



# 2026 Comprehensive Infrastructure Replacement Plan and Policy

Prepared by the Finance Department  
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# Overview – comprehensive infrastructure replacement plan

## Introduction

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

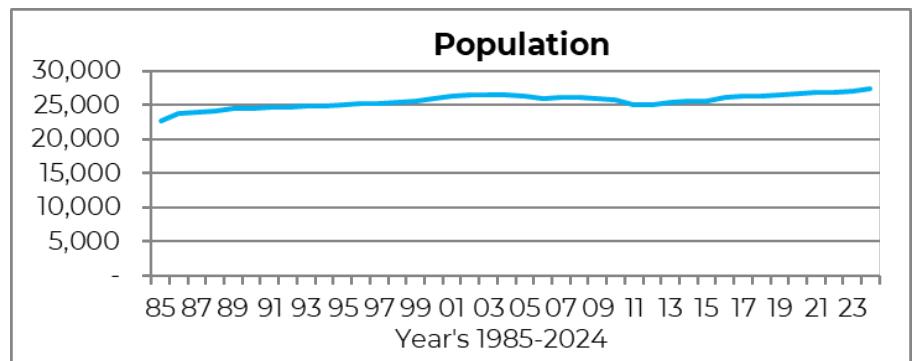
Government entities across the country address this issue in different ways. Some governments plan for capital repair and replacement costs on an annual basis through the budget process; while others plan for replacement needs through a broader capital improvement program (CIP) that typically covers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

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

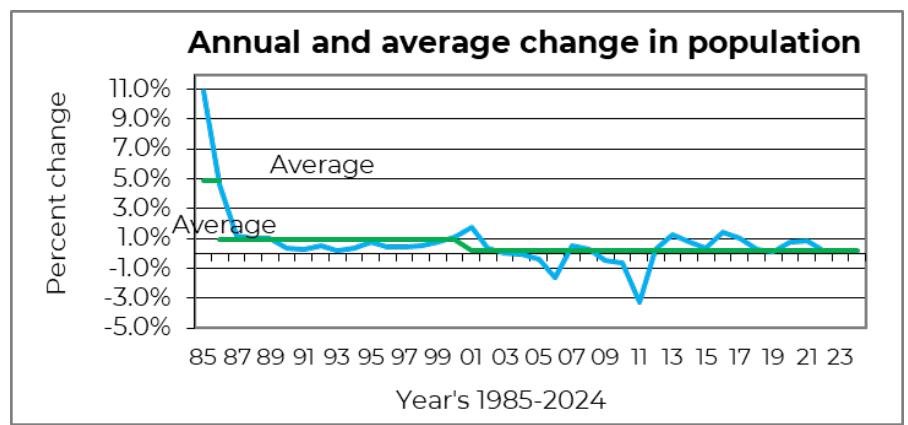
## Community profile

Shoreview offers a full range of services to its approximately 27,000 residents. The annual operating budget is \$44.2 million, including debt service funds (and excluding transfers between funds). Of that amount, the general fund budget is \$18 million. These budget levels are lower 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 0.23% annually.



Because Shoreview has been near full development for more than two decades, repair and replacement costs account for approximately 83% of total capital in the most recent 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

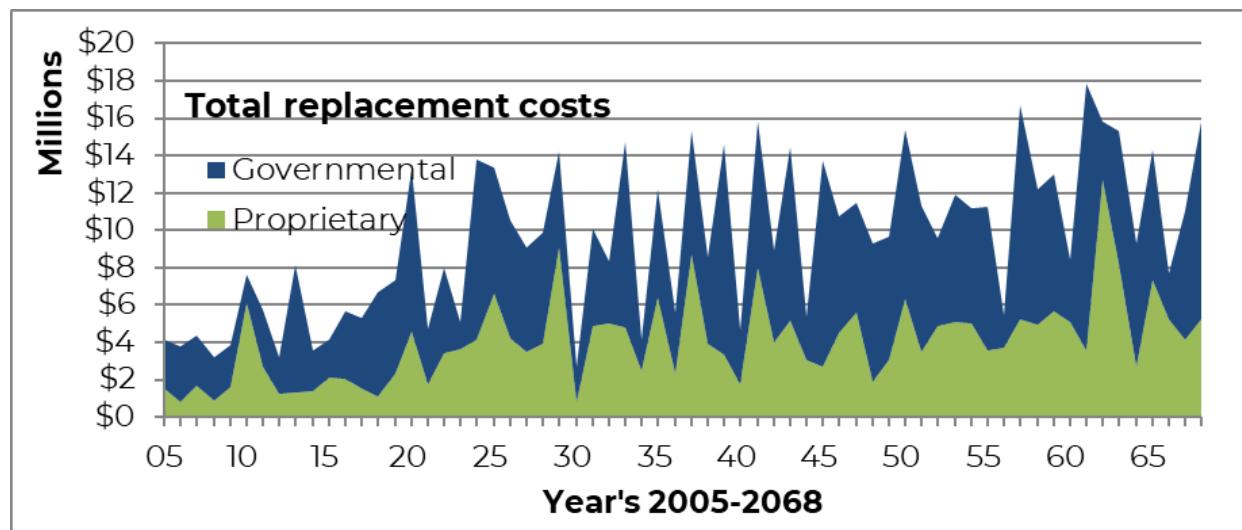
provided to the public in each newspaper of general circulation throughout Shoreview at least 30 days prior to the hearing, and the notice must also include the amount and intended purpose of the proposed expenditure.

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 \$253 million in governmental assets and \$190 million in proprietary assets, for a total of \$443 million in asset replacements. The graph below shows historical and projected replacement estimates.

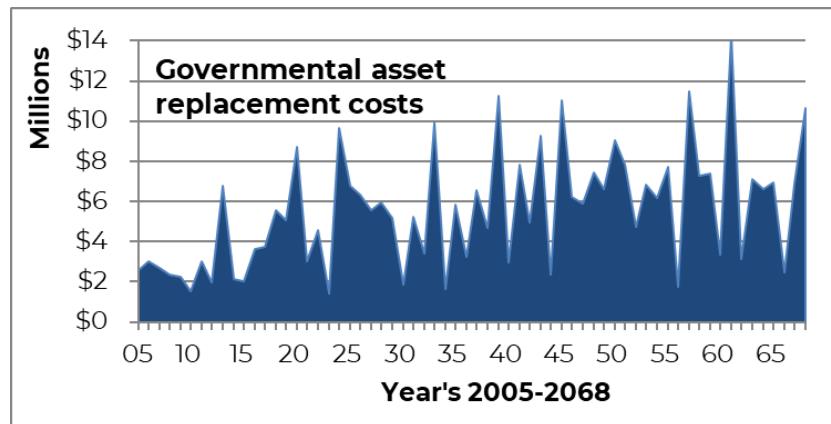


## Governmental assets

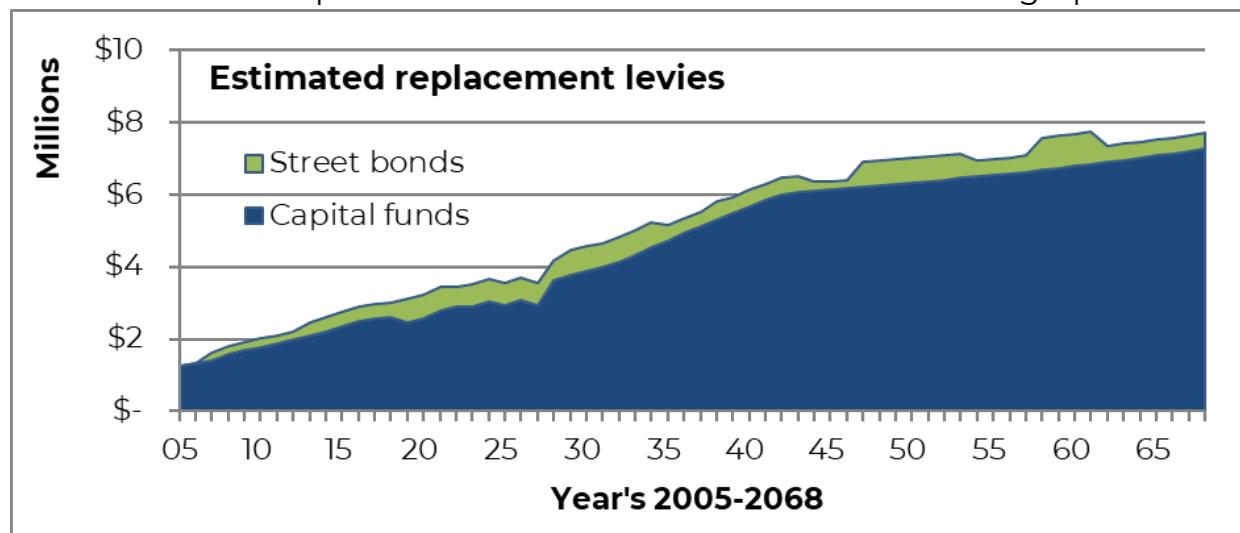
Governmental asset replacement costs are accounted for within three capital project revolving funds: the street renewal fund, MSA fund, and the capital asset fund. Replacement costs include residential streets, public safety buildings, public safety equipment, city hall and community center remodeling,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

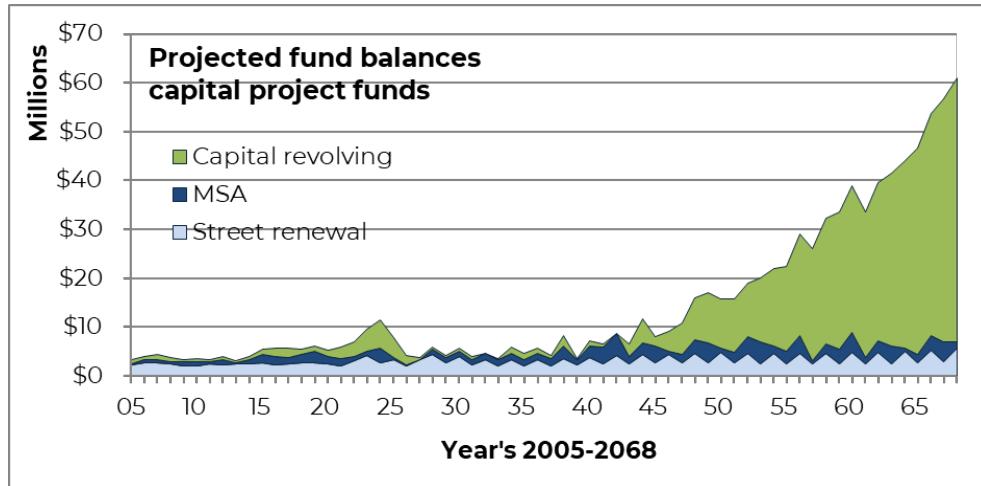
Projections indicate that this plan provides for the replacement of \$115 million in general assets during the first 20 years and another \$138 million in the next 20-year period. As shown in the graph at right, projected replacement costs vary greatly between years (due to the size and nature of specific 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 1.24% annually. After 2031, 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.

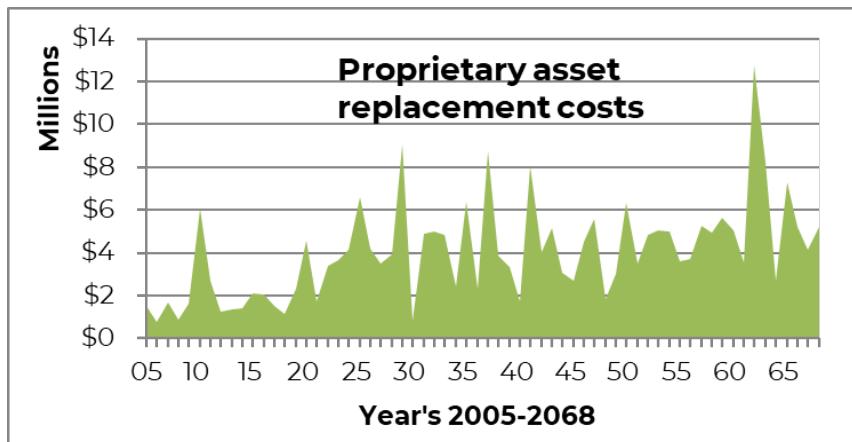


Fund balances in governmental funds are maintained at or above policy objectives, despite capital costs that vary dramatically from year to year, and tax levies that grow at modest rates. The graph below illustrates combined fund balances for the street renewal, MSA and capital asset revolving funds.



### 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 \$88 million in proprietary assets during the first 20 years and another \$102 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 2026, the projected annual change in the average total utility bill is 3.9% (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 support of capital expenditures over the next 5 years (2026 – 2030) is as follows:

\$ 14.176 million utility systems (water, sewer, surface water)

\$ 2.59 million street rehabilitation

\$16.766 million total projected 5-year debt issuance

During this same period, the city will retire \$22.2 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 2025 data indicates that Shoreview is fifth lowest among comparison cities for the city-share of the property tax bill, is fifth lowest for the city property tax rate, and is 13% 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.

