



**City of Scandia  
Capital Improvement Program  
2016 – 2020**

September 2, 2015

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## INTRODUCTION

The Capital Improvement Program (CIP) for the five-year period of 2016 through 2020 is the seventh such document prepared by the City of Scandia. It would amend the CIP included in the March, 2009 Comprehensive Plan (as amended through December 17, 2014) replacing Appendix F of the plan in its entirety.

### What is a CIP?

A Capital Improvement Program, or CIP, is a multi-year (typically 5 years) capital expenditure plan for a City's infrastructure (such as streets, parks and utility systems), vehicles, equipment and public buildings. It identifies the major projects needed and desired by the community, their potential costs and how they would be financed. Including a project in a CIP does not commit the city to that project. The City Council must specifically authorize each one, and the associated funding, before any project may proceed. When the CIP is reviewed (ideally annually, in conjunction with the budgeting process) projects may go forward as planned, advance ahead of schedule, be removed entirely, or new projects may be added, depending upon changes in circumstances and priorities.

The Minnesota Land Planning Act requires that the implementation plan portion of the Comprehensive Plan include a CIP for major infrastructure needs (transportation, wastewater, water supply, parks and open space) for a five-year time period. Cities often expand the scope of their CIPs to include other capital needs (major equipment replacements, for example) and sometimes look beyond the five-year time period, up to 20 years in the future for some projects. Such projects represent more of a "wish-list" that can be evaluated each time the plan is updated.

As a part of the Comprehensive Plan, the CIP has some legal standing. Minnesota Statutes Chapter 473.865 provides that "a local governmental unit shall not adopt any official control or fiscal device which is in conflict with its comprehensive plan." A fiscal device includes a budget or bond issue; so it is important that the plan and CIP be kept up to date and in synch with city budgets.

The primary benefit of a CIP is as a financial planning tool, to help the city plan for the impact of capital needs on future budgets and property taxes, and to help forecast the need for borrowing to undertake major projects. The information developed as part of the capital planning process can help document the need for various projects and help the City Council sort out competing priorities.

### Scope of the CIP

Scandia's CIP includes all capital projects that **cost at least \$10,000 and have a useful life span of five years or longer**. Projects include **all capital needs including major repairs to buildings and equipment purchases and replacements**. Any projects not meeting these parameters would be reviewed as part of the annual operating budget, but would not be included in the CIP.

## Funding Sources

The CIP identifies a possible funding source(s) for each project listed. The various funding sources are as follows:

Capital Improvement Fund	<i>Existing City fund, primarily from property tax levy, set aside for capital projects.</i>
Debt Service Fund	<i>Projects financed by borrowing, later to be repaid with property taxes, and potentially special assessments depending upon the characteristics of the project.</i>
Equipment Replacement Fund	<i>Internal service fund used to segregate funds set aside for planned replacements of existing major equipment. Funds are transferred from operating budgets (primarily property tax revenues.) The fund may also receive funds realized through debt financing.</i>
General Fund	<i>Annual operating budget, primarily funded by property tax revenues.</i>
Park Improvement Fund	<i>Existing City fund, receipts from cash-in-lieu of land park dedication fees paid by developers and others who subdivide their land.</i>
Local Road Improvement Fund	<i>Existing fund, funded with unrestricted fund balance and property tax revenues. To be used mainly to fund mill and overlay and other similar street construction projects.</i>
201 Sewer	<i>Funds come from fees paid by users on the 201 Wastewater System</i>
Uptown Sewer	<i>Funds come from fees paid by users on the Uptown Wastewater System</i>

In addition to these sources, it is possible that future projects could be funded from donations, grants, user fees or other sources not listed. Projects benefiting an enterprise or utility fund could be paid from the appropriate fund.

## Project Priorities

Capital improvement projects should be prioritized in some way so that limited funding can be allocated to those which are most important. This is difficult because the varying nature of the projects and their benefits and objectives are so disparate as to be essentially not comparable. Some public agencies have developed elaborate rating and ranking systems to try to set priorities. Complicated scoring systems may have some disadvantages because they may give a false sense of objectivity or precision to the priority setting process. Others use simpler systems, or simply do not try to compare projects that are like “apples and oranges.” There is no accepted system or “industry standard” for prioritizing projects.

The Capital Improvement Committee developed the following priority rating system in 2008, which was also used for the 2009 and subsequent updates:

- 1 Critical or urgent, high-priority projects that should be done if at all possible; a special effort should be made to find sufficient funding for all of the projects in this group.
  - 2 Very important, high-priority projects that should be done as funding becomes available.
  - 3 Important and worthwhile projects to be considered if funding is available; may be deferred to a subsequent year.
  - 4 Less important, low-priority projects; desirable but not essential.
- N/A Used for replacements of existing equipment.

