
CITY OF MINNETONKA 2024-2028 CAPITAL IMPROVEMENT PROGRAM (CIP)

SEPTEMBER 18, 2023 COUNCIL MEETING



CIP PRIORITIES

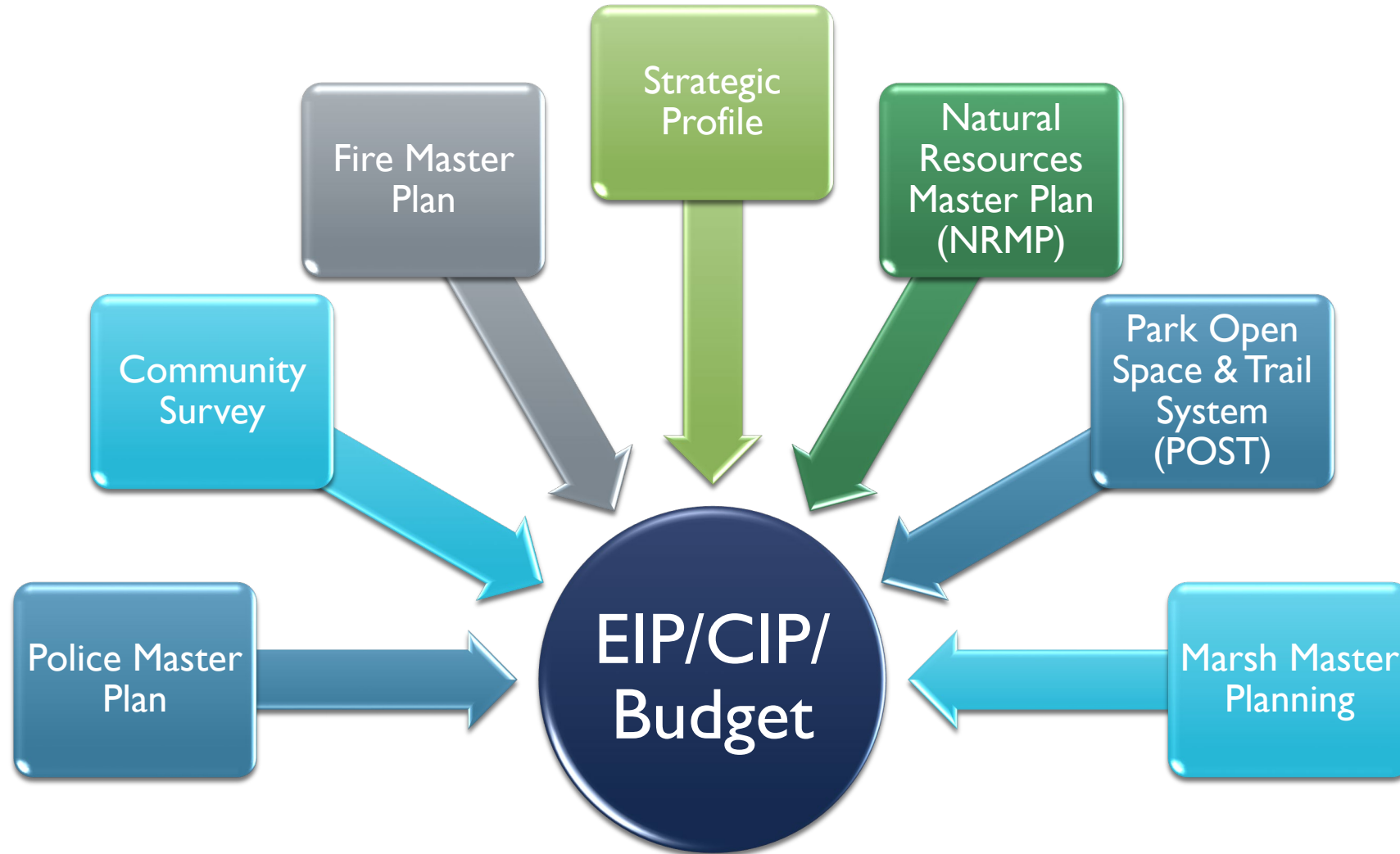
1. Public health and safety, meet legal mandates
2. Maintain and improve efficiency of existing systems, coordinate with related projects
3. Expand existing, new services, community betterment

within the constraints of limited resources

CIP PROCESS

- Preparation of the CIP begins in the spring and kicks off the budget process
 - The CIP is part of the budget process, but it is not a budget
 - Once the CIP is officially adopted, the 2024 projects will be added to the 2024 budget for official adoption in December
- Council reviewed draft CIP on June 12, 2023

LEVY CONSIDERATIONS



STRATEGIC PROFILE

■ Financial Strength & Operational Excellence

Maintain a long-term positive financial position by balancing revenues and expenditures for operations, debt management and capital investments. Provide innovative, responsive, quality city services at a level that reflects community values and is supported by available resources.

