CITY OF SHOREWOOD
CITY COUNCIL WORK SESSION
AUGUST 10, 2026

5755 COUNTRY CLUB ROAD
CITY HALL COUNCIL CHAMBERS
5:30 PM

AGENDA

1. CONVENE CITY COUNCIL WORK SESSION

A. Roll Call

Mayor Labadie	______
Councilmember Maddy	______
Councilmember Sanschagrin	______
Councilmember Gorham	______
Councilmember DiGruttolo	______

B. Review Agenda

2. DISCUSSION

A. Budget Work Session #4: 2027-2036 Detail Capital Improvement Plan

B. Reserve Policy Overview

3. ADJOURN

City of Shorewood

City Council Work Session Item 2.A.

Title/Subject: Budget Work Session #4: 2027-2036 Detail Capital Improvement Plan
Meeting Date: August 10, 2026
Prepared By: Jeanne Schmuck, Finance Director

Attachments
1. 2027 Budget Preparation Calandar Revised
2. 201 Shorewood Community & Event Center
3. 402 Park Infrastructure
4. 403 Equipment Replacement
5. 404 Street Reconstruction
6. 2028 Manor Road Project
7. 2029 Galpin Lake Road & Chaska Road Trails
8. 2029 Vine Hill Road Improvements
9. 405 MSA Street Reconstruction
10. 450 Community Infrastructure
11. 2027-2032 Public Works Facility Improvements
12. 601 Water
13. 611 Sanitary Sewer
14. 631 Stormwater
15. 2027 Noble Road & Grant Lorenz Channel Improvements
16. 2027 - 2036 Capital Improvement Plan
17. New Online Feedback 2027 City Budget

Background
The 2027-2036 Capital Improvement Plan (CIP) provides important details on costs by year and proposed funding sources. Items in the CIP are not mandated, and the Council reviews capital spending throughout the year. It is a visioning tool to assist with data-driven decisions. Years one through three are becoming solid approximations. Years four and five are relatively good estimates, and years six through ten are rough estimates of projects to keep long-term visioning in perspective. The 10-year CIP includes $47,320,023 in projects, of which $4,498,375 is reflected in the various 2027 budgets.

At the July 27th Budget Work Session, Council requested a line-by-line review of the CIP. Due to this request, the 2027 Budget Calendar has been revised and is attached. Also attached are the individual department sections of the CIP with the funding sources referenced at the bottom of each section. Those funding expenditures are what is incorporated into the individual fund budgets for that specific year. Staff will be prepared to discuss any specifics the Council would like answered as they walk through these items line by line.

<u>CIP Funding Sources</u>

An important facet of the CIP is the funding of projects. Funding can come from a number and combination of sources and not necessarily impact the levy. These include:

- **Property Taxes** (the levy) — The City has historically allocated some portion of its levy to its Capital Funds (Parks, Equipment, Streets, SCEC). Page 18 of the CIP book shows an allocation of taxes to the Park fund in 2024 of $128,000 and in 2025 of $135,000. In 2026, the Council decided to move additional levy amounts from the Street Fund to the Park Fund, with the rationale that more funding sources exist for street funding (taxes, assessments, MSA, bonding) than for park improvements.
- **Bonding** — CIP projects can utilize bond proceeds for funding. Bonds are then repaid through an annual debt service levy and/or property assessments. The alternative to bonding would be to levy and save up for projects, but this means that large projects take a long time to save for, and it becomes difficult to keep up with a city's maintenance needs. Ideally, a city bonds on a regular schedule where new debt comes on as old debt is retired, allowing for a stable debt service levy, which was the City of Shorewood's practice for many years.
- **Certificates** — Similar to bonding, certificates are another tool that can be used to fund equipment purchases.
- **Inter-fund Loans or Transfers** — Dollars from one fund can be used for projects in another fund. This can be structured as a loan between funds or a one-time transfer.
- **Leases** — it is possible to lease certain equipment rather than buy it outright. The effect on the budget can be similar to debt service.
- **Municipal State Aid** — MSA dollars come from the State gas tax and can be used to fund work on designated roads or adjacent road-related projects.
- **Grants** — Projects may be funded from grants. Examples of recent projects receiving grant funding include the Shorewood Lane Ravine and Galpin Lake Trail.
- **Assessments** — Assessments are specific charges applied to properties that benefit from improvements. Assessments may or may not cover the entirety of a project or improvement, and must be proportional to the benefit the property receives.
- **Enterprise Funds** — Projects can be funded through enterprise fund revenue, such as water, sanitary sewer, and storm sewer charges. The funds can pay directly for projects or be used to pay debt service for work related to those funds.
- **Franchise Fees** — These are fees charged to major utilities (electric, gas) for their use of the public right of way. The companies pass these charges onto consumers.

<u>Funding Capital Funds</u>
The City has historically funded several of its Capital Funds with some portion of the tax levy. These funds include the SCEC (201) (labeled a Special Revenue Fund), the Street Improvement Fund (404), the Park Improvement Fund (402), the Community Infrastructure fund (450), and the Equipment Replacement Fund (403). (Enterprise funds, such as water, sanitary sewer and stormwater management, are typically funded by utility fees, although levy dollars could be transferred to support enterprise funds.) In 2026, the City began itemizing these levy amounts in its budget documents to increase budget transparency.

Allocating specific amounts from the levy to these capital funds allows the City to build up funding to pay for planned expenditures identified in the CIP. While the City could simply levy the amounts needed each year, the levy would vary dramatically year over year. The current approach helps avoid spikes in the levy when a large expenditure is needed. It is important to note that with this planned approach, eliminating delaying an expenditure in the CIP does not change the amount planned to be levied for the fund. Those are two distinct choices. As an example, for 2027, the Equipment Fund (403) shows planned expenditures of $367,600. The proposed amount to be levied for the fund in 2027 is only $275,000.

Capital Funds and Projects

201 - SCEC

Summary: For 2027, the SCEC CIP includes investment in an HVAC unit of $7,872, which reflects ongoing maintenance needs. Additionally, the remodel of the kitchen for $24,149 is planned and would shift from a commercial kitchen to a more simple and less costly caterer's kitchen. The CIP is based on a facilities condition analysis completed in 2025. An operational study of the SCEC is currently underway to maximize the use and revenue of the building.

Implications: Scheduled replacement of HVAC equipment keeps the building operational and reduces costly, reactive, emergency repairs. Remodeling the kitchen provides a more modern approach to hosting events and reduces the capital costs of replacing and maintaining costly commercial kitchen equipment.

Funding: Funding for these capital improvements is proposed to come from the levy and other revenue such as charges for services, ($177,677 & $82,000) which will fund both CIP and operational expenses.

402 - Parks

Summary: For 2027, the singular park improvement planned is for the replacement of the Freeman Park North Playground in the amount of $350,000. For the 2026 budget, the City shifted the Street Fund portion of the levy to the Park Fund. This levy amount is projected to increase by $50,000 annually to fund planned improvements identified in the Park Master Plan. The current Long-Term Financial Management plan shows this increase leveling off and stabilizing in 2029 and beyond.

Implications: Replacing aging playground equipment improves safety and provides contemporary amenities for users. The Park Master Plan identifies a path to plan for and manage the costs of providing the resources and amenities residents have identified.

Funding: Funding for this improvement is expected to come from the levy in an amount of $355,000.

403 - Equipment Replacement Fund

Summary: For 2027, this fund includes the purchase of a light trailer, replacement of a mower, and replacement of computers and presentation equipment in the Chambers. It also includes replacement of a dump truck for $280,000. Total expenditures for this fund in 2027 are $367,600.

Implications: The replacement of these pieces of equipment allows the City to provide a consistent level of service. Not replacing this equipment risks increased maintenance costs and reduced or unreliable service.

Funding: Funding for this improvement is expected to come from the levy in an amount of $275,000.

404 - Street Reconstruction Fund

Summary: For 2027, this fund includes expenses for annual pavement maintenance ($320,000) and the semi-annual mill & overlay project ($1,942,119). The total expenditure for this fund is $2,262,119. The City has been using an AI tool to video and analyze road conditions to make data-driven decisions regarding its maintenance projects and investments. The City also has a pavement management plan which is updated periodically to identify and plan for future work.

Implications: Street maintenance is a core service for cities and includes both replacement and various maintenance activities to extend the life of the road. A planned approach creates priorities, manages costs, and enables better communication and engagement with residents.

Funding: For the 2026 budget, the Council made the decision to fund street improvement and maintenance work through bonding as it is difficult to fund this work in a useful amount with levy dollars. Levy amounts previously directed to Streets were redirected to Parks.

MSA
No projects planned for 2027 are eligible for MSA funding.

450 - Community Infrastructure Fund
Summary: This fund was previously established by the City to help fund improvements to public facilities, but not utilized or funded in the recent past. In 2026, the City allocated $50,000 to this fund for improvements to buildings. The proposed CIP includes $200,000 for air exchange improvements to the Public Works building and $30,000 to fund early stage design work in 2027 for remodeling and expansion of the Public Works facility in order to more accurately plan for and fund this improvement.

Implications: The size of the Public Works department has increased significantly in personnel and equipment since the building was constructed. Staff has worked to utilize space more efficiently, surplus limited-use and oversized equipment (e.g. the road grader), and utilize temporary cold storage. Space for offices, break and locker rooms, mechanical bay and heated storage are cramped. Mechanical equipment is at the end of life and the garage floor is deteriorating. Steps should be taken now to plan for future improvements.

Funding: The Long-Term Financial Management Plan included $50,000 per year to be allocated to this fund from the levy, eventually increasing to $100,000. The Public Works Facility needs were not included in the initial Long-Term Financial Management Plan. Options for the CIP could include funding design work in 2026 and delaying improvements identified for 2028 and 2029 to be included in a larger building project to be funded with bonds. Air exchange work should occur in 2027, but the allocation for this could be reduced 10-20%, and subsequently reduce reliance on the levy.

601 - Water Fund
Summary: The Water Fund is an enterprise fund that relies on user fees, not levy dollars. Approximately half of the properties in Shorewood are served with municipal water. The total CIP for 2027 is $427,881.

Implications: The expenses in this fund are largely maintenance projects that should occur to maintain the system to avoid emergency repairs and service interruptions. A water & sanitary sewer infrastructure report is required by the State to be completed in 2027. The water service connection program ($200,000) is a Council-directed program intended to promote connection to the water system by streamlining the connection process and providing financing.

Expenditures under this program are returned to the water fund via water access charges either paid or through assessments. Reducing the amount allocated for the water connection program does not impact the levy, but does have implications on future water rates.

Funding: The Water Fund is an enterprise fund that relies on user fees, not levy dollars.

611 - Sanitary Sewer Fund
Summary: The Sanitary Sewer Fund is an enterprise fund that relies on user fees, not levy dollars. All properties have sanitary sewer service. The total CIP for 2027 is $241,500.

Implications: The 2027 expenses in this fund are for work associated with the mill and overlay project, system maintenance, and I&I reduction. A water & sanitary sewer infrastructure report is required by the State to be completed in 2027.

Funding: The Sanitary Sewer Fund is an enterprise fund that relies on user fees, not levy dollars.

631 - Stormwater Management Fund
Summary: The Stormwater Management Fund is an enterprise fund that relies on user fees, not levy dollars. All properties pay a fee for stormwater management. The total CIP for 2027 is $587,254.

Implications: The 2027 expenses in this fund are for work associated with the mill and overlay project, street sweeping collections disposal, maintenance and repair work, stormwater pond cleaning, and the channel widening project at Noble Road and Grant Lorenz.

Funding: The Sanitary Sewer Fund is an enterprise fund that relies on user fees, not levy dollars.

Strategic Alignment
Fiscal Responsibility

- Align City policies and practices with strategic direction
- Implement best practices to support sound financial management
- Maintain stable and predictable finances over the long-term

Functionally & Financially Sound Infrastructure

- Define standards and goals for infrastructure development
- Plans to finance infrastructure improvements, maintenance, and replacement

Discussion Requested
The impact of the above discussion and the previous work sessions will be included in the compiled budgets to be reviewed on August 24th for an all-inclusive look at the individual budgets to date, as well as review various budget reduction options for further Council discussion. Council should also discuss if there are further items to be adjusted prior to the September 14th council meeting or if the Council has other initiatives for 2027 that involve additional spending or savings.

After the Preliminary Levy is set, the amount can only remain the same or be decreased, it cannot be increased. The final budget work session is scheduled for the final review of all funds, levies, and tax impacts to be discussed at the November 23rd work session. Following will be the December 14th City Council meeting, which will include a budget discussion, a truth-in-taxation public meeting, and Council approval of the final 2027 Budgets, Tax Levies, and 2027-2036 CIP.

City of Shorewood

2027 Budget Preparation Calendar

(Subject to Change)

Date	Event
Monday, April 27, 2026	City Council Budget Work Session #1: Goal Setting Session - Schedule, Process, Council provide direction on initiatives and expectations for the 2027 budget. (City Administrator)
Monday, May 4, 2026	Departments' Budget roll out. Departments receive electronic access to the 2027 Budget Entry Instructions and Budget Calendar. Review use of Extended Budget module in Springbrook software. Administrator provides budget instructions and outlines City goals and challenges.
Friday, May 29, 2026	Personnel Requests due to Finance Department with City Administrator approval.
Friday, June 12, 2026	Fee Schedule revisions due to Finance Department.
Monday, June 22, 2026	Budget Requests due to Finance Department via Extended Budgeting. Capital Improvement Plan (CIP) Requests due to Finance Department (2027-2036).
Monday, June 22, 2026	City Council Budget Work Session #2: Personnel.
Friday, June 26, 2026	Updated Budget Book Information (Dept. Descriptions, Budget Goals & Objectives, Dept. Statistics, Staffing Levels, Changes/Challenges, and Budget Summary) due to Finance Department.
Monday, July 6, 2026	Directors Meet with City Administrator and Finance Director to review budget goals, issues, personnel, and CIP requests.
Monday, July 6, 2026	Obtain preliminary property valuations/net tax capacity from Hennepin County.
Monday, July 27, 2026	City Council Budget Work Session #3: 2027-2036 Capital Improvement Plan.
Friday, July 31, 2026	Last day for Department of Revenue to notify City of Local Government Aid amounts.
Friday, July 31, 2026	Finalize 2027 budget entries into Extended Budgeting in Springbrook.
Monday, August 10, 2026	City Council Budget Work Session #4: 2027-2036 Detailed Capital Improvement Plan.
Monday, August 24, 2026	City Council Budget Work Session #5: Compiled Budgets.
Friday, September 4, 2026	Obtain preliminary property valuations/net tax capacity from Hennepin County.
Monday, September 14, 2026	City Council Meeting - 7:00 p.m. City Council approves preliminary 2027 Budget, sets proposed 2027 Tax Levy, and establishes Budget Hearing Date. ~~Adopt 2027 fee ordinances and fee schedule.~~
Wednesday, September 30, 2026	Last day to certify proposed 2027 levy and budget hearing date to the County Auditor. Special for to State, if necessasry.
Tuesday, October 13, 2026	City Council Budget Work Session #6: Long-Term Financial Management Plan.
Monday, October 26, 2026	City Council Meeting - 7:00 p.m. City Council Adopt 2027 fee ordinances and Approve fee schedule.
Monday, November 23, 2026	City Council Budget Work Session #7: Final Review - If necessary
Monday, December 14, 2026	City Council Meeting - 7:00 p.m. Budget Hearing - City Council approves final 2027 Budget, Tax Levies, and CIP.
Monday, December 28, 2026	Cities must certify the final property tax levy to the county auditor on or before December 28, 2026 (5 working days after December 20).

