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Financial Study for the
City of Robbinsdale, Minnesota



City of Robbinsdale

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Introduction

In April of 2017, the City of Robbinsdale, Minnesota (“City”) engaged Ehlers to conduct a Utility Rate Study and Financial Plan for Street Improvement Projects. The goals of the financial study were to:

1. Establish utility rates that will be adequate to support operations, outstanding debt and capital improvements; and
2. Develop a funding plan for the Permanent Improvement Revolving Fund (“PIR Fund”) to support pavement management and street reconstruction projects.

The City undertook this financial study in a holistic approach to understand the funding sources required to complete necessary street reconstruction projects, maintain infrastructure and continue operations of the utility services. This financial study recommends utility rates and other revenue that will support operations, debt obligations, and planned future capital improvements as described later within this report. This report provides the key findings and recommendations of the study as presented to the City Council in a work session on October 17, 2017.

Background

Street Reconstruction Needs

The City has established a program to finance the maintenance of the street system. Maintenance activities include crack sealing, seal coating, mill & overlay, and full street reconstruction. There are 50 miles of local roads the City is responsible for maintaining, which is equal to the distance between the City and St. Cloud, Minnesota. If one mile of roadway is reconstructed each year, as contemplated by the City’s Capital Improvement Plan (“CIP”), it will take 50 years to rebuild the City’s streets. By comparison, the average life of a city street is closer to twenty-five years.

The City’s Pavement Management Program inventories and assesses the condition of the 50-mile street system and prioritizes projects based on need.

Since 2000, the City has embarked on a street reconstruction program and, to date, has reconstructed approximately 37% of its streets over the last 17 years. In addition, the City must financially participate in the reconstruction of the several County roads within the City. The timing and scope of the County road projects are determined by the County.

The average annual cost of street reconstruction projects for the next ten years is expected to be \$3.56 million. That cost is to be paid from a combination of utility revenues, state aid, franchise fees, special assessments and property taxes.

Over the next ten years, the Traffic and Transportation CIP allocates funding for projects in the following categories:

Reconstruction of County Roads, City Streets and Alleys - \$30,860,355
Other Infrastructure - \$1,283,000
Street Overlay and Resurface - \$2,750,000
Pedestrian and Bicycle Facilities - \$733,500

The costs listed above do not include inflation assumptions. A full list of the Traffic and Transportation CIP with inflation can be found in Appendix A.

Permanent Improvement Revolving Fund

The PIR Fund was established to serve as a permanent improvement revolving fund under Minnesota Statutes 429.091 Subdivision 7a. Special assessment revenue, bond proceeds, taxes, franchise fees, transfers in from the solid waste fund, and proceeds from other units of government (MSA, Hennepin County, neighboring cities) are all deposited into the PIR Fund, and may be expended for any street improvement. Public Improvement Revolving Fund bonds may be issued for a project as long as 20% of the costs of that improvement are specially assessed against benefited property.

Enterprise Funds

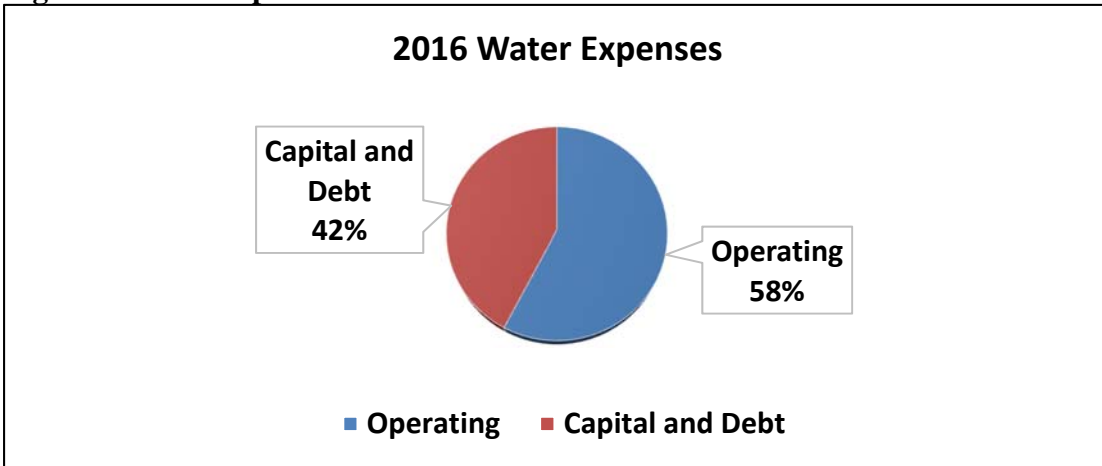
Most City operations, such as public works, public safety, administration and parks, are accounted for under governmental funds, primarily embedded in the General Fund. These operations usually depend on a variety of revenues including property taxes, intergovernmental aid, and charges for services.

Municipal utility funds are enterprise funds. They are intended to be operated as a private enterprise in which the fee revenue pays for all operations and the repair and replacement of infrastructure. In the City's Comprehensive Annual Financial Report ("CAFR"), enterprise funds are segregated funds, recognizing the unique purpose and revenue streams of these City functions. In addition to the CAFR segregating the enterprise funds, the City's CIP distinguishes between projects that will be funded by the enterprise funds and those to be funded by general governmental funds.

Water Fund

The City owns and operates pumping, treatment, storage and distribution systems that convey drinking water to the homes and businesses in the City. This water system includes 50 miles of watermain, 5 drinking water wells and 3 water treatment plants. Operating costs, excluding depreciation, for the water utility service totaled \$746,000 in 2016. The combined cost of capital improvements and payments on debt obligations was just over \$547,000 that same year. Consistent with most Minnesota communities, the City does not fully fund depreciation. The break-down of water costs is shown in Figure 1.

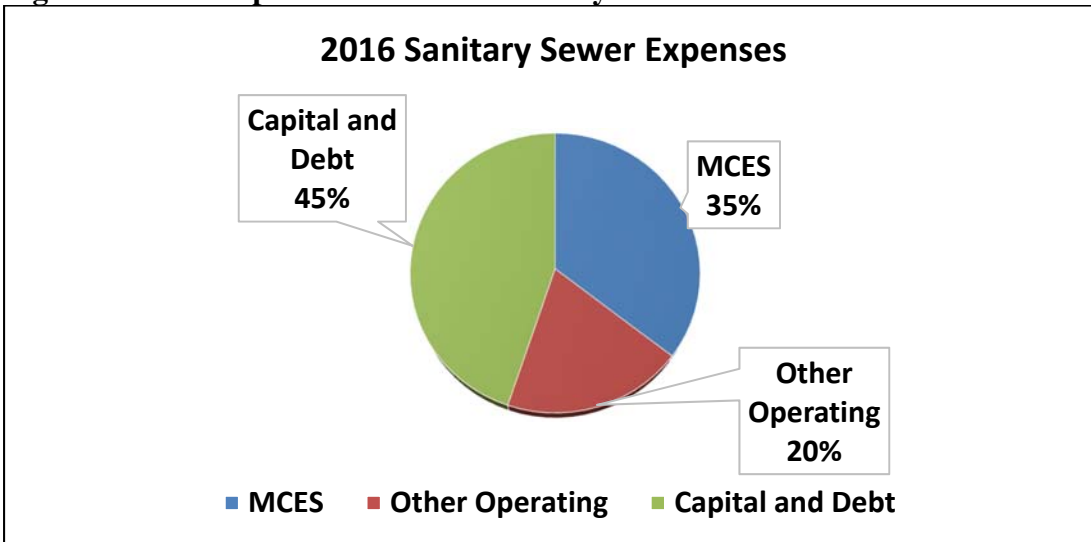
Figure 1. 2016 Expenditures in the Water Fund



Sanitary Sewer Fund

The City also owns and operates a sewer collection system that transports waste from residents and businesses. It maintains sanitary sewer lines extending 44 miles and includes 13 lift stations. The cost of preserving the sewer system infrastructure was \$1.13M in 2016 for annual capital improvement projects and outstanding debt payments. Also, the City is connected to the Metropolitan Council Environmental Services (“MCES”) regional interceptor and wastewater treatment facilities. MCES fees combined with the City’s own operating costs exceeded \$1.38M last year. The breakdown of sanitary sewer costs is shown in Figure 2.

Figure 2. 2016 Expenditures in the Sanitary Sewer Fund

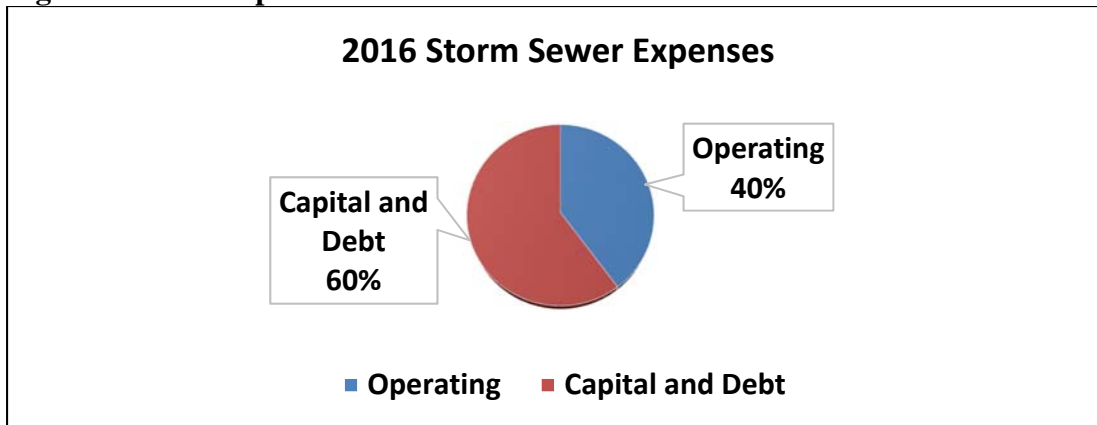


Storm Sewer Fund

The City has the ongoing responsibility for the management of a storm sewer system. There are 19 miles of storm sewer collection and conveyance systems within the City and several recurring projects in connection with maintaining this system, such as pond

dredging and the repair and replacement of catch basins. The total cost of capital, debt and operations for the storm sewer system during 2016 was just over \$1M. The breakdown of storm sewer costs is shown in Figure 3.

Figure 3. 2016 Expenditures in the Storm Sewer Fund



User Charges Fund the Utilities

Recently, the City staff and Council decided to be more pro-active in replacing aging utility pipes and other infrastructure related to street reconstruction projects. This led to changes in the CIP which affect the revenue demands on the utility funds. User charges are the primary funding source for the annual operations and maintenance of the three utility services. Capital projects are generally financed through the use of tax-exempt bonds or cash reserves, which are also repaid with user charges.

Assumptions and Methodology

A revenue requirement analysis was the first analytical step in the development of the financial study. Ehlers prepared a 10-year budget projection model for the PIR Fund and for the water, sewer, and storm utilities. A long-range cash flow analysis was prepared through the year 2027 to examine projected cash flows in future years and estimate the user rate increases and tax levy increases necessary to meet all financial obligations of the Funds while maintaining and building adequate cash reserves.

