

**2007
Annual
Budget**

City of
minnetonka



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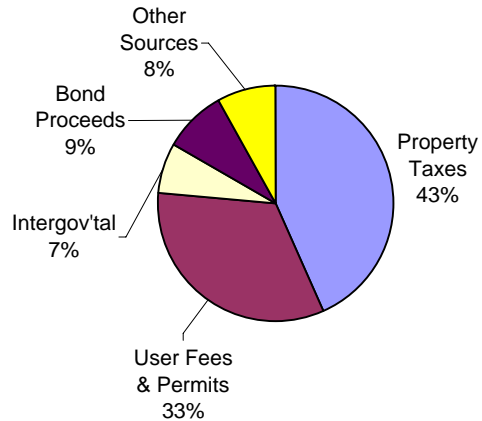
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REVENUE SUMMARY - ALL BUDGETARY FUNDS

	2006 Estimate	2007 Budget
Revenue by Source		
General Property Taxes	\$23,047,419	\$25,343,106
Licenses and Permits	2,610,000	2,714,400
User Fees & Charges	15,955,457	16,557,780
Intergovernmental Revenue/Grants	3,826,800	4,049,900
Other Income	4,947,552	4,722,100
Other Sources - Bond Proceeds	0	5,000,000
Total Revenue by Source	\$50,387,228	\$58,387,286

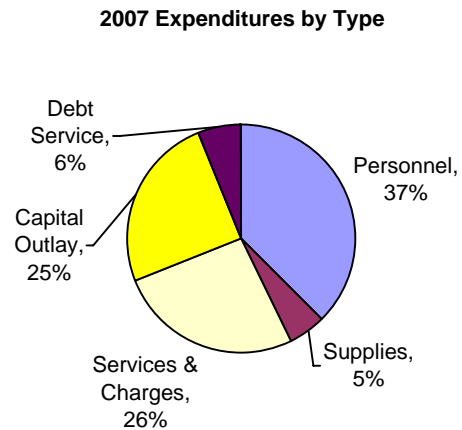
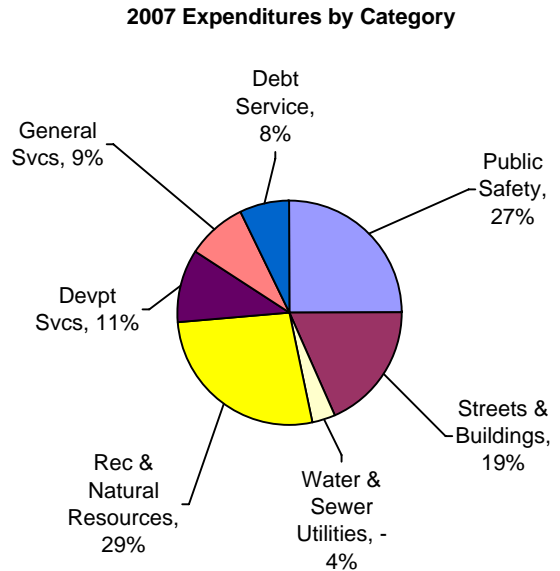
Revenue by Fund		
<u>General Fund</u>	\$23,661,950	\$24,896,450
<u>Special Revenue Funds</u>		
Cable Television Fund	\$475,000	\$475,000
CDBG Fund	175,000	127,000
Electric Franchise Fees Fund	959,580	926,080
Other Special Revenue Funds	227,600	230,000
Total Special Revenue Funds	\$1,837,180	\$1,758,080
<u>Enterprise Funds</u>		
Environmental Fund	\$1,038,700	\$962,000
Gray's Bay Marina	182,100	250,700
Ice Arena	803,377	859,200
Storm Water Fund	1,530,000	1,555,000
Water & Sewer Utility Fund	9,984,000	10,252,000
Williston Center	712,000	749,400
Total Enterprise Funds	\$14,250,177	\$14,628,300
<u>Capital Projects Funds</u>		
Capital Replacement Fund	\$1,854,000	\$1,527,500
Community Investment Fund	600,000	600,000
Development Fund	334,402	689,800
Livable Communities Fund	488,000	615,400
Municipal State Aid Fund	1,598,700	1,500,000
Park Dedication Fund	535,000	632,000
Park & Open Space Bonds	18,500	5,015,000
Street Improvement Fund	3,310,000	4,810,000
Technology Development Fund	556,000	351,000
Total Capital Projects Funds	\$9,294,602	\$15,740,700
<u>Internal Service - Insurance Fund</u>	\$400,600	\$423,200
<u>Debt Service Fund</u>	\$942,719	\$940,556
Total Revenue by Fund	\$50,387,228	\$58,387,286

2007 Revenue by Source



EXPENDITURE SUMMARY - ALL BUDGETARY FUNDS

	2006 Estimate	2007 Budget
Expenditures by Category		
Public Safety	\$11,089,600	\$11,958,650
Streets & Buildings	11,606,900	8,613,300
Water & Sewer Utilities	(766,500)	(1,599,900)
Parks, Rec & Natural Resources	14,319,539	12,825,800
Development Services	4,581,672	4,992,100
General Services	4,154,350	4,179,100
Contingency	25,000	75,000
Debt Service	2,553,719	3,405,856
Total Expenditures by Category	\$47,564,280	\$44,449,906
Expenditures by Type		
Personnel	\$19,581,900	\$20,582,800
Supplies	2,616,650	3,016,900
Services & Charges	13,663,647	14,254,500
Capital Outlay	17,377,364	13,790,650
Debt Service	2,553,719	3,405,856
Total Expenditures by Type	\$55,793,280	\$55,050,706
Expenditures by Fund		
<u>General Fund</u>	\$23,646,850	\$24,896,450
<u>Special Revenue Funds</u>		
Cable Television Fund	\$679,600	\$479,100
CDBG Fund	175,000	127,000
Electric Franchise Fees Fund	1,734,000	656,000
Other Special Revenue Funds	227,600	230,000
Total Special Revenue Funds	\$2,816,200	\$1,492,100
<u>Enterprise Funds</u>		
Environmental Fund	\$934,500	\$1,028,300
Gray's Bay Marina	163,800	234,300
Ice Arena	848,288	844,200
Storm Water Fund	1,675,346	1,648,500
Utility Fund	809,100	856,500
Williston Center	712,000	734,400
Total Enterprise Funds	\$5,143,034	\$5,346,200
<u>Capital Projects Funds</u>		
Capital Replacement Fund	\$1,639,005	\$1,844,800
Community Investment Fund	100,000	250,000
Development Fund	1,104,902	908,600
Livable Communities Fund	400,270	853,900
Municipal State Aid Fund	2,405,000	150,000
Park Dedication Fund	1,123,000	1,434,000
Park & Open Space Bonds	4,194,000	2,350,000
Street Improvement Fund	3,502,600	3,550,000
Technology Development Fund	465,300	413,000
Total Capital Projects Funds	\$14,934,077	\$11,754,300
<u>Insurance Internal Service Fund</u>	\$81,400	\$20,300
<u>Debt Service Fund</u>	\$942,719	\$940,556
Total Expenditures by Fund	\$47,564,280	\$44,449,906



TAX LEVIES

TAX CAPACITY	2005	2006	2007	
Real Estate	\$82,150,262	\$89,595,815	\$97,650,000	Estimate
Personal Property	620,634	631,282	651,972	Estimate
Fiscal Disparities Contribution	(10,652,648)	(10,239,776)	(11,238,943)	Estimate
Fiscal Disparities Distribution	3,214,264	3,388,358	3,796,441	Estimate
Tax Increment	(3,407,742)	(3,786,433)	(2,856,552)	Estimate
TOTAL TAX CAPACITY	\$71,924,770	\$79,589,246	\$88,002,918	Estimate
TAXABLE MARKET VALUE	\$6,233,044,600	\$7,367,511,000	\$8,160,526,900	Estimate
TAX LEVY				
General Fund	\$15,855,000	\$16,584,700	\$17,502,550	
State MVC Program Levy	810,000	622,000	550,000	
Street Improvement Fund	1,900,000	3,300,000	4,800,000	
Capital Replacement Fund	1,215,000	1,750,000	1,425,000	
Park Dedication Fund	375,000	320,000	475,000	
Technology Development Fund	600,000	300,000	350,000	
Tax Capacity Tax Levy	\$20,755,000	\$22,876,700	\$25,102,550	
Market Value Tax Levy (Park Bonds)	941,431	942,719	940,556	
TOTAL TAX LEVY	\$21,696,431	\$23,819,419	\$26,043,106	
CITY TAX RATE				
General Fund	22.044	20.838	19.889	Estimate
State MVC Program Levy	1.126	0.782	0.625	Estimate
Street Improvement Fund	2.642	4.146	5.454	Estimate
Capital Replacement Fund	1.689	2.199	1.619	Estimate
Park Dedication Fund	0.521	0.402	0.540	Estimate
Technology Development Fund	0.834	0.377	0.398	Estimate
TOTAL TAX CAPACITY TAX RATE	28.857	28.743	28.525	Estimate
TOTAL MARKET VALUE TAX RATE	0.000151	0.000128	0.000115	Estimate

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GENERAL FUND REVENUES & EXPENDITURES

	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
REVENUES					
General Property Taxes	\$14,909,044	\$15,955,846	\$16,434,700	\$16,434,700	\$17,352,550
Licenses & Permits	2,711,392	2,893,336	2,610,000	2,610,000	2,714,400
Intergovernmental Revenue	571,860	526,995	503,000	883,000	862,500
Transfers	703,447	844,000	878,600	878,600	1,090,600
Other Income	2,359,452	2,697,943	2,743,350	2,855,650	2,876,400
TOTAL REVENUES	\$21,255,195	\$22,918,120	\$23,169,650	\$23,661,950	\$24,896,450
EXPENDITURES					
Police	\$6,746,623	\$7,004,208	\$7,313,900	\$7,391,200	\$7,746,400
Fire	1,130,571	1,188,166	1,303,400	1,626,700	1,771,100
Legal	516,584	629,580	611,450	614,800	637,450
Environmental Health	195,660	218,213	267,000	267,000	275,500
Total Public Safety	<u>\$8,589,438</u>	<u>\$9,040,167</u>	<u>\$9,495,750</u>	<u>\$9,899,700</u>	<u>\$10,430,450</u>
Street Maintenance	\$2,648,433	\$2,748,340	\$2,777,500	\$2,874,600	\$2,972,500
Equipment Maintenance	5,617	19,166	9,500	0	0
Building Maintenance	697,857	767,086	814,500	814,700	854,800
Total Streets & Buildings	<u>\$3,351,907</u>	<u>\$3,534,592</u>	<u>\$3,601,500</u>	<u>\$3,689,300</u>	<u>\$3,827,300</u>
Joint Recreation	\$1,483,483	\$1,202,644	\$1,236,900	\$1,279,000	\$1,253,800
Minnetonka Recreation	0	401,644	425,300	418,600	459,200
Parks & Trails	1,496,411	1,636,265	1,163,300	1,179,150	1,252,300
Natural Resources	0	0	511,200	450,450	505,800
Community Center	476,655	487,525	538,400	534,400	566,400
Senior Services	180,823	164,904	178,100	216,000	212,600
Total Parks & Recreation	<u>\$3,637,372</u>	<u>\$3,892,982</u>	<u>\$4,053,200</u>	<u>\$4,077,600</u>	<u>\$4,250,100</u>
Planning	455,363	484,168	553,400	553,400	558,500
Engineering	979,312	1,007,668	1,099,700	1,083,500	1,155,300
Community Development	1,161,810	1,207,106	1,295,900	1,264,600	1,388,800
Total Development Services	<u>\$2,596,485</u>	<u>\$2,698,942</u>	<u>\$2,949,000</u>	<u>\$2,901,500</u>	<u>\$3,102,600</u>
Mayor & City Council	\$315,027	\$307,860	\$336,500	\$306,400	\$339,300
General Administration	936,879	926,146	1,060,600	1,098,500	1,141,800
Information Technology	378,430	384,735	419,900	390,050	442,100
Finance	571,368	569,034	613,300	627,000	630,800
Assessing	\$562,075	\$572,506	\$614,900	\$631,800	\$657,000
Total General Services	<u>\$2,763,779</u>	<u>\$2,760,281</u>	<u>\$3,045,200</u>	<u>\$3,053,750</u>	<u>\$3,211,000</u>
Contingency	\$0	\$0	\$25,000	\$25,000	\$75,000
TOTAL EXPENDITURES	\$20,938,980	\$21,926,964	\$23,169,650	\$23,646,850	\$24,896,450
Surplus of Revenues over Expenditures	\$316,215	\$991,156	\$0	\$15,100	\$0
BEGINNING FUND BALANCE	6,168,039	7,190,296	8,181,452	8,181,452	8,196,552
Prior Period Adjustment	706,042	0	0	0	0
ENDING FUND BALANCE	\$7,190,296	\$8,181,452	\$8,181,452	\$8,196,552	\$8,196,552
Reserved for					
Fire Relief	\$66,000	\$130,000	\$130,000	\$204,000	\$204,000
Other	186,143	204,709	204,709	204,709	204,709
Unreserved					
Designated for Compensated Absences	707,160	759,904	759,904	759,904	759,904
Designated for Other	0	24,597	24,597	24,597	24,597
Undesignated	6,230,993	7,062,242	7,062,242	7,003,342	7,003,342
ENDING FUND BALANCE	\$7,190,296	\$8,181,452	\$8,181,452	\$8,196,552	\$8,196,552