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
201 - Community & Event Center												
Kitchen Remodel	*SCEC-27-02*	24,149										**24,149**
Condensing Unit Replacement	*SCEC-27-01*	7,872	8,163	8,455								**24,490**
Tables & Chairs Replacement	*SCEC-28-01*		114,100									**114,100**
Water Softener Replacement	*SCEC-29-02*			9,425								**9,425**
Fire System Updates (Panel replacements & compressor)	*SCEC-30-01*				66,000							**66,000**
Building Tuckpointing	*SCEC-31-01*					31,000						**31,000**
Exterior Door Replacement	*SCEC-32-01*						61,200					**61,200**
Furnace Replacement (x5)	*SCEC-33-01*							72,188				**72,188**
Hallway & Lobby Renovation	*SCEC-36-01*								36,260			**36,260**
Restroom Renovation (Men's & Women's)	*SCEC-36-02*								33,852			**33,852**
Activity Room Remodel	*SCEC-35-01*									201,656		**201,656**
Conference Room Renovation	*SCEC-36-06*										133,224	**133,224**
Banquet Room Renovation	*SCEC-36-03*										113,533	**113,533**
Banquet Room Room Divider Replacement	*SCEC-36-05*										70,000	**70,000**
Banquet Room Sound System	*SCEC-36-04*										43,750	**43,750**
201 - Community & Event Center Total		**32,021**	**122,263**	**17,880**	**66,000**	**31,000**	**61,200**	**72,188**	**70,112**	**201,656**	**360,507**	**1,034,827**

201 - Community & Event Center	32,021	122,263	17,880	66,000	31,000	61,200	72,188	70,112	201,656	360,507	**1,034,827**
Source Grand Total	**32,021**	**122,263**	**17,880**	**66,000**	**31,000**	**61,200**	**72,188**	**70,112**	**201,656**	**360,507**	**1,034,827**

GRAND TOTAL	**32,021**	**122,263**	**17,880**	**66,000**	**31,000**	**61,200**	**72,188**	**70,112**	**201,656**	**360,507**	**1,034,827**

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
402 - Park Capital Improvement												
Freeman Park North Playground Renovation	*P0112*	350,000										**350,000**
Manor Park Tennis Court Resurfacing + Fence and Retaining Wall Replacement	*P0406*		85,000									**85,000**
Cathcart Park Full Court Basketball Replacement	*P0203*		50,000									**50,000**
Cathcart Park Bituminous Trail Repair - 250 LF	*P0204*		25,000									**25,000**
Cathcart Park Playground Replacement	*P0205*			350,000								**350,000**
Gideon Glen Park Interpretive Sign Improvements (3)	*P0901*			22,500								**22,500**
South Shore Park Pickleball Courts w/ Lighting (2)	*P0704*				140,000							**140,000**
South Shore Park Parking Lot Renovation	*P0708*				130,000							**130,000**
South Shore Park Trail Improvements	*P0703*				100,000							**100,000**
South Shore Park Picnic Shelter	*P0705*				80,000							**80,000**
South Shore Park Full Basketball Court w/ Lights	*P0706*				75,000							**75,000**
South Shore Park Circulation + Plaza Spaces	*P0709*				60,000							**60,000**
South Shore Park Plantings	*P0710*				30,000							**30,000**
South Shore Park Ornamental Fencing	*P0707*				20,000							**20,000**
Silverwood Park Bituminous Trail Repair - 310 LF	*P0504*					30,000						**30,000**
South Shore Park Fitness Stations (5)	*P0711*						60,000					**60,000**
South Shore Park Water Line, Spigot, and Drinking Fountain	*P0716*						25,000					**25,000**
South Shore Park Park Lighting	*P0712*						18,000					**18,000**
South Shore Park Gateyway Element/ Public Art	*P0715*						15,000					**15,000**
South Shore Park Interpretive Signage	*P0714*						7,000					**7,000**
South Shore Park Kiosk	*P0713*						6,000					**6,000**
Silverwood Park Half Basketball Court	*P0505*							28,000				**28,000**

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Freeman Park Volleyball Court Renovation	*P0113*							18,000				**18,000**
Manor Park Volleyball Court Renovation	*P0407*							18,000				**18,000**
Freeman Park Picnic Shelter Replacement	*P0114*								80,000			**80,000**
Manor Park Playground Replacement + Sign Replacement	*P0408*									450,000		**450,000**
Cathcart Park Tennis Court Replacement	*P0206*										95,000	**95,000**
Badger Park Tennis Court Resurfacing	*P0303*										20,000	**20,000**
402 - Park Capital Improvement Total		**350,000**	**160,000**	**372,500**	**635,000**	**30,000**	**131,000**	**64,000**	**80,000**	**450,000**	**115,000**	**2,387,500**

402 - Park Improvements	350,000	160,000	372,500	635,000	30,000	131,000	64,000	80,000	450,000	115,000	**2,387,500**
Source Grand Total	**350,000**	**160,000**	**372,500**	**635,000**	**30,000**	**131,000**	**64,000**	**80,000**	**450,000**	**115,000**	**2,387,500**

GRAND TOTAL	350,000	160,000	372,500	635,000	30,000	131,000	64,000	80,000	450,000	115,000	2,387,500

2027 through 2036

Capital Improvement Plan

Shorewood, Mn

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
403 - Equipment Replacement												
Truck - Single Axle Dump Truck CL7	*098*	280,000										**280,000**
Mower - 72" Deck	*012*	44,000									55,400	**99,400**
Trailer - Parks Light	*001*	20,000										**20,000**
Chambers Presentation	*T-99-83*	12,100					15,000					**27,100**
Computer Upgrades	*T-99-99*	11,500	11,800	12,100	12,400	12,700	13,000	13,300	13,600	13,900	14,200	**128,500**
Truck - 4x4 Utility Truck CL5	*007*		202,500									**202,500**
Toolcat - Multi-Purpose Vehicle	*019*		120,000									**120,000**
Trailer - Streets Medium	*059*		40,000									**40,000**
Chambers Video Controls	*T-99-81*		16,445									**16,445**
Mower - 72" Deck	*016*			49,200								**49,200**
Chambers Computer/IT	*T-99-84*			2,000			2,100			2,200		**6,300**
Toolcat - Multi-Purpose Vehicle	*105*				125,000							**125,000**
Truck - Pickup CL2B	*010*				56,000							**56,000**
800 Mhz Radio Replacement	*T-19-01*				36,000							**36,000**
Color Copier Replacement	*T-13-03*				16,000			17,000				**33,000**
Chambers Cameras	*T-99-82*				12,000							**12,000**
Truck - Single Axle Dump Truck CL7	*004*					260,000						**260,000**
Vibratory Roller	*096*					65,600						**65,600**
Truck - Pickup CL2A	*011*					48,500						**48,500**
Truck - Single Axle Dump Truck CL7	*005*						270,200					**270,200**
Truck - 4x4 Forestry Truck CL5	*017*						200,000					**200,000**
Mower - 96" Deck	*025*						90,000					**90,000**
Truck - 4x4 Pickup (Bldg. Off.) CL2A	*027*						56,600					**56,600**
Truck - 4x4 Dump Truck CL5	*014*							161,000				**161,000**
Brush Chipper	*018*							85,000				**85,000**
Truck - 4x4 Pickup CL3	*021*							60,000				**60,000**
Truck - Single Axle Dump Truck CL7	*009*								325,000			**325,000**
City Hall Building Generator	*102*								121,000			**121,000**
Truck - 4x4 Pickup CL2B	*024*								64,700			**64,700**
Mower - Brush w/Tracks	*030*								40,000			**40,000**
Skid Steer Loader	*097*									90,500		**90,500**
Trailer - Streets Heavy	*002*									60,000		**60,000**
Truck - 4x4 Pickup CL3	*090*										68,000	**68,000**

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Chambers Audio	*T-99-80*										35,000	**35,000**
Equipment - Field Rake	*023*										30,000	**30,000**
403 - Equipment Replacement Total		**367,600**	**390,745**	**63,300**	**257,400**	**386,800**	**646,900**	**336,300**	**564,300**	**166,600**	**202,600**	**3,382,545**
403 - Equipment Replacement Fund		367,600	188,245	63,300	257,400	386,800	646,900	336,300	564,300	166,600	202,600	**3,180,045**
601 - Water Fund			101,250									**101,250**
611 - Sanitary Sewer Fund			101,250									**101,250**
Source Grand Total		**367,600**	**390,745**	**63,300**	**257,400**	**386,800**	**646,900**	**336,300**	**564,300**	**166,600**	**202,600**	**3,382,545**
GRAND TOTAL		**367,600**	**390,745**	**63,300**	**257,400**	**386,800**	**646,900**	**336,300**	**564,300**	**166,600**	**202,600**	**3,382,545**

2027 through 2036

Capital Improvement Plan

Shorewood, Mn

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
404 - Street Reconstruction												
Mill & Overlay and Striping	*LR-99-100*	2,000,000		2,204,999		2,431,011		2,680,191		2,954,910		**12,271,111**
Pavement Maintenance	*LR-99-099*	320,000	325,000	330,000	335,000	340,000	345,000	350,000	355,000	360,000	365,000	**3,425,000**
Manor Road Resurfacing Led by Greenwood	*ST-26-01*		500,000									**500,000**
Local Share TH7 Improvements	*ST-29-03*			3,828,845								**3,828,845**
Galpin Lake Rd/Trail	*ST-29-05*			1,300,000								**1,300,000**
Anthony Terrace & Vine Street Reclaim or Mill & Overlay	*ST-29-04*			90,000								**90,000**
Yellowstone Trail - Country Club to Lake Linden	*T015*										500,000	**500,000**
404 - Street Reconstruction Total		**2,320,000**	**825,000**	**7,753,844**	**335,000**	**2,771,011**	**345,000**	**3,030,191**	**355,000**	**3,314,910**	**865,000**	**21,914,956**

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
404 - Street Reconstruction Fund	2,262,119	475,000	7,051,890	335,000	2,700,657	345,000	2,952,625	355,000	3,229,394	865,000	**20,571,685**
601 - Water Fund	57,881		63,813		70,354		77,566		85,516		**355,130**
631 - Stormwater Management Fund		200,000	638,141								**838,141**
Outside Funding		150,000									**150,000**
Source Grand Total	**2,320,000**	**825,000**	**7,753,844**	**335,000**	**2,771,011**	**345,000**	**3,030,191**	**355,000**	**3,314,910**	**865,000**	**21,914,956**

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
GRAND TOTAL	**2,320,000**	**825,000**	**7,753,844**	**335,000**	**2,771,011**	**345,000**	**3,030,191**	**355,000**	**3,314,910**	**865,000**	**21,914,956**

City of Shorewood

2028 Manor Road Project

BOLTON & MENK
Real People. Real Solutions.

PROJECT SCOPE

- Greenwood has initiated planning for improvements to Manor Road from Excelsior Boulevard to St. Albans Bay Road and has proposed pavement reclamation
- Shorewood is reviewing potential drainage improvements on its side of the roadway, and range from improving the existing bituminous flume or adding curb and gutter and storm sewer.

FUNDING

- City of Greenwood
- City of Shorewood

BUDGET

- Greenwood = $150,000
- Shorewood = $500,000 ($350,000 Storm Sewer, $150,000 Roadway)

ANTICIPATED SCHEDULE ASSUMING FUNDING

	2025	2026	2027	2028
Scoping				
Design				
Construction				

ISSUES/OPPORTUNITIES

- Manor Road only serves one Shorewood resident's driveway.
- There have not been drainage related complaints in the area, but staff see the project as an opportunity to improve drainage so that it requires less maintenance. Currently, the bituminous swale fills with leaves and sediment where water sheet flows over the roadway. A new storm sewer outlet to the lake/wetland could potentially be added through a parcel of land owned by Greenwood.
- According to the 2025 Pavement Management Plan, Manor Road has a Pavement Condition Score of 91%, requires high maintenance, and has high road use. Greenwood is planning to complete soil borings in the fall of 2025 which will provide better insight on reclamation versus mill and overlay.

Version 2: 7/27/2026

City of Shorewood

2029 Galpin Lake Road & Chaska Road Trails

BOLTON & MENK
Real People. Real Solutions.

PROJECT SCOPE

- Construct new eight-foot-wide trails from Chaska Road to the existing signal system at Oak Street, County Road 19, and State Highway 7.
- Provide a continuous pedestrian and bicycle route connecting Chanhassen to Excelsior.
- The ongoing TH 7 Corridor Study may be a significant factor in determining the project scope.

FUNDING

- Shorewood-Municipal State Aid Funds
- MnDOT
- Local Funds
- Potential Grants (DNR, MnDOT, Safe Routes to School)

BUDGET

- TH 7 to Chanhassen: $940,000–$1,330,000
- Chaska Road to Galpin Lake Road: $810,000
- Other Improvements/Changes Due to TH 7 Corridor Study: Unknown

ANTICIPATED SCHEDULE ASSUMING FUNDING

	2026	2027	2028	2029
Project Scoping				
Final Design				
Construction				

ISSUES/OPPORTUNITIES

- In 2024, the City of Chanhassen completed a trail connection on the east side of Galpin Lake Road extending to the municipal boundary.
- MnDOT is currently conducting a TH 7 Corridor Study to evaluate safety and operational improvements along the entire corridor, from I-494 east to St. Bonifacius west.
- Segments of trails could be completed as separate projects or coordinated with MnDOT's 2029 Pavement Preservation Project.
- A potential solution involves converting Galpin Lake Road from TH 7 to Mayflower Road into a one-way northbound route. Two-way traffic would be rerouted onto Mayflower Road and Chaska Road. An eight-foot-wide trail or boardwalk could be extended from Chanhassen to Mayflower Road, and then the existing southbound lane would be converted to a northbound lane and the current northbound lane converted up to TH 7 for pedestrian and bicycle use.
- Conversion of Galpin Lake Road to a single northbound lane would require a variance from Municipal State Aid Rules and may not be approved. If not approved, the MSA route may need to be changed to Mayflower Road and Chaska Road.
- Staff is evaluating various delineators to safely separate pedestrians from vehicles and still provide adequate access to driveways. The various options currently include striping, tube delineators, concrete curbs, and possibly others.

Version 2: 7/27/2026

City of Shorewood

2029 Vine Hill Road Improvements

BOLTON & MENK
Real People. Real Solutions.

PROJECT SCOPE

- Mill and overlay with spot street repairs
- Sidewalk and trail improvements
- Possibly add concrete curb and gutter on west side to accommodate sidewalk/trails
- Spot utility repairs to watermain, sanitary sewer, and storm sewer where needed
- Project led and administered by Shorewood

FUNDING

- Shorewood, Minnetonka, Chanhassen all utilizing Municipal State Aid Funds

BUDGET

- City of Shorewood: $1.4M – $2.3M
- City of Minnetonka: $1.05M
- City of Chanhassen: $90k

SCHEDULE

	2025	2026	2027	2028	2029
Project Scoping					
Final Design					
Construction					

ISSUES/OPPORTUNITIES

- Pavement rating = 46/100
- Street, sidewalk/trails, and drainage must meet Municipal State Aid Standards
- Sidewalk/Trails:
  - ◊ ADA compliance
  - ◊ Rehab current width, enlarge to 8-foot trails, include turf boulevard?
    - » Wider trails and boulevards require easement acquisition
  - ◊ Coordination between all cities on size, location, connectivity, and maintenance
- On street bike accommodations
- Underlying sanitary sewer and watermain are not due for replacement
- Riley/Purgatory/Bluff Creek Watershed – project crosses Purgatory Creek
- Future 2031 Vine Hill Road project from Delton Ave to Kingswood Terrace
  - ◊ Led and administered by Minnetonka
  - ◊ Adding trail to east side
  - ◊ Add lighted pedestrian crossing at Kingswood Terrace

Version 2: 7/27/2026

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
405 - MSA Construction												
Vinehill Road Improv (partner with Minnetonka)	*ST-29-02*			2,169,678		1,442,278						**3,611,956**
Chaska Road Trail	*ST-27-01*			810,338								**810,338**
405 - MSA Construction Total		**0**	**0**	**2,980,016**	**0**	**1,442,278**	**0**	**0**	**0**	**0**	**0**	**4,422,294**
405 - MSA Road Reconstruction Fund				2,319,591		1,160,858						**3,480,449**
404 - Street Reconstruction Fund				405,169								**405,169**
631 - Stormwater Management Fund				255,256		281,420						**536,676**
Source Grand Total		**0**	**0**	**2,980,016**	**0**	**1,442,278**	**0**	**0**	**0**	**0**	**0**	**4,422,294**
GRAND TOTAL		**0**	**0**	**2,980,016**	**0**	**1,442,278**	**0**	**0**	**0**	**0**	**0**	**4,422,294**

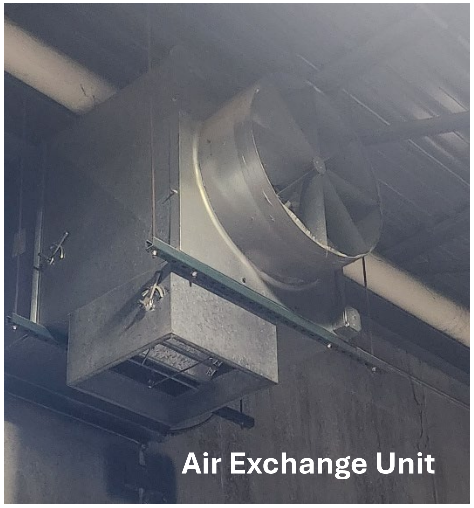
2027 through 2036

Capital Improvement Plan

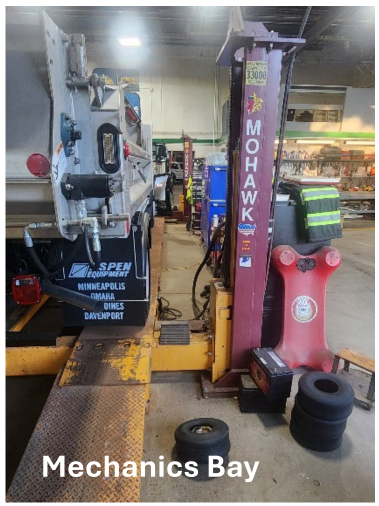
Shorewood, Mn

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
450 - Community Infrastructure												
Air Exchange System & Fans (Garage/ Shop)	*CI-26-03*	200,000										**200,000**
PW Facility Schematic	*CI-27-02*	30,000										**30,000**
Radiant Heat (Garage/Shop)	*CI-27-01*		200,000									**200,000**
Rehab Floor (Garage/Shop)	*CI-28-01*			192,000								**192,000**
Office/Employee Area (new)-PW	*CI-30-01*					1,072,500						**1,072,500**
Office/Employee Area (old)-PW	*CI-30-02*					312,000						**312,000**
Mechanics Bay	*CI-31-01*						520,000					**520,000**
Heated Storage-PW	*CI-31-02*						162,500					**162,500**
Council Chambers/Conference Room Carpet/Painting	*CI-32-01*							30,000				**30,000**
450 - Community Infrastructure Total		**230,000**	**200,000**	**192,000**	**0**	**1,384,500**	**682,500**	**30,000**	**0**	**0**	**0**	**2,719,000**
450 - Community Infrastructure Fund		230,000	200,000	192,000		1,384,500	682,500	30,000				**2,719,000**
Source Grand Total		**230,000**	**200,000**	**192,000**	**0**	**1,384,500**	**682,500**	**30,000**	**0**	**0**	**0**	**2,719,000**
GRAND TOTAL		**230,000**	**200,000**	**192,000**	**0**	**1,384,500**	**682,500**	**30,000**	**0**	**0**	**0**	**2,719,000**

2027-2032 Public Works Facility Improvements


Air Exchange Unit


Forced Air Heating Unit



Mechanics Bay


Garage Area

Sign area

PROJECT SCOPE

- Update outdated air exchange system and fans in the public works garage.
- Upgrade the outdated heating units in the public works garage to a radiant heat system.
- Construct an addition to the existing public works building along with renovating the existing building to include expanded office space, employee area and restroom/locker rooms.
- Construct an addition to the existing public works equipment shop to include an additional mechanics bay.
- Construct an addition to the existing public works building to include heated storage.

