

Roseville Public Works, Environment and Transportation Commission Meeting Agenda

Tuesday, November 27, 2012, at 6:30 p.m.
City Council Chambers, 2660 Civic Center Drive
Roseville, Minnesota 55113

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- | | |
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| 6:30 p.m. | 1. Introductions/Roll Call |
| 6:35 p.m. | 2. Public Comments |
| 6:40 p.m. | 3. Approval of October 23, 2012 Meeting Minutes |
| 6:45 p.m. | 4. Communication Items |
| 6:55 p.m. | 5. Ice Control Product Discussion |
| 7:40 p.m. | 6. Preliminary/Updated 2013 Budget Information |
| 7:50 p.m. | 7. Pavement Condition Index (PCI) Map Discussion |
| 8:20 p.m. | 8. Consider Canceling December 25, 2012 |
| 8:25 p.m. | 9. Possible Items for Next Meeting – January 22, 2013 |
| 8:30 p.m. | 10. Adjourn |

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**Roseville Public Works, Environment and
Transportation Commission**

Agenda Item

Date: November 27, 2012

Item No: 3

Item Description: Approval of the October 23, 2012 Public Works Commission Minutes

Attached are the minutes from the October 23, 2012 meeting.

Recommended Action:

Motion approving the minutes of October 23, 2012, subject to any necessary corrections or revision.

October 23, 2012 minutes

Move: _____

Second: _____

Ayes: _____

Nays: _____

Roseville Public Works, Environment and Transportation Commission Meeting Minutes

Tuesday, October 23, 2012, at 6:30 p.m.
City Council Chambers, 2660 Civic Center Drive
Roseville, Minnesota 55113

1 **1. Introduction / Call Roll**

2 Chair Jan Vanderwall called the meeting to order at approximately 6:30 p.m.

3
4 **Members Present:** Chair Jan Vanderwall; and Members Jim DeBenedet; Joan
5 Felice; Steve Gjerdingen; and Dwayne Stenlund

6
7 **Staff Present:** Public Works Director Duane Schwartz; City Engineer
8 Debra Bloom

9
10 **Others Present:** Xcel Energy representatives: Ms. Colette Jurek,
11 Community Relations Manager and Mr. Ed Biegging,
12 Manager of Outdoor Lighting

13 **2. Public Comments**

14 No one appeared to speak at this time.

15
16 **3. Approval of September 25, 2012 Meeting Minutes**

17 Member Felice moved, Member DeBenedet seconded, approval of the September
18 25, 2012, meeting as presented.

19
20 **Ayes: 5**

21 **Nays: 0**

22 **Motion carried.**

23
24 **4. Communication Items**

25 Public Works Director Duane Schwartz advised that updates were available on
26 the City's website, at www.cityofroseville.com/projects; and further highlighted
27 in the staff report dated October 23, 2012, along with a verbal project update.

28
29 Mr. Schwartz announced and invited all to attend a ribbon cutting as part of the
30 recent Fairview Pathway Project on Thursday, November 1, 2012 at 12:00 noon
31 on the Campus of the U of MN. Mr. Schwartz advised that this was a part of the
32 recognition for a portion of the project funding under a federal pilot project
33 through funding from the Transit for Livable Communities Program. At the

request of the Commission, Mr. Schwartz advised he would make sure the information was included on the City's website with applicable links.

Member Felice expressed her appreciation for the pathway addition to that area of Roseville; opining that it was already being used a lot.

Discussion of other projects included the recent bid opening for sewer lining projects, with award still pending until due diligence had been completed by staff, particularly the 3M product, since the bid for use of that product had come in significantly lower than other proven technology; update from staff on the lighter participation in this year's leaf collection program, with Mr. Schwartz reporting that, to-date, only approximately half the residents had signed up for the program compare to last year at this time.

Further discussion included the upcoming walk through by staff with residents along County Road D for the upcoming project, with City Engineer Bloom scheduled to provide additional information later tonight on the recent open house held with residents impacted by that project and concerns they had about sidewalk installation on the Roseville side, as well as speed concerns; a general discussion on when and how speeds are changed on roadways following a speed study being ordered and subsequent petition to and approval by the State of MN Commissioner of Transportation before any changes.

Additional discussion included an update on the fire station construction on the City Hall campus, with the foundation in and block work begun today; and trenching over the last few days to extend geothermal piping to the skating center, but not proposed for connection until spring; with hopes to have the building enclosed before excessively cold weather sets in this fall.

Member Stenlund noted that more erosion control measures were needed around the site than those presently in place; with Mr. Schwartz advising that he would follow-up on that concern.

5. Xcel Energy Presentation on LED Streetlight Study

Mr. Schwartz introduced Ms. Colette Jurek, Community Relations Manager and Mr. Ed Bieging, Manager of Outdoor Lighting for Xcel Energy to provide a discussion on where technology is today as it relates to street lighting and to discuss their LED pilot project in West St. Paul.

A bench handout from Xcel entitled "LED Street Lighting Information and Frequently Asked Questions;" was provided and is ***attached hereto and made a part hereof.***

Recess

Chair Vanderwall recessed the meeting at approximately 6:48 p.m. to resolve technical issues, and reconvened the meeting at approximately 6:51 p.m.

Ms. Jurek reviewed the pilot program being initiated by Xcel for LED street lights in West St. Paul.

While unable to access his online presentation, Mr. Bieging highlighted various components for such a program, using the information sheet provided as an outline.

Discussion included ongoing research for LED colors, those being used for the pilot program; initial installation costs and operational savings, with costs reduced as new technology advances.

Mr. Bieging spoke to thermal management failures found in initial applications in Brooklyn Park, MN and later improved fixtures and light distribution; reduced size and cost for fixtures, originally at \$900 each, and now more in the \$300 range for a 100 watt LED fixture and up to \$500 for a 250 watt fixture; current life expectancy of fixtures (HPS averaging 3.5 – 6.5 years versus LED averaging 14-25 years); average wattage comparables (HPS up to 130 watts and LED averaging 60 watts) and white light of LED providing for greater visibility and less shadowing.

Additional discussion included costs for fixtures, as well as infrastructure, administration and general expenditures for Xcel to change out from HPS to LED fixtures, ability to change cobra head connections for LED using existing standards; current cost per fixture for HPS averaging \$9.50 now, and LED averaging approximately \$10.50, with further reductions in the cost for LED lighting once actual overall costs are calculated and trends established, with another 10-15% reduction anticipated at this time.

Mr. Bieging reviewed other studies done or in process in communities in Texas, and Colorado (Denver) as well as the West St. Paul, MN study underway, the three (3) different climates of those sites; and findings of those various studies related to technology issues, type of fixtures, current vendors (Phillips and General Electric); and warranties those vendors were offering.

Mr. Bieging anticipated completion of Xcel's rate study within the next 12-18-months if not sooner, once data had been compiled and evaluated; at which time Xcel would seek approval of an implementation rate from the Public Utilities Commission (PUC). Once that approval had been received, Mr. Bieging advised that Xcel could provide the information to manufactures seeking specifications for the system. At the request of Mr. Schwartz, Mr. Bieging explained that the PUC would not let Xcel implement any rates without first providing substantial data; and since LED lighting was inherently different in wattage levels, rates charged were required to have significant data for substantiation for the PUC.

Discussion among the Commission and Xcel representatives included: how the rate was broken down for capital versus maintenance costs for the fixtures, with

126 maintenance representing the highest cost for LED as well as HPS as well; cost of
127 each cobra head fixture at approximately \$90, but the LED infrastructure cost
128 currently about \$300 until manufactures can reduce that cost based on economy of
129 scale; replacement of bulbs versus the entire board and which was found the most
130 efficient based on their life expectancy (23 years for a board); components (e.g.
131 starter, ballast, bulb, other components) and their inability to be recycled at this
132 time, but not identified as hazardous waste as they didn't contain mercury vapor,
133 which is no longer usable in MN.

134
135 Additional discussion included life expectancy of LED bulbs at approximately 15-
136 25 years; and potential reduction in operational and maintenance costs as LED
137 lighting moves to the forefront, estimated at approximately 50%.

138
139 Mr. Bieging noted that use of LED lighting for decorative will not be as effective,
140 nor save money, due to their design and limited lighting capabilities and levels,
141 since LED lights are more direct than conventional HPS fixtures with lighting
142 reflected and refracted inside the fixtures and distribution patterns; as well as the
143 public perception of LED lighting as more measured with the whiter light and
144 allowing use of lower wattages as technologies improve.

145
146 Ms. Jurek advised that it was Xcel's intent to conserve energy and pass that
147 savings on to its customer base, as well as reducing overall emissions.

148
149 Further discussion included off-peak power considerations and controls;
150 directional lighting where needed through use of LED lights directed on streets
151 and sidewalks for safety versus into customer's yards (e.g. keyhole to keyhole
152 lighting); relative ease in retrofitting existing cobra head light standards with LED
153 technology; and reluctance of Xcel to consider dimming street lights when needed
154 less due to litigation issues, as well as other considerations.

155
156 In conclusion, Mr. Bieging advised that new technologies were driving the future
157 of outdoor lighting and the entire industry over the next 10-15 years, with Xcel
158 hoping to be in a position of leadership with a strategic plan for replacing and
159 updating outdoor street lighting systems. Mr. Bieging noted that there was a
160 considerable amount of pressure to move this LED street light program forward in
161 the Midwest, advising that this may prompt an earlier resolution. Mr. Bieging
162 advised that studies for LED lighting in eastern and western states were more
163 advance, primarily due to higher rate structures than currently realized in
164 Midwestern states.

165
166 Chair Vanderwall and Commissioners thanked Mr. Bieging and Ms. Jurek for
167 their informative presentation.

168 169 **6. Uniform Commission Code Proposal**

170 As previously requested by the PWETC, Mr. Schwartz provided a DRAFT copy
171 of the proposed ordinance (Attachment A) being developed by staff to provide a

more uniform policy for City Council establishment and management of its various commissions, as well as to address specific needs of those specific commissions.

Mr. Schwartz advised that staff, under the direction of City Manager Malinen, had researched other communities and their use of more commonality for their commission structure; and advised that this was the first attempt to bring the City of Roseville's current commissions, all established at different times and for different reasons, into one overall ordinance. Mr. Schwartz advised that this preliminary draft did not provide feedback from any commission chairs from their recent meetings with City Manager Malinen, nor had it been presented to the City Council yet for their initial review.

Member Felice observed that most of the commissions called for a limit of seven (7) members, with the exception of the Parks and Recreation Commission, with a maximum of nine (9) members, and questioned the rationale for that discrepancy. Member Felice suggested that, if the attempt was for standardization, it seemed to suggest a maximum for members across the board.

Mr. Schwartz was unable to respond; however, he advised that he was aware that the Parks and Recreation Commission for some time had more members than other commissions.

Member Gjerdingen noted that commissions could be reduced for future standardization by not filling vacancies as they occurred.

Chair Vanderwall noted that all commission chairpersons had been asked to consult with City Manager Malinen. While recognizing the desire for standardization, Chair Vanderwall expressed his concern in losing any of the current available expertise represented by members of the PWETC, if they were only able to serve a maximum of two (2) consecutive terms. Chair Vanderwall noted other commissions may not need the same level of technical expertise as the PWETC given the nature of their tasks.

Member Felice concurred.

Discussion ensued on how the City Council might address those concerns through their appointment/reappointment process; incumbents versus new applicants and the interview process prior to appointment/reappointment; and how best to provide flexibility to keep commissioners of value when the applicant pool may be weak or non-existent.

Chair Vanderwall, as well as other Members, expressed their appreciation in serving on the PWETC and the relatively interesting and timely issues and discussions coming before the body for recommendation to the City Council.

218 Further discussion included use and simplicity of Rosenberg's Rules versus
219 Robert's Rules for parliamentary processes; with Chair Vanderwall clarifying that
220 the City Council had adopted Rosenberg's Rules as the official meeting protocol,
221 but noted if and when the PWETC held public hearings, consideration may need
222 to be included to allow them to do so and the process delegated to the body to
223 proceed accordingly.

224
225 Chair Vanderwall advised that he had also brought to City Manager Malinen's
226 attention the current constraints in commissioners being unable to communicate
227 amongst their members outside that correspondence being made part of the formal
228 public record; and when or if exceptions were available for generic
229 correspondence between members.

230
231 While recognizing these constraints, Mr. Schwartz noted that those rules went
232 beyond that of City Code, since they originated with State Statute and Open
233 Meeting Law restrictions for communication outside a public meeting by a public
234 body.

235
236 Chair Vanderwall recognized those statutory restrictions, he opined that with
237 ever-improving technology, those restrictions needed to be updated as well.

238
239 Member Stenlund noted, in the general comments at the beginning of the
240 ordinance, he thought more should be added on ethics, and the need for annual
241 ethical training by commissioners or an annual waiver by members.

242
243 Member Gjerdingen also noted the need to stipulate annual financial disclosure
244 information by commissioners.

245
246 Mr. Schwartz clarified that ethics training was not mandatory, and readily
247 available along with general ethics operating procedures and processes available
248 on the City's website.

249
250 Chair Vanderwall suggested that, in lines 109-112 of the draft ordinance, mention
251 of a handbook or framework of behavior may be appropriate.

252
253 Member Stenlund noted that, if 2-4 year terms were adopted, he would no longer
254 be eligible to serve; and while wanting more people to be involved in local
255 government to obtain more and better ideas, he would be disappointed if no
256 longer serving on the PWETC.

257
258 Member DeBenedet noted that Roseville had a strong history of willing
259 volunteers; however, he also noted that some commissions had been difficult to
260 fill in the past.

261
262 Chair Vanderwall noted line 420 and following in the document under
263 "Duties/Functions," particularly the "maintaining an interest" phrase and

suggested a better definition of the duties or charge of the PWETC was necessary. Chair Vanderwall suggested that current language was too broad, and needed more specificity in some areas.

Member DeBenedet concurred, suggesting an additional subheading or replacement for “C” or “D,” allowing the PWETC to initiate studies pertaining to topics of current interest in the field of public works, environment, and/or transportation (e.g. LED street lighting).

Member Stenlund concurred, noting the importance of other areas (e.g. MS4 annual monitoring and reporting, recycling issues/studies); and other things that are high functions of the PWETC; along with other useful functions intended to take some of the load off the City Council.

Mr. Schwartz advised that, while this draft ordinance is very preliminary, he would provide the PWETC’s feedback to City Manager Malinen. Mr. Schwartz noted the typical intent to keep ordinances more general in nature, and not have them to detailed, allowing for changes in procedure more specific and as needed.

Member Gjerdingen expressed concern with line 48 of the ordinance and the age requirements, suggesting that it be changed to age 18.

Chair Vanderwall clarified that this spoke to student representation versus regular members of commissions; and their service during a school year due to the transitory nature of their service as ex-officio members of a commission.

7. County Road D Reconstruction Project Preliminary Design

City Engineer Bloom reviewed this proposed 2013 joint project of the Cities of Shoreview and Roseville for design and reconstruction of County Road D, as detailed in the staff report dated October 23, 2012. Ms. Bloom advised that the City of Shoreview was taking the lead (e.g. plans, specifications, and construction management); and reviewed those overall plans with the PWETC, and reported on open house discussions and site visits with residents to-date, as well as future communication efforts. Ms. Bloom opined that the affected residents were well-represented with the exception of the School District No. 623, the Church, and the only commercial property at the southeast intersection of County Road D and Lexington Avenue.

Ms. Bloom noted that this was a County turnback road (evenly split between the cities) and therefore was a Minnesota State Aid (MSA) street and the design would need to be based on a ten (10) ton road, currently at 32’ width today, but widening out at the Lexington intersection. Ms. Bloom advised that a formal right turn lane was proposed. Ms. Bloom advised that the signal lights at the Lexington Avenue intersection were in good shape, and Ramsey County had determined that they would not be replaced.

Ms. Bloom addressed the Commission's earlier discussion regarding speeds along this section of roadway, and possible consideration for speed range adjustments, if requested due to the location of the school; and noted that if a speed study was conducted, it didn't necessarily mean the mph limit would be reduced, as it was based on actual average speeds during a certain period.

Chair Vanderwall suggested that staff of both cities see if consideration could be given, based on a strong neighborhood preference, the location of the school, and additional pedestrian facilities being planned.

Ms. Bloom reviewed proposed design for both segments (Lexington Avenue to Chatsworth Street) and Chatsworth to Victoria Streets, with the former segment showing 2,500 ADT from the last count performed in 2009, and the latter segment showing 1,400 ADT. Ms. Bloom noted that the existing sidewalk on the Shoreview side (north) was 5' wide, with a 5' boulevard on that side constructed in recent years, with crosswalks at school entrances, and a road speed limit currently at 35 mph, and school zone designated at 30 mph when children are present. Ms. Bloom advised that there wasn't a strong indication of speeding, beyond perception, as it fell within the 85 percentile.

Ms. Bloom advised that the proposed street width at reconstruction was 33', with an on-street shoulder, bike path and parking lane, with a one-lane drive lane in each direction, and parking maintained on the north side, as preferred by the neighborhood. Ms. Bloom noted plans suggested parking on both sides of County Road D where the roadway was wider near the church; and would include a 6' sidewalk installed on the south side. With the exception of the Lutheran Church on the east end, and the auto care business on the west end, Ms. Bloom noted this area was entirely residential; and when the school was given consideration, it called for a regional pathway, as indicated in the Pathway Master Plan for facilitate pedestrian traffic and access.

Ms. Bloom noted that there were only two (2) street openings on the south side (at Churchill and Chatsworth) for only two (2) side streets; however, she noted the significant need for pedestrian facilities, especially on the south side based on peak morning traffic volumes. Ms. Bloom advised that this represented a long expanse, and currently unsafe pedestrian roadway; and no connection for crosswalks on the south side. Based on those considerations, Ms. Bloom advised that staff was advocating for installation of the sidewalk on the south side.

However, Ms. Bloom advised that property owners were not supportive of sidewalk on the south side, generally in agreement that the north sidewalk was sufficient. Ms. Bloom noted that she anticipated a petition from property owners asking that the sidewalk not be installed on the south side, rationalizing safety concerns on their part (e.g. snow removal and backing out from their driveways across a sidewalk and striking pedestrians), in addition to loss of their yards. At this point, Ms. Bloom advised that staff was moving forward as proposed, using

the Pathway Master Plan recommendations as a basis. If a pathway is ultimately attached to the project, Ms. Bloom advised that approval from the Rice Creek Watershed District would be required, as it would change the buffer strip configuration for a 5' boulevard.

Ms. Bloom then reviewed proposed utility work as part of the reconstruction project, including water main, noting that there was an interconnect between Shoreview and Roseville systems, with water main facilities along both respective sides of the County Road D. Ms. Bloom addressed proposed construction for the water mains, seeking to facilitate school schedules, summer schools, bus routes, and how and when to provide temporary water services to those affected. Ms. Bloom advised that attempts were underway to plan a condensed construction period with applicable deadlines for contractors to facilitate as little interruption and disruption as possible.

Chair Vanderwall, as School District 623 Transportation Manager, advised that summer school began on June 25, 2011; however, communication was needed between the school district and city to ensure coordination between the end of this year's regular session on June 9, 2012, and summer school's start, suggested that rescheduling may be possible.

Ms. Bloom advised that she intended to set up a personal meeting with school district representatives to discuss schematics and other areas of concern.

