

**2006
Annual
Budget**

City of
minnetonka



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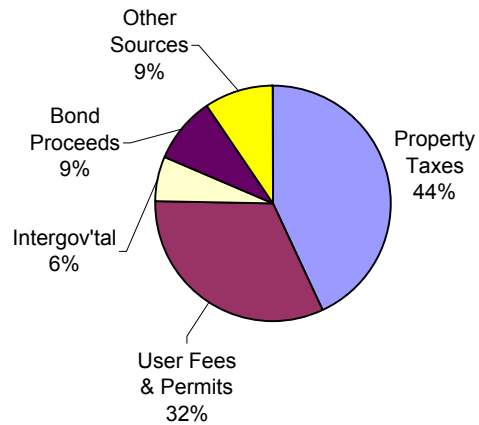
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REVENUE SUMMARY - ALL BUDGETARY FUNDS

	2005 Estimate	2006 Budget
Revenue by Source		
General Property Taxes	\$20,736,431	\$23,047,419
Licenses and Permits	2,551,800	2,610,000
User Fees & Charges	14,347,900	14,796,080
Intergovernmental Revenue/Grants	3,516,103	3,210,900
Other Income	4,566,600	5,036,050
Other Sources - Bond Proceeds	0	5,000,000
Total Revenue by Source	\$45,718,834	\$53,700,449

Revenue by Fund		
<u>General Fund</u>	\$22,383,100	\$23,169,650
<u>Special Revenue Funds</u>		
Cable Television Fund	\$478,000	\$478,500
CDBG Fund	371,100	221,600
Development Fund	88,000	316,400
Electric Franchise Fees Fund	375,000	595,080
Livable Communities Fund	662,100	1,043,400
Other Special Revenue Funds	316,000	83,900
Total Special Revenue Funds	\$2,290,200	\$2,738,880
<u>Enterprise Funds</u>		
Environmental Fund	\$1,003,700	\$922,000
Gray's Bay Marina	164,700	173,800
Ice Arena	759,200	794,800
Storm Water Fund	1,420,000	1,500,000
Water & Sewer Utility Fund	8,902,000	9,002,000
Williston Center	687,700	720,000
Total Enterprise Funds	\$12,937,300	\$13,112,600
<u>Capital Projects Funds</u>		
Capital Replacement Fund	\$1,322,000	\$1,853,000
Community Investment Fund	400,000	500,000
Municipal State Aid Fund	1,500,000	1,500,000
Park Dedication Fund	535,000	552,000
Park & Open Space Bonds	70,000	5,020,000
Street Improvement Fund	1,910,000	3,310,000
Technology Development Fund	1,042,303	601,000
Total Capital Projects Funds	\$6,779,303	\$13,336,000
<u>Internal Service - Insurance Fund</u>	\$387,500	\$400,600
<u>Debt Service Fund</u>	\$941,431	\$942,719
Total Revenue by Fund	\$45,718,834	\$53,700,449

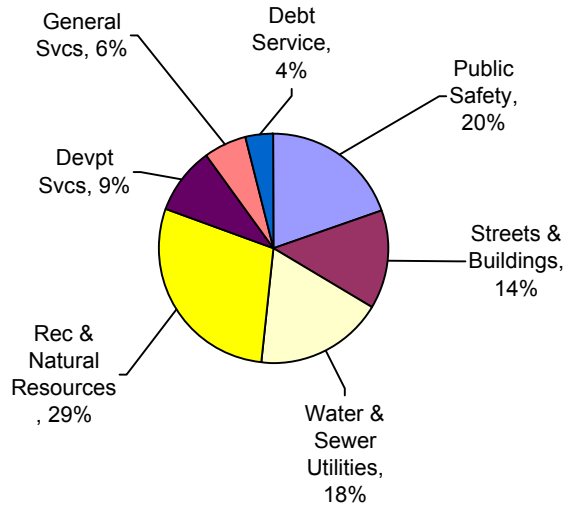
2006 Revenue by Source



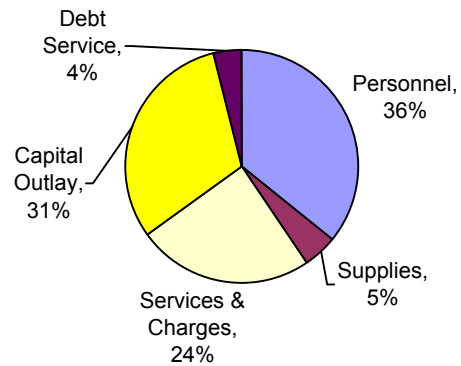
EXPENDITURE SUMMARY - ALL BUDGETARY FUNDS

	2005 Estimate	2006 Budget
Expenditures by Category		
Public Safety	\$10,976,740	\$10,647,050
Streets & Buildings	9,194,100	7,496,500
Water & Sewer Utilities	8,584,600	9,817,700
Parks, Rec & Natural Resources	10,581,380	15,626,600
Development Services	4,537,616	5,092,800
General Services	3,313,350	3,395,400
Contingency	25,000	25,000
Debt Service	1,889,431	2,031,293
Total Expenditures by Category	\$49,102,217	\$54,132,343
Expenditures by Type		
Personnel	\$18,593,090	\$19,472,300
Supplies	2,353,300	2,492,950
Services & Charges	12,310,496	13,227,600
Capital Outlay	13,955,900	16,908,200
Debt Service	1,889,431	2,031,293
Total Expenditures by Type	\$49,102,217	\$54,132,343
Expenditures by Fund		
<u>General Fund</u>	\$22,201,090	\$23,169,650
<u>Special Revenue Funds</u>		
Cable Television Fund	\$652,900	\$494,100
CDBG Fund	371,100	221,600
Development Fund	256,005	288,400
Electric Franchise Fees Fund	0	472,000
Livable Communities Fund	547,111	1,018,900
Other Special Revenue Funds	25,900	111,900
Total Special Revenue Funds	\$1,853,016	\$2,606,900
<u>Enterprise Funds</u>		
Environmental Fund	\$907,800	\$934,300
Gray's Bay Marina	138,400	157,900
Ice Arena	743,200	809,800
Storm Water Fund	2,330,580	1,121,500
Utility Fund	9,499,600	10,814,474
Williston Center	678,300	705,000
Total Enterprise Funds	\$14,297,880	\$14,542,974
<u>Capital Projects Funds</u>		
Capital Replacement Fund	\$1,389,000	\$1,755,700
Community Investment Fund	100,000	600,000
Municipal State Aid Fund	2,650,000	0
Park Dedication Fund	610,000	785,000
Park & Open Space Bonds	1,125,800	5,826,000
Street Improvement Fund	2,598,000	3,147,000
Technology Development Fund	1,260,000	545,000
Total Capital Projects Funds	\$9,732,800	\$12,658,700
<u>Insurance Internal Service Fund</u>	\$76,000	\$211,400
<u>Debt Service Fund</u>	\$941,431	\$942,719
Total Expenditures by Fund	\$49,102,217	\$54,132,343

2006 Expenditures by Category



Expenditures by Type



TAX LEVIES

TAX CAPACITY	2004	2005	2006
Real Estate	\$77,101,038	\$82,150,262	\$89,595,815
Personal Property	593,672	620,634	631,282
Fiscal Disparities Contribution	(10,958,894)	(10,652,648)	(10,239,776)
Fiscal Disparities Distribution	3,093,148	3,214,264	3,388,358
Tax Increment	(3,385,115)	(3,407,742)	(3,786,433)
TOTAL TAX CAPACITY	\$66,443,849	\$71,924,770	\$79,589,246
TAXABLE MARKET VALUE	\$6,233,044,600	\$6,734,870,600	\$7,367,511,000
TAX LEVY			
General Fund	\$15,033,000	\$15,855,000	\$16,584,700
State MVC Program Levy	787,000	810,000	622,000
Street Improvement Fund	1,900,000	1,900,000	3,300,000
Capital Replacement Fund	1,245,000	1,215,000	1,750,000
Park Dedication Fund	300,000	375,000	320,000
Technology Development Fund	575,000	600,000	300,000
Tax Capacity Tax Levy	\$19,840,000	\$20,755,000	\$22,876,700
Market Value Tax Levy (Park Bonds)	469,132	941,431	942,719
TOTAL TAX LEVY	\$20,309,132	\$21,696,431	\$23,819,419
CITY TAX RATE			
General Fund	22.625	22.044	20.838
State MVC Program Levy	1.184	1.126	0.782
Street Improvement Fund	2.860	2.642	4.146
Capital Replacement Fund	1.874	1.689	2.199
Park Dedication Fund	0.452	0.521	0.402
Technology Development Fund	0.865	0.834	0.377
TOTAL TAX CAPACITY TAX RATE	29.860	28.857	28.743
TOTAL MARKET VALUE TAX RATE	0.000075	0.000140	0.000128

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GENERAL FUND REVENUES & EXPENDITURES

GENERAL FUND

	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
REVENUES					
General Property Taxes	\$13,078,707	\$14,909,044	\$15,705,000	\$15,705,000	\$16,434,700
Licenses & Permits	2,394,113	2,711,393	2,470,800	2,551,800	2,610,000
Intergovernmental Revenue	542,242	571,861	460,000	460,000	503,000
Transfers	706,615	703,447	844,000	844,000	878,600
Other Income	2,402,733	2,359,451	2,812,300	2,822,300	2,743,350
TOTAL REVENUES	\$19,124,410	\$21,255,196	\$22,292,100	\$22,383,100	\$23,169,650
EXPENDITURES					
Police	\$6,366,186	\$6,746,623	\$7,073,500	\$7,026,800	\$7,313,900
Fire	1,129,398	1,130,571	1,259,400	1,195,400	1,303,400
Legal	517,166	516,584	606,700	605,240	611,450
Environmental Health	192,817	195,660	231,200	234,100	267,000
Total Public Safety	\$8,205,567	\$8,589,438	\$9,170,800	\$9,061,540	\$9,495,750
Street Maintenance	\$2,352,559	\$2,648,433	\$2,623,800	\$2,663,700	\$2,777,500
Equipment Maintenance	12,650	5,617	10,000	10,000	9,500
Building Maintenance	636,279	697,857	777,600	754,400	814,500
Total Streets & Buildings	\$3,001,488	\$3,351,907	\$3,411,400	\$3,428,100	\$3,601,500
Joint Recreation	\$1,480,975	\$1,483,483	\$1,641,800	\$1,228,300	\$1,236,900
Minnnetonka Recreation	0	0	0	431,400	425,300
Parks & Trails	1,379,481	1,496,411	1,619,400	1,605,700	1,163,300
Natural Resources	0	0	0	0	511,200
Community Center	453,316	476,655	526,400	524,600	538,400
Senior Services	169,678	180,823	173,900	172,600	178,100
Total Parks & Recreation	\$3,483,450	\$3,637,372	\$3,961,500	\$3,962,600	\$4,053,200
Assessing	\$546,640	\$562,075	\$608,100	\$595,800	\$614,900
Planning	552,254	455,363	516,200	514,300	553,400
Engineering	943,962	979,312	1,003,200	1,014,200	1,099,700
Community Development	1,095,498	1,161,810	1,235,600	1,239,100	1,295,900
Total Development Services	\$3,138,354	\$3,158,560	\$3,363,100	\$3,363,400	\$3,563,900
Mayor & City Council	\$281,236	\$315,027	\$333,800	\$333,800	\$336,500
General Administration	808,714	936,879	1,007,000	1,020,000	1,060,600
Information Technology	378,012	378,430	419,300	411,700	419,900
Finance	617,674	571,368	600,200	594,950	613,300
Total General Services	\$2,085,636	\$2,201,704	\$2,360,300	\$2,360,450	\$2,430,300
Contingency	\$0	\$0	\$25,000	\$25,000	\$25,000
TOTAL EXPENDITURES	\$19,914,495	\$20,938,981	\$22,292,100	\$22,201,090	\$23,169,650
Surplus of Revenues over Expenditures	(\$790,085)	\$316,215	\$0	\$182,010	\$0
BEGINNING FUND BALANCE	6,958,124	6,168,039	7,190,296	7,190,296	7,372,306
Prior Period Adjustment	0	706,042	0	0	0
ENDING FUND BALANCE	\$6,168,039	\$7,190,296	\$7,190,296	\$7,372,306	\$7,372,306
Reserved for					
Fire Relief	\$57,000	\$66,000	\$66,000	\$130,000	\$130,000
Other	182,355	186,143	182,355	182,355	182,355
Unreserved					
Designated for Compensated Absences	0	707,160	707,160	710,000	710,000
Undesignated	5,928,684	6,230,993	6,234,781	6,349,951	6,349,951
ENDING FUND BALANCE	\$6,168,039	\$7,190,296	\$7,190,296	\$7,372,306	\$7,372,306