CITY OF MINNETONKA

2007 ANNUAL BUDGET

GENERAL FUND REVENUE

GENERAL FUND

	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
GENERAL PROPERTY TAXES					
Ad Valorem Tax Levy	\$15,033,000	\$16,064,168	\$16,584,700	\$16,584,700	\$17,502,550
Abatements & Cancellations	(169,100)	(123,353)	(175,000)	(175,000)	(175,000)
Tax Forfeit Sale Revenue	11,785	1,531	0	0	0
Penalties & Interest	33,359	13,500	25,000	25,000	25,000
TOTAL GEN PROPERTY TAXES	\$14,909,044	\$15,955,846	\$16,434,700	\$16,434,700	\$17,352,550
LICENSES & PERMITS					
Building Permits	\$1,471,240	\$1,665,452	\$1,449,200	\$1,449,200	\$1,512,400
Plumbing Permits	188,714	191,884	157,000	157,000	167,000
Electrical Permits	278,566	266,843	239,000	239,000	250,000
Heating Permits	285,764	302,570	270,000	270,000	280,000
On Sale Liquor Licenses	205,202	162,267	190,000	190,000	198,000
Food Handlers Licenses	135,698	135,954	134,800	134,800	135,000
All Other Licenses & Permits	146,208	168,366	170,000	170,000	172,000
TOTAL LICENSES & PERMITS	\$2,711,392	\$2,893,336	\$2,610,000	\$2,610,000	\$2,714,400
INTER-GOVERNMENTAL REVENUE					
Homestead/Market Value Credit	\$0	\$0	\$0	\$0	\$0
Public Safety State Aid	351,892	359,005	330,000	750,300	750,000
MSA Maintenance	69,765	69,765	70,000	70,000	70,000
Local Government Aid	0	326	0	0	0
Other Grants/Aid	150,203	97,899	103,000	62,700	42,500
TOTAL INTER-GOVERNMENTAL	\$571,860	\$526,995	\$503,000	\$883,000	\$862,500
TRANSFERS					
Transfer From Utility Fund	\$582,000	\$640,000	\$665,600	\$665,600	\$701,500
Transfer From Spec. Assess. Fund	15,447	27,000	28,000	28,000	29,500
Transfer From Ice Arena Fund	21,000	22,000	23,000	23,000	24,200
Transfer From Cable TV Fund	21,000	22,000	23,000	23,000	24,200
Transfer From Insurance Fund	(60,000)	0	0	0	0
Transfer From Development Fund	0	0	0	0	164,800
Transfer From Environmental Fund	36,000	38,000	40,000	40,000	42,100
Transfer From Williston Center	21,000	22,000	23,000	23,000	24,200
Transfer From Gray's Bay Marina	22,000	23,000	24,000	24,000	25,300
Transfer From Storm Water Fund	45,000	50,000	52,000	52,000	54,800
TOTAL TRANSFERS	\$703,447	\$844,000	\$878,600	\$878,600	\$1,090,600
OTHER INCOME					
Court Fines	\$373,382	\$379,902	\$320,000	\$370,000	\$346,000
Investment Income	182,385	232,984	275,000	337,000	562,000
TIF Administration	356,116	332,571	370,000	269,100	0
Miscellaneous Income	313,865	334,088	274,050	274,050	349,100
School Liaison Reimbursement	88,909	192,296	245,000	245,000	245,000
Recreation Receipts	810,383	924,863	932,400	1,013,400	1,010,500
Community Center Rental	60,591	75,948	80,000	80,000	83,000
Tower Antenna Rental	167,468	189,336	184,000	204,200	214,500
Prosecution Services	51,368	60,492	62,900	62,900	66,300
Change in Value of Investments	(45,015)	(24,537)	0	0	0
TOTAL OTHER INCOME	\$2,359,452	\$2,697,943	\$2,743,350	\$2,855,650	\$2,876,400
TOTAL REVENUES	\$21,255,195	\$22,918,120	\$23,169,650	\$23,661,950	\$24,896,450

POLICE DEPARTMENT

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$5,816,611	\$5,885,321	\$6,215,300	\$6,256,600	\$6,522,800
Supplies	272,316	317,497	291,300	291,300	332,000
Other Services & Charges	616,288	755,864	828,200	846,100	884,300
Capital Outlay	41,408	45,526	60,000	219,800	231,300
Totals	\$6,746,623	\$7,004,208	\$7,394,800	\$7,613,800	\$7,970,400
Method of Financing					
General Fund	\$6,746,623	\$7,004,208	\$7,313,900	\$7,391,200	\$7,746,400
Drug and DWI Forfeiture Funds	0	0	20,000	20,000	140,000
Special Revenue - Grants	0	0	60,900	202,600	84,000
Totals	\$6,746,623	\$7,004,208	\$7,394,800	\$7,613,800	\$7,970,400
Number of Employees (FTEs)	75.35	75.35	76.35	76.35	76.35

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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Budget</u>
Community Survey Satisfaction	95%	97%	95%	95%
Calls for Service	35,604	34,721	35,000	35,500
Criminal Offenses - adult	2,198	2,398	2,400	2,750
Criminal Offenses - juvenile	773	808	650	750
Emergency Calls (Medicals,alarms)	4,185	5,897	6,000	6,500
Traffic Response	5,140	6,669	8,606	10,000

Budget Comments/Issues:

The 2007 budget for the Police Department will increase officer overtime for dedicated traffic enforcement.

- Council direction to spend \$27,000 in officer overtime on dedicated traffic enforcement is accomplished within the parameters of the existing overtime budget with only \$9,300 of new money added. The increase in number of traffic response calls above reflects the increased enforcement effort.
- Changing demographics in the city are impacting the volume of service calls by the police department, particularly in the areas of medicals and other emergency calls.
- The higher price of fuel for police vehicles significantly affects the 2006 and 2007 budgets for supplies.
- 2007 other services budget includes increased LOGIS fees for the implementation and ongoing maintenance of a critical technology updates.
- "Capital outlay" in 2007 includes \$120,000 for a digital video recording system and an in-car video system approved within the Capital Improvement Program to be financed by Drug & DWI Forfeiture funding.
- The Grants Special Revenue Fund includes one time federal grants, along with E-911 funding from the state. In general, federal grant funds for law enforcement are no longer available.

FIRE DEPARTMENT

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$853,994	\$854,292	\$887,000	\$893,400	\$935,200
Supplies	93,640	114,753	116,300	126,200	145,300
Other Services & Charges	178,882	210,935	285,100	592,100	673,600
Capital Outlay	4,055	8,187	15,000	15,000	17,000
Totals	\$1,130,571	\$1,188,166	\$1,303,400	\$1,626,700	\$1,771,100
Method of Financing					
General Fund	\$1,130,571	\$1,188,166	\$1,303,400	\$1,626,700	\$1,771,100
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:	2004 ACTUAL	2005 ACTUAL	2006 ESTIMATE	2007 PROJECTED
% of firefighters meeting OSHA & NFPA training	99	100	100	100
ISO rating (1 - 10)	3	3	3	3
Average response time to structure fires (minutes)	7.8	5.5	5.5	6.0
Number of paid-on-call firefighters	71	76	74	75
Number of fire calls	573	632	618	625
Number of false alarms	305	176	192	195

Budget Comments/Issues:

The 2007 budget for the Fire Department includes increased funds for an accelerated replacement schedule of fire fighter turnout gear, the new ReadyMinnetonka program, and shifting a Fire Maintenance Technician to Fire Marshal to assist in public education and new programming.

- 2007 "Clothing" includes an additional \$14,000 for an accelerated schedule for turnout gear replacement. Gear will be replaced at an average rate of 5 years under this updated schedule.
- The 2007 budget will accommodate implementation of a new program called *ReadyMinnetonka*, which was begun at the end of 2006. The program's goals are to improve community understanding of and involvement in emergency preparedness through partnering with businesses, neighborhoods and schools. Full-time staffing structures were altered to meet the administrative needs of the program.
- 2006 estimates and 2007 budget for "Other Services and Charges" include an auditor recommended change in accounting to reflect State Fire Aid paid (approximately \$400,000 per year) to the city that is used as a contribution to the Relief Association's pension fund. Because there are offsetting revenues for these expenses, the change in costs is net-zero.
- 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 liability is fully funded, the city's budgeted contribution (\$74,000 annually) is transferred to a city reserve for potential future requirements. The 2006 analysis revealed that the fund is fully funded at this time, and therefore, an offsetting drop in expenditures for "Other Services" reflects the transfer of these funds to the reserve, since they will not be spent.

LEGAL DEPARTMENT

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$475,705	\$560,551	\$542,800	\$548,700	\$568,100
Supplies	5,351	5,409	6,000	6,000	6,000
Other Services & Charges	35,041	56,326	62,150	58,200	59,700
Capital Outlay	487	7,294	500	1,900	3,650
Totals	\$516,584	\$629,580	\$611,450	\$614,800	\$637,450
Method of Financing					
General Fund	\$516,584	\$629,580	\$611,450	\$614,800	\$637,450
Drug and DWI Forfeiture Funds	0	0	0	0	0
Totals	\$516,584	\$629,580	\$611,450	\$614,800	\$637,450
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 also in the cities of Minnetrista and St. Bonifacius, which 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, including providing legal advice to the City Council and staff, answering questions of citizens regarding city ordinances, providing staff support to the Charter Commission, and representing the city in uninsured litigation.

<u>Key Measures:</u>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Cases in District Court:	1,977	2,060	2,000	2,000
Minnetonka	1,670	1,774	1,700	1,700
Contract cities	307	286	300	300
Cases opened and processed by staff:	1,296	1,313	1,345	1,325
Minnetonka	1,142	1,124	1,177	1,150
Contract cities	154	189	168	175
Customers rating staff at above average or excellent	88%	82%	80%	80%
Council/Charter Comm. rating staff at above average or excellent	100%	89%	85%	85%

Budget Comments/Issues:

The 2007 budget for the Legal Department maintains current level services, but includes increased one-time costs for technology purchases.