Ms. Bloom noted that there was ½ mile of water main for each city, with one connection on the Shoreview side, as well as two (2) properties on the Roseville side still having their own wells. Ms. Bloom advised that it was staff's intent to work with those property owners to connect at this time, or install the service lines at this time if they're preference was to defer connection.

Ms. Bloom advised that there was also a twenty-five (25) unit apartment building along County Road D, requiring additional conversation related to temporary water service. Ms. Bloom noted that, given these considerations, the water main project would require a tight schedule; and she didn't want a repeat of issues that had arisen for both cities during the 2012 construction season with water main work significantly delaying projects.

Regarding the storm sewer utility work, Ms. Bloom and Mr. Schwartz advised that consideration was being given to lining versus digging, but overall management of that replacement was still in discussion stages. While two (2) property owners had expressed interest in rain gardens, Ms. Bloom expressed hope in finding more interest, with staff internally discussing infiltration requirements, since both underground and above ground storage being required by the Rice Creek Watershed District. Ms. Bloom advised that the City had

installed swales in several front yards as part of the 2012 construction project; however, she noted that they were not well-received by affected residents.

Ms. Bloom advised that staff was going to continue further research, noting that the Capitol Region Watershed District had a good example of an under-the-road infiltration trench, providing good design. Ms. Bloom advised that the preference was to work with property owners for the benefit of all; however, she noted that requirements were to get the water past the road and into rain gardens. Ms. Bloom advised that she would continue refining the project with staff from the City of Shoreview, as well as affected property owners.

Regarding the current location of crosswalks benefitting only the school at this time, Ms. Bloom advised that part of her discussion with school district representatives would be possible relocation of those crosswalks to the intersections at street entrances versus the school driveway to determine the best solution.

Ms. Bloom suggested that given the school location and speed concerns, County Road D may be a good location for permanent solar speed boards alerting drivers to the school zone and showing their actual speed, especially during the school day. Ms. Bloom advised that this was under discussion by Shoreview and Roseville staff at this time.

Chair Vanderwall suggested including a flashing light at crosswalks to assist school patrols as well.

Ms. Bloom noted that the road tapered out at the intersection, and the church was interested in installing more handicap stall that were vital to those less mobile; however, she was not sure if a similar resolution wasn't available by redoing entrances at the church, and extending the sidewalk to Victoria. Ms. Bloom advised that discussion was still underway if and how to change the off-set intersection at Chatsworth to connect with new construction, and address winter maintenance of the sidewalk adjacent to the church. However, at this point, Ms. Bloom advised that no proposed changes beyond right turn lanes at the intersections were being proposed, given review of the geometrics.

Chair Vanderwall noted that, at least in the recent past, he was aware of a significant number of children from the apartment building walking to and from school without the aid of a sidewalk.

Ms. Bloom advised that staff had alerted the apartment property owner of the meeting, and asked him to post it at the building; however, she was not aware of any tenants or property representatives attending recent meetings about the project.

446 Member Stenlund suggested use of the school parking lot as a storm water pond,
447 as a “green streets” application; allowing the school to do more with what they
448 had, while still retaining the parking lot (e.g. high heat island, underground
449 retention vaults) and also using it as part of a water quality education model for
450 students and the community. Member Stenlund noted that this would get cars off
451 the road, but still provide parking options.

452
453 Mr. Schwartz advised that he and Ms. Bloom had discussed such an option at the
454 church.

455
456 Chair Vanderwall concurred with Member Stenlund, noting that the School
457 District was always interested in projects that allowed them to be good stewards.

458
459 Ms. Bloom advised that staff was focusing on green areas (e.g. rights-of-way,
460 boulevards, and existing ponds) for water management, noting that the church
461 was very interested in retaining their green space, but remained open to dual use
462 for storm water management as well.

463
464 Ms. Bloom estimated that, to-date, City of Roseville staff had met with 60-70% of
465 the property owners on the Roseville portion of the roadway, whether at formal
466 meetings or one-on-one on-site. Based on past experience, Ms. Bloom noted that
467 there was usually considerable interest from residents when staff was on-site
468 during the walk through, scheduled for Saturday morning.

469
470 Regarding the proposed schedule, Ms. Bloom advised that the feasibility report
471 was scheduled for finalization by respective staffs in late November, at which
472 time an estimate would be available of the projected cost per linear foot and how
473 assessments would be addressed; with a December 10, 2012 presentation to the
474 Roseville City Council; followed by a Public Hearing scheduled early in 2013.

475
476 Discussion ensued regarding continuing with two (2) different water mains for
477 each City and whether this wouldn’t provide an opportunity for sharing;
478 difference with the City of Shoreview using well water, and the City of Roseville
479 using surface water through the City of St. Paul; availability of emergency
480 connections shared among a number of adjacent municipalities; and initial interest
481 of residents in undergrounding power lines until they became aware of the cost of
482 doing so.

483
484 Member DeBenedet expressed his personal preference that the City Council stood
485 firm on staff’s recommendations for installation of the sidewalk on the Roseville
486 side, supported by the Pathway Master Plan. Member DeBenedet noted that this
487 was a city-wide need, addressed and frequently updated over the last thirty (30)
488 years, and needed to move beyond the dictates of the immediate property owners.

489
490 Chair Vanderwall concurred, noting that benefits would be realized once installed.
491

Regarding safety concerns in backing out of driveways across sidewalks, Member DeBenedet opined that the solution was to look behind you before doing so, being alert to pedestrian, bicyclers, and vehicles.

Member Stenlund opined that he suspected the real issue was related to snow shoveling.

In all fairness, Ms. Bloom noted that the Parks and Recreation Department's maintenance crews attempted to clear all city pathways within twenty-four (24) hours; but advised that there may be some ridges experienced from the initial plowing. Ms. Bloom noted that another challenge in this joint project was the two (2) different assessment policies for the respective jurisdictions, with the Shoreview policy assessing less than that of Roseville. Therefore, as the project is refined further, Ms. Bloom advised that joint meetings of Shoreview/Roseville residents had therefore been eliminated as far as public information was concerned as policy discussion moved to diverging jurisdictions. As an example, Ms. Bloom noted that standard sidewalk width in Shoreview is 6' versus 6' in Roseville; and their snow removal policies were also different. Ms. Bloom noted that property owners had requested the City of Roseville to reduce sidewalk width to 4', but had been informed by staff that this was not feasible.

In response to Member Gjerdingen, Chair Vanderwall noted that City of Roseville staff worked on a priority basis for snow removal from streets and/or pathways, and particularly for school access.

Ms. Bloom advised that the residential petition was proposing that the south side sidewalk only serve the area westward from Churchhill to Lexington.
City of

8. Utility Conservation Rate Discussion

As part of the City Council's strategic directives, Mr. Schwartz advised that they had requested the PWEC review current conservation water rate structures. Mr. Schwartz noted that this request was time-sensitive as the City's Finance Director, Chris Miller, was currently analyzing current rates, and would be advising the City Council in November of any recommended fee changes as part of the 2013 budget, including water rates. Background information and current water utility base rates for residential and commercial customers, as well as quarterly usage for those properties, and city-wide were detailed (Attachment A) in the staff report dated October 23, 2012. Mr. Schwartz noted that legislative changes had also been addressed.

Mr. Schwartz noted that conservation was occurring, based on that data; however, he wasn't sure if some of that reduced use wasn't related to mandated water savings requirements for new fixtures being installed.

Mr. Schwartz sought PWETC feedback on whether additional tiers should be added for residential customers at the 20,000 gallon per quarter level as an alternative.

Chair Vanderwall noted that a tier at that level between 20,000 and 30,000 gallons would address 12% of the Roseville population.

Mr. Schwartz advised that he didn't have figures from 2009 when original tiers were initially initiated; however, he thought the percentage of users at that time for over 30,000 gallons was between 6-7%.; and that it had dropped slightly since then. Mr. Schwartz admitted that the tier system wasn't appearing to have a tremendous impact on incenting lower usage in Roseville; however, in order to affect enough customers to make an impact, it would take at least a 20,000 gallon tier.

Chair Vanderwall questioned the goal of the impact: whether to raise additional revenue to address the cost of delivery, to decrease consumption, or a combination.

Mr. Schwartz advised that any changes through this action would be essentially revenue-neutral, and it was being reviewed purely for conservation purposes.

Member Stenlund opined that simply going from 15,000 to 20,000 would not create a sufficient bump to accomplish the goal.

Member DeBenedet opined that it may make more sense to look at 16,000 to 24,000 as an additional tier; and then anything above 24,000 to look at more. Member DeBenedet noted that he had recommended moving higher in previous discussions about tiers.

Chair Vanderwall noted the need to use care in how and where rates were raised, given previous raises to water and sewer rates and other fees.

Member DeBenedet noted that most residents were concerned about increased rates and taxes out of our control. However, he noted that most who would benefit by this additional tier would be those living alone or seniors typically using fewer gallons anyway, especially since the cost would be revenue-neutral.

Mr. Schwartz advised that staff would need the PWEC's recommendation tonight, as the City Council's meeting on the budget was scheduled for November 19, 2012; after which Finance Director Miller would put together a rate structure.

After further discussion, members were of a consensus for a tier level from zero to 16,000 gallons; then a tier at 16,000 to 24,000 gallons, and then a tier for 24,000 gallons and over.

Member DeBenedet advised that, knowing that recommendation, Finance Director Miller would then formulate how to make it revenue-neutral.

Mr. Schwartz noted that base rates are at a fixed rate for a quarter, and as now set up essentially represented operating costs for the water utility (e.g. fixed cost and depreciation). Mr. Schwartz advised that the consumption rate was simply a pass-through based on the amount charged Roseville by the St. Paul Water Utility. Member DeBenedet moved, Member Stenlund seconded, the PWETC's recommendation to the City Council the following three (3) tier adjustment to water rate structures for 2013:

0 = 16,000 gallons per quarter

16,000 – 24,000 gallons per quarter

24,000 gallons and above per quarter

Member DeBenedet noted that the concept was that the rate for use under 16,000 gallons would be reduced, but the higher tiered rates higher; all with the intended impact to obtain a revenue-neutral fee for Roseville residential customers; with no recommended changes for commercial customers. Member DeBenedet opined that commercial users only used the water they required; but had little discretionary use beyond irrigation.

Ayes: 5

Nays: 0

Motion carried.

9. 2013 Construction Work Plan

Mr. Schwartz displayed and briefly reviewed locations of the proposed 2013 work plan for reconstruction and/or mill/overlay projects. Mr. Schwartz advised that staff would present the proposal to the City Council at their November 19, 2012 meeting seeking their direction, for projects ranging from pathways, water main replacement (on Transit Avenue from Western to Rice) and water main replacement (from Transit Avenue to County Road C). Mr. Schwartz advised that staff continued to refine the numbers; however, the scope of proposed 2013 projects would be slightly reduced from that of 2012, with only about a half mile of reconstruction and 2 miles of mill/overlay.

Mr. Schwartz noted the City essentially completely reconstructed the City street system in the last 25 to 30 years; and the current pavement condition index ratings in the upper 70's to low 80's. Mr. Schwartz advised that pavement throughout the street network appeared to be performing well; however due to other department-wide proposed work, staff had still outlined a significant work load for 2013 in the range of \$3 – 4 million of projects. Mr. Schwartz advised that one of those projects would include a grant application submitted to the Metropolitan Council for inflow and infiltration work (I & I) for lining 6-7 miles of sanitary sewer in 2013, representing a significant amount of work.

629 In response to Member DeBenedet, Mr. Schwartz advised that grant funds were
630 through the State bonding bill with metropolitan cities included as a group for I &
631 I bonding money. Out of the requested \$8 million, Mr. Schwartz advised that the
632 Metropolitan Council was scheduled to receive \$4 million; and noted that
633 unfortunately the City of Roseville's system was listed among the "Dirty Forty"
634 list identified by the Metropolitan Council for needed I & I work. Mr. Schwartz
635 advised that the City had previously received \$150,000 for similar work, and this
636 year was seeking \$400,000 to help fund a portion of 2013 work.

637
638 With Member DeBenedet noting that the City's 2013 work plan had been reduced
639 from past years, Mr. Schwartz concurred, noting that from a reconstruction
640 perspective, we only have Victoria St. south of County Road B left to reconstruct,
641 since the remaining streets city-wide were essentially 100% reconstructed, with
642 only mill and overlay needed based on their PCI. Mr. Schwartz noted that this
643 also could be attributed to a more "pavement friendly" winter last year. Mr.
644 Schwartz noted that those streets identified in the 2013 Work Plan represented
645 those requiring significant maintenance needs.

646
647 Mr. Schwartz further noted that the City's 20-year CIP had originally called for
648 annual revenue specific to those needs over the next five (5) years; however, after
649 re-evaluation, staff thought it was prudent to reduce to the level indicated in the
650 ratings.

651
652 Member DeBenedet expressed concern that infrastructure needs continue to be
653 addressed and not deferred.

654
655 Mr. Schwartz concurred, noting that any street spending identified for this year
656 and not spent would be pooled for future years, based on how distressed the
657 system appeared.

658
659 Member DeBenedet suggested a future PWETC discussion include a review of
660 the PCI city-wide compared with average pavement life cycles and how things
661 were currently trending.

662
663 Chair Vanderwall noted that the City's asset management software would assist;
664 with Member DeBenedet noting that the City also had a separate software system
665 specific to PCI.

666
667 Mr. Schwartz advised that the City Council had asked the PWETC for a review in
668 the near future, and as time allowed, to determine if the City's PCI target ratings
669 were appropriate.

670
671 Member Gjerdingen noted his observations with sidewalks lacking ADA
672 compliance (Commerce Avenue along the MN Department of Education building;
673 one at the intersection of Commerce and Albert; and another along the Target
674 property); and asked that those be analyzed for future resolution.

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Member Felice noted the need to review ADA cuts for sidewalks into the Har Mar Mall facility, opining that there were not many cuts in that sidewalk to facilitate ADA compliance.

Mr. Schwartz duly noted that request; clarifying that each project provided for consideration as to whether it can be brought up to ADA standards.

10. Possible Items for Next Meeting – November 27, 2012

- Ice control product discussion
- Preliminary/updated 2013 budget information
- Rescheduling/canceling the December 2012 meeting due to the holidays (DeBenedet)

Mr. Schwartz advised that he was not he was aware of any time-sensitive issues if the body chose to cancel the December meeting and not meet until January of 2013.

- Pavement Condition Index (PCI) map discussion (DeBenedet)
- City-owned parking lot lights related to LED retrofits (DeBenedet)

Mr. Schwartz noted that the City Council’s Capital Improvement Program (CIP) Task Force had made recommendation that the City Council provide capital funding annually for street lights beginning in 2013 (\$25,000 annually) for city-owned lights in parking lots, etc.

Member DeBenedet noted that this would provide a good opportunity to phase in new LED lights as HPS lights reached the end of their life cycles or needed significant maintenance.

Mr. Schwartz offered to find out from Xcel if they had any rebate programs available for parking lot retrofit lighting.

Member DeBenedet suggested this issue return for additional discussion in January or February of 2013.

- Member Stenlund suggested a speaker at a future PWEC meeting about “green streets,” similar to a recent U of MN Water Resource Conference; and suggested Cliff Aichinger of the Ramsey-Washington Metro Watershed District would be a good candidate.

Chair Vanderwall advised that School District No. 623 has submitted grant applications through the Safe Routes to School Program in the past; and suggested the City and the School District consider an application on this next solicitation process.

11. Adjourn

Member DeBenedet moved, Member Stenlund seconded, adjournment of the meeting at approximately 8:48 p.m.

Ayes: 5

721
722

Nays: 0
Motion carried.

DRAFT

Roseville Public Works, Environment and Transportation Commission

Agenda Item

Date: November 27, 2012

Item No: 4

Item Description: Communication Items

- Projects update-
 - Josephine Woods– The public improvements are all complete.
 - Josephine Lift Station– This project is substantially complete. There are a couple of punch list items to be completed yet.
 - Fairview Pathway, Phase 2 – This project is nearing completion as well. Transit for Livable Communities held a ribbon cutting event on November 1, 2012. There are some traffic control items to be finished yet as the materials arrive.
 - Skillman Drainage improvements - Complete
 - Waterman lining project - the bids for this project were opened on October 10. Staff is continuing evaluating the bids and references. If awarded, work is anticipated to be completed Spring 2013.
 - Staff is working on the following projects:
 - County Road D Reconstruction feasibility study
 - 2013 Pavement Management Mill and Overlay Project
 - County Road B-2 Pathway Construction
 - 2013 Sanitary Sewer Lining Project, we just received notice that we will be eligible for a minimum of \$408,000 in Met Council grant funds for this project. The grant should cover approximately 3 miles of 8 inch sanitary sewer lining!
- Maintenance Activity
 - Leaf Program is complete with approximately 900 participants. Down 200 from last year.
 - Winter maintenance preparation is underway

Attachments:

- A. County Road D feasibility report neighborhood meeting notice
- B. Preliminary staff Council Action with 2013 utility rate recommendations



November 15, 2012

RE: County Road D Reconstruction- between Lexington Avenue and Victoria Street
Feasibility Report Meeting- Thursday, November 29, 6:00 p.m.
Lutheran Church of the Resurrection
Fireside Room

Dear Resident:

In 2013, the City of Roseville is proposing to reconstruct County Road D. Since County Road D is a city street on the border of Shoreview and Roseville, this will be a joint project between the two cities. We would like to invite you to our fourth meeting for this project on:

Thursday, November 29, 6:00 p.m
Lutheran Church of the Resurrection
3115 Victoria Street
Fireside Room
Southwest corner of County Road D and Victoria

At the meeting, staff will present the preliminary findings of the Feasibility Report for this project. The report will include information on the following: assessment frontages and rates, street design, proposed sidewalk, and utility reconstruction. Staff will be working on the report during the month of November. Specifics on assessments will not be available until the day of the meeting. Staff will post the presentation on the project website after the meeting.
(www.ci.roseville.mn.us/CoRdD)

The Feasibility Report will be submitted to the City Council on December 10, 2012. The Public Hearing for this project will be in January 2013. Public Hearing notices will be sent to all properties proposed to be assessed at least two weeks prior to the Public Hearing.

We encourage you to attend this meeting. If you cannot, please consider sending us an e-mail or calling with your questions.

Sincerely,

Debra Bloom, P.E.
City Engineer
651-792-7042
deb.bloom@ci.roseville.mn.us

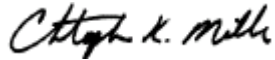
REQUEST FOR COUNCIL ACTION

Date: 12/03/12

Item No.:

Department Approval

City Manager Approval



Item Description: Consider the 2013 Utility Rate Adjustments

BACKGROUND

Over the past several months, City Staff has been reviewing the City's utilities operations to determine whether customer rate adjustments are necessary for 2013. The analysis included a review of the City's water, sanitary sewer, storm drainage, and solid waste recycling operations. It also incorporates the recommendations provided by the Council-appointed Capital Improvement Plan (CIP) Task Force, and the Public Works, Environment, and Transportation Commission (PWET).

Staff's analysis included a review of the following:

- ❖ Fixed costs including personnel, supplies and maintenance, and depreciation.
- ❖ Variable costs including the purchase of water from the City of St. Paul, water treatment costs paid to the Metropolitan Council, and recycling contractor costs.
- ❖ Capital replacement costs.
- ❖ Customer counts and consumption patterns, rate structure, and rates.

