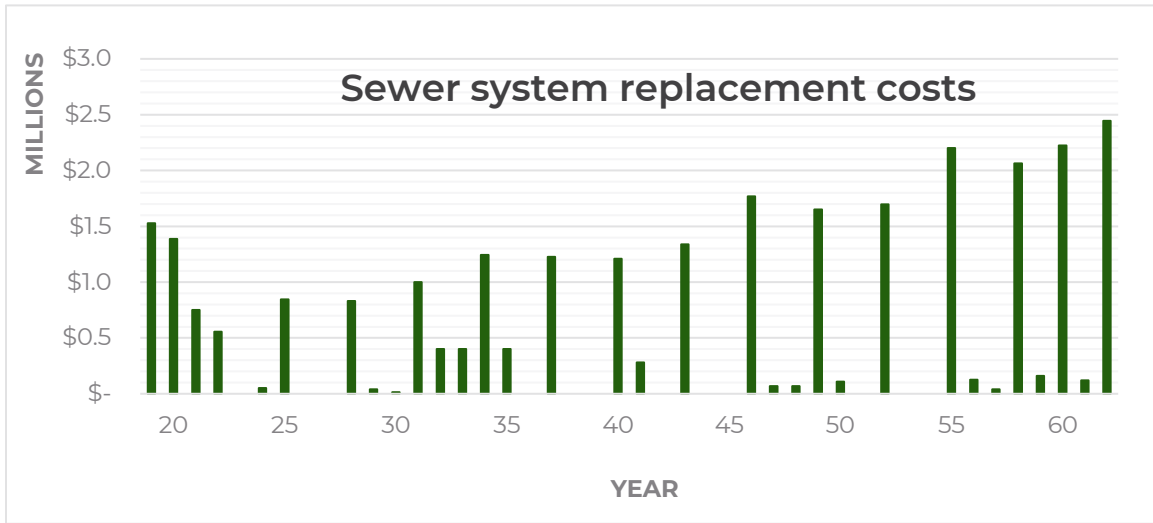
Sewer fund

The city's sewer fund accounts for the collection and treatment of wastewater (sewage) from homes and businesses throughout the community. Sewage is routed or pumped into facilities owned and operated by Metropolitan Council Environmental Services. Sewer rates are designed to reward low volume customers with lower sewer rates, and to charge high volume customers more due to contributing more flow to the sewer system. As shown in the graph below, even though sewage flow has declined, sewage treatment costs have not declined at the same rate.



Groundwater infiltration and storm water inflow, particularly during periods of heavy rain, impact the volume of sewage flow as well. Cracks in sewer lines, openings in manholes, and connections of roof drains to the sewer system allow water to flow directly into sewer pipes, driving up flows and sewage treatment costs. In an effort to reduce sewage flow the city is actively working to evaluate sewer lines and is using relining techniques to repair lines more effectively. The city completed a commercial roof and residential sump pump inspection program in an effort to identify inappropriate discharge into the sewer system and further reduce sewage flows.

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



Sewer fund	2019 estimate	2020 budget	2021 budget	2022 projected	2023 projected	2024 projected
Revenue						
Charges for Services	\$ 6,900	\$ 1,500	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600
Utility Charges	4,488,000	4,560,000	4,800,000	5,071,000	5,273,000	5,431,000
Sewer Facility Charges	20,000	5,000	5,000	5,000	5,000	5,000
Other Charges	2,500	2,500	2,500	2,500	2,500	2,500
Total Revenue	4,517,400	4,569,000	4,809,100	5,080,100	5,282,100	5,440,100
Expense						
Enterprise Operations	3,790,038	3,862,722	4,019,300	4,194,035	4,329,119	4,518,271
Depreciation	339,000	350,000	357,000	358,000	343,000	336,000
Total Expense	4,129,038	4,212,722	4,376,300	4,552,035	4,672,119	4,854,271
Operating Income (Loss)	388,362	356,278	432,800	528,065	609,981	585,829
Other Sources (Uses)						
Interest Earnings	33,000	35,000	35,000	35,000	35,000	35,000
Debt Service	(71,890)	(61,239)	(132,903)	(168,521)	(154,210)	(157,816)
Transfers Out	(203,000)	(206,000)	(208,000)	(213,000)	(218,000)	(223,000)
Net Change	146,472	124,039	126,897	181,544	272,771	240,013
Fund Equity, beginning	8,892,012	9,038,484	9,162,523	9,289,420	9,470,964	9,743,735
Fund Equity, ending	\$ 9,038,484	\$ 9,162,523	\$ 9,289,420	\$ 9,470,964	\$ 9,743,735	\$ 9,983,748
Months of operating coverage	7.8	10.6	11.8	10.5	11.9	11.8
Cash balance	\$ 2,958,031	\$ 4,237,670	\$ 5,051,567	\$ 4,606,111	\$ 5,381,882	\$ 5,492,895
Capital costs	\$ 1,527,000	\$ 1,389,400	\$ 750,000	\$ 555,000	\$ -	\$ 50,000
General transfer percent of assets	0.92%	0.85%	0.84%	0.84%	0.87%	0.89%
Rate Increase (middle tier)	3.0%	2.0%	5.0%	5.0%	4.0%	3.0%
Change in utility charge revenue	5.3%	1.6%	5.3%	5.6%	4.0%	3.0%
Debt issued	\$ -	\$ 2,480,000	\$ 1,370,000	\$ -	\$ 580,000	\$ -
Debt payments (principal)	\$ 525,000	\$ 285,000	\$ 290,000	\$ 430,000	\$ 420,000	\$ 415,000
Debt balance (year end)	\$ 2,775,000	\$ 4,970,000	\$ 6,050,000	\$ 5,620,000	\$ 5,780,000	\$ 5,365,000
Debt Capacity after transfers	\$ (39,528)	\$ 189,039	\$ 193,897	\$ 109,544	\$ 195,771	\$ 161,013

