



2025-2030 Street Maintenance CIP Plan

City of Big Lake

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Capital Improvement Plan & Capital Budget

To set up a capital improvement fund the City is required to formally adopt a Capital Program (CIP). The main advantage of this method of budgeting and planning is that projects can be earmarked and carried from one year to the next. For example, if it is recognized that renovation of a public building will be needed in five years, an amount can be set aside annually so the project can be funded at the end of five years. The CIP fund also allows a project to be done in phases, with funds allocated in one year for a portion of a project and then finished in later years.

The Capital Improvement Plan is a five-year planning document designed to guide decisions concerning capital expenditures. This is a planning document and, as for all planning documents, it is subject to revision in order to reflect changes in community needs and service requirements, environmental factors and Council priorities. The first year of the Plan is intended to accurately reflect that year's anticipated appropriation for major capital projects and is called the Capital Budget. The subsequent four years represents an anticipated capital need during the period as submitted and approved. The CIP must be reviewed and revised each year in order to add new projects and revise priorities.

The process of determining major capital needs and establishing a financial program extending beyond the annual budget encourages the City to examine long-range needs and allows more coherent City-wide fiscal policies. The CIP provides a basis to compare projects and provides opportunities to explore alternate funding sources, since most capital improvement requests exceed the available revenues.

Since 2016, the City has allocated all funds received from the Local Government Aid to the Capital Improvement Plan and budgets, with some additional budgeted transfers from the General Fund.

The purpose is to set up a five (5) year Capital Improvement Plan in order to establish a capital improvement fund. The main goals are:

- To ease the review of the annual capital budget through a uniform and fair process
- To invite and promote public participation in the annual budget process. This is accomplished through a reasonable, sensible and responsible approach by providing documentation, as well as advertising and scheduling public meetings.
- To link capital budget requests with the City strategic plan, adopted policies, and other approved planning documents.
- To link capital expenditures with operating budgets.
- To increase awareness, cooperation, coordination, and participation between departments, agencies, stakeholders, and other political jurisdictions.

The City of Big Lake conducts various planning processes (long-term, mid-term and short-term), to help guide the government and to ensure the decisions are made in the context of the organization as a whole and with a long-term perspective. Diligent efforts are made to insure each of these component planning processes are in concert with one another. This so called "Linkage" is paramount to ensure short-term decisions are consistent with the overriding values embodied in the mid-term and long-term planning processes adopted by the City Council. The required linkage dictates that the CIP be developed within the context of and consistent with, the City's long-term and mid-term plans.

Each element of the City's planning process has a different purpose and timeframe. The Strategic Plan, Vision, Mission, Long-Term Goals and Growth Policy are the most far-reaching in nature – 10 to 25 years. The Capital Improvement Plan and the Five-Year Financial planning are mid-term in nature – five years. The

Annual Budget and the Capital Budget are short-term – covering a one-year timeframe. The most important requisite is that they are coordinated and are in concert with one another.

Capital Planning

Capital planning refers to the process of identifying and prioritizing City capital needs for determining which capital projects should be funded in the capital budget as resources become available. Citywide planning is guided by the City’s strategic Plan and the Growth (Comprehensive Plan) Policy. These plans provide long term direction for the growth and development of the City.

Capital Planning Process

The capital improvements process provides for the identification, review, planning and budgeting of current and future capital expenditures.

All requests for capital improvement projects are reviewed, evaluated, and weighted in order to assist the City Council in selecting the projects to be funded. Department are responsible for submitting CIP requests. The adoption of a CIP by the City is strictly a statement of intent, not an appropriation of funding for projects contained within. A list of approved CIP projects will be updated on an annual basis as new needs become known or priorities change. The possibility of a project with a low priority can remain in the CIP longer than four years due to a more important project bumping ahead in the schedule for quicker implementation. On occasion, some approved projects, with a lower priority are funded in advance of projects with a higher priority, in order to meet legal requirements or when a new or identified source of funding becomes available in order to complete the project.

For the purpose of this process, “Capital”, is defined as an item or items that have an acquisition cost of at least \$5,000 and a useable life for a minimum of 3 years. This definition assists in delineating a major project or piece of equipment as a capital program, rather than routine maintenance or replacement of operating equipment.