A summary of each operating division is included below.

Water Operations

The City's water operation provides City customers with safe potable water, as well as on-demand water pressure sufficient to meet the City's fire protection needs. The following table provides a summary of the 2012 and 2013 (Proposed) Budget:

	2012	2013	\$ Incr. (Decrease)	% Incr. (Decrease)
Personnel	\$ 581,600	\$ 595,845		
Supplies & Materials	74,100	76,325		
Other Services & Charges	582,050	584,270		
Water Purchases	4,600,000	5,000,000		
Depreciation / Capital	1,165,000	1,585,000		
Total	\$ 7,002,750	\$ 7,841,440	\$ 838,690	12.0 %

The single largest operating cost for the water operation is the purchase of wholesale water from the City of St. Paul. For 2013, the budgeted amount has been increased given the rate increase imposed by St. Paul as well as the uncertainty of future wholesale water rates. The City of St. Paul is currently undertaking a Cost of Service study to determine what changes might be needed in their rate structure. The City expects to enter into discussions with the City of St. Paul early next year to review the cost sharing formula outlined in the current contract.

The City also expects to have moderate increases in personnel and supply-related costs, leading to an overall budget increase of 12.0%. The impact on the water rates will also be affected by these and other factors.

As noted previously on several occasions, the City's long-term capital financing program has been significantly underfunded for many years. The Water Fund has been reliant on internal borrowings from the Sanitary Sewer Fund to provide for capital needs during the past several years. The 20-Year CIP calls for an average capital replacement need of \$1.1 million annually. In contrast, current water rates only provide \$700,000 annually.

Based on a recommendation of the CIP Task Force, the City Council agreed in 2011 to adopt a base rate increase of approximately 60% to alleviate the funding gap. The increase was to be phased in over two years beginning in 2012. For 2013, the increase is expected to generate an additional \$400,000 annually. The base rate would need to be indexed for future inflationary impacts.

It is further recommended that the usage rate be increased by approximately 2.5% to offset the increase in water purchase and other operating costs.

Discussion on Water Conservation Rates

In January, 2009 the City instituted a new water conservation-based rate structure designed to encourage water conservation in conjunction with the goals and strategies outlined in the City's Imagine Roseville 2025 initiative, as well as a new State Law that required water service providers to encourage water conservation. This law has since been amended and the City is no longer required to have conservation rates as long as they can demonstrate that aggregate water use has declined due to other measures.

The City created a 2-tiered rate structure that was designed to target **excessive** water usage as opposed to the water used for everyday household needs. It is not unusual to see a 4 or 5 person household use 30,000 gallons or more per quarter for general use such as personal hygiene, washing clothes and dishes, cooking, etc. This is evidenced by evaluating a household's wintertime usage. In recognition of this, the rate structure was designed to encourage conservation without unduly penalizing larger households for 'normal' water use.

The current water rate structure is as follows:

Category	2012 Usage Rate
SF Residential; Up to 30,000 gals./qtr	\$ 2.15
SF Residential; Over 30,000 gals./qtr – winter rate *	2.40
SF Residential; Over 30,000 gals./qtr – summer rate **	2.65
Non-SF Residential – winter rate	2.80
Non-SF Residential – summer rate **	\$ 3.10

67 In an effort to gain a broad perspective on citywide household use, the following chart depicts the
68 percentage of single-family homes that fall into the current water rate categories based on usage over the
69 last 12 months and the 2-tiered rate structure.
70

CURRENT Water Rate Tier	% of SF Homes: Winter	% of SF Homes: Summer
0 – 30,000 gallons per quarter	90 %	85 %
Over 30,000 per quarter	10 %	15 %
Total	100 %	100 %

71
72 As this table indicates, under the current water rate structure, 10-15% of single-family homes are impacted
73 by the higher rates.
74

75 The Public Works, Environment, and Transportation Commission recently discussed the City’s water rate
76 structure and conservation rates. The Commission is recommending that the City move to a 3-tier system
77 to incorporate the following breakpoints:
78

Tier	Description
1	0 – 16,000 gallons per quarter
2	16,000 – 24,000 gallons per quarter
3	Over 24,000 gallons per quarter

79
80 The threshold of 16,000 gallons between tiers 1 and 2 is based on the current average usage in a single-
81 family home. The Commission further recommends that the rate structure be revenue neutral so that usage
82 rates at tiers 2 and 3 are sufficient to partially offset usage rates at the first tier. City Staff is comfortable in
83 moving to a 3-tiered system, however the aggregate data continues to suggest that single-family
84 homeowners are already successfully employing a variety of water conservation approaches.
85

86 The following chart depicts the percentage of single-family homes that fall into each water rate category
87 based on current usage and the proposed 3-tiered rate structure.
88

PROPOSED Water Rate Tier	% of SF Homes: Winter	% of SF Homes: Summer
0 – 16,000 gallons per quarter	70 %	60 %
16,000 – 24,000 gallons per quarter or more	15 %	20 %
Over 24,000 gallons per quarter	15 %	20 %
Total	100 %	100 %

89
90 Under the proposed 3-tiered rate structure, approximately 30-40% of single-family homes will be impacted
91 by the higher tier rates, compared to 10-15% today. Under this scenario, approximately 2,100 homes will
92 pay more for water services than they currently do as a direct result of the change in rate structure.
93

94 As noted above, the PWET Commission has advocated that the new 3-tiered rate structure be revenue
95 neutral. Under the current 2-tiered structure the lowest tier is set at an amount that is commensurate with
96 the cost to purchase water from the City of St. Paul. This ensures that in the event ALL homes fell into the
97 lowest tier, the City would not be financially jeopardized. Therefore, any incremental revenue derived from
98 the higher tier is set aside for contingency purposes and to promote long-term stability of the rates.
99
100

If on the other hand we move to a revenue neutral rate structure, the premium charged for usage at Tiers 2 and 3 will allow the lowest tier rate to decline. As a result, 60-70% of single-family homes would pay less than they currently do. In effect, homes with lower usage will be subsidized by those with higher usage. This is in sharp contrast to the current philosophy where all homes pay the same pass-through cost of water purchased from St. Paul.

It should be noted that many of these same low usage homes that would benefit from this new approach already receive a subsidy through the senior discount program.

Another consideration on whether to move to a 3-tiered rate structure is whether such an approach actually promotes water conservation. We have observed that water usage has declined in the past couple of years despite most households never reaching the threshold for the higher tier. One could argue that education and awareness has been the leading factor in discouraging homeowners from excessive water use, rather than the financial incentive (penalty) that accompanies higher tiers.

One can assume that each household has a threshold for which a financial incentive would cause them to modify their water use behavior. Arguably however, it would take more than just a few dollars per month which is the case under both the current and proposed water rate tier structure.

A final point for discussion involves the fairness that tiered water rates can have on larger families. For example, let's assume that the per-person water usage for someone that follows moderate water conservation measures is 5,000 gallons per quarter. A 3-person household would use 15,000 gallons per quarter and would not hit the higher tier. However, a 4-person household would use 20,000 gallons per quarter and hit the higher tier simply because there are more people living in the house. On an individual basis the 4-person household is just as conservative in their water use, but they pay a higher rate nonetheless.

Taking this example further, let's assume that the 4-person household is even more conservative and uses only 4,500 gallons per quarter, per person. This amounts to 18,000 gallons per quarter which once again triggers the higher tier rate. In this example, the 4-person household pays a higher rate despite having superior conservation behaviors compared to the smaller household.

Sanitary Sewer Operations

The City maintains a sanitary sewer collection system to ensure the general public's health and general welfare. The following table provides a summary of the 2012 and 2013 (Proposed) Budget:

	2012	2013	\$ Incr. (Decrease)	% Incr. (Decrease)
Personnel	\$ 358,448	\$ 367,235		
Supplies & Materials	45,050	46,395		
Other Services & Charges	419,200	420,545		
Wastewater Treatment	2,850,000	3,000,000		
Depreciation / Capital	1,165,000	1,280,000		
Total	\$ 4,837,698	\$ 5,114,175	\$ 276,477	5.7 %

The single largest operating cost to the sanitary sewer operation is the wastewater treatment costs paid to the Metropolitan Council Environmental Services Division (MCES). Based on projected flows and increased costs from the MCES, the budget for this category has been increased by 5%. The City also expects to have moderate increases in personnel and supply-related costs bringing the total increase to 5.7%. The impact on the sewer rates will also be affected by these and other factors.

The 20-Year CIP calls for an average capital replacement need of \$1 million annually. In contrast, current sewer rates only provide \$670,000 annually. Based on a recommendation of the CIP Task Force, the City Council agreed in 2011 to adopt a base rate increase of approximately 60% to alleviate the funding gap. The increase was to be phased in over two years beginning in 2012. For 2013, the increase is expected to generate an additional \$330,000 annually. The base rate would still need to be indexed for future inflationary impacts.

It is further recommended that the usage rate be increased by approximately 3.5% to offset the increase in wastewater treatment and other operating costs.

Storm Drainage Operations

The City provides for the management of storm water drainage to prevent flooding and pollution control, as well as street sweeping and the leaf pickup program. The following table provides a summary of the 2012 and 2013 (Proposed) Budget:

	2012	2013	\$ Incr. (Decrease)	% Incr. (Decrease)
Personnel	\$ 316,837	\$ 324,615		
Supplies & Materials	55,301	57,300		
Other Services & Charges	277,800	281,000		
Depreciation / Capital	1,260,000	1,369,000		
Total	\$ 1,909,938	\$ 2,301,915	\$ 121,977	6.4 %

The City expects to have moderate increases in personnel, supply and capital-related costs, which will require an increase in the storm water rates.

Previously, the 20-Year CIP called for an average capital replacement need of \$972,000 annually. The 2011 storm water rates only provided \$310,000 annually.

To alleviate this shortfall, the CIP Task Force recommended a one-time base rate increase of approximately 65% in 2012. This was expected to generate an additional \$660,000 annually and allow the Storm Water Fund to provide for capital improvements over the next 20 years as well as increased operating costs. It was noted at the time that the base rate would still need to be indexed for future inflationary impacts, although no adjustment is needed for 2013.

Recycling Operations

The recycling operation provides for the contracted curbside recycling pickup throughout the City and related administrative costs. The primary operating cost is the amounts paid to a contractor to pickup recycling materials.

178 The following table provides a summary of the 2012 and 2013 (Proposed) Budget:

179

	2012	2013	\$ Incr. (Decrease)	% Incr. (Decrease)
Personnel	\$ 31,581	\$ 32,375		
Supplies & Materials	400	405		
Other Services & Charges	24,910	24,910		
Contract Pickup	468,000	747,005		
Total	\$ 524,891	\$ 531,695	\$ 6,804	1.3 %

180

181 The City expects to have a 1.94% increase in contract pickup costs as set forth in the current contract. The
182 contract also specifies that the City receives a portion of the monies generated from the re-sale of recycled
183 materials. This is expected to generate approximately \$90,000 per year, and along with an expected
184 \$65,000 SCORE grant from Ramsey County, will allow for a relatively small rate increase to Roseville
185 residents of only 1.6%.

186

187 **Rate Impacts for 2013**

188 Based on the rate impacts described above, Staff is recommending a rate increase for ALL utility rate
189 categories except for the storm water rates which were sufficiently increased in 2012. With these suggested
190 rate changes, a typical single-family home will pay \$165.55 per quarter, an increase of \$18.22 or 12.4%.
191 Additional detail is shown in the tables below, and in Schedule A of the attached Resolution.

192

193 Single Family Homes

194

	2012	2013	\$ Incr. (Decrease)	% Incr. (Decrease)
Water – base fee	\$ 40.09	\$ 49.50		
Water – usage fee	38.70	39.60		
Sanitary Sewer – base fee	30.35	37.35		
Sanitary Sewer – usage fee	21.00	21.75		
Storm Sewer	11.15	11.15		
Recycling	6.10	6.20		
Total	\$ 147.33	\$ 165.55	\$ 18.22	12.4 %

195

** Based on an average consumption of 18,000 gallons per quarter.

196

197 Single Family Homes – with Utility Discount

198

	2012	2013	\$ Incr. (Decrease)	% Incr. (Decrease)
Water – base fee	\$ 26.00	\$ 32.15		
Water – usage fee	12.90	13.20		
Sanitary Sewer – base fee	18.95	23.30		
Sanitary Sewer – usage fee	7.00	7.25		
Storm Sewer	11.15	11.15		
Recycling	6.10	6.20		
Total	\$ 82.10	\$ 93.25	\$ 11.15	13.6 %

199

** Based on an average consumption of 6,000 gallons per quarter.

200

Discount applies only to the water and sewer base fee and is approximately 35% less than the standard rate.

201

Commercial Property

	2012	2013	\$ Incr. (Decrease)	% Incr. (Decrease)
Water – base fee	\$ 79.25	\$ 98.00		
Water – usage fee	560.00	580.00		
Sanitary Sewer – base fee	66.30	81.60		
Sanitary Sewer – usage fee	650.00	670.00		
Storm Sewer	517.35	517.35		
Total	\$ 1,872.90	\$ 1,946.95	\$ 74.05	3.95 %

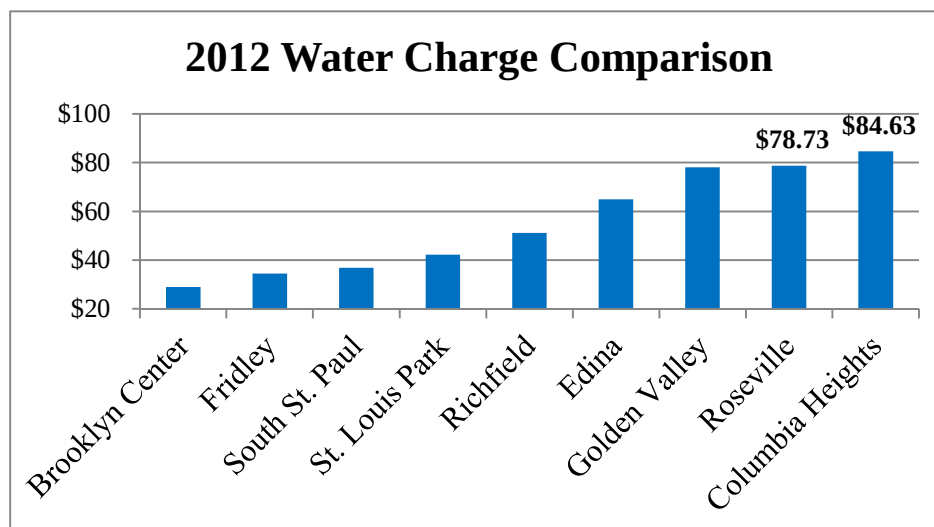
** Based on an average consumption of 200,000 gallons per quarter, with a 1 ½” meter, and occupying 3 acres.

Rate Comparisons

The charts below depict a number of water and sewer rate comparisons with other peer communities. For this analysis, peer communities include 1st ring suburbs that served a population between 18,000 and 50,000, and which are not simply an extension of a larger entity’s system. This group was selected to try and approximate cities with stand-alone systems with similar age of infrastructure which can have a significant influence on the cost of water and sewer services.

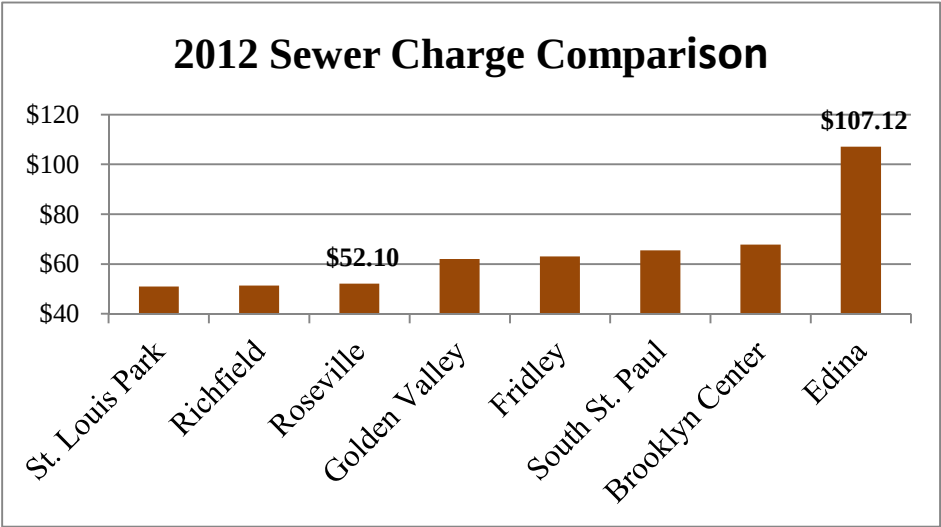
It should be noted that broad comparisons give only a cursory look at how one community compares to another. One must also incorporate each City’s individual philosophy in funding programs and services. For example, Roseville does NOT utilize assessments to pay for water or sewer infrastructure replacements like many other cities do. Instead we fund infrastructure replacements 100% through the rates. As a result, Roseville’s water and sewer rates are inherently higher when compared to a City that uses assessments to pay for improvements. Other influences on the rates include whether or not a community softens its water before sending it on to customers, and the extent in which communities charge higher rates to non-residential customers.

The following chart depicts the peer group comparison for combined water base rate and usage rate for a single-family home that uses 18,000 gallons per quarter.



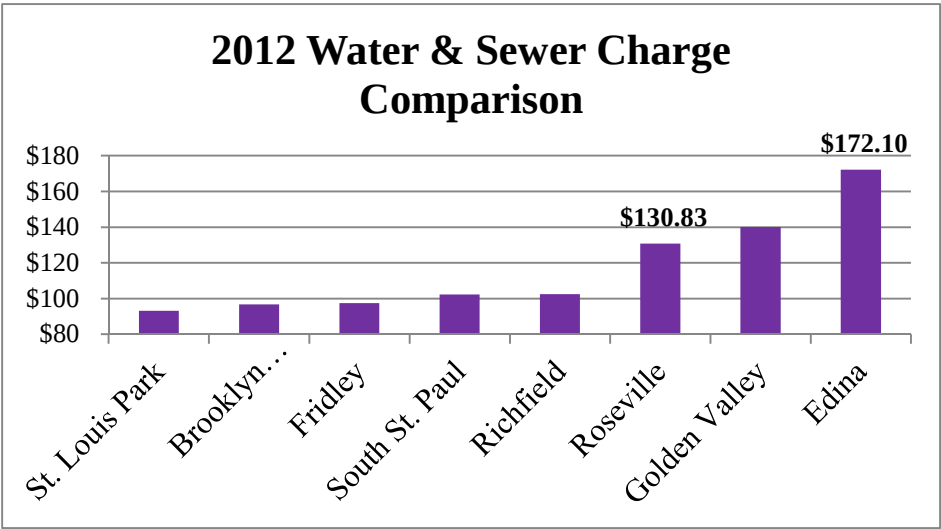
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As is shown in the chart, Roseville’s total water charge is one of the highest in the comparison group. Again, there are numerous circumstances and policy preferences that can lead to varying rates among cities. The following chart depicts the peer group comparison for combined sewer base rate and usage rate for a single-family home that uses 15,000 gallons per quarter.



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In this instance, Roseville sewer charges were lower than most. To get a broader perspective, the following chart depicts the combined water and sewer impact for a typical single-family home for the comparison group.

