



 CITY OF  
**MINNETONKA**  
**2018 Budget**

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*City of*  
**minnetonka**

# 2018 Budget

**Minnetonka, Minnesota**

*Adopted December 4, 2017*

**City Council:**

Terry Schneider, Mayor  
Patty Acomb, Councilmember at Large  
Dick Allendorf, Councilmember At Large  
Tim Bergstedt, Councilmember Ward 4  
Bob Ellingson, Councilmember Ward 1  
Tony Wagner, Councilmember Ward 2  
Brad Wiersum, Councilmember Ward 3

**Staff:**

Geralyn Barone, City Manager  
Perry Vetter, Assistant City Manager  
Merrill King, Finance Director/Treasurer  
Scott Boerboom, Chief of Police  
Corrine Heine, City Attorney  
Will Manchester, City Engineer  
Kelly O'Dea, Recreation Services Director  
John Vance, Fire Chief  
Brian Wagstrom, Public Works Director  
Julie Wischnack, Community Development

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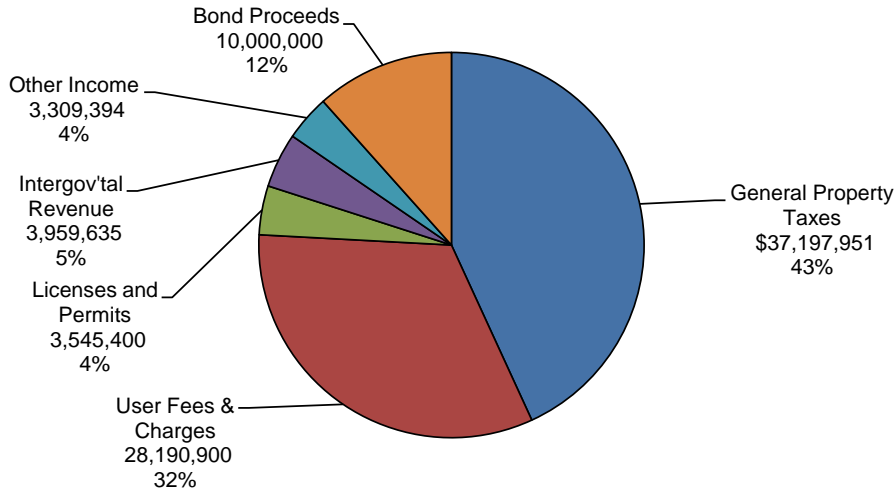
## CONSOLIDATED BUDGETS SUMMARY - ALL FUNDS

	<u>2017 Revised</u>	<u>2018 Budget</u>
<b><u>Revenue</u></b>		
General Property Taxes	\$ 35,757,302	\$ 37,197,951
User Fees & Charges	27,308,100	28,190,900
Licenses and Permits	3,690,000	3,545,400
Intergovernmental Revenue	4,989,729	3,959,835
Other Income	4,926,258	3,309,394
Other Sources - Bond Proceeds	-	10,000,000
<b>Total Revenue</b>	<b><u>\$ 76,671,389</u></b>	<b><u>\$ 86,203,480</u></b>
<b><u>Expenditures</u></b>		
<b>By Program:</b>		
Public Safety	\$ 17,140,600	\$ 14,928,541
Streets & Utilities	42,206,387	49,573,050
Parks & Environment	4,963,500	5,630,200
Recreation	6,303,700	6,843,650
Development	4,122,147	4,355,700
General Government	5,703,450	6,157,800
<b>Total Expenditures by Program</b>	<b><u>\$ 80,439,784</u></b>	<b><u>\$ 87,488,941</u></b>
<b>By Category:</b>		
Personnel	\$ 29,323,100	\$ 30,224,300
Supplies	3,647,000	3,567,400
Services & Charges	18,531,097	18,750,791
Capital Outlay	28,050,324	33,438,875
Debt Service	888,263	1,507,575
<b>Total Expenditures by Category</b>	<b><u>\$ 80,439,784</u></b>	<b><u>\$ 87,488,941</u></b>

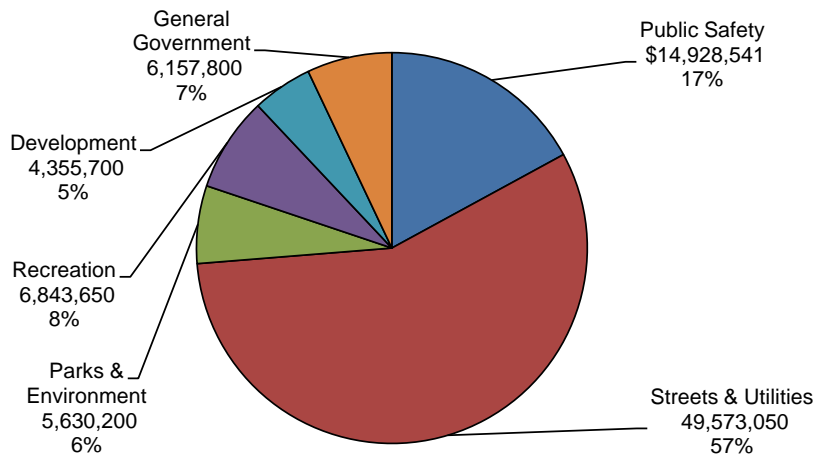
Note: Internal service fund budgets are accounted for twice in this summary to better reflect costs by program and category. They appear once from the internal service fund and once from the respective fund incurring the charge for service.

2018 CONSOLIDATED BUDGETS - ALL FUNDS

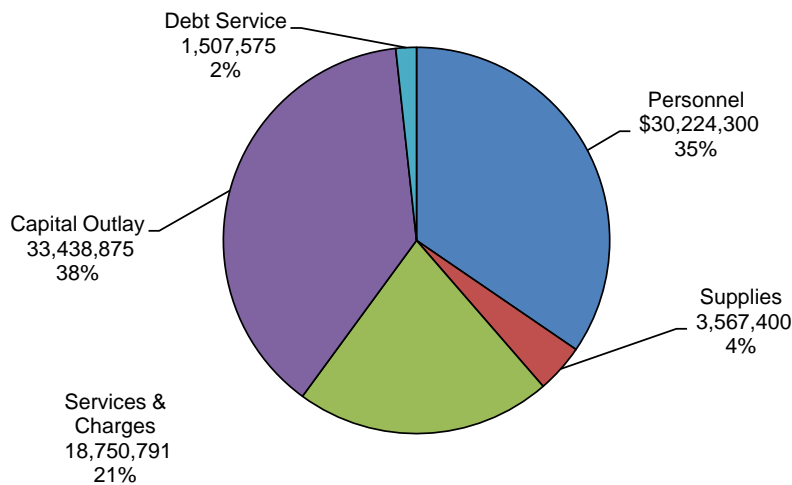
Revenue



Expenditures by Program



Expenditures by Category



## GENERAL FUND REVENUES &amp; EXPENDITURES

	2015 Actual	2016 Actual	2017 Budget	2017 Revised	2018 Budget
<b>Revenues</b>					
General Property Taxes	\$ 22,456,642	\$ 23,122,382	\$ 24,201,283	\$ 24,201,283	\$ 25,082,828
Licenses & Permits	4,846,567	3,641,735	3,690,000	3,690,000	3,545,400
Intergovernmental Revenue	1,029,000	1,110,256	951,000	1,031,600	958,100
Transfers	1,339,800	1,350,500	1,353,400	1,353,400	1,374,400
User Fees & Charges	1,977,459	2,057,848	2,171,700	2,151,000	2,078,500
Other Income	972,945	858,444	950,217	856,117	927,722
<b>Total Revenues</b>	<b>\$ 32,622,413</b>	<b>\$ 32,141,165</b>	<b>\$ 33,317,600</b>	<b>\$ 33,283,400</b>	<b>\$ 33,966,950</b>
<b>Expenditures</b>					
Police	\$ 8,264,195	\$ 8,684,602	\$ 9,154,700	\$ 9,023,700	\$ 9,690,400
Dispatch	836,047	891,725	894,100	1,014,100	-
Fire	2,529,138	2,629,270	2,972,000	2,969,500	3,126,700
Environmental Health	353,235	358,418	397,900	400,300	406,100
Legal	756,846	743,260	805,000	804,800	827,400
<i>Subtotal, Public Safety</i>	<i>\$ 12,739,461</i>	<i>\$ 13,307,275</i>	<i>\$ 14,223,700</i>	<i>\$ 14,212,400</i>	<i>\$ 14,050,600</i>
Engineering	1,155,918	1,113,723	1,238,800	1,238,800	1,325,200
Street Maintenance	3,181,669	3,053,143	3,604,800	3,604,800	3,541,600
Building Maintenance	1,069,332	1,180,894	1,284,100	1,284,100	1,292,500
<i>Subtotal, Streets &amp; Utilities</i>	<i>\$ 5,406,919</i>	<i>\$ 5,347,761</i>	<i>\$ 6,127,700</i>	<i>\$ 6,127,700</i>	<i>\$ 6,159,300</i>
Parks & Trails	1,547,071	1,493,965	1,740,300	1,740,300	1,761,800
Natural Resources	1,130,427	1,088,827	1,358,700	1,346,700	1,371,800
<i>Subtotal, Parks &amp; Environment</i>	<i>\$ 2,677,498</i>	<i>\$ 2,582,792</i>	<i>\$ 3,099,000</i>	<i>\$ 3,087,000</i>	<i>\$ 3,133,600</i>
Joint Recreation	1,381,147	1,320,143	1,420,400	1,402,300	1,551,950
Minnetonka Recreation	556,740	553,714	634,400	618,300	766,400
Senior Services	359,829	382,243	384,900	412,200	383,000
Community Center	463,351	491,846	545,000	530,300	522,700
<i>Subtotal, Recreation</i>	<i>\$ 2,761,067</i>	<i>\$ 2,747,946</i>	<i>\$ 2,984,700</i>	<i>\$ 2,963,100</i>	<i>\$ 3,224,050</i>
Community Development	1,574,735	1,603,519	1,686,700	1,699,100	1,778,400
Planning	600,481	659,490	721,300	714,100	746,200
Assessing	659,915	678,010	767,200	757,200	794,900
<i>Subtotal, Development</i>	<i>\$ 2,835,131</i>	<i>\$ 2,941,019</i>	<i>\$ 3,175,200</i>	<i>\$ 3,170,400</i>	<i>\$ 3,319,500</i>
Mayor & City Council	223,494	221,001	242,700	242,700	260,500
General Administration	1,286,972	1,374,029	1,682,800	1,654,800	1,837,100
Information Technology	760,646	783,237	859,000	858,700	965,300
Finance	767,132	793,335	872,800	882,800	967,000
<i>Subtotal, General Government</i>	<i>\$ 3,038,244</i>	<i>\$ 3,171,602</i>	<i>\$ 3,657,300</i>	<i>\$ 3,639,000</i>	<i>\$ 4,029,900</i>
Contingency	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 50,000
<b>Total Expenditures</b>	<b>\$ 29,458,320</b>	<b>\$ 30,098,395</b>	<b>\$ 33,317,600</b>	<b>\$ 33,249,600</b>	<b>\$ 33,966,950</b>
Surplus of Revenues over Expenditures	3,164,093	2,042,770	-	33,800	-
Transfer to Capital Replacement Fund	(800,000)	(230,000)	(355,000)	(355,000)	(1,200,000)
Transfer to Other Funds	(200,000)	(250,000)	(385,000)	(385,000)	-
<b>Beginning Fund Balance</b>	<b>17,491,802</b>	<b>19,655,895</b>	<b>21,218,665</b>	<b>21,218,665</b>	<b>20,512,465</b>
<b>Ending Fund Balance</b>	<b>\$ 19,655,895</b>	<b>\$ 21,218,665</b>	<b>\$ 20,478,665</b>	<b>\$ 20,512,465</b>	<b>\$ 19,312,465</b>
Nonspendable Balances - Inventories	263,171	333,243	145,000	220,000	175,000
Unrestricted Balances					
Committed for Compensated Absences	1,000,000	1,020,000	1,010,000	1,000,000	1,000,000
Assigned for POC Fire Pensions	190,900	190,900	190,900	190,900	215,900
Assigned for Rec Scholarships & Sr. Ctr.	15,000	15,000	15,000	15,000	15,000
Assigned as Budget Stabilization	12,767,600	13,327,040	13,766,900	13,766,900	14,035,200
Unassigned	5,419,224	6,332,482	5,350,865	5,319,665	3,871,365
<b>Ending Fund Balance</b>	<b>\$ 19,655,895</b>	<b>\$ 21,218,665</b>	<b>\$ 20,478,665</b>	<b>\$ 20,512,465</b>	<b>\$ 19,312,465</b>
Budget Stabilization Balance Policy Goal	42.4%	40.0%	40.5%	40.5%	40.0%

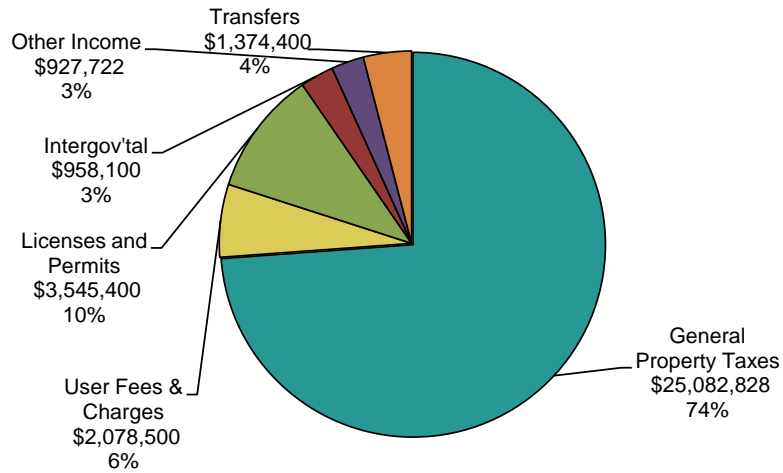
## GENERAL FUND REVENUE

	2015 Actual	2016 Actual	2017 Budget	2017 Revised	2018 Budget
<b>General Property Taxes</b>					
Ad Valorem Tax Levy	\$ 22,789,051	\$ 23,327,058	\$ 24,566,283	\$ 24,566,283	\$ 25,447,828
Abatements & Cancellations	(313,172)	(212,531)	(350,000)	(350,000)	(350,000)
Other, incl. Tax Forfeit Sale Revenue	600	600	-	-	-
Penalties & Interest	(15,337)	7,255	(15,000)	(15,000)	(15,000)
<i>Subtotal, General Property Taxes</i>	<b>\$ 22,461,142</b>	<b>\$ 23,122,382</b>	<b>\$ 24,201,283</b>	<b>\$ 24,201,283</b>	<b>\$ 25,082,828</b>
<b>Licenses &amp; Permits</b>					
Building Permits	\$ 2,724,163	\$ 1,817,794	\$ 1,995,000	\$ 1,995,000	\$ 1,800,000
Plumbing Permits	263,453	283,815	295,000	295,000	280,000
Electrical Permits	478,167	336,610	295,000	295,000	325,000
Heating Permits	596,415	434,576	390,000	390,000	420,000
On Sale Liquor Licenses	224,979	231,187	225,000	225,000	220,000
Food Handlers Licenses	230,388	213,884	210,000	210,000	215,000
All Other Licenses & Permits	329,002	323,869	280,000	280,000	285,400
<i>Subtotal, Licenses &amp; Permits</i>	<b>\$ 4,846,567</b>	<b>\$ 3,641,735</b>	<b>\$ 3,690,000</b>	<b>\$ 3,690,000</b>	<b>\$ 3,545,400</b>
<b>Intergovernmental Revenue</b>					
Public Safety State Aid	\$ 782,471	\$ 879,713	\$ 829,700	\$ 831,400	\$ 831,400
MSA Maintenance	76,650	76,740	71,300	76,700	76,700
State MVHC Payment	149	-	-	-	-
Other Grants/Aid	169,730	153,803	50,000	123,500	50,000
<i>Subtotal, Intergovernmental Revenue</i>	<b>\$ 1,029,000</b>	<b>\$ 1,110,256</b>	<b>\$ 951,000</b>	<b>\$ 1,031,600</b>	<b>\$ 958,100</b>
<b>Transfers</b>					
Transfer From Utility Fund	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000
Transfer From Spec. Assess. Fund	37,200	37,900	38,300	38,300	39,800
Transfer From Ice Arena Fund	30,600	31,200	31,500	31,500	32,700
Transfer From Cable TV Fund	30,600	31,200	31,500	31,500	32,700
Transfer From Development Fund	59,400	60,600	61,200	61,200	63,500
Transfer From Environmental Fund	186,900	190,600	192,500	192,500	199,800
Transfer From Williston Center	45,900	46,800	47,300	47,300	49,100
Transfer From Gray's Bay Marina	10,800	11,000	11,100	11,100	11,500
Transfer From Storm Water Fund	138,400	141,200	140,000	140,000	145,300
<i>Subtotal, Transfers</i>	<b>\$ 1,339,800</b>	<b>\$ 1,350,500</b>	<b>\$ 1,353,400</b>	<b>\$ 1,353,400</b>	<b>\$ 1,374,400</b>
<b>User Fees &amp; Charges</b>					
Recreation Receipts	1,119,911	1,172,058	1,200,000	1,190,000	1,218,000
Community Center Rental	108,054	99,532	125,000	115,000	110,000
School Liaison Reimbursement	338,673	345,168	363,900	363,900	275,300
Tower Antenna Rental	410,821	441,090	482,800	482,100	475,200
<i>Subtotal, User Fees &amp; Charges</i>	<b>\$ 1,977,459</b>	<b>\$ 2,057,848</b>	<b>\$ 2,171,700</b>	<b>\$ 2,151,000</b>	<b>\$ 2,078,500</b>
<b>Other Income</b>					
Court Fines	\$ 517,306	\$ 429,103	\$ 510,000	\$ 435,900	\$ 502,000
Investment Income	165,218	95,858	150,000	130,000	150,000
Miscellaneous Income	299,518	313,864	290,217	290,217	275,722
Change in Value of Investments	(9,097)	19,619			
<i>Subtotal, Other Income</i>	<b>\$ 972,945</b>	<b>\$ 858,444</b>	<b>\$ 950,217</b>	<b>\$ 856,117</b>	<b>\$ 927,722</b>
<b>TOTAL REVENUES</b>	<b>\$ 32,626,913</b>	<b>\$ 32,141,165</b>	<b>\$ 33,317,600</b>	<b>\$ 33,283,400</b>	<b>\$ 33,966,950</b>

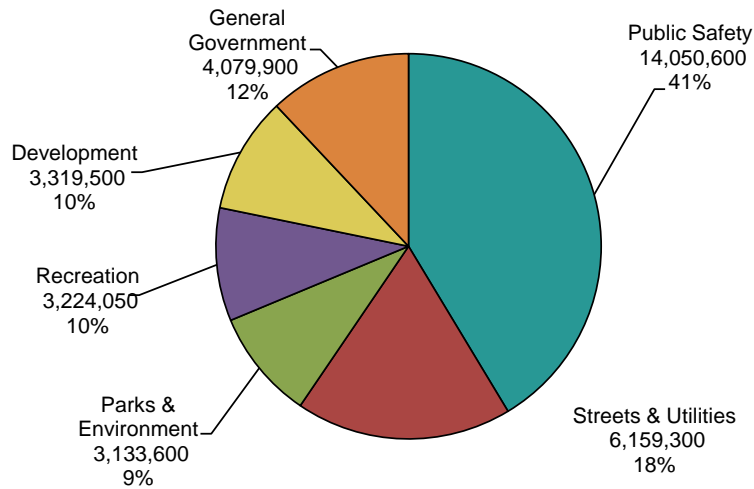


### 2018 General Fund OPERATING REVENUES & EXPENDITURES

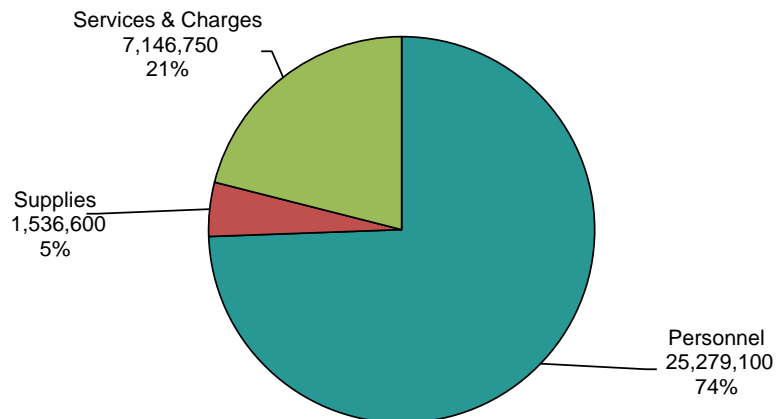
#### Revenues



#### Expenditures by Program



#### Expenditures by Category



## TAX LEVIES

Tax Base	2016	2017	2018	
Real Estate	\$ 103,533,501	\$ 106,597,190	\$ 111,647,471	Estimate
Personal Property	837,902	901,339	970,845	Estimate
Fiscal Disparities Contribution	(13,311,268)	(14,709,039)	(14,138,404)	Estimate
Fiscal Disparities Distribution	3,566,532	3,960,149	4,337,522	Estimate
Tax Increment	(2,156,775)	(2,407,233)	(3,092,527)	Estimate
<b>Total Tax Capacity</b>	<b>\$ 92,469,892</b>	<b>\$ 94,342,406</b>	<b>\$ 99,724,907</b>	<b>Estimate</b>
<b>Taxable Referendum Market Value</b>	<b>\$ 8,421,246,100</b>	<b>\$ 8,689,457,700</b>	<b>\$ 9,100,026,150</b>	<b>Estimate</b>
<b>City Tax Levy</b>				
General Fund	\$ 23,695,800	\$ 24,566,283	\$ 25,447,828	
Street Improvement Fund	6,100,000	6,200,000	6,300,000	
Capital Replacement Fund	1,666,000	1,730,000	2,045,000	
Park & Trail Improvement Fund	560,000	560,000	560,000	
Technology Development Fund	395,000	580,000	580,000	
Forestry Fund	54,000	54,000	60,000	
Public Safety Fund	550,000	550,000	550,000	
Ridgedale Tax Abatement	26,000	81,000	20,000	
Tax Capacity Tax Levy	\$ 33,046,800	\$ 34,321,282	\$ 35,562,827	
Market Value Tax Levy (Park Bonds)	1,067,640	1,336,519	1,400,123	
<b>Total Tax Levy</b>	<b>\$ 34,114,440</b>	<b>\$ 35,657,801</b>	<b>\$ 36,962,950</b>	
<b>City Tax Rate</b>				
General Fund	25.625	26.039	25.518	
Street Improvement Fund	6.597	6.572	6.317	
Capital Replacement Fund	1.802	1.834	2.051	
Park & Trail Improvement Fund	0.606	0.594	0.562	
Technology Development Fund	0.427	0.615	0.582	
Forestry Fund	0.058	0.057	0.060	
Public Safety Fund	0.595	0.583	0.552	
<b>Total City Tax Capacity Tax Rate</b>	<b>35.674</b>	<b>36.379</b>	<b>35.599</b>	<b>Estimate</b>
<b>Total Market Value Tax Rate</b>	<b>0.01268</b>	<b>0.01539</b>	<b>0.01539</b>	<b>Estimate</b>
<b>HRA Tax Levy</b>				
<b>HRA Tax Capacity Tax Rate</b>	<b>\$ 175,000</b>	<b>\$ 175,000</b>	<b>\$ 250,000</b>	
	<b>0.189</b>	<b>0.185</b>	<b>0.251</b>	<b>Estimate</b>
HRA Tax Levy % of Market Value	0.002078%	0.002014%	0.002747%	

**POLICE DEPARTMENT**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$7,096,761	\$7,420,315	\$7,764,500	\$7,631,700	\$8,291,000
Supplies	337,294	359,576	458,900	479,100	409,700
Other Services & Charges	830,140	904,711	1,008,400	1,018,000	1,042,200
Capital Outlay	20,688	-	-	-	-
<b>Totals</b>	<b>\$ 8,284,883</b>	<b>\$ 8,684,602</b>	<b>\$ 9,231,800</b>	<b>\$ 9,128,800</b>	<b>\$ 9,742,900</b>

<b>Method of Financing</b>					
General Fund	\$ 8,264,195	\$ 8,684,602	\$ 9,154,700	\$ 9,023,700	\$ 9,690,400
Drug and DWI Forfeiture Funds	20,688	47,879	77,100	105,100	52,500
<b>Totals</b>	<b>\$ 8,284,883</b>	<b>\$ 8,732,481</b>	<b>\$ 9,231,800</b>	<b>\$ 9,128,800</b>	<b>\$ 9,742,900</b>

<b>Number of Employees (FTEs)*</b>	66.45	67.45	67.45	67.45	69.93
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**Description of Services:**

The police department is responsible for providing police services to the community. This includes: emergency response, investigative services, homeland security, crime prevention, and proactive and reactive patrol. The department works collaboratively with other city departments, three school districts and community partners to include other law enforcement agencies to maximize its effectiveness. The city complies with all state and federal reporting requirements for the maintenance of police records and data relevant to the criminal justice requirements.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Community survey satisfaction	99%	98%	98%	98%
Calls for service	43,651	38,321	41,100	42,500
Criminal offenses - Part I & II	2,392	1,946	2,115	2,204
Citations (criminal/juvenile)	174	112	180	175
Emergency calls (medicals)	2,835	2,662	2,750	2,802
Traffic Response	18,489	13,507	14,600	15,100
Identity Theft	315	275	260	265
Mental Health Crisis	182	236	315	405

**Budget Comments/Issues:**

*As Hennepin County will assume 9-1-1 dispatch operations in 2018, the 2018 budget for the Police Department includes funding for an additional 3.4 FTEs to back fill some of the city-specific ancillary duties that have been performed by city-staffed dispatch but are not provided by the county. The department continues to place an increased emphasis on community engagement.*

- The additional staff needed to perform dispatcher ancillary duties in 2018 will include a combination of full and part-time positions, a record specialist, and community service officers. Technology needed to replace the tasks associated with the elimination of the dispatch center include facility video and alarm monitoring systems, fire and public works notification systems, and a number of specific police operational functions.

