



2020

BUDGET

Adopted Dec. 2, 2019





CITY OF
MINNETONKA

2020 Budget

Minnetonka, Minnesota

Adopted December 2, 2019

City Council:

Brad Wiersum, Mayor
Deb Calvert, Councilmember At Large
Susan Carter, Councilmember At Large
Bob Ellingson, Councilmember Ward 1
Rebecca Schack, Councilmember Ward 2
Mike Happe, Councilmember Ward 3
Tim Bergstedt, Councilmember Ward 4

Staff:

Geralyn Barone, City Manager
Mike Funk, Assistant City Manager
Darin Nelson, Finance Director/Treasurer
Scott Boerboom, Chief of Police
Corrine Heine, City Attorney
Will Manchester, Public Works Director
Kelly O'Dea, Recreation Services Director
John Vance, Fire Chief
Julie Wischnack, Community
Development Director

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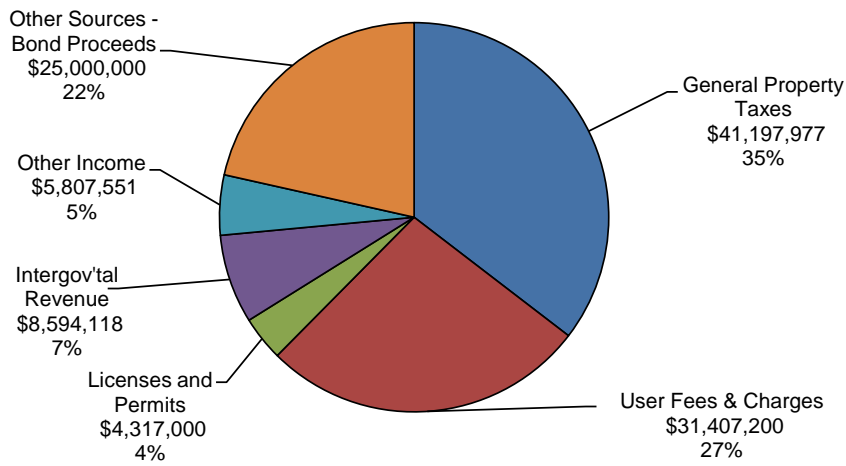
CONSOLIDATED BUDGETS SUMMARY - ALL FUNDS

	<u>2019 Revised</u>	<u>2020 Budget</u>
<u>Revenue</u>		
General Property Taxes	\$ 38,630,355	\$ 41,197,977
User Fees & Charges	33,663,300	31,407,200
Licenses and Permits	4,441,300	4,317,000
Intergovernmental Revenue	5,822,281	8,594,118
Other Income	3,719,142	5,807,551
Other Sources - Bond Proceeds	-	25,000,000
Total Revenue	<u>\$ 86,276,378</u>	<u>\$ 116,323,846</u>
 <u>Expenditures</u>		
By Program:		
Public Safety	\$ 16,301,763	\$ 45,796,063
Streets & Utilities	52,379,926	42,562,609
Parks & Environment	8,801,600	7,924,500
Recreation	7,145,650	7,559,200
Development	4,990,251	7,370,400
General Government	6,910,000	6,867,700
Total Expenditures by Program	<u>\$ 96,529,190</u>	<u>\$ 118,080,472</u>
 By Category:		
Personnel	\$ 32,526,700	\$ 35,427,900
Supplies	3,616,900	3,719,900
Services & Charges	19,617,665	22,527,200
Capital Outlay	39,114,600	54,581,463
Debt Service	1,653,325	1,824,009
Total Expenditures by Category	<u>\$ 96,529,190</u>	<u>\$ 118,080,472</u>

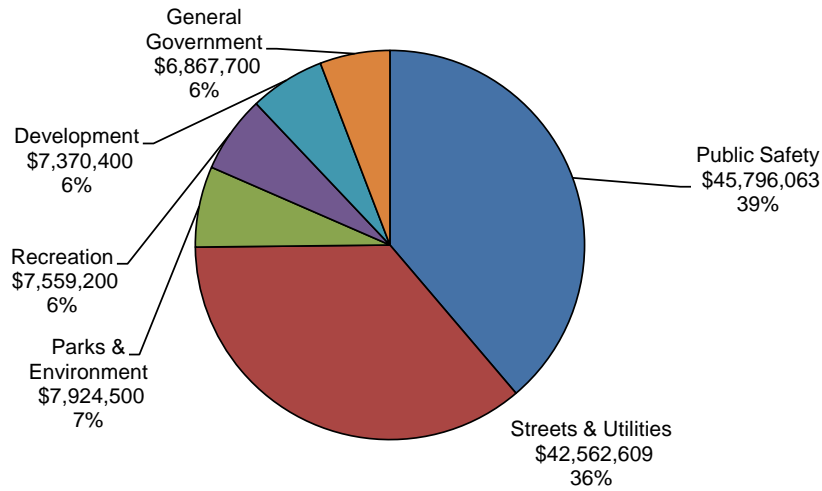
Note: Internal service fund budgets are accounted for twice in this summary to better reflect costs by program and category. They appear once from the internal service fund and once from the respective fund incurring the charge for service.

2020 CONSOLIDATED BUDGETS - ALL FUNDS

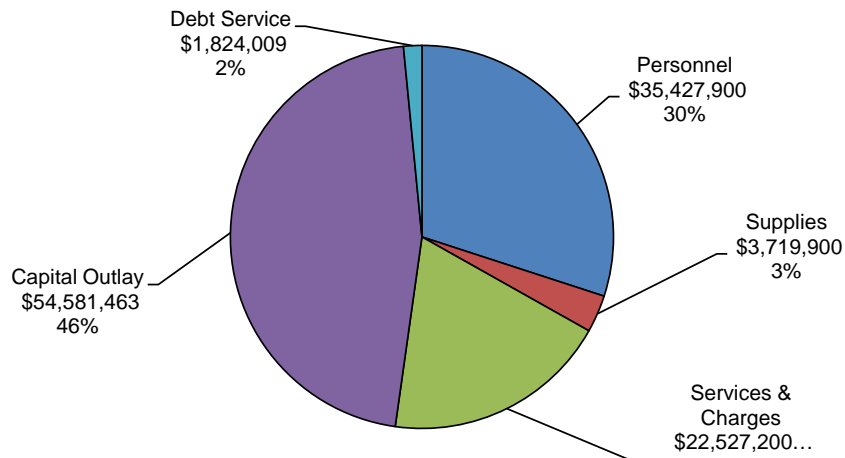
Revenue



Expenditures by Program



Expenditures by Category



GENERAL FUND REVENUES & EXPENDITURES

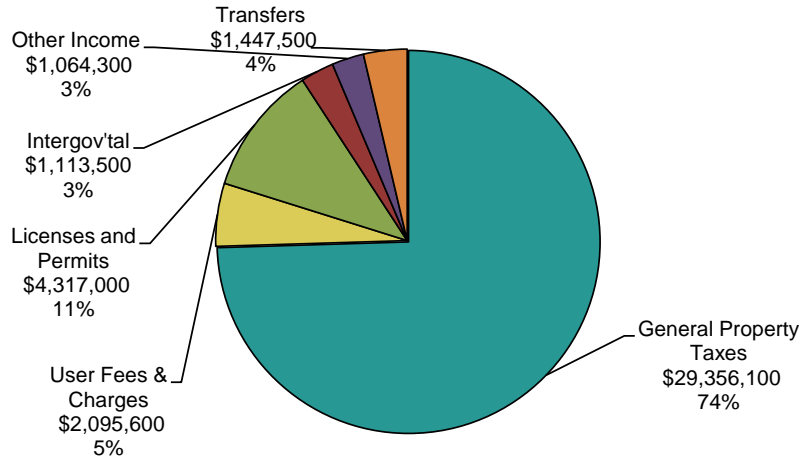
	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Revenues					
General Property Taxes	\$ 24,005,382	\$ 25,206,803	\$ 26,123,176	\$ 26,123,100	\$ 29,356,100
Licenses & Permits	4,040,273	4,783,117	4,441,300	4,441,300	4,317,000
Intergovernmental Revenue	1,152,101	1,112,186	1,040,200	1,055,200	1,113,500
Transfers	1,353,400	1,374,400	1,437,400	1,437,400	1,447,500
User Fees & Charges	1,933,988	2,152,214	2,069,000	2,069,000	2,095,600
Other Income	1,017,486	1,325,041	971,124	1,221,100	1,064,300
Total Revenues	\$ 33,502,630	\$ 35,953,761	\$ 36,082,200	\$ 36,347,100	\$ 39,394,000
Expenditures					
Police	\$ 8,975,947	\$ 9,563,012	\$ 10,322,700	\$ 10,337,700	\$ 11,196,000
Dispatch	950,923	-	-	-	-
Fire	2,815,941	3,003,125	3,575,500	3,575,500	4,074,400
Environmental Health	392,659	406,252	424,400	424,400	502,000
Legal	762,534	769,751	876,800	852,500	938,900
<i>Subtotal, Public Safety</i>	<i>\$ 13,898,004</i>	<i>\$ 13,742,140</i>	<i>\$ 15,199,400</i>	<i>\$ 15,190,100</i>	<i>\$ 16,711,300</i>
Engineering	1,239,515	1,293,638	1,358,200	1,358,200	1,425,600
Street Maintenance	3,369,206	3,452,557	3,677,000	3,677,000	3,838,800
Building Maintenance	1,211,805	1,200,981	1,325,000	1,325,000	1,382,500
<i>Subtotal, Streets & Utilities</i>	<i>\$ 5,820,526</i>	<i>\$ 5,947,176</i>	<i>\$ 6,360,200</i>	<i>\$ 6,360,200</i>	<i>\$ 6,646,900</i>
Parks & Trails	1,519,490	1,650,555	1,816,400	1,816,400	1,948,400
Natural Resources	1,084,506	1,277,177	1,522,900	1,522,900	1,574,700
<i>Subtotal, Parks & Environment</i>	<i>\$ 2,603,996</i>	<i>\$ 2,927,732</i>	<i>\$ 3,339,300</i>	<i>\$ 3,339,300</i>	<i>\$ 3,523,100</i>
Joint Recreation	1,442,922	1,547,779	1,624,200	1,554,100	1,717,150
Minnetonka Recreation	621,250	695,292	792,500	768,300	841,950
Senior Services	395,545	407,457	405,300	415,300	436,800
Community Center	468,148	502,411	570,000	557,200	612,400
<i>Subtotal, Recreation</i>	<i>\$ 2,927,865</i>	<i>\$ 3,152,939</i>	<i>\$ 3,392,000</i>	<i>\$ 3,294,900</i>	<i>\$ 3,608,300</i>
Community Development	1,717,785	1,883,618	1,956,600	2,137,100	2,276,600
Planning	719,279	681,508	715,500	745,500	817,000
Assessing	717,619	729,832	839,200	839,200	888,800
<i>Subtotal, Development</i>	<i>\$ 3,154,683</i>	<i>\$ 3,294,958</i>	<i>\$ 3,511,300</i>	<i>\$ 3,721,800</i>	<i>\$ 3,982,400</i>
Mayor & City Council	221,132	245,460	290,700	290,700	302,100
General Administration	1,527,527	1,801,110	1,940,400	1,940,400	2,400,300
Information Technology	865,557	925,922	987,100	987,100	1,063,400
Finance	842,681	941,941	1,011,800	1,086,900	1,106,200
<i>Subtotal, General Government</i>	<i>\$ 3,456,897</i>	<i>\$ 3,914,433</i>	<i>\$ 4,230,000</i>	<i>\$ 4,305,100</i>	<i>\$ 4,872,000</i>
Contingency	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 50,000
Total Expenditures	\$ 31,861,971	\$ 32,979,378	\$ 36,082,200	\$ 36,261,400	\$ 39,394,000
Surplus of Revenues over Expenditures	1,640,659	2,974,383	-	85,700	-
Transfer to Capital Replacement Fund	(355,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)
Transfer to Other Funds	(385,000)	-	(1,550,000)	(1,550,000)	(400,000)
Beginning Fund Balance	21,218,666	22,119,325	23,893,709	23,893,709	21,229,409
Ending Fund Balance	\$ 22,119,325	\$ 23,893,709	\$ 21,143,709	\$ 21,229,409	\$ 19,629,409
Nonspendable Balances - Inventories	417,090	414,126	175,000	175,000	175,000
Unrestricted Balances					
Committed for Compensated Absences	1,000,000	1,000,000	1,070,000	1,070,000	1,070,000
Assigned for POC Fire Pensions	215,900	240,900	240,900	265,900	315,900
Assigned for Rec Scholarships & Sr. Ctr.	15,000	15,000	15,000	15,000	15,000
Assigned as Budget Stabilization	13,741,900	14,432,900	14,909,200	16,277,700	16,277,700
Unassigned	6,729,435	7,790,783	4,733,609	3,425,809	1,775,809
Ending Fund Balance	\$ 22,119,325	\$ 23,893,709	\$ 21,143,709	\$ 21,229,409	\$ 19,629,409
Budget Stabilization Balance Policy Goal	41.7%	39.8%	37.8%	40.0%	40.0%

GENERAL FUND REVENUE

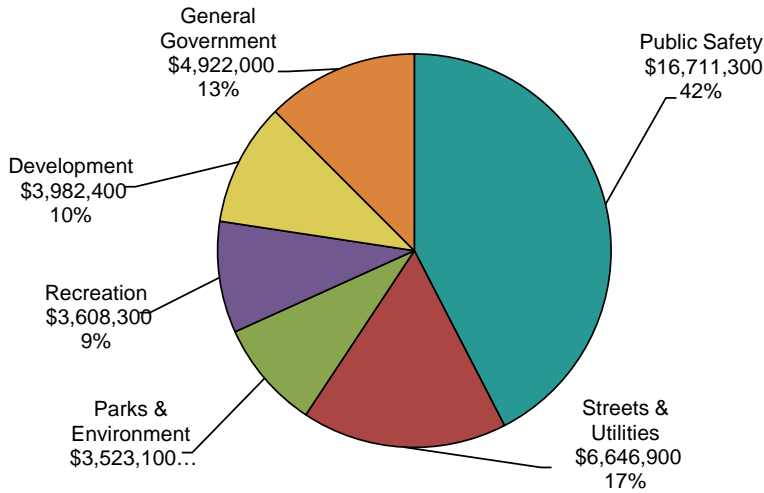
	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
General Property Taxes					
Ad Valorem Tax Levy	\$ 24,305,099	\$ 25,246,345	\$ 26,438,176	\$ 26,438,100	\$ 29,671,100
Abatements & Cancellations	(318,159)	(58,787)	(325,000)	(325,000)	(325,000)
Other, incl. Tax Forfeit Sale Revenue	8,423	145	-	-	-
Penalties & Interest	10,019	19,100	10,000	10,000	10,000
<i>Subtotal, General Property Taxes</i>	\$ 24,005,382	\$ 25,206,803	\$ 26,123,176	\$ 26,123,100	\$ 29,356,100
Licenses & Permits					
Building Permits	\$ 2,218,984	\$ 2,718,481	\$ 2,475,000	\$ 2,475,000	\$ 2,405,000
Plumbing Permits	269,730	310,693	366,300	366,300	320,000
Electrical Permits	428,203	437,826	375,000	375,000	380,000
Heating Permits	461,828	581,969	500,000	500,000	475,000
Liquor Licenses	237,335	210,040	220,000	220,000	210,000
Food Handlers Licenses	236,966	246,664	225,000	225,000	240,000
All Other Licenses & Permits	187,227	277,444	280,000	280,000	287,000
<i>Subtotal, Licenses & Permits</i>	\$ 4,040,273	\$ 4,783,117	\$ 4,441,300	\$ 4,441,300	\$ 4,317,000
Intergovernmental Revenue					
Public Safety State Aid	\$ 880,748	\$ 858,923	\$ 859,900	\$ 859,900	\$ 858,900
MSA Maintenance	76,740	76,740	76,700	76,700	76,700
State MVHC Payment	-	-	-	-	-
Other Grants/Aid	194,613	176,523	103,600	118,600	177,900
<i>Subtotal, Intergovernmental Revenue</i>	\$ 1,152,101	\$ 1,112,186	\$ 1,040,200	\$ 1,055,200	\$ 1,113,500
Transfers					
Transfer From Utility Fund	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000
Transfer From Spec. Assess. Fund	38,300	39,800	41,000	41,000	41,700
Transfer From Ice Arena Fund	31,500	32,700	33,700	33,700	34,300
Transfer From Cable TV Fund	31,500	32,700	33,700	33,700	34,300
Transfer From Development Fund	61,200	63,500	65,400	65,400	66,500
Transfer From Environmental Fund	192,500	199,800	205,800	205,800	209,400
Transfer from Forestry Fund	-	-	58,000	58,000	58,000
Transfer From Williston Center	47,300	49,100	50,600	50,600	51,500
Transfer From Gray's Bay Marina	11,100	11,500	11,800	11,800	12,000
Transfer From Storm Water Fund	140,000	145,300	137,400	137,400	139,800
<i>Subtotal, Transfers</i>	\$ 1,353,400	\$ 1,374,400	\$ 1,437,400	\$ 1,437,400	\$ 1,447,500
User Fees & Charges					
Recreation Receipts	1,095,719	1,254,950	1,235,000	1,235,000	1,240,000
Community Center Rental	110,092	111,954	110,000	110,000	115,000
School Liaison Reimbursement	279,100	291,186	177,300	177,300	186,600
Tower Antenna Rental	449,077	494,124	546,700	546,700	554,000
<i>Subtotal, User Fees & Charges</i>	\$ 1,933,988	\$ 2,152,214	\$ 2,069,000	\$ 2,069,000	\$ 2,095,600
Other Income					
Court Fines	\$ 434,997	\$ 402,635	\$ 455,000	\$ 455,000	\$ 330,000
Investment Income	236,784	430,627	225,000	475,000	443,600
Miscellaneous Income	379,892	457,930	291,124	291,100	290,700
Change in Value of Investments	(34,187)	33,849	-	-	-
<i>Subtotal, Other Income</i>	\$ 1,017,486	\$ 1,325,041	\$ 971,124	\$ 1,221,100	\$ 1,064,300
TOTAL REVENUES	\$ 33,502,630	\$ 35,953,761	\$ 36,082,200	\$ 36,347,100	\$ 39,394,000
Non-levy revenue	9,505,671	10,747,103	9,959,024	10,224,000	10,037,900