### **2015-2019 CIP AMENDMENT**

The 2015-2019 CIP included \$36,000 in expenditures for Lilleskogen such as site improvements to be funded by grants and donations. The parking lot was anticipated to be completed in 2014, however that did not happen. An amendment to the 2015-2019 CIP includes the parking lot at Lilleskogen for 2015. The funding source for the parking lot would be an advance of up to \$35,000 from the Capital Improvement Fund to the Parks Capital Improvement Fund. The advance would be paid back over the next few years as park dedication fees came in. This was approved with the awarding of the parking lot bid by the Council on July 21, 2015.

### **2016-2020 CIP OVERVIEW**

For 2016 through 2020, the draft CIP includes 22 separate projects with a total estimated cost of \$5,509,800. All cost estimates are preliminary and based on current dollars. No assumptions have been made about inflation. It will be important to refine and update costs when the plan is reviewed, especially for projects in the first year or two of the plan.

Some projects beyond the five-year planning period are also included in the CIP. Most of these projects are replacements for equipment and vehicles (such as fire trucks) which may have a life span of 10, 15 to 20 years or even more. The plan also includes “pending” projects for which timelines (and in most cases, cost estimates) have not yet been identified. As more information is developed about the need for, cost and possible funding sources for these projects, they will be included in future CIP updates.

#### **Street Projects**

The draft update includes the following street projects in the CIP :

- PW-002, Street Maintenance Program. The current funding level (\$330,000 per year) has been maintained, with the addition of a \$1,150,000 project in 2016 for a reconstruction of 236<sup>th</sup>, 237<sup>th</sup> and Novak. A portion of Oldfield Ave will also be updated beginning at 240<sup>th</sup>

St. and heading south. The reconstruction would be funded by the Local Road Improvement Fund.

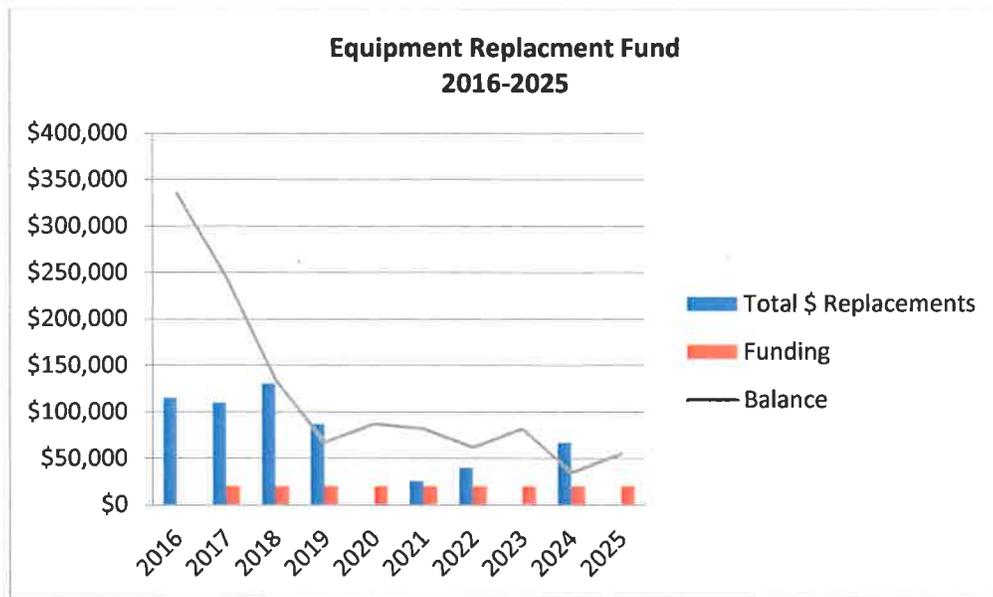
The goal of the 2008 Pavement Management Plan was to extend the life of city streets and to reduce the lifecycle costs for maintaining them in good condition. Each year the city has endeavored to increase the budget for contractual road maintenance and repairs. In 2014 the Local Road Improvement Fund was established to address major repairs (reconstruction, mill and overlays, etc) and is funded by the general tax levy.

### **Equipment Replacement Fund**

The city created the Equipment Replacement Fund in 2007 to set aside funds on an annual basis for planned replacement of vehicles and major pieces of operating equipment. The fund receives transfers from the operating budget of each department depending on its equipment needs. This allows the departmental budgets for each major function to accurately show the costs of funding that function, including equipment, while segregating the funds from the operating budgets. Any revenues from the sale of old equipment being replaced are also deposited into the fund. Beginning in 2015, the revenue to the fund was reduced significantly which will result in the need to borrow for larger purchases in future years.

Just as for other capital projects, the decision whether or not to replace a particular piece of equipment, and what to replace it with, will need to be made by the City Council at the time of the purchase. The City could decide to keep some equipment longer than planned. Or, equipment could wear out more quickly than expected. It is likely that some items will not be replaced, or that new technology or equipment could alter plans to replace a particular item.