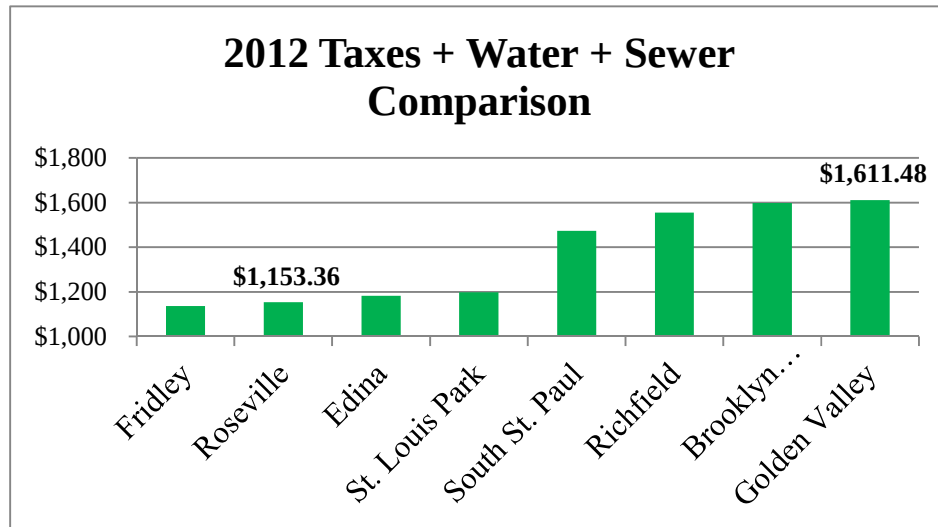


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When combined, Roseville is approximately 9% above the average for the peer group. However, it should be noted that most of the cities shown in the chart that have lower utility rates, happen to have much higher property tax rates. This is an important distinction because again, each City employs a different philosophy in how it funds the direct and indirect costs of providing services.

Roseville's philosophy is to ensure that all indirect costs are reflected in the water and sewer rates. This results in higher water and sewer rates. This also means that we don't have as much indirect costs being supported by the property tax.

This can be somewhat reflected in the chart below which combines property taxes and water and sewer charges for a typical single-family home.



As is shown in this chart, when looking at more comprehensive comparison that factors in a more broad-based spectrum of needs and funding philosophies, Roseville has one of the lowest financial impacts of the comparison group - a full 15% below the peer average. Once again, we must also look at other factors and local preferences to determine whether there are other influences affecting property taxes and rates.

POLICY OBJECTIVE

An annual review of the City's utility rate structure is consistent with governmental best practices to ensure that each utility operation is financially sound. In addition, a conservation-based rate structure is consistent with the goals and strategies identified in the Imagine Roseville 2025 initiative.

FINANCIAL IMPACTS

See above.

STAFF RECOMMENDATION

Based on the increasing costs noted above, Staff is recommending rate adjustments as shown in the attached resolution.

REQUESTED COUNCIL ACTION

For discussion purposes only. The Council will be asked to adopt the attached resolution establishing the 2013 Utility Rates at a subsequent Council meeting.

Prepared by: Chris Miller, Finance Director
Attachments: A: Resolution establishing the 2013 Utility Rates

EXTRACT OF MINUTES OF MEETING OF THE
CITY COUNCIL OF THE CITY OF ROSEVILLE

* * * * *

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseville, County of Ramsey, Minnesota was duly held on the 3rd day of December, 2012 at 6:00 p.m.

The following members were present:
and the following were absent:

Member introduced the following resolution and moved its adoption:

RESOLUTION _____

RESOLUTION ESTABLISHING THE 2013 UTILITY RATES

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Roseville, Minnesota, the water, sanitary sewer, storm drainage, and recycling rates be established for 2013 in accordance with Schedule A attached to this Resolution.

The motion for the adoption of the foregoing resolution was duly seconded by member
and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

WHEREUPON, said resolution was declared duly passed and adopted.

State of Minnesota)
) SS
County of Ramsey)

I, undersigned, being the duly qualified City Manager of the City of Roseville, County of Ramsey, State of Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of said City Council held on the 3rd day of December, 2012 with the original thereof on file in my office.

WITNESS MY HAND officially as such Manager this 3rd day of December, 2012.

William J. Malinen
City Manager

Seal

Schedule A

Water Base Rate

Category	2012 Base Rate	2013 Base Rate
SF Residential	\$ 40.03	\$ 49.50
SF Residential – Sr. Rate	26.00	32.15
Non-SF residential		
5/8" Meter	39.99	49.45
1.0" Meter	50.45	62.40
1.5" Meter	79.25	98.00
2.0" Meter	151.30	187.10
3.0" Meter	302.60	374.20
4.0" Meter	605.23	748.45
6.0" Meter	\$ 1,210.45	\$ 1,496.90

Water Usage Rate ** Must Selected Rate Structure with/without revenue neutral rates **

Category	Tier *	2012 Usage Rate	2013 Usage Rate	Revenue Neutral 2013 Usage Rate
Single Family Residential; winter rate (Tier 1)	0 - 16,000 gals./qtr.	n/a	\$ 2.20	\$ 2.10
Single Family Residential; winter rate (Tier 2)	16,000-24,000 gals./qtr.	n/a	2.45	2.45
Single Family Residential; winter rate (Tier 3)	24,000+ gals./qtr.	n/a	2.70	2.70
Single Family Residential; summer rate (Tier 2) **	16,000-24,000 gals./qtr.	n/a	2.70	2.70
Single Family Residential; summer rate (Tier 3) **	24,000+ gals./qtr.	n/a	3.00	3.00
Non-SF Residential – winter rate		2.80	2.90	2.90
Non-SF Residential – summer rate **		\$ 3.10	\$ 3.20	\$ 3.20

* Each successive Tier is approximately 10% higher than the previous rate

** Summer rates are approximately 10% higher than the corresponding winter rate

For comparison purposes, the 2012 Water Usage Rates were as follows:

Category	2012 Usage Rate
SF Residential; Up to 30,000 gals./qtr	\$ 2.15
SF Residential; Over 30,000 gals./qtr – winter rate *	2.40
SF Residential; Over 30,000 gals./qtr – summer rate **	2.65
Non-SF Residential – winter rate	2.80
Non-SF Residential – summer rate **	\$ 3.10

339
340

Sanitary Sewer Base Rate

Category	2012 Base Rate	2013 Base Rate
Residential	\$ 30.35	\$ 37.35
Residential – Sr. Rate	18.95	23.30
Apartments & Condos	20.95	25.75
Non-residential		
5/8" Meter	22.20	27.30
1.0" Meter	44.40	54.65
1.5" Meter	66.30	81.60
2.0" Meter	110.60	136.10
3.0" Meter	221.40	272.50
4.0" Meter	443.000	545.20
6.0" Meter	\$ 885.90	\$ 1,090.30

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342
343

Sanitary Sewer Usage Rate

Category	2012 Usage Rate	2012 Usage Rate
Residential	\$ 1.40	\$ 1.45
Non-residential	\$ 3.25	\$ 3.35

344
345
346

Stormwater Rates

Category	2012 Flat Rate	2013 Flat Rate
Single Family & Duplex	\$ 11.15	\$ 11.15
Multi-family & Churches (per acre)	86.20	86.20
Cemeteries & Golf Course (per acre)	8.65	8.65
Parks (per acre)	25.90	25.90
Schools & Comm. Centers (per acre)	43.15	43.15
Commercial & Industrial (per acre)	\$ 172.45	\$ 172.45

347
348
349

Recycling Rates

Category	2012 Flat Rate	2013 Flat Rate
Single Family	\$ 6.10	\$ 6.20
Multi Family (per unit)	\$ 6.10	\$ 6.20

350
351
352

Meter Security Deposit

Category	2012 Flat Rate	2013 Flat Rate
5/8" Meter	\$ 75.00	\$ 75.00
1.0" Meter	120.00	120.00
1.5" Meter	300.00	300.00
2.0" Meter	\$ 400.00	\$ 400.00

353

Roseville Public Works, Environment and Transportation Commission

Agenda Item

Date: November 27, 2012

Item No: 5

Item Description: Ice Control Product Discussion

Background: The Commission requested a discussion of ice control products that are available for roads and an overview of the city's ice control program. The city's Street Supervisor, Steve Zweber and one of our maintenance personnel, Josh Dix will give a presentation on this topic. We are very proud of our efforts to protect the environment while providing safe driving conditions on city streets. They have provided the following background information for your preview:

- Winter Maintenance Objective: Achieve safe winter driving conditions at intersections, hills, curves, and other critical areas. We do not have a bare pavement policy.
- Deicing: melt snow and ice after it has accumulated and bonded to the pavement, typically with granular rock salt.
- Anti-Icing: attempt to prevent snow and ice from bonding to the road, typically with liquids applied proactively before precipitation begins, resulting in less product required than once a bond has formed. A side benefit to anti-icing is maintaining improved traction on roadways during light snow events.
- The vast majority of winter maintenance products are chlorides. Chlorides primary negative environmental effect is water pollution.
- There is a selection of non-chloride products available however they are restrictively priced, often nine to twelve times more expensive than chloride products.
- Due to this pricing, our goal is to use chlorides in a responsible manner whereas we apply the minimal product necessary to achieve the desired results.
- There are four ways for us to achieve that goal:
 - Use modern and calibrated application equipment.
 - Continue with employee training and data tracking.
 - Experiment with alternative products that reduce chloride use or increase chloride effectiveness without significantly increasing price.
 - Continue to expand and improve our anti-icing program.

Recommended Action:

Discussion

Attachments:

- A. Historical Ice Control Products
- B. Equipment Purchases
- C. Minnesota State University, Mankato and MnDOT Study of Deicing Chemicals
(<http://www.dot.state.mn.us/research/documents/201220.pdf>)
- D. Product Comparison

Ice Control Products

Previous

Late 1990's

Central Salt

MSO

Molasses blend – pile treatment

2002 – 2006

Glacial Technologies

M2000 Pile treated with Magnesium Chloride corrosion inhibiting properties. Lower rate application of salt when treated.

2007 – 2010

Cargill

Clear Lane Product

Less biochemical oxygen demand B. O. D. less than 300 ppm vs. typical agricultural by-products, which can be as much as 500 ppm.

2009 – 2010

North American Salt

Thawrox

Viscosity modifier, corrosion inhibitor

Ice Control Products

Future

Geo Melt

De-sugared sugar beet molasses

\$1.20 - \$1.50 per gallon

5-6 gallons per ton

Approximately \$9 additional cost to already \$70.60 per ton

Fusion

Ossian Inc. Davenport, Iowa

Alkaline degradation of corn beet cane sugars

Roseville Equipment Purchases

9 trucks

2 loaders

2 1-ton trucks

=13 pieces - Equipment used for 13 plow routes

1999	2 new single axle plow trucks with the newest computerized ground speed activated ice control/ rate application/ sander
	First season purchased pre treated salt. Idea is with treated salt, you can lower application rates vs. using regular salt
	Purchased first used pre-wet liquid saddle tank from MnDOT Mankato truck station
2000	2 more new single axle trucks same as 1999's trucks
2001	1 more new single axle truck same as 1999's trucks, more advanced rate control capabilities
2007	2 more new single axle trucks same as 1999's trucks, more advanced rate control capabilities
2009	1 more new single axle truck same as 1999 but with brine side tanks
2010	1 more new single axle truck same as 1999 but with brine side tanks
	1 more new single axle truck same as 1999 but with brine side tanks
	Ongoing use of various vendors pre-treated salt thus using less salt especially during 10 degree and lower temperatures
2011	Purchased additional 4 used brine saddle tanks from Otter Tail County
	Purchased 3 tote storage tanks and various tubes and pumps to design our own brine making system for 2011-2012 winter season
2010-2011	Started anti-icing Roseville's city complex sidewalks and parking lots
2010-2011	Winter season purchased 812 ton salt, 110 ton pre treated salt, 922 gallons of liquid brine
2011-2012	Converted Hydo seeder to anti-icing unit

TECHNOLOGY EXCHANGE

A Newsletter of the Minnesota Local Technical Assistance Program (LTAP)

The trusted resource for Minnesota's local transportation agencies

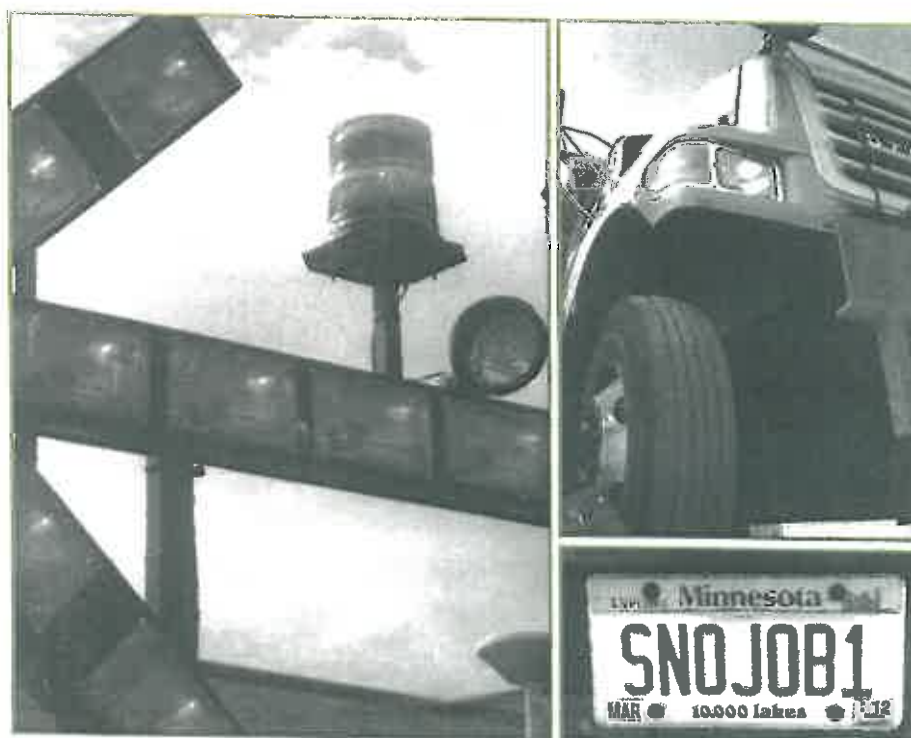
UNIVERSITY OF MINNESOTA
CENTER FOR TRANSPORTATION STUDIES

Winter 2012 Vol. 20, No. 1

Fall Expo: keeping motorists safe on winter roads

Snowy, slushy, or icy pavement: more than 1,300 people are killed and more than 116,800 people are injured on it each year in vehicle crashes, according to Federal Highway Administration (FHWA) reports. These numbers would be even higher without effective snow removal and road deicing operations. But as vital as these functions are, they can eat up a big chunk of state and local agency maintenance budgets. Researchers at Minnesota State University, Mankato (MSU Mankato) are studying various types and blends of deicing chemicals, which are typically used in combination with plowing, to see which ones offer the best performance for the money.

Stephen J. Druschel, P.E., assistant professor of environmental engineering, is leading this effort and was on hand at the 2011 Minnesota Fall Maintenance Expo to discuss some preliminary findings. "Essentially, we're looking at how much snow and ice a particular chemical or blend melts and how much it costs...we



All kinds of equipment were on display at the Fall Maintenance Expo.

want to find out what [product] gives us the most bang for the buck," Druschel explained. Deicers are expensive, so knowing which products to use, how much to use, and when to use them is crucial to controlling winter road maintenance costs, he continued.

One of the chemical deicers they are studying is sodium chloride, more commonly known as rock salt. Rock salt is currently the most popular chemical deicer because it is reliable, relatively inexpensive, and easy to store and apply. But because salt has been linked to causing vehicle and infrastructure corrosion as well as environmental damage, Druschel's group is also evaluating some of the alternative deicers that have cropped up in response to concerns around salt use. These options include calcium magnesium acetate, calcium chloride, magnesium chloride, and carbohydrate solutions like beet juice and corn molasses that are generated as byproducts of agricultural operations.

While these deicing alternatives are generally less corrosive and less harmful to the environment than salt, they tend to be significantly more expensive. Corrosion and environmental benefits aside, one question researchers hope to answer is whether or not the performance benefits of alternative deicers are worth the added cost. "We have evaluated more than 1,200 samples including 20 or more base products and 30 different product blends. One of the main things we've looked at is the ice melt capacity of each product; that is, how much ice melts compared to how much material is used," Druschel said.

In one set of experiments, for example, they tested a salt brine base mixed first with 10 percent magnesium chloride, then 20 percent, and finally 30 percent to find out what, if any, benefit there is to using

more of the magnesium additive. They conducted the same test using calcium chloride and carbohydrate solutions, again mixed into salt brine at 10, 20, and 30 percent. "These [chemicals] were tested all at once so we could get a good stable temperature for comparison," he explained. "We tested generally in the 15 to 25 degree Fahrenheit range...and while we see some benefit [to adding alternative deicers to salt brine], we found that doubling the amount doesn't get you more for the money. Basically, a little [additive] helps, but more is a waste and does not provide additional performance benefit."

In other tests, Druschel's team found rock salt to have the best ice melt capacity at 28 and 20 degrees Fahrenheit, with some of the alternative deicers blended with a rock salt base to be nearly as good—some even a little better. At around 12 degrees Fahrenheit, magnesium chloride actually has a 50 percent better ice melt capacity than rock salt, but most other deicers perform worse than salt at the colder temperatures. However, these alternative deicers may provide other advantages not related to ice melt capacity. For instance, many of the carbohydrate solutions are sticky, which prevents the deicing treatment from blowing off the road before it has a chance to work. Some deicing blends, because of their color, are more visible on the road than salt alone, allowing deicing truck drivers to see where treatment already has been laid down. This helps avoid reapplying chemicals too soon—and that can produce savings anywhere from 10 to 20 percent a day.

Still, Druschel explained, ice melt capacity is the cornerstone factor that influences everything else when deciding which deicing chemicals to use. "Considering that ice melt capacity is the most



Rock salt probably offers the best performance for the money, according to the research team.

important aspect...when all is said and done, when we hold the temperature even, when the ice is consistent...the amount of difference we're seeing [in ice melt capacity] between rock salt and other treatments is minimal—10 percent, maybe 40 percent at the very best," he said. So even though many salt alternatives promise to "burn up the road," this research suggests that's not quite the case. In fact, Druschel said, "Even with all these other cool products available, rock salt probably offers the best performance for the money and is generally still the most favorable choice."