CITY OF MINNETONKA

2006 ANNUAL BUDGET

GENERAL FUND REVENUE

GENERAL FUND

	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
GENERAL PROPERTY TAXES					
Ad Valorem Tax Levy	\$13,190,000	\$15,033,000	\$15,855,000	\$15,855,000	\$16,584,700
Abatements & Cancellations	(131,061)	(169,100)	(175,000)	(175,000)	(175,000)
Tax forfeit Sale Revenue	0	11,785	0	0	0
Penalties & Interest	19,768	33,359	25,000	25,000	25,000
TOTAL GEN PROPERTY TAXES	\$13,078,707	\$14,909,044	\$15,705,000	\$15,705,000	\$16,434,700
LICENSES & PERMITS					
Building Permits	\$1,329,951	\$1,471,241	\$1,355,000	\$1,405,000	\$1,449,200
Plumbing Permits	130,373	188,714	146,000	172,000	157,000
Electrical Permits	240,959	278,566	229,000	232,000	239,000
Heating Permits	261,088	285,764	255,000	253,000	270,000
On Sale Liquor Licenses	171,256	205,202	187,000	187,000	190,000
Food Handlers Licenses	126,414	135,698	130,000	134,000	134,800
All Other Licenses & Permits	134,072	146,208	168,800	168,800	170,000
TOTAL LICENSES & PERMITS	\$2,394,113	\$2,711,393	\$2,470,800	\$2,551,800	\$2,610,000
INTER-GOVERNMENTAL REVENUE					
Homestead/Market Value Credit	\$0	\$0	\$0	\$0	\$0
Police Town Aid	335,910	351,892	330,000	330,000	330,000
MSA Maintenance	69,765	69,765	70,000	70,000	70,000
Local Government Aid	0	0	0	0	0
Other Grants	136,567	150,204	60,000	60,000	103,000
TOTAL INTER-GOVERNMENTAL	\$542,242	\$571,861	\$460,000	\$460,000	\$503,000
TRANSFERS					
Transfer From Utility Fund	\$420,000	\$582,000	\$640,000	\$640,000	\$665,600
Transfer From Spec. Assess. Fund	12,252	15,447	27,000	27,000	28,000
Transfer From Ice Arena Fund	20,000	21,000	22,000	22,000	23,000
Transfer From Cable TV Fund	20,000	21,000	22,000	22,000	23,000
Transfer From Forestry Fund	118,363	0	0	0	0
Transfer From Insurance Fund	13,000	(60,000)	0	0	0
Transfer From Environmental Fund	34,000	36,000	38,000	38,000	40,000
Transfer From Williston Center	20,000	21,000	22,000	22,000	23,000
Transfer From Gray's Bay Marina	11,000	22,000	23,000	23,000	24,000
Transfer From Storm Water Fund	38,000	45,000	50,000	50,000	52,000
TOTAL TRANSFERS	\$706,615	\$703,447	\$844,000	\$844,000	\$878,600
OTHER INCOME					
Court Fines	\$322,781	\$373,382	\$320,000	350,000	\$320,000
Investment Income	199,267	182,385	275,000	275,000	275,000
TIF Administration	369,368	356,116	400,000	370,000	370,000
Miscellaneous Income	232,338	313,865	310,000	310,000	274,050
School Liaison Reimbursement	215,512	88,909	245,000	245,000	245,000
Recreation Receipts	856,640	810,383	962,400	962,400	932,400
Community Center Rental	61,598	60,591	75,000	75,000	80,000
Tower Antenna Rental	159,365	167,468	165,000	175,000	184,000
Prosecution Services	49,973	51,367	59,900	59,900	62,900
Change in Value of Investments	(64,109)	(45,015)	0	0	0
TOTAL OTHER INCOME	\$2,402,733	\$2,359,451	\$2,812,300	\$2,822,300	\$2,743,350
TOTAL REVENUES	\$19,124,410	\$21,255,196	\$22,292,100	\$22,383,100	\$23,169,650

POLICE DEPARTMENT

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$5,530,382	\$5,816,611	\$5,985,000	\$5,927,300	\$6,154,400
Supplies	252,300	272,316	273,000	273,000	291,300
Other Services & Charges	550,479	616,288	775,500	786,500	828,200
Capital Outlay	33,025	41,408	40,000	60,000	120,900
Totals	\$6,366,186	\$6,746,623	\$7,073,500	\$7,046,800	\$7,394,800
Method of Financing					
General Fund	\$6,366,186	\$6,746,623	\$7,073,500	\$7,026,800	\$7,313,900
Drug and DWI Forfeiture Funds				20,000	20,000
Special Revenue -Grants					60,900
Totals	\$6,366,186	\$6,746,623	\$7,073,500	\$7,046,800	\$7,394,800
Number of Employees (FTEs)	75.20	75.20	76.20	76.20	76.20

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 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.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Budget</u>
Community Survey Satisfaction	97%	95%	95%	95%
Calls for Service	35,248	35,604	35,700	36,020
Criminal Offenses - adult	2,171	2,198	2,200	2,222
Criminal Offenses - juvenile	397	773*	775	800
Emergency Calls (Medicals,alarms)	3,958	4,185	4,200	4,425
Traffic Response	5,199	5,140	5,200	5,300

* Increase related to a change in reporting requirements for juvenile offenses beginning 2004.

Budget Comments/Issues:

The 2006 budget for the Police Department will maintain current services.

- The expiration of police officers and dispatcher contracts on 12/17/05 and increased funding requirements for the state pension system impact 2006 personnel costs.
- The higher price of fuel for police vehicles significantly affect the 2006 budget for supplies.
- 2006 other services budget includes increased LOGIS fees for the implementation and ongoing maintenance of a critical technology update.
- Forfeiture fund revenue is unpredictable, and there are state and federal guidelines for uses of the funds.
- The availability of federal grant fund revenue for law enforcement is decreasing.

FIRE DEPARTMENT

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$839,903	\$853,994	\$882,400	\$888,800	\$887,000
Supplies	84,837	93,640	119,000	119,000	116,300
Other Services & Charges	204,658	178,882	244,000	180,000	285,100
Capital Outlay	0	4,055	14,000	7,600	15,000
Totals	\$1,129,398	\$1,130,571	\$1,259,400	\$1,195,400	\$1,303,400
Method of Financing					
General Fund	\$1,129,398	\$1,130,571	\$1,259,400	\$1,195,400	\$1,303,400
Number of Employees (FTEs)	7.0	7.0	7.0	7.0	7.0

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), technical rescue, fire code inspection/enforcement, fire vehicle and equipment maintenance, and emergency management. Along with these critical services the department also provides: training for other departments, nuisance patrol, alarm response billing, fire cause investigation, and public education.

Key Measures:	2003 ACTUAL	2004 ACTUAL	2005 ESTIMATE	2006 PROJECTED
% of firefighters meeting OSHA & NFPA training	98	99	100	100
ISO rating (1 - 10)	3	3	3	3
Average response time to structure fires (minutes)	7.2	7.8	7.8	7.8
Number of paid-on-call firefighters	80	71	74	74
Number of fire calls	634	573	592	600
Number of false alarms	344	305	226	200

Budget Comments/Issues:

The 2006 budget for the Fire Department includes increased funds for annual maintenance of new 800 MHz radios and an annual increase to the city's reserve for the Firefighters Relief Association.

- 2006 "Other Services and Charges" includes an additional \$30,000 for radio operations related to 800 MHz conversion and \$10,000 for the Relief Association Reserve Fund.

- An actuarial analysis is completed annually to determine funding needs of to the Relief Association's pension fund. If it is found that the fund is fully funded, the budget is transferred to a city reserve for potential future requirements. The 2005 analysis revealed that the fund is fully funded at this time, and therefore, the drop in expenditures for Other Services reflects the transfer of these funds to the reserve, since they will not be spent.

- The fire chief and finance director are exploring pension plan options with the Minnetonka Firefighters Relief Association for future consideration.

- The number of false alarms as indicated above is decreasing in large part because of the institution of a fire alarm response fee in 2003.

LEGAL DEPARTMENT

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$457,895	\$475,705	\$539,000	\$532,990	\$542,800
Supplies	4,548	5,351	6,000	5,000	6,000
Other Services & Charges	54,723	35,042	57,700	59,950	87,150
Capital Outlay	0	487	4,000	8,200	500
Totals	\$517,166	\$516,585	\$606,700	\$606,140	\$636,450
Method of Financing					
General Fund	\$517,166	\$516,584	\$606,700	\$605,240	\$611,450
Drug and DWI Forfeiture Funds	0	0	0	900	25,000
Totals	\$517,166	\$516,584	\$606,700	\$606,140	\$636,450
Number of Employees (FTEs)	5.25	5.25	6.00	6.00	6.00

Description of Services:

The Minnetonka City Attorney's Office provides legal work in two primary areas. The office prosecutes petty misdemeanor, misdemeanor, and gross misdemeanor criminal cases for violations occurring in the City of Minnetonka, and in the cities of Minnetrista and St. Bonifacius. These latter two cities have been contracting with Minnetonka to provide prosecution services since 1992. The office is also responsible for all non-criminal legal matters involving the city. The principal responsibilities are 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.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Cases in District Court:	2,001	1,977	1,990	1,990
Minnetonka	1,642	1,670	1,660	1,660
Contract cities	359	307	330	330
Cases opened and processed by staff:	1,250	1,296	1,275	1,275
Minnetonka	1,045	1,142	1,100	1,100
Contract cities	205	154	175	175
Customers rating staff at above average or excellent	89%	88%	80%	80%
Council/Charter Comm. rating staff at above average or excellent	100%	100%	85%	85%

Budget Comments/Issues:

The 2006 budget for the Legal Department maintains current level services, but includes increased one-time costs for technology purchases.

- A new case management system is needed in 2006 to coordinate with District Court and CrimNet. The purchase price is currently unknown, and the source for financing will be the Forfeiture Fund, which are revenues received by the city from the sale of vehicles owned by DWI offenders.
- This office appealed an erroneous district court DWI decision in 2005 and succeeded in having it overturned. Court rules require the prosecutor to pay the defendant's attorney's fees, which were approximately \$4,600. Judges previously capped fees at \$2,000 (the amount budgeted for miscellaneous expenses), but this is no longer the case.
- The Forfeiture Fund will also pay the 2005 expenses for remodeling the law library for the new legal assistant's office.
- While actual caseload is relatively constant from year to year, the escalating complexity of the cases and the changes in procedures mandated by the courts have significantly increased the department's workload.