This type of cash needs approach is a commonly used methodology by municipalities to set their revenue requirements and is comprised of operating and maintenance expenses, transfer payments, debt service and capital projects. The primary financial inputs in the development of the revenue requirement analysis were the City's audited financial statements, budget documents, and capital improvement plan. A multi-year time frame is recommended to better anticipate future financial requirements and allow the City to begin planning or adjusting for changes sooner, thereby successfully managing short- and long-term rate and tax impacts.

In the cashflow projections we included the following conservative assumptions:

- 3% annual inflation on operating costs
- 4% annual inflation on capital expenses
- 5% annual inflation on MCES disposal charges
- 5% annual increase in General Fund operating tax levy to fund all other governmental activities including general inflation, new staff positions, and/or new facilities
- 30% of city street projects assessed to benefiting property owners
- No new development growth assumed for future tax base or future utility revenues
- 1% annual inflation to existing tax base

Capital projects financed with debt are amortized over a ten-year period and interest rates are estimated based on a spread of .25% to 1% over current market conditions, with the larger spreads occurring in later years to allow for rising interest rates. By keeping the term of the debt to ten years, the City will be able to keep interest costs low and protect its bond rating.

Traffic and Transportation Analysis

The purpose of this financial analysis for traffic and transportation was to take the City's ten-year CIP, determine the capacity of the City's existing funding sources to pay for the needed improvements, measure the funding gap, and develop and funding plan to complete the CIP. Our process can be represented in Figure 4.

Figure 4. Process for Undertaking the Financial Plan



The City has several existing funding mechanisms for streets which are described below. The alternatives considered to raise new revenues for streets were to increase the amount raised from special assessments, franchise fees, or property taxes. Based on direction from staff, this financial analysis relies on increases to the property tax to fill the funding gap identified between available resources and the financial demands of the CIP.

Special Assessments

The City has a special assessment policy for the purposes of establishing a fair and equitable manner in which the costs of public improvements are distributed and recovered. The City's practice has been to specially assess a portion of local city street projects to benefitting property owners. Street and alley reconstruction projects are assessed over ten years with an interest rate that is 2% above the interest rate on the bonds issued to finance the project, consistent with current City policy.

Assessing a substantial percentage of the street projects would reduce the City's reliance on a debt levy. For purposes of this financial study, and based on prior average assessments, we have assumed 30% of assessable street reconstruction projects will be assessed. The unassessed portion of the projects will be paid for by property taxes.

State MSA Funding

The State of Minnesota provides an annual allotment of Minnesota State Aid ("MSA") Construction funds to build and reconstruct the City's designated State Aid streets. Approximately 20% of the City's streets are State Aid routes. Among other projects, MSA was used for the Noble Avenue reconstruction project in 2017. After this large project in 2017, the projections show an average of \$325,000 per year of MSA funds being used toward eligible projects from 2018-2027.

Solid Waste Funds

Annually, the City budgets a transfer from the Solid Waste Removal Fund in the amount of \$150,000. The purpose of this transfer is to recognize the wear and tear on the streets caused by solid waste vehicles.

Franchise Fees

The City allocates franchise fees collected between the General Fund and the PIR Fund. In 2016, the amount allocated to the PIR Fund was \$190,642. It is anticipated the City will continue to allocate at least \$275,000 of franchise fees annually for streets into the PIR Fund, with this amount increasing incrementally over time.

Other Special Levies

The City has several annual street and sidewalk maintenance projects that are not appropriate for financing from Public Improvement Revolving Fund bonds. Over the next ten years it is expected to cost the City an average of \$425,000 each year for road resurfacing, bridge maintenance and other relatively small public works projects. The City will need to levy additional dollars during this period averaging \$57,500 annually

specifically to assist with the annual maintenance costs associated with the active street overlay and resurfacing program.

Debt Financing and Property Taxes

Through the consistent use of special assessments and annual levies, the City has been able to moderate its use of debt to pay for street projects. The current CIP increases annual expenses related to replacing aging infrastructure and other street reconstruction projects and will increase the City’s reliance on debt financing. The projections assume 77.5% of capital costs will be financed with debt over the next ten years ending in 2027. The debt will be repaid with special assessment revenue and property taxes. This analysis measures the increase in property taxes that will result.

The total property tax levy is a function of CIP needs in the City. At the present time, the City is facing high infrastructure replacement costs. At the same time, the City is also realizing some growth in its tax base. The City’s median home value in 2017 is \$173,000. Property values have been recovering since 2014. The plan projects that property values will continue to increase at 1% annually. No additional value has been added for new housing and commercial growth. Table 1 shows the estimated city tax each year for a median residential home. This tax estimate includes:

1. A 5% increase in the general fund levy;
2. Tax increases needed to pay for the debt levies associated with bonds issued to finance street reconstruction projects; and
3. The new special tax levy for the street resurfacing program.

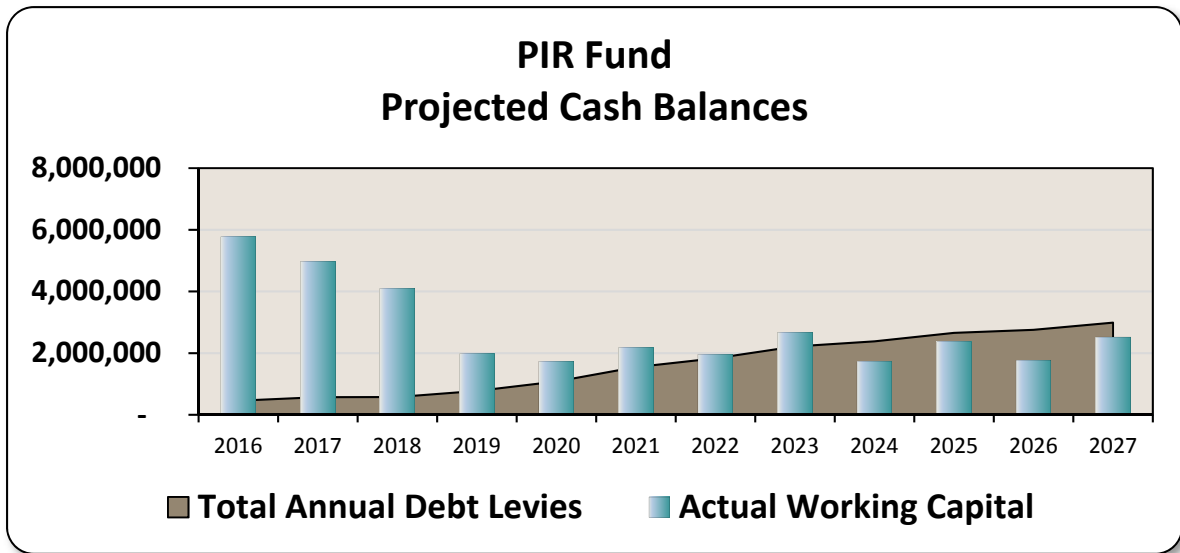
Table 1. Total Estimated Taxes for a Median Valued Home

Year	Estimated Annual City Tax	Increase/(Decrease) from Prior Year	
		Annual	Daily
2016	\$ 635.84	\$ 11.30	\$ 0.03
2017	664.83	28.99	0.08
2018	736.43	71.60	0.20
2019	824.11	87.68	0.24
2020	911.42	87.30	0.24
2021	1,001.02	89.60	0.25
2022	1,081.30	80.29	0.22
2023	1,162.22	80.92	0.22
2024	1,244.11	81.89	0.22
2025	1,313.86	69.75	0.19
2026	1,395.99	82.13	0.23
2027	1,468.66	72.67	0.20

Target Fund Balance

It is the City's goal to maintain a cash balance in the PIR Fund sufficient to cover the annual debt payment in the subsequent year. The PIR Fund is expected to have several large projects that can be supported by a combination of cash reserves and bonded indebtedness. The use of cash reserves over the next few years will help moderate the annual debt levy increases. However, in order to maintain a positive cash position and achieve the target cash reserve over the long term, the City will need to monitor the PIR Fund regularly to ensure all revenue sources are routinely adequate.

Figure 5. Projected PIR Fund Cash Balances



Water Fund Financial Analysis

The City owns and operates pumping, treatment, storage and distribution systems that convey drinking water to the homes and businesses in the City. The Water Fund accounts for all financial resources relating to the City's operations of its water distribution system. Services are on a user charge basis to all owners of property within the City that are connected to the water system.

Water Rate Structure

There are two components to the City's water utility revenues:

- Fixed Charges
- Usage Fees

Fixed Charges are a fixed bi-monthly fee based on the property type and number of units. The fixed charge is established to recover certain administrative expenses, such as meter reading and billing, plus a portion of distribution costs. This fixed charge currently raises approximately \$600,000 per year.

Usage Fees are based on the metered use of water. Water is sold in “units” and currently one unit represents 1,000 gallons. The billing structure is tiered so that the rate per unit depends on the amount of water used per billing cycle. The City has four different tiers for residential and multi-family accounts, two tiers for irrigation accounts and a uniform rate for commercial accounts. In addition to the basic usage charge, all users are charged a capital surcharge per unit.

No changes to the current tiered water rate structure are being proposed.

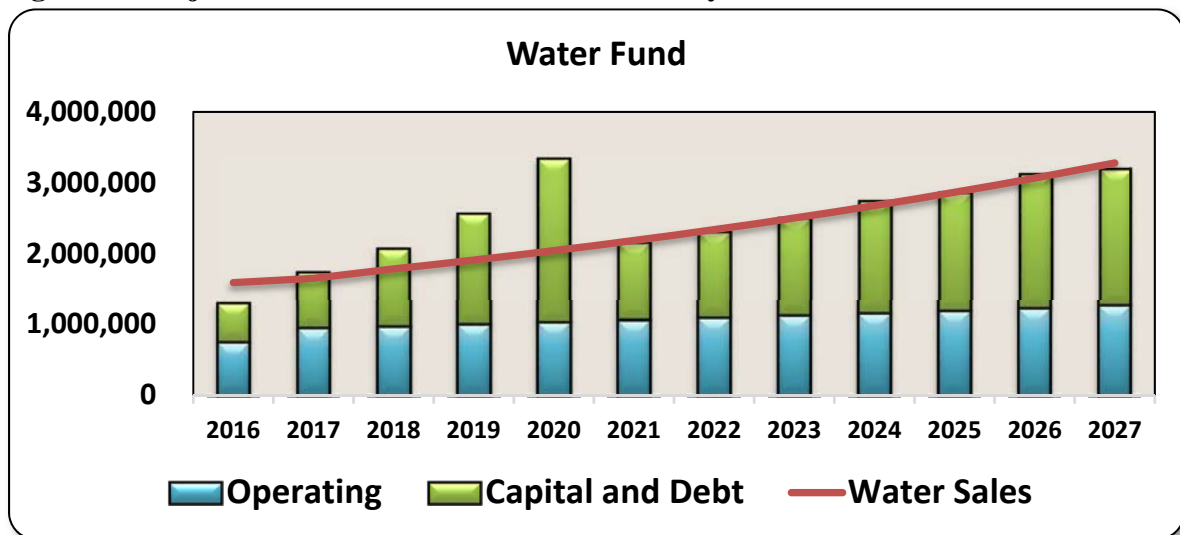
Investing in the Water Infrastructure

The need to reinvest in the City’s aging water system plus the construction of a new water treatment plant will continue to place financial stresses on the water utility fund. The City’s recent and projected investment for replacing and improving the water system is significant. Between 2018 and 2027, the City plans to spend \$16.5 million on capital improvements from the water utility fund; with over 65% of improvement costs occurring within the first five years.