The details of this research will be presented in a final report due out in spring 2012. Coinciding with this project, Druschel's team is developing a cost performance model that can be used to calculate the base cost of deicing chemicals from the loading terminal. Users can then factor in mileage and fuel costs and calculate performance variables as well. This tool is currently in testing and is scheduled for release in the spring. **LTAP**

—Nancy Strege, LTAP freelancer

Snow & Ice Management Products

Liquid Products--Anti Icing	Lowest Temp	Price/gal	Application Rate	Cost per lane mile	Comments:
Brine-Salt in a 23% water solution	15	\$0.30	20-50 gal/lm	\$6-\$15	Cheap and effective at temps over 20
Green Guard (75% brine, 25% Beet Juice-mixed in house)	-15	\$0.71	29-43 gal/lm	\$20-\$30	Trial this year, said to work at lower temps and reduce corrosion while reducing chloride approx 20%
Apex Meltdown-Mag Cl with Organic additive	-8	\$1.05	12-25 gal/lm	\$12-\$26	Considering trial this year
Road Guard Plus 8-Primarily Cal Cl w/ mag, additives	-45	\$1.97	9-13 gal/lm	\$18-\$25	Works to far colder temps than Mag Cl, 85% less corrosive than NaCl
Apogee-Proprietary Humecant Blend	10	\$4.65	20-50 gal/lm	\$93-\$232	Non-chloride, biodegradable
CF7-Potassium Acetate	-25	\$6.05	25-60 gal/lm	\$151-\$363	Non-chloride, biodegradable. Can be used for de-icing at double rate

Granular Products-Small Scale/Sidewalks	Lowest Temp	Price/lb	Application Rate	Cost per 1000 sq ft	Comments:
Professional Ice Melter-Chloride Blend, Primarily NaCl	-16	\$0.18	2-8lb/1000 sq ft	\$.36-\$1.44	This is our current de-icer for the campus. This year, we are going to try Green Guard after sweeping to reduce the need for a granular de-icer. De-icer applications have already been reduced by calibrating spreaders, using hand spinners instead of scoops at entryways, and applying brine before snow events
Eco-Thaw, Salt with Beet Juice Coating	-25	\$0.15	2-8lb/1000 sq ft est	\$.30-\$1.20	Works well on thick ice, granule size too large for use after sweeping sidewalks
Ice Eater-60% NaCl, 20% Cal, 20% Mag	-25	\$0.25	Unknown		Ruduced sodium use, "hotter" mix with higher proportions of cal and mag
NAAC-Sodium Acetate	0	\$1.35	5-10lb/1000 sq ft	\$6.77-\$13.54	Very low toxicity, faster melt, biodegradable, less tracking...9 times more expensive that Treated salt by area

Granular Products-Large Scale	Lowest Temp	Price /ton	Application Rate	Cost per lane mile	Comments:
Rock Salt	15	\$71	400-600 lb*	\$14-\$21	Inexpensive and most effective at higher temps, effectiveness decreases as temp goes down. Price includes delivery
Artic Thaw-Salt treated with beet juice	-25	\$88	Lower than salt... **	\$13-\$22***	FOB
Ice Slicer-90% salt+mag, cal, and potasium chloride	5	\$138	Lower than salt... **	\$20-\$34***	FOB
Clear Lane-96% NaCl with 1% Mag & other additives	"Below zero"	\$80****	Lower than salt... **	\$16-24***	Delivered
Thawrox-93% NaCl with 1% Mag & other additives	5	\$80****	Lower than salt... **	\$16-24***	Delivered

*Common rate when temps are between 20-30 degrees for rock salt, increase rate as temp decreases

**Many salt alternatives claim "lower application rates" without specifics. 20% to 30% less is often cited

***Used 300-500 as rates, assuming a reduction of 100lb per lane mile. Lower cost per lane mile only achievable if the reduction in overall product being put down can be realized

****State bid price ranges around \$73 to \$81 per ton for both ClearLane & Thawrox, Thawrox seemed to trend slightly higher

Roseville Public Works, Environment and Transportation Commission

Agenda Item

Date: November 27, 2012

Item No: 6

Item Description: Preliminary/Updated 2013 Budget Information

Background: Attached are the most recent Council communications from their packet on the proposed 2013 city budget. Generally the proposed department budgets request an inflationary increase of just over 2%. The budgets do not contain new initiatives or programs. The larger impacts are from capital improvement initiatives for utilities, park improvements, and the new fire station. We will answer questions to the best of our ability on the attached information.

Recommended Action:

Discuss attached information

Attachments:

- A. Recent City Council packet information relating to 2013 budget recommendations

ROSEVILLE

REQUEST FOR COUNCIL ACTION

Date: 11/19/12

Item No.: 12.g

Department Approval



City Manager Approval



Item Description: Consider Accepting the Capital Improvement Plan (CIP) Subcommittee Reports and Recommendations

BACKGROUND

On September 10, 2012, the City Council received a memo from the Capital Improvement Plan (CIP) Subcommittee detailing the funding recommendations for 2013 and beyond. This was preceded by memos presented to the Council at the June 13th and June 20th, 2011 City Council meetings; which outlined funding recommendations for 2012 as well as general guidance for 2013 and beyond.

Copies of these memos are included in *Attachments A, B, and C*.

The Council is now asked to formally accept, by resolution, the CIP Subcommittee's recommendations to signify the Council's intent and to memorialize the funding plan necessary to ensure a sustainable infrastructure replacement program.

POLICY OBJECTIVE

Establishing long-term financial plans is consistent with industry best practices as well as the goals and strategies outlined in the Imagine Roseville 2025 process.

FINANCIAL IMPACTS

See attachments.

STAFF RECOMMENDATION

Staff recommends the Council accept, by resolution, the recommendations set forth by the CIP Subcommittee.

REQUESTED COUNCIL ACTION

Motion to approve the attached resolution formally accepting the CIP Subcommittee's recommendations.

Prepared by: Chris Miller, Finance Director

Attachments: A: Copy of Resolution

B: Memo dated September 10, 2012 from the CIP Subcommittee.

C: Memo dated June 20, 2011 from the CIP Subcommittee.

D: Memo dated, June 13, 2011 from the CIP Subcommittee

**EXTRACT OF MINUTES OF MEETING OF THE
CITY COUNCIL OF THE CITY OF ROSEVILLE**

* * * * *

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseville, County of Ramsey, Minnesota was duly held on the 19th day of November, 2012 at 6:00 p.m.

The following members were present:
, and the following were absent:

Member introduced the following resolution and moved its adoption:

RESOLUTION _____

**RESOLUTION ACCEPTING THE RECOMMENDATIONS SET FORTH BY
THE CAPITAL IMPROVEMENT PLAN SUBCOMMITTEE
CONCERNING THE CITY'S CAPITAL REPLACEMENT PROGRAMS**

WHEREAS, the City Council is committed to the long-term financial sustainability of the City's programs and services; and

WHEREAS, the City Council has adopted a Performance Management Program which represents a comprehensive approach to improving results through systematic processes and continuous evaluation; and

WHEREAS, the City Council recognizes the critical role that capital assets and infrastructure serve in providing programs and services; and

WHEREAS, in 2011 the City Council established the Capital Improvement Plan (CIP) Subcommittee to assess the City's long-term capital replacement needs and issue funding recommendations necessary to sustain the City's capital assets and infrastructure; and

WHEREAS, the CIP Subcommittee has submitted reports and recommendations on June 13, 2011, June 20, 2011 and September 10, 2012; and

WHEREAS, the City Council desires to formally accept the CIP Subcommittee's recommendations in an effort to memorialize a new policy direction, to set community expectations, and to ensure proper consideration by future City Councilmembers.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Roseville, Minnesota, that The City Council hereby accepts the reports and recommendations set forth by the CIP Subcommittee; and will commit to fulfilling the goals and objectives contained therein.

76 The motion for the adoption of the foregoing resolution was duly seconded by member and
77 upon a vote being taken thereon, the following voted in favor thereof:

78
79 and the following voted against the same:

80
81 WHEREUPON, said resolution was declared duly passed and adopted.

82
83 I, undersigned, being the duly qualified City Manager of the City of Roseville, County of Ramsey,
84 State of Minnesota, do hereby certify that I have carefully compared the attached and foregoing
85 extract of minutes of a regular meeting of said City Council held on the 19th day of November,
86 2012, with the original thereof on file in my office.

87
88 WITNESS MY HAND officially as such Manager this 19th day of November, 2012.

89
90
91
92 _____
93 William J. Malinen
94 City Manager
95

Seal

Memorandum

Date: September 10, 2012

To: Roseville Residents and Businesses, Fellow City Councilmembers, and City Staff

From: Mayor Dan Roe, City Councilmember Jeff Johnson, City Manager Bill Malinen, and Finance Director Chris Miller

Subject: Phase II of Recommendations from the CIP Subcommittee

The Purpose of the Subcommittee

As noted in 2011, this subcommittee was established by the City Council as the result of the Council/Staff work plan discussions held earlier that year. The subcommittee was made up of Mayor Roe, Councilmember Johnson, City Manager Malinen, and Finance Director Chris Miller. The purpose of the subcommittee was to determine a path to a sustainable capital funding plan for the City in light of the ongoing under-funding of capital replacement needs, and to propose a plan for consideration by the community and the City Council.

The Problem – A Reminder

As a refresher of information contained in the 2011 proposals, in total, the capital needs for the City for the next 20 years have been estimated to amount to around \$218 million. Of that total, about \$148 million (68% - over two thirds) were un-funded by then-current sources as projected over the next 20 years. A graphic example of that situation follows:

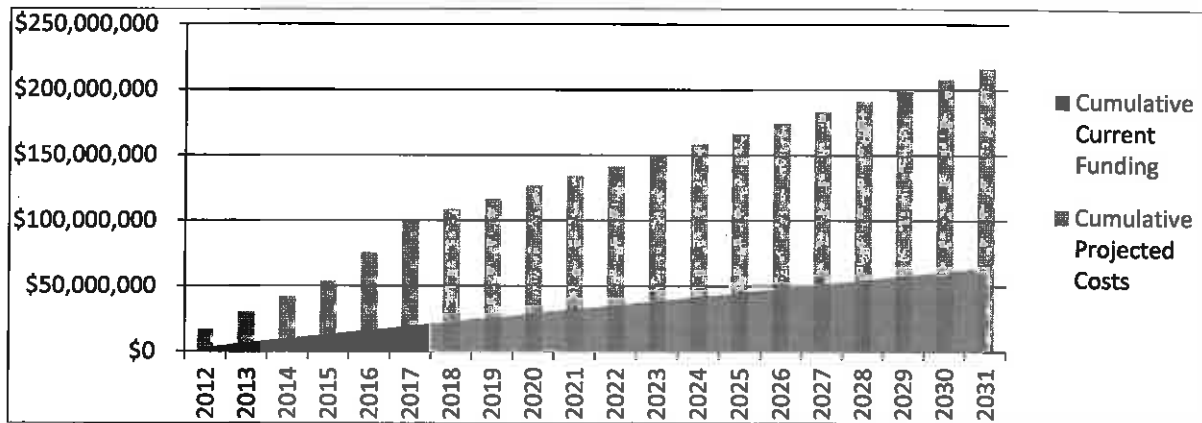


Figure 1. Current Situation - All Funds. The red bars represent cumulative annual capital costs, while the green area represents cumulative projected current annual budgeted capital funding. All figures are in 2012 dollars.

The 2011 Recommendations – A Reminder of What Has Been Done

Tax-Supported Capital Needs.

Background. The tax-supported capital areas (other than Fire Station or Parks and Pathways needs) are Vehicles, Equipment, and Facilities. Vehicles represent City “rolling stock,” from police squad cars to fire trucks to snow plows to utility pick-up trucks. Equipment represents such things as firefighter turn-out gear, police firearms, office furnishings, and the like. Facilities capital needs generally do not include whole buildings, but rather major building systems, such as roof replacements or heating and air conditioning systems. These capital items are the “nuts and bolts” of doing City business on the tax-supported side of the ledger.

Over \$16 million (57%) of the \$28 million in general Vehicle, Equipment, and Facility needs was un-funded as of 2011, using then-current funding levels and projected costs over the next 20 years.

Recommendation. The subcommittee recommended, and the City Council implemented, a long-term solution for Vehicles, Equipment, and Facilities that is a combination of shifting funding from operational costs to capital costs, re-purposing existing levy funding, and adding revenues. This recommended solution addressed 100% of the \$16 million identified shortfall over the next 20 years, and left the associated fund balances and annual funding at sustainable levels beyond that time.

The first part of the implemented recommendation was to shift approximately \$300,000 (about 2.0% of the then-current \$14.7 million levy) from current operating budget funding to capital funding in 2012, and to maintain that shift permanently going forward. Approximately \$115,000 of that amount goes annually be dedicated to Vehicle funding, approximately \$115,000 to Equipment funding, and the remaining approximately \$70,000 goes to Facility funding.

The second part of the implemented recommendation was to re-purpose for capital needs half of the \$475,000 ongoing property tax levy that was “over-levy” to account for the loss of Market Value Homestead Credit reimbursement from the State, and to maintain that re-purposing permanently going forward. Approximately \$95,000 of that amount would annually be dedicated to Vehicle funding, approximately \$95,000 to Equipment funding, and the remaining approximately \$47,000 would be dedicated to Facility funding.

The third part of the implemented recommendation was to increase the annual property tax levy by \$256,000 (1.8% of the current \$14.7 million levy) in 2012, and to maintain that increase permanently going forward. Approximately \$103,000 of that amount would annually be dedicated to Vehicle funding, approximately \$103,000 to Equipment funding, and the remaining approximately \$50,000 would be dedicated to Facility funding.

78 These implemented actions totaled an ongoing annual increased capital funding for Vehicles,
79 Equipment, and Facilities of \$800,000, creating a sustainable funding mechanism for at least the
80 next 20 years. Approximately 40% of the increased funding came from permanent operating
81 spending cuts and 32% from increased property taxes (the rest was from re-purposing of existing
82 levy funding.

85 *Utility Needs.*

87 Background. The fee-supported Utilities in the City with significant un-funded capital needs are
88 the Water Utility, the Sanitary Sewer Utility, and the Stormwater Utility. These utilities all
89 consist largely of underground piping systems that were installed over a period from the 1940's
90 to the 1970's as the City developed. In addition, the Water Utility includes the City's water
91 tower, and the Stormwater Utility includes a number of City-maintained stormwater management
92 ponds. This capital infrastructure is provided by the City to deliver safe drinking water to the
93 homes and businesses in the City, to take away sanitary sewer wastewater to the Metropolitan
94 Council's sewer system and treatment facility for safe treatment, and to safely collect stormwater
95 run-off, treat it, and deliver it to the environment via the streams, lakes, and other waterways of
96 the area.

98 Much of the piping in these systems is approaching 50-60 years of age, and was made of
99 materials that have been found to not last much longer than that, if even that long. The cast iron
100 of the water mains is brittle and subject to leaking and breaks as the result of ground shifting,
101 tree roots, etc. The clay tile of the sanitary sewer lines is similarly subject to leaks and breaking.
102 Since the City pays St. Paul for drinking water, each leak or break in a line costs the City's
103 residents and businesses in higher rates to account for that un-used water we purchase. Leaks of
104 raw sewage into the ground pose a danger to the environment.

106 In an effort to keep current and future costs down, the City is using new materials and
107 technologies to replace or repair existing water and sewer mains. Where City streets are being
108 completely replaced, the water and sewer lines are being replaced (as needed) with more durable
109 materials. Where streets are not programmed for replacement for many years, the City is using
110 re-lining technology that puts a new plastic pipe inside the existing pipe, and does not require
111 excavation of the street.

113 The capital infrastructure funding gap over the next 20 years in these Utility funds was about \$47
114 million out of total projected costs of \$65 million in 2011. In other words, 72% of the projected
115 costs were then un-funded.

117 Recommendation. The subcommittee recommended, and the City Council implemented, a long-
118 term solution for funding the significant capital replacement needs of these Utilities that was
119 based on additional revenues.

The recommendation was to increase the annual utility base fees by a total of \$1.1 million in 2012 and an additional \$1.1 million in 2013, and to maintain the total \$2.2 million increase permanently going forward. Approximately \$850,000 of that amount was dedicated to Water Utility capital funding, approximately \$830,000 to Sanitary Sewer Utility capital funding, and the remaining approximately \$500,000 was dedicated to Stormwater Utility capital funding.

Total Impact of the 2011 Implementation Actions.

The implemented subcommittee recommendations from 2011 are graphically represented, superimposed on the earlier graph of the problem (Figure 1 above), as follows:

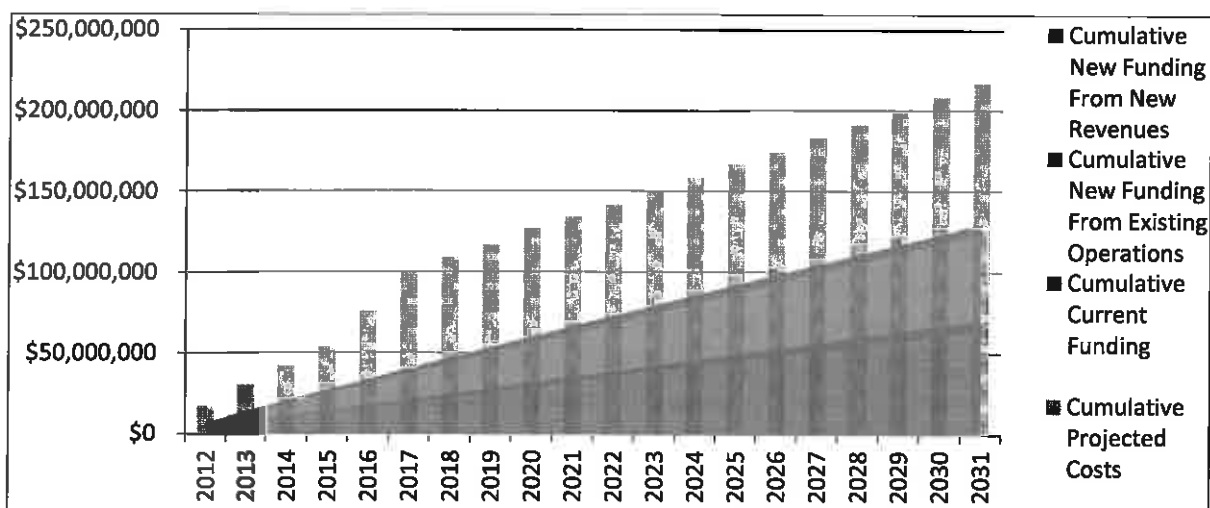


Figure 2. With 2011 Recommended Solutions - All Funds. The red bars represent cumulative annual capital costs, while the green area represents cumulative projected current annual budgeted capital funding. The light blue area represents cumulative projected new funding from new revenues. The narrow purple area between the green and light blue areas represents cumulative new funding from operational budget cuts. All figures are in 2012 dollars.

As can be seen, even with implementation of the subcommittee recommendations in 2011, significant work remains – primarily in the Parks, Pathways, Streets, and IT capital funding areas, which were not addressed by the 2011 actions.

The Rest of the Problem – A 2012 Update

The primary areas of unfinished business from 2011 include Parks, Pathways, Streets, IT, Central Services, and Admin. capital funding. All of these areas, with the exception of Streets, are funded largely with property tax dollars. (Streets are funded primarily with State MSA money and interest from the approximately \$13 million Street Replacement Fund.)

These areas of unfinished capital funding represent an additional approximately \$93 million in costs, out of the original \$218 million identified in 2011. Of that, about \$41 million, or about 44%, is unfunded based on current funding sources in 2012.

The pieces of the remaining unfunded amount are:

- About \$17 million of a total of \$47 million in costs for the Street Pavement Management Program (Street PMP). [37% unfunded]
- About \$9.4 million of a total \$28.5 million in costs for Park Facilities and PIP items [33% unfunded]
- About \$7 million of Skating Center Facility needs [100% unfunded]
- About \$4.6 million of a total \$5.7 million in Information Technology, Central Services, and Admin Equipment costs [81% unfunded]
- About \$1.2 million of \$4.2 million in costs for the Pathway & Parking Lot Pavement Management Program (PPPMP) [29% unfunded]
- About \$355,000 of Street Lighting replacement costs [100% unfunded]

It is worth repeating here that these funding levels are based on optimized replacement schedules and lists of ongoing capital replacement needs, as reflected in the 2012-2031 Capital Improvement Plan.