ENVIRONMENTAL HEALTH DIVISION - Community Development Department

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$183,303	\$188,385	\$213,200	\$216,100	\$249,300
Supplies	2,544	1,590	4,600	4,600	4,500
Other Services & Charges	6,970	5,685	12,400	12,400	12,200
Capital Outlay	0	0	1,000	1,000	1,000
Totals	\$192,817	\$195,660	\$231,200	\$234,100	\$267,000
Method of Financing					
General Fund	\$192,817	\$195,660	\$231,200	\$234,100	\$267,000
Number of Employees (FTEs)	2.5	2.5	2.5	2.5	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.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Number of licensed establishments	734	777	760	760
Number of nuisance complaints	480	421	520	570
Percentage of all licensed establishments completed annually	100%	100%	100%	100%
Percentage of plans reviewed within 10 days	85%	88%	90%	90%
Percentage of all significant public health complaints responded to within 2 days	100%	100%	100%	100%

Budget Comments/Issues:

The 2006 budget for the Environmental Health Division includes restoration of a half-time position to full-time that had been previously reduced.

- Personnel costs reflect full-time equivalent employees restored to 3.0 from 2.5 required to respond to the growth of inspections/complaints. This is accomplished in part by reducing temporary salaries.

STREET MAINTENANCE DIVISION - Public Works Department

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$1,245,184	\$1,352,156	\$1,445,300	\$1,474,000	\$1,541,200
Supplies	514,825	619,293	502,200	503,300	536,050
Other Services & Charges	592,550	676,984	676,300	686,400	700,250
Capital Outlay	0	0	0	0	0
Totals	\$2,352,559	\$2,648,433	\$2,623,800	\$2,663,700	\$2,777,500
Method of Financing					
General Fund	\$2,352,559	\$2,648,433	\$2,623,800	\$2,663,700	\$2,777,500
Number of Employees (FTEs)	22.6	22.6	22.6	22.6	22.6

Description of Services:

The Street Maintenance Division of the Public Works Department is responsible for maintenance of 253 miles of municipal right-of-way including pavement maintenance, snow plowing, drainage, pavement markings, street signs, semaphores, roadside mowing and tree trimming.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
• Number of full-scale plowing events required	6	5	8	10
• Tons of salt used	2,881	4,659	4,000	4,000
• Tons of bituminous mix laid	5,314	10,113	14,500	16,500
• Number of signs installed	1,277	826	890	675
• Miles of city streets maintained	253	254	255	256

Budget Comments/Issues:

The 2006 budget for the Street Maintenance Division includes increased funding related to projected significant increases in the price of energy and petroleum products.

- This division is responsible for completing the neighborhood thin overlay program, a portion of which is budgeted above in 2005 and 2006 and another significant portion is financed by the Street Improvement Fund.
- Energy pricing has and will continue to significantly affect bituminous paving products budget amounts in 2006.

FLEET MAINTENANCE DIVISION - Public Works Department

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$381,425	\$397,867	\$404,600	\$405,300	\$422,300
Supplies	463,893	496,456	455,400	474,900	523,700
Other Services & Charges	129,482	195,028	136,400	172,100	142,600
Capital Outlay	12,650	8,975	10,000	10,000	10,000
Fund Transfers	(974,800)	(1,092,709)	(996,400)	(1,052,300)	(1,089,100)
Totals	\$12,650	\$5,617	\$10,000	\$10,000	\$9,500
Method of Financing					
General Fund	\$12,650	\$5,617	\$10,000	\$10,000	\$9,500
Number of Employees (FTEs)					
	5.60	5.60	5.60	5.60	5.63

Description of Services:

The Fleet Maintenance Division of the Public Works Department is responsible for the procurement, maintenance and repair of the city's motorized fleet and support equipment, which consists of 223 vehicles and heavy and light support equipment. The fleet includes 19 marked police vehicles and squad cars as well as 24 fire-related equipment/vehicles. The costs of the division are allocated and billed to the divisions and funds of the city which it serves.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
• Number of work orders completed	2,244	2,070	2,100	2,150
• Gallons of fuel consumed	147,128	141,726	151,950	149,325
• Average cost per gallon of gas/diesel fuels	\$1.307	\$1.419	\$1.405	\$1.430
• Gallons of oil consumed	2,999	2,447	2,500	2,500

Budget Comments/Issues:

The 2006 budget for the Fleet Maintenance Division maintains current level services, but reflects projected increases in fuel costs.

- Cost of replacement parts and fuel pricing budgeted within Supplies and Other Services & Charges above will be a concern in 2006.
- The escalating price of fuels has forced a conservation of consumption in all work groups across the city as illustrated by the key measures above.

BUILDING MAINTENANCE DIVISION - Public Works Department

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$331,687	\$332,481	\$388,600	\$377,200	\$394,800
Supplies	62,972	51,928	70,500	64,200	66,700
Other Services & Charges	239,548	311,334	317,000	311,500	351,500
Capital Outlay	2,072	2,114	1,500	1,500	1,500
Totals	\$636,279	\$697,857	\$777,600	\$754,400	\$814,500
Method of Financing					
General Fund	\$636,279	\$697,857	\$777,600	\$754,400	\$814,500
Number of Employees (FTEs)	6.5	6.5	6.5	6.5	6.5

Description of Services:

The Building Maintenance Division of the Public Works Department is responsible for the maintenance and operation of the city's various community buildings and sub-systems such as physical plant, heating, ventilation, air conditioning, electrical, plumbing and mechanical.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
• Number of buildings maintained	13	14	14	14
• Number of work orders completed	363	526	550	600
• Heat energy used (CCF)	79,903	94,349	110,000	120,000
• Average cost of heat energy used (per CCF)	\$0.763	\$0.905	\$0.909	\$0.917
• Electrical energy used (kWh)	1,886,246	1,889,135	1,895,000	1,900,000
• Average cost of electric energy used (per kWh)	\$0.056	\$0.062	\$0.056	\$0.058

Budget Comments/Issues:

The 2006 budget for the Building Maintenance Division maintains current level services, but incorporates increased projected costs for utilities.

- The volatility of electrical and heat energy pricing will continue to be an issue for operating costs in 2006.

JOINT RECREATION - Recreation Services Department

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$780,185	\$811,091	\$898,300	\$703,800	\$714,400
Supplies	114,178	104,789	109,700	94,600	98,800
Other Services & Charges	581,558	561,574	630,000	426,100	421,700
Capital Outlay	5,054	6,029	3,800	3,800	2,000
Totals	\$1,480,975	\$1,483,483	\$1,641,800	\$1,228,300	\$1,236,900
Method of Financing					
General Fund	\$1,480,975	\$1,483,483	\$1,641,800	\$1,228,300	\$1,236,900
Number of Employees (FTEs)	6.8	6.8	6.8	6.8	6.7

Description of Services:

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

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Number of program participants	34,707	33,492	35,000	35,000
Number of scholarships approved	73	109	90	100
Total value of scholarships approved	\$3,220	\$4,717	\$5,000	\$5,500
Percentage of expenses covered by fee revenues*	67.8%	68.2%	67.0%	67.0%
Adult sports teams registered	553	555	545	540
Shady Oak Beach season passes sold	2,083	1,920	2,000	2,000

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

Budget Comments/Issues:

The 2006 Joint Recreation budget maintains current level services.

- The 2005 estimate and 2006 budget above exclude expenditures for the Minnetonka Recreation Division, which are separated for those years in later pages of the budget.
- The 2006 personnel budget reflects an existing temporary part-time office assistant to be adjusted to a regular part-time position at a cost of \$1,800.
- One primary goal of this division for 2006 is to enhance teen programming offered through the department.
- Operating costs for temporary employees and other services are reduced in 2006 to below inflation, which reflects the department's efforts to provide more cost efficient programming. Although program receipts will decline slightly in 2006, the cost recovery for those programs will increase.

MINNETONKA RECREATION - Recreation Services Department

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$0	\$0	\$0	\$190,900	\$176,600
Supplies	0	0	0	4,000	3,000
Other Services & Charges	0	0	0	236,500	245,700
Capital Outlay	0	0	0	0	0
Totals	\$0	\$0	\$0	\$431,400	\$425,300
Method of Financing					
General Fund	\$0	\$0	\$0	\$431,400	\$425,300
Number of Employees (FTEs)	0.0	0.0	0.0	0.5	0.9

Description of Services:

The mission of the Minnetonka Recreation Division is to develop, promote and provide recreation opportunities and facilities in anticipation of and in response to the leisure time 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, Arts Center on 7, Glen Lake Skate Park, Libb's Lake Beach, outdoor ice rink operations, the Adopt-A-Sign program and summer playground program locations.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Minnetonka playground household registrations	394	564	570	580
Playground locations	9	8	8	9
Warming house days of operation	53	48	56	55
Arts Center auditorium hours utilized by MAM	n/a	87	96	117
Adopt-A-Sign locations	27	25	25	25

Budget Comments/Issues:

The 2006 Minnetonka Recreation Division budget maintains current level services and support.

- Personnel costs above reflect seasonal and temporary employees hired annually.
- Increased use of the Arts Center for city and school district purposes has resulted in less space available for rental income.
- The 2006 personnel budget reflects an existing temporary part-time office assistant to be adjusted to a regular part-time position at a cost of \$1,800.

PARKS & TRAILS DIVISION - Public Works Department

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$835,402	\$830,031	\$898,900	\$896,800	\$725,800
Supplies	128,287	119,367	156,600	145,700	137,500
Other Services & Charges	414,786	544,214	550,900	550,200	292,000
Capital Outlay	1,006	2,799	13,000	13,000	8,000
Totals	\$1,379,481	\$1,496,411	\$1,619,400	\$1,605,700	\$1,163,300
Method of Financing					
General Fund	\$1,379,481	\$1,496,411	\$1,619,400	\$1,605,700	\$1,163,300
Number of Employees (FTEs)	8.60	11.20	12.20	12.20	9.63

Description of Services:

The Parks & Trails Division of the Public Works Department is responsible for all parks and trails planning, development and maintenance, including the maintenance of park turf, athletic fields, ice rinks, trails, sidewalks and play equipment. The division will continue efforts to work with the community and the Recreation Services Department on planning for all future development of the city's parks and trails systems.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Number of parks maintained	48	49	49	49
Miles of trail and sidewalk maintained	77	79	81	85
Number of parks upgraded	5	7	5	7
Number of ice rinks maintained - Hockey	10	10	10	10
- Open	8	8	8	8

Budget Comments/Issues:

The 2006 budget for the Parks & Trails Division reflects a reorganization of the division in October 2005.

- The reorganization of this division includes the transfer of 2.5 FTEs to the new Natural Resources Division of Public Works. The total number of FTEs across the city will not change.
- This will be the fourth year of the Parks Renewal Program, the costs for which are budgeted under the Park Bond Fund.
- The Parks & Trails Division also manages the Recycling Program, the costs for which are budgeted under the Environmental Fund.

NATURAL RESOURCES DIVISION - Public Works Department

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$0	\$0	\$0	\$0	\$353,200
Supplies	0	0	0	0	14,300
Other Services & Charges	0	0	0	0	310,200
Capital Outlay	0	0	0	0	1,000
Totals	\$0	\$0	\$0	\$0	\$678,700
Method of Financing					
General Fund	\$0	\$0	\$0	\$0	\$511,200
Environmental Fund	0	0	0	0	105,800
Storm Water Fund	0	0	0	0	61,700
Totals	\$0	\$0	\$0	\$0	\$678,700
Number of Employees (FTEs)	0.0	0.0	0.0	4.2	4.6

Description of Services:

The Natural Resources Division manages all planning and development of the community's natural resources. The division is responsible for all forestry (diseased trees, reforestation), natural resource conservation (woodland, open space, wetlands, shoreland, control of invasive species), enforcement of natural resource ordinances (permit review, site inspection), and environmental education (seminars, materials, resident consultations).

