



Capital Improvement Plan

2017 - 2021

July 18, 2016

Table of Contents

- Introduction & Process 1
- Elected and Appointed Officials..... 4
- Mission Statement 5
- Organization Structure and Chart 6
- Policies..... 7
 - Capital Improvement Plan (CIP) Policy 7
 - Debt Management Policy 8
- Summary Reports 10
- Detailed Request Reports..... 11
- 5 Year Municipal State Aid Program 12
- 2017 Street Inventory Worksheet 13

Introduction & Process

The purpose of the Capital Improvement Plan (CIP) is to anticipate and prepare for capital expenditures beyond the current budget year. Capital Expenditures are defined as a project with a minimum cost of \$5,000 and a life expectancy of over 1 year. The Capital Improvement Plan is a schedule for projects and a plan to finance those projects. A Capital Improvement Plan can also provide focus to the organization so the organization can stay on track toward goals and objectives, and not be sidetracked by latest fad or opportunity that doesn't match the City's goals.

The definition of a capital improvement in MN Stats 475.521 is limited to acquisition or betterment of public lands, buildings, or other improvements related to buildings. The definition used by the city includes that definition among other items not included in the statute.

The City's capital improvement plan is prepared to meet the statutory requirements of MN Stats 475.521 (subd.3) In preparing the capital improvement plan, the Council needs to consider:

- the condition of the city's existing infrastructure, including the projected need for repair or replacement;
- the likely demand for the improvement;
- the estimated cost of the improvement;
- the available public resources;
- the level of overlapping debt in the municipality;
- the relative benefits and costs of alternative uses of the funds;
- operating costs of the proposed improvements; and
- alternatives for providing services most efficiently through shared facilities with other municipalities or local government units.

Beyond the statutory criteria, the following additional criteria were considered in preparing this capital improvement plan.

- was the request consistent with the City's Comprehensive Plan;
- was the request consistent with the City's Financial Management Plan;
- does the project maximize the use of funding from outside sources.

Schedule:

Date	Action
April 11	Fast Track CIP Distribution Instructions and Forms
May 7	CIP forms are due
June 2	Requests need to be on a form for Fast Track review
July 13	Items in budgeted funds are included in the preliminary budgets
July 18	CIP Presentation to City Council for discussion as part of the discussion on the 2017 Budget
September 10	Presented to the Utility Commission
September 15	Presented to the Planning Commission Presented to the Park Board
December 7	Presented to the City Council for formal adoption

2017 Appropriations:

While all five years are important to setting a direction, the first year is the only year where specific appropriations are made and implemented. The succeeding 4 years provide a direction and each year may be modified before the City actually makes an appropriation and implements the project. For each capital project in both the budgeted funds and the non-budgeted funds, the project will be presented as a separate item during 2017 for action by the City Council

Streets Improvements:

The City has a network of Municipal State Aid (MSA) Roads where improvements can be made using MSA funds. These projects typically are not included in the City Budget. A separate table is shown for the projected 5 Year MSA Plan.

A significant amount of time and effort was put in to review the improvements needed to City Streets. The City Engineer and Public Works Superintendent reviewed each City street and gave each section a rating of its current condition. This inventory is included as a separate section for informational purposes. While this is a valuable first step in the process, we still need to prepare a more comprehensive strategy using various forms of repair for different types of road conditions. For example, using crack sealing in early stages of road repair to lengthen the life of the road before getting to a condition that requires full reconstruction. The challenge relative to road improvements is finding and developing a stable, adequate, and sustainable funding sources for these repairs.

Utility Improvements

Another area that needs additional review and planning are infrastructure improvements in water and sewer. The City has traditionally extended water and sewer through the petition process and have waited for residents to request the extension of the utility and then used the assessment process to fund the improvement. Relying in the petition process makes longer term planning difficult. Over the next several years the City needs to take a more proactive approach to identifying areas of need and possible development. The City needs to engage in a process that will identify gaps in the system and where extension of the water and sewer mains can serve residents and provide an adequate return on investment in terms of development of the tax and utility customer base. While the City currently funds depreciation of both the water and sewer mains, the methodology and policies related to depreciation should be reviewed for adequacy and fairness. Further, the City currently does have a funding mechanism to extend water mains through the sales tax.

Elected and Appointed Officials

POSITION	NAME	TERM EXPIRES
----------	------	--------------

ELECTED OFFICIALS

City Council

Mayor	Wayne Boucher	December 31, 2016
Council Member	John Geissler	December 31, 2016
Council Member	Darlene Koski	December 31, 2016
Council Member	Gloria Nelson	December 31, 2018
Council Member	Natalie Peterson	December 31, 2018

APPOINTED OFFICIALS

City Administrator	John Mulder	Continuous
Finance Director	Kevin Orme	Continuous
Police Chief	Jim Crace	Continuous
Public Works Director	Paul Senst	Continuous
City Clerk	Debbie Lund	Continuous
Community Dev. Director	Eric Johnson	Continuous
Building Official	Jim Rich	Continuous
Attorneys	Steve Overom Maki & Overom, Chartered	
City Engineer	David Bolf P.E. Northland Consulting Engineers	
Auditors	Wipfli LLP	

Mission Statement

Organization Mission

Our mission is to provide excellent and quality services in partnership with our citizens in the highest degree of professionalism and teamwork supported by visionary leadership and planning with fiscal responsibility.

Value Statements

The following values are fundamental to the City of Hermantown and the fulfillment of our mission:

Excellence and Quality in the Delivery of Services

We believe that service to the public is our reason for being and strive to deliver quality services in a highly professional and cost-effective manner.

Fiscal Responsibility

We believe that fiscal responsibility and the prudent stewardship of public funds is essential for citizen confidence in government.

Ethics and Integrity

We believe that ethics and integrity are the foundation blocks of public trust and confidence and that all meaningful relationships are built on these values.

Treating Citizens as our Partners

We strive to treat all citizens with courtesy and as valued partners who deserve the best services we can provide.

Positive Relations with the Community

We believe that positive relations with the community and the public we serve leads to positive, involved, and active citizens.

Professionalism

We believe that continuous improvement is the mark of professionalism and are committed to applying this principle to the services we offer and to the development of our employees.

Visionary Leadership and Planning

We believe that the very essence of leadership is to be visionary and to plan for the future.