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 residents. This, in turn, helps maintain reasonable tax levies and user fees, strong financial condition, moderate debt levels, and strong 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

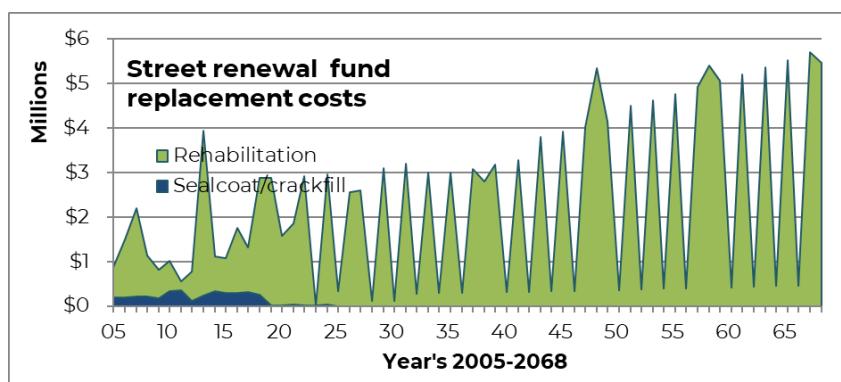
Replacement of governmental assets is accounted for within three capital project funds: the street renewal fund, MSA fund, and the capital asset fund. This section of the CHIRP provides operating and capital projections for these funds.

### Street renewal fund

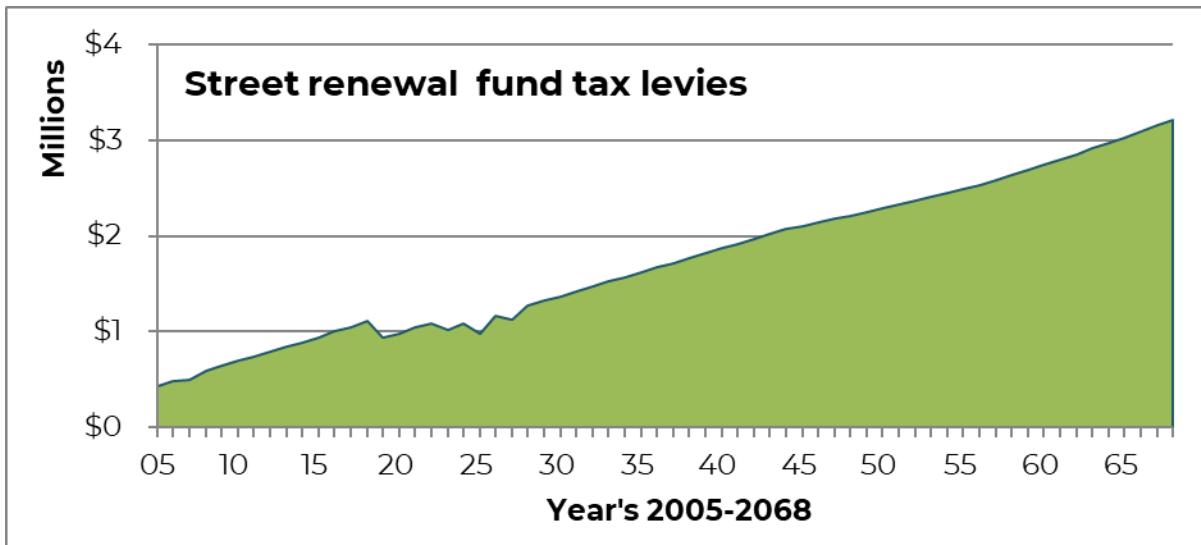
The city's street renewal fund is an ongoing capital fund used to manage, finance and implement street rehabilitation efforts. The fund was created in 1985 with an initial contribution of two million dollars (obtained from bond defeasance savings) and this initial contribution is maintained as a minimum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

The city's street rehabilitation strategies have shifted away from replacements and toward pavement rehabilitation due to all streets being brought up to modern city standards by 2022. 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 in 2038 (at \$2.5 million) and 2048, 2058 and 2068 (at 5 million each). Between the annual tax levy and the street bonds the city's goal will be to replace each city street by the year 2070.

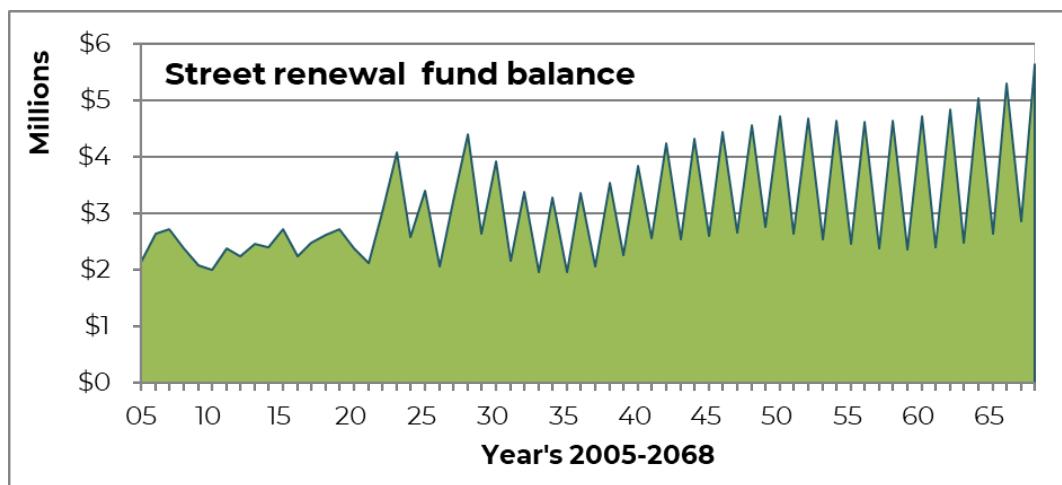
To put the scale of the street rehabilitation into perspective, over the next 20 years the street renewal fund will provide for approximately \$34.5 million in street renewal efforts. The graph below illustrates historical and anticipated replacement costs, including those financed by street bonds.



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		Fund balance
	Property taxes	Interest earnings	Special assessments		replacement costs		
2025	\$ 1,130,000	\$ 10,000	\$ 24,552	\$ -	\$ 300,000	\$ 3,128,690	
2026	1,170,000	10,000	24,552	-	2,550,000	1,783,242	
2027	1,220,000	10,000	24,552	2,500,000	2,500,000	3,037,794	
2028	1,270,000	10,000	18,188	-	270,000	4,065,982	
2029	1,320,000	10,000	9,219	-	3,100,000	2,305,201	
2030	1,370,000	46,100	2,304	-	270,000	3,453,605	
2031	1,420,000	69,100	2,304	-	3,200,000	1,745,009	
2032	1,470,000	34,900	2,304	-	278,100	2,974,113	
2033	1,520,000	59,500	2,304	-	3,000,000	1,555,917	
2034	1,570,000	31,100	2,304	-	286,400	2,872,921	
2035	1,620,000	57,500	-	-	3,000,000	1,550,421	
2036	1,670,000	31,000	-	-	295,000	2,956,421	
2037	1,720,000	59,100	-	-	3,090,000	1,645,521	
2038	1,770,000	32,900	-	2,500,000	2,803,900	3,144,521	
2039	1,820,000	62,900	-	-	3,182,700	1,844,721	
2040	1,870,000	36,900	-	-	313,000	3,438,621	
2041	1,920,000	68,800	-	-	3,278,200	2,149,221	
2042	1,970,000	43,000	-	-	322,400	3,839,821	
2043	2,020,000	76,800	-	-	3,800,000	2,136,621	
2044	2,070,000	42,700	-	-	332,100	3,917,221	
2045	2,105,000	78,300	-	-	3,914,000	2,186,521	
2046	2,141,000	43,700	-	-	342,100	4,029,121	
2047	2,177,000	80,600	-	-	4,031,400	2,255,321	
2048	2,214,000	45,100	-	5,000,000	5,352,400	4,162,021	
2049	2,252,000	83,200	-	-	4,152,300	2,344,921	
2050	2,290,000	46,900	-	-	363,000	4,318,821	
2051	2,329,000	86,400	-	-	4,500,000	2,234,221	
2052	2,369,000	44,700	-	-	373,900	4,274,021	
2053	2,409,000	85,500	-	-	4,635,000	2,133,521	
2054	2,450,000	42,700	-	-	385,100	4,241,121	
2055	2,492,000	84,800	-	-	4,774,100	2,043,821	
2056	2,534,000	40,900	-	-	396,700	4,222,021	
2057	2,585,000	84,400	-	-	4,917,300	1,974,121	
2058	2,637,000	39,500	-	5,000,000	5,408,600	4,242,021	
2059	2,690,000	84,800	-	-	5,064,800	1,952,021	
2060	2,744,000	39,000	-	-	420,900	4,314,121	
2061	2,799,000	86,300	-	-	5,216,700	1,982,721	
2062	2,855,000	39,700	-	-	433,500	4,443,921	
2063	2,912,000	88,900	-	-	5,373,200	2,071,621	
2064	2,970,000	41,400	-	-	446,500	4,636,521	
2065	3,029,000	92,700	-	-	5,534,400	2,223,821	
2066	3,090,000	44,500	-	-	459,900	4,898,421	
2067	3,152,000	98,000	-	-	5,700,400	2,448,021	
2068	3,215,000	49,000	-	5,000,000	5,473,700	5,238,321	

### Street renewal fund

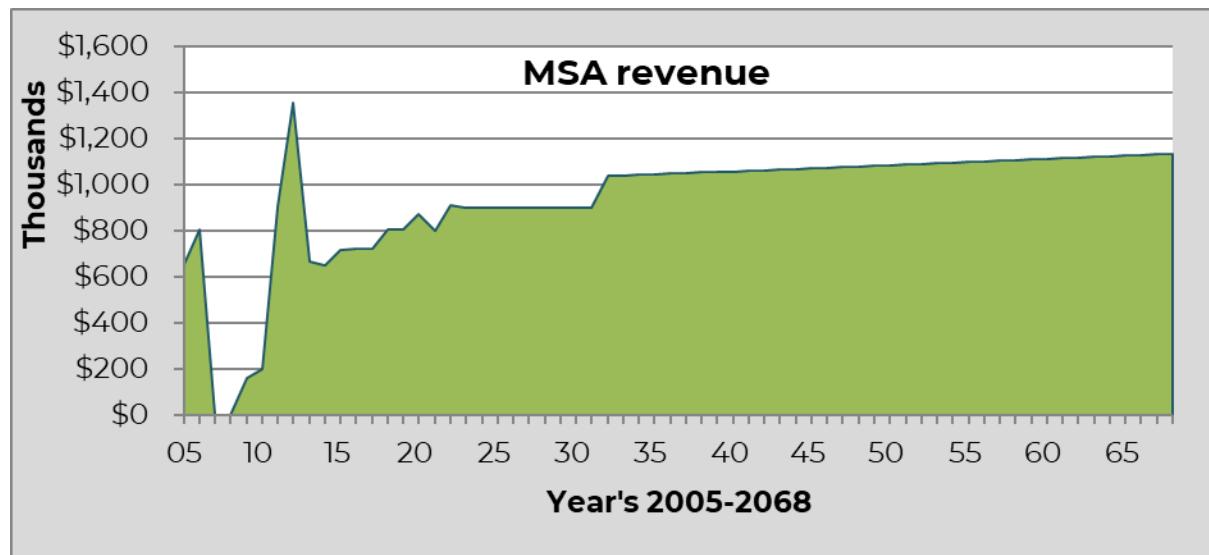
#### Capital summary

Year	Rehabilitation and reconstruction			Total capital repl costs
	Street bonds	Street renewal	Neighborhood/project	
2025	\$ -	\$ 300,000		\$ 300,000
2026	-	2,550,000	Street rehabilitation	2,550,000
2027	2,500,000	-	Street rehabilitation	2,500,000
2028	-	270,000	Crack & surface seal	270,000
2029	-	3,100,000	Street rehabilitation	3,100,000
2030	-	270,000	Crack & surface seal	270,000
2031	-	3,200,000	Street rehabilitation	3,200,000
2032	-	278,100	Crack & surface seal	278,100
2033	-	3,000,000	Street rehabilitation	3,000,000
2034	-	286,400	Crack & surface seal	286,400
2035	-	3,000,000	Street rehabilitation	3,000,000
2036	-	295,000	Crack & surface seal	295,000
2037		3,090,000	Street rehabilitation	3,090,000
2038	2,500,000	303,900	Street rehabilitation	2,803,900
2039	-	3,182,700	Street rehabilitation	3,182,700
2040	-	313,000	Crack & surface seal	313,000
2041	-	3,278,200	Street rehabilitation	3,278,200
2042	-	322,400	Crack & surface seal	322,400
2043	-	3,800,000	Street rehabilitation	3,800,000
2044	-	332,100	Crack & surface seal	332,100
2045	-	3,914,000	Street rehabilitation	3,914,000
2046	-	342,100	Crack & surface seal	342,100
2047		4,031,400	Street rehabilitation	4,031,400
2048	5,000,000	352,400	Street rehabilitation	5,352,400
2049	-	4,152,300	Street rehabilitation	4,152,300
2050	-	363,000	Crack & surface seal	363,000
2051	-	4,500,000	Street rehabilitation	4,500,000
2052	-	373,900	Crack & surface seal	373,900
2053	-	4,635,000	Street rehabilitation	4,635,000
2054	-	385,100	Crack & surface seal	385,100
2055	-	4,774,100	Street rehabilitation	4,774,100
2056	-	396,700	Crack & surface seal	396,700
2057	-	4,917,300	Street rehabilitation	4,917,300
2058	5,000,000	408,600	Street rehabilitation	5,408,600
2059	-	5,064,800	Street rehabilitation	5,064,800
2060	-	420,900	Crack & surface seal	420,900
2061	-	5,216,700	Street rehabilitation	5,216,700
2062	-	433,500	Crack & surface seal	433,500
2063	-	5,373,200	Street rehabilitation	5,373,200
2064	-	446,500	Crack & surface seal	446,500
2065	-	5,534,400	Street rehabilitation	5,534,400
2066	-	459,900	Crack & surface seal	459,900
2067	-	5,700,400	Street rehabilitation	5,700,400
2068	5,000,000	473,700	Crack & surface seal	5,473,700