Sewer fund
Capital summary

Year	Replacements				Additions	Total capital costs
	Sewer lines	Relining-televising	Lift stations			
2019	\$ 547,000	\$ 950,000	\$ 30,000	\$ -	\$ 1,527,000	
2020	1,386,400	-	-	-	1,386,400	
2021	675,000	-	75,000	-	750,000	
2022	44,000	471,000	40,000	-	555,000	
2023	-	-	-	-	-	
2024	-	-	50,000	-	50,000	
2025	24,000	760,000	60,000	-	844,000	
2026	-	-	-	-	-	
2027	-	-	-	-	-	
2028	-	831,000	-	-	831,000	
2029	-	-	40,000	-	40,000	
2030	-	-	15,000	-	15,000	
2031	-	909,000	90,000	-	999,000	
2032	-	-	400,000	-	400,000	
2033	-	-	400,000	-	400,000	
2034	-	993,000	250,000	-	1,243,000	
2035	-	-	400,000	-	400,000	
2036	-	-	-	-	-	
2037	-	1,086,000	140,000	-	1,226,000	
2038	-	-	-	-	-	
2039	-	-	-	-	-	
2040	-	1,188,000	20,000	-	1,208,000	
2041	-	-	280,000	-	280,000	
2042	-	-	-	-	-	
2043	-	1,299,000	40,000	-	1,339,000	
2044	-	-	-	-	-	
2045	-	-	-	-	-	
2046	-	1,419,000	350,000	-	1,769,000	
2047	-	-	70,000	-	70,000	
2048	-	-	70,000	-	70,000	
2049	-	1,552,000	100,000	-	1,652,000	
2050	-	-	110,000	-	110,000	
2051	-	-	-	-	-	
2052	-	1,696,000	-	-	1,696,000	
2053	-	-	-	-	-	
2054	-	-	-	-	-	
2055	-	1,852,000	350,000	-	2,202,000	
2056	-	-	125,000	-	125,000	
2057	-	-	40,000	-	40,000	
2058	-	2,023,000	40,000	-	2,063,000	
2059	-	-	160,000	-	160,000	
2060	-	2,225,000	-	-	2,225,000	
2061	-	-	120,000	-	120,000	
2062	-	2,445,000	-	-	2,445,000	

Surface water management fund

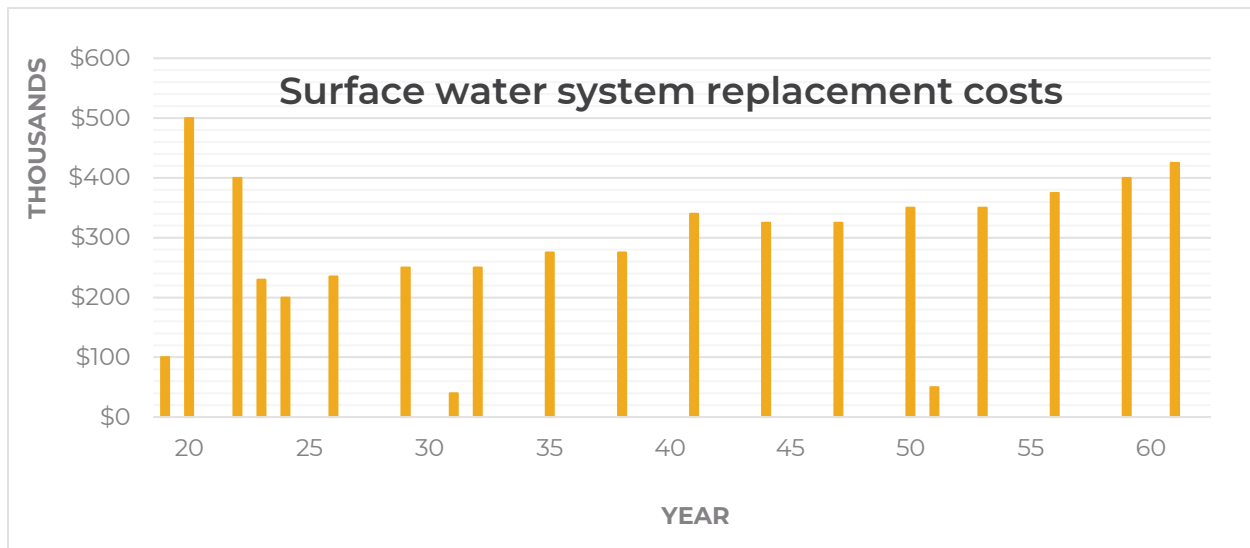
The city's surface water system collects and directs storm water runoff and provides protections for ground water quality. The program is designed to preserve and use natural water storage and retention systems, as much as practical, to reduce capital expenditures necessary to:

