

2021 - 2030 Long Term Financial Plan & CIP Update

August 25, 2020



Drivers of Property Tax & Utility Rates

Operating & capital expenditures

Investments in infrastructure

Capital reserve funding to moderate increases to tax and utility rates, reduce future reliance on debt and special assessments



Investments in Infrastructure

(Through 2016 – the last time bonds issued for new money)

\$32.3M	in bonds for street improvements & retaining walls
\$19.0M	in bonds for Water system improvements including new water tower, pump houses, Harrison Bay watermain crossing, watermain repair/replacment and loops
\$ 9.8M	in bonds for Sanitory Sewer system improvements including replacement of 19 of the 30 lift stations in the City, lining of 60+ miles of sewer pipes to reduce groundwater infliltration to wastewater treatment plants, or "inflow & inflitration"
\$ 5.9M	in bonds for Storm Water system improvements including rectifying storm water drainage problems such as washouts, standing water in streets and water in yards and homes as part of the street projects as well as maintaining the over 200 outfalls into Lake Minnetonka to reduce the amount of phosphorus and sediments.
\$ 8.8M	in bonds for redevelopment including Lost Lake/Harbor District & Parking Deck
\$75.8 M	Total Investments through 2016

Outstanding Bond Balance 12-31-2019: \$48.5M



Internal Financing vs. Debt

- The City did not have reserves when it began the street and utility improvement projects in the early 2000's, so it issued bonds to finance.
- As these bonds mature, resources will become available to fund future capital needs as long as the levy is maintained.
- Goal is not to have to assess street improvement costs to properties in future projects and reduce reliance on debt

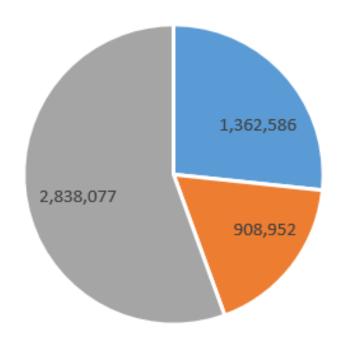


Long Term Financial Planning Capital Reserve Funds

- Infrastructure Replacement Reserve Fund (Fund 401) established at the November 14, 2017 regular meeting limited to replacement of streets, bridges, curbs, gutters, sidewalks, trees, and storm sewers.
- Capital Reserve Fund Vehicles & Equipment (403)
- Community Investment Reserve Fund (404) parks, open spaces, greenscape/streetscape
- Capital Reserve Fund City Buildings (405)
- Road Maintenance Fund (427)
 - Crack Seal & Sealcoat



Annual Average Bond Issue \$5.11M/YEAR 2003 - 2016



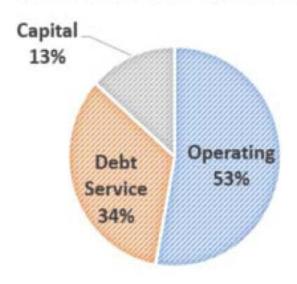
■ City Portion - Streets
■ Special Assess Portion - Streets
■ Utilities