## 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 \$15.8 million for the rehabilitation of collector routes.



**MSA fund**

**Operating and capital summary**

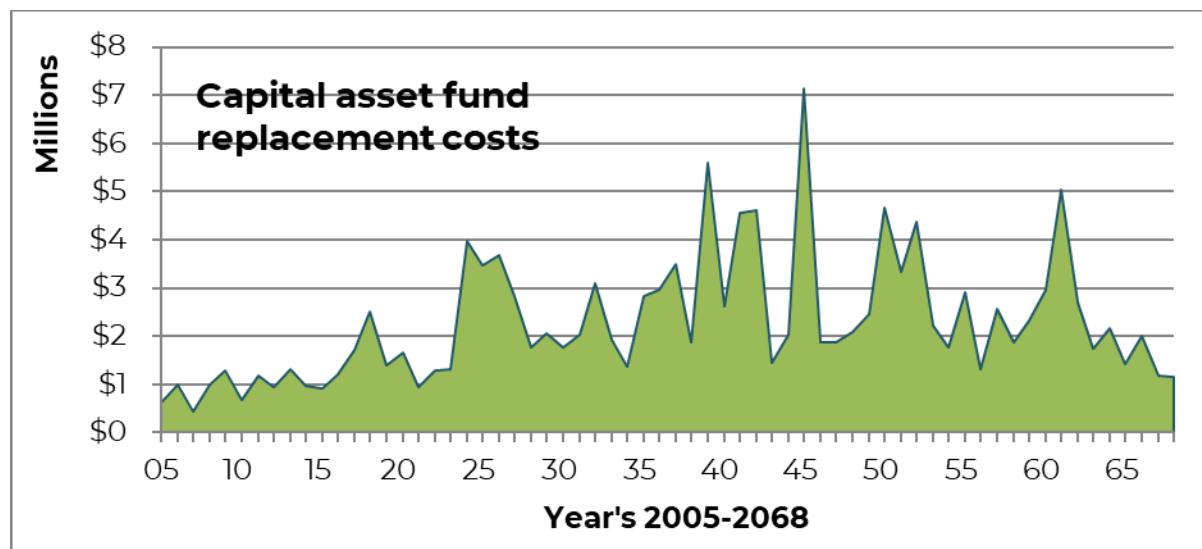
Year	Revenue				Expense	Fund balance
	MSA received	Unearned or (Accrual)	Investment interest	Total revenue		
2025	\$ 1,030,000	\$ (1,030,000)	\$ 10,000	\$ 10,000	\$ -	\$ 755,806
2026	1,030,000	(1,030,000)	10,000	10,000	90,000	675,806
2027	1,030,000	(1,030,000)	10,000	10,000	125,000	560,806
2028	1,030,000	3,560,000	10,000	4,600,000	5,075,000	85,806
2029	1,030,000	(1,030,000)	10,000	10,000	-	95,806
2030	1,032,575	(1,032,575)	10,000	10,000	-	105,806
2031	1,035,156	(1,035,156)	10,000	10,000	-	115,806
2032	1,037,744	(900,000)	10,000	147,744	-	263,550
2033	1,040,338	4,000,000	10,000	5,050,338	5,000,000	313,888
2034	1,042,939	(1,042,939)	10,000	10,000	-	323,888
2035	1,045,546	(1,045,546)	10,000	10,000	-	333,888
2036	1,048,160	(1,048,160)	10,000	10,000	-	343,888
2037	1,050,780	(864,000)	10,000	196,780	-	540,668
2038	1,053,407	-	10,000	1,063,407	-	1,604,075
2039	1,056,041	-	10,000	1,066,041	2,500,000	170,116
2040	1,058,681	-	10,000	1,068,681	-	1,238,797
2041	1,061,328	-	10,000	1,071,328	-	2,310,125
2042	1,063,981	-	10,000	1,073,981	-	3,384,106
2043	1,066,641	-	10,000	1,076,641	4,000,000	460,747
2044	1,069,308	-	10,000	1,079,308	-	1,540,055
2045	1,071,981	-	10,000	1,081,981	-	2,622,036
2046	1,074,661	-	10,000	1,084,661	4,000,000	(293,303)
2047	1,077,348	-	10,000	1,087,348	-	794,045
2048	1,080,041	-	10,000	1,090,041	-	1,884,086
2049	1,082,741	-	10,000	1,092,741	-	2,976,827
2050	1,085,448	-	10,000	1,095,448	4,000,000	72,275
2051	1,088,162	-	10,000	1,098,162	-	1,170,437
2052	1,090,882	-	10,000	1,100,882	-	2,271,319
2053	1,093,609	-	10,000	1,103,609	-	3,374,928
2054	1,096,343	-	10,000	1,106,343	4,000,000	481,271
2055	1,099,084	-	10,000	1,109,084	-	1,590,355
2056	1,101,832	-	10,000	1,111,832	-	2,702,187
2057	1,104,587	-	10,000	1,114,587	4,000,000	(183,226)
2058	1,107,348	-	10,000	1,117,348	-	934,122
2059	1,110,116	-	10,000	1,120,116	-	2,054,238
2060	1,112,891	-	10,000	1,122,891	-	3,177,129
2061	1,115,673	-	10,000	1,125,673	4,000,000	302,802
2062	1,118,462	-	10,000	1,128,462	-	1,431,264
2063	1,121,258	-	10,000	1,131,258	-	2,562,522
2064	1,124,061	-	10,000	1,134,061	4,000,000	(303,417)
2065	1,126,871	-	10,000	1,136,871	-	833,454
2066	1,129,688	-	10,000	1,139,688	-	1,973,142
2067	1,132,512	-	10,000	1,142,512	-	3,115,654
2068	1,135,343	-	10,000	1,145,343	4,000,000	260,997

## Capital asset replacement fund

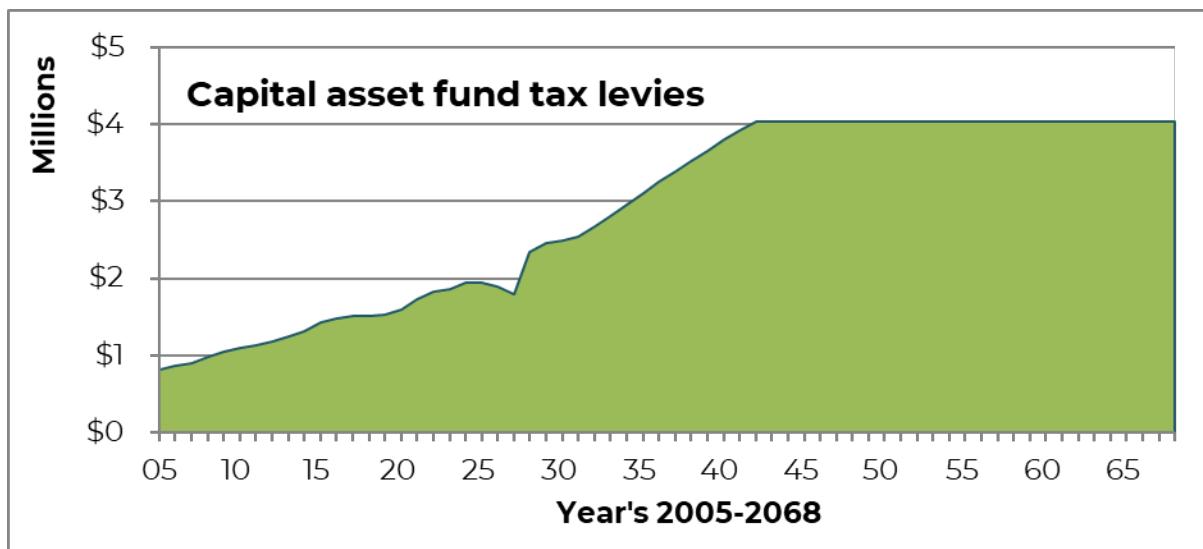
The capital asset replacement fund created in 1989, finances the replacement of all governmental assets. These include fire stations, fire equipment and warning sirens; street signs; community center and city hall buildings and furnishings; building mechanical systems; computer hardware and software; 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. Due to rising replacement costs, certain projects have been delayed to ensure proper funding is in place.

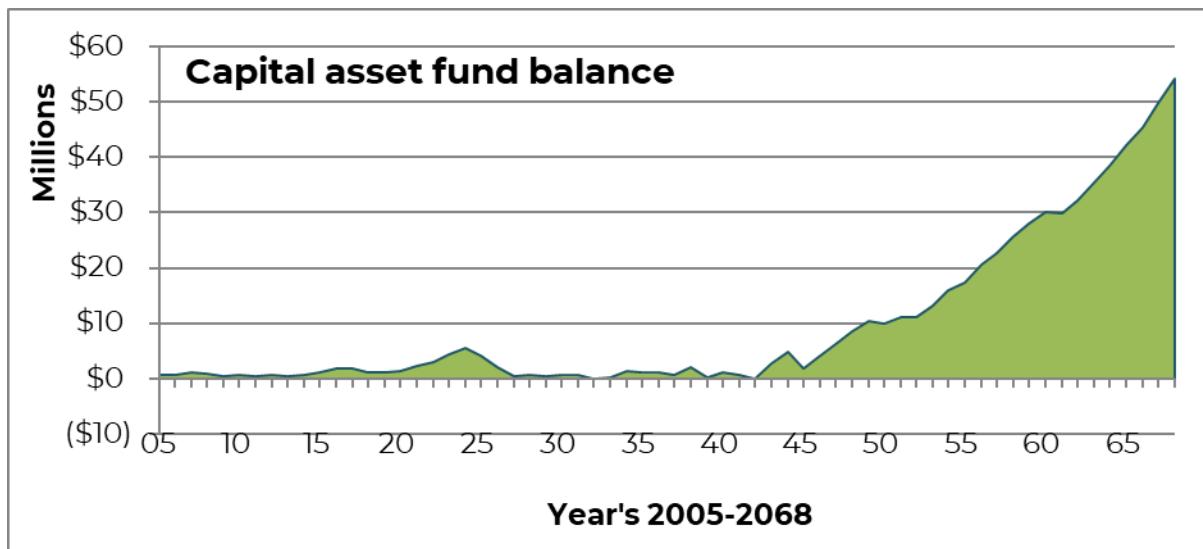
Over the next 20 years, the capital asset replacement fund will provide for approximately \$59.7 million in capital asset replacements, and will provide an additional \$5.9 million for debt service payments on governmental asset replacements. The first graph below illustrates historical and anticipated 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 Capital asset replacement fund 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	
	Other,		Interest earnings	Replacement costs	Transfers out		
	Tax levy	Refunds & Transfers In					
2025	\$ 1,945,000	\$ 250,000	\$ 1,000	\$ 3,466,271	\$ 225,844	\$ 4,127,427	
2026	1,890,000	-	1,000	3,671,374	375,739	1,971,314	
2027	1,795,000	-	1,000	2,822,083	482,758	462,473	
2028	2,350,000	-	1,000	1,767,689	482,353	563,431	
2029	2,460,000	-	1,000	2,060,217	481,538	482,676	
2030	2,500,000	-	1,000	1,768,296	483,628	731,752	
2031	2,550,000	-	1,000	2,039,091	481,823	761,838	
2032	2,677,500	-	22,000	3,106,000	479,608	(124,270)	
2033	2,811,400	-	-	1,915,200	481,858	290,072	
2034	2,952,000	-	13,000	1,376,400	478,573	1,400,099	
2035	3,099,600	-	43,000	2,833,800	479,753	1,229,146	
2036	3,254,600	-	38,000	2,972,900	480,273	1,068,573	
2037	3,384,800	-	32,000	3,493,200	291,968	700,205	
2038	3,520,200	-	26,000	1,884,050	291,904	2,070,451	
2039	3,661,000	-	56,000	5,596,100	91,712	99,639	
2040	3,807,400	-	7,000	2,624,100	91,392	1,198,547	
2041	3,921,600	-	34,000	4,561,000	-	593,147	
2042	4,039,200	-	16,000	4,609,350	-	38,997	
2043	4,039,200	-	9,000	1,442,000	-	2,645,197	
2044	4,039,200	-	85,000	2,024,000	-	4,745,397	
2045	4,039,200	-	133,000	7,134,100	-	1,783,497	
2046	4,039,200	-	60,000	1,862,600	-	4,020,097	
2047	4,039,200	-	127,000	1,865,700	-	6,320,597	
2048	4,039,200	-	195,000	2,080,400	-	8,474,397	
2049	4,039,200	-	259,000	2,466,300	-	10,306,297	
2050	4,039,200	-	307,000	4,674,400	-	9,978,097	
2051	4,039,200	-	301,000	3,330,200	-	10,988,097	
2052	4,039,200	-	329,000	4,360,700	-	10,995,597	
2053	4,039,200	-	335,000	2,217,000	-	13,152,797	
2054	4,039,200	-	401,000	1,760,000	-	15,832,997	
2055	4,039,200	-	478,000	2,920,600	-	17,429,597	
2056	4,039,200	-	531,000	1,325,600	-	20,674,197	
2057	4,039,200	-	625,000	2,559,600	-	22,778,797	
2058	4,039,200	-	690,000	1,882,500	-	25,625,497	
2059	4,039,200	-	774,000	2,322,300	-	28,116,397	
2060	4,039,200	-	847,000	2,953,400	-	30,049,197	
2061	4,039,200	-	898,000	5,043,100	-	29,943,297	
2062	4,039,200	-	902,000	2,692,720	-	32,191,777	
2063	4,039,200	-	973,000	1,746,000	-	35,457,977	
2064	4,039,200	-	1,069,000	2,174,900	-	38,391,277	
2065	4,039,200	-	1,160,000	1,429,300	-	42,161,177	
2066	4,039,200	-	1,271,000	2,004,878	-	45,466,499	
2067	4,039,200	-	1,373,000	1,180,300	-	49,698,399	
2068	4,039,200	-	1,500,000	1,147,400	-	54,090,199	

