City of West St. Paul 2020-2029 Capital Equipment and Capital Improvement Plan

Capital expenditures projected within the CEP (Capital Equipment Plan) and CIP (Capital Improvement Plan) are funding dependent. Funds to complete projected improvements or other expenditures derive from cash reserves, tax levies/property tax, Local Government Aids (LGA) or other governmental funds, franchise fees, contributions from utility, revenue and project funds, benefit assessments, gifts and grants and other available funds. These revenues or cash infusions are projected within this planning document. In those cases within which revenues fall short of projections project delays from what is contained within these plans could occur. Each year, as part of consideration of the budget the City Council will reaffirm or amend the projects, funding sources, and construction timing of that which is contained within the plan.

Local Sales Tax and Debt Goals

During the 2019 legislative session, the State granted the City the ability to collect a local sales tax. This revenue source is to fund the Regional and Critical portions of the street improvement program for the next twenty years. It is the goal of the City to utilize this revenue along with special assessments, franchise fees, Local Government Aid and Municipal State Aid allocations to fund the street improvement program with no issuance of General Obligation debt until at or about 2034. Doing so will allow the City to target a reduction in the outstanding debt of the City to the vicinity of $20 million vs. the current $50 million. In 2020, the local sales tax revenue source will begin to be collected for the City of West St. Paul. In 2021, the collection received in 2020, which is estimated at $1.3 million, is allocated toward the 2021 street improvement program. The City has the option of debt issuance for this critical infrastructure but has determined that leveraging sales tax revenue with other local revenue sources accomplishes both State/local goals of ensuring high level maintenance of critical corridors with the additional local goal of major roadway maintenance in a deliberate, planned manner.

City Hall Facility

In early 2011, the City Council of the time created a staff/council City Hall Building Committee to provide recommendations regarding the 29,365 square foot City Hall. Between then and 2013 the committee explored various reconstruction, renovation, relocation and expansion options ultimately settling on an $11 million project budget. Proposed was a 17,500 SF addition and a total renovation of the existing building. A project did not proceed due to other needs of the community.

In 2017, the Council adopted a $2,356,000 plan to address major maintenance items on the building that had been deferred due to the previously anticipated project. This project began in 2017 and will be complete prior to year-end 2020. Included is replacement of every roof section and HVAC unit, reconstruction/expansion of the parking lot, and complete window replacement, all of which had been identified as building deficiencies by the Building Committee in 2011. Also projected is minor remodeling of the police portion of the building. These asset maintenance items are intended to extend the utility of the existing facility infrastructure by fifteen years. It is proposed, as part of this Plan adoption that the City set aside annual allocations commencing at least by 2021 to create funding ability for a major remodel project toward the end of the life cycle of the 2017-2020 asset replacements.

The goal is hereby established to improve cash reserves in the Government Facility Capital project. At year-end 2017, the fund had reserves of $242,058. The goal is to build reserves to $5,000,000. This reserve level should provide funds sufficient for 20% of the cost of the Building committee recommendation noted above; thus reducing the amount of corresponding debt for such a project than would otherwise need to occur. Reserves are proposed to be created through the fund balance policy, which designates excess revenues toward this fund and for annual designations of LGA/Franchise fee through the budget process.

Parks/Pool/Ice Arena/Regional Athletic Center (Sports Dome)

Between 2012 and 2018 the City completed a number of improvements to the Park System including construction of the Sports Dome ($7.072M), and reconstruction of Harmon Park ($6.8M). Also completed was rehabilitation of the Sports Complex ($1.521M with $109K scheduled for 2019), major rehabilitation of the Ice Arena in partnership with SD197 and the City of Mendota Heights ($1.866 M) and various improvements to the trail system almost all of which required debt issuance. Within this CIP, it is projected that the Park Capital Project fund be seeded with available Local Government Aid dollars (LGA) and ROW franchise fees to allow for future improvements to the Park system while avoiding future debt issuance.

The City completed the Marthaler Master Plan in 2018. This is the last of the community scale parks proposed for redevelopment. In past years, it had been anticipated that the City would issue debt to complete the $3.1 million in improvements projected in this plan. Within this CIP, policy has changed to both pursue only plan segments that are able to leverage third party funding and to accumulate cash reserves sufficient to provide for those plan elements in order to avoid debt issuance.