- In 2007, the department will upgrade three workstations to dual monitors in order to accommodate staff concurrent use of multiple applications.
- The Legal Department requires a new case management system to better coordinate with District Court and CrimNet. The city attorney is continuing to explore the option of using the new Minneapolis system along with other cities. Because the purchase price and timing are currently unknown, these amounts are not included in the 2007 budget for now. When the system is purchased, 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.

ENVIRONMENTAL HEALTH DIVISION - Community Development Department

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$188,385	\$207,593	\$249,300	\$249,300	\$257,000
Supplies	1,590	3,136	4,500	4,500	5,000
Other Services & Charges	5,685	7,484	12,200	12,200	12,500
Capital Outlay	0	0	1,000	1,000	1,000
Totals	\$195,660	\$218,213	\$267,000	\$267,000	\$275,500
Method of Financing					
General Fund	\$195,660	\$218,213	\$267,000	\$267,000	\$275,500
Number of Employees (FTEs)	2.5	2.5	3.0	3.0	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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Number of licensed establishments	777	768	775	780
Number of nuisance complaints	421	532	550	550
Percentage of all licensed establishments completed annually	100%	100%	100%	100%
Percentage of plans reviewed within 10 days	88%	84%	85%	85%
Percentage of all significant public health complaints responded to within 2 days	100%	100%	100%	100%

Budget Comments/Issues:

The 2007 budget for the Environmental Health Division will maintain current services.

STREET MAINTENANCE DIVISION - Public Works Department

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$1,352,156	\$1,436,442	\$1,541,200	\$1,545,900	\$1,575,400
Supplies	619,293	569,944	536,050	515,300	557,000
Other Services & Charges	676,984	741,954	700,250	813,400	840,100
Capital Outlay	0	0	0	0	0
Totals	\$2,648,433	\$2,748,340	\$2,777,500	\$2,874,600	\$2,972,500
Method of Financing					
General Fund	\$2,648,433	\$2,748,340	\$2,777,500	\$2,874,600	\$2,972,500
Number of Employees (FTEs)	22.6	22.6	22.6	22.6	22.5

Description of Services:

The Street Maintenance Division of the Public Works Department is responsible for maintenance of 254 miles of municipal right-of-way including pavement maintenance, snow plowing, drainage, pavement markings, street signs, semaphores, street lighting, roadside mowing and tree trimming.

<u>Key Measures:</u>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
• Number of full-scale plowing events required	5	6	7	7
• Tons of salt used	4,659	4,200	4,500	4,500
• Tons of bituminous mix laid	10,113	10,545	14,000	14,000
• Number of signs installed	826	547	174	180
• Miles of city streets maintained	253	253	254	254

Budget Comments/Issues:

The 2007 budget for the Street Maintenance Division includes increased funding for energy related items such as bituminous mix, tack oil, natural gas and motor fuels.

- This division is responsible for completing the third year of the neighborhood thin-overlay program. A portion of the costs for the program is budgeted above, and the remainder is financed through the Capital Improvement Program by the Street Improvement Fund.
- Energy pricing volatility will affect heating, lighting, bituminous mix, motor fuels and supplies that have a transportation component. Higher fuel-related costs in 2006 and 2007 are reflected in the "Supplies" budget above, and likewise, higher electricity costs for city street lighting are reflected in "Other Services and Charges."
- The division will increase drainage maintenance efforts in 2007 to assure compliance with NPDES permit requirements.
- The division is scheduled to purchased a work management software system in 2007, the costs of which are reflected in "Other Services and Charges" above.

FLEET MAINTENANCE DIVISION - Public Works Department

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$397,867	\$407,337	\$422,300	\$438,300	\$429,000
Supplies	496,456	553,250	523,700	636,100	647,000
Other Services & Charges	195,028	189,667	142,600	187,200	150,900
Capital Outlay	8,975	9,959	10,000	10,000	30,000
Fund Transfers	(1,092,709)	(1,141,047)	(1,089,100)	(1,271,600)	(1,256,900)
Totals	\$5,617	\$19,166	\$9,500	\$0	\$0
Method of Financing					
General Fund	\$5,617	\$19,166	\$9,500	\$0	\$0
Number of Employees (FTEs)	5.60	5.60	5.60	5.63	5.53

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 245 vehicles and heavy and light support equipment. The fleet includes 17 marked police vehicles and squad cars as well as 28 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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
● Number of work orders completed	2,070	1,970	2,100	2,100
● Gallons of fuel consumed	141,726	149,455	148,000	147,400
● Average cost per gallon of gas/diesel fuels	\$1.419	\$1.906	\$2.299	\$2.500
● Gallons of oil consumed	2,447	1,950	2,200	2,200

Budget Comments/Issues:

The 2007 budget for the Fleet Maintenance Division maintains the current service levels, but reflects larger increases in fuel costs and repair parts.

- Cost of gasoline and diesel fuel will be a concern because of pricing volatility.
- The escalating price of repair parts is reflected in above average increases in both "Supplies" and "Other Services and Charges" sections of the budget.

BUILDING MAINTENANCE DIVISION - Public Works Department

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$332,481	\$332,704	\$394,800	\$383,800	\$413,600
Supplies	51,928	60,985	66,700	67,200	67,000
Other Services & Charges	311,334	373,397	351,500	362,200	372,700
Capital Outlay	2,114	0	1,500	1,500	1,500
Totals	\$697,857	\$767,086	\$814,500	\$814,700	\$854,800
Method of Financing					
General Fund	\$697,857	\$767,086	\$814,500	\$814,700	\$854,800
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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
• Number of buildings maintained	14	14	14	14
• Number of work orders completed	526	607	625	650
• Heat energy used (THM)	94,349	127,804	102,000	105,000
• Average cost of heat energy used (per THM)	\$0.905	\$0.901	\$1.176	\$1.190
• Electrical energy used (kWh)	1,889,135	1,935,962	1,850,000	1,860,000
• Average cost of electric energy used (per kWh)	\$0.062	\$0.067	\$0.072	\$0.074

Budget Comments/Issues:

The 2007 budget for the Building Maintenance Division maintains the current level of services but incorporates increased costs for energy related utilities.

- The volatility of electrical and fossil fuel energy continues to be an issue for 2007.
- An energy audit will be undertaken in 2007 to see where improvements can be made to save energy use and work towards meeting a 10 percent use reduction goal.

JOINT RECREATION - Recreation Services Department

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$811,091	\$628,226	\$714,400	\$721,400	\$716,500
Supplies	104,789	113,322	98,800	101,600	76,600
Other Services & Charges	561,574	459,602	421,700	454,000	458,700
Capital Outlay	6,029	1,494	2,000	2,000	2,000
Totals	\$1,483,483	\$1,202,644	\$1,236,900	\$1,279,000	\$1,253,800
Method of Financing					
General Fund	\$1,483,483	\$1,202,644	\$1,236,900	\$1,279,000	\$1,253,800
Number of Employees (FTEs)					
	6.8	6.8	6.8	6.7	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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Number of program participants	33,492	33,385	34,000	34,500
Number of scholarships approved	109	101	110	115
Total value of scholarships approved	\$4,717	\$5,044	\$5,800	\$6,000
Percentage of expenses covered by fee revenues*	68.2%	66.8%	66.4%	67.0%
Adult sports teams registered	555	564	500	475
Shady Oak Beach season passes sold	1,920	2,104	2,441	2,500

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

Budget Comments/Issues:

The 2007 Joint Recreation budget maintains current level services.

- The 2006 estimate and 2007 budget above exclude expenditures for the Minnetonka Recreation Division, which are separated for those years in later pages of the budget.
- Two significant expenses for 2007 include a business study that will be completed on Shady Oak Beach (\$10,000) and a new point-of-sale system for the Recreation Services Department (\$3,800).
- The decrease in the 2007 personnel budget reflects a change in salary allocation between Minnetonka and Joint Recreation for two full-time positions - Recreation Services Director and Program Division Manager.
- One primary goal of this division for 2007 is to promote the "Step Up to Health" initiative and offer new programs that are designed to get less active people to be more active. Many new classes in the area of health and fitness will be offered, resulting in an increase in temporary salaries. All expenditure increases for these programs will be offset by revenues.
- The 2006 estimate includes \$32,000 in expenses for sales tax, interest and penalties related to revenues at Shady Oak Beach as found in a Minnesota Department of Revenue audit for the period from April 2003 through August 2006.

MINNETONKA RECREATION - Recreation Services Department

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$0	\$169,409	\$176,600	\$178,500	\$196,400
Supplies	0	8,191	3,000	5,200	16,000
Other Services & Charges	0	224,044	245,700	234,900	246,800
Capital Outlay	0	0	0	0	0
Totals	\$0	\$401,644	\$425,300	\$418,600	\$459,200
Method of Financing					
General Fund	\$0	\$401,644	\$425,300	\$418,600	\$459,200
Number of Employees (FTEs)	0.0	0.9	0.9	0.9	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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Minnetonka playground household registrations	564	467	531	550
Playground locations	8	5	6	6
Warming house days of operation	48	53	31	50
Arts Center auditorium hours utilized by MAM	87	88	88	90
Adopt-A-Sign locations	25	35	36	36

Budget Comments/Issues:

The 2007 Minnetonka Recreation Division budget maintains current level services and support.

- Personnel costs above reflect seasonal and temporary employees hired annually.
- The increase in the 2007 personnel budget is a result of a change in salary allocation between Minnetonka and Joint Recreation for two full-time positions - Recreation Services Director and Program Division Manager.
- The 2007 "Other Services & Charges" budget reflects an increase in Lindbergh Center expenses primarily needed to accommodate higher utility costs.
- Increased use of the Arts Center for city and school district purposes has resulted in less space available for rental income.

PARKS & TRAILS DIVISION - Public Works Department

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$830,031	\$877,439	\$725,800	\$739,500	\$730,800
Supplies	119,367	125,771	137,500	142,400	150,400
Other Services & Charges	544,214	617,272	292,000	289,250	363,100
Capital Outlay	2,799	15,783	8,000	8,000	8,000
Totals	\$1,496,411	\$1,636,265	\$1,163,300	\$1,179,150	\$1,252,300
Method of Financing					
General Fund	\$1,496,411	\$1,636,265	\$1,163,300	\$1,179,150	\$1,252,300
Number of Employees (FTEs)	8.60	11.20	12.20	9.63	9.51

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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Number of parks maintained	49	49	49	50
Miles of trail and sidewalk maintained	79	79	83	86
Number of parks upgraded	7	5	4	5
Number of ice rinks maintained - Hockey	10	10	10	10
- Open	8	8	8	8

Budget Comments/Issues:

The 2007 budget for the Parks and Trails Maintenance Division maintains current service levels for an increasing inventory of city park and trail resources.

- This will be the fifth year of the Parks Renewal Program; the costs are budgeted under the Park Bond Fund.
- Enhanced maintenance of parks, trails and public areas will be increased by the addition of a second Inter-Community Work Crew that will partially take the place of various contractors and seasonals that are currently utilized. The contract costs are budgeted in "Other Services and Charges."

NATURAL RESOURCES DIVISION - Public Works Department

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$0	\$0	\$353,200	\$345,100	\$371,100
Supplies	0	0	14,300	6,750	9,100
Other Services & Charges	0	0	310,200	265,100	302,100
Capital Outlay	0	0	1,000	1,000	500
Totals	\$0	\$0	\$678,700	\$617,950	\$682,800
Method of Financing					
General Fund	\$0	\$0	\$511,200	\$450,450	\$505,800
Environmental Fund	0	0	105,800	105,800	111,300
Storm Water Fund	0	0	61,700	61,700	65,700
Totals	\$0	\$0	\$678,700	\$617,950	\$682,800
Number of Employees (FTEs)	0.0	0.0	0.0	4.6	4.5

Description of Services:

The Natural Resources Division manages all planning, development and stewardship 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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
No. of diseased trees removed	2,944	2,331	2,516	2,300
Trees planted	60	76	66	85
Private trees planted through city's tree sale	N/A	N/A	N/A	150
No. of permits reviewed/inspected for natural resource compliance	292	302	319	320
No. of water resource education pgms conducted	4	7	8	9
Acres of conservation easements acquired	30.9	16.6	12.0	15.0
No. of development projects reviewed	161	126	120	130
No. of volunteer programs conducted	4	6	8	10

Budget Comments/Issues:

The 2007 budget for the Natural Resources Division provides for the enhancement of public natural resource stewardship and education, while at the same time maintaining current regulation levels of diseased trees by capping city removal costs for the latter program.