**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			
2025	\$ 248,170	\$ -	\$ 260,133	\$ 1,064,268	\$ 1,493,700	\$ 400,000	\$ 3,466,271	\$ 225,844	\$ 3,692,115	
2026	1,007,374	-	377,000	634,000	1,167,000	486,000	3,671,374	375,739	4,047,113	
2027	759,583	-	208,500	1,408,000	316,000	130,000	2,822,083	482,758	3,304,841	
2028	510,189	-	76,500	411,000	515,000	255,000	1,767,689	482,353	2,250,042	
2029	134,017	-	351,500	551,000	833,700	190,000	2,060,217	481,538	2,541,755	
2030	290,296	-	377,000	411,000	425,000	265,000	1,768,296	483,628	2,251,924	
2031	102,591	-	240,000	440,000	1,116,500	140,000	2,039,091	481,823	2,520,914	
2032	451,900	-	424,000	926,000	1,198,000	106,100	3,106,000	479,608	3,585,608	
2033	108,000	-	127,000	869,000	573,000	238,200	1,915,200	481,858	2,397,058	
2034	30,000	-	111,000	790,000	335,000	110,400	1,376,400	478,573	1,854,973	
2035	1,178,000	-	129,000	1,060,000	219,000	247,800	2,833,800	479,753	3,313,553	
2036	98,000	-	42,000	2,608,000	110,000	114,900	2,972,900	480,273	3,453,173	
2037	687,400	85,000	204,000	760,000	1,499,000	257,800	3,493,200	291,968	3,785,168	
2038	136,550	-	181,000	905,000	542,000	119,500	1,884,050	291,904	2,175,954	
2039	140,000	16,000	111,000	720,000	4,341,000	268,100	5,596,100	91,712	5,687,812	
2040	89,800	33,000	87,000	1,741,000	549,000	124,300	2,624,100	91,392	2,715,492	
2041	852,500	34,000	256,000	959,700	2,180,000	278,800	4,561,000	-	4,561,000	
2042	200,050	35,000	446,000	610,000	3,189,000	129,300	4,609,350	-	4,609,350	
2043	51,000	-	132,000	750,000	219,000	290,000	1,442,000	-	1,442,000	
2044	257,500	70,000	259,000	481,000	822,000	134,500	2,024,000	-	2,024,000	
2045	139,500	-	41,000	1,180,000	5,472,000	301,600	7,134,100	-	7,134,100	
2046	337,700	40,000	131,000	524,000	690,000	139,900	1,862,600	-	1,862,600	
2047	162,000	39,000	58,000	1,006,000	287,000	313,700	1,865,700	-	1,865,700	
2048	486,800	-	228,000	901,000	319,000	145,600	2,080,400	-	2,080,400	
2049	148,000	41,000	134,000	460,000	1,357,000	326,300	2,466,300	-	2,466,300	
2050	117,900	-	111,000	2,955,000	839,000	651,500	4,674,400	-	4,674,400	
2051	1,690,800	-	349,000	729,000	222,000	339,400	3,330,200	-	3,330,200	
2052	1,352,100	-	362,000	1,083,000	1,406,000	157,600	4,360,700	-	4,360,700	
2053	164,900	-	217,000	520,000	962,000	353,100	2,217,000	-	2,217,000	
2054	40,000	-	52,000	1,232,000	272,000	164,000	1,760,000	-	1,760,000	
2055	823,300	-	121,000	1,195,000	414,000	367,300	2,920,600	-	2,920,600	
2056	41,000	-	235,000	580,000	299,000	170,600	1,325,600	-	1,325,600	
2057	941,600	120,000	65,000	675,000	376,000	382,000	2,559,600	-	2,559,600	
2058	42,000	-	294,000	715,000	654,000	177,500	1,882,500	-	1,882,500	
2059	228,900	25,000	239,000	895,000	537,000	397,400	2,322,300	-	2,322,300	
2060	972,700	54,000	137,000	516,000	1,089,000	184,700	2,953,400	-	2,953,400	
2061	1,554,700	55,000	201,000	494,000	2,325,000	413,400	5,043,100	-	5,043,100	
2062	253,520	57,000	399,000	1,105,000	686,000	192,200	2,692,720	-	2,692,720	
2063	60,000	-	142,000	870,000	244,000	430,000	1,746,000	-	1,746,000	
2064	45,000	120,000	97,000	1,141,000	572,000	199,900	2,174,900	-	2,174,900	
2065	62,000	-	51,000	425,000	444,000	447,300	1,429,300	-	1,429,300	
2066	62,878	61,000	57,000	879,000	737,000	208,000	2,004,878	-	2,004,878	
2067	63,000	62,000	72,000	255,000	263,000	465,300	1,180,300	-	1,180,300	
2068	47,000	-	286,000	456,000	142,000	216,400	1,147,400	-	1,147,400	

**Capital asset replacement fund**

**Capital summary - fire equipment, vehicles and stations**

Year	Shoreview share			61.5%			Total fire equipment			Total fire equipment & buildings
	Buildings	Parking/driveways	Station #3	Station #4	Breathing apparatus	Radio system	Other equipment	Vehicles		
2025	\$ 36,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,330	\$ 72,878	\$ 248,170	
2026	-	-	-	-	442,800	-	64,271	500,303	1,007,374	
2027	164,820	-	-	-	-	-	137,203	457,560	759,583	
2028	184,500	-	-	-	-	-	35,839	289,850	510,189	
2029	-	-	-	-	-	-	128,174	5,843	134,017	
2030	-	-	-	-	-	-	13,238	277,058	290,296	
2031	-	-	-	-	2,251	-	-	100,340	102,591	
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	104,550	-	-	-	-	-	-	136,550	
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	-	166,050	-	-	-	-	-	200,050	
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	
2063	44,000	-	-	-	-	-	16,000	-	60,000	
2064	45,000	-	-	-	-	-	-	-	45,000	
2065	45,000	-	-	-	-	-	17,000	-	62,000	
2066	46,000	16,878	-	-	-	-	-	-	62,878	
2067	46,000	-	-	-	-	-	17,000	-	63,000	
2068	47,000	-	-	-	-	-	-	-	47,000	

**Capital asset replacement fund**

**Capital summary - warning sirens**

Year	By siren number and location													Total siren costs	
	#1	#2	#3	#4	#5	#6	#7	#8	LC	VH	50% of cost				
	Maint center	Sherwd Road	Lake Judy	Victoria & 694	Turtle Lake school	Well #6	Pkvw Dr	Park/ Park	Shamrock	Rice & Country Dr	Rice & Snl Lk Rd	Radio controls			
2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2026	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2027	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2028	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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	-	-	-	-	-	-	-	70,000	
2045	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2046	-	-	-	-	-	-	-	40,000	-	-	-	-	-	40,000	
2047	-	-	-	-	-	-	39,000	-	-	-	-	-	-	39,000	
2048	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2049	41,000	-	-	-	-	-	-	-	-	-	-	-	-	41,000	
2050	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2051	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2052	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2053	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2054	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2055	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2056	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2057	-	-	-	-	-	-	-	-	25,000	-	95,000	120,000	-	-	
2058	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2059	-	-	-	-	-	-	-	-	-	25,000	-	25,000	-	-	
2060	-	-	-	54,000	-	-	-	-	-	-	-	-	-	54,000	
2061	-	-	-	-	55,000	-	-	-	-	-	-	-	-	55,000	
2062	-	-	57,000	-	-	-	-	-	-	-	-	-	-	57,000	
2063	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2064	-	60,000	-	-	-	60,000	-	-	-	-	-	-	-	120,000	
2065	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2066	-	-	-	-	-	-	-	61,000	-	-	-	-	-	61,000	
2067	-	-	-	-	-	-	62,000	-	-	-	-	-	-	62,000	
2068	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

**Capital asset replacement fund**

**Capital summary - Information systems**

Year	Computers	Printers	Servers	Security systems	Recovery/ backup	Commun-ications	LAN/ network	Imaging/ records	Specialized software	Other	Estimated replacement cost
2025	\$ 20,000	\$ 6,445	\$ 55,188	\$ 6,000	\$ -	\$ 23,000	\$ 65,000	\$ -	\$ 8,000	\$ 76,500	\$ 260,133
2026	68,000	1,500	70,000	96,000	-	5,000	11,000	-	15,000	110,500	377,000
2027	18,500	8,500	-	6,000	-	14,000	101,000	-	5,000	55,500	208,500
2028	15,000	33,500	-	6,000	-	17,000	5,000	-	-	-	76,500
2029	19,000	7,000	-	31,000	-	9,000	107,000	-	95,000	83,500	351,500
2030	19,000	4,500	80,000	6,000	-	13,000	217,000	-	-	37,500	377,000
2031	15,000	10,500	80,000	6,000	-	53,000	65,000	-	-	10,500	240,000
2032	15,000	14,000	-	65,000	-	30,000	200,000	-	-	100,000	424,000
2033	15,000	-	-	-	-	15,000	7,000	-	80,000	10,000	127,000
2034	15,000	-	60,000	6,000	9,000	4,000	7,000	-	-	10,000	111,000
2035	15,000	-	-	-	-	4,000	100,000	-	-	10,000	129,000
2036	15,000	-	-	6,000	-	4,000	7,000	-	-	10,000	42,000
2037	15,000	15,000	-	-	-	4,000	160,000	-	-	10,000	204,000
2038	15,000	-	-	65,000	-	4,000	7,000	-	80,000	10,000	181,000
2039	20,000	-	70,000	-	-	4,000	7,000	-	-	10,000	111,000
2040	20,000	-	-	6,000	9,000	35,000	7,000	-	-	10,000	87,000
2041	20,000	-	65,000	-	-	4,000	7,000	-	150,000	10,000	256,000
2042	20,000	16,000	-	6,000	-	4,000	300,000	-	-	100,000	446,000
2043	20,000	-	-	-	-	15,000	7,000	-	80,000	10,000	132,000
2044	20,000	-	-	65,000	-	4,000	160,000	-	-	10,000	259,000
2045	20,000	-	-	-	-	4,000	7,000	-	-	10,000	41,000
2046	20,000	-	75,000	6,000	9,000	4,000	7,000	-	-	10,000	131,000
2047	20,000	17,000	-	-	-	4,000	7,000	-	-	10,000	58,000
2048	20,000	-	70,000	6,000	-	35,000	7,000	-	80,000	10,000	228,000
2049	20,000	-	-	-	-	4,000	100,000	-	-	10,000	134,000
2050	25,000	-	-	65,000	-	4,000	7,000	-	-	10,000	111,000
2051	25,000	-	-	-	-	4,000	160,000	-	150,000	10,000	349,000
2052	25,000	18,000	-	6,000	9,000	4,000	200,000	-	-	100,000	362,000
2053	25,000	-	80,000	-	-	15,000	7,000	-	80,000	10,000	217,000
2054	25,000	-	-	6,000	-	4,000	7,000	-	-	10,000	52,000
2055	25,000	-	75,000	-	-	4,000	7,000	-	-	10,000	121,000
2056	25,000	-	-	65,000	-	35,000	100,000	-	-	10,000	235,000
2057	25,000	19,000	-	-	-	4,000	7,000	-	-	10,000	65,000
2058	25,000	-	-	6,000	9,000	4,000	160,000	-	80,000	10,000	294,000
2059	25,000	-	-	-	-	4,000	200,000	-	-	10,000	239,000
2060	25,000	-	85,000	6,000	-	4,000	7,000	-	-	10,000	137,000
2061	30,000	-	-	-	-	4,000	7,000	-	150,000	10,000	201,000
2062	30,000	20,000	80,000	65,000	-	4,000	100,000	-	-	100,000	399,000
2063	30,000	-	-	-	-	15,000	7,000	-	80,000	10,000	142,000
2064	30,000	-	-	6,000	9,000	35,000	7,000	-	-	10,000	97,000
2065	30,000	-	-	-	-	4,000	7,000	-	-	10,000	51,000
2066	30,000	-	-	6,000	-	4,000	7,000	-	-	10,000	57,000
2067	30,000	21,000	-	-	-	4,000	7,000	-	-	10,000	72,000
2068	30,000	-	90,000	65,000	-	4,000	7,000	-	80,000	10,000	286,000