FUNDING

- Shorewood - General fund and enterprise utility funds.

BUDGET/SCHEDULE

- Air exchange system & fans (garage) – 2027: $200,000
- Radiant heat (garage) – 2028: $200,000
- Rehab floor (garage) – 2029: $192,000
- PW building addition & renovation – 2031: $1,384,500
- Mechanic's bay – 2032: $520,000
- Heated storage – 2032: $162,500

ISSUES/OPPORTUNITIES

- In 2023, the City conducted a public works facility study that showed a significant deficiency in office, work and storage space.
- Since the original public works building was built, the department (fleet and personnel) has more than doubled in size.
- The facility heating units and air exchange systems is original to the building and requires a compliance upgrade.
- Garage heating is done through inefficient forced air units.

2027 through 2036

Capital Improvement Plan

Shorewood, Mn

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
601 - Water												
Water Service Connection Program	*W-26-02*	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	**2,000,000**
Rebuild Well Pump & Add VFD SE Well	*W-19-05*	80,000										**80,000**
Water & Sanitary Infrastucture Report	*W-27-01*	70,000										**70,000**
Rebuild Well Pump Boulder Bridge VT Well	*W-22-02*	45,000										**45,000**
Water Meter Replacement Project	*W-23-04*	10,000	10,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	**300,000**
Watermain Mill & Overlay Activity	*W-99-01*		125,000		135,000		145,000		155,000		165,000	**725,000**
Rebuild Well Pump Amesbury VT Well	*W-20-05*		25,000									**25,000**
Rebuild Well Pump Badger VT Well	*W-21-02*			47,000								**47,000**
Rebuild Well Pump Amesbury Submersible Well	*W-23-01*				49,000							**49,000**
Air Compressor - Ingersall Rand 185	*038*					34,200						**34,200**
Truck - 4x4 Pickup (Utility Truck) CL2A	*022*							64,700				**64,700**
Amesbury Watermain	*W-30-01*									1,910,449		**1,910,449**
Generator - Generac 163 KW Trailer Mtd	*071*										276,400	**276,400**
601 - Water Total		**405,000**	**360,000**	**282,000**	**419,000**	**269,200**	**380,000**	**299,700**	**390,000**	**2,145,449**	**676,400**	**5,626,749**

		2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
601 - Water Fund		370,000	360,000	282,000	419,000	269,200	380,000	299,700	390,000	2,145,449	676,400	**5,591,749**
611 - Sanitary Sewer Fund		35,000										**35,000**
Source Grand Total		**405,000**	**360,000**	**282,000**	**419,000**	**269,200**	**380,000**	**299,700**	**390,000**	**2,145,449**	**676,400**	**5,626,749**
GRAND TOTAL		**405,000**	**360,000**	**282,000**	**419,000**	**269,200**	**380,000**	**299,700**	**390,000**	**2,145,449**	**676,400**	**5,626,749**

2027 through 2036

Capital Improvement Plan

Shorewood, Mn

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
611 - Sanitary Sewer												
Infiltration and Inflow Reduction	*SS-99-05*	90,000	92,500	95,000	97,500	100,000	102,500	105,000	107,500	110,000	112,500	**1,012,500**
CIP Sewer Repairs Assoc with Roadway Reconstr	*SS-99-01*	56,000	57,500	59,000	60,500	62,000	63,500	65,000	66,500	68,000	69,500	**627,500**
Televising & Cleaning	*SS-99-02*	31,500	33,075	34,727	36,465	38,288	40,202	42,213	44,323	46,539	48,866	**396,198**
Sewer Additional	*SS-99-04*	29,000	30,000	31,000	32,000	33,000	34,000	35,000	36,000	37,000	38,000	**335,000**
Public Works Building Generator	*083*									156,200		**156,200**
611 - Sanitary Sewer Total		**206,500**	**213,075**	**219,727**	**226,465**	**233,288**	**240,202**	**247,213**	**254,323**	**417,739**	**268,866**	**2,527,398**

611 - Sanitary Sewer Fund	206,500	213,075	219,727	226,465	233,288	240,202	247,213	254,323	417,739	268,866	**2,527,398**
Source Grand Total	**206,500**	**213,075**	**219,727**	**226,465**	**233,288**	**240,202**	**247,213**	**254,323**	**417,739**	**268,866**	**2,527,398**

GRAND TOTAL	**206,500**	**213,075**	**219,727**	**226,465**	**233,288**	**240,202**	**247,213**	**254,323**	**417,739**	**268,866**	**2,527,398**

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
631 - Stormwater Management												
Noble Road & Grant Lorenz Channel Widening	*ST-27-02*	266,254										**266,254**
Storm Pond Sediment Cleaning & Disposal	*STM-99-04*	120,000	125,000	130,000	135,000	140,000	145,000	150,000	155,000	160,000	165,000	**1,425,000**
Stormwater Mill & Overlay Activity	*STM-99-03*	120,000		130,000		140,000		150,000		160,000		**700,000**
Catch Basin Reconstruction	*STM-99-01*	56,000	57,500	59,000	60,500	62,000	63,500	65,000	66,500	68,000	69,500	**627,500**
Disposal of Street Sweepings	*STM-99-02*	25,000	25,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000	**286,000**
631 - Stormwater Management Total		**587,254**	**207,500**	**345,000**	**222,500**	**370,000**	**237,500**	**395,000**	**252,500**	**420,000**	**267,500**	**3,304,754**
631 - Stormwater Management Fund		587,254	207,500	345,000	222,500	370,000	237,500	395,000	252,500	420,000	267,500	**3,304,754**
Source Grand Total		**587,254**	**207,500**	**345,000**	**222,500**	**370,000**	**237,500**	**395,000**	**252,500**	**420,000**	**267,500**	**3,304,754**
GRAND TOTAL		**587,254**	**207,500**	**345,000**	**222,500**	**370,000**	**237,500**	**395,000**	**252,500**	**420,000**	**267,500**	**3,304,754**

2027 Noble Road & Grant Lorenz Channel Improvements

City of Shorewood

BOLTON & MENK
Real People. Real Solutions.

PROJECT SCOPE

- Channel capacity will be increased upstream and downstream of Noble Road by removal of sediment & clearing of trees/brush within the channel. Drainage and Utility Easements would be acquired from approximately four to seven properties.

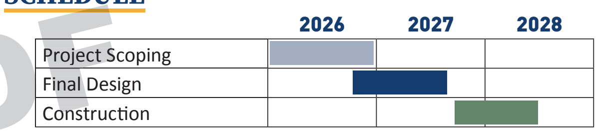
FUNDING

- Shorewood

BUDGET

- City of Shorewood:
  - ◊ Channel cleaning upstream and downstream of Noble Road = $266,000

SCHEDULE



ISSUES/OPPORTUNITIES

- The future Channel Stabilization project is not included in the proposed schedule or budget and is not currently identified in the Capital Improvement Plan.
- Noble Road has a pavement rating of 58 out of 100 and is planned for milling and overlay. A watermain could be added in 10 to 15 years.
- The project area is located within the Minnehaha Creek Watershed.
- The Grant Lorenz Channel falls under the jurisdiction of the U.S. Army Corps of Engineers. Significant impacts, such as hard armoring, channel widening, or realignment, will require 12 to 18 months for permitting. Smaller impacts, including bioengineered stabilization and limited sediment removal, will require approximately six months for permitting.
- Large wetlands in the area are under the jurisdiction of the Minnesota Department of Natural Resources (MnDNR).
- Channel widening would affect approximately four to seven properties, while the future Channel Stabilization project will impact five properties. Drainage and Utility Easement acquisition will be required for nine to twelve properties.
- For the future Channel Stabilization project, properties adjacent to Grant Lorenz Road can be addressed individually and do not require cooperation from neighboring parcels.
- Increasing stream capacity will require cooperation from all neighboring property owners to be successful.

Version 2: 7/27/2026

City of Shorewood

2027-2036

CAPITAL IMPROVEMENT PLAN

Proposed July 27, 2026

CITY OF SHOREWOOD
2027-2036 CAPITAL IMPROVEMENT PLAN

TABLE OF CONTENTS

City of Shorewood

July 27, 2026

Honorable Mayor and City Council Members
Residents of the City of Shorewood

Dear Mayor and City Council:

2027-2036 CAPITAL IMPROVEMENT PLAN OVERVIEW

The 2027-2036 Capital Improvement Plan (CIP) is a coordinated schedule of municipal capital projects, improvements, and purchases for the years 2027 through 2036. This ten-year planning document represents the combined efforts of City Staff, advisory commission, residents, and the City Council. It is intended to alert the Council and residents to the major capital needs on the horizon. The first year of the plan becomes part of the various budgets and relates almost completely to the operating budget that is approved on an annual basis. The remaining years represent an estimate of project and equipment needs and funding capabilities of the City.

A Capital Improvement Program (CIP) is a planning tool and is therefore structured to present a meaningful, long-range perspective of the City's capital needs. The CIP lists significant improvements in infrastructure and equipment that the City should plan for. It becomes a financial planning tool that identifies funding sources and funding availability and helps decision-makers to determine affordability. With the approval or amendment by the Council, the CIP provides an implementation program for Staff to work on.

A CIP should be developed to combine realistic needs with realistic expectations about expenditures and should reflect projects of other units of government (e.g. MnDOT, Hennepin County, watershed districts, etc.), when known, so that opportunities to coordinate City projects can be identified.

Shorewood has developed a philosophy about what is to be included when a CIP is presented. The following points, subject to Council modification, are part of that understanding.

- Projects in Shorewood's CIP are listed with particular care in terms of the likelihood that they will be implemented in the first or second year of the program.
- Projects listed in years three through five of the program identify projects and opportunities that merit further evaluation.
- There are programs for on-going outlays for which individual projects are not well-defined currently. For instance, the City has a pavement management program to assess the

condition of local streets, and it is updated every year. It is acceptable to budget funds for bituminous overlays each year without listing specific streets after the first year.

- Placing a project or outlay in the CIP does not commit the City Council to accomplish it. The Council's normal processes of authorizing studies to be prepared and gaining public comment need to be followed. A CIP listing does not in any way imply a done deal.

The League of Minnesota Cities' Handbook for Minnesota Cities contains the following discussion of Capital Improvement Budgeting.

> "Capital budgeting is a list of needed capital improvements, their order of priority, and the means of financing them. Besides being one of the major tools of planning, a capital budget can provide some or all of the following advantages:
>
> - Keep the public informed of future needs and protect council members from pressure groups seeking projects rated low on the priority list
> - Often reduce or stabilize the tax rate
> - Establish an orderly capital improvement program, preventing the peaks and valleys in a community's debt retirement program
> - Frequently allow a community to move gradually to a pay-as-you-go program of capital expenditure financing for a considerable portion of its improvements
> - Capital improvements take place in a logical and orderly manner, rather than haphazardly
> - Integrate the plans and projects of all city departments and agencies, eliminating conflicting and overlapping projects
> - By ensuring prior consideration for all capital improvements, it helps guarantee ample time for detailed and careful planning of the actual program."
>
> "The City puts improvement projects into a multiple-year capital improvement program on the basis of the established priority. When the council reviews it in light of the community's financial situation, it may find the city should defer some of the projects beyond the improvement period and other projects indefinitely."
>
> "Following this, the budget officer recommends projects for the coming budget year. The recommendations, in effect, become the recommended program."
>
> "Priorities in the capital budget program for the following years remain tentative, and the council should review them annually. At that time, the council should consider the addition of new projects and the deletion of others."

A CIP is not a document set in stone. It is a snapshot of needs, schedule of improvements, and schedule of financing, typically five years into the future, with an additional five years for long-term financial planning. It is intended that the CIP be reviewed and changed as physical conditions, financial conditions, and changes in priorities occur.

FUNDING SOURCES AND FINANCING

Planning for capital improvements requires sound and economical financing. The exact funding method is based on the City's general policies, past practices, legal and practical considerations. The preparation of a ten-year CIP requires City Staff to make material estimates about project scope, costs of labor and materials, future interest rates, and other items. Many times, these estimates come from Staff experience, projections published in other sources, vendor estimates, or a combination of several sources. Generally, the estimates for earlier years are more precise than later years.

Prioritization is a critical part of the CIP process because the City doesn't have enough resources to do all the projects that we would like. Some projects have reliable funding sources, but many do not.

CIP AND COMPREHENSIVE PLAN

The CIP is an implementation program of the City's Comprehensive Plan. Minn. Stat. §462.356 Subd. 2 and City Code 201.07 Subd. 10 provides that the City's Planning Commission is to review the CIP prior to its adoption by the City Council.

On October 6, 2026, the Shorewood Planning Commission will review the proposed CIP and to ensure that the capital projects within the CIP are generally consistent with, and/or generally contemplated by the City's Comprehensive Plan.

SUMMARY

The 2027-2036 Capital Improvement Plan was prepared according to the priorities and direction of the City Council and Staff believes it provides a responsible plan to balance the City's infrastructure needs and financial position.

Respectfully submitted,

Marc Nevinski
City Administrator

Jeanne Schmuck
Finance Director

Matt Morreim
Public Works Director

Andrew Budde
City Engineer

CITY OF SHOREWOOD
COUNTY OF HENNEPIN
STATE OF MINNESOTA

RESOLUTION 26-XXX

A RESOLUTION ADOPTING THE 2027-2036 CAPITAL IMPROVEMENT PLAN AND 2027 CAPITAL PROJECT FUND BUDGETS

WHEREAS, City staff have presented the proposed 2027-2036 Capital Improvement Plan (CIP) and 2027 capital project fund budgets at meetings through December, 2026; and

WHEREAS, the City Council has reviewed the CIP and budgets and made modifications to each that reflect desired community service levels; and

WHEREAS, these budgets represent a reasonable estimate of what needs to be spent to provide the desired service level.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHOREWOOD, MINNESOTA AS FOLLOWS:

1. The 2027-2036 Capital Improvement Plan is hereby adopted as presented with this adoption subject to Planning Commission review and determination of compliance with the Comprehensive Plan.

2. The Park Improvement, Equipment Replacement, Street Reconstruction, MSA, Trail Construction, and Community Infrastructure budgets are hereby adopted as presented.

Adopted by the City Council of Shorewood, Minnesota this 14th day of December 2026.

____
Jennifer Labadie, Mayor

Attest:

____
Sandie Thone, City Clerk

CAPITAL IMPROVEMENTS FISCAL POLICY

GENERAL POLICY

Shorewood's Capital Improvements Program reflects an assessment of the community's needs and its ability to pay for major improvements. It is founded on the policy that reinvestment required for replacement, maintenance, or the increased efficiency of existing systems shall have priority over investments for expansion of existing systems or the provision of new services.

FUNDING PRIORITIES

Capital spending proposals will generally be funded on the following priority basis:

1. Those projects necessary for contributing to the public health and welfare.

2. Those projects which will help to maintain an existing system.

3. Those projects that will make an existing system more efficient.

4. Those projects representing the expansion of an existing system for new service or completely new public facility or service.