2020 General Fund OPERATING REVENUES & EXPENDITURES

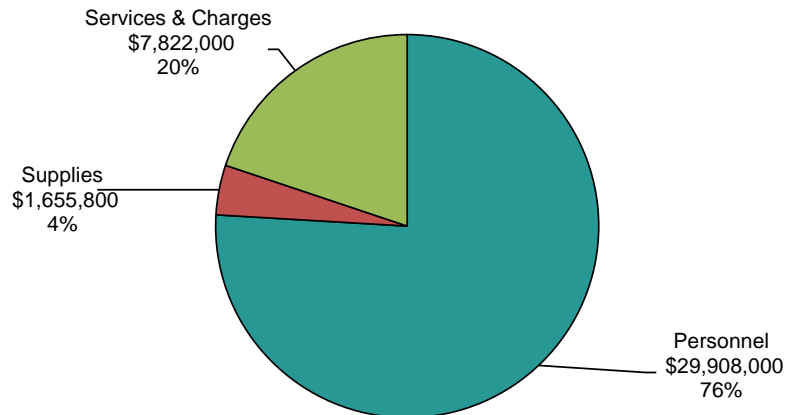
Revenues



Expenditures by Program



Expenditures by Category



TAX LEVIES

Tax Base	2017	2018	2019	2020	
Real Estate	\$ 106,597,190	\$ 111,647,471	\$ 118,491,431	\$ 124,183,480	Estimate
Personal Property	901,339	970,845	1,051,367	1,008,773	Estimate
Fiscal Disparities Contribution	(14,709,039)	(14,138,404)	(14,554,550)	(15,396,403)	Estimate
Fiscal Disparities Distribution	3,960,149	4,337,522	4,745,337	5,076,458	Estimate
Tax Increment	(2,407,233)	(3,092,527)	(3,182,771)	(3,211,119)	Estimate
Total Tax Capacity	\$ 94,342,406	\$ 99,724,907	\$ 106,550,814	\$ 111,661,189	Estimate
Taxable Referendum Market Value	\$ 8,689,457,700	\$ 9,100,026,150	\$ 9,698,923,450	\$ 10,166,460,750	Estimate
City Tax Levy					
General Fund	\$ 24,305,099	\$ 25,246,345	\$ 26,438,100	\$ 29,671,100	
Street Improvement Fund	6,300,000	5,380,000	5,380,000	5,680,000	
Capital Replacement Fund	2,045,000	3,295,000	3,295,000	2,155,000	
Park & Trail Improvement Fund	560,000	650,000	650,000	650,000	
Technology Development Fund	580,000	600,000	600,000	600,000	
Forestry Fund	60,000	93,000	93,000	118,000	
Public Safety Fund	550,000	450,000	450,000	550,000	
Ridgedale Tax Abatement	81,000	20,000	60,000	65,000	
Debt Service (Public Safety Facility)	-	-	-	1,230,062	
Tax Capacity Tax Levy	\$ 34,481,098	\$ 35,734,344	\$ 36,966,100	\$ 40,719,162	
Market Value Tax Levy (Park Bonds)	1,336,519	1,400,123	1,389,255	283,815	
Total Tax Levy	\$ 35,817,617	\$ 37,134,467	\$ 38,355,355	\$ 41,002,977	
City Tax Rates					
City Tax Capacity Tax Rate	36.379	35.710	34.676	36.552	Estimate
City Market Value Tax Rate	0.01539	0.01577	0.01451	0.00279	Estimate
HRA Tax Levy					
HRA Tax Capacity Tax Rate	0.185	0.301	0.282	0.202	Estimate
HRA Tax Levy % of Market Value	0.002014%	0.003297%	0.003093%	0.002213%	

POLICE DEPARTMENT

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$7,690,370	\$8,203,432	\$8,962,800	\$8,962,800	\$9,754,300
Supplies	339,546	380,212	423,200	434,800	432,000
Other Services & Charges	946,031	1,072,750	991,700	995,100	1,064,700
Capital Outlay	-	-	-	-	-
Totals	\$ 8,975,947	\$ 9,656,394	\$10,377,700	\$ 10,392,700	\$ 11,251,000

Method of Financing

General Fund	\$ 8,975,947	\$ 9,563,012	\$ 10,322,700	\$ 10,337,700	\$ 11,196,000
Drug and DWI Forfeiture Funds	56,548	93,382	55,000	55,000	55,000
Totals	\$ 9,032,495	\$ 9,656,394	\$ 10,377,700	\$ 10,392,700	\$ 11,251,000

Number of Employees (FTEs)*	67.45	69.93	69.69	69.69	69.69
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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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Community Survey satisfaction	99%	99%	98%	98%
Calls for service	43,504	41,213	41,700	43,200
Criminal offenses - Part I & II	2,228	1,886	2,150	1,950
Medicals	2,792	2,778	2,800	2,700
Traffic Stops	12,920	10,974	9,800	10,200
Traffic Citations	5,642	5,352	4,700	5,300
Identity Theft / Forgery / Fraud	349	223	270	300
Mental Health Crisis	351	313	330	340

Budget Comments/Issues:

The police department entered into an agreement with Plymouth Police Department and Hennepin County Human Services on a two year pilot program for an in-house social worker. The annual cost is \$30,000 and the police department is currently seeking grant opportunities. The department continues to place an increased emphasis on community engagement.

- In 2018, the police department experienced a decline in mental health crisis related calls. While this is encouraging, the police department continues to collaborate with local counseling service providers to enhance quality of care. In addition, the in-house social worker will provide follow-up care for those police frequently visit.
- In 2020, the department will continue to strengthen existing community partnerships through current and new community outreach initiatives.
- Expenditures from DWI and drug forfeiture funds include: Emergency vehicle operating course training for patrol officers and community service officers; tasers; radars; and other equipment not otherwise funded by the General Fund. In addition, squad and body cameras will be purchased in part with these funds. During the 2019 legislation session, some changes to the state forfeiture statutes occurred. The police department and legal department are evaluating the impact of these changes. It is anticipated that more significant changes to the forfeiture process is inevitable, which could have an impact on the police department's ability to forfeit property.
- Police will continue to prioritize traffic education/enforcement with the focus on speed, seatbelt, red light violations, distracted driving, and DWI in 2020. Police will also provide education/enforcement on the new hands free law.

POLICE DISPATCH DIVISION - Police Department

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$ 948,251	\$ -	\$ -	\$ -	\$ -
Supplies	669	-	-	-	-
Other Services & Charges	2,003	-	-	-	-
Totals	\$ 950,923	\$ -	\$ -	\$ -	\$ -

Method of Financing

General Fund	\$ 950,923	\$ -	\$ -	\$ -	\$ -
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Number of Employees (FTEs)	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.

<u>Key Measures:</u>	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Non-emergency phone calls	0	0	0	0
9-1-1 phone calls	0	0	0	0
9-1-1 calls answered within 10 seconds	0%	0%	0%	0%
Resident dispatch customers satisfied with PSAP services	0%	0%	0%	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	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$ 1,903,656	\$ 2,011,484	\$ 2,533,600	\$ 2,533,600	\$ 2,965,200
Supplies	128,639	147,922	185,800	185,800	195,900
Other Services & Charges	783,646	843,719	856,100	856,100	913,300
Capital Outlay	-	-	-	-	-
Totals	\$ 2,815,941	\$ 3,003,125	\$ 3,575,500	\$ 3,575,500	\$ 4,074,400

Method of Financing

General Fund	\$ 2,815,941	\$ 3,003,125	\$ 3,575,500	\$ 3,575,500	\$ 4,074,400
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Number of Employees (FTEs)	8.0	8.0	11.0	11.0	11.0
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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 11 full-time employees. The fire department most recent evaluation by the Insurance Service Office (ISO) has maintained a rating of 3. This translates into lower insurance premiums for some Minnetonka businesses and residents.

	2017 <u>Actual</u>	2018 <u>Actual</u>	2019 <u>Estimated</u>	2020 <u>Projected</u>
Key Measures:				
Average response time to structure fires (minutes)*	8.45	6.56	8.30	8.30
Paid-on-call firefighters	69	75	80	80
Total fire calls, excluding medicals	1,343	1,406	1,400	1,425
Number of false alarms	336	351	350	350
Medical calls	2,185	2,215	2,300	2,350
Firefighter calls outs	113	116	125	125
Non-duty crew training hours	13,323	13,303	13,000	13,330

* Arrival of first unit

Budget Comments/Issues:

Changing workforce dynamics continue to challenge the city and other metro cities to adapt fire service management structures in order to maintain the high quality public safety services and clear efficiencies provided by the city's paid-on-call fire force. This budget addresses the continued evolution of these services as the city attempts to be proactive to maintain the current service delivery model.

- The fire department will dedicate time and resources over the next 18 - 24 months to ensuring continuity of service during the central station construction project.
- The fire department will continue to remain proactive in finding creative solutions to recruit, train and retain paid-on-call firefighters while maintaining the high level of service that has been our standard.
- The 2018 study performed by FACETS consulting will continue to provide guidance for standards of coverage and adequate fire department staffing particularly when it comes to supervision. Through the third quarter of 2019, there was a total of 410 shifts without a formal supervisor on duty. The goal for 2020 is to reduce this to near zero.
- In 2019, there has been a higher demand for call backs (paging off-duty firefighters to respond for calls), and for the first time in recent history, the department has maintained full POC staffing other than the above mentioned supervisory staffing. These two factors will result in higher costs for part-time wages. An additional \$160,000 has been added to the part-time salaries for 2019. This amount, along with an inflationary \$10,000, has also been carried forward to the 2020 budget. The 2019 revised budget will absorb this change from savings associated by a delay in filling full-time staffing.

PUBLIC SAFETY FACILITY EXPANSION FUND - Finance Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Bond Proceeds	\$ -	\$ -	\$ 25,000,000	\$ -	\$ 25,000,000
State Sales Tax Refund	-	-	-	-	550,000
Transfer in (SACF)	1,531,000	-	-	1,500,000	-
Transfer in (Cable Fund)	-	-	-	-	700,000
Transfer in (Utility Fund)	-	-	-	-	1,450,000
Investment Income, Other	(4,510)	19,411	-	2,500	-
Totals	\$ 1,526,490	\$ 19,411	\$ 25,000,000	\$ 1,502,500	\$ 27,700,000
Expenditures by Category					
Project design/planning	\$ 442,111	\$ 418,727	\$ -	\$ 500,000	\$ 170,162
Construction Management Costs	-	-	-	-	1,500,000
Projects (Fire and Police stations)	-	-	23,469,000	-	25,214,901
Transfer out	-	-	1,531,000	-	1,500,000
Totals	\$ 442,111	\$ 418,727	\$ 25,000,000	\$ 500,000	\$ 28,385,063
Surplus (Deficiency) of Revenues over (under) Expenditures	1,084,379	(399,316)	-	1,002,500	(685,063)
<i>Beginning Fund Balance</i>	-	1,084,379	685,063	685,063	685,063
<i>Ending Fund Balance</i>	\$ 1,084,379	\$ 685,063	\$ 685,063	\$ 1,687,563	\$ -

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 Winter 2020 and construction to commence during the first quarter of the same year and to be completed by late 2021. Debt service on the bonds would begin in 2020.

Key Measures:	2017 <u>Actual</u>	2018 <u>Actual</u>	2019 <u>Estimated</u>	2020 <u>Projected</u>
Project completion (cumulative)	0%	5%	5%	60%

Budget Comments/Issues:

In 2019, the city council held a public hearing to amend the CIP and authorize the sale of \$25 million in General Obligation bonds for costs of the public safety facility project. This new obligation for construction of the fifty-year asset is to be paid off with property tax proceeds over the next thirty years.

- On June 12, 2017 and July 22, 2019, the city council authorized \$1.531 million and \$1.5 million respectively, of internal loans from the Special Assessment Construction Fund (SACF) for architectural design and for a construction manager to build the renovated and new central police and fire facilities. The architectural contractual work began in 2017, and most of the remainder of the first phase costs were realized in 2019. Costs for the construction manager began in the fall of 2019. The 2019 budget includes a transfer out to repay the internal loan for costs associated with the construction manager with proceeds from the issuance of the bonds in Fall 2019. Bids are anticipated to be reviewed by council in December 2019, and if approved, the facility bonds will be sold in January 2020.

- The new facility is to be located on the Civic Center campus and requires realignment of infrastructure leading to the well house structure on the north end of the campus. An additional \$1.45 million is budgeted within the Utility Fund for this portion of the project. Additional funding sources include; a transfer from the Cable TV fund (\$700,000), a sales tax exemption approved the State Legislature (\$550,000), a reduction of city-related building permit fees (\$250,000), and the forgiveness of the loan from the SACF for architectural design (\$1.531 million). The 2020 CIP will be amended to reflect these funding changes.

PUBLIC SAFETY FUND- Fire Department/Police Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Ad Valorem Tax Levy	\$ 550,000	\$ 550,000	\$ 450,000	\$ 450,000	\$ 550,000
TIF-related Levy Proceeds	100,000	100,000	100,000	100,000	100,000
Investment Income, Other	(348)	(5,171)	-	-	2,000
Totals	\$ 649,652	\$ 644,829	\$ 550,000	\$ 550,000	\$ 652,000
Expenditures by Category					
Pumper/Engine Replacement	\$ -	\$ 566,384	\$ -	\$ -	\$ -
Air Truck	-	-	225,000	-	230,000
Rescue Truck	213,452	7,698	-	225,000	-
Fire JPA SCBA	486,881	-	-	-	-
Fire Turnout Gear	-	-	-	-	255,000
Other Fire Equipment	99,704	77,840	215,000	215,000	55,700
Security Equipment	-	-	25,000	25,000	25,000
800 MHz Radios/Infrastructure	4,896	-	-	-	-
Other Public Safety Equipment	-	41,419	-	-	-
PSAP Dispatch Equip/Transition	56,076	30,812	-	-	-
Totals	\$ 861,009	\$ 724,153	\$ 465,000	\$ 465,000	\$ 565,700
Surplus (Deficiency) of Revenues over (under) Expenditures	(211,357)	(79,324)	85,000	85,000	86,300
Reserve for Delayed Projects	-	-	-	35,000	-
Beginning Fund Balance	256,897	45,540	(33,784)	(33,784)	16,216
Ending Fund Balance	\$ 45,540	\$ (33,784)	\$ 51,216	\$ 16,216	\$ 102,516

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: 8 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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Average age of pumper trucks	16.6	14.5	12.8	13.8
Average age of ladder trucks	5.3	6.3	7.3	8.3

Budget Comments/Issues:

The 2020 budget for the Public Safety Fund includes costs for the one-year deferred refurbishment of an air truck, and adoption of this budget amends the 2019-2023 Capital Improvement Program (CIP) to use that 2019 funding for the replacement of a rescue truck in 2019. The 2020 budget also includes cyclical replacement of firefighting turnout gear as required to follow the National Fire Protection Association standards.

- The ongoing plan for fire equipment includes reducing the numbers of some large rigs, which has decreased the average age and improving maintenance of pumpers and trucks. The replacement and refurbishment schedule of the fire fleet allows it to remain highly reliable by rotating apparatus from a higher use location to lower use locations, thereby balancing the fleet and extending the life of each apparatus.
- Other costs to the Public Safety Fund budgeted in 2020 include: \$25,000 for building security equipment, \$12,000 for fire public education equipment, and \$43,700 for AED and Lucas device purchases. The 2018 budget was revised to reflect council amendment of the CIP in April 2018 to add \$40,000 for 800 MHz radios in the public works fleet related to staff work associated with public safety calls.
- 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.
- 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 2017-18 expenditures and in the reserve for delayed projects as required for final transition. The remainder of delayed projects is for the final costs of the pumper truck purchased in 2018 and security equipment budgeted in 2018.

GRANTS SPECIAL REVENUE FUND - Finance Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Federal Grants	\$ 52,881	\$ 60,928	\$ 51,000	\$ 51,000	\$ 51,000
State Grants	-	-	-	-	-
9-1-1	63,408	-	-	-	-
Other Local Grants	109,868	-	-	20,000	-
Investment Income	229	(405)	100	-	-
Totals	\$ 226,386	\$ 60,523	\$ 51,100	\$ 71,000	\$ 51,000
Expenditures by Category					
Personnel	\$ 35,770	\$ 54,161	\$ 40,000	\$ 40,000	\$ 40,000
Supplies	25,906	-	11,000	11,000	11,000
Other Services & Charges	137,580	109,868	-	10,000	-
Capital Outlay	98,435	4,507	-	10,000	-
Totals	\$ 297,691	\$ 168,536	\$ 51,000	\$ 71,000	\$ 51,000
Surplus (Deficiency) of Revenues over (under) Expenditures	(71,305)	(108,013)	100	-	-
Beginning Fund Balance	139,728	68,423	(39,590)	(39,590)	(39,590)
Ending Fund Balance	\$ 68,423	\$ (39,590)	\$ (39,490)	\$ (39,590)	\$ (39,590)

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.

Key Measures:

	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Federal grant programs	2	2	2	2
State grant programs, incl. E911	1	0	0	0
Other grant programs*	1	0	2	0

* Denotes local and other grants within only this fund.

Budget Comments/Issues:

The city seeks opportunities on an ongoing basis to apply and receive grants to support city projects and services.

- For the eighth year in 2020, the city is to receive federal funding in the Grants Special Revenue Fund through the Toward Zero Death (TZD) program ~\$40,000 and bullet proof vests ~\$11,000 annually. 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.
- In 2019, the city received two Hennepin County Youth Sports Grants (HCYSG) of \$10,000 each: (1) to purchase and retrofit a trailer for a new Rec-on-the-Go program to bring recreational offerings to the youngest Minnetonka and Hopkins residents, and (2) for sports equipment for the Glen Lake Mighty Mites. The city was also awarded HCYSG grants in 2016 and 2017 for Eagle Ridge Academy's gymnasium and Lionsgate Academy's gymnasium. The city also received an HCYS grant for lighting the Community Center sports fields in 2016-17, the 2017 portion of which is reflected in the Park & Trail Fund budget page.
- The city has submitted an additional application for HCYSG funding related to the Lone Lake mountain bike trail with the anticipation that award notification will be known by late 2019 or early 2020.
- Beginning in 2018, the city no longer receives state 9-1-1 funds (approximately \$67,000 annually), because dispatch services for the city and this associated funding was transferred to Hennepin County. Paid by cell and hardwire phone users to support emergency dispatching, the city used this source to pay Hennepin County transition costs in 2017.

ENVIRONMENTAL HEALTH DIVISION - Community Development Department

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$ 378,051	\$ 389,694	\$ 397,300	\$ 397,300	\$ 478,800
Supplies	2,513	2,890	11,600	11,600	7,500
Other Services & Charges	12,095	13,668	15,500	15,500	15,700
Capital Outlay	-	-	-	-	-
Totals	\$ 392,659	\$ 406,252	\$ 424,400	\$ 424,400	\$ 502,000
Method of Financing					
General Fund	\$ 392,659	\$ 406,252	\$ 424,400	\$ 424,400	\$ 502,000
Number of Employees (FTEs)	3.5	3.5	3.5	3.5	3.5

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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Licensed establishments	839	775	770	775
Number of routine food inspections	643	626	620	625
Number of follow-up food inspections	213	234	175	200
Nuisance complaints	637	505	590	600
Average number of days to resolve each nuisance complaint	26	25	24	24

Budget Comments/Issues:

The 2020 Budget for the Environmental Health Division considers the impacts of services provided to outside agencies.

- Because of workload issues in Environmental Health contracted services for the City of Wayzata is being discussed. Workload increases are attributable to new food code requirements and the length of time to conduct the inspections. There has been a \$35,000 decrease in revenue if contract is not renewed.
- The Department of Agriculture has begun the process of evaluating their delegated programs and the city of Minnetonka program is first on the list for an evaluation. The program evaluation began in August of 2019. License fee revenue related to this agreement (which would continue) is approximately \$46,000/year.
- Environmental Health will be adding the last of the handheld computers (Toughpads) for field inspections in 2020, similar to building division, which is \$1,600. Use of the handheld computers has worked well in field inspections of swimming pools and smaller facilities; large facilities that require significant write-ups are not completed in the field.
- The difference in licensed establishments is attributable to the changes in the way the temporary/food truck food licenses are issued.