- In 2018, the department will continue to strengthen existing community partnerships through current community outreach initiatives and will identify new opportunities, such as working with our various city based non-profit organizations. Also, operations will continue to prioritize traffic education/enforcement with the focus on speed, seatbelt, red light violations, distracted driving, and DWI in 2018.

- Expenditures from DWI and drug forfeiture funds include: Emergency vehicle operating course training for patrol officers and community service officers; tasers; radars; and other supplemental DWI enforcement and equipment not otherwise funded by the General Fund.

- In 2017, the department began partnering with Hamline University to develop and provide a one-day crisis and conflict management training course for all sworn officers as well as advanced mental health crisis training to an additional six officers in 2018.

- Beginning in the fall of 2017, School District 287 elected to eliminate a school resource officer position at the West Education Center, reducing the number of police officers in the police department by one FTE.

**POLICE DISPATCH DIVISION - Police Department**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$ 824,463	\$ 880,931	\$ 867,700	\$ 987,700	\$ -
Supplies	1,529	6,724	9,700	9,700	-
Other Services & Charges	10,055	4,070	16,700	16,700	-
<b>Totals</b>	<b>\$ 836,047</b>	<b>\$ 891,725</b>	<b>\$ 894,100</b>	<b>\$ 1,014,100</b>	<b>\$ -</b>

**Method of Financing**

General Fund	\$ 836,047	\$ 891,725	\$ 894,100	\$ 1,014,100	\$ -
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<b>Number of Employees (FTEs)</b>	9.00	9.00	9.00	9.00	-
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**Description of Services:**

The City of Minnetonka's Public Safety Answering Point (PSAP) provides a vital communication link between the community and their public safety first responders. Dispatchers are responsible for answering 9-1-1 and non-emergency telephone calls for police, fire and medical response and dispatching appropriate resources. They monitor computer and radio transmissions, enter call/incident information into computer aided dispatch (CAD), run state and federal queries and monitor city alarms and video surveillance for the public safety facility.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Non-emergency phone calls	35,588	34,996	36,437	0
9-1-1 phone calls	18,963	19,484	19,799	0
9-1-1 calls answered within 10 seconds	96%	95%	97%	0%
Resident dispatch customers satisfied with PSAP services	99%	94%	96%	0%

**Budget Comments/Issues:**

*The City of Minnetonka outsourced PSAP operations to the Hennepin County Sheriff's Office beginning Fiscal Year 2018.*

## FIRE DEPARTMENT

Expenditures by Category	2015 Actual	2016 Actual	2017 Budget	2017 Revised	2018 Budget
Personnel	\$ 1,564,005	\$ 1,627,203	\$ 2,006,400	\$ 2,006,400	\$ 2,079,400
Supplies	192,183	174,046	168,300	172,500	171,600
Other Services & Charges	772,950	785,829	797,300	790,600	875,700
Capital Outlay	-	42,192	-	-	-
<b>Totals</b>	<b>\$ 2,529,138</b>	<b>\$ 2,629,270</b>	<b>\$ 2,972,000</b>	<b>\$ 2,969,500</b>	<b>\$ 3,126,700</b>

**Method of Financing**

General Fund	\$ 2,529,138	\$ 2,629,270	\$ 2,972,000	\$ 2,969,500	\$ 3,126,700
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<b>Number of Employees (FTEs)</b>	5.0	6.5	8.0	8.0	8.0
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**Description of Services:**

The Fire Department's mission is to continuously protect and preserve life and property through quality education, prevention, disaster preparedness, and rapid emergency response. The department provides key services to the city that include: firefighting, emergency medical services (EMS), hazardous material response (hazmat), fire code inspection/enforcement, equipment maintenance, and emergency management. The fire department is regarded as an all-hazards, all-risk service provider by developing and maintaining strategic community partnerships, hiring and training exceptional people, developing efficiencies in service provision to ensure sustainability for the entire organization and maintaining our core infrastructure. The fire department has an authorized strength of 80 paid-on-call firefighters and 8 full-time employees. The fire department currently maintains an Insurance Service Office (ISO) rating of 3. This translates into lower insurance premiums for some Minnetonka businesses and residents.

<b>Key Measures:</b>	2015 Actual	2016 Actual	2017 Estimated	2018 Projected
Average response time to structure fires (minutes)*	7.33	7.47	7.15	7.33
Paid-on-call firefighters	80	75	79	80
Total fire calls, excluding medicals	1,036	1,213	1,233	1,250
Number of false alarms	244	285	306	300
Medical calls	1,505	1,804	2,107	2,200
Firefighter calls outs	87	95	110	125
Non-duty crew training hours	13,172	11,580	13,000	13,000

\* Arrival of first unit

**Budget Comments/Issues:**

*Changing workforce demographics and requirements of the federal Affordable Care Act continue to challenge the city and other metro cities to adapt fire service management structures in order to maintain the high quality and clear efficiencies provided by the city's paid-on-call fire force. This pressure is felt mostly with the turnover of approximately ten firefighters per year and the city's efforts to recruit and retain well-trained employees to deliver emergency services. In 2018, the department will engage a consultant to conduct an organizational checkup to identify service level objectives and priorities that could be adopted by the city.*

- 2018 includes an additional one-time budget of \$75,000 for staff work with a consultant on long-term solutions and recommendations for ensuring adequate staffing along with a strategic plan.
- Fire staff in collaboration with police will develop and train on new dispatch codes and protocols for a transition to a consolidated dispatch platform (Hennepin County Emergency Communications).
- Significant staff work will be done on the design of a new fire department central station, paying particular attention to details that will positively impact personnel safety and emergency response time.

**PUBLIC SAFETY FACILITY BOND FUND - Finance Department**

<b>Revenues</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer in	-	-	-	1,531,000	-
Investment Income, Other	-	-	-	-	-
<b>Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,531,000</b>	<b>\$ -</b>
<b>Expenditures by Category</b>					
Project design/planning	\$ -	\$ -	\$ -	\$ 1,531,000	\$ -
Police Station	-	-	-	-	-
Fire Station	-	-	-	-	-
<b>Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,531,000</b>	<b>\$ -</b>
Surplus (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
<i>Beginning Fund Balance</i>	-	-	-	-	-
<i>Ending Fund Balance</i>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Description of Services:**

Constructed in 1974 and 1989, the central fire station and police department have not been expanded or extensively remodeled since opening for operations. Both departments have significantly evolved since those years, and the adopted 2018-22 Capital Replacement Program (CIP) anticipates the sale of \$25 million in General Obligation capital improvement bonds to construct a new fire station and update/expand the current police department facility. The current project calendar is for the debt to be sold in early 2019 and construction to commence during the second quarter of the same year and to be completed by late 2020. Debt service on the bonds would begin in 2020.

**Key Measures:**

Project completion (cumulative)

	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Estimated</u>	<u>2018 Projected</u>
	NA	NA	5%	10%

**Budget Comments/Issues:**

On June 12, 2017, the city council authorized an internal loan from the Special Assessment Construction Fund for the first phases of the contract for architectural design and other services related to the construction of the renovated and new central police and fire facilities. The revised 2017 budget for the project reflects the total contract costs, and it is anticipated the actual expenditures will be realized in both 2017 and 2018.

- The new facility is to be located on the Civic Center campus and will require moving a watermain from its current location. An additional \$2 million is budgeted in the Utility Fund in 2018 for this portion of the project and is a part of the adopted 2018 capital program budget.

**PUBLIC SAFETY FUND- Fire Department/Police Department**

	2015	2016	2017	2017	2018
Revenues	Actual	Actual	Budget	Revised	Budget
Ad Valorem Tax Levy	\$ 550,000	\$ 550,000	\$ 550,000	\$ 550,000	\$ 550,000
TIF-related Levy Proceeds	100,000	100,000	100,000	100,000	100,000
Transfer in	200,000	250,000	-	-	-
Investment Income, Other	3,656	2,272	500	500	-
<b>Totals</b>	<b>\$ 853,656</b>	<b>\$ 902,272</b>	<b>\$ 650,500</b>	<b>\$ 650,500</b>	<b>\$ 650,000</b>
<b>Expenditures by Category</b>					
Pumper/Engine Replacement	\$ -	\$ -	\$ -	\$ -	\$ 575,000
Rescue Truck Program	-	-	225,000	225,000	-
Ladder Truck Program	1,002,895	41,628	-	-	-
Emergency Response Vehicle	-	173,250	-	-	-
Fire Rescue Equipment	-	-	100,000	100,000	-
Fire JPA SCBA Program	-	-	500,000	500,000	-
Other Fire Equipment	13,568	-	16,100	16,100	103,000
Fire Turnout Gear	-	131,000	-	-	-
800 MHz Radios/Infrastructure	560,342	86,351	-	-	-
Other Police Equipment	-	-	-	123,000	45,000
PSAP Dispatch Consoles	200,000	-	-	-	-
<b>Totals</b>	<b>\$ 1,776,805</b>	<b>\$ 432,229</b>	<b>\$ 841,100</b>	<b>\$ 964,100</b>	<b>\$ 723,000</b>
Surplus (Deficiency) of Revenues over (under) Expenditures	(923,149)	470,043	(190,600)	(313,600)	(73,000)
<i>Beginning Fund Balance</i>	<i>710,002</i>	<i>(213,147)</i>	<i>256,896</i>	<i>256,896</i>	<i>(56,704)</i>
<i>Ending Fund Balance</i>	<i>\$ (213,147)</i>	<i>\$ 256,896</i>	<i>\$ 66,296</i>	<i>\$ (56,704)</i>	<i>\$ (129,704)</i>

**Description of Services:**

The Public Safety Fund, originally coined the Fire Apparatus Fund, was created in 2011 to finance the recurring, essential replacement of costly fire and other public safety capital items on a timely basis. While regular vehicles such as patrol cars are funded through the Capital Replacement Fund, the city maintains the following fire apparatus: 9 engines, 3 ladders, 2 grass rigs, 2 utility units, a mobile air support truck, 2 light rescue trucks and one boat. Other high-cost purchases to be supported by this fund include public safety technology items like specialized radios and fire fighting, self-contained breathing apparatus (SCBA) as well as police equipment.

<b>Key Measures:</b>	2015 <u>Actual</u>	2016 <u>Actual</u>	2017 <u>Estimated</u>	2018 <u>Projected</u>
Average age of pumper trucks	15.0	15.6	16.0	14.0
Average age of ladder trucks	20.0	11.5	5.0	6.0

**Budget Comments/Issues:**

The 2018 budget for the Public Safety Fund includes the purchase of a fire duty crew engine (\$575,000), which is part of the city's long term maintenance plan for its fire service equipment fleet. Duty crew engines at Station 1 are to be replaced every four years, but then are refurbished and placed in service at a satellite station for the remainder of the expected 20-year life span.

- Due to outsourcing 9-1-1 dispatch to Hennepin County beginning in 2018, on October 9, 2017, the city council amended the 2017-2019 capital budgets to eliminate \$258,000 in funding for equipment no longer needed and replaced it with \$123,000 reflected above in 2017 as required for the transition.
- Annual levy revenue to the Public Safety Fund includes an additional \$100,000 above the adopted capital levy. This temporary funding stream is associated with returned tax increment proceeds from one of the city's Tax Increment Finance (TIF) districts, and the annual amount is scheduled to continue through the life of the district, which ends 2022.
- The 2015 and 2016 Public Safety Fund revenue included transfers in from the General Fund balance, which were adopted by council under the city's fund balance policy as part of the five-year Capital Improvements Program (CIP). Like all capital funds, the Public Safety Fund is managed over a five-year horizon, and the deficit ending balance in 2018 is part of the adopted CIP.
- Expenditures for the Public Safety Fund reflect: 1) council's amendment of the CIP to purchase fire turnout gear in lieu of leasing in 2016, and 2) the early authorized purchase at the end of 2015 of the 800 Mhz mobile and portable radios originally budgeted in 2016, which enabled the city to garner a discount on the purchase price.

**GRANTS SPECIAL REVENUE FUND - Finance Department**

<b>Revenues</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Federal Grants	\$ 46,763	\$ 46,397	\$ 64,000	\$ 64,000	\$ 51,600
State Grants	-	-	-	-	-
9-1-1	67,011	67,011	67,000	67,000	-
Other Local Grants	-	122,000	128,000	94,000	-
Investment Income	1,372	88	-	200	100
<b>Totals</b>	<b>\$ 115,146</b>	<b>\$ 235,496</b>	<b>\$ 259,000</b>	<b>\$ 225,200</b>	<b>\$ 51,700</b>
<b>Expenditures by Category</b>					
Personnel	\$ 41,723	\$ 31,627	\$ 47,000	\$ 47,000	\$ 40,600
Supplies	2,936	18,661	17,000	17,000	11,000
Other Services & Charges	21,403	17,154	133,000	264,000	50,841
Capital Outlay	190,603	53,518	-	-	-
<b>Totals</b>	<b>\$ 256,665</b>	<b>\$ 120,960</b>	<b>\$ 197,000</b>	<b>\$ 328,000</b>	<b>\$ 102,441</b>
Surplus (Deficiency) of Revenues over (under) Expenditures	(141,519)	114,536	62,000	(102,800)	(50,741)
<i>Beginning Fund Balance</i>	<i>180,924</i>	<i>39,405</i>	<i>153,941</i>	<i>153,941</i>	<i>51,141</i>
<i>Ending Fund Balance</i>	<i>\$ 39,405</i>	<i>\$ 153,941</i>	<i>\$ 215,941</i>	<i>\$ 51,141</i>	<i>\$ 400</i>

**Description of Services:**

The Grants Special Revenue Fund accounts for significant special grants received by the city from outside sources that are not otherwise associated with a major city capital project or program. Each generally requires special accounting and reporting by the city, and the recipient departments are responsible for program reporting to the funding agency.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Federal grant programs	2	2	2	2
State grant programs, incl. E911	1	1	1	0
Other grant programs*	0	2	1	0

\* Denotes local and other grants within only this fund.

**Budget Comments/Issues:**

*Beginning in 2018, the city will no longer receive state 9-1-1 funds (approximately \$67,000 annually), because dispatch services for the city and this associated funding is transferred to Hennepin County. The remaining budgets in 2018 reflect the city's sixth-year receipt of federal funds for the Toward Zero Death (TZD) program and for bullet proof vests.*

- The city receives federal funding in the Grants Special Revenue Fund through the Toward Zero Death (TZD) program ~\$40,000 annually each federal year through 2018. This federal grant program is awarded on the federal fiscal year, which runs from October 1 thru September 30 each year, and specific funding to Minnetonka is apportioned amongst four cities who have jointly received the funds -- Minnetonka, Plymouth, Maple Grove and Wayzata.
- Prior to 2018, the level of funding received by the city from the state's 9-1-1 service fees was in part dependent upon the city's population relative to that of other cities in the state. Paid by cell and hardwire phone users to support emergency dispatching, the funds were restricted by the state for use in supporting maintenance and capital outlay costs of the city's Public Safety Answering Point (PSAP) system. The city will use this source to pay Hennepin County an estimated \$58,000 in transition costs in 2017, and a small balance of this fee revenue will be turned over to Hennepin County at the beginning of 2018 as they will be providing the city's dispatch services.
- 2016 and 2017 revenues and other services expenses include \$216,000 from three grants from the Hennepin County Youth Sports Grant (HCYSG) Program for Eagle Ridge Academy's gymnasium, Lionsgate Academy's gymnasium and reconstruction of field fencing for Bennett Family Park. The city also received an HCYS grant for lighting the Community Center sports fields in 2016, which is reflected in the Park & Trail Fund budget page.
- 2016 capital costs are for the replacement of the Voice Over Internet Protocol (VoIP) dispatch phone system as approved in the 2016-20 CIP. Total costs for the project were approximately \$110,000, a portion of which was expended at the end of 2015 in order to garner a significant price discount.
- 2015 capital costs included expenditures for the replacement of dispatch console equipment as approved in the 2015-19 CIP. Another \$230,000 for that project was financed by the Public Safety Fund.



**ENVIRONMENTAL HEALTH DIVISION - Community Development Department**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$ 345,477	\$ 351,348	\$ 376,200	\$ 380,200	\$ 385,600
Supplies	2,896	3,207	5,200	4,900	5,000
Other Services & Charges	3,954	3,863	16,500	15,200	15,500
Capital Outlay	908	-	-	-	-
<b>Totals</b>	<b>\$ 353,235</b>	<b>\$ 358,418</b>	<b>\$ 397,900</b>	<b>\$ 400,300</b>	<b>\$ 406,100</b>

**Method of Financing**

General Fund	\$ 353,235	\$ 358,418	\$ 397,900	\$ 400,300	\$ 406,100
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<b>Number of Employees (FTEs)</b>	3.5	3.5	3.5	3.5	3.5
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**Description of Services:**

The mission of the Environmental Health Division is to ensure a safe and healthful community by inspecting all licensed establishments and investigating public health and nuisance complaints. The division is responsible for plan review and inspections of all licensed food, beverage, lodging, and massage establishments as well as all public swimming pools, refuse haulers, and vending machines. Lastly, the division is responsible for the investigation of all public health complaints and food borne illnesses and is the clearing house for the city's nuisance program, which includes the inspection/investigation of hundreds of violations each year.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Licensed establishments	720	750	760	750
Number of routine food inspections	572	602	605	610
Number of follow-up food inspections	162	214	200	190
Nuisance complaints	545	609	640	580
Average number of days to resolve each nuisance complaint	27	23	24	24

**Budget Comments/Issues:**

*The 2018 Budget for the Environmental Health Division maintains current level of service.*

- Provision of contracted services for the City of Wayzata is budgeted to continue in 2018, and fees charged for the service cover their actual costs.
- The rising number of restaurants above is attributable to the Ridgedale area and other redevelopment.
- There will be a decrease of approximately 20 licensed lodging facilities starting in 2018 due to a legislative exemption that was added this past year for assisted living facilities. The decrease in revenue will be approximately \$7,000/year.
- The Department of Agriculture has notified the city that a new delegation agreement must be signed by July 1, 2018. License fees related to this agreement are approximately \$46,000/year.

**LEGAL DEPARTMENT**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$ 701,904	\$ 695,335	\$ 739,800	\$ 739,800	\$ 763,800
Supplies	7,263	9,829	6,700	6,500	6,000
Other Services & Charges	43,521	40,316	83,500	58,500	57,600
Capital Outlay	6,767	235	-	-	-
<b>Totals</b>	<b>\$ 759,455</b>	<b>\$ 745,715</b>	<b>\$ 830,000</b>	<b>\$ 804,800</b>	<b>\$ 827,400</b>
<b>Method of Financing</b>					
General Fund	\$ 756,846	\$ 743,260	\$ 805,000	\$ 804,800	\$ 827,400
Drug and DWI Forfeiture Funds	2,609	2,455	25,000	-	-
<b>Totals</b>	<b>\$ 759,455</b>	<b>\$ 745,715</b>	<b>\$ 830,000</b>	<b>\$ 804,800</b>	<b>\$ 827,400</b>
<b>Number of Employees (FTEs)</b>	6.00	6.00	6.00	6.00	6.00

**Description of Services:**

The Minnetonka City Attorney's Office provides legal work in two primary areas. The office prosecutes petty misdemeanor, misdemeanor, and gross misdemeanor criminal cases for violations occurring in the City of Minnetonka. The office is also responsible for all non-criminal legal matters involving the city, including providing legal advice to the city council and staff, answering questions of citizens regarding city ordinances, providing staff support to the Charter Commission, and representing the city in uninsured litigation.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Minnetonka cases in court				
All cases	1,295	991	1,000	1,000
DWI cases	206	189	200	200
Cases opened and processed by staff:	594	768	750	750
Customers rating staff at "above average" or "excellent"	90%	100%	95%	95%
Charter Commission rating staff at "above average" or "excellent"	100%	100%	95%	95%

**Budget Comments/Issues:**

*The 2018 budget generally supports the current level of services provided by the legal department.*

- The department has seen an increase in the number of requests for expungement of criminal records, due to 2015 legislation. Expungement proceedings are civil in nature and are not reflected in the caseload reported in Key Measures above.

- The department expects to see a reduction in the number of vehicle forfeitures, due to 2017 legislation that expanded the availability of an "innocent owner" defense to forfeiture proceedings. Forfeitures are civil proceedings that are not reflected in Key Measures above.

- The 2018 budget includes funds for a part-time law clerk/intern in the last quarter of 2018, to assist with general legal services.

**ENGINEERING DEPARTMENT**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$ 1,048,850	\$ 1,049,458	\$ 1,120,500	\$ 1,120,500	\$ 1,198,300
Supplies	22,583	7,338	17,300	17,300	16,700
Other Services & Charges	84,485	56,927	101,000	101,000	110,200
Capital Outlay	-	-	-	-	-
<b>Totals</b>	<b>\$ 1,155,918</b>	<b>\$ 1,113,723</b>	<b>\$ 1,238,800</b>	<b>\$ 1,238,800</b>	<b>\$ 1,325,200</b>

**Method of Financing**

General Fund	\$ 1,155,918	\$ 1,113,723	\$ 1,238,800	\$ 1,238,800	\$ 1,325,200
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<b>Number of Employees (FTEs)</b>	9.25	9.25	9.50	9.50	9.50
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**Description of Services:**

The Engineering Department manages and oversees most of the city's major capital construction projects, including all streets and many public facilities. The department's specific services include surveying, design, and construction administration and inspection. The department regularly coordinates its activities with other departments, other agencies and responds to general public inquiries, which include storm drainage problems and traffic complaints.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Neighborhood meetings held	6	3	3	5
Project newsletters mailed/emailed	7,800/150	5,400/30,000	3,000/15,000	3,000/15,000
Property acquisitions for construction projects	10	6	1	6
Construction projects underway	9	3	7	7
Construction projects completed	5	5	6	5
Customer service surveys sent out/received	0 / 0	0 / 0	0 / 0	350 / 210
Responding customers satisfied with project (rated as "average" or greater)	NA*	0%	0%	70%
Road bridge inspections	1	31	1	31

**Budget Comments/Issues:**

The 2018 budget for the Engineering Department provides funding to manage and fulfill workload demand services. In 2016, the department began to use texting, email, and a new system communication tool for the street reconstruction program. Hundreds of project communication texts and emails will continue to be sent out keeping residents informed of daily activities. New methods of communication will continue to be explored for future projects to continue to improve service.

- In 2018, the department will continue with an on-going program to survey sections of the city for speed compliance. The results will assist the Police Department with its enhanced traffic enforcement program. Speed counts are taken based on requests from the Police Department and concerned residents.

- The 2017 budget for the Engineering Department provided funding for one additional project engineer to appropriately staff professional needs for increased and ongoing intense projects that are highly impactful to city residents. Costs for the city's water resources coordinator were also shifted to the Storm Water Fund. The additional project engineer began assisting with project development and construction management. The new position allowed the department to handle the growing demands for communication with residents as well as upcoming projects associated with full utility infrastructure replacement, trail improvements, construction management of light rail and development associated with area growth.

- In 2015, 7,800 updates were sent to residents and businesses. A new electronic system put into place allowed the engineering department to provide improved communications during projects.

- The city performs bridge inspections for all road bridges and large culverts every two years. The Rowland Road railroad bridge gets inspected every year.

**STREET IMPROVEMENT FUND - Engineering Department**

	2015 Actual	2016 Actual	2017 Budget	2017 Revised	2018 Budget
<b>Revenues</b>					
Ad Valorem Tax Levy	\$ 6,000,000	\$ 6,100,000	\$ 6,200,000	\$ 6,200,000	\$ 6,300,000
Investment Income	10,238	28,805	10,000	35,000	30,000
Other Local Grants	-	121,720	-	-	-
Cost-Share Reimbursements	410,168	-	-	625,000	-
R.O.W. Permit Fees	13,010	40,768	30,000	585,000	10,000
Miscellaneous Revenue	12,183	13,833	565,000	650,000	-
Transfers In	185,498	0	-	0	375,000
<b>Totals</b>	<b>\$ 6,631,097</b>	<b>\$ 6,305,126</b>	<b>\$ 6,805,000</b>	<b>\$ 8,095,000</b>	<b>\$ 6,715,000</b>
<b>Expenditures</b>					
Local Street Rehabilitation	\$ 2,805,493	\$ 4,044,784	\$ 3,600,000	\$ 2,550,000	\$ 3,500,000
Local Street Preservation	1,581,082	771,723	1,615,000	1,615,000	1,720,000
Woodland Road Retaining Wall	-	-	4,200	4,200	4,200
City Parking Lots(Williston,Burwell)	10,020	-	-	80,000	70,000
Co.Rd 101 (CR62-CR3,CR5-TH12)	1,728,991	37,103	-	-	-
Ford Road Study	-	10,318	-	-	-
I-394 Ridgedale Ramp	-	2,847	-	-	-
Shady Oak Road	17,129	18,408	-	-	-
Shady Oak Area LRT	25,560	81,933	500,000	250,000	320,000
City LRT Infrastructure	-	-	-	210,000	430,000
Opus Area Improvements	593,488	125,218	2,000,000	2,000,000	2,400,000
Pavement Management Study	10,831	62,448	42,000	42,000	43,000
Cartway/Ridgedale/Plymouth Rd	-	-	400,000	400,000	-
<b>Totals</b>	<b>\$ 6,772,594</b>	<b>\$ 5,154,782</b>	<b>\$ 8,161,200</b>	<b>\$ 7,151,200</b>	<b>\$ 8,487,200</b>
Surplus (Deficiency) of Revenues over (under) Expenditures	(141,497)	1,150,344	(1,356,200)	943,800	(1,772,200)
Reserve for Delayed Projects	-	-	0	1,790,400	-
<b>Beginning Fund Balance</b>	<b>4,019,239</b>	<b>3,877,742</b>	<b>5,028,087</b>	<b>5,028,087</b>	<b>4,181,487</b>
<b>Ending Available Fund Balance</b>	<b>\$ 3,877,742</b>	<b>\$ 5,028,087</b>	<b>\$ 3,671,887</b>	<b>\$ 4,181,487</b>	<b>\$ 2,409,287</b>

**Description of Services:**

The Street Improvement Fund was created to finance capital projects for the ongoing maintenance and reconstruction of local city streets. Local city streets are defined as those streets not falling into the category of State Aid, county, or state roadways and, therefore, are relegated to the lowest priority for support from state and county funds. Revenue to the fund is derived primarily by property tax levy proceeds.