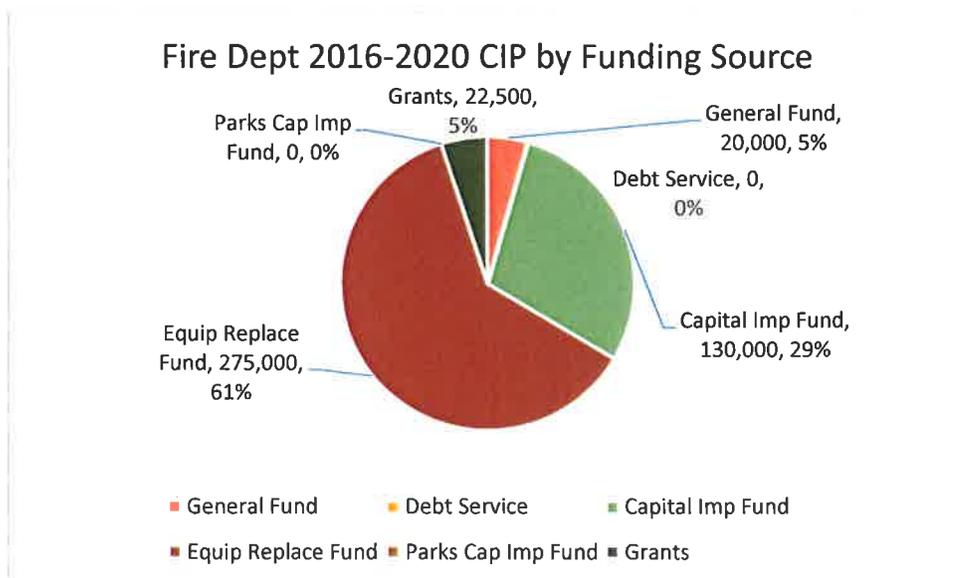
In 2015, the City transferred \$20,000 to the fund. The draft 2016 budget and CIP show proposed transfers of \$20,000 in 2017 and subsequent years. The Capital Improvement Committee (CIC) is recommending that the transfer be suspended for 2016 since adequate cash flow is available in the fund. The chart below shows the cash flow in the Equipment Replacement Fund from 2016-2025 assuming a \$20,000 per year contribution from 2017 and on. The lowest the fund balance would reach under this scenario is \$35,000 in 2024 but would continue to cash flow through 2025. Because of the healthy projected fund balance, the CIC decided to establish the threshold for borrowing for projects at those over \$100,000 and suspend the annual contribution in 2016.



### Project Highlights by Department

#### Fire:

- 12-15 SCBA and 30 Masks as well as the SCBA compressor replacements remain for 2017.
- Fire Hall HVAC replacement has been moved from 2016 to 2020
- The Chief’s vehicle has been moved to pending
- The Civil Defense Sirens (tornado sirens) have been moved from 2019 to 2020
- The second fire station has been moved to pending until further research and analysis is completed
- Radio replacements remain for 2018 but this is largely tied to the County’s schedule for replacement
- A fire training structure has been moved to pending
- The fire hall roof replacement remains for 2019
- In later years, the replacements costs have been updated for Tanker 5178 (\$180,000 to \$250,000) and Engine 5176 (\$600,000 to \$700,000)

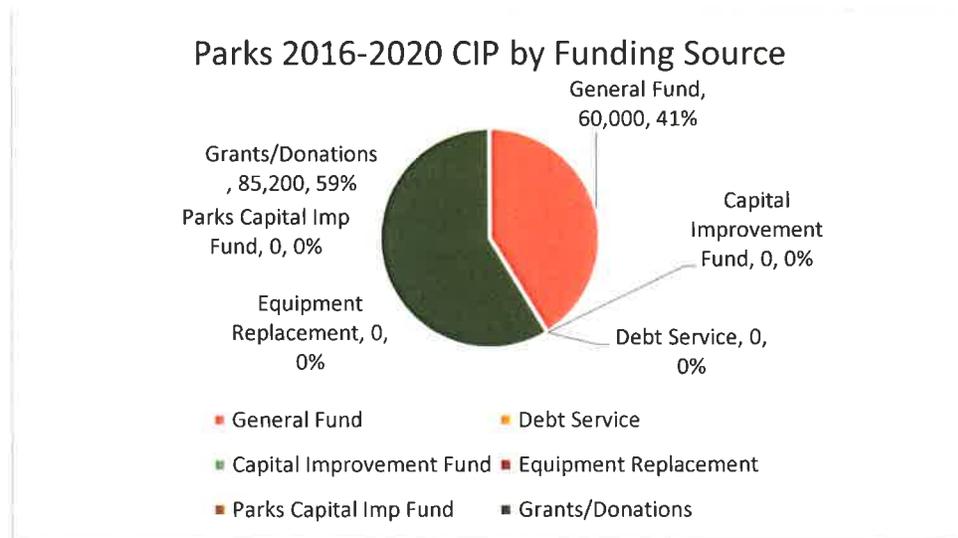


**Ice Rink:**

The replacement of the Zamboni has been pushed back a few years to 2020, if grants/donations are obtained. The Public Works Director believes it will last longer after the maintenance performed on it these last few years.