LEGAL DEPARTMENT

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$ 714,244	\$ 718,816	\$ 781,600	\$ 781,600	\$ 841,800
Supplies	3,900	4,041	8,000	5,400	7,300
Other Services & Charges	44,390	46,894	87,200	86,163	117,800
Capital Outlay	-	-	-	-	-
Totals	\$ 762,534	\$ 769,751	\$ 876,800	\$ 873,163	\$ 966,900
Method of Financing					
General Fund	\$ 762,534	\$ 769,751	\$ 876,800	\$ 852,500	\$ 938,900
Drug and DWI Forfeiture Funds	-	-	-	20,663	28,000
Totals	\$ 762,534	\$ 769,751	\$ 876,800	\$ 873,163	\$ 966,900
Number of Employees (FTEs)	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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Minnetonka cases in court				
All cases	982	950	1,050	1,050
DWI cases	219	173	200	200
Cases opened and processed by staff:	812	801	750	750
Contracts drafted or reviewed	N/A	N/A	50	50
Customers rating staff at "above average" or "excellent"	95%	99%	95%	95%
Charter Commission rating staff at "above average" or "excellent"	100%	100%	95%	95%

Budget Comments/Issues:

In 2020, the department will purchase new case management software for criminal prosecution cases, including some automated features that should reduce staff time in manual entry. The department plans to use forfeiture funds to cover up to \$42,000 in one-time software costs; funds for annual operational costs have been included in the budget. The department intends to evaluate the staff savings and other efficiencies that result from the software during 2020, with a goal of reducing the amount of additional staff that will be needed to address body cam implementation in 2021.

- The department continues to monitor the impacts from the Hennepin County District Court's changes in scheduling criminal cases. Funds have been included in the 2020 budget for outside legal services to cushion against those impacts.

- Due to legislation in 2017 and 2019, the department expects to see a continuing reduction in revenues from vehicle forfeitures, even though the caseload of forfeiture proceedings remains steady. Forfeiture proceedings are civil, not criminal, and are not reflected in the caseload reported in Key Measures above.

- For the second year, the budget includes funds for a part-time law clerk/intern to assist with general legal services, under a program through the League of Minnesota Cities, although at a reduced level.

ENGINEERING DEPARTMENT

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$ 1,145,481	\$ 1,195,310	\$ 1,237,300	\$ 1,237,300	\$ 1,303,700
Supplies	11,499	10,104	19,400	19,400	19,100
Other Services & Charges	82,535	88,224	101,500	101,500	102,800
Capital Outlay	-	-	-	-	-
Totals	\$ 1,239,515	\$ 1,293,638	\$ 1,358,200	\$ 1,358,200	\$ 1,425,600

Method of Financing

General Fund	\$ 1,239,515	\$ 1,293,638	\$ 1,358,200	\$ 1,358,200	\$ 1,425,600
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Number of Employees (FTEs)	9.50	9.50	9.50	9.50	9.50
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Description of Services:

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

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Neighborhood meetings held	5	1	3	2
Project newsletters mailed/emailed	4,257/15,000	3098/5800	3,000/7,000	2500/6,500
Property acquisitions for construction projects	4	4	8	4
Construction projects underway	5	7	5	7
Construction projects completed	3	9	5	6
Customer service surveys sent out/received	402 / 16	402/16	350 / 210	400/100
Responding customers satisfied with project (rated as "average" or greater)	87%	76%	70%	70%

Budget Comments/Issues:

In 2019, the Public Works Department added engineering as a division in an effort to combine functions and provide improved collaboration between these areas of the city.

- The 2020 budget for the Engineering Division 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 customer service.

- In 2020, the division 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. In 2019, legislation was passed providing cities with authority of speeds on residential streets. Staff will explore the impacts of this change in 2020.

- 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.

- The city performs 32 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

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Ad Valorem Tax Levy	\$ 6,200,000	\$ 6,300,000	\$ 5,380,000	\$ 5,380,000	\$ 5,680,000
Investment Income	48,961	141,756	75,000	75,000	125,000
MSA Maintenance	-	553,735	500,000	500,000	500,000
Other Local Grants	-	332,426	170,900	-	321,600
Cost-Share Reimbursements	-	62,421	-	-	-
R.O.W. Permit Fees	42,202	27,440	-	-	-
Miscellaneous Revenue	38,578	32,908	575,000	-	575,000
Ridgedale Abatement Transfer In	0	0	667,500	667,500	0
Totals	\$ 6,329,741	\$ 7,450,686	\$ 7,368,400	\$ 6,622,500	\$ 7,201,600
Expenditures					
Local Street Rehabilitation	\$ 2,400,804	\$ 2,756,912	\$ 1,200,000	\$ 695,000	\$ 2,300,000
Local Street Preservation	1,203,727	833,610	1,770,000	1,770,000	2,975,000
Woodland Road Retaining Wall	-	2,511	4,200	4,200	4,200
CSAH 61/101 Landscaping	-	243,759	-	-	-
Carlson Parkway Imp.	14,334	91,608	1,400,000	1,665,000	-
Co.Rd 101 (CR62-CR3,CR5-TH12)	-	-	-	-	-
Flashing Yellow Conversion	-	224,316	350,000	350,000	225,000
Other Street Projects	523,753	137,336	-	-	-
Ford Road Study	-	3,994	-	-	-
Shady Oak Area LRT	24,947	570,000	160,000	160,000	-
City LRT Infrastructure	-	495,274	290,000	290,000	160,000
Opus Area Improvements	2,137	1,544	600,000	600,000	-
Pavement Management Study	34,960	42,510	44,000	44,000	44,000
Traffic Signals/burying Overhead	-	2,734	-	-	-
Cartway/Ridgedale/Plymouth Rd	-	457,023	950,000	1,190,000	-
Opus Bridges	-	-	-	-	4,000,000
Totals	\$ 4,204,662	\$ 5,863,131	\$ 6,768,200	\$ 6,768,200	\$ 9,708,200
Surplus (Deficiency) of Revenues over (under) Expenditures	2,125,079	1,587,555	600,200	(145,700)	(2,506,600)
Reserve for Delayed Projects	0	-	-	5,460,750	-
Beginning Fund Balance	5,028,087	7,153,166	8,740,720	8,740,720	3,134,270
Ending Available Fund Balance	\$ 7,153,166	\$ 8,740,720	\$ 9,340,920	\$ 3,134,270	\$ 627,670

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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Miles of streets reconstructed	0.5	1.4	0.7	0.7
Miles of streets thin overlay	10.1	9.1	7.5	10.9
Miles of streets rated for condition (varies by quadrant)	57	65	67	65
Average pavement condition index	77	82	81	82

Budget Comments/Issues:

The 2020 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.
- Reserve for Delayed Projects in 2019 are final costs for various projects including local street rehabilitation, County Road 101, Shady Oak Road, and OPUS area improvements.
- Ridgedale Tax Abatement Transfer In reflects developer funds dedicated for Ridgedale Dr. roadway improvements.
- A portion of city's state allotment of Municipal State Aid Maintenance is deposited annually to the Street Improvement Fund for MSA street related costs.
- The Local Street Preservation Program includes patching, sealing, plus thin overlays and reconstruction projects.

MUNICIPAL STATE AID FUND - Engineering Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
State Allotment	-	2,739,029	1,904,525	3,700,000	1,888,809
State Allotment Dedicated to D.S.	169,463	164,775	184,525	184,525	173,809
Federal Grants	-	4,504,000	-	-	-
Interest	(12,480)	(24,733)	-	-	-
Totals	\$ 156,983	\$ 7,383,071	\$ 2,089,050	\$ 3,884,525	\$ 2,062,618
Expenditures					
Bond Debt Service	\$ 169,463	\$ 164,775	\$ 184,525	\$ 184,525	\$ 173,809
Projects:					
Cartway/Ridgehaven	410,805	6,825,773	-	-	-
Ridgedale Drive Improvements	170,092	505,011	6,150,000	6,150,000	-
Transfers to Other Funds	650,000	-	-	-	-
Totals	\$ 1,400,360	\$ 7,495,559	\$ 6,334,525	\$ 6,334,525	\$ 173,809
Surplus (Deficiency) of Revenues over (under) Expenditures	(1,243,377)	(112,488)	(4,245,475)	(2,450,000)	1,888,809
Reserve for Delayed Projects	0	-	-	3,058,213	-
Beginning Fund Balance	(786,168)	(2,029,545)	(2,142,033)	(2,142,033)	(4,592,033)
Ending Fund Balance	\$ (2,029,545)	\$ (2,142,033)	\$ (6,387,508)	\$ (4,592,033)	\$ (2,703,224)

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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Construction projects underway	0	1	1	0
Construction projects completed	2	0	1	1

Budget Comments/Issues:

Per the adopted 2020-2024 Capital Improvements Program (CIP), the MSA Fund will finance significant improvements to the Ridgedale area and in 2019 preparation for Ridgedale Drive improvements.

- 2019 Revised State Allotment includes draws for Ridgedale, Ridgehaven, I-394 Ramp and Opus LRT.
- 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).
- In 2017, for 17th Avenue Extension in conjunction with the SWLRT at Shady Oak Station and Plymouth Road.
- 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	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Storm Water Utility Charges	\$ 2,518,112	\$ 2,599,644	\$ 2,687,500	\$ 2,687,500	\$ 2,764,200
Intergovernmental	-	-	-	-	357,000
State Grant	31,405	-	-	-	-
Investment Income	30,057	73,864	30,000	55,000	50,000
Totals	\$ 2,579,574	\$ 2,673,508	\$ 2,717,500	\$ 2,742,500	\$ 3,171,200
Expenditures by Category					
Personnel	\$ 87,941	\$ 179,648	\$ 214,000	\$ 214,000	\$ 239,500
Supplies	146,016	79,013	150,800	150,800	152,100
Other Services & Charges	499,931	349,571	561,000	561,000	558,300
Capital Outlay	746,555	1,933,928	1,503,700	2,253,700	1,700,000
Transfers to Other Funds	140,000	145,300	137,400	137,400	142,600
Totals	\$ 1,620,443	\$ 2,687,460	\$ 2,566,900	\$ 3,316,900	\$ 2,792,500
Reserve for Previous Years Projects	-	-	-	\$ 1,359,900	-
Surplus (Deficiency) of Revenues over Expenditures	\$ 959,131	\$ (13,952)	\$ 150,600	\$ (574,400)	\$ 378,700
Number of Employees (FTEs)	1.5	1.5	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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Water quality samples taken	5	5	5	5
Storm sewer projects completed	4	5	3	4
Sump catch basins inspected	380	380	380	380
Storm sewer outfalls inspected	151	120	120	120
Drainage ponds inspected	100	110	95	100
Drainage ponds restored	0	0	1	1
Misc. drainage projects completed	14	25	50	30

Budget Comments/Issues:

Consistent with the prior three years, the 2020 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.

- In 2017, the city initiated a 3-year street sweeping pilot program in select water quality areas to determine benefits this program may provide citywide.
- Other Services & Charges includes ongoing costs for water quality testing, pond maintenance, watershed modeling, and miscellaneous drainage repairs.
- 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.
- In 2019, a culvert crossing on Crosby Road partially collapsed. The repairs were funded through the storm water fund.

ELECTRIC FRANCHISE FEES SPECIAL REVENUE FUND - Engineering Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Electric Franchise Fees	\$ 835,521	\$ 837,130	\$ 1,495,000	\$ 1,124,900	\$ 1,137,400
County Cost-Share Agreements	633,207	-	-	-	527,100
Other Income	4,337	-	-	-	-
Investment Income	24,382	56,363	60,000	60,000	40,000
Totals	\$ 1,497,447	\$ 893,493	\$ 1,555,000	\$ 1,184,900	\$ 1,704,500
Expenditures by Category					
Overhead Utility Burial	\$ 412,390	\$ 984,050	\$ -	\$ -	\$ 900,000
Energy Saving Street Light Retrofits	76,024	-	50,000	50,000	50,000
Opus/City/Shady Oak LRT Lighting	-	226,342	580,000	580,000	160,000
CO RD 101	-	111,814	-	-	-
Trail Connection Undergrounding	-	7,789	450,000	450,000	-
Ridgedale Drive	-	-	600,000	600,000	-
Cartway Lane/Ridgehaven/Plymouth Rd	-	207,384	-	-	-
Flashing Yellow Arrow Evaluation	6,985	-	-	-	-
Totals	\$ 495,399	\$ 1,537,379	\$ 1,680,000	\$ 1,680,000	\$ 1,110,000
Surplus/(Deficiency) of Revenues over/(under) Expenditure	1,002,048	(643,886)	(125,000)	(495,100)	594,500
Reserve for Delayed Projects	-	-	-	2,649,300	-
Beginning Fund Balance	\$ 2,806,858	\$ 3,808,906	\$ 3,165,020	\$ 3,165,020	\$ 20,620
Ending Fund Balance	\$ 3,808,906	\$ 3,165,020	\$ 3,040,020	\$ 20,620	\$ 615,120

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. 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:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Miles of utility line buried	1.2	2.3	1.5	0.5
LED Street Lighting - new & retrofits	120	45	35	30

Budget Comments/Issues:

The 2019 and 2020 budget incorporated an adopted increase in the electric franchise fee of \$2 per residential account, of which \$1 is for burial of electric lines and \$1 is for trail construction. The electric franchise fees associated with trail construction are recorded in the Trail System Expansion Fund along with 100% of the gas franchise fees. The adopted Capital Improvements Program (CIP) for 2019 includes funding for burial of overhead utilities in preparation for Plymouth Road Trail and 2020 Excelsior Boulevard Trail. Additional overhead utility burial, energy savings retrofits of street lights associated with various street projects, and decorative light installations currently in progress or planned include Ridgehaven Lane, Ridgedale Drive, and Plymouth Road in the Ridgedale area.

- 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 completed, 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, the Ridgedale Area and the Opus area.

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

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Hennepin County	\$ -	\$ -	\$ -	\$ -	\$ -
State, County Grants	-	-	-	-	400,000
Transfer In	650,000	-	-	200,000	-
Property Sale	-	-	734,400	-	734,400
Lease Revenue	55,644	3,995	19,800	-	-
Interest on Investments	9,874	22,225	5,000	17,507	20,000
Totals	\$ 715,518	\$ 26,220	\$ 759,200	\$ 217,507	\$ 1,154,400
Expenditures by Category					
Project Costs	\$ 50,671	\$ -	\$ 730,000	\$ 200,000	\$ 400,000
Transfer Out to SACF	-	-	878,191	-	878,191
Transfer Out to Dvpt Fund	-	-	390,985	-	1,129,251
Temporary Facility Operating Costs	57,444	27,561	57,000	71,900	15,000
Totals	\$ 108,115	\$ 27,561	\$ 2,056,176	\$ 271,900	\$ 2,422,442
Surplus (Deficiency) of Revenues over Expenditures	607,403	(1,341)	(1,296,976)	(54,393)	(1,268,042)
<i>Beginning Fund Balance</i>	<i>716,373</i>	<i>1,323,776</i>	<i>1,322,435</i>	<i>1,322,435</i>	<i>1,268,042</i>
<i>Ending Fund Balance</i>	<i>\$ 1,323,776</i>	<i>\$ 1,322,435</i>	<i>\$ 25,459</i>	<i>\$ 1,268,042</i>	<i>\$ (0)</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

2017 Actual	2018 Actual	2019 Estimated	2020 Projected
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 now anticipated the site will be redeveloped in 2020.

- 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.

- Actual costs and revenues in 2020 are subject to final closing and actual timing of development. Actual timing will be determined by approved agreements, resolutions, and grant authority actions. Currently budgeted project costs in 2019 include anticipated relocation costs (\$250,000) associated with current commercial tenants of one of the properties. Budgeted lease revenues diminished in 2018 and 2019 due to related property repairs, and 2019 lease revenue reflects only a partial year prior to sale.

- The project was not awarded a clean-up grant in 2018 as had been anticipated, but will be eligible to reapply during 2019. If second application is awarded, the funding would be received and expended in 2020.

- 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 2021.

STREET MAINTENANCE DIVISION - Public Works Department

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$ 1,927,491	\$ 1,926,870	\$ 2,096,800	\$ 2,096,800	\$ 2,208,100
Supplies	408,440	386,029	390,900	390,900	415,200
Other Services & Charges	1,033,275	1,139,658	1,189,300	1,189,300	1,215,500
Capital Outlay	-	-	-	-	-
Totals	\$ 3,369,206	\$ 3,452,557	\$ 3,677,000	\$ 3,677,000	\$ 3,838,800

Method of Financing

General Fund	\$ 3,369,206	\$ 3,452,557	\$ 3,677,000	\$ 3,677,000	\$ 3,838,800
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Number of Employees (FTEs)	21.10	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. Swings in climatic conditions dramatically affect seasonal maintenance expenditures on a year-to-year basis along with energy pricing that affects fuel, supplies and machine repair costs.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Full-scale plowing events required	5	15	14	10
Tons of salt used	1,720	2,950	3,500	2,500
Tons of bituminous mix laid	11,890	15,215	8,000	9,500
Miles of maintenance overlays	6.5	3.5	4.6	6.5
Signs installed	750	780	800	800
Miles of neighborhood refurbishment	2.5	4.5	1.9	1.9
Maintained streetscape area (sq. ft.)	104,300	112,370	117,000	117,000

Budget Comments/Issues:

The 2020 budget maintains current service levels. Streetscape maintenance is currently provided by contract under an annual agreement. The contract will be extended again in 2020 to include 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 2020, the focus of street preservation will be in the neighborhoods of Sheridan Hills, Wellington Rd, Stone Rd, and Crestridge, Belmont, Traymore, Yorkshire. Materials are funded through the Capital Improvement Program (CIP) by the Street Improvement Fund.

- The division is responsible for storm water drainage maintenance and collaborates with the Engineering Department to assure compliance with National Pollution Discharge Elimination System (NPDES) permit requirements. Projects are coordinated with the Water Resources Engineer and Natural Resources Coordinator.

- Winter road maintenance uses liquid salt brine along with crystal salt for winter snow and ice control. Liquid salt solutions increases crystal salt effectiveness, reduces the total amount of salt used on roadways which minimizes chloride ions that end up in storm water and wetlands. This road maintenance technology addresses environmental concerns which are increasingly important. The city manufactures brine (liquid salt) for its own use and also sells product to Hennepin County and other neighboring cities and school districts which offsets city purchasing and operational costs.

- The city's snowplow trucks have been outfitted with automated vehicle location (AVL) and digital salt spreader controllers that allow drivers to precisely control the amount and location of salt that is applied on streets and records the total the amount of salt that is used for each plowing or sanding event. Supervisors then use the data for jurisdictional reporting such as watershed districts, Hennepin County and the State of Minnesota.

- The operating budget for the division is highly impacted by seasonal climatic variations and the cost of fossil fuel energy, which affect the cost and amount of fuel, street lighting, road maintenance/construction supplies and machine repair parts.