The city's current Pavement Management Program requires that each city street be tested and rated once every four years. Staff analyzes the test results annually using a pavement management computer program to determine the most effective and efficient method to maintain the integrity of the road infrastructure within budget constraints. Road quality, as measured by the pavement condition index, can vary depending upon environmental conditions including load and weather as well as the categories of maintenance performed by city crews.

	2015 Actual	2016 Actual	2017 Estimated	2018 Projected
<b>Key Measures:</b>				
Miles of streets reconstructed	4	5.2	1	1
Miles of streets thin overlay	9.6	4.8	12.7	5.9
Miles of streets rated for condition (varies by quadrant)	80	55	57	65
Average pavement condition index (Goal=80)	83	83	83	83

**Budget Comments/Issues:**

The 2018 budget for the Street Improvement Fund as provided in the Capital Improvement Program (CIP) will continue the city's road rehabilitation and preservation programs.

- Consistent with the city's capital improvements policy, the fund balance for the Street Improvement Fund is managed over a five-year horizon, and some years have higher costs while others have lower costs.
- On November 10, 2014 and April 20, 2015, the city council amended the 2015 CIP to include additional funds needed for the County Road 101 and 2015 local street reconstruction.
- Reserve for Delayed Projects in 2017 are final costs for various projects including local street rehabilitation, County Road 101, Shady Oak Road, and OPUS area improvements.
- The Local Street Preservation Program includes patching, sealing, plus thin overlays and reconstruction projects.

**MUNICIPAL STATE AID FUND - Engineering Department**

<b>Revenues</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
State Allotment	\$ 2,165,859	\$ 3,167,338	\$ 2,178,700	2,189,543	1,981,025
State Grants	-	-	-	-	-
Transfer from Other Funds	-	-	-	-	-
Interest	449	(21,473)	-	(13,500)	-
<b>Totals</b>	<b>\$ 2,166,308</b>	<b>\$ 3,145,865</b>	<b>\$ 2,178,700</b>	<b>\$ 2,176,043</b>	<b>\$ 1,981,025</b>
<b>Expenditures</b>					
Bond Debt Service	\$ 178,369	\$ 173,994	\$ 169,463	\$ 169,463	\$ 164,775
Projects:					
Cartway/Ridgehaven	76,700	343,469	-	-	-
Plymouth Rd	-	-	1,500,000	1,500,000	-
Flashing Yellow Arrow Conversion	-	-	-	-	250,000
County Rd 101 (CR62 to C 3)	1,550,900	-	-	-	-
County Rd 101 (CR5 to TH12)	301,188	-	-	-	-
Shady Oak Trail - North of TH 62	4,427	-	-	-	-
Shady Oak Rd (TH 7 to Excelsior)	129,907	-	-	-	-
I-394 W On-Ramp Ridgedale Drive	53,820	-	-	-	-
Opus Area LRT	-	-	1,000,000	1,000,000	500,000
<b>Totals</b>	<b>\$ 2,295,311</b>	<b>\$ 517,463</b>	<b>\$ 2,669,463</b>	<b>\$ 2,669,463</b>	<b>\$ 914,775</b>
Surplus (Deficiency) of Revenues over (under) Expenditures	(129,003)	2,628,402	(490,763)	(493,420)	1,066,250
Reserve for Delayed Projects	-	-	-	3,285,300	-
<b>Beginning Available Allotment Balance</b>	<b>(148,467)</b>	<b>(277,470)</b>	<b>2,350,932</b>	<b>2,350,932</b>	<b>1,857,512</b>
<b>Remaining Available Allotment</b>	<b>\$ (277,470)</b>	<b>\$ 2,350,932</b>	<b>\$ 1,860,169</b>	<b>\$ 1,857,512</b>	<b>\$ 2,923,762</b>

**Mission Statement:**

The Municipal State Aid (MSA) Fund accounts for state revenues and related expenses for the construction and maintenance of county state aid road and MSA street systems in Minnetonka. The state generates these funds from two major highway user taxes, the gasoline tax and the motor vehicle registration fees. The state then divides the great majority of these tax revenues between the state (62%), counties (29%), and municipalities with populations over 5,000 (9%). The part allocated to the cities is then apportioned amongst those municipalities, 50% based upon need, as determined by estimated construction and maintenance costs over a 25-year period, and 50% based upon census population data.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Construction projects underway	3	1	1	3
Construction projects completed	0	0	0	1

**Budget Comments/Issues:**

Per the adopted 2018-22 Capital Improvements Program (CIP), the MSA Fund will finance significant improvements to the Ridgedale area. Monies are allocated in the CIP in 2016 for Ridgehaven Lane, in 2017 for 17th Avenue Extension in conjunction with the SWLRT at Shady Oak Station and Plymouth Road, and in 2019 preparation for Ridgedale Drive improvements.

- Reserve for Delayed Projects includes: Cartway/Ridgehaven improvements, final costs for Shady Oak (TH 7 to Excelsior) and County Road 101 (Mtka Blvd to CR12, Hwy7 to Mtka Blvd).
- The 2015 budget for MSA funding included costs for the I-394 westbound on-ramp at Ridgedale Drive, as adopted in the amended CIP.
- In 2008, the city issued State-Aid Street bonds to fund a portion of the first half of the costs for the Shady Oak (Bren-Excelsior) project. The debt service for these bonds will be financed over 15 years ending 2024 with the city's MSA allotment.

**STORM WATER FUND - Engineering Department**

Revenues	2015 Actual	2016 Actual	2017 Budget	2017 Revised	2018 Budget
Storm Water Utility Charges	\$ 2,370,289	\$ 2,440,690	\$ 2,530,000	\$ 2,530,000	\$ 2,614,700
Intergovernmental	-	235	-	-	-
State Grant	-	51,680			
Ridgedale Tax Abatement Rev				622,000	
Investment Income	28,279	15,097	13,000	32,000	30,000
<b>Totals</b>	<b>\$ 2,398,568</b>	<b>\$ 2,507,702</b>	<b>\$ 2,543,000</b>	<b>\$ 3,184,000</b>	<b>\$ 2,644,700</b>
<b>Expenditures by Category</b>					
Personnel	\$ 44,998	\$ 80,445	\$ 198,100	\$ 198,100	\$ 202,600
Supplies	107,917	97,420	148,600	148,600	150,700
Other Services & Charges	260,023	307,306	513,000	541,000	561,500
Capital Outlay	1,705,237	1,566,937	1,502,600	1,289,024	2,197,200
Transfers to Other Funds	166,400	141,200	168,000	140,000	145,000
<b>Totals</b>	<b>\$ 2,284,575</b>	<b>\$ 2,193,308</b>	<b>\$ 2,530,300</b>	<b>\$ 2,316,724</b>	<b>\$ 3,257,000</b>
Reserve for Previous Years Projects			0	1,012,500	
Surplus (Deficiency) of Revenues over Expenditures	\$ 113,993	\$ 314,394	\$ 12,700	\$ 867,276	\$ (612,300)
<b>Number of Employees (FTEs)</b>	0.5	0.5	1.5	1.5	1.5

**Description of Services**

The Storm Water Utility Fund was created in 2003 to finance capital projects and associated operational costs designed to provide flood protection and to protect and improve the quality of the city's water resources. Such projects must be compatible with the city's Water Resources Management Plan. Revenues to the fund are provided through monthly fees to property owners that are based upon parcel acreage, land use and related water runoff, and capital project needs.

<b>Key Measures:</b>	2015 Actual	2016 Actual	2017 Estimated	2018 Projected
Water quality samples taken	6	5	5	5
Storm sewer projects completed	4	6	6	3
Sump catch basins inspected	378	384	350	350
Storm sewer outfalls inspected	0	4	4	4
Drainage ponds inspected	45	90	110	95
Drainage ponds restored	1	1	0	0
Misc. drainage projects completed	46	55	50	50

**Budget Comments/Issues:**

*Consistent with the prior three years, the 2018 budget for the Storm Water Fund includes a three percent fee increase to cover funding pressures related to accelerated street reconstruction projects, unfunded mandates, and inflationary costs.*

- Previously supported by the engineering department General Fund budget, costs for the water resources coordinator position are supported by the Storm Water fund beginning in 2017. The partial full-time equivalent (FTE) employee is a portion of the salary for the assistant city engineer that is related to storm water work.
- In 2017, the city initiated a street sweeping pilot program in select water quality areas to determine benefits this program may provide citywide.
- Other Services & Charges budgeted above in 2017 and 2018 included ongoing costs for water quality testing, pond maintenance, and watershed modeling. Also included are miscellaneous drainage repairs.
- As adopted within the Capital Improvements Program (CIP) budget, Storm Water Fund expenditures in 2016 included planned construction of expensive storm sewer systems in the Libb's Lake neighborhood area, which was supported by balances in the fund.
- Project scheduling coincides with county, state, and other city projects including residential street reconstruction. High priority projects in the city's Water Resources Management Plan are scheduled as budget limits allow.
- The inspections of sump catch basins, outfalls and ponds are federally mandated to the city's National Pollution Discharge Elimination System (NPDES) permit. All inspections are performed by public works staff and engineering interns, and include inspecting all sump catch basins every year and 20 percent of the outfalls and ponds.

**ELECTRIC FRANCHISE FEES SPECIAL REVENUE FUND - Engineering Department**

Revenues	2015 Actual	2016 Actual	2017 Budget	2017 Revised	2018 Budget
Electric Franchise Fees	\$ 816,318	\$ 825,784	\$ 823,000	\$ 830,000	\$ 830,000
County Cost-Share Agreements	-	-	964,500	921,500	-
Other Cost-Share Agreements	-	-	267,500	240,000	-
MSA Maintenance Funding					197,235
Investment Income	20,012	13,219	15,000	12,000	2,000
<b>Totals</b>	<b>\$ 836,330</b>	<b>\$ 839,003</b>	<b>\$ 2,070,000</b>	<b>\$ 2,003,500</b>	<b>\$ 1,029,235</b>
<b>Expenditures by Category</b>					
Overhead Utility Burial	\$ 720,984	\$ 417,074	\$ 410,000	\$ 510,000	\$ 1,210,000
Energy Saving Street Light Retrofits	-	81,720	250,000	250,000	50,000
Opus/City/Shady Oak LRT Lighting	-	-	130,000	130,000	690,000
Trail Connection Undergrounding	-	-	-	-	550,000
Cartway Lane/Ridgehaven/Plymouth Rd	-	-	1,400,000	1,400,000	-
Flashing Yellow Arrow Evaluation	-	55,388	-	-	-
Misc. Street Light Installation	208,668	-	200,000	-	-
<b>Totals</b>	<b>\$ 929,652</b>	<b>\$ 554,182</b>	<b>\$ 2,390,000</b>	<b>\$ 2,290,000</b>	<b>\$ 2,500,000</b>
Surplus/(Deficiency) of Revenues over/(under) Expenditure	(93,322)	284,821	(320,000)	(286,500)	(1,470,765)
Reserve for Delayed Projects	-	-	-	1,434,100	-
<b>Beginning Fund Balance</b>	<b>\$ 2,615,359</b>	<b>\$ 2,522,037</b>	<b>\$ 2,806,858</b>	<b>\$ 2,806,858</b>	<b>\$ 1,086,258</b>
<b>Ending Fund Balance</b>	<b>\$ 2,522,037</b>	<b>\$ 2,806,858</b>	<b>\$ 2,486,858</b>	<b>\$ 1,086,258</b>	<b>\$ (384,507)</b>

**Description of Services:**

The 2003 City of Minnetonka Community Survey indicated that the residents of the city supported the burial of overhead utility lines on major streets. In 2005, the city adopted a franchise fee ordinance under which the city charges Xcel Energy a monthly fee per customer to support the project. Under the franchise agreement with Xcel, the total revenue collected may not exceed two percent of total annual adjusted gross revenues that the company receives from the sale of delivery or delivery of electric energy in Minnetonka. Fee revenue and costs associated with the project are financed through the Electric Franchise Fees Special Revenue Fund. The schedule for burying lines is developed and frequently updated to coincide with plans for upgrading major roads within the city. Generally, Xcel Energy collects the fees monthly and submits the revenues to the city on a quarterly basis. The company then buries the lines for the city under contract and bills the city for these services.

**Key Measures:**

	2015 Actual	2016 Actual	2017 Estimated	2018 Projected
Miles of utility line buried	1.4	0.0	1.0	1.1
LED Street Lighting - new & retrofits	14	2	129	1

**Budget Comments/Issues:**

The 2018 budget as adopted in the Capital Improvements Program (CIP) includes funding for burial of overhead utilities along Woodhill Road, energy savings retrofits of street lights associated with various street projects, decorative light installations needed for the CR101 (CR5 to CR12) road project, and street lighting needs as well as burials along Ridgehaven Lane, Ridgedale Drive, and Plymouth Road in the Ridgedale area.

- To offset the escalating costs in materials used for burial projects and to balance the Electric Franchise Fee fund, the city may consider a proposed increase in 2018 to support funding needs in conjunction with the renewal of the franchise fee.

- The 2015 budget amended the 2015-19 CIP to increase funding for street light installations on the north CR 101 and Shady Oak Road projects. The 2015 budget for burial of utility lines is associated with the CR 101 (CR 62 to Hutchins Drive) road reconstruction project and includes \$300,000 for decorative lights in the same project.

- The 2014 budget for the Electric Franchise Fee Fund financed the burial of overhead utility lines along CR 101 from Minnetonka Boulevard to the Grays Bay bridge, and on Shady Oak Road from Excelsior Boulevard to TH 7. Revenues originally budgeted in 2015 and 2016 reflect cost-share for these two projects with the City of Hopkins and CR 101 (CR 5 to Hwy 12) with Hennepin County.

- Reserve for Delayed Projects are costs associated with County Road 101 (CR 62 - CR 3) and (CR 5 - Th 12), Cartway Lane, Minnetonka Boulevard and city hall campus retrofits.

- New energy LED decorative street lighting and retrofits are reviewed in conjunction with county and city street reconstruction projects, redevelopment interests and individual lighting projects, to provide long term energy savings and efficiencies. Current LED street light installations in progress or programmed for installation include the reconstruction on Shady Oak Road from Excelsior Boulevard to TH 7, CR 101 north of Minnetonka to the city of Wayzata, CR 101 from TH 7 south to CR 62, and the Ridgedale Area.

- Underground burial may be used to assist in trails planning and financial efficiencies for construction of projects, including Plymouth Road, from Hilloway Road to Minnetonka Boulevard.

**SHADY OAK ROAD/OAK DRIVE LANE IMPROVEMENT FUND - Community Development**

Revenues	2015 Actual	2016 Actual	2017 Budget	2017 Revised	2018 Budget
Hennepin County	\$ 950,000	\$ -	\$ -	\$ -	\$ -
State, County Grants	150,000	-	-	-	304,275
MSA, Transfer In	-	-	650,000	650,000	-
Property Sale	-	-	-	-	734,400
Lease Revenue	85,478	52,400	20,000	51,000	25,000
Interest on Investments	9,382	3,407	1,000	10,000	5,000
<b>Totals</b>	<b>\$ 1,194,860</b>	<b>\$ 55,807</b>	<b>\$ 671,000</b>	<b>\$ 711,000</b>	<b>\$ 1,068,675</b>
<b>Expenditures by Category</b>					
Project Costs	\$ 23,847	\$ -	\$ 1,357,901	\$ 50,000	\$ 1,034,275
Transfer Out to SACF	-	-	-	-	1,184,000
Transfer Out to Dvpt Fund	-	-	-	-	129,773
Temporary Facility Operating Costs	40,997	40,072	20,000	58,000	40,000
<b>Totals</b>	<b>\$ 64,844</b>	<b>\$ 40,072</b>	<b>\$ 1,377,901</b>	<b>\$ 108,000</b>	<b>\$ 2,388,048</b>
Surplus (Deficiency) of Revenues over Expenditures	1,130,016	15,735	(706,901)	603,000	(1,319,373)
<i>Beginning Fund Balance</i>	<i>(429,378)</i>	<i>700,638</i>	<i>716,373</i>	<i>716,373</i>	<i>1,319,373</i>
<i>Ending Fund Balance</i>	<i>\$ 700,638</i>	<i>\$ 716,373</i>	<i>\$ 9,472</i>	<i>\$ 1,319,373</i>	<i>\$ -</i>

**Description of Services:**

The Shady Oak Road/Oak Drive Lane Improvement Fund was created in 2014 to pay for the purchase and improvements of two parcels within the city associated with the Shady Oak Road (State Highway 7 to Excelsior) road reconstruction project. The fund is financed with various sources including a Hennepin County partnership, grants, the city's Municipal State Aid (MSA) allotment, and interfund loan proceeds from the city Special Assessment Construction Fund (SACF). Repayment of the interfund loan will ultimately be supported by funds from the sale of the properties back to the private sector.

**Key Measures:**

Increase in taxable market value

	2015 Actual	2016 Actual	2017 Estimated	2018 Projected
Increase in taxable market value	NA	NA	NA	NA

**Budget Comments/Issues:**

Road reconstruction related to this fund began in earnest in early 2014 and was completed in late 2016 with final landscaping completed in 2017. The city retained the commercial building on one of the properties for an intermediate period of time, during which city staff has conducted a neighborhood engagement process for determining final development of the combined sites. A development agreement for the commercial site was approved in 2017, and it is anticipated the site will be redeveloped in 2019.

- Until the properties are sold and proceeds are realized, the inter-fund loan will be amortized over a ten-year period at an interest rate of four percent to be paid from the city Development Fund. This payment will be partially offset by the revenue from leasing the building. Upon sale, proceeds are to be allocated first to any costs of the sale and second to the repayment of any remaining balance on the inter-fund loan. If there are excess proceeds after repayment of the loan, they are to be deposited into the Development Fund.
- Budgeted project costs in 2018 include anticipated relocation costs (\$730,000) associated with current commercial tenants of one of the properties.
- The 2015 budget included a line item for a transfer from the Special Assessment Construction Fund (SACF). This fund transfer actually occurred in 2014, not 2015. The 2015 revised budget removed the \$170,500 loan repayment previously approved to be paid to the SACF, which instead will be transferred directly from the Development Fund.
- Costs and revenues in 2018 are subject to final closing and actual timing of development. Actual timing will be determined by approved agreements, resolutions, and grant authority actions.
- In addition to likely increased property tax value for the community, benefits of the project also include visually enhanced aesthetics, improvements to site functionality, and more coordinated storm water ponding areas for both the road and the properties' redevelopment. Value is expected to increase in 2020.



**STREET MAINTENANCE DIVISION - Public Works Department**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$ 1,711,103	\$ 1,766,252	\$ 1,952,600	\$ 1,957,600	\$ 2,045,400
Supplies	350,766	242,794	454,000	429,700	390,900
Other Services & Charges	1,119,800	1,044,097	1,198,200	1,217,500	1,105,300
Capital Outlay	-	-	-	-	-
<b>Totals</b>	<b>\$ 3,181,669</b>	<b>\$ 3,053,143</b>	<b>\$ 3,604,800</b>	<b>\$ 3,604,800</b>	<b>\$ 3,541,600</b>

**Method of Financing**

General Fund	\$ 3,181,669	\$ 3,053,143	\$ 3,604,800	\$ 3,604,800	\$ 3,541,600
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<b>Number of Employees (FTEs)</b>	21.09	21.10	21.10	21.10	21.10
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**Description of Services:**

The Street Maintenance Division of the Public Works Department is responsible for maintenance of 254 centerline miles of municipal right-of-way including pavement maintenance, snow and ice control, drainage, pavement markings, street signs, intersection semaphores, street lighting, roadside mowing and tree trimming. Climatic conditions dramatically affect seasonal maintenance expenditures on a year-to-year basis along with energy pricing that affects fuel, supplies and machine repair parts.

**Key Measures:**

	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Estimated</u>	<u>2018 Projected</u>
Full-scale plowing events required	5	4	8	8
Tons of salt used	1,500	1,384	2,000	2,000
Tons of bituminous mix laid	10,750	9,400	12,500	6,000
Miles of maintenance overlays	4.9	2.5	5.7	3.5
Signs installed	940	710	930	800
Miles of neighborhood refurbishment	2.0	2.5	2.6	4.5
Maintained streetscape area (sq. ft.)	75,575	104,300	104,300	110,000

**Budget Comments/Issues:**

*The 2018 budget maintains current service levels. Streetscape maintenance is currently provided by a contractor under an annual agreement. The contract will be extended again in 2018 to complete Shady Oak and CR 101 projects.*

- This division is responsible for the neighborhood street pavement preservation program. The program uses a variety of pavement maintenance technologies to preserve streets after initial construction or thin overlay in order to extend their asset life and serviceability. In 2018, the focus of street refurbishment efforts will be in the neighborhood south of Crane Lake and include Timberline Road, Oak Drive, Park Ridge and Black Oak Drive as well as others. Personnel costs for the program are budgeted above, and a majority of materials are funded through the Capital Improvement Program (CIP) by the Street Improvement Fund.
- The division is responsible for storm water drainage maintenance to assure compliance with National Pollution Discharge Elimination System (NPDES) permit requirements. Projects are coordinated with the Water Resources Engineer and Natural Resources Coordinator. As in 2017, the focus in 2018 will be illicit point-source discharge by businesses and educational training of city personnel will be the points of emphasis.
- Street maintenance operations uses liquid salt brine for winter snow and ice control, which increases salt effectiveness, reduces the total amount of salt used on roadways and minimizes chloride ions that end up in storm water. The method and process address environmental concerns. The city manufactures brine for its own use and sells to Hennepin County and other neighboring cities and school districts to offset purchasing costs.
- All of the city's snowplow trucks have been outfitted with digital salt controllers that allow drivers to precisely control the amount of salt that is applied on streets and totals the amount of salt that is used for each plowing or sanding event. City staff retain the data for future jurisdictional reporting.
- The operating budget for the division is highly impacted by climatic variations and energy pricing, which affect the cost and amount of fuel, street lighting, road maintenance/construction supplies and machine repair parts used.
- The decrease in "Tons of Bituminous Mix Laid" and "Miles of Maintenance Overlays" in 2016 reflects the budgetary adjustment that was made to the street program in order to reconstruct the streets in the Libbs Lake area.

**BUILDING MAINTENANCE DIVISION - Public Works Department**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$ 579,176	\$ 730,206	\$ 788,000	\$ 788,000	\$ 816,800
Supplies	113,685	109,080	114,700	122,700	120,400
Other Services & Charges	376,471	338,076	381,400	373,400	355,300
Capital Outlay	-	3,532	-	-	-
<b>Totals</b>	<b>\$ 1,069,332</b>	<b>\$ 1,180,894</b>	<b>\$ 1,284,100</b>	<b>\$ 1,284,100</b>	<b>\$ 1,292,500</b>

**Method of Financing**

General Fund	\$ 1,069,332	\$ 1,180,894	\$ 1,284,100	\$ 1,284,100	\$ 1,292,500
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<b>Number of Employees (FTEs)</b>	8.37	8.38	8.38	8.38	8.38
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**Description of Services:**

The Building Maintenance Division of the Public Works Department is responsible for the maintenance and repair of the city's 14 community buildings and their component systems such as heating, ventilation, air conditioning, electrical, plumbing and mechanical. The division oversees all capital building improvement projects related to the assets as adopted in the city's Capital Improvements Program (CIP), which are primarily budgeted in the Capital Replacement Fund. It also supports the city's enterprise fund facilities such as the ice arenas, Williston Center, water treatment facilities and parks buildings.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Work orders completed	2,697	2,919	2,900	2,900
Heat energy - cost	\$160,367	\$144,144	\$148,468	\$152,900
Heat energy used (THM)	254,090	257,220	259,792	262,390
Electrical energy - cost	\$420,468	\$469,434	\$443,413	\$449,579
Electrical energy used (kWh)	4,753,448	5,018,834	5,069,022	5,119,712
Solar Garden Savings (all bldgs.)	\$0	\$0	\$40,104	\$100,000

**Budget Comments/Issues:**

The 2018 budget for the Building Maintenance Division maintains current service levels. Increased investment in energy saving projects will continue with the conversion of lighting to light emitting diodes (LED)s. The first contracted solar garden came online in April of 2017, and the remaining five contracts will come online by the end of 2017. In 2018, it is estimated that the first full-year of operation will decrease all the city's electrical energy costs by \$180,716.

- In 2016, a space planning study for public safety was undertaken to determine police and fire future space needs. In 2018, plans are being developed for the anticipated construction of a new fire station on the civic center campus and the renovation of the police and fire station for police needs.

- The 2018 -2022 Capital Improvement Program provides for the phased remodeling of employee work areas in city hall in 2018 and 2019. This project will affect all three levels of the building, including remodeling of the Purgatory Creek Room and the IT offices in the Community Center.

- Multi-year phased replacement of the computerized building environmental control system will continue in 2018.

The improvement allows for remote observation and control of the various heating, ventilating and air conditioning systems as well as other systems associated with the buildings such as generators and lighting. In 2018, the project will continue in Ice Arenas A&B.