- The division's 2007 budget for removal of diseased trees on public property reflects a new cost-share program with property owners for the removal of boulevard trees and stump grinding on public boulevard easements as well as a cost-share program for oak wilt injections.
- These cost-saving measures will provide revenue for the expansion of reforestation and stewardship through a city-administered tree sale for residential private property owners and contracted costs for a native plant gardener to enhance maintenance of city-owned native plantings.
- The division also administers the stewardship of all natural open space areas owned by the city with funds budgeted in the Park Dedication Fund through the Capital Improvements Program.

COMMUNITY FACILITIES DIVISION - Recreation Services Department

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$350,645	\$355,813	\$380,700	\$377,700	\$406,300
Supplies	12,646	13,831	16,500	15,500	16,500
Other Services & Charges	101,433	101,665	119,700	124,700	127,900
Capital Outlay	11,931	16,216	21,500	21,500	21,700
Totals	\$476,655	\$487,525	\$538,400	\$539,400	\$572,400
Method of Financing					
General Fund	\$476,655	\$487,525	\$538,400	\$534,400	\$566,400
Cemetery Fund	0	0	0	5,000	6,000
Totals	\$476,655	\$487,525	\$538,400	\$539,400	\$572,400
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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Total rental revenue	\$60,608	\$76,606	\$80,000	\$82,500
Total Community Center hours reserved	11,664	8,788	9,300	9,300
Total satellite facility hours reserved	1,633	1,671	1,825	1,700

Budget Comments/Issues:

The 2007 budget for the Community Facilities Division provides current level services, but anticipates significant increases in utility expenses.

- Revenue growth has peaked in 2006-07 since the rental rate increase went into effect in 2004.
- Satellite facility hours reserved are expected to decrease in 2007 in anticipation of West Suburban Alano meeting at its new facility.
- Interior improvements are expected to be made in the community center in 2007 using funds from the Capital Replacement Fund as approved in the Capital Improvement Program.

SENIOR SERVICES - Recreation Services Department

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$26,999	\$18,821	\$25,100	\$23,700	\$138,000
Supplies	3,519	2,346	3,400	44,000	30,100
Other Services & Charges	149,438	142,945	148,600	148,200	44,000
Capital Outlay	867	792	1,000	100	500
Totals	\$180,823	\$164,904	\$178,100	\$216,000	\$212,600
Method of Financing					
General Fund	\$180,823	\$164,904	\$178,100	\$216,000	\$212,600
Number of Employees (FTEs)	0.5	0.5	0.5	0.5	2.5

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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Number of program participants	5,575	5,590	5,580	5,600
Survey rating on "program expectations" (good/excellent)	93.3%	93.5%	93.5%	93.5%
Survey rating on "program quality" (good/excellent)	97.7%	97.7%	97.7%	97.7%
Number of senior volunteers used	286	280	272	265
Number of volunteer hours donated	17,800	17,250	16,800	16,700
Number of sponsored individual clubs or groups	25	26	27	27

Budget Comments/Issues:

The 2007 budget for Senior Services restructures funding to more efficiently manage the growing program using full-time city staff in lieu of our current contract for services with a non-profit organization.

- The increase in 2007 "Personnel" costs and related number of employees is generally offset by a budget reduction in "Other Services & Charges", which reflects the elimination of a service contract with Senior Community Services (SCS). SCS will continue to provide some specific contracted services to the city.
- The 2006 and 2007 increases in expenditures for "Supplies" reflect the incorporation into the city of funds and related transactions that had previously been overseen by the Senior Advisory Board within a separate checking account. A \$24,000 reserve balance of these funds is now held within the General Fund.
- 2007 expenditures for "Supplies" is reduced from 2006 levels, because participants in defensive driving classes will now register directly with the Minnesota Safety Council.
- National trends for non-profit organizations reveal that fewer people are volunteering across the board, and the key measures above reflect those trends.

PLANNING DIVISION - Community Development Department

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$427,223	\$447,347	\$523,700	\$523,700	\$527,600
Supplies	7,805	7,402	7,700	7,700	7,700
Other Services & Charges	19,385	23,182	20,300	20,600	21,500
Capital Outlay	950	6,237	1,700	1,400	1,700
Totals	\$455,363	\$484,168	\$553,400	\$553,400	\$558,500
Method of Financing					
General Fund	\$455,363	\$484,168	\$553,400	\$553,400	\$558,500
Number of Employees (FTEs)	6.70	5.63	5.88	6.970	6.970

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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Number of planning applications received	171	168	160	165
Number of building permits reviewed	1,195	1,120	850	900
Number of grading permits issued	24	21	16	20
Number of sign permits issued	100	100	105	100

Budget Comments/Issues:

The 2007 budget for the Planning Division incorporates the reorganization of the Planning Department with the Community Development Department.

- Reorganization of the Planning Department included changing the Planning Director position to City Planner.
- 2007 personnel costs include a reduction for overtime to help cover the cost of the shared Code Enforcement position for Community Development.
- 2006 and 2007 personnel costs reflect a new planning technician position that replaced the previous full-time intern.
- The costs for the part-time clerical position shared with the Engineering Department has been reallocated beginning 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	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$881,971	\$833,844	\$949,400	\$934,400	\$1,000,900
Supplies	16,051	19,719	19,900	19,900	19,600
Other Services & Charges	81,290	154,105	130,400	129,200	134,800
Capital Outlay	0	0	0	0	0
Totals	\$979,312	\$1,007,668	\$1,099,700	\$1,083,500	\$1,155,300
Method of Financing					
General Fund	\$979,312	\$1,007,668	\$1,099,700	\$1,083,500	\$1,155,300
Number of Employees (FTEs)	11.40	11.40	10.78	10.78	10.78

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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Number of neighborhood meetings held	17	7	8	8
Number of project newsletters sent out	3,652	2,954	2,624	2,750
Number of property acquisitions for construction projects	9	22	9	25
Number of construction projects underway	14	1	7	6
Number of construction projects completed	12	5	6	5
Number of customer service surveys sent out	397	297	270	300
Percentage of customers satisfied with project (rated as average or greater)	92%	84%	85%	85%
Number of traffic/speed counts taken	93	56	65	75

Budget Comments/Issues:

The 2007 budget for the Engineering Department continues to provide funding for current-level services under the intensified project schedule begun in 2005.

- 2007 "Personnel" expenditures reflect higher costs to compensate for a vacancy that was filled in 2006.
- In 2007, the department will begin a four-year project to survey all sections of the city for speeding compliance. The results will assist the Police Department with its enhanced traffic enforcement program.
- 2006 estimated personnel expenditures reflects the delay in filling the Assistant City Engineer position.

COMMUNITY DEVELOPMENT DEPARTMENT

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$1,055,598	\$1,094,537	\$1,153,600	\$1,124,300	\$1,242,400
Supplies	15,531	18,892	21,400	23,000	24,800
Other Services & Charges	90,187	93,236	117,400	113,800	118,600
Capital Outlay	494	441	3,500	3,500	3,000
Totals	\$1,161,810	\$1,207,106	\$1,295,900	\$1,264,600	\$1,388,800
Method of Financing					
General Fund	\$1,161,810	\$1,207,106	\$1,295,900	\$1,264,600	\$1,388,800
Number of Employees (FTEs)	14.55	14.55	14.55	14.55	15.55

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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Permits issued	5,964	5,673	6,000	6,100
Construction value	\$128 million	\$122 million	\$120 million	\$120 million
Survey rating "very pleased" or "pleased" for job-site inspections	98%	100%	95%	95%

Budget Comments/Issues:

The 2007 budget for Community Development includes increased personnel costs for an additional code enforcement position designed to enhance the coordination of these services with other city divisions, including the Natural Resources Division and Planning.

- Personnel costs for the additional code enforcement position are partially funded with reductions in overtime budgeted for the Planning Division.
- The increased 2007 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	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$68,743	\$58,080	\$62,900	\$62,900	\$62,900
Supplies	0	0	0	0	0
Other Services & Charges	246,284	249,780	273,600	243,500	227,200
Capital Outlay	0	0	0	0	0
Transfers to Other Funds	0	0	0	0	49,200
Totals	\$315,027	\$307,860	\$336,500	\$306,400	\$339,300
Method of Financing					
General Fund	\$315,027	\$307,860	\$336,500	\$306,400	\$339,300
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); and participating in a joint powers organization (Bassett Creek). 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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Percent of residents rating "Quality of Life" in the city as Good or Excellent.	97%	96%	99%	98%
Number of city council meeting dates (regular and study sessions)	34	39	37	38
Number of board, commission and task force appointments/reappointments	54	31	34	40

Budget Comments/Issues:

The 2007 budget for the Mayor and City Council includes a change in funding to begin shifting the cost of LMCD dues to the Gray's Bay Marina fund.

- Over the next several years, costs for LMCD dues will be incrementally shifted to the Gray's Bay Marina enterprise fund. The expense has been moved from "Other Services & Charges" to "Transfer to Other Funds".
- At the mayor's request, the city will not renew its membership with the U.S. Conference of Mayors.
- A one-time allocation of \$20,000 is provided for a community visioning process to occur at the outset of the update of the city's comprehensive guide plan.

ADMINISTRATIVE SERVICES DEPARTMENT

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$724,129	\$741,060	\$816,800	\$879,100	\$874,000
Supplies	11,634	21,624	21,000	21,000	26,000
Other Services & Charges	201,116	162,713	220,800	196,400	239,800
Capital Outlay	0	749	2,000	2,000	2,000
Totals	\$936,879	\$926,146	\$1,060,600	\$1,098,500	\$1,141,800
Method of Financing					
General Fund	\$936,879	\$926,146	\$1,060,600	\$1,098,500	\$1,141,800
Number of Employees (FTEs)	8.0	8.0	8.5	8.5	9.0

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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Number of recruitments - Regular	31	23	17	20
Number of recruitments - Seasonal	300+	300+	300+	300+
Number of registered voters	39,289	35,548	35,541	36,000
Number of absentee voters	5,139	443	5,000	500
Information Desk approval survey ratings	95%	99%	91%	95%
Human Resources approval survey ratings	96%	97%	96%	97%

Budget Comments/Issues:

The 2007 budget for Administrative Services provides full funding of the city clerk and increased election expenses related to mandated voting equipment.

- The 2006 adjusted budget includes an additional \$62,000 in personnel costs for severance pay paid to two long-term retiring employees.

- Due to a shift in job duties, the city clerk position is now 100% funded in the Administrative Services budget.

Previously it was split between this budget and the Cable Fund.

- A consultant will be hired in 2007 to assist with evaluating all benefits for recruitment and retention of employees.

- The new mandated "Automark" election equipment that allows voting accessibility at every precinct requires a \$5,000 service contract with ongoing annual costs.

INFORMATION TECHNOLOGY DIVISION - Administrative Services Department

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$213,962	\$213,483	\$227,500	\$185,600	\$244,900
Supplies	1,582	1,501	1,500	1,500	2,000
Other Services & Charges	162,886	169,751	190,900	202,950	195,200
Capital Outlay	0	0	0	0	0
Totals	\$378,430	\$384,735	\$419,900	\$390,050	\$442,100
Method of Financing					
General Fund	\$378,430	\$384,735	\$419,900	\$390,050	\$442,100
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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Number of Help Desk requests	1,602	2,053	2,000	2,200
Number of locations supported	15	15	17	17
Customer satisfaction survey rating average (Scale = 0-2)	2	2	2	2

Budget Comments/Issues:

The 2007 budget for the Information Technology Division funds services at current levels.