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

The program seeks to prevent flooding and improve ground water quality through utilization of wetlands, ponds and artificial detention areas. Wetland management allows the city to improve water quality and reduce city maintenance efforts through efforts such as sediment removal.

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

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



Surface water fund	2019 estimate	2020 budget	2021 budget	2022 projected	2023 projected	2024 projected
Revenue						
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	1,902,000	1,950,000	2,010,000	2,080,000	2,170,000	2,260,000
Late Fees/Utility Charges	-	-	-	-	-	-
Snail Lake Augmentation Chgs	35,800	44,500	44,500	17,800	18,700	19,000
Other Charges	8,000	8,000	8,000	8,500	8,500	8,500
Total Revenue	1,945,800	2,002,500	2,062,500	2,106,300	2,197,200	2,287,500
Expense						
Enterprise Operations	1,069,591	1,191,515	1,224,428	1,259,687	1,328,004	1,390,047
Depreciation	308,000	327,000	353,000	385,000	403,000	409,000
Total Expense	1,377,591	1,518,515	1,577,428	1,644,687	1,731,004	1,799,047
Operating Income (Loss)	568,209	483,985	485,072	461,613	466,196	488,453
Other Sources (Uses)						
Interest Earnings	11,000	12,000	12,000	12,000	12,000	12,000
Contributed Capital Assets	-	-	-	-	-	-
Debt Service	(93,604)	(75,871)	(114,300)	(129,309)	(119,756)	(130,573)
Transfers Out	(186,000)	(186,000)	(191,000)	(196,000)	(201,000)	(206,000)
Net Change	299,605	234,114	191,772	148,304	157,440	163,880
Fund Equity, beginning	10,453,153	10,752,758	10,986,872	11,178,644	11,326,948	11,484,388
Fund Equity, ending	\$ 10,752,758	\$ 10,986,872	\$ 11,178,644	\$ 11,326,948	\$ 11,484,388	\$ 11,648,268
Months of oper/capital coverage	9.9	11.1	13.8	11.5	14.5	14.3
Cash balance	\$ 1,689,439	\$ 1,996,593	\$ 2,529,045	\$ 2,237,349	\$ 2,747,789	\$ 2,780,669
Capital costs	\$ 531,585	\$ 1,358,960	\$ 422,320	\$ 400,000	\$ 230,000	\$ 200,000
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of assets	0.96%	0.82%	0.83%	0.83%	0.85%	0.86%
Rate Increase	5.0%	3.5%	3.0%	3.5%	4.0%	4.0%
Change in utility charge revenue	6.5%	2.5%	3.1%	3.5%	4.3%	4.1%
Debt issued	\$ -	\$ 1,550,000	\$ 880,000	\$ -	\$ 660,000	\$ -
Debt payments (principal)	\$ 495,000	\$ 445,000	\$ 470,000	\$ 425,000	\$ 480,000	\$ 340,000
Debt balance (year end)	\$ 3,275,000	\$ 4,380,000	\$ 4,790,000	\$ 4,365,000	\$ 4,545,000	\$ 4,205,000
Debt Capacity after transfers	\$ 112,605	\$ 116,114	\$ 74,772	\$ 108,304	\$ 80,440	\$ 232,880