The City has been collaborating with Dakota County to facilitate construction of the final leg of the Regional River to River Trailway by 2021. It is intended that this project proceed to the extent the City is able to leverage other development goals in concert with trail development.

The Twin Cities YMCA currently operates the Outdoor Pool (ca. 1950; major renovations in 1985 and 1999) between June and August. The City is responsible, as the property owner, for maintenance and upkeep of the facility. Due to the identified need of about $400,000 in capital improvements, it is anticipated that this facility will require about $130,000 annually in taxpayer support over the next five years. As a result, it is anticipated that the City will be reviewing alternatives in operating models in coming years.

The Ice Arena (ca. 1972 with major renovations in 1997 and 2015) provides indoor skating opportunities for School District 197 teams, for contracted Booster Club skating and open skate opportunities. In an averaged year, it is projected that WSP taxpayer support is at about $62,000.

In 2015, the City entered a Joint Powers Agreement (JPA) with SD197 and the City of Mendota Heights to jointly renovate the John V. Hoene Ice Arena in West St. Paul. Each partner contributed $555,333 under the JPA toward a projected $1,866,000 improvement of the Ice system, HVAC, electrical and exterior issues completed in the 2016-18 timeframe (ensuring that the Arena will continue in operation until at least 2022). While that project is complete, there remains approximately $490,000 in parking lot and other repairs projected over the 2019-20 timeframe. Upon completion of these improvements it is not anticipated that further near term capital expense is necessitated other than maintenance activities.

The Regional Athletic Center (RAC) opened for business on November 19, 2012 at 1645 Livingston Avenue on property, which had formerly been the location of the Public Works Department adjacent to City Hall. It is operated by SFDMG under contract with the City. As part of the financing of the facility the City is required to set aside funds for turf replacement (projected in 2023) and replacement of the Dome fabric (projected in 2028. The annual taxpayer support of the RAC is projected at $231,820 per year due to levy support required for debt.

Debt on this facility includes a G.O. taxable tax abatement bond with principal at year-end 2017 of $1,910,000. This issue will be retired in 2026 after which principal payments on the non-taxable $2,560,000 abatement bond commence. That issue will retire in 2034.

The goal is hereby established to improve cash balances in each of the related park funds as follows:

Fund	Target	Year-end 2018
Park Improvement	$2,000,000	$ 744,695
Pool	included	NA
Arena	$1,300,000	$ 154,819
RAC	$3,000,000	$1,648,681

Cash reserves are anticipated through designation of LGA and Franchise fee revenues, through fund balance policy directing excess revenues and through budget allocations toward specific projects in advance of moving forward with individual projects. The metric for Park Improvements is 4-years of average capital needs. For Arena and RAC, the metric is one year of operations and long-term capital needs.

In 2019, Council directed a global project estimate for completion of the 2011 Ped/Bike plan. To build out the sidewalk portion of the plan is estimated at between $10M-30M. The $10M assumes no right of way (ROW) is needed, $30M assumes they all need ROW. For the trail portion of the plan we're at $5M to $10M depending on ROW needs. Trails are wider than sidewalks so ROW is typically needed. It is expected that progress toward completion of the plan is dependent upon grants and other third party funding.

Streets

Typical City allocation of resources toward the annual pavement management program (initiated in 2006) has been about $2.4million (2008-2014) excepting the $46 million State Highway 3 project (2014-2017) which absorbed $26 million in local cash and debt issuance. 2017-18 projects totaled about $10.9 million in part due to County led projects with a local cost share. 2019 is also a large construction year, again due in part to joint projects with the County and reconstruction of a commercial collector roadway. Upon completion of these projects, the annual pavement management program will be moderated in 2020 in preparation for integration of sales tax funded critical infrastructure beginning in 2021.

In 2018, the City adopted a prioritization of future street reconstruction and mill/overlay projects totaling over $100 million in projected need over the next 20-25 years. The City funds street improvements primarily from the property tax (or debt) supplemented by Minnesota State Aid (MSA) dollars ($836,045 in 2019 and $944,150 in 2020); utility funds if projects include improvements to those systems, benefit assessments, and grant funds. Beginning in 2021 the City will be able to use Sales Tax revenues toward critical roadway infrastructure as adopted by the State Legislature in 2019.

The assessment policy, recognizing a unique benefit to properties abutting public improvements, was amended during 2018. For reconstructed streets, the cost burden upon benefitting properties continues at 25% of total project costs with pre-project sample benefit appraisals verifying benefit at least as great as proposed assessments, which in many cases will now be on a per lot basis. Mill/overlay projects changed from a 25% cost share to 35%.