- Personnel costs for 2006 do not reflect a typical year due to a long staff vacancy.
- New aerial mapping software called "Pictometry" was acquired in 2006.

FINANCE DEPARTMENT

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$466,945	\$453,280	\$495,800	\$497,600	\$523,200
Supplies	5,859	5,064	5,000	5,000	5,500
Other Services & Charges	97,564	110,440	111,500	123,400	101,100
Capital Outlay	1,000	250	1,000	1,000	1,000
Totals	\$571,368	\$569,034	\$613,300	\$627,000	\$630,800
Method of Financing					
General Fund	\$571,368	\$569,034	\$613,300	\$627,000	\$630,800
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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimate</u>	2007 <u>Projected</u>
Number of utility customer accounts	16,549	16,622	16,689	16,756
Average # of payment checks processed per month	619	620	624	620
Average payroll count (incl. FT, PT, firefighters)	415	363	365	375
Annual rate of return on investments	2.20%	2.99%	3.25%	3.50%
Customers rating services at "above average" or "excellent"	97.2%	92.4%	92.0%	92.0%
GFOA Award for Excellence in Financial Reporting	Awarded	Awarded	Awarded	Awarded

Budget Comments/Issues:

The 2007 budget for the Finance Department provides current level services and reflects the reorganization of the Assessing Division with Finance.

- Increased personnel costs in 2007 reflect increased responsibilities associated with the reorganization of the Assessing Division from the Community Development Department to the Finance Department and other staff market adjustment costs.
- The utility billing system provided to the city through the LOGIS consortium will be significantly upgraded during 2007. Additional temporary staff and some equipment will be required for the nine-month process. The temporary and one-time costs associated with the upgrade project as well as annual LOGIS costs are financed directly by the Utility Fund. Costs of ongoing utility billing staff are budgeted above and reimbursed to the General Fund by the Utility Fund.
- The 2006 estimate includes \$14,000 in expenses for sales tax and interest as found in a Minnesota Department of Revenue audit for the period from April 2003 through August 2006.
- Long-term financial issues include the potential conversion from quarterly to monthly utility billing after the replacement of all city water meters scheduled for completion in 2009, and the department will be evaluating the need to purchase software for capital budget development.

ASSESSING DIVISION - Finance Department

Expenditures by Type	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Personnel	\$464,267	\$477,030	\$507,200	\$524,300	\$545,700
Supplies	4,964	6,864	7,100	7,100	7,300
Other Services & Charges	92,844	85,151	98,600	98,900	102,500
Capital Outlay	0	3,461	2,000	1,500	1,500
Totals	\$562,075	\$572,506	\$614,900	\$631,800	\$657,000
Method of Financing					
General Fund	\$562,075	\$572,506	\$614,900	\$631,800	\$657,000
Number of Employees (FTEs)	6.0	6.0	6.0	6.2	6.2

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 and March. 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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Total market values	\$6.9 billion	\$7.5 billion	\$8.1 billion	\$8.4 billion
Number of properties assessed	20,103	20,204	20,315	20,500
Sales Ratio (Target is 96.0)	95.8	96	96.3	96.3
Coefficient of Dispersion (Less than 10 is "good.")	4.9	5.2	5.2	5.2
Survey rating "excellent" or "good" from on-site appraisal visits	99%	99%	99%	99%

Budget Comments/Issues:

The 2007 budget for the Assessing Division provides additional funding of \$6,000 for hiring a temporary intern to accommodate a one-time reassessment project.

- Additional personnel costs in 2006 reflect a reorganization of current staff and positions.

CITY OF MINNETONKA

2007 ANNUAL BUDGET
GENERAL FUND

FUND General	DEPARTMENT Contingency				ACCT. NO. 1200
OBJECT NO.	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
6620 Contingency	\$0	\$0	\$25,000	\$25,000	\$75,000
TOTAL CONTINGENCY	\$0	\$0	\$25,000	\$25,000	\$75,000

CABLE TELEVISION FUND - Administrative Services Department

Revenues	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Cable TV Franchise Fee	\$460,624	\$491,015	\$465,000	\$465,000	\$465,000
Investment Income	13,208	8,571	13,500	10,000	10,000
Miscellaneous Income	23,085	0	0	0	0
Totals	\$496,917	\$499,586	\$478,500	\$475,000	\$475,000
Expenditures by Type					
Personnel	\$182,499	\$184,520	\$212,600	\$192,100	\$164,400
Supplies	2,079	2,558	2,500	2,500	2,500
Other Services & Charges	198,130	167,605	202,000	214,000	204,000
Capital Outlay	39,580	59,052	54,000	248,000	84,000
Transfer Expenses	21,000	22,000	23,000	23,000	24,200
Totals	\$443,288	\$435,735	\$494,100	\$679,600	\$479,100
Surplus (Deficiency) of Revenues over Expenditures	53,629	63,851	(15,600)	(204,600)	(4,100)
Beginning Fund Balance	716,829	770,458	834,309	834,309	629,709
Ending Fund Balance	\$770,458	\$834,309	\$818,709	\$629,709	\$625,609
Number of Employees (FTEs)	2.90	2.75	2.75	2.75	2.25

Description of Services:

The Cable Television Fund was created in 1984 to enhance city communications both with the community and within the city's organization. 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, including broadcast of public meetings; publication of the *Minnetonka Memo*; upkeep of the city's Web site and intranet; and hosting the city events for residents such as Summer Festival and Burwell House Old-Fashioned Ice Cream Social and the City-Wide Open House.

<u>Key Measures:</u>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
# of newsletters printed and distributed each month	26,400	26,400	26,400	26,400
% residents rating the <i>Memo</i> "excellent" or "good"	91%	90%	90%	90%
Average visits per month to www.eminnetonka.com	25,904	35,515	49,000	55,000
Visitors to Open House and Summer Festival/Ice Cream Social (*2005 Open House cancelled)	16,000	11,100*	15,511	16,000
Number of meetings and special events televised on Channel 16	93	87	90	95

Budget Comments/Issues:

The 2007 budget for the Cable Television Fund includes enhanced services for web streaming as well as reallocation of costs related to a reorganization of responsibilities within Administrative Services. Future ongoing revenue to support the fund is at risk due to pending federal legislation.

- In 2007, the city will begin live web streaming and bookmarking of city council and planning commission meetings. One-time capital and consulting costs of \$15,000 and a recurring service contract of \$10,000 are reflected in the 2007 budget.
- 2007 personnel costs are reduced due to a shift in job duties, whereby the city clerk position is 100% funded in the Administrative Services Department budget. Previously, this cost was split 50:50 between the Cable Fund and Administrative Services.
- The 2007 budget reflects a \$16,000 shift due to completion of 50th anniversary events in 2006.
- 2006 capital outlay includes the completion of the fiber optic project.

ELECTRIC FRANCHISE FEES SPECIAL REVENUE FUND

Revenues	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Electric Franchise Fees	\$0	\$374,867	\$595,080	\$595,080	\$595,080
County Cost-Share Agreements	0	0	0	361,500	328,000
Investment Income	0	1,810	0	3,000	3,000
Totals	\$0	\$376,677	\$595,080	\$959,580	\$926,080
Expenditures by Type					
Overhead Utility Burial		\$60,260	\$472,000	\$1,734,000	\$656,000
Surplus/(Deficiency) of Revenues over/(under) Expenditure	0	316,417	123,080	(774,420)	270,080
Beginning Fund Balance	0	0	316,417	316,417	(458,003)
Ending Fund Balance	<u>\$0</u>	<u>\$316,417</u>	<u>\$439,497</u>	<u>(\$458,003)</u>	<u>(\$187,923)</u>

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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Miles of Utility Line Buried	0	1	3	2

Budget Comments/Issues:

The 2007 budget for the Electric Franchise Fee Fund finances the burial of lines on Shady Oak Road between Bren Road and Excelsior 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.
- Hennepin County cost-share revenues in 2007 have not yet been approved by the county for the burial of lines project on Shady Oak Road between Bren and CR3.
- The 2006 budget includes a joint project with Hennepin County to bury overhead lines and install decorative lights on CR101 including areas between Highway 7 and Minnetonka Boulevard. Total distribution of costs are not yet finalized, and some of these costs may not be realized until 2007.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

Revenues	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Federal Grant	\$134,300	\$89,221	\$221,600	\$164,000	\$112,000
Program Income	0	0	0	11,000	15,000
Totals	\$134,300	\$89,221	\$221,600	\$175,000	\$127,000
Expenditures by Type					
Housing Rehabilitation	\$128,490	\$64,221	\$188,400	\$100,000	\$81,878
Support Services	5,810	0	33,200	30,000	29,505
Support Housing (CIP)	0	25,000	0	0	0
WHAHLT	0	0	0	0	0
Cedar hills Rehabilitation	0	0	0	45,000	0
Administration	0	0	0	0	13,650
Fair Housing	0	0	0	0	1,967
Totals	\$134,300	\$89,221	\$221,600	\$175,000	\$127,000
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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Rehabilitation projects completed or underway	9	18	8	5
Average cost of rehabilitation project	\$19,167	\$17,500	\$19,000	\$19,000
Emergency repair projects completed or underway	N/A	3	10	15
Average cost of emergency repair project	N/A	\$5,000	\$5,000	\$5,000

Budget Comments/Issues:

The 2007 budget for the CDBG Fund provides for current level services.

- Due to changes in the administration of the CDBG program by Hennepin County, beginning in 2006 city staff began administering the program for the city.
- The Emergency Repair Program was first implemented in 2005.
- Program income is generated when there is an early repayment for a rehabilitation loan.
- The CDBG Grant Revenues vary from year to year based on decisions made by the federal government.

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UTILITY DIVISION / UTILITY FUND - Public Works Department

	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Revenues					
Water Sales & Sewer Rental	\$8,588,548	\$8,976,665	\$8,500,000	\$9,483,000	\$9,850,000
Investment Income	260,795	316,234	400,000	400,000	400,000
Met Council Grant	10,000	0	0	0	0
Bond Proceeds	3,560,000	0	0	0	0
Miscellaneous Income	46,010	698	2,000	1,000	2,000
Transfers In	0	100,000	100,000	100,000	0
Totals	\$12,465,353	\$9,393,597	\$9,002,000	\$9,984,000	\$10,252,000
Expenditures by Type					
Personnel	\$858,151	\$989,400	\$1,063,500	\$1,069,000	\$1,151,500
Supplies	354,981	380,810	388,400	455,500	555,700
Sewer Service Charge	3,035,891	3,318,098	3,304,600	3,304,600	3,402,000
Other Services & Charges	1,185,142	1,464,848	1,596,900	1,538,900	1,676,300
I & I Reduction Program	0	0	250,000	250,000	1,350,000
Capital Outlay	107,593	5,290,728	2,313,400	1,611,000	2,465,300
Bond Principal & Interest	411,001	949,404	1,088,574	1,088,574	1,144,105
Transfers to Other Funds	637,000	780,000	809,100	809,100	856,500
Totals	\$6,589,759	\$13,173,288	\$10,814,474	\$10,126,674	\$12,601,405
Surplus (Deficiency) of Revenues over Expenditures	\$5,875,594	(\$3,779,691)	(\$1,812,474)	(\$142,674)	(\$2,349,405)

Number of Employees (FTEs)	14.6	14.6	14.6	15.6	15.5
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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.