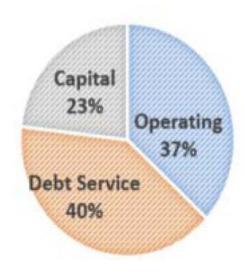
08-25-20 Item 8 – Additional Slide 5.1



BREAKDOWN OF EXPENDITURES BY TYPE

MOUND GOVERNMENTAL MOUND UTILITY FUND EXPENDITURES 2018 EXPENDITURES 2018







Capital Improvement Plan = Projects

PROJECT	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
STREET PROJECT COST	\$226,000	\$197,500	\$66,000	\$682,500	\$2,100,000	\$4,615,000	\$2,860,000	\$84,500	\$97,500	
	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
	\$224,950	\$73,450	\$133,530	\$136,000	\$119,000	\$96,000	\$201,000	\$194,000	\$197,000	\$141,000
SEWER FUND PROJECT COST	\$639,433	\$726,867	\$886,150	\$704,525	\$586,300	\$491,667	\$546,667	\$300,000	\$115,000	\$113,333
WATER FUND PROJECT COST	\$810,000	\$615,000	\$1,010,000	\$795,000	\$725,000	\$775,000	\$275,000	\$75,000	\$75,000	\$75,000
STORM SEWER FUND PROJECT COST	\$230,000	\$295,000	\$75,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
RETAINING WALL FUND PROJECT COST	\$105,000	\$75,000	The second secon	\$75,000	-	\$75,000		\$75,000	\$75,000	\$75,000
GRAND TOTAL	\$2,310,383		THE RESERVE AND ADDRESS OF THE PERSON NAMED IN	-	\$3,730,300	\$6,177,667	\$4,082,667	\$853,500	\$684,500	

Difference between 10.10.19 version and 08.14.20:

CIP	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-29
10.10.19	1,914,150	1,452,950	1,464,280	2,116,340	3,037,700	5,947,545	3,704,290	787,225	607,225		21,031,705
Difference	396,233	604,867	856,400	401,685	692,600	230,122	378,377	66,275	77,275	529,333	4,233,167



Capital Improvement Plan Assumptions From 2018

Capital Improvement Plan - Street Improvements/Pavement Management

- Mill and Overlay (MO) every 20 years vs
- Reclaim and Pave (RP) every 30 years
- Seal Coat (SC) every 5 7 years
- Crack Seal (CS1) 1st time after 5 7 years
- Crack Seal (CS2) 2nd time = worse condition 5 7 years after 1st
- Reconstruction (Recon) original work in early 2000's was mill & overlay only, so this would be complete replacement
- Need County and MSA inventory/maintenance plan
- NOTE: expenditures are in today's dollars actual will be higher

Capital Improvement Plan - Water Utility Improvements

- Recoat (Recoat) Water Towers every 20 years
- Towers exterior clean every 3 years
- Towers interior inspection & rehab every 10 years
- Wells inspection & rehab every 10 years
- Watermain Upgrade/Replacement



Capital Improvement Plan Assumptions From 2018

Capital Improvement Plan - Sewer Utility Improvements

- Lift Station Reconstruction and Force Main (Recon & FM)
- Pump Replacement (PR) every 15 years
- Generator Swap (Genswap) every 20-25 years
- Film sewermain every 5 years on a rotating basis will determine repair priorities
- Private line program??

Capital Improvement Plan - Storm Water Improvements

- 2018 last year of street project
- Shift to \$40K per year in operating funds for engineering and projects