**Parks and Recreation:**

- Lilleskogen Park Restoration remains the top priority for the Parks and Recreation Committee. Assuming the 2015-2019 CIP is amended as stated previously, the recommendations have been updated for years 2016-2021 to complete the park improvements. The other updates (benches, picnic shelter signage, boardwalk, etc) would be funded with grants and/or donations (\$45,200).
- No changes were made for a full reconstruction of the tennis courts in 2018. Resurfacing was completed in 2013.

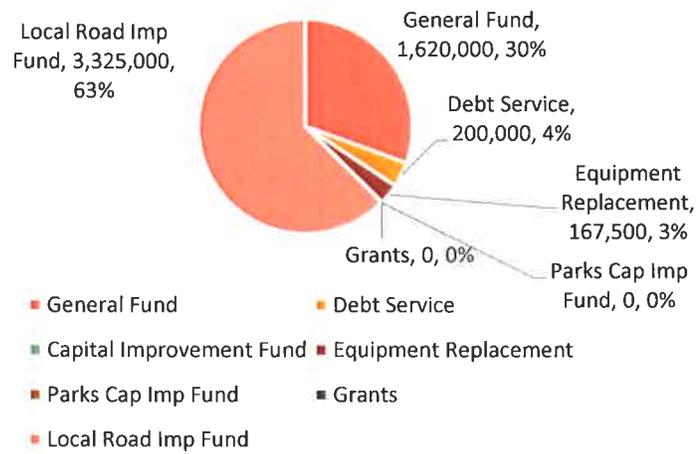


\*Note: No Park Capital Improvement Funds are projected for project costs because they would be used to pay back the \$35,000 advance to the Capital Improvement Fund, approved in 2015 for parking lot completion at Lilleskogen.

**Public Works:**

- The remaining Public Works projects are equipment replacements. Changes to the expected useful life and cost estimates for several items have been made but do not have a significant impact on the first 5 years of the plan from previous plans. The CIC is recommending the grader be removed from the CIP and instead continue using it until it is no longer functional or economical and then contract out for grading services.

### Public Works 2016-2020 CIP by Funding Source



#### **201 Wastewater System:**

- Capital Improvements for the 201 Wastewater System around Big Marine Lake include updating the control panels on Bliss Lift Station 1 and 2 and the pumps on Bliss Lift Station 2 in 2017 to the new SCADA system implemented on the rest of the system in 2015. All monies would come from the fund balance in the 201 Fund.

**CIP SUMMARY DATA**  
**2016-2020**

City of Scandia, Minnesota  
*Capital Improvement Program*  
**PROJECT LISTING**

**Includes Projects from All Years**

**201 Sewer**

<u>Status</u>	<u>Project #</u>	<u>Project Name</u>
Active	201S-001	Bliss L.S. 1 Control Panel
Active	201S-002	AVE Dranfield
Active	201S-003	Bliss L.S. 2 Control Panel
Active	201S-004	Bliss L.S. 2 Pump 1
Active	201S-005	Bliss L.S. 2 Pump 2
Active	201S-006	Bliss L.S. 1 Pump 2

**Community Center**

<u>Status</u>	<u>Project #</u>	<u>Project Name</u>
Active	CC-002	Community Center HVAC Replacement
Active	CC-004	Community Center Parking Lot Paving

**Fire**

<u>Status</u>	<u>Project #</u>	<u>Project Name</u>
Active	F-001	Fire Station HVAC Replacement
Active	F-003	Fire Department Radio Replacement
Active	F-008	Fire Hall Well Pump Replacement
Active	F-009	Civil Defense Sirens
Active	F-010	Rescue 5179 Replacement
Active	F-011	Tanker 5177 Replacement
Active	F-012	Engine 5180 Replacement
Active	F-013	Grass Rig 5175 Replacement
Active	F-014	Tanker 5178 Replacement
Active	F-015	Engine 5176 Replacement
Active	F-018	Back-up Generator for Fire Hall
Active	F-022	SCBA Compressor Replacement
Active	F-023	12 SCBA & 30 Masks
Active	F-024	Fire Hall Roof Replacement

**Ice Rink**

<u>Status</u>	<u>Project #</u>	<u>Project Name</u>
Active	IR-002	Zamboni Replacement

**Parks and Recreation**

<u>Status</u>	<u>Project #</u>	<u>Project Name</u>
Active	PR-001	Lilleskogen Park Improvements
Active	PR-018	Tennis Court Reconstruction