Surface water management fund
Capital summary

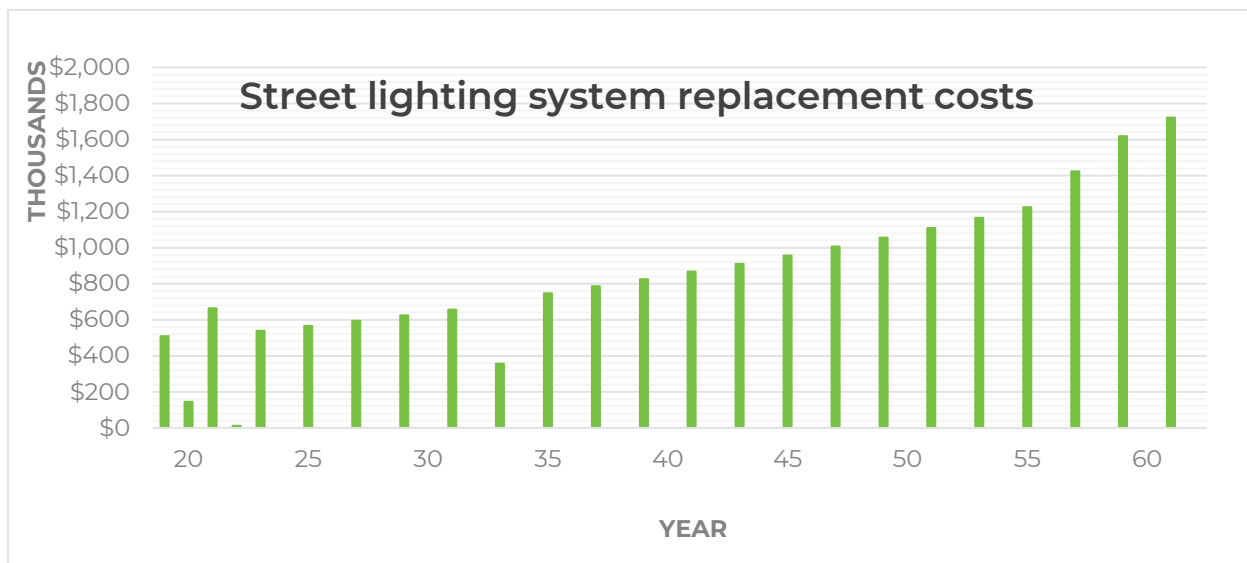
Year	Replacements			Total capital costs
	Storm systems	Controls	Additions	
2019	\$ 100,000	\$ -	\$ 431,585	\$ 531,585
2020	500,000	-	858,960	1,358,960
2021	-	-	422,320	422,320
2022	400,000	-	-	400,000
2023	230,000	-	-	230,000
2024	200,000	-	-	200,000
2025	-	-	-	-
2026	235,000	-	-	235,000
2027	-	-	-	-
2028	-	-	-	-
2029	250,000	-	-	250,000
2030	-	-	-	-
2031	-	40,000	-	40,000
2032	250,000	-	-	250,000
2033	-	-	-	-
2034	-	-	-	-
2035	275,000	-	-	275,000
2036	-	-	-	-
2037	-	-	-	-
2038	275,000	-	-	275,000
2039	-	-	-	-
2040	-	-	-	-
2041	300,000	40,000	-	340,000
2042	-	-	-	-
2043	-	-	-	-
2044	325,000	-	-	325,000
2045	-	-	-	-
2046	-	-	-	-
2047	325,000	-	-	325,000
2048	-	-	-	-
2049	-	-	-	-
2050	350,000	-	-	350,000
2051	-	50,000	-	50,000
2052	-	-	-	-
2053	350,000	-	-	350,000
2054	-	-	-	-
2055	-	-	-	-
2056	375,000	-	-	375,000
2057	-	-	-	-
2058	-	-	-	-
2059	400,000	-	-	400,000
2060	-	-	-	-
2061	425,000	-	-	425,000
2062	-	-	-	-

Street lighting fund

Street lighting operations provide support for safe vehicle and pedestrian traffic throughout the community. The system includes lights owned by the city; as well as lights leased from Xcel Energy. The city's street lighting fund was created in 2004 in an effort to recover operating and replacement costs through user fees. Operation and maintenance of the street lighting system includes periodic rewiring of lights, energy costs, street light repairs, and complete replacement of lights.

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

The operating projections on the next page show planned adjustments to the city's street lighting rates will adequately support operating and capital costs.