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
No. of diseased trees removed	1,523	2,944	3,000	3,000
Trees planted	45	60	78	80
No. of permits reviewed/inspected for natural resource compliance	222	292	272	300
No. of water resource education pgms conducted	3	4	8	10
Acres of conservation easements acquired	18.7	30.9	16.6	17.0
No. of development projects reviewed	135	161	160	160

Budget Comments/Issues:

The 2006 budget for the Natural Resources Division reflects its creation through a reorganization in October 2005.

- 2006 is the first full year of the new division, and over the course of the year, staff will analyze its current services and may recommend new programs and/or expansions related to the city's efforts in the area of natural resources management.
- FTEs for the new division are current positions transferred from the old Parks & Forestry Division and from the Planning Department. The total number of FTEs across the city does not change.
- The new division also manages the Park Land Stewardship program, which is budgeted under the Park Dedication Fund.
- The resurgence of Dutch Elm disease will again stretch the budget for tree removal costs in 2006.

COMMUNITY FACILITIES DIVISION - Recreation Services Department

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$335,242	\$350,645	\$370,700	\$374,100	\$380,700
Supplies	11,788	12,646	19,900	16,100	16,500
Other Services & Charges	95,432	101,433	116,300	119,900	125,700
Capital Outlay	10,854	11,931	19,500	19,500	21,500
Totals	\$453,316	\$476,655	\$526,400	\$529,600	\$544,400
Method of Financing					
General Fund	\$453,316	\$476,655	\$526,400	\$524,600	\$538,400
Cemetery Fund	0	0	0	5,000	6,000
Totals	\$453,316	\$476,655	\$526,400	\$529,600	\$544,400
Number of Employees (FTEs)	4.6	4.6	4.6	4.6	4.6

Description of Services:

Community Facilities manages city-owned facilities including the Community Center, Glen Lake Activity Center, Westridge Pavilion and the Shady Oak Lake Cemetery. Except for the cemetery, all of the facilities offer meeting space for rent to the community. The Community Center is home to the City Council and Planning Commission meetings and also offers banquet space for rent for up to 250 people. Fees vary dependent on the facility and type of group (resident, non-resident, non-profit).

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Total rental revenue	\$61,598	\$60,608	\$64,000	\$70,000
Total Community Center hours reserved	11,930	11,664	11,250	11,250
Total satellite facility hours reserved	1,883	1,633	1,500	1,500

Budget Comments/Issues:

The 2006 budget for the Community Facilities Division provides current level services, but anticipates significant increases in utility expenses.

- Per the acquisition agreement in December 2004, plots at the cemetery will not be sold after July 2005.

SENIOR SERVICES - Recreation Services Department

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$21,300	\$26,999	\$22,500	\$24,100	\$25,100
Supplies	4,945	3,519	5,400	3,300	3,400
Other Services & Charges	143,000	149,438	145,000	144,200	148,600
Capital Outlay	433	867	1,000	1,000	1,000
Totals	\$169,678	\$180,823	\$173,900	\$172,600	\$178,100
Method of Financing					
General Fund	\$169,678	\$180,823	\$173,900	\$172,600	\$178,100
Number of Employees (FTEs)	0.5	0.5	0.5	0.5	0.5

Description of Services:

The goals of the Senior Center are to: broaden the knowledge and involvement of older residents; offer diverse programs and services; promote independent living; and encourage volunteerism. Under the leadership of professional staff, Senior Services provides a multi-purpose senior center that offers a wide range of leisure-time activities serving a diverse senior population as well addressing day-to-day living experiences. Such sponsorship includes day trips, group classes, healthcare services, defensive driving, special interest groups, a service skills bank, and a weekly meal/entertainment experience.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Number of program participants	5,692	5,575	5,590	5,580
Survey rating on "program expectations" (good/excellent)	92.6%	93.3%	93.5%	93.5%
Survey rating on "program quality" (good/excellent)	97.2%	97.7%	97.7%	97.7%
Number of senior volunteers used	295	286	280	272
Number of volunteer hours donated	18,000(est)	17,800	17,250	16,800
Number of sponsored individual clubs or groups	25	25	26	27

Budget Comments/Issues:

The 2006 budget for Senior Services provides current level services.

- The senior van transportation program was discontinued in 2005 with transportation now provided by Dial-A-Ride
- National trends for non-profit organizations reveal that fewer people are volunteering across the board, and the key measures above reflect those trends.

ASSESSING DIVISION - Community Development Department

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$454,386	\$464,267	\$497,400	\$488,700	\$507,200
Supplies	4,923	4,964	7,000	7,000	7,100
Other Services & Charges	87,331	92,844	101,200	97,700	98,600
Capital Outlay	0	0	2,500	2,400	2,000
Totals	\$546,640	\$562,075	\$608,100	\$595,800	\$614,900
Method of Financing					
General Fund	\$546,640	\$562,075	\$608,100	\$595,800	\$614,900
Number of Employees (FTEs)	6.0	6.0	6.0	6.0	6.0

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. After the division values parcels of real property in the city, as required by state law, it mails value notices to property owners in February. Property owners' concerns or appeals are addressed by staff and by the city council sitting as the Local Board of Review in April. The council has local real estate professionals advise them when considering market value appeals. This division also administers the homestead classification and provides basic information on property characteristics.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Total market values	\$6.5 billion	\$6.9 billion	\$7.5 billion	\$8.0 billion
Number of properties assessed	19,957	20,103	20,129	20,300
Sales Ratio (Target is 96.0)	95.6	95.8	96.0	96.0
Coefficient of Dispersion (Less than 10 is "good.")	5.2	4.9	5.2	5.3
Survey rating "excellent" or "good" from on-site appraisal visits	99%	99%	99%	99%

Budget Comments/Issues:

The 2006 budget for the Assessing Division provides current level services.

PLANNING DEPARTMENT

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$528,101	\$427,223	\$479,900	\$480,300	\$523,700
Supplies	4,519	7,805	6,900	7,500	7,700
Other Services & Charges	19,330	19,385	23,400	20,300	20,300
Capital Outlay	304	950	6,000	6,200	1,700
Totals	\$552,254	\$455,363	\$516,200	\$514,300	\$553,400
Method of Financing					
General Fund	\$552,254	\$455,363	\$516,200	\$514,300	\$553,400
Number of Employees (FTEs)	6.70	5.63	5.88	5.88	6.88

Description of Services:

The mission of the Planning Department is to champion the values of the community by guiding development and protecting the environment. The department 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.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Number of planning applications received	149	164	170	175
Number of building permits reviewed	520	562	672	695
Number of grading permits issued	22	24	25	27
Number of sign permits issued	125	100	125	125

Budget Comments/Issues:

The 2006 budget for the Planning Department provides for one one new position to replace a current full-time intern.

- In 2006, personnel costs reflect a new planning technician position proposed to replace the current full-time intern at a net cost increase of \$27,921.
- The time for the part-time clerical position shared with the engineering department has been reallocated for 2006 from 1/2 to each department to 1/3 Engineering and 2/3 Planning to reflect the actual time spent.

ENGINEERING DEPARTMENT

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$853,902	\$881,971	\$829,100	\$840,500	\$949,400
Supplies	11,399	16,051	17,000	18,600	19,900
Other Services & Charges	78,661	81,290	157,100	155,100	130,400
Capital Outlay	0	0	0	0	0
Totals	\$943,962	\$979,312	\$1,003,200	\$1,014,200	\$1,099,700
Method of Financing					
General Fund	\$943,962	\$979,312	\$1,003,200	\$1,014,200	\$1,099,700
Number of Employees (FTEs)	11.40	11.40	11.38	9.88	10.88

Description of Services:

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

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Number of neighborhood meetings held	4	17	8	10
Number of project newsletters sent out	8,167	3,652	2,800	3,000
Number of property acquisitions for construction projects	7	9	33	12
Number of construction projects underway	13	14	25	22
Number of construction projects completed	9	12	25	22
Number of customer service surveys sent out	782	397	450	450
Percentage of response to customer service surveys	32%	43%	40%	40%
Number of traffic/speed counts taken	61	93	70	70

Budget Comments/Issues:

The 2006 budget for the Engineering Department continues to provide funding for current-level services under the intensified project schedule already begun in 2005.

- 2005 personnel expenditures reflects one vacant position, which the department anticipates filling in 2006.
- 2005 "Other Services" expenditures reflect higher costs to compensate for the position vacancy.

COMMUNITY DEVELOPMENT DEPARTMENT

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$1,000,376	\$1,055,598	\$1,105,200	\$1,111,400	\$1,153,600
Supplies	16,565	15,531	19,500	19,400	21,400
Other Services & Charges	77,971	90,187	106,400	103,800	117,400
Capital Outlay	586	494	4,500	4,500	3,500
Totals	\$1,095,498	\$1,161,810	\$1,235,600	\$1,239,100	\$1,295,900
Method of Financing					
General Fund	\$1,095,498	\$1,161,810	\$1,235,600	\$1,239,100	\$1,295,900
Number of Employees (FTEs)					
	14.55	14.55	14.55	14.55	14.55

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.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Permits issued	5,135	5,964	6,500	6,700
Construction value	\$113.5 million	\$128.0 million	\$115.0 million	\$120.5 million
Survey rating "very pleased" or "pleased" for job-site inspections	96%	98%	95%	95%

Budget Comments/Issues:

The 2006 budget for Community Development continues services at current levels.

- Personnel costs include temporary salaries to cover the cost of inspectors at peak times, and the cost of scanning permit records.

- The increased 2006 budget for Other Services reflects increased VISA charges due to more credit card use by customers, the cost of wireless service to inspectors using computers for their fieldwork, and training funds consistent with ISO requirements.

MAYOR AND CITY COUNCIL

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$57,369	\$68,743	\$64,200	\$64,200	\$62,900
Supplies	0	0	0	0	0
Other Services & Charges	223,867	246,284	269,600	269,600	273,600
Capital Outlay	0	0	0	0	0
Totals	\$281,236	\$315,027	\$333,800	\$333,800	\$336,500
Method of Financing					
General Fund	\$281,236	\$315,027	\$333,800	\$333,800	\$336,500
Number of Employees (FTEs)	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. Additionally, the council is responsible for determining the city's support of arts organizations as provided by law (MAM, Stages); entering into contractual relationships with non-profit organizations for delivery of services to the community (e.g., Relate, Teens Alone); participating in a joint powers organization (Bassett Creek); and contributing as state law mandates to a special district (LMCD). Requests from these organizations are considered annually. 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.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Percent of residents rating "Quality of Life" in the city as Good or Excellent.	97%	97%	96%	97%
Number of city council meeting dates (regular and study sessions)	35	34	40	40
Number of board, commission and task force appointments	37	54	40	40

Budget Comments/Issues:

The 2006 budget for the Mayor and City Council includes modest transition costs and funding for increased membership dues.

- With the anticipated turnover on the council in 2006, funds are designated to update the Strategic Profile and work with an outside consultant to do council teambuilding.
- Funding for non-profit organizations is held at current levels.

ADMINISTRATIVE SERVICES DEPARTMENT

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$642,752	\$724,129	\$766,800	\$778,800	\$816,800
Supplies	20,248	11,634	21,000	21,600	21,000
Other Services & Charges	141,214	201,116	217,200	217,600	220,800
Capital Outlay	4,500	0	2,000	2,000	2,000
Totals	\$808,714	\$936,879	\$1,007,000	\$1,020,000	\$1,060,600
Method of Financing					
General Fund	\$808,714	\$936,879	\$1,007,000	\$1,020,000	\$1,060,600
Number of Employees (FTEs)	8.0	8.0	8.5	8.5	8.5

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, and some oversight of park and open space planning and development.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Number of recruitments - Regular	n/a	31	15	15
Number of recruitments - Seasonal	n/a	300+	300+	300+
Number of registered voters	33,698	39,289	34,000	40,000
Number of absentee voters	173	5,139	200	6,000
Information Desk approval survey ratings	93%	95%	99%	95%
Personnel approval survey ratings	n/a	96%	95%	95%

Budget Comments/Issues:

The 2006 budget for Administration provides services at the current level with some additional funding for 2006 state-wide elections comparable to funds spent in 2005 for the unanticipated special election.