**Public Works**

<u>Status</u>	<u>Project #</u>	<u>Project Name</u>
Active	PW-002	Street Maintenance Program
Active	PW-004	Pickup w/Plow Replacement 2008 Ford F350 (102-08)
Active	PW-005	John Deere Tractor Mower w/Broom & Blower (303-09)
Active	PW-007	Tiger Ditch Rear Mower Replacement
Active	PW-008	Tiger Boom Mower Attachment Replacement
Active	PW-009	1999 JD-6410 Tractor Replacement (302-99)
Active	PW-010	2002 Sterling Dump Truck/Plow Replacement (202-02)

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Active	PW-012	Asphalt Patching Equipment (312)
Active	PW-014	Pickup w/Plow Replacement 2011 Ford F250 (103-11)
Active	PW-015	Skid Loader and Trailer
Active	PW-017	2011 Mack Dump Truck/Plow Replacement (203-11)
Active	PW-019	2008 Ford Ranger Replacement (101-08)
Active	PW-027	Quinell Ave

**Uptown Sewer**

<u>Status</u>	<u>Project #</u>	<u>Project Name</u>
Active	US-003	Drain field Blower
Active	US-004	Uptown Pump 1 Replacement
Active	US-005	Uptown Pump 2 Replacement
Active	US-006	Drainfield Pump 1 Replacement
Active	US-007	Drainfield Pump 2 Replacement

City of Scandia, Minnesota  
*Capital Improvement Program*  
 2016 thru 2020

**PROJECTS & FUNDING SOURCES BY DEPARTMENT**

Department	Project#	Priority	2016	2017	2018	2019	2020	Total
<b>201 Sewer</b>								
Bliss L.S. 1 Control Panel <i>Sewer Fund (201)</i>	201S-001	n/a		27,500				27,500
				27,500				27,500
Bliss L.S. 2 Control Panel <i>Sewer Fund (201)</i>	201S-003	n/a		27,500				27,500
				27,500				27,500
Bliss L.S. 2 Pump 1 <i>Sewer Fund (201)</i>	201S-004	n/a		5,250				5,250
				5,250				5,250
Bliss L.S. 2 Pump 2 <i>Sewer Fund (201)</i>	201S-005	n/a		5,250				5,250
				5,250				5,250
<b>201 Sewer Total</b>				<b>65,500</b>				<b>65,500</b>
<b>Fire</b>								
Fire Station HVAC Replacement <i>General Fund</i>	F-001	2					20,000	20,000
							20,000	20,000
Fire Department Radio Replacement <i>Equipment Replacement Fund</i>	F-003	1			75,000			75,000
					75,000			75,000
Civil Defense Sirens <i>Capital Improvement Fund</i> <i>Grants/ Donations</i>	F-009	3					30,000	30,000
							7,500	7,500
							22,500	22,500
Grass Rig 5175 Replacement <i>Equipment Replacement Fund</i>	F-013	1		85,000				85,000
				85,000				85,000
SCBA Compressor Replacement <i>Equipment Replacement Fund</i>	F-022	1	17,000					17,000
			17,000					17,000
12 SCBA & 30 Masks <i>Equipment Replacement Fund</i>	F-023	1	98,000					98,000
			98,000					98,000
Fire Hall Roof Replacement <i>Capital Improvement Fund</i>	F-024	2				100,000		100,000
						100,000		100,000
<b>Fire Total</b>			<b>115,000</b>	<b>85,000</b>	<b>75,000</b>	<b>100,000</b>	<b>50,000</b>	<b>425,000</b>
<b>Ice Rink</b>								
Zamboni Replacement <i>Grants/ Donations</i>	IR-002	n/a					40,000	40,000
							40,000	40,000
<b>Ice Rink Total</b>							<b>40,000</b>	<b>40,000</b>
<b>Parks and Recreation</b>								
Lilleskogen Park Improvements <i>General Fund</i> <i>Grants/ Donations</i>	PR-001	2	25,000	12,200	11,800	5,800	2,000	56,800
				2,000	1,800	5,800	2,000	11,600
			25,000	10,200	10,000			45,200
Tennis Court Reconstruction <i>General Fund</i>	PR-018	3			60,000			60,000
					60,000			60,000