Street lighting fund	2019 estimate	2020 budget	2021 budget	2022 projected	2023 projected	2024 projected
Revenue						
Utility Charges	\$ 723,000	\$ 747,000	\$ 784,000	\$ 824,000	\$ 865,000	\$ 908,000
Total Revenue	723,000	747,000	784,000	824,000	865,000	908,000
Expense						
Enterprise Operations	245,513	264,814	277,249	288,741	295,120	300,633
Depreciation	96,000	107,000	122,000	142,000	160,000	171,000
Total Expense	341,513	371,814	399,249	430,741	455,120	471,633
Operating Income (Loss)	381,487	375,186	384,751	393,259	409,880	436,367
Other Sources (Uses)						
Interest Earnings	2,900	3,000	3,100	3,100	3,100	3,300
Transfers Out	(37,400)	(37,400)	(42,400)	(47,400)	(52,400)	(62,400)
Net Change	346,987	340,786	345,451	348,959	360,580	377,267
Fund Equity, beginning	2,506,069	2,853,056	3,193,842	3,539,293	3,888,252	4,248,832
Fund Equity, ending	\$ 2,853,056	\$ 3,193,842	\$ 3,539,293	\$ 3,888,252	\$ 4,248,832	\$ 4,626,099
Months of oper/capital coverage	19.7	27.4	20.0	31.5	29.9	42.0
Cash balance	\$ 609,289	\$ 912,075	\$ 716,376	\$ 1,195,335	\$ 1,176,775	\$ 1,725,042
Capital costs	\$ 508,450	\$ 145,000	\$ 663,150	\$ 12,000	\$ 539,140	\$ -
General transfer percent of assets	1.00%	0.91%	0.89%	0.99%	0.98%	1.18%
Rate Increase	5.0%	3.0%	5.0%	5.0%	5.0%	5.0%

**Street lighting fund
Capital summary**

Year	Replacements		Total capital costs
	Allowance	Street projects	
2019	\$ 488,450	\$ 20,000	\$ 508,450
2020	-	145,000	145,000
2021	513,150	150,000	663,150
2022	-	12,000	12,000
2023	539,140	-	539,140
2024	-	-	-
2025	566,460	-	566,460
2026	-	-	-
2027	595,140	-	595,140
2028	-	-	-
2029	625,220	-	625,220
2030	-	-	-
2031	656,830	-	656,830
2032	-	-	-
2033	355,840	-	355,840
2034	-	-	-
2035	747,720	-	747,720
2036	-	-	-
2037	785,530	-	785,530
2038	-	-	-
2039	825,340	-	825,340
2040	-	-	-
2041	867,110	-	867,110
2042	-	-	-
2043	911,000	-	911,000
2044	-	-	-
2045	957,130	-	957,130
2046	-	-	-
2047	1,005,640	-	1,005,640
2048	-	-	-
2049	1,056,530	-	1,056,530
2050	-	-	-
2051	1,109,990	-	1,109,990
2052	-	-	-
2053	1,166,150	-	1,166,150
2054	-	-	-
2055	1,225,220	-	1,225,220
2056	-	-	-
2057	1,423,790	-	1,423,790
2058	-	-	-
2059	1,618,870	-	1,618,870
2060	-	-	-
2061	1,722,320	-	1,722,320
2062	-	-	-

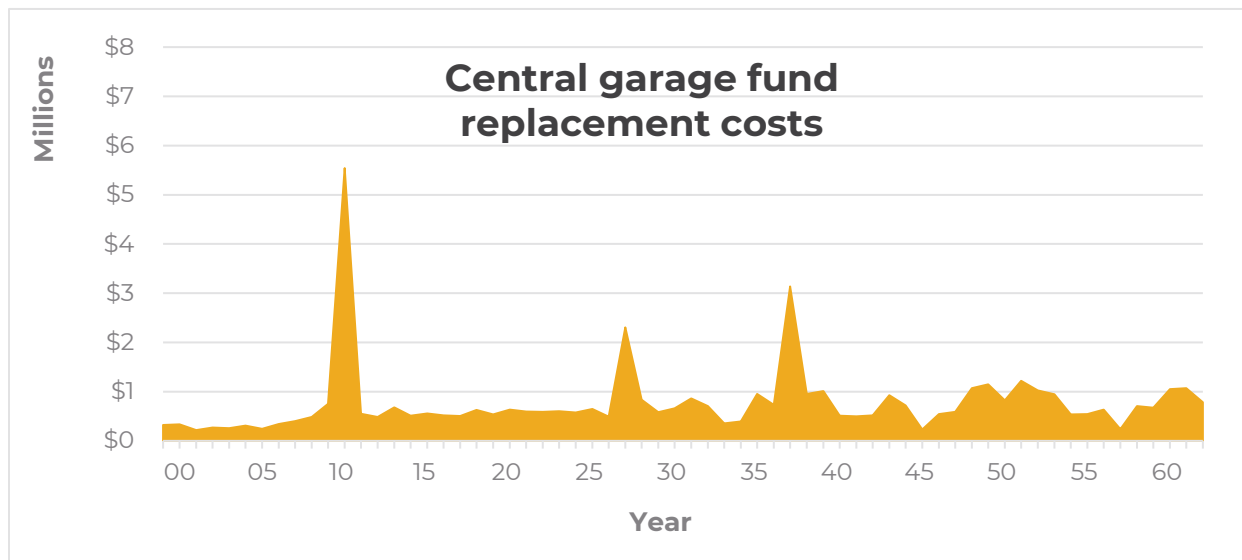
Central garage fund

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

When establishing equipment and building fees, the city's strategy is to consider a long-range view. Therefore, fees are designed to increase gradually over time. Since capital needs vary yearly, it is desirable to smooth out the impact on operating funds to avoid sharp increases and decreases in the resources which ultimately finance rental charges. For this reason, fund equity and cash balances are expected to rise and fall from year to year. In order to ensure that adequate balances are preserved, the city has established a minimum guideline for the central garage fund cash balances equal to one half of annual operating costs.