- The 2005 adjusted budget includes an additional \$13,000 for the city's expenditures related to the special election held in late November.
- 2006 personnel expenses include funding for the raise in the salary cap for the city manager and the cost of additional election judges for the larger state-wide election in 2006 as well as assistance with increased absentee ballot use.
- A consultant will be hired in 2006 to assist in updating the system for pay equity compliance.

INFORMATION TECHNOLOGY DIVISION - Administrative Services Department

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$205,311	\$213,962	\$236,600	\$220,500	\$227,500
Supplies	1,972	1,582	1,500	1,500	1,500
Other Services & Charges	170,729	162,886	181,200	189,700	190,900
Capital Outlay	0	0	0	0	0
Totals	\$378,012	\$378,430	\$419,300	\$411,700	\$419,900
Method of Financing					
General Fund	\$378,012	\$378,430	\$419,300	\$411,700	\$419,900
Number of Employees (FTEs)	2.75	2.75	2.75	2.75	2.75

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.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Number of Help Desk requests	1,407	1,602	1,900	2,100
Number of locations supported	15	15	15	15
Customer satisfaction survey rating average (Scale = 0-2)	2	2	2	2

Budget Comments/Issues:

The 2006 budget for the Information Technology Division funds services at current levels.

- 2006 funding includes additional consulting fees for assistance with broadband wireless research.

FINANCE DEPARTMENT

Expenditures by Type	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Personnel	\$479,881	\$466,945	\$475,900	\$467,700	\$495,800
Supplies	4,473	5,859	6,000	6,000	5,000
Other Services & Charges	132,331	97,564	117,300	120,250	111,500
Capital Outlay	989	1,000	1,000	1,000	1,000
Totals	\$617,674	\$571,368	\$600,200	\$594,950	\$613,300
Method of Financing					
General Fund	\$617,674	\$571,368	\$600,200	\$594,950	\$613,300
Number of Employees (FTEs)	6.0	6.0	6.0	6.0	6.0

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 payroll, utility billing, purchasing, investing city funds, 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.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimate</u>	2006 <u>Projected</u>
Number of utility customer accounts	16,794	16,843	16,860	16,875
Average # of payment checks processed per month	646	619	600	600
Average payroll count (incl. FT, PT, firefighters)	407	415	411	415
Annual rate of return on investments	2.19%	2.20%	2.50%	3.00%
Customers rating services at "above average" or "excellent"	97.8%	97.2%	98.0%	98.0%
GFOA Award for Excellence in Financial Reporting	Awarded	Awarded	Awarded	Awarded

Budget Comments/Issues:

The 2006 budget for the Finance Department provides current level services.

- The variation in operating costs from 2003 to 2006 are primarily related to transitional costs for changes in staff including the retirement of one employee and fluctuations in the costs of auditing services.
- Costs associated with utility billing are reimbursed to the General Fund by the Utility Fund.
- Long-term financial issues include the potential conversion from quarterly to monthly utility billing beginning 2008, and in 2006, the department will evaluate the need to purchase software for budget development.

CITY OF MINNETONKA

2006 ANNUAL BUDGET
GENERAL FUND

FUND General	DEPARTMENT Contingency				ACCT. NO. 1200
OBJECT NO.	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
6620 Contingency	\$0	\$0	\$25,000	\$25,000	\$25,000
TOTAL CONTINGENCY	\$0	\$0	\$25,000	\$25,000	\$25,000

CABLE TELEVISION FUND - Administrative Services Department

Revenues	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Cable TV Franchise Fee	\$427,082	\$460,624	\$450,000	\$465,000	\$465,000
Investment Income	13,143	13,208	12,500	13,000	13,500
Miscellaneous Income	0	23,085	0	0	0
Totals	\$440,225	\$496,917	\$462,500	\$478,000	\$478,500
Expenditures by Type					
Personnel	\$176,429	\$182,499	\$200,800	\$197,200	\$212,600
Supplies	2,029	2,079	2,500	2,500	2,500
Other Services & Charges	183,491	198,129	201,000	199,500	202,000
Capital Outlay	32,326	39,580	81,000	231,700	54,000
Transfer Expenses	20,000	21,000	22,000	22,000	23,000
Totals	\$414,275	\$443,287	\$507,300	\$652,900	\$494,100
Surplus (Deficiency) of Revenues over Expenditures	25,950	53,630	(44,800)	(174,900)	(15,600)
Beginning Fund Balance	690,879	716,829	770,459	770,459	595,559
Ending Fund Balance	\$716,829	\$770,459	\$725,659	\$595,559	\$579,959
Number of Employees (FTEs)	2.90	2.75	2.75	2.75	2.75

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. The primary source of revenue is franchise fees paid to the city by the local cable company 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. Such activities include broadcast of public meetings; publication of the *Minnetonka Memo*; upkeep of the city's Web site and intranet; and hosting the city's two largest events for residents, the Summer Festival with the Burwell House Old-Fashioned Ice Cream Social and the City-Wide Open House.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Number of newsletters printed and distributed each month	26,400	26,400	26,400	26,400
Percent of residents rating the <i>Memo</i> as "excellent" or "good"	93%	91%	86%	89%
Average visits per month to www.eminnetonka.com	18,252	25,904	37,000	53,000
Visitors to Open House and Summer Festival/Ice Cream Social (*2005 Open House cancelled)	15,000	16,000	11,000*	16,000
Number of meetings and special events televised on Channel 16	88	93	90	90

Budget Comments/Issues:

The 2006 budget from the Cable Fund includes an allocation of costs within current level funding for the city's 50th anniversary events and an intern.

- \$15,000 reduction in newsletter budget from 2005 to 2006 is related to a bidding process that lowered costs.
- Personnel costs include the hiring of an intern to assist with Web site redesign and information migration.
- Funds are allocated to help pay for 2006 50th anniversary events, including funds originally designated for the cancelled 2005 Open House.
- 2005 expenses include a one-time capital cost for fiber optics.

ELECTRIC FRANCHISE FEES SPECIAL REVENUE FUND

Revenues	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Electric Franchise Fees	\$0	\$0	\$0	\$375,000	\$595,080
Expenditures by Type					
Overhead Utility Burial County Road 101 (TH7 - CR5)	\$0	\$0	\$0	\$0	\$472,000
Surplus/(Deficiency) of Revenues over/(under) Expenditure	0	0	0	375,000	123,080
Beginning Fund Balance	0	0	0	0	375,000
Ending Fund Balance	\$0	\$0	\$0	\$375,000	\$498,080

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 \$2.00 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.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Miles of Utility Line Buried	0	0	0	1.3

Budget Comments/Issues:

The 2006 budget for the Electric Franchise Fee Fund finances the burial of lines on CR101 between TH7 and Minnetonka Boulevard.

- 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.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

Revenues	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Federal Grant	\$247,351	\$134,300	\$265,200	\$371,100	\$221,600
Expenditures by Type					
Housing Rehabilitation	\$196,819	\$128,490	\$204,600	\$310,500	\$188,400
Support Services	6,615	5,810	35,600	35,600	33,200
Support Housing (CIP)	0	0	25,000	25,000	0
WHAHLT	43,917	0	0	0	0
Totals	\$247,351	\$134,300	\$265,200	\$371,100	\$221,600
Surplus (Deficiency) of Revenues over Expenditures	0	0	0	0	0

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).

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Rehabilitation projects completed or underway	13	9	8	7
Average cost of rehabilitation project	\$18,230	\$19,167	\$19,600	\$20,000
Emergency repair projects completed or underway	N/A	N/A	6	10
Average cost of emergency repair project	N/A	N/A	\$4,000	\$4,200

Budget Comments/Issues:

The 2006 budget for the CDBG Fund provides for current level services.

- Beginning in 2006, city staff will administer program rather than Hennepin County
- The Emergency Repair Program was first implemented in 2005

DEVELOPMENT FUND

Revenues	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Interest Income	\$38,146	\$40,041	\$40,000	\$40,000	\$40,000
Cargill/Dow Repayments*	0	0	48,000	48,000	276,400
State Grants	0	9,458	0	0	0
Totals	\$38,146	\$49,499	\$88,000	\$88,000	\$316,400
Expenditures by Type					
Redevelopment Project Planning*	\$0	\$0	\$6,000	\$25,744	\$10,000
Transit Projects/Programs*	0	0	0	0	0
Cargill/Dow Project*	0	0	0	39,686	276,400
Economic Development Programs*	0	0	137,500	187,500	0
Legal*	0	0	0	2,087	2,000
Other	6,333	80	0	988	0
Totals	\$6,333	\$80	\$143,500	\$256,005	\$288,400
Surplus (Deficiency) of Revenues over Expenditures	31,813	49,419	(55,500)	(168,005)	28,000
Beginning Fund Balance	2,130,440	2,162,253	2,211,672	2,211,672	2,043,667
Ending Fund Balance	\$2,162,253	\$2,211,672	\$2,156,172	\$2,043,667	\$2,071,667

* See "Budget Comments/Issues" below.

Description of Services:

The Development Fund was created with funds remaining after retiring the bonds of a single 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 EDA initiates projects appropriate to these activities.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Development/Redevelopment Projects in Progress	2	2	3	4

Budget Comments/Issues:

* The 2005 estimate and 2006 budget for the Development Fund reflect accounting revisions to meet clarified appropriate uses of the fund. Some costs have been previously shown in the Livable Communities Fund.

- Redevelopment project planning includes costs associated with redevelopment projects in Glen Lake, Minnetonka Boulevard/County Road 101, and the Gateway project.
- The Cargill/Dow Project is a Minnesota Investment Fund project. After the first \$100,000 is received from Cargill/Dow, the remainder is repaid to the Minnesota Department of Employment and Economic Development. The repayments will be completed in 2006.

LIVABLE COMMUNITIES FUND

Revenues	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Redevelopment Payments	\$363,429	\$348,963	\$350,000	\$266,100	\$260,000
Interest Income	27,538	34,980	40,000	40,000	40,000
Cargill/Dow Repayments*	52,000	48,000	0	0	0
Metropolitan Council Grants	55,143	3,400	0	0	0
Hennepin County T.O.D. Funds	0	0	116,000	116,000	246,000
Westridge Senior Housing	0	12,194	0	0	0
WHAHLT T.O.D. Contributions	0	0	240,000	240,000	497,400
Totals	\$498,110	\$447,537	\$746,000	\$662,100	\$1,043,400
Expenditures by Type					
Redevelopment Project Planning*	\$5,576	\$8,147	\$0	\$0	\$0
Cedar Point Affordable Housing	27,819	32,321	26,000	29,800	28,000
Transit Projects/Programs*	0	0	0	0	0
Mtka Heights / Crown Ridge	10,000	6,000	16,000	16,000	16,000
Cargill/Dow Project*	0	0	0	0	0
Economic Development Programs*	0	12,500	0	0	0
WHAHLT	203,047	180,200	220,000	143,006	230,000
T.O.D./ WHAHLT Projects	0	0	356,000	356,000	743,400
Legal	1,506	1,954	500	2,305	1,500
Totals	\$247,948	\$241,122	\$618,500	\$547,111	\$1,018,900
Surplus (Deficiency) of Revenues over Expenditures	250,162	206,415	127,500	114,989	24,500
Beginning Fund Balance	2,130,440	2,380,602	2,587,017	2,587,017	2,702,006
Ending Fund Balance	\$2,380,602	\$2,587,017	\$2,714,517	\$2,702,006	\$2,726,506

* See "Budget Comments/Issues" below.