Key Strategy:

- Develop an annual budget that meets community needs and is in alignment with the strategic plan and financial priorities.

■ Infrastructure and Asset Management

Provide safe, efficient, sustainable, cost-effective and well-maintained infrastructure and transportation systems. Build, maintain and manage capital assets to preserve long-term investment and ensure reliable services.

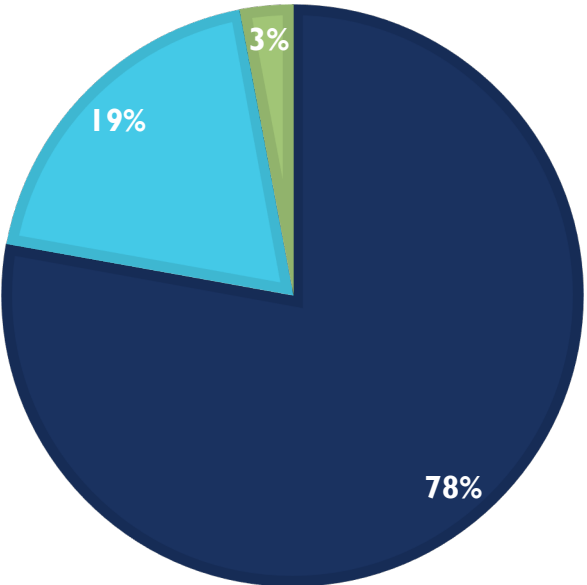
Key Strategies:

- Provide and preserve a quality local street and trail system.
- Develop an annual capital improvement plan that supports the sustainable maintenance and replacement of assets.