Prudent Use of Debt for Water Projects

During the next three years, there are several large projects that can be supported by a combination of cash reserves and bonded indebtedness. The use of cash reserves will help moderate the annual water rate increases. In order to maintain a positive cash position and achieve the target cash reserve over the long term, the City will need to finance the majority of its water system capital improvements. The projections assume 80% of capital costs will be financed over the next ten years ending in 2027. In Figure 6 below it shows that debt and capital costs are expected to continue to grow into the future.

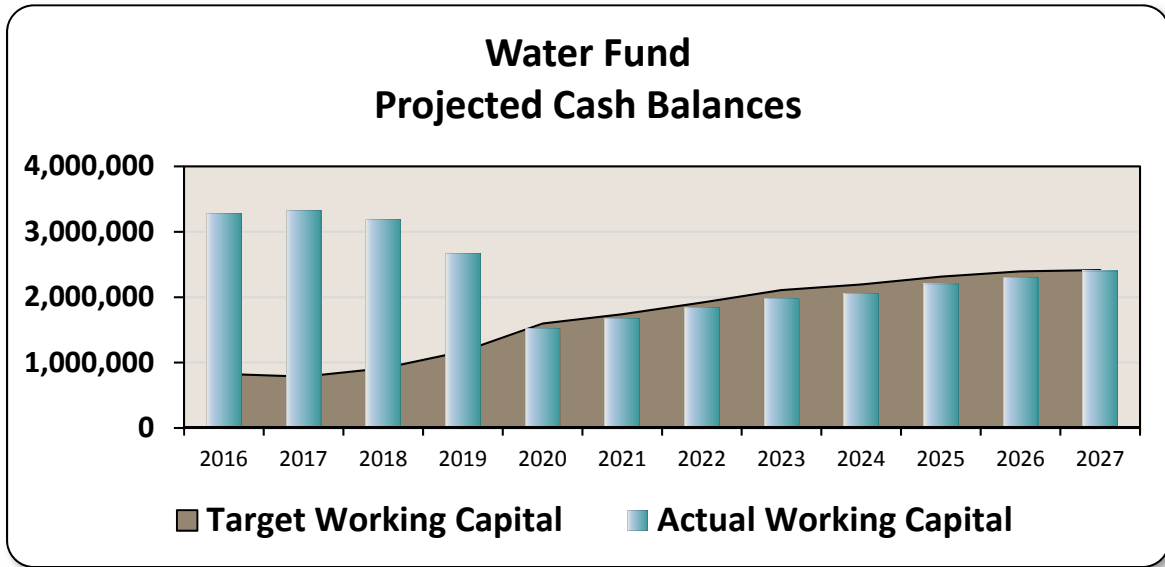
Figure 6. Projected Water Fund Financial Activity



Target Cash Balance for Water Fund

The cash balance of a fund is a measure of its financial health and allows the City to respond to unexpected events without imposing sudden rate increases. The following Figure shows the projected cash balances as measured against target cash reserves. The target reserve is equal to 6 months of current year's operating costs, excluding depreciation, plus next year's debt service requirement.

Figure 7. Projected Water Fund Cash Balances



Proposed 2018 Water Rates

The proposed 2018 water rates for the various classes of customers are shown in Table 2 with the current 2017 rates shown for reference.

Table 2. Proposed 2018 Bi-Monthly Water Rates

	Existing 2017	Proposed 2018
Percentage Increase		7.00%
Flat Rates		
Residential/Multi-Family		
Base Fee	10.02	10.72
Commercial		
Base Fee	10.02	10.72
Usage Rates		
Residential/Multi-Family		
Capital Surcharge per 1,000 gallons	0.55	0.59
0-12,000 gallons	2.96	3.17
12,001 - 26K gallons	3.97	4.25
26,001 - 40K gallons	5.15	5.51
>40,001 gallons	7.54	8.07
Commercial		
Capital Surcharge per 1,000 gallons	0.55	0.59
All Usage, per 1,000 gallons	2.96	3.17
Irrigation		
Capital Surcharge per 1,000 gallons	0.55	0.59
0-20,000 gallons	5.15	5.51
>20,001 gallons	7.54	8.07

Sanitary Sewer Fund Financial Analysis

The City owns and operates a sewer collection system that transports waste from residents and businesses. The Sanitary Sewer Fund accounts for all financial resources relating to the City’s operation of its sanitary sewer collection system. Services are on a user charge basis to all owners of property connected to the sewer system and located within the City.

Sewer Rate Structure

The City’s rate structure is comprised of a fixed bi-monthly charge and usage charges. The current sewer usage rate is charged on a customer’s winter average water consumption so that customers are not charged sewer disposal fees for outdoor water use. If actual use is less than winter average, then actual use will be charged. No changes to the current sewer rate structure are being proposed.

The Metropolitan Council Influence

The City participates in the MCES sewer system. This means that the City’s sanitary sewer system flows to the MCES treatment plant and the City receives a bill from the MCES for the service. The City does not maintain its own sanitary sewer treatment plant. MCES

allocates the cost of the metro area sanitation system to a user city based on the relative percent of that city’s flow into the system. The MCES disposal charge is the single biggest expense in the City’s sewer fund and historically comprises about 64% of operating expenses, excluding depreciation.

Investing in the Sewer Infrastructure

The second biggest expenditure in the sewer fund is capital purchases, most of which is designated for replacing the sewer mains under road reconstruction projects and maintaining lift stations. Future capital costs are expected to average more than \$1.0 million per year for the next ten years.

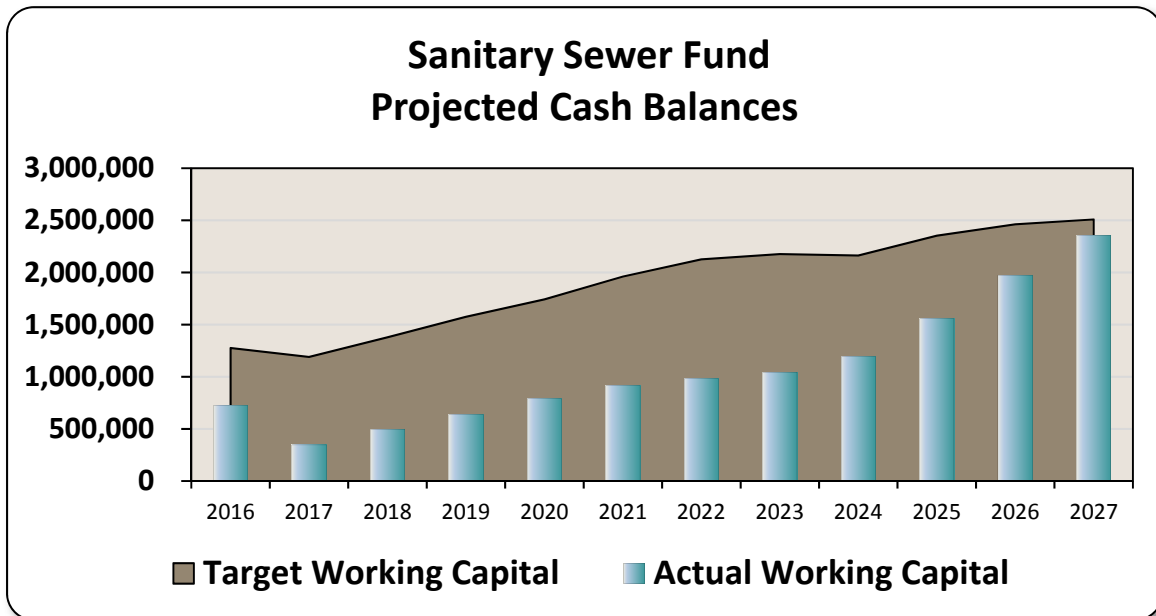
Prudent Use of Debt for Sewer Projects

Unlike the Water Fund, the sewer utility does not have available cash reserves to help finance capital projects. The proposed sewer rates will need to be sufficient in order to pay for increasing annual debt service requirements. The projections assume 98% of capital costs will be financed with debt over the next ten years ending in 2027.

Target Cash Balance for Sanitary Sewer

Adequate cash reserves are needed to accommodate cash flow needs, fund emergency repairs, and save for larger future capital projects. The projected cash balance for the Sanitary Sewer Fund, as compared to the target cash reserve, is shown in Figure 8. The target cash reserve equals approximately 6 months operating expenses, excluding depreciation, plus the next year’s debt service payment.

Figure 8. Projected Sewer Fund Cash Balances



Proposed 2018 Sanitary Sewer Rates

The proposed 2018 sewer rate for all classes of customers is shown in the following table, with the 2017 rates shown for reference.

Table 3. Proposed 2018 Bi-Monthly Sewer Rates

	Existing 2017	Proposed 2018
Percentage Increase		10.00%
<u>Flat Rates</u>		
Residential/Multi-Family		
Base Fee	14.96	16.46
Commercial		
Base Fee	14.96	16.46
<u>Usage Rates</u>		
All Usage, per 1,000 gallons	4.33	4.76

Storm Sewer Fund Financial Analysis

The Storm Sewer Fund was created to pay for the management of storm water runoff in an effort to prevent flooding, remove contaminants, manage flow, and improve water quality. This Fund accounts for all financial resources relating to the City’s operations of its storm water collection system. Services are on a user charge basis to all owners of property located within the City.

Storm Sewer Rate Structure

Rates and charges for the use and availability of the system are determined through the use of a Residential Equivalent Factor (“REF”). One REF is defined as the average volume of runoff coming from one acre of land subjected to typical single-family residential use within the City during a standard rainfall event. Single family residential properties pay a fixed bi-monthly fee. Commercial property owners are assigned an REF value and charged based on the amount of impervious surface that does not allow rainwater to be absorbed into the ground. No changes to the current storm sewer rate structure are being proposed.

Investing in the Storm Sewer Infrastructure

City projects often include repair and maintenance of drainage systems, storm water ponds, and other wetland outlets. Over time, capital costs for the storm water system have increased to meet increasingly stringent state standards intended to improve water quality. In addition, there are storm water related construction costs in connection with street reconstruction projects. The biggest expenditure in the storm sewer fund is for capital

improvements. Future capital costs are expected to average \$829,370 per year during the next ten years.