Department	Project#	Priority	2016	2017	2018	2019	2020	Total
<b>Parks and Recreation Total</b>			<b>25,000</b>	<b>12,200</b>	<b>71,800</b>	<b>5,800</b>	<b>2,000</b>	<b>116,800</b>
<b>Public Works</b>								
Street Maintenance Program	PW-002	1	1,230,000	330,000	1,130,000	330,000	1,225,000	4,245,000
<i>General Fund</i>			330,000	330,000	330,000	330,000	300,000	1,620,000
<i>Local Road Improvement Fund</i>			900,000		800,000		925,000	2,625,000
Pickup w/Plow Replacement 2008 Ford F350 (102-08)	PW-004	3			30,000			30,000
<i>Equipment Replacement Fund</i>					30,000			30,000
John Deere Tractor Mower w/Broom & Blower (303-09)	PW-005	3		25,000				25,000
<i>Equipment Replacement Fund</i>				25,000				25,000
Tiger Ditch Rear Mower Replacement	PW-007	3				15,000		15,000
<i>Equipment Replacement Fund</i>						15,000		15,000
Tiger Boom Mower Attachment Replacement	PW-008	3				12,000		12,000
<i>Equipment Replacement Fund</i>						12,000		12,000
1999 JD-6410 Tractor Replacement (302-99)	PW-009	3				60,000		60,000
<i>Equipment Replacement Fund</i>						60,000		60,000
2002 Sterling Dump Truck/Plow Replacement (202-02)	PW-010	3	200,000					200,000
<i>Debt Service Fund</i>			200,000					200,000
2008 Ford Ranger Replacement (101-08)	PW-019	3			25,500			25,500
<i>Equipment Replacement Fund</i>					25,500			25,500
<b>Public Works Total</b>			<b>1,430,000</b>	<b>355,000</b>	<b>1,185,500</b>	<b>417,000</b>	<b>1,225,000</b>	<b>4,612,500</b>
<b>Uptown Sewer</b>								
Drain field Blower	US-003	n/a		500				500
<i>Uptown Sewer</i>				500				500
<b>Uptown Sewer Total</b>				<b>500</b>				<b>500</b>
<b>GRAND TOTAL</b>			<b>1,570,000</b>	<b>518,200</b>	<b>1,332,300</b>	<b>522,800</b>	<b>1,317,000</b>	<b>5,260,300</b>

City of Scandia, Minnesota  
*Capital Improvement Program*  
 2021 thru 2025

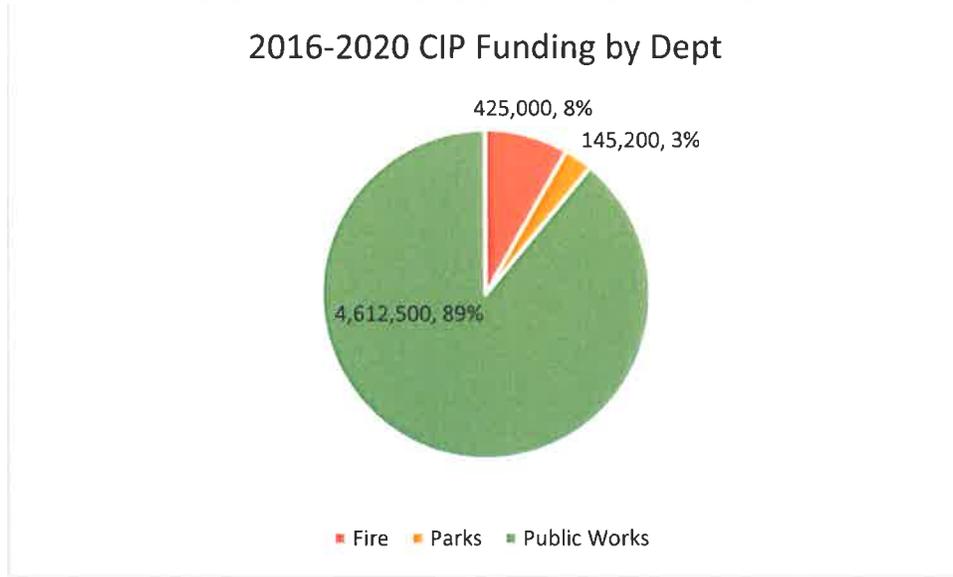
**PROJECTS & FUNDING SOURCES BY DEPARTMENT**