The Rest of the Solution – 2012 Subcommittee Recommendations

Part of the Solution: The Park Renewal Plan

In terms of Pathways and Park Facilities, a significant part of the solution is already being implemented through the Park Renewal Plan. The next four years of the Park Facility CIP needs and Park Improvement Plan needs, as well as about \$2 million in new pathway construction, are included in the Park Renewal Plan projects.

The Rest of the Solution: 8 Years of Proposed Actions

Generally, the proposals that follow will fund capital needs through either or both of 2 means: Repurposing existing property tax levy funds that are now collected for other purposes, and additional property tax levy funding.

Street PMP. The Street PMP program is the annual scheduled repairs, refurbishment, or replacement of City streets in order to maintain a Pavement Condition Index of 80 or greater, which optimizes the life of the pavement. The Street PMP program is currently funded by between \$1 million and \$2 million per year in State MSA (gas tax) funds, and about \$300,000 to \$500,000 per year in interest earnings on the \$13 million Street Replacement endowment fund. Without changes to the funding, the program begins to spend down the endowment fund significantly starting in about 2016, running the fund below a zero balance by about 2028.

Without the State making changes to the MSA funding for the City, the City must supplement the annual costs for Street PMP projects with property taxes or property assessments, or other funding. The Subcommittee recommends using a combination of funding sources to address the shortfall, as follows:

- In 2015, repurpose for Street PMP the current \$160,000 ongoing annual levy that goes to debt service on existing street bond #25 when that bond is retired.
- In 2016, repurpose for Street PMP the current \$150,000 ongoing annual levy that goes to debt service on existing street bond #23 when that bond is retired.
- In 2017, add an additional \$160,000 of ongoing property tax levy funding for the Street PMP
- In 2018, add another \$160,000 of ongoing property tax levy funding for the Street PMP
- In 2019, add another \$200,000 of ongoing property tax levy funding for the Street PMP, totaling an additional \$520,000 of ongoing property tax levy for Street PMP going forward

Of the \$830,000 total increase in annual ongoing funding for Street PMP over that 5-year period, about 63% comes from additional property tax levy funding and about 37% comes from repurposing existing property tax levy funds.

Park Facilities and PIP. Park Facilities are generally repaired, refurbished, or replaced through Park Facilities capital funding and the PIP (Park Improvement Program). Currently (as of the 2012/13 biennial budget plan), \$0 each year goes toward Park Facilities and \$40,000 per year goes toward the PIP. As noted above, the Park Renewal Plan addresses a backlog of near-term Park Facilities Costs. However, without additional funding, the next 20 years of Park Facility capital needs will be unfunded by about \$9.4 million.

The Subcommittee recommends using a combination of funding sources to address the shortfall, as follows:

- In 2016, add an additional \$160,000 of ongoing property tax levy funding for Park Facilities and PIP capital needs.
- In 2020, repurpose about \$650,000 of the \$825,000 total ongoing annual levy that goes to debt service on existing city hall and public works facility bond #27 when that bond is retired. (This leaves \$175,000 of that ongoing debt service levy to either apply to levy reduction or other needs that may become apparent by 2020.)

Of the \$810,000 total increase in annual funding for Park Facilities and PIP over that 5-year period, about 20% is from additional property tax levy funding and about 80% is from repurposing existing property tax levy funds.

Skating Center Facilities. Skating Center Facilities had been generally repaired, refurbished, or replaced through Park Facilities capital funding. However, due to the multi-purpose nature of the Skating Center, its funding is recommended to come from the Building Replacement Fund, which was otherwise addressed by the Facilities funding recommendations implemented in 2011. Currently (as of the 2012/13 biennial budget plan), \$0 each year goes toward Skating Center Facilities. Clearly, additional Facility funding for the Skating Center is required to meet its capital replacement needs. (As a note, the identified capital Facilities needs discussed here for the Skating Center are largely outside of the scope of the State bonding bill projects and the funding from the Guidant grant.)

The Subcommittee recommends using a combination of funding sources to address the shortfall, as follows:

- In 2014, add an additional \$200,000 of ongoing property tax levy funding for Skating Center Facility capital needs.
- In 2018, repurpose the \$335,000 ongoing annual levy that goes to debt service on existing skating center geothermal project equipment certificates when they are retired.

Of the \$535,000 total increase in annual funding for Skating Center Facilities capital needs over that 5-year period, about 37% is from additional property tax levy funding and about 63% is from repurposing existing property tax levy funds.

IT, Central Services, & Administration. These are additional areas of Equipment replacement needs that were not addressed by the actions implemented in 2011. IT equipment needs are those of the City and exclude those related to the provision of IT services to our Joint Powers partners. Central Services equipment needs are related to the several copiers the City owns or leases for various City facilities. Administration equipment needs come from the replacement of voting machines, which the City continues to own even with the contract with Ramsey County to administer our elections. Currently (as of the 2012/13 biennial budget plan), \$50,000 of property tax funding each year goes toward IT equipment needs (computers, routers, etc.) for the City of Roseville, and about \$5,000 goes toward Central Services or Administration equipment needs. Without additional funding, the fund balances in both IT and Central Services will disappear within 1-2 years.

The Subcommittee recommends using property tax levy funding to address the shortfalls, as follows:

- In 2013, add an additional \$160,000 of ongoing property tax levy funding for IT, Central Services, and Admin. capital needs.
- In 2014, add an additional \$75,000 of ongoing property tax levy funding, making the ongoing total additional funding level \$235,000 (100% of which comes from new property tax levy funding).

Pathways & Parking Lots PMP. The Pathways & Parking Lots PMP program is the annual scheduled repairs, refurbishment, or replacement of those City facilities in order to maintain a Pavement Condition Index of 75 or greater, which optimizes the life of the pavement. The PPPMP program is currently funded by an annual property tax levy amount of \$150,000. However, there is virtually no fund balance in this fund, and annual costs, with added pathways in the system as well as increased materials costs, etc., are expected to outpace the \$150,000 annual funding.

The Subcommittee recommends using additional property tax levy funding to address the shortfall, as follows:

- In 2015, add an additional \$80,000 of ongoing property tax levy funding for PPPMP needs.

Street Light Replacement. The City owns some street lights along our roadway system (although Xcel Energy owns most of them). The City has no fund balance or annual funding for replacement of the streetlights that we own, so a stable, dependable funding source would eliminate the ongoing use of General Fund reserves for that purpose.

The Subcommittee recommends using additional property tax levy funding to address the shortfall, as follows:

- In 2013, add an additional \$25,000 of ongoing property tax levy funding for Street Light replacement needs.

Total Impact of the 2012 CIP Subcommittee Recommendations

The table below illustrates the annual levy impacts of the proposed changes (independent of any other levy changes that may be required).

Biennium	Year	Total CIP Funding Increase	Funded by Cuts	Funded by Re-Purposed Existing Levy	Net Levy Increase Required	Approx. % Change to Levy for CIP Funding
2012/13	2012	\$800,000	\$306,500	\$237,500	\$256,000	1.8%
	2013	\$185,000	\$0	\$0	\$185,000	1.3%
2014/15	2014	\$200,000	\$0	\$0	\$200,000	1.2%
	2015	\$315,000	\$0	\$160,000	\$155,000	0.9%
2016/17	2016	\$310,000	\$0	\$150,000	\$160,000	0.9%
	2017	\$160,000	\$0	\$0	\$160,000	0.9%
2018/19	2018	\$495,000	\$0	\$335,000	\$160,000	0.9%
	2019	\$200,000	\$0	\$0	\$200,000	1.1%
2020/21	2020	\$650,000	\$0	\$650,000	\$0	-
	2021	\$0	\$0	\$0	\$0	-
Total of Changes:		\$3,315,000	\$306,500	\$1,532,500	\$1,476,000	~10%
% of Total Change:			9%	46%	45%	

Table 1. Annual Levy Impacts of 9-Year CIP Implementation. All figures are in 2012 dollars. Levy change percentages do not account for other types of levy impacts, such as operating cost increases.

Additional Recommendations

The CIP Subcommittee recommends strongly that the City Council adopt this plan by resolution, making it the policy of the City, incenting future City decision makers to follow through on these critical funding plans.

Further, the Subcommittee recommends adopting a change to the existing Capital Replacement Policy to require biennial reviews of the capital fund balance projections based on the latest 20-Year Capital Improvement Plan in order to be sure that the funding of capital needs keeps pace with changes in the plan as well as updates to costs based on inflation. The objective of the policy should be to make sure that sustainable positive fund balances can be projected in each fund over the coming 20 years, and that capital funding amounts in the tax levy and utility fees are adjusted to keep up with those requirements.

Additional Topic: New Pathway Construction

Not included in the above recommendations is a proposal to address new pathway construction. It is estimated that between \$300,000 and \$400,000 annually over the next 30 years would completely build out the current un-built Pathway Master Plan. Over the next 20 years, that totals about \$6.5 million in unfunded new pathway construction.

About \$2 million of new pathways are anticipated to be constructed in the next 4 years as part of the Park Renewal Plan that is underway. That makes a notable dent in the unfunded backlog.

The City Council may want to consider implementing in about 2016 an annual levy (currently estimated at about \$265,000) for the purpose of continuing to build out the Pathway Master Plan.

Memorandum

Date: June 20, 2011

To: Roseville Residents and Businesses, Fellow City Councilmembers, and City Staff

From: Mayor Dan Roe, City Councilmember Jeff Johnson, City Manager Bill Malinen, and Finance Director Chris Miller

Subject: Second Part of Capital Funding Plan and Preliminary Subcommittee Report

The Purpose of the Subcommittee

As stated in the June 13 subcommittee preliminary report memo, this subcommittee was established by the City Council as the result of the Council/Staff work plan discussions held earlier this year. The subcommittee was made up of Mayor Roe, Councilmember Johnson, City Manager Malinen, and Finance Director Chris Miller. The purpose of the subcommittee was to determine a path to a sustainable capital funding plan for the City in light of the ongoing under-funding of capital replacement needs, and propose a plan for consideration by the community and the City Council.

The Problem – A Reminder

As a refresher of information contained in the June 13 memo, in total, the capital needs for the City for the next 20 years have been estimated to amount to around \$218 million. Of that total, about \$148 million (68% - over two thirds) is un-funded by current sources as projected over the next 20 years. A graphic example of the current situation follows:

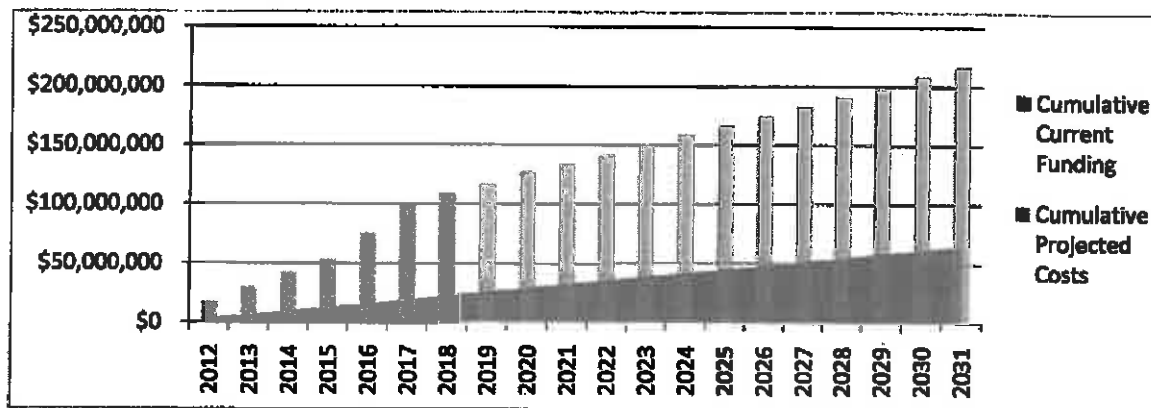


Figure 1. Current Situation - All Funds. The red bars represent cumulative annual capital costs, while the green area represents cumulative projected current annual budgeted capital funding. All figures are in 2011 dollars.

The Second Part of the Recommendation

Utility Needs.

Background. The fee-supported Utilities in the City with significant un-funded capital needs are the Water Utility, the Sanitary Sewer Utility, and the Stormwater Utility. These utilities all consist largely of underground piping systems that were installed over a period from the 1940's to the 1970's as the City developed. In addition, the Water Utility includes the City's water tower, and the Stormwater Utility includes a number of City-maintained stormwater management ponds. This capital infrastructure is provided by the City to deliver safe drinking water to the homes and businesses in the City, to take away sanitary sewer wastewater to the Metropolitan Council's sewer system and treatment facility for safe treatment, and to safely collect stormwater run-off, treat it, and deliver it to the environment via the streams, lakes, and other waterways of the area.

Much of the piping in these systems is approaching 50-60 years of age, and was made of materials that have been found to not last much longer than that, if even that long. The cast iron of the water mains is brittle and subject to leaking and breaks as the result of ground shifting, tree roots, etc. The clay tile of the sanitary sewer lines is similarly subject to leaks and breaking. Since the City pays St. Paul for drinking water, each leak or break in a line costs the City's residents and businesses higher rates to account for that un-used water we purchase. Leaks of raw sewage into the ground pose a danger to the environment.

In an effort to keep current and future costs down, the City is using new materials and technologies to replace or repair existing water and sewer mains. Where City streets are being completely replaced, the water and sewer lines are being replaced (as needed) with more durable materials. Where streets are not programmed for replacement for many years, the City is using re-lining technology that puts a new plastic pipe inside the existing pipe, and does not require excavation of the street.

The capital infrastructure funding gap over the next 20 years in these Utility funds is about \$47 million out of total projected costs of \$65 million. In other words, 72% of the projected costs are currently un-funded.

Recommendation. The subcommittee recommends a long-term solution for funding the significant capital replacement needs of these Utilities that is a combination of adding revenues and transferring existing funds.

The first part of the recommendation is to increase the annual utility base fees by a total of \$2.2 million in 2012, and to maintain that increase permanently going forward. Approximately \$850,000 of that amount would be dedicated to Water Utility capital funding, approximately \$830,000 to Sanitary Sewer Utility capital funding, and the remaining approximately \$500,000 would be dedicated to Stormwater Utility capital funding.

The second part of the recommendation is to transfer \$600,000 from the Storm water Fund to the Water Fund (which currently has a \$0 balance) in 2012, creating a sustainable fund balance in that fund.

The subcommittee recognizes that this recommendation represents a very significant year-one increase in the utility base fees, but for cash flow reasons prefers that to incremental increases, which delay projects and increase out-year costs, including maintenance costs for older infrastructure.

For reference, with implementation of these recommendations, the typical residential household would see their total utility base fee payment per quarter go up by \$44.28 in 2012. (Utility usage fees would not be impacted.)

The subcommittee believes that it is appropriate to refer these proposed rate changes to the Public Works, Environment, and Transportation Commission for their review and comment.

Total Impact of Recommendations.

The proposed subcommittee recommendations contained in the June 13 and June 20 memos are graphically represented, superimposed on the earlier graph of the problem (Figure 1 above), as follows:

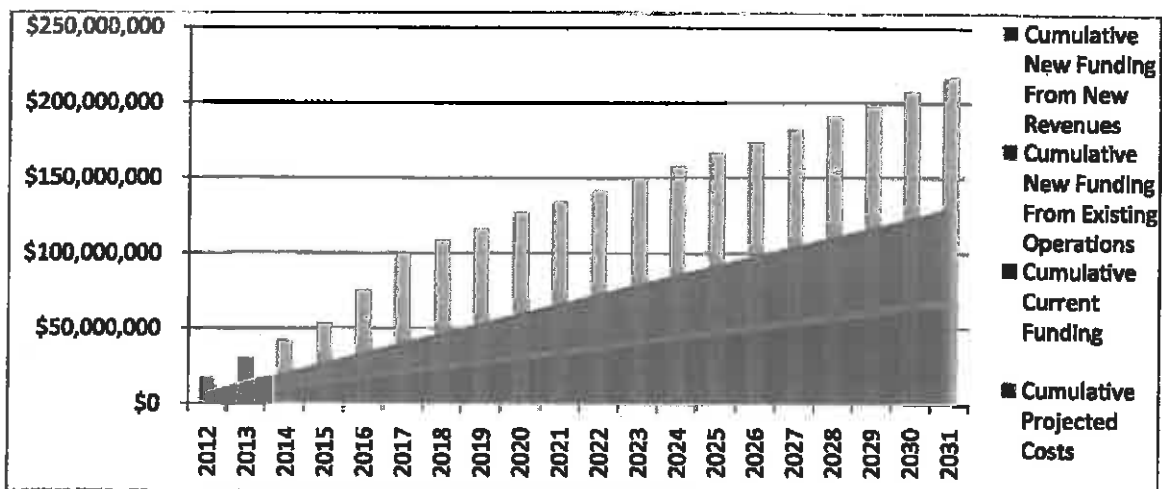


Figure 2. With Recommended Solutions - All Funds. The red bars represent cumulative annual capital costs, while the green area represents cumulative projected current annual budgeted capital funding. The light blue area represents cumulative projected new funding from new revenues. The narrow purple area between the green and light blue areas represents cumulative new funding from operational budget cuts. All figures are in 2011 dollars.

As can be seen, even with the subcommittee recommendations of both the June 13 and June 20 memos, significant work remains – primarily in the Parks and Streets capital funding areas, which are not addressed by these recommendations.

Memorandum

Date: June 13, 2011

To: Roseville Residents and Businesses, Fellow City Councilmembers, and City Staff

From: Mayor Dan Roe, City Councilmember Jeff Johnson, City Manager Bill Malinen, and Finance Director Chris Miller

Subject: Partial Capital Funding Plan and Preliminary Subcommittee Report

The Purpose of the Subcommittee

This subcommittee was established by the City Council as the result of the Council/Staff work plan discussions held earlier this year. The subcommittee was made up of Mayor Roe, Councilmember Johnson, City Manager Malinen, and Finance Director Chris Miller. The purpose of the subcommittee was to determine a path to a sustainable capital funding plan for the City in light of the ongoing under-funding of capital replacement needs, and propose a plan for consideration by the community and the City Council.