Description of Services:

The Livable Communities fund was created after receiving special legislation to develop an account from the revenues of a closed 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.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Affordable units preserved at Cedar Pointe	9	9	9	9
Total WHAHLT units in Minnetonka	11	15	21	28
Average sales price of WHAHLT unit	\$116,000	\$124,360	\$130,000	\$135,000
Percent of LCA housing goals achieved	69%	70%	79%	81%

Budget Comments/Issues:

* The 2005 estimate and 2006 budget for the Livable Communities fund reflects accounting revisions to meet clarified appropriate uses of the fund. Some costs have been transferred to the Development Fund.

- This account serves as a pass-through of Metropolitan Council grant funds to WHAHLT.
- Hennepin County Transit Oriented Development (T.O.D.) grant funds are used to fill the gap between the city's cost of purchasing the affordable units at The Sanctuary and Deephaven Cove and the sales price paid by WHAHLT.

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UTILITY DIVISION / UTILITY FUND - Public Works Department

Revenues	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Water Sales & Sewer Rental	\$8,988,752	\$8,588,548	\$9,550,000	\$8,401,000	\$8,500,000
Investment Income	229,700	260,795	450,000	400,000	400,000
Met Council Grant	25,000	10,000	0	0	0
Bond Proceeds	0	3,560,000	0	0	0
Miscellaneous Income	2,533	46,010	2,000	1,000	2,000
Transfers In	0	0	100,000	100,000	100,000
Totals	\$9,245,985	\$12,465,353	\$10,102,000	\$8,902,000	\$9,002,000
Expenditures by Type					
Personnel	\$895,689	\$858,151	\$969,200	\$940,300	\$1,063,500
Supplies	372,852	354,981	354,300	349,500	388,400
Sewer Service Charge	3,189,979	3,035,891	3,600,000	3,318,100	3,304,600
Other Services & Charges	1,355,509	1,185,142	1,785,800	1,456,700	1,596,900
Capital Outlay	343,287	107,593	2,551,300	1,707,000	2,563,400
Bond Principal & Interest	824,590	411,001	948,000	948,000	1,088,574
Transfers to Other Funds	455,000	637,000	780,000	780,000	809,100
Totals	\$7,436,906	\$6,589,759	\$10,988,600	\$9,499,600	\$10,814,474
Surplus (Deficiency) of Revenues over Expenditures	\$1,809,079	\$5,875,594	(\$886,600)	(\$597,600)	(\$1,812,474)
Number of Employees (FTEs)	14.6	14.6	14.6	14.6	15.6

Description of Services:

The Utility Division of the Public Works Department operates and maintains the water and sanitary sewer systems of the city. This includes 260 miles of distribution piping, 18 wells, 8 water treatment facilities, 10 water storage structures, 38 lift stations, 371 street lights and 10 civil defense sirens.

Key Measures:	2003 Actual	2004 Actual	2005 Estimated	2006 Projected
• Water pumped (million gallons)	3,167	2,644	3,100	3,200
• Water main breaks repaired	42	69	70	70
• Utility locate requests completed	9,967	9,702	10,000	10,000
• Miles of sewer cleaned	90	95	100	100

Budget Comments/Issues:

The 2006 budget for the Utility Division includes an additional position for state-imposed utility locate services and significant capital project expenses for replacement of water and sewer infrastructure on CR101 in coordination with Hennepin County's road project.

- A recent change in state rules requires cities to now locate water and sewer services on private property. As a result, this ongoing mandate will require the addition of another employee to staff the activity in 2006.
- Major road reconstruction projects have had and will continue to have a major impact on utility relocation activities and related costs.
- The instability of energy prices will also continue to significantly affect the costs of operating the utilities.
- In 2006, the department plans to proceed with its ongoing investigation of sanitary sewer inflow and infiltration, which directly affects the costs charged to the city by the Metropolitan Council for wastewater treatment.
- Over the next two years, staff will revisit the 2000 study of utility rates to determine the effectiveness of the current rate structure as well as the long-term viability of revenues relative to projected expenditures and fund balance requirements.
- The annual differences between revenues and expenditures above reflect the timing of construction for major capital projects financed through revenue bonds issued by the city in 2000 and 2004. Additionally, 2005 estimates for water sales and sewer rental income were overestimated due to variations in actual water consumption in 2004.

WILLISTON CENTER - Recreation Services Department

Revenues	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Membership Fees	\$421,774	\$463,733	\$451,700	\$445,000	\$460,500
Tennis Court Fees	96,996	111,104	100,000	110,000	120,000
Sports Training Fees	39,012	39,175	40,000	10,000	15,000
Outside Participant Fees	45,157	56,368	42,500	55,000	55,000
Swim Lessons	0	6,300	0	9,700	10,000
Batting Cage Income	32,591	24,348	39,000	20,000	20,000
Rental Income	18,287	17,622	19,000	19,000	19,000
Investment Income	205	273	500	500	500
Miscellaneous	16,350	24,939	18,500	18,500	20,000
Totals	\$670,372	\$743,862	\$711,200	\$687,700	\$720,000
Expenditures by Type					
Personnel	\$298,899	\$294,389	\$332,900	\$317,800	\$320,200
Supplies	39,679	35,566	42,800	45,000	44,000
Other Services & Charges	205,966	243,594	256,500	256,500	269,300
Capital Outlay	17,461	10,965	22,000	17,000	28,000
Transfer Expenses	35,000	38,000	42,000	42,000	43,500
Totals	\$597,005	\$622,514	\$696,200	\$678,300	\$705,000
Surplus (Deficiency) of Revenues over Expenditures	\$73,367	\$121,348	\$15,000	\$9,400	\$15,000
Number of Employees (FTEs)	3.9	3.9	3.9	3.9	3.9

Description of Services:

Recreational amenities at the Williston Fitness Center include: Five indoor tennis courts, a 25-yard swimming pool, aerobics studio, four baseball/softball batting cages, a multi-purpose gymnasium, strength training equipment, cardio vascular equipment, whirlpool, and saunas. Minnetonka residents and non-residents may use the facility by purchasing a membership, paying a daily fee, or registering for a recreational class. Fees charged to users support the operation of the facility.

Key Measures:	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Total memberships sold	1,781	1,706	1,733	1,750
Daily fee (non-member) participants	9,031	11,274	12,817	13,000
Days of operation	358	359	358	358
Total recreation program hours	1,412	1,474	1,886	1,900
Percentage of operating expenses covered by revenue	105%	113%	102%	100%

Budget Comments/Issues:

The 2006 budget for the Williston Fitness Center contributes to a continued forecasted improvement in the fund's financial position while accommodating pressures from increased energy utility costs.

- Contractual revenue is estimated to decrease by \$30,000 in 2005 due to the loss of the Baseball USA contract. The city is reviewing its options for replacement baseball/softball contractual services in 2006.

- Natural gas expenditures for 2005 are expected to exceed the budgeted amount by \$10,000 and are therefore budgeted an additional \$12,000 in 2006.

ICE ARENA - Recreation Services Department

	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Revenues					
Ice Rental	\$369,762	\$472,009	\$489,600	\$489,600	\$507,600
Concessions	19,738	21,799	35,000	35,000	35,000
Programs & Special Events	207,305	205,827	214,100	214,100	231,700
Miscellaneous	27,407	7,568	20,000	20,000	20,000
Investment Income	219	117	500	500	500
Totals	\$624,431	\$707,320	\$759,200	\$759,200	\$794,800
Expenditures by Type					
Personnel	\$315,504	\$360,621	\$370,000	\$366,800	\$372,800
Supplies	59,962	55,378	64,200	57,400	65,200
Other Services & Charges	216,735	295,136	253,000	263,300	283,300
Costs of Goods Sold	15,722	12,408	15,000	12,000	12,500
Capital Outlay	21,306	(14,907)	0	1,700	32,500
Transfer Expenses	35,000	38,000	42,000	42,000	43,500
Totals	\$664,229	\$746,636	\$744,200	\$743,200	\$809,800
Surplus(Deficiency) of Revenues over Expenditures	(\$39,798)	(\$39,316)	\$15,000	\$16,000	(\$15,000)
Number of Employees (FTEs)	4.6	4.6	4.6	4.6	4.6

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.

	2003 Actual	2004 Actual	2005 Estimated	2006 Projected
Key Measures:				
Ice rental hours sold	2,818	3,392	3,400	3,400
Registered skating lesson participants	1,562	1,520	1,450	1,400
Public skating/hockey hours offered	483	470	500	500
Public skating/hockey participants	5,422	6,970	6,500	6,500
Adult hockey teams registered	30	30	32	32
Total days of operation	319	343	340	340

Budget Comments/Issues:

The 2006 budget for the Ice Arena includes capital expenses for renovation of the entrance to Arena B, which will be financed with cash reserves in the fund.

- Ice rental rates will receive a market adjustment effective June 1, 2006
- Natural gas expenditures for 2005 are expected to exceed the budgeted amount by 25% (\$21,000), and are projected for 2006 to cost a total of \$110,300.
- The number of skating lesson participants trends with Winter Olympic game years.
- The number of public skating/hockey participants fluctuates with the condition and availability of outdoor ice from year to year and how tournament schedules fall upon a calendar year.

GRAY'S BAY MARINA - Recreation Services Department

	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Revenues					
Slip Rental	\$61,480	\$82,090	\$81,200	\$81,200	\$85,200
Fuel Sales	66,185	72,378	70,000	81,000	85,700
Other Revenue	1,835	2,756	3,500	1,700	2,100
Investment Income	896	1,048	800	800	800
Totals	\$130,396	\$158,272	\$155,500	\$164,700	\$173,800
Expenditures by Type					
Personnel	\$28,423	\$29,515	\$35,900	\$28,300	\$32,500
Supplies	56,040	48,426	53,700	63,700	71,700
Other Services & Charges	9,799	12,474	13,700	12,900	14,000
Capital Outlay	16,063	4,500	10,000	3,000	8,000
Transfer Expenses	11,000	28,000	30,500	30,500	31,700
Totals	\$121,325	\$122,915	\$143,800	\$138,400	\$157,900
Surplus (Deficiency) of Revenues over Expenditures	\$9,071	\$35,357	\$11,700	\$26,300	\$15,900
Number of Employees (FTEs)	0.0	0.0	0.0	0.0	0.0

Description of Services:

Gray's Bay Marina is managed by the Parks & Recreation Department and is open April 1-October 31, weather and ice-out dates permitting. The facility offers 29 boat slips that are leased to Minnetonka residents only. The site is staffed mid-April through October 31 and offers fuel, pump-out service, oil, restroom facilities and public launch supervision. User fees and sales finance operation and maintenance of the facility.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Total gallons of gas sold on site	26,565	24,694	26,000	26,000
Total days of operation	205	203	204	205
Slip lease rate	\$2,800	\$2,800	\$2,800	\$2,940

Budget Comments/Issues:

The 2006 budget for Gray's Bay Marina provides current level services and a strong financial position for the fund.

- Cost to purchase fuel supply is expected to increase \$7,500 in 2005 and will be covered by increased gas rates
- Slip lease rates increased by \$140 per slip (5%) to \$2,940 for the 2006 season.

STORM WATER FUND - Engineering Department

Revenues	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Ad Valorem Tax Levy	\$50,000	\$0	\$0	\$0	\$0
Investment Income	14,955	15,365	10,000	20,000	15,000
Misc. Revenue	0	2,600	0	0	0
Storm Water Utility Charges	868,242	1,339,690	1,400,000	1,400,000	1,485,000
Totals	\$933,197	\$1,357,655	\$1,410,000	\$1,420,000	\$1,500,000
Expenditures by Type					
Personnel	\$0	\$3,346	\$90,300	\$90,000	\$52,000
Supplies	0	22,487	46,500	35,500	19,000
Other Services & Charges	0	20,740	61,700	59,080	98,100
Capital Outlay	629,500	513,638	2,016,000	2,081,000	823,300
Transfers to Other Funds	38,000	98,000	65,000	65,000	129,100
Totals	\$667,500	\$658,211	\$2,279,500	\$2,330,580	\$1,121,500
Surplus (Deficiency) of Revenues over Expenditures	\$265,697	\$699,444	(\$869,500)	(\$910,580)	\$378,500
Number of Employees (FTEs)	0.0	1.0	1.0	1.0	0.5

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 by the city's water and sewer utility customers through monthly fees that are based upon parcel acreage, land use and related water runoff, and capital project needs.