- In 2017, the roof and veranda decking adjacent to the council chambers was replaced. In 2018, amenities will be added for increased usage, and it is anticipated that new furniture, lighting and other accessories will be installed along with an access stairway from the courtyard below.

**FLEET MAINTENANCE FUND - Public Works Department**

<b>Revenues</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Charges for Services	\$ 1,525,453	\$ 1,401,059	\$ 1,665,200	\$ 1,487,500	\$ 1,504,700
Investment Income	4,239	2,572	2,000	2,000	2,000
Miscellaneous	5,546	12,379	5,000	5,000	5,000
Fuel	43,148	32,930	45,000	45,000	45,000
Transfers In	-	-	-	-	-
<b>Totals</b>	<b>1,578,386</b>	<b>1,448,940</b>	<b>1,717,200</b>	<b>1,539,500</b>	<b>1,556,700</b>
<b>Expenditures by Category</b>					
Personnel	\$ 416,819	\$ 444,335	\$ 457,900	\$ 457,900	\$ 476,900
Supplies	841,509	664,952	840,800	705,900	707,000
Other Services & Charges	261,783	280,096	366,500	323,700	320,800
Capital Outlay	-	-	-	-	-
<b>Totals</b>	<b>\$ 1,520,111</b>	<b>\$ 1,389,383</b>	<b>\$ 1,665,200</b>	<b>\$ 1,487,500</b>	<b>\$ 1,504,700</b>
Surplus (Deficiency) of Revenues over Expenditures	58,275	59,557	52,000	52,000	52,000
<i>Beginning Fund Balance</i>	<i>423,575</i>	<i>481,850</i>	<i>541,408</i>	<i>541,408</i>	<i>593,408</i>
<i>Ending Fund Balance</i>	<i>\$ 481,850</i>	<i>\$ 541,408</i>	<i>\$ 593,408</i>	<i>\$ 593,408</i>	<i>\$ 645,408</i>
<b>Number of Employees (FTEs)</b>	4.37	4.38	4.38	4.38	4.38

**Description of Services:**

The Fleet Maintenance Division is responsible for the procurement, maintenance, repair and fueling of the city's motorized fleet and support equipment. The fleet consists of 185 mobile vehicles and a similar number of heavy and light support equipment. The costs of the division are allocated to individual city departments with a break-even operating pro-forma. The Fleet Maintenance Fund operates as an internal service revolving fund.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Work orders completed	3,520	3,106	3,200	3,200
Gallons of fuel consumed	154,459	147,695	158,150	151,900
Cost to purchase gas/diesel fuels	\$478,114	\$307,121	\$329,000	\$316,000
Average cost per gallon of gas/diesel fuels	\$3.10	\$2.08	\$2.07	\$2.08
Gallons of oil consumed	684	737	750	750

**Budget Comments/Issues:**

The 2018 budget for the Fleet Maintenance Fund maintains current service levels and maintains fuel costs at 2016 pricing. Increased costs for repair parts and outside repairs are anticipated. The budget incorporates expenses for the general maintenance and repair of the city's fleet including fire apparatus. Specialized repairs and testing are generally completed by outside vendors and suppliers for efficiency and technological reasons.

- In order to contain operating expenses, fleet services takes a number of actions: extending oil change intervals in gasoline engines by utilizing scheduled oil sampling and testing; purchasing diesel fuel that contains 10% vegetable oil (B-10) and gasoline that contains 10% percent ethanol and regularly analyzing the feasibility of emerging technologies such as hybrids, compressed natural gas, propane and hydrogen fuel cells as motor fuels.

- In 2017, oil change intervals for engines were evaluated in order to determine if intervals can be extended and whether the purchase of a different oil type will result in decreased maintenance costs of vehicles. Oil change intervals are now 6,000 miles for gasoline and diesel engines by using synthetic motor oils.

- Greater efficiency in shop repairs and maintenance have been realized by utilizing the staff welder for scheduled maintenance and minor repairs when there is time due to openings in the welding schedule.

- Fuels along with a variety of other supplies are purchased through the State's Cooperative Purchasing Venture. This program establishes a fixed price for motor fuel by combining the motor fuel needs of a number of governmental jurisdictions in the metro area by bidding the collective total volume of fuel for the coming year.

**CAPITAL REPLACEMENT FUND - Finance Department**

Revenues	2015 Actual	2016 Actual	2017 Budget	2017 Revised	2018 Budget
Ad Valorem Tax Levy	\$ 1,035,000	\$ 1,666,000	\$ 1,730,000	\$ 1,730,000	\$ 2,045,000
Transfers In	800,000	230,000	355,000	355,000	1,200,000
Investment Income	1,403	4,133	2,500	2,500	5,000
Auction Proceeds/Rebates	68,531	80,959	45,000	45,000	45,000
<b>Totals</b>	<b>\$ 1,904,934</b>	<b>\$ 1,981,092</b>	<b>\$ 2,132,500</b>	<b>\$ 2,132,500</b>	<b>\$ 3,295,000</b>
<b>Expenditures by Category</b>					
Buildings & Structures	\$ 746,682	\$ 1,412,868	\$ 835,000	\$ 835,000	\$ 2,157,000
Recreation Facilities	28,085	6,534	29,000	29,000	249,000
Machinery and Auto	758,257	1,099,271	1,078,800	1,078,800	949,700
Transfers Out	-	-	-	-	-
<b>Totals</b>	<b>\$ 1,533,024</b>	<b>\$ 2,518,673</b>	<b>\$ 1,942,800</b>	<b>\$ 1,942,800</b>	<b>\$ 3,355,700</b>
Surplus (Deficiency) of Revenues over (under) Expenditures	371,910	(537,581)	189,700	189,700	(60,700)
Reserve for Delayed Projects				824,100	
<b>Beginning Fund Balance</b>	<b>898,169</b>	<b>1,270,079</b>	<b>732,499</b>	<b>732,499</b>	<b>98,099</b>
<b>Ending Fund Balance</b>	<b>\$ 1,270,079</b>	<b>\$ 732,499</b>	<b>\$ 922,199</b>	<b>\$ 98,099</b>	<b>\$ 37,399</b>

**Description of Services:**

The Capital Replacement Fund (CRF) was created in 1983 for the purpose of funding replacement or repair of major capital items that are expected to exceed \$5,000 in cost. The primary source of revenue for the fund is tax levy proceeds, but the fund also receives earnings from the auction of surplus city property as well as investment interest. Administrative policies provide for the replacement of general vehicles after eight years, marked police vehicles after 100,000 miles, heavy public works equipment and vehicles after 10-15 years, and fire equipment after 20-25 years with refurbishment after ten years.

<b>Key Measures:</b>	2015 Actual	2016 Actual	2017 Estimated	2018 Projected
General light-duty vehicles in fleet	102	105	105	105
Marked police vehicles in fleet	22	23	23	23
Heavy equipment and trucks in fleet	66	67	67	67
Deprec. value of buildings & structures (millions \$)	\$12.7	\$13.4	\$15.0	\$16.0
Deprec. value of furniture & equipment (millions \$)	\$6.5	\$7.2	\$7.2	\$8.0

**Budget Comments/Issues:**

The 2018 budget for the Capital Replacement Fund includes \$1.65 million for improvements to City Hall that have not been updated for 35 years. It is the first phase of a two-year \$4.5 million project adopted as part of the 2017-22 Capital Improvement Program (CIP). Adoption of this budget amends the 2017 CIP to appropriate an additional \$10,800 to accommodate the full cost at \$60,800 for the police department parking lot perimeter security fencing.

- Substantial purchases approved in the 2018 CIP for the fund include fleet vehicles (\$604,600), large public works equipment replacements (\$345,100), Ice Arena Rink B dasher board (\$220,000) and building components (\$432,000) including energy conservation improvements, building automation infrastructure and roof replacements.

- The 2018 CIP includes \$75,000 for annual maintenance needs of the city's satellite fire stations. In 2015 and 2016, a variety of more significant improvements were undertaken including the repair/replacement of the siding and roofs, a standby generator replacement and other interior/exterior refurbishment and replacements.

- The 2018 CRF budget includes a \$1.2 million transfer in from the General Fund balance, which is adopted by council under the city's fund balance policy. The transfer is scheduled as part of the adopted five-year Capital Improvements Program (CIP) with additional transfers scheduled in 2019 through 2021. Like all capital funds, the CRF is managed over a five-year horizon as part of the adopted CIP.

- The 2015 and 2016 appropriations for the CRF were revised and amended to provide unanticipated funding needed to remediate water and mold damage to Fire Station #3 (\$80,000) and additional costs for repairs to Fire #5 (\$125,000). \$560,000 in total project costs in 2016 for the Public Works Building Expansion includes \$350,000 from the CRF as reflected here and \$210,000 from the Forestry Fund as amended by the city council.

- Reserve for Delayed Projects includes \$519,700 for city building-related projects, \$108,900 for refurbishment of Fire Stations 2 and 3, \$164,400 for fleet vehicles and equipment, and \$31,100 for Lindbergh Center improvements.

## UTILITY DIVISION / UTILITY FUND - Public Works Department

Revenues	2015 Actual	2016 Actual	2017 Budget	2017 Revised	2018 Budget
Water Sales & Sewer Revenue	\$ 10,704,198	\$ 12,040,154	\$ 13,697,500	\$ 13,697,500	\$ 14,282,200
Investment Income	43,851	57,878	55,000	70,000	70,000
Grants	-	40,789	-	-	-
Bond Proceeds	10,000,000	17,560,000	7,700,000	-	10,000,000
Hookup Fees	1,767,379	998,438	500,000	500,000	500,000
Met Council SAC Fees	1,764,350	985,760	500,000	500,000	500,000
Miscellaneous Income	131,432	113,313	280,000	280,000	200,000
<b>Totals</b>	<b>\$ 24,411,210</b>	<b>\$ 31,796,332</b>	<b>\$ 22,732,500</b>	<b>\$ 15,047,500</b>	<b>\$ 25,552,200</b>
<b>Expenditures by Category</b>					
Personnel	\$ 1,708,623	\$ 1,634,688	\$ 1,821,200	\$ 1,821,200	\$ 1,902,200
Supplies	840,014	392,887	828,100	726,000	756,800
Sewer Service Charge	3,940,345	4,055,778	4,211,500	4,211,500	4,275,800
Other Services & Charges	3,577,478	2,971,720	2,537,600	2,667,500	2,856,700
I & I Reduction Program	274,397	70,920	250,000	250,000	250,000
Capital Outlay	4,809,572	8,803,819	8,192,700	7,908,000	11,130,800
Bond Principal & Interest	1,084,863	11,103,388	1,100,200	668,800	1,292,800
Transfers to Other Funds	1,068,400	800,000	1,068,400	800,000	800,000
<b>Totals</b>	<b>\$ 17,303,692</b>	<b>\$ 29,833,201</b>	<b>\$ 20,009,700</b>	<b>\$ 19,053,000</b>	<b>\$ 23,265,100</b>
Surplus (Deficiency) of Revenues over Expenditures	\$ 7,107,518	\$ 1,963,132	\$ 2,722,800	\$ (4,005,500)	\$ 2,287,100
<b>Number of Employees (FTEs)</b>	18.39	18.40	18.40	18.40	18.40

**Description of Services:**

The Utility Division of the Public Works Department operates and maintains the water, sanitary sewer, some street lighting and civil defense warning sirens of the city. This includes over 500 miles of water distribution and sewer collection piping, eighteen wells, eight water treatment facilities, ten water storage structures, 38 lift stations, 371 street lights and ten civil defense sirens.

<b>Key Measures:</b>	2015 Actual	2016 Actual	2017 Estimated	2018 Projected
Water pumped (million gallons)	1,840	2,038	2,700	2,700
Water main breaks repaired	66	47	60	60
Utility locate requests completed	13,289	10,087	11,000	12,000
Sewer cleaning (miles)	97	100	100	100
Sewer televising (miles)	0	0	50	50
Fire hydrants inspected	2,751	2,785	2,800	2,800

**Budget Comments/Issues:**

In 2014, a comprehensive utility system sustainability study was completed, and it focused on scheduled, long-term system improvements needed over the next 20 years for water pumping, treatment, storage, distribution and sewer collection system to ensure that the utility can meet the demands of the community well into the future. Costs of the improvement plan have necessitated larger than normal utility rate adjustments in 2016 and 2017. In addition, improvement bonds were sold in 2016 to fund the first of a number of planned improvements to the systems.

- In 2018, the Metropolitan Council Environmental Services (MCES) will continue to monitor peak waste water flows from rain events in public systems in order to assure progress in the elimination of clear water in sanitary sewer pipes. The city will continue its efforts to eliminate inflow and infiltration (I/I) in the public portion of the sanitary sewer system by sealing leaking manholes which are scheduled in the five-year capital improvements program (CIP).

- The city began a program for the annual maintenance of privately owned fire hydrants in 2016. It is estimated that there are approximately 500+ private hydrants that lack ongoing maintenance which impacts hydrant reliability. Elements of the new program were finalized in 2015 and clarified in 2017 for private hydrant owners. In 2018, the Fire Department will continue to focus on private hydrants that serve neighborhoods with multi-family residential structures.

- In 2014, the city utility experienced two ruptures of critical high-capacity sewer forcemains (pressure pipes) that convey a majority of the city's waste to regional treatment facilities. After an emergency repair of the affected pipes was ordered by council, a \$5.7 million dollar multi-year improvement plan was developed as part of the 2014 utility sustainability study. In 2018, the fourth phase of the project will focus on directionally boring a new secondary line from the Williston sewer lift to Guillian Field. When that is completed the currently deficient pipe will be lined in a similar fashion like what was done in the previous three phases.

- Rising energy prices and MCES waste water treatment costs will continue to increase the cost of operating the sanitary sewer utility. In 2018, Metropolitan Council Environmental Services announced a 1.53 percent increase in wastewater treatment costs for 2018.

**PARKS & TRAILS DIVISION - Public Works Department**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$ 922,299	\$ 947,714	\$ 1,072,400	\$ 1,072,400	\$ 1,103,600
Supplies	187,038	152,634	191,500	197,700	192,300
Other Services & Charges	437,734	393,617	476,400	470,200	465,900
Capital Outlay	-	-	-	-	-
<b>Totals</b>	<b>\$ 1,547,071</b>	<b>\$ 1,493,965</b>	<b>\$ 1,740,300</b>	<b>\$ 1,740,300</b>	<b>\$ 1,761,800</b>

**Method of Financing**

General Fund	\$ 1,547,071	\$ 1,493,965	\$ 1,740,300	\$ 1,740,300	\$ 1,761,800
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<b>Number of Employees (FTEs)</b>	9.97	10.08	10.08	10.08	10.08
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**Description of Services:**

The Parks and Trails Division of the Public Works Department is responsible for all park, trail & sidewalk maintenance, planning and development. This includes: park and open space turf areas, 11 athletic fields, 16 ice rinks, over 100 miles of trails & sidewalks and 26 play structures at 50 parks. Future development decisions regarding parks and open space actively include community users, Recreation Department staff, the Minnetonka Park Board and the City Council. In the future, the increase in trail and sidewalk mileage will require that equipment and personnel be added to meet maintenance needs.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Projected</b>	<b>2018 Projected</b>
Park acreage maintained	1,297	1,297	1,297	1,297
Level 1 - Maintenance Areas (# /acres)*	7/429	7/429	7/429	7/429
Level 2 - Maintenance Areas (# /acres)*	11/211	11/211	11/211	11/211
Levels 3 & 4 - Maintenance Areas (# /acres)*	32/661	32/661	32/661	32/661
Trails and sidewalks maintained (miles)	99	100	104	106

\* Level 1 = High use, high maintenance; Level 2 = Moderate maintenance, some grooming 1x/week; Level 3 = Low to moderate maintenance; Level 4 = Minimal maintenance

**Budget Comments/Issues:**

The 2018 budget provides for an increasing level of service compared to 2017 in order to accommodate an expanding inventory of city park amenities and trails and sidewalks which require additional maintenance. In 2017, Oakhaven Park was completed as well as the sidewalks associated with the construction of north and south portions of TH 101.

- Reconstruction of three segments of county roads added approximately five miles of trails and sidewalks to the existing system in 2017. The added segments are located on Shady Oak Road from Highway 7 to Excelsior Boulevard, County Road 101 from Hutchins Drive to County Road 62, and County Road 101 from the Grays Bay Causeway to Minnetonka Boulevard. In 2018, it is anticipated that 1.6 miles of sidewalk will be added to Plymouth Road.
- In 2017, lighting of the soccer fields on the civic center complex was completed. In 2018, it is planned that the softball fields at Big Willow Park will be upgraded to LED athletic field lighting.
- Park improvements overseen by the division in 2017 include renovation of the Community Center courtyard, spectator safety improvements at Big Willow baseball field, and landscape irrigation improvements at the Burwell House, all of which are funded in the Capital Improvements Program.
- The number miles of trails and sidewalks maintained as indicated above excludes seasonal maintenance by the city of approximately seven miles of trails owned by Three Rivers Park District that are located inside city limits.

**NATURAL RESOURCES DIVISION - Public Works Department**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$ 605,845	\$ 602,121	\$ 721,600	\$ 721,600	\$ 786,800
Supplies	12,071	35,693	19,200	20,300	18,600
Other Services & Charges	512,511	451,013	617,900	604,800	566,400
Capital Outlay	-	-	-	-	-
<b>Totals</b>	<b>\$ 1,130,427</b>	<b>\$ 1,088,827</b>	<b>\$ 1,358,700</b>	<b>\$ 1,346,700</b>	<b>\$ 1,371,800</b>

**Method of Financing**

General Fund	\$ 1,130,427	\$ 1,088,827	\$ 1,088,827	\$ 1,346,700	\$ 1,371,800
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<b>Number of Employees (FTEs)</b>	6.57	6.48	6.48	6.48	7.18
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**Description of Services:**

The Natural Resources Division manages the planning, development and stewardship of the community's natural resources. The division is responsible for forestry (diseased trees, reforestation), natural resource conservation (woodland, open space, wetlands, shore land), enforcement of natural resource ordinances (permit review, site inspection, compliance), stewardship (including ecosystem restoration) of 310 acres of public land and environmental education through seminars and resident consultations.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Diseased trees removed	645	677	700	700
Public trees planted (reforestation/restoration)	211/100	134/80	100/75	100/75
Private trees planted through city's tree sale	1,047	796	810	800
Permits inspected for natural resource compliance / ongoing inspections	312/400	296/400	325/420	325/420
Development projects reviewed	49	76	70	70
Volunteer programs conducted / hours donated	71/2002	25/1750	80/2000	50/2000
Enforcement actions taken	49	50	50	50
Wetland Conservation Act decisions	29	21	25	25

**Budget Comments/Issues:**

The 2018 budget for the Natural Resources Division anticipates increased activity due to the expansion of Emerald Ash Borer (EAB) in the metropolitan area. Currently the EAB has been found in Plymouth and Eden Prairie and it is likely the insect is now in Minnetonka. An action plan was put into effect in 2013 with the addition of an administrative staff person in 2014 and a Forestry Technician in 2015 in order to begin public education, reforestation and coordination of proactive ash tree protection measures for high valued public and private trees.

- In 2018, funding is included to add a permanent part-time inspector (0.75 FTE) for permit reviews, site and erosion control inspections and easement monitoring. Costs for the position is funded by a shift in the budget of \$30,000 from contracting services to personnel.

- Street tree trimming program will continue in 2018 at an annual cost of \$60,000. This work is necessary in order to keep pace with street reconstructions and neighborhood street renovations.

- In 2018, natural resources staff along with the Water Resources Coordinator will be continuing to implement new requirements for the new Municipal Separate Storm Sewer System (MS4) permit. This is a comprehensive update/revision to the city's federal storm water permit. Employee education and reduction of chloride use are initiatives for the coming year.

- In 2018, Natural Resources staff will collaborate with Engineering on the development of a small lakes policy.

- A seasonal part-time volunteer coordinator has been added to the 2016 budget in order to coordinate the 300+ volunteers that donate time to restoration activities. Estimated cost is \$21,000.

- The decline in volunteer programs in 2016 was the result of staff time dedicated to the goat grazing program that was experimentally tried in Purgatory and Civic Center Parks to control buckthorn and garlic mustard.

**FORESTRY FUND - Public Works Department**

Revenues	2015 Actual	2016 Actual	2017 Budget	2017 Revised	2018 Budget
Ad Valorem Tax Levy	\$ 116,000	\$ 54,000	\$ 54,000	\$ 54,000	\$ 60,000
Investment Income	7,346	5,893	5,000	5,000	5,000
Miscellaneous Income	-	-	-	-	-
<b>Totals</b>	<b>\$ 123,346</b>	<b>\$ 59,893</b>	<b>\$ 59,000</b>	<b>\$ 59,000</b>	<b>\$ 65,000</b>
<b>Expenditures by Program/Project</b>					
EAB Program	\$ 31,930	\$ 15,427	\$ 154,000	\$ 30,000	\$ 160,000
Natural Resources PW space	-	231,573	-	-	-
<b>Totals</b>	<b>\$ 31,930</b>	<b>\$ 247,000</b>	<b>\$ 154,000</b>	<b>\$ 30,000</b>	<b>\$ 160,000</b>
Surplus (Deficiency) of Revenues over (under) Expenditures	91,416	(187,107)	(95,000)	29,000	(95,000)
Reserve for Delayed Projects			-	-	-
<b>Beginning Available Fund Balance</b>	<b>970,392</b>	<b>1,061,808</b>	<b>874,701</b>	<b>874,701</b>	<b>903,701</b>
<b>Ending Available Fund Balance</b>	<b>\$ 1,061,808</b>	<b>\$ 874,701</b>	<b>\$ 779,701</b>	<b>\$ 903,701</b>	<b>\$ 808,701</b>

**Description of Services:**

In 2018, the level of service will continue as 2017. The Forestry Fund was established beginning 2014 to finance asset-related costs associated with the arrival of the Emerald Ash Borer (EAB) insect. The insect was first detected in the Twin Cities in 2009 and will eventually infect and kill most if not all native ash trees. Currently the ash borer has been found in Eden Prairie and Plymouth. Ash trees comprise about seven percent of all tree species in Minnesota, and inventories of the city suggest there are approximately 60,000 ash trees in the city limits, which includes those in private yard areas, public parks, out-lots and public rights-of-way.

<b>Key Measures:</b>	2015 Actual	2016 Actual	2017 Estimated	2018 Projected
Ash trees removed	253	346	300	325
Park trees replanted	166	134	100	100
Stumps ground	30	134	70	80
High value ash trees treated	84	96	91	90

**Budget Comments/Issues:**

*Costs in the Forestry Fund reflect only the capital budget portion of the EAB program, which includes tree removal, stump grinding and reforestation. Until the eventual confirmation of the insects arrival within the city's borders, modest expenses are now anticipated in 2017, and therefore, balances will accrue to the fund for the expected future costs.*

- By the end of 2018 it is anticipated that most ash trees will be removed from the maintained areas of parks and city owned properties (water towers, fire stations, etc.). Tree replacement numbers will decline because trees are not being replaced in woodland areas, outlots or right-of-ways.
- "Key Measure" numbers displayed above are projections based upon current experience with other diseased tree programs and early work with damaged and unhealthy ash trees. Only the highest priority, city-owned ash trees have had bi-annual injection treatments since 2015.
- The city has solicited a bulk rate for injection and has extended the pricing to residents that want to inject their elm and ash trees in order to protect them from Dutch Elm disease and EAB. In 2016, 617 ash and 22 elms were treated using this program. A City Council study session will be scheduled in 2018 to determine the city's policy relative to EAB and whether any cost sharing for tree removal will be available.
- In 2015, a Forestry Technician was added to the Natural Resources Division staff in order to proactively assist with the emerald ash borer (EAB) management plan. That person has now been elevated to the City Forester position and the vacancy will be filled in late 2017. Staff costs are reflected within the General Fund and are part of the previously approved city plan.
- In 2016, the public works building was expanded to accommodate the expanded natural resources staff along with the seasonal employees that assist with various summer tasks such as tree inspections, watering, resource restoration and development reviews.
- In 2014, almost \$900,000 was received as a settlement for tree loss that was sustained in three parks as a result of the use of Imprelis, a broadleaf herbicide, used to control weeds. A portion of the settlement will be used for reforestation as soon as it is deemed "safe" to replant trees. The residual effects of the chemical are not well understood at this time so planting of new trees have been cautiously delayed.