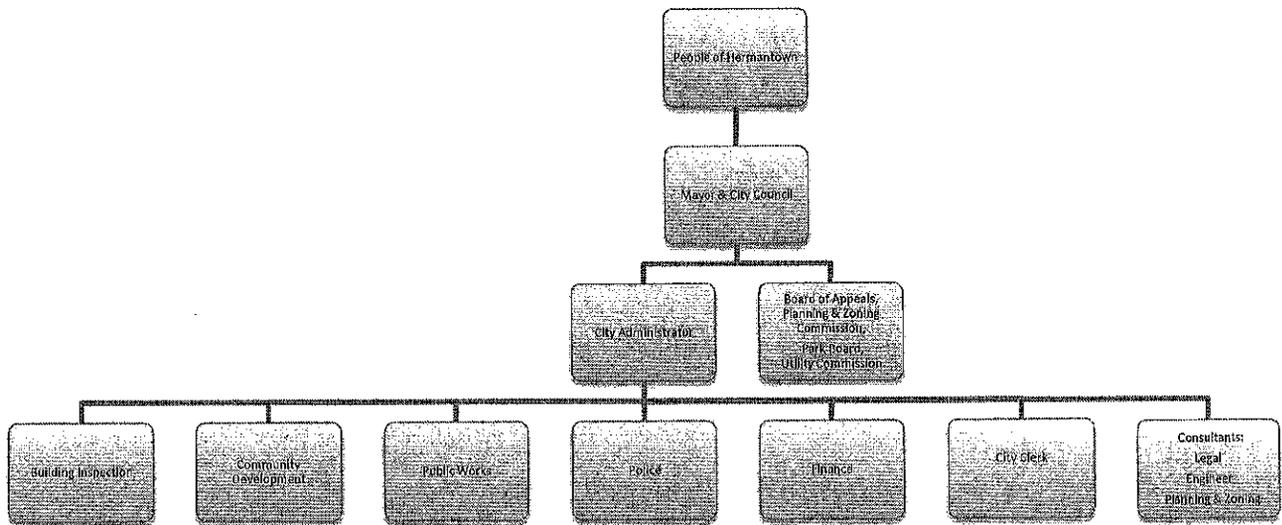
Cooperation and Teamwork

We believe that the public is best served when departments and employees work cooperatively as a team.

Organization Structure and Chart

The City of Hermantown was incorporated on December 31, 1975. The City is a Plan A form of government. A five-member council consists of a mayor and four councilors. Councilors serve four-year terms; the mayor is elected to a four-year term. City elections are held in even years. The council may appoint independent boards and commissions, such as a utilities commission, and advisory bodies, such as a planning commission. The council has all the administrative and legislative authority for governance of the city.

The City Administrator controls and directs the administration of the City's affairs and supervises all departments and divisions. Activities are managed through six departments, each with a supervisor reporting to the City Administrator.



Policies

Capital Improvement Plan (CIP) Policy

The demand for services and the cost of building and maintaining the City's infrastructure continues to increase. No city can afford to accomplish every project or meet every service demand. Therefore, a methodology must be employed that provides a realistic projection of community needs, the meeting of those needs, and a framework to support City Council prioritization of those needs. That is the broad purpose of the CIP.

The CIP includes the scheduling of public improvements for the community over a five-year period and takes into account the community's financial capabilities as well as its goals and priorities. A "capital improvement" is defined as any major nonrecurring expenditure for physical facilities of government. Typical expenditures are the cost of land acquisition or interest in land, construction of roads, utilities and parks. Vehicles and equipment can be covered in a CIP or covered separately under an equipment schedule. The CIP is directly linked to goals and policies, land use, and community facility sections of the Comprehensive Plan since these sections indicate general policy of development, redevelopment, and the maintenance of the community.

CIP Development Process

- Compile and prioritize projects. Staff will consolidate and prioritize recommended projects into the proposed Capital Improvement Plan.
- Devise proposed funding sources for proposed projects. Recommended funding sources will be clearly stated for each project.
- Project and analyze total debt service related to the total debt of the City. A debt study will summarize the combined impact of all the existing and proposed debt.

On an annual basis, the City Council will evaluate the proposed CIP and decide on the following:

- Project Prioritization
- Funding Source Acceptability
- Acceptable Financial Impact on Tax Levy, Total Debt, and Utility Rate Levels

CIP Recording Process

The City will budget all capital items (with the exception of recurring police vehicle purchases) annually in Fund 401 (General Capital Projects Fund). The funding mechanisms for Fund 401 will initially be a combination of the following: CIP Levy, Transfers In, Cell Tower Leases and Gas Franchise Fees. These funding mechanisms will be analyzed and adjusted as needed annually. All capital outflows will then be expensed in Fund 401 to the respective department by using their account number if applicable. The revenue into the General Capital Projects Fund will not equal the expenditures on a yearly basis. Some years Fund 401 will have a surplus and some a deficit. The City's goal is to over time build up the balance of the General Capital Projects Fund in order to be able to fund the long term capital needs of the City.

Debt Management Policy

The use of borrowing and debt is an important and flexible revenue source available to the City. Debt is a mechanism which allows capital improvements to proceed when needed, in advance of when it would otherwise be possible. It can reduce long-term costs due to inflation, prevent lost opportunities, and equalize the costs of improvements to present and future constituencies.

Debt management is an integral part of the financial management of the City. Adequate resources must be provided for the repayment of debt, and the level of debt incurred by the City must be effectively controlled to amounts that are manageable and within levels that will maintain or enhance the City's credit rating. A goal of debt management is to stabilize the overall debt burden and future tax levy requirements to ensure that issued debt can be repaid and prevent default on any municipal debt. A debt level which is too high places a financial burden on taxpayers and can create problems for the community's economy as a whole.

Policy Statement

Wise and prudent use of debt provides fiscal and service advantages. Overuse of debt places a burden on the fiscal resources of the City and its taxpayers. The following guidelines provide a framework and limit on debt utilization:

1. The City will weigh the benefits and costs of long-term borrowing for planned capital improvements (see CIP Policy) and short-term debt for capital outlay.
2. The City should strive to avoid using long-term debt for current operations.
3. When considering financing of capital expenditures, the City may consider paying cash for capital financing as well as debt financing.

