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

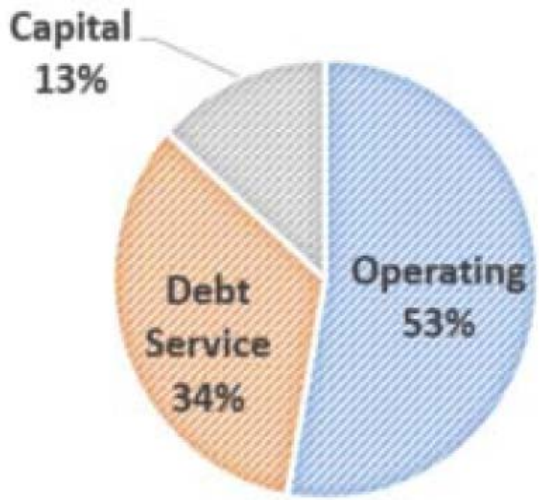
Long Term Financial Planning
Capital Reserve Funds

- **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)**

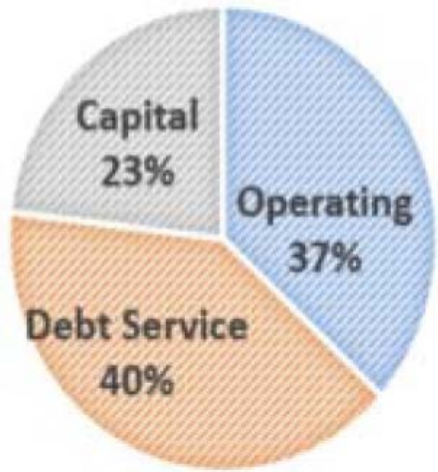
  - Crack Seal & Sealcoat

BREAKDOWN OF EXPENDITURES BY TYPE

MOUND GOVERNMENTAL EXPENDITURES 2018



MOUND UTILITY FUND 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	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000
GRAND TOTAL	$2,310,383	$2,057,817	$2,320,680	$2,518,025	$3,730,300	$6,177,667	$4,082,667	$853,500	$684,500	$529,333

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

Scenario 1:
5% Levy Inc

In $000's

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Tax Levies										
General Fund Revenue Levy - Ops +2.5%	$ 3,711	$ 3,804	$ 3,899	$ 3,996	$ 4,096	$ 4,199	$ 4,304	$ 4,411	$ 4,521	$ 4,635
(A) Capital Exp/Reserves (Plug)	775	1,085	1,450	1,929	2,065	2,336	2,634	3,150	3,585	3,974
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	1,198	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										
Total Funding Sources - Levy	$ 6,291	$ 6,604	$ 6,934	$ 7,280	$ 7,644	$ 8,027	$ 8,428	$ 8,849	$ 9,291	$ 9,757
% Change	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Tax Levies										
General Fund Revenue Levy - Ops +2.5%	$ 3,711	$ 3,804	$ 3,899	$ 3,996	$ 4,096	$ 4,199	$ 4,304	$ 4,411	$ 4,521	$ 4,635
(A) Capital Exp/Reserves (Plug)	660	842	1,068	1,397	1,372	1,469	1,581	1,897	2,118	2,277
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	1,198	1,108	976	745	527	535	532	329	225	187
2020 GO Debt ($5M)/ and 2025	180	180	370	370	715	715	715	715	715	715
Adjustment - suspend/add TIF levies										
Total Funding Sources - Levy	$ 6,176	$ 6,361	$ 6,552	$ 6,748	$ 6,951	$ 7,160	$ 7,375	$ 7,596	$ 7,824	$ 8,060
% Change	3.05%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Scenario Summary

Summary	2021 Scenario 1	2021 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

Updated as of 9/20/20

	City	Water Base Rate	Water Over Base	Total Water	Sewer Base	Sewer Over Base	Total Sewer	Recycling	Storm Water	Street Lights	Monthly Grand Total	$ 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%	
2020 ACTUAL RATES	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	N/A	67.73	3.68	5.7%	63.1%
	Orono (A1) Navarre	16.67	40.07	56.74	62.72	N/A	62.72	5.33	15.42	N/A	140.21	30.15	27.4%	16.5%
	Orono (A2) Hwy 12 Area	16.67	40.07	56.74	62.72	N/A	62.72	5.33	15.42	N/A	140.21	30.15	27.4%	16.5%
	Victoria	10.00	14.05	24.05	12.15	12.50	24.65	N/A	9.00	N/A	57.70	0.91	1.6%	31.0%
	Medina	12.86	19.52	32.38	22.50	28.10	50.60	N/A	2.87	N/A	85.85	3.88	2.3%	22.5%
	Minnetrista	9.85	19.10	28.95	34.33	N/A	34.33	3.17	8.67	N/A	75.12	1.13	1.5%	24.7%
	Hamel	17.88	24.91	42.79	22.50	28.10	50.60	N/A	2.87	N/A	96.26	2.21	2.4%	22.5%
	Minnetonka	0.00	15.95	15.95	23.66	12.60	36.26	4.58	7.29	N/A	64.08	2.75	4.5%	36.6%
	Maple Plain	11.00	29.66	40.66	24.68	18.30	42.98	N/A	4.46	0.00	88.09	0.00	0.0%	58.6%
	Spring Park	6.00	16.03	22.03	5.00	15.85	20.85	N/A	N/A	N/A	42.88	3.71	9.5%	32.0%
	Golden Valley	6.50	33.00	39.50	26.37	N/A	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	N/A	3.75	N/A	81.05	2.21	2.8%	54.7%
	Mid 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