Long Term Financial Plan (LTFP) = How to pay for projects



Updated LTFP 2021 - 2030 as of September, 2020

Amounts for updated CIP 2021 - 2030 as of August 2020

5% Levy Inc

	CITY OF MOUND													I							
	In \$000's													_							
			2021	2022		2023		2024		2025		2026		2027		2028		2029		2	2030
Ta	xLevies																				
	General Fund Revenue Levy - Ops +2.5%	\$ 3		\$ 3,804	\$	3,899	\$	3,996		4,096	\$	4,199	\$	4,304	\$	4,411	\$	4,521	\$		635
(A)	Capital Exp/Reserves (Plug)		775	1,085		1,450		1,929		2,065		2,336		2,634		3,150		3,585		3,9	974
	Pier Paties Pide		220	220		220		240		241		242		242		244		245			246
	Fire - Relief, Bldg		238	238		239		240		241		242		243		244		245			246
	2415 Wilshire (City Hall Portion)		189	189		-		-		-		-		-		-		-			-
	G.O. Debt Service Levies		,198	1,108		976		745		527		535		532		329		225			187
	2020 & 2025 GO Debt FUND 602		180	180		370		370		715		715		715		715		715			715
	Adjustment - suspend/add TIF levies																				
To	tal Funding Sources - Levy	\$ 6	,291	\$ 6,604	\$	6,934	\$	7,280	\$	7,644	\$	8,027	\$	8,428	\$	8,849	\$	9,291	\$	9,7	757
	% Change		5.0%	5.0%		5.0%		5.0%		5.0%		5.0%		5.0%		5.0%		5.0%		5	.096
_			2021	2022		2023		2024		2025	;	2026	ī	2021	7	202	8	202	9		2030
Ta	x Levies										,										
Ta	x Levies General Fund Revenue Levy - Ops +2.5%	\$ 3	2021 3,711	\$ 2022 3,804	s		5		s	4,096	;					202		202 \$ 4,521		\$	2030 4,635
		\$ 3		\$	\$		S						\$				1		l		
	General Fund Revenue Levy - Ops +2.5%	\$ 3	3,711	\$ 3,804	s	3,899	S	3,996		4,096		4,199	\$	4,304		\$ 4,41	1	\$ 4,521	l		4,635
	General Fund Revenue Levy - Ops +2.5%	\$ 3	3,711	\$ 3,804	\$	3,899	5	3,996		4,096		4,199	5	4,304		\$ 4,41	1	\$ 4,521	1		4,635
	General Fund Revenue Levy - Ops +2.5% Capital Exp/Reserves (Plug)	\$ 3	3,711 660	\$ 3,804 842	S	3,899 1,068	5	3,996 1,397		4,096 1,372		4,199 1,469	5	4,304 1,581		1,89	1	\$ 4,521 2,118	1		4,635 2,277
	General Fund Revenue Levy - Ops +2.5% Capital Exp/Reserves (Plug) Fire - Relief, Bldg		3,711 660 238	\$ 3,804 842 238	s	3,899 1,068 239	2	3,996 1,397 240		4,096 1,372 241		4,199 1,469 242	3	4,304 1,581 243		\$ 4,411 1,89°	1 7 4	\$ 4,521 2,118 245	3		4,635 2,277 246
	General Fund Revenue Levy - Ops +2.5% Capital Exp/Reserves (Plug) Fire - Relief, Bldg 2415 Wilshire (City Hall Portion) G.O. Debt Service Levies		3,711 660 238 189 1,198	\$ 3,804 842 238 189 1,108	\$	3,899 1,068 239 - 976	2	3,996 1,397 240 - 745		4,096 1,372 241 - 527		242 - 535	3	243 243 - 532	•	\$ 4,411 1,89 244 - 329	1 7 4	\$ 4,521 2,118 245 - 225	1 3		4,635 2,277 246 - 187
	General Fund Revenue Levy - Ops +2.5% Capital Exp/Reserves (Plug) Fire - Relief, Bldg 2415 Wilshire (City Hall Portion)		3,711 660 238 189	\$ 3,804 842 238 189	\$	3,899 1,068 239	2	3,996 1,397 240		4,096 1,372 241		4,199 1,469 242	3	4,304 1,581 243	•	\$ 4,411 1,89°	1 7 4	\$ 4,521 2,118 245	1 3		4,635 2,277 246
(A)	General Fund Revenue Levy - Ops +2.5% Capital Exp/Reserves (Plug) Fire - Relief, Bldg 2415 Wilshire (City Hall Portion) G.O. Debt Service Levies 2020 GO Debt (\$5M)/ and 2025 Adjustment - suspend/add TIF levies	1	3,711 660 238 189 1,198 180	3,804 842 238 189 1,108 180		3,899 1,068 239 - 976 370		3,996 1,397 240 - 745 370	\$	4,096 1,372 241 - 527 715		4,199 1,469 242 - 535 715	3	243 243 - 532 715	,	\$ 4,411 1,89 244 - 329 71:	1 7 4	\$ 4,521 2,118 245 - 225 715	5		4,635 2,277 246 - 187 715
(A)	General Fund Revenue Levy - Ops +2.5% Capital Exp/Reserves (Plug) Fire - Relief, Bldg 2415 Wilshire (City Hall Portion) G.O. Debt Service Levies 2020 GO Debt (\$5M)/ and 2025	\$ 6	3,711 660 238 189 1,198	3,804 842 238 189 1,108		3,899 1,068 239 - 976		3,996 1,397 240 - 745	2	4,096 1,372 241 - 527 715	3	4,199 1,469 242 - 535 715	3	4,304 1,581 243 - 532 715	;	\$ 4,411 1,89 244 - 329 71:	1 7 4 9 5	\$ 4,521 2,118 245 - 225 715	1 3 5 5		4,635 2,277 246 - 187