4. The City will pay back debt within a period not to exceed the expected useful life of the projects, with at least 50% of the principal retired within 2/3 of the term of the bond issue.
5. The City will maintain good communications with bond rating agencies regarding its financial condition. The City will follow a policy of full disclosure in every financial report and bond prospectus.
6. The City (by itself or with a financial advisor) will track and identify opportunities for restructuring or refinancing debt.
7. When feasible, the City will use refunding mechanisms to reduce interest cost and evaluate the use of debt reserves to lower overall annual debt service where possible.
8. The City's goal is to:
 - a. Maintain the level of annual debt service at or below the current debt levy.
 - b. Maintain the debt service levy that is up to 7% of general fund operating expenditures.
 - c. Quantify the impact of potential future debt on the debt service levy, and on various categories of property taxpayers (or other revenue derived customers).

During the budget process, the Council may review whether a debt study is necessary to be prepared in conjunction with the Capital Improvements Plan to provide information about the City's debt structure. In deciding whether to include a debt study, the Council will consider such factors as how long it has been since the last debt study, if there have been material changes to the CIP, or if a large amount of debt is expected in the near future.

CAPITAL IMPROVEMENT PROJECTS

City of Hermantown, Minnesota

Capital Improvement Plan

2017 thru 2021

PROJECTS BY YEAR

Project Name	Department	Project #	Priority	Project Cost
2017				
Essentia Health & Wellness Center	Administration	ADM-17-5	5	17,000,000
Exterior Lighting	City Hall	CH-17-001	3	37,000
Hermantown Marketplace Signs	Community Development	CD-16-1	2	25,000
Fire Hall #2	Fire Department	FH#2	5	800,000
Fire Hall #3	Fire Department	FH#3	5	800,000
Softball Fields	Parks and Recreation	PK-17-002	4	300,000
Squads	Police	PO-17-005	1	82,000
Computer Server	Police	PO-17-006	3	20,000
Track Excavator	Public Works	PW-17-001	1	175,000
Lift Stations	Sewer Department	SW-17-1	2	35,000
Total for 2017				19,274,000
2018				
Munger Trail Connector	Community Development	CD-18-1	3	1,200,000
2018 Zero Turn Lawnmower	Parks and Recreation	PK-17-001	2	10,000
Squads	Police	PO-17-005	1	82,000
Computer Server	Police	PO-17-006	3	20,000
Boiler backup installation	Public Works	PW-16-005	2	26,000
Freightliner Dump Truck	Public Works	PW-18-001	2	233,500
Overhead Door of PW Shop	Public Works	PW-18-002	2	105,000
Lift Stations	Sewer Department	SW-17-1	2	35,000
Water Tower painting	Water Department	WT	2	130,000
Total for 2018				1,841,500
2019				
Training Room Carpet	City Hall	CH-19-001	3	10,000
Keene Creek Bike	Community Development	CD-19-1	3	50,000
HPD Garage Floors	Police	PO-17-002	3	8,000
Sergeants Office Renovation	Police	PO-17-003	2	8,000
Squads	Police	PO-17-005	1	82,000
2017 3/4 Ton Pickup Truck	Public Works	PW-17-002	2	32,000
ATV	Public Works	PW-19-002	2	15,000
Total for 2019				205,000
2020				
Squads	Police	PO-17-005	1	83,000
2020 Utility Truck	Public Works	PW-20-001	2	80,000
2020 12' Big Mower	Public Works	PW-20-002	2	70,000
Total for 2020				233,000
2021				
Squads	Police	PO-17-005	1	84,000

Project Name	Department	Project #	Priority	Project Cost
2021 36-38,000 lb Wheel Loader	Public Works	PW-21-001	2	200,000
	Total for 2021			284,000
GRAND TOTAL				21,837,500

City of Hermantown, Minnesota

Capital Improvement Plan

2017 thru 2021

FUNDING SOURCE SUMMARY

Source	2017	2018	2019	2020	2021	Total
Bond	1,600,000					1,600,000
General Fund	102,000	389,166	140,000	153,000	284,000	1,068,166
HEDA	25,000					25,000
Other Grants	5,500,000					5,500,000
Park Fund	300,000	240,000	25,000			565,000
Sales Tax	3,500,000					3,500,000
Sewer Fund	122,500	78,667		40,000		241,167
State Grants	8,000,000	960,000	25,000			8,985,000
Street Light Fund	37,000		15,000			52,000
Water Fund	87,500	173,667		40,000		301,167
GRAND TOTAL	19,274,000	1,841,500	205,000	233,000	284,000	21,837,500

City of Hermantown, Minnesota

Capital Improvement Plan

2017 thru 2021

PROJECTS BY FUNDING SOURCE

Source	Project#	Priority	2017	2018	2019	2020	2021	Total
Bond								
Fire Hall #2	FI#2	5	800,000					800,000
Fire Hall #3	FI#3	5	800,000					800,000
Bond Total			1,600,000					1,600,000
General Fund								
Training Room Carpet	CH-19-001	3			10,000			10,000
2018 Zero Turn Lawnmower	PK-17-001	2		10,000				10,000
HPD Garage Floors	PO-17-002	3			8,000			8,000
Sergeants Office Renovation	PO-17-003	2			8,000			8,000
Squads	PO-17-005	1	82,000	82,000	82,000	83,000	84,000	413,000
Computer Server	PO-17-006	3	20,000	20,000				40,000
Boiler backup installation	PW-16-005	2		8,666				8,666
2017 3/4 Ton Pickup Truck	PW-17-002	2			32,000			32,000
Freightliner Dump Truck	PW-18-001	2		233,500				233,500
Overhead Door of PW Shop	PW-18-002	2		35,000				35,000
2020 12' Big Mower	PW-20-002	2				70,000		70,000
2021 36-38,000 lb Wheel Loader	PW-21-001	2					200,000	200,000
General Fund Total			102,000	389,166	140,000	153,000	284,000	1,068,166
HEDA								
Hermantown Marketplace Signs	CD-16-1	2	25,000					25,000
HEDA Total			25,000					25,000
Other Grants								
Essentia Health & Wellness Center	ADM-17-5	5	5,500,000					5,500,000
Other Grants Total			5,500,000					5,500,000
Park Fund								
Munger Trail Connector	CD-18-1	3		240,000				240,000
Keene Creek Bike	CD-19-1	3			25,000			25,000
Softball Fields	PK-17-002	4	300,000					300,000
Park Fund Total			300,000	240,000	25,000			565,000
Sales Tax								
Essentia Health & Wellness Center	ADM-17-5	5	3,500,000					3,500,000