2023 PROPERTY TAXES

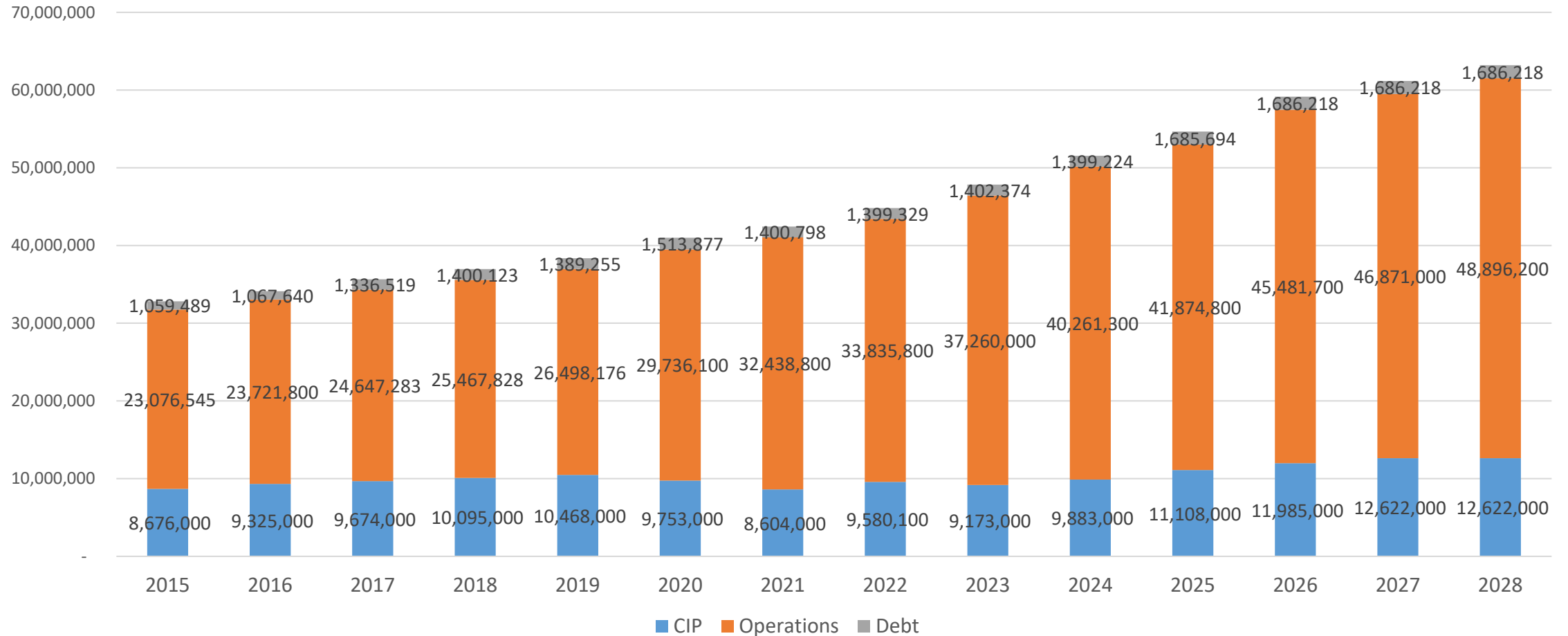
2023 DOLLARS

■ GF Operations ■ Capital (CIP) ■ Debt



MINNETONKA LEVY ALLOCATION

Minnetonka Levy Allocation



2024 PROPOSED CAPITAL IMPROVEMENT LEVY

	<u>Levy</u>	<u>Percentage</u>
■ Street Improvement Fund	\$6,380,000	65%
■ Capital Replacement Fund	1,630,000	16
■ Park & Trail Improvement Fund	500,000	5
■ Technology Development Fund	650,000	7
■ Forestry Fund	98,000	1
■ Public Safety Fund	625,000	6
TOTAL PROPOSED LEVY	\$9,883,000	

2024-2028 CIP

- What the CIP Funds
 - The 2024-2028 CIP supports almost \$140 million of capital projects over the next 5 years
 - The reduction is mainly due to reprioritizing water and sewer utility improvements and eliminating the community center renovation project.

<i>CIP (\$000's)</i>	<i>2021-25</i>	<i>2022-26</i>	<i>2023-27</i>	<i>2024-28</i>
Street Improvements	\$63,684	\$52,455	\$51,605	\$52,675
Water, Sewer & Drainage	36,616	32,570	34,960	28,855
Parks, Rec & Trails	31,380	27,610	20,880	20,699
Equipment	15,764	19,314	22,042	23,190
Buildings	5,577	5,186	16,310	14,335
Total CIP	<u>\$153,021</u>	<u>\$137,135</u>	<u>\$145,797</u>	<u>\$139,754</u>

2024-2028 CIP

- Environmental Sustainability and Stewardship Efforts
 - Sustainability and natural resources is one of the city's strategic priorities
 - Over the years, many CIP projects have had a sustainability focus or provided positive environmental improvements, and the proposed CIP continues that strong initiative
 - Sustainability symbol added to the applicable project pages
- The city continues to build-off of projects that provide positive environmental improvements by focusing on the stewardship or management of its natural resources
 - Evident through the adopted Natural Resources Master Plan and the Parks Open Space and Trail (POST) plan
 - A financial commitment to natural resources stewardship is evident in this year's CIP and is indicated with a stewardship symbol in the upper right-hand corner of the project pages.

2024-2028 CIP

- COVID-19 Impact
 - \$4 million of CRF in 2020
 - Allowed the transfer of significant dollars to the Capital Replacement Fund to replace ventilation systems scheduled for 2021-2023, reduced levy by \$400,000 for each of these years
 - Other shifts in capital projects allowed the levy increase to be reduced from 5.8% to 3.5%
 - Fleet replacement delayed one year and a Zamboni for the ice arena delayed one year
 - \$4.7 million of ARPA in 2021-2023
 - \$1.0 million transferred to the Street Improvement Fund
 - \$450,000 transferred to the Park and Trail Improvement Fund
 - \$1.5 million used to subsidize the General Fund levy
 - Various other uses (Residential/Business Support, Workers Comp, Williston and Ice Arena support)