**ENVIRONMENTAL FUND - Public Works Department**

<b>Revenues</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Hennepin Recycling Grants	\$ 153,851	\$ 162,482	\$ 150,000	\$ 168,500	\$ 168,500
Recycling Charges	747,436	794,427	810,000	814,300	824,200
Miscellaneous Rev	9,283	17,952	-	4,100	-
Investment Income	6,843	4,066	3,500	5,500	6,500
Contract Rebate	5,731	2,985	-	30,000	5,000
<b>Totals</b>	<b>\$ 923,144</b>	<b>\$ 981,912</b>	<b>\$ 963,500</b>	<b>\$ 1,022,400</b>	<b>\$ 1,004,200</b>
<b>Expenditures by Category</b>					
Personnel	\$ 74,406	\$ 77,361	\$ 91,200	\$ 93,200	\$ 98,200
Supplies	1,178	5,915	3,200	6,100	2,700
Collection Contract	611,711	583,707	592,600	592,600	608,000
Yard waste Program	88,144	53,852	68,000	68,000	58,500
Other Services & Charges	9,837	216,698	13,300	208,100	212,400
Transfer To General Fund	186,900	-	192,500	-	-
<b>Totals</b>	<b>\$ 972,176</b>	<b>\$ 937,533</b>	<b>\$ 960,800</b>	<b>\$ 968,000</b>	<b>\$ 979,800</b>
Surplus (Deficiency) of Revenues over Expenditures	(49,032)	44,379	2,700	54,400	24,400
<b>Beginning Cash Reserve</b>	<b>759,245</b>	<b>710,213</b>	<b>755,528</b>	<b>755,528</b>	<b>809,928</b>
<b>Ending Cash Reserve</b>	<b>\$ 710,213</b>	<b>\$ 755,528</b>	<b>\$ 758,228</b>	<b>\$ 809,928</b>	<b>\$ 834,328</b>
<b>Number of Employees (FTEs)</b>	<b>0.47</b>	<b>0.48</b>	<b>0.48</b>	<b>0.48</b>	<b>0.48</b>

**Description of Services:**

The Environmental Fund was created to protect the natural environment of the community through the promotion of local environmental awareness, resource conservation and protection of environmentally sensitive areas. The fund pays for residential curbside recycling collection, a community recycling drop-off center, spring and fall leaf drop-offs, on-going storm and home maintenance related brush drop-offs, and two special household material drop-offs in the summer and fall.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Curbside recycling picked up (tons)	4,975	4,930	4,900	4,900
Leaf recycling dropped off (cubic yards)	8,840	9,210	10,000	10,000
Special drop-off customers	950	2,000	2,100	2,000
Customers rating curbside svcs as "good" or "excellent"	95%	96%	96%	96%
Households with organics collection	497	551	611	620

**Budget Comments/Issues:**

*Commodity revenues for recycled materials, costs of the city's collection contract, and reduced recycling tonnages will require only a modest rate increase in 2018 from \$4.10 to \$4.15 per month. Similar to the Utility Fund, regular, annual increases will be required to bring the fund into long term structural balance and financial sustainability.*

- The 2018 budget reflects increases in recycling fees charged by the city's contract vendor, which will increase by two percent in three categories: 1) residential pickup, 2) recycled material processing and 3) drop-off processing. The contract with Republic Services will expire at the end of 2018. The current contract has the provision to be extended, and staff will meet with the vendor in 2018 to investigate what options may be available to the city if the contract is extended.

- Although none had been anticipated, commodity revenues for the sale of recyclable materials rebounded in the first months of 2017 resulting in \$21,000. By comparison, in 2016 only \$4,000 from the sale of recyclables were realized.

- In 2018, the city will continue to conduct two special drop off events for Minnetonka residents. This is a convenient opportunity to dispose of household items at a reasonable cost.

- Approximately one-third of trash is now composed of organic matter but less than two percent of households have organic collection services. In order to meet the 2030 state goal to recycle 75 percent of waste generated, Hennepin County will be assisting cities with SCORE grant monies to promote organics collection services. A grant of \$4,108 from Hennepin County in 2017 resulted in the signing up of 60 new households for organics recycling. Grant monies received in 2018, will have an increasing dependence on residents that separate organics from the general refuse waste stream.

- The cost for contract grinding of brush and trees was renegotiated in 2017 with a savings of approximately \$50,000 for the service.

**PARK & TRAIL IMPROVEMENT FUND - Administrative Services Department**

Revenues	2015 Actual	2016 Actual	2017 Budget	2017 Revised	2018 Budget
Ad Valorem Tax Levy	\$ 560,000	\$ 560,000	\$ 560,000	\$ 560,000	\$ 560,000
Park Dedication Fees	851,672	905,514	70,000	70,000	375,000
Investment Income	7,985	9,471	7,500	7,500	15,000
Local Grants/Agreements	-	50,000	90,000	-	-
Transfers In, incl. field fees	9,485	9,459	394,600	797,500	9,600
Miscellaneous Income	22,396	1,541	200,000	9,600	209,600
<b>Totals</b>	<b>\$ 1,451,538</b>	<b>\$ 1,535,985</b>	<b>\$ 1,322,100</b>	<b>\$ 1,444,600</b>	<b>\$ 1,169,200</b>
<b>Expenditures by Category</b>					
Park Development	\$ 242,965	\$ 354,151	\$ 288,500	\$ 363,500	\$ 391,800
Trail Development	102,629	106,009	375,000	300,000	430,000
Maintenance-City Housing	28,092	3,263	65,000	65,000	35,000
<b>Totals</b>	<b>\$ 373,686</b>	<b>\$ 463,423</b>	<b>\$ 728,500</b>	<b>\$ 728,500</b>	<b>\$ 856,800</b>
Surplus (Deficiency) of Revenues over (under) Expenditures	1,077,852	1,072,562	593,600	716,100	312,400
Reserve for Delayed Projects				1,552,000	
Reserve for Athletic Field Maint.	48,000	52,429	447,029	1,244,529	1,254,129
<b>Beginning Available Fund Balance</b>	<b>728,127</b>	<b>1,791,361</b>	<b>2,854,465</b>	<b>2,854,465</b>	<b>1,221,065</b>
<b>Ending Available Fund Balance</b>	<b>\$ 1,791,361</b>	<b>\$ 2,854,465</b>	<b>\$ 3,053,465</b>	<b>\$ 1,221,065</b>	<b>\$ 1,523,865</b>

**Description of Services:**

The Park & Trail Improvement Fund was created to account for the purchase and development of parks and trails throughout the city. Because park dedication fees are a revenue source for this fund, state law requires it to be segregated and used only for park and trail acquisition and development. Athletic field fees are collected annually and reserved for future capital needs at each specific field. Trail construction often coincides with road construction projects and neighborhood developments.

<b>Key Measures:</b>	2015 <u>Actual</u>	2016 <u>Actual</u>	2017 <u>Estimate</u>	2018 <u>Projected</u>
Miles of trails constructed	3.00	0.20	0.65	1.10

**Budget Comments/Issues:**

As indicated in the 2018-2022 CIP, the 2018 budget includes funds to construct pickle ball courts at Lone Lake Park and continues community supported investments in the trail system.

- For 2017, the budget included safety enhancements to existing city athletic fields, infrastructure enhancements for the Burwell House and a feasibility study for the Plymouth Road trail project currently scheduled for construction.
- For 2016, the budget included \$150,000 to fund the acquisition of the land for Pioneer Park from Faith Presbyterian Church. The purchase agreement was approved by council on August 11, 2016.
- Revenues to the Parks & Trails Fund in 2015 and 2016 reflect a significant rise in the number of development projects in the city, which contribute park dedication fees. New construction may also contribute in-kind natural and/or public park improvements as well, and \$1.445 million in the "reserve for delayed projects" above is to ensure funding is available to credit back fees to developers for such costs as needed.
- For 2016, the budget was amended to pay one-time property taxes associated with the purchase of the Cullen-Smith property in 2015.
- For 2015, the budget included trail segments on County Road 101 from County Road 3 to County Road 62 and on County Road 5, from Rainbow Drive to County Road 101, and costs for the projects are currently reflected in the "reserve for previously delayed projects" (\$215,000). Anticipated revenue from the sale of property near Purgatory Park related to this fund has been revised to occur in 2018.
- "Reserve for delayed projects" also include other prior year appropriated funds for projects not yet completed but still scheduled. The larger of these are: completion of three 2014 road-related trail projects (\$260,000); the city's 2012 comprehensive trail rehab project (\$150,000); the Gray's Bay causeway (\$250,000), POST Plan (\$75,000); development related park improvement projects (\$460,000); and Minnehaha Creek canoe landing (\$50,000).

**COMMUNITY INVESTMENT FUND - Finance Department**

<b>Revenues</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Investment Income	\$ 166,802	\$ 103,817	\$ 150,000	\$ 180,000	\$ 190,000
Change in Value of Investments	-	-	-	-	-
Other	157,500	157,500	157,500	157,500	157,500
<b>Totals</b>	<b>\$ 324,302</b>	<b>\$ 261,317</b>	<b>\$ 307,500</b>	<b>\$ 337,500</b>	<b>\$ 347,500</b>
<b>Expenditures</b>					
Ice Arena Improvements	-	-	-	-	500,000
Minnehaha Creek Corridor	\$ 2,000	\$ -	\$ 150,000	\$ 150,000	\$ -
Trail Improvement Plan	-	-	-	-	-
<b>Totals</b>	<b>\$ 2,000</b>	<b>\$ -</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>	<b>\$ 500,000</b>
Surplus/(Deficiency) of Revenues over/(under) Expenditures	322,302	261,317	157,500	187,500	(152,500)
Reserve for Delayed Projects				833,000	
<i>Beginning Fund Cash Balance</i>	<i>20,193,087</i>	<i>20,515,389</i>	<i>20,776,706</i>	<i>20,776,706</i>	<i>20,131,206</i>
<b>Total Ending Fund Cash Balance</b>	<b>\$ 20,515,389</b>	<b>\$ 20,776,706</b>	<b>\$ 20,934,206</b>	<b>\$ 20,131,206</b>	<b>\$ 19,978,706</b>
Required Fund Balance	\$ 19,837,027	\$ 19,853,707	\$ 19,864,089	\$ 19,864,089	\$ 19,882,089
Available Fund Balance	\$ 678,362	\$ 922,999	\$ 1,070,117	\$ 267,117	\$ 96,617

**Description of Services:**

The Community Investment Fund was created in 1989 to be used solely to pay the capital costs for projects of general benefit to the City of Minnetonka. The city charter provides that the principal of the fund will be increased by ten percent of the investment income each year, and if the principal is used for a project, it must either be repaid or other projects may not be funded until the principal is restored to its previous amount plus ten percent of investment earnings.

City ordinance establishes that the following priorities are to be used in determining which projects should be financed by the fund: *First*, projects that can be funded within the amount of the available investment earnings; *second*, projects that use principal funds and that have the capacity to repay the principal amount borrowed; and *third*, projects that use principal funds, have no other reasonable funding source, are non-revenue producing, require significant funding, and will provide otherwise unattainable community benefit.

In the past, the Community Investment Fund was used to assist in financing the construction and/or renovation of city facilities that include: the Lindbergh Center, Williston Center, the Ice Arena, Shady Oak Beach, the Arts Center, Gray's Bay Marina, and the Public Works Building on Minnetonka Boulevard.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Annual net investment earnings	\$166,802	\$103,817	\$180,000	\$190,000

**Budget Comments/Issues:**

*Recovery from the 2008 economic recession continues to significantly reduce investment earnings to the fund, and as a result, balances available, as projected in the 2018-22 Capital Improvements Program (CIP), for future capital projects will continue to be diminished compared to historical. The adopted capital budget also provides a list of other significant projects for future consideration to be financed from the fund, including park and open space purchases, a Glen Lake Activity Center Facility, and Big Willow Park enhancements.*

- The 2018 budget from the Community Investment Fund (CIF) is allocated for interfund loan payback for costs of necessary improvements to the city's ice arena constructed in 2015 using the Special Assessment Construction Fund. The adopted 2018-22 CIP dedicates a total of \$600,000 to the project over the five years of the program.
- The 2017 budget from the Community Investment Fund (CIF) is allocated for the Upper Minnehaha Creek Corridor Project. Reserve for Delayed Projects above are funds appropriated for this projects from 2013 through 2016.
- Other revenue to the fund also includes \$63,000 annually transferred in from the General Fund until the year 2048 for ownership conveyance of the Arts Center on 7 to the Minnetonka Independent School District in 2010.
- Completed in 2011, \$4.5 million from the CIF financed significant improvements to the city's Williston Fitness Center. Other revenue to the fund includes \$94,500 annually over ten years for repayment of a portion of those costs from the center's user fees and revenue with a final payment due in 2020.

**JOINT RECREATION - Recreation Services Department**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$ 908,586	\$ 949,312	\$ 1,024,300	\$ 1,024,300	\$ 1,128,300
Supplies	87,720	71,698	84,300	71,100	78,900
Other Services & Charges	375,356	289,674	311,800	306,900	344,750
Other	9,485	9,459	-	-	-
Capital Outlay	-	-	-	-	-
<b>Totals</b>	<b>\$ 1,381,147</b>	<b>\$ 1,320,143</b>	<b>\$ 1,420,400</b>	<b>\$ 1,402,300</b>	<b>\$ 1,551,950</b>

**Method of Financing**

General Fund	\$ 1,381,147	\$ 1,320,143	\$ 1,420,400	\$ 1,402,300	\$ 1,551,950
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<b>Number of Employees (FTEs)</b>	5.65	6.35	6.35	6.85	6.85
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**Description of Services:**

The mission of the Joint Recreation Division of the Recreation Services Department is to develop, provide and promote programs and facilities in anticipation of and in response to the recreational needs and interests of our community. The division administers a wide variety of programs and services for residents of Minnetonka and Hopkins. The net cost of the joint recreation program is shared by Minnetonka (67%) and the city of Hopkins (33%). Programs are offered in over 40 areas of interest for participants from infants to senior citizens. This division also oversees the operation of Shady Oak Beach, attended by over 50,000 people annually.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Program participants	NA	41,444	42,000	42,500
Adult sports teams registered	460	428	425	440
Youth sports participation	NA	1,123	1,150	1,200
Resident program participation	50.4%	52.1%	52.0%	52.0%
Expenses covered by fee revenues*	79.5%	83.2%	83.0%	83.0%
Shady Oak Beach season passes sold	4,029	4,003	3,912	4,000
Scholarships approved	97	130	120	120
Total value of scholarships approved	\$3,493	\$4,890	\$4,500	\$4,500

\* Includes all recreational programming, facility rentals, and all enterprises under the management of the department.

**Budget Comments/Issues:**

In previous years, the cities of Hopkins and Minnetonka have separately employed part-time employees for playgrounds, warming houses and park attendants as required by each location. Beginning in 2018, Minnetonka will hire all such positions and will be reimbursed by the city of Hopkins, with an additional 5 percent added on for administrative costs. The costs are reflected above as an increase in personnel expenditures.

- Two new full-time program managers were hired in May 2017. The openings were a result of a resignation in June 2016 and a retirement in March 2017. With the additional programming staff, the department plans to expand youth and adult program offerings. The additional 0.5 FTE in the 2017 revised budget above is the result of more appropriately reflecting where staff time is dedicated and is offset by reductions in other division staffing elsewhere.

- Shady Oak Beach equipment rentals remained popular in 2016. Total rentals increased from 664 in 2015 to 906 in 2016. New programs were also offered to attract more users, including Stand Up Paddleboard Yoga for both teens and adults, and Sunset Beach Yoga. Total beach revenues increased in 2016 by \$15,850 from the previous year. Shady Oak Beach season passes were made available for purchase online beginning in 2017, which resulted in strong early season sales.

- The department's revenues to expenditures ratio increased from 79.4% in 2015 to 83.2% in 2016. The Ice Arena was in full operation throughout the year which contributed to the increase. In 2015, a new refrigeration system was installed which resulted in decreased revenue during its installation.

- The department converted from Class to RecTrac in May 2015. As a result of this transition, accurate program participation numbers for 2015 were difficult to generate from the two registration systems. Therefore, no 2015 actual numbers have been entered into the "Program participants" and "Youth sports participation" key measures above.

**MINNETONKA RECREATION - Recreation Services Department**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$ 187,342	\$ 166,861	\$ 224,600	\$ 225,600	\$ 357,400
Supplies	2,111	3,930	2,100	1,000	2,300
Other Services & Charges	254,287	269,923	294,700	278,700	293,700
Other	113,000	113,000	113,000	113,000	113,000
<b>Totals</b>	<b>\$ 556,740</b>	<b>\$ 553,714</b>	<b>\$ 634,400</b>	<b>\$ 618,300</b>	<b>\$ 766,400</b>

**Method of Financing**

General Fund	\$ 556,740	\$ 553,714	\$ 634,400	\$ 618,300	\$ 766,400
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<b>Number of Employees (FTEs)</b>	0.84	0.75	0.75	0.75	2.00
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**Description of Services:**

The mission of the Minnetonka Recreation Division is to develop, provide and promote programs and facilities in anticipation of and in response to the recreational needs and interests of Minnetonka residents. Recreational amenities and programs included in this budget are primarily intended to serve residents of Minnetonka and include the Lindbergh Center, Music Association of Minnetonka programs, Glen Lake Skate Park, Libbs Lake Beach, outdoor ice rink operations, the Adopt-A-Sign program and seven summer playground program locations.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Minnetonka playground household registrations	820	863	819	850
Warming house days of operation	50	44	50	50
Music Association participants	239	360	360	360
Adopt-A-Sign locations	25	25	25	25
Music/Theater in the Park attendance	3,098	3,075	3,240	3,100

**Budget Comments/Issues:**

The 2018 budget for Minnetonka Recreation includes additional funding for a new park and trail planner to advance the city's strategic goals of providing excellent recreational and transportation infrastructure through coordinated planning and administration. Minnetonka Recreation programming is annually reviewed and adjusted to provide programming that is desired by the community at the present time.

- "Personnel" costs above reflect seasonal and temporary employees hired annually, which may vary dependent upon the program offerings in a given year.
- The summer playground program continues to be a popular summer activity for Minnetonka residents ages 4-12. The program is free to participants and is held at seven locations. All sites registered over 115 participants in 2017. Staff will be exploring the option of charging participants for this program in 2018.
- Outdoor ice rinks are provided at six city park locations as well as two Hopkins School District locations at Glen Lake and Gatewood Elementary Schools. The Gatewood site has operated without a portable trailer since 2015 due to low attendance as well as electrical and ADA challenges. The city will continue to maintain ice at Gatewood in 2017-18.
- Attendance for the Tuesday evening Music in the Park series continues to increase. Ten concerts were originally scheduled for 2017 with one canceled due to weather. The average attendance for each concert was 290 people. Attendance for the four Theater in the Park performances in 2017 totaled 640. In addition to music and theater, there were three Movie in the Park dates in 2017.
- MAM added a new program in 2016 called "Chorus a la Carte" which allows participants to become involved in MAM for 4-6 week periods of time as opposed to the entire nine month season. This program had a total of 116 participants during the 2016-17 performance season. A choir camp for youth resulted in 42 new MAM participants as well. MAM musical opportunities are published in the Recreation Brochure.

**SENIOR SERVICES - Recreation Services Department**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$ 238,725	\$ 244,026	\$ 267,300	\$ 269,300	\$ 267,100
Supplies	52,269	49,286	42,600	60,000	55,500
Other Services & Charges	68,835	88,931	75,000	82,900	60,400
<b>Totals</b>	<b>\$ 359,829</b>	<b>\$ 382,243</b>	<b>\$ 384,900</b>	<b>\$ 412,200</b>	<b>\$ 383,000</b>

**Method of Financing**

General Fund	\$ 359,829	\$ 382,243	\$ 384,900	\$ 412,200	\$ 383,000
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<b>Number of Employees (FTEs)</b>	2.5	2.5	2.5	2.5	2.4
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**Description of Services:**

The goals of Senior Services are to: broaden the knowledge and involvement of older residents; offer diverse programs and services; promote independent living; and encourage volunteerism. Under the leadership of professional staff, Senior Services provides a multi-purpose senior center that offers a wide range of leisure-time activities serving a diverse senior population as well addressing day-to-day living experiences. Senior programming includes day trips, group classes, healthcare services, defensive driving, special interest groups, a service skills bank, and meal/entertainment experiences. In addition, there are 32 special groups/clubs offered to residents. Some services are provided through contracts with private or non-profit organizations, and a portion of the costs for programs is recovered through fees.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Program participant visits	NA	50,650	51,000	50,500
Programs offered	NA	323	335	325
Resident participation	72%	60%	61%	63%
Program participants	28,513	16,861	17,100	17,100
Senior volunteers used	235	240	240	240
Volunteer hours donated	16,200	16,300	16,000	16,000
Senior Services Program Revenue	\$135,881	\$164,750	\$180,000	\$160,000
Landing Shop % of expenses covered	98%	105%	95%	95%

**Budget Comments/Issues:**

The 2018 budget for Senior Services is intended to meet the needs of the growing 55+ demographic. In 2016, 60% percent of Minnetonka residents in this demographic participated in a city program, activity or membership.

- Staff forecasts fewer program visits and revenue in 2018 due to the city hall renovation/reorganization, which will diminish current program space for senior programs in the community center.
- 2016 and 2017 Senior Services program revenue increased significantly due to expansion of popular exercise programs (e.g. yoga), increased number of programs, and popular day-trip offerings.
- The 2016 program participant key measure shows a significantly reduced total due to the way the city's new registration system collects and reports data. The 2016 total will be the baseline for future comparison.
- The Landing Shop revenues covered all direct expenses in 2016. It is estimated that the shop will cover 95 percent of expenses in 2017.
- Volunteer hours donated by Senior Services participants annually exceed 16,000, which is estimated to equate to a cost savings value of roughly \$195,000 each year.

**COMMUNITY FACILITIES DIVISION - Recreation Services Department**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$ 316,740	\$ 327,839	\$ 356,300	\$ 355,800	\$ 340,300
Supplies	28,403	54,464	56,000	52,800	54,500
Other Services & Charges	118,208	109,543	132,700	121,700	127,900
Capital Outlay	-	-	-	-	-
<b>Totals</b>	<b>\$ 463,351</b>	<b>\$ 491,846</b>	<b>\$ 545,000</b>	<b>\$ 530,300</b>	<b>\$ 522,700</b>

**Method of Financing**

General Fund	\$ 463,351	\$ 491,846	\$ 545,000	\$ 530,300	\$ 522,700
Cemetery Fund	-	-	-	-	-
<b>Totals</b>	<b>\$ 463,351</b>	<b>\$ 491,846</b>	<b>\$ 545,000</b>	<b>\$ 530,300</b>	<b>\$ 522,700</b>

<b>Number of Employees (FTEs)</b>	3.37	3.37	3.37	3.37	3.22
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**Description of Services:**

Community Facilities manages city-owned facilities including the Community Center, Glen Lake Activity Center, nine picnic shelters, athletic fields, Lindbergh Center and the Shady Oak Lake Cemetery. Except for the cemetery, all of the facilities offer a variety of rental spaces for community use. Fees vary dependent on the facility and type of group (resident, non-resident, non-profit). Picnic shelter permits are issued for Gro Tonka, Lone Lake and Shady Oak Park shelters in Minnetonka; and Burnes, Central, Cottageville, Oakes, and Valley Park shelters in Hopkins.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Community Center rental revenue	\$113,447	\$108,637	\$115,000	\$110,000
Community Center hours reserved	12,818	12,175	12,500	12,200
Satellite facility hours reserved	1,024	786	1,000	1,100
Picnic shelter permits issued	321	288	270	300
Field fee revenue	\$28,744	\$28,664	\$28,000	\$28,000

**Budget Comments/Issues:**

*The 2018 budget for the Community Facilities Division provides current level services.*

- Banquet room improvements in the areas of audio visual, lighting and general interior/exterior appearance completed from 2013 - 2016 provide more flexible use of the room, thus making it more attractive to user groups.
- The 321 picnic shelter reservations in 2015 represent the most ever reserved in a year. The number of shelter rentals in 2017 is reduced due to both Burnes Park shelters (Hopkins) being closed for construction all summer.
- Consistent with the Council's Strategic Plan, a market study is completed annually to determine fees for use of the Community Center and other recreational facilities.
- Total satellite facility hours were lower in 2016 due to the space being closed for maintenance and two regular users moving their meeting location.

**WILLISTON CENTER - Recreation Services Department**

<b>Revenues</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Membership Fees	\$ 1,422,139	\$ 1,495,167	\$ 1,550,000	\$ 1,610,000	\$ 1,615,000
Tennis Lessons & Court Fees	603,288	634,130	625,000	625,000	630,000
Tennis Pro Shop	13,885	12,531	14,500	13,500	14,000
Sports Training Fees	10,379	16,363	10,000	10,000	10,000
Outside Participant Fees	210,862	217,308	220,000	220,000	220,000
Batting Cage Income	19,352	18,641	17,000	17,500	17,000
Rental Income	19,011	20,978	16,000	20,000	21,000
Investment Income	3,136	7,432	6,500	6,500	7,000
Miscellaneous	96,587	115,111	110,000	120,000	120,000
<b>Totals</b>	<b>\$ 2,398,639</b>	<b>\$ 2,537,661</b>	<b>\$ 2,569,000</b>	<b>\$ 2,642,500</b>	<b>\$ 2,654,000</b>
<b>Expenditures by Category</b>					
Personnel	\$ 1,333,826	\$ 1,459,590	\$ 1,388,100	\$ 1,388,100	\$ 1,404,200
Supplies	131,643	192,816	153,000	151,800	166,500
Other Services & Charges	515,713	512,159	517,700	531,100	543,600
Transfer Expenses	83,400	46,800	84,800	47,300	47,300
<b>Totals</b>	<b>\$ 2,064,582</b>	<b>\$ 2,211,365</b>	<b>\$ 2,143,600</b>	<b>\$ 2,118,300</b>	<b>\$ 2,161,600</b>
Surplus (Deficiency) of Revenues over Expenditures	\$ 334,057	\$ 326,296	\$ 425,400	\$ 524,200	\$ 492,400
Capital Outlay	\$ 241,920	\$ 236,931	\$ 234,500	\$ 234,500	\$ 409,500
<b>Number of Employees (FTEs)</b>	<b>7.15</b>	<b>7.45</b>	<b>8.45</b>	<b>7.45</b>	<b>7.45</b>

**Description of Services:**

Recreational amenities at the Williston Fitness Center include: five indoor tennis courts, a 25-yard swimming pool, indoor splash pad, two aerobics studios, four baseball/softball batting cages, a multi-purpose gymnasium, indoor climbing structure, strength training equipment, cardio vascular equipment, whirlpool, and saunas. Minnetonka residents and non-residents may use the facility by paying a daily fee, or registering for a recreational class. In addition, Minnetonka residents may opt to purchase one of a variety of membership packages. Fees charged to users support the operation of the facility.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Average active members	8,023	8,356	9,200	9,200
Daily fee (non-member) participants	36,094	35,939	35,500	36,000
Total facility visits	293,369	300,184	310,000	310,000
Recreation program hours	8,551	8,500	8,500	8,500
Birthday party revenue	\$35,155	\$36,632	\$36,650	\$36,700
% of expenses covered by revenue	104%	104%	108%	112%

**Budget Comments/Issues:**

The 2018 budget for the Williston Fitness Center reflects continued forecasted strength in the fund's financial position. Significant improvements to the facility completed mid-2011, including required primary infrastructure maintenance and new child-oriented amenities, are a driving factor behind the facility's recent and projected successes.