Source	Project#	Priority	2017	2018	2019	2020	2021	Total
Sales Tax Total			3,500,000					3,500,000
Sewer Fund								
Boiler backup installation	PW-16-005	2		8,667				8,667
Track Excavator	PW-17-001	1	87,500					87,500
Overhead Door of PW Shop	PW-18-002	2		35,000				35,000
2020 Utility Truck	PW-20-001	2				40,000		40,000
Lift Stations	SW-17-1	2	35,000	35,000				70,000
Sewer Fund Total			122,500	78,667		40,000		241,167
State Grants								
Essentia Health & Wellness Center	ADM-17-5	5	8,000,000					8,000,000
Munger Trail Connector	CD-18-1	3		960,000				960,000
Keene Creek Bike	CD-19-1	3			25,000			25,000
State Grants Total			8,000,000	960,000	25,000			8,985,000
Street Light Fund								
Exterior Lighting	CH-17-001	3	37,000					37,000
ATV	PW-19-002	2			15,000			15,000
Street Light Fund Total			37,000		15,000			52,000
Water Fund								
Boiler backup installation	PW-16-005	2		8,667				8,667
Track Excavator	PW-17-001	1	87,500					87,500
Overhead Door of PW Shop	PW-18-002	2		35,000				35,000
2020 Utility Truck	PW-20-001	2				40,000		40,000
Water Tower painting	WT	2		130,000				130,000
Water Fund Total			87,500	173,667		40,000		301,167
GRAND TOTAL			19,274,000	1,841,500	205,000	233,000	284,000	21,837,500

City of Hermantown, Minnesota

Capital Improvement Plan

2017 thru 2021

PROJECTS BY DEPARTMENT

Department	Project#	Priority	2017	2018	2019	2020	2021	Total
Administration								
Essentia Health & Wellness Center	ADM-17-5	5	17,000,000					17,000,000
Administration Total			17,000,000					17,000,000
City Hall								
Exterior Lighting	CH-17-001	3	37,000					37,000
Training Room Carpet	CH-19-001	3			10,000			10,000
City Hall Total			37,000		10,000			47,000
Community Development								
Hermantown Marketplace Signs	CD-18-1	2	25,000					25,000
Munger Trail Connector	CD-18-1	3		1,200,000				1,200,000
Keene Creek Bike	CD-19-1	3			50,000			50,000
Community Development Total			25,000	1,200,000	50,000			1,275,000
Fire Department								
Fire Hall #2	FH#2	5	800,000					800,000
Fire Hall #3	FH#3	5	800,000					800,000
Fire Department Total			1,600,000					1,600,000
Parks and Recreation								
2018 Zero Turn Lawnmower	PK-17-001	2		10,000				10,000
Softball Fields	PK-17-002	4	300,000					300,000
Parks and Recreation Total			300,000	10,000				310,000
Police								
HPD Garage Floors	PO-17-002	3			8,000			8,000
Sergeants Office Renovation	PO-17-003	2			8,000			8,000
Squads	PO-17-005	1	82,000	82,000	82,000	83,000	84,000	413,000
Computer Server	PO-17-006	3	20,000	20,000				40,000
Police Total			102,000	102,000	98,000	83,000	84,000	469,000
Public Works								
Boiler backup installation	PW-16-005	2		26,000				26,000
Track Excavator	PW-17-001	1	175,000					175,000
2017 3/4 Ton Pickup Truck	PW-17-002	2			32,000			32,000
Freightliner Dump Truck	PW-18-001	2		233,500				233,500
Overhead Door of PW Shop	PW-18-002	2		105,000				105,000
ATV	PW-19-002	2			15,000			15,000
2020 Utility Truck	PW-20-001	2				80,000		80,000
2020 12' Big Mower	PW-20-002	2				70,000		70,000

Department	Project#	Priority	2017	2018	2019	2020	2021	Total
2021 36-38,000 lb Wheel Loader	PW-21-001	2					200,000	200,000
Public Works Total			175,000	364,500	47,000	150,000	200,000	936,500
Sewer Department								
Lift Stations	SW-17-1	2	35,000	35,000				70,000
Sewer Department Total			35,000	35,000				70,000
Water Department								
Water Tower painting	WT	2		130,000				130,000
Water Department Total				130,000				130,000
GRAND TOTAL			19,274,000	1,841,500	205,000	233,000	284,000	21,837,500

City of Hermantown, Minnesota

Capital Improvement Plan

2017 thru 2021

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	Priority	2017	2018	2019	2020	2021	Total
Administration								
Essentia Health & Wellness Center	ADM-17-5	5	17,000,000					17,000,000
<i>Other Grants</i>			5,500,000					5,500,000
<i>Sales Tax</i>			3,500,000					3,500,000
<i>State Grants</i>			8,000,000					8,000,000
Develop Regional Health and Wellness Center in coordination with YMCA and Essentia Health								
Administration Total			17,000,000					17,000,000
City Hall								
Exterior Lighting	CH-17-001	3	37,000					37,000
<i>Street Light Fund</i>			37,000					37,000
replace old lighting with LED lighting								
Training Room Carpet	CH-19-001	3			10,000			10,000
<i>General Fund</i>					10,000			10,000
Carpet worn out in training center								
City Hall Total			37,000		10,000			47,000
Community Development								
Hermantown Marketplace Signs	CD-16-1	2	25,000					25,000
<i>HEDA</i>			25,000					25,000
Hermantown Marketplace- Monument Signs								
Munger Trail Connector	CD-18-1	3		1,200,000				1,200,000
<i>Park Fund</i>				240,000				240,000
<i>State Grants</i>				960,000				960,000
Munger Trail Connector								
Keene Creek Bike	GD-19-1	3			50,000			50,000
<i>Park Fund</i>					25,000			25,000
<i>State Grants</i>					25,000			25,000
Keene Creek Park Mountain Bike Trailhead								
Community Development Total			25,000	1,200,000	50,000			1,275,000
Fire Department								
Fire Hall #2	FH#2	5	800,000					800,000
<i>Bond</i>			800,000					800,000
New Fire Hall construction of new building on existing lot								
Fire Hall #3	FH#3	5	800,000					800,000
<i>Bond</i>			800,000					800,000
New Fire Hall construction on existing land								
Fire Department Total			1,600,000					1,600,000