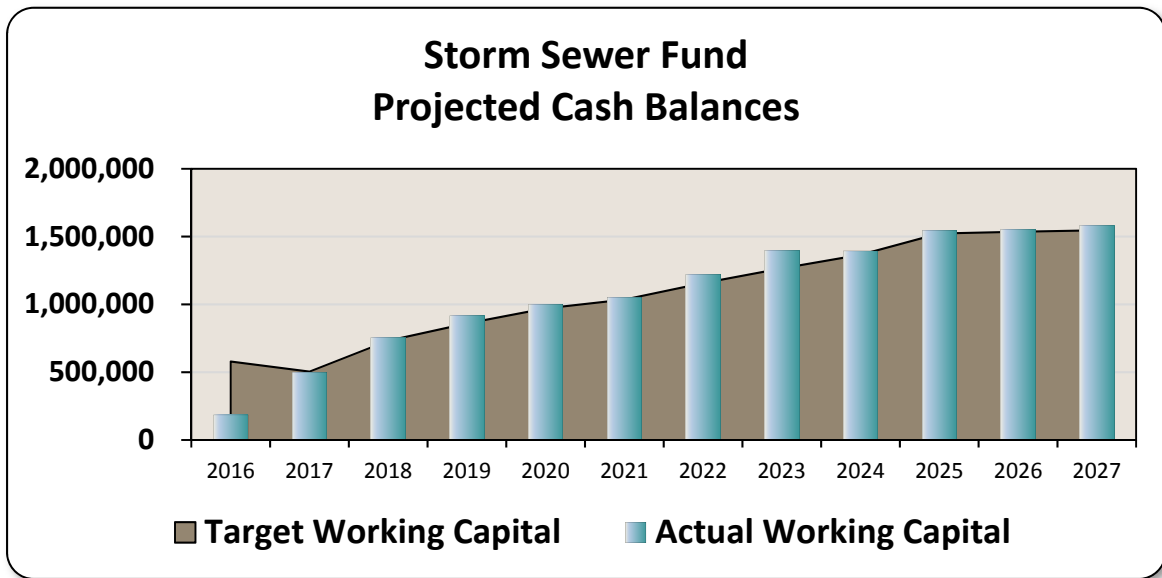
Prudent Use of Debt for Storm Sewer Projects

Similar to the Sanitary Sewer Fund, the storm sewer utility does not have available cash reserves to help finance capital projects, and the major projects will need to be financed. The proposed storm sewer rates will need to be sufficient to pay for increasing annual debt service requirements. The projections assume 90% of capital costs will be financed with debt over the next ten years ending in 2027.

Target Cash Balance for Storm Sewer

The projected cash balance in the storm sewer fund is shown in Figure 9. The target cash reserve is a base maintained to provide sufficient funds for future operating and capital needs. The target cash amount approximates 6 months operating expenses, excluding depreciation, plus the next year’s debt service.

Figure 9. Projected Storm Sewer Fund Cash Balances



Proposed 2018 Storm Sewer Rates

The proposed 2018 storm sewer rate for all classes of customers is shown in the following table, with the 2017 rates shown for reference.

Table 4. Proposed 2018 Bi-Monthly Storm Sewer Rates

	Existing 2017	Proposed 2018
Percentage Increase		10.00%
<u>Flat Rates</u>		
Residential/Multi-Family		
Fee for .18 Acres	19.64	21.60
Commercial		
Fee per Acre	109.11	120.02
<u>Usage Rates</u>		
	N/A	N/A

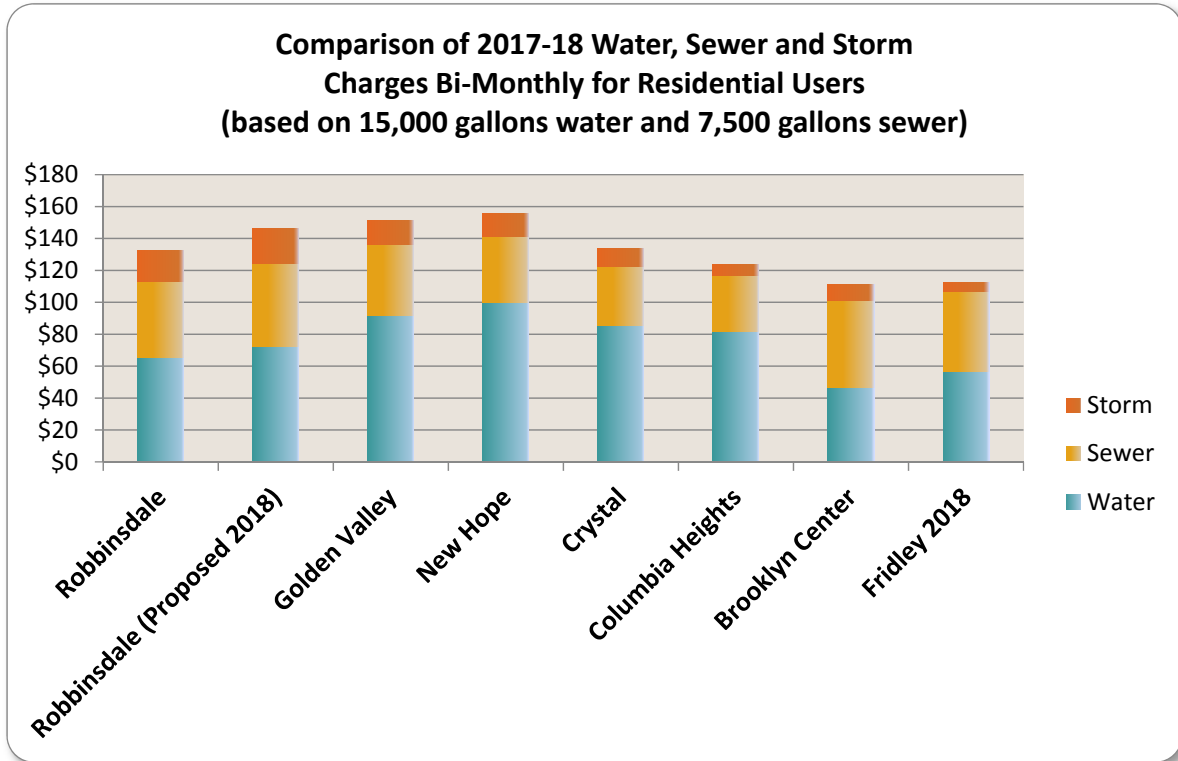
Putting the Utilities All Together

Across the nation utility rates are increasing faster than the rate of inflation on other goods and services such as electricity and cable television. Aging infrastructure has been a focus of concern on a national level. Robbinsdale is not immune to the forces driving up the cost of delivering safe essential utility services and streets. These costs include replacing pipes under road reconstruction projects and capital projects undertaken to improve the quality of storm water run-off into our streams and rivers.

A revenue requirement analysis determines the utility’s overall financial needs. The focus of this analysis is determining the rate adjustments necessary based on the City’s need to fund operating and capital improvement projects over the next ten years. As the City moves toward adequately funding renewal and replacements through rates, continual monitoring of results and re-evaluations of needs will be imperative to the City’s success.

We have compared a sample residential customer’s utility bill with what a customer would pay in surrounding communities in Figure 10.

Figure 10. Comparison of Utility Rates



The charges an individual community utility imposes are based on many factors, but the age of the community, the age of its infrastructure, and where it is in the redevelopment cycle is a large factor. We can compare the City of Fridley and the City of Robbinsdale as an example. Two-thirds of Robbinsdale’s housing stock was built before 1950, making the majority of the City and its streets over 70 years old. Fridley’s development cycle is about 20 years newer, with two-thirds of its housing stock built before 1970. The age of the housing stock is a proxy for the age of the utility infrastructure. Fridley’s sewer and water CIP over the next ten years averages \$1.5 million per year, whereas the City of Robbinsdale expects the need to invest approximately \$2.65 million per year in upgrading its water and sewer utilities. The higher CIP investment is a function of the older infrastructure.

The following tables show the total annual impact of the proposed 2018 utility rates.

Table 5. Sample Residential Impact

	Existing 2017	Proposed 2018
UTILITY BILL EXAMPLE		
Residential Property		
Water (15,000 gallons/bi-monthly)	\$ 65.70	\$ 70.30
Sewer (7,500 gallons/bi-monthly)	47.44	52.18
Storm Water	19.64	21.60
Total Bi-Monthly Utility Bill	\$ 132.78	\$ 144.08
Total Annual Utility Bills	\$ 796.68	\$ 864.50
\$ Annual Increase/(Decrease)		67.82
\$ Daily Increase/(Decrease)		0.19

Table 6. Sample Commercial Impact

	Existing 2017	Proposed 2018
UTILITY BILL EXAMPLE		
Commercial Property		
Water (45,000 gallons/bi-monthly)	\$ 167.97	\$ 179.73
Sewer (45,000 gallons/bi-monthly)	209.81	230.79
Storm Water (1 acre, 75% impervious)	327.33	360.07
Total Bi-Monthly Utility Bill	\$ 705.11	\$ 770.59
Total Annual Utility Bills	\$ 4,230.68	\$ 4,623.52
\$ Annual Increase/(Decrease)		392.84
\$ Daily Increase/(Decrease)		1.08

Future Rate Increases

In addition to the 2018 changes recommended above, Ehlers' 10-year cashflow projection indicates that the following future rate increases will be needed to address future capital costs and slowly build adequate cash reserves in the sanitary and storm sewer funds.

Table 7. Proposed Rate Increases 2019-2027

Proposed Utility Rate Increases				
	2019	2020	2021	2022 and Beyond
Water Fund	7.00%	7.00%	7.00%	7.00%
Sewer Fund	10.00%	10.00%	7.00%	7.00%
Storm Fund	8.00%	8.00%	7.00%	7.00%

The following tables show the total annual impact of the proposed 2018 utility rates and taxes.

Table 8. Sample Residential Impact

	Existing 2017	Proposed 2018
<u>\$173K Residential Homestead Property</u>		
Water (15,000 gallons/bi-monthly)	\$ 394.20	\$ 421.80
Sewer (7,500 gallons/bi-monthly)	284.64	313.08
Storm Sewer	117.84	129.62
Property Taxes - City Portion	664.83	736.43
Total Annual Cost	<u>\$ 1,461.51</u>	<u>\$ 1,600.93</u>
\$ Annual Increase/(Decrease)		139.42
\$ Daily Increase/(Decrease)		0.38

Table 9. Sample Commercial Impact

	Existing 2017	Proposed 2018
<u>\$500K Commercial Property</u>		
Water (45,000 gallons/bi-monthly)	\$ 1,007.82	\$ 1,078.38
Sewer (45,000 gallons/bi-monthly)	1,258.86	1,384.74
Storm Sewer (1 acre, 75% impervious)	1,964.00	2,160.40
Property Taxes - City Portion	3,132.60	3,417.37
Total Annual Cost	<u>\$ 18,795.57</u>	<u>\$ 20,504.20</u>
\$ Annual Increase/(Decrease)		1,708.63
\$ Daily Increase/(Decrease)		4.68