BUILDING MAINTENANCE DIVISION - Public Works Department

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$ 755,341	\$ 744,649	\$ 835,300	\$ 835,300	\$ 883,000
Supplies	87,453	95,339	119,500	119,500	120,100
Other Services & Charges	369,011	360,993	370,200	370,200	379,400
Capital Outlay	-	-	-	-	-
Totals	\$ 1,211,805	\$ 1,200,981	\$ 1,325,000	\$ 1,325,000	\$ 1,382,500

Method of Financing

General Fund	\$ 1,211,805	\$ 1,200,981	\$ 1,325,000	\$ 1,325,000	\$ 1,382,500
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Number of Employees (FTEs)	8.38	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 and coordinates capital building improvement projects as outlined in the city's Capital Improvements Program (CIP). It also supports the city's enterprise fund facilities such as the ice arenas, Williston Center, water treatment facilities, marina and parks buildings.

<u>Key Measures:</u>	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Work orders completed	2,900	2,785	3,000	2,850
Heat energy - cost	\$148,468	\$184,800	\$156,900	\$170,000
Heat energy used (THM)	259,792	276,901	263,000	275,000
Electrical energy - cost	\$443,413	\$446,572	\$460,000	\$470,000
Electrical energy used (kWh)	5,069,022	4,532,302	5,075,000	5,275,000
Solar Garden Savings (all bldgs.)	\$25,893	\$62,922	\$63,000	\$111,000

Budget Comments/Issues:

The 2020 budget for the Building Maintenance Division maintains current service levels. The first contracted solar garden came online in April of 2017, and the remaining two contracts will come online by the end of 2020. An emphasis on project management and implementation of the sustainability goals for the Public Safety project will be an increasing focus.

- The anticipated construction of a new fire station on the civic center campus and the renovation of the police and fire station starting in spring of 2020 is expected to increase construction management activities, electrical energy use, and building maintenance resources as divisions are relocated for operations.
- Multi-year phased replacement mechanical equipment and computerized building environmental control system will continue in 2020. The improvements 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 2020, the project will continue with the Public Safety project integration and the Glen Lake Activity Center.
- A number of the city's building air conditioning and heating units are approaching the end of their useful life. Replacement of the units typically reduces operating, maintenance and energy costs. The units will be replaced in a phased approach based on prioritized need with the Ice Arena B de-humidifiers and Public Works make-up air unit #5 scheduled for replacement in 2020.
- The two final solar contract agreements were approved in 2019 and are also the largest solar agreements entered into by the city. Initially the solar facilities were expected to go online in 2019, but are now expected go online in the fall of 2020.

FLEET MAINTENANCE FUND - Public Works Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Charges for Services	\$ 1,420,495	\$ 1,595,886	\$ 1,504,700	\$ 1,504,700	\$ 1,600,000
Investment Income	5,191	11,422	2,000	2,000	4,400
Miscellaneous	1,399	6,231	5,000	5,000	5,000
Fuel	28,180	44,650	45,000	45,000	45,000
Transfers In	-	-	-	-	-
Totals	1,455,265	1,658,189	1,556,700	1,556,700	1,654,400
Expenditures by Category					
Personnel	\$ 419,661	\$ 510,546	\$ 499,900	\$ 499,900	\$ 523,500
Supplies	667,734	866,897	727,300	727,300	758,400
Other Services & Charges	288,675	358,707	308,100	308,100	322,500
Capital Outlay	-	-	50,000	50,000	50,000
Totals	\$ 1,376,070	\$ 1,736,150	\$ 1,585,300	\$ 1,585,300	\$ 1,654,400
Surplus (Deficiency) of Revenues over Expenditures	79,195	(77,961)	(28,600)	(28,600)	-
<i>Beginning Fund Balance</i>	<i>308,320</i>	<i>387,515</i>	<i>309,554</i>	<i>309,554</i>	<i>280,954</i>
Ending Fund Balance	\$ 387,515	\$ 309,554	\$ 280,954	\$ 280,954	\$ 280,954
Number of Employees (FTEs)	4.38	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 approximately 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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Work orders completed	2,768	3,030	3,250	3,500
Gallons of fuel consumed	150,314	166,581	171,500	172,000
Cost to purchase gas/diesel fuels	\$347,874	\$439,582	\$400,000	\$370,000
Average cost per gallon of gas/diesel fuels	\$2.31	\$2.64	\$2.15	\$2.24
Gallons of oil consumed	715	861	800	800
Full-scale plowing events required	5	15	14	10

Budget Comments/Issues:

The 2020 budget for the Fleet Maintenance Fund maintains current service levels and increases fuel costs by \$0.09 per gallon. 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.

- Oil change intervals for engines are continually being evaluated by oil sampling and testing 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 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 and equipment are purchased through the State's Cooperative Purchasing Venture. This program establishes a fixed bid price for motor fuel by combining the motor fuel needs of a number of governmental jurisdictions in the metro area and bidding the collective volume of 9.4M gallons of fuel for the coming year. In 2018, due to the extensive snow plow and summer operations necessary to maintain quality service in the city, a large increase in fuel use was necessary.

CAPITAL REPLACEMENT FUND - Finance Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Ad Valorem Tax Levy	\$ 1,730,000	\$ 2,045,000	\$ 3,295,000	\$ 3,295,000	\$ 2,155,000
Transfers In	355,000	1,200,000	1,200,000	1,200,000	1,200,000
Investment Income	1,701	19,650	5,000	20,000	10,000
Auction Proceeds/Rebates	130,393	149,329	45,000	45,000	45,000
Totals	\$ 2,217,094	\$ 3,413,979	\$ 4,545,000	\$ 4,560,000	\$ 3,410,000
Expenditures by Category					
Buildings & Structures	\$ 857,840	\$ 891,248	\$ 3,385,000	\$ 3,385,000	\$ 1,390,000
Recreation Facilities	10,318	207,348	300,000	300,000	110,000
Machinery and Auto	1,078,274	823,700	1,163,800	1,163,800	1,834,200
Totals	\$ 1,946,432	\$ 1,922,296	\$ 4,848,800	\$ 4,848,801	\$ 3,334,200
Surplus (Deficiency) of Revenues over (under) Expenditures	270,662	1,491,683	(303,800)	(288,801)	75,800
Reserve for Delayed Projects	-	-	-	2,104,600	-
Beginning Available Fund Balance	732,499	1,003,161	2,494,844	2,494,844	101,443
Ending Available Fund Balance	\$ 1,003,161	\$ 2,494,844	\$ 2,191,044	\$ 101,443	\$ 177,243

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.

	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Key Measures:				
General light-duty vehicles in fleet	105	108	109	110
Marked police vehicles in fleet	23	23	24	24
Heavy equipment and trucks in fleet	65	65	65	65
Deprec. value of buildings & structures (millions \$)	\$13.5	\$13.2	\$13.9	\$14.0
Deprec. value of furniture & equipment (millions \$)	\$7.4	\$7.9	\$8.0	\$8.5

Budget Comments/Issues:

The adopted 2020-24 Capital Improvements Program (CIP) incorporates 2020 funding from the CRF for the last phase of major refurbishment of city hall (\$750,000), which includes expensive elevator car improvements, tile floor replacement and improvements to the link window system. Total funding from this source for the City Hall project is \$4.5 million and is being completed over a multi-year period from 2018 to 2020. A portion of the project was first adopted as part of the 2017-22 CIP.

- Substantial purchases approved in the 2020 CIP for the fund include fleet vehicles (\$630,200), large public works equipment replacements (\$1,204,000), and a variety of building components (\$1,390,000) including energy conservation improvements, building HVAC updates, building automation upgrades and roof replacement of Ice Arena B. Additionally, \$110,000 is included as the city's partnership costs for improvements to the Lindbergh Center.

- The 2018-2019 CRF budgets include a \$1.2 million transfer in each year 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 CIP with an additional \$355,000 transfer scheduled in 2021. Like all capital funds, the CRF is managed over a five-year horizon as part of the adopted CIP.

- Council amended the 2019 CRF budget with adoption of the operating budget to increase funding by \$100,000 for the City Hall renovation project and by \$40,000 for an additional police squad care associated with the addition of a police patrol officer in 2019. The 2018 CRF budget was amended in April 2018 to advance funding (\$50,000) for replacement of the city's fuel pump and leak detection system. The 2017 CRF appropriations were amended to include an additional \$10,800 for the full cost of the police department parking lot perimeter fencing.

- Reserve for Delayed Projects includes \$1,815,500 for city building-related projects, \$75,400 for Fire Station needs, \$124,600 for fleet vehicles, and \$89,100 for Lindbergh Center improvements.

UTILITY DIVISION / UTILITY FUND - Public Works Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Water Sales & Sewer Revenue	\$ 13,667,385	\$ 14,239,494	\$ 14,891,900	\$ 14,906,500	\$ 15,527,500
Investment Income	116,787	383,798	225,000	350,000	300,000
Grants	-	9,840	-	-	-
Bond Proceeds	-	10,330,125	-	-	-
Hookup Fees	1,733,554	1,641,577	225,000	1,456,500	225,000
Met Council SAC Fees	1,586,042	929,696	160,000	815,300	160,000
Miscellaneous Income	181,019	383,622	202,000	190,500	202,000
Totals	\$ 17,284,787	\$ 27,918,152	\$ 15,703,900	\$ 17,718,800	\$ 16,414,500
Expenditures by Category					
Personnel	\$ 1,728,728	\$ 2,015,223	\$ 1,944,100	\$ 1,944,100	\$ 2,067,600
Supplies	505,091	677,908	707,300	707,300	713,000
Sewer Service Charge	4,216,842	4,296,409	4,524,000	4,524,000	4,664,000
Other Services & Charges	3,265,572	2,517,871	3,000,200	3,000,200	3,067,100
I & I Reduction Program	162,656	13,411	250,000	250,000	150,000
Capital Outlay	3,538,287	7,026,248	9,507,100	9,507,100	4,608,300
Bond Principal & Interest	671,806	1,247,093	1,418,800	1,418,800	1,600,200
Transfers to Other Funds	800,000	862,422	800,000	800,000	2,250,000
Totals	\$ 14,888,982	\$ 18,656,585	\$ 22,151,500	\$ 22,151,500	\$ 19,120,200
Surplus (Deficiency) of Revenues over Expenditures	\$ 2,395,805	\$ 9,261,567	\$ (6,447,600)	\$ (4,432,700)	\$ (2,705,700)

Number of Employees (FTEs) 18.40 18.40 18.20 18.40 18.40

Description of Services:

The Utility Division of the Public Works Department operates and maintains the water system, sewer collection system, city-owned street lighting and civil defense warning sirens in the city. This includes over 500 miles of both 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.

Key Measures:

	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Water pumped (million gallons)	2,060	2,040	2,200	2,200
Water main breaks repaired	41	53	50	50
Utility locate requests completed	9,523	9,154	10,000	11,000
Sewer cleaning (miles)	95	100	100	100
Sewer televising (miles)	2.5	1	1	50
Fire hydrants inspected	2,827	2,813	2,827	2,850

Budget Comments/Issues:

A comprehensive water system sustainability study was completed in 2014 which focused on scheduled, long-term system improvements needed over the next 20 years for water pumping, treatment, storage, distribution and sewer collection system to meet the demands of the community well into the future. Costs of the improvement plan have necessitated rate increases that will sustain the planned improvements and improvement bonds to be sold at key times to fund a number of planned larger improvements to the systems.

- In 2020, the city will continue its efforts to reduce inflow and infiltration (I&I) in the city's sanitary sewer system to maintain compliance with the Metropolitan Council Environmental Services (MCES) limits.
- Beginning in 2019, the FTE's increased by .20 to provide right sized customer service support from the account clerk position that had previously been reduced from .60 to .40 in 2018.
- Rehabilitation of the Main Lift Station, one of the City's largest, will occur in 2020.
- Construction of a secondary forcemain and lining of the primary forcemain from the Williston Lift Station to Guillian Field, along with construction of a new forcemain junction box at Guillian Field, will complete the sixth and final phase of the Main and Williston lift stations sewer forcemain improvements in 2020.
- Rising energy prices and MCES waste water treatment costs will continue to increase the cost of operating the sanitary sewer utility. In 2019, MCES announced a 3.5 percent increase in wastewater treatment costs for 2020.
- The Woodland Hills water tower will undergo structural repairs in 2020, as outlined in the 2017 tank condition assessment.
- Phase 1 of the Water System Instrumentation and Control update, as recommended in the Sustainability Plan, will occur in 2020.
- Continued development/redevelopment of the Opus II area will require improvements and capacity upgrades of the existing sanitary sewer and water systems. An evaluation of the existing systems and strategic planning for future upgrades will occur in 2020.



PARKS & TRAILS DIVISION - Public Works Department

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$ 1,012,062	\$ 1,119,456	\$ 1,143,700	\$ 1,143,700	\$ 1,246,400
Supplies	156,931	146,720	194,100	194,100	197,400
Other Services & Charges	350,497	384,379	478,600	478,600	504,600
Capital Outlay	-	-	-	-	-
Totals	\$ 1,519,490	\$ 1,650,555	\$ 1,816,400	\$ 1,816,400	\$ 1,948,400

Method of Financing

General Fund	\$ 1,519,490	\$ 1,650,555	\$ 1,816,400	\$ 1,816,400	\$ 1,948,400
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Number of Employees (FTEs)	10.08	10.08	10.08	10.08	11.08
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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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Park acreage maintained	1,297	1,297	1,297	1,298
Level 1 - Maintenance Areas (# /acres)*	7/429	7/429	7/429	7/429
Level 2 - Maintenance Areas (# /acres)*	11/211	11/211	11/211	12/211
Levels 3 & 4 - Maintenance Areas (# /acres)*	32/661	32/661	32/661	32/662
Trails and sidewalks maintained (miles)	102	105	105	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 2020 budget provides for an increasing level of service compared to 2019 in order to accommodate an expanding inventory of city park amenities and trails and sidewalks which require additional maintenance. In 2019 new pickle ball courts were added in Lone Lake Park along with 1.3 miles of trails and sidewalks. In 2018, an additional 1.7 miles of trails of sidewalks were added.

- In 2018, trails were added on Woodhill Road from TH 7 to Excelsior Boulevard, Plymouth Road from Hilloway Road to Amy Lane and sidewalk in the Ridgehaven Lane realignment. In 2019, the trail on Plymouth Road will be completed to Minnetonka Boulevard and sidewalks will be installed on Ridgedale Drive in 2019 and 2020 as part of the road reconstruction.
- In 2019, the softball fields at Big Willow Park were be upgraded to LED athletic field lighting.
- In 2019, several miles of trail were upgraded by the addition of new aggregate surfacing.
- The number of 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.
- Additional funding in the 2019 budget (\$60,000) was added for winter maintenance of sidewalks and trails.
- Robinwood Park is a mini park scheduled to be constructed in 2020, located at the cul-de-sac of Royzelle Lane. Once completed, this Level 2 park will be mowed weekly and the playground area and equipment will be added to the schedule of safety inspections performed by the Park staff.
- One FTE is budgeted to be added in June 2020. This position is being added to assist with snow removal on the expanded trail system. Additionally, the Opus area trails will move from Third Priority to First Priority snow removal due to the rapid growth of residential development and SWLRT.

NATURAL RESOURCES DIVISION - Public Works Department

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$ 613,691	\$ 704,822	\$ 920,700	\$ 920,700	\$ 965,100
Supplies	14,470	19,043	22,600	22,600	15,800
Other Services & Charges	456,345	553,312	579,600	579,600	593,800
Capital Outlay	-	-	-	-	-
Totals	\$ 1,084,506	\$ 1,277,177	\$ 1,522,900	\$ 1,522,900	\$ 1,574,700

Method of Financing

General Fund	\$ 1,084,506	\$ 1,277,177	\$ 1,522,900	\$ 1,522,900	\$ 1,574,700
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Number of Employees (FTEs)	6.48	7.18	8.18	8.18	8.18
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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 urban forest management, natural resource conservation and protection, enforcement of natural resource ordinances, public land stewardship and ecosystem restoration of 310 acres of public land, and environmental education and community engagement through volunteers, public seminars, events, and resident consultations.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Diseased trees removed (Oak & Elm)	678	392	500	500
Public trees planted (reforestation/restoration)	97/73	189/28	100/75	100/75
Private trees planted through city's tree sale	797	830	800	800
Permits inspected for natural resource compliance / ongoing inspections	370/425	350/425	325/425	325/425
Development projects reviewed	67	69	70	70
Volunteer programs conducted / hours donated	41/1,612	48/1478	30/1,500	40/1,400
Enforcement actions taken	36	34	40	30
Wetland Conservation Act decisions/contacts	23/232	14/253	20/200	20/225

Budget Comments/Issues:

The 2020 budget for the Natural Resources Division anticipates an increased level of activity, as emerald ash borer (EAB) has been found for the first time within the Minnetonka city limits. The effects of EAB infestation will generally not be noticeable for 3-4 years when larger scale removal will be required. A financial action plan was developed in 2013 and has been implemented for the past several years. In 2020, staff will continue the removal of right-of-way ash trees which will be funded by the Forestry Fund and continue tree inspections for EAB, along with heightened community education.

- The street tree trimming program will continue in 2020 at an annual cost of \$60,000. This work is necessary in order to keep pace with street reconstructions and neighborhood street renovations.

- In 2020 natural resources staff along with the engineering staff will be continuing to implement new requirements for the Municipal Separate Storm Sewer System (MS4) permit, which is expected to be finalized in 2020. This is a comprehensive update/revision to the city's federal storm water permit, with a significant increase in public education requirements. Employee education, identifying and reducing the occurrence of illicit discharges, reducing pet waste, limiting yard waste in storm drains, and reduction of chloride use by businesses, commercial facilities, and institutions are initiatives to be addresses in the coming year.

- A second forestry technician was added in 2019 to assist with the increase in EAB related activities.

FORESTRY FUND - Public Works Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Ad Valorem Tax Levy	\$ 54,000	\$ 60,000	\$ 93,000	\$ 93,000	\$ 118,000
Investment Income	7,094	15,578	10,000	10,000	10,000
Miscellaneous Income	-	-	-	-	-
Totals	\$ 61,094	\$ 75,578	\$ 103,000	\$ 103,000	\$ 128,000
Expenditures by Program/Project					
EAB Program	\$ 18,856	\$ 21,693	\$ 160,000	\$ 160,000	\$ 165,000
Transfer Out - GF	-	-	58,000	58,000	58,000
Totals	\$ 18,856	\$ 21,693	\$ 218,000	\$ 218,000	\$ 223,000
Surplus (Deficiency) of Revenues over (under) Expenditures	42,238	53,885	(115,000)	(115,000)	(95,000)
Beginning Available Fund Balance	874,701	916,939	970,824	970,824	855,824
Ending Available Fund Balance	\$ 916,939	\$ 970,824	\$ 855,824	\$ 855,824	\$ 760,824

Description of Services:

The Forestry Fund was established at the beginning of 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 was discovered in Minnetonka in 2019. EAB will eventually infest and kill most, if not all, native ash trees which comprise about seven percent of all tree species in Minnesota. Inventories of the city suggest there are approximately 60,000 ash trees in the city limits (includes those in private yard areas, public parks, out-lots and public rights-of-way).