- Membership rates and daily fees increased in January 2017. Williston continues to be on a "non-resident membership freeze" and has been since July 1, 2013.
- The reduction in full-time equivalent (FTE) positions for the revised 2017 budget reflects an appropriate reallocation of staff time amongst Recreation Services Department staff, which results in no net FTE changes overall.
- In August 2017 pool lighting fixtures were upgraded to LED luminaires and the main lobby received new carpet.
- Non-member usage (i.e. daily passes, private parties, programming) of the facility continues to be popular. The facility's child-oriented amenities and the fact that other local facilities offer a more expensive daily rate make Williston an obvious choice for those wishing to drop in.
- Facility visits is a combination of membership scans, daily visits and program participation, which provides an accurate number for usage of the facility.



**ICE ARENA - Recreation Services Department**

Revenues	2015 Actual	2016 Actual	2017 Budget	2017 Revised	2018 Budget
Ice Rental	\$ 549,188	\$ 596,285	\$ 600,000	\$ 625,000	\$ 630,000
Concessions	47,000	42,320	50,000	45,000	45,000
Programs & Special Events	247,967	224,172	225,000	215,000	225,000
Miscellaneous	1,052	10,589	10,000	5,000	5,000
Transfers In	50,000	50,000	50,000	50,000	50,000
Investment Income	(2,998)	(2,194)	(1,400)	-	-
<b>Totals</b>	<b>\$ 892,209</b>	<b>\$ 921,172</b>	<b>\$ 933,600</b>	<b>\$ 940,000</b>	<b>\$ 955,000</b>
<b>Expenditures by Category</b>					
Personnel	\$ 532,834	\$ 452,112	\$ 447,300	\$ 447,300	\$ 458,600
Supplies	63,001	46,175	83,800	84,700	79,300
Other Services & Charges	251,122	305,774	253,400	284,800	323,700
Costs of Goods Sold	35,535	32,269	37,000	26,500	32,000
Transfer Expenses	62,400	31,200	63,300	31,500	31,500
<b>Totals</b>	<b>\$ 944,892</b>	<b>\$ 867,530</b>	<b>\$ 884,800</b>	<b>\$ 874,800</b>	<b>\$ 925,100</b>
Surplus(Deficiency) of Revenues over Expenditures	\$ (52,683)	\$ 53,642	\$ 48,800	\$ 65,200	\$ 29,900
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Number of Employees (FTEs)</b>	3.62	3.00	3.00	3.50	3.50

**Description of Services:**

The Minnetonka Ice Arena, under the management of the Recreation Services Department, provides ice time and programs to the surrounding community, as well as local special interest groups and individuals for the purpose of ice related recreational activities. Programs and activities include, but are not limited to hockey, figure skating, learn-to-skate programs and public skate sessions. Fees charged to users support the operation of the facility.

<b>Key Measures:</b>	2015 Actual	2016 Actual	2017 Estimated	2018 Projected
Ice rental hours sold	2,750	3,071	3,100	3,100
Registered skating lesson	1,186	1,137	1,200	1,200
Public skating/hockey hours offered	490	450	450	450
Public skating/hockey participants	4,000	4,300	4,300	4,300
Adult hockey teams utilizing facility	18	15	36	36
Total days of operation	327	340	340	340
Operating expenses covered by revenue, transfers in	94%	106%	100%	100%

**Budget Comments/Issues:**

Since completion of a major renovation in 2015, the Ice Arena has improved its financial footing. As a result of the restructured personnel and utility and maintenance savings with the new refrigeration renovation, the ice arena realized an operating cost reduction of over \$133,000 in 2016 from 2014 expenditures.

- Beginning in the fall of 2017, city administered adult hockey leagues are now contracted out to a private organization to maintain consistent adult participation and financial stability during non-prime evening ice rental hours.
- The reduction in full-time equivalent (FTE) positions for the revised 2017 budget reflects an appropriate reallocation of staff time amongst Recreation Services Department staff, which results in no net FTE changes overall.
- Despite its solid record in maintaining strong demand for use of the facility, the Ice Arena historically struggled to generate enough revenues to meet its annual operating costs. Because this was in part due to mechanical failures of the aging facility, the city council advanced a capital project from 2018 to 2015 to replace the refrigeration system of Arena A. Additionally, the General Fund provided a one-time cash infusion of \$200,000 to the enterprise fund in 2014 as well as an ongoing annual subsidy of \$50,000 beginning 2015.
- At a cost of \$1.5 million, the 2015 capital improvement of Ice Arena A included replacement of the refrigeration system to meet federal guidelines away from R22 refrigerant and a new state of the art dasher board system that includes enhanced safety characteristics.
- Decreases in 2015 revenues, ice rental hours and participation numbers are a result of ice time lost to complete the Ice Arena A refrigeration and dasher board replacement project.

**ICE ARENA IMPROVEMENT FUND - Recreation Services Department**

<b>Revenues</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Grants	-	-	-	-	-
SACF, Transfer In/Out	1,600,000	(247,800)	-	-	-
Interest on Investments	7,935	1,237	-	-	-
<b>Totals</b>	<b>\$ 1,607,935</b>	<b>\$ (246,563)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures by Category</b>					
Ice Arena A Project	\$ 1,409,412	\$ 51,656	\$ -	\$ -	\$ -
Interfund Loan Repayment	-	-	-	-	-
<b>Totals</b>	<b>\$ 1,409,412</b>	<b>\$ 51,656</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Surplus (Deficiency) of Revenues over Expenditures	198,523	(298,219)	-	-	-
Reserve for Delayed Projects	-	-	-	-	-
<b>Beginning Fund Balance</b>	<b>99,696</b>	<b>298,219</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b>\$ 298,219</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Description of Services:**

The Ice Arena Improvement Fund was created in 2014 to finance the replacement of Rink A refrigeration system, rink floor, and dasher boards. The adopted 2015-19 Capital Improvements Program (CIP) originally scheduled the project in 2018 to meet federal law changes effective in 2020 that eliminated R22 refrigerant. Instead, the project has been advanced for construction in 2014 and 2015 with a transfer of proceeds from the city Special Assessment Construction Fund.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Avg monthly electricity demand (kW)	235	186	185	185

**Budget Comments/Issues:**

The Ice Arena project was completed in the fall of 2015, on time and under budget. The 2018-22 CIP anticipates payback of the cost to the Special Assessment Construction Fund over the five years from 2018 to 2021 from the Community Investment Fund (CIF), but will ultimately depend upon actual and future investment earnings of the CIF.

- In 2016, the first full year of operations using the new reconstructed refrigeration system, the facility realized savings of over \$133,000 below actual 2014 operating expenses. Staff also estimates that advance funding of the project saved more than \$250,000 in construction costs.
- Construction during the project resulted a one-time loss of around \$65,000 in revenue to the Ice Arena in 2015.

**GRAY'S BAY MARINA - Recreation Services Department**

<b>Revenues</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Slip Rental	\$ 112,050	\$ 113,120	\$ 113,100	\$ 114,800	\$ 113,600
Fuel Sales	129,648	123,404	115,000	135,000	118,000
Other Revenue	1,605	1,307	1,100	1,100	1,100
Investment Income	3,702	2,640	2,000	2,500	2,500
<b>Totals</b>	<b>\$ 247,005</b>	<b>\$ 240,471</b>	<b>\$ 231,200</b>	<b>\$ 253,400</b>	<b>\$ 235,200</b>
<b>Expenditures by Category</b>					
Personnel	\$ 47,811	\$ 37,409	\$ 53,500	\$ 42,900	\$ 49,500
Supplies	96,102	80,241	100,600	96,500	100,800
Other Services & Charges	36,956	45,732	38,400	52,400	51,900
Transfer Expenses	25,100	11,000	25,400	11,100	11,100
<b>Totals</b>	<b>\$ 205,969</b>	<b>\$ 174,382</b>	<b>\$ 217,900</b>	<b>\$ 202,900</b>	<b>\$ 213,300</b>
Surplus (Deficiency) of Revenues over Expenditures	\$ 41,036	\$ 66,089	\$ 13,300	\$ 50,500	\$ 21,900
Capital Outlay	\$ -	\$ 12,514	\$ -	\$ -	\$ -
<b>Number of Employees (FTEs)</b>	<b>0.20</b>	<b>0.20</b>	<b>0.20</b>	<b>0.20</b>	<b>0.20</b>

**Description of Services:**

Grays Bay Marina is managed by the Recreation Services Department and is open April 1-October 31, weather and ice-out dates permitting. The facility offers 29 boat slips that are leased to Minnetonka residents only. The site is staffed mid-April through October 31 and offers fuel, pump-out service, restrooms and public launch facilities. Lease fees and gas sales finance operation and maintenance of the facility. Through a joint powers agreement, the City is responsible for all capital outlay for City-owned amenities such as the service building and boat slip/service docks, with the DNR proving the funding for public areas of the park such as the public landing, boarding docks, and parking lot.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Gallons of gas sold on site	26,454	27,512	30,000	25,000
Days of operation	200	200	200	200
Slip lease rate	\$3,900	\$3,900	\$3,900	\$3,900
Operating expenses covered by revenue	120%	138%	125%	110%

**Budget Comments/Issues:**

*The 2018 budget for Grays Bay Marina provides current level services and a strong financial position for the fund.*

- Replacement security camera equipment was installed in 2016.
- 2016 gas sales were 13 percent higher than average.
- Thirty-five percent of the LMCD dues are funded through the marina operations budget and is shown as "Other Services & Charges," and the remainder is funded and paid by the Natural Resources Division of the Public Works Department.

**COMMUNITY DEVELOPMENT DIVISION - Community Development Department**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$ 1,354,655	\$ 1,344,113	\$ 1,462,200	\$ 1,463,200	\$ 1,535,700
Supplies	23,496	41,250	19,300	19,300	16,500
Other Services & Charges	194,550	217,526	205,200	216,600	226,200
Capital Outlay	2,034	630	-	-	-
<b>Totals</b>	<b>\$ 1,574,735</b>	<b>\$ 1,603,519</b>	<b>\$ 1,686,700</b>	<b>\$ 1,699,100</b>	<b>\$ 1,778,400</b>

<b>Method of Financing</b>					
General Fund	\$ 1,574,735	\$ 1,603,519	\$ 1,686,700	\$ 1,699,100	\$ 1,778,400

<b>Number of Employees (FTEs)</b>	12.50	13.10	13.10	13.10	13.25
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**Description of Services:**

The mission of the Community Development Department is to promote building safety through education and inspections, and to promote community vitality through housing, redevelopment, and transit. The department educates residents and businesses about code compliance and assists them in developing a safer, healthier community by sharing clear, timely information with residents and businesses. Community Development also provides housing and redevelopment services for the city, and coordinates certain transit services, including the Minnetonka Dial-A-Ride. Building inspections are provided to Deephaven, Woodland and Greenwood via a contract for services.

<b><u>Key Measures:</u></b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2017 Projected</b>
Permits issued	7,924	7,800	7,250	7,150
Building construction value	\$264 million	\$146 Million	\$207 million	\$206 Million
Residential building plan reviews	764	698	700	675
Agenda items prepared	247	258	300	300

**Budget Comments/Issues:**

*As projected, construction activity in 2018 continues to trend slightly lower than in previous years but still supports population growth and associated service orientated development. The 2018 budget for the department includes additional funding (\$22,000) to increase the hours for one permanent part-time technician to ensure timely customer service and response related to permitting.*

- A tight labor market for the specialized skills required of city permit inspectors continues to be a challenge for the department. Staff appropriately relies upon part-time and contracted employees for these services to meet customer needs during high need periods. As a result, customer wait time is improving.
- The number of permits issued is expected to be steady with a slight decrease in 2018.
- Interest in apartment development continues to be strong with larger structures and more amenities. Office and industrial remodels are also providing positive permit activity.
- With the implementation of our new electronic plan review system, the city is anticipating a much more streamlined plan review process, which should translate to reduced plan review time and more time available for field inspections.

**PLANNING DIVISION - Community Development Department**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$ 556,082	\$ 546,283	\$ 608,000	\$ 610,000	\$ 623,900
Supplies	6,734	2,911	3,800	3,800	3,800
Other Services & Charges	37,665	104,980	107,500	100,300	118,500
Capital Outlay	-	5,316	2,000	-	-
<b>Totals</b>	<b>\$ 600,481</b>	<b>\$ 659,490</b>	<b>\$ 721,300</b>	<b>\$ 714,100</b>	<b>\$ 746,200</b>

<b>Method of Financing</b>					
General Fund	\$ 600,481	\$ 659,490	\$ 721,300	\$ 714,100	\$ 746,200

<b>Number of Employees (FTEs)</b>	6.00	6.00	6.00	6.00	6.00
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**Description of Services:**

The mission of the Planning Division is to champion the values of the community by guiding development and protecting the environment. The division serves Minnetonka by providing a long-range plan for the city, reviewing new development applications to ensure that development standards are met, and providing information and assistance to residents, businesses, other city departments, and developers.

<b><u>Key Measures:</u></b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Planning applications received	116	133	90	95
Building permits reviewed	1,007	1,853	1,200	1,500
Grading permits issued	1	15	12	15
Sign permits issued	108	110	80	90
Public meetings	74	87	80	80

**Budget Comments/Issues:**

*The Planning Division is fully staffed and continues to experience a heavy work flow as a result of development requests. Funding for the Planning Division includes \$85,000 in 2018 for work on the city's long term 2040 Comprehensive Plan. This is the third and final year of this project budget, and any of the project funds not spent in one fiscal year is transferred to the Development Fund to ensure its completion.*

- The overall number of planning applications is expected to remain steady from 2018. At the same time, the complexity and scale of these applications continues to increase. Site plan applications associated with these require far more staff time than variance applications for home additions. Public outreach prior to construction, has also increased.
- Staff anticipates projects requiring more time and public interaction will be received in the coming years as redevelopment around Ridgedale continues and the Green Line Extension (SWLRT) is constructed.

**ASSESSING DIVISION - Finance Department**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$ 540,839	\$ 563,264	\$ 621,900	\$ 621,900	\$ 648,000
Supplies	4,411	2,354	4,500	2,900	4,000
Other Services & Charges	114,665	112,392	140,800	132,400	142,900
Capital Outlay	-	-	-	-	-
<b>Totals</b>	<b>\$ 659,915</b>	<b>\$ 678,010</b>	<b>\$ 767,200</b>	<b>\$ 757,200</b>	<b>\$ 794,900</b>

**Method of Financing**

General Fund	\$ 659,915	\$ 678,010	\$ 767,200	\$ 757,200	\$ 794,900
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<b>Number of Employees (FTEs)</b>	5.60	5.60	5.60	5.60	5.60
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**Description of Services:**

The mission of the Assessing Division is to establish accurate and equitable market values by recording property characteristics and conducting sales analyses of the approximately 20,600 parcels in the city, including real and personal property, residential, industrial, and tax exempt. After the division values parcels of real property in the city, as required by state law, it mails value notices to property owners in March. Property owners' concerns or appeals are addressed by staff and by the city council sitting as the Local Board of Appeal and Equalization in April. The council has local real estate professionals advise them when considering market value appeals, while staff works with commercial property owners regarding their petitions to State Tax Court. The division also administers the homestead classification, special assessments, and serves as the repository for current and historical property information within the city.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Total market values	\$8.39 billion	\$8.73 billion	\$9.14 billion	\$9.32 billion
Sales ratio (targets revised annually by county)	97.3%	95.7%	95.6%	96.5%
Coefficient of dispersion (Less than 10 is "good.")	6.4	7.5	6.6	7.0
Special assessment manual information requests	874	979	125	100
Survey rating "excellent" or "good" from on-site appraisal visits	97%	97%	100%	97%
Commercial tax court petitions (payable year)	110	85	68	80
Assessing repository electronically filed (cumul.)	80%	90%	100%	NA

**Budget Comments/Issues:**

*The 2018 budget for the Assessing Division generally supports current level services. Fluctuation in the real estate market can increase the workload of the division with required revaluation of properties due to new developments and other improvements.*

- Because the city experienced a precipitous rise in special assessment requests for information in 2015 and 2016, the division purchased the use of software to make special assessment information by parcel available to the public online. As a result, only a fraction of such needs now require staff time beginning 2017.
- Since restructuring and reducing full-time staffing numbers in the division during the recession, seasonal interns serve a critical role in managing the division's workload.
- Commercial property values have shown steady growth from 2015 through 2017, which is reflected in the declining number of tax court petitions. Upward movement of the commercial real estate market makes it less attractive for smaller properties to file appeals. Despite the reduced number of cases, the total value under appeal increased by 2.4 percent over the same period. Staff proactively seeks multiyear agreements that include the current year before taxes are levied.

**DEVELOPMENT FUND - Community Development Department**

<b>Revenues</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Interest Income	\$ 18,933	\$ 13,549	\$ 15,000	\$ 15,000	\$ 15,000
TIF-related Levy Proceeds	200,000	200,000	270,000	270,000	270,000
Other Grants	-	250,000	200,000	150,000	200,000
TIF Admin Revenue	127,697	107,584	127,000	127,000	130,000
Cedar Ridge Assessments	56,196	56,346	54,000	54,000	52,000
Miscellaneous Income	48,846	42,277	-	57,334	40,936
Transfers In	350,000	75,000	50,000	75,000	40,936
<b>Totals</b>	<b>\$ 801,672</b>	<b>\$ 744,756</b>	<b>\$ 716,000</b>	<b>\$ 748,334</b>	<b>\$ 748,872</b>
<b>Expenditures by Category</b>					
Redevelopment Projects	242,056	17,360	45,000	49,061	50,000
Transit Projects/Programs	-	-	-	-	-
Economic Development Programs	14,595	25,000	40,000	40,000	40,000
Transfer to SACF	197,266	197,266	197,300	197,300	197,300
Other	-	179,619	200,000	150,000	200,000
Transfer Out, Indirect Costs	59,400	60,600	61,200	61,200	62,000
<b>Totals</b>	<b>\$ 513,317</b>	<b>\$ 479,845</b>	<b>\$ 543,500</b>	<b>\$ 497,561</b>	<b>\$ 549,300</b>
Surplus (Deficiency) of Revenues over Expenditures	288,355	264,911	172,500	250,773	199,572
<i>Beginning Fund Balance</i>	<i>2,062,529</i>	<i>2,350,884</i>	<i>2,615,795</i>	<i>2,615,795</i>	<i>2,866,568</i>
<i>Ending Fund Balance</i>	<i>\$ 2,350,884</i>	<i>\$ 2,615,795</i>	<i>\$ 2,788,295</i>	<i>\$ 2,866,568</i>	<i>\$ 3,066,140</i>

**Number of Employees (FTEs)**

-

**Description of Services:**

The Development Fund was created with funds remaining after retiring the bonds of a single Tax Increment Finance (TIF) district in 1993. Under provisions of the TIF contract and law, the Development Fund may only be used for costs associated with Minnetonka's redevelopment and economic development activities. The city's Economic Development Authority initiates projects appropriate to these activities.

**Key Measures:**

	2015 <u>Actual</u>	2016 <u>Actual</u>	2017 <u>Estimated</u>	2018 <u>Projected</u>
Development/redevelopment projects in progress	7	0	10	10
Predevelopment contacts	2	0	2	10

**Budget Comments/Issues:**

The 2017 adopted budget authorized a temporary interfund loan of \$82,000 in 2016 for the early purchase of planning software for the Community Development Department. Initial payback of \$75,000 of this amount in 2017 is indicated above as a "transfer in" of \$50,000 from the Technology Fund per the adopted 2017 capital budget plus \$25,000 from the department's general fund operating budget. The remaining purchase price reimbursement is budgeted in the department's budget in 2018.

- 2018 revenue to the Development Fund includes additional dollars, which is a temporary funding stream of returned tax increment proceeds from Boulevard Gardens Tax Increment Finance (TIF) District. The annual amount has increased due to improved market values of the district and is scheduled to continue through the life of the district ending 2021.
- The 2018 budget does not include any additional funding for loan repayment to be paid to the Special Assessment Construction Fund for the Shady Oak Road / Oak Drive Lane project, because the plan includes selling the property in 2018 to fully repay the special assessment loan.
- 2016 revenue includes \$75,000 previously budgeted in the General Fund to be transferred into the Development Fund and reserved for costs of the city's 20-year Comprehensive Plan. An additional \$170,000 in costs for the project will be budgeted and spent out of the planning division's operating budget in 2017 and 2018, \$85,000 each year.
- In 2012, the city approved establishment of the Cedar Ridge Housing Improvement Area (HIA). Revenues to offset these costs that were incurred in 2012 and 2013 will be realized over time through special assessments to the property owners. Income for 2018 is expected to be approximately \$52,000.
- Funds budgeted for "Redevelopment Projects" are for pre-development activities as recommended by the Economic Development Advisory Commission (EDAC). In prior years, these costs were noted under "Other."
- Expenditures under Economic Development Programs are used to fund the Open to Business program, which is administered by a third-party contractor. Also included is the city's GreaterMSP membership costs.

**NOTE: The following budget will reflect the Minnetonka Economic Development Authority (EDA) final adopted Housing and Redevelopment Authority (HRA) tax levy. The HRA tax levy is not legally a statutory levy of the City of Minnetonka.**

**HOUSING & REDEVELOPMENT AUTHORITY FUND**

Revenues	2015 Actual	2016 Actual	2017 Budget	2017 Revised	2018 Budget
Ad Valorem Tax Levy	\$ 171,616	\$ 171,508	\$ 175,000	\$ 175,000	\$ 250,000
Investment Interest	\$ 3,347	\$ 3,380	\$ 2,000	\$ 2,000	\$ 3,000
<b>Totals</b>	<b>\$ 174,963</b>	<b>\$ 174,888</b>	<b>\$ 177,000</b>	<b>\$ 177,000</b>	<b>\$ 253,000</b>
<b>Expenditures by Category</b>					
WHAHLT (in Mtk Liv Commt Fd)	-	-	-	-	100,000
Village Center Master Planning	139,259	-	-	-	-
SWLRT	-	-	75,000	75,000	75,000
Housing Programs	-	51,888	100,000	39,000	75,000
<b>Totals</b>	<b>\$ 139,259</b>	<b>\$ 51,888</b>	<b>\$ 175,000</b>	<b>\$ 114,000</b>	<b>\$ 250,000</b>
Surplus (Deficiency) of Revenues over Expenditures	35,704	123,000	2,000	63,000	3,000
Reserve for Delayed Projects				425,167	
<i>Beginning Fund Balance</i>	<i>522,089</i>	<i>557,793</i>	<i>680,793</i>	<i>680,793</i>	<i>682,793</i>
<i>Ending Fund Balance</i>	<i>\$ 557,793</i>	<i>\$ 680,793</i>	<i>\$ 682,793</i>	<i>\$ 318,626</i>	<i>\$ 685,793</i>

**Description of Services:**

Minnesota Statutes 469.033, Subd. 6 authorizes housing and redevelopment authorities (HRAs) the power to levy a tax upon all property within its district to finance housing and redevelopment programs subject to the consent of the city council. In 1988 and amended in 1994 and 2010, the Minnetonka City Council established the Economic Development Authority (EDA) of the City of Minnetonka and transferred to the EDA the control, authority and operation of all projects and programs of the city's HRA. The law and council resolutions further require the EDA to file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city and all actions of the authority to be approved by the city council.

**Key Measures:**

	2015 Actual	2016 Actual	2017 Estimated	2018 Projected
Housing rehab loan issued <\$15,000	5	4	4	3
Average amount of rehab loan	\$13,398	\$14,991	\$15,000	\$15,000
Down payment assistance provided <\$10,000	1	5	4	3
Average amount of down payment loans	\$10,000	\$7,715	\$10,000	\$10,000

**Budget Comments/Issues:**

*The 2018 Housing and Redevelopment Authority (HRA) budget includes funding for the West Hennepin Affordable Land Trust (WHAHLT), supplemental funding for the city's two housing loan programs, and the city's second year of a ten-year payback for its commitment the Southwest Light Rail Transit project. The annual budget of the HRA Fund is reviewed by the Economic Development Advisory Committee (EDAC).*

- The city launched two housing improvement programs in June 2011, Minnetonka Home Enhancement (rehab) and Welcome to Minnetonka (down payment). Because the pace of actually making loans was slower than expected until 2014, the city did not supply new funding for the programs. The funds previously provided are expected to be exhausted in early 2016 and are reflected above in the Reserve for Delayed Projects. In 2016, the city experienced an uptick in interest in the Minnetonka Home Enhancement and Welcome to Minnetonka programs, and all funds were fully committed by fall of 2016. Additional dollars are included in the 2018 levy to fund the program in future years.

- Beginning in 2018, WHAHLT (Homes Within Reach), will be funded through the HRA Levy. HWR will receive \$100,000 in 2018 and 2019. In 2020, the HRA contribution will be reduced to \$25,000 annually to assist with property maintenance.

- In July of 2017, GHMC, will no longer process the city's loan programs. The Center for Energy and Environment now processes the loan applications for the Welcome to Minnetonka and Minnetonka Home Enhancement Programs. Community Reinvestment Fund (CRF) continues to service the loans for the city.

- Reserve for Delayed Projects includes funding for Housing programs, Business Outreach, SWLRT and marketing.

- Because HRA levies are specifically covered as separate levies under state law, proposed property tax notices and invoices to property owners identify the levy as a "special taxing district" separate from the city.



