

Adopted Dec. 7, 2020





2021 Budget

Minnetonka, Minnesota

City Council:

Brad Wiersum, Mayor Deb Calvert, Councilmember At Large Susan Carter, Councilmember At Large Brian Kirk, Councilmember Ward 1 Rebecca Schack, Councilmember Ward 2 Bradley Schaeppi, Councilmember Ward 3 Kissy Coakley, 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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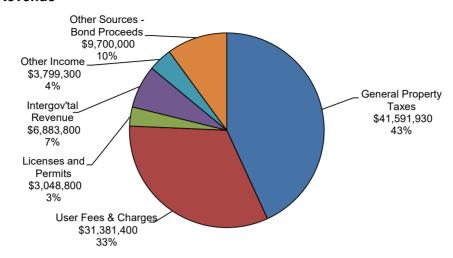
CONSOLIDATED BUDGETS SUMMARY - ALL FUNDS

			2020 Revised		2021 Budget
Revenue					
Gen	neral Property Taxes	\$	40,907,977	\$	41,591,930
	r Fees & Charges		28,973,100		31,381,400
	nses and Permits		4,266,800		3,048,800
	rgovernmental Revenue		11,713,768		6,883,800
	er Income er Sources - Bond Proceeds		5,545,909 25,434,300		3,799,300 9,700,000
Total Revenue		•	116,841,854	\$	96,405,230
rotal Nevellae		Ψ	110,041,004	Ψ	30,400,230
<u>Expenditures</u>					
By Program:					
	lic Safety	\$	35,859,820	\$	30,342,205
	ets & Utilities		42,562,150		56,149,300
	ks & Environment		9,867,400		13,039,500
	reation		6,094,275		7,527,200
	elopment neral Government		7,259,005 6,714,600		7,641,700 7,545,800
		_		_	
Total Expendit	tures by Program	\$	108,357,250	\$	122,245,705
By Category:					
	sonnel	\$	34,744,925	\$	36,150,100
Sup	plies		3,571,050		3,785,700
	vices & Charges		21,342,540		23,020,900
•	ital Outlay		46,924,726		57,243,705
Deb	t Service		1,774,009		2,045,300
Total Expendit	tures by Category	\$	108,357,250	\$	122,245,705

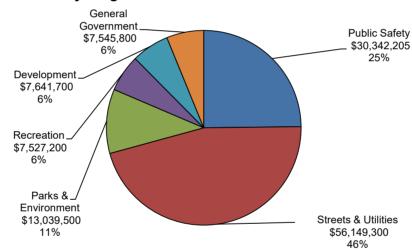
Note: Internal service fund budgets are accounted for twice in this summary to better reflect costs by program and category. They appear once from the internal service fund and once from the respective fund incurring the charge for service.

2021 CONSOLIDATED BUDGETS - ALL FUNDS

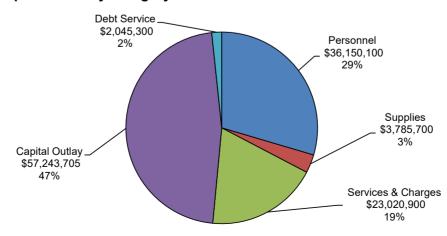
Revenue



Expenditures by Program



Expenditures by Category



GENERAL FUND REVENUES & EXPENDITURES

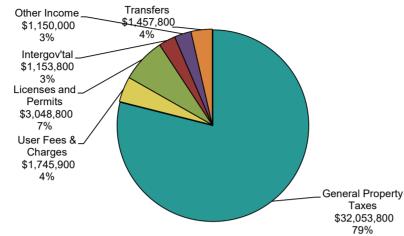
		2018 Actual		2019 Actual		2020 Budget		2020 Revised		2021 Budget
Revenues										
General Property Taxes Licenses & Permits Intergovernmental Revenue Transfers User Fees & Charges	\$	25,206,803 4,783,117 1,112,186 1,374,400	\$	26,410,974 4,887,308 1,176,053 1,437,400 2,044,475	\$	29,356,100 4,317,000 1,113,500 1,447,500 2,095,600	\$	29,066,100 4,266,800 5,240,754 1,447,500 1,175,600	\$	32,053,800 3,048,800 1,153,800 1,457,800 1,745,900
Other Income		2,152,214 1,325,041		1,570,638		1,064,300		1,175,600		1,150,000
Total Revenues	\$	35,953,761	\$	37,526,848	\$	39,394,000	\$	42,242,354	\$	40,610,100
Expenditures										
Police	\$	9,563,011	\$	10,174,471	\$	11,196,000	\$	11,162,400	\$	11,593,100
Fire	Ψ	3,003,125	Ψ	3,387,891	Ψ	4,074,400	Ψ	4,149,000	Ψ	4,240,500
Environmental Health		406,252		438,089		502,000		496,300		391,500
Legal		769,751		810,573		938,900		902,200		979,000
Subtotal, Public Safety	\$	13,742,139	\$	14,811,024	\$	16,711,300	\$	16,709,900	\$	17,204,100
Engineering		1,293,638		1,128,882		1,425,600		1,425,600		1,460,600
Street Maintenance		3,452,557		3,589,786		3,838,800		3,838,800		3,954,900
Building Maintenance		1,200,981		1,450,242		1,382,500		1,382,500		1,460,600
Subtotal, Streets & Utilities	\$	5,947,176	\$	6,168,910	\$	6,646,900	\$	6,646,900	\$	6,876,100
Parks & Trails		1,650,555		1,741,476		1,948,400		1,948,400		2,027,800
Natural Resources		1,277,177		1,407,049		1,574,700		1,575,600		1,599,200
Subtotal, Parks & Environment	\$	2,927,732	\$	3,148,525	\$	3,523,100	\$	3,524,000	\$	3,627,000
Joint Recreation		1,547,779		1,589,865		1,717,150		1,231,000		1,708,000
Minnetonka Recreation		695,292		729,811		841,950		734,100		831,600
Senior Services		407,457		426,126		436,800		347,400		401,800
Community Center		502,411		458,002		612,400		505,600		596,900
Subtotal, Recreation	\$	3,152,939	\$	3,203,804	\$	3,608,300	\$	2,818,100	\$	3,538,300
Community Development		1,883,618		2,209,012		2,276,600		2,316,500		2,346,800
Planning		681,508		684,202		817,000		678,200		773,100
Assessing		729,832		810,930		888,800		856,700		886,800
Subtotal, Development	\$	3,294,958	\$	3,704,144	\$	3,982,400	\$	3,851,400	\$	4,006,700
Mayor & City Council		245,460		241,786		302,100		301,700		299,000
General Administration		1,801,110		1,673,725		2,400,300		2,433,500		2,796,200
Information Technology		925,922		1,017,886		1,063,400		1,063,400		1,088,300
Finance		941,941	_	964,830	•	1,106,200		1,075,200	•	1,124,400
Subtotal, General Government Contingency	<u>\$</u> \$	3,914,433	\$ \$	3,898,227	\$ \$	<i>4,872,000</i> 50,000	\$ \$	4,873,800 -	\$ \$	<i>5,307,900</i> 50,000
Total Expenditures	\$	32,979,377		34,934,634	\$	39,394,000	\$	38,424,100		40,610,100
Surplus of Revenues over										
Expenditures		2,974,384		2,592,214		-		3,818,254		-
Transfer to Capital Replacement Fund		(1,200,000)		(1,200,000)		(1,200,000)		(2,448,000)		(355,000)
Transfer to Other Funds		_		(1,550,000)		(400,000)		(1,605,600)		(2,100,000)
Beginning Fund Balance		22,119,325		23,893,709		23,735,923		23,735,923		23,500,577
Ending Fund Balance	\$	23,893,709	\$	23,735,923	\$	22,135,923	\$	23,500,577	\$	21,045,577
Nonspendable Balances - Inventories Unrestricted Balances		414,126		588,242		175,000		175,000		175,000
Committed for Compensated Absences		1,000,000		1,070,000		1,070,000		1,070,000		1,070,000
Assigned for POC Fire Pensions		240,900		265,900		265,900		315,900		365,900
Assigned for Rec Scholarships & Sr. Ctr.		15,000		15,000		15,000		15,000		15,000
Assigned as Budget Stabilization		14,432,900		14,909,200		15,369,700		16,244,100		16,780,100
Unassigned		7,790,783		6,887,581		5,240,323		5,680,577		2,639,577
Ending Fund Balance	\$	23,893,709	\$	23,735,923	\$	22,135,923	\$	23,500,577	\$	21,045,577
Budget Stabilization Balance Policy Goal		41.3%		37.8%		40.0%		40.0%		40.0%

GENERAL FUND REVENUE

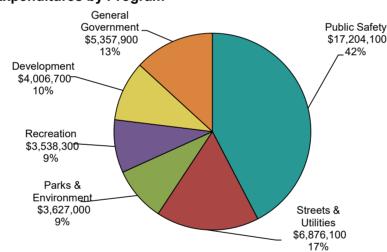
		2018 Actual		2019 Actual		2020 Budget		2020 Revised		2021 Budget
General Property Taxes										
Ad Valorem Tax Levy Abatements & Cancellations Other, incl. Tax Forfeit Sale Revenue	\$	25,246,345 (58,787) 145	\$	26,299,849 87,500 269	\$	29,671,100 (325,000)	\$	29,671,100 (615,000)	\$	32,368,800 (325,000)
Penalties & Interest	_	19,100	Φ.	23,356	•	10,000	•	10,000	•	10,000
Subtotal, General Property Taxes	\$	25,206,803	\$	26,410,974	\$	29,356,100	\$	29,066,100	\$	32,053,800
Licenses & Permits										
Building Permits	\$	2,718,481	\$	2,590,659	\$	2,405,000	\$	2,218,300	\$	1,500,000
Plumbing Permits Electrical Permits		310,693 437,826		420,289 610,739		320,000 380,000		308,100 431,300		225,000
		581,969		552,270		475,000		542,300		300,000 380,000
Heating Permits				•				210,000		
Liquor Licenses		210,040		245,014		210,000				180,000
Food Handlers Licenses		246,664		224,526		240,000		210,000		190,000
All Other Licenses & Permits	_	277,444	Φ.	243,811	Φ.	287,000	Φ.	346,800	Φ.	273,800
Subtotal, Licenses & Permits	_\$	4,783,117	\$	4,887,308	\$	4,317,000	\$	4,266,800	\$	3,048,800
Intergovernmental Revenue										
Public Safety State Aid	\$	858,923	\$	899,213	\$	858,900	\$	899,200	\$	899,200
MSA Maintenance		76,740		76,740		76,700		76,700		76,700
Federal Grants Other Grants/Aid		- 176,523		200,100		- 177 000		4,086,954		- 177 000
Subtotal, Intergovernmental Revenue	\$	1,112,186	\$	1,176,053	\$	177,900 1,113,500	\$	177,900 5,240,754	\$	177,900 1,153,800
Transfers		1,112,100	<u> </u>	1,110,000	<u> </u>	1,110,000	<u> </u>	0,210,701	<u> </u>	
Transfer From Utility Fund	\$	800,000	\$	800,000	\$	800,000	\$	800,000	\$	800,000
Transfer From Spec. Assess. Fund	Ψ	39,800	Ψ	41,000	Ψ	41,700	Ψ	41,700	Ψ	42,400
Transfer From Ice Arena Fund		32,700		33,700		34,300		34,300		34,900
Transfer From Cable TV Fund		32,700		33,700		34,300		34,300		34,900
Transfer From Development Fund		63,500		65,400		66,500		66,500		67,700
Transfer From Environmental Fund		199,800		205,800		209,400		209,400		213,100
Transfer from Forestry Fund		100,000		58,000		58,000		58,000		58,000
Transfer From Williston Center		49,100		50,600		51,500		51,500		52,400
Transfer From Gray's Bay Marina		11,500		11,800		12,000		12,000		12,200
Transfer From Storm Water Fund		145,300		137,400		139,800		139,800		142,200
Subtotal, Transfers	\$	1,374,400	\$	1,437,400	\$	1,447,500	\$	1,447,500	\$	1,457,800
User Fees & Charges		, ,		, ,	·	, ,		, ,		
Recreation Receipts		1,254,950		1,162,435		1,240,000		405,000		950,000
Community Center Rental		111,954		112,180		115,000		30,000		80,000
School Liaison Reimbursement		291,186		149,831		186,600		186,600		113,100
Tower Antenna Rental		494,124		620,029		554,000		554,000		602,800
Subtotal, User Fees & Charges	\$	2,152,214	\$	2,044,475	\$	2,095,600	\$	1,175,600	\$	1,745,900
Other Income						-				
Court Fines	\$	402,635	\$	323,539	\$	330,000	\$	180,000	\$	275,000
Investment Income	Ψ	430,627	Ψ	600,709	Ψ	443,600	Ψ	575,000	Ψ	550,000
Miscellaneous Income		457,930		399,438		290,700		290,600		325,000
Change in Value of Investments		33,849		246,952		200,700		200,000		020,000
Subtotal, Other Income	\$	1,325,041	\$	1,570,638	\$	1,064,300	\$	1,045,600	\$	1,150,000
TOTAL REVENUES	¢	35,953,761	¢	37,526,848		39,394,000		42,242,354		40,610,100
IOTAL REVENUES	\$	<i>50,303,101</i>	Ψ	31,320,040	φ	JJ,JJ4,UUU	φ	72,242,334	Ψ	4 0,010,100
Non-levy revenue		10,747,103		11,116,143		10,037,900		13,176,254		8,556,300

2021 General Fund OPERATING REVENUES & EXPENDITURES

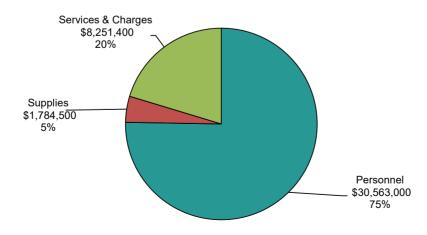
Revenues



Expenditures by Program



Expenditures by Category



TAX LEVIES

Tax Base	 2018	2019	2020	2021	_
Real Estate Personal Property Fiscal Disparities Contribution Fiscal Disparities Distribution Tax Increment	\$ 111,647,471 970,845 (14,138,404) 4,337,522 (3,092,527)	\$ 118,491,431 1,051,367 (14,554,550) 4,745,337 (3,182,771)	\$ 124,183,480 1,008,773 (15,396,403) 5,076,458 (3,211,119)	131,633,164 1,105,657 (15,706,327) 5,413,170 (3,479,997)	Estimate Estimate Estimate
Total Tax Capacity	\$ 99,724,907	\$ 106,550,814	\$ 111,661,189	\$ 118,965,667	Estimate
Taxable Referendum Market Value	\$ 9,100,026,150	\$ 9,698,923,450	\$ 10,166,460,750	\$ 10,743,355,100	Estimate
City Tax Levy					
General Fund Street Improvement Fund Capital Replacement Fund Park & Trail Improvement Fund Technology Development Fund Forestry Fund Public Safety Fund Ridgedale Tax Abatement Debt Service (Public Safety Facility)	\$ 25,447,828 6,300,000 2,045,000 560,000 580,000 60,000 550,000 20,000	\$ 26,438,176 5,380,000 3,295,000 650,000 600,000 93,000 450,000	\$ 29,671,100 5,680,000 2,155,000 650,000 600,000 118,000 550,000 65,000 1,230,062	\$ 32,368,800 5,880,000 806,000 650,000 600,000 118,000 550,000 70,000 1,400,798	_
Tax Capacity Tax Levy Market Value Tax Levy (Park Bonds)	\$ 35,562,827 1,400,123	36,966,176 1,389,255	\$ 40,719,162 283,815	\$ 42,443,598 -	_
Total Tax Levy	\$ 36,962,950	\$ 38,355,431	\$ 41,002,977	\$ 42,443,598	=
City Tax Rates City Tax Capacity Tax Rate	35.710	34.676	36.552	35.633	Estimate
City Market Value Tax Rate	0.01577	0.01451	0.00279	0.00000	Estimate
HRA Tax Levy	\$ 300,000	\$ 300,000	\$ 225,000	\$ 300,000	_
HRA Tax Capacity Tax Rate	 0.301	0.282	0.202	0.252	Estimate
HRA Tax Levy % of Market Value	0.003297%	0.003093%	0.002213%	0.002792%	

POLICE DEPARTMENT

Expenditures by Category	2018 Actual	2019 Actual	2020 Budget	2020 Revised	2021 Budget
Personnel	\$8,203,431	\$8,804,668	\$9,754,300	\$9,660,700	\$10,035,700
Supplies	380,212	415,984	432,000	430,000	431,000
Other Services & Charges	1,072,750	1,002,537	1,064,700	1,011,700	1,126,400
Capital Outlay	-	-	-	177,000	-
Totals	\$ 9,656,393	\$10,223,189	\$ 11,251,000	\$ 11,279,400	\$ 11,593,100
Method of Financing					
General Fund	\$ 9,563,011	\$ 10,174,471	\$ 11,196,000	\$ 11,162,400	\$ 11,593,100
Drug and DWI Forfeiture Funds	93,382	48,718	55,000	117,000	-
Totals	\$ 9,656,393	\$ 10,223,189	\$ 11,251,000	\$ 11,279,400	\$ 11,593,100
Number of Employees (FTEs)	69.93	69.69	69.69	69.69	68.47

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Community Survey satisfaction	99%	99%	98%	98%
Calls for service	41,213	41,946	42,500	42,700
Criminal offenses - Part I & II	1,886	1,697	1,840	1,860
Medicals	2,778	2,780	2,700	2,850
Traffic Stops	10,974	9,239	8,200	8,500
Traffic Citations	5,352	4,606	3,500	4,100
Identity Theft / Forgery / Fraud	223	267	300	285
Mental Health Crisis	313	411	395	390

Budget Comments/Issues:

The police department continues to partner with Plymouth Police Department and Hennepin County Human Services on sharing the cost for an in-house social worker. In 2021, the police department will implement a body-worn camera program, capital funding for body-worn cameras was advanced to 2020. The department continues to place an increased emphasis on community engagement.