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Ash trees removed	203	426	600	600
Park trees replanted	83	189	100	100
Stumps ground	31	35	25	25
High value ash trees treated (city trees)	81	98	81	98

Budget Comments/Issues:

Costs in the Forestry Fund reflect only the capital budget portion of the EAB program, which includes tree removal, stump grinding, equipment purchases and reforestation. The 2019 budget incorporated funds to begin removal of right-of-way trees as directed by the Mayor and City Council. As part of the ramp-up, \$58,000 will be transferred to the General Fund to support the costs of hiring one additional full-time employee in the Natural Resources Division to assist in administering the program as part of the multi-year action plan.

- At the end of 2018 the city completed the removal of all poorly formed and unhealthy ash trees from the maintained areas of parks and city owned properties (water towers, fire stations, etc.). Tree replacement numbers are anticipated to hold steady because of replanting in woodland areas to replace ash trees that are preemptively removed.
- "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 2018, 455 ash trees were treated using this program.
- Staff costs are reflected within the General Fund and are part of the previously approved city plan. The level of service will likely increase going forward due to the identification of EAB for the first time within the City in 2019.
- 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. The city has begun to use a portion of the settlement deposited in the Forestry Fund for reforestation efforts to replace these lost trees. The residual effects of the chemical are not well understood at this time so planting of new trees will be cautiously slow.

ENVIRONMENTAL FUND - Public Works Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Hennepin Recycling Grants	\$ 149,587	\$ 129,162	\$ 99,000	\$ 92,800	\$ 92,800
Recycling Charges	814,771	827,823	874,200	874,200	900,200
Miscellaneous Revenue	-	1,509	-	-	-
Investment Income	7,420	15,395	12,000	13,000	11,000
Contract Rebate	25,872	-	-	-	-
Totals	\$ 997,650	\$ 973,889	\$ 985,200	\$ 980,000	\$ 1,004,000

Expenditures by Category

Personnel	\$ 81,105	\$ 76,397	\$ 100,700	\$ 100,700	\$ 103,600
Supplies	4,172	632	5,400	5,400	5,400
Collection Contract	564,947	612,818	628,000	628,000	670,000
Yard waste Program	85,674	96,279	84,500	84,500	100,000
Other Services & Charges	17,898	36,007	23,900	23,900	23,900
Transfer To General Fund	192,500	199,800	205,800	205,800	209,400
Totals	\$ 946,296	\$ 1,021,933	\$ 1,048,300	\$ 1,048,300	\$ 1,112,300
Surplus (Deficiency) of Revenues over Expenditures	51,354	(48,044)	(63,100)	(68,300)	(108,300)
Beginning Fund Balance	713,502	764,856	715,232	715,232	646,932
<i>Change in Accounting Principal</i>	-	(1,580)	-	-	-
Ending Fund Balance	\$ 764,856	\$ 715,232	\$ 652,132	\$ 646,932	\$ 538,632

Number of Employees (FTEs)	0.48	0.48	0.48	0.48	0.48
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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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Curbside recycling picked up (tons)	4,900	4,840	4,900	4,900
Leaf recycling dropped off (cubic yards)	10,000	16,020	16,000	16,000
Special drop-off customers (est.)	2,100	2,150	2,000	2,000
Customers rating curbside svcs "good" or "excellent"	96%	94%	96%	95%
Households with organics collection	611	693	800	900

Budget Comments/Issues:

The recycling contract with Republic Services was extended to the end of 2021. This coincides with changes to Hennepin County Ordinance 13 which in 2022 requires some form of required household organics collection. Organics composting is seen as the next step in reducing the volume of solid waste that goes to landfills, and Ordinance 13 will outline those requirements.

- The 2020 budget reflects increases in recycling fees charged by the city's contract vendor, which will increase in residential pickup by three percent and drop-off processing by three percent. To ensure ongoing financial sustainability for the programs, the 2020 budget anticipates an increase in the monthly rate charged to residential properties from \$4.40 to \$4.58.

- In 2020 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.

- 2020 is the final year of the transition of SCORE funds received from Hennepin County. In 2020, 50% of SCORE funds available will be applied to recycling collection and 50% of SCORE funds will be applied to organics collection. Prior to 2017, 100% of SCORE funds received from Hennepin County was applied to recycling collection. Grant monies received from Hennepin County since 2016 have increased household participation from approximately 300 homes to approximately 800 homes by the end of 2019.

TRAIL SYSTEM EXPANSION FUND - Engineering Department

Revenues	2017 Actual	2018 Actual	2019 Actual	2019 Revised	2020 Budget
Gas Franchise Fees	\$ -	\$ -	\$ 1,495,000	\$ 1,370,000	\$ 1,370,000
Electric Franchise Fees	-	-	-	478,800	497,000
Investment Income	-	-	8,000	8,000	20,000
Totals	\$ -	\$ -	\$ 1,503,000	\$ 1,856,800	\$ 1,887,000
Expenditures by Category					
Trail feasibility study - Excelsior Blvd, Priority Segments 3-5	\$ -	\$ -	\$ 150,000	\$ 150,000	\$ -
Plymouth Road Trail - Phase 2	-	-	-	320,000	-
Excelsior Blvd. (CR 3) Glenview Dr to Caribou Drive	-	-	-	-	1,900,000
Totals	\$ -	\$ -	\$ 150,000	\$ 470,000	\$ 1,900,000
Surplus/(Deficiency) of Revenues over/(under) Expenditure	-	-	1,353,000	1,386,800	(13,000)
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ 1,386,800
Ending Fund Balance	\$ -	\$ -	\$ 1,353,000	\$ 1,386,800	\$ 1,373,800

Description of Services:

In response to significant results garnered from the City of Minnetonka's annual community survey and the *Imagine Minnetonka* community engagement process, the city adopted a natural gas franchise fee in 2018 to charge rent to CenterPoint Energy for its use of city rights-of-way. In addition, the electric franchise fee was increased by \$2 per residential account with \$1 dedicated to underground burial and \$1 dedicated to trail expansion. Calculated as a monthly charge per customer, all revenue paid to the city by the gas company and a portion of the revenue paid to the city from the electric company supports costs to expand the city trail system and make sidewalks and streets safer for pedestrians.

Fee revenue and costs associated with the projects are budgeted through the Trail System Expansion Fund. The schedule for constructing these projects is developed as part of the city's five-year Capital Improvements Program (CIP).

This fund was initially named the Gas Franchise Fund. In order to provide a more transparent use of funds and tracking of projects, the portion of electric franchise fees associated with trail development is now accounted for within this Trail Development Fund rather than within the Electric Franchise Fee fund which remain solely used for undergrounding of electrical utilities.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Miles of new trail segments constructed	NA	NA	1.2	1.8
using gas and electric franchise revenues				

Budget Comments/Issues:

Revenues from the new natural gas franchise fee, which is equal to \$4.50/month per residential account, in addition to an increase in the electric franchise fee of \$1.00/month per residential are to be solely dedicated to priority trail construction as provided in the adopted CIP. The new revenue is estimated to generate approximately \$1.9 million per year and allow for the completion of approximately eight new priority segments over the next ten years. This includes the addition of the following segments in the 2020-2024 CIP: Excelsior Boulevard (Baker Road to Shady Oak Road), Excelsior Boulevard (Glenview Drive to Caribou Drive), Ridgedale Drive (White Birch Road to Target), Minnetonka Boulevard (The Marsh to Fairchild Lane), Hopkins Crossroad (Cedar Lake Road to Wayzata Boulevard).

- 2019 is the first year of the gas franchise fee and the increased electric franchise fee revenue dedicated to trail expansion. Due to the high cost of priority segments, some monies in 2019 will be used to conduct a feasibility study on the highest priority segments in order to better estimate costs for each.

- In 2016, the city's internal trails team updated the feasibility score and reprioritized unscheduled segments. The vision for trail segments uses a score based on: Community Access (40%), Nature of Use (40%), Cost Effectiveness (10%), and Degree of Construction Difficulty (10%). At the same time, the trails team also estimated approximate costs to construct the remaining priority trail network at a projected total of \$58.9 million. Staff used these planning level estimates to develop an approximate idea of funding needed to build out these segments, with the intent to complete feasibility reports as segments are scheduled or get closer to construction to refine the detailed costs. This estimate continues to be updated annually based on current bid climate and is estimated with a range of costs from \$55,900,000 to \$67,040,000.

PARK & TRAIL IMPROVEMENT FUND - Administrative Services Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Ad Valorem Tax Levy	\$ 560,000	\$ 560,000	\$ 650,000	\$ 650,000	\$ 650,000
Park Dedication Fees	2,185,000	3,290,000	1,640,000	1,640,000	340,000
Investment Income	26,018	105,020	20,000	20,000	100,000
Local Grants/Agreements	90,000	-	100,000	-	100,000
Transfers In, incl. field fees	394,653	10,189	1,559,600	1,559,600	-
Miscellaneous Income	5,922	(396)	300,000	300,000	9,600
Totals	\$ 3,261,593	\$ 3,964,813	\$ 4,269,600	\$ 4,169,600	\$ 1,199,600
Expenditures by Category					
Park Development	\$ 495,300	\$ 526,326	\$ 1,256,800	\$ 1,256,800	\$ 640,500
Trail Development	172,072	561,285	2,340,000	2,340,000	385,000
Maintenance-City Housing	84,934	44,947	35,000	35,000	-
Totals	\$ 752,306	\$ 1,132,558	\$ 3,631,800	\$ 3,631,800	\$ 1,025,500
Surplus (Deficiency) of Revenues over (under) Expenditures	2,509,287	2,832,255	637,800	537,800	174,100
Reserve for Delayed Projects	-	-	-	2,036,900	-
Reserve for Athletic Field Maint.	62,082	72,271	81,871	91,471	101,071
Beginning Available Fund Balance	2,921,511	5,368,716	8,190,782	8,190,782	6,682,082
Ending Available Fund Balance	\$ 5,368,716	\$ 8,190,782	\$ 8,818,982	\$ 6,682,082	\$ 6,846,582

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.

Key Measures:

	<u>2017 Actual</u>	<u>2018 Actual</u>	<u>2019 Estimated</u>	<u>2020 Projected</u>
Miles of new trails constructed	0.31	1.49	1.63	7.02
Miles of trails refurbished	0.80	0.50	1.70	1.90

Budget Comments/Issues:

As indicated in the 2020-2024 CIP, the 2020 budget includes funds to continue community supported investments in the trail system and city parks, including improvements to and maintenance of Shady Oak Beach and infrastructure improvements to trails around the Opus Area light rail transit station.

- For 2020, the trail budget includes funding for Parkers Lake Road (Twelve Oaks Dr to Plymouth city limits) and Excelsior Blvd (Phase I). Park development includes Robinwood Park.
- For 2019, the budget included significant funding for construction of the Plymouth Road trail, Big Willow Park LED lighting for the ball fields, Ridgedale area park planning and road-adjacent amenities, and Purgatory Park improvements.
- For 2018, the budget included 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 under construction.
- Revenues to the Parks & Trails Fund in 2017 through 2020 reflect a significant rise in the number of development projects in the city, which contribute park dedication fees compared to past years. Notable in 2018 and 2019 are: the Jordan Avenue project (\$385,000), the Dominion project in Opus (\$2.4 million), Solbekken (\$65,000), the project located at the former Red Stone property (\$370,000), and the Mariner (\$1.2 million). New construction may also contribute in-kind natural and/or public park improvements as well, and \$45,000 in the "reserve for delayed projects" above is to ensure funding is available to credit back fees to developers for such costs as needed.
- "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 prior-year trail projects, including development related park improvement projects (\$460,000); mountain bike trails (\$102,000); POST Plan (\$75,000); Burwell House capital maintenance (\$81,000); and Minnehaha Creek canoe landing (\$50,000).

COMMUNITY INVESTMENT FUND - Finance Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Investment Income	\$ 172,624	\$ 355,568	\$ 225,000	\$ 300,000	\$ 300,000
Other	157,500	157,500	157,500	157,500	157,500
Totals	\$ 330,124	\$ 513,068	\$ 382,500	\$ 457,500	\$ 457,500
Expenditures					
Ice Arena Improvements	\$ -	\$ 500,154	\$ 300,000	\$ 300,000	\$ 350,000
Trail Improvement Plan	-	-	-	-	-
Totals	\$ -	\$ 500,154	\$ 300,000	\$ 300,000	\$ 350,000
Surplus/(Deficiency) of Revenues over/(under) Expenditures	330,124	12,914	82,500	157,500	107,500
Reserve for Delayed Projects	0	0	-	983,000	-
<i>Beginning Fund Cash Balance</i>	<i>20,776,706</i>	<i>21,106,829</i>	<i>21,119,743</i>	<i>21,119,743</i>	<i>20,294,243</i>
Total Ending Fund Cash Balance	\$ 21,106,829	\$ 21,119,743	\$ 21,202,243	\$ 20,294,243	\$ 20,401,743
Required Fund Balance	\$ 19,864,089	\$ 19,881,351	\$ 19,916,908	\$ 19,916,908	\$ 19,946,908
Available Fund Balance	\$ 1,242,740	\$ 1,238,392	\$ 1,285,335	\$ 377,335	\$ 454,835

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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Annual net investment earnings	\$172,624	\$355,568	\$300,000	\$300,000

Budget Comments/Issues:

Since the 2008 economic recession, the fund has experienced reduced financial investment earnings, and as a result, balances available, as projected in the 2020-24 Capital Improvements Program (CIP), for future capital projects are projected to continue at a conservative level compared to historical highs. 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 and Big Willow Park enhancements.

- 2018 expenditures and the 2019 and 2020 budgets for the Community Investment Fund (CIF) are allocated to interfund loan payback for costs of the necessary improvements to the city's ice arena constructed in 2015 using the Special Assessment Construction Fund. The adopted 2020-24 CIP dedicates an additional \$300,000 to the project over the final four years of the capital program.

- The adopted 2020-24 CIP includes \$1 million from the Community Investment Fund (CIF) in 2023 for the cost to replace the refrigeration system in the city's Ice Arena B. The fund supported replacement of the Ice Arena A system as part of the 2015 ice arena improvement project.

- Reserve for Delayed Projects above are funds appropriated for the Upper Minnehaha Creek Corridor Project from 2013 through 2017.

- 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

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$ 1,030,531	\$ 1,107,778	\$ 1,188,200	\$ 1,152,200	\$ 1,267,500
Supplies	77,170	72,652	81,800	76,800	85,650
Other Services & Charges	325,568	357,160	354,200	325,100	364,000
Other	9,653	10,189	-	-	-
Capital Outlay	-	-	-	-	-
Totals	\$ 1,442,922	\$ 1,547,779	\$ 1,624,200	\$ 1,554,100	\$ 1,717,150

Method of Financing

General Fund	\$ 1,442,922	\$ 1,547,779	\$ 1,624,200	\$ 1,554,100	\$ 1,717,150
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Number of Employees (FTEs)	6.35	6.85	6.85	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 approximately 25,000 people annually.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Program participants	43,245	44,748	45,000	45,000
Adult sports teams registered	410	396	444	440
Youth sports participation	827	863	860	860
Expenses covered by fee revenues*	82.3%	83.2%	83.0%	83.0%
Shady Oak Beach season passes sold	3,912	3,736	3,169	3,500
Scholarships approved	55	120	120	120
Total value of scholarships approved	\$5,500	\$7,255	\$7,500	\$7,500

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

Budget Comments/Issues:

- In order to attract quality seasonal employees and stay competitive with surrounding cities, minimum hourly rates for various positions at Shady Oak Beach (i.e. lifeguards, gate/concessions attendants) will increase in 2020. This increase is reflected in "personnel" costs.

- Shady Oak Beach season pass sales decreased in 2019. Due to extremely high water levels at the start of the season, the high dive and dock remained closed and there was little sand area for patron use. An inflatable piece was added as another amenity, along with the obstacle course purchased in 2018, in an effort to continue to attract beach patrons.

- After adjusting the scholarship policy in 2017, there has been an increase in requests for financial assistance. The major change made was granting qualified applicants \$100 annually to apply towards eligible programs of their choosing. Additional fundraising efforts were needed in 2018 in order to keep a positive fund balance.

- Changes were made to the team formation process for both the youth basketball and soccer leagues in 2019. Previously formed by school and grade, participants were given the option of registering for a specific team based on practice night and location. Overall registrations increased by 52 for the two youth leagues from 2018 to 2019 after having decreased the previous year.

- Registrations for adult soccer and softball leagues increased in 2019 from the previous year. There seems to be more interest in less-traditional adult sports leagues, such as volleyball and kickball. Sand volleyball registrations increased from 22 to 28 teams in 2019 and there are waiting lists for the fall indoor volleyball leagues. Summer kickball league registrations increased from 8 to 13 teams and a fall league was added due to the increased interest in the sport.

- An annual goal for the department's budget is to cover 80% of expenses with the fees collected.

MINNETONKA RECREATION - Recreation Services Department

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$ 243,165	\$ 286,760	\$ 380,800	\$ 367,100	\$ 414,600
Supplies	973	2,962	1,800	1,200	1,750
Other Services & Charges	264,112	292,570	296,900	287,000	312,600
Other	113,000	113,000	113,000	113,000	113,000
Totals	\$ 621,250	\$ 695,292	\$ 792,500	\$ 768,300	\$ 841,950

Method of Financing

General Fund	\$ 621,250	\$ 695,292	\$ 792,500	\$ 768,300	\$ 841,950
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Number of Employees (FTEs)	0.75	2.00	2.00	2.00	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, Libbs Lake Beach, outdoor ice rink operations, the Adopt-A-Sign program and six summer playground program locations.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Minnetonka playground registrations	819	791	750	750
Warming house days of operation	60	38	50	50
Music Association of Minnetonka (MAM) participants	230	214	220	220
Adopt-A-Sign locations	41	40	40	40
Music/Theater in the Park attendance	3,240	3,845	3,435	3,500

Budget Comments/Issues:

Minnetonka Recreation programming is annually reviewed and adjusted to provide programming that is desired by the community at the present time.

- The summer playground program was restructured in 2019. Now called Park Adventures, the program remains free and takes place at six sites in Minnetonka. The Summer Adventure offering for ages 4-5 was eliminated, but the 3-hour morning and afternoon offerings were expanded to include 5 year olds, so the program is now available for ages 5-12. Staff has added more structure to the day by adding scheduled times for arts & crafts, and forming smaller groups for activities based on age and ability. Enrollment varies from year to year based on park locations offered and times offered at each location (morning versus afternoon).
- Outdoor ice rinks are provided at six city park locations as well as two Hopkins School District locations, Glen Lake and Gatewood Elementary Schools. The weather was less than favorable for skating conditions throughout the 2018-19 season. Warm temperatures in late December 2018 and early January 2019 made ice production and maintenance difficult, and extreme cold in February resulted in an early end to the season.
- Tuesday evening Music in the Park concerts at the Amphitheater continue to be popular. Nine of the ten scheduled concerts were held in 2019 with a total attendance of 2,250. The Theater in the Park program took place in June 2019. All four scheduled performances took place, with a total attendance of 1,185. In addition to music and theater, three Movies in the Park were scheduled during the month of August with an average attendance of 80 people per night.
- The MAM membership numbers were down slightly in 2018, but the various music groups that make up MAM remain very active. Between the youth choir, civic orchestra, symphony orchestra, concert band, chorus a la carte and senior chorale, MAM members entertained audiences of over 3,000 throughout the year.