Department	Project#	Priority	2021	2022	2023	2024	2025	Total
<b>201 Sewer</b>								
AVE Dranfield <i>Sewer Fund (201)</i>	201S-002	n/a		200,000				200,000
				200,000				200,000
<b>201 Sewer Total</b>				200,000				200,000
<b>Community Center</b>								
Community Center HVAC Replacement <i>General Fund</i>	CC-002	2		30,000				30,000
				30,000				30,000
<b>Community Center Total</b>				30,000				30,000
<b>Fire</b>								
Tanker 5178 Replacement <i>Debt Service Fund</i>	F-014	3			250,000			250,000
					250,000			250,000
Engine 5176 Replacement <i>Debt Service Fund</i>	F-015	3					700,000	700,000
							700,000	700,000
<b>Fire Total</b>					250,000		700,000	950,000
<b>Parks and Recreation</b>								
Lilleskogen Park Improvements <i>General Fund</i>	PR-001	2	1,500	1,500				3,000
			1,500	1,500				3,000
<b>Parks and Recreation Total</b>			1,500	1,500				3,000
<b>Public Works</b>								
Street Maintenance Program <i>General Fund</i>	PW-002	1	300,000	1,050,000		700,000		2,050,000
<i>Local Road Improvement Fund</i>			300,000					300,000
				1,050,000		700,000		1,750,000
John Deere Tractor Mower w/Broom & Blower (303-09) <i>Equipment Replacement Fund</i>	PW-005	3				25,000		25,000
						25,000		25,000
Tiger Ditch Rear Mower Replacement <i>Equipment Replacement Fund</i>	PW-007	3				15,000		15,000
						15,000		15,000
Tiger Boom Mower Attachment Replacement <i>Equipment Replacement Fund</i>	PW-008	3				12,000		12,000
						12,000		12,000
Asphalt Patching Equipment (312) <i>Equipment Replacement Fund</i>	PW-012	n/a				15,000		15,000
						15,000		15,000
Pickup w/Plow Replacement 2011 Ford F250 (103-11) <i>Equipment Replacement Fund</i>	PW-014	3	25,500					25,500
			25,500					25,500
Skid Loader and Trailer <i>Equipment Replacement Fund</i>	PW-015	3		40,000				40,000
				40,000				40,000
2011 Mack Dump Truck/Plow Replacement (203-11) <i>Debt Service Fund</i>	PW-017	3		200,000				200,000
				200,000				200,000

Department	Project#	Priority	2021	2022	2023	2024	2025	Total
<b>Public Works Total</b>			<b>325,500</b>	<b>1,290,000</b>		<b>767,000</b>		<b>2,382,500</b>
<b>Uptown Sewer</b>								
Drain field Blower	US-003	n/a		500				500
<i>Uptown Sewer</i>				<i>500</i>				<i>500</i>
Uptown Pump 1 Replacement	US-004	n/a		1,100				1,100
<i>Uptown Sewer</i>				<i>1,100</i>				<i>1,100</i>
Uptown Pump 2 Replacement	US-005	n/a		1,100				1,100
<i>Uptown Sewer</i>				<i>1,100</i>				<i>1,100</i>
Drainfield Pump 1 Replacement	US-006	n/a		1,100				1,100
<i>Uptown Sewer</i>				<i>1,100</i>				<i>1,100</i>
Drainfield Pump 2 Replacement	US-007	n/a		1,100				1,100
<i>Uptown Sewer</i>				<i>1,100</i>				<i>1,100</i>
<b>Uptown Sewer Total</b>				<b>4,900</b>				<b>4,900</b>
<b>GRAND TOTAL</b>			<b>327,000</b>	<b>1,526,400</b>	<b>250,000</b>	<b>767,000</b>	<b>700,000</b>	<b>3,570,400</b>

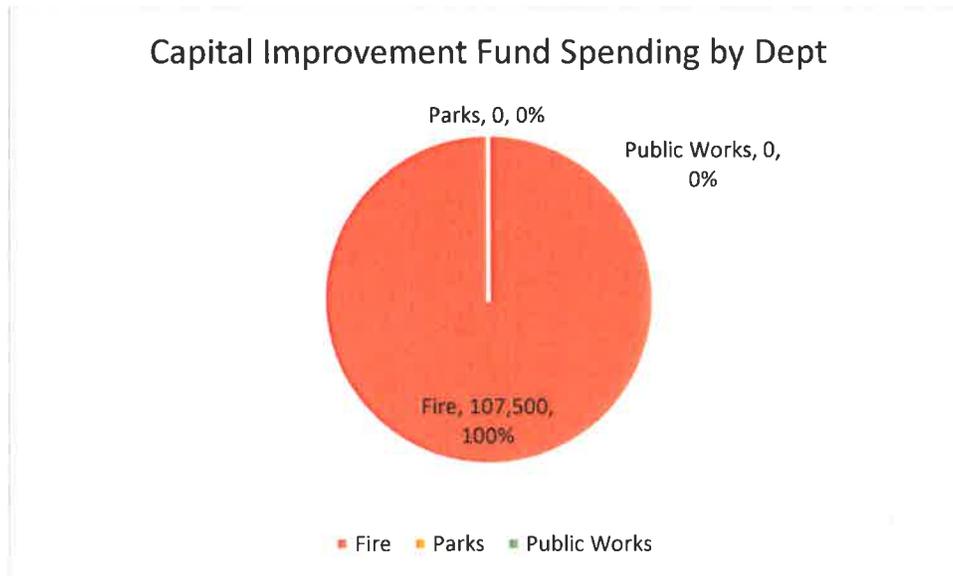
### 2016-2020 Capital Improvement Plan, Spending by Department

The chart below shows the spending by department proposed in the next five year Capital Improvement Plan by Department (Fire, Parks, and Public Works). The plan does not include any spending in the Administration or Community Center departments. Capital improvements to the wastewater systems are also not included since they are funded solely by the users.