FUNDING PRINCIPLES

As a result, the following principles shall govern the implementation of the recommended Capital Improvements Program:

1. The City will make all capital improvements in accordance with the adopted Capital Improvements Program.

2. The City will develop a multi-year plan for Capital Improvements and update it annually.

3. The City will coordinate development of the Capital Improvements Program with development of the annual operating budget. Future optional costs associated with new capital improvements will be projected and included in operation budget forecasts.

City of Shorewood

To: Shorewood Mayor & City Council

From: Shorewood Planning Commission

Date: October 6, 2026

Subject: 2027-2036 Capital Improvement Program (CIP)

At the October 6, 2026 meeting, the Planning Commission reviewed the proposed 2027-2036 Capital Improvement Program (CIP) pursuant to Minnesota State Statutes 462.356, Subd. 2. and City Code 201.07, Subd. 10.

Findings and Conclusions:

NOW, THEREFORE, in accordance with Minnesota State Statute 462.356, Subd. 2. and City Code 201.07, Subd. 10, the Planning Commission finds that the capital projects within the CIP are generally consistent with, generally implement, and/or are generally contemplated by the City's Comprehensive Plan.

____

Ken Huskins, Chair

ATTEST:

____

Sandie Thone, City Clerk

Source	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
201 - Community & Event Center	32,021	122,263	17,880	66,000	31,000	61,200	72,188	70,112	201,656	360,507	**1,034,827**
402 - Park Improvements	350,000	160,000	372,500	635,000	30,000	131,000	64,000	80,000	450,000	115,000	**2,387,500**
403 - Equipment Replacement Fund	367,600	188,245	63,300	257,400	386,800	646,900	336,300	564,300	166,600	202,600	**3,180,045**
404 - Street Reconstruction Fund	2,262,119	475,000	7,457,059	335,000	2,700,657	345,000	2,952,625	355,000	3,229,394	865,000	**20,976,854**
405 - MSA Road Reconstruction Fund			2,319,591		1,160,858						**3,480,449**
450 - Community Infrastructure Fund	230,000	200,000	192,000		1,384,500	682,500	30,000				**2,719,000**
601 - Water Fund	427,881	461,250	345,813	419,000	339,554	380,000	377,266	390,000	2,230,965	676,400	**6,048,129**
611 - Sanitary Sewer Fund	241,500	314,325	219,727	226,465	233,288	240,202	247,213	254,323	417,739	268,866	**2,663,648**
631 - Stormwater Management Fund	587,254	407,500	1,238,397	222,500	651,420	237,500	395,000	252,500	420,000	267,500	**4,679,571**
Outside Funding		150,000									**150,000**
GRAND TOTAL	**4,498,375**	**2,478,583**	**12,226,267**	**2,161,365**	**6,918,077**	**2,724,302**	**4,474,592**	**1,966,235**	**7,116,354**	**2,755,873**	**47,320,023**

2027 through 2036

Capital Improvement Plan

Shorewood, Mn

Department	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
201 - Community & Event Center	32,021	122,263	17,880	66,000	31,000	61,200	72,188	70,112	201,656	360,507	**1,034,827**
402 - Park Capital Improvement	350,000	160,000	372,500	635,000	30,000	131,000	64,000	80,000	450,000	115,000	**2,387,500**
403 - Equipment Replacement	367,600	390,745	63,300	257,400	386,800	646,900	336,300	564,300	166,600	202,600	**3,382,545**
404 - Street Reconstruction	2,320,000	825,000	7,753,844	335,000	2,771,011	345,000	3,030,191	355,000	3,314,910	865,000	**21,914,956**
405 - MSA Construction			2,980,016		1,442,278						**4,422,294**
450 - Community Infrastructure	230,000	200,000	192,000		1,384,500	682,500	30,000				**2,719,000**
601 - Water	405,000	360,000	282,000	419,000	269,200	380,000	299,700	390,000	2,145,449	676,400	**5,626,749**
611 - Sanitary Sewer	206,500	213,075	219,727	226,465	233,288	240,202	247,213	254,323	417,739	268,866	**2,527,398**
631 - Stormwater Management	587,254	207,500	345,000	222,500	370,000	237,500	395,000	252,500	420,000	267,500	**3,304,754**
GRAND TOTAL	**4,498,375**	**2,478,583**	**12,226,267**	**2,161,365**	**6,918,077**	**2,724,302**	**4,474,592**	**1,966,235**	**7,116,354**	**2,755,873**	**47,320,023**

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
201 - Community & Event Center												
Condensing Unit Replacement	*SCEC-27-01*	7,872	8,163	8,455								**24,490**
Kitchen Remodel	*SCEC-27-02*	24,149										**24,149**
Tables & Chairs Replacement	*SCEC-28-01*		114,100									**114,100**
Water Softener Replacement	*SCEC-29-02*			9,425								**9,425**
Fire System Updates (Panel replacements & compressor)	*SCEC-30-01*				66,000							**66,000**
Building Tuckpointing	*SCEC-31-01*					31,000						**31,000**
Exterior Door Replacement	*SCEC-32-01*						61,200					**61,200**
Furnace Replacement (x5)	*SCEC-33-01*							72,188				**72,188**
Activity Room Remodel	*SCEC-35-01*									201,656		**201,656**
Hallway & Lobby Renovation	*SCEC-36-01*								36,260			**36,260**
Restroom Renovation (Men's & Women's)	*SCEC-36-02*								33,852			**33,852**
Banquet Room Renovation	*SCEC-36-03*										113,533	**113,533**
Banquet Room Sound System	*SCEC-36-04*										43,750	**43,750**
Banquet Room Room Divider Replacement	*SCEC-36-05*										70,000	**70,000**
Conference Room Renovation	*SCEC-36-06*										133,224	**133,224**
201 - Community & Event Center Total		**32,021**	**122,263**	**17,880**	**66,000**	**31,000**	**61,200**	**72,188**	**70,112**	**201,656**	**360,507**	**1,034,827**
201 - Community & Event Center		32,021	122,263	17,880	66,000	31,000	61,200	72,188	70,112	201,656	360,507	**1,034,827**
Source Grand Total		**32,021**	**122,263**	**17,880**	**66,000**	**31,000**	**61,200**	**72,188**	**70,112**	**201,656**	**360,507**	**1,034,827**
402 - Park Capital Improvement												
Freeman Park North Playground Renovation	*P0112*	350,000										**350,000**
Freeman Park Volleyball Court Renovation	*P0113*							18,000				**18,000**
Freeman Park Picnic Shelter Replacement	*P0114*								80,000			**80,000**
Cathcart Park Full Court Basketball Replacement	*P0203*		50,000									**50,000**
Cathcart Park Bituminous Trail Repair - 250 LF	*P0204*		25,000									**25,000**
Cathcart Park Playground Replacement	*P0205*			350,000								**350,000**

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Cathcart Park Tennis Court Replacement	*P0206*										95,000	**95,000**
Badger Park Tennis Court Resurfacing	*P0303*										20,000	**20,000**
Manor Park Tennis Court Resurfacing + Fence and Retaining Wall Replacement	*P0406*		85,000									**85,000**
Manor Park Volleyball Court Renovation	*P0407*							18,000				**18,000**
Manor Park Playground Replacement + Sign Replacement	*P0408*									450,000		**450,000**
Silverwood Park Bituminous Trail Repair - 310 LF	*P0504*					30,000						**30,000**
Silverwood Park Half Basketball Court	*P0505*							28,000				**28,000**
South Shore Park Trail Improvements	*P0703*				100,000							**100,000**
South Shore Park Pickleball Courts w/ Lighting (2)	*P0704*				140,000							**140,000**
South Shore Park Picnic Shelter	*P0705*				80,000							**80,000**
South Shore Park Full Basketball Court w/ Lights	*P0706*				75,000							**75,000**
South Shore Park Ornamental Fencing	*P0707*				20,000							**20,000**
South Shore Park Parking Lot Renovation	*P0708*				130,000							**130,000**
South Shore Park Circulation + Plaza Spaces	*P0709*				60,000							**60,000**
South Shore Park Plantings	*P0710*				30,000							**30,000**
South Shore Park Fitness Stations (5)	*P0711*						60,000					**60,000**
South Shore Park Park Lighting	*P0712*						18,000					**18,000**
South Shore Park Kiosk	*P0713*						6,000					**6,000**
South Shore Park Interpretive Signage	*P0714*						7,000					**7,000**
South Shore Park Gateyway Element/ Public Art	*P0715*						15,000					**15,000**
South Shore Park Water Line, Spigot, and Drinking Fountain	*P0716*						25,000					**25,000**
Gideon Glen Park Interpretive Sign Improvements (3)	*P0901*			22,500								**22,500**
402 - Park Capital Improvement Total		**350,000**	**160,000**	**372,500**	**635,000**	**30,000**	**131,000**	**64,000**	**80,000**	**450,000**	**115,000**	**2,387,500**
402 - Park Improvements		350,000	160,000	372,500	635,000	30,000	131,000	64,000	80,000	450,000	115,000	**2,387,500**
Source Grand Total		**350,000**	**160,000**	**372,500**	**635,000**	**30,000**	**131,000**	**64,000**	**80,000**	**450,000**	**115,000**	**2,387,500**

403 - Equipment Replacement

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Trailer - Parks Light	*001*	20,000										**20,000**
Trailer - Streets Heavy	*002*									60,000		**60,000**

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Truck - Single Axle Dump Truck CL7	*004*					260,000						**260,000**
Truck - Single Axle Dump Truck CL7	*005*						270,200					**270,200**
Truck - 4x4 Utility Truck CL5	*007*		202,500									**202,500**
Truck - Single Axle Dump Truck CL7	*009*								325,000			**325,000**
Truck - Pickup CL2B	*010*				56,000							**56,000**
Truck - Pickup CL2A	*011*					48,500						**48,500**
Mower - 72" Deck	*012*	44,000									55,400	**99,400**
Truck - 4x4 Dump Truck CL5	*014*							161,000				**161,000**
Mower - 72" Deck	*016*			49,200								**49,200**
Truck - 4x4 Forestry Truck CL5	*017*						200,000					**200,000**
Brush Chipper	*018*							85,000				**85,000**
Toolcat - Multi-Purpose Vehicle	*019*		120,000									**120,000**
Truck - 4x4 Pickup CL3	*021*							60,000				**60,000**
Equipment - Field Rake	*023*										30,000	**30,000**
Truck - 4x4 Pickup CL2B	*024*								64,700			**64,700**
Mower - 96" Deck	*025*						90,000					**90,000**
Truck - 4x4 Pickup (Bldg. Off.) CL2A	*027*						56,600					**56,600**
Mower - Brush w/Tracks	*030*								40,000			**40,000**
Trailer - Streets Medium	*059*		40,000									**40,000**
Truck - 4x4 Pickup CL3	*090*										68,000	**68,000**
Vibratory Roller	*096*					65,600						**65,600**
Skid Steer Loader	*097*									90,500		**90,500**
Truck - Single Axle Dump Truck CL7	*098*	280,000										**280,000**
City Hall Building Generator	*102*								121,000			**121,000**
Toolcat - Multi-Purpose Vehicle	*105*				125,000							**125,000**
Color Copier Replacement	*T-13-03*				16,000			17,000				**33,000**
800 Mhz Radio Replacement	*T-19-01*				36,000							**36,000**
Chambers Audio	*T-99-80*										35,000	**35,000**
Chambers Video Controls	*T-99-81*		16,445									**16,445**
Chambers Cameras	*T-99-82*				12,000							**12,000**
Chambers Presentation	*T-99-83*	12,100					15,000					**27,100**
Chambers Computer/IT	*T-99-84*			2,000			2,100			2,200		**6,300**
Computer Upgrades	*T-99-99*	11,500	11,800	12,100	12,400	12,700	13,000	13,300	13,600	13,900	14,200	**128,500**
403 - Equipment Replacement Total		**367,600**	**390,745**	**63,300**	**257,400**	**386,800**	**646,900**	**336,300**	**564,300**	**166,600**	**202,600**	**3,382,545**
403 - Equipment Replacement Fund		367,600	188,245	63,300	257,400	386,800	646,900	336,300	564,300	166,600	202,600	**3,180,045**
601 - Water Fund			101,250									**101,250**

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
611 - Sanitary Sewer Fund			101,250									**101,250**
Source Grand Total		**367,600**	**390,745**	**63,300**	**257,400**	**386,800**	**646,900**	**336,300**	**564,300**	**166,600**	**202,600**	**3,382,545**

404 - Street Reconstruction

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Pavement Maintenance	*LR-99-099*	320,000	325,000	330,000	335,000	340,000	345,000	350,000	355,000	360,000	365,000	**3,425,000**
Mill & Overlay and Striping	*LR-99-100*	2,000,000		2,204,999		2,431,011		2,680,191		2,954,910		**12,271,111**
Manor Road Resurfacing Led by Greenwood	*ST-26-01*		500,000									**500,000**
Local Share TH7 Improvements	*ST-29-03*			3,828,845								**3,828,845**
Anthony Terrace & Vine Street Reclaim or Mill & Overlay	*ST-29-04*			90,000								**90,000**
Galpin Lake Rd/Trail	*ST-29-05*			1,300,000								**1,300,000**
Yellowstone Trail - Country Club to Lake Linden	*T015*										500,000	**500,000**
404 - Street Reconstruction Total		**2,320,000**	**825,000**	**7,753,844**	**335,000**	**2,771,011**	**345,000**	**3,030,191**	**355,000**	**3,314,910**	**865,000**	**21,914,956**
404 - Street Reconstruction Fund		2,262,119	475,000	7,051,890	335,000	2,700,657	345,000	2,952,625	355,000	3,229,394	865,000	**20,571,685**
601 - Water Fund		57,881		63,813		70,354		77,566		85,516		**355,130**
631 - Stormwater Management Fund			200,000	638,141								**838,141**
Outside Funding			150,000									**150,000**
Source Grand Total		**2,320,000**	**825,000**	**7,753,844**	**335,000**	**2,771,011**	**345,000**	**3,030,191**	**355,000**	**3,314,910**	**865,000**	**21,914,956**

405 - MSA Construction

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Chaska Road Trail	*ST-27-01*			810,338								**810,338**
Vinehill Road Improv (partner with Minnetonka)	*ST-29-02*			2,169,678		1,442,278						**3,611,956**
405 - MSA Construction Total		**0**	**0**	**2,980,016**	**0**	**1,442,278**	**0**	**0**	**0**	**0**	**0**	**4,422,294**
404 - Street Reconstruction Fund				405,169								**405,169**
405 - MSA Road Reconstruction Fund				2,319,591		1,160,858						**3,480,449**
631 - Stormwater Management Fund				255,256		281,420						**536,676**
Source Grand Total		**0**	**0**	**2,980,016**	**0**	**1,442,278**	**0**	**0**	**0**	**0**	**0**	**4,422,294**

450 - Community Infrastructure

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Air Exchange System & Fans (Garage/ Shop)	*CI-26-03*	200,000										**200,000**
Radiant Heat (Garage/Shop)	*CI-27-01*		200,000									**200,000**
PW Facility Schematic	*CI-27-02*	30,000										**30,000**
Rehab Floor (Garage/Shop)	*CI-28-01*			192,000								**192,000**
Office/Employee Area (new)-PW	*CI-30-01*					1,072,500						**1,072,500**

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Office/Employee Area (old)-PW	*CI-30-02*					312,000						**312,000**
Mechanics Bay	*CI-31-01*						520,000					**520,000**
Heated Storage-PW	*CI-31-02*						162,500					**162,500**
Council Chambers/Conference Room Carpet/Painting	*CI-32-01*							30,000				**30,000**
450 - Community Infrastructure Total		**230,000**	**200,000**	**192,000**	**0**	**1,384,500**	**682,500**	**30,000**	**0**	**0**	**0**	**2,719,000**
450 - Community Infrastructure Fund		230,000	200,000	192,000		1,384,500	682,500	30,000				**2,719,000**
Source Grand Total		**230,000**	**200,000**	**192,000**	**0**	**1,384,500**	**682,500**	**30,000**	**0**	**0**	**0**	**2,719,000**
601 - Water												
Truck - 4x4 Pickup (Utility Truck) CL2A	*022*							64,700				**64,700**
Air Compressor - Ingersall Rand 185	*038*					34,200						**34,200**
Generator - Generac 163 KW Trailer Mtd	*071*										276,400	**276,400**
Rebuild Well Pump & Add VFD SE Well	*W-19-05*	80,000										**80,000**
Rebuild Well Pump Amesbury VT Well	*W-20-05*		25,000									**25,000**
Rebuild Well Pump Badger VT Well	*W-21-02*			47,000								**47,000**
Rebuild Well Pump Boulder Bridge VT Well	*W-22-02*	45,000										**45,000**
Rebuild Well Pump Amesbury Submersible Well	*W-23-01*				49,000							**49,000**
Water Meter Replacement Project	*W-23-04*	10,000	10,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	**300,000**
Water Service Connection Program	*W-26-02*	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	**2,000,000**
Water & Sanitary Infrastucture Report	*W-27-01*	70,000										**70,000**
Amesbury Watermain	*W-30-01*									1,910,449		**1,910,449**
Watermain Mill & Overlay Activity	*W-99-01*		125,000		135,000		145,000		155,000		165,000	**725,000**
601 - Water Total		**405,000**	**360,000**	**282,000**	**419,000**	**269,200**	**380,000**	**299,700**	**390,000**	**2,145,449**	**676,400**	**5,626,749**
601 - Water Fund		370,000	360,000	282,000	419,000	269,200	380,000	299,700	390,000	2,145,449	676,400	**5,591,749**
611 - Sanitary Sewer Fund		35,000										**35,000**
Source Grand Total		**405,000**	**360,000**	**282,000**	**419,000**	**269,200**	**380,000**	**299,700**	**390,000**	**2,145,449**	**676,400**	**5,626,749**
611 - Sanitary Sewer												
Public Works Building Generator	*083*									156,200		**156,200**
CIP Sewer Repairs Assoc with Roadway Reconstr	*SS-99-01*	56,000	57,500	59,000	60,500	62,000	63,500	65,000	66,500	68,000	69,500	**627,500**
Televising & Cleaning	*SS-99-02*	31,500	33,075	34,727	36,465	38,288	40,202	42,213	44,323	46,539	48,866	**396,198**
Sewer Additional	*SS-99-04*	29,000	30,000	31,000	32,000	33,000	34,000	35,000	36,000	37,000	38,000	**335,000**