<u>Key Measures:</u>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
• Water pumped (million gallons)	2,644	2,605	3,100	3,200
• Water main breaks repaired	69	56	70	70
• Utility locate requests completed	9,702	10,651	10,000	11,000
• Miles of sewer cleaned	95	100	90	95
• No. of homes inspected for I & I	na	na	0	5,000

Budget Comments/Issues:

The 2007 Utility Division budget funds the same level of service for the upcoming year at the same time that it finances the undertaking of two major, multi-year projects - the Infiltration and Inflow (I&I) Reduction project and the change out of all residential water meters.

- The 2007 budget covers the first of five years required for the inspection and regulation of residential properties to reduce clear water inflow. Costs of the project may be as much as \$1.4 million annually and covers costs required to negate penalty surcharges from the Metropolitan Council as well costs for a grant program to assist homeowners with expensive compliance costs.

- In 2007, the department will also begin the replacement of all residential water meters with radio-read units. The project will result in more accurate assessments of water use and have significant impacts on meter reading as well as the administration of utility billing.

- The volatility of energy prices will significantly affect the cost of operating the utility.

WILLISTON CENTER - Recreation Services Department

Revenues	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Membership Fees	\$463,733	\$381,653	\$460,500	\$440,000	\$462,000
Tennis Court Fees	111,103	125,526	120,000	125,000	130,000
Sports Training Fees	39,175	9,391	15,000	15,000	15,000
Outside Participant Fees	56,368	62,737	55,000	62,000	65,000
Swim Lessons	6,300	9,840	10,000	10,000	12,000
Batting Cage Income	24,348	19,057	20,000	20,000	20,000
Rental Income	17,622	17,953	19,000	19,000	20,000
Investment Income	273	273	500	500	500
Miscellaneous	24,939	59,662	20,000	20,500	24,900
Totals	\$743,861	\$686,092	\$720,000	\$712,000	\$749,400
Expenditures by Type					
Personnel	\$294,389	\$301,978	\$320,200	\$320,500	\$341,100
Supplies	35,566	48,064	44,000	38,500	40,000
Other Services & Charges	243,594	267,342	269,300	282,500	284,500
Transfer Expenses	38,000	42,000	43,500	43,500	46,300
Totals	\$611,549	\$659,384	\$677,000	\$685,000	\$711,900
Surplus (Deficiency) of Revenues over Expenditures	\$132,312	\$26,708	\$43,000	\$27,000	\$37,500
Capital Outlay	\$0	\$170,000	\$28,000	\$27,000	\$22,500
Number of Employees (FTEs)	3.9	3.9	3.9	3.9	4.0

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.

<u>Key Measures:</u>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Total memberships sold	1,706	1,777	1,800	1,700
Daily fee (non-member) participants	11,274	12,972	14,436	13,000
Days of operation	359	358	358	358
Total recreation program hours	1,474	1,574	1,650	1,650
Percentage of operating expenses covered by revenue	122%	104%	104%	105%

Budget Comments/Issues:

The 2007 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.

- The cost of memberships will increase 7.5% in 2007 which equates to an increase in membership revenue of more than \$22,000.
- Electricity expenditures are expected to increase almost \$12,000 over the 2006 budgeted amount.
- 2005 "Capital Outlay" included costs for the new gym floor, exterior building improvements and new fitness equipment that were charged against and funded with the facility fund balance.

ICE ARENA - Recreation Services Department

Revenues	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Ice Rental	\$472,009	\$502,955	\$507,600	\$516,177	\$556,400
Concessions	21,799	20,537	35,000	35,000	35,000
Programs & Special Events	205,827	214,244	231,700	231,700	247,300
Miscellaneous	7,568	7,146	20,000	20,000	20,000
Investment Income	117	1,295	500	500	500
Totals	\$707,320	\$746,177	\$794,800	\$803,377	\$859,200
Expenditures by Type					
Personnel	\$360,621	\$366,755	\$372,800	\$374,800	\$389,900
Supplies	55,378	57,494	65,200	57,600	59,800
Other Services & Charges	295,136	275,109	283,300	307,875	335,700
Costs of Goods Sold	12,408	14,124	12,500	12,500	12,500
Transfer Expenses	53,000	42,000	58,500	43,500	46,300
Totals	\$776,543	\$755,482	\$792,300	\$796,275	\$844,200
Surplus(Deficiency) of Revenues over Expenditures	(\$69,223)	(\$9,305)	\$2,500	\$7,102	\$15,000
Capital Outlay	\$0	\$0	\$2,500	\$52,013	\$0
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.

	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
<u>Key Measures:</u>				
Ice rental hours sold	3,298	3,255	3,293	3,300
Registered skating lesson participants	1,520	1,432	1,597	1,500
Public skating/hockey hours offered	470	475	484	484
Public skating/hockey participants	6,970	6,739	6,800	6,800
Adult hockey teams registered	30	34	30	30
Total days of operation	343	340	341	340
% of operating expenses covered by revenue	91%	99%	101%	102%

Budget Comments/Issues:

While revenue earned by the Ice Arena remains strong, the enterprise is projected to contend with increasing cost pressures from rising energy rates through 2007.

- Ice rental rates will receive a market adjustment effective September 1, 2007.
- Rising 2006 and 2007 budgets for "Other Services & Charges" cover escalating energy costs. Natural gas expenditures for 2006 are expected to exceed the budgeted amount by \$17,000 and are projected to require an additional \$6,000 more in 2007. Electricity expenditures for 2006 are expected to exceed the budgeted amount by over \$26,000 and are projected to require an additional \$6,000 more in 2007 as well.
- 2006 capital expenditures for the Ice Arena include \$30,000 for the new entrance to Arena B as part of the Civic Center master plan, \$20,000 for the new electric Zamboni, and \$2,000 for concession stand repair as a result of vandalism.
- Increased expenses of over \$24,000 occurred in 2004 as a result of a cooling tower breakdown. The tower is scheduled for replacement in 2008 to prevent similar problems.

GRAY'S BAY MARINA - Recreation Services Department

	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Revenues					
Slip Rental	\$82,090	\$81,200	\$85,200	\$86,000	\$102,200
Fuel Sales	72,378	82,128	85,700	92,000	95,500
Other Revenue	2,756	2,033	2,100	2,300	2,300
Investment Income	1,048	2,159	800	1,800	1,500
Transfers In	0	0	0	0	49,200
Totals	\$158,272	\$167,520	\$173,800	\$182,100	\$250,700
Expenditures by Type					
Personnel	\$29,515	\$26,910	\$32,500	\$31,300	\$32,500
Supplies	48,426	59,714	71,700	80,000	84,200
Other Services & Charges	12,474	11,476	14,000	15,800	77,000
Transfer Expenses	28,000	30,500	31,700	31,700	33,600
Totals	\$118,415	\$128,600	\$149,900	\$158,800	\$227,300
Surplus (Deficiency) of Revenues over Expenditures	\$39,857	\$38,920	\$23,900	\$23,300	\$23,400
Capital Outlay	\$13,334	\$0	\$8,000	\$5,000	\$7,000
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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Total gallons of gas sold on site	24,694	24,452	24,300	24,500
Total days of operation	203	207	208	205
Slip lease rate	\$2,800	\$2,800	\$2,940	\$3,524
% of operating expenses covered by revenue	134%	130%	115%	110%

Budget Comments/Issues:

The 2007 budget for Gray's Bay Marina provides current level services and a strong financial position for the fund.

- Cost of fuel supply is expected to increase \$4,200 in 2007 and will be covered by increased retail prices.
- Per approval of the Department of Natural Resources, Gray's Bay Marina will begin to cover the fee charged to the city by the Lake Minnetonka Conservation District (LMCD). "Transfers in" revenue represents 80% of the \$60,200 cost that will be funded by the city's general fund in 2007. "Other Services & Charges" in 2007 includes this new expense to the enterprise.
- Slip lease rates will increase \$584 per slip (20%) to \$3,524 for the 2007 season. This includes an increase of \$379/slip (13%) to cover 20% of the LMCD fee and a Park Board approved increase of \$205/slip (7%) inflationary adjustment. Slip prices will continue to be increased over the course of several years with the goal of eventually funding 100% of the city's LMCD fee.

STORM WATER FUND - Engineering Department

	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Revenues					
Investment Income	\$15,365	\$26,376	\$15,000	\$15,000	\$15,000
Misc. Revenue	2,600	0	0	0	0
Storm Water Utility Charges	1,339,690	1,483,231	1,485,000	1,515,000	1,540,000
Totals	\$1,357,655	\$1,509,607	\$1,500,000	\$1,530,000	\$1,555,000
Expenditures by Type					
Personnel	\$3,346	\$91,906	\$52,000	\$46,200	\$55,000
Supplies	22,487	40,450	19,000	56,000	58,000
Other Services & Charges	20,740	103,098	98,100	127,800	120,400
Capital Outlay	513,638	2,528,282	823,300	1,316,246	1,278,000
Transfers to Other Funds	98,000	65,000	129,100	129,100	137,100
Totals	\$658,211	\$2,828,736	\$1,121,500	\$1,675,346	\$1,648,500
Surplus (Deficiency) of Revenues over Expenditures	\$699,444	(\$1,319,129)	\$378,500	(\$145,346)	(\$93,500)
Number of Employees (FTEs)	0.0	1.0	1.0	0.5	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 through monthly fees to property owners that are based upon parcel acreage, land use and related water runoff, and capital project needs.

	2004 Actual	2005 Actual	2006 Estimated	2007 Projected
<u>Key Measures:</u>				
Number of water quality samples taken	9	8	7	9
Number of storm sewer projects completed	1	5	3	4
Number of sump catch basins and outfalls cleaned	99	88	80	100
Number of drainage ponds restored	0	0	0	2
Number of misc. drainage projects completed	6	10	18	20

Budget Comments/Issues:

The 2007 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 2006, including I-494.

- The 2006 and 2007 budgets reflect the creation of a storm water maintenance crew within the Public Works Department, reducing maintenance costs previously performed by outside contractors.
- Project scheduling is done to coincide with county, state, and other city projects including 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.
- 2006 estimates include higher than anticipated storm system costs associated with park renewal projects.

ENVIRONMENTAL FUND - Public Works Department

Revenues	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Hennepin Recycling Grant	\$124,421	\$123,662	\$120,000	\$123,700	\$120,000
Recycling Charges	483,077	524,970	528,000	480,000	492,000
Investment Income	14,099	23,336	10,000	35,000	40,000
Contract Rebate	407,646	308,263	220,000	400,000	310,000
Transfer From Storm Water Fund	53,000	0	0	0	0
Miscellaneous	3,500	0	3,000	0	0
Totals	\$1,085,743	\$980,231	\$881,000	\$1,038,700	\$962,000
Expenditures by Type					
Personnel	\$225,624	\$188,860	\$114,200	\$114,200	\$138,800
Supplies	292	12,877	500	1,000	3,800
Collection Contract	485,978	379,681	520,000	520,000	535,700
Yard waste Program	81,615	116,149	140,000	140,000	143,300
Other Services & Charges	6,776	22,260	13,800	13,500	53,300
Capital Outlay	0	26,190	0	0	0
Transfer To General Fund	36,000	38,000	145,800	145,800	153,400
Totals	\$836,285	\$784,017	\$934,300	\$934,500	\$1,028,300
Surplus (Deficiency) of Revenues over Expenditures	\$249,458	\$196,214	(\$53,300)	\$104,200	(\$66,300)
Beginning Fund Balance	460,875	710,333	906,547	906,547	1,010,747
Ending Fund Balance	\$710,333	\$906,547	\$853,247	\$1,010,747	\$944,447
Number of Employees (FTEs)	1.2	2.2	1.7	1.2	1.5

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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Curbside recycling picked up (tons)	6,460	6,420	6,450	6,480
Leaf recycling dropped off (cubic yards)	3,330	2,750	3,000	3,000
Number of special drop-off customers	1,924	2,155	1,950	1,950
Percentage of customers rating curbside services as "good" or "excellent"	92%	98%	96%	96%

Budget Comments/Issues:

The 2007 budget for the Environmental Fund reflects the same level of service that was provided in 2006.