SENIOR SERVICES - Recreation Services Department

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$ 243,540	\$ 254,126	\$ 270,900	\$ 268,900	\$ 291,500
Supplies	69,954	85,960	68,700	76,500	79,400
Other Services & Charges	82,051	67,371	65,700	69,900	65,900
Totals	\$ 395,545	\$ 407,457	\$ 405,300	\$ 415,300	\$ 436,800
Method of Financing					
General Fund	\$ 395,545	\$ 407,457	\$ 405,300	\$ 415,300	\$ 436,800
Number of Employees (FTEs)	2.5	2.4	2.4	2.4	2.4

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. Senior Services provides a wide range of leisure-time activities serving a diverse senior population as well as addressing day-to-day living experiences. Senior programming includes day-trips, group education classes, fitness classes, defensive driving, outreach/insurance consultation, and meal/entertainment experiences. In addition, there are 34 special interest 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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Program participants	11,230	10,695	10,600	11,000
Program participants visits	48,020	46,079	45,500	47,000
Program offered	320	379	375	375
Senior volunteers used	235	245	235	235
Volunteer hours donated	16,200	16,300	16,100	16,100

Budget Comments/Issues:

Senior Services staff provide programs and services designed to meet the needs of the growing 55+ demographic.

- Staff forecasted fewer program visits and revenue in 2019 due to the city hall remodel project, which reduced current program space for senior programs in the community center.
- 2017 and 2018 Senior Services program revenue increased significantly due to expansion of popular exercise programs (i.e. yoga), increased number of programs, and popular day-trip offerings.
- Volunteer hours donated by Senior Services participants exceeded 16,000, which is estimated to equate to a cost savings value of roughly \$190,000.
- Senior Services continues to manage The Landing Shop. The shop sells items created by 86 Minnetonka senior craft vendors.

COMMUNITY FACILITIES DIVISION - Recreation Services Department

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$ 357,688	\$ 357,619	\$ 383,600	\$ 379,100	\$ 426,100
Supplies	25,763	29,041	55,000	50,800	55,300
Other Services & Charges	84,697	115,751	131,400	127,300	131,000
Capital Outlay	-	-	-	-	-
Totals	\$ 468,148	\$ 502,411	\$ 570,000	\$ 557,200	\$ 612,400
Method of Financing					
General Fund	\$ 468,148	\$ 502,411	\$ 570,000	\$ 557,200	\$ 612,400
Cemetery Fund	-	-	-	-	-
Totals	\$ 468,148	\$ 502,411	\$ 570,000	\$ 557,200	\$ 612,400

Number of Employees (FTEs)	3.37	3.22	3.60	3.60	3.60
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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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Community Center rental revenue	\$120,165	\$120,376	\$119,000	\$122,000
Community Center hours reserved	11,734	13,430	11,500	12,000
Satellite facility hours reserved	622	482	100	250
Picnic shelter permits issued	265	301	310	300
Field fee revenue	\$29,253	\$30,876	\$29,000	\$29,000

Budget Comments/Issues:

The 2020 budget for the Community Facilities Division provides current level services.

- Consistent with the city council's strategic plan, a market study is completed annually to determine fees for use of the Community Center and other recreational facilities.
- Community Center use hours are reduced in 2019 due to the city hall remodel project. One room was not available for use and another room was held for city staff to be reserved for additional meeting space.
- Total satellite facility hours are expected to be significantly lower in 2019 since city staff was housed at the Glen Lake Activity Center during the city hall remodel.
- The Community Center will benefit from the city hall remodel project in late 2019 with improved finishes in the Purgatory Creek room along with an added meeting room and storage room created from converted IT office space.
- The picnic shelter rentals in 2020 are expected to stay level due to Lone Lake hillside shelter being replaced by pickleball courts.

WILLISTON CENTER - Recreation Services Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Membership Fees	\$ 1,653,978	\$ 1,665,243	\$ 1,784,500	\$ 1,700,000	\$ 1,750,000
Tennis Lessons & Court Fees	645,401	649,199	635,000	650,000	660,000
Tennis Pro Shop	12,793	16,909	14,000	13,000	14,000
Sports Training Fees	14,527	17,752	12,000	18,000	18,500
Outside Participant Fees	240,153	222,502	225,000	221,000	224,000
Batting Cage Income	17,844	19,131	19,000	19,000	19,000
Rental Income	23,285	23,217	29,000	23,000	23,500
Investment Income	10,717	26,726	7,000	15,835	7,000
Miscellaneous	122,399	125,889	120,000	130,000	135,000
Totals	\$ 2,741,097	\$ 2,766,568	\$ 2,845,500	\$ 2,789,835	\$ 2,851,000
Expenditures by Category					
Personnel	\$ 1,477,576	\$ 1,641,238	\$ 1,526,100	\$ 1,696,100	\$ 1,790,300
Supplies	156,441	177,552	191,500	182,500	184,500
Other Services & Charges	565,096	560,699	549,200	548,950	561,300
Transfer Expenses	47,300	49,100	47,300	47,300	51,500
Totals	\$ 2,246,413	\$ 2,428,589	\$ 2,314,100	\$ 2,474,850	\$ 2,587,600
Surplus (Deficiency) of Revenues over Expenditures	\$ 494,684	\$ 337,979	\$ 531,400	\$ 314,985	\$ 263,400
Capital Outlay	\$ 91,457	\$ 272,754	\$ 279,500	\$ 279,500	\$ 259,500
Number of Employees (FTEs)	8.45	7.45	9.45	9.45	9.45

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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Average active members	9,162	9,514	9,600	9,700
Daily fee (non-member) participants	35,138	30,525	24,000	25,000
Total facility visits	309,246	300,231	310,000	312,000
Recreation program hours	8,500	8,250	8,100	8,000
Tennis overall participation numbers	5,231	5,420	5,500	5,650
% of expenses covered by revenue	117%	102%	101%	100%

Budget Comments/Issues:

Williston continues to be in a strong financial position and the facility is able to cover operating, capital and depreciation expenses.

- Williston continues to be on a "non-resident membership freeze" and has been since July 1, 2013.
- The miscellaneous revenue line item includes fees from personal training and birthday party packages.
- Staff adjusted programming hours to help with the seasonal parking challenges.
- Facility visits is a combination of membership scans, daily visits and program participation, which provides an accurate number for usage of the facility.
 - Major projects for 2018 included: replacing the south wall of the tennis building, widening the service drive and adding a landscaping buffer between Williston and adjoining neighborhood, updating treehouse and splash pad play features, and replacing HVAC system in pool area.
 - Membership rates increased in January 2019.
 - The 2019 budget included the addition of two new full-time positions to appropriately manage maintenance of the facility and the center's robust ongoing tennis program.
 - In August of 2019 the lighting was upgraded in the tennis building to direct-indirect LEDs and the steel beams were painted to increase the overall playing experience for our tennis participants.
 - The 2019 revised budget includes an additional \$170,000 in part-time or temporary salaries. This adjustment is needed to better reflect the historical actuals in this area. Facility demand and programming is driving the need for additional part-time staffing.

ICE ARENA - Recreation Services Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Ice Rental	\$ 618,984	\$ 597,391	\$ 640,000	\$ 625,000	\$ 640,000
Concessions	40,073	38,788	45,000	40,000	40,000
Programs & Special Events	228,103	228,947	230,000	230,000	230,000
Miscellaneous	7,088	1,790	5,000	5,000	5,000
Transfers In	50,000	50,000	50,000	50,000	50,000
Investment Income	(3,492)	(6,108)	-	-	-
Totals	\$ 940,756	\$ 910,808	\$ 970,000	\$ 950,000	\$ 965,000

Expenditures by Category

Personnel	\$ 475,556	\$ 487,202	\$ 506,900	\$ 506,900	\$ 533,700
Supplies	83,572	59,371	79,800	58,100	54,700
Other Services & Charges	318,856	292,819	316,900	305,400	313,900
Costs of Goods Sold	28,834	27,012	32,000	27,000	27,000
Transfer Expenses	31,500	32,700	33,700	33,700	34,300
Totals	\$ 938,318	\$ 899,104	\$ 969,300	\$ 931,100	\$ 963,600

Surplus(Deficiency) of Revenues over Expenditures	\$ 2,438	\$ 11,704	\$ 700	\$ 18,900	\$ 1,400
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Number of Employees (FTEs)	3.00	3.50	3.50	3.50	3.50
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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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Ice rental hours sold	3,221	3,000	3,000	3,000
Skating lesson participants	1,151	1,174	1,200	1,200
Public skating/hockey hours offered	451	444	450	450
Public skating/hockey participants	5,250	6,600	6,000	6,000
Adult hockey teams utilizing facility	23	36	36	36
Total days of operation	336	336	336	336
Operating expenses covered by revenue, transfers in	101%	100%	102%	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 increase in full-time equivalent (FTE) positions for the 2018 budget reflects an appropriate reallocation of staff time amongst Recreation Services Department staff, which results in no net FTE changes department wide.
- 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. 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 \$206,000, the 2018 capital improvement of Ice Arena B included replacement of the deteriorating existing dasher board system with a new state-of-the-art dasher board system that includes enhanced safety characteristics similar to the Rink A system installed in 2015. This capital improvement was paid out of the Capital Replacement Fund.
- Consistent with the Council's Strategic Plan, a market study is completed annually to determine fees for use of the Ice Arena and other recreational facilities.
- Non-Prime season hourly rates increased from \$150/hour to \$160/hour effective June 1, 2019 and Prime season rates increased from \$210/hour to \$215/hour effective September 1, 2019.

GRAY'S BAY MARINA - Recreation Services Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Slip Rental	\$ 114,885	\$ 115,785	\$ 113,100	\$ 114,600	\$ 113,100
Fuel Sales	137,858	162,795	132,500	146,000	132,500
Other Revenue	1,087	1,367	1,100	1,300	1,100
Investment Income	4,886	11,019	8,000	8,000	8,000
Totals	\$ 258,716	\$ 290,966	\$ 254,700	\$ 269,900	\$ 254,700
Expenditures by Category					
Personnel	\$ 34,300	\$ 27,881	\$ 51,400	\$ 49,900	\$ 53,300
Supplies	88,796	114,316	110,500	104,200	99,500
Other Services & Charges	49,821	55,985	75,000	67,200	73,200
Transfer Expenses	11,100	11,500	11,800	11,800	12,000
Totals	\$ 184,017	\$ 209,682	\$ 248,700	\$ 233,100	\$ 238,000
Surplus (Deficiency) of Revenues over Expenditures	\$ 74,699	\$ 81,284	\$ 6,000	\$ 36,800	\$ 16,700
Capital Outlay	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ -
Number of Employees (FTEs)	0.20	0.20	0.20	0.20	0.20

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 providing funding for public areas of the park such as the public landing, boarding docks, and parking lot.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Gallons of gas sold	31,110	34,110	30,000	26,500
Days of operation	194	181	182	200
Slip lease rate	\$3,900	\$3,900	\$3,900	\$3,900
Operating expenses covered by revenue	141%	139%	116%	107%

Budget Comments/Issues:

The 2020 budget for Grays Bay Marina provides current level services and a strong financial position for the fund.

- 2018 gallons of gas sold were the highest ever; 32% higher than average.
- Due to the late winter and ice out date, the 2019 days of operation are lower than an average season.
- Fifty percent of the LMCD dues are funded through the marina operations budget and is shown as "Other Services & Charges", and the remainder is funded by the Natural Resources Division of the Public Works Department.
- Consistent with the Council's Strategic Plan, a market study is completed annually to determine fees for use of the Marina and other recreational facilities.



COMMUNITY DEVELOPMENT DIVISION - Community Development Department

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$ 1,460,568	\$ 1,504,783	\$ 1,646,800	\$ 1,718,800	\$ 1,959,400
Supplies	19,731	52,714	16,500	16,500	17,400
Other Services & Charges	237,486	326,121	293,300	401,800	299,800
Capital Outlay	-	-	-	-	-
Totals	\$ 1,717,785	\$ 1,883,618	\$ 1,956,600	\$ 2,137,100	\$ 2,276,600

Method of Financing

General Fund	\$ 1,717,785	\$ 1,883,618	\$ 1,956,600	\$ 2,137,100	\$ 2,276,600
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Number of Employees (FTEs)	13.10	13.25	15.30	15.30	15.80
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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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Permits issued	7,200	7,358	7,000	7,100
Building construction value	\$230 Million	\$220 Million	\$345 Million	248
Residential building plan reviews	724	689	700	700
Agenda items prepared	271	258	245	240

Budget Comments/Issues:

Construction activity in 2020 will continue to be high, primarily due to large projects. Department development continues to be strong with larger structures and more amenities. Office and industrial remodels are also providing positive permit activity. The 2020 budget includes ongoing funding for on-call inspectors, both to ensure timely customer service and response related to permitting. No additional full-time inspectors will be requested for 2020, although we will reevaluate staffing levels over the next 12 months to ensure that we have adequate staffing moving forward.

- The department personnel budget and FTE count properly reflects employees previously in the Planning Division budget. The change accurately reflects the actual duties and division for the employees.
- A tight labor market for the specialized skills required of 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 has improved.
- The number of permits issued is expected to level out in 2020. The only consideration would be LRT development related interest.
- With the implementation of the electronic plan review system, the city is anticipating a continued streamlined plan review process, which should translate to reduced plan review time. There is still customer adjustment for this new system, but there has been general acceptance of the more digital nature of the city's review process.
- Increased permit activity over time along with the increased use of credit cards by customers has required the department to budget for increasing card merchant costs. The 2020 budget incorporates \$90,000 for these costs, up from \$60,000 in the 2019 budget and similar to the 2018 actual amount. The department will continue to advocate for the implementation of echeck technology with LOGIS.
- The use of the metal detectors by the public continues to increase, there is one additional detectors at a cost of \$1100 programmed for 2020.
- The 2019 revised budget includes an additional \$72,000 for temporary salaries and \$117,000 for contracted services related to additional inspection needs. Increased expenditures are offset by additional permit revenue.

ASSESSING DIVISION - Finance Department

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$ 589,151	\$ 616,431	\$ 687,600	\$ 687,600	\$ 732,600
Supplies	2,655	2,266	4,000	4,000	4,000
Other Services & Charges	125,813	111,135	147,600	147,600	152,200
Capital Outlay	-	-	-	-	-
Totals	\$ 717,619	\$ 729,832	\$ 839,200	\$ 839,200	\$ 888,800

Method of Financing	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
General Fund	\$ 717,619	\$ 729,832	\$ 839,200	\$ 839,200	\$ 888,800

Number of Employees (FTEs)	5.60	5.60	5.70	5.70	5.70
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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.

Key Measures:

	2017 Actual	2018 Actual	2019 Actual	2020 Projected
Total market values	\$9.06 billion	\$9.71 billion	\$10.19 billion	\$10.6 billion
Sales ratio (targets revised annually by county)	95.2%	95.4%	96.0%	95.4%
Coefficient of dispersion (Less than 10 is "good.")	6.6	6.2	6.3	6.5
Special assessment manual information requests	240	164	115	100
Survey rating "excellent" or "good" from on-site appraisal visits	100%	100%	99%	98%
Commercial tax court petitions (payable year)	68	71	54	65

Budget Comments/Issues:

The 2020 budget for the Assessing Division supports current services of the division. Fluctuation in the real estate market can increase the workload of the division with required revaluation of properties due to new developments, other improvements and sales.

- 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, such needs required significantly less staff time in 2017 and 2018. Staff forecasts an increase in such requests in 2019 and 2020 due to a new Housing Improvement Area associated with a 164-unit condo building.

- The Assessing Division has developed an internship program to educate and encourage new workers in the public appraisal field. The seasonal interns in the program likewise serve a critical role in managing the division's workload.

- Commercial property values have shown steady growth from 2015 through 2019, 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. Therefore, the total value under appeal decreased by 16.8 percent over the period. Staff proactively seeks multiyear agreements that include the current year before taxes are levied.

DEVELOPMENT FUND - Community Development Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Interest Income	\$ 23,317	\$ 49,712	\$ 20,000	\$ 50,000	\$ 45,000
TIF-related Levy Proceeds	200,000	200,000	250,000	250,000	250,000
Other Grants	-	-	4,200,000	-	2,477,500
TIF Admin Revenue	129,446	192,620	150,000	200,000	150,000
Cedar Ridge Assessments	52,370	53,898	50,000	52,000	50,000
Miscellaneous Income	61,483	293,055	50,000	50,000	50,000
Transfers In	502,588	7,000	30,000	30,000	1,159,251
Totals	\$ 969,204	\$ 796,285	\$ 4,750,000	\$ 632,000	\$ 4,181,751
Expenditures by Category					
Redevelopment Projects	130,125	193,701	125,000	125,000	125,000
Transit Projects/Programs	-	-	-	-	-
Economic Development Programs	25,000	-	40,000	36,000	40,000
Transfer to SACF	197,266	197,266	197,300	197,300	-
Other	-	-	4,200,000	-	2,477,500
Transfer Out, Indirect Costs	61,200	63,500	65,400	65,400	66,500
Totals	\$ 413,591	\$ 454,467	\$ 4,627,700	\$ 423,700	\$ 2,709,000
Surplus (Deficiency) of Revenues over Expenditures	555,613	341,818	122,300	208,300	1,472,751
<i>Beginning Fund Balance</i>	<i>2,951,226</i>	<i>3,506,839</i>	<i>3,848,657</i>	<i>3,848,657</i>	<i>4,056,957</i>
<i>Ending Fund Balance</i>	<i>\$ 3,506,839</i>	<i>\$ 3,848,657</i>	<i>\$ 3,970,957</i>	<i>\$ 4,056,957</i>	<i>\$ 5,529,708</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:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Development/redevelopment projects in progress	11	14	16	20
Predevelopment contacts	15	12	10	10

Budget Comments/Issues:

In 2020, the city will continue conducting the public process for potential redevelopment of city owned property at Highway 101/Covington in order to inform the city as to the direction for developing the property.

- 2020 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 2020 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 2019 or 2020 to fully repay the special assessment loan. Transfer in is the anticipated net proceeds on the property sale.

- 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 2020 is expected to be approximately \$50,000.

- 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.

- \$2.48 million of Other Grant dollars includes various Met Council, DEED and Hennepin County redevelopment and business development related grants that are passed through the city as revenues and subsequent expenditures.

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	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Ad Valorem Tax Levy	\$ 171,735	\$ 247,728	\$ 300,000	\$ 300,000	\$ 225,000
Miscellaneous Revenue	915	-	15,000	20,000	30,000
Investment Interest	4,516	14,887	3,000	10,000	10,000
Totals	\$ 177,166	\$ 262,615	\$ 318,000	\$ 330,000	\$ 265,000
Expenditures by Category					
WHAHLT (Tsf Mtkka Liv Commtty Fd)	-	100,000	100,000	100,000	150,000
Village Center Master Planning	-	-	-	-	-
SWLRT	-	100,000	75,000	75,000	75,000
Housing Programs	(511)	8,060	150,000	150,000	150,000
Business Program	-	-	-	3,000	3,000
Totals	\$ (511)	\$ 208,060	\$ 325,000	\$ 328,000	\$ 378,000
Surplus (Deficiency) of Revenues over Expenditures	177,677	54,555	(7,000)	2,000	(113,000)
Reserve for Delayed Projects	-	-	-	589,000	-
Beginning Fund Balance	680,793	858,470	913,025	913,025	326,025
Ending Fund Balance	\$ 858,470	\$ 913,025	\$ 906,025	\$ 326,025	\$ 213,025

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:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Housing rehab loan issued <\$15,000	1	3	6	5
Average amount of rehab loan	\$15,000	\$11,000	\$15,000	\$15,000
Down payment assistance provided <\$10,000	1	1	4	5
Average amount of down payment loans	\$9,000	\$7,200	\$10,000	\$15,000

Budget Comments/Issues:

The 2020 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 fifth 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 Commission (EDAC) and as identified in the adopted Economic Improvement Program (EIP).