- In 2019, the police department experienced an increase in mental health crisis related incidents. The increase is attributed to the enhanced tracking system which was created for the formal crisis aftercare program, which launched August 1, 2019. The current agreement with Plymouth Police Department and Hennepin County Human Services will expire in February 2021 and staff is expecting the agreement to be renewed.
- In 2021, the department will continue to strengthen existing community partnerships through current and new community outreach initiatives, with a particular focus on race and equity.
- 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 legislative session, changes to the state forfeiture statutes occurred. These changes will significantly reduce funds collected from forfeitures in the coming years.
- With the implementation of body-worn cameras, the police department will track data related to its use such as total number owned and maintained, daily record of BWCs deployed by officers, total amount of recorded data collected, monthly supervisory audit results and any other data which is determined to be beneficial.
 - In 2020, there was a decrease in traffic stops and citations due to COVID-19 and the death of Mr. George Floyd.
- Hopkins School District will not renew its school resource officer agreement resulting in the elimination of a police officer position in 2021. The police department will maintain its current sworn officer strength with the addition of a police captain currently in the 2021 proposed budget. In addition, a part-time administrative assistant position is being increased to full-time and a full-time records and part-time community service officer positions are being eliminated
- The revised 2020 budget includes the purchase of public safety equipment that was originally scheduled to be purchased in 2022 from the Public Safety Fund. The public safety equipment includes helmets, gas masks and other protective gear to enhance personnel safety. The adoption of this budget amends the 2021-2025 Capital Improvement Plan (CIP) to advance the purchase from 2022 to 2020.

FIRE DEPARTMENT

	2018	2019		2020	2020		2021	
Expenditures by Category	Actual	Actual	ual Bud		Revised		Budget	
Personnel	\$ 2,011,484	\$ 2,317,837	\$	2,965,200	\$ 2,965,200	\$	3,035,700	
Supplies	147,922	221,788		195,900	224,700		249,800	
Other Services & Charges	843,719	848,266		913,300	909,100		955,000	
Capital Outlay	-	-		-	50,000		-	
Totals	\$ 3,003,125	\$ 3,387,891	\$	4,074,400	\$ 4,149,000	\$	4,240,500	
Method of Financing								
General Fund	\$ 3,003,125	\$ 3,387,891	\$	4,074,400	\$ 4,149,000	\$	4,240,500	
Number of Employees (FTEs)	8.00	11.00		11.00	11.75		11.75	

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's 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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Average response time to structure fires (minutes)*	6.56	5.59	6.30	6.30
Paid-on-call firefighters	75	78	80	80
Total fire calls, excluding medicals	1,406	1,113	1,425	1,400
Number of false alarms	351	346	350	350
Medical calls	2,215	2,536	2,350	2,600
Firefighter calls outs	116	121	125	125
Non-duty crew training hours	13,303	15,471	13,330	14,000

^{*} Arrival of first unit

Budget Comments/Issues:

Changing workforce dynamics continue to challenge the city and other fire departments around the country to adapt fire service management structures in order to maintain 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 department has adapted to covering the city out of two fire stations during the construction of the new central station. Also the department provides planning, direction and implementation of an emergency plan to address sustained operations and response to the COVID-19 virus.

- The Fire/Emergency Management Department has coordinated the entire city's response to the COVID-19 pandemic including the acquisition of Personal Protective Equipment (PPE) for all city departments. This cost is reflected as additional expenditures within the 2020 Revised Budget.
- The fire department will continue to dedicate time and resources over the next 6 to 12 months to ensuring continuity of service during the central station construction project.
- The addition of a 0.75 FTE is for the creation of a part-time fire and life safety specialist. This permanent position will replace 3 firefighter administrative clerks that previously conducted the department's public education. The administrative clerks were part of the paid-on-call staff. This change will have no impact on the budget as the new part-time position will be covered by savings realized in a reduction in paid-on-call salaries.
- The fire department will remain proactive in finding creative solutions to recruit, train and retain paid-on-call firefighters while maintaining core emergency services.
- The 2018 study performed by FACETS consulting will continue to provide guidance for standards of coverage and adequate fire department staffing and operations. Of particular note there is now a supervisor on duty 24/7 to provide safety and clear direction to firefighters. Other staffing recommendations will be proposed as identified by staff in the future in order to continue to deliver adequate services.

PUBLIC SAFETY FACILITY EXPANSION FUND - Finance Department

Revenues	2018 Actual	2019 Actual	2020 Budget	2020 Revised	2021 Budget
Bond Proceeds	\$ -	\$ -	\$ 25,000,000	\$ 25,434,300	\$ -
State Sales Tax Refund	-	-	550,000	_	550,000
Transfer in (SACF)	-	1,500,000	-	-	-
Transfer in (Cable Fund)	-	-	700,000	700,000	-
Transfer in (Utility Fund)	-	-	1,450,000	1,450,000	-
Investment Income, Other	19,411	23,788	-	125,000	45,000
Totals	\$ 19,411	\$ 1,523,788	\$ 27,700,000	\$ 27,709,300	\$ 595,000
Expenditures by Category					
Project design/planning	\$ 418,727	\$ -	\$ 170,162	\$ 170,162	\$ -
Construction Management Costs	-	-	1,500,000	900,000	600,000
Projects (Fire and Police stations)	-	438,084	25,214,901	15,130,000	11,343,105
Bond Issue Costs	-	-	-	431,800	-
Transfer out	-	-	1,500,000	1,500,000	
Totals	\$ 418,727	\$ 438,084	\$ 28,385,063	\$ 18,131,962	\$ 11,943,105
Surplus (Deficiency) of Revenues					
over (under) Expenditures	(399,316)	1,085,704	(685,063)	9,577,338	(11,348,105)
Beginning Fund Balance	1,084,379	685,063	1,770,767	1,770,767	11,348,105
Ending Fund Balance	\$ 685,063	\$ 1,770,767	\$ 1,085,704	\$ 11,348,105	\$

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. The adopted 2018-22 Capital Replacement Program (CIP) anticipated 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 project broke ground in March 2020 and is slated to be complete by late 2021. Debt service on the bonds would begin in August 2020.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Project completion (cumulative)	5%	0%	60%	100%

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 twenty-eight 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 2020 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. Bids were approved by council in December 2019 and the facility bonds were sold in January 2020 at a true interest rate of 2.32 percent. Due to the timing of the bond issuance and a favorable interest rate environment, the term of the bond was reduced from 30 to 28 years, which will save the city approximately \$1.5 million in interest expense over the life of the bond.
- 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		2018 Actual		2019		2020		2020 Revised		2021
	Φ.		Φ.	Actual	\$	Budget	\$		Φ	Budget
Ad Valorem Tax Levy	\$	550,000	\$	450,000	ф	550,000	ф	550,000	\$	550,000
TIF-related Levy Proceeds		100,000		100,000		100,000		100,000		100,000
Investment Income, Other	•	(5,171)	Φ.	6,799	Φ.	2,000	Φ.	4,000	Φ.	1,000
Totals	\$	644,829	\$	556,799	\$	652,000	\$	654,000	\$	651,000
Expenditures by Category										
Pumper/Engine Replacement	\$	566,384	\$	-	\$	-	\$	-	\$	702,000
Air Truck		-		-		230,000		230,000		-
Rescue Truck		7,698		-		-		-		-
Fire Hose & Nozzle Replacement		-		-		-		-		225,000
Apparatus Refurbishment		-		-		-		-		125,000
Fire Turnout Gear		-		-		255,000		255,000		-
Other Fire Equipment		77,840		67,897		55,700		55,700		10,000
Body and In-Car Cameras		_		-		-		188,000		-
Security Equipment		-		-		25,000		25,000		-
Police Training Room		-		-		-		-		68,000
Other Public Safety Equipment		41,419		1,750		-		-		25,000
PSAP Dispatch Equip/Transition		30,812		-		-		-		-
Totals	\$	724,153	\$	69,647	\$	565,700	\$	753,700	\$	1,155,000
Surplus (Deficiency) of Revenues over (under) Expenditures		(79,324)		487,152		86,300		(99,700)		(504,000)
Reserve for Delayed Projects		-		-		-		533,300		-
Beginning Fund Balance		45,540		(33,784)		453,368		453,368		(179,632)
Ending Fund Balance	\$	(33,784)	\$	453,368	\$	539,668	\$	(179,632)	\$	(683,632)

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	Projected
Average age of pumper trucks	14.5	12.8	13.8	12.3
Average age of ladder trucks	6.3	7.3	8.3	9.3

Budget Comments/Issues:

The 2021 budget for the Public Safety Fund includes costs for the replacement of a pumper truck, continuation of the pumper truck refurbishment plan and the replacement of fire hose and nozzles.

- The ongoing plan for fire equipment includes reducing the number of large rigs, which has decreased the fleet's average age and has provided enhanced 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 2021 include: \$10,000 for fire public education equipment, \$25,000 for ballistic glass replacement in the police department's armored vehicle, and \$68,000 for finishing the police training room.
- 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.
- Reserved for delayed projects includes: \$375,000 for fire apparatus and vehicle refurbishments, \$125,000 for the purchase of a rescue truck, and \$33,300 for various security equipment and a final dispatch payment to Hennepin County.

GRANTS SPECIAL REVENUE FUND - Finance Department

	2018	2019	2020	2020	2021
Revenues	Actual	Actual	Budget	Revised	Budget
Federal Grants	\$ 60,928	\$ 127,099	\$ 51,000	\$ 51,000	\$ 45,000
State Grants	-	5,000	-	-	-
Other Local Grants	-	7,758	-	132,758	-
Investment Income	 (405)	(1,333)	-	-	-
Totals	\$ 60,523	\$ 138,524	\$ 51,000	\$ 183,758	\$ 45,000
Expenditures by Category					
Personnel	\$ 54,161	\$ 122,900	\$ 40,000	\$ 40,000	\$ 40,000
Supplies	-	9,098	11,000	5,000	-
Other Services & Charges	109,868	1,445	-	132,758	-
Capital Outlay	 4,507	7,758	-	-	
Totals	\$ 168,536	\$ 141,201	\$ 51,000	\$ 177,758	\$ 40,000
Surplus (Deficiency) of Revenues	(400.040)	(0.077)		0.000	F 000
over (under) Expenditures	(108,013)	(2,677)	-	6,000	5,000
Beginning Fund Balance	 68,423	(39,590)	(42,267)	(42,267)	(36, 267)
Ending Fund Balance	\$ (39,590)	\$ (42,267)	\$ (42,267)	\$ (36,267)	\$ (31, 267)

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Federal grant programs	2	2	2	2
State grant programs	0	0	0	0
Other grant programs*	0	2	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. The TZD grant program is awarded on the federal fiscal year, which runs from October 1 thru September 30 each year, and specific funding for Minnetonka is apportioned amongst four cities who have jointly received the funds -- Minnetonka, Plymouth, Maple Grove and Wayzata.
- In 2019 and 2020, the city received three Hennepin County Youth Sports Grants (HCYSG): (1) to purchase youth sports equipment for Guilliam field, \$7,758, (2) for new gymnasium space at Eagle Ridge Academy, \$125,000; and (3) for a multi-use mountain bike trail at Lone Lake Park, \$140,000. The grant funds and associated expenditures for the multi-use mountain bike trail will be recognized in the Park & Trail Improvement fund.

ENVIRONMENTAL HEALTH DIVISION - Community Development Department

	2018	2019	2020	2020	2020
Expenditures by Category	Actual	Actual	Budget	Revised	2,021
Personnel	\$ 389,694	\$ 416,369	\$ 478,800	\$ 478,800	\$ 370,600
Supplies	2,890	9,313	7,500	4,850	6,500
Other Services & Charges	13,668	12,407	15,700	12,650	14,400
Capital Outlay	-	-	-	-	-
Totals	\$ 406,252	\$ 438,089	\$ 502,000	\$ 496,300	\$ 391,500
Method of Financing					
General Fund	\$ 406,252	\$ 438,089	\$ 502,000	\$ 496,300	\$ 391,500
Number of Employees (FTEs)	3.5	3.5	3.5	3.5	3.0

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Licensed establishments	775	775	775	750
Number of routine food inspections	626	608	625	580
Number of follow-up food inspections	234	143	200	125
Nuisance complaints	459	578	600	620
Average number of days to resolve each nuisance				
complaint	25	23	24	23

Budget Comments/Issues:

The 2021 Budget for the Environmental Health Division considers the impacts of services provided to outside agencies.

- Because of staffing numbers 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. Eliminating the code compliance manager position will save on salaries in this area.
- COVID response issues will continue into 2021. Inspectors are often recommending, educating and assisting business owners with addressing best practices.
- The decline in establishments is due to the likelihood of restaurants closing in the city. The aftermath of COVID impacts is unknown at this time, but the city expects a decrease in these types of businesses.

LEGAL DEPARTMENT

	2018	2019	2020	2020	2021
Expenditures by Category	Actual	Actual	Budget	Revised	Budget
Personnel	\$ 718,816	\$ 747,666	\$ 841,800	\$ 841,800	\$ 890,600
Supplies	4,041	3,259	7,300	9,800	7,050
Other Services & Charges	46,894	80,311	117,800	70,100	81,350
Capital Outlay	-	-	-	-	_
Totals	\$ 769,751	\$ 831,236	\$ 966,900	\$ 921,700	\$ 979,000
Method of Financing					
General Fund	\$ 769,751	\$ 810,573	\$ 938,900	\$ 902,200	\$ 979,000
Drug and DWI Forfeiture Funds	-	20,663	28,000	19,500	-
Totals	\$ 769,751	\$ 831,236	\$ 966,900	\$ 921,700	\$ 979,000
Number of Employees (FTEs)	7.00	7.00	6.00	6.60	6.60

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Minnetonka cases in court				
All cases	950	632	740	600
DWI cases	173	57	90	90
Domestic violence cases	68	70	60	65
Cases opened and processed by staff:	801	655	740	600
Contracts drafted or reviewed	N/A	N/A	98	75
Customers rating staff at "above average" or				
"excellent"	95%	99%	100%	95%
Charter Commission rating staff at				
"above average" or "excellent"	100%	100%	100%	95%

Budget Comments/Issues:

The department saw a decrease in overall case numbers and in DWI cases in 2019, which was generally consistent with neighboring cities and all Hennepin County suburban cities. Although cases initially increased in 2020, the COVID-19 pandemic caused a downturn; the COVID-19 influence on caseload numbers is expected to continue for the foreseeable future. The revised 2020 budget anticipates that body cameras will be purchased in 2020; funding is included from available general levy funds for an additional .6 FTE beginning in the fourth quarter of 2020.

- •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 2021 budget for outside legal services to cushion against those impacts.
- Legislative changes continue to reduce 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.
- The budget continues to include funds for a part-time law clerk/intern to assist with general legal services, under a program through the League of Minnesota Cities. The intern is not a city employee and not included in the number of department FTEs.
- A new key measure has been added for domestic violence cases. Although domestic cases make up only 5-10% of the number of cases that the department handles, they require approximately 30% of the department's resources in time and staff.

ENGINEERING DEPARTMENT

Expenditures by Category	2018 Actual	2019 Actual	2020 Budget	2020 Revised	2021 Budget
Personnel	\$ 1,195,310	\$ 1,035,987	\$ 1,303,700	\$ 1,303,700	\$ 1,337,800
Supplies	10,104	9,755	19,100	19,100	14,700
Other Services & Charges	88,224	83,140	102,800	102,800	108,100
Capital Outlay	-	-	-	-	-
Totals	\$ 1,293,638	\$ 1,128,882	\$ 1,425,600	\$ 1,425,600	\$ 1,460,600
Method of Financing					
General Fund	\$ 1,293,638	\$ 1,128,882	\$ 1,425,600	\$ 1,425,600	\$ 1,460,600
Number of Employees (FTEs)	9.50	9.50	9.50	9.50	9.50

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Neighborhood meetings held	1	7	2	2
Project newsletters mailed/emailed	3098/5800	1594/2383	2500/6,500	2750/7500
Property acquisitions for construction projects	4	11	4	6
Construction projects underway	7	7	7	6
Construction projects completed	9	5	6	6
Customer service surveys sent out/received	402/16	614/39	400/100	500/125
Responding customers satisfied with project (rated				
as "average" or greater)	76%	83%	75%	75%

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. In 2021, the engineering administrative assistant position is eliminated and a project engineer added to better meet workload demand.