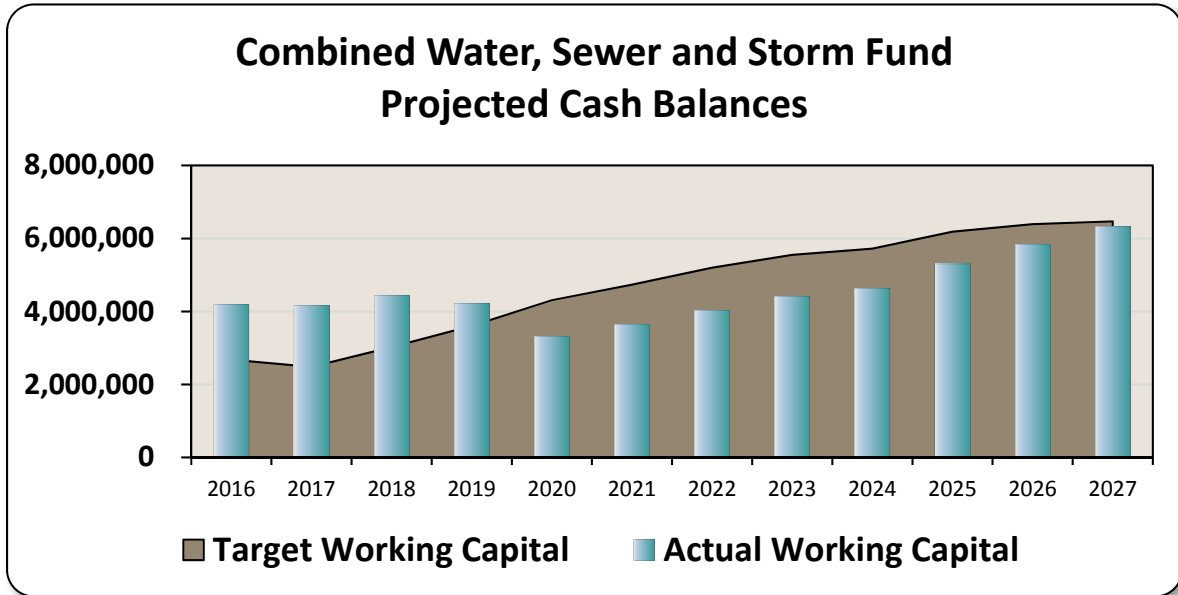
Achieving Financial Sustainability

The Water, Sewer and Storm Sewer Funds are enterprise funds, meaning they are intended to operate like a business and be financially self-supporting. The need to reinvest in the water, sewer, and storm sewer utility systems over the next several years will put financial pressures on all of the utility funds. These utilities will require revenue increases in order to fund street reconstruction projects, maintain infrastructure and continue operations. Even with the proposed rate increases, it will take some time for the Funds to become financially stable.

The cash balance of a fund is a measure of its financial health. Cash balances are available to accommodate fluctuations in revenue depending on weather, and to fund unexpected repairs and a portion of capital improvements. They also give the City the flexibility to bond for capital improvements in conjunction with other City bonding needs, thereby reducing costs of issuance. Finally, because the cash balance is measured at the end of the calendar year, prior to the February 1 debt payment, the cash balance should include 100% of the upcoming debt service payment.

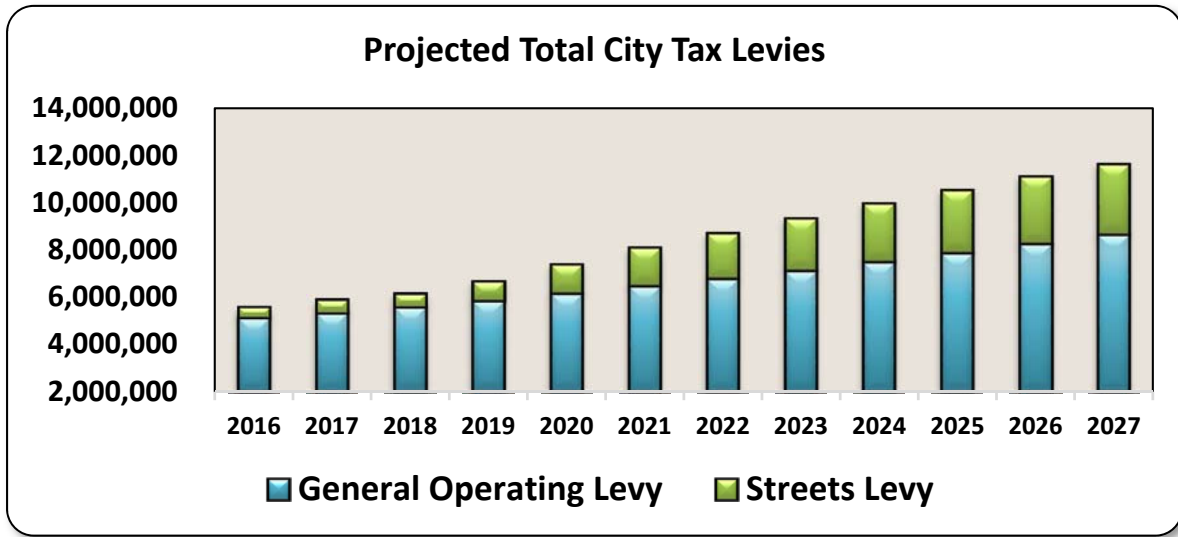
Over the long term, the City’s goal is a cash balance in each of its utility funds equal to 6 months of operating expenses, excluding depreciation, plus the next year’s debt service. The following Figure 11 shows the combined water, sewer and storm sewer projected cash balances as measured against target cash reserves. It can be seen that the proposed rate increases and use of debt financing should be adequate to achieve the target cash balance. The water, sewer and storm sewer funds are financially stable.

Figure 11. Cash Projections for Combined Water, Sewer and Storm Funds



Tax levy increases are needed to support the pavement management program. Even with the use of substantial cash reserves in the PIR Fund, the City’s reliance on tax-supported debt in connection with several large projects over the next three years is going to double the annual debt levy. It is estimated that by 2020 the debt levy for current and future potential bonds will be \$1.087 million and continue to grow. Additional levy will be needed to support the road resurfacing program and other annual maintenance items. The General Fund levy is assumed to grow annually at a rate of 5% each year to pay for all other governmental needs such as inflation on existing expenses, any new staff, or new facilities. The 5% general levy growth assumption has been factored into the financial impacts on residents.

Figure 12. Property Tax Levy Projections



Deferred maintenance and reconstruction potentially ends up costing more. Deferred maintenance is the practice of postponing maintenance activities such as repairs on both real property (i.e. infrastructure) and personal property (i.e. machinery) in order to save costs, meet budget funding levels, or realign available budget monies. The failure to perform needed repairs could lead to asset deterioration and ultimately asset impairment. Generally, a policy of continued deferred maintenance may result in higher costs, asset failure, and in some cases, health and safety implications.

Recommendations

Ehlers makes the following recommendations based on this Financial Study:

1. Adopt the 2018 water rates as shown in Table 2.
2. Adopt the 2018 sanitary sewer rates as shown in Table 3.
3. Adopt the 2018 storm sewer rates as shown in Table 4.
4. Assess, on average, at least 30% of assessable street reconstruction projects.
5. Continue monitoring the PIR Fund cash balance, evaluating the need for additional levy for streets on an annual basis based on the revenue performance in the fund.
6. Evaluate the affordability of new capital projects by including the marginal cost in the financial model and measuring the impact of the project on cash reserves and the sufficiency of user impact.

Given the proposed level of projects the City is undertaking, it will be important to periodically update the full financial study. A number of assumptions were used to develop the results shown in this study. It is therefore recommended that the City continuously monitor the financial health of its utility funds and PIR fund as part of its annual budgeting process, and revise the study regularly or at the onset of designing significant capital improvements.

Finally, this financial study models when debt may be financed, but it is not a debt plan. The City should review whether it has sufficient cash to pay for capital improvements prior to issuing debt. At its option, the City may accumulate less cash in its funds in order to reduce the amount of new debt issued for improvements. As with all other bonding decisions, the City's decision to issue debt for any given improvement will be based on many factors, including the City's cash balances, rating, and other financing needs.

Appendix A

Permanent Improvement Revolving Fund Capital Improvement Plan

City of Robbinsdale, MN
Permanent Improvement Revolving Fund
Capital Improvement Program

Projects Not Assessed	Project #	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
City Hall - Entry Monument Sign Replacement	188	50,000											
Sanborn Park Trail Reconstruction	213									2,500	200,000		
Lee Park - Trail Construction	275	20,000	36,000										
Alley Reconstruction Program	301	20,000	20,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
France Ave - (27th to Lowry)	311		160,560	170,300				1,412,690					
Tree Removal - West Broadway (40th to 42nd)	333	40,000	40,000	40,000	40,000	40,000							
West Broadway (CR8) - (42nd to 47th)	339									365,000			
Zenith Avenue - (Parkview Blvd to Lowry)	343									87,438			
France Ave - (31st to 33rd)	344		318,460			989,620							
County Road 9 - (CR81 to Parkway)	352	0	0	0	0								
36th Ave - (Video Detectors at Noble)	354		40,000										
39th Ave - (Regent to Noble Ave)	363								46,000		185,000		
Drew/McNair - (27th to Lowry)	378		22,000						1,160,165				
Shoreline/Chowen - (CR81 to 43rd)	379		50,000	50,000	2,870,000								
Lee/Major/37th/39th	381		38,000				2,337,255						
France/Grimes/Hubbard/37th/38th	382	34,000		1,837,430									
36th Ave/Regent Ave - Traffic Control Impr.	385			25,000	100,000								
Boulevard Native Plantings	391	10,000	10,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Downtown Improvements	393	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
CR81 Light Knockdown Inventory	394	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Alternate St Ligh Trial & Implementation	396	45,000	45,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Small Works Program	397	25,000	25,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Road Resheeting Program	398	800,000	1,000,000	600,000	250,000	100,000	100,000	150,000	100,000	100,000	100,000	100,000	150,000
Sidewalk Replacement Program	399	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Bridge Maintenance Program	402	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0
West Broadway - Repaint Poles & Move Sign	403	20,000											
County Road 9 - (Regent to W Broadway)	406		250,300	1,337,270									
Hubbard Ave - (41 1/2 to CR9)	432		50,000	270,000									
41 1/2 Ave - Pedestrian Promenade	433		220,000										
41 1/2 Ave - Streetscape Plaza	434	4,000											
Signal Flashing Left Turn Arrows	435	32,000	18,000										
Future Capital (Placeholder)										500,000	500,000	800,000	800,000
Streets Not Assessed CIP (2017 Dollars)		1,140,000	2,373,320	4,487,000	3,407,000	1,286,620	2,584,255	1,719,690	1,453,165	1,211,938	1,132,000	1,057,000	1,097,000
Percent Inflation		0%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Streets Not Assessed Target Inflated Project Costs		1,140,000	2,468,253	4,853,139	3,832,412	1,505,163	3,144,141	2,175,956	1,912,266	1,658,621	1,611,189	1,564,618	1,688,781

**City of Robbinsdale, MN
Permanent Improvement Revolving Fund
Capital Improvement Program**

Projects Assessed	Project #	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Lowry Ave - (York to Abbott Ave)	317			58,830						607,920			
Noble Ave - (36th to 41st)	318	1,497,110											
Ewing Ave - (27th to 29th)	337							26,280		229,230			
Scott Ave - (44 1/2 to 46th & 45th)	350						89,230				461,340		
Halifax/Grimes/46th	369				110,950						851,270		
Xenia/Welcome/41st	370				142,420		1,092,020						
Yates/Zane/41st	371				255,360			1,308,410					
Grimes/Halifax/Islemount/42nd/43rd	372				272,320	1,439,210							
38th Ave - (Railroad to Hubbard)	376	58,000		213,540									
Chowen Ave - (43rd to Lake Drive)	383	18,000		883,115									
Xerxes/York - (26th to Parkview)	384					30,000			1,871,422				
Toledo/Scott - (37th to 39th)	389	50,000	525,000										
Oakdale Ave - (W Broadway to Abbott)	430		400,000										
June Ave - (35th to cul-de-sac)	431		50,000	400,000									
Future Capital (Placeholder)										500,000		1,000,000	1,000,000
Streets Assessed CIP (2017 Dollars)		1,623,110	975,000	1,555,485	781,050	1,469,210	1,181,250	1,334,690	1,871,422	1,337,150	1,312,610	1,000,000	1,000,000
Percent Inflation		0%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Streets Assessed Target Inflated Project Costs		1,623,110	1,014,000	1,682,413	878,575	1,718,768	1,437,171	1,688,809	2,462,664	1,829,982	1,868,253	1,480,244	1,539,454