Scenario Summary

Summary	202	1 Scenario 1	202	21 Scenario 2
Change to Total Levy %		5.0%		3.5%
Projected City Tax Rate		40.03%		39.45%
Increase in Tax Levy \$\$ from '20	\$	297,989	\$	182,989
Annual Capital Reserve Funding	\$	775,000	\$	687,000
Projected Bonding Needs 2020 - 2030	\$	9,600,000	\$	13,827,000
Change to Sewer Rate %		3.0%		3.0%
Increase in Sewer Revenue from '20	\$	72,120	\$	72,120



TAX & UTILITY RATE COMPARISONS

Based on 15,000 gallons/quarter or 5,000/month

pdate	dasof9/20/20 <u>Citv</u>	Water BaseRate	Water OverBase	Total Water	Sewer Base	Sewer OverBase	Total Sewer	Recycling	Storm Water	Street <u>Lights</u>	Monthly Grand <u>Total</u>	\$ Incr.	% Incr.	Tax Rate
2021	Mound Proposed	18.91	27.07	45.98	38.50	11.93	50.43	4.00	1.00	0.50	101.91	2.90	1.5%	
	Mound	18.91	27.07	45.98	37.38	11.58	48.96	4.00	1.00	0.50	100.44	1.43	1.4%	40.5
	Columbia Heights	10.57	23.75	34.32	8.89	14.45	23.34	5.72	4.35	NA	67.73	3.68	5.7%	63.1
2 0	Orono (A1) Navane	16.67	40.07	56.74	62.72	NΑ	62.72	5.33	15.42	NA	140.21	30.15	27.4%	16.5
2 0	Orono (A2) Hwy 12 Area	16.67	40.07	56.74	62.72	NΑ	62.72	5.33	15.42	NΑ	140.21	30.15	27.4%	16.5
Α	Victoria	10.00	14.05	24.05	12.15	12.50	24.65	NΑ	9.00	NΑ	57.70	0.91	1.6%	31.0
C T	Medina	12.86	19.52	32.38	22.50	28.10	50.60	NΑ	2.87	NΑ	85.85	3.88	2.3%	22.
U	Minnetrista	9.85	19.10	28.95	34.33	NΑ	34.33	3.17	8.67	NΑ	75.12	1.13	1.5%	24.7
A L	Hamel	17.88	24.91	42.79	22.50	28.10	50.60	NΑ	2.87	NΑ	96.26	2.21	2.4%	22.
R	Minnetonka	0.00	15.95	15.95	23.66	12.60	36.26	4.58	7.29	NΑ	64.08	2.75	4.5%	36.6
A T	Maple Plain	11.00	29.66	40.66	24.68	18.30	42.98	NΑ	4.46	0.00	88.09	0.00	0.0%	58.6
E S	Spring Park	6.00	16.03	22.03	5.00	15.85	20.85	NΑ	N/A	NΑ	42.88	3.71	9.5%	32.0
•	Golden Valley	6.50	33.00	39.50	26.37	NΑ	26.37	5.33	8.33	4.14	83.67	6.58	8.5%	53 .4
	Watertown	18.77	15.75	34.52	19.91	22.87	42.78	NΑ	3.75	NA	81.05	2.21	2.8%	54.
	M id Point (CURRENT 2020	RATES):		36.51			40.55	4.78	6.95		88.79		7.31%	



Discussion / Direction

- This is the time to discuss the timing, necessity and prioritization of:
 - the projects identified in the CIP
 - the level of funding of capital reserves
 - the level of debt that should be incurred
- Ultimate goal once again is not to have to assess street improvement costs to properties in future projects and reduce reliance on debt