- The city launched two housing improvement programs in June 2011, Minnetonka Home Enhancement (rehab) and Welcome to Minnetonka (down payment assistance). Additional dollars are included in the EIP recommendations for the 2020 levy to fund the program in future years.

- In 2020, WHAHLT (Homes Within Reach) will be funded through a combination of a \$25,000 HRA levy and a \$125,000 recommitment of WTM (Welcome to Minnetonka) and MHEP (Minnetonka Home Enhancement Program) program dollars. This combined \$150,000 will be transferred into the Livable Communities Fund and shown as an expenditure on the HRA page and matches the total EIP recommended commitment for 2020.

- The Center for Energy and Environment manages the Welcome To Minnetonka and Minnetonka Home Enhancement programs on behalf of the city. Community Reinvestment Fund (CRF) continues to service the loans for the city. To date in 2019 six loans were disbursed and staff is estimating an additional four loans will be made in the remainder of 2019.

- 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

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Interest Income	112	6,223	1,000	4,000	3,000
Metropolitan Council Grants	178,967	186,511	67,500	125,000	177,500
Transfer In, from HRA Fund	-	100,000	100,000	100,000	150,000
Minnetonka Heights	-	400,000	-	-	-
Totals	\$ 179,079	\$ 692,734	\$ 168,500	\$ 229,000	\$ 330,500
Expenditures by Category					
WHAHLT/City Grant	212,140	162,912	200,000	200,000	150,000
WHAHLT/Met Council	130,680	153,833	167,500	167,500	177,500
Legal/Other	-	-	-	-	-
Totals	\$ 342,820	\$ 316,745	\$ 367,500	\$ 367,500	\$ 327,500
Surplus (Deficiency) of Revenues over Expenditures	(163,741)	375,989	(199,000)	(138,500)	3,000
Beginning Fund Balance	414,599	250,858	626,847	626,847	221,378
Reserve for prior obligations	-	-	-	\$266,969	0
Ending Fund Balance	\$ 250,858	\$ 626,847	\$ 427,847	\$ 221,378	\$ 224,378

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:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Total WHAHLT units in Minnetonka	58	60	62	64
Average sales price of WHAHLT unit	\$145,000	\$148,000	\$150,000	\$150,000
Percent of Met Council housing goals achieved	55%	60%	75%	100%
Median value of Minnetonka home	\$332,800	\$359,800	\$378,500	\$390,000
Change from previous year	2.9%	8.1%	5.2%	3.0%

Budget Comments/Issues:

Due to use of the fund balance, 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 provided 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. Per the adopted Economic Improvement Program (EIP), it is anticipated that balances will be exhausted in this fund in 2021.

- As outlined in the EIP, annual funding to Homes within Reach was reduced to \$100,000 in 2018 and 2019. The balance of the final three-year commitment in this fund is \$305,247. In the 2020-2024 EIP, the recommended funding for HWR is \$25,000 from the HRA Levy and a recommitment of \$125,000 of WTM and MHEP program dollars in 2020.

- Revenue and expenditures include a pass-through annual grant for WHAHLT 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 2020, it is expected that 100% of this goal will be met and be exceeded.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - Community Development Dept.

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Federal Grant - HUD Direct	\$ 86,051	\$ 34,225	\$ -	\$ 203,700	\$ -
Federal Grant - Program Income	53,408	39,833	235,000	34,556	40,000
Investment Income	587	1,469	-	1,500	1,500
Totals	\$ 140,046	\$ 75,527	\$ 235,000	\$ 239,756	\$ 41,500
Expenditures by Category					
Housing Rehabilitation	\$ 81,990	\$ 68,090	\$ 13,000	\$ 13,000	\$ -
Business Relocation	\$ -	\$ -	160,000	200,000	-
Support Services	34,329	9,092	-	-	-
Administration	41	-	28,000	1,651	40,000
Fair Housing	-	3,171	-	-	-
Totals	\$ 116,360	\$ 80,353	\$ 201,000	\$ 214,651	\$ 40,000
Surplus (Deficiency) of Revenues over Expenditures	23,686	(4,826)	34,000	25,105	1,500
<i>Beginning Fund Balance</i>	<i>64,860</i>	<i>88,546</i>	<i>83,720</i>	<i>83,720</i>	<i>108,825</i>
<i>Ending Fund Balance</i>	<i>\$ 88,546</i>	<i>\$ 83,720</i>	<i>\$ 117,720</i>	<i>\$ 108,825</i>	<i>\$ 110,325</i>

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:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Small projects rehab program completed	9	11	1	NA
Avg. cost of emergency repair project	\$4,909	\$5,550	\$3,715	\$15,000
Businesses Assisted	NA	NA	4	NA
Cost of business assistance	NA	NA	\$176,521	\$0

Budget Comments/Issues:

In July of 2018, the city switched 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 the program income from the Minnetonka Entitlement repayments from loans made prior to 2018.
- In 2018, the maximum loan amount for the Home Rehabilitation Program was increased to \$15,000. In 2019, there are currently 78 residents on the waitlist. The current available balance is \$84,545.
- In 2019, a goal was added to the annual action plan for business assistance. It is anticipated that we will support four businesses at \$50,000 each for relocation assistance. The total relocation assistance in 2019 is estimated at \$176,521.
- Prior to 2018, the city received applications from public service providers to request funding for their programming. With the move to Hennepin County's Urban County CDBG program in 2018, the application process is now facilitated through Hennepin County. All expenses related to the programs would not flow through the county. In 2019, the estimated award for public service programming is \$23,250.

	2017	2018	2019	2020
Community Action Partnership of Suburban Hennepin (CAPSH)	\$ 2,409	switch to county	switch to county	switch to county
HOMELine	-			
Resource West	4,336			
Intercongregation Communities	7,708			
Senior Community Services (SCS)	5,300			
Treehouse	3,854			
Total	\$ 23,607			



ADMINISTRATIVE SERVICES DEPARTMENT

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$ 1,256,743	\$ 1,438,203	\$ 1,510,800	\$ 1,510,800	\$ 1,925,900
Supplies	36,855	48,239	40,800	40,800	74,500
Other Services & Charges	233,929	314,668	388,800	388,800	399,900
Capital Outlay	-	-	-	-	-
Totals	\$ 1,527,527	\$ 1,801,110	\$ 1,940,400	\$ 1,940,400	\$ 2,400,300

Method of Financing					
General Fund	\$ 1,527,527	\$ 1,801,110	\$ 1,940,400	\$ 1,940,400	\$ 2,400,300

Number of Employees (FTEs)	10.95	11.95	11.75	11.75	13.00
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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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Registered voters	36,783	37,571	37,650	38,000
Absentee voters	1,002	11,178	1,200	12,000
Administrative Citation Hearings	3	1	4	4
Information desk phone calls	23,376	23,752	24,000	24,500
City positions - Reg FT, PT & POC*	322	324	330	335
Employee retention rate	92%	91%	88%	88%

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

Budget Comments/Issues:

The department's budget, for personnel services in particular, fluctuates with the occurrence of elections. In a year like 2020 that includes national and state elections (in addition to local elections), workload responsibilities and corresponding information desk calls increase, which in turn increases costs.

- The 2020 budget reflects a 1.25 increase in FTEs due to transferring communications staff previously funded by the Cable TV fund to the Administrative Services department within the General Fund. This move will stabilize the funding source for these positions, which will ensure the city's ability to continue delivering mission-critical communications to residents. The remaining 1.25 FTE's in the Cable TV fund are planning to be transitioned to the General Fund in 2021.
- In order to continue to provide a steady array of administrative services, the 2019 budget incorporated shifting the part-time administrative assistant position to full-time and eliminating the vacant part-time image processing tech position to offset those costs. The demands on the admin assistant position to support council, the city manager and department admin functions have increased.
- The 2019 budget supported the reorganization of the city clerk division, which includes a manager, city clerk, elections specialist and front desk staff. The move allowed the division to become more strategic in the implementation of fundamental government duties such as records retention and elections administration.
- The 2019 budget included the second phase of a one-time project to update job descriptions to ensure compliance with employment laws.
- The 2018 budget included an additional records technician to assist with public records retention, data practices requests and official record management.

TECHNOLOGY DEVELOPMENT FUND - Administrative Services Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Ad Valorem Tax Levy	\$ 580,000	\$ 580,000	\$ 600,000	\$ 600,000	\$ 600,000
Investment Income, Other	(148)	5,445	500	500	1,000
Totals	\$ 579,852	\$ 585,445	\$ 600,500	\$ 600,500	\$ 601,000
Expenditures by Category					
Technology Purchases/Upgrades	\$ 275,332	\$ 264,747	\$ 800,500	\$ 800,500	\$ 413,900
Office Equipment	48,595	170,545	65,900	65,900	64,900
Public Safety Technology	-	-	-	-	-
Security Equipment	7,545	11,000	65,300	65,300	64,000
Totals	\$ 331,472	\$ 446,292	\$ 931,700	\$ 931,700	\$ 542,800
Surplus (Deficiency) of Revenues over (under) Expenditures	248,380	139,153	(331,200)	(331,200)	58,200
Reserve for Delayed Projects	-	-	-	247,500	-
Beginning Fund Balance	92,337	340,717	479,870	479,870	(98,830)
Ending Available Fund Balance	\$ 340,717	\$ 479,870	\$ 148,670	\$ (98,830)	\$ (40,630)

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.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Number of servers	30	32	48	50
Number of desktop computers	238	244	242	254
Number of laptop computers	119	109	139	150
Number of iPads/tablets	90	85	107	130
Wireless access points	41	42	45	47

Budget Comments/Issues:

The 2020 budget provides for current services.

- The 2019 budget included the replacement of a virtual network environment, network switches and uninterruptable power supplies.
- 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.
- 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.
- The capital replacement of mobile devices, including: iPads, tablets and laptops has seen an increase due to the city's use of mobile devices in the field to capture and document data. In some instances, where an iPad or tablet does not meet the requirements, city staff is opting to switch from a standard desktop device to a laptop.
- Increases in the number of mobile devices such as iPads/tablets and laptops is also due in part to newly remodeled city offices that feature flexible workspaces and promote collaboration.

CABLE TELEVISION FUND - Administrative Services Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Cable TV Franchise Fee	\$ 869,844	\$ 814,055	\$ 869,800	\$ 779,300	\$ 770,700
Public, Educational & Govt. Fee	106,409	101,000	106,400	105,000	105,000
Investment Income	18,717	37,668	22,000	30,000	30,000
Miscellaneous Income	9,524	16,580	7,500	21,400	15,000
Totals	\$ 1,004,494	\$ 969,303	\$ 1,005,700	\$ 935,700	\$ 920,700
Expenditures by Category					
Personnel	\$ 304,025	\$ 300,896	\$ 323,000	\$ 323,000	\$ 168,400
Supplies	1,967	1,111	2,500	2,500	2,500
Other Services & Charges	413,261	452,672	373,700	373,700	416,000
Capital Outlay	340,171	137,703	286,000	311,000	198,000
Transfer Expenses	31,500	32,700	33,700	33,700	734,300
Totals	\$ 1,090,924	\$ 925,082	\$ 1,018,900	\$ 1,043,900	\$ 1,519,200
Surplus (Deficiency) of Revenues over Expenditures	(86,430)	44,221	(13,200)	(108,200)	(598,500)
Reserve for Delayed Projects	-	-	-	534,500	-
Dedicated Future Transition Reserve	918,900	855,700	952,600	978,400	869,400
Beginning Fund Balance	2,460,103	2,373,673	2,417,894	2,417,894	1,775,194
Ending Available Fund Balance	\$ 1,454,773	\$ 1,562,194	\$ 1,452,094	\$ 796,794	\$ 307,294
Number of Employees (FTEs)	2.50	2.50	2.50	2.50	1.25

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 *Minnetonka Memo* (circulation of 26,000); upkeep of the city's website and intranet; and hosting city events for residents such as Summer Festival and City Open House. Fiber for the city's technology infrastructure is also budgeted in this fund.

Key Measures:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
# of subscribers to email/text notification system	19,295	21,665	23,500	25,000
Average # of unique monthly website visits	28,079	30,802	31,500	33,000
Burwell House visitors (Excluding Ice Cream Social visitors)	722	560	553	550
Visitors - Open House, Summer Fest/Ice Cream Social & Burwell Spooktacular	7,000	6,800	7,200	7,000
Miles of fiber	19	19	20	21
IT supported broadcast events (city and private)	88	92	90	92
# of graphic projects completed	92	121	135	145

Budget Comments/Issues:

The 2020 budget includes an increase in "service contracts" to account for an increase in annual costs for existing services (such as the city's email/text service). The increase also supports a new annual subscription to a more efficient content management system for the city's website. The new site will make it easier for residents to find important information online.

- The 2020 budget reflects a 1.25 decrease in FTEs due to transferring communications staff previously funded by the Cable TV fund to the Administrative Services department within the General Fund. This move will stabilize the funding source for these positions, which will ensure the city's ability to continue delivering mission-critical communications to residents. The remaining 1.25 FTE's are planning to be transitioned to the General Fund in 2021.
- In 2019, outreach and operations for the Burwell House was transferred to the recreation department.
- The 2019 budget supported the cost of updating the city's website infrastructure to improve the city's ability to deliver timely, accurate information to residents.
- In 2019 and 2020, Capital Outlay fund includes \$90k for equipment purchases related to conference room technologies in City Hall and Community Center, including both staff and public meeting spaces.
- 2020 Transfer expenses includes \$700,000 dedicated to the public safety facility construction project.
- "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. The 2020 reserve excludes the \$700,000 one-time transfer from this calculation.

FINANCE DEPARTMENT

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Personnel	\$ 666,159	\$ 758,927	\$ 816,200	\$ 833,400	\$ 896,800
Supplies	3,362	6,790	5,900	11,100	4,800
Other Services & Charges	169,308	172,480	175,700	237,900	196,400
Capital & Other	3,852	3,744	14,000	4,500	8,200
Totals	\$ 842,681	\$ 941,941	\$ 1,011,800	\$ 1,086,900	\$ 1,106,200

Method of Financing

General Fund	\$ 842,681	\$ 941,941	\$ 1,011,800	\$ 1,086,900	\$ 1,106,200
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Number of Employees (FTEs)	6.0	7.0	7.0	7.0	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.

Key Measures:	2017 <u>Actual</u>	2018 <u>Actual</u>	2019 <u>Estimated</u>	2020 <u>Projected</u>
Utility customer accounts	17,035	17,070	17,100	17,125
Utility customers using city online billing	15%	12%	15%	17%
Utility customers paying electronically	60%	60%	62%	64%
Average monthly vendor payments	675	720	730	740
Vendor payments paid electronically	21%	28%	30%	32%
Average payroll count (FT,PT,seasonals,firefighters)	557	585	585	585
Annual rate of return on investments	1.0%	1.7%	1.9%	2.0%
Moody's credit rating	Aaa	Aaa	Aaa	Aaa
GFOA Award for Excellence in Financial Reporting	Awarded	Awarded	Awarded	Awarded

Budget Comments/Issues:

The finance analyst position has been vacant since about mid-2019. The recently hired finance director is evaluating the department needs and the position description and anticipates hiring this position by the end of first quarter 2020.

- The 2018 budget for the Finance Department included 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 2018 expenses also included additional one-time funding (\$14,000) under Other Services and Charges for printing and postage of a revised 2019 proposed property tax notice administered by Hennepin County.

- The department continues to move towards greater efficiencies through electronic transactions, and staff continues to promote their use to realize cost efficiencies. Over the past four years, the department has implemented systems for citywide accounts payable processing and invoice filing as well as electronic payment of vendors. The city also offers online utility billing, and the numbers of customers choosing to receive bills and pay electronically are generally rising.

- The city has developed a plan for compliance with Payment Card Industry (PCI) Data Security Standards that continues to adjust with changing technologies. Working with city IT staff and an outside vendor in 2018 and 2019, finance staff has developed protocols and training for all programs in the city where credit cards are accepted as payment, both online and in-person.

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

INSURANCE FUND - Administrative Services Department

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
Interfund Transfers In	\$ 673,100	\$ 673,100	\$ 673,100	\$ 673,100	\$ 673,100
Investment Income	12,396	33,728	2,000	2,000	2,000
Miscellaneous	39,634	25,101	-	-	-
Totals	\$ 725,130	\$ 731,929	\$ 675,100	\$ 675,100	\$ 675,100
Expenditures by Category					
Premiums	\$ 338,572	\$ 331,557	\$ 445,000	\$ 445,000	\$ 445,000
Settlements	101,272	156,299	150,000	150,000	150,000
Other Services & Charges	20,478	28,463	18,000	18,000	23,000
Capital Outlay	-	-	-	-	-
Totals	\$ 460,322	\$ 516,319	\$ 613,000	\$ 613,000	\$ 618,000
Surplus (Deficiency) of Revenues over Expenditures	264,808	215,610	62,100	62,100	57,100
<i>Beginning Fund Balance</i>	<i>1,846,211</i>	<i>2,111,019</i>	<i>2,326,629</i>	<i>2,326,629</i>	<i>2,388,729</i>
<i>Ending Fund Balance</i>	<i>\$ 2,111,019</i>	<i>\$ 2,326,629</i>	<i>\$ 2,388,729</i>	<i>\$ 2,388,729</i>	<i>\$ 2,445,829</i>

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:	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
Liability rating (less than 1.0 is good)	0.88	0.89	0.82	0.84
Workers comp mod factor (less than 1.0 is good)	0.98	1.03	0.90	0.72

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.
- The 0.72 experience rating for the 2020 Workers Comp allowed the city to realize \$121,000 in General Fund savings compared to initial budget projections.

CONTINGENCY BUDGET - Finance Department

Expenditures by Category	2017 Actual	2018 Actual	2019 Budget	2019 Revised	2020 Budget
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.