Department	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Infiltration and Inflow Reduction	*SS-99-05*	90,000	92,500	95,000	97,500	100,000	102,500	105,000	107,500	110,000	112,500	**1,012,500**
611 - Sanitary Sewer Total		**206,500**	**213,075**	**219,727**	**226,465**	**233,288**	**240,202**	**247,213**	**254,323**	**417,739**	**268,866**	**2,527,398**
611 - Sanitary Sewer Fund		206,500	213,075	219,727	226,465	233,288	240,202	247,213	254,323	417,739	268,866	**2,527,398**
Source Grand Total		**206,500**	**213,075**	**219,727**	**226,465**	**233,288**	**240,202**	**247,213**	**254,323**	**417,739**	**268,866**	**2,527,398**
631 - Stormwater Management												
Noble Road & Grant Lorenz Channel Widening	*ST-27-02*	266,254										**266,254**
Catch Basin Reconstruction	*STM-99-01*	56,000	57,500	59,000	60,500	62,000	63,500	65,000	66,500	68,000	69,500	**627,500**
Disposal of Street Sweepings	*STM-99-02*	25,000	25,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000	**286,000**
Stormwater Mill & Overlay Activity	*STM-99-03*	120,000		130,000		140,000		150,000		160,000		**700,000**
Storm Pond Sediment Cleaning & Disposal	*STM-99-04*	120,000	125,000	130,000	135,000	140,000	145,000	150,000	155,000	160,000	165,000	**1,425,000**
631 - Stormwater Management Total		**587,254**	**207,500**	**345,000**	**222,500**	**370,000**	**237,500**	**395,000**	**252,500**	**420,000**	**267,500**	**3,304,754**
631 - Stormwater Management Fund		587,254	207,500	345,000	222,500	370,000	237,500	395,000	252,500	420,000	267,500	**3,304,754**
Source Grand Total		**587,254**	**207,500**	**345,000**	**222,500**	**370,000**	**237,500**	**395,000**	**252,500**	**420,000**	**267,500**	**3,304,754**
GRAND TOTAL		**4,498,375**	**2,478,583**	**12,226,267**	**2,161,365**	**6,918,077**	**2,724,302**	**4,474,592**	**1,966,235**	**7,116,354**	**2,755,873**	**47,320,023**

SPECIAL REVENUE

SHOREWOOD COMMUNITY AND EVENT CENTER FUND (201)

Fund Mission

This fund was established to account for the resources accumulated from events and activities held at the City's community center, and the payment of expenditures related to operations of the community center. The City has committed charges for services revenues for operations. Property taxes support the community center when fees generated from facility rental are not sufficient to cover expenses.

Fund Description/Services

The Shorewood Community & Event Center (SCEC) is nestled in the woods right next to Shorewood City Hall and Badger Park to provide recreational services and programs. The City partners with the South Shore Senior Partners to provide Senior programming. The SCEC offers multiple room rentals, with spaces for birthday parties, graduations, weddings, receptions, memorials, HOA meetings, teleconferencing, dances, and more.

Fund Goals

- Implement recommendations provided by the SCEC Task Force.
- Increase rental income while decreasing expenditures to achieve 70% cost recovery.
- Maintain a functional facility by performing routine maintenance and providing incremental building updates.

Fund Performance Measures

Performance Measure	2024 Actual	2025 Actual	2026 Projected	2027 Estimated
Total Rental Income	$66,075	$82,269	$82,000	$85,000
Total Facility Rentals	371	432	440	500
Cost Recovery – 70% Target	38.86%	48.68%	49%	55%

Revenue/Expenditures

Description	Actual 2024	Actual 2025	Budget 2026	Proposed Budget 2027	Budget Change 2027	Percentage Change 2027
REVENUES						
Taxes	$ 105,000	$ 122,000	$ 145,000	$ 177,677	$ 32,677	22.54%
Charges for Services	66,286	82,269	68,000	82,000	14,000	20.59%
Miscellaneous	3,040	5,364	3,150	2,500	(650)	-20.63%
TOTAL REVENUES	$ 174,326	$ 209,634	$ 216,150	$ 262,177	$ 46,027	21.29%
EXPENDITURES						
Personnel Services	$ 88,701	$ 113,363	$ 68,480	$ 125,010	$ 56,530	82.55%
Supplies	33,093	22,145	29,340	29,510	170	0.58%
Other Services and Charges	35,326	38,992	54,210	47,451	(6,759)	-12.47%
Capital Outlay	21,280	5,995	21,500	32,021	10,521	48.93%
TOTAL EXPENDITURES	$ 178,401	$ 180,496	$ 173,530	$ 233,992	$ 60,462	34.84%
BEGINNING FUND BALANCE	$ 78,404	$ 74,329	$ 103,467	$ 146,087		
Net Change in Fund Balance	(4,075)	29,138	42,620	28,185		
ENDING FUND BALANCE	$ 74,329	$ 103,467	$ 146,087	$ 174,272		

Source	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
201 - Community & Event Center												
Condensing Unit Replacement	*SCEC-27-01*	7,872	8,163	8,455								**24,490**
Kitchen Remodel	*SCEC-27-02*	24,149										**24,149**
Tables & Chairs Replacement	*SCEC-28-01*		114,100									**114,100**
Water Softener Replacement	*SCEC-29-02*			9,425								**9,425**
Fire System Updates (Panel replacements & compressor)	*SCEC-30-01*				66,000							**66,000**
Building Tuckpointing	*SCEC-31-01*					31,000						**31,000**
Exterior Door Replacement	*SCEC-32-01*						61,200					**61,200**
Furnace Replacement (x5)	*SCEC-33-01*							72,188				**72,188**
Activity Room Remodel	*SCEC-35-01*									201,656		**201,656**
Hallway & Lobby Renovation	*SCEC-36-01*								36,260			**36,260**
Restroom Renovation (Men's & Women's)	*SCEC-36-02*								33,852			**33,852**
Banquet Room Renovation	*SCEC-36-03*										113,533	**113,533**
Banquet Room Sound System	*SCEC-36-04*										43,750	**43,750**
Banquet Room Room Divider Replacement	*SCEC-36-05*										70,000	**70,000**
Conference Room Renovation	*SCEC-36-06*										133,224	**133,224**
201 - Community & Event Center Total		**32,021**	**122,263**	**17,880**	**66,000**	**31,000**	**61,200**	**72,188**	**70,112**	**201,656**	**360,507**	**1,034,827**
GRAND TOTAL		**32,021**	**122,263**	**17,880**	**66,000**	**31,000**	**61,200**	**72,188**	**70,112**	**201,656**	**360,507**	**1,034,827**

CAPITAL IMPROVEMENT

SUMMARY

Capital Funds

Capital Projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by enterprise funds. Details of these funds can be found in the 10-Year Capital Improvement Plan.

Fund Description/Services

Park Capital Improvement Fund - This fund accounts for parkland acquisition and other capital improvements in the City parks.

Equipment Replacement Fund - This fund was established to account for various capital acquisitions for the City governmental funds. This fund was developed in order to eliminate fluctuations in departmental operating budgets from year to year due to capital outlay purchases.

Street Reconstruction Fund - This fund was established for the purpose of funding the periodic reconstruction of City streets and roadways.

MSA Road Reconstruction Fund - This fund was established to account for the accumulation of Municipal State Aid (MSA) to fund the periodic reconstruction of MSA designated roads.

Community Infrastructure Fund - This fund was established to account for various capital improvement projects that may be financed without the need to issue bonds.

Revenue/Expenditures

Description	Park Improvement Fund (402)	Equipment Replacement Fund (403)	Street Improvement Fund (404)	Municipal State Aid Fund (405)	Community Infrastructure Fund (450)	Total Capital Funds
REVENUES						
Taxes	$ 355,500	$ 275,000	$ -	$ -	$ 230,000	$ 860,500
Municipal State Aid	-	-	-	-	-	-
Miscellaneous	2,230	920	365,510	580	-	369,240
Transfers In	-	-	-	-	-	-
TOTAL REVENUES	$ 357,730	$ 275,920	$ 365,510	$ 580	$ 230,000	$ 1,229,740
EXPENDITURES						
Supplies	$ -	$ -	$ -	$ -	$ -	$ -
Other Services and Charges	-	-	-	-	30,000	30,000
Capital Outlay	350,000	367,600	2,262,119	-	200,000	3,179,719
TOTAL EXPENDITURES	$ 350,000	$ 367,600	$ 2,262,119	$ -	$ 230,000	$ 3,209,719
BEGINNING FUND BALANCE	$ 473,825	$ 178,713	$ 1,851,792	$ 43,663	$ 42,769	
Net Change in Fund Balance	7,730	(91,680)	(1,896,609)	580	-	
ENDING FUND BALANCE	$ 481,555	$ 87,033	$ (44,817)	$ 44,243	$ 42,769	

CAPITAL IMPROVEMENT

PARK IMPROVEMENT CAPITAL FUND (402)

Fund Mission

This fund was established to account for the resources accumulated from events and activities held at the City's community center, and the payment of expenditures related to operations of the community center. The City has committed charges for services revenues for operations. Property taxes support the community center when fees generated from facility rental are not sufficient to cover expenses.

Fund Description/Services

The Park Improvement Capital Fund provides for major facilities and equipment for City parks. Fees collected from new subdivision development and transfers from the General Fund are dedicated for the development and improvement of City parks.

Revenue/Expenditures

Description	Actual 2024	Actual 2025	Budget 2026	Proposed Budget 2027	Budget Change 2027	Percentage Change 2027
REVENUES						
Taxes	$ 128,000	$ 135,000	$ 305,500	$ 355,500	$ 50,000	16.37%
Park Dedication Fees	112,500	97,600	-	-	-	
Miscellaneous	321,979	67,873	2,230	2,230	-	0.00%
Transfers In	105,000	-	-	-	-	
TOTAL REVENUES	$ 667,479	$ 300,473	$ 307,730	$ 357,730	$ 50,000	16.25%
EXPENDITURES						
Supplies	$ -	$ -	$ -	$ -	$ -	
Other Services and Charges	23,688	42,191	-	-	-	
Capital Outlay	45,120	-	45,000	350,000	305,000	677.78%
TOTAL EXPENDITURES	$ 68,808	$ 42,191	$ 45,000	$ 350,000	$ 305,000	677.78%
BEGINNING FUND BALANCE	$ (645,858)	$ (47,187)	$ 211,095	$ 473,825		
Net Change in Fund Balance	598,671	258,282	262,730	7,730		
ENDING FUND BALANCE	$ (47,187)	$ 211,095	$ 473,825	$ 481,555		

Source	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
402 - Park Improvements												
Freeman Park North Playground Renovation	*P0112*	350,000										**350,000**
Freeman Park Volleyball Court Renovation	*P0113*							18,000				**18,000**
Freeman Park Picnic Shelter Replacement	*P0114*								80,000			**80,000**
Cathcart Park Full Court Basketball Replacement	*P0203*		50,000									**50,000**
Cathcart Park Bituminous Trail Repair - 250 LF	*P0204*		25,000									**25,000**
Cathcart Park Playground Replacement	*P0205*			350,000								**350,000**
Cathcart Park Tennis Court Replacement	*P0206*										95,000	**95,000**
Badger Park Tennis Court Resurfacing	*P0303*										20,000	**20,000**
Manor Park Tennis Court Resurfacing + Fence and Retaining Wall Replacement	*P0406*		85,000									**85,000**
Manor Park Volleyball Court Renovation	*P0407*							18,000				**18,000**
Manor Park Playground Replacement + Sign Replacement	*P0408*									450,000		**450,000**
Silverwood Park Bituminous Trail Repair - 310 LF	*P0504*					30,000						**30,000**
Silverwood Park Half Basketball Court	*P0505*							28,000				**28,000**
South Shore Park Trail Improvements	*P0703*				100,000							**100,000**
South Shore Park Pickleball Courts w/ Lighting (2)	*P0704*				140,000							**140,000**
South Shore Park Picnic Shelter	*P0705*				80,000							**80,000**
South Shore Park Full Basketball Court w/ Lights	*P0706*				75,000							**75,000**
South Shore Park Ornamental Fencing	*P0707*				20,000							**20,000**
South Shore Park Parking Lot Renovation	*P0708*				130,000							**130,000**
South Shore Park Circulation + Plaza Spaces	*P0709*				60,000							**60,000**
South Shore Park Plantings	*P0710*				30,000							**30,000**
South Shore Park Fitness Stations (5)	*P0711*						60,000					**60,000**

Source	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
South Shore Park Park Lighting	*P0712*						18,000					**18,000**
South Shore Park Kiosk	*P0713*						6,000					**6,000**
South Shore Park Interpretive Signage	*P0714*						7,000					**7,000**
South Shore Park Gateway Element/ Public Art	*P0715*						15,000					**15,000**
South Shore Park Water Line, Spigot, and Drinking Fountain	*P0716*						25,000					**25,000**
Gideon Glen Park Interpretive Sign Improvements (3)	*P0901*			22,500								**22,500**
402 - Park Improvements Total		**350,000**	**160,000**	**372,500**	**635,000**	**30,000**	**131,000**	**64,000**	**80,000**	**450,000**	**115,000**	**2,387,500**
GRAND TOTAL		**350,000**	**160,000**	**372,500**	**635,000**	**30,000**	**131,000**	**64,000**	**80,000**	**450,000**	**115,000**	**2,387,500**

CAPITAL IMPROVEMENT

EQUIPMENT REPLACEMENT CAPITAL FUND (403)

Fund Mission

This fund was established for the purpose of funding the replacement of capital equipment.

Fund Description/Services

The Equipment Replacement Capital Fund is supported by Property Taxes and there have been transfers from the General Fund over the years as well. These sources provide for the accumulation of funds for acquisition and replacement of equipment utilized in City operations and infrastructure.