- The 2021 budget for the Engineering Division provides funding to manage and fulfill workload demand services. 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 2021, 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 explored the impacts of this change in 2020 and will continue to do so in 2021.
- 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

_	2018 2019 2020 202					2020			
Revenues	Actual		Actual		Budget		Revised		Budget
Ad Valorem Tax Levy	\$ 6,300,000	\$	5,380,000	\$	5,680,000	\$	5,680,000	\$	5,880,000
Investment Income	141,756		330,223		125,000		125,000		125,000
MSA Maintenance	553,735		554,208		500,000		500,000		485,000
Other Local Grants	332,426		-		321,600		322,196		10,000
Cost-Share Reimbursements	62,421		-		-		-		-
R.O.W. Permit Fees	27,440		322,344		-		-		-
Transfer form Utility Fund	-		125,264		-		-		-
Miscellaneous Revenue	32,908		49,786		575,000		-		575,000
Ridgedale Abatement Transfer In	-		667,500		-		-		-
Totals	\$ 7,450,686	\$	7,429,325	\$	7,201,600	\$	6,627,196	\$	7,075,000
Expenditures									
Local Street Rehabilitation	\$ 2,756,912	\$	941,231	\$	2,300,000	\$	1,650,000	\$	5,900,000
Local Street Preservation	833,610		1,386,398		2,975,000		2,525,000		1,830,000
Woodland Road Retaining Wall	2,511		2,703		4,200		4,200		4,200
CSAH 61/101 Landscaping	243,759		46,332		-		-		-
Carlson Parkway Imp.	91,608		1,486,976		-		-		-
Flashing Yellow Conversion	224,316		73,871		225,000		225,000		200,000
Other Street Projects	137,336		-		-		-		-
Ford Road Study	3,994		-		-		-		-
Shady Oak Area LRT	570,000		174,400		-		-		-
City LRT Infrastructure	495,274		290,000		160,000		160,000		-
Opus Area Improvements	1,544		177,710		-		-		-
Pavement Management Study	42,510		29,315		44,000		44,000		44,000
Traffic Signals/burying Overhead	2,734		-		-		-		-
Cartway/Ridgedale/Plymouth Rd	457,023		126,630		-		-		-
Opus Bridges	-		-		4,000,000		4,000,000		5,000,000
Totals	\$ 5,863,131	\$	4,735,566	\$	9,708,200	\$	8,608,200	\$	12,978,200
Surplus (Deficiency) of Revenues									
over (under) Expenditures	1,587,555		2,693,759		(2,506,600)		(1,981,004)		(5,903,200)
Reserve for Delayed Projects	-		-		-		7,063,762		-
Beginning Fund Balance	 7,153,166		8,740,720		11,434,479		11,434,479		2,389,713
Ending Available Fund Balance	\$ 8,740,720	\$	11,434,479	\$	8,927,879	\$	2,389,713	\$	(3,513,487)

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 system 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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Miles of streets reconstructed	1.4	0.3	0.7	3.2
Miles of streets thin overlay	9.1	8.7	10.9	11.1
Miles of streets rated for condition (varies by quadrant)	65	67	65	57
Average payement condition index	82	80	82	81

Budget Comments/Issues:

The 2021 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 2020 are final costs for various projects including local street rehabilitation, County Road 101, Shady Oak Road, and OPUS area 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

	2018	2019	2020	2020	2021
Revenues	Actual	Actual	Budget	Revised	Budget
State Allotment	2,739,029	4,904,783	1,888,809	1,888,809	1,610,000
State Allotment Dedicated to D.S.	164,775	184,525	173,809	173,809	173,000
Federal Grants	4,504,000	-	-	-	-
Interest	(24,733)	(72,720)	-	-	
Totals	\$ 7,383,071	\$ 5,016,588	\$ 2,062,618	\$ 2,062,618	\$ 1,783,000
Expenditures					
Bond Debt Service	\$ 164,775	\$ 184,525	\$ 173,809	\$ 173,809	\$ 173,000
Projects:					
Cartway/Ridgehaven	6,825,773	837,230	-	-	-
Ridgedale Drive Improvements	505,011	2,313,582	-	-	
Totals	\$ 7,495,559	\$ 3,335,337	\$ 173,809	\$ 173,809	\$ 173,000
Surplus (Deficiency) of Revenues					
over (under) Expenditures	(112,488)	1,681,251	1,888,809	1,888,809	1,610,000
Reserve for Delayed Projects	-	-	-	4,555,300	-
Beginning Fund Balance	 (2,029,545)	(2,142,033)	(460,782)	(460,782)	1,428,027
Ending Fund Balance	\$ (2,142,033)	\$ (460,782)	\$ 1,428,027	\$ 1,428,027	\$ 3,038,027

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	Projected
Construction projects underway	1	2	1	0
Construction projects completed	0	1	1	1

Budget Comments/Issues:

Per the adopted 2020-2024 Capital Improvements Program (CIP), the MSA Fund financed significant improvements to the Ridgedale area.

- MSA 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, Hwy 7 to Mtka Blvd).
- 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

	2018	2019	2020		2020	2021
Revenues	Actual	Actual	Budget		Revised	Budget
Storm Water Utility Charges	\$ 2,599,644	\$ 2,678,482	\$ 2,764,200	\$	2,764,200	\$ 2,852,700
Intergovernmental	-	-	357,000		300,000	-
Investment Income	 73,864	148,094	50,000		125,000	40,000
Totals	\$ 2,673,508	\$ 2,826,576	\$ 3,171,200	\$	3,189,200	\$ 2,892,700
Expenditures by Category						
Personnel	\$ 179,648	\$ 217,605	\$ 239,500	\$	239,500	\$ 248,500
Supplies	79,013	160,512	152,100		152,100	155,900
Other Services & Charges	349,571	427,582	558,300		558,300	570,500
Capital Outlay	1,933,928	1,228,566	1,700,000		1,631,000	3,525,000
Transfers to Other Funds	145,300	137,400	142,600		142,600	147,300
Totals	\$ 2,687,460	\$ 2,171,665	\$ 2,792,500	\$	2,723,500	\$ 4,647,200
Reserve for Previous Years Projects	-	-	-		1,483,800	-
Surplus (Deficiency) of Revenues						
over Expenditures	\$ (13,952)	\$ 654,911	\$ 378,700	\$	465,700	\$ (1,754,500)
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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Water quality samples taken	5	7	5	6
Storm sewer projects completed	5	5	4	3
Sump catch basins inspected	380	396	380	380
Storm sewer outfalls inspected	120	103	120	100
Drainage ponds inspected	110	124	100	100
Drainage ponds restored	0	0	1	0
Misc. drainage projects completed	25	27	30	25

Budget Comments/Issues:

Consistent with the prior three years, the 2021 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

- 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.

ELECTRIC FRANCHISE FEES SPECIAL REVENUE FUND - Engineering Department

	2018	2019	2020	2020	2021
Revenues	Actual	Actual	Budget	Revised	Budget
Electric Franchise Fees	\$ 837,130	\$ 1,125,599	\$ 1,137,400	\$ 1,140,000	\$ 1,145,000
County Cost-Share Agreements	-	-	527,100	470,900	-
Other Income	-	15,490	-	-	-
Investment Income	56,363	98,139	40,000	40,000	50,000
Totals	\$ 893,493	\$ 1,239,228	\$ 1,704,500	\$ 1,650,900	\$ 1,195,000
Expenditures by Category					
Overhead Utility Burial	\$ 984,050	\$ -	\$ 900,000	\$ 650,000	\$ 300,000
Energy Saving Street Light Retrofits	-	101,328	50,000	50,000	-
Opus/City/Shady Oak LRT Lighting	226,342	180,000	160,000	160,000	-
CO RD 101	111,814	-	-	-	-
Trail Connection Undergrounding	7,789	381,180	-	800,000	-
Ridgedale Drive	-	108,570	-	-	-
Cartway Lane/Ridgehaven/Plymouth Rd	207,384	99,985	-	-	
Totals	\$ 1,537,379	\$ 871,063	\$ 1,110,000	\$ 1,660,000	\$ 300,000
Surplus/(Deficiency) of Revenues					
over/(under) Expenditure	(643,886)	368,165	594,500	(9,100)	895,000
Reserve for Delayed Projects	-	-	-	2,110,872	-
Beginning Fund Balance	\$ 3,808,906	\$ 3,165,020	\$ 3,533,185	\$ 3,533,185	\$ 1,413,213
Ending Fund Balance	\$ 3,165,020	\$ 3,533,185	\$ 4,127,685	\$ 1,413,213	\$ 2,308,213

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Miles of utility line buried	2.3	0.3	0.5	0.5
LED Street Lighting - new & retrofits	45	9	30	5

Budget Comments/Issues:

The 2019 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.

- On April 6, 2020 the council amended the Capital Improvements Program (CIP) for 2020 to flip the trail segments along Excelsior Blvd. to first construct the segment from Baker to Shady Oak in 2020. This amendment moves the overhead burial allotment of \$800,000 from 2021 to 2020.
- 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 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

	2018	2019	2020	2020	2021
Revenues	Actual	Actual	Budget	Revised	Budget
Hennepin County	\$ -	\$ -	\$ -	\$ -	\$ -
State, County Grants	-	-	400,000	400,000	-
Property Sale	-	-	734,400	731,449	
Lease Revenue	3,995	-	-	10,000	_
Interest on Investments	 22,225	37,654	20,000	20,000	_
Totals	\$ 26,220	\$ 37,654	\$ 1,154,400	\$ 1,161,449	\$ -
Expenditures by Category					
Project Costs	\$ -	\$ 216,878	\$ 400,000	\$ 400,000	\$ -
Transfer Out to SACF	-	-	878,191	878,191	-
Transfer Out to Dvpt Fund	-	-	1,129,251	957,408	-
Temporary Facility Operating Costs	27,561	43,520	15,000	25,541	-
Totals	\$ 27,561	\$ 260,398	\$ 2,422,442	\$ 2,261,140	\$ -
Surplus (Deficiency) of Revenues					
over Expenditures	(1,341)	(222,744)	(1,268,042)	(1,099,691)	-
Beginning Fund Balance	1,323,776	1,322,435	1,099,691	1,099,691	_
Ending Fund Balance	\$ 1,322,435	\$ 1,099,691	\$ (168,351)	\$ 	\$

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Increase in taxable market value	NA	NA	NA	NA

Budget Comments/Issues:

Road reconstruction related to this fund began in earnest in early 2014 and was completed in late 2016 with final landscaping completed in 2017. The city retained the commercial building on one of the properties for an intermediate period of time, during which city staff has conducted a neighborhood engagement process for determining final development of the combined sites. A development agreement for the commercial site was approved in 2017 and revised in 2020. Site improvements began in late 2020.

- The commercial property site sale closed in 2020 and the proceeds were used to repay the remaining interfund loan balance due to the Special Assessment Construction Fund. The remaining sale proceeds were transferred to the Development Fund. A single family home on the site still remains under the city's ownership. Future lease payments and eventual sales proceeds will be receipted into the Development Fund.
- The project was awarded three grants in 2020. Hennepin County awarded the project \$250,000 through its Transit Oriented Design grant program to assist with demolition, storm water management, and utilities. The Department of Employment and Economic Development awarded the project \$246,652 to assist with demolition, abatement and utilities. The Metropolitan Council also provided \$414,200 to assist with environmental cleanup at the site. Grant awards for this project in 2020 totaled \$910,852.
- 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

	2018 2		2019	2019 2019		2020			2021
Expenditures by Category	Actual	Actual		Budget		Revised			Budget
Personnel	\$ 1,926,870	\$	2,161,236	\$	2,208,100	\$	2,208,100	\$	2,278,600
Supplies	386,029		474,230		415,200		415,200		427,700
Other Services & Charges	1,139,658		954,320		1,215,500		1,215,500		1,248,600
Capital Outlay	 -		-		-		-		
Totals	\$ 3,452,557	\$	3,589,786	\$	3,838,800	\$	3,838,800	\$	3,954,900
Method of Financing									
General Fund	\$ 3,452,557	\$	3,589,786	\$	3,838,800	\$	3,838,800	\$	3,954,900
Number of Employees (FTEs)	21.10		21.10		21.10		21.10		21.15

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 traffic signals, 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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Full-scale plowing events required	15	8	10	10
Tons of salt used	2,950	2,100	2,500	2,250
Tons of bituminous mix laid	15,215	13,900	9,500	10,500
Miles of maintenance overlays	3.5	6.1	6.5	5.5
Signs installed	780	8	800	900
Miles of neighborhood refurbishment	4.5	2.0	1.9	3.0
Maintained streetscape area (sq. ft.)	112,370	112,370	117,000	120,000

Budget Comments/Issues:

The 2021 budget maintains current service levels. Streetscape maintenance is currently provided by contract under an annual agreement. The contract will be extended again in 2021 to include Shady Oak Road 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 2021, the focus of street preservation will be a number of areas throughout the city. 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 Manager.
- Winter road maintenance uses liquid salt brine along with crystal salt for winter snow and ice control. Liquid salt solutions increase crystal salt effectiveness and reduce 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.
- The FTE count increases slightly in 2021 due to the reclassification of the public works receptionist from part-time to full-time. This position's time is allocated to all the divisions within the public works facility, which is why the fte increase is minimal. This change has a very minor budget impact has temporary salaries will no longer be needed to backfill hours not covered by the previous part-time receptionist.

BUILDING MAINTENANCE DIVISION - Public Works Department

	2018	2019	2020	2020	2021
Expenditures by Category	Actual	Actual	Budget	Revised	Budget
Personnel	\$ 744,649	\$ 747,492	\$ 883,000	\$ 883,000	\$ 888,900
Supplies	95,339	91,941	120,100	120,100	118,100
Other Services & Charges	360,993	610,809	379,400	379,400	453,600
Capital Outlay	-	-	-	-	-
Totals	\$ 1,200,981	\$ 1,450,242	\$ 1,382,500	\$ 1,382,500	\$ 1,460,600
Method of Financing					
General Fund	\$ 1,200,981	\$ 1,450,242	\$ 1,382,500	\$ 1,382,500	\$ 1,460,600
Number of Employees (FTEs)	8.38	8.38	8.38	8.38	8.42

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Work orders completed	2,785	2,955	2,850	2,900
Heat energy - cost	\$184,800	\$195,111	\$170,000	\$228,750
Heat energy used (THM)	276,901	317,750	275,000	375,000
Electrical energy - cost	\$446,572	\$443,162	\$470,000	\$530,030
Electrical energy used (kWh)	4,532,302	4,514,979	5,275,000	5,400,000
Solar Garden Savings (all bldgs.)	\$62,922	\$53,597	\$82,000	\$100,000

Budget Comments/Issues:

The 2021 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 started 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 2021. 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 2020/2021, the project will continue with the Public Safety project integration and the Glen Lake Activity Center.
- The city was able to utilize the federal CARES act Coronavirus Relief Funds (CRF) to update several HVAC units throughout city facilities. These units were installed in late fall 2020 and provide enhanced air flow and filtration as well as providing virus/ionization removal and disinfection as recommended by the CDC.
- 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.
- The FTE count increases slightly in 2021 due to the reclassification of the public works receptionist from part-time to full-time. This position's time is allocated to all the divisions within the public works facility, which is why the fte increase is minimal. This change has a very minor budget impact has temporary salaries will no longer be needed to backfill hours not covered by the previous part-time receptionist.

FLEET MAINTENANCE FUND - Public Works Department

	2018	2019	2020	2020	2021
Revenues	Actual	Actual	Budget	Revised	Budget
Charges for Services	\$ 1,595,886	\$ 1,479,040	\$ 1,600,000	\$ 1,375,000	\$ 1,697,000
Investment Income	11,422	21,763	4,400	10,000	10,000
Miscellaneous	6,231	2,937	5,000	3,000	5,000
Fuel	44,650	43,660	45,000	25,000	45,000
Transfers In	 -	-	-	22,000	-
Totals	1,658,189	1,547,400	1,654,400	1,435,000	1,757,000
Expenditures by Category					
Personnel	\$ 510,546	\$ 473,976	\$ 523,500	\$ 523,500	\$ 536,000
Supplies	866,897	797,703	758,400	758,400	827,200
Other Services & Charges	358,707	248,773	322,500	322,500	343,800
Capital Outlay	 -	29,892	50,000	50,000	50,000
Totals	\$ 1,736,150	\$ 1,550,344	\$ 1,654,400	\$ 1,654,400	\$ 1,757,000
Surplus (Deficiency) of Revenues					
over Expenditures	(77,961)	(2,944)	-	(219,400)	-
Beginning Fund Balance	387,515	309,554	306,610	306,610	87,210
Ending Fund Balance	\$ 309,554	\$ 306,610	\$ 306,610	\$ 87,210	\$ 87,210
Number of Employees (FTEs)	4.38	4.38	4.38	4.38	4.42

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 199 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 breakeven operating pro-forma. The Fleet Maintenance Fund operates as an internal service revolving fund.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Work orders completed	3,030	3,250	3,500	3,550
Gallons of fuel consumed	166,581	176,039	172,000	175,000
Cost to purchase gas/diesel fuels	\$439,582	\$370,320	\$370,000	\$455,000
Average cost per gallon of gas/diesel fuels	\$2.64	\$2.07	\$2.24	\$2.60
Gallons of oil consumed	861	890	800	800

Budget Comments/Issues:

The 2021 budget for the Fleet Maintenance Fund maintains current service levels and increases fuel costs by \$0.36 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 8.7M gallons of fuel for the coming year.
- The FTE count increases slightly in 2021 due to the reclassification of the public works receptionist from part-time to full-time. This position's time is allocated to all the divisions within the public works facility, which is why the fte increase is minimal. This change has a very minor budget impact has temporary salaries will no longer be needed to backfill hours not covered by the previous part-time receptionist.