**2020 BUDGET SUMMARY - All Funds
by Service Program & Budget**

Service Program	Budgetary Unit	%	All Budgets	Budget			
				Gen'l Fund Operating	Enterprise Operating	Capital	Other
Public Safety:	Police Department		\$ 11,251,000	\$ 11,196,000	\$ -	\$ -	\$ 55,000
	Dispatch Division		-	-	-	-	-
	Fire Department		4,074,400	4,074,400	-	-	-
	Public Safety Fund		565,700	-	-	565,700	-
	Public Safety Facility		28,385,063	-	-	28,385,063	-
	Environmental Health Division		502,000	502,000	-	-	-
	Grants Special Revenue Fund		51,000	-	-	-	51,000
	Legal Department		966,900	938,900	-	-	28,000
	Subtotal	38.8%	\$ 45,796,063	\$ 16,711,300	\$ -	\$ 28,950,763	\$ 134,000
Streets & Utilities:	Engineering Department		\$ 1,425,600	\$ 1,425,600	\$ -	\$ -	\$ -
	Street Improvement Fund		9,708,200	-	-	9,708,200	-
	MSA Fund		173,809	-	-	-	173,809
	Storm Water Fund		2,649,900	-	949,900	1,700,000	-
	Electric Franchise Fee Fund		1,110,000	-	-	1,110,000	-
	Street Maintenance Division		3,838,800	3,838,800	-	-	-
	Building Maintenance Division		1,382,500	1,382,500	-	-	-
	Fleet Maintenance Division		1,654,400	-	-	50,000	1,604,400
	Shady Oak Rd/Oak Dr		415,000	-	-	400,000	15,000
	Capital Replacement Fund*		3,334,200	-	-	3,334,200	-
	Water & Sewer Utility Fund		16,870,200	-	10,511,700	4,758,300	1,600,200
	Subtotal	36.0%	\$ 42,562,609	\$ 6,646,900	\$ 11,461,600	\$ 21,060,700	\$ 3,393,409
Parks & Environ:	Parks & Trails Division		\$ 1,948,400	\$ 1,948,400	\$ -	\$ -	\$ -
	Natural Resources Division		1,574,700	1,574,700	-	-	-
	Forestry Fund		223,000	-	-	223,000	-
	Environmental Fund		902,900	-	902,900	-	-
	Gas Franchise Trails Fund		1,900,000	-	-	1,900,000	-
	Park & Trail Improvement Fund		1,025,500	-	-	1,025,500	-
	Community Investment Fund		350,000	-	-	350,000	-
	Subtotal	6.7%	\$ 7,924,500	\$ 3,523,100	\$ 902,900	\$ 3,498,500	\$ -
Recreation:	Joint Recreation		\$ 1,717,150	\$ 1,717,150	\$ -	\$ -	\$ -
	Minnetonka Recreation		841,950	841,950	-	-	-
	Senior Services		436,800	436,800	-	-	-
	Community Center		612,400	612,400	-	-	-
	Williston Center		2,795,600	-	2,536,100	259,500	-
	Ice Arena		929,300	-	929,300	-	-
	Gray's Bay Marina		226,000	-	226,000	-	-
	Subtotal	6.4%	\$ 7,559,200	\$ 3,608,300	\$ 3,691,400	\$ 259,500	\$ -
Development:	Community Devpt Division		\$ 2,276,600	\$ 2,276,600	\$ -	\$ -	\$ -
	Planning Division		817,000	817,000	-	-	-
	Assessing Division		888,800	888,800	-	-	-
	Development Fund		2,642,500	-	-	-	2,642,500
	HRA Fund		378,000	-	-	-	378,000
	Livable Communities Fund		327,500	-	-	-	327,500
	CDBG Fund		40,000	-	-	-	40,000
	Subtotal	6.2%	\$ 7,370,400	\$ 3,982,400	\$ -	\$ -	\$ 3,388,000
General Gov't:	Mayor & City Council		\$ 302,100	\$ 302,100	\$ -	\$ -	\$ -
	General Administration		2,400,300	2,400,300	-	-	-
	Information Tech Division		1,063,400	1,063,400	-	-	-
	Technology Fund		542,800	-	-	542,800	-
	Cable Fund		784,900	-	-	198,000	586,900
	Finance Department		1,106,200	1,106,200	-	-	-
	Insurance Fund		618,000	-	-	-	618,000
	Contingency		50,000	50,000	-	-	-
	Subtotal	5.8%	\$ 6,867,700	\$ 4,922,000	\$ -	\$ 740,800	\$ 1,204,900
TOTALS		100.0%	\$ 118,080,472	\$ 39,394,000	\$ 16,055,900	\$ 54,510,263	\$ 8,120,309

* 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.

**2019 REVISED BUDGET SUMMARY - All Funds
by Service Program & Budget**

Service Program	Budgetary Unit	%	Budget				
			All Budgets	Gen'l Fund Operating	Enterprise Operating	Capital	Other
Public Safety:	Police Department		\$ 10,392,700	\$ 10,337,700	\$ -	\$ -	\$ 55,000
	Dispatch Division		-	-	-	-	-
	Fire Department		3,575,500	3,575,500	-	-	-
	Public Safety Fund		465,000	-	-	465,000	-
	Public Safety Facility		500,000	-	-	500,000	-
	Environmental Health Division		424,400	424,400	-	-	-
	Grants Special Revenue Fund		71,000	-	-	10,000	61,000
	Legal Department		873,163	852,500	-	-	20,663
	<i>Subtotal</i>	16.9%	\$ 16,301,763	\$ 15,190,100	\$ -	\$ 975,000	\$ 136,663
Streets & Utilities:	Engineering Department		\$ 1,358,200	\$ 1,358,200	\$ -	\$ -	\$ -
	Street Improvement Fund		6,768,200	-	-	6,768,200	-
	MSA Fund		6,334,525	-	-	6,150,000	184,525
	Storm Water Fund		3,179,500	-	925,800	2,253,700	-
	Electric Franchise Fee Fund		1,680,000	-	-	1,680,000	-
	Street Maintenance Division		3,677,000	3,677,000	-	-	-
	Building Maintenance Division		1,325,000	1,325,000	-	-	-
	Fleet Maintenance Division		1,585,300	-	-	50,000	1,535,300
	Shady Oak Rd/Oak Dr		271,900	-	-	200,000	71,900
	Capital Replacement Fund*		4,848,801	-	-	4,848,801	-
	Water & Sewer Utility Fund		21,351,500	-	10,175,600	9,757,100	1,418,800
	<i>Subtotal</i>	54.3%	\$ 52,379,926	\$ 6,360,200	\$ 11,101,400	\$ 31,707,801	\$ 3,210,525
Parks & Environ:	Parks & Trails Division		\$ 1,816,400	\$ 1,816,400	\$ -	\$ -	\$ -
	Natural Resources Division		1,522,900	1,522,900	-	-	-
	Forestry Fund		218,000	-	-	218,000	-
	Environmental Fund		842,500	-	842,500	-	-
	Gas Franchise Trails Fund		470,000	-	-	470,000	-
	Park & Trail Improvement Fund		3,631,800	-	-	3,631,800	-
	Community Investment Fund		300,000	-	-	300,000	-
	<i>Subtotal</i>	9.1%	\$ 8,801,600	\$ 3,339,300	\$ 842,500	\$ 4,619,800	\$ -
Recreation:	Joint Recreation		\$ 1,554,100	\$ 1,554,100	\$ -	\$ -	\$ -
	Minnetonka Recreation		768,300	768,300	-	-	-
	Senior Services		415,300	415,300	-	-	-
	Community Center		557,200	557,200	-	-	-
	Williston Center		2,707,050	-	2,427,550	279,500	-
	Ice Arena		897,400	-	897,400	-	-
	Gray's Bay Marina		246,300	-	221,300	25,000	-
	<i>Subtotal</i>	7.4%	\$ 7,145,650	\$ 3,294,900	\$ 3,546,250	\$ 304,500	\$ -
Development:	Community Devpt Division		\$ 2,137,100	\$ 2,137,100	\$ -	\$ -	\$ -
	Planning Division		745,500	745,500	-	-	-
	Assessing Division		839,200	839,200	-	-	-
	Development Fund		358,300	-	-	-	358,300
	HRA Fund		328,000	-	-	-	328,000
	Livable Communities Fund		367,500	-	-	-	367,500
	CDBG Fund		214,651	-	-	-	214,651
	<i>Subtotal</i>	5.2%	\$ 4,990,251	\$ 3,721,800	\$ -	\$ -	\$ 1,268,451
General Gov't:	Mayor & City Council		\$ 290,700	\$ 290,700	\$ -	\$ -	\$ -
	General Administration		1,940,400	1,940,400	-	-	-
	Information Tech Division		987,100	987,100	-	-	-
	Technology Fund		931,700	-	-	931,700	-
	Cable Fund		1,010,200	-	-	311,000	699,200
	Finance Department		1,086,900	1,086,900	-	-	-
	Insurance Fund		613,000	-	-	-	613,000
	Contingency		50,000	50,000	-	-	-
	<i>Subtotal</i>	7.2%	\$ 6,910,000	\$ 4,355,100	\$ -	\$ 1,242,700	\$ 1,312,200
TOTALS		100.0%	\$ 96,529,190	\$ 36,261,400	\$ 15,490,150	\$ 38,849,801	\$ 5,927,839

* 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 2018-2020
Full-Time Equivalents (FTEs)

Service Category	Budgetary Unit	Fund Type	2018	2019	2019	2020	%
			Revised Budget	Budget	Revised Budget	Budget	
Public Safety:	Police Department	General Fund	69.93	69.69	69.69	69.69	
	Dispatch	General Fund	-	-	-	-	
	Fire Department*	General Fund	8.00	11.00	11.00	11.00	
	Environmental Health Division	General Fund	3.50	3.50	3.50	3.50	
	Legal Department	General Fund	6.00	6.00	6.00	6.00	
	<i>Subtotal</i>		<u>87.43</u>	<u>90.19</u>	<u>90.19</u>	<u>90.19</u>	<u>35.6%</u>
Streets & Utilities:	Engineering Department	General Fund	9.50	9.50	9.50	9.50	
	Storm Water Fund	Enterprise	1.50	1.50	1.50	1.50	
	Street Maintenance Division	General Fund	21.10	21.10	21.10	21.10	
	Building Maintenance Division	General Fund	8.38	8.38	8.38	8.38	
	Fleet Maintenance Division	Internal Service	4.38	4.38	4.38	4.38	
	Water & Sewer Utility Fund	Enterprise	18.40	18.20	18.40	18.40	
	<i>Subtotal</i>		<u>63.26</u>	<u>63.06</u>	<u>63.26</u>	<u>63.26</u>	<u>25.0%</u>
Parks & Environ:	Parks & Trails Division	General Fund	10.08	10.08	10.08	11.08	
	Natural Resources Division	General Fund	7.18	8.18	8.18	8.18	
	Environmental Fund	Enterprise	0.48	0.48	0.48	0.48	
	<i>Subtotal</i>		<u>17.74</u>	<u>18.74</u>	<u>18.74</u>	<u>19.74</u>	<u>7.8%</u>
Recreation:	Joint Recreation	General Fund	6.85	6.85	6.85	6.85	
	Minnetonka Recreation	General Fund	2.00	2.00	2.00	2.00	
	Senior Services	General Fund	2.40	2.40	2.40	2.40	
	Community Center	General Fund	3.22	3.60	3.60	3.60	
	Williston Center	Enterprise	7.45	9.45	9.45	9.45	
	Ice Arena	Enterprise	3.50	3.50	3.50	3.50	
	Gray's Bay Marina	Enterprise	0.20	0.20	0.20	0.20	
	<i>Subtotal</i>		<u>25.62</u>	<u>28.00</u>	<u>28.00</u>	<u>28.00</u>	<u>11.1%</u>
Development:	Community Devpt Division	General Fund	13.25	15.30	15.30	15.80	
	Planning Division	General Fund	6.00	5.00	5.00	4.50	
	Assessing Division	General Fund	5.60	5.70	5.70	5.70	
	<i>Subtotal</i>		<u>24.85</u>	<u>26.00</u>	<u>26.00</u>	<u>26.00</u>	<u>10.3%</u>
General Gov't:	Mayor & City Council**	General Fund	7.00	7.00	7.00	7.00	
	General Administration	General Fund	11.95	11.75	11.75	13.00	
	Information Tech Division	General Fund	4.75	4.75	4.75	4.75	
	Cable Fund	Special Revenue	2.50	2.50	2.50	1.25	
	Finance Department	General Fund	7.00	7.00	7.00	7.00	
	<i>Subtotal **</i>		<u>26.20</u>	<u>26.00</u>	<u>26.00</u>	<u>26.00</u>	<u>10.3%</u>
TOTALS **			<u>245.10</u>	<u>251.99</u>	<u>252.19</u>	<u>253.19</u>	<u>100.0%</u>

* Excludes paid-on-call firefighters.

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

City of Minnetonka, Minnesota
2020 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	Utility 2018	Park Referendum 2008**	Park Ref Refunding 2012	Park Ref (portion) 2016B	Street Bonds 2008	
Original Amount	\$ 1,915,000	\$ 10,000,000	\$ 7,560,000	\$ 10,000,000	\$ 2,490,000	\$ 2,500,000	\$ 2,440,000	\$ 2,215,000	\$ 39,120,000
Outstanding 12/31/2019									
Principal	\$ 290,000	\$ 9,215,000	\$ 6,955,000	\$ 10,000,000	\$ 640,000	\$ 375,000	\$ 2,000,000	\$ 795,000	\$ 30,270,000
Interest	2,900	1,746,909	1,259,530	4,308,312	128,000	3,750	164,600	83,209	7,697,210
Total	\$ 292,900	\$ 10,961,909	\$ 8,214,530	\$ 14,308,312	\$ 768,000	\$ 378,750	\$ 2,164,600	\$ 878,209	\$ 37,967,210
Amounts Due in 2020									
Principal	\$ 280,000	\$ 460,000	\$ 350,000	\$ -	\$ 640,000	\$ 375,000	\$ 235,000	\$ 145,000	\$ 2,485,000
Interest	8,600	185,858	136,310	498,199	12,800	3,750	37,650	28,809	911,976
Total	\$ 288,600	\$ 645,858	\$ 486,310	\$ 498,199	\$ 652,800	\$ 378,750	\$ 272,650	\$ 173,809	\$ 3,396,976
To be paid from:									
Property Taxes*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 283,815	\$ -	\$ 283,815
State Aid (MSA)	-	-	-	-	-	-	-	\$ 173,809	\$ 173,809
Utility Fund	288,600	645,858	486,310	498,199	-	-	-	-	1,918,967
Final Payment Year	2020	2036	2036	2040	2020	2020	2027	2024	

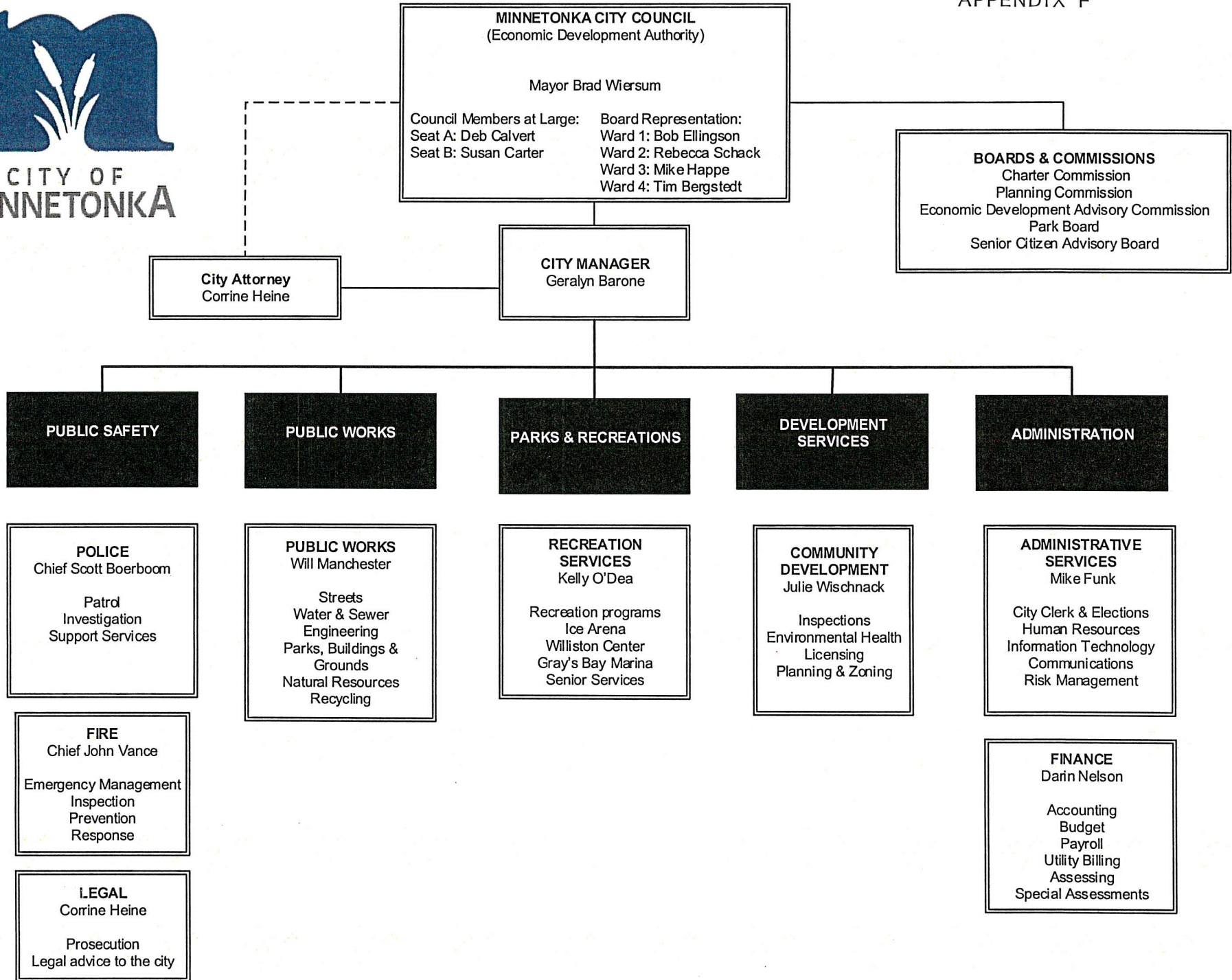
* Amounts are Pay 2019 market value tax levies required to cash flow late 2019 and early 2020 debt service payments.

** 2008 Park Referendum debt service increases by almost \$400,000/year for its last two years after payoff of the 2010 Park Referendum debt in 2018.

CITY OF MINNETONKA

2020 Budget Calendar**2019**

February 4	Capital Improvement Program (CIP) forms sent to departments.
March 4	Departments submit capital requests to city manager.
Weeks of March 18 & 25	City manager meets with department leadership to discuss CIP requests.
April 22	City council study session on 2020-24 CIP and 2020-24 Economic Investment Program (EIP).
May 13	City council study session on Strategic Profile performance, citizen survey results and new goals.
June 3	City Council adopts 2020-24 CIP and 2020-24 EIP.
June 6	Budget work papers are made available to departments.
Weeks of July 1 & 8	City manager meets with departments to discuss 2019-20 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 14	Budget memo sent to city council.
August 19	First city council budget study session.
September 16	City council adopts preliminary levies and announces public budget hearing date.
September 18	Budget instructions and targets provided to departments.
October 18	Departments submit detailed budget requests.
Week of November 12	Hennepin County sends parcel specific proposed tax estimates to taxpayers.
November 20	City manager sends proposed 2020 budget and revised 2019 budget to city council members.
November 25	Second city council budget study session.
December 2	City council holds public budget hearing and adopts final 2020 budget, 2020 tax levies and revised 2019 budget.
December 16	Alternate date for council adoption of budgets and levies, should changes be required after December 2 council meeting.
December 27	Final 2020 levies certified to Hennepin County.



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.