Department	Project#	Priority	2017	2018	2019	2020	2021	Total
Parks and Recreation								
2018 Zero Turn Lawnmower	PK-17-001	2		10,000				10,000
<i>General Fund</i>				10,000				10,000
2018 zero turn lawn mower								
Softball Fields	PK-17-002	4	300,000					300,000
<i>Park Fund</i>			300,000					300,000
Additional softball fields								
Parks and Recreation Total			300,000	10,000				310,000
Police								
HPD Garage Floors	PO-17-002	3			8,000			8,000
<i>General Fund</i>					8,000			8,000
Epoxy floor sealant in HPD garages and the rear hallways								
Sergeants Office Renovation	PO-17-003	2			8,000			8,000
<i>General Fund</i>					8,000			8,000
Replace work stations in Sergeats offices. Instead of one work station per office, we will change them to house two employees								
Squads	PO-17-005	1	82,000	82,000	82,000	83,000	84,000	413,000
<i>General Fund</i>			82,000	82,000	82,000	83,000	84,000	413,000
Squad car replacement. Two squads each year.								
Computer Server	PO-17-006	3	20,000	20,000				40,000
<i>General Fund</i>			20,000	20,000				40,000
Computer server has not been upgraded since 1997								
Police Total			102,000	102,000	98,000	83,000	84,000	469,000
Public Works								
Boiler backup Installation	PW-16-005	2		26,000				26,000
<i>General Fund</i>				8,666				8,666
<i>Sewer Fund</i>				8,667				8,667
<i>Water Fund</i>				8,667				8,667
backup boiler installation								
Track Excavator	PW-17-001	1	175,000					175,000
<i>Sewer Fund</i>			87,500					87,500
<i>Water Fund</i>			87,500					87,500
135 ZTS Class Excavator with Hydraulic Thumb and Quick Detach Coupler								
2017 3/4 Ton Pickup Truck	PW-17-002	2			32,000			32,000
<i>General Fund</i>					32,000			32,000
replace old utility truck								
Freightliner Dump Truck	PW-18-001	2		233,500				233,500
<i>General Fund</i>				233,500				233,500
Trade in 2001 Freightliner Dump Truck for new one								
Overhead Door of PW Shop	PW-18-002	2		105,000				105,000
<i>General Fund</i>				35,000				35,000
<i>Sewer Fund</i>				35,000				35,000
<i>Water Fund</i>				35,000				35,000
Installation of 14'X14" Overhead door into North wall of Public Works shop								
ATV	PW-19-002	2			15,000			15,000
<i>Street Light Fund</i>					15,000			15,000
ATV/Gator style ATV								
2020 Utility Truck	PW-20-001	2				80,000		80,000
<i>Sewer Fund</i>						40,000		40,000
<i>Water Fund</i>						40,000		40,000
replacement of existing truck H22								

Department	Project#	Priority	2017	2018	2019	2020	2021	Total
2020 12' Big Mower General Fund replacement of existing John Deere 12' mower	PW-20-002	2				70,000 70,000		70,000 70,000
2021 36-38,000 lb Wheel Loader General Fund addition of a 2nd wheel loader to our fleet of equipment 36-38,000 lb	PW-21-001	2					200,000 200,000	200,000 200,000
Public Works Total			175,000	364,500	47,000	150,000	200,000	936,500
Sewer Department								
Lift Stations Sewer Fund retro fit 2 lift stations	SW-17-1	2	35,000 35,000	35,000 35,000				70,000 70,000
Sewer Department Total			35,000	35,000				70,000
Water Department								
Water Tower painting Water Fund painting of 2001 water tower	WT	2		130,000 130,000				130,000 130,000
Water Department Total				130,000				130,000
GRAND TOTAL			19,274,000	1,841,500	205,000	233,000	284,000	21,837,500

Detailed Request Reports

ADMINISTRATION

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department Administration
 Contact City Administrator
 Type Improvement
 Useful Life 40 years
 Category Facilities
 Priority 5 Future Consideration

Project # ADM-17-5
 Project Name **Essentia Health & Wellness Center**

Year

Description **Total Project Cost: \$17,000,000**
 Develop Regional Health and Wellness Center in coordination with YMCA and Essentia Health

Justification

Expenditures	2017	2018	2019	2020	2021	Total
Construction/Maintenance	17,000,000					17,000,000
Total	17,000,000					17,000,000

Funding Sources	2017	2018	2019	2020	2021	Total
Other Grants	5,500,000					5,500,000
Sales Tax	3,500,000					3,500,000
State Grants	8,000,000					8,000,000
Total	17,000,000					17,000,000

Budget Impact/Other
 Other Grants are made up as follows:
 Essential Health - \$2 million
 Private funding sources - \$2.5 million
 County - \$1 million

CITY HALL

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department City Hall
 Contact Building Official
 Type Improvement
 Useful Life 15 years
 Category Facilities
 Priority 3 Important

Project # CH-17-001
 Project Name Exterior Lighting

Year

Description Total Project Cost: \$37,000
 replace old lighting with LED lighting

Justification
 will be significant yearly cost savings
 possilbe rebate from MN Power for swithing to LED

Expenditures	2017	2018	2019	2020	2021	Total
Construction/Maintenance	37,000					37,000
Total	<u>37,000</u>					<u>37,000</u>

Funding Sources	2017	2018	2019	2020	2021	Total
Street Light Fund	37,000					37,000
Total	<u>37,000</u>					<u>37,000</u>

Budget Impact/Other
 From Fund 605 to 401
 431160 - 585

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department City Hall
 Contact Building Official
 Type Improvement
 Useful Life 15 years
 Category Facilities
 Priority 3 Important

Project # **CH-19-001**
 Project Name **Training Room Carpet**

Year

Description Total Project Cost: \$10,000
 Carpet worn out in training center

Justification

Expenditures	2017	2018	2019	2020	2021	Total
Construction/Maintenance			10,000			10,000
Total			10,000			10,000