Revenue/Expenditures

Description	Actual 2024	Actual 2025	Budget 2026	Proposed Budget 2027	Budget Change 2027	Percentage Change 2027
REVENUES						
Taxes	$ 128,000	$ 165,000	$ 215,000	$ 275,000	$ 60,000	27.91%
Sale of Capital Assets	3,854	123,508	-	-	-	
Miscellaneous	11,815	3,117	920	920	-	0.00%
Transfers In	-	400,000	-	-	-	
TOTAL REVENUES	$ 143,669	$ 691,625	$ 215,920	$ 275,920	$ 60,000	27.79%
EXPENDITURES						
Buildings & Structures	$ 30,901	$ 605,897	$ -	$ -	$ -	
Machinery & Equipment	113,193	344,994	74,900	344,000	269,100	359.28%
Furniture & Fixtures	-	242	11,200	23,600	12,400	110.71%
TOTAL EXPENDITURES	$ 144,094	$ 951,132	$ 86,100	$ 367,600	$ 281,500	326.95%
BEGINNING FUND BALANCE	$ 308,826	$ 308,400	$ 48,893	$ 178,713		
Net Change in Fund Balance	(426)	(259,507)	129,820	(91,680)		
ENDING FUND BALANCE	$ 308,400	$ 48,893	$ 178,713	$ 87,033		

Source	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
403 - Equipment Replacement Fund												
Trailer - Parks Light	*001*	20,000										**20,000**
Trailer - Streets Heavy	*002*									60,000		**60,000**
Truck - Single Axle Dump Truck CL7	*004*					260,000						**260,000**
Truck - Single Axle Dump Truck CL7	*005*						270,200					**270,200**
Truck - Single Axle Dump Truck CL7	*009*								325,000			**325,000**
Truck - Pickup CL2B	*010*				56,000							**56,000**
Truck - Pickup CL2A	*011*					48,500						**48,500**
Mower - 72" Deck	*012*	44,000									55,400	**99,400**
Truck - 4x4 Dump Truck CL5	*014*							161,000				**161,000**
Mower - 72" Deck	*016*			49,200								**49,200**
Truck - 4x4 Forestry Truck CL5	*017*						200,000					**200,000**
Brush Chipper	*018*							85,000				**85,000**
Toolcat - Multi-Purpose Vehicle	*019*		120,000									**120,000**
Truck - 4x4 Pickup CL3	*021*							60,000				**60,000**
Equipment - Field Rake	*023*										30,000	**30,000**
Truck - 4x4 Pickup CL2B	*024*								64,700			**64,700**
Mower - 96" Deck	*025*						90,000					**90,000**
Truck - 4x4 Pickup (Bldg. Off.) CL2A	*027*						56,600					**56,600**
Mower - Brush w/Tracks	*030*								40,000			**40,000**
Trailer - Streets Medium	*059*		40,000									**40,000**
Truck - 4x4 Pickup CL3	*090*										68,000	**68,000**
Vibratory Roller	*096*					65,600						**65,600**
Skid Steer Loader	*097*									90,500		**90,500**
Truck - Single Axle Dump Truck CL7	*098*	280,000										**280,000**
City Hall Building Generator	*102*								121,000			**121,000**
Toolcat - Multi-Purpose Vehicle	*105*				125,000							**125,000**
Color Copier Replacement	*T-13-03*				16,000			17,000				**33,000**
800 Mhz Radio Replacement	*T-19-01*				36,000							**36,000**
Chambers Audio	*T-99-80*										35,000	**35,000**
Chambers Video Controls	*T-99-81*		16,445									**16,445**
Chambers Cameras	*T-99-82*				12,000							**12,000**
Chambers Presentation	*T-99-83*	12,100					15,000					**27,100**
Chambers Computer/IT	*T-99-84*			2,000			2,100			2,200		**6,300**

Source	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Computer Upgrades	*T-99-99*	11,500	11,800	12,100	12,400	12,700	13,000	13,300	13,600	13,900	14,200	**128,500**
403 - Equipment Replacement Fund Total		**367,600**	**188,245**	**63,300**	**257,400**	**386,800**	**646,900**	**336,300**	**564,300**	**166,600**	**202,600**	**3,180,045**
GRAND TOTAL		**367,600**	**188,245**	**63,300**	**257,400**	**386,800**	**646,900**	**336,300**	**564,300**	**166,600**	**202,600**	**3,180,045**

CAPITAL IMPROVEMENT

STREET RECONSTRUCTION CAPITAL FUND (404)

Fund Mission

This fund was established for the purpose of funding the periodic maintenance, upgrade, and reconstruction of City streets and roadways.

Fund Description/Services

The Street Improvement Capital Fund is supported by Property Tax Levy, Bond Proceeds. There have also been transfers periodically to supplement the fund with general operating surplus. The City's strategy to finance projects has been to bond. Bonds were issued from 2020-2023 to finance various projects within the fund, the City's outstanding debt will essentially grow larger each year until the first bonds issued in 2020 are paid off.

Revenue/Expenditures

Description	Actual 2024	Actual 2025	Budget 2026	Proposed Budget 2027	Budget Change 2027	Percentage Change 2027
REVENUES						
Taxes	$ 128,000	$ 170,500	$ -	$ -	$ -	
Miscellaneous	181,602	615,646	65,510	365,510	300,000	457.95%
Bond Proceeds	-	-	-	-	-	
Transfers In	-	-	-	-	-	
TOTAL REVENUES	$ 309,602	$ 786,146	$ 65,510	$ 365,510	$ 300,000	457.95%
EXPENDITURES						
Supplies	$ -	$ -	$ -	$ -	$ -	
Other Services and Charges	415,240	629,140	-	-	-	
Capital Outlay	985,347	1,703,227	315,000	2,262,119	1,947,119	618.13%
Transfers Out	-	-	-	-	-	
TOTAL EXPENDITURES	$ 1,400,587	$ 2,332,367	$ 315,000	$ 2,262,119	$ 1,947,119	618.13%
BEGINNING FUND BALANCE	$ 4,738,489	$ 3,647,503	$ 2,101,282	$ 1,851,792		
Net Change in Fund Balance	(1,090,986)	(1,546,221)	(249,490)	(1,896,609)		
ENDING FUND BALANCE	$ 3,647,503	$ 2,101,282	$ 1,851,792	$ (44,817)		

Source	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
404 - Street Reconstruction Fund												
Pavement Maintenance	*LR-99-099*	320,000	325,000	330,000	335,000	340,000	345,000	350,000	355,000	360,000	365,000	**3,425,000**
Mill & Overlay and Striping	*LR-99-100*	1,942,119		2,141,186		2,360,657		2,602,625		2,869,394		**11,915,981**
Manor Road Resurfacing Led by Greenwood	*ST-26-01*		150,000									**150,000**
Chaska Road Trail	*ST-27-01*			405,169								**405,169**
Local Share TH7 Improvements	*ST-29-03*			3,190,704								**3,190,704**
Anthony Terrace & Vine Street Reclaim or Mill & Overlay	*ST-29-04*			90,000								**90,000**
Galpin Lake Rd/Trail	*ST-29-05*			1,300,000								**1,300,000**
Yellowstone Trail - Country Club to Lake Linden	*T015*										500,000	**500,000**
404 - Street Reconstruction Fund Total		**2,262,119**	**475,000**	**7,457,059**	**335,000**	**2,700,657**	**345,000**	**2,952,625**	**355,000**	**3,229,394**	**865,000**	**20,976,854**
GRAND TOTAL		2,262,119	475,000	7,457,059	335,000	2,700,657	345,000	2,952,625	355,000	3,229,394	865,000	20,976,854

2028 Manor Road Project

PROJECT SCOPE

- Greenwood has initiated planning for improvements to Manor Road from Excelsior Boulevard to St. Albans Bay Road and has proposed pavement reclamation
- Shorewood is reviewing potential drainage improvements on its side of the roadway, and range from improving the existing bituminous flume or adding curb and gutter and storm sewer.

FUNDING

- City of Greenwood
- City of Shorewood

BUDGET

- Greenwood = $150,000
- Shorewood = $500,000 ($350,000 Storm Sewer, $150,000 Roadway)

ANTICIPATED SCHEDULE ASSUMING FUNDING

	2025	2026	2027	2028
Scoping				
Design				
Construction				

ISSUES/OPPORTUNITIES

- Manor Road only serves one Shorewood resident's driveway.
- There have not been drainage related complaints in the area, but staff see the project as an opportunity to improve drainage so that it requires less maintenance. Currently, the bituminous swale fills with leaves and sediment where water sheet flows over the roadway. A new storm sewer outlet to the lake/wetland could potentially be added through a parcel of land owned by Greenwood.
- According to the 2025 Pavement Management Plan, Manor Road has a Pavement Condition Score of 91%, requires high maintenance, and has high road use. Greenwood is planning to complete soil borings in the fall of 2025 which will provide better insight on reclamation versus mill and overlay.

Version 2: 7/27/2026

City of Shorewood

2029 Galpin Lake Road & Chaska Road Trails

BOLTON & MENK
Real People. Real Solutions.

PROJECT SCOPE

- Construct new eight-foot-wide trails from Chaska Road to the existing signal system at Oak Street, County Road 19, and State Highway 7.
- Provide a continuous pedestrian and bicycle route connecting Chanhassen to Excelsior.
- The ongoing TH 7 Corridor Study may be a significant factor in determining the project scope.

FUNDING

- Shorewood-Municipal State Aid Funds
- MnDOT
- Local Funds
- Potential Grants (DNR, MnDOT, Safe Routes to School)

BUDGET

- TH 7 to Chanhassen: $940,000–$1,330,000
- Chaska Road to Galpin Lake Road: $810,000
- Other Improvements/Changes Due to TH 7 Corridor Study: Unknown

ANTICIPATED SCHEDULE ASSUMING FUNDING

	2026	2027	2028	2029
Project Scoping	■	■		
Final Design			■	
Construction				■

ISSUES/OPPORTUNITIES

- In 2024, the City of Chanhassen completed a trail connection on the east side of Galpin Lake Road extending to the municipal boundary.
- MnDOT is currently conducting a TH 7 Corridor Study to evaluate safety and operational improvements along the entire corridor, from I-494 east to St. Bonifacius west.
- Segments of trails could be completed as separate projects or coordinated with MnDOT's 2029 Pavement Preservation Project.
- A potential solution involves converting Galpin Lake Road from TH 7 to Mayflower Road into a one-way northbound route. Two-way traffic would be rerouted onto Mayflower Road and Chaska Road. An eight-foot-wide trail or boardwalk could be extended from Chanhassen to Mayflower Road, and then the existing southbound lane would be converted to a northbound lane and the current northbound lane converted up to TH 7 for pedestrian and bicycle use.
- Conversion of Galpin Lake Road to a single northbound lane would require a variance from Municipal State Aid Rules and may not be approved. If not approved, the MSA route may need to be changed to Mayflower Road and Chaska Road.
- Staff is evaluating various delineators to safely separate pedestrians from vehicles and still provide adequate access to driveways. The various options currently include striping, tube delineators, concrete curbs, and possibly others.

Version 2: 7/27/2026

CAPITAL IMPROVEMENT

MUNICIPAL STATE AID CAPITAL FUND (405)

Fund Mission

This fund was established to account for the accumulation of Municipal State Aid (MSA) to fund the periodic reconstruction of MSA designated roads.

Fund Description/Services

The MSA Street Improvement Capital Fund is supported by Municipal State Aid (MSA) Funds. The MSA Street program is administered through the State of Minnesota's Department of Transportation. The funds are used for the maintenance, upgrade, and reconstruction of City streets and roadways designated on the City's MSA system.

Revenue/Expenditures

Description	Actual 2024	Actual 2025	Budget 2026	Proposed Budget 2027	Budget Change 2027	Percentage Change 2027
REVENUES						
Taxes	$ -	$ -	$ -	$ -	$ -	
Municipal State Aid	-	-	1,072,000	-	(1,072,000)	-100.00%
Miscellaneous	1,639	1,575	468,580	580	(468,000)	-99.88%
Transfers In	-	-	-	-	-	
TOTAL REVENUES	$ 1,639	$ 1,575	$ 1,540,580	$ 580	$ (1,540,000)	-99.96%
EXPENDITURES						
Supplies	$ -	$ -	$ -	$ -	$ -	
Other Services and Charges	-	-	-	-	-	
Capital Outlay	-	-	1,540,000	-	(1,540,000)	-100.00%
TOTAL EXPENDITURES	$ -	$ -	$ 1,540,000	$ -	$ (1,540,000)	-100.00%
BEGINNING FUND BALANCE	$ 39,869	$ 41,508	$ 43,083	$ 43,663		1.35%
Net Change in Fund Balance	1,639	1,575	580	580		
ENDING FUND BALANCE	$ 41,508	$ 43,083	$ 43,663	$ 44,243		

Source	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
405 - MSA Road Reconstruction Fund												
Chaska Road Trail	*ST-27-01*			405,169								**405,169**
Vinehill Road Improv (partner with Minnetonka)	*ST-29-02*			1,914,422		1,160,858						**3,075,280**
405 - MSA Road Reconstruction Fund Total		**0**	**0**	**2,319,591**	**0**	**1,160,858**	**0**	**0**	**0**	**0**	**0**	**3,480,449**
GRAND TOTAL		**0**	**0**	**2,319,591**	**0**	**1,160,858**	**0**	**0**	**0**	**0**	**0**	**3,480,449**

City of Shorewood

2029 Galpin Lake Road & Chaska Road Trails

BOLTON & MENK

Real People. Real Solutions.

PROJECT SCOPE

- Construct new eight-foot-wide trails from Chaska Road to the existing signal system at Oak Street, County Road 19, and State Highway 7.
- Provide a continuous pedestrian and bicycle route connecting Chanhassen to Excelsior.
- The ongoing TH 7 Corridor Study may be a significant factor in determining the project scope.

FUNDING

- Shorewood-Municipal State Aid Funds
- MnDOT
- Local Funds
- Potential Grants (DNR, MnDOT, Safe Routes to School)

BUDGET

- TH 7 to Chanhassen: $940,000–$1,330,000
- Chaska Road to Galpin Lake Road: $810,000
- Other Improvements/Changes Due to TH 7 Corridor Study: Unknown

ANTICIPATED SCHEDULE ASSUMING FUNDING

	2026	2027	2028	2029
Project Scoping	■	■		
Final Design			■	
Construction				■

ISSUES/OPPORTUNITIES

- In 2024, the City of Chanhassen completed a trail connection on the east side of Galpin Lake Road extending to the municipal boundary.
- MnDOT is currently conducting a TH 7 Corridor Study to evaluate safety and operational improvements along the entire corridor, from I-494 east to St. Bonifacius west.
- Segments of trails could be completed as separate projects or coordinated with MnDOT's 2029 Pavement Preservation Project.
- A potential solution involves converting Galpin Lake Road from TH 7 to Mayflower Road into a one-way northbound route. Two-way traffic would be rerouted onto Mayflower Road and Chaska Road. An eight-foot-wide trail or boardwalk could be extended from Chanhassen to Mayflower Road, and then the existing southbound lane would be converted to a northbound lane and the current northbound lane converted up to TH 7 for pedestrian and bicycle use.
- Conversion of Galpin Lake Road to a single northbound lane would require a variance from Municipal State Aid Rules and may not be approved. If not approved, the MSA route may need to be changed to Mayflower Road and Chaska Road.
- Staff is evaluating various delineators to safely separate pedestrians from vehicles and still provide adequate access to driveways. The various options currently include striping, tube delineators, concrete curbs, and possibly others.

Version 2: 7/27/2026

City of Shorewood

2029 Vine Hill Road Improvements

BOLTON & MENK
Real People. Real Solutions.

PROJECT SCOPE

- Mill and overlay with spot street repairs
- Sidewalk and trail improvements
- Possibly add concrete curb and gutter on west side to accommodate sidewalk/trails
- Spot utility repairs to watermain, sanitary sewer, and storm sewer where needed
- Project led and administered by Shorewood

FUNDING

- Shorewood, Minnetonka, Chanhassen all utilizing Municipal State Aid Funds

BUDGET

- City of Shorewood: $1.4M – $2.3M
- City of Minnetonka: $1.05M
- City of Chanhassen: $90k

SCHEDULE

	2025	2026	2027	2028	2029
Project Scoping					
Final Design					
Construction					

ISSUES/OPPORTUNITIES

- Pavement rating = 46/100
- Street, sidewalk/trails, and drainage must meet Municipal State Aid Standards
- Sidewalk/Trails:
  - ◊ ADA compliance
  - ◊ Rehab current width, enlarge to 8-foot trails, include turf boulevard?
    - » Wider trails and boulevards require easement acquisition
  - ◊ Coordination between all cities on size, location, connectivity, and maintenance
- On street bike accommodations
- Underlying sanitary sewer and watermain are not due for replacement
- Riley/Purgatory/Bluff Creek Watershed – project crosses Purgatory Creek
- Future 2031 Vine Hill Road project from Delton Ave to Kingswood Terrace
  - ◊ Led and administered by Minnetonka
  - ◊ Adding trail to east side
  - ◊ Add lighted pedestrian crossing at Kingswood Terrace

Version 2: 7/27/2026

CAPITAL IMPROVEMENT

COMMUNITY INFRASTRUCTURE CAPITAL FUND (450)

Fund Mission

This fund was established to account for various capital improvement public facilities projects that may be financed without the need to issue bonds.

Fund Description/Services

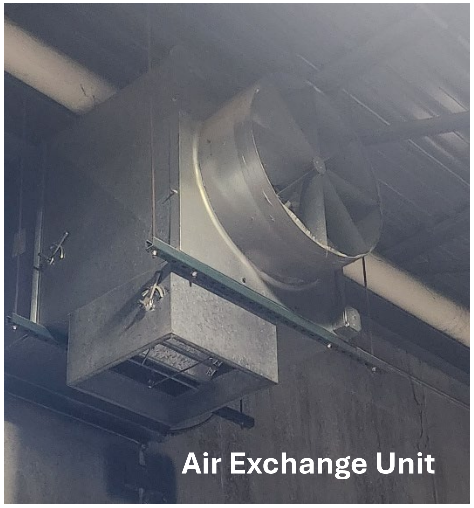
The Community Infrastructure Capital Fund provides for the accumulation of funds for acquisition, maintenance, and replacement of public facilities within the City.