**Capital asset replacement fund**

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

Year	Building		Pool equip			Locker rooms		Total building replacement costs
	Improv.	Mechanicals	Carpet	Banquet rooms	water treatment	pool stairs	All other equipment	
2025	\$ 622,370	\$ 40,000	\$ 145,000	\$ 156,500	\$ 100,398	\$ -	\$ -	\$ 1,064,268
2026	50,000	-	80,000	233,000	271,000	-	-	634,000
2027	880,000	-	110,000	210,000	208,000	-	-	1,408,000
2028	140,000	35,000	15,000	111,000	50,000	60,000	-	411,000
2029	150,000	200,000	15,000	121,000	65,000	-	-	551,000
2030	280,000	-	15,000	15,000	101,000	-	-	411,000
2031	150,000	110,000	15,000	80,000	85,000	-	-	440,000
2032	250,000	60,000	100,000	266,000	80,000	170,000	-	926,000
2033	300,000	60,000	49,000	115,000	170,000	175,000	-	869,000
2034	350,000	100,000	15,000	30,000	65,000	230,000	-	790,000
2035	70,000	-	-	50,000	530,000	410,000	-	1,060,000
2036	-	115,000	-	103,000	90,000	2,300,000	-	2,608,000
2037	-	-	75,000	115,000	125,000	445,000	-	760,000
2038	250,000	175,000	75,000	130,000	50,000	225,000	-	905,000
2039	250,000	170,000	-	25,000	85,000	190,000	-	720,000
2040	550,000	-	165,000	731,000	105,000	190,000	-	1,741,000
2041	-	-	-	629,000	75,000	255,700	-	959,700
2042	-	-	-	155,000	110,000	345,000	-	610,000
2043	-	195,000	115,000	25,000	130,000	285,000	-	750,000
2044	-	110,000	-	16,000	55,000	300,000	-	481,000
2045	500,000	160,000	150,000	55,000	110,000	205,000	-	1,180,000
2046	-	70,000	85,000	89,000	75,000	205,000	-	524,000
2047	300,000	-	11,000	300,000	185,000	210,000	-	1,006,000
2048	300,000	35,000	-	216,000	75,000	275,000	-	901,000
2049	-	110,000	15,000	65,000	55,000	215,000	-	460,000
2050	250,000	135,000	-	100,000	100,000	2,370,000	-	2,955,000
2051	250,000	-	-	164,000	95,000	220,000	-	729,000
2052	250,000	250,000	95,000	173,000	95,000	220,000	-	1,083,000
2053	-	70,000	120,000	30,000	55,000	245,000	-	520,000
2054	400,000	115,000	12,000	-	125,000	580,000	-	1,232,000
2055	80,000	-	155,000	105,000	355,000	500,000	-	1,195,000
2056	-	-	-	105,000	75,000	400,000	-	580,000
2057	-	145,000	-	130,000	170,000	230,000	-	675,000
2058	250,000	35,000	15,000	130,000	55,000	230,000	-	715,000
2059	250,000	295,000	-	35,000	55,000	260,000	-	895,000
2060	-	80,000	-	46,000	75,000	315,000	-	516,000
2061	-	-	-	124,000	125,000	245,000	-	494,000
2062	300,000	90,000	80,000	285,000	105,000	245,000	-	1,105,000
2063	300,000	-	180,000	-	75,000	315,000	-	870,000
2064	550,000	270,000	-	16,000	55,000	250,000	-	1,141,000
2065	-	-	-	30,000	55,000	340,000	-	425,000
2066	-	185,000	-	89,000	95,000	510,000	-	879,000
2067	-	80,000	-	95,000	80,000	-	-	255,000
2068	-	35,000	-	146,000	105,000	170,000	-	456,000

**Capital asset replacement fund**

**Capital summary - park facilities**

Year	Pavement								Misc. items	Total all parks
	Buildings	Picnic shelters	Playground equipment	Courts/ Fields	Parking/ driveway	Fencing/ backstops	Lights	Renovations		
2025	\$ 15,000	\$ -	\$ 525,000	\$ 585,000	\$ -	\$ 271,600	\$ 20,000	\$ -	\$ 77,100	\$ 1,493,700
2026	35,000	-	50,000	280,000	467,000	140,000	95,000	-	100,000	1,167,000
2027	15,000	-	-	236,000	15,000	-	-	-	50,000	316,000
2028	65,000	-	-	320,000	80,000	-	-	-	50,000	515,000
2029	15,000	-	600,000	3,700	15,000	150,000	-	-	50,000	833,700
2030	15,000	45,000	-	-	315,000	-	-	-	50,000	425,000
2031	55,000	34,500	60,000	-	15,000	902,000	-	-	50,000	1,116,500
2032	-	65,000	375,000	102,000	31,000	100,000	-	-	525,000	1,198,000
2033	18,000	-	350,000	60,000	35,000	-	-	-	110,000	573,000
2034	75,000	26,000	-	104,000	20,000	-	-	-	110,000	335,000
2035	42,000	-	-	52,000	15,000	-	-	-	110,000	219,000
2036	-	-	-	-	-	-	-	-	110,000	110,000
2037	-	13,000	-	45,000	31,000	-	-	1,300,000	110,000	1,499,000
2038	12,000	-	375,000	-	35,000	-	-	-	120,000	542,000
2039	75,000	26,000	250,000	-	270,000	-	-	3,600,000	120,000	4,341,000
2040	42,000	-	250,000	122,000	15,000	-	-	-	120,000	549,000
2041	-	-	2,000,000	60,000	-	-	-	-	120,000	2,180,000
2042	-	13,000	-	-	31,000	-	-	3,000,000	145,000	3,189,000
2043	12,000	-	-	52,000	35,000	-	-	-	120,000	219,000
2044	81,000	26,000	500,000	-	95,000	-	-	-	120,000	822,000
2045	42,000	-	-	45,000	15,000	195,000	-	5,015,000	160,000	5,472,000
2046	35,000	-	425,000	-	-	100,000	-	-	130,000	690,000
2047	12,000	13,000	-	67,000	65,000	-	-	-	130,000	287,000
2048	12,000	-	-	107,000	35,000	35,000	-	-	130,000	319,000
2049	81,000	26,000	850,000	60,000	35,000	75,000	100,000	-	130,000	1,357,000
2050	42,000	-	600,000	52,000	15,000	-	-	-	130,000	839,000
2051	-	-	-	52,000	-	-	40,000	-	130,000	222,000
2052	12,000	13,000	375,000	-	51,000	100,000	300,000	-	555,000	1,406,000
2053	12,000	-	350,000	45,000	300,000	100,000	25,000	-	130,000	962,000
2054	81,000	26,000	-	-	35,000	-	-	-	130,000	272,000
2055	102,000	-	-	67,000	15,000	-	100,000	-	130,000	414,000
2056	-	-	-	107,000	-	-	62,000	-	130,000	299,000
2057	12,000	13,000	-	60,000	51,000	110,000	-	-	130,000	376,000
2058	12,000	-	375,000	52,000	35,000	-	50,000	-	130,000	654,000
2059	24,000	26,000	250,000	52,000	55,000	-	-	-	130,000	537,000
2060	99,000	-	750,000	-	15,000	95,000	-	-	130,000	1,089,000
2061	-	-	2,000,000	45,000	-	100,000	50,000	-	130,000	2,325,000
2062	12,000	13,000	425,000	-	81,000	-	-	-	155,000	686,000
2063	12,000	-	-	67,000	35,000	-	-	-	130,000	244,000
2064	24,000	26,000	-	107,000	285,000	-	-	-	130,000	572,000
2065	99,000	-	-	60,000	15,000	100,000	-	-	170,000	444,000
2066	-	-	425,000	52,000	-	100,000	-	-	160,000	737,000
2067	12,000	13,000	-	52,000	51,000	-	-	-	135,000	263,000
2068	12,000	-	-	-	35,000	75,000	-	-	20,000	142,000

**Capital asset replacement fund**

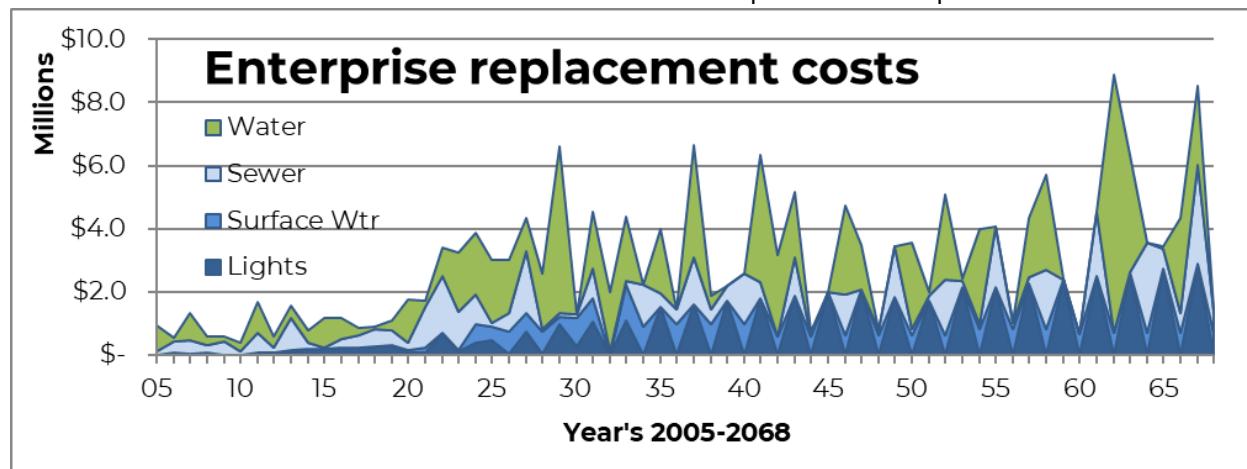
**Capital summary - trails and pathways**

Year	Park	Description	Trail rehabilitation & replacement		Total cost
			Rehab.	Replace	
2025	Allowance	Asphalt path	\$ -	\$ 400,000	\$ 400,000
2026	Allowance	Asphalt path	90,000	396,000	486,000
2027	Allowance	Asphalt path	90,000	40,000	130,000
2028	Allowance	Asphalt path	90,000	165,000	255,000
2029	Allowance	Asphalt path	100,000	90,000	190,000
2030	Allowance	Asphalt path	100,000	165,000	265,000
2031	Allowance	Asphalt path	100,000	40,000	140,000
2032	Allowance	Asphalt path	106,100	-	106,100
2033	Allowance	Asphalt path	108,200	130,000	238,200
2034	Allowance	Asphalt path	110,400	-	110,400
2035	Allowance	Asphalt path	112,600	135,200	247,800
2036	Allowance	Asphalt path	114,900	-	114,900
2037	Allowance	Asphalt path	117,200	140,600	257,800
2038	Allowance	Asphalt path	119,500	-	119,500
2039	Allowance	Asphalt path	121,900	146,200	268,100
2040	Allowance	Asphalt path	124,300	-	124,300
2041	Allowance	Asphalt path	126,800	152,000	278,800
2042	Allowance	Asphalt path	129,300	-	129,300
2043	Allowance	Asphalt path	131,900	158,100	290,000
2044	Allowance	Asphalt path	134,500	-	134,500
2045	Allowance	Asphalt path	137,200	164,400	301,600
2046	Allowance	Asphalt path	139,900	-	139,900
2047	Allowance	Asphalt path	142,700	171,000	313,700
2048	Allowance	Asphalt path	145,600	-	145,600
2049	Allowance	Asphalt path	148,500	177,800	326,300
2050	Allowance	Asphalt path	151,500	500,000	651,500
2051	Allowance	Asphalt path	154,500	184,900	339,400
2052	Allowance	Asphalt path	157,600	-	157,600
2053	Allowance	Asphalt path	160,800	192,300	353,100
2054	Allowance	Asphalt path	164,000	-	164,000
2055	Allowance	Asphalt path	167,300	200,000	367,300
2056	Allowance	Asphalt path	170,600	-	170,600
2057	Allowance	Asphalt path	174,000	208,000	382,000
2058	Allowance	Asphalt path	177,500	-	177,500
2059	Allowance	Asphalt path	181,100	216,300	397,400
2060	Allowance	Asphalt path	184,700	-	184,700
2061	Allowance	Asphalt path	188,400	225,000	413,400
2062	Allowance	Asphalt path	192,200	-	192,200
2063	Allowance	Asphalt path	196,000	234,000	430,000
2064	Allowance	Asphalt path	199,900	-	199,900
2065	Allowance	Asphalt path	203,900	243,400	447,300
2066	Allowance	Asphalt path	208,000	-	208,000
2067	Allowance	Asphalt path	212,200	253,100	465,300
2068	Allowance	Asphalt path	216,400	-	216,400

## 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 2026 utility rate study was prepared by staff.

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 \$66.4 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:

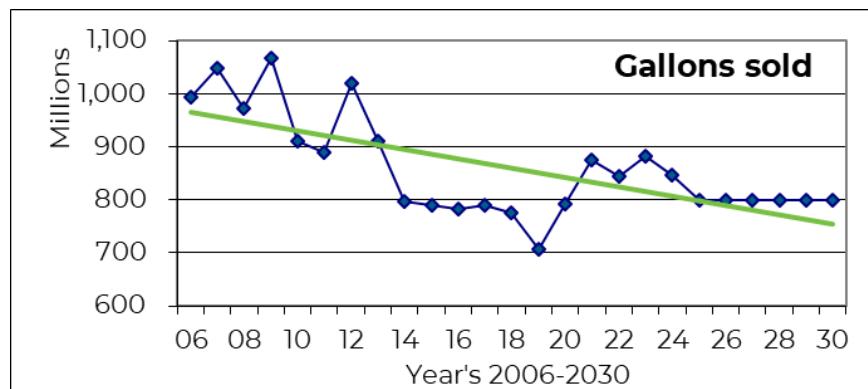
- Cash balances and cash balance objectives
- Debt levels, future debt issuance and debt payments
- New connections to utility services
- Capital costs (additions, repairs and replacements)
- Water consumption trends
- Sewage flows and treatment costs
- Operating costs
- Maintenance strategies