**MINNETONKA LIVABLE COMMUNITIES FUND - Community Development Department**

<b>Revenues</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Interest Income	3,151	937	1,000	1,000	1,000
Metropolitan Council Grants	65,000	21,500	150,000	110,000	100,000
Transfer In, from HRA Levy	-	-	-	-	100,000
<b>Totals</b>	<b>\$ 68,151</b>	<b>\$ 22,437</b>	<b>\$ 151,000</b>	<b>\$ 111,000</b>	<b>\$ 201,000</b>
<b>Expenditures by Category</b>					
Mtka Heights / Crown Ridge	26,821	9,000	-	-	-
WHAHLT/City Grant	241,770	331,354	100,000	134,000	100,000
WHAHLT/Met Council	-	-	-	110,000	100,000
Legal/Other	-	22,200	-	-	-
<b>Totals</b>	<b>\$ 268,591</b>	<b>\$ 362,554</b>	<b>\$ 100,000</b>	<b>\$ 244,000</b>	<b>\$ 200,000</b>
Surplus (Deficiency) of Revenues over Expenditures	(200,440)	(340,117)	51,000	(133,000)	1,000
<b>Beginning Fund Balance</b>	<b>955,156</b>	<b>754,716</b>	<b>414,599</b>	<b>414,599</b>	<b>(83,362)</b>
Reserve for prior obligations		-	-	364,961	
<b>Ending Fund Balance</b>	<b>\$ 754,716</b>	<b>\$ 414,599</b>	<b>\$ 465,599</b>	<b>\$ (83,362)</b>	<b>\$ (82,362)</b>

**Description of Services:**

The Livable Communities fund was created after receiving special legislation to develop an account from the revenues of a closed Tax Increment Finance (TIF) district. The legislation specifically restricts the use of these funds for affordable housing programs. Standards for affordability are consistent with the Metropolitan Council's income, rent and sales price limits. Uses of the fund are annually recommended by the city's Economic Development Advisory Commission (EDAC) and adopted by the city council herein.

**Key Measures:**

	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Total WHAHLT units in Minnetonka	55	56	57	58
Average sales price of WHAHLT unit	\$135,000	\$140,000	\$145,000	\$150,000
Percent of Met Council housing goals achieved	41%	50%	55%	59%
Median value of Minnetonka home	\$317,800	\$323,400	\$332,800	\$359,400
Change from previous year	6.9%	1.8%	2.9%	8.0%

**Budget Comments/Issues:**

Due to structural imbalance of the fund, the Livable Communities Fund balance is projected to decrease over time. In 2009, the city's Economic Development Authority (EDA) and the Minnetonka city council adopted a Housing & Redevelopment Authority (HRA) levy to potentially supplement this fund for the purposes of affordable housing.

- The city provides annual financial support to the West Hennepin Affordable Housing Land Trust (WHAHLT), or Homes Within Reach. The city generally provides around \$225,000 annually through 2016, and WHAHLT has two years to use each year's allotment. "Reserve for prior obligations" are the portion of the prior year WHAHLT allotment that may still be spent in the current fiscal year. After accounting for the final three years of commitment (\$675,000) per the adopted Economic Improvement Program (EIP), it is anticipated that balances will be exhausted in this fund in 2017. The negative ending balance in 2017 will be reconciled over the next two years relative to the lines of credit previously granted to WHAHLT.

- As outlined in the EIP, annual funding to Homes within Reach will be reduced to \$100,000 in 2017 and 2018. The balance of the final three-year commitment in this fund is \$250,000.

- \$364,000 in revenue and additional expenditures for WHAHLT from 2012 to 2018 are a pass-through grant from the Metropolitan Council, which the non-profit is using to fund scattered-site affordable housing.

- New Metropolitan Council housing goals began in 2011, making the percentage of achievement drop as noted above. The percentages are based on an allocation goal established by the Met Council, and the City of Minnetonka's goal is 246 affordable housing units to be provided between 2011 and 2020. In 2018, it is expected that 55% of this goal will be met.

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND - Community Development Dept.**

Revenues	2015 Actual	2016 Actual	2017 Budget	2017 Revised	2018 Budget
Federal Grant	\$ 244,088	\$ 128,359	\$ 160,000	\$ 157,386	\$ 98,900
Investment Income	867	415	800	400	600
Program Income	36,879	30,917	20,000	53,407	20,000
<b>Totals</b>	<b>\$ 281,834</b>	<b>\$ 159,691</b>	<b>\$ 180,800</b>	<b>\$ 211,193</b>	<b>\$ 119,500</b>
<b>Expenditures by Category</b>					
Housing Rehabilitation	\$ 295,164	\$ 125,687	\$ 120,000	\$ 122,205	\$ 65,500
Support Services	17,404	15,311	25,000	23,607	10,500
Administration	-	-	10,000	10,000	22,000
Fair Housing	1,570	1,000	2,000	1,574	900
<b>Totals</b>	<b>\$ 314,138</b>	<b>\$ 141,998</b>	<b>\$ 157,000</b>	<b>\$ 157,386</b>	<b>\$ 98,900</b>
Surplus (Deficiency) of Revenues over Expenditures	(32,304)	17,693	23,800	53,807	20,600
<b>Beginning Fund Balance</b>	<b>79,214</b>	<b>46,910</b>	<b>64,603</b>	<b>64,603</b>	<b>118,410</b>
<b>Ending Fund Balance</b>	<b>\$ 46,910</b>	<b>\$ 64,603</b>	<b>\$ 88,403</b>	<b>\$ 118,410</b>	<b>\$ 139,010</b>

**Description of Services:**

Since 1975, the Community Development Block Grant (CDBG) fund has accounted for revenues and expenditures made under the federal CDBG program. Minnetonka typically uses these funds for housing projects and programs (such as housing rehab, affordable housing, and supportive housing) and supportive services (such as senior chore programs, sliding fee day care assistance, and others). The CDBG grant revenues vary from year to year based on funding decisions made by the federal government. Because CDBG funding distribution and the federal fiscal year do not coincide with the city's fiscal year, expenditures and revenue figures may seem lower or higher than the allocation, which also affects the key measure comparison. A typical CDBG timeline is the award notification by the Federal government is provided in February, the funds become available in July of that year. This budget is prepared approximately one year ahead of the actual knowledge of funds received.

**Key Measures:**

	2015 Actual	2016 Actual	2017 Estimated	2018 Projected
Small projects rehab program (≤ \$5,000) completed	34	31	24	13
Avg. cost of emergency repair project (≤ \$5,000)	\$4,532	\$4,812	\$5,000	\$5,000

**Budget Comments/Issues:**

In 2017, the city participated in CDBG as an entitlement community, but in July of 2018, the city will switch to participate in Hennepin County's Urban County CDBG program. This change streamlines public service funding requests and assists the city with administration of the various programs. The city anticipates that this Federal fund will not continue for the long term.

- Housing Rehabilitation expenditures above include both the city's rehab and small project rehab programs.
- Program Income above is generated when there is an early repayment for a rehabilitation loan.
- Beginning 2009, the city receives from nonprofit organizations applications for CDBG program monies, which are reviewed and ranked for funding by the Minnetonka Economic Development Advisory Commission (EDAC). Preference is given to agencies that provide community-wide benefits, proportionately serve Minnetonka residents, have limited access to alternative funding, and provide cost-effective services. Based upon those criteria, the following amounts are included above for funding as indicated:

	2015	2016	2017	2018
Community Action Partnership of Suburban Hennepin (CAPSH)	\$ 4,400	\$ 2,425	\$ 2,409	switch to county
HOMELine	-	-	-	
Resource West	4,400	4,525	4,336	
Intercongregation Communities	9,000	7,970	7,708	
Senior Community Services (SCS) H.O.M.E.	5,500	5,270	5,300	
Treehouse	-	3,770	3,854	
<b>Total</b>	<b>\$ 23,300</b>	<b>\$ 23,960</b>	<b>\$ 23,607</b>	



**ADMINISTRATIVE SERVICES DEPARTMENT**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$ 1,061,905	\$ 1,152,786	\$ 1,323,600	\$ 1,323,600	\$ 1,470,000
Supplies	30,271	29,666	29,000	29,000	36,000
Other Services & Charges	194,796	191,577	330,200	302,200	331,100
Capital Outlay	-	-	-	-	-
<b>Totals</b>	<b>\$ 1,286,972</b>	<b>\$ 1,374,029</b>	<b>\$ 1,682,800</b>	<b>\$ 1,654,800</b>	<b>\$ 1,837,100</b>

<b>Method of Financing</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
General Fund	\$ 1,286,972	\$ 1,374,029	\$ 1,682,800	\$ 1,654,800	\$ 1,837,100

<b>Number of Employees (FTEs)</b>	9.55	9.95	10.95	10.95	11.95
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**Description of Services:**

The Administrative Services budget includes management of all day-to-day operations of the city, communications with the mayor and council members, overall administration of the city's policies and procedures, human resources management (including compensation and benefits), official city records, elections, information desk, city court (including its administration for the City of Excelsior) and some oversight of park and open space planning and development.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Registered voters	35,234	37,040	35,200	36,000
Absentee voters	578	11,673	800	9,000
Administrative Citation Hearings	6	4	8	6
Information desk phone calls	29,541	24,771	30,000	30,000
City positions - Reg FT, PT & POC*	326	330	335	325*
Employee retention rate	83%	91%	89%	85%

\* Refers to number of positions, not full-time equivalents (FTEs).

**Budget Comments/Issues:**

The 2018 budget includes a new entry level records technician to assist the city with public records retention, data practices requests and official record management. The budget also includes \$30,000 for the second phase of a compensation and classification project to update job descriptions to ensure compliance with employment laws enacted over the last ten years.

- The 2017 budget included an additional communications staff position to handle the increased demands in the Communications Division and for partial transition overlap in the Human Resources Division due to a planned retirement.
- The 2016 budget included an additional human resources position to handle additional administrative requirements, including ongoing turnover of full-time positions as well as mounting complexities in health care associated with the Affordable Care Act (ACA) and legal mandates. The 2015 budget also included an increase in annual costs in Other Services and Charges for implementing other fiscal and management impacts of the ACA.
- The additional FTE in 2016 was partially offset by moving the 0.5 FTE for the communications manager to be fully funded by the Cable Fund beginning 2016.
- The department's budget, for personnel services in particular, fluctuates with the occurrence of elections. In a year like 2018 with national and state elections, workload responsibilities and corresponding information desk calls increase, while costs are higher than a year like 2017 with local elections only.
- With the change to "no excuse" absentee voting for the 2016 election, the city experienced an unprecedented shift from voting on election day to more and more voters voting absentee prior to election day. Staff will continue to monitor this

**INFORMATION TECHNOLOGY DIVISION - Administrative Services Department**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Personnel	\$ 400,158	\$ 419,269	\$ 442,000	\$ 442,000	\$ 562,000
Supplies	1,459	1,886	1,400	1,700	1,500
Other Services & Charges	359,029	362,082	415,600	415,000	401,800
Capital Outlay	-	-	-	-	-
<b>Totals</b>	<b>\$ 760,646</b>	<b>\$ 783,237</b>	<b>\$ 859,000</b>	<b>\$ 858,700</b>	<b>\$ 965,300</b>

<b>Method of Financing</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
General Fund	\$ 760,646	\$ 783,237	\$ 859,000	\$ 858,700	\$ 965,300

<b>Number of Employees (FTEs)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>
	3.75	3.75	3.75	3.75	4.75

**Description of Services:**

The Information Technology Division provides internal consulting and end-user support for technology to all city departments. Specifically, the division is responsible for implementing and maintaining the network infrastructure, desktop and mobile support, telephone system, pagers, cell phones, office equipment and audio visual equipment at 18 city locations.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Help Desk requests	2,700	2,745	3,000	2,500
Hand held devices supported	173	175	196	254
Field & home remote connections	128	130	169	*328
Technology projects completed	30	31	40	50

\* Field & home remote connections now include all mobile devices (iPads, iPhones,& home remote)

**Budget Comments/Issues:**

The 2018 budget includes a new mid-level information technology staff person to handle the increased technology demands on the city, specifically in the police and fire functions.

- In 2017 a new mobile device policy was established for the city. The number of devices supported is projected to increase, while costs are projected to remain stable due to the city's adoption of BYOD (Bring Your Own Device) policy options.
- The number of remote connections and hand held devices continues to grow requiring additional support of an increasingly mobile workforce conducting business matters in the field, primarily in the police, fire, development inspections and public works areas.
- While the number of Help Desk requests is projected to remain stable, the complexity of tickets are increasing primarily as they relate to new projects or initiatives.
- In 2014 and 2015, "Other Services and Charges" increased due to costs of managed backup using storage hosted by LOGIS, which is the consortium-based provider of technology services for the city.

**TECHNOLOGY DEVELOPMENT FUND - Administrative Services Department**

<b>Revenues</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Ad Valorem Tax Levy	\$ 415,000	\$ 395,000	\$ 580,000	\$ 580,000	\$ 580,000
Investment Income, Other	945	(209)	500	200	200
<b>Totals</b>	<b>\$ 415,945</b>	<b>\$ 394,791</b>	<b>\$ 580,500</b>	<b>\$ 580,200</b>	<b>\$ 580,200</b>
<b>Expenditures by Category</b>					
Technology Purchases/Upgrades	\$ 378,792	\$ 304,071	\$ 307,700	\$ 307,700	\$ 362,100
Office Equipment	77,300	78,677	118,500	118,500	128,100
Public Safety Technology	-	-	-	-	-
Security Equipment	5,335	2,741	-	-	68,000
<b>Totals</b>	<b>\$ 461,427</b>	<b>\$ 385,489</b>	<b>\$ 426,200</b>	<b>\$ 426,200</b>	<b>\$ 558,200</b>
Surplus (Deficiency) of Revenues over (under) Expenditures	(45,482)	9,302	154,300	154,000	22,000
Reserve for Delayed Projects	-	-	-	66,400	-
<b>Beginning Fund Balance</b>	<b>128,515</b>	<b>83,033</b>	<b>92,335</b>	<b>92,335</b>	<b>179,935</b>
<b>Ending Available Fund Balance</b>	<b>\$ 83,033</b>	<b>\$ 92,335</b>	<b>\$ 246,635</b>	<b>\$ 179,935</b>	<b>\$ 201,935</b>

**Description of Services:**

The Technology Development fund provides for the purchase of replacement computers, local area and wide area network equipment, printers, peripheral devices, telecommunications improvements and software. It also provides for the purchase of new equipment and software that serves the city as a whole, including major office equipment such as copiers, postage machine, and security card access system enhancements.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
Number of servers	21	21	26	32
Number of desktop computers	187	197	221	234
Number of laptop computers	114	103	108	113
Number of iPads	49	49	72	82
Wireless access points	35	35	40	45

**Budget Comments/Issues:**

*The 2018 budget is consistent with 2017.*

- The 2017 budget reflects a tax levy increase of \$165,000 as adopted in the 2017-2021 Capital Improvement Program (CIP) to meet the ongoing technology needs of the city.
- Adoption of the 2016 budget amended the 2016 CIP to provide an additional \$50,000 for digital planning software to be used by the Planning Division. The remainder of the 2016 budget for the Technology Fund finances the city's regular technology replacement schedule as provided in the adopted CIP.
- In 2015, the migration to virtual servers was completed.
- In 2015, \$15,000 was funded for security equipment at Williston Tower and replacement of camera at Burwell House.
- Increases in the number of wireless access points provide better coverage and mobility for wireless devices of city customers/citizens, business partners and city employees.

**CABLE TELEVISION FUND - Administrative Services Department**

<b>Revenues</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Cable TV Franchise Fee	\$ 810,308	\$ 845,835	\$ 820,000	\$ 840,000	\$ 840,000
Public, Educational & Govt. Fee	101,769	101,232	102,000	102,000	101,000
Investment Income	20,058	13,252	10,000	16,000	20,000
Miscellaneous Income	7,746	7,393	7,500	7,500	7,500
<b>Totals</b>	<b>\$ 939,881</b>	<b>\$ 967,712</b>	<b>\$ 939,500</b>	<b>\$ 965,500</b>	<b>\$ 968,500</b>
<b>Expenditures by Category</b>					
Personnel	\$ 115,752	\$ 284,656	\$ 296,900	\$ 296,900	\$ 312,400
Supplies	3,448	2,721	3,500	3,500	3,500
Other Services & Charges	373,477	400,145	339,400	404,150	329,400
Capital Outlay	352,314	398,462	340,700	340,700	261,400
Transfer Expenses	30,600	31,200	31,500	31,500	31,500
<b>Totals</b>	<b>\$ 875,591</b>	<b>\$ 1,117,184</b>	<b>\$ 1,012,000</b>	<b>\$ 1,076,750</b>	<b>\$ 938,200</b>
Surplus (Deficiency) of Revenues over Expenditures	64,290	(149,472)	(72,500)	(111,250)	30,300
Reserve for Delayed Projects		-	-	551,900	
Dedicated Future Transition Reserve	1,017,184	976,750	838,200	838,200	869,200
<b>Beginning Fund Balance</b>	<b>2,545,285</b>	<b>2,609,575</b>	<b>2,460,103</b>	<b>2,460,103</b>	<b>1,796,953</b>
<b>Ending Available Fund Balance</b>	<b>\$ 1,592,391</b>	<b>\$ 1,483,353</b>	<b>\$ 1,549,403</b>	<b>\$ 958,753</b>	<b>\$ 958,053</b>
<b>Number of Employees (FTEs)</b>	<b>2.00</b>	<b>2.50</b>	<b>2.50</b>	<b>2.50</b>	<b>2.50</b>

**Description of Services:**

The Cable Television Fund was created in 1984 to enhance city communications both with the community and within the city's organization. It is primarily financed by franchise fees paid to the city by two cable companies in exchange for use of the city's rights-of-way. The fund finances numerous activities and events to inform and educate the public and city employees as well as to strengthen residents' sense of community, including broadcast of public meetings and special events; publication of the *Minnnetonka Memo* (circulation of 26,000); upkeep of the city's website and intranet; and hosting city events for residents such as Summer Festival, Burwell House Festival, Farmers' Market and City Open House. Fiber for the city's technology infrastructure is also budgeted in this fund.

<b>Key Measures:</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Estimated</b>	<b>2018 Projected</b>
% residents rating the <i>Memo</i> "excellent" or "good"	98%	98%	99%	98%
# of subscribers to email/text notification system	8,000	16,144	18,500	20,000
Average # of unique monthly website visits	27,627	28,882	31,000	34,000
Burwell House visitors (Excluding Ice Cream Social visitors)	910	711	750	750
Visitors - Open House & Summer Fest/Ice Cream Soc	7,500	6,700	7,600	8,600
Miles of fiber	19	19	24	25
IT supported broadcast events (city and private)	85	85	80	80

**Budget Comments/Issues:**

The 2018 budget supports some costs of updating the city's branding and graphics, including the development of citywide communication standards.

- In 2016, a second cable television provider, CenturyLink was approved for a non-exclusive franchise agreement. Although the company is a new provider in the city, the overall number of franchise subscribers in Minnetonka who pay the franchise fees are expected to remain consistent at around 14,600.
- In 2016, Capital Outlay includes \$70,000 for replacement costs associated with core network infrastructure, uninterruptible power supplies and virtual storage architecture and \$150,000 for security equipment. Operating costs include the *Imagine Minnetonka* strategic initiative. The 2015 Capital Outlay includes \$96,700 for the replacement of audio and presentation equipment in Council Chambers and improvements to the city's outdoor amphitheater.
- In March of 2016, the city combined its two mass email systems into one new and improved system that also provides an option for residents to receive text messages based on subscription preferences.
- In 2016, the Summer Festival event was shut down for 2 hours to prepare for an impending storm; this greatly affected attendance.
- "Reserve for delayed projects" includes previously approved CIP projects for fiber infrastructure, electronic records management, audio/visual equipment and security equipment.
- The dedicated future transition reserve equals twelve subsequent months of operating and ongoing capital costs.

## FINANCE DEPARTMENT

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Actual</b>	<b>2018 Budget</b>
Personnel	\$ 628,404	\$ 643,329	\$ 699,000	\$ 702,000	\$ 788,800
Supplies	4,439	4,112	5,800	4,900	4,900
Other Services & Charges	130,482	142,215	163,600	171,900	168,800
Capital & Other	3,807	3,679	4,400	4,000	4,500
<b>Totals</b>	<b>\$ 767,132</b>	<b>\$ 793,335</b>	<b>\$ 872,800</b>	<b>\$ 882,800</b>	<b>\$ 967,000</b>

**Method of Financing**

General Fund	\$ 767,132	\$ 793,335	\$ 872,800	\$ 882,800	\$ 967,000
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<b>Number of Employees (FTEs)</b>	6.0	6.0	6.0	6.0	7.0
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**Description of Services:**

The mission of the Finance Department is to protect and safely manage the assets of the city and to provide accurate, timely and complete financial information in an understandable and friendly manner to the public and staff. The department is responsible for the functions of preparation of budgets, payroll, utility billing, purchasing, investing city funds, debt, financial reporting, and managing as well as safeguarding other city assets as requested by city council and/or the city manager and in compliance with federal, state and local legal requirements. It assists other city departments in developing appropriate recommendations for fee schedules, fiscal analysis including examination of program costs and benefits, and other financial evaluations as needed.

<b>Key Measures:</b>	2015 <u>Actual</u>	2016 <u>Actual</u>	2017 <u>Estimated</u>	2018 <u>Projected</u>
Utility customer accounts	16,957	17,085	17,165	17,200
Utility customers using city online billing	12%	13%	14%	15%
Utility customers paying electronically	52%	55%	57%	59%
Average monthly vendor payments	615	608	620	625
Vendor payments paid electronically	12%	18%	19%	20%
Average payroll count (FT,PT,seasonals,firefighters)	525	551	555	555
Annual rate of return on investments	0.85%	0.49%	1.05%	1.25%
Moody's credit rating	Aaa	Aaa	Aaa	Aaa
GFOA Award for Excellence in Financial Reporting	Awarded	Awarded	Awarded	Awarded

**Budget Comments/Issues:**

The 2018 budget for the Finance Department includes funding for a new financial/budget analyst position to support financial planning, reporting and ongoing financial oversight of the city's increasingly complex capital program.

- The department continues to move towards greater efficiencies through electronic transactions. In 2016, the department began implementation of a software system for the city's internal, electronic check request process and invoice filing, and this new system required an additional \$3,500 annually budgeted under "Other Services & Charges" beginning 2016. The city offers online utility billing, and the number of customers choosing to receive bills and pay electronically continues to rise. In 2014, the city worked with LOGIS to negotiate a contract with a bank for system services to electronically pay vendors, the costs for which are budgeted under "Capital & Other" above beginning 2015.

- In 2015, the city began developing and enacting a plan for ensuring ongoing compliance with Payment Card Industry (PCI) Data Security Standards. Working with city IT staff and an outside vendor, the plan is requiring equipment, management and process changes and staff training that is impacting all programs in the city where credit cards are accepted as payment, both online and in-person. Costs for plan development, training and some equipment are reflected across affected city programs beginning in their 2016 budgets.

- The increase in the city's payroll count reflects greater numbers of hires, full-time, part-time and seasonal employees, including an increasing number of instructors at the Williston fitness center and summer seasonal employees.

- The full-time utility billing clerk is budgeted above and reimbursed to the General Fund by the Utility Fund. Another part-time staff member to assist with utility billing is funded directly by the Utility Fund.



**INSURANCE FUND - Administrative Services Department**

<b>Revenues</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Budget</b>	<b>2018 Budget</b>
Interfund Transfers In	\$ 747,835	\$ 716,000	\$ 673,100	\$ 673,100	\$ 673,100
Investment Income	6,114	7,856	2,000	12,000	14,000
Refunds and Dividends	86,395	94,604	-	-	-
<b>Totals</b>	<b>\$ 840,344</b>	<b>\$ 818,460</b>	<b>\$ 675,100</b>	<b>\$ 685,100</b>	<b>\$ 687,100</b>
<b>Expenditures by Category</b>					
Premiums	\$ 375,766	\$ 360,117	\$ 400,000	\$ 375,000	\$ 445,000
Settlements	184,800	124,609	150,000	150,000	150,000
Other Services & Charges	15,500	15,500	18,000	18,000	18,000
Capital Outlay	-	-	-	-	-
<b>Totals</b>	<b>\$ 576,066</b>	<b>\$ 500,226</b>	<b>\$ 568,000</b>	<b>\$ 543,000</b>	<b>\$ 613,000</b>
Surplus (Deficiency) of Revenues over Expenditures	264,278	318,234	107,100	142,100	74,100
<i>Beginning Fund Balance</i>	<i>1,263,698</i>	<i>1,527,976</i>	<i>1,846,210</i>	<i>1,846,210</i>	<i>1,988,310</i>
<b>Ending Fund Balance</b>	<b>\$ 1,527,976</b>	<b>\$ 1,846,210</b>	<b>\$ 1,953,310</b>	<b>\$ 1,988,310</b>	<b>\$ 2,062,410</b>

**Description of Services:**

The Insurance Fund was created in 1986 to ensure that the city retains viable and cost-effective insurance coverage. Other city funds are allocated appropriate portions of the premium costs on an annual basis and transferred into the fund. The fund supports the following: 1) premiums for the city's package policies (general liability, property, boiler, etc.), 2) fees for the city's agent of record, 3) settlements (deductibles) for general liability claims and workers' compensation, and 4) risk management, including some costs for safety training. It does not cover workers' compensation premiums, which are financed by each operating division under personnel costs.