Percent of Street Projects Assessed		52%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%			
SPECIAL ASSESSMENTS		Assessed	Interest	Term	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027		
2017 Projects	Assessed	847,072	Interest	5.00%	Term	10	109,700	109,700	109,700	109,700	109,700	109,700	109,700	109,700		
2018 Projects		304,200		5.00%		10		109,700	109,700	109,700	109,700	109,700	109,700	109,700		
2019 Projects		504,724		5.00%		10		39,395	39,395	39,395	39,395	39,395	39,395	39,395		
2020 Projects		263,573		5.00%		10		65,364	65,364	65,364	65,364	65,364	65,364	65,364		
2021 Projects		515,630		5.00%		10			34,134	34,134	34,134	34,134	34,134	34,134		
2022 Projects		431,151		5.00%		10			66,776	66,776	66,776	66,776	66,776	66,776		
2023 Projects		506,643		5.00%		10				55,836	55,836	55,836	55,836	55,836		
2024 Projects		738,799		5.00%		10					65,613	65,613	65,613	65,613		
2025 Projects		548,995		5.00%		10						95,678	95,678	95,678		
2026 Projects		560,476		5.00%		10							71,097	71,097		
2027 Projects		444,073		5.00%		10								72,584		
TOTAL SPECIAL ASSESSMENTS							109,700	149,095	214,459	248,593	315,369	371,205	436,818	532,496	603,593	676,177

City of Robbinsdale, MN
Permanent Improvement Revolving Fund
Capital Improvement Program

BOND REPAYMENT				2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	Amount	Interest	Term										
2017 Projects - Street Portion	\$ 755,287	2.00%	10	84,083	84,083	84,083	84,083	84,083	84,083	84,083	84,083	84,083	84,083
2018 Projects - Street Portion	\$ 2,000,000	2.50%	10		228,518	228,518	228,518	228,518	228,518	228,518	228,518	228,518	228,518
2019 Projects - Street Portion	\$ 4,000,000	3.00%	10			468,922	468,922	468,922	468,922	468,922	468,922	468,922	468,922
2020 Projects - Street Portion	\$ 4,000,000	3.00%	10				468,922	468,922	468,922	468,922	468,922	468,922	468,922
2021 Projects - Street Portion	\$ 2,900,000	3.00%	10					339,968	339,968	339,968	339,968	339,968	339,968
2022 Projects - Street Portion	\$ 4,000,000	3.00%	10						468,922	468,922	468,922	468,922	468,922
2023 Projects - Street Portion	\$ 3,500,000	3.00%	10							410,307	410,307	410,307	410,307
2024 Projects - Street Portion	\$ 3,000,000	3.00%	10								351,692	351,692	351,692
2025 Projects - Street Portion	\$ 3,000,000	3.00%	10									351,692	351,692
2026 Projects - Street Portion	\$ 2,500,000	3.00%	10										293,076
TOTAL BOND REPAYMENT				84,083	312,601	781,523	1,250,445	1,590,414	2,059,336	2,469,642	2,821,334	3,173,025	3,466,102

DEBT LEVY NET OF ASSESSMENTS				2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2017 Projects				4,082	4,937	8,140	5,935	3,730	6,775	4,412	7,300	5,620	3,730
2018 Projects					200,548	200,548	200,548	200,548	200,548	200,548	200,548	200,548	200,548
2019 Projects						427,004	427,004	427,004	427,004	427,004	427,004	427,004	427,004
2020 Projects							458,234	458,234	458,234	458,234	458,234	458,234	458,234
2021 Projects								290,190	290,190	290,190	290,190	290,190	290,190
2022 Projects									436,532	436,532	436,532	436,532	436,532
2023 Projects										365,210	365,210	365,210	365,210
2024 Projects											273,598	273,598	273,598
2025 Projects												298,179	298,179
2026 Projects													235,146
TOTAL NET DEBT LEVY				4,082	205,485	635,692	1,091,721	1,379,707	1,819,284	2,182,131	2,458,617	2,755,116	2,988,371

Appendix B

Permanent Improvement Revolving Fund Long Range Budget Projections

CITY OF ROBBINSDALE
Financial Management Plan
Long Range Budget Projections

Inflation Assumptions

1	Revenue	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
2	Interest Earnings	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Expenses	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Projected									
					2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
PERMANENT IMPROVEMENT REVOLVING FUND														
REVENUE														
4	-	-	-	-	4,082	255,485	785,692	1,166,721	1,479,707	1,819,284	2,282,131	2,458,617	2,855,116	2,988,371
5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	372,884	449,051	380,022	203,425	259,072	288,462	277,766	295,495	343,736	395,940	445,759	539,910	605,195	676,177
7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	149,167	579,482	92,862	691,890	245,000	15,000	65,000	436,560	15,000	815,000	15,000	815,000	15,000	815,000
9	85,610	76,700	74,519	66,062	14,345	13,132	11,847	10,492	9,063	7,553	5,959	4,277	2,500	2,500
10	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	327,154	287,747	190,642	299,000	276,872	282,409	288,058	293,819	299,695	305,689	311,803	318,039	324,400	330,888
13	122,655	117,111	61,708	122,000	74,679	61,546	29,665	26,094	32,704	29,450	40,137	25,819	35,460	26,655
14	80,174	(48,742)	(13,209)	-	-	-	-	-	-	-	-	-	-	-
15	-	-	29	-	-	-	-	-	-	-	-	-	-	-
16	1,137,644	1,461,349	786,573	1,382,377	874,050	916,035	1,458,028	2,229,182	2,179,905	3,372,916	3,100,789	4,161,662	3,837,669	4,839,591
EXPENSES														
17	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	110,096	92,532	1,188,729	127,433	131,256	135,194	139,249	143,427	147,730	152,162	156,727	161,428	166,271	171,259
23	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	-	-	-	-	84,083	312,601	781,523	1,250,445	1,590,414	2,059,336	2,469,642	2,821,334	3,173,025	3,466,102
25	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	1,186,208	5,246,049	489,320	2,763,110	3,482,253	6,535,552	4,710,987	3,223,931	4,581,313	3,864,765	4,374,930	3,488,603	3,479,442	3,044,862
27	1,296,304	5,338,581	1,678,049	2,890,543	3,697,592	6,983,346	5,631,759	4,617,803	6,319,456	6,076,262	7,001,299	6,471,365	6,818,739	6,682,223
28	(158,660)	(3,877,232)	(891,476)	(1,508,166)	(2,823,542)	(6,067,312)	(4,173,731)	(2,388,622)	(4,139,551)	(2,703,346)	(3,900,510)	(2,309,704)	(2,981,069)	(1,842,632)
OTHER FINANCING SOURCES / (USES)														
29	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29a	150,000	163,154	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
29b	-	-	458,704	-	-	-	-	-	-	-	-	-	-	-
29c	-	-	-	-	-	-	-	-	-	-	37,194	50,872	-	-
30	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	-	3,799,823	-	755,287	2,000,000	4,000,000	4,000,000	2,900,000	4,000,000	3,500,000	3,000,000	3,000,000	2,500,000	2,700,000
32	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32a	(287,612)	(158,283)	(97,821)	(196,130)	(202,014)	(208,074)	(214,317)	(220,746)	(227,368)	(234,189)	(241,215)	(248,452)	(255,905)	(263,582)
32b	-	-	(305,231)	-	-	-	-	-	-	-	-	-	-	-
32c	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	(137,612)	3,804,694	205,652	709,157	1,947,986	3,941,926	3,935,683	2,829,254	3,922,632	3,415,811	2,945,979	2,952,420	2,394,095	2,586,418
34	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	6,535,974	6,463,436	5,777,612	4,978,603	4,103,047	1,977,661	1,739,613	2,180,245	1,963,326	2,675,790	1,721,259	2,363,976	1,777,001	2,520,787
36	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	6,535,974	6,463,436	5,777,612	4,978,603	4,103,047	1,977,661	1,739,613	2,180,245	1,963,326	2,675,790	1,721,259	2,363,976	1,777,001	2,520,787

PIR FUND BUDGET

CITY OF ROBBINSDALE
Financial Management Plan
Long Range Budget Projections

Inflation Assumptions

1	Revenue	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
2	Interest Earnings	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Expenses	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