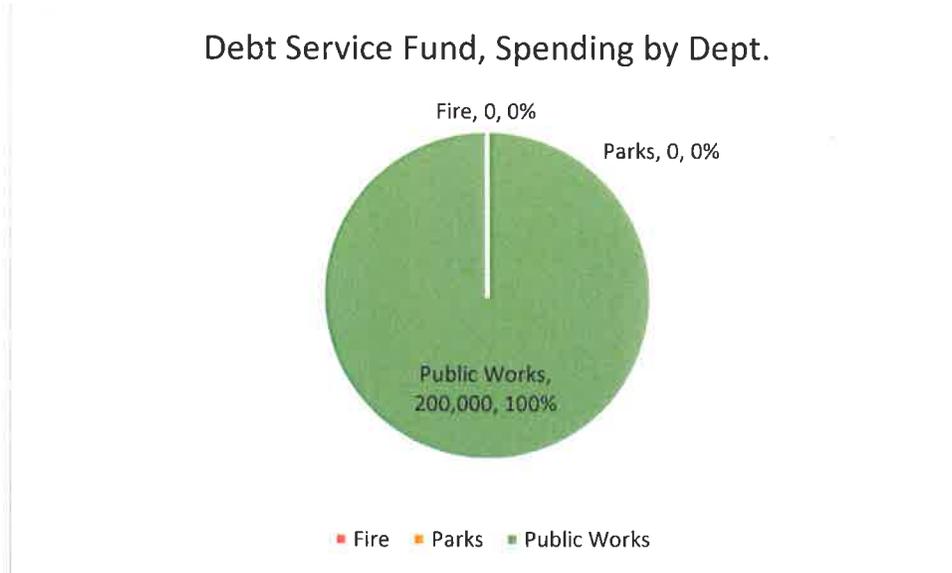
### Capital Improvement Fund, Spending by Department

The chart below shows how spending from the Capital Improvement Fund is proposed amongst the departments. All spending from the Capital Improvement Fund is proposed for the Fire Department over the next five years. This does not account for the loan to be repaid by the Parks Capital Improvement Fund (if approved).

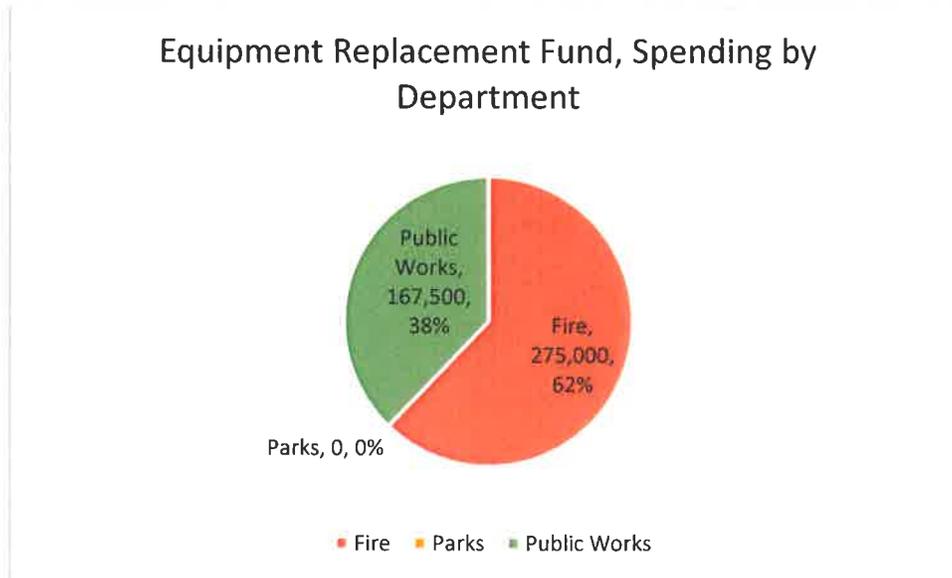


### Debt Service Fund, Spending by Department

The chart below shows how spending from the Debt Service Fund is proposed amongst the departments. A replacement dump truck and plow for the Public Works Department is the only new debt service fund spending proposed from 2016-2020.

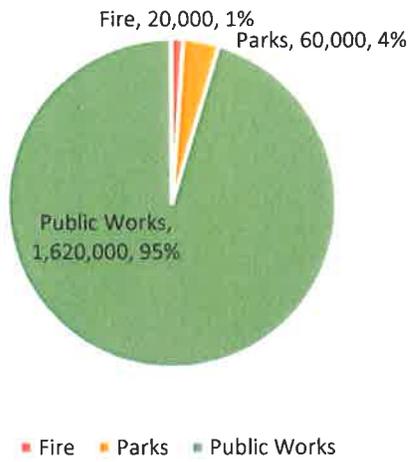


### Equipment Replacement Fund, Spending by Department



### General Fund, Spending by Department

General Fund Spending by Dept



### Grants/Donations, Spending by Department

Grants/Donation Spending by Dept