Capital Improvement Plan Funding

The FY 2025-2030 Capital Improvement Plan for Street Improvement has four (4) different sources of funding. Each funding source is described below. As noted before, capital projects, unlike operating expenses which recur annually, only require one-time allocations for a given project. This funding flexibility allows the City to pursue financing and one-time revenues sources to accelerate completion of critical projects.

- **General Fund** – yearly transfers from the General Fund for future projects
- **CIP Fund** – allocated fund balance of the Capital Improvements funds for street specific projects
- **State Aid** – funds from the state that can be used for street reconstruction and maintenance
- **Grants** – funding that can be used for street reconstruction

Whenever the City commits to a CIP plan, there is an associated long-range commitment of operating funds. For this reason, it is important to evaluate capital commitments in the context of their long-range operating impact. Most capital projects affect future operating budgets either positively or negatively due to an increase or decrease in maintenance costs or by providing capacity for new programs to be offered. Such impacts vary widely from project to project and, as such, are evaluated individually during the process

of assessing project feasibility. The five-year financial plans also provide an opportunity to review the operating impact of growth-related future capital projects.

Capital Project Funds

Capital Project Funds account for the acquisition and construction of major capital facilities, infrastructure maintenance and equipment replacement, except for those financed by proprietary funds. The City has four budgeted funds in this category. The Capital Project Funds use the modified accrual basis for both financial statement and budgeting purposes.

- **The Capital Project/Street Improvement Funds** – includes receipt and disbursement of bond proceeds or other sources obtained to finance improvement and additions to the City's infrastructure
- **Infrastructure Improvement Funds** – includes revenues received from the Local Government Aid, MSA State Aid for street improvement, grants, transfer from the General Fund for future street maintenance. Disbursement includes transfers to the Capital Project fund for infrastructure improvements, trail maintenance and park improvements, and transfers to the debt service funds for new bonding of street reconstruction projects. The City financial plan does not show a debt levy affiliated with the 2018 street improvement or 2018A GO Improvement Bond until 2026, instead the payments will be made from transfers from the Infrastructure Improvement Fund. For the 2021 Street project or the 2021 A GO improvement Bond, there will not be a debt levied until 2026, instead the payments will be made from premiums received as well as transfers from the infrastructure improvement fund. For the 2022 Street projects or the 2022A GO Improvement Bond, there will not be a debt levied until 2026, instead the payments will be made from the premiums received when the bonds were sold, as well as transfers from the Infrastructure Improvement Fund.
- **Equipment and Building Replacement Funds** – includes revenues received from the Local Government Aid, sales of fixed assets as well as transfer in from the General Fund. Disbursement and/or allocations of fund balance are based on the Capital Improvement Plan Summary and approved each budget year by Council
- **Park Development Fund** – reflects development of new City parks and improvement of existing parks. Revenue is primarily from park development fees and in the future transfers from the Infrastructure Improvement Fund

Capital Project/Street Improvement Fund Financial Plan

This fund accounts for all receipts and disbursement pertaining to the construction or improvements of the City's infrastructure. The construction and improvement of all Streets is based on the City's Engineer Pavement Management Plan. This plan rates each street and determines the best course of action in regards to maintenance and/or replacement of the street. Based on this rating system, the Engineer will bring forward the streets that need to be included in the City's general CIP Plan. In addition, the Council will approve the streets that will need to have extensive repairs such as a reconstruct or reclaim. The plan also indicates yearly seal coat projects which will increase the life of existing streets.

Source of Funds

The principal source of revenues for this fund are transfers from the Street & Maintenance Capital Improvement Fund (CIP) as well as State Aid. There are yearly budgeted transfers from the General Fund to the Street & Maintenance CIP fund and for long term planning the City is anticipating as debt is paid to increase the general fund transfer to this fund, the amount of the debt levy (yearly principal and interest payment) for the bond that has been paid in full. The City also will draw from the State Aid for State Aid Street projects for concept years 2027-2028