**Key Measures:**

	2015 Actual	2016 Actual	2017 Estimated	2018 Projected
Liability rating (less than 1.0 is good)	1.30	1.15	1.25	1.00
Workers comp mod factor (less than 1.0 is good)	0.84	0.96	1.00	1.10

**Budget Comments/Issues:**

*The city's workers compensation experience rating as measured above by the "mod factor" has fluctuated over the last several years due to an aging work force as well as some significant claims "cycling out" of the city's three-year experience window, which also determines the city's insurance premium cost.*

- An appropriate fund balance in the Insurance fund should cover the city's maximum total liability under its policy coverage through the League of Minnesota Cities Insurance Trust (LMCIT) as well as a minimum of \$1 million towards any potentially awarded civil rights claim, which would be outside of state liability limitations. Revenues to the Insurance Fund are programmed through the budgets of contributing city divisions in order to maintain such a reserve over time.
- The workers comp mod factor relates to the frequency and severity of an employer's workers compensation claims over a three-year period, and it is used to calculate the premium. A mod factor of 1.00 is considered average for an employer's particular industry; the lower the mod factor, the better.
- The liability rating is calculated by using a formula that looks at the city's expected liability claim losses compared to the actual losses. Data is used over a three-year period, and it is used to calculate the premium. A liability rating of 1.00 means the city's actual losses equal the expected losses for a city of similar size and expenditures.

**CONTINGENCY BUDGET - Finance Department**

<b>Expenditures by Category</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 Revised</b>	<b>2018 Budget</b>
Contingency	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 50,000
<i>Total Contingency</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

**Description of Services:**

The city budgets a targeted amount for contingency in the event that unanticipated expenses arise during the fiscal year that require additional funding. If the monies are not required, they are returned to the fund balance of the General Fund.

**Budget Comments/Issues:**

*Over time, the amount budgeted for contingency has been revised up and down to reflect current conditions. The city has not required its use in recent history.*

**2018 BUDGET SUMMARY - All Funds  
by Service Program & Budget**

Service Program	Budgetary Unit	%	Budget				
			All Budgets	Gen'l Fund Operating	Enterprise Operating	Capital	Other
<b>Public Safety:</b>	Police Department		\$ 9,742,900	\$ 9,690,400	\$ -	\$ -	\$ 52,500
	Dispatch Division		-	-	-	-	-
	Fire Department		3,126,700	3,126,700	-	-	-
	Public Safety Fund		723,000	-	-	723,000	-
	Public Safety Facility		-	-	-	-	-
	Environmental Health Division		406,100	406,100	-	-	-
	Grants Special Revenue Fund		102,441	-	-	-	102,441
	Legal Department		827,400	827,400	-	-	-
	<i>Subtotal</i>	17.1%	<b>\$ 14,928,541</b>	<b>\$ 14,050,600</b>	<b>\$ -</b>	<b>\$ 723,000</b>	<b>\$ 154,941</b>
<b>Streets &amp; Utilities:</b>	Engineering Department		\$ 1,325,200	\$ 1,325,200	\$ -	\$ -	\$ -
	Street Improvement Fund		8,487,200	-	-	8,487,200	-
	MSA Fund		914,775	-	-	750,000	164,775
	Storm Water Fund		3,112,000	-	914,800	2,197,200	-
	Electric Franchise Fee Fund		2,500,000	-	-	2,500,000	-
	Street Maintenance Division		3,541,600	3,541,600	-	-	-
	Building Maintenance Division		1,292,500	1,292,500	-	-	-
	Fleet Maintenance Division		1,504,700	-	-	-	1,504,700
	Shady Oak Rd/Oak Dr		1,074,275	-	-	1,034,275	40,000
	Capital Replacement Fund*		3,355,700	-	-	3,355,700	-
	Water & Sewer Utility Fund		22,465,100	-	9,791,500	11,380,800	1,292,800
	<i>Subtotal</i>	56.7%	<b>\$ 49,573,050</b>	<b>\$ 6,159,300</b>	<b>\$ 10,706,300</b>	<b>\$ 29,705,175</b>	<b>\$ 3,002,275</b>
<b>Parks &amp; Environ:</b>	Parks & Trails Division		\$ 1,761,800	\$ 1,761,800	\$ -	\$ -	\$ -
	Natural Resources Division		1,371,800	1,371,800	-	-	-
	Forestry Fund		160,000	-	-	160,000	-
	Environmental Fund		979,800	-	979,800	-	-
	Park & Trail Improvement Fund		856,800	-	-	856,800	-
	Community Investment Fund		500,000	-	-	500,000	-
	<i>Subtotal</i>	6.4%	<b>\$ 5,630,200</b>	<b>\$ 3,133,600</b>	<b>\$ 979,800</b>	<b>\$ 1,516,800</b>	<b>\$ -</b>
<b>Recreation:</b>	Joint Recreation		\$ 1,551,950	\$ 1,551,950	\$ -	\$ -	\$ -
	Minnetonka Recreation		766,400	766,400	-	-	-
	Senior Services		383,000	383,000	-	-	-
	Community Center		522,700	522,700	-	-	-
	Williston Center		2,523,800	-	2,114,300	409,500	-
	Ice Arena		893,600	-	893,600	-	-
	Gray's Bay Marina		202,200	-	202,200	-	-
	<i>Subtotal</i>	7.8%	<b>\$ 6,843,650</b>	<b>\$ 3,224,050</b>	<b>\$ 3,210,100</b>	<b>\$ 409,500</b>	<b>\$ -</b>
<b>Development:</b>	Community Devpt Division		\$ 1,778,400	\$ 1,778,400	\$ -	\$ -	\$ -
	Planning Division		746,200	746,200	-	-	-
	Assessing Division		794,900	794,900	-	-	-
	Development Fund		487,300	-	-	-	487,300
	HRA Fund		250,000	-	-	-	250,000
	Livable Communities Fund		200,000	-	-	-	200,000
	CDBG Fund		98,900	-	-	-	98,900
	<i>Subtotal</i>	5.0%	<b>\$ 4,355,700</b>	<b>\$ 3,319,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,036,200</b>
<b>General Gov't:</b>	Mayor & City Council		\$ 260,500	\$ 260,500	\$ -	\$ -	\$ -
	General Administration		1,837,100	1,837,100	-	-	-
	Information Tech Division		965,300	965,300	-	-	-
	Technology Fund		558,200	-	-	558,200	-
	Cable Fund		906,700	-	-	261,400	645,300
	Finance Department		967,000	967,000	-	-	-
	Insurance Fund		613,000	-	-	-	613,000
	Contingency		50,000	50,000	-	-	-
	<i>Subtotal</i>	7.0%	<b>\$ 6,157,800</b>	<b>\$ 4,079,900</b>	<b>\$ -</b>	<b>\$ 819,600</b>	<b>\$ 1,258,300</b>
<b>TOTALS</b>		<b>100.0%</b>	<b>\$ 87,488,941</b>	<b>\$ 33,966,950</b>	<b>\$ 14,896,200</b>	<b>\$ 33,174,075</b>	<b>\$ 5,451,716</b>

\* Capital Replacement Fund budget is allocated to only "Streets & Utilities" in this table, but is split by actual service program under the Summary tab of book.

**2017 REVISED BUDGET SUMMARY - All Funds**  
**by Service Program & Budget**

Service Program	Budgetary Unit	%	Budget				
			All Budgets	Gen'l Fund Operating	Enterprise Operating	Capital	Other
<b>Public Safety:</b>	Police Department		\$ 9,128,800	\$ 9,023,700	\$ -	\$ -	\$ 105,100
	Dispatch Division		1,014,100	1,014,100	-	-	-
	Fire Department		2,969,500	2,969,500	-	-	-
	Public Safety Fund		964,100	-	-	964,100	-
	Public Safety Facility		1,531,000	-	-	1,531,000	-
	Environmental Health Division		400,300	400,300	-	-	-
	Grants Special Revenue Fund		328,000	-	-	-	328,000
	Legal Department		804,800	804,800	-	-	-
	<i>Subtotal</i>	<i>21.3%</i>	<i>\$ 17,140,600</i>	<i>\$ 14,212,400</i>	<i>\$ -</i>	<i>\$ 2,495,100</i>	<i>\$ 433,100</i>
<b>Streets &amp; Utilities:</b>	Engineering Department		\$ 1,238,800	\$ 1,238,800	\$ -	\$ -	\$ -
	Street Improvement Fund		7,151,200	-	-	7,151,200	-
	MSA Fund		2,669,463	-	-	2,500,000	169,463
	Storm Water Fund		2,176,724	-	887,700	1,289,024	-
	Electric Franchise Fee Fund		2,290,000	-	-	2,290,000	-
	Street Maintenance Division		3,604,800	3,604,800	-	-	-
	Building Maintenance Division		1,284,100	1,284,100	-	-	-
	Fleet Maintenance Division		1,487,500	-	-	-	1,487,500
	Shady Oak Rd/Oak Dr		108,000	-	-	50,000	58,000
	Capital Replacement Fund*		1,942,800	-	-	1,942,800	-
	Water & Sewer Utility Fund		18,253,000	-	9,426,200	8,158,000	668,800
	<i>Subtotal</i>	<i>52.5%</i>	<i>\$ 42,206,387</i>	<i>\$ 6,127,700</i>	<i>\$ 10,313,900</i>	<i>\$ 23,381,024</i>	<i>\$ 2,383,763</i>
<b>Parks &amp; Environ:</b>	Parks & Trails Division		\$ 1,740,300	\$ 1,740,300	\$ -	\$ -	\$ -
	Natural Resources Division		1,346,700	1,346,700	-	-	-
	Forestry Fund		30,000	-	-	30,000	-
	Environmental Fund		968,000	-	968,000	-	-
	Park & Trail Improvement Fund		728,500	-	-	728,500	-
	Community Investment Fund		150,000	-	-	150,000	-
	<i>Subtotal</i>	<i>6.2%</i>	<i>\$ 4,963,500</i>	<i>\$ 3,087,000</i>	<i>\$ 968,000</i>	<i>\$ 908,500</i>	<i>\$ -</i>
<b>Recreation:</b>	Joint Recreation		\$ 1,402,300	\$ 1,402,300	\$ -	\$ -	\$ -
	Minnetonka Recreation		618,300	618,300	-	-	-
	Senior Services		412,200	412,200	-	-	-
	Community Center		530,300	530,300	-	-	-
	Williston Center		2,305,500	-	2,071,000	234,500	-
	Ice Arena		843,300	-	843,300	-	-
	Gray's Bay Marina		191,800	-	191,800	-	-
	<i>Subtotal</i>	<i>7.8%</i>	<i>\$ 6,303,700</i>	<i>\$ 2,963,100</i>	<i>\$ 3,106,100</i>	<i>\$ 234,500</i>	<i>\$ -</i>
<b>Development:</b>	Community Devpt Division		\$ 1,699,100	\$ 1,699,100	\$ -	\$ -	\$ -
	Planning Division		714,100	714,100	-	-	-
	Assessing Division		757,200	757,200	-	-	-
	Development Fund		436,361	-	-	-	436,361
	HRA Fund		114,000	-	-	-	114,000
	Livable Communities Fund		244,000	-	-	-	244,000
	CDBG Fund		157,386	-	-	-	157,386
	<i>Subtotal</i>	<i>5.1%</i>	<i>\$ 4,122,147</i>	<i>\$ 3,170,400</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ 951,747</i>
<b>General Gov't:</b>	Mayor & City Council		\$ 242,700	\$ 242,700	\$ -	\$ -	\$ -
	General Administration		1,654,800	1,654,800	-	-	-
	Information Tech Division		858,700	858,700	-	-	-
	Technology Fund		426,200	-	-	426,200	-
	Cable Fund		1,045,250	-	-	340,700	704,550
	Finance Department		882,800	882,800	-	-	-
	Insurance Fund		543,000	-	-	-	543,000
	Contingency		50,000	50,000	-	-	-
	<i>Subtotal</i>	<i>7.1%</i>	<i>\$ 5,703,450</i>	<i>\$ 3,689,000</i>	<i>\$ -</i>	<i>\$ 766,900</i>	<i>\$ 1,247,550</i>
<b>TOTALS</b>		<b>100.0%</b>	<b>\$ 80,439,784</b>	<b>\$ 33,249,600</b>	<b>\$ 14,388,000</b>	<b>\$ 27,786,024</b>	<b>\$ 5,016,160</b>

\* Capital Replacement Fund budget is allocated to only "Streets & Utilities" in this table, but is split by actual service program under the Summary tab of book.

## STAFFING LEVELS - 2017 & 2018

Full-Time Equivalents (FTEs)

<i>Service Category</i>	<i>Budgetary Unit</i>	<i>2016 Revised Budget</i>	<i>2017 Budget</i>	<i>2017 Revised Budget</i>	<i>2018 Budget</i>	<i>%</i>
<b>Public Safety:</b>	Police Department	67.45	67.45	67.45	69.93	
	Dispatch	9.00	9.00	9.00	-	
	Fire Department*	6.50	8.00	8.00	8.00	
	Environmental Health Division	3.50	3.50	3.50	3.50	
	Legal Department	6.00	6.00	6.00	6.00	
	<i>Subtotal</i>	<u>92.45</u>	<u>93.95</u>	<u>93.95</u>	<u>87.43</u>	<u>35.7%</u>
<b>Streets &amp; Utilities:</b>	Engineering Department	9.25	9.50	9.50	9.50	
	Storm Water Fund	0.50	0.50	1.50	1.50	
	Street Maintenance Division	21.10	21.10	21.10	21.10	
	Building Maintenance Division	8.38	8.38	8.38	8.38	
	Fleet Maintenance Division	4.38	4.38	4.38	4.38	
	Water & Sewer Utility Fund	18.40	18.40	18.40	18.40	
	<i>Subtotal</i>	<u>62.01</u>	<u>62.26</u>	<u>63.26</u>	<u>63.26</u>	<u>25.8%</u>
<b>Parks &amp; Environ:</b>	Parks & Trails Division	10.08	10.08	10.08	10.08	
	Natural Resources Division	6.48	6.48	6.48	7.18	
	Environmental Fund	0.48	0.48	0.48	0.48	
	<i>Subtotal</i>	<u>17.04</u>	<u>17.04</u>	<u>17.04</u>	<u>17.74</u>	<u>7.2%</u>
<b>Recreation:</b>	Joint Recreation	6.35	6.35	6.85	6.85	
	Minnetonka Recreation	0.75	0.75	0.75	2.00	
	Senior Services	2.50	2.50	2.50	2.40	
	Community Center	3.37	3.37	3.37	3.22	
	Williston Center	7.45	8.45	7.45	7.45	
	Ice Arena	3.00	3.00	3.50	3.50	
	Gray's Bay Marina	0.20	0.20	0.20	0.20	
	<i>Subtotal</i>	<u>23.62</u>	<u>24.62</u>	<u>24.62</u>	<u>25.62</u>	<u>10.5%</u>
<b>Development:</b>	Community Devpt Division	13.10	13.10	13.10	13.25	
	Planning Division	6.00	6.00	6.00	6.00	
	Assessing Division	5.60	5.60	5.60	5.60	
	<i>Subtotal</i>	<u>24.70</u>	<u>24.70</u>	<u>24.70</u>	<u>24.85</u>	<u>10.1%</u>
<b>General Gov't:</b>	Mayor & City Council**	7.00	7.00	7.00	7.00	
	General Administration	9.95	10.95	10.95	11.95	
	Information Tech Division	3.75	3.75	3.75	4.75	
	Cable Fund	2.50	2.50	2.50	2.50	
	Finance Department	6.00	6.00	6.00	7.00	
	<i>Subtotal **</i>	<u>22.20</u>	<u>23.20</u>	<u>23.20</u>	<u>26.20</u>	<u>10.7%</u>
<b>TOTALS **</b>		<u><b>242.02</b></u>	<u><b>245.77</b></u>	<u><b>246.77</b></u>	<u><b>245.10</b></u>	<u><b>100.0%</b></u>

\* Excludes paid-on-call firefighters.

\*\* Mayor and council members are excluded from FTE totals.

City of Minnetonka, Minnesota  
2018 Budget  
BONDED INDEBTEDNESS

	G.O. Revenue Bonds			G.O. Bonds				G.O. State-Aid	TOTAL All Bonds
	Utility Refunding 2012	Utility 2016A	Utility (portion) 2016B	Park Referendum 2008**	Park Ref Refunding 2010**	Park Ref Refunding 2012	Park Ref (portion) 2016B	Street Bonds 2008	
Original Amount	\$ 1,915,000	\$ 10,000,000	\$ 7,560,000	\$ 2,490,000	\$ 2,620,000	\$ 2,500,000	\$ 2,440,000	\$ 2,215,000	\$ 31,740,000
Outstanding 12/31/2017									
Principal	845,000	10,000,000	7,560,000	1,410,000	410,000	1,115,000	2,440,000	1,070,000	24,850,000
Interest	41,670	2,365,148	1,552,000	101,688	6,150	33,650	253,600	157,509	4,511,414
Total	\$ 886,670	\$ 12,365,148	\$ 9,112,000	\$ 1,511,688	\$ 416,150	\$ 1,148,650	\$ 2,693,600	\$ 1,227,509	\$ 29,361,414
Amounts Due in 2018									
Principal	275,000	335,000	265,000	150,000	410,000	365,000	210,000	125,000	2,135,000
Interest	14,150	202,808	149,260	51,663	6,150	18,650	46,700	39,775	529,155
Total	\$ 289,150	\$ 537,808	\$ 414,260	\$ 201,663	\$ 416,150	\$ 383,650	\$ 256,700	\$ 164,775	\$ 2,664,155
To be paid from:									
Property Taxes*	-	-	-	702,293	-	409,500	288,330	-	1,400,123
State Aid (MSA)	-	-	-	-	-	-	-	164,775	164,775
Utility Fund	289,150	537,808	414,260	-	-	-	-	-	1,241,218
Total	\$ 289,150	\$ 537,808	\$ 414,260	\$ 702,293	\$ -	\$ 409,500	\$ 288,330	\$ 164,775	\$ 2,806,115
Final Payment Year	2020	2036	2036	2020	2018	2020	2027	2024	

\* Amounts are Pay 2018 market value tax levies required to cash flow late 2018 and early 2019 debt service payments.

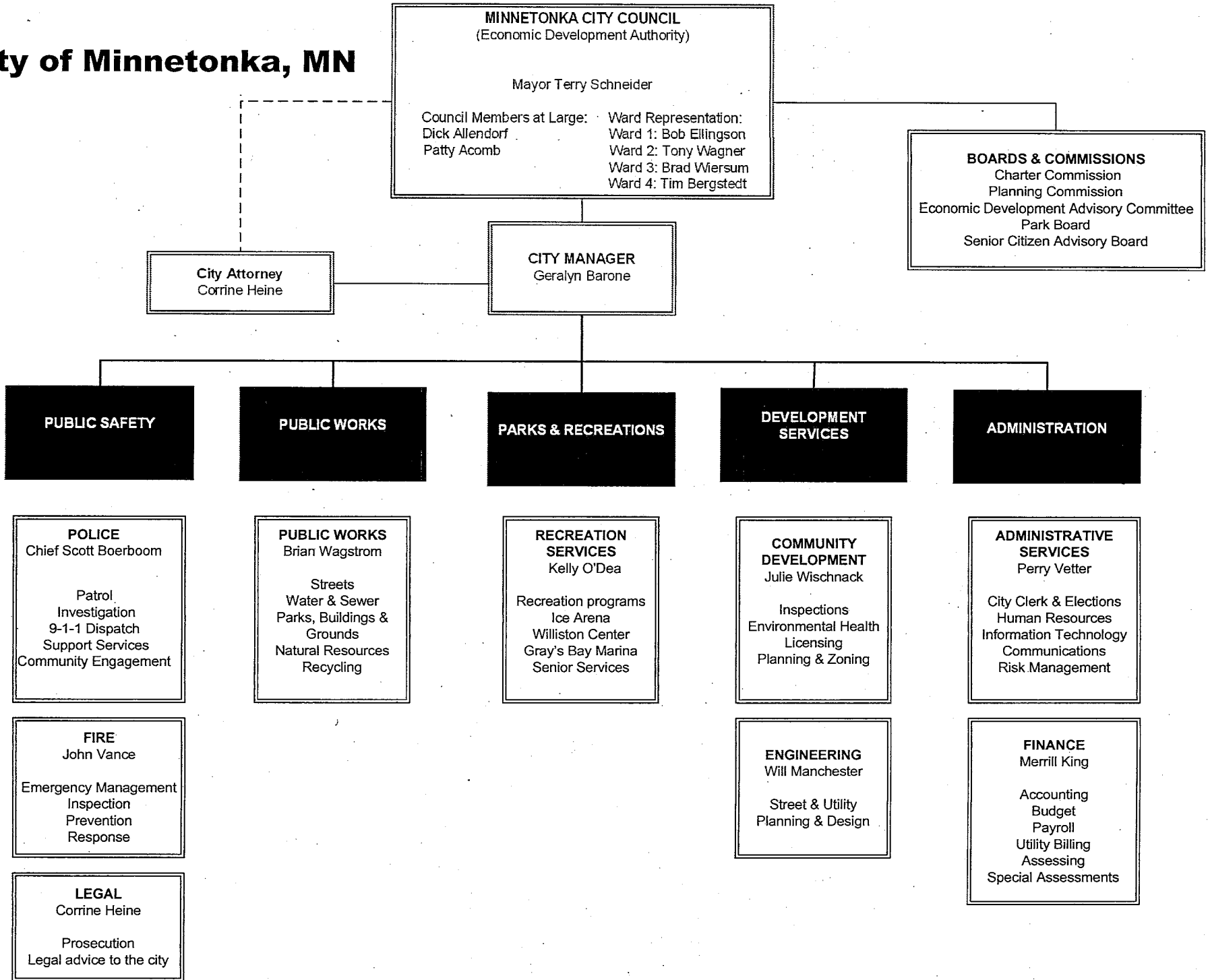
\*\* 2008 Park Referendum debt service increases by almost \$400,000/year for its last two years after 2010 Park Refunding debt has been paid off in 2018.

## CITY OF MINNETONKA

**2018 Budget Calendar**2017

February 1	Capital Improvement Program (CIP) forms sent to departments.
February 28	Departments submit capital requests to city manager.
Weeks of March 20 & 27	City manager meets with department leadership to discuss CIP requests.
April 17	City council study session on 2018-22 CIP and 2018-22 Economic Investment Program (EIP).
May 15	City council study session on Strategic Profile performance, citizen survey results and new goals.
June 5	Budget work papers are made available to departments.
June 12	City Council adopts 2018-22 CIP and 2018-22 EIP.
Weeks of July 3 & 10	City manager meets with departments to discuss 2017-18 department merit indicators, big budget issues, and key measures, including identified relationships to the city's Strategic Profile.
July 26	Forecasts completed for compensation and benefits, internal service fund allocations, utility costs, technology contract costs, fee and other revenue. Departments submit revised indicators, key measures and issues.
August 16	Budget memo sent to city council.
August 21	First city council budget study session.
September 25	City council adopts preliminary levies and announces public budget hearing date.
September 26	Budget instructions and targets provided to departments.
October 20	Departments submit detailed budget requests.
November 13-24	Hennepin County sends parcel specific proposed tax estimates to taxpayers.
November 15	City manager sends proposed 2018 budget and revised 2017 budget to city council members.
November 20	Second city council budget study session.
December 4	City council holds public budget hearing and adopts final 2018 budget, 2018 tax levies and revised 2017 budget.
December 18	Alternate date for council adoption of budgets and levies, should changes be required after December 4 council meeting.
December 27	Final 2018 levies certified to Hennepin County.

# City of Minnetonka, MN





### Relevant Financial Policies

City of Minnetonka budgets are adopted on a basis consistent with Generally Accepted Accounting Principles. Annual appropriated budgets are prepared and legally adopted for the General and special revenue funds on a modified cash basis, and government capital funds are appropriated by the council's formal adoption of its five-year Capital Improvement Program (CIP). The city council also adopts a five- and ten-year Economic Improvement Program (EIP). The first years of the rolling five-year CIP and EIP plans are reflected in the annual budget. The city's basis of budgeting is generally consistent with its basis for accounting as reported in its Comprehensive Annual Financial Report.

General Fund and special revenue fund expenditures may not legally exceed budgeted appropriations at the total fund level without city council approval. Budgetary control for capital funds is accomplished through the use of project controls, which are amended by council action of a super majority throughout the year as well as within the budget document on a project-by-project basis. The city council may authorize transfer of budgeted amounts between funds.

Monitoring of budgets is maintained at the expenditure category level (i.e., personnel, supplies and other services and charges, capital outlay) within each activity. Budgetary monitoring, by departments or divisions and by category, is required by the City Charter. Management may alter the budget within a fund but cannot exceed the total budgeted expenditures for the fund that was approved by the city council.

The city's policy regarding General Fund fund balances meets the Government Accounting Standard Board's (GASB's) rules to maintain a prudent level of financial resources to protect itself against temporary revenue shortfalls or unpredicted one-time expenses or mandates. The policy provides that balances are committed to reserve funding for liabilities associated with compensated absences of employees and may be assigned for special purposes. Additionally, the policy requires a balance to serve as a *budget stabilization reserve*, which is equal to 30 to 50 percent of the following year's operating budget. Balances otherwise available above that reserve and above 40 percent of the following year's operating budget may be appropriated by the city council only for one-time costs that have no ongoing financial commitments.

The city council also has a council-adopted policy that establishes goals for cash fund balances in the city's water and sanitary sewer enterprise fund. The policy sets a minimum cash balance in the fund as an operating reserve in an amount equal to six months of operating expenses, plus annual debt service. The policy sets another reserve for capital with a targeted goal of ten percent of the accumulated depreciation of the water and sewer systems combined, but it allows that the reserve may be greater or less depending upon the projected needs for the replacement or upgrades of major components as provided in the adopted CIP. Furthermore, it requires regular staff analysis of the fund, including recommending to the city council rate changes and the issuance of debt with the goal of meeting the established targets.

The city also has an established written capital improvement policy that prioritizes funding and requires fund balance guidelines for each capital fund. Projects are ranked: first, those that are related to public health and safety and legal mandates; second, those that help maintain or make existing systems more efficient; and third, those that expand existing system, provide new services, or are for general community betterment. The policy further provides that fund balance guidelines be established to reflect subsequent-year budget needs, annual cash flow requirements, replacement reserves and potential contingencies. The guidelines are to be used to responsibly manage balances over the five-year planning horizon.