The Problem

In total, the capital needs for the City for the next 20 years have been estimated to amount to around \$218 million. Of that total, about \$148 million (68% - over two thirds) is un-funded by current sources as projected over the next 20 years. A graphic example of the current situation follows:

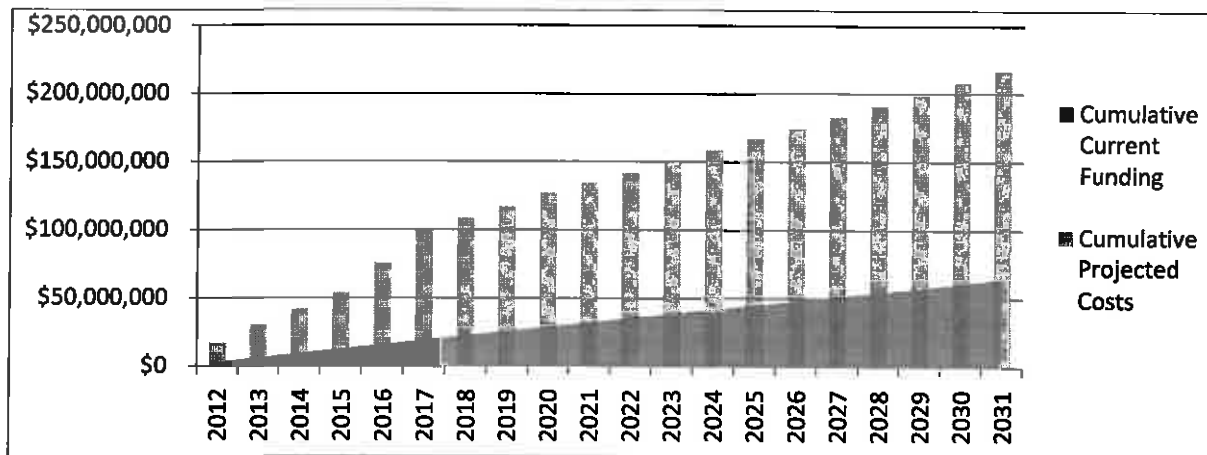


Figure 1. Current Situation - All Funds. The red bars represent cumulative annual capital costs, while the green area represents cumulative projected current annual budgeted capital funding. All figures are in 2011 dollars.

The Partial Recommendation

Tax-Supported Capital Needs. The tax-supported capital areas (other than Fire Station or Parks and Pathways needs) are Vehicles, Equipment, and Facilities. Vehicles represent City “rolling stock,” from police squad cars to fire trucks to snow plows to utility pick-up trucks. Equipment represents such things as firefighter turn-out gear, police firearms, office furnishings, and the like. Facilities capital needs generally do not include whole buildings, but rather major building systems, such as roof replacements or heating and air conditioning systems. These capital items are the “nuts and bolts” of doing City business on the tax-supported side of the ledger.

Over \$16 million (57%) of the \$28 million in general Vehicle, Equipment, and Facility needs is un-funded using current funding levels and projected costs over the next 20 years.

The subcommittee recommends a long-term solution for Vehicles, Equipment, and Facilities that is a combination of shifting funding from operational costs to capital costs, adding revenues, and transferring existing funds. This recommended solution addresses 100% of the \$16 million shortfall over the next 20 years, and leaves the associated fund balances and annual funding at sustainable levels beyond that time.

The first part of the recommendation is to shift approximately \$300,000 (about 2.0% of the current \$14.7 million levy) from current operating budget funding to capital funding in 2012, and to maintain that shift permanently going forward. Approximately \$115,000 of that amount would annually be dedicated to Vehicle funding, approximately \$115,000 to Equipment funding, and the remaining approximately \$70,000 would be dedicated to Facility funding.

The second part of the recommendation is to increase the annual property tax levy by \$500,000 (3.4% of the current \$14.7 million levy) in 2012, and to maintain that increase permanently going forward. Approximately \$192,000 of that amount would annually be dedicated to Vehicle funding, approximately \$192,000 to Equipment funding, and the remaining approximately \$116,000 would be dedicated to Facility funding.

The third part of the recommendation is to transfer \$750,000 from the General Fund to the Equipment Replacement Fund (which currently has a \$0 balance) in 2012, creating a sustainable fund balance in that fund.

These recommended actions would total an ongoing annual increase in capital funding for Vehicles, Equipment, and Facilities of \$800,000, creating a sustainable funding mechanism for at least the next 20 years. Approximately 40% of the increased funding comes from operating spending cuts and 60% from increased property taxes.

The subcommittee notes that, when anticipated inflationary type cost increases of approximately \$140,000 for 2012 are factored into the equation, assuming no increase in the levy to cover those cost increases, the operational budget cut totals \$440,000, or about 3.0% of the current \$14.7 million levy, bringing the ratio of cuts to new revenues closer to one-to-one (\$440,000 and \$500,000 respectively).

81
82 For reference, with implementation of these recommendations, the current City property tax for
83 the median residential property in Roseville would increase from approximately \$588 to \$608, or
84 by \$20 per year. (This estimate is based on a taxable value decrease of 3.7% (from \$214,200 to
85 \$206,300), a tax capacity decrease of 3.7%, and the proposed 3.4% levy increase for capital
86 funding purposes.)

87
88
89 **Utility (Water, Sanitary Sewer, and Storm Sewer) Needs.** (The subcommittee is still working
90 on a recommendation with respect to the Utility Funds, which is expected to be made at the June
91 20, 2011, council meeting.)

92
93
94 **Fire Station.** The subcommittee did not make a specific recommendation as to funding a new
95 fire station, which has no currently programmed funding source. That is because the planning
96 for a new station is an ongoing process, and the likely primary funding source is borrowing
97 (bonding). The subcommittee notes for reference that the annual cost to repay a bond issue of
98 approximately \$7 million over 15 years (assuming that bond amount and term, and assuming a
99 4% rate) is about \$580,000 per year of additional tax levy and/or program reductions.

100
101 As an aside, the subcommittee notes that the Equipment and Facilities capital needs identified in
102 this report *do not* include capital funding for maintaining the use of any of the existing fire
103 stations. (In other words, there is not any "double-counting" in the area of fire station capital
104 funding.)

105
106
107 **Parks & Pathways Capital Needs.** Another very significant area of under-funding is the area of
108 Parks and Pathways. This has been the case for the last several years at least, and is projected to
109 be so into the future, especially as the new Parks & Recreation System Master Plan
110 implementation is begun. As stated earlier, because the review of the implementation of the
111 Master Plan is currently underway, the subcommittee did not make any specific
112 recommendations related to funding of Park and Pathway capital needs. (The subcommittee has
113 included pathway funding with park capital funding, citing the links between those areas that
114 were noted in the Master Plan.)

115
116 Until the Master Plan implementation process is complete, at a minimum the subcommittee
117 recommends maintaining the Parks Improvement Program (PIP) funding at its current tax-
118 supported level of \$185,000 per year.

119
120 Additionally, the subcommittee recommends that the Master Plan implementation process take
121 into account the timing of the retirement (pay-off) of current City bond debt for the City Hall and
122 Public Works Building project, which is scheduled to occur in 2018. The retirement of that debt
123 will reduce the annual levy requirement for debt service by approximately \$900,000 per year
124 from that time forward, potentially providing that amount of levy capacity for new borrowing at
125 that time for park needs.

126

The subcommittee notes that the annual capital cost estimates for the Parks and Pathways areas as they are represented in this report do not yet reflect the recommendations of the Master Plan implementation process, but are rather best staff estimates at this point, although the totals involved represent the needs outlined in the Master Plan, and associated cost estimates.

Street Repair/Replacement and Street Lighting Capital Needs. While there is a significant funding shortfall projected for Streets and Street Lighting capital needs, the subcommittee does not recommend taking a specific action for at least 3 years to correct those shortfalls. This is at least partly because the primary source of funding is State MSA (Municipal State Aid – i.e. gas tax) money, which has been decreasing recently due to changes in driving habits, and which may be re-configured by the legislature in the coming years. In addition, the Street Maintenance Fund balance, which is typically maintained at about \$11 million in order to support the interest earnings that are applied to annual street projects, has grown to about \$13 million at this time, which allows for some time to consider a plan of action for street funding once any potential State funding changes are better known.

The subcommittee does recommend the following near-term actions related to Streets and Street Lighting capital funding: 1) Monitor any changes to MSA funding at the State level; 2) Consider revising the current policy with respect to Pavement Condition Index (PCI) standards for replacing City streets; and 3) Consider reviewing the ability to adjust the City assessment policy to provide some additional funding for street projects to make up for decreased MSA funding. All of these topics would be appropriate to charge to the Public Works, Environment, and Transportation Commission for study.

Other Recommendations. The subcommittee further recommends that, if the State follows through on a plan to re-work the Market Value Homestead Credit program for 2012 and beyond in such a manner that the City's approximately \$450,000 in current annual excess levy is no longer required to cover the lack of MVHC reimbursement from the State, that excess levy capacity be applied toward tax-supported capital funding needs – either to reduce the impacts of the recommendations in this report, or to fund other capital needs.

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: 11/19/12

Item No.: 12.b

Department Approval

Christopher K. Miller

City Manager Approval

W. J. Mahonen

Item Description: Continue Discussions on the 2013 Tax Levy and Budget

BACKGROUND

In 2011, the City Council committed to a 2-year budget process which included the adoption of the 2012/2013 Budget last December. It was noted at the time that State Statute requires cities to formally adopt a budget on an annual basis. As a result, the 2013 portion of the Budget adopted by the Council last year essentially serves as a preliminary budget and planning tool in conjunction with other long-term goal setting and strategic planning processes. The Council will need to formally adopt the final 2013 Budget and Tax Levy in December, 2012.

To date, the City Council has had numerous discussions on the 2013 Tax Levy and Budget. The following table provides an outline of those discussions.

Date	Discussion Topic / Action
Aug 13, 2012	Receive the 2013 City Manager Recommended Budget
Aug 27, 2012	Public Hearing on the 2013 City Manager Recommended Budget
Sep 10, 2012	Receive Updated Recommendations from the CIP Subcommittee
Sep 10, 2012	❖ Adopt Preliminary Tax Levy and Budget ❖ Review Staff Memo on Historical Tax Levy Changes ❖ Review Staff Memo on Cash Reserves ❖ Receive Market Value Report from Ramsey County ❖ Receive Tax Levy Analysis prepared by Mayor Roe
Oct 15, 2012	Review Tax Levy impact items and decisions packages

In addition to continuing discussions on the 2013 Tax Levy and Budget, the Council is also scheduled to review the 2013 Utility Rate and Fee Schedule adjustments at the November 19, 2012 City Council meetings.

A few of these discussions points are briefly revisited below.

2013 Preliminary Tax Levy

The preliminary tax levy for 2013 is \$17,319,826, an increase of \$2,357,532 or 15.8%. Much of the increase can be attributable to prior Council decisions or contractual obligations. The increase can be categorized as follows:

Pre-existing Obligations

Description	Amount
Debt service on Park Renewal bonds	\$ 980,000
Debt service on Fire Station bonds	670,000
Police and Fire Dispatch	31,611
Fire Relief Pension Obligation	45,000
Total	\$ 1,726,611

Items included in the Original 2012/2013 Biennial Budget

Description	Amount
Employee 2% COLA	110,000
Employee Wage Step increases	105,000
Employee pension contributions	21,837
Healthcare Premium increases	55,000
Inflationary increases on supplies, maintenance, etc.	64,084
Total	\$ 355,921

CIP Subcommittee Recommended Items

Description	Amount
Equipment replacement	85,000
IT Equipment replacement	75,000
Street Light replacement	25,000
Total	\$ 185,000

New Considerations

Description	Amount
Human Resources Information System	40,000
Implement Compensation Study results	50,000
Total	\$ 90,000

Based on the preliminary tax levy, a median-valued home would pay \$5.18 per month more in 2013 than they did in 2012. Each of these categories was reviewed in greater detail in the form of decision packages at the October 15, 2012 Council meeting.

For each \$100,000 reduction in the tax levy increase, there will be a savings of \$0.41 per month for a median-valued home.

The Council has also adopted a preliminary HRA Levy of \$698,471, an increase of \$344,971. This is expected to have an added impact of \$1.28 per month for a median-valued home.

2013 Preliminary Budget

47 The 2013 City Manager Recommended Budget for the tax-supported programs is \$21,832,042, an increase
48 of \$2,363,482 or 12.1%. The majority of this increase (\$1,650,000) is for added debt payments related to
49 the 2011 and 2012 Bonds issued for the new fire station and Park Renewal Program.

50
51 The City Manager Recommended Budget for the non tax-supported programs is \$23,653,968, an increase
52 of \$1,621,774 or 7.4%. The increase is due to added cost of wholesale water purchase from the City of St.
53 Paul and wastewater treatment charges from the Met Council, as well as general inflationary increases. It
54 also includes an additional staff position for the License Center and Information Technology divisions.
55 Both of these positions are funded by non-tax revenue sources.

56 57 2013 Preliminary Capital Improvement Plan (CIP) Budget

58 Under separate action, the City Council will be asked to formally accept the reports and recommendations
59 submitted by the Capital Improvement Plan (CIP) Subcommittee at the November 19, 2012 City Council
60 meeting. In accordance with those recommendations, the 2013 Preliminary Budget includes an
61 appropriation in the budget for the 2013 scheduled items listed in the CIP.

62
63 A listing of the 2013 CIP scheduled for purchase is included in *Attachment A*. It should be noted, that the
64 items listed in the CIP will not equate to the funding amount included in the annual Budget. The annual
65 Budget represents the amount set aside each and every year to provide for capital replacements over the
66 long-term. In contrast, the CIP represents that actual schedule of capital purchases.

67 68 Using Cash Reserves

69 On several previous occasions there has been discussion on the merits of using cash reserves to provide for
70 capital replacements or other purposes. The memo referenced above and included in the Council's 9/10/12
71 packet addresses the role and relationships these reserves have with the City's long-term financial success.

72
73 There has also been discussion about the merits of using operational savings from the 2012 fiscal year and
74 applying it to 2013 thereby allowing for a reduction in the 2013 Preliminary Tax Levy. However, this is
75 problematic for a couple of reasons. First, while the accuracy of projected operational savings improves as
76 the City nears its fiscal year-end, unforeseen events can take place in the final weeks and months that can
77 erode or significantly diminish those projections. This may include snow or ice-related events that require
78 additional supplies, materials, and overtime. Or higher-than-expected police and fire calls which also
79 require additional supplies and personnel-related costs. It also might include reductions from the City's
80 property tax collections due to delinquencies or valuation appeals which aren't fully known until January of
81 the following year.

82
83 A second consideration stems from the commitment the City Council made when it instituted a 2-year
84 budget process. At the time, it was assumed that any operational savings in year 1 (2012) would be
85 available for year 2 (2013). This allowed City Staff the added flexibility to respond to unforeseen
86 circumstances and take advantage of pricing discounts and other opportunities by moving a portion of the
87 money from one year to the next. In some cases, departments have already taken measures to create
88 operational savings in 2012 with the knowledge that these monies will be needed to offset higher-than-
89 expected increases in 2013.

90
91 The 2013 City Manager Recommended Budget reflected this reality, by removing nearly \$100,000 in
92 additional funding requests that had been submitted by Department Heads – in exchange for the ability to
93 retain and use 2012 operational savings.

94 A summary of the projected cash reserves for December 31, 2012 is included in Attachment B.

95

96 Staff will be available at the Council meeting to address any Council inquiries.

97 **POLICY OBJECTIVE**

98 Not applicable.

99 **FINANCIAL IMPACTS**

100 See above.

101 **STAFF RECOMMENDATION**

102 Not applicable.

103 **REQUESTED COUNCIL ACTION**

104 For information purposes only. No formal Council action is necessary.

105

Prepared by: Chris Miller, Finance Director

Attachments: A: CIP Items scheduled to be purchased in 2013.

B: Estimated cash reserves as of December 31, 2012

City of Roseville
Capital Improvement Plan
2013 Summary

Attachment A

<u>Asset Type</u>	<u>Department / Function</u>	<u>Item / Description</u>	<u>Amount</u>	<u>Funding Source</u>
Vehicles	Police	Marked squad replacement (5)	\$ 143,145	Tax Levy
Vehicles	Police	Unmarked vehicles (2)	45,320	Tax Levy
Vehicles	Police	Community Relations vehicle	22,000	Tax Levy
Vehicles	Fire	First out medic unit	45,000	Tax Levy
Vehicles	Fire	Utility foam - transport/trailer	25,000	Tax Levy
Vehicles	Fire	Refurbish ladder truck	45,000	Tax Levy
Vehicles	Engineering	Project Coordinator vehicle	35,000	Tax Levy
Vehicles	Streets	Replace Vehicle #124	125,000	Tax Levy
Vehicles	Streets	Replace Vehicle #141 asphalt roller	16,000	Tax Levy
Vehicles	Streets	Replace Vehicle #144 3-ton dump	159,000	Tax Levy
Vehicles	Streets	Replace Vehicle #158 trash vacuum	15,000	Tax Levy
Vehicles	Park Maintenance	Replace Vehicle #529, 3/4 ton	35,000	Tax Levy
Vehicles	Park Maintenance	Replace Vehicle #507, 3/4 ton	35,000	Tax Levy
Vehicles	Park Maintenance	Replace Vehicle #523, 3/4 ton with plow	35,000	Tax Levy
Vehicles	Park Maintenance	Replace Vehicle #534, field liner	25,000	Tax Levy
Vehicles	Water	Replace zero turn mower (1/4)	5,000	Water Fees
Vehicles	Water	Self propelled paver (1/4)	25,000	Water Fees
Vehicles	Sanitary Sewer	Replace zero turn mower (1/4)	5,000	Sanitary Sewer Fees
Vehicles	Sanitary Sewer	Self propelled paver (1/4)	25,000	Sanitary Sewer Fees
Vehicles	Storm Drainage	Replace zero turn mower (1/4)	5,000	Storm Drainage Fees
Vehicles	Storm Drainage	Replace trash vacuum	20,000	Storm Drainage Fees
Vehicles	Storm Drainage	Replace Vehicle #147, 2-ton dump	155,000	Storm Drainage Fees
Vehicles	Storm Drainage	Replace Vehicle #145, 3-ton dump	159,000	Storm Drainage Fees
Total Vehicles			\$ 1,204,465	

City of Roseville
Capital Improvement Plan
2013 Summary

Attachment A

<u>Asset Type</u>	<u>Department / Function</u>	<u>Item / Description</u>	<u>Amount</u>	<u>Funding Source</u>
Equipment	Administration	Voting equipment	\$ 60,000	Tax Levy
Equipment	Police	Computer equipment	6,000	Tax Levy
Equipment	Police	Office furniture	2,000	Tax Levy
Equipment	Police	Microwave	1,000	Tax Levy
Equipment	Police	Squad conversion	15,000	Tax Levy
Equipment	Police	Outdoor warning siren	5,000	Tax Levy
Equipment	Police	New K-9	10,000	Tax Levy
Equipment	Police	Non-lethal weapons	1,500	Tax Levy
Equipment	Police	Long-gun parts	3,000	Tax Levy
Equipment	Police	Sidearm parts	2,000	Tax Levy
Equipment	Police	Tactical gear	5,000	Tax Levy
Equipment	Police	SWAT vests	6,000	Tax Levy
Equipment	Police	Defibrillators	1,500	Tax Levy
Equipment	Police	Shredder	1,500	Tax Levy
Equipment	Police	Radar units	4,000	Tax Levy
Equipment	Police	Stop sticks	1,000	Tax Levy
Equipment	Police	Rear transport seats	2,625	Tax Levy
Equipment	Police	Control boxes	2,500	Tax Levy
Equipment	Police	Visibars	8,000	Tax Levy
Equipment	Police	Radio equipment	15,000	Tax Levy
Equipment	Police	Emergency Management exercises	15,000	Tax Levy
Equipment	Fire	Firefighter turnout gear	52,800	Tax Levy
Equipment	Fire	AED's	8,000	Tax Levy
Equipment	Fire	Camera for fire rescue	9,500	Tax Levy
Equipment	Fire	Water-related response	6,000	Tax Levy
Equipment	Fire	Air monitoring equipment	5,000	Tax Levy
Equipment	Engineering	Office furniture	10,000	Tax Levy
Equipment	Streets	Replace Unit #169 zero turn mower (1/4)	3,000	Tax Levy
Equipment	Streets	Sign equipment/plotter/cutter/signs	25,000	Tax Levy
Equipment	Park Maintenance	Main Trac software	25,000	Tax Levy
Equipment	Park Maintenance	Replace Unit #551 mower	50,000	Tax Levy
Equipment	Park Maintenance	Replace Unit #531 mower	50,000	Tax Levy
Equipment	Park Maintenance	Replace Unit #547 tractor	25,000	Tax Levy
Equipment	Skating Center	Replace Zamboni	115,000	Tax Levy
Equipment	Skating Center	OVAL Boiler	15,000	Tax Levy