Use of Funds

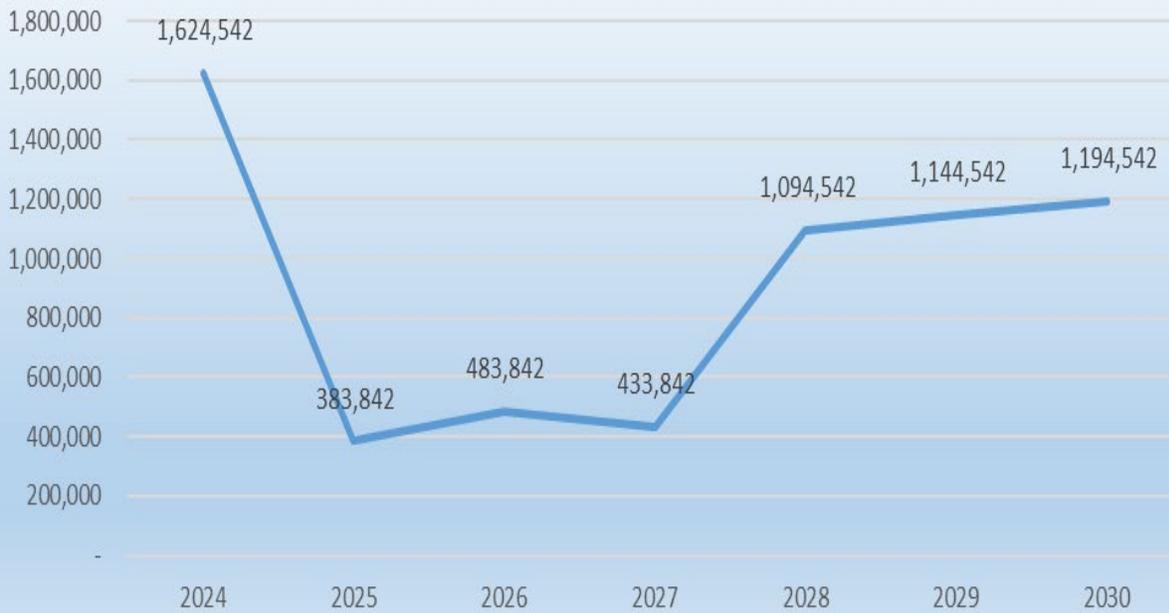
The expenditures related to this fund pertain to the cost of infrastructure improvements. In 2020, the street project was cancelled, for future planning, the 2020 street project was moved to 2021. The City decided to take the opportunity of the low interest rates and combined three years of street projects that began in 2023 and financed with the 2022A General Obligation bonds. The long-term plan indicates maintenance and reconstruction of the streets will be done each year based on need and the pavement plan. Following are the projects recommended for 2025-2030.

Capital Projects for 2025-2030

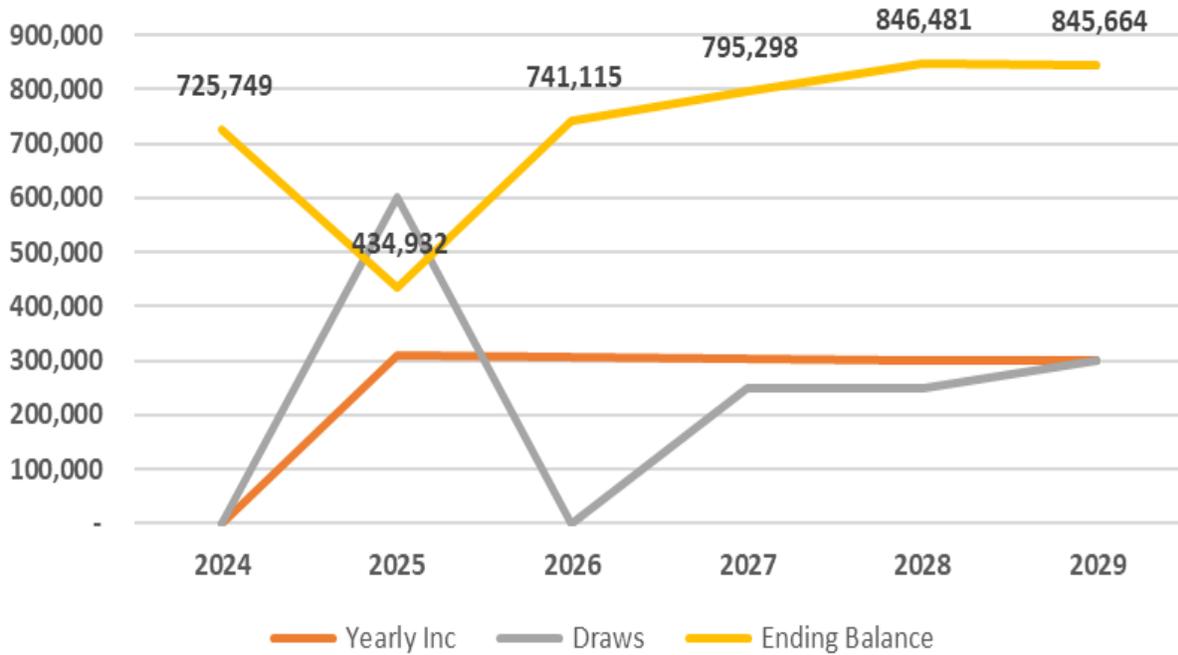
- 2025 Highline and Neighboring Streets
- 2025 Pedestrian/Connectivity Sidewalk Grants
- 2025 Seal Coat Projects based on pavement plan
- 2026 Seal Coat Projects based on pavement plan
- 2027 Lakeshore Drive and Hiawatha
- 2027 Seal Coat Projects based on pavement plan
- 2028 Minnesota Ave, Martin and Fern Ave
- 2028 Seal Coat Projects based on pavement plan
- 2029 US 10 and MN 25 improvements
- 2029 Seal Coat Projects based on pavement plan
- 2030 Humboldt, Putman and 198th Ave
- 2030 Seal Coat Projects based on pavement plan