Revenue/Expenditures

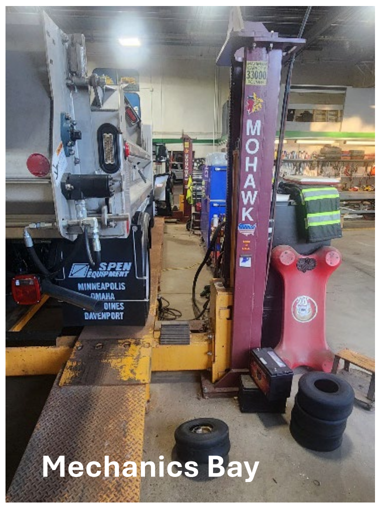
Description	Actual 2024	Actual 2025	Budget 2026	Proposed Budget 2027	Budget Change 2027	Percentage Change 2027
REVENUES						
Taxes	$ -	$ -	$ 50,000	$ 230,000	$ 180,000	360.00%
Miscellaneous	89,049	3,207	-	-	-	
Transfers In	-	-	-	-	-	
TOTAL REVENUES	$ 89,049	$ 3,207	$ 50,000	$ 230,000	$ 180,000	360.00%
EXPENDITURES						
Supplies	$ -	$ -	$ -	$ -	$ -	
Other Services and Charges	-	-	-	30,000	30,000	
Capital Outlay	88,158	-	245,000	200,000	(45,000)	-18.37%
TOTAL EXPENDITURES	$ 88,158	$ -	$ 245,000	$ 230,000	$ (15,000)	-6.12%
BEGINNING FUND BALANCE	$ 233,672	$ 234,563	$ 237,769	$ 42,769		-82.01%
Net Change in Fund Balance	891	3,207	(195,000)	-		
ENDING FUND BALANCE	$ 234,563	$ 237,769	$ 42,769	$ 42,769		

Source	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
450 - Community Infrastructure Fund												
Air Exchange System & Fans (Garage/ Shop)	*CI-26-03*	200,000										**200,000**
Radiant Heat (Garage/Shop)	*CI-27-01*		200,000									**200,000**
PW Facility Schematic	*CI-27-02*	30,000										**30,000**
Rehab Floor (Garage/Shop)	*CI-28-01*			192,000								**192,000**
Office/Employee Area (new)-PW	*CI-30-01*					1,072,500						**1,072,500**
Office/Employee Area (old)-PW	*CI-30-02*					312,000						**312,000**
Mechanics Bay	*CI-31-01*						520,000					**520,000**
Heated Storage-PW	*CI-31-02*						162,500					**162,500**
Council Chambers/Conference Room Carpet/Painting	*CI-32-01*							30,000				**30,000**
450 - Community Infrastructure Fund Total		**230,000**	**200,000**	**192,000**	**0**	**1,384,500**	**682,500**	**30,000**	**0**	**0**	**0**	**2,719,000**
GRAND TOTAL		**230,000**	**200,000**	**192,000**	**0**	**1,384,500**	**682,500**	**30,000**	**0**	**0**	**0**	**2,719,000**

2027-2032 Public Works Facility Improvements


Air Exchange Unit


Forced Air Heating Unit



Mechanics Bay


Garage Area

Sign area

PROJECT SCOPE

- Update outdated air exchange system and fans in the public works garage.
- Upgrade the outdated heating units in the public works garage to a radiant heat system.
- Construct an addition to the existing public works building along with renovating the existing building to include expanded office space, employee area and restroom/locker rooms.
- Construct an addition to the existing public works equipment shop to include an additional mechanics bay.
- Construct an addition to the existing public works building to include heated storage.

FUNDING

- Shorewood - General fund and enterprise utility funds.

BUDGET/SCHEDULE

- Air exchange system & fans (garage) – 2027: $200,000
- Radiant heat (garage) – 2028: $200,000
- Rehab floor (garage) – 2029: $192,000
- PW building addition & renovation – 2031: $1,384,500
- Mechanic's bay – 2032: $520,000
- Heated storage – 2032: $162,500

ISSUES/OPPORTUNITIES

- In 2023, the City conducted a public works facility study that showed a significant deficiency in office, work and storage space.
- Since the original public works building was built, the department (fleet and personnel) has more than doubled in size.
- The facility heating units and air exchange systems is original to the building and requires a compliance upgrade.
- Garage heating is done through inefficient forced air units.

ENTERPRISE

WATER FUND (601)

Fund Mission

This fund is used to account for the activities of the City water system. To provide a safe, clean, uninterrupted supply of drinking water to all City residents connected to the municipal water system.

Fund Description/Services

The municipal water fund is responsible for operation and maintenance of six (6) well systems, including all pumps and well houses, maintenance of water towers, and extension of new water-main and construction of new water facilities, as necessary. This fund provides for the operation of the water system so that a continuous quality supply of water is furnished to customers at a reasonable cost. The water supply is maintained at proper pressure levels and bacteria free. Metering devices are also maintained to account for usage. The primary services provided by this fund are production and distribution of potable water for the residents, businesses, and institutions in the City of Shorewood. The distribution system also provides the general fire protection system (hydrants) for the City and is also responsible for City utility locates under the Gopher State One Call system.

Fund Goals

- Begin implementation of asset management system.
- Continue to maintain current infrastructure, including valve exercising, water tower cleaning, hydrant flushing, etc.
- Implement Council objectives to provide more fund sustainability.
- Update wellhead protection plan.

Fund Performance Measures

Performance Measure	2024 Actual	2025 Actual	2026 Projected	2027 Estimated
Exercise every valve once per year (% of valves)	20%	25%	25%	25%
Minimize non-read water meters (each)	200-300	10	5	5
Fix watermain breaks w/ minimal disruption	5	6	9	5

Revenue/Expenses

Description	Actual 2024	Actual 2025	Budget 2026	Proposed Budget 2027	Budget Change 2027	Percentage Change 2027
REVENUES						
Utility Revenue	$ 763,277	$ 932,550	$ 1,160,502	$ 1,279,860	$ 119,358	10.29%
Water Connection Fees	85,300	91,950	90,618	50,000	(40,618)	-44.82%
Utility Permit Fees	2,760	1,860	-	-	-	
Water Meter Sales	16,438	8,775	10,000	10,000	-	0.00%
Miscellaneous Revenue	104,971	191,474	10,200	260,000	249,800	2449.02%
TOTAL REVENUES & OTHER FINANCING SOURCES	$ 972,747	$ 1,226,610	$ 1,271,320	$ 1,599,860	$ 328,540	25.84%
EXPENSES						
Personnel Services	$ 361,313	$ 343,868	$ 357,220	$ 365,280	$ 8,060	2.26%
Supplies	114,692	99,605	132,900	132,800	(100)	-0.08%
Other Services and Charges	596,575	278,176	867,000	951,000	84,000	9.69%
Non-Operating	133,399	180,195	1,030,490	280,531	(749,959)	-72.78%
TOTAL EXPENSES	$ 1,205,979	$ 901,843	$ 2,387,610	$ 1,729,611	$ (657,999)	-27.56%
BEGINNING NET POSITION	$ 7,677,961	$ 7,444,728	$ 7,769,494	$ 6,653,204		
Change in Net Position	(233,233)	324,766	(1,116,290)	(129,751)		
ENDING NET POSITION	$ 7,444,728	$ 7,769,494	$ 6,653,204	$ 6,523,453		

*Net Position includes Net Investment in Capital Assets

2027 through 2036

Capital Improvement Plan

Shorewood, Mn

Source	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
601 - Water Fund												
Truck - 4x4 Utility Truck CL5	*007*		101,250									**101,250**
Truck - 4x4 Pickup (Utility Truck) CL2A	*022*							64,700				**64,700**
Air Compressor - Ingersall Rand 185	*038*					34,200						**34,200**
Generator - Generac 163 KW Trailer Mtd	*071*										276,400	**276,400**
Mill & Overlay and Striping	*LR-99-100*	57,881		63,813		70,354		77,566		85,516		**355,130**
Rebuild Well Pump & Add VFD SE Well	*W-19-05*	80,000										**80,000**
Rebuild Well Pump Amesbury VT Well	*W-20-05*		25,000									**25,000**
Rebuild Well Pump Badger VT Well	*W-21-02*			47,000								**47,000**
Rebuild Well Pump Boulder Bridge VT Well	*W-22-02*	45,000										**45,000**
Rebuild Well Pump Amesbury Submersible Well	*W-23-01*				49,000							**49,000**
Water Meter Replacement Project	*W-23-04*	10,000	10,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	**300,000**
Water Service Connection Program	*W-26-02*	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	**2,000,000**
Water & Sanitary Infrastucture Report	*W-27-01*	35,000										**35,000**
Amesbury Watermain	*W-30-01*									1,910,449		**1,910,449**
Watermain Mill & Overlay Activity	*W-99-01*		125,000		135,000		145,000		155,000		165,000	**725,000**
601 - Water Fund Total		**427,881**	**461,250**	**345,813**	**419,000**	**339,554**	**380,000**	**377,266**	**390,000**	**2,230,965**	**676,400**	**6,048,129**
GRAND TOTAL		427,881	461,250	345,813	419,000	339,554	380,000	377,266	390,000	2,230,965	676,400	6,048,129

ENTERPRISE

SANITARY SEWER FUND (611)

Fund Mission

This fund is used to account for the activities of the City sanitary sewer system.

Fund Description/Services

The Sanitary Sewer Fund finances the operation and maintenance of the City's wastewater collection, including fourteen sanitary sewer lift stations throughout the system. As well as cleaning, televising and repairing sewer mains to control inflow and infiltration. Sewage treatment is performed by Metropolitan Council Environmental Services (MCES) and is provided for in this area.

Fund Goals

- Begin implementation of asset management system.
- Continue to maintain current infrastructure, including sewer cleaning, etc.
- Begin maintenance and repair of sewer structures and castings to reduce I&I.

Fund Performance Measures

Performance Measure	2024 Actual	2025 Actual	2026 Projected	2027 Estimated
Clean 20% of the sanitary sewer system	20%	20%	20%	20%
Reconstruct, fix, or seal sanitary casting structure to improve I&I.	N/A	122	8	70
Clean and televise 10% of sanitary sewer system outside of road accessible locations	N/A	15%	10%	10%

Revenue/Expenses

Description	Actual 2024	Actual 2025	Budget 2026	Proposed Budget 2027	Budget Change 2027	Percentage Change 2027
REVENUES						
Utility Revenue	$1,481,058	$ 1,762,696	$ 2,276,649	$ 2,344,945	$ 68,296	3.00%
Sewer Connection Fees	1,200	23,140	5,000	5,000	-	0.00%
Utility Permit Fees	120	-	1,000	1,000	-	0.00%
Miscellaneous Revenue	67,185	54,044	24,000	46,000	22,000	91.67%
TOTAL REVENUES & OTHER FINANCING SOURCES	$1,549,563	$ 1,839,880	$ 2,306,649	$ 2,396,945	$ 90,296	3.91%
EXPENSES						
Personnel Services	$ 309,284	$ 288,645	$ 301,135	$ 308,335	$ 7,200	2.39%
Supplies	18,660	10,487	17,200	16,800	(400)	-2.33%
MCES SAC Payables Charges	1,076,772	1,074,424	1,200,217	1,179,366	(20,851)	-1.74%
Other Services and Charges	253,504	131,799	280,300	331,300	51,000	18.19%
Non-Operating	95,073	120,011	291,990	292,365	375	0.13%
TOTAL EXPENSES	$1,753,293	$ 1,625,366	$ 2,090,842	$ 2,128,166	$ 37,324	1.79%
BEGINNING NET POSITION	$3,455,125	$ 3,251,395	$ 3,465,909	$ 3,681,716		
Change in Net Position	(203,730)	214,514	215,807	268,779		
ENDING NET POSITION	$3,251,395	$ 3,465,909	$ 3,681,716	$ 3,950,495		

*Net Position includes Net Investment in Capital Assets

Source	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
611 - Sanitary Sewer Fund												
Truck - 4x4 Utility Truck CL5	*007*		101,250									**101,250**
Public Works Building Generator	*083*									156,200		**156,200**
CIP Sewer Repairs Assoc with Roadway Reconstr	*SS-99-01*	56,000	57,500	59,000	60,500	62,000	63,500	65,000	66,500	68,000	69,500	**627,500**
Televising & Cleaning	*SS-99-02*	31,500	33,075	34,727	36,465	38,288	40,202	42,213	44,323	46,539	48,866	**396,198**
Sewer Additional	*SS-99-04*	29,000	30,000	31,000	32,000	33,000	34,000	35,000	36,000	37,000	38,000	**335,000**
Infiltration and Inflow Reduction	*SS-99-05*	90,000	92,500	95,000	97,500	100,000	102,500	105,000	107,500	110,000	112,500	**1,012,500**
Water & Sanitary Infrastucture Report	*W-27-01*	35,000										**35,000**
611 - Sanitary Sewer Fund Total		**241,500**	**314,325**	**219,727**	**226,465**	**233,288**	**240,202**	**247,213**	**254,323**	**417,739**	**268,866**	**2,663,648**
GRAND TOTAL		**241,500**	**314,325**	**219,727**	**226,465**	**233,288**	**240,202**	**247,213**	**254,323**	**417,739**	**268,866**	**2,663,648**

ENTERPRISE

STORMWATER MANAGEMENT FUND (631)

Fund Mission

This fund is used to account for the activities of the City Stormwater Management system.

Fund Description/Services

The Stormwater Management Fund is utilized to provide the operation, maintenance and repair of the stormwater conveyance system, including 14 miles of infrastructure, including catch basins, drainage ditches, and retention posts. As well as implementation of the city-wide Stormwater Pollution Prevention Program (SWPPP) for compliance with the NPDES Municipal Separate Storm Sewer System (MS4) permit program, which authorized the City to discharge stormwater runoff. Infrastructure and stormwater facilities are properly maintained to manage, convey, and treat stormwater runoff. In addition, infrastructure improvements are constructed and repaired as deemed necessary.

Fund Goals

- Begin implementation of asset management system.
- Continue to manage existing stormwater features through maintenance activities, including pond cleaning, street sweeping, storm drain cleaning, etc.
- Continue to be in compliance with federal, state and local agencies, including the city's MS4 permit.

Fund Performance Measures

Performance Measure	2024 Actual	2025 Actual	2026 Projected	2027 Estimated
Number of catch basins cleaned	N/A	25	50	50
Provide communication related to stormwater quality & best management practices	N/A	0	4	4-6
Inspect inlets & outlets of storm ponds. Clean as needed for proper functionality	N/A	N/A	20%	20%

Revenue/Expenses

Description	Actual 2024	Actual 2025	Budget 2026	Proposed Budget 2027	Budget Change 2027	Percentage Change 2027
REVENUES						
Utility Revenue	$ 544,516	$ 598,150	$ 890,000	$ 1,210,360	$ 320,360	36.00%
Franchise Fees	324,387	-	-	-	-	
Miscellaneous Revenue	39,127	50,026	246,500	10,000	(236,500)	-95.94%
TOTAL REVENUES & OTHER FINANCING SOURCES	$ 908,030	$ 648,175	$ 1,136,500	$ 1,220,360	$ 83,860	7.38%
EXPENSES						
Personnel Services	$ 85,757	$ 85,145	$ 96,580	$ 98,420	$ 1,840	1.91%
Supplies	7,776	7,226	9,800	9,550	(250)	-2.55%
Other Services and Charges	233,640	116,702	260,450	253,550	(6,900)	-2.65%
Non-Operating	302,106	200,944	961,765	694,679	(267,086)	-27.77%
TOTAL EXPENSES	$ 629,279	$ 410,017	$ 1,328,595	$ 1,056,199	$ (272,396)	-20.50%
BEGINNING NET POSITION	$ 5,872,097	$ 6,150,849	$ 6,389,007	$ 6,196,912		
Change in Net Position	278,752	238,159	(192,095)	164,161		
ENDING NET POSITION	$ 6,150,849	$ 6,389,007	$ 6,196,912	$ 6,361,073		

*Net Position includes Net Investment in Capital Assets

Source	Project #	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
631 - Stormwater Management Fund												
Manor Road Resurfacing Led by Greenwood	*ST-26-01*		200,000									**200,000**
Noble Road & Grant Lorenz Channel Widening	*ST-27-02*	266,254										**266,254**
Vinehill Road Improv (partner with Minnetonka)	*ST-29-02*			255,256		281,420						**536,676**
Local Share TH7 Improvements	*ST-29-03*			638,141								**638,141**
Catch Basin Reconstruction	*STM-99-01*	56,000	57,500	59,000	60,500	62,000	63,500	65,000	66,500	68,000	69,500	**627,500**
Disposal of Street Sweepings	*STM-99-02*	25,000	25,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000	**286,000**
Stormwater Mill & Overlay Activity	*STM-99-03*	120,000		130,000		140,000		150,000		160,000		**700,000**
Storm Pond Sediment Cleaning & Disposal	*STM-99-04*	120,000	125,000	130,000	135,000	140,000	145,000	150,000	155,000	160,000	165,000	**1,425,000**
631 - Stormwater Management Fund Total		**587,254**	**407,500**	**1,238,397**	**222,500**	**651,420**	**237,500**	**395,000**	**252,500**	**420,000**	**267,500**	**4,679,571**
GRAND TOTAL		587,254	407,500	1,238,397	222,500	651,420	237,500	395,000	252,500	420,000	267,500	4,679,571

City of Shorewood

2027 Noble Road & Grant Lorenz Channel Improvements

BOLTON & MENK
Real People. Real Solutions.