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**

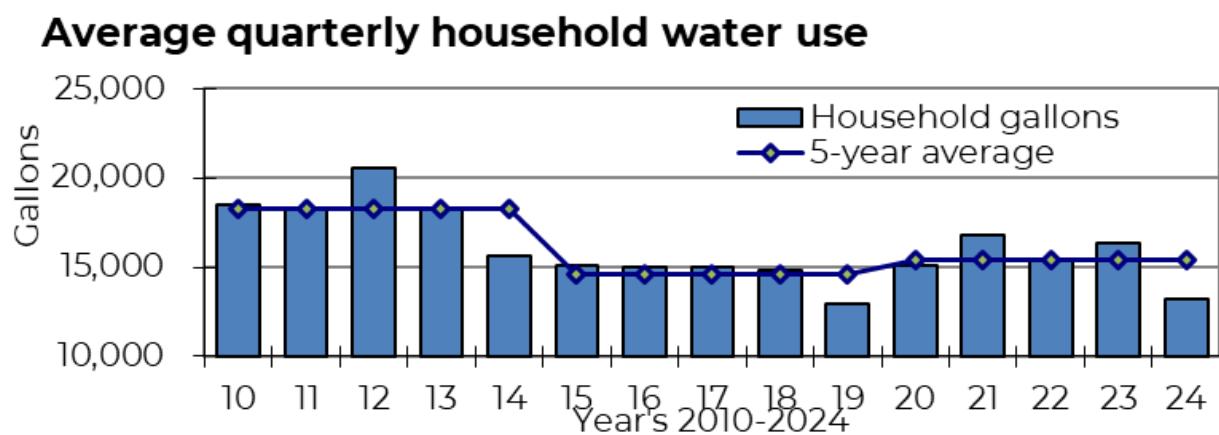
In recent years a combination of weather (rainfall), an aging population, and changes in usage patterns have contributed to an overall decline in average household water use. Although the city expects variations in water consumption from year to year, mainly due to rainfall fluctuations and timing, a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

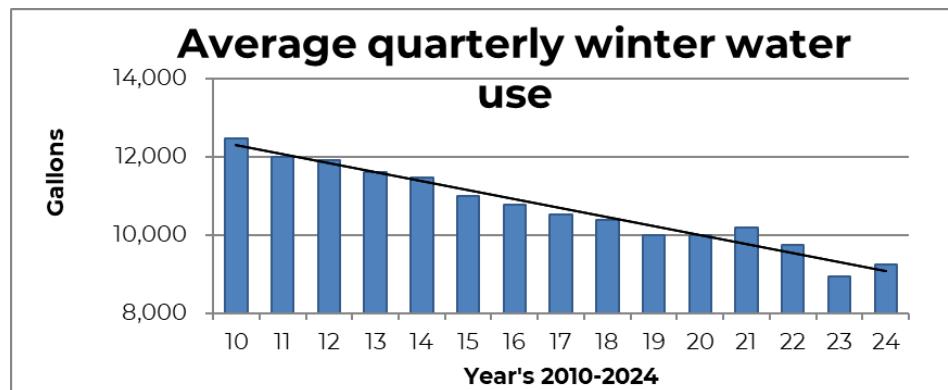


Over the last nine years, household water use has accounted for an average of 75% of total gallons consumed. The following two graphs illustrate a decline in quarterly household water use.

Average quarterly household water use in the last five years (20120 to 2024) is approximately 5.5% higher than the previous 5 years, and about 16% 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 2010.



### Water fund

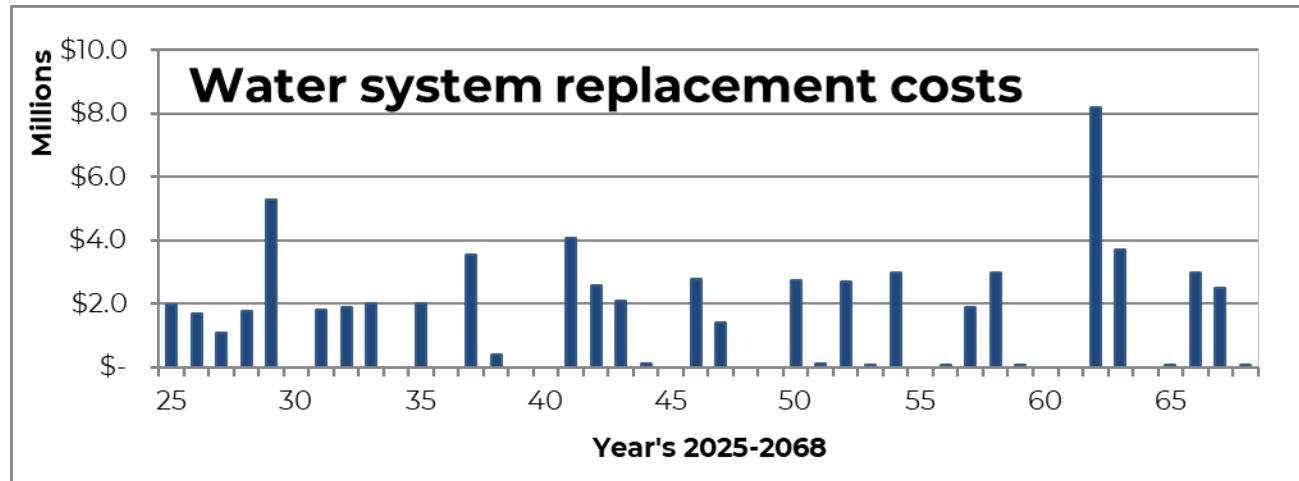
In setting water rates, the city expects fluctuations in water consumption from year to year, and the resulting fluctuations in water revenue. Revenue projections utilize a “base year” approach for estimating gallons sold, which enables the city to set rates at levels that support operations, without 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. The schedule below shows budgeted and base gallons over the past ten years. Actual gallons for the most current three years exceeded base gallons due to drought conditions during the growing season.

	Base Gallons (000)			Percent of Budget
	Budgeted	Actual	Variance	
2025	800,000	781,551	(18,449)	97.69%
2024	800,000	845,217	45,217	105.65%
2023	800,000	881,715	81,715	110.21%
2022	800,000	845,217	45,217	105.65%
2021	800,000	874,448	74,448	109.31%
2020	800,000	791,219	(8,781)	98.90%
2019	880,000	706,064	(173,936)	80.23%
2018	880,000	775,137	(104,863)	88.08%
2017	880,000	791,072	(88,928)	89.89%
2016	880,000	783,616	(96,384)	89.05%

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, rehabilitation of the north tower and booster station roof replacement.



Water Fund	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>						
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	4,823,000	4,996,000	5,211,000	5,440,000	5,675,000	5,920,000
Late Fees/Utility Charges	-	-	-	-	-	-
Water Facility Charges	10,500	10,500	10,500	10,500	10,500	10,500
Other Charges	27,000	27,000	27,000	27,000	27,000	27,000
Other Revenues	-	-	-	-	-	-
Total Revenue	4,860,500	5,033,500	5,248,500	5,477,500	5,712,500	5,957,500
<b>Expense</b>						
Enterprise Operations	2,609,990	2,601,333	2,700,386	2,836,534	2,896,553	2,973,002
Depreciation	1,029,804	1,043,344	1,063,946	1,083,327	1,136,155	1,170,381
Total Expense	3,639,794	3,644,677	3,764,332	3,919,861	4,032,708	4,143,383
<b>Operating Income (Loss)</b>	1,220,706	1,388,823	1,484,168	1,557,639	1,679,792	1,814,117
<b>Other Sources (Uses)</b>						
Interest Earnings	30,000	30,000	30,000	30,000	30,000	30,000
Sale of Asset-Gain/(loss)	-	-	-	-	-	-
Contributed Capital Assets	-	-	-	-	-	-
Debt Service	(344,053)	(472,459)	(468,840)	(500,139)	(542,188)	(702,449)
Transfers Out	(525,000)	(555,000)	(577,500)	(591,000)	(611,000)	(661,000)
Net Change	381,653	391,364	467,828	496,500	556,604	480,668
Fund Equity, beginning	16,227,250	16,608,903	17,000,267	17,468,095	17,964,595	18,521,199
Fund Equity, ending	\$ 16,608,903	\$ 17,000,267	\$ 17,468,095	\$ 17,964,595	\$ 18,521,199	\$ 19,001,867
Months of operating coverage	8.1	8.4	8.6	9.2	8.4	8.6
Cash balance	\$ 3,597,888	\$ 3,822,596	\$ 4,129,370	\$ 4,654,197	\$ 4,556,956	\$ 4,853,005
Capital costs	\$ 2,076,900	\$ 1,925,000	\$ 1,675,000	\$ 1,760,000	\$ 5,300,000	\$ -
General transfer percent of assets	0.81%	0.80%	0.79%	0.78%	0.73%	0.74%
Rate Increase (tiers)	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Change in utility charge revenue	10.8%	3.6%	0.043034428	4.4%	4.3%	4.3%
Debt issued	\$ 1,630,000	\$ 1,925,000	\$ 1,675,000	\$ 2,060,000	\$ 5,000,000	\$ 300,000
Debt payments (principal)	\$ 1,285,000	\$ 1,210,000	\$ 1,225,000	\$ 1,355,000	\$ 1,490,000	\$ 1,655,000
Debt balance (year end)	\$ 10,575,000	\$ 11,290,000	\$ 11,740,000	\$ 12,445,000	\$ 15,955,000	\$ 14,600,000
Debt Capacity after transfers	\$ 126,457	\$ 224,708	\$ 306,774	\$ 224,827	\$ 202,759	\$ (3,951)
Gallons of water sold (000)	781,551	800,000	800,000	800,000	800,000	800,000

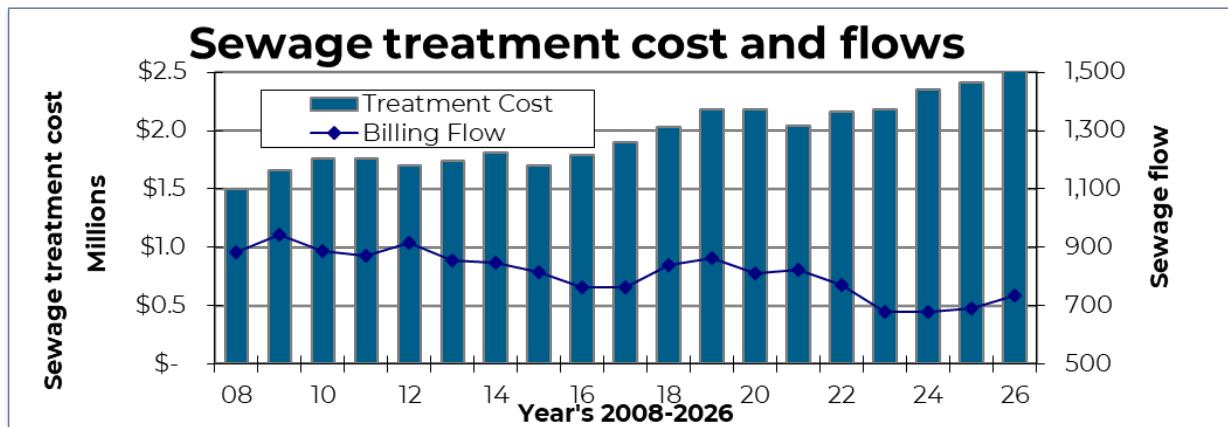
**Water fund**

**Capital summary**

Year	Replacements					Total capital costs
	Water lines	Treatment plant	Wells, generator, & controls	Towers/ reservoir	Additions	
2025	\$ 1,980,000	\$ -	\$ -	\$ -	\$ 250,000	\$ 2,230,000
2026	1,075,000	-	-	600,000	-	1,675,000
2027	1,075,000	-	-	-	3,500	1,078,500
2028	1,760,000	-	-	-	-	1,760,000
2029	300,000	5,000,000	-	-	-	5,300,000
2030	-	-	-	-	-	-
2031	1,800,000	-	-	-	-	1,800,000
2032	-	-	250,000	1,630,000	-	1,880,000
2033	2,000,000	-	-	-	-	2,000,000
2034	-	-	-	-	-	-
2035	2,000,000	-	-	-	-	2,000,000
2036	-	-	-	-	-	-
2037	2,500,000	-	60,000	1,000,000	-	3,560,000
2038	-	-	400,000	-	-	400,000
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	4,000,000	60,000	-	-	4,060,000
2042	2,500,000	-	-	85,000	-	2,585,000
2043	-	-	-	2,100,000	-	2,100,000
2044	-	-	130,000	-	-	130,000
2045	-	-	-	-	-	-
2046	2,750,000	-	50,000	-	-	2,800,000
2047	-	-	-	1,400,000	-	1,400,000
2048	-	-	-	-	-	-
2049	-	-	-	-	-	-
2050	2,750,000	-	-	-	-	2,750,000
2051	-	-	-	100,000	-	100,000
2052	-	-	-	2,700,000	-	2,700,000
2053	-	-	60,000	-	-	60,000
2054	3,000,000	-	-	-	6,000,000	9,000,000
2055	-	-	-	-	-	-
2056	-	-	60,000	-	-	60,000
2057	-	-	-	1,900,000	-	1,900,000
2058	3,000,000	-	-	-	-	3,000,000
2059	-	-	70,000	-	-	70,000
2060	-	-	-	-	-	-
2061	-	-	-	-	-	-
2062	3,000,000	5,000,000	75,000	115,000	-	8,190,000
2063	-	-	-	3,700,000	-	3,700,000
2064	-	-	-	-	-	-
2065	-	-	75,000	-	-	75,000
2066	3,000,000	-	-	-	-	3,000,000
2067	-	-	-	2,500,000	-	2,500,000
2068	-	-	80,000	-	-	80,000