Key Measures:	2003 Actual	2004 Actual	2005 Estimated	2006 Projected
Number of water quality samples taken	7	9	8	7
Number of storm sewer projects completed	4	1	3	2
Number of sump catch basins and outfalls cleaned	50	99	120	150
Number of drainage ponds restored	0	0	1	1
Number of misc. drainage projects completed	12	6	10	10

Budget Comments/Issues:

The 2006 budget for the Storm Water Fund reflects funding for a baseline capital projects workload which follows the completion of a number of significant multi-year projects in 2005.

- The 2006 budget reflects the creation of the Natural Resources Division within the Public Works Department, whereby costs previously directly expensed from the fund are transferred to the new division.
- Project scheduling is done to coincide with county, state, and other city projects including; I-494, and CR 101.
- High priority projects in the city's Water Resources Management Plan are scheduled as budget limits allow.
- Several large projects are scheduled for 2007 including the Hennepin County's Shady Oak Road project, CR 3 to Bren Road.

ENVIRONMENTAL FUND - Public Works Department

Revenues	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Hennepin Recycling Grant	\$126,707	\$124,421	\$120,000	\$123,700	\$120,000
Recycling Charges	434,483	483,077	528,000	480,000	492,000
Investment Income	10,895	14,099	10,000	0	0
Contract Rebate	274,736	407,646	220,000	400,000	310,000
Transfer From Storm Water Fund	0	53,000	0	0	0
Miscellaneous	0	3,500	3,000	0	0
Totals	\$846,821	\$1,085,743	\$881,000	\$1,003,700	\$922,000
Expenditures by Type					
Personnel	\$105,065	\$225,624	\$227,900	\$189,200	\$114,200
Supplies	185	292	10,400	10,400	500
Collection Contract	468,005	485,978	506,400	500,000	520,000
Yardwaste Program	90,978	81,615	109,000	130,000	140,000
Other Services & Charges	18,254	6,776	23,100	25,200	13,800
Capital Outlay	0	0	0	15,000	0
Transfer To General Fund	34,000	36,000	38,000	38,000	145,800
Totals	\$716,487	\$836,285	\$914,800	\$907,800	\$934,300
Surplus (Deficiency) of Revenues over Expenditures	\$130,334	\$249,458	(\$33,800)	\$95,900	(\$12,300)
Beginning Fund Balance	460,875	591,209	840,667	840,667	936,567
Ending Fund Balance	\$591,209	\$840,667	\$806,867	\$936,567	\$924,267
Number of Employees (FTEs)	1.2	2.2	1.7	1.7	1.2

Description of Services:

The Environmental Fund was created to enhance the natural environment of the community through the promotion of local environmental awareness, and resource conservation and protection of environmentally sensitive areas. The fund pays for curbside recycling collection, a recycling drop-off center, spring and fall yard waste drop-offs, on-going brush drop-offs, and two special materials drop-offs in the summer and fall.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Curbside recycling picked up (tons)	6,420	6,460	6,480	6,500
Leaf recycling dropped off (cubic yards)	3,460	3,330	3,400	3,400
Number of special drop-off customers	1,776	1,924	2,019	3,000
Percentage of customers rating curbside services as "good" or "excellent"	92%	92%	90%	91%

Budget Comments/Issues:

The 2006 budget for the Environmental Fund reflects the creation of the Natural Resources Division and the reorganization of recycling functions into the Parks & Trails Division, both in the Public Works Department.

- Revenues to the fund benefit from high commodity prices for recyclables.
- "Other Services" expenditures reflect brush disposal costs that are up due to much higher volumes from storm damage and dutch elm disease.
- All of the annual Eco-Fair costs are also reflected within "Other Services" expenditures above.

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CAPITAL REPLACEMENT FUND

	2003	2004	2005	2005	2006
Revenues	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET
Ad Valorem Tax Levy	\$2,200,000	\$1,245,000	\$1,215,000	\$1,215,000	\$1,750,000
State Grants	20,977	0	0	0	0
Investment Income	10,968	12,530	7,000	7,000	3,000
Auction Proceeds	212,360	36,338	125,000	100,000	100,000
Totals	\$2,444,305	\$1,293,868	\$1,347,000	\$1,322,000	\$1,853,000
Expenditures by Type					
Buildings & Structures	\$1,000,000	\$63,746	\$358,000	\$418,000	\$136,000
Parks Trail and Open Space	0	17,562	65,000	65,000	622,000
Furniture and Equipment	101,734	163,721	227,000	227,000	233,000
Machinery and Auto	614,046	1,217,545	679,000	679,000	764,700
Misc Capital Repairs	81,572	0	0	0	0
Totals	\$1,797,352	\$1,462,574	\$1,329,000	\$1,389,000	\$1,755,700
Surplus (Deficiency) of Revenues over (under) Expenditures	646,953	(168,706)	18,000	(67,000)	97,300
Reserve for Delayed Projects	0	0	214,359	214,359	0
Beginning Fund Balance	309,716	956,669	787,963	787,963	506,604
Ending Fund Balance	\$956,669	\$787,963	\$591,604	\$506,604	\$603,904

Description of Services:

The Capital Replacement Fund 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 8 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 10 years.

	2003	2004	2005	2006
<u>Key Measures:</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Number of general light-duty vehicles in fleet	98	98	98	98
Number of marked police vehicles in fleet	18	19	19	19
Number of heavy equipment and trucks in fleet	28	28	29	29
Deprec. value of buildings & structures (millions \$)	\$23.37	\$22.16	\$26.40	\$25.65
Deprec. value of furniture & equipment (millions \$)	\$1.16	\$1.22	\$1.25	\$1.25

Budget Comments/Issues:

The 2006 budget for the Capital Replacement Fund finances the approved schedule of capital improvements and replacements including construction for the Civic Center Master Plan.

- Funds budgeted in 2006 include \$622,000 for the Civic Center Master Plan including the City Hall plaza and landscaping, external marquee and directional signs, athletic field restrooms and storage space, and ice arena painting and entrances. Costs of the remainder of the project are financed by the Ice Arena Fund, the Park Dedication Fund, and Park and Open Space Bond funds.

- The remainder of the 2006 budget will finance Lindbergh Center improvements (\$14,000), Arts Center improvements (\$22,000), building components (\$90,000), fleet vehicles (\$504,700), fire ladder truck program (\$160,000), an electric ice resurfacers (\$65,000), street signal priority (\$40,000), and other equipment.

- 2005 expenditures for buildings & structures as well as a portion of the reserve for delayed projects include added costs for repairs needed as a result of the City Hall fire as well as new air conditioners for the Community Center and City Hall. Other delayed projects in 2005 include a street patching truck.

STREET IMPROVEMENT FUND

Revenues	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Ad Valorem Tax Levy	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000	\$3,300,000
Investment Income	12,839	13,002	25,000	10,000	10,000
Sale of Property	209,011	0	0	0	0
Miscellaneous Revenue	0	3,000	0	0	0
Totals	\$2,121,850	\$1,916,002	\$1,925,000	\$1,910,000	\$3,310,000
Expenditures					
Local Street Improvements	\$571,849	\$2,384,695	\$2,100,000	\$2,100,000	\$2,400,000
Local Street Maintenance/Overlay	612,398	202,787	216,000	216,000	215,000
Road Revitalization Program	0	0	0	250,000	500,000
Pavement Management Study	31,253	20,660	32,000	32,000	32,000
Totals	\$1,215,500	\$2,608,142	\$2,348,000	\$2,598,000	\$3,147,000
Surplus (Deficiency) of Revenues over (under) Expenditures	906,350	(692,140)	(423,000)	(688,000)	163,000
Reserve for Delayed Projects	0	0	0	0	0
Beginning Fund Balance	339,675	1,246,025	553,885	553,885	(134,115)
Ending Fund Balance	\$1,246,025	\$553,885	\$130,885	(\$134,115)	\$28,885

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, is relegated to the lowest priority for support from state and county funds. Revenue to the fund is derived primarily by property tax levy proceeds, and in the past, occasionally from the sale of surplus public real estate.

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

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Miles of streets rehabilitated	9.7	6.2	2.8	3.6
Miles of streets thin overlay	1.5	6.7	10.7	10.7
Miles of streets rated for condition	53	62	77	60
Average pavement condition index	77	77	76	75

Budget Comments/Issues:

The 2006 budget for the Street Improvement Fund includes a \$1.2 million increased tax levy supplements funding for and implementation of a road revitalization program designed to overlay or reconstruct every local street over the next ten years.

- Funding for the road revitalization program serves to replace previous state aid that has diminished over the previous ten years. The program was begun in 2005 with the immediate implementation of the thin overlay activities. Larger reconstruction projects would await full funding of the costs over two to three years, while thin overlay would be ongoing.

- Project scheduling is done to coincide with county, state, and other city projects.

- 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.

MUNICIPAL STATE AID FUND

	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Revenues					
State Allotment	\$1,195,999	\$1,553,046	\$1,500,000	\$1,500,000	\$1,500,000
Expenditures					
Townline Road	\$459,384	\$0	\$0	\$0	\$0
I 394 North Frontage Road	736,615	663,300	0	0	0
CSAH 61 Bridge at HCRRRA Corridor	0	0	50,000	50,000	0
CSAH 60/CSAH 3/Intersection	0	0	800,000	800,000	0
I-494 Expansion	0	889,746	1,800,000	1,800,000	0
CSAH 73-Bridge at BNSF Railroad	0	0	0	0	0
Totals	\$1,195,999	\$1,553,046	\$2,650,000	\$2,650,000	\$0
Surplus (Deficiency) of Revenues over (under) Expenditures	\$0	\$0	(\$1,150,000)	(\$1,150,000)	\$1,500,000
Reserve for Delayed Projects	0	0	0	0	0
Beginning Fund Balance	(2,400,000)	(2,400,000)	(2,400,000)	(2,400,000)	(3,550,000)
Ending Fund Balance	<u>(\$2,400,000)</u>	<u>(\$2,400,000)</u>	<u>(\$3,550,000)</u>	<u>(\$3,550,000)</u>	<u>(\$2,050,000)</u>

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 larger 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.

Because the state has not raised the gasoline tax for 17 years and the number of MSA eligible cities has risen with increases in population, the city's allocation of MSA has remained constant at \$1.5 million annually for the last decade. All of these funds have been programmed during the last few years and are programmed in the future for the next five to ten years as the city's required funding match for county and state designated projects as indicated below.

<u>Key Measures:</u>	2,003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Estimated</u>
Number of construction projects underway	0	2	4	1
Number of construction projects completed	2	0	1	3

Budget Comments/Issues:

The 2006 budget for MSA funding continues the programmed support of county and state designated projects.

- All costs currently programmed for this budget are solely to fund the city's match for county and state projects. Long-term projections for this fund anticipate continued needs above revenues allocated from the state.