- Revenues of the fund result from the sale of recyclables that are market driven. The contract is scheduled to be re-bid in March of 2007.
- Costs for the disposal of brush and diseased trees is up due to the costs of grinding. This is reflected in an increase in the "Other Services" budget.

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CAPITAL REPLACEMENT FUND

	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Revenues					
Ad Valorem Tax Levy	\$1,245,000	\$1,215,000	\$1,750,000	\$1,750,000	\$1,425,000
State Grants	0	0	0	0	0
Investment Income	12,530	3,956	3,000	4,000	2,500
Auction Proceeds	36,338	61,975	100,000	100,000	100,000
Totals	\$1,293,868	\$1,280,931	\$1,853,000	\$1,854,000	\$1,527,500
Expenditures by Type					
Buildings & Structures	\$63,746	\$172,237	\$136,000	\$136,000	\$430,000
Recreation Facilities	0	0	0	0	42,000
Parks Trail and Open Space	17,562	230,305	622,000	505,305	0
Furniture and Equipment	163,721	172,942	233,000	233,000	156,000
Machinery and Auto	1,217,545	863,810	764,700	764,700	1,216,800
Totals	\$1,462,574	\$1,439,294	\$1,755,700	\$1,639,005	\$1,844,800
Surplus (Deficiency) of Revenues over (under) Expenditures	(168,706)	(158,363)	97,300	214,995	(317,300)
Reserve for Delayed Projects	0	0	182,297	145,413	0
Beginning Fund Balance	956,669	787,963	629,600	629,600	699,182
Ending Fund Balance	\$787,963	\$629,600	\$544,603	\$699,182	\$381,882

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.

<u>Key Measures:</u>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Number of general light-duty vehicles in fleet	104	105	105	105
Number of marked police vehicles in fleet	19	19	19	19
Number of heavy equipment and trucks in fleet	57	57	57	58
Deprec. value of buildings & structures (millions \$)	\$22.16	\$20.30	\$19.00	\$18.20
Deprec. value of furniture & equipment (millions \$)	\$2.25	\$1.80	\$1.70	\$1.50

Budget Comments/Issues:

The 2007 budget for the Capital Replacement Fund finances the approved schedule of capital improvements and replacements including the update of a fire department ladder truck and improvements to Fire Station #4.

- Funds budgeted within "machinery and auto" in 2007 include \$490,000 for replacement or refurbishment of Fire Ladder Truck 4 and \$200,000 to add a third garage bay to Fire Station #4.
- The remainder of the 2007 budget will finance City Hall/Community Center improvements (\$120,000), Lindbergh Center improvements (\$15,000), Arts Center improvements (\$22,000), building components (\$90,000), fleet vehicles (\$596,800), street signal priority (\$40,000), a portion of the cost of the city's comprehensive plan update, and other equipment.
- 2006 expenditures for "delayed projects" are for Fire Station #1 improvements in the 2005 CIP budget. "Parks & open space" costs for Civic Center Park were spread across 2005 and 2006 to a greater degree than anticipated.

STREET IMPROVEMENT FUND

Revenues	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Ad Valorem Tax Levy	\$1,900,000	\$1,900,000	\$3,300,000	\$3,300,000	\$4,800,000
Investment Income	13,002	(3,697)	10,000	10,000	10,000
Sale of Property	0	0	0	0	0
Miscellaneous Revenue	3,000	1,000	0	0	0
Totals	\$1,916,002	\$1,897,303	\$3,310,000	\$3,310,000	\$4,810,000
Expenditures					
Local Street Rehabilitation	\$2,384,695	\$2,566,415	\$2,900,000	\$3,260,600	\$3,300,000
Local Street Maintenance	202,786	61,342	215,000	215,000	216,000
Pavement Management Study	20,660	26,863	32,000	27,000	34,000
Totals	\$2,608,141	\$2,654,620	\$3,147,000	\$3,502,600	\$3,550,000
Surplus (Deficiency) of Revenues over (under) Expenditures	(692,139)	(757,317)	163,000	(192,600)	1,260,000
Reserve for Delayed Projects	0	0	0	0	0
Beginning Fund Balance	1,246,025	553,886	(203,431)	(40,431)	(233,031)
Ending Fund Balance	<u>\$553,886</u>	<u>(\$203,431)</u>	<u>(\$40,431)</u>	<u>(\$233,031)</u>	<u>\$1,026,969</u>

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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Miles of streets rehabilitated	6.2	2.9	3.3	4.6
Miles of streets thin overlay	6.7	7.8	12.5	13.5
Miles of streets rated for condition	62	66	57	66
Average pavement condition index	77	77	78	77

Budget Comments/Issues:

The 2007 budget for the Street Improvement Fund includes a \$1.5 million increase in tax levy funding for the 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 last ten years. The program began 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

	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Revenues					
State Allotment	\$1,553,046	\$1,570,500	\$1,500,000	\$1,598,700	\$1,500,000
Expenditures					
TH 7/North Frontage Road	\$0	\$0	\$0	\$1,500,000	\$0
CSAH 110, TH 7 to CSAH 5	0	245,000	555,000	555,000	0
I 394 North Frontage Road	663,300	0	0	0	0
CSAH 61 Bridge at HCRRRA Corridor	0	0	0	0	50,000
CSAH 60/CSAH 3/Intersection	0	775,959	0	350,000	0
I-494 Expansion	889,746	794,541	0	0	0
CSAH 73-Bridge at BNSF Railroad	0	0	0	0	100,000
Totals	\$1,553,046	\$1,815,500	\$555,000	\$2,405,000	\$150,000
Surplus (Deficiency) of Revenues	0	(245,000)	945,000	(806,300)	1,350,000
Reserve for Delayed Projects	0	0	0	0	0
Beginning Fund Balance	(2,400,000)	(2,400,000)	(2,645,000)	(2,645,000)	(3,451,300)
Ending Fund Balance	<u>(\$2,400,000)</u>	<u>(\$2,645,000)</u>	<u>(\$1,700,000)</u>	<u>(\$3,451,300)</u>	<u>(\$2,101,300)</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.

	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Estimated</u>
<u>Key Measures:</u>				
Number of construction projects underway	2	5	1	2
Number of construction projects completed	0	0	4	1

Budget Comments/Issues:

The 2007 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.

PARK DEDICATION FUND

Revenues	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Ad Valorem Tax Levy	\$300,000	\$375,000	\$320,000	\$320,000	\$475,000
Park Dedication Fees	170,125	36,720	35,000	35,000	135,000
Investment Income	21,451	33,267	25,000	20,000	7,000
State Grants	0	0	62,000	65,000	0
Miscellaneous Income	113,637	52,797	110,000	95,000	15,000
Totals	\$605,213	\$497,784	\$552,000	\$535,000	\$632,000
Expenditures by Type					
Park Development	\$28,682	\$281,269	\$325,000	\$62,000	\$357,000
Trail Development	71,658	208,677	260,000	826,000	922,000
Natural Resources Management	68,123	76,752	170,000	150,000	130,000
Maintenance-City Housing	30,506	37,060	30,000	35,000	15,000
Miscellaneous	0	10,864	0	50,000	10,000
Totals	\$198,969	\$614,622	\$785,000	\$1,123,000	\$1,434,000
Surplus (Deficiency) of Revenues over (under) Expenditures	406,244	(116,838)	(233,000)	(588,000)	(802,000)
Reserve for Delayed Projects	0	0	0	0	320,000
Beginning Fund Balance	1,476,805	1,883,049	1,766,211	1,766,211	1,178,211
Ending Fund Balance	\$1,883,049	\$1,766,211	\$1,533,211	\$1,178,211	\$56,211

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.

	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
<u>Key Measures:</u>				
Miles of trails constructed	0.12	1.20	2.40	4.13
Acres of public land under stewardship (estimated, cumulative)	150	238	260	273

Budget Comments/Issues:

The 2007 budget for the Park Dedication Fund finances costs for capital projects within the 2007 CIP and a number of projects carried forward from previous years.

- Funds reserved in previous years for trail projects have been expended in 2006 (Headwaters, Jidana and Minnetonka Blvd./CR 73 trails). Additional trails associated with other construction projects are allocated in 2007 (Shady Oak Road, Hwy 101, CR 73 railroad bridge).
- \$165,000 of park dedication funds are earmarked in 2007 for Glen Lake area improvements (i.e., Glen Lake Station fountain/park). A Glen Lake area developer will contribute \$100,000 in park dedication fees to offset a portion of this expense. An additional \$50,000 in 2006 miscellaneous revenues and expenses are associated with a legal settlement, which is dedicated to park improvements in the Glen Lake area.
- Funds reserved for delayed projects are for land stewardship and the Gray's Bay causeway.
- The Park Board and Planning Commission will be considering adjustments to the park dedication fees for 2007. These fees have not been adjusted since 2002.
- The Park Board will be considering changes to the athletic field use fee schedule to help with maintenance costs and prepare for future capital needs.

PARK AND OPEN SPACE BOND FUND

Revenues	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Interest Income	\$21,582	\$77,460	\$20,000	\$18,500	\$15,000
Bond Proceeds	5,000,000	0	5,000,000	0	5,000,000
Totals	\$5,021,582	\$77,460	\$5,020,000	\$18,500	\$5,015,000
Expenditures by Type					
Parks Renewal	\$2,819,451	\$1,354,930	\$1,437,750	\$1,055,750	\$900,000
Park & Open Space Purchase	117,167	429,114	2,988,250	2,988,250	750,000
Conversion to Open Space	0	0	250,000	0	250,000
Neighborhood Match Program	0	0	100,000	100,000	0
Minnehaha Creek Corridor	0	0	500,000	50,000	450,000
Civic Center Master Plan	0	550,000	550,000	0	0
Miscellaneous Services	33,063	16,154	0	0	0
Totals	\$2,969,681	\$2,350,198	\$5,826,000	\$4,194,000	\$2,350,000
Surplus/(Deficiency) of Revenues over/(under) Expenditures	2,051,901	(2,272,738)	(806,000)	(4,175,500)	2,665,000
Beginning Fund Balance	1,876,635	3,928,536	1,655,798	1,655,798	(2,519,702)
Ending Fund Balance	\$3,928,536	\$1,655,798	\$849,798	(\$2,519,702)	\$145,298

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. Five years after the referendum's passage, more than half of the parks have been renewed and the remainder are 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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Number of park renewals completed (cumulative)	9	22	32	37
Number of park renewals in progress	NA	NA	4	3
Number of open space acres preserved	60.88	16.57	13.00	23.50

Budget Comments/Issues:

The 2007 budget for the Park and Open Space Bond Fund finances continuing progress on park renewal and open space preservation.

- The final bond sale is scheduled for 2007.
- A significant portion of the 2006 budget for park and open space purchase is reserved for an option to purchase property.
- Parks in progress in 2006 and scheduled for completion in 2007 are: Glen Lake Athletic, Elmwood-Strand, Westwood and Wilson Parks. Kinsel Park will be renewed in 2007. Planning will begin and work initiated in 2007 at Lone Lake, Big Willow and Guillian Parks. Oberlin Park is scheduled in 2008, and Lake Rose and Mayflower are scheduled for 2009.