Over the next 20 years the central garage fund will provide for the replacement of approximately \$17.6 million in garage assets. The graph below shows historical and projected replacement costs.

Operating projections are presented on the next page.



Central garage fund	2019 estimate	2020 budget	2021 budget	2022 projected	2023 projected	2024 projected
Revenue						
Central Garage Charges	\$ 1,380,000	\$ 1,451,000	\$ 1,495,000	\$ 1,540,000	\$ 1,586,000	\$ 1,633,000
Total Revenue	1,380,000	1,451,000	1,495,000	1,540,000	1,586,000	1,633,000
Expense						
Central Garage Operations	636,437	635,619	678,304	706,603	717,058	733,547
Depreciation	721,000	740,000	760,000	786,000	813,000	836,000
Total Expense	1,357,437	1,375,619	1,438,304	1,492,603	1,530,058	1,569,547
Operating Income (Loss)	22,563	75,381	56,696	47,397	55,942	63,453
Other Sources (Uses)						
Property Taxes	184,000	184,000	184,000	184,000	184,000	184,000
Interest Earnings	15,000	16,000	17,000	17,500	18,000	18,500
Sale of Asset-Gain (Loss)	73,600	10,700	43,700	34,500	19,000	9,000
Debt Service	(94,644)	(83,375)	(74,394)	(65,118)	(57,744)	(53,190)
Transfers In	119,400	119,400	119,400	119,400	119,400	119,400
Transfers Out	-	(3,000)	-	-	(5,000)	-
Net Change	319,919	319,106	346,402	337,679	333,598	341,163
Fund Equity, beginning	5,302,038	5,621,957	5,941,063	6,287,465	6,625,144	6,958,742
Fund Equity, ending	\$ 5,621,957	\$ 5,941,063	\$ 6,287,465	\$ 6,625,144	\$ 6,958,742	\$ 7,299,905
Months of oper/cap coverage	15.5	16.2	17.0	18.1	19.2	20.9
Cash balance	\$ 2,254,471	\$ 2,441,877	\$ 2,653,579	\$ 2,883,758	\$ 3,116,356	\$ 3,414,019
Capital costs	\$ 537,015	\$ 631,500	\$ 597,000	\$ 588,000	\$ 600,000	\$ 579,000
Expense percent change	5.7%	1.3%	4.6%	3.8%	2.5%	2.6%
Average annual percent change	2.4%					3.0%
Interfund charges percent change	6.2%	5.1%	3.0%	3.0%	3.0%	3.0%
Average annual percent change	2.3%					3.4%
Debt payments (principal)	\$ 280,000	\$ 285,000	\$ 300,000	\$ 310,000	\$ 320,000	\$ 325,000
Debt balance (year end)	\$ 3,640,000	\$ 3,355,000	\$ 3,055,000	\$ 2,745,000	\$ 2,425,000	\$ 2,100,000

**Central garage fund
Capital summary**

Year	Estimated replacement costs				Total capital costs
	Buildings		Machinery, vehicles		
	Buildings	Parking/ driveways	equipment	Other	
2019			\$ 477,015	\$ 60,000	\$ 537,015
2020			568,500	63,000	631,500
2021			537,000	60,000	597,000
2022			518,000	70,000	588,000
2023			535,000	65,000	600,000
2024	-		464,000	115,000	579,000
2025			585,000	63,000	648,000
2026			433,000	60,000	493,000
2027	1,500,000		743,000	60,000	2,303,000
2028	55,000		720,000	60,000	835,000
2029			521,000	60,000	581,000
2030			602,000	60,000	662,000
2031	60,000		743,000	60,000	863,000
2032			643,000	60,000	703,000
2033			296,000	60,000	356,000
2034	65,000		267,000	60,000	392,000
2035		300,000	592,000	60,000	952,000
2036			664,000	70,000	734,000
2037	2,000,000		1,069,000	70,000	3,139,000
2038			884,000	70,000	954,000
2039			940,000	70,000	1,010,000
2040	75,000		365,000	70,000	510,000
2041			430,000	70,000	500,000
2042			447,000	70,000	517,000
2043	80,000		776,000	70,000	926,000
2044			646,000	70,000	716,000
2045			161,000	70,000	231,000
2046	85,000		390,000	70,000	545,000
2047			521,000	70,000	591,000
2048			1,003,000	70,000	1,073,000
2049	90,000		986,000	70,000	1,146,000
2050			753,000	70,000	823,000
2051			1,148,000	70,000	1,218,000
2052			952,000	70,000	1,022,000
2053			876,000	70,000	946,000
2054			470,000	70,000	540,000
2055	75,000		401,000	70,000	546,000
2056			566,000	70,000	636,000
2057			171,000	70,000	241,000
2058			633,000	70,000	703,000
2059			604,000	70,000	674,000
2060		556,000	427,000	70,000	1,053,000
2061			997,000	70,000	1,067,000
2062			713,000	70,000	783,000