CAPITAL REPLACEMENT FUND - Finance Department

	2018	2019	2020	2020	2021
Revenues	Actual	Actual	Budget	Revised	Budget
Ad Valorem Tax Levy	\$ 2,045,000	\$ 3,295,000	\$ 2,155,000	\$ 2,155,000	\$ 806,000
Transfers In	1,200,000	1,200,000	1,200,000	2,448,000	355,000
Investment Income	19,650	63,448	10,000	45,000	20,000
Auction Proceeds/Rebates	149,329	172,098	45,000	12,000	45,000
Totals	\$ 3,413,979	\$ 4,730,546	\$ 3,410,000	\$ 4,660,000	\$ 1,226,000
Expenditures by Category					
Buildings & Structures	\$ 891,248	\$ 3,147,333	\$ 1,390,000	\$ 2,638,000	\$ 1,339,000
Recreation Facilities	207,348	361,725	110,000	110,000	160,000
Machinery and Auto	823,700	654,135	1,834,200	1,834,200	659,100
Totals	\$ 1,922,296	\$ 4,163,193	\$ 3,334,201	\$ 4,582,200	\$ 2,158,100
Surplus (Deficiency) of Revenues					
over (under) Expenditures	1,491,683	567,353	75,799	77,800	(932,100)
Reserve for Delayed Projects	-	-		900,600	-
Beginning Available Fund Balance	1,003,161	2,494,844	3,062,197	3,062,197	2,239,397
Ending Available Fund Balance	\$ 2,494,844	\$ 3,062,197	\$ 3,137,996	\$ 2,239,397	\$ 1,307,297

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
General light-duty vehicles in fleet	108	108	110	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 \$)	\$13.2	\$15.7	\$15.9	\$45.0
Deprec. value of furniture & equipment (millions \$)	\$7.9	\$7.1	\$7.3	\$7.5

Budget Comments/Issues:

The adopted 2021-25 Capital Improvements Program (CIP) incorporates 2020 funding from the CRF for the last phase of major refurbishment of city hall (\$819,000), 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 2021. A portion of the project was first adopted as part of the 2017-22 CIP.

- Substantial purchases approved in the 2021 CIP for the fund include: replacement of fuel pumps and leak detection equipment (\$175,000), fleet vehicles (\$384,100), a variety of building components (\$570,000) including energy conservation improvements, building automation upgrades and partial roof replacement at public works. Additionally, \$110,000 is included as the city's partnership costs for improvements to the Lindbergh Center located at Hopkins high school.
- The 2018-2020 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.
- An additional 2020 General Fund transfer of \$1,248,000 reimburses the CRF for HVAC improvements related to mitigating the spread of COVID-19. The early replacement of these units provide cleaner and increased air circulation throughout city facilities.
- Reserve for Delayed Projects includes \$440,200 for city building roof-related projects and \$460,400 for fleet vehicles
- The value of building and structures increases in 2021 due to the completion of the public safety facility remodel and expansion project.
 - The tax levy revenue is reduced in 2021 due to delaying the purchase of \$949,000 in fleet vehicles and a zamboni.

UTILITY DIVISION / UTILITY FUND - Public Works Department

	2018	2019	2020	2020	2021
Revenues	Actual	Actual	Budget	Revised	Budget
Water Sales & Sewer Revenue	\$ 14,239,494	\$ 14,101,186	\$ 15,527,500	\$ 15,527,500	\$ 16,190,400
Investment Income	383,798	889,733	300,000	400,000	314,100
Grants	9,840	-	-	-	-
Bond Proceeds	10,330,125	-	-	-	9,700,000
Hookup Fees	1,641,577	1,492,292	225,000	262,500	225,000
Met Council SAC Fees	929,696	1,342,110	160,000	160,000	160,000
Miscellaneous Income	383,622	129,776	202,000	152,500	202,000
Transfers In	-	-	-	128,200	
Totals	\$ 27,918,152	\$ 17,955,097	\$ 16,414,500	\$ 16,630,700	\$ 26,791,500
Expenditures by Category					
Personnel	\$ 2,015,223	\$ 1,766,315	\$ 2,067,600	\$ 2,067,600	\$ 2,102,900
Supplies	677,908	700,160	713,000	713,000	719,000
Sewer Service Charge	4,296,409	4,534,744	4,664,000	4,664,000	4,712,100
Other Services & Charges	2,517,871	4,452,597	3,067,100	2,427,100	2,440,700
I & I Reduction Program	13,411	25,411	150,000	150,000	150,000
Capital Outlay	7,026,248	6,457,591	4,608,300	4,608,300	15,460,000
Bond Principal & Interest	1,247,093	1,828,803	1,600,200	1,600,200	1,822,300
Transfers to Other Funds	862,422	925,265	2,250,000	2,250,000	800,000
Totals	\$ 18,656,585	\$ 20,690,886	\$ 19,120,200	\$ 18,480,200	\$ 28,207,000
Surplus (Deficiency) of Revenues					
over Expenditures	\$ 9,261,567	\$ (2,735,789)	\$ (2,705,700)	\$ (1,849,500)	\$ (1,415,500)
Number of Employees (FTEs)	18.40	18.20	18.40	18.40	18.45

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 300 miles each of water distribution and sewer collection piping, eighteen wells, eight water treatment facilities, ten water storage structures, 38 lift stations, 371 street lights and ten civil defense sirens.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Water pumped (million gallons)	2,040	1,894	2,000	2,000
Water main breaks repaired	53	45	46	50
Utility locate requests completed	9,154	10,380	10,500	11,000
Sewer cleaning (miles)	100	92	98	100
Sewer televising (miles)	1	1	4	5
Fire hydrants inspected	2,813	2,857	2,877	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 2021, 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.
- Rehabilitation of the Main Lift Station, one of the City's largest, occurred in 2020 and Williston Lift Station is anticipated to begin in 2021.
- Lining of the primary force main from the Williston Lift Station to Guilliam Field will complete the sixth and final phase of the Main and Williston lift stations sewer force main improvements in 2021.
- Rising energy prices and MCES waste water treatment costs will continue to increase the cost of operating the sanitary sewer utility. In 2020, MCES announced a 1.0 percent increase in wastewater treatment costs for 2021.
- The Woodland Hills water tower will undergo structural repairs and painting in 2021, as outlined in the 2017 tank condition assessment.
- Phase 2 of the Water System Instrumentation and Control update, as recommended in the Sustainability Plan, will occur in 2021.
- 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 occurred in 2020 and confirmed the need of a secondary forecmain for the Opus lift station which will be constructed in 2021.

PARKS & TRAILS DIVISION - Public Works Department

	2018	2019	2020	2020	2021
Expenditures by Category	Actual	Actual	Budget	Revised	Budget
Personnel	\$ 1,119,456	\$ 1,145,421	\$ 1,246,400	\$ 1,246,400	\$ 1,318,100
Supplies	146,720	170,591	197,400	197,400	201,000
Other Services & Charges	384,379	425,464	504,600	504,600	508,700
Capital Outlay	-	-	-	-	-
Totals	\$ 1,650,555	\$ 1,741,476	\$ 1,948,400	\$ 1,948,400	\$ 2,027,800
Method of Financing					
General Fund	\$ 1,650,555	\$ 1,741,476	\$ 1,948,400	\$ 1,948,400	\$ 2,027,800
Number of Employees (FTEs)	10.08	10.08	11.08	11.08	11.12

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

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Park acreage maintained	1,297	1,298	1,298	1,298
Level 1 - Maintenance Areas (# /acres)*	7/429	7/429	7/429	7/429
Level 2 - Maintenance Areas (# /acres)*	11/211	12/211	12/211	12/211
Levels 3 & 4 - Maintenance Areas (# /acres)*	32/661	32/662	32/662	32/662
Trails and sidewalks maintained (miles)	105	106	106	108

^{*} 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 2021 budget provides for an increasing level of service compared to 2020 in order to accommodate an expanding inventory of city park amenities and trails and sidewalks which require additional maintenance. In 2020, 1.8 miles of trails were added. 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 was completed to Minnetonka Boulevard from Ridgedale Drive and sidewalks were installed on Ridgedale Drive in 2019 and 2020 as part of the road reconstruction. Further in 2020, trail and sidewalks were constructed on Excelsior Boulevard and Parkers Lake Road/Twelve Oaks Center Drive.
- 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 that will be constructed in 2021, located at the cul-de-sac of Royzelle Lane. 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 was budgeted to be added in 2020. This position was 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

	2018	2019	2020	2020	2021
Expenditures by Category	Actual	Actual	Budget	Revised	Budget
Personnel	\$ 704,822	\$ 776,872	\$ 965,100	\$ 965,100	\$ 988,400
Supplies	19,043	25,955	15,800	16,700	17,000
Other Services & Charges	553,312	604,222	593,800	593,800	593,800
Capital Outlay	-	-	-	-	-
Totals	\$ 1,277,177	\$ 1,407,049	\$ 1,574,700	\$ 1,575,600	\$ 1,599,200
Method of Financing					
General Fund	\$ 1,277,177	\$ 1,407,049	\$ 1,574,700	\$ 1,575,600	\$ 1,599,200
Number of Employees (FTEs)	7.18	8.18	8.18	8.18	8.22

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Diseased trees removed (Oak & Elm)	392	405	500	350
Public trees planted (reforestation/restoration)	189/28	140/45	100/75	100/75
Private trees planted through city's tree sale	830	850	800	900
Permits inspected for natural resource compliance / ongoing inspections	350/425	330/425	325/425	375/430
Development projects reviewed	69	72	70	65
Volunteer programs conducted / hours donated	48/1,478	49/1,490	50/600	34/600
Enforcement actions taken	34	32	30	35
Wetland Conservation Act decisions/contacts	14/253	12/240	20/225	20/230

Budget Comments/Issues:

The 2021 budget for the Natural Resources Division anticipates an increased level of activity, as emerald ash borer (EAB) has been found 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 2021, 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 pruning program will continue in 2021 at an annual cost of \$60,000. This work is necessary in order to keep pace with street reconstructions and neighborhood street renovations.
- In 2021 natural resources staff along with the engineering staff will be continuing to implement new requirements for the Municipal Separate Storm Sewer System (MS4) permit. 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 addressed in the coming year.

FORESTRY FUND - Public Works Department

Revenues		2018 Actual		2019 Actual		2020 Budget		2020 Revised		2021 Budget
Ad Valorem Tax Levy	\$	60,000	\$	93,000	\$	118,000	\$	118,000	\$	118,000
Investment Income Miscellaneous Income		15,578		31,653		10,000		10,000		10,000
Totals	\$	75,578	\$	124,653	\$	128,000	\$	128,000	\$	128,000
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Expenditures by Program/Project										
EAB Program	\$	21,693	\$	18,806	\$	165,000	\$	165,000	\$	170,000
Transfer Out - GF		-		58,000		58,000		58,000		58,000
Totals	\$	21,693	\$	76,806	\$	223,000	\$	223,000	\$	228,000
Surplus (Deficiency) of Revenues over (under) Expenditures		53,885		47,847		(95,000)		(95,000)		(100,000)
Beginning Available Fund Balance		916,939		970,824		1,018,671		1,018,671		923,671
Ending Available Fund Balance	\$	970,824	\$	1,018,671	\$	923,671	\$	923,671	\$	823,671

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).

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Ash trees removed	426	350	600	600
Park trees replanted	189	175	100	100
Stumps ground	35	42	25	30
High value ash trees treated (city trees)	98	90	98	90

Budget Comments/Issues:

Costs in the Forestry Fund reflect only the capital budget portion of the EAB program, which includes tree removal, stump grinding, 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 is 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.
 - 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 continue to 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

	2018	2019	2020	2020	2021
Revenues	Actual	Actual	Budget	Revised	Budget
Hennepin Recycling Grants	\$ 129,162	\$ 111,223	\$ 92,800	\$ 92,800	\$ 98,000
Recycling Charges	827,823	883,499	900,200	900,200	1,297,600
Miscellaneous Revenue	1,509	-	-	15,000	15,000
Investment Income	15,395	23,053	11,000	15,000	10,000
Contract Rebate	-	-	-	-	-
Transfer In	 -	<u>-</u>	 -	1,000	
Totals	\$ 973,889	\$ 1,017,775	\$ 1,004,000	\$ 1,024,000	\$ 1,420,600
Expenditures by Category					
Personnel	\$ 76,397	\$ 91,570	\$ 103,600	\$ 103,600	\$ 104,200
Supplies	632	4,123	5,400	5,400	5,400
Collection Contract	612,818	716,148	670,000	872,000	944,000
Yard waste Program	96,279	109,393	100,000	125,000	160,000
Other Services & Charges	36,007	30,220	23,900	23,900	23,900
Transfer To General Fund	 199,800	205,800	 209,400	209,400	213,100
Totals	\$ 1,021,933	\$ 1,157,254	\$ 1,112,300	\$ 1,339,300	\$ 1,450,600
Surplus (Deficiency) of Revenues					
over Expenditures	(48,044)	(139,479)	(108,300)	(315,300)	(30,000)
Beginning Fund Balance	 764,856	715,232	575,753	575,753	260,453
Change in Accounting Principal	(1,580)	-	-	-	-
Ending Fund Balance	\$ 715,232	\$ 575,753	\$ 467,453	\$ 260,453	\$ 230,453
Number of Employees (FTEs)	0.48	0.48	0.48	0.48	0.52

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.

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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 2021 budget reflects over a nine percent increase in recycling fees charged by the city's contract vendor, which will increase in residential pickup charge from \$4.35 to \$4.75 per household per month. The city's yard waste program is also experiencing substantial increases in processing costs. To ensure ongoing financial sustainability for the programs, the 2021 budget anticipates an increase in the monthly rate charged to residential properties from \$4.58 to \$6.60.
- In 2021 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. Spring event was not held in 2020 due to Covid-19.
- 2020 was the final year of the transition of SCORE funds received from Hennepin County. In 2020, 50% of SCORE funds available were applied to recycling collection and 50% of SCORE funds were 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 in organics collection from approximately 300 homes to approximately 900 homes by the end of 2020.

PARK & TRAIL IMPROVEMENT FUND - Recr	eation Department
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	2018	2019	2020	2020	2021
Revenues	Actual	Actual	Budget	Revised	Budget
Ad Valorem Tax Levy	\$ 560,000	\$ 650,000	\$ 650,000	\$ 650,000	\$ 650,000
Park Dedication Fees	3,290,000	1,068,500	340,000	386,000	70,000
Investment Income	105,020	260,085	100,000	150,000	80,000
Local Grants/Agreements	-	-	100,000	240,000	-
Transfers In, incl. field fees	10,189	1,560,051	-	-	1,600,000
Miscellaneous Income	 (396)	-	9,600	-	9,600
Totals	\$ 3,964,813	\$ 3,538,636	\$ 1,199,600	\$ 1,426,000	\$ 2,409,600
Expenditures by Category					
Park Development/Improvements	\$ 526,326	\$ 734,662	\$ 640,500	\$ 640,500	\$ 6,522,000
Trail Development/Improvements	561,285	2,100,311	385,000	2,100,000	75,000
Maintenance-City Housing	 44,947	32,616	-	-	-
Totals	\$ 1,132,558	\$ 2,867,589	\$ 1,025,500	\$ 2,740,500	\$ 6,597,000
Surplus (Deficiency) of Revenues over (under) Expenditures	2,832,255	671,047	174,100	(1,314,500)	(4,187,400)
Reserve for Delayed Projects	_	_	_	2,411,500	_
Reserve for Athletic Field Maint.	72,271	81,871	91,471	101,071	110,671
Beginning Available Fund Balance	 5,368,716	8,190,782	8,852,229	8,852,229	5,116,629
Ending Available Fund Balance	\$ 8,190,782	\$ 8,852,229	\$ 9,016,729	\$ 5,116,629	\$ 919,629

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. Trails along roadways are also funded through the Trail System Expansion Fund. Their construction often coincides with road construction projects and neighborhood developments.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Miles of new trails constructed	1.49	0.00	7.42	0.60
Miles of trails refurbished	0.50	0.00	1.90	1.30

Budget Comments/Issues:

As indicated in the 2021-2025 CIP, the 2021 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 2021, park development includes the new park at Ridgedale, improvements at Crane Lake Preserve and place making & wayfinding initiatives in the Opus area.
- For 2020, the trail budget includes funding for Parkers Lake Road (Twelve Oaks Dr to Plymouth city limits) Lone Lake Park Multi-Use Mountain Bike Trail 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.
- 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 Dominium project in Opus (\$2.4 million), Solbekken (\$65,000), and the Luxe apartments (\$370,000). New construction may also contribute in-kind natural and/or public park improvements.
- "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 (\$595,200); mountain bike trails (\$90,400); Trail Improvement Plan (\$319,600); Burwell House capital maintenance (\$78,800); and Ridgedale park planning phase I & II (\$769,200).