	PERMANENT IMPROVEMENT REVOLVING FUND	Actual	Actual	Actual	Budget	Projected									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
38	General Fund Operating Tax Levy	4,910,237	5,098,747	5,114,500	5,309,272	5,574,736	5,853,472	6,146,146	6,453,453	6,776,126	7,114,932	7,470,679	7,844,213	8,236,423	8,648,245
39	Annual Increase		3.8%	0.3%	3.8%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
ANNUAL DEBT LEVIES BY BOND ISSUE															
40	GO Street Improvement Bonds of 2006	202,853	205,768	202,749	-	-	-	-	-	-	-	-	-	-	-
41	GO Street Improvement Bonds of 2012	46,956	51,471	50,557	49,415	53,143	51,410	49,284	52,014	54,335	-	-	-	-	-
42	GO Street Reconstruction Bonds of 2013	171,072	168,420	201,390	201,758	196,718	196,928	196,980	202,125	198,109	199,106	-	-	-	-
43	GO Street Improvement Bonds of 2015				321,086	321,348	321,296	200,000	200,000	200,000	200,000	200,000	200,000	-	-
44	POTENTIAL NEW DEBT LEVIES														
45	GO Street Improvement Bonds of 2017					4,082	4,082	4,082	4,082	4,082	4,082	4,082	4,082	4,082	4,082
46	GO Street Improvement Bonds of 2018						200,548	200,548	200,548	200,548	200,548	200,548	200,548	200,548	200,548
47	GO Street Improvement Bonds of 2019							427,004	427,004	427,004	427,004	427,004	427,004	427,004	427,004
48	GO Street Improvement Bonds of 2020								458,234	458,234	458,234	458,234	458,234	458,234	458,234
49	GO Street Improvement Bonds of 2021								290,190	290,190	290,190	290,190	290,190	290,190	290,190
50	GO Street Improvement Bonds of 2022									436,532	436,532	436,532	436,532	436,532	
51	GO Street Improvement Bonds of 2023										365,210	365,210	365,210	365,210	
52	GO Street Improvement Bonds of 2024											273,598	273,598	273,598	
53	GO Street Improvement Bonds of 2025												298,179	298,179	
54	GO Street Improvement Bonds of 2026													235,146	
55	GO Street Improvement Bonds of 2027														
56	Total Annual Debt Levies	420,881	425,659	454,696	572,259	575,291	774,264	1,077,898	1,544,007	1,832,503	2,215,697	2,381,801	2,655,399	2,753,578	2,988,723
OTHER SPECIAL TAX LEVIES															
57	Additional Levy for Road Resheeting Program					-	50,000	150,000	75,000	100,000	-	100,000	-	100,000	-
58															
59															
60															
61	Total Other Special Levies	-	-	-	-	-	50,000	150,000	75,000	100,000	-	100,000	-	100,000	-
62	Total Tax Levy	5,331,118	5,524,406	5,569,196	5,881,531	6,150,027	6,677,736	7,374,044	8,072,461	8,708,629	9,330,629	9,952,479	10,499,612	11,090,001	11,636,968
63	Less: Fiscal Disparities	(1,417,638)	(1,547,038)	(1,327,447)	(1,556,791)	(1,463,616)	(1,446,574)	(1,598,738)	(1,747,563)	(1,894,918)	(2,021,150)	(2,146,744)	(2,269,794)	(2,369,415)	(2,485,852)
64	Net Levy to Taxpayers	3,913,480	3,977,368	4,241,749	4,324,740	4,686,411	5,231,162	5,775,307	6,324,897	6,813,711	7,309,479	7,805,735	8,229,818	8,720,586	9,151,116
65															
70															
71	Existing Tax Base Tax Capacity	7,019,355	7,973,348	8,132,059	8,781,743	9,628,253	9,724,536	9,821,781	9,919,999	10,019,199	10,119,391	10,220,585	10,322,791	10,426,019	10,530,279
72	New Net Tax Capacity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
73	Total Net Tax Capacity	7,019,355	7,973,348	8,132,059	8,781,743	9,628,253	9,724,536	9,821,781	9,919,999	10,019,199	10,119,391	10,220,585	10,322,791	10,426,019	10,530,279
74	City Tax Rate on Tax Capacity	55.753%	49.883%	52.161%	49.247%	48.674%	53.793%	58.801%	63.759%	68.007%	72.232%	76.373%	79.725%	83.643%	86.903%
76	City Tax Rate % Change		-10.53%	4.57%	-5.59%	-1.16%	10.52%	9.31%	8.43%	6.66%	6.21%	5.73%	4.39%	4.91%	3.90%
77															
78															
79															
80	Taxes on \$173,000 Residential Homestead	\$ 552	\$ 625	\$ 636	\$ 665	\$ 736	\$ 824	\$ 911	\$ 1,001	\$ 1,081	\$ 1,162	\$ 1,244	\$ 1,314	\$ 1,396	\$ 1,469
81	Market Value Taxes on a \$173,000 Residential Homestead														
82															
83	\$ Tax Increase/(Decrease)		\$ 73	\$ 11	\$ 29	\$ 72	\$ 88	\$ 87	\$ 90	\$ 80	\$ 81	\$ 82	\$ 70	\$ 82	\$ 73
84	% Tax Increase / (Decrease)		13.15%	1.81%	4.56%	10.77%	11.91%	10.59%	9.83%	8.02%	7.48%	7.05%	5.61%	6.25%	5.21%
85	Existing Tax Base Inflation / (Deflation)		13.6%	2.0%	8.0%	9.6%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

PROPERTY TAX LEVY AND TAX IMPACT

Appendix C

Water Utility Capital Improvement Plan

**City of Robbinsdale, MN
Water System
Capital Improvement Program**

Projects	Project #	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
CAPITAL EQUIPMENT												
City Buildings - New Master Key System	177	2,000										
Plant #3 Backup Generator	527						60,000					
Water Plant Equipment	599	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Vehicle Transceiver & Laptop Meter Reading	8108	17,500										
PROJECTS												
Valve Replacement Program	504	19,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Well No. 3 - Replacement	507	80,000	580,000									
Well No. 5 - Upgrade	508	26,000					28,000					
Reconstruct Tower No. 1	510					40,000		1,200,000	300,000			
Well No. 4 - Upgrade	512		27,000					29,000				
Repair Broken Valve Plant No. 2	517							40,000				
37th Ave Loop Connection	518							35,000				
Well No. 1 - Upgrade	524							28,000				
Well No. 2 - Upgrade	525	26,000					28,000					
Replacement of City Wide Water Meters	531			500,000	500,000	200,000						
New Gravity Treatment Plant	532		80,000	1,000,000	3,500,000							
Plant #1 - Energy Efficiency Improvements	533	4,000										
Bottineau Light Rail - Utility Replacements	536	50,000	300,000	200,000								
Future Placeholder							100,000			100,000	100,000	100,000
Water CIP (2017 Dollars)		244,500	1,027,000	1,740,000	4,040,000	280,000	256,000	1,372,000	340,000	140,000	140,000	140,000

**City of Robbinsdale, MN
Water System
Capital Improvement Program**

Projects	Project #	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
STREET PROJECTS												
France Ave - (27th to Lowry)	311							118,050				
Lowry Ave - (York to Abbott Ave)	317									71,500		
Noble Ave - (36th to 41st)	318	708,281										
Ewing Ave - (27th to 29th)	337							7,790		44,150		
France Ave - (31st to 33rd)	344					145,380						
Scott Ave - (44 1/2 to 46th & 45th)	350										121,500	
County Road 9 - (CR81 to Parkway)	352	55,685	55,685	55,685	55,685							
39th Ave - (Regent to Noble Ave)	363										231,000	
Halifax/Grimes/46th	369				37,500						304,050	
Xenia/Welcome/41st	370				54,370		416,820					
Yates/Zane/41st	371							340,000				
Grimes/Halifax/Islemount/42nd/43rd	372					567,430						
38th Ave - (Railroad to Hubbard)	376			119,640								
Drew/McNair - (27th to Lowry)	378								221,185			
Shoreline/Chowen - (CR81 to 43rd)	379				380,000							
Lee/Major/37th/39th	381						419,200					
France/Grimes/Hubbard/37th/38th	382			503,965								
Chowen Ave - (43rd to Lake Drive)	383			119,660								
Xerxes/York - (26th to Parkview)	384								326,620			
Toledo/Scott - (37th to 39th)	389		150,000									
County Road 9 - (Regent to W Broadway)	406			199,690								
June Ave - (35th to cul-de-sac)	431			100,000								
Hubbard Ave - (41 1/2 to CR9)	432			60,000								
Future Capital (Placeholder)								200,000	200,000	400,000	200,000	800,000
Street Reconstruction Water CIP (2017 Dollars)		763,966	205,685	1,158,640	527,555	712,810	836,020	665,840	747,805	515,650	856,550	800,000
Total Water and Street Reconstruction Water CIP		1,008,466	1,232,685	2,898,640	4,567,555	992,810	1,092,020	2,037,840	1,087,805	655,650	996,550	940,000
Percent Inflation		0%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Target Inflated Project Costs		1,008,466	1,281,992	3,135,169	5,137,878	1,161,447	1,328,609	2,578,518	1,431,477	897,302	1,418,401	1,391,430

Appendix D

Water Utility Long Range Budget Projections

City of Robbinsdale, MN
Utility Rate Study

Water Fund	Actual	Budget	Projected									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Proposed Rate Increase (%)			7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Operating Revenues	1,714,506	1,763,657	1,899,004	2,026,152	2,162,084	2,307,414	2,462,797	2,628,934	2,806,576	2,996,525	3,199,640	3,278,634
Operating and Maintenance Expense	746,077	948,589	977,047	1,006,358	1,036,549	1,067,645	1,099,675	1,132,665	1,166,645	1,201,644	1,237,693	1,274,824
Net Before Debt Service	968,429	815,068	921,957	1,019,794	1,125,536	1,239,769	1,363,122	1,496,269	1,639,931	1,794,881	1,961,946	2,003,810
Existing Debt Service (P&I)	363,955	453,305	311,946	367,690	375,056	376,795	368,549	375,194	247,913	153,225	154,950	72,663
Projected Debt Service (P&I)	0	0	0	57,129	291,590	701,897	836,712	992,043	1,293,911	1,458,034	1,557,680	1,704,218
Total Debt Service	363,955	453,305	311,946	424,819	666,646	1,078,692	1,205,261	1,367,237	1,541,824	1,611,259	1,712,630	1,776,881
Net Revenues	604,474	361,763	610,011	594,974	458,889	161,077	157,861	129,033	98,107	183,622	249,317	226,929
Interest Income	24,180	28,000	49,792	47,730	40,109	22,787	25,130	27,572	29,615	30,800	33,043	34,484
Other Non Operating Revenues/(Expenses)	(23,856)	(15,000)	(15,300)	(15,606)	(15,918)	(16,236)	(16,561)	(16,892)	(17,230)	(17,575)	(17,926)	(18,285)
Net Annual Cash Flow	604,798	374,763	644,503	627,098	483,080	167,627	166,430	139,712	110,492	196,847	264,433	243,128
Capital Projects	(183,599)	(1,008,466)	(1,281,992)	(3,135,169)	(5,137,878)	(1,161,447)	(1,328,609)	(2,578,518)	(1,431,477)	(897,302)	(1,418,401)	(1,391,430)
Bond Proceeds	0	671,190	500,000	2,000,000	3,500,000	1,150,000	1,325,000	2,575,000	1,400,000	850,000	1,250,000	1,250,000
Net Cash Flow after Capital Projects	421,199	37,487	(137,489)	(508,071)	(1,154,798)	156,180	162,820	136,194	79,014	149,545	96,032	101,698
Ending Cash Balance	3,281,992	3,319,479	3,181,990	2,673,919	1,519,121	1,675,301	1,838,121	1,974,316	2,053,330	2,202,875	2,298,906	2,400,605
Targeted Working Capital	826,344	786,241	913,343	1,169,825	1,596,967	1,739,084	1,917,074	2,108,157	2,194,581	2,313,452	2,395,728	2,414,293
Over/(Under) Target Working Capital	2,455,649	2,533,239	2,268,647	1,504,093	(77,846)	(63,783)	(78,953)	(133,841)	(141,251)	(110,577)	(96,821)	(13,689)

Appendix E

Sanitary Sewer Utility Capital Improvement Plan

**City of Robbinsdale, MN
Sanitary Sewer System
Capital Improvement Program**

Projects	Project #	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
CAPITAL EQUIPMENT												
Portable Flow Meters	612		10,000									
Sewer Vac Truck	8001					350,000						
PROJECTS												
Bottineau Light Rail - Utility Replacements	536	40,000	200,000	200,000								
Lift No. 3 (Toledo)	603		150,000									
Sanitary Sewer Manhole Rehabilitation	607	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Future Placeholder							200,000	200,000	200,000	200,000	200,000	200,000
Sewer CIP (2017 Dollars)		55,000	375,000	215,000	15,000	365,000	215,000	215,000	215,000	215,000	215,000	215,000
STREET PROJECTS												
France Ave - (27th to Lowry)	311							130,780				
Lowry Ave - (York to Abbott Ave)	317									59,750		
Noble Ave - (36th to 41st)	318	795,103										
Ewing Ave - (27th to 29th)	337							5,630		31,920		
France Ave - (31st to 33rd)	344					217,250						
Scott Ave - (44 1/2 to 46th & 45th)	350										78,830	
County Road 9 - (CR81 to Parkway)	352	152,250	152,250	152,250	152,250							
39th Ave - (Regent to Noble Ave)	363										193,000	
Halifax/Grimes/46th	369				37,500						268,070	
Xenia/Welcome/41st	370				48,120		368,850					
Yates/Zane/41st	371							280,730				
Grimes/Halifax/Islemount/42nd/43rd	372					713,640						
38th Ave - (Railroad to Hubbard)	376		52,800									
Drew/McNair - (27th to Lowry)	378								191,150			
Shoreline/Chowen - (CR81 to 43rd)	379				734,000							
Lee/Major/37th/39th	381						362,645					
France/Grimes/Hubbard/37th/38th	382			312,730								
Chowen Ave - (43rd to Lake Drive)	383			133,625								
Xerxes/York - (26th to Parkview)	384								278,938			
Toledo/Scott - (37th to 39th)	389		250,000									
County Road 9 - (Regent to W Broadway)	406			256,900								
June Ave - (35th to cul-de-sac)	431			150,000								
Hubbard Ave - (41 1/2 to CR9)	432			40,000								
Future Capital (Placeholder)								300,000	300,000	600,000	200,000	700,000
Street Reconstruction Sewer CIP (2017 Dollars)		947,353	455,050	1,045,505	971,870	930,890	731,495	717,140	770,088	691,670	739,900	700,000
Total Sewer and Street Reconstruction Sewer CIP		1,002,353	830,050	1,260,505	986,870	1,295,890	946,495	932,140	985,088	906,670	954,900	915,000
Percent Inflation		0%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Total Target Inflated Project Costs		1,002,353	863,252	1,363,362	1,110,095	1,516,008	1,151,556	1,179,454	1,296,309	1,240,841	1,359,120	1,354,424

