



4646 Dakota St. SE
Prior Lake, MN 55372

June 13, 2015

A Message from the Mayor

No More Kicking the Can Down the Road

Over the past several years, the City Council worked with staff to understand the long term sustainable level of capital spending and maintenance to keep our assets in good condition for all residents' use. The results show that we now have eight different long term capital plans, all of which feed into the Capital Improvement Program (CIP), which in turn drives a great deal of the city's annual budget.

We now have long term plans for: Equipment Replacement, Facilities Management, Transportation, Parks Improvements Replacement, Pavement Management, Water Supply, Water Quality, Sanitary Sewer and Information Technology. In each case, the City Council reviews a detailed inventory of all the assets, their lives and projected time for replacement, the condition of the assets, and the plans staff has prepared for providing funds to replace these assets when they wear out.

I consider this a major advancement in the thoroughness and fiscal responsibility of the City's operation. We're making every effort to understand how to not "kick the can down the road" to our children and grandchildren.

Here's the problem: the Council has consistently failed to provide sufficient funding in the CIP and annual budget to support the plans. In other words, we are knowingly deferring appropriate action, and therefore leaving major liabilities for future generations. This is just plain wrong, and we know it!

One example: a few years ago, staff presented us with the appropriate ways to maintain our streets to extend street life to sixty years and more. This compares with our recent experience of getting 25-35 years of life before complete pavement breakdown has required full reconstruction. This "pavement management program" requires spending more on current maintenance activities (each year we need: over 6.5 miles of seal coating and crack sealing, 3.3 miles of mill and overlays, about 1.7 miles of reconstruction, etc.) but we gain a doubling of the street life without sacrificing the quality of the roadways. It's clearly the lowest life cycle cost way to keep up our streets.

What are we doing? Staff tells us that we're about on track with the seal coating and crack sealing, but we're quite a bit short on the mill and overlay mileage each year, and the reconstruction projects are frequently deferred in favor of larger state and county highway projects, such as this year's 150th and 13 project just getting under way.

This approach hides the truth from residents. We appear to save money from city expenditures, but we're accumulating large future liabilities that will come back to bite us.

Another example: A few years ago, staff completed a comprehensive inventory of all parks improvements (trails, play systems, picnic shelters, backstops, goals, etc.), including the year of construction, initial cost, estimated life, and projected cost for replacement. This was a significant accomplishment that few cities have been able to achieve. It means we can confidently and responsibly plan for the timing and funding needed to keep our parks in good condition. But, we have starved this program from the funds needed to keep up. A great example can be seen

whenever you walk through the Lakefront Park trail system. They are breaking down in many places, and should be replaced soon; however, we don't have the money set aside to do it. I could give several more examples of "kicking the can down the road" when we know better. Suffice to say this theme will emerge throughout the budgeting and tax levy debates this year and for many to come. You have every right to expect your elected Council to act responsibly. We have an obligation to all residents for keeping the assets and wonderful resources of the City in useful condition, not just today, but sustainably into the future. Expect no less from us, and make your voice heard as we debate these issues.

**Sincerely,
Mayor Ken Hedberg**