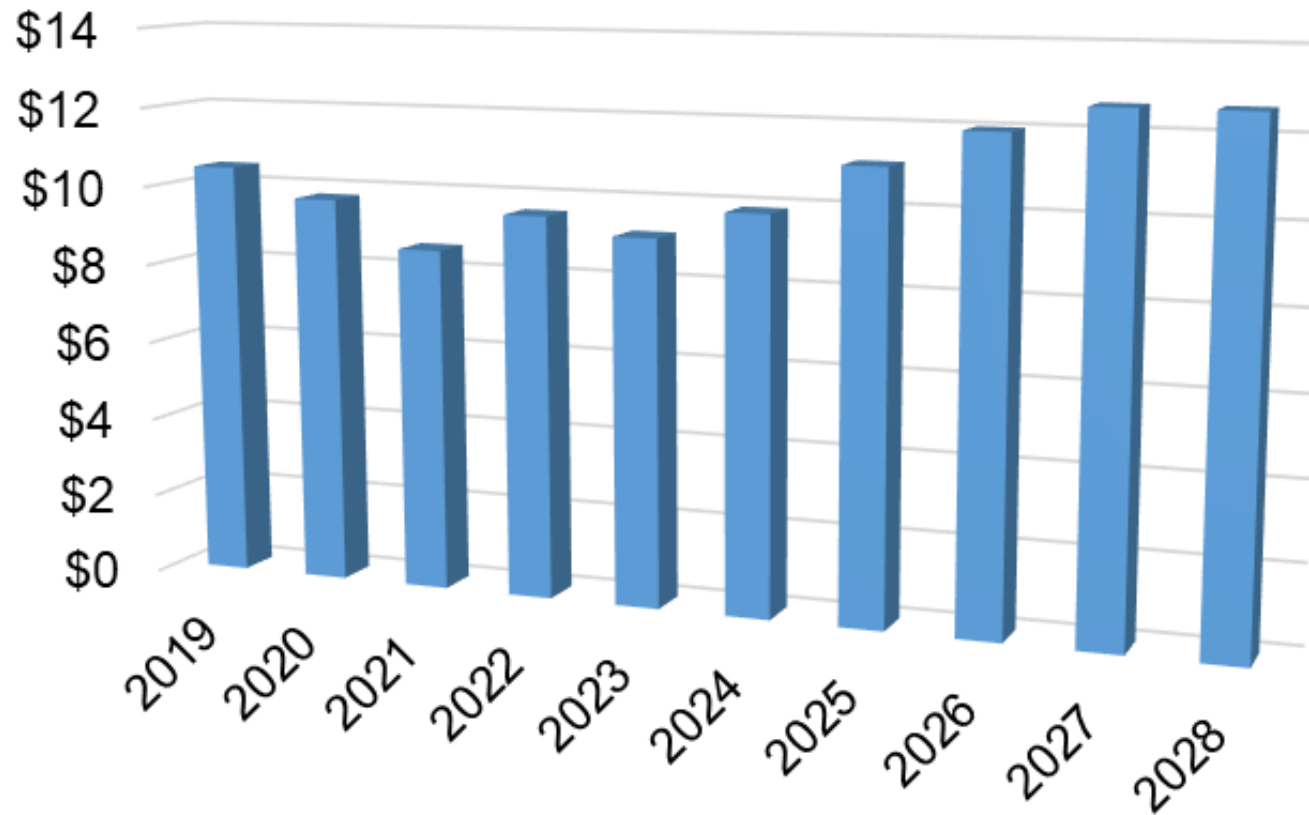
2024-2028 CIP

■ Property Taxes

- 2020, 2021, 2022 and 2023 CIPs reduced property tax funding compared to 2019
 - 2020-2024 CIP redirected a portion of the CIP levy towards the new public safety facility and increased operational costs related to restructuring the city's compensation methodology
 - Original intent prior to the onset of the pandemic was to restore the capital levy in 2021 to 2019 levels
 - COVID-19 further reduced the CIP levy in 2021 along with reductions in 2022 and 2023 for specific projects paid for with passed through federal funding
 - Final 2023 capital levy reduced funding by \$407,000 compared to 2022 capital levy. Utilized individual capital funds' reserves plus additional General Fund budget stabilization transfer to minimize tax increase and impact on property owners
 - 2024 proposed capital levy is \$9.88 million
 - Full restoration of the capital levy is now planned for 2025 at \$11.1 million

2024-2028 CIP

CIP Property Taxes (\$ millions)



2024-2028 CIP

- Leveraging Property Taxes
 - Annual CIP expenditures range from \$20 to almost \$35 million. Property taxes pay for about \$10 million of those costs.
 - Other financing sources include:
 - User fees (water, sewer, storm utility fees)
 - Franchise fees (charge to utilities to utilize ROW)
 - Grants (federal, state, local)
 - Bonding (city and state bonding)
 - State-aid (Municipal State-Aid, one-time Public Safety Aid)
 - Partnerships (Both public agencies and private industry)
 - TIF
 - Park Dedication
 - Donations

2024-2028 NOTABLE PROJECTS

- Park-24305 Trail Improvement Plan
- Park-24309 Park Habitat Stewardship
- ME-24419 Pumper Truck Replacement
- ME-24429 800MHz Portable Radios & ME-24430 Mobile Radios
- ME-24431 Mobile Camera Trailer
- LSI-24602 Local Street Rehabilitation
- WSS-24907 Sewer – System Sustainability Improvements

2024-2028 CIP

- Staff recommends approving the resolution adopting the 2024-2028 CIP
- Questions



CITY OF
MINNETONKA