Appendix F

Sanitary Sewer Utility Long Range Budget Projections

City of Robbinsdale, MN
Utility Rate Study

Sanitary Sewer Fund	Actual	Budget	Projected									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Proposed Rate Increase (%)			10.00%	10.00%	10.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Operating Revenues	1,891,384	1,962,585	2,175,282	2,388,572	2,623,107	2,803,969	2,997,436	3,204,390	3,425,774	3,662,595	3,915,935	4,123,644
Operating and Maintenance Expense	1,386,161	1,516,827	1,579,620	1,645,161	1,713,576	1,784,996	1,859,560	1,937,411	2,018,701	2,103,589	2,192,239	2,284,825
Net Before Debt Service	505,223	445,758	595,662	743,411	909,531	1,018,973	1,137,876	1,266,979	1,407,072	1,559,007	1,723,696	1,838,819
Existing Debt Service (P&I)	488,711	582,299	432,157	490,237	494,542	498,097	501,793	495,687	370,563	169,175	175,500	82,900
Projected Debt Service (P&I)	0	0	0	98,263	257,696	387,822	565,426	700,241	837,987	984,525	1,125,202	1,283,463
Total Debt Service	488,711	582,299	432,157	588,500	752,238	885,919	1,067,219	1,195,928	1,208,550	1,153,700	1,300,702	1,366,363
Net Revenues	16,512	(136,541)	163,505	154,911	157,293	133,054	70,657	71,051	198,522	405,307	422,995	472,456
Interest Income	12,635	22,738	5,195	7,432	9,567	11,814	13,712	14,689	15,638	17,880	23,334	29,605
Other Non Operating Revenues/(Expenses)	(36,709)	(16,000)	(16,320)	(16,646)	(16,979)	(17,319)	(17,665)	(18,019)	(18,379)	(18,747)	(19,121)	(19,504)
Net Annual Cash Flow	(7,562)	(129,803)	152,380	145,697	149,881	127,549	66,704	67,721	195,782	404,440	427,207	482,557
Capital Projects	(639,599)	(1,002,353)	(863,252)	(1,363,362)	(1,110,095)	(1,516,008)	(1,151,556)	(1,179,454)	(1,296,309)	(1,240,841)	(1,359,120)	(1,354,424)
Bond Proceeds	0	755,286	860,000	1,360,000	1,110,000	1,515,000	1,150,000	1,175,000	1,250,000	1,200,000	1,350,000	1,250,000
Net Cash Flow after Capital Projects	(647,161)	(376,870)	149,128	142,335	149,786	126,541	65,148	63,267	149,473	363,600	418,087	378,134
Ending Cash Balance	723,206	346,336	495,464	637,798	787,585	914,126	979,273	1,042,540	1,192,013	1,555,613	1,973,700	2,351,834
Targeted Working Capital	1,275,380	1,190,571	1,378,309	1,574,819	1,742,707	1,959,717	2,125,708	2,177,256	2,163,051	2,352,496	2,462,482	2,508,776
Over/(Under) Target Working Capital	(552,174)	(844,235)	(882,846)	(937,020)	(955,122)	(1,045,592)	(1,146,435)	(1,134,716)	(971,038)	(796,883)	(488,783)	(156,942)

Appendix G

Storm Sewer Utility Capital Improvement Plan

**City of Robbinsdale, MN
Storm Sewer System
Capital Improvement Program**

Projects	Project #	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
CAPITAL EQUIPMENT												
Vehicle for Water Resources/Engineering	8129	12,500										
PROJECTS												
Bottineau Light Rail - Utility Replacements	536	10,000	100,000									
Installation of Grit Chambers/GPTs	700	18,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Catch Basin Replacement Program	702	17,500	17,500	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Grimes Ave - Pond at 4364	708									30,000		
Chowen Ave/Drew Ave - Underground Storage	710									15,000		
44th Ave/Grimes Ave - Underground Storage	713									20,000		
Abbott Ave - Underground Storage at Manor Park	717							60,000				
France Ave - GPT on Mainline Storm Sewer	718					200,000						
Crystal Lake - Invasive Weed Treatment	719	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Sediment Delta Removal	720		16,000		18,000		20,000		20,000		20,000	
38th Ave/Abbott Ave	721		15,000	50,000								
Implementation of TMDL Projects	722	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Twin/Ryan Lake - Invasive Weed Treatment	723	8,000										
Ryan Lake - High Capacity Overflow	724											
Twin Lake Channel - Rip Rap Restoration	725		70,000									
Pond Dredging	796		22,500		22,500		22,500		22,500		22,500	
Storm Sewer Small Works	797	12,000	12,000	12,000	14,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Future Placeholder							100,000	100,000	100,000	100,000	100,000	100,000
Storm CIP (2017 Dollars)		108,000	303,000	132,000	124,500	285,000	227,500	245,000	227,500	250,000	227,500	185,000

**City of Robbinsdale, MN
Storm Sewer System
Capital Improvement Program**

Projects	Project #	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
STREET PROJECTS												
Lee Park Improvements	207		90,000									
Sunset Park - Stormsewer Replacement	274	45,000										
France Ave - (27th to Lowry)	311							51,220				
Lowry Ave - (York to Abbott Ave)	317									128,000		
Noble Ave - (36th to 41st)	318	1,510,431										
France Ave - (31st to 33rd)	344					136,290						
Scott Ave - (44 1/2 to 46th & 45th)	350										23,100	
County Road 9 - (CR81 to Parkway)	352	82,065	82,065	82,065	82,065							
39th Ave - (Regent to Noble Ave)	363										93,000	
Halifax/Grimes/46th	369				37,500						290,160	
Xenia/Welcome/41st	370				9,860		75,540					
Yates/Zane/41st	371							29,500				
Grimes/Halifax/Islemount/42nd/43rd	372					412,400						
38th Ave - (Railroad to Hubbard)	376		57,020									
Drew/McNair - (27th to Lowry)	378								296,500			
Shoreline/Chowen - (CR81 to 43rd)	379				570,000							
Lee/Major/37th/39th	381						185,900					
France/Grimes/Hubbard/37th/38th	382			306,875								
Chowen Ave - (43rd to Lake Drive)	383			441,600								
Xerxes/York - (26th to Parkview)	384								226,020			
Toledo/Scott - (37th to 39th)	389		75,000									
County Road 9 - (Regent to W Broadway)	406			125,040								
June Ave - (35th to cul-de-sac)	431			50,000								
Hubbard Ave - (41 1/2 to CR9)	432			30,000								
Future Capital (Placeholder)								400,000	100,000	500,000	300,000	800,000
Street Reconstruction Storm CIP (2017 Dollars)		1,637,496	304,085	1,035,580	699,425	548,690	261,440	480,720	622,520	628,000	706,260	800,000
Total Storm and Street Reconstruction Storm CIP		1,745,496	607,085	1,167,580	823,925	833,690	488,940	725,720	850,020	878,000	933,760	985,000
Percent Inflation		0%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Total Target Inflated Project Costs		1,745,496	631,368	1,262,855	926,804	975,299	594,870	918,267	1,118,568	1,201,604	1,329,032	1,458,041

Appendix H

Storm Sewer Utility Long Range Budget Projection

City of Robbinsdale, MN
Utility Rate Study

Storm Sewer Fund	Actual	Budget	Projected									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Proposed Rate Increase (%)			10.00%	8.00%	8.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Operating Revenues	948,942	1,035,320	1,136,475	1,225,575	1,321,767	1,412,714	1,509,997	1,614,056	1,725,368	1,844,437	1,971,808	2,108,059
Operating and Maintenance Expense	413,784	556,380	573,071	590,264	607,971	626,211	644,997	664,347	684,277	704,806	725,950	747,728
Net Before Debt Service	535,158	478,940	563,404	635,312	713,796	786,504	865,000	949,710	1,041,090	1,139,632	1,245,858	1,360,331
Existing Debt Service (P&I)	231,076	371,904	225,930	308,580	321,223	318,430	315,540	322,419	289,951	263,613	263,013	119,169
Projected Debt Service (P&I)	0	0	0	54,273	192,019	291,665	397,172	464,580	571,846	683,215	820,960	958,706
Total Debt Service	231,076	371,904	225,930	362,853	513,242	610,095	712,712	786,999	861,797	946,828	1,083,973	1,077,875
Net Revenues	304,082	107,036	337,474	272,459	200,554	176,409	152,288	162,711	179,294	192,804	161,884	282,455
Interest Income	1,190	4,300	7,493	9,940	12,468	14,113	15,436	17,239	19,467	19,489	21,835	21,833
Other Non Operating Revenues/(Expenses)	(51,532)	868,110	(25,500)	(26,010)	(26,530)	(27,061)	(27,602)	(28,154)	(28,717)	(29,291)	(29,877)	(30,475)
Net Annual Cash Flow	253,740	979,446	319,467	256,389	186,491	163,462	140,121	151,796	170,044	183,002	153,842	273,813
Capital Projects	(393,432)	(1,745,496)	(631,368)	(1,262,855)	(926,804)	(975,299)	(594,870)	(918,267)	(1,118,568)	(1,201,604)	(1,329,032)	(1,458,041)
Bond Proceeds	0	1,080,701	475,000	1,175,000	850,000	900,000	575,000	915,000	950,000	1,175,000	1,175,000	1,200,000
Net Cash Flow after Capital Projects	(139,692)	314,651	163,099	168,534	109,688	88,162	120,251	148,529	1,476	156,398	(189)	15,773
Ending Cash Balance	184,906	499,557	662,656	831,190	940,878	1,029,040	1,149,291	1,297,820	1,299,296	1,455,694	1,455,505	1,471,278
Targeted Working Capital	578,796	504,120	649,389	808,374	914,080	1,025,817	1,109,497	1,193,970	1,288,966	1,436,376	1,440,850	1,451,739
Over/(Under) Target Working Capital	(393,890)	(4,563)	13,267	22,817	26,798	3,223	39,794	103,850	10,330	19,318	14,655	19,538