The goal is hereby established to ensure a cash reserve target in the Street Maintenance fund. The goal is two years of operations, which creates a metric of $700,000. Current cash reserves are at $1,102,124. The pavement management priority one and two projects is currently not on track for major maintenance project implementation. This means that street maintenance needs for other methods of maintaining roadway infrastructure will grow in the future (absent additional revenues such as LOST noted above). If those revenues do not come to pass the budgetary allocations to street maintenance operations will need to grow in the future.

Technology

The Technology fund provides for ongoing PC replacement and other infrastructure needs projected, on average at about $55,000/year. Over the next five years, however, budgetary allocations are somewhat greater due to the planned replacement of a server as well as the need for a new phone system within the next few years.

West St. Paul has a history of aggressively improving technology capabilities as a method of improving operational efficiencies and customer service delivery. Due to the importance of technology to the operation, the CEP allocates fixed transfers of LGA funds annually to the cost center.

The goal is hereby established to ensure a future cash reserve for two years of capital needs. The metric to achieve this goal is projected at $300,000 in reserves. As of year-end 2018, the fund had a cash balance of $159,469.

Vehicle and Equipment

Over the next five years, it is proposed that ROW franchise fees be allocated to the CEP (Capital Equipment Plan) to provide stability within the fund with targeted replacements nearing $800K/year. **Further, a goal is hereby established to grow the fund balance over time to provide for two years of averaged capital replacement needs**. This metric provides flexibility to take advantage of pricing opportunities from time to time and provides for continued replacement of rolling stock in those instances where budget shortfalls may not otherwise allow for such. At year-end 2018, the fund had cash reserves of $1,322,997. Target fund reserves are at $2 million.

Sanitary Sewer

The next four years of this CIP will represent a significant period for the sanitary sewer system. Projected is reconstructions of Lift Stations 1 and 4, an upgrade of Station 2 and replacement of the forcemains associated with these stations as well as Lift Stations 3 and 6. Within our Capital Planning for the near term, these projects are the top priority. Much of the sanitary sewer infrastructure is beyond fifty years of age. Failure of lift stations or associated forcemains can result in deleterious service delivery impacts to significant areas of the community including both homes and businesses. Hence, we see proceeding with the programmed projects as mandatory. Additionally, we must continue forging ahead on meeting Metropolitan Council directed I&I goals to reduce storm water infiltration into the sanitary piping system (which is later treated at the Metro plants).

A goal is hereby established to ensure that in the future the community has funding capacity to address infrastructure replacement and one year of operations. Intended is creation of $4 million in cash reserves going forward. As of year-end 2017, cash in this fund was at $1,289,127.

Storm Water

The Storm water utility was created in 2005 (for billings beginning February 2006) in order to respond to the 1972 Federal Clean Water Act and the National Pollutant Discharge Elimination System (NPDES) under a MS4 Phase II permit (municipal separate storm sewer system).   These EPA directed programs receive local administration through the MN PCA and watershed districts and watershed management organizations (WMO).

West St. Paul is wholly contained within the Lower Mississippi WMO along with that portion of St. Paul just to our north to the Mississippi River, Mendota Heights, South St. Paul, Sunfish Lake, and a portion each of Inver Grove Heights, Lillydale, and Mendota.

The utility provides funding for the administration, planning, implementation and maintenance of the storm water management programs and projects. The utility charges each developed parcel of property within the community based upon a residential equivalency factor (REF). Each single-family property is charged one REF over the course of a year billed by the St. Paul Regional Water Utility on behalf of West St. Paul. Other types of properties are charged a multiplier of an REF. For instance, commercial property is charged 7.9 REF's/acre which is a multiplier created by the amount of storm water runoff anticipated from commercial rooftops and parking lots. In total, there are about 9600 REF's across the community.

Over the next five years, the CIP/CEP anticipates about $800,000 in projects and equipment replacement in addition to labor and other maintenance and administrative expense.

The goal is hereby established to ensure that the Storm Water Fund has cash reserves for one year of operations plus capital needs. Currently it is projected that the fund requires $1 million in cash to meet that goal. As of year-end 2018, the fund had reserves of $1,112,755, which is in excess of the cash goal. However, in the near term a portion of cash reserves will be spent down due to projects within the CIP.