CIP 196 Projected Balance

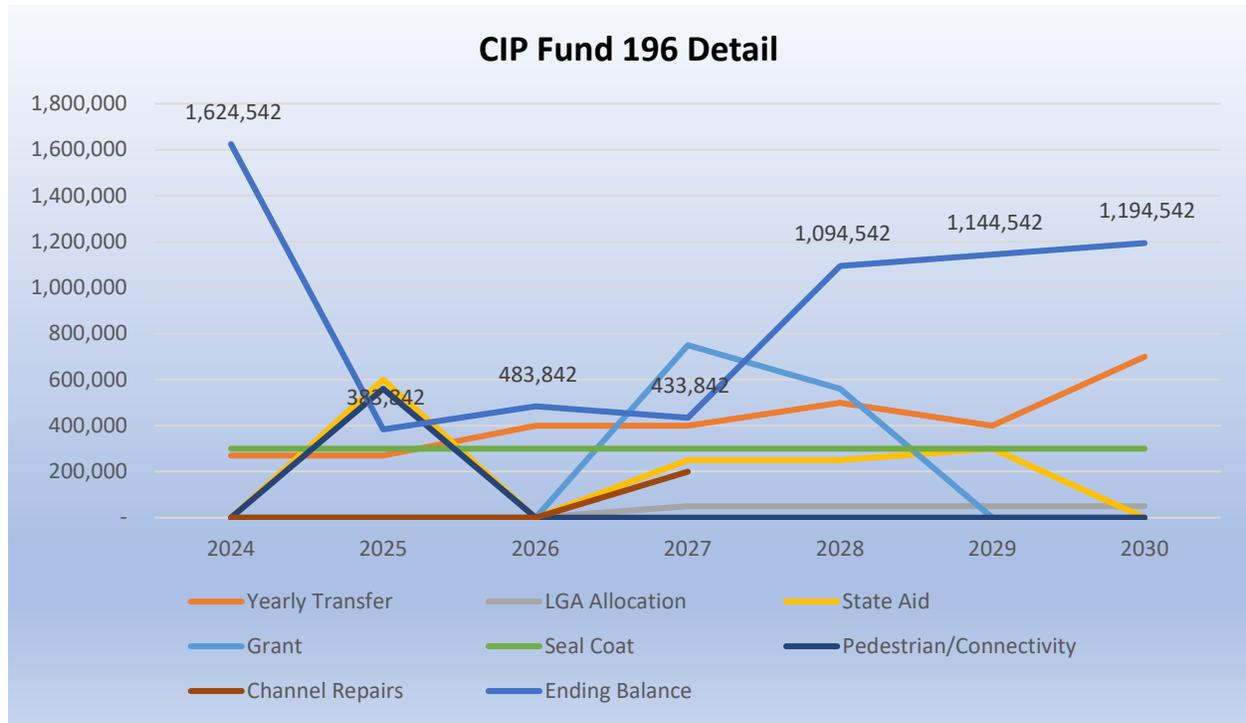


State Aid Balance Projections

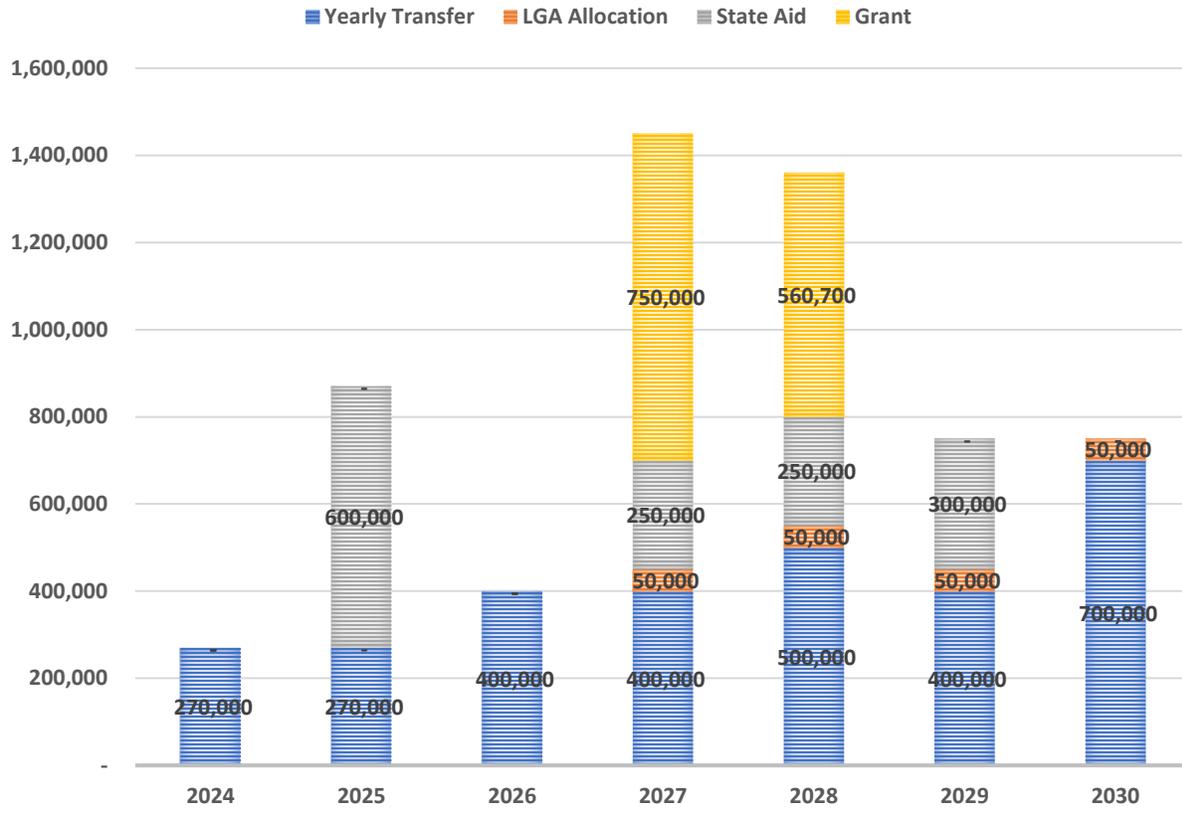


CIP Fund 196 Balance

		2024	2025	2026	2027	2028	2029	2030
Funding sources	Beginning	1,654,542	1,624,542	383,842	483,842	433,842	1,094,542	1,144,542
	Yearly Transfer	270,000	270,000	400,000	400,000	500,000	400,000	700,000
	LGA Allocation	-	-	-	50,000	50,000	50,000	50,000
	State Aid	-	600,000	-	250,000	250,000	300,000	-
	Grant	-	-	-	750,000	560,700	-	-
Project Costs	Seal Coat	300,000	300,000	300,000	300,000	300,000	300,000	300,000
	Streets	-	1,250,000	-	1,000,000	400,000	400,000	400,000
	Pedestrian/Connectivity	-	560,700	-	-	-	-	-
	Channel Repairs	-	-	-	200,000	-	-	-
Ending Balance		1,624,542	383,842	483,842	433,842	1,094,542	1,144,542	1,194,542



FUNDING SOURCE FOR PROJECTS



PROJECT COSTS