Capital replacement policies

Comprehensive infrastructure replacement policy

Adopted October 15, 1996

Introduction

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

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

I. Objectives - This infrastructure replacement plan is designed to:

- A. **Create a permanent program** including a plan that shall be updated annually during the budget process. The replacement estimates and cash flow projections in the plan will be used to determine tax levies and user fees.
- B. **Moderate annual increases in the tax levy and user fees** by taking a long-term view of the revenue sources used to finance capital replacements.
- C. **Carefully plan for new debt** by requiring a long-term emphasis on rate setting because capital costs fluctuate from year to year. The long-term emphasis is desirable because capital replacement costs if funded exclusively through current revenues, would cause the citizens and

business owners to experience dramatic annual changes in tax and utility bills.

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

II. **General assets** - Capital costs associated with the replacement of general assets are accounted for in two capital project revolving funds, including the street renewal fund, and the general fixed asset replacement (GFAR) fund. These funds accumulate resources dedicated for eligible capital replacements. Annual appropriations are made in the capital improvement program.

A. **Requirements** which apply to both the street renewal and GFAR funds include:

1. Expenditures shall be limited to eligible capital replacement costs as described for each fund.
2. Replacement projections shall be prepared for a minimum of forty years.
3. Investment interest earned within each fund shall remain in the fund.
4. Inter-fund loans are subject to city council approval and must be repaid with interest at the average rate of return on the city's investment portfolio. The finance department will determine the annual interest rate to be charged on inter-fund loans.
5. Expenditures for purposes outside of the eligible costs for general assets are allowed only under one of the following two procedures:
 - The city council declares a financial emergency by at least a four fifths vote, or
 - The city council conducts a public hearing to declare its intent and to invite public input. Notice must be provided to the

public and to each newspaper of general circulation throughout the city at least 30 days prior to the hearing. The notice shall include the amount and intended purpose of the proposed expenditure.

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

1. **Eligible capital costs** include the reconstruction, rehabilitation and resurfacing of residential streets. Property owners shall be assessed the estimated cost of added improvements and the street replacement cost shall be paid by the street renewal fund. Costs associated with the construction of new streets, water, sewer or storm improvements are not eligible capital costs in this fund.
2. **Sources of revenue** include property taxes, investment interest and any additional monies the city may dedicate to residential street replacement in the future.
3. **Minimum fund balances** of two million dollars shall be reserved and maintained so that an ongoing revenue stream from investment interest will be available. Capital replacement costs, which would cause a drop in fund balance below the initial contribution of two million dollars, shall not be allowed.
4. **Use of bonding.** The street renewal fund shall have no direct outstanding debt. It is the intent of the city to finance the street renewal share of capital costs through the use of current resources. Transfers may be made to a debt service fund for the street renewal share of any project which is financed through the use of bonds provided that:
 - The street renewal monies are shown as a source of funding when the bond sale is authorized, and/or
 - The transfer is approved by the city council in the budget document or through separate authorization.

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

1. **Eligible capital costs** include any replacement or rehabilitation costs for general fixed assets. Capital costs for new assets, or operating costs are not eligible. Assets reported in this account group include:
 - Public safety buildings and equipment
 - City hall building and furnishings
 - Community center building, furnishings and mechanical systems
 - Data processing systems
 - Park improvements and buildings
 - Trails
2. **Sources of revenue** include property taxes, investment interest and any additional monies the city may dedicate to general fixed asset replacements in the future.
3. **Minimum fund balances** are not required for the GFAR fund. Because of dramatic shifts in capital costs from year to year, no minimum fund balance is specified. However, capital costs, which would create a deficit, shall not be allowed.
4. **Use of bonding.** The GFAR fund shall have no direct outstanding debt. It is the intent of the city to finance most general fixed asset replacement costs through the use of current resources. However, on occasion the city may finance certain capital costs through the use of bonds, certificates of participation, equipment certificates, capital leases or some other financing mechanism. In these instances, transfers may be made from the GFAR fund to a debt service fund for the replacement portion of general fixed assets provided that:
 - The GFAR fund is shown as a source of funding when the debt issue is authorized, and/or

- The transfer is approved by the city council in the budget document or through separate authorization.