TECHNOLOGY DEVELOPMENT FUND

Revenues	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Ad Valorem Tax Levy	\$575,000	\$600,000	\$300,000	\$300,000	\$350,000
Federal Grants	59,297	190,015	0	247,300	0
Investment Income, Other	4,736	11,631	1,000	8,700	1,000
Transfers in	0	0	300,000	0	0
Totals	\$639,033	\$801,646	\$601,000	\$556,000	\$351,000
Expenditures by Type					
Technology Purchases/Upgrades	\$236,866	\$253,566	\$355,000	\$305,000	\$333,000
Sloan Foundation Grant	32,024	0	0	0	0
Department Technology Grants	26,578	0	0	0	0
Radio Tower & Microwave System	7,963	431,706	0	0	0
800 MHZ Radios (Police)	235,491	13,820	0	0	0
LOGIS Police System Replacement	160,712	0	0	0	0
9-1-1 Digital Recording System	26,098	0	0	0	0
LOGIS Back Up Site Startup Costs	0	24,196	0	0	0
Fire Department Radio System	0	149,659	190,000	160,300	0
Technology Infrastructure	0	0	0	0	80,000
Totals	\$725,732	\$872,947	\$545,000	\$465,300	\$413,000
Surplus (Deficiency) of Revenues over (under) Expenditures	(86,699)	(71,301)	56,000	90,700	(62,000)
Reserve for Delayed Projects	0	0	296,800	296,800	0
Beginning Fund Balance	433,796	347,097	275,796	275,796	69,696
Ending Fund Balance	\$347,097	\$275,796	\$34,996	\$69,696	\$7,696

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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimate</u>	2007 <u>Projected</u>
Number of servers	8	8	8	8
Number of computers	230	240	245	245
Miles of fiber	3	8	13	16

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.

- A network equipment allocation of \$50,000 intended for purchase in 2006 will now be acquired in 2007.
- The "Reserve for Delayed Projects" line item is the final expenditure for the 800 MHz police radio system.

COMMUNITY INVESTMENT FUND

	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Revenues					
Investment Income	\$284,492	\$365,035	\$500,000	\$600,000	\$600,000
Expenditures					
Ice Arena Improvements	\$16,582	\$0	\$0	\$0	\$0
Minnehaha Creek Corridor	0	0	500,000	0	250,000
PW Building Loan Repayment	0	100,000	100,000	100,000	0
Totals	\$16,582	\$100,000	\$600,000	\$100,000	\$250,000
Surplus/(Deficiency) of Revenues over/(under) Expenditures	267,910	265,035	(100,000)	500,000	350,000
Beginning Fund Balance	19,021,485	19,289,395	19,554,430	19,554,430	20,054,430
Required Fund Balance	\$19,316,690	\$19,353,194	\$19,403,194	\$19,413,194	\$19,473,194
Available Fund Balance	(27,295)	201,237	51,237	641,237	931,237
Total Ending Fund Balance	\$19,289,395	\$19,554,430	\$19,454,430	\$20,054,430	\$20,404,430

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.

	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Key Measures:				
Annual investment earnings	\$284,492	\$365,035	\$600,000	\$600,000

Budget Comments/Issues:

The 2007 budget for the Community Investment Fund is designated for enhancements to the city's gateway at I-494 and Minnetonka Boulevard as part of the conservation and development of the Minnehaha Creek Corridor.

- Per prior authorization, the Community Investment Fund is required to repay the Utility Fund for loans used to construct the new Public Works Building located at 11522 Minnetonka Boulevard. Total remaining debt to be repaid is \$1.28 million, but no additional amounts are planned for this purpose until after 2007.

DEVELOPMENT FUND

	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Revenues					
Interest Income	\$40,041	\$50,946	\$40,000	\$50,000	\$50,000
Cargill/Dow Repayments*	0	48,000	276,400	284,402	0
State Grants	9,458	4,500	0	0	0
Other Grants	0	0	0	0	200,000
Hennepin County T.O.D. funds	0	0	0	0	275,000
TIF Admin Revenue	0	0	0	0	164,800
Totals	\$49,499	\$103,446	\$316,400	\$334,402	\$689,800
Expenditures by Type					
Personnel costs	\$0	\$0	\$0	\$0	\$27,800
Redevelopment Projects	0	48,815	10,000	820,000	40,000
Transit Projects/Programs*	0	0	0	0	200,000
Cargill/Dow Project*	0	39,686	276,400	284,402	0
Economic Development Programs*	0	187,500	0	0	0
Legal*	0	2,123	2,000	500	1,000
Other	80	0	0	0	0
Other grant projects	0	0	0	0	200,000
T.O.D. Projects	0	0	0	0	275,000
Transfer Out	0	0	0	0	164,800
Totals	\$80	\$278,124	\$288,400	\$1,104,902	\$908,600
Surplus (Deficiency) of Revenues over Expenditures	49,419	(174,678)	28,000	(770,500)	(218,800)
Beginning Fund Balance	2,655,372	2,704,791	2,530,113	2,558,113	1,787,613
Ending Fund Balance	\$2,704,791	\$2,530,113	\$2,558,113	\$1,787,613	\$1,568,813
* See "Budget Comments/Issues" below.					
Number of Employees (FTEs)	0.00	0.00	0.00	0.00	0.20

Description of Services:

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

Key Measures:

Development/Redevelopment Projects in Progress

	2004 Actual	2005 Actual	2006 Estimated	2007 Projected
Development/Redevelopment Projects in Progress	2	2	2	2

Budget Comments/Issues:

It is anticipated that increased redevelopment activity funded through the Development Fund will continue into 2007 with ongoing development of the Glen Lake and Opus areas.

- Redevelopment project costs reflected primarily in 2006 are associated with Glen Lake. As provided under the approved district plan, the city will seek reimbursement from TIF proceeds over the life of the district. Other redevelopment projects include: Minnetonka Boulevard/County Road 101, Gateway project, and Shady Oak Road.

- Hennepin County Transit Oriented Development (T.O.D.) grant funds in 2007 will be used for streetscaping improvements at Deephaven Cove and Glen Lake. Hennepin County will reimburse the city for authorized improvements.

- 2007 personnel costs are an allocated portion of the Community Development Director's salary.

- Other grants anticipated for 2007 is a Livable Communities Demonstration Account grant from the Metropolitan Council for sidewalks/trails in Glen Lake.

- After 2004 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.

- The Cargill/Dow Project is a Minnesota Investment Fund project. After the first \$100,000 was received from Cargill/Dow, the remainder was repaid to the Minnesota Department of Employment and Economic Development. The repayments were completed in 2006.

LIVABLE COMMUNITIES FUND

Revenues	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Redevelopment Payments	\$348,963	\$266,097	\$260,000	\$260,000	\$0
Interest Income	34,980	40,833	40,000	50,000	50,000
Cargill/Dow Repayments*	48,000	0	0	0	0
Metropolitan Council Grants	3,400	0	0	0	0
Hennepin County T.O.D. Funds	0	116,000	246,000	58,000	188,000
Westridge Senior Housing	12,194	0	0	0	0
WHAHLT T.O.D. Contributions	0	239,888	497,400	120,000	377,400
Totals	\$447,537	\$662,818	\$1,043,400	\$488,000	\$615,400
Expenditures by Type					
Redevelopment Project Planning*	\$8,147	\$2,429	\$0	\$0	\$0
Cedar Point Affordable Housing	32,321	23,290	28,000	30,770	31,000
Mtka Heights / Crown Ridge	6,000	16,000	16,000	16,000	26,000
Economic Development Programs*	12,500	0	0	0	0
WHAHLT	180,200	94,176	230,000	175,000	230,000
T.O.D./ WHAHLT Projects	0	354,656	743,400	178,000	565,400
Legal	1,954	2,365	1,500	500	1,500
Totals	\$241,122	\$492,916	\$1,018,900	\$400,270	\$853,900
Surplus (Deficiency) of Revenues over Expenditures	206,415	169,902	24,500	87,730	(238,500)
Beginning Fund Balance	2,380,602	2,587,017	2,756,919	2,781,419	2,869,149
Ending Fund Balance	\$2,587,017	\$2,756,919	\$2,781,419	\$2,869,149	\$2,630,649

* 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 Tax Increment Finance (TIF) district. The legislation specifically restricts the use of these funds for affordable housing programs. Standards for affordability are consistent with the Metropolitan Council's income, rent and sales price limits.

<u>Key Measures:</u>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Affordable units preserved at Cedar Pointe	9	9	9	9
Total WHAHLT units in Minnetonka	15	20	24	30
Average sales price of WHAHLT unit	\$124,360	\$125,700	\$133,000	\$140,000
Percent of LCA housing goals achieved	70%	70%	79%	82%

Budget Comments/Issues:

Redevelopment payments from the Ron Clark/Ridgebury TIF District, which are the primary source of revenue for the Livable Communities Fund, will end when the district is decertified in 2007.

- After 2004, the Livable Communities fund reflects accounting revisions to meet clarified appropriate uses of the fund. Some costs have been transferred to the Development Fund.
- A portion of this fund serves as a pass-through for Metropolitan Council grant revenues 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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INSURANCE FUND

Revenues	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2006 ESTIMATE	2007 BUDGET
Interfund Transfers In	\$95,000	\$322,500	\$330,600	\$330,600	\$353,200
Investment Income	20,996	13,425	30,000	30,000	30,000
Refunds and Dividends	49,161	65,462	40,000	40,000	40,000
Totals	\$165,157	\$401,387	\$400,600	\$400,600	\$423,200
Expenditures by Type					
Premiums	\$301,578	\$305,768	\$320,000	\$320,000	\$280,000
Settlements	88,355	106,078	75,000	75,000	75,000
Other Services & Charges	13,341	15,510	17,000	17,000	18,500
Capital Outlay	0	130,000	130,000	0	0
Transfer Expenses	(60,000)	0	0	0	0
Totals	\$343,274	\$557,356	\$542,000	\$412,000	\$373,500
Surplus (Deficiency) of Revenues over Expenditures	(178,117)	(155,969)	(141,400)	(11,400)	49,700
Beginning Fund Balance	995,838	817,721	661,752	661,752	650,352
Ending Fund Balance	\$817,721	\$661,752	\$520,352	\$650,352	\$700,052

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>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Estimated</u>	2007 <u>Projected</u>
Number of general liability claims	33	23	28	28

Budget Comments/Issues:

The 2007 budget for the Insurance Fund reflects an overall decrease in premiums of 15%.

- According to LMCIT, the city's insurance policy provider, general liability premiums are decreasing in 2007 by 29% due to several very expensive claims no longer being included in the calculation. Auto premiums are dropping by 13%, while property premiums are increasing by 4.5%.
- 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.
- 2006 budgeted capital outlay of \$130,000 for city hall sidewalk safety improvements were actually expended in 2005 to coincide with work on the Civic Center Master Plan project.

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CITY OF MINNETONKA, MINNESOTA
2007 BUDGET
BONDED INDEBTEDNESS

	ORIGINAL AMOUNT	OUTSTANDING 12/31/06		
	ISSUED	PRINCIPAL	INTEREST	TOTAL
G.O. Revenue Bonds				
Wtr. Bonds of 2000 4.98% 12-00	\$8,700,000	\$6,495,000	\$1,751,722	\$8,246,722
Wtr. Bonds of 2004 3.74% 09-04	3,560,000	3,425,000	987,031	4,412,031
G.O. Bonds				
Park Bonds of 2002 3.97% 08-02	\$5,000,000	\$4,285,000	\$1,116,484	\$5,401,484
Park Bonds of 2004 3.74% 09-04	5,000,000	4,810,000	1,386,193	6,196,193
Total All Bonds	\$22,260,000	\$19,015,000	\$5,241,430	\$24,256,430

AMOUNTS DUE IN 2007			TO BE PAID FROM	
PRINCIPAL	INTEREST	TOTAL	PROPERTY TAXES	UTILITY FUND
\$520,000	\$307,831	\$827,831	\$0	\$827,831
195,000	121,274	316,274	0	316,274
\$285,000	\$158,841	\$443,841	\$472,269	\$0
275,000	170,456	445,456	468,287	0
\$1,275,000	\$758,402	\$2,033,402	\$940,556	\$1,144,105