- 2003 projects funded: I-394 north frontage road, Townline Road final payment

- 2004 projects funded: CSAH 60/3 intersection, CSAH 73/TH 7 final payment, I-394 North Frontage Road final payment

- 2005 projects funded: I-494, CSAH 73/5 intersection, CSAH 60/3 intersection, CSAH 101

PARK DEDICATION FUND

Revenues	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Ad Valorem Tax Levy	\$550,000	\$300,000	\$375,000	\$375,000	\$320,000
Park Dedication Fees	39,850	170,125	35,000	35,000	35,000
Investment Income	16,748	21,451	17,000	25,000	25,000
State Grants	162,291	0	0	0	62,000
Miscellaneous Income	229,918	113,637	110,000	100,000	110,000
Totals	\$998,807	\$605,213	\$537,000	\$535,000	\$552,000
Expenditures by Type					
Park Development	\$427,682	\$28,682	\$75,000	\$175,000	\$325,000
Trail Development	17,220	71,658	235,000	245,000	260,000
Natural Resources Management	137,045	68,123	160,000	160,000	170,000
Maintenance-City Housing	46,045	30,506	30,000	30,000	30,000
Miscellaneous	0	0	0	0	0
Totals	\$627,992	\$198,969	\$500,000	\$610,000	\$785,000
Surplus (Deficiency) of Revenues over (under) Expenditures	370,815	406,244	37,000	(75,000)	(233,000)
Reserve for Delayed Projects	0	0	1,158,000	1,158,000	0
Beginning Fund Balance	1,105,990	1,476,805	1,883,049	1,883,049	650,049
Ending Fund Balance	<u>\$1,476,805</u>	<u>\$1,883,049</u>	<u>\$762,049</u>	<u>\$650,049</u>	<u>\$417,049</u>

Description of Services:

The Park Dedication 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. Trail construction projects generally coincide with road construction projects and neighborhood developments.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Miles of trails constructed	0.00	0.12	2.20	1.84
Acres of public land under stewardship (estimated, cumulative)	na	150	200	250

Budget Comments/Issues:

The 2006 budget for the Park Dedication Fund finances costs for capital projects within the 2006 CIP, including park-related costs of the Civic Center Master Plan.

- The fund balance prior to 2006 included funds for projects delayed due to such circumstances as the timing of major road projects that impacted trail construction and the timing of the development of Gray's Bay Marina and causeway. "Reserve for delayed projects" now includes construction costs for projects such as the Civic Center to Jidana trail segment, the Headwaters boardwalk, and the Glen Lake Elementary School Warming House.

PARK AND OPEN SPACE BOND FUND

Revenues	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Interest Income	\$30,614	\$21,582	\$45,000	\$70,000	\$20,000
Bond Proceeds	0	5,000,000	0	0	5,000,000
Totals	\$30,614	\$5,021,582	\$45,000	\$70,000	\$5,020,000
Expenditures by Type					
Parks Renewal	\$1,502,872	\$2,819,451	\$1,784,000	\$1,125,800	\$1,437,750
Park & Open Space Purchase	946,116	117,167	1,000,000	0	2,988,250
Conversion to Open Space	8,494	0	0	0	250,000
Neighborhood Match Program	0	0	0	0	100,000
Minnehaha Creek Corridor	0	0	0	0	500,000
Civic Center Master Plan	0	0	0	0	550,000
Miscellaneous Services	2,285	33,063	0	0	0
Totals	\$2,459,767	\$2,969,681	\$2,784,000	\$1,125,800	\$5,826,000
Surplus/(Deficiency) of Revenues over/(under) Expenditures	(2,429,153)	2,051,901	(2,739,000)	(1,055,800)	(806,000)
Beginning Fund Balance	4,305,788	1,876,635	3,928,536	3,928,536	2,872,736
Ending Fund Balance	\$1,876,635	\$3,928,536	\$1,189,536	\$2,872,736	\$2,066,736

Description of Services:

In 2001, Minnetonka voters passed a \$15 million parks and open space bond referendum. Half of the money was earmarked for the renewal of the city's 42 parks, with the other half to be used for open space preservation within Minnetonka. Four years after the referendum's passage, approximately half of the parks have been renewed and the remainder is programmed during the following three years. The cost of debt service on the bonds is allocated elsewhere within the city's budget.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Number of park renewals completed (cumulative)	2	9	22	34
Number of open space acres preserved	21.48	60.88	30.00	32.00

Budget Comments/Issues:

The 2006 budget for the Park and Open Space Bond Fund finances the renewal of eight city parks, including Lone Lake, Glen Lake and Civic Center parks.

- The final bond sale is scheduled for 2006.
- A significant portion of the 2006 budget for park and open space purchase is reserved for options to purchase that may arise in 2006.
- Parks scheduled for renewal in 2006 are: Civic Center, Elmwood-Strand, Glen Lake, Jidana, Lake Charlotte, Lone Lake, Westwood and Wilson. Parks scheduled for renewal in subsequent years include: Big Willow, Guillian, Kinsel, Oberlin, Lake Rose and Mayflower.

TECHNOLOGY DEVELOPMENT FUND

Revenues	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Ad Valorem Tax Levy	\$550,000	\$575,000	\$600,000	\$600,000	\$300,000
Federal Grants	0	59,297	40,000	437,303	0
Investment Income	4,107	4,736	5,000	5,000	1,000
Transfers in	0	0	0	0	300,000
Totals	\$554,107	\$639,033	\$645,000	\$1,042,303	\$601,000
Expenditures by Type					
Technology Purchases/Upgrades	\$213,631	\$236,866	\$275,000	\$275,000	\$355,000
Sloan Foundation Grant	53,312	32,024	0	0	0
Department Technology Grants	14,611	26,578	0	0	0
Radio Tower & Microwave System	8,598	7,963	400,000	800,000	0
800 MHZ Radios (Police)	0	235,491	40,000	0	0
LOGIS Police System Replacement	160,711	160,712	0	0	0
9-1-1 Digital Recording System	0	26,098	0	0	0
LOGIS Back Up Site Startup Costs	0	0	25,000	25,000	0
Fire Department Radio System	0	0	0	160,000	190,000
Totals	\$450,863	\$725,732	\$740,000	\$1,260,000	\$545,000
Surplus (Deficiency) of Revenues over (under) Expenditures	103,244	(86,699)	(95,000)	(217,697)	56,000
Beginning Fund Balance	330,552	433,796	347,097	347,097	129,400
Ending Fund Balance	\$433,796	\$347,097	\$252,097	\$129,400	\$185,400

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.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimate</u>	2006 <u>Projected</u>
Number of servers	8	8	8	8
Number of computers	204	230	240	245
Miles of fiber	3	3	8	8

Budget Comments/Issues:

The 2006 budget for the Technology Fund provides for the final transition of the city's public safety communications system to 800 MHz technology.

- Network security tools will be purchased in 2006 to provide a more secure environment.
- The Transfer In above provides cash flow to advance the purchase of the fire department radio system in order to take advantage of vendor discounts and to coincide its purchase with police department implementation.

COMMUNITY INVESTMENT FUND

	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Revenues					
Investment Income	\$297,048	\$284,492	\$550,000	\$400,000	\$500,000
Expenditures					
Ice Arena Improvements	\$1,296,336	\$16,582	\$0	\$0	\$0
Minnehaha Creek Corridor	0	0	450,000	0	500,000
PW Building Loan Repayment	0	0	100,000	100,000	100,000
Totals	\$1,296,336	\$16,582	\$550,000	\$100,000	\$600,000
Surplus/(Deficiency) of Revenues over/(under) Expenditures	(999,288)	267,910	0	300,000	(100,000)
Beginning Fund Balance	20,020,773	19,021,485	19,289,395	19,289,395	19,589,395
Required Fund Balance	\$19,278,359	\$19,316,690	\$19,371,690	\$19,356,690	\$19,406,690
Available Fund Balance	(256,874)	(27,295)	(82,295)	232,705	82,705
Total Ending Fund Balance	\$19,021,485	\$19,289,395	\$19,289,395	\$19,589,395	\$19,489,395

Description of Services:

The Community Investment Fund was created in 1989 to be used solely to pay the capital costs of projects of general benefit to the City of Minnetonka. The city charter provides that the principal of the fund will be increased by 10 percent of the investment income each year, and that 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 10 percent of the 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.

	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Key Measures:				
Annual investment earnings	\$435,609	\$383,305	\$400,000	\$500,000

Budget Comments/Issues:

The 2006 budget for the Community Investment Fund is designated for planning the conservation and development of the Minnehaha Creek Corridor.

- Per prior authorization, the Community Investment Fund will repay the Utility Fund for loans used to construct the new Public Works Building located at 11522 Minnetonka Boulevard. Total debt to be repaid is \$1.75 million.

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INSURANCE FUND

Revenues	2003 ACTUAL	2004 ACTUAL	2005 BUDGET	2005 ESTIMATE	2006 BUDGET
Interfund Transfers In	\$65,000	\$95,000	\$322,500	\$322,500	\$330,600
Investment Income	18,104	20,996	30,000	25,000	30,000
Refunds and Dividends	49,237	49,161	40,000	40,000	40,000
Totals	\$132,341	\$165,157	\$392,500	\$387,500	\$400,600
Expenditures by Type					
Premiums	\$267,256	\$301,578	\$300,000	\$306,500	\$320,000
Settlements	50,333	88,355	75,000	75,000	75,000
Other Services & Charges	51,961	13,341	17,000	17,000	17,000
Capital Outlay	0	0	0	0	130,000
Transfer Expenses	13,000	(60,000)	0	0	0
Totals	\$382,550	\$343,274	\$392,000	\$398,500	\$542,000
Surplus (Deficiency) of Revenues over Expenditures	(250,209)	(178,117)	500	(11,000)	(141,400)
Beginning Fund Balance	1,246,047	995,838	817,721	817,721	806,721
Ending Fund Balance	\$995,838	\$817,721	\$818,221	\$806,721	\$665,321

Description of Services:

The Insurance Fund was created in 1986 to ensure that the city retains viable and cost-effective insurance coverages. 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 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.

<u>Key Measures:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Estimated</u>	2006 <u>Projected</u>
Number of general liability claims	28	33	40	40

Budget Comments/Issues:

The 2006 budget for the Insurance Fund includes the cost for various safety improvements to reduce the city's liability for potential accident claims.

- According to LMCIT, the city's insurance policy provider, general liability premiums are not expected to increase in 2006, but property premiums will increase by 2% and auto by 3%.
- The new water treatment facility will be added to the property schedule upon completion. The transfer from the Utility Fund will increase to finance the additional premium for this facility.
- The 2006 budget includes funding of \$130,000 in risk management costs related to various City Hall safety improvements.
- The city will continue to retain an appropriate fund balance as would be required to finance the city's maximum total liability under its policy coverages. Staff plans a detailed review of appropriate fund balance goals for the fund.

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CITY OF MINNETONKA, MINNESOTA
2005 BUDGET
BONDED INDEBTEDNESS

	ORIGINAL AMOUNT	OUTSTANDING 12/31/05		
	ISSUED	PRINCIPAL	INTEREST	TOTAL
G.O. Revenue Bonds				
Wtr. Bonds of 2000 4.98% 12-00	\$8,700,000	\$6,990,000	\$2,106,696	\$9,096,696
Wtr. Bonds of 2004 3.74% 09-04	3,560,000	3,560,000	1,113,668	4,673,668
G.O. Bonds				
Park Bonds of 2002 3.97% 08-02	\$5,000,000	\$4,565,000	\$1,012,955	\$5,577,955
Park Bonds of 2004 3.74% 09-04	5,000,000	5,000,000	1,564,125	6,564,125
Total All Bonds	\$22,260,000	\$20,115,000	\$5,797,444	\$25,912,444

AMOUNTS DUE IN 2006			TO BE PAID FROM	
PRINCIPAL	INTEREST	TOTAL	PROPERTY TAXES	UTILITY FUND
\$495,000	\$331,938	\$826,938	\$0	\$826,938
135,000	126,636	261,636	0	261,636
\$280,000	\$166,473	\$446,473	\$470,298	\$0
190,000	178,013	368,013	472,421	0
\$1,100,000	\$803,060	\$1,903,060	\$942,719	\$1,088,574