COMMUNITY INVESTMENT FUND - Finance Department

	2018	2019	2020	2020	2021
Revenues	Actual	Actual	Budget	Revised	Budget
Investment Income	\$ 355,568	\$ 661,684	\$ 300,000	\$ 350,000	\$ 300,000
Other	 157,500	157,500	157,500	157,500	63,000
Totals	\$ 513,068	\$ 819,184	\$ 457,500	\$ 507,500	\$ 363,000
Expenditures					
Ice Arena Improvements	\$ 500,154	\$ 300,000	\$ 350,000	\$ 350,000	\$ 250,000
Surplus/(Deficiency) of Revenues over/(under) Expenditures	12,914	519,184	107,500	157,500	113,000
Reserve for Delayed Projects	-	-	-	983,000	-
Beginning Fund Cash Balance	21,106,829	21,119,743	21,638,926	21,638,926	20,813,426
Total Ending Fund Cash Balance	\$ 21,119,743	\$ 21,638,926	\$ 21,746,426	\$ 20,813,426	\$ 20,926,426
Required Fund Balance	\$ 19,881,351	\$ 19,916,908	\$ 19,916,908	\$ 19,946,908	\$ 19,981,908
Available Fund Balance	\$ 1,238,392	\$ 1,722,018	\$ 1,829,518	\$ 866,518	\$ 944,518

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Annual net investment earnings	\$355,568	\$661,683	\$350,000	\$325,000

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 2021-25 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

- The preliminary 2021-25 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.
- 2018 and 2019 expenditures and the 2020 budget 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 dedicated an additional \$300,000 to the project over the final four years of the capital program.
- 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

	2018	2019	2020	2020	2021
Expenditures by Category	Actual	Actual	Budget	Revised	Budget
Personnel	\$ 1,107,778	\$ 1,172,420	\$ 1,267,500	\$ 1,014,100	\$ 1,269,700
Supplies	72,652	73,069	85,650	36,700	85,800
Other Services & Charges	357,160	334,325	364,000	180,200	352,500
Other	10,189	10,051	-	-	-
Capital Outlay	-	-	-	-	-
Totals	\$ 1,547,779	\$ 1,589,865	\$ 1,717,150	\$ 1,231,000	\$ 1,708,000
Method of Financing					
General Fund	\$ 1,547,779	\$ 1,589,865	\$ 1,717,150	\$ 1,231,000	\$ 1,708,000
Number of Employees (FTEs)	6.85	6.85	6.85	6.85	6.85

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.

2018	2019	2020	2021
<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
44,748	43,633	25,000	35,000
396	393	250	350
863	801	280	700
83.2%	79.4%	55.0%	70.0%
3,736	3,209	0	3,000
120	118	75	100
\$7,255	\$8,109	\$4,500	\$7,000
	Actual 44,748 396 863 83.2% 3,736 120	Actual Actual 44,748 43,633 396 393 863 801 83.2% 79.4% 3,736 3,209 120 118	Actual Actual Estimated 44,748 43,633 25,000 396 393 250 863 801 280 83.2% 79.4% 55.0% 3,736 3,209 0 120 118 75

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

Budget Comments/Issues:

Joint Recreation programs were sverely impacted by the pandemic in 2020, with the cancellation of many activities.

- 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) were planned for 2020. This increase is reflected in 2021 "personnel" costs.
- Shady Oak Beach was open to the public in 2020, but no fees were charged and there was minimal staff. Beginning in June, the gates were open daily from 8 a.m. 8 p.m. and part-time staff checked on the site daily and did light maintenance and cleaning. Due to high attendance, lifeguards were scheduled beginning July 18 through Labor Day from 12-6 p.m. daily. No additional amenities were offered (i.e. concession, rentals, inflatables). New inflatables were purchased in spring of 2020, which will now debut in 2021.
- Qualified scholarship applicants receive \$100 annually to apply towards eligible programs of their choosing. Scholarship requests remained steady in 2019, with an overall increase in the value of those approved. With many program cancelations taking place in 2020, fewer requests are predicted.
- Changes were made to the team formation process for both the youth basketball and soccer leagues in 2018. Previously formed by school and grade, participants were given the option of registering for a specific team based on practice night and location. Both leagues saw slight decreases in 2019, and participation will likely be lower in 2020 due to COVID-19
- Sand volleyball was canceled in 2020, but 48 teams participated in the fall indoor women and co-rec volleyball leagues. Summer kickball, softball and soccer leagues took place in 2020, although the seasons have been shortened due to COVID-19. This has resulted in lower registration numbers as well.
- An annual goal for the department's budget is to cover 80% of expenses with the fees collected. Due to Covid-19, the 2020 projection is to cover 55% of expenditures.

MINNETONKA RECREATION - Recreation Services Department

	2018	2019	2020	2021	2021
Expenditures by Category	Actual	Actual	Budget	Revised	Budget
Personnel	\$ 286,760	\$ 340,630	\$ 414,600	\$ 349,900	\$ 415,800
Supplies	2,962	1,592	1,750	1,000	2,550
Other Services & Charges	292,570	274,589	312,600	270,200	300,250
Other	113,000	113,000	113,000	113,000	113,000
Totals	\$ 695, 292	\$ 729,811	\$ 841,950	\$ 734,100	\$ 831,600
Method of Financing					
General Fund	\$ 695,292	\$ 729,811	\$ 841,950	\$ 734,100	\$ 831,600
Number of Employees (FTEs)	2.00	2.00	2.00	2.00	2.00

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:	2018 <u>Actual</u>	2019 <u>Actual</u>	2020 <u>Estimated</u>	2021 <u>Projected</u>
Minnetonka playground registrations	791	665	0	650
Warming house days of operation	38	53	50	50
Music Association of Minnetonka (MAM) participants	214	207	200	200
Adopt-A-Sign locations	40	39	42	42
Music/Theater in the Park attendance	3,845	3,435	0	3,200

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. Enrollment varies from year to year based on park locations offered and times offered at each location (morning versus afternoon). Due to COVID-19, the program was canceled at all locations in 2020.
- Outdoor ice rinks are provided at six city park locations as well as Glen Lake Elementary School. The weather was favorable for skating conditions throughout the majority of the 2019-20 season and all sites were able to remain open an additional week. Total attendance for the season was approximately 4,000.
- Tuesday evening Music in the Park concerts at the Amphitheater are a popular destination for city residents. Unfortunately, due to COVID-19 all concerts were canceled for 2020, as well as the Theater in the Park performances. Concerts were planned to begin at 6:30 p.m. in 2020 rather than 7 p.m. to overlap with the city's Farmers Market. This plan will be implemented in 2021. The Movies in the Park program was on as scheduled, although one of three showings was canceled due to weather. The total combined attendance for the two that took place was 310.
- The MAM membership numbers were down slightly in 2019, but the various music groups that make up MAM remain very active. The following groups provide many entertainment options for audiences: Youth Choir (2-5), Da Capo Choir (K-1), Civic Orchestra, Symphony Orchestra, Chorus a la Carte, Concert Band and Senior Chorale.

SENIOR SERVICES - Recreation Services Department

	2018	2019	2020	2020	2021
Expenditures by Category	Actual	Actual	Budget	Revised	Budget
Personnel	\$ 254,126	\$ 268,447	\$ 291,500	\$ 270,000	\$ 275,000
Supplies	85,960	87,703	79,400	22,300	56,400
Other Services & Charges	67,371	69,976	65,900	55,100	70,400
Totals	\$ 407,457	\$ 426,126	\$ 436,800	\$ 347,400	\$ 401,800
Method of Financing					
General Fund	\$ 407,457	\$ 426,126	\$ 436,800	\$ 347,400	\$ 401,800
Number of Employees (FTEs)	2.4	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 41 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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Program participants	10,695	11,784	3,700	7,000
Program participants visits	46,079	47,629	11,100	22,000
Program offered	379	334	140	200
Senior volunteers used	245	245	150	125
Volunteer hours donated	16,300	16,400	3,500	5,000

Budget Comments/Issues:

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

- Volunteer hours donated by Senior Services participants exceeded 16,000 in 2019, which is an estimated cost savings value of \$190,000. Volunteer hours will be reduced dramatically in 2020 and 2021 due to COVID-19.
- Senior Services key measures are significantly reduced in 2020 and 2021 due to COVID-19. It is expected to rebound somewhat in 2021, but will be dependent on an improved COVID-19 environment for seniors.
- Senior Services continues to manage The Landing Shop. The shop sells items created by 77 Minnetonka senior craft vendors.
- Senior Services continues to offer dementia programming such as Memory Café resulting in over 600 visits in 2019. It continues virtually on a smaller scale while senior services are limited due to COVID-19.

TRAIL SYSTEM EXPANSION FUND - Recreation Department

Revenues		2018 Actual			2019 Actual		2020 Budget		2020 Revised		2021 Budget
Gas Franchise Fees	\$		-	\$	1,862,217	\$	1,370,000	\$	1,370,000	\$	1,420,000
Electric Franchise Fees			-		-		497,000		497,000		498,500
Investment Income			-		18,551		20,000		20,000		20,000
Totals	\$		-	\$	1,880,768	\$	1,887,000	\$	1,887,000	\$	1,938,500
Expenditures by Category											
Trail feasibility study - Excelsior Blvd,											
Priority Segments 3-5	\$		-	\$	150,069	\$	-	\$	-	\$	-
Plymouth Road Trail - Phase 2			-		281,002		-		-		-
TIP - Misc.			-		32,540						
Excelsior Blvd. (CR 3) Glenview Dr to											
Caribou Drive			_		-		1,900,000		-		1,100,000
Excelsior Blvd. (CR 3) Baker Road to											
Shady Oak Road			_		-				1,900,000		-
Totals	\$		-	\$	463,611	\$	1,900,000	\$	1,900,000	\$	1,100,000
Surplus/(Deficiency) of Revenues											
over/(under) Expenditure			-		1,417,157		(13,000)		(13,000)		838,500
Reserve for Delayed Projects					_		_		39,000		_
reserve for Belayeu Frojects									00,000		
Beginning Fund Balance	\$		-	\$	-	\$	1,417,157	\$	1,417,157	\$	1,365,157
Ending Fund Balance	\$		_	\$	1,417,157	\$	1,404,157	\$	1,365,157	\$	2,203,657
-nang rana balanoo	Ψ		_	Ψ	1,711,101	Ψ	1,707,107	Ψ	1,500,101	Ψ	2,200,007

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Miles of new trail segments constructed	NA	0.0	1.1	0.6
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 2021-2025 CIP, Excelsior Boulevard (Glenview Drive to Caribou Drive), Ridgedale Drive (White Birch Road to Target), Minnetonka Boulevard (Woodlawn Ave to Tonkawood Rd), Hopkins Crossroad (Cedar Lake Road to Wayzata Blvd).

- 2019 was 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 were 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 which was subsequently approved by the park board and city council. 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 at \$71,550,000.

COMMUNITY FACILITIES DIVISION - Recreation Services Department

Expenditures by Category	2018 Actual	2019 Actual	2020 Budget	2020 Revised	2021 Budget
Personnel	\$ 357,619	\$ 350,732	\$ 426,100	\$ 396,100	\$ 410,900
Supplies	29,041	27,550	55,300	34,200	55,500
Other Services & Charges	115,751	79,720	131,000	75,300	130,500
Capital Outlay	 -	-	-	-	-
Totals	\$ 502,411	\$ 458,002	\$ 612,400	\$ 505,600	\$ 596,900
Method of Financing					
General Fund	\$ 502,411	\$ 458,002	\$ 612,400	\$ 505,600	\$ 596,900
Cemetery Fund	 -	-	-	-	-
Totals	\$ 502,411	\$ 458,002	\$ 612,400	\$ 505,600	\$ 596,900
Number of Employees (FTEs)	3.22	3.60	3.60	3.60	3.60

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Community Center rental revenue	\$120,376	\$116,965	\$30,000	\$80,000
Community Center hours reserved	13,430	11,424	6,000	8,000
Satellite facility hours reserved	482	67	330	250
Picnic shelter permits issued	301	310	180	300
Field fee revenue	\$30,876	\$30,457	\$25,000	\$30,000

Budget Comments/Issues:

The 2021 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 were 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.
- Community Center rental revenue and use hours are expected to be significantly lower in 2020 because of cancelled events and meetings due to COVID-19. Revenue and use hours show a rebound in 2021 which is dependent on COVID-19 restrictions being loosened.
- Total satellite facility hours were significantly lower in 2019 since city staff was housed at the Glen Lake Activity Center during the city hall remodel.
- The picnic shelter permits issued in 2020 are significantly lower due to COVD-19 restrictions limiting outdoor social gatherings to 25 or less. In 2021, reservations are expected to rebound back to pre-COVID-19 levels.

WILLISTON CENTER - Recreation Services Department

	2018	2019	2020	2020	2021
Revenues	Actual	Actual	Budget	Revised	Budget
Membership Fees	\$ 1,665,243	\$ 1,709,698	\$ 1,750,000	\$ 900,000	\$ 1,312,500
Tennis Lessons & Court Fees	649,199	651,057	660,000	490,000	600,000
Tennis Pro Shop	16,909	11,754	14,000	6,000	10,000
Sports Training Fees	17,752	16,403	18,500	10,500	15,000
Outside Participant Fees	222,502	219,220	224,000	84,000	100,000
Batting Cage Income	19,131	17,938	19,000	7,000	12,000
Rental Income	23,217	21,343	23,500	3,600	15,000
Investment Income	26,726	50,938	7,000	7,000	7,000
Miscellaneous	125,889	126,974	135,000	55,000	90,000
Transfers In	 -	-	-	228,000	
Totals	\$ 2,766,568	\$ 2,825,325	\$ 2,851,000	\$ 1,791,100	\$ 2,161,500
Expenditures by Category					
Personnel	\$ 1,641,238	\$ 1,750,497	\$ 1,790,300	\$ 1,618,425	\$ 1,790,600
Supplies	177,552	164,673	184,500	103,300	155,500
Other Services & Charges	560,699	547,798	561,300	372,400	512,100
Transfer Expenses	 49,100	50,600	51,500	51,500	54,500
Totals	\$ 2,428,589	\$ 2,513,568	\$ 2,587,600	\$ 2,145,625	\$ 2,512,700
Surplus (Deficiency) of Revenues					
over Expenditures	\$ 337,979	\$ 311,757	\$ 263,400	\$ (354,525)	\$ (351,200)
Capital Outlay	\$ 272,754	\$ 177,338	\$ 259,500	\$ 110,000	\$ 390,000
Number of Employees (FTEs)	7.45	9.45	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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Average active members	9,514	9,637	8,300	8,000
Daily fee (non-member) participants	30,525	27,760	9,300	12,000
Total facility visits	300,231	312,262	125,000	200,000
Recreation program hours	8,250	8,000	4,000	7,000
Tennis overall participation numbers	7,000	7,450	5,500	6,500
% of expenses covered by revenue	102%	100%	79%	74%

Budget Comments/Issues:

Williston's strong historic financial position will help cover the loss of revenue incurred during the pandemic for the next two years.

- Williston continues to be on a "non-resident membership freeze" and has been since July 1, 2013.
- Facility visits is a combination of membership scans, daily visits and program participation, which provides an accurate number for usage of the facility.
- 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.
- The 2019 revised budget includes an additional \$170,000 in part-time or temporary salaries. This adjustment was needed to better reflect the historical actuals in this area. Facility demand and programming had been driving the need for additional part-time staffing.
- The COVID-19 pandemic impacted the facility. Memberships, guest fees, facility visits/usage are anticipated to be reduced
 - The Treehouse and sauna remain closed until further notice due to COVID restrictions.

ICE ARENA -	Recreation	Services	Department
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Revenues		2018 Actual		2019 Actual		2020 Budget		2020 Revised		2021 Budget
Ice Rental	\$	597,391	\$	595,008	\$	640,000	\$	545,000	\$	650,000
Concessions	•	38,788	,	28,021	•	40,000	,	12,500	•	20,000
Programs & Special Events		228,947		234,954		230,000		195,000		250,000
Miscellaneous		1,790		6,280		5,000		5,000		5,000
Transfers In		50,000		50,000		50,000		121,700		50,000
Investment Income		(6,108)		(11,603)		-		_		-
Totals	\$	910,808	\$	902,660	\$	965,000	\$	879,200	\$	975,000
Expenditures by Category										
Personnel	\$	487,202	\$	464,852	\$	533,700	\$	520,700	\$	542,700
Supplies		59,371		48,868		54,700		71,300		56,200
Other Services & Charges		292,819		319,222		313,900		272,350		308,900
Costs of Goods Sold		27,012		23,612		27,000		10,500		22,000
Transfer Expenses		32,700		33,700		34,300		34,300		34,900
Totals	\$	899,104	\$	890,254	\$	963,600	\$	909,150	\$	964,700
Surplus(Deficiency) of Revenues										
over Expenditures	\$	11,704	\$	12,406	\$	1,400	\$	(29,950)	\$	10,300
Number of Employees (FTEs)		3.50		3.50		3.50		3.50		3.50

Description of Services:

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

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Ice rental hours sold	3,000	2,983	2,500	3,000
Skating lesson participants	1,174	1,091	800	1,100
Public skating/hockey hours offered	444	453	350	450
Public skating/hockey participants	6,600	7,000	4,900	6,500
Adult hockey teams utilizing facility	36	36	36	36
Total days of operation	336	339	257	340
Operating expenses covered by revenue, transfers in	101%	100%	97%	101%

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.