City of Roseville
Capital Improvement Plan
2013 Summary

Attachment A

<u>Asset Type</u>	<u>Department / Function</u>	<u>Item / Description</u>	<u>Amount</u>	<u>Funding Source</u>
Equipment	Skating Center	Bandy shelters	15,000	Tax Levy
Equipment	Skating Center	Perimeter fence pads	65,000	Tax Levy
Equipment	Skating Center	Black divider pads	12,000	Tax Levy
Equipment	Skating Center	Arena Scoreboard - Large	30,000	Tax Levy
Equipment	Communications	Audio equipment for Council Chambers	70,000	Cable Franchise Fees
Equipment	Information Technology	Computers, monitors, servers, etc.	173,350	Tower Rentals, Tax Levy
Equipment	Water	Water meters, AMR system	350,000	Water Fees
Equipment	Storm Drainage	Self propelled paver (1/4)	25,000	Storm Drainage Fees
Equipment	Storm Drainage	Replace Unit #115 flair mower	25,000	Storm Drainage Fees
Equipment	Storm Drainage	Replace Unit #110 leaf machine	25,000	Storm Drainage Fees
Equipment	Storm Drainage	Replace Unit #168 compost turner	100,000	Storm Drainage Fees
Equipment	Storm Drainage	Walsh Lift Station repairs	45,000	Storm Drainage Fees
Equipment	Golf Course	Greens covers	5,000	Golf Course Fees
Equipment	Golf Course	Tee mower, zero turn	20,000	Golf Course Fees
Equipment	Golf Course	Turf equipment, mowers	20,000	Golf Course Fees
Total Equipment			\$ 1,547,275	

City of Roseville
Capital Improvement Plan
2013 Summary

Attachment A

<u>Asset Type</u>	<u>Department / Function</u>	<u>Item / Description</u>	<u>Amount</u>	<u>Funding Source</u>
Bldgs & Infrastructure	General Facilities	Replace PW Garage heaters	\$ 20,000	Tax Levy
Bldgs & Infrastructure	General Facilities	Replace City Hall carpeting	20,000	Tax Levy
Bldgs & Infrastructure	General Facilities	Rehab City Hall roof (old portion)	60,000	Tax Levy
Bldgs & Infrastructure	General Facilities	Central Park gymnasium improvements	4,500	Tax Levy
Bldgs & Infrastructure	General Facilities	Gymnastics Center improvements	10,000	Tax Levy
Bldgs & Infrastructure	Street Lighting	Replace streetlight fixtures	25,000	Tax Levy
Bldgs & Infrastructure	Central Garage	Replace fuel management system	50,000	Tax Levy
Bldgs & Infrastructure	Central Garage	Lubricating filling heads, hose, reel	6,000	Tax Levy
Bldgs & Infrastructure	Central Garage	Vehicle analyzer update	1,000	Tax Levy
Bldgs & Infrastructure	Central Garage	Replace custom vehicle lifts	2,000	Tax Levy
Bldgs & Infrastructure	Skating Center	Arena rubber flooring in changing area	8,000	Tax Levy
Bldgs & Infrastructure	Skating Center	OVAL garage doors (2)	12,000	Tax Levy
Bldgs & Infrastructure	Pathways	Pathway Maintenance	175,000	Tax Levy
Bldgs & Infrastructure	Pavement Mangement	Mill & Overlay	900,000	Interest earnings, reserves
Bldgs & Infrastructure	Pavement Mangement	MSA Street Construction / Overlay	1,000,000	MSA Funds
Bldgs & Infrastructure	Park Improvements	Park Renewal Program	5,169,370	Bond Proceeds (Tax Levy)
Bldgs & Infrastructure	Water	Water system improvements	600,000	Water Fees
Bldgs & Infrastructure	Water	Booster station improvements	128,000	Water Fees
Bldgs & Infrastructure	Sanitary Sewer	Sanitary Sewer improvements	700,000	Sanitary Sewer Fees
Bldgs & Infrastructure	Sanitary Sewer	I & I reduction, Lift station repairs	175,000	Sanitary Sewer Fees
Bldgs & Infrastructure	Storm Drainage	Pond Improvements, sewer replacement	600,000	Storm Drainage Fees
Bldgs & Infrastructure	Golf Course	Sidewalk, exterior repairs	7,000	Golf Course Fees
Bldgs & Infrastructure	Golf Course	Clubhouse furniture, carpetting, flooring	12,000	Golf Course Fees
Bldgs & Infrastructure	Golf Course	Replace furnace / AC	18,000	Golf Course Fees
		Total Buildings & Infrastructure	\$ 9,702,870	
		Total - All 2013 CIP Items	\$ 12,454,610	**

** The Original 2013 CIP Items to expand the geothermal system to the PW Building (\$400,000), and new Pathway Construction (\$300,000) were removed due to lack of funding.

Attachment B

Estimated

	Estimated	Target	Actual	\$ \$ Over	\$ \$ Amount	
<u>Fund</u>	<u>2011</u>	<u>2012</u>	<u>Pct.</u>	<u>Pct.</u>	<u>(Under)</u>	<u>Unrestricted</u>
General	\$ 5,864,386	\$ 5,964,386	40%	48%	\$ 999,707	\$ 5,864,386
Parks & Recreation	321,089	346,089	25%	9%	(630,127)	346,089
Community Development	163,163	173,163	40%	16%	(247,451)	-
Communications	521,444	532,444	20%	145%	459,097	-
Information Technology	109,199	101,199	20%	8%	(148,447)	101,199
License Center	598,391	657,391	20%	58%	431,286	657,391
Water	-	-	50%	0%	(3,501,375)	-
Sanitary Sewer	1,694,303	1,792,303	50%	37%	(626,546)	-
Storm Sewer	2,614,527	2,599,527	50%	136%	1,644,558	-
Recycling	136,342	157,342	50%	30%	(105,104)	-
Golf Course	\$ 391,242	\$ 375,242	50%	91%	\$ 168,167	\$ 375,242
Total	\$ 12,414,086	\$ 12,699,086			\$ (1,556,234)	\$ 7,344,307

Target

<u>Fund</u>	<u>2011</u>	<u>2012</u>	<u>Target</u> <u>Pct.</u>	<u>Actual</u> <u>Pct.</u>	<u>\$\$ Over</u> <u>(Under)</u>	<u>\$\$ Amount</u> <u>Unrestricted</u>
Police Vehicles & Equipment	\$ 133,242	\$ 141,242	n/a	n/a	n/a	\$ 141,242
Fire Vehicles & Equipment	368,041	377,041	n/a	n/a	n/a	\$ 377,041
Parks & Rec Vehicles & Equipment	25,358	39,358	n/a	n/a	n/a	\$ 39,358
Public Works Vehicles & Equipment	204,329	220,329	n/a	n/a	n/a	\$ 220,329
Central Svcs. Equipment	93,928	24,928	n/a	n/a	n/a	\$ 24,928
Vehicle Replacement	-	-	n/a	n/a	n/a	\$ -
Fire Vehicle Replacement	-	-	n/a	n/a	n/a	-
Equipment Replacement	-	-	n/a	n/a	n/a	-
Building Replacement	576,280	658,280	n/a	n/a	n/a	658,280
PIP	322,823	351,823	n/a	n/a	n/a	-
Street Replacement	\$ 12,829,107	\$ 12,788,107	n/a	n/a	n/a	\$ 12,788,107
Total	\$ 14,553,108	\$ 14,601,108				\$ 14,249,285

Citywide Total \$ 26,967,194 \$ 27,300,194

\$ 21,593,592

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: 9/10/2012
Item No.: 12.b

Department Approval

Christopher K. Miller

City Manager Approval

W. J. Mahoney

Item Description: Adopt a Preliminary 2013 Tax Levy and Budget

BACKGROUND

State Statute requires all cities in excess of 2,500 in population, to adopt a preliminary tax levy and budget by September 15th for the upcoming fiscal year. Once the preliminary levy is adopted it can be lowered, but not increased. Further discussion along with the adoption of the Final 2013 levy and budget is scheduled to take place on December 3rd and December 10th, 2012.

The City Council received the 2013 City Manager Recommended Budget on August 13, 2012. This was followed by a public hearing on August 27th for the purposes of soliciting public comment. The Staff Report and presentation from the hearing is attached.

2013 Recommended Budget

The 2013 City Manager Recommended Budget for the tax-supported programs is \$20,245,042, an increase of \$2,228,482 or 12.4%. The majority of this increase (\$1,650,000) is for added debt payments related to the 2011 and 2012 Bonds issued for the new fire station and Park Renewal Program.

Excluding the added debt, the increase is \$578,482 or 3.0%. The increase (excluding the debt) is comprised of the following (figures have been rounded):

- a) Police and Fire Dispatch - \$30,000 (** note this figure was lowered since 8/27/12 **)
- b) Fire Relief Pension Obligation - \$45,000
- c) Human Resources Information System - \$40,000
- d) Implement Compensation Study - \$50,000
- e) Employee COLA and Step Increases - \$236,000
- f) Healthcare Premium Increases - \$55,000
- g) Inflationary increases on supplies, maintenance, contractual services, etc. - \$120,000

The City Manager Recommended Budget for the non tax-supported programs is \$23,653,968, an increase of \$1,621,774 or 7.4%. The increase is due to added cost of wholesale water purchase from the City of St. Paul and wastewater treatment charges from the Met Council, as well as general inflationary increases. It also includes an additional staff position for the License Center and Information Technology divisions. Both of these positions are funded by non-tax revenue sources.

34 **2013 Recommended Property Tax Levy**

35 Based on the recommended Budget noted above, the 2013 Recommended Tax Levy is \$17,134,826, an
36 increase of \$2,172,532 or 14.5%. The increase is as follows:

37

38	Debt Service on Park Renewal Program	\$ 980,000
39	Debt Service on new Fire Station	670,000
40	New Obligations or Planned Initiatives	146,611
41	Inflationary Impacts	<u>375,921</u>
42		\$ 2,172,532

43

44 **Taxpayer Impact**

45 For a median-valued home of \$206,300 that experienced a projected 8.7% decline in assessed market value,
46 the 2013 city taxes will be \$738, an annual increase of \$53 or \$4.43 per month. In exchange, residents will
47 receive round-the-clock police and fire protection, well-maintained streets and parks, and a significant
48 investment in the City's Fire Service and Parks & Recreation system.

49
50 In the event the Council chooses to lower the recommended tax levy, it will result in a savings of \$0.40
51 cents per month for a typical homeowner for each \$100,000 levy reduction.

52 **POLICY OBJECTIVE**

53 Adopting a preliminary budget and tax levy is required under Mn State Statutes.

54 **FINANCIAL IMPACTS**

55 The financial impacts are noted above.

56 **STAFF RECOMMENDATION**

57 Staff Recommends the Council adopt the 2013 Tax Levy and Budget Levy as outlined in this report and in
58 the attached resolutions.

59 **REQUESTED COUNCIL ACTION**

60 The Council is asked to take the following separate actions:

- 61
- 62 a) Motion to approve the attached Resolution to adopt the 2013 Preliminary Tax Levy
 - 63 b) Motion to approve the attached Resolution to adopt the 2013 Preliminary Debt Levy
 - 64 c) Motion to approve the attached Resolution to adopt the 2013 Preliminary Budget
- 65

Prepared by: Chris Miller, Finance Director

Attachments: A: Resolution to adopt the 2013 Preliminary Tax Levy
B: Resolution to adopt the 2013 Preliminary Debt Levy
C: Resolution to adopt the 2013 Preliminary Budget
D: Staff Report from the August 27, 2012 Budget Hearing
E: Staff Presentation from the August 27, 2012 Budget Hearing
F: Memo on Tax Levy Changes from 2002-2012
G: Memo on Cash Reserves
H: Market Value Report From Ramsey County

Roseville Public Works, Environment and Transportation Commission

Agenda Item

Date: November 27, 2012

Item No: 7

Item Description: Pavement Condition Index (PCI) Map Discussion

Background: Attached is a city map of the last survey Pavement Condition Index (PCI). The average condition based on the latest survey information is just above 80 on a 0-100 scale. Some of the last surveys on individual segments are 5+ years old so actual field condition on some segments is somewhat lower. We estimate the actual average condition to be in the neighborhood of 75 if all segments were surveyed today. We try to survey up to 20% of the city annually so there is always some information that is not up to date.

Staff will review the pavement maintenance policies and practices with the Commission and request feedback on the program.

Recommended Action:

Discussion of the Department's pavement maintenance policies.

Attachments:

A. Map

Street Condition



Prepared by:
Engineering Department
November 19, 2012

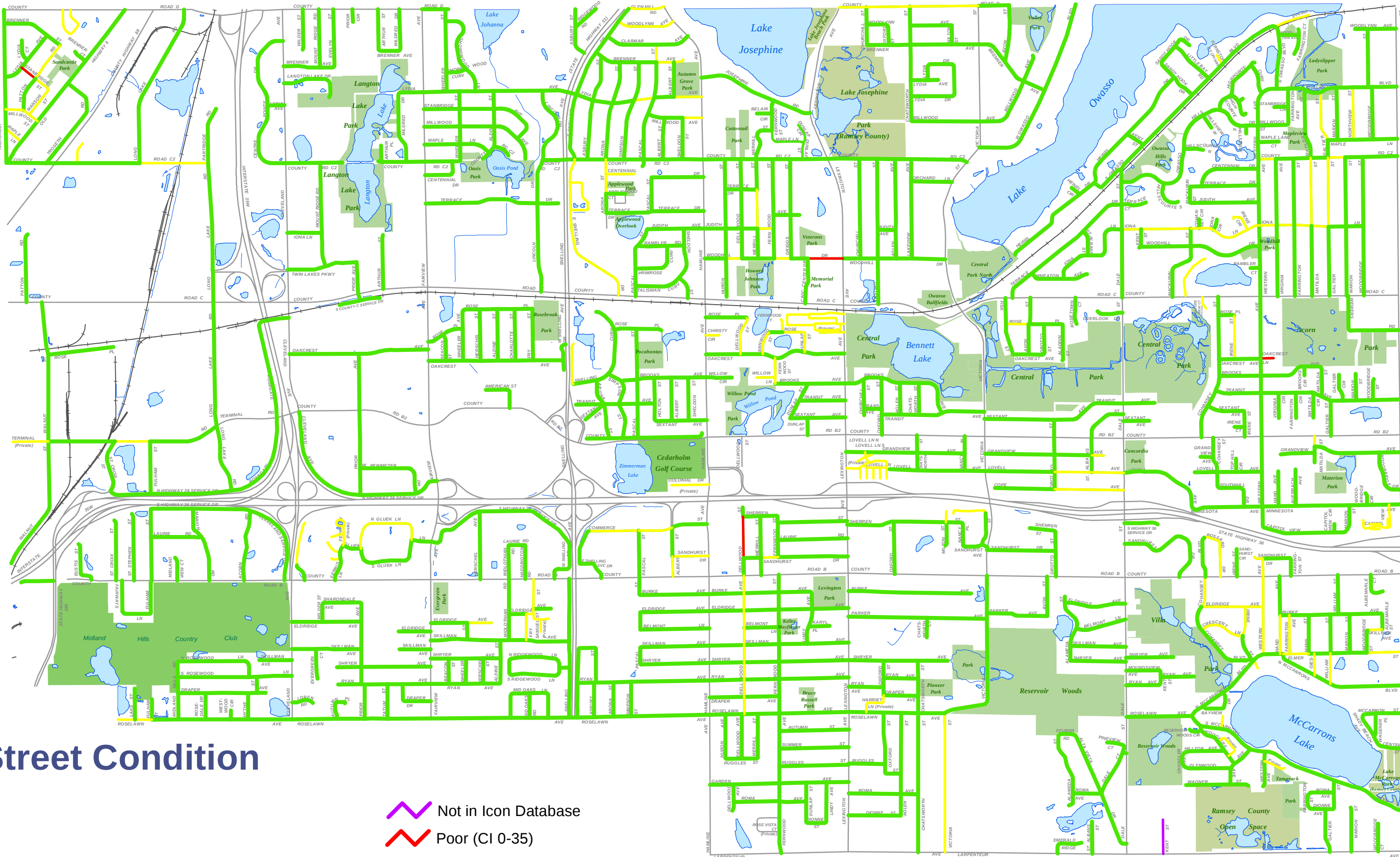
- Not in Icon Database
- Poor (CI 0-35)
- Marginal (CI 36-65)
- Adequate (CI 66-100)

Data Sources and Contacts:
* Ramsey County GIS Base Map (10/29/12)
* City of Roseville Engineering Department
For further information regarding the contents of this map contact:
City of Roseville, Engineering Department,
2660 Civic Center Drive, Roseville MN

DISCLAIMER:
This map is neither a legally recorded map nor a survey and is not intended to be used as one. This map is a compilation of records, information and data located in various city, county, state and federal offices and other sources regarding the area shown, and is to be used for reference purposes only. The City does not warrant that the Geographic Information System (GIS) Data used to prepare this map are error free, and the City does not represent that the GIS Data can be used for navigational, tracking or any other purpose requiring exacting measurement of distance or direction or precision in the depiction of geographic features. If errors or discrepancies are found please contact 651-792-7075. The preceding disclaimer is provided pursuant to Minnesota Statutes §466.03, Subd. 21 (2000), and the user of this map acknowledges that the City shall not be liable for any damages, and expressly waives all claims, and agrees to defend, indemnify, and hold harmless the City from any and all claims brought by User, its employees or agents, or third parties which arise out of the user's access or use of data provided.

0 500 1000 1500 2000 Feet

mapdoc:ProjectCI_2012.mxd
map: ProjectCI_2012.pdf



Roseville Public Works, Environment and Transportation Commission

Agenda Item

Date: November 27, 2012

Item No: 8

Item Description: Consider Canceling December 25, 2012 Meeting

Background: The next meeting date falls on December 25th, Christmas Day. The Commission should consider formally canceling the December meeting. Staff is not aware of any time sensitive issues as a cause to reschedule the meeting.

Recommended Action:

Motion to cancel the December 25, 2012 Public Works, Environment, and Transportation Commission meeting.

Attachments:

A. none

Roseville Public Works, Environment and Transportation Commission

Agenda Item

Date: November 27, 2012

Item No: 9

Item Description: Look Ahead Agenda Items/ Next Meeting January 22, 2013

Suggested Items:

- LED retrofit program (if funded in 2013 city budget)
-

Recommended Action:

Set preliminary agenda items for the January 22, 2013 Public Works, Environment & Transportation Commission meeting.