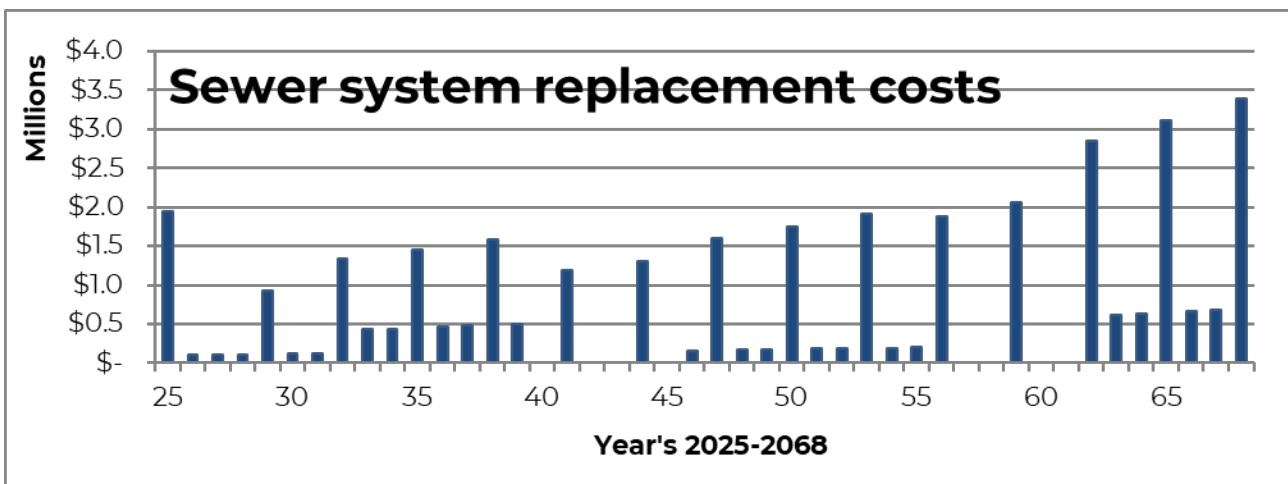
## Sewer fund

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	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>						
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	1,600	1,600	1,600	1,600	1,600	1,600
Utility Charges	5,232,000	5,470,000	5,643,000	5,815,000	5,990,000	6,174,000
Late Fees/Utility Charges	-	-	-	-	-	-
Sewer Facility Charges	5,000	5,000	5,000	5,000	5,000	5,000
Other Charges	2,500	2,500	2,500	2,500	2,500	2,500
<b>Total Revenue</b>	<b>5,241,100</b>	<b>5,479,100</b>	<b>5,652,100</b>	<b>5,824,100</b>	<b>5,999,100</b>	<b>6,183,100</b>
<b>Expense</b>						
Enterprise Operations	4,500,267	4,750,571	4,921,476	5,151,398	5,340,813	5,546,929
Depreciation	375,063	386,614	388,523	387,038	397,718	408,473
<b>Total Expense</b>	<b>4,875,330</b>	<b>5,137,185</b>	<b>5,309,999</b>	<b>5,538,436</b>	<b>5,738,531</b>	<b>5,955,402</b>
<b>Operating Income (Loss)</b>	<b>365,770</b>	<b>341,915</b>	<b>342,101</b>	<b>285,664</b>	<b>260,569</b>	<b>227,698</b>
<b>Other Sources (Uses)</b>						
Interest Earnings	35,000	35,000	35,000	35,000	35,000	35,000
Sale of Asset-Loss	-	-	-	-	-	-
Contributed Capital Assets	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Debt Service	(96,331)	(116,234)	(99,914)	(88,013)	(78,751)	(102,487)
Transfers In	-	-	-	-	-	-
Transfers Out	(255,000)	(279,000)	(283,500)	(281,000)	(282,000)	(292,000)
<b>Net Change</b>	<b>49,439</b>	<b>(18,319)</b>	<b>(6,313)</b>	<b>(48,349)</b>	<b>(65,182)</b>	<b>(131,789)</b>
<b>Fund Equity, beginning</b>	<b>11,656,989</b>	<b>11,706,428</b>	<b>11,688,109</b>	<b>11,681,796</b>	<b>11,633,447</b>	<b>11,568,265</b>
<b>Fund Equity, ending</b>	<b>\$11,706,428</b>	<b>\$11,688,109</b>	<b>\$11,681,796</b>	<b>\$11,633,447</b>	<b>\$11,568,265</b>	<b>\$11,436,476</b>
<b>Months of operating coverage</b>						
Cash balance	9.3	8.7	8.2	7.6	6.9	6.3
Capital costs	\$ 4,465,263	\$ 4,308,558	\$ 4,190,768	\$ 4,015,457	\$ 3,804,993	\$ 3,551,177
General transfer percent of assets	\$ 1,942,900	\$ 100,000	\$ 105,000	\$ 130,000	\$ 931,000	\$ 115,000
Rate Increase (middle tier)	0.79%	0.81%	0.83%	0.84%	0.83%	0.85%
Change in utility charge revenue	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Debt issued	1.1%	4.5%	3.2%	3.0%	3.0%	3.1%
Debt payments (principal)	\$ 545,000	\$ 100,000	\$ 105,000	\$ 130,000	\$ 931,000	\$ 115,000
Debt balance (year end)	\$ 560,000	\$ 525,000	\$ 500,000	\$ 514,000	\$ 543,000	\$ 530,500
Debt Capacity after transfers	\$ 7,310,542	\$ 6,885,542	\$ 6,490,542	\$ 6,106,542	\$ 6,494,542	\$ 6,079,042
	\$ (135,498)	\$ (156,705)	\$ (117,790)	\$ (175,311)	\$ (210,464)	\$ (253,816)

**Sewer fund**

**Capital summary**

Year	Replacements				Total capital costs
	Sewer lines	Relining-televising	Lift stations	Additions	
2025	\$ 1,092,900	\$ 760,000	\$ 90,000	\$ -	\$ 1,942,900
2026	-	-	100,000	-	100,000
2027	-	-	105,000	3,500	108,500
2028	-	-	110,000	30,000	140,000
2029	-	831,000	100,000	-	931,000
2030	-	-	115,000	-	115,000
2031	-	-	115,000	-	115,000
2032	-	909,900	420,000	-	1,329,900
2033	-	-	430,500	-	430,500
2034	-	-	441,300	-	441,300
2035	-	996,300	452,300	-	1,448,600
2036	-	-	463,600	-	463,600
2037	-	-	475,200	-	475,200
2038	-	1,090,900	487,100	-	1,578,000
2039	-	-	499,300	-	499,300
2040	-	-	-	-	-
2041	-	1,194,500	-	-	1,194,500
2042	-	-	-	-	-
2043	-	-	-	-	-
2044	-	1,308,000	-	-	1,308,000
2045	-	-	-	-	-
2046	-	-	160,000	-	160,000
2047	-	1,432,300	164,000	-	1,596,300
2048	-	-	168,100	-	168,100
2049	-	-	172,300	-	172,300
2050	-	1,568,400	176,600	-	1,745,000
2051	-	-	181,000	-	181,000
2052	-	-	185,500	-	185,500
2053	-	1,717,400	190,100	-	1,907,500
2054	-	-	194,900	-	194,900
2055	-	-	199,800	-	199,800
2056	-	1,880,600	-	-	1,880,600
2057	-	-	-	-	-
2058	-	-	-	-	-
2059	-	2,059,300	-	-	2,059,300
2060	-	-	-	-	-
2061	-	-	-	-	-
2062	-	2,254,900	600,000	-	2,854,900
2063	-	-	615,000	-	615,000
2064	-	-	630,400	-	630,400
2065	-	2,469,100	646,200	-	3,115,300
2066	-	-	662,400	-	662,400
2067	-	-	679,000	-	679,000
2068	-	2,703,700	696,000	-	3,399,700

## Surface water management fund

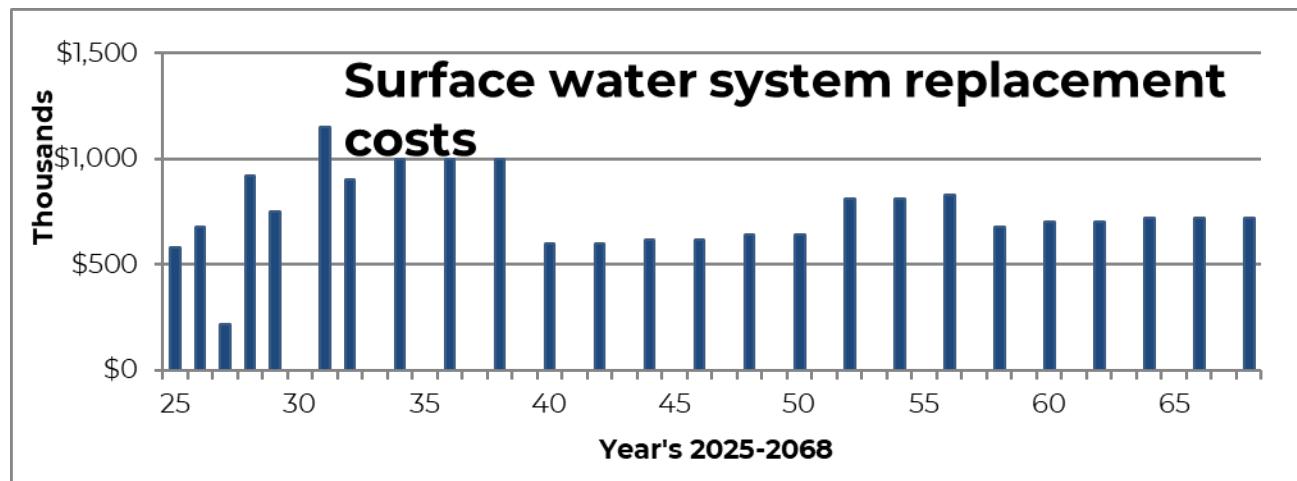
The city's surface water system collects and directs storm water runoff and provides protections for ground water quality. The program is designed to preserve and use natural water storage and retention systems, as much as practical, to reduce capital expenditures necessary to:

- 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	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>						
Utility Charges	\$ 2,300,000	\$ 2,454,000	\$ 2,528,000	\$ 2,603,000	\$ 2,681,000	\$ 2,761,000
Late Fees/Utility Charges	-	-	-	-	-	-
Snail Lake Augmentation Chgs	38,000	38,000	38,000	38,000	38,000	38,000
Other Charges	8,000	8,000	8,000	8,000	8,000	8,000
Total Revenue	2,346,000	2,500,000	2,574,000	2,649,000	2,727,000	2,807,000
<b>Expense</b>						
Enterprise Operations	1,685,197	1,795,297	1,880,445	1,921,274	1,962,316	2,015,355
Depreciation	450,537	462,137	469,737	469,737	477,641	485,419
Total Expense	2,135,734	2,257,434	2,350,182	2,391,011	2,439,957	2,500,774
<b>Operating Income (Loss)</b>	210,266	242,566	223,818	257,989	287,043	306,226
<b>Other Sources (Uses)</b>						
Interest Earnings	15,000	15,000	15,000	15,000	15,000	15,000
Debt Service	(103,437)	(143,127)	(166,205)	(159,183)	(141,355)	(167,874)
Transfers Out	(246,000)	(257,000)	(267,000)	(269,000)	(271,000)	(279,000)
Net Change	(124,171)	(142,561)	(194,387)	(155,194)	(110,312)	(125,648)
Fund Equity, beginning	14,250,804	14,126,633	13,984,072	13,789,685	13,634,491	13,524,179
Fund Equity, ending	\$ 14,126,633	\$ 13,984,072	\$ 13,789,685	\$ 13,634,491	\$ 13,524,179	\$ 13,398,531
Months of oper/capital coverage	11.7	10.9	10.2	9.5	8.9	8.1
Cash balance	\$ 2,744,405	\$ 2,648,981	\$ 2,519,331	\$ 2,408,874	\$ 2,326,203	\$ 2,220,974
Capital costs	\$ 579,758	\$ 980,000	\$ 220,000	\$ -	\$ 1,050,000	\$ -
General transfer percent of assets	0.82%	0.80%	0.82%	0.81%	0.79%	0.81%
Rate Increase	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Change in utility charge revenue	2.4%	6.7%	3.0%	3.0%	3.0%	3.0%
Debt issued	\$ -	\$ 980,000	\$ 220,000	\$ -	\$ 1,050,000	\$ -
Debt payments (principal)	\$ 395,000	\$ 415,000	\$ 405,000	\$ 425,000	\$ 450,000	\$ 465,000
Debt balance (year end)	\$ 5,518,184	\$ 6,083,184	\$ 5,898,184	\$ 5,473,184	\$ 6,073,184	\$ 5,608,184
Debt Capacity after transfers	\$ (68,634)	\$ (95,424)	\$ (129,650)	\$ (110,457)	\$ (82,671)	\$ (105,229)