- 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.
- The roof and HVAC system at rink B were replaced in 2020 at a cost of \$890,000. These two projects were planned and earmarked in the 2018, 2019 and 2020 Capital Improvement Plans and funded through the Capital Replacement Fund. Capital costs associated with the Ice Arena have historically been funded through 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 will be increased from \$160/hour to \$165/hour effective June 1, 2021 and Prime season rates increased from \$215/hour to \$220/hour effective September 1, 2020.
- 2020 reduced revenues and participation numbers are a result of a 93 day shutdown due to COVID-19. An additional transfer of \$71,700 from the General Fund is the Ice Arena's share of the CARES grant awarded to the City.

GRAY'S BAY MARINA - Recreation Services Department

	2018	2019	2020	2020	2021
Revenues	Actual	Actual	Budget	Revised	Budget
Slip Rental	\$ 115,785	\$ 115,000	\$ 113,100	\$ 118,000	\$ 116,000
Fuel Sales	162,795	149,904	132,500	142,500	126,500
Other Revenue	1,367	1,423	1,100	1,100	1,100
Investment Income	11,019	22,668	8,000	8,000	8,000
Transfers In	 -	-	-	2,800	2,800
Totals	\$ 290,966	\$ 288,995	\$ 254,700	\$ 272,400	\$ 254,400
Expenditures by Category					
Personnel	\$ 27,881	\$ 57,048	\$ 53,300	\$ 47,300	\$ 52,400
Supplies	114,316	101,831	99,500	78,200	81,000
Other Services & Charges	55,985	67,280	73,200	71,700	77,500
Transfer Expenses	 11,500	11,800	12,000	12,000	12,200
Totals	\$ 209,682	\$ 237,959	\$ 238,000	\$ 209,200	\$ 223,100
Surplus (Deficiency) of Revenues					
over Expenditures	\$ 81,284	\$ 51,036	\$ 16,700	\$ 63,200	\$ 31,300
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -
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 iceout 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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	Projected
Gallons of gas sold	34,110	30,673	30,000	26,500
Days of operation	181	182	169	185
Slip lease rate	\$3,900	\$3,900	\$3,900	\$4,000
Operating expenses covered by revenue	139%	107%	130%	114%

Budget Comments/Issues:

The 2021 budget for Grays Bay Marina provides current level services and a strong financial position for the fund.

- 2018 gallons of gas sold was the highest since opening in 2003; 32% higher than average.
- Because of the late opening date due to COVID-19, 2020 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. 2021 slip lease rate shows the Park Board approved increase of \$100.

COMMUNITY DEVELOPMENT DIVISION - Community Development Department

	2018	2019	2020	2020	2021
Expenditures by Category	Actual	Actual	Budget	Revised	Budget
Personnel	\$ 1,504,783	\$ 1,787,012	\$ 1,959,400	\$ 1,959,400	\$ 2,017,300
Supplies	52,714	17,150	17,400	18,500	20,300
Other Services & Charges	326,121	404,850	299,800	338,600	309,200
Capital Outlay	-	-	-	-	-
Totals	\$ 1,883,618	\$ 2,209,012	\$ 2,276,600	\$ 2,316,500	\$ 2,346,800
Method of Financing					
General Fund	\$ 1,883,618	\$ 2,209,012	\$ 2,276,600	\$ 2,316,500	\$ 2,346,800
Number of Employees (FTEs)	13.25	15.30	15.80	15.80	15.80

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Permits issued	7,358	8,139	7,100	5,325
Building construction value	\$220 Million	\$306 Million	\$248 Million	\$132 Million
Residential building plan reviews	689	644	700	525
Agenda items prepared	258	252	240	180

Budget Comments/Issues:

Construction activity in 2021 appears to be less certain than previous years due to COVID-19 impacts especially for larger multiple family residential, office and commercial projects. No additional full-time inspectors will be requested for 2021, although we will reevaluate staffing levels over the next 12 months to ensure that we have adequate staffing moving forward which includes a vacancy in FT mechanical inspections.

- The number of permits issued is expected to decrease in 2021. Although it appears that some approved development projects will proceed with construction, indications are that other projects are on hold due to market uncertainties with COVID-19 impacts.
- Increased permit activity transactions by credit card has increased city costs over time. The department will continue to advocate for the implementation of echeck technology with LOGIS.
- The 2021 budget includes dollars for temporary salaries, but greatly reduced from the 2020 budget. Part-time mechanical plan review/inspections may be needed on more complex projects. This may have a more neutral overall budget impact if permit revenues follow.

PLANNING DIVISION - Community Development Department

	2018	2019	2020	2020	2021
Expenditures by Category	Actual	Actual	Budget	Revised	Budget
Personnel	\$ 586,742	\$ 624,177	\$ 633,900	\$ 633,900	\$ 595,700
Supplies	3,165	3,348	3,900	2,000	3,400
Other Services & Charges	91,601	56,677	179,200	42,300	174,000
Capital Outlay	-	-	-	-	-
Totals	\$ 681,508	\$ 684,202	\$ 817,000	\$ 678,200	\$ 773,100
Method of Financing					
General Fund	\$ 681,508	\$ 684,202	\$ 817,000	\$ 678,200	\$ 773,100
Number of Employees (FTEs)	6.00	5.00	4.50	4.50	4.50

Description of Services:

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

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Planning applications received	139	136	140	85
Building permits reviewed	1,914	2,210	1,500	900
Grading permits issued	9	10	12	6
Sign permits issued	51	112	75	30
Public meetings	100	76	85	35

Budget Comments/Issues:

The Planning Division is fully staffed and continues to experience a steady work flow as a result of development requests and related responses to COVID-19.

- The overall number of planning applications is expected to decline as a result of COVID-19 impacts to the economy.
- Staff anticipates projects requiring more time and public interaction will be received in the coming years as redevelopment around Ridgedale continues and the Green Line Extension (SWLRT) is constructed.
- In 2020, the city has adopted the Xcel Energy's Partners in Energy (PiE) Energy Action Plan. This will require additional staff time in 2020 and 2021.
- Additional staffing may be needed for sustainability efforts. As identified in the sustainability report for the June 29 council study session, \$150,000 is anticipated for a planning related staff position for sustainability efforts. This is an increase of \$50,000 from the 2020 budget.
 - Development activity levels will be monitored through 2020 for planning activity.

ASSESSING DIVISION - Finance Department

	2018	2019	2020	2020	2021
Expenditures by Category	Actual	Actual	Budget	Revised	Budget
Personnel	\$ 616,431	\$ 681,212	\$ 732,600	\$ 717,400	\$ 727,600
Supplies	2,266	5,344	4,000	1,900	4,100
Other Services & Charges	111,135	124,374	152,200	137,400	155,100
Capital Outlay	-	-	-	-	-
Totals	\$ 729,832	\$ 810,930	\$ 888,800	\$ 856,700	\$ 886,800
Method of Financing					
General Fund	\$ 729,832	\$ 810,930	\$ 888,800	\$ 856,700	\$ 886,800
Number of Employees (FTEs)	5.60	5.70	5.70	5.70	5.70

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Total market values	\$9.71 billion	\$10.19 billion	\$10.72 billion	10.0 billion
Sales ratio (targets revised annually by county)	95.4%	96.0%	95.5%	96.0%
Coefficient of dispersion (Less than 10 is "good.")	6.2	6.4	6.6	6.5
Special assessment manual information requests	164	100	100	100
Survey rating "excellent" or "good" from on-site				
appraisal visits	100%	97%	97%	97%
Commercial tax court petitions (payable year)	71	54	64	75

Budget Comments/Issues:

The 2021 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.
- 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. Due to the COVID pandemic, the internship program did not take place in 2020.
- Commercial property values have shown steady growth from 2015 through 2020. Due to the COVID pandemic, staff expects a slight decline in commercial values for 2021 which will result in an increase in property tax appeals. Staff proactively seeks multiyear agreements that include the current year before taxes are levied.

DEVELOPMENT FUND - Community Development Department

	2018	2019	2020	2020	2021
Revenues	Actual	Actual	Budget	Revised	Budget
Interest Income	\$ 49,712	\$ 102,838	\$ 45,000	\$ 45,000	\$ 45,000
TIF-related Levy Proceeds	200,000	196,980	250,000	250,000	250,000
Other Grants	-	-	2,477,500	2,000,000	2,500,000
TIF Admin Revenue	192,620	200,000	150,000	150,000	200,000
Cedar Ridge Assessments	53,898	49,509	50,000	45,000	40,000
Miscellaneous Income	293,055	114,895	50,000	50,000	63,500
Transfers In	7,000	-	1,159,251	1,137,408	
Totals	\$ 796,285	\$ 664,222	\$ 4,181,751	\$ 3,677,408	\$ 3,098,500
Expenditures by Category					
Redevelopment Projects	193,701	113,011	125,000	82,680	125,000
Economic Development Programs	-	28,956	40,000	26,000	50,000
Transfer to SACF	197,266	197,266	-	17,564	-
Other	-	-	2,477,500	2,000,000	2,500,000
Transfer to AHTF	-	-	-	150,000	-
Transfer Out, Indirect Costs	63,500	65,400	66,500	66,500	67,700
Totals	\$ 454,467	\$ 404,633	\$ 2,709,000	\$ 2,342,744	\$ 2,742,700
Surplus (Deficiency) of Revenues					
over Expenditures	341,818	259,589	1,472,751	1,334,664	355,800
Beginning Fund Balance	 3,506,839	3,848,657	4,108,246	4,108,246	5,442,910
Ending Fund Balance	\$ 3,848,657	\$ 4,108,246	\$ 5,580,997	\$ 5,442,910	\$ 5,798,710

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	Projected
Development/redevelopment projects in progress	14	14	20	22
Predevelopment contacts	12	0	10	20

Budget Comments/Issues:

In 2020, the city council approved an allocation of \$150,000 to assist with funding a temporary affordable housing trust fund to provide rental assistance to households impacted by COVID-19. The \$150,000 was the available cash balance of conduit debt application fees that the city has collected over time and could be used for this purpose.

- The 2021 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 2021 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 city sold the property in 2020 and fully repaid the special assessment loan. A transfer in of \$957,408 is the net proceeds on the property sale.
- In 2020, the city council approved \$400,000 for 801 Carlson "The Pointe" to assist with providing affordable units. The \$300,000 in the Livable Communities fund that was committed was an EDA loan that was repaid to Minnetonka following the sale of Minnetonka Heights. The remaining \$100,000 was contributed through the development fund.
- 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. Annual income for Cedar Ridge in 2021 is expected to be approximately \$40,000.
- In 2019, the city issued bonds for the Housing Improvement Area at Cloud 9 Sky Flats. The repayment of the bonds will happen over time as payments are collected through special assessments to the property owners. Annual income for Cloud 9 is expected to be approximately \$175,000, beginning in 2021.
- 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.
- Approximately \$2.5M dollars are included in this budget to document 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	2018 Actual	2019 Actual	2020 Budget	2020 Revised	2021 Budget
Ad Valorem Tax Levy	\$ 247,728	\$ 298,985	\$ 225,000	\$ 225,000	\$ 300,000
Miscellaneous Revenue	-	14,374	30,000	32,000	40,000
Investment Interest	14,887	26,784	10,000	10,000	15,000
Transfer in from General Fund	=	-	-	225,000	-
Totals	\$ 262,615	\$ 340,143	\$ 265,000	\$ 492,000	\$ 355,000
Expenditures by Category					
WHAHLT (Tsf Mtka Liv Commty Fd)	100,000	100,000	150,000	150,000	-
SWLRT	100,000	75,000	75,000	246,667	-
Housing Programs	8,060	14,272	150,000	11,500	100,000
Business Program	=	3,713	3,000	226,600	55,000
Transfer to AHTF	 -	-	-		50,000
Totals	\$ 208,060	\$ 192,985	\$ 378,000	\$ 634,767	\$ 205,000
Surplus (Deficiency) of Revenues over Expenditures	54,555	147,158	(113,000)	(142,767)	150,000
Reserve for Delayed Projects	-	-	-	745,076	-
Beginning Fund Balance	858,470	913,025	1,060,183	1,060,183	172,341
Ending Fund Balance	\$ 913,025	\$ 1,060,183	\$ 947,183	\$ 172,341	\$ 322,341

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	Projected
Housing rehab loan issued <\$15,000	3	3	2	3
Average amount of rehab loan	\$11,000	\$11,715	\$15,000	\$15,000
Down payment assistance provided <\$10,000	1	4	3	3
Average amount of down payment loans	\$7,200	\$7,673	\$10,000	\$10,000

Budget Comments/Issues:

The 2021 Housing and Redevelopment Authority (HRA) budget includes funding for Emergency Rental and Business Assistance Programs, Business Outreach, supplemental funding for the city's two housing loan programs, and the city's sixth 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).

- In 2020, the city committed \$225,000 of the existing fund balance from the Welcome to Minnetonka and Minnetonka Home Enhancement Program to assist businesses impacted by COVID-19. The city offered forgivable loans up to \$7,500 to assist businesses with covering expenses such as payroll, lease payments, and taxes/utilities.
- 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 2021 levy to fund the program in future years.
- In 2020, WHAHLT (Homes Within Reach) was 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 was transferred into the Livable Communities Fund and shown as an expenditure on the HRA page and matches the total EIP recommended commitment for 2020. In 2021, no funding is recommended for HWR.
- 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. One Welcome to Minnetonka loan was disbursed to date 2020.
 - Reserve for delayed projects includes funding for Housing programs, Business Outreach, SWLRT and marketing.
- 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.

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MINNETONKA LIVABLE COMMUNITIES FUND - Community Development Department

	2018	2019	2020	2020	2021
Revenues	Actual	Actual	Budget	Revised	Budget
Interest Income	6,223	15,818	3,000	3,700	4,000
Metropolitan Council Grants	186,511	208,910	177,500	114,094	150,000
Transfer In, from HRA Fund	100,000	100,000	150,000	150,000	-
Minnetonka Heights	400,000	-	-	-	-
Totals	\$ 692,734	\$ 324,728	\$ 330,500	\$ 267,794	\$ 154,000
Expenditures by Category					
WHAHLT/City Grant	162,912	_	150,000	150,000	_
WHAHLT/Met Council	153,833	129,522	177,500	214,094	150,000
Legal/Other	-	-	-	100,000	300,000
Totals	\$ 316,745	\$ 129,522	\$ 327,500	\$ 464,094	\$ 450,000
Surplus (Deficiency) of Revenues					
over Expenditures	375,989	195,206	3,000	(196,300)	(296,000)
Beginning Fund Balance	 250,858	626,847	822,053	822,053	268,784
Reserve for prior obligations	-	-	-	356,969	-
Ending Fund Balance	\$ 626,847	\$ 822,053	\$ 825,053	\$ 268,784	\$ (27,216)

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.

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	2010	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Total WHAHLT units in Minnetonka	60	60	62	63
Average sales price of WHAHLT unit	\$148,000	NA	\$150,000	\$160,000
Percent of Met Council housing goals achieved	60%	65%	130%	20%
Median value of Minnetonka home	\$359,800	\$378,500	\$383,000	\$395,000
Change from previous year	7.5%	5.2%	1.2%	3.1%

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.

- In 2020, the Metropolitan Council requested that the city return \$100,000 in LHIA funds that were repaid to the city following the sale of Minnetonka Heights.
- In 2020, the city council approved \$400,000 for 801 Carlson "The Pointe" to assist with providing affordable units. The \$300,000 in the Livable Communities fund that was committed was an EDA loan that was repaid to Minnetonka following the sale of Minnetonka Heights. The remaining \$100,000 was contributed through the development fund.
- 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.
- 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. As outlined in the EIP, annual funding to Homes within Reach was reduced to \$25,000 in 2020. The balance of the final three-year commitment in this fund is approximately \$356,969.
 - In the 2021-2025 EIP, no city HRA funding was committed to HWR in 2021.
- 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 for 2021-2030 were approved by the city council on Nov.9, 2020. The goal is to attain between 585 and 1,064 unis during this time period. The prior goal from 2011 to 2020 was attain between 246 and 378 affordable units. The city produced 697 actual units during this timeframe.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - Community Development Dept.

Revenues		2018 Actual	2019 Actual	2020 Budget			2020 Revised	2021 Budget		
Federal Grant - HUD Direct	\$	34,225	\$ -	\$	-	\$	2,500	\$ 215,000		
Federal Grant - Program Income		39,833	28,384		40,000		30,000	40,000		
Investment Income		1,469	2,861		1,500		600	1,000		
Totals	\$	75,527	\$ 31,245	\$	41,500	\$	33,100	\$ 256,000		
Expenditures by Category										
Housing Rehabilitation	\$	68,090	\$ 28,385	\$	-	\$	30,000	\$ 245,000		
Business Relocation	\$	-	-		-		-	-		
Support Services		9,092	-		-		-	-		
Administration		-	-		40,000		2,500	10,000		
Fair Housing		3,171	-		-		-	-		
Totals	\$	80,353	\$ 28,385	\$	40,000	\$	32,500	\$ 255,000		
Surplus (Deficiency) of Revenues										
over Expenditures		(4,826)	2,860		1,500		600	1,000		
Beginning Fund Balance		88,546	83,720		86,580		86,580	87,180		
Ending Fund Balance	\$	83,720	\$ 86,580	\$	88,080	\$	87,180	\$ 88,180		

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Average cost of rehabilitation project	\$0	\$17,383	\$17,000	\$15,000
Rehabilitation projects completed	11	4	6	8
HWR Rehabilitation projects	X	X	X	28

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 2020, there are currently 71 residents on the waitlist. The current available balance is \$10,896 (pending complete application review of 2 loans in process).
- In 2020, the city council approved a new program that will provide forgivable loans (up to \$7,500) for residents of Homes Within Reach homes to make emergency repairs. There is a balance of approximately \$215,000 of program income to fund the new program.