Funding Sources	2017	2018	2019	2020	2021	Total
General Fund			10,000			10,000
Total			10,000			10,000

Budget Impact/Other

COMMUNITY DEVELOPMENT

Capital Improvement Plan
 City of Hermantown, Minnesota

2017 thru 2021

Department Community Development
 Contact Community Development Dir
 Type Improvement
 Useful Life 20 years
 Category Facilities
 Priority 2 Very Important

Project # CD-16-1
 Project Name Hermantown Marketplace Signs

Year

Total Project Cost: \$105,000 ^{5/12x} 25,000

Description
 Hermantown Marketplace- Monument Signs

Justification

Prior	Expenditures	2017	2018	2019	2020	2021	Total
80,000	Construction/Maintenance	25,000					25,000
Total	Total	25,000					25,000

Prior	Funding Sources	2017	2018	2019	2020	2021	Total
80,000	HEDA	25,000					25,000
Total	Total	25,000					25,000

Budget Impact/Other
 230 - 465100 - 530

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department Community Development
 Contact Community Development Dir
 Type Improvement
 Useful Life 15 years
 Category Parks & Recreation
 Priority 3 Important

Project # **CD-18-1**
 Project Name **Munger Trail Connector**

Year

Total Project Cost: \$1,200,000

Description
 Munger Trail Connector

Justification
 Part of Munger Trail city wide connection

Expenditures	2017	2018	2019	2020	2021	Total
Construction/Maintenance		1,200,000				1,200,000
Total		1,200,000				1,200,000

Funding Sources	2017	2018	2019	2020	2021	Total
Park Fund		240,000				240,000
State Grants		960,000				960,000
Total		1,200,000				1,200,000

Budget Impact/Other

Capital Improvement Plan
 City of Hermantown, Minnesota

2017 thru 2021

Department Community Development

Contact Park Director

Type Improvement

Useful Life 15 years

Category Parks & Recreation

Priority 3 Important

Project # CD-19-1
 Project Name Keene Creek Bike

Year

Total Project Cost: \$50,000

Description

Keene Creek Park Mountain Bike Trailhead

Justification

Part of trail connections

Expenditures	2017	2018	2019	2020	2021	Total
Construction/Maintenance			50,000			50,000
Total			50,000			50,000

Funding Sources	2017	2018	2019	2020	2021	Total
Park Fund			25,000			25,000
State Grants			25,000			25,000
Total			50,000			50,000

Budget Impact/Other

FIRE DEPARTMENT

Capital Improvement Plan
 City of Hermantown, Minnesota

2017 thru 2021

Department Fire Department
 Contact Building Official
 Type Improvement
 Useful Life 20 years
 Category Facilities
 Priority 5 Future Consideration

Project # **FH#2**
 Project Name **Fire Hall #2**

Year

Total Project Cost: \$800,000

Description
 New Fire Hall construction of new building on existing lot

Justification
 The cost of fixing and repairing existing building far outway construction of new building
 Additional design fees - \$35,000

Expenditures	2017	2018	2019	2020	2021	Total
Construction/Maintenance	800,000					800,000
Total	800,000					800,000

Funding Sources	2017	2018	2019	2020	2021	Total
Bond	800,000					800,000
Total	800,000					800,000

Budget Impact/Other
 Some additional maintenance and utility costs.

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department Fire Department
 Contact Building Official
 Type Improvement
 Useful Life 20 years
 Category Facilities
 Priority 5 Future Consideration

Project # FH#3
 Project Name Fire Hall #3

Year

Total Project Cost: \$800,000

Description

New Fire Hall construction on existing land

Justification

The cost of fixing and repairing existing building far outway construction of new building
 Additional design fees \$35,000

Expenditures	2017	2018	2019	2020	2021	Total
Construction/Maintenance	800,000					800,000
Total	800,000					800,000

Funding Sources	2017	2018	2019	2020	2021	Total
Bond	800,000					800,000
Total	800,000					800,000

Budget Impact/Other

[Empty box for Budget Impact/Other]

PARKS AND RECREATION

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department Parks and Recreation
 Contact Public Works Director
 Type Equipment
 Useful Life 10 years
 Category Parks & Recreation
 Priority 2 Very important

Project # PK-17-001
 Project Name 2018 Zero Turn Lawnmower

Year

Description Total Project Cost: \$10,000
 2018 zero turn lawn mower

Justification
 Replace existing Kubota Zero Turn mower

Expenditures	2017	2018	2019	2020	2021	Total
Equip/Vehicles/Furnishings		10,000				10,000
Total		10,000				10,000

Funding Sources	2017	2018	2019	2020	2021	Total
General Fund		10,000				10,000
Total		10,000				10,000

Budget Impact/Other

Capital Improvement Plan
 City of Hermantown, Minnesota

2017 thru 2021

Department Parks and Recreation

Contact City Administrator

Type Improvement

Useful Life 20 years

Category Parks & Recreation

Priority 4 Less Important

Project # PK-17-002
 Project Name Softball Fields

Year

Total Project Cost: \$300,000

Description

Additional softball fields

Justification

Girls Softball Association has requested an additional field to meet demands

Expenditures	2017	2018	2019	2020	2021	Total
Construction/Maintenance	300,000					300,000
Total	300,000					300,000

Funding Sources	2017	2018	2019	2020	2021	Total
Park Fund	300,000					300,000
Total	300,000					300,000

Budget Impact/Other

235 - 452100 - 520

POLICE

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department Police
 Contact Police Chief
 Type Improvement
 Useful Life 20 years
 Category Facilities
 Priority 3 Important

Project # PO-17-002
 Project Name HPD Garage Floors

Year

Total Project Cost: \$8,000

Description
 Epoxy floor sealant in HPD garages and the rear hallways

Justification
 The garage floors get a lot of use/abuse. Salt erodes concrete which will eventually cause spawling to the finish making them hard to clean. Covering/sealing the floors will extend the life of the floors and ensure for proper draiage.