**Surface water management fund**

**Capital summary**

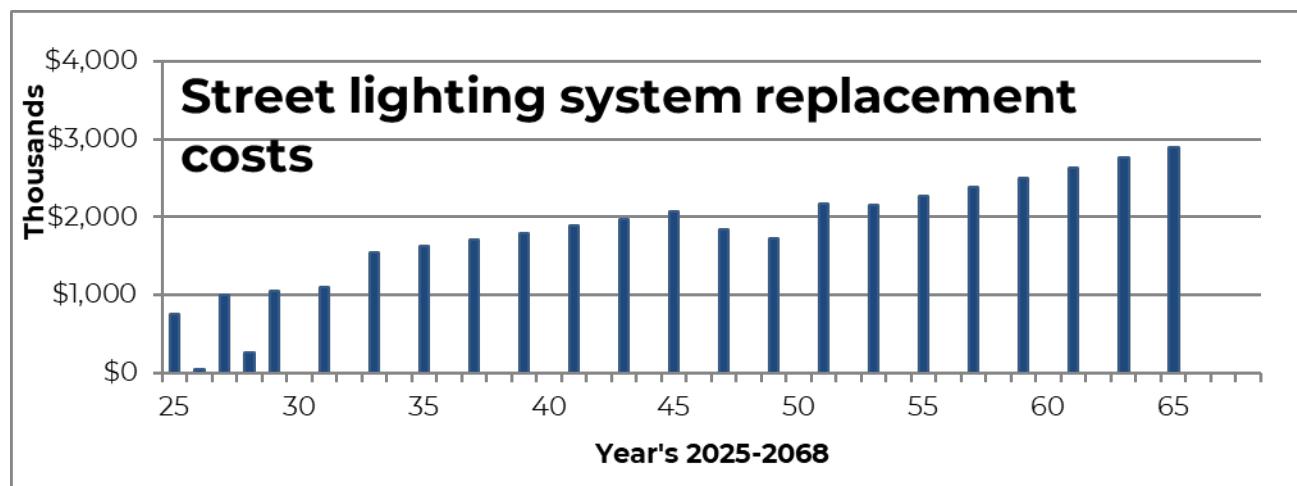
Year	Replacements			Total capital costs
	Storm systems	Controls	Additions	
2025	\$ 579,758	\$ -	\$ -	\$ 579,758
2026	680,000	-	300,000	980,000
2027	220,000	-	-	220,000
2028	920,000	-	-	920,000
2029	750,000	-	300,000	1,050,000
2030	-	-	-	-
2031	1,150,000	-	-	1,150,000
2032	800,000	100,000	-	900,000
2033	-	-	-	-
2034	900,000	100,000	-	1,000,000
2035	-	-	-	-
2036	900,000	100,000	-	1,000,000
2037	-	-	-	-
2038	1,000,000	-	-	1,000,000
2039	-	-	-	-
2040	600,000	-	-	600,000
2041	-	-	-	-
2042	600,000	-	-	600,000
2043	-	-	-	-
2044	620,000	-	-	620,000
2045	-	-	-	-
2046	620,000	-	-	620,000
2047	-	-	-	-
2048	640,000	-	-	640,000
2049	-	-	-	-
2050	640,000	-	-	640,000
2051	-	-	-	-
2052	660,000	150,000	-	810,000
2053	-	-	-	-
2054	660,000	150,000	-	810,000
2055	-	-	-	-
2056	680,000	150,000	-	830,000
2057	-	-	-	-
2058	680,000	-	-	680,000
2059	-	-	-	-
2060	700,000	-	-	700,000
2061	-	-	-	-
2062	700,000	-	-	700,000
2063	-	-	-	-
2064	720,000	-	-	720,000
2065	-	-	-	-
2066	720,000	-	-	720,000
2067	-	-	-	-
2068	720,000	-	-	720,000

## Street lighting fund

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

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

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



Street Lighting Fund	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>						
Utility Charges	\$ 924,000	\$ 938,000	\$ 957,000	\$ 976,000	\$ 996,000	\$ 1,016,000
Total Revenue	924,000	938,000	957,000	976,000	996,000	1,016,000
<b>Expense</b>						
Enterprise Operations	416,512	441,789	463,597	490,750	518,395	530,045
Depreciation	190,374	205,076	224,941	245,006	267,144	288,081
Total Expense	606,886	646,865	688,538	735,756	785,539	818,126
<b>Operating Income (Loss)</b>	<b>317,114</b>	<b>291,135</b>	<b>268,462</b>	<b>240,244</b>	<b>210,461</b>	<b>197,874</b>
<b>Other Sources (Uses)</b>						
Interest Earnings	10,000	10,000	10,000	10,000	10,000	10,000
Transfers Out	(51,400)	(60,400)	(60,400)	(68,400)	(68,400)	(76,400)
Net Change	275,714	240,735	218,062	181,844	152,061	131,474
Fund Equity, beginning	4,938,876	5,214,590	5,455,325	5,673,387	5,855,231	6,007,292
Fund Equity, ending	\$ 5,214,590	\$ 5,455,325	\$ 5,673,387	\$ 5,855,231	\$ 6,007,292	\$ 6,138,766
Months of oper/capital coverage	23.4	28.9	18.0	22.4	12.3	17.3
Cash balance	\$ 1,262,192	\$ 1,658,003	\$ 1,101,006	\$ 1,467,856	\$ 837,061	\$ 1,256,616
Capital costs	\$ 755,000	\$ 50,000	\$ 1,000,000	\$ 60,000	\$ 1,050,000	\$ -
General transfer percent of assets	0.86%	0.96%	0.88%	0.93%	0.86%	0.93%
Rate Increase	5.0%	2.0%	2.0%	2.0%	2.0%	2.0%

**Street lighting fund**

**Capital summary**

Year	Replacements		Total capital costs
	Allowance	Street projects	
2025	\$ 700,000	\$ 55,000	\$ 755,000
2026	50,000	-	50,000
2027	1,000,000	-	1,000,000
2028	60,000	200,000	260,000
2029	1,050,000	-	1,050,000
2030	-	-	-
2031	1,100,000	-	1,100,000
2032	-	-	-
2033	1,546,200	-	1,546,200
2034	-	-	-
2035	1,624,500	-	1,624,500
2036	-	-	-
2037	1,706,700	-	1,706,700
2038	-	-	-
2039	1,793,100	-	1,793,100
2040	-	-	-
2041	1,883,800	-	1,883,800
2042	-	-	-
2043	1,979,200	-	1,979,200
2044	-	-	-
2045	2,079,400	-	2,079,400
2046	-	-	-
2047	1,835,150	-	1,835,150
2048	-	-	-
2049	1,721,480	-	1,721,480
2050	-	-	-
2051	2,170,350	-	2,170,350
2052	-	-	-
2053	2,153,560	-	2,153,560
2054	-	-	-
2055	2,262,530	-	2,262,530
2056	-	-	-
2057	2,377,030	-	2,377,030
2058	-	-	-
2059	2,497,390	-	2,497,390
2060	-	-	-
2061	2,623,870	-	2,623,870
2062	-	-	-
2063	2,756,720	-	2,756,720
2064	-	-	-
2065	2,896,290	-	2,896,290
2066	-	-	-
2067	3,042,920	-	3,042,920
2068	-	-	-

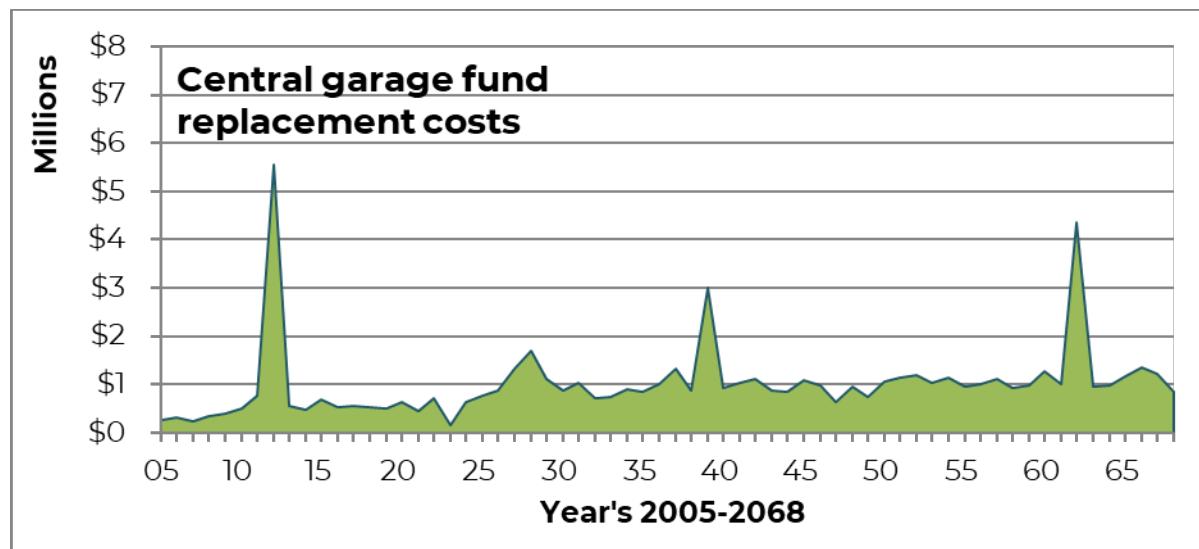
## Central garage fund

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 \$22.2 million in garage assets. The graph below shows historical and projected replacement costs.

Operating projections are presented on the next page.



Central Garage Fund	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>						
Central Garage Charges	\$ 1,830,449	\$ 2,004,951	\$ 2,105,015	\$ 2,150,450	\$ 2,172,640	\$ 2,216,782
Total Revenue	1,830,449	2,004,951	2,105,015	2,150,450	2,172,640	2,216,782
<b>Expense</b>						
Central Garage Operations	842,844	947,437	922,548	967,913	997,240	1,042,692
Depreciation	817,561	817,561	817,561	817,561	868,181	872,031
Total Expense	1,660,405	1,764,998	1,740,109	1,785,474	1,865,421	1,914,723
<b>Operating Income (Loss)</b>	170,044	239,953	364,906	364,976	307,219	302,059
<b>Other Sources (Uses)</b>						
Property Taxes	184,000	184,000	210,000	210,000	210,000	-
Interest Earnings	20,000	20,000	20,000	20,000	20,000	20,000
Sale of Asset-Gain (Loss)	50,000	50,000	50,000	50,000	50,000	50,000
Debt Service	(42,295)	(32,257)	(21,920)	(11,295)	(507)	(376)
Transfers In	119,400	119,400	119,400	119,400	119,400	119,400
Transfers Out	(2,800)	-	-	(14,000)	(7,000)	(3,000)
Net Change	498,349	581,096	742,386	739,081	699,112	488,083
Fund Equity, beginning	6,806,313	7,304,662	7,885,758	8,628,144	9,367,225	10,066,337
Fund Equity, ending	\$ 7,304,662	\$ 7,885,758	\$ 8,628,144	\$ 9,367,225	\$10,066,337	\$ 10,554,420
Months of oper/cap coverage	14.0	10.6	11.0	12.4	13.0	17.2
Cash balance	\$ 2,492,384	\$ 1,860,041	\$ 1,969,988	\$ 2,306,630	\$ 2,481,923	\$ 2,752,037
Capital costs	\$ 1,320,232	\$ 1,691,000	\$ 1,105,000	\$ 865,000	\$ 1,032,000	\$ 720,000
Expense percent change	5.2%	6.3%	-1.4%	2.6%	4.5%	2.6%
Average annual percent change	4.5%					2.9%
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund charges percent change	51.7%	9.5%	5.0%	2.2%	1.0%	2.0%
Average annual percent change	9.2%					3.9%
Debt payments (principal)	\$ 330,000	\$ 340,000	\$ 345,000	\$ 355,000	\$ 360,000	\$ 370,000
Debt balance (year end)	\$ 2,895,000	\$ 2,555,000	\$ 2,210,000	\$ 1,855,000	\$ 1,495,000	\$ 1,125,000

**Central garage fund**

**Capital summary**

Year	Estimated replacement costs					Total capital costs	
	Buildings		Machinery, vehicles equipment		Other		
	Buildings	Parking/ driveways	vehicles	equipment			
2025	\$ -	\$ -	\$ 1,317,432	\$ 2,800	\$ 1,320,232		
2026	700,000	-	990,000	-	1,690,000		
2027	280,000	-	825,000	-	1,105,000		
2028	-	-	865,000	14,000	879,000		
2029	200,000	-	825,000	7,000	1,032,000		
2030	-	-	717,000	3,000	720,000		
2031	-	-	725,000	-	725,000		
2032	-	-	817,000	75,000	892,000		
2033	-	-	760,000	75,000	835,000		
2034	65,000	-	872,000	75,000	1,012,000		
2035	-	300,000	947,000	75,000	1,322,000		
2036	-	-	800,500	75,000	875,500		
2037	2,000,000	-	918,000	75,000	2,993,000		
2038	-	-	848,000	75,000	923,000		
2039	-	-	967,000	75,000	1,042,000		
2040	75,000	-	968,000	75,000	1,118,000		
2041	-	-	808,000	75,000	883,000		
2042	-	-	770,000	75,000	845,000		
2043	80,000	-	939,000	75,000	1,094,000		
2044	-	-	914,000	75,000	989,000		
2045	-	-	549,000	75,000	624,000		
2046	85,000	-	782,000	75,000	942,000		
2047	-	-	657,000	75,000	732,000		
2048	-	-	982,000	75,000	1,057,000		
2049	90,000	-	982,000	75,000	1,147,000		
2050	-	-	1,116,000	75,000	1,191,000		
2051	-	-	954,000	75,000	1,029,000		
2052	-	-	1,070,000	75,000	1,145,000		
2053	-	-	865,000	75,000	940,000		
2054	-	-	929,500	75,000	1,004,500		
2055	75,000	-	973,000	75,000	1,123,000		
2056	-	-	858,000	75,000	933,000		
2057	-	-	900,000	75,000	975,000		
2058	-	-	1,187,000	75,000	1,262,000		
2059	-	-	934,000	75,000	1,009,000		
2060	3,000,000	556,000	734,000	75,000	4,365,000		
2061	-	-	864,000	75,000	939,000		
2062	-	-	908,000	75,000	983,000		
2063	-	-	1,051,000	100,000	1,151,000		
2064	-	-	1,240,000	100,000	1,340,000		
2065	80,000	-	1,037,000	100,000	1,217,000		
2066	-	-	749,500	100,000	849,500		
2067	-	-	862,000	100,000	962,000		
2068	-	-	902,000	100,000	1,002,000		

# 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 securing 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.

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