AFFORDABLE HOUSING TRUST FUND - Community Development Dept.

Revenues	2018 Actua	I	2019 Actual		2020 Budget		2020 Revised	2021 Budget
Transfer from Development Fund Transfer from HRA Levy		-		-		-	\$ 150,000 -	50,000
Investment Income Totals	\$	<u>-</u>	\$	-	\$	-	\$ 150,000	\$ 50,000
Expenditures by Category								
Rental Assistance	\$	-	\$	-	\$	-	\$ 150,000	\$ 50,000
Surplus (Deficiency) of Revenues over Expenditures		-		-		-	-	-
Beginning Fund Balance		-		-		-	-	-
Ending Fund Balance	\$	-	\$	-	\$	-	\$ -	\$

Description of Services:

In April, 2020, the city council approved a temporary Affordable Housing Trust Fund (AHTF) to provide rental assistance up to \$1,500 to households impacted by COVID-19. The city partnered with ICA to dispense the funding on behalf of Minnetonka. The temporary AHTF expired in 2020 and the city council established a permanent AHTF to support rental/mortgage assistance efforts and potential for other housing efforts.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Households assisted	0	0	100	33
Average cost of rental assistance provided	\$0	\$0	\$1,400	\$1,500

Budget Comments/Issues:

In 2020, the city council approved the reallocation of \$150,000 from the development fund to provide rental assistance to households impacted by COVID-19.

- The 2021 HRA levy recommends an additional \$50,000 for rental assistance in 2021. The assistance would be transferred to the AHTF.
- The temporary AHTF expired in 2020 and the city council established a permanent AHTF to support rental/mortgage assistance efforts and potential for other housing efforts.

MAYOR AND CITY COUNCIL

	2018	2019	2020	2020	2021
Expenditures by Category	Actual	Actual	Budget	Revised	Budget
Personnel	\$ 88,432	\$ 83,728	\$ 86,900	\$ 86,900	\$ 86,900
Supplies	-	-	-	-	-
Other Services & Charges	157,028	158,058	211,900	189,800	212,100
Capital Outlay	-	-	3,300	25,000	-
Totals	\$ 245,460	\$ 241,786	\$ 302,100	\$ 301,700	\$ 299,000
Method of Financing					
General Fund	\$ 245,460	\$ 241,786	\$ 302,100	\$ 301,700	\$ 299,000
Number of Elected Officials	7.0	7.0	7.0	7.0	7.0

Description of Services:

The mayor and six council members are the city's elected representatives and the governing body. The city's charter and code of ordinances provide that they be paid a modest salary and reimbursed for reasonable expenses, which are included within this budget. Also included in this budget are the city's memberships and dues in various metro, state and national organizations through which the city's interests are represented and/or the city receives benefits and services.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Residents rating 'Quality of Life' in city 'good'/'excellent'	99%	99%	98%	98%
City council meeting dates (reg and study sessions)	36	31	34	33
Board, commission and task force appointments/ reappointments	40	9	42	24

Budget Comments/Issues:

There are no significant changes to this budget for 2021 compared to 2020.

- The 2020 increase in "other services and charges" are related to an increase in dues for organizational memberships and an increased interest from elected officials to attend regional and national conferences, and strategic planning consultant fees.
- Capital outlay includes funding for furniture for the deck outside the city council chambers. These funds were originally allocated in 2019.

ADMINISTRATIVE SERVICES DEPARTMENT

	2018	2019	2020	2020	2021
Expenditures by Category	Actual	Actual	Budget	Revised	Budget
Personnel	\$ 1,438,203	\$ 1,319,930	\$ 1,925,900	\$ 1,941,500	\$ 2,082,000
Supplies	48,239	40,897	78,500	121,900	77,900
Other Services & Charges	314,668	312,898	395,900	370,100	633,300
Capital Outlay	 -	-	-	-	3,000
Totals	\$ 1,801,110	\$ 1,673,725	\$ 2,400,300	\$ 2,433,500	\$ 2,796,200
Method of Financing					
General Fund	\$ 1,801,110	\$ 1,673,725	\$ 2,400,300	\$ 2,433,500	\$ 2,796,200
Number of Employees (FTEs)	11.95	11.75	13.00	13.00	16.50

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Registered voters	37,571	37,666	42,178	42,300
Absentee voters	11,178	712	20,000	1,000
Administrative Citation Hearings	1	4	4	4
Information desk phone calls	23,752	23,262	23,800	24,000
City positions - Reg FT, PT & POC*	324	339	335	345
Employee retention rate	91%	89%	88%	90%

^{*} Refers to number of positions, <u>not</u> 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 a local ballot question), 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 2022 or 2023.
- The 2021 budget includes the addition of 3.5 FTE additional staff. These new positions include 2 full-time employees in the Human Resource Division, 1 full-time elections specialist in the Administration Division, and .5 in the Communications Division. The elections specialist position was dependent on the passage of the ranked choice vote ballot question passing on November 3.
- The Office of the Secretary of State (OSS) received funding through the 2020 CARES Act "to prevent, prepare for, and respond to coronavirus, domestically or internationally, for the 2020 Federal election cycle." Minnesota Laws 2020, Chapter 77, authorized the use of these funds within Minnesota, including allowing for distributing these funds to local governments for use consistent with the state and federal requirements. Note that this a separate pool of funds from the larger CARES Act money that Minnetonka received. These funds can only be spent on elections-related costs. The City of Minnetonka received a total of \$40,203. Due to a required 20% match, an addition of \$48,243.60 was added to the line item.
- The revised 2020 budget includes a \$13,000 unbudgeted amount to cover costs for educational outreach for the Charter Amendment ballot question.
- 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.

INFORMATION TECHNOLOGY DIVISION - Administrative Services Department

		2018	2019		2019	2020		2020
Expenditures by Category	Actual		Budget		Revised	Budget		Budget
Personnel	\$	460,045	\$ 570,979	\$	626,400	\$ 626,400	\$	628,900
Supplies		827	951		1,800	1,800		900
Other Services & Charges		465,050	445,956		435,200	435,200		458,500
Capital Outlay		-	-		-	-		-
Totals	\$	925,922	\$ 1,017,886	\$	1,063,400	\$ 1,063,400	\$	1,088,300
Method of Financing								
General Fund	\$	925,922	\$ 1,017,886	\$	1,063,400	\$ 1,063,400	\$	1,088,300
Number of Employees (FTEs)		4.75	4.75		4.75	4.75		4.75

Description of Services:

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

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Help Desk requests	2,681	2,589	3,250	3,300
Field & home remote connections	217	360	400	500
Technology projects completed	37	34	53	65
* Field & home remote connections now include all mobile devi-	ces (iPads, iPhones,& h	ome remote)		

Budget Comments/Issues:

- The 2021 budget is consistent with 2020 and recognizes an increase in minimal inflation. Help desk tickets and project initiatives continue to trend upward which will require evaluation of staff resources for 2022.
- The 2020 budget reflects a 0.25 increase in FTEs due to transferring communications and network staff previously funded by the Cable TV fund to both the Administrative Services department and the Information Technology Division 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 2019 budget was consistent with the 2018 budget and included increased service demands to support the city hall remodel and police and fire facility project.
- In 2018, the budget included a new mid-level information technology staff person to handle the increased technology demands on the city.
- The number of remote connections and hand held devices continues to grow requiring additional support of an increasingly mobile workforce conducting business matters in the field -- primarily in the police, fire, development inspections and public works areas.
- While the number of Help Desk requests is projected to remain stable, the complexity of tickets are increasing primarily as they relate to new projects or initiatives.

TECHNOLOGY DEVELOPMENT FUND - Administrative Services Department

Revenues	2018 Actual	2019 Actual	2020 Budget	2020 Revised	2021 Budget
Ad Valorem Tax Levy	\$ 580,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Investment Income, Other	5,445	3,988	1,000	1,000	4,000
Transfers in	-	-	400,000	699,600	500,000
Totals	\$ 585,445	\$ 603,988	\$ 1,001,000	\$ 1,300,600	\$ 1,104,000
Expenditures by Category					
Technology Purchases/Upgrades	\$ 264,747	\$ 838,378	\$ 413,900	\$ 413,900	\$ 404,400
Office Equipment	170,545	59,775	64,900	64,900	101,200
Security Equipment	11,000	53,047	64,000	64,000	60,000
Totals	\$ 446,292	\$ 951,200	\$ 542,800	\$ 542,800	\$ 565,600
Surplus (Deficiency) of Revenues					
over (under) Expenditures	139,153	(347,212)	458,200	757,800	538,400
Reserve for Delayed Projects	-	-	-	170,700	-
Beginning Fund Balance	 340,717	479,870	132,658	132,658	719,758
Ending Available Fund Balance	\$ 479,870	\$ 132,658	\$ 590,858	\$ 719,758	\$ 1,258,158

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.

	2018	2019	2020	2020
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	Projected
Number of servers	32	43	50	45
Number of desktop computers	244	240	254	240
Number of laptop computers	109	140	150	200
Number of iPads/tablets	85	109	130	130
Wireless access points	42	45	47	67

Budget Comments/Issues:

The 2021 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.

		2018		2019		2020	2020	2021
Revenues		Actual		Actual		Budget	Revised	Budget
Cable TV Franchise Fee	\$	814,055	\$	788,844	\$	770,700	\$ 754,000	\$ 724,000
Public, Educational & Govt. Fee		101,000		97,401		105,000	92,000	88,300
Investment Income		37,668		70,982		30,000	30,000	20,000
Miscellaneous Income		16,580		27,664		15,000	23,200	15,000
Transfer In		-		-		-	47,300	-
Totals	\$	969,303	\$	984,891	\$	920,700	\$ 946,500	\$ 847,300
Expenditures by Category								
Personnel	\$	300,896	\$	312,383	\$	168,400	\$ 168,400	\$ 169,800
Supplies		1,111		876		2,500	1,000	1,000
Other Services & Charges		452,672		467,554		416,000	372,600	559,000
Capital Outlay		137,703		117,836		198,000	198,000	319,500
Transfer Expenses		32,700		33,700		734,300	734,300	34,900
Totals	\$	925,082	\$	932,349	\$	1,519,200	\$ 1,474,300	\$ 1,084,200
Surplus (Deficiency) of Revenues								
over Expenditures		44,221		52,542		(598,500)	(527,800)	(236,900)
Reserve for Delayed Projects		-		-			436,000	-
Dedicated Future Transition Reserve		855,700		863,200		1,469,400	823,000	1,020,000
Beginning Fund Balance		2,373,673		2,417,894		2,470,436	2,470,436	1,506,636
	_		_		_			
Ending Available Fund Balance	\$	1,562,194	\$	1,607,236	\$	402,536	\$ 683,636	\$ 249,736
Number of Employees (FTEs)		2.50		2.50		1.25	1.25	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.

Kev Measures:	2018 Actual	2019 Actual	2020 Estimated	2021 Projected
			·	
# of subscribers to email/text notification system	21,665	23,265	25,000	26,000
Average # of unique monthly website visits	30,802	31,000	32,000	33,000
Visitors - Open House, Summer Fest/Ice Cream				
Social & Burwell Spooktacular	6,800	8,300	0	8,500
Miles of fiber	19	20	21	22
IT supported broadcast events (city and private)	92	99	92	95
# of graphic projects completed	121	134	145	155

Budget Comments/Issues:

There a number of factors that contribute to an increase in the 2021 budget. There is \$75K added for consulting services to provide technical support due to increased work load associated with approved projects. Also, there is a recognition of postage costs related to the city newsletter that had not previously been reflected.

- 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

	2018	2019	2020		2021	2020
Expenditures by Category	Actual	Actual	Budget Revised		Budget	
Personnel	\$ 758,927	\$ 743,609	\$ 896,800	\$	867,500	\$ 908,800
Supplies	6,790	6,093	4,800		5,200	4,800
Other Services & Charges	172,480	212,809	196,400		200,000	202,600
Capital & Other	3,744	2,319	8,200		2,500	8,200
Totals	\$ 941,941	\$ 964,830	\$ 1,106,200	\$	1,075,200	\$ 1,124,400
Method of Financing						
General Fund	\$ 941,941	\$ 964,830	\$ 1,106,200	\$	1,075,200	\$ 1,124,400
Number of Employees (FTEs)	7.0	7.0	7.0		7.0	7.0

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

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Utility customer accounts	17,070	17,083	17,125	17,370
Utility customers using city online billing	12%	17%	17%	25%
Utility customers paying electronically	60%	65%	64%	69%
Average monthly vendor payments	720	739	601	740
Vendor payments paid electronically	28%	27%	31%	35%
Average payroll count (FT,PT,seasonals,firefighters)	585	586	556	595
Annual rate of return on investments	1.7%	2.2%	2.0%	1.2%
Moody's credit rating	Aaa	Aaa	Aaa	Aaa
GFOA Award for Excellence in Financial Reporting	Awarded	Awarded	Awarded	Awarded

Budget Comments/Issues:

A finance analyst position has been vacant since mid-2019. This position has been retooled into a senior accountant position. The posting of this position was originally intended to happen in mid-March 2020 just as COVID-19 shut down city hall. The hiring was delayed until late fall. The senior accountant position will fill a need arising from increased financial reporting requirements and complexity, while providing necessary segregation of duties and stronger internal controls.

- The 2019 Other Services & Charges expenditure category increased due to turnover in utility billing. Contracted temporary staff were utilized to backfill until the positions were filled in the fall of 2019. This additional costs of approximately \$38,000 were offset by utility billing salary savings.
- 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 several years, the department has implemented systems for citywide accounts payable processing and invoice filing as well as electronic payment of vendors. The current online utility billing and payment software is being replaced in late 2020 or early 2021 with a more modern and customer friendly application that will provide real account information and multiple modes of communication including optional text messages.
- 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.

INSURANCE FUND - Administrative Services Department

	2018		2019 2020		2019 2020 20				2020	2020 2021		
Revenues	Actual		Actual		Budget	Revised			Budget			
Interfund Transfers In	\$ 673,100	\$	673,100	\$	673,100	\$	673,100	\$	673,100			
Investment Income	33,728		70,547		2,000		2,000		2,000			
Miscellaneous	25,101		28,838		-		-		-			
Totals	\$ 731,929	\$	772,485	\$	675,100	\$	675,100	\$	675,100			
Expenditures by Category												
Premiums	\$ 331,557	\$	338,019	\$	445,000	\$	385,000	\$	400,000			
Settlements	156,299		129,383		150,000		150,000		150,000			
Other Services & Charges	28,463		100,753		23,000		23,000		23,000			
Capital Outlay	 -		-		-		-					
Totals	\$ 516,319	\$	568,155	\$	618,000	\$	558,000	\$	573,000			
Surplus (Deficiency) of Revenues												
over Expenditures	215,610		204,330		57,100		117,100		102,100			
Beginning Fund Balance	2,111,019		2,326,629		2,530,959		2,530,959		2,648,059			
Ending Fund Balance	\$ 2,326,629	\$	2,530,959	\$	2,588,059	\$	2,648,059	\$	2,750,159			

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.

	2018	2019	2020	2021
Key Measures:	<u>Actual</u>	<u>Actual</u>	Estimated	<u>Projected</u>
Liability rating (less than 1.0 is good)	0.89	0.85	0.84	0.84
Workers comp mod factor (less than 1.0 is good)	0.98	0.90	0.72	0.73

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	 2018 Actual		2019 Actual		2020 Budget			2020 Revised	2021 Budget		
Contingency	\$ -	\$		-	\$	50,000	\$		\$	50,000	
Total Contingency	\$ -	\$		_	\$	50,000	\$	_	\$	50,000	

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.