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

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

1. **Replacement costs** shall be projected for a minimum of forty years.
2. **Future system expansion** estimates (new improvements) shall be prepared for a minimum of ten years.
3. **Operating projections** shall be prepared at least once every five years, and shall cover a period of 20 years.
4. **User fees** shall be established each year based on operating, debt service and capital cost projections.

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

1. **Sources of revenue** include all revenues collected by the enterprise funds. These typically include users fees (water, sewer and surface water), connection charges, area charges, investment interest and any additional monies the city may dedicate to enterprise operations.
2. **Minimum cash balances** of one million dollars each in the water and sewer funds are required. However, it is the city's intent to maintain water and sewer fund cash balances in the amount of two million dollars or more for the majority of the years covered in the operating

projections. Because the SWM fund has been in operation for less than one year, no minimum cash balance is required at this time.

3. **Use of bonding.** It is the intent of the city to utilize operating and cash flow projections to determine the appropriate level of bonding in enterprise funds for capital costs on an annual basis. Capital cost projections, minimum cash balance requirements and projected increases in user fees will provide the basis for projected debt levels. Most capital costs financed through the use of general obligation revenue bonds will be repaid over ten to fifteen years. However, revenue bonds issued for large capital costs such as water towers, treatment facilities, trunk lines etc. may be repaid over 20 years if projected user fees, as a result of ten to fifteen year bonds, would be substantially higher than the rate of inflation.

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

1. **Sources of revenue** include investment interest and fees charged to departments, funds and outside organizations.
2. **Minimum cash balances** equal to one half of annual operating costs are required.
3. **Use of bonding.** It is the intent of the city to finance most central garage capital costs through the use of current resources. However, when financing large capital costs with current resources would cause the cash balance of the fund to drop below two hundred thousand, or when projected increases in user fees would be substantially higher than the rate of inflation the city may choose to finance capital costs with general obligation equipment certificates. Equipment certificates will be repaid over a period of no more than five years, as provided by state statutes.

Street renewal policy

Amended October 21, 1996

I. Intent

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

II. Eligible projects

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

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

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

which are required to facilitate the new street, such as manhole, catch basin, and valve adjustments, shall be considered as an element of the street project.

The city shall perform a detailed inventory of all city streets that are eligible for improvement under this policy, and maintain such information in an automated pavement management program (PMP). The PMP shall measure and document the condition of all city streets, taking into account such factors as surface texture and wear, the extent of cracking, the roughness, adequacy of drainage and such other factors that will assist in the evaluation of the roadway. The data collected by the PMP shall be evaluated by the city engineer and, based on that evaluation; the city shall prepare a comprehensive schedule and cost estimate for the anticipated street improvements. In addition, a capital improvement program (CIP) shall be prepared which shall identify the estimated cost, sequence, and schedule in which projects should be implemented. The PMP shall be reviewed and updated every four years, and a new cost estimate, rating, and CIP shall be prepared with each update of the PMP.

III. Design standards

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

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

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

IV. Payment and financial program

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

The financial program shall consist of the following elements:

- A. The city shall designate, to the maximum extent possible, all of its available MSA mileage allocation, with the objective of security the maximum amount of MSA funds for use in conjunction with the street renewal program.
- B. The city will maintain a permanent street renewal fund from which the majority of the cost of the street renewal program shall be paid. The street renewal fund shall be reviewed periodically, and adjustments to the policy shall be made where necessary to assure the adequacy of the fund.
- C. The city shall levy special assessments on adjacent benefiting properties when the street improvement project includes the installation of concrete curb and gutter in locations where concrete curb and gutter did not exist prior to the improvement.

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

In computing the assessable units, consideration shall be given to properties that can be further subdivided into lot units. All properties other than single family residential (R-1 detached residential) such as parks, attached and detached residential, high-density, residential, churches, schools, offices,

commercial and industrial properties shall be superficially subdivided to determine the assessable lot units or part thereof. To reflect the number of increased traffic generation by commercial, industrial, and high-density residential properties, a factor of 2 will be applied to determine the rate of assessment for properties of these types.

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

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

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

The assessment process shall be carried out in accordance with Minnesota Statutes Chapter 429. The assessment rate shall be on a per-lot unit basis and shall be calculated and processed in accordance with the current city street renewal program and unit assessment policy.

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

V. Implementation procedures

- A. Consideration of a street for improvement under this policy shall be initiated by any of the following:
 1. Petition by the adjacent property owners.
 2. Recommendation by the city staff based upon the capital improvement program (CIP) and/or the pavement management program (PMP).
 3. Request by Ramsey County and/or MNDOT for city participation in a joint improvement.
 4. Initiation by city council.

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

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

This page left blank intentionally, to accommodate document formatting.