PROJECT SCOPE

- Channel capacity will be increased upstream and downstream of Noble Road by removal of sediment & clearing of trees/brush within the channel. Drainage and Utility Easements would be acquired from approximately four to seven properties.

FUNDING

- Shorewood

BUDGET

- City of Shorewood:
  - Channel cleaning upstream and downstream of Noble Road = $266,000

SCHEDULE

	2026	2027	2028
Project Scoping			
Final Design			
Construction			

ISSUES/OPPORTUNITIES

- The future Channel Stabilization project is not included in the proposed schedule or budget and is not currently identified in the Capital Improvement Plan.
- Noble Road has a pavement rating of 58 out of 100 and is planned for milling and overlay. A watermain could be added in 10 to 15 years.
- The project area is located within the Minnehaha Creek Watershed.
- The Grant Lorenz Channel falls under the jurisdiction of the U.S. Army Corps of Engineers. Significant impacts, such as hard armoring, channel widening, or realignment, will require 12 to 18 months for permitting. Smaller impacts, including bioengineered stabilization and limited sediment removal, will require approximately six months for permitting.
- Large wetlands in the area are under the jurisdiction of the Minnesota Department of Natural Resources (MnDNR).
- Channel widening would affect approximately four to seven properties, while the future Channel Stabilization project will impact five properties. Drainage and Utility Easement acquisition will be required for nine to twelve properties.
- For the future Channel Stabilization project, properties adjacent to Grant Lorenz Road can be addressed individually and do not require cooperation from neighboring parcels.
- Increasing stream capacity will require cooperation from all neighboring property owners to be successful.

Version 2: 7/27/2026

2028 Manor Road Project

City of Shorewood

BOLTON & MENK
Real People. Real Solutions.

PROJECT SCOPE

- Greenwood has initiated planning for improvements to Manor Road from Excelsior Boulevard to St. Albans Bay Road and has proposed pavement reclamation
- Shorewood is reviewing potential drainage improvements on its side of the roadway, and range from improving the existing bituminous flume or adding curb and gutter and storm sewer.

FUNDING

- City of Greenwood
- City of Shorewood

BUDGET

- Greenwood = $150,000
- Shorewood = $500,000 ($350,000 Storm Sewer, $150,000 Roadway)

ANTICIPATED SCHEDULE ASSUMING FUNDING

	2025	2026	2027	2028
Scoping				
Design				
Construction				

ISSUES/OPPORTUNITIES

- Manor Road only serves one Shorewood resident's driveway.
- There have not been drainage related complaints in the area, but staff see the project as an opportunity to improve drainage so that it requires less maintenance. Currently, the bituminous swale fills with leaves and sediment where water sheet flows over the roadway. A new storm sewer outlet to the lake/wetland could potentially be added through a parcel of land owned by Greenwood.
- According to the 2025 Pavement Management Plan, Manor Road has a Pavement Condition Score of 91%, requires high maintenance, and has high road use. Greenwood is planning to complete soil borings in the fall of 2025 which will provide better insight on reclamation versus mill and overlay.

Version 2: 7/27/2026

Jeanne Schmuck

From: noreply@civicplus.com
Sent: Sunday, July 26, 2026 12:44 PM
To: Jeanne Schmuck; Jake Griffiths
Subject: Online Form Submittal: 2027 City Budget Feedback

Follow Up Flag: Follow up
Flag Status: Flagged

2027 City Budget Feedback

Help Shape Shorewood's Budget Priorities

The City of Shorewood is developing its upcoming budget, and we want to hear from you. Your feedback helps City leadership understand community priorities and make informed decisions about services, infrastructure, and investments.

Your input will be reviewed and considered as part of the budget planning process.

- Share what matters most to you
- Suggest areas for investment or cost savings
- Help guide future city services

Thank you for taking the time to share your perspective and help shape Shorewood's future.

Tell us your priorities, ideas, and feedback to help guide Shorewood's budget decisions.	I'm reading the proposed budget documents for the July 27 council work session and meeting. A 10+% increase is unacceptable! Particularly when the year has no planned major projects. I will mention a few improvements that seem to me to be absolutely insane - $350,000 for playground equipment at Freeman (and future ones for other parks). Review the needs, get reasonable plans and reasonable bids. If it isn't broke, don't fix or replace it. $200,000 for a water connection program? What for? Marketing, staff, ?? Your program to increase connections is a joke because you don't have the ability to be consistent in your

connection policy. Case in point - Mill Street. Should have had the courage to put it in and assess the residents accordingly. They can never hook up unless there is water nearby and then only a few. But eventually they all will. Play the long game and take some PR hits.

I see in several of the enterprise funds previous years' budget vs actual expenses an item called "non operating expenditures". What is that for? In several budgets the number is so large that it makes the bottomline red or black by a large amount. The Mayor and Council need to dig into the details and not just accept what the staff is presenting. Sudden surprise numbers and % increases are suspicious.

SLPD needs another officer? Based on what data? Their budgets are increasing far too much!

My fundamental question is what actually happened in the 2025 budget? How did the it play out? Red or Black?
How is 2026 going so far with the same questions?
Are you actually reviewing and seeing if the budgets are being followed or are they too conservative in the sense of asking for more and spending much less.

Would you like to be contacted about your feedback?	No
If yes, please include your name and contact information:	*Field not completed.*

City Council Work Session Item 2.B.

Title/Subject: Reserve Policy Overview
Meeting Date: August 10, 2026
Prepared By:

Attachments

1. Reserves Policy 2025

Background

At the July 27th Budget Work Session, Council had questions about the City's reserve policy. This memo is intended to provide background information on the City's reserve policy and explain the reasoning behind it.

In 2025, during the Annual City Council Retreat, the City Council directed Staff to revise the January 2019 Fund Balance Policy. During the March 10th Council Work Session, Staff proposed utilizing a financial advisory firm to develop a long-term financial management plan for the City’s funds which included utility rate studies, and Staff was directed to proceed. At the March 24, 2025, Council Work Session, Staff sought direction on financial items such as fund balance policies, utility rate structures, fees, conservation rates, franchise fee allocations, etc. This was in alignment with the 2025 Strategic Priorities and Work Plan goal ‘to establish policies and practices that support strategic direction to ensure sustainability within the various City funds’.

During the work session, a review of existing policy/practice was discussed. Council provided specific direction on assumptions to be made within the long-term financial management plan. These directions were then drafted into policy. In April 2025, Staff brought forward, and the Council adopted the most current Reserve Policy which is attached.

Maintaining reserves is important to ensure long-term economic stability by providing sufficient funds for cash flow requirements and contingency needs because major revenues, including property taxes and other government aid, are received semi-annually. Beyond cash flow needs is also the need of saving for projects and responding to emergencies or opportunities. Strong reserves also support favorable bond ratings which means that a City will get lower interest rates when borrowing money.

The revised policy now includes the Special Revenue Funds to capture the Shorewood Community and Event Center, as well as the Local Fiscal Recovery Fund ARPA. An additional section has also been created for Enterprise Fund reserves to provide adequate working capital. The reserve policy further addresses the balances to be maintained, as well as assist in retaining an adequate level of funds for all City funds to provide for cash flow requirements and contingency needs. The policy also established specific guidelines the City of Shorewood will use to classify fund balances into categories based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amount in those funds can be spent, in accordance with GASB 54. The policies align with the best practices established by Government Finance Officers Association, MN Office of the State Auditors, as well as League of MN Cities.

The reserve policy is broken down as follows:

The **General Fund and Special Revenue Funds** utilize a calculation with unrestricted fund balance.

- The General Fund utilizes a percentage of 35% - 50% unrestricted fund balance with next year's budgeted expenditures and transfers. The previous policy set the balance at "not less than 60%."
- Special Revenue Funds utilize a calculation of 50% of the subsequent budget and 100% of subsequent capital expenditures, plus additional savings for future capital projects. Further discussion was that the Shorewood Community and Event Center fund should be 70% self-sufficient plus a supplemental operating levy.

Capital Funds utilize the 10-year CIP to ensure sufficient reserves based on the rolling needs.

- Capital Funds are to have sufficiency for a rolling three-year CIP adjusted.

Enterprise Funds need to ensure revenue sufficiency to meet the cash needs of the fund.

- Enterprise Funds are to have balanced budgets, 50% of subsequent year's expenses, 100% of both the subsequent year capital and debt service needs, as well as future capital improvements. Financing for a connection program is to be included based on discussion but not memorialized in the policy.

The policy states that these reserves are to be monitored annually. This calculation and annual review will be part of the ongoing generation of the long-term financial management plan.

The term "reserves" tends to be used loosely and often without understanding of government finance policies and practices. The Reserve Policy includes different classifications for funds (Section II Classifications of Fund Balance) that include Nonspendable, Restricted, Committed, Assigned, and Unassigned, as well as similar classifications for capital funds (Section V Enterprise Fund Reserves of Net Investment in Capital Assets) that include Restricted and Unrestricted. The City’s cash balance is approximately $14 million at year-end and dropped below $10 million prior to receiving property tax payments from the County. Although that is an all-inclusive 'cash balance', those funds have certain restrictions based on those classifications in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB) and the requirements of the Office of the Minnesota State Auditor.

Strategic Alignment
Fiscal Responsibility

- Align City policies and practices with strategic direction
- Implement best practices to support sound financial management
- Maintain stable and predictable finances over the long-term

Functionally & Financially Sound Infrastructure

- Define standards and goals for infrastructure development
- Plans to finance infrastructure improvements, maintenance, and replacement

Discussion Requested

This memorandum is provided for Council information. No action or direction is requested. Council may discuss or ask questions.

CITY OF SHOREWOOD, MN

RESERVE POLICY

Adopted September 10, 2007
Revised January 14, 2019
Revised April 14, 2025

I. PURPOSE

The purpose of this policy is to establish specific guidelines the City of Shorewood will use to maintain an adequate level of fund balance and reserves to provide for cash flow requirements and contingency needs, as well as provide adequate working capital for current operating needs to avoid short-term borrowing.

In establishing an appropriate reserve level, the City needs to consider the cash flow, capital asset purchases, need for emergency reserves, ability to manage fluctuations of major revenue sources, credit rating, and long-term fiscal health.

II. CLASSIFICATION OF FUND BALANCE/PROCEDURES

1. Fund balances in governmental funds (versus enterprise or utility funds) are reported in classifications that disclose constraints for which amounts in those funds can be spent. The fund balance classifications are: **Nonspendable**

- This category includes fund balance that cannot be spent because it is either (a) not in spendable form or (b) is legally or contractually required to be maintained intact. Examples include inventories and prepaid amounts.

2. Restricted

- Fund balance should be reported as restricted when constraints placed on those resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

3. Committed

- Fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to commit those amounts.

- The City's highest level of decision-making authority (City Council) will annually or as deemed necessary commit specific revenue sources for specified purposes by resolution. This formal action must occur prior to the end of the reporting period, however, the amount to be subject to the constraint, may be determined in the subsequent period.

- To remove the constraint on specified use of committed resources the City Council shall pass a resolution.

4. Assigned

- Amounts that are constrained by the government's intent to use for specified purposes, but are neither restricted nor committed. Assigned fund balance includes amounts that are intended to be used for specific purposes.

- The City Council has delegated the authority to assign and remove assignments of fund balance amounts for specified purposes to the City Administrator.

5. Unassigned

- Unassigned fund balance represents the residual classification for the Funds. Includes amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the Funds.

III. AUTHORIZATION AND USE OF FUND BALANCE

The City Council authorizes the Finance Director and/or City Administrator to assign fund balance that reflects the City's intended use of the specified funds.

When both restricted and unrestricted (committed, assigned, or unassigned) resources are available for use, it is the City's policy to use restricted resources first, then use unrestricted resources as needed. When unrestricted resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned, 3) unassigned. The exception to this is the Park Improvement Fund, where resources are used in the following order: 1) assigned, 2) committed, and 3) restricted.

Committed fund balance items must be set in place prior to year-end, but the amount can be calculated after year-end.

IV. FUND BALANCE POLICIES FOR FUND TYPES

1. General Fund

   The General Fund is established to account for all revenues and expenditures which are not required to be accounted for in other funds. Revenue sources include property taxes; license and permit fees; fines and forfeits; charges for services; intergovernmental revenues; investment earnings; and transfers in. The General Fund's resources finance a wide range of functions, including the operations of general government, public safety, public works, community development, and park and recreations.

   - The City's goal will be to maintain an end-of-year unassigned fund balance in the General Fund of an amount between 35% and 50% of the next year's budgeted expenditures and transfers out of the General Fund. This will assist in maintaining an adequate level of fund balance to provide for cash flow requirements and contingency needs because major revenues, including property taxes and other government aids, are received approximately semi-annually.

   - The City may assign fund balance in the General Fund for purchase order encumbrances, budget carryovers, compensated absences, or other items.

   - The City may commit fund balance in the General Fund for revenue stabilization arrangements or other items by City Council resolution.

   - If unassigned fund balance in the General Fund at the completion of any fiscal year exceeds 50% of the next year's budgeted expenditures and transfers out of the General Fund, the excess may be used for specific projects, capital acquisitions and improvements, transfers to other funds, or for other purposes determined by the City Administrator and/or Finance Director.

   - Unassigned fund balance can be "spent down" if there is an anticipated budget shortfall (expenditures and other uses in excess of revenues and other sources).

   - If spending unassigned fund balance in designated circumstances has reduced unassigned fund balance at the completion of any fiscal year to a point below the minimum targeted level, as noted above, the replenishment will be funded by property taxes or other sources within one year, or as directed by the City Council.

2. Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City will maintain fund balances in special revenue funds at a level which will avoid interfund loans to meet the cash flow needs of the current operating budget.

Governmental accounting standards require that substantial inflows of revenues into a special revenue fund be either restricted or committed in order for the fund to be considered a special revenue fund.

The specific revenue sources for each special revenue fund and the specific purpose for which they are restricted or committed are as follows, less any amounts that are classified as nonspendable by their nature:

a) Shorewood Community and Event Center Fund specifies 100% of Fund Balance as Committed for operating and capital costs associated with the Shorewood Community and Event Center.

b) Local Fiscal Recovery Fund ARPA Fund specifies 100% of Fund Balance as Restricted for Federal grant expenditures.

3. Debt Service Funds

Debt service fund balances are typically considered restricted. Fund balance may be assigned if the debt for the fund has been fully paid. The resources being accumulated in the funds are for payments of principal and interest maturing in current and future years. At year end, fund balance in each Debt Service Fund shall be at a minimum level of 100% of the debt service expense expected to be paid during the subsequent fiscal year.

4. Capital Project Funds

Capital project fund balances are considered restricted or assigned. The resources being accumulated are for current and future projects. Capital project funds are used to account for and report financial resources that are restricted or assigned to expenditures for capital assets. The fund balances in these funds vary annually based on the timing of acquisitions, construction projects, and bond issuance. The City will maintain reserves in the Capital Project Funds at a minimum level sufficient to provide adequate working capital for the subsequent years' expenditures needs. The maximum amount of reserves should include the amount necessary to pay for future capital projects. Future capital projects must be identified and quantified in the Capital Improvement Plan.

V. ENTERPRISE FUND RESERVES

The City will maintain reserves in the Enterprise Funds at a minimum level sufficient to provide adequate working capital for current expenditure needs. Generally, the City shall strive for a minimum of six (6) months of subsequent years' operating needs, as well as 100% of subsequent years' capital and debt service needs. The maximum amount of reserves should include the amount necessary to pay for future capital projects. Future capital projects must be identified and quantified in the Capital Improvement Plan. Rates and fees in these funds will be analyzed annually for a five-year period to provide for level rate changes.

Enterprise Fund net position (equity) will be classified in one of the following categories:

1. Net Investment in Capital Assets – The components of net position, which is the difference between the assets and deferred outflows of resources and the liabilities and deferred inflows of resources, that consist of capital assts less both accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvement of the capital asset.

2. Restricted – The component of net position that consists of assets with constraints placed on their use by either external parties or through constitutional provisions or enabling legislation.

3. Unrestricted – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

VI. STABILIZATION ARRANGEMENTS

Stabilization arrangements are defined as formally setting aside amounts for use in emergency situations or when revenue shortages or budgetary imbalances arise.

The City will set aside amounts by resolution as deemed necessary that can only be expended when certain specific circumstances exist. The resolution will identify and describe the specific circumstances under which a need for stabilization arises. The need for stabilization will only be utilized for situations that are not expected to occur routinely.

VII. <u>MONITORING AND REPORTING</u>

The Finance Director shall annually prepare the status of fund balances in relation to this policy and present it to the City Council in conjunction with the development of the annual budget.