2021 BUDGET SUMMARY - All Funds by Service Program & Budget

								Budget				
O-miss Dosson	Decelerate and Unit	0/		All Dudanta		Gen'l Fund		Enterprise		Camital		04/
Service Program	Budgetary Unit	%		All Budgets		Operating		Operating		Capital		Other
Public Safety:	Police Department		\$	11,593,100	\$	11,593,100	\$	-	\$	-	\$	-
	Fire Department			4,240,500		4,240,500		-		-		-
	Public Safety Fund			1,155,000		-		-		1,155,000		-
	Public Safety Facility			11,943,105		-		-		11,943,105		
	Environmental Health Division			391,500		391,500		-		-		-
	Grants Special Revenue Fund			40,000		- 070 000		-		-		40,000
Subtotal	Legal Department	24.8%	\$	979,000 30,342,205	¢	979,000 17,204,100	\$		¢	13,098,105	\$	40.000
Subtotal		24.070	φ	30,342,203	φ	17,204,100	φ		φ	13,090,103	φ	40,000
Streets & Utilities:	Engineering Department		\$	1,460,600	\$	1,460,600	\$	-	\$	-	\$	_
	Street Improvement Fund			12,978,200		-		-		12,978,200		-
	MSA Fund			173,000		-		-		-		173,000
	Storm Water Fund			4,499,900		-		974,900		3,525,000		-
	Electric Franchise Fee Fund			300,000		-		-		300,000		-
	Street Maintenance Division			3,954,900		3,954,900		-		-		-
	Building Maintenance Division			1,460,600		1,460,600		-		-		4 707 000
	Fleet Maintenance Division Capital Replacement Fund*			1,757,000 2,158,100		-		-		50,000 2,158,100		1,707,000
	Water & Sewer Utility Fund			2,158,100		-		9,974,700		15,610,000		1,822,300
Subtotal	· · · · · · · · · · · · · · · · · · ·	45.9%	\$	56,149,300	\$	6.876.100	.\$	10.949.600	\$	34,621,300	\$	3,702,300
Cabiota	•	10.070		00,1-10,000	Ψ	0,070,700	Ψ	10,010,000	Ψ	01,021,000	Ψ	0,702,000
Parks & Environ:	Parks & Trails Division		\$	2,027,800	\$	2,027,800	\$	-	\$	-	\$	-
	Natural Resources Division			1,599,200		1,599,200		-		-		-
	Forestry Fund			228,000		-		-		228,000		
	Environmental Fund			1,237,500		-		1,237,500		-		-
	Gas Franchise Trails Fund			1,100,000						1,100,000		
	Park & Trail Improvement Fund			6,597,000		-		-		6,597,000		-
Subtotal	Community Investment Fund	10.7%	\$	250,000 13,039,500	\$	3,627,000	\$	1,237,500	\$	250,000 8,175,000	\$	
Subtotal		10.1 /6	Ψ	13,039,300	Ψ	3,027,000	Ψ	1,231,300	Ψ	0,173,000	Ψ	
Recreation:	Joint Recreation		\$	1,708,000	\$	1,708,000	\$	-	\$	-	\$	-
	Minnetonka Recreation			831,600		831,600		-		-		-
	Senior Services			401,800		401,800		-		-		-
	Community Center			596,900		596,900		-		-		-
	Williston Center			2,848,200		-		2,458,200		390,000		-
	Ice Arena			929,800		-		929,800		-		-
Subtotal	Gray's Bay Marina	6.2%	\$	210,900 7,527,200	\$	3.538.300	\$	210,900 3,598,900	\$	390.000	\$	-
Subtotal		0.276	φ	7,327,200	φ	3,030,300	φ	3,390,900	φ	390,000	φ	
Development:	Community Devpt Division		\$	2,346,800	\$	2,346,800	\$	-	\$	-	\$	-
•	Planning Division			773,100		773,100		-		-		-
	Assessing Division			886,800		886,800		-		-		-
	Development Fund			2,675,000		-		-		-		2,675,000
	HRA Fund			205,000		-		-		-		205,000
	Livable Communities Fund			450,000		-		-		-		450,000
	CDBG Fund			255,000		-		-		-		255,000
Subtotal	Affordable Housing Trust Fund	6.3%	\$	50,000 7,641,700	\$	4,006,700	\$	-	\$		\$	50,000 3,635,000
Subiolai		0.3%	φ	7,041,700	Φ	4,000,700	Φ	<u> </u>	Φ		Φ	3,035,000
General Gov't:	Mayor & City Council		\$	299,000	\$	299,000	\$	_	\$	-	\$	_
	General Administration		•	2,796,200	•	2,796,200	•	-	,	-	•	-
	Information Tech Division			1,088,300		1,088,300		-		-		-
	Technology Fund			565,600		-		-		565,600		-
	Cable Fund			1,049,300		-		-		319,500		729,800
	Finance Department			1,124,400		1,124,400		-		-		
	Insurance Fund			573,000				-		-		573,000
0	Contingency	6.00/	•	50,000	•	50,000	•	-	•	- 005 400	Φ.	4 200 000
Subtotal		6.2%	\$	7,545,800	\$	5,357,900	\$		\$	885,100	\$	1,302,800
TOTALS		100.0%	¢	122,245,705	¢	40,610,100	¢	15 786 000	¢	57,169,505	¢	8,680,100

^{*} 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.

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

						Gen'l Fund		Budget Enterprise				
Service Program	Budgetary Unit	%	,	All Budgets		Operating		Operating		Capital		Other
Public Safety:	Police Department		\$	11,279,400	¢	11,162,400	\$	_	\$		\$	117,000
rubiic Salety.	Fire Department		Ψ	4,099,000	Ψ	4,099,000	Ψ	-	Ψ	-	Ψ	-
	Public Safety Fund			753,700		-		-		753,700		-
	Public Safety Facility			18,131,962		-		-		18,131,962		
	Environmental Health Division			496,300		496,300		-		-		477.750
	Grants Special Revenue Fund Legal Department			177,758 921,700		902,200		-		-		177,758 19,500
Subtotal	Logal Dopartment	33.1%	\$	35,859,820	\$	16,659,900	\$	-	\$	18,885,662	\$	314,258
0 0.110100	.		•	4 405 000	•	4 405 000	•		•		•	
Streets & Utilities:	Engineering Department Street Improvement Fund		\$	1,425,600 8,608,200	\$	1,425,600	\$	-	\$	8,608,200	\$	=
	MSA Fund			173,809		_		-		-		173,809
	Storm Water Fund			2,580,900		-		949,900		1,631,000		-
	Electric Franchise Fee Fund			1,660,000		-		-		1,660,000		=
	Street Maintenance Division			3,838,800		3,838,800		-		-		-
	Building Maintenance Division			1,382,500		1,382,500		-		- -		1 004 400
	Fleet Maintenance Division Shady Oak Rd/Oak Dr			1,654,400 425,541		-		-		50,000 400.000		1,604,400 25,541
	Capital Replacement Fund*			4,582,200		-		-		4,582,200		20,041
	Water & Sewer Utility Fund			16,230,200		-		9,871,700		4,758,300		1,600,200
Subtotal		39.3%	\$	42,562,150	\$	6,646,900	\$	10,821,600	\$	21,689,700	\$	3,403,950
Parks & Environ:	Parks & Trails Division		\$	1,948,400	\$	1,948,400	\$	_	\$	_	\$	_
i aiks a Liiviioii.	Natural Resources Division		Ψ	1,575,600	Ψ	1,575,600	Ψ	_	Ψ	_	Ψ	-
	Forestry Fund			223,000		-		-		223,000		
	Environmental Fund			1,129,900		-		1,129,900		-		=
	Gas Franchise Trails Fund			1,900,000						1,900,000		
	Park & Trail Improvement Fund			2,740,500		-		-		2,740,500		=
Subtotal	Community Investment Fund	9.1%	\$	350,000 9,867,400	\$	3,524,000	\$	1,129,900	\$	350,000 5,213,500	\$	<u> </u>
	•			, ,				<u> </u>		, ,		
Recreation:	Joint Recreation		\$	1,231,000	\$	1,231,000	\$	-	\$	-	\$	-
	Minnetonka Recreation Senior Services			734,100 347,400		734,100 347,400		-		-		-
	Community Center			505,600		505,600		-		_		-
	Williston Center			2,204,125		-		2,094,125		110,000		-
	Ice Arena			874,850		-		874,850		-		-
-	Gray's Bay Marina			197,200		-	_	197,200	_	-		-
Subtotal		5.6%	\$	6,094,275	\$	2,818,100	\$	3,166,175	\$	110,000	\$	-
Development:	Community Devpt Division		\$	2,316,500	\$	2,316,500	\$	-	\$	-	\$	-
	Planning Division			678,200		678,200		-		-		-
	Assessing Division			856,700		856,700		-		-		-
	Development Fund HRA Fund			2,126,244 634,767		=		-		-		2,126,244 634,767
	Livable Communities Fund			464,094		-		-		-		464,094
	CDBG Fund			32,500		_		-		_		32,500
	Affordable Housing Trust Fund			150,000		-		-		-		150,000
Subtotal		6.7%	\$	7,259,005	\$	3,851,400	\$	-	\$	-	\$	3,407,605
General Gov't:	Mayor & City Council		\$	301,700	\$	301,700	\$	_	\$	_	\$	_
	General Administration		*	2,433,500	*	2,433,500	Ψ	-	٠	-	Ψ.	-
	Information Tech Division			1,063,400		1,063,400		-		-		=
	Technology Fund			542,800		-		-		542,800		
	Cable Fund			740,000		1.075.000		-		198,000		542,000
	Finance Department Insurance Fund			1,075,200 558,000		1,075,200		-		-		558,000
	Contingency			-		-		-		-		-
Subtotal		6.2%	\$	6,714,600	\$	4,873,800	\$	-	\$	740,800	\$	1,100,000
TOTALS		100.0%	\$	108,357,250	\$	38,374,100	\$	15,117,675	\$	46,639,662	\$	8,225,813

^{*} 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 2019-2021

Full-Time Equivalents (FTEs)

			2019 Revised	2020	2020 Revised	2021	
Service Category	Budgetary Unit	Fund Type	Budget	Budget	Budget	Budget	%
Public Safety:	Police Department	General Fund	69.69	69.69	69.69	68.47	
. diamo outory.	Fire Department*	General Fund	11.00	11.00	11.75	11.75	
	Environmental Health Division	General Fund	3.50	3.50	3.50	3.00	
	Legal Department	General Fund	6.00	6.00	6.60	6.60	
Subtotal			90.19	90.19	91.54	89.82	35.0%
Stroote & Utilities:	Engineering Department	General Fund	9.50	9.50	9.50	9.50	
Streets & Othities.	Storm Water Fund	Enterprise	1.50	1.50	1.50	1.50	
	Street Maintenance Division	General Fund	21.10	21.10	21.10	21.15	
	Building Maintenance Division	General Fund	8.38	8.38	8.38	8.42	
	Fleet Maintenance Division	Internal Service	4.38	4.38	4.38	4.42	
	Water & Sewer Utility Fund	Enterprise	18.40	18.40	18.40	18.45	
Subtotal	reason de donner danny reason		63.26	63.26	63.26	63.44	24.7%
Parks & Environ:	Parks & Trails Division	General Fund	10.08	11.08	11.08	11.12	
	Natural Resources Division	General Fund	8.18	8.18	8.18	8.22	
	Environmental Fund	Enterprise	0.48	0.48	0.48	0.52	
Subtotal		•	18.74	19.74	19.74	19.86	7.7%
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	3.60	3.60	3.60	3.60	
	Williston Center	Enterprise	9.45	9.45	9.45	9.45	
	Ice Arena	Enterprise	3.50	3.50	3.50	3.50	
0	Gray's Bay Marina	Enterprise	0.20	0.20	0.20	0.20	40.00/
Subtotal			28.00	28.00	28.00	28.00	10.9%
Development:	Community Devpt Division	General Fund	15.30	15.80	15.80	15.80	
	Planning Division	General Fund	5.00	4.50	4.50	4.50	
	Assessing Division	General Fund	5.70	5.70	5.70	5.70	
Subtotal			26.00	26.00	26.00	26.00	10.1%
General Gov't:	Mayor & City Council**	General Fund	7.00	7.00	7.00	7.00	
Ocheral Gov t.	General Administration	General Fund	11.75	13.00	13.00	16.50	
	Information Tech Division	General Fund	4.75	4.75	4.75	4.75	
	Cable Fund	Special Revenue	2.50	1.25	1.25	1.25	
	Finance Department	General Fund	7.00	7.00	7.00	7.00	
Subtotal	**		26.00	26.00	26.00	29.50	11.5%
TOTALS	**		252.19	253.19	254.54	256.62	100.0%

^{*} Excludes paid-on-call firefighters.

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

City of Minnetonka, Minnesota 2021 Budget BONDED INDEBTEDNESS

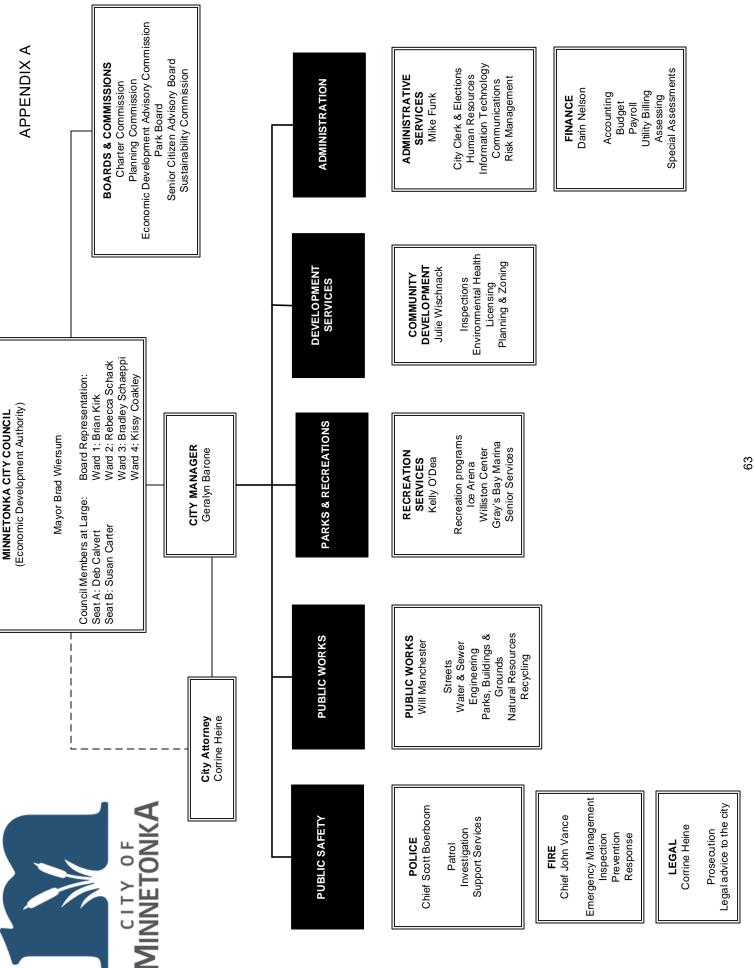
	O	.O.	G.O. Revenue Bo	Bonds				Ö	G.O. Bonds			9	G.O. State-Aid	
	Utility		Utility (portion)		Utility	F =	Park Ref (portion)	_	Housing Impr.	Cap	Capital Impr. Plan		Street Bonds	TOTAL
	2016A		2016B		2018		2016B		2019A		2020A		2008	All Bonds
Original Amount	\$ 10,000,000	<i>\$</i>	\$ 7,560,000	\$1	\$10,000,000	↔	2,440,000	↔	2,630,000	\$ 27	\$24,390,000	↔	2,215,000	\$ 59,235,000
Outstanding 12/31/2020 Principal Interest	\$ 8,755,000 1,561,051		\$ 6,605,000 1,123,220	\$	\$ 10,000,000	↔	1,765,000 126,950	₩	2,630,000 852,789	\$ 24	\$24,390,000 10,015,327	↔	650,000 54,400	\$ 54,795,000 17,366,625
Total	\$ 10,316,051		\$ 7,728,220	\$1	\$13,632,888	↔	\$ 1,891,950	\$	3,482,789	\$ 37	\$34,405,327	\$	704,400	\$ 72,161,625
Amounts Due in 2021 Principal Interest	\$ 470,000 176,558	\$	350,000 136,310	↔	335,000 346,075	↔	235,000 32,950	↔	100,000 67,270	↔	545,000 659,394	↔	150,000 23,000	\$ 2,185,000 1,441,557
Total	\$ 646,558	↔	486,310	8	681,075	↔	267,950	↔	167,270	↔	\$ 1,204,394	↔	173,000	\$ 3,626,557
To be paid from: Property Taxes* State Aid (MSA) Utility Fund Special Assessments	\$ - 646,558	\$	- 486,310	↔	681,075	↔	284,130	↔	- - 167,270	. ↔	1,116,668	↔	173,000	\$ 1,400,798 173,000 1,813,943 167,270
Final Payment Year	2036		2036		2040		2027		2040		2048		2024	

^{*} Amounts are Pay 2021 tax levies required to cash flow late 2021 and early 2022 debt service payments.

CITY OF MINNETONKA

2021 Budget Calendar

2020	
February 3	Capital Improvement Program (CIP) forms sent to departments or access to Plan-It available .
March 2	Departments submit capital requests to city manager.
Weeks of March 16 & 23	City manager meets with department leadership to discuss CIP requests.
April 27	City council study session on 2021-25 CIP and 2021-25 Economic Investment Program (EIP).
May 11	City council study session on Strategic Profile performance, citizen survey results and new goals.
June 8	City Council adopts 2021-25 CIP and 2021-25 EIP.
June 8	Budget work papers are made available to departments.
Weeks of June 29 & July 6	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 27	Forecasts completed for compensation and benefits, internal service fund allocations, utility costs, technology contract costs, fee and other revenue.
July 27	Departments submit revised indicators, key measures and issues.
August 19	Budget memo sent to city council.
August 24	First city council budget study session.
September 21	City council adopts preliminary levies and announces public budget hearing date.
September 22	Budget instructions and targets provided to departments.
October 12	Departments submit detailed budget requests.
Weeks of Nov. 9 or 16	Hennepin County sends parcel specific proposed tax estimates to taxpayers.
November 24	City manager sends proposed 2021 budget and revised 2020 budget to city council members.
November 30	Second city council budget study session.
December 7	City council holds public budget hearing and adopts final 2021 budget, 2021 tax levies and revised 2020 budget.
December 21	Alternate date for council adoption of budgets and levies, should changes be required after December 7 council meeting.
December 30	Final 2021 levies certified to Hennepin County.



11-2020

CITY OF MINNETONKA 2021 ANNUAL BUDGET
APPENDIX A

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.