Expenditures	2017	2018	2019	2020	2021	Total
Construction/Maintenance			8,000			8,000
Total			8,000			8,000

Funding Sources	2017	2018	2019	2020	2021	Total
General Fund			8,000			8,000
Total			8,000			8,000

Budget Impact/Other

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department Police
 Contact Police Chief
 Type Equipment
 Useful Life 15 years
 Category Police
 Priority 2 Very Important

Project # PO-17-003
 Project Name Sergeants Office Renovation

Year

Total Project Cost: \$8,000

Description

Replace work stations in Sergeants offices. Instead of one work station per office, we will change them to house two employees

Justification

With expected future growth within the police department over the next several years, we will need to change office layout. The plan is for Patrol Sergeants to share one of the existing offices in the back area. Two Detectives will share the other existing office.

Expenditures	2017	2018	2019	2020	2021	Total
Equip/Vehicles/Furnishings			8,000			8,000
Total			8,000			8,000

Funding Sources	2017	2018	2019	2020	2021	Total
General Fund			8,000			8,000
Total			8,000			8,000

Budget Impact/Other

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department Police
 Contact Police Chief
 Type Equipment
 Useful Life 5 years
 Category Police
 Priority 1 Critical

Project # PO-17-005
 Project Name Squads

Year

Total Project Cost: \$413,000

Description
 Squad car replacement. Two squads each year.

Justification
 Squads are replaced when they reach approximately 90,000 miles to control maintenance costs and ensure safety of officers operating them in extreme conditions.

Expenditures	2017	2018	2019	2020	2021	Total
Equip/Vehicles/Furnishings	82,000	82,000	82,000	83,000	84,000	413,000
Total	82,000	82,000	82,000	83,000	84,000	413,000

Funding Sources	2017	2018	2019	2020	2021	Total
General Fund	82,000	82,000	82,000	83,000	84,000	413,000
Total	82,000	82,000	82,000	83,000	84,000	413,000

Budget Impact/Other
 101-421100 - SHU - expense

Capital Improvement Plan
 City of Hermantown, Minnesota

2017 thru 2021

Department: Police
 Contact: Police Chief
 Type: Equipment
 Useful Life: 10 years
 Category: Police
 Priority: 3 Important

Project # PO-17-006
 Project Name Computer Server

Year

Total Project Cost: \$40,000

Description
 Computer server has not been upgraded since 1997

Justification
 Server upgrade is needed due to an increase in space needed

Expenditures	2017	2018	2019	2020	2021	Total
Equip/Vehicles/Furnishings	20,000	20,000				40,000
Total	20,000	20,000				40,000

Funding Sources	2017	2018	2019	2020	2021	Total
General Fund	20,000	20,000				40,000
Total	20,000	20,000				40,000

Budget Impact/Other
 101-4211 00 - 540

PUBLIC WORKS

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department Public Works
 Contact Public Works Director
 Type Maintenance
 Useful Life 20 years
 Category Public Works
 Priority 2 Very Important

Project # **PW-16-005**
 Project Name **Boiler backup installation**

Year

Total Project Cost: \$26,000

Description
 backup boiler installation

Justification

Expenditures	2017	2018	2019	2020	2021	Total
Construction/Maintenance		26,000				26,000
Total		26,000				26,000

Funding Sources	2017	2018	2019	2020	2021	Total
General Fund		8,666				8,666
Sewer Fund		8,667				8,667
Water Fund		8,667				8,667
Total		26,000				26,000

Budget Impact/Other

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department Public Works
 Contact Public Works Director
 Type Equipment
 Useful Life 15 years
 Category Public Works
 Priority 1 Critical

Project # PW-17-001
 Project Name Track Excavator

Year

Total Project Cost: \$175,000

Description
 135 ZTS Class Excavator with Hydraulic Thumb and Quick Detach Coupler

Justification
 The City could use this machine for doing a lot of our own work.
 Reduce the rental to existing parites that we rent from.
 Dual purpose machine for water, sewer work and culvert repair and ditching work that is critically needed for road up keep.
 Existing rent in 2016 can be applied toward the purchase of this machine.
 This could be leased for a few years and then balloon payed after X number of years. We would own it from day 1, but would minimze capital outlay in 2017

Expenditures	2017	2018	2019	2020	2021	Total
Equip/Vehicles/Furnishings	175,000					175,000
Total	175,000					175,000

Funding Sources	2017	2018	2019	2020	2021	Total
Sewer Fund	87,500					87,500
Water Fund	87,500					87,500
Total	175,000					175,000

Budget Impact/Other

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department Public Works
 Contact Public Works Director
 Type Equipment
 Useful Life 15 years
 Category Public Works
 Priority 2 Very Important

Project # PW-17-002
 Project Name 2017 3/4 Ton Pickup Truck

Year

Total Project Cost: \$32,000

Description
 replace olf utilitiy truck

Justification

Expenditures	2017	2018	2019	2020	2021	Total
Equip/Vehicles/Furnishings			32,000			32,000
Total	<hr/>					32,000

Funding Sources	2017	2018	2019	2020	2021	Total
General Fund			32,000			32,000
Total	<hr/>					32,000

Budget Impact/Other

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department Public Works
 Contact Public Works Director
 Type Equipment
 Useful Life 15 years
 Category Public Works
 Priority 2 Very Important

Project # PW-18-001
 Project Name Freightliner Dump Truck

Year

Total Project Cost: \$233,500

Description
 Trade in 2001 Freightliner Dump Truck for new one

Justification
 Will reduce equipment maintenance on 15 year old truck

Expenditures	2017	2018	2019	2020	2021	Total
Equip/Vehicles/Furnishings		233,500				233,500
Total		<u>233,500</u>				<u>233,500</u>

Funding Sources	2017	2018	2019	2020	2021	Total
General Fund		233,500				233,500
Total		<u>233,500</u>				<u>233,500</u>

Budget Impact/Other

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department Public Works
 Contact Public Works Director
 Type Equipment
 Useful Life 20 years
 Category Public Works
 Priority 2 Very Important

Project # PW-18-002
 Project Name Overhead Door of PW Shop

Year

Total Project Cost: \$105,000

Description
 Installation of 14'X14" Overhead door into North wall of Public Works shop

Justification
 Create drive thru for equipment
 Safety of operators for entering and exiting PW complex especially when icy or returning from a winter watermain break

Expenditures	2017	2018	2019	2020	2021	Total
Equip/Vehicles/Furnishings		105,000				105,000
Total		105,000				105,000

Funding Sources	2017	2018	2019	2020	2021	Total
General Fund		35,000				35,000
Sewer Fund		35,000				35,000
Water Fund		35,000				35,000
Total		105,000				105,000

Budget Impact/Other

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department Public Works
 Contact Public Works Director
 Type Equipment
 Useful Life 15 years
 Category Public Works
 Priority 2 Very Important

Project # PW-19-002
 Project Name ATV

Year

Total Project Cost: \$15,000

Description
 ATV/Gator style ATV

Justification
 Use in parks, trails, ROW maint inspection

Expenditures	2017	2018	2019	2020	2021	Total
Equip/Vehicles/Furnishings			15,000			15,000
Total			15,000			15,000

Funding Sources	2017	2018	2019	2020	2021	Total
Street Light Fund			15,000			15,000
Total			15,000			15,000

Budget Impact/Other

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department Public Works
 Contact Public Works Director
 Type Equipment
 Useful Life 15 years
 Category Public Works
 Priority 2 Very Important

Project # PW-20-001
 Project Name 2020 Utility Truck

Year

Total Project Cost: \$80,000

Description
 replacement of existing truck H22

Justification
 truck for sewer/water maintenance
 H22 will be 16 or so years old. Is in for constant repairs

Expenditures	2017	2018	2019	2020	2021	Total
Equip/Vehicles/Furnishings				80,000		80,000
Total				80,000		80,000

Funding Sources	2017	2018	2019	2020	2021	Total
Sewer Fund				40,000		40,000
Water Fund				40,000		40,000
Total				80,000		80,000

Budget Impact/Other

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department Public Works
 Contact Public Works Director
 Type Equipment
 Useful Life 10 years
 Category Public Works
 Priority 2 Very Important

Project # PW-20-002
 Project Name 2020 12' Big Mower

Year

Total Project Cost: \$70,000

Description
 replacement of existing John Deere 12' mower

Justification

Expenditures	2017	2018	2019	2020	2021	Total
Equip/Vehicles/Furnishings				70,000		70,000
Total				70,000		70,000

Funding Sources	2017	2018	2019	2020	2021	Total
General Fund				70,000		70,000
Total				70,000		70,000

Budget Impact/Other

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department Public Works
 Contact Public Works Director
 Type Equipment
 Useful Life 15 years
 Category Public Works
 Priority 2 Very Important

Project # PW-21-001
 Project Name 2021 36-38,000 lb Wheel Loader

Year

Total Project Cost: \$200,000

Description
 addition of a 2nd wheel loader to our fleet of equipment
 36-38,000 lb

Justification

Expenditures	2017	2018	2019	2020	2021	Total
Equip/Vehicles/Furnishings					200,000	200,000
Total					200,000	200,000

Funding Sources	2017	2018	2019	2020	2021	Total
General Fund					200,000	200,000
Total					200,000	200,000

Budget Impact/Other

SEWER

Capital Improvement Plan
City of Hermantown, Minnesota

2017 thru 2021

Department Sewer Department
 Contact Public Works Director
 Type Equipment
 Useful Life 20 years
 Category Facilities
 Priority 2 Very Important

Project # SW-17-1
 Project Name Lift Stations

Year

Total Project Cost: \$70,000

Description
 retro fit 2 lift stations

Justification

Expenditures	2017	2018	2019	2020	2021	Total
Equip/Vehicles/Furnishings	35,000	35,000				70,000
Total	35,000	35,000				70,000

Funding Sources	2017	2018	2019	2020	2021	Total
Sewer Fund	35,000	35,000				70,000
Total	35,000	35,000				70,000

Budget Impact/Other
 602 - 494500 - 590

WATER

Capital Improvement Plan
 City of Hermantown, Minnesota

2017 thru 2021

Department Water Department
 Contact Public Works Director
 Type Maintenance
 Useful Life 15 years
 Category Public Works
 Priority 2 Very Important

Project # WT
 Project Name Water Tower painting

Year

Total Project Cost: \$130,000

Description
 painting of 2001 water tower

Justification
 Replacement is necessary.

Expenditures	2017	2018	2019	2020	2021	Total
Construction/Maintenance		130,000				130,000
Total		130,000				130,000

Funding Sources	2017	2018	2019	2020	2021	Total
Water Fund		130,000				130,000
Total		130,000				130,000

Budget Impact/Other
 None.

5 Year Municipal State Aid Program

Year	Project	Project Description	Total Cost	Federal Share	MSA Share	Local Share	MSA Allocation	Fund Balance	Date
2016		allocation					\$ 580,711.00	\$ 947,357.94	1/15/2016
2016	Stebner Road Hwy 63 to Maple Grove SP 202-103-009	Total reconstruction 1.40 miles	\$ 2,500,000.00	\$ 1,600,000.00	\$ 340,814.21			\$ 606,543.73	
2016	SP 202-103-009	Engineering Costs			\$ 284,947.88			\$ 321,986	
2016	Fiber Optic Upgrade on Signals				\$ 50,000.00			\$ 271,986	
2016	Rose Road - Payment to SLC				\$ 170,185.30			\$ 101,890.55	
2017		allocation					\$ 554,814.00	\$ 656,614.55	1/15/2017
	Market Street and Loberg Road Haines Rd to Walmart Entrance	Reconditioning 0.50 miles	\$ 500,000.00		\$ 500,000.00			\$ 156,614.55	
2018		allocation					\$ 580,000.00	\$ 736,614.55	1/15/2018
2018	Hemantown Rd Stebner Rd to Engwalls	Reconditioning 0.85 Miles	\$ 500,000.00		\$ 500,000.00			\$ 236,614.55	
2018	Chip Seal/Fog Seal Various Streets		\$ 50,000.00		\$ 50,000.00			\$ 186,614.55	
2019		allocation					\$ 580,000.00	\$ 766,614.55	1/15/2019
	Upstad Road Reconditioning Hwy 63 to Arrowhead	Reconditioning 1.0 miles	\$ 750,000.00		\$ 750,000.00			\$ 16,614.55	
2020		allocation					\$ 580,000.00	\$ 696,614.55	1/15/2020
	Upstad Road and Roosevelt Drive Intersection Corrections	Reconstruction	\$ 150,000.00		\$ 150,000.00			\$ 446,614.55	

2017 Street Inventory Worksheet
